

Human Technology and ROI

ROI

- ROI=Return on Investment
- It is important to know the current skills and potential to learn for new employees.
- This, can help HR to determine if an applicant will help to make the company money or have a positive ROI.

Training

- Providing training is a useful way of:
 - Improving motivation
 - Teaching new skills
 - Improving performance
 - Increasing human technology

Training

- Training is one way to increase ROI.
- The training should be relevant to the work performed.
- It should have proven successful results.

Training

- Due to costs, most companies do not provide one-on-one training for employees.
- More often, trainings are done in a group where one person trains a group of employees on the material.
- This is much more time and cost efficient for the company.
- However, the employees may not be getting all of the important information out of the training because the trainer must train to all knowledge levels within the group.

Overtraining

- Overtraining can reduce ROI
- It may be irrelevant
- Employees may become bored with the content.

Overtraining

- Overtraining can occur when employees are trained on the same material and procedures over and over as discussed in the previous section.
- When this occurs, they may begin to take the material less seriously.
- Overtraining can also occur when employees are trained with employees from other departments on material that is not related to their positions or on material that will rarely if ever come up (Nembhard, Nembhard, Oin, 2005).

Overtraining

- One beneficial aspect of training on everything is that it would be easier for employees to transfer to a different department (Nembhard et. al, 2005).
- Also, all of the new employees usually go through the set of one time trainings together, so they get to know each other very well, and they can rely on each other if they have questions about the job that were covered in the training.

Types of Training

- When people are trained in groups versus one on one, the individuals may feel that they do not need to be as responsible for the information because there are others that can volunteer answers.
- The reason that people feel this way may be because they do not have the person talking directly to them. If the trainer was sitting next to them and going through the material, the interaction would be only between that person and the trainer, thus putting more pressure on that person to understand the material the trainer is going through.

Types of Training

- When there is a group of people being trained, and the trainer asks a question, often someone will raise their hand or volunteer the answer before the trainer has to start calling on people (Messmer, 2005).
- Even if the trainer has to start calling on people, it is possible that the trainer will call on someone else first, which also puts less pressure on any one individual.

Training

- Finding a way to train new employees and to keep experienced employees up to date on proper procedures is a challenge because it can be very costly.
- However, if proper training is not provided, it can cost the company even more money when an employee does something wrong and the company is sued or when there is a high rate of turnover due to employee dissatisfaction with their own performance or the performances of other employees.
- This in turn, decreases ROI.

Training

- Since it is not financially possible for most companies to train one person at a time, management and trainers should work together to find the right number of people to have in a training session so that everyone can benefit from the training.
- If possible, employees with the same knowledge and experience level should be grouped together in trainings that are refreshers so that they can build from each others knowledge.
- For new trainings, it may be better to group experienced employees with inexperienced employees because they are all learning the new material together, but the experienced employees may be able to use applicable experiences to add to the material in the training session.

Training

- Thus, employers need to determine which type of training will be the most cost effective in terms of size of groups or individuals and length of training.
- What type of training will produce the greatest ROI?

References

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- Messmer, M. 2005. Training programs that get results. Strategic Finance.
- Nembhard, D., Nembhard, H. B., Oin, R. 2005. A real options model for workforce cross- training. *Engineering Economist* 50.2 : p95(22).