

# **A Study of Training and Development Practices in Service Sector in Relation to Employee Engagement across Delhi and NCR**

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## **Abstract**

Training and development are key entities affecting not only the performance of employees but also their level of commitment and engagement towards an organization. Yet, there has been no conclusive results strengthening this revelation, as training may either have a positive or a negative impact on an individual's perception. The present study investigates the relation between training and development practices on employee engagement in service sector across Delhi and NCR regions. The current literature in this domain is rigorously explored for deriving conclusions and providing valuable insights pertaining to impact of training and development practices on employee engagement. The study reveals that there is a positive impact of training, and that more training interventions with integration of latest technology is required for furthering the progression of the employees and their engagement.

**Keywords:** Training and development practices, employee engagement, service sector

## **1. INTRODUCTION**

“Training is the most important factor in the business world because training increases the efficiency and the effectiveness of both employees and the organisation “(Khan, Khan and Khan, 2011). But a question has always been plaguing the minds of the organisations, is the return on investment favourable when an organisation invests in the training and development of the employee skills. The only method to assess this

is performance management. Performance management takes into consideration the effects of the Human resource management on employee engagement.

To further investigate this, first employee engagement must be understood. Robinson et al., (2004) defines employee engagement as “a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employer and employee”. Employee engagement is crucial for the healthy functioning of an organisation in the 21st century. But this poses a problem, as performance management is a very strenuous task and poses many problems during implementation for the Human Resource team, and it is referred to as the “Achilles’ heel” (Elaine, D.P., 2009).

The difficulties arise due to changes in the relation between the organisation and the employee. According to Cartwright and Holmes (2006), the variables considered before were loyalty, trust and commitment on the employee’s side and job security, training and development and promotion and support from the organisation's side. Currently, the variables had changed drastically, with the expectation of employee’s being dedicating more time to work, being open to continual changes in their work environment and taking on more significant responsibilities in the hopes of having a job and getting reward-based incentives. These variables make it nigh impossible to calculate employee engagement as the companies do not foster sentiments of loyalty among the employees and instead maintain a relationship based on give and take, where unless there is an incentive an employee cannot be expected to go beyond his official duties (Cartwright and Holmes, 2006).

In lieu of this, organisations must start focusing on the development of its employees, in specific areas such as restructuring the mindset of the employees to reduce cynicism. It is vital because employee engagement does, in fact, affect customer satisfaction. According to Tsaur and Lin (2004), the organisation's human resource management (HRM) and the employee’s engagement are directly related, and the customers perceive employee’s engagement as a result of the companies HRM policies. According to the more recent studies of Shuck and Wollard (2010), there is evidence that suggests a direct relationship between employee engagement and customer satisfaction too.

On the relationship between the HRM and employee engagement, many researchers have come to different conclusions. Alfes et al. (2013) explained that understanding the impact of HRM policies on employee behaviour requires two variables, Organisational Citizenship Behaviour (OCB) and turnover intentions. The researchers argued that besides being two relevant variables to the organisation, they also cover two processes of the organisation. According to Sridevi and Markos (2010), concepts

like Total Quality Management (TQM) and Business Process Reengineering (BPR) improved the performance of employees in the organisation.

The employee turnover indicates an essential indicator of the quality of the HRM. Guchait and Cho (2010), point out how employee turnover is a primary concern for an organisation, as it has a multi-faceted impact on the company. The researcher explains how the organisation loses human resource capital, and the costs incurred in replenishing the deficit and the fall in productivity due to this. The organisation must strive to employ good managers as it impacts the employee engagements which affect both the customer satisfaction levels and also internal effects on the human capital.

This review tries outlining training and developmental strategies which have a positive effect on the workforce and improve employee engagement which in turns has a positive impact on the organisation. The review aims to throw some light on the imminent research gap in the literature of Companies in New Delhi and the NCR. The purpose of the review is two-fold, to examine the standard variables between HRM and employee engagement and to determine developmental methods that will have a positive effect on employee engagement.

## **2 METHODOLOGY**

This study critically appraises and synthesizes the literature so as to fulfil the study objectives. 70 articles were found by using the research engines, Science Direct, Google Scholar, Wiley InterScience and CiteSeerx. Upon comprehensive review, the papers that were not relevant, or duplicate, to the study, were excluded from the review, and in total 23 articles were then explored.

## **3 LITERATURE REVIEW**

Over the past two decade, numerous studies have been conducted on the impacts of training and development on employees working in the service sector. The studies have indicated that, even though the organisation doesn't directly interact with the clients, the employees tasked with this significantly reflect the attitudes of the organisation to the clients (Tsaur and Lin, 2004). According to Katou and Budhwar (2010), Human resource plays a vital role in the development of human resource capital. In India, the policy of liberalization has led to a massive upsurge in the number of companies established and has led to a state of hypercompetitiveness (Som, 2006).

In this review, the focus has been on a number of research paper that can have a significant impact on the service sector in New Delhi and NCR. The key factors being

reviewed which have a subsequent impact on customer satisfaction are Human Resource Management and employee engagement.

### **3.1 HRM practices in service sector**

*“Human Resource Management plays a strategic role in managing and organizing people”* (Loganathan and Dharmaraj, 2017). It is the role of the HRM to develop and maintain a healthy work environment for its employees, to prepare strategies to deal with issues related to compensation and various other duties such as recruitment and training (Loganathan and Dharmaraj, 2017).

According to Khandekar and Sharma (2005), many organisations gave positive responses on the effects of learning included in the HRM policies as this favoured the company by effective organisational performance and a competitive edge. To achieve this, certain incentives are demanded by the employees.

A similar study on the retail sector in New Delhi and NCR showed how the employees were satisfied with their job and did not have any quarrels over the HRM policies, but they did not necessarily agree with the compensation they received, which indicated that HRM department were managing the employees quite well and provided an environment that was satisfactory for them, and only needed to re-evaluate its compensation policies (Mishra, Jain and Sood, 2013).

#### **3.1.1 Job training and development**

Aguinis and Kraeger (2009) stated, *‘As organizations strive to compete in the global economy, differentiation on the basis of the skills, knowledge, and motivation of their workforce takes on increasing importance’*. Generally, training and development leads to benefits for the individual, team, organisation and the society, and it ranges from individual or organisation benefit to economic prosperity of the nation (Aguinis and Krager, 2009).

According to the research, training and development have several benefits for the organisation. The research states *“the most effective training programs were those including both cognitive and interpersonal skills, followed by those including psychomotor skills or tasks”* (Aguinis and Krager, 2009).

An example of these would be the meta-analysis conducted by Arthur et al (2003). The research collected an initial data set of 1152 data points, from 165 sources. The research indicated that training methods used, the skills which were taught had an impact on outcome of the training on performance.

In contrast to this, Tsaur and Lin (2004) argued that the strengths of ‘training and development’ and ‘compensation benefits’ become insignificant when service behaviour dimensions are added to the equation. When the service behaviour dimension are included, ‘training/development’, ‘compensation/benefits’ and ‘performance appraisal’ are insignificant variables, and ‘recruitment/ selection’ retain only some significance.

### **3.1.2 Training in banking sector**

Human Resource Management is meant “*to integrate all personal activities with each other and strategically with organizational objectives*” (Graf, Karthi and Karthikeyan, 2010). With the increase in competitiveness in the banking sector, all banks try to advance themselves, and for doing so training is an essential requirement. Also as we live in a rapidly changing society, it becomes a priority of the HRM to curb the damage on the human capital but properly equipping them to cope with the changes (Graf, Karthi and Karthikeyan, 2010).

According to Ferdous and Razzak (2012), most of the prominent banks already had training needs assessment in place, and that companies kept a positive approach towards on the job training, as it was vital to compete and cope with the competition.

### **3.2 Drivers of employee engagement**

Employee engagement is defined as “*a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employer and employee*” (Robinson et al, 2004). Good employee engagement is obtained by aligning maximum job satisfaction and maximum job contribution (Markos and Sridevi, 2010). Bedarker and Pandita (2014), further press on the importance of employee engagement, as it is an important to all sectors globally, and is accepted as a vital element in understanding the organisations extent of effectiveness, competitiveness and innovation.

Robinson et al, (2004), outlines a few factors which have a crucial impact on employee engagement. These are, involvement in decision-making, the extent to which employees feel they are able to voice their ideas, and the management values the employees contribution, the level of growth employees perceive in their jobs, and the extent to which the management takes care of the employees’ health and well-being.

The research also states that efforts towards employee engagement levels won't be successful unless the organisation has good managers in place, encourages positive communication between employee and employer, promotes co-operation within the organisation, focuses towards development, takes care of the employees physical and mental health and keeps in place a clear and unbiased HR policy in place which is accessible by all and applicable to all (Robinson et al, 2004).

Markos and Sridevi (2010) suggested five character traits that all managers must incorporate to create a highly engaged workforce. These are, aligning effort with strategy, empowering employees, encouraging and promoting teamwork to improve team synergy, help the employees grow and develop and providing support and recognition when appropriate.

### ***3.2.1 Impact of training and development on employee engagement***

The service sector has seen a marked rise in competitiveness and globalisation over the last two decades, as a result of which companies have started paying more attention towards gaining a competitive edge. Theories of gaining a competitive edge through external factors have been replaced by more favourable theories which argue that the advantages are actually gained by focusing on internal elements of the organisation (Aragon-Sanchez, Barba Aragon and Sanz-Valle, 2003).

The research studied the effect of training on organisations results, to clearly outline the difference in cost incurred and return on investment of training programs. It proposed the hypothesis that "*companies with higher investments in employees' training will obtain better results in terms of profitability than those with lower investments*" (Aragon-Sanchez, Barba Aragon and Sanz-Valle, 2003). The study showed that there are variables showing an impact of training and development on employee engagement and performance, a few primary ones being in-house training shows a higher output than procuring a training from external institutes or organisation. Many similar studies have also recommended training to be an effective method on improving employee performance and increasing their engagement.

As Markos and Sridevi (2010) suggested, the growth and development is an important factor for employees. It will lead to more engagement on their part if they perceive more growth. Employees nowadays are not satisfied with the old style of totalitarian management, as they require job satisfaction, operational autonomy and status. According to Anitha (2014), when an employee undergoes training and developmental programmes, their confidence improves which reflects in their performance as they are more motivated and engaged in their jobs. The research shows how the career path ladder through training and development is an important factor in employee engagement.

According to Karthikeyan, Karthi and Graf (2010), over the last decade, “lifelong learning” has become a widely recognized subject in training. It helps to cope with the rapid changes in the current modern society. And every decent organisation with a view of growth are giving more attention to the development of their human resource mainly focusing on the areas of knowledge, skill and motivation of employees.

Karthikeyan, Karthi and Graf (2010 state that” *Human Resource Management is meant to integrate all personal activities with each other and strategically with organisation objectives*”. The research argues that companies must perceive employee engagement as an investment rather than a cost. The profitability of this was discussed in the previously.

### ***3.2.2 Developing and sustaining employee engagement***

Macey et al (2009), suggests that the general notion towards employee engagement is that that they are more productive, in the sense they put in more effort to put forth everything they have to offer to their organisation. But many organisations fail to understand this. Bunting (2004), talks about the concept of cynicism, increasingly being noted among employees. It has been bought upon by increasing work hours, intensification of work, poor management, rapid changes in work place due to the impact of new deals, and lay-offs and downsizing of staff.

The organisations must work to retain employee engagement, and for this they must promote meaning in the workplace (Cartwright and Holmes, 2006). Cartwright and Holmes (2006), further argue that how employees feel about their work and their colleagues also has an impact on their work and indirectly on the organisation. The meaning that employees seek is the employee considering the internal world as the individual and the external context of the workplace. The employee considers three question mainly, the questions being, where do they belong? How to they connect and relate to others? And lastly what is there contribution to others?

Some jobs by the very nature of the job can provide a person satisfaction and meaning, such as doctors, but in most other fields, the organisations can help the individuals to achieve this by suggesting that they donate to charity or do social work in free time to achieve a sense of satisfaction.

## **4. FINDINGS**

The review has strived to draw a clear relation between the training and development methods and there corresponding impacts on the organisation and customer satisfaction. Thought organisations and customer satisfaction do not have a direct link, they are indirectly connected by employee’s level of engagement, which is a

clear indicator of the organisation and its policies towards the organisation. The employees require no longer only want financial gain from the companies, they require different things in the current scenario, which are contradicting in nature and the organisation must work on providing a healthy balance, the requirements being a challenging and stimulating job, but also getting enough time to enjoy with their family and loved ones, to maintain work life balance but also rapid growth in the career fields and their organisation. Employees now cannot be motivated by mere financial gains, they require the fulfilment of philosophical concepts like contribution to the society, etc.

The review has ascertained certain gaps in the literature pertaining to the field of HRM policies and employee engagement. The author believes that due to lack of information on the current ratio between costs incurred during training and the return of investments, due to the lack of tangible variables, the area has been less explored to provide empirical data. Due to the absence of hard undeniable facts backed by statistics, organisation still remain sceptical towards practices of on the job training and development

There are a number of risks the organisation must take when providing on the job training, A few being the risk of losing the human resource capital by being unable to retain their workforce, and thus losing out on the financial front, and also the finances which will be incurred during the process of recruiting and training new employees. Keeping the risk of losing on the financial front, with lack of empirical data to indicate gains for the organisation, the organisations doubt the advantages they can gain by investing in employee's development and growth.

Further study must be done to ascertain the financial gains brought upon by training and developmental done in the organisation. If a clear figure can be drawn between the expenditure on training and the return of investment, companies might be able to consider it more certainly once they have an approximate amount to base their decision on. Also determining tangible variables between the organisation and employee engagement need to be established, the absence of which makes it difficult to systematically compare the two and draw conclusions.

The author feels that the current generation. Who will take up the mantle in running all organisations in the near future, lack the knowledge of vocational skills required, and might end up making the same mistakes as the past generations. By considering the current scenario in India, it is seen that most students only imbibe book knowledge with the single intention of high marks, and the education system fails to provide an environment that promotes the spreading of knowledge, due to this the students, when thrust into the professional scene, face many hardships and find it highly difficult to cope, and to counter this on the job training is vital. The loss of the future human resource capital is much more injurious to organisations than the loss of current human capital, which can have negative impact on the economy as a whole.

The author suggests the organisations to provide an adjustment advantage to employees, to ease themselves into the work life pressures, which will result in cushioning the impact and reducing the damage done to the human capital after they are fresh graduates and actively try to pursue their fields as a career, which will have a result on employee retention turnover, as less employees will have the intention to leave the organisation when they have gained a degree of comfort and familiarity. By systematically eliminating the factors that lead to employees leaving and joining other organisations, the loss of finances incurred can be substantially reduced and controlled.

## **5. CONCLUSIONS AND IMPLICATION.**

The review paper was aimed at throwing some light on the practices of HRM and the effects of training and development on employee engagement in the service sector in New Delhi and NCR. Based on current research, it is quite evident that HRM policies aimed at improving employee engagement is vital for the organisations survival over the long run in this highly competitive modern era. Employee engagement and customer satisfaction is directly linked, and if the organisations works on improving working conditions for the employees and providing an enjoyable and stable work environment for them, they employees will in return be more engaged which will result in higher efficiency of their work and greater service given to the clients. As aforementioned, further research is required to determine the impact of training and development on employee engagement and financial performance of the organization, especially in Delhi and NCR regions as there is a scarcity of literature in these areas. The evaluation of total cost on training must be ascertained so as to assess the total productivity in regards to both work performance and monetary terms. While this study found that training positively affects employee engagement, it is essential to note that further innovative ideas and methodologies are required to improve the training process in the service sector. Information technology must be integrated in training and development methods for acquiring optimal growth of the industry.

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