



3 KEY LEARNING TRENDS FOR 2023: WHAT EMPLOYERS NEED TO KNOW

Executive Summary

In just a few months, the world went from the fastest-moving talent market that we've ever seen to something more uncertain with a number of companies slowing hiring, freezing it entirely, or even laying off some staff. No one can say what is around the next corner, but we know a few things for certain.

Have you ever heard this common saying? "The best time to plant a tree was 20 years ago. The second best time is now." This sentiment doesn't just apply to tree-planting. It also applies to the development of your workforce. The best time to grow their skills is in the past, but if that hasn't been a top priority previously, the second best time is now.

Within the scope of this report we will look at data from 1,000 talent and learning leaders just like you to draw insights into what priorities exist for the coming year. In addition, we will leverage the perspective of 1,000 learners as well to determine what they need most.

What to Expect:

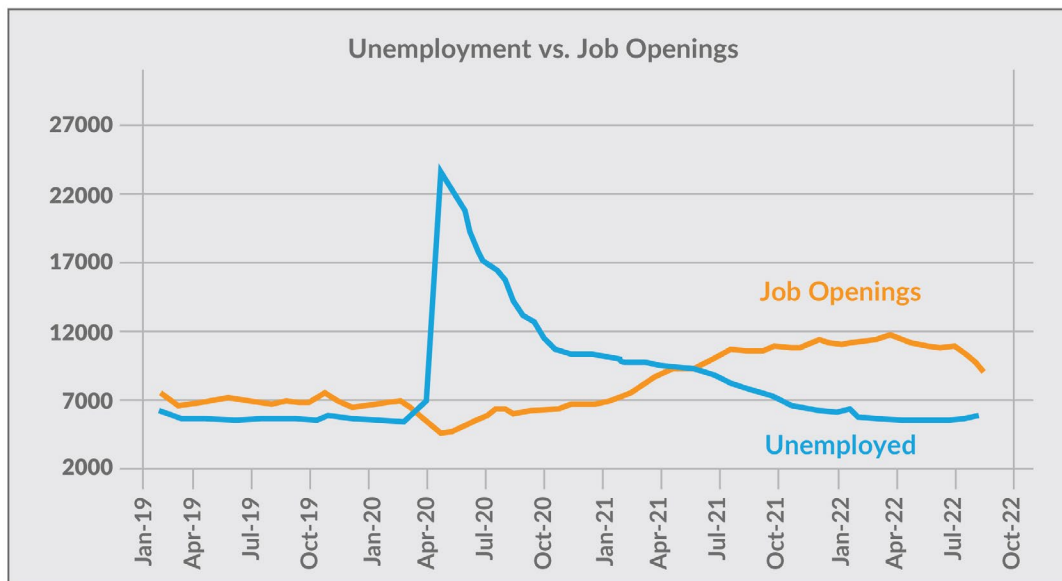
- **The shortage of talent that employers have faced over the last 12-18 months isn't fully abating yet, which means we need something to attract and retain the very best talent if we want to remain competitive in the current environment.**
- **Managers represent the single largest factor in an employee's satisfaction at work, but they don't always have the support they need to be successful. We'll examine the specific things managers ask for as well as how they say they can be more effective.**
- **DEI, mental health, and employee belonging may seem like an outlier in a conversation about employee development, but as you will see, there are increasingly clear signals that they are deeply linked, and supporting one area can lead to changes in another.**

The research is clear: **developing employees is reaching a point where it is more critical than ever before.** Employers that want to create an equitable workplace and a capable workforce are going to turn to talent development and growth as a mechanism for driving positive change.

A Shortage of Talent Opens the Door for Talent Development

Between July of 2021 and July of 2022, the world's hiring demand took off to unexpected and unprecedented levels. While the hiring boom has cooled, there's still incredible demand compared to historical levels. In the chart below, you can see the number of job openings compared to the number of unemployed individuals in the workforce.

Figure 1: Unemployment and Job Opening Data as of Q3 2022



Source: BLS.gov

In simple economic terms, this is a shortage. There are a number of buyers (employers) and a number of sellers (workers). The number of buyers outnumbers the number of sellers, creating a shortage that drives up wages and other benefits, creates a highly competitive market, and frustrates employers as behaviors like ghosting and no-shows become more common for all types of roles and levels.

In addition, two out of three talent leaders say they are concerned about the skills their company is losing as people leave.

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In a landscape like that, employers have used nearly everything they can to compete for talent, but pay has been a key factor. As the head of compensation for a global logistics and supply chain firm recently mentioned in a research interview: *we have to find other ways to compete*. Trying to use compensation as the only lever creates structural issues within business operations, equity issues for existing staff, and unrealistic expectations for new employees.

But there are other tools in the toolbox that can help with both attracting and retaining talent. And one of the most important ways employers can compete based on survey data from thousands of workers? **Talent development and career growth.**

Consider these three data points as proof:



The top reason frontline workers ghost employers is because they don't see opportunities for career growth during the hiring process.



About 70% of job candidates prefer to be evaluated for future potential, not just their current skills and abilities.



Two in three workers have quit a job because of a lack of career growth, but 90% of them would have stayed if they had seen opportunities ahead.

Developing and growing the workforce is a powerful mechanism for keeping them connected to the business, and some of the new research clearly illustrates that.

For example, learning and talent leaders told us that for the coming year, **the number one success metric that proves the value of learning to the business is employee mobility and career growth.**

It's not just about training hours or the number of scheduled classes. It's about giving each worker a sense of traction, progress, and hope when it comes to their current and future career options. Part of this comes in the overall approach to learning, but

part of it also comes in how we give workers access to training and growth that they care about.

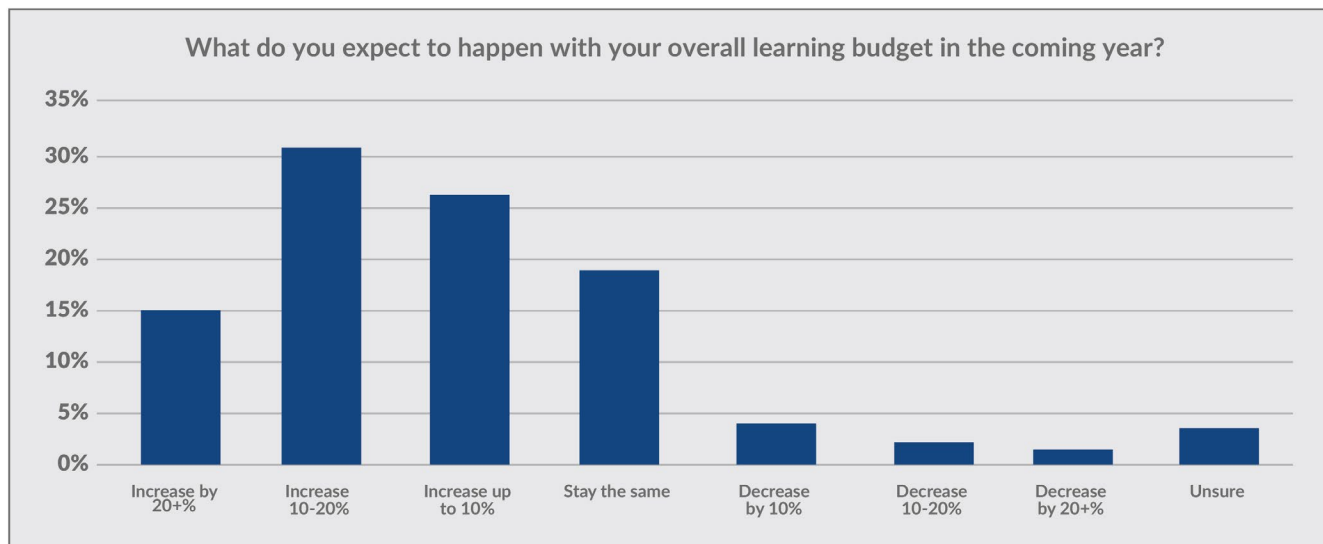
In one of our previous learning studies, we found that growing employees to take on new roles within the business has a range of benefits for the employer, not just the employee stepping into a new position.

Those benefits:

- **It's less risky to move someone within the organization than to hire from the outside.**
- **It's typically cheaper to move someone to a new role inside the business than hiring externally.**
- **It's often faster to ramp that person up to the new role because they already know the company, the culture, and the customer in many cases.**

From a company perspective, we're seeing budget investment to support employee growth overall.

Figure 2: Employer Learning Budget Plans for 2023



Source: Lighthouse Research & Advisory 2022-2023 Workplace Learning Study (n=1,000)

There's clearly an increased focus on learning, but if we take a look at the employers in our data set with better revenue, retention, and employee engagement metrics, we get some specific ideas about how they are operating differently. For instance, high performers are 2x more likely to be increasing their budget for learning technology and 2x more likely to be increasing budgets for third party content partners.

In a world that's moving at an ever-increasing pace, having the right partners in place helps learning and talent teams to focus on what they do best, all the while knowing that they have a trusted partner that is serving high-quality tools and content to their learners.

To circle back to the conversation around a shortage of talent, consider this: with fewer people available to fill positions, we need each and every one of those individuals to be equipped and capable of doing their work effectively. Learning provides a critical path for job success and gives employers a way to attract other workers at the same time.

ALL CONTENT ISN'T CREATED EQUAL

In the research, we found that employers have a specific set of priorities when it comes to picking a content partner to support their learning and business strategy. The following is a ranked list of the most important items on that list:



CONTENT QUALITY

NO MATTER HOW MUCH CONTENT EXISTS, IF IT'S POOR QUALITY LEARNERS WON'T INTERACT OR APPRECIATE THE CONTENT



RELEVANCY TO OUR LEARNERS/BUSINESS

THE RIGHT CONTENT MUST REFLECT THE MOST RELEVANT CONCERNS OF THE BUSINESS AND THE WORKFORCE, OR IT WON'T MOVE THE NEEDLE



CURRENT/UP TO DATE CONTENT

OUR BRAINS ARE WIRED TO ASK "WHY DOES THIS MATTER TO ME?" AND GREAT CONTENT PARTNERS BRING TIMELY TOPICS TO THE FOREFRONT



COST

WHILE NOBODY HAS AN UNLIMITED BUDGET, COST CAN'T BE THE ONLY FACTOR IN THIS DECISION OR EMPLOYERS END UP SACRIFICING QUALITY AND RELEVANCY



CONTENT QUANTITY

EMPLOYERS NEED ACCESS TO A DEPTH AND BREADTH OF CONTENT THAT THEY SIMPLY CAN'T GENERATE INTERNALLY

BOTTOM LINE: high-performing employers are different because they see this as an investment in the success of their workforce, not just another budget expense. Learning content provides a critical, scalable way to support worker growth and development, ultimately fueling company success.

Supporting Managers Supports Better Talent Outcomes

In a recent discussion with an executive for a global manufacturing organization, he shared a sentence that really resonated with me:

"Employees want a meaningful experience at work. That matters more than anything else we see when it comes to performance and retention drivers. But we also see that managers are the number one influencer of someone's experience at work. The managers we select, promote, and train are some of the most critical people in the entire business."

Bottom line: supporting managers supports better talent outcomes.

This is more than just the technical side of being a manager of employee performance and productivity. Think of it this way—every policy decision leadership teams make is either supported or prevented by the managers closest to the employees. Things like:

- **Enabling workplace flexibility**
- **Creating an equitable work environment**
- **Prioritizing work/life balance**

Any of these common decisions made at a high level can be reinforced by managers who believe in them or limited by those who don't. This can't just be about a people leader's technical abilities, but also about their human skills and competency for relationship-building.

Employees said in the research that human/soft skills were slightly more important than technical skills, but their top choice was a manager who had both types of skills.

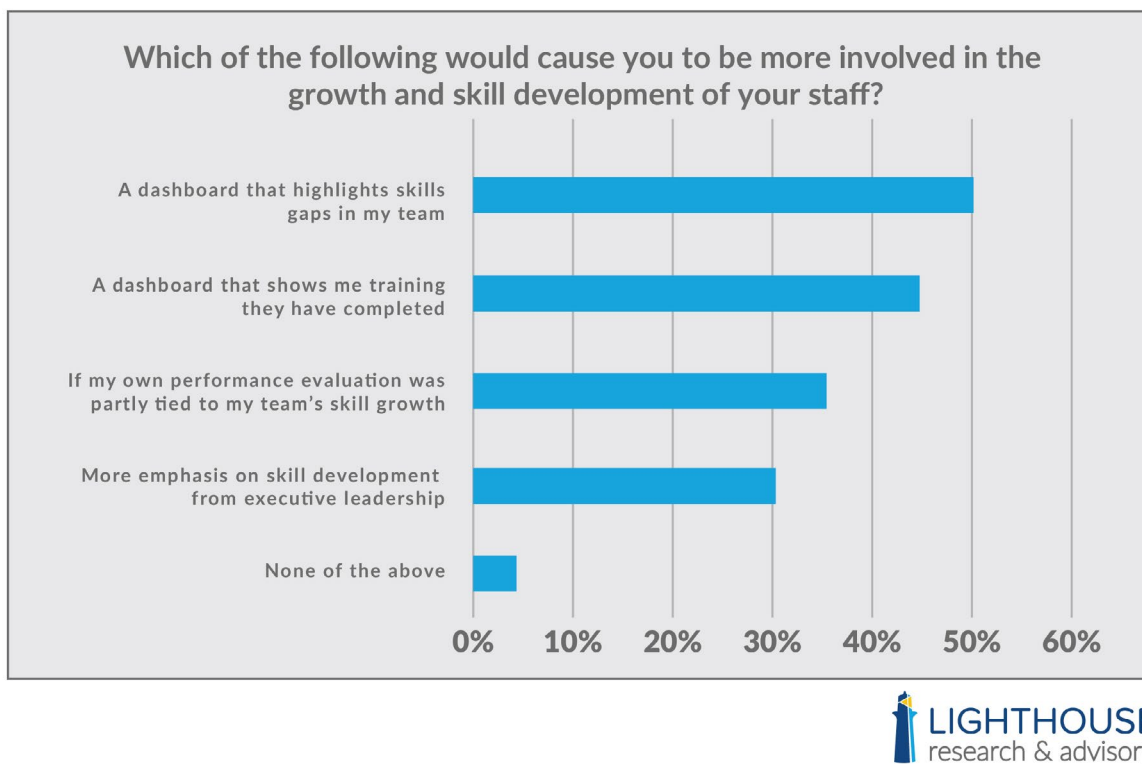
To step back and look at workplace dynamics as a whole, people managers often face difficult situations and end up with a tough outcome no matter what they do. We expect them to hit their metrics and objectives while still being empathetic with their team and helping them to grow into new roles elsewhere in the company. Those priorities are at opposite ends of the spectrum!



However, many managers are willing to give their best effort to support the growth of their people. In the study, we asked managers what would be most helpful for supporting the development of their team, and they selected options that are both forward- and backward-looking as their top two choices.



Figure 4: Ways to Get Managers More Involved in Employee Skill Development and Growth



Source: Lighthouse Research & Advisory 2022 Managers at Work Study (n=500)

The best option here, according to the managers themselves, is to give them insights into their team’s skill gaps. That creates a more actionable way for the managers to support and grow their people.

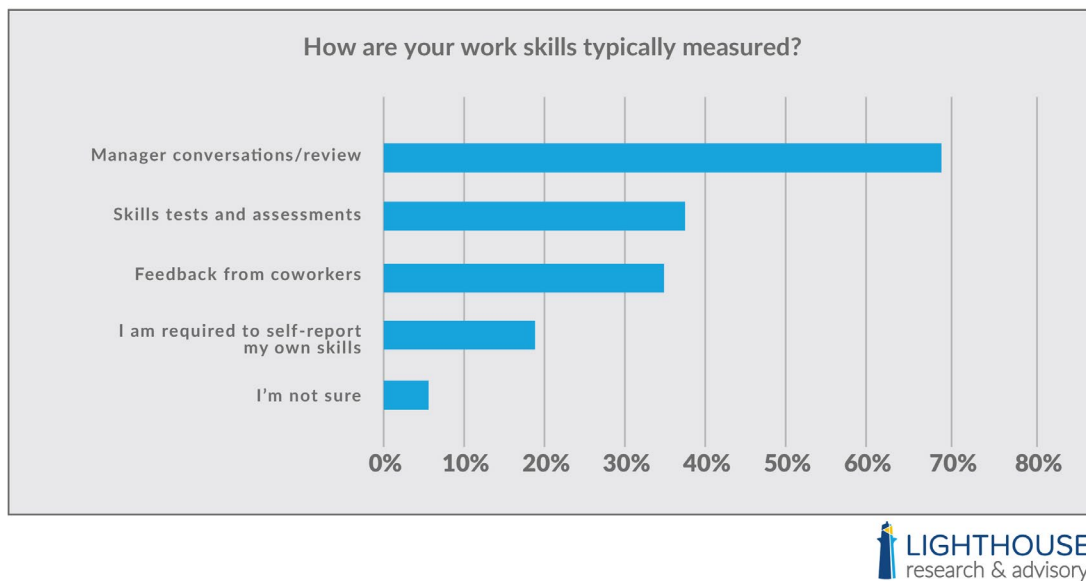
Managers play such an important role in an employee’s growth overall, but how they see the world differs from how workers see it somewhat.

Who is responsible for employee career development and growth?		
	The Employee is Responsible	The Manager is Responsible
Workforce Response	75%	46%
Manager Response	63%	62%

Managers place 35% more responsibility on themselves to take an active role in the growth of their teams compared to what workers expect.

When we look at how workers say their skills are measured at work, we again see managers highlighted as a critical element in talent development.

Figure 5: Comparing Employee and Employer Perspectives on Coaching Platform Features



Manager conversations are used nearly 2x more often than the second option on the list. While that isn't inherently bad, it is a big opportunity for bias to creep in. Researchers have found more than 180 different ways our brains can create bias in everyday decisions, and that includes these types of workplace interactions. We recommend using multiple methods to capture employee skills information so it's not solely dependent on that single viewpoint.

Let's finish with something practical. We've shown the incredible role that managers play and how they can be better supported. While it sounds fairly simple, managers need development, too. There are options for manager-specific training that help them to understand, support, and develop their people in a powerful way, and overall we see interest in that. From tailored courses and content to pairing them with mentors or other supporters, this can't be left to chance.

For managers who work at companies that don't prioritize manager development, just one in three say they are a capable people leader. That number who rate themselves as a highly capable people leader doubles to 67% when managers say their company does a great job of developing leaders.

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If we don't invest in our managers, we're missing a high-leverage opportunity to reach our people and create a better workplace overall. In a workplace full of stress, challenge, and change, supporting manager development is one decision that can deliver incredible value and impact.



How DEI, Mental Health, and Employee Belonging Intersect

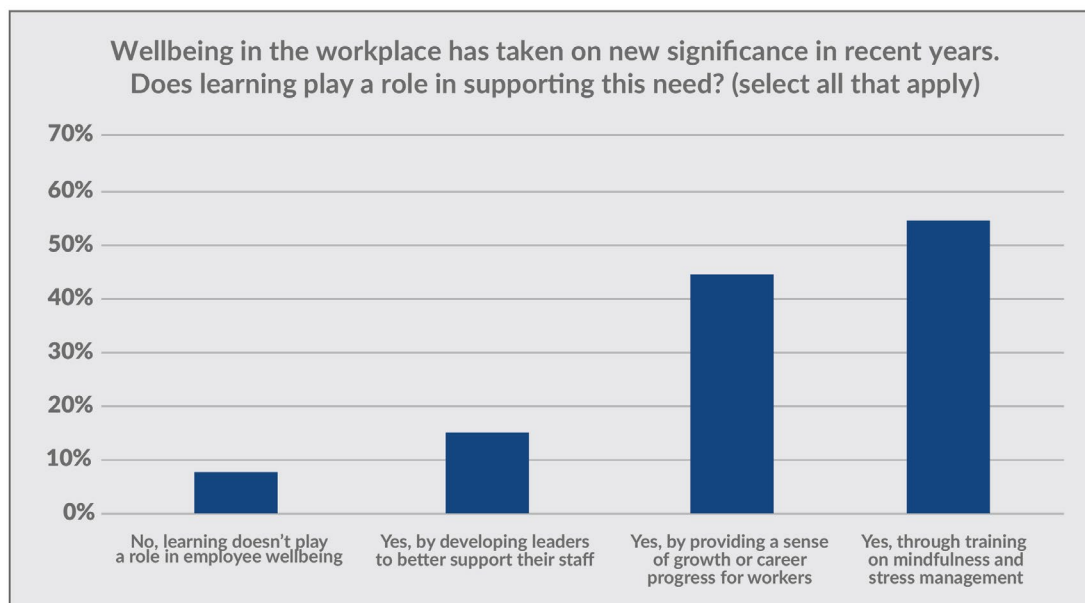
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It's easy to assume that a conversation about learning and talent development is limited to job skills like how to perform a task or a procedure. But when we exclude compensation-related reasons, job stress and burnout is the biggest factor in job quits over the last 18 months.

Because of that trend, **being able to manage your mental health and related stress is increasingly becoming a job skill.**

In the study, we asked employers how learning fits together with workplace wellbeing and mental health, and the results below indicate strong ties to training and career growth.

Figure 5: Links Between Learning and Employee Mental Health and Wellbeing



Source: Lighthouse Research & Advisory 2022-2023 Workplace Learning Study (n=1,000)

A key callout here: **just 2% of talent development leaders don't think that learning plays a part in a worker's state of mental health.** The rest see options and opportunities to use learning as a tool to engage, support, and grow workers in a variety of ways to meet their needs. Some of the ground we've already covered in this report factors into this equation, like the fact that about half of employers believe that developing people managers is key to supporting the mental health of their teams.

The number one answer above was training on stress management. If we can teach people to handle the stress they are faced with in a productive way, we may be able to reduce burnout and associated job quits. It's worth mentioning that the stress our people face isn't just related to the workplace. In a study of 3,000 frontline workers, we found that 80% of them have been negatively impacted by inflation and cost increases in their personal lives. That means workers in many cases are showing up stressed before the job ever starts, and then work can potentially pile on and make it worse.

Offering tools, training, and helpful content to workers so they can understand and manage their stress doesn't just make them better at work—it makes them better at home, too.

Now, let's pause and look at another major trend that also intersects learning in a similar way: diversity, equity, and inclusion. In a conversation with a nonprofit with more than 40,000 global staff, their own executive team included a head of DEI that also served as a leader within the learning function. That intersection of responsibilities was an intriguing one, and the research shows that employers across the globe also agree that learning is a critical success factor for driving better DEI outcomes.

Employers were 6x more likely to say that their budget for DEI-related programming has increased in the last 18 months compared to those whose budget has decreased.

In more practical terms, talent leaders set out a specific set of ranked priorities for how learning can affect DEI:

HOW LEARNING CAN AFFECT DEI	
#1	Manager-specific DEI training
#2	Leadership commitment to DEI principles
#3	Employee resource groups to support diverse people groups
#4	DEI training for all staff

When it comes to that DEI training, there was an interesting split on where it should be developed. Employers were 3x more likely to say that training on DEI and mental health should be provided completely or in conjunction with an external training content provider than those who said it should be developed only with internal resources. This makes sense: partnering with an external content provider means you can access top-notch subject matter experts, training with a broader perspective, and consistently updated material that touches on the latest trends.

In both cases of mental health and DEI, managers play a critical role. That's one key reason we prioritized the development of our people leaders within this report. While managers aren't licensed therapists or counselors, they face an incredible range of challenges and issues on a daily basis. And we can't forget that managers are learners, too. Supporting them with resources to manage their own stress will go a long way toward helping them to support their people effectively.

The last component that blends across these two topics is belonging. **Employees who feel like they belong are respected, accepted, and appreciated at work.**



Employers were 3x more likely to say that training on DEI and mental health should be provided completely or in conjunction with an external training content provider than those who said it should be developed only with internal resources.

One question in the study showed just how this belonging aspect plays out. Remember when we asked workers how their company measures their work skills? The last option on that list was “I’m not sure how or if my company tracks my skills.” That’s a really painful place to be as an employee when you’re not sure if your company or leader knows or cares enough about you to leverage the strengths you bring to work every day. From a belonging perspective:

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Employees with a low belonging score are 9x more likely to be unsure if or how their company tracks their skills.

The good news is that workers who say their company uses other methods to track their skills have higher and more consistent belonging scores. This indicates that it’s not irreversible, but it does require intention on the part of the company and manager to make this happen.

In one recent study, we saw that workers with a high belonging score were **4x less likely to have faced mental health declines in the last year and 9x more likely to say their direct manager supports them consistently.** On a personal level, that’s pretty incredible. However, the company benefits from this as well. **Those same workers are 2.5x less likely to have plans to quit their job and are 5x more likely to recommend the company as a great place to work.** When workers belong, everyone wins.



Key Takeaways

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THE SHORTAGE OF TALENT IS REAL.

Two in three leaders are worried about the skills and knowledge the business will lose when employees leave. Organizations that want to remain competitive in such a tumultuous environment must look to mechanisms like career growth and employee development as key aspects of their employer value proposition. It's not just about growing people from within—it's also about attracting talent that wants to be developed and supported as well.

2

MANAGERS CAN MAKE OR BREAK EMPLOYEE INITIATIVES.

Managers play such a critical part in employee skill identification and growth, yet they are often expected to play that part with little to no preparation or support. **Managers who say their company develops people leaders well are 2x more likely to say they are capable of doing the job.** If we miss this chance to support managers, one of the most critical roles in the workforce, we miss the chance to create a workplace where all employees can be successful.

3

DEIB AND MENTAL HEALTH ARE KEY PRIORITIES FOR THE WORKFORCE.

The intersection of these critical topics provides a critical opportunity for learning leaders to step into the gap. **Employers were 3x more likely to say this training should include external providers and partners than those who said it should only be developed internally.** The right training content can broaden horizons, share new viewpoints, and support an environment where each employee can bring their very best self to work.

About the Research

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The Lighthouse Research & Advisory 2022-2023 Workplace Learning Study took place in Q3 2022 via online surveys to two separate audiences.

1. 1,000 learning and talent leader decision makers from global companies in every industry representing the following company sizes:

- 1-500 employees: 21%
- 501-2,500: 34%
- 2,501-5,000: 16%
- 5,000+: 29%

2. 1,000 learners. Respondents were employed at the time of survey collection and were age 18 or over (48% male, 52% female).

In addition, the research was informed by qualitative interviews with the following:

- Learning, talent, and HR executives
- Learning technology and content providers
- Managers, learners, and other stakeholder groups

Special thanks to our Research Advisory Board for their inputs, suggestions, and ideas during the design phase of the research.

Statement of Ethics: *as an independent analyst firm, our research and reporting provide unbiased, neutral views of the HR trends and technologies impacting work today. While this specific research was vendor-funded, it does not impact how we share the data with employers and practitioners. If you have any questions, please contact us.*

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About Us

Lighthouse Research & Advisory is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our team's mission is to navigate the rapidly changing field of human capital management to support today's talent and learning functions.

Our advisory, research, content, events, HR Awards Program, and other offerings serve tens of thousands of employers across the globe every year.

Put simply: our goal is to chart a new course for talent. We do this with compelling research, innovative ideas, and a strong grasp of the current state of talent and technology at work. We have supported hundreds of organizations with our research, advisory, and insights since our beginning in 2016. In addition, our data also inform key product and strategy decisions at the industry's leading technology and service providers.

Ben Eubanks is the Chief Research Officer at Lighthouse, providing trusted advice for today's modern talent leaders. Prior to joining Lighthouse, Ben worked as a research analyst and an executive practitioner. His analyst work focused on learning, talent acquisition, and talent management. During his career, he has published more than 100 pieces of research and provided advisory services to executives from some of the largest and most respected organizations in the world.

Unlike most analysts, he also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. Ben is the host of *We're Only Human*, a podcast focused on the intersection of people, technology, and the workplace. In addition, he runs upstarthr.com, a website serving HR leaders that has reached more than 1,000,000 readers since its inception.