

# Is Online Higher Education Right for Corporate Learning ?

**A new survey reveals a strong future and potential for growth.**

ONLINE HIGHER EDUCATION has enjoyed significant growth in recent years among the general public. But what do corporate learning executives think about online learning? Do they believe its growth will continue unabated, or has it reached a plateau? Are they satisfied with the credibility of an online degree? And what do they see as the primary enablers and barriers toward using this form of education?

To discern these and other timely issues regarding online learning in business, ASTD recently partnered with Capella University, a leading accredited online university, to identify the perceptions of senior learning executives about the role of online higher education in corporate learning. A total of 151 learning executives responded to 12 questions concerning online higher education, and four demographic questions. Online higher education was defined as educational opportunities including degree and training programs provided by accredited colleges and universities, delivered either entirely or partially, via the Internet.

Among the key findings: A vast majority of respondents see continued growth in their organizations for online learning and, nearly half perceive an online education equally as valuable as one from a traditional land-based degree pro-

gram. The survey respondents also gave useful guidance about how online programs can be more valuable to the corporate world.

## **Growth potential**

More than four out of five survey respondents (81 percent) believe the role of online higher education will increase or at least stay the same in their companies within the next two to three years. Only 2 percent believe it will decline.

These results are consistent with the analysis and predictions made in the most recent comprehensive study of online education, by The Sloan Consortiums, *Entering the Mainstream: The Quality and Extent of Online Education in the United States, 2003 and 2004*. As the title of this November 2004 study suggests, rapid growth has made online learning so pervasive that it has reached common awareness.

Indeed, the Sloan study predicted a 24.8 percent average growth rate of online students for 2004, up from the 19.8 percent growth rate of 2003. The study also predicted that more than 2.6 million students would be learning online by the fall of 2004.

The ASTD/Capella survey responses revealed a range of reasons behind the importance of the top-ranked driving forces for business organiza-

tions' use of online education. The top two responses were "increase the range of learning opportunities provided to employees" and "increase employee satisfaction and retention."

Ranked next as driving forces were "increase the quality of learning opportunities provided" and "Increase mission-critical skills in particular groups of employees."

These responses suggest a growing acceptance that the availability of online higher education enables companies to provide a more robust and comprehensive menu of educational offerings to employees.

Education providers that specifically target the needs of working adults, such as online universities, tend to offer courses that align with the mission-critical skills of employers. Companies are increasingly expecting employees to demonstrate educationally derived work value based on the educational investments that the former has made.

That's definitely the case at HP, which has more than 140,000 employees worldwide. "Because our business needs are dynamic, we need a flexible workforce that's specifically educated to address those needs," explains Jeff LaBrache, global manager of educational assistance, benchmarking and research for HP. "But the degree or coursework has to align with a business need at our company. We see it as a discretionary benefit."

### Raising awareness

When asked about the perceived value within their organizations of a degree obtained from an online higher education program, slightly more than half of the respondents (51 percent) believe that it is less valuable than one from a traditional land-based degree program. Conversely, 49 percent believe a degree from an online provider is equally valuable or almost as valuable as one from a traditional program.

By comparison, a survey of chief academic officers at schools of higher education, conducted in 2004 by the Sloan Consortium, revealed that 41 percent believed that students were at least as satisfied with online courses as they were with traditional offerings, 56 percent were neutral, and only 3 percent disagreed.

Kee Meng Yeo, Director of the Johnson & Johnson eUniversity, exemplifies the mixed range of opinion about the quality of online

higher education. Yeo, who earned his undergraduate degree several years ago from a traditional land-based university, admits that he was at first skeptical about the quality and likely interactivity of online education. But that was before he earned his master's degree in organizational psychology from Capella University in 2004. Now, personally and professionally, he's a strong advocate for online learning.

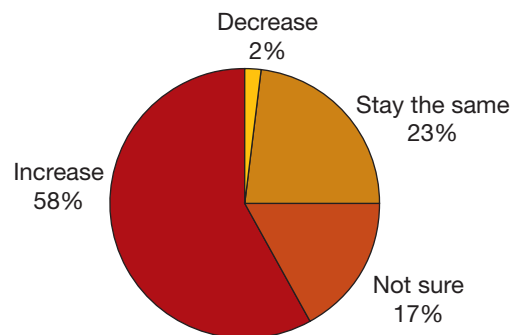
"I was already somewhat familiar with e-learning, but I was concerned about the quality of the instruction and the interaction with other students," Yeo says. "One of the things I most appreciated about my online higher education experience was that the other graduate students were by and large other working adults able to discuss a range of real-world experiences. They have great perspective. They're not just out of college."

Each quarter, more than 40,000 of Johnson & Johnson's 110,000 employees worldwide access the educational resources of the company's eUniversity. As the corporate school's director, Yeo is frequently asked for his advice on selecting an online university. "What I tell people is that what's most important, far and away, is accreditation of the university from one of the known regional accrediting organizations," he says. "Next, I tell them to look at the kind of programs offered, and then assess their quality."

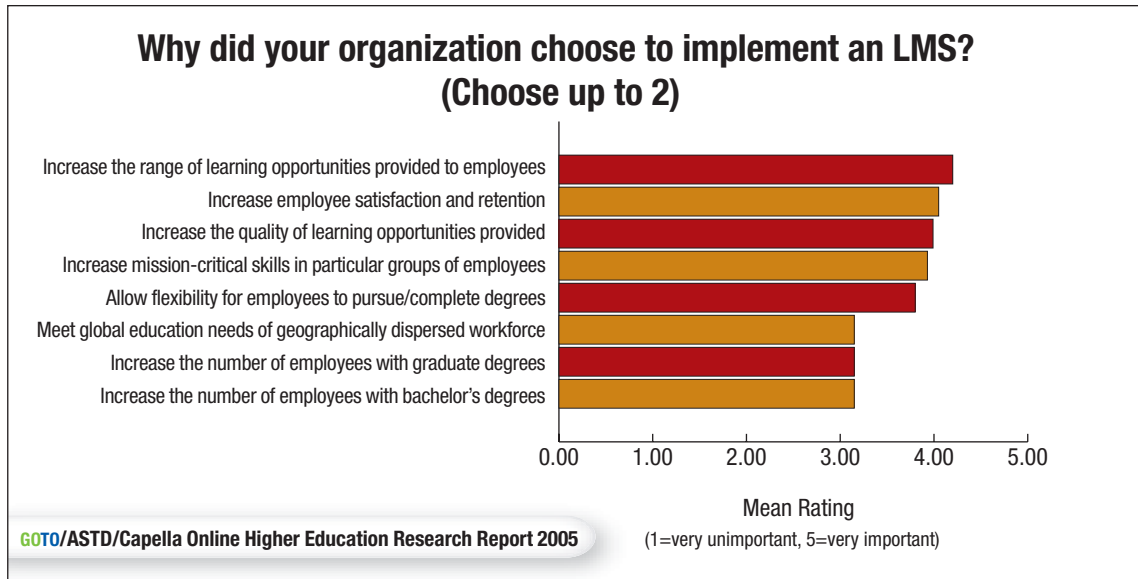
### Defining quality

Yeo's selection criteria for online higher education is nearly identical to the replies of respondents to a survey question pertaining to the strongest influences when selecting an online higher education provider.

### How will the role of online education change in your organization in the next two to three years?



GOTO/ASTD/Capella Online Higher Education Research Report 2005



The top-ranked influencing factors were accreditation, reputation/credibility, and cost, all of which can also indicate the quality of an institution.

But what constitutes quality in higher education? With traditional universities, it's easy to see how reputation and credibility matter greatly for schools that are decades or even centuries old. For accredited online universities, most of which began less than 15 years ago, reputation and credibility still matter, but not in the same way as with land-based universities. Several other factors are nearly as important, including the relevance of the curriculum to job skill needs and the flexibility of course offerings.

When Yeo began his online master's program, he assessed the school's quality based on the quality of his instructors. He found the instructors to be not only as academically qualified as those who teach at traditional universities, but often able to provide crucial business-world experience.

"Many of my professors also had consulting businesses that enabled them to bring real-world experiences into the classroom," Yeo says. "They weren't just 'pure' academics who lacked real-world experience." Open-ended responses to the survey question: "What options in online higher education degree programs would you like to see in the next two-to-three years?" indicate a strong familiarity among respondents with traditional land-based universities—and a partiality toward in-person instruction. For example, several respondents suggested that a blended approach, combining online learning with classroom education, would be ideal for their workforce—both to ensure quality and, as one respondent put it, "greater experiences in interpersonal relationships."

Overall, the verbatim responses indicate that online providers of higher education, despite their dramatic enrollment gains, still have considerable

communications work ahead to educate prospective customers—the students and the employers who support them—about their attributes.

### Online expansion opportunity

As a whole, there's still considerable potential for companies to expand their use of online higher education. When asked what percentage of their company's tuition reimbursement spending goes toward higher education programs, respondents indicated that on average 85 percent of spending goes to traditional land-based universities, 10 percent goes to blended instruction, and 5 percent to online-only.

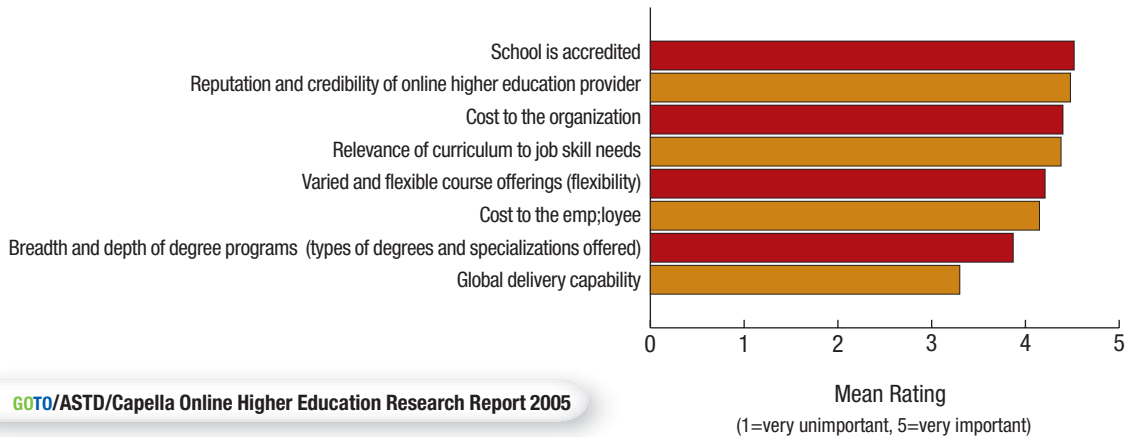
Yet many learning executives seem intent on expanding the role of online higher education within their organizations. Among the top-ranked reasons why they would consider expanding their online usage were a school's ability to match its degree programs to an organization's competency needs, its discount program, its skills assessment and reporting, and group learning opportunities.

However, learning executives also see barriers to expanding online higher education for their employees. When asked about such potential barriers, learning executives most frequently cited the reputation and quality of online higher education in general, inconsistency in quality (of content and instructors), poor linkage between course content and business objectives and the cost of online education per employee.

### Key takeaways

According to the survey, several learning executives believe there must be a distinct alignment between their workforce's educational needs and the offerings of online education providers. With greater alignment, learning executives should also be able to more readily justify their company's educational ex-

## Rate the importance of each of the following as an influence on the decision to select an online higher education provider.



penditures. Yet this responsibility for alignment need not rest solely with education providers; companies themselves should also pursue this need.

The survey also gives guidance for providers of online higher education. For instance, online providers should make content alignment a standard practice of their relationships. Respondents also indicated that online schools might wish to offer customized degrees to accommodate the varied needs of their corporate customers, as well as be willing to lower per-course costs.

For online higher education providers, flexibility and a willingness to partner with a client's specific industry needs might provide a competitive advantage. A good example comes from Farmers Group, which sought to have employees pursuing key industry designations also receive bachelor's or master's degree credit for these classes.

"We have 400 professionals at Farmers who have earned their chartered property casualty underwriter (CPCU) designation and about 300 more pursuing it," explains Alysia Vanitzian, assistant vice president – human capital. "We wanted to encourage our employees to obtain their degrees by leveraging courses they had already completed toward their CPCU designation."

While some traditional universities have credit equivalencies in place for industry designations, these schools are confined to specific locations. Vanitzian wanted a national institution so that Farmers employees, regardless of their location, could gain equivalency credit. As an online university, Capella readily met Vanitzian's national requirement, and was willing to partner with Farmers on credit equivalencies. Today, Capella accepts credits taken for CPCU, making it more attractive for Farmers employees.

### Make distinctions

To boost the future credibility of online higher education, Yeo believes that schools such as Capella need to communicate much more effectively, not only to explain how their instruction compares with that of traditional land-based universities, but also to distinguish themselves from unaccredited online universities. "There are a lot of unaccredited or not truly accredited degree mills out on the web, and their presence detracts from 'real' online accredited universities, because some people tend to lump them all together."

Over the next few years, researchers should explore how legitimate accredited online universities differentiate themselves in the educational market. Given the strong future growth potential of online higher education as well as questions raised by senior learning executives regarding online educational quality, we believe it will be useful to reassess learning executive attitudes within the next two to three years. **TD**

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**GOTO** To view a complete copy of the survey results, go to [http://www.astd.org/astd/research/research\\_reports](http://www.astd.org/astd/research/research_reports).