

IMPACT OF TRAINING AND DEVELOPMENT ON EMPLOYEE RETENTION AT LEADING FOOD AND AGRI BUSINESS COMPANY

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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.

Key words: Training and development, Employee retention

Introduction

Organisations expect their employees to stay in the organisation for long time but it turns upside down. There are many ways to retain the employees, among them training and development could be one such way to retain the employees. Training and development are a methodical approach to improve and hone the employee skills, abilities and to impart the unknown knowledge for the purpose of increase organisational effectiveness, According to 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. (Aguinis & Kraiger, 2009)

More recently, researchers have become intended to understand the appropriate mechanisms that underlie this relationship (e.g. Koster, de Grip, & Fouarge, 2011). For example, Koster et al. (2011) found that job satisfaction partially mediated the relationship between perceived support in employee development and intention to quit. In contrast, Dysvik and Kuvaas (2008) showed that intrinsic motivation partially mediated the relationship between perceived T&D and turnover intentions, and Newman, Thanacoody, and Hui (2011) demonstrated that perceived availability of training was indirectly related to turnover intentions via affective and continuance commitment. Extant literature shows that a lack of research regarding the training and development influence employee in the context of employees working in food and agri business industry. Our research is framed around employees working in food and agri business units, which is pertinent to study as they face the challenges of retaining employee and also it costs them heavily in terms of return on investment on recruitment. In such context, the organisation wants to invest in employees' upgradation which will greatly benefit them to retain the most talented employees. Kauffman (2010) argues that when it comes to improve employee retention, it is important to use grass-root employees to involve program like training in the firm's business.

Review of Literature

Training and development

TRAINING

Any progressive employees keep upgrade, learn, upskill themselves, of course, it is a costly business for the organisation to impart training, but in long run it pays dividends in terms of retaining employees with their fullest efficiency and effectiveness. Moreover, a wise strategy to engage and retain the employees. According to (Koster et al., 2011 T&D gives the employee opportunities to acquire and develop valuable resources in the form of skills, abilities and knowledge). Thus, it represents a crucial

way to increase employee retention as it elicits strong obligations, within the employee, to repay the organization for investing in their personal and career development (Lee & Bruvold, 2003).

According to Horwitz (2008) skills shortages are a threat to economic growth. He argues that retention strategies are critical in a global market that is faced with the shortage of skilled workers. The skills shortage challenge is not a South African phenomenon alone. It is therefore important for business, government public and private sector leaders to address this critical component of employee retention for competitiveness and service delivery. Eva Kyndt et al (2009) revealed that training has a significant impact to change the turnover thoughts and is a predominant factor that helps in originating the intentions of turnover. Those employees that are highly committed to the organization have lower turnover thoughts. Training associates between commitment and retention. 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 creates a sense of belongingness among employees.

Vlad Vaiman (2008) Organizations focus on trainings in order to maintain attractiveness and competitive as compared to others in the external environment. This enhances the organizational status in the eyes of knowledgeable employees and makes them to think that no one cares about you more than us.

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.

Moseley et al. (2008) state that employee retention is important to organizations as increased turnover creates instability and puts additional workload and stress on remaining staff, increasing job dissatisfaction and therefore potentiating the turnover cycle. Recent trends also show that employees now have a desire to obtain fresh skills.

Transfer of training

W.B. Kolesnik defines it as “the application of carry over the knowledge’s, skills, habits, attitudes or other responses from the situation in which they are initially acquired to some other situation.”

There are three types of transfer of learning:

1. Positive transfer:

When learning in one situation facilitates learning in another situation, it is known as positive transfer. For example, skills in playing violin facilitate learning to play piano. Knowledge of mathematics facilitates to learn physics in a better way. Driving a scooter facilitates driving a motorbike.

2. Negative transfer:

When learning of one task makes the learning of another task harder- it is known as negative transfer. For example, speaking Telugu hindering the learning of Malayalam. Left hand drive vehicles hindering the learning of right-hand drive.

3. Neutral transfer:

When learning of one activity neither facilitates nor hinders the learning of another task, it is a case of neutral transfer. It is also called as zero transfer. For example, knowledge of history in no way affects learning of driving a car or a scooter. Theories of Transfer of Learning:

There are two important theories which explain transfer of learning. These are known as modern theories.

1. Theory of identical elements:

This theory has been developed by E.L. Thorndike. According to him most of transfer occurs from one situation to another in which there are most similar or identical elements. This theory explains that carrying over from one situation to another is roughly proportional to the degree of resemblance in situation, in other words- more the similarity, more the transfer. The degree of transfer increases as the similarity of elements increase. For example, learning to ride moped is easy after learning to ride a bicycle. Here, transfer is very fast because of identical elements in both vehicles. Thorndike was convinced that the method used in guiding a pupil’s learning activities had a great effect upon the degree of transferability of his learning.

2. Theory of generalization of experience

This theory was developed by Charles Judd. Theory of generalization assumes that what is learnt in task 'A' transfers to task 'B', because in studying 'A', the learner develops a general principle which applies in part or completely in both 'A' and 'B'. Experiences, habits, knowledge gained in one situation help us to the extent to which they can be generalized applied to another situation.

Generalization consists of perceiving and understanding what is common to a number of situations. The ability of individuals to generalize knowledge varies with the degree of their intelligence.

Retention

Retaining best talents is a primary challenge for most organizations. Experts have developed several employee retention theories substantiates to retain their employees in the organisation. They help organizations to understand the best practices for keeping employees. Job embeddedness theory argues that the connections of employees to their organizations determine if they leave their positions or stay. For instance, where the employee feels fit for the job such as if they have the necessary job knowledge, personal skills, a favorable working environment and the connection with the community. Links with the community and the organization can make an employee to be stuck in an organization. Lastly, if the employee feels that they will be sacrificing good relationships they have nurtured with their colleagues, or if they are forfeiting good projects or programs, they might stay.

Maslow's hierarchy of needs

This theory emphasizes on the need of companies to consider the basic requirements of their employees including health, job security and payment. They can then advance to the position of the employee in the organization. When employees know that you care about their health and that their job is guaranteed, they will be committed to the company.

Herzberg's theory(Motivator-hygiene)

The Herzberg's theory focuses on two broad categories of factors, which determine employee retention rate. They include motivator and hygiene factors. The motivator factors lead to employee satisfaction whereas the hygiene elements cause dissatisfaction. Motivator factors according to the theory include recognition, achievement, work, growth, and advancement. On the other hand, hygiene factors include a relationship with boss, supervision, salary, relationship with colleagues, work conditions and the company's policy. Equity theory has been used in social studies to explain relationships. In business or organizations, it is often used to substantiate the relationship between employees and their employer. Employees will compare their individual input/output and the input and outcomes of their colleagues. In other words, they tend to establish the equitable treatment. In this case, inputs may include expertise, experience, qualifications, time and personal qualities. Outcomes, on the other hand, include benefits, monetary compensation, and flexible work arrangements. If employees perceive inequity, they might decide to leave the company T&D gives the employee opportunities to acquire and develop valuable resources.

As a result, employees look for organisations that are prepared to afford them some training and development opportunities. This can be in the form of bursaries on the job training and ongoing development opportunities. This results in affective commitment because the employees will strongly identify with the organization if their personal goals are being met by the organisation (Coetzee and Schreuder 2013). This affective commitment often prompts employees to stay with the organisation. Therefore, it is very important for any organization to provide its employees with adequate training and keep track on their level of job satisfaction.

Statement of problem

Organisation cannot afford to leave talented employees after they invest in talent acquisition process. Schuler and Jackson (2006) also state that recruiting employees to meet the organization's human resource demands is only half of what is needed in talent management. The need to keep these people is another battle. Organizations that have lower labour turnover rates gain a competitive advantage through a reduction in overall labour costs and an increase in productivity. Hence, this study is to determine the relationship between training and development and employee retention and impact of training and development on employee retention.

Objectives

To determine the relationship between training and employee retention

To ascertain the extent of influence training has on employee retention

Research design

Researcher wants to describe what has happened and it is happening. In this present study, the researcher has attempted to find out the impact of training on turnover intention. Hence, descriptive research design has been adopted to study the impact of training and development on turnover intention.

Sampling method

Stratified random sampling was adopted to administer the questionnaire. Stratified random sampling was adopted to administer the questionnaire. 450 employees were categorized into 6 grade levels from G1 to G6. From the stratified sample, 20 were taken from each stratum.

Population

The organisation consists of 450 employees, out of that, 120 employees were chosen as sample for the purpose of data collection.

Tools

To measure training, the standardized tool –

Northwest Preparedness and Emergency Response Learning Center (NWPERLC) used by the Public Health Management department in 2013. To measure employee retention, the tool standardized by Egan et al (2004) and also used by Arnold (2005), Hytter (2007), Kassim (2006), Lindsey & Kleiner (2005) and Whitt (2006). The questionnaire comprised of 19 items totally, 14 items measuring training and 5 items measuring the employees' intention to retain in the organization.

Reliability

The Cronbach's alpha score of 0.73 for the questionnaire measuring training and 0.68 for the items measuring employee retention show that the scale of measurement is a moderately reliable in the context in which it was used.

HYPOTHESIS TESTING:

H₀: There is no significant relationship between training and employee retention.

This table contains the results of the Pearson's correlation analysis conducted on the two variables.

	Training	Retention
Training	1 (.15)	.221*
Retention	.221* (.15)	1

Inference

From the above, it can be inferred that the probability value of the correlation is 0.15. The observed value is less than 0.05 alpha level of significance. Therefore, we reject the null hypothesis. It can be concluded that there is a significant relationship between training and employee retention. Further, the correlation coefficient of 0.221 indicates that there is a moderate positive correlation between the two variables, training and employee retention.

H₀: There is no influence of training on the employee retention.

To find the extent of influence of independent variable on dependent variable To predict the dependent variable given the independent variable.

This table contains the results of the simple linear regression analysis conducted on the two variables.

Variable	Unstandardised		Standardised	t	Sig.
	Coefficients		Coefficients		
	Beta	Std. Error	Beta		
Constant	11.104	1.449		7.663	.000
Training	.114	.046	.221	2.457	.015

- $R = .221$
- $R^2 = .049$
- Adjusted $R^2 = .041$

Inference

From the above Table, it can be inferred that the t statistical probability value for training is 0.015. This value is less than the alpha level of significance 0.05. Therefore, we reject the null hypothesis and conclude that training does have an influence on employee retention. Further, for every unit change in training, the employee retention score will increase by 0.114 units.

The regression equation can be written as:

$Y = 11.104 + 0.114 X$, where X is training and Y is the employee retention score. The value of the correlation coefficient (r) is 0.221 and the coefficient of determination (r^2) is 0.046. The adjusted r^2 is 0.041.

SUMMARY OF FINDINGS

The study results show that training is a very low predictor of employee retention. However, it was also seen that there is a significant relationship between training and the employee's intention to stay in the organization. In the today's knowledge economy era of today, human capital is one of the most important determinants of the organization success, as it is an invaluable resource that can be equipped with knowledge and skill to create valuable virtues. Training and employee retention are two important parts in human resource management area. The positive relationship between training and employee retention shows that psychological contract links training with retention and explains why training influences retention based on social exchange theory. Training develops the employee commitment making them feel the obligation to reciprocate the employers. Thus, they stay longer in the organization after training provided. On the other hand, training makes employees feel the organizational supports and trust the employer. Hence, training is positively related to trust in management and reduces employee turnover. Conversely, when the psychology contract is breached, the employee will leave the organization.

It should be noted that the primary concern of an organization is, more often than not, performance rather than turnover. In some cases, turnover may be positive in the sense that employees with unsatisfactory performance are encouraged to leave. As such, the variables in the research may need to be re-examined in terms of the extent to which training can engender employee performance and commitment.

Limitations and Future directions

This study contains a number of potential limitations. First, it confined to head office of the organisation and it could have been extended to the different branches of the organisation. The study was done to ascertain the impact of T&D on retention. The drivers or the motivators of the employees could have

been different, such as monetary aspects, benefits that the organization provides. Such variables could have been included to give a more holistic picture. The study did not study gender differences which could have brought out the differences in gender. This study may extend to the employees of educational institutions, Hospitality industry.

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