DESIGNING TRAINING PROGRAM TO SOLVE COMPETENCIES GAP IN NON-MANAGERIAL LEVEL, LOW MANAGEMENT LEVEL, AND MIDDLE MANAGEMENT LEVEL AT PT FROLANT

Maharani Gitaastuti[1], Nur Arief Rahmatsyah Putranto[2]
School of Business and Management, Institut Teknologi Bandung, Bandung, Indonesia

maharani_gitaastuti@sbm-itb.ac.id

Abstract

Competencies gap is now becoming a common problem in Indonesia. Research done by the World Bank in 2019 shows that one of the reasons for the competencies gap is limited opportunities for on-the-job training, only 5% of the workforce reported receiving formal training. One of the companies in Indonesia that experiences a problem of competencies gap is PT Frolant. PT Frolant is a manufacturer of instant food and drinks in Indonesia. The problem of competencies gap is shown from the low internal readiness of the company, employees don't have the competencies required by the company, especially competencies for higher positions of Supervisor and Manager. The proposed solution to solve the competencies gap problem in PT Frolant is by designing new training programs. The process of designing a new training program included conducting training need analysis, design training based on competency, and using the Kirkpatrick Model to evaluate the training program. The research findings show that the company needs to do several improvements in order to create a training program that can solve the problem of the competencies gap. Those including aligning competency standards with organizational goals and organizational design; use several tools to be better in identifying employees with competency gap; differentiate between soft skill and hard skill or between strategic knowledge and operational knowledge in designing training; and perform all four steps of Kirkpatrick Model in evaluating training. Designing training programs based on competencies aims to help PT Frolant improving employee performance that will further improve company performance.

Keywords:
Competencies Gap; Employee Performance; Training Evaluation; Training Need Analysis; Training Program

1. Introduction

In this era, the working world is changing rapidly. Globalization and the development of technology, information, and science demand job seekers and employees to always be prepared to meet the competencies required by a company. However, a problem could happen when there is a gap, or incompatibility, between company standards and the current competencies of

employees. The most common form of incompatibility is skill shortages or surplus, skills discrepancy, education higher or lower than standard, excess or lack of qualifications, and extinction of skills. The gap can result in the allocation and use of a labor force that is not optimal (ILO, 2017).

As Indonesian companies are becoming more consumer and export-oriented, soft skills such as leadership, communication, and relationship management are increasingly challenging. Most employers report difficulties in filling highly qualified positions, especially managerial roles. The workforce lacks English and digital skills, high turnover levels and talent theft can create disincentives for businesses to train employees. Indonesian work-seekers are not meeting these skill demands, creating high levels of gap in which workers have either too many or too few competencies for their jobs. While companies in Indonesia start to demand more for higher skills employees, many Indonesia workforces are still unable to meet the requirements. One of the sources of competencies gap in Indonesia is limited opportunities for on-the-job training. Based on the 2016 Perception Survey of Labor Market Stakeholders by the World Bank, only one-third of Indonesian medium-sized companies offer training to employees. Meanwhile, one-third of big firms expected to provide worker training under Indonesian labor regulations have failed to comply with it. Only 5% of the workforce reported receiving formal training. The lack of a critical mass of businesses requiring quality training in some sectors leads to an underdeveloped supply of appropriate training, which decreases the demand for quality training from employees in Indonesia. (World Bank, 2019).

Jehanzeb and Bashir (2013) explained various benefits of training programs for individuals and organizations. Receiving training can give benefits to individuals such as career competencies, employee satisfaction, and employee performance. While for organizations the benefits are market growth, organizational performance, and employee retention. The research also presents several studies that have emphasized the importance of training programs in an organization such as the research by O'Herron and Simonsen in 1995 regarding the rearrangement of Sears Credit at the beginning of 1990, where the company developed a program for employees to align their skills with changing jobs. The program also ensured to give added value to their organization's growth and retorted with career development programs. Another study included by Jehanzeb and Bashir is a research by Callahan in 2000 about Tires Plus, a Minnesota-based tire retailer. The company formed Tires Plus University to its employees to increase recruiting, retain store's employees, and fill key positions and increase the employees' overall development. All researches concisely shows that training can help companies in closing the competencies gap.

One of the companies in Indonesia that experiences a problem of competencies gap is PT Frolant. PT Frolant is a manufacturer of instant food and drinks in Indonesia. The company initially only produces instant food and drinks on a small scale. However, now it becomes a company that has a broader business scope, both in the fast-moving consumer goods industry (FMCG) and in other related industries. Based on an interview with PT Frolant human resource division, they stated that the internal readiness of its human resources is low. That shown from a 40:60 ratio that the company has. Initially, PT Frolant targeted a 60:40 ratio, were to fill one vacant position in the organization it will be 60% from company internal employees and 40% is a new talent from outside of the company. However now the company is not yet able to meet the target and in the opposite condition from their target. The ratio indicates that PT Frolant employees don't have the competencies needed, especially competencies for higher positions of

Supervisor and Manager. The company cannot keep looking for new talent from outside of the company, because it is costly and most of the time new talent cannot easily adapt to organizational culture that creates another problem for the company.

The research objectives of this research are: identify the competencies gap in the company, evaluate the current training program in the company, and design a training program to solve the competencies gap in the company. The originality of the paper is that the research is based on PT Frolant current condition in 2020 and the solution proposed is made to be appropriate with the problem faced by the company.

2. Literature Review

2.1 Competency-Based Training

Competencies consist of knowledge, aptitude, skill, ability, and attitude (Sarkar, 2013). Competency-based training is different from traditional training. It is more focused on the outcome, the learning activities are more employee-centered, and the result is compared to fixed standards. While the traditional training is based on textbooks, instructor-centered learning activities, and the result is compared to the group standard. Because of the emphasis on 'doing' rather than 'academic' jobs, competency-based training has provided many advantages to businesses and staff including, in particular, the ability of people with lower educational achievement to obtain a qualification. In addition, companies found competency standards useful for other non-training purposes, such as performance management and job descriptions, in training packages (Smith et al., 2005). The competency-based training assessment framework generally includes three processes which are: competency identification, gap identification, and training curriculum preparation (Yeh, 2000).

2.2 Training Need Analysis

It is important to recognize that half of the credit for a good training program lies with a systematic and operationally useful training need assessment. Training need analysis (TNA) is a comprehensive analysis of two phases. The first phase of diagnosis identifies inconsistencies in performance and current level of competence, and the second phase makes maps of these performance gaps and competences by prioritizing them according to role and business needs (Cheng and Dawson, 1998). It emphasized three levels of analysis: organization analysis, operations analysis, and man analysis (McGehee and Thayer, 1961). Warshauer (1988) suggested various benefits of TNA: increasing the commitment of management and potential participants to ongoing training and development; increasing the visibility of the training function; clarifying crucial organizational issues; providing for the best use of limited resources; providing program and design ideas; and formulating strategies for how to proceed with training efforts.

2.3 Kirkpatrick Model for Training Evaluation

The Kirkpatrick Model is a relatively easy and precise way to measure the effectiveness of adult learning events such as training, even though there are also other methods available, the Kirkpatrick model endures due to its simplicity. The Kirkpatrick model considers the value of

training across four levels reaction, learning, behavior, and results. Level 1 is Reaction. As the name suggests, it evaluates the participants' reactions toward the training program. There's a strong correlation between retention of learning and how much the learners have appreciated the time spent and consider it worthwhile. Level 2 is Learning. This level evaluates the trainee level of knowledge before and after training. The evaluation is typically carried out through the use of identical pre-tests and post-tests. Pre-tests and post-tests are key to determining if the participants learned anything from the training program. Level 3 is Behavior. This level measures whether what has been learned from the training program has been transferred back to the workplace, and can be seen through targeted changed behavior. Level 4 is Results. It measures the training results, as they relate to factors such as sales, quality, productivity, and turnover of employees (Duke, 2017).

3. Methodology of Research

In doing this research there are five steps that the author takes. The first one is Problem Identification. The identification process is done using an interview with the human resource division of PT Frolant. The second step is the Literature Review. A literature review is done in order to find references that will support the research. The literature review that supports this research is related to the following points: Competency-Based Training, Training Need Analysis, and Kirkpatrick Model for Training Evaluation. The tools used in this research are: Key Performance Indicator (KPI), The 9 Box Analysis, and Full-time Equivalent (FTE). The references are sourced from books, journals, and online resources. The third step is the Data Collection. In data collection, the author gathers all data and information needed to complete the report. The research uses both primary and secondary data. The primary data obtained from an interview with the human resource division of PT Frolant and the secondary data used are the company report on PT Frolant past training program that has been conducted. The fourth step is the Data Analysis. The information gathered from the interview will be analyzed by taking important points and connecting it with the theory used in the research to gain a further understanding of the company's current condition. While the data gathered from the company report of past training programs are compared with the theory used in the research to identify which part of the current training program that still needs improvement. The fifth step is the Proposed Solution or Recommendation. Findings from the previous step are then used by the author to create a proposed solution aimed to solve the problem of the competencies gap and improve the current training program in PT Frolant. Those include creating a training needs analysis model, designing competency-based training, and give recommendations for improvement.

4. Result and Discussion

Training need analysis (TNA) should be conducted first before designing the training program. The aim of doing training needs analysis is to find out what competencies are lacking in the company and which employee has a competencies gap. The first step in TNA is *analyzing and aligning organizational goals.* Company goals should be aligned with business strategy and business plan. As competency standards will be generated from company goals, misalignment will result in competency standards that are not supportive of it. Therefore employees can perform according to competency standards but don't give maximum benefit to overall company performance, where the development will not be sustainable. Business strategy is a course of action that assists a company in achieving company goals, how the company

conducts its business. While with business plan PT Frolant needs to clearly define how the company goals can be achieved and the time frame of when the goals should be achieved.

After having clear and aligned company goals, the second step in TNA is *developing competency standards.* Competency standards should be generated from company goals. Competency standards have to ensure that employee performance will support the company in achieving their goals. However, company goals are not the only thing that must be considered. PT Frolant should also consider its organizational design when generating competency standards, the important part is to pay attention to the span of the layer and span of control. PT Frolant is a company with a thick span of control compared to a span of layer, because of that the competencies will not focus too much on differentiating between managerial level and will focus more on differentiate between an area of activity and number of functions. After developing competency standards, the company can turn the competency standards into Key Performance Indicator (KPI). The third step in TNA is *conduct assessment.* Here the company is deploying its KPI that was already defined in the previous step. PT Frolant's KPI is using a five scale score: 1 for consistently performing below standard, 2 for usually performing below standard, 3 for performing according to standard, 4 for usually performing above standard, and 5 for consistently performing above standard. The appraisal in the company is already done using a 360-degree method, where employees receive assessment from superior, subordinate, and peer. The fourth step in TNA is *using tools to find out the competency gap.* The tool used in this step is still KPI. If many employees consistently or usually perform below standard in a KPI's point, it means that many employees in PT Frolant are lacking in those competencies or there is the presence of competency gaps.

The fifth step in TNA is *identifying employees with a competency gap.* This step can be done using the help of three tools: *Result from employee performance appraisal (KPI)*. Appraisal helps PT Frolant to assess internal readiness, knowing which employee has low performance and needs to receive training. *The 9 box analysis.* In this analysis, employees are divided into nine groups. If there are many employees inside box number 1,2,4 (Ω and bottom box) then the internal readiness of the company is low. Those employees inside box number 1,2,4 are the one who prioritize to receive training, thus they can move and become valued contributors, emerging leaders, or star talent. *Full-time equivalent (FTE).* FTE is used to measure employees' involvement in an activity or workload. Employees with normal or high involvement, if they will receive training and it will take some part of the working hours companies need to make sure that those working hours missing will not affect the overall activities. On the other hand, if employees have low involvement, companies need to reassess whether the employee presence is needed to further decide whether training is needed to be given. After identifying employees with a competency gap, then the last part of TNA is *to refer employees for training and promotion*.

After conducting the training need analysis, PT Frolant now already knows which competencies need to be improved and which employees need to receive training. Therefore it can start designing the training program. Competencies consist of knowledge, aptitude, skill, ability, and attitude. For improving skill and ability, the company can choose between conducting soft skill training or hard skill training. Refer back to The 9 Box Analysis if employees have low potential then it is recommended to receive soft skill training, while if employees have low performance it is recommended to receive hard skill training. Then to improve knowledge and aptitude, the company can choose between conducting strategic knowledge training or operational

knowledge training. This knowledge is correlated with employee position, the lower the position (non-managerial) the need for operational knowledge is higher, while the higher the position (top management) the need for strategic knowledge is higher. Conducting training based on competencies and the actual need of the employees will bring sustainable development for both employees and the company. Well performed employees will eventually result in well-performing companies.

The proposed training program will talk about the sales and operation division which is experiencing the problem of competencies gap. The analysis shows that the employees in the non-managerial level of the two divisions rarely have any skill in leadership or problem solving that is needed at the supervisor and manager level. Therefore the company has a problem in filling out those positions. Leadership is shown lacking in all three levels from non-managerial to top management level. The content for the sales division, non-managerial level, the training program is recommended to focus on how employees can deal with different types of customers and selling products using social media. While the content for the operation division, non-managerial level, training program recommended to focus on manufacturing. The training program content for the sales and operation division, supervisor level, is recommended to focus on problem-solving and basic leadership skills. Lastly, the content for the manager level is recommended to focus on leadership skills. The delivery methods proposed are pre and post-test, material explanation, answering case study, on-hand experience, role-playing, and group discussion. Mentoring from a superior or peer with longer experience is also recommended to make sure that the training program brings behavior change in the workplace. Mentoring is done to make sure that employees receive feedback.

After designing training the company can conduct the training program. Then the last part is to evaluate the training program using the Kirkpatrick Model to see the effectiveness of the program. According to the Kirkpatrick Model, there are four steps in doing the evaluation Reaction, Learning, Behavior, and Result. Currently, PT Frolant is only doing the third step. Doing only the third step will make the evaluation process not complete. Because the first two steps are done to see an immediate improvement after the training. If there is no improvement then the company can quickly revise the training program. While the last step is important to see whether or not the training program has given benefit to the overall company performance. The first step can be done using surveys that ask employee satisfaction on the training program, the second step can be done using identical pre and post-tests, the third step can be done using KPI; The 9 box analysis; and feedback from superior, peer, and subordinate, the fourth step can be done by looking at the overall business performance.

5. Conclusion

After assessing PT Frolant current condition the author proposed several solutions for the betterment of the company. First, aligning competency standards with organizational goals and organizational design. Beforehand PT Frolant creates its competency standards only based on job descriptions created by the human resource division and the head of the division, that are not referring to organizational goals or organizational design. Second, maximize the use of KPI, The 9 Box Analysis, and FTE to be more accurate in identifying employee with a competency gap. Third, differentiate between employees need in designing training. Currently, the company not yet differentiate between soft skill and hard skill or strategic knowledge and operational knowledge in designing training. Fourth, conduct all four steps of the Kirkpatrick Model to

evaluate the training program. The proposed solution and recommendation are based on PT Frolant current condition and cannot be fully used by other companies. It aims to help PT Frolant solve the problem it currently faced, competencies gap, and increase the company's internal readiness.

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