

Evolution of ROI Analysis in Executive Development

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ROI analysis over the past 30 years

- Earliest corporate universities sponsored internal ROI research (GM University, e.g.)
- Utility Analysis framework developed as an alternative to financial model for ROI in HR
- Program evaluation models appeared in 1970's (Kirkpatrick framework)
- ASTD and SIOPS continuing focus on ROI
- CCL/PDI research agendas focus on ROI and impact in executive development activities
- Business schools exec ed units/clients

Three basic themes in ROI literature

- ROI for HR organizations inside companies
- ROI in “training” activities
- ROI/Evaluating impact in executive development

ROI for HR organization/activities

- Jac Fitz-End (Saratoga Institute)
 - Human capital benchmarking
 - Measurement of human asset management
- John Boudreau (Cornell University)
 - Industrial psychologist; CAHRS
- David Ulrich/Mark Huselid (Michigan/Rutgers)
 - Balanced scorecard for HR

ROI in “training & development”

- Donald Kirkpatrick (consultant/author)
 - Levels of program evaluation model
 - Former ASTD national president
- Jack Phillips (consultant/author)
 - FranklinCovey (formerly Performance Resources)
 - Trainer/workshop facilitator on ROI for ASTD
 - ROI Certification process through FranklinCovey
- ASTD white papers
 - *“Profiting from Learning: Do Firms’ Investments in Education and Training Pay Off”* by Bassi, Ludwig, McMurrer and Van Buren (2000)

ROI/Evaluating impact in executive development activities

- Center for Creative Leadership
 - “*Evaluating the Impact of Leadership Development: A Professional Guide*”
 - by J. Martineau and K. Hannum
- Business Schools/Exec Ed Units & Clients
 - David Lewin’s research on UCLA pgm
 - in Conference notebooks
 - UNC/Wachovia; Columbia/Boeing; Emory/HD
 - Academy of Management article to be published article for *Learning and Education Journal*

Key learnings from literature review

- Everyone struggles with the topic, while acknowledging its importance
- Kirkpatrick four levels of program evaluation is a standard model that most apply to ROI
- ROI analysis is different when applying concepts to executive development as opposed to training
- Substantive ROI analysis requires combination of quantitative and qualitative data collection
- Qualitative research design (quasi-experimental) is optimized with a control group comparison

Key learnings from literature review

- Analyze impact on three dimensions:
 - individual (behavior)
 - work group (productivity)
 - organizational (results)
- Clarity of objectives at the front end enables better ROI analysis at the back end
- ROI analysis helps to put abstract goals/constructs into practical/measurable terms
- ROI analysis is labor intensive and requires expertise; therefore it is best performed selectively