

THE IMPACT OF TRAINING AND DEVELOPMENT ON EMPLOYEES RETENTION

SHIVANGI KUMARI , SHREYA SHAH , NAMRATA MISHRA (ASST. PROFESSOR)

BACHELORS OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

GALGOTIAS

UNIVERSITY, GREATER NOIDA, UTTAR PRADESH

ABSTRACT

Organisation's primary focus after recruiting talent employees is to retain them. But in today's competitive environment, organisation is struggling hard to design a suitable strategy that could improve the retention rate and pulls the turnover rate downward. One such suitable strategy an organisation could be considered of improving employee's skills by providing training. The purpose of this paper is to examine the relationship between the training and development on employee retention and ascertain the extent of influence of training and development on employee retention. The study was carried out by using descriptive research design and adopted stratified random sampling method to collect data. Results suggest that there is a relationship between training and development on employee retention and training has an impact on employee retention.

1.INTRODUCTION

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 research could provide better understanding in the relationship of effectiveness of Human resource practices on employee retention in an organization, but the main focus would be on the impact of training and development on employees' retention. It will provide useful information regarding the impact that the employee training has on employee retention. This study will help readers to better understand and will serve as a guide to many organizations regarding the employee retention. It will also provide a solution using training and development practice to retain employees in organizations. This study has been initiated with an introduction, which includes the background of order to understand the other authors' point of view about the impact of training on employees' retention. Hypothesis will be tested in some ways that could prove or disapprove it. Methodology for conducting the study and analysis techniques used to analyze the collected data has been discussed. At the end of the study results and conclusion has been discussed. Most researchers use these variables like working environment, training and development, and compensation to observe their effect separately, on how working environment affect employee turnover, how employee can be retained through training and development, and what are the impacts of compensation (Deckop et al., 2006; Acton and Golden 2003; Bhattacharyya et al., 2008). Few researchers also relate training and wages, in which they observe the effect of training on wage expectations (Renger, 2002; Hocquet, 1999; Dearden et al., 2005; Meer and Ringdal, 2009; Schùne, 2001; Renaud, 2009). No one focused on how employee can be retained after training, if they are not properly compensated. However, the effect of what will happen, if an employee is not properly compensated after his training, and whether he is satisfied or not and does not want to stay with the company, because after training his skills improved, is seen in this paper. As a consequence, he has more opportunities of switching.

Literature Review

Conceptual Frame Work

Employee Retention

Employee retention can be defined as the policies and practices organizations use to avoid precious employees from quitting their jobs. However, Ben-Bakr, Al-Shammari, Jefri and Prasad (1994) argued that organizations can avoid business instability when talented employees are retained. Retention can be seen as the ability to hold onto those employees you want to keep, for longer than your competitors (Johnson, 2002, cited in Shaibu, Noor, Tirmizi & Bashir, 2009). Again, Denton (2000) puts forward the view about employee retention that employees who are contented and satisfied with their jobs are more devoted towards their job always put their effort to progress their organizational customers' satisfaction. Researchers such as Taplin, Winterton, and Winterton (2005), Amadasu (2003) and Gberebie (2003) have established in their studies that, employees will surely stay and work for the flourishing and

accomplishment of organizational goals if suitable employee retention strategies are adopted and implemented by organizations. In addition, Action and Golden (2003) state that retention of employees is not only important but retention of valued skills is more important. According to the researchers, human resource department plays the dynamic role for retention of employees.

Freyermuth (2007) commented that retention starts with the recruiting of correct individuals and continues with practicing program to keep them engaged and committed to the organization. According to him, it is considered as multifaceted component of an organization resource policies. Baker (2006) said that employee retention is very important as because of the fact that hiring new employees are far complicated as well as costlier than to remain with the present employees in the organization.

However, Olowu and Adamolekun (2005) stated that because of the need for effective and efficient delivery of goods and services by organizations in public or private sector, it is becoming more essential to secure and manage competent human resource as the most valuable resource of any organization. Gberegbe (2008) has assured that employee retention implementation strategies is very important. In today's competitive environment there is a great need of employees' commitment and an appropriate strategy that pulls the retention rate downward. Companies consider retention of employees as a challenge due to the increased flexibility of jobs. Various studies have been conducted that popular HR practices are not the only ways to enhance commitment and reduce retention. Scott Brum (2007) highlighted that when the employees are introduced to more trainings, they show higher level of commitment as compared to others. Roya Anvari et al (2010) revealed that it is possible only with the help of planning training programs that are totally based on needs valuation to achieve commitment and retention. Training is considered important in developing a feeling of belongings among employees. Eva Kyndt et al (2009) revealed that training has a potential to change the turnover thoughts and is an important factor that helps in originating the intentions of turnover. Those employees that are highly committed to the organization have lower turnover thoughts. Trainings basically bring association between commitment and retention. Danlami Sani Abdul kadir et al (2012) has considered training as an investment, organization bears the whole expenditures of training employees which eventually act as an investor and expect a return in the form of commitment and retention from employees. Trainings elevate commitment and retention rate, when employees consider it as investment and force them to offer a return to the organization. Alexandros G. Sahinidis and John Bouris (2007) Training is a long term investment in the skills of employees. Training is not a tool to polish current skills of employees but to prepare employees for future impacts from competitive forces. This kind of training boosts the commitment and employees think that organization is opening doors to our success. This sense eliminates the thoughts of intentions to quit from employees mind and force them to retain. Mohammad I. Fheili (2007) has stated that employee turnover is a major human capital risk for an organization, which needs to be catered. Organizations that provide trainings which are specific in nature applied only to the specific work within the organization that makes the employees specialists not generalists. By doing this Organization limits the employment opportunities and leads to the development of committed employees and will eventually affect retention rate.

OBJECTIVES OF STUDY

The main objective of the study is to critically examine the impact of training and development and development on employee retention in an organization. Specific objectives of the study are:

1. To identify the factors affecting high employee turnover in an organization.
2. To identify the effect of training and development, its type and duration on employee retention in an organization.
3. To identify the extent by which management support and rewards affect employee retention.

SIGNIFICANCE OF THE STUDY

The study will help firms understand the importance of training and development programs. It will also enable them structure their training and development programs to make them more effective in terms of helping to improve the efficiency of the workforce and lead to less employee turnover. This also ensures the existence of a pool of skilled workforce who could be utilized for national development. Labour is a major input to the success of the company. If labour is efficient it will help improve the performance of the company. As companies perform better they are able to increase output and contribute more to the economy. They are also able to grow and hire more people thus helping to decrease the level of unemployment. As companies perform better, they are also able to compete better enabling the economy to remain vibrant.

The study will also be of great benefit to student researchers who wish to explore more into the impact training and development has had on the overall performance of employees in various organizations. The study will serve as a guide to these students who may further get more insights into the recommendations and findings from the study thereby, forming an empirical literature for them

METHODOLOGY

The focus of this research was aimed at clarifying the impact of training on employee retention. Questionnaire was developed to collect data for determining the effect of independent variable (training) on dependent variable (retention). Quantitative data was collected through questionnaires using non probability sampling. The questionnaire consists of 16 questions, which includes eight questions on independent variable (training) and nine questions on dependent variable (retention). Questions asked

from employees were based on 5-points likert scale. The collected data has been analyzed through excel data analysis tool pack

POPULATION

The nature of research is linked more with employees and organizations. The target audience for this particular research is employees and people who worked but dissatisfaction with an organization forced them to quit. The questionnaire has been filled from the employees of different public/private sector organizations. Many public/private organizations can use results, which are active in promoting learning and wanted to retain valuable employees. This research will make the organizations to think about the training's impact on employee retention

SAMPLE

The sample size selected for data collection was 100, which includes 82% males and 18% females. Statistical analysis has been conducted on the responses collected from these 100 respondents. Convenience sampling technique was adopted to fill questionnaires from employees. The questionnaires are filled from public/private sector employees i.e. Schlumberger, National investment board, National rural support programme and Pakistan broadcasting corporation. The response rate was observed to be 100%.

VARIABLES

Two types of variables are used in this research. The dependent variable identified for research is retention while the independent variable is training.

DEPENDENT VARIABLE (RETENTION)

Retention has been considered as a factor, which has observed and measured the effect of independent variable (training). Retention has been presumed to be the effect due to the cause of training. Responses related to retention from hundred respondents have been considered a dependent variable. Nine questions have been asked related to retention (dependent variable)

INDEPENDENT VARIABLE (TRAINING)

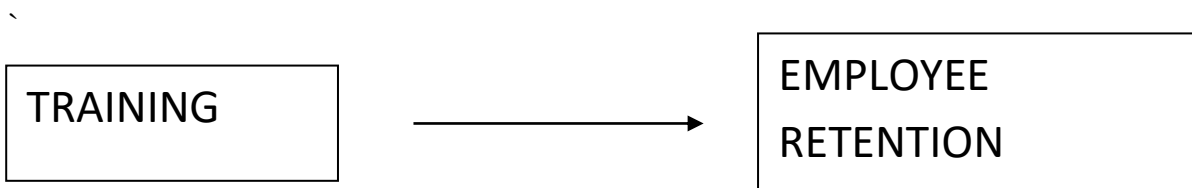
Training has been considered as a factor, which will examine the impact of training on employee retention. Training has been presumed to be the cause that will create an effect over retention. Eight questions have been asked related to training (independent variable).

DATA ANALYSIS TECHNIQUES

Three analysis techniques have been used to examine the relationship and significance between independent variable (training) and dependent variable (retention)

1. Descriptive statistics
2. Correlation
3. Regression

THEORETICAL FRAMEWORK



The purpose of the research 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 by March and Simon's states that 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. In organizations skills can be polished or developed through trainings, this theory clearly shows that there could be direct or indirect effect on training on employee retention. In indirect relationship, commitment could act as a bridge between training and employee retention.

Results and Discussion

Descriptive Statistics

	TRAINING	RETENTION
Mean	3.79	3.51
Median	3.8	3.5
Standard Deviation	0.4414	0.4746
Minimum	2.5	2.41
Maximum	4.6	4.41
Count	100	100

Table 1.1

The calculated mean for independent variable (training) is 3.79, which means that average people from sample of 100 are somewhat satisfied. Since the value of 3.79 rounds off to 4, which is equal to somewhat agree. For dependent variable (retention) the calculated mean is 3.51, which means that average people from sample of 100 are somewhat satisfied. Since the value of 3.51 rounds off to 4, which is equal to somewhat agree. The median for the independent variable (training) is 3.8, and the

value of median for the dependent variable is 3.5. The median suggests the option four of the questionnaire which is somewhat agree and option three for retention which is average.

The standard deviation for independent variable (training) is 0.44, and the standard deviation for dependent variable (retention) is 0.47. This shows that the data of training is spread out at 0.44 and for retention it is at 0.47

In the sample size of 100, the minimum value of independent variable (training) is 2.5. This minimum value of 2.5 means that minimum option selected by the respondents for provision of training is somewhat disagree. The maximum option selected by the respondents for independent variable (training) is 4.6, which rounds to strongly agree. The minimum value of dependent variable (retention) is 2.41. This minimum value of 2.5 means that minimum option selected by the respondents for retention is somewhat disagree. The maximum option selected by the respondents for dependent variable (retention) is 4.41, which rounds to somewhat agree.

CORRELATION

	Training	Retention
Training	1	
Retention	0.5289	1

Table 1.2

The correlation test has been conducted to express 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 0.5289, 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

	Coefficient	t-stat
Intercept	1.3583	3.862
Training	0.5668	6.1703
R-square	0.2708	
F-stat	38.0737	

Table 1.3

The regression test is conducted to determine whether there is an 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 $y=1.3583+0.5688x$. This means that for every single training opportunity, the retention rate has been increased by about 0.5688. The constant term in this equation is 1.3583. 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 1.3583. The R Square value is 0.2798; 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 0.2798 means that 27.98% of the variation in the retention rate is due to provision of training to employees in organizations. The remaining 72.02% of the variation has been supposed to be due to other human resource practices like compensation, performance management system and working environment. The F ratio is 30.0737, indicates that the regression is statistically significant. The p value is displayed in the next column and equals 1.536E-08. 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 3.8620 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 3.8620 also shows that the independent variable.

Learning, T & D, retention and compensation

As commented by Srimannarayana (2011), training and development play an important role in retaining the employees. If proper training is not given to them then they can't develop. Compensating them in correct terms and giving them feedbacks will encourage them. The work environment is also an essential attribute that is required for retaining employees. It is considered as one of the most important aspects in context to employee retention. Work environment is subjected important in this case as it the driving force behind a successful organization. For example, if the work environment is not suitable or uncomfortable for the employees, the productivity and the quality of the work will be affected. An effective organization is not only responsible for human capital but also to retain experienced and knowledgeable employees. Work environment is entailed effective as if the worker remains satisfied with his work environment, then he or she will continue to work in the present space positively. Having a positive perception in context to the organization is very important and it can be adhered by appreciation of the employees. It will encourage and enhance the worker to perform better in every condition. The HR practices need to be in high terms so that the employees stay longer and provide effective work. HR sources are good sources in context to development of an organization and retaining employees.

Requirement and Need of Learning, Training and Development

Evaluating these elements can be done by the higher level authority if the organization. They can monitor the work of their workers and give them feedback. Development and learning is not an instant process it can avail through experience. In this time of development, where innovation changes once in a while, training turns essential for each organization to stay in the worldwide market. Organizations can't depend just on regular specialisms, however, to contend, later on, they should build up their worker abilities, since it is a time of efficiency and quality. As commented by Lundmark et al. (2017), training

is described as the orchestrated mediation that is planned to improve the determinants of individual work execution. The organization suffers in quality and use in light of nonappearance of training.

In a general sense, training began from changes grabbed by learning, notwithstanding the way that change is critical for human improvement. In this promising authoritative reality for survival, an organization must be furnished with properties of flexibility, versatility, and unending quality. With these qualities, the survival of an organization can be practiced through training and advancement of their workers. It is generally related to the present spot of work and the nonstop situation. Of course, advancement is the path toward creating for future businesses. Training must be need-based; appropriately, the firm needs to, first, do the assessment on account of training is required or not. Consequently, comprehensive training needs performed assessment, that exhibits why and where the preparation is required, and besides observe which worker needs training and who should be set up for improvement reason. Now and again, training isn't incredible, the firm gives unequivocal training to the workers since these capacities were not totally traded to them. Along these lines, it is neither productive for the specialist nor for the organization.

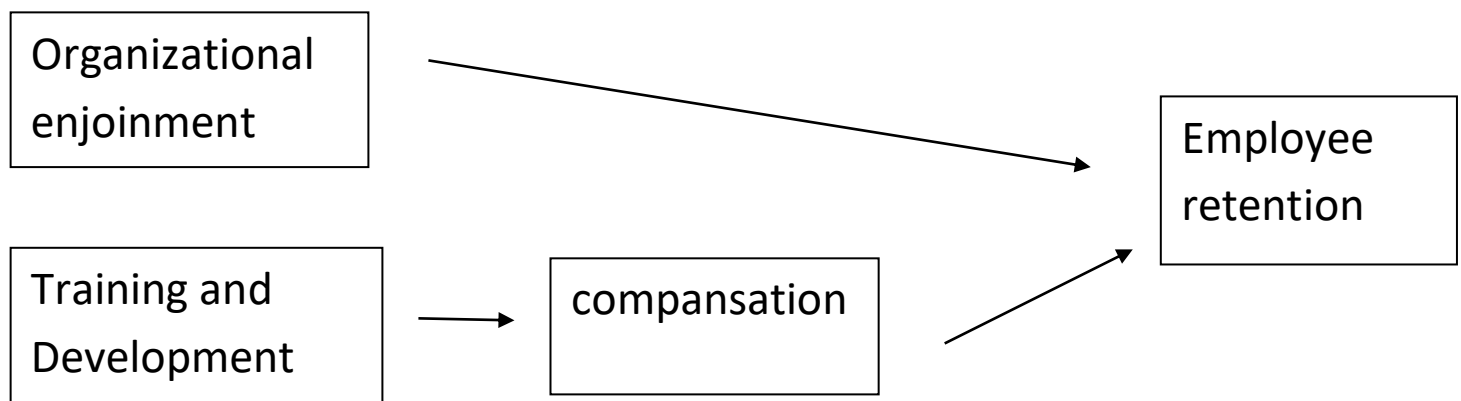


Figure 1

Employee Retention

Practical implications and recommendations

The results of this research will be useful for organizations to understand that training practice could be shaped into a retention strategy. Research explores the perception of employees about training practice of organization, when employees are interested to stay with an organization. There could be a possibility that if organization fulfils the employees needs regarding polishing existing skills and preparing them for upcoming challenges, retention rate will be boosted. This research can help the organization to build a reputation of a learning organization; it will become a favorite organization for people who are employed. The future recommendation is that researchers can study the impact of training on employee retention, but try to explore other factors that can affect retention along with training. Researchers can compare the results of training against other human resource practices that can retain employees.

CONCLUSION

As the research has shown, there is a significant impact of training on employees' retention. The research provides empirical evidence that supports the cause of training and its effect on employee retention. Researchers who examined the relationship between training and employee retention, agree that the relationship exist between these two variables. The research has proved that employees' decision to stay for a longer period of time can be influenced by trainings.

BIBLIOGRAPHY

1. Abdulkadir, D. et al., 2012. Effects of Strategic Performance Appraisal, Career Planning and Employee Participation on Organizational Commitment: An Empirical Study. *International Business Research*, 5(4), 124-133.
2. Abdullah, R., 2011. The study of employees satisfaction and its effects towards loyalty in hotel industry. *International Journal of Business and Social Science*,
3. Ahmad, K., 2011. Person-Environment Fit: The Missing Link in the Organizational Culture - Commitment Relationship. *International Journal of Business and Management*,
4. Aldamoe, F. et al., 2011. The Mediating Effect of HRM Outcomes (employee retention) on the Relationship between HRM Practices and Organizational Performance. *International Journal of Human Resource Studies*,
5. Anis, A., 2011. Employee retention relationship to training and development: A compensation perspective. *African Journal of Business Management*
6. Anvari, R. et al., 2010. Personal Needs Assessment Approach in Strategic Training and Affective Commitment. *International Journal of Business and Management*
7. Anvari, R. et al., 2011. Strategic training practices and turnover intention: The mediating role of organizational commitment. *International journal of business and management studies*,
8. Brum, S., 2007. What impact does training have on employee commitment and employee turnover. *Schmidt Labor Research Center Seminar Research Series*
9. Bussell, J., 2008. Great Expectations: Can Maternity Coaching affect the Retention of Professional Women. *International Journal of Evidence Based Coaching and Mentoring*
10. Dysvik, A. & Kuvaas, B., 2008. The relationship between perceived training opportunities, work motivation and employee outcomes. *International Journal of Training and Development*
11. Fheili, M., 2007. Employee turnover: an HR risk with firm-specific context. *Journal of Operational Risk*, 2(3), 69-84.

12.Gberevbie, D., 2010. Organizational retention strategies and employee performance of Zenith Bank in Nigeria. African Journal of Economic and management studies

Data Analysis

Quantitative Analysis

Q1. What is your gender?

Respondents	Variables	Percentage
Male	35	35
Female	65	65

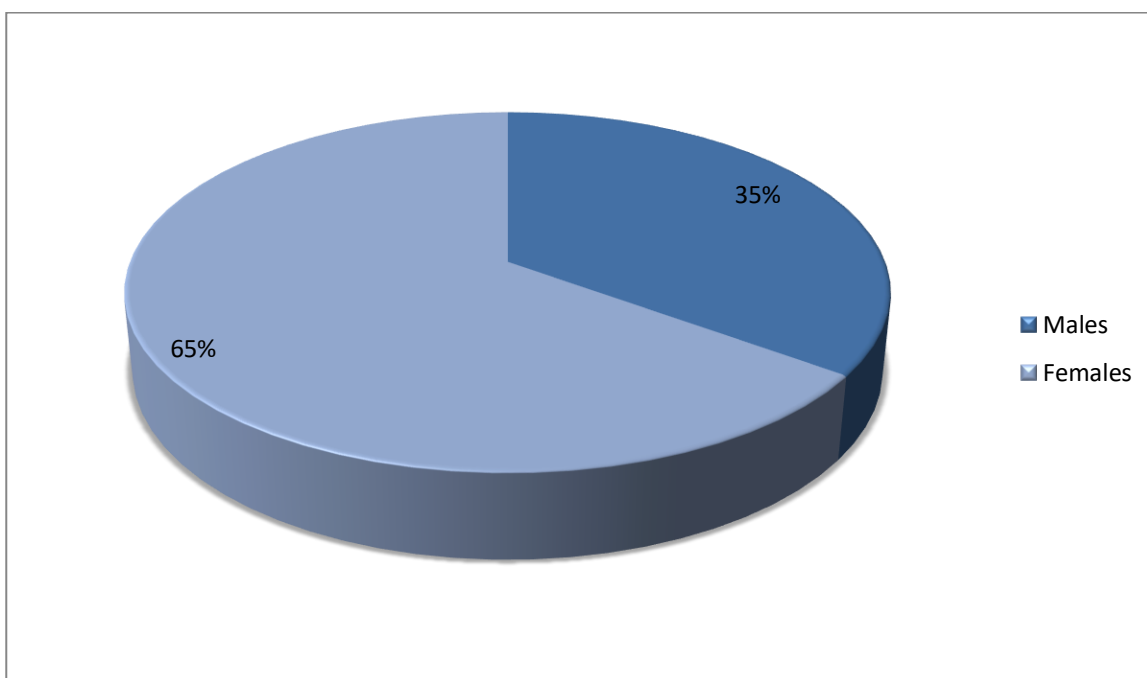


Figure 2

The higher side than those of the males who constitute only 35% of the total respondents. The female respondent's percentage has emerged to be of 65 %. It can be understood in a better way by the diagrammatic representation of the data chart in the form of a pie diagram. In which it shows that the first quarter reflects the total percentage of the female respondents whereas the second quarter represents the male respondent's percentage.

Q2. What is your educational qualification ?

Respondents	Variables	Percentage
Matriculation	20	20
Under Graduate	10	10
Graduate	40	40
Post – Graduate	20	20
Doctorate	10	10

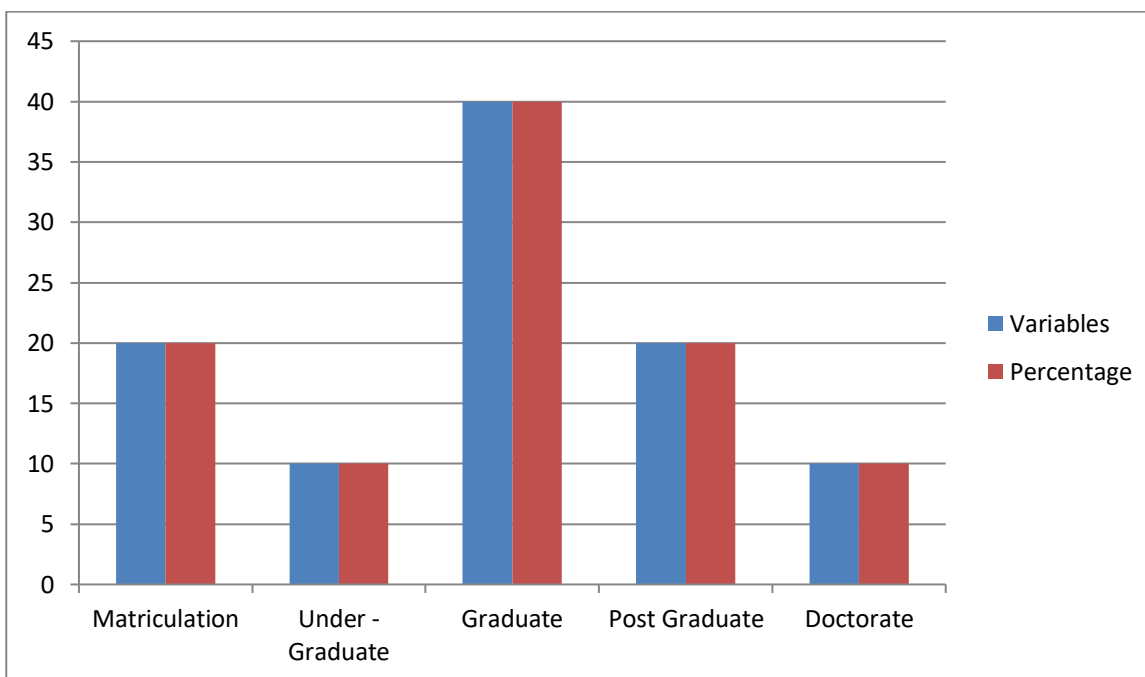


Figure 3

The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this above-mentioned chart the researcher shows a total of 100 respondents on which the study has been conducted under the question based on education qualification. It is very much evident from the above table that matriculation respondents resemble 20%, undergraduate resembles 10%, graduate resembles 40%, post-graduate resembles 20% and doctorate resembles 10%. It can be understood in an efficient way through the representation of bar diagram.

Q3. What is your monthly income ?

Monthly Salary (Rupees)	Number of Respondents	Percentage
Below \$2000	30	30
\$2000 - \$5000	20	20
\$5000 - \$7000	25	25
Above \$7000	25	25

The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this above-mentioned chart the researcher shows a total of 100 respondents on which the study has been conducted under the question based on the monthly income of the population. It is quite evident from the chart that the monthly income the respondents with below \$2000 is 30. The respondents with \$2000-\$5000 is 20. The respondents with monthly income \$5000-\$7000 is 25. The respondents above \$7000 is 25. The percentage of the respondents in context to the monthly salary is 30%, 20%, followed by 25% and then 25%.

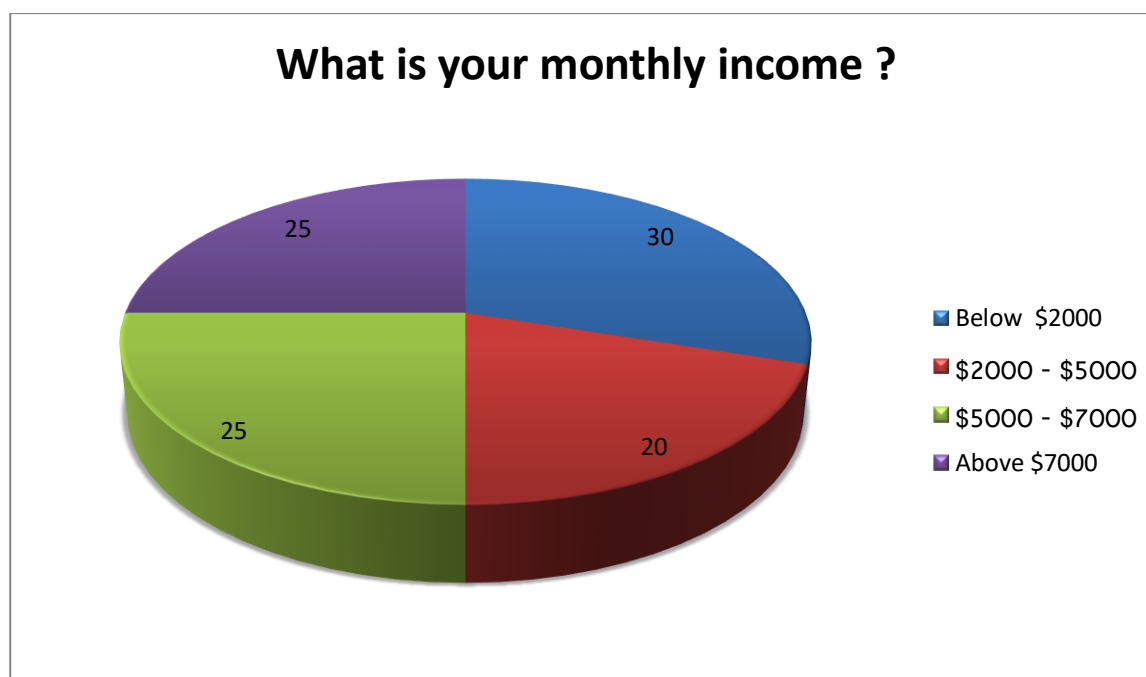


Figure 4

Q4. Does training program enable the employees to be accountable and authoritative in making decision ?

Respondent	Variables	Percentage
Strongly agree	11	11
Agree	55	55
Neutral	29	29
Disagree	2	2
Strongly disagree	3	3

The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this above-mentioned chart the researcher shows a total of 100 respondents on which the study has been conducted under the question based on that do training programs enables employees to be accountable and authoritative in making decision. It has been seen that 55% of respondents agree to this fact and 2% of respondents disagreed to this fact. The respondents who strongly agreed to this fact were 11% whereas the respondents who were neutral were 29%. The respondents who strongly disagreed to this fact were 3%. Decision making is a very important attribute that every employee needs to adhere. So training programs can definitely be subjected to induce the performance rate of the employees. However, it can be seen that 55 percentage of the respondents have agreed to the fact that training programs are imparted to make them, better and work effectively.

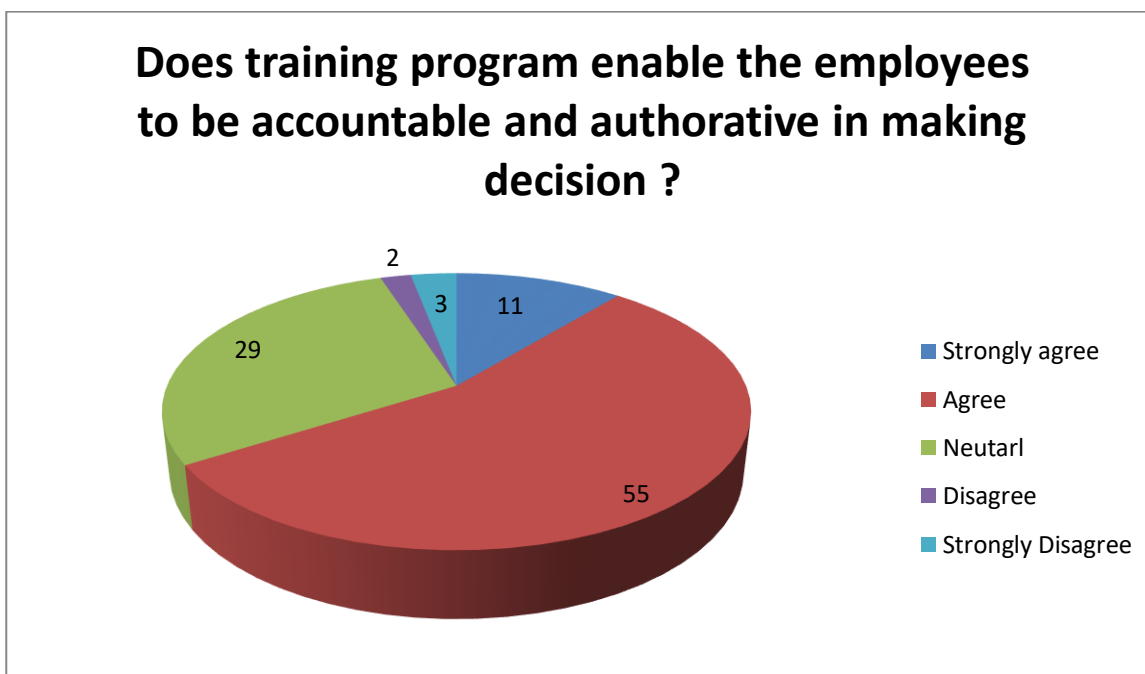
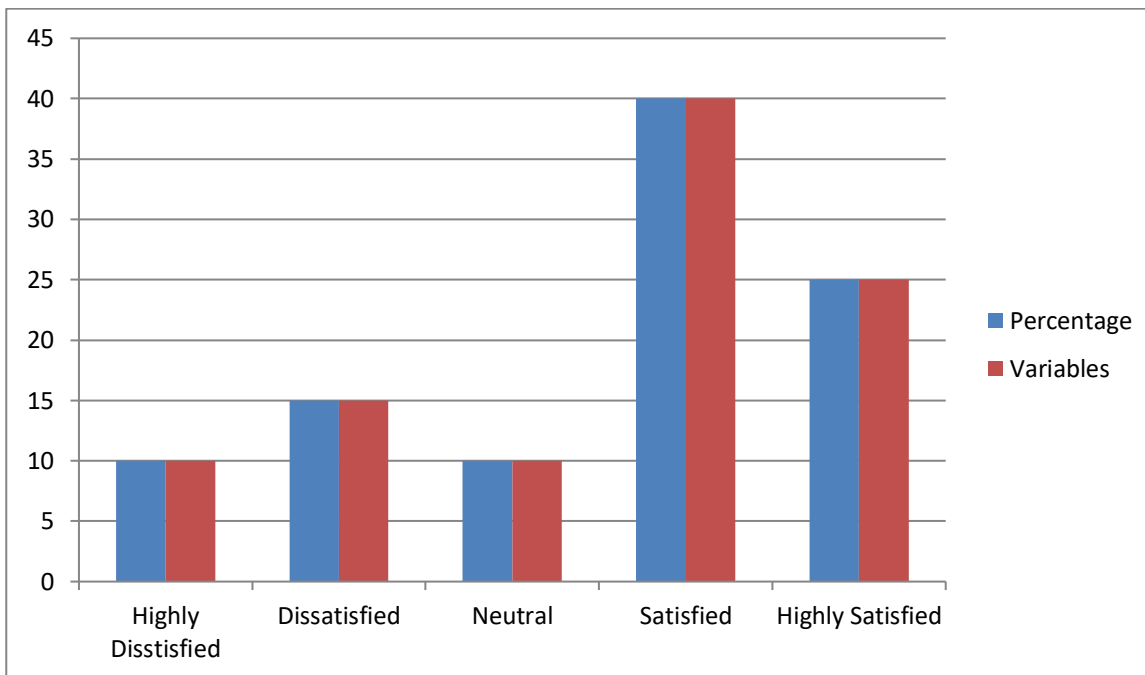


Figure 5

Q5. Does your organisation emphasizes and provides for the required training and development of its employees for better employee retention ?



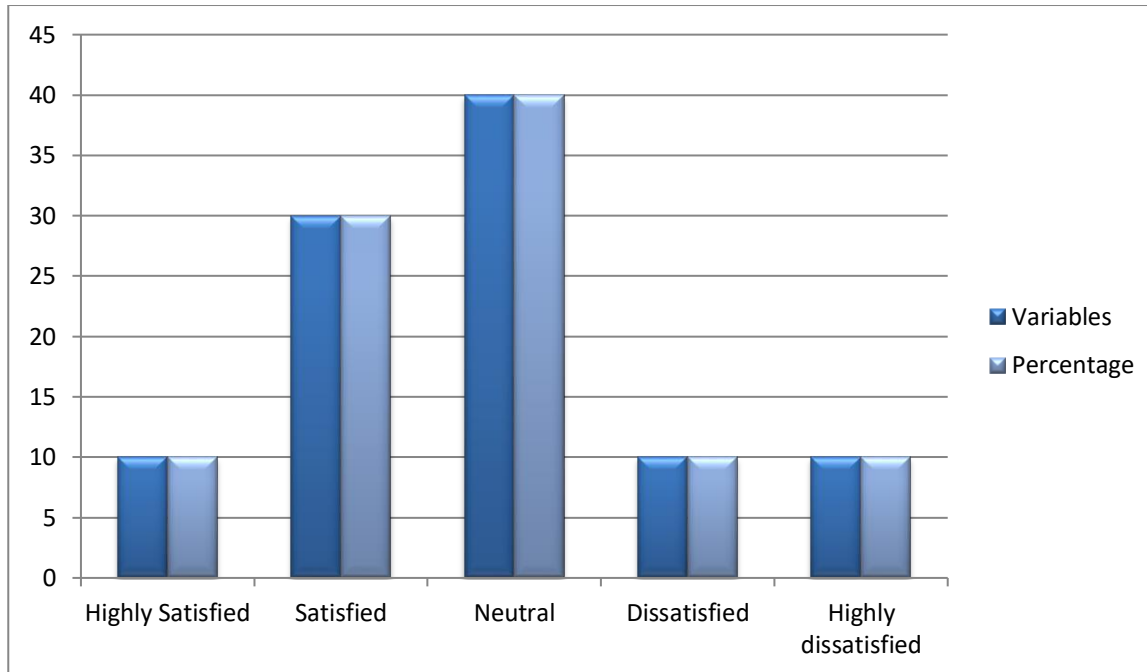
The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this case the respondents were asked if the organization emphasizes and provides for the required training and development of its 6. employees for better employee retention. The reaction of the respondents related that the percentage of satisfied respondents were 40% whereas 10% of the respondents were highly dissatisfied. 25% of the respondents were highly satisfied whereas 15% of the respondents were dissatisfied. 10% of the population.

Q6. Does your employees finds the training provided to them relevant to their job ?

Respondent	Variable	Percentage
Highly Satisfied	10	10
Satisfied	30	30
Neutral	40	40
Dissatisfied	10	10
Highly dissatisfied	10	10

The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this case the respondents were asked if the employees find the training provided to them is relevant to their job. The

reaction of the respondents related that the percentage of satisfied respondents were 30% whereas 10% of the respondents were highly dissatisfied. 10% of the respondents were highly satisfied whereas 10% of the respondents were dissatisfied. 40% of the population were neutral in this case.



Q7. Do frequent training and development programs help retain the employees ?

Respondent	Variable	Percentage	
Highly Satisfied	11	11	
Satisfied	55	55	
Neutral	29	29	
Dissatisfied	2	2	
Highly dissatisfied	3	3	

The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this case the respondents were asked if Do Frequent Training and Development programs help retain the employees. The reaction of the respondents related that the percentage of satisfied respondents were 55% whereas 3% of the respondents were highly dissatisfied. 11% of the respondents were highly satisfied whereas 7% of the respondents were dissatisfied. 29% of the population were neutral in this case. In this context it has been evident that 55% of respondents had been satisfied with the fact that training and development adhered by the organization motivates them to work effectively.

Q8. Do you think Training and development program increase the efficiency in retaining the employees ?

Respondent	Variable	Percentage
Yes	80	80
No	20	20

The researcher took 100 respondents to impart in this study. The respondents were chosen so that the data obtained can help the ongoing results of the research. To ensure that the results obtained are correct the reality of the data has been checked and then presented in the below format. In this case the respondents were asked if the training and development program increase the efficiency in employees. The reaction of the respondents related that the percentage imparted that 80% of the respondents believed in the fact that training and development increases the efficiency in retaining the employees. If the employees are given proper training then they can conduct their given work in an effective manner, this will also help to increase the productivity and effectiveness of the organization. 20% of the respondents thought that training and development does not increase the efficiency of the organization.

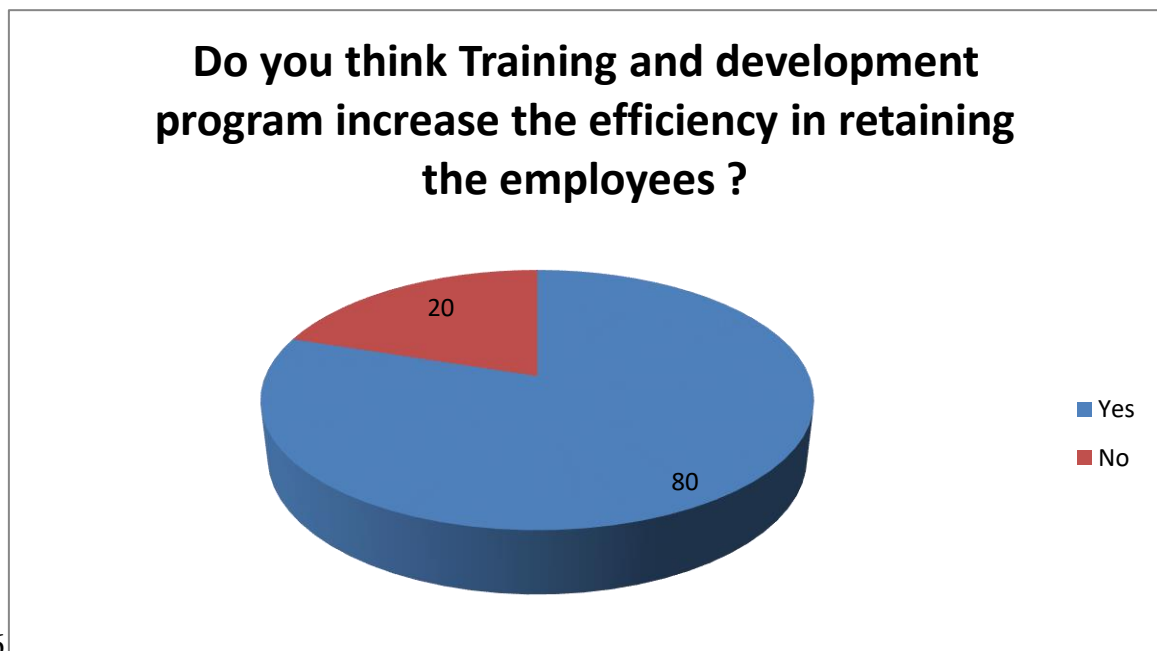


Figure 6