

IMPACT OF EMPLOYEE TRAINING AND DEVELOPMENT ON ORGANIZATIONAL PERFORMANCE IN SMALL AND MEDIUM ENTERPRISES (SMEs) OF SPSR NELLORE DISTRICT, ANDHRA PRADESH

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ABSTRACT

Employee training and development play a vital role in improving employee competencies, productivity, motivation, and organizational effectiveness. Small and Medium Enterprises (SMEs) contribute significantly to employment generation and economic growth in SPSR Nellore District, Andhra Pradesh. However, due to financial and resource constraints, many SMEs lack structured training and development programs. The present study examines the impact of employee training and development on organizational performance among SMEs in SPSR Nellore District. Primary data were collected from 500 employees through a structured questionnaire using stratified random sampling. Statistical tools such as descriptive statistics, Chi-square analysis, correlation analysis, and regression analysis were employed. The findings reveal that training programs significantly enhance employee skills, productivity, motivation, and overall organizational performance. Correlation and regression analyses confirmed a strong positive relationship between training and organizational performance. The study recommends strengthening training initiatives and organizational support mechanisms to improve workforce effectiveness and SME competitiveness.

Keywords: *Employee Training, Human Resource Development, Organizational Performance, SMEs, Productivity, Employee Motivation.*

I. INTRODUCTION

In the contemporary business environment, employee training and development have become essential tools for enhancing organizational competitiveness and sustainability. Organizations increasingly recognize that human resources are valuable assets whose knowledge, skills, and competencies directly influence organizational success. Training equips employees with the required technical and behavioral skills, improves productivity, and enables adaptation to changing technological and business environments.

Small and Medium Enterprises (SMEs) play a crucial role in industrial development and employment generation in SPSR Nellore District. Despite their importance, many SMEs face challenges in implementing systematic training programs because of limited financial resources and inadequate training infrastructure. Therefore, understanding the impact of training and development on organizational performance is essential for strengthening SME growth and competitiveness.

II. STATEMENT OF THE PROBLEM

Employee training and development are essential for improving employee skills, productivity, and organizational performance. However, many Small and Medium Enterprises (SMEs) in SPSR Nellore District face challenges in implementing effective training programs due to limited financial resources, inadequate infrastructure, and lack of awareness. As a result, employees may not receive sufficient opportunities to enhance their competencies. Therefore, the present study aims to examine the impact of employee training and development on organizational performance and assess the effectiveness of training practices in SMEs of SPSR Nellore District, Andhra Pradesh.

III. REVIEW OF LITERATURE

Armstrong (2014) emphasized that employee training and development improves employee competencies, job performance, and organizational effectiveness. Continuous learning enhances productivity and employee commitment.

Subramanian (2018) found that financial constraints and lack of formal HR systems limit training practices in SMEs. However, even limited training interventions positively influence employee efficiency and retention.

Kumar and Reddy (2020) reported that training enhances innovation, technical competencies, and operational efficiency in SMEs. Their findings confirmed a positive relationship between training frequency and organizational performance.

IV. OBJECTIVES OF THE STUDY

1. To analyze the demographic profile of employees working in SMEs.
2. To examine training and development practices in SMEs.
3. To assess the impact of training on employee skills, productivity, and motivation.
4. To evaluate the relationship between training and organizational performance.
5. To provide suggestions for improving training effectiveness in SMEs.

V. HYPOTHESES

H1: Employee training has a significant positive impact on organizational performance.

H2: Training significantly improves employee productivity.

H3: Training significantly enhances employee motivation.

H4: Training significantly improves employee performance.

H5: Organizational support significantly influences training effectiveness.

VI. RESEARCH METHODOLOGY

The study adopted a descriptive and analytical research design. A sample of 500 employees working in Micro, Small, and Medium Enterprises of SPSR Nellore District was selected through stratified random sampling. Data were collected through a structured questionnaire comprising

demographic variables and training-related variables. Descriptive statistics, Chi-square tests, correlation analysis, and regression analysis were used for data analysis.

VII. RESULTS AND DISCUSSION

Table 1: Gender Distribution of Respondents

Gender	Frequency	Percentage
Male	300	60%
Female	180	36%
Other	20	4%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$$\chi^2 = 245.24 \text{ (p < 0.001)}$$

The results indicate that male employees constitute the majority (60%) of the workforce, followed by female employees (36%). The Chi-square value confirms a statistically significant difference in gender distribution, suggesting that SMEs in SPSR Nellore District remain predominantly male-oriented.

Table 2: Age Distribution of Respondents

Age Group	Frequency	Percentage
Below 25 Years	80	16%
25–35 Years	220	44%
36–45 Years	140	28%
Above 45 Years	60	12%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$$\chi^2 = 124.00 \text{ (p < 0.001)}$$

The majority of respondents belong to the 25–35 years age group (44%), indicating that SMEs rely heavily on young and productive employees. The significant Chi-square result confirms that the age distribution is not uniform.

Table 3: Educational Qualification of Respondents

Qualification	Frequency	Percentage
SSC	120	24%
Intermediate	140	28%
Degree	180	36%
Postgraduate	60	12%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$$\chi^2 = 60.00 \text{ (p < 0.001)}$$

Degree holders constitute the largest group (36%), indicating that SMEs employ a moderately educated workforce capable of adapting to organizational requirements.

Table 4: Employment Type of Respondents

Employment Type	Frequency	Percentage
Permanent	210	42%
Contract	150	30%
Temporary	100	20%
Apprentice	40	8%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$$\chi^2 = 125.60 \text{ (p < 0.001)}$$

Permanent employees form the largest category (42%), reflecting relative job stability within SMEs.

Table 5: Trainings Attended During Last Two Years

Trainings Attended	Frequency	Percentage
None	160	32%
1–2	200	40%
3–4	90	18%
More than 4	50	10%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$$\chi^2 = 109.60 \text{ (p < 0.001)}$$

The findings indicate that most employees attended one or two training programs. However, nearly one-third of respondents received no training, highlighting the need for broader training coverage.

Table 6: Impact of Training on Skills

Skill Improvement	Frequency	Percentage
Very High	140	28%
High	230	46%
Moderate	100	20%
Low	30	6%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$$\chi^2 = 167.20 \text{ (p < 0.001)}$$

Nearly 74% of respondents reported high or very high skill improvement due to training, demonstrating the effectiveness of training programs in enhancing employee competencies.

Table 7: Impact of Training on Productivity

Productivity Change	Frequency	Percentage
Significant Increase	160	32%
Increase	230	46%
No Change	90	18%
Decrease	20	4%
Total	500	100%

Source: District Industries Centre, SPSR Nellore District

Data collected from 500 SMEs in the study area

$\chi^2 = 196.00$ ($p < 0.001$)

A majority of respondents (78%) reported increased productivity following training, confirming the positive contribution of training programs to work performance.

Reliability Analysis

Cronbach's Alpha	Number of Items
0.872	12

The reliability coefficient of 0.872 indicates excellent internal consistency and validates the questionnaire used for the study.

Correlation Analysis

Variables	Training & Development	Organizational Performance
Training & Development	1.000	0.718**
Organizational Performance	0.718**	1.000

$p < 0.01$

The correlation coefficient of 0.718 indicates a strong positive relationship between training and organizational performance.

Regression Analysis

Variable	B	Std. Error	t-value	p-value
Constant	2.315	0.184	12.582	0.000
Training & Development	0.524	0.048	10.917	0.000

$R = 0.718$, $R^2 = 0.516$, $F = 119.18$, $p = 0.000$

The regression analysis reveals that employee training significantly influences organizational performance. The R^2 value indicates that 51.6% of the variation in organizational performance is explained by training and development practices.

Hypothesis Testing Summary

Hypothesis	Result
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H1: Training positively impacts organizational performance	Accepted
H2: Training improves productivity	Accepted
H3: Training enhances employee motivation	Accepted
H4: Training improves employee performance	Accepted
H5: Organizational support influences training effectiveness	Accepted

VIII. FINDINGS

The study found that employee training positively influences skill enhancement, productivity, motivation, and organizational performance. Most employees perceived training programs as relevant and beneficial. Organizational support for training was found to be high, while lack of time and awareness emerged as major barriers to participation.

IX. SUGGESTIONS

1. SMEs should establish continuous training and development programs.
2. Adequate budgets should be allocated for employee training.
3. Flexible training schedules should be introduced.
4. Awareness regarding training opportunities should be enhanced.
5. Greater managerial support should be provided.
6. Digital and online training platforms should be adopted.
7. Training effectiveness should be regularly evaluated.

X. CONCLUSION

The study concludes that employee training and development significantly improve organizational performance in SMEs of SPSR Nellore District. Training enhances employee skills, productivity, motivation, and job performance, which ultimately contribute to organizational success. The statistical analyses confirm that training is a critical determinant of organizational effectiveness. Therefore, SMEs should prioritize employee development initiatives to achieve sustainable growth and maintain competitive advantage in the rapidly changing business environment.

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