

THE SIGNIFICANCE OF TRAINING, INCENTIVES AND BENEFITS ON JOB SATISFACTION AND COMMITMENT IN IT/ITES PROFESSIONALS

PRIYANKA B.DAVE

Abstract: In organization people are most significant resource. It is not only essential to hire the best employees but the important is that a company retains those employees. Training, re-skilling and other benefits provided to employees inspire loyalty amongst employees. Training and development is a crucial activity in organizations because of very high costs associated with employee turnover. The rationale of this research is to study the impact of training, and benefits and incentives received on job satisfaction, as well as job commitment in IT/ITES professionals. A Quantitative study is used to survey IT/ITES professionals in various companies of Gujarat. The research draws comparison to the motivator-hygiene theory and the conservation of resource theory to identify why employees may be dissatisfied. Results of this research study could help IT/ITES managers to prevent possible problems that stem from employee dissatisfaction. Managers can implement training methods that employees favor, and offer benefits and incentives that employees are more likely to value and hence remain loyal to the company.

Keywords: Training Impact, employee Job satisfaction, Employee commitment, employee turnover.

Introduction: Training and development is an essential activity in every organization especially in IT/ITES companies because of high costs allied with employee turnover. According to Business line the number of workers taking flight is expected to reach 161.7 million in 2014- a 12.9% increase in people leaving the organization compared to 2012. The result of survey conducted by Global Human resource and management consultancy(Hay Group) shown that India set to witness highest attrition rate globally with possibilities of one in four employees switching job in the country.[1]Organizing significant numbers of training programs for the employees are very vital in order to enhance employee's capacity level and the skill set. The performance of employees in the relevant departments is directly proportionate to the number of training programs attended. Number of training programs organized by companies for its employees is based on the importance the companies are giving for the development of its employees for effective performance and for committed relationship. Training is of growing importance to companies seeking to gain an advantage among competitors.

Training is not the only grounds of employee turnover, there are other reasons too. Many times in IT/ITES firms employees leave the organization because of stress- they are not able to manage work life balance, dissatisfaction with compensation and other benefits given by the company.[2]Few reasons have been repeatedly looked at a possibly precursor to turnover. Result of this research could help IT/ITES companies to prevent possible problems that stem from employee dissatisfaction.

Review of Literature: There are numerous factors that can affect how to satisfy an employee with their

job, as well as their wish to leave their job. In this section the literature is on conservation of resource theory as well as motivator-hygiene theory, the foundational theories for this research. Following the theoretical underpinning of past research related to training, employee benefits, motivation, job satisfaction and job commitment in the IT/ITES companies.

Training is one of the most pervasive methods for enhancing the productivity of individuals and communicating organizational goals to new personnel. After employee is selected and placed and he started working in the organization he must be provided training facility. Training is an act of increasing the knowledge and skill on employee for doing a job. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization, to acquire and apply knowledge, skills, abilities and attitudes needed by a particular job and organization.

Training helps to improves, changes, moulds the employee's knowledge, skill, behavior and attitude towards the necessities of the job and organization. Thus, training bridges the differences between job requirements and employee's present specifications. Training is one of the core activities in order to have qualified, flexible and proactive employees [12][14]. Training has been an enhancement variable in escalating organizational and employee's productivity. Most of the research [8],[11], [16] Showed that training is elementary and effective instrument in successful accomplishment of the firms' goal and objectives which resulting in higher productivity.

Studies [2] revealed that employee work commitment is significantly correlated to employees' intention to

leave, an organization and occupation, organizational commitment is thus a critical focus point for industries experiencing, high training costs and high attrition rates. Reference [15] conducted the first study regarding the perceived effectiveness of training and its relationship to job satisfaction and commitment.

Training is very essential to enhance knowledge, skills and attitude of employees. It will also make easier for employees to attain further knowledge based on the groundwork gained from the training and added effect of changes in other work. A noteworthy relationship found between the employees training and their performance in accomplishing dissimilar tasks. Training has direct relation with employee's performance. Fundamentally training is formal and systematic modification of behavior through learning which accrue as a result of instructions, education, developmental and planned activities and experiences [1]. Companies can implement a variety of training in favor of employees and also offer benefits and incentives that employees are more likely to value and hence remain loyal to the company.

Reference [5] found several employee motivators: personal orientation and training, conscientiousness of job knowledge, perceptions of fairness based on biases towards different groups of employees, employee's self-efficacy (satisfying the needs and wants of the consumer first and foremost), job involvement, career exploration and planning, and overall work environment.

There are many factors that can contribute to what motivates an employee, the current research will only focus on the role of employee benefits and incentive offered (or not offered) on job satisfaction. By providing all employees with incentives or benefits for doing their job well, most employers can expect a level of respect from their employees [5]. Reference [9] studied effects of retaining quality employees. When these quality employees were retained, overall company productivity increased; there was an enhancement in profits, increase in employee satisfaction levels, and a lesser loss of knowledge capital. Also, the cost associated with training went down significantly. Reference [6] has researched how the effect of HRM practices relates to overall job satisfaction. The researchers stated that effective deployment of known HRM best practices would help companies reach higher levels of customer and employee satisfaction.

Reference [5] has shown that employees, who felt they were well trained, stayed with the company longer (for managerial and supervisory roles). It is also proven that companies that provide position expansion, (promotions within the company) which

are built within company policy help with overall employee commitment.

Theoretical Underpinnings:

Motivator Hygiene Theory: Frederick Herzberg created the motivator-hygiene theory in 1959 to study job attitudes he concluded that fourteen factors can be associated with how an employee feels about their job. These factors include: recognition, achievement, possibility of growth, advancement, salary, interpersonal relations, supervision-technical, responsibility, company policy and administration, working conditions, the work itself, factors in personal life, status, and job security [10]. The factors that Herzberg's (1959) research resulted in are widely prevalent in the job satisfaction literature. Herzberg used these factors to relate full-time employees and their attitudes towards their job. He stated that if an employee feels unhappy with one or more of them, their attitude towards their job would be negative. Reference [7] related the motivator-hygiene theory to the various industries, stating that understanding the motivation of employees will help promote job fit and increase productivity throughout the organization. These researchers concluded that factors that lead to job satisfaction will also lead to organizational trust. Reference [7] also discussed that employees who seem to be more dissatisfied with their job will likely have more stress and overall be less productive.

Another factor in the motivator-hygiene theory that [10] discussed is turnover resulting from job dissatisfaction. The motivator-hygiene theory states that employees who have strong feelings of job achievement, job recognition, job responsibility, room for advancement, and increases in salary were less likely to leave the job. Even though the motivator-hygiene theory was proposed decades ago, managers need to take these factors into consideration. Managers also need to intervene with employees who have already taken the steps towards quitting [10].

In a research [13] applied the motivator-hygiene theory to research how employees are motivated by the possibility of advancement in the workplace. In the study, the researcher uses the "hygiene" factors described by Herzberg to relate them to employee motivations [13]. The research found that employees are unmotivated due to lack of advancement in the company, which in turn makes them less satisfied. The link between dissatisfied employees and the lack of career advancement, or motivators, was very strong [13].

The rationale of this research is to study impact of training and benefits and incentives received on job satisfaction, as well as job commitment in IT/ITES professionals.

Research Hypothesis

H₁ - Employees who received follow-up training will be more satisfied with training than those who do not receive follow-up training for IT/ITES employees

H₂ - A positive relationship exists between incentives received and job satisfaction for employees in the IT/ITES industry.

H₃ - A positive relationship exists between benefits received and job satisfaction for employees in the IT/ITES industry.

H₄ - A positive relationship exists between job satisfaction and job commitment

This study was designed to verify how training, benefits and incentives that IT/ITES employees received create an impact on their job satisfaction and commitment for their job. Questions were related to the type of training, length of training, and status of follow-up training were asked to see how it affects an employee's overall training satisfaction. Questions related to training satisfaction, incentives received, and benefits received were also asked to find out if they impacted the overall training satisfaction. Finally, suitable analysis was done to conclude whether job satisfaction impact an employee's overall commitment to the job. Surveys were administered to 200 IT/ITES middle level employees (Medium scale IT/ITES companies of two cities of Gujarat: Ahmedabad and Gandhinagar); 154 completed surveys were returned for a response rate of 77%.(convenient sampling). Multiple and liner regressions, correlation were used to analyze the data and factor analysis is used to validate an instrument.

Instrument Development: The survey instrument contained six sections with a total of thirty-one questions, based upon the eight constructs of the study. Part one contained demographic questions including gender, age, education level, past related work experience, and length of training period. Part two measured the level of satisfaction with the types of training used. Part three measured the use of follow-up training and training satisfaction. Part four measured the employee's level of satisfaction of benefits offered. Part five measured employee's satisfaction with incentives received at their current job. Part six measured employees' overall job satisfaction and job commitment. Respondent were asked to indicate whether they agree or disagree with each statement using a five-point Likert-type scale in parts 2-6. Responses for these questions ranged from 1=strongly disagree, 2=disagree, 3=neither disagree/agree, 4=agree, and 5=strongly agree, and in some instances NA=not applicable. With respect to age, gender, education level, length of training and previous work experience, multiple choice or fill in questions were asked.

Factor analysis were used to validate the instrument and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy for the various Attributes categories measured is 0.645 (N=110), which indicates that the scale is appropriate and helps in extracting the factor. The ideal measure for this test is KMO>0.50 and here in this case KMO is 0.645 which is satisfactory and thus it indicates that the variables are measuring a common factors.

Result and Discussion: Descriptive were examined for the current sample. The age of employees surveyed ranged from 20 to 50, and the mean was 28 (SD = 7.01). Majority of employees surveyed were under the age of 30. 54.55% of professionals hold master degree of computer science, 32.46% hold bachelors degree and 12.98% were diploma holder. The amount of time spent at their current job ranged from one month to five years.

H₁- Employees who received follow-up training will be more satisfied with training than those who do not receive follow-up training for IT/ITES employees

The purpose of this research question was to determine whether there was a relationship between an employee received follow-up training and their overall training satisfaction. A Pearson Correlation was used to examine the relationship between follow-up training (IV), and the training satisfaction (DV). Results indicated that the relationship between whether an employee received follow-up training and their satisfaction of their overall training was not statistically significant ($p >.05$); i.e., whether an employee received follow-up training or not had no relationship with their satisfaction with training received.

H₂-A positive relationship exists between incentives received and job satisfaction for employees in the IT/ITES industry.

A Multiple Regression with Free Entry was used to examine the impact that employee incentives (IVs): job recognition, career exploration, pay for performance, and more responsibility, had on an employee's overall job satisfaction (DV). The sample mean for DV, job satisfaction was 3.54 (SD = .110). The results indicated that the omnibus test (i.e., the overall regression equation) was significant ($F = 14.889$, df = 3, $p = .001$). Pay for performance was the only statistically significant predictor of job satisfaction ($R^2 = .226$, $p = .001$). Thus, employees who received increased pay for good performance were more satisfied with their job.

H₃- A positive relationship exists between benefits received and job satisfaction for employees in the IT/ITES industry.

All but a handful of employees surveyed answered either "not relevant" or did not answer at all for the question related to employee benefits. Respondents

were directed to select "not relevant," if they did not receive benefits. Only one person responded with "very satisfied" with health insurance; five were very satisfied with paid vacation, and four were very satisfied with paid sick leave. Because of the small number of responses and high number of "not relevant" answers, the data was not used in further analysis.

H4-A positive relationship exists between job satisfaction and job commitment

The purpose of the last research question is to examine the relationship between job satisfaction and job commitment. Simple Linear Regression was used with the IV, job satisfaction (sample mean of 3.78 [SD = .952]) and the DV, job commitment (sample mean of 3.71 [SD = 1.019]). Scale ranged from 1=strongly disagree, 2=disagree, 3=neither disagree/agree, 4=agree, and 5=strongly agree, and in some instances NA=not applicable. The results indicated that the omnibus test was significant ($F = 7.22$, $df = 2$, $p = .001$). Job satisfaction was a significant predictor of job commitment ($R^2 = .88$, $p = .001$) meaning that a satisfied employee will remain committed to the organization.

Thus, most respondents in this study indicated that they did not receive benefits. Unfortunately, pay for performance significantly impacted an employee's job satisfaction in this study. Very few problems that have been linked to high turnover have been thoroughly studied in IT/ITES companies. Results of this study showed that as training satisfaction increased so did job satisfaction..

Limitation:

- A major limitation in this study stemmed from IT/ITES companies unwillingness to participate in

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the study. Many human resources managers did not want to take the time to distribute surveys to employees. While initial contacts were made with several companies, only few agreed to participate.

- Ahmedabad and Gandhinagar based IT/ITES companies were contacted.Hence; result cannot be generalized beyond this geographic region.
- Some of the non-significant results could be attributed to the small sample size used for data analysis.

Conclusion: The overarching objective of this study was to determine factors that affected job satisfaction and job commitment among IT/ITES Professionals, particularly related to training, benefits, and incentives received. Companies are reluctant to spend money to train employees especially because they feel that these employees are not committed to their organization[6]. In this research, pay for performance was the only employee incentive that impacted job satisfaction.

A possible explanation for this could be the small number of employees that indicated they received any incentives at all in this study.. Results of this study showed that as training satisfaction increased so did job satisfaction. If employees feel they are properly trained to do their job they are more confident overall. According to [13], training and development programs can reduce stress that employees feel when they are not trained properly, and this affects their overall job commitment and retention rate. [5] have also shown that employees who feel they were well trained stayed with the company longer.

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Doctoral Student,
Institute of Management, Nirma University,
Ahmedabad.,Gujarat.