

7. TRAINING COSTS

7.1

CULLEN JAMES G.
et al

Cost Effectiveness: A Model for assessing
the Training Investment

Training and Development Journal

Madison, Wis

(USA)

32(1)

1978

pp.24-29

Evaluation of training cost are divided into two major categories: cost effectiveness and cost benefit (CB). CB is the analysis of training costs in monetary units with respect to benefits desired from training in non-monetary terms. Cost effectiveness on the other hand is the analysis of training costs in monetary units as compared to benefits derived from training in monetary terms. The different constituent terms are defined and training costs are categorised into three groups: fixed, variable and total. A distinction in computing costs is made in terms of structured and unstructured training programs.

7.2

DEPARTMENT OF
EMPLOYMENT AND
PRODUCTIVITY

**Cost-Benefit Aspects of Manpower
Retraining**

H.M.S.O., London

London

(UK)

1970

pp.42

The publication discusses the need for, and advantages of retraining; the provisions for retraining made in the USA and Sweden; and possible approaches to cost-benefit analysis of retraining. Further research is suggested to compare the benefit-cost ratio of institutional training with those of on the job training.

7.3

GARBUTT DOUGLAS

**Training Costs with Reference to the
Industrial Training Act**

Gee & Co.

London

(UK)

1969

pp.210

Procedures for accounting the budgeting for training costs, routines for collecting training information, documents for collecting training information, documents for collecting and controlling costs, means of estimating expenditures for training activities, and steps in planning the training function for optimum costs and benefits are discussed. Personnel payments and fringe benefits, overhead, production, administration insurance, transportation and travel, depreciation, materials and

other cost categories are suggested for calculating training costs. The approach of computing costs, even though outlined with reference to the Industrial Training Act, will be relevant to trainers in other situations.

7.4

GIBB ALAN A. An Investment Appraisal of Training

European Training Bradford
(UK) I(1) Spring 1972 pp.19-33

The place of investment appraisal in evaluation is outlined and a case study of the Iron and Steel Industry Training Board is discussed. The methodological elements in the approach include, research and analysis of plant operations, inquiry to determine relevance of training as a factor in plant performance deficiencies, estimation of costs and benefits of programmes and establishment of monitoring system for costs and benefits. In conclusion some advantages and limitations of the approach are discussed. The emphasis is to conceive training outlays as investment, and not only as a stream of costs.

7.5

JONES J.A.G. Costs and Benefits of Management Training

Personnel Management London
(UK) 5(9) 1973 pp.31-33

The problems in applying an economist's rigorous view of cost-benefit analysis to management training are pointed out. The concept of 'training potential' which partially accommodates the economist's view of evaluation is then presented along with diagrammatic illustrations. The discussion of the key issues is illustrated with the help of case studies. The difficulties in establishing a clear stream of benefits are pointed, but it is indicated that a competent trainer can establish his own guidelines in identifying and computing benefits.

7.6

KOZOLL C.E. **Staff Development in Organizations**

Addison-Wesley Reading, Mass.
(USA) 1973 pp.129

This is the cost evaluation manual for trainers and managers. The author identifies three misconceptions that many managers have about training and development programs for staff personnel. The manual confronts the misconceptions

by discussing, who has what responsibilities with regard to staff development, staff development as an internally operated process, the value of short intensive training or staff development experiences which can facilitate the process, the key role of insiders and outsiders in staff development of the kind described and participant-centered training programs which underline the value of staff development. A separate chapter provides a check list of strengths and weaknesses of the different training techniques.

7.7

MIRABAL THOMAS E. Forecasting Future Training Costs

Training and Development Journal Madison, Wis
(USA) 32(7) July 1978 pp.78-87

There are four steps in implementing the cost model outlined by the author. The first step requires one to make certain assumptions about the proposed training course. The next step involves selecting cost data from standard cost-data tables for entry on four individual worksheets. The third step is the actual task of entering the data on four separate worksheets - Course Development Cost, Participant Cost, Instructor Cost and Facilities Cost Worksheet. The final step in utilizing the training cost model involves transferring data from all the sheets to a final summary which totals both annual and per trainee hour cost for participants, facilities and course development. It is explained that the approach can be used in most training situations.

7.8

WOODWARD NICOLAS Break-even points and off-the-job training:
some estimates

European Training Bradford
(UK) 2(3) pp.239-249

The specific purpose of this paper is to estimate the change in efficiency that is necessary to recoup the additional costs of off-the-job training. The parts of the paper include outlining the relevant costs of employment and training, the meaning of break-even points and an estimation of break-even points. In the appendix a method of estimating such points is described in greater detail. A part of the project was devoted to estimating the break-even points of training which are reported in the paper.