



Annual survey report 2010

Learning and talent development

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Summary of key findings

The 2010 *Learning and Talent Development* survey provides data on current and future learning and talent development issues and trends. This year we have explored the areas of employer support for learning, talent management, managing and evaluating coaching as well as economic circumstances and training spend.

Current and future trends in learning and talent development

- The most effective learning and talent development practices are in-house development programmes (56%) and coaching by line managers (51%).
- E-learning is the learning and talent development practice that has increased the most, with six in ten (62%) organisations saying they use it more than in 2009; in-house development programmes are also used more by 58% of organisations, and coaching by line managers is used more by 56%. Attendance at external conferences, workshops and events has decreased the most, with a quarter (26%) of organisations using it less.
- Learning and talent development specialists are most likely (53%) to hold the main responsibility for employees' learning and talent development, followed by senior managers (33%), the HR department (30%) and line managers (29%). Employees/learners are mostly expected to show 'some' involvement (54%), but few (17%) organisations expect them to be mainly responsible for their own learning.
- The two main tasks for learning and talent development specialists are to deliver courses (46%) and to manage the overall planning of learning (46%).
- For almost half (46%) of organisations, the major organisational change affecting learning and talent development in the next five years will be a greater integration between coaching, organisational

development and performance management to drive organisational change. For almost four in ten (37%), it will be greater responsibility devolved to line managers.

Employee skills

- The main gaps in skills identified by organisations continue to be business skills/acumen and commercial awareness, and management/leadership skills.
- The skills which employers say they need to focus on in order to meet their business objectives in two years' time are mainly leadership skills (65%), front-line people management skills (55%), and business acumen/awareness (51%).
- Looking more closely at leadership skills, the main gaps identified by employers are performance management (setting standards for performance and dealing with underperformance), and leading and managing change.
- The main focus of leadership development activities in the next 12 months will be improving the skills of leaders to think in a more strategic and future-focused way, and enabling the achievement of the organisation's strategic goals, as cited by four in ten organisations (42% and 39% respectively).
- School leavers are seen to be most lacking in business skills/acumen and commercial awareness (59%), closely followed by management/leadership skills (54%) and communication/interpersonal skills (53%). The main gap in skills for university graduates differs slightly, as most employers would

like to see better management/leadership skills (59%), followed by the same business skills/acumen and commercial awareness (56%) that school leavers lack the most. Employees coming from another organisation are less likely to be seen as deficient in skills. Management/leadership skills are still cited, but only by three in ten (29%) employers.

Internships

- Almost eight in ten employers (78%) consider that internships are beneficial to interns in the long run, and three-quarters (76%) think they can be used as a way to test potential new staff. A majority (69%) see internships as a good way to develop new talent in an industry sector, while only a third (33%) say that interns help firms to improve productivity. About half believe they are a cost-effective resource (52%), and that they can help to develop management and leadership skills among existing staff (50%).
- The most common way for UK organisations to remunerate their interns is to pay them more than the national minimum wage for adults, but less than a full-time salary comparable to other workers (29%), while 18% do not pay them any salary, but cover their travel expenses.

Learning and talent development (L&TD) in international organisations

- For almost two-thirds of international organisations (64%), learning and talent development is seen as a key driver for the international aspects of the business. Almost six in ten (57%) also see it as key to having trained expatriate and local staff in international locations, while only a quarter (27%) of international organisations do not think it features that highly in their international strategy. However, only a third of international organisations (34%) carry out specific learning and talent development with managers who have international responsibilities.
- This specific learning and talent development includes coaching and mentoring methods for eight in ten (83%) of those organisations carrying it out, training on-the-job for three-quarters (74%), and classroom courses and instruction for seven in ten (72%).

- To nurture talent, most international organisations use company wide talent management programmes for high potentials (55%), coaching and mentoring to help international staff move into key roles (38%), and experienced expatriate staff to mentor and develop local talent (23%).
- In order to meet business objectives in two years' time, international organisations consider that their expatriate staff need to develop management and leadership skills (42%). However, four in ten (40%) international organisations also believe that their expatriate staff need to develop intercultural skills to help raise awareness of other cultures.
- Although only just over a third (36%) currently have programmes to equip their staff in foreign languages training, three in ten (29%) international organisations say their staff require training in English, a quarter (23%) in French, two in ten (18%) in Spanish, and a quarter (17%) in German. For these last three languages, an understanding of technical terms and a conversational level is the most important, while fluency in English training is a need for three-quarters of such employers (73%).

Talent management

- Almost six in ten (59%) organisations undertake talent management activities. Among these, half (50%) rate these as 'effective', although only 3% consider them 'very effective'.
- Talent management activities tend to be directed at high-potential employees and senior managers.
- The main objectives of talent management activities are to develop high-potential employees (67%) and to grow future senior managers/leaders (67%). The third main objective is to meet the future skills requirements of the organisation (36%).
- The three most effective activities to manage talent are coaching (39%), in-house development programmes (32%), and high-potential development schemes (31%).
- The three most common ways to evaluate talent management activities are to obtain feedback from line managers (42%), to measure the retention of those identified as high-potential (35%), and the anecdotal observation of change (35%).

Diversity

- Eight in ten employers (81%) integrate diversity and equality considerations in their talent management processes to at least some extent. Two in ten employers do not integrate diversity or are unaware if they do.
- The main diversity challenges facing employers include ensuring that all employees are given an equal opportunity to develop their full potential (across all locations) and getting managers to embrace diversity and accept cultural differences (both mentioned by 4% of organisations). The lack of applications from diverse ethnic groups/ethnic minorities comes third, with 3% of employers considering diversity mentioning it. However, employers cite many key successes and learnings that they have gained from integrating diversity into talent management, especially in having access to a wider pool of potential candidates.

Managing and evaluating coaching

- Coaching takes place in eight in ten (82%) organisations. Among those in which it does, only a third (36%) have a system to evaluate it. Systems rely mainly on the collection of post-course evaluations (58%), individuals' testimonies (56%), on assessing the impact on business key performance indicators (KPIs) of coaching (44%), and measuring the return on expectation (40%).
- When considering coaching interventions, seven in ten organisations either frequently or occasionally discuss with the line managers and coaches the organisation's expectations of the intervention (71%), and assess the likelihood that individuals/a team will benefit from coaching before embarking on it (69%).
- While using interventions, a third frequently discuss the progress of individual coaching interventions at appraisal and performance reviews, and two in ten (18%) frequently collect and analyse data about the progress of coaching at agreed intervals.

Economic circumstances and training spend

- Two-thirds (65%) of responding organisations declare that their economic circumstances have declined in the past 12 months, compared with 46% in 2009, when the recession had already begun.
- It is not surprising that funds available for learning and development in the past 12 months have decreased for over half (52%) of organisations, while only one in ten employers (11%) expect these to increase in the year to come.
- Learning and Training Development departments' headcounts have largely remained the same in the last year, while resources available have stayed the same for four in ten (41%), and decreased by a similar proportion of organisations.
- Main changes in organisations' learning and talent development departments over the last year included the department becoming more business-focused (38%), a reduction in external suppliers and a move to in-house provision (31%), and redundancies of staff (20%).
- Eight in ten organisations (78%) have a training budget; for half of organisations this is over £200,000, and for half of them this is under £200,000. This represents an increase of nearly £90,000 from last year. The median number of employees it covers has increased too, from 500 last year to 785 in 2010.
- Among UK organisations, a quarter (25%) consider themselves 'very' or 'fairly' successful at securing government funding, notably apprenticeship funding (57%) and Train to Gain for basic skills funding (53%).
- Training budgets cover external courses and conferences for nine in ten (88%) organisations, hiring external consultants and trainers for eight in ten (83%), but only cover salaries for in-house trainers in two-fifths (40%) of organisations.
- Seven in ten (71%) keep a record of the number of training/development days employees receive every year. This represents a median of four days among organisations which track such data.

Trends in learning and talent development

One of the aims of the CIPD *Learning and Talent Development* survey is to track changes in workplace learning, as well as identify anticipated trends for the next five years.

Effectiveness of learning and talent development practices

All organisations were asked which three learning and talent development practices they believe are the most effective. Activities showing an increase in perceived effectiveness since 2009 include: in-house development programmes (56% in 2010, compared with 48% in 2009), coaching by line managers (51% compared with

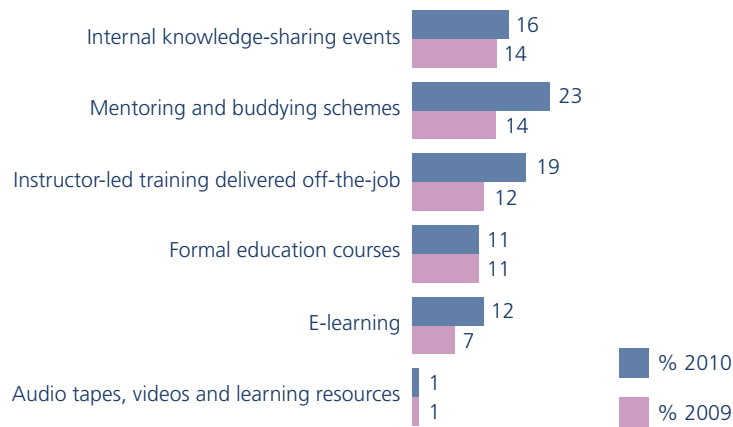
47%), and on-the-job training (30% compared with 27%). These are also the activities seen to be the most effective overall. Only external conferences, workshops and events, and coaching by external practitioners showed a decrease in perceived effectiveness compared with last year (respectively 9% compared with 16% and 16% compared with 18%).

Figure 1: Which of the following learning and talent development practices do you believe are the most effective?



Base: 2010: 724, 2009: 859

Figure 2: Which of the following learning and talent development practices do you believe are the most effective?



Base: 2010: 724, 2009: 859

Changes to learning and talent development

Overall, it would appear that organisations have switched to more cost-effective learning and talent development practices, perhaps in order to compensate for the reduction in all forms of external training brought about by cuts in external costs. Three in five of all organisations used e-learning (62%), or in-house development programmes (58%) more in the last two years, and over half (56%) increased coaching by line managers. The practice which has decreased the most is indeed the attendance to external conferences, workshops and events, with a quarter of organisations (26%) doing so less, and one in five having reduced their use of instructor-led training delivered off-the-job and coaching by external practitioners (20% and 19% respectively).

Who is responsible for determining learning and talent development needs?

Over half (53%) of respondents agree that learning and talent development specialists have primary responsibility for determining learning and talent development needs (up 13% points from last year). A third (33%) of respondents believe it is the main responsibility of senior managers, and three in ten respondents think it is the HR department or line managers' prerogative (30% and 29% respectively). Employees/learners are also expected by more than half (54%) of organisations to have some involvement in determining the learning and talent development needs of the organisation.

Activities that learning and talent development specialists spend most of their time working on

The tasks that learning and talent development (L&TD) specialists spend most of their time on are: delivering courses or spending time in a training facility (46%) and managing and planning learning and talent development efforts (46%). The biggest increase in time spent by L&TD specialists is on organisational development/change management activities (36% compared with 22% last year).

They are less involved in discussing implementations and building relationships with other managers (13%) and managing or organising delivery by trainers employed by their organisation (but not in the training department, (15%)).

Expected changes in learning and talent development over the next five years

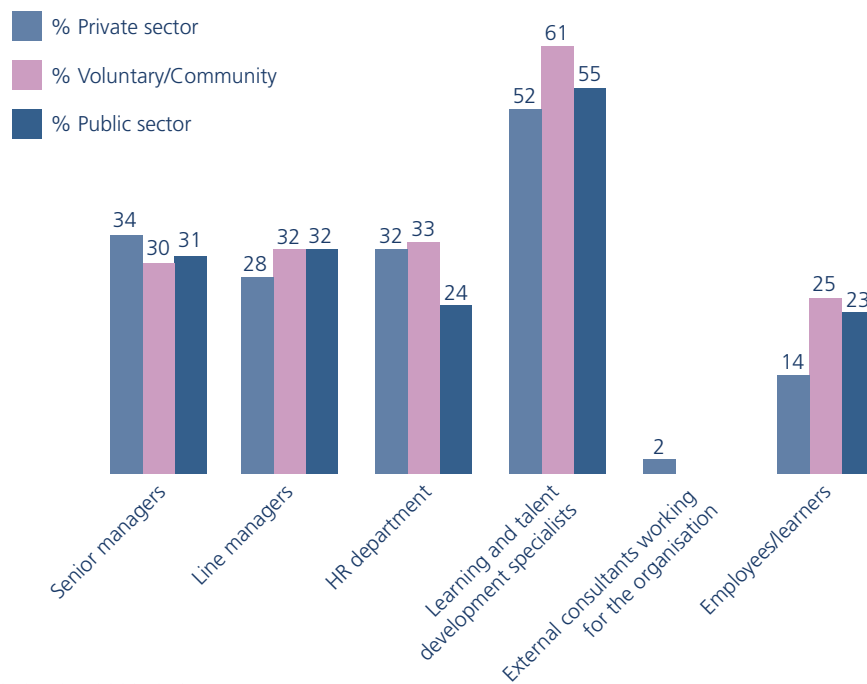
The biggest change anticipated over the next five years is a greater integration between coaching, organisational development and performance management to drive organisational change (46%), and a greater responsibility devolved to line managers (37%). Around three in ten also expect more emphasis on evaluation of training effectiveness (30%) and more use of short focused delivery methods like 'byte size' learning (28%). 'Byte size' learning generally takes the form of a series of very short training modules which are designed to improve participants' skills in areas such as performance management and leadership capabilities, changing their behaviour over time.

Table 1: To what extent are the following people responsible for determining the learning and talent development needs of the organisation as a whole? (2009 figure in brackets) (%)

	Main responsibility	Some involvement	Limited involvement	No involvement
Senior managers	33 (34)	54 (53)	9 (9)	1 (2)
Line managers	29 (34)	53 (51)	13 (11)	1 (1)
HR department	30 (34)	45 (47)	15 (10)	4 (7)
Learning, training and development specialists	53 (40)	24 (21)	7 (9)	9 (24)
External consultants working for the organisation	1 (1)	23 (18)	34 (30)	31 (44)
Employees/learners	17 (22)	54 (53)	21 (17)	4 (5)

Base: 2010 724, 2009 859

Figure 3: To what extent are the following people responsible for determining the learning and talent development needs of the organisation as a whole? (% Main responsibility)



Base: 2010: 724, 2009: 859

Employee skills

Following the wide impact of the 2006 Leitch report on the skills agenda in the UK, this section looks at skill deficiencies and key skills needed to meet future business objectives.

The Leitch report compared the skills levels of employees in the UK to those in 30 other advanced industrial nations and concluded that the UK was not performing as well as might be expected.

The Government response to this report was to put into place a range of initiatives and funding for management and leadership training. The Train to Gain initiative was created in order to provide the necessary skills to school leavers and students, as well as employees, to meet the UK's business needs of today and tomorrow (green/renewable energy sciences, social care, and so on).

However, in November 2008, an Ofsted report found there was 'little evidence' that Train to Gain was driving up employer demand for training, and that the service needed to adapt to survive the recession.

In 2010, the Learning and Skills Council will disband into several new quangos that will share its responsibilities. April 2010 also saw the introduction of a new right to request time off for training.

Perceived skill deficiencies among new employees

Following last year's identification of gaps in customer service and general people skills as key issues barring access to employment, these gaps were examined in more detail this year, broken down by school leavers, university graduates, and employees joining from other organisations.

Overall, it is not surprising that employees joining from school are considered to be more deficient in skills than employees joining from university or other organisations.

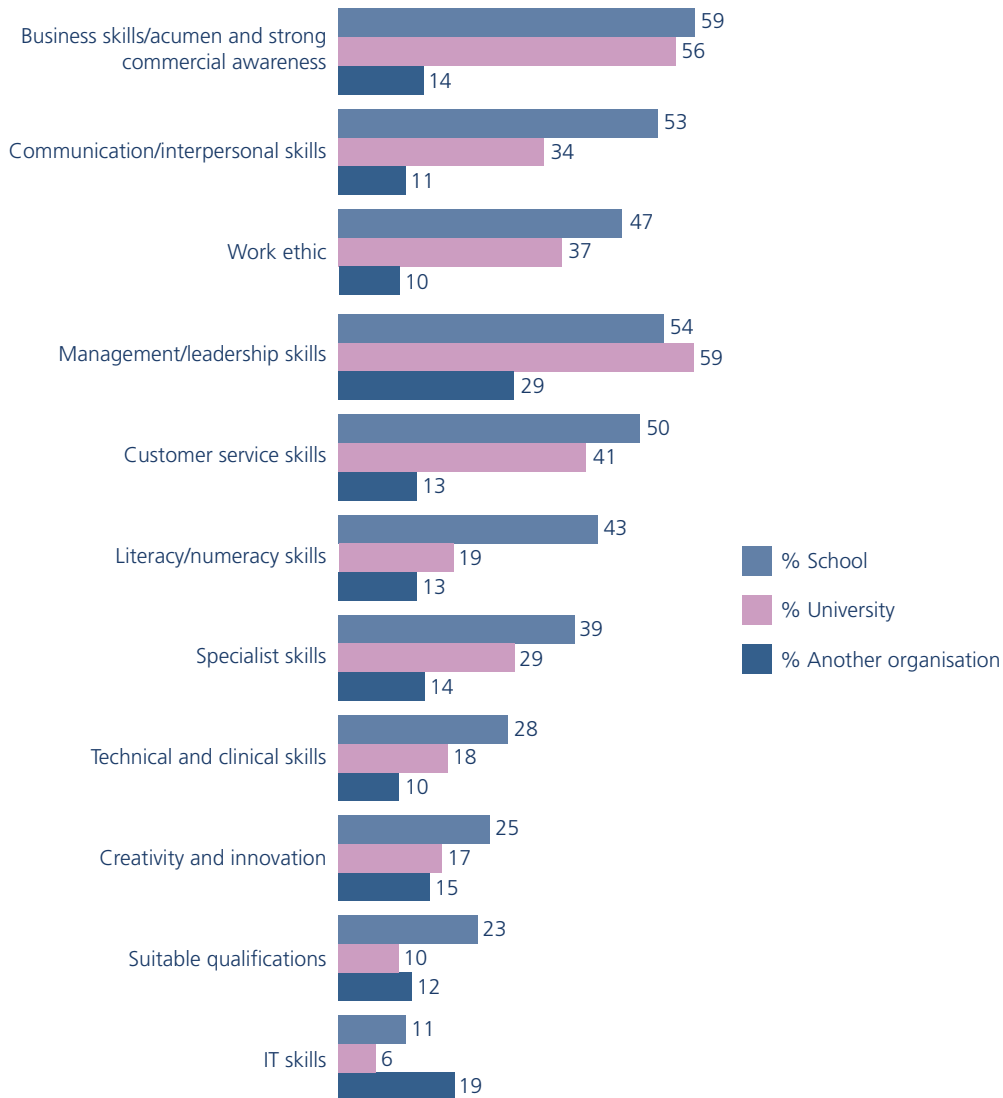
In line with last year's survey, the main skills that employers would like to see their employees more equipped with are business acumen and commercial awareness (59% of organisations saying this is relevant to school leavers, 56% for graduates and 14% for employees coming from another organisation), and management/leadership skills (54%, 59% and 29% respectively).

Skills also seen to be lacking among employees joining from school and university are customer service skills (50% and 41%), communication and interpersonal skills (53% and 34%), and work ethic (47% and 37%). Nevertheless, the latter indicates an improvement from last year, where over half (55%) of employers considered new employees joining from school, college or university to be lacking a suitable work ethic.

As for new employees joining from another organisation, they are also seen as most deficient in management and leadership skills, but only for three in ten employers (29%). They are also the group seen as most lacking in IT skills (19% compared with 11% for school leavers and 6% for university graduates).

Employers who are not using coaching see more skills gaps for all three groups of employees than employers who do use it. They see significantly more skills gaps in business acumen/commercial awareness and work ethic for all three groups, and significantly more gaps in IT skills and specialist skills in employees coming from school and university. This indicates the strong connections between a coaching and mentoring culture and wider learning and talent development.

Figure 4: Which of the following areas do you feel that new employees (joining from school/university/another organisation) are most deficient in?



Base: 724

Internships: the benefits to interns and to organisations

When asked about internships, just under four in five (78%) employers agree that internships are beneficial to interns in the long run, only 1% disagree. Three-quarters (76%) of organisations agree that internships can be used as a way to test potential new staff, although a significantly higher proportion of private sector organisations strongly agree with this statement (24% compared with 17% of public services). Moreover, seven in ten (69%) believe that internships are a good way to develop new talent in an industry,

although those using talent management activities are more likely to strongly agree (19% compared with 12% of those who do not).

They are less likely however to agree that interns help organisations in return, with just half of employers considering that internships can help to develop management and leadership skills among existing staff. Public sector organisations are more likely to agree with this statement (57% compared with 46% of private sector services). Over half (52%) of employers consider interns to be a cost-effective resource. One in ten

(11%) disagree, although only 1% 'strongly' disagree. Most likely to agree with this statement are organisations whose headcount and resources have decreased (both 58%). Finally, only a third (33%) of organisations agree that interns help firms improve their productivity, while a quarter (16%) disagree. Public sector organisations are most likely to agree (37% compared with 31% of private sector companies and 30% of voluntary and community sector organisations).

Remunerating interns

All organisations within the UK were then asked how they usually remunerate their interns. It should be noted that a quarter of UK organisations say they do not employ interns. Among those who do, the most popular way to remunerate them is to pay them more than the minimum wage for adults, but less than a full-time salary comparable to other workers (28%). This is particularly true in the private sector, where three in ten (31%) do so.

Overall, around half (49%) pay their interns at least the adult minimum wage, while one fifth (18%) do not pay them any salary but cover their travel

expenses. Smaller organisations are more likely to only pay interns for their travel expenses (34% of organisations of less than 1,000 employees compared with 11% of organisations of more than 1,000 employees). Only 3% do not pay them a salary or travel expenses.

Future skills requirements

The skills which employers consider they need to focus on in order to meet their business objectives in two years' time are mainly leadership skills (65%), front-line people management skills (55%), and business acumen/commercial awareness (51%), followed by project and programme management skills (33%).

Leadership skills are of particular focus in public services (69% compared with 60% in the private sector services). Business acumen/commercial awareness is of greater importance in the private sector (60% compared with 44% in the voluntary and community sector and 39% in the public sector). Project and programme management skills will be particularly needed in the voluntary and community sector (47% compared with 33% overall).

Figure 5: What types of skill, if any, does your organisation need to focus on developing to meet objectives in two years' time? (%)



Base: 724

Perceived deficiencies in leadership skills

When asked which leadership skills, if any, employers had identified particular gaps in, they identified fewer gaps in any skills this year compared with last year. The main gap identified by employers this year was performance management (71%), especially in the voluntary and community sector (84%), and leading and managing change (68%), especially in the public

services (77%). Performance management was also more of an issue for bigger organisations (73% of organisations that have more than 250 employees compared with 51% of small to medium enterprises (SMEs)). Leading people and people management, (76% – the most mentioned last year), only concerned two-thirds of employers this year (64%), although it still prevails in the voluntary and community sector (79%).

Figure 6: Which of the following leadership skills, if any, have you identified gaps in? (%)

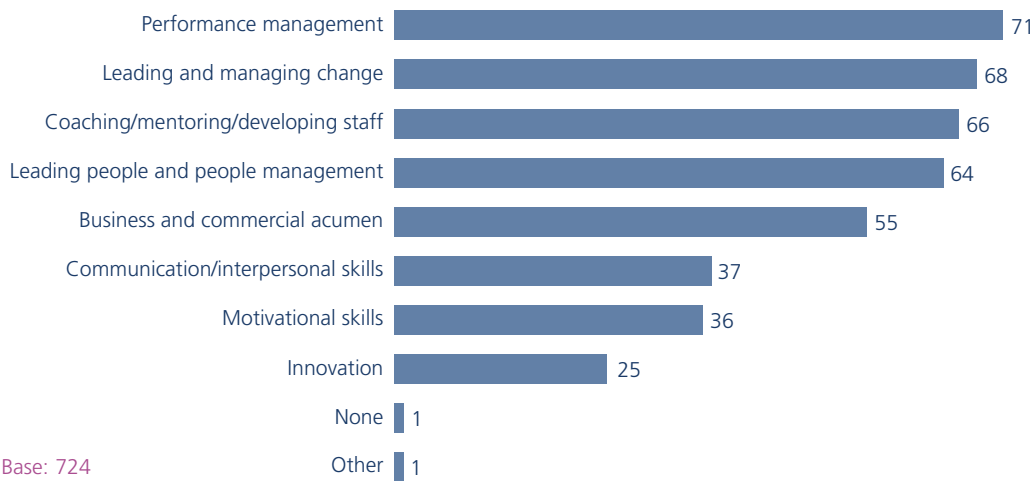
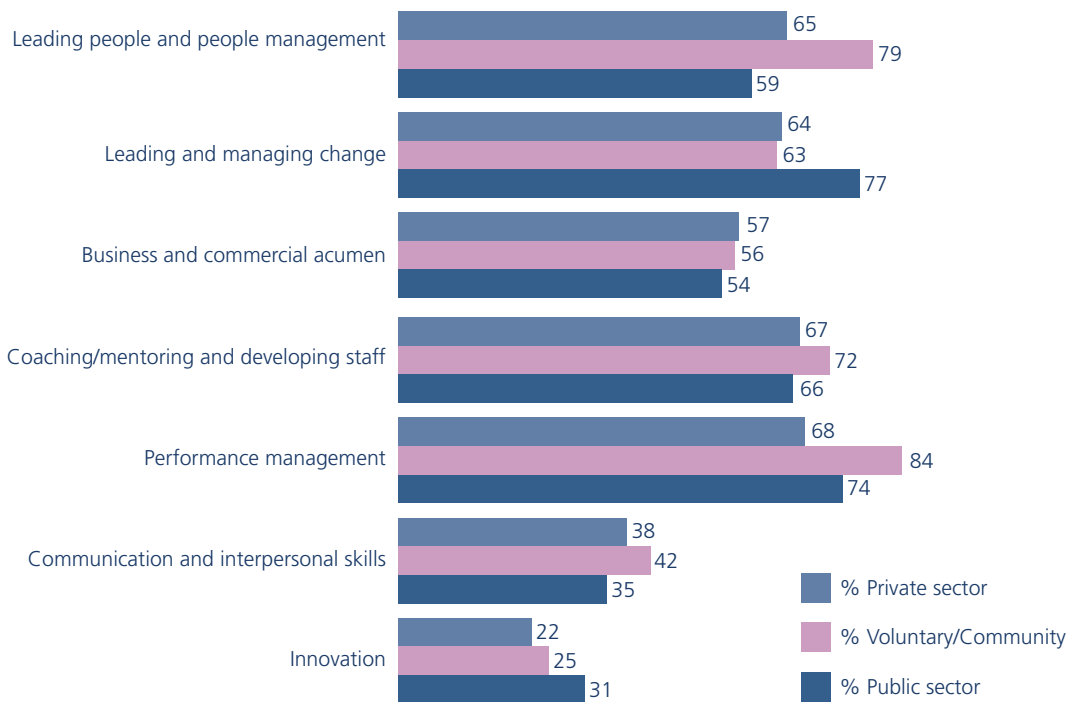


Figure 7: Which of the following leadership skills, if any, have you identified gaps in? (%)



Public sector mini case study: the Olympic borough that's learning to achieve

Few places in Europe face such huge challenges, alongside enormous opportunities, as the borough of Newham. Nowhere else in the UK is undergoing transformation on such a scale. There is huge potential for investment, growth and greater prosperity with an abundance of land for development, excellent transport links and a young, energetic and increasingly skilled workforce.

Developments like Westfield Stratford City, Canning Town and Custom House, the 2012 Olympic Games and Paralympic Games and the Royal Docks make Newham an exciting place to live, visit or do business in. London is moving east and Newham is at the centre of that change - and working for the council means that every member of staff has the opportunity to have an impact on the quality of local people's lives.

To take advantage of the opportunities the council needs a high performing, responsive and motivated workforce. That can be achieved by business-focused learning and talent development.

Andi Frangeskou is the Training Manager responsible for the council's 238 Council Tax and Benefits employees and managers. She has identified the key learning and talent development challenges for that service to be:

- helping staff achieve performance and behaviour at their grades
- helping managers and staff understand their role and responsibilities in the learning and talent development (L&TD) cycle
- finding innovative ways to train staff and continuously refresh knowledge and skills with minimal disruption to service delivery
- finding ways to carry out meaningful evaluation of training and impact on the service
- helping all staff achieve on skills and qualifications.

As Andi explains, the rules and regulations around council tax liability and benefit entitlement are complex, constantly changing and are likely to change even more in the future as governments and councils seek to balance the books. It's a big learning and talent development challenge to get employees to understand these issues, all of which have a firm legal dimension and which can form the basis of expensive claims. It's also important for people to get benefits paid accurately and on time.

As problems at the Student Loans Company and the former Child Support Agency show, it's easy to get these vital services wrong. Good training for both efficient processing and customer service is the best way to minimise the risk of getting it wrong.

Whilst our learning and talent development survey shows an increase in the use of e-learning with six in ten organisations reporting increased use of these methods, in Newham and, we would suspect, in other councils such training is firmly in the realm of the classroom. In Andi's experience the use of e-learning, even for course preparation, was less useful than the classroom method.

'Because of the complex nature and area in which we work it is often better to have classroom sessions in order to give staff the time and space to ask questions and work through the issues. We had tried to use e-learning as a precondition to attending training but many staff commented that they did not have time to complete or properly consider the package due to pressures of work and so rushed the package at the last minute.'

(continued)

Public sector mini case study: the Olympic borough that's learning to achieve (continued)

However it might be appropriate to use such methods to review and refresh the learning which takes place.

Different issues arise with management training. Around 50 managers and specialists need to be trained regularly in process and legislative changes as well as developing their key people and resource management skills. About 65% of organisations are prioritising leadership and management skills and about 55% are focusing on people management according to the survey. In Newham Council Tax and Benefits this training is implemented in blocks of four sessions, ensuring minimum operational disruption whilst allowing managers and more experienced officers to 'cascade' their own learning through their reports and provide some form of support through coaching until other staff can attend future sessions. This helps keep managers in the learning loop which is crucial to ensuring that employee learning is supported.

There is a problem with this type of training. The compliance focus might mean that staff buy-in to training is compromised, and staff see learning and talent development not as an opportunity to build skills and capabilities and to move up the organisation but as something which is to an extent about ticking boxes and 'complying'.

'We are trying to be more proactive about training and to include subjects that meet the needs of staff from a personal development point of view, for example soft skills and complex areas, which are specifically identified by staff and managers through our "High Performing Newham" appraisals scheme. Roles and responsibilities are clarified with objectives that are linked to service and corporate plans and supported by identification of learning and talent development needs to achieve goals.'

A key training effort in soft skills, such as customer service and other areas such as project and people management, are part of that effort. This fits with our survey findings. A new focus on communicating the council's objectives and its role in the community is also undertaken.

The team has also been working hard at aligning its learning and talent development interventions with the needs of the council and the operational requirements of departments.

'In Council Tax and Benefits we need to ensure that new staff are ready and that when we design training we do it in a way that causes as little disruption as possible' comments Andi.

Busy learning and talent development specialists are also finding an increasing need for training due to organisational restructuring, job redesign and redeployment. Furthermore, emphasis on costs and targets means that design and delivery has to be fitted into 'the spaces between work'. According to Andi this brings the relevance of learning and talent development into sharper focus for managers and helps staff to apply their learning on-the-job. It also means the organisation helps to develop the flexibility and agility it needs to respond to changing demands. As the council cost-crunch bites in today's public sector environment, these capabilities are becoming more important than ever. Learning and talent development specialists have a key role in helping deliver the added value of good people development, especially in these straitened times.

There is also an issue in the public sector about the nature of recruitment and progression and the demographics around workforce planning where learning and talent development (L&TD) has a big part to

(continued)

Public sector mini case study: the Olympic borough that's learning to achieve (continued)

play. Many councils have ageing workforces and although many will remain longer in the workforce, many will also retire. Given the likelihood of recruitment freezes as councils try to balance cuts in central government grant, getting real value out of the existing workforce will become critical. It will require people to step-up to new skills challenges.

Wider learning

In the wider council, learning and talent development is a priority. Working with government skills programmes such as Train to Gain, Newham has achieved the GO (Get On) award for basic skills excellence in areas like English, maths and IT applied to the workplace. This leads to a recognised qualification, often for people who have never earned such a credit. Courses with qualifications are available to all employees. Newham also participates in the National Graduate Development Programme (NGDP), set up by the local authority improvement authority (IDea). All in all Newham is learning to drive the advantages from learning in both the Council Tax and Benefits Service and across the organisation.

Purpose of leadership development activities

In the next 12 months, the focus of leadership development activities will concern overall organisational goals and objectives rather than more specific ones: improving the skills of leaders to think in a more strategic and future-focused way (42%) and enabling the achievement of the organisation's

strategic goals (39%). Both of these represent a decrease compared with last year (42% compared with 48% last year, and 39% compared with 50% last year respectively). On the other hand, accelerating change within the organisation as a focus for leadership development activity has increased by 11% points (29% compared with 18% last year).

Figure 8: What will be the focus of leadership development activities within your organisation in the next 12 months? (%)



Base: 724

Promoting the value of learning for business impact building business-focused learning at Nationwide

As its slogan goes Nationwide is 'proud to be a building society'. Nationwide is Britain's biggest mutual building society owned by its customers, and with its focus on core banking and financial services it has been a resilient player despite recent economic events.

The banking crisis has shown the values of 'narrow' banks which simply take deposits and provide loans and basic financial services. By avoiding lucrative but potentially destabilising activities like investment banking and bond trading, they ensure that neither customers nor taxpayers are exposed to undue risk. In a sense that's what building societies like Nationwide have always done, but their core values and strengths have become even more important. Whilst the mutual model may be focused the vision is ambitious. Nationwide is driving major change through its business in order to serve its customers more efficiently and effectively. It aims to grow its business sustainably to become a safer haven for savings, investments and loans.

Nationwide is the world's largest building society with around 15 million customers and assets of around £200 billion. The Society is the UK's third largest mortgage lender and third largest savings provider. The Nationwide Group has around 720 branches and approximately 16,000 employees. Training and development has played a major part in the strong performance of Nationwide in recent times. Julie Foster is a Training and Development Manager, part of the Training and Development Team responsible for training across the business including the retail branch staff. Quality training and development of these customer-facing people is crucial at many levels.

In light of recent and past events in the financial services industry, the regulation around selling banking and insurance products is very intense. As part of a team that provides training for retail staff, the 'face' of the organisation at branch level, Julie is responsible for ensuring they are equipped with the knowledge and skills to provide a quality service to Nationwide's customers. This incorporates several roles ranging from Customer Representatives who can open savings accounts through to Customer Account Managers, Mortgage Consultants and Senior Financial Consultants who provide more bespoke financial planning advice on a range of products and services. Retail banking is still a very competitive industry especially as many of the banks which have been bailed out by the Government are offering products and pricing guarantees which cannot be matched by those lacking government subsidy. The challenge for financial institutions such as Nationwide is to deliver products and services which provide long-term value for its customers to ensure that it can continue to thrive in this hyper-competitive market.

Learning and talent development challenges

There is a need to ensure that training and development helps to get people ready to provide excellent customer service, and in today's environment the balance between the learning function and operational business needs has never been sharper. This is especially so as in the wake of the financial crisis the spotlight on staff training and the nature of advice becomes even more important. Fortunately the training and development departments are rolling out better training delivery structures across all the main employee groups. Julie Foster takes up the story:

(continued)

Promoting the value of learning for business impact building business-focused learning at Nationwide (continued)

'Senior Financial Consultants (SFCs), are key members of our branch staff who provide our customers with financial planning advice in complex areas such as equity backed investments and protection solutions. We are investing in these advisers who give specialised and bespoke advice by equipping them with knowledge and skills which will take them to a new level. Working with their professional CPD body, the Institute of Financial Services (IFS), we are sponsoring them towards a new diploma which we believe will equip them for their complex role. The learning process is innovative. It's a blended approach with a mix of classroom, online, distance learning and CD-Rom. This approach can really help people to learn in the workplace and to apply their learning whilst ensuring that they are qualified to the highest level which is a requirement of the Retail Distribution Review.'

Nationwide also puts all of its new recruits into front-line customer service roles through a regulated Sales and Service programme which ensures that they are ready to contribute productively and serve customers as soon as possible. As CIPD's Value of Learning research shows, getting employees job-ready is a critical function of training and development. Over the last twelve months, Nationwide have taken the timescale down from 20 weeks to 12 weeks and are aiming to get it as low as 8 weeks. That provides a noticeable productivity boost as new staff are eager to get to work and to contribute to the business. They are asked to take part in pre-course work prior to attending the programme and to study as much as possible outside the classroom environment. That helps build the responsibility of employees for their own learning and talent development and builds their commitment to take ownership for future programmes. This ensures that people in the business are constantly learning and more importantly engaged in their own learning. All customer-facing staff benefit from excellent training, not just the regulatory and core retailing skills but also the 'soft skills' of customer service and working in teams, all of which build their own capability and ultimately provide career opportunities and progression.

Building a learning society

Nationwide is also interested in developing education and learning beyond its own walls. A new education website for school pupils emphasises the Society's commitment to the community, with information on the importance of learning the key skills of financial management, road safety and the environment. Nationwide continues to improve its learning and talent development as it recognises that a highly skilled and motivated workforce will deliver high levels of customer service and drive value in a very challenging environment. A mutual building society which has never strayed from its core products and services is ensuring its future with business-focused learning and talent development.

Learning and talent development (L&TD) in international organisations

Learning and Talent Development (L&TD) is the new CIPD HR Profession Map definition of Training and Development. L&TD focuses on how training builds skills and talent within organisations.

Perceptions of Learning and Talent Development in organisations' international development

When organisations with offices in more than one country were asked whether L&TD is seen as a key driver for the international aspect of the business, almost two-thirds (64%) agreed. This applies more to the private sector than the public (66% of the former, compared with 55% of the latter). Only 13% of international organisations disagree, although those who strongly disagree are most likely not to use talent management activities or coaching (5% strongly disagree compared with 1% of those who do, and 8% compared with 1% respectively).

Slightly fewer (57%) international organisations agree that L&TD is key to having trained expatriates and local staff in international locations. However, organisations with offices in more than ten countries are more likely to agree (67% compared with 57% overall). Moreover, only half (53%) of international organisations disagree that L&TD does not feature that highly in their international strategy, while a quarter (27%) agree with this negative statement, especially those in the public sector (42%). Again, those using talent management activities are more likely to grant a high place to L&TD in their international development strategy (59%) compared to those who do not (39%).

How many employees are concerned by L&TD?

A third of organisations with offices in more than one country conduct a specific L&TD activity with managers who have international responsibilities. The likelihood

of this being the case increases both with organisation size (41% of organisations with over 5,000 employees compared with 34% overall) and the number of countries these organisations operate in (50% of organisations with offices in more than ten countries).

Current use of methods of Learning and Training Development

The methods used for this purpose are coaching and mentoring (83% of international organisations carrying out specific L&TD with managers who have international responsibilities), training on-the-job (74%), classroom courses and instruction (72%), e-learning (49%), top management mentoring (41%), continuous professional development (40%), and relevant professional qualifications (30%). Only a quarter use corporate university programmes (26%) or MBA or other masters programme (24%).

Overall, the likelihood of international organisations using any kind of programme to nurture talent tends to increase with their employee size and the number of countries they operate in. The most popular programme is organisation-wide (e.g. across all locations) talent management programmes for high potentials (55%), notably for those with a specific training budget (58% compared with 45% of those who do not have such a budget). The second most popular way to nurture talent in international organisations, used by just under two in five organisations (38%) is coaching and mentoring to help international staff move into key roles.

Skills required in expatriate staff for the future

When asked what skills will be needed by expatriate staff to meet business objectives in two years' time, organisations rate management and leadership skills first (42%), followed by intercultural skills to help raise awareness of other cultures (40%) and then people management skills (32%). Also, management and leadership skills in expatriate staff are deemed more necessary to meet business objectives in two years' time in organisations whose headquarters are based in Europe (44%) than those based in North America (27%).

Foreign language skills

While just over a third (36%) of organisations operating in more than one country currently have a programme to equip staff with foreign language training, more than

half (52%) do not. Larger organisations are more likely to have such a programme (46% of organisations with over 5,000 employees compared with 36% overall).

Those using talent management activities are more likely to have language programmes for their staff (42% compared with 36% overall).

Around three in ten (29%) international organisations say their staff require training in English, a quarter (23%) in French and around a fifth in Spanish (18%) and German (17%). For these last three languages, an understanding of technical terms and a conversational level is the most important, while fluency in English training is a need for three-quarters (73%) of such organisations.

International Learning and talent development: SMART Smelting and Continuous Improvement at Bahrain Aluminium

Bahrain advertises itself in the international business press as a country built on solid foundations. An early developer in oil and gas exploration, it has also been quick to anticipate a future without petrochemicals. Since the early 1960s it has diversified away from oil and gas into key sectors like manufacturing, science based industry and banking and finance. Its world leading Aluminium Smelting corporation has been at the forefront.

Mohammed Sheikh is the Group Operation Director for Bahrain Aluminium company (Alba). The company has won an award in 2010 from the International Federation of Training and Development Organisations (IFTDO) for global excellence in learning and talent development. Alba have made the improvement of their people a priority as they seek to grow in a competitive global market for metal manufacture. Alba has been working on this for some time. Formed in the 1960s the smelting plant now produces just under one billion tonnes of primary aluminium per year. Whilst reaching this level it has kept an eye on costs and Alba has managed its impact on the environment and grown quality jobs and skill for Bahrain.

With expansion to five 'reduction lines' in 2004 and new downstream expansion, the company introduced a new high performance working system called 'Smart Centres'. This develops employee involvement and teamworking aimed at improving key safety, quality and cost indicators. Smart Centres is very much a balanced scorecard approach driven by learning and talent development. The process allows teams to continuously collaborate and innovate, simultaneously solving problems and improving performance.

(continued)

International Learning and talent development: SMART Smelting and Continuous Improvement at Bahrain Aluminium (continued)

As Mr Mahmood explains:

'We drive improvement and quality down to the level where the work gets done. We get people at the production line level to take ownership of their own KPIs so that they are measuring their performance strategically. We have lots of education and support and buy-in to get to that position.'

The company also makes use of engagement and communication processes to highlight the crucial importance of quality improvement and increased productivity. The measures are simple, well understood and widely circulated helping employees at all levels to engage with the mission. Real-time displays on key measures and events and incentives drive the relentless focus on safety, quality and productivity.

However Mr Mahmood recognised that there would be resistance. The approach meant moving away from traditional models of management in process engineering. The 'tell them' or 'just do it' approach would not work if the goal was to get continuous improvement in quality reliability and productivity. 'Workers had to be trusted and empowered' he explains. One of the key obstacles to getting away from the 'just do it' style of management which blunts employee responsibility is the attitude of managers. 'Managers in this setting need to be leaders', as Mr Mahmood explains, 'and the leadership development has to be there for them.' Thus they develop much more of a 'coaching' style of management, and spend more time ensuring that their employees are equipped and supported with the appropriate tools and capabilities. Any resistance dissolved when the benefits of joint problem solving and teamworking became apparent.

Alba directors have set tough targets: a 20% reduction in Lost time to Accidents (LTAs), an improvement in employee engagement (perception) of 2% per annum, a similar annual cumulative reduction in operating costs and an increase in employee productivity of 5% per annum.

The award winning performance has been driven by a commitment to helping employees improve and develop. Thus one of the big goals was to improve employee morale and that is achieved through providing learning and talent development opportunities for employees. Alba continues to be a cornerstone of Bahrain's development with its remit of reducing oil and gas dependency, and developing new skills and capability for the Island population. It has innovated in enlightened people management ever since, with the first initiatives on employee engagement and joint consultation. In advance of other Gulf countries, Bahrain has been able to build the skills of its local population to the extent that of 3,000 Alba employees, 90% are nationals. The quality of the Island's vocational training system helps, as does the commitment of its leading companies to learning and talent development.

The company provides a route for graduate engineers and apprentices into this strategic industry and its success shows the bottom line impact of Learning and Talent Development for Alba and Bahrain.

Talent management

Talent management is increasingly being recognised as an essential organisational strategy. This section is designed to assess the extent of talent management activities undertaken, the objectives of these and how effective they are felt to be.

Current use of talent management activities

In comparison with the results from the 2009 *Learning and Development* survey, the proportion of employers undertaking talent management activities has increased from 36% to 59%, meaning that it is now even greater than levels observed in 2006 (51%). Organisations operating in the private sector are significantly more likely to undertake such activities (64%), as are those with a specific training budget (62%). The likelihood of organisations having talent management activities increases proportionally to the size of the organisation and the number of countries they operate in.

Effectiveness of talent management activities

Among those undertaking talent management activities, half (50%) consider them effective, although only 3% consider them 'very effective'. The smaller the organisation, the more effective they tend to be considered, while those who do not have a specific training budget evaluate them as significantly less effective (40% compared with 52% of those with a budget).

Employers undertaking these activities find that among the three most effective activities to manage talent are coaching (39%), in-house development programmes (32%), and high-potential development schemes (31%). Three in ten (28%) find 360-degree feedback among the most effective.

Figure 9: Of the talent management activities used by your organisation, which are the most effective? (%)



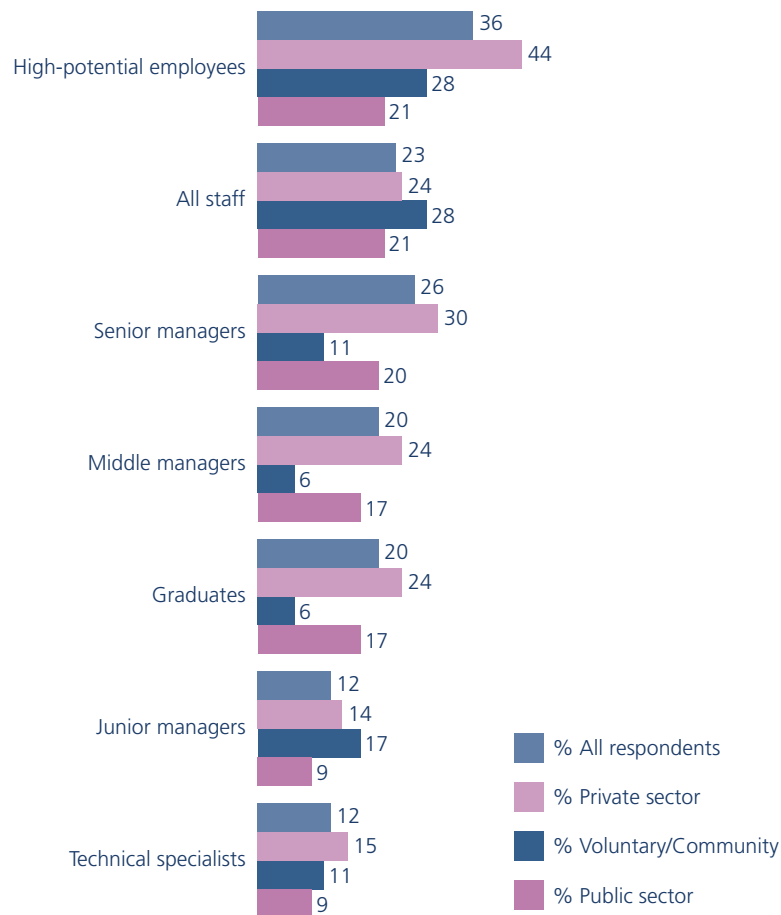
Base: 425

Who is covered by talent management strategies?

These talent management activities tend to be directed at high-potential employees (62% aiming these at all or a majority of high-potential employees) and senior managers (49%).

Smaller organisations are much more likely to include all staff in their talent management activities (39% of SMEs) than larger organisations (20% of organisations with more than 5,000 employees).

Figure 10: Which of the following groups of employees are covered in your talent management strategy? (% All)



Base: 425

Objectives of talent management activities

For two-thirds of organisations, the main objectives of these talent management activities are to develop high-potential employees (67%, a decrease of 8% points from last year), and to grow future senior managers/leaders (67%, a rise of 6 points). The third main objective is to meet the future skills requirements of the organisation (36% of organisations).

Evaluation of talent management strategies

In line with last year's results, the three most common ways to evaluate talent management activities are: to obtain feedback from employees involved in talent management initiatives (48%) or from line managers (42%), measuring the retention of those identified as high-potential (35%), and the anecdotal observation of change (35%).

Figure 11: What are the main objectives of your organisation's talent management activities?



Base: 425

Figure 11: How is the effectiveness of talent management practices evaluated in your organisation? (%)



Base: 425

Diversity

Integration of diversity and equality in talent management

Of those organisations which undertake talent management activities, four-fifths (81%) integrate diversity and equality considerations in their talent management processes to at least some extent. By contrast, a fifth do not integrate diversity or do not know if they do.

Diversity and equality are more likely to be integrated in public sector management processes (78% say it is integrated to a great or a fair extent compared with 54% in the private sector).

Challenges to diversity and equality

The main diversity challenges organisations face are ensuring that all employees are given equal opportunities to develop their full potential (across all locations) and getting managers to embrace diversity and accept cultural differences (both mentioned by 4% of organisations). The lack of applications from diverse ethnic groups/ethnic minorities comes third, with 3% of employers considering diversity citing it as a barrier. One organisation commented that there is:

'Limited diversity in the workforce as a whole because of supply mainly through university programmes. Some professions are not attracting the richest pool of candidates from school. Also the focus tends to be on black and minority ethnic staff and gender rather than disability or sexual orientation because we still have cultural barriers to discussing these.'

Successes and learning from integrating diversity into talent management

The most notable key successes and learning gained from the integration of diversity and equality in the workplace is having access to a wider pool of potential candidates. One organisation revealed that:

'Using data to identify "hidden" talent has enabled us to focus development on some groups of staff who would not necessarily have been identified for development for future roles by their manager. Carrying out succession planning at an organisational level has enabled us to identify opportunities for individuals outside of the normal narrow upward promotional trajectory.'

Other benefits to organisations include: ensuring equality and diversity at work, talent management being available to all, sharing of knowledge and best practice, a better understanding of different cultures, and an increase in the motivation of employees.

Managing and evaluating coaching

Coaching

Coaching takes place in four-fifths (82%) of organisations. Although this is consistent across sectors, bigger companies are more likely to make use of it (86% of organisations with more than 250 employees compared with 62% of SMEs). It is also more likely to happen in organisations with a specific training budget (84% compared with 72% of those who do not have one).

Evaluation of coaching

Among organisations using coaching, only a third (36%) have a system to evaluate it. This system relies mainly on the collection of post-course evaluations (58%), individuals' testimonies (56%), on assessing the impact on business KPIs of coaching (44%), and measuring the return on expectation (40%). The collection of post-course evaluations is used more extensively in the public sector (69% against 53% of private sector services), whilst assessing the impact of business KPIs on coaching is more common in the private sector (53% against 34% in the public sector).

Preparing for coaching interventions

When considering coaching interventions, seven in ten organisations either frequently or occasionally discuss the organisation's expectations of coaching with the line managers and coaches (71%), and assess the likelihood that individuals/teams will benefit from coaching before embarking on it (69%). More than half (55%) specify the outcomes at the outset linked to the performance and appraisal system, while only two in five (40%) contract with the parties involved to ensure data is collected for evaluation.

Monitoring progress during coaching

While using interventions, a third (32%) frequently discuss the progress of individual coaching interventions at appraisal and performance reviews, and one fifth (18%) frequently collect and analyse data about the progress of coaching at agreed intervals. Only 13% frequently discuss the progress of coaching as an intervention at management meetings.

Economic circumstances and training spend

Change in organisations' economic circumstances

A majority of organisations (65%) say that their economic circumstances have worsened in the past 12 months, compared with 46% in 2009, when the recession had already begun. Public sector organisations are most likely to describe their situation as worse than before, (77% compared with 65% overall), and it is a similar story for larger companies (70% of organisations with over 5,000 employees compared with 58% of SMEs).

The impact on funds available to learning and talent development (L&TD)

It is therefore unsurprising that funds available for learning and talent development in the past 12 months have decreased for over half (52%) of organisations. It is worth noting that organisations whose funds have decreased are also more likely to have a smaller headcount. Three-quarters (74%) of organisations whose headcount decreased also saw their funds available for learning and talent development decrease in the past 12 months, compared with a quarter of those whose headcounts increased.

Table 2: How would you describe the economic/funding circumstances facing your organisation in the past 12 months? (%)

	Private sector	Voluntary and community	Public sector
Better	8	5	3
Same	33	32	20
Worse	58	61	77

Base: 724

Table 4: How has this affected the funds available for learning and talent development in the past 12 months? (%)

	Private sector	Voluntary and community	Public sector
Increased	8	16	5
Stayed about the same	36	44	39
Decreased	54	39	54

Base: 724

Table 3: How would you describe the economic/funding circumstances facing your organisation in the past 12 months? (%)

	249 or fewer employees	250–999 employees	1,000–4,999 employees	5,000+ employees
Better	7	6	5	5
Same	34	27	29	25
Worse	58	66	63	70

Base: 724

Table 5: How has this affected the funds available for learning and talent development in the past 12 months? (%)

	249 or fewer employees	250–999 employees	1,000–4,999 employees	5,000+ employees
Increased	8	10	7	6
Stayed about the same	37	43	42	33
Decreased	53	46	49	59

Base: 724

Future of learning and talent development funds

Only one in ten employers (11%) expect these funds to increase in the year to come, a decrease of 3% points since 2009, while a similar proportion to last year expect funding to stay the same (46%), and four in ten (41%) expect it to decrease, up 5% points since last year's survey.

Table 6: How do you expect the funding of learning and talent development to change in the next 12 months? (%)

	Private sector	Voluntary and community	Public sector
Increased	15	9	3
Stayed about the same	30	33	77
Decreased	52	51	19

Base: 724

Table 7: How do you expect the funding of learning and talent development to change in the next 12 months? (%)

	249 or fewer employees	250–999 employees	1,000–4,999 employees	5,000+ employees
Increased	11	16	10	9
Stayed about the same	33	38	51	53
Decreased	54	44	36	35

Base: 724

Table 8: Budget and training days received in the last 12 months, by sector and size (%)

	Respondents with a budget	Median budget per employee	Median training received per employee (days)
Sector			
Private sector	75	320	4.27
Voluntary and community	79	253	4.1
Public sector	85	116	4.59
Size			
249 or fewer employees	60	320	4.47
250–999	80	286	4.16
1,000–4,999	83	135	4.43
5,000+ employees	84	222	4.14

Changes to Learning and Talent Development departments' headcounts and resources

Learning and Talent Development departments' headcounts have decreased in the last year for 35% of employers, while resources available have stayed the same for two-fifths (41%), and decreased by a similar proportion (42%).

Headcounts and resources are most likely to have decreased in larger organisations, and the public sector is most likely to have seen its resources decrease (49% compared with 42% overall).

Main changes in organisations' Learning and Talent Development departments over the last year include the department becoming more business-focused (38%), a reduction in external suppliers and a move to in-house provision (31%). One in five made redundancies of staff (20%) or rationalised and reduced their department (this could include redeploying staff, 18%).

Training spend

Most organisations surveyed (78%) have a training budget, with a larger proportion of organisations in the public sector having one (85% compared with 75% in the private sector). SMEs are less likely to have a specific training budget, as are those which do not undertake talent management activities (60% and 72%, compared with 78% overall respectively).

Of the 724 respondents 621 were UK based. Of the 302 UK based respondents (49%), who provided usable and complete data on learning and talent development spend the median spend per organisation was £200,000 and the median number of employees covered was 800. Median spend per employee for those UK organisations who provided data is therefore £250. For comparison the median training spend per employee in 2009 was £220, substantially less than 2008 (£300) and the previous two years (£272 (2007) and £278 (2006)).

One hundred of the total respondents were 'non UK' based. Of that number precisely half provided usable and complete information on learning and talent development spend. The median budget reported in these cases was £150,000 and the median number of employees covered was 500, meaning that median spending per employee for those organisations providing data was £300.

Success in securing government funding

Amongst UK organisations, a quarter (25%) consider themselves very or fairly successful at securing government funding, notably apprenticeship funding (57%) and Train to Gain for basic skills funding (53%). Employers are least likely to have secured funding via the Union learning fund (9%).

Training covered by the budget

Training budgets cover external courses and conferences for nine in ten (88%) organisations, hiring external consultants and trainers for eight in ten (83%), but only cover salaries for in-house trainers in two-fifths (40%) of organisations. Smaller organisations are more likely to include external courses and conferences (96% of small to medium enterprises (SMEs) compared with 84% of organisations of more than 5000 employees). Larger organisations tend to include salaries for in-house trainers and training technology (54% of organisations that employ more than 5000 staff compared with 40% overall and 69% compared 63% overall respectively).

Number of days of training per employee per year

Around seven in ten (71%) keep a record of the number of training/development days employees receive every year. This represents a median of four days among organisations which track such data, a decrease of one day compared with last year, although it is slightly higher in the public sector (closer to five days). On average, employees receive eight days of training a year, which is an increase of two days compared with last year.

Ipsos MORI conclusions and implications

Conclusions and implications

Emerging from a recession-dominated couple of years, the findings of this survey suggest that the majority of organisations experienced worse economic circumstances this year than in the preceding twelve months. The majority saw their learning and talent development funding decrease or remain static.

It is clear that budgetary cutbacks have had a marked effect, with the use of external conferences, workshops and events all showing a significant decrease since the previous survey, and an increased pressure on in-house resources, compounded for some by redundancies among L&TD staff.

Of concern is that the school and university leavers are continuing to show deficiency in key skills, and this has significant implications for ongoing investment in relevant training programmes.

A rapid growth in talent management activities is evident, with nearly three in five organisations now undertaking these. The focus of these activities is on developing high-potential employees and growing future managers/leaders – linked to the current trend towards transformational leaders who have ‘a strong impact on individual, team and organisational performance, develop their people and are seen as more effective and satisfying to work for.’¹

Somewhat worryingly, only half believe talent management practices to be ‘effective’ and a significant proportion ‘ineffective’, which suggests scope for improvement in this area. Talent management practices are evaluated in a variety of ways, although there appears little common ground among organisations for such assessment.

Encouragingly, the use of coaching by line managers continues to rise, with coaching now employed in the vast majority of organisations. It is regarded as one of the most effective practices in use. However, the evaluation of coaching is not yet widespread, with only a third of organisations evaluating it at all. There also remains further opportunity for the development of coaching and mentoring skills among managers and leaders.

In-house development programmes are still seen as the most effective L&TD practice. It is interesting that although the uptake of e-learning continues to rise, it is not highly rated for its effectiveness, compared with other practices.

Learning and talent development is widely supported as a key driver of international skills and talent, although there remains more opportunity to conduct specific L&TD activities for managers with international responsibilities. Among expatriate staff, inter-cultural skills and diversity skills are seen as key for the future, in addition to the leadership and people management skills which are needed across all organisations and employees.

Overall, leadership and front-line people management skills are regarded as a catalyst to the achievement of organisational business objectives for the future. Performance management and change leadership/management skills are essential to deliver, as is a greater sense of business acumen. A strong focus on strategy will be beneficial to support this, as is the development of high-potential individuals and the production of common standards of leadership behaviour. A greater future responsibility for line managers is clear, although their own skills development remains high on the agenda; the potential risk here is for managers to be further empowered, without the relevant skills development to support it.

¹ Professor Beverley Alimo-Metcalfe, Real World Group

For learning and talent development (L&TD), the worst may be over, but recovery is likely to be a gradual and lengthy process. The expectation of the vast majority of professionals is that L&TD funding will remain the same or decrease. The ongoing challenge for L&TD professionals will be to harness their resources in integrating coaching, performance management and organisational development to drive forward organisational change. It will be particularly important for professionals to ensure that their L&TD activities are even more closely aligned with business strategy and to be able to assess the return on investment generated.

CIPD implications and insights from the survey

The danger of hibernation

These trends indicate a sharpening focus towards 'in house' provision and a determination to make use of existing resource. It also signifies an energising of the learning culture within organisations, as employees mentor and coach, capture the tacit learning from projects, and pull learning insights in from cross-boundary working. The decline in external conferences and events might be expected as organisations retrench, but much good learning and talent development practice can be obtained at such events particularly the ideas-sharing and collaboration necessary to drive learning and talent development insights. There is every indication that the fall of external activity is a temporary issue but a trend towards 'hibernation' where professionals are locked long term in their own organisations would be a concern. It will be interesting to monitor these trends in forthcoming surveys.

Organisational development and learning and talent development: the link becomes real

The trend towards greater involvement in organisational development (OD) and change management is a welcome trend. It is clear that organisational development and design will become increasingly important as organisations seek to change, innovate and to link learning to organisational goals. The CIPD's Shaping the Future project addressed these issues in depth across six major case studies covering both the private and public sector. Of more concern is that practitioners are less involved in discussing the design, delivery and impact of learning with other managers. This alignment issue is a key one as L&TD seeks to build its reputation and impact.

Coaching and mentoring: is delivery focus blurring value?

Coaching 'take up' is higher than ever. Over four-fifths of the organisations surveyed use coaching. This suggests that many L&TD interventions are being

re-badged – as was suggested in the results from the CIPD's interim *Taking the Temperature of Coaching* survey (2009). However, only around a third evaluate coaching. Evaluation needs to be a future priority for practitioners or the real value of coaching could be obscured. No learning and talent development intervention is beyond measurement although it is vital to ensure that this evaluation is meaningful. The results show that organisations do not tend to begin the process of evaluation at the start of the intervention by setting out the expectations of the parties involved. When evaluation does occur, it tends to be post-intervention or is based upon inappropriate return on investment criteria. The worst form of evaluation is no evaluation – even a focus group of coaches and sponsors or a means of capturing and grading statements about people who have been coached could help. The CIPD is rolling out a series of evaluation forums to look at this issue.

Skills: a focus on impact rather than innovation?

Despite concerns about the lack of technical skills, respondents see these as a lower priority with both advanced technical and clinical skills and financial and economic skills less sought after than the key management and leadership skills. Similarly marketing, IT and even engineering and design skills are less valued than the so called 'soft' skills of creativity, customer service and teamworking. Policy makers have concentrated on the lack of engineering and design skills recently so the downplaying of these skills may signify that such skills are less sought after than we expected (see Sir James Dyson's *Ingenious Britain* report (2010) for the Conservative Party). Perhaps these preferences reflect a refocusing in recessionary times on 'impact' skills such as managing and leading and less focus on capability building skills for the longer term. This may equally reflect the structure of an economy where manufacturing and design is a small share of overall activity. However, it would be perilous to leave these trends unexamined.

Internships: the new solution to youth unemployment?

Many organisations are now offering internship positions to young people. This is driven by government policy exhortations, the advice of policy makers and a genuine desire by employers to provide a lifeline for the talented young people who face a difficult future. The survey findings show how internships can make a difference, not just for the intern but also for the employer. The vast majority of employers agree that internships benefit the interns, mostly through providing experience of the working environment and helping them to acquire new skills. A large proportion also see internships as a way of recruiting staff in a very cost-effective and targeted manner. Increasingly, employers are becoming aware that internships give them the opportunity to 'screen' young people before considering them for permanent positions.

The fact that a third of firms report higher productivity as a result of their internships is particularly encouraging, given that many interns are new to the workplace and are still in the process of learning new skills. Given the contribution that interns are making to their organisations, employers are typically reciprocating with salary offers over and above the minimum wage, although this is not the case for all employers.

Talent management: is talent waiting in the trenches?

Talent and learning are intertwined which is why the CIPD has defined this area of the HR Profession Map. It is interesting that talent management practices have actually grown in a period of economic difficulty and this supports other CIPD research which shows that talent management is more not less important in challenging economic circumstances (see reference, *War on Talent?* and *Fighting Back Through Talent Innovation*). The war for talent may have abated and talent may be waiting in the trenches for that war to resume, but even in the slow climb out from recession talent development will be crucial. With key talent shortages still present, and with talent retained in organisations by the poor general employment outlook, the focus of talent management strategies is changing, but innovation through talent is still the key to the future.

The evaluation of talent practices has long been a tricky area for HR practitioners and it is clear that organisations are still struggling with this. However with organisations coming under relentless economic and budgetary pressure, there is an even greater need to ensure that talent strategies are aligned to business critical needs, are considered effective, delivering dividends and that organisations have some clear metrics to provide evidence of this.

While talent strategies once enjoyed the almost unquestioning favour of CEOs, the current climate now means that they need to unequivocally prove their worth if they are to stay at the top of the agenda.

International

For the first time our survey invited responses on managing learning and talent development internationally. In an increasingly globalised world this is a necessary development. We also invited responses from organisations based outside of Britain, through the International Federation of Training and Development Organisations (IFTDO) and the European Training and Development Forum. About 86% of organisations (623) had headquarters in the UK and the remainder (101) were based outside the UK so we obtained a reasonable (over 13%) response from the non-UK countries. Given that this was the first time international organisations were invited to take part, this response is encouraging, and the CIPD hopes to build on this in next year's survey. Of the international organisations that did respond, about 5% (36) were based in North America, 7% (51) had their headquarters in the rest of the world and curiously around 2% (14) were based in France.

The spread of English as the international language of business continues unabated. Over a third of organisations operating in global markets have language programmes. Where it might have been expected that organisations would express the need for considerable employee training in emerging market languages such as Mandarin, Hindi and Portuguese and Russian, English predominates.

Economic circumstances and training spend: a cooling climate for learning and talent development?

In difficult times it is easy to concentrate on core spending and dispense with what are sometimes perceived as 'discretionary' activities. However, that can lead people to assume that learning and talent development is being downplayed. The results show little evidence of that, instead it is clear that learning is being challenged to deliver value to organisations in different ways. Whilst two-thirds of respondents have seen a decline in their economic circumstances in the past year, at the height of recession this was just under half. This has led to a tightening of funding but it is not a simple story of slashed budgets. It appears as though learning and talent development is becoming more focused on value and impact; it is doing more with less.

Furthermore, what emerges is a dynamic and shifting picture with real opportunities for L&TD to benefit from the new emphasis on talent and the integration of coaching, organisational development and knowledge management into compelling change and

agility programmes. There is also a chance that companies will begin to re-centralise activities like IT training which have traditionally been separate from L&TD. There could also be a trend towards in-sourcing of L&TD, although if practitioners spend more time on delivery and less on planning and design this may not help their long-term impact. However, with constrained reward, reduced hiring and a constant need for change and innovation, effective and targeted L&TD has a massive role in business improvement as our mini case studies indicate.

Overall, learning and talent development is still in good health – the recession and the incipient recovery will provide renewed opportunities for learning and talent development to show its true value to business as the talent accelerator. It is important that people stay engaged in an increasingly fraught employment situation and we need to capture the innovation and drive of employees to bring new products to market, to serve customers and causes and to ensure our future. One shard of light in the current climate is that we can learn our way out of difficulties. Learning and talent development is a key ingredient in that future.

Background

This is the twelfth annual CIPD *Learning and Talent Development* survey. The survey examines current practices within learning and talent development and explores the issues affecting the profession now and in the future. While a number of new questions have been introduced, the majority of questions remain the same as last year, giving us the ability to provide useful benchmark data.

The analysis, design and management of the survey was undertaken by the Ipsos MORI Learning and Talent Development Team; Karen Wisdom, Amy Colaço-Osorio, Marisa Tuffnell and Diane Thebaudeau, and by John McGurk at the CIPD.

The response is markedly lower than 2009. Several factors could account for this. CIPD conducted many more ad hoc surveys in 2009 than in previous years, the seasonal distribution changed from October to early January. This year we uniquely distributed the survey to both the International Federation of Training and Development Organisations (IFTDO) and the European Training and Development Federation (ETDF). This data was distributed by the organisations

via a link and cannot be counted in the sample of UK organisations. Thus subtracting the 100 international responses we achieved a 6.5% response rate from the UK compared with 17% for 2009. This year however the sampling frame was almost double (9,486) compared with a distribution of 5,000 in 2009.

Where percentages in the results do not sum to exactly 100%, this may be due to computer rounding, multiple responses or a number of not stated answers.

A small number of respondents took part in follow-up telephone interviews to produce mini case studies on a selection of topics. These are presented in the coloured boxes throughout the report.

Sample profile

The sample breakdown by industrial sector and organisational size is shown in Tables 9, 10 and 11. As usual with CIPD surveys, the sample is skewed towards larger organisations, which reflects the membership profile of the CIPD. However, as Table 11 shows, the survey gathered responses from a reasonable proportion of smaller and medium-sized organisations.

Acknowledgements

We wish to acknowledge the help and support of all of our respondents and thanks are especially due to the membership of EDTF and IFTDO and in particular to Bob Morton for his tireless work in ensuring that our international colleagues could be involved for the

first time. We will continue to build upon this work in the future. We would also like to particularly thank our case study respondents Nationwide, Newham council and Alba Bahrain who have added to the richness and depth of insight of this report.

Table 9: Profile of respondents, by industry sector (%)

Agriculture and forestry	–
Chemicals, oils and pharmaceuticals	3
Construction	4
Electricity, gas and water	2
Engineering, electronics and metal	5
Food, drink and tobacco	2
General manufacturing	1
Mining and quarrying	1
Paper and printing	1
Textiles	–
Other manufacturing/production	5
Professional services	10
Finance, insurance and real estate	9
Hotels, catering and leisure	3
Transport, distribution and storage	3
Media	2
Retail and wholesale	5
IT services	3
Communications	1
Call centres	1
Other private services	8
Care services	2
Housing association	2
Charity services	2
Other voluntary	2
Central government	7
Health	4
Education	7
Local government	10
Not stated	1

Base: 724

Table 10: Profile of respondents, by sector
(2009 figure in brackets)

	%
Private	61 (61)
Voluntary and community	8 (13)
Public	34 (29)

Base: 724

Table 13: Where are you responding from?

	%
UK	98
Rest of the world	2

Base: Organisations with offices in more than one country: 312

Table 11: Profile of respondents, by size

Number of employees	%
249 or less	18
250–999	21
1,000–4,999	23
5,000+	37

Base: 724

Table 14: Where are your headquarters based?

	%
UK	86
United States	5
France	2
Rest of the world	7

Base: 724

Table 12: Does your organisation have offices in more than one country?

	%
Yes	43
No	57
Not stated	–

Base: 724

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