

## **GETTING THE MOST OUT OF DEVELOPMENT ASSESSMENT – CREATING A LEARNING CULTURE**

PDI assessments have been shown to be valid and reliable predictors of future performance of people, the human capital asset. PDI assessments can help decisions about the human capital asset by improving the decision “hit rate” and return on investment. Multiple studies have demonstrated that the predictive validity of PDI assessments is .45, which is higher than the best meta-analytical estimate of validity found in the assessment literature<sup>i</sup>.

However, assessments are just the first step in creating learning within organizations. The development literature suggests that less than 30% of single event learning gets used on the job<sup>ii</sup>. To ensure that the assessment translates into valuable change in behavior, organizations need to create a culture of learning. Unfortunately, companies frequently fall short and don’t take it the next step to ensure they are getting the most out of development assessment.

### **The Current Study**

PDI was approached by a major client to help them maximize the value of development assessments being used by the organization. This global technology company with 35000 employees worldwide was interested in learning about the return of investment on assessments, as well as how they could enhance the value of their investment.

### **Measuring Outcomes**

PDI Research worked with the organization to understand their need and put a measurement system in place to study the learning culture. Drawing on the questions being asked by the organization and PDI’s experience in learning, we identified a number of components that need to be in place to encourage learning. These enablers of a learning culture are described below:

## ENABLERS OF A LEARNING CULTURE



### Method

Between 2005 and early 2008, PDI conducted over 300 assessments for the organization's middle managers working in North America. Data was collected from two sources about 6 months after the last assessment was completed in 2008.

The first came from leaders who were asked about their experiences during the assessment as well as their development since the assessment, in order to measure the cultural enablers of learning. We measured the following components:

- **Insight - Do people know what to develop?** Being able to identify whether the assessments provided the relevant and required information for development is the first component that needs to be in place for a learning culture. Most organizations take this first step but might not put processes in place that ensure effective use of this information.
- **Motivation - Are people willing to take the time and energy needed to develop themselves?** Through management practices and creating opportunities for growth, organizations can create a climate where individuals want to learn. Knowing if this exists is important for learning to occur.
- **Capability - Do people know how to acquire the skills and knowledge they need?** Clearly communicating and providing opportunities to learn new skills is another important element to creating a learning culture.

- **Real World Practice - Do people have the opportunities to try their new skills at work?** Creating a culture where individuals feel comfortable trying new skills and experimenting with new approaches is another way to foster a learning culture.
- **Accountability - Are people held accountable for meeting their objectives and delivering on commitment?** Finally, having to meet specific goals with accountability to the organization is essential to successful development.

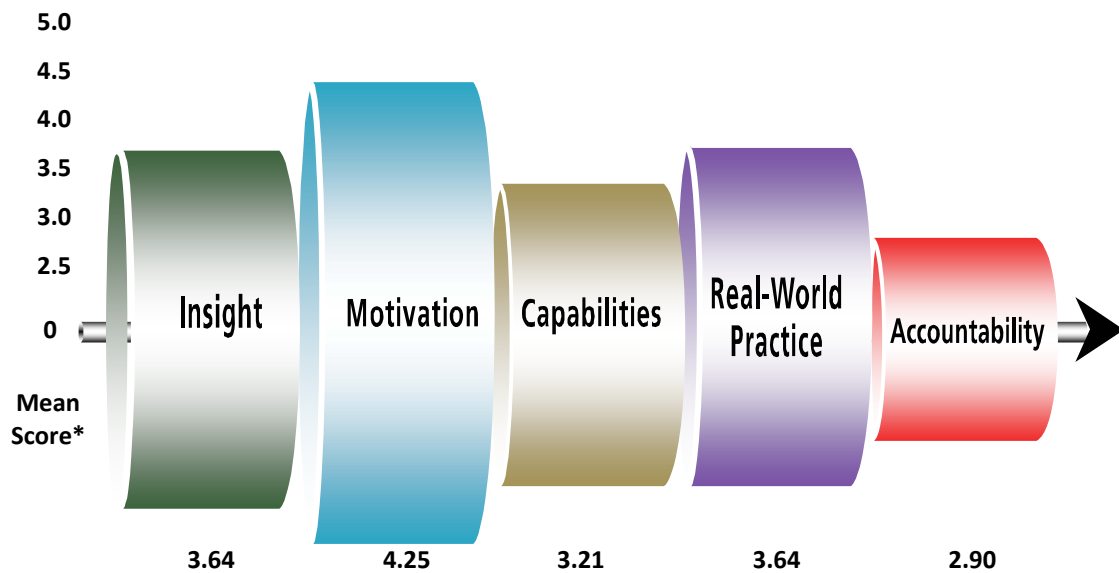
The second set of data came from bosses gathering information about the performance of their leaders since the assessment. We obtained usable responses from 155 leaders and 142 bosses.

### Findings from the Study

The corrected correlation between overall assessment ratings and bosses' ratings of performance was .42, comparable to the best estimates of assessment validity (.38 average in Gaugler, *et. al.*, 1987) available in the literature, indicating that the assessment was a good predictor of these leaders' future performance.

In terms of the enablers of a learning culture, the two lowest rated areas were Capabilities and Accountability, i.e. people were not sure of where to obtain skills and knowledge and were not held accountable for meeting development objectives. On the other hand, Motivation was very strong, and Insight and Real-World Practice were solid as can be seen below.

### **ENABLERS OF A LEARNING CULTURE MEASURED IN THIS STUDY**



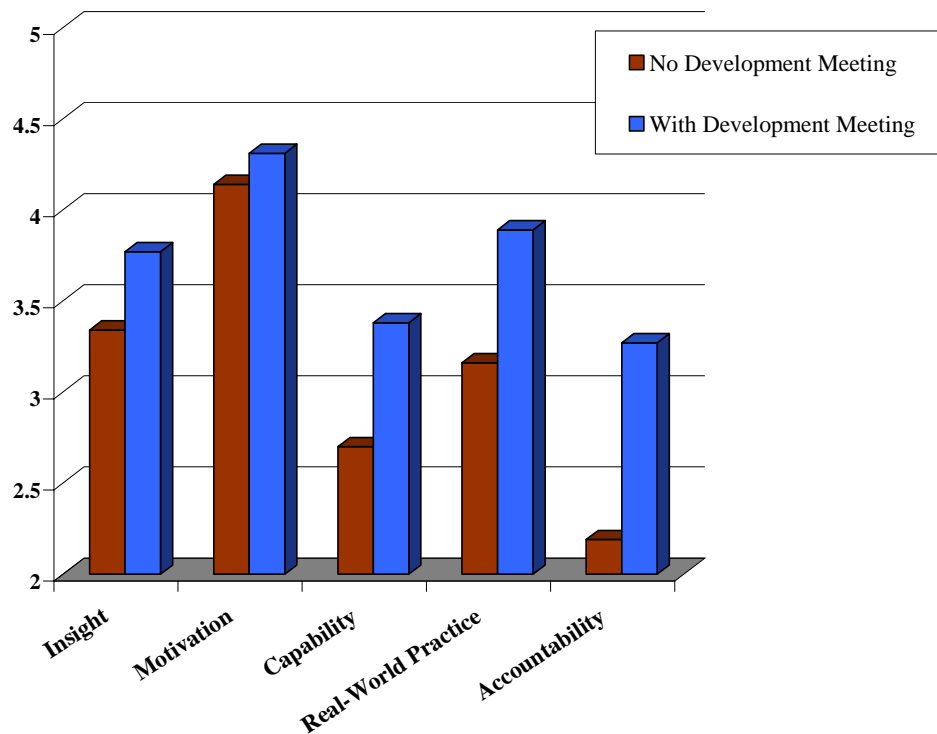
\* On a 5.0 pt scale

Surprisingly, while 80% of the leaders thought the assessment was helpful in identifying strengths and weakness, only 65% had development meetings with their bosses and only about 56% thought that the assessment helped them create a realistic development plan.

In exploring the drop in the number of leaders who thought the assessment helped them create a realistic development plan, we separated out the individuals who had a meeting with their boss with those who did not. We found that of those who met with their boss, 68% created a realistic development plan. But of those who did not meet with their boss, only 30% created a realistic development plan.

Similarly, while these two groups (those who had a development meeting and those who did not) differed significantly from each other on all of the learning enablers, the largest differences were in the areas of Capability (knowing how to acquire skills) and Accountability (being held accountable for meeting objectives) as seen in the graph below.

### COMPARING PARTICIPANTS WITH AND WITHOUT A DEVELOPMENT MEETING



We can conclude from these findings that those who met with their boss to discuss their development were much more likely to create a realistic development plan, were clear about how to acquire the new skills, and felt more accountable for meeting their development objectives.

### **Implications**

These findings suggest that demonstrating a clear interest in and commitment to development and holding individuals accountable for their development significantly increases the effectiveness and value of an organization's investment in leadership development. While conducting an assessment to identify strengths and development needs is an important first step, it is also essential to help leaders translate the results into actionable information and create a development plan that can be mastered. In addition, it is critical for the organization to establish processes to measure and monitor the leader's development – whether this is through the boss, an HR partner and/or an internal or external coach.

In summary, while implementing development assessments (or other development initiatives) within an organization it is important to ask the following questions:

1. What are the expected outcomes of the development initiative, and how will the outcomes be measured?
2. What are the responsibilities of the various stakeholders: the individual, the boss, HR, external consultant?
3. What are the immediate next steps after the initiative takes place, and who is accountable for making them happen?
4. Who will meet with the participant after the initiative to help them create a development plan? Possible options could be the boss, HR, internal/external coaches, peer coaches or 360 feedback.
5. After establishing the individual development plan, what is the ongoing process to ensure participant accountability and success?

### **Recommendations**

Based on these findings we recommend that organizations should ensure that development assessments are a process that includes follow-up (through a boss, HR or an internal/external coach) rather than a one-time event. This will help strengthen the development value that assessments can provide to a company.

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<sup>i</sup> Gaugler, B., Rosenthal, D., Thornton, G., & Bentson, C. (1987) Meta-analysis of assessment center validity. *Journal of Applied Psychology*, 72, 493-511.

<sup>ii</sup> Robinson, D. G. & Robinson, J. C. (1995). *Performance Consulting: Moving Beyond Training*. San Francisco: Berrett-Koehler.