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Institutional and competitive drivers on managers' training and organizational outcomes



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Abstract Studies of the relationship between employee training and outcomes at the company level, in general, do not produce conclusive results. The objective of this paper is to analyze the drivers and outcomes of managers training. Drawing on institutional and economic-rational perspectives, this research explores the reasons why firms train their managers and which outcomes improve in response to training, to explain the ambiguity of the training effect on performance.

To achieve the main objective, an empirical study was carried out on 374 Spanish firms. Findings support the idea that managers training is driven by institutional forces, particularly normative and mimetic forces, and to a lesser extent by competitive factors. That implies two different kinds of outcome are achieved by training managers: organizational legitimacy improves as well as organizational performance.

While previous studies focus on the rational economic side of the training–outcome relationship, this paper aims to show the importance of the institutional forces in this relationship, looking at drivers and outcomes and so providing further explanations of the effect of training on performance.

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Introduction

From a general perspective, there is agreement on the key role that training plays in organizations. Consequently, it has been and is the subject of extensive research that has focused on training as a tool for the development of human capital, so that organizations have increasing access to people with valuable knowledge and unique and inimitable skills (Barney, 1991) that enable them to achieve sustainable competitive advantage (Koch and MacGrath, 1996), so that they can obtain higher economic rents and, ultimately, enhance organizational results.

In this line of research, there are many studies that have tried to examine the relationship between training and organizational results empirically, using either *objective measures* (Bartel, 1994; Black and Lynch, 1996; Huselid et al., 1997; Barrett and O'Connell, 2001; Úbeda, 2005; Ghebregiorgis and Karsten, 2007; Nikandrou et al., 2008), or *subjective measures* (Amhad and Schroeder, 2003; Jerez-Gómez et al., 2004; Úbeda, 2005; Vlachos, 2008) in an effort to confirm the positive impact of training on organizational outcomes, although the results have not always been conclusive.

Most studies analyzing the effect of staff training at the organizational level do not differentiate between different groups of workers. However, the study of managers training may be more relevant to organizational outcomes, due to its strategic nature and the particular contribution it can make to the generation and maintenance of business competitiveness (Araujo et al., 2006). Although there are certain aspects of managers training that create uncertainty regarding the impact on outcome indicators, in particular the lack of a direct relationship between managers training and productivity and income generation, managers training is important for creating unique organizational capabilities that are difficult to replace, through change management or the spread of a culture of learning and training for all employees (Mabey, 2004), which makes the study of managers training particularly relevant.

However, the literature provides no conclusive empirical evidence of the positive impact of employee training indicators (whether of managers or not) on organizational outcomes (productivity, quality, financial performance, etc.). This leads us to deepen the search for alternative explanations for the fact that the economic benefits, which from a theoretical point of view are associated with training, do not always show up in the corresponding improvement in performance indicators.

Some works point to the need to include contextual factors to explain the relationship between HR practices and organizational outcomes (Gooderham et al., 1999; Paauwe, 2004; Stavrou and Brewster, 2005; Paauwe and Boselie, 2003, 2007; Boselie, 2009). This approach examines the relationship between training and organizational outcomes, while suggesting that it is necessary to undertake a comprehensive study of the reasons that lead companies to train their staff (managers and non-managers).

In addition, some reviews of the study of the effects of human resource practices, including training and its positive

effect on organizational results, suggest that the problems arising from the weaknesses of the theoretical framing of this relationship have been underestimated (Fleetwood and Hesketh, 2006), to the extent that they cannot properly frame empirical studies, while indicating the need for alternative theoretical contributions (Priem and Butler, 2001; Boxall and Purcell, 2003; Boselie et al., 2005).

On the basis of these considerations, this paper describes a study of the relationship between managers training and its effect on the results from a broader point of view, taking into account elements that complement the strictly rational economic framework that is normally considered. This analysis incorporates contextual and social factors in the study of the relationship to extend the framework of study, asking whether companies take such elements into account when making decisions about the conduct of training programs, as well as responding to competitive pressures, and if may improve legitimacy, in addition to improving organizational results.

Moreover, the lack of studies that confirm the effect of the training of managers on results at the organizational level empirically (Collins and Holton, 2004) is an additional factor which inspires us to focus our analysis on managers, especially given the potential of management education and training to transform organizational performance (Araujo et al., 2006) and the strategic nature of managers training, due to the multiplier effect that may increase the impact of their development on the whole organization (Landeta et al., 2007).

Therefore, the current study combines the principles of institutional theory and an economic-rational approach in order to search for the reasons behind decisions to implement managers training programs and the analysis incorporates the influence of factors such as institutional pressures – coercive, normative and mimetic – that go beyond the purely economic pursuit of results, involving the pursuit of other goals such as legitimacy, both within the organization and externally, and the extent to which this may influence or explain organizational results. Providing this new approach, which contrasts with those traditionally used, as well as providing a broader explanation for the conduct of training activities, will be useful to all the actors involved in the training process.

To set out our explanation, the present work is divided into four sections. In the first, we review the empirical literature on management training and organizational results, and, based on the principles of institutional theory, develop the hypotheses that are to be tested. In particular, this raises the question of the extent to which institutional and competitive pressures influence management training, and whether training determines the type of results obtained by the company, whether legitimacy or efficiency, and whether the search for legitimacy explains the effect of training on organizational result, according to the principles of institutional theory.

In the "Methodology" section we deal with research methodology (sample, statistical procedure, measurement of variables). The "Results" section focuses on results, ending with the "Discussion and conclusions" section which provides a discussion of the results and conclusions.

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