Full Length Research Paper

The Relationships among Investment in Workplace Learning, Organizational Perspective on Human Resource Development, Organizational outcomes of Workplace Learning, and Organizational Performance

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The purpose of this study is to investigate the relationship among investment in workplace learning, organizational perspective on HRD ,organizational outcomes of workplace learning and organizational performance in Parsian Hotels in Tehran. This paper has used the correlational descriptive research. The population of this study consisted of the views of Parsian chain Hotels’s employers in Tehran.an integrative approach is employed in this research. The results showed a significantly positive relationship between investment in workplace learning and organizational outcomes of workplace learning .the current research also found a significantly positive relationship between organizational outcomes of workplace learning and organizational performance. Both theoretical and practical implications for HRD are provided in this research. Up to now no research with this subject has been done in Iran.

Keywords: workplace learning , organizational performance , organizational perspective ,hotel ,organizational outcomes , human resource.

INTRODUCTION

Today, organizations continue to face environmental change worldwide (Heilmann , 2007). As industries have become more knowledge-based , employees have had to constantly update their knowledge and skills (Burke and Ng ,2006). Firms also have recognized their human resources as a key source of sustainable competitive advantage (Rowden , 2007). Workplace learning is recognized as a key strategy for organizations to help their employees achieve the expected performance (Clarke , 2005). It is believed that investment in employee learning can generate positive performance – related outcomes for organizations which in turn may lead to organizational success (Becker , Huselid and Aghazadeh, 2006- 2007).
Workplace learning, especially training, has been found to be positively related to its various outcomes. Workplace learning directly affects employee productivity, which subsequently influences financial performance (Paul and Anantharaman, 2005). Companies that make higher investment in their employees' training are more likely to achieve better results in profitability than those that make lower investment (Aragon-Sanchez, n.d.).

Training-oriented policy for human capital development considerably influence the satisfaction of workers, clients and owners and finally organizational productivity (Garcia, 2005). Despite results showing a positive relationship between workplace learning and its outcomes, training as workplace learning is found not to be strongly related to the financial aspect of performance (Tharenou, Saks and Moore, 2007).

The current research identifies the process by which workplace learning may influence organizational performance and demonstrate how workplace learning is ultimately related to business profits. Another significance of this research is that, this research allows the time gap between workplace learning practices and manifestation of organizational performance. It can also overcome the potential problems of measurement error due to time, common method biases.

**Literature review**

Workplace learning takes a variety of definitions and many forms (McCormach, 2000). Workplace learning is the process used by the individuals when engaged in the training programs, education and development courses for the purpose of acquiring the competence necessary to meet work requirements (Jacob and Park, 2009). There are different forms of workplace learning such as formal and informal learning (Watkins and Marsick, 1992). Formal learning is made up of discrete planned events used to instruct people how to perform specific defined jobs. Informal learning is intentional and planned learning activities through interactions with others as social aspect of learning within the workplace (Enos Kehrhahn and Bell, 2003). Examples of informal learning are talking and sharing resources with others, on-the-job training, networking, coaching and mentoring (Leslie, Aring and Brand, 1998).

Differences in perspective also lead to different definitions of HRD (Jacobs, 1990). The debate on the definitions of HRD can be captured by two major perspectives, 1) context-bound versus context-independent, 2) learning versus performance. The context-bound perspective presented that context should be taken into consideration when defining HRD (McLeanand McLean, 2001). The argument about learning versus performance is derived from the perspective on the outcomes of learning. The performance paradigm views the primary outcomes of HRD as not just learning, but learning and performance (Holton, 2002). While the learning paradigm focuses on individual learning per se, as outcome, suggesting that the needs of the individual for learning and development should be more important than the needs of the organization (Holton, 2002).

Research suggests that the better perceptions employees have of their workplace learning, the better organizational commitment or job satisfaction they will have. Three theories seem to be appropriate for explaining workplace learning and its outcomes. 1) resource-based view, 2) the behavioral perspective, 3) cybernetic systems model (Wright and McMahan, 1992). The resource-based view implies that investing in employee competence through workplace learning can be an important source of sustained competitive advantage for generating superior firm performance. The behavioral perspective posits that if the organizational strategy is different, it will consequently lead to a different organizational performance (Wright and McMahan, 1992). The cybernetic system model suggests that workplace learning results in employee competence such as knowledge, skills and abilities (input) and employee competence leads to employee behavior (throughput), which subsequently influences employee as well as organizational outcomes (output) (Wright and McMahan, 1992).

Workplace learning outcomes can be mainly categorized into 3 types. 1) workplace learning outcomes-human resource outcomes such as employee's satisfaction, commitment, motivation, behavior, skills and individual or group performance. 2) organizational performance outcomes such as productivity, quality, innovation, absence, turnover, conflict and service. 3) organizational financial outcomes such as profits, return on investment (ROI), return on asset (ROA), return on equity (ROE), market value or stock-market performance (Becker and Huselid, 1997).

Organizational performance outcomes are related less to the financial, rather than the non-financial aspect of performance. The influence of workplace learning on organizational financial outcomes are mediated through direct effects of workplace learning on employee attitudes such as satisfaction and commitment, behaviors and employee competence such as knowledge and skills (Ostroff and Bowen, 2000). The assessment of organizational performance could be classified into behavioral consequences such as turnover, satisfaction or non-behavioral consequences such as profit (Ford and Schellenberg, 1982).

A final economic goal of firms is to produce financial benefits. The frequently used indicators of financial performance for measuring financial performance include profitability (ROI, ROS, ROE, ROA), growth in sales,
Table I. The definitions of terms

<table>
<thead>
<tr>
<th>The Terms Used in Research</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Workplace learning</td>
<td>A range of learning activities including training programs to meet current &amp; future work requirements (Jacobs &amp; Park, 2009)</td>
</tr>
<tr>
<td>2) Formal learning</td>
<td>Structural learning activities with instructors and planned contents usually away from work (Mocker &amp; Spear, 1982)</td>
</tr>
<tr>
<td>3) Informal learning</td>
<td>Intentional and planned learning activities through social interactions within the workplace (Enos &amp; Kehrhahn, 2003)</td>
</tr>
<tr>
<td>4) Organizational perspective on HRD</td>
<td>Refers to how organizations view HRD as a critical strategy to leverage employee learning in the workplace (Delery &amp; Doty, 1996)</td>
</tr>
<tr>
<td>5) Organizational outcomes of workplace learning</td>
<td>The non-financial aspect of organizational performance such as productivity, quality,... (Venkatraman &amp; Ramanujam, 1986)</td>
</tr>
<tr>
<td>6) Organizational performance</td>
<td>Refers to the financial aspect of organizational performance as a final economic goal of firms (Venkatraman &amp; Ramanujam, 1986).</td>
</tr>
</tbody>
</table>

Table II: The Summary of variables

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Observed variables (measures)</th>
<th>Measurement Scale</th>
<th>Source of Data</th>
</tr>
</thead>
</table>
| Investment in workplace learning | 1) Group-based off-the-job classroom training  
2) Group-based on-the-job classroom training  
3) On-the-job training (OJT)  
4) Task force team project  
5) E-learning  
6) Distance training by mail  
7) Mentoring or coaching  
8) Action learning | Interval scale (5-point Likert scale) | Organization-level data in the 2003 HCCP data set |
| Organizational perspective on HRD | 1) Top management’s vision for HRD  
2) Company’s values on talented people  
3) Top management’s emphasis on talented people | Interval scale (5-point Likert scale) | Organization-level data in the 2005 HCCP data set |
| Organizational outcomes of workplace learning | 1) Employee competence  
2) Labor productivity  
3) Employee enthusiasm | Interval scale (5-point Likert scale) | Organization-level data in the 2005 HCCP data set |
| Organizational performance | 1) Sales per employee  
2) Net profit per employee  
3) Gross margin  
4) Return on Asset (ROA) | Ratio scale Transformed to log | Objective financial data from Korea information Service (KIS) data in the 2007 HCCP data set. |

Table I: Summary of variables
total sales, sales per employee and net profits (Aragon-Sanchez, 2003). The universalistic perspective suggests that the more use of workplace learning an organization makes, the better able the organization will be to lead to organizational performance (Delery and Doty, 1996).

The conceptual model consisted of largely four components: 1) investment in workplace learning as an independent variable, 2) organizational outcomes of workplace learning as a mediating variable, 3) organizational perspective on HRD as a moderating variable, and 4) organizational performance. This model was based on the logical theoretical relationships presenting that workplace learning affects organizational performance focused on financial benefits through workplace outcomes (Dyer and Reeves, 1995). Workplace learning activities were expected to result in improved organizational outcomes such as productivity and enthusiasm of employees, along with employee competence (Jacobs and Washington, 2003). Organizations with greater value on HRD were expected to have superior workplace learning outcomes and subsequently better organizational performance. Therefore, the organizational perspective on HRD was expected to play a moderating role in the relationship between investment in workplace learning and its outcomes (Delery and Doty, 1996).

The definitions of the terms used in this research

The summary of variables used in research

METHODOLOGY

In terms of its objective, the present study is an applied one, while in terms of methodology, it is a descriptive survey. Statistical population of the present study consists of all employees of Parsian Hotels in Tehran. The sample studied here includes 121 employees at Azadi Hotel, Evin Hotel, Esteghlal Hotel, Enghelab Hotel, and Kowsar Hotel who were selected randomly to complete the questionnaires distributed among the participants by HR managers at non-work hours. In total, 121 questionnaires were collected. The questionnaires had the standard format.

Table 1. Cronbach’s alpha for the study variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace learning</td>
<td>0.758</td>
</tr>
<tr>
<td>Organization’s attitude toward development of organizational resources</td>
<td>0.783</td>
</tr>
<tr>
<td>Organizational outcomes of learning at workplace (learning outcomes)</td>
<td>0.750</td>
</tr>
<tr>
<td>Organizational performance</td>
<td>0.746</td>
</tr>
</tbody>
</table>

Table 2. Kolmogorov-Smirnov test results for the study variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace learning</td>
<td>0.561</td>
</tr>
<tr>
<td>Organization’s attitude toward development of organizational resources</td>
<td>0.111</td>
</tr>
<tr>
<td>Organizational outcomes of learning at workplace (learning outcomes)</td>
<td>0.066</td>
</tr>
<tr>
<td>Organizational performance</td>
<td>0.132</td>
</tr>
</tbody>
</table>
Table 3. Correlation coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace learning</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization’s attitude toward development of organizational resources</td>
<td>0.462</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational outcomes of learning at workplace (learning outcomes)</td>
<td>0.563</td>
<td>0.495</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Organizational performance</td>
<td>0.376</td>
<td>0.358</td>
<td>0.364</td>
<td>1.00</td>
</tr>
</tbody>
</table>

*p<0.05  **p<0.01

**Questionnaire reliability** - Cronbach’s alpha was used to assess reliability of the questionnaire. This technique is often employed to evaluate internal consistency of a measure used to identify different characteristics. Since the value obtained for Cronbach’s alpha associated with the study variables is larger than 0.7, the variables have acceptable reliability. (Table 1: here)

Correlation tests were employed to examine the relationships between the variables, and finally confirmatory factor analysis (CFA) was applied to evaluate construct validity and structural equation modeling (SEM) was used to test the hypotheses.

**DATA ANALYSIS**

**Inferential statistics** - different forms of analysis have been used to analyze the data. In the first step, reliability of the research questions was assessed based on the values obtained for Cronbach’s alpha and the normality of the data was evaluated through Kolmogorov-Smirnov Test. Next, correlation tests were used to identify the relationships between the study variables; and finally, CFA and SEM were applied to analyze construct validity and to test the hypotheses, respectively.

**FINDINGS**

**Normality test for the study variables** - in this test H₀ is confirmed if the significance level obtained from the test is greater than error, i.e. α=0.05; otherwise, H₁ is confirmed.

H₁: the data are not normal (do not represent a population with normal distribution) H₀: the data are normal (represent a population with normal distribution)

Since the level of significance is greater than 0.05, the data collected have a normal distribution.

**Coefficients of Correlations between the Variables**

The correlation coefficients obtained for the study variables indicate that all variables are positively and
significantly correlated at the confidence level 99%.

This section describes CFA and path diagrams (standard weights and significance of the coefficients) for the conceptual model of the study. (Fig 1 and Fig 2).

**Research Questions**

Q1: The investment in workplace learning is related to learning outcomes.
**Table 4.** Path coefficients, t-values, and coefficient of determination (dependent variable: organizational outcomes of workplace learning)

<table>
<thead>
<tr>
<th>Predictor</th>
<th>β</th>
<th>t</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in workplace learning</td>
<td>0.77</td>
<td>6.49</td>
<td>0.59</td>
</tr>
</tbody>
</table>

*p<0.05  **p<0.01

Table 4 presents path coefficients, t-values, and coefficient of determination (dependent variable: organizational outcomes of workplace learning). (Table 4: here)

Fig. 4-4 SEM for the conceptual model of the study (significance of the coefficients)

Fig. 4-5 SEM for the conceptual model of the study (standard estimation)
**Table 5.** Path coefficients, t-values, and coefficient of determination (dependent variable: organizational performance)

<table>
<thead>
<tr>
<th>Predictor</th>
<th>B</th>
<th>T</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational outcomes of workplace learning</td>
<td>0.63</td>
<td>4.50</td>
<td>0.40</td>
</tr>
<tr>
<td>p&lt;0.05</td>
<td></td>
<td></td>
<td>p&lt;0.01</td>
</tr>
</tbody>
</table>

**Fig. 4-4 SEM for the conceptual model of the study (significance of the coefficients)**

**Fig. 4-6 SEM for the conceptual model of the study (standard estimation)**
The path coefficient (0.77) and the value obtained for t (6.49) indicate a positive significant relationship between investment on workplace learning and organizational outcomes of this kind of learning at the confidence level 99%. Multiple coefficient of determination is 0.59.

As seen here, investment in workplace learning can predict 59% of variations in learning outcomes.

**Q4:** There is a relationship between organizational outcomes of workplace learning and organizational performance. (Table 5: here)

The path coefficient (0.63) and the value obtained for t (4.5) indicate a positive significant relationship between organizational outcomes of workplace learning and organizational performance at the confidence level 99%. Multiple coefficient of determination is 0.40.

As seen here, investment in workplace learning can predict 59% of variations in learning outcomes. Organizational outcomes, therefore, can predict 40% of variations in organizational performance.

The present study also attempts to identify the role of the mediating variable, organization's attitude toward development of human resources, in the relationship between investment in learning (independent variable) and organizational outcomes (dependent variable). The model proposed by Baron and Kenny (1986) was used to answer the second question. Using this model, first the impact of investment in workplace learning on learning outcomes was measured (Model 1 (Fig. 1)), and then using the mediating variable (organization's attitude toward development of organizational resources) the second question was answered by measuring the impact of the independent variable on the dependent variable (Model 2 (Fig. 3)). (Fig 4-3 and Fig 4-4)

**Q2:** The organization's attitude toward development of human resources mediates the relationship between investment in workplace learning and organizational outcomes of this type of learning.

Since in Model 1 (4-1) the coefficient of the path from investment in workplace learning to organizational outcome is 0.77, in Model 2 (4-3), with the mediating variable organization's attitude toward development of human resources, the coefficient is 0.62, it follows that this mediating variable relatively impacts the connections between these two variables.

The present study also attempts to examine the mediating impact of organizational outcomes of learning on the link between investment in learning (independent variables) and organizational performance (dependent variable) by answering Q2 through making use of the model proposed by Baron and Kenny (1986) in which first the impact of investment in learning on organizational performance was measured (Model 3 (Fig. 5)) and then the mediating variable (organizational outcomes of learning) was used to assess the impact of the independent variable on the dependent variable in answering Q3 (Model 4 (Fig. 7)). (Fig 4-5 and Fig 4-4 and Fig 4-6 and Fig 4-7).

**Q3:** The organizational outcomes of workplace learning mediate the relationship between investment in workplace learning and organizational performance.
Since in Model 3 (4-5) the coefficient of the path from investment in workplace learning to organizational performance is 0.40, in Model 4 (7-4), with the mediating variable organizational outcomes of workplace learning, the coefficient is 0.05, it follows that this mediating variable totally impacts the connections between these two variables.

CONCLUSION

The first question of the study (Q1) was analyzed using SEM. As seen in the table, the structural coefficient from investment in workplace learning to organizational outcomes of learning is 0.77. Given this value and the value obtained for t (6.49), it follows that investment in workplace learning is positively and significantly connected to organizational outcomes of learning at the confidence level 99%. Learning outcomes, whether in formal or informal learning, are significant (Lee and Bruvold, 2003). Training as the first form of formal learning has been proved to create positive organizational outcomes. Informal learning can improve workplace productivity as it can potentially enhance organizational performance through social communication (Leslie, 1997). Recent studies have emphasized the role of informal learning in improving learning outcomes (Ellinger and Enos, 2005). Furthermore, an effective combination of formal and informal learning can maximize learning outcomes for employees. Therefore, eclectic approach to learning activities is recommended. Training activities often take place far from organizations and workplaces and this lowers the levels of such activities. Therefore, organizations may become deprived of significant learning programs. For example, structured on-the-job training (SOJT) which provides a combination of formal and informal learning is an important learning technique employed at workplace along with preplanned methods. Separating formal learning from informal learning will make implementation of SOJT impossible. The finding that investment in informal learning activities can bring about positive income and enhanced financial performance is, therefore, consistent with the previous studies (Enos, Kehrhahn and Bell, 2003). The findings indicate that the larger is the investment in workplace learning, the greater will be outcomes such as competition among employees, productivity of staff, and employee vivacity. The findings of the present study confirm those of the previous studies which examined the connection between training and organizational performance (e.g. Faem, 1997; Sels, Dewinne and Maes, 2005; Huselid, 1995; Paul and Anantharaman, 2005; Vlachos, 2008). Moreover, the findings associated with Q1 are consistent with the study conducted by Jacobs who showed that training can improve performance of employees by enhancing competitiveness and expanding organizational levels (Jacobs, 2003-2006). The value of multiple coefficient of determination (0.59) suggests that investment in learning can predict 59% of variations in organizational outcomes of learning.

With respect to Q2, the coefficient of the path from investment in workplace learning to organizational outcome is 0.77 and in Model 2 (4-3), the path coefficient, with the mediating variable organization’s attitude toward HR development is 0.67, which suggest a relative impact of organization’s attitude toward HR development on these two variables. The model proposed by Baron and Kenny (1986) was used to answer this question. The findings confirmed the dependence approach, which stresses that organizations which value HR development will have better learning outcome, and consequently, will achieve higher levels of organizational performance compared to those organizations which attach relatively smaller value to HR development. The value that an organization places on HR development determines the extent of financial support for employee learning. When senior management values HR development, the organization will provide employees with greater learning opportunities in order to improve their performance (Aghazadeh, 2007; Hoffman and Mehra, 1999; Maurer and Tarulli, 1994).

Analysis in connection to Q3 revealed that in Model 3 (4-5), the coefficient of the path from investment in workplace learning to organizational performance was 0.40, and in Model 4 (4-7), with the mediating variable organizational outcomes of workplace learning, the path coefficient was 0.05, indicating that organizational outcomes of learning completely mediates the connection between these two variables. While mediating the impact of organizational outcomes of learning, investment in workplace learning indirectly affects organizational performance. In addition, the findings suggest that workplace learning outcomes should ensure better financial performance by investing in employee learning.

These findings clearly support the mediating role of organizational outcomes of workplace learning in the link between workplace learning and organizational performance, as previously demonstrated by other researchers (e.g. Becker, Huselid, Pickus and Spratt, 1997; Dyer and Reeves, 1995; Garcia, 2005; Guest, 1997; Ostroff and Bowen, 2000; Paul and Anantharaman, 2003; Tharenou, Saks and Moore, 2007).

Q4 was tested using parameter analysis through SEM. As seen in Table IV, the structural coefficient for the link between organizational outcomes of workplace learning and organizational performance is 0.63, with a t-value of 4.5. A positive and significant relationship between organizational outcomes of learning and organizational performance is therefore deducted. The value for multiple coefficient of determination is 0.40. This means that organizational outcomes of workplace learning can
Examined three major variables (extent of planning, place linked to learning outcomes. Previous studies have predicted 40% of variations in organizational performance. Therefore, improvement in organizational outcomes of learning, such as workplace competition, productivity, and vivacity will lead to enhanced organization performance in terms of such things as sales by each employee, net income per employee, and profit margin. This is in line with the findings of a previous study by Anantharaman and Paul (2005) who demonstrated that organizational performance can be more properly predicted when it involves items like screening, job bidding, compensations for services, performance evaluation, and enhancement in HR system; however, organizational performance cannot be well predicted when it only involves workplace learning activities.

Recommendations and Suggestions for Further Research

A number of recommendations are provided for future research:
1. This study examined formal and informal types of learning. Future research, however, may explore a wide range of workplace learning activities and how they are linked to learning outcomes. Previous studies have examined three major variables (extent of planning, place of learning, and role of others during learning process) involved in learning, and future research can examine how formal and informal learning activities in conjunction affect learning outcomes.
2. Future research may take into account individual, group, and organizational levels in investigating the connection between employee learning and organizational performance.
3. The present study used measures like competitiveness, productivity, and vivacity to assess workplace learning outcomes at organizational levels. Future research can utilize other measures such as nonfinancial measures of performance. Findings of such studies on nonfinancial measures of organizational performance may be helpful in evaluating the impacts of workplace learning in terms of employee mobility, job performance, communicating what one has learnt to others, and motivations for such communication.

The limitations of the study:
1) One of the most important limitations of this study is the limited access to the employees of the hotels because of that I was just in contact with the Human resource management of the hotels. They distributed the questionnaires among the employees when they were not at work time. Therefore it was a time consuming process.
2) Lack of time for employees made them answer the questions somehow fast and without attention. This was also another limitation of present study.
3) In some branches of parsian hotels, there were illiterate employees that could not answer the questionnaire whereas in other branches there were employees with their backgrounds absolutely related to the tourism and hospitality. There were kind of heterogeneous employees in different branches of parsian hotels. This was also an important limitation.

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