

The Impact of Training and Development on Job Performance; with Special Reference to an Audit Company in Sri Lanka

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1 INTRODUCTION

XYZ Associates is a local audit firm which was incorporated under the Companies Act, No. 17 of 1982 and practicing as defined in the Institute of Chartered Accountants Act, No 23 of 1959, and Section 24. It provides professional services such as Auditing, Accounting, Tax and Advisory services to the clients. XYZ Associates has 3 partners and over 70 staff made up of Managers, Supervisors, (Audit and Accounting) Seniors, Trainees and Human Resource and Administrative staff. The audit firm provides services based on the respective standards, rules and regulations.

In the financial year 2014, a client company has treated operating lease as a finance lease and has recorded this in financial statements accordingly. It is contradictory to the guidelines issued by Sri Lanka Accounting Standards (LKAS) 17. The Auditors have pointed out those serious errors and rectified them as it does not disclose accurate information in financial statements. The Audit seniors and other staff in the said Audit Company regularly get the required training and re-training. The success of any organization, especially service oriented organizations, depends on the accuracy and reliability of work and the quality of employees. Employees should have the relevant skills,

knowledge, values, attitudes and competencies to carry out the job satisfactorily. According to Gamage and Imbulana (2013), training has a significant positive relationship with employees' productivity, job satisfaction and a negative relationship with employee absenteeism. Naveed, Nadeem, Maryam and Zeeshan (2014) studied the impact of training and development on employee performance in a case study from different banking sectors in North Punjab. The study showed that training and development has a positive effect on employee performance. Muhammad Imran (2015) suggested that training is a continuous process. Whatever scheme may be presented by various scholars and trainers, the steps such as training needs assessment, formulation of training objectives, designing and implementation of training, evaluation of training and qualities and the competencies of trainers are very important for any well-designed training programme. The effectiveness of training programmes have been studied in relation to different organizations and industries. However, no proper investigation has been conducted on audit companies in Sri Lanka.

Therefore, it is vital to study how training and development provided by audit firms influence the on the job performance of its



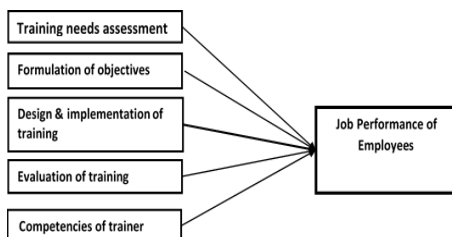
workers. Hence, this research study focuses on the extent to which employee training influences the on the job performance of the accounting division of the audit firm. The study aims to achieve the following objectives to respond to the research problem.

- To analyse the influence of training needs assessment on job performance
- To analyse how the formulation of training objectives influences on the job performance.
- To analyse how the designing of content and the implementation of training influence on job performance.
- To analyse the extent to which the evaluation of training influences on job performance.
- To analyse the influence the competencies of trainers have on job performance

2 METHODOLOGY

The total population of Accounting Seniors of XYZ Associates were Twenty-Five (25). The total population of 25 seniors were selected as the sample. The respondents' response to a questionnaire constitute the primary data for this study. Additionally, semi-structured interviews were conducted with the selected accounts seniors and supervisors. The collected data was analyzed using descriptive statistics.

2.1 Research Frame Work



2.2 Hypotheses

1. The conduct of a training needs assessment is positively related to the performance of employees
2. The Formulation of training objectives is positively related to the performance of employees
3. The designing and implementation of training is positively related to the performance of employees
4. The evaluation of training is positively related to the performance of employees.

3 RESULTS AND DISCUSSION

This study proposed that training and development would affect performance of employees in XYZ Associates. To determine to what extent training and development would affect performance of employees, a regression test was conducted.

According to the Table 1, there is a significant positive relationship between all the independent variables and the dependent variable as indicated by the P value being less than 0.05. The most influential factor is the qualities and competencies of the trainer; second an effective training needs assessment, and third, the evaluation of training etc.

3.1 Hypothesis 1 (H1) – Training need assessment is positively related to job performance in XYZ Associates.

As the table above shows, the regression results interpret the value of coefficient 0.738 which indicates a 1% change in training needs assessment can result in 73.8% change in performance and also the results indicate a positive relationship



significant p value, i.e. $p < 0.05$ (0.000). The R^2 explains how much of the variation in the dependent variables is explained by the independent variable.

Here, R^2 is 0.544 which reveals training need assessment accounts to 54.4% of the variation in performance.

Table 1: The regression analysis of the influence of training on the performance of employees

	Multiple R	R Square (R^2)	Adjusted R Square	Standard Error	Change Statistics	
					F. Change	Sig. N. Change
TNA	0.738	0.544	0.525	1.58347	27.475	0.00000
Formulation	0.624	0.389	0.363	1.83321	14.659	0.00086
Design and Implement	0.576	0.331	0.302	1.91824	11.394	0.00261
Evaluation	0.668	0.446	0.422	1.74558	18.535	0.00026
Trainer	0.793	0.629	0.613	1.42875	38.998	0.00000

Table 2: Summary of hypotheses testing

No.	Hypotheses	Correlation (Multiple R)	R Square (R^2)	Sig. F	Results
H1	Training need assessment has positive impact on job performance	0.738	0.544	0.00000	Accepted
H2	Formulation of objectives has positive impact on job performance	0.624	0.389	0.00086	Accepted
H3	Designing and Implementation of training has positive impact on job performance	0.576	0.331	0.00261	Accepted
H4	Evaluation of training has positive impact on job performance	0.668	0.446	0.00026	Accepted
H5	Qualities and competencies of trainer has positive impact on job performance	0.793	0.629	0.00000	Accepted

3.2 Hypothesis 2 (H2) – Formulation of training objectives is positively related to job performance in XYZ Associates.

As shown in the table above, the value of coefficient of 0.624 indicates that a 1% change in formulation of objectives can result in 62.4% change in performance and p value is significant (0.000), i.e.: $p < 0.05$ which indicates a positive and significant relationship. R^2 is 0.389 which reveals that the formulation of objectives accounts to 38.9% of the variation in performance.

3.3 Hypothesis 3 (H3) – The design and Implementation of training is positively related to job performance in XYZ Associates.

As the table above shows, the value of coefficient of 0.576 indicates that a 1% change in the design and implementation of training can result in 57.6% change in performance and also p value is 0.003, which is less than $p < 0.05$. It indicates that performance of employees is positively and significantly influenced by the design and implementation of the training. R^2 is 0.331 which reveals that the design and implementation of training account to 33.1% of the variation in performance.

3.4 Hypothesis 4 (H4) – Evaluation of training is positively related to job performance in XYZ Associates.

As shown in the above table, the regression results interpret the value of coefficient is 0.668 which indicates that a 1% change in evaluation of training can result in 66.8% change in performance and also the results indicate a positive relationship and significant p value, i.e. $p < 0.05$ (0.000). Here, R^2 is 0.446 which reveals that the effective evaluation of training accounts to 44.6% of the variation in performance.

3.5 Hypothesis 5 (H5) – Competencies of the trainer is positively related to job performance in XYZ Associates.

The table above shows that the value of coefficient is 0.793 which indicates that a 1% change in qualities and competencies of trainer can result in 79.3% change in performance. p value is 0.000, which is less than 0.05 significance level, $p < 0.05$. Therefore, it is indicated that the qualities and competencies of the trainer has a positive and significant influence on job performance by. Furthermore, R^2 is 0.629 which reveals that the evaluation of training accounts to 62.9% of the variation in performance.

4 CONCLUSIONS AND RECOMMENDATIONS

The study started by highlighting the importance of training and development for business organizations. Evidence from previous research indicates that the training of employees is very important for all the organizations irrespective of their nature, size, and scope. Based on the study, it clearly shows that training has a positive and significant influence on the employee's performance. All the hypotheses were accepted and according to the hypothesis testing, qualities and competencies of the trainer have the most influence on job performance. Secondly, conducting a proper training needs assessment also influences job performance. Furthermore, the evaluation of training, the formulation of training objectives and the design and implementation of training significantly influence on job performance. These findings are very important practically for the designers of training programmes. All the steps of the training cycle or training process are very important and they directly influence the effectiveness of training programmes. Effective training

programmes lead to better job performance.

The conduct of systematic training needs assessments periodically to identify training requirements of staff is recommended. Based on the correct identification of training needs it is recommended to correctly formulate the training objectives in terms of job-related knowledge, job-related skills and job-related attitudes.

Once training needs are formulated, it is recommended to design the content of training programmes properly with the right training techniques and learning activities as well as to hire highly competent and experienced resources persons as trainers. Further, all the steps in the training cycle need to be properly implemented and post-training evaluations need to be conducted to assess the overall success of the training programmes.

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