

# IMPACT OF TRAINING AND DEVELOPMENT ON EMPLOYEES' PERFORMANCE

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**Abstract-** The purpose of this paper is to present a conceptual study established on the employee training and development program and its benefits. In the field of human resource management, training and development is the field concerned with organizational activity aimed at improving the performance of individuals and groups in an organizational setting. It has been known by several names, including employee development, human resource development, and learning and development. This paper will inspect the structure and elements of employee training and development program and later the study present what are the positive outcomes for employees and organizations. Organizations find it difficult to stay competitive in recent global economy. Importance of employee development program is growing for the organizations those pursuing to receive an advantage among competitors. Employees are esteemed resource of the organization and success or failure of the organization relay on the performance of employees. Therefore, organizations are financing large amount on employee training and development programs. Furthermore, in training program it is supportive for companies to emphasis on knowledge, expertise and ability of employees. It was observed that training and development has a positive impact on both motivations of employees as well as performance. There is substantial discussion among professionals and researchers on the affect that development program has on both employee and organization. The study described here is a vigilant assessment of literature on fundamental of employee development program and its benefits to organizations and employees.

## INTRODUCTION

In every sector the accomplishment of any organization is tremendously relay on its employees. However, there are different other aspects that perform a major part; an organization need to ensure efficient employees in line with financially dominant and competitive in the market. Therefore, to sustain this valuable human resource, organizations required to be conscious about the job satisfaction and retention of employees. Some of the

organizations think that employees are looking for only financial profits from their works. This statement neglects high significance that most of the employees placed there selves on the inherent benefits of their professions. Consequently, it is not just employee job satisfaction and retention but it has undesirable effects on the organizations. Every organization should have the employees, who are capable to swiftly adjust in continuously fluctuating business environment. Today most of the companies are investing a lot of money on the training and development of employees in order to remain competitive and successful part of the organization. The importance of training for employees is rapidly growing and organizations are using this tool to compete with their competitors in the market.

There is momentous discussion between scholars and professionals that training and development program has effective impact on objectives of employee and organizations. Some of the scholars suggest that training opportunities increase in high employee turnover whereas the other claimed that training is an instrument which is beneficial for employee retention (Colarelli and Montei, 1996; Becker, 1993). Irrespective of all discussion, most of writers agree that employee training is a complicated human resource practice that can expressively influence on the accomplishment of the organizations.

Furthermore, organizations are struggling to get success in the worldwide economy, trying to differentiate on the basis of abilities, information, and enthusiasm of their workforce. Reference to a current report prepared by American Society for Training and Development, organizations are spending more than \$126 billion yearly on employee training and development (Paradise, 2007). Training is an organized method of learning and development which expand the efficiency of individual, group, and the organization (Goldstein and Ford, 2002). Development mentions the accomplishments leading to gaining of new abilities and skills for personal growth of employees. Furthermore, it is usually challenging to determine whether a precise exploration study reports to training, development, or both. In the rest of all this assessment, we used the term “training” to mention training and development.

## LITERATURE REVIEW

### *Training and Development Program*

Internationally different companies provide straining and development program to their employees for the improvement of their skills and abilities. In the start of 90s Sears Credit initiated a key rearrangement and retorted with a career-development programs. This program was developed for employee in order to line up their skills with changing jobs and also ensured that program was adding value for the growth of their organization. Companies also think that they were not allocating career opportunities to their employees with acquaintances and abilities to get benefit from these opportunities (O’Herron and Simonsen, 1995). JC Penny, countrywide wholesale departmental store, developed a virtual university to support the employees to get abilities and skills as required by their jobs (Garger, 1999). Tires Plus, tire retailer based on Minnesota, established Tires Plus University to its employees to increase recruitment, retain employees of the store, and fill up the key positions and augments whole improvement of the employees. U.S. Tsubaki, Illinois, established UST University to provide and calculate training and organizational development programs that fulfill the organizational and individual needs of the organizations (Callahan, 2000). All over the world different companies are providing different programs for the betterment and skill improvement of their employees which are based on same logic.

Mel Kleiman (2000) described that the essentials parts of a worthy employee training program are constructed on orientation, management skills, and operational skills of employees. These theories are the groundwork of any employee development program. Janet Kottke (1999) described that employee development programs must be comprises with core proficiencies, appropriate structure through which organizations develop their businesses at corporate level. The basic function of the theory is to gain knowledge, cooperation, inventive thinking and resolving problem (Kottke, 1999). Fundamental goals of several employee development programs are to deliver the mission of the organization and support workers to learn the culture of the organization (Gerbman, 2000). These objectives

provide help to the strategic goals of business by facilitating learning chances and support organizational culture (Kottke, 1999). The requirements for technical training program for employees raised their job satisfaction and help to understand the culture of organization, which lead to the success of the organization. We must take care about these elements that employee should be updated with the present knowledge of the job. Employee will be more productive, if companies provide them training as per the requirement of the job.

Today most of the organizations have built up different programs for the training and development of their employees. Usually companies offered tuition reimbursement package to their employees so that they can improve their knowledge and education. It has been found by the Corporate University that almost 10 percent of employees are entitled for this benefit (Rosenwald, 2000). Furthermore, only senior management and those employees who are at top level are entitled for tuition reimbursement (Rosenwald, 2000).

As a result there of, many organizations conduct in-house training programs for their employees that are more beneficial and cheap. Training section of the organizations attempts to concentrate on particular job proficiency whereas the corporate department is proactive with an additional strategic approach. Training and development program is a planned education component and with exceptional method for sharing the culture of the organization, which moves from one job skills to understand the workplace skill, developing leadership, innovative thinking and problem resolving (Meister, 1998). Employee development programs includes a variety of teaching technique, schedule, and helping learning environment that ensure employee to improve their skills and later apply on their jobs (Gerbamn, 2000).

#### *Components of Training and Development*

There is no particular method for developing the employee training, however particular significant methods that would be measured. A perfect employee training and development program must be the mixture of knowledge, career development and goal setting. These approaches will benefit the program to be more useful for the employees and organization. Today organizations are extensively using the Information Technology systems for their learning programs. Knowledge and information systems are rapidly moving ahead and those companies cannot survive that provide up to date knowledge of I.T. to their employees. For a new task training must be given to employees so that they can easily cope with new task. It should be the responsibility of the organization to assured that employees have knowledge, skills and abilities, and these skills must be according to the required level of the job. Furthermore, when employees need required skills and knowledge it should be provide them on the right time without any delay. In the result thereof, companies required to make sure that employee can learn whenever they required (Garger, 1999). To complete this purpose organizations required the internet and computer based learning segments.

The basic reason for career planning as quantity of employee training program is not merely to support employees to think that their employers are financing in their career, furthermore keep in mind that they help employees to manage various characteristics of their lives and a clear promotion track. Employers cannot make promise with employees for their job security, but they provide them opportunities to improve their knowledge and skills, so that they can remain sustain in job market (Moses, 1999). Career development of the employees should be established on bright career path which employee can easily recognize and gave it worth (Nunn, 2000). To achieve this purpose, employee must classify their work, work priorities and current skills they have to do their job. Therefore, employees can start identify the jobs that would require in future and set of skills to manage those jobs (Moses, 2000). As result thereof, employee should improve understanding to work, better accountability for career and strategy for action to attain upcoming goals.

The main problem suffer by organizations is to commit this practice, which may take some employees to leave the organization and look around for certain job vacancies outside the organization (O'Herron and Simonsen, 1995). Furthermore, sometimes employees feel the risk of right sized of employee in the organization. The key element of career planning and employee development is goal setting. Therefore it has been described that learning programs support employees to enhance their performance instead of just increasing their work competencies (Gerbman, 2000). It is better to give the opportunity to employees to perform their jobs in a better way and if they need help, organizations must provide them proper tools to perform the job. Development program help the

employees to learn and facilitating them to become a critical philosopher (Garger, 1999). Sears Roebuck & Co. remains careful on this idea as organization doesn't want that all employees think similar but the organizations need to give those employees conceptual skills to think in a different way (Gerbman, 2000).

An employee from Tires Plus described that he educated additional about the organization instead of just doing his work and this assist him to think in what way he can positively influence on the goals of the organizational (Dobbs, 2000). Individual should improve their knowledge so that organizations get them hand to hand and pay them good salary. It is the main responsibility of the organizations to provide opportunities to their employees but individual should take initiative to use those opportunities for the betterment of their future career (Garger, 1999). Employee training and development programs should create in a way that it not only accomplish its goals but have optimistic consequences on employee and organization. The organizations which are using employee development programs are getting positive results from the individuals by using this program.

#### *Individual Benefits from Training and Development*

##### *Career Competencies*

Employees get a lot of benefits from the employee training and development program. They learn the soft and technical skills as required by their jobs. In last 30 years unemployment is at its lowest rates which is not beneficial for the workers to start new job, if opportunities for growth are fewer (Dobbs, 2000). Fresh university graduates mostly considering for a firm which provides intensively training programs to their employees, but this idea is risky for organizations to lose fresh trained employees with couple of years (Feldman, 2000).

Professional which are placed in the industry of information technology, identify that knowledge is authority and they required to retain their abilities and talent according to current requirement of the market. Most of the employees recognize the importance of training program and would like to increase their salary (Dillich, 2000). It is also expected from the fresh graduate not appropriately equipped for the continually changing business environment (Gerbman, 2000). Young professionals with entrepreneurial ambitions know that they have shortage of experience and money; hence they attempt to join companies which provide training programs to prepare their employees for the betterment of future (Feldman, 2000). Employee development program help employees to survive in the future and develop their abilities to cope with new technologies.

From many years the requirements for blue-collar jobs is constant, and numerous companies have prepared a modification for demanding learning software and programmed systems (Cunniff, 2000). This requirement is compelling workers to appraise their profession capabilities to sustain their employment. Due to this situation numerous employees have rehabilitated their attitude to acquire promoted inside their organizations to work and develop out of the organization (Feldman, 2000). Therefore workers used to prepare 10 year plan for their future and constantly change their plans after two years as per the change of technology and information (Wilson, 2000). Tires Plus delivers training to promote a diverse career through the organization which comprises 80 hours training for supervisor to promote them to the manager (Dobbs, 2000). I-Cube, Information technology consulting firm in Massachusetts, provide employee development program for their employees which is named by I-Altitude and offer to fresh employees so that they can easily adjust themselves in the organization (Fenn, 1999). Employees understand that training program can directed to superior duties and higher remuneration (Fenn, 1999). Furthermore, helping workers to improve their skills and knowledge to cope with the future requirements, lead to job satisfaction.

##### *Employee Satisfaction*

Employees have no feeling about their organizations, if they think that their organizations are not caring about them (Garger, 1999). Companies which are willing to spend money on their employees, give value to work with those companies, even though that investment eventually benefits the organization (Wilson, 2000). Companies which are providing the training and development programs for their employees are achieving high level of employee satisfaction and low employee turnover (Wagner, 2000). Training increase organization's reliability for the reason that employees recognize their organization is spending in their future career (Rosenwald, 2000).

Loyalty with the organization cannot be calculated but it is substantial to intrinsic reward that employee feel. Employee feels comfortable and wants to stay with their organization, when they feel they are putting their efforts and skills in the bottom line for their organization (Logan, 2000). Employees who are satisfied with their jobs, believe that their work has a purpose and important for their organization (Moses, 2000). Usually the best performers do not leave a job for the purpose of financial benefits. Though salary and benefits plays an important part in selecting and retention of the employees, employees are always observing the opportunities to acquire novel skills, to get the encounter of different duties, and looking for personal and professional development (Wagner, 2000). Therefore, nourishing these requirements facilitates in figure up confidence, self-esteem and job gratification in employees (Nunn, 2000).

### *Employee Performance*

Training effects on behavior of employees and their working skills which resulted in enhanced employee performance and further constructive changes (Satterfield and Hughes 2007) that serves as increase employee performance (Kraiger, 2002). Arthur et al. (2003) developed an analysis of 1152 sample size from 165 resources and revealed that in distinction with no-training or pre-training conditions; training had commonly positive result on job-related performance. However, dissimilarities in positions of effect sizes were not big, the efficiency of training vary regarding the training transfer technique and the skill being trained. Benefits of training program are also related to technical skills of the employees. For instance, Davis and Yi (2004) developed two researches with approximately 300 contributors with the help of behavior-model training and remained capable to increase significantly computer skills. Psychologically practicing tasks permitted trainees to grow learned knowledge, abilities and task.

Training is positively effects on the employee performance of the employees. During a qualitative study concerning mechanics in India, Barber (2004) originates that on-the-job training headed to superior novelty and implicit skills. Technical and professional skills are very important for the employees to perform a job in an effective way. Providing training opportunities to employees can enhance the performance of the employees. Reference to invention, training increased the educated mechanics to figure up two Jeep bodies using only a homemade hammer, chisel, and oxyacetylene welder. Concerning to implicit skills, Barber described in his study that profession of a mechanic needs "feel" to remain successful. Barber (2004) described in the result of an effective training that a mechanic had worthy emotion of how to hit the metal at the particular spot so that work must be performed in a systematic and proper way.

### *Employees Benefits from Training and Development*

#### *Market Growth*

Employee development programs are important for any organization to stay solvent and competitive in the market. Though it is expensive for the organization to spend the money on their employees but this investment is positive for the organizations to hold the place in the market. American Society for Training and Development mentioned two motives that are significant for employee's knowledge, first employees identify the worth of training and marketable by organization and second CEOs of the companies understand that how fast information is transferring in current business environment (Fenn, 2000).

Greengard (2000) described that organizations are required to develop and maintain such learning environment for the employees that expand the knowledge of organization and competitive ability. However, employee training programs derived through a high price, but have a positive impact on return-on-investment. Microsoft, and General Electric Company are entirely large effective organizations, and these organizations realize training opportunities as an investment (Kleiman, 2000).

Wanger (2000) described in his study that American Society for Training and Development found an association between financing in employee development program and higher revenues from stock market. American Society for Training and Development more over originate that companies who apply average of \$1,575 each employee on learning got 24 percent growth in gross profit and 218 percentage increase in revenue each employee instead of



those who spend fewer on employee training and development, investing in employee development is a condition that is suitable for individual and organizations (Rosenwald, 2000).

Furthermore, employee training and development programs not only increase the profit of organizations but also provide difference within their native market. Organizations can practice training and development opportunities to support them available to the current employees, perspective employees, plus clients of the company. GSD&M's Idea U, assists employees to recognize their characters and established that it has prepared people as superior contributors to business (Petrecca, 2000). Lastly, organizations can utilize employee training and development programs to improve their appearance as best employer in the job market.

### *Organizational Performance*

Training has been defined as mainly contributing factor to the organizational effectiveness (Schuler and MacMillan, 1984). Exploration on this topic recommends that investment in training and development program can be justified by the impact it creates to developed individual and organizational effectiveness (Bartel, 2000). Furthermore, the earlier researches have mentioned causation between training and effectiveness of the organization (Blundell, Dearden, Meghir and Sianesi, 1999).

Bartlett (2001) recommends that one of the glitches that is usually problematic to identify, is proposing an effective calculation of performance of the organization. Blundell et al. (1999) supported this by describing that lack of suitable data and methodological difficulties prevents the adequate assessment of impact of human capital appreciation and performance of organization. However, there is an increasing factor that Human resource management practices impacts on attitudes and work-related manners (Allen et al., 2003). To evaluate the effectiveness of training and development program it has been advised that check directly the relationship of training and organizational commitment. Further, it has been revealed as certainly correlated to the efficiency of the organization (Bartlett, 2001).

The study proposes that constructive work-related performance and attitudes mainly depend on the perception of the employees as the employees think that their organizations are taking care of them (Allen et al., 2003). However, the same factor is reliable with the social exchange model; Blau (1964) suggested that the emotional agreement between employer and employee are the central element of organizational performance.

Gould-Williams (2007) proposed that social exchange theory was originated by the organizations when they decided to care the interest of their employees. Employees respond with optimistic attitudinal and behavioral replies which are supportive to their organization (Settoon, Bennett and Liden, 1996). However, training can be used to provoke the preferred results that may contain with enhanced organizational commitment (Bartlett, 2001). The current research proposed that the facility of training and development program is likely taken consent by employee that their organizations need to enter a social exchange with them. This social exchange agreement produces a durable psychological bond between employee and organization (Garrow, 2004).

### *Employee Retention*

The research described that employee retention is a challenging notion and there is no particular method to retain employees with the organization. Several organizations have revealed that one of the characteristic that help to retain employee is to offer them opportunities for improving their learning (Logan, 2000). Therefore, it has confirmed that there is strong relationship between employee training and development, and employee retention (Rosenwald, 2000).

Companies should realize that experienced employees are important assets and companies have to suffer the challenge for retaining them (Garger, 1999). Therefore, companies which are providing training and development programs to their employees are getting success in retaining them. Sears has established that in localities where manager provide help to their employees to develop professionally, turnover is almost 40-50 percentage fewer than those stores where association with the managers does not available (Logan, 2000).

On other side, numerous employees participate in employee training programs are not assured of a conventional association between programs and employee retention (Rosenwald, 2000); several managers found that positive learning atmosphere directed to higher retention rates (Dillich, 2000). Organizations that are offering employee development programs are getting success with retaining employees. An effective design of training program can also increase retention among employees. Employee retention is a volunteer move by organizations to create an environment which involves employees for long term (Chaminade, 2007).

For the description of more effective retention, researchers have recommended that organizations may contain with training and development program that classifies volunteer assignments, requirements, and expectations (Seigel and DeLizi, 1994). "To retain employees, organizations need to think seriously about their investment in training and development" (Leonard, 1998). Fenn (1999) presented in his study that the normal monthly turnover at Unitel has decreased from 12 percent to 6 percent since they inaugurated Unitel University in 1998. Though numerous persons involved with employee training and development programs are not assured of a direct association between the programs and employee retention (Rosenwald, 2000). However, specific numbers of managers discover that a constructive learning environment pointed to higher retention rates (Dillich, 2000).

## RESULTS

The facts in current research can be utilized in numerous diverse ways by a diversity of organizations. The significant opinion is that companies essentially put the highest worth on their employees, and develop beliefs and practices that show the highest commitment of the employees. Employees required feeling like they are producing a noteworthy modification to corporate success and providing positive results and intentions to do their jobs well. Furthermore, it is difficult for most of the companies to develop corporate level institutions and provide extensive opportunities for internal promotions, but it is easy for organizations to help their employees in making career goals and action plans for the development of their career. Certain organizations may discover that they develop employees who apply their abilities and skills for further organizations; however, the organizations also find that they are increasing a sense of loyalty from other employees.

In this study there is a substantial support for individuals and organization to get the several benefits from training program. Such benefits contain efficiency and factors that related directly or indirectly to the employee performance. This study has collected support for the positive outcomes of training program for the organizations. These benefits comprises better organizational performance (e.g., profitability, efficiency, and output) and further benefits that directly or indirectly related to employee performance.

## SUGGESTION FOR FUTURE RESEARCH

In this study we furthermore identify particular instructions for future research. First, we propose that the benefits of training might have a positive effect like as individual employee benefits, which later affect organizational results. However, research is required to recognize the features that enable a smooth transfer of employee development benefits on different level. Training gives a good experience of the employees. Furthermore, some special questions of vertical transfer that how training and development directly influence on individual and organizational levels. A conceptual model of this process is available and there has been little empirical research on this topic (Kozlowski et al., 2000).

Secondly, there is a gap existing between the applied and academic literature concerning the usage of cycle time as a factor to measure usefulness of training and development program (Holton, 2003). The size of effect on the quality of performance may not the similar as individuals and organizations recognize and apply solutions to new problems.

Organizations are realizing the benefits of employee training and development programs as they are receiving pressure from the competitor market. Research is required concerning the factors that can raise the awareness of the benefits of training and development at numerous stages of exploration. This research may get help from primary studies on the effects of training and development on novelty and performance adaptability of employees and organizations.

Third, while the character of affect has been recognized in the amount of reactions to training and development, affect could perform extra central part in the training and development process in general. Previous research has concentrated on the affiliation between liking a training program and performance of employee (Alliger et al., 1997), however research has given fewer considerations to relationships between affective situations throughout training and learning program.

Aguinis (2009) defined that providing employees training and development opportunities can be perceived a meaning that the organization cares for their employees. This perception in employees may produce benefits even though training and development structure and transfer might be not optimum. In short, future research on this topic might be extent that which training opportunities are observes as a message that the organization cares for employees and create important message in current corporate world afflicted by downsizing and employee layoffs.

#### IMPLICATION FOR PRACTICE

The organizations those are capable to recognize the benefits of training that are acknowledged in this study are able to move away from observing the training purpose as an operational function (Fox, 2003). For instance, a consulting organization PricewaterhouseCoopers has decrease costs in several areas; however, the organization increased its investment in employee training to around \$120 million each year. One more top consulting company, Booz Allen Hamilton, have faith in developing employees as a continuing competitive benefit, and manages their learning functions as a revenue centers (Fox, 2003).

Managers of these organizations select knowledge and information regarding to business concerned outcomes to make conclusions about how to assign resources including training events resources (Mattson, 2005). Training is a method that emphasizes on ideals and helpful organizational culture, including career advancement, monetary cuts and limitations, extremely competitive environments, and market driven philosophies (McGuire et al., 2005). Evidently keep a record of the benefits of training program and it planning, delivering, and evaluating by utilizing the information involved in this study will permit the human resource management department to be a strategic organizational and move away from the undesirable suggestions related to this function (Hammonds, 2005).

#### CONCLUSION

In this study we take the fact of observation that training leads to important benefits for individuals and organizations. The existing analysis of literature proposes that these benefits vary from individual and organizational performance. To understand the benefits of training and development program, we implemented different level and different disciplinary perspective of employee development program. In our study we also involved the discussion, how to increase the benefits of training. These features include giving attention to the training design, delivery, and transfer of training. After completing the study on this topic, we strongly believe that it is very beneficial for the organizations to develop the employee development programs. If there is a systematic training and development program for the employees the companies will harvest its profit from the market and remain competitive in the job market. An organized and efficient development program with supportive apparatuses will significantly assist the organizations to retain the most valued human resource, especially those who have a lot of experience with the organization. If organizations are capable to support all employees in meeting their requirements then both, employees and organizations will get the long term benefits. It is also very important for the organizations to timely evaluate the success of employee training and development program.



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