The Measure of Formal and Informal OJT on Employees Job Tenure and Mobility

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Abstract: The purpose of this research is to scrutinize the relationship and impact of formal and informal on job training on employee’s tenure and mobility. Data has been collected from Telecommunication sector of Pakistan through questionnaire, convenient sampling technique is used for choice of sample and sample size taken for this study is 230. Correlation and regression analysis have been used to study the relation and impact. Results showed that formal and informal on the job training have no impact on job mobility and tenure, whereas have significant impact on male workers. Results suggest that female workers have negative impact with job mobility.

Keywords: Formal on job training, Informal on job training, Job Tenure, Job mobility, Level of Education, Telecommunication.

1. Introduction

Generally researchers have targeted the training aspect for their studies or even formal on job training and off the job training (Gritz, 1993), so in this study different variables are investigated. Training in an organization can be defined as attainment of knowledge, skills and competencies (both specific and general) by employees in order to perform their duties in a better and effective way. In literature job training can be subjected as a significant positive predictor of employee’s attitude (Schmidt, 2007). The role of training today has given it an immense value for both the employees and the employers. Although many researchers have examined the effects and determinants of training on different variables, attempts to measure training as an independent variable with direct effects on accruing human capital has been started recently (e.g. see Barron, Black and Loewenstein, 1989; Mincer, 1962, 1988; Lynch 1991, 1992; Levine, 1993; Brown, 1989; Blanch, Flower and Lynch 1994; Altonji and Spletzer, 1991; Barron, Berger, and Black, 1998; and Loewenstein and Spletzer, 1996).

Training can be further defined into two main types (i) Formal Training and (ii) Informal Training. Formal training is the training which is recognized by most of the organizations, meeting certain standards and is mostly structured. For example formal mentoring, a part of formal training has been proved to have positive outcomes on employees, leading to better productivity for the organizations. Most of the organizations are more inclined towards formal training to make sure that their training program should have maximum possible results (e.g. see, Allen and O’Brien, 2006). Similarly if we talk about informal training, it occurs in many organizations as part of their daily routine leading to increased motivation among employees and improved skills and abilities. It is not structured and is mostly adopted by organization informally i.e. senior employees helping junior employees/trainees to perform tasks effectively.

Job tenure is explained as the number of years an employee spends with an organization whereas job mobility is the employees’ intention to switch the job to another position, department or organization. Both are interrelated since if job tenure is long, there are less chances of job mobility. At the same time when the employee is continuously switching his/her job, long tenure with an organization is difficult; mostly depending upon perception of determinants of job tenure and mobility by employees. One of the main factors that manipulate the job tenure and mobility is the amount firms’ participation in training of employees. Researchers have divided the training (with respect to job tenure and mobility) into two main types (i) firms’ specialized skills (Becker, 1975) and (ii) firms’ general skills. The difference between both of them is the perception of employees treating firms’ specialized skills as non-transferable to other organization and firms’ general skills as transferable. Most of the employees are interested in transferable skills because this results in their more demand in labor market. But at the same time the specialized skills lead to persons being specialists in their fields and organizations will never let them leave easily. So this job security of being specialist is beneficial to both the employer and the employee. This reduces firms’ chances of losing investment in employees by training them and retaining them (Oi, 1962).
2. Literature Review

Job training is an integral part of employees and employer relationship within the organization and it is used to tackle with the technological innovations, competition, organizational restructuring and demographic shifts (Knoke & Kalleberg, 1994). There are many researches which provide detailed relationship between these variables e.g. by judging the needs of the employees and then conducting the training that can help to improve the performance of the worker (Chen et al, 2007) whereas, Simon, Grover, Teng and Whitcomb (1996) elucidated that training methods in which ultimate user have negative roles are less effective than those that hearten individual exploration.

2.1 Formal On job Training:

One of the researcher investigated that the on job training has a positive effect on male and female workers, but it negatively affect the mobility of female workers (Whitey, 1990). Also in 1991, Lynchb investigated that on the job training increases the time duration in the first job for women; where as in some cases on the job trained employees are most likely stick with their employers (Lynch, 1992). Evertsson (2004) investigated that women are less likely to take part in formal on job training as compared to men. There is a positive relationship between formal training and labor productivity especially in those businesses where the evaluation is conducted on the basis of performance (Bartel, 1989). Blundell et, al (1999) examined that individual who have greater educational attainments are more likely to undertake on the job training but others who undertake the training in the past period but with the former employers, are most likely to take part in additional training. Moreover, Gorg, Strobl and Walsh (2007) found out that workers getting on the job training have higher wages growth in foreign owned organizations than the trained workers of domestic owned organizations.

2.2 Informal On job Training:

Informal on the job training (IFOJT) is conduct as an unstructured way; where no formal class room mentoring is required, it can easily takes place in the working environment (Zeytinoglu, Cooke & Jiao, 2005). Informal on the job training on mobility, found a positive relationship on managers firm tenure (Whitey, 1990). Informal training provided by the main users of the computer to add more expertise in their knowledge and that may be helpful to provide the follow up training (Rocheleau & Wu, 2001). From the previous literature of training, result advocate that informal training might be very helpful to the overall training program. These researchers believe that trainees were accountable for their own efficiency and after getting the training they did not pursue training as being culturally acceptable (Shayo, Olfman, & Teitelroit, 1999).

2.3 Job Mobility:

Career training has positive impact on upward mobility so as over education but to some extent because segment job theory could be affected by getting the suitable position in labor market (Dekker, Grip & Heijke, 2002). Similarly, Parent (1999) explained that training provided by the employer will lead to lower mobility. Another research which is conducted by (McGunnies & Wooden, 2009) explained that over skilled workers has greater mobility due to involuntary job separation. Over the last decades in Britain it is investigated that worker who has shorter jobs but higher wages or workers who have low wages are characterized by insecure job and have higher job turnover (Booth, Francesconi & Serrano, 1999). Kambourou, Manovskii and Plesca (2010) exploited that many workers switch their job while having the training just because of lower wage. Some of the researchers indicated the current approaches of training have an upward impact on employee turnover, because there is a gap between the employee perception and management approach of training. Topel and Ward (1988) examined that changing the job of young worker is actually chaotic but it is very significant component of worker towards their unwavering employment relations that will leads to a mature career. Furthermore, there is a very little impact of training on mobility and has a negative relationship between each other. When training increases it will more likely to decrease the mobility when it is less transferable to other firms. Cheron, Rouland and Wolff (2010) explained that training will enhance the job switching among the untrained workers. Furthermore, some researchers concluded that job tenure has no significantly impact on wage (Marshall & Zarkin, 1987). Sicherman (1991) elucidated that overeducated workers are more towards the occupational mobility.

H1: There exists a significant relationship between formal on job Training and Job mobility.

H2: There exists a significant relationship between Informal On job Training and Job mobility.

2.4 Job Tenure:

Researcher exploited that besides the FOJT and IFOJT there is a Job mobility factor where employees can deliberately or unwillingly switch off the job (Zweimuller & Ember, 2000). In 2003, Forrier and Sels crystallized that by providing training opportunities to permanent and temporary employees, permanent employees get maximum opportunity to enhance their employability rather than temporary employees. In 1989, Lynche investigated that the relationship between training and job tenure with another variable of wage. The findings suggest that increase in wages will increase
tenure but this effect is still smaller than the training on wage growth. (Levine, 1993) elucidated that whereas higher level of training provided higher level of tenure but do not have lower level of turnover. Booth and Satchell, (1994) examined that apprenticeships would reduce the voluntary quits in the organization; employers are more interested to retain the trained workers. Whereas, Veum (1996) conducted the research in United States and concluded that company training is positively correlated with the tenure of the workers. Another, Study conducted by Lee and Wilbur (1985) and concluded that young workers are less motivated with their jobs as compared with the older workers, but when the job tenure was removed the same difference was found.

**H3:** There exists a significant relationship between formal on job Training and Job Tenure.

**H4:** There exists a significant relationship between Informal On the job Training and Job Tenure.

### 2.5 Level of Education:

Occupational mobility is the main issue in this era; so many researchers have contributed their research in this field. Particularly, Berger, Earle and Sabirianova (2001) investigated that workers who get training in another field will have higher job mobility rates than other workers and those who get training in the same field will have lower job mobility than other workers. Buchel and Mertens (2000) scrutinized that formal and informal on the job training is comparatively better for under-educated workers and worst for over-educated workers. Furthermore, Verhaest and Omey (2006) examined that over educated workers have more job mobility factor and less participatory in training session they are earning more than the educated colleagues but they have high job turnover. Sicherman (1991) investigated that overeducated workers are usually younger and have a lesser interest in on the job training than the workers who have required level of education. Moreover, some results suggest that over qualification is inversely related to the training (Hersch, 1991). On the other hand, Ariga and Brunello (2006) examined that there is a negative relationship between educational attainment and formal on the job training.

**H5:** The relationship of formal and informal on the job training to Job Mobility and Job Tenure is moderated by the Level of Education

### 2.6 Gender:

A negative relationship was found between cross gender relationship and formal mentoring (Weinberg & Lankau, 2011). Whereas, specific training will decrease the job search in female graduates and also by controlling the training intensity and specificity will decrease the job search in male graduates (Sieben, 2007). Whereas some of the researcher elucidated that woman workers are significantly less participative in company training as compare to men (Knoke and Ishio, 1998; Wooden & Heuvel, 1997; Miller, 1994; Olsen & Sexton, 1996; and Beeson, 1996), another researcher concluded that different degrees of men and women attachments are also influential because men workers who are less attached towards the labor benefit are less towards the change of employers but women who are married or have children’s are less interested towards mobility (Fuller, 2008). Furthermore, able women workers will be passed over the less able male workers, but differential reflects that women have lower probability of promotions (Lazear & Rosen, 1990).

**H6:** The relationship of formal and informal on the job training to Job Mobility and Job Tenure is moderated by the Gender.
Correlations

<table>
<thead>
<tr>
<th></th>
<th>FJT</th>
<th>IFJT</th>
<th>JM</th>
<th>Job_Tenure</th>
<th>Education</th>
<th>Gender</th>
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<td>.475**</td>
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<td>.272</td>
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<tr>
<td>Education</td>
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3. Data Collection and Analysis

The research design is a causal research to check that by changing the one variable, what will be the effect on other variables. The nature of the data is primary sourced and tool that is used for data collection is questionnaire. The data we have gathered from the Telecommunication sector of Pakistan. The convenient sampling technique is used to collect the data. The sample size of our study is 230 but we have just received 90 questionnaires from our respondents. The tool that is used to analyze the impact of formal and informal on the job training on employee’s job mobility and tenure is correlation and regression analysis. Formal and informal on job training are measured through the questionnaire, the questions also measures the employee attitude towards job that he will stay in that organization after training or planning to leave the organization. We also include the two moderating variables that are Gender and Level of education; to check that whether the formal and informal on the job training effects by the moderating variables or not.

Table 1 shows the correlation among dependent and independent variables.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>.246*</td>
<td>.050</td>
<td>.061</td>
</tr>
</tbody>
</table>

Table 2: Model Summary
Table 2 suggests that by applying the regression analysis we find out that by changing the one variable there is an increase of 0.246 variations in dependent variable.

To test our hypothesis that formal on the job training effects job tenure, we applied regression taking job tenure as dependent variable and formal job training as independent variable. Table 3 shows the result of the regression analysis. Regression coefficient for formal job training is .454 and the value of t is 2.382. This shows a significant positive impact of formal on the job training on job tenure.

![Regression Coefficients Table](image)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.851</td>
<td>2.823</td>
<td>.006</td>
</tr>
<tr>
<td>FJT</td>
<td>.454</td>
<td>2.362</td>
<td>.019</td>
</tr>
</tbody>
</table>

To determine the moderating role of Education on the relationship between informal on the job training and job mobility, we first applied regression taking informal on the job training and education as independent variables separately, and then we multiplied the both independent variables to check their combine effect on job mobility. As can be seen from Table 4 that both informal on the job training and education has insignificant impact on job mobility with regression coefficient of 0.040 and -0.136 respectively at p values of 0.806 and 0.706 respectively. Also, it found insignificant impact in case of female (Gender) as moderating variable.

![Regression Coefficients Table](image)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>t</th>
<th>Sig.</th>
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<tbody>
<tr>
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<td>.003</td>
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<tr>
<td>Edu</td>
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<td>.706</td>
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<td>2</td>
<td>9.804</td>
<td>2.094</td>
<td>.047</td>
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<tr>
<td>FJT</td>
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<tr>
<td>Edu</td>
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<tr>
<td>FJT</td>
<td>.715</td>
<td>1.401</td>
<td>.174</td>
</tr>
</tbody>
</table>

4. Discussion

Analysis of data showed that hypothesis 1 and 2 are accepted in which we examined the effect of formal and informal on job training with employee’s job mobility. This means that, the more the organization introduce the formal and informal training greater will be the employee’s job mobility. In case of Job tenure hypothesis 3 is accepted in which formal on the job training have positive relationship with employees’ job tenure whereas on the other hand informal on job training explained the insignificant impact on job tenure, so hypothesis is not supported. The rationale behind such a relationship can be justified because in some organization employees who get the training will leave the organization after getting skills or have increased in their demand so that they will switch the job. One of the main reasons in Pakistan is that people get the job on low wages just to enter the market and after some time earned some skills and training will leave the organization. Furthermore, there are two moderating variables that examined in this study, these are Gender and Education. After the analysis the study suggests that education do not have any impact on formal and informal on job training on employee’s job tenure and mobility, thus hypothesis 5 is not supported. Nonexistence of a relationship can be argued in way that in Pakistani scenario education is not the key element to stay in the organization or leave the organization, but the main ingredient is experience. Once a person gets the job whether he/she is under qualified or over qualified they gain the experience and expertise than move towards the better job than the previous one.

Hypothesis 6 is tested to measure the impact of formal and informal on the job training on employee’s job tenure and job mobility. Results are tested individually on male and female employees. First analysis are tested upon male employees and find out that there is a positive impact of formal and informal on job training on employees job tenure and mobility. The main reason is that male workers are continuously working for a better job, when they gained the skills and expertise they switch the jobs. Furthermore, female employees indicate that job tenure is positively effects on formal and informal on job training but insignificant impact on mobility. Because the main reasons for female, they are not interested to switch the job once they start the job they carry on with that, due to family pressure and some other reasons. So training has positive impact on employee’s job tenure.

5. Limitations

The key limitation was that convenient sampling which is not considered a reliable technique to choose the sample. Availability of data is a major
limitation because data is not being gathered from all around the Pakistan that’s why the data cannot be representative. Due of the sampling technique and absence of representative data the results are not generalizable upon the whole population.

6. Future Implications

The findings of this study can be useful for HR departments of Telecommunication sector of Pakistan; they can incorporate these findings in policy making about the training and put the effective actions to reduce the mobility of the employees. Employers may offer an increase in the salary or compensation of the employees to make them stay in the organization. Training program should also address the ethical aspects to prevent employees from switching the job after the organization have added the value to their skills and knowledge.

7. Conclusion

After the data Analysis results showed that H1 and H2 are accepted in which we studied the effect of formal and informal on job training with employee’s job mobility. It means that, the more the organization familiarize the formal and informal training greater will be the employee’s job mobility. H3 is accepted, in gender and education role it is given that education have no effect and H5 is not supported. H6 is examined to quantity the impact of formal and informal on the job training on employee’s job tenure and job mobility. Outcomes are tested individually on male and female employees. The First analysis are tested upon male employees and find out that there is a positive impact of formal and informal on job training on employees job tenure and mobility. In female employees training has positive impact on employee’s job tenure.

8. References


Dekker, R., Grip, A.D. & Heijke, H., (2002). The effects of training and over education on career mobility in a


