EFFECT OF LEARNING AND DEVELOPMENT ON ORGANIZATION PERFORMANCE IN COMPANIES LISTED IN NAIROBI SECURITIES EXCHANGE IN KENYA

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ABSTRACT
The study sought to determine the effects of Learning and Development on organizational performance in companies listed in the Nairobi Security Exchange (NSE) in Kenya. Descriptive, qualitative and quantitative study designs were used and stratified simple random sampling technique was employed to enable select the respondents from the ten strata of NSE listed companies. The target population was 534 top managers of NSE listed companies. A sample size of 224 respondents was picked from the ten stratum of the NSE listed companies. Questionnaires were the main instruments of data collection and the NSE handbook (2013) was the main source of the secondary data. Research findings indicated Learning and Development as a component of talent management had a positive and significant influence on the organizational performance.

Keywords: Effect, Learning and Development, Organization Performance, Listed companies
INTRODUCTION

Learning and development refers to educational activities within an organization designed to enhance the fulfilment and performance of employees learning and development. In the context of this study will refer to all educational and employee development initiatives carried out by companies listed in the NSE (Allen, 2005). Talent development is the process of changing an organization, its employees, its stakeholders, and groups of people within it, using planned and unplanned learning, in order to achieve and maintain a competitive advantage for the organization (Harburg, 2003). As businesses continually apply new technologies, new business growth models, and new market strategies, the workforce’s up-skilling becomes constant and continuous. Understanding strategies of talent development would help companies listed in the NSE to be successful in operating in the market place hence lead to good organization performance.

LITERATURE REVIEW

Learning and Development

Organizations which practice effective learning and development begin with their employees. This implies that they identify the employees who need learning and development, the level of learning and development they need and the duration during which learning takes place (Harburg, 2003). Organizations with first class learning and development initiatives are excellent in listening to employee improvement needs and are able to express those needs back to the employee in clear and enlightening terms. Davis et al., (2007) noted that the recruitment and development of talented staff was of paramount importance to the success of the business objectives.

People in Aid (2013) further emphasized the need for learning and development by saying that organizations which operated in fast-changing environment needed to
adapt in order to stay at the forefront. The usefulness of learning and development was acknowledged in these circumstances because staying at the forefront meant organizations acquiring new knowledge and skills, and mastering new ways of doing things in order to continue providing a high standard of delivery.

Learning and development has become an important talent management initiative in many companies around the world. For some companies, learning and development is a strategic process that minimizes leadership gaps for critical positions and provides opportunities for top talent to develop the skills necessary for future roles. With other companies, learning and development is a constant struggle, viewed as an administrative exercise rather than as a competitive advantage. In strong economic times, it is easier to ignore deficiencies in the career management process, but in the current economic downturn around the world, the need to identify and develop top talent for critical roles has never been more important (Davis et al., 2007).

Learning and development is an approach of an organization ensuring that people with the right qualifications and experience are available when needed (Zheng & Kleiner, 2001). Human resource department is involved in attraction and evaluation of talented people with high potential in the organization, they also have to develop the talent pool meaning they train them in skills that the company needs at that time and in future to exploit their full potential and direct it to improve the organization (Ballesteros et al., 2010).

The report on skills development in sub-Saharan Africa sought to find out the role of government in training (Johanson & Adam, 2012). The study focused on the challenges that governments in Africa were facing in implementation of training programs. The study established that most of the governments focused on policy rather than provision towards the realization of the policies. The overall observation is that Africa was far from addressing the challenges of skill development.
Moreover, findings indicated that there were no strategies to address skill development in the informal sector, an area where most of the employment is based, given that white collar jobs are hard to come by in Africa. Analysis indicated that reforms were needed to ensure that both private and public training on skills was beneficial to the workforce.

Johanson et al. (2012) research carried out through literature review was a good indicator of how poor learning and development of employees can hamper effective performance. The study indicated that appropriate strategies have to be put in place to ensure that learning and development leads to organization performance. The researcher, therefore, sought to find out which strategies these were and whether the companies listed in the Nairobi securities exchange practiced these strategies. Moreover, the researcher sought to link those strategies to organization performance. Lockwood (2006) found talent development as an important component in the maintenance of competitive advantage in an organization. The study identified that developing manager capability, retaining high performers, developing succession pool depth and addressing shortages of management or leadership talent were among the challenges facing human resource managers and business leaders.

**Learning and Development Theories**

The researcher used reinforcement theory to explain more on the concept of learning and development. Reinforcement conditions behaviour, people are most likely to engage in desired behaviour if they are rewarded for doing so. Behaviours that are not rewarded are less likely to be repeated as people repeat behaviours that are positively rewarded and avoid behaviours that are punished; managers can influence their junior’s behaviour by reinforcing acts that they deemed favourable (Nzuve,2007). There are two schedules of reinforcing; a continuous reinforcement schedule reinforces the desired behaviour each and every time it is demonstrated,
in an intermittent reinforcement not every instance of the desired behaviour is reinforced. Reinforcement is given only often enough to make behaviour repeated (Saleemi, 2006). In the context of the current study the researcher argued that the reinforcement of behaviour is related to learning and development strategies that the trainers use when conducting employee coaching, mentoring and on-the-job training of employees because as Gupta (2008) says coaching occurs between the employee and supervisors and focuses on examining employees performances and taking actions to maintain effective performance and correcting ineffective performance. Mentoring also involves helping the employee learn the ropes and preparing the employee for increasing responsibilities (Gupta, 2008). All these methods, the researcher noted were involved in encouraging and reinforcing effective behaviours while at same time discouraging ineffective behaviours.

The second theory was the social learning theory which was proposed by Albert Bandura (1977) and is one of the most influential theories of learning and development. Bandura believed that direct reinforcement could not account for all types of learning and added a social element, signifying the concept that people can learn new information and behaviours by watching other people. This is known as observation learning or modelling. Bandura believed that people were capable of imagining themselves in similar situations and incurring similar outcomes (Ewen, 1980). Once the behaviour is learned it may be reinforced or punished by the consequences it generates. In the context of the current study on effect of talent management on organization performance in companies listed in Nairobi securities exchange, the researcher argued that social learning theory was applicable to the learning and development strategies like coaching and mentoring.

RESULTS
Learning and Development

The third objective was to establish the effects of learning and development on organizational performance in companies listed in NSE.

4.7.1 Descriptive Results

Table 4.17: Learning and Development

<table>
<thead>
<tr>
<th>Statement</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my company appropriate learning and development strategies are in place</td>
<td>6.20</td>
<td>%</td>
<td>6.80</td>
<td>5.60%</td>
<td>51.2%</td>
<td>%</td>
<td>30.20</td>
</tr>
<tr>
<td>My company identifies the employees who need learning and development and the level they need before conducting training.</td>
<td>2.50</td>
<td>%</td>
<td>6.20</td>
<td>4.90%</td>
<td>62.3%</td>
<td>%</td>
<td>24.10</td>
</tr>
<tr>
<td>In my organization employees are continuously acquiring new knowledge and skills, and mastering new ways.</td>
<td>0.60</td>
<td>%</td>
<td>5.60</td>
<td>1.20%</td>
<td>66.0%</td>
<td>%</td>
<td>26.50</td>
</tr>
<tr>
<td>In our company in house development programme is commonly used</td>
<td>4.90</td>
<td>%</td>
<td>4.90</td>
<td>0.60%</td>
<td>64.2%</td>
<td>%</td>
<td>25.30</td>
</tr>
<tr>
<td>There is Coaching by the line managers in this company</td>
<td>6.20</td>
<td>%</td>
<td>9.90</td>
<td>4.30%</td>
<td>51.2%</td>
<td>%</td>
<td>28.40</td>
</tr>
<tr>
<td>In my company we take Leadership skills development very seriously</td>
<td>3.70</td>
<td>%</td>
<td>4.90</td>
<td>4.30%</td>
<td>%</td>
<td></td>
<td>64.20</td>
</tr>
<tr>
<td>we value business skill development</td>
<td>2.50</td>
<td>%</td>
<td>3.10</td>
<td></td>
<td>26.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We believe E -learning is of great</td>
<td>4.30</td>
<td>%</td>
<td>8.00</td>
<td>4.90%</td>
<td>67.9%</td>
<td>14.80</td>
<td></td>
</tr>
</tbody>
</table>
a) Learning and Development Strategies

The study sought to establish whether the NSE listed companies had put in place appropriate learning and development strategies. Appropriate learning and developments strategies in a company boost organizational performance. Table 4.17 shows that majority 81% of the respondents agreed with the statement that in their company appropriate learning and development strategies had been put in place. Result also revealed that 13% of the respondent did not agree with the statement, 6% of the respondent neither agree nor disagree with the statement.

The findings agree with those in People in Aid (2008) who emphasized the need for learning and development by saying that organizations which operated in fast-changing environment needed to adapt in order to stay at the forefront. The usefulness of learning and development was acknowledged in those circumstances because staying at the forefront meant organizations had to acquire new knowledge and skills and master new ways of doing things in order to continue providing a high standard of delivery. The findings imply that NSE listed companies are actively involved in putting in place appropriate learning and development strategies and this may have contributed positively to learning and development. The findings also imply that NSE listed company’s appropriate learning and development strategies may have contributed positively to organization performance.

b) Learning and Development Need Identification

The study sought to establish whether the NSE listed companies identified the employees who needed learning and development and the level of learning and development they needed before conducting training. Appropriate learning and developments need identification in NSE listed companies was crucial to organizational performance. Table 4.17 shows that majority of the respondents
86% agreed with the statement that their company identifies the employees who need learning and development and the level of learning and development they need before conducting training while 9% disagreed with the statement. Result revealed that 5% neither agreed nor disagreed with the statement.

The findings agree with those in Harburg (2003) who noted that the organizations which practice effective learning and development began with their employees. This implied that they identified the employees who needed learning and development, the level of learning and development they needed and the duration during which learning took place. The findings imply that NSE listed companies are actively involved in identifying the employees who need learning and development and this may have contributed positively to learning and development. The findings also imply that NSE listed companies are actively involved in learning and development need identification and that may have contributed positively to their organization performance.

c) Acquiring new Knowledge and Skills

The study sought to establish whether the NSE listed organization’s employees were continuously acquiring new knowledge and skills and mastering new ways of doing things. Acquisition of new knowledge and a skill in a company was a key determinant of learning and development. Table 4.17 shows that majority of the respondents 93% agreed with the statement that in their organization employees were continuously acquiring new knowledge and skills, and mastering new ways of doing things, while 6% of the respondents disagreed with the statement and 1% of the respondents neither agreed or disagreed with the statement.

The findings agreed with those of Ballesteros et al., (2010) who indicated that human resource department were involved in attraction and evaluation of talented people with high potential in the organization, they also had to develop the talent pool meaning they train them in skills that the company needs at that time and in future to exploit their full potential and direct it to improve the organization.
findings imply that NSE listed companies are actively involved in providing new knowledge and skills and this may have contributed positively to learning and development. The findings also imply that mastering new ways of doing things may have contributed positively to organization performance.

d) In - House Development Programme

The study sought to establish whether the NSE listed companies commonly used in house development programme. In house development programmes are important learning and development strategy. Table 4.17 shows that majority of the respondents 90% agreed with the statement that in their company in house development programme was commonly used, while 9% of the respondents disagreed with the statement. 1% neither agrees nor disagreed with the statement.

The findings agreed with those of CIPD (2010) study on learning and talent development results which indicated that in-house development programmes at 56% and ranked among the top effective learning and development practices. The findings imply that NSE listed companies use of in house development programme may have contributed positively to learning and development. The findings also imply that NSE listed companies use of in house development programme may have contributed positively to organizational performance.

e) Coaching by the line Managers

The study sought to establish whether there was coaching by line managers in the NSE listed companies. Coaching by managers in NSE listed companies was crucial component of learning and development. Table 4.17 shows that majority of the respondents 80% agreed with the statement that there was coaching by the managers in the NSE listed companies. Result revealed that 16% of the respondent disagreed with the statement while 4% neither agreed nor disagreed with the statement.
The findings agree with those of Gupta (2008) who said that coaching occurs between the employee and supervisors and focuses on examining employees' performances and taking actions to maintain effective performance and correcting ineffective performance. Findings also concur with the CIPD (2010) study on learning and talent development results indicated that coaching by line managers at 51% ranked among the top effective learning and development practices. The findings imply that NSE listed companies are actively involved with coaching by senior managers and this may have contributed positively to learning and development and organizational performance.

f) Leadership Skills Development

The study sought to establish whether leadership skills development was taken seriously in NSE listed companies. Leadership skills development in a company was crucial for learning and development. Table 4.17 shows that majority 87% of the respondents agreed with the statement that in their company they took leadership skills development very seriously, while 8% of the respondents disagreed with the same statement. Result shows that 4% of the respondents neither agreed nor disagreed with the statement.

The findings concur with those of Lockwood (2006) who found talent development as an important component in the maintenance of competitive advantage in an organization. The study identified that developing manager capability, retaining high performers, developing succession pool depth and addressing shortages of management or leadership talent were among the challenges facing human resource managers and business leaders. The findings imply that NSE listed companies are actively involved in leadership skills development and this may have contributed positively to learning and development. Findings also imply that NSE listed companies involvement in leadership skills development may have contributed positively to organizational performance.
g) Business Skill Development

The study sought to establish whether business skill development was valued by the NSE listed companies studied. Business skill development in a company is a key determinant of learning and development. Table 4.17 shows that majority of the respondents 93% agreed with the statement that in their company they valued business skill development, while 6% of the respondents disagreed with the statement and only 1% who neither agreed nor disagreed with the statement.

The findings agree with those of Ballesteros et al., (2010) who noted that the differentiation point of any business is the skills that its employees possess. Companies that are industrial leaders have devised best plans in attracting, hiring and developing and retaining top performing talents. The findings imply that NSE listed companies are actively involved in business skill development and this may have contributed positively to learning and development. Findings also imply that business skill development may have contributed positively to organizational performance.

h) E-learning

The study sought to establish whether top managers in NSE listed companies believed E-learning was of great importance in their company. E-learning was crucial for learning and development in NSE listed companies. Table 4.17 shows that majority of the respondents 83% agreed that they believed E-learning was of great importance in their company while 12% of the respondent disagreed with the statement. Result revealed that 5% of the respondent neither agreed nor disagreed with the statement.

The findings concur with those CIPD (2010) study on learning and talent development which identified E-learning as a key element of learning and development. Moreover, the study found that senior managers and the human resource department were tasked with ensuring that courses were delivered and overall planning of the learning process carried out effectively. The findings imply
that NSE listed companies use of E-learning may have contributed positively to learning and development. Findings also imply that E-learning may have contributed positively to organizational performance.

Table 4.18: Learning and Development Factor Analysis Component Matrix

<table>
<thead>
<tr>
<th>Statement</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my company we take Leadership skills development very seriously</td>
<td>0.782</td>
</tr>
<tr>
<td>In my company we value business skill development</td>
<td>0.690</td>
</tr>
<tr>
<td>There is Coaching by the line managers in this company</td>
<td>0.679</td>
</tr>
<tr>
<td>In my organization employees are continuously acquiring new knowledge and skills, and mastering new ways of doing things</td>
<td>0.635</td>
</tr>
<tr>
<td>In our company in house development programme is commonly used</td>
<td>0.551</td>
</tr>
<tr>
<td>In my company appropriate learning and development strategies have been put in place</td>
<td>0.548</td>
</tr>
<tr>
<td>We believe E-learning is of great importance in our company</td>
<td>0.534</td>
</tr>
<tr>
<td>My company identifies the employees who need learning and development and the level of learning and development they need before conducting training.</td>
<td>0.534</td>
</tr>
</tbody>
</table>
Table 4.18 shows the factor analysis results for statements regarding learning and development affecting organization performance and eight statements attracted a coefficient of more than 0.4 hence were retained for further analysis.

**Table 4.19: Learning and Development Cronbach alpha**

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.768</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 4.19 shows Cronbach alpha values for learning and development. From these findings it can be concluded that the construct measured had the adequate reliability for the subsequent stages of analysis since all the Cronbach Alpha values were greater than 0.7 (Sekaran, 2003).

**4.7.2 Quantitative Results**

**Table 4.20: Relationship between learning and development and organizational performance**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organizational Performance</th>
<th>Learning and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning and Development</td>
<td>Pearson</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Correlation 1</td>
<td>0.252</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.001</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

Table 4.20 displays the results of correlation test analysis between the dependent variable (organization performance) and learning and development. Results on table 4.20 show that acceptance of organizational performance was moderate and
positively correlated with learning and development. This reveals that any positive change in learning and development led to increased acceptance of organizational performance.

**Table 4.21: Model Summary for Learning and Development**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.252&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.063</td>
<td>.058</td>
<td>3.64639</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), LEARNING AND DEVELOPMENT

Regression analysis was conducted to empirically determine whether learning and development was a significant determinant of organization performance in NSE listed companies. Regression results in table 4.21 indicate the goodness of fit for the regression between organization performance and learning and development was satisfactory. An R squared of 0.063 indicates that 6.3% of the variances in the learning and development by listed companies are explained by the variances in the organization performance. The correlation coefficient of 25.2% indicates that the combined effect of the predictor variables have a moderate and positive correlation with acceptance of organization performance.

**Table 4.22: ANOVA for Learning and Development**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>143.916</td>
<td>1</td>
<td>143.916</td>
<td>10.824</td>
<td>0.001</td>
</tr>
<tr>
<td>Residual</td>
<td>2127.391</td>
<td>160</td>
<td>13.296</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2271.307</td>
<td>161</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The overall model significance was presented in table 4.22. An F statistic of 10.824 indicated that the overall model was significant. This was supported by a probability value of (0.001). The reported probability of (0.001) is less than the conventional probability of (0.05). The probability of (0.001) indicated that there was a very low probability that the statement "overall model was insignificant" was true and it was therefore possible to conclude that the statement was untrue.

Table 4.23: Regression Coefficient for Learning and Development

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>13.516</td>
<td>1.191</td>
<td>11.353</td>
<td>0.000</td>
</tr>
<tr>
<td>Learning and Development</td>
<td>0.224</td>
<td>0.068</td>
<td>3.29</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Table 4.23 displays the regression coefficients of the independent variable (learning and development). The results reveal that learning and development is statistically significant in explaining acceptance of organization performance of listed companies. The study findings are consistent with those of Azara & Syed, (2013) who found a significant and positive association between training and the organization performance. The study also agrees with those of Poorhosseinzader & Subramaniam, (2012) cross sectional study done on Malaysian Multinational companies which found a positive relationship between developing talents and the success of the companies. The regression results were used to test the null hypothesis “H0: There is no significant effect between learning and development and organizational performance in companies listed in the NSE.” The null
hypothesis was rejected at (0.05) level of significance. This implies that there is a relationship between learning and development and organizational performance in companies listed in the NSE.

4.7.3 Qualitative Results

The respondents were requested to indicate how else learning and development affected organization performance. The respondents were reflected in the following quotations;

“ A policy and a committee for planning and approving the learning and development programs would lead to relevant skill acquisition good for company success”, “on job training would be good for our company because employees would remain productive to the company “, ”offering scholarships and study leaves to talented employees would improve their skills to the advantage of the company “, ”ensuring that proper learning and development strategies are in place gives a company a competitive edge”. The findings imply that learning and development provides both the company as a whole and the individual employees with benefits that makes it a worthwhile investment.

The findings agree with those in Johnson et al (2012) research carried out through literature review that showed how poor learning and development of employees can hamper effective performance. The study indicated that appropriate learning and development strategies had to be put in place to ensure that learning and development lead to organization performance. It also concurs with CIPD (2010) study on learning and talent development study that found that senior managers and the human resource department were tasked with ensuring that courses were delivered and overall planning of the learning process carried out effectively.

RECOMMENDATIONS

It is recommended that NSE management should maintain learning and development practices like learning need identification, coaching and in-house development programmes to improve their performance. Overall, it is
recommended that talent management practices should be emphasized as doing so brings about superior organizational performance. The particular practices should include talent attraction, talent retention, learning and development and career management.

REFERENCES


