



Current learning trends in Europe and the United States

Addressing the challenges of the economic downturn and the development needs of today's learners

A whitepaper by:
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Overview

In today's tough economic climate, the challenges have never been greater for Learning and Development (L&D). Technology-led learning now plays a fundamental role in most learning strategies, with the trend towards more innovative practices largely being driven by today's generation of technology savvy learners. As organizations focus more closely on the bottom line, measuring the effectiveness and business value of L&D has never been more important.

This document examines current global learning trends and the impact the economic situation is having on training practices. It draws on new research by the Cegos Group, a global leader in professional training, and reveals what today's generation of learners actually want from their learning experience and how e-learning and blended learning can be made more effective and more accountable.

Market background and key drivers

Globalization and the need for organizations to be more competitive than ever before have led to changes in working practices. This, in turn, has changed the way that organizations train their workforces at home and overseas in the quest to succeed in today's increasingly competitive knowledge economy.

The corporate learning landscape has undergone a major transformation during the last few years from instructor-led to e-learning and blended learning. Added to this is the dramatic rise in informal learning with social networking, Web 2.0 technologies and other interactive tools increasingly contributing to the mix.

This shift to technology-led learning has created tremendous opportunities and challenges for L&D. And, at the same time, the economic downturn has brought additional pressures. There are a number of pressing issues that L&D must address - How can I harness the power of new technologies and integrate them effectively within my L&D strategy? How can I do more with less? How can I demonstrate to the board, functional heads and line managers the business value and impact L&D has on performance?

With spending on training being put under the spotlight, having a strong Return on Investment (ROI) focus, from day one, has become essential.

Technology-led learning is continuing to grow at a phenomenal rate across the world. The world market for e-learning is expected to exceed US\$52.6 billion by 2010, according to



Global Industry Analysts. The US retains its dominance in the corporate e-learning market with a share of over 60%, followed by Europe with a share of less than 15%.

Blended learning continues to rise in popularity too. Organizations are increasingly recognizing the business benefits of combining bite-sized chunks of personalized content that can be delivered to the desktop in real-time with learning techniques such as shorter classroom-based training sessions and on-the-job line manager training.

The right e-learning and blended learning solutions implemented successfully and cost-effectively, are proving to be powerful business tools that help organizations maximize training budgets, improve performance and achieve long-term growth. Both techniques are capable of engaging learners more effectively and mean that training can fit around day-to-day work activities more easily. This means less time spent away from the office and more time at the desk being productive – particularly important in the current economic climate.

Today's generation of technology savvy learners have become a significant driver of technology-led learning. Cegos Group's research among companies operating in Europe shows that the greatest users of e-learning are managers and the under 35s and that employees are now stating a preference for e-learning and blended learning over traditional classroom/instructor led training.

Web 2.0 technologies and social learning are set to grow most dramatically in the next few years as a result of the expectations of Generation Y and the proliferation of social tools like Facebook, YouTube and Twitter. Forrester Research predicts that the global enterprise market for Web 2.0 technologies will reach US\$4.6 billion by 2013. The analyst house also expects serious games to take off in the next five years due to "technology populism" and the Generation Y effect.

Training expenditure

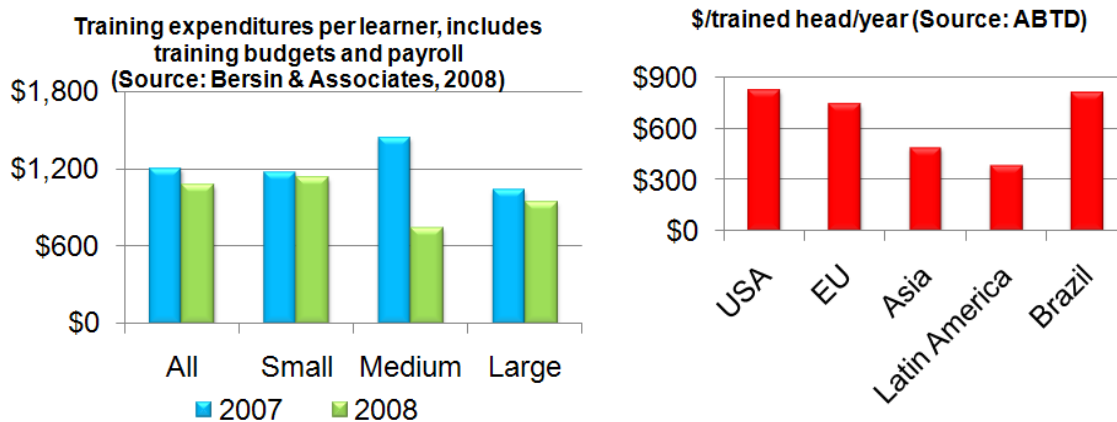
Despite the global economic slowdown, most companies across the world remain committed to investing in training. However, reduced budgets mean that less training is being delivered and different methods are being considered and used.

The US and Europe have traditionally been on a par in terms of average training expenditure. UK Trade and Investment estimates that large companies from the US and Western Europe typically invest more than 2-3% of their revenue in training. Average training expenditure as a percentage of payroll was 2.15% in 2007 among companies surveyed by ASTD for its State of the Industry Report 2008.

In the US, recent figures from Training Magazine/Bersin & Associates show that average training expenditures have fallen 11%, from \$1,202 per learner in 2007 to \$1,075 in 2008. This compares with ASTD data which showed average training expenditure for 2007 to be \$1,103 per employee, an increase of 6% from 2006. These figures include training budgets and payroll. Mid-size companies have been affected to the highest degree with a 48% drop in per-learner spending. It is perhaps not surprising that midsize firms are the most vulnerable segment of the market – being neither as lean as small companies nor having the depth of resources of large enterprises. Spending in small companies is down only slightly, with large companies seeing a drop of 9%. See figure 1.



Figure 1: Average US and worldwide training expenditure



Training Magazine/Bersin & Associates figures for training staff employed in the US tell a similar story. Overall, the number of organizations reporting staff reductions among their training functions has shown a five-fold increase from 2007 to 2008. As a result some organizations are increasingly turning to external suppliers for support.

Figures from ASTD reveal that companies in Brazil spend, on average, \$810 per trained head per year, which is on a par with the USA and Europe. In contrast to other markets, investment in training in Brazil has been growing steadily during the past five years and is continuing to grow. This reflects both a significant increase in the perceived importance of training in Brazil and a growing economy despite the global economic slowdown.

Confidence among learning professionals in the US has finally begun to rebound. Confidence in the availability of resources increased for the first time in nearly a year according to ASTD's Learning Executive Confidence Index Q2 2009. Most learning executives are forecasting stability in their learning expenditures in the next six months and the majority are predicting that their learning expenditures will improve by the end of 2010.

In comparison, European research undertaken by Cegos in 2009, among L&D professionals from companies in the UK, France, Germany and Spain, reveals that training budgets in Europe appear to be holding steady. 81% of organizations expect to sustain or indeed increase their investments in training this year. The overall split was 53% of organizations expecting their training budgets to remain the same, 28% expecting them to increase and 19% expecting to see an overall decrease in budgets.

Cegos research shows that France and Germany spend the most on training in Europe. This can partly be explained by legislative measures. In France, 1% of any company's salary bill must be spent on training and development or it is levied as a tax on employers. Likewise, in Germany, the existence of 'workers councils' which look after employees' interests similarly as unions, are responsible for driving the skills agenda and ensuring the L&D budget is protected from expense cuts.

Training expenditure priorities

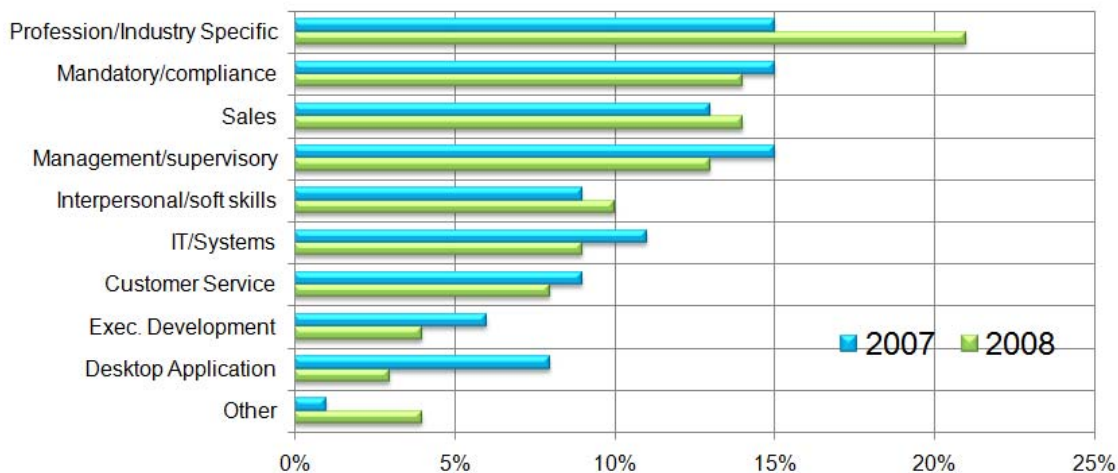
Organizations are reallocating training resources towards what they see as their most critical business issues. According to Training Magazine/Bersin & Associates, the top priorities



among US companies are meeting compliance requirements and improving skills that are highly specific to a learner's job. The percentage of total training budget allocated to profession/industry specific training has increased from 15% in 2007 to 21% in 2008 – an increase of 6%. Much of this increase appears to be at the expense of IT/desktop application training. See figure 2.

Sales training and management/supervisory training both continue to receive large chunks of funding. Sales training increased from 13% of total training budget allocation in 2007 to 14% in 2008. Overall, the total spending on leadership development (which includes both management/supervisory training and executive development), is down slightly, from 21% in 2007 to 17% in 2008.

Figure 2: Average % of training budget allocated to each program area in the US (Source: Bersin & Associates, 2008)



According to ASTD, 52% of training investment is currently being directed to leadership training, followed by 16% to sales training, 12% to service and 8% to skills development.

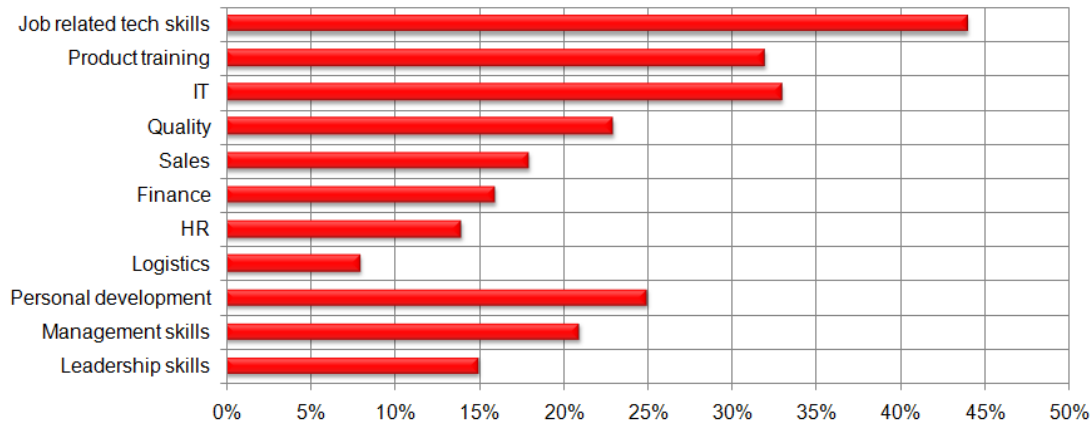
In Europe we are seeing a slightly different picture. Organizations are focusing primarily on job related technical skills as well as IT skills. Additionally, leadership and professional skills development programs are well represented. These trends are echoed in the Middle East too.

Cegos 2009 research shows that in Europe, 44% of employees receive job-related technical skills training and 33% receive IT skills training. 18% of employees have undertaken sales related training in the past year, while 25% have undertaken personnel development skills training, 21% management skills training and 15% leadership skills development. See figure 3.

L&D professionals are increasingly recognizing that skills like managing change, sales and negotiation are going to be key in helping organizations win through the recession. For many companies, investing in professional skills development is a key priority for improving performance, motivation and retention and ultimately driving long-term business growth.



Figure 3: % of EU employees receiving training in specific areas (Source: Cegos, 2009)



Delivery methods are changing

L&D functions in the US are modifying the delivery methods used, which impacts budget changes and cuts to internal training staff.

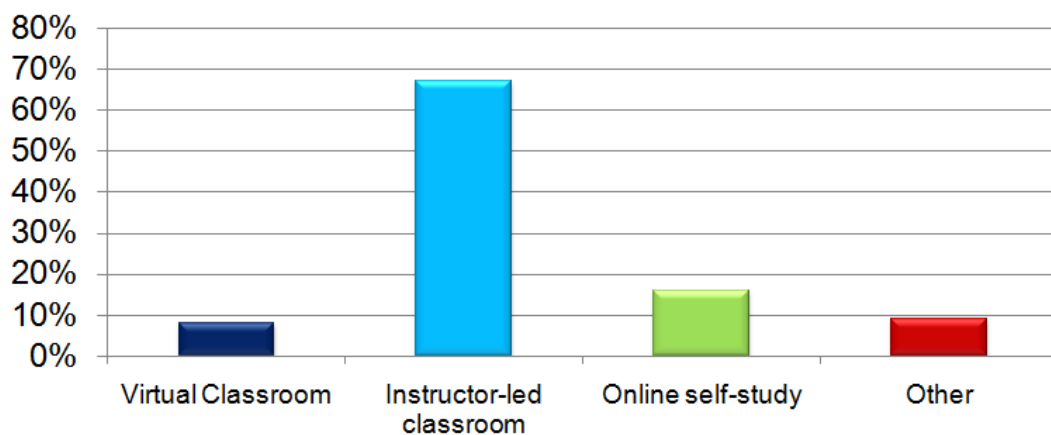
In 2007, the use of e-learning was continuing to rise, albeit at a reduced rate. ASTD's State of the Industry Report 2008, revealed that technology-based learning grew from 30.3% of learning hours made available in 2006 to 32.6% in 2007, up from 11.5% in 2000.

According to Training Magazine/Bersin & Associates, instructor-led classroom training remains steady, at 67% of all training hours while e-learning has decreased for the first time ever. In 2007, online self-study courses accounted for 20% of all formal training hours, dropping to 16% in 2008. Virtual classroom training also fell, from 10% in 2007 to 8% in 2008. Taken together, the total amount of online training (e-learning plus virtual classroom) dropped 6 percentage points, making it 24% of all formal training hours consumed. See figure 4.

A number of issues now come into focus. To some extent, some companies may have reached a plateau with their online learning, while others have realized that online courses by themselves are not always effective. As a result, companies are increasingly searching for the right blend of training methods to maximize the effectiveness of learning. Others are looking for more cost-effective alternatives to online learning which for some enterprises has proven to be a more expensive route than anticipated. Coaching by line-managers and on-the-job training are now playing an increasingly important role in the current financial climate.



Figure 4: % of formal training hours delivered by each method in the US (Source: Bersin & Associates, 2008)



Cegos research reveals a different picture in Europe. While classroom learning is still the most popular method, used by 93% of employees, e-learning and blended learning are indeed rising in popularity and are used by around 40% of all employees. The UK and Spain are continuing to lead the way with more than 50% of employees using both techniques.

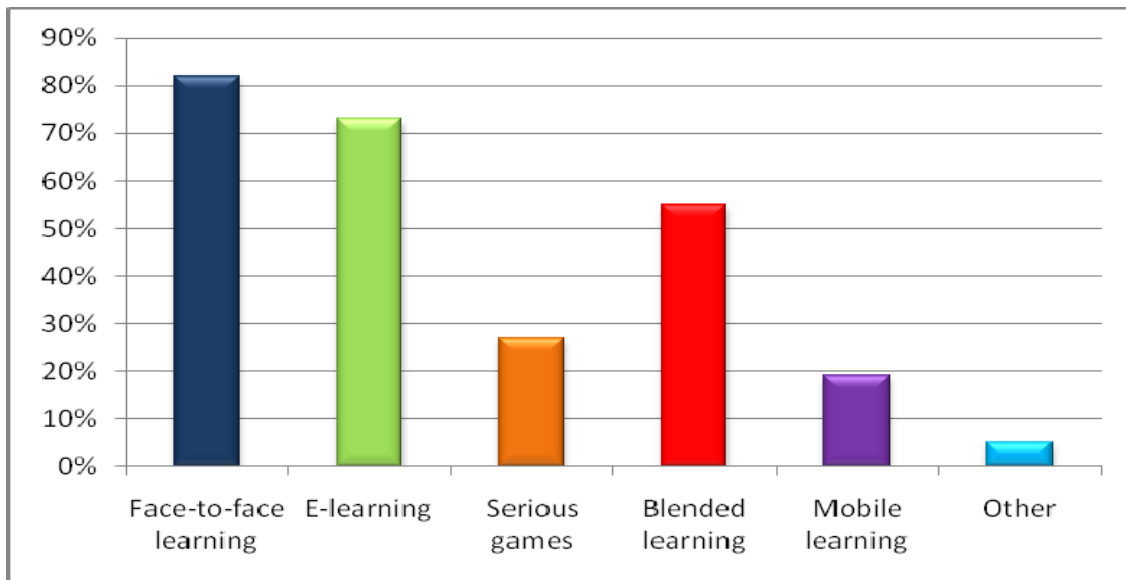
Cegos undertook a study in late 2008 among companies operating in the UK, with the key objective being to evaluate how the economic downturn was likely to impact training practices during 2009. The survey revealed that e-learning would be the biggest area of growth for 2009, with nearly three quarters (73%) of organizations planning to use e-learning, and 36% saying they would be increasing their e-learning efforts as a direct result of the economic situation. See figure 5.

Feedback from L&D professionals in the UK revealed that most were expecting to leverage more bang for their buck from their training budgets in 2009 and that L&D would need to be more accountable, cost-effective and less time consuming. The majority perceived e-learning to be capable of delivering on all fronts and increasingly appealing as it means less time spent away from the desk and more time being productive.

The survey also revealed that the use of serious games for learning and development is set to grow. More than a quarter (27%) of companies operating in the UK said they have plans to integrate immersive gaming within their 2009 L&D strategies. More than half of respondents said blended learning will be a key part of their training strategy and one in five respondents have plans to embrace mobile learning in 2009.



Figure 5: Planned training methods for professional development in 2009 among companies operating in the UK



The same survey revealed sales training to be a key growth area for 2009 with 25% of organizations planning to increase sales function training, focusing on both managers and individual team members in order to secure increased business and drive growth. The greatest cuts were planned for trainer development and coaching and development at the top level of the business.

What do employees actually want?

One of the key challenges facing most organizations today is “how can I make training more effective?” The key to implementing successful training programs lies in listening to what employees actually like and want.

Cegos Group has done exactly this through its in-depth survey carried out in March 2009. The study compared viewpoints of 2,355 employees and 485 HR directors/training managers from companies employing more than 500 staff in the UK, France, Germany and Spain.

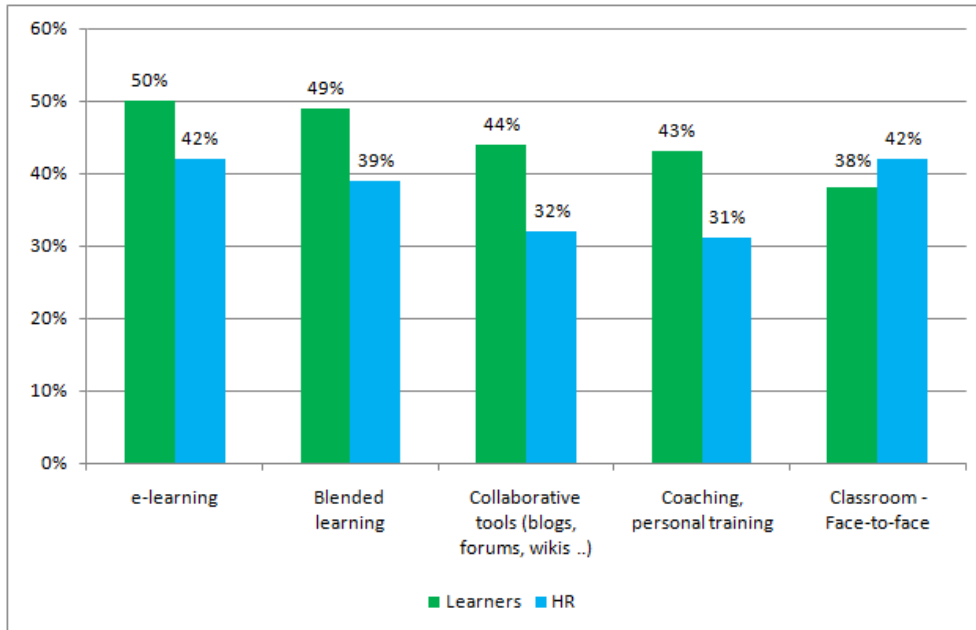
The survey identified the following trends:

- Learners want to see more technology-driven learning developed during the next three years and have a preference for e-learning and blended learning over classroom learning
- Employees are keener to embrace collaborative tools like blogs, forums and wikis.
- There is a gap between what employees like and want, and what HR professionals are actually planning to develop over the next three years
- Half of employees across Europe want more e-learning and blended learning compared to 40% of HR professionals
- 44% of employees want to see collaborative techniques developed compared to under a third (32%) of HR professionals



- Face-to-face learning is more popular among the human resources function with 42% of respondents wanting to see more classroom learning compared to 38% of employees.

Figure 6: Learning methods to be developed in the next 3 years (%)



Employees in Europe clearly like e-learning and blended learning and are overwhelmingly satisfied with their learning experience. Cegos' survey found that for 89% of employees, blended learning is living up to expectations 'well' or 'very well', and the same was found for 82% of respondents using e-learning.

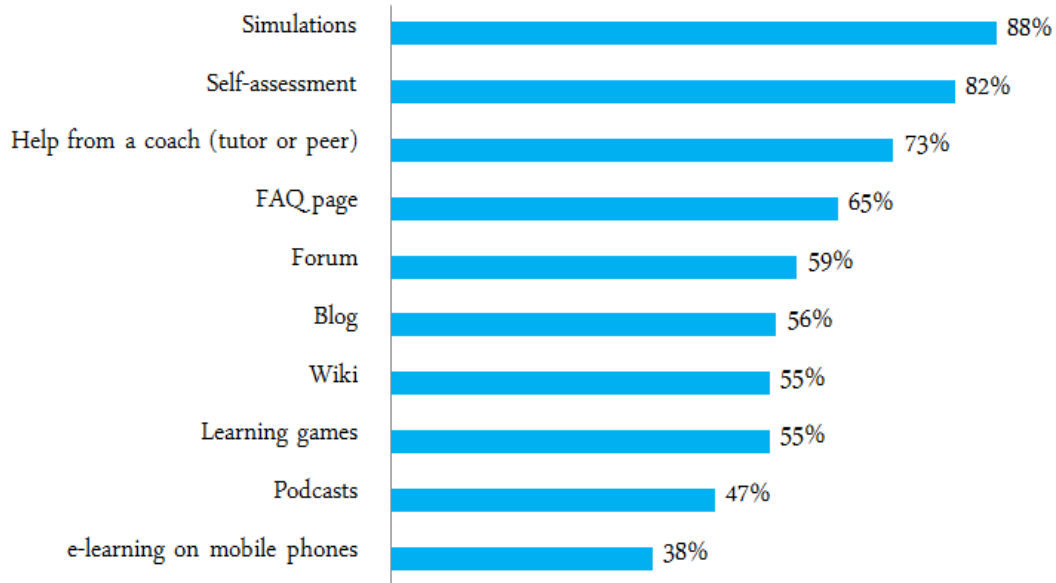
Making e-learning more effective

Cegos' 2009 European study also looked at ways to optimize the learning experience and asked end-users of e-learning in Europe how e-learning can be made more effective. See figure 7.

- The vast majority of employees (88%) rated work-based scenarios as a top tool for improving effectiveness.
- In second place, 82% rated self-assessment techniques and in third place, 73% rated help from a tutor or peer.
- The use of podcasts and e-learning on mobile phones were less popular features, with only 47% and 38%, respectively, of staff rating these among their top three methods for enhancing their learning experience.

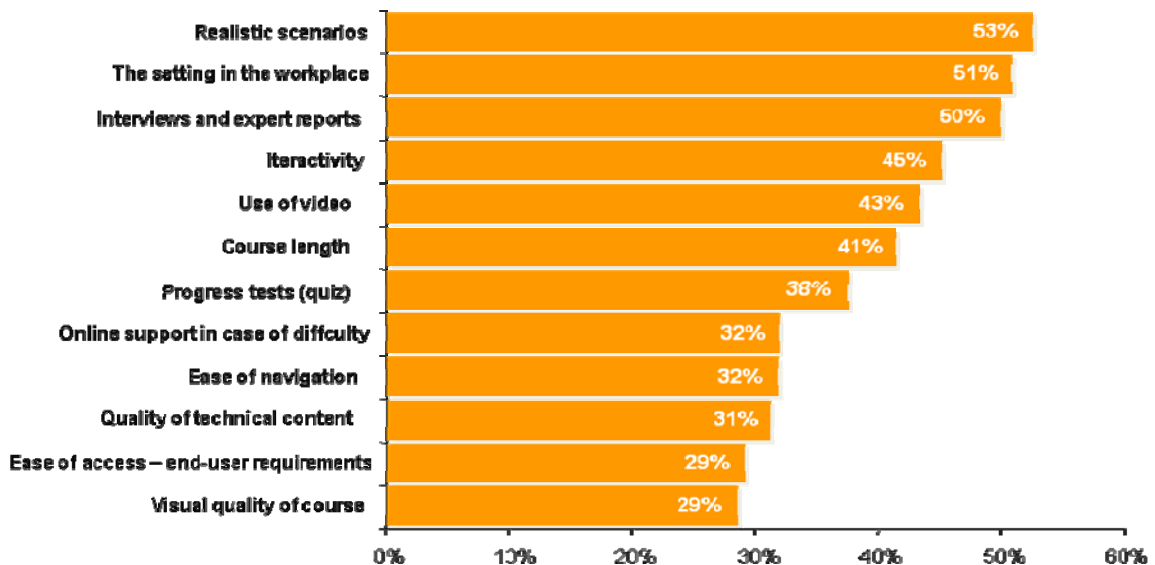


Figure 7: Techniques to make e-learning more effective



When asked about the criteria for evaluating the quality of e-learning for personal development, users were primarily concerned about the realism of the workplace situations portrayed (53% of responses), the credibility and experiences of professionals or expert reports (50%), interactivity (45%) as well as the use of video (43%). Ease of navigation, quality of technical content and visual quality of the courses were less important criteria. See figure 8 below.

Figure 8: Criteria for evaluating the effectiveness of e-learning among employees



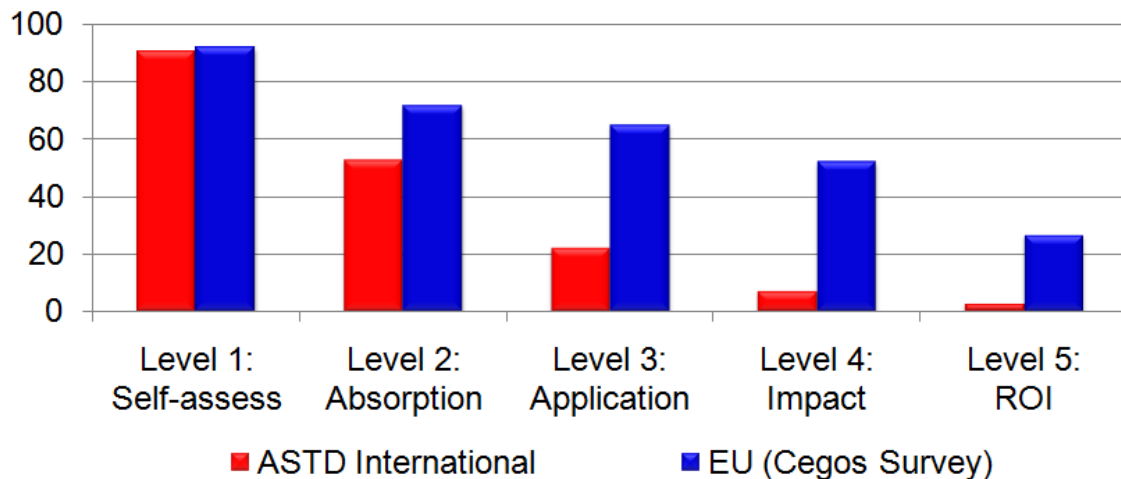


Measuring training effectiveness

As companies look to ensure that training is delivering tangible value to the organization, the need to put in place techniques to measure the effectiveness and value of learning and development has risen up the L&D and corporate agenda.

While most companies use some methods of measurement, Return on Investment (ROI) - the most fundamental and important measure - is all too often being ignored. According to ASTD International, just 3% of companies globally measure ROI of L&D. Cegos research shows that 26% of companies in Europe measure ROI, with the UK leading the field with 47% of companies measuring ROI. See figure 9 below.

Figure 9: A comparison of the different methods used to measure training effectiveness globally and in Europe



- Level 1: Self-assessment by learner
- Level 2: Assessment of training absorbed
- Level 3: Assessment of application of training
- Level 4: Evaluation of impact of training
- Level 5: Evaluation of ROI

Conclusion - What does the future hold for L&D?

Technology-led learning – particularly e-learning and blended learning - have clearly come a long way during recent years, and the significant business benefits are there for all to see. Given the current economic climate, key focus points for the development and delivery of both techniques will be cost, ROI and making learning more effective. One of the keys to achieving this will be listening to learner needs and ensuring that the individual is at the center of all learning activities. The best way to achieve this is through a three way partnership between the organization, the individual and the training provider (either internal or external).

Technology is undoubtedly changing the way people work on a global scale. Working remotely coupled with an increasingly mobile workforce and the increase in wireless mobile broadband, means that training delivery methods need to continue to adapt to today's fast



paced work environment. This is being seen in the rise of the development of mobile learning platforms and how organizations are providing “bite-sized” learning that can be accessed from almost anywhere. 14% of US organizations currently deliver learning on mobile platforms and the use of podcasting for training purposes has grown to 15% according to Bersin & Associates. It is likely that organizations will continue experimenting with podcasting and vodcasting (video podcasting) to ensure efforts are directed at the right audiences.

Two key challenges facing learning and development professionals are the integration of informal learning with more traditional learning and measuring the effectiveness and business value of these different components. It is essential that ROI become central to learning strategy decisions.

For multinational organizations, the globalization of training content is one of the remaining challenges in meeting the goal to achieve economies of scale and International best-practice. Success will depend on being able to adapt content to a multicultural audience while ensuring localized delivery. As a world-leader, Cegos is at the forefront of responding to this need.

ABOUT CEGOS

Cegos Group, established in 1926 is today the European leader in professional education and one of the major global players. Its consultants have expertise across all subject areas in management and developing competencies: human resources, management and leadership, performance and organizational skills, individual and team performance, marketing and commercial, project management, deployment of large training systems internationally.

In 2008, the Cegos Group achieved sales of 195.5 M€ and trained more than 200,000 staff in Europe and internationally. Cegos employs 1,200 consultants and works in 30 countries across the globe.

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