

E-learning: An effective tool of training employees for ‘learning organizations’

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Abstract

The new economy puts a premium on intellectual capital. Today’s ‘learning organizations’ needs constantly learning workforce which can adapt in turbulent micro and macro environment. In the midst of globalization and technological revolution, college degrees are just the beginning of years of continuing education. Life-long learning may be considered merely a buzzword today, but it is quickly becoming an imperative. In order to maintain a competitive edge, best-in-class organizations are adopting new approaches to learning, and HR is becoming a 'broker' of these blended learning capabilities. This paper on corporate e-learning advocates the use of the technologically enabled learning and training methodologies in the workplaces. With the help of the e-training, organizations are turning an organization's workforce into a tangible return on investment by achieving higher quality output, even with fewer resources and lowered budgets. Instructor-led training is still the delivery method of choice for both soft skills and IT training but increasingly trainings is being imparted with the help various technologies – including the Internet, intranets, CD-ROM, satellite broadcast, and audio/video – and plain text. These multimedia rich, interactive cyber classrooms are viable alternative to face-to-face training. As of now organizations are identifying the performance gaps in the current role and preparing individuals for future roles by creating learning infrastructure. The training is being provided on all three aspect of organizational learning: Content, Technology, and Services. Now-a-days, the objectives of training are to align to an individual's "moment of need"; develop leadership and other 'soft' skills, such as critical thinking and business acumen; and translate into tangible and measurable business impact. With the use of e-training , the organizations are delivering just-in-time tools, learning-on-demand, and self-paced online learning to ensure learning events are

immediately relevant, with a bonus of cost savings and flexibility stemming from reducing travel and keeping people on the job. Moreover, the organizations are tying up with renowned institutions to provide online training to the employees and are helping them to rediscover themselves and the potentials in them. They can then utilize the newly acquired skill for moving the organization forward by leaps and bounds. In this paper, we have taken a case of corporate e-learning in IBM to stress upon the fact that it can be adopted as an excellent alternative to traditional and conventional training practices which would then be instrumental in making of progressive, harmonious, vibrant and learning organizations.

Keywords: e-learning, corporate training, IBM, e-training effectiveness

Introduction

Technology has changed the way we live, work, think, and learn. Today's workforce has to process more information in a shorter amount of time. New products and services are emerging with accelerating speed. As production cycles and life spans of products continue to shorten, information and training quickly become obsolete. Training managers feel the urgency to deliver knowledge and skills more rapidly and efficiently whenever and wherever needed. In the age of just-in-time production, just-in-time training becomes a critical element to organizational success (Urdan Trace A. , Weggen Cornelia C. ,2000). Today, e-learning is often interchangeably used with web-based learning or learning with technology, e-learning facilitates just-in-time learning without disruption of the daily work schedules. E-learning requires only a web browser and modem connection for access. Speed and minimal cost are the additional benefits. E-learning market is thus heading towards tremendous growth (Rana Geeta,2010).

Literature overview

Worldwide competition, technology changes, and the shift in the economy towards knowledge-based industries, coupled with stagnant corporate training expenditures (*Bassi & Van Buren, 1998*) are requiring organizations to assess their current and alternative training practices in

terms of effectiveness and efficiencies. Now a day, online training is an emerging technology-based learning delivery method available that is gaining increased amounts of attention for its cost-effectiveness, efficiency and accessibility. Information technology has the potential to revolutionize training and learning by integrating businesses' two greatest assets: People and Information (*Ravet and Layte, 1997*). In fact, online training is becoming the future of workforce training in both educational and corporate institutions. If we look around, we find that technology is changing how we learn. Hypermedia technologies, specifically the Internet, are creating a paradigm shift in communication and learning (*Dillon and Gabbard, 1998*). It is being viewed as a social revolution. Through the Internet, space and time are altered with the entire world shrinking to a virtualized intermingled space and actions and events shared in real time (*Ravet and Layte, 1997*).

Corporate e-learning or corporate e--training is one of the fastest growing and most promising markets in the business world. While the market is currently relatively small and at early-stage, it is poised to explode. The on-line training market is expected to nearly double in size every year, reaching approximately \$11.5 billion by 2003 (*Hambrecht & Co., 2000*). In the corporate learning market, for example, General Electric spends over \$500 million on training and education each year (*Rutenbur et al., 2000, p.66*). However, this new method of training needs to be assessed. *Phillips (1998)* states ROI will be used in the future to evaluate major expenditures in education and training. As far as the cost effectiveness of online training is concerned, a consistent approach to assessing the return on investment (ROI) for accountability of education and training has to be done.

Corporations have continuously invested in the development of e-training environments, regardless of economic recessions, in an effort to increase the retention rate of their best employees (*Schooley C. ,2006*). This continuous investment may be due to the idea that e-training, compared to traditional methods, can educate regionally distributed workers more cost-efficiently through the use of standardized training materials. In fact, e-training can improve the overall quality of business processes and is a revolutionary tool that is critical to the future of educating employees because it provides more interactive functions for learners(*Bagshaw M, Bagshaw C.,2002; Collins C, Buhalis D, Peters M., 2003; Hall RH., 2000*). Thus, for increasing and upgrading skills of the workforce, with a demand for more efficient use of training

resources, is making online training a favorite instructional method for most businesses and institutions.

Online training provides training which is just in time and requires less time and it's more cost effective, According to (*Worthington et al*, 1996), instruction with computerized exercises has been shown to increase learning in significantly less time. Moreover, if e-training system is easy to use, it will ensure good usability which in turn will enable learners to more fully utilize its main functions, ultimately enhancing work efficiency (Davis SA, Bostrom RP., 1993). Also, the training methodology in corporate e-learning must focus on backgrounds, knowledge levels, capacities, and learning needs. An e-learning environment must entail providing the best available combination of knowledge, delivery methods, and teaching practices that most effectively promote the motivation, learning, and achievement of all learners (McCombs BL, Whisler JS ,1997) . Additionally, in order to create a new learning culture, it is essential to support learners with appropriate internal regulations, which stem from the top management of the organization (Galagan PA., 2001).

Various researches points to the fact that the success of e-training requires cultural rather than the common technological changes that are often seen in most organizations (Rosenberg MJ. ,2001) and we can foresee a major shift from conventional training methods to e-learning in the near future for scaling new heights and reaping competitive edge in the business world.

Why corporate e-learning?

- According to Price Waterhouse Coopers , **70%** of Fortune 1000 companies cite lack of trained employees as their number-one barrier to sustaining growth. Business organizations realize that by offering ongoing education and training, it can enjoy a higher rate of employee retention and the benefits of a better-skilled ,motivated and productive workforce. As a result of the rising importance of training, the organizations are coming up with cost effective, media rich, interactive cyber learning ways of training.
- With conventional instructor-led training methods, companies generally spend more money on transporting and housing trainees than on actual training programs. Approximately

two-thirds of training costs are allotted to travel expenses, which represents a major drain on bottom-line profitability. If opportunity cost is taken into account, the actual costs of training are even higher. Time spent away from the job traveling or sitting in a classroom reduces per-employee productivity and revenue tremendously.

- In the age of globalization, borders are becoming meaningless, global competition is intensifying; organizations are turning multi-national through organic and inorganic expansions. Today's multi-location businesses are operating across the different time zones and employ larger numbers of workers with diverse cultural backgrounds and educational levels than ever. Thus, complex organizations are now seeking more innovative and efficient ways to deliver training to their geographically-dispersed, multi-lingual, multi-racial, multi-religion, multi-cultural workforce.

- Liberalization, Privatization, Globalization (LPG), competition, technological upgradations, and skilled labor shortages are causing employees to work longer, harder, and travel more than previous generations did. At the same time, most of the employee respects autonomy, newer challenges, newer opportunities, added responsibilities and recognition in their jobs and abhors close supervision. Today's knowledge workers want the opportunity to develop themselves, upgrade themselves and allocate time for learning as needed. Modern training methods need to reflect these changes in lifestyle by delivering just-in-time tools, learning-on-demand, and self-paced online learning.

- In the new economy, corporations face major challenges in keeping their workforce current and competent. To retain their competitive edge, organizations have started to investigate which training techniques and delivery methods enhance motivation, performance, collaboration, innovation, and a commitment to life-long learning and delivering effective, efficient and just-in-time learning.

- The emergence of online education is not only a matter of economic and social change, but also of access. Through its increasing reach and simplicity of use, the Internet has opened the door to a global market where language and geographic barriers for many training products have been erased.

- In the 21st century, for the global organizations, live classroom-based training is becoming too costly and cumbersome. The employees have to remain up-to-date in their area of work but the cost of such learning is becoming prohibitive. The need to transform how organizations learn points to a more modern, efficient, and flexible alternative: e-learning. The mission of corporate e-learning is to supply the workforce with an up-to-date and cost-effective program that yields motivated, skilled, and loyal knowledge workers.
- The Internet has come as a savior for training objectives of many organizations. Approximately 80% of the professional workforce already uses computers on the job. Technical obstacles, such as access, standards, infrastructure, and bandwidth, are not an issue now. The growth of the World Wide Web, high-capacity corporate networks, and high-speed desktop computers is making learning available to people 24x7, around the globe. This is enabling businesses to distribute training and critical information to multiple locations easily and conveniently. Employees can access training anywhere, anytime as per their convenience.
- Teaching and communication techniques which is able to create an interactive online environment include case studies, story-telling, demonstrations, role-playing, simulations, streamed videos, online references, personalized coaching and mentoring, discussion groups, project teams, chat rooms, e-mail, bulletin boards, tips, tutorials, FAQs, and wizards. All these are leading to improved collaboration and interactivity among students. In fact a study reveals that that online students had more peer contact with others in the class, enjoyed it more, spent more time on class work, understood the material better, and performed, on average, **20%** better than students who were taught in the traditional classroom.

Scope and Purpose

The proposed study is an analytical one which projects e-learning as a potent tool for training employees in the organizations .A case based on IBM is selected for the paper to draw a clear picture on effectiveness of corporate e-learning in a technology driven organizations and making it a learning, profitable, progressive place to work by providing its employees with just in time, flexible and easy to use training. The paper takes into consideration few techno-economic parameters for analysis for the sake of simplicity.

Objectives of the Paper

The objectives which are set for the purpose are:

- Understanding e-training and why organizations are moving towards technology enabled e-learning.
- Through a case, an attempt is made to understand how e-learning can help learning organizations.
- To justify that e-learning can indeed help increase the skill set of employees which can be instrumental in increasing the productivity and performance of the organization .

Methodology Used

The research paper is an empirical that attempts to project e-learning as a tool for training employees in learning organizations for which the secondary sources of data will be used. A case of IBM has been discussed which has been taken from Scribd.com

Case Study of IBM: Employee Training through E-Learning

(Source: Scribd.com)

Since its inception, IBM had been focusing on human resources development: The company concentrated on the education and training of its employees as an integral part of their development. During the mid 1990s, IBM reportedly spent about \$1 billion for training its employees. However, in the late 1990s, IBM undertook a cost cutting drive, and started looking for ways to train its employees effectively at lower Costs. After considerable research, in 1999, IBM decided to use e-Learning to train its employees. Initially, e-Learning was used to train IBM's newly recruited managers. IBM trained about 5000 new managers in a year. There was a five-day training program for all the new managers, where they were familiarized with the basic culture, strategy and management of IBM. However, as the jobs became more complex, the five-

day program turned out to be insufficient for the managers to train them effectively. The company started feeling that the training process had to be continuous and not a one-time event. Hence, it introduced various other e-learning programmes.

Objectives behind adopting e-learning

Gerstner started looking for new ways of training managers. The company specifically wanted its management training initiatives to address the following issues:

- Management of people across geographic borders
- Management of remote and mobile employees
- Digital collaboration issues
- Reductions in management development resources
- Limited management time for training and development
- Management's low comfort level in accessing and searching online HR resources

The company required a continuous training program, without the costs and time associated with bringing together 5000 managers from all over the world. After conducting a research, IBM felt that online training would be an ideal solution to this problem. The company planned to utilize the services of IBM Mindspan Solutions to design and support the company's manager training program. This was IBM's first e-learning project on international training.

Introduction of the e-training programmes

In 1999, IBM launched the pilot Basic Blue management training program, which was fully deployed in 2000. Basic Blue was an in-house management training program for new managers. It was based on a '4-Tier' blended learning model'. It imparted 75 percent of the training online and the remaining 25 percent through the traditional classroom mode. The e-Learning part included articles, simulations, job aids and short courses.

First tier: In the first tier, the managers were provided access to a lot of information including a database of questions, answers and sample scenarios called Manager QuickViews. This

information addressed the issues like evaluation, retention, and conflict resolution and so on, which managers came across.

Second Tier: In the second tier, the managers were provided with simulated situations. Senior managers trained the managers online. The simulations enabled the managers to learn about employee skill-building, compensation and benefits, multicultural issues, work/life balance-issues and business conduct in an interactive manner.

Third tier: In the third tier, the members of the group started interacting with each other online. This tier used IBM's collaboration tools such as chats, and team rooms including IBM e-Learning products like the Team-Room, Customer-Room and Lotus Learning Space. Using these tools, employees could interact online with the instructors as well as with peers in their groups. In this tier, the members of the group had to solve problems as a team by forming virtual groups, using these products. Hence, this tier focused more on developing the collaborative skills of the learners.

Fourth tier: Though training through e-Learning was very successful, IBM believed that classroom training was also essential to develop people skills. Therefore, the fourth tier comprised a classroom training program, known as 'Learning Lab.' By the time the managers reached this tier, they all reached a similar level of knowledge by mastering the content in the first three tiers. Managers had to pass an online test on the content provided in the above three tiers, before entering the fourth tier. In the fourth tier, the managers had to master the information acquired in the above three tiers and develop a deeper understanding and a broader skills set. There were no lectures in these sessions, and the managers had to learn by doing and by coordinating directly with others in the **classroom**.

Initiation of other e-learning programmes

The tremendous success of the Basic Blue initiative encouraged IBM to extend training through e-Learning to its-sales personnel and experienced managers as well. The e-Learning program for the sales personnel was known as 'Sales Compass,' and the one for the experienced managers, as 'Managing@ IBM.'

Sales Compass was offered to 20,000 sales representatives, client relationship representatives, territory representatives, sales specialists, and service professionals at IBM. Brenda Toan (Toan), global skills and learning leader for IBM offices across the world, said, “Sales Compass is a just-in-time, just-enough sales support information site. Most of our users are mobile. So they are, most of the times, unable to get into a branch office and obtain information on a specific industry or solution. IBM Sales Compass provides industry-specific knowledge, advice on how to sell specific solutions, and selling tools that support our signature selling methodology, which is convenient for these users.”

IBM also launched an e-Learning program called ‘**Managing @ IBM**’ for its experienced managers, in late 2001. The program provided content related to leadership and people management skills, and enabled the managers to meet their specific needs. Unlike the Basic Blue program, this program enabled managers to choose information based on their requirements. The program included the face-to-face Learning Lab, e-learning, and Edvisor, a sophisticated Intelligent Web Agent. Edvisor offered three tracks offering various types of information.

A look at IBM’s cost savings through E-Learning

Program	Saving in 2000 (in US \$million)
Basic Blue	16.0
Going global	0.6
Coaching simulators	0.8
Manager Quick-Views	6.6
Customer-Room	0.5
Sales Compass	21.0

The business outcomes

By implementing the above programs, the benefits reaped were

- IBM was able to **reduce its training budget** as well as improve employee productivity significantly.
- In **2000**, Basic Blue saved **\$16 million** while Sales Compass saved **\$21 million**.
- In **2001**, its cost of training per-employee reduced significantly – from **\$400 to \$135**.
- IBM reported a return on investment (ROI)'s of **2284 percent** from its Basic Blue e-Learning program.
- The company reportedly saved about **\$166 million** within one year of implementing the e-learning program for training its employees all over the world. The figure rose to **\$350 million** in 2001.
- E-learning also resulted in a **deeper understanding** of the learning content by the managers.
- It also enabled the managers to complete their classroom training modules in **lesser time**, as compared to the traditional training methods used earlier.
- The simulation modules and collaboration techniques created a **richer learning environment**.
- The **e-learning projects** also enabled the company to leverage corporate internal knowledge as most of the content they carried came from the internal content experts.
- The employees could learn about the merits of various benefits and the criteria for availing these benefits, such as **cost, coverage, customer service or performance** using an Intranet tool called 'Path Finder.' This tool also enabled the employees to know about the various **health plans** offered by IBM, thereby providing easy access to the knowledge regarding the HR initiatives and their benefits.
- IBM also started **offering the courses** to its customers and to the general public.

Managerial Implication

The theme of the paper is to distil the management wisdom from the case undertaken and adopt e-learning as a tool for corporate training which is not only effective but also saves precious time, energy and resources. It has been found to be success in many organizations and can be embraced for skilling, up-skilling and re-skilling the employees who in turn will be instrumental in building innovative, profitable, prosperous, progressive and learning organizations.

Conclusion

Today e-learning is a part of all the businesses. For an enterprise to function effectively, e-learning has become a norm. This deployment of electronic experiential based learning not only cut costs for the management, but also gives sufficient time and space for employees (Harish Revanna, 2004'). The learning and progressive organizations are focusing on ongoing education, just-in-time training and enhancing employee skills to create a sustainable competitive advantage. By addressing the issues of widening knowledge gap and overcoming educational deficiencies through corporate e-learning, the organizations are equipping the workforce with right knowledge mix to stay ahead in the competitive world.

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