



Getting the most out of training

HENRY FORD, the father of mass production, said that "the only real security that a man can have in this world is a reserve of knowledge, experience and ability". These words will resonate with those involved in the current partnership talks as they debate a number of areas that will affect employees over the next decade.

Skills development is clearly a win-win space. Yet one of the most challenging issues will be to find ways to put a monetary value on the benefits of training and development.

Most employers agree training is a good thing: it motivates staff and supports their image as a "good employer". But training can also produce "hard" benefits and affect the bottom line.

One recent large-scale study looked at investment in education and training by American companies. It showed that their investment in training and development produced shareholder return that was 45% higher than the weighted average of the Standard & Poor's 500.

In 2003, the Economic and Social Research Institute (ESRI) released a study called *Does Training Generally Work?* It showed that training contributes directly to increased productivity.

Such studies make for interesting reading, but seem to do little to persuade small business owner-managers, with limited capital, to prioritise the learning budget when the pressure comes on costs.

Training is seen as the soft option because it simply doesn't make good business sense for an enterprise to continue to invest in an area where the return on that investment is not directly measured and quantified.

Unfortunately, this is too often the case. A human resource survey carried out in 2004 by Ibec, the employers' lobby group, showed that only 30% of companies use specific tests to measure the tangible results of training. To compound this, small companies often feel that if they train staff, they may leave and subsequently benefit a competitor.

Those who commission and provide training and rightly place great emphasis on the end product will now need to place equal importance on measuring the impact and the payback from their training and development interventions.

As business results are affected by so many factors — in the marketplace and in the organisation — it is often hard to isolate the specific contribution that staff training may have made to improved results.

But in competing for investment in skills, training and development champions must be able to provide hard evidence, isolate the return on investment from training and separate it from other business variables affecting performance.

A group of 23 leading Irish companies has formed a Skillnets Training Network to champion approaches to impact measurement.

Today private sector employers invest more than €1 billion a year in training and development of staff. It is estimated that a further €40m a year is contributed from the National Training Fund, excluding apprenticeships.

If investment is to continue and increase in this area, those of us flying the flag for training and development must make a solid and evidence-based case centred on the contribution, impact and returns from training expenditure.

This will help us to develop a globally competitive knowledge-based economy.

Maire Hunt,
chief executive of
Skillnets