

The Impact of Training and Development on Organizational Performance

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DOI: <https://dx.doi.org/10.47772/IJRISS.2025.90300306>

Received: 10 March 2025; Accepted: 17 March 2025; Published: 17 April 2025

ABSTRACT

Training is a key element in human resource management, essential for optimizing the use of human resources. People are an organization's most valuable asset, and training can occur in various settings, both on and off the job, within and outside the organization. This conceptual study paper was backed by literature that enhanced the understanding of the specific gap within the researchers' niche. It is crucial to assess the impact of training and development, as they play a significant role in influencing organizational performance. Therefore, through comprehensive literature reviews, this conceptual paper will enhance the relationship between training and development and its correlation with organizational performance, while also validating the significance of this relationship. The study's findings revealed a strong relationship between training and development (on-the-job training, off-the-job training, job rotation) and organizational performance. The results indicate that organizations that focus on training and development tend to see increased employee satisfaction, reduced turnover, and a more adaptable approach to market changes, leading to long-term business growth and a stronger competitive edge. Future studies could apply the conceptual framework proposed in this conceptual study to conduct quantitative analyses in specific sectors or industries, thereby validating the effectiveness of these variables.

Keywords: on-the-job training, off-the-job training, job rotation, training and development & organizational performance

INTRODUCTION

In today's fast-changing business landscape, organizations must adapt quickly to stay competitive and meet the demands of the market. One of the most effective ways to ensure long-term success is through robust training and development programs. These initiatives not only enhance employees' skills and knowledge but are also pivotal in boosting overall organizational performance. Training helps employees perform their roles efficiently, while development programs nurture growth and prepare individuals for future challenges.

Training is a crucial element of human resource management, especially when it comes to optimizing the utilization of human resources. Employees are often regarded as an organization's most valuable asset, and training can take place in various contexts, both on and off the job, inside and outside the organization. It not only enhances specific knowledge and skills but also provides networking opportunities. For individuals, these initiatives improve job knowledge and help employees align with organizational goals (Adesola, 2017). Training and development are defined as planned learning experiences designed to equip employees with the skills and knowledge required to perform both current and future job roles effectively (Vinesh, 2014).

A 2024 report by TalentLMS and Vyond highlights that 66% of employees believe they need to develop new skills to succeed in their roles. Additionally, 67% expressed a desire for training on new AI tools, indicating a

growing interest in integrating AI into daily tasks.

According to Engagedly. (2024), investing in employee training and development offers significant advantages for organizations. It enhances employee performance, fosters innovation, and helps organizations achieve their objectives. Providing ongoing learning opportunities increases employee engagement, lowers absenteeism, and leads to greater productivity and profitability. Engagedly. (2024) further stated that, employee training and development involve dedicating time and resources to supporting employees' growth. This not only enables employees to become experts in their roles but also contributes to the overall success of the company. Investing in training and development yields numerous benefits, such as higher productivity, greater job satisfaction, and a stronger alignment between employees' personal goals and the organization's objectives.

As the workforce becomes increasingly diverse and technology-driven, the importance of ongoing learning and development continues to grow. This paper examines the role of training and development in promoting a culture of excellence within organizations and its direct impact on improving performance. Through an exploration of relevant studies and industry practices, the paper aims to demonstrate how organizations can harness training and development to enhance their on-the-job training, off-the-job training and job rotation elements in organizations.

Research Objectives

The research objectives are as follows:

1. To explore the relationship between on-the-job training and organizational performance.
2. To evaluate the impact of off-the-job training on organizational performance.
3. To analyze the connection between job rotation and organizational performance.

Research Questions

The key research questions are:

1. Does on-the-job training significantly affect organizational performance?
2. Does off-the-job training significantly influence organizational performance?
3. Is there a significant relationship between job rotation and organizational performance?

LITERATURE REVIEW

Organizational Performance

A systematic review of existing literature revealed that employee training and development play a crucial role in improving organizational efficiency and effectiveness. It recommends that organizations prioritize such initiatives to enhance performance and maintain a competitive edge (Fegade & Sharma, 2023). Additionally, research shows that businesses that invest in employee training achieve higher profitability and better employee retention rates, underscoring the role of training in reducing turnover and maximizing talent investment (Asteris et al., 2022). Furthermore, a study on training transfer demonstrated that well-executed training programs contribute to greater job satisfaction, increased productivity, and stronger organizational outcomes (Mehner et al., 2024).

Training is not just aimed at physically and mentally preparing employees for the organization, but it also provides an effective means of cultivating a highly skilled workforce (Ismael et al., 2021). Enhancing employee performance and productivity in any organization can be achieved through training that focuses on material, social, intellectual, and mental development (Abdullah, 2018). Thus, training must be aligned with the specific needs and context of school administrators (Anwar & Balcioglu, 2016).

Overall, organizational effectiveness is a commonly used term in both research and practice. The concept can be traced back to the industrialization period and the advent of scientific management. In earlier times, it was viewed as a means to assess productivity and/or profitability (Abdullah., 2018).

Training and Development

Training and development are interconnected aspects of human resource management that complement each other and rely on one another. This means both can be provided to employees simultaneously with the primary goal of enhancing productivity (Anwar & Shukur, 2015). This is achieved by improving and reinforcing employees' current skills through training while also preparing for future needs through development (Anwar & Abd Zebari, 2015). While training and development can be offered together, they can also be implemented separately, and it is not necessary for them to occur simultaneously (Anwar & Surarchith, 2015).

According to recent reports by *The Times* (2024), a considerable share of apprenticeship funding is being directed toward management training for senior executives, such as MBA programs. This has sparked concerns about diverting resources away from entry-level apprenticeships designed for school leavers and disadvantaged youth.

According to Raza (2015), as cited in Mohammed Sani et al, (2018) employee training and development is one of the major issuing topics nowadays because this helps organizations in several ways. The daily performance of the business and day to day maintenance is needs to be done by some workers or employees. And this can only be done when there is a proper training and development session held for the employees

On The Job Training

On-the-job training (OJT) is an effective method where employees gain skills and knowledge directly in the workplace, improving their ability to perform specific tasks. OJT enables employees to immediately apply newly acquired skills, fostering increased confidence and competence. This hands-on approach not only improves job performance but also elevates overall job satisfaction (Arulsamy et al., 2023).

According to Retorio. (2025)., by combining training with real job responsibilities, OJT promotes the development of a capable and motivated workforce. This approach has proven effective in enhancing both productivity and operational efficiency. Many employees acknowledge the advantages of OJT, with 59% reporting improved job performance and 68% emphasizing the importance of training for job satisfaction. These findings reflect the high value placed on developmental opportunities (Devlin Peck., 2024).

According to Anwar and Abdullah (2021), on-the-job training is an essential method of effective and focused training, particularly in areas such as finance, management, and practical decision-making. This approach enables employees to learn and apply these lessons in their daily tasks. However, Armstrong criticizes on-the-job training, believing that the lessons may lack effectiveness and that trainers may not be skilled enough to provide the necessary coaching. Furthermore, employees may not fully engage with the training if they dislike their colleagues as trainers or feel bored in their work environment, which could impact their ability to absorb and apply the lessons (Anwar & Abdullah, 2021).

Off the job training

According to Anwar and Surarchith (2015), off-the-job training takes place outside of the actual work environment and includes activities like seminars, conferences, or training sessions conducted in conference rooms or through group discussions. While not held in the workplace, this training is designed to replicate the kind of learning employees would experience on the job. The training is conducted in a specially prepared setting that facilitates enhanced interaction between the trainer and the trainee (Anwar, 2017).

Off-the-job training refers to the process of teaching employees outside their regular work setting, giving them the opportunity to develop new skills and knowledge without the immediate demands of their routine responsibilities. This method can greatly improve organizational performance by cultivating a more proficient and flexible workforce.

Recent research has explored the effects of off-the-job training on organizational performance. A study by Kum and Cowden (2022) concluded that both on-the-job and off-the-job training methods significantly improve employee performance. The findings suggest that these training approaches can lead to reduced employee turnover and increased productivity.

A study focusing on Myanmar's private banking sector investigated how on-the-job training, off-the-job training, and supervisor support influence employee performance. The research concluded that both on-the-job training and supervisor support positively impact employee performance. However, it found no significant relationship between off-the-job training and employee performance. The study recommends conducting training needs analyses before implementing programs and suggests offering off-the-job training flexibly, such as through Learning Management Systems or scheduling sessions after banking hours (Aung & Aung, 2023).

Job Rotation

Implementing job rotation can enhance employee motivation and performance by allowing individuals to develop new skills and competencies across various roles. This approach not only prevents monotony but also fosters a sense of engagement, leading to improved job performance and overall motivation (Kum & Chowden, 2022).

Implementing job rotation enhances employees' skills and provides a comprehensive understanding of organizational functions. This strategy not only alleviates monotony but also boosts adaptability and teamwork. (ProHance, 2024).

Research also shows a strong positive connection between job rotation and improvements in employee performance, skill development, and productivity. Organizations that widely implement job rotation are twice as likely to experience higher performance levels (Wow ledge, 2023). However, it is essential to recognize that although job rotation provides several advantages, including skill enhancement and improved motivation, its effectiveness may differ based on the industry and specific job functions. For example, a study in the software engineering field highlighted both the benefits and drawbacks of job rotation, stressing the importance of carefully adapting its implementation to fit the unique needs of the organization (Arxiv, 2019).

Conceptual Framework

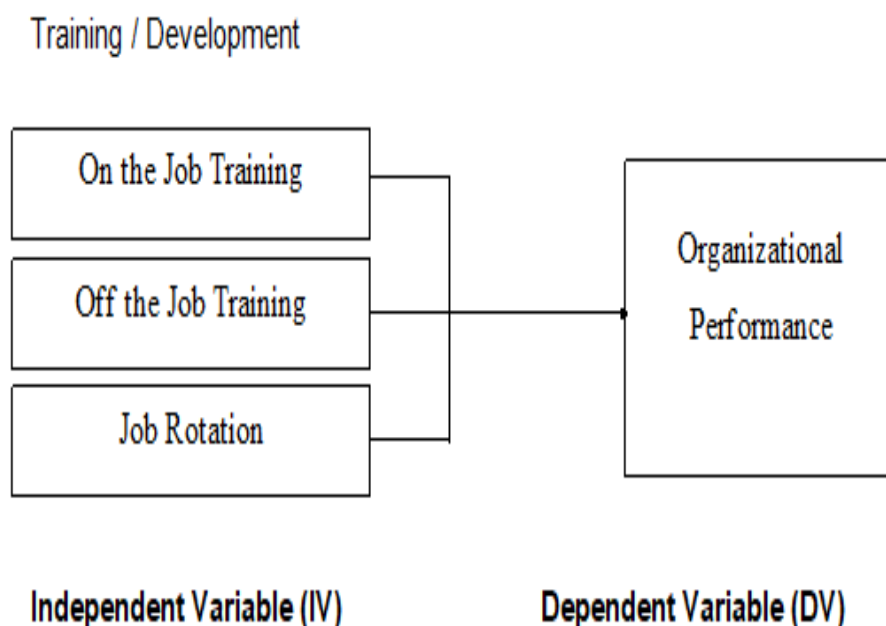


Figure 1 illustrates the conceptual framework of this study. There are three independent variables (On-the-job training, off-the-job training and job rotation), while the dependent variable is organizational performance.

METHODOLOGY

This paper's methodology is grounded in a comprehensive review and integration of existing knowledge on the subject. It involved an in-depth exploration of various academic resources, such as books, journals, and relevant theoretical models.

The initial phase focused on identifying prominent theories and concepts, followed by a critical analysis to uncover gaps, inconsistencies, or limitations within the current body of knowledge. The subsequent steps aimed at creating an innovative conceptual framework by systematically combining these established theories. Throughout the process, relationships were carefully examined, patterns were identified, and elements were reorganized to form a new theoretical structure that addresses the gaps in the field, ensuring a robust and open framework for the development of the conceptual model.

The researcher has chosen a correlational research design, which explores the relationship between two or more variables that are not manipulated. In other words, this type of research aims to identify the connection between factors that impact training and development and how they affect organizational performance.

A quantitative approach was employed to collect relevant data on the relationship between training and development and organizational effectiveness in programs on organizational performance of the employees of Management Services Department, Corporate Department, and Human Resources Management Department at the Government Agencies. This method includes procedures for generating, collecting, and analyzing data. The researchers collected primary data through questionnaires, which were distributed to employees working in various Government Agencies. Additionally, secondary data was gathered from recent academic articles, books, and previous studies related to the relationship between training, development, and organizational effectiveness. The study focused on Government Agencies in the Malaysia, with 140 employees participating. The population of study is $N=140$, thus, the sample of the respondents is $S=103$. A random sampling technique was used, ensuring that all employees from the Government Agencies had an equal chance of being selected for the study.

DISCUSSIONS AND RECOMMENDATIONS

This conceptual paper offers several theoretical and practical contributions, benefiting both academics and practitioners. Theoretically, it fills a gap by introducing an additional dimension and correlation related to organizational performance.

Both scholars and practitioners can gain from the various contributions highlighted in this paper. Theoretically, the study addresses a gap by adding a new dimension and correlation to the understanding of organizational performance. Future researchers may explore the application of the developed framework in empirical studies across different geographic areas and units of analysis. Results may differ depending on the demographic context; however, studying the relationship between training and development dimensions and organizational performance could lead to further enhancements.

Building on prior research on training and development's impact on organizational performance, this study offers new insights into the critical elements of training and development that affect organizational performance from both theoretical and contextual perspectives.

The study is believed to contribute to the body of knowledge in training and development in three key ways. First, it addresses existing gaps in the literature, particularly regarding business contexts in our countries, which require further empirical research. Additionally, this study represents the first empirical investigation into the relationship between various dimensions of training and development and overall employee satisfaction, as well as the individual aspects of training and development within an organization.

From a practical standpoint, this study provides organizations' management with valuable strategic insights into training and development practices, their dimensions, and their overall impact on organizational performance, as well as the individual components of that performance. The findings show that organizations

emphasizing training and development typically experience greater employee satisfaction, lower turnover, and a more flexible response to market shifts, which in turn drives sustained business growth and enhances their competitive position.

CONCLUSION

Understanding the value of employee training and development, organizations benefit greatly from strategically investing in effective programs. At the same time, employees enjoy significant advantages.

Employers gain from having a motivated, committed, and engaged workforce, while employees appreciate working for an organization that prioritizes their growth and well-being. This mutually beneficial relationship not only creates a productive workplace but also supports the overall success of the company.

In conclusion, training and development programs are essential for improving employee performance and overall organizational effectiveness. By providing employees with the knowledge, skills, and motivation to succeed in their roles, organizations can foster innovation, boost productivity, and maintain a competitive edge. However, creating and executing successful training and development initiatives demands thoughtful planning, resources, and dedication from organizational leaders. By embracing best practices and regularly assessing and refining their strategies, organizations can use training and development as key drivers for long-term success in today's ever-changing business landscape.

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