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Each year, organizations in the United States spend millions of dollars on training their employees. The purpose of this study was to examine the utility of the training investment by looking at its relationships with turnover and promotion. Five overarching hypotheses were tested: (1) Organizations that invest in more training will experience less turnover, (2) organizations that have a promote-from-within strategy will be more likely to provide training for their employees, (3) organizations that actually promote-from-within will be more likely to provide training for their employees, (4) organizations that have a promote-from-within strategy will experience less turnover, and (5) organizations that actually promote-from-within will experience less turnover. Using a sample of 26 credit unions across the United States, two of the hypotheses were partially supported. The results revealed that organizations that have a promote-from-within strategy for management/supervisory positions provide more training for managers/ supervisors than those with a hire-from-outside strategy. In addition, organizations that actually promote employees into management/supervisory positions experience less overall turnover. Implications, limitations, and directions for future research are discussed.

AN EXAMINATION OF THE UTILITY OF TRAINING:
RELATIONSHIPS WITH TURNOVER AND PROMOTION

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CHAPTER 1

INTRODUCTION

Carnevale, Gainer, and Villet (1990) estimated that organizations in the United States invest $210 billion each year in workplace training. With the costs of training adding up to such an amount, it would seem beneficial for organizations to evaluate the effectiveness of their training programs. However, in the past, many organizations did not attempt to measure the return on their training investments, even though they expected that there would, in fact, be a return (Kirkpatrick, 1967). While training and development departments have not been held accountable for the results of the programs implemented, in contrast to other departments such as marketing and production, organizations are finally interested in knowing if training programs are worth the investment (Salas & Cannon-Bowers, 2001).

Many human resource outcomes have been loosely connected to results from quality training programs. For instance, Kirkpatrick (2001) indicated that tangible results organizations would like to see as a result of investing in training programs include improved sales, productivity, quality, morale, profits, and safety records. Perhaps one of the most appealing outcomes to result from training is reduced turnover. Related to this outcome is another hopeful result of training programs, which is the promotion of employees within the organization. It is intuitively appealing that if organizations train their employees, they will remain with the organization longer and perhaps move up the corporate ladder, thus becoming even more valuable to the organization.

Unfortunately, according to Kovach and Cohen (1992), little research has been conducted examining the relationship between training and human resource outcomes, such as turnover and promotion. The purpose of this study was to examine these relationships. The practical significance of this study could be powerful. If the results support the intuitively appealing relationship, then organizations would have empirical support that training programs do work and that, despite the cost, organizations would benefit from the continued employment of quality, trained employees. In addition, those employees may eventually become leaders of the organization.

A second purpose of this study was to examine the perceptions that human resource managers have concerning the value of training programs. While many practitioners link training to valuable human resource outcomes, others do not share this opinion. According to Harris and Brannick (1999), one of the major excuses for not implementing training programs is the concern that if employers provide training, then employees will complete the training and subsequently leave the organization, presumably for better jobs they can acquire with their new skills. Pearson (1986) also indicated that one reason organizations are hesitant to provide training for employees is a fear of "poaching" from other organizations. Once employees are trained, they will be recruited more heavily from other organizations. In other words, other organizations will benefit from the training provided by the current employer. While these fears may be understandable, are they rational? This study also explored the relationship between management's perceptions of training outcomes and the reality of those outcomes.

Review of the Literature

Training is a difficult concept to define because there are many different characteristics, types, and methods of training. According to Birdi, Allan, and Warr (1997), training is an organized effort to encourage learning through instruction.

However, other researchers postulate that there is no universal definition of a training program (Frazis, Gittleman, Horrigan, & Joyce, 1998). From a research perspective, this lack of definition makes it difficult to collect valuable data concerning the quality and effectiveness of training programs. Although the definition of training is broad, and perhaps incomprehensible, researchers have classified training programs in a variety of ways.

Conceptualizing Training

Dimensions of training. According to Birdi et al. (1997), training programs can be characterized based on five dimensions. First, a training program can be classified as voluntary, in which the employee seeks out the training or the training program is mandated by the organization. Ash (2000) proposed that businesses today have struck a "new deal" with employees, encouraging them to manage their own career development by participating in voluntary training or development programs. Second, the program can be formal or informal. Frazis et al. (1998) proposed three characteristics of formal training programs, they are planned in advance, use a structured format, and have a defined curriculum. Informal training is the opposite; it is not planned, has no structure, and does not have a defined curriculum, but is adaptable to different situations and individuals.

The third dimension of training according to Birdi et al. (1997) relates to its purpose. The program can have a current orientation, which consists of training for skills directly applicable to the employee's current job, or a future orientation, which is geared toward long-term planning. Fourth, the training program can have a job focus, which is geared specifically at skills necessary to complete the job, or a nonjob focus, which may teach other skills not directly job-related. Finally, the training program can occur on work time or nonwork time, in which the program would be completed on the employee's personal time away from work.

Human capital theory. Becker (1975) proposed another method of classifying training programs. The human capital theory breaks training down into two categories: general and firm-specific. General training is that which will provide employees skills that will be of use to them in their current jobs but will also transfer to other companies should the employee decide to leave the organization. Examples of such general training might include time and stress management. Firm-specific training is that which will provide employees the skills needed to do their jobs in the organization they are working for at the time of the training. The skills learned through firm-specific training will not be of much use should the employee decide to leave the organization. Examples of firm-specific training might include programs that focus on company-specific products or services, procedures, and policies.

Training methods. Kovach and Cohen (1992) distinguished between on-the-job training (OJT), off-the-job training (OFJT), and refresher training. They indicated that OJT is exactly what it sounds like, training that occurs while on the job. Wexley and Latham (2002) suggested that OJT involves assigning new employees to experienced employees, and that it is the most widely used training method. The benefit of using OJT is that trainees are producing while they are learning, thus eliminating some of the financial costs of training. Kovach and Cohen also proposed that almost everyone knows what OJT is and has experienced it in some form. According to the authors, OFJT includes every type of training that does not occur on the job and can be implemented in many different forms, such as in-house training and seminars. Refresher training is periodic training that restores knowledge of skills and procedures necessary to do the job. Saari, Johnson, McLaughlin, and Zimmerle (1988) indicated that different industries were likely to use different types of training.

Use of Training

Occurrence of training. The amount of training has dramatically changed over the past 20 years. In the 1980s, the Opinion Research Corporation conducted telephone interviews of 756 training and development executives gleaned from a random stratified sample of organizations in the United States. This survey was sponsored by the American Society for Training and Development (ASTD; Employee Training in America, 1986). Only 38% of the workforce participated in some form of training in 1985. This number is similar to the number of employees who received training in the United Kingdom (Pearson, 1986). A 1984 survey indicated that while most managers realized that training was important, only one of three working adults received training the year before.

A decade later, the results of another survey were quite different. In 1995, the Bureau of Labor Statistics conducted the Survey of Employer-Provided Training (SEPT95) for the Employment Training Administration of the United States Department of Labor (Frazis et al., 1998). The sample included 1433 organizations with 50 or more employees. It revealed that about 93% of responding organizations reported that they provided or financed formal training for their employees in the past 12 months. Similarly, about 70% of employees in these organizations reported receiving formal training in the same time period. Furthermore, 96% of employees reported receiving informal training as well. In all, the average employer provided about 11 hours of formal training and 31 hours of informal training for each employee over a six month period. It appears that the prevalence of training programs, at least in the United States, nearly tripled in only a decade. Although training programs appear to be pervasive in American organizations today, there are some interesting differences in who actually receives training.

Who receives training? Opportunities for training can be influenced by a variety of factors, such as gender, education level, job tenure, job level, and company size (Birdi et al., 1997; Carnevale et al., 1990; Royalty, 1996; Saari et al., 1988; Tharenou, Latimer, & Conroy, 1994). Using data from 2105 women and 2096 men involved in the National Longitudinal Survey of Youth (NLSY), Royalty found evidence that men tend to receive more company training than do women, as did the study conducted by Tharenou et al.

Royalty (1996) also found that education and job tenure tend to have significant positive effects on the likelihood of receiving training. In addition, Birdi et al. (1997) found that more educated employees took advantage of voluntary training opportunities. Furthermore, Birdi et al. found that higher level employees participated in more required training courses, work-based development activities, and career planning activities. According to Carnevale et al. (1990), professionals are the most highly trained organizational group. Technicians, management support specialists, general managers, mechanics and repairers, precision production workers, and craft workers follow. According to the results of the study by Birdi et al., managers appear to receive more training than employees who are not managers. Saari et al. (1988) indicated that larger organizations were more likely to utilize managerial training.

Utility of Training

As a result of the increased popularity of training over the past several years, the amount of money budgeted toward training has also increased (Phillips & Phillips, 2001). Along with the increased costs of training has come a greater need to evaluate the effectiveness of training programs. One reason for establishing the utility of training programs is that a cost-benefit analysis of a particular program will make it more likely that the management within the organization will approve the implementation of a program (Rauschenberger & Schmidt, 1987). Various procedures, such as the four-level evaluation process, return on investment process, and utility analysis, determine the effectiveness of training. In order to establish the utility of training programs, it is important to look at the costs, benefits, and evaluation procedures.

Costs of training. As mentioned earlier, Carnevale et al. (1990) estimated that organizations in the United States spend about $210 billion on training each year. About $30 billion, which accounts for 1 to 2% of the payroll, is spent each year on formal training. The remaining $180 billion is spent on informal OJT, training that occurs while the employee is involved in the work. Salas and Cannon-Bowers (2001) explored the training literature spanning the 1990s and found similar numbers. Morrow, Jarrett, and Rupinski (1997) examined the characteristics of the training programs in a specific organization and found that this organization alone spent about $240 million on training. Garcia, Arkes, and Trost (2002) examined the costs of training programs conducted by the U.S. Navy and found that in fiscal year 1998, the Navy spent $57.8 million on its Voluntary Education (VOLED) program.

Becker (1975) suggested that the costs of training also include the time and effort of the trainees, the training provided by others, and the equipment and materials needed to complete the training. Becker indicated that organizations experience opportunity cost in that the time and effort used for training could have been used to increase current productivity. With the costs of training, both monetary and conceptual, it is important for organizations to evaluate their training programs.

Evaluation of training. Kirkpatrick (2001) indicated three major reasons for organizations to evaluate training programs and maximize their benefits. First, training evaluation can improve future training programs. Second, evaluation can determine if a training program should continue to be used. Finally, evaluation can justify the existence of the training program by demonstrating tangible results. In the past, there has been little pressure to prove that the benefits of training outweigh the costs of providing it. However, more organizations are now demanding that there be tangible results derived from the training program. Carnevale et al. (1990) suggested that the employer's ultimate goal in conducting workplace training is to improve the company's competitive advantage. Huselid, Jackson, and Schuler (1997) suggested that a competitive advantage arises when the people within an organization form a resource that is difficult to replace and replicate in that it adds value to its production. In order to develop this resource, Huselid et al. emphasized the importance of strategic human resource management, which involves the design and implementation of policies and practices that allow employees to achieve the organization's objectives. Whether these objectives are being met through the training programs that are implemented can only be determined through the evaluation process.

For years, the Kirkpatrick (1967) model of training evaluation has been prevalent in the literature (Alliger, Tannenbaum, Bennett, Traver, & Shotland, 1997; Salas & Cannon-Bowers, 2001; Wexley & Latham, 2002). Kirkpatrick (1967, 2001) identified four levels of evaluation for training programs. Reaction measures examine how well the training program was received. Kirkpatrick indicated that it is important to get a positive reaction because, even though a positive reaction does not necessarily lead to program effectiveness, a negative reaction will without a doubt adversely affect the program's effectiveness. The second type of evaluation is learning measures. Learning measures identify the extent to which participants change attitudes, improve knowledge, and/or increase skills as a result of the training program. In short, learning measures investigate what was learned. Behavior measures identify to what extent changes in behavior occur as a result of the training program. Finally, results measures indicate the final results of the training program at the organizational level. Results are why most organizations have training programs, so these measures are particularly important. Despite the importance of these measures, few researchers have investigated the link between training practices and organizational outcomes (Russell, Terborg, & Powers, 1985).

Phillips and Phillips (2001) have expanded the evaluation measures of Kirkpatrick (1967, 2001) into the Return on Investment process (ROI). They proposed six measures of ROI. The first measure, reaction and satisfaction, is equivalent to Kirkpatrick's reaction measure. The second measure, learning, is also consistent with Kirkpatrick's model. The third measure is application and implementation, which is comparable to Kirkpatrick's behavior measures. The fourth measure is business impact, which measures how changes in the business environment impact the training variables. The fifth measure is return on investment, which compares monetary benefits of training to costs. The sixth measure is intangible benefits, which are those returns on investment that cannot be converted to monetary values. The fifth and sixth measures of ROI are similar to the results measures in Kirkpatrick's model in that they serve to evaluate the results of the training program at the organizational level.

There are several reasons why the ROI process has become so important in organizations today (Phillips & Phillips, 2001). The major reason for the increased use of these processes is that accountability has increased. While other departments in businesses have been accountable for their results, training and development departments have not. There are several misconceptions discussed by Phillips and Phillips concerning why training departments have not been held accountable for ROI. First, it has been presumed that managers do not want to see the results of education and training expressed as a monetary value. Second, it was believed that if the chief executive officer (CEO) did not request the information, then it was not expected. Third, it was believed that there was no need to justify training program effectiveness because employers described their staffs as competent and professional. Finally, training and development was perceived to be a complex, but necessary, process. Therefore, it should not be subject to the accountability process.

Although these misconceptions have not held training managers accountable for the work of the training departments, they are being replaced by new beliefs. Top executives are now demanding a return from departments that may have been previously ignored. Research shows that there has been extensive growth in the number of employees receiving some form of training in organizations (Employee Training in

America, 1986; Frazis et al., 1998), and growing budgets for training and education require that training departments be accountable for results (Phillips & Phillips, 2001). With this paradigm shift, human resource practitioners and researchers must be able to justify their decisions economically and communicate their research findings in a way that decision makers in the organization will perceive as clear and credible (Rauschenberger & Schmidt, 1987). In the business world, the language is spoken in dollars (Cascio, 1982). Researchers and practitioners alike need to learn to speak this language.

The literature revealed two prime examples of organizations evaluating the effectiveness and results of their training programs. Morrow et al. (1997) conducted an evaluation study of training programs for a specific organization. In this particular case, the CEO of the organization requested a dollar amount that reflected the value of the training programs used in that organization. It was not enough for the training programs to simply exist, but they needed to be valuable to the organization and consistent with its strategic goals. The researchers targeted training programs that were either frequently used or expensive. They evaluated 18 training programs including managerial, technical, and sales training, and concluded that some training programs had higher utility than others. Some programs even had negative utility! However, the authors warned that it might take longer to see the return on investment of some programs. The $500,000 cost of this evaluation procedure accounted for only 0.2% of the training budget for the organization. In general, the training programs had positive utility, but the authors concluded that it is essential to evaluate the utility of each training program to determine the overall impact of training.

The Navy is another example of an organization that examined the utility of its training programs, specifically the VOLED program (Garcia et al., 2002). VOLED is a general training program consisting of three services: tuition assistance (TA), Program for Afloat College Education (PACE), and Academic Skills Learning Centers (ASLCs). TA is the largest service of the program. Individuals on active duty can qualify for up to 75% of tuition reimbursement. The PACE program provides education to sailors onboard ships, and the ASLCs offer academic skills courses to sailors on shore duty. After conducting a cost-benefit analysis using a sample of 44,441 sailors joining the Navy in fiscal year 1992, the researchers determined that sailors who participated in the VOLED program were significantly more likely to remain in the Navy for six years, which was two years longer than their contract required. The results revealed that the training program decreased turnover, which also saved the Navy money on reenlistment bonuses and the changes in intent to leave by some of the participants. These two examples illustrate the importance of conducting a training evaluation and presenting the results in a way that will be clear and credible.

Outcomes of Training

One outcome of training explored in the literature is the utility of training programs, both in terms of dollar value and human resource outcomes, which directly affect the value of training. While there are many human resource outcomes researchers could examine in relation to training, the current study examined the effects of training on turnover and promotion.

Turnover. One human resource variable that has received considerable attention is turnover. Wanous, Stumpf, and Bedrosian (1979) suggested that the length of time an employee remains with the organization is a function of two processes: the organization's decision to keep the employee and the employee's decision to stay. In regard to training, some research found that if a company provides employees up-to-date skills, then employees will perceive that they are valued by the organization, which will then have higher retention rates (Corporations Grow Their Own Best Employees at Corporate Universities, 1996). Reddy (1996) stated that all training should be viewed as a dual investment because it is an investment in both the individual and the organization.

One of the most prominent models of employee turnover in the literature was articulated by March and Simon (1958), who suggested that turnover is influenced by two major factors. The first factor is perceived desirability of movement, which is influenced by the employee's attitudes toward the job, such as satisfaction with the job and the possibility of obtaining another position in the organization if desired. The second factor is perceived ease of movement, which includes the availability of other opportunities.

Mowday, Porter, and Steers (1982) also developed a model of employee turnover based on three major factors. The first relates to job expectations and job attitudes. The authors stated that expectations are influenced by individual characteristics, available information about the job and the organization, and availability of alternative job opportunities. Job expectations, organizational characteristics and experiences, and job performance levels influence job attitudes. The second factor relates to job attitudes and intent to leave. The model indicates that the desire to leave is influenced by an employee's affective responses to the job and nonwork influences on staying or leaving. The final factor involves three dimensions of turnover: intent to leave, available alternatives, and actual turnover. These factors can influence turnover directly, in which an individual will decide to leave even when alternative jobs are not available, or indirectly, in which the employee will begin to search for preferable alternatives.

Within the above models, many factors affect the levels of turnover in organizations. One major attitudinal factor is organizational commitment. According to Mowday et al. (1982), researchers consider employee retention to be an important outcome of organizational commitment. In her study of bank tellers, Wright (1990) identified four characteristics of employees with high levels of organizational commitment: identification with the organization and the job, willingness to complete extra tasks, internalization of the organization's goals, and desire to remain with the organization. Consistent with Wright's definition of an employee high in organizational commitment, high organizational commitment reduces employee turnover (Johnston, Griffeth, Burton, & Carson, 1993; Quarles, 1994)

Allen and Meyer (1996) suggested that individuals can experience three different types of organizational commitment: affective, normative, and continuance. Affective commitment refers to the degree individuals identify with, are involved in, and are emotionally attached to the organization, reflecting a desire to remain in the organization. Normative commitment refers to a sense of obligation one may have towards the organization. It reflects a feeling that one should remain with the organization. Continuance commitment refers to staying with the organization because of need. An individual with continuance commitment may want to leave the organization but cannot afford the costs of leaving. In a study of 422 nurses, Somers (1995) found that affective and normative commitment were positively related to intent to remain with the organization.

Organizational culture can be a major determinant of employee turnover. According to Sheridan (1992), organizational culture can either help or hinder an organization's attempt to retain quality employees. The author conducted a study using employees in the accounting industry. His results support the hypothesis that employees in an organizational culture emphasizing interpersonal relationship values voluntarily stayed longer with the organization than those employees in a culture emphasizing work task values. In addition, Sheridan found that the replacement cost increases dramatically for each year the employee remains with the organization. Therefore, by retaining quality employees, organizations can eliminate costs incurred by selecting and training new employees. Commitment and satisfaction are two key individual factors affecting employee turnover.

In a qualitative study of recent college graduates, Sturges and Guest (2001) found that both OJT and OFJT helped them develop the skills they needed to perform their jobs. The training also created feelings of loyalty from the participants to the organizations. Furthermore, unsatisfactory training and development led to lower feelings of loyalty and an eventual withdrawal from the organization by graduates. Career progression was also an important organizational factor affecting commitment to the organization. Employees who perceived a lack of career progression were less likely to have high levels of commitment to the employer. However, career progression was broadly defined to include both hierarchical advancement and lateral movement. Career management and training and development were important organizational factors influencing commitment to the organization, and therefore reducing turnover. In addition, consistent with March and Simon (1958) and Mowday et al. (1982), expectations determined commitment to the organization.

Wanous et al. (1979) conducted a study investigating the job survival of new employees. They sampled users of state employment services, which included information from the employment services, employers, and employees. They examined various organizational variables such as pay, type of job training, and length of training. The results indicated that organizational variables accounted for more of the variance in employee turnover than did demographic variables, suggesting that the organization may be able to affect some of its turnover through improved pay and training. In another study of community care workers, Roberts and Sarvela (1989) cited that the most common reasons for employee turnover included pay, attitudes, and poor training.

In a study of secretaries employed by public universities in the Florida State University System, Reddy (1996) found that about two-thirds of the participants believed that adequate training and development programs would reduce their intentions to leave the organization. Ash (2000) also found in a study comparing different hiring programs that unfulfilled expectations from training programs and lack of training quality were reasons cited for leaving the organization.

Many other studies have found a relationship between training programs and turnover rates. Frazis et al. (1998) reported that, according to the SEPT95 survey, organizations with high turnover were less likely to provide training, suggesting that training can serve to reduce turnover. Guthrie (2000) concluded that firm-specific training increases the bond between employee and employer, thus improving retention. Huselid (1995) found that investing in High Performance Work Practices, such as training, promotes lower turnover, greater productivity, and enhanced corporate financial performance. Kovach and Cohen (1992) hypothesized that employees who received formal OFJT would project lower longevity with the organization (higher turnover) than those who did not, as well as those who received refresher training. These hypotheses were not supported, suggesting that those employees who do receive training are more likely to have intentions to stay with the organization longer. Finally, Wholey (1990) found that formal OJT positively affects retention, but that informal OJT positively affects employee tenure only for the male managers in the study.

Based on these results, training is an important organizational variable to consider when reducing turnover. Harris and Brannick (1999) identified eight best retention practices. One of those practices was based on the motto "Learning drives earning." If organizations do not train their good employees, then those employees will leave. Training should be aligned with the core culture of the organization. According to Reddy (1996), in addition to reduced turnover, training provides benefits such as enhanced self-esteem, motivation, skills and knowledge, confidence, and opportunities for promotion.

Promotion. Opportunity for promotion is another human resource outcome that can be related to training. In a study of training and development executives, helping employees attain the skills necessary to qualify for future jobs within the organization is an important training objective (Employee Training in America, 1986). Trevor, Gerhart, and Boudreau (1997) suggested that top performers are valuable for their current and future job performance and leadership potential.

Carson, Carson, Griffeth, and Steel (1994) suggested three distinct promotion variables: promotion satisfaction, perceptions of promotional opportunities, and actual promotion. In a meta-analysis of the promotion literature, the authors concluded that actual promotion is negatively related to turnover, indicating that if promoted, an employee will be less likely to leave the organization. Johnston et al. (1993) also found that employees who are promoted have generally higher levels of organizational commitment, which reduces their likelihood of turning over.

Training has been linked to promotion in organizations. Tharenou (2001) suggested that two key elements of interpersonal support were important for internal advancement: mentor career support and career encouragement. In her study, she found significant relationships between training and managerial promotion, training and career encouragement, and career encouragement and managerial promotion. These results suggest that training may be a form of career encouragement that influences promotion in the organization. Kovach and Cohen (1992) found results suggesting that OJT, OFJT, and refresher training are positively related to promotion.

Perceptions of Training

Many possible positive outcomes accompany a training program. Two of these outcomes have been explored in this review, turnover and promotion. It was expected that employees who received training would be less likely to turn over and more likely to be promoted. However, there are researchers and practitioners who found that training can provide negative outcomes, such as increased turnover. According to Harris and Brannick (1999), there are several common excuses for not training employees. Many employers claim that training is too expensive, it is not in the budget, or there is not enough time to execute a training program. A final excuse that is commonly used among employers is that if employees are trained, they will leave the organization for a better job with their new skills.

The fear that employees will leave is a major force in the business world. Employers must retain employees to see a return on their training investment. According to Pearson (1986), in a survey in the United Kingdom, a common reason for not investing in training is other organizations' recruiting employees once they are trained with the necessary skills to move to a better job. Other reasons cited by Pearson include uncertainty about the future and poor experiences with external trainers.

Although the fear that employees will leave the organization once they have been trained may be justifiable, it may be harmful to the organization. Harris and Brannick (1999) suggested that if employers do not train their employees, then they will leave the organization. Much other research has supported the positive effects of training. With the increasing dollar amounts being spent on training each year, it may be that employers have reconciled this fear with the necessity of providing training for their employees.

Summary

Organizations are spending billions of dollars on training each year (Carnevale et al., 1990). However, few are examining the effectiveness of these training programs in regard to human resource variables (Kovach & Cohen, 1992). When training programs are evaluated, most examine their effectiveness through participant reactions, tests of knowledge learned, and behavioral changes on the job. Few organizations actually examine the organizational results of training programs, such as turnover rates and promotion opportunities, which are arguably the most important types of measures

(Kirkpatrick, 2001; Phillips & Phillips, 2001). These measures are key in building management support for training programs and the ultimate health of the business.

The purpose of this study was to examine the relationships of training programs with the organizational outcomes of turnover and promotion. A second purpose of this study was to determine the current perception of training programs in the workforce. There are two major perspectives: that trained employees will remain with the organization and help improve the organization's overall performance and that trained employees will take their newly developed skills and use them to find better jobs outside the organization (Harris & Brannick, 1999). Based on the literature review, which suggests that few organizations examine the human resource outcomes of training investments, five hypotheses were postulated.

Hypotheses

Hypothesis 1: Organizations that invest in more training for employees will experience less employee turnover.

Hypothesis 1a: Organizations that invest in more training for non-management employees will experience less non-management turnover.

Hypothesis 1b: Organizations that invest in more training for managers/ supervisors will experience less management/supervisory turnover.

Hypothesis 1c: Organizations that invest in more training for upper-level managers will experience less upper-level management turnover.

Hypothesis 2: Organizations that have a promote-from-within strategy will be more likely to invest in training for employees.

Hypothesis 2a: Organizations that have a promote-from-within strategy for management/supervisory positions will be more likely to invest in training for non-management employees.

Hypothesis 2b: Organizations that have a promote-from-within strategy for management/supervisory positions will be more likely to invest in training for managers/supervisors.

Hypothesis 2c: Organizations that have a promote-from-within strategy for upper-level management positions will be more likely to invest in training for managers/supervisors.

Hypothesis 2d: Organizations that have a promote-from-within strategy for upper-level management positions will be more likely to invest in training for upper-level managers.

Hypothesis 3: Organizations that invest in more training for their employees will be more likely to promote their employees.

Hypothesis 3a: Organizations that invest in more training for their non-management employees will be more likely to promote them into management/ supervisory positions.

Hypothesis 3b: Organizations that invest in more training for their managers/ supervisors will be more likely to promote them into other management/ supervisory positions.

Hypothesis 3c: Organizations that invest in more training for their managers/ supervisors will be more likely to promote them into upper-level management positions.

Hypothesis 3d: Organizations that invest in more training for their upper-level managers will be more likely to promote them into other upper-level management positions.

Hypothesis 4: Organizations with a promote-from-within strategy will experience less employee turnover.

Hypothesis 4a: Organizations with a promote-from-within strategy for management/supervisory positions will experience less turnover among their non-management employees.

Hypothesis 4b: Organizations with a promote-from-within strategy for management/supervisory positions will experience less turnover among their managers/supervisors.

Hypothesis 4c: Organizations with a promote-from-within strategy for upper-level management positions will experience less turnover among their managers/ supervisors.

Hypothesis 4d: Organizations with a promote-from-within strategy for upper-level management positions will experience less turnover among their upper-level managers.

Hypothesis 5: Organizations that promote more employees will experience less employee turnover.

Hypothesis 5a: Organizations that promote more non-management employees into management/supervisory positions will experience less non-management turnover.

Hypothesis 5b: Organizations that promote more managers/supervisors into other management/supervisory positions will experience less management/supervisory turnover.

Hypothesis 5c: Organizations that promote more managers/supervisors into upper-level management positions will experience less management/supervisory turnover.

Hypothesis 5d: Organizations that promote more upper-level managers into other upper-level management positions will experience less upper-level management turnover.

CHAPTER 2

METHOD

The purpose of this study was to examine the effects of training programs on turnover and promotion in organizations. Organizations spend billions of dollars each year on training and development for employees by providing several different types of training, such as on-the-job training (OJT), off-the-job training (OFJT), and refresher training. However, the question that remains is what do the organizations get out of training programs. Ultimately, the purpose of training is to improve employee performance, thus improving organization performance. However, many practitioners question the validity of this statement because they believe that as soon as employees are trained, they will leave the organization. This scenario prohibits the organizations from seeing a return on their training investments. However, there are many other practitioners who believe it is essential to train employees so that they do not leave. This debate drove this particular study, which examined the effects of training programs in credit unions in the United States.

Participants

The participants in this study were 500 human resource executives representing 500 credit unions throughout the United States; the unit of analysis was the organization. The target population was all credit unions in the United States and the accessible population was 500 credit unions in the United States. The sample was taken from the 2001 Callahan and Associates' Credit Union Directory. Each state is individually represented in the directory with a total number of credit unions in the state. In addition, the directory indicates several descriptive statistics for each credit union including total asset size. Only credit unions with $100 million or more in total assets were selected in order to ensure that the participant organizations would have enough employees to make the survey applicable. To make the sample representative of the target population, the number of credit unions from each state in the sample was proportionate to the total number of credit unions of the selected size in that state. Therefore, this study utilized a nonrandom sample of large credit unions that was stratified by state. Of the 500 surveys mailed out, a total of 13 were received, which produced a disappointing response rate of 2.6%.

In reaction to the low response rate, an additional 200 credit unions were selected to participate in the study. Despite the initial concerns about organization size, in this case, credit unions with $25-50 million in total assets were selected, as it was believed that sampling smaller credit unions might result in a higher response rate. Although this demographic change may have affected the internal validity of the study, it was decided that obtaining more surveys was paramount to this concern. The same instruments and procedures were used for both samples. The second wave of surveys yielded an additional 13 surveys, equating to a response rate of 6.5%. While the smaller credit unions did, in fact, have a higher response rate, the differences in asset size did affect the homogeneity of the group, and therefore the internal validity of the study. The total response rate for all 700 surveys was 3.7% with 26 total surveys.

Design

The purpose of this study was to examine the effectiveness of training programs in credit unions. A survey was constructed by the researcher to examine types of training programs used by the organization, frequency of training, costs of training, degree of organizational turnover, organizational promotion strategy, and perceptions of training (see Appendix A). The surveys were mailed to a nonrandom stratified sample of 700 credit unions from the 2001 Callahan and Associates' Credit Union Directory.

Variables. Four variables were examined in this study: training investment, turnover, promotion strategy, and promotion practices. All variables were measured using the Training and Development Survey, which is discussed below. Training investment was measured by asking the human resources executive how much money is spent on the training and development of employees in a given year and what percentage of that amount is spent on the following groups of employees: non-management, managers/ supervisors, and upper-level managers (Questions 2 and 3, respectively). Turnover was measured by asking participants what the yearly turnover rate is for non-management, managers/supervisors, upper-level managers, and all employees (Question 8).

Promotion was measured in two ways. The first was in regard to the strategy used to fill management/supervisory and upper-level management positions. There are two main strategies that organizations can use when filling these positions: promoting from within and hiring from outside. The survey asked participants what the organization's primary strategy was for filling these types of positions (Questions 10 and 9, respectively). The second way to measure promotion was to ask where the organizations had found its managers/supervisors and upper-level managers. The survey asked where, in practice, had the organizations found people to fill management/supervisory and upper-level management positions (Questions 12 and 11, respectively). The responses to the question provided estimated percentages of promotion from within and hiring from outside. The researcher acknowledged that one particular strategy cannot always be followed and encouraged participants to answer as honestly as possible.

Validity. When using the survey method, it is important to address issues of internal validity. There are several types of internal validity that pose a threat to the survey method: mortality, location, instrumentation, and instrument decay. The two types of internal validity that posed the greatest threat to this study were location and mortality. Since the sample included credit unions across the United States, the location of administration was very different in each case. Without the standardization of a controlled testing environment, there could have been outside influences during the survey administration (e.g., distractions, misinterpretations of questions, insufficient time to complete the survey). Mortality was also a threat in that there was likely to be, and certainly was, a low response rate. Often with surveys, a large proportion of participants do not return them. There may have been differences between the participants who did return the surveys and those who did not. In this particular study, instrumentation and instrument decay did not pose great threats. Instrumentation was not a threat because the data were all being collected in the same way. There was no variation. Instrument decay did not pose a threat because there was only one administration of the survey to each participant, which prevented it from changing in such a way as to affect the results.

External validity is another concern when conducting any kind of research. The sample in this study consisted of credit unions. Although it would have been ideal to generalize to all organizations, with this particular study, the only generalizability is for credit unions. By sampling a particular industry, the researcher was able to make comparisons, but the generalizability of the results is limited. Furthermore, the conditions in this study were somewhat specific. The results of this study do not generalize beyond the conditions involving training. Therefore, the results concerning turnover and promotion are not generalizable to conditions not involving training.

Hypotheses. The hypotheses outlined above were examined in this study. The first hypothesis suggested that organizations that provide employees training would experience lower levels of turnover at all three levels: non-management, management/ supervisory, and upper-level management. The second hypothesis postulated that organizations with a promote-from-within strategy would be more likely to provide training to employees. Hypothesis 3 indicated that employees who participate in training programs would be more likely to get promoted. Hypothesis 4 suggested that organizations with a promote-from-within strategy would experience less turnover at all employment levels. Finally, Hypothesis 5 proposed that organizations that actually promote employees from within would experience less turnover.

Procedures

The Training and Development Survey was constructed by the researcher (see Appendix A). The survey consisted of 13 questions concerning the size of the organization, investment in training, degree of organizational turnover, promotion strategy, and current promotion practices. A pilot study of the instrument was conducted prior to the mailing of the survey in order to determine the readability and relevance of the items. Initially, the desired participant group for the pilot study was human resource professionals. Unfortunately, the researcher was unable to find professionals willing to complete the survey. Therefore, the participants in the pilot study were 12 graduate students enrolled in psychology masters degree programs at Emporia State University.

Participants were asked to read the survey and make suggestions for improvement. Of the 12 participants, 5 returned the survey with recommendations. Small modifications were made concerning the word choice, order of questions, and aesthetic value of the survey based on the results of the pilot study.

The surveys were mailed to the initial sample of 500 credit unions across the United States along with a cover letter, which explained the purpose of the study, provided instructions, and served as the informed consent document (see Appendix B). A business reply envelope was included for the respondents to conveniently return the survey. The participants were given four weeks from the date of the letter to respond. As the deadline approached, only 11 surveys had been returned. The participants were sent a postcard reminding them of the survey (see Appendix C). Following the mailing of the reminders, an additional two surveys were received. Due to the low response rate from the first 500 participants, 200 more participants were selected and sent surveys and reminders in the same manner described above. This practice yielded an additional 13 surveys, ending with a total sample size of 26.

Summary

Utilizing the survey method, this study examined the effects of training programs on turnover and promotion in 700 credit unions. The survey addressed the types, frequency, and costs of training, as well as turnover and promotion rates for the information. Demographic information about the credit unions was also gathered. The surveys were mailed along with a cover letter explaining the purpose of the study and participant responsibilities, and a return envelope. Participants were also given the opportunity to request a copy of the results.

CHAPTER 3

RESULTS

In all, the Training and Development Survey was sent to 700 credit unions across the United States along with a cover letter explaining the purpose and intent of the study. The first sample consisted of 500 large credit unions ($100 million or more in assets), with a total of 13 returned and a response rate of 2.6%. The second sample consisted of 200 medium-sized credit unions ($25-50 million in assets), with a total of 13 returned and a response rate of 6.5%. Therefore, the response rate for all participants was 3.7%. Although the sample was unexpectedly and disappointingly small, analysis continued by using correlational analyses and analysis of variance (ANOVA).

Descriptive statistics for number of employees, training investment per employee, and turnover are presented in Table 1. The figures indicate that the sample was highly varied in both number of employees and training investment. However, turnover was relatively low with a mean turnover rate of 14.8%. The vast majority of credit unions sampled claimed to have a promote-from-within strategy (96.2% for management/ supervisory positions and 84.6% for upper-level management positions). In practice, the actual promotion of upper-level managers and managers/supervisors reflected this philosophy, with a promote-from-within mean of 73.1% of managers/supervisors and 56.7% of upper-level managers.

Hypothesis 1

Hypothesis one suggested that there would be a negative relationship between the amount of dollars invested in training for each employee and turnover experienced by credit unions, expecting a decrease in turnover as the amount of training investment

Table 1

Summary of Means and Standard Deviations of Employee Classification, Training Investment per Employee, and Turnover

Employee Classification	*n*	*M*	*SD*
Non-Management	26	54.46	71.88
Training Investment	21	\$472.41	\$360.44
Turnover	24	16.08%	13.54%
Management/Supervisory	26	10.04	10.14
Training Investment	21	\$1,423.73	\$1,046.39
Turnover	24	1.75%	5.67%
Upper-Level Management	26	4.77	3.52
Training Investment	22	\$2,874.27	\$3,290.06
Turnover	26	2.92%	10.42%
All Employees	26	69.27	83.33
Training Investment	24	\$775.25	\$504.61
Turnover	25	15.00%	10.54%

increased. Pearson's *r* was used to calculate the correlation coefficient of total training dollar investment per employee and overall turnover at an alpha level of .05. The results were not significant. Furthermore, the results were in the opposite direction predicted, suggesting a slight positive relationship. Pearson's *r* was also used to calculate the results for the three subhypotheses. The correlation coefficients for hypothesis 1 are displayed in Table 2.

Hypothesis1a. This hypothesis postulated that there would be a negative relationship between non-management employee training investment and non-management turnover. However, the results were not significant. These results do not support Hypothesis 1a.

Hypothesis 1b. This hypothesis predicted a negative relationship between the amount of training invested in managers/supervisors and management/supervisory turnover. Although the results were in the hypothesized direction, they were not significant. Therefore, the results do not support Hypothesis 1b.

Hypothesis 1c. This hypothesis predicted a negative relationship between the amount of training invested in upper-level managers and upper-level management turnover. Though not significant, the results were in the hypothesized direction. However, a lack of significant results provides no support for Hypothesis 1c.

Hypothesis 2

Hypothesis 2 suggested that credit unions with a promote-from-within strategy would invest in more training for their employees. A one-way ANOVA was performed at an alpha level of .05 on management/supervisory promotion strategy and total training investment for the organization $F(1, 22) = 3.79, p = .07$, and upper-level management

Table 2

Correlations Between Training Investment per Employee and Turnover Rates

Variables	r (df=24)
1. Non-Management TI x Non-Management ET	.18
2. Management/Supervisory TI x Management/Supervisory ET	-.18
3. Upper-Level Management TI x Upper-Level Management ET	-.04

Notes. TI = Training Investment per Employee; ET = Employee Turnover; all correlations were not significant at $p < .05$

promotion strategy and total training investment $F(1, 22) = 1.11$, $p = .38$. These results do not support this general hypothesis, though the effect of promotion strategy for management/supervisory positions and training investment approached significance. A one-way ANOVA was also run for the four subhypotheses. Descriptive statistics for Hypothesis 2 are presented in Tables 3 and 4.

Hypothesis 2a. Hypothesis 2a predicted that credit unions with a promote-from-within strategy for management/supervisory positions would invest more money into the training of non-management employees than those with a hire-from-outside strategy. The results of the ANOVA do not support this hypothesis $F(1, 20) = 4.01$, $p = .06$. However, it approached significance.

Hypothesis 2b. Hypothesis 2b suggested that credit unions with a promote-from-within strategy for management/supervisory positions would invest more dollars into the training of managers/supervisors than those with a hire-from-outside strategy. This hypothesis was postulated based on the possibility of lateral movement within the organization. The results of the ANOVA revealed that this hypothesis was supported $F(1, 20) = 8.45$, $p = .01$.

Hypothesis 2c. Hypothesis 2c proposed that credit unions with a promote-from-within strategy for upper-level management positions would have a higher dollar investment in management/supervisory training than those with a hire-from-outside strategy. The results of the ANOVA do not support this hypothesis $F(1, 19) = .39$, $p = .82$.

Hypothesis 2d. Hypothesis 2d was also postulated to allow for the possibility of lateral movement among upper-level managers. It suggested that credit unions with a

Table 3

Descriptive Statistics of Training Investment per Employee as a Function of Promotion Strategy for Management/Supervisory Positions

Employee Classification	*M*	*SD*
	Promote-from-Within Strategy (*n* = 25)	
Non-Management Employees	$441.00	$337.08
Managers/Supervisors	$1,367.25	$870.08
Upper-Level Managers	$2,802.81	$3,353.77
All Employees	$735.78	$476.58
	Hire-from-Outside Strategy (*n* = 1)	
Non-Management Employees	$1,132.00	---
Managers/Supervisors	$3,977.00	---
Upper-Level Managers	$4,375.00	---
All Employees	$1,683.00	---

Table 4

Descriptive Statistics of Training Investment per Employee as a Function of Promotion Strategy for Upper-Level Management Positions

Employee Classification	*M*	*SD*
Promote-from-Within Strategy (*n* = 22)		
Non-Management Employees	$498.50	$329.20
Managers/Supervisors	$1,502.00	$833.26
Upper-Level Managers	$2,973.61	$3,515.01
All Employees	$816.35	$455.56
Hire-from-Outside Strategy (*n* = 4)		
Non-Management Employees	$335.00	$522.34
Managers/Supervisors	$1,447.00	$1,802.87
Upper-Level Managers	$2,427.25	$2,330.75
All Employees	$569.75	$755.13

promote-from-within strategy for upper-level management positions would invest more in training upper-level managers than credit unions with a hire-from-outside strategy. The results of the ANOVA were not supportive of this hypothesis, $F(1, 20) = 1.00, p = .43$.

Hypothesis 3

Hypothesis 3 suggested that organizations that invest in more training would be more likely to actually promote employees at the three different levels. This hypothesis was made in case there were discrepancies between promotion strategy and actual promotion practice. Pearson's correlation coefficients were conducted at an alpha level of .05 to examine the overall hypothesis and each of the four subhypotheses. A positive correlation was hypothesized; as training investment increased, so would actual promotion from within. The relationship between actual promotion into management/ supervisory positions and total training investment was not significant. The relationship between actual promotion to upper-level management positions and total training investment was also not significant. Data for Hypothesis 3 are represented in Table 5.

Hypothesis 3a. Hypothesis 3a proposed that there would be a significant positive relationship between training investment for non-management employees and actual promotion of employees into management/supervisory positions. The results were not significant and thus, this hypothesis was not supported.

Hypothesis 3b. This hypothesis suggested that there would be a significant positive relationship between the actual promotion of employees into management/ supervisory positions and training investment for managers/supervisors. Again, this hypothesis allowed for the possibility of lateral movement within an employment classification. However, this hypothesis was not supported.

Table 5

Correlations Between Actual Promotion and Training Investment per Employee

Variables	r ($df = 24$)
Actual Promotion into Management/Supervisory Positions	
Overall Training Investment	.02
Non-Management Training Investment	.07
Management/Supervisory Training Investment	.12
Actual Promotion into Upper-Level Management Positions	
Overall Training Investment	.35
Management/Supervisory Training Investment	.19
Upper-Level Management Training Investment	.33

Note. All correlations were not significant at $p < .05$

Hypothesis 3c. This hypothesis postulated a significant positive relationship between the actual promotion of employees into upper-level management positions and investment in training for managers/supervisors. The results revealed no support for this hypothesis.

Hypothesis 3d. Hypothesis 3d suggested that a significant positive relationship between the actual promotion of employees into upper-level management positions and investment in training for upper-level managers. This hypothesis allowed for the possibility of lateral movement within upper-level management. The results were not statistically significant. Therefore, this hypothesis was not supported.

Hypothesis 4

Hypothesis 4 suggested that credit unions with a promote-from-within strategy would experience less turnover among their employees than those with a hire-from-outside strategy. This hypothesis was examined using a one-way ANOVA at an alpha level of .05. The results revealed no significant differences between credit unions with a promote-from-within strategy for filling management/supervisory positions and those with a hire-from-outside strategy, $F(1, 23) = .93, p = .35$). In addition, there were no significant differences between credit unions with a promote-from-within strategy for filling upper-level management positions and those with a hire-from-outside strategy $F(1, 23) = .37, p = .55$). One-way ANOVAs were also calculated to determine the results of the four subhypotheses. Descriptive statistics for Hypothesis 4 are presented in Tables 6 and 7.

Hypothesis 4a. This hypothesis suggested that credit unions with a promote-from-within strategy for management/supervisory positions would have lower non-

Table 6

Descriptive Statistics of Turnover as a Function of Promotion Strategy for Management/ Supervisory Positions

Employee Classification	*M*	*SD*
	Promote-from-Within Strategy (n = 25)	
Non-Management Employees	15.70%	13.71%
Managers/Supervisors	1.83%	5.78%
Upper-Level Managers	3.04%	16.62%
All Employees	14.58%	10.59%
	Hire-from-Outside Strategy (n = 1)	
Non-Management Employees	25.00%	---
Managers/Supervisors	0.00%	---
Upper-Level Managers	0.00%	---
All Employees	25.00%	---

Table 7

Descriptive Statistics of Turnover as a Function of Promotion Strategy for Upper-Level Management Positions

Employee Classification	*M*	*SD*
	Promote-from-Within Strategy (*n* = 22)	
Non-Management Employees	16.90%	14.22%
Managers/Supervisors	2.10%	6.17%
Upper-Level Managers	3.45%	11.28%
All Employees	15.57%	10.83%
	Hire-from-Outside Strategy (*n* = 4)	
Non-Management Employees	12.00%	9.90%
Managers/Supervisors	0.00%	0.00%
Upper-Level Managers	0.00%	0.00%
All Employees	12.00%	9.90%

management turnover than those with a hire-from-outside strategy. The results revealed no significant differences between the two groups, $F(1, 22) = .45, p = .51$. Thus, this hypothesis was not supported.

Hypothesis 4b. In this hypothesis, it was postulated that credit unions with a promote-from-within strategy for management/supervisory positions would have lower management/supervisory turnover than those with a hire-from-outside strategy. The results revealed no significant differences between the two groups, $F(1, 22) = .01, p = .76$. Therefore, this hypothesis was not supported.

Hypothesis 4c. Hypothesis 4c predicted that credit unions with a promote-from-within strategy for upper-level management positions would have lower management/supervisory turnover than those with a hire-from-outside strategy. However, the results did not support this hypothesis, revealing no significant differences between the two groups, $F(1, 22) = .44, p = .51$.

Hypothesis 4d. This hypothesis suggested that credit unions with a promote-from-within strategy for upper-level management positions would have lower upper-level management turnover than those with a hire-from-outside strategy. The results revealed no significant differences and did not support the hypothesis $F(1, 23) = .38, p = .54$.

Hypothesis 5

Hypothesis 5 suggested that credit unions that actually promoted employees would experience less turnover. Thus, a negative correlation was predicted, expressing that as actual promotion increased, there would be decreased turnover. Pearson's correlation coefficients were calculated at an alpha level of .05 to determine the relationships between actual promotion of employees into management/supervisory positions and overall turnover, and actual promotion of employees into upper-level management positions and overall turnover.

The results revealed that the relationship between actual promotion of employees into management/supervisory positions and overall turnover was negative and significant, $r(24) = -.45, p = .03$. However, the results revealed no significant relationship between actual promotion of employees into upper-level management positions and overall turnover. These results partially support Hypothesis 5. Correlation coefficients were also determined for each of the four subhypotheses. The correlation coefficients for Hypothesis 5 are presented in Table 8.

Hypothesis 5a. This hypothesis suggested that there would be a significant negative relationship between the actual promotion of employees into management/ supervisory positions and non-management turnover. Though the relationship was in the predicted direction, the results were not significant.

Hypothesis 5b. Hypothesis 5b proposed that there would be a significant negative relationship between the actual promotion of employees into management/supervisory positions and management/supervisory turnover, again allowing for the possibility of lateral movement. However, the results were not significant and thereby did not support this hypothesis.

Hypothesis 5c. This hypothesis predicted a significant negative relationship between the actual promotion of employees into upper-level management positions and management/supervisory turnover. Although the relationship was in the predicted direction, the results were not significant. Therefore, this hypothesis was not supported.

Table 8

Correlations Between Actual Promotion and Turnover

Variables	r ($df = 24$)
Actual Promotion into Management/Supervisory Positions	
Overall Turnover	-.45*
Non-Management Turnover	-.30
Management/Supervisory Turnover	-.16
Actual Promotion into Upper-Level Management Positions	
Overall Turnover	-.14
Management/Supervisory Turnover	-.14
Upper-Level Management Turnover	-.01

$^{*}p < .05$

Hypothesis 5d. This hypothesis predicted a significant negative relationship between actual promotion of employees into upper-level management positions and upper-level management turnover, again allowing for upper-level management lateral movement. However, this hypothesis was not supported. The results revealed a non-significant relationship.

Exploratory Analyses

In addition to the hypotheses, additional data were collected for exploratory purposes. One primary impetus for this study was to determine what the overall belief system of human resource practitioners is in the credit union industry concerning the effects of training programs. Participants were asked at the end of the survey if they believed that with training employees will remain with the organization and show improved performance, or that with training employees will leave the organization for better jobs with their newly developed skills. The majority (85%) indicated that they believed employees would remain with the organization and show improved performance. The remaining 15% selected "other." The other responses were quite similar to each other and suggested that a combination of both behaviors may arise; other factors, namely confidence and customer satisfaction, may affect performance; and uncertainty that turnover would necessarily be affected. None of the participants indicated that they strictly believed employees would accept the training and then leave for better jobs. A one-way ANOVA was conducted at an alpha level of .05 to determine if there were significant differences in the amount of training investment between the participants that believed employees would remain and those that had other beliefs. The results revealed that there were not significant differences, $F(1, 22) = 1.84, p = .19$.

Another exploratory analysis had its origins in the pilot study for the Training and Development Survey. One of the suggestions from the pilot study was to put the survey on colored paper so that it would stand out, hopefully improving the response rate. The researcher gathered information concerning the effects of colored paper on response rate. Keeter, Kennamer, Ellis, and Green (2001) examined the effects of colored paper on response rate by mailing 20,000 surveys. Each survey mailed was randomly selected to be white, green, or pink. After controlling for the use of a cover letter and the personalization of the mailing, their results revealed no significant differences in response rate based on paper color. Etter, Cucherat, and Perneger (2002) also conducted a study using white and green paper for mailed surveys. Their study of 1712 surveys in white and green revealed no significant differences based on the color of the paper. However, in the same publication, the authors conducted a meta-analysis. The results of the meta-analysis revealed that pink paper increased response rate by 12%.

After some thought and discussion concerning the professionalism of colored paper, it was determined that three colors of paper should be used and a study within a study would be conducted. The researcher selected the following three colors for the survey: white, ivory, and pink. The white paper was traditional and served as a comparison for the other two colors. Ivory was selected because of its perceived professional appearance. It was different from white, making it more noticeable, but not as obvious as other, brighter colors. Finally pink was selected. Pink is more noticeable, but is not as professional in appearance as the ivory. Furthermore, pink was selected because previous research indicated an increased response rate when pink paper was used

(Etter et al., 2002). The purpose of this analysis was to determine if there were significant differences in response rate based on the color of paper the survey was printed on.

Descriptive data for the colored paper exploratory analysis are presented in Table 9. In the first wave of surveys, 166 surveys were printed on white paper, 167 on ivory, and 167 on pink. In the second wave of surveys, 66 were printed on white paper, 67 on ivory, and 67 on pink. Therefore, of the 700 total surveys mailed out, 232 were white, 234 were ivory, and 234 were pink. Of the surveys returned, 8 were white, 7 were ivory, and 11 were pink, providing the following response rates: 3.45%, 2.99%, and 4.7%, respectively. To determine if there were significant differences in response rates, a chi square test was conducted at an alpha level of .05. The results were not significant $X^2(2, N=26) = 1.00, p = .60$ suggesting that there were no significant differences in response rate for the three colors.

Table 9

Descriptive Statistics of Colored Paper Analysis

Color	Sent	Expected	Observed	Response Rate
		First Mailing		
White	166	4.32	4	2.41%
Ivory	167	4.34	4	2.40%
Pink	167	4.34	6	3.59%
		Second Mailing		
White	66	4.29	4	6.06%
Ivory	67	4.36	3	4.48%
Pink	67	4.36	5	7.46%
		Total Mailing		
White	232	8.58	8	3.45%
Ivory	234	8.66	7	2.99%
Pink	234	8.66	11	4.70%

CHAPTER 4

DISCUSSION

This research study sought to examine the relationships between four variables: training investment per employee, turnover, promotion strategy, and promotion practice. Studies examining the impact of training programs on human resource outcomes, such as turnover and promotion, have been recommended by several researchers (Kovach & Cohen, 1992; Russell et al., 1985). While there are several human resource outcomes to choose from, the primary purpose of this particular study was to examine the relationships among training, turnover, and promotion. The secondary purpose of this study was to explore the general beliefs human resource practitioners have concerning the effects of training programs.

The results of the primary purpose of this study in general did not support the proposed hypotheses regarding the relationships between the variables. However, there were two significant and noteworthy results and two that approached significance that are worth discussing. The results of this study revealed that there were significant differences between credit unions that had a promote-from-within strategy for filling management/ supervisory positions and those that had a hire-from-outside strategy in regard to the training investment given to managers/supervisors. In other words, credit unions with a promote-from-within strategy for these positions provide more training for their managers/supervisors. This result follows the path of previous researchers who have found significant relationships between training and promotion (Kovach & Cohen, 1992; Tharenou, 2001). In addition, it is interesting to note that although there were not statistically significant differences between credit unions with a promote-from-within strategy and those with a hire-from-outside strategy for filling management/supervisory positions in regard to non-management and overall training investment, the results of these two analyses approached significance. In contrast, there were no significant differences between strategies for filling upper-level management positions for overall, management/supervisory, or upper-level management training investment. The results suggest a need for future research. Perhaps a larger sample size may produce different results. However, the results for promotion strategy for management/supervisory positions are unique and bear further examination. This topic will be addressed again in the following paragraphs. The second significant result to come of this study involved the relationship between actual promotion of employees into management/supervisory positions and overall employee turnover. As in the first result, there were no other significant results related to these two variables, suggesting that there is a unique element that needs to be examined.

The results of these four analyses support the suggestion made by Carson et al. (1994) that identified three distinct promotion variables: promotion satisfaction, perceptions of promotional opportunities, and actual promotion. The finding that a promote-from-within strategy is linked to higher training investment of managers/ supervisors supports the importance of perceptions of promotional opportunities. The finding that actual promotion of employees into management/supervisory positions is related to overall employee turnover emphasizes the importance of actual promotion. It is not enough for an organization to have a promote-from-within strategy; it also needs to actually follow through with that strategy. Therefore, it appears that employees, particularly managers/supervisors, benefit by both perceiving the opportunities for promotion and seeing actual promotions taking place.

Another factor that makes these results particularly interesting is their focus on managers/supervisors. In other words, the results tend to be significant for the employees in the middle of the organizational hierarchy. There was no support for any of the hypotheses concerning non-management employees or upper-level managers. Birdi et al. (1997) indicated that managers receive more training than non-managers. This study appears to support the claim of Birdi et al., as the amount invested per employee is higher at the management levels. In addition, perhaps the time and quality of the training is different. It is possible that the managerial training was more developmental in nature, which may help credit unions prepare their managers/supervisors to become future leaders (Trevor et al., 1997).

Another possibility for the significance of results pertaining to managers/ supervisors could be the demographic of the group. Although the demographics of each employment group were not examined in this study, it is possible that there are differences between the three groups. For example, among non-management employees, perhaps some of them are interested in advancing in the organization. However, there may be a sizable number that are content to just do the job, without a desire to advance. When compared to the upper-level managers, managers/supervisors may have more possibilities for advancement, and are therefore more affected by variables such as promotion strategy, actual promotion, and training investment. Upper-level managers have considerably more limited mobility within the organization, as many of them have reached the highest echelons of the organization. Although the reasons remain unknown, the present study has yielded interesting information concerning employees in the middle of the hierarchy. More research is recommended to identify the reasons for significant results at this employment level.

Though the significant results yielded by this study pose interesting questions, it is also important to examine the results that were not significant. The vast majority of the hypotheses for this study were not supported, contrary to much of what was indicated in the literature. Turnover does not appear to be influenced by training investment at any level of the organization. However, many other studies have found a significant relationship between turnover and training investment (Frazis et al., 1998; Guthrie, 2000; Huselid, 1995; Kovach & Cohen, 1992; Wholey, 1990). Therefore, it is necessary to examine why these results were not found in the present study.

Many researchers have attempted to define training through identifying its different dimensions, methods, and purposes. Despite the many ways to conceptualize training, there is not a universal definition (Frazis et al., 1998). Since this study examined the impact of overall training rather than specific types of training, this lack of a definition may have hurt the response rate. In addition, a lack of definition left the survey questions to the interpretation of the participant. Therefore, it is possible that each participant had a different perspective of what constitutes training. Others may have been so overwhelmed by the concept that they simply chose not to complete the survey. It is possible that the topic of this study itself caused a low response rate and results that were not significant.

Huselid et al. (1997) discussed the differences between technical and strategic human resource management. The results of their study suggest that organizations can have the potential to gain most when they focus on improving strategic human resource management, which connects directly to business objectives. In other words, it is not enough to simply conduct training programs. They must have a strategic purpose to truly have an impact on organizational outcomes, such as turnover and promotion. Perhaps the training that is being utilized by the participants in this study is more technical than strategic; maybe it does not relate strongly to business objectives. It is also possible that employees are being over trained. There may be more programs than are truly necessary. Since training typically takes time away from work, it is important to select training programs wisely that fit with the strategic goals of the organization for them to truly be beneficial to the organization.

Morrow et al. (1997) emphasized the value of evaluating every training program to determine its utility. Since these programs do not appear to have a significant impact on turnover and promotion, it would seem beneficial for each credit union to evaluate each of their programs. Since the effectiveness of training programs can be measured with other variables, it is possible that turnover and promotion are not intended to be the measures of effectiveness for specific programs. However, it is recommended that the effectiveness of each program be examined individually. There may be programs that are not effective that need to be modified or eliminated.

The second purpose of this study was to explore the beliefs human resource practitioners have about the value of training. The literature revealed two primary beliefs: when employees are trained they will remain with the organization and show improved performance, and when employees are trained they will leave the organization for better jobs with their newly developed skills (Harris & Brannick, 1999; Pearson, 1986). The results of the survey indicate that the vast majority of participants believed that with training employees would remain with the organization and show improved performance. Therefore, the participants appear to value training and believe that it is ultimately good for the organization. Contrary to some of the concerns in the literature, none of the participants indicated a strong belief that employees would leave for better jobs as soon as they are trained, suggesting that the debate in the literature does not exist. Perhaps the increase in employee training discussed earlier is an effect of a shift toward the belief that training serves to retain employees. Confidence and customer service were also perceived by the participants to be important benefits of training, regardless of its relationship with turnover. These comments are consistent with Reddy (1996), who found that enhanced confidence was a benefit of training. It is possible that factors such as confidence serve as moderators of the training/turnover relationship. These factors warrant further attention.

The final results of this study discuss the exploratory analysis examining the effects of colored paper on survey response rates. The results revealed that there were no significant differences in response rate based on the color of paper on which the survey was printed. Although the research revealed that pink paper produced a significantly higher response rate (Etter et al., 2002), the results of this study do not concur. However, there was a higher response rate for pink paper, even though it was not statistically significant. Further research will be needed to determine if participants truly do respond more to pink paper than other colors. If so, it would be worthwhile to examine the reasons why pink paper is preferred, in the hope of improving the response rates.

Limitations

The results of this study should be interpreted with some caution, as there were several limitations worthy of discussion. The most obvious limitation of this study is the small sample size. Although this is a problem typical of the survey method, this study only produced 26 responses, which is less than the 30 necessary to assume a normal distribution. Therefore, it is possible that the results are not representative of the population and that the data are skewed. The steps taken to improve the response rate met with limited success. Furthermore, in the process of increasing the sample size, two different sizes of credit unions were sampled (those with $100 million or more and those with $25-50 million in total assets). Therefore, the amount of total assets ranged from $25-100 million. While the sample size was increased, a side effect of the procedure was reduced internal validity. The range in total assets made it difficult to make accurate and meaningful comparisons.

A second major limitation of this study is its generalizability. Since only credit unions were sampled, the results may not generalize to other industries. Although having a homogeneous sample improved internal validity, the external validity is questionable. A third limitation of the study is its lack of focus on specific types of training and turnover. There are many different types of training that may affect turnover and promotion differently. This study did not address those different types, but rather examined training as a global construct. While this method includes many types of training, it does not take into account differences in their effects on human resource variables. Furthermore, this study did not distinguish between voluntary and involuntary turnover. Turnover is not necessarily bad. There may be instances where training results in positive turnover, which would ultimately benefit the organization. Distinguishing between these types of training and turnover may yield different results.

The final major limitation of this study is its lack of appropriate terminology for the different employment groups. Although the terminology was debated prior to mailing the surveys, it is now believed that there might have been some confusion concerning what types of jobs should be classified in each category. Finding more appropriate terminology may reduce confusion on the part of the participants, identify clear relationships and effects, and even possibly improve response rate.

Directions for Future Research

Many researchers have proclaimed a need for research examining how training affects human resource outcomes at the organizational level (Kovach & Cohen, 1992; Russell et al., 1985). This study attempted to examine the relationships between training, turnover, and promotion, which are only two of the possible human resource outcomes from which to choose. Although the majority of the results for this study were found to be not significant, it provides a foundation on which to build further studies examining these variables. One direction for future research is to attempt to replicate this study in such a way as to obtain a larger sample size. Perhaps other industries would be more responsive to the survey or the survey could be redesigned to improve response rate. Conducting the study on an individual level, rather than an organizational level, might also yield interesting results.

It would also be beneficial for researchers to examine the utility of various types of training. Focusing on one type of training or one particular training program might prove to be more accurate and informative than an overall assessment of training programs. In addition, it is recommended that a similar study be conducted while separating the effects of voluntary and involuntary turnover. It would be interesting to see if differences were detected in training effectiveness based on turnover status.

The final suggestion for future research is to examine more thoroughly the employees in the middle of the hierarchy. The significant results of this survey mostly concerned management/supervisory positions and employees. It would be interesting to determine what makes these results significant. It is recommended that future research examine the relationships between these variables more specifically at the management/ supervisory level. Training has been shown in the literature to relate to human resource outcomes, such as turnover and promotion. Although the results of this study generally do not support these relationships, future research should attempt to understand the organizational results associated with training. In a world where the competition moves fast, it is important to use efficient and effective training programs.

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Appendix A

Training and Development Survey

Training and Development Survey

Please answer the following questions to the best of your knowledge.

1. Approximately, how many full-time employees does your organization employ who are
   - Upper-level managers? _____
   - Managers/supervisors? _____
   - Non-management? _____

2. Approximately, how much money (in dollars) does your organization spend on the training and development of employees in a given year?
$________________________________

3. Approximately, what percentage of the training budget goes toward training and developing
   - Upper-level managers? _____%
   - Managers/supervisors? _____%
   - Non-management? _____%

4. How often does your organization perform a training needs analysis (ex: employee survey of training needs)?
   - ❑ Never
   - ❑ Every few years
   - ❑ Once a year
   - ❑ Several times a year

   If your organization performs a training needs analysis, specify three ways your organization identifies training needs:
   1. ______________________________
   2. ______________________________
   3. ______________________________

5. What kind of evaluation of training programs does your organization conduct? *Check all that apply.*
   - ❑ No evaluation is conducted
   - ❑ Participant reactions to the training
   - ❑ Tests of knowledge learned
   - ❑ Measures of behavioral changes on the job
   - ❑ Measures of organizational performance
   - ❑ Other: _____________*please specify*

6. What kind of training does your organization provide?
   - ❑ General – skills/information that will be useful for this job/organization, but will transfer to other jobs/organizations
   - ❑ Firm-specific – skills/information that will be useful only for this job/ organization, and will not transfer to other jobs/organizations
   - ❑ Neither
   - ❑ Both

7. Would you be interested in knowing the financial return on your training investments?
   - ❑ Yes – Why? ____________________
   - ❑ No – Why? ____________________

8. Approximately, what is your organization's yearly turnover rate for
   - Upper-level managers? _____%
   - Managers/supervisors? _____%
   - Non-management? _____%
   - All employees? _____%

PLEASE CONTINUE →

9. In filling upper-level management positions, what is your organization's **primary** philosophy/strategy?
- ❑ Promote from within
- ❑ Hire from outside

10. In filling management/supervisory positions, what is your organization's **primary** philosophy/strategy?
- ❑ Promote from within
- ❑ Hire from outside

11. In practice, where has your organization found its upper-level managers?*
- ❑ 100% promoted from within/0% hired from outside
- ❑ 75% promoted from within/25% hired from outside
- ❑ 50% promoted from within/50% hired from outside
- ❑ 25% promoted from within/75% hired from outside
- ❑ 0% promoted from within/100% hired from outside

*The researcher recognizes that, in practice, it may not always be possible to follow one primary promotion philosophy/strategy. Please answer as honestly as possible.

12. In practice, where has your organization found its managers/supervisors?*
- ❑ 100% promoted from within/0% hired from outside
- ❑ 75% promoted from within/25% hired from outside
- ❑ 50% promoted from within/50% hired from outside
- ❑ 25% promoted from within/75% hired from outside
- ❑ 0% promoted from within/100% hired from outside

13. What is your general belief about training programs?
- ❑ When employees are trained, they will remain with the organization and show improved performance.
- ❑ When employees are trained, they will use their newly developed skills to find better jobs and leave the organization.
- ❑ Other: ______________________

  ____

  ______________________*please specify*

Thank you for your participation! Please return this survey in the enclosed envelope.

If you would like an electronic copy of the results, please provide your email address below:**

____

Your email address will **only be used by the researcher and **only** for the purpose of sending the results of this study back to you.

Appendix B

Cover Letter

March 15, 2004

Top Human Resources Executive
Credit Union
Address
City, State Zip

Dear Sir or Madam:

The training and development of employees can be an expensive endeavor for any organization. Due to these costs, it is important to know if the effects of employee training are positive for the organization. Your organization has been carefully selected to participate in a study examining some of these organizational effects of training and your participation is requested.

Enclosed you will find a training and development survey that the **top human resources executive** is asked to complete. Your participation is encouraged because the results of this study could shed some light about the effects of training and development programs in credit unions such as yours. In addition, your participation is greatly appreciated, as it will assist me in the completion of my master's thesis in industrial/organizational psychology. Please take some time to complete this brief survey, as your participation is both highly valued and imperative to the success of the study.

Please understand that participation in this study is strictly voluntary and data will be presented as group information. **No specific information about your credit union will be shared!** Please consider completing the survey. I believe that the results of this study could have a tremendous impact on organizations such as yours. If you would like to receive a copy of the results, please provide the requested information at the end of the survey.

If you are willing to complete the training and development survey, please return it in the enclosed reply envelope by **April 12, 2004**. By returning the enclosed survey, you are consenting to the use of the data you provide. Should you have any questions concerning the survey or the study, feel free email me at wagner_shelbye@stumail.emporia.edu or call me at (620) 341-5803. Thank you for your assistance!

Sincerely,

Shelbye L. Wagner

Shelbye L. Wagner

Enclosure

Appendix C

Reminder

REMINDER!!!

Dear Sir or Madam:

Hopefully you received a copy of the Training and Development Survey within the last two weeks. If you have not already done so, please consider completing the survey and returning in by **APRIL 26, 2004!** Here are some reasons why you might want to complete the survey:

- Receive information on the effectiveness of training in credit unions such as yours
- Receive a copy of the results via email (please indicate on page 2 of the survey)
- Specific data will remain confidential (reported data will be based on the group)
- Short; not time-consuming
- Help a master's degree student complete her thesis

If you need a new copy of the survey or would prefer an electronic copy, please call me at (620) 341-5803 or email me at wagner_shelbye@stumail.emporia.edu. If you have already completed the survey, I wish to extend my thanks!

Thank you for your assistance!

Shelbye Wagner
Master's Degree Candidate – Industrial/Organizational Psychology
Emporia State University

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I, Shelbye L. Wagner, hereby submit this thesis to Emporia State University as partial fulfillment of the requirements for an advanced degree. I agree that the Library of the University may make it available for use in accordance with its regulations governing materials of this type. I further agree that quoting, photocopying, or other reproduction of this document is allowed for private study, scholarship (including teaching) and research purposes of a nonprofit nature. No copying which involves potential financial gain will be allowed without written permission of the author.

Shelbye L. Wagner
Signature of Author

August 23, 2004
Date

An Examination of the Utility of Training: Relationships with Turnover and Promotion
Title of Thesis

Signature of Graduate Office Staff Member

8-26-04
Date Received