

Employees' Perceptions Concerning the Influences of Training and Personal Development Programs on Performance, Productivity, and Profit

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Abstract

While many organizations acknowledge the skills shortage in the labor market, there is a reluctance to engage in Training and Personal Development Programs (TPDPs), although they are aware that the results are significantly positive. This is because organizations, particularly in the private area, want financial gain and an increase in the organization's value in the shortest possible time. However, much empirical research has found several positive correlations between TPDPs and several outcome indicators at the organizational level: productivity, performance, and profitability. The aim of our research starts from these correlations found in the literature, which we propose to test at the level of some Romanian public institutions. The results show strong influences of TPDPs on direct productivity growth and significant indirect influences on performance and profitability.

Key words: training, personal development, productivity, performance, profit

J.E.L. classification: M53

1. Introduction

In recent years, line managers have assumed the roles of facilitators and coaches. Many managers need TPDPs to stay current in their rapidly changing positions (Rue et al., 2015). The training should focus on a proactive long-term strategy, which considers TPDPs to be a remedy for the rapidly changing business environment. Some organizations use TPDPs to retain the talents of in-house experts that they use when needed.

Programs designed to help grow an organization should be related to the needs of the organization. Otherwise, organizations lose skills that cause them to lose productivity and performance (Beardwell and Claydon, 2010).

Edralin (2011) shows that companies carry out TPDPs because they are considered to have a beneficial influence on performance. Hansson (2007), in his study, relates the rate of return to workers who have been included in a training and personal development program. Moreover, Valentine et al. (2019) show that TPDPs can be considered a reward based on past performance. The purpose of training programs is to improve performance and increase profits through increased productivity. Those organizations with a high employee turnover rate will not invest in training because the investments will not return to the organization (Hansson, 2007).

In order to quantify the influences of TPDPs on the three result indicators (productivity, profit performance), we conducted empirical research on the employees of some public institutions in Romania. The structure of the paper is organized into five sections. In the first three sections, we made an introduction, described the theoretical framework, and presented the methodological framework. The last two sections present the results and the conclusions.

2. Theoretical background

Like all organizational strategic options, the activities of TPDPs face many encounters. Some managers and employees do not want to be tangled in TPDPs (Beardwell and Claydon, 2010). They see TPDPs as an unwanted interruption of work (Mathis et al., 2016).

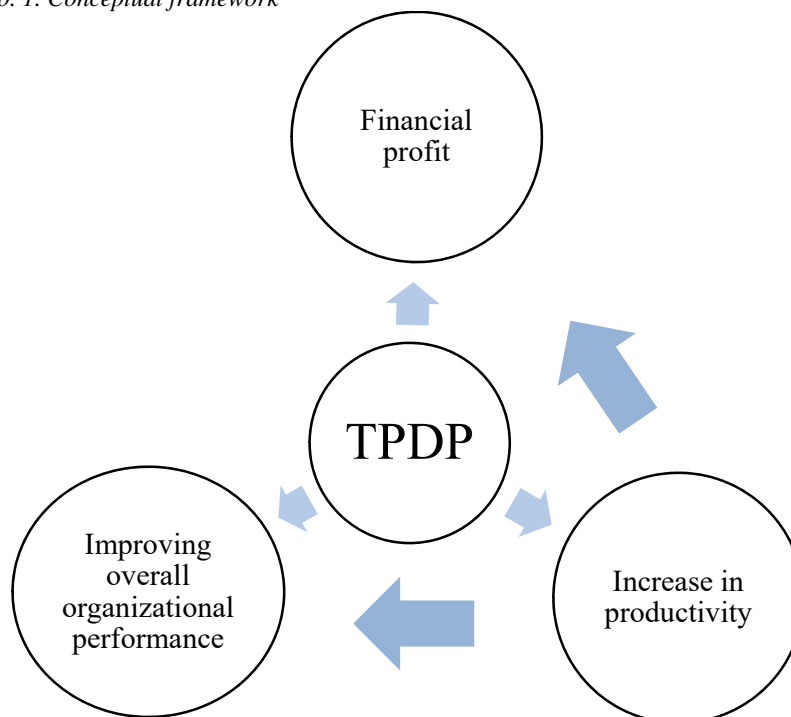
Although it has been widely recognized that training improves productivity, retention, performance, some companies do not provide sufficient support for TPDP. In contrast, others offer programs without a clear strategy with well-defined objectives and mechanisms for evaluating the effectiveness of such programs (Varzaru et al., 2012; Vărzaru and Vărzaru, 2015a; Bocean and Sitnikov, 2015; Sitnikov and Bocean, 2015). Therefore, the aim of TPDPs should be to improve the acquisition of knowledge, skills, and competencies and the capacity for constant innovation of knowledge. Retention and motivation of employees are essential for organizations that want to improve productivity, and implicitly performance and profitability (Bocean, 2007; Bocean, 2015; Vărzaru and Vărzaru, 2015b; Vărzaru and Vărzaru, 2016). TPDPs improve the capability of organizations to achieve a high level of performance and promotes better performance results.

Better performing organizations are always associated with lower costs and increased profitability. Superior performance can only be achieved through effectively trained employees. Barbu and Barbu (2012) confirmed that organizations involving employees in TPDPs, get improved productivity and profits per employee.

3. Research methodology

Following the literature review, we found several positive correlations between TPDP and a number of indicators at the organizational level: productivity, performance, and profitability (illustrated in figure no .1).

Figure no. 1. Conceptual framework



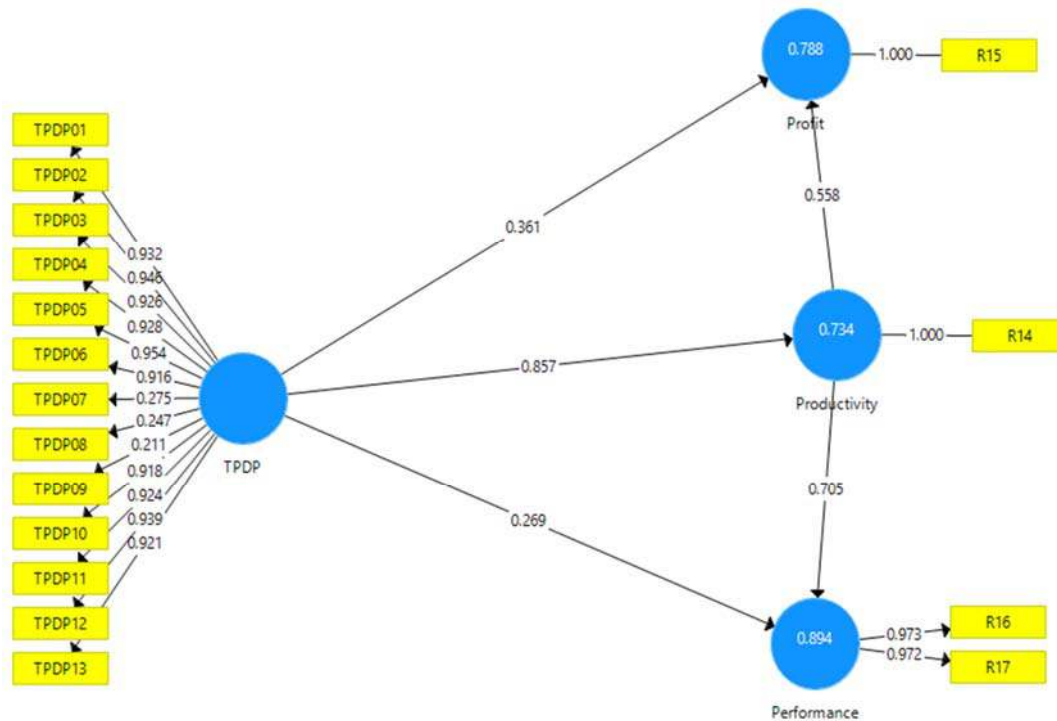
Source: Developed by authors

The aim of our research starts from these correlations found in the literature, which we propose to test at the level of Romanian public institutions. The hypothesis we start from is that all these positive influences of TPDPs on productivity, organizational performance, and profitability are also

valid in the case of public institutions, not only in the case of private organizations. For the profit indicator, we used the surplus of the public institution. In order to investigate and explore these correlations, we conducted a qualitative survey based on a sample of 127 employees who work in four public organizations from Argeş County. In the questionnaire used in the research, we included 13 items related to TPDPs, two items related to performance (individual and organizational), and one item for productivity and profitability.

For the research of influences, we used structural equation modeling. The theoretical model applied to the data collected from the sample is presented in figure no. 2.

Figure no. 2. Conceptual framework applied



Source: Developed by the authors using SmartPLS v3.0

In order to increase the relevance, we eliminated items having a load below 0.7, resulting in a model with a higher degree of significance. The items removed were TPDP06, TPDP07, and TPDP08.

4. Findings

SMSR is 0.032 (lower than 0.08), NFI is 0,941 (above 0.9). The reliability and validity analysis indicates a relevant and significant research model (table no. 1).

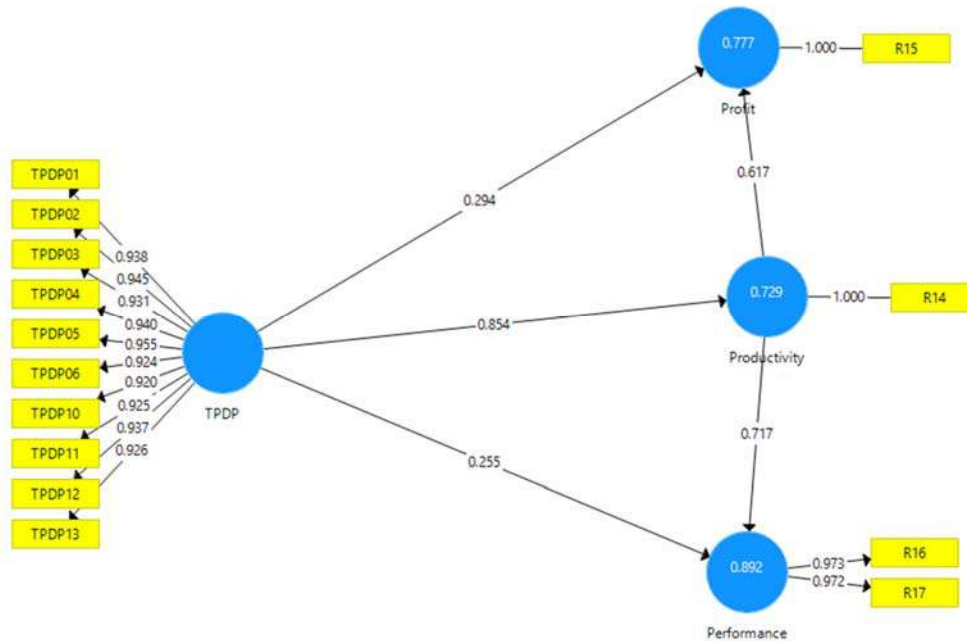
Table no. 1. Reliability and validity analysis

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Productivity	1.000	1.000	1.000	1.000
Profit	1.000	1.000	1.000	1.000
TPDP	0.984	0.984	0.986	0.873
Performance	0.943	0.943	0.972	0.946

Developed by the authors using SmartPLS v3.0

After eliminating the items that reduced the degree of significance, the model corrected is presented in figure no. 3.

Figure no. 3. Empirical model



Source: Developed by the authors using SmartPLS v3.0

Paths coefficients, indirect and total effects calculated in a bootstrapping procedure can be found in table no. 2.

Table no. 1. Paths coefficients, direct and indirect effects

Paths coefficients					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O /STDEV)	P Values
TPDP -> Profit	0.294	0.273	0.158	1.863	0.063
TPDP -> Produ...	0.854	0.851	0.041	20.599	0.000
TPDP -> Perfor...	0.255	0.239	0.106	2.404	0.017
Productivity ->...	0.617	0.637	0.161	3.827	0.000
Productivity ->...	0.717	0.732	0.103	6.974	0.000

Indirect effects					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O /STDEV)	P Values
Productivity -> Performance					
Productivity -> Profit					
TPDP -> Performance	0.612	0.625	0.106	5.760	0.000
TPDP -> Productivity					
TPDP -> Profit	0.527	0.545	0.151	3.494	0.001

Total effects					
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O /STDEV)	P Values
Productivity -> Performance	0.717	0.732	0.103	6.974	0.000
Productivity -> Profit	0.617	0.637	0.161	3.827	0.000
TPDP -> Performance	0.868	0.864	0.029	30.324	0.000
TPDP -> Productivity	0.854	0.851	0.041	20.599	0.000
TPDP -> Profit	0.821	0.818	0.040	20.541	0.000

Developed by the authors using SmartPLS v3.0

It can be seen from the analysis of the results obtained that TPDPs significantly and directly influence employee productivity, the direct influences on profitability and performance being lower. Despite all these indirect influences, mediated by the evolution of productivity, of TPDPs on profitability and performance are significant, which leads us to say that our research hypothesis is validated. Similar results were obtained by other researchers (Bottazzi et al., 2008). TPDPs significantly influences the three result indicators (productivity, profitability, and performance) within public institutions.

5. Conclusions

Following the research carried out on the employees of some public institutions in Romania, we concluded that TPDPs increase productivity, improve individual and organizational performance, and finally, the organization's profitability. Increasing the skills of civil servants through training programs leads to better productivity and increased efficiency of their work. Therefore, TPDPs have a significant impact on organizational performance. TPDPs can contribute to any organizations overall success and profitability by meeting organizational goals by the workforce with improved skills. As human resources are the most critical resource of an organization, any intervention through training and personal development programs leads to an improvement that translates into increased productivity, improved performance, and higher profit.

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