

Learning and development activities

**A comparison of results from 2007 and from
2009**



November 2009

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Introduction

We first ran this study in the summer of 2007 and published the [results](#) in September 2007. The initial study used an online, self-completion survey to examine the learning and development activities taking place in small and medium-sized companies based in London and the South East which we re-ran in September 2009 for companies based across the whole of the UK.

Twenty five companies took part in 2007 and twenty nine took part in 2009.

The following report presents and compares the results from both these surveys and if you would like to read the full literature review, please [download](#) our original research paper '*Learning and development activities within small and medium-sized businesses in the South of England*'. (September 2007).

We would also like to thank all the organisations who took part in our 2009 survey as without their help this report would not be possible.

Claire Walsh
Managing Partner

Learning Consultancy Partnership

At a glance

Summary of findings – company details

2007	2009
No of organisations taking part	
25	29
Industry sector	
40% of respondents in professional services and IT/telecomms	45% of respondents in public sector and other
Time in business	
72% of respondents in business over 10 years and 4% start-ups	52% of respondents in business over 10 years and 38% under four years, including 17% start-ups
No of employees	
32% of respondents employ over 500 people, 40% employ less than 50	7% of respondents employ over 500 people, 34% employ less than 50
Dedicated training role	
64% of respondents have a dedicated HR/training role	72% of respondents have a dedicated HR/training role
Performance management system (e.g. appraisal) in place	
88% of respondents have an appraisal system	79% of respondents have an appraisal system
Competency or skills framework in place	
56% of respondents have a competency or skills framework	41% of respondents have a competency or skills framework
Talent management process	
20% of respondents have a talent management process	17% of respondents have a talent management process

Summary of findings – training and development activity

2007	2009
Number of training days in the last 12 months per employee	
64% provided less than five days, 24% six to 10 days plus	76% provided less than five days, 21% six to 10 days plus
Budget and training spend in the last 12 months	
Budget = 64% less than 5%. Spend = 16% under £200, 44% £201 - £600, 28% £601 - £800 plus, 12% don't know	Budget = 52% less than 5%. Spend = 41% less than £200, 38% £201 - £600, 21% £601 - £800 plus
Processes used to identify training needs	
84% use appraisal process and 56% use a formal TNA ¹	72% use appraisal process and 52% use a formal TNA
Training and development activities undertaken in the last 12 months	
92% had done on-the-job training, 76% classroom training, 72% compliance training and 68% induction training	100% had done on-the-job training, 83% classroom training, 76% compliance training and 90% induction training
Training providers used in the last 12 months	
84% had used private, external providers, 72% had used industry-specific organisations	90% had used in-house training staff, 69% had used private, external providers and 55% had used industry-specific organisations
Groups trained in the last 12 months	
80% trained new joiners, 80% trained non-managerial employees, 64% trained specialists and senior managers	86% trained new joiners, 76% trained non-managerial employees, 62% trained managers and senior managers and 34% trained specialists

¹ Training needs analysis

Summary of findings – impact on business performance

2007	2009
Measures used to evaluate ROI of training and development	
56% used HR/line manager assessment, 60% used staff feedback, 40% used qualifications achieved	66% used HR/line manager assessment, 69% used staff feedback, 59% used qualifications achieved
Views on whether or not training and development improves organisational performance	
24% felt 'significantly', 68% 'to some extent' and 8% 'not sure'	34% felt 'significantly', 55% 'to some extent' and 7% 'not sure'
Groups which provide the greatest payback when trained	
20% cited specialists, managers and new joiners	17% cited specialists and new joiners, 20% cited managers
Benefits associated with training and development	
88% of respondents cited staff motivation, 72% improved retention rates and 68% increased productivity	86% of respondents cited staff motivation, 79% increased productivity and 59% business growth
Processes linked to training and development	
84% cited the appraisal process and 64% business planning	69% cited the appraisal process and 72% business planning
Most beneficial training and development activities	
52% reported technical and trade skills as the most beneficial, 48% team development and 44% leadership skills	52% reported technical and trade skills as the most beneficial, 14% team development, 52% leadership skills and 45% compliance
Serious obstacles to undertaking training and development	
68% reported financial cost as a major obstacle and 60% reported lost working time	66% reported financial cost as a major obstacle and 66% reported lost working time

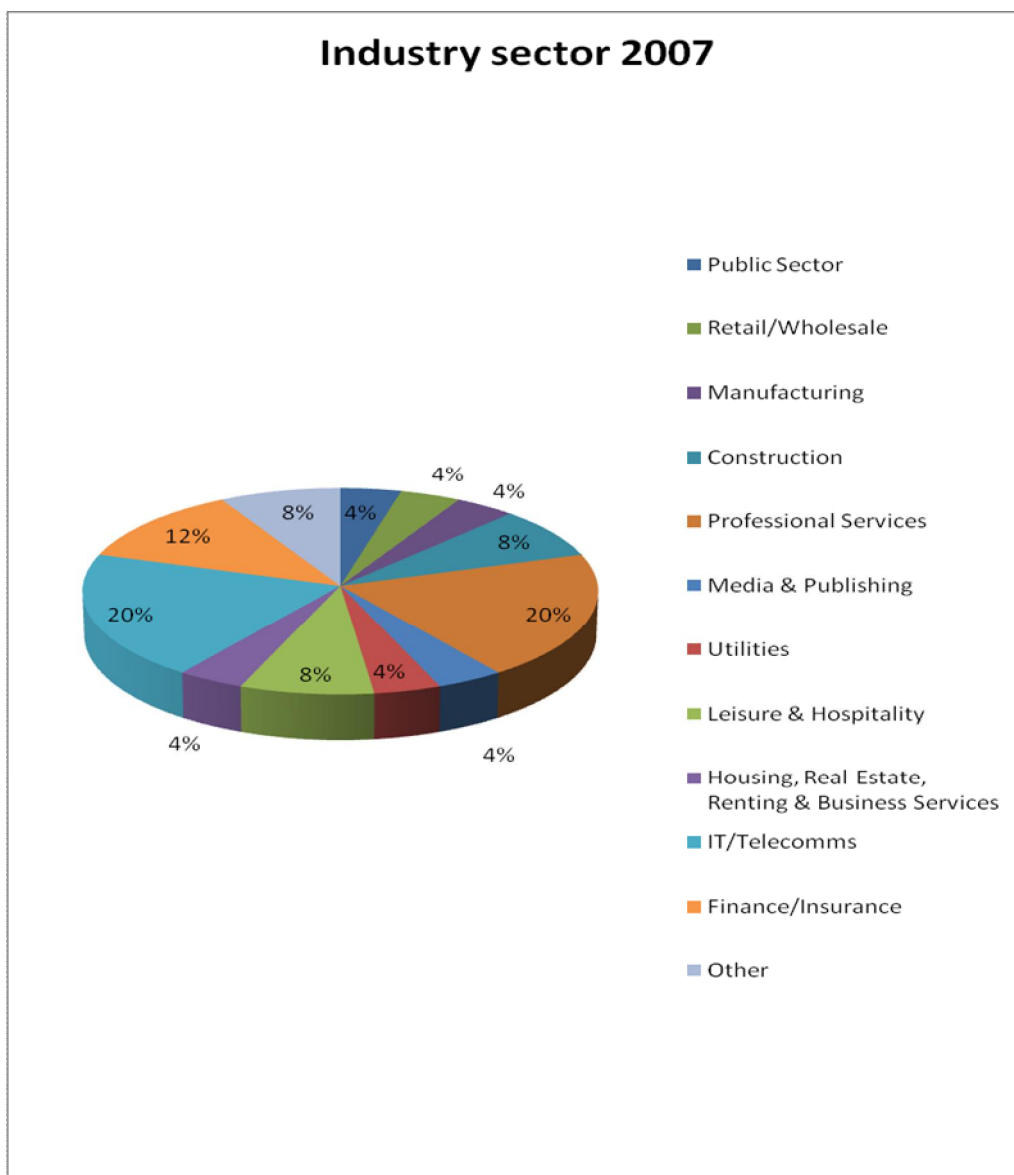
Summary of findings – priorities for the coming 12 months

2007	2009
Top three priorities	
56% had leadership and management development in their top three, 24% had organisations specific training e.g. product or process training	45% had leadership and management development in their top three, 34% cited compliance training e.g. health and safety and 17% mentioned staff retention.

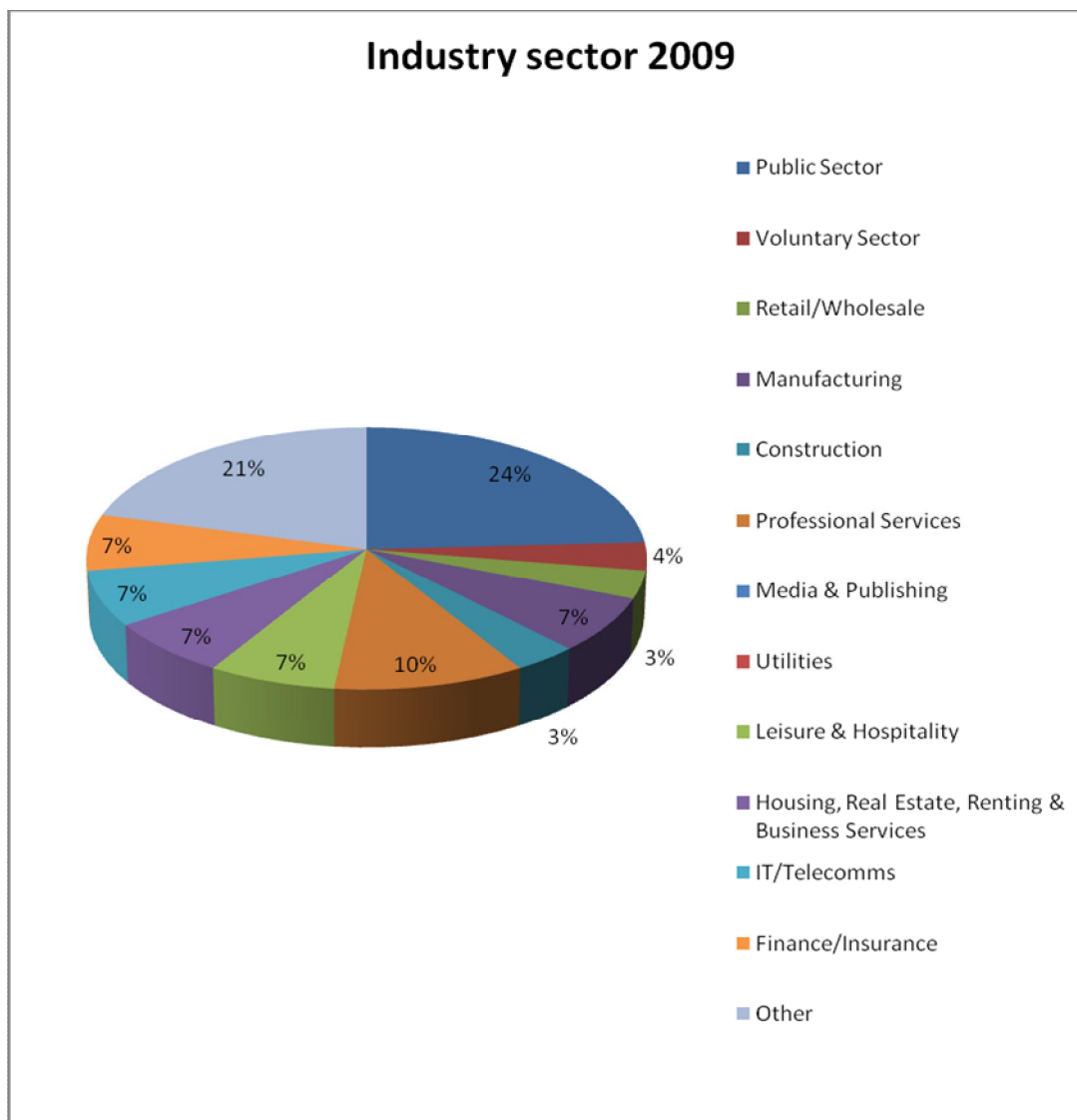
Findings

Company details – industry sector

In 2007 a fifth of the respondents came from professional services, another 20% (n=5) from information technology and 12% (n=3) from finance and insurance. Only 4% (n=1) came from public sector and 8% (n=2) from other.



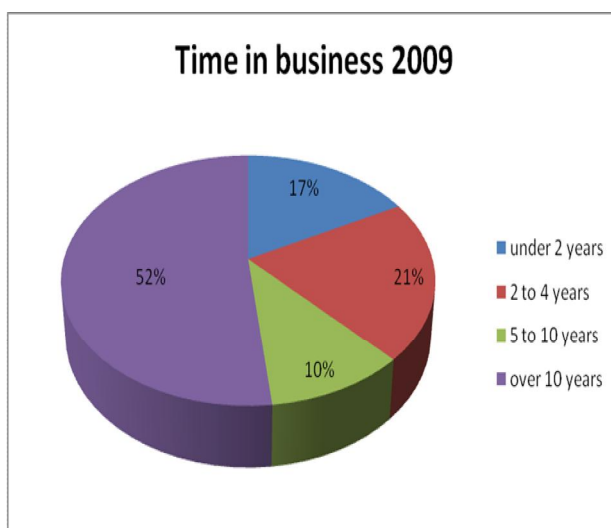
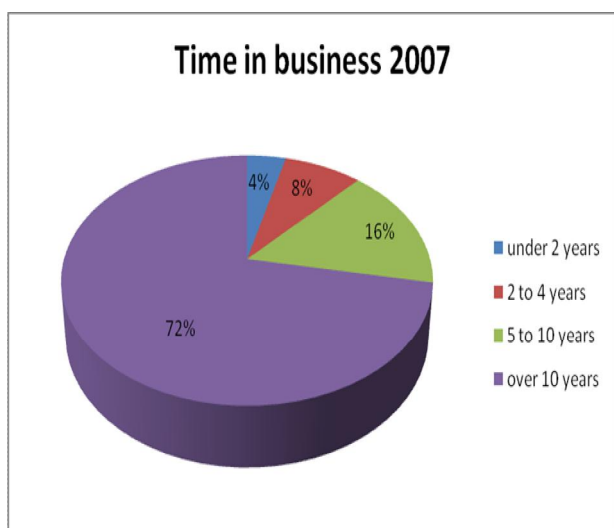
In 2009 almost a quarter 24% (n= 7) came from public sector organisations and 21% (n=6) came from other which included health and safety, business communications and other technology.



Therefore the 2007 results were dominated by professional services and IT/Telecoms (40%) compared to public sector organisations and other in 2009 (45%).

Company details – time in business

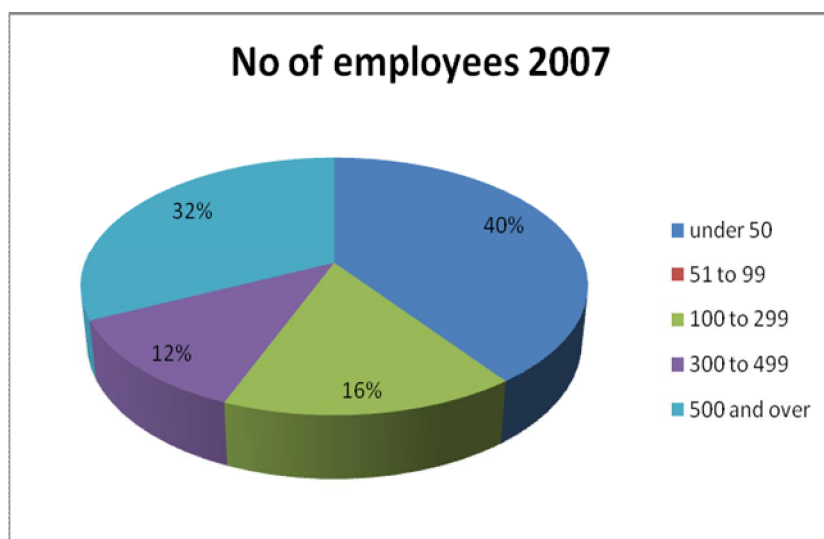
In 2007 nearly three-quarters 72% (n=18) of the participants had been in business for over 10 years and only one (4%) was a start-up business.



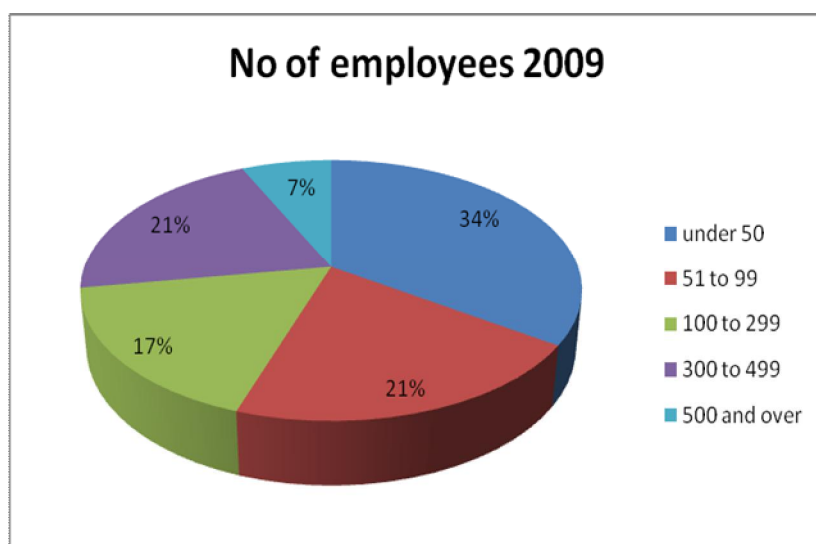
In 2009 just over half 52% (n=15) had been in business over 10 years whereas 17% (n=5) were start up businesses and 21% (n=6) had been in business for between two and four years. This means the results from the 2009 study had a greater proportion of start-ups and younger organisations.

Company details – number of employees

In 2007, 40% (n=10) employed less than 50 people; 32% (n=8) employed over 500 people and 28% (n=7) employed between 100 and 500 people.

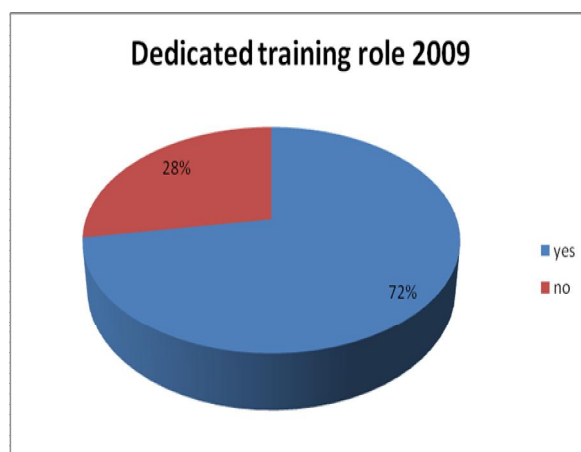


In 2009, 34% (n=10) employed less than 50 people, 7% (n=2) employed over 500 people and 59% (n=17) employed between 100 and 500 people. So the 2009 results had a greater proportion of medium sized businesses and fewer large organisations with over 500 employees taking part.



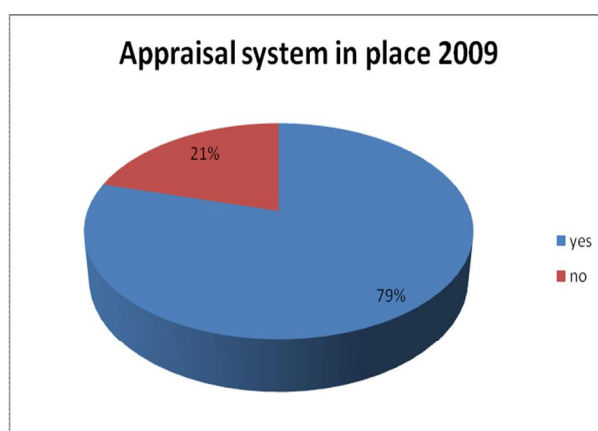
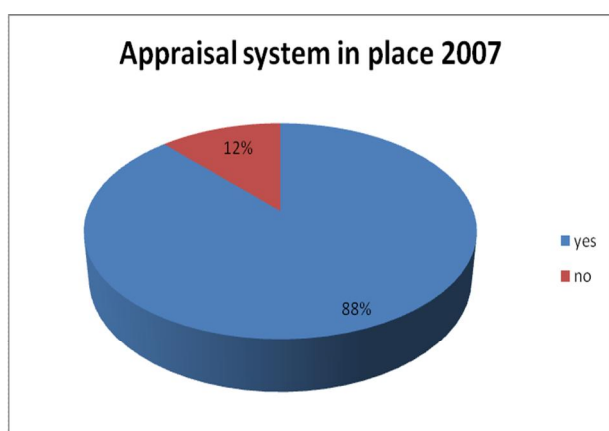
Company details – dedicated training role

In 2007, all participants with over 100 employees had a dedicated human resource or training role, whereas only 4% (n=1) of those with under 50 employees had one. Overall 64% (n=16) of participants reported having a dedicated role. In 2009, 72% (n= 21) reported having a dedicated human resource or training role and the 28% (n=8) that didn't had less than 50 employees, apart from one organisation that employed between 100 and 299.



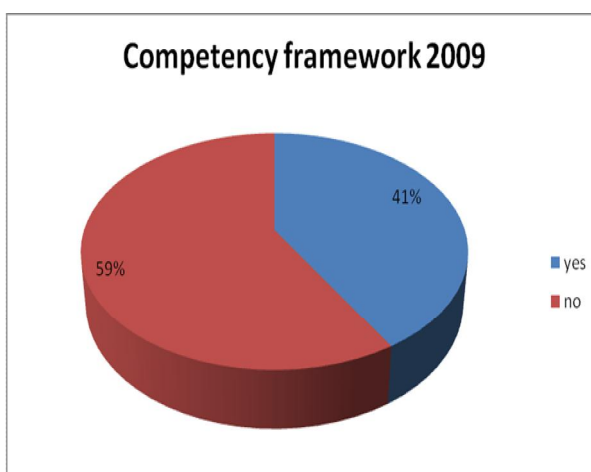
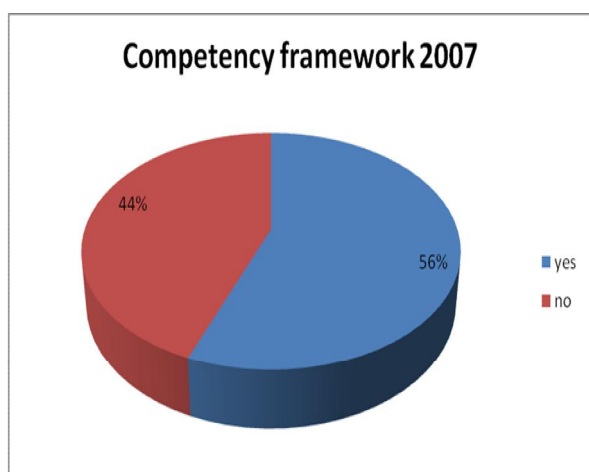
Company details – formal process for managing performance

In terms of having a formal performance management system in place such as an annual appraisal process, the results for 2007 and 2009 were very similar with less than a 10% increase in participants reporting they didn't have one. In both studies the companies that reported having no system in place were mainly under 50 employees. In 2009 some also reported using quarterly interim reviews and the IIP process as part of their performance management process.



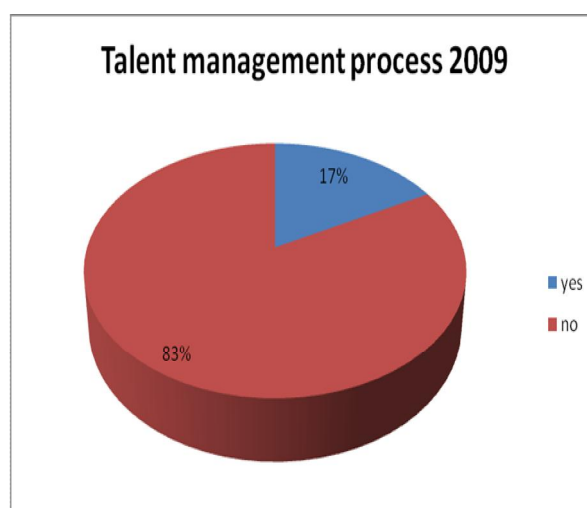
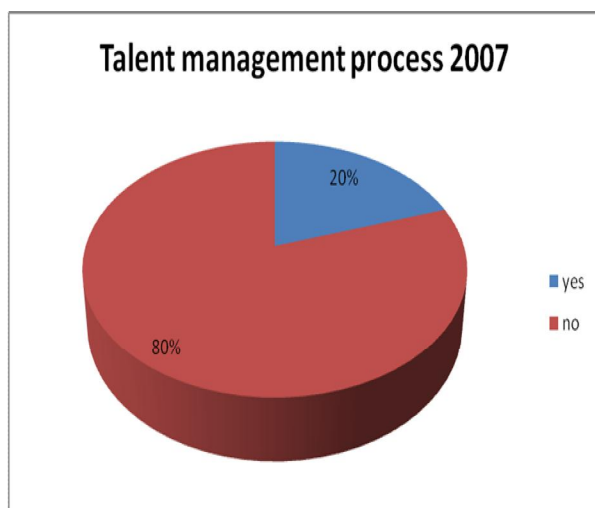
Company details – competency or skills framework

In 2007 a higher proportion of participants had a competency or skills framework in place 56% (n=14) compared to 2009 where under half 41% (n=12) reported having one.



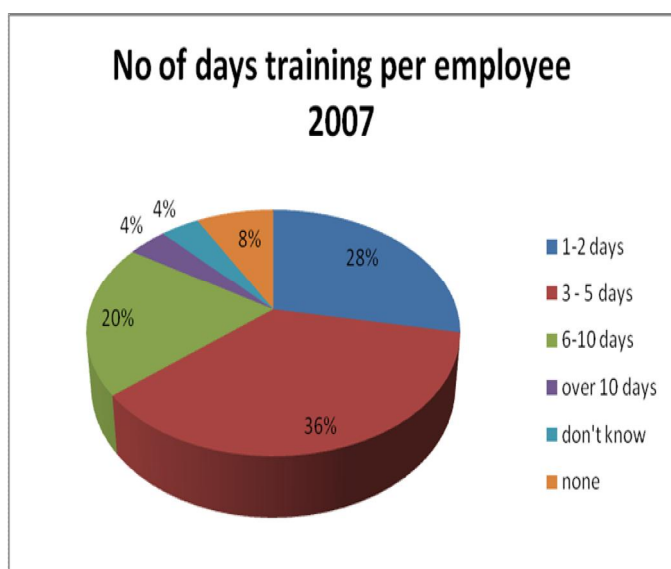
Company details – talent management process

In regard to having a talent management process in place the results for both 2007 and 2009 were very similar with just a 3% decrease in participants reporting having one, 20% (n=5) in 2007 and 17% (n=5) in 2009. In 2009 some respondents reported that this was something they were looking into.



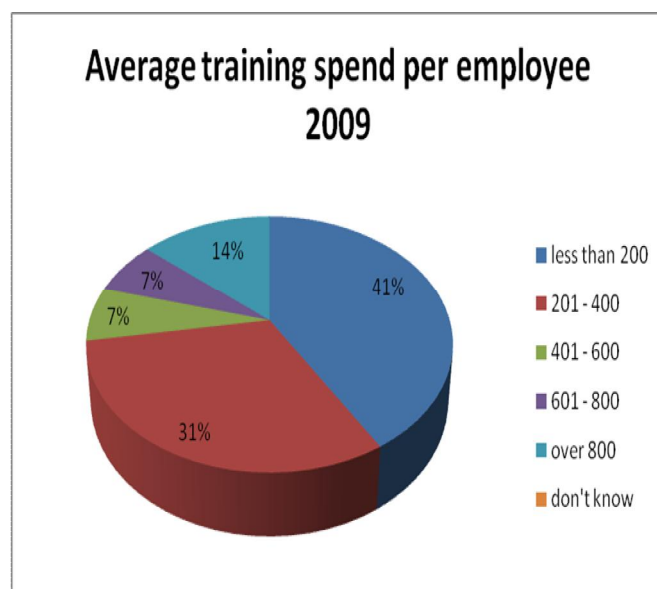
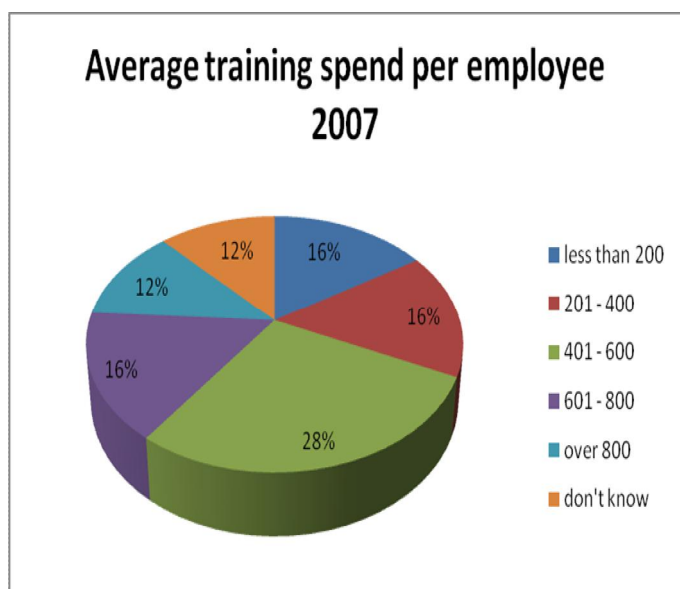
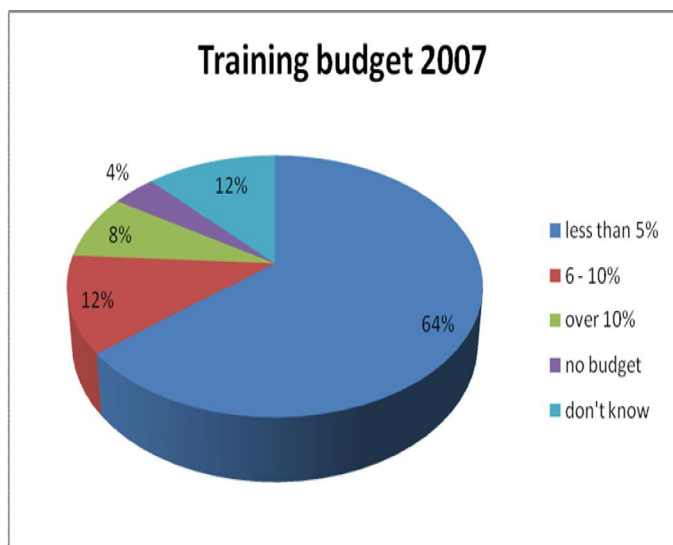
Training and development activity – number of days training

In 2007, 28% (n=7) of participants reported providing between one and two days training per employee over the past 12 months. This increased by 13% to 41% (n=12) in 2009. There was also a 17% reduction in participants reporting they had provided between six and 10 days training, 20% in 2007 compared to just 7% in 2009. However, there was a 10% increase in companies reporting 10 days plus; 4% (n=1) in 2007 and 14% (n=4) in 2009.



Training and development activity – budget and training spend

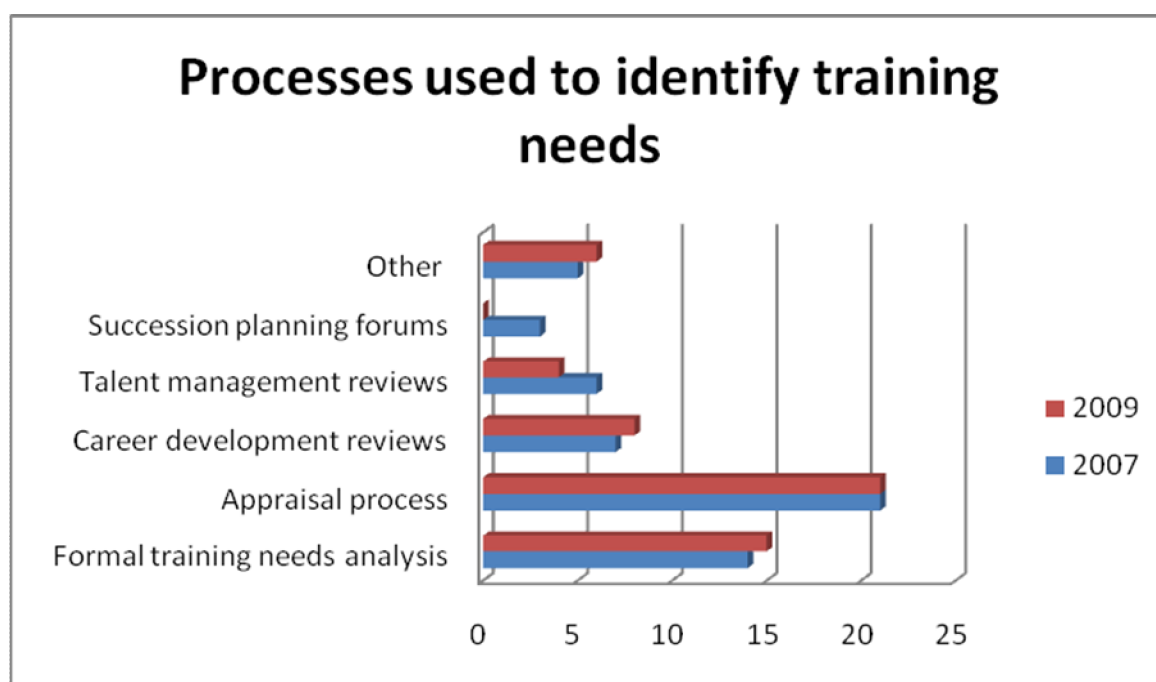
There was a 6% increase in those with no budget for learning and development activities from 2007 4% (n=1) to 2009 10% (n= 3). No participants in 2009 had over 10% budget compared to 8% (n=2) in 2007. There was also a 12% reduction for those with under 5% budget, 64% (n=16) in 2007 and 52% (n=15) in 2009.



The average training spend per employee over the past 12 months showed some changes, with a 40% increase in companies spending less than £400 per employee per year, 72% (n=21) in 2009 compared to 44% (n=11) in 2007. There was also a 30% decrease in those spending between £401 and £800, 44% (n=11) in 2007 and only 14% (n=4) in 2009.

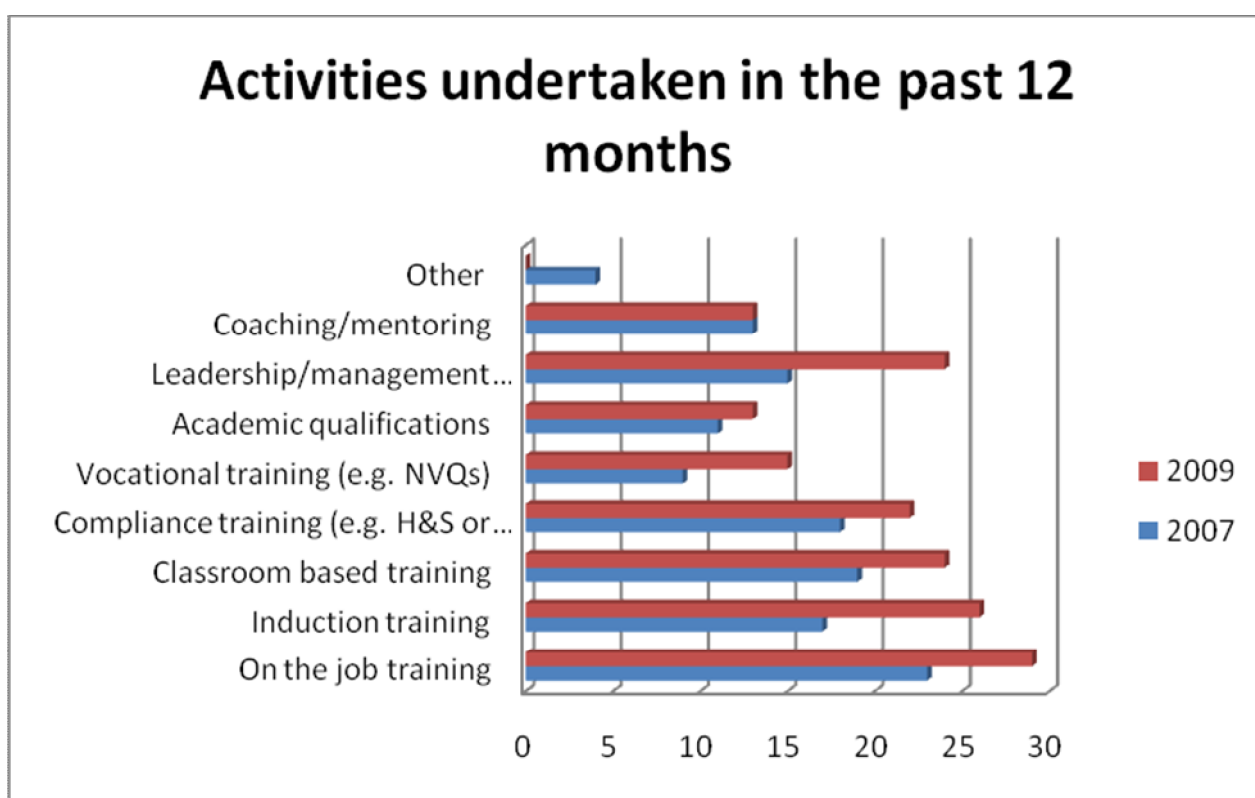
Training and development activity – processes used to identify training needs

In both 2007 and 2009 the most popular methods for identifying skill gaps and training needs were the appraisal process 84% (n=21) in 2007 and 72% (n=21) in 2009, and formal training needs analysis 56% (n=14) in 2007 and 52% (n=15) in 2009. Succession planning forums were not popular with only 12% (n=3) reporting using them in 2007 and none in 2009.



Training and development activity – activities provided

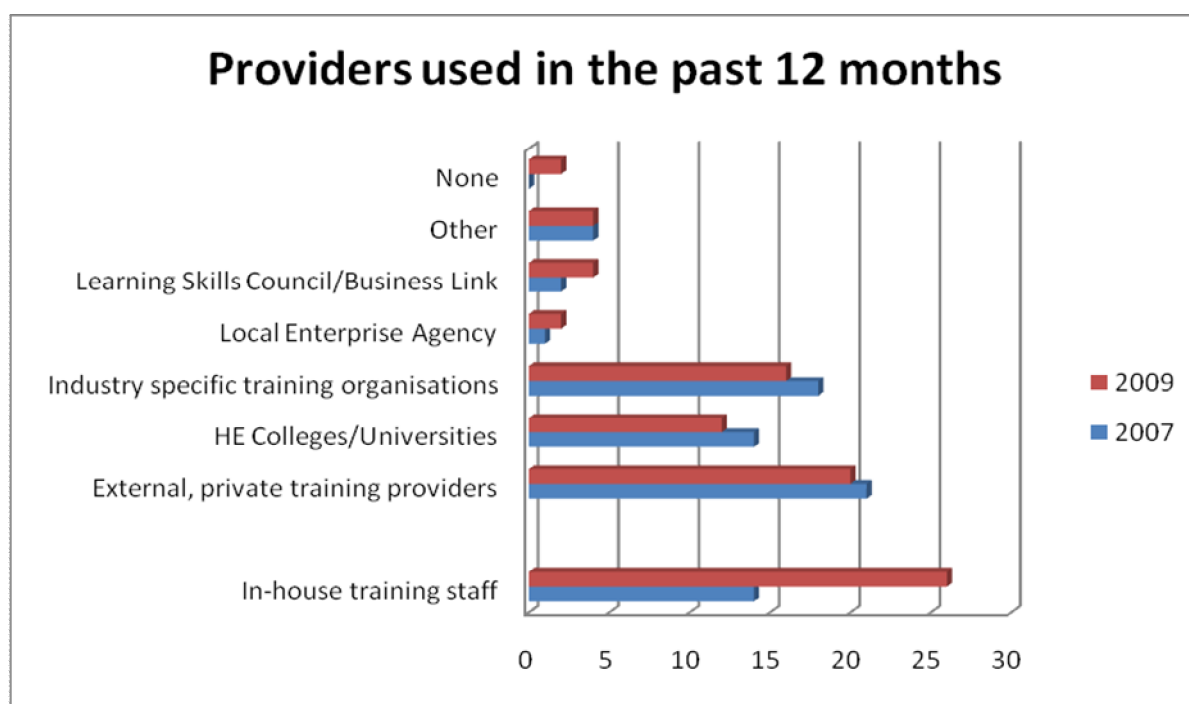
In 2007, 92% (n=23) had provided on-the-job training in the past 12 months; 76% (n=19), classroom based training; 72% (N=18) compliance training and 68% (n=17) induction training. Only 36% (n=9) had provided vocational training.



In 2009, 100% (n=29) had provided on-the-job training; 90% (n=26) induction training; 83% (n=24) classroom based and leadership and management training and 76% (n=22) compliance training. Academic qualifications and coaching and mentoring were less popular with only 45% (n=13) of respondents reporting them.

Training and development activity – providers used

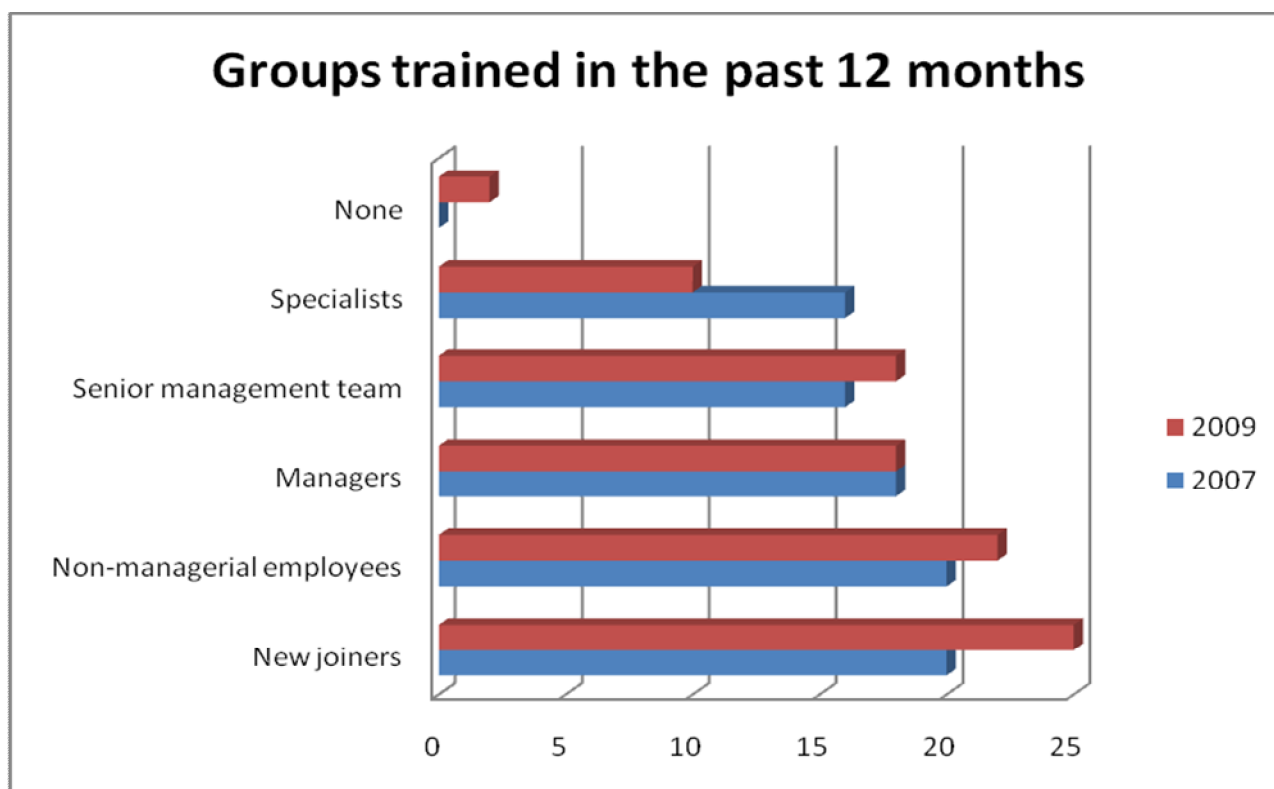
In 2007, many of the participants 84% (n=21) had used external, private, training providers; 72% (n=18), had used industry-specific training organisations. Only 4% had used their local Enterprise Agency or Learning Skills Council in the past 12 months.



In 2009, the most popular provider was in-house training staff 90% (n=26) followed by external, private training providers 69% (n=20) and industry specific training organisations 55% (n=16). There was also a small reported rise in use of local enterprise agencies and LSC/Business Link.

Training and development activity – groups trained

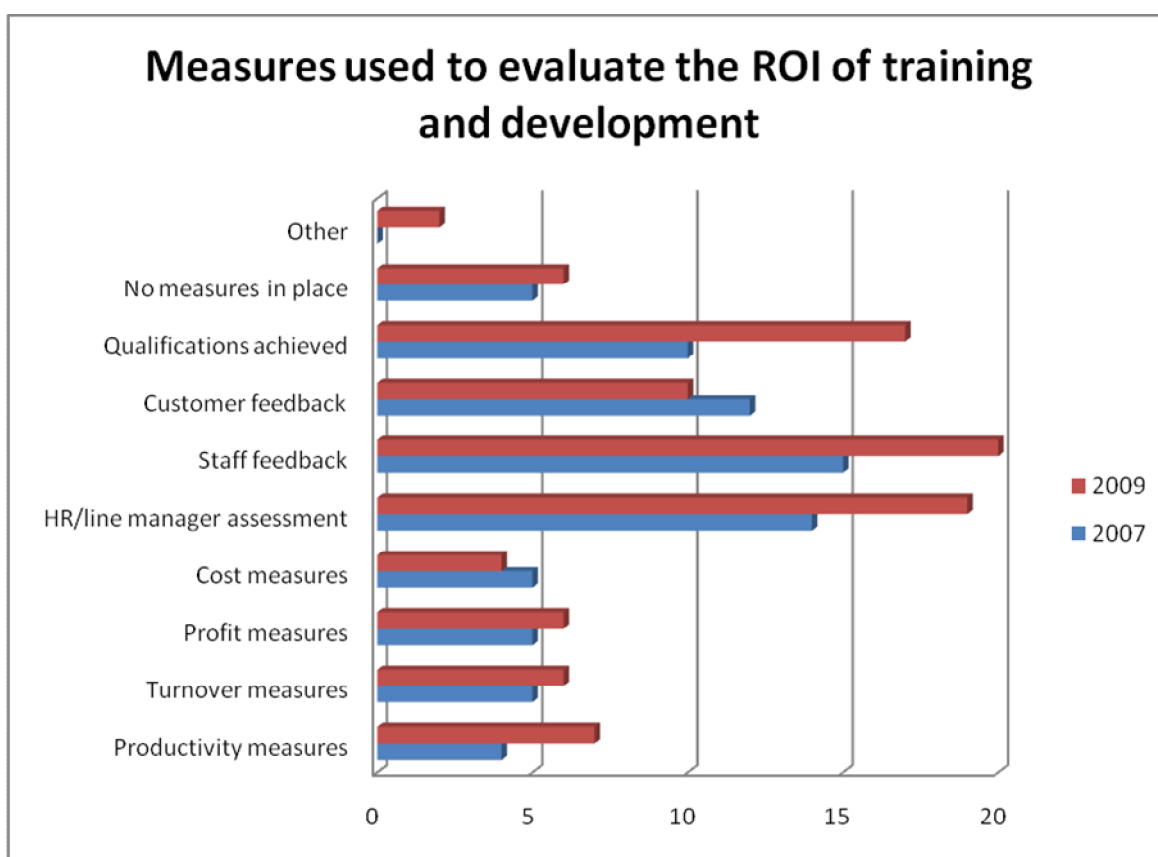
In 2007, 80% (n=20) of respondents reported having trained their new joiners and non-managerial employees in the previous 12 months. Specialists and senior management team were the least trained groups, both at 64% (n=16).



Again in 2009, new joiners 86% (n=25) and non-managerial employees 76% (n=22) were reported as the most trained groups. In terms of leadership and management development 62% (n=18) reported training managers and their senior leadership team. Specialists were the least trained group with only 34% (n=10) of participants training them in the past 12 months.

Impact on business performance – return on investment

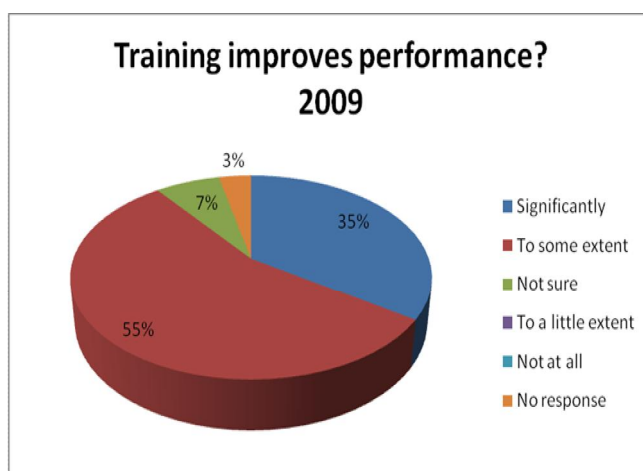
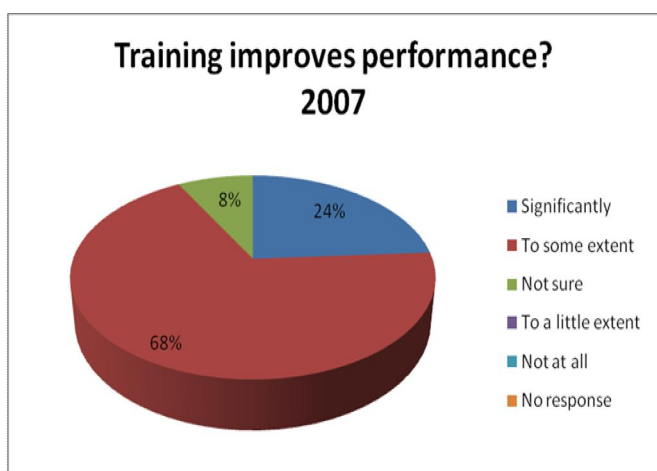
In both 2007 and 2009 qualitative measures such as HR/line manager assessment 56% (n=14) in 2007 and 66% (n=19) in 2009 and staff feedback 60% (n=15) in 2007 and 69% (n=20) in 2009 were the most popular methods for evaluating training. Although in 2009 there was a greater emphasis on qualifications achieved 59% (n=17) in 2009 compared to 40% (n=10) in 2007.



Quantitative measures such as profit, turnover and cost were the least popular for measuring the returns of training. In 2009 one organisation also reported using promotions as a way to measure training investment.

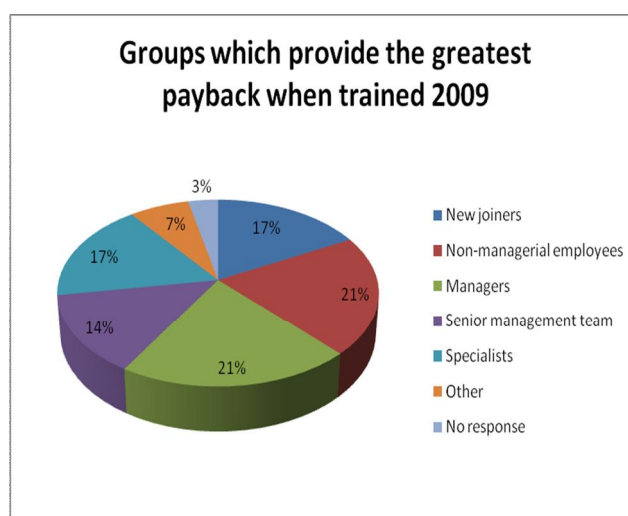
Impact on business performance – improved performance

In both 2007 and 2009 the vast majority of respondents felt that training improved organisational performance either 'significantly' 24% (n=6) in 2007 and 34% (n=10) in 2009 or 'To some extent' 68% (n=17) in 2007 and 55% (n=16) in 2009. Less than 10% in both studies reported being 'Not sure' 8% (n=2) in 2007 and 7% (n=2) in 2009.



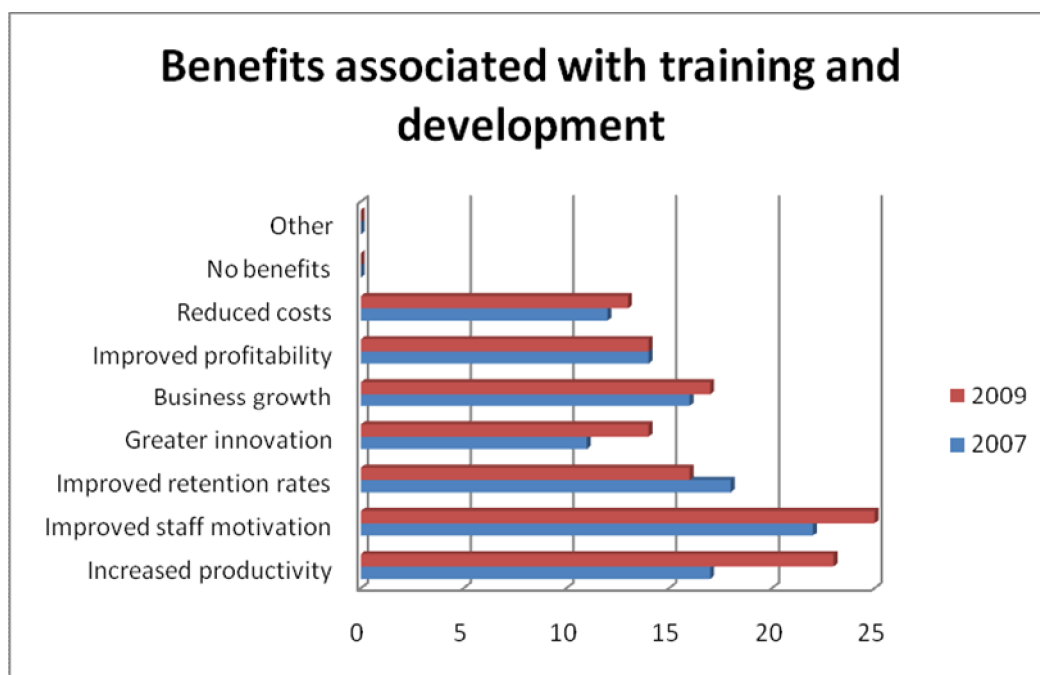
Impact on business performance – greatest organisational payback

The results for 2007 and 2009 were similar training specialists 20% (n=5) in 2007 and 17% (n=5) in 2009; new joiners 20% (n=5) in 2007 and 17% (n=5) in 2009 and managerial employees 20% (n=5) in 2007 and 21% (n=6) in 2009 were seen as providing the greatest business payback. There was a slight increase of 5% for non-managerial employees in 2009.



Impact on business performance – improved performance

According to participants in 2007, the top three benefits associated with training and development activity were staff motivation 88% (n=22): improved retention rates 72% (n=18) and increased productivity 68% (n=17).

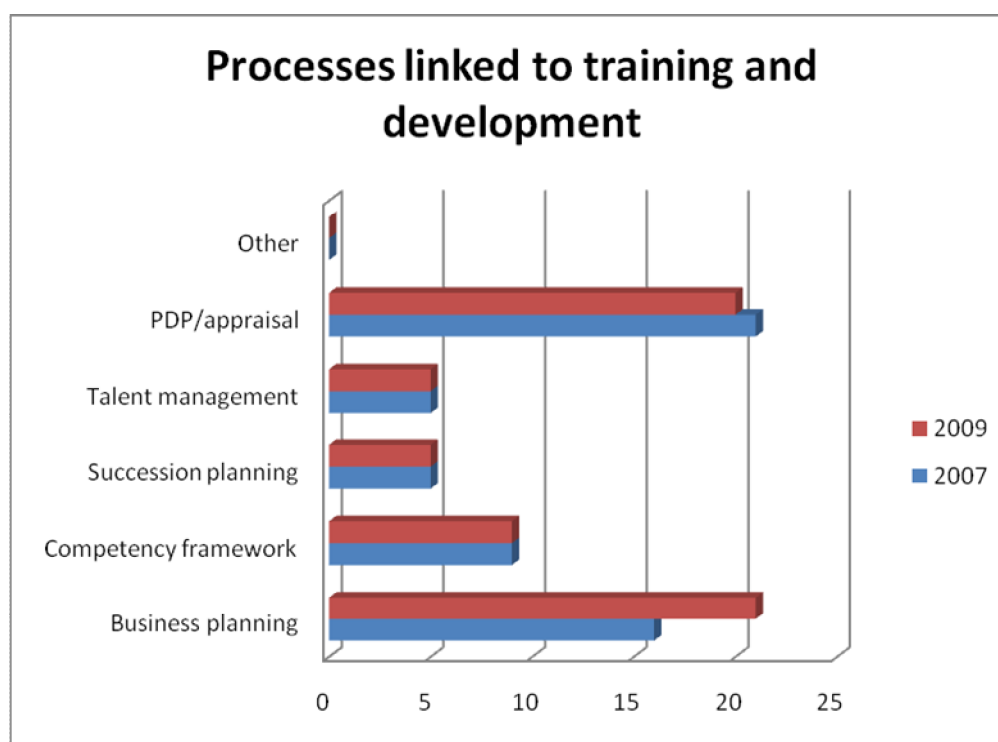


In 2009 staff motivation 86% (n=25) and increased productivity 79% (n=23) were still in the top three but business growth was the third most popular benefit 59% (n=17).

No respondents from either study reported there were no benefits linked to training and development activity.

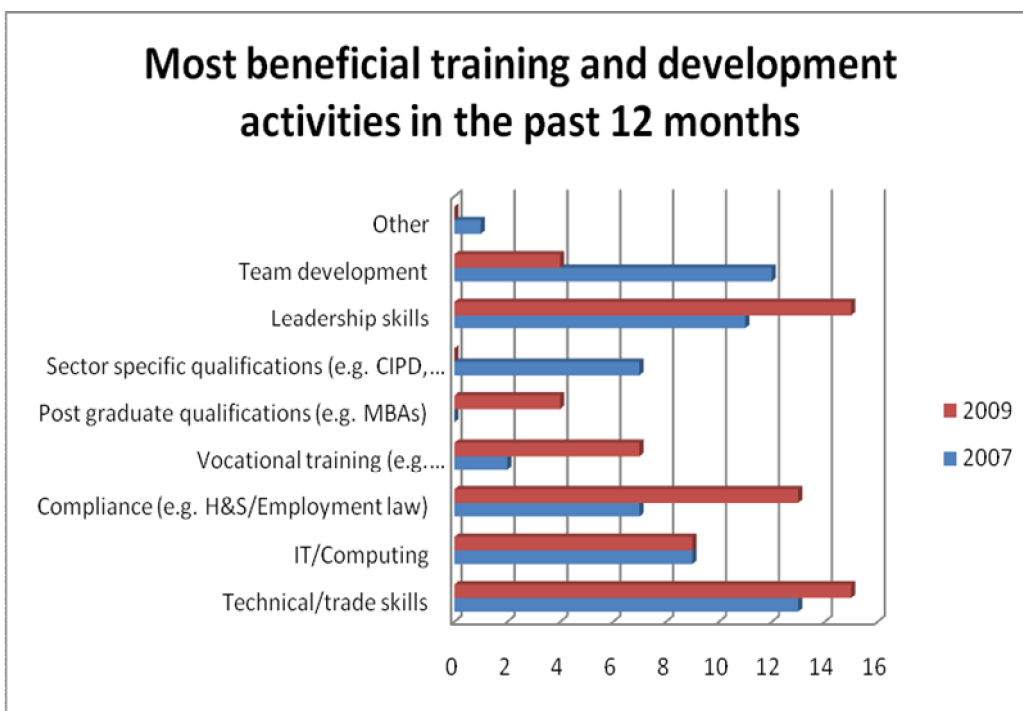
Impact on business performance – processes linked to training and development

In both surveys the most commonly reported business processes linked to training and development activity were the appraisal process 84% (n= 21) in 2007 and 69% (n=20) in 2009 and business planning 64% (n= 16) in 2007 and 72% (n=21) in 2009.



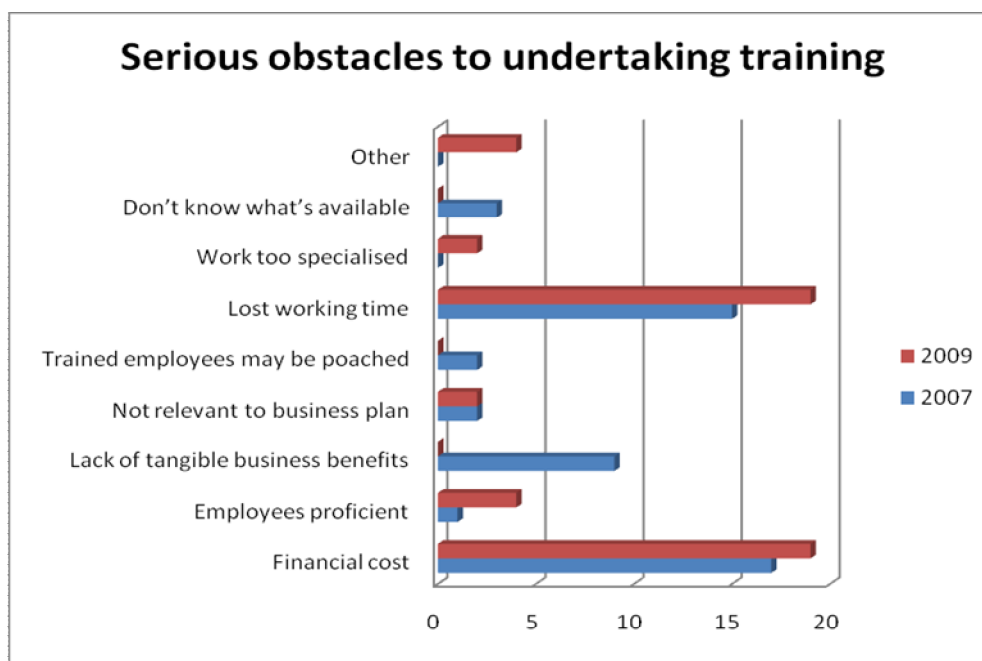
Impact on business performance – most beneficial activities

In 2007 over half the respondents 52% (n=13) reported technical and trade skills training as providing the greatest business benefit; 48% (n=12) chose team development and 44% (n=11), leadership skills. Only 8% (n=2), chose vocational training as the most beneficial activity.



In 2009 the most beneficial training and development activities were reported as technical/trade skills and leadership skills 52% (n=15). There was a 17% increase from 2007 for compliance 45% (n=13) and a reduction of 34% for team development from 2007 48% (n=12) to 14% (n=4) in 2009. Other main differences were a decrease in sector specific qualifications 28% in 2007 to none in 2009 and an increase in post graduate qualifications from none in 2007 to 14% (n=4) in 2009.

Logistics – serious obstacles



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For both surveys the greatest obstacles to undertaking training and development were financial cost 68% (n=17) in 2007 and 66% (n=19) in 2009 and lost working time 60% (n=15) in 2007 and 66% (n=19) in 2009. Other obstacles cited in the 2009 survey included lack of relevant training in the local area and reduced workforce and fluctuating business levels.

Priorities for the coming 12 months

In 2007, 56% (n=14) had leadership and management development in their top three priorities for the coming year and almost a quarter 24% (n=6) had organisation-specific training such as product or process training as a top priority.

In 2009, 45% (n=13) had leadership and management skills in their top three priorities; 34% (n=10) had some sort of compliance training e.g. H&S and 17% (n=5) mentioned staff retention. Other priorities included technical skills; communication skills, customer care and train the trainer.

Discussion

When comparing the results from the two surveys it is important to note that both studies used small samples which were not large enough to provide a statistical representation of the general population. However, there are some interesting trends that can be useful for benchmarking training and development activity.

There was a shift in the type of organisations taking part, in 2007 the majority 40% of participants came from professional services, including IT and telecomms and almost three quarters 72% had been in operation for over 10 years. In 2009 this had changed to 45% of respondents coming from public sector and other organisations and only just over half, 52% had been in business for over 10 years. The 2009 results were also from smaller companies with only 7% employing more than 500 people compared to 32% in 2007. The way we recruited participants in 2009 was different to the 2007 survey because of the growth in social media and we published the survey on our webpage and on member groups on LinkedIn which may explain the difference in the sample's make up.

Even though the 2009 sample comprised of smaller companies, more of them reported having a dedicated HR/training role. This could be because of the change in demographics or perhaps because organisations have needed more HR support over the last two years as the recession has created more employee relations issues.

We were particularly interested in any changes in the number of days training provided per employee and changes in training budget and spend. In 2009 no organisations reported having a training budget of over 10% but there was a five percent increase in those having between six and ten percent. There was also a six percent increase in those with no budget for training but this may be more to do with the size of organisation rather than the economic climate.

In terms of spend per employee, in 2009 more organisations spent less than £200. This may be due to cutbacks as traditionally, larger companies spend less per employee because of economies of scale. So you would expect the results to show a greater spend from the smaller companies in the 2009 sample, but in fact the opposite was true. There was also a drop in those spending between £400 and £800 per employee in 2009.

In terms of training activity, the processes used to determine training needs remained similar although there was no succession planning forums reported in 2009. This could be linked to the state of the job market and lack of promotional prospects over the past year. However, training activities did take place and on-the-job training was the most popular activity for both surveys with induction training also happening. We were pleased to find that classroom based training, leadership and management training and coaching were still taking place in 2009 despite reduced training budgets.

In 2009 the most popular provider was in-house training staff although a number of external, private training providers were still being used, suggesting that organisations have continued to invest money, as well as time, in the developing their employees.

Non managerial and new joiners were the most likely to be trained in both surveys, but the 2009 results saw a decrease in the percentage of specialists trained. This may be due to the make-up of the sample group which was mainly professional services in 2007, rather than any other factor.

In 2009 the participants were more likely to measure the return on investment of their training and development activities and although this was mainly through qualitative measures such as line manager assessment and staff feedback there was also a small increase in quantitative measures such as productivity. Money has been tight for many organisations over the past two years and these results suggest a greater focus on providing training that adds value to the bottom line.

There over 10% increase in participants reporting that training improves performance 'significantly' indicating that, despite the credit crunch, companies still see training and development as a critical investment for their business success.

The statistics concerning which groups of employees provide the greatest payback when trained were consistent across both surveys with a fairly equal spread across all five categories.

In terms of benefits associated with training and development both studies had staff motivation and increased productivity as an important benefit. In the 2009 survey business growth was also in the top three and this may be because the 2009 sample consisted of smaller and younger organisations that probably had growth as an important strategic goal.

In 2009 there was a greater focus on linking training and development to the business plan and this was no surprise as often, during tough operating conditions, organisations focus more on reviewing their essential and non-essential activities by how they deliver against the strategic plan. In this respect the 2009 respondents cited leadership skills, technical skills and compliance as the most beneficial training activities. Team development and sector specific qualifications were reported as being less important. Surprisingly, despite the reduced budgets, there was a 14% increase in post graduate qualifications compared to 2007 and this may be associated with the need for effective leadership and improved professional knowledge during turbulent times.

For both surveys the main obstacles were financial cost and lost working time, although in 2009, lack of tangible benefits was no longer seen as an obstacle which may be to do with greater linking of training and development to business planning, reported earlier.

In both studies, leadership and management skills were cited by approximately half of the participants as one of their top three priorities for the coming 12 months. A new focus for 2009 was staff retention which is an interesting finding considering the current high levels of unemployment. It could indicate that organisations are continuing to focus on retaining their key talent and in some sectors recruiting the right people is still tough.

In conclusion, there were many similarities between the two surveys and it was encouraging to find that organisations are continuing to invest both time and money in developing their employees. Leadership and management development is still high on the agenda and all employee categories are viewed as worth investing in as they are perceived to add value to the bottom line.

The differences found can be explained by a number of variables, a key one being the different 'make up' of the sample groups and another being the difficult operating conditions over the last two years.

If you are interested in finding out more about current employment relationships and trends you may want to look at '*Employee outlook: Working life in a recession*' CIPD, autumn survey 2009 which can be found at http://www.cipd.co.uk/subjects/empreltns/general/_employee_outlook.htm

Finally, we would once again like to thank all the organisations for taking part - we really appreciate it and hope that this report is useful.

More information about the Learning Consultancy Partnership and our research can be found on our website at www.lcp.org.uk