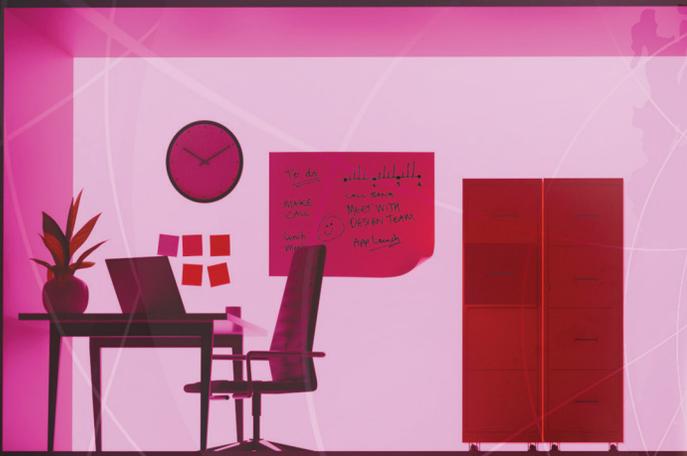
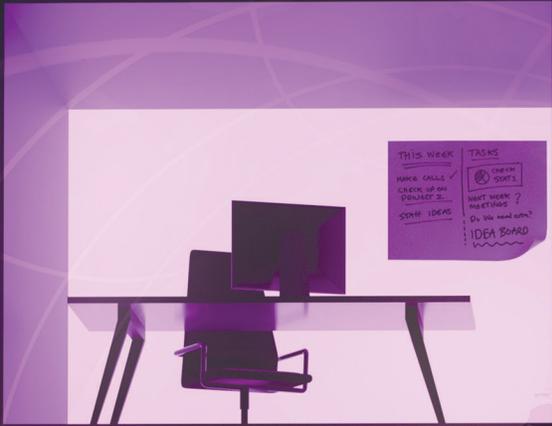


2021 STATE OF THE INDUSTRY

Talent Development Benchmarks and Trends



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ATD Product Code: 192110

ISBN-10: 1-953946-25-9

ISBN-13: 978-1-953946-25-6

e-ISBN: 978-1-953946-26-3

Publication Date: December 2021

ATD Editorial Staff

Associate Director, ATD Research: Maria Ho

Manager, ATD Press: Melissa Jones

Cover and Interior Design: Shirley E.M. Raybuck

Production Manager: Dirk Cassard

Data Sources

Data Presentation

This report presents data in several groupings against which readers can benchmark learning investments and best practices in their organizations. The two major groupings (or comparative categories) are consolidated responses and ATD BEST Award winners (BEST).

The *State of the Industry* report (SOIR) is published annually by ATD's researchers. The information presented reflects the organizational data reported for the previous year. In this report, the 2021 SOIR presents organizational data submitted for calendar or fiscal year 2020.

Consolidated Responses

The consolidated responses include all the organizations that submitted data for a particular year (including BEST Award winners, workforce size groupings, and industry groupings). Respondents submitted their data through an online survey administered by ATD.

BEST Award Winners

The BEST Awards recognize organizations that demonstrate enterprise-wide success as a result of employee talent development. These organizations use talent development as a strategic business tool to get results. Established in 2003, the BEST Awards Winner's Circle includes small and large private, public, and not-for-profit organizations from around the world.

BEST organizations covering the spectrum of size, sector, and industry compete annually for the award. Applications are judged and selected blindly, resulting in different winners each year, which consequently affects the organizational demographics of the winners. Historical BEST data are provided for comparative purposes only. Because of the unique composition of each year's BEST winners' sample, aggregates and averages can vary significantly from year to year (Table 1).

BEST Award winners completed the same quantitative survey key indicator questions as other participants, which allows direct comparison of those indicators for each year.

TABLE 1**Data Sources**

Data Source	Samples	Average Number of Employees
<i>Consolidated</i>		
The consolidated responses include all the organizations that submitted data for a particular year. Respondents submitted their data via an online survey administered by ATD. The consolidated group comprises all the other groupings mentioned in this report (including BEST winners, workforce size groupings, and industry groupings).	2020 (n = 223)	13,374
	2019 (n = 283)	15,091
	2018 (n = 318)	14,406
	2017 (n = 399)	12,422
	2016 (n = 299)	16,850
	2015 (n = 310)	15,946
	2014 (n = 336)	18,926
	2013 (n = 340)	16,719
<i>BEST = ATD BEST Award Winners</i>		
Organizations that were recognized by ATD for their exceptional efforts to foster, support, and leverage enterprise-wide learning for business results. Organizations compete annually for the BEST designation, and they cover the spectrum of size, sectors, and industries. Competitors are judged and selected blindly, which means each year's winning sample is unique from the previous year's sample. Historical BEST data are provided for comparative purposes only. Because of the unique composition of each year's BEST winners group, aggregates and averages can, and in many cases should, vary significantly from year to year.	2020 (n = 71)	18,581
	2019 (n = 66)	89,558
	2018 (n = 59)	52,248
	2017 (n = 45)	42,244
	2016 (n = 40)	57,252
	2015 (n = 36)	84,764
	2014 (n = 30)	86,386
	2013 (n = 33)	51,809

Executive Summary

The average organization had a direct learning expenditure of \$1,267 per employee in 2020, according to the Association for Talent Development's *2021 State of the Industry* report, which is sponsored by AllenComm and Allego. A group of 223 organizations representing a wide range of company sizes, industries, and locations provided data on their learning programs.

This year's \$1,267 per employee figure is 3.1 percent lower than the average spending for 2019, which was \$1,308 per employee. It is clear that 2020 presented unforeseen and shocking circumstances for organizations, including their talent development functions. On March 11, 2020, the World Health Organization declared that the COVID-19 outbreak had become a pandemic. In the latter half of 2020 when some restrictions were relaxed, daunting challenges persisted but many countries' economies showed improvement along economic indicators compared with spring 2020, as well as signs of resilience.¹

Looking at data from the United States, the Bureau of Labor Statistics (BLS) found that 56 percent of establishments experienced a drop in demand for their goods and services during the pandemic and 19 percent experienced a government-mandated closure.² The way individuals worked changed, too—according to the BLS, telework increased and 33 percent of Americans who were employed in May–June 2020 worked from home. In October–December 2020, this number was still 22 percent.³ Data from McKinsey and Company show that similar trends in remote work were also experienced by other advanced economies (that is, countries with a high income-per-capita and significant industrialization and where the vast majority of the participating companies in the *State of the Industry* were headquartered).⁴

1. Organisation for Economic Co-Operation and Development (OECD), "OECD COVID-19 Recovery Dashboard," OECD, October 12, 2021 (accessed), oecd.org/coronavirus/en/recovery-dashboard.
2. U.S. Bureau of Labor Statistics (BLS), "2020 Results of the Business Response Survey," BLS, December 7, 2020, bls.gov/brs/2020-results.htm.
3. Matthew Dey, Harley Frazis, David S. Piccone Jr., and Mark A. Loewenstein, "Teleworking and Lost Work During the Pandemic: New Evidence From the CPS," BLS, July 2021, bls.gov/opub/mlr/2021/article/teleworking-and-lost-work-during-the-pandemic-new-evidence-from-the-cps.htm.
4. Susan Lund, Anu Madgavkar, James Manyika, and Sven Smit, "What's Next for Remote Work: An Analysis of 2,000 tasks, 800 jobs, and 9 countries," McKinsey & Company, November 23, 2020, mckinsey.com/featured-insights/future-of-work/whats-next-for-remote-work-an-analysis-of-2000-tasks-800-jobs-and-nine-countries.

The pandemic also led to major changes in how learning was delivered. With many national, state, and local governments temporarily closing some workplaces and organizations limiting in-person gatherings of employees and business travel, face-to-face learning hours dropped and virtual classroom and e-learning hours grew. Note that virtual classrooms are synchronous and use technology to connect learners with an instructor in real time, while e-learning is self-paced and asynchronous.

Efficiencies and Expenditures

To provide some context for the learning expenditure figure, the global economy contracted by 3.2 percent (in other words, growth was negative) in 2020, according to the IMF.⁵ The pandemic's impact was felt across the world, with almost all countries experiencing negative growth. The global unemployment rate reached 6.5 percent in 2020, compared with 5.4 percent in 2019, according to the International Labour Organization (ILO).⁶ Although direct learning expenditure fell from 2019 to 2020, direct learning expenditure made up a greater percentage of both payroll and revenue in 2020. This is likely due to reductions in payroll and revenue related to COVID-19.

Direct learning expenditure can be divided into three categories: internal services, learning suppliers, and tuition reimbursement. Internal services include in-house development, delivery and administration expenses, and talent development staff salaries. Learning suppliers provide consulting services, external content development and licenses, and outside non-staff trainers. Tuition reimbursement expenses include programs and courses at colleges and universities, as well as continuing professional education and certification. More than a quarter (28 percent) of the spending in 2020 went to learning suppliers and 9 percent went to tuition reimbursement. The rest went to internal services.

Direct learning expenditure per employee depends heavily on company size, with larger employers typically realizing cost advantages. They can provide the same learning offerings at a reduced cost per person because they can spread out many of the development and delivery costs over more employees (economies of scale). Large companies (at least 10,000 employees) had the lowest direct learning expenditure per employee (\$739). Small companies (less than 500 employees) recorded the highest direct learning expenditure per employee (\$1,985).

ATD also looked at data for some industry groups; finance, insurance, and real estate (FIRE) was the most heavily represented group among the 2020 participants. FIRE spent, on average, \$1,291 per employee on learning, or \$24 more than the consolidated average.

5. International Monetary Fund (IMF), "World Economic Outlook Update, July 2021: Fault Lines Widen in the Global Recovery," World Economic Outlook, July 27, 2021, [imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021](https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021).

6. International Labour Organization (ILO), "ILO Monitor: COVID-19 and the World of Work, 7th Edition," ILO Monitor, January 25, 2021, [ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf).

These companies are often heavily regulated and must deliver considerable amounts of required training to their employees. Many also must provide education to their employees on complex products and services (including new products that were introduced because of COVID-19, such as the US's Paycheck Protection Program loans). Finance and insurance companies saw a turbulent 2020, but showed strong resilience, partially because of the fiscal policies of many governments.⁷ The average FIRE company also saw more learning hours used per employee than the average company in the overall participant pool.

On the other hand, healthcare and pharmaceutical organizations spent \$1,174 per employee on learning, which was less than the consolidated average across all companies. Although new and expensive trainings were required in many cases (such as training on COVID-19 safety protocols or the opening of new COVID-19 hospital units), some non-required trainings were also likely eliminated due to extraordinary pressures on staff time and concerns over staff safety. Research from the American Hospital Association (AHA) shows that overall hospital revenue also decreased because of steep declines in non-COVID-19 volumes (for example, when procedures were canceled or postponed).⁸ Pharmaceutical companies saw increased public and philanthropic funding given the need for vaccines and therapeutics, but they also faced challenges such as supply-chain issues.⁹

Although average learning spending showed a drop, the number of learning hours used by each employee in the consolidated group increased slightly. At the average organization, each worker used 35.0 hours of formal learning in 2020. In 2019, employees used 34.7 hours of formal learning. Formal learning hours only reflects time spent on standalone learning activities, which are not embedded in on-the-job work activities. (Note that the *State of the Industry* also looks at on-the-job learning, which is discussed later in this report.) The hours used per employee was slightly higher than the figures seen in the last few years (it ranged from 32 to 34 between 2014 and 2018). In addition, each learning hour used in 2020 was slightly less expensive than in 2019 (it was \$76 in 2020 compared with \$77 in 2019 and \$78 in 2018). The number of employees per talent development staff member also increased from 430 to 447, before adjusting for outsourcing. These numbers likely reflect the changes in how learning was delivered; when organizations use virtual classrooms and e-learning, they have the potential to reach more learners with an offering. They may also save on travel costs and overhead costs like classroom rental fees.

7. Statista, "Finance and Insurance," Statista, October 12, 2021 (accessed), [statista.com/markets/414/finance-insurance](https://www.statista.com/markets/414/finance-insurance).

8. American Hospital Association (AHA), "Hospitals and Health Systems Continue to Face Unprecedented Challenges Due to COVID-19," AHA, June 2020, [aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-report.pdf](https://www.aha.org/system/files/media/file/2020/06/aha-covid19-financial-impact-report.pdf).

9. Peter Young, "Pharma and Biotech's 2020 Full-Year View," PharmExec.com, March 11, 2021, [pharmexec.com/view/pharma-and-biotech-s-2020-full-year-view](https://www.pharmexec.com/view/pharma-and-biotech-s-2020-full-year-view).

Content Distribution

Mandatory and compliance content made up 14 percent of the learning portfolio in 2020, more than any other content area. This is up from 13 percent in 2019. Examples of mandatory and compliance training include occupational safety and health training (including training related to reducing the spread of COVID-19 in workplaces), sexual harassment training, and cyber awareness and privacy training (for example, the EU's General Data Protection Regulation compliance training). It also includes compliance training that is specific to industries. For example, banks are highly regulated in the United States and the Federal Deposit Insurance Corporation (FDIC) requires that banks provide periodic training about their codes of conduct or ethics policy. In healthcare, the Health Insurance Portability and Accountability Act (HIPAA) requires training for all employees who have the potential to access protected health information.

Managerial and supervisory content was the second-biggest content area, accounting for 13 percent of the learning portfolio. This content area includes material related to managing individuals and teams (for example, coaching, building teams, and managing employee performance). Increasingly, managerial and supervisory content includes training on how to manage virtually—in other words, how to manage employees that work in a different location from the manager. ATD's research report *Developing Virtual Managers: Driving Excellence From Afar* found that by the end of 2020, 77 percent of managers had at least one direct report who was partially or fully in another location. Before the COVID-19 pandemic, 21 percent of managers fit this description. The report also found that organizations that provided training on how to manage in virtual settings were much more likely to be strong business performers.¹⁰

Other content areas with more than 10 percent of the learning portfolio were profession- and industry-specific content (such as engineering, medical, or legal skills training) and interpersonal skills (which are skills related to communicating with and working with others, such as teamwork and empathy).

Delivery Methods

This year's report shows how technology played a critical role in delivering learning during the pandemic. Hoping to slow the spread of COVID-19, many national, state, and local governments closed some workplaces in early 2020. Many organizations also took measures to limit in-person gatherings of employees for training or other purposes and halted or restricted business travel. As a result, in-person learning hours dropped dramatically. At the average organization, 16 percent of learning hours used in 2020 were delivered in the traditional face-to-face instructor-led classroom, down from 40 percent of hours used

10. Association for Talent Development (ATD), *Developing Virtual Managers: Driving Excellence From Afar* (Alexandria, VA: ATD Press, 2021).

the year before (2019). Although in-person learning hours were already declining before the pandemic began (from 2016 to 2018, in-person learning hours made up between 49 and 54 percent of hours used), the pandemic's impact on in-person learning is evident.

Instead of meeting in traditional classrooms, learners flocked to online spaces. Virtual classrooms use internet technology to connect a live instructor in real time with learners. In 2020, 35 percent of learning hours used were delivered in the virtual classroom, up from 19 percent in 2019. ATD's recent report *Virtual Classrooms: Leveraging Technology for Impact* found that 98 percent of organizations used virtual classrooms and nine in 10 organizations saw COVID-19 as a major driver in that decision.¹¹

At the average organization, self-paced online delivery (e-learning) accounted for 32 percent of hours used, up from 26 percent the year before. Unlike virtual classroom training, e-learning does not require a live instructor and allows the learner to access the content at any time. This report found that 97 percent of organizations used e-learning in 2020. Employees used a variety of devices to access e-learning content, with 84 percent using laptop computers, 70 percent using desktop computers, 48 percent using smartphones, and 45 percent using tablets.

On-the-Job Learning

The formal learning hours described in this report only account for standalone learning that occurred separately from on-the-job activities. However, at many organizations, learning experiences that happen during work are critical to employee development, so it is important to capture an accurate picture of on-the-job learning.

Five years ago, ATD began asking respondents to assess their organizations' on-the-job learning activities (defined as any learning that is not a standalone activity and is intertwined with work activities). Because this type of learning is inherently difficult to measure in hours, the *State of the Industry* instead measures an organization's level of commitment to on-the-job learning. Examples of on-the-job learning include knowledge sharing and coaching that takes place during work, as well as programs such as job shadowing, rotational training, apprenticeships, and internships. Stretch assignments (job assignments beyond the employee's skill level that are intended to develop the employee) and committee assignments (placements on committees—that may be cross-functional or cross-departmental—that work on an organizational challenge or initiative) are also considered on-the-job learning.

Despite the pandemic, organizations remained committed to on-the-job learning experiences, although on-the-job learning also relied more on technology. In 2020, 62 percent of

11. ATD, *Virtual Classrooms: Leveraging Technology for Impact* (Alexandria, VA: ATD Press, 2021).

organizations emphasized on-the-job learning to a high or very high extent. This is higher than the 56 percent seen in 2019. ATD also found that 48 percent saw in-person knowledge-sharing happen to a high or very high extent, down from slightly over half the year before. In 2020, 38 percent of organizations had high levels of knowledge sharing with the aid of technology (such as social media or collaboration tools), up from under a third the year before. The use of stretch assignments also grew, as did the use of committee assignments. A slightly smaller percentage used rotational programs compared to past years, perhaps because of challenges related to the pandemic.

Recommendations

The data presented in this report will aid readers in benchmarking their own organization's learning expenditures and activities against those of other organizations. To make benchmarking comparisons more meaningful, readers should review the data by industry and workforce size groupings when possible.

However, readers should be aware that all figures reported here are averages across groups, and the circumstances faced by their own organizations may be vastly different from those facing the average participating organization or even the average organization in their industry. Therefore, organizations should not aim to replicate the numbers provided here, but rather use the data as a benchmark so they can better understand their own learning expenditures and activities, as well as those of their peers.

Conclusion and Looking Ahead

In 2020, direct learning expenditure per employee was \$1,267, down from \$1,308 in 2019 and \$1,299 in 2018. The average number of formal learning hours used per employee was 35.0 in 2020, a slight increase from 34.7 in 2019 and 34.0 in 2018.

When using this data for benchmarking, ATD makes the following suggestions:

- Note that data reported here are averages and participating organizations change from year to year.
- Don't aim to replicate the data presented. Instead, observe trends over time and use the information as a benchmark to compare your own data and trends.
- Use the data reported by industry size and type when available. If possible, look to the tables to review the data by organization and industry type, which will more closely mirror your organization.

This report looked at data from the 2020 calendar or fiscal year. On March 11, 2020, the World Health Organization declared the outbreak of the COVID-19 virus to be a pandemic. Globally, the pandemic has caused widespread disruption and presented unprecedented challenges for employers.

In 2022, ATD will collect data from organizations on their learning spending and activities for 2021. The IMF anticipates worldwide economic growth in 2021 but cautions that this growth will be uneven across countries (and within countries) and characterized by uncertainty.

However, ATD's research suggests that some developments seen in this year's *State of the Industry* are here to stay, particularly the increased use of technology to deliver training. For example, ATD's research in *Virtual Classrooms: Leveraging Technology for Impact* suggests that the heightened levels of virtual classroom use will continue. Most organizations expected virtual classroom use to increase or stay the same through 2021 and into 2022 even as they recovered from the pandemic.¹² Likewise, organizations reported that they expected their e-learning use to continue to grow over the next five years.¹³

12. ATD, *Virtual Classrooms*.

13. ATD, *E-Learning*.

About ATD

atd The Association for Talent Development (ATD) is the world's largest professional membership organization supporting those who develop the knowledge and skills of employees, improve performance, and achieve results for the organizations they serve. Originally established in 1943, the association was previously known as the American Society for Training & Development (ASTD).

ATD's members come from more than 120 countries and work in public and private organizations in every industry sector. ATD supports talent development professionals who gather locally in volunteer-led US chapters and international member networks, and with international strategic partners. For more information, visit td.org.

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Maria Ho is the associate director of ATD research services and served as the author of this report. She provides oversight and direction for all of ATD's internal and external, industry specific, and market research services.



Melissa Jones is the manager of ATD Press and served as an editor for this report. She edits and manages the production process for ATD research reports and books.



Hannah Sternberg is a production editor for ATD and served as an editor for this report.



Marisa Stokley is an associate editor for ATD and served as an editor for this report.



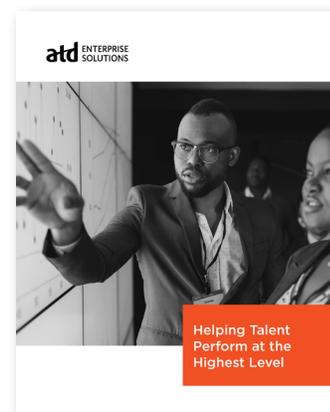
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