

## Chapter 2 Outline

Why Is Training an Investment?  
Return on Individual: The Other ROI,  
Human Capital  
Absenteeism  
Turnover  
Recruitment  
Budgeting Training  
Historical Perspective  
Why Is It Different Today?  
Sharing Costs with Others  
The Training Proposal  
Costs of Training  
Costing Practices  
True Costs  
Sources of Costs  
Intangible Costs  
Benefits of Training  
Who Benefits from Training?  
True Benefit Values/Savings  
Resources of Values/Savings  
Intangible Benefits  
Cost-Benefit Analysis  
What does the Cost-Benefit Analysis  
Do?  
Return on Investment  
What It Is and What It Does  
Cost-Feasibility Analysis  
Cost-Effectiveness Analysis  
When Not to Measure  
Costs of Not Training  
Conclusion

## Competencies

1. Explain how training is an investment in the organization. (pp. 37–48)
2. Differentiate the budgeting process for training in today's organizations from the past. (pp. 48–53)
3. Identify the variables to consider when calculating the costs of training and the costs of not training. (pp. 53–61, 77)
4. Describe how training directors develop cost-benefit analyses for training and development activities. (pp. 61–72)
5. Explain how training directors calculate an ROI (return on investment) for training and development activities. (pp. 72–77)