THE INFLUENCE OF TRAINING AND DEVELOPMENT ON EMPLOYEES’ PERFORMANCE AT MUDETE TEA FACTORY

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NOVEMBER, 2012
DECLARATION

This is my original work and has not been submitted for a degree in any other university

Signed

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SUPERVISOR

This project has been submitted with approval from me as a University supervisor

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DUNCAN OCHORO

DATE
DEDICATION

This project is dedicated to my dear wife Rose Achieng’, together with my beloved children Jill, Ray, Stacey, and Wrisley. May God bless you all!

I dedicate this paper to my parents for bringing me into this world, molding and always believing in me.

Above all I wish to thank the Almighty God who has brought me this far and whom all things come.
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I am grateful to the Almighty God for giving me the strength and good health while undertaking my MBA Studies.

I thank my supervisor, Duncan Ochoro, whose encouragement, guidance and support enabled me to complete my research.

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ABSTRACT

Influence of training and development on employee performance at Mudete Tea Factory is topical area of research in this study. Human resource management concerns itself with recruitment, selection, placement, training, compensation, and industrial relations among others. In this study training has been isolated and it has been explored in terms of its effects on employee performance and satisfaction. Training has been defined as learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task. On the other hand organizational performance is a collection of work activities, efficiency, effectiveness and tardiness at work; their measurement and subsequent outcome of the work activities; while job satisfaction is defined as employee’s affective reactions to a job, based on comparing desired outcomes with actual outcomes The objective of the study is to establish the extent to which training and development influences employee performance and commitment at Mudete Tea Factory. This was a descriptive survey. The samples of 210 respondents were selected using stratified random sampling technique. The study used primary and secondary data. The collection instrument was a questionnaire which was both structured and unstructured. The data collected was both quantitative and qualitative in nature. The data was analyzed using basic descriptive statistics. This involved coding the information about specific characteristics or attributes and using descriptive statistics like frequency distributions, measures of central tendency, mean, median, and mode. Inferential statics such as regression analysis was used to help predict variable from other variables.
The employees felt that the formal programme of employee training should not target mostly new employees and those in the administration department but the majority. A majority of the employees indicated that they had interest in further training specifically in Information Technology. This could be attributed to the fact that technology changes faster and production techniques need to be continually up dated to keep pace with other producers and processors of tea. The employees felt that training programme has not been quantified and the monetary value not established; the focus of training is on- job specifically the need to have efficiency and safety in the orientation and operations of machinery and equipment and effective sales. The respondents however felt the need to streamline the training and development to cover all employees and functional departments of the factory.

There is a weak link between employee training and satisfaction. This could be due to diversified nature of the concept of employees’ satisfaction that includes aspects like remuneration and work conditions. The research reveals that there is need for the organization to formalize its training programmes and make it all round; because an organization’s decision whether or not to train its workers affects the overall economy, even if the firm does not factor the economy into its decision. Hence, training workers is a type of a public good, a practice that encompasses abroad range of social dilemmas.

It is difficult for organizations to measure employee contribution without the quantitative aspect of finance or better still without the use of scorecard.
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations. Traditionally, Human Resource concerns itself with recruitment, selection, placement, training, compensation and industrial relations among others. (Armstrong 1996). The importance of training as a central role of management has long been recognized by leading writers. For instance according to Drucker (1998), the one contribution a manager is uniquely expected to make is to give others vision and ability to perform. The general movement towards downsizing, flexible structures of organizations and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support. Training is necessary to ensure an adequate supply of staff that is technically and socially competent and capable of career development into specialist departments or management positions. There is therefore a continual need for the process of staff development, and training fulfills an important part of this process. Training should be viewed therefore as an integral part of the process of total quality management (Armstrong 2008). Beardwell and Holden (1993) observed that human resource management concepts such as commitment to the company and the growth in the quality movement have led senior management teams to realize the increased importance of training, employee development and long-term education.

Training and development are the processes of investing in people so that they are equipped to perform. These processes are part of an overall human resource management
approach that hopefully will result in people being motivated to perform. To manage an organization both large and small requires staffing them with competent personnel. The formal educational system does not adequately teach specific job skills for a position in a particular organization. Few employees have the requisite skills, knowledge, abilities and competencies (SKAC) needed to work. As a result, many require extensive training to acquire the necessary SKAC to be able to make substantive contribution towards the organization’s growth (Barron and Hagerty, 2001).

Training and development may lead to the organizational financial performance which might be measured in terms of percentage of sales resulting from new products, profitability, capital employed and return on assets (ROA) (Selvarajan et al., 2007; Hsu et al., 2007). Besides, return on investment (ROI), earnings per share (EPS) and net income after tax (NIAT) can also be used as measures of financial performance (Grossman, 2000). Interestingly, researchers also tend to benchmark managerial accounting indicators against the financial measures in six dimension; ‘workers compensation’ (workers’ compensation expenses divided by sales); ‘quality’ (number of errors in production); ‘shrinkage’ (e.g. inventory loss, defects, sales return); ‘productivity’ (payroll expenses divided by output); ‘operating expenses’ (total operating expenses divided by sales) (Wright et al., 2005). On the other hand, firm performance can also be measured using ‘perceived performance approach’ (also referred to as subjective performance measure) where Likert-like scaling is used to measure firm performance from the top management perspectives (Selvarajan, 2007)
1.1.1 Human Resource Training and Development

According Cole (2002), training is a learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task. The focus of training is the job or task for example, the need to have efficiency and safety in the operation of particular machines or equipment, or the need for an effective sales force to mention but a few. Training is the planned and systematic modification of behavior through learning events, activities and programs which results in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively (Gordon 1992). Beardwell and Holden (1993) argue that the recognition of the importance of training in recent years has been heavily influenced by the intensification of competition and the relative success of organizations where investment in employee development is considerably emphasized. They add that technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development.

Beardwell and Holden (1993) further argue that Human Resource Management concepts such as commitment to the company and the growth in the quality movement have led senior management teams to realize the increased importance of training, employee development and long-term education. According to Krietner (1995) it does not matter how carefully job applicants are screened, typically a gap remains between what the employee does know and what they should know. An organization which desires to gain
the competitive edge in its respective industry, needs among other things, extensive and effective training of its human resources.

Training is therefore a key element for improved organizational performance; it increases the level of individual and organizational competences. It helps to reconcile the gap between what should happen and what is happening between desired targets or standards and actual levels of work performance. Although many employers continue to have reservations about the cost and extent of tangible business returns from training, the development of skills has been identified as a key factor in sharpening competitiveness. Casio (1989) puts it this way, the economic and technological trends, the pace of innovation, change and development are growing faster year-by-year and as a result, provide clear signals that training and development are so relevant that both organizations and individual stakeholders must give a serious attention to.

1.1.2 Influence of Training and Development on Employees Performance

Organizational performance is a collection of work activities, efficiency, effectiveness and tardiness at work; their measurement and subsequent outcome of the work activities (Dessler 2008). It is usually through performance that duties and services are provided by employees to their employers and customers alike. Each organization has some sort of employee performance appraisal which is an all purpose approach to evaluate an employee current and past performance relative to his or her standards. It can take an integrated goal oriented approach to assigning, training, assessing and rewarding employee performance. Performance measurement and management systems are key elements for improving performance and accountability (Abraham et al. 2000). Despite
the wide acknowledgement about the effectiveness of performance measurement and management systems in organizations (Hatry, 1999), they are still not being used in many organizations.

Performance measurement systems are developed as a means of monitoring and maintaining organizational control which is the process of ensuring that an organization pursues strategies that lead to the achievement of overall goals and objectives (Nani et al., 1990). In attempting to change the focus of an organization, Belcher (1997) suggests that performance measurement is a key agent of change. The development of performance measurement in management has followed a path that has been influenced by the general push to improve quality and service, in addition to meeting costs parameters. For many organizations, the justification has been acknowledged by senior management that a lack of appropriate performance measurement can act as a barrier to change and improvement. Bititcti et al. (2000) identify that performance measurement needs to have the following characteristics: being sensitive to changes in the external and internal environment of an organization; reviewing and reprioritizing internal objectives when the changes in the external and internal environment are significant enough; deploying the changes to internal objectives and priorities to critical parts of the organization, thus ensuring alignment at all times; and ensuring that gains achieved through improvement programs are maintained.

Organizations that are committed to quality invest in training and development of its employees (Evans and Lindsay 1999). According to Evans and Lindsay (1999), Xerox Business Products and Systems invest over $125 million in quality training. Motorola & Texas Instruments provide at least 40 hours of training to every employee quarterly.
Training and development have become an essential responsibility of HRM departments in organizations particularly as employees require new skills, knowledge and abilities, which should not be cost-justified as most business organizations portends. The quality of employees and their development through training are major factors in determining long-term profitability and optimum performance of organizations. To hire and keep quality employees, it is good policy to invest in the development of their skills, knowledge and abilities so that individual and ultimately organizational productivity can increase. Traditionally, training is given to new employees only. This is a mistake as ongoing training for existing employees helps them adjust rapidly to changing job requirements.
1.1.3 Mudete Tea Factory

Mudete Tea Factory is a subsidiary company of Kenya Tea Development Authority, (KTDA) Ltd and therefore relies on the holding company for major selection, recruitment, training and development of its workers, although it also conducts its own minor training which is mostly necessitated by management view and discretion. One of KTDA’S Ltd competitive advantages is its Human Resource capability. The Human Resources department is charged with the responsibility of ensuring that the Agency attracts and retains competent employees for efficiency and quality service. It is worth noting that KTDA Ltd. is one of the largest employers of fresh graduates having employed about 200 graduates in the last two years in various fields. I.e. production, logistics, marketing and finance among others.

KTDA’S Ltd Human Resources is charged with the responsibility of staffing for the Organization and its subsidiary Companies. The total work force in KTDA Ltd is 871 and about 15,000 more employees for the various Companies under its management. The efficiency of the Agency depends on the quality of its staff and Human Resources function therefore ensures that diverse range of candidates is considered for employment opportunities. KTDA believes in hiring exceptional talents that gives the Company unlimited potential for growth.

Training of staff is of major concern to the organization. This is enhanced by the company policies, which values employee’s personal development. In- house training is organized depending on identified training needs. Most of the courses are mounted on their own modern training Institute at Kagochi. In order to keep abreast with the modern
Information technology, all employees have been trained on computer usage and application for effective performance. To maintain a healthy work force, the Human Resources over-see a vibrant welfare scheme for the employee that includes an effective medical Scheme for individual workers and their dependants. The Compensation and Benefits function is part of the Human Resources. It is involved in development and implementation of competitive compensation policies, timely payment of staff salaries, processing of staff benefits and administration of retirement benefits. The key drivers are competence, efficiency and quality service to the employees.

1.2 Statement of the Problem

One major area of the Human Resource Management function of particular relevance to the effective use of human resources is training and development. Few people these days would argue against the importance of training as a major influence on the success of an organization. Employees are a crucial, but expensive resource. In order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations. The importance of training as a central role of management has long been recognized by leading writers. For instance according to Drucker (1998), the one contribution a manager is uniquely expected to make is to give others vision and ability to perform. The general movement towards downsizing, flexible structures of organizations and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support. Training is necessary to ensure an adequate supply of staff that is technically and socially competent and capable of career development into
specialist departments or management positions. There is therefore a continual need for
the process of staff development, and training fulfills an important part of this process.
Training should be viewed therefore as an integral part of the process of total quality
management.

In an ever-changing global economy Johnson and Scholes (2003) notes that organizations
must find ways for operating by developing new competences as the old advantage and
competences gained is quickly eroded owing to environmental changes. La Piana (2008)
observes that changes in the organizations arise out of the need for efficiency, economy,
effectives, performance evaluation ethics and market concerns. Rising demand for services
and expectations of quality of those services have placed extreme pressure on managers
and their organizations, depicting change as a continuous episode in the life of
corporations. Training of workers at Mudete tea factory is a continuous process that is
mostly necessitated by management view and discretion. It takes mostly the form of
seminars and team building exercises, the effect of such training on the performance of the
employees has not been established.

According to (Bartlett, 2001) training and development brings about Organizational
commitment that refers to the degree of emotional attachment to the organization that an
individual possesses. The topic of organizational commitment has received much attention
because committed people are thought to be more likely to remain with the organization
and to work toward organizational goal attainment (Mowday, Porter, & Steers, 1982).

Most research work carried out addressed other aspects of human resources including
recruitment, remuneration and appraisal. For instance Ombogo (2008) studied best
practices in human resource management among security firms, this included training and
development but the study did not elaborate on the importance and impact of training on employee performance. Okioma (2010) employee empowerment and performance among teachers, while the study considered training as a form of empowerment it did not elaborate on what aspects of training actually help improve employee performance. While these studies achieved their objectives they do not directly examine the effects of training on employee performance. Furthermore there is no known study that has addressed the influence of training and development on employee performance in Mudete Tea Factory (MTF). The proposed study therefore seeks to provide answers to the research question “what is the influence of the training and development on the employees’ performance”.

1.3 Objective of the Study

To establish the extent to which training and development influences employees’ performance at Mudete tea factory.

1.4 Value of the Study

The result of this study will contribute to the growing body of knowledge on the contribution of the human resource management to the organizations. Human resource practitioners will benefit from the study by understanding how human resource training and development affect corporate performance. It will also help the corporate management to develop and maintain a quality work life, which will provide an opportunity for employees’ job satisfaction, commitment and self-actualization”. Consultants on human resource management will also find this study invaluable as they will gain insights into the relationship between training and development and the firm
performance. Academicians will find this study a useful guide for further research in the field of human training and development.
CHAPTER TWO: LITERATURE REVIEW

2.1 Training and Development

Beardwell and Holden (1993) argue that the recognition of the importance of training in recent years has been heavily influenced by the intensification of competition and the relative success of organizations where investment in employee development is considerably emphasized. They add that technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development.

An organization's decision whether or not to train its workers affects the overall economy, even if the firm does not factor the economy into its decision. If all firms within an industry fail to train their workers, the whole economy suffers. Hence, training workers is a type of public good, a category that encompasses a broad range of social dilemmas. Employees face a similar dilemma in their choice of how much to contribute to the overall productivity of the organization. If employees receive a share of the profits regardless of their contribution, some may decide to free ride on the efforts of their fellow workers. If all employees decide to do so, the company will fail. The two dilemmas on the employee and organizational levels are closely interrelated. On one side, the benefits of training accrue only to the extent that employees contribute to the organization. Thus, a firm should take into account how it expects a training program to affect employee effort as well as employee turnover. On the other side, trained workers produce at higher
rates, which in turn may affect how much they contribute and how often they migrate to other firms in comparison with untrained workers (Natalie et al, 1997).

During periods of slow growth and a weak economy, corporations commonly cut programs to maintain profitability. Training programs in particular are often targeted because employee turnover is generally higher during times of economic uncertainty (Bishop, 1991). Even in the best of times, organizations must decide how much to invest in on-the-job training, balancing the benefits of increased productivity against the costs of training. Because trained workers can migrate easily between competing firms, another firm can potentially benefit from the increased productivity of workers trained by the former employer without paying the costs. For example, a survey of metalwork firms in Wisconsin indicated that managers are reluctant to train their workers because they fear competitor firms will lure their employees away before their investment costs are recouped. Consequently, fear of losing trained employees to competitors can lessen a company's incentive to train and lead to less investment in skills than is economically desirable (Blinder and Krueger 1991, Bishop 1991).

Ironically, numerous studies have shown that untrained workers change jobs more often than trained ones. Unfortunately, many firms are reluctant to train until some degree of stability is achieved within their workforce, and their hesitation may in turn be reinforced by observed high turnover rates. (Lynch 1991). Any resolution of the training dilemma will depend not only on the benefits and costs associated with a particular training program, but also on the firm's expectations about employee turnover and the policies of competing firms. Employees face a similar dilemma in their choice of how much they contribute to the overall productivity of the organization. If employees receive
a share of the profits regardless of their contribution, some may decide to free ride on the efforts of their fellow workers. If all employees decide to do so, the company will fail. Profit sharing and employee ownership can exacerbate the dilemma (Cooper et al. 1992), and indeed the gains from profit-sharing plans are frequently lower than expected (Bullock and Lawler 1984, Kanter 1987). In principle, the problem could be resolved by strict management, but in practice, worker monitoring is always imperfect and employee effort can vary from high to low within the range allowed (Osterman 1987). The two dilemmas on the employee and organizational levels are closely interrelated. On one side, the benefits of training accrue only to the extent that employees contribute to the organization. Thus, a firm should take into account how it expects a training program to affect employee effort as well as employee turnover. On the other side, trained workers produce at higher rates, which in turn may affect how much they contribute and how often they migrate to other firms in comparison with untrained workers.

2.2 Training and Development on Employee Commitment

Training is of growing importance to companies seeking to gain an advantage among competitors. There is significant debate among professionals and scholars as to the affect that training has on both employee and organizational goals. One school of thought argues that training leads to an increase in turnover while the other states that training is a tool to that can lead to higher levels of employee retention (Colarelli & Montei, 1996; Becker, 1993). Regardless of where one falls within this debate, most professionals agree that employee training is a complex human resource practice that can significantly impact a company’s success.
The training industry as a whole has shown significant growth through the years. Statistics indicate that investment in training is continuing to grow as more and more companies realize its importance. In 1995, $7.7 billion was spent on the wages and salaries of in-house company trainers and $2.8 billion was spent on tuition reimbursement (Frazis, Gittleman, Horrigan, and Joyce, 1998). The American Society for Training and Development found that in 2004, the average annual training expenditure per employee was $955, which is an increase of $135 per employee from the previous year. The number of formal learning hours per employee also rose from 26 hours in 2003, to 32 hours in 2004 (atsd.com, 2005). As the investment in various training programs continue to rise, it becomes even more imperative for employers to understand the impact that training has on their organization.

The importance of ensuring employee retention following training may lie in the strategic approach that is utilized. Companies can seek to achieve organizational goals through a variety of human resource strategies and approaches. One such approach, a commitment strategy, attempts to develop psychological connections between the company and employee as a means of achieving goals (Arthur, 1994; Scholl, 2003). In an attempt to ensure that the employee remains with the company following training, employers may implement a strategy to training that fosters commitment. Training that attempts to increase employee commitment may serve to counter the numerous direct and indirect costs associated with turnover. Although a commitment strategy can be tied to all company human resource practices; recruitment, selection, performance evaluation, and so on, the focus of this paper will be to determine whether training can lead to an increase in employee commitment and in turn foster employee retention.
Barrett and O'Connell (2001) argue that employees may view some human resource practices as a “gift”. Training is one such practice that employees may view as a “gift”. The result of this “gift” is that employees exert more effort, become more productive, and have a greater sense of debt to the organization. The “gift” also has the potential to make Employees feel like “insiders” into the organization. An “insider” is likely to be more committed and devoted to the company. The idea of “gift” and “insider” parallels closely to the concept of reciprocity.

Becker (1993) argues that general training, due to the portability of skills acquired leads to an increase in turnover; while specific training, due to the non-transferability of skills acquired leads to less of an impact on turnover. There are many scholarly journals that have defended Becker’s position that specific training leads to a decrease in turnover. Lisa Lynch (1991) found that young workers that participated in formal and specific on-the-job training were much less likely to terminate the employment relationship than workers that received off-the-job generalized training.

Organizational performance is a collection of work activities, efficiency, effectiveness and tardiness at work; their measurement and subsequent outcome of the work activities. It is usually through performance that duties and services are provided by employees to their employers and customers alike (Dessler, 2008). Most studies of organizational performance define performance as a dependent variable and seek to identify variables that produce variations in performance. Organizations are commonly defined as instruments of purpose. They are seen as coordinated by intentions and goals.
Nevertheless, talking about the purposes of organizations and evaluating comparative organizational success and failure in fulfilling those purposes are conspicuous parts of conventional discourse. Business firms are compared in terms of profits, sales, market share, productivity, debt ratios, and stock prices. Explaining variation in performance or effectiveness is also one of the more enduring themes in the study of organizations. It is manifested most distinctively in studies with a focus on management but extends to a wide range of research that seeks to understand competitive survival and construct interpretations of organizational histories that emphasize the adaptation of organizations to feedback from their environments (Jarrar and Schiuma, 2007)

Many Performance Management systems borrow from or utilize some of the new approaches such as balanced scorecard, total quality management, best practice benchmarking and Business Process Re-engineering (BPR). Performance measurement must be considered as part of the overall performance Management system and can be viewed as the process of quantifying the efficiency and effectiveness of actions. It is common practice in public sector performance management literature to talk about the three Es of; Economy, Efficiency, and Effectiveness. A good performance measurement approach should consider measuring and assessing the three Es

Organizational performance can, of course, be considered at a disaggregated level, as for example in studies of the direct costs of producing a particular product using a specific technology or of efficiency in performing a particular task. Organizations compete with one another, consciously seeking advantage. A major feature of that competition is competitive imitation. Poor performance rankings are interpreted by potential competitors
as indications that a practice does not work or a market does not exist, thus inhibiting imitation and competition, thereby reducing the competitive pressure and improving relative performance. Good performance rankings, on the other hand, not only stimulate admiration; they also encourage imitation and competition that tend to erode a favorable position. Organizations seek to emulate the performance successes of others by emulating their organizational forms and practices. This practice is institutionalized through concepts of best practice and in the activities of managerial media and consultants (Sanger, 2008).

People who experience positive emotions as a result of being assessed as successful have been found to be more creative, more persistent, more likely to help others, and more likely to make decisions quickly (Isen and Baron, 1991). According to Pritchard et al. (1988), the same theories, performance that is above aspiration levels (success) triggers adjustments in the opposite direction, so that success stimulates subsequent failure either through an increase in aspirations or through a decrease in search and an increase in slack. The idea of stimulating improvement by defining past performance as a failure is a familiar theme in the goal setting literature. Whether the cyclic process produced by these two negative feedbacks leads to an observed positive or negative serial correlation for performance depends on the speeds of the three adjustments to failure or success and the frequency of observation. At the same time, there are also negative feedback effects by which success or failure in organizational performance creates countervailing tendencies. According to one common speculation, organizational performance below target or aspiration levels (failure) triggers increases in search, decreases in organizational slack, and decreases in aspirations (Cyert and March, 1988).
Organizational performance is further complicated by the difficulty of choosing measures for the explanatory variables of interest, particularly the difficulty of avoiding measures that are themselves causally connected independent of any links among the variables they measure. The problem is particularly characteristic of the extensive use of retrospective accounts as sources of data. Many of the key independent variables in organizational performance studies are not observed directly. Where they are observed directly, they normally are not observed over time. This is true not only of studies using field research methods and narrative analysis but also of those using more classical statistical techniques. Commonly, informants are asked to assess things like group cohesiveness, management style, goals, intentions, and power, as well as changes that might have taken place in such things. Variables used to explain performance are sometimes assessed considerably after the performance is well known to the informants (Tosi and Gomez-Mejia, 1994).

2.3 Human Capital and Productivity

What is human capital? According Schultz (1993), the term “human capital” has been defined as a key element in improving a firm assets and employees in order to increase productive as well as sustain competitive advantage. To sustain competitiveness in the organization human capital becomes an instrument used to increase productivity. Human capitals refer to processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee’s satisfaction and performance,
and eventually on a firm's performance. Rastogi (2000) stated that human capital is an important input for organizations especially for employees’ continuous improvement mainly on knowledge, skills, and abilities. Thus, the definition of human capital is referred to as “the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being” (Organization for Economic Co-Operation and Development or OECD, 2001: 18).

The constantly changing business environment requires firms to strive for superior competitive advantages via dynamic business plans which incorporate creativity and innovativeness. This is essentially important for their long term sustainability. Undoubtedly, human resource input plays a significant role in enhancing firms’ competitiveness (Barney, 1995). At a glance, substantial studies were carried out on human capital and their implications on firm performance were widely covered and obviously, human capital enhancement will result in greater competitiveness and performance (Agarwala, 2003; Guthrie et al., 2002). Meantime, there is a significant relationship between innovativeness and firm performance under the human capital philosophy (Lumpkin & Dess, 2005).

In relation to this, the definition of firm performance in the context of human capital enhancement could be put forward. In some cases, financial performance measures such as percentage of sales resulting from new products, profitability, capital employed and return on assets (ROA) (Selvarajan et al., 2007; Hsu et al., 2007). Besides, return on investment (ROI), earnings per share (EPS) and net income after tax (NIAT) can also be used as measures of financial performance (Grossman, 2000). Interestingly, researchers also tend to benchmark managerial accounting indicators against the financial measures.
in six dimension; ‘workers compensation’ (workers’ compensation expenses divided by sales); ‘quality’ (number of errors in production); ‘shrinkage’ (e.g. inventory loss, defects, sales return); ‘productivity’ (payroll expenses divided by output); ‘operating expenses’ (total operating expenses divided by sales) (Wright et al., 2005). On the other hand, firm performance can also be measured using ‘perceived performance approach’ (also referred to as subjective performance measure) where Likert-like scaling is used to measure firm performance from the top management perspectives (Selvarajian, 2007).

The human capital focuses two main components which is individuals and organizations. These concepts have further been described by Garavan et al., (2001) that human capitals have four key attributes as follows: Flexibility and adaptability, enhancement of individual competencies, the development of organizational competencies, and individual employability. It shows that these attributes in turn generate additional values to individual and organizational outcomes. There are various findings that incorporate human capital with higher performance and sustainable competitive advantage (Noudhaug, 1998); higher organizational commitment (Iles et al., 1990); and enhanced organizational retention (Robertson et al., 1991). Hence, all this debates fundamentally focuses on individual and organizational performance.

From the individual level, Collis and Montgomery (1995) point out that the importance of human capital depends on the degree to which it contributes to the creation of a competitive advantage. From an economic point of view, transaction-costs indicate that firm gains a competitive advantage when they own firm-specific resources that can not be copied by rivals. Thus, as the uniqueness of human capital increases, firm have incentives to invest resources into its management and the aim to reduce risks and capitalize on
productive potentials. Hence, individuals need to enhance their competency skills in order to be competitive in their organizations. The human capital theory has undergone a rapid development. Within its development, greater attention has been paid to training related aspects. This is much related to the individual perspective. Human capital investment is any activity which improves the quality (productivity) of the worker. Therefore, training is an important component of human capital investment. This refers to the knowledge and training required and undergone by a person that increases his or her capabilities in performing activities of economic values. Some recent literature shows the importance of training. In any case, it is fitting to point out that the workforce’s lack of training is related to low competitiveness (Green, 1993). In turn, a greater human capital stock is associated with greater productivity and higher salaries (Mincer, 1997). Likewise, training is linked to the longevity of companies (Bates, 1990) and greater tendency to business and economic growth (Goetz and Hu, 1996). In addition, Doucouliagos (1997) has noted human capital as a source not only to motivate workers and boost up their commitment but also to create expenditure in R&D and eventually pave a way for the generation of new knowledge for the economy and society in general. Also, for small businesses it is a valuable asset, which is positively associated with business performance.

Finally, investment in training is desirable form both a personal and social perspective. From the organizational level, human capital plays an important role in the strategic planning on how to create competitive advantages. Following the work of Snell et al., (1999) it stated that a firm’s human capital has two dimensions which are value and uniqueness. Firm indicates that resources are valuable when they allow improving
effectiveness, capitalizing on opportunities and neutralizing threats. In the context of effective management, value focuses on increasing profits in comparison with the associated costs. In this sense, firm’s human capital can add value if it contributes to lower costs, provide increased performances.

2.4 Training and Development on Job Satisfaction

Job satisfaction is defined as employee’s affective reactions to a job, based on comparing desired outcomes with actual outcomes (Egan, Yang, & Bartlett, 2004). It is multi-faceted construct including intrinsic and extrinsic job elements. Employees expect their job to provide a mix of features (pay, promotion, and autonomy) toward which each employee has certain preferential values. The range and importance of these preferences vary across individuals, but when the accumulation of unmet expectations becomes sufficiently large, there is less job satisfaction and greater probability of withdrawal behavior (Egan et al., 2004.) Garavan (2007) designed panel study targeting 137 college graduates for six years to investigate the effects of assessment center performance on subjective person-organization fit. In this study, it is asserted that high quality training and development has a lasting value in leading greater degree of person-organization fit. His study clearly demonstrates a relationship between perceived effectiveness of training and psychological outcomes in that perceived quality of training and development programs and subjective person-organization fit are arranged as independent variable and dependent variable respectively.

According to Fagenson (1989), those who have participated in mentoring program as a protégé are more likely to satisfy their current jobs than those who have not. Furthermore,
her study investigates individuals’ perceptions regarding how mentoring alter attitudes toward their jobs. Individuals who had mentors perceived themselves as having more positive work experiences than non-mentored individuals not because they actually did but because having a mentor made them feel special or important (Fagenson, 1989).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This was a descriptive survey. It had been deemed preferable since it is the design for doing research which involves empirical investigation of a particular phenomenon within its real life context. According to Muganda (2010), a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. It was also preferable because the study was to be carried out on one specific organization. A descriptive survey also allows a researcher to describe a unit in details in context and holistically.

3.2 Population

There are 210 employees and all were involved in the survey as respondents

3.3 Data Collection

The study used a questionnaire instrument for collecting data. The questionnaire was both structured and unstructured. The data collected was both quantitative and qualitative in nature. The questionnaires were distributed personally to all members of staff and picked later. The questionnaire consisted of two sections, section A sought to establish the background information of the respondent and the organization, section B sought to gather information about the influence of training and development on performance at Mudete tea factory.

3.4 Data Analysis

Data was analyzed using basic descriptive statistics. This involved coding the information about specific characteristics or attributes and using descriptive statistics like frequency
distributions, measures of central tendency, mean, median and mode. Inferential statistics such as regression analysis was used to help predict variable from other variables.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Response Rate

There response was 66.6% Out of the targeted 200 employees of Mudete Tea Factory 140, returned the questionnaires.

4.2 Demographic Characteristics of the Respondents

Table 1: Showing distribution of respondents according to gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>50</td>
<td>35.7</td>
</tr>
<tr>
<td>Female</td>
<td>140</td>
<td>64.3</td>
</tr>
</tbody>
</table>

From the findings 50 out of the 140 respondents were women representing 35.7% of the population while the male population was 64.3%. The majority of the respondents 87% are in the age group 30-35yrs; only 5% were 40yrs. All respondents were married. The findings indicated that 52% of the employees had worked at Mudete Tea factory for a period of between 6-10yrs. This indicates that they had enough experience to authoritatively give opinion on matters concerning employee training and development at the organization. 45% have worked at Mudete Tea factory for over 10yrs while only 3% have worked for less than 5yrs. On the issue of the description of the working conditions 75% of the employees agreed that the conditions were fair and 10% described their working conditions as being good and 15% were not sure. It could be concluded from the
finding that the respondents are generally satisfied with the working conditions at Mudete Tea factory. The analysis of the personal information also established that 65% of the employees had certified qualifications for their jobs while 10% had diploma 4.2% had degree qualification and 20.1% have other forms of qualifications and crafts. These findings exposes that the employees at Mudete are fairly educated with ability to undertake further training and development. On the matter of employment status 75% of the respondents are permanently employed while 20% are on performance contracts, the rest 5% are temporary employees. 62% of the employees work in the field while 14% are in the administration and 24% of the respondents work in the processing of the tea.

4.3 Training and Development

The findings established that there are 88% of the respondents were aware that there was a formal employee training programme at Mudete Tea factory; the remaining 12% of the respondents were not aware however the research did not divulge which category of employees were aware or not aware of the formal forms of training at Mudete Tea factory. Out of the 88% who were aware of the training programs, only 40% were noted that the programme or policy was followed or adhered to strictly. This could be an indicator that despite training being recognized as an human resource it’s application is half-hazard and in Conformity with Lynch (1991) argument that some organizations are reluctant to train until some degree of stabilities achieved within their workforce and their hesitation may in turn high turn over rates. Responses on whether there has been any training in the last one year indicated that only 20% had had some sort of refresher training in the period; and they all agreed that the course was important to their work; this findings is agreement with Baron and Hegert (2001) assertion that training and
development are the processes of investing in people so that they are equipped to perform and should be part of the overall human resource management approach that will result in people being motivated to perform. All the 66.6% of the employees who responded however agreed that there was still need for them to be trained further this response is interndem with process of Armstrong(2008) assertion that training should be viewed therefore as an integral part of the process of total quality management and it also qualifies Baron and Hegert(2001) observation that the formal educational system does not adequately teach specific job skills for a position in particular organization and employees have requisite skills, knowledge, abilities and competencies. The respondents however did not agree on areas they needed further training; 55% indicated that they needed training in information technology. The respondents indicated that the training should be regular as per the requirements of the job this findings is in agreement with Casio (1989) argument that the economic and technological trends, the pace of innovation, change and development are growing faster year by year and as a result, provide clear signal that training and development are so reluctant that both organizations and individual stakeholders must give a serious attention to.

4.4 Satisfaction and Performance

The findings established that all of the 40% who had undergone some training were satisfied that the training had improved the work performance especially in improving the time taken to serve clients from within the tea processing and from outside; this finding compliments Evans and Lindsay (1999) assertion that to hire and keep quality employees is possible only a good policy to invest in the development of their skills, knowledge and abilities so that the individual and ultimately organizational productivity can increase. All
respondents noted that they did not have a formal appraisal process in their departments; this shows that the general impact of training and development of employees on the organization this justifies Evans and Lindsay(1999) argument that training and development need not be cost justified the way most organization portend. However it contradicts Abraham ed all (2000) who argued that each organization should have some sort of employ performance appraisal which is an all purpose approach to evaluate an employees current and past performance relative to his and her standards Bishop (1991), further asserted that even in the best times, organizations must decide how much to invest in on-job-training, balancing the benefits of increased productivity against the costs of training. The cost benefit analysis of the training of Mudete has been assumed and general assumption made is in conformity with Osterman (1987) argument that trained workers produce at higher rate, which in turn may affect how much they contribute and how often they migrate to other firms in comparison with untrained workers.

4.5 Employee Satisfaction at Mudete Tea Factory

The respondents were to respond as either strongly agree which was given a score of 5, agree which was given a score of 4, undecided which was given a score of 3, disagree which was given a score of 2 and strongly disagree which was given a score of 1. For each respondent the scores for each question were summed up and divided with the total number of respondents to give a mean score. The findings are summarized in the table below; -
Table 2: Summary of responses on job satisfaction

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>My income level is equivalent to my duties and responsibilities</td>
<td>2.1</td>
</tr>
<tr>
<td>Training has made me to be promoted</td>
<td>4.2</td>
</tr>
<tr>
<td>I feel recognized and appreciated</td>
<td>3.2</td>
</tr>
<tr>
<td>I feel adequately trained for my work activities</td>
<td>4.0</td>
</tr>
<tr>
<td>I often get disciplined when I make mistakes at work place</td>
<td>2.0</td>
</tr>
<tr>
<td>Team work is adhered to</td>
<td>4.7</td>
</tr>
<tr>
<td>I am generally happy with my work place</td>
<td>2.0</td>
</tr>
<tr>
<td>I feel a lot needs to change at my work place</td>
<td>3.8</td>
</tr>
<tr>
<td>I feel satisfied with the equipment at my work place</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The statement on income level being equivalent to employee duties and responsibilities had the responses averaged and it posted a mean score of 2.1, this corresponds to disagreement on the likert scale. Therefore basing on the income level it could be concluded that the employees at Mudete are not satisfied. This could be due to the low income levels or other factors which were not investigated in the study. However the responses on training and satisfaction posted a mean response rate of 4.2 corresponds to agreement on the likert scale, this means that employees at the organization are generally happy with satisfied with the training they receive; and this is further supported by a mean response rate of 4.0 on the statement requiring the employee feelings about the training preparing them for the work activities. It can be conclude that employees at Mudete are satisfied with the training and its outcomes at the organization. On the contrary a direct inquiry on level of happiness at the work place the response rate was 2.0 which corresponds to disagreement on the likert scale, this could be an indicator of general dissatisfaction with organization, however dissatisfaction as a concept is emotive.
and subjective and cannot entirely be tied on the a single human resource management concept at the organization. The other statement that showed employee dissatisfaction at Mudete Tea Factory was the statement on respondents feeling about the equipment that is provided; the response rate to this statement was strong 2.7, an indication that the employees were dissatisfied with the equipment provided for the purpose of aiding the perform their duties. This could be a source of conflict between good training and lack of provision of resources to support at the work place which results to dissatisfaction.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The influence of training and development on employee satisfaction and performance at Mudete Tea Factory is complex and longitudinal in nature because every level of employment requires some sort of training and development every time, just as it was summarized by Kriestner (1995), that it does not matter how carefully job applicants are screened, typically gap remains between what the employee does know and what they should know. Mudete Tea factory has formal programme of employee training but has targeted mostly new employees and those in the administration department. A majority of the employees indicated that they had interest in further training specifically in Information Technology. This could be attributed to the fact that technology changes faster and production techniques need to be continually updated to keep pace with other producers and processors of tea. Mudete Tea Factory training programme has not been quantified and the monetary value not established; the focus of training is on- job specifically the need to have efficiency and safety in the orientation and operations of machinery and equipment and effective sales. The training at Mudete Tea Factory however needs to be streamlined to cover all employees and functional departments of the factory. There is a weak link between employee training and satisfaction. This could be due to diversified nature of the concept of employees’ satisfaction that includes aspects like remuneration and work conditions.
5.2 Conclusion

To hire and keep quality employees, it is a good policy to invest in the development of their skills, knowledge and abilities so that individual and ultimately organizational productivity can increase (This study has exposed the half hazard nature of the training programme at Mudete Tea and the weak link between the training and development programme and employee satisfaction).

5.3 Recommendations

Tea processing falls in the competitive food industry. There is need for Mudete Tea factory to formalize its training programme and make it all round; because as noted by Natalie (1997) an organization’s decision whether or not to train its workers affects the overall economy, even if the firm does not factor the economy into its decision. If all firms within an industry fail to train their workers, the whole economy suffers. Hence, training workers is a type of a public good, a practice that encompasses abroad range of social dilemmas.

5.4 Limitations of the study

This study would have been more accurate if it would have taken a longitudinal approach; by examining satisfactory performance of the employees before the training and after the training in order to bring out the exact influence of the training programme on the employees. It is difficult for organizations to measure employee contribution without the quantitative aspect of finance or better still without the use of scorecard.
5.5 Suggestion for further studies

Scholars and researchers who would like to further this area of study may consider pursuing impact of training and development on financial performance of Mudete Tea factory or any other organization by examining the cost benefit analysis of the training programme. Scholars may also conduct a further research on the impact of training and development on performance drawn on a longitudinal study basis on either Mudete Tea Factory or any other organizations.
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APPENDICES:

APPENDIX 1

TOM OJANGO ONYANGO
PO BOX 216
VIIHI. GA
31ST AUGUST, 2012

TO WHOM IT MAY CONCERN.

I Mr. Tom Onyango registration No. D61/76304/2009 is a student of the Master of Business Administration Degree Program at the University of Nairobi. As part of the requirement for the course, I’m expected to carry out a study on the influence of training and development on the employee’s performance at the Mudete Tea Factory.

I have identified your organization for the purpose. This is to kindly request your assistance to enable me complete my study. Cooperation as concerns the filling of a simple questionnaire will be highly appreciated.

The exercise is strictly for academic purposes and a copy of the final document will be availed to your organization on request.

Thanks in advance.

Yours faithfully

Tom O. Onyango
Appendix 2

QUESTIONNAIRE

PART A: PERSONAL INFORMATION

Gender: Male [ ] Female [ ]

Age: 20 – 29 [ ] 30 – 39 [ ] 40 + [ ]

Marital Status: Married [ ]

Single [ ]

Separated/Divorced [ ]

How long have you worked for Mudete Tea Factory?

0 – 5 yrs [ ] 6 – 10 yrs [ ] over 10 yrs [ ]

In your own view how would you describe the working condition?

Good [ ] Fair [ ]

Bad [ ] Not sure [ ]

Level of education

Certificate [ ] Diploma [ ]

Degree [ ] others (specify)

Employment Status

Permanent [ ] Temporary [ ]

Contract [ ] Casual [ ]

Department of work
Part B (i): TRAINING AND DEVELOPMENT

Do you have a formal employee training programme in your organization?

Yes [ ]

No [ ]

If yes, is the training programme or policy followed or adhered to?

Yes [ ]

No [ ]

Have you attended any refresher courses in the last one year?

Yes [ ]

No [ ]

Do you think the course was relevant to your work?

Yes [ ]

No [ ]

Are there aspects of your work that you will wish to be trained further?

Yes [ ]

No [ ]

If yes specify which areas or aspects.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

How regular should the training be in your department?

________________________________________________________________________

PART B (ii): SATISFACTION AND PERFORMANCE
In your own view has your work been improved by the training?

Yes [ ]  No [ ]

If yes, how? Briefly explain.
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Do you have a formal appraisal process in your department?

Yes [ ]  No [ ]

PART B (ii) EMPLOYEE SATISFACTION

Rate the following statements to the extent to which you agree or disagree on likert scale presented below

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>disagree</th>
<th>undecided</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>My income level is equivalent to my duties and responsibilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would renew my contract if required to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel recognized and appreciated at my work place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel am adequately trained for my work activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I often get disciplined when I make mistakes at my work place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team work is</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly adhered to</td>
<td></td>
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<td>---------------------</td>
<td>---</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>I am generally happy with my work place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel a lot needs to change in my work place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR COOPERATION