



Training and Development – Its importance in Employee Retention

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Abstract: *To understand the importance of training and development as a factor influencing employee retention, the responses received for the five questions associated with this factor has been analyzed. With the advent of new technologies evolving at regular time intervals it is very important for IT employees to upgrade their skills to be competitive and to be a value adds to the organizations technological pursuits. In this context training and development for all employees is a very important, for the employees to feel that they have sufficient knowledge on cutting edge technologies. This paper mainly focuses on what IT employees think about training and development and how it influences them to stay or move out of an organization.*

Key words: Employee Turnover, skills, Google India, Employee Attrition.

Introduction

In the ever changing face of IT industry, employee turnover is a part of corporate life and it is a huge challenge to the organizations to retain their key employees. There is a huge latent employee turnover costs which is impacting the organizations bottom line and they are seriously working to reduce it, these days. Organizations of all sizes and types are recognizing that they are engaged in a struggle to retain talent and are working towards that. A wall street journal article states that “Job hopping prevails amid a cornucopia of vacancies”. In this context, the biggest challenge for an IT organization is how to retain their employees, especially those who are considered Key employees and having high potential and are irreplaceable.

People can hop jobs for variety of reasons and some of those could be incomprehensible. But many studies conducted in the area of employee

retention have identified that there could be some common factors that would influence an employee to retain with an organization. Job satisfaction, the roles and responsibilities of the employee, compensation and benefits, supervision, growth, training and development etc are a few to name.

In pursuit of identifying those key factors - that would influence employee retention, the data was collected from 402 employees from different organizations in Hyderabad city of Andhra Pradesh state. These professionals are at different levels in the organizational hierarchy. For the purpose of the study, the sample is categorized as senior level, middle level, entry level based on the designation of the employees.

The primary data was collected by campaigning exhaustively with a questionnaire to answer which tried to dig deep into their perceptions on their organization and how various job factors would influence them in their decision to remain with

their organization or to move on. This paper mainly focuses on what IT employees think about training and development and how it influences them to stay or move out of an organization.

Training and Development- as a factor for retention

To understand the importance of training and development as a factor influencing employee retention, the responses received for the five questions associated with this factor has been analyzed. With the advent of new technologies evolving at regular time intervals it is very important for IT employees to upgrade their skills to be competitive and to be a value adds to the organizations technological pursuits. In this context training and development for all employees is a very important, for the employees to feel that they have sufficient knowledge on cutting edge technologies. This is one of the major factors that influences employee retention is undisputable. Many organizations have policies around the minimum amount of training that is mandatory for all employees in a calendar year. It could range from 16 hours to 80 hours a year. In some cases it could be even more. Google India for example has

60 hours of mandatory training for an employee in a year.

It can be inferred from the below table that 74.65 of entry level employees and 69.9 per cent of middle level employees felt that learning and development opportunities were available in their organization to help them build skills, it is observed that only 51.1 per cent of senior level employees felt that way. 25 per cent of senior level employees, 13.3 per cent of middle level employees and 14.4 per cent of entry level employees are undecided about the same. A whopping 23.9 per cent of senior level employees feel that they have no learning and development opportunities in their organization to help them build skills. 16.8 per cent of middle level employees and 11 per cent of entry level employees also feel the same way. The chi square value of 19.39* is found to be significant at 0.05 level. This confirms that there is a significant difference in the responses received from employees on the learning and development opportunities available at the organization to build their skills. More senior level employees tend to disagree with the above statement when compared to the middle level and entry level employees.

Table-Training & Development

Sl. No	Questions	Levels	SD	D	UD	A	SA	Total	Chi-square
1	Learning & development opportunities are available at	Senior	3 (3.4)	18 (20.5)	22 (25.0)	33 (37.5)	12 (13.6)	88 (100.0)	19.39*
		Middle	2 (1.8)	17 (15.0)	15 (13.3)	67 (59.3)	12 (10.6)	113 (100.0)	

	this organization to help me build skills.	Entry	2 (1.0)	20 (10.0)	29 (14.4)	121 (60.2)	29 (14.4)	201 (100.0)	
2	The organization provides employees with many opportunities to grow and learn without relying on promotions	Senior	1 (1.1)	22 (25.0)	22 (25.0)	38 (43.2)	5 (5.7)	88 (100.0)	13.56
		Middle	2 (1.8)	24 (21.2)	21 (18.6)	58 (51.3)	7 (8.1)	113 (100.0)	
		Entry	2 (1.0)	24 (11.9)	64 (3.8)	101 (50.2)	10 (5.0)	201 (100.0)	
3	The organizations provide support needed to develop my ideas that will help make it more successful.	Senior	1 (1.1)	10 (11.4)	26 (29.5)	38 (43.2)	13 (14.8)	88 (100.0)	11.52
		Middle	1 (0.9)	16 (14.2)	29 (25.7)	62 (54.9)	5 (4.4)	113 (100.0)	
		Entry	2 (1.0)	17 (8.5)	60 (29.9)	108 (53.7)	14 (7.0)	201 (100.0)	
4	I clearly know what I need to do to gain the required skills and experience to be prompted.	Senior	4 (4.5)	9 (10.2)	17 (19.3)	47 (53.4)	11 (12.5)	88 (100.0)	19.27*
		Middle	1 (0.9)	10 (8.8)	11 (9.7)	79 (69.9)	12 (10.6)	113 (100.0)	
		Entry	-	20 (10.0)	40 (19.9)	126 (62.7)	15 (7.5)	201 (100.0)	
5		Senior	2 (2.3)	10 (11.4)	14 (15.9)	57 (64.8)	5 (5.7)	88 (100.0)	16.96*

I am clearly aware of organization goals and how I can align my career growth by contributing to them.	Middle	3 (2.7)	10 (8.8)	11 (9.7)	81 (71.7)	8 (7.1)	113 (100.0)	
	Entry	1 (0.5)	16 (8.0)	52 (25.9)	125 (62.2)	7 (3.5)	201 (100.0)	

*Significant at 0.05 level

This observation should be a serious concern for all organizations as close to half the senior employees are either undecided or feels that they have no learning opportunities in the organization. Organizations should have a training curriculum in place and based on the designation of the employees, they should encourage them to undergo the training needed for their personal growth at the same time which could add value to the organization. Organizations should make an investment in the employee’s career development to arrest employee attrition.

Less than half of the senior management employees (48.9 per cent) feel the organization provides them opportunities to grow and learn without relying on promotions. 69.9 per cent of middle level employees and 55.2 per cent of entry level employees also feel that way. One fourth of the senior level employees 25 per cent, 15.6 per cent of middle level employees and 3.8 per cent of entry level employees feel that they are undecided about the same. 26.1 per cent, 2.3 per cent and 12.9 per cent of employees from senior level, middle level and entry levels respectively feel that it is not the case and the organization does not provide opportunities to grow without relying on

promotions. The chi square value of 13.56 is found to be not significant. Thus we can conclude that here is no significant difference in employee opinions across various levels of the organization on company providing them with opportunities to grow and learn without relying on promotions. It is imperative that as people scale up the organizational hierarchy the number of promotions they can expect reduces. There could be stagnation at a particular position. To avoid that feeling amongst the employees organizations can create sub levels for a position just to satiate the employees self esteem by moving them within the sublevels of the position. Even otherwise organizations should make sure sufficient opportunities are provided to the employees to increase the learning. This would help reduce employee attrition.

“The organizations provide support needed to develop any ideas that will help make it more successful” – 58 per cent of senior level employees, 59.3 per cent middle level employees and 60.7 per cent of entry level employees respectively either agree or strongly agree with that statement. More than a quarter of employees at all levels – 29.5 per cent, 25.7 per cent and 29.9 per cent of senior level,

middle level and entry level respectively are undecided about it. 12.5 per cent, 15.1 per cent and 9.5 per cent of senior level, middle level and entry level employees either disagree or strongly disagree about the same. They think they do not have the needed support for developing their ideas. The chi square value is found to be 11.52 which is not significant. We can thus conclude that there is no significant difference in employee's responses on organizations providing them sufficient support to develop their ideas.

Organizations should encourage employees to share their ideas in a forum and based on the merits of the same – should be considered for taking them to next level. Employees should be encouraged to come up with good ideas and should be recognized if their ideas are good enough to be implemented. This will motivate the employees and more importantly make them retain with the organization for a longer duration.

“I clearly know what I need to do to gain the required skills and experience to be promoted” – While only 65.9 per cent of senior level employees agree or strongly agree with the above statement, 80.5 per cent of middle level and 70.2 per cent of entry level employees feel they agree with it. While 19.3 per cent, 9.7 per cent and 19.9 per cent of employees at senior level, middle level and entry level respectively feel they are undecided about it. 14.7 per cent, 9.75 per cent and 10 per cent respectively feel they disagree or strongly disagree about the same. They feel they have no idea on what they need to do to move to the next level. The chi square value is found to be 19.27* which is significant at 0.05 level. This means there is a significant difference in employee responses on what to do in knowing skills required to get promoted. More senior level employees disagree

with it when compared to the middle level and entry level employees.

As discussed earlier it is not possible to give promotions to all people periodically as organizations need to maintain their organization pyramid. It would be right for the organizations to set the expectations right to all the employees upfront. Training should be given to all the employees on skills that are needed to move to the next level.

Based on the data analysis in the above table it can be concluded that 70.5 per cent of senior level employees, 78.8 per cent of middle level employees and 65.5 per cent of entry level employees feel that they are clearly aware of their organizations goals and how they can align their career growth by contributing to them. A quarter of entry level employees at 25.9 per cent, 9.75 of middle level employees and 15.9 per cent of senior level employees are undecided about the same. From the sample, 13.75 of senior level employees, 11.5 per cent of middle level employees and 8.55 of entry level employees disagree or strongly disagree with the above statement though. They feel they are not aware of organization goals and how they can align their career growth with that of the organization. The chi square value is found to be 16.96* which is significant at 0.05 level. This means there is a significant difference in the employee responses received on how to align their career growth with that of organizational goals based on their position in the organization. Fresh graduates stepping into the corporate world, there could be a lot of confusion as to what is expected of them and what their expectations should be. It is very important for the team management to spend more time with the entry level employees in clearly making them aware of the organizations expectations on them and how that could shape up their career and

growth along with that of the organization. Organization should periodically communicate to their employees their goals, the company policies and where it wants to be in the short term and long time tenures. This way the employees could be clear about the direction of the company of what they need to do to align themselves to move in that direction.

Conclusion:

With new technologies evolving by the day, it is very important for IT employees to upgrade their skills in order not to become obsolete with respect to their skills set. In this context training and development for all employees is a very important, for the employees to feel that they have sufficient knowledge on cutting edge technologies. This is one of the major factors that influences employee retention is undisputable and the same came can be analyzed from the data. Also, according to the Business Today and Indicus people strong survey of India's best employers of 2010 it is identified, that 39 per cent employees feel that learning opportunity will make a company attractive to them.

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