

ADAPTIVE LEARNING: THE KEY TO CULTIVATING A SUCCESSFUL WORKFORCE

April 2017

More than 75% of Industry Leaders admit that they are unable to develop internal talent to equitably fill their emerging skills gaps. While more than half of Industry Leaders offer content for learning and development, only a small percentage are focusing on directing the right employees, to the right content, to improve performance potential, retention, and growth.



Best-in-Class companies and Industry Leaders are strained to develop internal talent to meet emerging business needs.

Seventy-seven percent of Best-in-Class companies consider their inability to overcome a skills gap to be a top pressure. Similarly, 80% of Industry Leaders consider their inability to develop internal talent to be a top pressure in talent management. These figures are concerning, given that the Best-in-Class are 72% more likely than All Others (50% vs. 29%) to use a learning management system (LMS) to facilitate developmental content to internal employees.

Today's Learning Content Management

The truth is that for more than a third of Industry Leaders, the LMS has become little more than a box of unmanaged content. In fact, Industry Leaders are 53% more likely than All Others (40% vs. 26%) to consider their LMS a content repository – one that fails to direct employees to relevant career development or training materials. At the same time, 76% of Industry Leaders find that they lack management-driven career tracks inside their organizations.

Missing the boat on career development is a major hit for companies seeking to attract and retain top talent. In fact, employees at Best-in-Class companies are 39% more likely than All Others to join and stay with the organization because they can see and chart a career track.

Today's Best-in-Class companies admit that training and development are important steps toward cultivating the best workforce possible. Despite this awareness, Best-in-Class companies are 54% more likely to be developing rewards and recognition incentives, then investing in adaptive analytics based on competency analyses (71% vs. 46%). Similarly, the Best-in-Class are 42% more likely to be building out their incentive programs, as opposed to focusing on goal-based learning and development (71% vs. 50%).

Best-in-Class companies are 27% more likely than All Others to say they are strategizing to improve labor productivity by developing the skills of the existing workforce.

While organizations are strategizing for increased retention, by focusing on improving employees, they are pushing resources out to the workforce. All this, before deciding what kinds of goals they would like to see in return. As an example, only 25% of Best-in-Class companies report that employee performance is improving in line with greater achievement of management goals and objectives. Best-in-Class companies are 27% more likely than All Others (95% vs. 75%) to say they are strategizing to improve labor productivity by developing the skills of the existing workforce.

While the Best-in-Class claim to be focusing on employee development, their most current investment strategies suggest that engagement is their top goal. Today, 55% of Best-in-Class companies find high employee turnover to be a significant pressure. Along those lines, 75% of these firms find that low employee engagement is taking its toll on organizational performance. By comparison, however, 77% of the Best-in-Class find that their inability to overcome a skills gap plagues them the most.

Industry Leaders are 3.5 times more likely than All Others to be shifting their plans to double down on developing internal talent to be equally competitive to new talent when filling the skills gap.

If skills development is a more significant challenge than generically improving engagement, why are the Best-in-Class not more focused on making more out of their LMS?

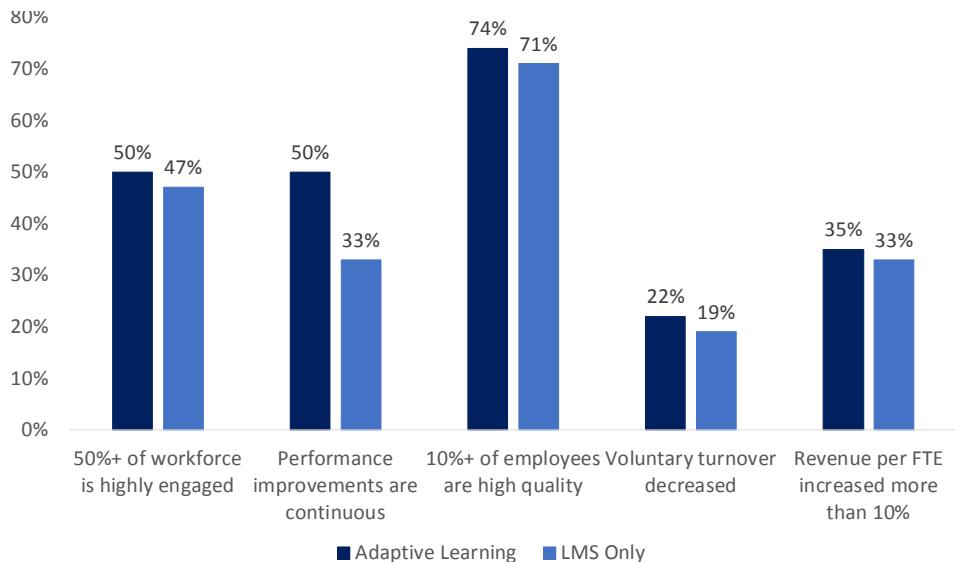
The answer is that the Best-in-Class are just reaching the conclusion that their engagement and developmental challenges may be intertwined. Moving forward, this means that both can be solved by investing in strategic employee development initiatives. In fact, Industry Leaders are 3.5 times more likely than All Others (56% vs. 16%), to focus on developing internal talent, so that it's equally competitive to external talent when filling the skills gap.

From Learning Content Management to Adaptive Learning

Today, just over a third of Best-in-Class companies are employing adaptive analytics, rooted in labor competency data, to direct employees to the right content. Adaptive analytics account for the individual skills an employee brings to the organization, and maps them against their apparent interests and areas of top performance. The analytics account for competency, skills, and goals achievement data to direct employees to development tracks (in the training system) that are most relevant to their career goals. Looking at the current focus for increased spend in the coming year, it is likely that more organizations will adopt adaptive learning.

Expanding adaptive learning has strategic advantages as well. Investing in directed training reduces the burden on employees to manage their own development. For employers, this means that employee development will more likely coincide with relevant career growth opportunities that lead to organizational value, not just value to the employee.

Figure 1: KPI Benefits of Using Adaptive Learning



Best-in-Class companies are 12% more likely than All Others to consider the use of adaptive analytics with their learning content management to be a top driver of employee performance improvements.

Figure 1 shows how organizational KPIs are changing by using adaptive learning, rather than remaining with a traditional LMS. Companies using adaptive content analytics are more likely than those using only a traditional LMS to find that more of their workforce is engaged in their work and connected to the organization in a meaningful way. Furthermore, companies using adaptive learning are more likely to realize continuous employee performance improvements, leading to an overall higher quality workforce. In fact, Best-in-Class companies are 12% more likely than All Others (46% vs. 41%) to consider their use of adaptive analytics (with their learning content management) to be a top driver of employee performance improvements.

The combination of higher engagement and quality development is also leading to lower rates of voluntary employee turnover and increases in revenue per full-time employee (FTE). Taking these two statistics together should make sense. Retained and trained employees have greater potential to develop “soft skills” that are relevant to an improved quality of business. Lower turnover results in less time, labor, money, and resources spent on hiring and training.

Connecting the Dots

Making the shift from an LMS, to adaptive learning involves changing how management thinks about engagement as it relates to development. In [Employee Wellness: Individualizing Productivity](#) (January 2017), Aberdeen noted the shift to the self-managed worker and what it meant for performance management. The report found that as employers moved to this model for employee development, performance stagnated. Employees were not interested in investing in organizations that were not actively investing in them.

The self-management model places the burden on the employee for skills development, career advancement, and task management. The problem with this model, is that the employee assumes all the responsibility for their own personal development, as well as for company growth, while the employer shares none of the risk associated with producing those improvements. Consequently, the employee is more prone to not taking advantage of available resources. At the same time, management is less likely to invest in maintaining, organizing, and actively directing the employee.

Within training and development, Industry Leaders, as noted earlier, are 53% more likely than All Others (40% vs. 26%) to have recognized that their LMS is a merely a content repository. In other words, they are finding that while their LMS contains a large amount of resources, the materials, courses, and content are not organized. The repository also lacks any formal direction that matches learning resources to employee competencies and developmental goals. Beyond the LMS, 20% of Industry Leaders also lack employee mentor programs, while an additional 40% do not consider them to be vital toward driving performance improvements.

The reality is that they could not be more wrong. By the end of 2016, employees at 75% of Best-in-Class companies were seeking

**By the end of 2016,
employees at 75% of
Best-in-Class companies
were seeking employer
managed opportunities
for employee
development, coupled
with a solid training
infrastructure.**

employer-managed opportunities for employee development. Furthermore, employee demands included a solid training infrastructure, in exchange for the workers' investment in becoming top quality talent and staying with the organization.

In today's labor environment, it is important to ensure that employees have access to training and development opportunities that will invest equally in them and in the company. While employers have enjoyed not having to significantly invest in these programs, they need to turn that strategy around. By doing so, they will stand to realize significant benefits. Aberdeen's data shows that aligning employee development goals, with the right content and training programs, improves engagement, reduces turnover, increases revenue potential, and leads to an overall higher quality workforce.

Author: Zachary Chertok, Research Analyst, Human Capital Management



About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Waltham, MA.

This document is the result of primary research performed by Aberdeen Group and represents the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group.