

Original Article

Effectiveness of Employee Training and Development in Increasing Productivity and Innovation in Multinational Companies

Nisha Raj J S

Research Scholar in Management, Cherran's Arts and Science College, Thittuparai, Erode

Email: nisharajjs@gmail.com

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In the competitive global landscape, Multinational Companies (MNCs) must continually innovate and optimize performance to maintain their market edge. This article examines the critical role of Employee Training and Development (T&D) as a strategic tool for achieving these goals. Through a review of current research, this analysis confirms that well-structured and strategically aligned T&D programs in MNCs significantly contribute to increased employee productivity by closing skill gaps and enhancing job satisfaction, and critically, foster organizational innovation by cultivating a culture of continuous learning, cross-cultural competence, and adaptive thinking.

Keywords: The MNC Imperative, T&D's Direct Impact on Productivity, T&D in Fostering Innovation, Strategic Training Methodologies

Introduction: The MNC Imperative

Multinational Companies operate in complex, dynamic, and diverse environments. Success is not merely about size; it is about agility, efficiency, and the capacity to innovate across multiple geographical and cultural contexts. In this environment, the workforce is the single most valuable, and often most variable, asset. Effective Training and Development (T&D) is no longer viewed as a mere operational cost or compliance exercise but as a strategic investment in Human Capital. For an MNC, T&D is the mechanism that ensures a globally dispersed workforce is unified by common competencies, equipped to handle regional challenges, and empowered to contribute original, value-adding ideas, directly driving both productivity and innovation.

Review of literature

- Foundational Theory (Human Capital)Becker, G. S. (1993)Investment in T&D increases employees' knowledge and skills, raising their economic value and, consequently, their measurable output and performance for the firm.
- Productivity and Job PerformancePujianto, S. (2024)Well-structured training programs significantly contribute to increased employee performance and job satisfaction, leading to overall organizational productivity gains in MNCs.
- Transfer of TrainingBlume, B. D., et al. (2010)Effective training transfer (applying learned skills back to the job) is crucial for translating T&D investment into significant and sustained productivity gains.
- Motivation and Organizational CommitmentAguinis & Kraiger (2009)Identifies various benefits of T&D, including improved job performance and heightened employee satisfaction, which reduces turnover and ensures retention of productive talent.

Objectives of the study

- To analyse the importance of training and development in productivity.
- To evaluate the role of the Role of T&D in Fostering Innovation.
- To study the Strategic Training Methodologies for MNCs.



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Address for correspondence:

Nisha Raj J S, Research Scholar in Management, Cherran's Arts and Science College, Thittuparai, Erode

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Research Methodology

The secondary data is used for this study. Systematic literature reviews and research articles are also used to collect the data for this study.

T&D's Direct Impact on Productivity

Productivity in an MNC is often measured by output efficiency, quality, and time-to-market. Research consistently demonstrates a **significant positive correlation** between targeted T&D and improved employee productivity.

1. Bridging the Global Skill Gap

MNCs constantly face heterogeneous skill levels across different subsidiaries. T&D programs—especially those using **standardized e-learning and blended modules**—ensure a baseline of technical competency is met globally. By specifically training employees on the latest technologies, processes, and industry best practices, T&D:

- **Enhances Efficiency:** Employees can perform tasks faster and with fewer errors, leading to higher output and quality.
- **Reduces Supervision:** Well-trained employees are more confident and self-reliant, requiring less managerial oversight.
- **Improves Quality:** Training focused on quality control and process management directly leads to a reduction in defects and rework, which is crucial for MNCs maintaining a consistent global brand standard.

2. Boosting Employee Confidence and Retention

Investment in T&D sends a clear message that the organization values its employees' long-term career growth. This enhances **job satisfaction, organizational commitment, and morale**. Employees who feel valued are more likely to be engaged, reducing costly turnover and contributing to a stable, highly efficient workforce.

The Role of T&D in Fostering Innovation

While productivity focuses on *doing things right*, innovation focuses on *doing new things*. T&D is essential for creating the **intellectual climate** necessary for continuous innovation.

1. Cultivating Power Skills (Soft Skills)

Technical skills address current job requirements, but **innovation often relies on 'power skills'** like:

- **Critical Thinking and Problem-Solving:** Training in structured problem-solving and root cause analysis empowers employees to challenge the status quo rather than just follow procedures.
- **Cross-Cultural Communication:** Essential for an MNC, training ensures effective collaboration between teams in different countries, preventing misunderstandings that stall innovative projects.
- **Collaboration and Idea Sharing:** Development programs focused on teamwork and psychological safety encourage employees to take risks and share new, unconventional ideas without fear of failure.

2. Strategic Knowledge Management and Reverse Transfer

MNCs are unique repositories of global knowledge. Effective T&D facilitates **knowledge transfer** in three directions:

1. **Headquarters to Subsidiary:** Disseminating core technologies and best practices.
2. **Subsidiary to Subsidiary:** Sharing successful local innovations across regions.
3. **Reverse Transfer (Subsidiary to Headquarters):** Training programs (e.g., mentorships, rotating assignments) that ensure valuable local market knowledge, consumer insights, or new technological capabilities developed in a subsidiary are captured and used to inform global strategy and innovation. This is key to an MNC's competence-creating activities.

Strategic Training Methodologies for MNCs

The effectiveness of T&D is heavily dependent on the chosen delivery method, which must accommodate geographical and cultural diversity.

Methodology	Application in MNCs	Impact on Productivity & Innovation
Blended Learning	Combines flexible e-learning with scheduled, high-impact face-to-face (or virtual live) workshops.	High: Ensures consistent content delivery (productivity) while retaining collaborative, deep-dive sessions (innovation).
Mentorship/Coaching	Pairing high-potential employees in different geographies with Experienced senior leaders.	High: Fosters personal growth and knowledge <i>development</i> (long-term innovation capacity) while increasing engagement (productivity).
Gamification/Simulation	Using virtual reality (VR) or interactive games for complex or safety-critical training (e.g., complex machinery operation).	Very High: Increases engagement and skill retention. Allows for safe experimentation critical for innovation.
Microlearning	Short, focused, on-demand content delivered via mobile apps.	High: Supports continuous learning and just-in-time problem-solving, maximizing employee efficiency.

Conclusion

Employee Training and Development is indisputably a critical determinant of organizational success for Multinational Companies. By strategically addressing global skill gaps, fostering a culture of continuous learning, and facilitating the flow of knowledge across borders, T&D directly enhances employee productivity and acts as the core engine for innovation. For MNCs seeking a sustainable competitive advantage, continuous, adaptive, and technology-leveraged T&D is the only viable path forward.

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