

A SEMINAR PAPER ON THE TOPIC

IMPACT OF TRAINING AND DEVELOPMENT ON EMPLOYEE RETENTION

Submitted in partial fulfilment of requirement of Master in Human Resource
Development (MHRD)



Batch 2020-2022

Author:

Pratiksha Maturkar
Devika Satpute

Co-Author:

Dr. Sudhakar Gaonkar
Dr. Dur Khan

Department of Management in Human Resource Development
Jamnalal Bajaj Institute of Management Studies, Mumbai

Abstract

In the context of global business competition, organizations hope that HR is their primary resource and that their employees move forward and support themselves in achieving their organizational goals in this world. In view of this concept, organizations invest heavily in training and development programs for their employees to change the way they think and have ideas and apply their understanding and ethical standards.

Most organizations hope that the improved skills will help employees to improve their personalities and motivate to increase the profitability of the organization and improve the number of shareholders. Data were collected from 100 public / private sector employees using a simple modeling process. Descriptive statistics, correlations and regression analysis techniques used to analyze data. The results show that the positive relationship that exists between training and retention of employees and the decision of employees to stay longer can be influenced by the training practice.

In line with that, the conceptual framework for developing a training and development program and work-related pride for employees in terms of training and development has been created from a comprehensive review of the literature. In addition, the findings of this study reveal that the outcome of the training and development program has a positive correlation with learning size, organizational commitment, and measuring staff performance. In this way, from this research study, it is assumed that training and development in various organizations produces positive outcomes for the views of the various groups and the general communication development of the organizations as well.

Keywords: Training, Development, T&D, L&D, Employee, Retention, Performance, Productivity

Introduction

Training and development refers to educational activities in a company that is designed to improve the knowledge and skills of employees while providing information and instructions on how to do certain tasks better. Employee retention is something where employees choose to stay with their current company and do not actively seek other job prospects. The opposite of retention is profit, when employees leave the company for a variety of reasons. The term “employee retention”, is first appeared on the business scene in the 1970s and early 80s (McKeown, 2002).

Retention is defined as the process by which a company ensures that its employees do not resign. Every company and industry has a separate retention rate, reflecting the percentage of employees who remain with the organization over a period of time.

Staff churn is a real (and expensive) problem. And it gets worse sometimes, when unemployment drops. Fortunately, investing in training and career development for your employees is a low-cost solution to prevent them from taking their chances elsewhere. In today's competitive environmental companies are struggling to devise the most appropriate strategy that can improve the quality of life and keep the price down. Organizations have recognized that competitive

advantage can only be achieved through the skills of employees. There is great value in the right storage strategy; many of the latter strategies are designed related to the provision of training to employees, as well as compensation etc.

We believe that organizations are not interested in providing standardized training in the environment. They look for specialized training that is tailored to a particular task and has made staff unprepared for use by competitors. They reduce the ability of workers to switch to another job in the industry. Organizations find ways to make employees special rather than ordinary, while some organizations view training as an investment for employees and expect a return on a commitment and maintenance basis (Danlami Sani Abdul kadir et al 2012).

Organizations follow a number of final strategies and in the process of finding the most appropriate fit for the organization's environment. In many organizations the problem is still under consideration as to whether there is a significant impact on retention training or not. These assessments can prove useful to organizations to assess whether the results of training and development are in favor of the retention organization. Employees who value skills development in their career development may be willing to work for an organization that constantly equips them with well-conducted skills through training and practice. There may be an indirect relationship between training provision and retention; commitment can serve as a bridge. It does not mean that the organization ignores other personnel practices other than training and development but the initial implementation rate for each employee practice is different.

Problem Statement

An employee who leaves the organization loses its most valuable asset, and the employee carries all the secrets to the new organization. The company would have invested on each employee which includes hiring cost, training cost and compensating him. But when the employee resigns the total cost invested on him adds up to company expenses. So, the purpose of this research would be to understand to what extent training and development of employees has been successful in retaining the employees?

Purpose of Study

The purpose of research is to examine the impact of training and development practice on employee commitment and an intention of an employee to remain or leave an organization, and how great is the effect of training and development, which is a human resource practice that could have on employees' commitment and retention as compared to other practices. This study may provide a better understanding of effectiveness in the relationship of Human resource practices on employee retention in an organization, though the impact of training and development on employees' retention would be the main focus. It will provide useful information regarding the impact that employee training has on employee retention. This study will help readers to better understand and will serve as a guide to many organizations regarding employee retention. It will also provide a solution using training and development practice to retain employees in organizations.

Literature Review

Training and Development is primarily concerned with the acquisition of insights, strategies and practices. In fact, training and development is one of the most important aspects of human resource management as it can improve performance at the individual, corporate and organizational level.

Closing the skills gap is now a critical area for the development of staff in organizations so that they can thrive in the market. The skills gap basically threatens productivity and competition at organizational and operational levels. In today's competitive environment there is a great need for employee commitment and the right strategy that lowers the level of retention. Companies look at retention of employees as a challenge due to the increase in jobs.

Nowadays, retention of employees has become a major issue for many organizations. Staff retention can be seen as organizations with a hard work that can create a convincing environment that can hold employees in the long run. Training and development are important qualities needed to retain the staff of an organization. Organizations fail when they do not give priority to their retention.

According to (Jaseel – 2018), in his study outline the results of training and development programs that are well suited to learning size, organizational commitment and performance measurement. Also, by looking at the idea that organizations are investing heavily in training and development programs for their employees to turn their thinking into a dream and incorporate their understanding, ethical values. In this way, from this research study, it is assumed that the training and development at Vodafone produces positive results for the sales team and the general speaking development of the organization as well.

The main purpose of the paper by (Neelam Tahir, Israr Khan Yousafzai, Dr. Shahid Jan, Muhammad Hashim – 2014) was to investigate whether training and development has an impact on the performance and performance of staff. The data was tested with mathematical software to determine the impact of training and development on staff performance and productivity. There were two types of variables: Training and Development (Independent) and staff and production (depending on the individual). Eight joint banks were selected for this study. The result showed that there was an important relationship between the variables, the Pearson combination was used in the study with Cronbach Alpha for each of the questionnaires received. Research is limited to human resource management, especially in the field of training and development.

The purpose of the research paper, Impact of Training on Employee Retention is to assess the impact of training on the intention of employees to stay or leave the organization. Research has shown just how much impact the practice of retaining employees has. Descriptive statistics, correlations and regression analysis techniques used to analyze data. The results show that the positive relationship that exists between training and retention of employees and the decision of employees to stay longer can be influenced by the training practice (Umer Ahmad – 2013).

The research paper, The Effect of Training on Employee Retention, is related to the concept of staff retention which relies heavily on job training. The main focus is on the essentials: training, types of training and length of training. The flexibility of the intervention is the rewards and the support of the management to the staff. The study was conducted on an average of 100 samples from Telenor, a communications industry. Research shows an effect on job training and staff retention. It was a clever collection of gender with a continuous distribution and a comparison of the important variables and variables that intervened. According to the study findings, both female and male employees are interested in participating in the training. Salaries and administrative support are available as employee requirements regardless of gender (Waleed Hassan, Amir Razi, Rida Qamar, Rida Jaffir & Sidra Suhail – 2013).

Training and development results in intangible outcomes such as enhancing employee commitment, retention and employee satisfaction. The basic outcome of these publications is that HR managers should consider the number of factors when formulating retention policies. Compensation is not the only one policy. Some employees want opportunities/platform to develop their skills or the higher responsibilities of work rather than just compensation.

Methodology

The term research approach empowers the researcher to continue to use a work plan that will guide him or her through various stages of his or her research. It's like building a structure where an engineer needs to find objectives after applying a specific design and size of entrance and windows. Thereafter, the research approach adds more dimensions to the study that supports data collection and testing to end the association.

We have collected all the key data for research purposes. Key data was collected through a well-structured questionnaire. Data collection collects basic experimental data to understand the impact of training and development on employee retention. There are two types of data that need to be tested which include independent and measurement techniques.

In this paper we have used important information on study strategies that are important for quantitative research. It contains the same information collected about the elements and parameters that affect the performance of representatives from various sources of choice. By looking at the large piece of data above, the recommendations and evaluations, we have identified the various factors and parameters / points of view that are important in the preparation and development of a business / organization.

The focus of this study was to determine the impact of training on staff retention. A questionnaire was created to gather information to obtain the result of independent variation (training) of dependent variables (retention). Estimated data were collected in questionnaires using probability samples. The questionnaire consists of 9 questions, which include questions related to independent variables (training) and dependent variables (retention). Questions asked by staff were based on a 5-point Likert's Scale. The data collected was analyzed using an excel data analysis tool pack.

The target audience for this specific research is employees and people who worked however dissatisfaction with an organization pressured them to end. The sample size decided on for data series was 100. Statistical analysis has been carried out at the responses accumulated from those respondents. Convenience sampling technique was followed to fill questionnaires from employees. The questionnaires are filled from public/private quarter employees i.e., TATA Consultancy services, IBM, SAKATA INX, and Cybage. Two types of variables are used: the dependent variable identified for studies is retention while the independent variable is training. Retention has considered as an issue, which has found and measured the effect of independent variable (training). Training has been identified as a factor that will have an impact on retention. Three analysis techniques were used to examine the relationship and significance among the independent variable (training) and the dependent variable (retention).

1. Descriptive statistics
2. Correlation
3. Regression

Theoretical Framework

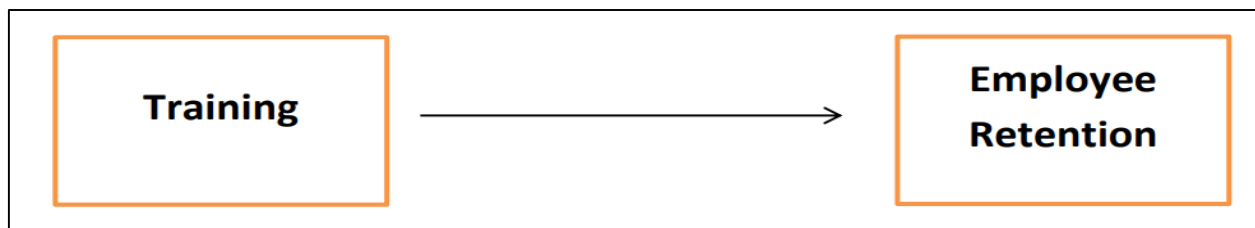


Fig. 1: Training and Employee Retention Framework

The purpose of this study is to examine the effect of training opportunities on employee retention. Training is considered as an independent variable while employee retention is considered as a dependent variable. Organizational equilibrium theory says, *“Employees who value acquiring new skills and polishing the existing one for their career growth maybe more willing to work for an organization who equips them with well-run knowledge”* (March and Simon’s). Skills can be developed with the help of trainings in an organization, this theory clearly shows that there could be direct or indirect impact of training on employee retention. Commitments can be considered as a Training improves employee productivity. bridge between training and employee retention.

When employee leaves an organization, a knowledge gap is created. Also, it is costly to replace the intelligent human capital via recruiting and training. In order to save them, it is necessary for an organization to analyse why the employees leave the organization, and hence come up with employee retention solutions. Employee productivity is improved with the help of trainings. Instead of focusing on empowerment, employers need to train the employees effectively to improve employee performance. Employees are looking forward to learning new things to be able to take up new responsibilities. Training can motivate an employee and build organizational commitment and loyalty as it makes them realize that the organization is helping them to achieve their career goal.

Date Analysis and Discussion

Descriptive statistics

Descriptive Statistics		
	Training	Retention
Mean	4.1089	3.8613
Median	4	4
Standard deviation	1.0137	0.8677
Minimum	1	1
Maximum	5	5
Count	100	100

Table. 1: Descriptive Analysis

The calculated mean for independent variable (training) is 4.10, which means that average people from sample of 100 are agreeing to our Questionnaire since the value of 4.10 rounds off to 4, which is equal to agree. For dependent variable (retention) the calculated mean is 3.86, which means that average people from sample of 100 are somewhat agreeing, since the value of 3.86 rounds off to 4, which is equal to agree.

The median for the independent variable (training) is 4, and the value of median for the dependent variable is also 4. The median suggests the option four of the questionnaire which is agree has been selected by maximum number of employees.

The standard deviation for independent variable (training) is 1.01, and the standard deviation for dependent variable (retention) is 0.86. This shows that the data of training is spread out at 1.01 and for retention it is at 0.86.

In the sample size of 100, the minimum value of independent variable (training) is 1. This minimum value of 1 means that minimum option selected by the respondents for provision of training is Strongly Disagree. The maximum option selected by the respondents for independent variable (training) is 5, which rounds to strongly agree. The minimum value of dependent variable (retention) is 1. This minimum value of 1 means that minimum option selected by the respondents for retention is strongly disagree. The maximum option selected by the respondents for dependent variable (retention) is 5, which depicts strongly agree

Correlation:

Correlation		
	Training	Retention
Training	1	
Retention	0.5461	1

Table. 2: Correlation between Independent and Dependent Variable

The correlation test has been conducted to show the strength of relationship between training and retention on a scale from -1 to 1. The value of 1 has been considered as a perfect correlation between variables. The value of correlation between training and retention is **0.5494, this value is deviated more towards perfect correlation.** This value indicates a positive relationship in which change in training will produce a change in retention.

Regression:

Regression			
	Coefficient	T-Stat	P-Value
<i>Intercept</i>	1.1738	3.5920	0.0005
<i>Training</i>	0.5845	6.9594	3.89681E-10
<i>R-Square</i>	0.3307		
<i>F-Stat</i>	48.4339		

Table. 3: Regression Analysis

The regression test is conducted to determine whether there is evidence of a linear relationship between provision of trainings to employees and their return in the form of retention

The regression equation for the data is $y=1.1738+0.5845x$. This means that for every single training opportunity, the retention rate has been increased by about 0.5845

The constant term in this equation is 1.1738. This is the y intercept, and it means that if the independent variable i.e., training is 0, the value of the retention would be 1.1738.

The R Square value is 0.3307; variation in the values of the retention that can be clarified by the change in the independent variable which is training has been measured. The R Square values vary between “0 to 1”. A value of 0.3307 means that 33% of the variation in the retention rate is due to provision of training to employees in organizations. The remaining 67% of the variation has been supposed to be due to other human resource practices like compensation, performance management system and working environment.

The p value is displayed equals 0.0005. This p value is less than 0.05, the regression is statistically significant. The analysis shows that there is a significant impact of training on employee retention so, we reject the null hypothesis and accept the alternative hypothesis.

T-stat is 3.5920 which is greater than 1.96 with significance less than 0.05 indicates that there is significant relationship exist between provision of trainings to employees and their retention. This t-stat value of 3.5920 also shows that the independent variable (training) has a greater influence on the dependent variable (retention).

Practical Implication and Recommendations

The results of this study will be useful to organizations to understand that the practice of training can be adapted into a final strategy. The study examines employees' perceptions of organizational training, in which employees are interested in staying with the organization. It could be that if the organization meets the needs of employees in terms of polishing existing skills and preparing them

for future challenges, retention rates will be increased. This research can help an organization build a reputation for the learning organization; will be the most popular organization for hired people.

A future recommendation is that researchers may study the impact of training on staff retention, but try to explore other factors that may affect retention and training. Researchers can compare the results of training with other personnel practices that can save employees.

Conclusion

As research has shown, there is a huge impact of training on staff retention. The study provides strong evidence supporting the cause of the training and its effect on retaining employees. Researchers who have examined the relationship between training and retention of employees, agree that the relationship between the two changes exists. Studies have shown that employees' decision to stay longer can be influenced by training.

References

- 1) Impact of Training and Development on Employee Retention of the Sales Team in Vodafone at United Kingdom (Jaseel – 2018)
- 2) The Impact of Training and Development on Employees Performance and Productivity a case study of United Bank Limited Peshawar City, KPK, Pakistan (Neelam Tahir, Israr Khan Yousafzai, Dr. Shahid Jan, Muhammad Hashim – 2014)
- 3) Impact of Training on Employee Retention | Case Business School (Umer Ahmad – 2013)
- 4) The Effect of Training on Employee Retention (Waleed Hassan, Amir Razi, Rida Qamar, Rida Jaffir & Sidra Suhail – 2013)
- 5) Impact Of Training and Development on Employee Retention at Leading Food and Agri Business Company (Naveena and Hemakumar M – 2020)
- 6) Aguinis, H., & Kraiger, K. (2009). Benefits of training and development for individuals and teams, organizations, and society. *Annual Review of Psychology*, 60, 451–474. doi:10.1146/annurev.psych.60.110707.163505
- 7) Kauffman C 2010. Employee involvement: A new blueprint for success. *Journal of Accountancy*, 209 (5): 46-49.
- 8) Ali, A. (2019). Impact of HR Policies and Practices on Employee Job Satisfaction. *SEISENSE Journal of Management*, 2(2), 48-57.
- 9) Armstrong, M. (2006). *A Handbook of Human Resource Management Practice*, London, UK: Kogan Page, Ltd.
- 10) Brum, S., 2007. What impact does training have on employee commitment and employee turnover. *Schmidt Labor Research Center Seminar Research Series*, 8 (3), 84-96.
- 11) Fheili, M., 2007. Employee turnover: an HR risk with firm-specific context. *Journal of Operational Risk*, 2(3), 69-84.
- 12) Hung, C. & Hsu, K., 2011. Impact of career prospects on organizational commitment of employees. *African Journal of Business Management*, 5(17), 7542-7556.
- 13) Hashim, M. (2012).” An easy approach to understand organizational behavior”. LAP Germany

- 14) Kyndt, E. et al., 2009. Employee Retention: Organizational and Personal Perspectives. *Vocations and Learning*, 2, 195-215.
- 15) Kauffman C 2010. Employee involvement: A new blueprint for success. *Journal of Accountancy*, 209 (5): 46-49
- 16) Schuler SR, Jackson SC 2006. *Managing human resources*. Cengage learning. *Sociology*. 66(1): 3240.
- 17) Christensen, L. B., Johnson, B., Turner, L. A., & Christensen, L. B. (2011). Research methods, design, and analysis.
- 18) Samuel, M., 2009. Employee retention and turnover: Using motivational variables as a panacea. *African Journal of Business Management*, 3(8), 410-415
- 19) Nelson, K., 2009. Designing for knowledge worker retention & organization performance. *Journal of Management and Marketing Research*.
- 20) Kyndt, E. et al., 2009. Employee Retention: Organizational and Personal Perspectives. *Vocations and Learning*, 2, 195-215