

# Effect of Training on Organizational Performance

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## ABSTRACT

*Employees are the major assets of every organization. The active role they play towards the company's success cannot be underestimated. As a result equipping these unique assets through effective training becomes imperative in order to maximize the job performance. Also position them to take on the challenges of today's competitive business climate. Although extensive research has been conducted in the area of Human Resource Management, the same cannot be said on employee training especially when it concerns developing countries.*

*The purpose of this research was to evaluate the effect of training on the employee performance resulting in organizational performance. In order to understand the study aim, four goals were developed and these focused particularly on identifying the training programme existing in the industry, the objective of the training offered, the methods employed and finally the effect of training on employee performance.*

**Keywords:** Training, on the job-training, off the job training, employee performance, organizational performance

## 1.INTRODUCTION

Training has the distinct role in the achievement of an organizational goal by incorporating the interests of organisation and the workforce. Now a days, training is most important factor in the business world because training increases the efficiency and the effectiveness of both employees and the organisation. The employee performance depends on various factors. But the most important factor of employee performance is training. Training is important to enhance the capabilities of employees. The employees who have more on the job experience have better performance because there is an increase in both skills and competencies because of more in the job experience. Training also has impact on the return of investment. The organizational performance depends on the employee's performance because human resource capital of organization plays an important role in the growth and the organizational performance. So, to improve the organizational performance and the employee performance, training is given to the employee of the organization. Thus, the purpose of this study is to show the impact of training and the design of training on the employee performance.

Training increases the employee performance as training is an important activity to increase the work performance in all the organizations. Employee performance is the important factor and the building block which increases the performance of overall organization. Employee's performance depends on many factors like job satisfaction, knowledge and management but there is relationship between training and performance. This shows that employee performance is important for the performance of the organisation and the training & development is beneficial for the employee to improve its performance. Thus the purpose of this study is to show the impact of training on the employee performance. The main objective of this study is to know how training increases the employee performance. According to scholars training increase or develop the managerial skills, despite focusing on efficiency and cost control the spending on training should increase because organization get more efficiency, effectiveness out of the training and development. This shows that training increase the efficiency and the effectiveness of the organization.

"I think people are talking more about performance and results consequences. They are not necessarily doing more about it", (Roger Kaufman Florida State University). From this it is clear that training is the important factor. So the significance of our study is that the training improves the organizational performance. Training is important for the employee's development and the employee development encourage self-fulfilling skills and abilities of employees, decreased operational cost, limits organizational liabilities and changing goals and objectives.

## Training

Training is teaching, or developing in oneself or others, any skills and knowledge that relate to specific usefulcompetencies. Training has specific goals of improving one's capability, capacity, productivity and performance. In addition to the basic training required to maintain, upgrade and update skills throughout working life. People within many professions and occupations may refer to this sort of training as professional development.

Training can be introduced simply as a process of assisting a person for enhancing his efficiency and effectiveness to a particular work area by getting more knowledge and practices. Also training is important to establish specific skills, abilities and knowledge to an employee. For an organizational growth, training and development are important as well as organizational growth, because the organizational growth and profit are also dependent on the training. But the training is not a core of organizational development. It is a function of the organizational development.

Training is different from education; particularly formal education. The education is concerned mainly with enhancement of knowledge, but the aims of training are increasing knowledge while changing attitudes and competences in good manner. Basically the education is formulated within the framework and to syllabus, but the training is not formed in to the frame and as well as syllabus.

It may differ from one employee to another, one group to another, even the group in the same class. The reason for that can be mentioned as difference of attitudes and skills from one person to another. Even the situation is that, after good training Programme, all different type skilled one group of employees can get into similar capacity, similar skilled group. That is the advantage of training.

In the field of Human Resources Management, Training and development is the field concern with organizational activities which are aimed to bettering individual and group performance in organizational settings. It has been known by many names in the field of HRM, such as employee development, human resources development, learning and development etc. training is really developing employee's capacities through learning and practicing.

Training is the framework for helping employees to develop their personal and organizational skills, knowledge and abilities. The focus of all aspects of human resources Development is on developing the most superior workforce so that organization and individual employees can accomplish their work goals in service to customers.

All employees want to be valuable and remain competitive in the labour market at all times, because they make some demand for employees in the labour market. This can only be achieved through employee training and development.

Hence employees have a chance to negotiate as well as employer has a good opportunity to select most suitable person for his vacancy. Employees will always want to develop career-enhancing skills, which will always lead to employee motivation. There is no doubt that a well-trained and developed staff will be a valuable asset to the company and thereby increasing the chances of his efficiency in discharging his or her duties.

### **Why training is needed in any organization**

Training presents a prime opportunity to expand the knowledge base of all employees, but many employers find the development opportunities expensive. Employees also miss out on work time while attending training sessions, which may delay the completion of projects. Despite the potential drawbacks, training and development provides both the company as a whole and the individual employees with benefits that make the cost and time a worthwhile investment. Employee training not only provides benefits to the individual, but also to the business, helping your company to continue running effectively. However, once you have run initial job training, such as with a new employee, is there a need for any further training investment?

Training, and especially ongoing training, is a key area for debate in many boardrooms. However, there are a number of reasons to suggest that initial training should only be the first step of a longer-term process. Regular training is well worth the investment because building up the skills within the business will effectively improve your company's bottom line.

Regular staff training is essential in helping this ongoing skill development. This can often be a worry to business managers though, due to its ongoing cost to the business. However, if you look past this, there are a number of important reasons why ongoing staff training can be beneficial to the business and should therefore be made a priority. With a quality training plan in place, you will also see your return on investment within your balance sheet!

1. Employment of inexperienced and new labour requires detailed instructions for effective performance on the job.
2. People have not to work, but work effectively with the minimum of supervision, minimum of cost, waste and spoilage, and to produce quality goods and services.
3. Increasing use of fast changing techniques in production and other operations requires training into newer methods for the operatives.

4. Old employees need refresher training to enable them to keep abreast of changing techniques and the use of sophisticated tools and equipment.
5. Training is necessary when a person has to move from one job to another because of transfer, promotion or demotion.

### **Importance of Training in an Organization**

- **Keep up with Industry Change**

Industries are constantly changing and so it is important for a business to develop to avoid being left behind. It is also important to make sure your business is complying with any industry regulations, which can be achieved through ongoing training, making sure that your staff's skill and knowledge are up-to-date.

- **Be in touch with all the latest technology developments**

New technology is being developed all the time so it is not sufficient to run a one-off training session. Regular training needs to take place to ensure that staffs are using all the latest technology comfortably and to its full potential. This can be achieved through implementing a customized staff IT training program, and by integrating employee training with IT support.

- **Stay ahead of competitors**

Standing still can kill your business, so by making sure your staff are constantly advancing, you will continue to move forward remain competitive within the market place.

- **Be able to see weaknesses and gaps**

With regular training, a business can more easily identify any gaps in the market and skill gaps within the existing workforce. By identifying these gaps early, there is time to train staffs in these required are also they can fulfill the role effectively.

- **Maintain knowledge and skill**

Although one off training can be provided to a new starters, or other employees, it's important that training schemes are put in place to help to develop skills throughout their job. To retain knowledge, skills need to be practiced and refreshed on a regular basis so that elements are not forgotten.

- **Advance employee skills**

Once a business has spent money on providing basic level skills, these can easily be built upon and improved to provide much more benefit to the business. Staffs that know more can bring more to the table, and your business will reap the rewards.

- **Provide an incentive to learn**

If training is provided to a part of a long development pathway, employee will have much more incentive to learn, participate in the session and put their new skills into practice.

- **Increase job satisfaction levels**

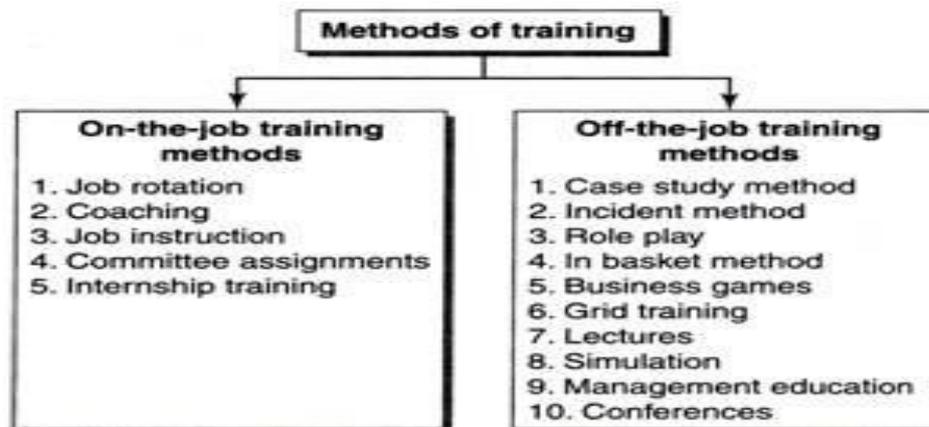
Through continued investment from the business, staff can have a much higher sense of job satisfaction, which can improve their motivation towards their work. This reduces employee turnover and increase productivity, which directly improves the profitability. It also prevents competitors from taking away your best employee by offering training incentives.

- **Provide internal promotion opportunities**

Employing new staffs involves high recruitment cost and hiring fees. However, with ongoing training, your existing staff can become more eligible for internal promotions. Unlike new staff, you can guarantee that they have a complete knowledge of your business, the correct skill set and are people that you know and trust.

- **Attract new talent**

All business want to have the best employees and so with ongoing training, you will not only get better staff retention, but the business may also attract the better talent from the start, as this gives a business a good image and is a key feature many people look for within their job search.



### **On the Job Training:-**

The on-the-job training method takes place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained. On-the-job training has a general reputation as most effective for vocational work. It involves employee training at the place of work while he or she is doing the actual job.

Usually, professional trainer (or sometimes an experienced employee) serves as the course instructor using hands-on training often supported by formal classroom training. Sometimes training can occur by using web-based technology or video conferencing tools.

#### **1. Job instruction training:**

This training provides an overview about the job and experienced trainers demonstrates the entire job. Addition training is offered to employees after evaluating their performance if necessary.

#### **2. Job rotation:-**

This type of training involves the movement of the trainee from one job to another.

The trainee receives the job knowledge and gains experience from his supervisor or trainer in each of the different job assignments. Though this method of training is common in training managers for general management positions, trainees can also be rotated from job to job in workshop jobs. This method gives an opportunity to the trainee to understand the problems of employees on other jobs and respect them.

#### **3. Coaching:-**

The trainee is placed under a particular supervisor who functions as a coach in training the individual. The supervisor provides feedback to the trainee on his performance and offers him some suggestions for improvement. Often the trainee shares some of the duties and responsibilities of the coach and relieves him of his burden. A limitation of this method of training is that the trainee may not have the freedom or opportunity to express his own ideas.

**4. Committee Assignments:** Under the committee assignment, group of trainees are given and asked to solve an actual organizational problem. The trainees solve the problem jointly. It develops team work.

#### **5. Internship**

Internship is one of the on-the-job training methods. Individuals entering industry in skilled trades like machinist, electrician and laboratory technician are provided with thorough instruction though theoretical and practical aspects. For example, TISCO, TELCO and BHEL select the candidates from polytechnics, engineering colleges and management institutions and provide apprenticeship training. Apprenticeship training programmes are jointly sponsored by colleges, universities and industrial organisations to provide the opportunity to the students to gain real-life experience as well as employment. Exhibit presents the benefits of apprenticeship training.

### **Off –The-Job Training:-**

Off-the-job training method takes place away from normal work situations — implying that the employee does not count as a directly productive worker while such training takes place. Off-the-job training method also involves employee training at a site away from the actual work environment. It often utilizes lectures, case studies, role playing, and simulation, having the advantage of allowing people to get away from work and concentrate more thoroughly on the training itself. This type of training has proven more effective in inculcating concepts and ideas.

**1. Classroom Lectures:**

Under the off the job methods of training, classroom method or lecture method is well-known to train white collar or managerial level employees in the organisation. Under this method employees are called to the room like that of classroom to give training by trainer in the form of lectures. This method is effectively used for the purpose of teaching administrative aspects or on management subject to make aware of procedures and to give instructions on particular topic.

**2. Audio-Visual:**

Providing training by way of using Films, Televisions, Video, and Presentations etc. This method of training has been using successfully in education institutions to train their students in subjects to understand and assimilate easily and help them to remember forever. New companies have come up for providing audio visual material for students in their concern subjects. In the corporate sector, mainly in customer care centers employers are giving training to their employees by using audio visuals

**3. Simulation:**

The simulation method of training is most famous and core among all of the job training methods. In the simulation training method, trainee will be trained on the especially designed equipment or machines to be really used in the field or job. But those equipment or machines are especially designed for training a trainee were making them ready to handle them in the real field or job. This method of planning is mostly used were very expensive machinery or equipment used for performing job or to handle that job.

**4. Induction training:**

Also known as orientation training given for the new recruits in order to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

**5. Refresher training:**

This type of training is offered in order to incorporate the latest development in a particular field. This training is imparted to upgrade the skills of employees. This training can also be used for promoting an employee.

**6. Apprenticeship training:**

Apprentice is a worker who spends a prescribed period of time under a supervisor.

**7. Vestibule Training: -**

Mostly this method of training will be used to train technical staff, office staff and employees who deal with tools and machines. Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor by bringing equipment's or tools to certain place where training is provided, but not work place. Vestibule training allows employees to get a full feel for doing task without real world pressures. Additionally, it minimizes the problem of transferring learning to the job.

Vestibule training is provided to employees when new or advanced equipment or tools introduced in to the organisation to do a particular job by using them. For this purpose such equipment is brought to a separate place to give demonstration and train how to use and that handle it by employees safely.

**8. Case Studies:**

It is a written description of an actual situation in the past in same organisation or somewhere else and trainees are supposed to analyze and give their conclusions in writing. This is another excellent method to ensure full and whole hearted participation of employees and generates good interest among them. Case is later discussed by instructor with all the pros and cons of each option. It is an ideal method to promote decision-making abilities within the constraints of limited data.

**9. Role Playing:**

During a role play, the trainees assume roles and act out situations connected to the learning concepts. It is good for customer service and training. This method is also called 'role-reversal', 'socio-drama' or 'psycho-drama'. Here trainees act out a given role as they would in a stage play. Two or more trainees are assigned roles in a given situation, which is explained to the group. There are no written lines to be said and, naturally, no rehearsals. The role players have to quickly respond to the situation that is ever changing and to react to it as they would in the real one. It is a method of human interaction which involves realistic behavior in an imaginary or hypothetical situation. Role playing primarily involves employee-employer relationships, hiring, firing, discussing a grievance problem, conducting a post appraisal interview, disciplining a subordinate, or a salesman making presentation to a customer.

#### **10. Programmed Instructions:**

This involves two essential elements:

- (a) a step-by-step series of bits of knowledge, each building upon what has gone before, and
- (b) a mechanism for presenting the series and checking on the trainee's knowledge. Questions are asked in proper sequence and indication given promptly whether the answers are correct.

This Programme may be carried out with a book, a manual or a teaching machine. It is primarily used for teaching factual knowledge such as Mathematics, Physics, etc.

#### **11. Management Games With computerized management games-**

Trainees divide into five- or six-person groups, each of which competes with the others in a simulate marketplace. Each group typically must decide, for example.

1. How much to spend on advertising.
2. How much to produce,
3. How much inventory to maintain, and
4. How many of which product to produce.

Usually, the game itself compresses a two- or three-year period into days, weeks, or months. As in the real world, each company team usually can't see what decisions (such as to boost advertising) the other firms have made, although these decisions do affect their own sales.

Management games can be effective. People learn best by being involved, and the games can gain such involvement. They help trainees develop their problem-solving skills, as well as to focus attention on planning rather than just putting out fires. The groups also usually elect their own officers and organize themselves. This can develop leadership skills and foster cooperation and teamwork.

#### **Scope of Training**

- **Improved employee performance –**

The employee who receives the necessary training is more able to perform in their job. The training will give the employee a greater understanding of their responsibilities within their role, and in turn build their confidence. This confidence will enhance their overall performance and this can only benefit the company. Employees who are competent and on top of changing industry standards help your company hold a position as a leader and strong competitor within the industry.

- **Improved employee satisfaction and morale –**

The investment in training that a company makes shows employees that they are valued. The training creates a supportive workplace. Employees may gain access to training they wouldn't have otherwise known about or sought out themselves. Employees who feel appreciated and challenged through training opportunities may feel more satisfaction toward their jobs.

- **Addressing weaknesses –**

Most employees will have some weaknesses in their workplace skills. A training program allows you to strengthen those skills that each employee needs to improve. A development program brings all employees to a higher level so they all have similar skills and knowledge.

This helps reduce any weak links within the company who rely heavily on others to complete basic work tasks. Providing the necessary training creates an overall knowledgeable staff with employees who can take over for one another as needed, work on teams or work independently without constant help and supervision from others.

- **Consistency –**

A robust training and development program ensures that employees have a consistent experience and background knowledge. The consistency is particularly relevant for the company's basic policies and procedures. All employees need to be aware of the expectations and procedures within the company. Increased efficiencies in processes results in financial gain for the company.

- **Increased productivity and adherence to quality standards –**

Productivity usually increases when a company implements training courses. Increased efficiency in processes will ensure project success which in turn will improve the company turnover and potential market share.

- **Increased innovation in new strategies and products –**

Ongoing training and upskilling of the workforce can encourage creativity. New ideas can be formed as a direct result of training and development.

- **Reduced employee turnover** –  
Staff are more likely to feel valued if they are invested in and therefore, less likely to change employers. Training and development is seen as an additional company benefit. Recruitment costs therefore go down due to staff retention.
- **Enhances company reputation and profile** –  
Having a strong and successful training strategy helps to develop your employer brand and make your company a prime consideration for graduates and mid-career changes. Training also makes a company more attractive to potential new recruits who seek to improve their skills and the opportunities associated with those new skills. Training can be of any kind relevant to the work or responsibilities of the individual, and can be delivered by any appropriate method. For example, it could include:

On-the-job-learning  
Mentoring-schemes  
In-house-training  
Individual study

### **Managerial Implications**

Training is very important for an organization to compete with the challenging and changing world. Training is basically directly related to employees but its ultimate effect goes to organization because the end user is organization itself. This study will help organisation to understand the importance of Training and Development. It will also help organisation to understand which factors are important to keep in mind during the training and how a good training can be delivered to their employees. It will help them to understand that it is very necessary for them to give training to their employees so that they could perform the assigned task in a better way.

### **Recommendation**

In the light of all this research and all the literature review here come the decision that there should be training in each and every organization. Although there is some disadvantages like the high cost factor involved in training for each employees, but the advantage of training is much more than its disadvantage which are briefly discussed in this research work. It is recommended that all organizations should provide Training to their employees. It has been already discussed that training has advantages not only for employee but the ultimate benefit is for the organization itself. If the performance of the employee is not good then it is going to hurt the organization and vice-versa.