Evaluating Training and Learning Practices in Large Australian Firms

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Abstract

Australian studies of enterprise training during the mid-1990s found that while training practices varied considerably between industry sectors and individual firms, formalised training and learning practices were more likely to be found in larger organisations. These studies also found that the major drivers of training in organisations were workplace change and innovation, and the need to implement quality assurance processes and adapt to new technology. More recent studies of training practices in organisations conducted by the National Centre of Vocational Education Research have confirmed the importance of these factors. These studies have also found that the shift to self-managing work teams, and the need for firms to maintain competitive advantage have required training which is focussed on working closely with customers, suppliers and distributors. Also highlighted has been widespread use of generic skills training focussed on communication, negotiation, problem solving, mentoring, coaching, and skills required for innovation and the self-management of learning and career development.

While evaluation of workplace training has generally been neglected, the implementation of competency-based training approaches has allowed evaluation to occur more readily. For example, as workplace training becomes more individualised and linked to individual performance reviews, line managers and individuals will evaluate the training approaches. This paper reports on a study that compares current and past practices and investigates the operation of other major drivers of workplace training and evaluation of training approaches.

Key words

evaluation, training, enterprise, 'workplace change', 'generic skills', 'competency-based'

Introduction

A recent study conducted by the National Centre for Vocational Education Research Ltd. (NCVER), 'Determinants of successful training practices in large Australian firms' by Susan Dawe (in press), aimed to identify training and learning practices that demonstrated positive benefits over a period of time. It primarily focussed on the integration of teaching and learning within the firm, factors that influence firms to recruit existing skills as opposed to developing skills sets within the firm, the use of accredited training and training packages, the development of career structures within firms, the impact of globalisation on training and learning practices, and returns on their investment in training.

This paper reports on this study which examined the determinants of successful training and learning practices and the factors that have influenced these practices in large Australian firms in recent times. It will also outline how large firms undertake training evaluation and measure returns on investment in training.

Methodology

This study was conducted in three phases. Phase 1 comprised a review of the existing literature on training and learning in the workplace, factors which influence enterprise training, the development of a training or learning culture, and how the success of training is measured. Phase 2 comprised a meta-analysis of case studies that had already been conducted. Forty-nine previous case studies of large Australian firms (those employing 100 or more employees) from recent publications by Smith et al (1995), Noble et al (1996), Kearns and Papadopoulos

(2000), Johnston (2001), Figgis et al (2001) and Dawe (2002) were included. This analysis focussed on the impact of globalisation, use of accredited training, demographic changes, new technology and changes in industrial relations, which may influence the integration and development of training and learning practices, career structures, the recruitment of skill sets required within these firms and evaluation of training practices. Phase 3 comprised an update of these findings through five new case studies. Companies selected for this phase included two large firms from the wine industry, a new unique tourism operator and a family-owned manufacturing company. Also included for comparison was one large government organisation.

Determinants of successful training practices
Smith et al (1995) found that the major drivers of training from their study of forty-two firms were workplace change and innovation. The need to provide quality assurance and adapt to new technology were also very important. The development of a training culture within the organisation was found to be dependent on a number of factors. These included management attitude to training, investment in training as part of the business strategy, and management-employee relationships (Smith 1997). More recent studies of training practices in organisations (Kearns and Papadopoulos 2000, Johnston et al 2001; Figgis et al 2001, Dawe 2002) also highlighted the importance of 'change and innovation' as major factors driving workplace training.

The analysis of previous case studies found ten major elements which contributed to successful training practices in large Australian firms. The new case studies also supported these findings. The three most important elements included
♦ having in place an organisational culture that supports learning
♦ linking training to the major features of a business strategy
♦ responding to change within the organisation or external to it
The other seven elements included:
♦ increasing the diversity of training and learning approaches
♦ sourcing formal training from within the organisation itself
♦ adopting accredited training, often linked to the National Training Framework
♦ increasing the use of informal training
♦ decentralising the training within the organisation
♦ responding to the needs of the individual
♦ evaluating the training

An organisational culture in which there was respect for all individuals, a willingness to share knowledge and expertise, and a positive attitude or 'can do' mentality among workers, was essential to successful training and learning. 'Open communication' and, in particular, cross-functional team consultations, also stimulated learning which led to innovative solutions.

A supportive learning culture also encouraged individual development through its human resource practices, such as providing training and learning opportunities for all workers, career planning and promotion opportunities within the organisation, and individual performance feedback in a performance management system. Within such a culture, employee achievements were recognised through employee or team awards for excellence, quality and consistency or goal-orientated bonus reward schemes. In addition, having a graded competency system ensured that excellence in performance was recognised.

The linking of training to the business strategies, by conducting training needs analysis for the skills required to implement these strategies, also led to ensuring its relevance to individuals and corporate objectives. Because improving quality and consistency, and complying with occupational health and safety and environment standards, were generally accepted as part of sound business practice, enterprise training now focussed on maintaining a competitive advantage through increasing efficiency in production, developing innovative solutions, products or services, and exceeding customer expectations. In the new case studies, all firms indicated that they were market-driven and so listening to their customers was paramount. For example, engineers and technicians were encouraged to talk with customers, such as the regular visits arranged for contractors, as the manufacturing company believed that creativity and innovation came from listening to customers.

Responding to workplace change was another major element for ensuring the success of workplace training. Whether the stimulus for workplace change was new technology, new management, new government legislation or new competition, it remained the major driver of enterprise training.

At the strategic level, successful training was often part of the change management process in preparing staff to accept or implement change. When training was related to current work practices, it became more relevant to

individual workers and this increased their motivation to learn. At the manufacturing plant, workplace trainers believed that most operatives now enjoy change since the company was committed to open communication, listened to employees and had supported their learning to prepare them for change.

The other elements which contribute to successful training practices highlight the increasing diversity of training and learning approaches used in large firms. Large firms have more choices in how they resource their training functions. They may source formal training from within the organisation itself or import customised training from a range of external training providers. In addition, large firms are increasingly providing training towards externally-recognised qualifications in order to attract and retain high quality staff for a competitive advantage in a global market. Firms have been assisted in implementing training for national industry qualifications by the industry-specific competency standards in training packages.

Large firms have found it cost effective to work closely with external training providers to develop customised courses and learning materials to meet the needs of the company and their employees. These firms were able to attract training providers to deliver the courses in the workplace or provide training facilitators on-site to support employees' learning. Other firms preferred to have their own staff qualified as workplace trainers and assessors and be registered as a training organisation in their own right. For example, Coles Supermarkets had the Coles Institute and the Accor hotel group had Académie Accor, which employed their own staff as qualified workplace trainers and assessors, and developed customised learning and assessment materials to meet the national industry competency standards (Dawe 2002).

Informal training also occurred in functional and cross-functional team meetings and project-based activities. These large firms had in place 'training coordinators' who were responsible for developing the Group Training Plan but, in general, training delivery was decentralised within the organisation. Supervisors were increasingly taking on the role of workplace trainers and coaches for their teams. This was a response to the higher level skills required of operatives and the expectation that they will be able to solve problems and make decisions.

Self-managing teams have become common practice in large firms and this has increased the importance of learning within the team and the use of mentors in the workplace and professional or business networks. At Aspect Computing in South Australia, information technology professionals have been able to improve their communication skills, including negotiation, presentation, and business communication, by working on a technical project for a client, and being guided through this by a trained mentor (Dawe 2002). This learning strategy has enabled them to learn about communication skills and easily transfer them into practice in their work activities.

At one firm, it was recognised that working in teams required a greater understanding of one's own style of working and that of other workers. The Training Plan for a particular department in this firm focussed on enhancing teams by identifying personality types (for example, using Myer Briggs analysis) and preferred learning styles of individual workers. The Learning Style questionnaire to be completed by all employees explored the four Honey and Mumford learning styles (that is, activist, reflectors, theorists and pragmatist). Knowing their learning style preference equipped workers to choose learning opportunities, and to expand their repertoire and become all round learners. In addition, knowing the personality type and preferred learning styles of team members assisted the team leader in the further development and motivation of individuals within the team.

Increasingly, individuals have been able to help identify their own particular training needs through the completion of individual training and development plans. While team-building, computer skills, workplace safety and quality training were generally required to implement the firm's business strategies, other training for multi-skilling and personal development undertaken by employees was influenced by the individual's career goals and interests.

Another indication of successful training practices in large firms was the formal evaluation of training. In reviewing training and assessing the feedback from trainees, customers and line managers, firms were able to modify training and increase learning to ensure that they met the needs of the employees and the company. One firm in this study had an evaluation model in which the value of training to the company's profitability was identified.

Evaluating training and measuring returns on investments in training

This study has found that the evaluation of training was most often based on feedback from trainees, employees, line managers and customers. The human resource manager, or training coordinator, in these firms conducted the evaluations and was responsible for recommendations for future training investment to senior managers. The arguments for investment in training were based on evidence of long-term benefits derived from improved employee relations, increased confidence and self-esteem of the workforce, and the retention of highly qualified and experienced staff to maintain a competitive advantage in the market place. Other benefits of investment in training included increased efficiency through improvement in the analysis of risk by operators and so minimising wastage of products or workplace accidents.

In the main, the training coordinators sought verbal feedback from employees and line managers or collected information from formal feedback sheets to evaluate the effectiveness of training. Formal structures such as staff/management Joint Consultative Committees or Training Advisory Committees consisting of workplace trainers and managers, were also used in some firms to evaluate training and make recommendations on future training programs. In other firms, surveys of customers and/or staff members were regularly conducted to measure satisfaction with staff training.

Increasingly, large firms had in place a performance management system where, at half-yearly or yearly intervals, formal appraisals of individuals' performance were conducted by line managers and individual training plans were developed. In some firms, feedback on the success of on- and off-the-job training was gathered by the human resource manager from appraisal forms after the staff performance appraisals had been conducted by line managers. Training coordinators also obtained information following formal three-monthly appraisals conducted for apprentices or trainees or formal appraisal of new employees after an induction period.

This study also supported the findings of Dockery (2001) which recommended that research into the benefits and impacts of training should look at the specific purpose of the training rather than general performance measures. Until recently, few Australian firms carried out systematic evaluation of their training and fewer attempted to calculate the returns on their investment in training. However, four research projects managed by NCVER examined the returns to enterprises of their investments in training using a variety of methodologies (Blandy et al, 2000, Doucouliagos & Sgro, 2000, Maglen, Hopkins and Burke, 2001, Moy & McDonald, 2000). One of the aims of these projects was to develop ways in which enterprises might be able to measure returns for themselves. Another NCVER-managed project investigated the development of training and learning cultures in Australian enterprises and the non-financial returns that enterprises can gain from their training investments (Figgis et al, 2001). NCVER published the findings and outcomes of these returns on investment research projects in its series 'Research at a glance' (NCVER, 2001) and 'Research readings' (Smith 2001).

Training represents an investment by firms in their employees. Like other investments undertaken by firms, a cost is incurred in anticipation of a future return to the firm. Measuring returns to training investment was not considered an easy task (NCVER, 2001). The lack of this type of evaluation of training in most firms was likely to be related to accounting systems where training costs were treated as an inseparable part of labour costs and not as an investment from which a return was expected. In addition, a range of measures needed to be developed including measures in productivity, profitability, efficiency and value-added activities (NCVER 2001). Value-added activities may occur as a result of greater levels of employee skills, increased flexibility amongst employees, reduced overhead costs (more efficient use of existing facilities), and greater ability to innovate, adopt new technology and change work practices.

The key objective of the returns on investment in training evaluation model developed by a particular department of one of the firms in this study was to allow the company to identify the value of training to its profitability. Data was collected for the key components of the department's Training Plan including training to meet industry, quality and environment standards. For example, detailed records of production, including the causes of down-time, were used to identify opportunities for improvement in productivity. Causes related to operator errors, adjustments and change-over times were identified and analysed for training implications. The collection of this data allowed improvements in down-time to be attributed to operator training. The costs attributable to training could be linked directly to improvements in productivity and returns on training investment determined (that is, returns on training investment = benefits/training costs x 100%).

Conclusions

This study of large Australian firms found that ten elements were the foundations for best practice in enterprise training and learning practices. The first three elements are the most important factors in contributing to successful training practices. These include having in place:

- ◆ an organisation culture that supports learning
- ◆ mechanisms to link training to the business strategy
- ◆ mechanisms to link training to workplace change

The other elements contributing to successful training practices relate to the customisation of training for enterprises and individual workers and include:
- ◆ increasing the diversity of training and learning approaches
- ◆ sourcing formal training from within the organisation itself
- ◆ adopting accredited training, often linked to the National Training Framework
- ◆ increasing the use of informal training
- ◆ decentralising the training within the organisation
- ◆ responding to the needs of the individual
- ◆ evaluating the training

Determining the returns on training investments requires careful consideration and the development of specific and appropriate measures of productivity, profitability, efficiency and value added activities. The reports of the NCVER-managed research projects on returns on investment in training note the ways in which enterprises might be able to measure returns for themselves. NCVER reports[1] are available from www.ncver.edu.au.

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[1]NCVER also produces the VOCED database which has been endorsed as the UNESCO/NCVER international research database of abstracts for TVET research. VOCED is a unique and essential tool for finding current information. VOCED is available free on the web at www.voced.edu.au