To my beloved parents, beautiful wife and daughter,

for their love and support
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Frederick Douglass once said “if there is no struggle, there is no progress”. Despite all the hurdles and inevitable life events that are happened for the past 3 years, I have received a support and encouragement from a numbers of individuals to completed this thesis.

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Training needs analysis (TNA) has been regarded as the most important steps in order to develop a successful training program as TNA can provide organizations with valuable information to help them in designing or develop strategic training programs. It has also been strongly concurred in the literature that any training intervention must begin with TNA process. Existing literature on TNA shows that most of the research and studies on organizational TNA practices were done overseas and there are limited numbers of researches from scholars that validate the effectiveness of TNA. With regard to this, this research was carried out as it is important to investigate whether Malaysian firms, in particular the manufacturing firms perform TNA before conducting any training programs for the employees. The characteristic of effectiveness of TNA practices has been researched in manufacturing companies as well. Interview with the person in charge from training department in MNC and SME company has been done to explore on TNA practices in the company. Survey questionnaire were emailed to 150 manufacturing companies listed from FMM Directory 2012 in Johor Baharu area to determine factors affecting TNA effectiveness. Data was analyzed using content and cross analysis for interview transcript and descriptive statistics for questionnaire results. The interview results shows that both MNC and SME selected company has done proper TNA process and MNC TNA is more comprehensive than SME. Questionnaire results show that involvement of employee is ranked the most important characteristic of TNA practices. Financial support characteristic to conduct TNA is least important in TNA practices.
ABSTRAK

Analisis Keperluan Latihan (TNA) telah diambil kira sebagai langkah yang paling penting dalam usaha untuk membangunkan program latihan yang efektif dimana TNA boleh memberikan maklumat yang berharga kepada organisasi untuk membantu mereka dalam mereka bentuk atau membangunkan program latihan strategik. Kenyataan di dalam literatur telah mengatakan bahawa sebarang aktiviti latihan harus bermula dengan proses TNA. Literatur berkaitan TNA yang sedia ada menunjukkan bahawa kebanyakan penyelidikan dan kajian mengenai amalan TNA organisasi telah dilakukan di luar negara dan kajian berkenaan penyelidikan keberkensanan TNA adalah terhad. Berhubung dengan ini, kajian ini dilakukan kerana ia adalah penting untuk mengkaji sama ada syarikat-syarikat Malaysia, khususnya firma-firma pembuatan melaksanakan TNA sebelum menjalankan apa-apa program latihan untuk pekerja. Ciri-ciri keberkesanan amalan TNA telah dikaji dalam syarikat-syarikat pembuatan juga. Temuduga dengan orang yang bertanggungjawab dari jabatan latihan di MNC dan syarikat SME telah dilakukan untuk mengetahui lebih mendalam tentang proses TNA dalam syarikat itu. Soal selidik kajian telah diemelkan kepada 150 syarikat-syarikat perkilangan yang disenaraikan dari FMM Direktori 2012 di kawasan Johor Baharu untuk menentukan faktor-faktor yang mempengaruhi keberkesanan TNA. Data di analisis menggunakan analisis kandungan untuk transkrip temu bual dan statistik deskriptif untuk hasil soal selidik. Keputusan temuduga menunjukkan bahawa kedua-dua syarikat MNC dan syarikat SME terpilih telah melakukan proses TNA yang betul dan TNA yang dibuat oleh MNC adalah lebih menyeluruh daripada SME. Hasil soal selidik menunjukkan bahawa penglibatan pekerja berada di kedudukan yang utama dalam ciri yang paling penting dalam amalan TNA. Ciri sokongan kewangan untuk menjalankan TNA adalah kurang penting dalam amalan TNA.
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CHAPTER 1:

INTRODUCTION

1.1 Introduction

Organization would have difficulties to strive and achieve the company’s objectives successfully without having the most valuable asset which is their employees itself. Therefore, it is very crucial for the said employees to possess and gain necessary knowledge, skills and abilities (KSAs) for the organization to achieve their mission, goals and to remain competitive in today’s world. According to Cosh, et al. (1998), training programs have the capacity to facilitate an organization expansion and to expand its potentials and profitability enhancement, hence driving the success of the company. Moreover, employees’ attitudes, performance and behavior can influence customers’ satisfaction and loyalty to the company (Kusluvan & Kusluvan, 2000). Organization which possesses educated and well-trained employees is believed to have a competitive advantage among other competitors (Tung-Chun, 2001).
Training has been said to be one of the most important strategies for an organization, particularly because training enables employees to gain more systematic skills and knowledge which are needed by them to keep up with the rapid change of organizational environment (Goldstein & Gilliam, 1990). According to Kaur & Jayaramman (2012), training and development is not only about helping the specific individuals to adequately fill their positions in the organization, but also concerns the development organization-wide and its sub-departments. In short, training and development is primarily concerned with developing the employees.

To develop an employee through training program costs the organization substantial amount of money (Casio, 2000). According to Batram & Gibson (2000), training could be costly if the training programs do not effectively link and match the organization needs and the employees’ needs. Therefore, the reason training needs exist in an organization is to close the gap between present KSAs and desired KSAs for effective performance (Landale, 1994). It has been concurred by Cekada (2010) that training needs analysis (TNA) needs to be applied in a systematic manner, without which an organization may pay the cost of loss if the needs assessment is a failure such as inability to implement an improvement or intervention after investing a substantial amount of funds in conducting the training. Leigh et al. (2000) recognized TNA as the first step in a human resource development (HRD) intervention - to identify an organization’s objectives or strategy, and is regarded as a systematic approach to HRD. It has been concurred by Leskiw & Singh (2007); Berger (1993) and Kaufman (1994) that TNA is the first step of training process where the organization needs are being identified and then prioritized according to organizational needs and business. It also serves as the basis in evaluating delivered training, designing the training programs and determining the learning objectives. Grahn and Swenson (2000) suggested that the measure to be taken to make improvements to the quality of training is by using needs analysis. This suggests that a lack of TNA may lead to unproductive training being conducted or planned and the investment on training may not be well spent because the needs are not being specifically identified.
1.2 Background of the Study

There are numbers of definition that is offered by the researchers to explain on training needs analysis (TNA). From the several definitions that is available in the literature, the most quoted definition by Goldstein (1993) where TNA has been defined as a process conducted to answer three questions that are related to training which are (1) where training is required (2) what need to be taught in training and (3) who should attend the training. Answers to this questions will provide a vital information to ensure that the training that is provided to the employees will help the organization to maximize the potential of their employees.

Furthermore, according to Batram & Gibson (2000), there are factors that human resource personnel or person handling training should consider when designing a training program to make sure that the training transfer are effective. This would involve careful consideration regarding the accuracy of the identified training needs and the best way to fulfill those needs. According Batram & Gibson (2000), if the needs are being identified accurately, the probability that training is being successful is increased. According to Rossilah & Hishamuddin (2007), there are two basic issues of concern regarding TNA which first, whether TNA has been conducted before training is implemented and second, how TNA is conducted. If the organization conduct or send the employees to training without conducting prior analysis of their needs, the training that is provide to the employees will not be effective.

Manufacturing is an important sector in Malaysia as the sector has driven the country economic development that makes Malaysia a top choice for foreigners to invest in the industry (MIDA,2013). Aside from agriculture sectors, Malaysian manufacturing sector is also labor intensive and it is considered a high yield investment opportunity (MIDA,2013). In terms of the workforce, Malaysia offers
the investors a young, educated and productive workforce at costs competitive comparing with other countries in Asia. The government also has support in human resource development in manufacturing sectors. Education and training are in high priority as it has been highlighted in national development under Malaysia’s five year development plans (MIDA, 2013). In addition, Federation of Malaysian Manufacturers (FMM) was established in 1968 to assist Malaysian manufacturers to adjust quickly with the rapid modernization and Human Resource Development Fund (HRDF) was launched by the government in 1993 to encourage training, retraining and skills upgrading in the private sector. Employers, in the manufacturing and service sectors who contribute to this fund are eligible to apply for grants to defray or subsidize the costs incurred in training and retraining their workforce (FMM, 2012).

According to Markusen (2004), in today’s business environment, small and medium sized enterprises (SME) are trying to show as much professionalism as multinational corporations (MNC) in their human resource management and development practices. Saru (2007) states that human resource development (HRD) practices is equally central for both large and small organization but there is a difference in terms of how the organization practicing it. However, according to Hornsby & Kuratko (1990), size of the firm will not affect the formality of their HRD practices. The difference between small and large firm is small firm will not have same kind of resources like large firms to implement HRD policies or practices but they still need to keep their employees productive (Hornsby & Kuratko, 1990).

According to Hill & Stewart (2000), training does not take place at all in small organization. But if it takes place, the training would be rather reactive than proactive, informal rather than formal training and short-term rather than long term. According to Taylor & O’Driscoll (1998), reactive TNA approach is being criticized because its only focusing on present needs and not future needs. In other words, reactive TNA reacts only on current problems whereby it is crucial to apply proactive TNA in order to maintain organizational survival and competitiveness. The reason
why small firms are reluctant to invest in training is because of ignorance of benefits, time barriers and the organization has feared that conducting training will enhance their employee mobility to move to another firm (Patton & Marlow, 2002). From this, it has been implied that small firms may not conduct TNA or do not have proper TNA practices in place for their employees.

According to Haslinda (2009), the Malaysian government has emphasized that training and development is important for employees within the manufacturing sector. In year 2007, 45 million ringgit of monetary assistance has been provided by the HRD Council for funding of training programs in the manufacturing sector. The government initiatives have also included the enforcement of the HRD Act, 1992, which is to provide the imposition and collection of human resources development levy (HRDF) from the employer to promote training for its employees in order to ensure the workforce competency and further contribute to the country in achieving Vision 2020. HRD Council has also completed establishment of more than 1000 training institution to support training programs for the manufacturing sector. Hashim (2002) mentioned that the indicator of training and development importance in human resources in Malaysia has greatly improved where there was an increased in allocation of training and development by the government from 223.7 million to 400 million in the growth plan for 7th Malaysian Plan to 8th Malaysian Plan respectively.

In recent advance of training and development in Malaysia, it shows that the government is still focusing in developing the training availability in this country as it has been seen that companies have realized the importance of training and development as one of the main factors for business growth and success. According to the Ninth Malaysian Plan, the government has allocated RM 4.7 million for corporate training which includes industrial training, commercial training and management training to further improve the quality of labor (Ninth Malaysia Plan 2006-2010). This is in line with the Tenth-Malaysian Plan where it is stated that skills training is to develop necessary human capital in meeting the industries
requirements and drive productivity improvements (Tenth Malaysia Plan 2011-2015). These government initiatives suggest the importance of training and development programs for Malaysian employees, particularly within the manufacturing industry, which contributes almost 30% share of Malaysia’s gross domestic product (GDP) (Lindsay, 2012).

Nevertheless despite these initiatives, many studies have found evidence that Malaysian firms are still reluctant to conduct training and development programs for its employees because turnover rates have been increasing and Malaysian employees are inclined to move from one job to another (Chew, 2005). Since training programs are considered costly, Malaysian firms tend to ignore internal training programs (Chew, 2005), recruit employees from external labor market (Mansor and Ali, 1998), and expect employee to take initiatives and be responsible for personal development (Abdul-Rahman and Rowley, 2008). However, cost may not be an issue should TNA is applied in a systematic manner (Batram & Gibson, 2000; Landale, 1994; Cekada, 2010).

This section highlights the emphasis on training programs for Malaysian organizations, in particular for manufacturing firms. Increased KSA of the employees are likely to contribute positively to the organization. Despite numerous incentives provided by the Malaysian governments through legislation, and establishment of training providers, it appears that Malaysian firms do not place heavy emphasis on employee training and development, mainly contributed by the high cost of training. Nevertheless, many researches have shown evidence that TNA has the capacity to assist organizations in prioritizing training needs, selecting the right trainees, aligning training objectives with organizational strategies, and increasing the returns on training investment (Arthur Jr.et al, 2003; Brinkerhoff, 2005; Ramu 2006; Endres and Kleiner, 1990).
1.3 Statement of Problem

Nowadays, the ways companies do business have changed tremendously compared to last few decades. The technology has become more advanced in today’s world where companies need to update themselves in terms of skills and knowledge to ensure their competitive advantage remains valuable. With this, organizations need to think in proactive ways where the employees have to be well prepared to face the challenges in future rather than becoming reactive only when there is a problem occurring. In another perspective, training has been said to be able to influence employee retention. A study by Lam & Zhang Qiu (2003) shows that training and development is a major factor influencing the commitment and employees’ satisfaction on their duties and responsibilities. These findings make it clear that training programs and development aid employees to develop the skills required. Therefore, they can perform their duties without having to rely on others. This will affect the level of employee retention in organization (Lam & Zhang Qiu, 2003).

In order to ensure training planning to be more effective, TNA must be approached and prepared systematically and meticulously planned by certain steps. According to McGehee & Thayer (1961), three levels of analysis need to be performed when identifying training needs for the employees and organization, i.e. organizational needs analysis, operational needs analysis and individual needs analysis. Organizational analysis involves a process where the company needs to look at the internal environment of the organization; i.e. factors which could influence or affect employee performance and determine its fits with the organization goals, strategy and objectives (Blanchard & Thacker, 1999). In this process, it is more focused on analyzing the company’s direction for that particular year or period. Blanchard & Thatcher (1999) stated that operational analysis is a process to examine specific jobs to determine the necessary needs or requirements of KSA to improve on expected job performance. This process is also known as job analysis or task analysis. Understanding what employees need to accomplish in their job is important in understanding how training can help address a performance problem. Person analysis is a process to examine on a particular person who occupies the jobs to view
whether they possess the necessary or required KSA to perform their job (Blanchard & Thatcher, 1999). Data on the specific tasks employees can be gathered through interviews or surveys of subject matter experts (SMEs), managers and high-performing employees.

However most of the organizations have failed to practice and acknowledge the important stages in TNA when conducting and planning their training planning. Based on findings by Erffmeyer, et al. (1991) most organization tend to rely more on top management to make the training arrangements on selection on which employee should go to training and the amount of money to be invested in training. It is more informal and not systematic without conducting any detailed analysis. According to Wilson (1996), training that is usually conducted in the organizations do not reflect the company’s strategic objectives and the efforts would not be contributed back to the organization because the training needs are not properly analyzed.

According to Wagonhurst, (2002:78), “inadequate needs assessment can result in inappropriate and ineffectual interventions which could either have no impact or have a deleterious impact on the actual performance problem.” According to Rossilah & Hishamuddin (2007), TNA is a system where it could alleviate the current performance gaps. By initiating the TNA stage, company could save time, money and effort by identifying and tackling the right problems that the employees actually have. TNA has been regarded as the most crucial parts in training cycle as this stage is able to identify proper training needs for the organizations, task in the organization and employee needs (Goldstein & Ford, 2002 ). Without it, companies could waste their training budget by spending on trainings that are not actually suitable for the participants’ needs (Denby,2010). According to Bramley (2003), good TNA analysis can also provide relevant information that can actually lead to solutions focusing on areas of the actual needs. The analysis may also reveal the non-training issues. According to Stone (2009), training is not the only solution to overcome a problem in an organization. For instance, a company is having a situation where the company output is not gradually increasing for the past 8 months. The needs analysis results show that the production machine is aging and there is no
problem on workers’ attitude and skills. Thus, it is not necessary to send the workers to training and the organization needs to invest money to change the machine.

According to Firdousi (2011), in order to produce a high quality results and achieve learning outcomes from the training, TNA should be done in proper methods. It can be related to the consequences if the company skips the important first step of training process. If the organization analysis is not performed by the organization, training that is planned may not align with the company’s missions and objective because the person who is conducting TNA needs to understand what is the organization’s direction and plan for that particular period so it can be aligned in planning the training that is specifically needed in the organization. Lack of person analysis may lead to a training program that may not be related to employees’ motivation factor. The training may also not address specific skills to improve employees’ job performance. As a result, the training program will be ineffective (Wexley & Latham, 1991). Similarly, task analysis also needs to be performed in order to identify the tasks to be performed on the job and the knowledge, skills, and abilities (KSAs) needed to perform those tasks Blanchard & Thatcher (1999). If the task analysis is not performed, the employees will end up attending training program which is not suitable with their KSAs.

However according to Rossett (1997), practitioners do not always conduct TNA even there is evidence that TNA is an important step that leads to performance improvement solutions. Furthermore, Rossett (1997) states that the common reason that organization do not conduct TNA is because of lack of organizational resources and support, lack of knowledge regarding TNA methodology and barrier to apply TNA systems in the organization. Concurred by Bhatta (2002), it was implied that many organizations does not regard TNA as a priority. Budhwar et al (2002) state that small size firms usually do not conduct TNA in their firms for various reasons. In addition, Desimone et al (2002) state that firms often make incorrect assumptions about TNA being not necessary for the organization because of the availability of information that already specifies organizational needs. Furthermore, Stewart & Watson (2002) mentioned that lack of supports for TNA as HRD practitioner or
person in charge for training who unable to convince their top management of TNA necessity is one of the TNA failure. Smith (1999) has add in that most companies do not employ qualified person to handle training matters such as TNA or HRD functions as the process of TNA seems to be complex and difficult.

However, there are a limited numbers of researches from scholars that validate TNA characteristic. Most of the journals in Malaysia are found to be more focusing on training and development in general and the link with training effectiveness. In overseas context, there are several research has been done in finding out the HRD practice in the organization. It is thus important to investigate whether Malaysian firms, in particular the manufacturing firms perform TNA before conducting any training programs for the employees. Since there is an indication from past studies that small size firms are less likely to conduct TNA compared to large size firms, a comparison between MNC and SME manufacturing firms on TNA practices will be undertaken for this study.

1.4 Research Questions

Below are the research questions of this study:

1.4.1 How TNA is conducted in MNC and SME manufacturing firms?
1.4.2 What are the TNA characteristics of TNA practice?

1.5 Objective of Study

This thesis aims to achieve the following objectives:

1.5.1 To investigate TNA practice in MNC and SME manufacturing firms.
1.5.2 To determine the TNA characteristics of TNA practice.
1.6 Scope of the Study

This study will involve a MNC and SME companies in manufacturing industry which is situated in Johor Baharu. The reason why Johor Baharu area is selected is because many highly skilled Malaysian workers either move or commute to Singapore which is geographically adjacent to Johor state. It was estimated in 2001 that almost 20,000 Malaysians in professional or technical jobs as well as semi-skilled and unskilled jobs were commuting to and from Singapore daily (OECD, 2001). In addition, many high skilled workers have commuted because lack of training and development provided for them by their organizations (Kennedy & Daim, 2009). According to Chew (2005), employees are more likely to job hopping when the training and development program are absence in the organization or whenever they are not aligned with the employees needs. Skilled workers also known as knowledge workers demonstrate a different career characteristics than manual workers, such as they place high importance towards upgrading their knowledge, skills and abilities to improve their values as well as to remain marketable in job market. The findings of this study are thus confined to the chosen firm on one MNC organization and one SME organization. The sampling will be based on Federation Malaysian Manufacturing (FMM) 2012 directory lists. Interview and survey techniques will be administered for collecting the data to answer the objectives of this study. The interview aims to investigate the TNA practice in the chosen company, whilst the survey seeks to determine the TNA characteristic of TNA practice in other manufacturing companies in Johor Baharu.

1.7 Significance of the Study

To determine the factors of training needs analysis (TNA) effectiveness is important for the organization to gauge whether they are offering a right training for the right person or not. TNA needs to be right in the first place to make sure that the participants are receiving the right training for their work and personal development.
Therefore, this study could contribute to a better understanding of TNA process in a Malaysian manufacturing firm. Information about the nature of TNA process could also be practical for other organizations. This study is significant for the chosen sample as it sheds lights on how TNA is conducted and implemented in the company. This data is valuable for the organization in order to make improvements on the TNA process thereafter leading to a better intervention for gap deficiencies and more effective training program.

In addition, there are a limited numbers of researches from scholars that validate the TNA characteristic of TNA practice. Referring to Bashir et.al (2011), the researchers has done a study to find out about the impact of training programs on employee development and satisfaction. The study objectives are to find out on employee satisfaction towards training programs identified through TNA, to explore employee prospect towards personal development through effective TNA and to find out on impact of training contents, facilitator effectiveness and application of learning. However, the researchers has highlighted that the root effectiveness of TNA is the organization need to have a sound model its TNA process. In other words, the TNA need to be done in strategic manners and full support from management. Concurred by Sahinidis & Bouris (2007), the researcher’s states that the successful of TNA will identify those who need training and what kind of training is needed. This study thus has the capacity to suggest that if the organizations have a comprehensive TNA system and the systems running well, the more likely TNA to be effective. This could enrich and fill the gaps in literature of TNA.

1.8 Conceptual and Operational Definitions of Terms

This section provides the conceptual and operational definition of terms that will be used in this study.
1.8.1 Training Needs Analysis (TNA)

TNA is defined as a process where the organization analyzes the cause of the performance gaps (Kaufman & Valentine, 1999). Three levels of analysis need to be performed when identifying training needs for the employees and organization, i.e. organizational needs analysis, operational needs analysis and individual needs analysis (McGehee & Thayer, 1961).

In this study, TNA is defined as the tool to identify training needs by analyzing organizational needs, operational/task needs and employee’s individual/personal needs in order for the organization to determine whether training is appropriate to overcome gap deficiencies, and if so, to determine the right training for the specific gap deficiencies.
REFERENCES


