EFFECT OF TRAINING AND DEVELOPMENT ON THE PERFORMANCE OF PARASTATALS IN KENYA

BY

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ABSTRACT

Worldwide, the public sector plays a central role in any country’s socio-economic development. The sector has however been affected by globalization, public sector reforms, regional and international partnerships, climate change, information, communication and technology and human resource development, among other factors. In an increasingly changing global environment, the mandate, structure and operations of public sector must be reshaped and productivity enhanced to make it more focused, efficient and responsive to the needs of those it serves. As globalization and competition becomes a real phenomenon, there is more emphasis to link strategy and organization performance. To compete effectively, organizations must adopt ways of enhancing their competitive advantage and profitability. This study sought to establish the effect of training and development on performance of parastatals in Kenya. The paper used a desk based methodology. Specifically, the paper identified documentary evidence in the form of already completed studies that focused on effect of training and development on performance in organizations both locally and globally. The study findings indicated that training and development had a positive and direct effect on organizational performance. The organizations offered induction training, on job training, mentorship training and career development which has influenced the employee performance in the organization. The study concludes that training and development strategies have a very significant contribution to make to organization success. Strategic human resource training and development plan plays a very big role in the achievement of the firm's strategic plan by providing employees with up to date expertise to meet present and future performance demands. The parastatals should also conduct strategic human resources management training programs including total quality management training programs. The training should be done to employees at all levels and should also expand to include training on other areas in readiness for other jobs in the future (succession planning). The government should also establish an active training and development policy for its employees in public organizations.

Key Words: Training, Development, Performance, Parastatals
1.0 Introduction

Today a firm’s success largely depends on the capabilities of its members. Firms may have the capital and technology, but it is human resources (HR) that will help firms face the challenges of business globalization. Capital can be generated. So can technology. But the HR required to propel an organization through the coming challenges must be rightly and appropriately encouraged and motivated (Rose & Kumar, 2006). Human resources management is more important than other competitive sources because these people use other assets in an organization, create competitiveness and realize objectives. Thus firstly, organizations must understand the expectations of their workforce in order to achieve the desired performance. The realization of the expectations of employees will enable the desired behaviour of employees in the organization. Some of the desired outcomes of the organization in managing their workforce are: competence, cooperation of employees with managers, cooperation of employees between them, showing the capabilities of employees; motivation, commitment and satisfaction; attitude and presence; employee behaviours (Cania, 2014). Many organisations rely on the expertise of their employees to gain competitive advantage in global economies (Reiche, 2007). In this economic environment, the retention of valuable employees becomes an extremely important strategy for human resources managers and organisational leaders.

Strategic Human Resource Management (SHRM) is crucial in all organizations particularly public organizations, where it facilitates those who work in the public service in adapting to the changing role of the government. Comprehensive Human Resource (HR) strategies are necessary in exploiting new opportunities and ensuring that all public service functions are carried out accordingly to the highest professional standards. The need for skills and knowledge in the public service in areas of policy development, in the management of organizations, in public service delivery and in tackling economic crises of global magnitude than ever before. Public service leaders around the world are looking for new approaches to inspire integrity, accountability and motivation in public service in order to achieve coherence and coordination between government policies and various interests (Storey, 2010).

The concept of SHRM has been instrumental in management research and practice for the last three decades (Purcell, 2011). Continuing analysis within the field usually focuses on how
Human Resource Management (HRM) can add strategic value and hence to organizational success. According to this approach, which has mainly been applied in the private sector, people are a key resource and a significant element in an organization’s performance. The main rationale for strategic HRM thinking is that by integrating HRM with the organization’s strategy and by utilizing particular sets of HR policies and practices, workers will be managed more effectively, and consequently individual and organizational performance will improve (Fombrun, 2010).

At the international level the transformation of systems structures, and processes inside public services has been well acknowledged over the past 20 years. The key rationale of these changes has been to improve the cost-effectiveness, efficiency and performance of public organizations. Government owned entities have therefore been under immense pressure to follow private sector managerial practices, such as performance management, customer orientation, and a heightened strategic focus (Truss, 2008).

Truss (2008), asserts that improved HRM helps facilitate the acquisition, training and retention of esteemed employees, this serves to improve organizational cost-effectiveness, and serve to create a performance-driven culture via the adoption of a more strategic HR function. Truss further argues that, the confirmation as to whether or not there have been any substantive changes in the role of the HR function still remains both incomplete and open to doubt despite the acknowledged significance of HRM under New Public Management (NPM). This study, contributes to the imperative discussion over the actuality of change in the public sector, while also trying to find out whether the HR function in the public sector has become more strategic and hence affecting organizational performance.

According to a United Nations report on a study carried out in 14 countries; Australia, Brazil, Canada, Chile, China, Finland, Germany, Hungary, The Netherlands, New Zealand, Poland, Republic of Korea, UK, and US, there were four broad reform concerns that were publicly stated by governments: to improve policy responsiveness and implementation by overcoming resistance from vested interest to the implementation of legitimate policies or reduction of some programs; to reduce public expenditure, maintaining the attractiveness of the investment climate and the competitiveness of national firms; to improve government as an employer by making it
responsible to attracting sufficient numbers of appropriately skilled employees while restraining aggregate employment costs and to improve service delivery and build public and private sector confidence by enhancing the degree of respect and trust accorded to government by private sector and by the public (United Nations, 2011).

According to Stone (2005) the domain of HRM covers the acquisition, development, reward and motivation maintenance and departure of employees whereas typical areas of concern include HR planning and capability audits, recruitment and selection of employees, skill development and training, career progression, performance appraisal, formulating employment conditions and compensation and reward this is irrespective of whether the firm is in the public or private sector. However this study focuses on one of the SHRM practices that is training and development. The applicability of this study is supported by the fact that, parastatals are significant in promoting growth and development of trade and industry. They are also vital to enhancing the technical capability of the country in promoting national development. Lastly, parastatals are key in facilitating the improvement of service delivery in the public service, as well as addressing the essential requirements of the populace.

In Kenya one of the key players in the public sector arena are the parastatals. A parastatal is a public sector or state corporation which is that part of the economy that is controlled by the government for the purpose of providing basic government services. Parastatals are deeply implicated in most fiscal problems of African governments because of their inefficiency, losses, budgetary burdens, and provision of poor products and services. Mostly their non-commercial objectives are used to justify their poor performance (Mwaura, 2007). These parastatals are facing several challenges which have been affecting their performance. These challenges include shortage of skilled staff, poor infrastructure, insecurity, lack of strategic plans and poor organizational processes among other challenges (GOK, 2013). In 2011/12, eleven commercial State Corporations made losses, compared to twelve in 2010/11 and sixteen in 2009/10 (GOK, 2013). This represents 21%, 23% and 31% respectively of all commercial oriented Government Owned Entities (GOK, 2013). Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades especially in the public sector. This has resulted in generally low profits across the economy and this picture is fairly well replicated in most purely commercial parastatals (Namusonge,Kabare & Mutua, 2012).
As a country, Kenya has recognized that a modern performance-focused public service is a prerequisite for the country’s socio-economic transformation. Various strategic measures have been initiated since 2004 to enhance service delivery. These include embracing modern business management practices, providing transformative leadership and promoting a corporate culture that enhances ethical practices and good citizenship behaviour. The ultimate objective is to transform work attitude and behaviour, and to create a citizen-focused and performance-oriented public service, which can contribute to national growth and development.

According to Kenya Economic Development report (2004), parastatals in Kenya are among the largest employers in Kenya, in addition to the tax opportunities they present. These organizations have great potential in driving Kenyan economy. These organizations need to respond to greater global and national imperatives and challenges to compete effectively in local and global markets. This study focused on the fitness of SHRM strategies of Kenya’s parastatals. There is need to understand the effect of SHRM practices on parastatal performance since currently there is a lot of interest in this area. In particular there is need to have documented information on the effect of training and development strategies on the performance of parastatals in Kenya.

1.1 Training and Development

According to Goldstein (2013), training involves systematic acquisition of skills, rules, concepts or attitudes that result in improved performance in another environment. According to Analouii (2008), for training to be effective those two conditions need to be met first: the criteria of transfer and the strategic nature of training meaning training is effective if it can be transferred to the workplace. Lack or absence of positive transfer means that the individuals are not performing to their potential. This result in them being redundant and failing to advance the objectives of the organization, leading to inefficiency and inability to secure competitiveness. Second training should aim to achieve the overall business strategy. If training is not focused, resources will be underutilized and development will only be for the sake of development rather than realizing the goals of the enterprises.

Survival of organizations world over requires that they create new knowledge and undergo continuous innovation in order to adapt to a rapidly changing technology and global competitiveness (Horwitz, 2009). Achieving organizational goals depends on the ability of the
employees to perform their duties and adapt to changing environment. Abtahi (2012) affirms that improving education and human resources make employees more prepared and better equipped to do their specific tasks and take their newer and higher responsibilities in the organizations.

Training and development increases the overall performance of the organization. Jagero (2012) further states that employees who have taken trainings are more capable in performing different tasks. Swart et al. (2005) also adds that bridging the performance gap involves implementing a relevant training intervention for the sake of developing particular skills and abilities of the employees and enhancing employee performance. Wright and Geroy (2001) further confirm that employee competencies change through effective training programs. In-service training specifically coordinates the wishes, interests and future needs of the organization. It therefore has a significant relationship with the employee’s resultant performance. In-service training can be carried out in form of Induction, on-job training, off-job training or career development training.

Career development training is designed to upgrade the knowledge, skills, and ability of employees to help them assume greater responsibility in higher positions. This type of training is arranged departmentally for successful extension workers at all levels for their own continuing education and professional development. The training has the fundamental impact on efficiency, effectiveness, morale and profitability of an organization. Beardwell et al (2004) asserts that an employee interacts with the organization and its development through the individual’s career. The employees acquire information and resources that enable them plan a program of lifelong learning related to their career. High performing organizations on the other hand are vigilant on developing their employees. However, Armstrong (2009) points out that a needs analysis that is fully involving and inclusive of all employees must be carried out before any training is done.

Globally government agencies are at every level under relentless pressure to ensure that they have a knowledgeable and efficient workforce. If a government is to keep pace with changes they face of a globalized world with rapid growth and changing technology, training and educating their workforce is a critical mission. Ballot et al (2002) asserts that French and Swedish organizations have 82 % and 67 % return on investment on training respectively. In-service training has now surfaced as a strategy for sustaining and improving the effectiveness, efficiency and competitiveness of today’s public sector workers. Therefore, changing the
systems and procedures of performing the work is an obvious mission which has been stressed frequently and requires more serious efforts. However, Alvani, (2011) notes that the lack of governments attention to in-service training is because of their lack of knowledge about the brilliant results of this type of training.

Malaolu (2013) confirms that in Nigeria, in order to enhance productivity and overall performance, organizations have been embarking on training and capacity building for their employees. This is due to the recognition of the important role of training and manpower development in attainment of organizational goals. To enhance performance and become more competitive, organizations need to train their employees to be skilled, creative, innovative, and inventive. Employee training is therefore an important aspect of human resource practice that is closely linked to performance.

2.0 Problem Statement

According to the report by a taskforce on parastatal reforms in Kenya 2013, the performance of parastatals has been poor in an environment where resources are scarce and needs have been mounting. Key among the policy issues and challenges facing parastatals in Kenya, include: poor governance leading to embezzlement of funds; a large number of officially authorized and institutional frameworks that produce numerous reporting and answerability lines; ambiguity on the task that parastatals ought to play in the economy, which heightens the weaknesses of boards and chief managers; majority of the boards running parastatals been weak and/or ineffective, leading to their inability to offer direction that is strategic; weak institutional and human resource ability to draw and maintain the skillfulness that is required to propel performance also included is an insufficient structure on performance management that fails to rightly relate the performance of parastatals to countrywide development objectives (Republic of Kenya, 2013).

Developing employee’s competences is critical for their performance. Supervisors need to know their workers’ competences and abilities and be able to provide them with the modifications needed for their constant growth and development (Carlson, 2009). Nowadays, changes are more rapid, unusual and fundamental than ever before. Jafari et al (2009) further asserts that technological contacts along with competitive and cultural pressures have led to a whirlpool which can drown any organization. To survive and live in such situations, an organization needs
to transform its processes through improvement in work procedures and processes. This study therefore sought to find out whether training and development can improve or have any effect on the performance of Kenyan parastatals.

3.0 Purpose of the Study

To assess the effect of training and development on performance of parastatals in Kenya

4.0 Literature Review

Richard (2011) conducted a study to determine if productivity is a driving force for investment in training and management development in the Banking Industry in Nigeria. The study relied on both qualitative and quantitative analysis of data, using descriptive and inferential statistics. The entire staff of the 25 commercial banks as at 2007 in Nigeria was the population of the study and a total of 320 questionnaires were administered. The study found that productivity is really one of the driving forces for investment in training and management development.

Amuno (2010) collected data from each of the 9439 permanent, salaried employees of a large high-technology manufacturing firm to assess the effects on employee turnover of the organization’s investment in employee development via a tuition reimbursement program. Investment in training via tuition reimbursement decreased turnover while employees were still taking classes. Richard (2011) conducted a study to determine if productivity is a driving force for investment in training and management development in the Banking Industry in Nigeria. The study relied on both qualitative and quantitative analysis of data, using descriptive and inferential statistics. The entire staff of the 25 commercial banks as at 2007 in Nigeria was the population of the study and a total of 320 questionnaires were administered. The study found that productivity is really one of the driving forces for investment in training and management development.

Grant (2011) sought to determine the impact of training and development on public sector organizations using Ghana Ports and Harbors Authority (GPHA) as a case study. The study assessed the training and development process of GPHA and whether training has improved employee performance. He designed a structured questionnaire to collect primary data from employees of GPHA. Personal interviews were also held with some management staff of the organization. The results indicated that GPHA’s employees were not well informed about
training and development programmes in the organization. Most of the employees were of the view that training and development were effective tools for both personal and organizational success.

Sanusi (2009) carried out study on the impact of capacity building on employee productivity in commercial banks in Kenya. The study argued that 37 failed banks in Kenya in 1998 would have been averted if some of the problems like weak supervision and equipping employees with expertise, necessary skills and knowledge were addressed through employee training to improve performance of the banks. Their findings from the study reported a significant positive effect of training and development on employee productivity and organizational performance.

Anyanwu (2010) studied the effects of training on employee productivity. The paper provides a review of the current evidence of such a relationship and offers suggestions for further investigation. They reviewed extensive the literature in terms of research findings from studies that had attempted measuring and understood the impact that training have on employee productivity across various sectors. The focal point of their review was on training practices and employee productivity and their relationship. The outcome of their findings varied. While some studies reported a positive association between training and employee productivity, some reported negative and some no association whatsoever.

Jagero et al (2012) carried out a study to find out the relationship between on-the-job training and employee performance in DHL and FedEx courier companies in Tanzania. The study was to examine the existing On-the-job training programs and to assess employee’s performance in the courier companies. Correlation survey methodology was used and questionnaires were used as research instruments. The sample population of 150 employees was used and respondents randomly selected. 50% of the total number of employees in each company was taken. The study found that different programs of On the- job training are conducted in DHL and FedEx. The training programs are conducted according to the general need of the company or due to the normal changes that take place in the company. The level of performance is measured against well set standards and generally the key performance indicators are used. The study also found out that performance to a big extent depends on the training employees received thus there is a positive relationship between on-job training and employee performance in the two companies.
The study further recommended that governments should invest more in practical education through Vocational Educational Training Authority.

Odinga (2010) carried out a study on staff development programs and job performance of lecturers of Moi University to determine the relationship between training and promotion of lecturers and job performance. A sample size of 152 lecturers was adopted. Simple stratified random sampling was used to identify the lecturers and self-administered questionnaires were used to collect data. The study concluded that training is positively related with job performance. Training opportunities like short courses, seminars, conferences, postgraduate diploma, Master degree, Ph.D programs, which are within the context of individual control, tend to increase job performance of lecturers in Moi University. The study also revealed that a promotion, both academic and administrative, followed by a clear promotion criterion, is a contributing factor towards job performance of lecturers in Moi University.

Ismail et al (2012) carried out a study to examine the impact of On-job training (OJT) on job performance in Islamabad. Database of 10 telecom companies was used where each of the company was considered as a stratum. Out of 266 distributed questionnaires, a total of 138 questionnaires were returned. The study found out that training has both a positive and a significant effect on both wage growth and change in job performance scores of workers. The study also found out that employer-financed training is positively related to wage growth and job performance which shows the robustness of the relationship between training and worker productivity. On-job training was found to increase the skill level of workers to become more productive thereby deserve higher demand in the market.

5.0 Research Methodology

A research design is the structure of research. Newing (2011) states that a research design is a general plan or strategy for conducting a research study to examine specific testable research questions of interest. The paper used a desk based methodology. As depicted by name Desk Research is the research technique which is mainly acquired by sitting at a desk. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive’s time, telephone charges and directories. However, it could also be a complete waste of time and
money if the researcher does not have the proper knowledge of how the research in performed. Specifically, the paper identified documentary evidence in the form of already completed studies that focused on effect of training and development on performance both locally and globally.

6.0 Conclusions and Recommendations

The study established that the organizations employed strategic training through developed skills of staff in accordance with job requirements, trainings to enhance quality and standards of product and services, the organizations offered training to enhance employee participation to higher grade. The organizations offered induction training, on job training, mentorship training and career development which has influenced the employee performance in the organization. The study concludes that training and development strategies have a very significant contribution to make to organization success. Strategic human resource training and development plan plays a very big role in the achievement of the firm's strategic plan by providing employees with up to date expertise to meet present and future performance demands. Training and development also assumes a vital role in shaping strategy and enabling the organization to take full advantage of emergent business strategies. Parastatals in Kenya use training and education programmes in order to create knowledge and understanding among staff of how their attitudes and behaviour towards customers form an integral part of the overall service offering. The development of specific skills and core competencies is therefore the key to keep the parastatals viable.

The parastatals should also conduct strategic human resources management training programs including total quality management training programs. The training should be done to employees at all levels and should also expand to include training on other areas in readiness for other jobs in the future (succession planning). The government should also establish an active training and development policy for its employees in public organizations. To achieve this, employees should be involved in all organizations activities starting from the formulation through implementation and up to evaluation. The study also recommends that the management in Kenya parastatals should ensure that training needs analysis is conducted regularly in order to establish the training needs of the employees.
7.0 References


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