

The Learning Mandate

Failure to create a culture of learning is a mistake that will haunt many businesses for years to come. Employees are clamoring to develop their skills and capabilities. Executives see that shortfalls in these areas are holding their companies back. Yet most companies have not established training, education, and development as the organizational priorities they should be.

The numbers are stark. Over half the executives we surveyed say problems with talent and key skills are affecting business performance. Meanwhile, employees say their greatest concern is their position becoming obsolete, with only 50% expecting the skills they have now to be adequate in three years. But fewer than half of respondents in either group say their company has a culture of continuous learning.

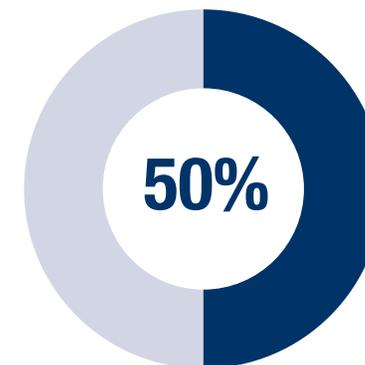
Creating a healthy learning culture would help address many of the issues raised in our research, including managing a changing workforce, getting the most out of Millennials, fostering engagement and loyalty, and building strong leadership. Says Kevina Wepukhulu, chief manager of human resources and administration for utility company Kenya Power, “Organizational knowledge is a key source of competitive advantage and a linchpin of both innovation and transformation.”

Employees want to learn

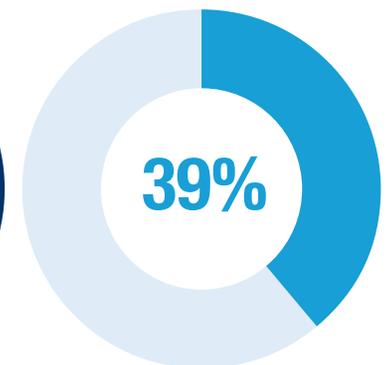
Workers are concerned about getting left behind by changing job requirements, and they do not feel supported by their employers. Only 43% say their managers have a good understanding of their skill sets, and even fewer say their employers provide ongoing opportunities to expand those skill sets or encourage further career development via continuing education and training.

Technology is one area of particular concern. Employee proficiency with key tools such as cloud and analytics will grow in the next three years, but not enough to keep up with demand. In order for companies to obtain these skills on the scale they need, they will have to focus on training their employees and providing the necessary technology. Currently, less than half (48%) of employees say their company provides ample training on the technology they need, and less than one-third (31%) say their company makes the latest technology available to them.

Employees fear obsolescence



of employees say the skills they have now will be what's needed.



of employees say their company is able to give them the training they need.

“Organizational knowledge is a key source of competitive advantage and a linchpin of both innovation and transformation.”

Kevina Wepukhulu, chief manager of human resources and administration, Kenya Power

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“Both for companies and for public organizations, finding the innovative IT people who can help take you to the future is a challenge.”

Lise-Lotte Bjorkman Averbo, HR manager, Skatteverket

Lise-Lotte Bjorkman Averbo, HR manager at Skatteverket, Sweden’s tax-collection and population-registration agency, says internal development of technology skills is a necessity. “Both for companies and for public organizations, finding the innovative IT people who can help take you to the future is a challenge,” says Ms. Averbo. “It is easy for us to recruit the key competencies we need in some areas—such as economics and law—but the IT department is an area where we have difficulties in finding the right people.”

And technology is not the only cause for consternation. Nearly half of executives say that challenges in recruiting employees with base-level skills are having an impact on their workforce strategies. Yet just 50% say their organizations have well-defined processes and tools for developing talent, and only 42% say they have the budget and resources they need to support those processes and tools. Similarly, nearly half of employees say their employers have outlined well-defined processes to help them grow and improve their job performance, but barely one-third say their company is actually able to give them the training they need.

Some companies are finding ways around these dangerous problems. Turkish conglomerate Koç Holding designed its KoçAcademy Development and Learning Platform specifically to meet the training and development needs of its employees. The platform includes assessment tools that are used to identify needs and create a custom development plan for each employee, and new components and modules are continuously added to round out the program. “It serves as the learning and development infrastructure of the group,” says human resources coordinator Damla Tamakan.

Employees on learning culture

My company has a formal mentoring program

51%

My company is capable of retaining, updating, and sharing institutional knowledge

47%

My company has a culture of continuous learning

45%

My company offers incentives for pursuing further education

43%

My company encourages collaboration across teams

39%

My company offers formal learning activities separate from initial training such as job rotation, shadowing, etc.

38%

My company encourages risk-taking in developing new ideas

32%

The learning culture challenge

Building a learning culture is not an easy job, but it is an area of enormous opportunity for organizations that can get it right. Often, the essentials are lacking. Barely half of executives say their company is capable of retaining, updating, and sharing institutional knowledge, and only 41% say they offer incentives for pursuing higher education. And although more than half of employees say they want to learn about the entire business, only 38% of executives say they offer formal programs such as job rotation and shadowing.

Executives on learning culture



Organizational learning comes in many flavors

More than half of the executives we surveyed consider workforce development a key differentiator in terms of growth and bottom-line results, which indicates that companies know how much is at stake even if they do not always live up to their aspirations for a learning culture. There is no set formula for preparing employees to outmaneuver the competition. In fact, there are myriad approaches to organizational learning.

Canada's Magellan Aerospace, which has grown over its 18-year history by acquiring various rivals, uses its trademarked Magellan Operating System as a platform that lets those acquired companies—now Magellan divisions—share best practices with each other. Kenya Power, meanwhile, has taken a more automated approach, relying on processes embedded in its records-management system to continuously acquire, manage, and disseminate knowledge.

But for Heidelberger Druckmaschinen, a 164-year-old German precision mechanical engineering firm, capturing the critical knowledge workers acquire during long years working on manufacturing processes called for a more personal touch. Heidelberger's creative solution? It invites retired employees to work a few days a month, enabling them to pass on their expertise to other workers while on the job, and keeping that valuable knowledge from literally walking out the door. "This is the sort of flexibility that will be increasingly necessary in managing the workforce," says Rupert Felder, senior vice president of Global Human Resources.

Workforce 2020: The Learning Mandate

These kinds of missed opportunities have a price: while nearly one-third of employees say that having more access to training and education would fuel their loyalty and engagement, 35% of executives say that a lack of employee longevity and loyalty is impeding their efforts to build the workforce they need—more than any other factor.

But it's not always easy to draw a direct connection between specific learning programs and enhanced financial performance. At South African fashion retailer The Foschini Group, a compelling business case for investing in organizational learning has proved elusive. “The return on investment in terms of doing learning more dynamically is not obvious yet,” says Shani Naidoo, managing director of human resources. “The board will not provide us with funds for something that’s not clear.”

And even when a learning program is in place, managers may struggle to convince employees that sharing knowledge is in everyone’s best interest. “You have to fight daily against egos, because sharing is absolutely in contradiction to the proprietary instinct of keeping things for oneself,” says Frederic Duponchel, managing partner at Accuracy, a French financial advisory firm. “The key is to facilitate the kind of mutually beneficial behavior that creates value.”

Developing development

To build the 2020 workforce, companies must rethink the way they invest in their workers. Nearly half of executives admit that their companies do not offer supplemental training programs for employees to develop new skills, and nearly two-thirds of employees do not believe their managers adequately sponsor them for training and development programs. Worse, only 23% of executives say their companies offer education as a benefit,

and incentives for pursuing educational opportunities also are uncommon. With more incentives to pursue education and participate in supplemental training programs, employees would expand their skill sets and their peers would likely follow suit.

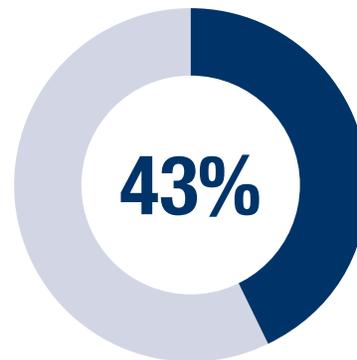
Leaders also are not sufficiently planning for succession and continuity in key roles. Only 44% of execs agree that their companies plan for expected career advancement and tenure in a given role when filling positions, and less than one-third say they fill roles from within the organization when a key person leaves. Investing in training and development allows companies to replace vital skills from within the organization and even inspires employees to stay with the company.

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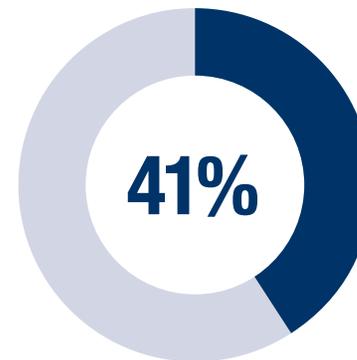
Martina Zimkute, director of administration and communications, Avia Solutions Group

Succession planning is lacking

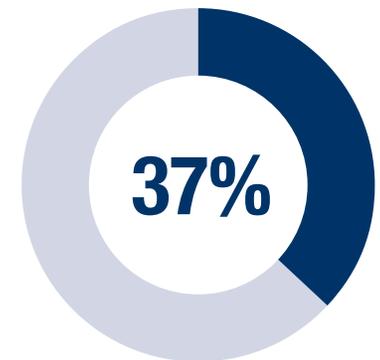
Executives say ...



they tend to fill senior roles from within the organization.



long-term loyalty and retention is an important part of talent strategy.



they plan for succession and continuity in key roles.

One promising approach involves informal, peer-to-peer initiatives, which grow in effectiveness as more people across an organization buy into them. Poland's Avia Solutions Group, a provider of business tools and services for the aviation industry, engenders a sort of self-fulfilling development environment by allowing every person to contribute their own expertise. "Most of the experience in our company comes from self-education, informal learning, and the ability to assimilate global experiences," says Martina Zimkute, director of administration and communications. "In a sense, that's why everybody is a coach in our company. A trainee can coach a colleague, if he or she has something specific and valuable to share. Even our shareholders are actively participating in coaching groups of employees."

Conclusion

The value of organizational learning is clear: well-trained, knowledgeable employees with up-to-date skills are essential to building stronger companies. Yet although employees call for enhanced education and development opportunities, and executives say they recognize the importance of training their people, learning culture remains an area in which most organizations struggle. This represents a crisis of sorts for companies as they struggle to develop the workforces they will need in the future.

Establishing an organizational culture that places a premium on learning and development requires a multi-faceted approach. By providing more opportunities for training and skills development, offering incentives for pursuing outside education alternatives, and fostering an environment in which sharing is encouraged and rewarded, organizations will find themselves better positioned to thrive in the information-centric world of business in the 21st century.

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CASE STUDY: Sodimac Colombia takes education to the next level

Home improvement retailer Sodimac Colombia has taken a particularly bold approach to educating and training its employees. The company operates more than 30 Homecenter stores, which cater to do-it-yourselfers. It has so much information to throw at employees—including 88,000 product SKUs—that it pushes the limits of the 200 or so e-learning programs the company uses.

To make the transfer of so much information more effective, Sodimac established a "corporate university" that combines its e-learning environment with in-store educational facilities and instructors that employees can take advantage of during work hours. "They go there and study for 20 minutes, and they can learn about products, service, processes, everything they want," said human resources manager Karym Grijalba, adding that about 60% of the company's training and education efforts are delivered via these classroom environments.

Paid representatives from Sodimac's suppliers often provide instruction, but Ms. Grijalba says that gets expensive, so the company also contracts with universities for help designing curricula that its more experienced employees can teach, sometimes even extending their instruction outside the classroom for on-the-job training. As Ms. Grijalba says, "The whole store is a training camp."