Chapter 6.4

Making E–Training Cost Effective through Quality Assurance

Lichia Yiu
Centre for Socio-Eco-Nomic Development (CSEND), Switzerland

Raymond Saner
Centre for Socio-Eco-Nomic Development (CSEND), Switzerland

INTRODUCTION

Since the 1990s, more and more corporate learning has been moved online to allow for flexibility, just-in-time learning, and cost saving in delivering training. This trend has been evolved along with the introduction of Web-based applications for HRM purposes, known as electronic Human Resource Management (e-HRM). By 2005, 39.67% of the corporate learning, among the ASTD (American Society for Training and Development) benchmarking forum companies, was delivered online in comparison to 10.5% in 2001.

E-learning has now reached "a high level of (technical) sophistication, both in terms of instructional development and the effective management of resources" in companies with high performance learning function (ASTD, 2006, p.4). The cost per unit, reported by ASTD in its 2006 State of Industry Report, has been declining since 2000 despite the higher training hours received per employee thanks to the use of technology based training delivery and its scalability. However, the overall quality of e-learning either public available in the market or implemented at the workplace remains unstable.

Findings from a recent European survey on quality and e-learning indicated that 65% of the 433 respondents (European training professionals) rated the overall quality of e-learning as "fair" or "poor." Only 1% rated it "excellent" and only 5% rated it "very good" (Massy, 2002). Criteria used to evaluate quality in e-learning are in order of priority:

1. Functions technically without problems across all users.
2. Has clearly explicit pedagogical design principles appropriate to learner type, needs, and context.
3. Subject content in state of the art and maintained up to date.
4. Has a high level of interactivity.

Lack of better match between learning design and learner needs and context could significantly reduce the intended impact of training. This shortcoming could be more effectively remedied by introducing a quality management system for training in general and for e-training in specific. However, most managers do not know how to measure the benefits of training and the return on training investment. ISO 10015: 1999 *Quality management—Guidelines for training*, provides answers to the crucial question: how to make training cost effective and more?

BACKGROUND

In response to global competition coupled with technological innovation, companies from European and North American economies have been shifting from industrial to knowledge-based production of goods and provision of services. Traditional advantages such as manufacturing know-how have been eroded due to competition from companies based in newly industrialized countries. For the advanced industrial nations, competitive advantage now depends on superior innovation, intellectual property, and intellectual capital–which, in turn, demand increasingly sophisticated human skills and knowledge. In this context, during the last decade

there has been a shift of attention from the formal education system as provider of knowledge and skills, towards the role of training in enterprises; the latter is increasingly recognized as already

having a significant contribution to knowledge and skill formation. (OECD, n.d., p.2)

On the other hand, developing countries are facing similar challenges as their competitors in OECD countries in terms of their need to ensure higher quality workforce based productivity gain. These countries can no longer count on cheap labor as key factor for their market success since least developed countries can offer even more favorable labor conditions and attract labor intensive foreign direct investment. For companies in developing countries, the move towards higher value added production and services has already become a reality and cannot be avoided any longer. Consequently, the old human resource stratagem of providing no training but relying on ample supply of cheap and unskilled labor to drive down the cost and push up the productivity became unattainable (Saner & Yiu, 2005).

Porter and Sölvell (1998) offer a more holistic explanation of regional competitiveness. Discussing innovation and sustainable competitive advantage of firms, he states:

... While some knowledge is embedded in materials, components, products and machinery, other knowledge is embedded in human capital, part of which is tacit. (p 447)

Findings from studies focusing on regional competitiveness support this view that availability of highly skilled labor is the most important factor in determining a region's competitiveness and prosperity (Koellreuter, 1997).

"knowledge" based production and services demand higher percentage of knowledge based jobs and a higher share of utilizing technology for innovation; both points to greater investment in human capital development through effective training. Lifelong learning is therefore not just "slogan" for the developed economy, but a must for all countries wish to move forward in terms of their economic development.

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