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Exploring the Value of Workplace Training: A Literature Review of Practices, Assessment Models, Challenges, and Solutions

Dr. Keith Francis Keating

Abstract: *Organizations spend billions of dollars each year training their employees in hopes to add value to operations. This paper provides a review of literature revealing how training practitioners, chief financial officers (CFOs), and scholars conceptualize, measure, and evaluate the value of workplace training. Although practitioners have reached consensus that training is indispensable to organizations, there is little agreement on how to measure, evaluate, define, and report the value of training. As such, existing literature remains constrained by practical and theoretical limitations. This research reviewed the strengths and shortcomings of three widely used models of training evaluation. Available literature suggests the training and finance functions interpret the value of workplace training differently. Whereas training practitioners view training as an investment in human capital, finance practitioners classify it as an expense. This discrepancy has led to misalignment between the training and finance functions. As a result, training is often defunded, which adversely affects an organization's financial performance. Although finance and training functions have the same goal of creating organizational value, an opportunity exists to create a stronger partnership and standardization on the precision in measurement practices within organizations between finance practitioners and training practitioners. Strengthening the relationship may help executives better understand the value of workplace training, leading to an increase of the investment in training, and ultimately changing the categorization of training spend from a cost to an investment.*

Keywords: *Training evaluation, training function, finance function, Kirkpatrick's four-level method, Phillips's return on investment (ROI) method, Brinkerhoff's success case method.*

Background

Since the early 20th century, increasing employee productivity through knowledge training and skill development has been regarded as a form of value creation and an investment in employees, who are referred to as human capital (Hunt, 1968). Every year, organizations spend billions of dollars on training their employees with the assumption they will receive a return on their investment (Griffin, 2011; McCarty & Skibniewski, 2015; Reade & Thomas, 2004; Voller, 2010). According to the American Society for Training & Development (ASTD, 1994), "A well-trained staff is always a definite boost to the bottom line in a skin-tight economy" (p. S9).

For training to be considered effective, it needs to have value demonstrated to executives outside the training function (Lewis & Thornhill, 1994). Some executives expect to understand the value of training in quantifiable terms to justify the cost and determine the amount for future training investments in their organizations (Phillips & Phillips, 2010b). Although training is considered essential for increasing productivity and improving on-the-job performance and quality, executives frequently view training as an expense (Cullen et al., 1978; Tennant et al., 2002). Organizations facing financial pressures often defund training budgets due to an incomplete understanding of its value, or due to the absence of an effective training evaluation process (Langmann & Thomas, 2019). If the training function does not demonstrate the value of training to executives, training is at risk of being defunded.

Within organizations, training is a widely used systematic approach to develop, teach, or enhance employees' knowledge, skills, or behaviors (Fitzgerald, 1992; Kodwani, 2017; McCarty & Skibniewski, 2015; Sahoo & Mishra, 2017). A widely held belief exists across the training industry that training employees brings value to the organization. Training practitioners have cited training can (a) have a valuable impact on an organization by increasing sales and productivity; (b) improve quality and market share; and (c) reduce turnover, resulting in overall improved organizational performance (Huseild, 1995; Martocchio & Baldwin, 1997; Phillips, 2003; Phillips & Phillips, 2019; Voller, 2010). A recent study found chief financial officers (CFOs) also acknowledged training can positively impact to the organization by improving the performance of

both employees and the organization (Keating, 2022). According to Phillips and Phillips (2019), "The job of talent development professionals is not to 'train' people, but to drive improvement in output, quality, cost, time, customer satisfaction, job satisfaction, work habits, and innovation" (p. 17).

The message to the training industry to demonstrate value or risk losing the job has been found in literature throughout literature between 1950-2020. Wehrenberg (1983) called attention to a warning made in 1957 by Goodacre, stating, "If we don't take stock of our training, it will suffer the same fate as any program that fails to produce tangible results" (p. 608). In 1960, Gordon M. Bliss, Executive Director of ASTD, shared a message to members encouraging them to develop an awareness and understanding of accounting methodology and a "vernacular which is used to report profits" (ASTD, 1994, p. S12). Practitioners (Langmann & Thomas, 2019) have continued to stress the importance of understanding the value in a cost-benefit analysis to avoid being at-risk of having training defunded. When an organization does not understand the value of training, training budgets are cut (Langmann & Thomas, 2019). Measuring and demonstrating the value of training, however, is a challenging undertaking and may not be easily achieved without a set of standardized and repeatable methods (Lewis & Thornhill, 1994; Tennant et al., 2002; Wehrenberg, 1983).

I. Introduction

This literature review explored the challenges and complexities associated with measuring and quantifying the value of training within organizations. Four main themes were explored: (a) conceptualizing the value of training, (b) measuring the value of training in the training function, (c) understanding the value of training from the finance function, and (d) fostering alignment between the training and finance functions. The descriptor "training" was used synonymously with performance support and learning and development throughout the literature (Antonacopoulou, 2001; Bramley, 2003; Griffin, 2011; Sahoo & Mishra, 2017).

Conceptualizing the Value of Training

A common belief found throughout literature was the output of effective training initiatives can provide value to organizations. The term value has a broad meaning across literature and is referenced interchangeably as productivity, cost benefit, cost effectiveness, and return on investment (Cullen et al., 1978; Easterby-Smith, 1981; Phillips, 1996). As a noun, value can mean "usefulness or importance" (Bookbinder, 2017, p. 7) or "the amount of money something is worth" (p. 7). The definition used in this research aligned with the position of Phillips and Phillips (2019), as they referred to value as the financial benefit received as an output of the training initiative in the context of learning functions.

Some scholars have observed training has a positive, albeit indirect and in some cases, delayed, effect on an organization's financial performance (Kwon, 2019; Marsick & Watkins, 2003; Swanson, 2001). Other scholars have argued the value of training may only be apparent after time or conversely may degrade after time (Griffin, 2012). Though a positive correlation may exist between training and an organization's financial performance, assessing and calculating the impact of a particular training event is a challenging task (Cullen et al., 1978; McCarty & Skibniewski, 2015; Phillips, 1996; Phillips & Phillips, 2019). Beyond the experience of the training event itself, several outside variables (e.g., participants' interest, support from the trainees' manager, and organizational culture) may influence the impact of training (Bramley & Newby, 1984; Cullen et al., 1978; Easterby-Smith, 1981; Kodwani, 2017; Phillips & Phillips, 2019).

Traditionally, researchers have understood the value of training as the output the organization receives from training. More recently, however, McCarty and Skibniewski (2015) argued training should be viewed through a "multidisciplinary stakeholder-centric perspective" (p. 347) to consider the value at the levels of an individual, team, organization, and society at large. Because these levels are interconnected, the value of training extends from one level to another. Prior studies have also hinted at the contribution of training to increased levels of job satisfaction and self-actualization at an individual level (Aguinis & Kraiger, 2009; McCarty & Skibniewski, 2015; Phillips, 1996). Increased job satisfaction leads to improvement in communication in teams, which enhances an organizations productivity and profitability (Aguinis & Kraiger, 2009; Phillips, 1996). Although much of the available literature stopped at the value of training at the organizational level, Aguinis and Kraiger (2009) observed additional value stemming from organizational training can be found at the national level: "Overall, this body of literature leads to the conclusion that training efforts produce improvement in the quality of the labor force, which, in turn, is one of the most important contributors to national economic growth" (p. 459).

Identifying the Value of Training From Within the Training Function

Evaluation and measurement are integral parts of the process to identify the impact and effectiveness of training, determining the value the organization received from training initiatives. However, a review of existing literature illustrated the fractured approach that exists across the training industry for measuring and evaluating training programs (Eseryel, 2002; Griffin, 2012). Hoyle (1984) was surprised much of the literature published

on training evaluation over a period of 30 years was "lightweight and ephemeral and that the range of important contributions to both the philosophy and methodology of evaluation [were] very limited" (p. 275). Likewise, Foxon (1989), who reviewed literature from 1970–1986, concluded there was a "widespread under-evaluation of training program, and the current practice is of uneven quality . . . evaluation is regarded by most practitioners as desirable in principle, difficult in practice" (pp. 95–96). More recently, Nickols (2005) posited organizations, even when they attempted to evaluated training, rarely went beyond measuring learners' reactions.

Available literature on the subject overwhelmingly showed evaluating training has been a challenge for the industry for the since the 1950s. Lewis and Thornhill (1994) argued, "Evaluation is the least well-conducted aspect of all training activities" (p. 25). Griffin (2012) observed, "Evaluation is often seen as the weakest link in the whole Learning and Development (L&D) process. It is the step most likely to neglected or underdone" (p. 51). Given the inherent challenges in evaluating training, researchers have observed the practice of evaluation relies on confusing and complicated terms and concepts (Bramley & Newby; 1984; Hoyle, 1984).

Scholars have also identified the lack of engagement with stakeholders is worthy of attention to improve the evaluation process. Nickols (2005) and Guerci and Vinante (2011) argued training evaluation models available in contemporary literature have failed to identify stakeholders and their respective interests. Because an evaluation approach is often not mapped out prior to a particular training event, the aims and objectives of a training evaluation remain unclear and unknown to most stakeholders (Griffin, 2011).

Over the years, training practitioners have devised several models to measure and evaluate the value of training. Some of the best-known models are Kirkpatrick's (1959a) four-level evaluation model, Phillips's (1996) return on investment (ROI) model, and Brinkerhoff's (2005) success case model. The strengths and limitations of these three models are discussed in the following paragraphs.

Kirkpatrick's Four-Level Model

In the late 1950s, Kirkpatrick (1959a, 1959b, 1960a, 1960b) published a series of articles for ASTD in which he encouraged trainers to assess training programs based on four criteria: reaction, learning, behavior, and results. According to Phillips and Phillips (2019), Kirkpatrick attributed the four-level approach to Katzell, who studied training evaluation from a psychological perspective to argue knowledge acquisition takes place in hierarchically organized distinct stages. Table 1 provides an overview of Kirkpatrick's model.

Table 1

Overview of Kirkpatrick's Four-Level Model for Evaluation

Level	Evaluation level	Description	Tools and methods
1	Reaction	The degree to which participants find the training favorable, engaging, and relevant to their job	Smile sheets, feedback forms, verbal reactions, posttraining surveys
2	Learning	The degree to which participants acquire the intended knowledge, skills, attitudes, confidence, and commitment based on their participation in the training	Assessments before and after the training, interviews, and observations
3	Behavior	The degree to which participants apply what they learned during training when they are back on the job	Observations and interviews over time to assess change, relevance of change, and sustainability of change
4	Results	The degree to which targeted outcomes occur because of the training and the support and accountability package (results would include such factors as profits, return on investment, sales, production quality, quantity, schedules being met, costs, safety record, absenteeism, turnover, grievances, and morale)	Long-term posttraining surveys, observations, organizational data

Although Kirkpatrick's four-level model has remained a widely used tool to evaluate training (Foxon, 1989; Griffin, 2012; Phillips, 1991; Reio et al., 2017), the model is not without its shortcomings. One limitation of this model is its implicit assumption of the hierarchical and connected nature of the four stages (Alliger & Janak, 1989; Clement, 1982). Instead, each of the four levels can be analyzed independently. In reply to criticisms the model elicited, Kirkpatrick and Kirkpatrick (2013) explained it was not intend the four levels to be understood in discrete terms. He asserted practitioners in the training industry branded the four stages explicated

in his four articles as "levels" and started using the expression "Kirkpatrick's model." As an alternative, Kirkpatrick proposed the order of the four levels could easily be reversed, and one could start with results (i.e. Level 4) and work backwards to reaction (i.e., Level 1). Taking this approach, he argued, would create better alignment with the evaluation strategy in an organization (Kirkpatrick & Kirkpatrick 2006, 2013). Regardless of its critics, Kirkpatrick's model is still widely used in the training industry.

Phillips' ROI Model

Building on Kirkpatrick's model, Phillips (1996) expanded the four-level model to a five-level evaluation framework. He argued Kirkpatrick's model did not have enough focus on business impact or financial results of an organization. To do so, Phillips introduced three alterations in Kirkpatrick's model. He renamed behavior to job application (i.e., Level 3), renamed results to impact (i.e., Level 4), and added ROI (i.e., Level 5) to calculate the financial value training resulting from the training to the organization. Table 2 provides an overview of Phillips's ROI model.

Table 2

Phillips's Five-Level Evaluation Framework

Level	Evaluation level	Description
1	Training reaction and planned action	Measures participant satisfaction with the program and captures planned actions
2	Learning	Measures changes in knowledge, skills, and attitudes
3	Job application	Measures changes in on-the-job behavior
4	Business impacts	Measures changes in business impact variables
5	Return on investment	Compares program benefits to the costs

The ROI model has often been understood in terms of benefit/cost ratio (BCR), which is calculated by dividing program benefits by program costs. Assuming both benefits and costs can be calculated in dollar amounts, the BCR is multiplied with 100 (benefits/cost x 100) to arrive at the percentage return on the dollar (Kline & Harris, 2008; Phillips & Phillips, 2019). Kline and Harris (2008) argued calculating BCR and ROI is a labor-intensive task given the complexity of gathering necessary and reliable data to perform these calculations; Phillips and Phillips (2019) disagreed. Furthermore, many learning organizations do not have clear understanding on which training programs should be evaluated using the ROI model and which should be avoided. Phillips and Phillips (2019) argued not every program merits using the ROI model. Given the time, effort, and money involved in the calculation process, they recommended only 5–10% training programs should be evaluated using the ROI model. Despite training practitioners' widespread interest in the ROI model, the challenge of measuring ROI has accurately persisted in the training industry.

Brinkerhoff's Success Case Method

Another method commonly used for evaluating the value of training is Brinkerhoff's success case method (SCM), which focuses on the art of storytelling of successful case studies (Lynch, 2015). Training practitioners who use the SCM have identified the least successful and most successful examples of output resulting from a training initiative. Practitioners examine these examples in detail to understand the factors driving or obstructing the impact of training in an organization, because the SCM method assumes the entire organization plays a role in ensuring the success of a training initiative. Brinkerhoff (2005) argued other methods of evaluating training require too much time and resources and, more importantly, other methods require certain skills that many training practitioners may not have. According to Brinkerhoff (2005), the SCM makes training evaluation simpler and quicker by locating, interviewing, and documenting the "actual nature of success" (p. 91).

Critics of the SCM have argued Brinkerhoff's model relies primarily on outliers and extremes rather than the median. Lynch (2015) noted, "Case studies, which might be wonderful for contextualizing what happened, are generally not accepted by scientists for explaining causal relationship" (p. 23). A related shortcoming of the SCM model is that results obtained through one case study are rarely generalizable.

Regardless of the methodology chosen by training practitioners to measure the value of training, scholars have collectively agreed an overarching challenge to the process of training evaluation is the inherent

human subjectivity (Easterby-Smith, 1981; Kirkpatrick, 1977; Langmann & Thomas, 2019; Parry, 1996). For example, a positive reaction from a learner may not indicate the training program has been successful nor indicate the learner's behavior has changed. Furthermore, one learner's positive reaction during a simulated training event does not guarantee they will respond positively to the same scenario in an actual event (Kline & Harris, 2008). Given the subjective nature of both training and evaluation, executives have often questioned the validity of training value data (Phillips & Phillips, 2010a; Vance, 2015). The lack of standardized approaches to measuring and evaluating the benefits, or value, from training and the subjectivity of the data continue to create challenges for the training function to demonstrate the value and executives to understand the value of training.

Understanding the ROI of Training from the Finance Function

Although many roles and functions contribute to value creation within organizations, the CFO is ultimately responsible for budget oversight and measuring and reporting of all activities supporting and driving the creation of value in the organization (Howell, 2006; International Federation of Accountants, 2013; Zoni & Pippo, 2017). The finance function reports into the CFO and, as a result, is considered a business partner of all functional departments, interacting with all leaders in the organizational value chain (Lee & Zhang, 2012; Sharma & Jones, 2010). According to Phillips & Phillips (2019), the CFO is an important stakeholder for the training function.

Although literature largely related to ROI in training reflects Phillips's (1996) ROI model, the ROI model existed long before Phillips's version became popularized in the 1990s. The creation of the ROI model is attributed to the financial executive, Donaldson Brown (Flesher & Previts, 2013). Popularized by the Harvard Business School, the ROI model became the most widely used method in the 1950s to calculate financial returns on investments (Flesher & Previts, 2013). ROI continues to be an important tool for organizations to forecast and demonstrate financial returns on investments. Although initially applied to corporate investments, the ROI model has been used to calculate returns on various other investments, such as stocks, technology, and human capital (Phillips & Phillips, 2019).

Like other industries, the training industry adopted the ROI model to demonstrate the returns on training investments and to translate the value of training in a manner understood by CFOs (Andrews & Laing, 2018; Parry, 1996). The underlying assumption in using the ROI model is if finance practitioners understand the value of training, the CFO might be more likely to continue investing in training (Bookbinder, 2017).

Using the ROI model to determine the value of training is not without its challenges. A significant challenge concerns the use of the term "ROI" in the training industry. Vance (2015) advocated ROI should be replaced by "return on learning." Similarly, Lynch (2015) argued the term ROI creates a disconnect in communication between the training and finance functions because both functions have different understandings of what is considered a return and what is considered an investment. Lynch (2015) noted, "Trying to measure returns on corporate learning using ROI is like trying to turn lead into gold" (p. 27).

Despite its popularity, the ROI model is still considered an imperfect solution to a complex problem. Phillips (2003) suggested the ROI model should be used, accepting estimates instead of exact measurements on the impact of training based on feedback from participants, supervisors, senior managers, and experts should be sufficient. Similarly, Vance (2015) asserted "we don't have to be exactly right" (p. 105) when calculating the ROI on learning. The insistence on calculating estimates has alarmed finance executives who view these calculations with skepticism. To counter distrust, Phillips and Phillips (2019) recommended using control groups to isolate and validate the impact of ROI measurements.

Finance practitioners are often weary of ROI data on training initiatives for another reason: accounting standard practices. Although training practitioners and scholars have advocated for measuring the ROI of training (Parry, 1996; Phillips & Phillips, 2019), costs associated to training are not recognized as an investment nor an asset on corporate financial statements; instead, training costs are classified as an expense (Bassi & Van Burne, 1999). The reasons underlying this practice can be found in the parameters the accounting industry defines an asset. The Financial Accounting Standards Board (FASB, 1985) defined assets as "probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events" (p. 40). If training can add value to an organization through its employees' enhanced skills and knowledge, it could be regarded as an asset according to these criteria. The FASB (1985), however, disagreed and stated training activities "do not by themselves qualify as assets" (p. 118).

Some scholars have argued the FASB's (1985) definition of an asset is outdated and the distinction between assets and expenses needs to be more explicit (Gornik-Tomaszewski & Choi, 2018). If the relationship between a training activity and future economic benefits can be demonstrated, training should be recognized as an asset. But the FASB (1985) argued in the case of training, the future economic benefits are "especially uncertain" (p. 89) and because they cannot be assessed, training cannot be considered an asset.

One recent study sought to explore if CFOs agreed with the accounting industries approach of classifying training spend as an expense (Keating, 2022). The study found although CFOs acknowledge the

accounting industry recognizes the cost of training as an expense, their personal beliefs viewed training as an investment in employees. In the same study, Keating identified although CFOs may believe value exists from training, they struggle with identifying concrete value versus abstract value. CFOs, according to Keating's study, may be overlooking the operational gains associated with numerous benefits they identified. CFOs are not aware of the value training provides to the organization largely due to the lack of alignment between the training and finance functions.

Solutions to Align Training and Finance Functions

Even with training practitioners and CFOs working toward the same goal of creating value for the organization (Phillips & Phillips, 2019; Voller, 2010; Zoni & Pippo, 2017), the two functions do not work in close alignment. The reviewed literature suggested a need for a stronger relationship between the two functions, resulting primarily from the lack of standardization on common language, evaluation methodology, and the process for gathering and reporting data (Griffin, 2011; Keating, 2022; Phillips et al., 2019).

Building Relationships

A starting point for bridging the alignment gap between training and finance begins through relationship building (Keating, 2022). Relationships between CFOs and the training function can be nonexistent, resulting in CFOs not understanding trainings' contributions to the financial health and value of the organization (Keating, 2022). CFOs are often open and eager to building a relationship with the training practitioners, but wait for the training practitioners to make the first move. An active relationship between training practitioners and CFOs can have a positive correlation to (a) more CFO awareness of the value training provides to the organization, (b) improved ability to recognize and understand qualitative data, (c) greater recognition for priority alignment between functions, and (d) increased probability for greater investments in training (Keating, 2022).

Ownership and accountability for closing the relationship gap between the training and finance function fall equally to both functions. Accordingly, CFOs and training practitioners have many ways they can improve their relationships to address these shortcomings or systemic issues in their organizations or relationships. Training practitioners should have greater financial awareness and fluency, just as CFOs should have greater awareness on the concrete value training provides (ATSD, 1994; Keating, 2022; Wehrenberg, 1983). According to Cermak and McGurk (2010), when training initiatives align more closely to key business priorities, training creates greater value for the organization. Araining practitioners should invest time in understanding organizational priories from the CFO's perspective. Additionally, establishing relationships with CFOs and creating common language, quantifiers, and evaluation processes may increase support and involvement while minimizing confusion within the training and finance functions (Keating, 2022; Phillips et al., 2019). Doing so may lead to a common value system to support thoughtful dialogue.

Human Capital

Beyond building relationships and aligning terminology, the training and finance functions need to establish a joint understanding that employees should be recognized as human capital. According to human capital theory, adequately trained employees are the primary contributing factor to an organization's productivity (Dess & Shaw, 2001; Kossivi et al., 2016; Setiawan et al., 2020). However, the act of quantifying the value of employees, also known as human capital (Dess & Shaw, 2001), is not normalized across organizations nor accounting practices. Some researchers (Angel & Rampersad, 2005; Chen & Lin, 2003) identified the CFO as a key contributor for helping organizational personnel realize the importance and value of human capital and influencing change on accounting practices. The positive relationship between employees' knowledge and skills and an organization's quality of output is not a recent discovery. In 1776, Smith argued learning and education were to be considered investments; however, tension still exists among the finance industry whether human capital should be classified as an asset or an expense (Ballester et al., 2002; Brás & Rodrigues, 2007; Steen et al., 2011).

Financial executives, such as CFOs, need to recognize human capital as fundamental assets of an organization (Angel & Rampersand, 2005; Keating, 2022). Studies have shown a lack of investment in training resulted in depreciation of human capital (Au et al., 2008). Providing human capital learning and development opportunities reduces turnover and increases employee engagement (Keating, 2022; Martocchio & Baldwin, 1997; Phillips, 2003). Both employee turnover and employee disengagement are damaging to organizations (Frye et al., 2018), costing upwards of trillions of dollars on an annual basis (Gallup, 2022). CFOs who misunderstand the value of human capital are likely to jeopardize the long-term financial health of the organization or, at minimum, contribute to lost opportunities of reducing organizational costs (Angel & Rampersand, 2005).

Reporting

The training industry has struggled to accurately evaluate, measure, and report on the value of training (Cullen et al., 1978; McCarty & Skibniewski, 2015; Phillips & Phillips, 2019). Unsurprisingly, CFOs have also identified a struggle with reporting training data (Keating, 2022). Keating (2022) found CFOs cited several reasons why training data were absent in reporting strategies: "training data were not a priority, there was oversight on the idea of including training data in their reports, misalignment occurs with accounting standards, and some do not trust the validity of the data" (p. 133).

Aside from challenges with validating training data for reporting, finance has its own struggles with reporting human capital data. According to Wintermantel and Mattimore (1997), financial statements lack proper reporting, measurement, and disclosure of human capital data; for example, although organizations incur trillions of dollars in costs associated with employee turnover and disengagement (Frye et al., 2018; Gallup, 2022), these costs are not accounted for on financial statements (Angel & Rampersand, 2005).

Chen and Lin (2003) suggested three approaches finance could use to reveal human capital data in financial reports: (a) disclose human capital reporting in the company's annual report; (b) present human capital data as notes in the financial statements; and (c) record human capital as an intangible asset.

If finance is reluctant to include human capital in financial statements, an alternative could be to include human capital data in sustainability reports (Keating, 2022). More recently, sustainability reporting practices have evolved into a Environmental, Social, and Corporate Governance (ESG) report (Oprean-Stan et al., 2020; Siew, 2015). The ESG report offers the finance function opportunities to report on various mechanisms that impact the organization, such as training and human capital data. According to the World Economic Forum (2020), investment in employee upskilling and equitable access to reskilling programs were two training metrics in the social section of the ESG report.

Although not a standardized practice yet, the ESG reporting procedure offers a path toward developing a consistent human capital reporting mechanism. According to Starbuck (2012), ESG reporting can help CFOs in the following manner: (a) develop an understanding of current sustainability initiatives and how they link to the financial performance of their organizations, (b) advocate all high-ranking executives to participate and take responsibility for sustainability throughout the various organizational functions, (c) encourage and create more opportunities for dialogue with stakeholders and improve transparency in key sustainability areas, (d) decide whether sustainability performance should be added to external reporting and public discourse documents, and (e) explore the use of nontraditional performance metrics, including environmental and social issues. The ESG report, Starbuck (2012) argued, should be used as a strategic mechanism to better align functions within an organization. Without standardized reporting processes, the value of training in the workplace risks remaining a subjective datapoint and perpetuating the belief that training is a non-value add activity for the organization.

In a joint effort, the CFO and training practitioners need to build working relationships, commit to an understanding on human capital, and define the parameters of reporting mechanisms to account for the value of training. Doing so can support the effort for enabling the training function to be recognized for contributing to the bottom line of the organization.

II. Conclusion

With billions of dollars invested in workplace training annually, a link between the investment in training and the returned value may appear quite clear; however, existing literature illuminated an alternative reality. Across the literature, several recurring challenges were present: (a) lack of a standard, agreed-upon approach for measuring and quantifying the value of training initiatives; (b) lack of standardized terminologies, methodologies, and reporting practices; (c) subjectivity of training data; and (d) lack of alignment on categorizing training and human capital costs (Griffin, 2012; Keating, 2022; Tennant et al., 2002). As a result, training practitioners have difficulty communicating and demonstrating the value of training.

Although the finance function is a business partner to all business units within an organization, the literature demonstrated a stronger relationship between finance and training needed to be established (Keating, 2022). Within the partnership, training and finance could develop an aligned view on defining the value of training. This alignment would enable clarity on the correct lexicon and measurement methodology to use. CFOs could also proactively and voluntarily disclose the value of training and human capital investment on financial statements for transparency. Until the training function and finance function establish stronger relationships, aligned views about measurement practices and what should be reported, challenges demonstrating the value of training within organizations will continue.

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