

## Global Training & Development trends & Practices: An Overview

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### Abstract—

*In today's era employees are not keen to join an organization where their Knowledge and skills are not upgraded. Many organizations provide opportunities for learning and use it as a retention tool. A large number of organizations use the strategy of proper & effective training by increased their training budgets to retain and get quality output from the employees. Employees are delegated with different role & responsibilities & training helps them to accomplish these roles & responsibilities & prepare them for the future responsibilities as well. This literature review based paper presents the value of training practices worldwide. Also the study is aimed at studying the current & expected future training trends worldwide. The training initiative taken by Indian organizations has also been discussed.*

**Keywords—** Training, retention, training budgets, effective training, training trends.

### I. INTRODUCTION

Taylor (1961) conceptualized training as a means to bring about a continuous improvement in the quality of work performed; it would equip them with necessary knowledge, skill, abilities and attitude to perform their jobs.

Organizations in both the private and public sectors, regardless of types or nature of organization, agree that training and development is essential to the growth and development of the business (Noe, 2002). Many organisations adopt a more strategic & future oriented approach to training and development to build employee capability within the business. If employees don't learn, both the individual the organisation fall behind. A US study of 500 publicly traded firms found that firms that had invested the most in training had a stockholder return 86% higher than firms who had invested the least in training, with a score that was also 46% higher than the market average. Training and Development takes many forms, but when it is strategically aligned with the overall business plan, it can have a powerful impact on productivity, performance and commitment levels among staff.

The Indian government & the local industry are continuously increasing their investments in training to upgrade the skills of employees. The IT industry is the largest user of training & spends 3 % to 5 % of their revenues on training as compared to 0.5% to 2% done by Non IT Companies. T & D has become a major part of employee retention & service enhancement programs. Besides the IT Sector, multinational companies, banks & large Indian organizations also utilise the benefits of training services.

Training is usually concentrating on enabling an employee to perform his current job effectively and efficiently and the evaluation is done to check whether it contributes to current strategic goals or not. The New Zealand's Advertising Guru states, "The single biggest waste of training dollars is when management spends money on training but doesn't understand why." He further quotes that "Investing in skills isn't something enterprises should do because someone tells them to, but because it's central to their future success."

Rewards show when the organizations starts identifying the relationship between the training and bottom line performance. To prove this, the American Society For Training and Development Study reveals that 25% of the companies who invested in training got back 24% of the higher profit margins, 50% enjoyed the Total Shareholder Return i.e. 86% higher than bottom half. When the company's spent \$680 per employee to get suitable training fetched 6% increase in Total Shareholders Return.

Gone are the days when training was carried for the sake of providing the information, skills and motivation employees need to do their jobs well and achieve their goals. The organizations are now a days focused on providing the right training, at the right time, for the right people. This means the investment is worthwhile for those involved and for the Organisation.

Globally also training & development practices are considered to be of due importance. The value of Training and Development to Irish businesses and the economy overall has been recognised. Research by Heraty and Collings (2006) showed that the investment in human capital development was the third largest contributor to Ireland's positive economic growth. In their description of human capital, they incorporated the level of education, work experience of the work force, managerial expertise and training and development and the acquisition of knowledge. Further research by Saratoga (2006) at a global level concluded that generally it is the organisations that engage in the highest levels of learning, training and development investment that experience the greatest success in talent management

In Australia, Smith and Hayton have investigated the determinants of enterprise training (Smith & Hayton 1999). Over a two-year period from 1994 to 1996, a research team from Charles Sturt University and the University of Technology, Sydney, studied 42 organisations in depth and carried out a survey of 1750 studies of private sector organisations.

Organisations in five industry sectors were studied, including building and construction, food processing, electronics manufacturing, retailing and finance and banking

The research identified three key 'drivers' of enterprise training. The drivers were:

- **Workplace change:** this includes the introduction of teamwork, new management practices and new forms of work organisation. The extent and pace of workplace change varied between enterprises and industries.
- **Quality assurance:** quality improvement was a particular form of workplace change that emerged as a consistent driver of enterprise training. However, the interpretation differed significantly across industries.
- **New technology:** this included new product and process technology.

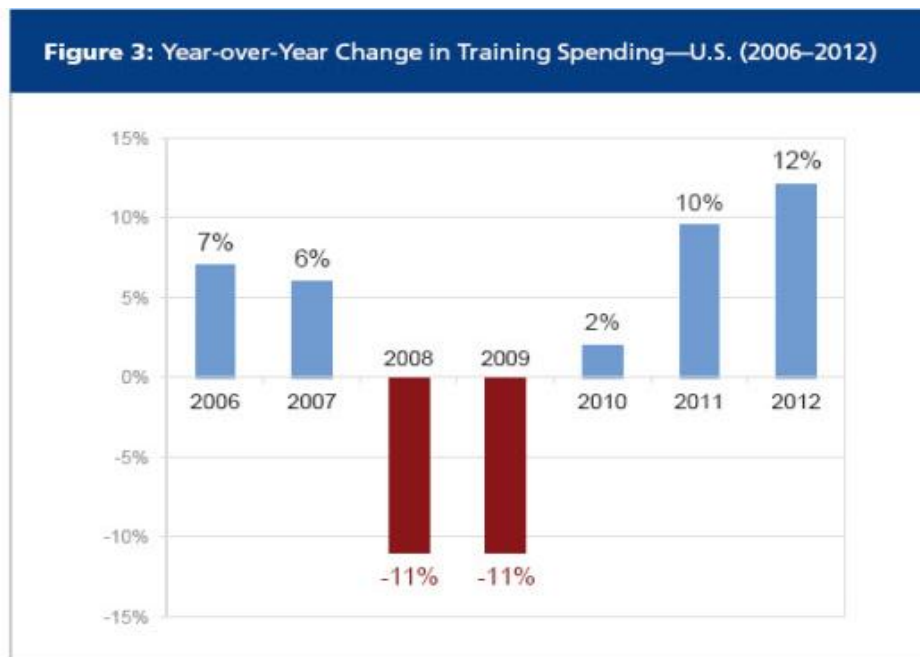
## II. CHANGES IN CORPORATE TRAINING EXPENDITURE (US) SINCE 2006

U.S. spending on corporate training grew by 12% in 2012, the highest growth rate .

Table-I

Changes in Training spending (2006-2012)

This increase likely reflects three major forces shaping the US workforce:



Source: Bersin by Deloitte, 2013.

1. The need for specialized skills is increasing.
2. Workforce education and skills have emaciated.
3. Leadership development and succession management have become critical business needs.

## III. STAGES IN DEVELOPING A TRAINING STRATEGY

The research and current trends in the area of building employee capability shows the value of taking a planned and focused approach.

The stages to consider include:

- Business Plan Review
- Identify Learning needs
- Develop training and development plan
- Training implementation
- Training Evaluation

## IV. CORPORATE TRAINING INITIATIVES IN INDIA

- In the last few years Indian organizations have made exceptional progress in terms of their training initiatives. This is mainly due to the increase in competition and because of the entry of multinational companies in India, which has forced them to look for various alternatives to develop organizational effectiveness.
- Training is considered as more of a retention tool than as a cost to the organization.
- Not only have organizations increased their investment in training and development practices, but they have also systematized training policies and practices right from the training need analysis to training evaluation and feedback
- The training system in the Indian industry has been distorted to create a smarter workforce and yield the best results.

- The optimum utilization of human resource is the target of any company and training is a tool to increase business outcomes.
- In the year 2008, four organizations from India were able to get entry in the winner list of 40 best organizations. These organizations were: Reliance industries Limited, Nagothane manufacturing division having strength of 2,157 employees, Infosys Technologies Limited having 79,016 employees, Wipro Limited having 60,000 employee strength and ICICI Bank Limited with employee strength of 40,880. This is an optimistic sign which clearly shows that organizations operating in India are also very serious about their learning and development function.

#### **V. CURRENT GLOBAL TRENDS IN TRAINING AND DEVELOPMENT**

- **Strategic focus:** Organisations are aligning their practices towards the organization's overall business strategy.
- **Employee Training & Development governance:** Organisations are focusing on the proper governance of the Employee Training & Development function, in line with corporate governance principles.
- **Proactive needs analysis:** Organisations are running training needs analyses proactively, with a direct link to business goals and future priorities.
- **Combined learning:** Organisations are using a blend of different methodologies to facilitate learning, with a particular emphasis on electronic learning.
- **Performance improvement:** Organisations are no longer doing training purely for the sake of training; but there is a shift towards delivering only training that improves the business.
- **Create Learning culture:** Organisations keep the perspective that training is a waste of time if there is no environment conducive to learning and growth
- **Outcomes-based learning:** There is a global shift towards outcomes-based learning, in which the focus is on clear outcomes and applied competencies rather than a great deal of interesting but inappropriate information.
- **Learner support:** Training departments are developing focused learner- support strategies to support learning and remove obstacles to learning and growth.
- **Mentoring and coaching:** Training alone is not enough; supportive mentors and coaches are needed in the workplace to accelerate learning and growth.
- **Training measurement:** Companies are measuring the impact of training based on clear tangibles in terms of the financial value of training.
- **Talent management:** Employee Training & Development is being integrated into talent management strategies, in which talented employees are given opportunities to develop their talents further so that their potential can be optimised in the workplace

#### **VI. EXPECTED TRENDS IN TRAINING**

The training and development (T&D) sector is expected to shape in the year ahead by some current trends, according to AMA Enterprise, a division of American Management Association that provides assessment, measurement and tailored learning solutions.

AMA Enterprise identifies the following trends that will have an impact on the industry

- Organizations will become more open about their T&D policies and practices. This means employees will expect greater openness from executives about performance review criteria, changes in corporate strategy, career advancement opportunities, high potential program selection and even management succession.
- Coaching will continue to be a key tool in executive and leadership development
- A renewed demand for training programs design to build communications skills, critical thinking and creativity which are required to improve employee productivity are expected.
- While some organizations have long global dimension in their leadership development initiatives, most companies find they must play catch-up or lose ground in an increasingly integrated, competitive global marketplace.
- With organizations facing more employee turnover, senior management will turn to HR and T&D to build closer relationships with high-performing workers and to use development as a means to improve retention and engagement.
- The process of selecting will become more open and ambitious individuals volunteer enthusiastically for any kind of leadership development offering.

#### **VII. GLOBAL TRAINING MARKET**

- 2011 Corporate and government expenditure for training activities in North America was approximately \$130B. The average expenditure for all corporate training activities to be about 7% of annual revenues. In other words the larger the company is, the more they spend on training as a percent of revenue. Companies that are more technology oriented tends to spend more, while companies who are more service oriented tends to spend much less.
- The global market for training expenditures in 2011 was about \$287B.
- Approximately 75% of the global training expenditure is in North America and Europe. Asia and India.

- Companies spend about 43% of their training related dollars on employees, compared to 50% on customers, and 7% on suppliers and channel partners.
- Companies in North America spend approximately 58% of their training budget on in sourced activities (people, facilities, etc.), and about 42% of their budget on outsourced services.
- The top 5 non-BPO market segments for outsourced training are IT (\$2.9B; 5.2%), Leadership (\$1.7B; 3.1%), Learning Technologies (\$1.2B; 2.2%), Sales Training (\$1.1B; 2%), and Content Development (\$.9B; 1.6%). All other segments account for about \$47B. The market is so highly fragmented that the top 5 segments represents only 14% of the total market expenditure.

The Nissan car factory in Sunderland, UK had the highest levels of productivity in Europe, a key factor being the fact that they had one of the best training records in the country as they were in the top 10 of 850 UK engineering and manufacturing firms for their commitment to training. Therefore, the importance of evaluating training impact is increasingly being recognised.

## VIII. CONCLUSION

The new global trends in the corporate world is to emphasize more on applying systematic approach to training and development in order to achieve higher level of organizational effectiveness. Organizations now a days try to link business strategy with training. Current and future trends show that organisations that want to retain skilled employees need to provide for ongoing development and educational opportunities. Many organizations measure the return on investment for training activities.

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