

## Report ASFOR 2006

### ***IIInd ASFOR International Learning Survey: an Italian Prospective<sup>1</sup>***

#### **Purpose of the research**

ASFOR, the Italian Association for Management Education Development, was established in 1971 to foster the development of an ongoing management education system in Italy. Today ASFOR has more than 70 member institutions, all actively operating in the field of management training and/or supporting its development.

In 2005, ASFOR promoted the first "International Learning Survey" with the following aims:

- To diffuse the benchmarking culture among its Members
- To improve the openness and the exchange between the Italian organizations and foreign organizations.

After one year of the first research, ASFOR presents the main results of the second "International Learning Survey" to share them with the entire professional managerial training community: companies, public administration, training and consultancy companies and business school.

The research is unique of its nature insofar: in Italy, it is the sole one carried out in a systematic way, establishes benchmarks regarding practices, methodologies and managerial education trends within the most significant Italian and overseas arenas. The purpose is to obtain scenarios, trends and possible key interpretations rather than supply "scientific" answers.

ASFOR promotes systematic benchmarking with overseas realities. Continuously improve the quality of managerial education has been ASFOR focus, which is achieved through openness to international associations, dialog with business schools which operate globally and with the companies that excel delivering managerial education.

#### **Research Methodology**

The subjects researched under the "International Learning Survey" result from an extensive benchmarking of the excellent managerial education experiences in terms of organizational changes, innovation, best practices. Based upon this study, a qualitative questionnaire was prepared. Many of the questions required the identification of the evolvement foreseen for the three years to come. In many cases the questionnaire was completed during a specific interview with the Chief Learning Officer.

Participants in the research and respondents to the questionnaire include relevant Italian private and public organizations (such as Alitalia, Banca San Paolo IMI, Barilla, Capitalia, ENI, Ferrero, Group Fiat, INPS, Seat, Ferrovie dello Stato, Poste Italiane), and foreign (such as ABN Amro Bank, Hyundai, IBM International, LG, Philip Morris, Lenovo, Doosan, etc.)

The study focuses on large organizations, with highly complex organizational and managerial systems regarding business portfolio, internationalization level and number of staff. As to the second research we received 59 complete questionnaires, being 40 from Italian organizations and 19 from foreign organizations. The size of these organizations measured according to the average number of staff is the following: 16.076 for Italian organizations and 48.171 for foreign organizations.

<sup>1</sup> The report has been worked out by Dott. Carlo Coccoli IBM BCS Italia and Dott. Salvatore Garbellano, Fondazione ISTUD, members of ASFOR Work Group "Researches".

This survey is a part of the Research Activities carried out by the Association with the scientific coordination of Prof. Elio Borgonovi, member of the ASFOR Executive Board delegated for Research Activity, and with the executive coordination of Dott. Mauro Meda, ASFOR General Secretary

## **Main results**

### **1. Managerial education integration: between critical aspects and good news**

Also for 2006 data confirms one of the most relevant aspects that emerge from the first research: Italian and foreign organizations show high levels of integration of the managerial education with the line managers, but less with the CEOs. This aspect is particularly relevant for Italian organizations.

Three year forecasts confirm the wide need (or at least the will) to improve the integration at the highest hierarchical ladders of the organizations. Although communication difficulties still exist with top management, the managerial education has definitively acquired a role of partnership in the business.

Maybe, surprisingly, the need to improve integration between managerial education and the entire human resources management and development system (performance evaluation, career development, identification of high potential, etc.) continues to emerge.

On one hand, the managerial education has definitively acquired a role of partnership in the business and, on the other hand, there exist communication difficulties with the top management.

Despite that there are a few examples of full integration and alignment, it is possible to formulate research hypothesis which are not necessarily mutually exclusive:

- Are the CEOs that do not consider managerial education as a valuable leverage which could respond to major managerial challenges?
- Are Chief Learning Officers who do not answer effectively and credibly to the top managers' most critical strategic needs?
- Is there a general problem of lack of perception and understanding of the added value of the managerial education?

### **2. Managerial education budget, targets and priorities: the growing importance of the innovation in the Italian landscape**

For 2007 both Italian and foreign organizations foresee that the managerial education budgets will remain stable, at similar levels of 2006. Particular attention is paid to maximize the efficiency regarding level of costs and use of resources.

It is interesting to highlight a specific aspect which regards the Italian organizations only: 27,5 % of them develop education programs for business partners (suppliers, vendors, customers, associates) while only 11, 2 of foreign organizations.

Alike in our previous research, the present research confirms a significant fact: in the Italian organizations prevails the tendency to use managerial education in order to obtain short term results, while in foreign organizations the tendency is instead to focus the use of managerial education to leverage innovation: 60% of the Italian organizations identify as the primary managerial education purpose that of develop the competencies necessary to implement the strategy and change; only 15 % of the foreign organizations point this purpose as primary of the managerial education. Instead, 48% of the foreign organizations, in contrast with 22, 5 of the Italian organizations, declared that the primary purpose of the managerial education is to promote innovation processes.

For the next years the Italian organizations foresee an increase of the importance of the innovation (from +0,6 to + 1,5) as well as the development of new leaders (from + 0,5 to + 1,5) in such a way that these two aspects will result as top priorities. This trend constitutes a positive sign for the competitiveness of the organizations and more in general of Italy's economy: this is the first time these aspects emerge as priorities in our researches.

### **3. Training providers and managerial education methodologies**

Regarding the managerial education providers, the use of external providers (business schools, consulting professional enterprises, individual experts, coaches, etc.) prevails with 60% against 40% of the internal provider. However internal providers show strong presence wherever dedicated resource exist (e.g. corporate universities, managers, experts, etc.).

Within the variety of situations, business schools, professional consultancy and managerial education companies emerge, in general, as the main providers; while the use of internal managers as trainers, and sometimes as coaches, is extensive and generalized as a matter of reducing costs or because a specialized know-how is required.

Classroom continues to be the most elected education setting for both Italian and foreign organizations. However, a more refined analysis of the Italian reality puts in evidence the existence of significant differences: some companies report high levels of e-learning, while some others report that almost 100% of the training activities are provided through "face to face" methodologies.

In general, it was possible to capture the signs of a significant use of e-learning (10% of the training activities), although this trend being more evident in foreign organizations. We have registered an increase of the mix of training methodologies used: outdoor, simulation, coaching, theatre, training on the job, are becoming familiar for a growing number of organizations.

### **4. Towards selective outsourcing**

Like in our precedent research last year, the present research confirms the very light weight of the outsourcing of the entire managerial education function. This trend is observable both for Italian and foreign organizations notwithstanding with the fact of the great number of studies and articles discussing the subject published, mainly, in the USA. Today only the 3.0% of the Italian organizations and the 5.5% of foreign organizations have fully outsourced the entire learning functions.

For the major part of the organizations, nowadays the recourse to outsourcing is limited to specific activities of low strategic value, even if it is very well divulged: designing and delivering customized programs, activities connected with the e-learning, management of the learning facilities and administration (classrooms, production of learning support material, contracts, etc).

Notwithstanding with these results, it is opportune to continue to monitor this phenomenon as it may represent a major innovation and change element regarding the near future modality to do managerial education.

### **5. Managerial education evaluation: in search of the return on education investment**

All organizations, without exception, consider the evaluation of the impact of the managerial education an important priority. It is confirmed the result obtained through our precedent research regarding this item: a significant number of organizations evaluate the impact of training mainly through the individual performance evaluation system. In Italy, there are just a few examples of organizations which evaluate the economic impact of the education processes.

## 6. The new challenges for the education

Last two research subjects concern the relationship between organizations and training providers and the challenges which managerial education is facing in the next couple of years. As to the relationship between organizations and providers, the results show the following:

- More demand for customized offer in terms of designing and content. Organizations require the education experts to be knowledgeable of the customer's organization and its market/activity sector;
- Increasing relevance of the innovation and "solidity" of contents and learning methods;
- Capability to obtain results which are aligned with the organizations' objectives (many refer the use of performance indicators).

Finally, as to the managerial education near future challenges the results can be summarized as follows:

- Improve integration with the management of human resources systems, in particular, those systems which support the leadership development and high potentials retention processes;
- Improve the integration with top management to align the managerial education to the organizations' strategic objectives and with specific focus on the innovation processes;
- Maintain and further develop distinctive competences for the entire value chain (suppliers, dealers, ect.)

Many Italian organizations shows a growing interest regarding the internationalization of the managerial education as far as it concerns the support to the globalization processes of the companies as well as to the adoption of standards, contents and methodologies in use by excellent organizations.