# Assessing The Effects of Executive and Management Development on Learning Transfer and Business Results: Some Empirical Findings

David Lewin

Neil Jacoby Professor of Management, Human Resources and Organizational Behavior

UCLA Anderson Graduate School of Management

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# Executive and Management Development (EMD) and Learning Transfer

Transfer of EMD learning to participants jobs and organizations:

- 132 former participants in the UCLA Anderson School Executive Program (“participants”)
- 1,276 subordinates, peers and superiors of these participants (“colleagues”)

# Dimensions of Learning Transfer

- Overall

- Management
- Organization
- Leadership
- Results

# Components of Learning Transfer Dimensions

## Management:

- Customers
- Financial Resources
- Technology
- Operations
- People

## Organization:

- Critical Tasks
- Org. Structure
- Info. for DM
- Rewards
- People
- Culture

# Components of Learning Transfer Dimensions
(Continued)

Leadership:

- Motivating Others
- Leadership Adjust.
- Delegating Resp.
- Developing Others

Results:

- Individual Perf.
- Colleague Perf.
- Team Perf.
- Bus. Unit Perf.

## Overall Learning Transfer Ratings
## (Scale: 1 = Low, 5 = High)

- Participants: M = 3.75; SD = 1.15

- Subordinates: M = 3.09; SD = 0.87; DIFF = 0.66*
- Peers: M = 3.27; SD = 0.73; DIFF = 0.48*
- Superiors: M = 3.45; SD = 0.64; DIFF = 0.30*

- All Colleagues M = 3.22; SD = 0.79; DIFF = 0.53*

# Components With Largest Learning Transfer Rating Differences

Participants v. All Colleagues:

- Using Information for Decision Making – 1.00*
- Managing People – 0.99*
- Delegating Responsibility – 0.82*
- Providing Rewards for Performance – 0.78*

# Correlates of Participants' Overall Learning Transfer Ratings

- Years of Work Experience + 0.34*
- Number of Companies Worked For + 0.38**
- Marketing Functional Specialty + 0.32*
- Finance Functional Specialty – 0.33*
- Female + 0.27*
- Organization Size in Assets – 0.42**
- 3-Year Sales Revenue Growth + 0.35*
- Number of Management Levels – 0.31*

# Executive and Management Development (EMD) and Business Results

- 111 Participants' Business Units

- Financial Performance Measures, 1995-2000

Dependent Variables:

- Change in return on capital employed (ROCE)
- Change in sales revenue growth (REVGROW)
- Change in revenue per employee (REVEMP)

# Business Results
(Continued)

Independent Variables:

- **EMD Scope:** Change in proportion of executives/ managers participating in EMD (EMDPART)
- **EMD Activity:** Change in proportion of "participating" executives/managers attending externally-supplied open enrollment programs (EMDEXT)
- **EMD Expenditure:** Change in executive/manager per capita EMD expenditure (EMDEXP)

# Business Results
(Continued)

Selected Findings:

- In ROCE equation, EMDPART + 1.23* (0.59), EMDEXT +1.02 (0.61), EMDEXP + 1.34* (0.63)
- In REVGROW equation, EMDPART + 1.47* (0.70), EMDEXT + 0.96 (0.55), EMDEXP + 1/19* (0.57)
- In REVEMP equation, EMDPART + 1.26* (0.56), EMDEXT + 0.97 (0.53), EMDEXP + 1.14* (0.51)

# Business Results
(Continued)

- Participant learning transfer rating (PLEARNTR) and participant-colleague learning transfer rating difference (LEARNTRD) entered into cross-sectional business performance equations

- In ROCE equation, PLEARNTR + 0.39 (0.25), LEARNTRD – 1.11* (0.52)

# Business Results
(Continued)

- In REVGROW equation, PLEARNTR + 0.34 (0.23), LEARNTRD – 1.15* (0.54)
- In REVEMP equation, PLEARNTR + 0.40 (0.26), LEARNTRD – 0.90 (0.49)

# Business Results
(Continued)

- Second set of 292 business units from 72 participants' companies selected for "paired comparison" analysis
- Business units ranked by rate of change in EMDPART, EMDEXT and EMDPART, 1997-2000
- Business units split into "high EMD" and "low EMD groupings based on median rate of change in EMDPART, EMDEXT and EMDPART

# Business Results
(Continued)

- Similar change in business performance (1997-2000) regressions run separately for “high EMD” and “low EMD” business units
- In ROCE equation, EMDPART +1.18** (0.56) in “high EMD” business units, 0.82 (0.51) in “low EMD” business units

# Business Results
(Continued)

- In REVGROW equation, EMDEXT + 1.10** (0.52) in “high EMD” business units, 0.66 (0.42) in “low EMD business units
- In REVEMP equation, EMDEXP + 1.08* (0.63) in “high EMD” business units, 0.74 (0.45) in “low EMD” business units

# Business Results
(Continued)

- Business units winnowed to “top EMD” and “bottom EMD” groupings based on rate of change (1997-2000) in EMD measures. Regression findings include:

- In ROCE equation, EMDPART + 1.14** (0.53) in “top EMD” business units, 0.77 (0.42) in “low EMD” business units

# Business Results
(Continued)

- In REVGROW equation, EMDEXT + 1.07** (0.52 in “top EMD” business units, 0.29 (0.19) in “bottom EMD” business units

- In REVEMP equation, EMDEXP + 1.15** (0.53) in “top EMD” business units, 0.53 (0.32) in “low EMD” business units

# Conclusions

- Colleagues rate EMD program participants' learning transfer significantly lower than participants rate their own learning transfer
- Colleague-participant EMD learning transfer rating differences follow the organizational hierarchy, with subordinate-participant difference largest and superior-participant difference smallest

# Conclusions
(Continued)

EMD participant learning transfer rating significantly correlated with individual and organizational demographic characteristics:

- Positively with years of work experience, number of companies worked for, female gender, functional specialties in marketing and operations, 3-year revenue growth
- Negatively with functional specialties in engineering and finance, organizational size, number of levels of management

# Conclusions
(Continued)

- Change in EMDPART and EMDEXP significantly positively associated with change in business unit ROCE, REVGROW and REVEMP

- Colleague-participant EMD learning transfer rating difference significantly negatively associated with change in business unit ROCE, REVGROW and REVEMP

# Conclusions
(Continued)

- Change in EMDPART, EMDEXT and EMDEXP significantly positively associated with change in financial performance in “high EMD” but not “low EMD” business units
- Change in EMDPART, EMDEXT and EMDEXP significantly positively associated with change in financial performance in “top EMD” but not “bottom EMD” business units
- **Cumulatively, these findings imply that EMD “pays off”**

# Implications

- EMD is not practiced by all businesses because heretofore evidence about EMD learning transfer and effects on business results has been meager

- EMD as a form of organizational R & D analogous to traditional product and service-oriented R & D. Both are significantly positively associated with (change) in business unit financial performance—and perhaps both should be capitalized and amortized

# Implications
(Continued)

- Analyzing EMD's role in "explaining" the variance in change in financial performance among large samples of business units is different from analyzing EMD's role in explaining a single business's change in financial performance

- The latter requires a more conventional and more challenging before-after, control group type research design—that is, a quasi-experimental design