Evaluation of Training and Development Practices in SMEs : An Empirical Study

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ABSTRACT

Small and Medium Enterprises (SMEs) play a very important role in the development of the Indian economy. This sector contributes nearly 40% to the GDP and employs about half of the labour force of the country. With the ongoing liberalization and globalization of the Indian Economy, SMEs face an increasing competition from the Global markets. Today's global market expect reasonably priced, high quality products delivered on time. To meet this requirement, SMEs need an educated and well-trained work force. It is believed that training is a powerful agent to facilitate a firm's expansion and the development of its capabilities, thus enhancing profitability (Cosh, Duncan, and Hughes, 1998). Hence, there is a need to provide training to the employees of Small and Medium Enterprises. Both policy makers and academicians believe that enhancing the competency of employees through Training and Development in SMEs can lead to a marked improvement in their business performance. To determine whether training programs produce real benefits for Small and Medium-size enterprises (SMEs), there is a need to evaluate the effectiveness of the training programmes. Even though the evaluation is a very important stage for a successful Training and Development (T&D) programme, this activity is the most neglected and problematic. As a result, T&D has been considered in many organizations as a waste of money and time. Despite the growing importance of SME research during the last decade, very little attention has been paid to the evaluation of the effectiveness of training programs in SMEs. In this context, the present study was undertaken to measure and assess the effectiveness of the current T&D programmes and also to analyze the challenges of evaluation of Training and Development programs in SMEs of Udupi district in Karnataka . Further, an attempt has been made in the study to identify and discuss the key facilitators and inhibitors of promoting effective Training and Development.

Keywords : SMEs, T&D Practices, Evaluation of T&D Practices

JEL Classification : M12

INTRODUCTION

Small and Medium Enterprises (SME) play a very important role in the development of the Indian economy. This sector contributes nearly 40 per cent of the Gross Domestic Product (GDP) and employs about half the labour force of the country. In the present globalized competitive market and ongoing liberalization of the Indian economy, SMEs would be facing an increasing competition from the global markets. Today's global market expect reasonably priced, high-quality products delivered on time. To meet these requirements, SMEs need a competent, committed, flexible, multi-skilled and talented workforce. It is believed that training is a powerful agent to facilitate a firm's expansion and the development of its capabilities, thus enhancing profitability (Cosh, Duncan, and Hughes, 1998). Hence, there is an imperative need to provide training to the employees of SMEs.

Both academicians and policy makers strongly believe that developing the competency of employees through training and development (T&D) programmes in SMEs can lead to remarkable improvement in the performance of their business. To determine whether training programmes produce real benefits for SMEs, it is of utmost importance to evaluate the effectiveness of the training programmes. Even though the evaluation is a very important stage in the implementation of a successful T&D programme, this activity is most neglected as evaluation is very complicated and time consuming. As a result, T&D programmes have been considered as a waste of money and time in many SMEs. Despite the growing importance of SME research during the last decade, very little attention has been paid to the effectiveness of training programs for small and medium-size businesses (Huang, 2006).

In this context, a study on the "Evaluation of Training and Development Practices in SMEs" was undertaken to measure and assess the effectiveness of current T&D programmes and challenges in SMEs of Udupi district, Karnataka. Further, an attempt has also been made in the study to identify and discuss the key enabling and disabling factors in promoting effective T&D policies and practices in SMEs.

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CONCEPTUAL FRAMEWORK

In the present globalized and liberalized market, SMEs are compelled to compete with global players in the local market. Therefore, the SMEs need to focus on customer delight by providing the best quality of products at a reasonable price. In this context, an educated, multi-skilled, flexible work force is essential to develop a competitive edge for an organization. Today, it is accepted worldwide that HRD programmes are powerful instruments to develop a competent work-force.

Human resource development was originally conceived as a composite term specifically incorporating three types of vocational learning activity that would contribute to making individuals more effective at work :

(a) Training : Focusing on immediate changes in job performance;

(b) Education : Geared towards intermediate changes in individual capabilities; and

(c) Development : Concerned with long-term improvement in the individual worker (Nadler, 1970).

Training and Development (T&D) is an integral part of the Human Development Program. It aims at enhancing the competency level (domain-specific knowledge, requisite skill-mix, positive mental attitudes, result-oriented values, constructive work habits) and unleashing the human potential within every employee in the organization. As a matter of fact, there are two principal ways of conducting training programmes in SMEs: In-house and outsourcing. In-house training programmes are designed and conducted within the organization in the form of 'on- the- job training' aimed at developing and fine-tuning functional skills. On the other hand, the second way of conducting T&D programmes is outsourcing it to external training providers in the form of 'off-the-job-training'. Off-the-job-training programmes are normally conducted with a view to inculcating primary soft skills such as self-awareness and development, assertiveness, effective communication skills, human relations skills, problem-solving and decision making skills, creativity, coaching and mentoring skills, negotiation and counselling skills, time management, stress management and conflict resolution techniques. The T&D programmes are conducted to achieve specific outcomes. The expected outcome of T&D programmes are:

(1) Developing competencies of employees to improve their performance;

(2) Familiarizing them with the requirements of the job, organizational policies and procedures and ;

(3) Understanding the customers' expectations, which will facilitate in enhancing customer service and satisfaction.

As T&D involves a lot of money and time, it is very crucial to evaluate the effectiveness of T&D programmes (programme evaluation) on the one hand, and the roles, outputs and competencies of the T&D departments in generating the intended outcomes of the T&D programmes within the organization (departmental evaluation) on the other hand.

SCOPE OF THE STUDY

While there is a growing research on T&D Practices in large organizations, no authoritative and comprehensive empirical study has so far been conducted on T&D Practices in SMEs. Even though few studies are conducted on T&D practices in SMEs, most of these studies are conceptual and prescriptive rather than empirical in nature. Further, extensive review of literature suggests there has been little empirical data on the evolution of T&D practices in SMEs. Hence, the present study titled "Evolution of T&D in SMEs : An Empirical Study" is an attempt to understand the present T&D Practices and methods of evaluation of effectiveness of T&D practices in SMEs.

REVIEW OF LITERATURE

Training and development is, undoubtedly, a costly investment which will yield rich dividends in the long run (Saxena, 2008). A review of the T&D literature shows that in majority of SMEs in India, training is still not considered as an important organizational function, which contributes to the organization's success. Instead, it is viewed as a vacation activity or leisure time pursuit, which is given to some people, normally to the managers' relatives and friends. Moreover, the literature suggests that in SMEs, training evaluation is rarely undertaken, because training is being seen as an overhead and not an investment to be evaluated (Al-Athari & Zairi, 2002). In a few SMEs, even though T&D evaluation is conducted, it is not conducted in a professional manner. To evaluate training, the outcomes

of the training in terms of how trainees actually behave back on their jobs and the relevance of that behaviour to the objectives of the organization should be systematically documented (Kraiger et al., 1993). There are various frameworks of training evaluation that have been suggested (Brinkerhoff, 1987; Bushnell, 1990). By far, the most widely used evaluation approach to date has been the framework laid out by Donald Kirkpatrick (Desimone et al., 2002). Kirkpatrick (1959, 1976, 1998) argued that in the evaluation of training programmes, it is possible to measure change in terms of four levels of rigour: reaction, learning, behaviour and results.

Any evaluation effort requires the collection of data to provide decision makers with facts and judgments upon which they can base their decisions. One important aspect of providing information for training evaluation includes methods for collecting evaluation data (Desimone et al., 2002). The methods for collecting evaluation data are also called evaluation instruments (Saxena, 1997), which include questionnaires, attitude surveys, paper-and-pencil tests, performance tests, interviews, observations, performance records (Yadapadithaya, 2001). Any or all of these methods are appropriate for collecting evaluation data, depending on their relevance to the questions being asked. However, basic characteristics of a sound evaluation instrument include validity (instrument's ability to measure what the person using the instrument wishes to measure), reliability (consistency of results) and practicality (ease of administration, simplicity and brevity, and economical) (Yadapadithaya, 2001).

The evaluation of training and development programmes can be at specified time(s) after the end of the training, to determine the extent to which the skills, knowledge, and attitudes gained by the employees are actually being used on the job. Usage data are collected for two major purposes: **(1)** To find ways to increase the use of the skills, knowledge, and attitudes on the job ; and **(2)** To provide information with which to make decisions about learning in the organization (Dixon, 1995). Multiple-point evaluation data answer the questions like how does the training itself need to change? ; What kinds of assistance do participants need after they return to work? ; and what constrains participants on the job from implementing what they learnt (Dixon, 1995).

To convert the cost of T&D programmes into investment, it is essential for the organizations to measure and assess not only the effectiveness of various T&D programmes, but also to evaluate the overall performance of T&D departments. Organizations may use a set of criteria to evaluate the effectiveness of their HRD departments such as the number of employees trained per year, cost of training and development function per employee, number of training programmes held per year, training course effectiveness rating, performance against training budget, performance against training and development objectives, and the feedback from line managers about the role and relevance of T&D departments (Ford, 1993; Fombrun et al., 1984; Harrison, 2000).

As Hamblin (1974) points out, the various levels of evaluation - reactions, learning, job behaviour, organizational unit, and ultimate value act as powerful links in a chain of cause and effect. Training leads to reactions, which lead to learning, which leads to changes in job behaviour, which lead to changes in the organizational unit, which lead to changes in the performance of the organization.

From a broader landscape, the international T&D literature reveals that the T&D evaluation stage faces many challenges (Altarawneh, 2009). In this regard, Shandler (1996), Redshaw (2000), as well as Burrow and Berardinelli (2003) argued that proving T&D effectiveness in achieving organizational performance criteria, such as profit, quality, customer satisfaction, return on investment (ROI) and market share, is not an easy task. Consequently, the evaluation stage in the training process is often ignored. There are many factors that underpin the reluctance to engage in evaluation initiatives. For instance, T&D benefits accrue over a long period of time, there are many other intervening variables, and a great deal of factors can influence an employee's performance, while most T&D outcomes are subjective, complex and difficult to measure (Altarawneh, 2009). Support for these contentions can be gleaned from the work of Abdalla and Al-Homoud (1995), and Al-Athari and Zairi (2002), who found that the most common evaluation challenges in the surveyed Arab organizations were the cost of conducting this process, difficulty in finding evaluation methods, difficulty in finding evaluation-based quantitative financial criteria or language, time required to accomplish this process and the lack of information needed for evaluation. Even though the importance of evaluating effectiveness of T&D programmes is growing, this activity is always neglected and in those SMEs where evaluation is done, it is not undertaken professionally.

OBJECTIVES

The main purpose of this study is to examine and report the key trends and status of evaluation of training and

development practices in SMEs in Udupi District, Karnataka. The specific objectives of the study are:

(1) To describe the T&D framework in SMEs with reference to key indicators of training drivers, training need analyses, methods of training, approaches to training and types of training ;

(2) To measure and assess the effectiveness of training and development practices in SMEs from the point of view of purpose, instrument, timing, evaluation design, and scope of evaluation ;

(3) To identify and discuss the major defects and challenges in conducting T&D evaluation in SMEs ; and

(4) To raise major implications for T&D theory, evaluation research and practices in SMEs on the one hand and to offer meaningful and pragmatic suggestions for enhancing the effectiveness of the evaluation of T&D practices on the other hand.

METHODOLOGY

This survey-based, empirical research study was aimed at T&D departments in SMEs of Udupi district, Karnataka. A comprehensive, structured questionnaire was drafted and pre-tested with help of a detailed review of literature relevant to the current filed of investigation and discussion with 23 HR Managers of SMEs in Udupi District.

The questionnaire was mailed to the HR/Training and Development Managers of 450 SMEs in Udupi district who could furnish the data and information on behalf of the organization at the establishment level, along with a self-addressed, postage-paid envelope and a request letter in March 2010. During the first two months, 104 filled-in questionnaires were received. A further request was made to the non-respondents either by sending a reminder letter or by reminding them via a telephonic call. This follow-up resulted in the collection of additional 85 completed questionnaires during the next two months, thereby yielding the total response size of 189 (42 % response rate). This response rate is considered to be acceptable keeping in view the response rate usually reported by other researchers in similar studies (Brewster & Hegewisch, 1994; Loan-Clarke et al., 2000; Martinsons & Chong, 1999). Almost two-thirds of those responding to this survey explicitly requested a copy of the study result.

After carefully scrutinizing and editing the filled-in questionnaires, the researcher eliminated 42 incomplete questionnaires, rendering only 147 usable questionnaires for further analysis. Most questions had pre-coded answers, while verbal replies for open-end questions were analyzed and then categorized. Initial analysis of primary data focused on the percentage responses to questions as well as the sample size. The filed survey was conducted during June 2011 - November 2011.

RESULTS AND DISCUSSION

Major findings of this research study are presented in the following three sections:

	Table 1: Training and Development: Key Indicators (N= 147)				
	Parameters	**Mean**	**SD**	**F**	**p**
(a)	Percentage of payroll spent on training	2.10	1.10	2.325	>0.05 (NS)
(b)	Training money spent per employee (₹)	207.00	29.50	18.542	<0.001
(c)	Average training hours per employee	07.00	0.82	5.125	<0.001
(d)	Percentage of employees trained per year	33.00	5.20	11.545	<0.005
(e)	HRD or training staff per 100 employees	2.00	0.29	1.859	>0.05 (NS)

Source : Primary Data

Notes :
1. Figures represent the annual averages applicable to each organization in the respective category of respondent organizations covered by this study.
2. S.D. = Standard Deviation
3. Percentage of payroll spent on training = (Total annual training expenditure/ Total payroll) x 100
4. Total annual training expenditure = Annual internal training expenditure + Annual external training expenditure

(1) Training and Development practices in SMEs ;

(2) Evaluation of Training and Development practices in SMEs ;

(3) Major deficiencies in evaluation of training and development practices in SMEs.

(1) TRAINING AND DEVELOPMENT PRACTICES IN SMEs

The present T&D practices of SMEs are discussed mainly by focusing on Key indicators, Main responsibility for T&D, Major driving forces, Key functions of T&D, Methods of training need analysis, T&D approaches, Categories of employees trained, Nomination criteria and Types of training programmes conducted in SMEs.

❖ **Training and Development - Key Indicators :** The corporate's commitment to T&D in any organization is normally measured and assessed in terms of five basic indicators such as Percentage of payroll spent on T&D initiatives, Training money spent per employee per annum, Average number of training hours per employee in a year, Percentage of employees trained per annum, and HRD or training staff per 100 employees.

Table 2: Responsibility of Training and Development
SI No.	Responsibility of T&D	Number	Percentage
1	Owner of the Enterprise	81	55.1
2	HR Manager	39	26.5
3	Line Manager/ supervisor	27	18.4
	Total	147	100.0
Source : Primary Data			

Annual internal training expenditure is the total gross expenditure (before recoveries or allocations) made by HRD/Training and Development department for education and training, staff salaries and benefits, occupancy, information-system charges, depreciation, course materials, classroom rentals, communications such as catalogs or advertisements, and hiring costs for external instructors and consultants. It does not include trainee salaries and benefits while in training, trainee travel and living expenses, costs of personnel other than education and training staff, seminars or consultations paid for outside the training organizations, community programmes, tuition reimbursement, or customer training. Annual external training expenditure is the sum of tuition reimbursement and refund. and the cost of outside education such as seminars, executive education, and company-sponsored residential graduate study.

As is clearly evident from the Table 1, by and large, SMEs did not seem to pay proper and adequate attention to T&D investments. Besides these quantitative indicators, the success of T&D depends much more not on the "quantity of time, energy and resources earmarked for T&D activities, but more importantly on "how well this function is being managed?". Ultimately, T&D should not be considered as an 'expenditure', but as a 'strategic investment' which would pay rich dividends in the long run.

❖ **The Person Handling the Main Responsibility for Training and Development Practices in SMEs :** Respondents were asked to indicate who in their organizations was allocated the main responsibility for implementing training and development policies and programmes. In 55.1 per cent of the organizations, the owner of the enterprise assumed the responsibility for undertaking T&D initiatives. In the remaining organizations, HR managers (26.5%) and line managers or supervisors (18.4 %) were given the responsibility for handling T&D activities (Table 2).

❖ **Driving Forces of Training and Development :** The major driving forces of T&D initiatives in SMEs were : Product innovation (60.5%), Making more effective use of human resources (53.7%), Improving market share (51.7%), Implementing new technology (46.3%), To meet quality standards of ISO (29.3%), Improving industrial relations (26.8%), Improving return on investment (25.2%) and Organizational development (14.3%) (Table 3).

❖ **Key Functions Of Training & Development :** The main function of T&D departments in SMEs included : Implementing T&D programmes (62.6%), Identifying and selecting T&D providers (43.5%). However, other

Table 3: Driving Force of Training & Development

Sl.No	Driving Factors	Number	Percentage (N=147)
1	Product innovation	89	60.5
2	To meet quality standards such as ISO	43	29.3
3	To make more effective use of human resources	79	53.7
4	To implement new technology	68	46.3
5	Organizational development	21	14.3
6	Improve industrial relations	42	28.6
7	Improve market share	76	51.7
8	Improve return on investment (ROI)	37	25.2

Source : Primary Data

Notes (a): Multiple response rate = 3.1, (b) Total percentage will not add up to 100 due to multiple responses.

Table 4: Key Functions of T&D

Sl.No	Key function	Number	Percentage
1	Implementing T&D Programmes	92	62.6
2	Conducting training needs assessment	20	13.6
3	Preparation of training calendar	14	9.5
4	Designing and developing training materials	39	26.5
5	Identifying and selecting T&D providers	64	43.5
6	Measuring and evaluating the effectiveness of T&D programmes	21	14.4

Notes : (a) Multiple response rate = 1.7; (b)Total percentage will not add up to 100 due to multiple responses.

Source : Primary Data

Table 5: Training Needs Analysis: Methods

Sl.No	Methods of training need analysis	Number	Percentage (N= 147)
1	Line manager requests	93	63.3
2	Employee requests	84	57.1
3	Performance appraisal results	49	33.3
4	Training audit for determining training needs.	11	7.5

Notes: (a) Multiple response rate = 1.6

(b) Total percentage will not add up to 100 due to multiple responses.

Source : Primary Data

prominent functions of T&D department such as conducting training need analysis (TNA) and measuring and assessing the effectiveness of T&D were totally neglected (Table 4).

❖ **Training Needs Analysis - Methods :** Training needs analysis was usually conducted based on the inputs provided in the form of Line manager's requests (63.3%) and Employee's request (57.1%). It is worth noting that Performance appraisal results (33.3%) and Training audit for determining training needs (7.5%) were used by a small proportion of responding organizations (Table 5).

❖ **Training and Development Approaches :** With regard to T&D approaches, 41.5 per cent of the organizations resorted to "in-house training" programmes and nearly 26 per cent designed the training and development programmes with the help of in-house staff, but depended upon outside T&D providers for delivering training (Table 6).

Table 6: Training and Development Approaches			
Sl.No	T&D approaches	Number	Percentage
1	In-house training programmes	61	41.5
2	Combination of in-house staff and outside suppliers	30	20.4
3	Outsourcing of training programme	18	12.2
4	Designed the training programmes with the help of in-house staff but depended upon outside consultants for imparting training.	38	25.9
	Total	147	100.0
Source : Primary Data			

Table 7: Nomination Criteria for Training and Development			
Sl No.	Nomination criteria	Number	Percentage
1	Individual's training needs assessment	39	26.5
2	Merit of the employee	54	36.7
3	Employee requests	41	27.9
4	Easy sparing of the individual	13	8.9
	Total	147	100
Source : Primary Data			

Table 8: Category of Employees Who Were Trained			
Sl.No	Category of employees	Number	Percentage (N=147)
1	Technical staff	92	62.6
2	Sales people	89	60.5
3	First-line supervisors	42	28.6
4	Manual and production workers	09	6.1
5	Mid-to-upper-level managers	31	21.1
Notes: (a) Multiple response rate = 1.8, (b) Total percentage will not add up to 100 due to multiple responses			
Source : Primary Data			

❖ **Nomination Criteria for Training and Development :** The major criteria for nominating the employees for the T&D programmes were Merit of the employee justifying the need for taking part in relevant training (36.7%), Employee request (27.9 %), Individual training need assessment (26.5%) and Easy sparing of the individual (8.9%) (Table 7).

❖ **Categories of Employees Trained :** Prominent categories of employees trained in SMEs were Technical staff (62.6 %) and Sales people (60.5 %). The categories of employees such as First line supervisors (28.6%), Mid-to-upper level managers (21.1 %) and Manual or production workers (6.1 %) did not figure out significantly in the T&D programmes conducted by SMEs (Table 8).

❖ **Types of Training and Development :** As far as the types of T&D programmes conducted by SMEs were concerned, Functional skills (57.8%), Sales and Marketing (67.3%), and Health and Safety (59.9%) assumed prominence, while Induction training (33.3 %), and Team building and interpersonal relations (27.2%) were the other types of training conducted by SMEs (Table 9).

2) EVALUATION OF TRAINING AND DEVELOPMENT PROGRAMMES

In this section, an attempt is made to highlight the policies and practices of evaluating T&D practices in SMEs by

Table 9: Types of Training and Development			
SI.No	Types of Training and Development	Number	Percentage
1	Induction	49	33.3
2	Functional skills	85	57.8
3	Team building and interpersonal relations	40	27.2
4	Sales and marketing	99	67.3
5	Health and safety	88	59.9
6	Others	34	23.1
Source : Primary Data			
Notes: (a) Multiple response rate = 2.7, (b) Total percentage will not add up to 100 due to multiple responses.			

Table 10: Training and Development Evaluation- Scope			
SI.No.	Scope of Evaluation	Number	Percentage
1	Programme evaluation only	84	57.1
2	Departmental evaluation only	08	5.5
3	Programme and Departmental evaluation	24	16.3
4	No evaluation	31	21.1
	Total	147	100.0
Source : Primary Data			

examining the scope of T&D evaluation, key purposes, levels, instruments and timing of evaluation.

❖ **Training and Development Evaluation - Scope :** As far as the scope of the T&D evaluation was concerned, out of 147 responding SMEs, 57.1 per cent conducted only T&D programme evaluation; a negligible proportion of just 5.5 per cent carried out T&D departmental evaluation only; 16.3 per cent reported the practice of conducting both 'programme and department evaluation' and not surprisingly, 21.1 percent did not conduct any training evaluation. Hence, out of 147 respondents, only 116 (78.9%) conducted training evaluation (Table 10).

❖ **Training and Development Evaluation - Key Purposes :** The major purposes of T&D evaluation were: Determining the effectiveness of various components of a T&D programme (e.g., Content, Training aids, Instruments, etc.) (46.9%); Determining whether the T&D programme justifies the cost (45.6 %); and Gaining practical insights in order to design, develop and deliver more effective future T&D programmes (40.1%); To determine whether or not the T&D objectives are being met (38.8 %); and To conform to policy guidelines and documentation of T&D efforts (e.g., terms and conditions of ISO accreditation) (Table 11).

❖ **Levels of Evaluation :** It was worth noting that as many as 87.1 per cent of the organizations conducted training evaluation at the first level of ascertaining 'Whether the trainee liked the training?' (Reaction). The second level of training evaluation was conducted by only 46.6 per cent about 'What was actually learnt from the training?' (Learning). However, the third and fourth levels of training evaluation 'To what extent the learners changed their behaviour as result of 'training'?' (Behaviour - 26.7 per cent) and 'To what extent organizational improvement resulted from the learners' behavioural change?' (Results- 11.2 %) seemed to have grossly been neglected in SMEs (Table 12).

❖ **Training and Development Evaluation - Instruments :** Among the instruments used for collecting necessary evaluation data and information, Questionnaires (75.9 %), Performance records (52.6 %) and Observation (45.7) appeared to be popular in SMEs. Performance tests (16.4%), Paper and pencil tests (14.7%) and Attitude surveys (12.1) were not the popular instruments used in the evaluation of T&D programmes in SMEs (Table 13).

Table 11 : Training and Development Evaluation: Key Purposes

Sl.No	Key purposes of evaluation	Number	Percentage (N= 116)
1	To 'Determine whether or not the training and development objectives are being met'	57	38.8
2	To 'Determine the effectiveness of various components of a training and development programme (e.g., Content, Training aids, the Instructor, etc.),	69	46.9
3	To 'Conform to policy guidelines and documentation of training and development efforts' (e.g., the terms and conditions of ISO Accreditation)	41	27.9
4	To 'Gain practical insights in order to design, develop, and deliver more effective future training and development programmes'	59	40.1
5	To 'Determine whether the training and development programme justifies the cost'	67	45.6

Notes:(a)Multiple response rate = 2.00 ; (b)Total percentage will not add up to 100 due to multiple responses ; (c) Out of 147 respondents, 38 did not conduct training evaluation. Hence N= 116.

Source : Primary Data

Table 12: Levels of Evaluation

Sl.No	Levels of Evaluation	Number	Percentage
1	Reactions (Did the learner like the training?)	101	87.1
2	Learning (What was learnt from the training?)	54	46.6
3	Behaviour (How much did the learners change their behaviour as a result of the training?)	31	26.7
4	Results (How much organizational improvement resulted from the learners' behavioural change?)	13	11.2

Notes: (a) Multiple response rate = 1.7 (b) Total percentage will not add up to 100 due multiple responses

Source : Primary Data

Table 13: Training and Development Evaluation: Instruments

Sl.No	T&D evaluation : Instruments	Number	Percentage
1	Questionnaires	88	75.9
2	Performance Records	61	52.6
3	Attitude Surveys	14	12.1
4	Observations	53	45.7
5	Performance Tests	19	16.4
6	Paper-and-pencil tests	17	14.7

Notes: (a) Multiple response rate = 2.2 (b) Total percentage will not add up to 100, due to multiple responses.

Source : Primary Data

❖ **Training and Development Evaluation - Timing :** With regard to timing of evaluation, an overwhelming proportion of just over 87 per cent resorted to 'Post-training evaluation' and a little over 35 per cent also conducted evaluation during the T&D programme (In-training evaluation). However, SMEs did not show any substantial concern for carrying out Pre-training (11.2 %) and Multiple-point (before-during-after) evaluations (7.8) (Table14).

3) TRAINING AND DEVELOPMENT: MAJOR DEFICIENCIES

As far as major deficiencies in the T&D system of SMEs were concerned, as many as 60.5 per cent reported 'Absence of transfer of learning from the place of training to the place of work' and another 63.3 per cent indicated 'A failure to evaluate the effectiveness of T&D programmes more vigorously than at present' (Table 15).

❖ **Training and Development - Key Challenges :** The major challenges faced by many of the SMEs in their T&D system were: 'Making learning as one of the fundamental values of enterprises' (58.5%), 'Gaining the willing cooperation and support of the line managers' (50.3%), 'Committing major resources and adequate time to T&D'

Table 14: Timing of Training and Development Evaluation

Sl.No	Timing of Training and Development Evaluation	Number	Percentage (N=116)
1	Pre-training evaluation	13	11.2
2	In-training evaluation	41	35.3
3	Post-training evaluation	101	87.1
4	Multiple-point evaluation	09	7.8

Notes: (a) Multiple response rate = 1.4 (b) Total percentage will not add up to 100 due to multiple responses.

Source : Primary Data

Table 15: Training and Development: Major Deficiencies

Sl.No	Major deficiencies	Number	Percentage (N= 147)
1	Absence of transfer of learning	89	60.5
2	Lack of systematic and comprehensive training needs analysis	61	41.5
3	Lack of a clear written policy on training and development	49	33.3
4	Failure to evaluate the effectiveness of training and development programmes more rigorously	93	63.3
5	Weak interaction between the organization seeking training and the outside institutions providing training	58	39.5
6	Insufficient funding of training and development programmes	67	45.6

Notes: (a) Multiple response rate = 2.8

(b) Total percentage will not add up to 100 due to multiple responses.   Source : Primary Data

Table 16: Training and Development: Key Challenges

Sl.No	Key challenges	Number	Percentage N= 147
1	Making learning as one of the fundamental values of the company	86	58.5
2	Integrating training and development into initiatives for change management	41	27.9
3	Committing major resources and adequate time to training and development	69	46.9
4	Linking organisational, operational, and individual training needs	52	35.4
5	Gaining the willing cooperation and support of the line manager	74	50.3
6	Retaining the employees after training	57	38.8
7	Using training and development as a development tool for individuals and teams	49	33.3
8	Ensuring that training and development leads to improvement in the soft skills	64	45.3

Notes: (a) Multiple response rate = 3.3. (b) Total percentage will not add up to 100 due to multiple responses. Source : Primary Data

(46.9 %) and 'Ensuring that T&D allows soft skills to develop' (43.5%), 'Retaining employees after training' (38.8 %), 'Linking organizational, operational and individual training needs' (35.4%), 'Using T&D as a developmental tool for individuals and teams' (33.3%), and 'Integrating T&D into initiative for change management' (27.9%) (Table 16).

IMPLICATIONS

Intensifying global competition, rapid technological change, market fluctuations, high pressure for increased quality, innovation and productivity has compelled the SMEs to conduct innovative T&D programmes to develop multi-skilled, committed, and flexible workforce.

Interestingly, much of the existing literature on T&D Practices in SMEs has lamented the failure of organizational efforts to significantly improve the knowledge, skills, and attitudes of employees, and also the ability to affect business performance (Campbell et al., 1970; Hall, 1984). Many are currently struggling to develop a valid, reliable, and operationally viable model to measure and evaluate the effectiveness of T&D programmes (Crawford & Webley,

1992; Cronshaw & Alexander, 1991; Lawson, 1993, 1994; Phillips, 1997, 1999). How much an organization invests in T&D is of course important, but arguably, how it invests in various training systems and processes (for example, identifying training needs, defining learning requirements, planning training programmes, implementing training, and evaluating training) is even more important. Not surprisingly, the yield from training and development initiatives will be maximized when employees perceive that desirable outcomes (or avoidance of undesirable outcomes) are attained as a result of their full commitment to a training and development programme (Yadapadithaya, 2001).

The 'Absence of transfer of learning from the place of training to the workplace' is perceived to be one of the serious deficiencies existing in the T&D programme (Yadapadithaya, 2001). Earlier research studies on transfer of learning have provided convincing evidence that the work environment - the physical, social, and psychological conditions that individuals experience at work can either encourage or discourage the acquisition and transfer of new skills and ideas (Baldwin and Ford, 1988; Tannenbaum and Yukl, 1992; Tannenbaum, 1997). The other key determinants of transfer of learning cited in the literature include: the support and encouragement of the immediate supervisor and co-workers, the availability of equipment to allow the use of newly acquired skills and ideas, and timely identification and minimization of situational constraints (e.g., unclear task assignments, unrealistic time pressures) (Reid and Barrington, 1997; Tracey et al., 1995). Hence, the primary responsibility of organizations and the focus of corporate HRD policies and practices should be able to create and foster a climate that promotes the successful acquisition and transfer of new skills and ideas.

LIMITATIONS OF THE STUDY AND SCOPE FOR FUTURE RESEARCH

The present study is more descriptive than analytical in nature. Predictably, as one of the major limitations normally acknowledged by similar surveys (Brewster et al., 1996), the results of this study can only reveal general trends in the T&D evaluation policies and practices in SMEs, and may not contain convincing logical explanations of the reasons for and obstacles in way of adopting particular T&D policies and practices in SMEs.

Future research needs to explore the possible linkages between T&D practices and organizational performance and relation between T&D evaluation practices and organizational conditions. It is, therefore, essential to probe through detailed case studies about those organizational conditions whose presence, or absence, may help to explain the differential adoption of T&D policies and practices in SMEs. The T&D initiatives should be planned, developed, budgeted, conducted, and evaluated with great care. Otherwise, T&D practices in SMEs may not produce the desired results.

CONCLUSION

This survey-based, empirical research study was conducted in SMEs of Udupi district, Karnataka. The findings of the study throw light on T&D framework in SMEs with reference to key indicators of training drivers, training need analyses, methods of training, approaches to training and types of training and various challenges faced by SMEs in evaluating the T&D practices and enabling and disabling factors in promoting T&D Practices in SMEs. It is interesting to note that there is growing awareness about importance of T&D practices among the owners of SMEs. However, employees in small firms are less likely to receive formal training than those in large firms, due to the fact that T&D programmes are still considered as a cost to the company, rather than being considered as the most profitable investment.

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