

# The Role of Training on Employee Performance

DR. P. Rehka, Associate Professor, CMS Institute of Management Studies, Coimbatore

Mr. R. Rajesh, Research Scholar, CMS Institute of Management Studies, Coimbatore

## Abstract

Employee is a blood stream of any business. The accomplishment or disaster of the firm depends on its employee performance. Hence, top management realized the importance of investing in training and development for the sake of improving employee performance. This conceptual paper aimed at studying the effect of training on employee performance and to provide suggestion as to how firm can improve its employee performance through effective training programs. The research approach adopted for the study conforms to qualitative research, as it reviews the literature and multiple case studies on the importance of training in enhancing the performance of the workforce. Further the paper goes on to analyse and understand the theoretical framework and models related to employee development through training and development programs, and its effect on employee performance and on the basis of the review of the current evidence of such a relationship, offers suggestions for the top management in form of a checklist, appropriate for all businesses, to assess the employee performance and to find out the true cause(s) of the performance problem so the problem could be solved in time through desired training program.

The study in hand faces the limitations as there are no adequate indications to correlate directly the relationship between training and employee performance. Hence, there is a need for conducting an empirical research in future to test the proposition discussed in the study.

The study in hand provides brief overview of the literature about training effectiveness and how it contributes in enhancing the employee performance and ultimately concludes along with recommendation to give directions for future research by applying different level of analysis on exploring the impact of training practices on employee performance.

**Keywords:** Training , Employee performance.

## 1. Introduction

Improved capabilities, knowledge and skills of the talented workforce proved to be a major source of competitive advantage in a global market (McKinsey, 2006). To develop the desired knowledge, skills and abilities of the employees, to perform well on the job, requires effective training programs that may also effect employee motivation and commitment (Meyer and Allen, 1991). In order to prepare their workers to do their job as desired, organizations provides training as to optimize their employee's potential. Most of the firms, by applying long term planning, invest in the building new skills by their workforce, enabling them to cope with the uncertain conditions that they may face in future, thus, improving the employee performance through superior level of motivation and commitment. When employees recognizes their organization interest in them through offering training programs, they in turn apply their best efforts to achieve organizational goals, and show high performance on job.

Employees are the most valuable asset of every company as they can make or break a company's reputation and can adversely effect profitability. Employees often are responsible for the great bulk of necessary work to be done as well as customer satisfaction and the quality of products and events. Without proper training, employees both new and current do not receive the information and develop the skill sets necessary for accomplishing their tasks at their maximum potential. Employees who undergo proper training tend to keep their jobs longer than those who do not.

Training is a necessity in the workplace. Without it, employees don't have a firm grasp on their responsibilities or duties. Employee training refers to programs that provide workers with information, new skills, or professional development opportunities

The companies aimed at gaining the competitive advantage realized the importance of training in improving the employees performance. Past researches provides the evidence regarding the positive affect of training programs on both employee and organizational performance. On one hand previous work in the field proved that effective training programs leads to superior return on investment while the other researches mentioned the positive role of training in attaining the supreme levels of employee retention (Colarelli & Montei, 1996; Becker, 1993).

Due to fast pace global and technological development the firms are now facing new changes as well as challenges. Technological advancements have moulded the need of capabilities and competencies required to perform a particular tasks. Thus, to cope with these challenges, more improved and effective training programs are required by all corporates. Effective training programs helps in constructing a more conducive

learning environment for the workforce and train them to cope with the upcoming challenges more easily and in time (Wei-Tai, 2006).

Amongst the important function of human resource management, one of the crucial function is employee development through proper training and development programs. Employee development refers to the capacity and capability building on an employee, and thus as of whole organization, to meet the standard performance level (Elena P. 2000). More the developed employees, more they are satisfied with their job, hence increasing the firm productivity and profitability. (Champathes, 2006).

In spite of the large number of researches on the relationship between training and employee performance, there appears to be a gap, concerning the study of effect of training on employee performance. The purpose of this study is to close this gap by deeply investigating this phenomenon through the relevant literature, shedding more light into the relationship of training effectiveness, and superior employee performance and providing suggestions to the firms as how they can make best use of training programs to make their employees perform well on job.

## **2. Research problem**

This study begins from the realization of the need to effectively administer the effect of training on employee performance. Training is a systematic process to enhance employee's skill, knowledge and competency, necessary to perform effectively on job. Overall, training impacts organizational competitiveness, revenue and performance. Unfortunately, the majority of governmental, private organization and international organizations are not recognizing the importance of training to increase their employee's productivity and when the economy slows or when profits decline, many organizations first seek cuts in their training budgets. This will leads to high job turnover then increase the cost to hire new employees which low down the organizational profitability.

Past researches proved a positive link between training and employee performance, as training brings benefits for the employee along with for the firm by positively impacting employee performance through the enhancement of employee's competencies and behaviour. Firms that focuses on shareholders and customer satisfaction realized the importance of investing in training, and thus recognizes the worth of employee development (Evans and Lindsay, 1999).

Keeping above discussion in mind, the significant function of this study is to answer the following research question:

**Research Question: How training effect the employees' performance.**

Moreover, to find the answer to the above mentioned research question, the study highlights the critical review on the topic under consideration to better understand the phenomenon as to how effective training leads to superior employee performance and higher organizational returns and provide a checklist for improving employee performance through designing effective training programs.

**3. Research objectives**

Through the relevant review of different studies, reports, periodicals and books, on the topic under consideration, following objectives could be drawn:

- To investigate the meaning and importance of training.
- To identify the significance of employee performance.
- To explore the relationship between Training and employees performance.
- To develop guideline for assessing the employee performance

**4. Review of Literature**

In the fast pace changing world of business and environmental uncertainty, organizations realize its limitation of dealing with new challenges (Tai, 2006). However te further states that the firms should invest in training programs to make their employees competent enough to face uncertainties and take effective decision in time, in order to remain competitive in the market. Effective training is beneficial for the firm in variety of ways, such as, it plays a vital role in building and maintaining capabilities, both on individual and organisational level, and thus participates in the process of organisational change (Valleet al., 2000). Moreover, it enhances the retention capacity of talented workforce, hence decreasing the unintentional job rotation of the workers (Jones and Wright, 1992; Shaw et al.,1998). Furthermore, it indicates the firm's long-term commitment towrds its workers and increases the employee's motivational level (Pfeffer, 1994*Training*

Effective training and development programs aimed at improving the employees' performance. Training refers to bridging the gap between the current performance and the standard desired performance. Training could be given through different methods such as on the coaching and mentoring, peers cooperation and participation by the subordinates. This team work enable employees to actively participate on the job and produces better performance, hence improving organizational performance.

Training programs not only develops employees but also help an organization to make best use of their

humane resources in favour of gaining competitive advantage. Therefore, it seems mandatory by the firm to plan for such a training programs for its employees to enhance their abilities and competencies that are needed at the workplace, (Jie and Roger, 2005).

Training refers to a planned intervention aimed at enhancing the elements of individual job performance” (Chiaburu and Tekleab, 2005). It is all about improving the skills that seems to be necessary for the achievement of organizational goals. Training programs, may also help the workforce to decrease their anxiety or frustration, originated by the work on job (Chenet al., 2004). Those workers who feel themselves to be unable to perform a task with the desired level of performance often decide to leave the firm (Chen et al., 2004), otherwise their stay at firm will not dd to productivity (Kanelopoulos and Akrivos, 2006). The greater the gap between the skills necessary and those possessed by the workforce, the higher the job dissatisfaction of the workers. Rowden (2002), suggest that training may also be an efficient tool for improving ones job satisfaction, as employee better performance leads to appreciation by the top management, hence employee feel more adjusted with his job. According to Rowden and Conine (2005), trained employees are more able to satisfy the customers and (Tsai et al., 2007), employees who learn as a result of training program shows a greater level of job satisfaction along with superior performance.

#### *4.1 The Importance of Training*

Training is important and an imperative tool for the organization to revamp the performance of all the personnel for organizational growth and success. It is beneficial to both employers and employees of an organization. An employee will become more efficient and productive if he is trained well. Firms can develop and enhance the quality of the current employees by providing comprehensive training and development. Training is essential not only to increase productivity but also to motivate and inspire workers by letting them know how important their jobs are and giving them all the information they need to perform those jobs (Anonymous, 1998). The general benefits received from employee training are: increased job satisfaction and morale , increased motivation , increased efficiencies in processes, resulting in financial gain, increased capacity to adopt new technologies and methods, increased innovation in strategies and products and reduced employee turnover.

#### *4.2 Employee performance*

According to Hawthorne studies, and many other research work on productivity of worker highlighted the

fact that employees who are satisfied with their job will have higher job performance, and thus supreme job retention, than those who are not happy with their jobs (Landy, 1985). Moreover, it is stated that employees are more likely to turnover if they are not satisfied and hence demotivated to show good performance. Employee performance is higher in happy and satisfied workers and the management find it easy to motivate high performers to attain firm targets. (Kinicki and Kreitner, 2007). The employee could be only satisfied when they feel themselves competent to perform their jobs, which is achieved through better training programs.

Recognizing the role of training practices, enable the top executives to create better working environment that ultimately improves the motivational level as well as the performance of the workforce.

According to Leonard-Barton, (1992), an organisation that gives worth to knowledge as a source of gaining competitive edge than competitors, should build up system that ensure constant learning, and on the effective way of doing so is training. Pfeffer (1994) highlights that well-trained workforce is more capable of achieving performance targets and gaining competitive advantage in the market. Training is determined as the process of enabling employee to complete the task with greater efficiency, thus considered to be vital element of managing the human resource performance strategically (Lawler, 1993; Delaney and Huselid, 1996).

Employee's performance important for the company to make every effort to help low performers. Performance is classified into five elements : Planning, monitoring, developing, rating and rewarding. In the planning stage ,Planning means setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals. Monitoring is the phase in which the goals are looked at to see how well one is doing to meet them .Monitoring means continuously measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards . During the developing stage an employee is supposed to improve any poor performance that has been seen during the time frame one has been working at the company. During planning and monitoring of work, deficiencies in performance become evident and can be addressed.

The rating is to summarise the employee performance. This can be beneficial for looking at and comparing performance over time or among various employees. Organizations need to know who their best performers are at the end of the cycle is rewarding stage. This stage is designed to reward and recognise

outstanding behavior such as that which is better than expected.

#### *4.3 The relationship between Training and employees performance*

Most of the previous studies provides the evidence that there is a strong positive relationship between human resource management practices and organizational performance. (Purcell et al., 2003). According to Guest (1997) mentioned in his study that training and development programs, as one of the vital human resource management practice, positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job. This relation ultimately contributes to supreme organizational performance. The result of Farooq. M, & Aslam. M. K (2011) study depicts the positive correlation between training and employee performance as  $r=.233$ . Thus, we can predict from this finding that it is not possible for the firm to gain higher returns without best utilization of its human resource, and it can only happen when firm is able to meet its employees job related needs in timely fashion. Training is the only ways of identifying the deprived need of employees and then building their required competence level so that they may perform well to achieve organizational goals.

According to Swart et al., (2005), bridging the performance gap refers to implementing a relevant training intervention for the sake of developing particular skills and abilities of the workers and enhancing employee performance. He further elaborate the concept by stating that training facilitate organization to recognize that its workers are not performing well and a thus their knowledge, skills and attitudes needs to be moulded according to the firm needs. There might be various reasons for poor performance of the employees such as workers may not feel motivated anymore to use their competencies, or may be not confident enough on their capabilities, or they may be facing work- life conflict. All the above aspects must be considered by the firm while selecting most appropriate training intervention, that helps organization to solve all problems and enhance employee motivational level to participate and meet firm expectations by showing desired performance. As mentioned by Swart et al.(2005) this employee superior performance occur only because of good quality training program that leads to employee motivation and their needs fulfilment.

Generally, it can be debated that the effect of training program on employee outcomes such as motivation, job satisfaction and organizational commitment, did not received much attention so far. Rare work was done to test whether firms can affect their workers attitude, through proper training interventions. According to Lang (1992) training should be planned in such a way that it results in organizational commitment. On the other hand Gaertner and Nollen (1989) proposed that employees' commitment is a result of some human resource practices, that is, succession planning and promotions,



career development and training opportunities. All these practices, when achieved results in greater employee performance. Moreover, Meyer and Smith (2000), investigate the link between Human Resource Management practices and organizational commitment, so as to discover the causes of effective employee performance.

Although the above literature provides the evidences regarding the benefits of training and its positive influence on employee performance, Cheramieet al. (2007), argued that, management, mostly feel hesitant while investing in its human resource due to various reasons. Sometime, in spite of receiving effective and timely training programs, employee are intended to cash it for the sake of their own market value and employment opportunity, or willing to change job just because of higher salaries, and thus, firm investment in training results as a cost rather than profit. It is also observed that due to the resistance of the organization towards offering training, propels individuals to invest themselves for their career development and greater performance (Baruch, 2006).

As mentioned by Arnoff (1971), training sessions accelerate the initiative ability and creativity of the workforce and facilitate to avoid human resource obsolescence that may occur because of demographic factors such as age, attitude or the inability to cope with the technological changes. Obisi (2001), reported that training is a systematic process of enhancing the knowledge, skills and attitude, hence leads to satisfactory performance by the employees at job. He further mentioned that the need and objectives of the training program should be identified before offering it to the employees.

Scott, Clothier and Spriegel (1977) argued that training is the crux of better organizational management, as it makes employees more efficient and effective. They further elaborated that training practice is have a strong bond with all other human resource practices as (Mamoria, 1995), it enables employees to develop themselves within the firm and raise their market value in the market. Moreover, training supports to shape employees' job related behavior and facilitate them to participate for the success of the organization and ultimately firm gets higher return due to superior performance of its employees. Mamoria (1995), further mentioned that a well trained worker is able to make a best use of organizational resources along with minimum level of wastages. As stated by Ohabunwa (1999), when employees are well trained organization can delegate responsibility and authority to them with full confidence of ensuring organizational success.

## **5. Theatrical framework**

Being the intellectual property of the firm, employees proves to be a good source of gaining competitive advantage (Houger, 2006), and training is the only way of developing organizational intellectual property through building employees competencies.



Hence on the basis of the above review of literature, following proposition could be drawn:

**Proposition:** Those employees who receive periodical effective training sessions are more able to perform well on the job by increasing the quality of work, hence achieving organizational goals and gaining competitive advantage. (Wei-Tai, 2004). Delineated in Figure 1.

## 6. Research Methodology

This is an exploratory research based solely on insights drawn from the analysis of the existing literature of different studies, reports, periodicals and books related to the topic of study in order to investigate the relationships between training and employee performance. This research work will serve as a means to help acquire useful information or knowledge about the subject area. By drawing on the existing literature, not only the topic under consideration is theorized, but also formulates and discusses the proposition that will help illuminate and discuss some ways for the firms to understand the effect of training on employees' performance. As posited by Gummesson (2002, p. 283), one burdensome task with all research is not to collect or rather generate more data, but to interpret and combine what is already there and make some sense out of it. We submit to this assertion and try to make the most out of the insights we can get from the existing literature to address the phenomenon under study.

## 7. Researchers views and Suggestions

Based on the collection and analysis of results of studies, reports, periodicals and books related to the topic of study, the researchers found that managers do not recognize about the importance of training and its effect on employee performance or they believe that training increases the company cost. In an effort to correct the problem, management will decide that what these poor performers need is training. But unless poor performance is caused by a real lack of knowledge or skill, training will have little or no effect on the problem. So, how do you know when training is the remedy?. The researchers devised guidelines suitable for all companies to assess the employee performance. These guidelines are designed to determine the true cause(s) of the performance problem, and, in turn, how best to correct it.

### 7.1 Guidelines for Employee Professional Evaluation & Development

- Ability:

Evaluate the employee's physical ability and health issues, if there are any, to decide to what extent can he perform the job, in addition, evaluate the employee's present and past psychological state to decide if he or she has the mental ability to actually start or even continue the tasks. For example:

Kaiser Permanente has been ranked 3rd in 2012 in recruiting disabled employees', who constitute 5% or the workforce there, and assigned them tasks that could actually fit their capabilities . (Diversity Inc. 2011).

- Standards:

Evaluate how the employees perceive their jobs in term of understanding their tasks and duties, smooth cooperation with their supervisors, and awareness of time limits. Also, evaluate how goals and procedures are presented to employees in terms of clearance, and availability (soft or hard copies). For example, Halliburton's "zero" rule, which seeks to zero health incidents, is set, clearly, to both employees and visitors, even on their website to ensure safety in its facilities. (Halliburton)

- Knowledge and Skills:

Evaluate if the employees' background knowledge and adeptness are compatible with tasks and duties. If they are not, check if there is any training to narrow the knowledge and skill gaps. And if there are no trainings, decide whether it is absolutely necessary for the employee to complete the tasks. For example, most IBM employees need to have an electronic or computer skills background, but if some lack some of this knowledge; IBM will provide extensive trainings to close the gap. (Training Industry, 2012).

- Measurement:

Evaluate your employee evaluation if it is based on measuring the employees' performance in terms of task performance or if it biased to the employee. For example, the Accreditation Board of Engineering and Technology sends its evaluators overseas to evaluate college professors in terms of accreditation standards, while maintaining a completely un-biased status. (ABET).

- Feedback:

Check if the employee receives regular feedback on his or her work and performance or not. And if feedback is received, check if it is related to compensation, and if the employee chooses his evaluator. For example, Adobe has decided to relate performance feedback to annual salary increase. (ET, and Sengupta, 2012)

- Environment:

Check if the employee is surrounded by the necessary tools needed for task completion and if enough time is given for task completion, or if the working environment is comforting for task completion. For

example McDonald's provides all the necessary tools required for trainings, and accommodations to its working environment. (McDonald's)

- Motivation:

Check if there is any sort of incentive for good performance or punishment for bad performance. Additionally, for effective employees, check for any guard for those employees if they are punished with extra tasks to do just because of their good performance. For example JFC staffing company motivates its employees through the "employee of the month competitions". (JFC staffing company).

## 8. CONCLUSION

The main objective of every training session is to add value to the performance of the employees, hence all type of businesses design training and development programs of their employees as a continuous activity. Purpose of training is what employees would attain after experiencing the training program. Some of the organizations plan and implement the training program for their employees without identifying the purpose and objectives and without knowing what the knowledge, skills and abilities employees would learn at the end of the training program and whether they will be able to attain performance targets on job. Therefore, firm must design the training program with clear goals and objectives while keeping in mind the particular needs of both individual and the firm.

This study in hand chiefly focuses on the role of training in enhancing the performance of the employees. Training plays vital role in the building of competencies of new as well as current employees to perform their job in an effective way. It also prepares employees to hold future position in an organization with full capabilities and helps to overcome the deficiencies in any job related area. Training is considered as that sort of investment by the firm that not only bring high return on investment but also supports to achieve competitive advantage.

Employees referred as the rare, non-imitable and valuable resource of the firm and the success or failure of any business mainly relies on its employee's performance. Thus, organizations realizing the fact are willing to invest in training programs for the development of their employees. Effective training is considered to be a key factor for improved performance; as it can enhance the level of employee and firm competency. It supports to fill the gap between what performance is required and what performance is happening, i.e. gap between desired performance and actual employee performance. Training need referred to any deficit in performance, which can be relieved by appropriate training. There are different methods of overcoming deficiencies in employee performance on job, and training is one of them. Particularly

training develops skills, competency, and ability and ultimately improves employee performance and organizational productivity.

Training programs is the stimulant that workers require to improve their performance and capabilities, which consequently increase organizational productivity. Therefore, training should be designed on the basis of firm specific needs and objectives. Effective training is the thoughtful intervention designed at attaining the learning necessary for upgraded employee performance.

The research affirmed the proposition that training has a positive impact on employee performance.

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**Figure 1: Theoretical Model Representing Relationship Between Independent And Dependent Variable**

Independent Variable Dependent Variable