



The ROI Conundrum:

ATTITUDES AND BARRIERS
TOWARDS PROVIDING
THE ROI OF L&D



SECURING a bright future through learning and development

For many years, learning and development (L&D) has been a staple requirement for businesses yet delivery can be inconsistent. Employees are either faced with a structured training programme to aid professional development, or are left crying out for more opportunities to broaden their skillset.

Not all companies give learning and development the same emphasis, and there is often a battle for ownership and evaluation of associated budgets.

Warwick Conferences has long known the importance of L&D. For employers, creating a platform for business growth, to develop staff, aiding retention and creating a positive culture. For employees, it shows their organisation is looking after professional development, signalling a commitment to support career progression.

We also see the struggles facing organisers of L&D programmes, with internal battles surrounding ownership, budgets and the return on investment.

In fact, we've conducted independent research with a number of industry professionals who outlined their key concerns during uncertain times, with budget battles and ROI requirements high on the agenda.

This report delves into the thoughts and attitudes of senior decision-makers across finance and accounts, learning and development and human resources (HR). While the survey was undertaken before the COVID-19 pandemic, the concerns and considerations are still very much applicable in a post-pandemic world.

Is L&D under pressure? Where do leaders prefer to host training sessions? And what barriers are faced in trying to calculate the tangible value it brings businesses?

At a time where more scrutiny is given to budgets across the board, ROI for training programmes is more important than ever. Calculating it, however, appears to remain a real barrier.

We hope you find this report informative and useful for your learning and development needs. If you have any questions or thoughts on this paper, please don't hesitate to get in touch.



Paul Bartlett
Director of Warwick Conferences

75% expect their organisation's learning and development budget to increase or stay the same in the next 12 months, indicating confidence in the training function



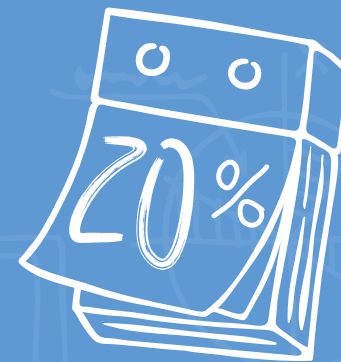
THREE IN FIVE

prefer to host L&D programmes externally, with L&D directors overwhelmingly preferring external locations (78%) and finance directors more cautious (54%), indicating an internal battle between the quality of programme delivery and cost



ONE IN FIVE

say the same programme is run year-on-year, regardless of the feedback they receive

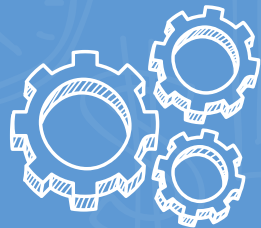


of respondents admitted directors do not have any training programmes scheduled in their diary



33%

said complexity was the main barrier when calculating ROI, with finance (44.4%) more sceptical



Less than

1/3

send participants a survey for feedback within a week of the training programme



All L&D directors surveyed said there was at least one barrier when calculating ROI, with

44%

expressing concern that it could reveal programmes are unsuccessful and forcing a change of structure

90%

of respondents claimed there is at least one barrier to measuring the ROI of an L&D programme



The rise of ROI



Calculating ROI is becoming more important as the battle to retain budgets intensifies. Every department now needs to demonstrate impact on the bottom line. L&D is no exception to this scrutiny.

According to the Chartered Institute of Personnel and Development (CIPD), only 22% of organisations are actively trying to improve how they gather and analyse data around workplace learning, despite almost all wanting a better understanding of its impact.

Meanwhile, the ROI Institute has found that at least 80% of Chief Executives want to know the ROI of L&D, yet few get the figures. Time, cost and measurement metrics are the main drivers of this mismatch.

It is clear there is a need for more informed ROI calculation of L&D programmes. Recognising the importance of this, Warwick Conferences commissioned research to get a better understanding of how businesses view L&D and the barriers to accurately calculating ROI.

Warwick Conferences surveyed 200 directors working for UK organisations across finance, L&D and HR.

Respondents were asked about the challenges facing businesses and their view of the L&D function. They were then asked about ROI and the barriers that make it difficult to calculate ROI. They were questioned about their venue preferences for L&D programmes.

Who we surveyed



100 Finance directors
50 HR directors
50 L&D directors

Is now the time for L&D?

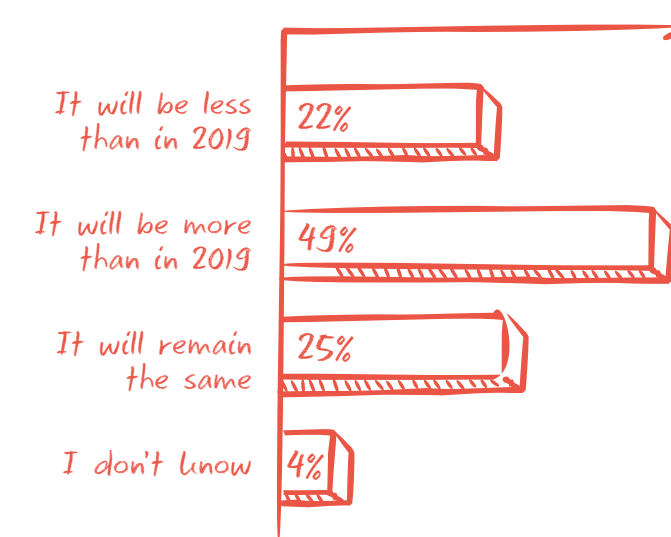
It is refreshing that survey respondents expect L&D investment to either increase (49%) or remain the same (25%) in a time when the number of departments facing cuts is believed to be on the rise.

Almost 92% of respondents said their organisation describes the role of L&D as either 'somewhat important' or 'very important'. This indicates there is an acknowledgement of the value L&D brings and its growing role within the wider business. Further to this, only 1% claimed their organisation describes the L&D function as either 'somewhat' or 'very unimportant'.

When asked about their individual views, none of the respondents described L&D as unimportant. However, there were differences in the attitudes across between different departments.

Only 14% of HR directors felt the L&D function was 'very important', with almost 20% claiming it to be 'neither important nor unimportant'. These results contrast with the other job functions, which were more positive about the importance of L&D.

How do you expect your organisation's L&D function to change in the next 12 months when compared to 2019?



	HR	Finance	L&D	Total
Very important	14%	36%	40%	31.5%
Somewhat important	68%	61%	58%	62%
Neither important nor unimportant	18%	3%	2%	6.5%



Who takes part in L&D programmes?

When planning budgets and training programmes, there are often battles to be had in the amount programmes organised per job title or level. Businesses may be forgiven for prioritising training for certain seniority levels.

Graduates, for example, can expect entry-level support to ensure they learn the business skills necessary to succeed. Junior managers need to understand new expectations, including

managing projects, while middle and senior managers may require mental health awareness training to support junior members of the team.

Unsurprisingly, our research showed more training programmes are developed for those job levels. Graduates (95%), junior managers (99%), middle managers (99.5%) and senior managers (99.5%) receive at least one training programme per year.

	1 programme	2 programmes	3 programmes	4+ programmes	No
Graduate entry level	24.5%	37%	31%	2.5%	5%
Junior manager/ professional	12.5%	39%	32.5%	15%	1%
Middle manager/ professional	5.5%	40%	42%	12%	0.5%
Senior manager/ professional	8.5%	37%	41%	13%	0.5%
Director	5%	26.5%	34.5%	13%	21%

Should directors be trained?

In contrast to other job functions, one in five respondents said that directors have no training programmes scheduled.

These findings have the potential to devalue L&D, causing a potential ripple effect of negative attitudes across an organisation.

Why do directors not receive training? Is it because of their schedules? Or is it because

they have reached a professional peak, where training is mostly unnecessary? If either of these are true, there is argument to add in a training programme, of which there are many available.

By engaging senior leadership with training programmes, the value of the L&D function can only increase, as they will see the benefit and impact on the business first-hand.



As well as office-based roles, we wanted to see if there was any difference in manual working environments. Unfortunately, the results show a real divide in the support received by those undertaking perceived 'skilled' work and those who work in unskilled roles.

For example, more than half (54%) of manual 'unskilled' workers receive no training or support, compared to just 23.5% of those performing tasks deemed as skilled.

These results should set alarm bells ringing, particularly when skills shortages are reported across many 'manual' industries, like engineering and construction. Allocating training budget to all employees across the business is crucial, as it can help improve productivity and knowledge, as well as raise morale and confidence.

Attitudes to ROI

One of the most difficult tasks for any L&D programme manager is calculating the ROI. This is backed up by the research findings, which show little agreement on the best way to measure success.

Overall, measuring ROI is either seen as too complex (32%) or an inexact science (40%), showing negative and pessimistic attitudes. Indeed, only 10% of the respondents claimed there were no barriers to measuring ROI, with HR (2%) and L&D directors (0%) more critical.

The time-consuming nature of calculating ROI (32%) and lack of accurate tools in place (29%) also appear to be clear barriers.

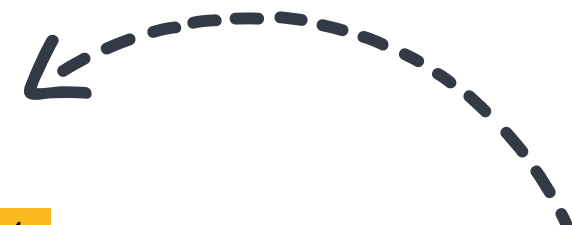
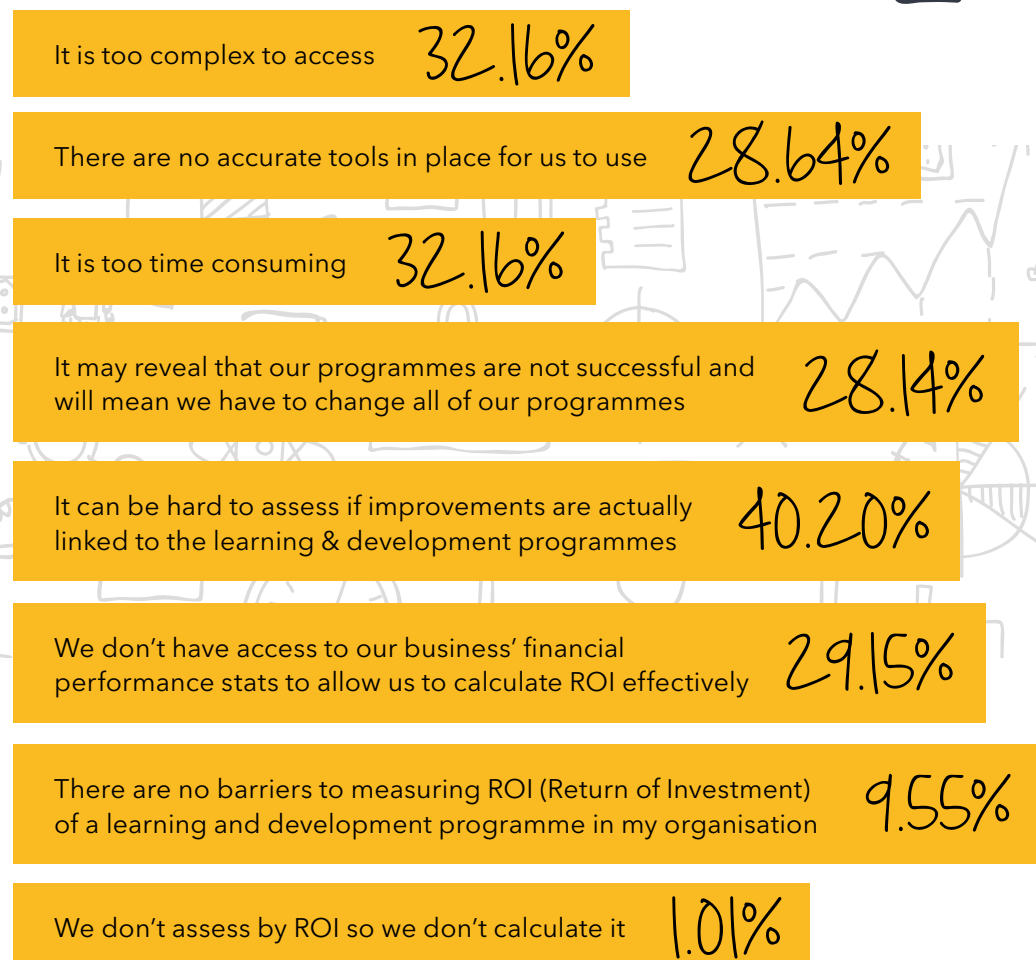
In addition, an astonishing 28% admitted they feared calculating ROI could reveal a programme was unsuccessful and changes would be required. Delving further into this,

almost half of L&D directors said they are more likely to avoid measuring ROI, even though changes could result in better outcomes.

While not all directors will hold the same opinions, it is extremely important that programmes are challenged and improvements are made when required.

Despite these challenges, it appears that calculating ROI is high on the agenda, with only 1% of the audience confirming they were not assessed by the ROI of their programmes.

What barriers are there, if any, to measuring ROI of an L&D programme in your organisation?



Taking action



To calculate the impact training has on both the business and individual, follow-up actions need to be agreed and planned in advance. Results show that most organisations implement at least one action following a programme.

Setting clear KPIs is the most common follow-up action after a training course (53%), demonstrating a desire to accurately measure ROI. Following up by monitoring new skills in performance reviews is also a common action for 45% of the respondents.

Another popular action point, particularly with L&D directors, is sending a survey to participants, within a week, month and three months of the programme's completion.

However, there are contradictions, with one in five admitting that the same programme is run the following year with a new cohort, regardless of feedback. With more scrutiny and interest in calculating the ROI, it would appear that these practices are no longer sustainable.



	HR	L&D	Finance	Total
A survey is sent to participants within a week	16%	40%	35.4%	31.7%
Participants are contacted after one month of the programme to analyse progress	16%	30%	17.2%	20.1%
Participants are contacted after three months of the programme to analyse progress	24%	20%	23.3%	22.7%
KPIs are set against the programme objectives	32%	32%	74.8%	53.3%
New skills are monitored in performance reviews	18%	46%	58.6%	45.2%
Programmes are analysed and may be changed based on feedback	20%	36%	38.4%	35.7%
The same programme is run the following year with a new cohort, regardless of feedback	14%	32%	17.2%	20.1%
When a Learning and Development programme is completed, there are no actions taken by managers	2%	0%	0%	0.5%

WHERE TO HOST TRAINING PROGRAMMES?

In addition to the content of a training programme, the venue where training takes place also appears to be important. While hosting an event internally can keep costs down, there are doubts as to whether this is the best approach.

Results show a preference for hosting L&D programmes externally. At 62%, the majority of respondents confirmed they would prefer to be out of the office to receive training. When asked why, respondents said it helps to raise the quality of training and there are fewer distractions.

There also appears to be a contrast between L&D and finance departments. While 78% of L&D directors said they would prefer to host externally, only half (53%) of finance directors agreed. When asked, cost proved the main barrier.



Where do you prefer to host L&D programmes?

	HR	L&D	Finance	Total
Externally	62%	78%	53.5%	61.8%
Internally	38%	22%	46.6%	38.2%



THE BENEFITS OF EXTERNAL TRAINING PROGRAMMES



There are a number of benefits when hosting training programmes externally. With fewer distractions, hosting away from the office ensures delegates' attention is focused on the training programme.

There is no doubting that online training has risen since the pandemic. However, there are questions marks about the impact of online training. While online learning is potentially more cost-effective, it often ends with employees checking emails more frequently or, worse, completing work tasks simultaneously. The opportunities to interact are also more limited, and the afternoon lull often associated with office-based learning may be extended due to the expectation to sit and watch a screen for hours on end.

Selecting the right environment is key. Delegates will of course need time to take a break between sessions, but they will also need to be inspired throughout the whole day. Whether it's classroom-based learning, or a hybrid meeting with teachers and delegates virtually attending, it is essential that training is still experiential.

Warwick Conferences offers a range of training rooms and creative spaces for all levels of an L&D programme. Its breakout rooms provide a space to think and deliberate with fellow delegates, while also offering an award-winning catering service, away from the training room. All rooms are equipped to follow the latest government guidelines, to ensure maximum safety for attendees and teachers, while hybrid opportunities are also available.

Helping to create memorable experiences, training can only be enhanced by an environment which encourages interaction, collaboration and stimulation.

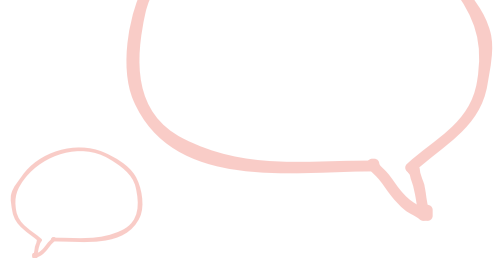
By finding the right location, L&D programmes will be more successful as delegates will pay full attention, benefiting their long-term progression.



“It's clear that L&D Directors see value in using offsite facilities for their training programmes. Proving the benefit of hosting offsite can be tricky, as shown through the lower enthusiasm from finance directors.

Across our studies, we have found that a cheaper programme does not necessarily lead to a higher ROI. In fact, it's not unusual to find a negative ROI for inexpensive programmes, as they are less likely to deliver the required and expected impact. Hosting externally has a number of benefits, and the more investment that is put into the delivery of an L&D programme, often shows a more positive impact on the business.”

Jack Phillips PhD
Chairman of the ROI Institute



A view from the ROI Institute

Overall, the results from this research paint a positive picture across the UK in the L&D space. There is, however, work ahead for learning and development directors to address the lack of accountability their programmes yield.

The positive news is that a number of organisations are able to increase their budgets, with some claiming they can run the same programme every year. While this shows confidence in the programmes, regardless of feedback, it's important that organisers don't become complacent.

A barrier we often see is the implications a poor ROI could have on L&D directors and their programmes. If the training is not delivering a positive ROI, there could be a temptation to discontinue it, with the safer option to ignore a thorough evaluation process.

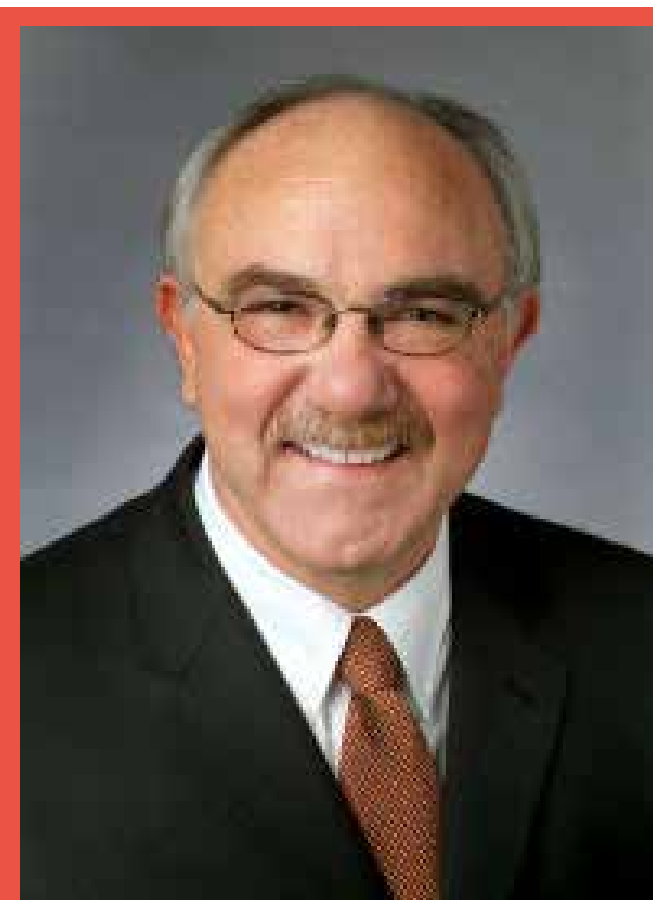
We have seen a number of L&D programmes shift quickly. Where in the past they have not required any accountability, there can often be a sudden requirement for performance analysis—and programme directors must act fast.

To prepare, organisers should start by gathering information to show the value of the programmes to the business. But selecting the right data can be tricky and overwhelming. The perception that ROI seems too complex is very common. Some survey respondents may believe that the capital budgeting process includes large sums of data, takes a lengthy time to complete, and is complicated.

In addition, many associate ROI with finance, accounting, maths, and statistics; however, it does not have to be complicated.

The challenge is to show potential users that ROI is not confusing and should only be used with important, expensive programmes. It is a simple process involving a proven logic model that is valid, reliable, user-friendly, and both CEO- and CFO-friendly.

A proactive approach ensures L&D teams are better positioned for success. Proving that your programmes are adding value to key clients and internal leaders can only benefit the position of L&D within the business.



Jack Phillips PhD
Chairman of the ROI Institute



Final thoughts

It is clear from our research that directors value L&D. However, with this comes greater scrutiny of its supposed benefits.

Finance directors have masses of data, HR can rely on turnover, procurement teams can look at profit margins and marketing rely on web traffic. Finding a tangible metric to prove ROI for L&D, however, remains an ongoing challenge.

Until a solution is provided, calculating the ROI of a training programme will continue to be an inexact science, with different approaches taken across job functions.

Warwick Conferences is partnering with the ROI Institute to create an industry-first calculator for the L&D market. It will look to eradicate the unmeasurable aspect of L&D by providing a simple way to determine impact across an organisation.

As L&D grows in importance to businesses, more emphasis will start to draw on the ROI it brings. Without the use of a tool, L&D will continue to struggle to prove the impact training has.

Contact us

If you have any questions, or are interested to discuss the potential solutions, please feel free to contact a member of the Business Development team:

 0247 652 3222

 hello-conferences@warwick.ac.uk

