

# A Cross Sectional Study on the Impact of Training and Development on Employees' Satisfaction in L & T Group of Companies

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## ABSTRACT

*Training and development enables to develop skills and competencies necessary to enhance bottom-line results for their organization. It is a key ingredient for organizational performance improvement. It ensures that randomness is reduced and learning or behavioural change takes place in structured format. Training and Development helps in increasing the job knowledge and skills of employees at each level and helps to expand the horizons of human intellect and an overall personality of the employees. This paper analyses the link between various Training and Development programs organized in Larsen & Toubro Group of Companies and their impacts on employee satisfaction and performance. Data for the paper have been collected through primary source that are from questionnaire, surveys. There were two variables: Training and Development (independent) and Employees satisfaction and performance (dependent). The goal was to see whether Training and development has an impact on employee's satisfaction and performance.*

**Keywords:** Employees; L & T; Descriptive study.

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## 1.0 Introduction

Around the Globe, for any organization to survive the cut-throat competition, it must build upon in terms of employee competencies as well as their retention with the organization. For achieving the same, organizations are inclined towards ensuring employee development and employee satisfaction.

In the present scenario of fast changing technologies and business scenario, it is imperative for organizations to build upon new skills. New Skills can be infused into an organization through fresh recruits with the desired skill sets and shunning employees with obsolete skillsets or developing new skill sets in the exiting employees through training. Though in both ways huge cost implication is involved, but in the later case employee satisfaction is increased thereby leading to increased productivity.

Training and Development is one such tool which is beneficial both for organizational as well as personal development thereby positively affecting both Employee development and Employee satisfaction. Satisfied employees tend to be associated with the organization for a longer duration of time in a gainful manner.

## 2.0 Literature Review

To develop an understanding and insight into concepts procedures and variables related to training and development an extensive review of relevant literature was undertaken. This review revealed the following:

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### 3.0 Concepts of Training and Development

Gordon (1992); defined training as the planned and systematic modification of behaviour through learning events, activities and programs which results in the participants achieving the levels of knowledge, skills, competencies and abilities to carry out their work effectively.

Krietner (1995); in his book *The Good Manager's Guide* said “no matter how carefully job applicants are screened, typically a gap remains between what the employee does know and what they should know. An organization which desires to gain the competitive edge in its respective industry, needs among other things, extensive and effective training of its human resources.”

Baldwin and Johnson (1995); in his study mentioned that training refers to an activity which deliberately attempts to improve a person's skill at a task. He stated that companies conduct training for three purposes which are to carry the company strategy, bringing innovation and advancement in technology. That is done to improve the quality of the product and for the provision of quality services.

Obisi (1996); said that the concepts, of training and development are used interchangeably. However, it can be differentiated from the other. Training is for specific job purpose while development covers not only those activities which improve job performance, but also those which bring about growth of personality.

#### 3.1 Training and development policies and procedures

Kenney et al (1992); makes a point that companies should have different policies for training depending on the class or level of employment or level of employees to be trained. They pointed out that training policies are necessary for the following reasons:

- To provide guidelines for those responsible for planning and implementing training;
- To ensure that a company's training resources are allocated to pre-determined requirements;
- To provide for equality of opportunity for training throughout the company; and To inform employees of training and development opportunities.

Michael Armstrong (1996); in his book *A Handbook for Personnel Management Practice* said that as much as these policies seem to be accurate, they are silent on the elements of budgetary provision and top management support for training. Training policies are expressions of the training philosophy of the organization. He further stated that training policy shows the proportion of turnover that should be allocated to training.

#### 3.2 Importance of training and development

Neo et al. (2000); organizations are beginning to realize the important role that training and development play in enhancing performance and increasing productivity, and ultimately stay in competition. They reiterated that as a result of this realization, General Electric, Texas Instruments and Federal Express have all made substantial investments in training. They now invest between 3% and 5% of their payroll in training.

Kalemci (2005); mentioned training and developing human capital is tremendously important in the effective management and maintenance of a skilled workforce. Training is one of the ways of improving organization's effectiveness.

#### 3.3 Employee performance

Bartel A.P. 1994); Training also has a significant effect on employee performance. Firms can develop and enhance the quality of the current employees by providing comprehensive training and development. Indeed, research indicates that investments in training employees in problem-solving, teamwork and interpersonal relations result in beneficial firm level outcomes.

Grund (2001); agreed that training has improved employees performance in term of increase in productivity, particularly in areas such as sales, customer services and IT, improvement in retention rate, and higher levels of personal job satisfaction. Higher productivity and improved employee performance will rely on employees having the right skills.

### **3.4 Organisational productivity and performance**

Evans and Lindsay (1999); The quality of employees and their development through training are major factors in determining long-term profitability and optimum performance of organizations. To hire and keep quality employees, it is good policy to invest in the development of their skills, knowledge and abilities so that individual and ultimately organizational productivity can increase. Traditionally, training is given to new employees only. This is a mistake as ongoing training for existing employees helps them adjust rapidly to changing job requirements. Organizations that are committed to quality invest in training and development of its employees.

### **3.5 Employee satisfaction**

Nancy C. Morse (1997); Satisfaction refers to the level of fulfillment of one's needs, wants and desire. Satisfaction depends basically upon what an individual wants from the world, and what he gets. Employee satisfaction is a measure of how happy workers are with their job and working environment.

Spector (1997); defined job satisfaction as all the feelings that a given individual has about his/her job and its various aspects. Employee satisfaction is a comprehensive term that comprises job satisfaction of employees and their satisfaction with overall company's policies, company environment etc.

### **3.6 Training and development and employee satisfaction**

Watkins and Marsick (1993); It has been shown that training has an influence on job satisfaction, and with the increasing importance being placed on continuous learning and education throughout one's career, its importance will increase. The need for lifelong learning is clearly evident in most people's jobs. The information that people need to perform effectively changes almost as quickly as it is produced. The intelligent technology on which many jobs are based requires a greater grasp of elementary and advanced mathematical and scientific principles. Enhanced needs for communication in today's flattened, participatory organization call for new interpersonal skills as well as high levels of ability in reading, writing, and speaking.

Shields & Ward (2001); A study of nurses in the United Kingdom found that dissatisfaction with promotion and training opportunities had a stronger impact on job satisfaction than dissatisfaction with workload or pay. The researchers concluded that UK policies which focus heavily on improving the pay of nurses will have only limited success unless they are accompanied by improved promotion and training opportunities.

### **3.7 Employee satisfaction with organisation's commitment to employee's training and development**

Eisenberger, Huntington, Hutchison, & Sowa, (1986); mentioned in his study that perceived organizational support concerns the extent to which an employee perceives that an organization values their contributions and cares about their well-being. It is influenced by the organization's treatment of its employees; thus, providing a means for interpreting the organization's motives.

Tansky and Cohen (2001); argued that employee development can be viewed as a type of social exchange because it offers opportunities and benefits to an employee, who may feel obligated to reciprocate by exhibiting attitudes and behaviors indicative of their commitment to the organization.

#### 4.0 Significance of the Study

Training and development is about managing and empowering people, the vital assets of any business or firm. Human resource professionals act as a strategic partner with senior managers and leaders by aligning training and development strategies and practices among others with overall organizational strategies that contribute to an organizations smooth operation. Therefore, understanding human resource practices and particularly Training and development enable managers to help employee perform better in the work and keep them motivated. This in turn not only strengthen individuals and organizational performance but it helps organizations ability to meet its goals. The study become necessary, because many companies in this world are striving to gain competitive edge and the only way to stand out is to increase employee's competencies, capabilities, skill etc. through adequate training and development design. However, the study results will help the management to identify the challenges effects of employees' training and development on employees satisfaction, hence determine the area where improvements through training and development can be done. It will also help the management in planning for the development and implementation of effective training needs that will lead to increased satisfaction.

#### 5.0 Scope and Statement of the Problem

The proposed study is being carried out keeping in view the huge money & time invested by the companies for organizing the training & development programs for the employees. It is necessary to justify the above investment in terms of money and time. This justification could be based on the following parameters:

- Productivity
- Profitability
- Employee Morale
- Retention of employee
- Employee satisfaction
- Analysis of cost of New Skill hiring v/s Cost of Skill upgradation of employee

To study the various Training and Development process and interventions and their implementation processes for making it successful. To make the Training and Development function a key value addition.

To Study the effectiveness of the training & development programs in affecting employee satisfaction. This research study provides an opportunity to explore the linkage between Training and development and employee satisfaction. it is expected that the study will fill up the gap to some extent.

#### 6.0 Objective of the Study

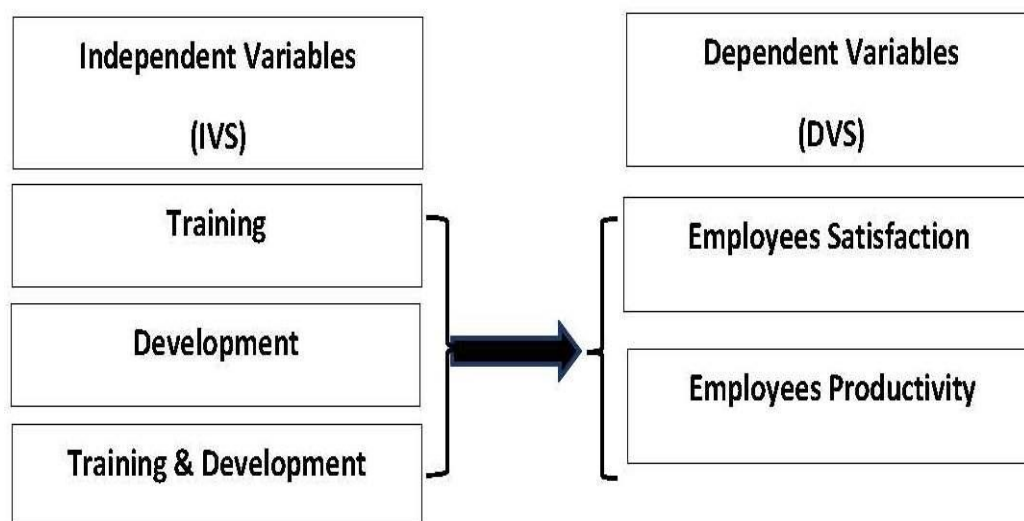
1. To understand the awareness level of employees towards Training and Development Training
  - a. Calendar/Training Plan
  - b. Training need identification
  - c. Nomination process
2. To understand the perception of employees regarding implementation of various Training and Development Programs
  - a. Alignment with Training Needs

- b. Alignment with Business Goals
  - c. Course content
  - d. Trainer/Faculty
3. To understand the perception of employees regarding effectiveness of various Training and Development programs
- a. Knowledge
  - b. Career Development
  - c. Satisfaction
  - d. Retention

## 7.0 Research Theoretical Framework

General human capital theories support the tendency towards investment in training and development because such investment is considered very beneficial for the satisfaction of employees, and performance of the organization. Here it is theorized that the independent variables, training and development, had a positive effect on the dependent variables performance and productivity of employees, and on performance of the organization as a whole. Figure 1 below shows the research framework of this study.

**Figure 1: Research Theoretical Framework**



## 7.1 Hypothesis

Hypotheses development is very important because acceptance and the rejection of hypothesis show the significance of the study. On the basis of literature review and the above theoretical framework the hypotheses of this study are as follows:

Ho: "There is not a significance relationship between employees training and employee's satisfaction".

H1: "There is a significance relationship between employees training and employee's satisfaction".

H2: "There is not a significance relationship between employees development and employees satisfaction".

H3: “There is a significance relationship between employees development and employees satisfaction”.

H4: “There is not a significance relationship between employees training & development and employee’s satisfaction”.

H5: “There is a significance relationship between employees training & development and employee’s satisfaction”.

H6: “There is not a significance relationship between employees training and satisfaction”.

H7: “There is a significance relationship between employees training and satisfaction”.

## **8.0 Research Methodology & Design**

The study will utilize the survey design method and quantitative approach. For this purpose, structured questionnaire will be used as the survey instrument. The quantitative research is that which tries to find answer to a question through analysis of quantitative data. Generally speaking, quantitative research gives the research the opportunities to interact and gather data directly from their research participants to understand a phenomenon from their perspectives. In this case the logic of using this approach is to maintain real life references and phenomena regarding the impact of employees training and development on employee’s satisfaction and productivity.

### **8.1 Research instrument**

In this study two instruments are used for the collection of the relevant data.

Primary data – Primary data is collected using well-structured questionnaire that contained relevant questions regarding training, development, and employee’s satisfaction in the company.

Respondents were required to provide their rating on their perception using a Five- point Likert scale (5-Strongly Agree, 4-Agree, 3-Neutral, 2- Disagree, 1- Strongly Disagree). This scale best describes the extent to which the respondents agree with each items in the questionnaire.

Section 1 – background characteristics of the respondents such gender, age, education and experience

Section 2 – had 13 statements which collected information on employee’s awareness regarding implementation of training programs.

Section 3- it had 8 statements on awareness about the implementation of development program

### **8.2 Target population& sampling procedure**

A representative sample of 50 employees was randomly selected from Larsen & Toubro. The sample included full time of L&T working in different capacities. Based on the research finding it has been seen that, gender, age, education and years of experience have a positive impact on the performance of the employees i.e to say the performance of the employees are dependent on the way companies groom them through training and development programs. Therefore, for the present study, respondents were selected based on the following parameters -

- Gender – Male/Female. The male female ratio in L&T is 90-10% and the sample was drawn accordingly.
- Age – 18-30 years; 31-40 years, 41-50 years & 51-60 years
- Years of experience - was categories into four categories as - upto 10 years, 11-20; 21-30 years and 31-40 years
- Educational qualification – Diploma, Degree (Graduate, Post-graduate or Ph.D)

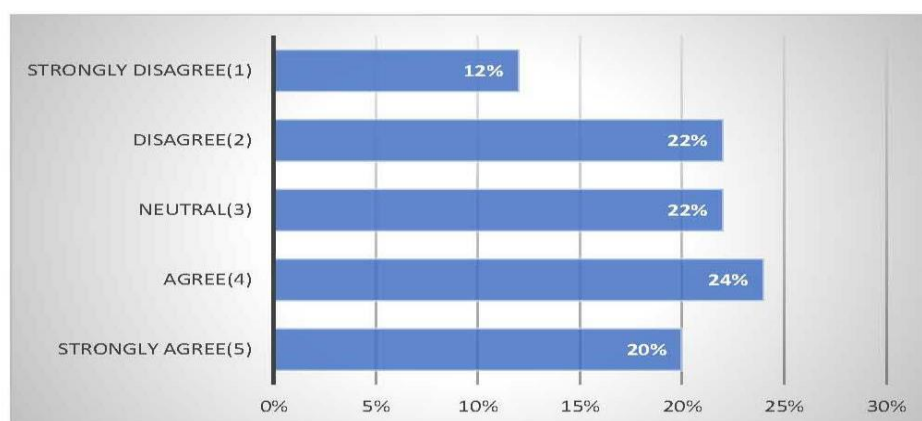
Based on the above criteria the sample selected is presented in the table below:

**Table 1: Sample Size**

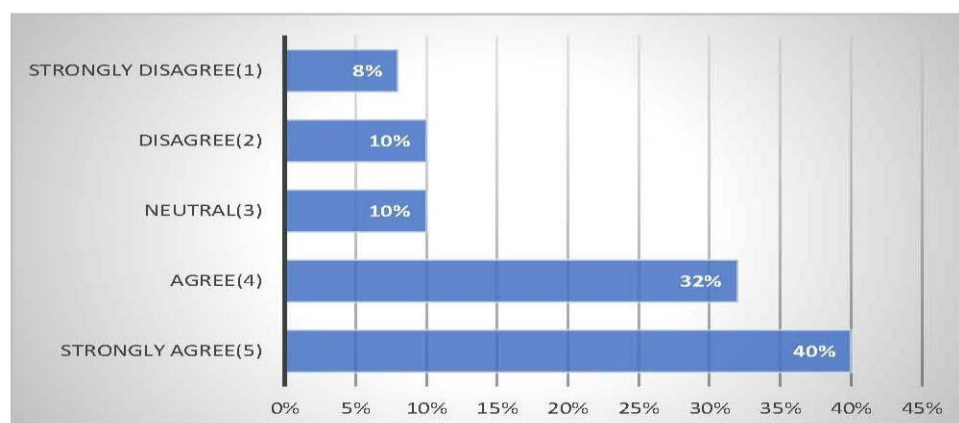
Parameters	Gender	
	Male	Female
<b>Gender</b>	38	12
<b>Age (in years)</b>		
18-30	10	3
31-40	10	3
41-50	9	3
51-60	9	3
<b>Education</b>		
Diploma	10	5
Graduate	23	7
Post-Graduate	2	-
Others	3	-
<b>Years of Service</b>		
Upto 10 years	7	6
11-20 years	7	6
21-30 years	12	-
31-40 years +	12	-
<b>Total Respondents</b>	<b>50</b>	

**Implementation of Training Programs (Section 2)**

- Training need analysis of your organisation is satisfactory

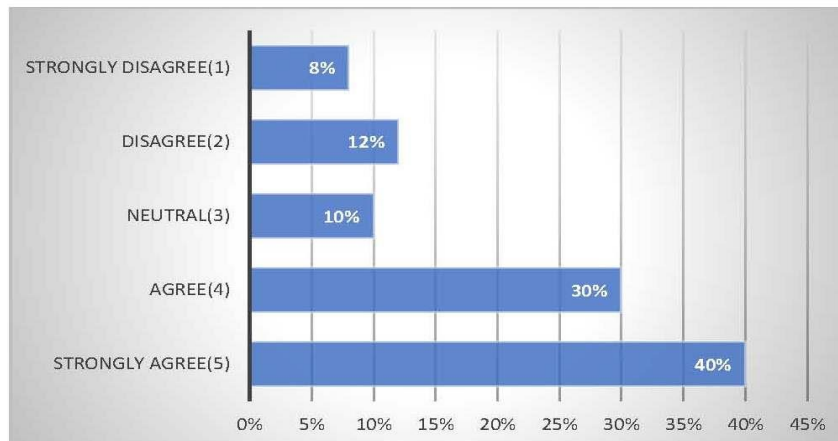


- You have attended atleast one training program in last two years

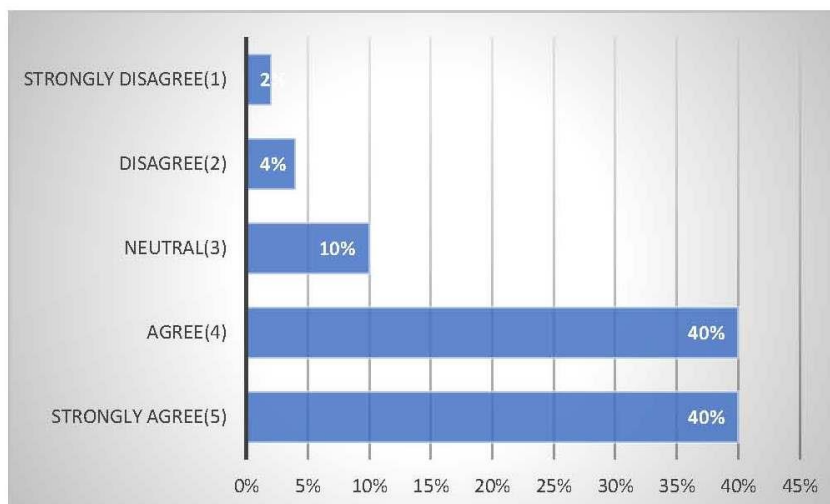




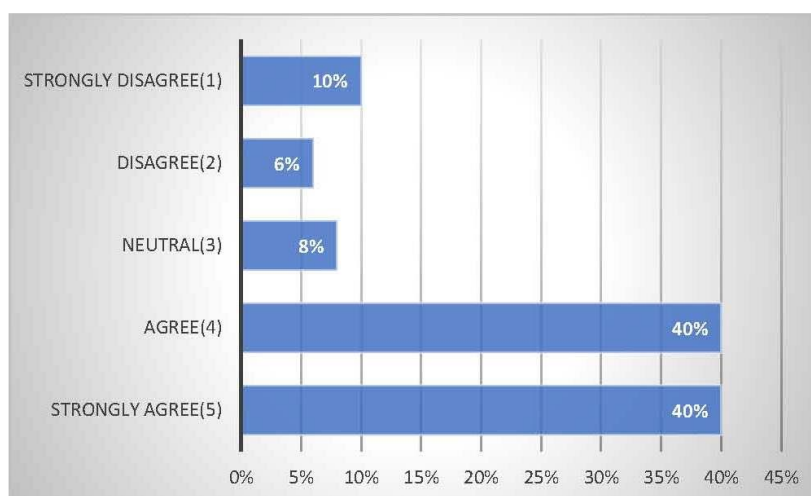
- Infrastructure Facilities provided during the training programs are satisfactory



- Competence and Professionalism of Faculty for Training programs conducted by the organization are satisfactory

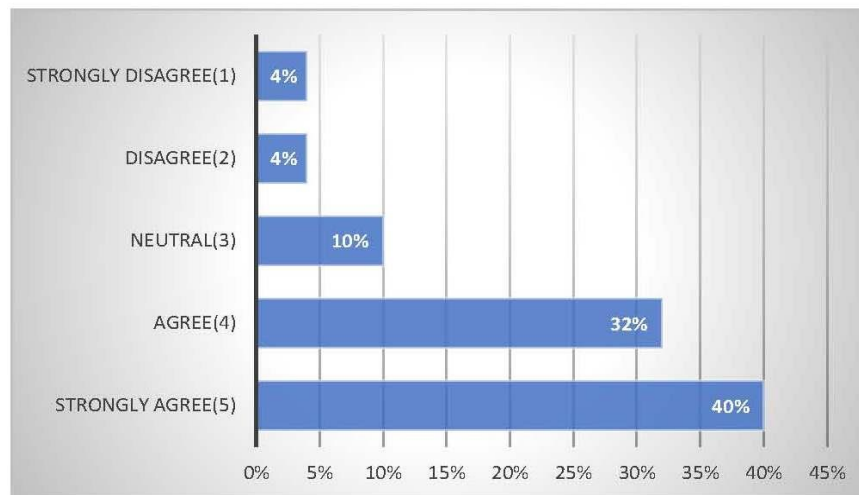


- Duration of training programs conducted by your organization is satisfactory

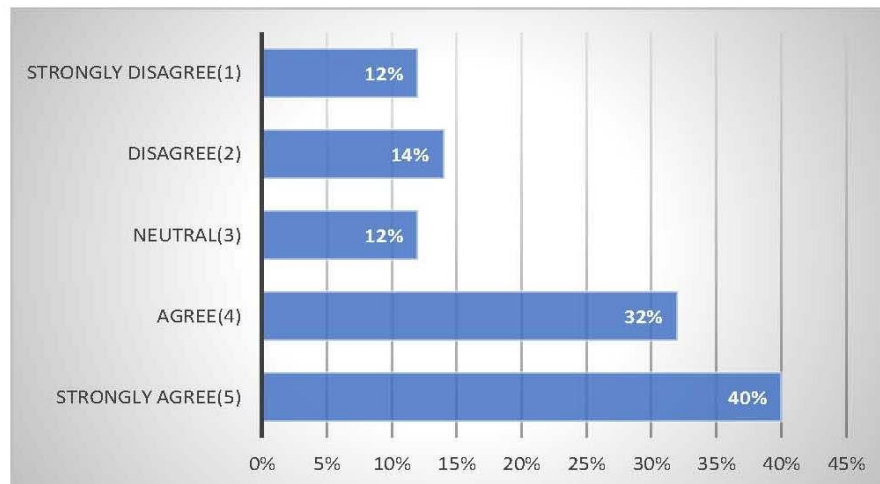




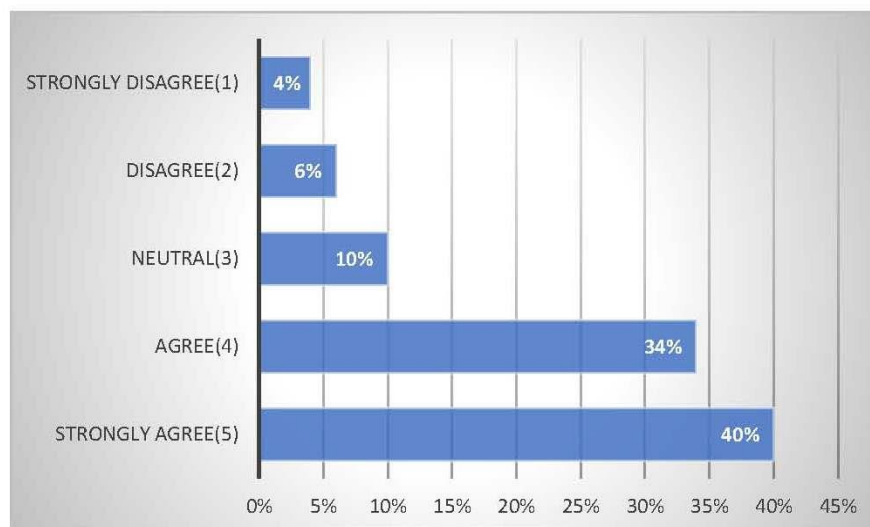
- The Training contents are satisfactory



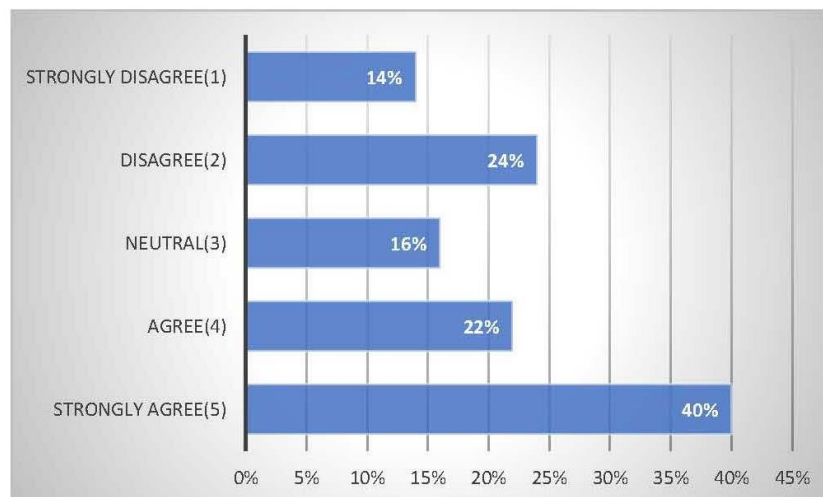
- Training programs are designed considering your future job requirements



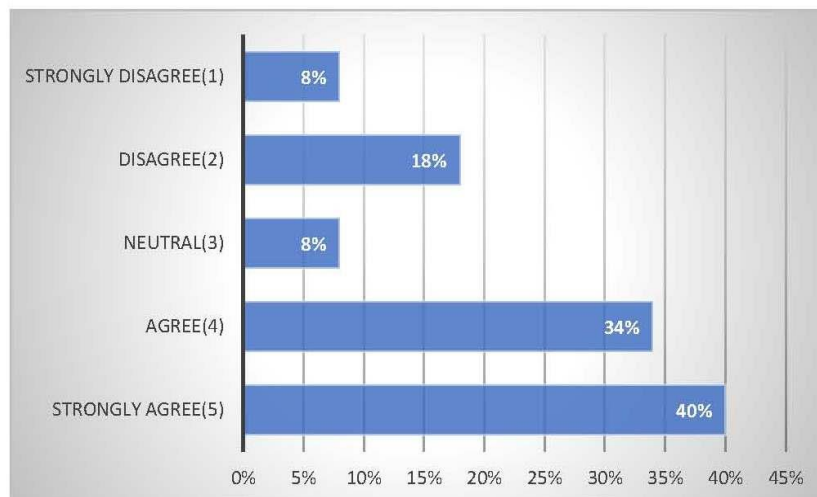
- Training programs are well planned and carefully designed



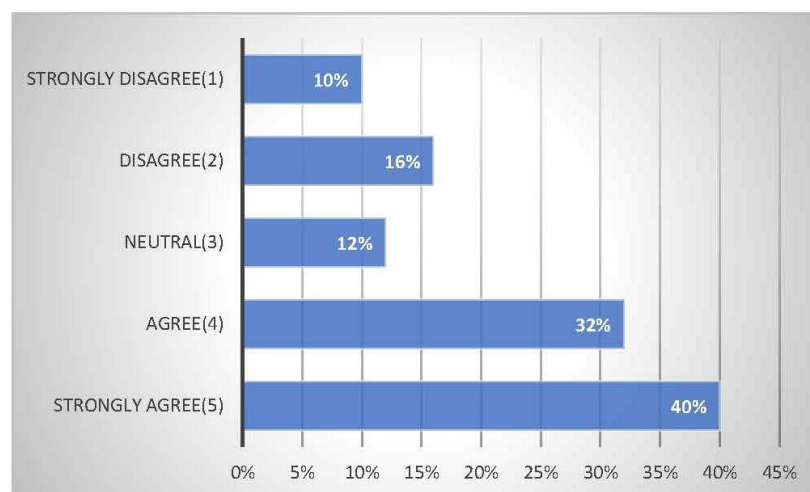
- Training Need Analysis is based on real job requirements and Job demands



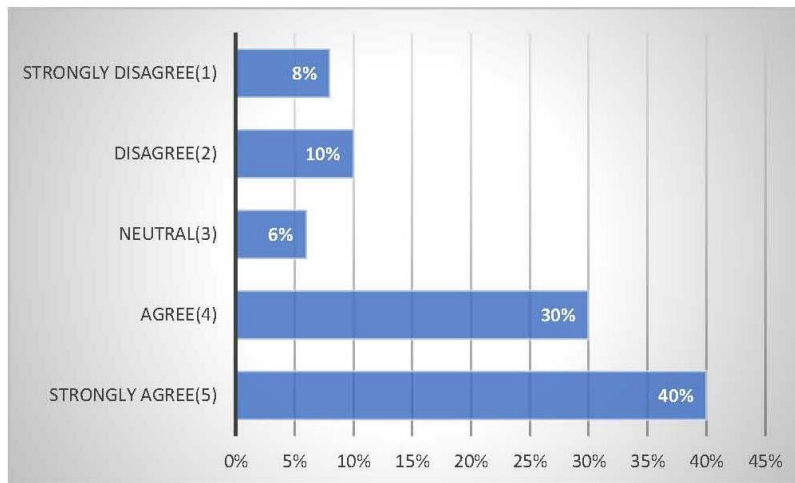
- Internal Faculties are more effective as compare to External Faculties



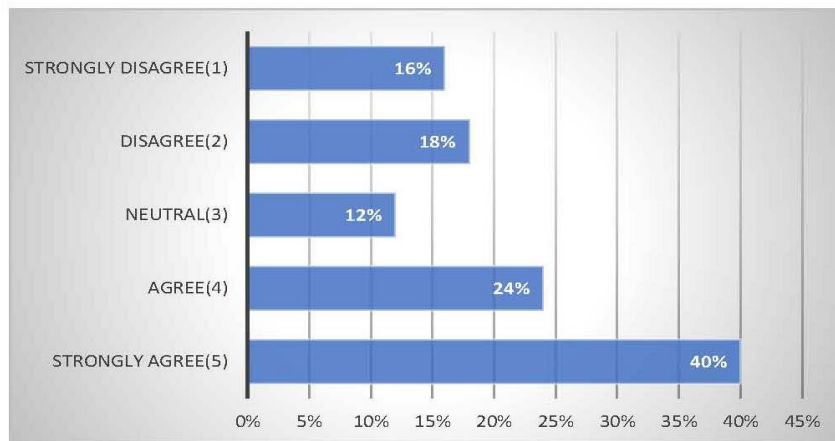
- External Faculties are more effective as compare to Internal Faculties



- Classroom training programs are more effective than online training programs

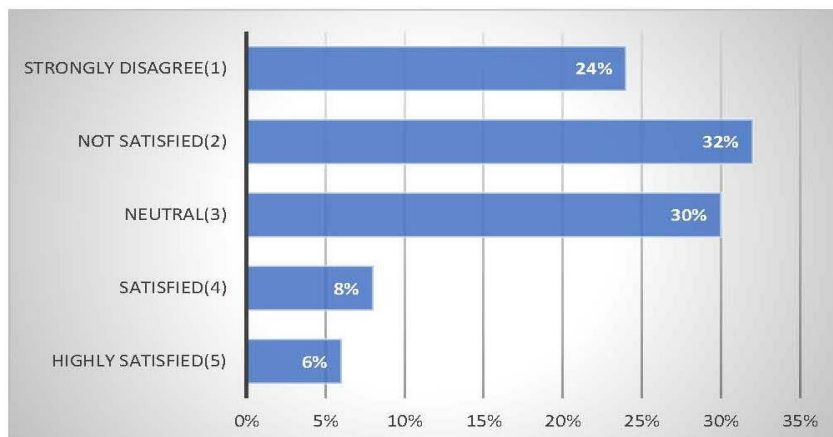


- Training activities helps the organization to maintain employee retention rate

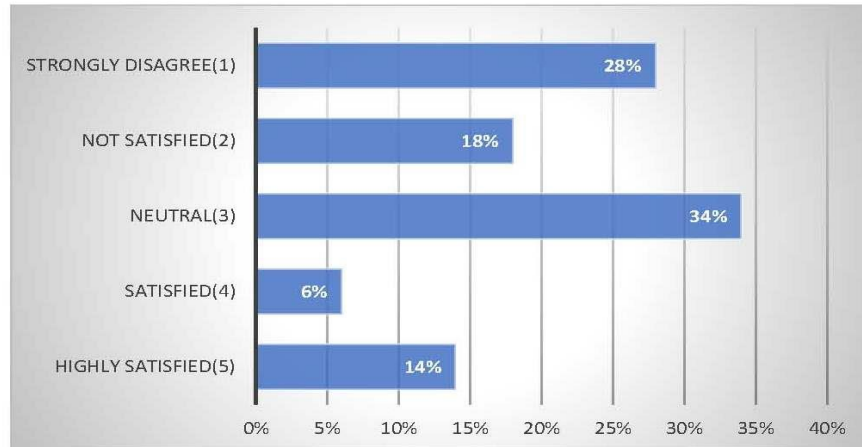


### Implementation of Development Programs (Section 3)

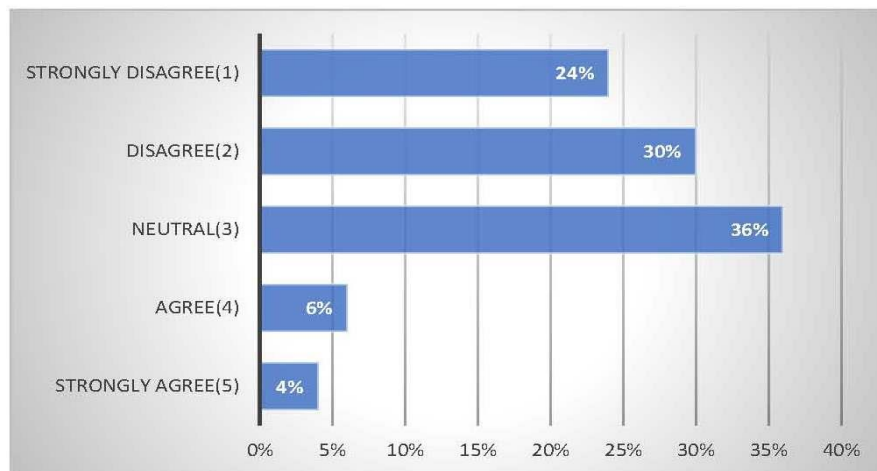
- Present method of selection of employees for Development program is satisfactory



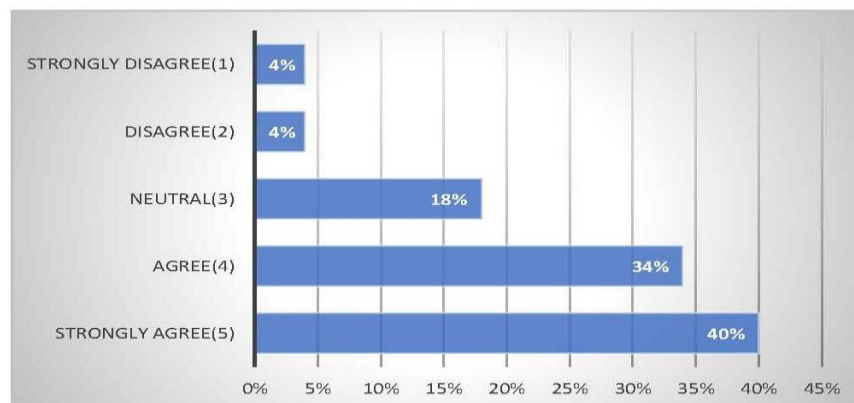
- Development need analysis of the employees by your organisation is satisfactory



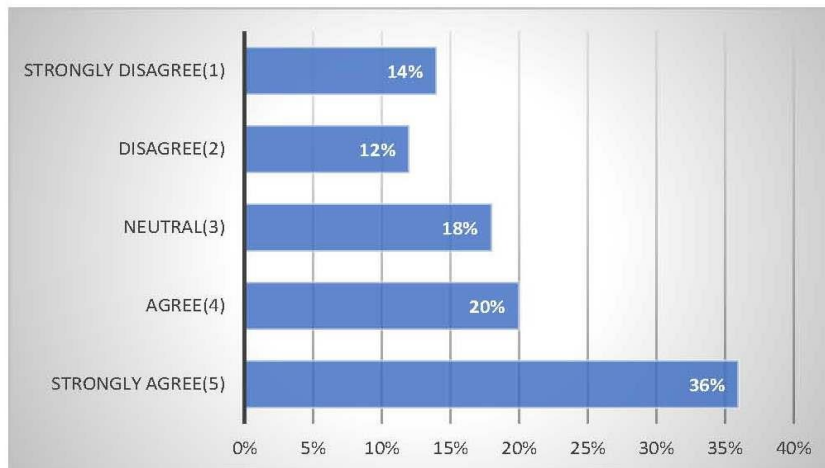
- You have attended at least one Development program organized by your organization in last two years



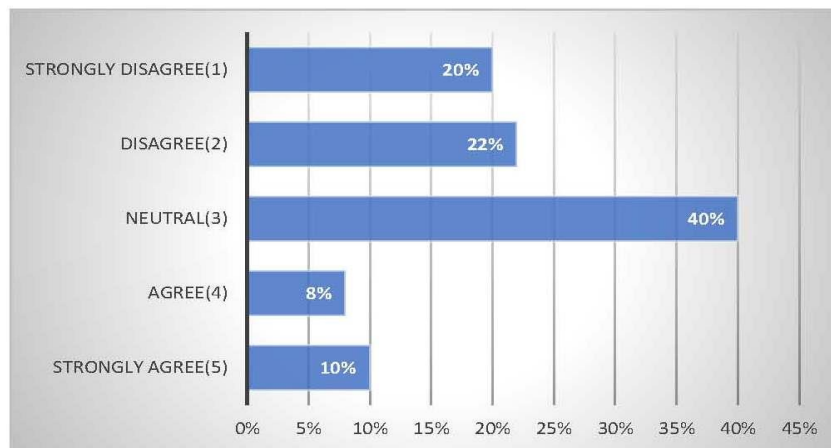
- Infrastructure Facilities provided during the Development programs is satisfactory



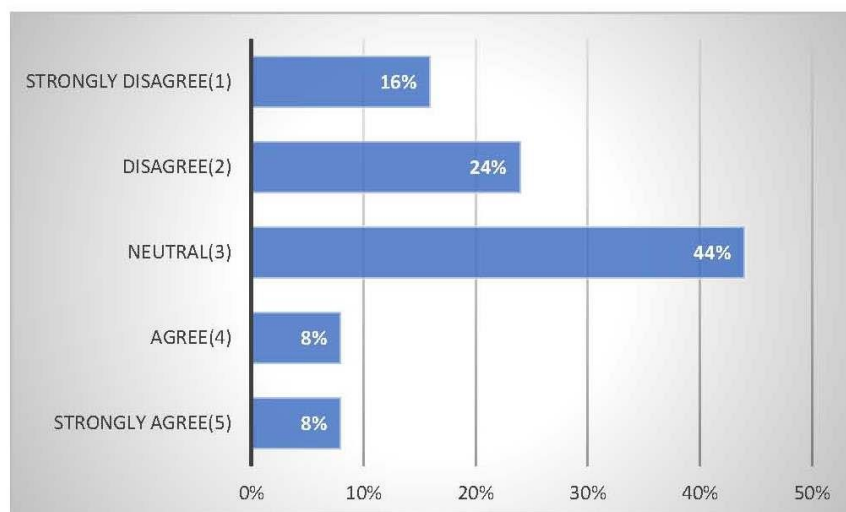
- Development methods used is satisfactory



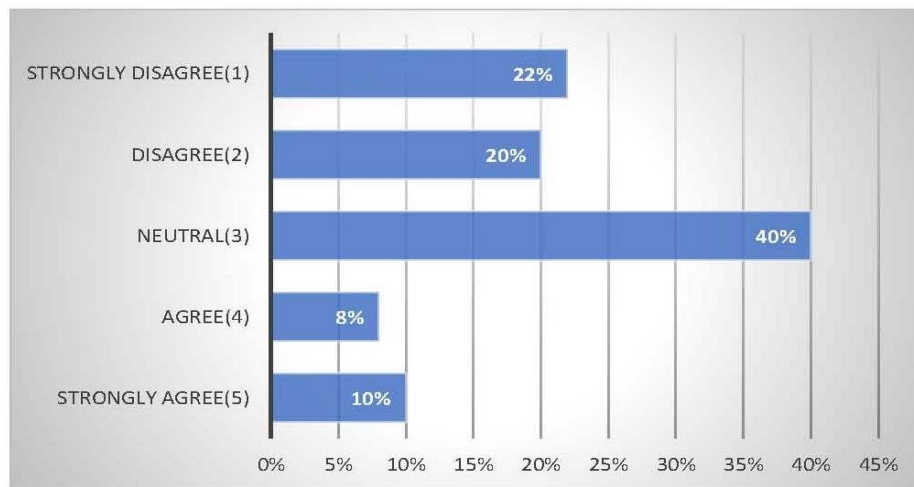
- The frequency with which organisation conduct Development programmes is satisfactory



- Development programs are organized keeping in mind the Development needs of the employees



- Development Need Analysis is based on real job requirements and Job demands



- Development programs are organized keeping in mind the Development needs of the employees
- Development Need Analysis is based on real job requirements and Job demands

## 9.0 Key Observations

- Training programs are well perceived by the employees. Majority (70-80%) of the employees were aware about the yearly planned training program much in advance. They also knew that such programs are part of organizational strategy. Most of them also reported that such programs are organized based on the organizational need and goals of the company.
- Developmental programs are not very well perceived by the employees. Very small percentage (30%) knew that the developmental programs are part of the strategy. As a result of this majority of them either responded neutrally or disagreed to the fact that the such programs affect –
  - Engagement of employees
  - Their knowledge and skill
  - Performance
  - Potential
  - Faster decision
  - Builds leadership quality
  - It is developed in interest of organization
  - The takeaway are easily implementable
- The data further shows that due unawareness of the development program, the attendance was very low. Only 10 percent of the employees attended such program during the reference period of 2 years. Interestingly, majority of those who attended such program were satisfied with
  - Infrastructural facility
  - Method used
  - Interval at which such programs are organized
  - The procedure adopted i.e. organizing doing need analysis
- Effectiveness of the Training Program – Majority of those who had attended the training program were satisfied with all the arrangements like
  - Material provided

- b. Method used
- c. The program also helped in increasing the productivity
- d. The program also helped in increasing the performance level
- e. Engagement level
- f. Content of the training program were relevant to current position
- g. But, most of them were of the opinion that external training are much better than internal
- Effectiveness of the Developmental Program –Unlike training program, small percent of the employees who were part of the developmental program were quite satisfied by the material provided, helped in increasing performance level, leadership quality and the program is aligned in succession of the organization.

## **10. Conclusion**

Training is necessity in the changing environment, planned and systematic training should be made compulsory. It brings changes in behaviour, attitude at any age and helps in increasing the organizational performance. By providing training, employers support the skill development of their employees. If the training is good then the employees will contribute their maximum for the achievement of the organizational objectives. Researcher found that the training and effectiveness programs have a positive impact on the performance of both male and female employees. The overall opinion about the training among the employees is very good and effective, it is very much helpful to improve the individual career and the organization growth too and they are satisfied with the training process and method of teaching. It is also found that the development programs are not having very positive impact and there is a need to review the entire process right from identification of employees/implementation and designing of development programs.