

## What is the Measurable Impact of Corporate Training?

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The question, what is the measurable impact of training on a person's actual job performance? has long been a discussion among expense-conscious organizational leaders.

During the TQM movement (total quality management) of the last three decades, organizations became more interested than they had previously in quantifying and tracking just about every business-related variable that can be measured. Commensurate with this approach corporate training departments began to search for ways to measure the benefit of their training programs.

Rightly so. When an organization makes an investment in training its leaders and employees they have the responsibility as stewards of the organization's resources to determine if there is a reasonable return on that investment. That it gives the same consideration to investing training dollars they would to acquiring other assets. Many leaders have the conviction that an employee is an appreciating asset that can become more valuable over a period of time as they are developed.

As the President of a firm that conducts training some of the perennial questions that corporate leaders ask me are how do we know the money spent on management and employee training makes a real difference in their job performance? Are we getting a good return on the investment of the training budget? And is the training employees receive the best way to prepare them to assume greater responsibilities?

These are fair and appropriate questions for businesspeople to ask and they should be answered in the affirmative by those professionals who decide in behalf of an organization where the dollars spent in training go. Measuring the effectiveness of training is a financially responsible step for every organization.

One statistic that has been repeated for 30 years is based on an estimate that had no foundation in a well-designed research project and the author of the estimate likely never intended it to be viewed as such. Georgenson (1982) was posing an estimate when he asked, how many times have you heard training directors say would estimate that only 10% of content which is presented in the classroom is reflected in behavioral change on the job? (p.75). From that casual statement a scientific finding was born.

Saks (2002) posed the legitimate scientific question, what then should a good transfer of training estimate look like? And he offered a series of considerations. To begin with, it should incorporate the two main conditions of transfer of training: the generalization

and maintenance of newly acquired knowledge and skills on the job (Baldwin & Ford, 1988). Thus, when one provides an estimate of the transfer of training, it should be specific as to the length of time following training. Second, given the increasing concern over the added value of training programs and return on training investments (Salas & Cannon-Bowers, 2001), a transfer estimate should also consider the percentage of training investments that result in transfer. And third, because training outcomes pertain to trainees (behavior) and organizations (results), estimates of the transfer of training should consider behavior and results criteria.

Saks (2002) conducted research using 150 members of a training and development society with significant experience in the training industry to make estimates of the transfer of training with consideration to the issues stated in the previous paragraph.

They asked respondents questions about the transfer of training in their organizations. To measure transfer generalization and maintenance, they asked the subjects to indicate (on a scale from 0% to 100%) what percentage of employees in their organization effectively apply and make use of what they learn in training programs on the job immediately after, 6 months after, and 1 year after attending a training program. The mean responses were that 62%, 44%, and 34% of employees apply what they learn in training on the job immediately after, 6 months after, and 1 year after attending training, respectively.

To obtain an estimate of the percentage of training investments that result in a change in employees and the organization, they asked what percentage of the organization's investments in training result in a positive change or improvement in employees (behavior and performance) and the organization (performance and effectiveness). Respondents indicated that an average of 51% of training investments result in a positive change in employees and an average of 47% result in a positive change in the organization.

While this survey is not a sophisticated research design, the responses are based on current estimates from trainers who are in touch with training methods and adult learning principles as they are applied in an organizational environment. Therefore, these estimates are more likely a closer estimate to the benefit of training than the often quoted 10% estimate.

Dudleston (2004) conducted a study for a training company to measure the effectiveness of a leadership development course it offered. The course instructed modules on eight skill-based topics that are instructed over a period of six weeks: Time Management & Organizing, Team Building, Problem Solving, Interpersonal Communication, Conflict Resolution, Leadership, Coaching, and Ethics & Values.

The research involved 76 participants. At the beginning of the course participants were asked to respond to a Pre-Course Assessment that appraises their skill development at that time. They are also asked to have their direct manager to rate them on the same skills. The ratings provided by their direct manager give a reality check on the

participant's level of skill development at the time they began the course. At completion of the course the participant and their manager each completed a Post-Course Assessment. The course participants reported an overall self-improvement of 34% on the eight areas. More significant from an objective viewpoint, their direct managers reported an overall average increase on the eight areas of 36%. These findings revealed an amazing degree of agreement between the course participants and their direct managers.

The results of studies by Saks (2002) and Dudleston (2004) enable us to make the following general statements about the measurable impact of corporate training:

1. As much as 62% of employees effectively apply what they learn in corporate training courses right after completing the course; and this declines to 34% a year later.
2. Fifty-one percent of the financial investment in training results in a positive change in employees and 47% of the investment results in a positive change in the organization.
3. Leadership training increases the application of practical skills by an average of 34%-36% according to employees and their direct managers.

One relevant question a cost-effective leader may ask is, what does a 30% improvement in employee effectiveness mean to the overall productivity of our organization and what would I be willing to invest in corporate training to see this return?

## References

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