Cost Effectiveness Correlation of Management Training and Development

Dr. Iqbal Naila, Dept. of Management, Rajiv Gandhi Management Institute, Bhopal (M.P), INDIA

ABSTRACT

The function of training is to identify the gaps in knowledge, skills, attitudes and values in individual and organizational groups in relation to the requirements of role, functions, technology and culture and to bridge these gaps by facilitating transfer of these from higher levels to the targeted groups of individuals by identifying and organizing resources. Regular activities in a planned manner interact with people and organizational groups, collect and analyze data about their behavior and performance, identify the gaps, training needs, training resources, facilities and aids, and then design and organize inputs and evaluate them to see that they are oriented to meet organizational requirements.

Keywords: Cost effectiveness, Behavioral changes, subsystem, 'Production Planning and Control', training inputs, organization effectiveness, organizational control

INTRODUCTION TO THE TOPIC

The question of cost effectiveness of management Training and Development is deliberated upon in many forums of training professionals. It is equally well a subject of concern for the line managers and the top management. Although in the process of continuous search for newer approaches and newer methods of evaluation of the training and development effort are being evolved. The training professionals keep saying:-

- Training and development is a long-term investment
- Effectiveness of training and development is difficult to measure in tangible quantitative terms.
- The cost of not training is generally more than the cost of training.
- Measuring the effectiveness of training is the responsibility of line managers.
- Since training attempts desired change in behavior it is a long-drawn process.
- Behavioral changes are difficult to measure
- Changes in individual’s or group’s behavior cannot be attributed to training alone.

To sum up we may generally say that the question of measuring the cost effectiveness of training is a difficult and long drawn process but certainly not an impossible one. Following diagram -1 attempt to explain this:

- Cost Returns
- Cost inputs
- Training Inputs
- Evaluation of Training
- Effectiveness Evaluated in terms of job Performance
- Effectiveness Evaluated in terms of cost benefits

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Diagram - 1

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OBJECTIVE

Training and Development, Human Resources Development (HRD) or even the Organization Development are the service functions, basically facilitating the improvement in organizational performance. In this context, therefore, the concern on the part of the line managers and top management about the cost effectiveness of the training and development effort is valid. In this lesson an attempt has therefore been made to provide a conceptual frame work by identifying and establishing certain significant correlations which may help directly or indirectly in measuring the cost effectiveness of Training and Development effort or function.

Starting with the macro-level, the "purpose-correlation" of training and development effort could be seen in following model:-

In the above model, the organization is shown as a sub-system of a broader environmental system comprising the Goals/Systems/Procedure Culture-sub-system and People i.e. the Psychological Subsystem, utilizing the inputs of materials, energy and information through the Managerial subsystem and meeting the socio-economic needs of the environment. The purpose of Training and Development is to facilitate effective integration and interaction, socialization and institutionalization. Hence, the co-relation.

Emerging from this, the "Target V/s Change Behaviors" correlation could be established as shown in the Matrix-I

<table>
<thead>
<tr>
<th>Expectation from</th>
<th>Expectation from</th>
<th>Expectation from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation</td>
<td>Role</td>
<td>Individuals</td>
</tr>
<tr>
<td>Organisational</td>
<td>Functional</td>
<td>Individual</td>
</tr>
<tr>
<td>Training Needs</td>
<td>Training Needs</td>
<td>Training Needs</td>
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<td></td>
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</tr>
</tbody>
</table>

Diagram-2

In the above model, the organization is shown as a sub-system of a broader environmental system comprising the Goals/Systems/Procedure Culture-sub-system and People i.e. the Psychological Subsystem, utilizing the inputs of materials, energy and information through the Managerial subsystem and meeting the socio-economic needs of the environment. The purpose of Training and Development is to facilitate effective integration and interaction, socialization and institutionalization. Hence, the co-relation.
**Matrix-1**

<table>
<thead>
<tr>
<th>Target of Change</th>
<th>Change Behaviour</th>
<th>Reaction</th>
<th>LEARNING</th>
<th>Organization Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cognitive learning</td>
<td>Awareness Experience</td>
</tr>
<tr>
<td>Individual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Function</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Explanation to Matrix-1**

A participant of a training program in addition to, being an individual also represents a role, a function and the Organization. The impact of the course or training on the participant in terms of the change in behavior could be anything from reaction, acquiring knowledge, development of new attitudes and development of new skills, which may or may not result into new organization behavior. For example participants after attending a program on personal growth and effectiveness may give indication of:

- Not liking the program as it appeared to be threatening (Reaction)
- Nil----------( Cognitive learning)
- Having gained insight into human behavior and self (Awareness or Experience)
- Having developed new attitudes or to becoming aware and giving up dysfunctional attitudes (Attitude) Example: defensiveness.
- Having improved in his skill of reaching people (skills)
- Resulting into effective managerial style (Organization behavior - result).

This format could be used for evaluating the programme as well by asking individual participants to respond. Every individual in an organization has a certain role to perform and certain functions to execute and, therefore, uses various resources in the process. The purpose of training, therefore, is enabling effective and better performance. A correlation is, therefore, automatically established between the functions and the resources as indicated in Matrix-2

**Matrix-2**

<table>
<thead>
<tr>
<th>Resource</th>
<th>Men</th>
<th>Machines</th>
<th>Materials</th>
<th>Money</th>
<th>Methods</th>
<th>Minutes</th>
<th>Markets</th>
<th>Information Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functions</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>1. Planning</td>
<td>√</td>
<td>√</td>
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<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>2. Organizing</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Directing</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Coordinating</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Motivating</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
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<tr>
<td>6. Controlling</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
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<tr>
<td>7. Innovating</td>
<td>√</td>
<td>√</td>
<td>√</td>
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</tbody>
</table>
Every training and development input is always directed towards meeting certain requirements which can be classified into some of the slots of this matrix. For illustration let us take a program on say 'Production Planning and Control'. It should and obviously would focus on meeting the requirements of slots with as indicated in the above matrix. Both the 'Function – Resource' matrix and the 'Target – Change Behavior' matrix can be used for designing as well as evaluating the effectiveness at organization and individual levels. The needs for training are always seen as gap to be bridged in terms of knowledge, skills and attitudes. While administering a training programme, the training professional is always anxious to know how well the programme is going on. Is it coming up to the requirements of the participants? Is it accomplishing its objectives and so on. To suggest a simplistic yet every powerful method, every participant may be asked to rate the programme daily on the percentage level of satisfaction as per his own assessment perception say ESi. Let us suppose there are 20 participants. The daily group's average level of satisfaction will then be ESi / 20 (For objectivity and uniformity, the participants may be suggested to consider certain factors viz. subject matter, its presentation, its coverage, its relevance etc.)

Similarly, based on the design criteria an expected satisfaction of each day's group's average can be predetermined. Cumulative expected averages are plotted and actual group’s average on cumulative basis is compared to it:

**Training and Development Gaps:**
Following gaps call for training inputs:
- Level of Change in Environment
- Level of Development of Technology
- Level of Development of Techniques
- Extent of Job/Role Requirement
- Level of Individual Equipment

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Level of Change in Environment</td>
</tr>
<tr>
<td>Level of Development of Technology</td>
</tr>
<tr>
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</tr>
<tr>
<td>Extent of Job/Role Requirement</td>
</tr>
<tr>
<td>Level of Individual Equipment</td>
</tr>
</tbody>
</table>

In my opinion, this gap is a dynamic concept and a set of correlations can be established as under: - The concept has also been presented in the form of a model Diagrams – 3, 4 and 5.

**Diagram - 3**

1. **Present individual equipment**
   - Present Job Requirements
   - Knowledge
   - Skills
   - Attitudes

2. **Developmental Needs in view of Technological Advancement**
   - Knowledge
   - Skills

3. **Developmental needs in view of Individual Career Growth. Existing Potential for Growth**
   - Knowledge
   - Skills
   - Attitudes

4. **Adjustmental Needs due to Environmental change.**
   - Knowledge
   - Skills
   - Attitudes
   - Values
   - Aspirations
   - Expectations
Diagram - 4

Training Development Gaps

- Level of Change in Environment
- Level of Development of Technology
- Level of Development of Techniques
- Extent of job / Role requirement
- Level of individual Equipment

Diagram - 5

Day of the programme

% Level of Satisfaction

100%

50%

Expected level of satisfaction to be maintained

Actual level of group satisfaction
TRAINING OR DEVELOPMENT – HOW MUCH? AND FOR WHOM?

This dilemma is faced by Training Managers working in large organizations and catering to the requirements of large number of departments and functions. They find it difficult to relate or allocate the Training & Development budget or expenditure to the various user departments of functions. In order to resolve the various issues involved and the questions raised by the training professionals or Top Management in this context, and have a rationale, a set of correlations have been established. These are suggested more as a conceptual framework.

1. The lesser the percentage of people trained, the higher will be the weightage for allocation for that division.
2. The lesser the percentage achievement of the Divisional targets, the higher will be the weightage for training.
3. The lesser the percentage achievement of the Divisional Target, the lower will be the weightage for Developmental need: conversely, the higher the percentage achievement, the higher will be the weightage for developmental needs:
4. The higher the involvement in the process of Trainings Developments, the higher will be the weightage (Involvement could be in terms of the extent of awareness and concern for the Trainings & Developments of subordinates and use of providing to Training & Development Department’s Resources).
5. The higher the proportion of the category of personnel in question in the division to the total strength of the category in the organization, the higher will be the weightage:
6. The higher the 1) Technological assessment factor (need for developing/absorbing a technology) or organizational input priority or functional priority, the higher will be the weightage for budget allocation;
7. The higher the percentage contribution to the organizational goal, the higher will be weightage for both the Trainings & Developments.

CONCLUSION

Awareness among training professionals of these correlations at all stages of the training system viz: design, development, administration and evaluation will certainly go a long way in determining the cost effectiveness of training and development effort. Thus, the purpose of training is to enable people to perceive various situations as they are. Analyze them and then apply their knowledge and skills to improve their behavior in handling this situation to improve Organizational effectiveness.
BIBLIOGRAPHY


