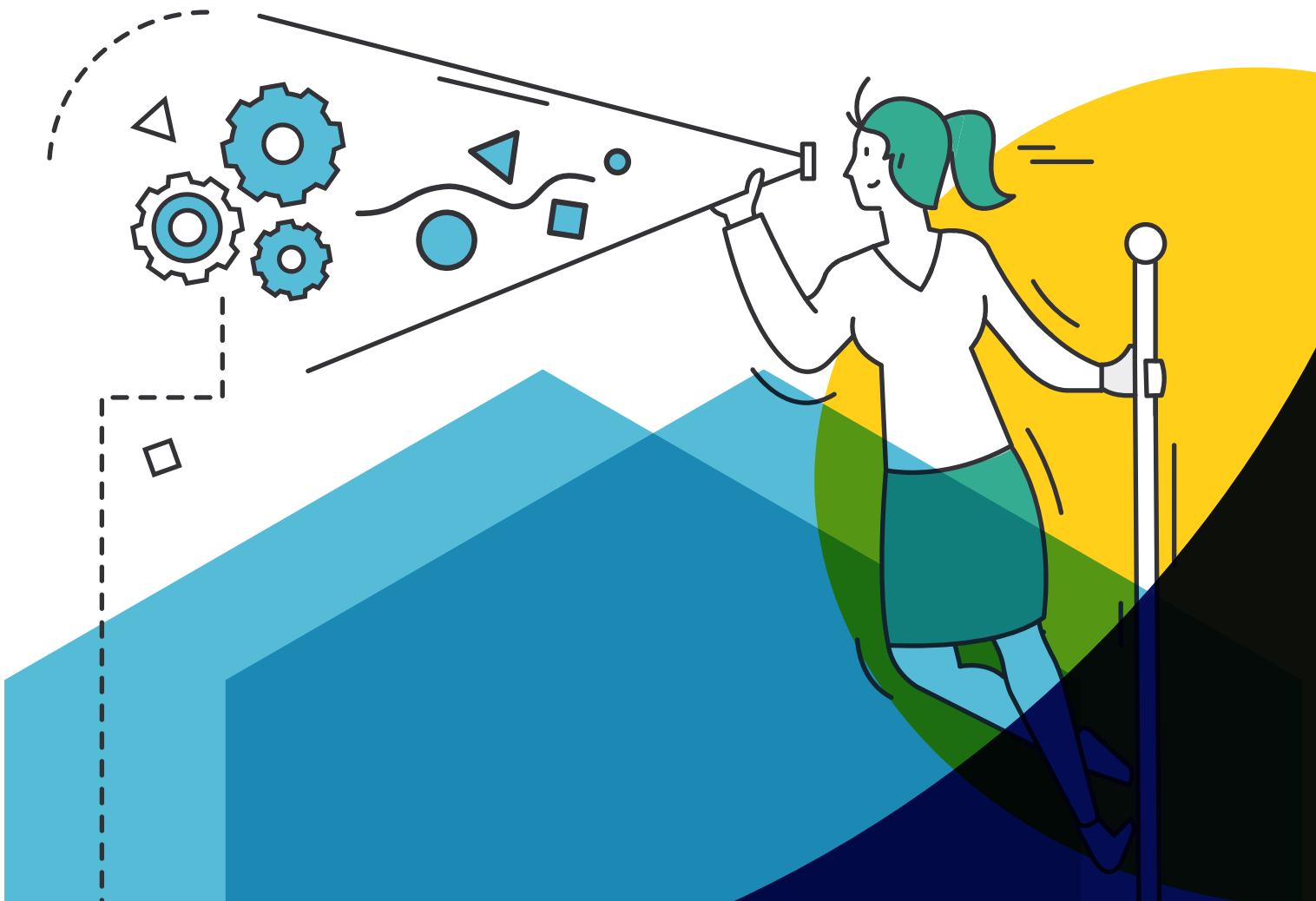


Same team, different sides?

Business leaders' thoughts and perceptions of L&D
Mind Tools for Business survey report, March 2021



What do business leaders think about L&D?

How do they view its impact? What do they think L&D functions should be doing? And how can L&D professionals better demonstrate the value of their work to leadership?

These are the constant questions we encounter when talking with learning and development leaders. In fact, L&D's relationship with business leaders is one of the top challenges the industry faces, with 78% of learning leaders reporting **not being a management priority as a major concern**.

Indeed, a consistent finding, and something we highlighted in our [Back to the Future report](#), is that "when it comes to engaging and aligning with business leaders and the workforce, most L&D teams struggle to focus on solving the most pressing business challenges their organisations face."

Based on our 2021 findings from 995 L&D leaders, less than one in two currently analyse a business problem before recommending a solution. It is no surprise then, that just over 60% of L&D leaders are stuck in the transactional space, having limited impact on the business. It is critical that we tackle this disconnect head-on.

This report provides unique insights into this challenge. See the summary below for a quick overview, or read the whole report for a deeper exploration.

Quick summary

Business leaders' top priorities for L&D

- Ensuring high quality work
- Business transformation and growth
- Building digital capabilities

Business leaders' biggest L&D concerns

- Focus on short-term
- Lack of investment and resources
- Lack of quality learning content

Business leaders vs L&D leaders

- Business leaders prioritize longer-term goals for L&D
- L&D professionals succeed mostly in transactional activities

Invisible L&D

- Leaders expressed a lack of knowledge about L&D and its impact
- Only 24% of leaders can articulate the value of learning in their business
- The average leader perceives a significant contribution from L&D to only one of their top five goals

The power of numbers

- The use of data analysis and performance benchmarking are the two biggest predictors of leaders' appreciation of L&D's value
- Using both of the above makes company leaders *12 times* more likely to understand how investment in learning adds value to their business
- Only 22% of L&D functions in 2020 had data-analysis skills in-house

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Introduction

L&D is becoming more and more valuable for the long-term survival of an organization. The World Economic Forum reported that “no less than 54% of all employees will require significant re- and upskilling” by 2022¹, and that 97% of business leaders expect staff to learn new skills on the job². A large McKinsey survey³, meanwhile, found that 87% of executives and managers are “experiencing [skill] gaps now or expect them within a few years”. Due to the rate of automation and technological advancement, the role of L&D is more critical than ever⁴.

The continual impact of COVID-19 is further emphasizing the importance of L&D⁵. Not only because new skills are required to adapt to remote working conditions, but because the new normal is still in flux, and the right talent strategies can safeguard against future disruptions⁶.

Given the importance of L&D, it is crucial to understand how business leaders tend to perceive it. Previous research has found that leaders feel generally positive about learning within an organization, but struggle to evaluate its impact^{7,8}. Our data paints a similar picture, and points to a possible consequence of this evaluation problem: it appears that leaders do not fully appreciate the importance of L&D, echoing external findings that the value of organizational learning “still needs amplification⁹”. How can L&D amplify this message? The first step is to understand leaders’ perspectives.

Another reason why business leaders’ views are important for L&D is that they are a key ingredient in the development of a high impact learning culture. If an organization is to fully embrace learning, business leaders need to be involved.

The rest of this report explores leaders’ perspectives on L&D using data from our recent survey and the Learning Health Check platform.

What do business leaders think?

During our survey, leaders gave written comments about L&D. From these comments, it is clear that leaders are generally enthusiastic about learning. Some talk passionately about the importance of learning for employees at all levels, and some applaud the work of their L&D functions. Specifically, leaders were impressed by digital libraries of learning materials that give learners flexibility. They also highlighted the usefulness of tailored courses for specific teams.

However, leaders also identified problems with L&D. Four themes were common among these concerns: isolation of the L&D function, the invisibility of L&D's internal process and its impact, the apparent disorganization of L&D functions, and the *transactionality* of L&D activity.

Isolation: To leaders, L&D feels removed from the rest of the organization. Leaders want cross-organizational communication.

Invisibility: The impact and internal processes of L&D functions are not immediately apparent. Leaders want to understand the role of L&D within their organizations.

Disorganization: L&D is seen to be “messy” and poorly orchestrated. This is perceived as causing friction within the organization, delaying growth and reducing competency.

Transactionality: Leaders referred to L&D as “transactional” or “reactive”. They want learning programs with longer-term goals that seek to do more than address immediate training needs.

We discuss ways to counteract these negative perceptions toward the end of this report. First, though, we will gather insights about these issues through a full exploration of leaders' survey responses.

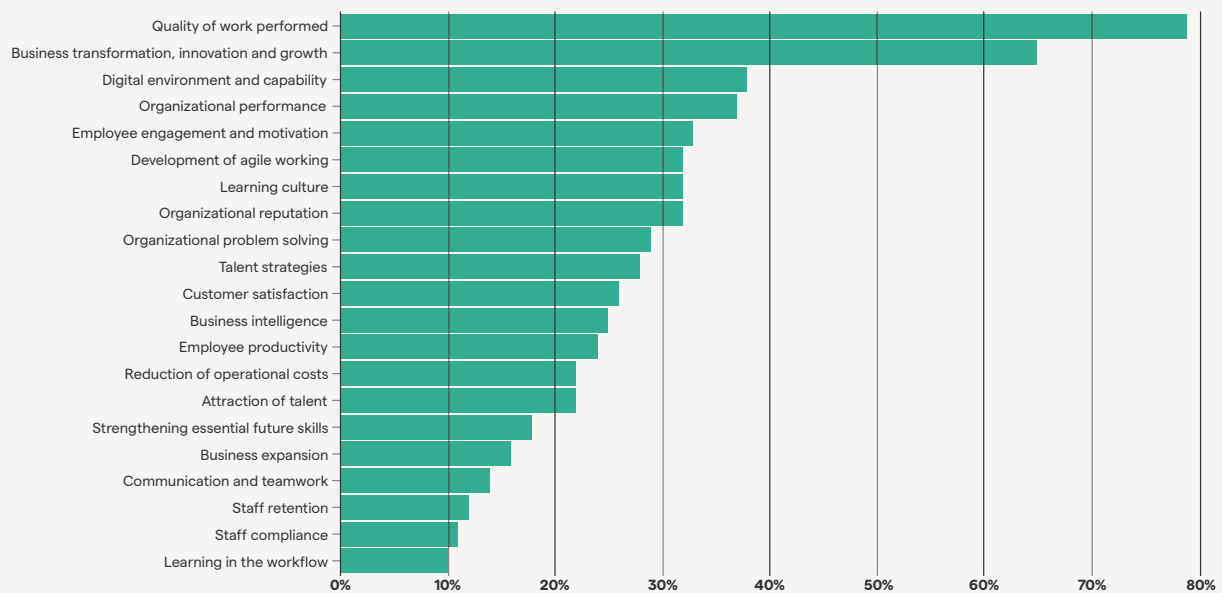
Leaders' priorities for L&D

We asked leaders to rank their top five priorities for L&D. In other words, leaders told us where they'd like L&D activity to be directed. The area that consistently ranked the highest was "ensuring high quality of work". 79% of leaders placed this in their top five priorities and, for almost half of leaders, this was their top priority. Another highly prioritized goal was "business transformation and growth", with 65% of leaders ranking this amongst their top five priorities for L&D.

On average in 2020, 38% of leaders placed "build digital capabilities" as a top five priority for L&D. Before the COVID-19 pandemic, this figure was only 10%. Since March 2020, the proportion of leaders placing "build digital capabilities" in their top five priorities has risen to almost 60%. This highlights the importance of L&D both now and for maintaining the new normal of the corporate world. No other priority has shifted so dramatically since the onset of COVID-19.

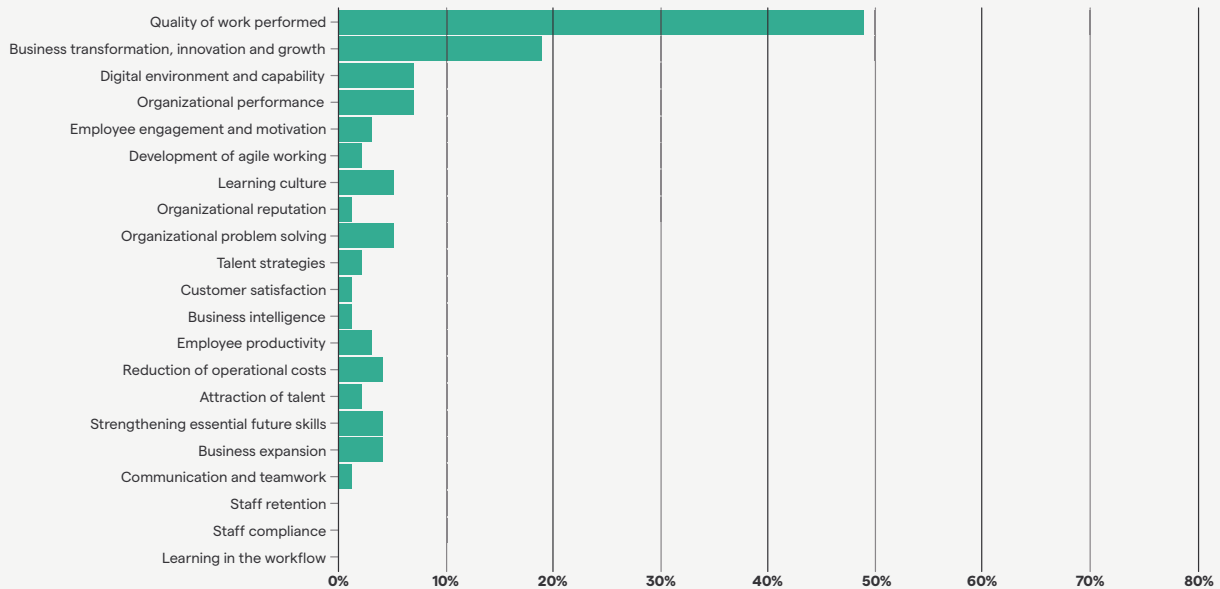
Many goals were ranked as high priorities only a handful of times. For example, **10% of leaders saw "improving learning in the flow of work" as a top five priority for L&D**, with fewer than 1% of leaders selecting this as their highest priority. Another low priority issue was compliance with rules and regulations: this was never selected as a top priority. Interestingly, this the area where L&D is most successful (discussed in a later section of this report).

Figure 1.1 The percentage of leaders who chose the following issues as top 5 for L&D



Leaders' priorities for L&D

Figure 1.2 The percentage of leaders who chose the following issues as the top priority for L&D



As the chart above shows, some of the most highly prioritized goals would involve implementing lengthy and substantial learning programs. This, again, reveals **dissatisfaction with short-term, transactional L&D**. Business leaders clearly desire long-term vision.

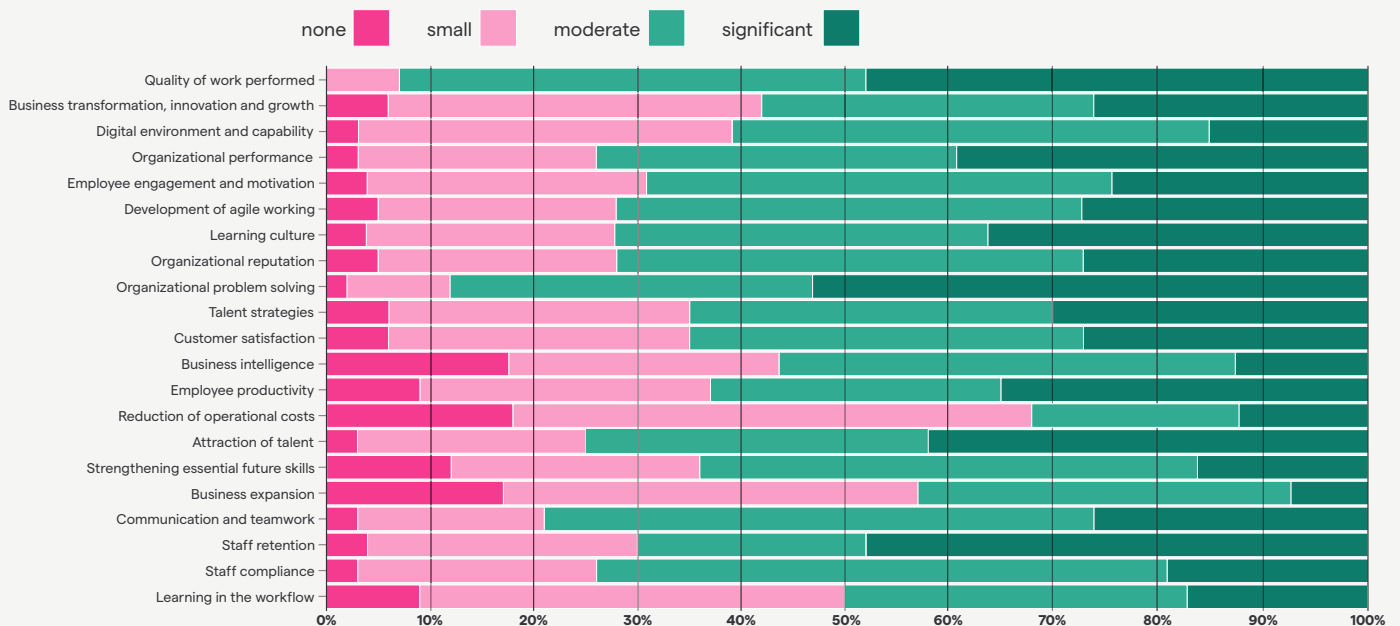
Paradoxically, the highest priority is to improve the quality of employees' work. L&D needs to focus on the short-term to achieve this goal. Therefore, a balance needs to be struck between future-oriented and present-oriented activities.

This ties into the bigger issue of organizational *ambidexterity*, i.e., the ability to succeed in applying current strategies while developing and implementing future approaches. Unfortunately, this is a huge issue that goes beyond the scope of this report. Read more about it [here](#).

Perceived contribution of L&D

Leaders were asked to indicate the extent to which L&D contributes to each of their top five priorities. Their responses can be seen in Figure 2, below.

Figure 2 How leaders perceived L&D contributions to their top five priorities



The average leader felt that L&D made at least a small contribution to all of their top five priorities. The most common perception of L&D was that it made a “moderate contribution” to leadership goals. Somewhat less optimistically, **the average leader felt that L&D made a “significant contribution” to only one of their top five priorities.**

The area perceived to be most influenced by L&D was the development of a **high impact learning culture**. This was a top five priority for 32% of leaders (see Figure 1). Improving future critical capabilities was perceived to receive the least contribution from L&D activity. As seen in Figure 2, **almost half of leaders felt their L&D function made a small or non-existent contribution to the strengthening of essential future skills.** This could be due to the impact of L&D in this area going unnoticed. In this case, as elaborated in a later section of this report, simply broadcasting work in this area across the organization would improve leaders’ assessment of L&D impact.

In general, leaders’ perception of L&D impact depends on the **isolation** and **invisibility** of their L&D functions. If contribution is regarded as low, then either the impact is there but leaders don’t see it, or L&D is not making the impact that leadership wants. If it is the former, then becoming less isolated and more visible would help leaders understand the impact of L&D. If it is the latter, then L&D’s poor impact on the business may be a symptom of a strategy misaligned with leadership priorities.

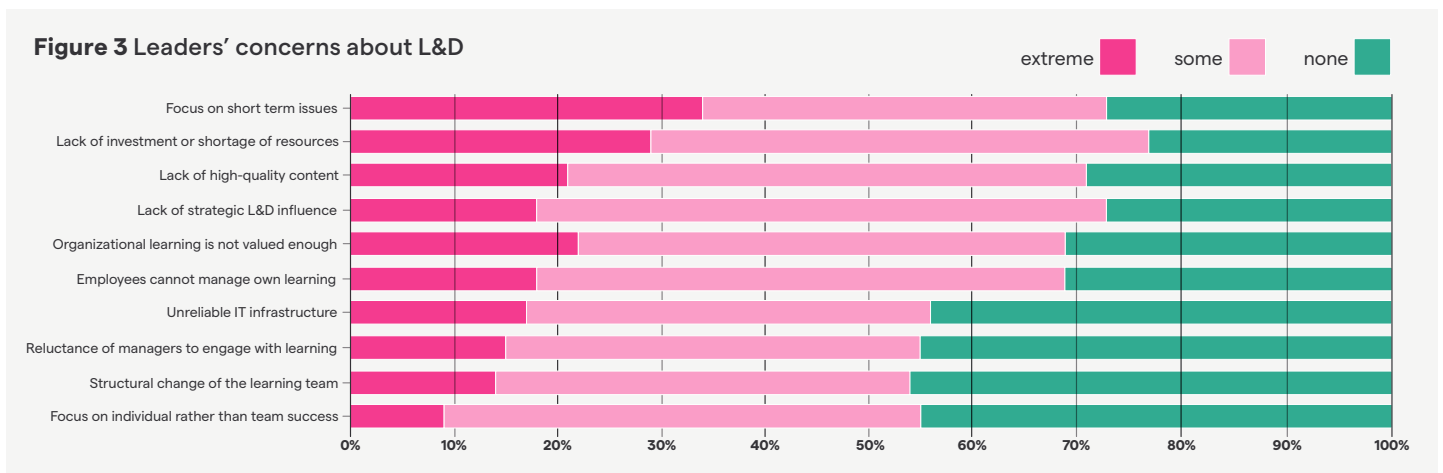
Leaders' concerns

Consistent with leaders' comments about **transactional** L&D, the most concerning issue for leaders was the short-term focus of their L&D function. As shown in Figure 3, 40% of leaders said this was "somewhat" concerning, while 34% of leaders were "extremely" concerned about it. In other words, **nearly three quarters of leaders were concerned about their L&D function's short-term focus.**

The second most concerning issue was a lack of investment and resources in L&D, with 29% of leaders expressing extreme concern about this. In one sense, a high level of concern is negative, highlighting L&D's shortfalls. However, it may also be positive. Leadership concern implies leadership interest. If leaders did not care about L&D, they would not be so concerned about barriers to its success.

One of the least concerning issues was line manager engagement with learning. This is surprising considering the fact that 44% of L&D professionals are "extremely concerned" about managers' engagement with learning, making it the single biggest concern from the L&D perspective. Perhaps the concerns of L&D departments are not heard by business leaders.

See all leaders' concerns for L&D in Figure 3, below.



Comparing business leaders and L&D professionals

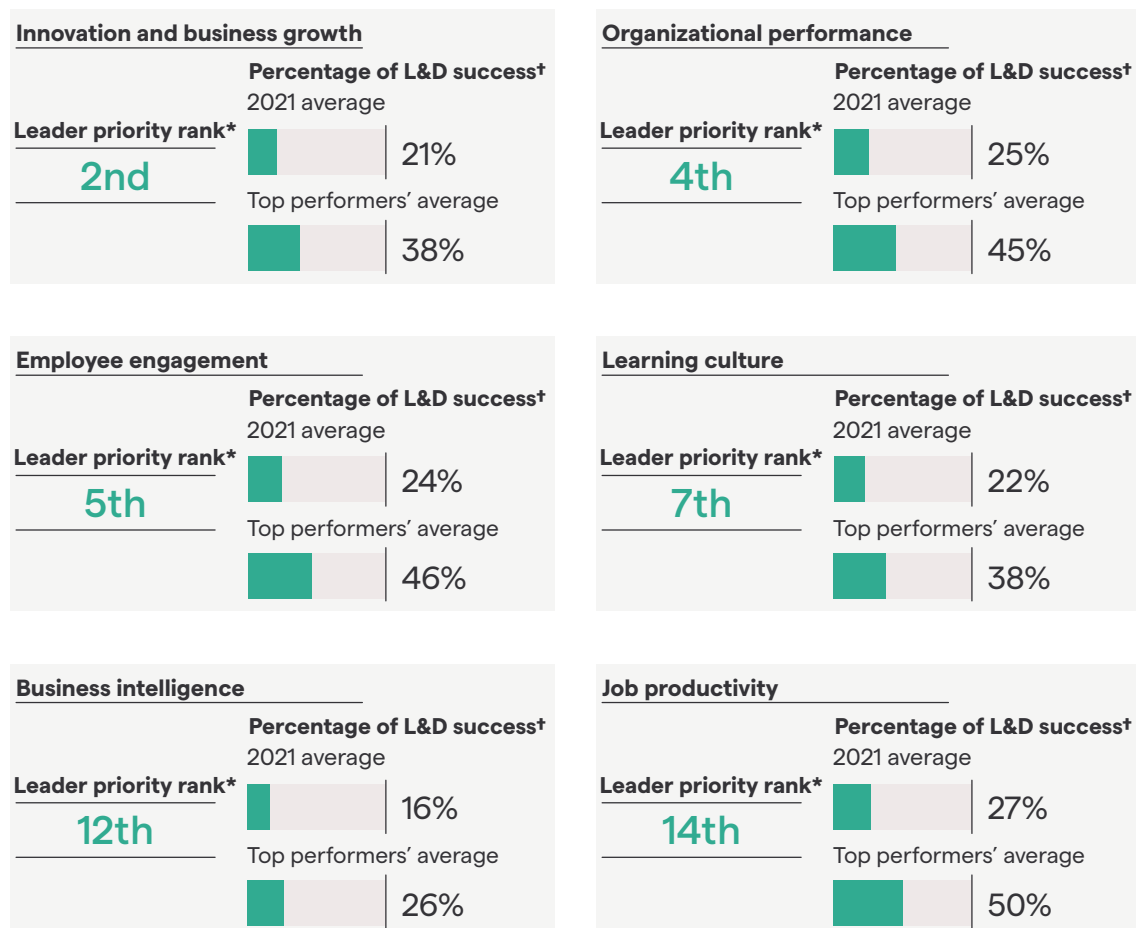
Using data from thousands of L&D professionals around the world, we can compare their priorities with those of business leaders. There are often disagreements between the two perspectives. For example, L&D professionals' biggest priority is developing the learning culture within their organization. But this is only the seventh highest priority for business leaders.

Some issues are prioritized to roughly the same extent: supporting business expansion is one of the lowest priorities for L&D professionals and also a low priority for leaders, with only 16% of leaders naming this as a top five priority.

Going a step further, we can compare the successes reported by L&D leaders to business leadership's priorities. The most successful endeavor of L&D functions is proving compliance with rules and regulations: 64% succeed in their efforts to do this. From the leaders' perspective, this was **never** a top priority for L&D. In other words, despite L&D's performance in this area, leaders do not feel it should be a principle driver of L&D activity.

You can explore these comparisons further in Figure 4, below. This visualisation is based on an interactive figure in the web-based report, which you can view a desktop or laptop device.

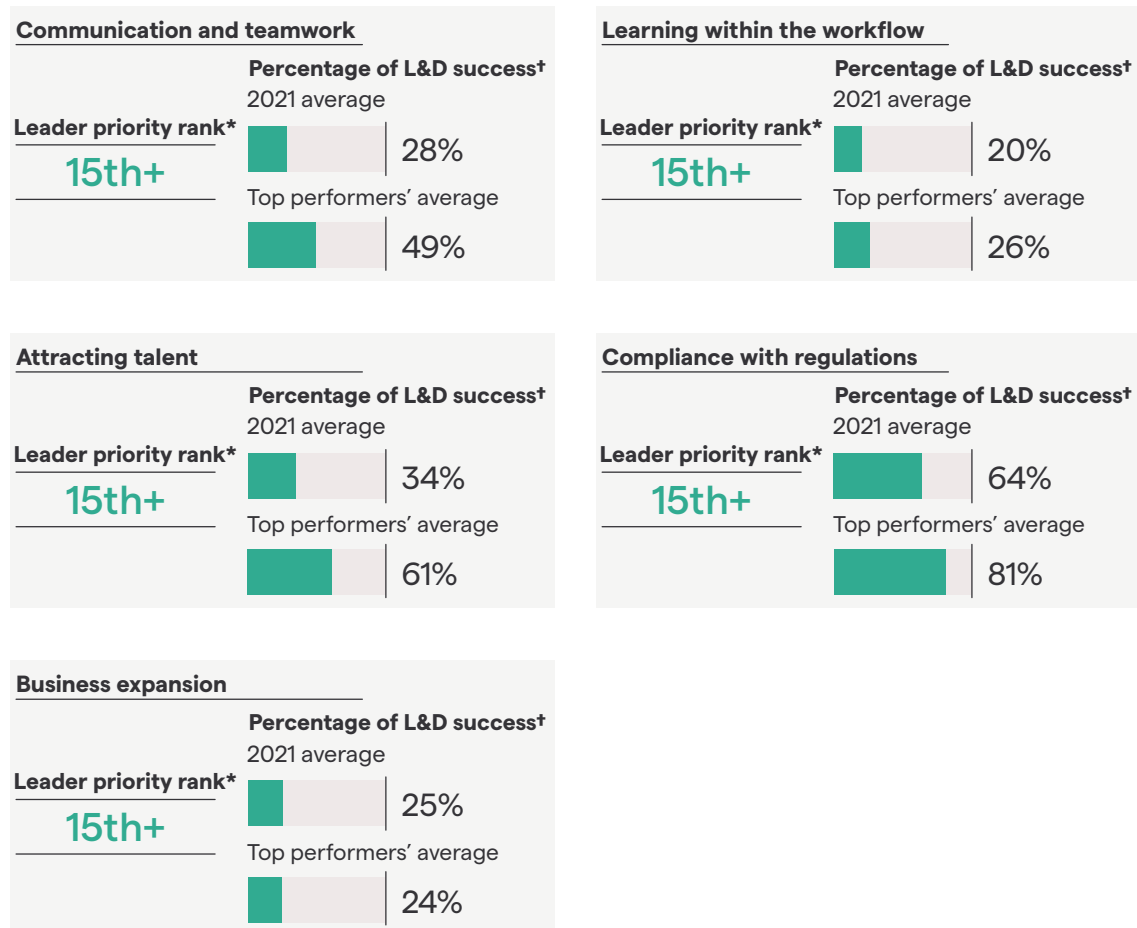
Figure 4



*This rank is based on how often each goal was selected as a top five priority - 1st = most often.
 †Percentage of success refers to the proportion of L&D professionals who said their department has made successful contributions to the selected priority. "2021 average" refers to all data from 2020, establishing a benchmark for 2021. "Top performers" refers to the most well developed departments of 2020, considering a wide range of factors.

Comparing business leaders and L&D professionals

Figure 4



*This rank is based on how often each goal was selected as a top five priority - 1st = most often.

*Percentage of success refers to the proportion of L&D professionals who said their department has made successful contributions to the selected priority. "2021 average" refers to all data from 2020, establishing a benchmark for 2021. "Top performers" refers to the most well developed departments of 2020, considering a wide range of factors.

Deep dive: Invisible L&D

As discussed above, one key insight from our data was a disconnect between leadership and L&D professionals. Many leaders in our survey expressed a lack of knowledge about their L&D function, with one leader describing L&D as “invisible” within their organization. Let’s explore this issue in more detail.

Leaders lack knowledge about the internal structure and goals of L&D. This may be explained by the fact that **only 25% of leaders felt their L&D function regularly communicates with senior leadership** to set goals, request feedback and report performance.

In addition to the internal aspects of L&D, the *impact* of L&D can also fly under the leadership radar. Invisibility of impact is perhaps best explained by the divide between the priorities of leaders and the achievements of L&D. We have seen that leaders are frustrated by **transactional learning: One in three leaders are “extremely concerned” about L&D’s short-term focus**, and L&D is perceived to have a very small contribution to the development of future critical skills.

Leaders often have bigger aspirations for their L&D functions, with over half of leaders wanting L&D to aid **business transformation and growth**. Other major leadership goals also involve long-term changes in strategy or business structure: developing agile teams; developing a high impact learning culture; improving talent management strategy.

Turning our attention to L&D achievements (as reported by L&D professionals) the most success is found at the transactional level, addressing immediate training needs. Longer-term activities do not see nearly as much success.

To give an example, **despite 90% of L&D professionals aiming to contribute to business transformation and innovation, only 21% achieve this goal** (see Figure 4). The divide between leadership wants and L&D achievements is evident in the fact that **the average leader believes L&D makes a “significant contribution” to only one of their top five business priorities**. In addition, **only 24% of leaders understood how L&D adds value to their business**.

There are two reasons, then, why business leaders feel their L&D functions are not making a big impact. Firstly, the impact may be invisible to leaders because **it is not the impact they are looking for**. Leaders are unlikely to see the value of L&D contributions if they are not aligned with their overarching business goals. The second reason is that the impact is not perceived by leaders is because they may be unaware of what the L&D function are even doing. That is, L&D may feel **isolated** and **disorganized** to business leaders.

The journey to overcoming both of these barriers to visible L&D impact starts with **communication**.

Becoming visible: communication and quantification

Regular communication is a marker of high performing learning cultures. 74% of top performing L&D functions **regularly communicate how learning benefits the business**, compared to only 10% of those performing the worst (according to our measure of L&D maturity). Similarly, 72% of top performers **report learning impact to senior management**, compared to 6% of least developed L&D functions.

Communication with business leaders leads to success for a few reasons. For one, it can combat perceptions of invisibility and isolation **by allowing internal structures and goals to be discussed**. This is beneficial for L&D as leaders are unlikely to appreciate the value of L&D in their business if their L&D functions do not report on what they are doing and why they are doing it. This tells leaders (or any stakeholders) where to look to see the impact of L&D.

One finding that might be a consequence of poor L&D communication is that leaders’ second biggest concern for L&D was a **lack of investment and resources**. Given that leaders are the ones who are responsible for that investment, it follows that even though they are aware that L&D performance is limited by its resources, they are hesitant to make a commitment to overcoming that barrier. Why? Perhaps because **L&D is not presenting a cohesive vision**, or even simple performance reports.

Deep dive: Invisible L&D

A further advantage of communication is that it allows for collaboration with leadership to establish performance metrics, and an opportunity to **present numerical evidence of impact**. As elaborated below, leaders' appreciation of L&D value depends heavily on the use of data (i.e., metrics and the stories we tell with them) within their L&D function.

The power of numbers

Over 60% of business leaders agreed that L&D activities were aligned with business strategy, yet they do not seem to appreciate the value and contribution of L&D. This indicates that **the key to promoting the value of L&D is not simply strategic agreement**. According to our data, the biggest factors in leadership's appreciation of L&D are more concrete, and widely implemented at high performing learning cultures.

Namely, the use of data analysis, performance benchmarking, and the establishment of performance metrics are the top three factors in leaders' understanding of the value of L&D. **Leveraging data analysis and performance benchmarking makes company leaders 12 times more likely to understand how investment in learning adds value to their business**. And as you might expect, all else being equal, leaders who collaborate with L&D functions to identify quantifiable goals for learning are far more likely (around 4 times so) to see the strategic value of L&D activities. These are *huge* multipliers, showing the **massive potential of quantifying L&D**.

According to our most recent research¹⁰, top performing L&D functions are far more likely to have data analysis skills in house. That's 54% compared to 11% of those in the lowest stage of development. Top performers are also better at addressing leadership's long-term goals, with 34% of them having facilitated business innovation and growth compared to 9% of the low-performers.

Of course, it is not easy to develop a system for measuring and analysing L&D success. This is the perennial problem for L&D in the data-driven age. The problem is exacerbated by the fact that **only 22% of L&D professionals have data analysis skills in-house**, and the majority of L&D professionals are unable to measure key aspects of their work (e.g., the impact of digitization). Due to the magnitude of this issue, there has been a lot written on the subject¹¹. However, these discussions often center around the evaluation of individual training programs. **To quantify the general impact** of an L&D function is another challenge.

How to use numbers

There are many possible ways to measure and track general L&D performance. For example, one could focus on long term behavioral change, measures of learning culture, cognitive ability improvements, or monetary return on investment. **Whatever the chosen metrics of L&D success, it is important that leaders are involved in the discussion**. If a leader does not agree with the rationale behind the performance metrics, then any analysis of those metrics will fail to get through to that leader, making them tentative in their assessment of L&D success.

Deep dive: Invisible L&D

A properly established metric neatly summarizes the perspectives of those who developed it. Working together with leaders to select appropriate performance metrics facilitates a discussion about what is important for L&D. The resultant metrics will represent the conclusions of this discussion, meaning both leaders and L&D professionals will understand what the number means and how it relates to the wider business. In other words, **collaboratively establishing performance metrics with business leaders forces strategic alignment and provides a framework by which L&D can deliver evidence of impact.**

Given the advantage of harnessing performance metrics, it is important to avoid completely reducing L&D performance to just a few numbers. There are **many aspects of the learning experience that are not quantitative**. Attempts to quantify them would be meaningless at best and dangerous in some cases^{12,13}. Any given metric should never be taken as the sole *indicator* of L&D performance. Rather, **metrics should be used as guidelines** or decision aids. And, in this case, we are suggesting they should

If you want to measure your progress toward L&D success, and compare your performance to L&D departments in your industry, you can do that for free with the Learning Health Check. If you are already a user, then make sure you communicate to your business leaders/senior managers about your results and what they mean for the business.

[LEARN MORE HERE](#)



Conclusion

To reiterate, **leaders generally feel positively towards learning**, at both the organizational and individual level. And, overall, they are only majorly concerned about a few aspects of L&D. However, **leaders may not fully appreciate the value of L&D due to its “invisibility”**, i.e., the internal processes and impact of L&D can go unnoticed. The use of **data analysis** and **performance benchmarking** seem to be the most important variables in demonstrating the value of L&D to leadership.

Communicating internal activity puts L&D on the map and allows for the establishment of **performance metrics** in collaboration with leaders. These metrics can then be used to track and improve performance, giving leaders an **easily understood representation of L&D success** and how that relates to wider business goals.

Want more?

For more insights into learning and organizational development, see Emerald Works' research reports [here](#).

Here's how we arrived at the insights presented in this report.

Methodology

The data

Our survey asked 260 executive managers from multinational corporations for their perspectives on L&D within their company, and how they would like their L&D functions to behave.

This report also uses data from thousands of L&D leaders and professionals around the world. See our recent [Learner Intelligence report](#) for a detailed explanation of how this data was collected.

In total, responses to both surveys came from a total of 67 countries, covering every major region of the world. Regional analysis was not possible, however, due to small sample sizes in Asia, Africa and Oceania.

Analysis

As well as simple inspection and comparison, more sophisticated statistical techniques were used to analyse survey responses:

- **Decision trees:** this is a machine learning technique that (among other things) identifies which variables are most useful for predicting a specified variable. For example, below we try to find what best predicts a leader's appreciation of L&D value. The most important predictor turned out to be the use of data analytics. In other words, if you had to use only one thing from our dataset to guess a leader's understanding of L&D value, you should look at their L&D department's use of data.
- **Logistic regression:** this technique allows for the calculation of probabilities associated with changes in specified variables. Given that the use of data analysis is a strong predictor of leaders' appreciation of L&D, applying logistic regression allows one to express this relationship in probabilistic terms, e.g., "leaders are X times as likely to appreciate L&D value if they use data analytics". Essentially, this technique was used to better communicate what was found using the decision trees, the results of which cannot be as easily expressed in practical terms.

These techniques allowed for an in-depth exploration of the data, revealing actionable insights for L&D professionals.



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