



## Benefits of employee training for developing economy

<b>Sonal Goyal</b>	Asst.Prof. MACW Jhajjar; H.E.S-II Lect. In commerce GSSS Dujana Jhajjar
<b>Nidhi Chhabra</b>	Asst.Prof. MACW Jhajjar; H.E.S-II Lect. In commerce GSSS Dujana Jhajjar

**ABSTRACT** Training and Development is vital to any business for sustained development and acts as a continuous process for improving the caliber and competence of the employees to meet the current and future performances. Employees are valuable resource (asset) of the organization. It provides a competitive advantage at any level: individual, organizational, and society. It consists of individual or employee and overall growth of the employee as when employees of the organization would develop the organization, organization would be more flourished and the employee performance would increase. This paper attempts to study benefits associated with training and development at different levels.

**KEYWORDS** Training and Development, Employee Performance, Developing Economy

**Introduction**

“Skilling your staff is good for your business and good for your workforce”

In a developing economy where uncertainty is the only certainty, training and development are becoming a reliable source of sustained competitive advantage. Imparting training is becoming basic capital and the trigger of development. All the levels workers will need to be lifelong learners, adapting continuously to changed opportunities, work practices, business models and forms of economic and social organization.

New era of customer orientation has changed market condition. So for sustainable growth firms constantly need to revise its product and service mix, managerial methods to increase productivity .These conditions actualize the human capital as the strategic resource of every organization. Employee training is becoming an optimal answer to complex business challenges, and the management of human capital is taking central role in modern management.

Training has successfully been used to reduce errors in such high-risk settings as emergency rooms, aviation, and the military. However, training is also important in more conventional organizations.

**Training** refers to planned efforts by a company to facilitate employee’s learning of job related competencies. Training is seen as one of several possible solutions to improved performance. Training and development activities allow organizations to adapt, compete, excel, innovate, produce, be safe, improve service, and reach goals.

Employee training is one of the best ways to accumulate knowledge, use knowledge, update knowledge, as well as transfer it to other people in the organization. By instilling knowledge is the best way to convert a manual worker into a white collar worker and into a knowledge worker. It requires that they should have the ability to manage themselves, the ability of problem solving, and decision making, as well as *continuing learning consciousness*.

**According to the Michel Armstrong**, “Training is systematic development of the knowledge, skills and attitudes required by an individual to perform adequately a given task or job”. (Source: A Handbook of Human Resource Management Prac-

tice, Kogan Page, 8th Ed.,2001)

**According to the Edwin B Flippo**, “Training is the act of increasing knowledge and skills of an employee for doing a particular job.”(Source: Personnel Management, McGraw Hill; 6th Edition, 1984)

**Development:**

Employee development programs are designed to meet specific objectives, which contribute to both employee and organizational effectiveness. There are several steps in the process of management development. These includes reviewing organizational objectives, evaluating the organization’s current management resources, determining individual needs, designing and implementing development programs and evaluating the effectiveness of these programs and measuring the impact of training on participants quality of work life. In simple way, it can be denoted as per the following formula.

**Employee Development =** Employee Education + Employee Skills + Training Effectiveness + Employee Quality of work life.

**Objectives of the Study:**

- To study how training and development helps in a developing economy
- To study the current position of training in India
- To study the benefits of training at various levels

**Research Methodology**

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports.

Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study.

Available secondary data was extensively used for the study. Different news, articles, books and web were used which were enumerated and recorded.

**In current scenario of developing economies** like India most organizations having deficiency of sufficient budgets for purchasing training programs for the workers from consulting firms

or business consultants or outsourcing. Indian organizations on average spent US \$331 per employee on training and development in 2011, according to a study on learning and development trends in India, by the American Society for Training & Development (ASTD) and Harvard Business Publishing (HBP).

**Corporate Training Initiatives in INDIA:** In the last few years Indian organizations have made exceptional progress in terms of their training initiatives.

- This is mainly due to the increase in competition and because of the entry of multinational companies in India, which has forced them to look for various alternatives to develop organizational effectiveness. Training is considered as more of a retention tool than as a cost to the organization.
- Not only have organizations increased their investment in training and development practices, but they have also systematized training policies and practices right from the training need analysis to training evaluation and feedback. The training system in the Indian industry has been distorted to create a smarter workforce and yield the best results.

The optimum utilization of human resource is the target of any organization and training is a tool to increase business outcomes. In the year 2008, four organizations from India were able to get entry in the winner list of 40 best organizations.

- These organizations were: Reliance industries Limited, Nagothane manufacturing division having strength of 2,157 employees, Infosys Technologies Limited having 79,016 employees, Wipro Limited having 60,000 employee strength and ICICI Bank Limited with employee strength of 40,880. This is an optimistic sign which clearly shows that organizations operating in India are also very serious about their learning and development function.

In **India**, employment growth is almost exclusively concentrated in the informal economy, where more than 90 per cent of India's workers are employed at low levels of productivity and income. Half of the country's population over the age of 25 has had no education and an additional third have at best primary schooling. Four out of five new entrants to the workforce have never had any

Opportunity for skills training and development. While enrolment in technical education institutions has increased (from 2.1 million in 2000 to some 3.8 million in 2005), there is a very high drop-out rate in these institutions. There is a huge shortage of teaching faculty in engineering colleges. At the same time, significant skills shortages are reported throughout the formal economy. In the information technology sector alone, the current deficit in engineers is estimated to be around half a million.

In order to address these challenges, India adopted an ambitious National Skills Development Policy in 2009. Its main aim, in the words of the Union Minister for Labour and Employment, is to empower all individuals through improved skills, knowledge and internationally recognized qualifications to give them access to decent employment and to promote inclusive national growth. It is envisaged, among other things, to increase vocational training capacity to 15 million students over the 11th Five Year Plan period (2007-12).

#### Benefits of training and development in developing economy

- Benefits to Individual/employee
- Benefits to Organization
- Benefits to Society



#### Benefits to individual /employee

**Competency Mapping:** This is a way of assessing the strengths and weaknesses of a worker or organization. It's about identifying a person's job skills and strengths in areas like teamwork, leadership, and decision-making and during training sessions as well. Large organizations may use some form of this technique to understand how to best use each worker.

**Career Competencies:** Employees get a lot of benefits from the employee training and development program. Employees understand that training program can directed to superior duties and higher remuneration (Fenn1999). Furthermore, helping workers to improve their skills and knowledge to cope with the future requirements, lead to job satisfaction.

Training is a means of maintaining, rising, and satisfying talent. Training has evolved into not only a means of maintaining employees' skills, but also a strategy to retain, develop, and reward key talent.

**Employee Satisfaction:** Training increase organization's reliability for the reason that employees recognize their organization is spending in their future career (Rosenwald 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).

**Motivational Tool:** Motivation goes way up when people know that they can move up in a organization. Training is proved to be a tool to motivate the employees who further result into better or improved performance. Treating employees like "human capital" by using the motivation strategies and techniques of management science could help achieve the common goal of management: enhance productivity, increase efficiency, boost quality and moral. The quality and variety of the employee training companies provide is key for motivation.

**Employee performance:** Training is positively effects on the employee performance of the employees. The employees who are trained need lesser supervision than those who are not. A trainee acquires new knowledge, skills and attitudes and applies them in job situation. "Training is a way to create the confidence among the employees so that they can operate the tasks without any obstruction with all efficiency and effectiveness."

#### Benefits to the organization

**Market growth:** Training and development programs are helpful to face the competitive and challenging environment. Training programs are specifically tailored to the requirement of each individual and through behavioral changes required for business success, help increase revenue growth and market share. The training will also provide the client with the tools to develop deeper, more meaningful relationship with the organization and with others.

#### Organizational performance:

"To conduct training programs is to save money" in business world "training and development" refers to support in an organization in internal human resource efficiency and improves the process. One of the most important benefits of training for an organization is that, it provides skills inside the organization which reduces overall cost of an organization's operations. Quality is one of the key features required for survival of an organization in long term.

**Training- as helpful mechanism in competitive advantage:** companies have realized that in today's competitive business milieu, the quality of people one employees will make all the difference. Training develops skills and abilities for full performance and career advancement and growth

which would lead to increased firms performance in terms of profitability and productivity.

**Employee retention:** High employee turnover may be a serious threat to an organization existence, major benefit of training is that it reduces staff turnover and help an organization to retain its staff. . Training contributes to employee stability in at least two ways. Employees become efficient after undergoing training. Efficient employees contribute to the growth of the organization Growth renders stability to the workforce. By investing the appropriate training in employees, they will develop a greater sense of self worth as they become more valuable to the organization. Training is a bridge that can lead to employee satisfaction and a higher retention rate for your organization.

#### Improved organizational image:

Organization which provide training to their employees have better image in the market. When your employees are trained and feel that they can continue to grow with you, it gives your business a better image in their eyes and everyone else's. You'll find that your business will become known as one that cares about its employees and ensures that they are not only happy in their job, but, happy overall in their life as well

#### Benefits to the society

**Global talent mobility:** Many still focus on driving global talent mobility, aiming at efficient movement of high performers around the world. Long term, sustained growth in new markets is likely to rely on successfully identifying, engaging, developing and retaining local talent.

"Further progress in the commercial sphere can only come through engagement in the process of globalization and through the development of national human resources via training, education, and research

**Optimal use of available resources:** Training and development helps us to focus on scientific and technological innovation through research and development which will help to make optimal use of available resources.

The **Knowledge Society** relies on the quality of human capital, education, research and innovation policies, key to boost growth.

**Achieving societal prosperity:** People centered approach assumes that investment in human capital is fundamental for achieving societal prosperity.

Creating a society of skilled, flexible and creative people, with opportunities for quality education and life-long learning available to all, and a flexible and appropriate mix of public and private funding.

**Sustaining economic growth:** "the most competitive and dynamic knowledge-based economy in the world, capable of sustaining economic growth with more and better jobs and greater social cohesion"

**Employment generation:** Today young people with low skill levels are finding it hard to secure jobs. With the help training people will become more skilled and competent, leading to employment generation.

**Higher standard of living:** Higher levels of training attainment lead to a more skilled and productive workforce, producing more efficiently a higher standard of goods and services, which in turn forms the basis for faster economic growth and rising living standards.

**Equity and inclusive growth:** Training contributes to greater social equality between women and men. As women face widespread barriers in seeking to achieve the goal of equality of opportunity and treatment in employment. Gaining new and higher-level skills can both help more women to enter the employment market and contribute to lowering gender disparities in the employment market.

**Help to minority and disabled sector:** by providing training to minority and disabled person will help them to come at par. It will increase their skills and competitiveness.

**To develop second carrier/ Second Career" program:** People who work after a break can be recruited as (Re-) training displaced workers. Laid-off workers with training in occupations deemed to be in high demand as in order to better meet local needs as well as to avoid duplication of effort across levels of government. Programs already in use with proven track records were expanded to support workers training for new jobs.

**Impact on GDP:** GDP and employment growth move closely together. Training to workforce in specific skills not only provides them with access out of poverty, but contribute to the growth of national GDP.

**Other benefits:** Investment in education and training is important, not only for its direct contribution to growth but also for the indirect externalities that creates, as these eventually feed back into the growth process. Extending benefits are not only economic. They also include improvements to the environment, better health and reduced crime rates.

#### Conclusion

The training is not only cultivating work knowledge and skills, developing productivity for the production and services, but rather impacts on modification of employees' attitude and behavior for performing work. The prosperity of organizations becomes explicitly dependent on the intellectual capacity of their employees and their ability to change and adjust to the dynamic business environment. Employee is a valuable resource (asset) of the organization. We have seen that through training, employee morale and satisfaction, organization productivity and service quality improves and also accelerates the individual and societal growth. Many challenges are ahead; but now, more than ever, the training field lives in interesting times. These organizations understand that training helps them to remain competitive by continually educating their workforce. They understand that investing in their employees yields greater results. A sustained economy relies on the quality of training given to convert a worker into trained worker is key to boost growth.

We look forward to what will be effect of technology on training in the coming times.

#### REFERENCES

- Vemić.J, Employee Training and Development and The Learning Organization, Series: Economics and Organization Vol. 4, No 2, 2007, pp. 209 - 216 • Salas. E.& Tannenbaum.S.I & Kraiger.K & Smith-Jentsch.K.A, The Science of Training and Development in Organizations: What Matters in Practice Psychological Science in the Public Interest 13(2) 74-10 © The Author(s) 2012. • Dorjkhuu.O, Employee Training Methods for Developing Economy; National Academy of Governance of Mongolia 23 Jul, 2013 • Khosla.S, Emerging Organizational Trends in Training & Development in India (JBM&SSR) ISSN No: 2319-5614 Volume 4, No.1, January 2015 • Hameed.A & Waheed.A, Employee Development and Its Affect on Employee Performance A Conceptual Framework (IJBS) Vol. 2 No. 13 [Special Issue - July 2011] • A Skilled Workforce for Strong, Sustainable and Balanced Growth: A G20 Training Strategy International Labour Office – Geneva, 2010 ISBN 978-92-2-124277-2 (print) • Raymond A Noe, "Employee Training and Development" McGraw-Hill • P.L.Rao., "Enriching Human Capital through Training and Development", Excel Books • <http://timesofindia.indiatimes.com/business/india-business/Companies-spent-331-per-employee-on-training-development-in-2011/articleshow/22463818.cms>