

Research for Unicon

Produced by Ashridge

May 2006



**EXECUTIVE EDUCATION:
Evaluating the Return on Investment**

Bringing the Client Voice into the Debate

**FINDINGS FROM THE US:
An Appendix to the May 2005 Report**

Acknowledgements

We are very grateful to Babson Executive Education for agreeing to help with this study. The support provided by Dean Elaine Eisenman and her team at Babson enabled us to replicate our original European study in the US and gain a global perspective on the question of clients' views of ROI and executive education. Babson provided Ashridge with a list of US companies and contacts and assisted in the distribution and promotion of our survey.

I would also like to thank everyone who responded to the survey – the range of views that exist in this area is wide, and it is great that so many people from different positions on the spectrum took the time to respond.

Finally, several colleagues at Ashridge have been key supporters of this research – including Bob Stilliard, Andrew Wilson, Shirine Voller and Viki Holton – and particular thanks are due to Judy Curd for analysing the data and to Eileen Mullins for producing this report.

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May 2006

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EXECUTIVE SUMMARY

Background

This report builds on an earlier study *Executive Education: Evaluating the Return on Investment – Bringing the client voice into the debate* which reported the findings of a European survey of business school clients. The study explored attitudes towards evaluating customised executive programmes. We have now replicated the survey in the US. This gives us a much broader base of clients within the survey, and the ability to compare views of US clients with clients based in Europe.

Purpose

The idea of comparison was prompted by experiences of members of the research team at international conferences, where our observation was that contributors from the US tended to be much more focused on a notion of evaluation as a means of *proving* or *measuring* value than their European counterparts, who tended to seem more interested in the role of evaluation as a mechanism for *improvement* or *learning*.

Given that the majority of the literature on evaluation and ROI can be clearly placed in one of these ‘camps’, we wanted to know whether our observation was an accurate reflection of differences in views between Europe and the US.

Survey method

The same questionnaire-based survey was used in the US as in Europe, and drew roughly similar response rates and patterns. As we did in Europe, we again sought the views of two groups of people – HRD professionals, people working in learning and development functions, and Sponsors, people working in CEO, MD-type roles, the kind of people who are most likely to be the ultimate decision maker in terms of budgets for executive education. The European study had found some intriguing differences between these two groups. It also found a clear divide in the market – with respondents fairly evenly divided between the ‘prove’ and ‘improve’ camps.

US findings

In line with our expectations, the US survey suggests that HRD professionals in the US engage in more evaluation activity than do those in Europe. They tend to be more likely to regularly evaluate executive education activities at a ‘higher’ level in the Kirkpatrick/Philips model, and they also use a wider variety of evaluation methods.

However, in contrast to what we expected, there is no evidence that HRD professionals or sponsors in the US are more likely to be in what we termed the ‘ROI hard core’ – the ‘evaluation as proof’ school of thinking. In fact, on many questions, US respondents were more likely to choose the response that suggests less of an interest in *proving* and more interest in *improving*.

There was also a slight but notable difference in the way that executive education is viewed among sponsors. More US sponsors than European sponsors seem to take executive education as an ‘act of faith’ – that is a good thing in its own right which does not need to be measured or justified in great detail. Similarly, US sponsors were more likely to define ROI in terms of individual benefits, rather than looking for evidence of organisational or direct bottom line impact.

Overall then, our findings suggest that the US market is divided in a very similar way to that in Europe. However, there are intriguing hints that, far from there being more focus on measurement and proof than in Europe, interest in ROI in the US may have ‘peaked’ and there may be a greater degree of pragmatism. We can only speculate why this may be: could it be a function of the debate having run further and longer in the US or simply through a greater level of maturity in the executive market in the US leading to more acceptance of the value of programmes without the need for objective ‘proof’?

Whatever the reason, the survey suggests that our market remains complex and contains many different types of client – some of whom regard measuring ROI as desirable and potentially achievable, some of whom are focused more on ensuring that programmes are adding value for individuals. Business schools need to continue to engage in real dialogue and form close partnerships with their clients in order to fully understand what ‘ROI’ might mean to them.

A. BACKGROUND AND INTRODUCTION

This report presents findings from a second stage of research conducted on behalf of UNICON. Our earlier study, *Executive Education: Evaluating the Return on Investment – Bringing the client voice into the debate* (2005) described the findings of a European survey of attitudes towards evaluation of executive education among Human Resources Development (HRD) professionals and senior corporate managers (sponsors).

Discussion at UNICON and other conferences had suggested that there might be differences in perspective between Europe and the US on the issue of establishing the return on investment (ROI) of executive education. The survey has now been replicated within the US in order to test this. This report highlights the main differences and similarities between US and European responses and tries to explore the implications for business schools working in and across different markets.

We have deliberately sought not to repeat large parts of the earlier report. This document is intended to act as an appendix to that first work, so we have simply summarised the key findings from 2005, and revisited our conclusions in the light of the US data.

B. 2005 STUDY

Purpose of the study

In line with UNICON's 2004/5 ROI research theme, Ashridge proposed a survey of HRD professionals – business schools' traditional contact points – and the senior executives who typically act as 'sponsors' for executive programmes, the people who decide whether to spend or not. Our aim was to bring the client voice into the debate. An extensive literature search had led us to conclude that, while the heat of the ROI debate had intensified over the past five years or so, one thing had remained constant – an absence of any kind of 'reality check' with the organisations who pay for training programmes. Among vast numbers of academic articles, conference papers and books, we looked in vain for any mention of what client/user organisations actually need and want from training evaluation.

We conducted a series of interviews and discussion groups in order to scope a survey questionnaire. One of the most surprising findings from this stage of work that influenced the subsequent shape of the survey was that many of the people we spoke to who were somewhat dismissive of the whole question of ROI in relation to executive education. For these people, executive programmes are something of an 'act of faith'. This view was not shared by people we spoke to who work in the public sector. There the pressure of being responsible for taxpayers' money and additional levels of audit and value-for-money scrutiny mean that public sector managers do feel they need to at least try to assess organisational impact.

The strength of the 'act of faith' view among our interviewees meant that we slightly shifted the emphasis of the questionnaire. Our original proposal had been based on an assumption that the ROI question was a burning issue for most organisations: now we felt that the survey needed to start at a more basic level and find out just how much interest there really was in ROI, and try to understand what was driving the interest. We also decided to focus solely on customised executive education, as we found no evidence of interest in thorough evaluation of attendance on open enrolment programmes. Two slightly different questionnaires were designed, one for HRD professionals, one for sponsors, and were distributed during December 2004

The respondents

We received 270 responses, 156 from HRD professionals and 114 from sponsors – mostly CEOs, Managing Directors and General Managers. The respondents were all based in Europe – the majority in the UK, Germany and Sweden. 25 per cent of responses came from people

working in the public sector, and 7 per cent from the not-for-profit sector – broadly reflecting the proportion of the sectors among business school clients.

The findings

Current practice

The responses to our European survey suggested that the way our clients evaluate executive education is on the brink of change. Compared with the approaches described by academics and advocated by ‘measurement and evaluation’ specialists, current practice seems really rather unsophisticated, with very few respondents regularly evaluating at anything other than Kirkpatrick’s Level 1. However, many of our respondents reported that they were about to start working in new ways: we could not tell whether this has been an ‘on-the-verge-of-a-breakthrough’ subject for some time, or if we are really about to witness a revolution in the way that the contribution of executive education is measured and valued.

A market in at least two segments

The European survey illuminated differences that exist between clients. The research suggested that different people view the ROI question very differently. There would appear to be a segment within our market that views assessment of the financial ROI from executive education as a difficult, but ultimately achievable and worthwhile goal. However, there would also appear to be a segment that takes a view that is more concerned with ensuring that there are clear benefits at the individual level and that the organisation is able to support individuals in applying and transferring what they have learned.

Pressure for change?

The survey showed that European HR professionals clearly feel that pressure to justify the costs of executive education is going to increase. Responses from representatives of the ‘sponsors’ of exec ed suggested that HR people are right to feel under pressure, but that it might be a different kind of pressure from what they imagine. The Kirkpatrick model has dominated thinking for so long that there is an almost unquestioning belief that evaluation has to aim for the highest levels. Yet when we directly asked whether proof of individual benefits – the lower levels in Kirkpatrick – proves ROI, sponsors were more likely to agree than disagree. Sponsors were more likely to express what they want from customised executive education in terms of changes in individual performance than they were organisational terms. When we looked at what research could be carried out in the future, sponsors were also much less oriented towards financial ROI than the HRD professionals were: sponsors were more interested in understanding what happens inside their own organisation that influences how well executives can use their learning.

A need for a new dialogue?

The findings in Europe led us to conclude that if sponsors tend to view evaluation in broader, more individually-focused terms than HRD people do, there may have been miscommunication between sponsors and HRD people. In an era in which attention is focused on squeezing maximum value from all expenditure, it may be that any questions from line management about the impact or return from executive education have been interpreted as calls for proof of financial gain, when, in fact, sponsors may simply have been looking for clearer evidence of individual benefits.

We felt that there might be a role for business schools in working with their clients to understand more fully what their organisations want from customised executive education. Even where it is ‘an act of faith’, there are benefits to be gained from a closer dialogue between the HRD function and senior line managers to establish expectations more clearly.

A new focus for the debate

Most importantly, and most strikingly given the emphasis that has been placed to date on *measurement*, we found that there is a clear appetite for research that will help to develop an understanding of how to *maximise* return on investment – what happens inside our client organisations that impacts on how well what the business school has done is used and applied back where it counts, in the workplace.

C. THE US STUDY

Purpose

The aim of this second strand of the study was to collect data from respondents based in the Americas in order to increase the diversity of respondents included in the overall survey and specifically to enable comparison of views between Europe and the US.

Distribution

Identical questionnaires were used in the US study as in the original. The European study drew on contacts from Ashridge's database. In the US, Babson Executive Education distributed the survey to selected contacts – Babson having a similar profile to Ashridge in terms of carrying out a relatively high proportion of customised work and being highly ranked for customised programmes. Further contacts were purchased from *Training Magazine*, selected to match the role types and seniority of the original Ashridge contacts. All questionnaires were sent by email, as this had produced a better response than the postal survey in Europe. Distribution took place during January and February 2006.

Response rates

3,400 HRD contacts were e-mailed, producing 72 responses (2.1%). 2,600 Sponsors were e-mailed, producing 100 responses (3.8%). The overall response rate was 2.9%, slightly lower than the 3.4% achieved in Europe. Again we believe the relatively low response rate to be largely due to the somewhat specialised nature of the survey – with its focus on customised executive education, it was aimed at a fairly small niche.

Sector representation

The split between private and public sector respondents was 75/25 – roughly in line with overall business school spend. 86% of respondents were based in the US. The remainder were mainly based in Latin America and Canada, with very small numbers based in the Far East. For ease throughout this report, we will refer to US respondents – given that this was the source of the contact data and the predominant country of work of the respondents.

**Overall findings from
the US study**

The majority of questions elicited very similar response patterns from US respondents as we saw in the original European study. However, there were areas where there were notable differences in the extent to which respondents were divided or ‘of one voice’, and we highlight these in the next section of the report. They include:

- Current evaluation practice
- Satisfaction with current practice
- Business school support for evaluation compared with non-business school providers
- What drives interest in ROI
- Style and purpose of evaluation
- The possibility of calculating objective measures of ROI in executive education
- What constitutes ROI.

D. QUESTIONS WHERE THERE WERE DIFFERENT RESPONSE PATTERNS IN THE US AND EUROPE

In the pages that follow we show responses to those questions where there was a marked difference from the responses given by our European respondents. **For ease of reference, Table numbering follows that in the original report, so there are some intended gaps in the numbering in this document.**

IS ROI IMPORTANT?

The following question was asked in the HRD questionnaire only:

“Looking forward over the next three years, how do you think attitudes towards evaluating the impact of customised executive education will change?”

	US %	Europe %
It will become more important	77	85
I don't think there will be any change	21	15
It will become less important	2	0

Table1

This result was not what we expected. The amount of literature emanating from the US and experiences reported at international conferences had led us to believe that the HRD community in the US was more engaged with the idea of ROI and under more pressure to respond to ‘the ROI question’ than their counterparts in Europe. In fact, while the vast majority of respondents do believe that ROI will continue to grow in importance, the numbers are slightly less clear than in Europe, and there are even some respondents – albeit very small numbers – suggesting it will become less important. If the responses of our respondents are typical of the US, then there are two possible explanations for the differences between this and the European study. First it could be that our expectation was simply wrong, and that ROI is becoming a bigger issue in Europe than in the US. Alternatively, it may be that more people in the US feel that the issue is beginning to ‘peak’: after several years as a hot topic, maybe some people feel a period of ‘calm’ in relation to ROI may be emerging.

EVALUATION IN PRACTICE – WHAT ARE PEOPLE DOING?

Whatever the views of respondents as to the future importance of ROI, it does appear that there is very slightly more ‘higher level’ evaluation taking place in the US than in Europe. We framed a question based on Phillips 5-level model of evaluation to find out what kind of evaluation respondents were doing. We found that more US respondents report that they regularly evaluate at levels 4 and 5 (4 = organisational impact, and 5 = financial ROI). Interestingly, however, slightly fewer US respondents regularly evaluate at levels 1 and 2.

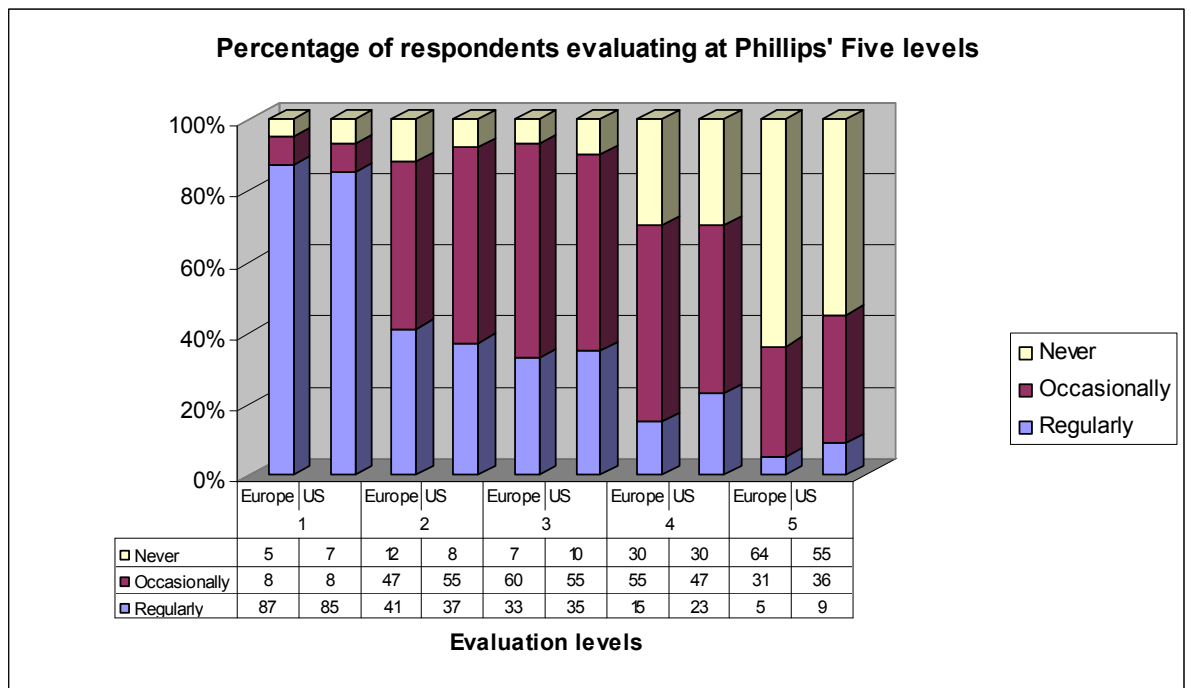


Chart 1 – Comparison of US and Europe data

As well as inquiring about levels of evaluation, the survey also asked respondents to advise which evaluation methods they used.

Method	US data %	Europe data %	% age difference between Europe and US*
"Happy sheets" - participant feedback during or immediately after the programme	90	89	1
Follow-up questionnaires or interviews with participants some time after programme	72	65	11
Specific questions in employee surveys	63	44	43
Automated online reaction questionnaires	60	29	107
Participant's self-assessment of competency changes	53	32	66
Follow-up interviews with participant's line managers some time after programme	47	43	9
Repeat 360 feedback	45	37	21
Specific questions in customer surveys	34	14	143
Data on numbers of programme participants who leave the organisation	32	22	45
Career tracking (e.g. monitoring promotions)	29	34	(15)
Questionnaires or interviews relating to the learning transfer climate within the organisation	25	21	19
Financial value of learning projects implemented	18	11	64
Financial value of business changes implemented post-programme	18	10	80

Table 2: Evaluation methods used – comparison of US and Europe responses
(* Difference calculated as a percentage of the European proportion)

What is particularly noticeable here is the extent to which US respondents are using all but one of the methods more than their European counterparts. In some cases, the differences in the proportions of respondents using methods are very large, for example:

- almost two-thirds of US respondents use automated online reaction questionnaires, fewer than one-third of European respondents use them;
- customer surveys are used for evaluation purposes by almost a third of US respondents, only one in seven European respondents said they used them.

However, the overall pattern of popularity of different methods is quite similar, with both US and European respondents making relatively little use of financially-oriented methods. We also asked about evaluation methods that respondents had plans to use in the future, and those which they had no plans to use. Table 3/4 overleaf summarises the results:

Method	Plan to use %	No plans to use %
Career tracking	48 (34)	21 (29)
Financial value of business changes implemented post-programme	42 (44)	38 (37)
Financial value of learning projects implemented	41 (40)	39 (40)
Questionnaires or interviews relating to the learning transfer climate within the organisation	36 (33)	36 (37)
Follow-up questionnaires or interviews with participants' line managers	36 (41)	16 (17)

Table 3 (and 4): Evaluation methods respondents plan/do not plan to use. (European responses in brackets)

The table shows the 'top 5' future methods – those methods that the highest proportion of respondents reported they were planning to use in the future. We also show for each of these top 5, the percentage of respondents who indicated that they had no plans to use the method.

Response patterns to these questions were very similar to those from our European sample. In particular, we once again found considerable overlap between the most and least 'popular' future methods. As in Europe, we found a fascinating split in two key areas (those highlighted in bold text) – financial methods and learning transfer climate – with almost equal numbers of people planning to use and not planning to use. The evenness of this split in these key areas suggests that the US exec ed market is as divided as we believe to be the case in Europe, with some people keen to use more analytical, financially-oriented measures, and just about equal numbers apparently not at all attracted to those approaches. The same appears to be true in relation to learning transfer climate – it is high on the agenda for just over a third of US respondents, but does not feature at all in the plans of an identical number.

**HOW SATISFIED
ARE PEOPLE WITH
CURRENT
EVALUATION
PRACTICE?**

Despite the fact that slightly fewer of our US respondents felt that ROI was going to grow in importance, there appears to be greater dissatisfaction among HRD respondents in the US than in Europe with regard to current practice. In contrast, US sponsors appear happier than their European counterparts.

“How satisfied are you with your organisation’s current approach to evaluating customised executive education?”

	HRD %	Sponsor %
Very satisfied	0 (6)	25 (14)
Reasonably satisfied	44 (49)	47 (43)
Somewhat dissatisfied	44 (32)	23 (39)
Very dissatisfied	11 (13)	5 (4)

Table 5: Levels of satisfaction with organisation’s current approach to evaluation (Europe responses in brackets)

Over half (55%) of US HRD people are dissatisfied, compared with 45% in Europe. However, only 28% of US sponsors are unhappy, compared with 43% in Europe. There are no obvious explanations for these differences. However, one possibility might be related to the higher levels of evaluation activity, and the wider range of methods being used that our US respondents reported. It may be that US sponsors are more likely to be satisfied because they are receiving more data, from a bigger range of sources. Conversely, perhaps HRD people in the US feel they are putting lots of effort into different kinds of evaluation, but they are unsure of the benefits. Alternatively, perhaps the higher amount of attention that ROI receives in the US in conferences, HRD journals etc, increases the likelihood of practitioners feeling less satisfied because they perceive that more is happening in other organisations than is actually the case.

One quote from a US-based Global Leadership Development Training Consultant hints at this:

“The issue that is most prevalent among leadership professionals at my company is the balance between doing quality evaluation at the organisational impact level versus the need to deliver the next program. There is a need for a standard, efficient method to getting quality evaluation data.”

Satisfaction with business schools

The survey also asked whether respondents were satisfied with the way their business school(s) support them in evaluating executive education. There were no differences in levels of satisfaction between Europe and the US. However, when we asked how business schools compared to non-business school providers, there was a difference – shown in Table 7 below.

“If you use different providers for customised executive education, how do non-business school providers compare to business schools in terms of support for evaluation?”

	US	(Europe)
Business schools are better	10	(14%)
Non-business schools are better	23	(11%)
There is no difference	23	(18%)
There is too much variation to generalise	44	(56%)

Table 7: Comparison of business schools and non-business schools

While respondents to both surveys tend to think there is too much variation to generalise, almost a quarter of US respondents believe that non-business schools provide better support than do business schools. Only 10% felt that business schools did the best job on supporting evaluation.

WHAT IS DRIVING INTEREST IN ROI?

Our perception prior to running the original survey was that HRD professionals believed themselves to be under pressure from sponsors to deliver hard measures of the ROI of executive programmes. We included three statements within the survey in an attempt to test whether the pressure was real or just a perception. On one statement (“Other functions have proved that ‘intangible’ benefits can be measured, so the same should be true of executive education”) the results from the US and Europe were almost identical. On the other two statements though there were some interesting differences.

“HR professionals will have to get better at proving the worth of executive education in the future.”

	HRD	Sponsors
Agree	75 (88)	60 (69)
Neither	21 (10)	30 (21)
Disagree	4 (2)	10 (10)

Table 9: US results (Europe results in brackets)

While still in a majority, the proportion of HRD people in the US who believe that they are going to come under increased pressure to prove the value of executive education is smaller than in Europe. US sponsors also tend slightly less towards this view, with 40% of them choosing not to agree with the statement. More research would be needed to indicate whether this is because HR professionals in the US are *already* under greater pressure than their European counterparts, or whether this is a further sign that interest in ‘proof’ of ROI is starting to diminish a little in the US.

“My organisation recognises training and development expenditure as essential and so it does not expect detailed justification of expenditure.”

	HRD	Sponsors
Agree	28 (25)	35 (22)
Neither	27 (26)	25 (16)
Disagree	45 (50)	40 (62)

Table 11: US results (Europe results in brackets)

Agreement with this statement suggests a ‘sacred cow’ view of training and development – it’s a good thing and is rarely questioned. Here there are only minor differences between the US and European HRD respondents. However, there is a strikingly smaller proportion of US sponsors who appear to disagree with this view: 40% of US sponsors disagreed with the statement, compared with 62% of Europeans. One interpretation of this, particularly when read with Table 9 above, is that executive education activities are more highly valued in the US than Europe – that the ‘act of faith’ outlook (executive education is a good thing and good things will come of it) is more widely held in the US.

WHAT KIND OF EVALUATION IS REQUIRED?

We included a statement to test whether views among business school users reflected the emphasis placed within the ‘measurement and evaluation’ industry on statistical rigour.

“It is important that evaluation is scientifically rigorous.”

	HRD	Sponsors
Agree	51 (38)	43 (45)
Neither	36 (38)	37 (32)
Disagree	13 (23)	20 (23)

Table 16: US results (Europe results in brackets)

There is very little difference in the sponsors’ responses between US and Europe. However, US HRD professionals seem to take a ‘harder’ line than their European counterparts. 51% of US HRD people agreed with the statement, compared with 38% of Europeans. Read with our earlier finding that the US HRD respondents reported that they undertake a wider range of evaluation activities (Table 2), and they are more likely to make use of, for example, survey data and financial measures of programme outcomes, this suggests that HRD people in the US may have higher expectations of scientific rigour in evaluation because they have been exposed to more ‘rigorous’ approaches, and may have tried some themselves.

WHY EVALUATE?

We also investigated what people saw as the primary purpose of evaluation, as the literature revealed a clear distinction between evaluation designed to *prove* value, and that designed to *improve* programmes or processes.

“When evaluating, it is more important to learn how things can be improved than to try to justify expenditure.”

	HRD	Sponsors
Agree	76 (67)	72 (63)
Neither	13 (18)	19 (24)
Disagree	11 (16)	9 (13)

Table 17: US results (Europe results in brackets)

An even clearer majority of US respondents – HRD and sponsors – agree that evaluation should be primarily focused on *improvement*.

**IS FINANCIAL ROI
A WORTHWHILE
OR ACHIEVABLE
GOAL?**

Two statements in our survey were designed to test the extent to which business school users saw evaluation in the same way as it is most frequently presented in the literature – as a kind of quest, where the ultimate goal is a clear answer on financial ROI. We tried to avoid questions where the only answer could be ‘yes’, and instead included two statements to test commitment to the ‘quest’ for ROI, and belief in objective measures in relation to executive education.

“Calculating the financial return on investment in executive education is so difficult it is rarely worth doing.”

	HRD	Sponsors
Agree	33 (23)	24 (27)
Neither	28 (33)	20 (25)
Disagree	39 (44)	56 (48)

Table 19: US results (Europe results in brackets)

On the HRD side, respondents in the US are pretty evenly split on this issue. A third agreed with the statement, suggesting they do not believe the quest is worth the effort. This was a higher proportion than in Europe, where only 23% agreed. However, as in Europe, a majority of both sponsors and HRD disagreed, suggesting that there is a real desire

for financial measures, albeit that it is currently very difficult, and perhaps takes more effort than is justified by the result:

“In the light of all the initiatives that Executives are asked to take part in, it is difficult to parse out the aspect that education has played in performance.” (Chief Learning Officer, US)

Our second statement focused on the *possibility* of objectively measuring ROI:

“It is often not possible to calculate objective measures of the ROI in executive education.”

	HRD	Sponsors
Agree	39 (43)	50 (35)
Neither	30 (27)	19 (22)
Disagree	31 (30)	31 (43)

Table 21: US results (Europe results in brackets)

The HRD responses follow a very similar pattern in the US and Europe. However, for sponsors there is an interesting reversal of the position in Europe. In Europe, sponsors were more likely to disagree with the statement, suggesting they think it *is* possible to calculate objective measures of ROI: we wondered whether this greater optimism compared with HRD colleagues was indicative of different interpretations being placed on ‘ROI’. In the US, by contrast, sponsors are more likely to agree with the statement – and more likely than their HRD colleagues to agree. With half of US sponsors agreeing with the statement, this possibly suggests a higher awareness of the difficulties of measurement than exists in Europe. One US-based SVP commented:

“It is extremely hard to evaluate the value of programs. Many issues including business, personal and market conditions all impact the performance of the individual.”

**WHAT DO WE
MEAN BY 'ROI'?**

“If there is clear evidence that individual participants have benefited from a programme, that is enough to prove a positive return on investment.”

	HRD	Sponsors
Agree	38 (32)	55 (44)
Neither	28 (27)	25 (27)
Disagree	34 (41)	20 (28)

Table 22: US results (Europe results in brackets)

This was one of the most interesting questions in the European study: sponsors were more likely than their HRD colleagues to accept evidence of individual benefits as sufficient proof of a positive ROI. The result is echoed – and even more marked – in the US. Over half of sponsors in the US survey agreed with this statement: 38% of HRD respondents agreed. The higher agreement levels among both sponsors and HRD people in the US compared with Europe perhaps provides further indication of a ‘peaking’ of interest in ‘higher level’ evaluation.

The sponsor questionnaire specifically asked respondents what they looked for from executive education:

“Which of the following most closely matches the kind of return on investment you seek from customised executive programmes?”

I want individual leaders in the organisation to perform more effectively	60% (45%)
I want the organisation to be in better shape to deliver our Strategy	30% (43%)
I want a clear financial benefit, where gains from the programme exceed the cost	10% (8%)

Table 23: US results (Europe results in brackets)

This finding reinforces that shown in Table 22. A clear majority of sponsors – much clearer than in Europe – believe that the benefits that should be sought from executive programmes are focused on individual performance.

**FUTURE
RESEARCH
AGENDA**

“Below is a list of areas in which business schools could carry out research. Which one would be the most useful for your organisation?”

	HRD	Sponsor
Understanding the factors in the organisational climate that influence how well participants can apply and transfer their learning from programmes	46 (38)	62 (61)
Establishing generic causal links between the development of individuals’ competencies and organisational performance	33 (35)	24 (30)
Developing methodologies to try to calculate the financial ROI of specific executive education activities	21 (27)	14 (8)

Table 24 (Europe results in brackets)

As in Europe, the US responses to this question support the findings of the previous two statements (Tables 22 and 23), with sponsors being much more clearly interested in improving the extent to which individuals are able to use what they have learned on programmes. It is interesting to note that the US HRD community appears less evenly split than their counterparts in Europe: over twice as many US HRD (46%) people picked the first choice – learning transfer climate – than the financial ROI option (21%).

E. CONCLUSIONS

We had expected to find some differences of views between the US and Europe in relation to ROI. We did indeed find shades of difference in several areas, but overall the findings from the US study reinforce the conclusions we drew following the European study in 2005. It seems that the differences within geographic markets are far bigger than those between them.

Evaluation in practice

There would appear to be wider use of a range of evaluation methodologies in the US than in Europe (Table 2). US respondents also report more regular evaluation at levels 4 and 5 in the Phillips/Kirkpatrick frameworks (Chart 1). However, this additional activity does not appear to translate into greater satisfaction among those who are undertaking it – HRD people in the US tend to be less satisfied with how their organisation approached evaluation than their European counterparts (Table 5). This – coupled with slightly fewer HRD respondents in the US thinking that ROI is going to grow in importance (Table 1) – makes us wonder whether the issue has ‘peaked’ in the US, and whether there is an element of ‘evaluation fatigue’ at work?

A divided market

As in Europe, there appear to be two clear segments within the market – those for whom ‘pure’ or financial ROI is a distraction, who feel that the main focus of evaluation of customised executive education should be on individual performance; and those for whom ROI is a worthwhile goal, albeit one that might be hard to achieve. What was perhaps surprising was that the balance between the two segments was very similar between the US and Europe. We had expected people in the US to be more likely to be in the ‘ROI hard core’ – keen to establish financial measures. In fact, we found more support in the US, particularly among sponsors, for the view that *individual* performance improvement equates to positive ROI (Table 22).

In one sense, however, the US market is less divided than in Europe: there appeared to be no real differences in views between the public and private sectors in the US (in our European study we found public sector respondents much more likely to be in the ‘ROI hard core’).

The place and value of executive education

The responses to two questions suggest that there is greater ‘faith’ in executive development in the US than in Europe. Table 11 showed that US sponsors were much *less* likely to disagree that training and development is so essential that it should not require detailed justification

of spending. And Table 17 shows the higher proportion of US respondents who see evaluation as being primarily about *improvement* rather than about *proving* value.

**Future role for
business schools?**

The US findings reinforce our feeling that there is a potentially powerful new role for business schools to work in closer partnership with clients. As in Europe, there is some evidence of a gap in perception between HRD professionals and sponsors, with sponsors generally less concerned about financial measures than the HRD people might imagine (Tables 23 and 24). Business schools might usefully work with clients to help them develop a clearer, shared view of desired programme outcomes and appropriate measures.

There is also an opportunity for business schools to help clients better understand the impact that programmes have on individual performance. Rather than pursuing the ‘holy grail’ of measurement of organisational impact and pure ROI, business schools could work with clients to develop methods that improve our understanding of how programmes have impact at the individual level, and how client organisations can *maximise* that impact. This would meet the needs and interests of a large proportion of our HRD contacts and their sponsors, whether in Europe or the US.

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May 2006**