

# EMPLOYEES' PERCEPTION ABOUT THE EFFECT OF TRAINING ON PROMOTION: EVIDENCE FROM LEBANON

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## ABSTRACT

*Through training, employees add significance to their soft skills and to their expertise in the work field, thus working more efficiently and effectively. To achieve the skill or expertise mentioned, an employee needs to attend a training session or more, which can be either his own choice on his own expense, or a training session prearranged by his company. Yet, employees always suspect the affectivity of training. Researchers conducted this research is to study the effect of training on employee's advancement. The researchers use Primary research to conduct this research. The most useful observation found in the research was that the majority of employees agreed that training contribute to salary increase, as most employees were satisfied in their current position and feel loyal towards their company. Training and development should enhance and widen the employees' perspective to enable them identify their role and strengthen themselves to climb up through the organizational ladder.*

**JEL:** M51, M53

**KEYWORDS:** Training, Promotion, Salary Increase, Development, Satisfaction

## INTRODUCTION

In a competing market, every organization needs to have a skilled workforce with the right knowledge to gain competitive edge over its rivals (Jassim, 2007). Having the right people in the right places is the key of success companies seek, and training is the only path for such a success (Wright et al, 1994). In this study, we examine the perception of employees regarding the effect of training specifically on their promotion in their organizations. Companies invest a lot of money on training in order to improve employee's skills at their work, hoping to get a profitable return on investment (Matthews, 2012). The level of interest in training varies between employees. Some see it as a waste of time; others consider it valuable to their career path. Many workers finds training programs relevant to their jobs and a direct reason for promotions, others find it non-relevant and of no use in their progress path.

This research evaluates the effects of training on promotion in different companies in Lebanon from the employees' point of view. Researchers collected data through 200 questionnaires distributed to employees working in 19 different companies covering different sectors in the Lebanese economy. Researchers analyze training effects on promotions, which is generally associated with wage increase and defined as the upward movement from one income group to another. Promotions are important not only from the employer's point of view but also in the perception of the employee. Though the study is in Lebanon, the literature review is mainly from western countries. Here comes the importance of such a study, a similar literature is not available in Lebanon, thus such a research fills a gap in the Lebanese social studies,

especially the perception among Lebanese employees for training as a reason for promotion. The paper will proceed from the introduction, to the Literature review, followed by the objective and the methodology used and its results. The final section summarizes the conclusion, the implications, and the limitation of the study.

## LITERATURE REVIEW

After analyzing the information from a multilevel, multidisciplinary, and global perspective, Aguinis and Kraiger (2009) concluded in their study, that training will not only benefit the individual, it will benefit the organizations and the society as whole, and eventually it will help the economy of the country. However, to be able to maximize the benefits to the organization, Aguinis stressed on the need to pay attention to pre-training states of the trainees and not to toss them in any training available. Each employee should have a specific training that suits his/her abilities. Putting the wrong person in the wrong place can be costly. Estimates suggest that having an employee in the wrong position costs up to 6 times the more than that of an employee turnover; this is for an individual contributor. The cost can reach as high as 15 times for a managerial position, and up to 27 times for an executive. Therefore promoting trained employees from within is an adopted procedure by many organizations as a new and more effective way to run a specific position (Smart, 2008). Many researchers have seen that employees who are engaged in a training program will be more committed to the organization and less likely to consider leaving it, feeling that he/she is a necessary part, and that the organization cares about him/her being good enough for the job. Although it is costly to give training to employees, in the end it gives back more, many trainees become ready for promotion thus removing the expenses of recruiting another person from outside (Heras, 2006). Sarah Dinolfo and Julie S. Nugent (2010) discussed mentoring and its impacts, in their research, they emphasized on how training programs could span an entire career. Their study showed how formal training helps employees gain key job competencies, prepare them for expanded job responsibilities and leverage workplace relationships.

Dr. K. Francis Sudhakar, Mr. M. Kameshwara Rao, and Dr. B. Koteswara Rao Naik (November 2011), in their study of employees perception of training, emphasized the importance of training for employees in such a competitive market, where workforce should be well trained to meet the demands of the industry. Besides, they shed the light on the differences in perception employees have about training. Some employees will consider training as part of their career pathway and note its significance for their personal added skills and knowledge, which in return may help them in advancement such as promotions, whereas other employees will take training programs lightly. Informal interviews and unstructured questionnaire were conducted, where employees expressed their views freely about their training programs. The findings were that most of the participants perceive training given to them as meeting their needs, and useful for their own career by offering the chance to develop their skills and knowledge. Very few participants argued that their training does not meet their needs both on organizational and individual level. Moreover majority of employees disagreed on the fact that training has a direct effect on their promotion, according to them, it depends on the individual skills not the training itself.

Lindsey Straka West (August 2010), in her study of impact of training on the frequency of internal promotion, highlighted the relationship between formal training and internal promotions within a company. Her research was to support the importance of investing in employees through training and development as training by most companies is considered an expense to be cut. The hypothesis that the increased hours of training focusing on general skills would positively contribute to promotion rates, produced mixed results after the analysis. Multiple regressions revealed that this hypothesis is not supported for either employee or managers. Satterfield, J.M. & Hughes (2007), concluded in their study that there is a relationship between training and promotion. Training allows employees to be hired from within, since it is important for them to practice and figure out their work. Hiring employees from within can save time, money and improve person-organization relationship rather than hiring from external

workforce. Moreover, Satterfield links training to promotion; the more training an organization's employees have, the better the chance they have to be promoted.

Frazis and Loewenstein (2005) use survey information of the "National Longitudinal Study of Youth and the Employer Opportunity Pilot Project" to know the results of training on promotion. Promotion reports indicate if the promotion employees have obtained is through hierarchal level or through increased responsibilities. Studies that focus on training effects on productivity use industry information or "matched employer-employee information" (Bartel, 2000); this type of literature uses the standard Cobb-Douglas production theory and watch firms over several years. However, most of these studies find outstanding effects on trained workers and on employee's productivity, which decreases with the modulation of human resource management criteria's. Mattijs Lambooj; Andreas Flache; Karin Sanders; Jacques Siegers (October 2007), studied the effects of sponsored training and promotion practices on employees willingness to work overtime. They argued that training and promotions are career-enhancing measures by which companies should invest in, and examined the measure of willingness of employees to work overtime after they are trained and promoted. To test their hypothesis, they conducted experiments in five organizations, analysis showed that employees are more willing to work overtime after they had attended training, but promotion has no direct effect on employee's willingness to work over time.

The study concluded that when an employer invests in an employee, the employee would react with more co-operative manner. Studies find that instruments affect training, however not the outcome variable (Leuven and Oosterbeek, 2004). Second, most information sets are relatively short so that either low variation or training cases can be counted (Dearden et al., 2006). Third, after all the effort that is made to measure training participation, few studies obtain special outcome variables, which does not show much promotions in hierarchy and productivity on the individual level (Bartel, 2000). Another study by Breuer and Kampkötter (2010) uses three years of personnel data from a German multinational company and fixed effects methods. The main conclusion is that training has only a positive effect on many performance-related outputs in the same year that training took place. Krueger and Rouse (1998), examined the effect of workplace training programs on one blue-collar and one white-collar company. They studied one standardized training form, to limit heterogeneity, which is partially governmentally financed. By estimating an ordered model, the authors found that trained workers are much more likely to make job bids and to receive job upgrades in comparison to untrained workers.

## **RESEARCH OBJECTIVE**

The research aims to determine the effects of training on employees' promotion and salary from employees' point of view. The relationship between training and promotions in companies is examined. To study the difference in employees' perceptions towards training and its effect on promotion at different levels in an organization, researchers ask the following question: Do employees perceive training as a direct cause of their promotion? Alternatively, are there other reasons affecting promotions?

## **METHODOLOGY**

A specific questionnaire is constructed to determine what employees think about regarding training for both the career and the personal level. The questionnaire includes 17 questions, in which seven questions use the Likert scale and 10 questions uses the multiple choices form. Only 172 questionnaires were returned back from the 200 distributed in 19 companies for blue and white-collar employees, different gender, age, specialization, and years of experience. Respondents answered several questions to study their perception about training, their opinion about the relation between training and salary increase, how related it is to their current job, their level of loyalty to their organization and how much are they willing to pay themselves for training. Moreover, interviews with some employees are done to get direct results about how they perceive training affects their career and if they would like to be included in a training

program. Data were collected during December 2012. Data derived from questionnaires are analyzed using IBM SPSS. The results of the regression analysis will be shown in a linear form equation:

$$Y = \alpha + \sum_{i=1}^n \beta_i X_i$$

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$\alpha$ = Constant Coefficient

$\beta_i$ = Slope of constant variable

$X_i$ = Coefficients of variables affecting Y

Y= Dependent variable

## RESULTS AND DISCUSSION

Frequency analysis shows that employees interviewed were fairly distributed between males and females, as shown in the table below, with an age between an age group of 21 – 34 years old. Most employees’ annual income level ranged between \$ 12,000 and \$ 24,000 working at middle management – level in centralized firms with high satisfaction and loyalty levels towards their companies. Most of them saw that training contributes to salary increase especially when training is directly related to their duties. Employees mostly do not reject training opportunities but when they should pay for their training, some reject training. Employees’ views about discrimination regarding employee promotion had uncertain results. Most of the respondents work at Lebanese Local Companies and use English language via emails for communication at work.

Table 1: Frequency Results

	Count	Table N %	Mode
Gender Male	89	51.7%	
Gender Female	83	48.3%	
Age Group			21-34
Salary			Agree
Training			Yes
Current Position at Company			Middle Level
Annual Income Level			\$12,000-\$24,000

Table 1 summarizes the frequency analysis results. Gender response was almost equal; most respondents work as middle level managers and earn between \$12,000 and \$24,000 annually; most of them agree that training increase salary levels and accept training opportunities.

### Correlation

Correlation is a relation. It is a set of ordered pairs of observations. Correlation means the co-varying of the variables. “Table 1” shows all independent variables relation to the dependent variable being “Contribution of training on employee promotion/salary.” Variables with the highest correlation are with levels 1, 5, and then 10

Table 2: Variables With High Significance Levels of Correlation

Cross-Tabs	Gender	Current position	Training directly to responsibility	Self-pay for training	Satisfied in current position	Promotion discrimination	Annual income
Contribution of training on employee promotion/salary	0.0010** *	0.0000***	0.0150*	0.0010***	0.0000**	0.0040**	0.0460**

Table 2 shows all independent variables with high relation to the dependent variable being “Contribution of training on employee promotion/salary. Variables with the highest correlation are with levels 1, 5, and then 10 having the following marks \* → level 1, \*\* → level 5, and \*\*\* → level 10

The results shows that the correlation between the contributions of training on salary increase in relation to employee’s gender had an approximate significance of 0.0010, which means that more males agreed that salary increase is directly related to training than females. In addition, the correlation between employees’ current position at the company and the contribution of training on promotion/salary is very significance, where more Mid-level employees agreed that training directly affect their promotion. Similarly, the correlation between the employees training directly related to their job and the contribution of training on employee promotion/salary has a significance of 0.0150 where the majority agreed that their training contributes to their salary increase. Moreover, the correlation between employees pay for their training and the contribution of training on employee promotion/salary has a significance of 0.0010; with 81 of the interviewers who would pay for their training believed that it contributes directly to their promotion. The correlation between employees’ satisfaction in their current position and the contribution of training on employee promotion/salary was very significant, where 78 percent of employees were satisfied with their current position at the company, which may explain why they believe that training is directly affected with employee promotion.

Furthermore, the correlation between the contribution of training on employee promotion/salary and the promotion discrimination policy at work has a significance of 0.004. Additionally, the correlation between employees’ annual income level and the contribution of training on employee promotion/salary has a significance of 0.0460 When a new variable is entered between “Contribution of training on employee promotion + Training directly related to responsibility” the following results emerge: The correlation between employees’ training directly related to their responsibility and the contribution of training on employee promotion/salary with their training directly related to their job had a strong significance of 0.000 where mostly all employees agreed. Moreover, the correlation between the contribution of training on employee promotion/salary with their training directly related to their job and the contribution of training on employee promotion/salary was very significant, where most employees’ choose did not decide, and 50 disagreed.

Regression

Regression analysis is conducted to detect the effect of some independent variables over other dependent variables. Regression analysis is conducted to find the variables that affect the dependent variable “salary.” A two-step method has been used. First, a stepwise method is used to show the significant variables (predictors), which were X1=“Self pay for training,” X2=“Satisfaction with position,” X3=“Gender”. Then, an Enter method is used to show the explanatory power of those above significant independent variables over the independent variable. “Table 2” shows the results of the three predictors “self-pay for training”, “satisfied with position”, “gender” on the independent variable “Salary”.

Table 3: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
0.4840 a	0.2340	0.2200	1.055	0.2340	17.120	3	168	0.0000

*Table 3 shows the results of the three predictors “self-pay for training,” “satisfied with position,” “gender” on the independent variable “Salary” + the “constant”. The results are clarified in the regression equation used below.*

The effects of the three independent variables “Self pay for training”, “Satisfaction with position, and “Gender” on the dependent variable “Salary increase” , can be shown clearly in the below linear regression formula applied.

$$Y = \alpha + \sum_{i=1}^n \beta_i x_i$$

Y= Salary Increase

$$Y = a + bX1(\text{self pay for training}) + cX2(\text{satisfaction at position}) + dX3(\text{gender})$$

$$Y = 0.376 + 0.251X1 + 0.312X2 + 0.668X3$$

$$t = 1.083 + 3.314 + 4.181 + 4.101$$

$$\text{Sig.} = 0.280 \quad 0.001 \quad 0.000 \quad 0.000$$

The conducted analysis has shown an R of 0.484 meaning that about 48.4% is the sum of the coefficients of the independent variables only, being the most influencer factors of all independent variables on the dependent variables. The analysis has shown also an R2 of 0.234, which means that 23.4% of the dependent variable is explained by the three dependent variables. Table 4 below shows the ANOVA, which is the analysis of variables. It shows a brief analysis for both the dependent and independent variables. Significance is very high at 0.0000.

Table 4: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	57.194	3	19.065	17.120	.0000
Residual	187.09	168	1.1140		
Total	244.28	171			

Table 4 shows the analysis for the independent variables "Predictors": (Constant), gender, satisfied with position, self-pay for training and the dependent Variable: Salary. The significance level of the variables is very high at 0.0000

### Interpretation of Result

This study was made, to study the effect of training on employee’s promotion and salary from employee’s point of view. After the study is done and questionnaires are filled, researchers can interpret that, most employees are working at middle level management in centralized companies. However, the study shows that most employees are loyal to their companies and jobs, and the training they got is directly related to their jobs. On the other hand, most employees are certain about the relation between salary increase and training programs. Researcher noticed that, most of the time, employees do not reject training programs, but when it comes to self paying for the program almost half of the employees are not willing to pay for training. The research shows, there is not a total satisfaction at employees’ current positions, and most employees are uncertain about discrimination in their companies, which may go back to their fear on their current positions. Most of the employees interviewed work in Lebanese local companies and use English language for communication. This research gains its credibility and reasonability through questionnaires distribution. Questionnaires were distributed equally between males and females between 21 and 34 years old and with an annual income between \$12,000 and \$24,000.

When making the correlations between the factors, more males agree that salary increase is directly related to training than females. However, a very poor relation exists between loyalty to the company and promotion policy followed. Moreover, more Mid-level managers agree that training directly affects their promotion and the majority agree that their training contributes to their salary increase. When referred to self-pay for training, employees who would pay for their training believed that it does contribute directly to their promotion. What explained the question “why employees believe that training is directly related to employee promotion?” is that these employees are satisfied with their current positions at their

companies. Because of the fear employees have regarding their current positions, they had a neutral answer concerning discrimination in their companies. An average significance was noticed when relating discrimination with promotion factors. Males agree and females disagree that there is a relation between employee's gender and their promotion. However, employees with annual income between \$12,000 and \$24,000 agree that there is a relation between training and their promotion and that employee training is directly related to more responsibility and the contribution of training on employee promotion.

## **CONCLUSION, LIMITATIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH**

The objective of the research was to study the effects of training on employees' promotion and salary from employees' point of view at different levels in an organization. In this research, a specially designed questionnaire was distributed to a number of companies to study the effect of training on employees' promotion, from employees' point of view. This questionnaire addressed issues such as taking and rejecting training opportunities, the willingness of employees to pay for their own training, the relation between training and salary increase and the relation between training and promotion. Researchers found that the opportunities for training were barely rejected, but when it comes the paying for own training, almost 50% of the opportunities were rejected. In addition, positive relations were established between training and both salary increase and promotion, as most of the employees believed that training is affecting both in a positive manner. Overall, the results are consistent with that training has positive impact on employees' careers, which confirms the findings of earlier studies. As for promotion, it has been seen that it is directly affected by training for the majority of employees. At the end, three main variables had the great impact on salary increase and promotion which are "Self pay for training," "Satisfaction with position," and "Gender."

The research, though achieved its objective, it faced some limitations. It is often difficult to gather accurate data and reliable data due to the differences in size of organizations employees are valued in, the difficulty of gaining permissions, and limited time required to gather the metrics. Questionnaires were distributed across the Lebanese market amongst 19 different companies. There were 172 questionnaires distributed, most of them were filled by young employees whose ages range between 21 – 34 years old. Moreover, the study was conducted in a time limit of a 4 months period. Finally yet importantly, only few companies in Lebanon apply training to their employees as they consider it high cost to the company.

For such an important study based on the effects of training on employee promotion, researchers recommend further studies to examine more employees on an international scale. Filling more than 5,000 questionnaires would have a broad scale, which will increase the effectiveness and accuracy of the study. Moreover, there should be a fair distribution of questionnaires between different ages, gender, positions and management levels with sufficient time for the research. Such a research needs governmental aid for it has the prospective of raising productivity among employees, hence on the entire economy.

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