



Impact of Training on Organisational Productivity

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Abstract

This study was aimed to achieve the general objective of assessing the impact of internal/employer-provided training on employee and organizational outcomes. More specifically, the study covered the impact of training on employees, the impact of training on rate of employee turnover in companies (including a comparative analysis of the costs involved in the processes of training and hiring and firing employees), and the impact of training on the general firing trends of companies. The research adopted the quantitative research method which relied on data and information collected through two questionnaires which were distributed to 200 respondents. The responses were purposively sampled and analysed to make conclusions based on a deductive research approach. The study established a strong positive relationship between internal training and positive outcomes for both employees and companies.

Keywords: *Internal Training; Employee; Impact; Quantitative Research; Deductive Approach*

Introduction

Training in its basic form refers to any organized and time bound program that an individual undergoes with the primary objective of learning particular skills or knowledge. The knowledge and skills learnt in the training sessions are then used by the participating individuals to advance their performance in their existing roles and propel them towards greater achievement in the coming days (Jehanzeb & Bashir, 2013). The Management Dictionary outlines employee training as a periodical program crafted to bolster the knowledge, practical skills, worth creation, and efficacy of an employee, equipping the person with the ability to do a particular task in a more efficient manner. When employee training is provided by the employer, the training is referred to as internal employee training.

Interest in internal human resource management has been intensifying over the years because of the argument that employees who have endured tough economic times with a given company and have been trained and retrained by the company to adapt to the changing dynamics of the business world avail an exclusive competitive lead that is almost impossible for competitors to imitate (Huselid, 1995). The unique competitive advantage coupled with the increasing awareness among companies on the importance of employee retention and job satisfaction has led many companies to employ strategies aimed at retaining and sustaining a motivated, highly skilled, and competitive group of employees (Jehanzeb & Bashir, 2013).

The investigation into the impact of internal employee training on individual employees as well as organizations is very important for all participants in the labour market, including human resource managers, company chief executive officers, strategists, policy makers, and implementers, and other practitioners. Since the study relied heavily on responses from employees on the effect of employer-providing training on their performance at work and their morale, it will provide fact-based evidence in support of training and retraining existing employees according to the changing needs of business for all managers of human resource.

Many companies around the world have developed and implemented various programs to better the skill level of their employees and hence better their overall performance. However, only a few of these companies have a clear method of assessing the efficacy of the various development programs in human resource management (Jehanzeb & Bashir, 2013). The current research will provide a useful template of some of the key indicators a company can examine in order to determine the success of their management training programs.

More and more companies are coming to the realization that their success and level of achievement heavily relies on their employees. Indeed, the significance of employee training is growing rapidly, and many companies and organizations have adopted this strategy to stay ahead of their competitors in markets around the globe (Jehanzeb & Bashir, 2013).

Thereupon, this study was conducted to assess the current state of employee training and the role it plays in human resource management and company productivity. To achieve its purpose, the study aimed at fulfilling the following objective:

To analyse the impact of training on existing employees.

Review of Literature:

Although there are noteworthy arguments among scholars and practitioners as to the real and substantive impact of training on existing employees' goals and achievements,

a general consensus that training is a multifaceted exercise in human resource management that holds great potential to positively impact the performance of a company (Brum, 2007). The general consensus can be seen in the momentous growth of the training industry over the years. According to recent statistics, company investments in training and capacity building programs continue to grow significantly as more firms realize the vital role of training management practice plays in business success. For instance, the expenditures on training and related programs in the USA increased to \$93.6 billion in 2017—approximately 32.5% up from the previous year (Training Industry Report, 2017). Additionally, statistics from Statista (2019) show a general increase in training expenditures in the United States from 2012 to 2018. The only noteworthy drop in the expenditure occurred in 2018 (from \$93.6 billion to \$87.6 billion).

Figure 1: training expenditure in the US from 2012 to 2018 (source US bureau of statistics, 2018)



The total costs of training are made of several types of expenses that a company will incur in undertaking the programs. The expenses are direct like remuneration for instructors, cost of acquisition of training equipment, and supervision and follow-up. Other expenses are indirect like increased remuneration for the employee upon completion of the training due to increased skill level and productivity (Brum 2007). Once a training program is undertaken to completion, thereupon, the productivity of the employee is generally expected to increase which has a double fold effect: to the company it means an increase in individual worker output and overall productivity and to the worker it means increases to salary and

better opportunity for advancements in career (Brum 2007).

Overall, existing training impact the employees in significant ways that work for the overall benefit of the organization (Jehanzeb & Bashir, 2013). Some of the benefits of employer-provided training to existing employees include:

- a) Acquisition of new skills: the primary outcome of any training program is that the trainees gain new knowledge, insight, and practical skills that help them to better perform at specific tasks (Pfeifer *et al.* 2011; Kelly 2018). Business environments are highly dynamic and can change radically over a short period of time. When the changes occur, even the most skilled and competent employees can find themselves baffled with the new challenges that require a whole new set of sophisticated skills. Employer provided training helps the employee to adjust and adapt to the new conditions hence making them able to perform amidst the uncertainties of the business world (Brum, 2007).
- b) Career advancement and promotions: having acquired new skills, employees become more productive and more competent hence can handle tasks that are more complicated (Kelly, 2018). The increase in competency and productivity may set the employees up for promotions within the organizations they work or may even open up opportunities in other organizations with better remuneration (Shaw, 2018).
- c) Increased level of motivation and morale: the ability to handle new, challenging tasks and problems has a direct impact on the motivation and self-esteem of an employee. With proper, up-to-date training, it is highly unlikely that an employee will face a situation whereby he/she is helpless to act (Huselid, 1995). With every problem solved, employees will feel more in control and their morale and productivity will increase to levels that will ultimately benefit the company (Kelly, 2018).

- d) Job retention and satisfaction: it is not the wish of employees to jump from one job to another in different organizations. Employees want a place they can work hard in their careers and feel appreciated through the level of investment put in them by their employers (Brum, 2007). When an organization dedicates a significant amount of resources to training to retain the existing personnel, the individuals in the company feel valued and hence purpose in their hearts to dedicate their years of service to the organization hence are likely to stay on the job, rejecting most of the offers from other firms due to the feeling of belonging (Nassazi, 2013).

In broad terms, training improves the resourcefulness of employees all over the world. It not only enables the employees to practically learn their jobs in the ever-changing business world, but it also enables companies to cope with the cutthroat competition for survival (Choi & Dickinson, 2009). Since the optimal objective of every profit seeking business is to generate the highest revenue possible and maximize their gross profitability and a key to realizing these two objectives is a high-level employee competency sustained over an extended period of time, training is a vital human capital management tool. Indeed, a company's workforce is only effective and competitive if apposite and up-to-date drilling and development is available from the managers (Nda & Fard, 2013).

A clear relationship can be deduced from how training impacts employees and ultimately the entire organization (Signh & Mohanty, 2012). According to their research, Signh & Mohanty (2012) identified the key drivers of the revenue cycle of any organization as innovation, knowledge, creativity—all of which can only be tapped from the human resource within the reach of the organization as shown the relationship cycle (Fig. 2).

Figure 2: the relationship cycle (Signh& Mohanty 2012).



Research Method:

This research used a basic correlational research design. The correlational research design is a type of research design whereby the researcher studies one or several characteristics of a population in order to establish the degree to which the studied features vary together. The chief purpose of this type of research design is to investigate variables that is related to training and staff retention that can be used to determine the relationship (if it exists) to come up with an equation of regression that can be utilized to make projections to the population under study (Simon & Goes 2011). The design includes the examination of variables in a natural environment and no self-induced handlings are conducted by the researcher. The end result of a correlation research design is established and clearly defined relationships between two or more variable, were statistically presented through techniques such as cross-tabulations and graphing.

The variables in this correlational study are divided into two groups as outlined in the Figure 3.

Figure 3:Types of variables in correlational research design



- a) Predictor variable: this is the independent variable that is used to predict or project another variable in a regression analysis. It can also be referred to as the independent variable. In the current study, the independent/predictor variable is employer-provided training as it will be used to gauge/predict various outcomes in the workplace.
- b) Outcome variable: it is also known as the dependent variable. Its value depends on the value of the predictor variable. Simply, the outcome variable is the measured value in experiments or the evaluated value in a mathematical procedure. In this research, the outcome variables outlined in the objectives of the study include employee outcomes, turnover rates of companies, and the costs of hiring and firing.

Considering employee outcomes like salary, job satisfaction, years employed, and overall job performance, for instance, a complex correlational relationship can be represented as fig.4.

Fig. 4 depicts the interplay of four key indicators of employee outcome. In a nutshell, the predictor variables (salary, job satisfaction, years employed) can be used to project the outcome variable (job performance) of an employee. In this study, statistical analysis and mathematical procedures are applied to give direction and degree to relationships established. The degree given to the relationships dictates how closely the variables under investigation relate and can take any value between -1 and +1. The value assigned to describe the degree of the relationship between variables, based on statistical analysis, is known as a correlational coefficient (Simon & Goes, 2011).

The prediction of outcome variables is based on determined correlational coefficients. A correlational value of zero is interpreted as a total lack of relationship between variables. As the correlational value moves from zero to +1, the relationship strength increases until a perfect positive relationship is achieved at +1. The inverse of a perfect positive relationship—perfect negative relationship—is achieved when the value of correlational coefficient

increases on the negative scale until it reaches -1 (Simon & Goes, 2011).

Figure 4: Correlational relationship for employee outcomes

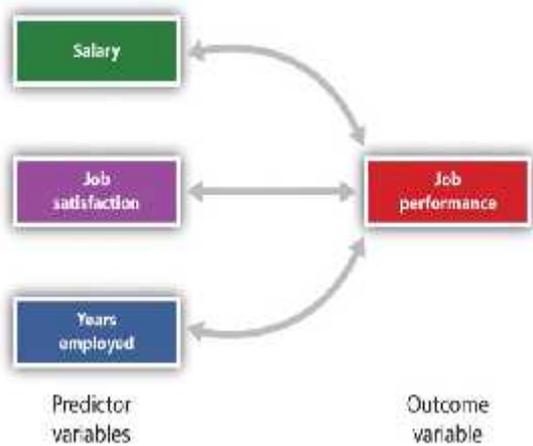
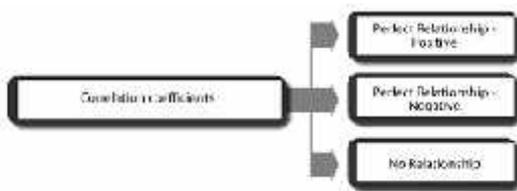


Figure 5: nature of correlational relationship based on correlational coefficients



Results & Discussion:

This appraisal of the data extracted from the responses to the two questionnaires was done after that. For the purpose of enhancing the overall comprehension of the results, a breakdown of the questionnaires that clearly outlines the quantifiable or measurable factor that each question was designed to capture is as follows:

Questionnaire: designed to be answered by current employees of a company

Question 1: Surveyed the popularity of employer-provided training programs within the selected population.

Question 2: Surveyed the frequency with which the training programs are offered at workplaces which also portrays the dynamic nature of the business environment.

Question 3: surveyed what individual employees feel is the most noteworthy impact of employer-provided training programs in their careers and general well-being.

Question 4: this question was designed to indirectly examine the impact of training programs on employee retention and consequential turnover rates.

Question 5: the final question was designed to help establish an association between employees' choice to remain with an organization and employer-provided training programs. Choosing the first two choices of the question would mean that employees are willing to remain with and serve an organization primarily because of the training the organization has provided them with.

Questionnaire results:

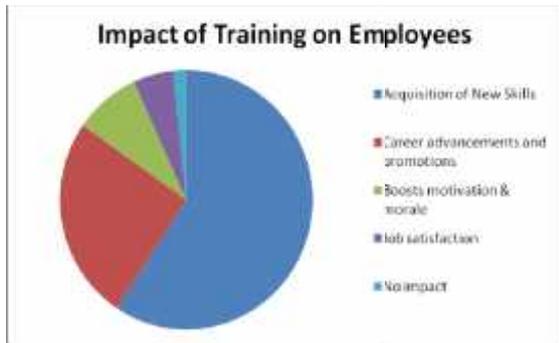
Out of the 95 employees who responded to the questionnaire, 59 employees (representing 62% of the chosen responses) indicated that the companies they currently work offer training of some kind. This result provides evidence for the increasing popularity of training programs in the highly competitive and dynamic world of business as described in the literature review. About 38% of the respondents indicated that their companies did not offer training programs hence did not continue with the survey. Out of the, about 16 (27%) of the employees who continued with the survey indicated the monthly frequency of training programs in their organizations, 13 (22%) indicated quarterly frequency of training programs, and 5 (8.5%) indicated training programs were offered once in a year in their organizations. The majority of the respondents (46%) recorded that the schedule their organizations' training and retraining programs according to the demands of the prevailing circumstances in the business world. The results are summarized in the fig. 6 in the appendix section.

Figure 6: Result of question 2 in the first questionnaire



Respondents were required to check what they personally viewed as the most noteworthy impact of internal training in the third question. The two most significant impacts of training programs, as indicated by the respondents, are the acquisition of new skills (60%) and career advancements and promotions (26%). The pie chart in the appendix section (fig. A2-2) summarizes the results obtained from the third question.

Figure 7: Result of question 3 in the first questionnaire



Out of the 59 employees whose companies provide some form of internal training, 76% do not intend to quit their jobs any time soon. The survey indicates that the top reason for the employees' desire to stay with their current employer is that they feel indebted to the company as a result of the resources the organization has invested in them in the form of training programs. The frequency of the other four reasons was analysed as well and are presented in fig A2-3 in the appendix section.

Figure8: Result of question 5 in the first questionnaire



The results are congruent with the discussion about the reciprocity concept as discussed in the literature review section. The outcome

gives a strong indication that training leads to employee retention as it serves to increase the levels of commitment and loyalty among the trained employees. The approximate costs recorded is demonstrated in the table below (Table 1) were picked based on the frequency of their appearance on the responses of the participants of the survey

Table 1: Cross-analysis of key variables

| Size of Company | Approximate Cost of Training |
|---------------------------------|------------------------------|
| Large (more than 100 employees) | \$5000-\$7500 |
| Medium (50-100 employees) | Below \$5000 |
| Small (less than 50 employees) | Below \$5000 |

For instance, many of the respondents from the large firms indicated that their approximate costs of training existing employees fall in the range of \$5000-\$7000 hence the value was picked for tabulation.

Several cross-analysis studies were carried out to establish a correlational relationship between the quantifiable factors discussed above. About 92% of the employees who indicated that training programmes exist in the current places of work also indicated that they do intend to quit their jobs any time soon. Additionally, all of these employees checked "I feel indebted to the organization" and "I feel valued and cared for" as the reasons behind their commitment and loyalty to their current employer. The employees have a sense of obligation to the company after undergoing training programs organized and provided for by the organization (Brum 2007).

The objective of this investigation was to determine the impact of internal training on employees. From the survey it was evident that majority of employees consider training as very vital determining factor in their career. The guaranteed outcome of a more productive and highly skilled employee greatly enhances the employability of the staff, thus attracting interest from competitors (Nassazi 2013). The greatest and most significant impact, as can

be deduced from the data collected, was directly related to the respondents' professional life. It can, therefore, be inferred that employees value internal training not only because it helped them acquire new skills but also helped them stay relevant in the ever changing business world, as they view training to be a major avenue of advancing their careers.

Conclusion:

This study was successful in assessing the impact of internal training programs on employees as well as organizations. Through the data collected, the study established that training helps employees to acquire new skills and knowledge that is priceless in today's world of business, advance in their careers by making them legible for promotions, and have better motivation and morale in their lines of duty. The research was also successful in examining the impact of training on employee retention capacities of companies as training enhances employee retention capacity, hence lowering turnover rates. One failure of the research is that it did not capture the views of the employees who indicated a lack of training in their current places of work.

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Conflicts of Interest:

The authors declare that the research review was conducted in the absence of any commercial or economic associations that could be construed as a potential conflict of interest.

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