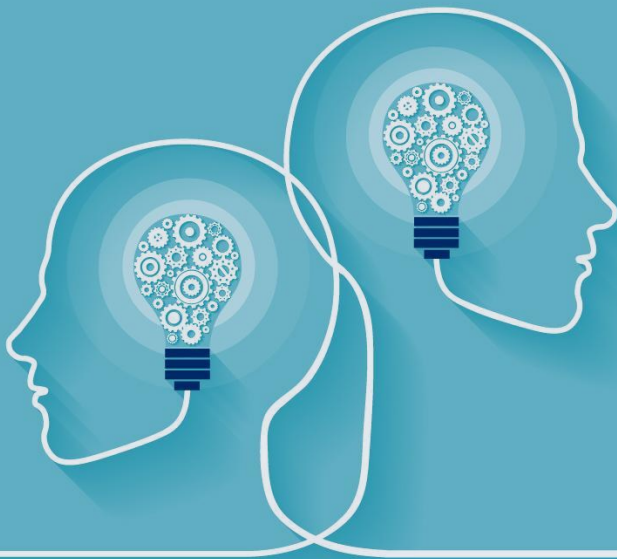


Solving the L&D Paradox

THOUGHT PAPER

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“If you think education is expensive, try estimating the cost of ignorance.”

— Howard Gardner

Despite its proven contribution to employee engagement, retention, productivity, and business profits, the Learning and Development (L&D) department is still considered a cost center in most organizations. Therefore, even though global investment in corporate training has been rising world over (it was a whopping [USD 370.3 billion](#) in 2019), it is the first function to face budget cuts in the times of a slump.

We can call this the L&D paradox – learning budgets are cut when they are needed the most!

Why does it exist?

From the perspective of employees, including those in leadership positions, the in-effectiveness of the programs is because of multiple reasons such as:

- a. Many employees attend most of the L&D programs as a “mandatory requirement” or to complete the minimum number of training hours that they need to complete every year.
- b. Training sessions, curriculum, and content are not aligned to employees' actual needs or preferences. They are generally on uniform topics that have little relevance to their specific roles or for their future
- c. There is no application of training received in real-time situations to support retention, with most employees quickly forgetting what they have learned.

Thus, in times of cost management, the L&D budgets are the first ones to face the axe – as everyone sees them as not the best utilization of the organization’s monies.

The questions which then needs to be answered are:

Is a change in the way in which L&D departments function the solution to improve their efficacy?

What can be done to run the L&D department as a business unit?

[This is where the coupon system comes in.](#)

A Brief Background

Known as the “voucher system” in education, backed by state funding, these schemes give parents a voucher to send their children to and spend on a school of their choice. School vouchers are coupons that can be redeemed for educational services by the participating schools. The profitability of the schools then depends upon the number of students who enrol and spend their vouchers on them – thus driving schools to keep working towards constant improvement and customer satisfaction. Education vouchers are an effort to empower parents and students and to bring about change in the form of better learning outcomes.

Nobel Prize-winning economist Milton Friedman contended that free-market competition would improve the quality of schools. By boosting competition, schools constantly strive to innovate to emerge as a preferred choice for a larger number of parents, making them accountable for their own performance.

Applying the Coupon System to Corporate L&D

Under the coupon system in a corporate environment, each employee (depending on their business unit, team, career level, etc) will be allocated individual coupons (budgets) to spend on training initiatives of their choice either within the company or outside it. **Like the voucher scheme in the education system, the L&D team is thus incentivized for running more effective programs so that more and more employees choose to spend their coupons on internal training efforts rather than on resources outside the company.**

The focus shifts from completing a certain number of hours to gaining relevant and required learning.

Knowledge which is acquired under compulsion obtains no hold on the mind.”

— Plato

When applied to L&D, the coupon system will transform in spirit and practice to a business with clearly defined strategies and plans to deliver unmistakable business value. With it operating as a business, L&D will have to reform and strengthen the framework of their training initiatives which in turn can increase employee experience and thus the ROI.

Here's how the benefits will accrue:

1. Learning for the Right Reasons

By putting less focus on the time workers spend on the training to **shifting the emphasis on their need**, L&D teams will design solutions with measurable returns. When companies go from “How” and “what” to the “why” of L&D practices, they reduce the risk of running less relevant initiatives.

2. Free-Willed and Customized Learning

With the decision-making power in their hands, employees no longer have to “suffer” training sessions they don't want to. Instead, they can attend and “learn” through L&D interventions they find relevant. They can thus customize their experience and have a better engagement with the organization.

Training initiatives either lean towards being too content-heavy where companies cram everything from communication to problem-solving to giving feedback or they are too generic, designed with a one-size-fits-all approach. In both cases, unique employee needs are left unmet. **Customized solutions based on employee preferences, training needs assessment, and capability assessment will ensure** increased impact and adoption of L&D practices.

3. Consistent Efforts

Instead of treating training programs as a once-in-while activity or as a last-ditch attempt to fix behavioral problems, **learning will be integrated into the organizational culture as a continuous ongoing campaign for sustainable returns.**

4. Time Matters

To support retention and ensure application, **training on new skills should be scheduled as close as possible to when the knowledge would actually be used.** A company training an interviewer months before they need to take an interview runs the risk of them forgetting most of what they learned, defeating the purpose of time and money spent on the sessions.

5. Incentivize Knowledge Sharing

A [McKinsey survey](#) proves that, when they need to learn new skills at work, employees prefer asking peers for help rather than running a Google search. **To enlist employees, corporate educators can incentivize knowledge sharing by including it in performance appraisal and/or give credits in the form of additional training coupons.**

Diagrammatic Representation of the Coupon System in L&D



By de-linking training from “seat hours” and by linking it to business outcomes, the coupon system is an effective tool for companies serious about accruing meaningful results from their L&D interventions. The ROI can be measured by the metrics of retention, engagement, and ability to attract quality talent, rather than an in-effective measure of training cost per employee.

Final thoughts

It is high time we create training to suit our employees rather than making our employees fit the training. A lackluster approach towards L&D results in companies offering learning events as a box to be tick marked rather than a platform that supports change, encourages creativity, and develops the next league of leaders. By correcting their approach to L&D, the coupon system enables businesses to maximize their ROI and operate as a profit center.

“Tell me and I forget, teach me and I may remember, involve me and I learn.” — Benjamin Franklin

About the Authors



Mainak brings over 24 years of experience spanning business and HR roles across geographies. This has given him a unique understanding of the link between HR and business strategy. He also holds a patent for HR capability development.

Mainak's experience includes human capital strategy, culture, talent development (performance, leadership development, career pathing, competency, learning, engagement, diversity) and talent acquisition (including on-boarding and background check). He has also implemented HRIS platform and HR metrics to improve performance.

Recently he has been helping start-ups set up efficient and effective HR teams and processes. In addition, Mainak is a recognized Executive Coach and Leadership Development expert.

Mainak's previous work experience includes stints/projects with Accenture (Consulting and HR), Hewitt Associates, AbsolutData, Heidrick & Struggles, Evalueserve, Sterlite Technologies and Upstox.

Mainak holds a MBA from the Indian Institute of Management, Calcutta, and is a certified executive coach.

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