

The retention effect of training

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Especially in times of shortage of skilled workers, some companies do not offer continuing education that improves the employees' chances on the labour market. Behind this restraint is the employer's fear that employees who have undergone extensive training will use their improved opportunities to switch to other companies.

Their fear seems to be unfounded, as Professor Thomas Zwick of Julius-Maximilians-Universität (JMU) Würzburg in Bavaria, Germany, and Dr. Daniel Dietz found out. "On average, [training](#) significantly increases [employee](#) loyalty to the [company](#) providing training by more than ten percentage points," says Zwick, who heads the JMU Chair of Human Resource Management and Organisation.

Higher company loyalty, rising productivity

In a publication in the *International Journal of Human Resource Management*, the economists show that training not only increases the productivity of employees, it also reduces the tendency to leave the company.

"Interestingly, the retention effect also occurs in the case of training content that would enable employees to take a wage-increasing career step outside the company," says the JMU professor. Even if the participants receive a certificate from an external training provider and can provide convincing evidence of their newly acquired skills, the retention effect remains positive.

Data basis of the analysis

For their study, Zwick and Dietz analysed the continuing education and career information of approximately 4,300 employees in 150 German companies over five consecutive years. All the companies studied were participants in the company panel of the Institute for Employment Research (IAB) in Nuremberg, Germany.

From this database, the researchers were able to ascertain, among other things, when employees had participated in continuing education, at which company they had worked during their training and whether they

were still employed there in the following calendar year. Another key aspect of the study was whether the content of the trainings was also of interest to other employers, whether training was certified and whether the certificates came from external providers.

More information: Daniel Dietz et al, The retention effect of training: Portability, visibility, and credibility, *International Journal of Human Resource Management* (2020). [DOI: 10.1080/09585192.2020.1737835](https://doi.org/10.1080/09585192.2020.1737835)

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