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# Training projections for 2003:

## *Results of an ASTD/DDI poll*

by

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# Training Projections for 2003: Results of an ASTD / DDI Poll

## Executive Summary

This joint ASTD-DDI Working Paper gives results of a poll of workplace learning professionals who attended three webinars on the ASTD's *Training for the Next Economy*, sponsored by DDI in January 2003.

Audience member projections of 2003 *training expenditures per employee*, *outsourcing*, *learning technologies*, and *use of level 4 evaluations*, in their own organizations, are presented and contrasted with the earlier 2001 picture of actual outcomes, shown in data from organizations participating in ASTD's Benchmarking Service.

Results show:

- while the percent of webinar attendees that projected an increase is roughly the same as those that projected a decrease in *training expenditures per employee*, the majority expect training expenditures to stay the same.
- with regards to *outsourcing*, more poll respondents thought the share of training expenditures going outside their organization would decrease (34.5%) than those that thought it would increase (21.8%).
- almost 75% of respondents projected an increase in the share of total training expenditures going to *learning technologies*, with a quarter projecting their increase to be more than 10% over their 2000 level. Only 2.8% projected a decrease.
- while fewer than 30% project an increase in the *use of Level 4 evaluation strategies*, this amount is much greater than the 3% projecting a decrease, with 70% projecting no change.

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# Training Projections for 2003: Results of an ASTD / DDI Poll

## 1. Background: the *State of the Industry Report* and ‘key ratios’

The American Society for Training and Development (ASTD) offers a “Benchmarking Service” (BMS) to all types of organizations – private, public, non-profit, government, U.S.-based, overseas, and global/international. In return for inputting their own data on training investments, activities, and methods to an online Measurement Kit, participating organizations receive back a free automatic benchmarking report, showing their entity’s position vis-à-vis chosen comparison groups within the whole database. Since 1995, almost 5,000 organizations have taken advantage of this free opportunity to compare their own training efforts with those of their industry peers, and to obtain validated, consistent, quantitative information on which to build an internal business case for training investment.<sup>1</sup>

The accumulated entries to the database are also used by ASTD Research as a foundation for its summary annual review of statistical trends in training known as the *State of the Industry Report* (SOIR). Now in its sixth edition, this report is widely recognized as the most comprehensive snapshot available of trends in employer-provided workplace training in the United States.<sup>2</sup> This reputation is maintained through the validated and benchmarkable questions asked in the Measurement Kit and the objectivity of the SOIR’s analysis and reporting.

The main statistical offering within the *State of the Industry Report* is the “key ratios” of training. These are the key management and performance variables about training investments, levels, course types, activities, and practices, standardized where possible by employment or payroll totals to allow comparison across different sizes of organization. The latest values of these key ratios are shown in Table 1.

1. Total Training Expenditures per Training-Eligible Employee:	<b>\$761</b>
2. Total Training Expenditures as % of Payroll:	<b>1.9%</b>
3. Percent of Training-Eligible Employees Trained:	<b>78.5%</b>
4. Training-Eligible Employees to Trainer Ratio:	<b>367</b>
5. Percent of Training Time via Classroom:	<b>77.1%</b>
6. Percent of Training Time via Learning Technologies:	<b>10.5%</b>
7. Payments to Outside Companies as % of Total Training Expenditures:	<b>20.9%</b>
8. Total Training Hours per Training-Eligible Employee:	<b>23.7</b>

<sup>1</sup> Interested organizations can go to: [http://www.astd.org/virtual\\_community/research/measure/bnch\\_svcs.html](http://www.astd.org/virtual_community/research/measure/bnch_svcs.html) to find out more, and to enter their data.

<sup>2</sup> The latest SOIR, *Training for the Next Economy: An ASTD State of the Industry Report on Trends in Employer-Provided Training in the United States*, can be downloaded free by ASTD members from: [http://www.astd.org/virtual\\_community/research/](http://www.astd.org/virtual_community/research/). Non-members can purchase the full SOIR as a PDF online from: <http://store.astd.org> for US\$79.95. The Executive Summary is available free from: [http://www.astd.org/virtual\\_community/research/pdf/SOIR2002\\_Training\\_summary.pdf.pdf](http://www.astd.org/virtual_community/research/pdf/SOIR2002_Training_summary.pdf.pdf)

The ‘average’ Benchmarking Service organization’s total training expenditures as a percent of payroll *declined slightly* from 2.0% in 2000 to 1.9% in 2001. This change is still within the historical range of values found in the previous five reports, which have witnessed fluctuations between 1.5% and 2.0%. Meanwhile, the percent of all employees actually trained within BMS organizations *rose slightly*, from 77.5% to 78.5%, and the average number of training hours received per employee stayed roughly the same (at 23.7 hours per year, compared to 23.5 previously).

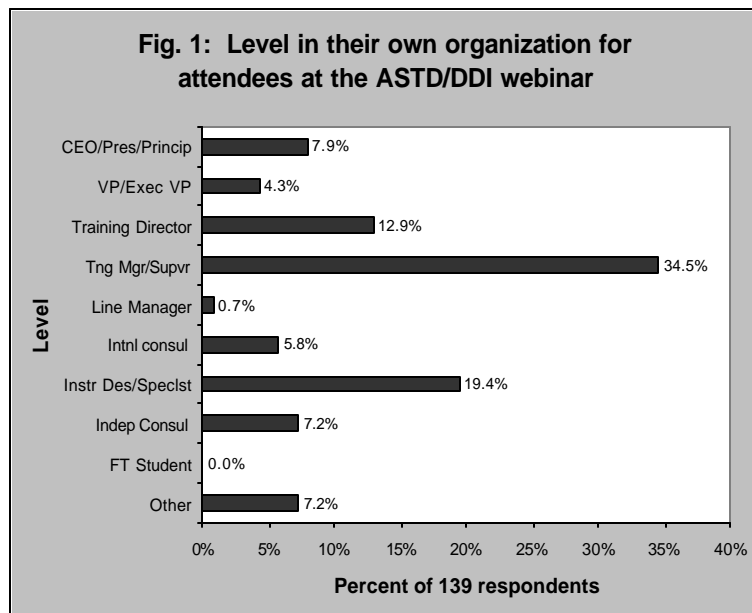
These trends raise the question of how organizations are managing to hold, or even increase, the “outputs” from training -- the bodies trained and the hours delivered -- when the resource effort devoted to training -- the training expenditures as a share of payroll -- shows a decline. The data show this feat is *not* being achieved through increasing the number of trainers, for example: the ratio of employees to trainers increased by almost 5%, from 351 in 2000 to 367 employees per trainer in 2001. Nor is it being done through additional classroom time, since the percent of total training time delivered via classroom declined slightly, from 79.1% in 2000 to 77.1% in 2001. The data suggest it is most likely being achieved through the increased application of technology. The percent of total training time delivered via learning technologies increased in BMS organizations from 8.8% in 2000 to 10.5% in 2001. Although this 1.7% increase may not appear large in absolute terms, it is in fact the largest single-year jump in the value of this indicator in the last four years of the database.

ASTD thus concluded in its most recent *State of the Industry Report* that training is holding its own in the ‘Next Economy’: the dual shocks of 9/11 and recession did not cause a collapse in training (at least within these BMS respondents). Instead the Next Economy appears to have enhanced prior trends in training, and particularly that towards more use of learning technologies.

## 2. Webinar poll sample characteristics

ASTD and DDI presented the above results and other material from the latest SOIR in three DDI-sponsored “webinars” – that is, online seminars “attended” via internet and phone by participants from around the world – in January 2003. ASTD and DDI then used the opportunity afforded by the webinars to capture, through an online after-poll of webinar attendees, some *projections* of what audience members think will be happening with some of these key ratios inside their *own* organizations in 2003.

The audience members were by definition training-oriented and knowledgeable workplace learning and performance



professionals. The “level” of poll respondents within their own organizations is shown in Fig. 1. Overwhelmingly, the webinar audience represented the practical “training department” level. Two-thirds of poll respondents were training Directors, Managers, Supervisors, or Instructional Designers. Only 12.2% were Executive level (i.e. CEO, VP) attendees.

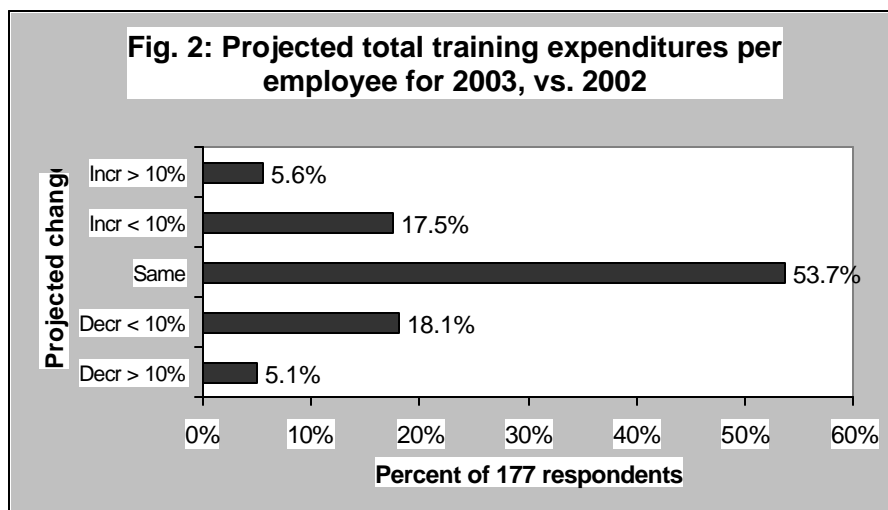
### 3. Poll Projections

Poll questions asked respondents about their projected *total training expenditures per employee*, their share of total expenditures going to *outsourcing* and to *learning technologies*, and their use of “Level 4” (*results-focused*) *evaluation strategies*. Projections were asked for 2003, compared to 2002’s value for their organization. We give the distribution of their responses to each question below, together with statistics from the larger numbers of Benchmarking Service (BMS) organizations on the same topics, in order to give background and perspective for the webinar audience sample projections.

#### 3.1 Training Expenditures

ASTD’s definition of “training expenditures” *includes*: wages and salaries (not including benefits) of full-time and part-time training personnel (including of administrative support , but not wages of the trainees themselves); payments to outside trainers and training companies; tuition for courses at educational institutions; expenditures on learning technologies; training facility expenses; course materials; catalogs; marketing; travel of training staff; and training administration. Training participants’ travel expenses, conference expenses, and fees, are *not* included. Within the larger group of organizations entering such expenditure data to the BMS in the past five years, the total training expenditures per employee has varied between extremes of \$677 and \$770, and has typically shown \$60-\$90 annual swings. The latest figure, for 2001, was \$761 per training-eligible employee.

The smaller group of webinar poll respondents was asked what they projected happening to training expenditures per employee within their own organization in 2003, compared to 2002. Their responses are summarized in Fig. 2.

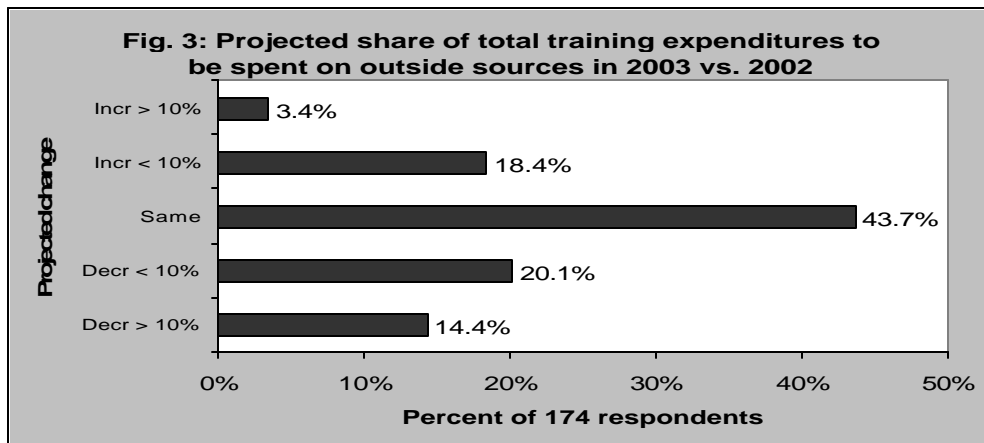


In spite of the recent downturn in training expenditures as a percent of payroll exhibited by the BMS organizations for 2001 overall, under a quarter of these webinar poll respondents (23.2%) project any *decrease* in their expenditures per employee for 2003. Just over half (53.7%) think their 2003 expenditures would be the *same* as in 2002. Just over 23% think there will be an *increase*: 17.5% in this group think their increase will still be less than 10%, while 5.6% think their increase will be more than 10% over 2002’s value.

### 3.2 Outsourcing

Within the larger group of BMS organizations entering their training data and showing expenditure categories, the share of total training expenditures going to outside companies has varied between extremes of 27.3% (in 1996) and 19.9% (in 1999). ASTD has previously commented on a “pendulum effect” as the outsourcing option appeared to go in and out of fashion. The latest BMS figure for 2001 was 20.9%, which was a slight decline from the 22.2% of the previous year.

Webinar poll respondents were asked what they projected would happen to the share of total training expenditures spent by their own organizations on outside sources in 2003, compared to in 2002. Their responses are summarized in Fig. 3.

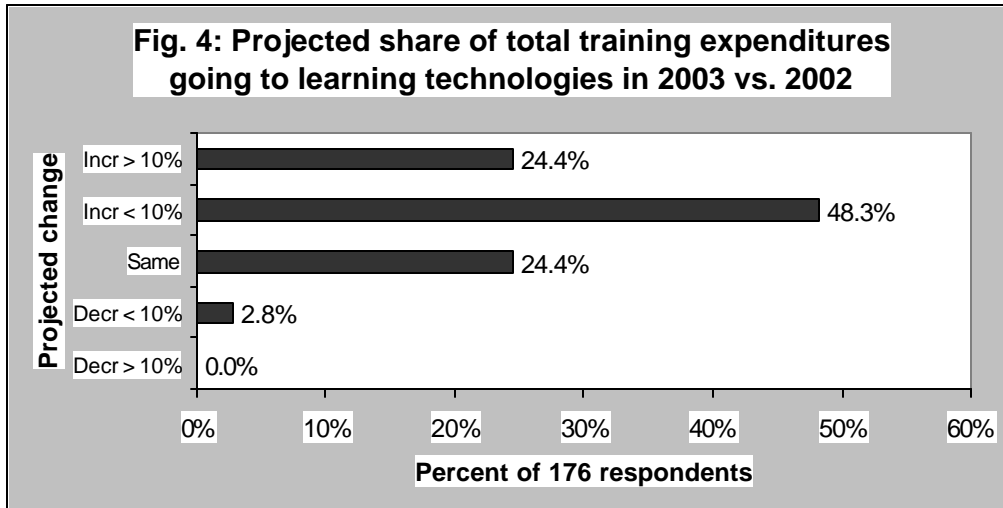


A greater share of respondents thinks this outsourced share will continue to go down in 2003 than thinks it will increase (34.5% compared to 21.8%). Just over 43% think it will stay the same. This direction allies with the recent downward trend spotted for the BMS organizations.

### 3.3 Learning technologies

For the larger group of BMS organizations, ASTD asks participants to report on the share of their total training expenditures going to learning technologies, the share of total training time delivered by learning technologies, and their actual use of different types of technologies. ASTD divides learning technologies into “presentation methods” (such as multi-media, CBT, and teleconferencing) and “distribution methods” (such as CD-ROM, email, intranet, LAN, and internet). For 2001, the average BMS organization reported spending 4.6% of total training expenditures on learning technologies, and delivering 10.5% of total training time that way.

The webinar attendees were asked what they projected would happen to the share of total training expenditures going to learning technologies in their organization in 2003 compared to 2002. Their responses are shown in Fig. 4.



The picture of projected increase is much clearer here with technologies, than it is with the previous questions on expenditures per employee and the share going to outsourcing. Some 72.7% of respondents project an increase in the share of total training expenditures going to learning technologies, compared to only 2.8% projecting any decrease. Almost a quarter (24.4%) of respondents projects their increase to be more than 10% over their 2002 level.

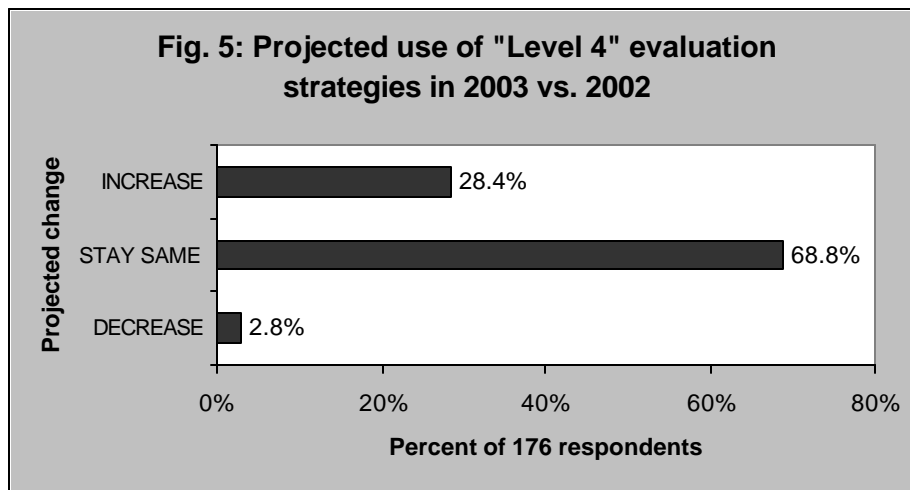
### 3.4 Evaluation Strategies

For the larger group of BMS organizations, ASTD asks participants to report on their evaluation methods, using Kirkpatrick’s four levels of evaluation. These are traditionally described in sequence from the most basic “Reaction” level (1), the “Learning” level (2), the “Behavior” level (3), and the “Results” level (4). Typically, a very large majority of BMS organizations report using level 1 “Reaction” measures for evaluation, but after that there is a significant fall-off in use with the higher levels. Within the larger group of BMS organizations in 2001, 91% reported using level 1, whereas 36% used level 2, 17% used level 3, and only 9% used level 4.

Our focus for the webinar poll, given the current stringencies of the economic environment, was on level 4, the “results-based” evaluation methods. Webinar poll respondents were asked what they projected would happen to their use of level 4 evaluation strategies in 2003, compared to 2002, and their responses are shown in Fig. 5.

One could expect that in 2003, coming off a rocky and cash-strapped 2001 and 2002, more organizations than ever would be interested in results-based evaluation of activities, including their training initiatives. Recent developments in concepts and measurement of ROI, and the increasing availability of tested ROI solutions (like ASTD’s ROI network) should also be making it easier for organizations to consider increasing their efforts in this realm in 2003. Some 28.4% of the respondents do project an increase in their use of level 4. This is a much greater share than the 3% projecting a decrease. While these findings can be read as a substantial improvement on the picture found in the BMS (where fewer than one in ten organizations used level 4 strategies in 2001), it is still puzzling, given the increased emphasis in the Next Economy environment on

justifying training through demonstrated business results, that two-thirds of the respondents expected no increase in their use of Level 4 evaluations.



## 4. Implications for 2003 and Beyond

### *On training expenditures...*

Considering the current economic downturn, coupled with expectations for a slow 2003 recovery, our reaction is that these data are somewhat encouraging. Overall, the forecast is for an even keel. The majority project to stay the same, while equal numbers project up or down.

### *On outsourcing...*

There are some possible explanations for these results. In time of economic downturn, companies may be cautious about spending on outside resources, increasing even further the number of layoffs in spite of potential long-term savings. Another explanation could be that employee development is considered "strategic" rather than "tactical," and thus may be unlikely to be outsourced. Finally, outsourcing is a senior level decision. The internal training function often perceives outsourcing as a threat to its own security – and likely rightfully so. Thus, the data may reflect a slight bias against outsourcing.

### *On learning technologies...*

Have we heard this optimism before? Of course! Projections for e-learning have *always* been stronger than our real appetite. However, our belief is that over time, the "e" vs. "classroom" learning balance may well change dramatically.

### *On the use of Level 4 evaluation strategies...*

While 69% of the respondents are expecting their use of Level 4 evaluations to stay the same, more than 28% expect an increase. Although this projected increase was over a relatively small base, it is trending in a positive direction, given the emphasis in the Next Economy environment. However, widespread use of Level 4 evaluation strategies still appears to present a number of hurdles that need to be overcome.

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## About ASTD

The American Society for Training and Development (ASTD) was founded in 1944, and has since grown to be the world's foremost membership organization for the realm of workplace learning and performance. ASTD is a non-profit association for trainers, HR and OD professionals, performance practitioners, and training industry suppliers and consultants. It has about 70,000 members in the national organization, state/local chapters, and global networks. The President and CEO is Tina Sung, and Rob Maple is the Chair of the Board of Directors.

Among ASTD's services and products are:

- An annual "International Conference and Exposition" which regularly attracts 9,000-12,000 attendees from around the world.
- A variety of more specialist topic meetings, such as the TechKnowledge Conference, the ROI Conference, etc.
- Popular professional certificate programs in Human Performance Improvement (HPI), Return on Investment (ROI).
- An E-learning Certification (ECC) for off-the-shelf e-learning courses, which is becoming the industry standard for quality.
- A full line of professional development materials, including books, info-lines, electronic newsletters, webinars, etc.
- The monthly *Training and Development* ("T+D") magazine.
- A 'Benchmarking Forum' for in-person convening of larger organizations around best practices, networking, and strategy sharing.
- A 'Benchmarking Service' online 'Measurement Kit', where organizations can input their data on training investments, activities, courses, and delivery methods, and receive back a free benchmarking report showing how their company compares against chosen comparison groups.
- An annual '*State of the Industry Report*' – the most comprehensive survey of employer-provided training in the country.

For more information about ASTD, visit [www.astd.org](http://www.astd.org), or call 1-800/628-2783.

## About DDI

For more than three decades, Development Dimensions International, (DDI) has worked with some of the world's most successful organizations to achieve superior business results by building engaged, high performing workforces.

We excel in two major areas-designing and implementing selection systems that enable you to hire better people faster and identify and developing exceptional leadership talent crucial to creating a workforce that drives business results.

We are constantly asking our clients why they chose us-and stay with us over time. It all boils down to four reasons.

- *Experience.* Since 1970, DDI has worked with more than a thousand companies in virtually every industry.
- *Loyal, Top-tier clients.* True, DDI's client list includes the most recognized names in business worldwide.
- *Results.* Better customer service, reduced turnover, improved productivity, and a strong ROI-and we have the research to prove it!
- *Global.* Today, close to one third of DDI's business is done outside of North America through our network of 75 offices in 26 countries-all with local sales, consulting and implementation support.

For more information about DDI, visit [www.ddiworld.com](http://www.ddiworld.com), or call 1-800-933-4463.

## About the Authors

**Chris Thompson** directs research activities for ASTD's national office. He is lead author of *Training for the Next Economy: An ASTD State of the Industry Report on Trends in Employer-Provided Training in the United States*. He has co-authored two other books, and several journal articles and reports on workforce development, high technology, and regional economic change. Prior to joining ASTD, he worked for the National Governors' Association, the National Institute of Standards and Technology's Manufacturing Extension Partnership, the Governor's Workforce Investment Board of Maryland, and the University of Wisconsin-Madison's LaFollette Institute for Public Affairs. He has a doctorate from the University of Cambridge, and a Masters from the University of California at Berkeley.

**Rich Wellins** is Senior Vice President of Global Marketing and New Business Development for Development Dimensions International (DDI). Rich's accomplishments include initiation of DDI's workforce expansion capabilities, introduction of the world's leading team-based training program, and spearheading the formation and rapid growth of DDI's global account program and launching an award-winning integrated knowledge management system. Rich received a Doctorate in Social/Industrial Psychology from American University in Washington, D.C. and has written for more than 20 publications and published six books, including the best seller, *Empowered Teams, Inside Teams, and Reengineering's Missing Ingredient*.