

ASTD Learning Executives Confidence Index (LXCI)

Q1 2009 Report

Highlights

- The confidence of learning executives (LXs) showed signs of stabilization in the first quarter of 2009, even in the midst of the shaky economy.
- The overall LXCI for Q1 2009 was 55.2, essentially even with Q4 2008 (55.4), demonstrating that collectively LXs expect their learning functions to remain the same or marginally improve over the next six months.
- One of the four major indices reversed previous downward trends (impact on corporate performance), and two (ability to meet learning needs and status as a key strategic component) stabilized.
- The availability of resources is a continued concern, with this confidence index dropping again in Q1 2009.
- LXs reported an expected decline in outsourcing on external services that aid in the learning function.
- Most LXs forecasted decreases in their learning expenditures over the next six months.



Learning Executives Confidence Index

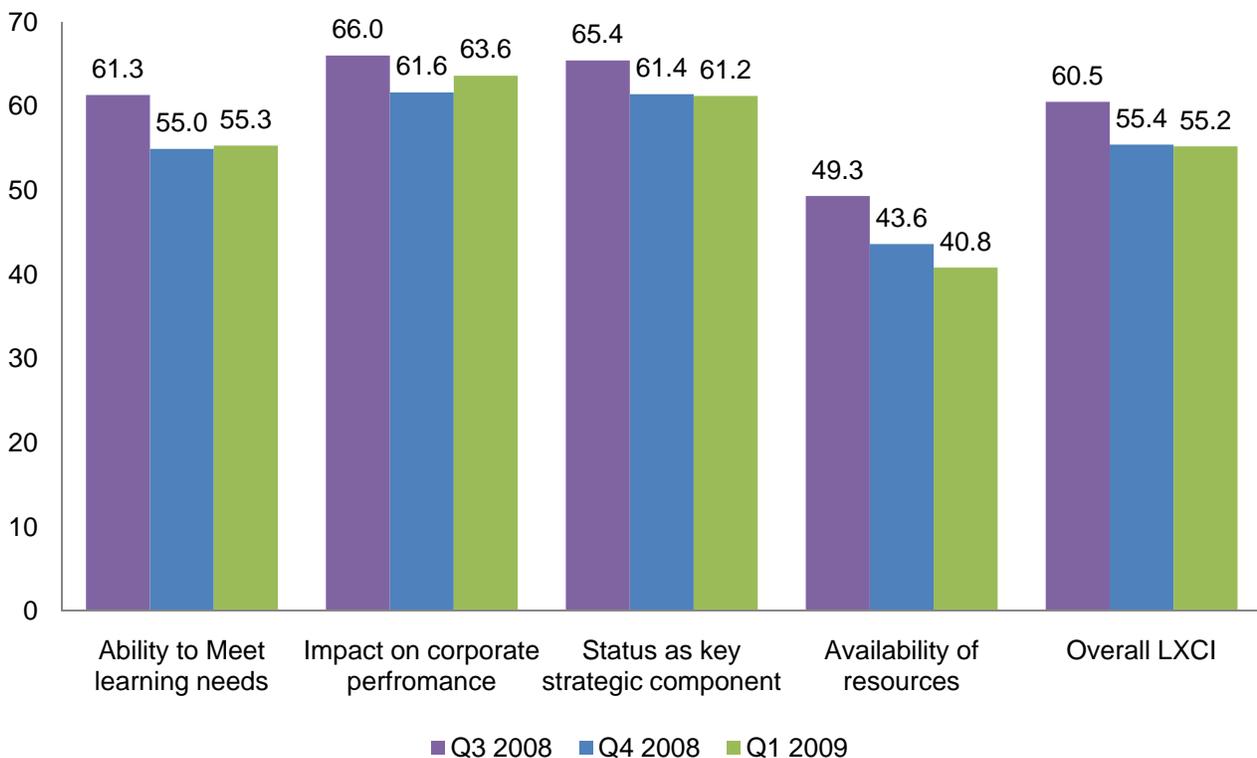
Q1 2009

4/10/2009

Learning executives (LXs) revealed a bit of optimism in the first quarter amid the fear and uncertainty constantly looming around the economy. Executive confidence began to stabilize compared to the drops at the end of 2008, in the areas of ability to meet learning needs, impact on corporate performance, and status as a key strategic component. However, confidence in securing resources for the learning function continued to wane, dropping from 43.6 in Q4 2008 to 40.8 in Q1 2009. These scores created an overall Learning Executives Confidence Index (LXCI) decrease of only 0.2 points, essentially stable with the previous quarter. Expectations of limited resource availability also impacted expectations of outsourcing, with 62.6% reporting that their utilization of external providers will decrease over the next six months, up from 38.1% in Q3 2008 and 60.5% in Q4 2008. Only 7.1% of LXs indicated the current economic conditions will have no impact on the learning function in the next six months, down from 12.8% in Q3 2008 and 11.4% in Q4 2008.

The ASTD LXCI for Q1 2009 was 55.2, compared to 55.4 in Q4 2008, based on responses from 289 LXs to an online invitation-only survey, demonstrating that collectively LXs expect their learning functions to remain the same or marginally improve over the next six months. (For those unfamiliar with the LXCI, a detailed explanation appears at the end of this report). The outlook for LXs' own organizational performance has improved, with 58.1% reporting their industry will remain the same or improve over the next six months in Q1 2009, up from 39.1% in Q4 2008. LXs' reported more confidence in their organizations' profit expectations, with 57.9% anticipating that their profit will remain the same or improve, up from 56.2% in Q4 2008.

Learning Executive Expectations For Next Six Months



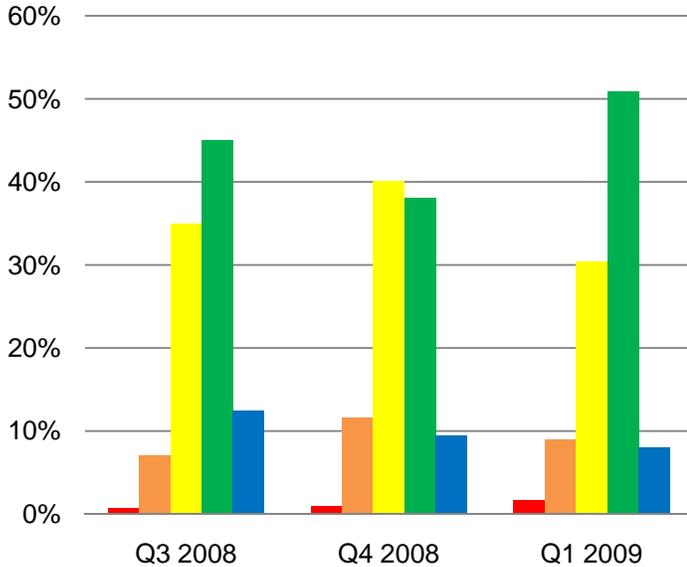


Learning Executives Confidence Index

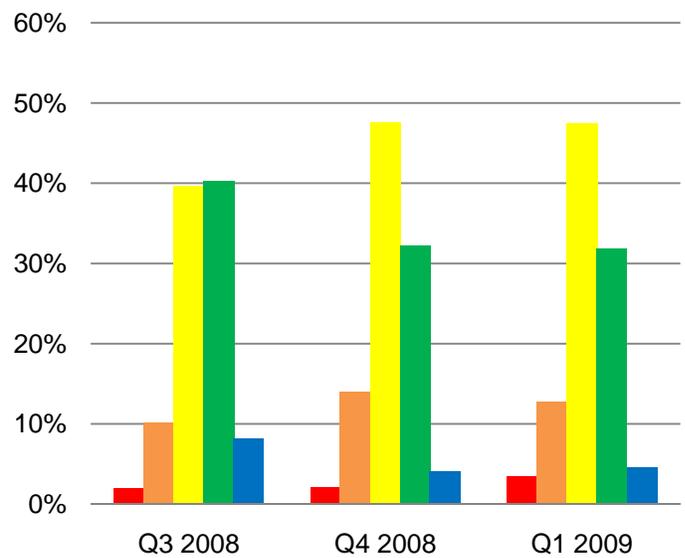
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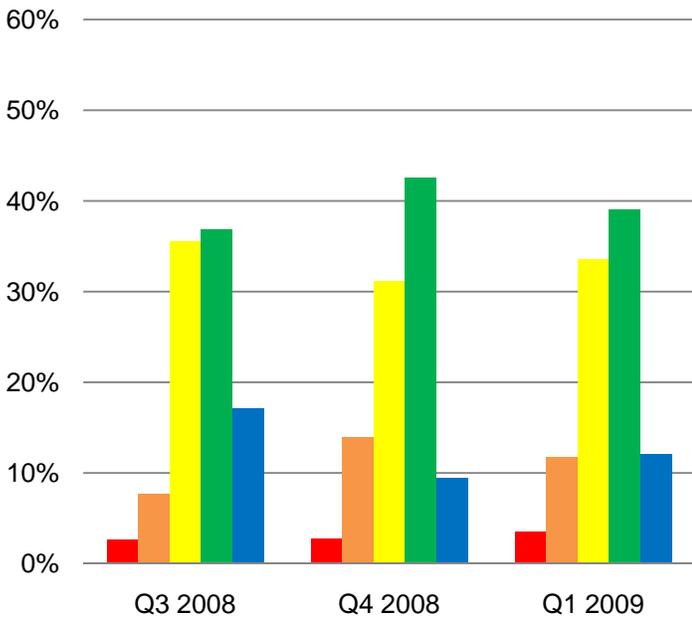
LX Expectations on Impact on Corporate Performance For Next Six Months



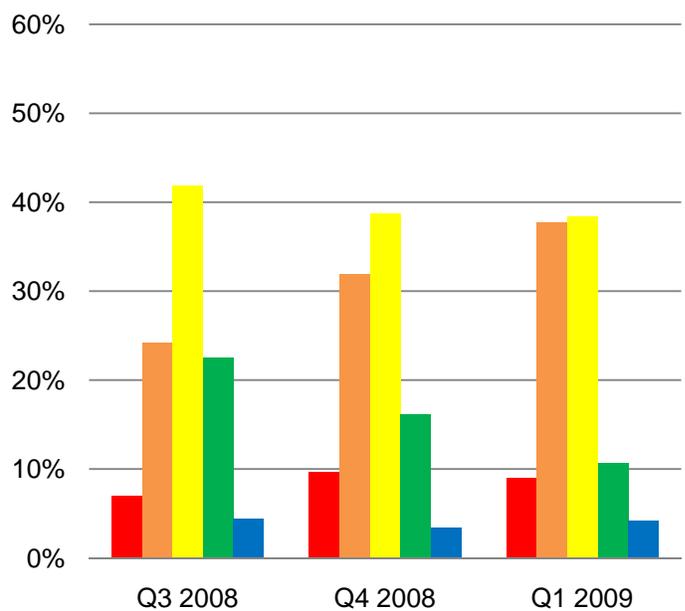
LX Expectations on Ability to Meet Learning Needs For Next Six Months



LX Expectations on Status as a Key Strategic Component Over the Next Six Months



LX Expectations on Availability of Resources for Next Six Months

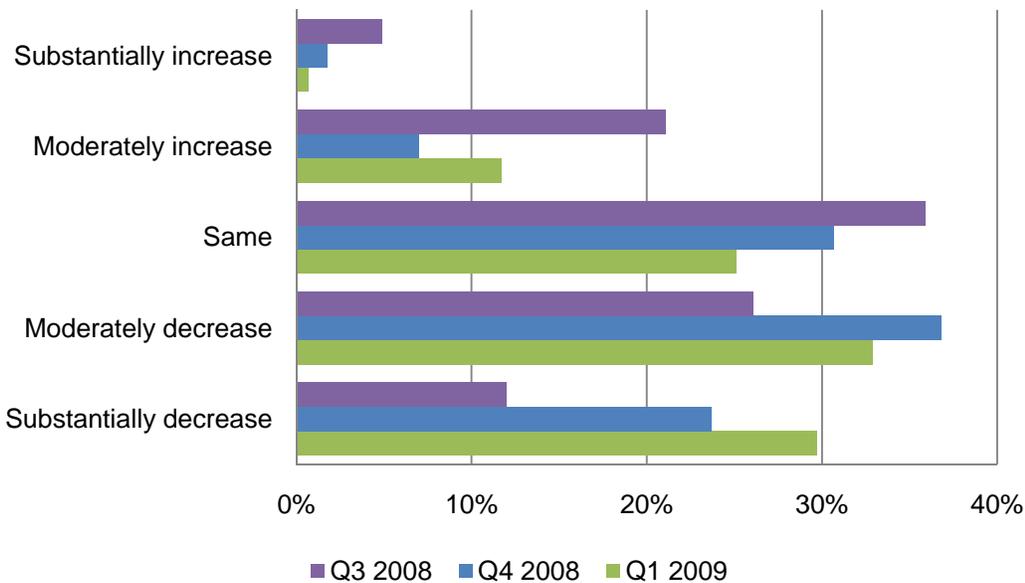


In a continuing trend from Q4 2008, the ability to meet learning needs, expectations on status as a key strategic component, and impact on corporate performance were all significantly correlated with availability of resources (r ranging from .44 to .59). These significant correlations between resource availability and the other variables are not shocking; due to global macroeconomic conditions, almost all organizations are looking for ways to save money. Addressing learning needs is crucial to organizations, and with 83.7% of LXs indicating they will maintain or improve their ability to meet learning needs in the near future, it appears these executives may have found ways to do more with less.

Learning Executives' Expectation of Outsourcing

LXs continue to report a decline in their organizations' abilities to utilize outsourcing or external services to aid in the learning function, with 62.6% reporting it will decrease either moderately or substantially over the next six months, up from 38.1% in Q3 2008 and up from 60.5% in Q4 2008. Organizations' expectations for outsourcing are significantly correlated with availability of resources ($r = .42$), meaning as expectations of resource availability decrease, so do expectations of outsourcing. Outsourced or external services include such expenses as consultation services, content development, content and software licenses, and workshops and training programs delivered by external providers.

Outsourcing Expectations For Next Six Months

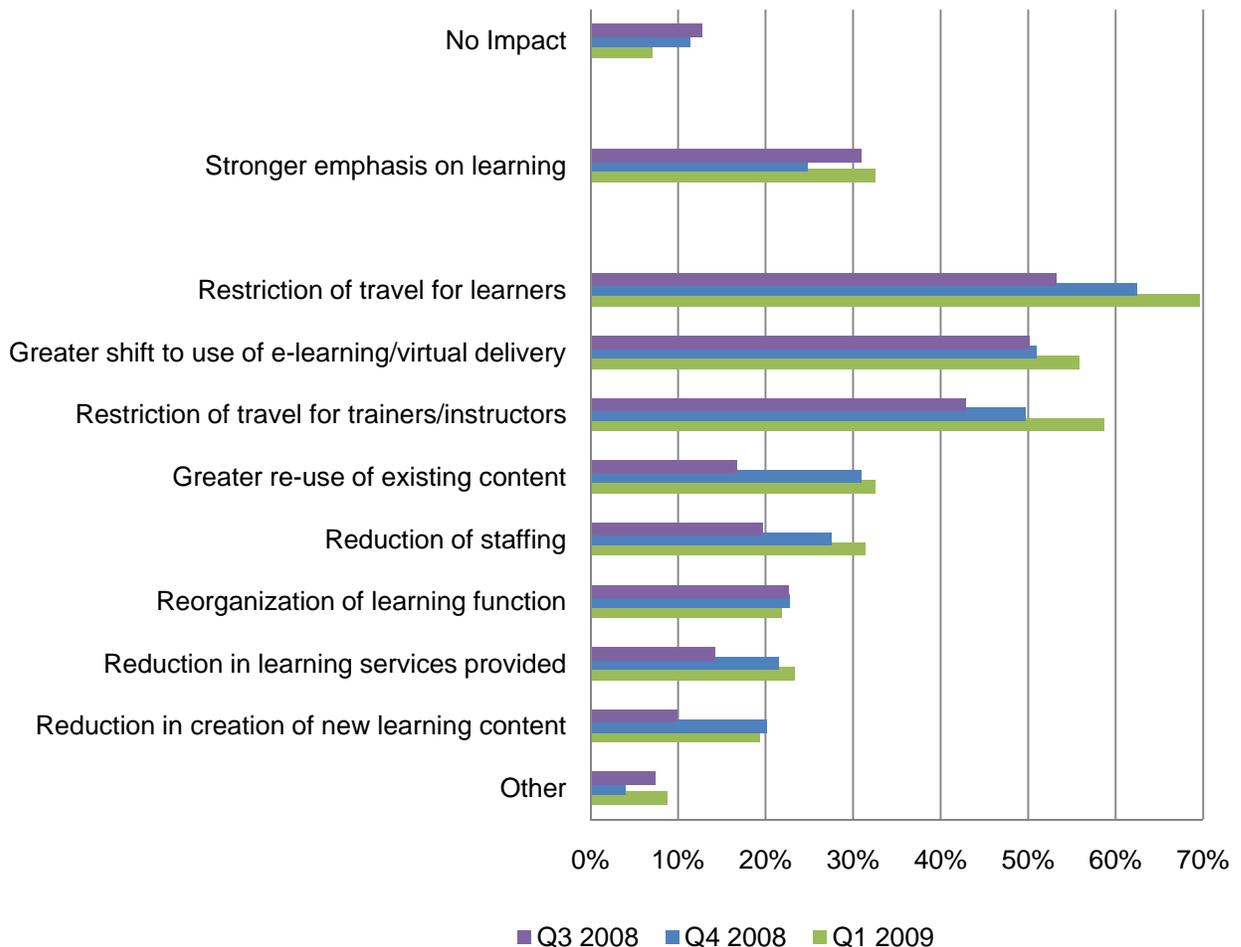


Learning Executives' Expectation of Impact of Economy on Learning

The sustained effects of the tough economy on the learning function are illustrated in the chart below, with only 7.1% of LXs reporting the current economic conditions will have no impact on the learning function in the next six months, down from 12.8% in Q3 2008 and 11.4% in Q4 2008. Nearly one third of LXs do anticipate current economic conditions leading to a stronger emphasis on learning in their organizations, with 32.5% reporting a greater emphasis in Q1 2009, up from 24.8% in Q4 2008. Still, most LXs are generally cautious when examining the operational impact of the poor economic climate on their learning functions.

Compared to Q3 and Q4 2008, an increasing number of LXs expect travel restrictions for both learners (69.6%) and instructors (58.7%). As organizations continue to find ways to tighten the belt, 31.4% of LXs in Q1 2009 also anticipate reductions in staff, up from 27.5% in Q4 2008. Additionally, with travel restrictions rising it is not surprising that the shift to e-learning or virtual delivery has increased too (55.8% expecting an increase). Reducing expenses is imperative to organizations strained by a slowing economy, thus creating a balancing act for most LXs concerned with both cutting costs and maintaining the value and importance of the learning functions.

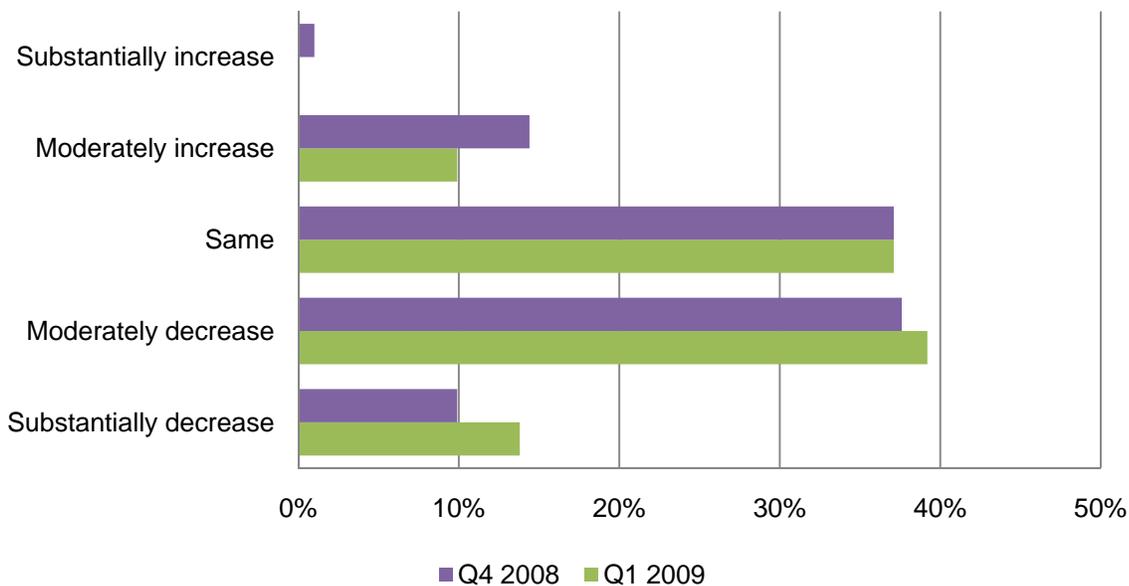
LX Expected Impact of Current Economy on Learning Function in Next Six Months



Expectations of Workplace Learning & Performance Expenditures

Most LXs expect decreases in their learning expenditures over the next six months, with slightly more than half (53.0%) predicting a moderate to substantial decrease and only 9.9% predicting an increase. Interestingly, there was no change in the percentage of LXs reporting that their expenditures would stay the same in Q4 2008 and Q1 2009. The expectation of future learning expenditures was significantly positively correlated with the overall LXCI, as well as expectations for industry and impact on corporate performance (*r* ranging between .37 and .51). LXs expect lower impact on organizational performance and reduced ability to meet workplace learning workplace-learning needs as expenditure tends to decline.

Expectations of Workplace Learning & Performance Expenditures over the Next 6 Months

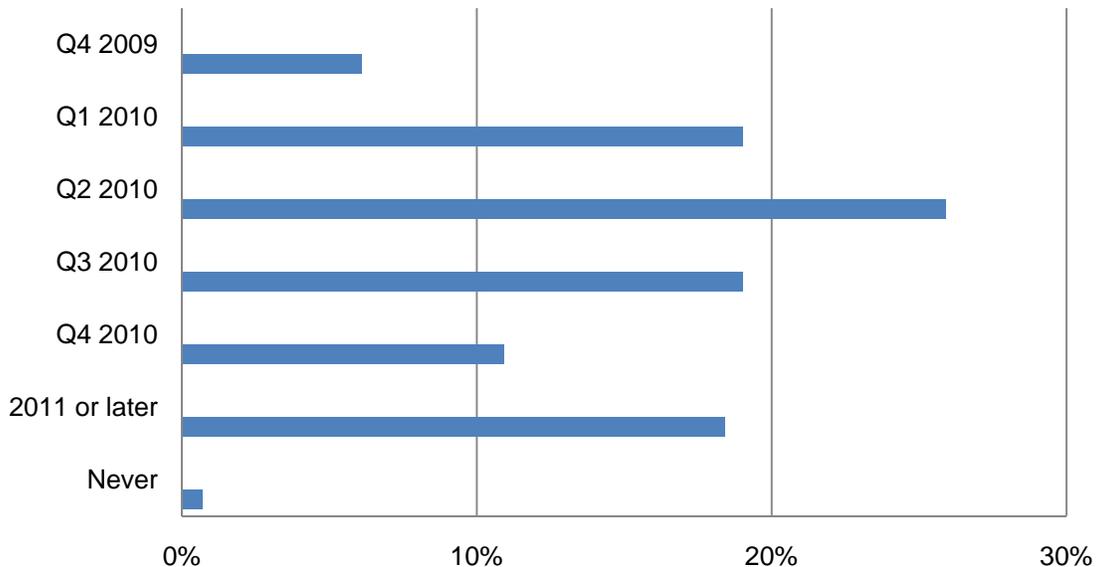


**Potential Rebounding of Workplace Learning & Performance Expenditures
(Follow-up question for participants reporting current decreases)**

The 53% of LXs who expected a moderate to substantial decrease in workplace learning and performance expenditures were also asked when they thought their funding status would improve. The majority (80.9%) predicted that their learning expenditures will improve by the end of 2010, with slightly more than half of respondents estimating their learning expenditures will improve by Q2 of 2010.

Nearly one in five of the LXs experiencing less funding (18.4%) estimate that their organizational WLP expenditure will not improve until 2011 or later. Although learning professionals maintain a cautiously optimistic outlook on other aspects of their organizations' learning departments, their hopes for funding increases in the current year are not promising.

When do you expect your organizational WLP expenditure to improve?





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What is the LXCI?

ASTD has created the ASTD Learning Executive Confidence Index (LXCI) to assess the outlooks and expectations of learning executives for the next six months on a 100-point scale, modeled on the CEO Confidence Indices reported by *Chief Executive Magazine* and The Conference Board. It provides a snapshot of LX confidence in the future and factors in expectations of their learning function's ability to meet learning needs and to impact corporate productivity, the status of learning as a key strategic component within their organization, and the availability of resources for learning. Those learning executives with lower scores (0 to 49 on the scale) anticipate that in six months those aspects of their learning functions to be moderately or substantially worse than they are today. Those with higher scores (51 to 100 on the scale) expect those aspects of their learning function to be moderately or substantially better. The LXCI has recently shifted from a monthly survey to a quarterly survey, to better encompass the trends of the current market. The quarterly *Learning Executive Confidence Index* is a composite score for all LXs included in the survey and reflects the expectations these senior executives have for learning over the next six months. Higher indices (above 50) reflect a more positive outlook and lower indices a more negative. The ASTD Learning Executive Confidence Index was launched in August 2008 and will be assessed and tracked on a quarterly basis to get a continual and evolving picture of how learning executives anticipate the near future for learning in their organizations.

For more information, visit www.astd.org/content/research.

About ASTD

ASTD (American Society for Training & Development) is the world's largest association dedicated to workplace learning and performance professionals. ASTD's members come from more than 100 countries and connect locally in more than 130 U.S. chapters and with more than 30 international partners. Members work in thousands of organizations of all sizes, in government, as independent consultants, and suppliers.

ASTD started in 1943. In recent years, ASTD has widened the profession's focus to link learning and performance to individual and organizational results, and is a sought-after voice on critical public policy issues.

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