



Faculty of Cognitive Sciences and Human Development

**The Impact of Training and Development Methods on
Employee Productivity in the Insurance Industry**

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(Human Resource Development)**

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Final Year Project Report

Masters

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**THE IMPACT OF TRAINING AND DEVELOPMENT METHODS ON EMPLOYEE
PRODUCTIVITY IN THE INSURANCE INDUSTRY**

SHARMILA RATNAM

This project is submitted
in partial fulfillment of the requirements for a
Bachelor of Science with Honours
(Human Resource Development)

Faculty of Cognitive Sciences and Human Development
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(2019)

The project entitled ‘[The Impact Of Training And Development Methods On Employee Productivity In The Insurance Industry]’ was prepared by [*Sharmila Ratnam*] and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (*Human Resource Development*)

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Gred A

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ABSTRACT

The purpose of this study is to investigate the impact of training and development methods and employee's productivity in the insurance industry, Negeri Sembilan, Malaysia. Data were gathered from 50 insurance agents from Zurich Insurance Company in Negeri Sembilan. The quantitative research methodology is used in this research and data were collected using a google form survey questionnaire as the instrument. The analysis of data and information was done using the Statistical Package for Social Science (SPSS). The data were analyzed using descriptive and inferential statistics. Descriptive statistics were reported, followed by hypothesis testing using Pearson correlation and Multiple regression. This data was collected by this research and was analyzed using the Statistical Package for Social Science (SPSS). The findings have shown that there is a very strong relationship between training and development methods and employee's productivity in the insurance industry in Negeri Sembilan. Besides, findings from this study also indicated that job rotation is the most dominant method among independent variables. The study contributes to the existing pool of knowledge to the insurance agents in Malaysia. On the other hand, the result of this study could help the organization to improve the training and development methods to ensure the organizations can achieve employee's productivity.

Keywords training and development methods, on-the-job training, off-the-job training, job enrichment, job rotation, employee productivity, insurance industry

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji kesan kaedah latihan dan pembangunan dan produktiviti pekerja dalam industri insurans di Negeri Sembilan, Malaysia. Data dikumpulkan dari 50 ejen insurans dari Zurich Insurance Company di Negeri Sembilan. Metodologi penyelidikan kuantitatif digunakan dalam penyelidikan ini dan data dikumpulkan menggunakan borang soal selidik tinjauan sebagai instrumen. Data tersebut dianalisis menggunakan kaedah berdasarkan deskriptif dan inferens. Statistik deskriptif dilaporkan, diikuti dengan pengujian hipotesis menggunakan pekali korelasi dan regresi berganda. Data ini dikumpulkan oleh penyelidikan ini dan dianalisis dengan menggunakan Paket Statistik untuk Sains Sosial (SPSS). Hasil kajian menunjukkan bahawa terdapat hubungan yang sangat kuat antara kaedah latihan dan pembangunan dengan produktiviti pekerja dalam industri insurans di Negeri Sembilan. Selain itu, penemuan dari kajian ini juga menunjukkan bahawa penggiliran pekerjaan adalah kaedah yang paling dominan di antara pemboleh ubah tidak bersandar. Kajian ini menyumbang kepada pengetahuan sedia ada kepada ejen insurans di Malaysia. Sebaliknya, hasil kajian ini dapat membantu organisasi meningkatkan kaedah latihan dan pembangunan untuk memastikan organisasi dapat mencapai produktiviti pekerja.

***Kata kunci** kaedah latihan dan pembangunan, latihan di tempat kerja, latihan di luar pekerjaan, pengayaan pekerjaan, penggiliran pekerjaan, produktiviti pekerja, industri insurans*

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CHAPTER 1

OVERVIEW OF STUDY

1.0 Introduction

The aim of this research is to investigate the impact of training and development methods on employee productivity in the insurance industry. This chapter comprises of ten sections including the summary of this chapter. The first segment briefly discusses the background of this study. The second segment comprises problem statements, followed by research objectives, research questions, research hypotheses, conceptual frameworks, and definition of terms. Each chapter ends with a summary of the important ideas.

1.1 Background of the Study

In an organization, training and development is a vital part of human resource development. Training and development play a key role in the progress of organizations and in the workplace people's experiences. All organizations that employ people need to train and improve their workers. Training programs acts as a crucial role in developing the abilities of workers, strengthening their existing knowledge and enabling them to acquire new skills and learning. Effective training programs help workers deal with transitions, think out of the box, endure with a smile the cut throat competition and successfully contribute to the success of an organization. In contrast, a study carried out by the Craig.R.L (1996), American Society for Training and Development (ASTD) showed that 41% of workers in poorly trained companies plan to leave in the year, but only 12% plan to leave in companies with excellent training (Branham, The 7 Hidden Reasons Why Employees Leave , 2005).

Employee training and development is considered to be a crucial part of any company, providing inspiration, intent and incentive for workers to move forward to better their employment, which in turn would help the organization. In order to improve employee advancement, work awareness, skills and morale within the particular organization, training and development is required. Therefore, many companies today consider the training and development of workers as an important area in the development of human resources. Therefore, choosing the best training method to develop the workers is critical. The better the method of training is provided to the employees, the greater the employees ' productivity. Major organizations are aware of this need and are investing in training and development strength and alternative sources.

Training and development change the organization's ability to remain competitive in a high-rise business environment to address competitive challenges. In general, to help workers, develop

and strengthen their expertise, the organization must implement adequate training, so that company needs to increase its ability by producing new products, creating new ideas and delivering high-quality services within the organization. When the company's employee lacks training he or she loses the skills needed to interact and improve their performance. Trained staff are well prepared to perform the job with the knowledge and tools. Untrained employees are unable to make changes within or outside the organization.

Improving employee productivity has been one of the most important objectives for several organizations. This is because higher levels of employee productivity provide an organization and its employees with various advantages. For instance, higher productivity leads to favourable economic growth, large profitability and better social progress (Sharma & Sharma, 2014). Additionally, employees who are more productive can obtain better wages/ salaries, better working conditions, and favourable employment opportunities. Moreover, higher productivity tends to maximize organizational competitive advantage through cost reductions and improvement in high quality of output (Baily et al., 2005; Hill et al., 2014; Wright, 2004). All of these benefits have made employee productivity worthy of attention. Therefore, looking at its antecedents is very important to ensure organizational survival and long term success. One of the most important goals for several organizations was to improve employee productivity. This is because the most productive employees benefit the organization and their employees. For example, high productivity results in economic growth, higher profits and improved social development (Sharma & Sharma, 2014). Furthermore, higher wages, better working conditions, and good job opportunities can be gained by more productive workers. However, higher productivity helps optimize the competitive edge of the company by lowering costs and improving production quality (Baily et al., 2005; Hill et al., 2014; Wright, 2004). All of these

benefits have given due attention to worker productivity. It is therefore very important to look at its context to protect the company's existence and long-term sustainability. Accordingly, it goes without saying that employee training and development is an issue that every organization has to confront. The amount, quality and quantity of training performed, however, vary greatly from organization to organization. Organizations need to train their employees very well.

Malaysia's insurance industry has to make substantial changes to increase performance requirements in the Malaysian insurance industry in conjunction with global developments to precise the gap between Malaysian insurers' expectations and results with introduced international best practices and quality of performance. In terms of efficiency, effectiveness and stability, the insurance industry in Malaysia needs to make further progress towards worldwide best practice benchmarks. In this regard, size and expertise have been established as key drivers of increased efficiency, effectiveness and stability; and the pace of development needs to be increased in view of the growing consolidation, specialization and economization of the global insurance industry. Consequently, measures should be taken to enhance the agency force's performance and efficiency.

1.2 Problem Statement

The focus in this study is highlighted based on the issues related to theoretical gaps, empirical gaps and practical gaps.

The focus of this study is to highlight the significant relationship between training and development methods and employee's productivity. In past research studies related to this topic, had to identify that the most appropriate theoretical gap which explained training and development methods and employee's productivity was the Social Learning theory. Social Learning was proposed by Bandura in the year 1977. Social Learning theory was developed to describe and predict how people learn from observation. According to Bandura (1977), observation of learning is controlled by the processes of attention, retention, and reproduction. This theory explains that apprenticeship tends to reward him for showing good work in the workplace when he feels that the work he is doing is very important for him and the company and that he has significant control over the results of his work. The theory of social learning has been applied in the industry using teaching methods. This theory has been used to train managers to solve more effective human relations problems in the workplace and to predict which subordinates will imitate their superior behavior.

Although some work has endorsed Social Learning theory, others have not managed to validate the notion of a need observational learning that is perceived to be conditioned by Western culture. This means that this theory also includes the meaning of loss caused by behavioral perceptions and perceptual perceptions that serve as role models in knowledge or life. In 2014, Rajeswari and Palanichamy discovered that the social behavior theory developed by Albert Bandura is important and relevant in each organization to enhance the various types of training

and development, which are the producers of organizational work. Figure 1 below shows the Social Learning Theory that used in that related to this study.

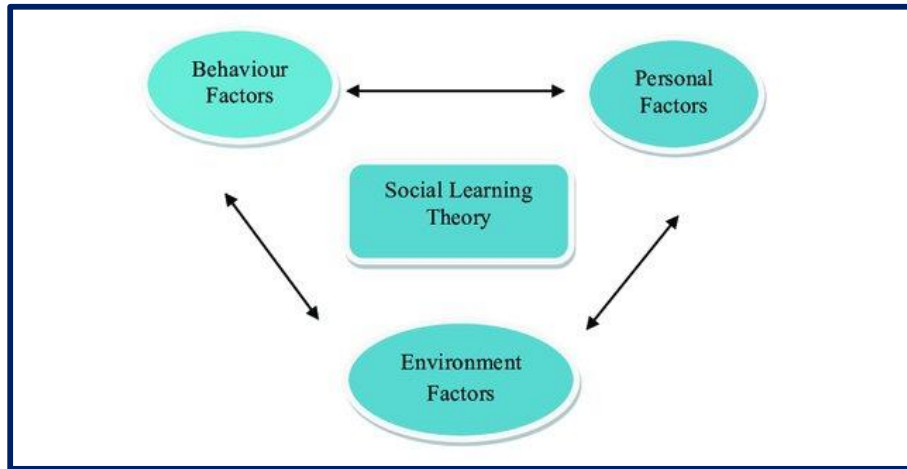


Figure 1 *Social Learning Theory*

Source: Bandura, 1977

Besides that, Darshani and Thennakoon (2018) also acknowledged that Social learning theory applied to business organizations and to HRD roles in companies, which employees use to acquire new methods and also improve their knowledge is mostly done by observing other team members who are more experiences in the field of training and development. Thus, this study aimed to determine whether this theory is still used in the context of motivating employee's productivity as the previous decade or not.

In terms of empirical gaps, many researchers focus on findings of the impact of training and development on employee productivity but minimal research attention has been directed toward the impact of training and development methods in the insurance industry. Besides that, there is a gap found based on the location of studies (geographical area). Thus, this study is done in Malaysia and focused on the insurance industry of Negeri Sembilan. Most of the past research was done overseas, which is in Pakistan, Sri Lanka, India, Jordon, Somalia, Iran, Ghana, and

Nigeria. The study is limited to only one organization with a relatively small population hence may not entirely represent the different cultures and different industries (Wambugu, 2014). Moreover, past studies have focused on different training methods, thus, this study only focused on four training methods such as on-the-job training, off-the-training, job enrichment, and job rotation.

In terms of practical gaps, this study is mainly focused on the impact of training and development methods on employee productivity where training and development have to turn into one of the fundamental functions in the common companies as they are a factor towards high performance in the same sector. It is an extremely important part of the department's human resources, it has a significant impact on an organization's performance by increasing the efficiency of its workers (Mozael, 2015). Thus, effective action should be taken to provide the best way of training methods to the agents in the insurance industry. For the organization with high growth with employee productivity should be focused especially on providing training and development methods such as on-the-job training, off-the-job training, job enrichment, and job rotation. This research study was about how an organization effectively using training and development methods as a key to enhance their employee's productivity and to identify capable and quality employees that are required by the organization.

1.3 Research Objectives

The research objectives in this study include general objective and specific objectives which are used to study the relationship between the relevant variables.

General Objective

To identify the impact of different training and development methods on employee productivity in three selected insurance companies in Negeri Sembilan.

1.3.1 Specific Objectives

- To investigate the impact of on-the-job training on employee productivity in the insurance industry.
- To investigate the impact of off-the-job training on employee productivity in insurance the industry.
- To investigate the impact of job enrichment on employee productivity in the insurance industry.
- To investigate the impact of job rotation on employee productivity in the insurance industry.
- To investigate the most dominant method that influences the employee productivity in the insurance industry.

1.4 Research Questions

1. Does on-the-job training impact the employee productivity in the insurance industry?
2. Does off-the-job training impact the employee productivity in the insurance industry?
3. Does job enrichment impact the employee productivity in the insurance industry?

4. Does job rotation impact the employee productivity in the insurance industry?
5. Which is the most dominant training method that influences the employee productivity in the insurance industry?

1.5 Research Hypotheses

The following hypotheses formulated for this study are:

H_{a1}: There is a significant relationship between on-the-job training method and employee productivity.

H_{a2}: There is a significant relationship between off-the-job training method and employee productivity.

H_{a3}: There is a significant relationship between job enrichment method and employee productivity.

H_{a4}: There is a significant relationship between job rotation method and employee productivity.

H_{a5}: There is a dominant training method that influences employee productivity.

1.6 Conceptual Framework

Figure 2 shows the conceptual framework developed on the basis of relevant variables analyzed in this research. Conceptual framework is divided into two categories which consists of training and development methods (independent variable) and employee productivity (dependent variable). Independent variables would be on-the-job training, off-the-job training, job enrichment and job rotation. In the meantime, dependent variable would be employee productivity which is supposed to have an effect on it.

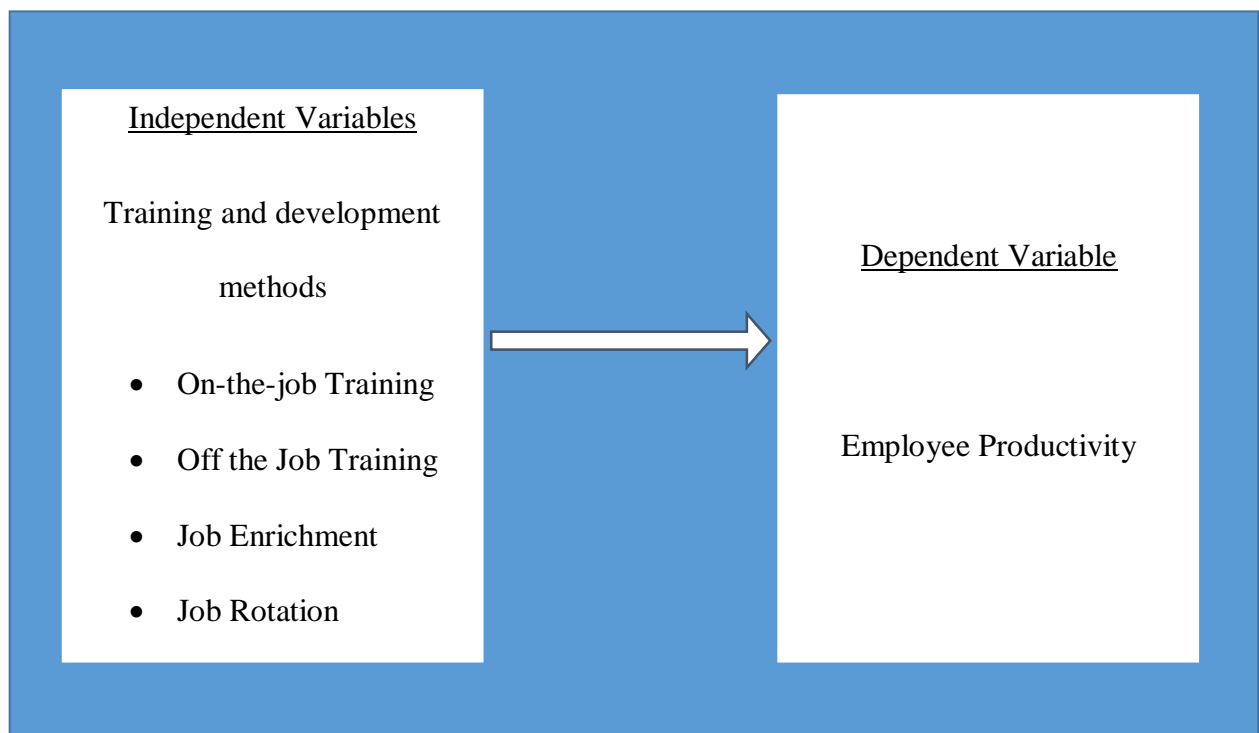


Figure 2 *Conceptual Framework*

1.7 Definition of Terms

Some key terms used in this study are defined conceptually and operationally to form the basis for the research. The terms are arranged based on importance.

1.7.1 Training and development

Conceptual: Training and development is defined as the process by which knowledge and experience related to human work are systematically determined to enhance productivity. (Swanson & Holton, 2001)

Operational: In this study, training and development is referred to the action of teaching insurance agent's skills related to selling insurance. the process of developing the effectiveness of organizations and the individuals.

1.7.2 Training and development methods

Conceptual: Training and development approaches are the systematic, continued efforts within companies to increase their employees' efficiency and self-performance of their workers through a range of instructional methods and services, and to develop skills such as functional, psychological, intellectual, and managerial for the continuation of person and organizational growth (Oribabor, 2000).

Operational: In this study, training and development methods is the different methods which are on-the-job training, off-the-job training, job enrichment and job rotation that used in the insurance companies to teach and develop the skills of insurance agents to lead them in selling insurance.

1.7.3 On-the-job training

Conceptual: On-the-job training, often called OJT, is a practical process of teaching the knowledge and skills that workers need to perform a specific job at work. (Heathfield, 2018)