

# Why some organisations reluctant to invest in training



## **Introduction**

Hiring employee is an expensive process; therefore companies may always want to invest in training new hires properly. Staff training though a very important factor yet ignored by many organization. This can be purely because of the extra costs that business has to bear while training the staff. The current fragile market trends facing threats like recession and credit crunch also plays a vital role as this discourages the businesses to invest on staff training and development. In fact they want to advertise for the openings and most of them mention that the candidates should be experienced and well trained. This cuts the chances of new talent to be hired to even below average. (Dawe et al. 2007). Thus Management and human resource departments of an organization has to be affirmative in taking their decisions in order to make sure that they are investing carefully in only the top priority areas plus that the right persons are hired.

## **Why is staff development and training significant?**

Staff training and development plays a key role in the success of an organization. Firms can avoid heavy losses by training their staff as this will avoid wrong decisions and underperformance from the staff. In order to offer a good service to the public while retaining, in addition also to motivate employees all public and private sector organisations should encourage and support their staff to maximise their potential. During times of increased efficiency requirements along with increasing workloads this is especially significant as employees will be required to work at their best. Effective use of time and resources turns out to be critical to success. Staff development plus training is an essential component of achieving efficient as well as <https://assignbuster.com/why-some-organisations-reluctant-to-invest-in-training/>

effective working while helping, motivating and supporting staff. (Bentabet et al. 2002)

As a manager you are responsible for making things happen, both at present and in the future. The fundamental requirement is to make sure that people do things plus do them well. You have to be focussed upon the future, developing people to have the knowledge in addition to skills to do their current along with future role. You are in addition responsible for making sure that your team is motivated to use these skills to the best of their ability. (Dawe et al., 2007)

Management can appear a very complex role by means of several differing requirements however your primary responsibility is ensuring your team the ability as well as motivation to do their jobs both now and in the future. In this guide we will examine how you can help your team develop the right skills and knowledge in a way that encourages them to continue to develop these skills plus knowledge themselves while being motivated to use them. (EIM/SEOR, 2005)

## **Benefits of Staff Development plus Training**

Communication is one of the first things to suffer in such times of irresolvable pressures followed quickly by training. However communication in addition to training is one of the main priorities that have to be maintained. The benefits to the employee and to the organisation cannot only be achieved by training but mainly dependent on the right kind of learning opportunities. Training as well as development that does not focus on the requirements of the organisation is time and resources wasted.

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Ensuring you get better value as of training will mean better outcomes for managers, individuals plus authorities as a whole. (Johnson, 2002)

Planned training along with development will ensure that you use the most effective method for what you need your team to learn, that training remains focussed on the required outcomes in addition to that employees are satisfied by means of their development.

Benefits of Staff Development and Training comprise:

- Retention - A lack of learning and development opportunities has been shown to be one of the key reasons people leave an organisation therefore improving this area will have a direct impact on improving retention.

(Kearns, 2002)

- Recruitment - currently the difficulty in recruiting experienced planners is causing problems for several authorities. Being able to illustrate the available training as well as development will differentiate you as an employer, potentially giving you a further attractive choice as an employer.

(Kearns, 2002)

- Performance improvement - giving employees better skills will not only result in performance improvement but also higher motivation.

- Motivation - learning and development improves motivation plus fundamentally makes employees feel valued. (Kearns, 2002)

- Preparation for the future - helping employees prepare for not only their current role but also future roles means better continuity along with capacity

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in teams and less uncertainty in addition to reliance on finding the right people at the right time. Training opportunities that fit future roles are obviously vital. It is common for future managers to attend suitable training courses before they move into the role. In-house training courses might be particularly constructive. However, training will only develop an employee to a certain level. Experience inside the role ahead of time is in addition vital. For potential new managers this might comprise identifying small managerial tasks to conduct. Agreeing timescales and reviewing performance after the task will help the employee focus on where they need to develop. Covering workloads during leave is commonly done through the employee's line manager - this is however a missed opportunity to allow the level below to step up and temporarily fills this role. While support is required as of further senior managers, employees have a real chance to test their skills as well as aptitudes. Learning, training and staff development are promoted throughout the organisation. (Sung, 2006)

One of the major reasons why people resign is when they feel that they have stopped learning and developing personally or professionally. The employer obviously has a key role to play to ensure that its employees are faced by means of new challenging tasks along with equipped by means of the skills necessary to deal by means of their work. (Kearns, 2002)

Keep (2006) recommends to maximise opportunities for individual employees to develop their skills and move on in their careers, advising to take sideways moves that vary experience plus make further work more interesting. The traditional approach is through career progression in addition to advancement. This is however not always possible as well as can <https://assignbuster.com/why-some-organisations-reluctant-to-invest-in-training/>

be accepted by employees, as long as the selection process for promotions is seen as fair. Other options comprise redesigning job descriptions, promoting laterally, when promoting vertically is not possible. Offering further possibilities for development and training of staff, including by encouraging taking a year off in order to go back to university is another option. (Keep, 2006)

As mentioned by Stanfield et al. (2009), humanitarian agencies need to have a coherent training policy and invest in training, even though high turnover can dissuade those who are responsible for making investment decisions as of doing so. (Stanfield et al. 2009)

## **Barriers to training**

Small businesses consistently identify further barriers to training than larger firms. The main obstacles, according to empirical research, are that:

- Small employers commonly lack information on what training is available to them, as well as evidence of the benefits of training to set against perceived in addition to real barriers to training activity
- Even where they perceive training to be of value, releasing employees for (especially formal) training is harder for smaller employers. Lost working time is an especially significant constraint by means of respect to owner-manager training (Sung, 2006)
- Small firms often report difficulty accessing training tailored to their needs in terms of type plus quality, scheduling, location etc. (Stanfield et al. 2009) givers can be reluctant to supply to small businesses, given costs of

organising and customising the training, the often small numbers of trainees, and employer reticence by means of respect to paying the full cost. Several owner-managers consider that undergoing training themselves will not enhance their ability to operate the firm, even though fear of exposing deficiencies in their knowledge is sometimes behind their reluctance to participate. Poaching of skilled workers by other firms as well as training leading to wage demands is frequently identified as obstacles. Larger firms often pay higher wage rates, so formal qualifications are perceived by several small employers as further valuable to employees than the business itself. Thus, several offer only in-house firm-specific training, which produces skills that are less transferable in the open market. (Keep, 2006)

Lack of access to economies of scale in training raises training costs for smaller employers, who, compared to large firms, pay typically three times further per member of staff undergoing formal training; this can be seen as a prime instance of market failure. Market failure refers to dimensions of the labour markets operation that can cause it to produce a sub-optimal outcome most seriously, as of both an employer's along with national economic perspective, an under-supply of the skills needed to produce higher quality goods and/or achieve higher productivity. Various elements identified in the above list of obstacles are consistent by means of mechanisms associated by means of market failure: (Stanfield et al. 2009)

Information deficiencies – lack of knowledge of what training is available and how it might benefit the business influences employer decisions on investment in skill formation (Dawe et al. 2007)

Short-termism in addition to risk aversion – small firms tend to be further oriented to immediate goals, notably survival, and operate to shorter horizons than larger ones; opportunity costs are higher for formal training as well as informal methods allow firms to meet immediate business imperatives (Dawe et al. 2007)

Externalities – benefits to work force skilling are not confined to the small employer investing in training for the reason that of ‘spill-over’; part of the gains can go to individual employees (higher wages), the state (taxation) and other employers (‘free riders’ who ‘poach’ workers as of other firms by offering higher wages, rather than train their own). This reduces the employer’s incentive to train and induces patterns of training designed to minimise such losses (Dawe et al. 2007)

Capital market imperfections – the relatively high financial costs of training for small firms are exacerbated by the fact that the direct collateral to secure borrowing to invest in training – the individual employee – is mobile between firms. (Stanfield et al. 2009)

Where the level of training investment is restrained by market failure, it is widely held that intervention is justified. Thus, bringing regarding conditions that reduce poaching by other firms might encourage small firms to train. Similarly, improved information on available training, further relevant plus accessible training programmes, and demonstrating positive impacts upon business performance, can in addition be expected to raise training levels. (Sung, 2006)



It is in addition widely recognised that suppressed demand for training among small employers arises for the reason that of a further 'system' failure - the low skills equilibrium. This ultimately derives as of product market strategies emphasising low specification products or services, produced by low skilled workers. Market demand, production strategies as well as skill levels turn out to be locked into a path dependent, self-reinforcing cycle. Limited employer demand for skills lowers uptake of learning opportunities; the impact upon skills supply, in turn, discourages employers as of choosing production methods that emphasise skills. Surveys show that the weakest training performances tend to occur among small employers in such contexts, plus where such firms are dominant; this can translate to sub-optimal performance of whole sectors. (Stanfield et al. 2009)

Small employers by means of further ambitious strategies - based on innovation, growth in addition to higher value production - engage further intensively in training, in spite of the constraints. Providing the incentives along with conditions that encourage firms on this path can be expected to raise the optimum level of demand for skills among employers so as to meet the needs of further sophisticated systems of production. (Sung, 2006)

### **The policy challenge**

The operating environment faced by businesses, and related barriers, makes it likely that training in such firms is below an optimal level. However, it is not to be assumed that optimality can be equated by means of achieving parity by means of larger firms in terms of standard training measures. While informal training is often further relevant to smaller companies, formal training is easier to measure plus tends to dominate comparative statistics. <https://assignbuster.com/why-some-organisations-reluctant-to-invest-in-training/>

Simply increasing the latter form of training, in a small firm context, might contribute further to improving efficiency in the broader labour market than in the firm itself. (Keep, 2006)

It is widely accepted that employer investment in training tends often to be below the ' optimum' level, both in a static sense as well as dynamic context. In both respects, there are solid grounds for anticipating that this will apply to a greater extent to small firms than large ones. The policy challenge, in raising levels of skill formation among small employers, is thus one of finding mechanisms that address the static or/and dynamic influences. Ultimately, a policy outcome might be judged successful if it raises the general level of skills - and thus in addition the incomes of employers in addition to employees - to a greater extent than the policy cost. (Bentabet et al. 2002)

The situation can thus be improved devoid of actually achieving the ' optimum' position. Ideally, policy has to encourage a dynamic effect that both demands plus gives rise to higher skills investment. (Kitching, 2002)

## **Conclusion**

This piece of work outlined the significance of training and development and offered the reader with various different factors which plays significant role in order to convince the organizations to ignore training plus development of the staff. Training and development of staff is a significant issue for almost all the organizations. This fact however is under looked by most of the organizations due to several dissimilar factors especially in small organizations. The factors might vary depending on the types of organizations as well as their business processes. By means of the dynamic

changes in the current market trends, markets have turn out to be very fragile yet very dynamic. Each in addition to every business is facing threats like credit crunch along with recession. Management and human resource departments of an organization has to be on their toes in order to make sure that they are investing carefully in only the top priority areas plus that the right persons are hired. Most of the organizations are not keen to invest in training as well as development of the staff this is simple for the reason that of the weakened buying in addition to investing power of the businesses as they are already struggling to cope up by means of taxes and threats like recession. (Guggenheim, 2002). Hence it would be appropriate to say that every organisation develop a program to regularly train their staff. However many organisations will still depend on poaching the quality staff from other competitors. This should not stop the training and development of employees because there are still some benefits to be derived from training their employees. A better remuneration could be used as a form of retention system to maintain the trained employees.