CHALLENGES OF MEASURING RETURN ON INVESTMENT OF TRAINING AND DEVELOPMENT PROGRAMMES AT CHRISTIAN MISSION AID IN NAIROBI, KENYA

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2018
DECLARATION

This research project is my original work and has not been presented for award of a degree in any other University or higher learning institution.

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This research project has been submitted for presentation with my approval as the University Supervisor.

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School of Business, University of Nairobi
DEDICATION

I dedicate this work to my loving parents, Mr. and Mrs. Muema and my siblings Winny, Carole and Pius for the support and encouragement they gave me throughout the execution of this project. May the Almighty God richly bless them.
ACKNOWLEDGEMENT

I would like to thank the Almighty God for enabling me carry out and complete this research project report successfully.

I also give special thanks to my Supervisor, Dr. Florence Muindi for her guidance, time and support towards me throughout the execution of this research project.

I really appreciate my interviewers for taking time out of their busy schedule and availing relevant information to my research instrument.
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<tr>
<td>CCR</td>
<td>Core Competency Requirements</td>
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<td>CMA</td>
<td>Christian Mission Aid</td>
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<td>HOD</td>
<td>Head of Department</td>
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<td>HR</td>
<td>Human Resource</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<td>INGO</td>
<td>International Non-Government Organization</td>
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<td>KPA</td>
<td>Key Performance Areas</td>
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<td>KPI</td>
<td>Key Performance Indicators</td>
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<td>KRA</td>
<td>Key Results Areas</td>
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<td>KSA</td>
<td>Knowledge, Skills and Attitudes</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>ROI</td>
<td>Return on Investment</td>
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<td>SMT</td>
<td>Senior Management Team</td>
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<td>TNA</td>
<td>Training Needs Analysis</td>
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<td>T &amp; D</td>
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The importance of measurement of return on investment of training and development programmes is to show the actual results and contributions in an accurate and credible way. It also assists in prioritizing and expanding training and development areas by finding out which programmes contribute the most to CMA’s output. The objective of the study was to establish the challenges of measuring return on investment of training and development programmes. The study focused on Christian Mission Aid in Nairobi Kenya and rate of response was seven. The data was collected using interview guide and analyzed by content analysis. Training and development programmes at CMA have equipped employees with relevant knowledge, skills and abilities to perform their responsibilities and roles effectively. The methods used in training and development programmes include both on-the-job and off-the-job trainings. Training needs analysis exercise is conducted to find out employees’ performance gap. Measurement of ROI in training and development programmes are benefit cost ratio, ROI percentage, break even time and payback period methods. The study found out that the challenges of measuring ROI of training and development programmes are isolating the effects of training and development programmes, converting behavioural change to financial terms, lack of expertise to measure ROI, HR department as an income generating and not expenditure centre, cost and time consuming and benefits of ROI. The study concluded that the SMT ought to set specific targets for employees’ performance appraisal, divide performance in qualitative and quantitative indicators, train managers on the best ROI method, SMT to support HR department activities, allocate time and financial resources as well as link training and development programmes to the impact of the organization’s objectives. The study recommends that SMT should set specific targets to measure actual performance, ROI process to link programmes measurements to TNA, establishment of recognized method of ROI measurement, policy formulation in the areas of training and development programmes should be revised in order to incorporate the implementation of measurement of ROI in training and development programmes.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In today’s business context many human resource departments are starting to progress in the area of return on investment around programs in order to stay competitive of other departments competing for same internal resources (Phillips et al, 2000). Return investment methodology reflects other financial assessments techniques by relating the cost budget of HR programs to the benefits they bring onboard (Mankin, 2009). One of the current trends in organizational appraisal of training is measuring return on investment which is extremely significant in several industries where budgets are increasingly becoming economical, and where it is essential to justify spending or devise strategic plans at operational level (Wilson, 2005). The main objective behind conversion of HRDs programmes into monetary value is to try to make management understand that these programmes are investments and will pay off for the organization in future (Werner et al, 2009). Due to the ever changing and dynamic scenario of the business environment, it is vital to the HRD Manager to prove credibility of the department by proper assessment and evaluation (Pattanayak, 2008). Evaluation of training and development programmes should be conducted regularly to ascertain that they are not too expensive and at the same time accomplishing the planned intentions (Nzuve, 2007).

Effective training begins with identifying a training need. This type of need is summed up in terms of knowledge, skills and attitudes (KSAs) which need to be learned and changed. The difference between the existing and desired levels of KSAs is called the performance gap (Kirwan, 2009). Return on investment will examine the cost-benefit analysis thereby making managers to approve processes that increase
profits margin since it is presented in a manner they acknowledge (Phillips, 2003). It is key to analyze training and development programmes so as to assess its efficiency in producing the desired outcomes quantified as planned and to identify areas of improvements so as to make these programmes more effective (Armstrong et al, 2014). Strategic management and HR professionals strongly agree that investing in human capital asset by providing appropriate HR interventions can pay off for an organization. The main issues that arise in any training and development programmes is deciding which programmes to invest in and the benefit-cost analysis (Phillips et al, 2012). Evaluation of training programmes must be done continuously in a well-structured manner to confirm the extent to which training objectives are being met, the extent to which the training has brought about participants’ behaviour change and performance which ultimately result to realization of organizational goals and the extent to which training programmes were valid and reliable (Okumbe, 2001).

The theoretical framework of this study is anchored upon social learning theory by Albert Bandura, 1977 which refers to knowledge acquisition through the mental processing of information. This theory states that people learn from one another through observation, imitation and modeling. By watching others perform job responsibilities and duties; people develop mental pictures of how to carry them out. Bandura suggested that observers often learn faster than those who do not observe the behaviours of others because they do not need to unlearn behaviours. Human capital theory by Adam Smith 1976 was later reinvented by Gary Becker 1964, in modern Human Capital Theory. Human capital theorists place more value to employees as compared to physical assets. When employees are impacted with the necessary knowledge then they are able increase organizational performance and productivity level. It is the employees that are used to realize the strategic plan of the organization
and not the tangible assets. The vision and mission of the organization can only be implemented if there are right skilled employees. Training and development programmes are an investment because the organization will eventually reap out of it through the expected targets as per employees’ performance agreement.

This study will focus on Christian Mission Aid which is an International Non-Governmental Organization. Most donors invest in training and development programmes to their implementing partners so that they can execute projects as per expected standards levels. Therefore, training and development activities is an important HRD programmes and an expensive investment to the donors, they are very keen to see whether results from these activities can be enumerated. Training and development activity is a significant part of many organization’s budgets therefore economic measures are an important way to evaluate the success of such programmes. One of the areas gaining significant attention in the present scenario is training and development department of an organization. A lot of systems have been developed to assist HR professionals in proving they have delivered and contributed to the bottom line.

1.1.1 Return on Investment

Investment refers to stocking money in terms of financial, physical and marketable assets. Return refers to expected rate of return from an investment. Return is the main determinant of any investment made by the investor. Current and potential investor would prefer investments that yield high rate of return. Investment activity involves the use of resources for assets creation or acquisition of existing assets. Return on investment (ROI) is supported by HRD professionals in HR metrics as a means of quantifying the overall impact of training and development programmes on
organizational performance and success (Hiriyappa, 2008). Return on investment measurement is useful in determining the impact of HRD programmes. It is critique that hard measurement value should be used to evaluate specific training, for example, if development aims at reducing administrative overheads then it should be calculated based on the ultimate effect on the total expenditures incurred versus quality of services by providers (Kearns et al, 1997).

There has been increased pressure to produce financial justifications for any organizational activity, especially in training and development programmes (Armstrong, 2010). For many years, HR practitioners and scholars have pursued to calculate the actual rate of return on the investment for HR programs and initiatives. They argue since HR programmes are considered an investment, not an expense then strategic management should place the HR investment in the same funding tool as other investments in the organization (Phillips, 2012) Once the training evaluation results are analyzed, ineffective programmes can be withdrawn to save on time and effort as well as identify and remedy weaknesses within the programmes and initiatives (Rue et al, 2016). All investments made are risky, whether in stock and capital market. The degree of risk depends on the characteristics of the assets, investment instruments, and the method of investment or the issuer of the security. The objectives of stakeholders are income, capital appreciation, liquidity, marketability, safety and hedge against inflation (Avadhani, 2010).

ROI in training and development programmes means any benefits from the HRD programmes. ROI also represents an actual value developed by comparing programme costs with benefits. Two most commonly used methods are the benefit-cost ratio and ROI formula (Phillips, 2012). The financial structure consists of
instruments that allow both current and potential investors to deal with one another by transferring money through time, evade risks and exchange assets that they value more. Investors usually transfer money from the present to the future when they save. They expect a higher rate of return for bearing risk through time (McMillan et al, 2011). It is of great concern for the HR field to develop specific values that reflect ROI in training and development interventions for the success of the department. The best method to calculate and evaluate HR investments is by the use of benefit to cost ratio (Phillips et al, 2000).

1.1.2 Training and Development

Training is a learning process that involves the acquisition of knowledge, skills and abilities (KSAs) necessary to execute tasks effectively (Rue et al, 2016). Training constitutes a basic concept in human resource development field and involves systematic modification of behaviour through learning, which occurs as a result of education and planned experience (Deb, 2006). Training is the use of systematic and deliberate activities to enhance knowledge, an approach referred to as “learner based training” (Armstrong, 2014). Training tends to be employee-oriented focused and usually for a short duration. Training also addresses precise deficiencies in employees’ performance and develops certain competencies oriented towards solving short term performance (Caligiuri et al, 2010). Training is the process of providing employees with defined skills and knowledge to help them improve on their performance. The scope of training is on employees and current job (Mejia et al, 2007). Training focuses on mastering knowledge, skills and attitudes that enable the successful implementation of the organizational strategy. Training is organization centered as it is a key element of its overall performance (Deb, 2006).
Development is the systematic approach geared towards influencing individuals’ knowledge and skills for purpose of personal growth or a new role in the future that holds greater responsibilities (Aguinis, 2009). Development is a method of providing employees with the capabilities the organization will need in the future. The scope of development is on organization as a whole and is concerned with the employees’ skills and resourcefulness (Mejia et al, 2007). Development is concerned with increasing the experience, attitudes and skills required to become effective managers (Rue et al, 2016). Development is a broader effort connected to improving the entire organization’s competence to fulfill deliberate requirement in the future (Caligiuri et al, 2010). Development is an unfolding process that enables people to progress from a present to future state of understanding and expertise with higher-level skills, knowledge and abilities (Armstrong, 2010).

The purpose of learning objectives are to develop skills and competencies geared towards the improvement of the job performance of employees, teams and organizations. Training and development programmes can be classified into two types, namely; “generic training” for skill development and “company-specific training” which is job or organization oriented such as induction and on-the-job training (Harzing et al, 2015). Development programmes tend to focus on how competencies will be progressive and is more focused on organization and strategic level (Caligiuri et al, 2010). The overall objective of training and development programmes should be to improve organizational performance leading to increased profits margins. The determination of any training needs requires analysis at three levels: organizational, operational and employee. Any training programme should be consistent with providing for transfer of the skills learned to the actual job (Nzuve, 2007). Effective training objectives should give an account what result to expect as a
return in terms of the organization, department and employee when the training is completed (Rue et al, 2016).

1.1.3 Challenges of Measuring Return on Investment

Many HR Professionals do not understand the term ROI therefore lack the required skills that can be incorporated within their key scope of responsibilities. Also, the programmes do not concentrate on results which is quantitative but more on qualitative measures (Phillips, 2000). A successful ROI implementation requires planning and a well-organized methodology to keep the procedure in check (Fitz-enz, 2000). Many HRD programmes do not have a satisfactory initial analysis and evaluation. Some of the HRD programmes have been implemented for the wrong reasons and are based on management requirements that are not in line with the trend of the industry (Armstrong, 2010). A comprehensive measurement process can create fear of change which can inhibit many ROI implementations processes (Phillips et al, 2012).

The ROI procedure will add extra costs and time to the HRD programmes. A good detailed ROI process will perhaps not add more than three to five percent to the HRD programmes budget (Subramanian et al, 2012). If training and development programmes are not necessary then it won’t produce enough benefits to overcome the costs incurred to conduct it. ROI calculation for an unnecessary HRD programmes will probable yield a negative value (Phillips, 2000). Some HR professionals do not pursue ROI because of fear of failure or fear of the unknown. They may have anxieties about the consequences of a negative ROI in those programmes (Fitz-enz, 2000). When there is no immediate mandatory feedback required to measure the return in any HRD programmes and interventions hence there will be lack of
accountability. If the senior management are not mandated to report on ROI, then they will not allocate time for planning and management of the process. Also, other priorities may take a lot of time required for implementation ROI processes since only carefully planned operations will succeed (Rothwell, 2004).

1.1.4 Christian Mission Aid

Christian Mission Aid was registered in 1986 to provide humanitarian services in Kenya, Uganda and South Sudan in collaboration with donors. The organization is focused on creating sustainable change in Africa by raising local leaders to meet the spiritual and development needs of communities. The organization was founded by Larry and Debra Kitchel. It opened Girls Rescue Centre in Olooloitikoshi, Kajiado County to rescue and protect young girls from adverse cultural practices such as female genital mutilation and early marriages. The girls have found peace, education and safety in their lives as they go through its rescue program. It has other programs in Uganda providing Christian outreach, community development, aid and relief. In 1993, Christian Mission Aid started providing health and nutrition programs in South Sudan where most of the programs are funded. It has grown to a total of 385 employees (Christian Mission Aid, Strategic Plan 2016 – 2020).

Christian Mission Aid as a single unit or entity. It is aptly described as “a vehicle for Christian mission work and pioneering development programs in developing countries,” is today an International Non-Governmental Organization that combines the finest attributes of an ideal Christian organization with a deep commitment to spreading the gospel message and holistic community service, stemming from its history of perpetual compassion and concern with the marginalized and vulnerable sections of the community. The foundation of all the programs is its Christian
ministries, with professional training being the focus in all its project activities. It identifies the need, facilitates the training and equips leaders who then transfer the skills to their congregations thus deepening the impact of the teachings of the gospel down to the grass roots level. In this way the whole congregation is involved in the work of ministry and in the socio economic issues which affect the community in which the Church is based. Therefore, it has been involved in training all round leaders who have now taken up key positions in the Church and the community. The desire to be 'the bridge between the resources and the needs' has meant that we have been involved in a variety of community based projects. Our programs are always expanding and changing as we respond to need (Christian Mission Aid, Strategic Plan 2011 – 2015).

1.2 Research Problem

One of the biggest challenges affecting HRD professionals is proving to management that what they are doing adds to bottom-line which is a fundamentally portion of the way they operate. In others, such prove of viability isn't so effectively looked for (Kirwan, 2009). Most HR professionals agree that investing in employees by offering suitable HR training and development programmes can pay off for an organization in the future. Choosing which programmes to contribute in, how much to contribute, and whether a specific HR programme gives respect may be an unpredictable issue to handle at different organizations (Phillips et al, 2012). A study by Sachdeva (2014) on ROI of Training and Development Programmes found that the emerging issue of the HR department is to respond to top management demand who want a justification of the its existence in the organizations. HRD professionals are therefore tasked with the key responsibilities of providing and acceptable way to counter management’s concern. It is sometimes challenging to evaluate the benefits arising from training and
development programmes. This is because it is difficult to convert some of the qualitative outcomes to monetary terms (Armstrong et al, 2016).

Over the last seven years, most of the INGOs have been asked by institutional donors to justify their HR programmes in their resource mobilization activities by donors for funding their projects. Most of the donors are keen in capacity building activities hence invest a lot of resources in training and development programmes to enhance performance of projects. Many managers and supervisors often view HRD programmes and interventions as costs-exemplified by the fact that they are often the first to be cut off when there is no enough budgets. Most of the HRD programmes are difficult to evaluate in monetary terms but the most appropriate ways are ROI measurement and utility analysis. Training and development activities been an important aspect of HRD programmes and expensive investments to donors, they expect rate of return for the investment they have put in the form of results from these activities to be computed (Armstrong, 2014). Training and development function should show its contribution to the organization as a way of measuring its accountability. The emerging trend in HRD field is trying to formulate ROI measurement processes that are accurate and easy to use. Many organizations have opted to use ROI as an evaluation tool in assessing the effectiveness of training and development programmes (Phillips et al, 2000).

Christian Mission Aid is committed in ensuring that the skills and abilities of the employees are continuously developed in order to maximize their contribution to the company through on-the-job and off-the-job trainings. Before any training and development programmes are conducted, the organization does a training needs analysis, which is the systematic approach for determining what training and
development programmes to be undertaken by analyzing what is the expected performance vis-à-vis the actual performance or outcome. Before any training is conducted training needs analysis exercise is done to ascertain the need for training. Christian Mission Aid usually considers: business needs, current competencies, training methods, cost and effectiveness. Employee’s performance is assessed and from there training gaps are identified by comparing the expected and actual performance. A budget is drawn by the HOD in liaise with the HR and Finance departments in relation to the cost benefit analysis (Christian Mission Aid, Training and Development Policy 2016).

Several studies have been done on returns of training and development programmes. Ambata (2007) studied stakeholder approach to training program evaluation and found that studies are needed to examine different aspects of training program evaluation processes and outcomes depending on the characteristics of the programs, organizational and social context. A study on return on investment of training programme by Subramanian et al (2012) found that for organizations implementing the ROI concept for the initial stage are required to compare one programme at a time, as a learning process. A study on measuring return on investment and risk in training, a business training evaluation model for managers and leaders by Jasson et al (2017) examined existing training evaluation models to propose a new model. Recommendations for further research include empirically testing the proposed training ROI and risk measurement model by making it available to key stakeholders in the public and private sectors of the economy. Gakubu (2006) studied on relationship between training practices and performance, was recommended for further studies by scholars since there seems to be upward trend in earnings per share for companies practicing systematic training with minimal fluctuations. Wacuka
(2011) studied on training and development practices for diplomatic staff at the Ministry of Foreign Affairs, recommendations for further studies in training and development programs effectiveness hence more studies to be done. Odhiambo (2011) studied perception of the employees of Kenya Power and Lighting Company Limited on the effectiveness of training and development programs. The study sought to establish the employees’ rating of effectiveness of the training and development programmes. It was recommended that more studies to be conducted in ensuring effect of employees’ perception of effectiveness of training and development programmes on an organization’s productivity or profitability should also be established. Musili (2010) studied perceived effectiveness of training and development on performance of in-flight attendants in Kenya Airways Limited. The study sought to find out the effect of training and development on the overall attitudes the employees held on performance in the workplace. Further research can be done other variables other than training and development can be researched at and their impact against employee evaluated.

The studies were done in different context and more studies need to be conducted to specifically address the results of training and development programmes and fill this knowledge gap by answering the question: “What are the challenges of measuring return on investment of training and development programmes at Christian Mission Aid?

1.3 Objectives of the Study

The objective of this study was to determine the challenges of measuring return on investment of training and development programmes at Christian Mission Aid.
1.4 Value of the Study

The study will help to discuss the challenges faced in measuring return on investment of training and development programs. Therefore it will be useful at the management level in formulation of policies by ensuring that before undertaking any HRD programmes and interventions they should forecast on the return they anticipate from it. The management will know the specific areas they should address when formulating the organizational policies and procedures specifically in training and development programmes as well as expected results from these programmes.

The study will help policy makers to make informed decisions in training and development programs and interventions. The top management would have insight knowledge on what they need to consider in the employees development as well as what they should expect in terms of change in behaviour resulting to actual results. The top management will know where to invest in, in terms of employees’ training and development programmes as what they expect as employees’ performance and outcomes.

The study will also contribute to the body of knowledge to other researchers in the literature review that will seek to fill any knowledge gap on return on investment in training and development programmes. Other further researchers will find a basis to anchor their studies and improve in the areas of training and development programmes.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews of related literature from various researchers, scholars and authors on return on investment of training and development programmes. The specific areas covered in this chapter are the theoretical framework, measurement of ROI and challenges of measurement ROI in training and development programmes.

2.2 Theoretical Foundation

The study is anchored on Human Capital Theory and Social Learning Theory. One of the trending issues in HR practice is measuring return on investment on training and development programmes. All investors want to maximize the rate of return for their investments while at the same time minimize risks (Brooks, 2010). One of the main reasons of pursuing a comprehensive return on investment measurement is to meet the competition for limited funds (Phillips et al, 2012).

2.2.1 Human Capital Theory

Human capital theory developed by Schultz (1961) and Becker (1964) stated that training and development programmes enhances employees’ skill level and thereby their human capital. Employees possessing high competencies will increase productivity level of the organization. Human capital inclusion in a neoclassical growth model has many implications. This is because the average skill level of an employee has a direct impact on the productivity level. The time taken to attend training and development programmes translates to increases human capital and organizational productivity level in the long-run. When the labour market is competitive, human capital influences wage rate and interest rate hence leading to
further adjustments in the physical capital. A change in human capital stock has an impact on the growth rate (Hartog et al, 2007).

Human capital consists of the employees’ and constitutes a significant component of the market value of a company. Human capital theory examines the impact of employees in relation to their contribution to stakeholders’ value. This theory attempts to establish that HRD practices produce monetary value in terms of return on investment. It provides guidelines on HR and business strategies necessary to inform practices intended to improve human resource management in the organization (Armstrong, 2010). Human capital investment is venturing in employees through various learning methods such as education, on-the-job training, off-the-job training, medical cover, housing, counseling, rehabilitation, performance improvement plans, recreation, transportation, access to information; that delivers measurable benefits to employees in terms of increases in income and to society in terms of economic growth and development (Lucas 1988; Becker 1975; Hansen 1963). Thus, programmes and policies directed at human capital asset play a key role in central city revitalization (Joder et al, 2003). Human capital drives business and is a scarce resource. By computing human capital, we are attempting to quantify it to add to bottom-line. Organizations continue to compete for talent and sometimes subcontract certain specialized skills (Aldisert, 2002).

The application of human capital theory prioritizes the economic returns from skills, knowledge and abilities acquired through training and development programmes. Human capital theory views training and development as an investment to improve productivity and the level and distribution of employees’ incomes (Walker, 2005). The idea of investment in education for economic growth was reviewed by
economists Theodore Schultz and Howard Becker in 1960s as a way to explain the mystery of economic growth that could not be accounted for by increases in physical capital (Little, 2003). Human capital theory also deals with personal investment in self-development, such as enrolling on professional courses to enhance employees’ competencies. HRD professionals and strategic management need to analyze the cost of training and development programmes versus the benefits it will result in the future (Price, 2011).

2.2.2 Social Learning Theory

Albert Bandura and others have extended and explained Skinner’s work by demonstrating that people can learn new behaviour by imitating others’ behaviour in a social situation. Social learning theory refers to knowledge acquisition through the mental processing of information. Individuals learn by being part of a society and they use thought processes to make appropriate decisions. People actively process information when they learn; by watching others perform a task and hence are able to carry it out successfully (Scholum et al, 2007). Bandura suggested that observers of behaviours learn faster than those who do not observe because they do not need to unlearn behaviours and can avoid expensive mistakes. This theory integrates behavioral concepts, cognitive concepts and environmental determinants. It draws the inputs from the principles of classical and operant conditioning. It also recognizes that learning takes place through various means like vicarious, modeling and self-controlling process (Rao, 2010). Social learning theory is considered relevant in organizational behavior. A lot of what is leaned is through observational learning. In an organization context, a new employee acquires job skills by observing keenly what an experienced employee does then will be in a position to imitate them.
Organizational culture affects our own behaviours by what we have learnt through observation (Aswathappa, 2009).

Managers and employees should take responsibility for their own training and development. They should embrace learning as part of their everyday work life. This is because we learn daily in the organization through opportunities and mistakes done at the workplace. Managers should allow room for mistakes and treat such as opportunities for learning. Creating a learning culture in the organization where every employee is geared towards improvement in skills, knowledge and abilities is critical in training and development programmes (Appannaiah et al, 2009). Employees do not pay attention to all stimuli rather to those that are important and attractive. Learning depends on how much stimuli is retained by employees’ mind which are retained by employee’s mind then translated into recall purpose which provides reinforcement and behaviours. If employees are rewarded, their behaviour will become day –to-day practice therefore learning process is completed when employees there is permanent change in behaviour (Mishra, 2009).

2.3 Measurement of ROI of Training and Development Programmes

Measurement of ROI of training and development programmes has attracted great interest to investors and stakeholder of HRD programmes and interventions (Price, 2011). A number of measurement methods have been used to measure return on investment in training and development programmes.

Benefit cost ratio is the return on investment calculated using the program benefits and costs. The cost benefit ratio is the programme benefits divided by cost. This method attempts to summarize the overall value for money of particular programmes and is expressed in monetary terms (Fabozzi et al, 2011). To measure ROI in training
and development programmes is ROI% which is the return on investment on net benefits divided by programmes costs. The net benefits are the programmes benefits minus the costs. The ROI percentage is a performance measure used to calculate the efficiency of an investment. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment (Thomas et al, 2009).

Break even time is measured by investments divided by programmes benefits multiplied by time which can be in form of days, months or years. Break even time represents the amount of time it takes for HRD programmes investments to make back its original cost. It is calculated using present value table to measure the number of times the profits from specific training and development programmes will equal the original cost of the investment (Matloff et al, 2013). Payback period method simplify meant the duration required to recover the cost of an investment in HRD programmes in form of performance impact and outcomes. The payback period of any HRD programmes investment is an important determinant of whether to invest in a particular training and development programmes or not because longer payback periods are not desirable for investment positions (Baker et al, 2014).

2.4 Challenges of Measuring ROI of Training and Development Programmes

Different scholars such as Phillips et al (2012), Rothwell (2004), Sachdeva (2014), Subramanian et al (2012), Balakrishnan et al (2007), Matalonga et al (2012), Price (2011), Armstrong (2010), Thomaskutty (2009) and Raymond et al (2014), have complied the various challenges of measuring return on investment in training and development programmes such as lack of expertise to measure ROI, lack of support from senior management team, cost and time, lack of adequate planning, phases
involved in measurement of ROI, evaluation of benefits, definition of ROI and effect of training and development programmes.

Most of the HRD professionals and supervisors lack the expertise required to collect and measure the ROI of training and development programmes therefore it is difficult ascertain what is affecting the behavior change of employees (Phillips et al, 2015). HRD professionals are not aware of the business plans hence not able to address the training needs of employees hence measure the wrong ROI metrics in performance management (Price, 2011). Evaluating training is a timely issue and strategic management and requires accountability that would eventually translate into returns (Rothwell, 2004). It is easy to record the costs but harder to produce substantial monetary valuations of the HRD programmes profits (Armstrong, 2010).

Resources constraint the ROI evaluation activity because the process of ROI is considered to be involving high expenditure for it to be implemented (Phillips et al 2015). Measuring ROI on training and development requires a lot time input and specialized staff who are trained in the area (Armstrong, 2016). The top management's support for implementation of training plans is very crucial. Every senior manager needs to take the responsibility of developing their team (Thomaskutty, 2009). A study by Sachdeva, (2014) on ROI of Training and Development Programmes found out that there is lack of support and motivation from the top management. The best way to earn senior management’s respect and support towards HR programs and intervention is to measure ROI on these programmes (Phillips et al, 2012).

Defining different cost budget allocation for organization’s programmes and activities while measuring ROI may be challenging (Subramanian et al, 2012). The costs of the programme should be fully loaded for ROI analysis (Phillips et al, 2012). The ROI
process will add some additional costs and time to the HR programs, although the added amount should not be excessive. The additional investment in ROI would perhaps be offset by the additional results achieved from these interventions and the elimination or prevention of unproductive or unprofitable interventions. This barrier alone stops many ROI implementations early in the process (Phillips et al, 2000). Evaluating of training and development programs is the process of placing value on results. It can occur before, during, or after implementation. Timing is thus an issue in evaluation (Rothwell, 2004).

A successful ROI implementation requires much planning and a disciplined approach to keep the process on track. HRD staff needs to set aside some time for planning since this ultimately reflects on the employee’s performance which they need to be appraised (Phillips et al 2015). People recruited today are not going to leave the organization tomorrow; the training that people receive today may not be totally valueless tomorrow. But the traditional accountants treat the human resources cost as expense and thus neglect their future benefit potentials. This violates the principle of matching periodic revenue with the corresponding expenses. Consequently, incomes are understated in periods of asset building and overstated in periods of the use of human resources. Because of this, management may lay emphasis on short-terms gains at the cost of long-term losses. Training and development may be postponed to improve current profitability (Balakrishnan et al, 2007).

A study by Sachdeva, (2014) on ROI of Training and Development Programmes found out that HRD Professionals tend to avoid dealing with sub-stages in the evaluation process. Training and development programmes evaluation involves many stages. Evaluation should be done at all stages of learning. Results of some
programmes can be realized in the middle while others at the end of these programmes. Therefore, this requires much attention when measuring ROI. Lack of clear ROI practices and procedures as well as dis-functional across departments limit the use of ROI methodology. Before and after any training programme, organizations should evaluate the programmes to ensure they are meeting its goals and objectives. Training assessment and evaluation should be conducted to check whether anything has changed as an outcome of the programme. The significant results are those correlated to the organization’s goals for the training and its overall performance (Raymond et al 2014).

Sometimes the programme conducted contributes indirectly to the organization, for instance where supervisors may not be able to measure the knowledge gained versus the impact of employees. The expected qualitative benefits are not captured in the ROI figure which is considered to be quantitative (Subramanian et al, 2012). The financial justifications in learning and development, has increased the interest in ROI. The problem is that while it is easy to record quantitative outcomes it is difficult to record qualitative measures (Armstrong, 2010). When the costs on human resources are treated as expenses, the asset base of the organization includes only the physical and financial resources. As a result, the most important yardstick to measure the performance of a firm, namely, the return on investment may not be an effective guide to the managers in their decision making process (Balakrishnan et al, 2007).

The understanding of the term ROI differs among for managers. Return on investment can be defined as the output or income that is generated by employees in an organization (Peak et al, 2006). It is not valued alike at all levels of the organization. Therefore, there is need for various stakeholders to contemplate in one direction when
analyzing results (Matalonga et al, 2012). Many HR programs do not have an adequate initial analysis and assessment. Some of these programs have been implemented for the wrong reasons. Any programme should produce enough outcomes so as to overcome the costs incurred (Subramanian et al, 2012).

It is not easy to quantify ROI on training and development benefits because managers are unsure whether the employees’ behaviour change is brought about by that specific HRD programmes or by other factors since the business environment is very dynamic (Buelow, 2008). Labour market conditions and incentives offered to employees may influence the post training performance (Subramanian et al, 2012).

2.5 Empirical Review

Owino (2006) studied on a survey of training and development practices applied by the International NGOs operating in Nairobi. It was evident that training and development practices among the NGO sector are not quite comprehensive due to the nature of their operation. It was recommended that shot-term programmes should be put in practice to supplement the normal training and development practices which tend to be appropriate for medium to long-term objectives.

Munyendo (2011) in the study of effect of human resource development programme on employee performance in KCB contact centre, found out that while implementing human resources development programmes, organizations ought to embrace all the programmes wholly and integrate them well with their organizational goals and objectives. Further study should be done on the perceptions of the employees on the human resources development programme offered by the bank and their effect on employee performance.
Kinyua (2009) studied on impact of strategic training and development programmes on performance: The case of voluntary service overseas (VSO) jitonee - East Africa. The study found out that strategic positioning of training and development directly promotes organizational business goals and objectives. When strategically applied, continuous learning fosters knowledge and skills acquisition to help the organization achieve its goals. Strategic training and development of staff is considered a source of organizations’ competitive advantage.

Wanjohi (2007) in the study of a survey on the impact of staff development and training programme in the hotel industry in Kenya (A case study of Kenya Utalii College). The study aimed at identifying the effect of training on performance, establishing whether there is a link between training and development and determines various training needs of the employees.

Muuo (2013) studied on perceived Relationship between Employee Development Programmes and Organizational Commitment at Barclays Bank of Kenya. The study recommends that the management of the bank should offer regular employee training to its human capital to equip them with modern skills.

Amadi (2014), in the study of the effect of training and development on employees’ performance at Safaricom Limited Call Center. The study concluded that there is need for continuous training and development taking into consideration the competition, market dynamics, customer satisfaction, and net promoter score among others. The study recommends that training needs at Safaricom should be considered on the basis of overall company objectives.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the methods used in collecting and analyzing data. It covers the following sub-topics: research design, data collection and analysis.

3.2 Research Design

The study adopted a case study research design. This design was appropriate for the study as it entailed a detailed investigation of the specific phenomenon of interest. It placed more emphasis on full analysis of a limited number or conditions and their interrelations (Kothari, 2004). Case study utilizes both qualitative and quantitative data. It helps the researcher interpret other data, especially when researchers have reason to believe that people know too little about a programme (Mugenda, 2008).

3.3 Data Collection

Primary data in form of interview guide was used because it is the first hand information and the questions asked were tailored-made to elicit the data that helped with the study. The primary data was collected using structured questions which are closed and open ended. The guide consisted for section A which captured demographic data, section B had measurement of ROI in training and development programmes and section C consisted of challenges of measuring returns on investment of training and development programmes.

The population of interest will be the Senior Management Team of Christian Mission Aid, Nairobi who were seven. This is because they are the key informatics and are the
ones who are directly linked in the measurement of return on investment on HRD programmes for their subordinates and team.

3.4 Data Analysis

The researcher ensured that interview guide answers were analyzed for accurate representation. The collected data was analyzed through content analysis and would involve in-depth investigation of the subject matter under study. This approach is most suitable for the study as it involves for broad and comprehensive explanations in areas of under research. This is applicable as organizational objectives and goals arise in many of situations and conducted in setting where the actions actually happened.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter analyses the data collected to attest the hypothesis used in the study. The findings are presented in percentages where both qualitative and quantitative techniques of data analysis were applied.

4.2 Respondents’ Profile

The background information considered relevant in the study were designation, age, level of qualification, length of service and organization’s training and development programmes. This part of the interview guide was intended to assess the respondents’ profile by evaluating their capability to answer the questions and whether they were acquainted with the subject matter. The researcher interviewed seven senior managers at Christian Mission Aid, Nairobi.

4.2.1 Designation

The specific respondents who were interviewed were Chief of Finance, Christian Outreach Manager, Children Youth Ministry Manager, Supply Chain Manager, Monitoring & Evaluation Specialist, Communications Manager and Program Manager. The respondents’ academic and professional background was from diverse fields such as from business, arts, science and project management. Expertise diversity in senior management team brings a wealth of knowledge, experience and different perspectives. These differences are instrumental for innovation, problem solving, insight and creativity. The views of both genders were not well represented as one of the respondents was female while six were males.
### 4.2.2 Age Bracket

**Table 4.1 Age Bracket**

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>35 – 50 years</td>
<td>4</td>
<td>57.14</td>
<td>57.14</td>
</tr>
<tr>
<td></td>
<td>Over 50 years</td>
<td>3</td>
<td>42.16</td>
<td>100</td>
</tr>
</tbody>
</table>

The respondents were from 35 years and above implying that the managers at Christian Mission Aid are older. The respondents pointed out the organization is keen in employing managers who were at least 35 years and above although this is not necessarily a requirement. It is presumed that older employees tend to be mature in their behaviour. All respondents stated that employing a manager at a younger age may not be ideal for the projects they undertake since the beneficiaries come from vulnerable communities and an older person may relate to them well compared to a millennial since they have lived long enough to understand some of the situations people go through in various experiences such as political, cultural, economic and legal framework.

### 4.2.3 Qualification

**Table 4.2 Qualification**

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of qualifications</td>
<td>Diploma</td>
<td>1</td>
<td>14.29</td>
<td>14.29</td>
</tr>
<tr>
<td></td>
<td>Bachelor Degree</td>
<td>3</td>
<td>42.86</td>
<td>57.13</td>
</tr>
<tr>
<td></td>
<td>Post-Graduate Degree</td>
<td>3</td>
<td>42.86</td>
<td>100</td>
</tr>
</tbody>
</table>
The respondents had different levels of qualifications and had attained post-graduate and bachelor degrees. However, one of the respondents who had a diploma was pursuing bachelor degree and awaiting graduation. The respondents had acquired the prerequisite requirements for their positions to lead a team hence able to answer the interview guide questions informatively.

4.2.4 Length of Service

Table 4.3 Length of Service

<table>
<thead>
<tr>
<th>Category</th>
<th>Item</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of service</td>
<td>0-5 years</td>
<td>1</td>
<td>14.86</td>
<td>14.86</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td>2</td>
<td>28.57</td>
<td>43.43</td>
</tr>
<tr>
<td></td>
<td>Over 16 years</td>
<td>4</td>
<td>57.14</td>
<td>100</td>
</tr>
</tbody>
</table>

All the respondents had worked for Christian Mission Aid for at least five years and above. They had worked both for non-profit and profit making organizations before been engaged with the organization. The respondents stated that all the current managers were involved in the 2016 - 2020 strategic plan development and formulation process which meant that they had a deeper knowledge of the organization in terms of the vision, mission and strategy.

4.3 Employees’ Training and Development Programmes

The questions under this section area of the interview guide were custom-made in determining whether Christian Mission Aid has been conducting any training and development programmes, how they have been conducting these programmes and
what were the benefits that had accrued out of the training and development programmes that were aligned to organizational strategic objectives and mission. This is in recognition of the need of organizations to train and develop their employees’ knowledge, skills and abilities to change and adapt well in the dynamic business environment.

The respondents pointed out that CMA equips its employees with adequate knowledge and skills, and also provide them with sufficient information so as to enable them perform their roles productively. The training and development programmes are done based on predetermined budgets and have to be job-related. The respondents stated that there is usually continuous learning process to ensure that employees are well equipped to execute the different humanitarian services to the communities they serve. The respondents indicated that training and development programmes are carried out in form of on-the-job, off-the-job training, team building activities as well as management development programmes. The types of on-the-job training conducted at CMA are job shadowing, job rotation, internship programmes, assigning employees to be part of committee members within the organization, in-basket, allowing employees to take up acting positions which have higher responsibilities, coaching, mentoring while those that are done off-the-job are management development courses, workshops, seminars and professional courses.

The respondents emphasized that before training and development programmes is conducted, it is informed by training need analysis which is derived from mainly performance appraisals exercise where skills and performance gaps are noted that indicate the key activities or tasks where skills are required by the Line Managers. Before any training and development programmes at CMA is conducted training needs analysis exercise is done to ascertain the need for training. The respondents
stated that TNA exercise is a very critical in their training and development programmes as well as a requirement as per their HR policies and procedures. It involves comparing the employees’ actual performance against the targets or standard of performance at corporate, team and individual employee levels.

The respondents pointed out that the outlined standard procedure in carrying out TNA as per CMA’s training and development policy is determining desired outcome, linking desired outcomes with employee behavior, identifying trainable competencies, evaluating competencies and determining performance gaps, prioritizing training and development needs, determine how to conduct training and development programmes, conducting a cost benefit analysis and planning for training and development programmes evaluation. The respondents noted that training and development programmes conducted at CMA have been able to address issues concerning deficiencies in work and organization performance. This is due to the fact that employees are trained based on performance gap and project based needs to the beneficiary. The respondents added that this has resulted in increased output levels in the humanitarian projects implemented by the organization. In conclusion, training and development programmes at CMA is an integral part of the organization for improving employees’ performance that can be add to bottom-line in realizing strategic objectives.

4.3 Measurement of ROI of Training and Development Programmes

The types of questions under this section was to determine whether the respondents were versed with the different types of ROI measurements used to measure results after training and development programmes. Training and development programmes are expensive but a good investment hence the need to evaluate the impact of these
programmes versus the cost invested. HRD programmes may be appropriate but not cost-effective. Before beginning a program, managers must weigh the cost of the current problem against the cost of training and development to eliminate it.

The respondents pointed out that ROI in training and development programmes at CMA is calculated using benefit cost ratio (BCR) which is the return on investment calculated using the program benefits and costs. The SMT prepare year planner in training and development programmes in liaison with all Line Managers based on different departmental needs. The cost of all training and development programmes are calculated and clamped up at one employees’ capacity building budget. The SMT then continue to assess the benefits that these programmes are expected to achieve and must be in line with organizational strategic objectives and goals. The programmes costs are divided by the programmes benefits in order to assess the value of these programmes. Once such an analysis has been done and is evident that value of BCR is higher implying that those programmes are good investment as it shows the correlation between costs and benefits of proposed programmes presented both in financial and non-financial measures then such HRD programmes are incorporated to the proposal documents and sent to the donor for approval. The respondents also said that measurement of ROI in training and development programmes can be calculated using ROI percentage which is the return on investment on net benefits divided by programmes costs. The net benefits are the programmes benefits minus the costs.

The respondents noted that the measurements of training and development programmes is analyzed based on impact of these programmes after a particular period of time hence the need to measure using break even time method. The respondents agreed that the impact of training and development programmes can be felt after a particular period of time and not necessarily occur immediately. It is for
this reasons that investments are divided by programmes benefits multiplied by time which can be in form of days, months or years. The respondents further added that another measure of calculating return on investment is payback period which calculates the period in which the total cost incurred will be recovered by the monetary benefits. The respondents emphasized that payback period in training and development programmes means the duration required to recover the cost of an investment in HRD programmes in form of performance impact and outcomes. The payback period of any HRD programmes investment is an important determinant of whether to invest in a particular training and development programmes or not because longer payback periods are not desirable for investment positions. In conclusion, ROI measurements are used to indicate results after training and development programmes on their team and organization as a whole. This is because there is a direct correlation between investing in training and development programmes and its outcomes.

4.4 Challenges in Measuring ROI in Training and Development Programmes

The questions under this section were tailored made to establish whether senior management team of Christian Mission Aid had encountered any challenges while measuring return on investment of their training and development programmes.

4.4.1 Isolating the Effects of Training and Development Programmes

The respondents indicated that it is difficult to distinguish the effects brought about by training and development programmes from those brought about by other factors. Employees’ performance may increase due to improvement in other factors that may not be directly associated with training and development programmes, such factors may include improvement in reward system, supervisor employee relationship, work
environment, change in management style, better working tools and equipment, work-life balance, employee satisfaction, quality of work, organizational culture and work recognition. The respondents stated that to determine whether increase in performance and productivity has arisen from specific HRD programmes is difficult to calculate accurately due to other factors that may influence performance rather than training and development programmes. The respondents further added that some specific parameters may be used in calculating the ROI to ascertain that improvement is brought about by training and development programmes. These parameters include to train some employees while other not to be trained of the same department. The employees who undergo training and development will be regarded as control group while those who have not been trained can be uncontrolled group. The employees’ performance from both controlled and uncontrolled group will be measured in order to evaluate whether there is any difference between the two groups.

The respondents pointed out that determining which employees to train and those not to train in the same department may cause friction among the department and organization. Setting up specific targets one would anticipate to achieve at the end of HRD programmes assist in measuring precise impact of such programmes. The respondents further explained that knowing what impact the organization expects to achieve from training and development programmes depending on predetermined goals and objectives helps in measuring ROI. Conducting performance appraisals before and after training and development programmes helps to analyze behavioral change that leads to increase in performance and productivity. The calculation of the difference between performance appraisals that were conducted before and after HRD programmes assists in measurement of programmes impact to the productivity of the organization. Another method to separate the effects of training and development
programmes is by use of experts in the field of ROI in HRD programmes implementation process. In conclusion, SMT ought to set specific targets for employees in order to isolate the effects of training and development programmes from other factors.

4.4.2 Converting Behavioral Change to Financial Terms

The respondents pointed out that converting behaviour change before and after training and development programmes are significant step in calculating ROI in determining financial benefits from such programmes. The respondents explained that some of the behaviour change which leads to improvement in performance and productivity may be challenging to covert to quantitative measure. Employees’ performance improvement on qualitative indicators such as organizational, quality of work, flexibility, interpersonal, communication, team work, integrity, honesty, commitment to work, result-oriented, transparency and accountability. The respondents further added that these competences have direct impact to key results areas which can be quantify although it is not easy to convert such competences to measurable units. The respondents elaborated that the employees’ performance are measured by assessing what they are expected to do, how well they are doing throughout the year and what recognition they deserve to get for outstanding performance.

The respondents added that performance appraisal entails assessment of the achievement of result as outlined in the performance plan key performance areas (KPA’s). Each KPA are assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that have to be performed under the KPA. Then an indicative rating on the five-
point scale is provided for each KPA. After which, assessment of the core competency requirements (CCR’s) is assessed according to the extent to which the expected standards have been met. Next an indicative rating on the five-point scale is provided for each CCR. Later on, an overall rating is calculated by using the applicable assessment rating calculator. This involves summation of the score obtained in the KRA and the score obtained in the CCRs. The respondents said that the performance appraisal is divided into quantitative indicators which are key results areas that are weighted at 80% and qualitative indicators which are competences and are weighted at 20%. The respondents indicated that converting behaviour change to financial terms can be challenging especially for qualitative behaviour change. The process of converting qualitative behaviour change to quantitative measures so that it can be measured in financial terms is demanding. In conclusion, Employees’ performance appraisals should be divided in qualitative and quantitative indicators to measure improvement in behaviour to financial terms.

4.4.3 Lack of Expertise to Measure ROI

The respondents noted lack of expertise to measure ROI is a major challenge in measuring ROI in training and development programmes. Senior management team at CMA has the knowledge on the how to link the impact of training and development programmes to important strategic objectives. In CMA’s performing monitoring framework, SMT and all Line Managers analyze the strategic objectives and activities that are related to employees’ KPIs then action plans that specify activities to achieve success in the defined objectives. The respondents noted that SMT had been trained in the measurement of ROI in training and development programmes so as to avoid programmes that have negative ROI and concentrate on programmes that positive ROI. The respondents stated that to harness SMT knowledge and skills in
measurement of ROI, managers’ scope of responsibilities also include ability to measure effectively team’s impact on all HRD programmes conducted as well as key performance indicator in performance appraisals.

The respondents pointed out that they have formulated the benefit cost analysis method to measure the results on their training and development programmes. The BCR approach has helped them evaluate the cost and benefits of the HRD programmes more efficiently. In the initial stages of introducing this element of measurement of impact on HRD programmes, most of the SMT lacked the skills to measure and had to be taken through refresher courses in the area more often so that they could acquire the competence to implement the ROI process more efficiently. The respondents noted that CMA is involved in many training and development programmes activities that are both project based and management development programme based which has necessitated on the need to measure results on such programmes. In conclusion, organizations should train managers on the best methods to use to measure ROI in training and development programmes so as to utilize resources effectively and efficiently

4.4.4 HR Department as an Income Generating and not Expenditure Centre

The respondents stated that HR department and professionals are now facing a new challenge in convincing donors and other sponsoring agents that they are income generating rather than expenditure centre. The respondents stated that human resources department has the most total number of organization’s overhead costs and expenses such as salaries, pension contribution, medical insurance cover, work injury benefit insurance cover, group personal accidents covers and bonuses or recognition
rewards. The respondents further added that the HR department has other costs such as hiring which involves time input by SMT and HRM to advertise for position, on interviewing candidates, candidates’ background checks and placement costs. When new employees come on board to CMA they have to be given an opportunity to learn which may involve making mistakes. Some new employees take time to be acquainted to the work place while others adapt easily to the new work environment. New employees recruited in the organization might decide to leave the organization even before confirmation hence the organization is forced to start off the hiring process a fresh.

The respondents emphasized that when new technology and system is introduced in the organization, the organization losses some manpower hours as the employees have to be trained and inducted to adapt to the change. Also when new employees’ background checks are conducted and the employee is found to be incredible then the organization has to left the new employees go by giving adequate notice as per laid down HR policies and procedures. The respondents concluded that due to all these costs arising from HR department then SMT has had some difficult time convincing the donors that training and development programmes are an investment and not an expense to the organization. The activities involved in the HR department such as recruitment and selection, orientation, training and development, performance management, reward and recognition, compensation and benefits has the biggest amount of expenses in the overall budget of the organization. Although when proper systems, checks and balances are put in place to measure benefits and cost of such activities, the organization is able to realize that HR is an income generating and not expenditure centre. In conclusion, SMT should support HR department activities as
this helps the employees’ performance improve as a result increasing organizational productivity levels.

4.4.5 Cost and Time Consuming

The respondents pointed out training and development programmes takes time to plan especially of employees have to be away from work and is seen as an expense for the organization. The SMT usually have a predetermined plan on the duration of HRD programmes and how work is supposed to continue in the absence of those employees who have been taken for HRD programmes. Therefore, measurement of ROI in training and development programmes adds extra cost and time to the normal HRD budgets. It takes additional time for the SMT at CMA to evaluate cost-benefit evaluation of HRD programmes and calculation of ROI. The SMT have to assess whether training and development programmes was worth their effort and what improvements are required to make it even more effective. The respondents further added that careful planning and discipline needs to be adhered to when calculating and measuring the results and impact of HRD programmes.

The respondents pointed out that SMT lacks the time to assess the returns on HRD programmes because they are committed and engaged to meeting other activities as outlined in the strategic plan. SMT view the component of ROI measurement in HRD programmes as a small component that needs their attention. Measurements of ROI is time and cost consuming as it add extra time and cost to these HRD programmes as it requires a comprehensive approach in its implementation. The respondents pointed out that the ROI approach to training and development programmes needs to be user friendly as complicating it makes the end users to spend so much time trying to understand the process hence becoming cost-ineffective. Senior Management Team at
CMA who are key informants of the process implementation are usually tied down with so many meetings of strategy formulation of taking CMA from where they are to where they ought to be in terms of their projects, therefore ROI measurement of HRD programmes adds extra time and cost. In conclusion, time and financial resources should be set aside to measure ROI more successful as it requires much planning.

4.4.6 Benefits of ROI

The respondents explained that if SMT or donors do not understand the benefits of ROI implementation in training and development programmes then they would not be able to make informed decisions based on such a process. The respondents stated that there are many benefits of measurement of ROI in training and development programmes such as shows the actual results of HRD programmes in a more accurate and credible way. The specific contribution arising from impact of such programmes is known up-front. The respondents continued to emphasize that ROI assists in prioritizing and expanding training and development areas by finding out which programmes contribute the most to the CMA through calculating ROI in different areas. It is also necessary to keep convincing donors that training and development is an investment that would pay off either now or in the future. HRD programmes that have negative ROI are eliminated while those that can be revised are redesigned from the budgets. In so doing it means that SMT efforts has been appreciated by linking HRD programmes to the impact of CMA to its beneficiaries. In conclusion, the benefits of ROI should link training and development programmes to the impact of the organization’s objectives.
4.5 Discussions

Opportunities in training and development equip employees with the right knowledge, skills and abilities to enable them increase their performance levels. These HRD programmes are aligned with the organizational strategic objectives. The results from this findings were consistent with Armstrong (2016) finding that training and development programmes should provide the right competence required to work effectively. The study relieved that both on-the-job and off-the-job training methods are used. TNA is conducted so as to compare the employees’ actual performance against the set targets at corporate, team and individual employee. Also, as stated by Price (2011) findings that TNA is essential in addressing employees’ performance gaps before conducting any training and development programmes.

Benefit cost ratio analysis in training and development programmes at CMA is calculated using benefit cost ratio (BCR) which is the return on investment calculated using the programmes benefits and costs incurred. The results are in line with Fabozzi et al (2011) findings that this method attempts to summarize the overall value for money of training and development programmes. ROI percentage on training and development programmes is another method used by CMA to calculate the ROI in training and development programmes. The results are consistent with Thomas et al (2009) findings that ROI percentage is calculated as the benefit of an investment divided by the cost of the investment.

Some of the training and development programmes are calculated using break even time where investments are divided by programmes benefits multiplied by programme duration. The results were in line with Matloff et al (2013) findings that break even time represents the amount of time it takes for HRD programmes investments to meet
its original costs. Another ROI measurement is payback period method, it calculates the period in which the total cost incurred will be recovered by the monetary benefits. Payback period in training and development programmes means the duration required to recover the cost of an investment in HRD programmes in form of performance impact and outcomes. The results were consistent with Baker et al (2014) findings that payback period of any HRD programmes investment is an important determinant on whether to invest or not in particular programmes.

The challenges of measuring return on investment of training and development programmes at CMA are difficulty in isolating the effects of training and development programmes. The results were in line with Sachdeva (2014) findings that improvement on employees’ performance can be caused by other factors other than training and development programmes. Converting behaviour change to monetary terms is challenging especially those measures that are qualitative in nature. The findings are consistent with Subramanian et al (2012) findings that converting qualitative measures to monetary terms in performance appraisal exercise is demanding. Lack of expertise to measure ROI in training and development programmes is a major challenge in measurement of ROI. The findings are in line with Phillips et al (2015) findings that relevant skills are required to measure ROI in training and development programmes so as to measure the results that are according to strategic objectives.

HR department is responsible for managing employees in the organization. The activities costs incurred in the HR department eventually pays off for the organization in the long run. The findings are in line with Balakrishnan (2007) findings that cost on employees’ behalf are an investment to the organization. Measurement of ROI in
training and development programmes adds extra cost and time to the normal HRD budgets. The findings are consistent with Rothwell (2004) findings that additional time to evaluate cost-benefit evaluation of HRD programmes and calculation of ROI.

Benefits of measurement of ROI in training and development programmes shows the actual results of HRD programmes. The findings are in line with Phillips et al (2012) findings that contribution arising from impact of training and development programmes is programmes are identified.
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This is the final chapter which presents the summary answers to the research questions, conclusions, recommendations and areas for further study. It contains a discussion of these findings, implication and recommendation of the research study. The results centered on determining the challenges of measuring ROI of training and development programmes. The researcher wanted to determine how these challenges affect the measurement of ROI in training and development programmes.

5.2 Summary of Findings
Employee training and development programmes at CMA are aligned towards organizational strategic objectives and mission. Employees are equipped with the right knowledge, skills and abilities that are job related and those that are geared towards filling performance gaps. Competent employees are able to perform their key responsibilities and roles effectively. Training and development programmes are conducted both on-the-job and off-the-job training methods. Some of the on-the-job training conducted at CMA are job shadowing, job rotation, internship programmes, assigning employees to be part of committee members within the organization, in-basket, allowing employees to take up acting positions which have higher responsibilities, coaching, mentoring while those that are done off-the-job are management development courses, workshops, seminars and professional courses. Training needs analysis at CMA which forms part of an important part in training and development programmes. TNA is conducted so as to compare the employees’ actual performance against the targets or standard of performance at corporate, team and
individual employee. These programmes are conducted based on employees’ performance gaps and project based needs.

Measurement of ROI in training and development programmes at CMA is calculated using benefit cost ratio (BCR) which is the return on investment calculated using the programmes benefits and costs incurred. A detailed assessment of the benefits those training and development programmes are expected to achieve is drawn which is line with organizational strategic objectives and goals. The programmes costs are divided by the programmes benefits in order to assess the value of these programmes. ROI percentage on training and development programmes is another method used by CMA to calculate the ROI in training and development programmes. The return on investment percentage is the net benefits divided by programmes costs. The net benefits are the programmes benefits minus the costs. Some of the training and development programmes are calculated using break even time where investments are divided by programmes benefits multiplied by programme duration. Another ROI measurement is payback period method, it calculates the period in which the total cost incurred will be recovered by the monetary benefits. Payback period in training and development programmes means the duration required to recover the cost of an investment in HRD programmes in form of performance impact and outcomes.

The challenges of measuring return on investment of training and development programmes at CMA are difficulty in isolating the effects of training and development programmes. Employees’ performance may increase due to improvement in other factors that may not be directly associated with training and development programmes, such factors may include improvement in reward system, supervisor employee relationship, work environment, change in management style, better
working tools and equipment, work-life balance, employee satisfaction, quality of work, organizational culture and work recognition. Use of specific parameters such as control groups, preparing set targets, conducting performance appraisals before and after training and development programmes or use of an expert in the field of ROI measurement in training and development programmes. Some of the behaviour change which leads to improvement in performance and productivity may be challenging to covert to quantitative measure. Employees’ performance improvement on qualitative indicators such as organizational, quality of work, flexibility, interpersonal, communication, team work, integrity, honesty, commitment to work, result-oriented, transparency and accountability.

Lack of expertise to measure ROI in training and development programmes is a major challenge in measurement of ROI. SMT at CMA had to be trained so as to acquire the relevant skills needed to measure ROI in training and development programmes so as to avoid programmes that have negative ROI and concentrate on those programmes that have positive ROI. To harness SMT knowledge and skills in measurement of ROI, managers’ scope of responsibilities also includes ability to measure effectively team’s impact on all HRD programmes conducted as well as key performance indicator in performance appraisals. HR department and professionals are now facing a new challenge in convincing donors and other sponsoring agents that they are income generating rather than expenditure centre.

HR department has the most total number of organization’s overhead costs and operational expenses such as salaries, pension contribution, medical insurance cover, work injury benefit insurance cover, group personal accidents covers and bonuses or recognition rewards. All these activities costs incurred in the HR department
eventually pays off for the organization in the long run. This is because these costs are on employees’ behalf and they are the ones realizing organizational. Measurement of ROI in training and development programmes adds extra cost and time to the normal HRD budgets. It takes additional time from the SMT at CMA to evaluate cost-benefit evaluation of HRD programmes and calculation of ROI. Careful planning and discipline needs to be adhered to when calculating and measuring the results and impact of HRD programmes.

ROI approach to training and development programmes needs to be user friendly as complicating it makes the end users to spend so much time trying to understand the process hence becoming cost-ineffective. Benefits of measurement of ROI in training and development programmes shows the actual results of HRD programmes in a more accurate and credible way. The specific contribution arising from impact of such programmes is known ahead of actual programmes implementation process. Measurement of ROI assists in prioritizing and expanding training and development areas by finding out which programmes contribute the most to the CMA through calculating ROI in different areas.

5.3 Conclusions

From this study, training and development programmes is an important investment to the organization as it equips employees with relevant knowledge, skills and abilities that are required to perform. Training and development programmes can be conducted both on-the-job and off-the-job. Measurements of ROI in training and development programmes used are benefits costs ratio analysis, return on investment percentage, break even time and payback period can be implemented to measure the results from these programmes. Senior management team ought to set specific targets for
employees in order to isolate the effects of training and development programmes from other factors. Employees’ performance appraisals should be divided in qualitative and quantitative indicators to measure improvement in behaviour to financial terms.

Organizations should train managers on the best methods used to measure ROI in training and development programmes so as to utilize resources effectively and efficiently. SMT should support HR department activities as this helps the employees’ performance improve as a result increasing organizational productivity levels. Time and financial resources should be set aside to measure ROI more successful as it requires much planning. The benefits of ROI should link training and development programmes to the impact of the organization’s objectives. It can be concluded that the challenges in measuring ROI in training and development programmes are isolating the effects of training and development programmes, converting behavioural change to financial terms, lack of expertise to measure ROI, HR department as income generating and not expenditure centre, cost and time consuming and benefits of ROI. The management have to implement ROI measures to prove that training and development programmes are an investment.

5.4 Recommendations of the Study

From the findings of the study, the researcher recommends that in calculating returns on investment of training and development programmes, management needs to set specific targets measured against key performance indicators in employees’ performance appraisals in order to measure the actual results from these programmes. The study also recommends action plans that includes the ROI process in the early planning stage for programmes by linking ROI measurements to training needs analysis which highlights the expected benefits and outcomes from these
programmes. The researcher further recommends that the designers of training and development programmes should establish a recognized method of ROI measurement in order to prove the benefits of training and development programmes in an organization. The study recommends that policy formulation in the areas of training and development programmes should be revised in order to incorporate the implementation of measurement of ROI in training and development programmes.

5.5 Limitations of the Study
The researcher experienced the challenges of limited in the scope and time. The method of data collection was done through an interview guide; some of the respondents were very busy and since the respondents were at management level needed the assurance that the information given would be used for research purpose as intended. The researcher provided an introductory letter from the university and assured the respondents that the information received would be strictly for academic purpose. Data was collected from the respondents based on the institution, whose population sample may not be a representative of all INGOs. Nonetheless, the limitations outlined from this research study did not have any adverse effects on the findings.

5.6 Suggestions for Further Research
The researcher sought to establish the challenges in measuring return on investment in training and development programmes at Christian Mission Aid, Nairobi. The study recommends that similar study to be undertaken in other industries both for profit and non-profit making establishments. There is deliberation whether T & D is an investment or expense and as such, the study recommends further research on the topic.
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APPENDIX: INTERVIEW GUIDE

Data collection will be kept confidential and will entirely be used for the intended purpose of the research paper.

Section A: Demographic Data

1. What position do you currently hold?
2. What is your age bracket?
   a) 0 – 34 years (   )
   b) 35 – 50 years (   )
   c) Over 50 years (   )
3. What is your level of education?
   a) Diploma (   )
   b) Bachelors (   )
   c) Masters level (   )
   d) Doctorate (   )
4. How many years have you worked for this organization?
   a) 0 – 5 years
   b) 6 – 10 years
   c) 11 – 15 years
   d) Over 16 years
5. Has the organization conducted any training and development programmes? Briefly explain how they are conducted.
6. What are the benefits of training and development programmes to the organization?

Section B: Measurement of ROI of Training and Development Programmes

7. Briefly explain the types of measurement of ROI of training and development programmes you have used in your organization.
8. Briefly explain the benefits of measuring ROI in training and development programmes.
Section C: Challenges of Measuring Return on Investment of Training and Development Programmes

9. Briefly explain challenges you have experienced in measuring ROI in training and development programmes.

10. What is the best approach to use when determining return on training and development investment?

11. In your opinion, how can you justify that training and development programmes is an investment and not an expense to your organization?