Comparison of Internal and External Training for the Development of Employees; A study of IndianIT Industry

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Abstract-Training is very crucial in developing the skillsets of the employees and that results in growth of business and skilled employees attract new projects and they are available also for the same. On an average estimate, every employee spends at least 2 to 15 hours in training depending on the job requirements. Interestingly, these days training has become a basic need in every type of big, small or medium enterprises; and offering skill development training and career enhancement can also improve morale and confidence of the employee, which is perfect for more productivity. There are two types of training which normally happens in an organization. One is in house training and the other is training by external training vendors or institutes. This is conceptual paper to understand different concepts related to the various training programs in IT Companies. The data is collected through the secondary research. The study tries to identify which is the suitable training program to be adopted for the IT organizations in some of the contexts.

Key Words-Training and Development; Skill Development; IT Sector; On the job training; External training; Training Methods; organizational Goal

I. Introduction

Training is an important agent in the corporate sector as it directly impacts the organization and also affects the employee positively in terms of experience and career enhancement "(Khan, Khan and Khan, 2011). However, the question has always been bothering the organizations if it is justifiable to spend too much on training to get a desired result. There can be options of hiring already industry ready candidate, well that is always an expensive option since the candidate will demand more money. They also think that an external agency can always track and train the employees with a new technology. But that may in some case create constraint in terms of availability of the external trainer again and again, since it is a onetime event. Follow up would not be possible. Another part of the training evaluation is, there is no proven methodology to quantify the training since the outcomes get visible after a long time because of several factors like project success and employee performance improvement. But that may not be alone due to the training, but due to the employee

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motivation also. Below are some of the advantages and disadvantages of internal and external training based on various papers studied.

1.   **Objectives of the study**

    ✓   To understand the various training methods in IT Industry

    ✓   To undertake empirical study on the topic- External Training Vs Internal Training

    ✓   To contribute in the existing literature related to various modes of training in IT Industry

II.   Methodology of the study

The present study is based on the secondary data only. For this purpose, various libraries and websites have been visited for the preparation of the paper. Due acknowledgement is provided for the earlier studies wherever it is required.

Since the research scope is vast, we have read many articles and reports to analyse the effectiveness of various methods of training. The research outcome is also reinforcing the research topic itself and for IT companies, the research is mainly of two types- in-Bound training and external training. Now they both overlap with each other little bit as both can be done in the virtual platform. Hence We also looked at few papers on the online training platforms and their effectiveness too.We also considered Primary data based on the interviews some of the corporate trainers and companies, DEMO of the training tools, virtual platforms

III. Analysing Theory

Various advantages and disadvantages of the Training types-

A.   Advantages of Internal Training (In House Training

Figure 1. Depicting the advantages of Internal Training

B. Disadvantages of Internal Training

- Internal Training happens only on week days and hence takes a lot of time away
- Trainer (internal) will normally not normally take a rational stand and would be biased towards organization because he/she is the employee himself/herself
- Since no profit earned by internal trainer-Motivation is low
- In internal training session- employee enthusiasm can also reduce

Table 1. Depicting the disadvantages of Internal Training
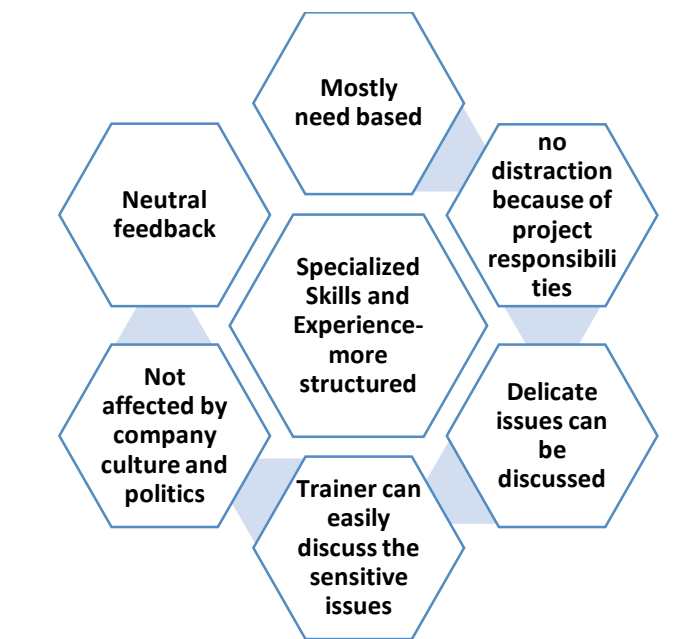
C. **Advantages of External Training**

Figure 2. Depicting the advantages of Internal Training

D. Disadvantages of External Training

- Expensive training
- Lack of understanding of the organizational values, cultures
- No Scope for follow up
- Short interaction between the trainer and trainee
- Only for specific needs and critical requirements
- Can't happen frequently

Table 2. Depicting the disadvantages of Internal Training

It is also to be noted that many companies (in fact, most of the companies) go for a right mix of in house and external training and not for a single method of training to the employees. IT companies also train students who are yet to join them after they pass. This is a kind of internal training and the candidate is actually outside the office premises and is continuing training.

E. Existing Research about various Training approaches by various IT Organizations-

As per the research conducted by Milhem et al., (2014) organization's training time devoted to their employees increased by 12.5% in most of the organizations across the world. Consequently, organizations can see a direct correlation between the investment in training and the organizations' success, and hence they want that their employees get enough competitive advantage and be the best in the market in their jobs. Organizations are spending millions of dollars on training and skill enhancement of their employees. As per the statistics, the investment is continuously growing. [1]

With increased investment the organizations should also make their employees aware of the importance of training. As rightly pointed out by Sultana (2012), the employee motivation is directly proportional to the acquisition of more and more of new skills through training. [2]

Hence training is vital to the growth of any organization across any industry. In IT industry there are various skills which is learnt by the IT employees. Since the industry itself is very dynamic, it is very obvious that each day or month, there is some technology which comes to the market. Some technology is not easily accessible due to copy right issues and the technology or platform is pretty much blocked to the world. Hence, only the source company actually access the technology and it can provide to the other companies on payment basis. In these kind of particular cases, external training by the parent company is much justified as anyhow the technology is yet to become a universal technology.

Some of the technologies which are taught in external training are as follows

- ✓ Salesforce
- ✓ PEGA Technology
- ✓ ServiceNow
- ✓ Management Games

Some of the trainings which are done by the in-house professionals

- ✓ Soft Skills training
- ✓ Generic Technologies – JAVA, Strut, Spring, C++, C, .NET, Informatica
- ✓ DBMS (Database Management System)
- ✓ Data structure
- ✓ Python, Big DATA, Hadoop, Internet of things, Artificial Intelligence

IBM is a strong advocate of the in-house training. The IBM's smarter workforce study talks about the below observations. [3]

Figure 3. [Source: "IBM Smarter Workforce 2013 Training and Tenure Report"]

IBM is also a strong advocate of the Internal training for the below benefits.

- ✓ Easy alignment of skills program to the business needs
- ✓ Train conveniently, Train consistently, Train thoroughly and train globally
- ✓ Knowledge Management
- ✓ In-House training saves a lot of budgets- as the travel budget is saved
- ✓ Relationship builds over a period of time with the trainer

Infosys has a strong base of internal training at the Mysore development centre for the fresh recruits. They also have a full-fledged ETA(Education, Training and Assessment Team- which keeps training the company employees using the online training platforms like LEX. The training also is provided to the prospect employees through the infytq platform. These LEX and INFYTQ are in-house training platforms for the learning to continue uninterrupted. They train and certify their employees in all the levels and training is part of their job and hence they claim that this is their competitive advantage and the company carries a huge reputation in the market.[4]

As per the elearningindustry.com [5], There are some natural reasons why some of the IT companies go for the external training. Some of the small IT companies, can't afford to keep an internal training department as their strength itself is very less and also these small IT companies don't have experts in many technologies. In the IT industry, the technology inflow is enormous and that is the same case with technology outflow. (Technology getting outdated or dying) Hence if a company trains its trainers in a technology, it may happen that the technology is no more a niche technology in the market. Also due to steep competition in the training market, it is easy to get technology trainers in the market at a very competitive price. Hiring and training the in-house trainers is also a cost, is not it!

Kristina Proffitt[6], in her article in the cronofy.com makes apt comments about both the types of training. She says that there are benefits and disadvantages in both the types of training. She is also suggesting that when the scale is high in external training, large number of employees can actually go for the virtual mode of external training so that the travel cost, time, infrastructure requirements are minimized. There are many companies like UDACITY, UDEMY, COURSERA, CodeAcademy, DATACamp etc. who are specialized for corporate training and teach specially the IT Courses. Sometimes the training is completely outsourced to these companies and becomes a part of the job and appraisal.

There are also self-training platforms which IT companies tie up with by paying the for access for all its employees. This is a much efficient external training, where employee can get training by just logging in to the office laptop. Harvard Manage Mentor is such an example.

Fresher's training is mostly done in-house. (Based on training reports of TCS(Tata Consultancy Report), Infosys, Wipro(Even they have Wipro training university in Bangalore), Cognizant etc)

In-House training gives an excellent campus experience to all the new recruits. However, for experienced candidates or employees can go for external training in case some technology is introduced in IT market and is critical to the project as per the client requirement. Also some places, where client demands, the IT company has to honour the same and go for the external training if internally they don't have good trainers in that particular technology. (For Example, if Apple Inc. which is a client of TCS demands for certain technology to be learnt by the resources working for apple, TCS has to train it's resources accordingly as soon as possible to meet the client needs)

IV. Concluding Observations

There is also a lot of scope for the below research

Future Scope of research in Internal Training(In-house training) in IT	Future scope of research in External training in IT
• There is good scope to do research on in-house training in small and medium IT companies • Scope for more research on correlation between in-house training budget with the outcome • Quantification of result and matching with organization long term goals	• More scope for research in the method of valuation of these training agencies • Evaluate long term and short term benefits • Comparative study between in-house development of expertise and hiring trainer and the associated costs

The findings don't advocate in favour of either in-house or external training. The stand is neutral and is actually context specific. Organizational size, training need, Organizational goal alignment, various biases, desired outcome are some of the factors which should be taken into account while designing a training program for the IT companies.

The other observations are mentioned in the bullet point forms as below-

- The type of training is purely dependent upon the requirements of the organization and the team which shall be trained. Basically, which is emphasized by every researcher is that the objective of the training should be in line with the objective and goal of the organization

- Before the company starts to organize the training, it should find out what is the exact outcome it wants. Accordingly, whether In-house or external trainer will be employed can be decided

- Cost, time, availability, neutrality, size of the organization, expertise is some of the key parameters, which are taken into consideration while deciding on a training program

- Training expenditure in IT industry will go up even more in future. Considering the COVID-19 situation, whether it is internal or external- companies will go for various online/virtual training methods only

- The deciding manager should not be influenced by personal bias while deciding the training

- Business requirements, training budget allocation (yearly, quarterly) are to be taken into account

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