



Change agenda

# The value of learning

A new model of value  
and evaluation

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# Introduction

Human capital has become an important issue, and organisations are increasingly aware of the need to treat people development as a high-level strategic issue and systematically to analyse, measure and evaluate how investment in people creates value.

Learning and training play a key part in the value-creation process. HR professionals recognise the importance of aligning learning processes with organisational priorities and the need to assess, demonstrate and report on the value contribution that learning makes to the organisation.

## **The value of learning project**

In November 2006 the CIPD appointed members of the University of Portsmouth Business School to undertake research into this important area. This Change Agenda highlights the main findings from the project. The research indicates that a 'one size fits all' set of metrics to establish learning value is inappropriate. A wide-ranging approach is required, which involves:

- aligning learning processes and investment to organisational strategic priorities
- using a range of methods to assess and evaluate the contribution of learning
- establishing the most relevant approaches to assessing and reporting on the value of learning for the organisation.

# Key challenges for value and evaluation

## Previous CIPD research has highlighted two areas of challenge

### 1 The evaluation challenge

Learning and training professionals have always recognised the need to evaluate the effectiveness of learning and training interventions. Most traditional approaches to training evaluation (see, for example, Kirkpatrick 1975, and Bramley 2003) have advocated a series of levels through which an assessment is made of the effects of individual learning and training activities that include:

- learners' reactions to the learning experience
- the learning achievements of participants
- changes in job behaviour
- the organisational effect of specific learning interventions.

Some practitioners (see, for example, Kearns 2005) have also suggested a calculation process to determine the economic return on investment (ROI) for individual learning and training processes.

Although evaluation is a fundamental part of the work of learning and training professionals, it presents many challenges, some of which are summarised here:

- Survey data (CIPD 2006b) suggests that 80% of HRD professionals believe that training and development delivers more value to their organisation than they are able to demonstrate.
- Learning and training practitioners find 'serious' evaluation to be too time-consuming (CIPD 2007a).
- Practitioners find that line managers rarely show interest in 'traditional' evaluation data (CIPD 2007a).
- Only about one-third (36%) of UK organisations seek to capture the effect of learning on the 'bottom line' (CIPD 2006b).

### 2 The value challenge

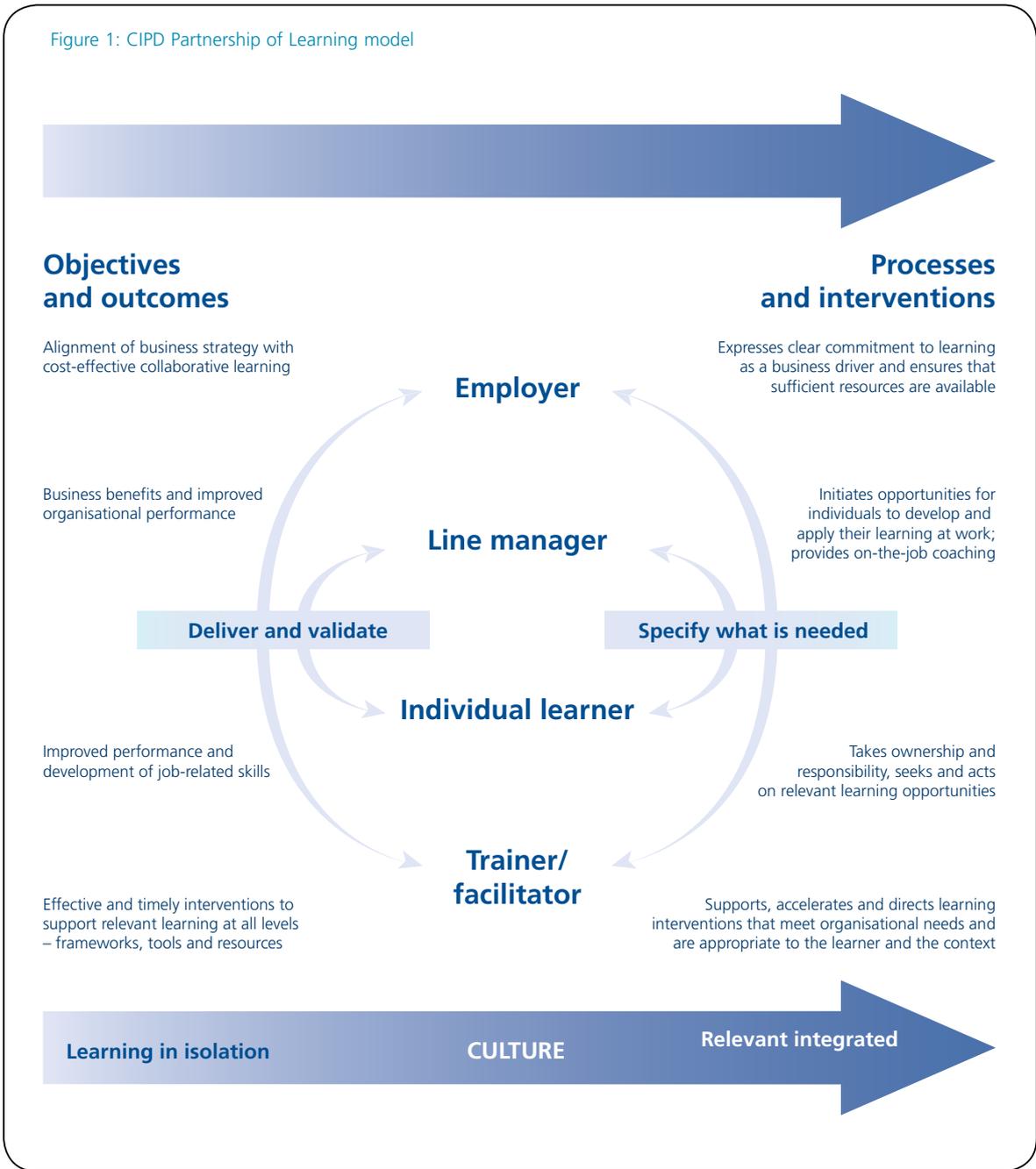
The development of learning capabilities has become a key feature of people development strategies in many organisations. Executive decision-makers are becoming aware that intellectual and knowledge assets form a large part of the intangible value of their organisation. To manage effectively their investment in [human capital](#) they require timely and relevant information to assess the extent to which investment in learning is contributing to organisational performance.

The CIPD Partnership Model of Learning (Figure 1) highlights the importance of delivering and validating cost-effective and collaborative learning processes that are aligned with the organisation's strategic priorities. The model emphasises the importance of ensuring that:

- learning processes deliver value to the organisation
- learning resources are deployed in a cost-effective way.

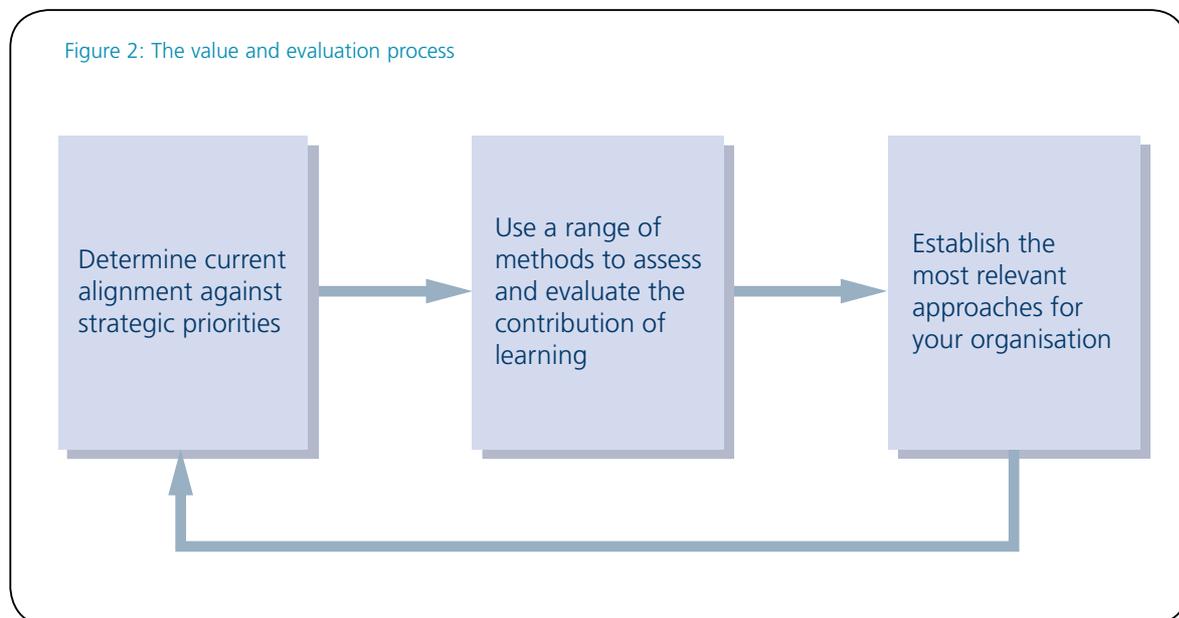
However, 'value' is defined by the receivers of the learning and training contribution and not by the trainers who deliver or facilitate it. There is an urgent need for HR professionals to be able to demonstrate the value of learning to their organisation if senior decision-makers are to maintain their commitment to investment in learning and training.

Figure 1: CIPD Partnership of Learning model



# The value and evaluation process

Using information from the Value of Learning research, this Change Agenda explores how practitioners can measure and demonstrate the value of learning for their organisation. It is based on the value and evaluation process shown in Figure 2.



# Alignment

In the modern service-led and knowledge-driven economy, appropriate and aligned training and learning interventions are vital to achieving competitive advantage and delivering service to the customer. Making a value contribution, therefore, involves assessing the current alignment of learning and training processes against the organisation's strategic priorities. This involves:

- assessing strategic learning priorities
- aligning learning investments and processes with the priorities.

The starting-point for determining the value contribution of learning is the organisation's strategic priorities. Learning professionals in organisations that exhibit 'close' alignment are clear about the learning that is needed to achieve strategic objectives. They are then able to use their resources to address the strategic learning priorities for the organisation.

The distinction between 'close' and 'loose' alignment is illustrated in Table 1.

Table 1: Alignment to strategic priorities

<b>Loose alignment</b> <i>The organisation:</i>	<b>Close alignment</b> <i>The organisation:</i>
Rarely talks about learning priorities	Commits resources to defined learning priorities
Does not include learning, and associated objectives, in the strategic plan	Takes full account of learning considerations in strategic discussions
Has few opportunities for interaction between the learning function and the business	Expects the learning function to meet regularly with operational teams and to interact informally with all parts of the organisation
Rarely provides occasions when learning opportunities can be identified	Encourages continuous learning and identifies outcomes from learning
Focuses on reports about financial, sales, service or production performance	Makes explicit links between learning outcomes and key strategic goals, which are explored both formally and informally
Focuses on reaction-level evaluation of learning activities	Has clear measures and assessment of learning outcomes in practice and expects learning specialists continuously to evaluate and develop a learning strategy

## Case study: VT plc

VT has experienced massive growth since 2002, trebling in size and increasing its turnover to circa £1 billion. The development and diversification of the business has set particular challenges for the organisation that traditionally employed long-serving, shipbuilding and engineering-orientated people. Effective people strategies, and learning in particular, has been vital to underpin the transformational growth and change that the business has experienced.

More details of this case can be found at the [helping people learn](#) pages of the CIPD website.

# Approaches to assessment and evaluation

Assessing the value contribution that learning and training make to the achievement of strategic priorities requires the development of metrics that focus on organisational priorities rather than a concentration on the individual learning event and learner. The research highlights four different approaches, indicated in Figure 3, to assessing the learning value contribution that are of direct interest to managers:

- learning function measures
- return on expectation measures
- benchmark and capacity measures
- return on investment measures.

Figure 3: Approaches to assessing the learning value contribution

<p><b>Learning function measures</b></p> <p>Focus on assessing efficiency and effectiveness of the learning function. Although the term 'learning function' is often taken to mean a specialist department, the term can equally well be used in a wider sense to refer to 'the body of Learning and Development activity that has to be provided for an organisation and the personnel most directly responsible for that provision' (Harrison, 2005, p206).</p>	<p><b>Return on expectation measures</b></p> <p>Focus on assessing the extent to which the anticipated benefits of the learning investment have been realised. Key questions underpinning a return on expectation approach are:</p> <ul style="list-style-type: none"> <li>• What were the original expectations of organisational stakeholders for the learning or training? Have those expectations since changed?</li> <li>• What changes have occurred as a result of the learning processes?</li> <li>• To what extent have stakeholder expectations been met?</li> </ul>
<p><b>Return on investment measures</b></p> <p>Focus on an assessment of the benefits of learning and training interventions compared with the costs incurred. They may also involve an assessment of the payback period for specific learning or training investments. Key issues here are the extent to which learning is contributing to the achievement of defined performance targets.</p>	<p><b>Benchmark and capacity measures</b></p> <p>Focus on the evaluation of HR processes and performance through a comparison with internal or external standards of 'good practice' or 'excellence'. These approaches may be undertaken as a 'one-off' but are more useful when treated as a continuous process in which the organisation continually seeks to challenge and improve its processes.</p>

## Case study: Canon UK and Ireland

In a company like Canon, where metrics and measures are an important part of management processes, it is important that learning and development professionals are able to measure and report on the value of their activity. A challenge, however, is to ensure that inappropriate data is not 'forced' into a scorecard measure or metric for the sake of completeness. Numerical and quantifiable data, therefore, are complemented by informal assessments of the value that learning is adding to the business and Canon is aware that 'soft' measures can be just as useful as hard data.

Much of the learning investment at Canon focuses on equipping the organisation to meet future-orientated challenges and opportunities, so it is important that measures of value are future-orientated; thus 'return on investment' models for assessing the value of learning are tailored to focus more on 'return on expectation' and achievement against business targets.

More details of this case can be found at the [helping people learn](#) pages of the CIPD website.

# A model of value and evaluation

The research indicates four different characteristics of organisations, shown in Figure 4, that influence the basis on which learning will be valued:

- senior management trust in the learning contribution
- organisational requirement for learning value metrics
- emphasis on short-term learning contribution and capability requirements
- emphasis on long-term learning contribution and capability requirements.

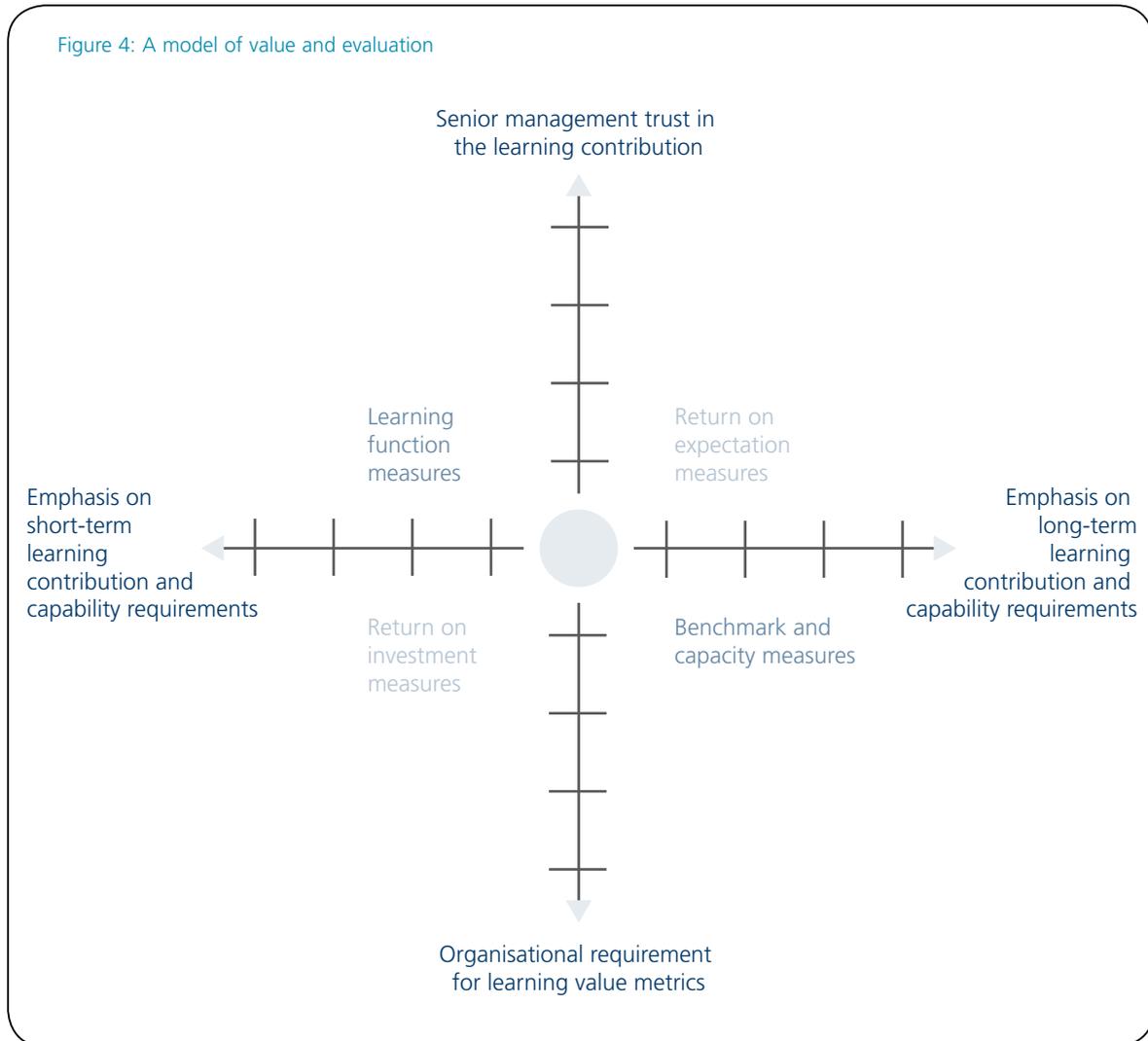
Every organisation is different, and the approaches to assessing the learning value contribution will depend on the individual 'mix' of characteristics. This model allows decision-makers to ask whether their current approach to assessing and reporting on the value of learning is an appropriate reflection of the characteristics of their organisation.

## Case study: The Innovation Group plc

The Innovation Group plc, founded in 1997, is a fast-growth software and computer services business. Like many organisations in this dynamic sector-Innovation Group plc has achieved growth through strategic business partnerships, mergers and acquisitions. At this point in its development a focus on short-term learning outcomes is imperative as the company seeks to integrate managers with backgrounds in other companies that have been acquired or merged. Reducing the 'time to competence' of employees so that they achieve the level of organisational competence required to win business and to provide effective client solutions and services in a time and cost-effective way is a further priority. The development of the entrepreneurial culture that is a vital part of the business strategy for the group is another key challenge for the organisation.

More details of this case can be found at the [helping people learn](#) pages of the CIPD website.

Figure 4: A model of value and evaluation



The model highlights the importance of demonstrating the value of learning to the organisation in a way that is appropriate to the receivers of the learning and training contribution. It is important to consider the point of view of managers at all levels in order to establish the way forward with the development of relevant and timely metrics for assessing and reporting on the value of learning in a way that reflects the distinctive characteristics of the organisation.

A 'one size fits all' approach to value and evaluation is inappropriate. Practitioners now need to develop further their formal and informal interaction with managers at all levels of the organisation to:

- 'take stock' of the extent to which learning and training activities are currently aligned with the organisation's strategic priorities
- review the evaluation and reporting mechanisms that are currently used
- identify the most appropriate and timely measures for assessing and reporting on the learning value contribution.

These questions may prove helpful as a basis for this process.

### **Aligning learning and training investment and activities**

- How can [line managers](#) be encouraged to identify strategic learning priorities for the organisation?
- To what extent are line managers encouraged to work with the learning function to determine appropriate investment in learning?
- What actions can the learning function take to ensure that learning and training activities are aligned with the organisation's strategic priorities?
- How can the learning function ensure that it is maintaining ongoing alignment with the organisation's strategic needs?

### **Assessing and reporting on the learning value contribution**

- How can the learning function identify the key operational and strategic concerns of managers that value and evaluation data should address?
- What formal and informal opportunities are there to present information about the contribution that learning is making?
- What are the most relevant and feasible measures of value that can form the basis for regular assessment and reporting?
- How do line managers know whether the learning function is operating as efficiently as possible?
- What contribution might benchmarks and scorecard approaches make to regular assessment of the contribution of learning?

# Value and evaluation: next steps

The Value of Learning research has involved in-depth interviews in a number of different organisations. To achieve an organisational perspective on the issues, interviews were held with those at CEO level and with those responsible for learning and training in the organisation. An important and ongoing supplement to the interview data has been the views of those members of the CIPD Virtual Trainers' Network who have contributed to an online discussion page as well as through responses to two online polls.

An online practical tool focusing on assessing and reporting on the value of learning has been produced and is based on the research findings so far.

The research will continue to identify and analyse themes from the interviews and from the contributions to the value of learning discussion thread in order to:

- examine how learning and non-learning stakeholders in different organisational situations perceive the value of learning
- investigate further the factors that influence the alignment of learning processes to organisational strategic priorities
- evaluate different approaches that are used by organisations to report on value, and the metrics of business and human capital performance that are being developed.

In addition to updates through the CIPD website and other events, these issues will be addressed in a 'research into practice' report on the value of learning.

For more information about the project or to contribute to the value of learning discussion thread, please visit the [helping people learn](#) pages of the website.

# Acknowledgements

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