

# Effects of training on employee commitment, retention and performance: A case study of a Local Municipality in South Africa

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## ABSTRACT

The principal purpose of this study was to analyze the effects of training on employee commitment, retention and performance in a Local Municipality situated in Mpumalanga Province, South Africa. Based on convenience sampling method, a total of one hundred and thirty employees were selected and participated in the study. A questionnaire structured in a likert scale format was employed to gather data on training, employee commitment, retention and performance. Data was analysed using SPSS statistical package. The Cronbach's alpha of 0.813 and the Keiser-Meyer-Olkin of 0.865 were obtained from the data analysed. The findings derived from multiple regression analysis using the ordinary least squares regression technique confirmed that; training has a significant effect on employee commitment, retention and performance enhancement within the local municipality examined.

**KEY WORDS:** Local Municipality, training, employee commitment, retention, performance multiple regression analysis

## 1. INTRODUCTION

In this swiftly changing world, the attainment and management of employee performance is increasingly becoming more complex particularly in public institutions (Benson, 2006). There are continuous efforts and interventions that underpin public organizations to realise their pre-set objectives and similarly accomplish brilliance through gaining economical advantage. Equally, employees are compelled to be more skilled, proficient, inventive, innovative, agile and use information effectively to fully demonstrate high performance in a most efficient manner.

According to Acton & Golden (2002) the prominence of training is twofold. From an institutional perspective, employee training is important for both organizational operations and organizational advancement. From an employee stand point, training and development undertakings are vital for both skills development and career advancement. Absence of trained and skilled employees has prompted organisations to inquire methods of retaining their educated and skilled employees. However, that is why most organisations' thinking is focused on improvement of their training and development initiatives and investment. Imperative to stress is that training investment received direct return in the form of improved workplace productivity. Kellie (1999) notes that the corporate sector experienced productivity enhancement through application of training and development. In the same vein, Brannick et.al. (2002) acknowledges that extensive training practices act as a vital channel to enhance realisation of desired service performance standards in the public sector space.

### 1.1 RESEARCH PROBLEM

Statistics reveal that less than 10% of spending on training culminates in the application of training know-how to diverse work environments and behavioural adjustment on job (Srinivas, 2008). Alongside this, absence of skilled and trained workers, their commitment and retention encourage organisations to find means of retaining their proficient workers. Lack of commitment and retention of skilled and capable employees can hinder ordinary day to day operations, efficiency of task completion and absence of customer satisfaction. However, despite the considerable training expenditure in most public sector institutions, employee commitment continues to dwindle, staff voluntary turnover still persists and employee performance continues to deteriorate (Bhatti & Qureshi, 2007).

### 1.2 RESEARCH OBJECTIVE

- To analyze effects of training on employee commitment, retention and performance enhancement in a Local Municipality.

### **1.3 CONTRIBUTION OF THE STUDY**

For the public sector, it is argued that trained, knowledgeable, expert employees are the recipe for success (Srinivas, 2008). Meanwhile the past several decades have narrowed their attention on the labour force education and skilling in order to improve employee productivity within the workplace (Kellie, 1999). Palo & Padhi (2003) discovered that the persistent training enhance work activities, elevate knowledge, improve skills and strengthen capabilities, reinforce teamwork, minimise labour turnover and augment performance in both private and public sector institutions. Therefore, the contemporary research is important because it attempts to close the key void in the existing body of knowledge with regard to the dependencies among human resource management, performance management and organizational behaviour.

## **2. LITERATURE REVIEW**

This section surveys relevant empirical literature which explores the key ideas of the research used in the current study namely training, commitment, retention and performance.

### **Employee organisational commitment**

Previous studies have confirmed and supported both positive and significant association between training opportunities and practices and employee commitment (Karia & Assari, 2006; Boon & Arumugam, 2006 and Bartlett, 2001). In the same vein, Paull & Anantharaman (2004) discovered that all-inclusive training depicts a significant and positive linkage with organizational commitment and job satisfaction. The empirical analysis of the study indicated that the effect of training practices on organizational commitment was significantly correlated to the employee commitment.

On the other hand, Ahmed and Bakar (2003) discovered that training plays a vital role in improving organizational commitment. Besides the above, Benson (2006) revealed that on the job training is the way through which employee skills are developed and abilities honed and consequently contributes in the commitment and acts as an influencing factor at work. In a nutshell, it is axiomatic that numerous studies reviewed support the positive impact training has on cementing and promoting employee commitment.

### **Employee retention**

In terms of the effect of training on employee retention, Srinivas (2008) reveals that there is a strong association between training opportunities in organizations and sustainable employee retention. Ramlall (2003) discovered a significant relationship between all the dimensions of retention besides the intention to leave. On the other hand, (Owens, 2006) found a significant connection between employee retention and training practices.

In the same vein, studies by (Boon & Arumugam, 2006 and Bashir and Ramay (2008) corroborate with the previous proposition. These studies reveal the existence of positive and significant relationship between training practices and employee retention rate. Ramlall (2003) demonstrated that insufficient training opportunities forced workers to quit from their current employment. Following the studies analysed, it can be concluded that the basic trend in literature is that training and development results in high employee retention rates.

### **Employee performance**

Bashir and Ramay (2008) investigated the effect both raining and workplace education programs can have on various organizations. The study encompassed an examination of several outcome factors that may be accomplished through training. The study realised that training and development does not only positively effect on productivity, motivation; satisfaction, absenteeism but employee performance as well.

Palo and Padhi (2003) describe training practices as the exercise of bestowing workers with skills and strengthening their capabilities in their performance. However, (Karia, 1999) have faith in that availability of suitable training build-up time, enhance productivity and consequently employee efficiency which is important for improving employee performance.

Owens (2006) studied the association between training and organizational results and discovered that to be true. The study by Owens theorised that employee's in training initiatives will account higher levels of commitment and will be less likely to consider turnover. The research confirmed the theory that training positively impacts on turnover and commitment which in turn boosts employee performance. Many other scholars and practitioners in addition to Owens have had similar research findings. Imperative to highlight is that practitioners and

researchers corroborate that although training can positively impact commitment, simply providing training to employees is inadequate.

### 3. METHODOLOGICAL PROCEDURE

#### 3.1 SAMPLING APPROACH

The population for the research survey was a Local Municipality in Mpumalanga Province; South Africa. The respondents represented the three managerial levels; namely top, middle, and lower levels. Convenience sampling technique was applied to select 130 employees in the light of the three management levels embedded in the Local Municipality.

#### 3.2 RESEARCH INSTRUMENT AND DATA COLLECTION

The primary data was gathered through the use of a structured questionnaire designed in a likert scale format. The questionnaire gathered data on employees' level of agreement regarding the extent to which training have an effect on their retention, performance and organizational commitment. The data on the perceived effect of training on employee commitment, retention and performance was collected using five point likert scale questions anchored by Very Low to Very High in the range: Very Low (VL=1) to Very High (VH=5).

#### 3.3 DATA ANALYSIS

The results of the survey were analyzed using descriptive statistics and correlational techniques. The data gathered was sought and analyzed using SPSS version 22. Before undertaking least squares regression, the Cronbach's alpha and KMO tests were conducted to ascertain the scale reliability; validity of instruments and suitability of the sampling size; respectively. Furthermore, the least squares regression was executed to analyse the overall effects of training on employee commitment, retention and performance.

### 4. RESULTS AND ANALYSIS

#### 4.1 SCALE RELIABILITY

The reliability test was employed to ascertain consistency and internal stability of data. The Cronbach's Alpha was calculated to determine the inter-item consistency and reliability of how well items in a set were positively correlated to one another.

**Table 1: Scale Reliability of Total Items**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
0.813	0.782	4

The value of the Cronbach's alpha (= 0.813) indicates that the survey items are statistically reliable; and as such the items measured a single unidimensional latent construct. Thus, the data that were collected for this research survey were considered internally stable and consistent.

#### 4.2 VALIDITY OF ITEMS

The structural validity and suitability of the sampling items was analyzed using the Keiser-Meyer-Olkin (KMO=0.865); which was statistically significant for the analysis.

**Table 2: KMO and Bartlett's Test**

Keiser-Olkin-Meyer Measure of Sampling Adequacy	.865
Bartlett's Test of Sphericity	Approx. Chi-Square
	339.642
	df
	3
	Sig.
	.000

The Bartlett's test of sphericity of the research items of 339.642 ( $p < 0.001$ ) confirms that data on entrepreneur and firm characteristics was suitable for further analysis.

### 4.3 ORDINARY LEAST SQUARE (OLS) REGRESSION RESULTS

Overall, the estimated model indicated that about 76.7 percent variation in employee organizational commitment, retention and performance enhancement was explained by the different training methods (on the job and off the job training). The model's F-test value (= 152.238; significant at 0.05 level) also indicated that the model was highly significant.

**Table 6: Coefficients**

Model	Standardized Coefficients	t -statistic	Significance	90% Conf. Interval for B	
	Beta			L.B	U.B
(Constant)	-----	1.152	0.063	-0.017	0.425
Training (perceived organizational commitment)	0.231	3.172	0.000	0.0213	0.224
Training (perceived employee retention)	0.317	4.269	0.000	0.087	0.142
Training (perceived employee performance)	0.187	5.376	0.000	0.054	0.143
Adjusted R <sup>2</sup> = 0.767					
Durbin-Watson = 3.132					

- a. Dependent Variables: Perceived commitment, retention and performance
- b. Independent Variable: Training

Based on the OLS regression outcomes, the training has a statistically significant positive effect on employee organizational commitment, retention and performance. Training had the greatest effect on employee performance with a t statistic of 5.376 followed by employee retention with a t-statistic of 4.269 and the least effect of training was on employee organizational commitment with a t-statistic of 3.172.

### 5. CONCLUSION AND RECOMMENDATIONS

The objective of this research was to investigate the effects of training on employee commitment, retention and performance in a Local Municipality in Mpumalanga Province, South Africa. The results of the study confirmed that training impacts positively and significantly on the commitment of employees. The results unearth the fact that training opportunities are significantly associated with the organizational commitment of employees. In

terms of the degree of association between training and the employee retention, the results confirm a positive and statistically significant effect that training has on the intention of employees to be retained. Lastly, the outcomes of the study indicated that there exist a significant and positive association between training and employee enhanced performance. It is generally argued that management's support in terms of transferring skills and knowledge to employees result in greater employee performance as the latter is capacitated to execute assigned duties effectively.

Based on the results of the study, it is recommended that the Local Municipality through its Human Resource Department should upskill its employees on a continuous basis. The training should also be focused on satisfying employee skills needs. It is further recommended that appropriate training methods should be applied timeously. On the other hand, it is recommended that practical issues related to training execution and application of the learned skills and knowledge in progression of the employee's performance, retention, increase employee loyalty and commitment to the organisation be considered. The study has several limitations. The study narrowed its focus on the use of a quantitative research approach, going forward other studies could explore similar issues using a mixed method approach. Besides, the study investigated the impact of training on three variables. Future studies could analyse the impact of training and development on employee motivation, compensation, work life policies and succession with the aim to improve the overall quality of the results.

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