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Ruby Cain

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# **Show Me the Value of the Training: Continuing Education for Survival**

Ruby Cain  
Ball State University, Muncie, Indiana

## **Background**

Each year American Society of Training and Development (ASTD) commissions and publishes a study of training metrics, titled State of the Industry Report. From the 2012 findings, ASTD estimated approximately \$164.2 billion was spent on employee training (Miller, 2013). With rapidly changing technology, increasing competition, major shifts in the economy, it is essential that a company maximizes productivity to remain viable. Maximum productivity cannot be achieved without a high performing workforce. Because of the dynamic environment in which companies operate, this requires training and retraining the workforce. Yesterday's skills can spell the demise of an organization. Training is the answer. And yet, companies are still struggling to maximize productivity. It has been estimated that as much as half of all training expenditures are wasted. What can this be attributed to?

Berge (2008) identified barriers to effectively measuring workplace training:

- Lack of planning, sponsorship, and budget
- Training done for the wrong reasons
- Measuring increased learning and not increased performance
- Skills and knowledge gained are not applicable to the job

Cascio (2006) purports that most training is not effective because the solution to the problem of low productivity may be resolved by performance management or infrastructure improvements. Understanding the root cause of the productivity issue and matching the appropriate strategy for improvement may save the company thousands of dollars in ineffective training.

The problem that was researched in this study was to what extent employee perception affects the successful re-tooling of the organization and what methods can be employed to ensure success.

The company studied was a quasi-governmental agency that provided telecommunications services to a large metropolitan city. The objectives for creating the corporation were to recruit and retain qualified information technology staff and negotiate the acquisition of equipment and services. The corporation was considered very progressive at its inception. It was the first "City owned" model of its kind in the United States.

Since the formation of the corporation, the city's requirements have evolved from highly specialized mainframe information systems to multi-tiered, integrated technical solutions for voice, data, and/or video. Through the years, city department users became more sophisticated in regards to technology. They assumed a larger role in information systems development.

The change in customer requirements was not quickly addressed. Customer dissatisfaction grew in the areas of technology leadership, support for user-based systems, communications, and the cost of services and products. The extent of dissatisfaction culminated

into a city requested audit in those areas. In response to continued customer dissatisfaction, the following changes were made to the organizational culture:

- *hierarchical to matrix*
- *technicians to system integrators*
- *experts to consultants*
- *specialists to partners with customer*
- *single solution to alternatives*
- *mainframe development/support to desktop application development/support*

One of the major findings was the need for training at all levels of the organization. Training existing employees was chosen over replacing them. This was due to the organization's high retention rate and the vast amount of customer system knowledge. The employees were seen as highly dependable and responsive to customer needs. The amount of cost and time to provide the technical training was perceived as substantially lower than the cost and time to rebuild customer trust and system knowledge.

It was determined that the workforce skills needed to shift from the current technology to multi-tiered, client server application development. There was also a need to develop a stronger customer focus. A training program was developed to transition to the organizational and technical skills needed to support the business and technical strategies of the organization. These skills were seen by senior management as necessary to maintain the viability and increase competitiveness.

To accomplish this goal a Training Department was created as a part of the reorganization. This would allow planning and implementation of training programs that were in alignment with the strategic direction of the company. This approach to training would be proactive, rather than reactive.

In the past, training needs were determined at the unit level. Benefits were applicable to the operation of that unit, resulting in a micro level impact, rather than a macro level. Unit level training did not generally target the company's future technical and organizational requirements. In addition, the majority of training required customer approval since training was charged back to the customers. In many cases resources were being spent to develop skills that had been in great demand in the past. Two events occurred that made this an ineffective use of the resources:

- demand for the skills, target by the training, had diminished
- market penetration had impacted the company's ability to provide the skills at a competitive price.

Due to budget constraints, money was not available for the level of training that was needed. State government funding was used to supplement the training budget. This only addressed the financial obstacles. State government funding required a rigorous and lengthy process of applying for funding, adhering to stringent administrative procedures, a minimum of 100 hours of training per participant, quantitative measurement of skill mastery, reimbursement

after a ninety day retention of employees. Less than 100 hours of training for an employee required substantial justification to obtain exemption.

The administrative portion of the program was approximately 15% of the cost to administer the program. Many companies, after receiving initial approval for funding, opt not to proceed with the program, because they cannot afford to absorb the administrative cost and the loss of productivity for such an extensive program. Of those that choose to proceed, the average percentage of reimbursement was 60%. The corporation in this study was able to obtain 89% reimbursement. This research study was conducted to further examine the extent to which this program was successful and identify those factors leading to this success. The training program addressed the following skill areas:

<i>Management/supervisory</i>	<i>Customer Service</i>
<i>TQM Process Improvement</i>	<i>TQM Problem Solving</i>
<i>Relational Concepts</i>	<i>Systems Integration</i>
<i>Distributed Data</i>	<i>Project Management</i>
<i>Workstation Computing</i>	

During the development of the training program, the corporation responded to the decrease in demand for services and revenue by downsizing. Employees who were laid off were selected by a comprehensive process of skill assessment. The corporation communicated with employees throughout every phase of the downsizing effort. Stress Management meetings were held with all employees. Outplacement services were provided to terminated employees. In spite of all of the corporation's efforts to minimize the impact of the layoff, employee morale was very low.

### **Research Design**

The research approach was an ex post facto design, using archival data. Data collected included results from attitude surveys, training needs assessment, course evaluations, training completion percentages, interviews, and observations.

Variables measured included organizational commitment (independent), employee perceptions of the company (independent), willingness to develop new skills (independent), organizational support for skill development (independent), job motivation (independent), confidence in job security (moderating), quality of peer relationships (moderating), job experience (moderating), perceived need for skill development (dependent), skill mastery (dependent), and new skill utilization (dependent). The variables were measured using the instruments listed in the paragraph, above.

The study explored the criteria that can have a positive/negative impact on the success of a re-tooling effort by an organization. There are examples of many organizations who have undertaken such an effort and failed. This study evaluates data collected from the training program, including the total population of 181 employees that participated in the training program. It was hypothesized that:

- a) H<sub>0</sub>: Negative attitudes toward the company will not be associated with higher levels of perceived need for skill development.

H<sub>0</sub>: Negative attitudes toward the company will be associated with higher levels of perceived need for skill development.

The study evaluated the association between negative attitudes toward the company and the perceived need for skill development. This assisted in the identification of the factors that contributed to or inhibited the success of a training program. Instruments and data used to evaluate this association were the Management Audit Employee Survey, Management Audit findings, Training Needs Assessment survey, and observations.

b) H<sub>0</sub>: More than 50% are willing to train after hours.

H<sub>1</sub>: More than 50% are not willing to train after hours.

In order to minimize the impact to productivity (i.e. billable hours), most of the training would have to occur after working hours. A management assumption was that more than 50% of the employees would be willing to train a substantial number of hours after work. The instrument, Training Needs Assessment survey, was used to evaluate this hypothesis.

c) H<sub>0</sub>: There is a relationship between primary job responsibilities and skill mastery.

H<sub>0</sub>: There is a no relationship between primary job responsibilities and skill mastery.

How can skill mastery be maximized? What factors contribute to optimal results? Is there an association between primary job responsibilities and skill mastery? In a re-tooling effort, employees will learn new skills that may be foreign to them. Is there a predictability factor for who will most effectively learn the new skills? Pre and post test scores were used to determine skill mastery. Employees were grouped by similar job responsibilities for the training program. Primary job responsibilities were determined by training group.

d) H<sub>0</sub>: Subsequent to the training program, use of targeted skills will increase.

H<sub>1</sub>: Subsequent to the training program, use of targeted skills will not increase.

Evaluation of an increase in targeted skills was done from results of the completion percentages of structured onsite training and the Executive Vice President interview.

The time period evaluated spanned three years. During this time, the employee population varied due to downsizing, resignations, medical leaves, adding new positions, and exemptions from training due to workload. The study covers four phases:

<u>PHASE</u>	<u>POPULATION</u>	<u>TIME PERIOD</u>
<i>Pre-training</i>	<i>212 employees</i>	<i>12 months</i>
<i>Planning</i>	<i>190 employees</i>	<i>9 months</i>
<i>Training</i>	<i>181 employees</i>	<i>7 months</i>
<i>Post-training</i>	<i>Post-training</i>	<i>10 months</i>

During the Pre-training phase, data collected provided insight into employee perceptions about the company, employee job motivation, job experience and organizational commitment. Prior to the beginning of the training program an attitude survey was conducted by a management consulting firm, as a part of the Management Audit. The firm identified a sample population representing all disciplines and levels in the organization. This technique was used to obtain a sample that would be representative of the organization. Surveys were distributed to 47% of the total employee population of 212. The return rate from this population was 53%, representing 55 employees.

During the Planning phase, data collected enabled a determination of the employees' willingness to develop new skills and the perceived need for new skills. The Training Needs

Assessment Focus Group meeting results was one method used to measure these variables. A training needs assessment was conducted in order to determine skill development requirements. The assessment began with six focus group meetings. The meetings included managers and representatives from each department. Each meeting consisted of employees with similar work tasks and skill requirements. Work groups consisting of 10 or less employees were extended an invitation for all employees to attend. Workgroups larger than 10 consisted of a representative sample selected by the work group manager. This disproportionate sampling technique was used in order to validate common themes for skill requirements and training issues.

The Training Needs Assessment survey, to determine willingness to train after hours, was made available to all employees. Returned surveys totaled 128 (60%). The survey was made available to all employees because it was thought that employees could not be grouped representatively on such a personal matter. Everyone had the opportunity to provide input on their personal feelings concerning this issue. It was perceived that this would allow a larger pool of suggestions on the best methods for delivering training after hours.

During the Training phase, data collected allowed the analysis of organizational support for skill development and skill mastery. Observations, analysis of course evaluation surveys, and training class completion percentages were used to measure those variables. This study evaluated course evaluation surveys from several classes, obtaining a representative sample of 42 employees. The sample is 23% of the total training program population of 181.

Training class completion percentages were used to analyze skill mastery and organizational support for skill development. Data was collected from the total population of 181 employees in the training program.

During the Post-training phase, new skill utilization was evaluated based on structured onsite training completion percentages and the President/CEO interview results. The total population of 181 employees in the training program were used in analyzing the completion percentages, thereby providing an indicator of program effectiveness.

## Results

Research questions that were answered in this study:

### 1. **What are the employees' perceptions of the company and the need for skill development?**

Employees exhibited negative perceptions of the company, yet exhibited organizational commitment, job motivation, willingness to develop new skills, and perceived need for skill development. Data did not exist to relate the employees who had negative attitudes toward the company with perceptions of a need for skill development. However a qualitative analysis of the data indicated an increase in negative attitudes toward the company and an increase in the perceived need for skill development. From the data collected, it could not be determined that the negative attitudes were associated with higher level of perceived need for skill development.

**2. To what extent do the employees' perceptions affect the success of the training program?**

Employees exhibited a high willingness to develop new skills and an overwhelmingly high percentage of skill mastery. The program ended with 89% of the participants completing 80% or more of training. 79% completed 100% of the training. This is one indicator of skill mastery and organizational support for skill development.

**3. What are the factors that inhibit/contribute to the success of the training program?**

Organizational support for skill development contributed to the success. Primary job responsibilities and lack of perceived value of skill development inhibited skill mastery. Two employee groups' skill mastery was compared for a Customer Service training module. One group had primarily customer service responsibilities. The other had primarily technical responsibilities. A compilation of the actual and expected post test scores revealed higher scores for the one with primarily customer service responsibilities.

**4. To what extent does the training program enable the needed skill development?**

New skill utilization was overwhelming, as evidenced by the completion percentages of the structured onsite training and evaluations. This was attributed to the organizational support for skill development. Results of the executive interview pointed to the fact that although great inroads were made in developing the needed skills, the goal of a high performing workplace had not been obtained. One program could not solve all of the problems.

### **Recommendations**

Recommendations for development and implementation of a successful training program included linking training goals to the business and technical strategies, assessing the current state of the organization, developing a plan to transition to the desired skill set, implementing the plan, and reassessing the strategies.

It is necessary for the mindset to change. There needs to be a program of lifelong learning. The organizational structure needs to support that premise. As long as the external factors (economy shifts and technology changes) fluctuate drastically, the company must be as flexible in its strategies. A training strategy must be constantly re-evaluated and modified to respond to all external and internal factors that can impact successful skill development and optimal utilization.

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