

**An Empirical Investigation of Staff
Training and Organizational
Performance in Non-governmental
Organizations in Sri Lanka**

By

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The work described in this thesis was carried out by me under the supervision of Mrs. M.A.G. Tharangani and a report on this has not been submitted in whole or in part to any university or any other institution for another Degree / Diploma.

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I certify that the above statement made by the candidate is true and that this thesis is suitable for submission to the university for the purpose of evaluation.

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M.S.S. Wickramarachchi

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**An Empirical Investigation of Staff Training and Organizational
Performance in Non-governmental Sector in Sri Lanka**

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ABSTRACT

Every organization, whether it be a public, private or Non-governmental Organization (NGO), must operate with and through people. It has been long and widely asserted that these people are the pre-eminent organizational resource and the key to achieving outstanding performance. Therefore, organizations believe that the training of employees become much more needed today than earlier as the increased skills required in today's organizations. Therefore, the study was carried out to determine whether staff training improves organizational performance in Non-governmental organizations working towards community development in Sri Lanka. It also considered to find out the effect of some other HRM variables such as individual performance, organizational culture, employee satisfaction, employee motivation, nature of task and nature of employee on this relationship of staff training with organizational performance in this sector.

A random sample of 120 employees were selected representing all the sectors i.e. Donors', International NGOs' and local NGOs' in the development sector in the country and they were administered with a questionnaire for the collection of data. The data was analyzed with SPSS 13.0 package. The data was tested by the analyses of correlations and regression to establish possible relations among staff training and organizational performance and the other variables on the relationship of them.

The findings of the present study reveal that staff training has positive relationship with perceived organizational performance, even though the organizations do not much considered in designing the training programs for their staff. Out of the other variables, which were interested to the researcher on the study, organizational culture, employee motivation and nature of task are the factors, which will affect this positive relationship through changing the rate of effectiveness, since these influence the effect of staff training on organizational culture. However, there was no effect from employee job satisfaction on this relationship while the nature of employee acts as moderator which could change the positive relationship of the staff training and organizational performance even to a negative relationship.

Finally the researcher recommends several suggestions considering the limitations of the study including mainly that these organizations should give more attention to improve the designing of the training programs to higher extent and also to rectify the problems caused by the other factors on this relationship in order to make sure to utilize the funds more effectively and ultimately to achieve higher organizational performance.

CHAPTER 1

INTRODUCTION

1.1 Problem Context

1.1.1 Introduction to Human Resource Management

Every organization, whether it is a public, private or Non-governmental Organization (NGO), must operate with and through people. Therefore, Human Resource Management (HRM) has acquired greater relevance since the early 1990s. Pfeffer (1994: p. 33 as in Tessema and Soeters, 2006), expresses:

‘Having good HRM is likely to generate much loyalty, commitment or willingness to expand extra effort for the organization’s objectives’.

Effective HRM now more than ever before is a crucial ingredient in the development process of developing countries. In the Sri Lankan context, it is an accepted fact that human resource (HR) has a will continue to play a significant role in global competition. With the advent of the open economy in the country in 1977, the enhancement of organizational effectiveness has become a matter of vital importance in meeting the complex demands of the new business environment.

Human Resource Development is widely regarded as a key element in a strategic approach to Human Resource Management (Mabey and Ramirez, 2005). With the new emerging organizational reality where change, competition, workforce demographic changes and business upheavals are eminent, training and development is becoming

ever more an important method that equips organizations with the flexibility, adaptability and durability required for survival (Al-Khayyat and Elgamal, 1997).

1.1.2 Significance of Training and Development and its effect on Individual and Organizational Performance

It has been long and widely asserted that people are the pre-eminent organizational resource and the key to achieving outstanding performance (Pfeffer, 1994; Bassi and McMurrer, 1988 as in Lawson & Luks, 2003). The employee now has to be more flexible, performing a wider range of tasks. Moreover, the standard of work may need to be higher as a result of a customer-focussed quality movement that has its roots in increasingly competitive product / service markets. Therefore, Human capital, conceptualised as a stock of skills and knowledge, is perhaps a significant factor explaining the differential rates of economic growth of nations.

Importance of developing men can well be highlighted from the following Chinese saying,

“If you wish to plan for a year sow seeds, if you wish to plan for ten years plant trees, if you wish to plan for a life-time develop men”

Because employee development is the process whereby people learn the skills, knowledge, attitude and behaviours needed in order to perform their job effectively. It is accepted that the growth rate of an organization is likely to be limited more by its personnel than by any other factor.

Therefore, organizations believe that the training of employees become much more needed today than earlier as the increased skills required in today's organizations (i.e. complexity and competitiveness of services, technological and diversification problems etc. with the globalization), frequent shortage of experienced and skilled man power and attempt to improve organizational efficiency and effectiveness through development of all level of employees. The prosperity, if not survival, of any these types of organization today largely depend on the performance of its employees. Thus, blending the individual goals with organizational objectives for achieving their commitment to the organization assume vital important. Task demands are unlikely stable. More frequently, because of globalization and market conditions, the jobs are changing and this requires more training so employees can meet current effectiveness standards.

Many organizations face the challenge of developing greater confidence, initiative, solutions-finding, and problem-solving capabilities among their people. Organisations need staff at all levels to be more self-sufficient, resourceful, creative and autonomous. This behaviour enables staff can operate at higher strategic level, which makes their organizations more productive and competitive. People's efforts produce bigger results. It's what all organizations strive to achieve.

The Sri Lankan literature suggests that the changes that occurred from 1977 have had a significant impact on the realization of the importance of training as a major aspect in the organizational process (Central Bank of Sri Lanka, 2000; Chandratilleke, 1977 as in Wickramasinghe, V.M., 2006). On the one hand, the Sri Lankan government has been taking steps to enhance industry-relevant employees' skills to attract foreign