

EMPLOYEE TRAINING EFFECTIVENESS AND ORGANIZATIONAL PERFORMANCE IN INDONESIAN SERVICE COMPANIES

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Abstract

Background: Employee training investments constitute significant organizational expense requiring demonstrated returns through improved performance. Aims: This study examines relationships between employee training effectiveness and organizational performance in Indonesian service sector. Research Method: Survey of 189 service companies across hospitality, consulting, healthcare, and financial services combined with performance data analysis. Results and Conclusion: Effective training programs correlate with 34 percent higher employee productivity, 28 percent improved customer satisfaction, and 41 percent reduced turnover. Training effectiveness depends on needs assessment quality, content relevance, delivery methods, and post-training support. However, only 42 percent of companies conduct systematic training evaluation. Contribution: Research provides framework for Indonesian service organizations to design, implement, and evaluate training programs maximizing performance impacts while optimizing training investments.

Keywords: Employee Training, Training Effectiveness, Organizational Performance, Service Sector, Indonesia, Human Resource Development

Introduction

Indonesian service sector companies invest substantially in employee training and development, with aggregate expenditures exceeding IDR 32 trillion annually. These investments aim to enhance employee capabilities, improve service quality, increase productivity, and reduce turnover costs (Anderson & Brown, 2024). However, many organizations struggle to demonstrate clear returns on training investments, raising questions about training effectiveness and optimal design approaches.

Service sector characteristics create particular training imperatives and challenges. Customer-facing employees require diverse competencies including technical skills, interpersonal capabilities, problem-solving abilities, and cultural sensitivity. Service quality depends heavily on employee performance, making training critical for competitive differentiation (Chen &

Martinez, 2023). Unlike manufacturing where automation can compensate for skill gaps, service delivery relies fundamentally on human capabilities.

Training effectiveness varies dramatically based on design and implementation quality. Well-designed training programs grounded in systematic needs assessment, utilizing appropriate delivery methods, incorporating practice opportunities, and providing post-training support generate substantial performance improvements (Kumar & Singh, 2024). Conversely, poorly designed training wastes resources through irrelevant content, inappropriate methods, or lack of transfer to actual work contexts.

Indonesian service companies face specific training challenges including limited training budgets, difficulty releasing employees from operations for training, diverse employee educational backgrounds requiring differentiated approaches, and rapid industry changes requiring continuous updating (Buchory et al., 2024). Many rely on generic external training programs rather than customized internal development aligned with specific organizational needs and contexts.

Evaluating training effectiveness presents methodological challenges. While participant satisfaction surveys prove easy to collect, they correlate weakly with actual learning or performance improvement. More rigorous evaluation examining learning outcomes, behavioral changes, and business results requires systematic data collection and analysis capabilities often lacking in Indonesian organizations (Aripin et al., 2024).

This research examines training program characteristics associated with improved organizational performance in Indonesian service sector, providing evidence-based guidance for optimizing training investments (Saepudin et al., 2024).

Literature Review

Training Effectiveness Models

Training effectiveness literature emphasizes Kirkpatrick's four-level evaluation framework: reaction (participant satisfaction), learning (knowledge/skill acquisition), behavior (workplace application), and results (organizational outcomes). Effective training demonstrates positive impacts across all levels, though many organizations evaluate only reaction and occasionally learning levels (Anderson & Brown, 2024).

Research identifies key effectiveness factors including needs assessment quality ensuring training addresses actual performance gaps, content relevance to job requirements, delivery method appropriateness for content and learners, active learning approaches promoting engagement, practice opportunities enabling skill development, and post-training support facilitating transfer to work contexts (Chen & Martinez, 2023).

Training and Organizational Performance

Studies consistently link effective training to improved organizational outcomes including higher productivity, better quality, increased customer satisfaction, reduced errors, and lower turnover (Kumar & Singh, 2024). Service organizations benefit particularly from customer service training enhancing interaction quality and problem resolution capabilities. Technical training improves operational efficiency and reduces service delivery errors.

However, training alone proves insufficient without supportive organizational systems. Training transfer requires manager support for application, performance management systems reinforcing trained behaviors, job designs providing opportunities to apply new capabilities, and organizational cultures valuing continuous learning (Lee & Park, 2024). Without these supporting elements, training effects dissipate rapidly as employees revert to previous behaviors.

Indonesian Service Sector Contexts

Indonesian service employees demonstrate diverse educational backgrounds from high school to advanced degrees, requiring differentiated training approaches (Rahman & Santos, 2023). Cultural factors including respect for hierarchy, collective orientation, and indirect communication styles influence optimal training design and delivery. Indonesian learners typically prefer structured guidance over discovery approaches and appreciate contextualized examples from familiar situations.

Research Method

This study surveyed 189 service sector companies from hospitality, consulting, healthcare, and financial services sectors across Indonesia. Companies ranged from small service providers (20-50 employees) to large service organizations (500+ employees). Survey assessed training practices, evaluation approaches, perceived effectiveness, and organizational performance indicators.

Performance data collected included employee productivity metrics, customer satisfaction scores, service quality measures, employee turnover rates, and revenue per employee. Companies provided three-year historical data enabling correlation analysis between training intensity/quality and performance trends. Not all companies tracked all metrics, resulting in varying sample sizes across performance analyses.

Complementary interviews with 24 HR directors and training managers from high-performing organizations explored training design processes, delivery approaches, evaluation methods, and lessons learned. Interviews provided qualitative insights into successful training practices and implementation challenges.

Analysis employed correlation analysis examining relationships between training characteristics and performance outcomes, regression modeling controlling for company size and industry factors, and comparative analysis between high-training-investment and low-investment companies. Qualitative interview data underwent thematic analysis identifying best practices and success factors.

Research conducted May through September 2024 captured current training practices while allowing retrospective performance analysis. Study limitations include self-report measures potentially inflating effectiveness perceptions and difficulty isolating training impacts from other organizational interventions affecting performance.

Results and Discussion

Current Training Practices

Survey results reveal that Indonesian service companies average 3.8 training days per employee annually, substantially below international best practice benchmarks of 8-12 days. Training investments average 2.1 percent of payroll, also below recommended 3-5 percent. Smaller companies provide less training (2.3 days) than larger organizations (5.2 days) due to budget and operational release constraints.

Only 42 percent of companies conduct systematic training needs assessment rather than selecting training based on availability or vendor recommendations. Common training topics include customer service (mentioned by 78% of companies), technical skills (67%), leadership development (54%), and compliance/safety (48%). Delivery methods predominantly involve classroom instruction (83%), with growing adoption of e-learning (47%) and on-the-job coaching (38%).

Table 1. Training Practices and Organizational Performance Correlation

Training Characteristic	Companies Using	Avg Productivity Gain	Turnover Reduction
Systematic Needs Assessment	42%	+34%	-28%
Post-Training Support	35%	+29%	-24%
Behavior Evaluation	28%	+31%	-26%
Results Evaluation	18%	+38%	-35%
Blended Learning Methods	51%	+23%	-19%

Training Effectiveness and Performance

Statistical analysis demonstrates significant positive relationships between training effectiveness and organizational performance indicators. Companies implementing effective training practices (systematic needs assessment, relevant content, appropriate delivery, post-training support, comprehensive evaluation) achieved 34 percent higher employee productivity compared to companies with minimal training. Customer satisfaction scores averaged 8.2/10 for effective trainers versus 6.8/10 for minimal trainers.

Employee turnover rates showed particularly strong training relationships. Companies with effective development programs experienced 41 percent lower voluntary turnover than companies with weak programs. Employees reported greater engagement, career growth opportunities, and organizational commitment when receiving quality development opportunities (Anderson & Brown, 2024).

Specific training characteristics showing strongest performance impacts included systematic needs assessment ensuring relevance (productivity improvement 34%), post-training support including coaching and reinforcement (29% improvement), and comprehensive evaluation enabling continuous improvement (38% improvement). Delivery method mattered less than content relevance and transfer support.

Training Evaluation Practices

Only 18 percent of surveyed companies evaluate training at results level examining business impact. Most rely primarily on reaction evaluation (participant satisfaction) conducted by 87 percent of companies. Learning evaluation through tests or assessments occurs in 52 percent of companies, while behavior evaluation observing workplace application happens in 28 percent.

Companies conducting comprehensive evaluation demonstrate significantly better training ROI through continuous improvement based on evaluation data. They identify ineffective programs for elimination or redesign, recognize successful practices for replication, and justify continued training investments through documented business impacts (Chen & Martinez, 2023).

Implementation Challenges

Common training implementation challenges include difficulty releasing employees from operational duties (mentioned by 71%), limited training budgets (68%), lack of internal training expertise requiring expensive external providers (59%), and insufficient post-training support enabling transfer (54%). Smaller companies face greater challenges due to resource constraints and lack of dedicated HR/training personnel.

Successful companies address these challenges through creative solutions including microlearning reducing operational disruption, peer training leveraging internal expertise,

blended approaches combining cost-effective online content with targeted in-person sessions, and manager coaching programs reinforcing training application (Kumar & Singh, 2024).

Conclusion

This research demonstrates that effective employee training significantly impacts organizational performance in Indonesian service sector through improved productivity, customer satisfaction, and employee retention (Anderson & Brown, 2024). However, training effectiveness depends critically on design and implementation quality rather than mere training quantity.

Systematic needs assessment, relevant content, appropriate delivery methods, post-training transfer support, and comprehensive evaluation constitute essential effectiveness elements (Chen & Martinez, 2023). Most Indonesian service companies implement only partial effective practices, representing substantial improvement opportunities.

Training evaluation deserves greater attention given that only 18 percent of companies assess business impact. Without results evaluation, organizations cannot identify effective practices, eliminate unsuccessful programs, or justify investments (Kumar & Singh, 2024). Implementing systematic evaluation enables continuous improvement and optimization.

Future research should examine specific training design elements for different service sectors, explore cost-effective training delivery innovations suitable for resource-constrained organizations, and investigate long-term career development impacts. Longitudinal studies would reveal training effects sustainability and optimal refresh intervals (Aripin et al., 2024).

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