

ROI on Corporate Learning

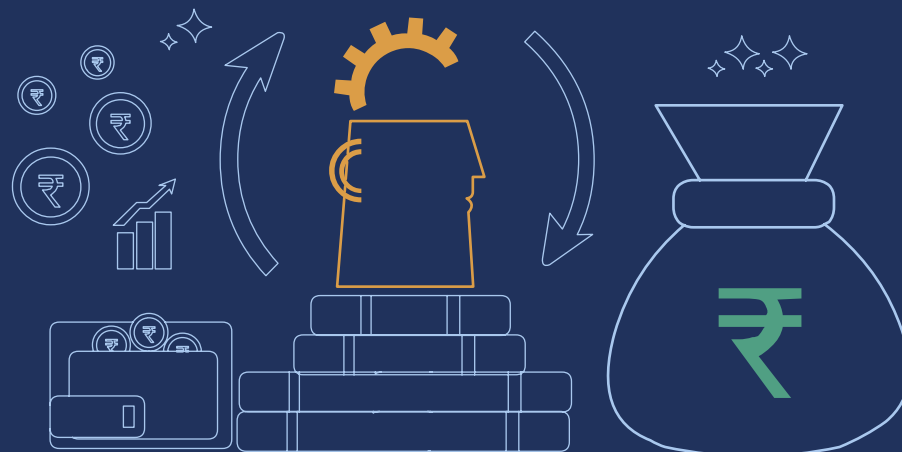
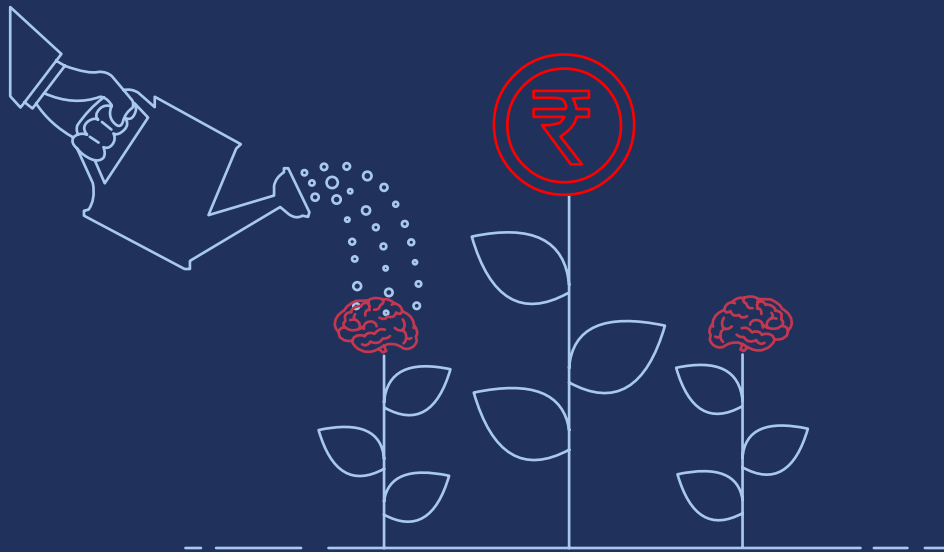


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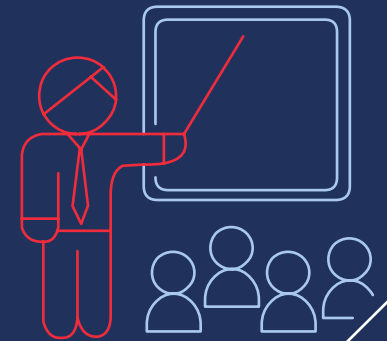
EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Learning and development in any organisation is crucial to aligning employee goals and performance with the objectives of that organisation. L&D programmes have become a vital business strategy to create a skilled workforce through strategic L&D initiatives, successfully bridging the skills gap. Employee learning and development initiatives are worth the investment because replacing talent is far more expensive than retaining the existing workforce. A highly committed workforce not only leads production but also drives higher levels of sales, revenue, and customer retention and satisfaction. Many organisations are tremendously increasing their investment in L&D but are still struggling to increase engagement among the workforce. The bigger picture of such a challenge is that the changing demographics of the workforce and the dynamic world of work are encouraging employees to be ambitious, loyalty-lite, tech-savvy, hyperconnected, and hungry for success. In a way, they are bringing unique learning demands and expecting organisations to adapt L&D strategies to meet their necessities for workforce growth and development.

However, despite the huge amount of investment in L&D, organisations are failing to engage their workforce. This apathy is adversely impacting various elements of the business. This report attempted to examine the shifting expectations of the workforce on learning engagement and the definitive impact on elements such as productivity, sales, attrition, efficiency, acquiring new skills, and customer retention. While the benefits of L&D are many, when it comes to analysing the ROI, a careful analysis was undertaken for the report by understanding all the direct and indirect costs as well as benefits and quantifying their impact on the business.



INTRODUCTION

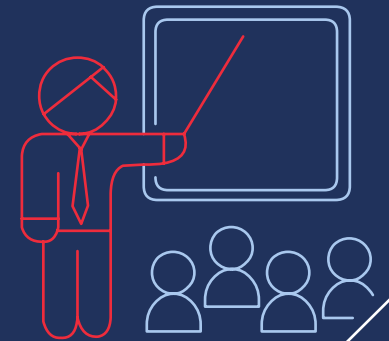
Corporate learning and development programs have long been a staple of modern businesses, enhancing employees' skills, knowledge, and performance. These programs can take many forms, such as on-the-job training, mentoring, e-learning, and formal classroom instruction.

In the past, learning and development programs were often viewed as a one-size-fits-all solution, with little consideration for the individual employees' specific needs or the organization's unique culture. However, in recent years, there has been a shift towards more personalized and targeted learning programs, which take into account the specific goals and objectives of the organization and the individual needs of employees.

Learning and development programs are becoming increasingly important as businesses navigate a rapidly changing technological and economic landscape. With the rise of automation and artificial intelligence, employees must have the skills and knowledge to adapt to these changes and remain competitive. Additionally, as more and more companies operate on a global scale, cross-cultural learning and language instruction are becoming increasingly important.

Looking to the future, it is likely that learning and development programs will continue to evolve and adapt to meet the changing needs of businesses and employees. Virtual reality and augmented reality technologies may be used to create more immersive and practical learning experiences. Machine learning algorithms may personalize and development programs for individual employees.

Overall, corporate learning and development programs are an essential part of modern business and continually evolve to meet the needs of employees and organizations in the ever-changing business environment.



THE ROI OF CORPORATE LEARNING AND DEVELOPMENT

Modern workplace disruptions amplify the role of the learning and development function. Increasing automation is expected to result in drastic restructuring which will make it all the more necessary for organizations to implement L&D programs that can prepare the workforce for the future. Organizations increasingly recognize upskilling and reskilling as key aspects of business strategy instead of merely a means of employee retention. However, L&D needs to evolve beyond mere learning and skill development to create a culture of continuous learning within the organization. This brings to the fore the need for coaching, feedback, leadership, and ownership.

The aim of Learning and development is to align employee goals and performance with those of the organization. It is imperative that the learning & development team within an organization create a synergy between corporate strategy, future talent plans, and the learning objectives to develop a culture of continuous learning. Therefore, L&D should be incorporated into the broad organizational framework to ensure that it caters to the growth objectives of the organization and the employee.

Therefore, with the rapid transformation of the world of work, it is extremely important for organizations to invest in the learning and development of human capital. Research indicates that companies which invest in developing the next generation of skills are more likely to witness higher profit margins and business longevity.

The success of an L&D strategy is measured around various key performance indicators which are generally based on metrics such as completion rates and attendance statistics. This is a good way to analyze delivery progress with respect to L&D. However, to understand the RoI of the L&D program and its emergent role as a key contributor to corporate strategy it is essential to measure it against business performance. This can be achieved by measuring longitudinal, outcome-based metrics, such as the impact on team sales numbers and employee performance.



MEASURING THE ROI OF CORPORATE L & D

There are a variety of approaches available to measure Rol of L&D initiatives. The standard formula for computing Rol for L&D is

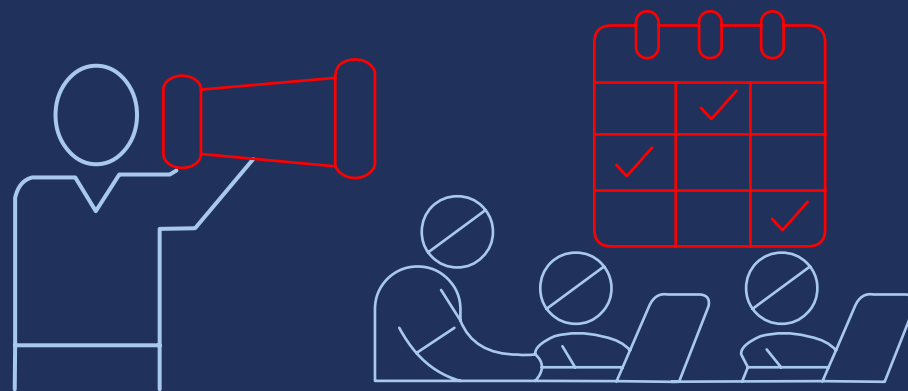
$$\text{Rol (\%)} = [(\text{Monetary Benefit} - \text{Training Costs})] / \text{Training Costs} \times 100$$

However, the computation of Rol depends on the variable considered for evaluating the success of L&D initiative on multiple levels as each organization is unique, process is different, operating in a particular industry etc. Importantly, measuring and proving the Rol metrics for L&D is a complex and multi-layered task as it involves tangible and intangible learning metrics. Some of the tangibles are no. of learners, time saved, processing time, cost of facilities, retention and attrition rates etc and intangibles are teamwork, customer services, satisfaction, application of skills learnt in the workplace etc. One of the best ways to tackle the challenge of L&D Rol is to determine what variables are directly related and impacting overall initiative. An in-depth survey analysis was undertaken to determine the Rol by considering levels of productivity/efficiency, customer retention, attrition/retention, acquiring new skills, sales etc.

Therefore, it is clear that Learning & Development has a very significant role in the transformation of the working world. The L&D function must expand and evolve to cater to the needs of the modern workplace. This will involve the ability to think out of the box, take risks and try out new things but in the long run, it will help to align the growth prospects of the business as well as the individual.

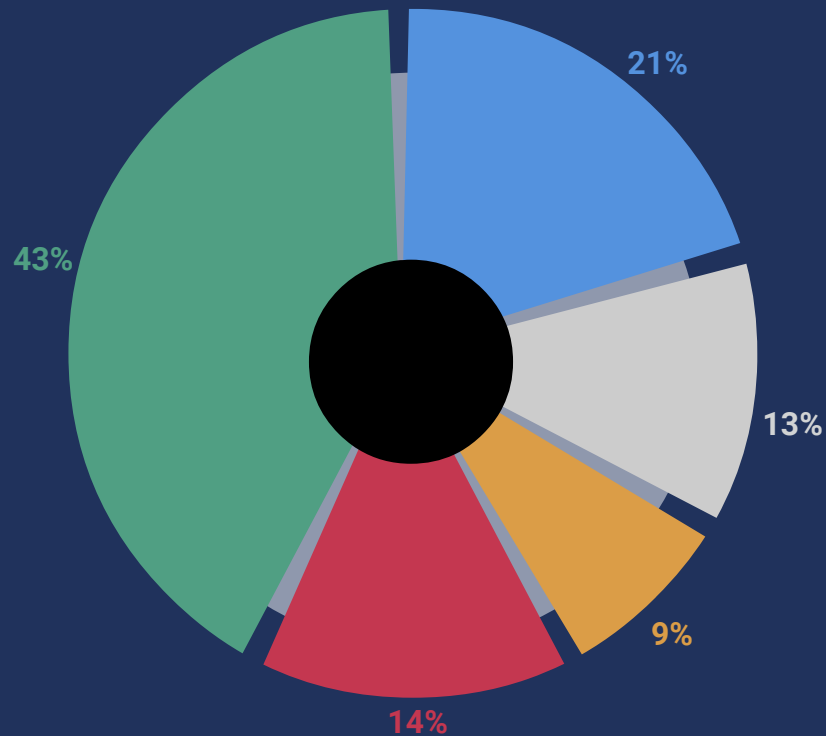


Survey Findings



AVERAGE NUMBER OF TRAINING DAYS ANNUALLY - FRESHERS

Freshers

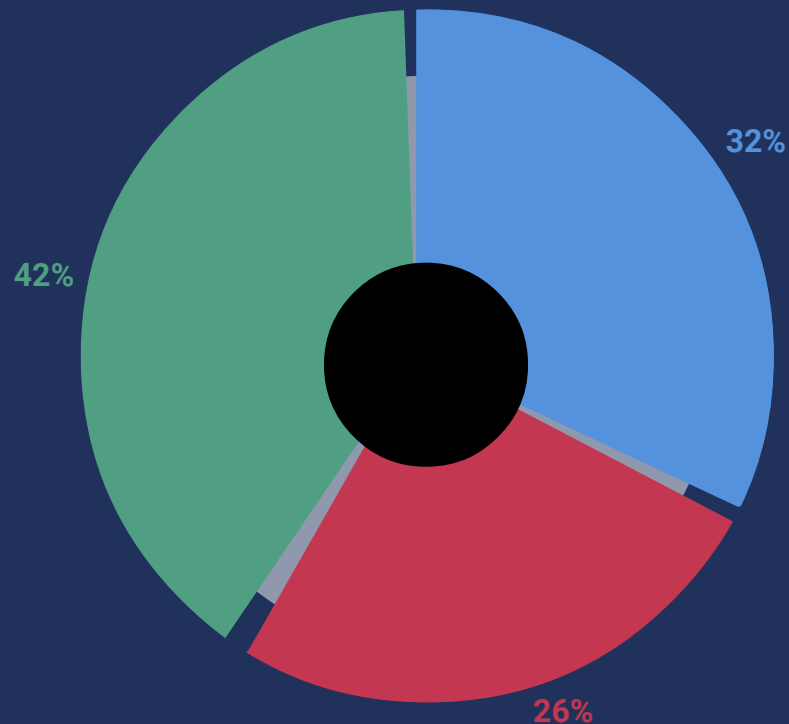


- 43% of respondents reported that the average number of training days for a fresher employee in their firms is 27-30 days.
- In case of 21% of the respondents, 15-17 days is the annual average training period for freshers.
- 36% devote anywhere between 18 and 26 days for fresher training annually.

15 - 17 Days 18 - 20 Days 21 - 23 Days 24 - 26 Days 27 - 30 Days

AVERAGE NUMBER OF TRAINING DAYS ANNUALLY – LATERAL HIRES

Lateral hires

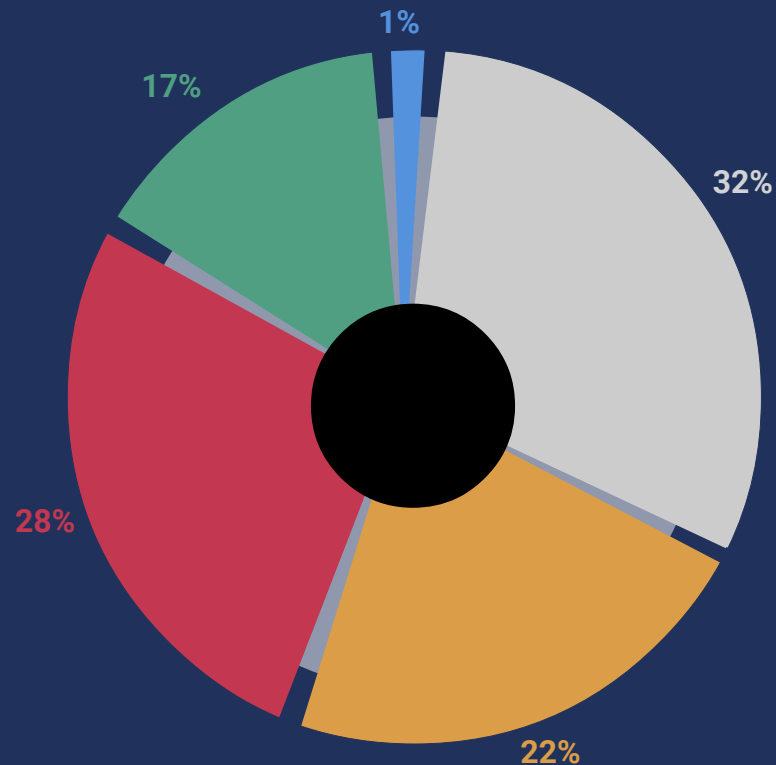


- 42% devote 18–20 days for lateral hire training, annually, in their organizations.
- 32% have 11-13 days dedicated for the training of lateral hires annually.
- 26% spend 14-17 days, on an average, for training lateral hires in their organizations.

11 - 13 Days 14 - 17 Days 18 - 20 Days

AVERAGE NUMBER OF TRAINING DAYS ANNUALLY – EXISTING EMPLOYEES

Existing employees

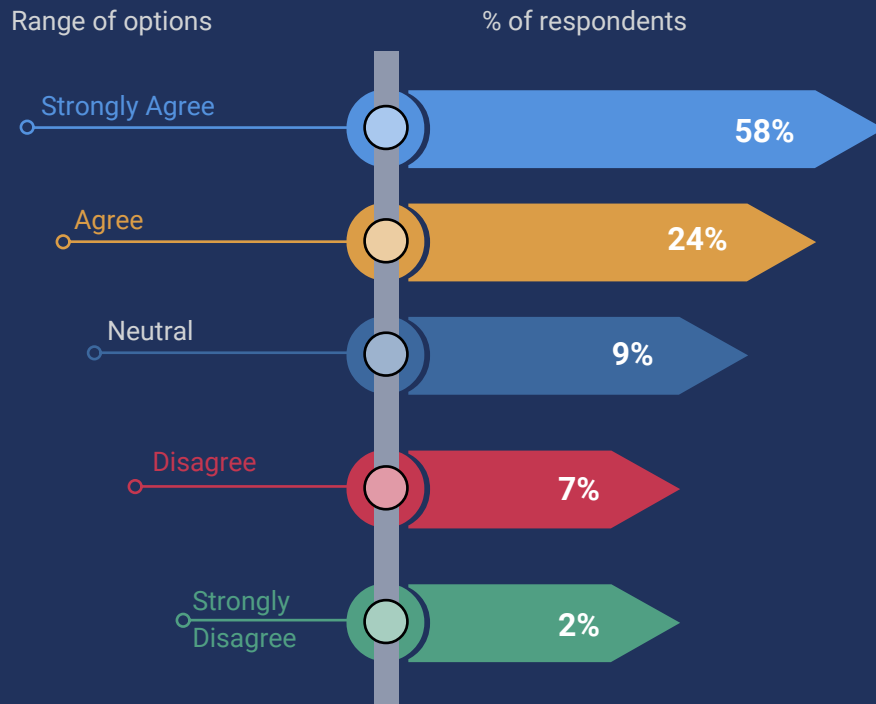


- The average number of training for existing employees is a diverse range. Approximately, **32%** of respondents have said 14- 16 days is the average annual time period spent for training existing employees.
- **28%** of all respondents surveyed devote 20-22 days as the training period.
- **22%** spend 17-19 days and **17%** spend 23-25 days, annually, for training existing employees.

11 - 13 Days 14 - 16 Days 17 - 19 Days 20 - 22 Days 23 - 25 Days

TRAINING PERIOD

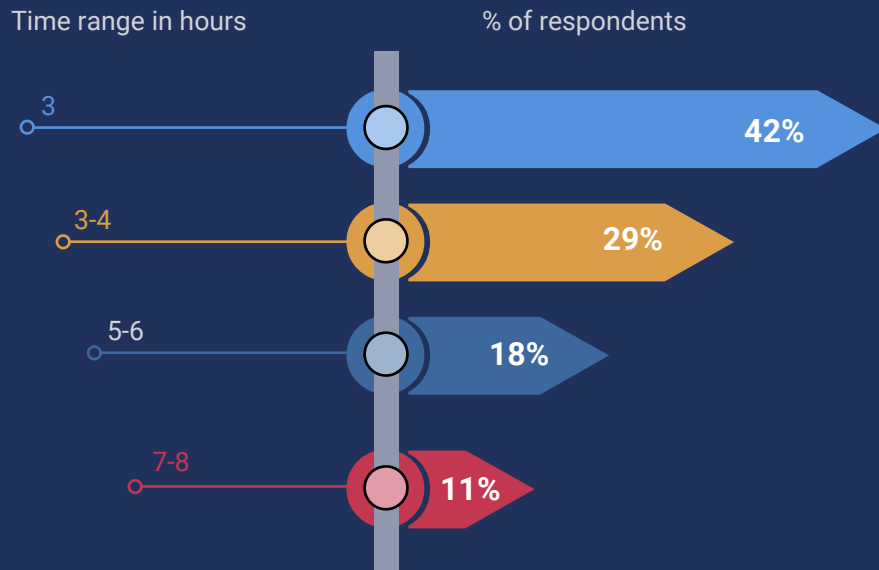
Are the number of training days sufficient?



- A remarkable **68%** of respondents strongly agree and an additional **24%** agree that the amount of training days is enough for all types of employees.
- **9%** of respondents do not have a view on this aspect.
- A meager percentage of businesses disagree (**7%**) and strongly disagree (**2%**) that the time spent on training is sufficient.

IDEAL TRAINING PERIOD

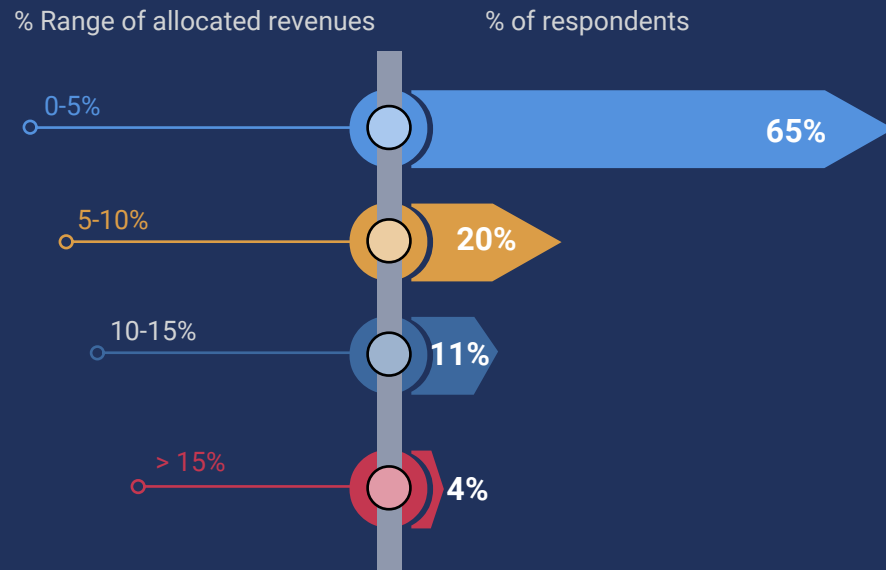
Ideal number of training hours per day



- The ideal number of training hours per day is categorized into actual learning and development measures for employees.
- Nearly, **42%** of survey respondents believe that 3 hours per day is more than enough to train the employees. Followed by **29%** of respondents who feel that a range of 3-4 hours a day is a good enough number to train all categories of employees.
- Respondents who believe higher training hours would be helpful are less than one-third of all respondents.

ALLOCATION OF BUDGET

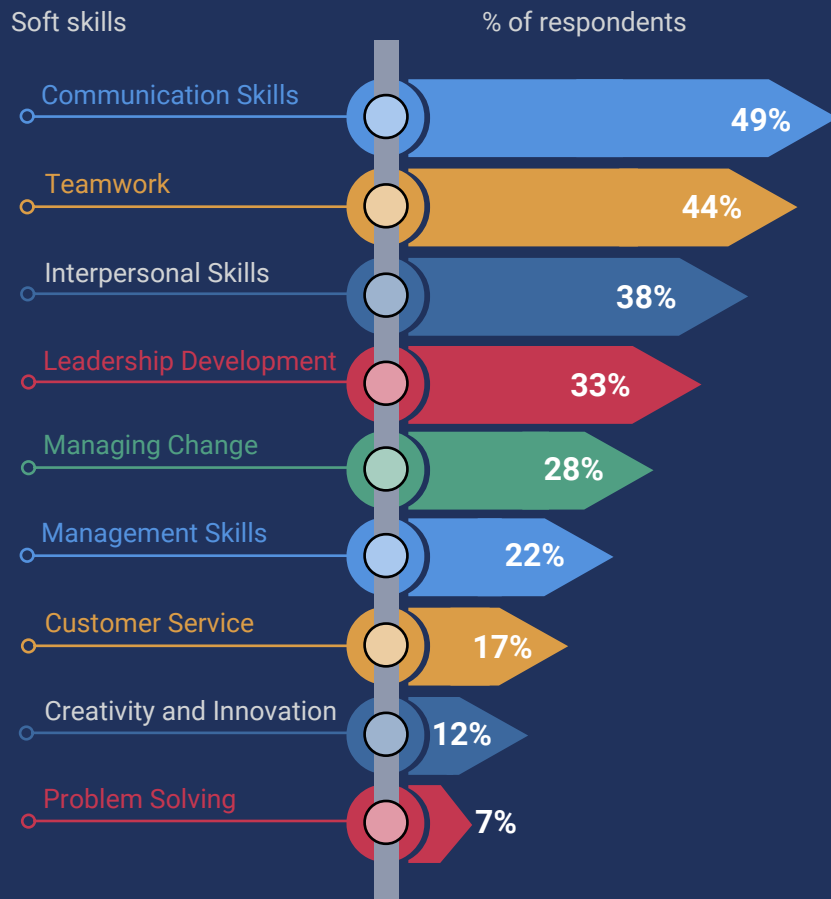
% Allocation of revenues



- **65%** of the respondents allocate less than **5%** of their company's revenue to learning and development activities.
- **20%** of respondents indicate that **5%** to **10%** of their revenue is spent on staff development by businesses that believe in internal growth.
- About one-sixth (**15%**) allocate **10%-15%** or more of their company's budget to learning and development programs.

SOFT SKILL TRAINING

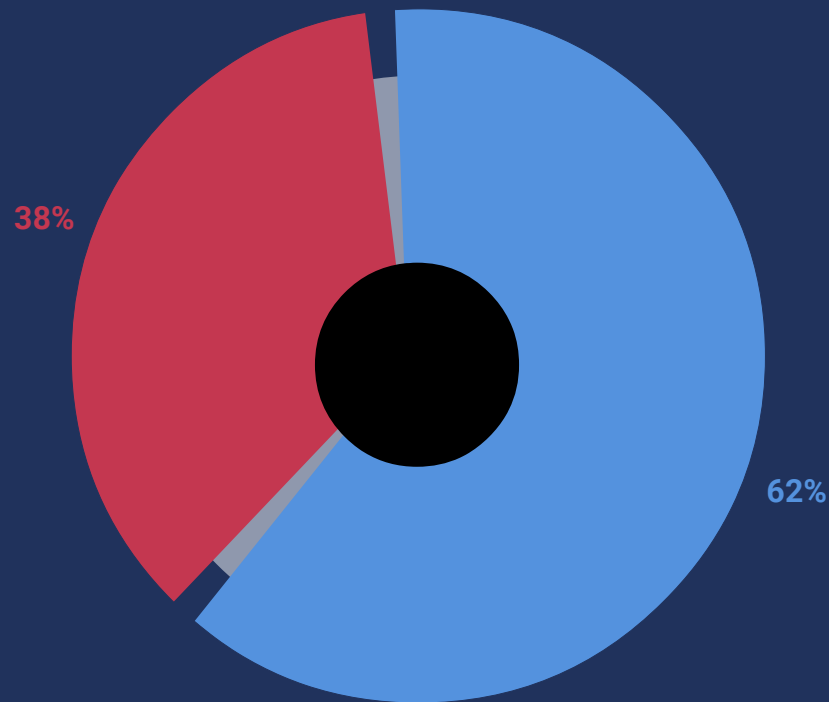
Rankings for most important soft skills training



- Communication Skills were identified as the most critical soft skills training by **49%** of respondents.
- Teamwork as a soft skill should be fostered in employee training, according to **44%** of respondents.
- Interpersonal Skills rated the third most crucial soft skill with **38%** of respondents voting for it.
- Skills that involve leadership roles have ranged between **22%** to **33%**.
- Customer service (**17%**), Creativity & Innovation (**12%**), and Problem Solving (**7%**) are the other critical soft skills respondents invest in.

ALLOCATION OF FUNDS BASED ON SKILLS

Allocation of funds based on type of skills

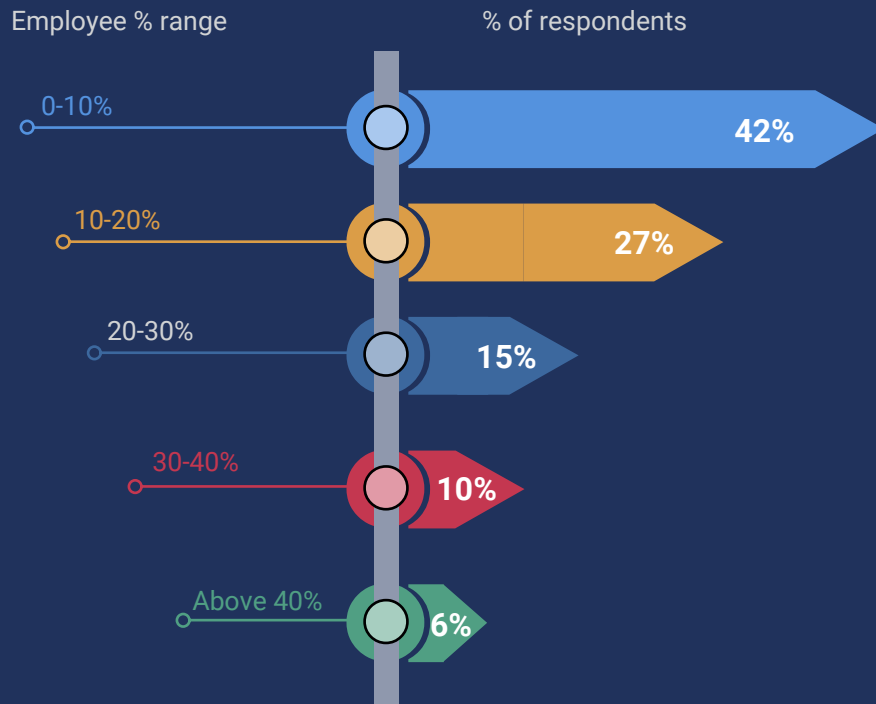


- Expenditure on building hard skills and soft skills is part of the learning and development activity.
- On an average, **62%** of the funds are spent on hard skills training and **38%** of the investment is in soft skills.

11 - 13 Days 14 - 16 Days

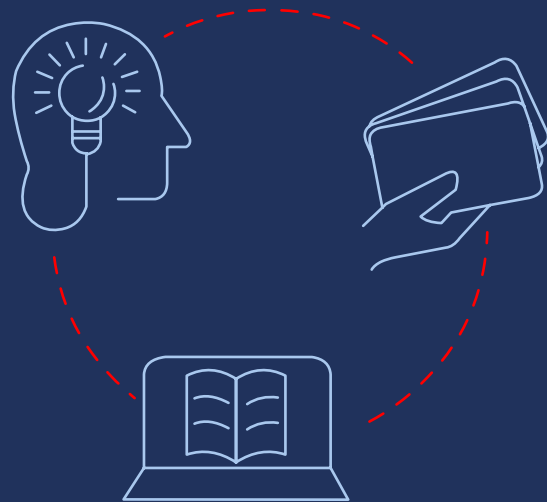
PROGRESS OF INTERNAL HIRES

% of internal hires progress to higher levels



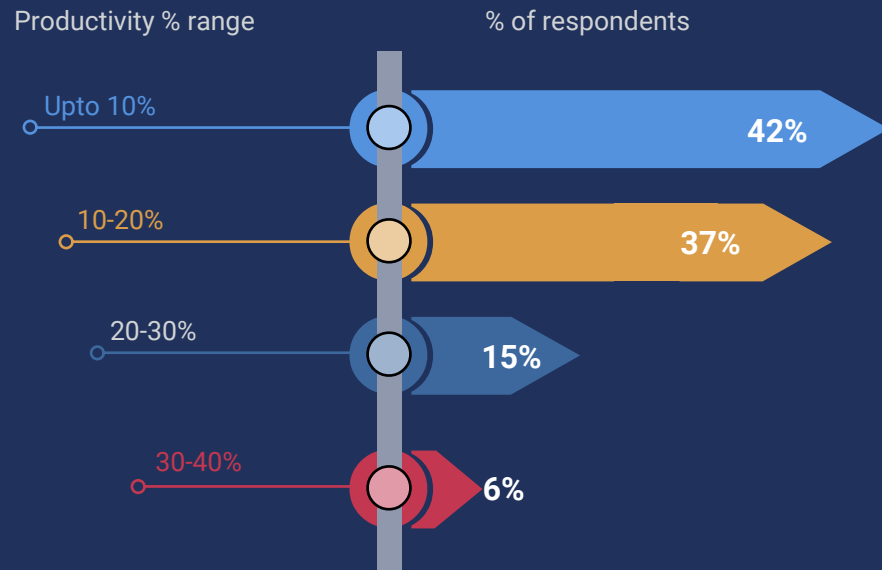
- **42%** of respondents believe that less than **10%** of internal hires get to higher positions with learning interventions.
- On the contrary, **27%** of respondents think **10%-20%** of internal employees are able to level-up based on learning and development activities.
- Followed by one-third of respondents who believe **20%-40%** and above of internal hires will be able to achieve better positions within the company due to learning and development pursuits.

Effectiveness of Corporate L & D



IMPACT ON PRODUCTIVITY

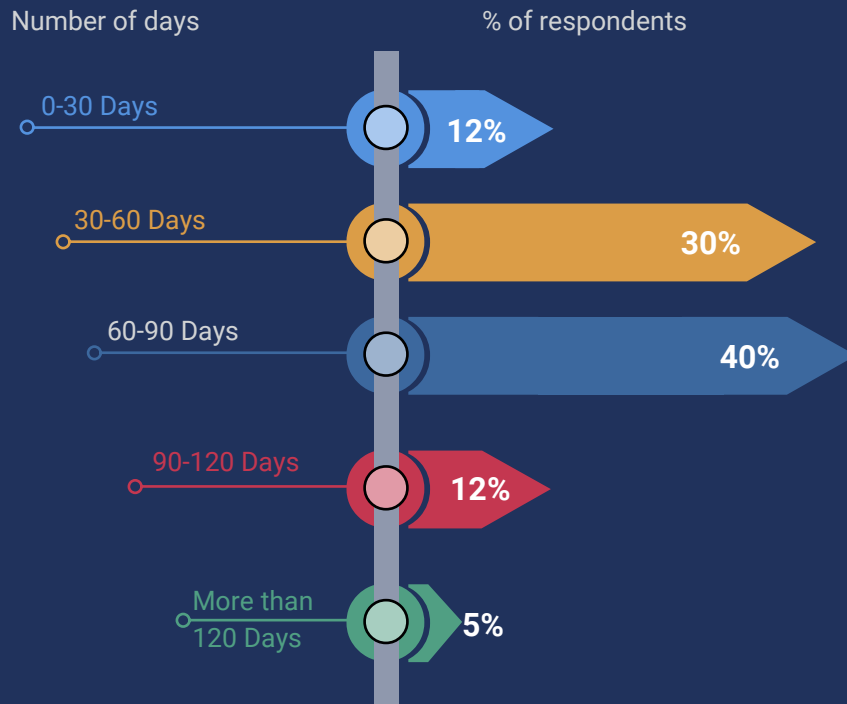
Impact on productivity



- The RoI of L&D can be easily gauged when measured against employee productivity or performance which exhibits a significant jump. L&D has proven to be an effective tool to build the skills and competencies of the employees so that they can deliver results in tandem with organizational goals and expectations. Higher productivity is a win-win for the organization as well as the individual.
- A significant **42%** of respondents believe the productivity gains are of the order of **10%** post-L&D sessions.
- Another **37%** of respondents are optimistic about training induced productivity gains and estimate that it is of the order of **10%-20%**.
- More than one-fifth of respondents (**21%**) think that post-training activity, productivity levels increase drastically by **20%-40%**.

PRODUCTIVITY OF NEW JOINEES WITHOUT TRAINING

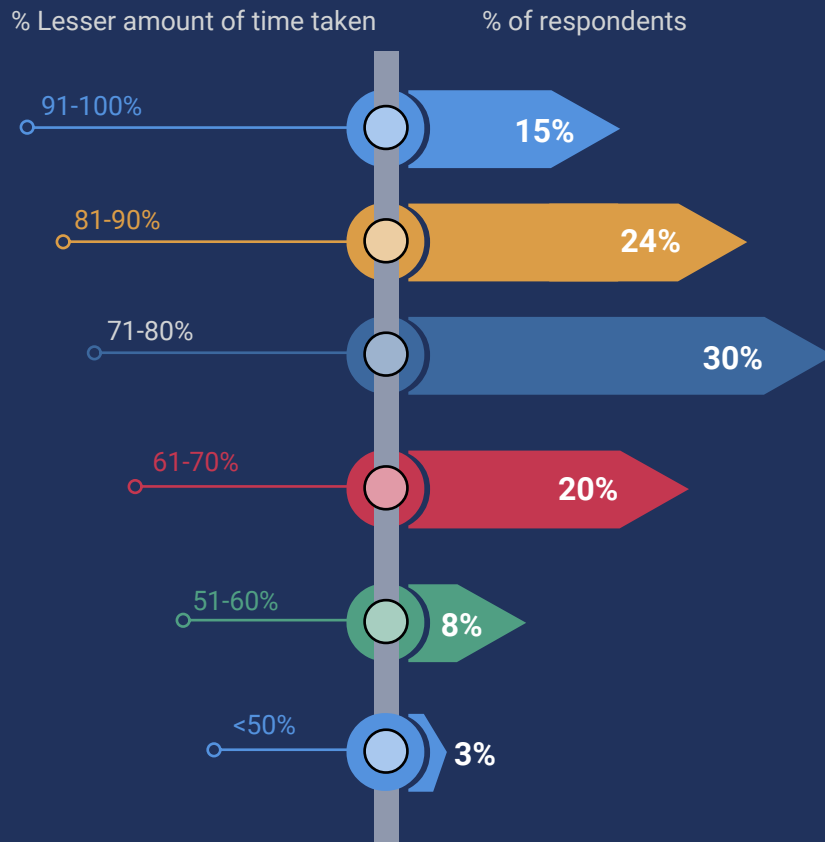
Time taken by new employee to be productive without training



- **40%** of all respondents state that, without any training activity, 60-90 days are taken by new employees to be able to learn and develop themselves to company standards.
- **12%** and **30%** of respondents think that it takes less than 60 days for new joiners to be productive without any guidance.
- Approximately 2 out of 10 respondents believe that, without training, it will take more than 90-120 days.

IMPACT ON PRODUCTIVITY TIME IN NEW EMPLOYEES

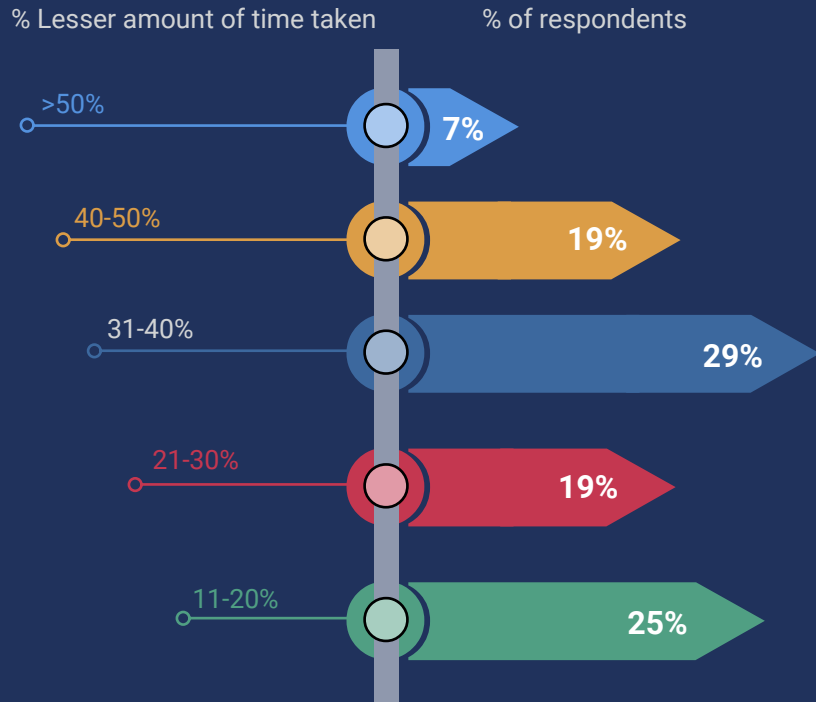
New employee time taken to be productive post training



- **30%** of respondents believe that almost **71%-80%** lesser amount of time was taken by new employees to be productive post-training period.
- Approximately four out of ten respondents believe that **81%** to **100%** lesser time was taken by the new joiners to be productive after the training cycle.
- **20%** think **61%-70%** lesser time would be taken to be productive.
- One in nine respondents think the training period doesn't add to new employee productivity.

IMPACT ON TIME TO PRODUCTIVITY IN EXISTING EMPLOYEES

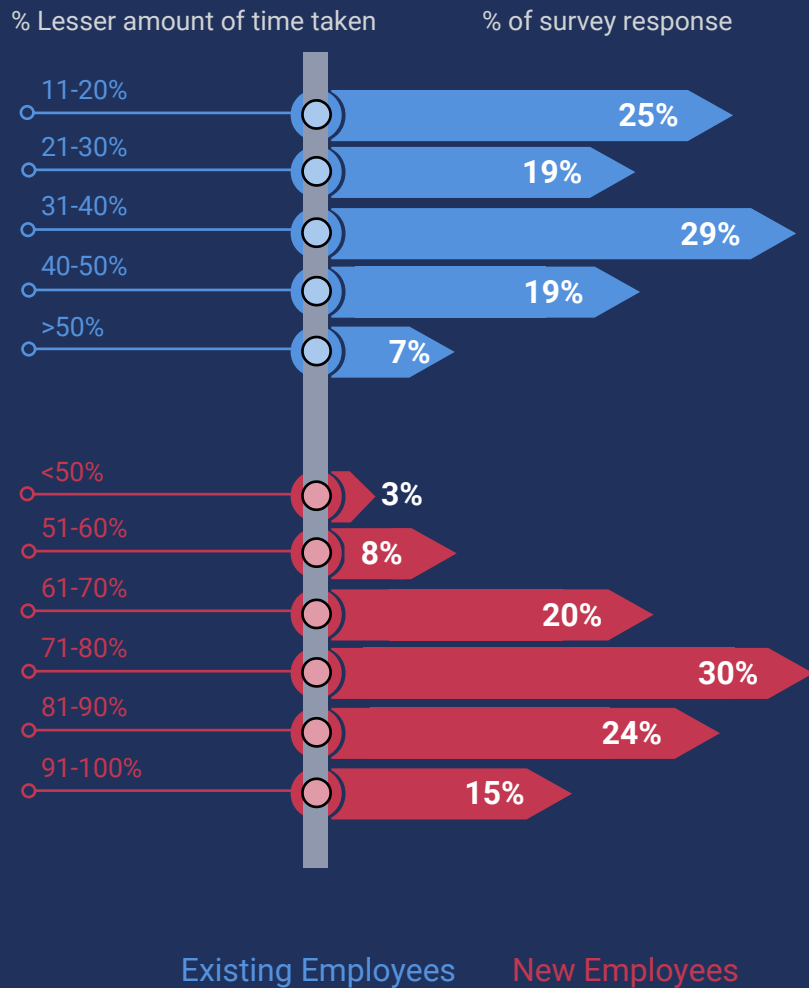
Existing employee time taken to be productive post training



- **29%** of all respondents believe that productivity gains occur in **31%-40%** shorter time post-training for existing employees.
- Followed by **25%** of them who think that only **11%-20%** lesser time will be taken by existing employees.
- **19%** of all respondents think that **21%-30%** and one out of five respondents think **40%-50%** lesser time is taken for productivity post existing employee training.
- Only about one in fourteen respondents think that more than **50%** shorter time to productivity could be observed for existing employees post their training.

COMPARISON OF PRODUCTIVITY TIME

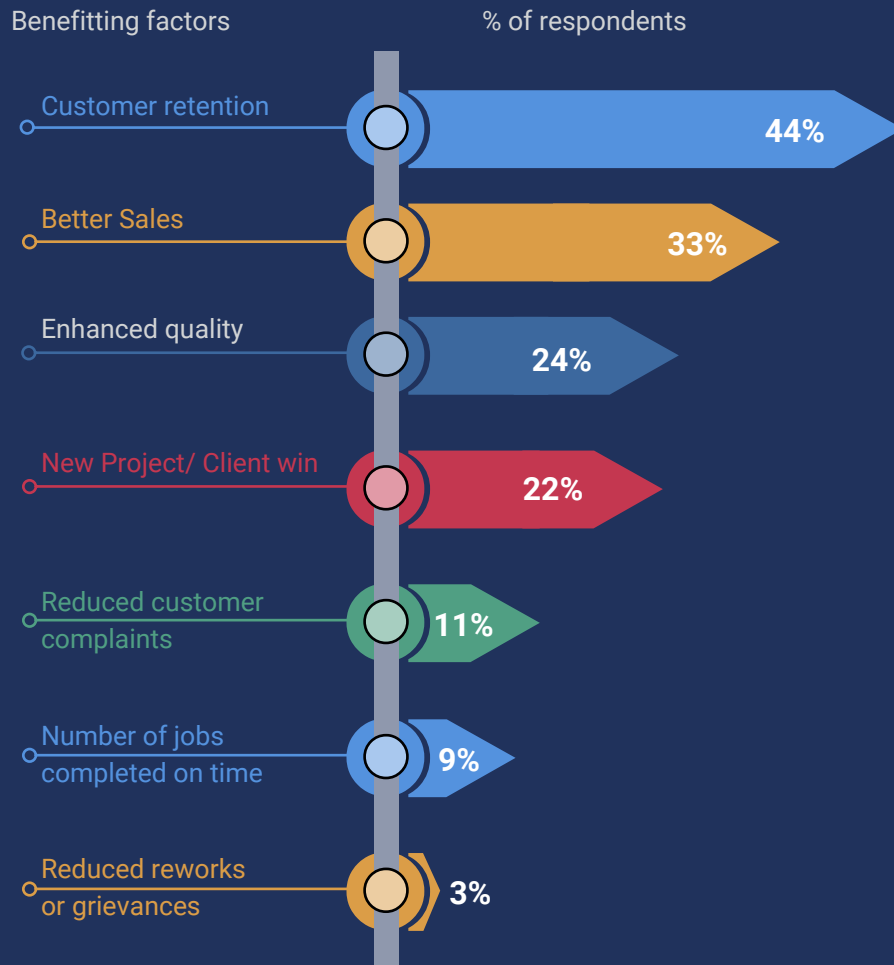
Comparative analysis on lesser time taken to be productive post-training by new vs existing employees



- Most Existing employees are familiar with work domain-based requirements; therefore, **73%** of respondents have mentioned that existing employees take **11% to 40%** less time right after training for productivity.
- New Employees peak between **61% to 90%** lesser time, with approximately **74%** of respondents therefore, in comparison the new employees skilled look forward to the faster uplift in skills and productivity post-training programs.

PRODUCTIVITY-ENHANCING FACTORS

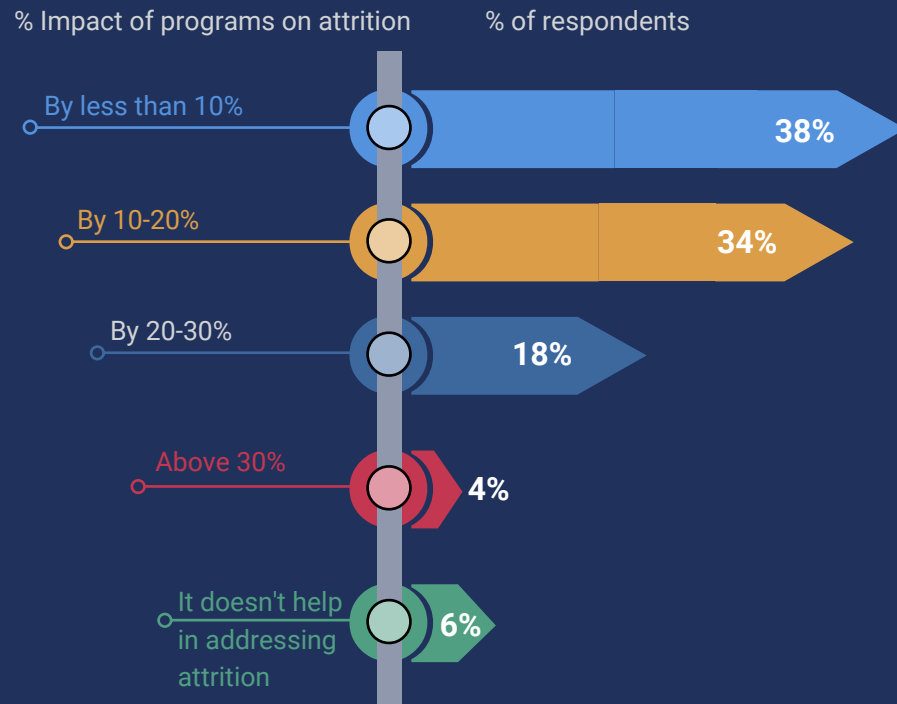
Productivity enhancing factors



- "Customer retention" and "Better sales" are the most significant consequences of corporate L&D programs – as reported by **44%** and **33%** of respondents, respectively.
- 'Enhanced Quality' and 'New Project/Client win' are almost equally rated (**24%** & **22%** respectively) as the third most important productivity outcomes.
- Respondents accorded lesser importance to other outcomes such as 'Reduced customer complaints' (**11%**), 'Number of jobs completed on Time' (**9%**), and 'Reduced rewards or grievances' (**3%**).

EFFECTIVENESS IN ADDRESSING ATTRITION

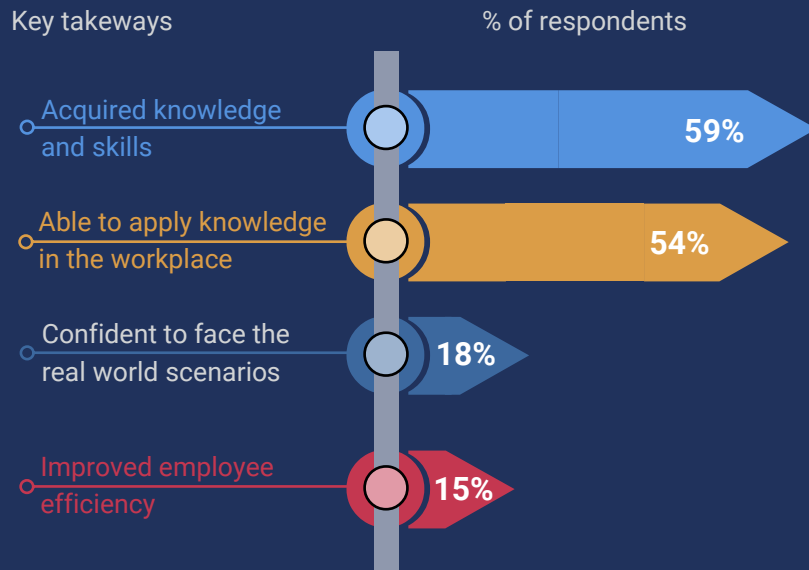
Prediction of attrition



- L&D can be instrumental in plugging attrition and the gap where an employee feels that they are stagnating and do not see a future path within the organization. It will help the individual to learn and develop new skills which will help to drive organizational goals better and at the same time will enhance employee engagement and retention. It will also provide the organization an opportunity to create a future ready workforce equipped with the skills to take on greater responsibilities.
- Around **38%** of respondents think that L&D programs have less than a **10%** impact on addressing attritions.
- Retaining good employees is a task, therefore, a ratio of 14 out of 25 respondents believe that good learning programs help reduce attrition by 10 to **30%** and more.
- A meager **6%** of respondents feel L&D programs are incapable of addressing attrition in their firms.

KEY LEARNINGS FROM THE TRAINING PROGRAMS

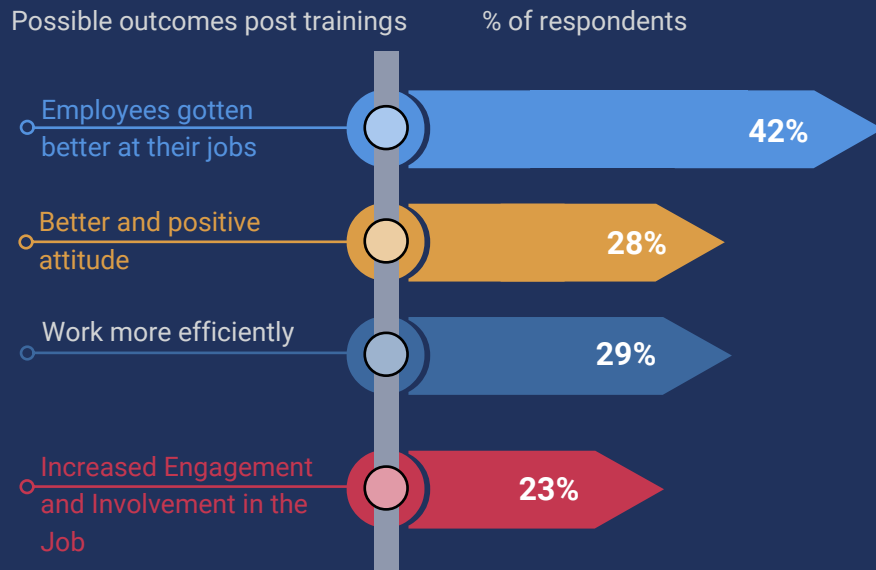
Key takeaways from learning programs



- 'Acquired knowledge and skills' are highest rated by **59%** of the respondents as the key takeaway from learning and development programs.
- Followed by a slightly lesser **54%** who rate 'Able to apply knowledge in the workplace' as the second most important outcome through such programs.
- More than one-third of the respondents believe that 'Confident to face the real world scenarios' and 'Improved employee efficiency' as equally good but least rated outcomes through L&D interventions.

OUTCOMES POST EMPLOYEE TRAINING

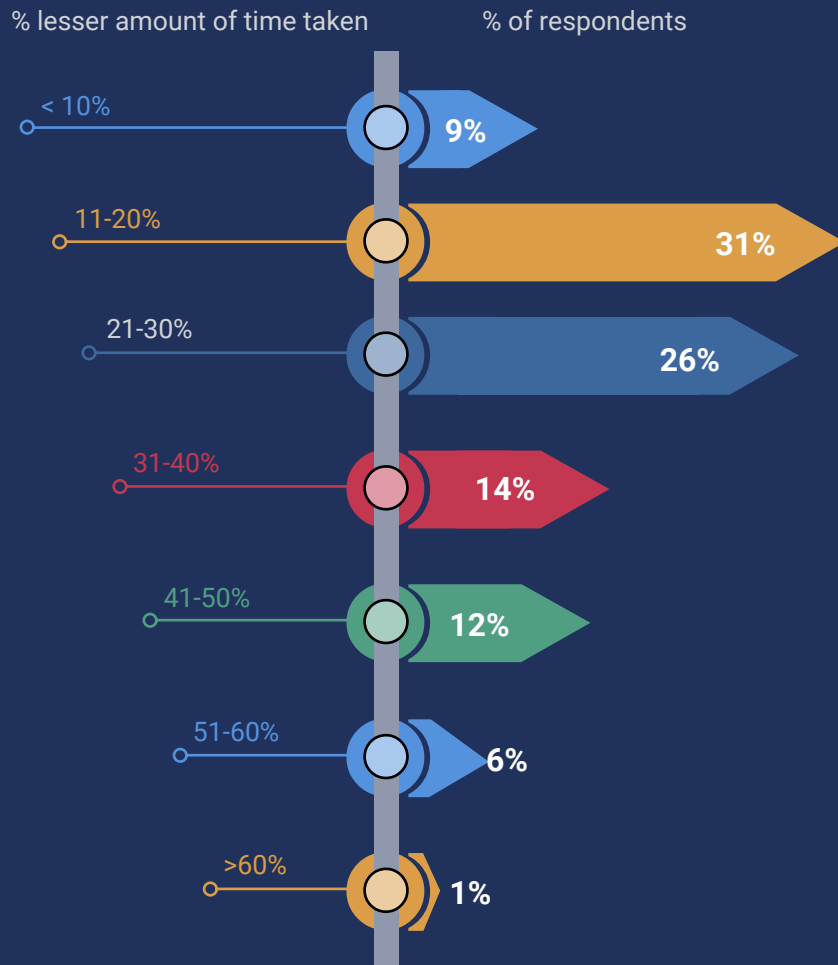
Outcomes post employee training



- Nearly all training outcomes have been generously appreciated by responders. The most important (42%) was 'Employees gotten better at their jobs'.
- Outcomes such as 'Work more efficiently' and 'Better and positive attitude' are at 29% and 28% respectively.
- Approximately 23% of respondents think that 'Increased engagement and involvement in the job' is an acceptable outcome.

APPLICATION OF NEW SKILLS BY EXISTING EMPLOYEES

Effect of training on time taken for application of new skills for existing employees



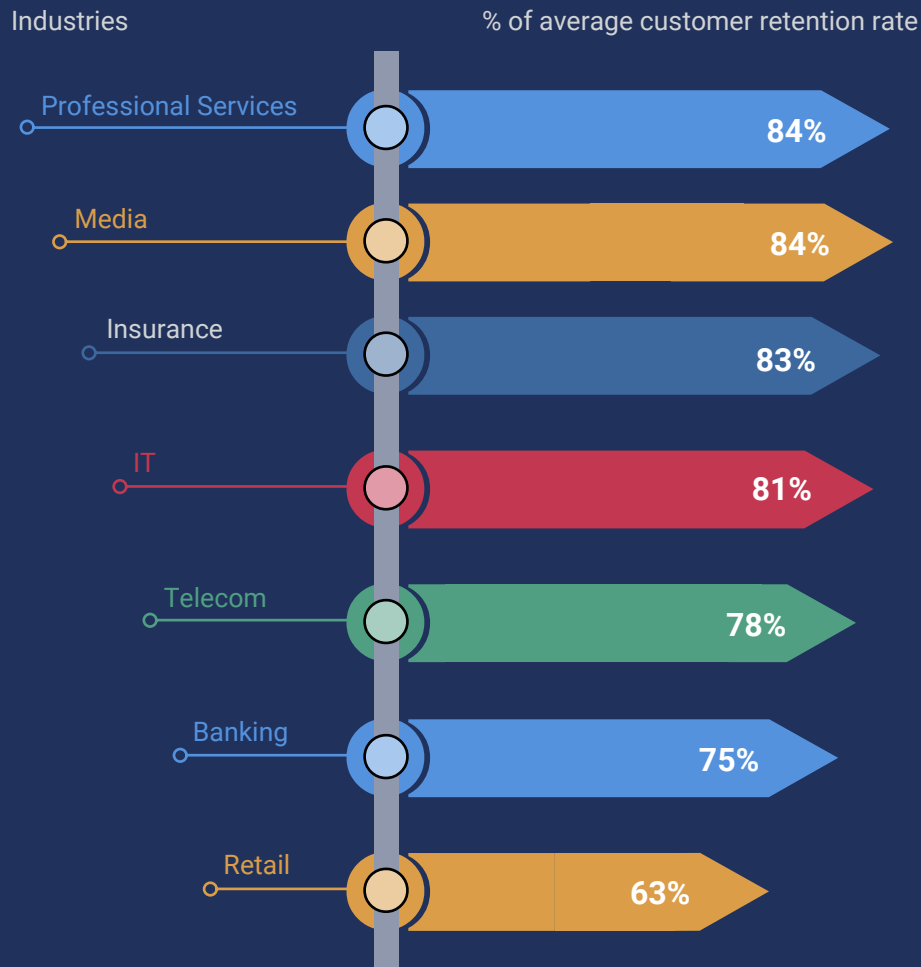
■ L&D is a very effective tool in the hands of human resource managers to cultivate skill development among teams and also enhance employee retention. Employees may feel underutilized in their current capacities within an organization and in such scenarios L&D offers a great opportunity for them to acquire new skills and explore other job profiles within the company. Investing in learning can help employees remain motivated for longer and also creates opportunities for growth. This saves HR the burden of searching for talent outside the company and the related time and expense involved in such activities.

■ Training reduces the time taken for the application of new skills by **11% to 50%** for **83%** of all respondents, proving that L&D initiatives perform really well.

- **31%** of respondents believe that a **11-20%** reduction in time is possible through new skills learned from training.
- **26%** believe that **21%-30%** shorter time is taken by employees through the learning of new skills.
- **33%** of all respondents believe that **30%-60%** shortening of time is possible.
- An exception of **9%** of respondents believes that training leads to less than **10%** shortening of time.

CUSTOMER RETENTION RATE BY INDUSTRY

Average customer retention rate across industries

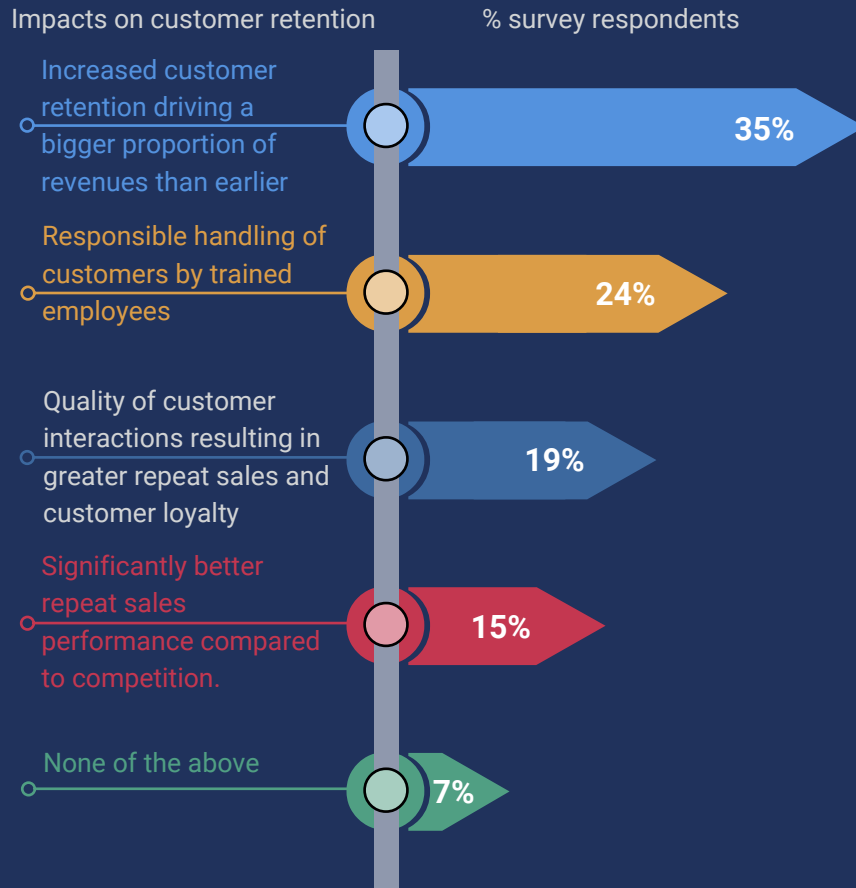


- According to industry retention rates, the average customer retention rate varies across industries.
- The factors involved in retention are customer satisfaction, customer success, customer reliance, and difficulty in leaving.
- Businesses try various customer retention strategies by employing retention software, customer success and constantly cross-tabulating the metrics to maintain a higher average on customer retention.

Source: Average customer retention rate by industry: How does your company compare?, Paddle

IMPACT OF TRAINING PROGRAMS ON CUSTOMER RETENTION

Impact of trainings on customer retention



- L&D can indirectly boost customer retention as it drives quality and efficiency which are the key to customer retention. In addition, L & D initiatives lead to higher employee retention which thus leads to a sense of continuity between the employee and the customer which enables long-term relationships. Research indicates that customers are willing to go the extra mile in terms of distance or cost if they are able to invest trust and confidence with an organization.
- 35% of respondents have reported 'Increased customer retention driving a bigger proportion of revenues than earlier' as a clear outcome of L&D programs.
- Another 24% of respondents think responsible handling of customers by trained employees is a sign of successful training.
- About two out of five respondents (19%) think 'Quality of customer interactions resulting in greater repeat sales and customer loyalty' and slightly more than one out of seven (15%) think 'Significantly better repeat sales performance compared to competition' were the outcomes.

UNDERSTANDING EFFECTS OF L&D ON BUSINESS GROWTH & SUSTAINABILITY

Retaining customers brings in substantial ROI for businesses.

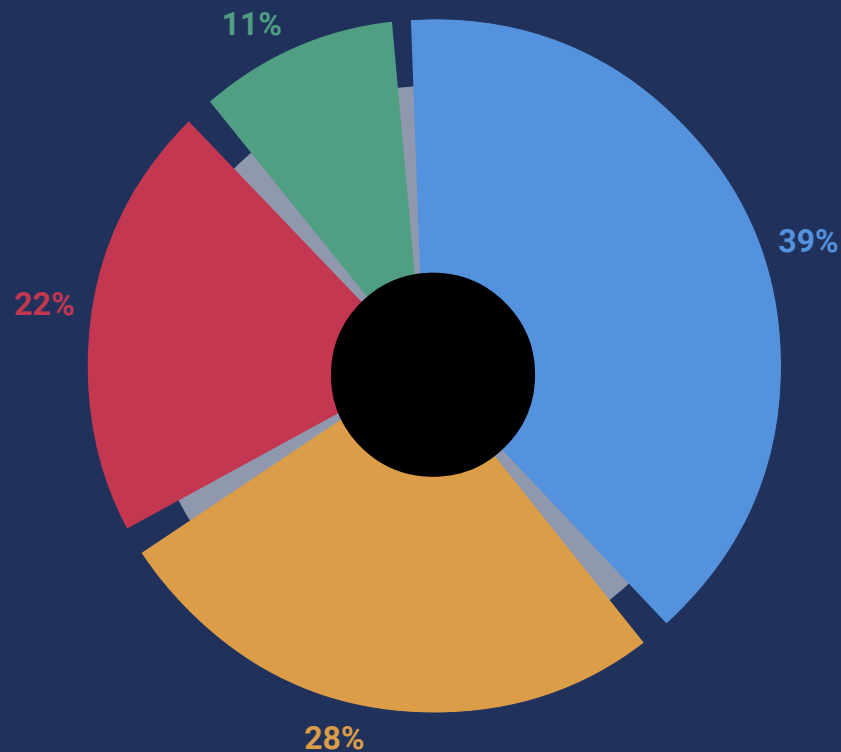
- **Affordability:** It's 6 to 7 times more expensive to acquire a new customer than to retain an existing customer.
- **ROI:** A 5% increase in customer retention can increase company revenue by anywhere between 25% and 95%.
 - Successful retention initiatives can increase the revenue contribution per existing customer and generate repeat sales. Therefore, it is plausible that revenues on the same customer base increase between 25% and 95%.
- **Loyalty:** Retained customers buy more often and spend more than newer customers. They've learned the value of a product or service and keep coming back repeatedly.
- **Referrals:** Satisfied, loyal customers are more likely to sing a company's praises and refer their friends and family — bringing in new customers free of charge.



Source: 1) How customer retention training increases profit & productivity By Doug Bolger
2) 6 Customer Retention Metrics Vital to Growth | ProfitWell, 2020

ANALYSING POST-TRAINING SALES TREND

Increase in sales post training and development of employees



0 - 10%

10 - 20%

20 - 50%

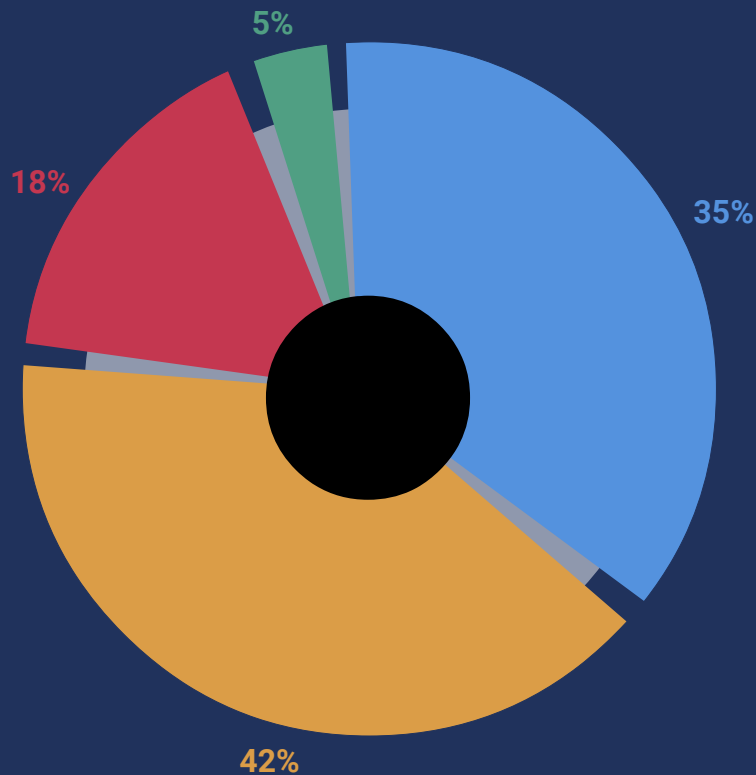
>50%

- The majority of respondents (67%) reported up to a 20% increase in sales attributable to L&D programs in the corporate sector.
- 22% of all respondents believe that a 20% to 50% increase in sales was observed post-L&D interventions.
- A small minority (11%) of respondents reported an increase in sales of greater than 50%.

Sales techniques are usually not taught in educational institutions; and for employees to have a natural flair for sales is not common either. Therefore, imparting these skills via L&D initiatives is critical for employees to be able to deploy proven methods to sell.

PROJECTION IN GROWTH OF BUSINESS REVENUES

Impact on business revenues post training & development activities



0 - 10%

11 - 20%

21 - 30%

>30%

- 42% of respondents estimate that an 11% - 20% increase in revenues is possible due to learning and development programs.
- 35% see a less than 10% increase in revenues, but 6 out of 25 respondents (23%) believe that 21% to 30% and more revenues are generated due to L&D activities.
- Companies that invest in employee training and development have seen an improvement in job performance, leading to increased productivity and overall business success. These initiatives have proven to be a crucial factor in driving revenue growth and competitive advantage.

CLIENT TESTIMONIAL

Zahida Jabeen

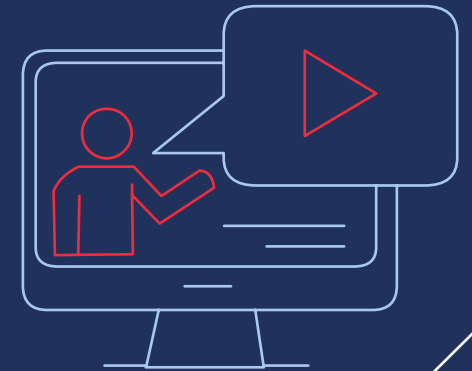
Sr Manager- learning & Development, **Ericsson Global Services**

Through strategic and focused learning initiatives, we are helping 10% of our employees internally transition to new and different positions. Initiatives to upskill employees have surely helped to keep employees on board while also boosting employee confidence. From a business standpoint, reskilling has helped us gain new customers.

Suraj Shetty

Head of Customer Experience & Learning Development, **Ring**

It's crucial to keep in mind that learning at work shouldn't just be another task to complete; rather, it should be enjoyable and fascinating. Methodologies like gamification in learning open a new window and are becoming more popular because they reimagine the learning process with distinct rewards and drivers.

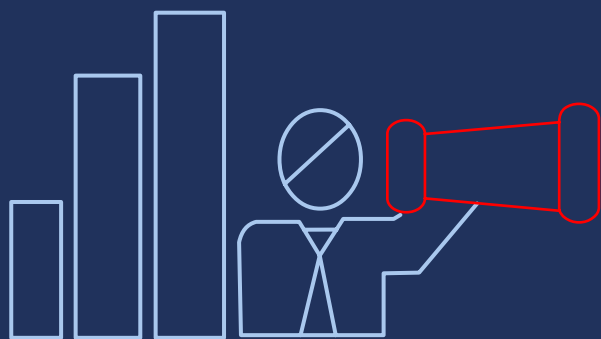


CONCLUSION

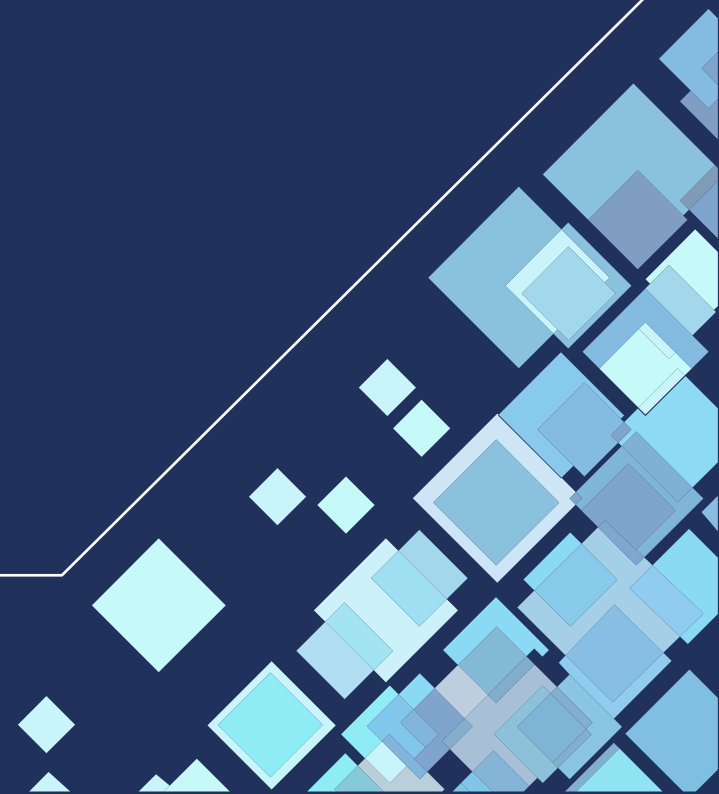
- ROI on Corporate Learning does provide a robust financial justification for continued investment in employee development programs.
- Measuring the ROI of learning initiatives helps companies determine the effectiveness and value of their training programs.
- Therefore, by highlighting the direct financial impact of learning and development, companies can demonstrate the importance and growth through these initiatives to stakeholders and secure ongoing support.



SURVEY SAMPLE



Total no of respondents: 250 Training Managers, Learning and Development Managers





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