COST EFFECT IMPLICATIONS OF TRAINING AND DEVELOPMENT ON ORGANIZATIONAL PERFORMANCE OF SELECTED CORPORATIONS

BOLARINWA, Sehilat Abike
Department of Accounting, Lagos State University, Ojo, Lagos Nigeria
Emails: sehilat.bolarinwa@lasu.ng.edu, sehilatabike@gmail.com
DOI: 10.36108/ljerhrm/0202.02.0140

Abstract
This research paper investigates the effect of cost implications of Training and Development on organizational performance of selected corporate organizations in Lagos State. The study adopted explanatory research design. The target population for the study is the Staff of the selected organizations. This comprises of 224 members of staff from which a sample size of 142 respondents was derived using random sampling technique. Both primary and secondary sources of data were employed. The primary source of data were gotten through administration of questionnaires to the selected HR staff of the concerned entities while secondary data were retrieved from annual reports, related and current journals, articles and textbooks. Quantitative and qualitative data were gathered and the quantitative data was analyzed using SPSS 21.0. Correlation Coefficient was calculated for initial exploration of the relationships between the variables. This helped to indicate the size and direction of the relationship between the independent and dependent variables. The hypothesis tested revealed that training and development have positive impact on organizational performance. It confirmed that cost of Off-the-Job training and development of HR influences organizational productivity and efficiency. The findings established a positive correlation between training and development and Organizational Performance. It was therefore recommended that managers of corporate organizations should emphasize on regular and relevant workshop and training for manpower development.

Keywords: Training and Development, HRM practices, Organizational Performance, Theories of Employees’ Training.

Introduction
Economic growth of a nation is linked to performance as an instrument in nation-building to carry out entrepreneurial functions associated with economic and social development. The constant pressure to maintain superiority in the marketplace prompts the need to constantly upgrade employees’ skills and knowledge and to improve positive work-related attitudes. The method most commonly used to attain these goals is training and development (Tannenbaum, Mathieu, Salas, & Cannon-Bowers1991). According to Armstrong (2006) and Haunstein (1998) the objective of training and development is to develop the skills and competences of employees to improve their performance; to help people grow within the organization in order for the organization to meet its future Human Resources (HR) needs. According to Drummond (2000) training involves the use of formal and informal processes to impart knowledge and help people acquire the skills necessary for them to perform their jobs satisfactorily; while development prepares employees for other positions in the organization and increases their ability to move
into jobs that may not yet exist. Development therefore is about preparing for change in the form of new jobs, new responsibilities, or new requirements. Therefore, training and development are necessary efforts of a company in order to improve quality and to meet the challenges of global competition and social change.

Aragón-Sánchez (2003) observes that there is no all-embracing concept that brings together the processes of education, learning, Training and Development (T&D). However, it must be clear that they are inextricably linked. They share many common principles, e.g. learning theories, assessment and evaluation, and design of programs; and so there is need for synthesis. Lundy et al further reiterate that each individual matures over a lifetime and that development is the process, which can enable employees reach personal full potential. Development is therefore, for the most part, long term in focus. Education contributes to each individual’s development by facilitating the attainment of mental powers, character and socialization, as well as specific knowledge and skills.

Providing formal and informal training experiences, such as basic skills training, on-the-job experience, coaching, mentoring and management; development can further influence employees’ growth and hence, their performance. Training, when well done, will reflect on productivity; leads to reduction in accidents on the job and in the long run maximization of the bottom line of organizations which is the ultimate goal of every employer. Dessler (2003) and Mondy (2008) sums up how T&D influences corporate performance by arguing that developing human capital through continuing training may increase the productive output from each employee either through improvement in skill level or through improvement in morale and job satisfaction.

Past researchers have found evidence on the impact of training on productivity and where employees and employers were able to share the benefits from training (Conti, 2005; Dearden, 2006; Ballot, Gerard, Fakhfakh, and Taymaz, 2006). On the other hand, Lynch and Black (1995) whose research focused on the general contribution of training to Organization Performance (OP) revealed that only off-the job (general) training improves performance whereas on the job training does not. This is further concurred by Barrett and O'Connell (2001) that general training has positive impact on firm performance whereas firm-specific training does not. On the other hand, Nankervis, Compton and McCarthy (1999) were of the opinion that effective training would not only equip employee with most of the knowledge and skills needed to accomplish jobs, it would also help to achieve overall organizational objectives by contributing to the satisfaction and productivity of employee. Therefore, one can conclude that training provides adequate criteria to an individual to perform better in a given task and subsequently contributes to the firm’s performance. Consequently, the research hypothesis of this study is that; Off the Job Trainings has effect on Organization’s Productivity and Operational Efficiency.

**Statement of the Problem**

Skills acquisition and development is a potential contribution toward organizational growth while being a cost and source of outflow of funds to organizations. Training is a way of developing skills which enhances productivity which consequently improves the quality of goods and services. There is need to evaluate the cost incurred in training and developing employees...
since it is inevitable for organizations to achieve and attain its stated objectives. It is necessary to value and cost the expenses associated with training and developing employees and compare it to the value contributed or added by employees. If this is not done the financial statements will either be overstated or understated.

The true and fair view of the performance of organizations will be incomplete without costing the value of human contributions in attaining the accrued profit for specific periods. Hence, there is need to cost and value the resources consumed in training and development of employees in order to ascertain the possibility of enhancing and improving future performance expectations. Training and development of employee is one of the factors that determine the future performance of organization in terms of quality of services and goods produced. It also aids organizations to gain competitive edge over other competing organizations.

However, it has been observed that few literatures exist on this subject, particularly on the cost implications of the explanatory variable on the explained variable. Therefore this study aimed to fill the gap by establishing the possible relationship existing between Training and Development costs and Organizational performance.

**Objective of the Study**

While the broad aim of this study is to examine the cost implication of Training and Development (T&D) on Organizational Performance (OP), its specific objective is;

1. To investigate if Off the Job Trainings has effect on Organization’s productivity and operational efficiency.

**Research Question**

From the above stated objective, the following research question was raised:

1. Does Off the Job Trainings has effect on Organization’s productivity and operational efficiency?

**Research Hypothesis**

The following hypothesis was tested:

1. \( H_{01} \): Off the Job Trainings has no effect on Organization’s Productivity and Operational Efficiency

   \( H_{a1} \): Off the Job Trainings has effect on Organization’s Productivity and Operational Efficiency

**Significance and Justification of the Study**

Training and development is about managing and empowering people; the vital assets of a business or firm. HR professionals act as strategic partners with senior managers and leaders by aligning Training and development strategies and practices among others with overall organizational strategies that contributes to organization's smooth operations. Therefore,
Understanding HR practices and particularly Training and development enable managers equip employees to perform better at work and keep them improved. This eventually will strengthen individuals and enhance Organizational Performance and further the organization's ability to meet its goals according to performance objectives and standards despite internal and external challenges confronting their survival. The beneficiaries of the findings of this study will include:

**The Investors**
State Owned Corporations are investments or business ventures. The knowledge generated by the study will help investors from both public and private institutions on the importance of Human Resource Management (HRM). They will be enabled to understand how Human Resource (HR) has been managed in public institutions over time and the best way to manage them to ensure their effective utilization; hence making their ventures profitable.

**Policy Makers**
The study provides insights into the trends and directions HRM has taken in the 21st Century and will influence on the kind of business policies concerning HR that will be formulated to ensure that they are in line with market trends. Such policies will also influence the attainment of Millennium Development Goals (MDGs) and Vision 2030.

**The Public**
The public of the state corporations will also benefit greatly from the findings of this study. This public includes the communities, customers, suppliers, trade unions and government officers among others.

**Researchers and Scholars**
The findings of the study will be of great benefit to researchers and scholars. Its findings, will lay a theoretical framework for future empirical study on HRM practices and OP. It will also be a source of inspiration to other scholars in developing a practical approach of operationalizing HRM practices and OP.

**The Scope of the Study**
It is commonly accepted that the HRM function of any organization plays a crucial role in the attainment of its goals and objectives. Quite a number of practices are undertaken in the HRM functions to ensure that organizations attract and retain competent employees who in turn create sources of competitive advantage for firms. The study was conducted to establish the relationship between cost of Training and development as an HRM function and performance of organizations with special reference to the 35 Lagos State Owned Corporations in the agricultural sector.

**Literature Review**

**Conceptual Framework**

**Overview of the Effect of Employee Training on Organizational Performance**
There had been a general resistance to investment in training in organizations until recently because of the presumption that employees hired under a merit system are qualified and trained
for their jobs (Okotoni and Erero, 2005). It was further assumed that if that was not the case then it means that initial selection of personnel was faulty (Stahl, 1956). This assumption no longer holds as the need for training became evident in all sectors (Okotoni and Erero, 2005). Training offers a way of “developing skills, enhancing productivity and quality of work, and building worker loyalty to the firm” (http://www.bls.gov/oco/ocos021.htm).

It has become the Holy Grail to some organizations, an evidence of how much the management truly cares about its workforce (Hamid, 2011). Hamid (2011) went further to assert that the effectiveness with which organizations manage, develop, motivate, involve and engage the willing contribution of those who work in them is a key determinant of how well these organizations perform.

The importance of training has become more obvious given the growing complexity of the work environment, the rapid change in organizations and technological advancement which further necessitates the need for training and development of employees to meet these challenges. Training helps to ensure that organizational members possess the knowledge and skills they need to perform their jobs effectively; take on new responsibilities, and adapt to changing conditions (Jones, George and Hill, 2000). Similarly, training helps to improve quality, customer satisfaction, productivity, morale, management succession, business development, profitability and organizational performance.

Usually, before training programmes are organized, efforts are made through individuals and organization’s appraisals to identify various training needs (Olaniyan & Ojo, 2008:327). After the training programmes, an evaluation is carried out to ascertain the effectiveness of the programmes in line with the need, which had been identified (Olaniyan & Ojo, 2008). The essence of evaluation is to know the extent to which training has positively affected employee’s productivity. Organization’s development follows the development of individual who constitutes the organization. It therefore follows that no organization becomes effective and efficient until the employees have acquired and applied the required skills and knowledge.

Training has been defined differently by different authors. It is “a systematic acquisition and development of the knowledge, skills, and attitudes required by employees to adequately perform a task or job or to improve performance in the job environment” (Tharenou, Saksand Moore, 2007:252). Another concept opines that training primarily focuses on teaching organizational members on how to perform their current jobs and helping them acquire the knowledge and skills they need to be effective performers (Jones, George and Hill, 2000). Other scholars view training as, “a planned process to modify attitude, knowledge, skill and behaviour through learning experience to achieve effective performance in any activity orange of activities” (Beardwell and Holden, 2001:324). Its purpose is to develop the abilities of the individuals and to satisfy the current and future needs of the organization.

These definitions did not consider the dynamic and changing nature of the environment in which organizations operate (Okanya, 2008). It also implies that training automatically translate to organizational performance. Skills needed by employees are continuously changing; besides, the ever changing improvement on information and technology makes knowledge and skills obsolete in a short while. This implies that employees should align their needs to that of the
organization’s requirements and their own long term development and the Human Resources Department should consider the current and future needs of the organization when planning for employee training (Holden, 2001). With these divergent views notwithstanding, all the scholars seem to point to one fact that training aims at improving organizational performance.

Impact of Training on Performance

A number of authors recognize the purpose of training as being to develop capacities of employees and by extension represents an investment in human resources (Ulrich and Lake, 1990). The quality of employees and their development through training and education are major factors in determining long-term profitability of any business venture.

Human Resource professionals also believe that an organization is only as good as its employees, and this understanding suggests that training should be more specifically responsive to employees’ training needs (Noe, 2008). Arguing in the same line, Bratton and Gold (2000) affirm that successful corporate leaders recognize that their competitive edge in today's marketplace is their people. They also acknowledge that few organization know how to manage human resources effectively, primarily because traditional management models are inappropriate in today’s dynamic work environment.

To manage an organization both large and small requires staffing them with competent employees. The formal educational system in Nigeria does not adequately teach specific job skills for a position in a particular organization and few employees have the requisite knowledge, abilities, skills and competencies needed to work. As a result, many employees require extensive training on the job to acquire the necessary knowledge, abilities, skills and competencies needed to make substantive contribution towards the organization’s growth. The effectiveness and success of an organization lies on the people who form and work within the organization. It follows therefore that for the employees in an organization to be able to perform their duties and make meaningful contributions to the success of the organizational goals, they need to acquire the relevant skills and knowledge (Ospina & Watad, 1999). In the appreciation of this fact therefore, it becomes imperative for organizations to ascertain the training and development needs of its employees, through its training need analysis and align such needs to the organizational overall needs and objectives in order to actualize the organizational vision and mission.

Smith (2010) opines that training motivates employee and make them more productive and innovative. Smith asserts further that the reasons for the importance of training include, well trained employees are more capable and willing to assume more control over their jobs; they need less supervision with free management for other tasks; employees are more capable to answer questions from customers which enhances customer loyalty. Furthermore, employees who understand their job, complain less, and are more satisfied and motivated and thus improve management-employee relationships. Heathfield arguing in the same direction opines that the opportunity to continue to grow and develop through training and development is one of the most important factors in employee motivation (Heathfield, About.com Guide).
Types of Training
The type of employee training which is best suited to a particular organization depends on a number of considerations. The skill gap to be filled, the job description, the employee’s present qualification and the challenges faced by the employee in performing his/her job. The approaches that can be used in implementing training fall broadly into two categories namely: on-the-job and off-the-job techniques, notwithstanding that some of the training techniques cut across these (Kempton, 1995).

On-the-Job training
Adamu (2008) asserts that on-the-job training is designed to impart knowledge of job by working under an experienced worker. The trainer or the experienced worker teaches and advises the trainee on specific methods and techniques of doing the job. In some cases, the trainee is expected to learn by watching the master. The trainee is learning and at the same time working, although the trainee’s output will not be much. The procedure is usually unsystematic and most times, it is by trial and error. Baum and Devine (2007) opine that it is better for organizations to give their employees on-the-job training because it is cost effective and time saving. Besides, it helps employees learn in a practical way.

Off-the-Job training
Off-the job training is a process of acquiring skill and knowledge at a location different from the employee’s office. It includes group discussion, individual tutorials, lectures, reading, training courses and workshops (Kempton, 1995). It permits individuals to leave their primary place of work for a different location. Its advantage includes; the trainee’s ability to concentrate, analyze past behaviours and reflect on what has been successful and what has not (Okanya, 2008). This kind of training offers an opportunity to impart knowledge and skills that can be learnt or practiced in a safe and conducive atmosphere.

Kempton (1995) opines that if training is conducted in an organized and systematic way it should be able to develop new attitudes and experiences that contribute to the success of the organization, improve employee morale which would translate to better performance and greater productivity and create a psychological climate which orients the activities of each employee towards achieving the goals of the organization.

The Concept of Psychological Contract
The concept of psychological contract helps us understand employment relationship between employer and employee, especially in respect to training. Psychological contract concept was developed by Denise Rousseau in contemporary research. However, its origin could be traced to 1960’s. While there has not been one universally accepted definition of psychological contract, most authors tend to see it as an implicit understanding of mutual obligations between an employer and an employee. The most widely accepted definition is that of Rousseau, in his book titled: Psychological Contracts in Organization. In it he described psychological contract as individual beliefs, shaped by the organization, regarding terms of an exchange arrangement between individuals and their organizations (Rousseau,1995). Rousseau’s earlier definition refers psychological contract as an individual’s belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party (Rousseau, 1989). It
is distinguishable from the formal written contract of employment which specifies the formal
duties, responsibilities and obligations of employer and employee in an employment relationship.

When used in terms of training, psychological contract helps us understand that some employers
invest in training as a sign of trust in their employees and also as a way of ‘buying’ their
commitment and loyalty (Okanya, 2008). It also shows that they are valued by their
organizations. It has been argued that organizations that recognize the importance of
psychological contracts and have invested in lifelong learning characterized by long term, high
trust, HRM strategies, embracing education, training and career development have had positive
responses from employees even in conditions of adversity (Graeme et al., 1999).

Conceptual Framework
The study conceptualized that Training and Development had a positive effect on Organizational
Performance under the influence of Organizational Challenges as a Moderating Variable. This
relationship is illustrated in figure 1.

Figure 1: Model linking Training and Development with Organizational Performance

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and Development</td>
<td></td>
</tr>
<tr>
<td>• On the Job Training</td>
<td></td>
</tr>
<tr>
<td>• Off the Job Training</td>
<td></td>
</tr>
<tr>
<td>• Coaching and Mentoring</td>
<td></td>
</tr>
<tr>
<td>• Management Development</td>
<td></td>
</tr>
<tr>
<td>Organizational Performance</td>
<td></td>
</tr>
<tr>
<td>• Productivity and Operational efficiency</td>
<td></td>
</tr>
<tr>
<td>• Increased Profitability level</td>
<td></td>
</tr>
<tr>
<td>• Effective Risk Management</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s compilation, 2019

Theoretical Framework

Theoretical Underpinning of the Study
This study shall adopt five theories in order to explain behavioural factors that affect employee
performance which can be corrected through employee training and development in order to
achieve organizational performance. These theories are: (i) Abraham Maslow’s hierarchy of
needs theory, (ii) Douglas McGregor’s theory X and Y (iii) Social Learning theory
(iv) Reinforcement theory and (v) The Resource Based View (RBV)

i. Abraham Maslow’s Hierarchy of Needs Theory: This theory contends that individuals have
five basic needs: Physiological needs, Safety and Security needs, Social needs, Esteem needs,
and Self-Actualization needs. The theory shows that people exhibit experience of five needs
occurring at different times, depending on the individual. In essence, Maslow’s theory is based
on three assumptions. First; that people must satisfy needs on lower level before heading for the
need on the hierarchy. Second; that behavior is only stimulated by unsatisfied needs. Third; that
need of an average human being ranges from very basic to more complex needs (Maslow 1943)
physiological needs include basic and essential needs, sometimes called biological needs, e.g.: shelter, clothes, food, sex etc. Once the physiological needs are met, Maslow contends that safety and security needs often influence individuals, such as, the need to protect his/her self from dangers, harm, threat, injury, loss, or deprivation. In organizations, this level of need might include an employee’s need for job security, seniority, safe working conditions, benefits, insurance and retirement plan etc. (Maslow 1943)

After satisfying physiological needs, individual seek to fulfill their social needs. These include the need for companionship, love, and belonging. In organizations, such needs may be fulfilled through formal or informal work group, teams, and company-sponsored activities, (Maslow 1943); having fulfilled the lower needs; an individual turns to their personal ego needs such as self-esteem or satisfaction with oneself, sense of worth, accomplishment, achievement, competence, maturity, independence, and self-respect. In organizations, esteem needs might involve personal reputation, recognition, titles, praise, status symbol, responsibility, promotions, and appreciation. According to (Maslow 1943) once the remaining four levels are met, individuals have to focus on self-fulfillment. Seeking to realize one’s full potential, increase knowledge or skills, be creative, or simply “be the best they can” are proofs of this need which shows both in professional and personal life. (Maslow 1943)

ii. Douglas McGregor Contrasted Two Styles of Management Called Theory X and Theory Y.

Theory X consists of assumptions of the traditional classical management view which emphasizes the need for strict managerial direction and control of employees. It assumes that people are naturally lazy and do not want to work. According to this view people want only security, are naturally not ambitious and will avoid responsibility if they can. For this reason workers must be coerced, controlled, directed and constantly supervised and threatened with punishment otherwise they will not carry out their tasks. The theory X view is that people are not reliable and therefore must be driven to do their work by judicious application of the stick rather than carrot.

As a result, management based on this assumption is coercive and manipulative, (McGregor 1960). The theory X was challenged by McGregor himself. According to him, theory X assumptions appear inadequate and ineffective for the full utilization of human potentialities. The alternative which he offered he called theory Y and is an optimistic view of human nature. Theory Y consists of assumptions which could lead to higher motivation of workers and the total integration and realization of individual and organizational goals. The assumption of theory Y is that people have a capacity to be highly imaginative and creative; physical and mental work is as natural as play or rest; people will exercise self-direction and self-control in meeting any objective to which they are committed. People are not by nature passive or resistant to organizational goals; workers are willing to accept and will even seek responsibility, (McGregor 1960). This study will therefore understand human behavior through examination of the theories discussed with the aim of recommending appropriate training and development strategies for positively improving employee attitude to work thereby enhancing organizational

Theories of Employee Training

i. Social Learning Theory: This theory opined that employees acquire new skills and knowledge by observing other members of staff whom they have confidence in and as well believe to be
credible and more knowledgeable. The theory opined that training and learning is influenced by person’s self-efficacy and his ability to successfully learn new skills which can be influenced by encouragement, oral persuasion, logical confirmation, observation of others.

**ii. Reinforcement Theory**: This theory believed that training is a strategic tool to make job interesting to the workers and as the avenue for the employees to improve themselves for optimal performance which can culminate to promoting employees for outstanding performance, innovation, creativity as a result of trainings attended.

**iii. The Resource-Based View (RBV)**: In this theory, management advocated that an organization can gain competitive advantage by attracting and retaining competent human resources and as well identify relevant training for them that will keep improving their capacity for optimal performance. Falola, Osibanjo and Ojo (2014) posited that the effectiveness of training and learning depends on the pattern of the job related knowledge, skills, capability, competencies and behavior that are important for greater performance which invariably is capable of influencing organizational performance.

**Employee Performance Measures**

Generally, performance has been categorized under two broad headings: leading and lagging indicators (Kaplan & Norton, 2001). Leading performance indicators give information regarding incremental steps towards larger goals (Gautreau & Kleiner, 2001). They are generally timely and also enhance continuous improvement (Medori & Steep, 2000). Examples of leading measures are quantity, quality, schedule cost, absenteeism, overtime, lost time and cost reduction (Ramirez & Nembhand, 2004).

The lagging or traditional indicators are generally financial or accounting measures such as profitability, liquidity, capital structure, market share and return on equity (Kaplan & Norton, 1992). Traditional or financial measures have been criticized as not relevant to strategy (Maskell, 1991), and that they do not give leading signals for continuous improvement. They also provide previous or past results or outcome (Kaplan & Norton, 1992). Many researchers agree that relying upon multidimensional performance indicators give room for measuring heterogeneity in employees’ performance (Delmar, Davidson & Gartner (2003). Following from the above, both lagging and leading measures, specifically the quality of food, timeliness, respect for customers and neatness were used for this study

**Research Methods**

**Research Design**

This study adopted explanatory research design. An explanatory design is a process of collecting data in order to test the hypothesis on the nature of certain relationships with an aim to differentiate between, measure the relative influence of the factors and explain the cause and effect relationship between them. Therefore, this explanatory research attempts to investigate the cost effect implications of training and development on organizational performance.

**Population and Sample Size**
The population for the study comprises of the totality of the HR Officers of the selected State Owned Corporations. These are 224 HR officers (Head of HR, HR section heads and their respective supervisors) in the 35 Lagos State Owned Corporations in the agricultural sector. Out of which a sample of 142 respondents were selected. The following formula was used to get the sample size of the study.

$$\frac{X^2 \times N \times P \times (1-P)}{N = (ME^2 \times (N-1) + X^2 \times P \times (1-P))}$$

Where n= sample size

$X^2$ = Chi- Square for the specified confidence level at 1 degree of freedom

N= Population size

P= Population proportion (50 in this table)

ME = Desired Margin of Error (Expressed as a proportion)

**Source: Author’s Computation (2019)**

$$n= (1.962 \times 224 \times 0.5 \times 0.5)$$

$$\{(0.03574^2 \times (223)) + (1.962 \times 0.5 \times 0.5)\}$$

n= 141.70

Therefore, the sample size of the study was 142 respondents. This translates to 63% of the study population and has sufficiently surpassed the minimum threshold sample size of 10% suggested by Gay (2005), 30% considered acceptable by Stanley and Gregory (2001); Kothari, (2004); and Kerlinger (2000) and a sample size of 30 for a small population as proposed by Mugenda and Mugenda (2008). The sample size was equally divided among the 35 State Corporations where the study was to be undertaken. This implies that 5 respondents were randomly selected from each one of them to respond to the study questionnaire.

**Data Collection, Processing and Analysis**

Primary data were collected through administration of questionnaires to the selected HRM staff of the selected organizations which generated both quantitative and qualitative data. Returned questionnaires were sorted to ensure their completeness and accuracy. Thereafter, quantitative responses were coded for analysis using Statistical Package for Social Sciences (SPSS).

In this study, a correlation analysis was carried out to measure the inter-relationship between independent (training and development) and dependent (organizational performance) variables. Chi-square was used to compare observed data with data the study expected to obtain according to hypothesis (Sekaran, 2003; Kothari, 2004). On completion of the correlation analysis, a regression analysis was conducted in order to further evaluate and understand the relationships between the dependent and independent variables of the study, and to test the hypotheses of the study.
Findings and Discussions
The research work focused on the cost effect implications of Training and Development on Organizational performance and findings shows that there exists a positive relationship between Off the Job Trainings and Organization’s productivity and operational efficiency.

Response Rate
From the 142 questionnaires distributed, 134 were returned fully completed. This translates to a response rate of 94.37%. Babbie (1998) and Mugenda and Mugenda (2003) asserts that more than 70% response rate is very good, 60% rate is considered good and 50% is adequate. Based on the recommendations of the two scholars, the study concluded that the response rate of 94.37% for this research was “very good” and therefore a good basis of this study report.

Sample Characteristics
Preliminary information was sorted on the characteristics of the sample. The questions aimed to elicit responses which showed the parameters of the respondents and the organization they work for. The data gathered on respondents included: their gender, academic qualification, and number of working years and experience in the organization. For the organization, the preliminary information gathered was on: number of employees, number of departments, performance indicators in use, how general performance is rated, and finally, the relationship between human resource (HR) practices and performance with the degree of relationship.

Gender Distribution of the Respondents
From the respondents, it was found that 40.3% were male while 59.7% were female. The gender distribution is shown in table 4.1 below. This implies that there were more female than male in the HR section of Lagos State Owned Corporations operating in the agricultural sector. This corroborates with findings of Forbes (2011) where they found that 70% of HR managers were female. This suggested their soft skills had led to their predominance in the HR departments. The gap in gender representation was relatively small and therefore the study concluded that there is gender balance in the Corporations that were investigated. The fair gender distribution in the study can be attributed to gender mainstreaming campaigns by various Institutions which advocates for gender equity or equality in the workplace. Since a number of responses in this study relied on the perceptual measures of the respondents, the findings accommodated the opinions and views from both genders.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>54</td>
<td>40.3</td>
</tr>
<tr>
<td>Female</td>
<td>80</td>
<td>59.7</td>
</tr>
<tr>
<td>Total</td>
<td>134</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2019
Table 4.2: Respondents’ Opinions on the degree to which Independent Variable (Training and Development) Affect Organizational Performance on the Basis of Gender

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Gender</th>
<th>Rating on Frequency in Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Very Low</td>
</tr>
<tr>
<td>Training and</td>
<td>Male</td>
<td>12.7</td>
</tr>
<tr>
<td>Development</td>
<td>Female</td>
<td>6</td>
</tr>
</tbody>
</table>


From Table 4.2 above findings indicate that 85.8% of the female respondents and 73.1% of the male respondents believed that the independent variables (Training and Development) have effect on the dependent variable (Organizational Performance).

Respondents Academic Qualifications

From Table 4.3 below, the respondents’ academic qualifications were found to vary from tertiary trainings undertaken immediately after primary education to degree level (including bachelors, masters and PhDs). From the findings, 13.4% had General Certificate in Education (GCE); 44.8% had certificates or diplomas; 26.9% had degrees (bachelors and masters - only 1 respondent had PhD); while 14.9% had undertaken various tertiary courses after their primary school education. The findings indicate that respondents had technical expertise required to handle tasks and responsibilities assigned to them.

Table 4.3: Academic Qualifications of the Respondents

<table>
<thead>
<tr>
<th>Academic Qualifications</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCE</td>
<td>18</td>
<td>13.4</td>
</tr>
<tr>
<td>Certificate/Diploma</td>
<td>60</td>
<td>44.8</td>
</tr>
<tr>
<td>Degree</td>
<td>36</td>
<td>26.9</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>14.9</td>
</tr>
<tr>
<td>Total</td>
<td>134</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Years of Experience in the Organization with Continuous Training and Development

This section sought to analyze the period the respondents have worked for their various organizations. From the findings, 52.2% of the respondents had worked in these organizations for period over 16 years and were simultaneously trained and developed over the period; 19.4% had worked between 11 to 15 years; 12.7% had worked between 6 to 10 years and 15.7% had worked for period below 5 years. This is tabulated in table 4.4. The findings on the number of working years in the organization suggested that there was a high level of staff retention as a result of job satisfaction, training and development. This is in line with Tahir (2010) findings that...
attributed the high staff retention rate to job security guaranteed in the public sector. This gives credence to the information sought on this research, with respect to existence of good human resource management practices in Lagos State Owned Corporations.

**Table 4.4: Number of Working Years in the Organization**

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 5 years</td>
<td>21</td>
<td>15.7</td>
</tr>
<tr>
<td>Between 6-10 years</td>
<td>17</td>
<td>12.7</td>
</tr>
<tr>
<td>Between 11-15 years</td>
<td>26</td>
<td>19.4</td>
</tr>
<tr>
<td>Over 16 years</td>
<td>70</td>
<td>52.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>134</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey, 2019.*

A further analysis to establish the respondents’ opinions on the degree to which independent variable affect organizational performance on the basis of years worked revealed that the highest relationship exists among the category “Between 6-10 years” at 27.5% followed by respondents at “16 years and above” category at 25.7%, “between 11-15 years” at 24.6% and “up to 5 years” at 22.2%. All these categories recorded an approval of over 20% suggesting that Training and Development is a key strategy as far as Organizational Performance is concerned. Therefore, conducting regular trainings helps to achieve organizational objectives by increasing organizational performance through improved employees’ productivity. This analysis is summarized in table 4.5

**Table 4.5: Respondents Opinions on the degree to which Independent Variable (Training and Development) Affect Organizational Performance on the Basis of Years Worked**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Years Worked and Responses in Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up to 5 years</td>
</tr>
<tr>
<td>Training and Development</td>
<td><strong>22.2%</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey, 2019.*
Indicators Used to Determine Organizational Performance
Indicators used to determine Organizational Performance in state corporations was generally found to be Productivity and Organizational efficiency, Customer Satisfaction and Product Quality, Sales Revenue and Corporate Image. Respondents’ reaction to this is reflected in table 4.6 where it revealed that 51.5% perceived Productivity and Organizational efficiency as an indicator of performance; 23.9% favoured Customer Satisfaction and Product Quality; 20.1% used the revenue generated; 1.5% used the profit generated and 3% used other indicators to determine Organizational performance.

Table 4.6: Indicators of Organizational Performance

<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>2</td>
<td>1.5</td>
</tr>
<tr>
<td>Sales Revenue Generated</td>
<td>27</td>
<td>20.1</td>
</tr>
<tr>
<td>Productivity and Organizational Efficiency</td>
<td>69</td>
<td>51.5</td>
</tr>
<tr>
<td>Customer Satisfaction/Quality of Products</td>
<td>32</td>
<td>23.9</td>
</tr>
<tr>
<td>Others (e.g. Financial rewards, Knowledge Transfer)</td>
<td>4</td>
<td>3.0</td>
</tr>
<tr>
<td>Total</td>
<td>134</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2019

Organizational Performance
The main objective of this research was to establish the relationship between Training and development on Organizational performance of the agricultural sector of Lagos State Corporation. Organizational performance was researched as the dependent variable. The related specific research objective to investigate if Off the Job Training has effect on Organization’s productivity and operational efficiency. This had been illustrated in Table 4.6 above, where it was found that 51.5% of the respondents’ favoured measurement of Organizational Performance in terms Productivity and Organizational efficiency.

However, the component of sales revenue generated is also very important to state owned corporations since, though state-owned, most of these Corporations are not on government subvention. Thus, they are required to generate their own funds, operate profitably and be able to pay at least 30% of profit as dividend to government annually. This is a fact noted by Gary (2008). He argued that State corporations are permitted to generate surplus revenues which are retained by the respective corporation or organization for its self-preservation or expansion. Therefore, revenue generated is not perceived from a productivity perspective, but as a means to enable corporations fulfill their respective mandate.

Productivity and Organizational Efficiency was found to be a good measure of organizational performance since 51.5% of the respondents’ favoured it. In many government parastatals and
private organizations either profit maximizing or not productivity and efficiency plays a very important role.

Financial rewards recorded a score of 3% as a measure of organizational performance among the respondents. This is quite low compared to other variables under investigation. However, the findings are in line with previous research findings by Becker and Huselid (1998); Bae and Lawer (2000) and Hoskisson et al., (2000). They found that emphasis on quality-improvement teams and commitment-building programs is creating a renaissance for financial incentive of pay-for-performance plans. Financial incentives constitute less than 5% of the U.S. worker's compensation. Organizations adopt alternative reward systems to increase domestic and international competition. The competitive reasons for the growing emphasis on performance-based compensation are companies cutting costs, restructuring, and boosting performance.

Customer Satisfaction and Product quality had scores of 23.9%. This ultimately leads to higher organizational performance. They also, as noted by Kane (2000) help organizations cope with revolutionary trends in modern business environment characterized by rapid environmental change, globalization, innovations to provide competitive products and services, changing customer and investor demands. It is expected that customer satisfaction and product quality will in the long run help firms reduce costs, enhancing quality, products and service differentiation (Armstrong 2010).

**Factor Analysis on Organizational Performance**

Factor analysis was carried out before inferential analysis of the results on organizational performance as the dependent variable to describe variability among the observed and check for any correlated variables with the aim of reducing data that was found redundant. From the nine items analyzed as shown on Table 8, all the items scored at least 0.3 which is the minimum requirement for inclusion of variables into the final model (Hair et al., 2010, Kothari, 2004). From the recommendation of Hair et al. (2010) and Kothari (2004) any item not scoring above 0.3 should be dropped from the model and not further analyzed. Consequently, no item was declared redundant and thus none was dropped from the model and not further analyzed.

**Table 4.8: Factor Analysis on Organizational Performance**

<table>
<thead>
<tr>
<th>Measures of Organizational Performance</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Productivity and Organizational Efficiency</td>
<td>.735</td>
</tr>
<tr>
<td>2. Customer Satisfaction and Product Quality</td>
<td>.720</td>
</tr>
<tr>
<td>3. Sales Revenue Generated</td>
<td>.559</td>
</tr>
<tr>
<td>4. Profitability</td>
<td>.375</td>
</tr>
<tr>
<td>5. Others (e.g. Financial Rewards, Knowledge Transfer)</td>
<td>.488</td>
</tr>
</tbody>
</table>

*Source: Author’s Computation, 2019*
Normality Test on Organizational Performance
Normality test was carried out to ascertain that the linear regression model which was to be tested was normal to ensure best linear unbiased estimators were achieved. The linear regression model had a dependent variable, Organizational Performance, depending on the independent variables - Training and Development is normally distributed. Quantile-Quantile plot (Q-Q plot) was used to test normality of the data. As shown on Figure 2 the points plotted falls approximately on a straight line, indicating normality with a very high positive correlation.

![Figure 2 Q-Q plot of Organizational Performance Variable](image)

**Figure 2 Q-Q plot of Organizational Performance Variable**

**Training and Development**
The study sought to find out whether T&D had an effect on organizational performance. T&D as an independent variable was investigated. Preliminary questions were if the T&D department existed in an organization and the indicators of need for training. Majority of the organization, 87.9% indicated it was in place while 12.1% indicated it did not exist. The indicators of need for training are 61.7% Performance Appraisal reports as outlined on table 9. This contradicts the earlier findings that Performance Appraisal was not used to indicate training needs. Employees' grievances indicate training need by 23.3%, absenteeism, tardiness and turnover indicted 6.7%, accidents and others 4.2% each.
Table 4.9 Indicators of Training Needs

<table>
<thead>
<tr>
<th>Indicators of Training Needs</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Performance Appraisal Reports</td>
<td>61.7</td>
</tr>
<tr>
<td>2. Employees Grievances</td>
<td>23.3</td>
</tr>
<tr>
<td>3. Absenteeism, Tardiness and Labour Turnover</td>
<td>6.7</td>
</tr>
<tr>
<td>4. Accidents</td>
<td>4.2</td>
</tr>
<tr>
<td>5. Others</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey, 2019

Other issues under T&D investigated in relation to organizational performance are shown in table 4.10. On the issue of existence of T&D policy, 65.6% of the respondents either agreed or strongly agreed that it was in place. Another 51.2% of the respondents either agreed or strongly agreed that training needs identified were realistic and were based on organizational training needs. This is good for respective corporations since 80.3% of the respondents said training and had a strong influence on organizational performance. However, quite a number of respondents ranging from 59.4% to 71.8% either strongly disagreed, disagreed or were neutral on adherence to T&D policy, sharing of knowledge gained during T&D process, attendance to regular training programs, whether training programs aim to train employees new skills and if T&D enhances teamwork. This findings are in line with Chang and Chen (2002)’s findings who in their study in Taiwanese high technology firms, established that T&D significantly affects productivity and organizational efficiency. Other Researchers Chiu et al. (2002); Tepstra and Rozell, (1993) established that T&D has positive association with firms’ performance.

Table 4.10: Training and Development

<table>
<thead>
<tr>
<th>T&amp;D issues</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is T&amp;D policy in place</td>
<td>8.0</td>
<td>12.0</td>
<td>14.4</td>
<td>46.4</td>
<td>19.2</td>
</tr>
<tr>
<td>T&amp;D policy is strictly adhered to</td>
<td>17.9</td>
<td>22.0</td>
<td>29.3</td>
<td>21.1</td>
<td>9.8</td>
</tr>
<tr>
<td>Employees are given opportunities to share knowledge gained during T&amp;D process</td>
<td>8.0</td>
<td>26.4</td>
<td>25.6</td>
<td>33.6</td>
<td>6.4</td>
</tr>
<tr>
<td>Employees undergo regular training programs</td>
<td>12.2</td>
<td>28.5</td>
<td>18.7</td>
<td>26.0</td>
<td>14.6</td>
</tr>
<tr>
<td>Training needs are identified through a formal process</td>
<td>12.7</td>
<td>27.8</td>
<td>21.4</td>
<td>28.6</td>
<td>9.5</td>
</tr>
<tr>
<td>Training programs aim to train employees new skills</td>
<td>8.8</td>
<td>21.6</td>
<td>24.0</td>
<td>31.2</td>
<td>14.4</td>
</tr>
<tr>
<td>T&amp;D enhances teamwork</td>
<td>10.5</td>
<td>32.3</td>
<td>29.0</td>
<td>18.5</td>
<td>9.7</td>
</tr>
<tr>
<td>Training needs identified are realistic based</td>
<td>7.3</td>
<td>22.0</td>
<td>19.5</td>
<td>36.6</td>
<td>14.6</td>
</tr>
</tbody>
</table>
on organizational needs
T&D has strong influence on organizational performance

Source: Field Survey, 2019

Factor Analysis on Training and Development

Factor analysis was carried out before inferential analysis of the results on T&D as an independent variable to describe variability among the observed data and check for any correlated variables with the aim of reducing data that was found redundant. From the nine items analyzed as shown on Table 4.11, all items scored more than 0.3 which is the minimum requirement for inclusion of variables into the final model. Consequently, all the items were retained in the model and were further analyzed.

Table 4.11: Factor Analysis on Training and Development

<table>
<thead>
<tr>
<th>Component</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you agree that T&amp;D policy exist in the organization?</td>
<td>.581</td>
</tr>
<tr>
<td>Do you agree that T&amp;D policy is strictly adhered to?</td>
<td>.702</td>
</tr>
<tr>
<td>Do you agree that employees are given an opportunity to transfer/share knowledge gained during training?</td>
<td>.792</td>
</tr>
<tr>
<td>In what ways has the organization organized extensive or regular training program for its employees in all aspects of work?</td>
<td>.659</td>
</tr>
<tr>
<td>What are the training needs identified through a formal PA mechanism?</td>
<td>.760</td>
</tr>
<tr>
<td>Do you agree that formal training programs enhance employees skills needed to perform their jobs?</td>
<td>.653</td>
</tr>
<tr>
<td>Do you believe that new knowledge and skills are impacted to employees through training and development periodically to work in teams?</td>
<td>.800</td>
</tr>
<tr>
<td>In what ways has training and development needs identified been realistic, useful and based on business strategy of the organization?</td>
<td>.613</td>
</tr>
<tr>
<td>Do you agree that T&amp;D has a strong influence on organization performance?</td>
<td>.430</td>
</tr>
</tbody>
</table>


Reliability test was also carried out on the nine items using Cronbach’s Coefficient Alpha which was 0.845. Cooper & Schindler (2008) assert that a Cronbach’s alpha coefficient of 0.7 is adequate for a newly developed tool. Therefore based on their recommendations the variable is adequate and consistent and is reliable for the study and the results can be used to generalize on the population characteristics.

Test of Hypothesis

Pearson Correlation was used to measure the effect of the independent variable (Training and Development) on the dependent variable (Organizational Performance) of the lone hypothesis and proper interpretation and analysis techniques were used to explain the hypothesis testing.
**Hypothesis One:**

**H₀₁:** Off the Job Trainings have no effect on Organization’s Productivity and Operational Efficiency

**H₁₁:** Off the Job Trainings have effect on Organization’s Productivity and Operational Efficiency

![Performance T&D correlation table](image)

<table>
<thead>
<tr>
<th></th>
<th>PERFORMANCE (Organizational Productivity and Efficiency)</th>
<th>T&amp;D (Off the Job Training)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE</td>
<td>Pearson Correlation</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>134</td>
<td>134</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>134</td>
<td>134</td>
</tr>
</tbody>
</table>

**Decision Rule**

If the P-value is less than 5% (P<0.005), then the null hypothesis is rejected, otherwise accepted.

**Results of Hypothesis Tests and its Interpretation**

Since P-value of 0.000<0.005, the regression results supported this hypothesis. It however shows that there is a significant relationship between Off the Job Training and Organizational Productivity and Efficiency. The correlation coefficient was found to be 0.389 which implies that there was a positive relationship between the dependent and independent variable.

Training and development is considered to be the most common HR practice (Tzafrir, 2006). Aswathappa also posits that T&D refers to any effort adopted to improve current or future employees’ skills, abilities, and knowledge (Aswathappa, 2008). The result of this study corroborates with the findings of Thang and Buyens (2008) who reviewed 66 studies conducted in different parts of the world and opined that T&D enhances superior knowledge, skills, abilities, attitudes, and behaviour of employees which eventually influence organizational performance. It also substantiates the results of Hoque (1994) who unearthed that T&D had positive impact on organizational effectiveness in Bangladeshi context.

**Summary of Findings, Conclusions and Recommendations**

**Summary of Findings**

The study investigated the relationship that existed between Training and Development (T & D) and organizational performance (OP). In majority of the organizations, Training and Development policies was indicated to be in existence to the tune of 65.6%. The indicators of need for training are 61.7% Performance Appraisal (PA) reports.
The Pearson Correlation coefficient ($\rho$) between T&D and OP was found to be 0.389 at $p = 0.000$. This indicated that the strength of linear relationship was significant since $p$ at 0.000 is less than 0.005. Regression analysis Results of Training and Development suggested that the model equation $\gamma = \beta_4X_4 + \epsilon$ explained 14.5% as the measure by the goodness of fit. This means that Training and Development explained 14.5% of the variation in organizational performance.

The findings on Training and development revealed its strategic positioning since it directly improves organizational business goals and objectives, and thereby enhancing organizational performance. The environment in which most organizations operate today is continuously changing, and the rate of which changes occurs increases. Hence organizations are now involved in tremendous increase in international business and foreign investments. Training and developing the workforce offer an interesting case of change for any organization in light of uncertain and rapidly changing environment.

Many researches argue that training and development programs increase the organizations' performance and effectiveness. Toward a better understanding of the effects of training and development in the workplace, this research points out the importance of training and developing the workforce, determines the major types of training and development programs, discusses the relationship between training and the overall organizational performance, and offers some guidelines for HR managers to design effective training and development.

As training is considered a strategic investment, therefore the line managers should adopt a focused approach towards T&D and remain fully involved in making policy decisions for training, being in line with HR. They must accept their responsibility in this area as front liners when compared with HR managers because they are also accountable in their reports for training and development, being immediate employee-contacts. It also illustrates that HR department cannot be devolved of the responsibility of training and development, rather it remains committed since deliberated and formal approach to training and development will contribute positively towards organizational performance. Training is necessitated due to rapid advances/changes in technology, developing core competencies, steering downsizing and re-engineering and covering gaps in formal education which all being issues of immediate nature, fall in Line manager’s domain.

Conclusions

Based on the findings of the study, it can be concluded that

i. Effective Training and Development influences the quality, quantity and productivity and the services rendered by State Owned Corporations.

ii. Customers are more satisfied with the quality of products produced by State Owned Corporations.

iii. The image of the organization is enhanced

iv. Training and Development is also found to modify attitude, knowledge, skills, behaviour through learning experience.

v. It serves as a tool for knowledge sharing and enhanced teamwork.
Recommendations
It is recommended that
- Conclusive policy making should be introduced and adopted.
- Organizations should identify appropriately the needs of the organization in line with laid down goals and objectives.
- Organizations should be more committed and focused on their needs for Training and Development.

References


