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## **Impact of Training and Development on Employees Performance in Bosnia And Herzegovina**

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### **Abstract**

Companies today are forced to compete and to act professionally in those harsh times, so it is very important to have right employees for better company`s rating. It is crucial that staff needs to have better knowledge, skills and competencies. More and more companies are acknowledging Human Resources (training and development) as their main key for success and bigger focus is on employee – customer relation. Main objective of this study was to find out impact of training and development on employee`s performance and Bosnia and Herzegovina was taken as an example. This study was back grounded by the two different questionnaires one for the employees and one for the managers or owners of the companies. Results revealed that there is a huge impact on employee`s performance when it comes to the training programs and employees are fully aware that training programs give them better knowledge, improved skills and ideas for future career paths.

**Keywords:** training; development; human resource management.

### **Introduction**

Over the past one and half decades, various arguments have been made that firm`s human resource may be its sole source of sustainable competitive advantage (Ferris et al, 1999). So if take out education and training of Human resource management than it would be used as main weapon for gaining competitive advantage. Research indicate that inadequate and inefficient management of employee in small firms has resulted in low productivity and high turnover rate and one of the leading causes of small firm failures (Mc Evoy,1984). The resource based approach contends that

organizations can develop a sustained competitive advantage only if its activities create value in a unique way, one that competitors cannot easily copy (Barney, 1991; 1995). Human resources have created significant changes to a lot of developed countries such as United States, Great Britain, Japan and others. Bosnia and Herzegovina is developing country which is mostly consisted of small and medium enterprises where all employees have direct contact with the customers. Because of this every employee needs to be professionally trained and compatible for doing the given job. The provision of secondary and technical schools, vocational training institutes and colleges, professional and tertiary institutions, as well as the educational reforms currently taking place in the country, are all geared towards the acquisition of skills and knowledge to ensure effectiveness and efficiency in our workplaces. (Professor Mike Ocquaye, former Minister of the Ministry of Education at the 5th Congregation of Central University College, August 2004.) The development of human resources has spanned through some epochs? It began with the process of transferring artisan skills and knowledge to younger generations through apprenticeship. Today the transfer process has become broader and more sophisticated. China had begun training their workers through conceptual studies in the 5th century BC. By this we can see that implementation of human resources is very old and need for it is not just in this modern era but also was in very past times.

**Problem statement and significance of research.** As Bosnia and Herzegovina is developing country it still has a lot issues to be resolved. One of those problems is also education and training of employees in companies. Most employees working in Bosnian companies are not compatible with their current job position. Most companies are family owned and many positions inside company are occupied by the workers which are relatives of the owner and job requirements are in second place. Because of this most Bosnian companies are facing low productivity and effectiveness this study should provide information about solving those issues. It is expected that the study will inform many organizations to increase productivity; there is the need to have and retain well trained and motivated employees. It is also to help develop and maintain a quality work life, which will provide an opportunity for employees' job satisfaction and self-actualization. Finally, it is to aid management to introduce modern schemes for training and development, to be able to meet the challenges of change in the future.

### **Literature review**

One major area of the Human Resource Management function of particular relevance to the effective use of human resources is training and development. In order to have positive results in company's scoreboard than employees must be considered one of the most valuable assets. Employee skills and motivation are critical for organizational success. This has always been true, but the pace and volume of modern change is drawing increased attention to the ways that human resource development (HRD) activities can be used to ensure that organization members have what it takes to successfully meet their challenges (Jon M.Werner and Randy L.DeSimone, 2009). According to Casse and Banahan (2007), the different approaches to training and development need to be explored. It has come to their attention by their own preferred model and through experience with large organizations. According to Davenport (2006), mentioned in his recent studies that it's easy to implement strategy with the internet supported software. Some of the Training theories can be effective immediately on the future of the skill and developments. The "content" and the "access" are the actual factors for the process. It is a representation itself by the Access on main aspect what is effective to the adopted practice in training development. As per the recent theories to access the knowledge is changing from substantial in the traditional to deliver the knowledge for the virtual forms to use the new meaning of information with electronic learning use. There is a survey confirmation for using classroom to deliver the training would drop dramatically, (Meister, 2001). A manager is that what the other members of the organization want them to be because it is a very popular trend of development training for the managers in the training for the management (Andersson, 2008, Luo, 2002). Most of the managers seem to reject a managerial personality in support of the other truth for themselves (Costas and Fleming, 2009). 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. According Cole (2002), in his book *Personnel and Human Resource Management*, training is a learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task.

Scores of Literature available on training (Cuming 1968, Italey 1949, Dole 1985) indicate that traditionally, training in an organization involves systematic approach which generally follows a sequence of activities involving the establishment of a training policy, followed by training needs identification, training plans and programs design and implementation, evaluation and training feedback for further action.

There is documented evidence that training activities have a positive impact on the performance of individuals and teams. Training activities can also be beneficial regarding other outcomes at both the individual and team level (e.g., attitudes, motivation, and empowerment). (Herman Aguinis and Kurt Kraiger, 2009).

Training-related changes should result in improved job performance and other positive changes (e.g., acquisition of new skills; Hill & Lent 2006, Satterfield & Hughes 2007) that serve as antecedents of job performance (Kraiger 2002). Reassuringly, Arthur et al.(2003) conducted a meta-analysis of 1152 effect sizes from 165 sources and ascertained that in comparison with no-training or pretraining states, training had an overall positive effect on job-related behaviors or performance (mean effect size or  $d = 0.62$ ). However, although differences in terms of effect sizes were not large, the effectiveness of training varied depending on the training delivery method and the skill or task being trained.

Fewer than 5 % of all training programs are assessed in terms of their financial benefits to the organization (Swanson 2001). The picture changes among companies recognized for their commitment to training. Specifically, the majority of organizations recognized by ASTD for innovative training programs measure training impact at some level of organizational effectiveness (Paradise 2007, Rivera & Paradise 2006). Typical organizational performance measures in this latter sample include productivity improvement, sales or revenue, and overall profitability. Overall, research regarding organizational-level benefits is not nearly as abundant as the literature on individual- and team-level benefits. Not only have there been relatively few empirical studies showing organizational-level impact, but those studies that have been done typically use self report data and unclear causal link back to training activities (Tharenou et al. 2007).

### **Methodology**

Major objective of this study as mentioned is to know the impact of the training and development on employee's performance especially in different age, gender and designation groups. First of all secondary data was collected about the training and development from previous researches and then two different kinds of questionnaires were prepared for collecting primary data. Questionnaires were distributed across 33 companies and total number of respondents was 210.

Research instrument. Secondary data was collected using the Internet, Burch library and Burch online database systems. Primary data was collected using the two different questionnaires whereas one type of questionnaire was prepared for the employees in the companies and second one was created for the owners or the managers of the companies. Questionnaires for the employees were consisted of 32 questions. Questionnaire for employees have 3 parts. First part is about personal info (gender, marital status, age, designation, life experience in company, and total life experience). Second part was about training programs in the companies they are working in and overall info about the training programs. Third part was about benefits of training programs for employees and expectations. Questionnaires for the managers or owners of the companies were consisted of 15 questions and were separated in 2 groups. First group was about personal info (gender, marital status, age, designation, life experience in company, and total life experience) and second group was about training programs in companies, their benefits to the companies and types of training programs used in company.

Population. Population of the study consists of the employees working in the selected companies with various job descriptions. All companies are privately held and total number of surveyed companies is 33 and total number of the surveyed employees is 210.

Measurement. In the questionnaire Likert and nominal scales were used starting from strongly disagree to strongly agree.

**Findings**

**Finding 1. Age Based Results**

Age group was divided into 2 categories. Above 30 years group is called senior group and below 30 years group is called junior group. Objective is to find out is there a difference in opinions between juniors and seniors.

Table 1: Age Based Results (Juniors vs. Seniors)

<b>Group Statistics</b>					
Impact of training on employees performance	Group	N	Mean	Std. Deviation	Std. Error Mean
	1.00*	65	4.1231	.39805	.04937
	2.00**	145	4.1776	.42585	.03537

\*Junior Group \*\*Senior Group

According to the means from table 1, senior group (31 years and above) have a slight bigger mean (4.1776) which means senior group are more confident that training makes an impact on employees performance. Similar results occurred with the junior group (30 years and below) with the mean (4.1231).

**Finding 2. Gender Based Results**

Table 2: Gender Based Results (Male vs. Female)

<b>Group Statistics</b>					
Impact of training on employees performance	Gender	N	Mean	Std. Deviation	Std. Error Mean
	Male	113	4.1128	.42651	.04012
	Female	97	4.2165	.40122	.04074

From the table 2 we can see that female group have bigger mean which means that females are more confident that training makes an impact on employee’s performance but still males are also confident with slight smaller mean and overall results are that both genders think that training makes an impact on employee’s performance.

**Finding 3. Total Life Experience**

Table 3: Total Life Experience (0-10 years vs. 11-25 years)

<b>Group Statistics</b>					
Impact of training on employees performance	Group	N	Mean	Std. Deviation	Std. Error Mean
	1.00*	181	4.1768	.41811	.03108
	2.00	29	4.0603	.40452	.07512

From the table above we can see that those with experience from 0-10 years agree more on the notation that training have an impact on employees performance while also with mean 4.0603 group from 11-25 years of experience are agreeing on the same question so overall results are that both groups have positive answer on this notation.

## Finding 4. Designation Based Results

Table 4: Designation Based Results (Owners vs. Directors)

<b>Group Statistics</b>					
Impact of training on employees performance	Designation	N	Mean	Std. Deviation	Std. Error Mean
	Owner	23	1.1391	.15297	.03190
	Director	10	1.0900	.08756	.02769

From the table 4 directors are more certain that training programs makes an impact on employee's performance and results are almost 100% positive while owners have slight less positive percentage but still they agree that there is an impact.

## Finding 5. Correlation Analysis (Training and Employees Performance)

Hypothesis: Ho – There is no supported relationship between training and employees performance

Table 5: Training and Employees Performance Correlation Analysis

<b>Correlations</b>			
		Training	Employee`s Performance
Training	Pearson Correlation	1	.782**
	Sig. (2-tailed)		.000
	N	210	210
Employee`s Performance	Pearson Correlation	.782**	1
	Sig. (2-tailed)	.000	
	N	210	210
**. Correlation is significant at the 0.01 level (2-tailed).			

As we can see from the table 5 that there is a positive correlation between the training and employees performance (Pearson Correlation .782) which means that 78 % training affects employees performances and 22 % goes on other factors. It is a high correlation which explains us that employees really believe in training programs and that training programs are best for their performances. From the Figure 1 you can see that dots are mostly in line in the center going from lower left to upper right which is a clear proof of a positive correlation between training and employees performance. At the end, we can conclude that we reject Ho hypothesis and accept Ha stating there is supported relationship between training and employees performance.

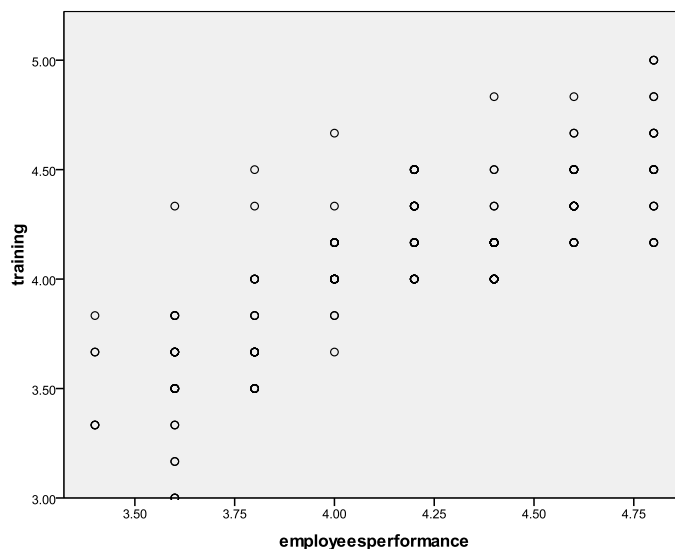


Figure 1: Training and Employees Performance Correlation Analysis

Finding 6. Correlation Analysis (Development and Employees Performance)

Ho – There is no supported relationship between development and employees performance.

Table 6: Personal Development and Employee`s Performance Correlation

<b>Correlations</b>			
		Personal development	Employee`s performance
Personal development	Pearson Correlation	1	.538**
	Sig. (2-tailed)		.000
	N	210	210
Employee`s performance	Pearson Correlation	.538**	1
	Sig. (2-tailed)	.000	
	N	210	210
**. Correlation is significant at the 0.01 level (2-tailed).			

From the table 6 we can see that there is a positive correlation between the personal development and employees performance which is .538 or 53,8%. So employees believe that giving them chance to develop personally will give them boost to perform more efficiently. So again, we can conclude that we reject Ho hypothesis and accept Ha stating there is supported relationship between development and employees performance.

**Conclusion**

According to the overall results, statistics showed that most of the answers were positive and large percentage of surveyed employees believe that training programs have impact on employee`s performance. Even when we tried to make different groups such as division of gender into males and females, age- seniors and juniors, marital status- married vs. single, total life experience 0-10 years vs. 11-25 years and still we couldn't find any negative answers. All of these groups were pretty similar and positive answers were really high. According to the age senior groups had a slight bigger mean which can be related with the life experience since they learned a lot from the life and they can figure out needs more easily. According to the gender group females had a bigger mean which leads to a conclusion that females are more aware of the need for the training and that training programs will make them more efficient. According to the marital status we found out that

married employees more agree that training programs help in improving employee's performance and it helps them to select better career path.

We can conclude that training and development is really needed in all companies and that employees should have similar training programs every year since it gives them better performances on the job, motivation, helps in choosing career path, efficiency and effectiveness, improvements in leadership and decision making, making less mistakes.

All these factors are not only helping employees to have better working environment but also companies benefit from the training programs. Companies will have increase in the overall performances, possible increase in profits and incomes since they will have trained employees, less costs since there will be less mistakes.

### Limitations

Some of the possible limitations could be that private companies in the Bosnia and Herzegovina are not following world trends so owners or managers are not focusing on employee's satisfaction. In Bosnia and Herzegovina it's not trend to have training programs so results from this survey could be somewhat questionable in some number since managers don't want to give bad image to the companies. Other limitation was that a lot of companies were unwilling to cooperate and to give their contribution to this research. Also, as one of the limitations we can add that it was hard to collect data of many companies within the same business branch so we have been forced to collect data from all business branches and from all company sizes.

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