



ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF BUSINESS ADMINISTRATION

**THE MEDIATING ROLE OF ORGANIZATIONAL CULTURE ON THE  
RELATIONSHIP BETWEEN EMPLOYEE TRAINING AND EMPLOYEE  
PERFORMANCE: THE CASE OF NIB INSURANCE COMPANY S.C. ADDIS ABABA**

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A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND  
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FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF ART IN  
BUSINESS ADMINISTRATION

**Advisor: Dr. Asres A.**

## **DECLARATION**

I hereby declare that this thesis work entitled "The Mediating Role Of Organizational Culture On The Relationship Between Employee Training And Employee Performance: The case of Nib Insurance Company S.c," submitted to College of Business and Economics, Business administration department, is my personal work conducted with guidance of of my advisor. This work has not been previously submitted or presented to this or any other University or Institution.

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## CERTIFICATION

This is to certify that this thesis entitled "The Mediating Role Of Organizational Culture On The Relationship Between Employee Training And Employee Performance: The case of Nib Insurance Company S.c," submitted in partial fulfillment of the requirements to award masters of business administration to the College of Business and Economics, Addis Ababa University undertaken by Liya Gizaw is an authentic work and appropriate for submission.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CI</b>	Confidence interval
<b>CVF</b>	Competing values framework
<b>EP</b>	Employee performance
<b>HR</b>	Human resource
<b>HRM</b>	Human resource management
<b>LLCI</b>	Lower limit confidence interval
<b>OC</b>	Organizational culture
<b>SBCC</b>	Social and behavior change communication
<b>SEM</b>	Structural equation modeling
<b>SPSS</b>	Statistical package for social sciences
<b>TN</b>	Training need assessment
<b>TD</b>	Training design
<b>TM</b>	Training method
<b>TE</b>	Training evaluation
<b>ULCI</b>	Upper limit confidence interval

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## **ABSTRACT**

*The aim of this study was to investigate the mediating role of organizational culture in the relationship between employee training and employee performance within Nib Insurance Company S.C, located in Addis Ababa. Through a quantitative research approach, data was collected using a survey questionnaire consisting validated scales measuring of employee training, organizational culture, and employee performance, were distributed to a sample of 125 employees from various departments within Nib Insurance Company S.C. From the distributed questionnaires 121 (96.8%) responded and data used for analysis. Data analysis involved descriptive statistics and explanatory (ANOVA, correlation, regression and mediation) statistics using Statistical Package for Social Science (SPSS) 23.0 statistical program. The result of the study indicates that employee training and organizational culture are good explanatory variables influencing employee performance. The relationship between employee training and employee performance is mediated by organizational culture partially. In this effect of this mediator on the employee training and employee performance relationship, the statistical significance tells that the change in organizational culture as a mediator influences the relationship between the dependent and independent variables. Organizational culture mediates the relationship between employee training and employee performance positively. The study recommended that the company should continue to prioritize employee training, ensuring its alignment with the desired organizational culture. The company can create a positive work environment that promotes continuous learning and innovation by integrating training and cultural initiatives. This, in turn, can lead to improved employee performance and overall organizational success.*

### **Keywords**

*Employee Training, Employee Performance, Organizational Culture, Mediation.*

# **CHAPTER ONE: INTRODUCTION**

## **1.1 BACKGROUND OF THE STUDY**

In the present unpredictable and complex business landscape, companies face challenges from changing market demands, technological progress, and evolving business needs. These challenges require companies to swiftly adapt and develop the agility and flexibility necessary to effectively respond to their customers and other stakeholders (Hagen, 2019). The primary objective of the human resource department is to enhance the overall effectiveness of an organization by equipping employees with the necessary knowledge, skills, and attitudes to enhance their current and future job performance. Training is a fundamental component of human resource development, alongside other activities such as recruitment, selection, and compensation. Through training, employees are empowered to become proficient problem solvers in their roles (Daft, 2003).

The purpose of training is to equip learners with the knowledge and skills required for their current job, as the formal educational system typically doesn't adequately cover the specific job skills needed for a particular organization or position (Fitzgerald, 1992). Only a small number of employees possess the necessary skills, knowledge, abilities, and competencies required for the job. Consequently, many employees require extensive training to obtain the essential skills that enable them to make significant contributions towards the growth of the organization (Armstrong, 2001). According to Collis and Hussey (2009), training programs are structured initiatives aimed at assisting employees in acquiring new skills, enhancing existing skills, and performing effectively within the organization. Training is necessary due to the constant evolution of people, jobs, and organizations. Moreover, it can help alleviate resistance to change among management. Additionally, training should commence when individuals join the company and should persist throughout their careers.

The importance of training on the enhancement of employee performance within organizations cannot be overemphasized. Training programs have become a crucial tool for building employee competences' and ultimately improving the overall organizational performance. Employees have the opportunities to be well-informed and insightful for further career development, as well as variety form of training program will rationally be foremost to an organization. Therefore, this will result in retaining the employees and have a positive impact on organizational productivity (Singh, 2008). However the mediating role of organizational culture in this relationship hasn't received

attention. Understating the mediating role of organizational culture is crucial because it can provide insights into how organizations can create a positive culture that supports employee training and enhances employee performance.

The concept of organizational culture has gained increasing attention since the 1970s, and there was a notable increase in interest from the corporate sector during the 1980s (Hawkins, 1997). It is another critical factor that influences employee performance. It refers to the shared values, beliefs, attitudes and behaviors that shape the way people work together in an organization.(Geert H., 2010; Linnenluecke, 2010; Darodjat, 2015).

A robust culture is believed to play a crucial role in enhancing employee performance, fostering trust and involvement, reducing workplace stress, and promoting ethical behavior among employees (Saffold, 1998). It is imperative that this culture is deeply ingrained in work behavior, ensuring that all actions are aligned with the prevailing culture within the organization. The presence of organizational culture will guide and influence the behavior and performance of employees. The presence of organizational culture will guide and influence the behavior and performance of employees (Palembeta, 2014). Hence, it is crucial for management to identify and effectively communicate the organizational norms and values to ensure that employees comprehend and internalize them.

The purpose of this study is to investigate the mediating role of organizational culture on the relationship between training and employee performance in the case of Nib Insurance Company, Addis Ababa. Nib insurance company is one of the leading private insurance companies in Ethiopia, providing a wide range of insurance products and services to its customers..

## **1.2. STATEMENT OF THE PROBLEM**

The success and sustainability of organizations depend significantly on the performance of their employees. In today's competitive business environment, Organizations recognize the importance of employee training and development as a means to enhance employee's knowledge, skills and abilities. Employee training programs have long been recognized as crucial tools for enhancing employee skills, knowledge, and overall performance (Obeidat, 2017). Previous studies have established a strong positive correlation between employee training and performance (Harvey, 2002; Harvey, 2002; Jackson, 2002; Kamoche, 2002; Kamoche, 2004; Kraak 2005).

However, the effectiveness of these training programs can be influenced by various contextual factors, one of which is organizational culture. Organizational culture encompasses the shared values, beliefs, norms, and practices that shape the behavior and attitudes of employees within an organization (Schein, 2010). Organizational culture is recognized as a crucial factor influencing employee behavior and performance, fostering trust, reducing workplace stress, and promoting ethical behavior (Saffold, 1998). Nevertheless, the impact of organizational culture on the relationship between employee training and performance remains uncertain. The lack of extensive research on human resource development in developing countries, coupled with concerns about low-quality services in the insurance sector, highlights the need to investigate this topic (Debrah, 2006). Hence, this study aims to fill this gap by investigating how organizational culture mediates the connection between employee training and performance at Nib Insurance Company S.C. in Addis Ababa. Specifically, the study will explore the influence of major organizational cultural characteristics on the relationship between employee training and performance.

The findings of this research will provide valuable insights into the role of organizational culture in enhancing the effectiveness of employee training programs and improving performance within the Ethiopian Insurance Industry. Moreover, it will contribute to the existing literature on organizational behavior, human resource management, and related fields, deepening our understanding of the factors that influence employee performance in organizations.

### **1.3. RESEARCH QUESTIONS**

1. What is the effect of employee training on employee performance in the Nib Insurance Company S.C?
2. What is the effect of employee training on organizational culture in the Nib Insurance Company S.C?
3. What is the effect of organizational culture on employee performance in the Nib Insurance Company S.C?
4. What is the mediating effect of organizational culture on the relationship between Employee training and Employee performance in Nib Insurance Company S.C?

## **1.4. OBJECTIVE OF THE STUDY**

### **1.4.1. General objective**

The main objective of this study is to examine the mediating role of organizational culture in the relationship between employee training and employee performance.

### **1.4.2. Specific objective**

1. To identify the effect of employee training on employee performance in Nib insurance company S.C.
2. To identify the effect of employee training on organizational culture in Nib insurance company S.C.
3. To identify the effect of organizational culture on employee performance in Nib Insurance company S.C.
4. To identify the mediating effect of organizational culture on the relationship between Employee training and Employee performance in Nib insurance company S.C.

## **1.5. SIGNIFICANCE OF THE STUDY**

The objective of this study is to examine how organizational culture mediates the connection between training and employee performance within the context of Nib Insurance Company in Addis Ababa. This study will be significant in several ways. The study highlights the significance of organizational culture in shaping the impact of training on employee performance and provide empirical evidence on the impact of training on employee performance in the insurance sector, which has received limited attention in the literature to date. The findings of this study are also helpful for policymakers, practitioners and scholars in the field of human resources development, and they could have practical applications for HR Managers in developing and delivering training programs that are in line with their organizational culture and ultimately contributes to the growth and success of their organizations. The study also provides practical implications for organizations, particularly in the insurance industry, on how to create a positive organizational culture that supports employee training and enhance employee performance. Moreover, the findings are useful

to Nib Insurance Company employees and management in determining areas where the culture should be focused in order to effectively improve the organization's performance.

### **1.6. SCOPE OF THE STUDY**

The research is conducted in Nib Insurance Company S., Addis Ababa, I chose the organization since I work there and the findings are used by the organization to evaluate employee performance. The study focuses on employee who have undergone training in the last few years and examine the relationship between training, organizational culture and employee performance. Primary data was collected through a survey questionnaire administered to employees across different departments in the company. The study employed quantitative research methods, including descriptive statistics, correlation analysis and structural equation modeling (SEM).

### **1.7. LIMITATIONS OF THE PAPER**

The study relies on a relatively small sample size of 125 employees from Nib Insurance Company, which may restrict the generalizability of the results to a larger population. Additionally, the reliance on self-report measures introduces potential biases such as social desirability and response bias. To enhance the validity of the findings, future research could incorporate objective performance measures or multiple-source ratings.

Furthermore, the study's focus solely on Nib Insurance Company in Addis Ababa limits the generalizability of the findings to other organizations or industries. To obtain a more comprehensive understanding of the mediating role of organizational culture, it would be beneficial to include multiple companies or industries in further studies.

Moreover the study does not explicitly account for other potential variables that could influence the relationship between employee training, organizational culture and employee performance. By controlling for variables such as employee motivation, job satisfaction, or leadership styles, the analysis would be strengthened and provide a more nuanced understanding of the topic.

### **1.8. DEFINITION OF VARIABLES**

**Training** is a type of activity which is planned, systematic and it results in enhanced level of skill, knowledge and competency that are necessary to perform work effectively (Gordon, 1992).

**Employee performance** is the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed. Employee performance can be manifested in improvement in production, easiness in using the new technology, highly motivated workers (Afshan Sultana, 2012).

**Organizational Culture:** The unique configuration of collectively held assumptions, values, norms, attitudes, symbols, beliefs, rituals, socialization practices, and expectations among individuals within the organization. (O'Reilly, 1991; Schein, 1992; Rowe, 1994; Hellriegel, 2004)

## **1.9. ORGANIZATION OF THE STUDY**

The structure of the paper is organized as follows:

**Chapter One** includes the following components: an overview of the study's background, a statement of the problem, research questions, objectives of the study, research hypothesis, significance of the study, scope of the study, definition of terms, and the organization of the study

**Chapter Two** comprises a comprehensive review of various relevant literature on Employee Training, Organizational Culture, and Employee Performance. This section will delve into the concepts of Employee Training, organizational culture, and Employee Performance, as well as explore their interrelationships based on the existing literature.

**Chapter Three** focuses on the research methodology employed in this study. It outlines the selected research design, methods of data collection, the organization and distribution of questionnaires to the designated sample of employees, the analysis of results, and concludes with the inclusion of appendices and references as the final sections of this study.

**Chapter Four** contains presentation of data, analysis and interpretation. Data analysis includes descriptive and explanatory statistics results presented in narration, tables and graphs. These results are also interpreted further.

**Chapter Five** includes summary, conclusion and recommendation. The study findings are summarized and conclusion was drawn. The researcher's recommendation are presented and at the end the final section of this study contains reference and appendix.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

This chapter contains information about theoretical and empirical review of Training, Organizational culture and Employee performance and also the conceptual framework of the study.

### **2.1. THEORETICAL REVIEW**

#### **2.1.1. Training**

As one of the major functions within Human Resource Management (HRM), training has for long been recognized and thus attracted great research attention by academic writers (Gordon, 1992; Beardwell, 2004). This has yielded into a variety of definitions of training. For example, Gordon (1992), Garavan (1997) and Berge (2002) defines training as the planned and systematic modification of behavior through learning events, activities and programs which result in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively. And Cole (2002) defines training as a learning activity directed towards the acquisition of specific knowledge and skills for the purpose of an occupation or task. Buckley and Caple (2000) considered training as a systematic process that aims to help employees learn how to be more productive at the workplace by improving their knowledge, skills or behaviors through beneficial programs. In other words, training is an ongoing process whereby an employee actually gets the necessary knowledge about how to perform well in the organization. Hence, training is very necessary to all employees in order to ensure that they can perform well in their given tasks(Vasudevan, 2014).

Grobler (2006) defined training as the deliberate utilization of distinct methods to instill targeted learning, employing identifiable and describable techniques. It is essential for these techniques and methods to be continuously enhanced. Consequently, training entails a purposeful endeavor to impart specific skills, knowledge, and attitudes that serve a particular objective. Training not only focuses on enhancing an employee's knowledge and skills related to their functional and administrative responsibilities, but also encompasses the acquisition of virtues and attitudes such as diligence, willingness, integrity, loyalty, and responsibility (Archieve, 2008).

Training is a very important aspect in making an organization profitable. According to Poh and Abd (2001), training is a key organizational strategy for building sustainable competitive advantage and survival in the current century. Organizations which are producing some physical

products for society should be very much careful about their employees who work on those products. Keeping the picture in mind regarding customer need, they will be able to give a better shape to employee behavior with them through proper training. Especially companies who market their products through its employees should train their employees according to change in customer need and trend of market (Hollenbeck, 2004).

According to Kenney & Reid (1986) planned training is the deliberate intervention aimed at achieving the learning necessary for improved job performance. Training and development are often used to close the gap between current performances and expected future performance (Weil, 2005). The aim of training is to bring about a transformation in the behavior of the individuals who undergo it. This entails equipping trainees with new practical skills, technical knowledge, and job-related abilities that contribute to the attainment of organizational objectives. (Archieve, 2008).

Kamoche and Mueller (1998) mentioned that training should lead to the culture of enhancing learning, to raise employee performance and ultimately higher return on investment for the organization. It is all about improving the skills that seems to be necessary for the achievement of organizational goals. Training not only develops the capabilities of the employee but sharpen their thinking ability and creativity in order to take better decision in time and in more productive manner (David, 2006). It also enables employees to deal with the customer in an effective manner and respond to their complaints in timely manner (Hollenbeck, 2004). Training develops self-efficacy and results in superior performance on job (Svenja, 2007), by replacing the traditional weak practices by efficient and effective work related practices (Kathiravan, 2006). Along with the ability of mental and physical development of employees' healthy training not only prepares the old age employees to push up their performance, but it also adds effective attributes to the working abilities of young workers (Becci, 2006).

Things that contribute to training effectiveness includes; trainer's capabilities, suitability of methods of delivery used by trainers, location of training, training contents and objectives (Silberman, 2006). Organizations should properly evaluate their training program by seeing that their organization objectives and missions are achieved or not and training cannot only change the ability of workforce not only concerning performing their current job but also aid them in the fulfillment of future expected task so for this reason it's a practice that cannot be discarded form an organization (Chris, 2001).

### **2.1.1.1 Theories on Training**

**1. Social Learning Theory:** Social Learning Theory stipulates that people can learn new behaviors by observing others. Earlier learning theories emphasized how people behave in response to environmental stimuli, such as physical rewards or punishment. In contrast, social learning emphasizes the reciprocal relationship between social characteristics of the environment, how they are perceived by individuals, and how motivated and able a person is to reproduce behaviors they see happening around them. People both influence and are influenced by the world around them. The principles of social learning can be applied to almost any social and behavior change communication (SBCC) program that aims to influence social behaviors, particularly behaviors that are complex or involve interactions with other people (Bandura, 1971).

**2. Learning Curve Theory:** A learning curve is a mathematical description of workers 'performance in repetitive tasks (Wright, 1936; Teplitz, 1991; Badiru, 1992). As repetitions take place workers tend to demand less time to perform tasks due to familiarity with the operation and tools, and because shortcuts to task execution are found (Wright, 1936). The Learning Curve has proven to be an efficient tool to monitor workers 'performance in repetitive tasks, leading to reduced process loss due to workers' inability in the first production cycles (Argote, 1999).

**3. Story telling Learning Theory:** According to McDrury and Alterio (2003), storytelling is a theory of learning as a result of the deeper level of processing that stories generate and the new knowledge that it creates. They contend that storytelling in education is a highly reflective learning activity and one that approximates real-life experiences. Storytelling as a teaching and learning activity supports active processing of information in a number of ways. Corporations and other organizations have discovered the merits of storytelling as a popular leadership tool and method for embracing organizational culture and facilitating organizational changes (Denning, 2005).

### **2.1.1.2 The importance of Employee Training**

The main purpose of training is to acquire and improve knowledge, skills and attitudes towards work related tasks. It is one of the most important potential motivators which can lead to both short-term and long-term benefits for individuals and organizations. There are so many benefits associated with training, Cole (2001) summarizes these benefits as high morale, lower cost of production, lower turnover, and change management, provides recognition, enhanced

responsibility, the possibility of increased pay and promotion and help to improve the availability and quality of staff.

### **2.1.1.3 Training Process**

According to Kenney & Reid (1986) planned training is the deliberate intervention aimed at achieving the learning necessary for improved job performance. The activities of training process is the identification of the needs for training and development and selecting methods and programs suitable for these needs, plan how to implement them and finally evaluating their outcome results (McCourt, 2003).

#### **I. Training Needs Assessment**

Determining organizational training needs is the diagnostic phase of setting training objectives. A training needs assessment is a tool utilized to identify what educational courses or activities should be provided to employees to improve their work productivity. In an organization many changes indicate the need for training (Mahapatro, 2010). According to Mahapatro (2010), these could be employee's request, evaluation deficiencies, new employee, new equipment, new manager, new program, new technology, safety issues and others. According to Noe, et al (2008) managers can identify training needs by considering three sources.

**1. Organizational analysis-** involves determining the business appropriateness of training, given the company's business strategy, its resources available for training and support by managers and peers for training activities.

**2. Personal analysis-** involves whether performance deficiencies result from a lack of knowledge, skill or ability or from motivational and work design problems, identifying who needs training and determining employees' readiness for training.

**3. Task analysis-** includes identifying the important tasks and knowledge, skill, and behaviors that need to be emphasized in training for employees to complete their tasks.

#### **II. Training Design**

Once training needs have been identified using the various analysis, and then training objectives and priorities must be established. All of the gathered data is used to compile a gap analysis, which

identifies the distance between where an organization is with its employee capabilities and where it needs to be. Training design is the process of developing a plan of instruction for each training program to be offered to meet training objective. Training design is concerned with specifying instructional objectives, sequencing training materials, incorporating learning principles and identifying effective training methods (Goldstein, 2002).

Training design process refers to a systematic approach for developing training programs. Training design process should be systematic yet flexible enough to adapt to business needs (Noe 2008). Whether job-specific or broader in nature, training must be designed to address the specific objectives. Training objectives are set to close the gap. The success of training should be measured in terms of the objectives set. Useful objectives are measurable. This objective serves as a check on internationalization, or whether the person really learned. Objectives of training can be set in any area by using one of the following four dimensions: such as Quality, Quantity, Timeliness, and Cost savings as a result of training (Solomon, 2014).

### **III. Training Implementation/Delivery**

After training has been designed, the actual delivery of training can begin. The key to successful training is to choose a method that would best to accomplish the objective of training (Noe, 2010). Businesses can choose between different types of training: The selection of a strategy depends on your unique circumstances, as well as the individuals involved, the content, and the purpose of your training program (Armstrong, 2006). The following are common categories of training approaches:

**Simulation training** is a hands-on training method facilitated by the Human Resource Department, with the objective of enhancing work methods and improving overall work efficiency by replicating real-life work scenarios. This type of training is integrated into daily work routines, making it a long-term initiative. To ensure successful outcomes, the active involvement of department heads, who possess appropriate training skills, is crucial (Walker, 2007).

**On-the-job training** is a training approach that takes place while employees are actively working. It involves providing training directly at the trainee's regular work station, such as their desk or machine. The focus of this training is to enhance employees' professional competence by imparting the rules and principles of their work. The primary objective of on-the-job training is to equip employees with the knowledge and skills to perform their work in the most efficient and effective

manner. This form of training is widespread and commonly practiced, as most employees receive some level of on-the-job training and coaching (Walker, 2007).

**Off-the-Job Training:** involves taking individuals out of their usual work environments to focus solely on training activities. This type of training includes formal lectures, development programs, conferences, roundtable discussions, case studies, role-playing, simulations, group exercises, and laboratory training. While most of these approaches can be utilized by small businesses, some may be costly and may not be feasible for all organizations. On-the-job training is often regarded as the most effective form of training, although it is also frequently misunderstood and may not always yield the desired outcomes (Tobin, 1998).

**Cross training** is a training method that promotes communication between different departments and enhances employees' adaptability to diverse work environments. This form of training facilitates the transfer of knowledge and skills from one department to another, enabling employees to acquire expertise beyond their primary area of responsibility (Walker, 2007).

**Coaching and/or Mentoring:** involve an experienced employee or supervisor providing training and guidance to another employee. According to Torrington et al. (2005), mentoring offers various advantages in terms of fostering responsibility development and building relationships. This approach is commonly utilized to pair newly hired employees with a mentor, who could be their immediate supervisor or a senior manager within the organization. However, this does not imply that more seasoned employees are excluded from this training and development program; rather, it is primarily aimed at supporting new employees.

**Lecture:** is a form of presentation where audience interaction is limited, except for a question-and-answer session towards the end. Its purpose is to deliver information to a specific audience in a structured manner. When time constraints make it impractical to divide the audience into discussion groups, a direct lecture may be the only viable choice (Armstrong, 2010).

#### **IV. Training Evaluation**

The evaluation stage holds significant importance as it centers on assessing the extent to which the training program achieved its intended objectives. After implementing a training program, a company must evaluate its success, even if similar programs have been effective for other companies or if there is evidence of success from previous iterations (Garg, 2009).

## **Kirkpatrick's four levels approach**

To categorize areas of evaluation, one commonly employed framework is the Kirkpatrick Four Levels of Evaluation, developed by Donald Kirkpatrick in 1959. Despite being nearly 45 years old, this model remains widely utilized due to its elegant simplicity and is considered one of the most prevalent methods for evaluating training programs.

### **Kirkpatrick four levels of evaluation:**

His four level of evaluation are:

1. **Reaction evaluation** pertains to the delegates' emotions and personal responses towards the training or learning experience. It involves assessing aspects such as the trainees' level of satisfaction and enjoyment with the training, as well as their perception of its relevance.
2. **Learning evaluation** involves assessing the extent of knowledge or intellectual growth acquired by the trainees before and after the learning experience. It focuses on determining whether the trainees have successfully acquired the intended knowledge and whether they have experienced the targeted learning outcomes as planned.
3. **Behavior evaluation** examines the degree to which trainees have incorporated the acquired knowledge into their actions and modified their behavior. This evaluation can take place immediately after the training or even several months later, depending on the circumstances. The key focus is on determining whether the trainees have effectively implemented their learning when they return to their job roles.
4. **Results evaluation** entails assessing the impact on the business or environment that arises from the enhanced performance of the trainee. This evaluation serves as a crucial test to gauge the effectiveness of the training. Typically, measures utilized in this evaluation include key performance indicators specific to the business or organization, such as volumes, values, percentages, timescales, return on investment, and other quantifiable aspects of organizational performance (Phillips, 1997).

### **2.1.2 Organizational Culture**

The definition of organizational culture varies across different perspectives, and there is no universally accepted definition (Rollinson, 2002). According to Darodjat (2015), it can be understood as a collection of shared values, beliefs, assumptions, or norms that have been established, agreed upon, and followed by members of an organization as guidelines for behavior and addressing organizational challenges. Priansa (2013) suggests that organizational culture is a value system that is cultivated and implemented within an organization, serving as a defining characteristic of the organization and as a means to unify the activities of its members.

Culture can be defined as the shared mental programming that distinguishes one group or category of individuals from others (Geert H., 2010). In the context of organizations, culture serves as a defining characteristic that sets one company apart from another. It fosters a sense of belonging among corporate members, enabling them to contribute to a collective purpose beyond personal interests (Linnenluecke, 2010). Organizational culture plays a vital role in maintaining the stability of a social system. It acts as the social glue that facilitates collaboration within groups by establishing boundaries on what members can say and do. Moreover, organizational culture functions as a tool for creating meaning and regulating behavior, guiding and shaping the attitudes and actions of executive members (Naranjo-Valencia, 2011). The strength of an organization's culture is influenced by the degree to which its core values are understood by its members. The more individuals within the company who comprehend and uphold the organization's rules and regulations, the stronger its culture becomes. Conversely, a weak organizational culture is characterized by a lack of recognition and enforcement of these principles by its members (Bunch, 2007).

When an organization lacks a strong corporate culture, employee loyalty tends to be lower. Comparisons are frequently drawn between organizations with robust and weak cultures. A notable characteristic of a strong culture is that its members exhibit a high level of consensus regarding the organization's objectives (Alavi, 2005). In comparison, a weak culture has a lesser impact on employees. Culture should have a strong and positive influence on employee behavior (Prajogo, 2011). Corporate culture originates from existing habits, traditions, and established ways of working that have been practiced before, along with the successes achieved through previous efforts.

Organizational culture encompasses various characteristics, including individual initiative, tolerance for risk-taking, direction, integration, management support, control, identity, reward system, tolerance, and communication patterns (Tika, 2006). As an organization is established and grows, its internal culture gradually evolves. The purpose of its existence is to enhance unity and cohesion, stimulate employees' enthusiasm and creativity, and improve the economic efficiency of the organization. Similar to cultures in general, organizational cultures are complex and distinct, shaped by their unique history, leadership, and workforce dynamics (Kotter, 1992).

For companies, organizational culture functions to provide organizational identity to employees, to provide collective commitment, to promote social system stability and to form behaviors by helping the managers feel their existence (Kinicki, 2007). Chatab (2007) has discussed that organizational culture functions as: Organizational identity, Social cohesion, Inspiration resources, Driving sources and behavior patterns, Ability to increase added value, Substitute for formalization, Mechanisms of adaptation to change and context orientation. From the views above, it can be formulated that the functions of organizational cultures are basically as a reference in shaping behavior, increasing human resource competence, inspiration source, and increasing competitive value that ultimately, they affect the effectiveness of organizational performance.

According to Wallach (1983), cultures cannot be categorized as inherently good or bad. Instead, a culture is considered good when it reinforces the mission, objectives, and strategies of the organization. Supporting this viewpoint, Goldstone (2007) eloquently states that the strength of an organizational culture depends on the extent to which organizational values are embraced by its members. A weak culture arises when members are unable to identify the core values, goals, mission, and strategies of the organization, resulting in disengagement. In such cases, employees tend to rely heavily on their personal principles, norms, and values (Taurisa, 2012). Organizations with weak cultures rely more on rules and regulations to guide their members' behavior, rather than fostering a collective understanding of values and beliefs (Yeh, 2012). Conversely, when an organization's values, mission, and objectives are widely shared among its members, the culture is considered strong, offering numerous benefits to the organization (Goldstein, 2002). Therefore, the strength of an organizational culture is determined by the level of shared meaning of values, norms, and principles among its members. The more universally this meaning is shared, the

stronger the culture becomes (Uddin, 2012). Cultures in which members' goals align with those of the organization are believed to be successful (Karlsen, 2011).

Shared values among employees are considered a fundamental component of organizational culture, as emphasized by Smit (1992) and Hellriegel (1998). According to Schein (1994), values represent a set of social norms that define the rules and framework for social interaction and communication within a society. These values reflect the underlying cultural assumptions. When individuals hold similar values, they are more likely to perceive and interpret situations and events in a similar manner (Meglino, 1989). This shared understanding of values can help reduce uncertainty (Schein 1985), minimize role ambiguity and conflict (Fisher 1983), enable accurate prediction of others' behavior (Kluckhohn, 1951) and enhance the likelihood of successful interpersonal interactions (Meglino, 1989).

According to Barney (1991), organizational culture has the potential to provide a lasting competitive advantage. Building upon this idea, Kotter and Heskett (1992) emphasized the significance of adaptability and the alignment between an organization and its environment. Empirical studies have recognized culture as a critical factor influencing organizational effectiveness (Deal, 1982; Denison, 1990). Trice and Beyer (1993) further suggested that culture is closely linked to the organizational response to uncertainty and chaos, viewing it as a collective mechanism.

#### **2.1.2.1 Organizational Culture Models**

Scholars have proposed various structural models or theories to conduct a comprehensive analysis of corporate culture. For example, Deal and Kennedy (1982) put forth a model consisting of four elements: values, heroes, rituals, and culture network. Similarly, Hofstede (2010) introduced an onion model that encompasses four aspects: symbols, heroes, rituals, and values. These aspects are likened to the layers of an onion, with symbols representing the surface and values representing the deepest manifestation of culture, and heroes and rituals positioned in between. By combining these theories, the researcher divides organizational culture into three levels. The outermost level is **symbols**, which is the visible aspect of culture and can be easily observed. The middle level comprises **rituals**, which cannot be directly observed but reflect the standards and constraints of organizational behavior. The core level is represented by **values**, which constitute the invisible

side of culture and encompass attitudes, beliefs, interactions, and other concealed features. These cultural models, however, face criticism for their limited applicability to real-world organizations, as few organizations fit precisely into one of the proposed types. Furthermore, linking these types to psychological traits is a challenging task.

Wallach (1983) introduced The Organizational Culture Index (OCI) as a tool to assess three dimensions of organizational culture: bureaucratic, innovative, and supportive culture. These dimensions are found to varying degrees in most organizations. Bureaucratic culture is characterized by a hierarchical structure, compartmentalization, systematic processes, clear lines of authority and responsibility. On the other hand, supportive organizational culture emphasizes teamwork, a people-centric approach, an encouraging atmosphere, and trust among colleagues. Lastly, innovative culture is distinguished by its focus on creativity, a results-driven mindset, and a stimulating work environment that encourages new ideas and challenges the status quo.

Handy (1985) classified organizational culture into four categories: **Power Culture**, **Role Culture**, **Task Culture**, and **Person Culture**, based on four different sources. However, it is important to note that none of these four types can be considered inherently better or superior to the others. Instead, each type is suitable for different conditions and circumstances. In reality, many organizations tend to have a combination of these cultures, as Handy suggests that each culture is suitable for various conditions and even for different types of personalities.

The **competing values framework (CVF)** categorizes dimensions of organizational culture in a two-dimensional space. (Denison, 1991). The first dimension represents the orientation towards flexibility vs. control, while the second dimension describes the focus on activities occurring within or outside the organization. The CVF identifies four dominant culture types: Clan, Adhocracy, Hierarchy, and Market. *Hierarchy* culture is characterized by rules, specialization, meritocracy, separate ownership, impersonality, and accountability. *Market* culture emphasizes external constituencies such as suppliers, customers, contractors, licensees, unions, and regulators. *Clan* culture emphasizes teamwork, employee involvement programs, and corporate commitment to employees. *Adhocracy* culture emphasizes individuality, risk-taking, and anticipating the future. This framework is highly valuable for organizing and interpreting a wide range of organizational phenomena (Cameron, 2005).

**The Denison Model:** - The Denison Model, which focuses on organizational culture, identifies four essential characteristics that an organization should develop for effectiveness. At the core of the model are the organization's "Beliefs and Assumptions," representing the deeply ingrained aspects of its identity that are often difficult to uncover. The four traits of the Denison Model - Mission, Adaptability, Involvement, and Consistency - assess the behaviors influenced by these beliefs and assumptions, which collectively shape the organization's culture. Each of these traits can be further divided into three indicators (Denison, 1990).

**Mission:** refers to the extent to which the organization has a clear understanding of its business direction. This involves establishing a well-defined long-term vision for the organization that helps guide the activities of its employees.

**Involvement:** refers to the extent to which individuals at all levels of the organization are actively engaged in and take ownership of the business direction. It also includes their ability to contribute to the success of the organization. Involvement fosters a sense of ownership and responsibility, relying on indirect control systems.

**Adaptability:** pertains to the organization's ability to understand customer needs, adapt to changing demands, and acquire new skills and technologies to support business success.

**Consistency:** relates to the degree of shared values, systems, and processes within the organization that support the achievement of the business mission and goals. It establishes clear guidelines for the right and wrong approaches, creating a set of expectations for how things should be done (Denison, 2011).

The Denison Model provides organizations with an easy-to-interpret, business-friendly approach to performance improvement based on sound research principles. Denison's research has demonstrated that effective organizations have high culture scores in all four traits. Thus, effective organizations are likely to have cultures that are adaptive, yet highly consistent and predictable, and that foster high involvement, but do so within the context of a shared sense of mission (Denison, 1990).

### **2.1.3. Employee Performance**

Employees play a vital role in the success of organizations, making it crucial to optimize their contribution towards company objectives and goals in order to sustain effective performance (Afshan Sultana, 2012). Performance, as defined by Afshan (2012), refers to the attainment of specific tasks evaluated against predetermined standards of accuracy, completeness, cost, and speed. It encompasses various dimensions that impact organizational strategies and goals. Organizations have come to recognize the significance of their employees as valuable assets because the absence of employees would hinder the achievement of organizational objectives (Mwita, 2000).

Employee performance encompasses the level and quality of effort, cooperation, commitment, punctuality, attendance, and adherence to organizational standards exhibited by employees (Kuranchie-Mensah, 2016). Yuan and Woodman (2010) further describe it as the efforts made by employees to accomplish specific tasks that result in positive outcomes and behaviors. In addition, McConnell (2003) defines employee performance as the measurable achievements and contributions of individual workers. It is a multifaceted concept that can be influenced by various factors (Popovich, 1998), including age, gender, employee recognition, and job satisfaction (Wright, 2002; Fort, 2004).

Employee performance is associated with outcomes, results, and achievements, as well as the collective efforts and behaviors that align with organizational goals and are under the control of employees (Cardy, 2004). Chen (2011) highlights that employee performance is linked to employees successfully completing their tasks and goals according to the standards defined by the organization, and they are evaluated based on their performance against these predefined standards. Anitha (2014) and Abualoush (2018) emphasize that employee performance primarily relies on the accomplishment of goals within the business context. It signifies the financial and nonfinancial value that employees contribute to the attainment of organizational goals, both directly and indirectly, and the extent to which the intended outcomes and objectives are achieved. Rizwan (2014) explains that job performance encompasses the quantity and quality of outcomes resulting from an individual's effort and achievements.

While the general definition of employee performance is important, it is crucial to understand that its context-specificity within organizations significantly influences its interpretation. Richard and Morrison (2009) argue that employee performance cannot be solely defined based on general criteria but must be understood within the specific context of organizational situations and perspectives. Yilmaz (2015) adds to this by highlighting two perspectives: the employee perspective, which focuses on the behaviors and tasks performed by employees on a daily basis, and the manager's perspective, which emphasizes outcomes as the primary factor in evaluating work performance. Consequently, many company leaders assess employee performance on a yearly or quarterly basis to identify areas that require improvement. Richardson and Beckham (2015), in their research on employee performance, note that the organizational performance framework plays a significant role in influencing employee performance. This framework encompasses factors such as career growth opportunities, learning initiatives, and cultural facilitators.

The evaluation of employee performance is based on the performance standards established by the organization, according to Becker (2011). Good performance is determined by how effectively employees carry out their assigned tasks. In every organization, there are certain expectations regarding employee performance. When employees meet or exceed these set standards and fulfill the organizational expectations, they are considered to be good performers.

Assessing employee performance is often done through supervisory ratings, although these ratings tend to be subjective and lack significant value. Bishop (1989) suggests that worker performance tends to be most consistent when work conditions are stable, but in practice, work conditions are rarely stable (Kostiuk, 1989). This further complicates the objective measurement of performance. Despite the absence of widely accepted criteria, Perry and Porter (1982) argue that employee performance still needs to be evaluated.

Campbell (1990) demonstrated that the practical assessment of individual performance involves various factors, including meeting specific and non-specific task requirements, demonstrating effective oral and written communication skills, displaying effort and dedication, maintaining self-discipline, exhibiting competent management performance, and effectively carrying out administrative duties. When evaluating performance at the department or work center level, indicators such as work quality, quantity of results achieved, timeliness of goal attainment, and

cost efficiency of achieving desired outcomes are considered (Kinicki, 2007). Anwar (2009) suggests that performance indicators encompass aspects such as work quality, work quantity, and the fulfillment of assigned duties and responsibilities.

To effectively manage employee performance, organizations employ a performance management system that includes planning, monitoring, developing, rating, and rewarding stages. In the planning phase, goals are established, strategies are developed, and tasks and schedules are outlined to achieve those goals. Monitoring involves regularly assessing progress toward the goals, continuously measuring performance, and providing ongoing feedback to employees and work groups. The developing stage focuses on addressing areas of poor performance identified during employees' tenure with the company. The rating phase involves summarizing employee performance, reviewing and comparing performance over time or among different employees. The rewarding stage aims to acknowledge and recognize exceptional behavior, such as performance that exceeds expectations, by providing rewards and recognition to individuals who have demonstrated outstanding performance.

Effective performance management benefits both employees and organizations, leading to enhanced accomplishments, heightened productivity, personal growth, serving as a foundation for development and training initiatives, aiding in determining compensation, and providing a platform for employees to express their sentiments (Ruky, 2009; Idris, 2014). The key principles in formulating a robust performance management program include strategic planning, implementation of measurement systems, ongoing performance improvement, fostering a conducive work culture, establishing consensus, promoting collaboration, and facilitating two-way communication (Wibowo, 2008).

Performance management holds significance in both the government and private sectors. In the government sector, it aligns with the modernization agenda that prioritizes achieving results and measuring performance success. In the private sector, performance management is crucial due to its focus on enhancing shareholder value. When implementing performance management, three key dimensions come into play as factors that influence performance: ability, motivation, and opportunity (Robbins, 2003).

By understanding and effectively managing employee performance, organizations can ensure the alignment of individual efforts with organizational goals, foster a culture of high performance, and drive overall success.

### **2.1.3.1. Dimensions of Employee Performance**

Performance is a concept that consists of multiple components, and at its core, one can differentiate between the process aspect and the outcome aspect (Borman, 1993; Campbell, 1993; Roe, 1999). The process aspect refers to the behavioral engagement of individuals in carrying out their work tasks, while the outcome aspect pertains to the results or consequences of an individual's job-related behavior (Campbell, 1990). (Borman, 1993) proposed a division of performance into three parts: task performance, contextual performance, and adaptive performance.

#### **1. Task Performance**

Task performance represents the performance of job-specific behaviors that are explicitly outlined in a job description. It involves the core responsibilities and duties assigned to a particular role. Task performance requires cognitive abilities and is primarily supported by **task knowledge** (having the necessary technical knowledge or principles to carry out the job), **task skills** (applying technical knowledge to successfully complete tasks with minimal supervision), and **task habits** (inherent abilities that either facilitate or hinder job performance) (Conway, 1999). Therefore, the key factors influencing task performance are the individual's ability to perform the job and their prior experience. In an organizational setting, task performance is an agreement between a manager and an employee to fulfill assigned tasks.

#### **2. Contextual Performance**

Contextual performance refers to a set of attitudes and behaviors exhibited by employees, such as volunteering for additional work, assisting others in solving challenging tasks, maintaining enthusiasm, cooperating with colleagues in times of need, sharing crucial resources and information for organizational development, adhering to prescribed rules and regulations, and supporting organizational decisions to facilitate positive change (Motowidlo, 1999). These behaviors contribute to the creation of a supportive organizational culture and climate, which in turn enhance individual productivity and organizational effectiveness. To ensure the selection and

onboarding of suitable personnel in organizations, it is suggested to incorporate personality tests and group discussions as tools to assess a potential candidate's ability for contextual performance, in addition to efficiency tests such as ability and experience evaluations to measure their task performance.

### **3. Adaptive Performance**

Previous research has indicated that once employees have achieved a certain level of proficiency in their assigned tasks, they tend to modify their attitudes and behaviors to meet the changing demands of their job (Huang, 2014). The capacity of an individual to adjust and provide the necessary support in a dynamic work environment is known as adaptive performance (Hesketh, 1999). Successful adaptive performance requires employees to effectively navigate unpredictable work situations (Baard, 2014).

#### **2.1.3.2. Performance appraisal**

In order to assess employee performance, it is necessary to conduct a performance appraisal, which serves as a method for evaluating and assessing an employee's performance. Performance appraisals are carried out to communicate supervisors' expectations and foster mutual understanding. In general, organizations adopt various policies to enhance employee performance. These may include initiatives such as providing education and training opportunities, enforcing a high level of work discipline, and cultivating a supportive work environment (Amanda, 2017).

Performance appraisal is a process conducted to enable both individuals and organizations to analyze, assess, and evaluate the achievement of specified objectives over a specific period of time. This process can take various forms, both formal and informal (McCourt, 2003). The purposes of performance appraisal can be broadly classified into two groups: developmental and administrative purposes. The developmental purposes of performance appraisal encompass providing feedback on performance, identifying individual strengths and weaknesses, acknowledging individual achievements, aiding in goal setting, assessing goal attainment, identifying individual training needs, determining organizational training needs, improving communication, and allowing employees to express their concerns. On the other hand, the administrative purposes of performance appraisal include, but are not limited to, documenting personnel decisions,

identifying candidates for promotion, determining transfers and assignments, identifying poor performance, making decisions regarding layoffs, validating selection criteria, and meeting legal requirements, among others (McCourt, 2003).

Performance appraisal can be conducted on various frequencies, depending on the resources available and the specific objectives of the organization. There are several sources of appraisal that organizations can utilize:

1. **Manager and/or supervisor:** An appraisal conducted by an employee's direct manager and reviewed by a higher-level manager.
2. **Self-appraisal performance:** An evaluation completed by the employee being assessed, usually using an appraisal form prior to a performance interview.
3. **Subordinate appraisal:** An assessment of a superior's performance by an employee, typically more suitable for developmental rather than administrative purposes.
4. **Peer appraisal:** An appraisal conducted by colleagues, which is then compiled into a single profile for use in an interview conducted by the employee's manager.
5. **Team appraisal:** An evaluation based on the principles of total quality management, recognizing team accomplishments rather than individual performance.
6. **Customer appraisal:** An assessment that seeks feedback from both external and internal customers.

It is important to note that the benefits of the performance appraisal process may not be realized if there are no proper systems and plans in place to address the findings. Additionally, while a well-handled performance appraisal can be beneficial for an organization, mishandling it can have negative consequences. Depending on the feedback received, whether positive or negative, the impact on the employee's morale and engagement can affect the organization (McCourt, 2003). Poorly managed appraisals can demoralize employees and even lead to the loss of key talent who may seek better opportunities elsewhere. HRM should be aware of the reasons why performance appraisals can fail.

Performance appraisals can face various challenges and fail for a range of reasons. These include situations where the manager lacks necessary information, lacks appraisal skills, fails to provide adequate rewards for performance, uses unclear language in the appraisal process, engages in ineffective discussions with employees, does not take the appraisal seriously, is unprepared for the appraisal, fails to provide ongoing feedback to employees, and lacks honesty and sincerity in the appraisal process (Bohlander, 2004).

## **2.2. EMPIRICAL REVIEW**

### **2.2.1. Relationship between Training and Employee performance**

The relationship between training and employee performance has been extensively studied, with numerous researchers highlighting the positive impact of training programs on employee performance. While these studies provide valuable insights, it is important to critically analyze the existing literature and consider potential limitations and alternative perspectives. Several studies, such as Satterfield and Hughes (2007), have reported a positive association between training and employee performance. They found that training has a noticeable impact on employees' behavior and job-related skills, ultimately leading to improved performance and positive changes within the organization. These findings suggest that training enhances employees' knowledge, skills, and abilities, fostering a greater commitment to achieving organizational goals (Huselid, 1995; Ichniowski, 1997).

Training and development programs are designed to enhance work performance, reduce absenteeism and turnover, and strengthen workforce capabilities (Zuana, 2014). Organizations expect employees to improve their job performance following the completion of training programs (Training, 2015). Benefits of training programs include the acquisition of knowledge, skills, abilities, competencies, and improved behavior (Benedicta, 2010). It is evident that training plays a crucial role in organizational development by enhancing performance, increasing productivity, and positioning companies favorably to compete and thrive. Consequently, organizations that invest in employee training often outperform those that do not (Becker, 2011).

Organizations that prioritize generating profits for their owners and providing high-quality service to customers and beneficiaries typically invest in employee training (Dowling, 2008). The significance of training in organizational development has long been recognized by most

companies. With the advancement of new technologies that render certain jobs and skills obsolete, there is a growing emphasis on the need for a skilled and well-trained workforce to achieve optimal performance (Armstrong, 2001). In today's business world, training stands as the most crucial factor as it enhances the efficiency and effectiveness of both employees and the organization as a whole. The performance of employees depends on various factors, with training being the most critical one. Training plays a vital role in enhancing employees' capabilities (Fakhar Ul Afaq, 2008). Guest (1997), highlighted in his study that training and development programs, as vital human resource management practices, have a positive impact on workers' knowledge, skills, and capabilities, ultimately leading to higher employee performance on the job.

Employees who receive training from their organizations tend to be more engaged in their assigned tasks (Becker, 2011). Once personnel have undergone training, they become highly motivated to perform innovative tasks, particularly when they feel a strong sense of involvement in their jobs (Chevailier, 2007). Training not only enhances employee performance but also benefits the organization as a whole. When employees are deeply engaged in training that directly relates to their job responsibilities, they are more likely to proactively address various challenges (Safferstone, 2007). Training needs refer to any deficiencies in employee performance or potential performance that can be addressed through appropriate training. Therefore, training plays a crucial role in improving employees' performance by bridging the gap between desired targets or standards and the actual levels of work performance (Armstrong, 2001).

According to Wright and Geroy (2001), effective training programs have the ability to transform employee competencies. These initiatives not only improve employees' performance in their current positions but also cultivate their expertise, abilities, and mindsets necessary for future roles, thereby positively impacting overall organizational performance. Training programs assist employees in acquiring the essential competencies needed to effectively fulfill job-related responsibilities and achieve organizational objectives in a competitive manner. Harrison's research (2000) reinforces the idea that employee performance is positively influenced by learning through training, emphasizing its crucial role in achieving organizational objectives. Utilizing training programs as a means to address performance challenges, such as aligning actual performance with desired standards, proves to be an effective strategy for enhancing employee performance (Swart, 2005).

According to Bartel (1994), there is a positive correlation between effective training programs and employee productivity. However, it is the responsibility of managers to identify factors that hinder the effectiveness of training programs and take necessary measures to mitigate their impact on employee performance (Swart, 2005).

Closing the performance gap entails implementing targeted training interventions aimed at enhancing the specific skills and abilities of employees, ultimately leading to improved performance (Swart, 2005). Training programs enable organizations to identify instances where employees may be underperforming and need their knowledge, skills, and attitudes aligned with the organization's requirements. Poor employee performance can arise due to various reasons, such as a lack of motivation to utilize their competencies, a lack of confidence in their capabilities, or work-life conflicts. When selecting the most appropriate training intervention, the organization must consider all these aspects to address the issues and enhance employee motivation to actively participate and meet the firm's expectations by delivering the desired performance.

Although the aforementioned literature provides evidence of the benefits of training and its positive impact on employee performance, Cheramie (2007) argues that management often hesitates to invest in their human resources for various reasons. Sometimes, even after receiving effective and timely training programs, employees may choose to capitalize on their new found skills for personal gain and seek better job opportunities with higher salaries, resulting in the organization perceiving training investment as a cost rather than a profit. It is also observed that when organizations resist offering training, individuals are compelled to invest in their own career development, leading to improved performance (Baruch, 2006).

Nonetheless, employee performance is also influenced by contextual factors such as corporate culture, organizational structure, job design, performance evaluation systems, power dynamics, internal politics, and group interactions. If these factors are present within the organization, employee performance may suffer not due to a lack of relevant knowledge, skills, and attitudes, but rather due to the challenges posed by these elements. To ensure the effectiveness of training programs and their positive impact on employee performance, it is crucial to take into account these environmental factors (Wright, 2001). Additionally, employees exhibit higher levels of

commitment to the organization when they perceive a reciprocal commitment from the organization, which, in turn, leads to improved performance.

In conclusion, while the literature generally supports a positive relationship between training and employee performance, it is essential to critically analyze the existing research. Understanding potential limitations, alternative perspectives, and contextual influences can provide a more comprehensive understanding of the relationship. By considering these factors and adopting a holistic approach to training and development, organizations can maximize the benefits and improve employee performance effectively.

## **H1. There is positive significant relationship training and Employee performance**

### **2.2.2. Relationship between Training and organizational culture**

The relationship between training and organizational culture has received considerable attention from researchers. Carmeli (2005) found that organizational factors, particularly organizational culture, have a significant influence on training, suggesting that the organization's cultural context plays a crucial role in shaping training programs. Previous studies have also highlighted the positive association between a learning-oriented organizational culture (Egan, 2004) and social support, which is a component of organizational culture (Chiaburu, 2010; Reinhold, 2018), with motivation for training.

Moreover, Zeitz (1997) emphasized the importance of considering training quality as an integral part of organizational culture. This perspective suggests that training programs and organizational culture are not independent entities but rather engage in a reciprocal process of shaping and influencing each other. If the values embedded in a training program differ significantly from those of the organizational culture, the program may be rejected. However, if accepted, it will start to exert influence on and be influenced by the organizational culture—a phenomenon known as structuration (Callahan, 2009).

The interplay between training programs and organizational cultures occurs as long as they interact with each other. Training programs are shaped and molded by the organization's culture, while simultaneously influencing and shaping that culture. Noe (2008) found that the organization's culture influences the learning environment through factors such as trainees' learning styles, self-

direction, and collaboration—collectively representing the organizational culture. For instance, in organizations with a highly individualistic culture, the learning environment is likely to emphasize low collaboration, high self-direction, and learning styles such as "Diverger" or "Converger." Consequently, organizational culture influences how training is administered and the selection of training methods, which, in turn, impact learning outcomes and trainees' learning styles (Riding, 1997).

It is important to note that the field of training lacks a standardized program or foundational level of knowledge for trainers. As a result, many practitioners acquire their skills through on-the-job learning, where the values and assumptions of the dominant organizational culture shape their behavior (Trice, 1993). While researchers highlight the prevalence of ineffective training and propose solutions, practitioners often remain unaffected by these recommendations (Cascio, 2003). The complexity of training, which is sometimes underestimated, has led to a shift towards line management and has created the perception that the training profession is a "dead end" (Heraty, 1995; Hanscome, 2003).

Achieving success in training is not as straightforward as following established guidelines derived from decades of research. Poorly conceived or executed training programs are not solely indicative of incompetence or unwillingness but can also reflect the values, beliefs, and assumptions shared by members of different levels of organizational culture. Disregard for sound practices is both an immediate cause of failure and a reflection of cultural barriers that can undermine even the best-designed program. For example, beliefs that training is simple, unimportant, or futile can lead to behaviors such as hiring incompetent trainers, ignoring recommendations from competent trainers, discouraging the application of learned skills to the job, and failing to acknowledge positive outcomes from training (Bunch, 2007).

In the analysis phase of training and development program planning, a needs assessment is conducted to evaluate the organization, job tasks, and employees' readiness for training (Moore, 1978). During this initial phase, trainers, as experts in their field, bring their own interpretive schemes, communicative actions, values, and beliefs, which in turn influence the organizational culture (Callahan, 2009). Similarly, the organizational culture also influences the analysis process of the program. For instance, the person responsible for selecting a trainer and, consequently, a training and development program is likely to identify with and choose a trainer who shares values

similar to those of the organization. Therefore, culture plays a significant role in training even before the trainer interacts with organizational members (Callahan, 2009).

Ensuring the transfer of training is another aspect of the design and development phases in program planning, as highlighted by Holton (1996). The relationship between organizational culture and program planning can also be observed in this planning effort. The transfer of training depends on factors such as trainee characteristics, training design, and the actual work environment. These factors influence the organization's culture in a similar manner to creating a learning environment. Conversely, organizational culture can greatly impact the transfer of training process. The transfer of training is heavily influenced by trainee characteristics, which are likely to align with the organizational culture, as well as the work environment shaped by cultural norms, schemes, and available resources (Callahan, 2009).

It is worth noting that while the influence of organizational culture on training effectiveness is increasingly recognized, it has often been overlooked in practice (Palthe, 2003). Failure to explicitly analyze organizational culture in the context of training and development programs can lead to potential failures in training efforts (Hawkins, 1997). Training failures can be an indication of the values, beliefs, and assumptions held within the organization, which are core elements of organizational culture (Kopelman, 1990; Bunch, 2007). Various forms of training failure can occur, including inadequate interventions provided by unskilled practitioners, flawed interventions by skilled practitioners lacking the power or influence to design a valid program, valid interventions that fail to transfer learning to the job, and valid interventions that result in positive transfer but are not recognized for their effectiveness (Bunch, 2007). In organizations that aim to build a strong culture, managing the interplay between organizational culture and training becomes a significant challenge. Implementing specialized training and development programs can assist employees in reaching the desired level of competence and aligning with the organization's culture (Rees, 2007). By considering and integrating organizational culture into the design, administration, and evaluation of training programs, organizations can enhance the effectiveness and impact of their training efforts.

**H2. There is positive significant relationship between training and organizational culture.**

### **2.2.3. Relationship between organizational culture and Employee performance**

Studying, developing, and analyzing organizational culture is a complex endeavor. The research field of organizational behavior and management has a significant lack of empirical studies that specifically explore the relationship between organizational culture and employee productivity resulting from effective employee performance. Instead, research has focused on examining the connection between certain aspects of organizational culture and their impact on employee performance, which in turn affects productivity (Trice, 1984; Hofstede, 1990; Mathew, 2007).

After a considerable period of research on organizational culture, scholars have established numerous connections between organizational culture, employee performance, and productivity. Unlike in the past, researchers now believe that organizational culture can be leveraged for gaining a competitive advantage and promoting effective employee performance and productivity (Tharp, 2009). Scholars such as Sadri (2001), Deal and Kennedy (1982), and Thompson (2002) have emphasized that a strong organizational culture is a crucial factor in driving better organizational performance and achieving sustained competitive advantage.

Organizational culture plays a significant role in shaping employee performance. When the culture is well-integrated with employees, it creates a motivating force for them to utilize their abilities and take advantage of the opportunities provided by the organization. The more closely aligned the organizational culture is with employee behavior, the more likely it is to enhance their performance. Organizational culture serves as a guiding framework for employees to understand the cultural characteristics of the organization, the values necessary for their work, how to interact with their peers, systems, and administration, as well as how to engage with their superiors. The impact of organizational culture extends beyond employee performance and also contributes to overall organizational performance, including strengthening competitive advantage (Issalillah, 2020).

Extensive research by scholars, such as Darmawan (2010), has concluded that there is a strong relationship between variables related to organizational culture, various management practices, and individual and organizational performance. Scholars suggest that the achievement or performance of an organization depends on the extent to which cultural values are widely shared

(Denison, 2006). Therefore, the effective application of organizational culture greatly assists employees in performing their jobs efficiently and effectively.

According to a study conducted by Munir (2021), the findings suggest a positive connection between a strong organizational culture and improved employee performance. The study concludes that organizational culture has a positive and significant impact on employee performance. It also reveals that the observed organizational culture serves as a motivating factor for new employees to quickly adopt cultural elements into their work behavior within the organization. The employees recognize that organizational culture can serve as a source of competitive advantage under certain conditions. Establishing an organizational culture that encompasses the values, beliefs, assumptions, and expectations of its members fosters a shared belief system that underlies the organization's identity (Munir, 2021).

A strong culture is seen as a driving force to enhance employee performance, foster trust and engagement, reduce workplace stress, and promote ethical behavior among employees (Saffold, 1998). The company culture should be known and realized by its members, and it should be ingrained in work behavior so that all actions align with the organization's culture. The existence of organizational culture plays a critical role in guiding employee behavior and performance (Palembeta, 2014). Therefore, it is essential for management to identify and convey organizational norms and values to ensure that employees understand them. Several studies by Rogga (2001), Santosa (2002), and Shahzad (2012) highlight that employee performance can be enhanced and developed through the integration of organizational culture with employees, with a continuous emphasis on the focus on the quality of work outcomes.

Organizational culture has an influence on organizational performance (Ahmed, 2014; Ehtesham, 2011; Ting, 2011) because culture can shape individuals to possess competence and exhibit integrity in their work behavior (Joko, 2015). In addition to cultivating skilled human resources, the success of an organization also hinges on its culture. A strong organizational culture is expected to empower individuals within the organization to adopt attitudes and behaviors that result in optimal performance and enhance the quality of work outcomes (Faizal, 2016; Nanda, 2017; Sagita, 2018). Thus, the implementation of a positive organizational culture is crucial for improving employee performance, as organizational culture has a positive and significant influence on employee performance.

Establishing a positive organizational culture is crucial in the government sector as it directly relates to delivering excellent services to the public. Organizational culture refers to the collective agreement on shared values within an organization and serves to bind everyone involved (Yusrialis, 2012). This perspective highlights that bureaucratic organizational culture determines the boundaries of acceptable behavior for members, establishes norms for organizational member conduct, defines the nature and extent of organizational control and oversight, determines acceptable managerial styles, and shapes appropriate work practices. Employees who demonstrate creativity and high performance deserve recognition, while those who fall short of targets should receive coaching to motivate them to contribute more effectively to the organization's performance. Specifically, organizational culture plays a crucial role in fostering a sense of belonging, shaping the identity of organization members, fostering emotional attachment between the organization and its employees, promoting organizational stability as a social system, and establishing behavioral guidelines based on habitual norms developed in daily operations.

Empirical research has consistently demonstrated the significant role of organizational culture in both government and private organizations, particularly in shaping employee behavior and positively impacting employee performance. This finding is supported by previous studies (Tianya, 2015; Wardani, 2016) that have shown the influence of organizational culture on changing employee behavior and improving performance. Additionally, organizational culture not only affects individual employee performance but also contributes to the formation of organizational commitment, which in turn influences overall organizational performance (Joko, 2015).

Therefore, it is crucial to implement a favorable organizational culture to enhance employee performance. The study provides empirical evidence that organizational culture has a positive and significant influence on employee performance in both government and private organizations (Yeti, 2020).

**H3. There is positive significant relationship between organizational culture and Employee performance.**

#### **2.2.4. Mediating role of Organizational culture**

Training programs are designed to enhance employee's knowledge, skills and competences, ultimately aiming to improve individual and organizational performance. However, the effectiveness of training can be influenced by the prevailing organizational culture. Organizational culture has been extensively examined in literature for its effect on performance (Jehanzeb, 2013; Ling, 2016; Sow, 2015). To begin with Abdullah et al. (2014) revealed a significant role of organizational culture as a compass and level guiding the behavior of the organizational members.

The mediating role of organizational culture on the relationship between training and employee performance refers to how the culture of an organization influences the impact of training initiatives on various aspects of employee's performance. Organizational culture encompasses the shared values, beliefs, norms and behavior that guide employee attitudes and actions. According to Barney (1991) organizational culture can be described as the primary resource that is utilized by organizations for the maintenance of their competitive advantage and several studies have looked into its impact on performance (Shahzed, 2012) and some evidenced a significant relationship between the two (Kemp, 2001).

Although there is theoretical agreement on the significance of organizational culture as a mediator (Cho, 2010; Kebriael, 2016; Samad, 2012), few research have investigated its actuality, especially as a multidimensional Construction (Solomon, 2002). Several research (Cho, 2010; Kebriael, 2016; Samad, 2012) use organizational culture as a mediator between other variables, including training, production and employee competence. As a result, the researcher used in this study the organizational culture as a mediator between Training and Employee performance.

**H4. Organizational culture mediated the relationship between Employee Training and Employee performance.**

### 2.3. CONCEPTUAL FRAMEWORK

Drawing upon the comprehensive literature review presented in this chapter, this study puts forward a conceptual framework, depicted in the figure below. (Figure 1)

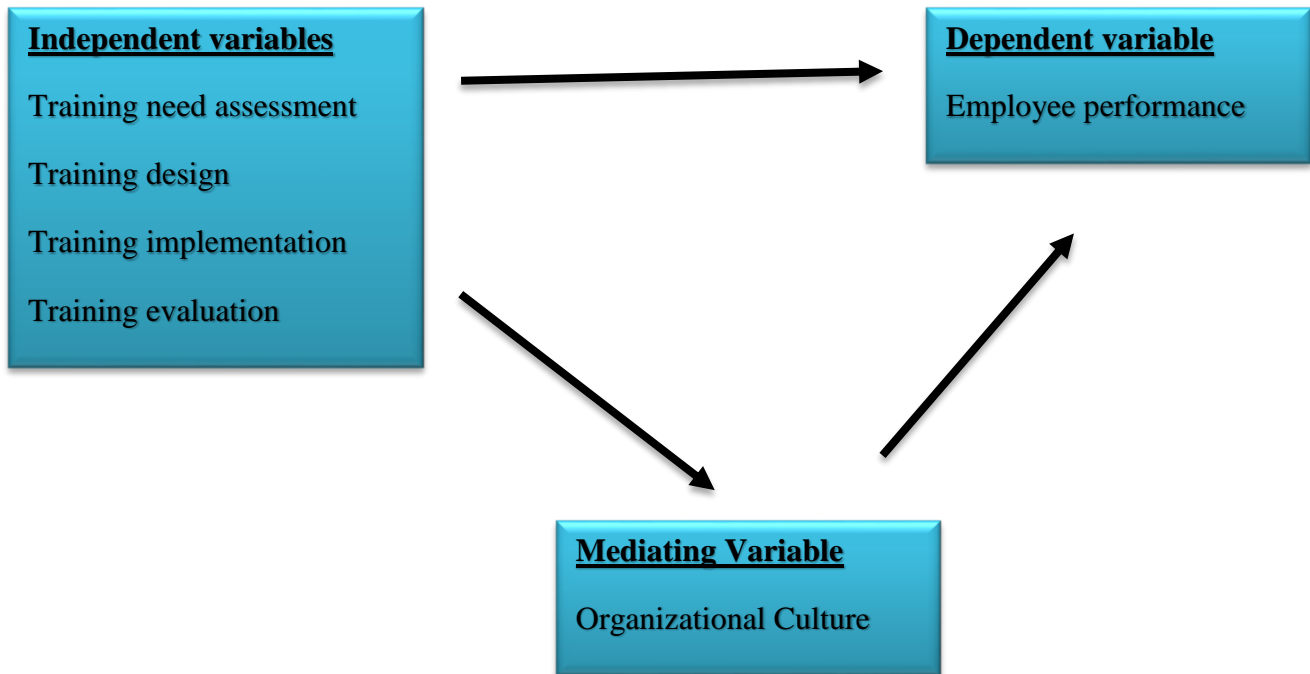


Figure 2.1: Conceptual Framework

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. DESCRIPTION OF THE STUDY AREA**

The study was conducted in Nib Insurance Company S.C situated in Addis Ababa. There are 37 branches in Addis Ababa including the head office (Nib Insurance Company S.C (2022/2023)). Nib Insurance Company S.C was established by 658 shareholders with an authorized capital of Birr 50 Million and a paid up capital of Birr 14 Million in May 02, 2002 with 4 branches in Addis Ababa and total staff size of not more than 50. Currently Nib Insurance Company S.C provides non-life (General) insurance and life assurance service to the public. General (Non-life) insurance products are property insurance, engineering insurance, liability insurance, fecundity insurance and personal & group personal accident insurance. Life assurance products embraces group term assurance, individual term assurance, whole life assurance, mortgage protection insurance, endowment assurance and so on.

#### **3.2. RESEARCH DESIGN**

The research design is a framework of methods and techniques used by researchers to successfully manage the study's components. It explains the "how" of conducting research using certain procedures and answers the researcher's study questions. This study uses an explanatory research strategy to reach its goal of discovering cause-and-effect relationships and explaining phenomena. Cresswell et al. (2003) characterize the explanatory research design as a tool for connecting concepts and understanding the influence of underlying elements. Furthermore, a descriptive research methodology is used to characterize the current status of training, its impact on employee performance, and the mediating effect of Organizational culture, in accordance with the goals outlined by Saunders, Lewis, and Thornhill (2009). Therefore, this study uses both descriptive and explanatory research. The research method used is quantitative research, as defined by Creswell (2005), in which the researcher selects the study's subject, specific restricted questions, and collects numerical data from participants. The obtained data is statistically analyzed to provide an objective and unbiased investigation.

### **3.3. POPULATION AND SAMPLING**

#### **3.3.1. Population**

The target population for this study constituted of employees of all branches (including head office) of Nib Insurance Company S.C found in Addis Ababa. According to Nib Insurance Company (2022/2023) currently the staffs stands at 341.

#### **3.3.2. Eligibility criteria**

Branch managers, Assistant branch managers, Senior head officers, Underwriting/claims officer, Reinsurance officers, Legal officers, Microfinance division heads and Life & health Insurance heads of Nib Insurance Company Employees located in Addis Ababa who have been working for 6 months or more in the company have been included in the study.

Branch managers, assistant branch managers, senior head officers, underwriting/claims officers, Reinsurance officers, Legal officers, Microfinance division heads and Life & Health Insurance heads of Nib Insurance Company Employees located in Addis Ababa who have been working for less than 6 months in the company and non-clerical employees like Cashiers and Accountants, Cleaners, drivers, and security guards have been excluded from the study.

#### **3.3.3. Sample Size and Sampling Techniques**

##### **Sampling frame**

The sampling frame work for this study consists of branch managers, assistant branch managers, senior head officers, underwriting/claims officer, reinsurance officers, legal officers, microfinance division heads and life & health Insurance heads of Nib Insurance Company Employees located in Addis Ababa.

## **Sampling Technique**

In the study, a census sampling technique was employed to distribute the questionnaire to all Nib Insurance Company branches in Addis Ababa, without sampling specific branches. Census sampling ensures a comprehensive and unbiased representation of the entire population of interest (Kothari, 2004). By including all branches, the study captures the diversity and perspectives of the entire population, providing a complete picture of the phenomenon under investigation (Creswell, 2014). This approach eliminates sampling error, as it includes the entire population and reduces potential bias, resulting in precise estimates and accurate information (Creswell, 2014; Kothari, 2004). The use of census sampling in this study aims to obtain a thorough understanding of the branches of Nib Insurance Company in Addis Ababa.

## **Sample Size**

A research carried out using the entire population or using a sample population depends on the size of the population, requirements and time available for study. In this research, census is a suitable technique since the number of eligible population in the study is small. Hence the research data has been collected from 125 eligible employees.

## **3.4. DATA SOURCE AND COLLECTION METHOD**

Quantitative data collection method has been employed in order to obtain detail and reliable data for analysis. Thus, this study applied mainly the following information gathering tool, i.e., questionnaire survey.

## **3.5. STUDY VARIABLES**

**Independent Variable:** Training need assessment, Training design, Training implementation, Training evaluation

**Dependent Variable:** Employee Performance

**Mediating Variable:** Organizational Culture

**Demographic variable:** Age, Gender, Education, Service Year and Marital Status

### 3.6. INSTRUMENT RELIABILITY AND VALIDITY

A preliminary study on a small scale was conducted to assess and enhance protocols in preparation for a larger experiment. The primary advantage of pilot testing is the identification of any issues before the full survey is conducted. The objective of pilot testing is to examine the validity of each question. A sample representing ten percent of the population was utilized for the test.

The collected data was analyzed using Cronbach's Alpha to assess the internal consistency, following Hair's (2014) suggestion that a value of .70 or higher is considered acceptable. To evaluate the reliability of the measurements, Cronbach's Alpha values were calculated using IBM SPSS Version 23 for the items within each construct. The resulting values are presented in the table below.

*Table 3.1: Cronbach alpha result*

Variables		Number of Items	Cronbach's Alpha Value
Training	Training need assessment	3	.905
	Training design	4	.867
	Training method	10	.865
	Training evaluation	3	.904
Organizational Culture		20	.963
Employee Performance		15	.965

Source: SPSS output 2024

### 3.7. METHOD OF DATA ANALYSIS

For this study, data analysis was conducted using IBM's Statistical Package for the Social Sciences (SPSS) Version 23. The analysis involved the use of descriptive statistics, as well as statistical regression. Descriptive statistics, such as frequencies, percentages, means, and standard deviations, were utilized to summarize and present the data. Inferential statistics, including correlation and regression analyses, were also employed. Correlation analysis was performed to examine the relationships between the variables in the study. Regression analysis was used to investigate the relationship between the dependent variable and the independent variables, as well

as the relationship between the dependent variable and the mediating variable. To assess the mediating effect of the mediator variable on the relationship between the independent and dependent variables, the study followed the guidelines proposed by Baron (1986).

To determine the indirect effect, the researcher employed Dr. Hayes' Method, which involves using PROCESS, a tool developed by Dr. Hayes and his team to facilitate mediation analysis (Hayes, 2020). This method allows for a more convenient examination of mediation effects. Initially, the researcher assessed the direct impact of the independent variables on the dependent variable. Then, version 4.3 of the process macro developed by Dr. Andrew Hayes was used to evaluate the significance of the indirect impact of the independent variables on the dependent variable through the mediator.

### 3.8 MODEL SPECIFICATION

A series of simple and multiple regression analyses were conducted to explore the mediating role of organizational culture in the associations between training and employee performance. The mediation test examines the indirect effect of the predictor variable (X) on the outcome variable (Y) through the mediator variable (M). Following the approach proposed by Baron and Kenny (1986), this study employed four steps to examine the mediating effect:

**Step 1:** A significant relationship between the predictor variable (X) and outcome variable (Y) should be observed. This was assessed by conducting a simple regression analysis, predicting (Y) using (X).

$$\text{Model 1: } Y = \delta_0 + \delta X + \epsilon_1$$

**OR**

$$Y = \delta_0 + \delta_1 X_1 + \delta_2 X_2 + \delta_3 X_3 + \delta_4 X_4 + \epsilon_1 \text{ -----Equation 1}$$

**Where:** Y = Employee performance

X<sub>1</sub> = Training Need Assessment

X<sub>2</sub> = Training Design

X<sub>3</sub> = Training Method

X<sub>4</sub> = Evaluation of Training

**Step 2:** The association between the predictor variable (X) and the hypothesized mediating variable (M) should demonstrate statistical significance.

$$\text{Model 2: } M = \gamma_0 + \gamma X + \epsilon_2 \quad \text{OR}$$

$$M = \gamma_0 + \gamma X_1 + \gamma X_2 + \gamma X_3 + \gamma X_4 + \epsilon_2 \text{-----Equation 2}$$

**Step 3:** The proposed intervening variable (M) exhibits a significant relationship with the outcome variable (Y) when both the predictor variable (X) and the intervening variable (M) are included as predictors, and the dependent variable is considered as the outcome variable.

$$\text{Model 3: } Y = \delta'_0 + \delta' X + \beta M + \epsilon_3 \quad \text{OR}$$

$$Y = \delta'_0 + \delta'_1 X_1 + \delta'_2 X_2 + \delta'_3 X_3 + \delta'_4 X_4 + \epsilon_3 \text{-----Equation 3}$$

**Step 4:** Once all the assumptions outlined in steps 1 to 3 are met, the subsequent step involves examining the mediation. In this step, the predictor variable and the mediator are considered as predictors, while the dependent variable is regarded as the outcome variable. If the unstandardized coefficient is found to be zero, it can be concluded that the mediator (M) fully mediates the relationship between the predictor (X) and the outcome (Y). On the other hand, if the strength of the relationship between the predictor and outcome variables diminishes after accounting for the effect of the mediator variable, it indicates the presence of partial mediation.

### 3.9. ETHICAL CONSIDERATION OF THE STUDY

The MBA Program at the College of Business and Economics, Addis Ababa University formally requested permission from Nib Insurance Company S.C to conduct the study. Additionally, all participants were fully informed about the study's objectives, and their consent was obtained before distributing the questionnaire.

Regarding data collection, the researcher adhered strictly to several ethical principles. These principles include seeking permission, ensuring the willingness of participants, maintaining objectivity, as well as respecting privacy and confidentiality.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This study targets to explore the mediating role of Organizational Culture in the relationship between Training and Employee Performance at Nib insurance company S.c. This chapter presents the analysis and interpretation of the gathered data for the study. The collected data were analyzed and interpreted using descriptive and inferential statistics. The hypothesis would be put to the test to determine the significance of the link described in them.

Survey questionnaires were distributed to 125 sample employees, out of which 121 respondents completed the questionnaire. Therefore, the achieved response rate is 96.8%.

#### **4.1 DEMOGRAPHIC PROFILE OF RESPONDENTS**

This section presents the demographic characteristics of the study participants. The participants in the survey questionnaire provided various personal information, and their responses varied in terms of training and employee performance. The study aimed to gather information on the participants' gender, age category, level of education, marital status, years of service in the company, and frequency of training attended. The table below illustrates the profile of the respondents who took part in the study.

Table 4.1: Demographic profile of respondents

<b>Variables</b>		<b>Frequency</b>	<b>Percent</b>
<b>Age</b>	18-25 yrs	41	33.9
	26-35 yrs	53	43.2
	36-45 yrs	25	20.7
	> 45 yrs	2	1.7
Total		121	100.0
<b>Gender</b>	Male	47	38.8
	Female	74	61.2
Total		121	100.0
<b>Education</b>	College diploma	5	5.0
	First degree	102	84.3
	Second degree and above	13	10.7
Total		121	100.0
<b>Year of service in Nib Insurance</b>	< 1yr	21	17.4
	1-5 yrs	52	43.0
	6-10 yrs	29	24.0
	11-15 yrs	17	14.0
	>15 yrs	2	1.7
Total		121	100.0
<b>Marital status</b>	Single	62	51.2
	Married	59	48.8
Total		121	100.0

According to table 4.1, the demographic composition of the research participants is as follows: 61.2% of the participants were female, and the remaining 38.8% of the participants were male. Regarding the age distribution of the respondents, 33.9% fell between the ages of 18 and 25, 43.8% between the ages of 26 and 35, 20.7% between the ages of 36 and 45, 1.7% were 45 and over. This shows that most of the respondents were female with age between 26 and 35.

Addressing respondents' education, 5.0% of the respondents have collage diploma, 84.3% have completed their first degree and 10.7% have obtained a second degree and above. The study result implies most of respondents have an educational qualification of a first degree.

Concerning year of service at Nib Insurance S.c 17.4% have been working for less than one year, 43.0% have been working for 1-5 years, 24.0% have been working for 6-10 years, 14.0% have been working for 11-15 years and 1.7% have been working for more than 15 years. This shows that most respondents have been working at the company for 1-5 years. In addition, the respondents' marital status result shows that 51.2% were single and 48.8% were married.

*Table 4.2: Frequency of training of the respondents*

<b>Frequency of training program participated</b>	Only once	18	14.9
	Twice	30	24.8
	Several times	70	57.9
	Never	3	2.5
<b>Total</b>		121	100.0

According to the table above, 14.9% of respondents have taken training only once, 24.8% of respondents taken training twice, 57.9% of respondent taken training several times and 1.7% of respondents have never taken training. This shows that most of respondents have taken trainings three or more times.

#### **4.2 RELIABILITY TEST**

Reliability refers to the consistency and stability with which an instrument measures a concept, and it is used to assess the quality of a measure (Sekaran, 2016). To evaluate reliability, the researcher conducted a reliability test by calculating Cronbach's Alpha values for the items within

each construct using IBM SPSS Version 23, as indicated in Table 4.2 below. According to the analysis by Sekaran and Bougie (2016), reliabilities below 0.60 are considered poor, those in the 0.70 range are deemed acceptable, and those above 0.80 are considered good. The results of the reliability test in this study indicate good reliability.

*Table 4.3: Reliability test result*

<b>Variables</b>	<b>Number of Items</b>	<b>Cronbach's Alpha Value</b>
Training	20	.873
Organizational Culture	20	.904
Employee Performance	15	.899

#### **4.3 DESCRIPTIVE STATISTICS OF VARIABLES**

The descriptive statistics output of the variables enables us to understand the perceptions of the respondents regarding training, organizational culture, and employee performance within the company. The respondents were asked to indicate the extent to which they agreed with various statements using a five-point Likert scale, with labels ranging from 5 (strongly agree) to 1 (strongly disagree). Descriptive statistics such as mean and standard deviation are employed to explore the impact of training on employee performance. The mean represents the average level of agreement or disagreement among respondents with respect to the different statements. The mean value for each dimension is derived by calculating the average of all respondents' responses. A higher mean indicates a greater level of agreement, while a lower mean suggests more disagreement among respondents. On the other hand, according to SPSS (version 23), the standard deviation reflects the degree of variation in the responses provided by employees for a particular concept. A large standard deviation indicates a wide distribution of data, indicating that respondents had diverse opinions. Conversely, a low standard deviation indicates that respondents held similar opinions (Hair, 2004).

Table 4.4: Descriptive statistics of variables

<b>Variables</b>	<b>N</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Training need Assessment</b>	121	3.8733	.70350
<b>Training design</b>	121	4.1508	.65469
<b>Training method</b>	121	3.8702	.47708
<b>Training evaluation</b>	121	3.8512	.72896
<b>Organizational Culture</b>	121	4.0021	.52486
<b>Employee Performance</b>	121	4.0837	.55781

Source: SPSS output 2024

#### **4.4 INFERENCE ANALYSIS OF THE VARIABLES**

##### **4.4.1 Correlation analysis result and discussion**

The purpose of this analysis is to examine the relationship between the variables under investigation: Training (independent variable), Organizational Culture (mediating variable), and Employee Performance (dependent variable). Pearson's correlation analysis has been utilized to explore this relationship, and the results are summarized in the table below.

Correlation refers to the degree of association between two or more variables (Koutsoyiannis, 1977). The linear correlation coefficient ( $r$ ) measures the extent of co-variability between the variables. The linear correlation coefficient ( $r$ ) signifies both the strength and direction of the linear relationship between the dependent and independent variables. The values of the correlation coefficient range from -1 to +1. A positive correlation exists when  $r$  is positive, indicating a direct relationship between the variables. A value of  $r = +1$  indicates a perfect positive correlation, while a negative value of  $r$  signifies a negative correlation between the variables. A value of  $r = -1$  represents a perfect negative correlation. When  $r$  is zero, it indicates no correlation between the variables.

Table 4.5: Correlation

Source: SPSS output 2024

		Training needs	Training design	Training methods	Training evaluation	Organizational Culture	Employee Performance
Training needs	Pearson Correlation	1	.545**	.420**	.367**	.350**	.530**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N		121	121	121	121	121
Training design	Pearson Correlation		1	.623**	.699**	.735**	.639**
	Sig. (2-tailed)			.000	.000	.000	.000
	N			121	121	121	121
Training methods	Pearson Correlation			1	.692**	.714**	.498**
	Sig. (2-tailed)				.000	.000	.000
	N				121	121	121
Training evaluation	Pearson Correlation				1	.647**	.409**
	Sig. (2-tailed)					.000	.000
	N					121	121
Organizational Culture	Pearson Correlation					1	.668**
	Sig. (2-tailed)						.000
	N						121
Employee Performance	Pearson Correlation						1
	Sig. (2-tailed)						
	N						121

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

Based on the information presented in Table 4.4, the independent variables, namely Training needs, Training design, Training method, and Training evaluation, exhibit positive and significant correlations with the dependent variable, Employee performance, with correlation coefficients of  $r = 0.530$  ( $p = 0.01$ ),  $r = 0.639$  ( $p = 0.01$ ),  $r = 0.498$  ( $p = 0.01$ ), and  $r = 0.409$  ( $p = 0.01$ ) respectively. These results indicate a moderate relationship between the variables.

Additionally, the independent variables, Training needs, Training design, Training method, and Training evaluation, also demonstrate positive and significant correlations with the mediating variable, Organizational culture, with correlation coefficients of  $r = 0.350$  ( $p = 0.01$ ),  $r = 0.735$  ( $p = 0.01$ ),  $r = 0.714$  ( $p = 0.01$ ), and  $r = 0.647$  ( $p = 0.01$ ) respectively.

Furthermore, there is a positive and strong significant correlation between the mediating variable, Organizational culture, and the dependent variable, Employee performance, with a correlation coefficient of  $r = 0.668$  ( $p = 0.01$ ).

In conclusion, based on the data presented in the table, it can be inferred that all the constructed independent and mediating variables have positive and significant correlations with employee performance, as the  $p$  (sig) values are less than the significance level  $\alpha = 0.05$ . Therefore, all the variables are significantly associated with employee performance.

#### **4.4.2 Diagnostic Tests of Linear Regression Model**

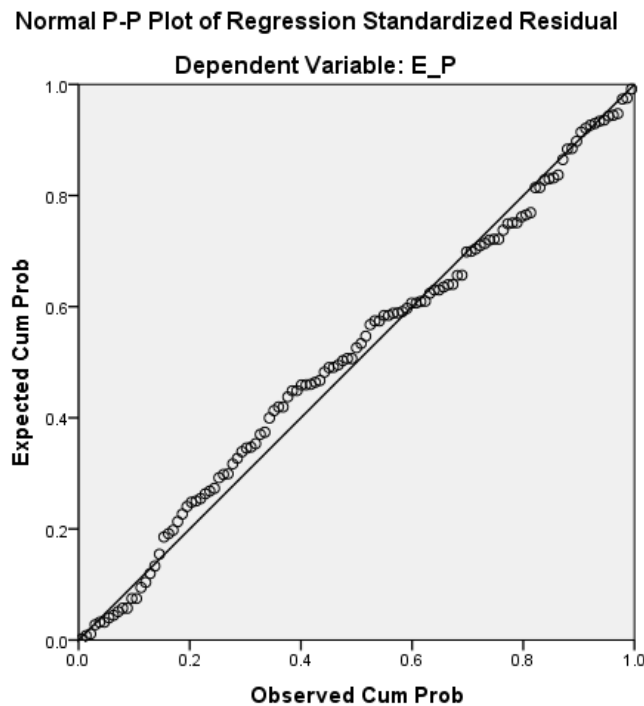
To understand the causal relationship between the dependent and independent variables and to assess the strength and weakness of their association, it is crucial to conduct tests to verify the assumptions. In this study, several basic assumption tests were performed. These tests included the Linearity test, Normality test, Multi-collinearity assumption, Homoscedasticity test, and Autocorrelation test. The purpose of these tests was to examine whether the assumptions were met and if the results were deemed acceptable.

##### **Linearity test**

Linearity pertains to the extent to which changes in the dependent variable are associated with changes in the independent variables. To assess the linearity of the relationship between the dependent variable, employee performance, and the independent variables, namely training with

organizational culture as a mediator, plots of the regression residuals were generated using SPSS V23 software.

The normal P-P Plot was employed to determine whether the data followed a normal distribution by examining the alignment of the data points against a reference line. Upon observation, it is evident that the data points closely align with the reference line, exhibiting minimal deviation. Based on this, we can conclude that the data is normally distributed.

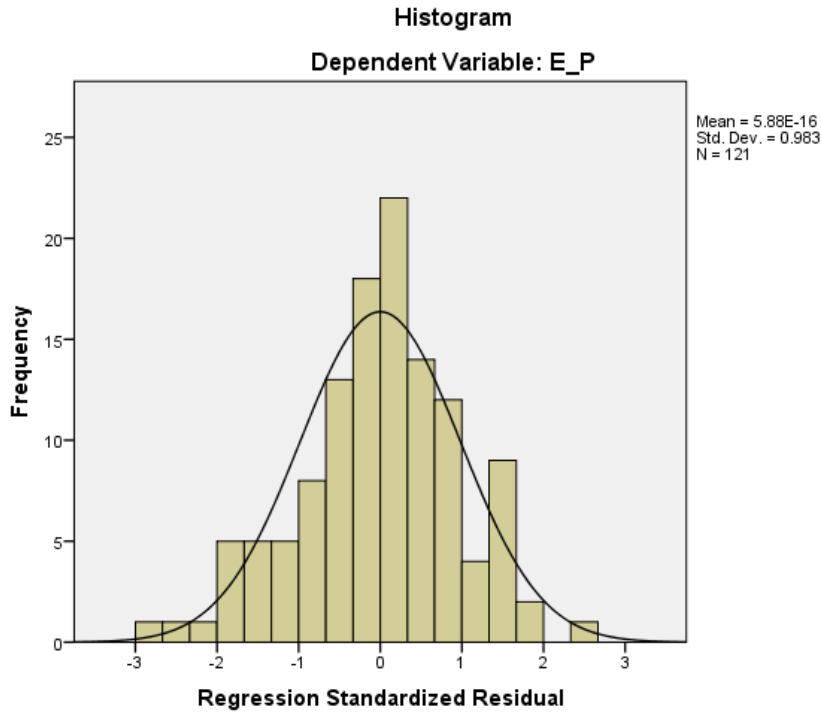


*Fig 4.1:* Normal P-P plot of regression of standardized residuals

Source: SPSS output 2024

### Normality Test

Normality testing is conducted to assess whether the residuals or error terms conform to a normal distribution. It is important for researchers to examine normality before conducting hypothesis testing. By examining the histogram below, we can observe that the standardized residuals exhibit symmetry around the center value of 0. The histogram displays a characteristic bell-shaped curve, and a majority of the bars are concentrated around the center.

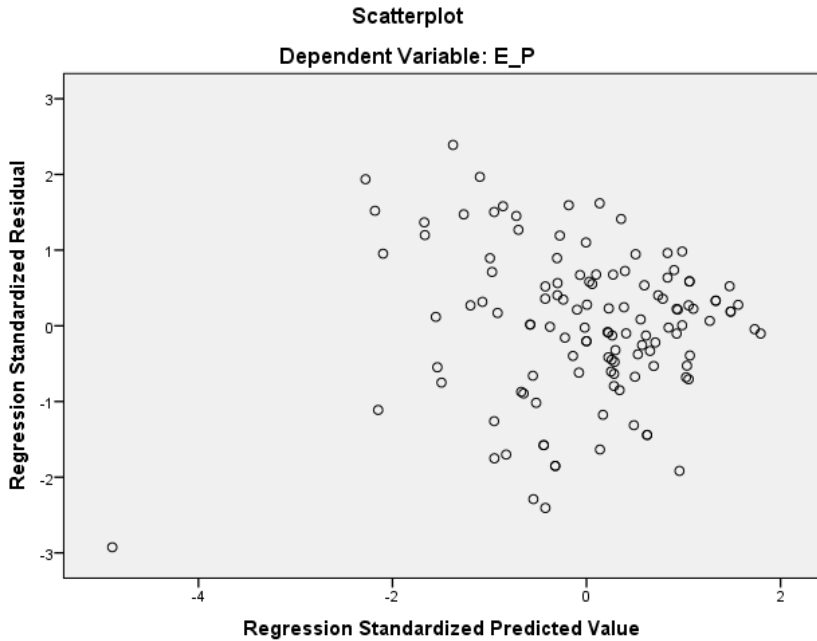


*Fig 4.2: Histogram of regression of standardized residuals.*

Source: SPSS output 2024

### **Test of Homoscedasticity**

The assumption of Homoscedasticity refers to the equal variance of errors or residuals across all levels of the independent variables. It pertains to the distribution of residual terms or the consistency of error terms throughout the expected data. Homoscedasticity can be evaluated by visually examining a scatterplot of the standardized residuals plotted against the standardized predicted values obtained from the regression analysis. Violation of homoscedasticity can adversely affect the analysis (Osborne, 2003). The scatterplot presented below indicates that there is some degree of violation of homoscedasticity within the "thimbles" variable, as indicated by the research findings.



*Fig 4.3: Scatter plot of regression for standardized predicted value against the residual*

Source: SPSS output 2024

### **Multi-collinearity Test**

In multiple regression analysis, it is important to consider the presence of a strong correlation between the independent variables, which is referred to as multicollinearity (Burns, 2008). To evaluate multicollinearity in this study, tolerance and VIF (Variance Inflation Factor) statistics were employed. According to Andy (2006), a tolerance value below 0.1 typically indicates a significant collinearity issue. Similarly, a VIF value exceeding 10 is considered problematic. However, in this investigation, all the independent variables exhibited a tolerance greater than 0.1 and a VIF value less than 10. This indicates that the assumption of multicollinearity was not violated.

Table 4.6: Multi-collinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Training needs	.686	1.457
Training design	.401	2.497
Training method	.472	2.118
Training evaluation	.400	2.501

Source: SPSS output 2024

### Test for autocorrelation

Linear regression analysis requires minimal or no autocorrelation in the data, which means that the residuals should be independent of each other. Autocorrelation can be assessed through a scatter plot, but the Durbin-Watson test is commonly used to specifically test for autocorrelation in a linear regression model. The Durbin-Watson test produces a value between 0 and 4, where a value around 2 indicates no autocorrelation. In this case, the Durbin-Watson value is approximately 2.148 (as shown in the table below). Since the Durbin-Watson value is close to 2, it suggests that there is no violation of autocorrelation. Thus, based on the results obtained from all five tests, it can be concluded that there are no significant data issues that indicate a substantial violation of the assumptions of multiple regressions.

Table 4.7: Autocorrelation test

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.757 <sup>a</sup>	.573	.554	.37252	2.148

a. **Predictors:** (Constant), Training Need, Training Design, Training Method, Training Evaluation, Organizational culture

b. **Dependent Variable:** Employee Performance

Source: SPSS output 2024

#### **4.5 REGRESSION ANALYSIS**

To explore the potential relationship between the predictor variable, mediator, and outcome variable, as well as to test the research hypothesis, linear and multiple regression analyses were conducted. These analyses aimed to understand the direct effects of the predictor variables on the outcome variable. The hypotheses were examined, and both the direct and indirect effects of the predictor variables on the outcome variable were discussed.

In order to assess step 1 and step 2, which involve examining how training explains employee performance (step 1) and how training explains organizational culture (step 2), a simple linear regression analysis was performed.

**Step 1: involved conducting a simple regression analysis to investigate the relationship between training and employee performance.**

*Table 4.8: Results of Simple Regression Analysis between Training and Employee performance.*

ANOVA <sup>a</sup>							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	14.484	1	14.484	75.414	.000 <sup>b</sup>	
	Residual	22.854	119	.192			
	Total	37.338	120				
<b>a. Dependent Variable:</b> Employee Performance							
<b>b. Predictors:</b> (Constant), Training							
Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
1	(Constant)	1.283	.325		3.947	.000	
	Training	.714	.082	.623	8.684	.000	
<b>a. Dependent Variable:</b> Employee Performance							
Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.623 <sup>a</sup>	.388	.383	.43824	.388	75.414	.000
<b>a. Predictors:</b> (Constant), Training							

Source: SPSS output 2024

The ANOVA table displayed above provides information about the overall suitability of the model, as evidenced by an F statistic of 75.414 and a p-value of 0.000. This indicates that the model is highly suitable for the data at a significance level of 5%. The Coefficient table presents essential details for predicting employee performance based on training and assessing the statistical significance of training's impact on the model. Therefore, the resulting equation for Model 1 can be expressed as follows:

$$Y=1.283 + 0.623X\text{-----Equation 1}$$

The constant value ( $\delta_0 = 1.283$ ) in the model formula above suggests that if the other variable is zero, Employee performance would be 1.283. The unstandardized beta value of 0.623 indicates that a one-unit increase in training leads to a 0.623 unit increase in employee performance, and this relationship is statistically significant at a 5% level of significance.

As assessed in the Model Summary table above, the value of R for the model representing the relationship between training and employee performance is 0.623. Since the R value represents the simple correlation, a value of 62.3% indicates a high degree of correlation.

The R-squared and adjusted R-squared values for the model are 0.388 and 0.383, respectively. A value of 0.388 for R-squared implies that 38.8% of the variability in employee performance can be explained or predicted by training. Thus, we can conclude that there is a significant correlation between the predictor variable (training) and the outcome variable (employee performance), fulfilling the assumption in step 1.

**Step 2: Simple Regression Analysis between Organizational Culture and Training.**

*Table 4.9: Results of Simple Regression Analysis between Organizational Culture and Training.*

ANOVA <sup>a</sup>							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	19.542	1	19.542	172.074	.000 <sup>b</sup>	
	Residual	13.515	119	.114			
	Total	33.057	120				
<b>a. Dependent Variable:</b> Organizational culture							
<b>b. Predictors:</b> (Constant), Training							
Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
1	(Constant)	.749	.250		2.995	.000	
	Training	.829	.063	.769	13.118	.000	
<b>a. Dependent Variable:</b> Organizational culture							
Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.769 <sup>a</sup>	.591	.588	.33700	.591	172.074	.000
<b>a. Predictors:</b> (Constant), Training							

Source: SPSS output 2024

The ANOVA findings presented in Table 4.9 above offer a summary of the model's overall appropriateness. The F statistic of 172.074 and a p-value of 0.000 indicate that the model fits the data well at a significance level of 5%.

The Coefficient table provides essential information for predicting organizational culture based on Training and determining whether Training has a statistically significant influence on the model. Consequently, we can express the resulting equation for Model 2 in the following manner:

$$M = 0.749 + 0.769X \text{----- Equation 2}$$

The constant value ( $\gamma_0 = 0.749$ ) in the model formula above suggests that if the other variable is zero, Organizational culture would be 0.749. The beta coefficient of 0.769 indicates that a one-unit increase in training change leads to a 0.769 unit increase in organizational culture, and this relationship is statistically significant at a 5% level of significance.

As depicted in the Model Summary table above, the correlation coefficient (R) for the model represents the relationship between organizational culture and training, and it is equal to 0.769. This corresponds to a simple correlation of 76.9%, indicating a relatively strong correlation.

Both the R-squared and adjusted R-squared values for the model are 0.591 and 0.588, respectively. The R-squared value of 0.591 implies that 59.1% of the variability in organizational culture can be explained or predicted by training. Thus, we can conclude that there is a significant correlation between the predictor variable (training) and the mediator variable (organizational culture), satisfying the assumption in step 2.

#### **4.5.1. Multiple Regressions**

##### **Step 3: Multiple Regression Analysis.**

As presented in Table 4.9 below, the ANOVA analysis confirms that the model is overall appropriate for the data. The F statistic of 30.812 and a p-value of 0.000 indicate that the model fits the data well at a significance level of 5%.

The constant value ( $\delta'_0 = 0.740$ ) suggests that if all other variables were zero, the Employee performance would be 0.740. The standardized beta coefficients for the Training dimension (training need assessment, training design, training method, training evaluation) are 0.294, 0.236, -0.015, and -0.195, respectively. The beta value for Organizational Culture is 0.528. This means that a one-unit increase in Training need assessment leads to a 0.294 unit increase in Employee performance, assuming all other variables are zero. Similarly, a one-unit increase in Training design results in a 0.236 unit increase in Employee performance, assuming all other variables are zero. On the other hand, a one-unit increase in Training method leads to a 0.015 unit decrease in Employee performance, assuming all other variables are zero. Likewise, a one-unit increase in Training evaluation results in a 0.195 unit decrease in Employee performance, assuming all other variables are zero. Additionally, a one-unit increase in Organizational culture

change accounts for a 0.528 unit increase in Employee performance, assuming all other variables are zero. These findings indicate that both training and organizational culture act as predictors of employee performance. Furthermore, both variables significantly contribute to the model.

Therefore, we can formulate Model 3 as follows:

$$Y = 0.740 + 0.294X_1 + 0.236X_2 - 0.015X_3 - 0.195X_4 + 0.528M \text{ -----Equation 3}$$

Where

**Y** = Employee Performance

**X<sub>1</sub>** = Training need assessment,

**X<sub>2</sub>** = Training design,

**X<sub>3</sub>** = Training method,

**X<sub>4</sub>** = Training evaluation

**M** = Organizational Culture

This indicates a strong statistical significance at a significance level of 5%, highlighting the model's ability to explain the data.

Table 4.10: Result of multiple regression

ANOVA <sup>a</sup>							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	21.379	5	4.276	30.812	.000 <sup>b</sup>	
	Residual	15.959	115	.139			
	Total	37.338	120				
a. Dependent Variable: Employee Performance							
b. Predictors: (Constant), T_Need, T_Design, T_Method, T_Eval, Organizational culture							
Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
1	(Constant)	.740	.305		2.427	.017	
	Training Need	.233	.059	.294	3.942	.000	
	Training Design	.201	.094	.236	2.146	.034	
	Training Method	-.018	.115	-.015	-.152	.880	
	Training Evaluation	-.149	.074	-.195	-2.022	.046	
	Organizational Culture	.562	.111	.528	5.061	.000	
a. Dependent Variable: Employee Performance							
Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.757 <sup>a</sup>	.573	.554	.37252	.573	30.812	.000
a. Predictors: (Constant), T_Need, T_Design, T_Method, T_Eval, Organizational culture							

Source: SPSS output 2024

The table above provides the Model Summary, where the R-value of 0.757 (75.7%) indicates a robust relationship between the predictor and outcome variables. Furthermore, the adjusted R-square value of 0.554 suggests that 55.4% of the variation in employee performance can be accounted for by both training and organizational culture. Therefore, it can be inferred that there

exists a strong correlation between the dependent variable, which is employee performance, and the predictor variables, namely training and organizational culture.

Moreover, the multiple regression analysis of the model reveals a significant association between the mediator variable, organizational culture, and the dependent variable, employee performance, while controlling for the independent variable, training. This finding fulfills the assumption outlined in step 3 of the analysis.

#### **Step 4: Tests for Mediation**

Once the three assumptions outlined in Baron and Kenney's (1986) framework have been met, the subsequent step involves assessing the presence of mediation. As per the fourth assumption in step 4, for a mediation effect to exist, the relationship between the independent and dependent variables should diminish when the mediator variable is considered.

The three models can be succinctly summarized as follows:

**Model 1:  $Y = 1.283 + .623X$**

**Model 2:  $M = 0.749 + 0.769X$**

**Model 3:  $Y = 0.740 + 0.294X_1 + 0.236X_2 - 0.015X_3 - 0.195X_4 + 0.528M$**

Based on the description of the three models above, it can be observed that the direct effect ( $\delta' = 0.306$  in Model 3) is both different from zero and smaller than the total effect ( $\delta = 0.623$  in Model 1). When interpreting mediation analyses, Baron and Kenney (1986) recommend using standardized coefficients. The coefficient for path  $\gamma$  (0.769) represents the relationship between the predictor and mediator variables, while path  $\beta$  (0.528) indicates the relationship between the mediator and outcome variables. Path  $\delta'$  (0.306) illustrates the relationship between the independent variable and the outcome variable after accounting for the mediator, and its impact is diminished. Consequently, the findings suggest that Organizational Culture partially mediates the relationship between Training and Employee Performance. Partial mediation occurs when the predictor variable's influence on the outcome variable is reduced after considering the mediator (Baron 1986).

Although Baron and Kenney's (1986) guidelines for mediation analysis are commonly utilized by researchers, it is important to acknowledge potential issues associated with relying solely on this approach. The first concern is the inability to test the significance of the indirect pathway, which

explains the relationship between X and Y through the combined effects of  $\alpha$  and  $\beta$  pathways. The second issue is the possibility of Type II errors, as the Baron and Kenny method may overlook true mediation effects (MacKinnon, 2007). Therefore, additional research is strongly recommended. In such cases, it is preferable to examine the indirect effect and assess its significance. The regression coefficients for the indirect effect indicate the change in the dependent variable for each unit change in the independent variable that is mediated by the mediator variable. To assess the indirect effect, a process developed by Dr. Hayes was employed to investigate the mediating role of organizational culture.

#### **4.5.2 Indirect effect**

To examine the mediating role of organizational culture, we employed Dr. Hayes's approach. In line with our theoretical framework, we selected Model 4 in SPSS version 26 and increased the number of bootstrap samples to 5000, with a 95% confidence interval. Our variables of interest were "Effect Size" and "Total Effect Model." The analysis yielded evidence of mediation.

The combined effect of the independent variable (training) and the mediator (organizational culture) on the dependent variable (employee performance) was determined to be 0.7138, with a standard error of 0.0822, indicating a positive influence of organizational culture on employee performance.

The lower limit of the confidence interval (LLCI) and upper limit of the confidence interval (ULCI) were calculated as 0.5511 and 0.8766, respectively. These values indicate that the bootstrapping results fell within non-zero bounds, signifying the mediating role of the variable between the independent and dependent variables.

The direct effect between training and employee performance was found to be 0.3059, with a standard error of 0.1195. The LLCI and ULCI for the direct effect were calculated as 0.693 and 0.5426, respectively. Importantly, the presence of a mediator (organizational culture) between the independent variable (training) and the dependent variable (employee performance) is referred to as the indirect effect. The indirect path, which passes through the mediator, had an effect size of 0.4079, with a standard error of 0.1066. The LLCI and ULCI for the indirect effect were determined as 0.2096 and 0.6220, respectively. To assess the magnitude of the indirect effect in the population, we examined the bootstrap confidence interval to determine if it contained zero.

Our findings indicated that the population value was non-zero, providing evidence of mediation. The presence of mediation is a crucial aspect of this study, and the indirect effect plays a significant role in establishing its occurrence.

These results underscore the importance of the indirect approach or mediation path. They demonstrate that organizational culture serves as a mediator in the relationship between training and employee performance. The non-zero values of LLCI and ULCI between the upper and lower bootstrapping limits indicate that the mediating variable plays a crucial role in connecting the independent and dependent variables.

*Table 4.11: The PROCESS macro mediating effect result*

Effect	Effect size	S.E	LLCI	ULCI
Total Effect	0.7138	0.0822	0.5511	0.8766
Direct Effect	0.3059	0.1195	0.6930	0.5426
Indirect Effect	0.4079	0.1066	0.2096	0.6220

Sources: process MACRO procedure for SPSS version 4.3

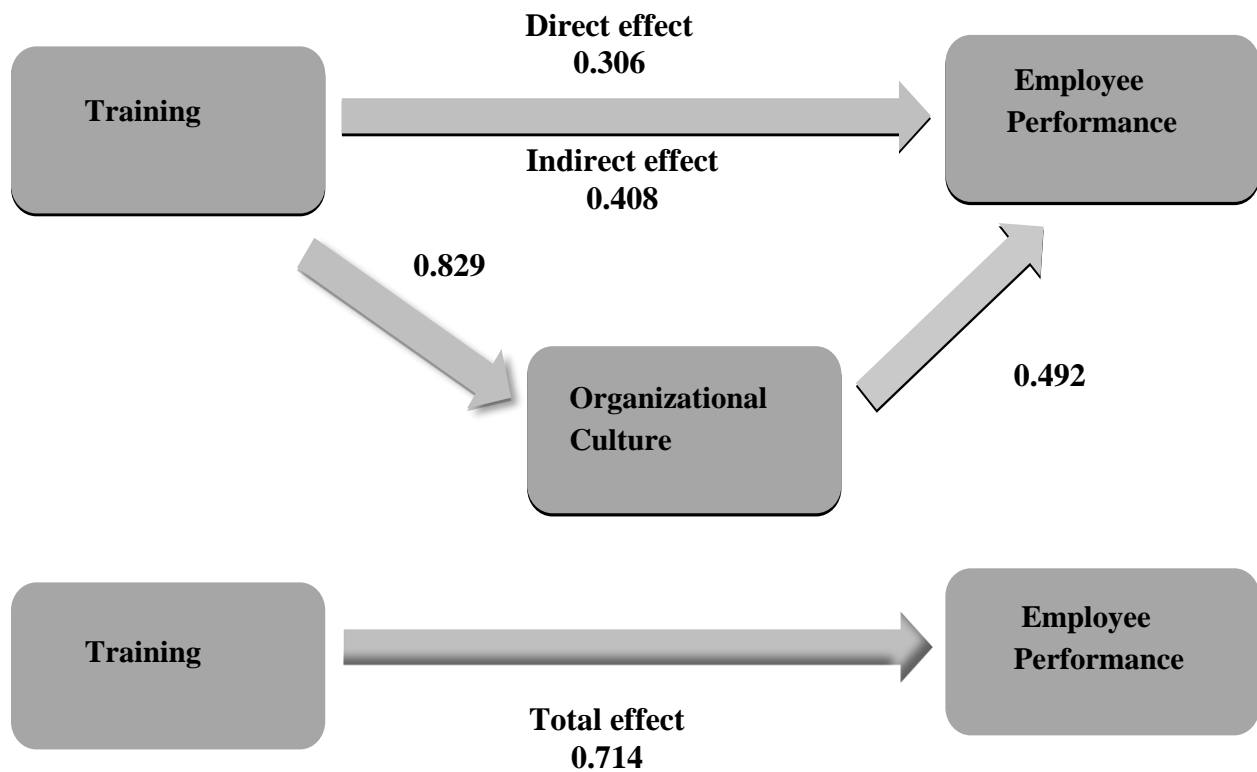


Figure 4.4: Mediating Effect

#### 4.6 HYPOTHESIS TEST RESULTS OF THE STUDY

This study employed hypothesis testing using the unstandardized coefficient table in regression analysis to examine the associations between variables. Additionally, the PROCESS macro version 4.3 developed by Hayes in SPSS was utilized to investigate the mediating effect of organizational culture on the relationship between the dependent and independent variables.

##### **H1. There is significant effect of training on employee performance**

Table 4.7 presents the model summary of the regression analysis, which provides insights into how various dimensions of training, such as training needs, training design, training method, and training evaluation, explain the variability in employee performance. The table displays an R-square value of 0.388, indicating that 38.8% of the variation in employee performance can be attributed to changes in training.

Upon examining the regression coefficients within the model, it is evident that the variable Training exhibits a positive and significant relationship with Employee performance, as supported by its beta coefficient value of 0.623 and a p-value of less than 0.05 (Table 4.7). Consequently, hypothesis H1, which suggests a positive and significant relationship between training and employee performance, is accepted.

According to Guest (1997), training is considered a vital practice in human resource management as it enhances employees' knowledge, skills, and abilities, leading to improved job performance. Ultimately, this relationship contributes to higher organizational performance. The findings of Farooq et al. (2011) also support a positive and significant association between training and employee performance

## **H2. There is significant effect of Employee Training on Organizational culture.**

Examining the regression coefficients presented in Table 4.8, it can be observed that the variable Training demonstrates a positive and significant relationship with Organizational Culture, as indicated by its beta coefficient of 0.829 and a p-value of less than 0.05. Thus, the findings support the acceptance of hypothesis H2, which proposes a positive and significant relationship between training and organizational culture.

**H3. There is significant effect of Organizational culture on Employee Performance.**

Table 4.12: Regression Analyses between organizational culture and employee performance

Model Summary						
R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
				R Square Change	F Change	Sig. F Change
.668 <sup>a</sup>	.446	.442	.41678	.446	95.947	.000
<b>a. Predictors:</b> (Constant), Organizational culture						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	1.242	.293		4.245	.000	
Organizational culture	.710	.072	.668	9.795	.000	
<b>a. Dependent Variable:</b> Employee Performance						

Source: SPSS output 2024

Upon examining the provided table (Table 4.11), it can be observed that the regression coefficient of organizational culture is 0.710, with a significant p-value of 0.000. This indicates that organizational culture is a predictor of employee performance. The finding aligns with hypothesis H3, which posits a positive and significant relationship between organizational culture and employee performance.

**H4. Organizational culture significantly mediates between training and employee performance.**

According to the results obtained from the PROCESS macro version 4.3 and presented in Table 4.7, the total effect represents the combined influence of both direct and indirect effects of the variable. The direct effect of the independent variable, training, on the dependent variable, employee performance, is measured at 0.3059. In contrast, the indirect effect, which captures the influence of the independent variable and the dependent variable through the mediator variable, organizational culture, is determined to be 0.4079. By summing these values, the total effect is calculated as 0.7138.

The direct effect specifically examines the relationship between the independent variable, training, and the dependent variable, employee performance. However, this particular aspect may not hold significant importance for this study. On the other hand, the indirect effect aims to determine the apparent effect of the independent variable and the dependent variable through the mediator variable. In the results presented from the PROCESS macro version 4.3, the bootstrap analysis of the indirect effect indicates that the coefficient interval's lower and upper limits, represented as Boot LLCI (0.2096) and Boot ULCI (0.6220), are both non-zero. This suggests a significant positive effect of the independent variable, training, on the mediation through organizational culture.

The findings align with hypothesis H4, which suggests that organizational culture acts as a significant mediator between training and employee performance. Therefore, the null hypothesis is method, and the results are deemed acceptable.

*Table 4.13: Summary of tested hypothesis*

	<b>Developed Hypothesis</b>	<b>Sig.</b>	<b>Test Result</b>	<b>Reason</b>
<b>H1</b>	There is a positive and significant relationship between training (training design, Types of Training, Training method) and Employee performance.	.000	Accepted	P < 0.05
<b>H2</b>	There is a positive and significant relationship between training and organizational culture.	.000	Accepted	P<0.05
<b>H3</b>	There is a positive and significant relationship between organizational culture and employee performance.	.000	Accepted	P<0.05
<b>H4</b>	Organizational culture mediates the relationship between training and employee performance.	.000	Accepted	Boot LLCI, 0.2096 and Boot ULCI, 0.6220 it is ≠ 0

## 4.7 FINDING AND DISCUSSION

The findings from the Descriptive Statistics in this study suggest that employees at Nib Insurance Company S.C have a strong perception of and value for employee training. Among the different dimensions of training, Training Design emerged as the most prominent, with a mean score of 4.15. Following that, Training Need Assessment had a mean score of 3.873. Training Methods and Training Evaluation were ranked next, with mean scores of 3.870 and 3.85, respectively.

In the regression analysis examining the relationship between employee training and employee performance, it was discovered that 62.3% of the variation observed in employee performance could be explained by employee training. Moreover, in the regression analysis exploring the connection between employee training and organizational culture, it was found that 76.9% of the variation in organizational culture could be predicted by employee performance.

- Intercept (0.740): When all the independent variables and the mediating variable have a value of zero, the average value for employee performance is 0.740. However, at the 5% significance level, the likelihood of employee performance having a value of zero when all the independent variables are zero is rejected.
- Training need assessment (0.294): Holding all other variables constant, a one-point increase in training need assessment is associated with an average increase of 0.294 in employee performance. The association between training need assessment and employee performance is statistically significant at the 5% significance level, with a p-value of 0.000.
- Training design (0.236): On average, when training design increases by one, employee performance increases by 0.236, assuming all other variables remain unchanged. The correlation between training design and employee performance is statistically significant at the 5% significance level, with a p-value of 0.034.
- Training method (-0.015): When training method increases by one, employee performance, on average decreases by 0.015 and at the 5% significance level, the p-value of 0.880 indicates that the association between training method and employee performance is statistically insignificant.
- Training evaluation (-0.195): Assuming all other variables remain constant, an increase in training evaluation is associated with, on average a decline by 0.195 in employee

performance. However, the association between training evaluation and employee performance is statistically significant at the 5% significance level, with a p-value of 0.046.

- The regression analysis in the study reveals that the variable Training has a positive and statistically significant relationship with employee performance, supported by a beta coefficient of 0.623 and a p-value below 0.05. This confirms hypothesis H1, which suggests a positive and significant relationship between training and employee performance. These findings are in line with previous studies by Baldwin and Ford (1988), Chen and Huang (2009), and a meta-analysis by Colquitt et al. (2000). These studies found that comprehensive training programs lead to higher job performance, improved customer satisfaction, and increased task proficiency.
- The analysis of regression coefficients in the study reveals a significant and positive relationship between the variables Training and Organizational Culture. This relationship is supported by a beta coefficient of 0.829 and a p-value below 0.05, providing evidence in favor of hypothesis H2, which suggests a positive and significant relationship between training and organizational culture. These findings are consistent with previous research. For instance, a study by Chatman and Jehn (1994) found that organizations that prioritize continuous development and training, fostering a strong learning culture, have employees who report higher levels of job performance and innovation. Additionally, Delaney and Huselid (1996) conducted a study showing that organizations that invest in training and development programs, in conjunction with a supportive organizational culture, experience higher levels of employee performance and productivity. Another research study by O'Neill and Adya (2007) investigated the relationship between training and organizational culture in the context of information technology projects. Their findings indicate that training programs are more effective in enhancing employee performance when they align with the cultural values and norms of the organization.
- Organizational Culture (0.528): On average, when organizational culture increases by one, employee performance also increases by 0.528, assuming all other variables remain unchanged. The association between organizational culture and employee performance is statistically significant at the 5% significance level, with a p-value of 0.000. This finding supports hypothesis 3 (H3), which posits a positive and significant relationship between

organizational culture and employee performance. It is consistent with previous research conducted by Denison (1990), who found that organizations with strong performance-oriented cultures exhibited higher levels of employee performance and productivity. Similarly, Schneider et al. (2017) demonstrated in their study that organizations with a positive organizational culture, characterized by values such as teamwork, employee empowerment, and a focus on customer satisfaction, experienced higher levels of employee performance and job satisfaction. Furthermore, a study by commitment explored the impact of organizational culture on long-term financial performance and found that organizations with strong cultures emphasizing employee development and customer focus achieved higher levels of both employee and organizational performance.

The study observed that organizational culture plays a mediating role in the relationship between employee training and employee performance. This finding supports Hypothesis 4 (H4), which posits that organizational culture serves as a significant mediator in the relationship between employee training and employee performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 INTRODUCTION**

The aim of this research was to investigate the influence of training on employee performance, specifically with regards to the mediating role of organizational culture at Nib Insurance Company S.C. This section presents a concise overview of the key findings derived from the data analysis in relation to the study objectives, as well as the conclusions drawn from these findings. Additionally, appropriate recommendations are provided. The conclusions and recommendations focus on addressing the four primary objectives of the study, which encompass examining the impact of training on employee performance with the mediation of organizational culture, exploring the connection between training and employee performance, investigating the relationship between training and organizational culture, and exploring the association between organizational culture and employee performance. Moreover, this section discusses the limitations encountered during the study and offers suggestions for future research endeavors.

#### **5.2 SUMMARY**

The primary objective of this study was to examine the impact of training on employee performance, considering the mediating role of organizational culture. Additionally, the researcher aimed to explore the relationship between training, employee performance, and organizational culture. To accomplish these objectives, the study conducted a thorough literature review on important concepts such as different dimensions of training (including training needs assessment, training design, training methods, and training evaluation), employee performance, organizational culture, and factors influencing organizational culture.

Data for the study was collected through the distribution of questionnaires to a predetermined sample of employees at Nib Insurance Company S.C. A total of 125 questionnaires were distributed, and 121 (90%) valid questionnaires were utilized for analysis. Among the valid respondents, 61.2% were female and 38.8% were male. The reliability of the questionnaires used to measure employee training, organizational culture, and employee performance was assessed, and their respective Cronbach's alpha coefficients were found to be 0.949, 0.963, and 0.968, indicating a satisfactory level of reliability for all the measures employed in the study.

The majority of the participants (84.3%) held a bachelor's degree, while 10.7% had a postgraduate degree or higher, and the remaining 5% had a diploma. This suggests that the respondents possessed a sufficient level of education to understand and respond to the study's items. Similarly, 43% of the participants had 1-5 years of work experience, 24% had 6-10 years of work experience, 14% had 11-15 years of work experience, and 17.4% had less than 1 year of work experience.

The collected data was examined using IBM Statistical Package for Social Science (SPSS) version 20 software. To test the hypotheses, regression analyses were conducted following correlation analysis, in addition to other tests to assess normality, linearity, multicollinearity, and homoscedasticity. The results of these initial tests showed no significant violations of the assumptions.

The summary of the regression analysis model shows that the adjusted R-squared value ( $R^2 = 0.573$ ) suggests that 57.3% of the variability in the independent variable of training, mediator variable of organizational culture, and dependent variable of employee performance can be explained by the research study. However, it is essential to acknowledge that the remaining 42.7% of changes in employee performance within the organization are influenced by other factors that were not considered in the model. Nevertheless, it is worth noting that training has a statistically significant and positive effect on employee performance.

Pearson's correlation coefficients were computed to examine the relationships among the variables in this study. The analysis revealed positive and significant correlations between the dependent variable (employee performance) and independent variables (Training Need Assessment, Training Design, Training Method, and Evaluation of Training), as well as the mediating variable (Organizational Culture). The strength of correlation, based on Evan's (1996) criteria, indicated strong relationships between each independent variable, the mediating variable, and the dependent variable. Specifically, independent variables (Training Need Assessment, Training Design, Training Method, and Evaluation of Training ) showed positive and highly significant correlations with employee performance, with correlation coefficients of 0.530, 0.639, 0.498, and 0.409, respectively (all significant at  $p < 0.01$ ). Moreover, the analysis revealed strong and highly significant correlations between the independent variables (Training Need Assessment, Training Design, Training Method, and Evaluation of Training ) and the mediator variable of organizational culture, with correlation coefficients of 0.350, 0.735, 0.714, and 0.647, respectively (all significant

at  $p < 0.01$ ). Additionally, a strong and highly significant correlation was observed between organizational culture and employee performance, with a correlation coefficient of 0.668 (significant at  $p < 0.01$ ).

The mediation analysis using the macro version 4.0 reveals that the bootstrap confidence interval for the indirect (mediator) variable effect does not encompass zero, with the lower limit of the coefficient interval (BootLLCI) at 0.2096 and the upper limit (BootULCI) at 0.6220. This suggests a significant positive effect of the independent variable of training on the mediation through organizational culture. In conclusion, organizational culture plays a significant mediating role in the relationship between training and employee performance, confirming the objective of the study.

The results of the ANOVA model assess the significance of the dependent variable and independent variables. As indicated in the ANOVA model fit test table presented earlier, the F-statistic reveals that all the independent and mediator variables reliably predict the variance in employee performance with a 95% confidence level ( $F = 34.64$ ,  $p < .001$ ), as evidenced by their p-values being lower than the predetermined alpha level of 0.05. These findings are consistent with the literature, which identifies these variables as important practices and factors

The overall results of hypothesis testing indicate that the effect of employee training on employee performance is positive and significant, which aligns with hypothesis H1. Similarly, the effects of employee training on organizational culture and organizational culture on employee performance were found to be positive and significant, satisfying hypotheses H2 and H3, respectively. In terms of the mediating role of organizational culture in the relationship between employee training and employee performance, the findings indicate that organizational culture does indeed mediate this relationship. Consequently, the result supports hypothesis H4.

### **5.3 CONCLUSION**

Based on the findings outlined in the previous section, the researcher has drawn the following conclusions.

The descriptive statistical analysis of the training-related results reveals that the mean values fall in agreement. Similarly, Organizational culture and employee performance also falls within the strong agreement level.

The findings of the study confirm that employee training has a positive and significant effect on employee performance. Specifically, the assessment of training and training design have a positive and significant influence on employee performance. Training evaluation has a negative and significant influence on employee performance. However, the method of training has a negative and insignificant effect on employee performance.

Moreover, the study establishes a positive and significant relationship among employee training, organizational culture, and employee performance. It demonstrates that when there is a culture that supports training within an organization, it ultimately leads to high employee performance, which in turn contributes to organizational performance. Additionally, the study reveals that organizational culture mediates the relationship between employee training and employee performance. This indicates that organizational culture has an indirect or intervening effect in this relationship.

Furthermore, all the hypotheses proposed in the study are strongly supported. The research framework successfully demonstrates a positive and significant relationship between training, organizational culture, and employee performance variables. The mediating effect of organizational culture between training and employee performance is statistically significant. The mediation analysis shows that training has both direct and indirect effects on employee performance through the mediator of organizational culture.

In summary, organizational culture plays a mediating role between training initiatives and their impact on employee performance. By aligning training programs with organizational values, reinforcing behavioral norms, providing social support, facilitating integration, and offering performance feedback and recognition, a strong organizational culture enhances the effectiveness of training and contributes to overall organizational success.

## **5.4 RECOMMENDATION**

Based on the findings and conclusions of this research proposal, the following recommendations are suggested:

- Nib Insurance Company S.C. should prioritize employee training to align with the desired organizational culture. This will create a positive work environment promoting continuous learning, collaboration, and innovation. This, in turn, can lead to improved employee performance, increased job satisfaction, and overall organizational success. Regularly assessing employee training needs and designing comprehensive programs can enhance performance. Fostering a positive organizational culture, promoting open communication, collaboration, and trust, can also enhance employee engagement and motivation.
- The study suggests that organizational culture mediates the relationship between employee training and performance. Nib Insurance Company should integrate training initiatives with its culture, focusing on enhancing individual skills and promoting behaviors consistent with the desired culture. Regular evaluations of training programs and organizational culture's impact on performance can help identify areas for improvement and inform future training initiatives.
- To further enhance employee training and foster a positive organizational culture, Nib Insurance Company should consider collaborating with external experts and consultants in the field of human resource development and organizational behavior. These experts can provide valuable insights, best practices, and tailored solutions to address specific challenges and enhance the effectiveness of training programs and cultural initiatives.

### **AREAS FOR FURTHER RESEARCH:**

Future research could explore additional mediating mechanisms that explain the relationship between employee training and employee performance. For example, the role of employee motivation, job satisfaction, or organizational commitment should be investigated to provide a more nuanced understanding. Conducting comparative studies across different industries or countries would allow for a better understanding of how organizational culture mediates the relationship between employee training and employee performance in varied contexts. Investigating the long-term effects of employee training and organizational culture on employee performance would provide insights into the sustainability and durability of these relationships

over time. Complementing the quantitative analysis with qualitative research methods such as interviews or focus groups could provide richer insights into the experiences and perceptions of employees regarding the mediating role of organizational culture. Conducting intervention studies that manipulate organizational culture or training programs could help establish causal relationships and provide practical recommendations for organizations seeking to enhance employee performance through training and culture development.

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## **APPENDIX**

### **APPENDIX I: QUESTIONNAIRE**

**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**RESEARCH PROJECT QUESTIONNAIRE FOR FULFILLMENT OF MBA**

**Dear Respondents:**

This study is being conducted as a requirement for the completion of an MBA program at Addis Ababa University College of Business and Economics. To ensure the success of this research, I kindly request your support and cooperation in responding to the questionnaire. Please provide your honest and accurate answers to the questions. The information you provide will be used for academic purposes only and will be treated as confidential. The findings from this questionnaire will be reported in an aggregated manner, and your anonymity as a respondent will be maintained.

#### **General Instructions**

- No need to write your name
- In all cases where answer options are available please tick (√) in the appropriate box.

Thank you, for your cooperation and timely response in advance.

**Section I: Background Information**

Please put a “✓” with most closely represent your personal information. Please mark only one item per question.

1. Age: 18-25 yrs  26-35 yrs  36-45 yrs  > 45 yrs

2. Gender: Male  Female

3. Education: College diploma  First degree  Second degree and above

**4. Year of service in Nib Insurance**

< 1yr  1-5 yrs  6-10 yrs  11-15 yrs  >15 yrs

5. Marital status: Single  Married

**6. What is the frequency of training program you participated?**

Only once  Twice  Several times  Never

**Section II: Training Dimensions**

The following statements are about how you believe about trainings in Nib Insurance Company S.c. Please read each statement carefully and decide how much you agree by putting (✓) that best describes your belief.

1. Strongly Disagree 2. Disagree 3. Undecided 4. Agree 5. Strongly Agree

No	Questions	Responses				
		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
<b>Training Needs Assessment</b>						
1	Training needs were identified by comparing the actual performance of the employee with the desired performance.					
2	Training needs were identified by comparing the current abilities of the employee with the new requirements of work.					
3	The Training need assessment conducted in the organization is able to differentiate performance problems caused by employees' lack of skills, knowledge and abilities					

<b>Training Design</b>					
4	There is a clear and measurable view of training objectives in conducting a training program in the company.				
5	The organization target the training objectives when designing training programs.				
6	The contents of training that I have taken are relevant for my current job.				
7	The training design is compatible with the actual job to be performed.				
<b>Training Implementation (Method)</b>					
8	The training delivery method was appropriate to the training objective.				
9	The type of training I have taken is applicable for the job after the training.				
10	Well experienced employees allocate work to junior staff.				
11	Employees are allowed to transfer to other departments from time to time to develop their skills.				
12	I found the different training methods listed below to be relevant and good quality				
	a. Simulation				
	b. On the Job				
	c. Off the Job Training				
	d. Cross training				
	e. Mentoring and/or Coaching				
	f. Lecture				
<b>Evaluation of Training</b>					
13	Interview with or a questionnaire to you was conducted to know your reaction levels whether you liked the training, the trainer, and facilities.				
14	Evaluation was conducted to know whether you have gotten more knowledge than you have before.				

15	Your job performance was observed in order to know the effect of training on job performance.					
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**Section III: Organizational Culture**

Please read each statement carefully and decide how much you agree by putting (√) that best describes your belief.

1. Strongly Disagree    2. Disagree    3. Undecided    4. Agree    5. Strongly Agree

No	Questions	Responses				
		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
<b>Involvement</b>						
1	People work like they are part of a team( Cooperation across different organization is actively encouraged)					
2	Everyone believes that he/she can have a positive impact.					
3	There is consistent investment in the skills of employee.					
4	Work is organized so that each person can see the relationship between his or her job and goals of the organization.					
5	Information is widely shared so that everyone can get the information he/she needs when it is needed.					
<b>Consistency</b>						
6	There is a clear and consistent set of values that govern the way we do business.					
7	There is clear agreement about the right way and the wrong way to do things.					
8	There is clearly defined culture.					
9	There is good alignment of goals across levels.					

10	People from different parts of the organization share a common perspective.					
<b>Adaptability</b>						
11	The way things are done is very flexible and easy to change.					
12	New and improved ways to do work are continually adapted.					
13	Learning is an important objective in our day to day work.					
14	All members have a deep understanding of customer wants and needs.					
15	Innovation and risk taking are encouraged and rewarded.					
<b>Mission</b>						
16	The leadership has clearly stated the objectives we are trying to meet.					
17	There is a long term purpose and direction.					
18	We have a shared vision of what the organization will be like in the future.					
19	There is a clear strategy for the future.					
20	We continuously track our progress against our stated goals.					

#### **Section IV: Employee Performance**

The following statements are about how you feel about your performance in Nib Insurance Company S.c. Please read each statement carefully and decide how often you feel it by putting (√) that best describes how frequently you feel that way.

1. Strongly Disagree   2. Disagree   3. Undecided   4. Agree   5. Strongly Agree

No	Questions	Responses
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		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
<b>Task Performance Dimension</b>						
1	I use to maintain high standard of work.					
2	I am capable of handling my assignments without much supervision.					
3	I am very passionate about my work.					
4	I can handle multiple assignments for achieving organizational goals.					
5	I use to complete my assignments on time.					
<b>Contextual Performance Dimension</b>						
6	I use to extend help to my co-workers when asked or needed.					
7	I love to handle extra responsibilities.					
8	I derive lot of satisfaction nurturing others in organization.					
9	I use to guide new colleagues beyond my job purview.					
10	I communicate effectively with my colleagues for problem solving and decision making.					
<b>Adaptive Performance Dimension</b>						
11	I could manage change in my job very well whenever the situation demands.					
12	I can handle effectively my work team in the face of change.					
13	I use to lose my temper when faced with criticism from my team members.					
14	I am very comfortable with job flexibility.					
15	I use to cope well with organizational changes from time to time.					