



**The State of L&D,
Organizational
Effectiveness and
Performance Management**
2023 Report

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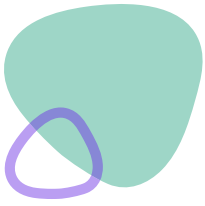
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Executive Summary

In today's competitive market landscape, Learning and Development (L&D) plays a crucial role in improving both employee and business performance. However, L&D programs and the Learning Management Systems (LMS) that enable them are weighted down by decades of disparagement and disenchantment. Employees often struggle to see the value of L&D programs and companies find themselves unable to link learning initiatives to broader business outcomes. This drives the perception that – beyond ensuring compliance trainings are completed – L&D programs and LMSs are largely a waste of time and resources, and they fail to deliver tangible ROI.

On top of this, learners are tired of information overload, irrelevant training and wasting time wading through mountains of content. The belief that more is always better has led the learning provider ecosystem to prioritize quantity of content over targeted, contextual content that can be tied back to business goals.

These challenges underscore the necessity for a credible mechanism to identify, measure and track employees' growth as it aligns to and impacts established business objectives and company performance. While a majority of companies currently define capabilities and competencies within their internal structures, survey respondents indicated they are not able to reliably map skills-only programs to company performance. With the current global skills shortage prompting increases in both budget and influence for L&D, there is ample opportunity for L&D leaders to redefine their current approaches to training and institute programs that can demonstrate a) learning has been applied by individuals in their work and b) the application of that learning boosts company performance. This can best be accomplished by formalizing and systematizing capabilities.

Definitions

Capability is a combination of personal and technical skills, knowledge, processes, tools and behaviors that are critical to an organization's success and future needs.

Skill is a learned ability, talent or expertise needed to perform a task usually to an industry standard or without supervision.



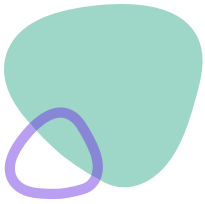
Findings from The State of L&D, Organizational Effectiveness and Performance Management 2023 research explores the current state of corporate learning L&D programs as it relates to organizational performance, capability and competency building and the use, effectiveness and features of learning management systems.

The research revealed an urgency for organizations to formalize capabilities and utilize capability-led training programs internally. Defining, assigning and effectively measuring capabilities is critical to mapping L&D programs to business goals – in fact, it's the number one priority for L&D in 2023. However, without the ability to accurately and holistically measure and track employee development – recognizing employees' propensity to learn and advance their capabilities – as connected to business outcomes, L&D organizations will continue to be burdened by low employee buy-in, lack of alignment across departments and no tangible way to bridge the gap between L&D strategy, employee training in practice and company performance.

About this research

Executed by Acorn PLMS and in partnership with Bhava Communications, a third-party research provider, the responses of 1,018 U.S.-based professionals across HR, L&D, talent and capability, healthcare, financial services and more were evaluated to determine the challenges associated with today's L&D initiatives and assess the opportunity for organizations to improve their L&D approaches to confidently see their direct business impact.





Key Findings



Many of today's L&D programs are falling short of expectations. It's time for a new approach.

Currently, **the biggest complaint employees have about L&D** at their organization is that they do not see how it ties back to job performance and professional development. Additionally, **the biggest complaint employees have about the LMS they are asked to use** is that they see it as a waste of time.

The **number one threat to L&D budgets** is that training does not solve or reduce the company's defined business issues.

87.4% of companies are experiencing issues with their LMS, including:



Low employee engagement



Lack of visibility into the capabilities and competencies of their workforce



Lack of visibility into the skills of their workforce

Almost 80% of companies use two or more LMSs and **three quarters** believe consolidating their LMSs would be beneficial, streamlining processes and reducing cost and complexity.






Irrelevant training and information overload plague current L&D programs.

Almost 90% of companies agree that the learning provider ecosystem has fallen into pushing 'more of everything' – more user licenses, more content to consume, more content creation from authoring tools, etc. – whereas organizations want content that is more targeted and tied to their business goals.

Almost half of companies agree that content that contributes to better business performance outcomes is more important than the volume of content available to learners.

Over 90% of companies experience an intention-behavior gap where an employee says they will modify behaviors or complete additional learning opportunities but ultimately choose not to.

The top three obstacles to impactful learning:

- | | | |
|---|--|--|
|  <p>#1 Unengaged employees</p> |  <p>#2 Employees have too many courses to choose from, creating information overload</p> |  <p>#3 Employees lack direction on which courses to take</p> |
|---|--|--|

 **When done properly, L&D programs can have a positive, material impact on a business.**

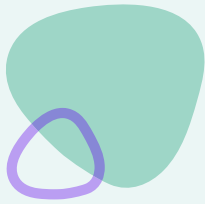
71.9% of companies have seen an uplift in bottom line, goals, etc. that can be undisputedly attributed in part to their L&D programs.

The top three highest tangible impacts L&D can have on an organization are:

- | | | |
|--|---|--|
|  <p>#1 The ability to promote from within</p> |  <p>#2 Improved performance & efficiency in departments across the organization</p> |  <p>#3 Higher job satisfaction</p> |
|--|---|--|

95.5% of companies agree that tying employee L&D to career advancement improves employee satisfaction and retention.

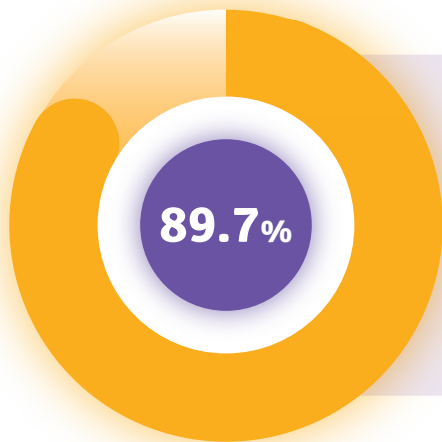
95% of companies agree it would be valuable to have the ability track and assess employee improvement as it correlates to improving business performance.



L&D Practices Need to Shake Off Decades of Disparagement

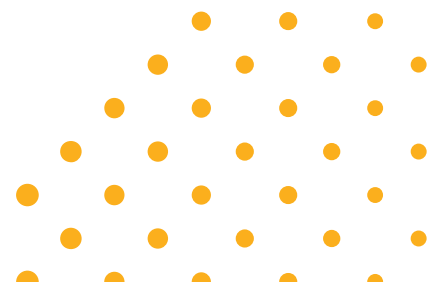
Unfortunately, many well-meaning L&D programs are perceived by employees and business leaders as a waste of time and resources, and there is no clear way to measure ROI. Most employees are overwhelmed by the sheer volume of training content available on many LMS platforms, and they do not believe learning materials are relevant to the day-to-day execution of their jobs. In fact, over one-third (35.6%) of companies report low employee engagement and participation with their LMS.

Content Overload is Detrimental to the Effectiveness of L&D Programs Creating Employee Disenchantment



of respondents agree that the learning provider ecosystem has fallen into pushing 'more of everything' rather than providing content targeted and tied to business goals

43.5% of companies state they would prioritize learning that contributes to increased business performance over the quantity of educational content available to employees.



Top three obstacles currently impacting learning



#1 Unengaged employees



#2 Too many courses to choose from, creating information overload



#3 Lack of direction on what courses to take

These obstacles can lead to decreases in employee satisfaction and retention, which ultimately will negatively affect business performance.

Disconnect Between L&D and Job Performance Hinders Professional Development

The biggest complaint employees report about L&D at their organization is that they do not see how it ties back to job performance and professional development. Compounding this, companies are struggling to track and measure employee performance and growth due to a lack of visibility into employee's capabilities, competencies and skills using their existing tools and processes.

Three biggest threats to organizations' L&D budgets



#1 Training does not solve or reduce defined business issues

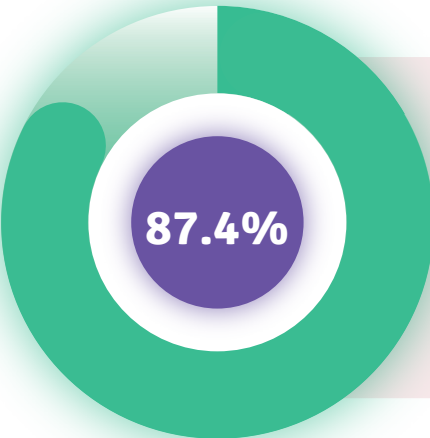


#2 Lack of historical data available to demonstrate the value and success of the LMS



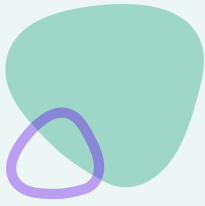
#3 Companies are not able to link L&D initiatives to broader business strategy

As training and L&D have become increasingly dynamic, aligning learning programs to business goals remains top of mind for L&D and HR professionals – but today’s LMSs are not cutting it.



87.4%
of companies report experiencing
issues with their LMS





Successful L&D Can Be a Game Changer for Businesses

Despite companies' struggles to tangibly link L&D initiatives to broader business strategies and battles with employee apathy, there are considerable material benefits to successful L&D programs.

Top five tangible impacts of great L&D on a company:



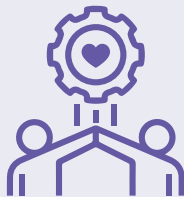
Ability to promote from within



Improved performance & efficiency in departments across the organization



Higher job satisfaction



Improved employee morale



Better succession planning

The survey affirms L&D programs that can be mapped to increased job performance and measurable employee growth contribute to higher employee satisfaction and engagement rates – all of which contribute to better business performance.



95.5% of companies agree that tying employee L&D to career advancement improves employee satisfaction and retention.



97.2% of companies either have or plan to have an L&D program in place to facilitate promotion from within.

Top Metrics for Measuring Business Performance



#1
Customer
Satisfaction



#2
Profitability

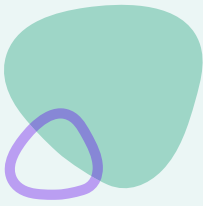


#3
Revenue
Growth



#4
Employee
Engagement

For more than 1/3 of respondents, employee engagement is a key metric for measuring business performance, following close on the heels of profitability. The top two metrics reported by respondents are customer satisfaction and revenue growth.

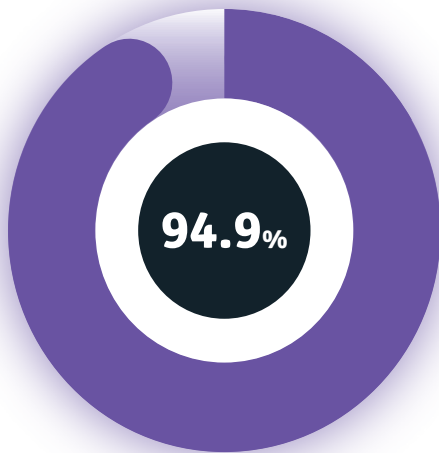


The Business Case for Codifying Capabilities

Today, CEOs want confidence that their people are aware of – and working hard to close – the capabilities and performance gaps that are specific to their teams. However, there is often a disconnect between the intention behind employee development programs and the actual results. This “intention-behavior gap” is when an employee says they will modify behaviors or complete additional learning opportunities but ultimately choose not to.

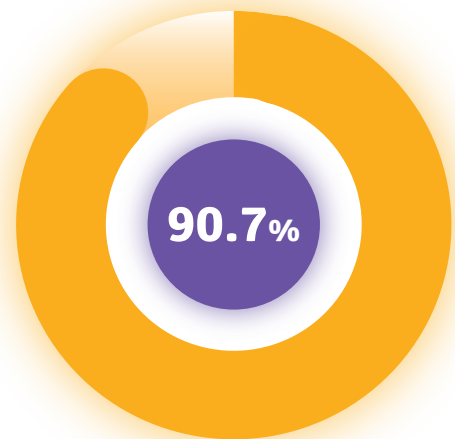
A capability is defined as a combination of personal and technical skills, knowledge, processes, tools and behaviors that are critical to an organization’s success and future needs.

Companies Experience a Huge Disconnect Between Employee Learning Intentions and Actual Results



of employees are aware of the importance of mastering the defined capabilities for their roles

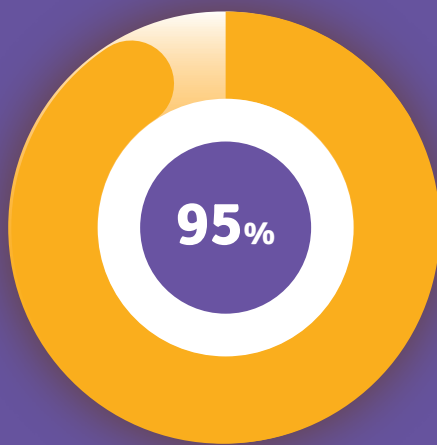
HOWEVER



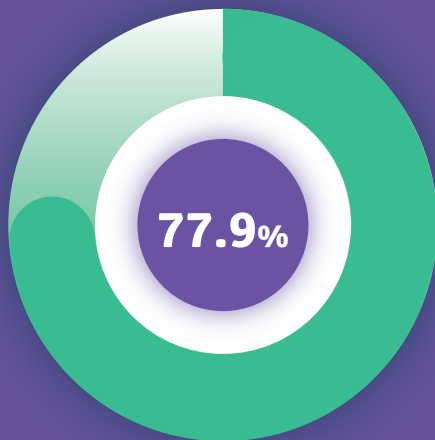
of companies still experience an intention-behavior gap among employees

For L&D to be more successful, organizations not only need a way to address the intention-behavior gap, they need a mechanism that provides in-depth knowledge about the capabilities and gaps of their learners while also assisting them in completing necessary training and calculating the actual return on their learning investments.

Companies Need a Better Way to Connect the Dots Between Employee Training and Company Performance



of companies agree it would be valuable to have the ability track and assess employee improvement as it correlates to improving business performance



of companies state they would get value from having the ability to map the impacts of employee training to company performance

To accomplish this, companies need a codified way to clearly define and systemize capabilities and benchmark them into meaningful data. This is where defining, testing, tracking and measuring employees against a clear set of role-specific capabilities comes into play. Skills-only programs are not enough: a majority of respondents (76.4%) of respondents say skills-only programs cannot or can only somewhat reliably be mapped to company performance.

Of the companies who currently define capabilities and competencies and utilize capability and competency building internally:

100% believe it is at least somewhat important for employees to master their company's defined capabilities in their roles.

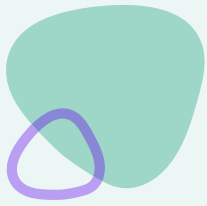
93.5% agree that employee mastery of their organization's defined capabilities and competencies contributes to improved business performance.

The problem is many organizations have experienced multiple failed job mastery and competency initiatives due to complexity, lack of employee buy-in, inability to properly define and assign capabilities to job roles and the inability to measure employee mastery of capabilities.

To make matters worse, many companies don't have the visibility they need into the capabilities that exist within their organizations. More than a quarter (**26.6%**) of companies stated "no" or "unsure" when asked if their LMS provides visibility into employees' impact on company performance by linking employee capabilities to company objectives.

By formalizing capabilities and building them into training and professional development programs, and deploying an LMS that can define, test, track and measure employee capabilities, companies can gain the visibility they need to bridge the gap between strategy and impact and properly capture the value of L&D.



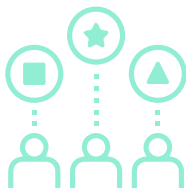


Tying Capabilities and L&D to Company Performance

The concept of linking learning to performance and tangible outcomes is not new, but has yet to be implemented correctly. Almost **90%** (89.9%) of respondents agree that establishing and using core capabilities to measure employee growth mapped to business goals will be a key driver for business performance. But how will they get there?

Of the companies that currently define capabilities and competencies and use capability and competency building internally, 98.8% are in the process of systematizing and building them into their company's training and professional development programs. However, this process isn't easy – almost half (**45.4%**) have experienced issues formalizing capabilities.

Top three issues companies experience while developing or using systematized capabilities for professional development and employee training



#1

Not able to identify what capabilities are associated with the various job roles in the organization



#2

Difficulty accurately differentiating between capabilities and skills



#3

Lack of bandwidth to develop their own capabilities

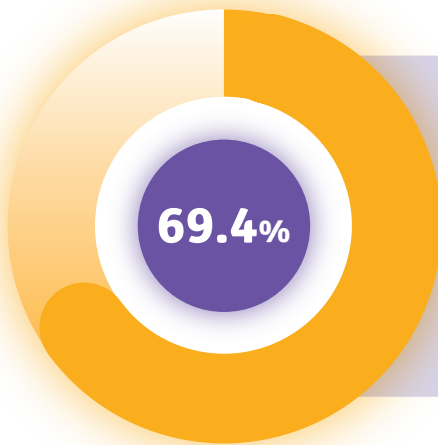
There is a clear market need for a better way to establish and define capabilities within organizations.

While companies are working to create structures that will help them determine employee capabilities, gaps still exist. Over a quarter (**28.2%**) of companies say they need, but currently don't have, the ability to search for and identify employees within their organization who have mastered specific capabilities in order to resource talent for new roles and projects. Of these:

62.7% currently define capabilities and use capability building

96.2% have systematized or are in the process of systematizing capabilities

62.8% state their LMS can assess capabilities before and after training

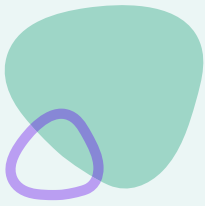


of respondents report they have systemized capabilities and built them into their company's training and professional development programs

Of the companies who currently define capabilities and have systematized or are in the process of systematizing, **95.1%** indicate that systemizing capabilities is a priority for their company and **84.5%** plan to do it in the next 6 to 12 months.

The value of effective L&D is clear: **Over 70%** (71.9%) of companies have already seen an uplift in bottom line, goals, etc. that can be undisputedly attributed in part to their L&D programs and a **further 18.9%** expect to see an uplift.





What Businesses Want From Their LMS

As training demands evolve, primary use cases in the LMS market are shifting away from traditional compliance and onboarding to focus more on capability building, reskilling and upskilling. As a result, the need for an LMS to serve many departments and both internal and external use cases is also expanding – and many companies would benefit from an LMS solution that can do both.

Today's LMS platforms serve various use cases including compliance training, employee onboarding, professional development, partner and customer training, external certification programs and more. Companies are using their LMS for:



Both internal and external use cases

46.6%



Only for internal use cases

40.3%



Only for external use cases

13.1%

Of those companies who use their LMS for both internal and external use cases:

80.7% enable capability and competency building

74.8% use it for compliance training

73.3% enable upskilling

For companies who only use their LMS for only internal purposes:

73.7% use it for capability and competency building

64.6% use it for compliance training

63.4% use it for upskilling



Many LMSs fall short of helping companies connect the dots between employee capabilities and skill sets and tangible business outcomes, meaning they cannot accurately measure business ROI on the learning investments they make.

Top four issues respondents are currently experiencing with their LMSs

Low employee engagement / lack of employee engagement and participation



Lack of visibility into the capabilities and competencies of their workforce



Lack of visibility into the skills of their workforce



Inability to track and measure employee performance and growth



Companies See the Benefit of Consolidating Their Multiple LMSs

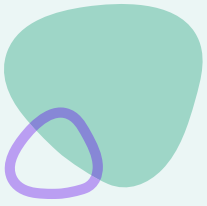
As organizations seek to address these issues and strive for higher performance and greater visibility into people and performance, tech consolidation will be key.

Almost **80%** (79.8%) of companies report using two or more LMS solutions and of those, **75.5%** believe consolidating their LMSs would be beneficial in streamlining processes, reducing cost and minimizing complexity within their organizations.

Top three most important factors when considering an LMS solution

- #1** Ability to track all training and professional development activities, regardless of where they occur
- #2** Ease of onboarding and HR training
- #3** Ability to measure business ROI on learning investments





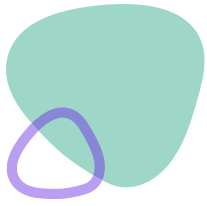
Conclusion

Burdened by content overload, muddled visibility and waning employee engagement, companies have been unsuccessful in tying their employees' learning and development to overall business performance. Many survey respondents indicate that lack of direction and perceived relevance has led employees to believe that the learning content they are consuming is not applicable to the day-to-day performance of their jobs. Additionally, a majority of companies struggle to tangibly link their L&D programs to increased business performance and prove ROI.

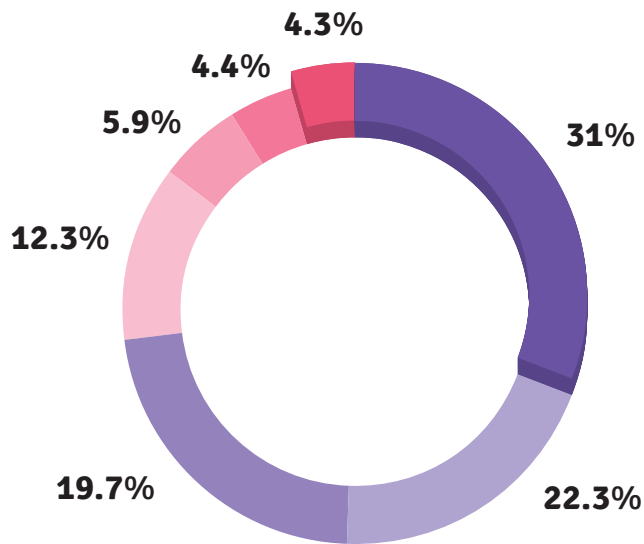
To address this disconnect, companies are prioritizing building and systematizing their internal capabilities and competencies to gain greater visibility into the knowledge that exists within their organization, increase employee satisfaction, improve business performance and justify L&D investments. Given the opportunity to measure employee growth mapped to business goals, respondents believe defining, tracking and measuring capabilities will be a key driver for business performance. However, this is not a straightforward process and many companies struggle to properly define capabilities and use capability building.

To solve these issues, companies need an LMS that can link learning and performance and facilitate contextual, peer-based learning to contribute to the organization's success and future needs. The majority of respondents agree on the importance of employee mastery of the defined capabilities for their roles, especially in closing the employee intention-behavior gap. Most respondents who currently define capabilities indicate that systemizing capabilities is a priority for their company that will help them improve their bottom line and achieve their goals.

Furthermore, the findings of The State of L&D, Organizational Effectiveness and Performance Management 2023 research reveal that many companies are optimistic about the benefits of consolidating their LMS solutions and streamlining their L&D processes. As more companies are serving both internal and external LMS use cases, many see the value – both in time and cost savings – of consolidating their LMSs into one best-of-breed system that can serve both internal and external use cases and work for employees, partners, citizens and customers.

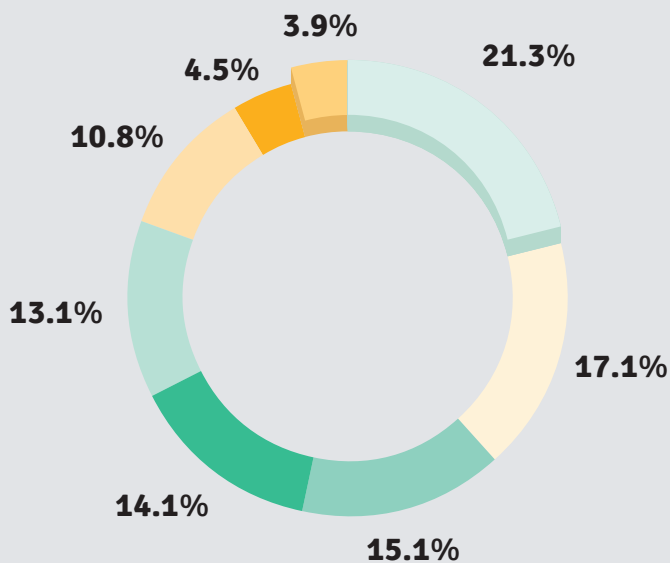


Survey Respondent Demographics



Company Size

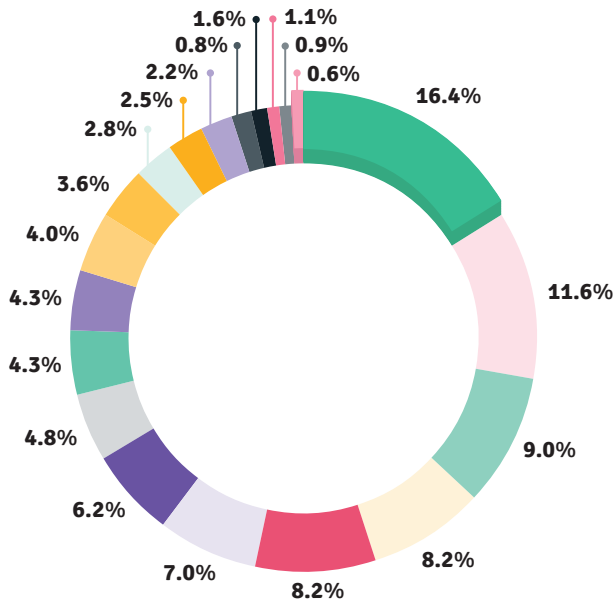
- **31%** 500 - 1,999 employees
- **19.7%** 2,000 - 4,999 employees
- **22.3%** 5,000 - 9,999 employees
- **12.3%** 10,000 - 19,999 employees
- **5.9%** 20,000 - 49,999 employees
- **4.4%** 50,000 - 99,999 employees
- **4.3%** More than 100,000 employees



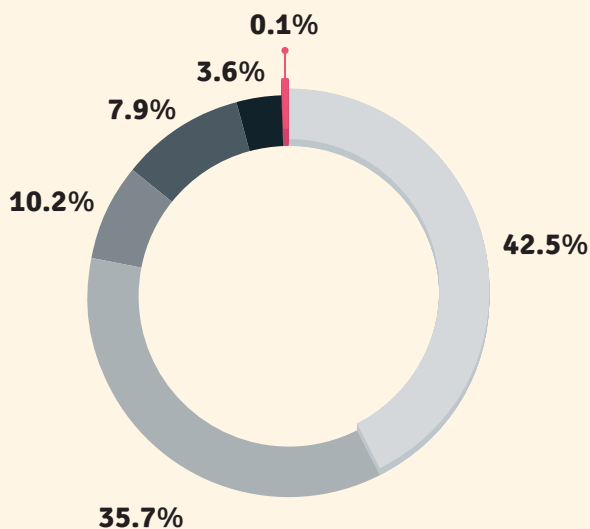
Annual Revenue Amounts

- **14.1%** \$1 million < \$10 million
- **15.1%** \$10 million < \$50 million
- **13.1%** \$50 million < \$100 million
- **21.3%** \$100 million < \$1 billion
- **17.1%** \$500 million < \$1 billion
- **10.8%** \$1 billion < \$5 billion
- **4.5%** \$5 billion < \$20 billion
- **3.9%** More than \$20 billion

Industry Type

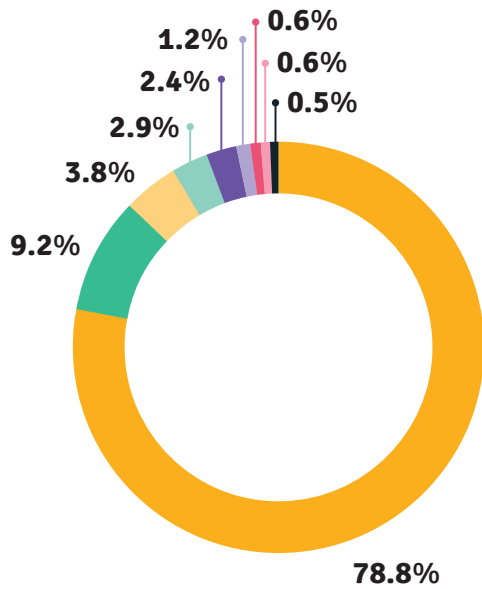


- **2.5%** Automotive
- **3.6%** Business Services
- **4.0%** Consumer Products
- **8.2%** Education
- **2.8%** Energy, Resources and Industrials
- **9.0%** Financial Services
- **4.3%** Government and Public Services
- **16.4%** HR/Staffing Services
- **8.2%** Life Science and Healthcare
- **0.9%** Media/Entertainment
- **0.6%** Marketing and Advertising
- **11.6%** Manufacturing/Industrial
- **7.0%** Retail, Ecommerce, Wholesale and Distribution
- **2.2%** Real Estate
- **4.3%** Transportation, Hospitality and Services
- **6.2%** Technology (e.g., IT Hardware, Software and Services)
- **1.1%** Telecommunications
- **1.6%** Travel/Hospitality
- **0.8%** Nonprofit / Not-for-profit
- **4.8%** Other



Position at Company

- **42.5%** Manager / Senior Manager
- **35.7%** Director / Senior Director / Head of Department
- **7.9%** Vice President
- **3.6%** Senior Vice President
- **10.2%** C-level
- **0.1%** Other



Job Role

- **78.8%** Human Resources (HR)
- **3.8%** Organizational Development (OD)
- **9.2%** Learning & Development (L&D)
- **2.9%** Talent
- **2.4%** Capability / Capability Development / People Capability
- **1.2%** Organizational Effectiveness
- **0.6%** Competence Development
- **0.6%** Chief Learning Officer
- **0.5%** Other

