

## Centralized vs. Decentralized Training

For years, organizations around the world have wrestled with the issue of where the management of training in the organization should reside. Do they have one body responsible for all training in the organization, called centralized training? Or, do they delegate the responsibility of training to the lines of business with no coordination of efforts, called decentralized training?

Both centralized and decentralized training offer the organization benefits which should be examined and tied to the organization's goals to identify the best model for the organization.

### Centralized Training

Centralized training is managed by a single group in the organization. This group is responsible for planning, designing, developing, implementing and evaluating all training throughout the organization. Often a subdivision of HR, benefits of centralized training include:

- **Consistency and Standardization** – with one group responsible for overseeing all training, centralized training increases the consistency of the training being delivered, along with the standardization of training materials to increase learning comprehension and retention.
- **Transparency** – centralized training allows all lines within the organization be aware of the training available to their lines.
- **Economies of Scale and Leveraged Costs** – centralized training departments are able to procure better training and costs by offering larger training programs to vendors and negotiating resulting better rates.
- **Reduced Risk** – centralized training departments reduce organizational risks in two ways:
  - **Improved Procurement** – with a single department responsible for managing training vendors, the organization is better able to secure better contract terms that protect it from loss and risk.
  - **Legal and Compliance Requirements** – often not a priority for lines of businesses who are focused on operational goals, centralized training is more responsive to the needs of the organization, including reducing risk by requiring and providing legal and compliance training requirements to all employees. For example, many business lines may not require confidentiality training because it is not tied to a sales goal; however, the risk of not having employees trained to comply with confidentiality laws could result in significant financial and reputational penalties.

### Decentralized Training

Decentralized training is training that is managed by the lines of business with no organizational function overseeing each line's training, and therefore no communication between lines about their training initiatives. Even though decentralized training may duplicate training efforts throughout the company, result in inconsistent training throughout the organization and increase overall training costs with unmanaged training spending, the benefits of decentralized training include:

- **Sensitivity to Business Needs** - Lines of business are much more knowledgeable about their own operations, goals, people and problems. They are also truly motivated to improve performance to achieve their goals.

- **Autonomy and Creative Solutions** – When individual lines of business design interventions for training needs they are more likely to think of more outside the box creative solutions.
- **Motivation and Buy-in** – When lines of businesses have more control over their training offerings they are generally more motivated to provide better training to achieve their goals.
- **Goal Orientation** – Because lines of businesses are driven by their own specific needs, training is generally more concrete and tied to the specific goals of the department or area.
- **Increased Responsiveness** – Because decentralized training is “closer” to its audience, it is better able to react to their needs and revise training based on audience feedback.

## **Conclusion**

The answer to whether an organization should have centralized or decentralized training must first be answered by the organization’s goals. No matter what model is used, if the training is not tied to the organization’s goals and measured to ensure return on investment, it will not succeed.

The best solution to meeting the organization’s goals and achieving measurable return on investment for training is to use a hybrid approach. Centralized training eliminates the valuable input of the lines of business and decentralized training costs the organization more money while not leveraging the assets purchased for other lines within the business. Either model in isolation is too extreme and doesn’t really consider the organization’s overall goals. It is more of a power struggle between the line and HR.

Instead, the hybrid model brings all parties to the table transparently to work together, as they should, to achieve the organization’s goals. The training department still maintains the control over purchasing and can leverage the benefits from that, as well as communicates training priorities that are not tied to direct operational goals, while ensuring that the needs of its customers – the lines of business – are being met by utilizing the expertise and knowledge from the lines of business in the planning, design, development, implementation and evaluation phases.