

**Notre Dame University  
Faculty of Business Administration & Economics  
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**&**

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# **Measuring Training Effectiveness**

**A case study of The Palace Hotel – Dubai**

**A Thesis Submitted in Partial Fulfillment of the  
Requirements for the Joint Degree of the Master of Business  
Administration (M.B.A.) and the Master of Science in  
International Business (M.I.B.)**

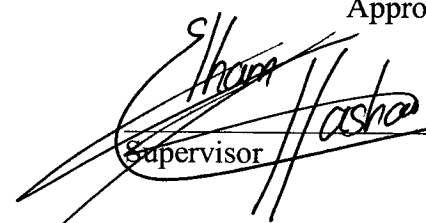
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Measuring Training Effectiveness  
A case study of The Palace Hotel – Dubai

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## DECLARATION

I hereby declare that this Thesis is entirely my own work and that it has not been submitted as an exercise for a degree at any other University.

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## ABSTRACT

Business organizations nowadays may have the money and the resources to succeed but their people may not be ready to work professionally. It doesn't matter how many office buildings and production facilities the organization has, without proper Human Resource management, the business will fail. This is most relevant in the hospitality sector which is a labor intensive industry, highly reliant on well-trained employees.

Different trainings, seminars and workshops are very popular in all businesses fields. Business organizations, such as hotels, are investing money in their personnel. It needs saying that such investments yield positive results, however one can talk about positive results only in case these trainings are professionally organized and efficiently conducted and evaluated.

Taking into account the above said, training sessions must be evaluated to measure their effectiveness. The thesis will highlight this issue and will examine whether the effectiveness of training programs can be measurable. The case study will be conducted in one of the luxurious hotels of Dubai, The Palace Hotel – The Old Town. The aim is to experience what happens after a training program is conducted. First, if universal practices of training evaluation are used, how much practical and valid they are? And second what is the limit that the evaluators reach and how can the researcher upgrade the evaluation process to a new level?

To be able to arrive to a conclusion, a thorough analysis is conducted based on interviews, training evaluation analysis reports and financial sheets whose results will be utilized to answer the researcher's questions. The analysis will be compiled in the five levels process which mostly fits the objective of this research study. This five levels process will be the quantitative approach for understanding how training effectiveness can be measured in The Palace Hotel. At the end of the study, the researcher will be able to come up with recommendations to direct business organizations, specifically in the lodging industry, on how to conduct effective training programs.

**Keywords:** Training Programs, Hotel management, Evaluation, Training effectiveness.

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## CHAPTER 1

### INTRODUCTION

#### 1.1 General Background

In facing business complexities, finding a creative and robust approach to people's management could be organizations' most effective strategy. In short, some of the critical global challenges facing business today are directly related to human capital issues: the shifting of geographic borders and the rapid flows of global capital and technology.

People are willing to migrate to regions where economic growth creates demand for expert labor, such as the booming emerging economies in the Middle East, the center of oil production; Europe and North America, the industrially active areas. Companies whose facilities are located at the origin points of migration will have to cope with talent shortages; companies that attract workers will have to cope with a greater degree of ethnic and gender diversity than they have known in the past (Rawlinson, McFarland, Post, 2008).

Moreover, in mature economies, there is an overall aging of the population: many people are retiring and few skilled people are available to replace them especially in critical sectors like energy and health care. This has led to skills deficits and depleted institutional knowledge in the workplace. On the other hand, many nations' education systems aren't properly preparing young people for work, and employers must pick up the slack (Rawlinson, McFarland, Post, 2008). In 2003, according to *Newsweek*, employers in the United States spent US\$1.3 billion to teach basic writing skills. Employers elsewhere report similar problems which require an immense acceleration of skill development (Rawlinson, McFarland, Post, 2008)<sup>1</sup>.

Either long established companies in traditional industries, like Swiss pharmaceutical giant Novartis AG, with its 250-year history; or new comers of recent technological revolutions, like the Indian information technology services provider Satyam Computer Services Ltd.,

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<sup>1</sup> A Talent for Talent, Richard Rawlinson, Walter McFarland, and Laird Post, from *strategy + business* issue 52, 2008

these companies are devoting unprecedented resources and, more important, the attention of their leaders, to redesigning their workforce-related practices; with the aim of developing their human capital as a critical source of competitive advantage.

In both cases learning is required to adapt new practices and innovations into organizations' business activities. The content of learning programs must ensure an alignment with the strategic objectives; it is the leaders' challenge. The practice is much more difficult than the theory. Learning cannot be considered as a stand-alone function it has to be supported by the proof of success, results in the form of business outcomes.

Leaders nowadays are looking for bright ideas to introduce training as a positive concept to their directs. They have a fear that the employees might take it as if they are bad performers. It is true that business trainers are often called in when a business is perceived to be performing badly, however many businesses recognize the benefits of business training when the organization is successful. They are convinced that if they want the business to grow by say 10% per year, they have to expect the employees' skills and abilities to grow by that same amount. Business growth and staff development are parallel.

In brief, training involves an expert working with learners to transfer to them certain areas of knowledge or skills to improve in their current performances at their jobs.<sup>2</sup>

### **1.1.1 The Evolution of Training:**

Throughout the centuries societies have changed, therefore the kinds of work to be done, the skills needed, and the tools used to do the work have also changed. In order to manage these changes in the complexity and content of work, job training also evolved. "As man invented

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<sup>2</sup> Source: <http://managementhelp.org/> Carter McNamara, MBA, PhD, Authenticity Consulting, LLC.

tools, weapons, clothing, shelter, and language, the need for training became an essential ingredient in the march of civilization” (Steinmetz, 1976)<sup>3</sup>.

In the prehistoric times, humans created artifacts, the need for teaching others how to use them became necessary. As the artifacts became more complex, different ways of training were developed to be more effective and efficient, in order to serve the needs of the times.

Training practices have changed through the years, but all of them are used today, depending on the training need and the situation:

### **Antiquity: On-The-Job Training**

On-the-job training (OJT), sometimes called direct instruction, is the earliest kind of training. It is a face-to-face, one-on-one kind of training at the job site, where someone who knows how to do a task shows another how to do it. On-the-job training is still used today. In fact, it is probably the most popular method of training. It enables instant feedback about what the learner is doing right or wrong and instant correction of the erroneous action. It is inexpensive because no special equipment is needed other than what is normally used on the job.

### **The Middle Ages: Apprenticeship**

Apprenticeships became more widespread during the Middle Ages. Tools became complex, and the required knowledge and skills to use them became more specialized and there are more of them to master. As parents or townspeople could no longer teach their children everything, children were then apprenticed to craftsmen who had the specialized skills and tools for a particular trade. Apprenticeships last longer than on-the-job training, frequently for years. The apprentices can adapt themselves to different types of machines.

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<sup>3</sup> A Developmental History of Training in the United States and Europe, Deborah Alpert Sleight, Michigan State University, 1993

## **The Industrial Revolution: The Classroom**

The Industrial Revolution have changed the training much from on-the-job and apprenticeships. In the 1800s, the high volume sales of some businesses lead to the necessity of creating factory schools, in which workers were trained in classrooms within the factory walls. The production of concrete goods quickly and cheaply, couldn't be possible without workers who knew how to run the machines. Unlike on-the-job training and apprenticeship, classroom training could train many workers at the same time under a single trainer which was economically feasible. But learning away from the site was hard to be transferred; whatever the workers had learned abstractly in a classroom was difficult to be applied in a real work environment.

## **Vestibule Training**

Also called "near-the-job" training. A method that was developed around 1900 which combined the benefits of the classroom with the benefits of on-the-job training. In vestibule training, there is a creation of a miniature of a department in the form of six to ten workers per trainer, a skilled worker or supervisor from the company. The advantage in vestibule training is that it was a classroom located close to the department for which the workers were being trained, furnished with the particular machines required to use on the production floor. But vestibule training is expensive, because full-time instructors are necessary, space must be arranged, and machinery must be either taken from production or purchased for this particular purpose.

## **The World Wars: Systematic Training**

Besides the factories which were growing in size and complexity, world wars brought an urgent need to train large numbers of workers, to provide the huge demand for products. Experienced workers were needed for several positions, to this end; methods of training were quicker than previous methods.

World War I:

Around 1915, Frederick Taylor<sup>4</sup> conceived of a method for shortening the amount of time a task took by studying workers and for removing "non-productive time." He called this method Scientific Management. Frank and Lillian Gilbreth<sup>5</sup> added to Taylor's work by studying workers' movements on the job and suggested ways to simplify the job and minimize the number of movements (Westgaard, 1993)<sup>6</sup>.

In 1917, in response to the need of 450,000 new workers of the U.S. Shipping Board, Charles R. Allen<sup>7</sup> developed a way of training shipbuilders, which involved four steps:

- 1) SHOW or prepare
- 2) TELL or present
- 3) DO or apply
- 4) CHECK or inspect.

World War II :

The need for a method of fast and efficient training became urgent which systematically developed on-the-job training method called Job Instruction Training (JIT). There were four steps to this method (Hardman, 1963)<sup>8</sup>:

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<sup>4</sup> An American mechanical engineer who sought to improve industrial efficiency. He is regarded as the father of scientific management and was one of the first management consultants.

<sup>5</sup> Advocates of scientific management and pioneers of motion study, Frank and Lillian Gilbreth are world renowned for their work in the fields of time and motion study, fatigue study, work simplification, scientific management, and ergonomics.

<sup>6</sup> A Developmental History of Training in the United States and Europe, Deborah Alpert Sleight, Michigan State University, 1993.

<sup>7</sup> Charles R. Allen was widely credited for creating the teaching methodology from which Job Instruction was derived. His methods were developed and tested during WWI, but were not put into wide use until WWII.

<sup>8</sup> A Developmental History of Training in the United States and Europe, Deborah Alpert Sleight, Michigan State University, 1993

- First, prepare the learner. Put him at ease, explain what the job is, and explain the importance of the job.
- Second, give a step-by-step presentation of the job. Explain the what, when, how, why and where of the job, then demonstrate them. Have the learner explain each step, then let the learner demonstrate each step.
- Third, do the performance tryout. Have the learner do the steps under supervision.
- Fourth, follow-up. Inspect the work regularly.

### **After World War II: Individualized Instruction**

In the industrial work, training itself became automated. Individualized instruction replaced the teacher with programmed materials, teaching machines. Programmed materials are instructions divided into small steps which are easily understood by the learner. After each step is required an active response from the learner in the form of answering a question, drawing a graph, solving a problem... There are as few as possible decisions to be made by the worker. Later, in 1958, "intrinsic" or "branching" programming was developed, in which the learner's possible responses are multiple choice, and the program branches according to the response chosen. It allows a learner to work through the material at his/her own pace.

### **Modern Types of Individualized Instruction**

In the 1970's computer-based training (CBT) provided individualized instruction via the medium of computers, which is used extensively in many companies today. Same as the teaching machine in which the computer analyzes the response and provides feedback to the learner. CBT has its multimedia function in displaying information in audio, graphic, and motion video form, which makes the teaching of skills and processes more effective.

### **The End of the 20th Century: Job Support**

Up to this point, the work was stable and concrete, all training methods had as their basic goal to have the workers learn what is presented. At the end of the 20<sup>th</sup> century, it is the beginning of the knowledge society "where the use of knowledge and information dominates work, it emphasizes intellectual work more than manual work, the mind more than the

hands” (Newstrom and Davis, 1993)<sup>9</sup>. Job support is a form of training that does not require the worker to learn to do a task long before the task is to be done, but simply to know where to find the information he/she needs. Job support tools contain step-by-step instructions on how to do a task, they are designed to be used on or just before the task, and the worker does not need to learn the steps as long as he/she knows where to look to find the specific job support tool needed at the time. It is true that training time is reduced here but it can be difficult to follow if there are distracting interruptions and when quick responses are required.

### **The Information Revolution and Beyond: Integrated Performance Support**

As work changed, training changed to support that work. These changes in work involved the kind of goods produced, concrete or abstract, the kind of skills the job required, and the size of the demand for the goods. The changes in work were caused by war, by advances in technology, or by other changes in societies. Those in charge of workers are always looking for ways to speed up training, ways to make it more efficient.

#### **1.1.2 Training Definition**

##### **What is Training?**

Training is defined as the activity of communicating and instructing specific skills, abilities, and knowledge to an employee.

A formal definition of training is determined as follows:

“It is any attempt to improve current or future employee performance through learning. This can be possible by changing the employee’s attitude or increasing his/her skills and knowledge” (Arondekar, Dhadve, Mahadik, 2009)<sup>10</sup>.

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<sup>9</sup> A Developmental History of Training in the United States and Europe, Deborah Alpert Sleight, Michigan State University, 1993

<sup>10</sup> Training and development, Rahul Arondekar, Sagar Dhadve, Ritika Mahadik, Priyadarshini Patil, Shreyans Chhajed, 2009.



Training mainly addresses a "performance gap" in order to meet performance standards for a task or job. It helps remove performance deficiencies in employees:

$$\text{Training needs} = \text{Standard performance} - \text{Actual performance}$$

It is worth noting that the terms "employee" and "learner" will be used interchangeably throughout the thesis.

What is not Training?

One can make a distinction among training and education. If training refers to the process of communicating and instructing specific skills, education on the other hand, is restricted to theoretical learning in a classroom. The trainer has a job experience in a specific task; he/she is teaching the learner how to do this specific task. On the other hand the educator gives theoretical concept in the broad perspective such as the history of the society, or knowledge of mathematics...

Even though they differ in nature and orientation, they are complementary; because an employee who undergoes a training program is presumed to have had a formal education, no training program is complete without the element of education. It is worth noting that the level of the trainee's education affects the trainer's plan.

The difference between training and education is stated in table 1 below:

<b>Training</b>	<b>Education</b>
Application	Theoretical Orientation
Job Experience	Classroom Learning
Specific Tasks	General Concepts
Narrow / Perspective	Broad Perspective

Table 1. The difference between Training and Education - Source: <http://managementhelp.org/> Carter McNamara, MBA, PhD, Authenticity Consulting, LLC.

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### **1.1.2.1 The main reasons behind initiating training for an employee or group of employees:**

Training is applied when a performance appraisal indicates performance improvement is needed. But in order to have an effective training program, the performance deficiency of the employee must be caused by a lack of ability not a lack of motivation, at the same time the training program must be supported by supervisors and managers. In addition to that, Training helps the organization achieve its goals by adding value in its Human Resources and meets its future needs from within. Moreover, it is useful to "pilot" or test, the operation of a new management system. It reduces the learning time spent for employees starting in new jobs, transferred or promoted. Pursuing this further, Training is applied to tackle a specific topic.

### **1.1.2.2 The key benefits of Training programs:**

#### **1) Benefits for the organization**

Training programs improve the job knowledge and skills which are reflected in higher profitability because accidents, scrap, damages can be avoided or minimized. They develop the communication between groups and individuals among the workforce or even in the relation manager and worker, i.e. more openness and trust, making the organization a better place to work and live.

They aid in the orientation of new employees and those transferred or promoted. They also help in understanding the organizational objectives, and develop loyalty, motivation, sense of responsibility and better attitudes.

#### **2) Benefits for the individual**

Training programs help an individual in making better decisions and effective problem solving. They develop motivational variables, growth, responsibility and job satisfaction which are reflected in a self-developed and self confident person. They assist a person in handling stress, tension, and conflict by improving leadership, knowledge, communication

skills and attitudes. These programs develop speaking and listening skills, also writing skills if required in the job, which help eliminate fear when attempting new tasks.

### **3) Benefits for personnel and human relation**

The training programs grant information on equal opportunities. They make organizational policies, rules and regulations viable. At the same time they improve communication between individuals, especially when there are new comers, transferred or promoted, which builds cohesiveness.

Any Training program is a package of key contributors which enable participants to gain:

#### **1) Skills**

Basic skills needed to operate machines, and to use equipments with least damage and scrap. Motor skills needed to perform specific physical activities, for all the people in the organization. These skills involve learning to move various parts of their body in response to certain external and internal stimuli, i.e. walking, throwing a ball, and driving a car...

And/or interpersonal skills, particularly trained to supervisors and executives, needed to help a person understand oneself and others better and act accordingly, i.e. listening, persuading and showing an understanding of others' feelings.

#### **2) Education**

Any training program contains an element of education. The purpose is to teach theoretical concepts and develop a sense of reasoning and judgment. Education is important for managers and executives than for lower-cadre workers, i.e. Chief executive officers (CEO's) are encouraged to attend refresher courses conducted in many Business schools.

#### **3) Development**

Beyond learning skills, a training program stresses on development of knowledge. Knowledge about business environment, management principles and techniques, human relations, specific industry analysis, in short what is useful for better management of a company.

Whenever knowledge is present, the employee is more efficient, which in return creates a sense of commitment and motivation.

Moreover, knowledge helps him/her understand the powers in his/her hands and thereby develop leadership styles.

#### **4) Ethics**

There is a need for imparting greater ethical orientation into a training program. All the previous contributors: skills, education and development, create a sense of commitment and motivation in the personnel of any department within the organization which can prevent frauds, secret commissioning, and giving wrong information...

#### **5) Attitudinal Changes**

People can resist and refuse to change their feelings and beliefs towards others in the workplace, which affects the performance in the first place. It is a challenge in a training program to alter negative attitudes of employees towards each other.

#### **6) Decision making and problem solving skills**

Decision making and problem solving skills mainly target potential managers, supervisors and professionals. They learn methods and techniques to collect and analyze information, make organizational decisions, solve work related problems and generate alternatives.

While contributing effectively at their present job, employees are getting prepared to the next level of responsibilities.

### **1.2 Need for the Study**

For too long, the training process has escaped the analysis of accountability. While expenditures have grown, many training departments in business organizations have not taken the extra step to show the payoff of their efforts. Some believe that once the training ends, the delivery of the program is complete, which will make it lose its initial cause: reducing performance deficiency.

Business organizations nowadays are facing the issue of measuring the effectiveness of training. This study is characterized by its uniqueness due to the few available studies which approached measuring training in the lodging industry (Harris, 2007)<sup>11</sup>. The thesis will highlight this issue and will examine whether the effectiveness of the training can be measurable. The case study will be conducted in one of the luxurious hotels of Dubai, The Palace - the Old Town.

Moreover, the study will raise awareness about how important is following up on training and how much, intangible activities such as training, can affect the performance of employees and therefore the organization's profitability.

### **1.3 Research Problems and Purpose of the Study**

The hospitality sector is a labor intensive industry, highly reliant on well-trained employees and managers. Many of its current and future challenges relate to human resources issues. According to the International Hotel and Restaurant Association (IHRA), the greatest challenge facing the hospitality industry today in the area of human resources, is the investment in and delivery of training (International Hotel and Restaurant Association, White Paper 2003)<sup>12</sup>. This study's objectives are to explore whether the Palace Hotel management sufficiently measures effectiveness when analyzing its Human Resources training programs.

Training is a complex process with many stages and if there is a mistake in the initial stage, expected results won't be reached. Some trainers place more weight, on training needs

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<sup>11</sup> Calculating ROI for training in the lodging industry: Where is the bottom line?, Kimberly J. Harris, Hospitality Management 26 485-498, 2007.

<sup>12</sup> Source: <http://www.grin.com/e-book/111642/analysis-of-senior-management-training-needs-in-international-hotel-companies>.

assessment which is the first step of the training process, in the planning stage. Others focus on the last step, the evaluation of the training program after its completion.

### **1.3.1 Research Questions**

Is the Palace Hotel applying the universal practices of conducting and evaluating employees' performance after the training? Where does the trainer reach when evaluating? How can training impact on organizational operation performance be assessed? In short, is the training Return on Investment calculation implemented? To what extent the measurement of an intangible service, such as training, is feasible and correct? Is measuring training effectiveness costly and time consuming or a value-enhancer?

The objective of the thesis is to show how hotels, in general, evaluate the training process, and perceive it as a strategic choice for their well being. The aim of clarifying this point will be achieved after conducting three interviews with the Learning and Development Manager of The Palace Hotel – Dubai, the Human Resources Manager of Le Vendome Hotel – Beirut, and the Procurement Manager of Unipak Tissue Mill - INDEVCO group. Their experiences will be utilized to highlight the key success factors of the training programs they conduct or attend. These interviews will be used as a source of primary data; through which the researcher will be able to get important qualitative analysis. The interviews will be accompanied by training evaluation analysis reports and financial sheets showing the results after the completion of a certain training program. This will be the quantitative result for the application of training effectiveness process on the employees.

Hence, this study will provide a thorough analysis in measuring a training program effectiveness. How do they know it was a success? Not by having the feeling that the skills and practices were improved but by using scientific approaches showing the real value of money generated due to the training program.

#### 1.4 International Perspective

Along with the speeding of the social development and the information-based progress, the technology gradually gets into the hotel industry, so that, the degree of hotel intelligence is running higher, and the guests feel more comfortable and convenient<sup>13</sup>. For example, reservation and promotion on the net gradually replace traditional ways with telephone and mails. According to these new characteristics of international travelers, hotels have to provide products in diversity, personalization and flexibility. Because of the high variety of guests, hotels have new requirements to employees. They are asking for skilled staffs with fluent foreign languages and communication skills, good etiquette and courtesy. Therefore, it is the top priorities for hotels to strengthen the trainings for their staffs in order to build a high-quality workforce to meet the needs of modern travelers. The basic requirements of the lodging industry staff can be summed up as ASKH: Attitude, Skills, Knowledge and Habit. "Attitude means not only to be dedicated to jobs but also to have positive, optimistic, and cheerful qualities. Skills refer to technical and service abilities. Knowledge must be latest and comprehensive. Habits, to develop good habits in every aspect when getting along with others" (Fan, 2009).<sup>14</sup>

Hence, International hotel companies nowadays, face substantial challenges in terms of Human Resources (HR) development. As an activity which potentially increases a hotel's effectiveness by developing its HR, the training function has a major impact on the ability of organizations to achieve their objectives. This study aims to explore how The Palace Hotel management implements training and measures its effectiveness.

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<sup>13</sup> Study on the Issue of Staff Training in Business Hotel, Qiumei Fan, Tourism and Geography Science School, Shenyang University Shenyang 110041, China, 2009

<sup>14</sup> Study on the Issue of Staff Training in Business Hotel, Qiumei Fan, Tourism and Geography Science School, Shenyang University Shenyang 110041, China, 2009

#### **1.4.1 A brief overview of training in The Palace Hotel**

The Palace - The Old Town is a luxurious hotel situated in the Downtown Dubai area, within short distance from all major business and financial institutions and leisure. It comprises 242 guest rooms, including 81 suites. The Palace hosts three international restaurants, a luxury spa, outdoor swimming pool, a business lounge and meetings & events facilities.

As per the Learning and Development (L&D) manager, Ms. Diana Mouamar, The Palace Hotel management considers training as an amazing tool for the staff which assists them in getting more organized and delivering a better service. The L&D department ensures good staff understanding of the system and better use of it. She stresses on the post-training follow ups that she conducts in order to guarantee effective performance (Appendix 2).

The L&D department is highly supported by the higher management, which invested 1 million AED in 2009 for training activities<sup>15</sup>. This heavy investment encouraged her to continuously search for new and useful learning and development activities to enhance the performance within each department, with the aim to reach good operation system and effective management style.

#### **1.5 Brief overview of all chapters**

The researcher starts chapter 1 by presenting a general overview about the topic, then mentions the main training evolution phases accompanied by the need for the study, research problem and questions. Then the international perspective about the topic is highlighted to finalize by a brief overview of training in The Palace Hotel. Chapter 2 starts by tackling the training process followed by an in-depth focus on the last stage of the training, the evaluation. With the evaluation of training effectiveness, the researcher develops Kirkpatrick with his theory “the four levels of evaluation” and Phillips who sheds the light on the ROI perspective. The procedure and methodology are mentioned in the beginning of chapter 3 where the researcher continues with the hypotheses. Furthermore, the dependent and independent variables are mentioned followed by the primary and secondary data. The Five

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<sup>15</sup> Source: Appendix 2



level process mentioned before is applied in chapter 4 on the up-selling training of the Spa staff at the Palace Hotel. This application is followed by the results' interpretation and the explanation of the hypotheses validity. The author finalizes this study by talking about the universal application of the five level process without undermining the limitations. Moreover, chapter five continues with analyzing the main findings and consequently giving some recommendations based on this analysis. Finally, the researcher concludes after mentioning the limitations of the study.

## CHAPTER 2

### REVIEW OF LITERATURE

#### 2.1 State of knowledge in the area of interest

##### 2.1.1 The Training Process

A systematic approach to training increases the likelihood that the various steps of the process are aligned with each other and that the training program as a whole will be successful. "Training, if it is to become an effective tool of management, must be a systematic, orderly procedure, constructively applied to solutions of organizational problems and attainment of organizational goals" (McGehee and Thayer, 1961)<sup>16</sup>. The combination of the various steps involved in planning, implementing and evaluating training has often been referred to as the "Training Cycle". The steps of a Training Cycle are as under:

##### 2.1.1.1 Needs assessment

To define the need for a training program, the management must diagnose present problems and future challenges. It might be in some cases that the employees are not in urgent need for training, so this latter can be replaced by a job redesign, or improving quality of supervision instead.

If the training program fails in making a needs' assessment, there will be constraints on the business development, higher labor turnover, poor-quality applicants, higher training cost, bigger pressure and stress on management and staff<sup>17</sup>.

Needs assessment occurs at two levels which are the individual level and group level.

On the individual level, training is needed when the performance deficiency is due to the absence of skills and knowledge, obviously in this case the employee lacks experience in the

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<sup>16</sup> Source: <http://www.grin.com/e-book/111642/analysis-of-senior-management-training-needs-in-international-hotel-companies>.

<sup>17</sup> Training and development, Rahul Arondekar, Sagar Dhadve, Ritika Mahadik, Priyadarshini Patil, Shreyans Chhajed, 2009.

field. Following this further, Training must be conducted when new technologies' changes are affecting employee's skills and/or when there is a possible job transfer which needs orientation in terms of responsibilities and obligations.

The methods used for the assessment of training needs, on the individual level are the performance appraisal, interviews, questionnaires, attitude surveys and rating scales (Arondekar, Dhadve, Mahadik, 2009)<sup>18</sup>.

On the other hand, the training needs assessment on the group level is essential when there is a change in the organization's strategy i.e. the introduction of a new line product and/or when there are high rates of scrap, accidents, low morale, among many others.

The methods used for the assessment of training needs, on the group level, can be categorized into some categories which cover the organizational goals and objectives, efficiency indices, customer surveys and consideration of current and projected changes (Arondekar, Dhadve, Mahadik, 2009).

After talking about the scope which has to be covered by the needs assessment, it is worth mentioning the issues considered while assessing the needs.

#### **2.1.1.1.1 Organizational Support**

The first step in the training program is the organizational support in conducting this process. "It cannot happen without the knowledge of the management, which minimizes the disruption and increases the co-operation" (Arondekar, Dhadve, Mahadik, 2009)<sup>19</sup>.

#### **2.1.1.1.2 Organizational Analysis**

It is the next step after insuring the support. By definition, the organizational analysis examines the goals of the organization and the trends that are likely to affect these goals.

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<sup>18</sup> Training and development, Rahul Arondekar, Sagar Dhadve, Ritika Mahadik, Priyadarshini Patil, Shreyans Chhajed, 2009.

<sup>19</sup> Training and development, Rahul Arondekar, Sagar Dhadve, Ritika Mahadik, Priyadarshini Patil, Shreyans Chhajed, 2009.

Several questions are raised (Arondekar, Dhadve, Mahadik, 2009). The first question is: What business are we in? In other words, this question seeks to find the organization's field of business, the products and services that it deals with, the actual and the potential markets. The second question is about the level of quality the company aims at providing through its products and services in addition to the destination sought. Another important question to be tackled is about the capability of the company in terms of the availability of enough personnel. People, Human Resources are crucial key success factors in order to attain the aim that the organization needs to reach. Not only the number of employees is crucial but the competency of such employees has a say as well. Hence is the need to answer the last question which seeks to analyze the weaknesses and diminishing its consequences. This is done after discovering the jobs which require training.

It is only after answering these and other related questions that the organization can assess the strengths and weaknesses of its Human Resources (Arondekar, Dhadve, Mahadik, 2009).

#### **2.1.1.1.3 Task and KSA analysis**

After the first and second steps are met, identifying the tasks needed in each job and the Knowledge, Skills, Abilities (KSA) necessary to perform these tasks, is to be done at this stage. In other words, there must be an identification of all the required factors to make a job, successful. These factors cover a wide scope starting with the task cycle, procedures and steps within each task, followed by gathering the required information to carry out the task and the necessary interaction of the personnel. Then another factor to be considered is the availability of equipment and tools used in the task and the conditions under which the tasks are performed. Finally, an indispensable factor is the presence of the skills and knowledge necessary for task performance. Output from the Task and KSA analysis provides the basis for determining training requirements (Arondekar, Dhadve, Mahadik, 2009).

#### **2.1.1.1.4 Person Analysis**

The trainees who will be undergoing the training program must also be analyzed. It is the process of determining, on the individual level, what KSAs have been learnt already, in order to prevent waste of time and energy (Arondekar, Dhadve, Mahadik, 2009).

During the planning phase of a project, Booz Allen & Co<sup>20</sup> analyzes the characteristics of the audience/learner in terms of: Previous experience with the content area, educational background, preferred learning style, required outcomes from the training and degree of KSA mastery, already mentioned before. Booz Allen & Co states that based on this analysis they are able to design a training program that focuses on the individual's ability and increases motivation in the training and on the job<sup>21</sup>.

#### **2.1.1.2 Deriving Instructional Objectives**

Once training needs are assessed, and after the goals are recognized they must now be established. They are the key for designing the training program as well as for measuring its success.

It is not possible to design a training program without measuring its effectiveness therefore goals must be tangible and measurable (Arondekar, Dhadve, Mahadik, 2009)<sup>22</sup>.

#### **2.1.1.3 Designing the training program**

At this level of the process, after assessing the needs and deriving the organization's objectives, training program must be designed. In other words, there should be an identification of the attendees, instructors, location, techniques used, among many other factors. Consequently, several questions are raised (Arondekar, Dhadve, Mahadik, 2009). The first question is: "Who are the trainees?" such trainees can be any type of employees,

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<sup>20</sup> A leading strategy and technology consulting firm, works with clients to deliver results that endure.

<sup>21</sup> Source: <http://www.boozallen.com/services/training>.

<sup>22</sup> Training and development, Rahul Arondekar, Sagar Dhadve, Ritika Mahadik, Priyadarshini Patil, Shreyans Chhajed, 2009.

labor, supervisor, manager and CEO. Then the second question is about the identity of the trainers.

The answer to this question depends on the skills being taught. They can be immediate supervisors, co-workers, specialists in other departments of the company, outside consultants and industry associations. The third question tries to identify the level of the training program. There are three basic levels at which inputs can be taught: The lowest level when the employee must acquire fundamental knowledge and develop basic understanding of the field. At the next level, the skills are developed, in order to be able to perform in a specific skill area. And the third level involves additional skill development and expertise. Another important question tries to unveil the learning principles needed. The more meaningful the training material, the better is the learning process. There must be a transfer of learning, what is to be learnt must be first practiced then transferred to the job. It may be faced with resistance at several job situations; but the trainee's supervisor must be there to help overcome the resistance and give positive compliments when occurred correctly. The place where the program is conducted is another question worth analysis. The place can be the job itself, on site i.e. the training room or offsite (in university or college classroom, conference centre, hotel, resort). Mainly basic skills are taught at the job site, writing and grammar skills are taught on site, in a training room, but the interpersonal and conceptual skills are learnt off site (Arondekar, Dhadve, Mahadik, 2009).

The last question tries to find the most appropriate technique to be utilized. Trainers are challenged to find the best technique depending on the type of KSAs to be taught, the audience characteristics, in addition to other factors (Arondekar, Dhadve, Mahadik, 2009).

The techniques can be in the form of:

- 1- Lectures: a verbal presentation of information by an instructor to a large audience. The lecturer has deep knowledge of the subject at hand, and the audience can be large. It is not a popular technique because of its restrictions in the practice, and its slow feedback. Not recommended for factory employees (Arondekar, Dhadve, Mahadik, 2009).
- 2- Audio Visuals: includes television slides, overheads, videos tapes and films. They provide realistic examples of the job conditions. They can be easily

stopped and started to accommodate discussion (Arondekar, Dhadve, Mahadik, 2009).

- 3- On-the -Job-Training (OJT): as stated earlier it is when an experienced worker shows a trainee how to perform a task, used in the majority of industrial plants and always conducted on work site. The learner is experiencing the work in the least cost possible, without involving classrooms and formal trainers (Arondekar, Dhadve, Mahadik, 2009).
- 4- Programmed Instruction (PI): as stated earlier it is training without a trainer. It involves programmed materials which give instructions divided into small steps, easily understood by the learner. It allows flexibility in the educational location and can be used as a reference for the employee on the job (Arondekar, Dhadve, Mahadik, 2009).
- 5- Computer Assisted Instruction (CAI) or Computer Based Training (CBT): as stated earlier, it is an extension of the Programmed Instruction via the medium of computers. The computer analyzes the response and provides feedback to the learner. The program can be modified easily to reflect technological innovation in the equipment for which the employee is being trained on. The CBT is in the form of web based courses, accessed by employees everywhere in the world through the company's intranet (Arondekar, Dhadve, Mahadik, 2009).
- 6- Simulation: it is a kind of technique that duplicates as nearly as possible the real conditions encountered in the job. The trainee is asked to take a decision in support to the activities on site. The results of his/her decisions are reported back to the trainee with their possible consequences in the real world. He/she is given other alternatives to take an effective decision. There are some simulation exercises. First, case study is a simulation exercise, in the form of a written description of actual situations at work. The trainee studies what is

going on, the problems and their causes in order to develop several solutions and pick the best one to implement. This practice shows the analytical and judgment abilities of the trainees, especially when the participation is allowed through discussion. Second, role playing is another simulation exercise, but tackling emotional issues at work. The essence is in creating a real life situation and have the trainees assume parts of specific personalities. For example, interchanging roles of supervisor and worker to create empathy for one another: a female supervisor may assume the role of a male worker and vice versa. Then the trainees are both given a certain situation at work and they are asked to respond the way they expect others to do. This exercise promotes interpersonal relations at work, results in attitudinal change, and has the consequence of better understanding of issues from the other's point of view (Arondekar, Dhadve, Mahadik, 2009).

- 7- Vestibule Training: as stated earlier it can be called "near-the-job" training, because there is a creation of a miniature of a department with six to ten workers per trainer. The training is on real machines aside from the production area (Arondekar, Dhadve, Mahadik, 2009).
- 8- Sensitivity Training: less than 12 trainees are grouped to get an insight into their own behavior and that of others. The discussions focus on participants' behaviors and how others perceive them; which will provide the participants with increased awareness of their own behavior and the perception of others. These meetings have no agenda and take place away from the workplace. The advantages can be improved listening skills, openness to others and tolerance of individual difference, but there is a fear that once the training is over, the employees will get back to their old habits (Arondekar, Dhadve, Mahadik, 2009).
- 9- Distance Learning: is a learning approach where the instructor and the students are geographically separated. To communicate, the instructor relies



on computer-based media, videotapes, and/or video teletraining technologies. In video teletraining, the viewers can interact through audio with the instructors. Distance Learning is cost-effective, provides just-in-time training, spreads information very quickly and reduces costs associated to traveling while keeping the staff available at work<sup>23</sup>.

10- Apprenticeships and Coaching: as stated earlier apprenticeships involve learning from more experienced employee/s, it is mostly applied with craft workers, carpenters, plumbers and mechanics.

Coaching is close to apprenticeships by definition. But it is always handled by a supervisor. It is very similar to on the job training method<sup>24</sup>.

#### 2.1.1.4 Implementing the training program

Once the training program is designed it needs to be implemented. This means that all instructor guides and trainees' materials such as machines, handouts, exercises, viewgraphs, and charts are developed and ready for execution. For an instructional implementation, the steps should be as presented in figure 1:

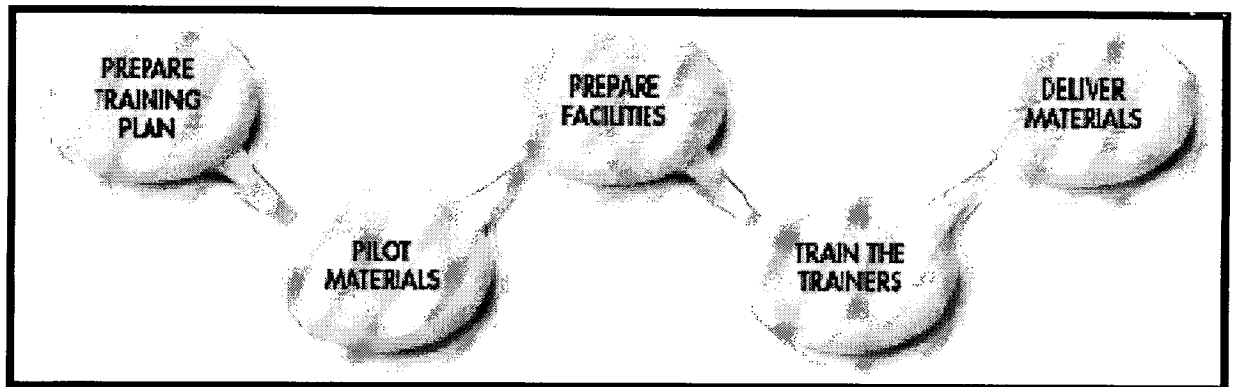


Figure 1. The Training program implementation – Source: <http://www.boozallen.com/services/training>.

<sup>23</sup> Source: <http://www.boozallen.com/services/training>.

<sup>24</sup> Source: <http://www.boozallen.com/services/training>.

Figure 1 shows the different stages for instructionally implementing a training program. The different stages are the following:

### **Preparing Training Plan**

Several critical elements are identified to be incorporated into the master training plan: schedule management, resource management, performance measurement, administrative management, and report preparation<sup>25</sup>.

### **Piloting Materials**

It is conducting a pilot presentation to spot the problems in the training before the materials are finalized. This practice will help in developing the master training plan effectively through identification of some critical points<sup>26</sup>.

### **Preparing Facilities**

Such as training rooms, equipment for CBT system hardware and software, and training materials<sup>27</sup>.

### **Training the Trainer**

Another part of the implementation includes training the trainers in the procedures and problems unique to the specific training. Such as effective presentation skills, question and answer techniques, group facilitation skills, subject matter expertise, administrative skills, and evaluation skills<sup>28</sup>.

### **Delivering Materials**

Once the training has been piloted and trainers have been trained, the course is modified based on the initial feedback and the course materials, then it can be delivered to the trainee.

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<sup>25</sup> Source: <http://www.boozallen.com/services/training>.

<sup>26</sup> Source: <http://www.boozallen.com/services/training>.

<sup>27</sup> Source: <http://www.boozallen.com/services/training>.

<sup>28</sup> Source: <http://www.boozallen.com/services/training>.

Another key component of successful training implementation is effective training management. The decisions made for training management provide the training administrator and instructors with a road map of information to guide the training implementation. It is worth noting that the implementation is faced with several problems. Most managers say they are too busy to engage in a training program, they want the scheduling of the program without disrupting the regular work activity. Another problem is the weak supervision of employees' performance and evolution during the training program. Moreover, in case outside trainers are used, they must be aware of the organizational philosophy, objectives, structure, workforce, and hierarchy<sup>29</sup>.

#### **2.1.1.5 Evaluation of the Training Program**

The last stage in the training program is the evaluation of the results. Since huge sums of money are spent on training, the program feasibility must be determined. This can be possible through evaluation. In practice however, organizations either overlook or lack facilities for evaluation. At the end, training specialists must study the entire training process within the organization to identify strengths and weaknesses and to provide recommendations for change.

According to Booz Allen & Co, the evaluation has to be conducted in order to verify whether the training fulfilled the needs and objectives of the organization, which are the first two steps in creating the training process. It is essential to track if performance deficiency was reduced, other concerns can be the positive changes in the trainee capabilities, the effectiveness of the trainer and the presentation and the cost efficiency of the program. A logical and efficient evaluation must be based on several principles. It must be continuous, specific, based on standards, clear about its purpose and meaningful for trainers to appraise themselves and their practices<sup>30</sup>.

Practically, to verify the results of a training program in a scientific way, several techniques can be implemented and used as evidence in measuring training effectiveness. First, The use

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<sup>29</sup> Source: <http://www.boozallen.com/services/training>.

<sup>30</sup> Source: <http://www.boozallen.com/services/training>.

of experimental and control groups which are randomly selected. The experimental group receives training; the control group does not receive training. The measures of both groups are taken before and after the training, they are indicators of success i.e. number of units produced per minute, typed words per minute, rooms served per hour. If the outcomes of the experimental group are better than the outcomes of the control group then training program is successful. Furthermore, Questionnaires are to be sent to trainees before and after the training program. They will show the knowledge and skills of trainees and the difference between both questionnaires which will reveal if the results after the training were satisfactory. Finally, in order to measure the success of a training program, the specialist must be aware of the costs and expenses corresponding to the training program. They include some factors as the salaries of the training staff, purchase of equipment, rental facilities, trainees' wages during the training, evaluation cost, among some others<sup>31</sup>.

The following part of this thesis will focus on the training evaluation in a more detailed study; the researcher will elaborate the last step of the training process. Figure 2 is a summary of the training process with each level's major highlights:

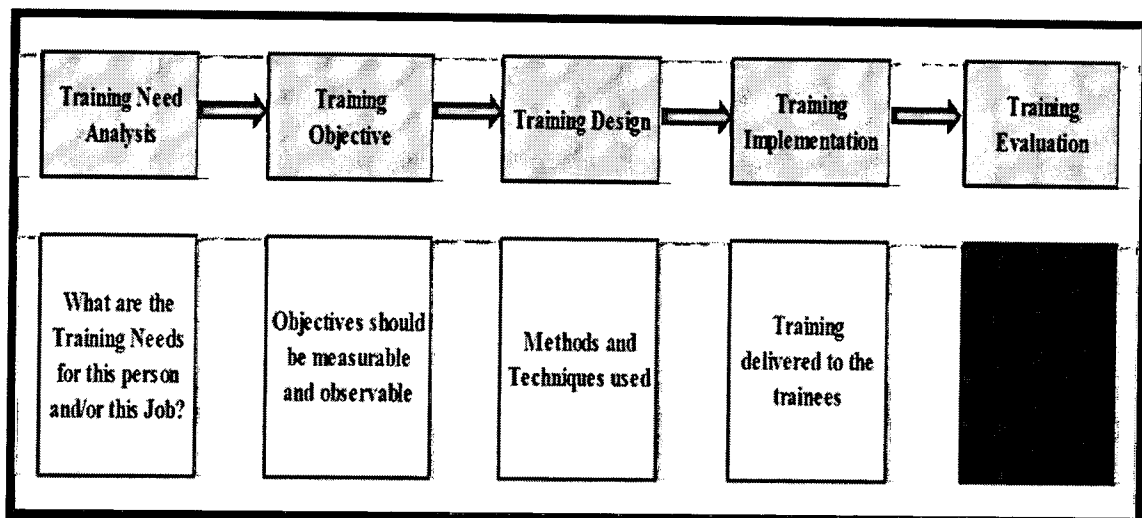


Figure 2. Summary of the Training Process

This figure reveals the smooth flow of the different steps of the training process if followed in the proper way.

<sup>31</sup> Source: <http://www.boozallen.com/services/training>.

## **2.2 Previous Research**

If people are the value added to business organizations nowadays, then it is time to look at training programs as investments in the organization's human capital and not just as an expense. In this thesis, the researcher will argue the case of measuring training success and will explain the steps involved in conducting this analysis. Even if training evaluation is undertaken, it is usually at the easiest and lowest level – such as the measurement of trainees' reactions after the training. Reactions are important, but will they be enough to back up the arguments when there is a need for a greater investment in training, when there is a rigid competition for resources, and when times get tough (Shepherd, 2008)<sup>32</sup> ?

In summary, possible explanations for inadequate evaluations include: insufficient budget allocated; insufficient time allocated; lack of expertise; blind trust in training solutions; or lack of methods and tools. Evaluation goals involve multiple purposes at different levels. These purposes include evaluation of trainees' learning, evaluation of instructional materials, transfer of training, return on investment... Attaining these multiple purposes may require the collaboration of different people in different parts of an organization (Shepherd, 2008).

### **Measuring the success of Training**

Training is evaluated to validate it as a business tool. It is one of many actions that an organization can take to improve its performance and profitability. Only if training is properly evaluated can it be compared against other methods and therefore, to be selected either in preference to or in combination with these methods. It is important also to justify the costs incurred in training. When money is tight, training budgets are amongst the first to be sacrificed. Only by thorough, quantitative analysis can training departments make the case necessary to resist these cuts (Shepherd, 2008).

Training programs should be continuously improved to provide better value and increased benefits for an organization. Measuring the success of training helps develop its design. It also helps in selecting effective training methods. These days there are many alternative

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<sup>32</sup> Assessing the ROI of training, Clive Shepherd, 2008.

approaches available to training departments, including a variety of classroom, on-job and self-study methods. Using comparative evaluation techniques, organizations can make rational decisions about the methods to employ (Shepherd, 2008).

### 2.2.1 Approaches to the Evaluation of Training Effectiveness

Goal-based and systems-based approaches are predominantly used in the evaluation of training (Philips, 1991)<sup>33</sup>. Donald Kirkpatrick's model (1959) follows the goal-based evaluation approach and is based on four simple questions that are translated into four levels of evaluation. "These four levels are known as reaction, learning, behavior, and results. On the other hand, under the systems-based approach, the most influential models include: Context, Input, Process, Product (CIPP) Model (Worthen & Sanders, 1987); Input, Process, Output, Outcome (IPO) Model (Bushnell, 1990) and Training Validation System (TVS) Approach (Fitz-Enz, 1994). The table below presents a comparison of several system-based models (CIPP, IPO, & TVS) with a goal-based model according to Kirkpatrick's (1959)"<sup>34</sup>. That is, table 2 shows a clear comparison between different perspectives.

<b>Kirkpatrick (1959)</b>	<b>CIPP Model (1987)</b>	<b>IPO Model (1990)</b>	<b>TVS Model (1994)</b>
1. Reaction: to gather data on participants reactions at the end of a training program	1. Context: obtaining information about the situation to decide on educational needs and to establish program objectives	1. Input: evaluation of system performance indicators such as trainee qualifications, availability of materials, appropriateness of training, etc.	1. Situation: collecting pre-training data to ascertain current levels of performance within the organization and defining a desirable level of future performance

<sup>33</sup> Approaches to Evaluation of Training: Theory & Society, Educational Technology & Society, Deniz Eseryel, 2002.

<sup>34</sup> Approaches to Evaluation of Training: Theory & Society, Educational Technology & Society, Deniz Eseryel, 2002.

2. Learning: to assess whether the learning objectives for the program are met	2. Input: identifying educational strategies most likely to achieve the desired result	2. Process: embraces planning, design, development, and delivery of training programs	2. Intervention: identifying the reason for the existence of the gap between the present and desirable performance to find out if training is the solution to the problem
3. Behavior: to assess whether job performance changes as a result of training	3. Process: assessing the implementation of the educational program	3. Output: Gathering data resulting from the training interventions	3. Impact: evaluating the difference between the pre- and post-training data
4. Results: to assess costs vs. benefits of training programs, i.e., organizational impact in terms of reduced costs, improved quality of work, increased quantity of work, etc.	4. Product: gathering information regarding the results of the educational intervention to interpret its worth and merit	4. Outcomes: longer-term results associated with improvement in the corporation's bottom line, its profitability, competitiveness, etc.	4. Value: measuring differences in quality, productivity, service, or sales, all of which can be expressed in terms of dollars

Table 2. Goal-based and systems-based approaches to evaluation – Source: Approaches to Evaluation of Training: Theory & amp, Educational Technology & Society, Deniz Eseryel,2002.

### Drawbacks:

Goal-based models, such as Kirkpatrick's four levels do not address the ways to utilize results to improve training. Moreover, the four levels appear simple, that many organizations do not use the entire model, and training ends up being evaluated only at the reaction, or at

best, at the learning level. As the level of evaluation goes up, the complexities involved increase (Eseryel, 2002)<sup>35</sup>.

Systems-based models, such as CIPP, IPO, and TVS, are more useful in terms of thinking about the overall context and situation but they may not give sufficient particularity. Few of these models provide detailed descriptions of the processes involved in each step (Eseryel, 2002).

To go deeper in this thesis, the researcher will elaborate the most influential and widely used framework in evaluating trainings, the Kirkpatrick's model (Carnevale & Schulz, 1990; Dixon, 1996; Gordon, 1991; Philips, 1991, 1997)<sup>36</sup>. While Kirkpatrick's model is not the only one of its type, most organizations would be absolutely thrilled if their training and learning evaluation, and thereby their ongoing people-development, were planned and managed according to Kirkpatrick's model<sup>37</sup>.

#### **2.2.1.1 Kirkpatrick's four levels of evaluation model**

Donald L Kirkpatrick, Professor at University Of Wisconsin, first published his ideas in 1959, in a series of articles in the Journal of American Society of Training Directors (ASTD). The articles were subsequently included in Kirkpatrick's book: *Evaluating Training Programs*, originally published in 1994 and he has written several other significant books. Donald Kirkpatrick was president of ASTD in 1975. His theory has now become the most widely used and popular model for the evaluation of training and learning. The four-level model is now considered an industry standard across the Human Resources and training communities<sup>38</sup>.

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<sup>35</sup> Approaches to Evaluation of Training: Theory & Educational Technology & Society, Deniz Eseryel, 2002.

<sup>36</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>37</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>38</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)



Kirkpatrick's goal was to clarify what evaluation meant. The model clearly defined evaluation as "measuring changes in behavior that occur as a result of training programs". Below is the four-level structure in details<sup>39</sup>:

Evaluation level and type: 1. Reaction

Evaluation description and characteristics: Reaction evaluation demonstrates the personal reactions of the trainees to the training or learning experience. The questions raised: Did the trainees like and enjoy the training? Did they consider the training relevant? Was it a good use of their time? Did they like the style, timing, etc? What was the level of participation? Was it an easy and comfortable experience? <sup>40</sup>

Examples of evaluation tools and methods:

- Typically "happy sheets".
- Feedback forms based on subjective personal reaction to the training experience.
- Verbal reaction which can be noted and analyzed.
- Online evaluation or grading by delegates.
- Subsequent verbal or written reports given by trainees to managers back at their jobs.

Relevance and practicability:

Reaction evaluation can be done immediately after the training ends, it is very easy to obtain reaction feedback, which is not expensive to gather or to analyze. It is important to know that people were not upset or disappointed<sup>41</sup>. It is also used to measure learning instructors, courses and learning methodologies as shown in figure 3.

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<sup>39</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>40</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>41</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

Please give us your frank Reaction and comments. They will help us to evaluate this program and improve future programs.

Program :  
Facilitator:

1-) How do you rate the subject ?  
A- Excellent  
B- Very good  
C- Good  
D- Fair  
E- Poor

2-) How do you rate the facilitator ?  
A- Excellent  
B- Very good  
C- Good  
D- Fair  
E- Poor

3-) How do you rate the facilities ?  
A- Excellent  
B- Very good  
C- Good  
D- Fair  
E- Poor

What would you have improved in the program ?

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Figure 3. Sample of a “Happy Sheet” – Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

### Evaluation level and type: 2. Learning

Evaluation description and characteristics: Learning evaluation is the measurement of the increase in knowledge or intellectual capability from before to after the learning experience.

The questions raised: Did the trainees learn what was intended to be taught? What knowledge was learned? What skills were developed? What attitudes were changed? Did the trainees experience what was intended for them to experience?<sup>42</sup>

### Examples of evaluation tools and methods:

The author can mention assessments or tests before and after the training, the use of control group is relevant here. Then, the interview or observation before and after the training also exemplifies the evaluation tools and methods. Another example is the interview or observation before and after the training. This is not to neglect the methods of assessment

<sup>42</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

needed to be closely related to the aims of the learning. Finally is the Hard-copy, electronic, online or interview style assessments are all possible<sup>43</sup>.

Relevance and practicability:

Learning evaluation is relatively simple to set up, but more effort is required than in reaction evaluation. It is highly relevant and clear-cut for certain trainings such as technical skills. But less easy for more complex learning such as attitudinal development, which is famously difficult to assess. Bottom line, the learner must demonstrate the learning transfer<sup>44</sup>.

Evaluation level and type: 3. Behavior

Evaluation description and characteristics: Behavior evaluation is the extent to which the trainees applied the learning and changed their behavior in the job. It can be measured immediately and several months after the training, depending on the situation. The questions raised: Did the trainees put their learning into effect when back on the job? Were the relevant skills and knowledge used? Was there noticeable and measurable change in the activity and performance of the trainees when back in their roles? Was the change in behavior and new level of knowledge sustained? Would the trainees be able to transfer their learning to another person? Are the trainees aware of their change in behavior, knowledge, skill level?<sup>45</sup>

Examples of evaluation tools and methods:

- Observation and interview over time are required to assess change and sustainability of change. They can be conducted with the trainee, supervisor, subordinates...
- Assessments need to be subtle and ongoing, and then transferred to a suitable analysis tool.

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<sup>43</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>44</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>45</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

- Assessments need to be designed to reduce subjective judgment of the observer or interviewer, which is a variable factor that can affect reliability and consistency of measurements.
- The use of 360-degree feedback<sup>46</sup>.
- Assessments can be designed around relevant performance scenarios, and specific key performance indicators or criteria.

Relevance and practicability:

The evaluation of implementation and application is an extremely important appraisal. Measurement of behavior change is less easy to quantify and interpret than reaction and learning evaluation. Simple quick response systems are unlikely to be adequate. It is worth noting that the cooperation and skills of observers, typically managers, are important factors, and difficult to control. Management and analysis of ongoing delicate assessments are impossible without a well-designed system from the beginning. What if there was a good reaction and good increase in capability if nothing changes back in the job?<sup>47</sup> Figure 4 shows a sample of measuring behavior:

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<sup>46</sup> In human resources or industrial/organizational psychology, 360-degree feedback is feedback that comes from all around an employee. "360" refers to the 360 degrees in a circle, with an individual figuratively in the center of the circle. Feedback is provided by subordinates, peers, and supervisors.

<sup>47</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

The objective of this questionnaire is to determine the extent to which those who attended the recent program on Leadership have applied the principles and techniques that they learned there to the job.

Circle the answer that you consider appropriate for each question.  
5= much more 4= more 3= same 2= less 1= much less

1. Trying to understand my subordinates	5	4	3	2	1
2. Listening to my subordinates	5	4	3	2	1
3. Praising good work	5	4	3	2	1
4. Asking my subordinates about their ideas	5	4	3	2	1

Figure 4. Sample of Measuring Behavior – Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

#### Evaluation level and type: 4. Results

Evaluation description and characteristics: Results evaluation is the effect on the business resulting from the improved performance of the trainee. According to Kirkpatrick: “level four is the most important step and perhaps the most difficult of all”. Measures would typically be business or organizational key performance indicators (KPI), such as the hard data performance indicators (tangible results) as number of defected products, sales volumes, customer satisfaction index, number of accidents at work, response time to orders, among some others. In addition, soft data performance indicators (intangible results), job satisfaction, effective communication, stress rate and quality in decision making. Finally, other aspects of organizational performance, such as: numbers of complaints, staff turnover, wastage, satisfaction of customers and employees, quality ratings, achievement of standards, growth, and employee retention<sup>48</sup>.

<sup>48</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

### Examples of evaluation tools and methods:

Many of the measures are already in place via normal management systems and reporting. The challenge is to identify which to use and how to relate them to the training input and influence. It is important to allow time for results to be achieved, and to conduct them before and after the training. Evaluators must consider costs of the training program versus its benefits<sup>49</sup>.

### Relevance and practicability:

Results evaluation on the individual level is not particularly difficult; but across an entire organization it becomes much more challenging, because of the frequency and scale of changing structures, responsibilities and roles which complicate the process of attributing clear accountability. This result evaluation determines the bottom line impact of training. It ties the business objectives to training, linking training results to business results. It is worth noting that external factors greatly affect organizational and business performance, which could be the true cause of good or poor results<sup>50</sup>. Figure 5 is a sample of measuring results:

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<sup>49</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

<sup>50</sup> Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

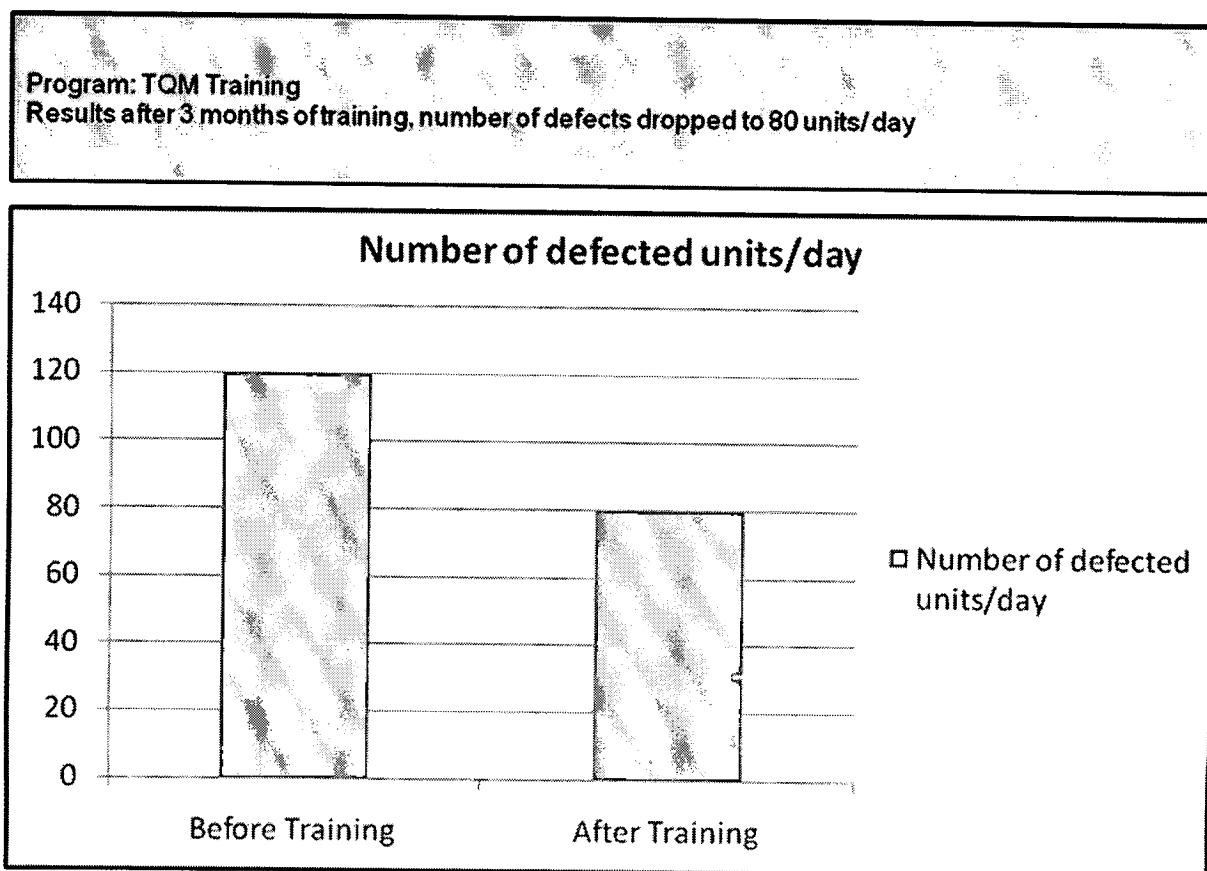


Figure 5. Sample of Measuring Results - Source: [www.businessballs.com/human-resources.htm](http://www.businessballs.com/human-resources.htm)

### 2.2.1.2 Return on investment as a measure of Training

Training Return on investment (ROI) is a measure of the monetary benefits obtained by an organization over a specified time period in return for a given investment in a training program. “Measuring the amount of money generated by a group before and after the training, and then comparing that improvement with the cost of the training is the way to measure the ROI. Looking at it in another way, it is the extent to which the benefits (outputs) of training exceed the costs (inputs)”<sup>51</sup>.

ROI can have many connotations depending upon the users’ perceptions. The greatest factor in measuring the return on investment for training is the definition of what the training is to achieve: A business unit manager wants to know the impact the training has made on the job.

<sup>51</sup> Assessing the ROI of training, Clive Shepherd, 2008.

A course designer who created an e-learning module, for example, wants to know if the course transferred effectively the skills and knowledge to the learners. And a finance manager wants to know the ROI percentage from learning. What matters is how the user of the information defines value (Shepherd, 2008)<sup>52</sup>.

In this thesis, the researcher found a balanced approach which is able to accomplish all stakeholders' perceptions. The approach is Kirkpatrick model with the additional fifth level added in the 1980s by Dr. Jack Phillips. Since Kirkpatrick established his original model, another theorist, have referred to a fifth level, training Return on Investment.

A world-renowned expert on measurement and evaluation, Jack Phillips, Ph.D., is Chairman of the ROI Institute. Through the Institute, Phillips provides consulting services for Fortune 500 companies and workshops for major conference providers throughout the world. He is also the author or editor of more than 30 books and more than 100 articles. His background in training and Human Resources, led Phillips to develop the ROI Process that provides bottom-line figures and accountability for all types of training, performance improvement, and technology programs.

“Developing ROI for training requires a key modification of a classic model. The four-level framework developed by Donald Kirkpatrick in 1959 does not focus directly on the ROI issue.

Kirkpatrick defines Level 4 evaluation as the results linked to training, in the form of reduced absenteeism, cost reduction, quality improvement, productivity... But this level of evaluation does not require a specific monetary value to be determined. To obtain a true ROI evaluation, the monetary benefits of the program should be compared to the cost of implementation in order to value the investment” (Phillips, 1996)<sup>53</sup>.

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<sup>52</sup> Assessing the ROI of training, Clive Shepherd, 2008.

<sup>53</sup> Measuring ROI the fifth level of evaluation, Jack Phillips, 1996.



When the ROI formula is developed, evaluation must be conducted at all five levels. For example, at Level 3, changes in the behavior of employees can be measured by daily efficiency ratings. At Level 4, business results can be measured through improvements in productivity and reductions in scrap. Finally, at Level 5, ROI can be calculated by converting productivity and quality improvements to monetary values and comparing these to the full training program costs to yield an ROI value. At level 5, the ROI measurement compares program's level 4 monetary benefits with the program costs (Phillips, 1996)<sup>54</sup>.

Figure 6 shows the ROI Process model:

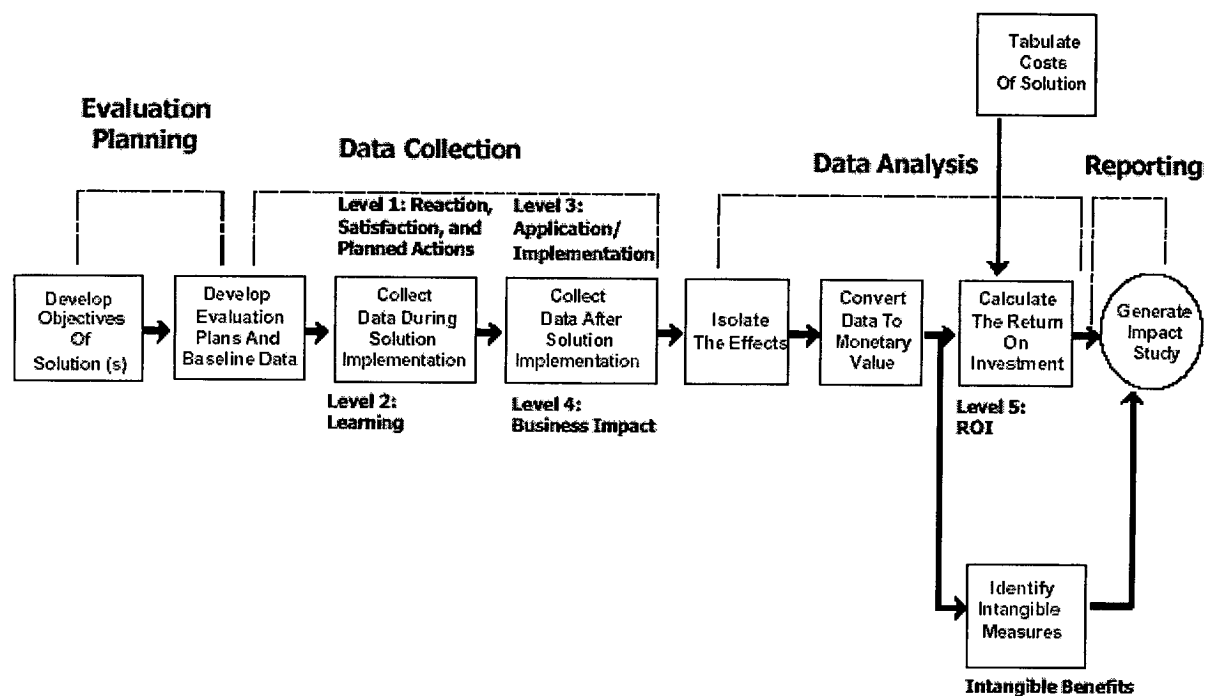


Figure 6. The ROI process – Source: Measuring the Return on Investment in Training and Development Certification Materials, Jack J. Phillips, Ph.D 2002.

### 2.2.1.2.1 The ROI Process

Before the ROI evaluation begins, the program objectives must be identified. Program objectives link directly to the front-end analysis. They form the basis for determining the depth and the level of evaluation.

<sup>54</sup> Measuring ROI the fifth level of evaluation, jack Phillips, 1996.

Calculating ROI requires a process model. The various elements of evaluation: its design, instruments, levels and purposes form the specific data collection plans during and after the training program. At this stage, there is identification of the Key Performance Indicators, such as: units produced, items sold, inventory turnover, new accounts opened, overtime, time to project completion, repair time, unit cost, variable cost, scrap, waste, error rates, and product defects (Phillips, 1996)<sup>55</sup>.

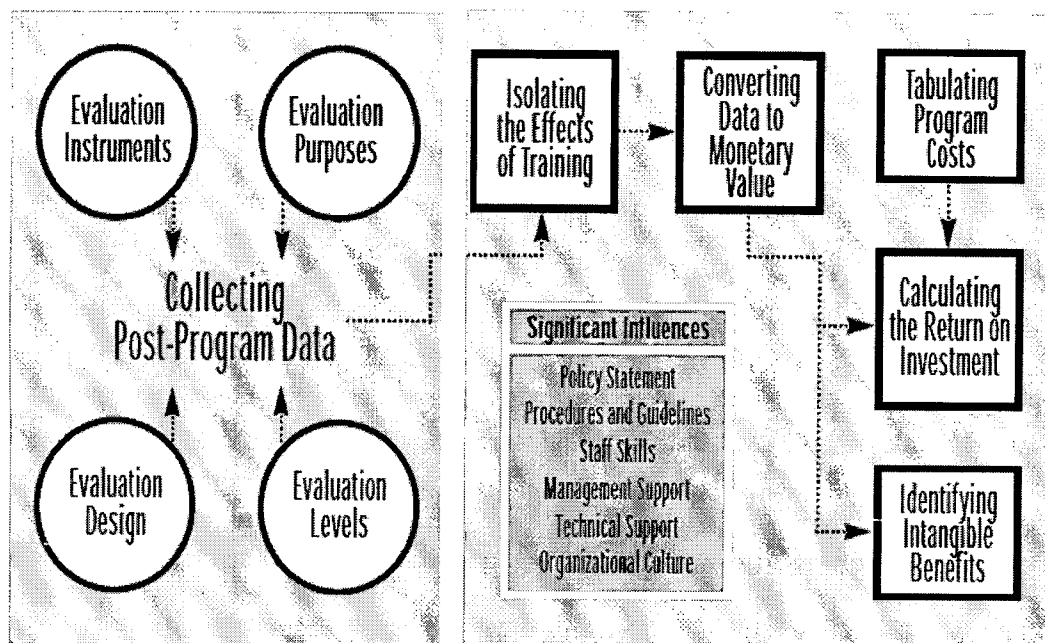


Figure 7. The summary of ROI process – Source: Measuring ROI the fifth level of evaluation, Jack Phillips, 1996

A variety of data collection tools are used to monitor on-the-job performance, which are available to trainers (Phillips, Stone, Burkett, 2007)<sup>56</sup>, such as:

- Surveys to determine the extent to which participants are satisfied with the program, have learned skills and knowledge, and have used several aspects of the program.
- Questionnaires which are more detailed than surveys, and can be used to uncover wide variety of data. Include open-ended and forced response questions.
- Tests to measure changes in knowledge and skills.

<sup>55</sup> Measuring ROI the fifth level of evaluation, Jack Phillips, 1996.

<sup>56</sup> The ROI Field book, Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

- On-the-job observation to capture the actual skills application and use.
- Interviews with participants.
- Action plans and program assignments developed by participants and implemented on the job. Follow-ups provide evidence of program success.
- Business Performance monitoring to be used where various performance records are examined for improvement.

Once data is collected, the next step of the ROI analysis begins with isolating the effects of training on the data items. For example, if one attends sales training, one might estimate an increase in job performance but that increase could be related to other factors such as a competitor going out of business which boosts sales performance more than training. So, estimates of performance change need to take into account many factors not just training. Those factors include people changes, marketplace changes, technology changes and training (Phillips, Stone, Burkett, 2007)<sup>57</sup>.

When estimating the increase, the participant should think carefully about all the factors mentioned. They need to review historic data and forecast data to reasonably evaluate the overall performance change. Several methods are used to isolate the effects of training. First, the use of control group to isolate the training impact. With this strategy, one group receives the training, experimental group, while another similar control group does not receive training. The difference in the performance of the two groups is attributed to the training program. Second, the trend line analysis is used to project the values of output if the training was not undertaken. The difference between the projection and the actual results after the training, represent its impact. Third, the participants, their subordinates and the supervisors estimate of training impact. They are capable of attributing the improvement in performance to the training program because they know how much of change in performance was caused by applying what was learned. Fourth, the customer input and finally is the calculations and estimations of the impact of other factors (Phillips, Stone, Burkett, 2007)<sup>58</sup>.

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<sup>57</sup> The ROI Field book , Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

<sup>58</sup> The ROI Field book , Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

The next step is to convert collected data to monetary values. This requires a direct conversion of hard data, such as quantity, quality, or cost, which is an easy task for some programs such as technical training. For soft data, the task is more difficult, although a variety of techniques are used to place values on the improvements. Among the techniques used are historical costs, supervisor estimation, management estimation, expert opinion, participant estimation and external studies (Phillips, Stone, Burkett, 2007)<sup>59</sup>.

The following step is calculating the costs for the training. It involves monitoring and developing all related costs of the program (Phillips, Stone, Burkett, 2007)<sup>60</sup>:

**Design and development costs:** The first category of cost to be considered is the design and development of the training program and the related expenses: internal days of design and development, costs of external designers and developers, purchase of copyrights ...

**Materials costs:** training materials per trainee such as books, manuals, pens...

**Facilities costs:** whether these are internal or external. They include the rental costs of training rooms and equipment used...

**Evaluation costs:** for the time and money spent for evaluating the training.

**Delivery costs:** if the program is mediated by trainers or is self-administered in the form of CBT or online training, whatever the kind of delivery is, it is not for free. The expenses cover the number of trainees who will be attending the program, the hours spent in training during the time that would be productive and paid for not in slack time, breaks or outside work hours. In addition to the expenses related to travel, accommodation, subsistence...

When an employee goes through a training program in work time, the organization does not only have to pay that person's payroll costs, it is also losing the opportunity for that person to add value to the organization. When a production line worker, for example, is attending a training program, he/she is not creating products, a salesperson is not marketing the brand

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<sup>59</sup> The ROI Field book , Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

<sup>60</sup> The ROI Field book , Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

and an accountant is not finding ways to save money. In these cases, the additional cost of the employee being trained is the lost opportunity – the opportunity cost (Phillips, Stone, Burkett, 2007)<sup>61</sup>.

In order to be able to pull out the ROI formula, the identification of related intangible benefits is a must. It is worth noting that the financial benefits of training cannot be measured in terms of trainee reactions, nor the amount of learning that has been achieved; not even the extent to which behavior may have changed. The real benefits come from improved performance, the hardest training outcome to forecast or measure (Phillips, Stone, Burkett, 2007). The real benefits can be:

**Labor savings:** they occur where, as a result of the training, less effort is needed to achieve current levels of output. Savings are realized by a reduction in the amount of labor applied to a particular job. Examples of labor savings include: reduced duplication of effort, less time spent correcting mistakes...

**Productivity increases:** occur where, as a result of training, additional output can be achieved with the same level of effort. Examples of productivity increases include: higher levels of skills leading to faster work and increased output, motivation and teamwork.

**Other cost savings:** occur when, as a direct result of training, there are fewer machine breakdowns resulting in lower maintenance costs, lower staff turnover reflected in lower recruitment and training costs...

**Other income generation:** occur when, as a direct result of training, new product ideas lead to successful product launches, when there is a higher success rate in winning competitive ground leading to increased sales...

Ready for the ROI calculation? One of the earliest method for evaluating training improvement investments was the cost-benefit analysis process. It compares the benefits of a program to its costs through a benefit-cost ratio (BCR) (Phillips, 2002)<sup>62</sup>:

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<sup>61</sup> The ROI Field book , Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

<sup>62</sup> The bottomline on ROI, Patricia Pulliam Phillips, 2002

$$\text{BCR} = \frac{\text{Program Benefits}}{\text{Program Costs}}$$

A benefit-cost ratio of 2, written as 2:1, indicates that for each one dollar spent on the program two dollars were returned as benefits. On the other hand, ROI formula is the net annual program benefits divided by program costs, where the net benefits are the monetary value of the benefits minus the costs of the program.

The ROI formula is as follows<sup>63</sup>:

$$\text{ROI (\%)} = \frac{(\text{Benefits} - \text{Costs})}{\text{Costs}} \times 100$$

A 100% ROI indicates that for every 1\$ invested, 1\$ is returned after the cost is covered. A 100% ROI means that the training is just breaking even.

Table 3 shows an example of the final results for a ROI analysis:

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<sup>63</sup> The bottomline on ROI, Patricia Pulliam Phillips, 2002

Duration of training	33 hrs
Number of trainees	20
Period over which benefits are calculated	12 months
<b>Costs</b>	
<b>Design and development cost</b>	
Training staff salaries	\$10,250.00
Program materials and supplies	\$1,135.00
<b>Delivery cost</b>	
Meals, incidental expenses	\$4,744.00
Supervisors salaries	\$12,713.00
Materials and program charges	\$6,125.00
Facilities expenses	\$8,500.00
Trainees' salaries	\$8,770.00
Opportunity cost (of trainees and supervisors)	\$500,670.00
<b>Evaluation cost</b>	
Training staff salaries	\$4,550.00
office supplies and expenses	\$250.00
<b>Total Program cost</b>	<b>\$557,707.00</b>
<b>Benefits</b>	
Labour savings	\$241,071
Productivity increases	\$875,000
Other cost savings	\$261,250
<b>Total benefits</b>	<b>\$1,377,321</b>
<b>Return on investment</b>	<b>146.96%</b>

Table 3. Example of final results for a ROI analysis – Source: Assessing the ROI of training, Clive Shepherd, 2008.

The training program had approximately 147 % ROI within one year. It indicates that for every 1\$ invested, 1.47\$ are returned after the cost is covered (Shepherd, 2008).

Although economic practitioners are convinced that ROI is the ultimate level of measuring profitability of program's investment, they also acknowledge that ROI measure is incomplete unless supplemented with additional measures of performance, which are the four levels along with the intangible benefits (Shepherd, 2008).

The ROI calculation is based on converting hard data (output, quality, time) and soft data to monetary values. Intangible, soft data such as increased job satisfaction, increased organizational commitment, improved teamwork and esprit de corps, high self confidence...

cannot be converted accurately to monetary value even though they are very influential in trainees' performance (Shepherd, 2008).

The final step in ROI model is reporting. It involves developing appropriate information in impact studies. It includes various techniques to communicate to a wide variety of target audiences. These audiences are interested in and need the information (Phillips,2002)<sup>64</sup>. The report outline is as follows:

- Introduction including name of the program, date delivered, target audience, program objectives, response profile.
- Participants' reactions in terms of quantitative data from questionnaires as well as open ended comments.
- Participants' learning abilities after the training program.
- Participants' planned actions and barriers to implementation.
- Business impact including description of adjustments made, costs, benefits, and ROI calculation. As well as a comparison with the projected business impact as it was expected.

The purpose of the training evaluators is to present this report to the higher management, showing the impact of the training on performance improvement, in a clear and defined way.

#### **2.2.1.2.2 The barriers to ROI implementation**

There are many barriers which impede the implementation of ROI. First, Cost and Time where the ROI methodology adds additional costs and time to the evaluation process of programs. Another impediment is the lack of skills and orientation for the learning and performance improvement staff members. They are used to focus on the learning process not on the results. In addition, faulty needs assessment of the programs where some training programs are implemented for the wrong reasons, based on management requests only or efforts to chase a popular trend in the industry. An unnecessary program will yield minimal

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<sup>64</sup> The bottomline on ROI, Patricia Pulliam Phillips, 2002.



benefits. Furthermore fear plays a barrier for ROI implementation. In this obstacle, professionals do not pursue ROI because of fear from failure. Designers, developers, trainers and managers are concerned about the consequences of a negative ROI. A successful ROI implementation requires planning and disciplined approach, such as follow-up schedules..., which is extra work and effort from the training team. Finally, false assumptions about the ROI process such as the impact of learning cannot be accurately calculated and if the CEO does not ask for the ROI, he/she does not expect it. Another false assumption is that learning is a complex, but necessary activity. Therefore, it should not be subjected to an accountability process. The last false assumption is when managers think that they don't have give any justification for their competent staff (Phillips,2002)<sup>65</sup>.

Although ROI is the ultimate level of accountability for training and performance improvement, not all programs should be evaluated till ROI level. Training involves two types of stakeholders. The “consumers” who are actively involved with the program, such as the training staff, and the “clients” are those who support, fund and approve on the program, such as senior managers, executives... Determining how to evaluate the program depends on the stakeholders’ needs. What do consumers need? What do clients need? If they are concerned with the cost of the program, ROI calculation is necessary. However if they are only concerned with how key business measures have changed because of the program, then it is better to stop the evaluation at level 4(Phillips, Stone, Burkett,2007)<sup>66</sup>.

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<sup>65</sup> The bottomline on ROI, Patricia Pulliam Phillips, 2002.

<sup>66</sup> The ROI Field book , Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007.

Table 4 gathers the characteristics of training evaluation levels:

Characteristics of Evaluation Levels				
Chain of Impact	Value of Information	Customer Focus	Frequency of use	Difficulty of assessment
Reaction	Lowest	Participants (consumers)	Frequent	Easy
Learning	↓	↓	↑	↑
Application				
Business impact (Result)				
ROI	Highest	Management (Clients)	Infrequent	Difficult

Table 4. The characteristics of training evaluation levels – Source: The ROI Field book, Patricia Pulliam Phillips, Jack Phillips, Ron Drew Stone, Holly Burkett, 2007

### 2.3 Conclusion

After consolidating the findings of researchers and studies made on measuring training effectiveness in business organizations, Kirkpatrick and Phillips models will contribute to the methodology and research of this thesis. They will be applied on The Palace Hotel, in measuring one of its training programs: Up-selling session - **Sell With Extra Effort Together**. These models will help the researcher in finding the evidence in the efficiency of the above mentioned training program.

Table 5 summaries the Evaluation Levels which will be applied to measure the effectiveness of the up-selling training:

<b>Evaluation Level</b>	<b>Description</b>	<b>Characteristics</b>
<b>Level 1</b> "Did they like it?"	Measuring Reaction and Identifying Planned Actions	Measures participants' reaction to the program, and outlines specific plans for implementation of learning to the job.
<b>Level 2</b> "Did they learn?"	Measuring Cognitive Learning and Retention	Measures skills, knowledge, or attitude changes as a result of the training.
<b>Level 3</b> "Do they use it?"	Assessing Application of the program training on the job	Measures actual changes in behavior on the job, and specific applications of the training material.
<b>Level 4</b> "Did it impact the bottom line?"	Identifying business results from the training	Measures the business impact of the training. (eg measures changes in output, quality, costs, time, productivity or other business metrics)
<b>Level 5</b> "What is the return on learning investment?"	Calculating Return on Investment	Compares the monetary value of the results with the costs for the program.

Table 5. Summary of the Evaluation Levels – Source: Summary Process for measuring ROI of Training Prepared for CEEdMA, Norman Buckberry, 2004

## CHAPTER 3

### PROCEDURES AND METHODOLOGY

#### 3.1 Introduction

After accomplishing a thorough research about all the literature review, the two most prevailing theories related to the field of training effectiveness are Kirkpatrick and Phillips. And as previously mentioned, the objective of this thesis is in providing a scientific analysis in measuring training program's effectiveness. This view was strengthened after conducting the interviews with the trainers: Ms. Jihane Akiki - Human Resources Manager at Le Vendome Hotel - Beirut, and Ms. Diana Mouamar - Learning and development Manager at The Palace Hotel - Dubai. And the research couldn't be complete without conducting an interview with a professional who was trained for more than ten times, Mr. Anthony Osta, Procurement Manager of Unipak Tissue Mill - INDEVCO group - Lebanon.

In this thesis, the researcher will apply Kirkpatrick and Phillips on The Palace Hotel – Dubai. The application of the theories was covered qualitatively via expert interviews which will be accompanied by training evaluation analysis reports and financial sheets showing quantitative results after the completion of the up-selling training program.

#### 3.2 Hypotheses:

Training is a tool used by most business organizations aiming to enhance employees' performance and consequently increase profitability. The researcher, in this study, revealed the following hypotheses:

- 1- Training Programs are perceived as essential permanent practices, but there is no effective evaluation process with serious follow up.
- 2- The universal five levels process of Kirkpatrick and Phillips, is an easy tool to measure training programs.

3- Training Return on Investment is a reachable level but it is not accurate due to:

3.1- The difficulty of converting intangible benefits to monetary values.

3.2- The difficulty of isolating training's effects on the employees' performance.

### **3.3 Selected variables:**

#### **3.3.1 The independent variables**

As in every study, there should be certain factors which are not considered constant and whose extent of variation is influential on the overall result; these variables are called independent variables. The researcher has decided to choose the training inputs and activities that are implemented and studied compiled in such a way to have an indication of the effectiveness of training programs. They are presumed to cause or influence the training outcomes. Depending on the study, independent variables include:

1. Effective training needs assessment
2. Content and delivery of the training
3. Timing, format, and location of the training

#### **3.3.2 The Dependent Variable**

All the independent variables mentioned above will give an indication about the effectiveness of the "Up-selling" training program conducted in The Palace Hotel, which affected the employees' action after the training and their efficiency at the job. The dependent variable is the intended aim of training, which is expected to result from exposure to the independent variables. As exposure varies, results may differ, allowing effectiveness to be measured.

### **3.4 Methodology used**

#### **3.4.1 Primary and Secondary Data**

**Primary data:**

1. Conducting interviews with managers in the lodging industry in Lebanon and Dubai who are professionals in Human Resources and Learning and development.
2. Conducting an interview with the Procurement Manager of Unipak Tissue Mill - INDEVCO group – Lebanon, as a trainee who attended several training sessions.
3. Gathering the happy sheet, and learning results after conducting the Up-selling training at The Palace Hotel.
4. Gathering financial sheets and the up-selling figures of the Spa department after conducting the training at The Palace Hotel.

**Secondary data:**

The researcher's secondary data was based on books, articles, papers, studies and documents from:

- \*Universities' Libraries
- \*Electronic search engines
- \*Companies' publications

**3.5 Conclusion**

All of the above mentioned data will be compiled in the five level evaluation process which will be the main part of the methodology. The research will be based on the interviews, their quantitative and qualitative approaching in addition to building on the real figures of sales and benefiting from the results of happy sheets and learning results to complete the five levels approach.

Table 6 is a summary of the five level evaluation process and data collection instruments, these instruments will be used to apply the five levels model on the up-selling training in The Palace Hotel:

Level	Data Collection Instrument
1. Reaction, satisfaction, planned action	<ul style="list-style-type: none"> <li>• An anonymous questionnaire</li> <li>• Questionnaires</li> <li>• Tests and exercises</li> </ul>
2. Learning, increased knowledge	<ul style="list-style-type: none"> <li>• Observations</li> <li>• Job simulation</li> <li>• Peer/self-assessment</li> <li>• On-line testing</li> </ul>
3. Application/Behaviour	<ul style="list-style-type: none"> <li>• On-the-job observation</li> <li>• Completed action plans</li> <li>• Supervisor survey (1-8 weeks after intervention)</li> </ul>
4. Business Impact	<ul style="list-style-type: none"> <li>• Performance Monitoring Records (i.e. output, costs, time, quality, work habits etc)</li> <li>• Action Planning</li> <li>• Programme Assignments</li> <li>• Follow-up sessions</li> <li>• Follow-up questionnaires</li> <li>• Follow-up Focus Groups</li> </ul>
5. Return on Investment	<ul style="list-style-type: none"> <li>(i) Isolate the effects of the training from other factors. (Methods in order of preference) <ul style="list-style-type: none"> <li>• Use of control groups, composed identically, with no cross-contamination</li> <li>• Trend Line analysis</li> <li>• Forecasting Methods</li> <li>• Performers estimate of impact (with Statistical Error Quotient (SQT))</li> <li>• Supervisors estimate of impact (with SQT)</li> <li>• Managements estimate of impact (with SQT)</li> </ul> </li> <li>(ii) Convert the data to monetary value</li> <li>(iii) Tabulate the costs of the training</li> <li>(iv) Calculate Return on Investment</li> </ul>

Table 6. Summary of the five levels process and data collection instruments – source: How effective is investment in training? Aidan Hame, 2005

## CHAPTER 4

### FINDINGS

#### 4.1 Introduction

The evaluation of training forms the remaining part of the training cycle which starts with the identification of training needs, establishing objectives and continues through to the design and delivery of the training course itself. Figure 8 shows the training cycle as described in details in chapter 2.

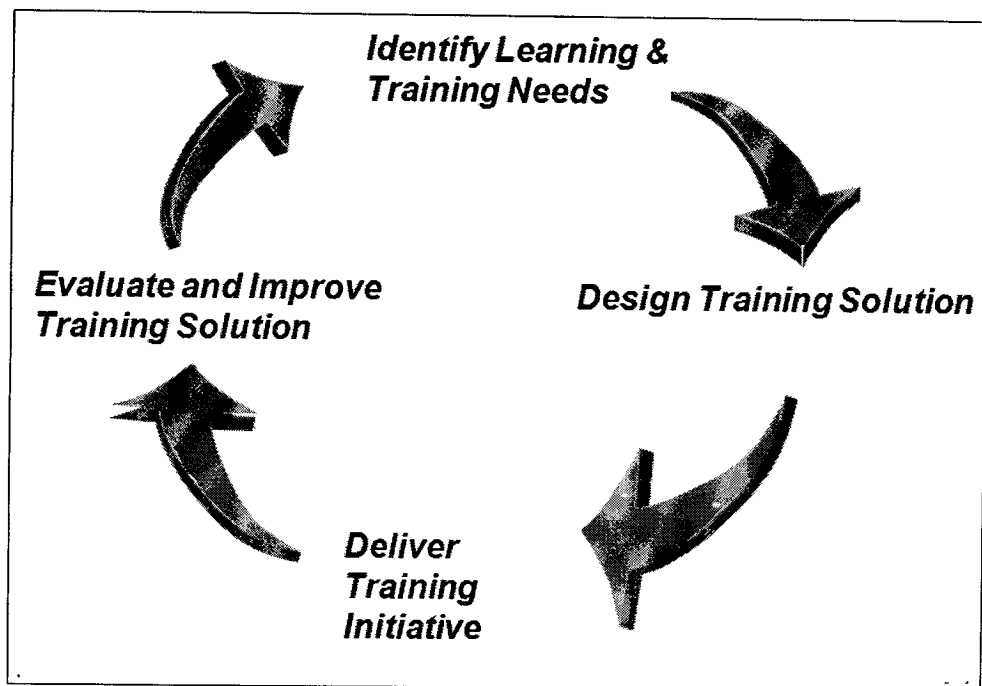


Figure 8. The Training cycle – Source: Return On Investment in Training, Fiona Taylor, 2005.

It is the function of evaluation to assess whether the learning objectives, and the needs for the training originally identified have been satisfied and any deficiency is repaired.

The research methodology will be applied on the training program conducted in The Palace Hotel – The Old Town – Dubai.

**Training Subject:** Up-selling session - Sell With Extra Effort Together



**Name of the trainer:** Diana Mouamar.

**Participants (trainees):** the Spa staff.

**Number of participants (trainees):** 30

**Date:** 5 January 2009

**Location:** On site, in a training room.

**Techniques used:** PowerPoint presentation, lecture, role playing.

**Training Overview:** Up-selling occurs when the customer perceives a clear added benefit or higher value, for the extra money he/she spends. It is the amount he/she did NOT intend to spend in the first place. At the end of the up-selling training, the participants must have acquired the knowledge in different arenas starting with the Palace main revenue generating areas, the importance of generating revenue through up-selling. In addition to the four stages of up-selling techniques not to end with how to Up-sell to any guest visiting The Palace Spa.

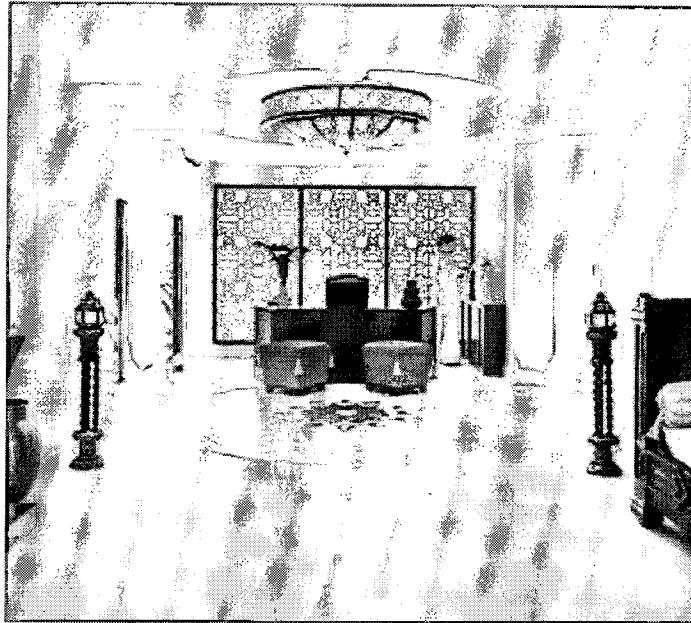


Figure 9. The Palace Hotel Spa – Source: [www.theaddress.com](http://www.theaddress.com)

## 4.2 Findings and discussion of findings

### The 5 levels process

#### Evaluation level and type: 1. Reaction

Evaluation tool used: Happy Sheet. It is a quick survey that was conducted at the end of the training, designed to assess the feelings of the trainees about the up-selling training they received. The reactions of the Spa staff cannot be converted directly into a monetary value for ROI analysis, but it can be an estimate of improved efficiency. Table 7 shows the results of the trainees' reactions towards the effectiveness of the trainer:

Trainees' reactions towards the effectiveness of the trainer						
						TOTALS
						30
Effectiveness of the Trainer	1	2	3	4	5	AVG.
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
The Trainer provided a well-organized presentation	0	0	2	2	26	4.80
The Trainer knew and mastered his subject	0	0	2	0	28	4.87
I felt at ease with the Trainer	0	0	0	2	28	4.93
Trainees understood and communicated well with the Trainer	0	0	2	2	26	4.80
The Trainer provided examples relevant to my every-day work	0	0	0	2	28	4.93
Trainer motivated me to incorporate new practices in my job	0	0	0	6	24	4.80
<b>TOTAL:</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>14</b>	<b>160</b>	<b>4.86</b>

Table 7. Trainees' reactions towards the effectiveness of the trainer

Evaluation description and characteristics: As a general overview, the 30 participants were asked 6 different questions about the effectiveness of the trainer. In total, the evaluator collected 180 responses related to this subject. The answers ranged from "strongly disagree to strongly agree":

As shown in figure 10, 3% of the respondents were neutral towards the effectiveness of the trainer, 8% agreed that she was effective, and 89% strongly agreed that she was effective, mastering her subject, good communicator, and well-organized .

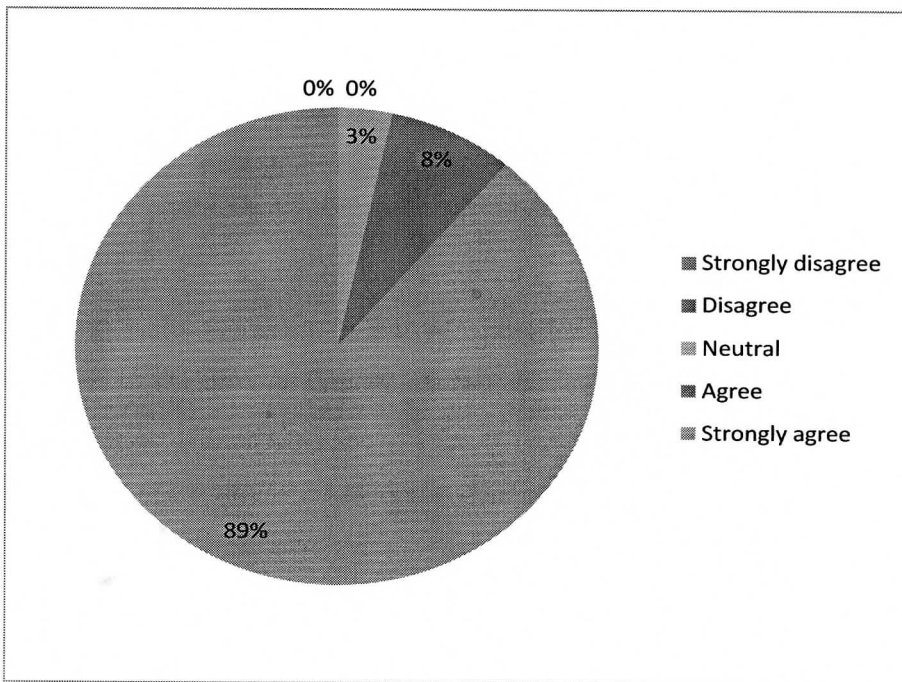


Figure 10: chart of trainees' reactions towards the effectiveness of the trainer

Moreover, in order to generate the average rating of the trainer's performance in this training, weights were given to each answer:

Strongly disagree: 1, disagree: 2, neutral: 3, agree: 4 and strongly agree: 5.

The highest rates were given to the familiarity and friendliness of the trainer and to the real life examples given by her during the lecture. The overall rating showed that the trainees were not disappointed or upset with the trainer; on the contrary she was knowledgeable, friendly, and motivating.

Another example of the trainees' reactions and the effectiveness of the Presentation is shown in Table 8:

Trainees' reactions towards the effectiveness of the Presentation					
					TOTALS
Forms collected:					30
Effectiveness of the Presentation					AVG.
					1
					2
					3
					4
					Poor
					Fair
					Good
					Excellent
PowerPoint presentation:					
a) Slides					0
b) Trainer's lecture					2
Facilitated discussion					8
Small group breakouts					6
Role-plays					22
TOTAL					24
					3.60
					3.67
					3.77
					3.87
					3.80
					3.74

Table 8. Trainees' reactions towards the effectiveness of the presentation

Evaluation description and characteristics: Same logic applies on the effectiveness of the presentation. The 30 participants were asked 5 different questions about the effectiveness of the presentation. In total, the evaluator collected 150 responses related to this subject. The answers ranged from "Poor to Excellent":

As shown in figure 11, 4% of the respondents evaluated the presentation as fair, 19% stated that it was good and excellent for 77% of the participants.

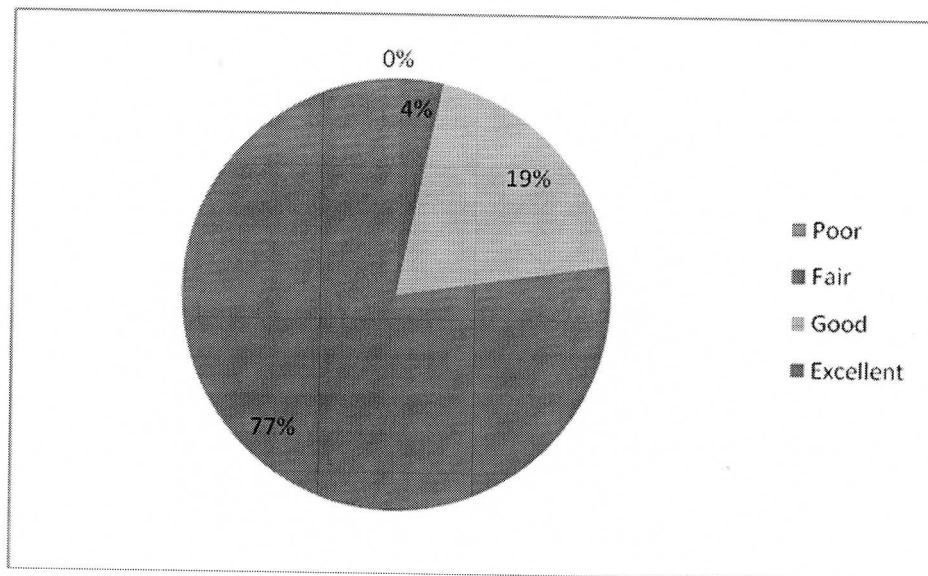


Figure 11: chart of trainees' reactions towards the effectiveness of the presentation

The overall rating of the presentation was 3.74, the highest rates were given to the small group breakouts and role playing.

The participants were asked to write any comment about the program, their positive feedback was obvious; they used short self explanatory answers such as:

“Outstanding”.

“Overall very interesting and knowledgeable session”.

“This training is good for all staff”.

“It was lovely thanks”.

### Evaluation level and type: 2. Learning

#### Evaluation tools used:

- Interviews about the content of the training program.
- Assessment of the knowledge or intellectual capability after the learning experience.

The evaluation of the training content							
		TOTALS					
Forms collected:		30					
<b>Effectiveness of the Training Program</b>		1	2	3	4	5	AVG.
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
The Trainer explained the learning objectives (LO) very clearly		0	0	2	0	28	4.87
The course was realistic enough for LO to be implemented		0	0	2	2	26	4.80
The course answered all my questions related to LO		0	0	2	0	28	4.87
I actually learned new things with this course		0	0	2	8	20	4.60
I found this course interesting and challenging		0	0	0	8	22	4.73
I know how to implement the issues discussed in this course		0	0	0	6	24	4.80
I feel I can perform better in my job after this course		0	0	2	4	24	4.73
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>10</b>	<b>28</b>	<b>172</b>	<b>4.77</b>

Table 9. The evaluation of the training content

Evaluation description and characteristics: As a general overview, the 30 participants were asked 7 different questions about the training program content. In total, the evaluator

collected 210 responses related to this subject. The answers ranged from “strongly disagree to strongly agree”:

As shown in figure 12, 5% of the respondents were neutral, they believed that this training was not relevant to them, this is probably true because they have gone through the same training before in their previous employment. 13% agreed that the learning affected to an extent their knowledge and skills, and 82% strongly agreed that what they have learnt in the program, being clear, interesting and realistic, assisted them in understanding their job requirements well. The better understanding of their duties thus leads to improved quality of work.

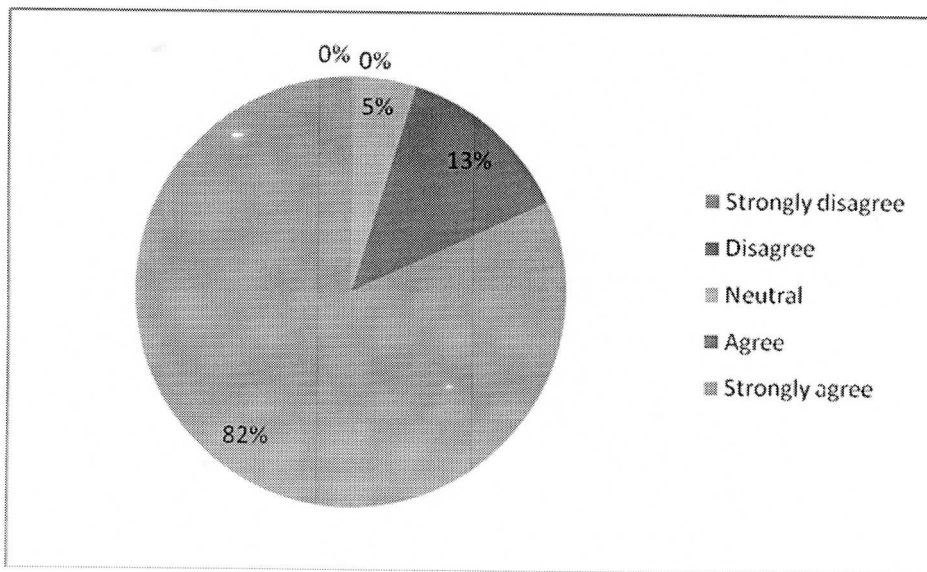


Figure 12: chart of trainees' evaluation of the training content

The highest rates were given to the clear explanation of the content and the role of the latter in answering the ambiguous questions they had before the training.

The overall rating showed that the trainees benefited well from the program's content.

Another example of the trainees' learning evaluation is the assessment of the knowledge acquired after the training:

Assessment of knowledge after the learning experience							
				TOTALS			
Forms collected:				30			
				No answer	Poor	Good	Excellent
What can we Up-sell?				0	2	18	10
Why is it important to know about Up-selling?				1	1	8	20
What are the three biggest mistakes in Up-selling?				0	0	6	24
What are the four stages of Up-selling?				0	0	4	26
<b>TOTAL</b>				<b>1</b>	<b>3</b>	<b>36</b>	<b>80</b>

Table 10. The assessment of knowledge after the learning experience

**Evaluation description and characteristics:** The assessment of knowledge is completed by the evaluator. As a general overview, the 30 participants were asked 4 different questions about the training program content. In total, 120 tests were collected. The answers ranged from “no answer to excellent”:

As shown in figure 13, 30% of the participants acquired good knowledge after the training program, 67% had excellent answers without any mistakes and 3% had either poor or no answers, which reflected their misunderstanding of the content or the attendance to the Up-selling training just for the sake of having a break.

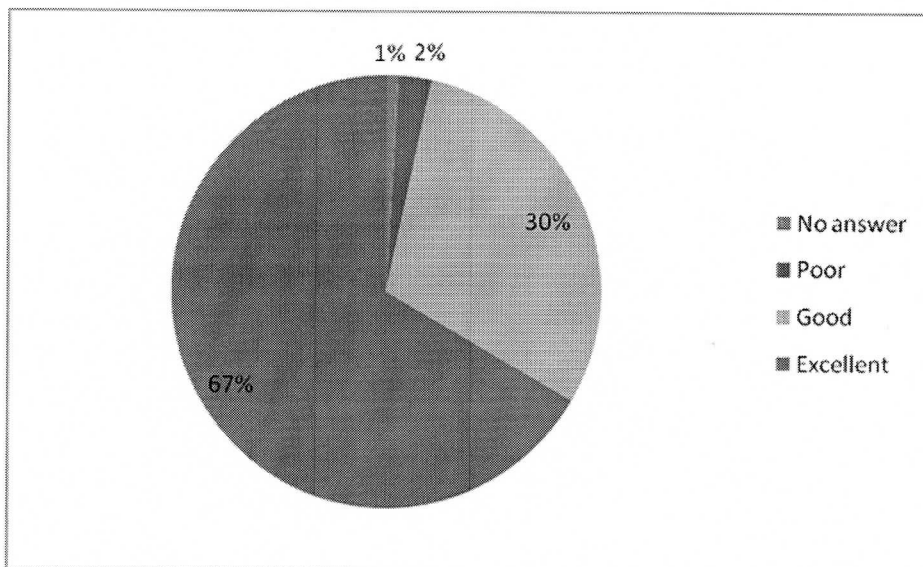


Figure 13: chart of the assessment of knowledge after the learning experience

**Evaluation level and type: 3. Behavior**

Evaluation tool used was an interview conducted over time with the trainees to assess change and sustainability of change.

Behavior evaluation is the extent to which the trainees applied the learning and changed their behavior in the job. It was measured one month after the up-selling training.

Assessment of knowledge and skills application						
Forms collected:	TOTALS					AVG.
	1	2	3	4	5	
<b>knowledge and skills application</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
I learned some specific skills through the Up-selling training	0	2	0	2	26	4.73
I use my knowledge to improve my performance	0	1	1	7	21	4.60
I use my knowledge to train others	0	5	0	2	23	4.43
I perform a better job after attending the training	0	2	0	6	22	4.60
I make good decision related to my current job	0	0	0	7	23	4.77
<b>TOTAL</b>	<b>0</b>	<b>10</b>	<b>1</b>	<b>24</b>	<b>115</b>	<b>4.63</b>

Table 11. The assessment of knowledge and skills application

Evaluation description and characteristics: As a general overview, the 30 participants were asked 5 different questions about applying the acquired up-selling skills and knowledge, back at the job. In total, the evaluator collected 150 responses related to this subject. The answers ranged from “strongly disagree to strongly agree”:

As shown in figure 14, the majority, 77% , of the respondents believed that the training program provided to them, have improved their knowledge and skills so that they can perform their duties better. 16% were more conservative but 7% of the respondents were neutral or did not agree to apply what they have learned. It is worth noting that 5 participants out of 30 were not ready to train their colleagues, even though some of them use the skills in their jobs but they were not convinced that they have to transfer the knowledge to others.



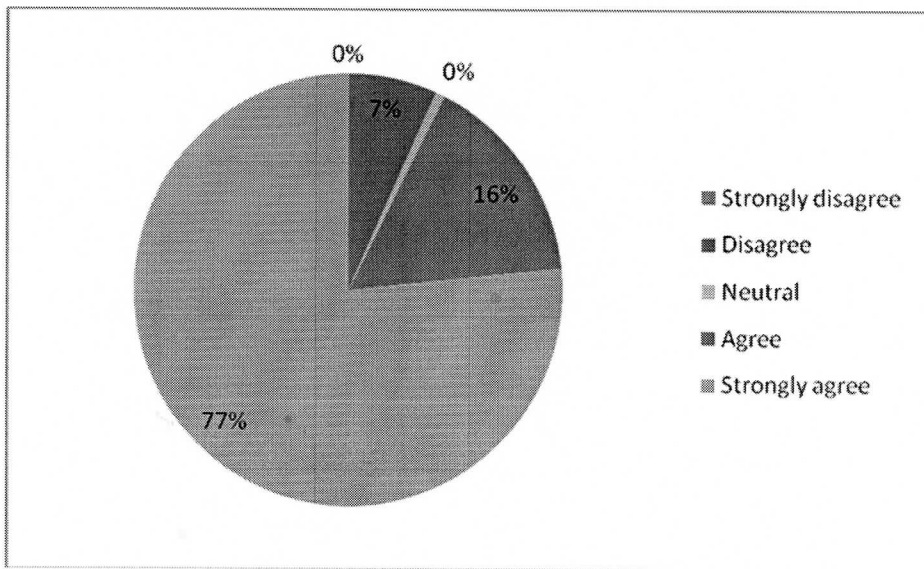


Figure 14: chart of trainees' evaluating knowledge and skills application

#### Evaluation level and type: **4. Results**

##### Evaluation tools used: Sales reporting

a-) Hard data used: the Spa Up-selling figures from January 2009 till December 2009. These figures, in Arab Emirates Dirham - AED, do not represent the overall sales of the Spa department, but they correspond to the sales of Spa products while using the up-selling skills acquired from the training. For example, up-selling occurs when selling a private suite for the weekend in the Spa for a couple. It can also occur when spa staff effectively market and sell the spa major brands: Carita for facials, Decleor for body treatments, Les Sens de Marrakech for all Oriental treatments. Table 12 shows the Spa up-selling monthly figures from January 2009 till December 2009:

Spa Up-selling from Jan 2009 till Dec 2009											
Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
AED 33,675.00											
		AED 33,467.00									
						AED 31,516.00					
					AED 30,262.00						
	AED 28,830.00						AED 29,554.00				
											AED 26,110.00
								AED 25,263.00			
				AED 23,475.00							
										AED 22,364.00	
									AED 18,245.00		
			AED 16,775.00								

Table 12. The Up-selling spa figures from Jan 2009 to Dec 2009

The total of up-selling is 319,536 AED for the year 2009. This figure represents the extra AED generated from the Spa, not the Spa total sales.

b-) Soft data used: As Ms. Diana Mouamar mentioned in the interview, she collected managers' surveys and selling records on regular basis (Appendix 2). The employees in that department were enthusiastic about the up-selling. The managers were supporting the employees and were encouraging them to Up-sell in order to make significant growth and compete against the up-selling of the receptionists and the F&B department.

#### Evaluation level and type: 5. ROI

When the ROI formula is developed, evaluation must be conducted at all five levels. The researcher already assessed the reaction, learning, behavior and impact of the training program. At this point, the Learning and Development department stopped the evaluation, all the following figures were collected by the researcher with the assistance of Ms. Diana Mouamar in supplying the sales figures, the design and development, delivery and evaluation costs. Level 5, ROI can be calculated by converting productivity and quality improvements to the monetary values and comparing these to the full training program costs to yield an ROI value. At level 5, the ROI measurement compares program's level 4 monetary benefits with the program costs.

Once the above data is collected, the next step of the ROI analysis begins by isolating the effects of training on the data items. The method used to isolate the effects of training is the use of control groups. The F&B and the reception departments' staff were the control groups against the experimental group, the Spa department staff. Below are the sales figures per quarter of the three departments for 2008 versus 2009.

The Palace The old Town Hotel															
Sales Figures - 2008 vs. 2009 (in AED)															
Dept.	Q 1 -08	Q 1 -09	% Var	Q 2 -08	Q 2 -09	% Var	Q 3 -08	Q 3 -09	% Var	Q 4 -08	Q 4 -09	% Var	Total 08	Total 09	% Var
Rooms	16,744,374	18,418,811	10.00%	13,850,355	15,027,635	8.50%	18,950,326	21,101,188	11.35%	13,432,441	15,339,848	14.20%	62,977,496	69,887,482	10.97%
F&B	12,271,568	13,468,046	9.75%	11,154,230	12,193,804	9.32%	14,930,527	16,543,024	10.80%	10,729,948	12,114,111	12.90%	49,086,273	54,318,985	10.66%
Spa	442,216	573,565	29.70%	395,127	501,200	26.85%	499,704	636,007	27.28%	431,820	541,721	25.45%	1,768,867	2,252,493	27.34%

Table 13. The general sales figures of the three main departments for 2008 vs. 2009

As shown in Table 13, the overall growth of the control groups is approximately 10% while the growth of the Spa, experimental group, is approximately 27%. The up-selling training effect is the difference from the 10% normal growth compared to the year 2008.

If the Spa staff were not trained to up-sell than the growth would have been only 9.2%. The researcher benchmarked the sales increase in the Spa to the sales increase in other departments such as the F&B sales and the reception sales.

The next step is to convert collected data to monetary values. The researcher used the up-selling sales figures of the year 2009 as the hard data.

Following in Table 14 is the calculation of the costs for the training. It involves monitoring and developing all related costs of the program:

Duration of training	10 hrs
Number of trainees	30
Period over which benefits are calculated	12 months
<b>Costs</b>	
<b>Design and development cost</b>	
Training staff salaries (for 5 days)	AED 5,630.00
Program materials and supplies	AED 500.00
<b>Delivery cost</b>	
Training staff salaries (for 1 day)	AED 1,124.00
Trainees' salaries (for 1 day)	AED 3,693.00
Meals, incidental expenses	AED 1,700.00
Materials and program charges	AED 500.00
Facilities expenses	AED 200.00
Opportunity cost (of trainees and supervisors)	AED 9,500.00
<b>Evaluation cost</b>	
Training staff salaries (for 7 days)	AED 7,868.00
office supplies and expenses	AED 250.00
<b>Total Program cost</b>	<b>AED 30,965.00</b>
<b>Benefits</b>	
Labour savings	AED 50,500.00
Productivity increases (for 1 year)	AED 319,536.00
<b>Total benefits</b>	<b>AED 370,036.00</b>
<b>Return on investment</b>	<b>1095.01%</b>

Table 14. The final calculation of ROI

The training program had approximately 1,095 % ROI within one year. It indicates that for every 1\$ invested, 10.95\$ are returned after the cost is covered.

### 4.3 Validated Hypotheses

Training is an effective tool for enhancing profitability in business organizations, but managers cannot rely on their feelings and their trust in the trainer to support the effectiveness of a training program. Real evidence and numbers are the proof behind any training conducted. Pursuing this further, the researcher has revealed three hypotheses as mentioned in chapter 3, after taking the case study of the up-selling training in The Palace Hotel, it is time to examine the validity of the hypotheses:

- 1- Training Programs are perceived as essential permanent practices, but there is no effective evaluation process with serious follow ups. The hypothesis is accepted. As

Ms. Diana Mouamar stated in the interview (Appendix 2), The Palace Hotel management considers training as an amazing tool for the staff which assists them in getting more organized and delivering a better service. That's why in 2009, the Hotel management invested 1,000,000 AED to support the Learning and Development department. In her opinion, after the training is completed, going back to the Training Needs Analysis, the first step in the Training Cycle, and comparing what the employees reached after the program with what was intended to be reached before the training is the best evaluation process. But when it comes to implementing evaluation, she reached till the third level of the Kirkpatrick's process. She believes that happy sheets, learning questionnaires and behavior assessment are enough to evaluate training effectiveness. The interviewee did not mention the "level four which is the most important step and perhaps the most difficult of all" (Kirkpatrick, 1959). At this level tangible results explain well how much effective was the training session, because a trainee can have positive results in the reaction, learning and behavior, but he/she may not be able to sustain the positive effect of the Training when performing the job.

- 2- The universal five levels process of Kirkpatrick and Phillips, is an easy tool to measure training programs. The hypothesis is accepted. The researcher with the assistance of Ms. Diana Mouamar could complete the evaluation process with no trouble. This model is comprised of five levels, all of which are interdependent and sequential. "According to the two popular ROI theorists, Kirkpatrick (1959) and Phillips (1996), the five levels process is easily implemented. A research reveals that these popular models are used successfully by Fortune 500 companies as well as small businesses" (Harris, 2007). The process implementation including the calculation of the ROI, yielded results in every level.

The reaction - level 1, which cannot be converted directly into a monetary value for ROI analysis, can be an essential part in calculating the estimate of improved efficiency. It is used to describe the basic reaction of the Spa staff towards the training in general. 77% to 89% of the respondents strongly support the effectiveness of the trainer and the presentation. Meaning that the majority of the attendees were

satisfied with what was presented though financial results may not be immediately tangible from this level of evaluation, long term analysis can show if such positive reactions impact the company at a financial level.

At the learning - level 2, 82% strongly agreed that what they have learnt in the program was clear, interesting and realistic which assisted them in understanding their job requirements well. Furthermore, the evaluators used assessment tests of overall knowledge. It is a comprehensive assessment, typically consisting of several questions, to evaluate the trainee understanding of the material presented, and to identify core areas for training. 30% to 67% of the responses ranged from good to excellent. Such assessment ensures that a hotel's time and money were not wasted on unnecessary or redundant training. While these results are not monetary in value, they indicate the basic levels of knowledge a trainee is attaining through the training program. It should be stated, however, that such tests are never meant to indicate that the trainee is ready immediately to begin performing the up-selling tasks.

The behavior - level 3, is a more challenging measurement procedure. Training administrators at this level must ensure that the content learned by attendees is turned into on-the-job abilities. Thus, when management representatives inspect the behavior of a worker to see the impact of training, they can then keep a record of their progress. On the other hand, 77% of the training attendees believed that the training program provided to them, have improved their knowledge and skills so that they can perform their duties better. Following this further, it is up to the training administrator and the supervisors to examine the validity of what the trainees stated and the evidence on their improved up-selling skills will be shown in the result level 4, which converts behavioral analysis into a monetary equivalent.

The results - level 4, is inevitably the most analyzed factor in any company's calculation of the training net benefits. At this level, the hotel management took into account the other three levels, and calculated the total net benefits of the program as a whole. The total of up-selling is 319,536 AED for the year 2009. This figure

represents the extra AED generated from the Spa, not the Spa total sales. Ms. Diana Mouamar got the up-selling figures from two sources: the Spa managers who kept records of the amount and the employee who up-sold a product, and from the finance department (Appendix 2). The managers at the Spa, available on site, could track the customer. If he/she came with the sole intent of a facial massage but left with a facial cream, then up-selling is recorded, it is equivalent to the price value of the cream sold. Or when a customer comes for a 30 minutes massage, but stays for a 60 minutes massage, up-selling figure is equivalent to the price value of the extra 30 minutes sold. The up-selling also occurs when a customer who came to renew the one month membership, bought instead, a three months membership... The net benefits value is finally a dollar amount that can be placed on the entire training process, and will be used in the final ROI calculation.

To generate the ROI - level 5, net costs must be identified and compared to the results of level 4. In order to arrive at the final net costs of a given training program, consideration needs to be given to more than just the cost of the program itself.

Following is an overview on the training expenses:

\*Training design and development cost depends on the salaries of the trainers, and the scope of training, such as text and content development, class syllabi... The development process of the up-selling training took five days to be completed; the total cost is 6,130 AED, as shown in table 14.

\*The Program's delivery costs consist of:

1. The training staff salaries for 1 day and the 30 trainees salaries, including managers, for 1 day.
2. The meals and incidental expenses
3. The materials used: handouts, pens and any other supplies used in the process.
4. The facilities expenses for conducting the training on-site, such as: the electricity expenses in the training room.

The total program delivery cost is 7,217 AED.

\*The opportunity cost due to the closing of the spa for one day, generated in 9,500 AED cost of lost opportunities in selling.

\*The program's evaluation costs include the training team salaries for 7 days and the material used to gather the information and generate the result. Total cost is 8,118 AED.

After identifying the expenses, the net benefits resulting only from the up-selling training program, are the total up-selling figure for 2009: 319,536 AED. Adding to them the labor saving's approximate benefit, 50,500 AED. It is worth noting that the labor savings after the up-selling training were achieved due to sound and planned ordering of the Spa products from the supplier which reduced dormant stocks.

After going through the five levels model, the evaluation development started with the reactions towards the skills of the trainers and the effectiveness of the techniques that they used. And finalized the process with the tracking of costs verses impact, as shown in table 14, where the revenues and the costs were clearly defined and classified, yielded a 1095% ROI.

- 3- Training Return on Investment is a reachable level but it is not accurate. The hypothesis is accepted. The two most popular reasons for failing to calculate ROI are: the barriers to obtaining valid and reliable information to be used in the calculation of the percentage and the lack of interest in the process (Harris and Kline, 2005; Flynn, 1998; Philips and Phillips, 2002). As the Human Resources Manager at Le Vendome Hotel, Ms. Jihane Akiki stated, "ROI cannot be calculated, it is a loss of time". She measures training effectiveness but not through the five levels process. Ms. Akiki uses the customer and employee satisfaction surveys along with the sales reports to track the improvement after a certain training program (Appendix 1). "According to a study conducted by Harris and Kline (2005), HR executives from top lodging companies reported that they did not calculate ROI, but rather relied on



customer feedback cards and turnover rates to “guesstimate” the value of their department to the overall bottom line of the organization” (Harris, 2007).

Both Kirkpatrick and Phillips begin their explanations of ROI by stating that complete accuracy in ROI calculations is not possible (Harris, 2007). It is true that there are benefits in knowing the ROI of training, at the same time it is part of the HR manager’s job, to prove the impact of the training on the success of an organization, and to identify the costs associated with the program. However there is a difficulty in converting intangible benefits to monetary values. The decreased turnover, positive feedback from guests, reduced expenses due to mistakes are all indicators of quality impact which cannot have a monetary value. Furthermore, the associates’ personality, work ethic, motivation, esprit de corps, willingness to learn, and attitude are factors that affect performance, making training and application of skills, knowledge and abilities difficult to be adequately measured. All these factors reflect what the interviewees from Le Vendome and The Palace hotels really believe. As Ms. Akiki said: “I’d rather conduct satisfaction surveys instead of losing the time in measuring the training ROI. My ultimate aim is to develop people, to have satisfied customers, in order to increase the hotel’s profitability” (Appendix 1). The difficulty of isolating training’s effects on the employees’ performance, is another barrier to accurate ROI calculation. According to the five levels model, results after the training must be isolated from any other factor. HR evaluators can rely on the control and experimental groups, trend line analysis based on projected values or supervisors’ estimates but these can be approximate because of the subjectivity of the human factor, that ultimately include error. In addition to the abovementioned aspects, external factor play a vital role in affecting the accuracy of the information, such as seasonality, war, crisis... factors that can have positive or negative impact on employees’ performance

#### **4.4 Conclusion**

Finally, when the researcher asked Ms. Diana Mouamar if the Learning and Development department measures training effectiveness, she answered that they do it, but they never reached or tried to calculate the training ROI. They limit their evaluation to the level 3,

behavior. According to her, measuring training ROI is difficult and time consuming: “I’d rather spend my energy in identifying the needs for a training, in terms of organizational analysis and person analysis and in designing the training process then by measuring if it has returned its costs” (Appendix 2).

Then she added that training ROI can be measured but mostly for training having quantitative outcomes such as sales figures, easily converted to monetary values, but not for a training of negotiation skills or anger management. She strictly believes that there are intangible benefits in all kinds of trainings like the satisfaction and motivation of employees, which can never be converted to monetary values, even though they have the highest effect on performance.

She elaborated by saying that she mainly focuses on post training – happy sheets, and managers’ assessments and highlighted that the pre-training objectives, if well defined and clear, can be the benchmark of post-training performance. “We sit with managers and supervisors and get their feedback and follow up surveys. I simply ask the question: did the employees in the department reach what was intended to be reached?”

Taking into account how they evaluate training effectiveness at The Palace Hotel and relying on the five level process results, the effectiveness of training programs and the performance of the employees are directly proportional. But the five levels process can be fully applied to a certain extent, taking into consideration the difficulty in giving monetary values to intangible benefits.

## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

To measure training is one of the key components on how a business will succeed. If a training program is proven to be effective, it will definitely yield to positive results, perhaps more than what is desired by the business organization. However, measuring the effectiveness of training is one of the biggest challenges of firms today. Once the trainees go for executing what they have learned, their performance will significantly impact the overall achievement of the program.

The researcher can definitely say that completing the five levels process till the ROI calculation is an invaluable tool for evaluating the effect of the up-selling training in increasing the Spa sales at The Palace Hotel. The model converted the results into quantifiable terms which ultimately allowed the hotel to recognize the returns in money for every dollar invested into the program. This conclusion is due to previous studies in this field and to the findings of the researcher. However using the five levels model, even though it is a popular and critical if departments are to justify their existence, but it has its limitations. The researcher believes that the variability of the human factor, timeliness of information, and accuracy of all information include error which affects the confidence level of any calculation related to ROI. The cost allocations, the benefits of training and many other financial calculations are approximate, but necessary to give a benchmark of success or prediction of failure.

#### 5.2 Main findings analysis

The Palace Hotel is applying the universal practices of conducting and evaluating employees' performance after the training. The evaluators, at the hotel, are reaching till the

third level. The completion of the process to the fifth level was the contribution of the researcher. The ROI demonstrated 1095% return on training investment. In other words the benefits (outputs) of training exceeded its costs (inputs).

The measurement of an intangible service, such as training, is feasible and correct to a certain extent. Measuring training effectiveness involves the variable of humans with all of their likes, dislikes, beliefs, talents, skills, abilities, disabilities and histories. While tracking scores on performance tests, benefits, and other measurable information, is an achievable accounting activity, attaching monetary figures to the level of success or failure of an organization based on human performance and reaction to training is impossible. To “value” an employee is an estimate, a benchmark based on guess and one that includes error (Harris, 2007).

The human factor has been and will most likely continue to be the influencing variable that cannot be rounded up; however, the cost verses benefits of human capital, even if not entirely complete, can be measured with the understanding that a certain amount of error is to be expected.

Pressure continues to build for human resource directors to justify their investments in training and to valuate their existence with more enthusiasm than simply providing humans trained to the point of maintaining day-to-day business. In order to compete on the local and global scale, hotels need to constantly examine the best ways to both use their existing workers and bring on new workers to expand their operations. Hence, training programs allow organizations to control staff performance, enhance productivity and facilitate the continued growth and excellence in the lodging industry. This is perceived as a strategic choice for their well being especially when it yields more positive returns on the human investment.

### **5.3 Limitation of the research**

A significant part of the results that the researcher has arrived to is from the three interviews and the hard data given by The Palace Hotel management. Such data should be handled with some caution before being generalized because it has been answered with a certain percentage of subjectivity and approximate figures. In addition, the researcher has found some difficulty in finding a representative sample of hotels, which conduct training

programs, so the research was limited to only The Palace Hotel- the Old Town. Another main obstacle was the hesitation of many, including the Human Resources manager at Le Vendome Hotel, who was very conservative in giving time and information for confidentiality reasons. This shows that this topic needs to be explored in more depth, the thing which should be done in further studies and research.

#### **5.4 Recommendations**

In order to increase the organizations' training effectiveness, what can be done with more focus is selecting training programs that are immediately applicable to jobs for which people are hired. As Mr. Anthony Osta, procurement manager at Unipak Tissue Mill stated: "every year INDEVCO group conducts several training programs. They have a budget for training and development per employee so sometimes they make me attend training programs which are not needed or not in the scope of my job. Training programs are not always well planned" (Appendix 3).

Another recommendation is the use of experiential learning, in other words, performing workshops during the training session. Mr. Osta was firm when he said: "In lecture, I focus and understand 30% of what the trainer is talking about while when I attended the Scotwork negotiation skills workshop, I was 80% concentrating. The trainers asked me to stand up, and start negotiating with one of the trainers. The experience was filmed and after I finished, they played the film again and I could see myself negotiating at the same time I could understand better my mistakes. Scotwork training affected significantly my job performance, because as a procurement manager, negotiation is the center of my job. But training programs such as anger management or time management were not at the level of what I do, not the scope of my job. All what I do at these training programs, is relaxing and taking a break from work. Consequently, nothing is stuck in my head, which is not reflected in my job" (Appendix 3). Ms. Diana Mouamar explained further that "There is a learning curve, once the person practices the theory during a training, this curve increases while on the job until it becomes a flat line, it becomes a routine at work. Workshops turn training into learning and focus on experiential learning which will absolutely lead to increased ROI" (Appendix 2).

When the training program takes place as a result of a need for improvement not as a trend, it becomes most effective which ultimately results in positive outcomes at the job.

### **5.5 General conclusion**

The objective of this thesis is to show how The Palace Hotel in Dubai evaluates the effectiveness of its training programs, taking the up-selling training, for the Spa staff, as the case study. Finding evidence that the training was a success is by adapting a universal model of training evaluation, the five levels process of Kirkpatrick and Phillips. Measuring effectiveness of the training is about quality of several factors: the quality of the trainer; the features of the presentation, the specificity of learning objectives, the way the training design is put together to match the particular needs of the learners and the crucial element of managerial reinforcement afterwards...

The findings of the researcher revealed the positive impact of the training on the Spa staff. up-selling figures, as result of the training, generated a sales growth of 27% for 2009, exceeding the growth of other competing departments. However, while working on the five levels model, barriers were on the way implying some limitations. The calculation of training effectiveness, involves the intangible benefits of the human performance after a training is conducted, and the difficulty in isolating training effects from other changes in the business environment.

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## APPENDICES:

### Appendix 1:

Interviewee : Ms. Jihane Akiki (jihane.akiki@ihg.com)

Position: HR Manager - Le Vendome Hotel – Lebanon

Kind of Business: Hospitality management

1-) As HR Manager at Le Vendome Hotel, you conduct training programs regularly, how do you measure their effectiveness?

The HR department measures training effectiveness by making in depth reading of the sales reports, the customer satisfaction surveys and the employee satisfaction surveys.

2-) Do you know Kirkpatrick and Phillips five level process of evaluating training effectiveness ?

Yes, I know them, but I do not use them for evaluating the training programs. I use the above mentioned reports and surveys and ask the direct supervisors about the performance of employees who attended the training programs.

3-) Does this mean that you do not measure training effectiveness by its return on investment (Phillips)?

In my opinion, ROI is not always relevant in any training it can only be measured after the training programs of strategic selling skills and up-selling skills because results can be tangible.

4-) Can you give me a true example of how you evaluate your training programs ?

We have sales people who visit pharmaceutical companies, travel agencies, business corporations, embassies and governmental entities in Lebanon. They introduce the hotel, and make offers in case these potential customers expect visitors or want to conduct seminars and conferences in the hotel. The target of these sales people is to achieve the most “room nights”. Fifty room nights’ means getting one room or more per night for 50 different nights. I gather the pre-training sales figures and compare them to post- training sales figures. That’s why I told you at the beginning that I go over the sales reports especially after the training

program. BUT we do take into consideration the isolation effect because we have no control over them. Let's consider sales person X handling the pharmaceutical companies, and another sales person Y handling embassies and governmental institutions. The effect of training is not always 100% accurate because not all sales people have the same accounts, the same segment, each one takes care of a different segment at the same time I cannot isolate the external effects, one might have a seasonality effect but another may not, we don't have two in one segment.

Another example is up selling which means convincing the hotel customer to buy a suite instead of a room with the effort of the concierge, or to sell the customer an expensive bottle of wine with a fish diner in "Au premier" restaurant.

5-) Why you never tried the five levels process including ROI calculation ?

HRs are exaggerating, ROI cannot be done, if I only measure training the trainer cost, I have to go all the way to the cost of ticket, salary, travel expenses, opportunity cost, my mental effort to develop and design the training program... I'd rather conduct an employee satisfaction survey, a guest satisfaction survey and a selling report of the sales people instead of losing the time in measuring the training ROI. It is a loss of time. Why to go to the lengthy equation in order to know if the training I conducted covered its costs through its benefits? My ultimate aim is to develop people, to have satisfied customers, in order to increase the hotel's profitability.

6-) Would you like to add anything ?

I simply want to say : ROI CANNOT be calculated.

## Appendix 2:

Interviewee : Ms. Diana Mouamar

Position: Learning & Development Manager at The Palace Hotel – The Old Town - Dubai.

Kind of Business: Hospitality management

1-) As HR Manager at The Palace Hotel, you conduct training programs regularly, how do you measure their effectiveness?

First, I would like to say that at the Palace Hotel, we consider training as an amazing tool for the staff which assists them in getting more organized and delivering a better service. Back to measuring training effectiveness, we mainly focus on post training – happy sheets, learning questionnaires and behavior assessment. Enough I think. In addition to that we use mystery shoppers, these are people who act as real customers while they are in reality recording all the actions of the employees and then provide detailed reports or feedback about their experiences.

2-) Do you know Kirkpatrick and Phillips five level process of evaluating training effectiveness ?

Yes, I know them, but I do not use all the levels for evaluating the training programs. After a training program is conducted, we go back to the training needs analysis which is in my opinion very important and basic measurement of effectiveness of training. Why? Because by planning and designing the training, after its completion, the assessment is necessary to evaluate the performance of the trainees, did they reach what was intended to be reached? To answer this question we accomplish the first three levels of Kirkpatrick.

3-) Does this mean that you do not measure training effectiveness by its return on investment (Phillips)?

We never did. In our opinion ROI is approximate, not accurate, but it can be applicable in the cases of sales. We can measure training ROI mostly in sales figures, in variables that can be converted to monetary values. But still I believe that there are intangible benefits like the satisfaction of employees and their motivation which can never be concrete results.

4-) Can you give me a true example of how you evaluate your training programs ?

For example: welcome calls to the hotel, we give the receptionists happy sheets to fill, learning questionnaires about what they learned and acquired in the training program, and

we monitor their behavior through supervisors' surveys. BUT how can the hotel measure accurately how much the welcoming and the etiquette of the receptionists contributed to increase our customer base and therefore raise business profitability, this is hard to measure.

5-) Why you never tried the five levels process including ROI calculation ?

We evaluate using the 3 levels: Reaction, Learning and Behavior. We never tried the ROI calculation because as I mentioned before the results cannot be isolated due to several variables. Moreover, the management is convinced that whatever we do, we do it right, so no need to evaluate our effect on the employees, through training. We are, as a department, highly supported by the higher management, which invested 1 million AED in 2009 for training activities.

6-) After conducting the up-selling training, how ? from where? You got the up-selling figures?

After the training was completed, I got the up-selling figures from two sources: the Spa managers who keep records of the amount and the employee who up-sold a product. And from the finance department.

7-) How accurate can they be ?

The managers are always present on site and they know what was the customer intending to buy and what they have sold him/her. For example: a lady visits the Spa for a facial massage only, she leaves with a kind of cream that was recommended to be used. Another example: when a customer comes for a 30 minutes massage, the staff convince him/her to make double the time massage, 60 minutes, and pay less than the double. A third example: is when a customer which has a one month membership, when he/she comes to renew it, the staff convince him/ her to buy the three months membership and pay less than three times the value.

8-) Besides recording the up-selling activity of the employees, what was the contribution of the managers on site?

Besides recording the sales figures, the managers played a vital role in pushing the staff to up-sell and supported them when needed. They encouraged them to compete against the other major departments, the reception and the food and beverages. At the end of the year 2009, total sales figures of these three departments compared to the figures of 2008, revealed

the percentage growth of each one of them. Up-selling at the Spa played an important role in having the highest growth among the three departments. The total of the up-selling sales was 319,536 AED for the year 2009.

7-) Can you give us the approximate totals of the list below:

- Training staff salaries per month: ~ 29,300 AED
- Program development materials and supplies cost (for 5 days): ~ 500 AED
- Average of the 30 Trainees' salaries per month, including the managers: ~ 96,000 AED
- Meals, incidental expenses (for 1 day) : ~ 1,700 AED
- Materials and program charges (for 1 day) : ~ 500 AED
- Facilities expenses (for 1 day): ~ 200 AED
- Opportunity cost (of trainees and supervisors) (for 1 day): ~ 9,500 AED

8-) What is labor saving as a result from the up-selling training , and can you give us an approximate value?

Labor saving after the up-selling training was achieved due to sound ordering of the Spa products, creams, candles, essences...from the supplier which reduced dormant stocks. Moreover the team focused on selling available stocks. I can give you an approximate total of labor saving: ~ 50,500 AED.

9-) Would you like to add anything ?

Yes sure. Training and learning are complementing each other in the training business nowadays. Training is a kind of learning for adults, it can be most effective if it focuses on experiential learning, or in other terms workshops. Workshops are training classes or seminars in which the participants work individually and/or in groups to solve actual work related tasks to gain hands-on experience. There is a learning curve, once the person practices the theory while in a training, this curve increases while on the job until it becomes a flat line, it becomes a routine at work. After this flatness, the performance starts to diminish in quality, so workshops must be insured permanently.

Workshops turn training into learning and focus on experiential learning which will absolutely lead to increased ROI.

### Appendix 3:

Interviewee : Mr. Anthony Osta.

Position: Procurement Manager – Unipak Tissue Mill – INDEVCO Group.

Kind of Business: Manufacturers of virgin and recycled tissue parent reels for the UK, Europe, the Middle East and Africa.

1-) From a trainee point of view, what are the techniques that Tissue Mill uses to train you ?

There are two kinds of training programs: lectures and workshops. Personally, I am more interested in workshops.

2-) Why?

In lecture, I focus and understand 30% of what the trainer is talking about while when I attended the scotwork negotiation skills workshop, I was 80% concentrating. The trainers asked me to stand up, and start negotiating with one of the trainers. The experience was filmed and after I finished, they played the film again and I could see myself negotiating at the same time I could understand better my mistakes.

3-) Have you ever been evaluated after a training program ?

Not really. Directly after the training, my manager asks me to fill a form about my reactions and what I learned. I sometimes complete forms which have to be filled by him, about my behavior at work but he asks me to fill it instead of him.

4-) How often do you attend training programs?

Every year INDEVCO group conducts several training programs. They have a budget for training and development per employee so sometimes they make me attend training programs which are not needed or not in the scope of my job. Training programs are not always well planned.

5-) How much does a training program really affect your performance at the job?

As I mentioned before, scotwork negotiation skills training affected significantly my job performance, because as a procurement manager, negotiation is the center of my job. But training programs such as anger management or time management were not at the level of what I do, not the scope of my job. All what I do at these training programs, is relaxing and taking a break from work. Consequently, nothing is stuck in my head, which is not reflected in my job.