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The Effect of Training on Employee Retention

Waleed Hassan [α], Amir Razi [σ], Rida Qamar [ρ], Rida Jaffir [ω] & Sidra Suhail [¥]

Abstract - Our study is related to the concept of employee retention which is heavily dependent on job training. Job training is one of the most important factors in retaining employees in the organizations. Our major focus is on the key variables: training, types of training and duration of training. Intervening variables are rewards and supervisory support to the employees. This research is conducted on a sample scale of 100 from Telenor, Telecommunication sector. The survey showed the result on job training and employee retention. It was a gender wise collection with the further distribution and comparison with the key variables and intervening variables. According to the findings of research, female and male employees have their interest in participating in training. Rewards and supervisory support is found to be the demand of employees irrespective of female or male.

I. Introduction

In global context, employee retention is considered immensely important. Most of the companies are judged on the basis of their turnover rate. The rate of turnover affects the performance of an organization. Low turnover ensures that organization is retaining their competent employees by providing them superior environment which increases the performance of individual employee.

Globally there are few companies like; SAS General Mills has a turnover rate of 2%, SC Johnson & Sons, Intel, meridian health and national instrument has the turnover rate of 3%. It means that these multinational companies are retaining their employees while ensuring their high performance.

Training is one of the most important factors in retaining employees in these organizations. By knowing the factors of retention or the effect of training on retention this study can help those organizations to retain their employees which has high turnover rate.

The study will check the effect of training on retention of employees. In our study retention is dependant variable while training is independent variable with sub independent variable as types of training and outcomes of training and intervening variables are rewards and supervisory support. We have studied the extent of training effect on employee retention with the involvement of mediating variable. The study checks the effect of independent and mediating variables on the dependent variable.

Supervisory support, rewards, importance in the organization and training are some of the key variables associated with employee satisfaction while working in a particular firm. Employee satisfaction leads to employee retention whereas employee dissatisfaction leads to high turnover. We have chosen Telenor, Pakistan for the sampling purpose to collect data from current employees.

a) Problem Statement

To what extent training and development of employees has been successful in creating the retention of employees?

b) Purpose of Study

Our purpose of study is to find out the effect of training on retention and the nature of difference between two variables.

c) Research Objectives

The objectives of our study are:

- To identify the factors affecting high turnover of employee.
- To identify the effect of training, its type and duration on retention.
- To identify the extent by which supervisory support and rewards affect employee retention.

d) Literature Review

According to (Newman et al., 2011) in their study, the researchers in multinationals of Chinese service sector studied and examined the effect of training on organizational commitment which will eventually effects employee turnover. Data was collected from 437 Chinese employees working in 5 different multinationals of China. These individual employees highlighted that training serves as a tool to enhance the commitment with organization. Because from training, they get an idea that they are an important asset for organization.

In his their study (Bashir et al., 2009) the employees are the most important part of any organization because they are the one who produce or deliver their products or services. If the employees will retain in the organization for longer time and does not change quickly so the organization will be benefited from this. It's important for employers to retain their employees and to do this they must know how an employee can remain in the company. According to previous studies several factors are considered important in retaining employees. The factors which have a direct affect on employee retention are career opportunities, work environment, and work life balance. People will work more enthusiastically if they feel the

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sense and feeling of pride in their work. The reasons which affect employee decision to remain in the organization are work environment, reward, growth and development and work life balance.

Career development opportunities and training have a direct effect on employee retention. Career development is a system which is organized and it's a planned effort of achieving a balance between the career needs of individual and the organization's workforce requirement. The challenge for the HR professionals is to develop and identify the career development strategies and train them which would improve the commitment of employee and he or she would feel that they are being given importance. This will help organization to retain employees and they will be more motivated to work hard and enthusiastically which will help the organization to achieve their goals effectively and efficiently.

The efforts which HR professionals should do for creating career development opportunities and train them and making employee satisfied and retain them in organization. Creating opportunities for promotion within the company and also proving opportunities for training and skill development that help employee to improve. Lack of training and promotion opportunities were the main reason the high performing employees to leave the company.

According to (Anis et al., 2010) In this age when the technology is changing so rapidly that any skill becomes obsolete in quick time and to keep pace with the evolving technology every company who wants to remain competitive need to give training to their employees to remain competitive. They need to develop their employees' skills. Training is defined as the planned intervention that is designed to enhance the determinants of individual job performance. Training must be need based that is the organization should first conduct the analysis and assessment that whether the training is needed or not. For this performance assessments are required which will give idea to the company that whether the training is required and what the areas which need training are. Training is an important part of various HRM practices, which are used for retention and development of employees due to these different kinds of training given to employees, like on-the-job training, vocational training, general and specific training.

Villegas (2006) explained that training has a direct relationship with employee retention. Training helps organization to increase employee retention and decrease turn over. When employees are ingoing process of training, they feel that organization is interested in them and want to develop their career. He feels that organization consider them so important and capable, that's why the employer is investing on them. This leads to employee retention but training is not enough to retain employees. Coaching or support of management adds real value to retention. Suppose if an employee learnt a lot in training session but when it comes to apply it in job, the manger or supervisor shows very little interest to support him/her, this will discourage the employee. So employee cannot take benefit of training program. And eventually this will leads to dissatisfaction of employee.

According to (Rana (Bashir, Tirmizi, Noor, & Shoaib, 2009) et al., 2009) Indus journal of management and social science, after doing the survey from the telecom industry of Pakistan, the results have showed that salary, working environment and the benefits (rewards) are three factors which affect the employee turnover and correlated with each other. This study also faces some limitations, which included time constraints and the resource constraints. This study also found support for the independent variable with employee turnover. The negative correlation has been found for the salary, benefits and work environment. So organizations need to focus on how to reduce strains in the workplace and salary plans.

(samganakkan, 2010) In his article he identified how the human resource management practices such as training, appraisal etc effect the employee, their intention to stay and their motivation. According to his research training is an important determinant of employee motivation and retention. He identified that compensation should be such which force the employees to stay in the organization as retention is an important matter for the organizations effectiveness. The company to become a good employer and also to succeed it is important that they keep their turnover rate low and for this purpose he identified that compensation is one of the important things to keep employees motivated and retain.

Holtom et. al. 2005 states that numerous organizations around the world bear the cost of high turnover rate. The cost high turnover rate is in the form of expense which is required in new hiring, training, etc. On the other hand, cost of losing talented employees is unbearable at times which prove costly in the long run. The researchers (Holtom et al.) have analyzed the major reasons behind high turnover rate of organizations. The major reasons as collectively defined as shocks. The reasons include mergers, transfers, changes in marital status of employees, better job offer, argument with boss, scandals, downsizing and diversification.

II. Methodology

This was an analytical study which was conducted from March 2013 to April 2013. 100 survey questionnaires were distributed among employees at Telenor through predesigned questionnaire. This questionnaire has four sections. First section is related to job training, second section contains questions regarding duration of job training, third section is regarding rewards and fourth sections contains

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questions about supervisory support's role in relevance to employee's job training. In this survey all 100 samples were received with 100% feedback.

III. Results

The survey showed the result on job training and employee retention. It was a gender wise collection with the further distribution of age and monthly income. It was a two way distribution among males and female. 58% of male and 42% of female attempted the questionnaire and shared their views on employee retention. (Shown in table #1)

Table 1 : Distribution of gender

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	42	42.0	42.0	42.0
	male	58	58.0	58.0	100.0
	Total	100	100.0	100.0	

For employee retention, training plays the most important role. Questions related to training were asked in the questionnaire. The response to "off job training" from females was 16.7% disagreed and 31% agreed whereas from males 20.7% disagreed and 37.9% agreed. Employees provided the feedback regarding "on job training" arouses loyalty towards the organization from female 7.1% disagreed and 38.1% agreed whereas from male 3.4% disagreed and 44.8% agreed. Females 9.5% disagreed and 42.9% agreed whereas male 10.3% disagreed and 36.2% on job training ensures employees importance in the organization. From female 0.0% disagreed and 31.0% agreed whereas from male 5.2% disagreed and 34.5% agreed to job training is beneficial. Females 11.9% disagreed and 31.0% agreed to job training creates positive difference whereas male 3.4% disagreed and 43.1% agreed. Female 9.5% disagreed and 47.6% agreed that job training is helpful in developing professional skills whereas male 8.6% disagreed and 37.9% to it. 9.5% female disagreed and 40.5% agreed whereas male 6.9% disagreed and 27.6% agreed that training is an on job motivational factor. Total frequency is shown in table 2;

SD = Strongly Disagree D = Disagree N = Neutral
A = Agree SA = Strongly Agree

Duration of job training on employee retention has effect on employee performance which owns females as 11.9% disagreed and 25.7% agreed whereas males 15.5% disagreed and 34.5% agreed. (Shown in table 3)

Table 3 : Distribution of Training Duration

Table #3	Distribution of Training Duration									
	Female					Male				
Question	SD	D	N	A	SA	SD	D	N	A	SA
Duration has its effects on Job Training outcomes	4.8	11.9	21.4	25.7	26.2	5.2	15.5	24.1	34.5	20.7

The study also contains the analysis on rewards. Whether rewards help the employees to be loyal with the organization or not has been determined from the survey. It showed 0.0% females disagreed and 31% agreed whereas 3.4% males disagreed and 31.0% agreed. Females 16.7% disagreed and 38.1% agreed whereas male 17.2% disagreed and 17.2% agreed that financial rewards are more preferred than non financial rewards. (Shown in table 4)

Table 4 : Distribution of Rewards

Table #4	Distribution of Rewards									
Questions	Female					Male				
	SD	D	N	A	SA	SD	D	N	A	SA
Rewards help you to be loyal with the organization	4.8	0.0	14.3	31.0	50.0	6.9	3.4	19.0	31.0	39.7
Financial rewards are more preferred rather than non-financial rewards	0.0	16.7	7.1	38.1	38.1	8.6	17.2	25.9	17.2	31.0

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Employees provided their feedback regarding supervisory support's role in making them stay at the particular organization. 11.9% females disagreed and 45.2% agreed whereas males 8.6% disagreed and 41.4% agreed to this question as shown in table 5.

Table 5 : Distribution of Supervisory Support

Table # 5	Distribution of Supervisory Support									
Question	Female					Male				
	SD	D	N	A	SA	SD	D	N	A	SA
Supervisory support plays a key role in making you stay and work in the organization	0.0	11.9	28.6	45.2	14.3	5.2	8.6	29.3	41.4	15.5

The overall results from the research show that high proportion of male employees are willing to go under training, more preferably "on job training". Both male and female employees consider that duration defines the effectiveness of training programs. Rewards, especially financial rewards have received highly positive feedback from the females. Supervisory support has also a crucial role to play in employee retention according to the research findings. Female employees consider supervisory support and financial rewards more important for them as compared to men.

IV. Conclusion

According to our study and research, we conclude with the responses gained by distributing questionnaires among current employees in the telecommunication sector. It is clear that most professionals, both men and women want to have job training. In this study, we discovered that job training is necessary for every employee. For the better encouragement and loyalty of employees, organizations should induce reward giving phenomena. In this way, employees are provided with an environment where they are able to embrace career growth and professional skill's development. From the two types of job training, on job training is preferred by employees. Duration of training is also crucial in delivering benefits related to training for the employees. Supervisory support plays a crucial role in increasing the enthusiasm among employees. Every organization must consider job training in their professional conduct as it leads to motivation of the employees. From the read literature, we have determined training, it's types, duration, supervisory support and rewards are the key variables that lead to job satisfaction and employee retention.

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