

LXCI

ATD Learning Executive Confidence Index

MEETING LEARNING NEEDS



IMPACT ON PERFORMANCE



Q2
2015

VALUE OF LEARNING



AVAILABILITY OF RESOURCES



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A Note From Our Sponsor



COLLEGE *for* **AMERICA**
AT SOUTHERN NEW HAMPSHIRE UNIVERSITY

It's uplifting to see learning executives' outlooks on the investment in learning remain positive. As the economy continues to grow and more skills come in demand, it will be increasingly important to have well-trained and educated workers ready to take on more responsibility and able to step up to the next level of their careers.

College for America at Southern New Hampshire University is an accredited, nonprofit college that helps employers upskill their workforce through competency-based associate's and bachelor's degrees—ones that are extraordinarily low-cost, built for working adults, and uniquely applicable in the workplace. Our college is dedicated to better connecting workforce research, higher education, and labor market needs.

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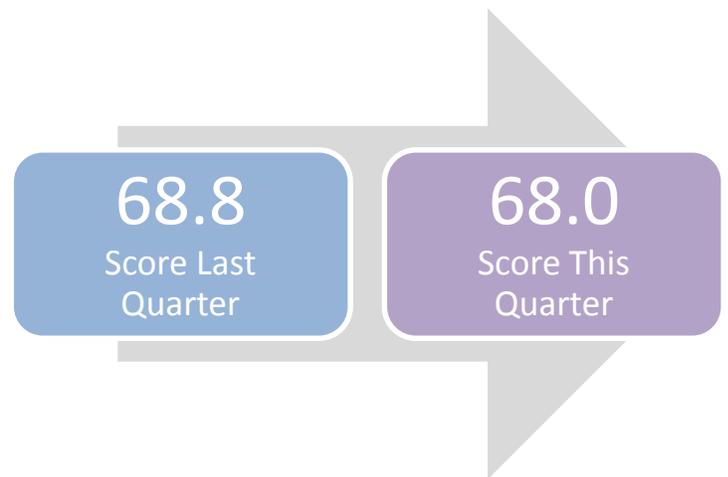
And, our degree programs are only \$2,500 a year, extending tuition assistance budgets and making a degree possible for every frontline and non-degreed employee.

Overview

Since the beginning of 2008 the Association for Talent Development (ATD, formerly ASTD) has published the Learning Executive Confidence Index (LXCI), a quarterly assessment of learning executives' short-term expectations for learning in organizations.

Learning executives remain optimistic about the health of learning, with the LXCI score at 68.0. This is lower than the very high score of 68.8 last quarter but close to the score of 68.2 two quarters ago. The change from last quarter was not statistically significant. The pages that follow discuss these results in detail.

The background and methodology for the LXCI are in the appendix. For Q2 2015, learning executives were invited to complete an online survey on June 13, 2015, and the survey closed June 29, 2015. As of the close date, 401 individuals had responded to the LXCI questions.



The Q2 2015 LXCI Score

Learning executives continue to have a positive outlook regarding the importance of and investment in learning. The LXCI score is 68.0, down from last quarter's score of 68.8. But it is important to remember that last quarter's score was the second-highest score recorded. Also, the change is not statistically significant at the $p < 0.05$ level. The current score is very close to the score of 68.2 from two quarters ago.

The current LXCI score indicates an optimistic outlook. From 2010 to 2014, the average score was between 65 and 66. The current score is nearly 13 points higher than the historic low of 55.1 from Q1 2009, and less than two points below the historic high score of 69.9 from Q4 2013. In May 2015, the unemployment rate, which is strongly related to learning leaders' optimism, remained low at 5.5 percent, the same as three months ago. (As the unemployment rate falls, the LXCI typically rises, which is not surprising given the training needs of newly hired workers). According to the Bureau of Labor Statistics, the unemployment rate and number of unemployed persons remained essentially unchanged from February to May. The U.S. economy created 280,000 jobs in May, which is higher than previously estimated.

The LXCI is a composite score that takes into account four key indicators for how learning executives believe the learning function will change during the next six months—Ability to Meet Learning Needs, Impact on Corporate Performance, Perception of the Value of Learning, and Availability of Resources. As Figure 3 shows, the scores for Ability to Meet Learning Needs, Impact on Corporate Performance, and Perception of the Value of Learning are all slightly below their values last quarter. None of these fell more than 0.7 points, and none of the changes were statistically significant (at $p < 0.05$). Availability of Resources has always had a lower score than the other indicators (even when they are optimistic about the other indicators, many learning executives feel that the provision of resources does not keep pace with learning needs). This indicator experienced a drop of slightly more than a point (although not statistically significant at $p < 0.05$), dipping below 60, whereas the other indicators all scored above 70. As in the previous quarter, the indicator with the highest score is Impact on Corporate Performance. This report covers indicator-level findings in more detail in the following sections.

Figure 1: The Q2 2015 LXCI Score

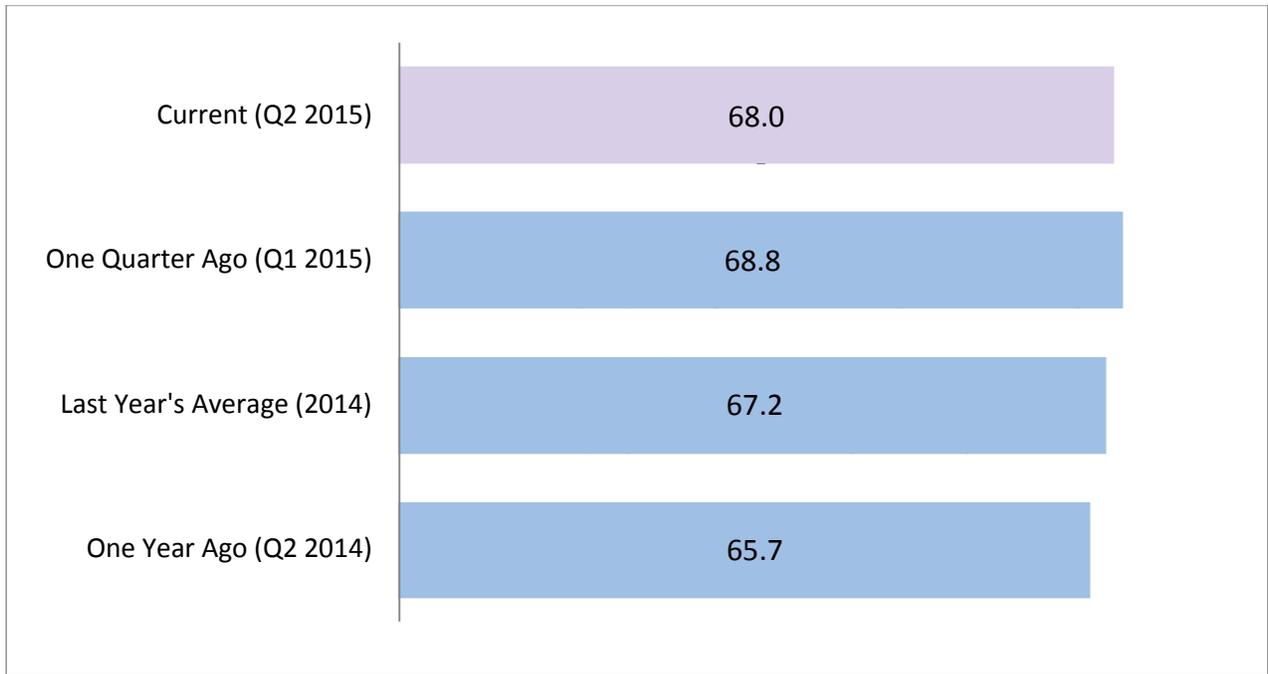


Figure 2: The LXCI Over Time

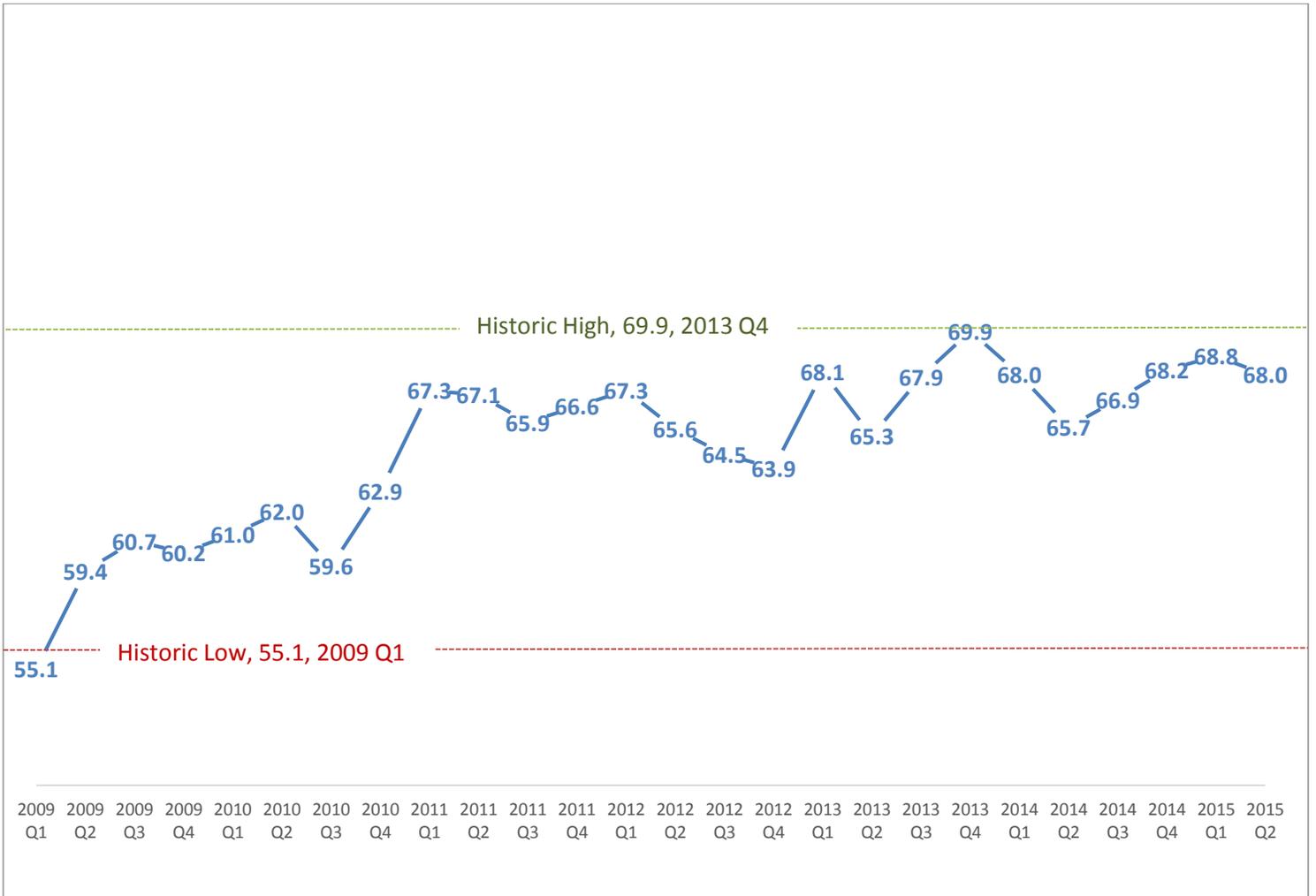
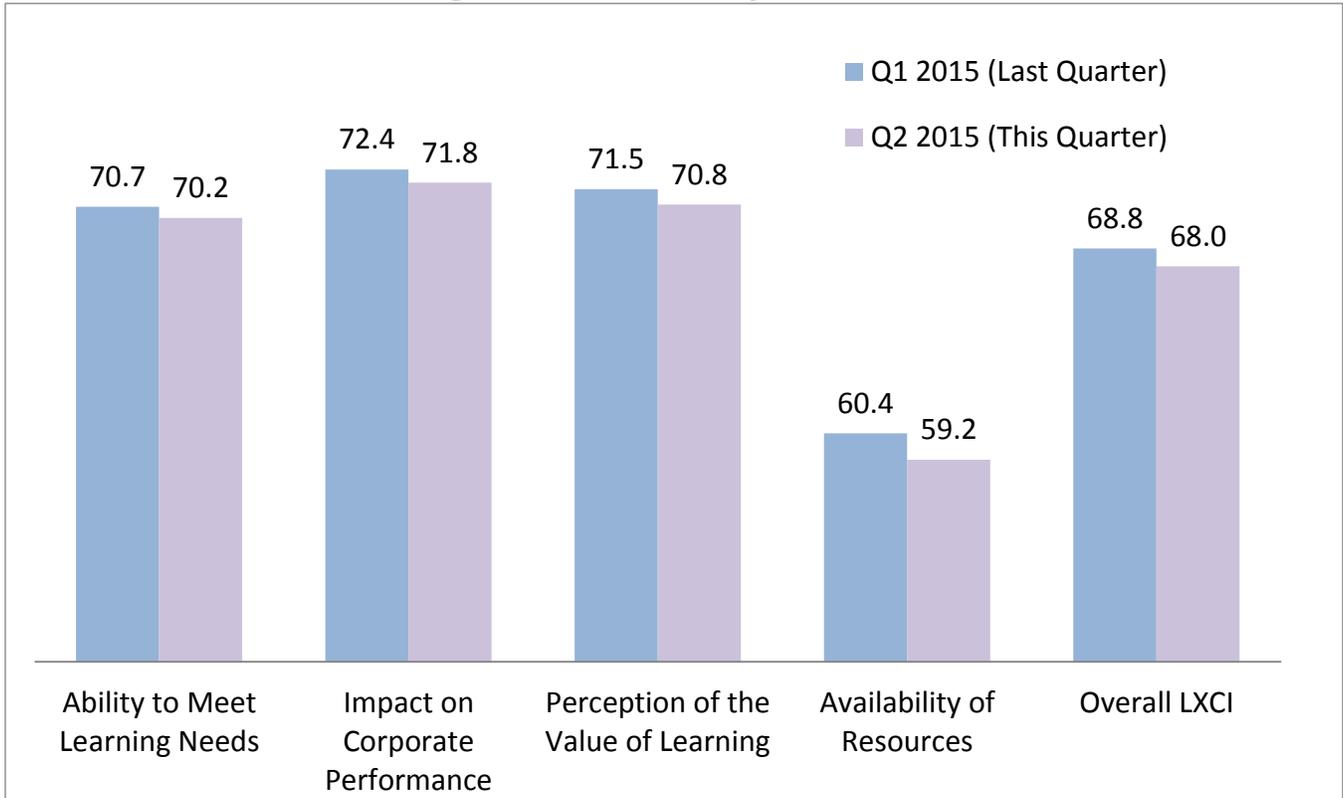


Figure 3: The Four Key Indicators



Other Economic Indicators and the LXCI

Changes in the LXCI are related to movements in the economy, and this report discusses the state of various economic indicators. It is important to understand the extent to which changes in the economy affect the health of learning and know the timeframe in which an economic change affects learning. This can help learning and business leaders better predict the future state of learning in organizations and be better prepared for potential challenges they face from learning functions. Some indicators may influence the LXCI after a lag, meaning that a change in an indicator in one quarter may be associated with a change in the LXCI in the next quarter.

- The Conference Board Measure of CEO Confidence, which measures CEOs' six-month outlook for the economy reads 58 in Q2 2015. In Q1 2015, it read 57, and in Q4 2014, it read 60. Like the LXCI, the Conference Board Measure of CEO Confidence is measured on a 100-point scale; scores above 50 indicate more positive than negative responses. Often, learning executives' expectations follow those of the CEOs'. ATD's research finds that the LXCI is more closely related to the previous quarter's CEO confidence than the current quarter's CEO confidence.
- The U.S. unemployment rate was 5.5 percent in May 2015. According to the Bureau of Labor Statistics, both the unemployment rate and number of unemployed persons did not change much between February and May 2015. Analyzing historic unemployment rates and LXCI data shows that there is a strong relationship between the current unemployment rate and the LXCI score. When the unemployment rate drops, the LXCI score rises. As more job-seekers find employment, the learning function plays a critical role in ensuring they have the skills necessary to succeed in their new jobs.
- U.S. Gross Domestic Product (GDP), the broadest measure of economic output, decreased at an adjusted annual rate of 0.2 percent in Q1 2015 (the first advance estimate for Q2 2015 will not be available until July 30, 2015), compared with a 2.2 percent increase in Q4 2014. The LXCI is correlated with the GDP growth rate during the previous quarter. On a positive note, although there was no economic growth in Q1 2015, economists expect growth during the remainder of 2015.

Key Indicator: Ability to Meet Learning Needs

Learning executives' confidence in their ability to meet their organizations' key learning needs during the coming six months fell very slightly, but remains strong. The score for this indicator only dropped by four-tenths of a point, from 70.6 in Q1 2015 to 70.2 in Q2 2015; the difference is not significant at the $p < 0.05$ level. Despite the small decline, the current score remains more than a full point higher than the average of 69.0 across all quarters of 2014, and more than one-and-a-half points higher than the average of 68.6 across all quarters of 2013.

The unemployment rate has remained low, job growth is healthy, and learning executives are confident in their ability to foresee and meet the needs of new learners in their organizations, as well as address the changing needs of the existing workforce.

As Figures 4 and 5 show, the percentage of individuals with positive ("Moderately Better" or "Substantially Better") expectations fell from last quarter (from 70 percent to 68 percent), but this was somewhat offset by an increase in the percentage that had a very optimistic outlook of "Substantially Better." Negative outlooks remained rare but were slightly up, with just more than 6 percent of respondents having negative expectations (compared with 4 percent last quarter).

Figure 4: Q2 2015 Expectations for Ability to Meet Learning Needs

What are your expectations for your ability to meet your organization's learning needs during the next six months compared with today?

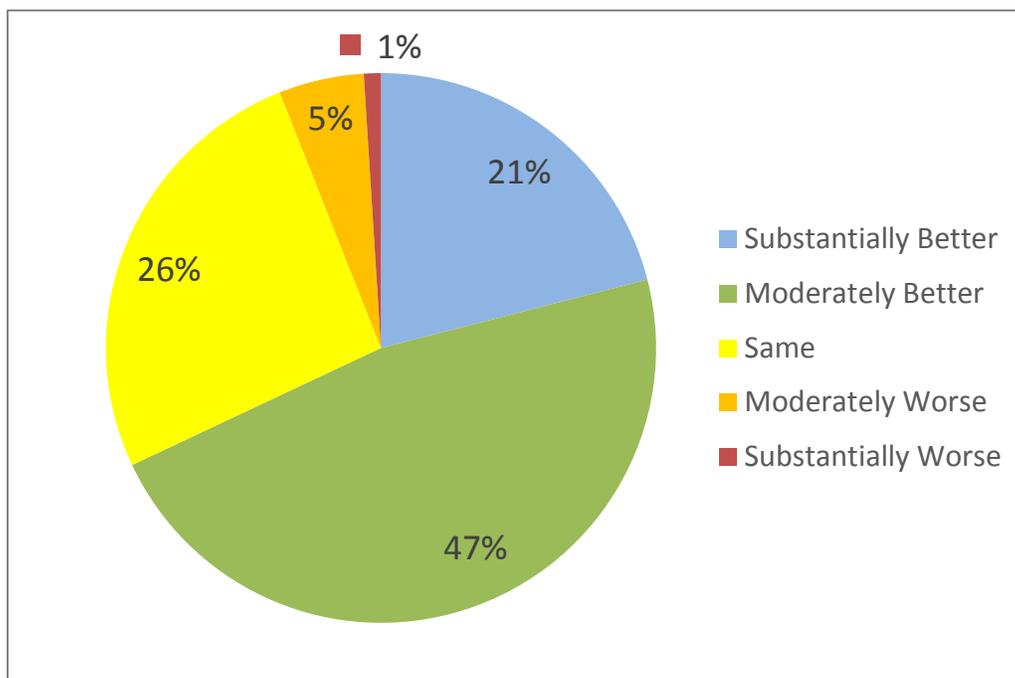
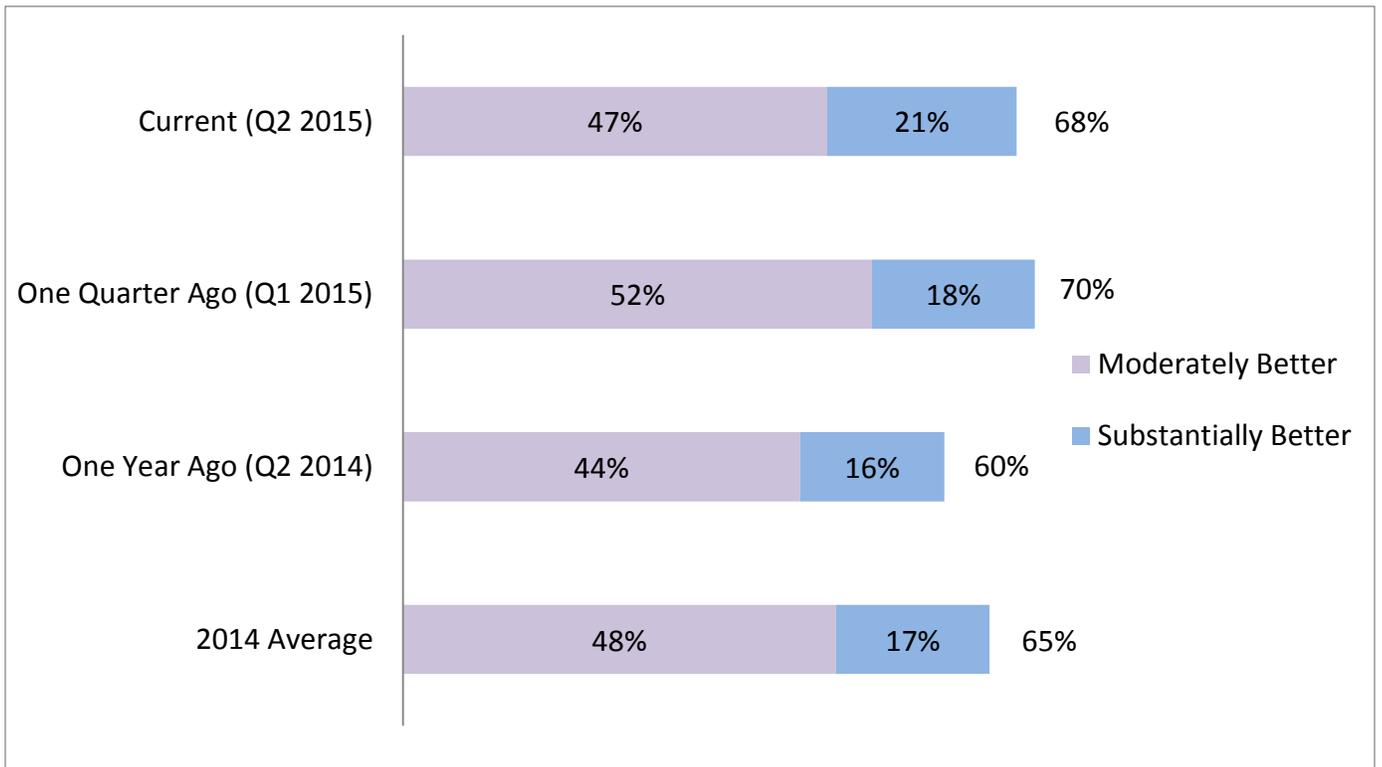


Figure 5: Ability to Meet Learning Needs

What are your expectations for your ability to meet your organization's learning needs during the next six months compared with today?



Key Indicator: Impact on Corporate Performance

Learning executives' six-month expectations for how learning will affect corporate performance is at 71.8, which is slightly more than half a point lower than the 72.4 seen last quarter. The drop is not significant at the $p < 0.05$ level. As in the previous six quarters, this score is higher than the scores for the other three indicators.

As shown in Figures 6 and 7, seven out of 10 learning executives have a positive outlook for this indicator, which is similar to last quarter. However, 20 percent are extremely optimistic and expect a substantial improvement in impact on corporate performance this quarter, down from last quarter, when 23 percent were highly optimistic.

The findings suggest that learning leaders continue to believe they are succeeding at the task of delivering training that improves employee productivity, and therefore corporate performance, amid rapidly changing technologies and market conditions. Negative views remain extremely rare for this indicator. The percentage of respondents with negative views has remained below 5 percent for more than a year. Only 3 percent of learning leaders have negative views this quarter.

Figure 6: Q2 2015 Expectations for Impact on Corporate Performance

What are your expectations for how the learning function will affect corporate performance during the next six months compared with today?

Note: Only one respondent out of 401 chose “Substantially Worse,” so it is not shown.

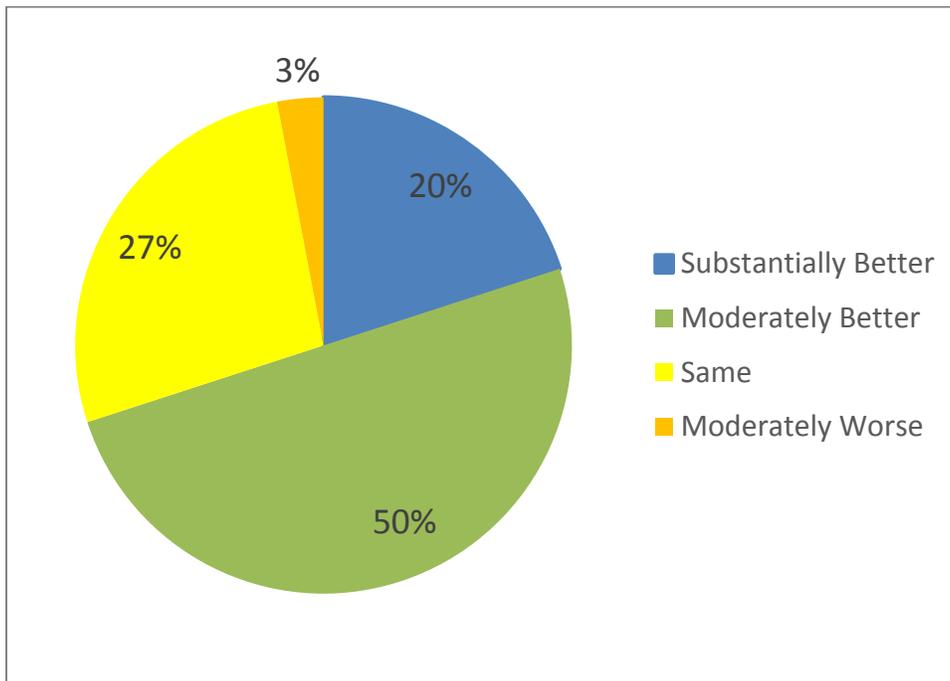
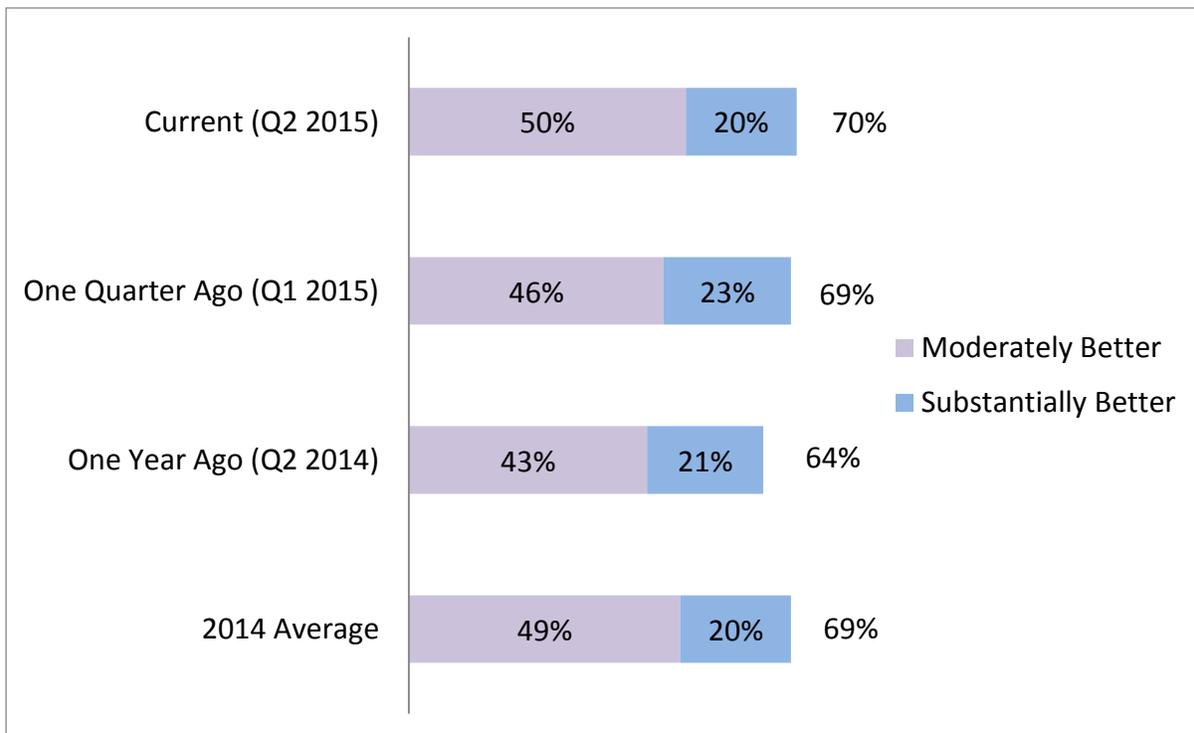


Figure 7: Impact on Corporate Performance

What are your expectations for how the learning function will affect corporate performance during the next six months compared with today?



Key Indicator: Perception of the Value of Learning

The score for learning executives' six-month expectations for the perceived value of learning within organizations is 70.8, which is 0.7 points below the score of 71.5 last quarter; the change is not statistically significant at the $p < 0.05$ level. Perception of the Value of Learning is a relatively new key indicator; it was first included in the Q1 2013 LXCI, replacing Status as a Key Strategic Component. Since then it has fluctuated more than the other indicators, hitting a high score of 73.7 in Q4 2013 and a low score of 68.8 in Q2 2013, which represents a swing of about five points in a six-month period. Of all the indicators, this is the only one that requires learning executives to estimate future opinions of others. Thus, the score's instability may reflect the general challenges of predicting opinions.

As Figures 8 and 9 illustrate, two-thirds of learning leaders have positive expectations, which was also the case last quarter. The percentage with very high expectations is also unchanged from last quarter. The dip in the score from last quarter is because 6 percent of learning leaders have negative expectations this quarter, compared with only 1 percent last quarter.

Figure 8: Q2 2015 Expectations for Perception of the Value of Learning

What are your expectations for how favorable the value of learning will be perceived in your organization during the next six months compared with today?

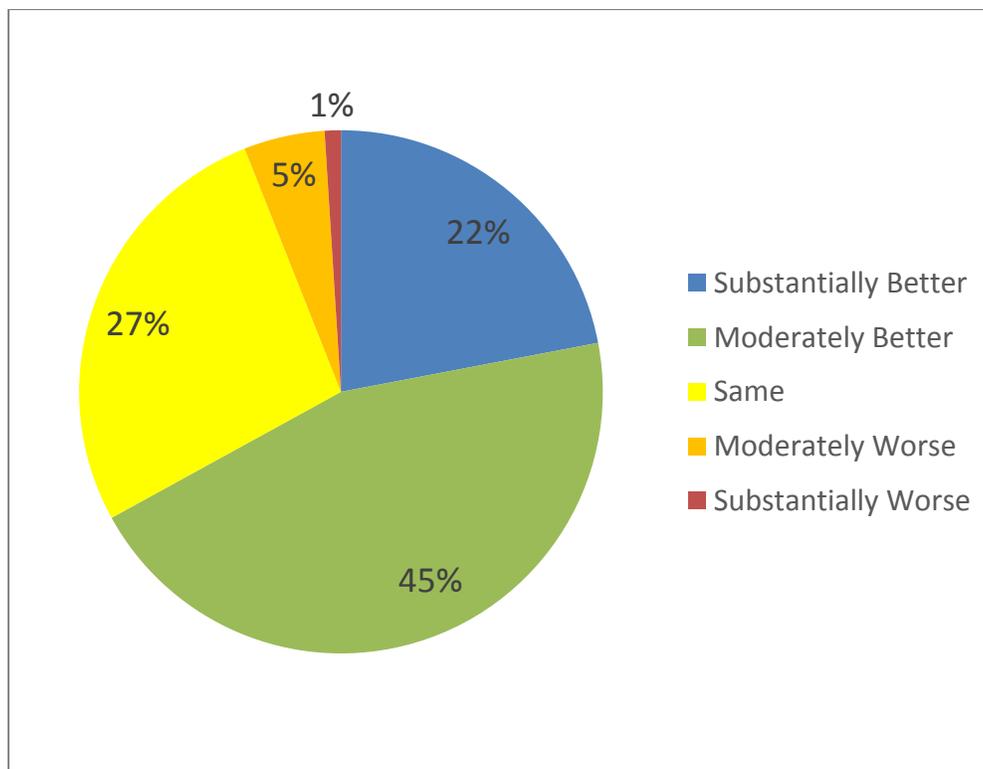
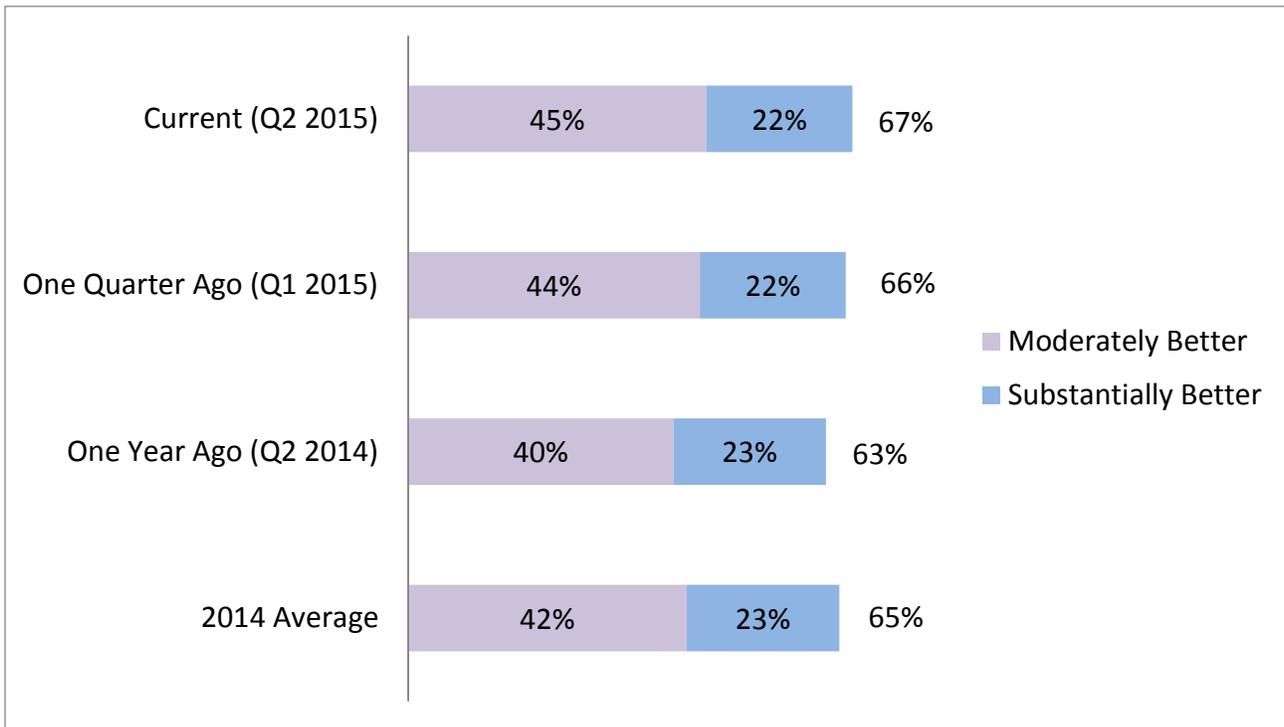


Figure 9: Perception of the Value of Learning

What are your expectations for how favorable the value of learning will be perceived in your organization during the next six months compared with today?



Key Indicator: Availability of Resources

The score for the availability of resources needed to meet learning needs in six months is 59.2, which is more than a point lower than the score last quarter, 60.4 (although not significant at $p < 0.05$). However, one year ago (Q2 2014) the score was almost three points lower, at 56.4. As in previous quarters, learning executives have a much less positive outlook for this indicator compared with the other three. The score for the availability of resources tends to be eight to 10 points lower than the overall LXCI score, and this quarter is no exception.

Learning executives believe that the provision of resources does not keep pace with learning needs; this is the only indicator for which fewer than half of all respondents have positive views. In the current quarter, 44 percent have optimistic outlooks, down from 46 percent last quarter. In both 2014 and 2013, 43 percent of respondents, on average, had positive views. In 2012, the average number of positive views across the four quarters was only 38 percent. In the current quarter, 16 percent of learning leaders actually believe the availability of resources will decline during the next six months. On a positive note, this figure was higher, at 18 percent, last quarter.

These findings suggest that a considerable number of learning leaders continue to believe their organizations are not appropriately increasing the amount of resources, such as staff, technology, and funding, necessary for learning functions to meet the anticipated demand for learning.

Figure 10: Q2 2015 Expectations for the Availability of Resources

What are your expectations for the availability of resources needed to meet learning needs during the next six months compared with today?

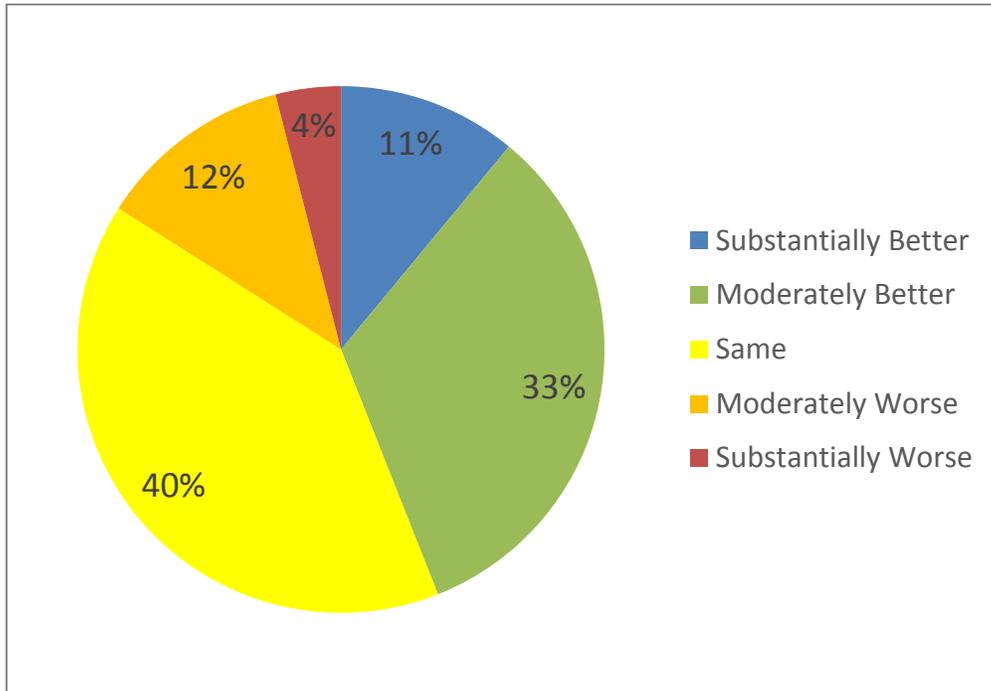
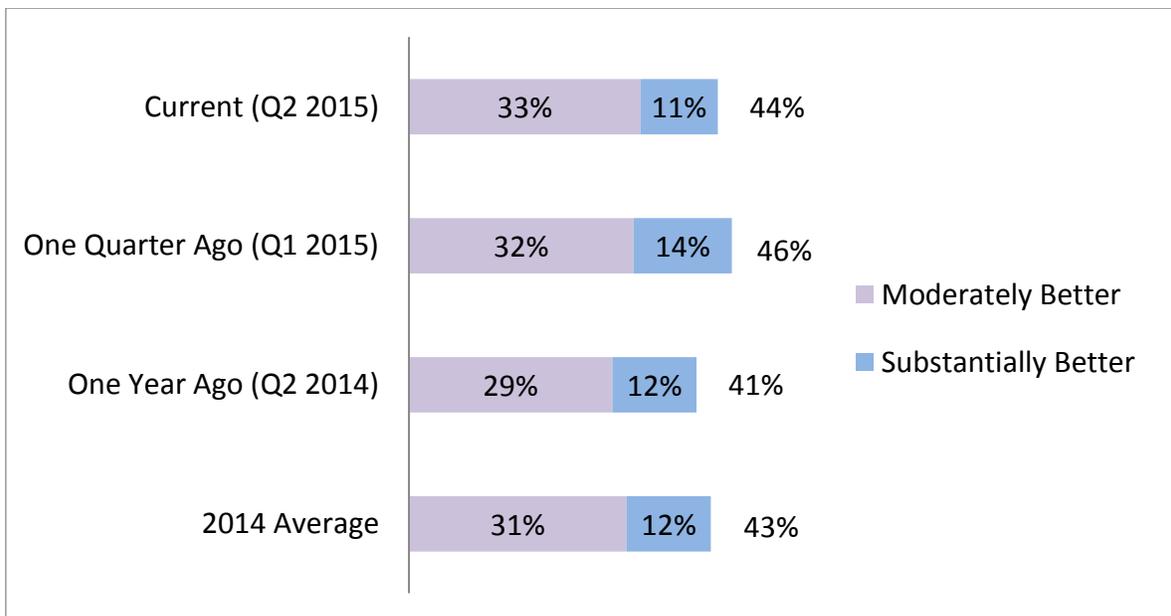


Figure 11: Availability of Resources

What are your expectations for the availability of resources needed to meet learning needs during the next six months compared with today?



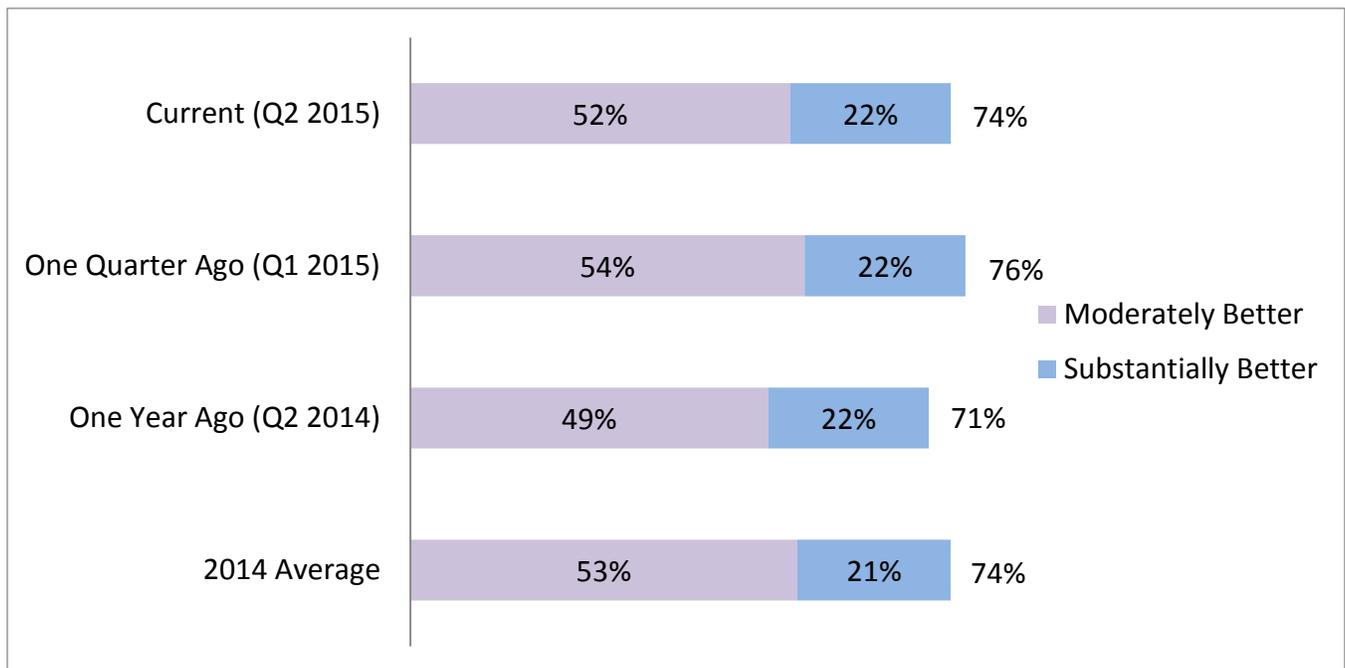
Learning Executives' Expectations for Corporate Performance

ATD's survey also asked additional questions to determine learning executives' outlooks for other measures, providing valuable context for the LXCI. Learning executives were asked about their overall expectations for their organization in six months.

As Figure 12 illustrates, outlooks remain optimistic, with 74 percent of learning executives holding positive views, slightly down from 76 percent last quarter. However, 74 percent claimed optimistic outlooks two quarters ago (Q4 2014); 74 percent was also the average across all quarters of 2014. Negative outlooks were expressed by 7 percent of participants, compared with 4 percent last quarter. In 2014, this percentage ranged from 5 to 8 percent.

Figure 12: Corporate Performance

What are your expectations for your organization during the next six months compared with today?



Impact of Learning Factors on the Learning Function

The learning function in organizations is influenced by several learning factors, including technology and budget. Respondents were asked about the extent to which they believe nine factors will influence the learning function during the coming year.

As Figure 13 shows, the factors that learning executives expect to have the most impact on the learning function are blended learning, interactive distance learning, and instructional design. Last quarter, blended learning, instructional design, and informal/social learning held the top three spots (interactive distance learning ranked fifth last quarter). That blended learning remains a top influencer not only suggests that it is already in use in many organizations, but also that its importance to these organizations may be on the rise. It is not surprising that instructional design also continues to be a top influencer, given that designing effective blended learning requires strong instructional design capabilities. The rise in the importance of interactive distance learning may suggest that learning executives are seeking ways to reach increasingly dispersed workforces.

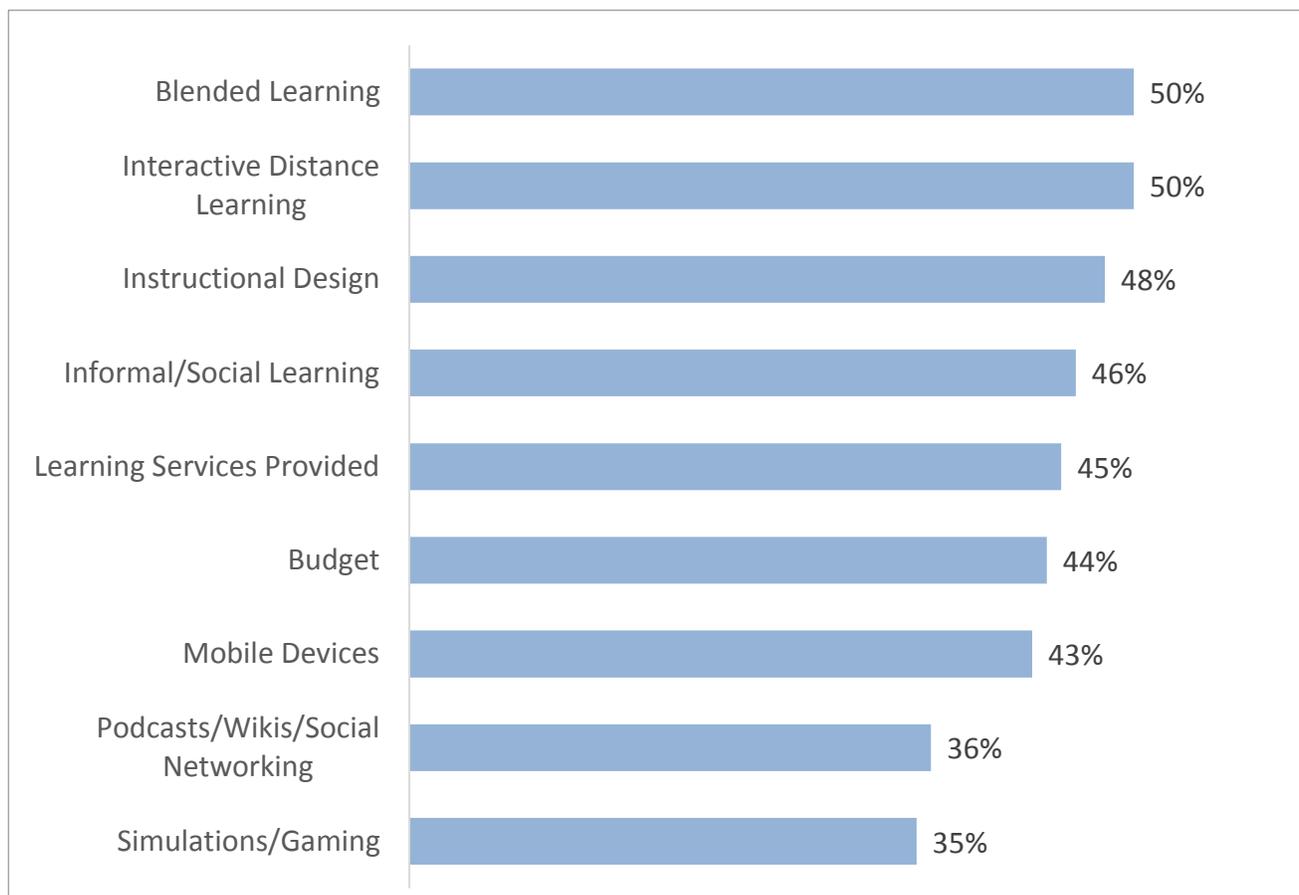
Although mobile devices were not among the top three influencers, 43 percent of learning executives in this quarter's survey indicated that mobile devices would have a strong impact, compared with 42 percent last

quarter (Q1 2015) and 36 percent two and quarters ago (Q4 2014 and Q3 2014, respectively). This suggests that the importance of mobile learning may be on the rise.

As in previous quarters, podcasts/wikis/social networking and simulations/gaming ranked lowest in impact among the nine learning factors.

Figure 13: Impact of Factors on the Learning Function

To what degree do you expect the following to impact learning during the next year?



Percent of respondents choosing high or very high degree.

Impact of the Economy on Learning Activities

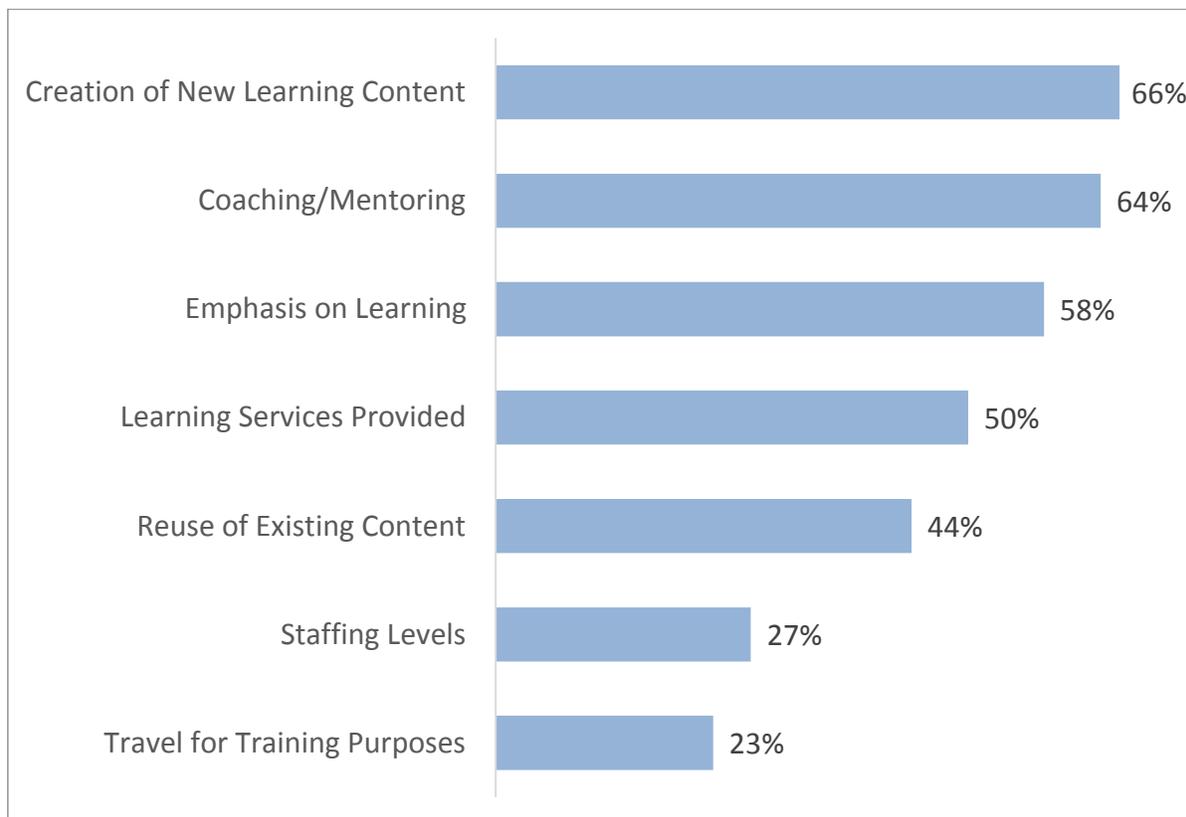
The state of the economy can affect the quantity and types of learning activities that happen in organizations. Learning strategies and spending on learning may be adjusted in response to the economy. Learning executives were asked if they expect the current economic situation to lead to an increase or decrease in seven learning activities during the next six months. Recall that GDP growth declined during the first quarter of 2015, but economists expect the economy to pick up during the rest of the year.

As Figure 14 illustrates, two-thirds of learning executives believe that the economic situation will lead to an increase in the creation of new learning content. Nearly as many (64 percent) believe it will lead to an increase in coaching/mentoring. The relative rankings of the seven activities did not change from last quarter. However, only 44 percent foresee an increase in the reuse of existing content. The findings suggest that learning leaders recognize the importance of creating new content (rather than relying heavily on existing content) to meet changing learning demands.

As in previous quarters, less than a third of learning executives believe that the economic situation will lead to an increase in staffing levels for training, despite the fact that half of respondents expect to be providing more learning services. Additionally, only 23 percent think travel for training purposes will increase.

Figure 14: Impact of the Economy on Learning Activities

To what degree do you expect the current economic situation to affect the following learning activities during the next six months?



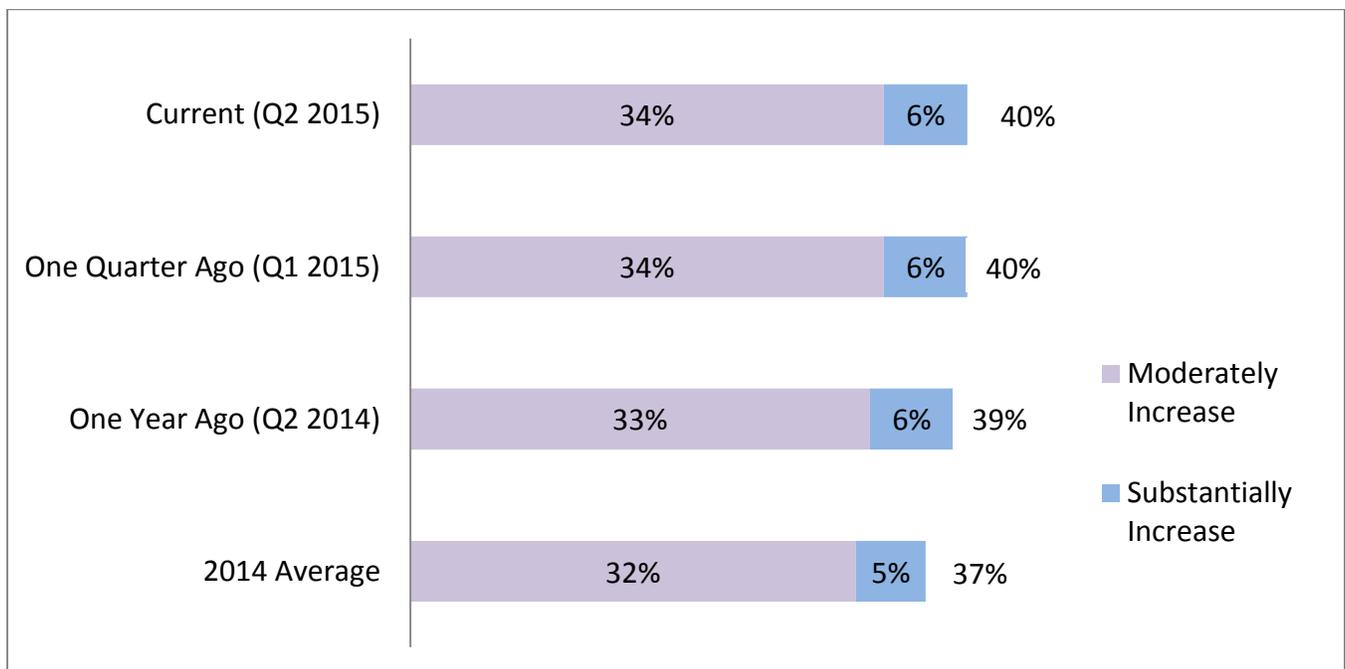
Percent of respondents choosing high or very high degree.

Funding for Learning

Anticipated funding for learning in the workplace directly affects the LXCI. Respondents were asked how they thought their workplace’s funding for training and development would change during the next six months. As Figure 15 shows, 40 percent expect to see an increase in funding for learning during the next six months, which did not change from last quarter. Recall the score for the Availability of Resources remains considerably less positive than for the other key indicators. This suggests that many learning executives do not believe that their organizations are aligning the amount of resources they provide to learning functions with the demand for learning. The fraction of participants expecting a funding decrease is just more than 16 percent, a figure that is essentially unchanged from last quarter.

Figure 15: Funding for Workplace Learning

During the next six months, do you expect your organization’s workplace learning and development funding to change?



Appendix: Background and Methodology

The LXCI assesses the expectations of learning executives for the learning function in organizations for the next six months. ATD publishes the LXCI each year in January (for Q4 of the previous year), April (Q1 of the current year), July (Q2 of the current year), and October (Q3 of the current year).

The LXCI is measured on a 100-point scale, in which a higher index score reflects a more optimistic outlook for the learning function in organizations and a lower index score reflects greater negativity. An index score of more than 50 indicates more positive than negative responses. The lowest LXCI score was 55.1 in Q1 2009 and the highest was 69.9 in Q4 2013.

The LXCI score is based on learning executives' six-month forecasts for four key indicators:

- the ability of learning executives to meet organizations' learning needs
- the impact of learning on corporate performance
- the perception of the value of learning within organizations
- the availability of resources needed to meet learning needs.

Perception of the Value of Learning was first included in the Q1 2013 LXCI. It replaced Status of Learning as a key strategic component.

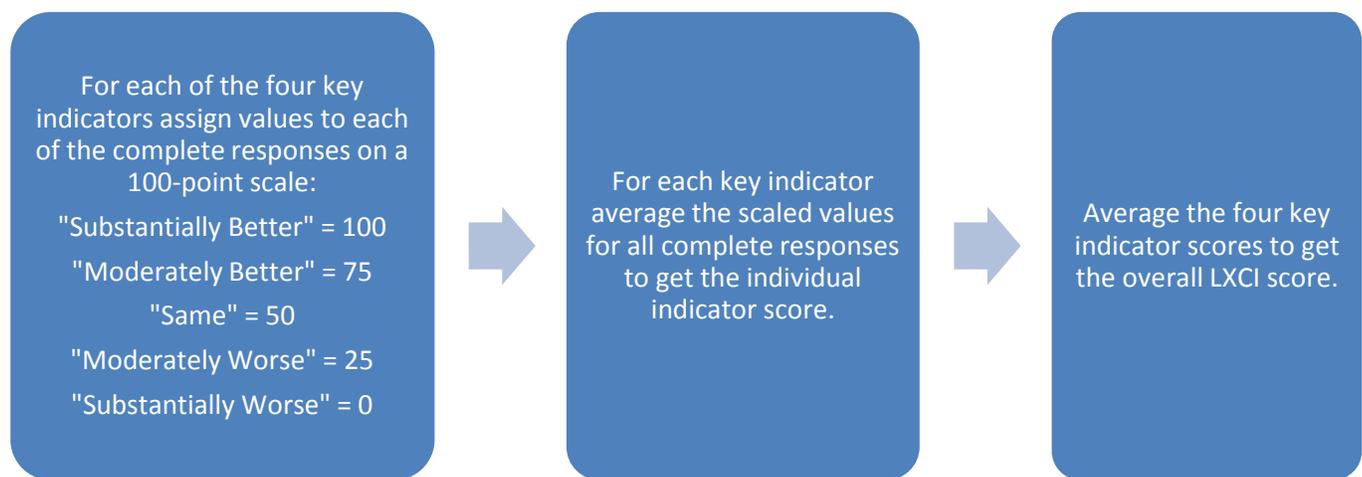
The LXCI is modeled after the Conference Board Measure of CEO Confidence, which rates CEOs' expectations for the economy on a quarterly basis.

To calculate the LXCI, ATD surveys learning executives quarterly. Learning executives are invited (in an email) to participate in an online survey. The Internet survey asked respondents for their six-month forecasts for the four key indicators. For each of these indicators, respondents were asked to classify their six-month outlook, compared with the present, as "Substantially Better," "Moderately Better," "Same," "Moderately Worse," or "Substantially Worse."

The survey also asked additional questions to determine learning executives' outlooks on other measures, such as funding for learning and the role of technology in learning.

The LXCI is a simple average of the individual scores for the four key indicators. The steps to calculate the LXCI from the survey data are outlined in Figure 16.

Figure 16: How to Calculate the LXCI



About ATD

ATD (Association for Talent Development) is the world's largest professional association dedicated to those who develop talent in organizations. In more than 120 countries, ATD's members work within private and public sector organizations and as consultants and vendors.

ATD supports the work of professionals locally in more than 125 chapters, international strategic partners, and global member networks. Started in 1943 as the American Society of Training Directors, this organization has evolved as the scope and the impact of the training and development field has grown and the profession's focus has broadened to link the development of people, learning, and performance to individual and organizational results.

About ATD Research

ATD Research tracks trends, informs decisions, and connects research to practice and performance. By providing comprehensive data and insightful analysis, ATD research reports help business leaders and training and development professionals understand and more effectively respond to today's fast-paced industry. Our research reports offer a practical foundation for today's data-driven decision makers, containing both quantitative and qualitative analysis on a variety of topics, including organizational learning, human capital management, training, and performance. Contact ATD Research at research@td.org.

Authors and Editors

Laurie Miller, Director of ATD Research Services

Maria Ho, Research Analyst, Lead Author

David Frankel, Research Specialist

Melissa Jones, Associate Editor, ATD Press

Christian Green, Manager, ATD Press