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

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ABSTRACT

This study sought to examine the effect of training and development on the performance of parastatals in Kenya. The study adopted a descriptive survey design with both quantitative and qualitative approaches. A population of 9600 was targeted in 32 purely commercial parastatals in Kenya. A sample of 240 respondents was selected from 10 parastatals using cluster random sampling technique. Cluster sampling allows study of parastatals in the clusters as they are involved in different businesses. The respondents included CEOs, senior managers, supervisors and other staff in each of these parastatals. Primary data was obtained from the respondents through self-administered questionnaires and interviews. Questionnaires were administered through drop and pick later method. Interviews were conducted by use of an interview guide. Data was analyzed using both descriptive and inferential statistics with the use of Statistical Package for Social Science (SPSS version 23). Descriptive including mean scores, standard deviations, percentages and frequency distribution were computed to describe the characteristics of the variables of interest in the study. Inferential statistics like linear regression technique was used to establish the nature and magnitude of the relationships between the variables. The results were presented in tables and figures (graphs and pie charts). The findings indicated that the relationship between training and performance of parastatals was positive and statistically significant. Results indicated that the parastatals conducted extensive training programs for its employees in all aspects of quality; employees in each job normally went through training programs every year and training needs were identified through a formal performance appraisal mechanism. 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).

Key Words: Training, Development, Career, Performance, Parastatals
1. Introduction

The changing society needs, is a recurring theme examined by academicians, consultants and practitioners. The frequent and uncertain changes, greater competition between institutions, the need for continuous innovations, quality enhancement and cost reduction force institutions to face the challenge of improving their competitiveness and consequently their performance. This realization has propelled SHRM as a major field of study and Wright, Gardner, Moynihan & Allen (2005) asserts that the renewed interest has facilitated the development of newer approaches in managing organizations and Human Resource (HR). According to Armstrong (2009), strategic Human Resource Management (HRM) emphasizes the need for the HR plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organization’s external environment. There are a number of studies focusing on the main competitive factors of organizations because of their contribution in the global economy (Huselid, 2005; Wright et al. 2005). The quest for competitive advantage has long been a central tenet of the field of strategic management (Armstrong, 2009).

The SHRM practices of parastatals have received little specific attention from researchers. As in many other areas of scholarly inquiry, empirical research in strategic human resource management has tended to focus on large private sector (Guest, Michie, Conway & Sheehan, 2003; Miller & Cardinal, 2001). In recent years while much attention has been given to private sector by policy makers, politicians, practitioners and academics, little research has been done on strategic management practices within the government parastatals. This is surprising in view of the importance of parastatals as critical engines of economic growth, public service and employment creation. The under representation of parastatals in terms of strategic management research data seems inappropriate when the scale of this sector is considered. This fact, together with the key role parastatals inevitability plays in economic prosperity, strongly suggests the importance of increasing our understanding of the management of strategy in these organizations in Kenya.

In order to ensure that employees are equipped with the right kind of skills, knowledge and abilities to perform their assigned tasks, training and development plays a crucial role. Choosing the right type of training, ensure that the employees possess the right skills for our business, and the same need to be continuously updated in the follow up of the best HR practices. To meet current and
future business demands, training and development process has assumed its strategic role and in this regard studies by Stavrou, Brewste and Charalambous (2004) and Apospori et al. (2008), have attained much importance as these highlight the training and development practices in cross-national contexts. Apospori et al. (2008) had deduced that there is a considerable impact of training on organizational performance. The need for developing the employees is compelling because a sound training and development plan has its contributions to increase productivity and quality of work. The development strategy reduces staff turnover and absenteeism and also helps in improving motivation among the employees. In order to stay ahead of the competition, training and development must be at the core of any organization and must become part of an organization’s strategy and linked to business goals and organizational performance. This study therefore sought to determine the effect of training and development programs, on the performance of parastatals in Kenya.

2. Statement of the problem

The relationship between SHRM practices and organization performance continue to be singled out as important in research and practice, given the perceived weakening of traditional sources of performance on one hand (Youndt, Snell, Dean & Lepak, 1996), and the need for organizations to adapt to the highly dynamic and competitive business environment, in order to perform and remain relevant (Bryson, 1995). There has been growing consensus about the value of SHRM, and the idea that complementary systems or bundles of SHRM practices, when strategically configured, can significantly enhance organizational performance (Dyer & Reeves, 1995). Despite these findings, most studies have been characterized by lack of a solid theoretical foundation explaining the mechanisms causing the observed enhanced performance. Available studies do not adequately investigate exactly how a good alignment between SHRM leads to improved performance (Ferris, Hochwarter, Buckley, Harrell-Cook, & Fink, 1999). The usual key critique of SHRM and organizational performance is that sound theoretical development that explains how such SHRM practices operate is lacking (Becker & Gerhart, 1996). In an effort to address such theoretical developments in this area, further studies to consider intermediate linkages between SHRM and organizational performance need to be conducted. Accordingly, a better understanding of the role of SHRM in creating and sustaining organizational performance should be achieved through further theoretical development and empirical evidence.
Training and development is a main important element of human resource management (HRM) (Vlachos, 2009). Studies by Dimba (2010), suggested that there is a significant impact of training and development on organizational performance. Niazi (2011) mentioned that training and development could influence organisational performance because employees’ skills, knowledge and abilities can be enhanced and up to date. Jackson (2002) opined that the type of approach adopted by an organization affects its outcomes. As parastatals continue to perform poorly in Kenya, the role of training and development on their performance need to be investigated.

According to a presidential task force on parastatal reforms in Kenya of 2013 (GOK, 2013), most parastatals continue to perform poorly relative to the resources allocated to them. This sector has received limited research attention in the past. More importantly, considering that the research findings obtained in the private sector locally and globally have limited generalisability to the Kenyan parastatals, lead to the support to the current study, which seeks to fill the existing knowledge gaps. The purpose of this study is to analyze the relationship between SHRM practices and parastatal performance in Kenyan. Reviews of past studies conducted in Kenya on organizational performance indicate that the researchers examined other contextual issues that influenced performance but not SHRM practices (Iravo, Ongori & Munene, 2013; Dimba & K’Obonyo, 2009; Njuguna, 2008). It is against this background that this study was undertaken in order to address the research gap, and also provide a better understanding of the relationship between training & development and performance of parastatals in Kenya.

3. Purpose of the Paper
The purpose of this paper was to establish the effect of training and development on the performance of parastatals in Kenya.

4. Literature Review

4.1 Training and Development
Employee training and development is an important determinant of organizational performance. According to Noe (2006) development refers to formal education, job experiences, relationships and assessments of personality and abilities that help employees perform effectively in their current or future jobs and organization. HollenBeck, Gerhart and Wright (2006) argue that employee development is a key contributor to a business strategy based on developing intellectual
capital. According to Nzuve (1999) training is the process that enables people to acquire new knowledge, learn new skills and perform tasks better than before. According to Barker (2000) training is the planned provision of learning that equips us with skills. Training and development helps the company create a workforce that is able to cope with change, meet the increasing demands of consumers and prepare the future leadership of the company (Noe, 2008).

Barker (2000) argues that training helps employees to maintain standards or improve their competence hence their performance. A variety of human resource management practices are related to the development of human resource of the organization. For strategic purposes it is important to target much more specifically on the development of competences which can provide a competitive advantage (Johnson, Scholes & Whittington, 2006). Barker (2000) argues that developing somebody’s skills enables an organization to achieve greater productivity, improved job performance, greater empowerment, more satisfactory recruitment and selection and reduced labour turnover. Training can help employees develop skills needed to perform their jobs, which directly affects the business performance. Giving employees opportunities to learn and develop creates a positive work environment which supports the business strategy by attracting talented employees as well as motivating and retaining current employees. Training can also be used to prepare employees for increased responsibilities in their current human resource plan (Johnson, Scholes & Whittington, 2006). According to Hitt, Ireland, Hoskin, Sheppard and Rowe, (2006) human resource managers need to be well trained to ensure proper staffing skills, change management, counseling, project management and organizational design.

5. Methodology

This research adopted quantitative and qualitative approaches. Quantitative approach was used because the data collected through questionnaires from respondents was analyzable using the standard statistical tools. Qualitative approach was also adopted in this study which was collected through interview guide, it was used because qualitative data is more in depth and provides detailed answers (Berg, 2001). The target population for the study was all C.E.Os, managers, supervisors and other support staff of the purely commercial parastatals. This study targeted all the 32 purely commercial parastatals. The sampling technique used was cluster sampling as it allows study of parastatals in the cluster as they deal with different businesses (Mugenda & Mugenda, 2003).
Cluster sampling technique guarantees that each cluster is represented in the sample and is more accurate in reflecting the characteristics of the population (Kothari 2004). In this sampling method, sampling error is considerably reduced. Using the sampling frame, 10 parastatals were selected from 32 purely commercial parastatals that are in different categories. This represents more than the 30% of the accessible population that is generally recommended by Mugenda & Mugenda (2003) who recommend that 30% of the accessible population is enough.

A sample of 240 respondents was selected through stratified random sampling. This study estimated that around 80% of the parastatals have embraced SHRM practices.

**Table 1: Representative samples of different categories for the ten parastatals**

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Number per parastatal</th>
<th>Representative Sample (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Managers</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Supervisors</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Other support staff</td>
<td>14</td>
<td>140</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>240</td>
</tr>
</tbody>
</table>

Data was collected, coded and analyzed using SPSS version 20.0. The findings were presented in form of tables and pie charts and discussions and interpretation of the same given.

**6. Results and Discussions**

**6.1. Response Rate**

The number of questionnaires, administered to all the respondents, was 240. A total of 187 questionnaires were properly filled and returned from the parastatals in Kenya. This represented an overall successful response rate of 78%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

**6.2. Descriptive Statistics**

The third objective of the study was to assess the effect of training and development on the performance of parastatals in Kenya. Results shows that 71.1% of the respondents agreed that the parastatal conducted extensive training programs for its employees in all aspects of quality, 72.7% agreed that employees in each job normally went through training programs every year and 68.5%
agreed that training needs were identified through a formal performance appraisal mechanism. In addition, 71.1% agreed that new knowledge and skills were imparted to employees periodically, 72.7% agreed that training needs identified are realistic, useful and based on the business strategy of the organization and 73.2% agreed that the parastatal had a training budget every year. Seventy eight point six percent of the respondents agreed that employees are trained to take up more responsibilities and other jobs in the future while 75.4% agreed that there was relationship between training and development and parastatal performance and 73.8% agreed that corruption was involved in accessing training and development opportunities. Finally 66.9% of the respondents agreed that training opportunities were shared based on family and tribal relations. The mean score for responses for this section was 3.84 which indicate that majority of the respondents agreed that training and development was a key determinant of performance of parastatals. To meet current and future business demands, training and development process has assumed its strategic role and in this regard studies by Stavrou, Brewste and Charalambous (2004) and Apospori et al. (2008), have attained much importance as these highlights the training and development practices in cross-national contexts. Apospori et al. (2008) had deduced that there is a considerable impact of training on organizational performance. The need for developing the employees is compelling because a sound training and development plan has its contributions to increase productivity and quality of work. The development strategy reduces staff turnover and absenteeism and also helps in improving motivation among the employees.

**The study further sought to find out whether the training programs for new employees were adequate.** Figure 1 illustrates that 78.6% of the respondents indicated Yes while 21.4% indicated that the training programs for new employees were not adequate. The respondents were also asked to indicate whether the training programs were adequate, 80.2% indicated Yes while 19.8% indicated No. The findings are in support of Barker (2000) who argued that training helps employees to maintain standards or improve their competence hence their performance. A variety of human resource management practices are related to the development of human resource of the organization. For strategic purposes it is important to target much more specifically on the development of competences which can provide a competitive advantage (Johnson, Scholes & Whittington, 2006)
6.3. Regression Analysis

Regression analysis was conducted to empirically determine whether training and development was a significant determinant of performance in purely commercial parastatals in Kenya. Regression results in Table 2 indicate the goodness of fit for the regression between training and performance was satisfactory. An R squared of 0.44 indicates that 44% of the variations in performance are explained by the variations in training and development effectiveness. This implies that 56% of the unexplained variations in performance is accounted for by the other variables including recruitment and selection, decentralized teams and employee reward. These findings are consistent with the findings from a previous study by Rowden (2002) who suggests that training is an efficient tool for improving ones job satisfaction hence leading to better employee performance. These results are also consistent with the study by Keep (1989) who found that strategic training and development activities are central to the reality of anything that can meaningfully be described as human resource management.

Table 2: Model Summary for Training and Development

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.663</td>
</tr>
<tr>
<td>R Square</td>
<td>0.44</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.437</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.55939</td>
</tr>
</tbody>
</table>
The analysis of variance presented in Table 3 shows the F value of the entire of the regression model was 145.484 which show the overall model was significant. The ANOVA test shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a significant relationship between training and development and performance of commercial parastatals. The findings imply that training and development were statistically significant in explaining performance of parastatals in Kenya. Results are in tandem with Keep (1989); Black and Lynch (1996); García (2005) and Tharenou, Saks and Moore (2007) who found out that training and development had a positive effect on performance. The findings of this study are also consistent with a study by Khan et al (2011) on the impact of training and development on organizational performance which found that training and development, on the job training, training design and delivery style have significant positive effect on organizational performance.
Table 3: ANOVA for Training and Development

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>45.524</td>
<td>1</td>
<td>45.524</td>
<td>145.484</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>57.89</td>
<td>185</td>
<td>0.313</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>103.414</td>
<td>186</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficients in table 4 shows that training and development contributes significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in training and development effectiveness led to a change in performance at the rate of 0.725. This confirms the positive effect of training and development on performance. The fitted equation is as shown below

\[ Y = 1.19 + 0.725X_1 \]

Table 4: Coefficients of Training and Development

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.19</td>
<td>0.235</td>
<td>5.075</td>
<td>0.000</td>
</tr>
<tr>
<td>Training and Development</td>
<td>0.725</td>
<td>0.06</td>
<td>12.062</td>
<td>0.000</td>
</tr>
</tbody>
</table>

7. Conclusions

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.

8. **Recommendations**

The parastatals should 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.

**References**


