The Learning Landscape in 2023
Whitepaper KPMG Netherlands

2023

Outline

Introduction

The world is facing unprecedent disruptions such as the COVID-19 pandemic, the energy crisis, increasing labor market shortages, and AI revolutions such as ChatGTP. Disruptions that have a lasting impact on the way we work – and will continue to do so in the future. There is a growing urgency for Learning & Development (L&D) professionals to address these challenges and navigate their workforce through uncertain times.

KPMG's previous research (2020) reported a shift toward a learning ecosystem perspective, taking a more holistic approach on learning as part of the overall business strategy. The report showed that in order to create an effective learning ecosystem (Fig. 1), L&D professionals should be able to provide 'the right learning, at the right time, in the right format', and deliver 'highly curated, customized learning experiences' for employees. As such, L&D professionals play a pivotal role in contributing to 'a culture of learning throughout the organization'.

With our world continuously and rapidly changing, we see the 'people agenda' in organizations becoming more important than ever before. We also notice that L&D is highly contextualized in terms of geographies, cultures, market sectors, and the size of organizations. At KPMG Netherlands, we are particularly interested in what this means for the Dutch context – how learning is organized in Dutch organizations and how these organizations address the unprecedented challenges of today.

Market research 2023

This whitepaper addresses the experiences and challenges of L&D professionals in a wide range of organizations and provides insights in their unique differences. Through interviews with 36 L&D professionals from 29 organizations – ranging from public to private organizations, and from scale-ups to large multinationals based in the Netherlands – we identified five overarching challenges that L&D professionals are facing today.

The following overarching research questions guide our market research:

01 What challenges do L&D professionals experience and how do they address these challenges?

02 To what extent does context (in particular market sector and size of the organization) play a role in how L&D is organized in organizations?
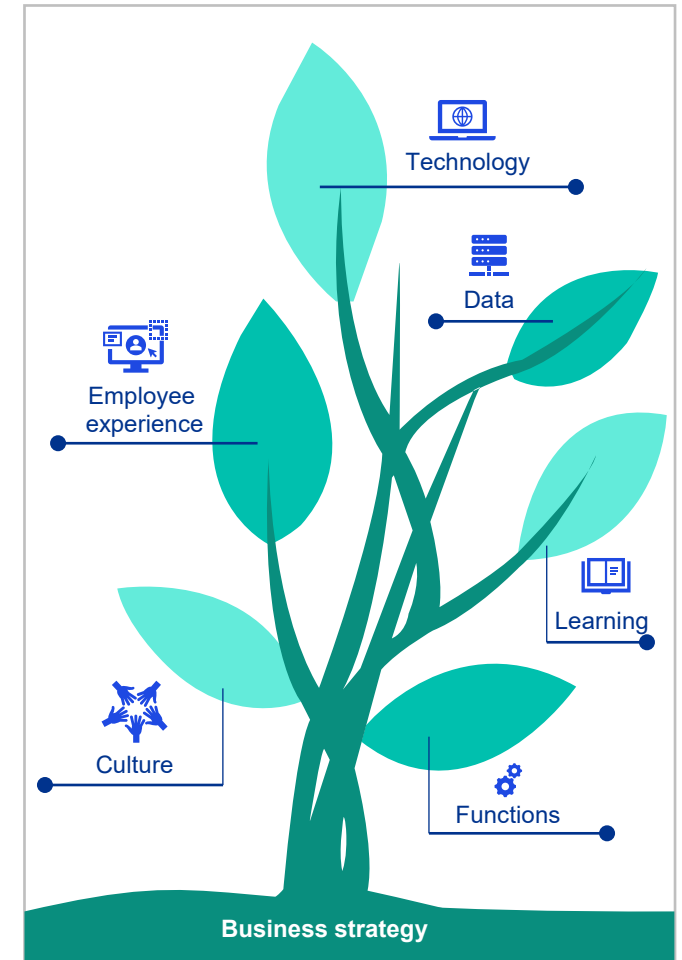

Figure 1: The Learning Ecosystem (KPMG LLP, 2020)

Major Learning Challenges in 2023

Although each organization has its own unique Learning challenges related to their specific context, five overarching challenges were repeatedly mentioned by the interviewees. We stress that some of these challenges are not new and already mentioned in various L&D trend reports. Yet, we also see how every unique context is faced with its own challenges.

Technology as an enabler for learning

Most of the learning challenges that organizations face today are related to rapid technological change and an increasing dependence on technology. As a result of AI and related technologies, organizations have the ability to perform advanced analytics that can drive skill development of employees and lead to better organizational performance.

The participants in this market research* state that the use of advanced learning technology could enhance a more tailored learning offer to each learner, focusing on the skills they need now and in the future. The L&D professionals see potential for technology as an enabler for learning in the flow of work, making learning a seamless endeavor. In addition, advanced use of data allows for better business reporting, which could support L&D professionals in demonstrating the added value of learning to the business.

Despite the possibilities technology has to offer, L&D professionals are challenged to fully utilize these opportunities and bring them from paper to practice. This technology challenge can be seen as an overarching challenge as it directly links to the various challenges we will address on the following slides.

Note: we refer to the participants in our market research as 'the L&D professionals'

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01 Being a strategic partner of the business

02 Attracting and retaining talent

03 Reskilling and upskilling the workforce

04 Creating a learning organization

05 Collaborating across organizations

Supportive Learning technology

1. Being a strategic partner of the business

01 Being a strategic partner of the business

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"Learning is the only sustainable advantage for organizations"

Learning receives increasing attention in organizations and the L&D professionals argue that continuous learning is a prerequisite for a future-proof organization. This is reflected by growing L&D functions in organizations, the presence of learning leaders in the board (CLOs), and the exponential market spending on digital learning platforms.

Given the current disruptive environment, most L&D professionals stress their strategic role in terms of envisioning where the organization wants to be in a few years' time and identifying the skills required to enable this vision. As such, L&D professionals increasingly becoming sparring partners for the business, engaging in discussions and steering the strategic direction of the organization in relation to the people agenda. However, despite this positive trend for L&D professionals, fulfilling this strategic role is often experienced as a challenge, especially when L&D is not represented in the board (by a CLO or L&D director).

Some L&D professionals argue that becoming a strategic partner of the business requires a shift in their role: from a predominantly operational role – focusing on delivering and coordinating learning offerings – to a strategic role in which they guide the people agenda in their organization and align their L&D offerings with the business needs. This means that L&D professionals need to continuously work on their own professional development as well.

A visionary yet hands-on L&D leader is necessary to realize this shift. According to the L&D professionals , this is someone who:

01 is aware of the strategic direction and how the business operates;

02 knows how employees learn and what is necessary to gain insight in the required skills and learning needs;

03 knows how to use learning analytics to translate data into concrete learning interventions and output;

04 knows how to communicate the importance of continuous learning throughout the organization;

05 drives innovation and who is able to realize a culture shift in the organization if this is required.

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2. Attracting and retaining talent

02 Attracting and retaining talent

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"Finding the right talent is a challenge in the current labor market, retaining them is even more complex"

The effects of the current tight labor market in the Netherlands are impacting most organizations. The labor market shortage is partly a result of an aging population and – according to the L&D professionals – partly a result of a skills mismatch. This particularly applies to sectors where certain skills (such as technical skills) are essential but hard to find, or where employees lack the necessary skills to perform their jobs effectively. This skills mismatch refers to a discrepancy between the current skills of employees and what organizations are looking for.

Attracting and retaining talent is often perceived as a recruiting and HR responsibility. However, the L&D professionals argue that this becomes increasingly important for L&D functions as well. Previous research (e.g., Gartner, 2022) has shown that a lack of career development and opportunities to learn are main reasons for employees to resign.

Therefore, the L&D professionals stress that they have an important role in employer branding and offering plenty of learning opportunities. This contributes to the attractiveness of the organization and enables employees to stay motivated, innovative and vital. However, this is not an easy process and requires a good understanding of the learning needs of (future) employees and how these needs can be aligned with the business needs.

Attracting and retaining talent is a challenge for the L&D professionals as they:

01 struggle to create a learning culture where all employees want to be part of;

02 they often do not have the tools to focus on employer branding or don't know how to set this up;

03 are faced with new generations of employees who tend to have a higher job mobility;

04 find it difficult to provide a balanced and tailored set of personalized, formal, informal and social learning;

05 do not always have the right systems in place to systematically collect data about the learning needs.

3. Reskilling and upskilling the workforce

03 Reskilling and upskilling the workforce

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"It starts with predicting what skills are needed in the future"

The role of L&D professionals is increasingly concerned with making data-informed predictions about the skills their employees will need in the (near) future, assessing the current skills employees possess, and bridging the skills gap. Although a skills gap analysis is something that was repeatedly mentioned by the L&D professionals as a conditional step before deciding which L&D offerings to bring forward, conducting such an analysis is perceived as extremely challenging. This challenge entails more than using the right data and systems to gain a comprehensive understanding of the required skills at present, but also requires predictive analysis of future skills required.

To determine the future skills, some L&D professionals have started building skills frameworks or taxonomies in that integrate both current and future required skills. Other organizations are making the shift to become a skills-based organization[1]. Regardless of the progress made by each organization, the majority of L&D professionals argue that this is a highly complex and challenging journey. One of the L&D professionals framed this as a transition to a new learning ecosystem that requires a fundamentally different perspective on L&D.

A prerequisite for closing the skills gap is for L&D professionals to truly understand the business and direction in which their organization is heading. This is not a 'one shot' analysis that they can conduct on their own. On the contrary, it is an ongoing process as the business strategy is continuously changing as well.

Reskilling and upskilling is a challenge for the L&D professionals as:

01 they do not always fully understand the business and where their organization is heading toward;

02 they do not have the right (digitally supported) instruments to conduct a skills gap analysis;

03 they find it difficult to close the skills gap with suitable and personalized L&D offerings;

04 there is a lack of a good definition of 'skills', which is necessary to determine how to address these skill gaps;

05 reskilling and upskilling is a continuous process that requires times, resources, and commitment.

[1] *Dr. Joost van Genabeek and dr. Paul Preenen, who we interviewed, give more in-depth insights about skills-based organizations/labor market at link.*

4. Creating a learning organization

04 Creating a learning organization

> *"L&D is so much more than reskilling and upskilling. It is about creating a learning organization"*

Although L&D is taken more seriously in the organizations of the L&D professionals, there are large differences between organizations in terms of the extent to which learning is ingrained in the organizational culture. In some organizations, learning is perceived as something you have to do "to check boxes" (e.g., compliance and mandatory for career advancement), whereas in other organizations, a shift in mindset is observed from a more traditional view of learning ("follow courses to check boxes") to a holistic view of learning ("learning happens every day, either formally or informally").

However, changing the organization to a learning organization is a difficult and time-consuming process. Most of the L&D professionals argue that to create a learning organization, it is important to facilitate learning in the flow of work and focus on inclusion. This involves integrating learning in the daily work of employees and ensuring that knowledge is available and easily accessible when employees need it. One L&D professional expresses the ambition to make the L&D function invisible in the coming years, so that learning becomes fully integrated in the daily work of employees.

Creating a learning organization requires learning to be encouraged, facilitated, and crafted to the learner's needs, rather than being imposed by the manager. L&D professionals realize that creating a learning organization is largely depending on good leadership throughout the organization. Yet, they experience that leaders do not always have the necessary skills and mindsets to take on this important role.

Creating a learning organization is a challenge for the L&D professionals as:

- **01** learning is still often perceived by employees as mandatory trainings for compliance purposes;
- **02** it relies on many elements such as motivation, mindset, leadership, a shared language, and resources;
- **03** learning can not be imposed by managers or L&D professionals, but should be facilitated and encouraged;
- **04** a learning organization is not a fixed 'thing', but requires continuous attention and encouragement;
- **05** it depends heavily on leadership throughout the organization who are not always aware of its benefits.

5. Collaborating across organizations

Whereas the majority of L&D professionals work in an internal role focusing on the L&D offerings for employees in their organization, some L&D professionals stress the need to work across the boundaries of their organizations. This, for instance, is mentioned by L&D professionals who work in sectors with high labor market shortages such as the context of high tech, the energy transition or large public organizations. L&D professionals who work in these sectors argue that they are not able to address the challenges around attracting and retaining talent on their own.

This requires a regional approach where companies work closely together with universities and vocational schools. This, for example, is done to promote technical education and allows students to experience what it is like to work in a technical company. However, setting up and managing such an inter-organizational governance is extremely difficult, as organizations have different interests and different ways of working.

For L&D professionals, this is a challenge as they increasingly have to operate as a linking pin between business and education. They also have to consider employer branding and, in some cases, develop materials and courses for different target groups other than their own employees. This role of being a linking pin is sometimes allocated to a program manager who is not part of the L&D function, whereas this role requires close alignment with the L&D function.

Collaborating across organizations is a challenge for the L&D professionals as:

01 they have to deal with different organizational interests and ways of working;

02 they have to act as a linking pin between their own and other organizations, which is highly complex;

03 there is often no formal leader since multiple organizations and leaders are involved;

04 it is often not clear how these collaborations impact the learning of employees within one organization;

05 a change of leadership in one organization can immediately impact the inter-organizational collaboration.

05 Collaborating across organizations

" *"L&D professionals increasingly have to work as a linking pin between the business and education"*

The importance of the context in L&D

As it becomes clear in the previous examples, context matters when it comes to learning. The L&D professionals argue that large companies have their own learning academies and have access to advanced and expensive learning platforms (e.g., LMS/LXP), whereas small companies often not even have an L&D function. In addition, a CLO role becomes more common in large organizations whereas small companies generally have one person responsible for all HR processes, including L&D. As a result, L&D professionals who are part of large organizations face different challenges than L&D professionals in small(er) organizations.

In small organizations, learning is often outsourced, whereas learning academies in large organization can develop their own L&D offerings tailored to the needs of their employees. It is argued that this leads to a situation where learning is small organizations requires more coordinating tasks, while learning in large organizations increasingly requires a strategic role. This makes it more difficult for small organizations to create a learning culture.

Other differences are found between sectors. For example, the (high) tech and energy sector as well as public organizations experience tremendous challenges with attracting and retaining employees, whereas in other sectors this is less of an issue. For L&D professionals, this impacts the predominant focus of their work: in sectors where jobs are rapidly changing due to technological disruptions, their predominant focus is on upskilling and reskilling, whereas in sectors with high shortages, the main focus is on attracting and reskilling employees.

How learning is perceived can also differ between organizations. The L&D professionals argue that in innovative sectors such as banking, L&D professionals are increasingly focused on using data and advanced systems to address the business strategy and the learner needs. In other sectors, learning is still often perceived as following mandatory trainings for compliance purposes or learning is largely outsourced. This has a tremendous impact on the work of L&D professionals.

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"Large companies have their own learning academy and systems while some small companies not even have an L&D function"

Market Research approach

Organizations

As we aim to get a good understanding of what the current Learning landscape looks like in the Netherlands, we approached a large variety or organizations from our own network.

This resulted in interviews with 36 experienced professionals from 29 organizations. The organizations can be divided into 18 private companies (12 operating in multiple countries) and 11 (semi-) public organizations (universities, research institutes, (local) governments and public-private partnerships).

Global 41%

Local 59%

Public 38%

Private 62%
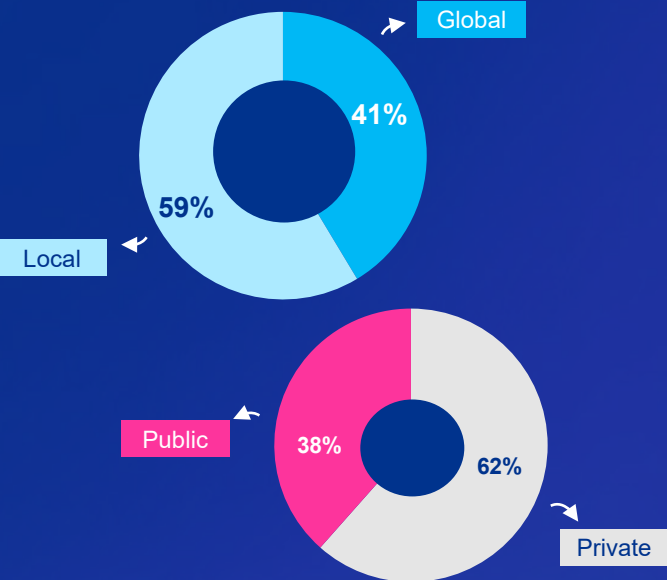
Participants

The majority of the interviewees have an internal leadership role in the L&D or HR function of their organization. This could be a local or global role (e.g., Head of Talent and Leadership Development, Global head of Talent and Learning, HR director). We also interviewed CEOs working in learning companies, researchers, a Sales Director and program managers focusing on public-private collaboration, all working in the context of L&D. Given this variety in the sample, the interviews could be either focused on the interviewees' own organizations or more on a aggregated level (i.e., what trends do they see in other organizations).

Interviews

We conducted semi-structured interviews focusing on the major challenges organizations face and how these challenges are addressed. We also focused on context-specific differences between the organizations, such as the size of the organization or the market sector in which they operate. We analyzed and compared the interview results which allowed us to extract main challenges from the interviews. All interviewees were given the opportunity to give feedback on a concept version of the whitepaper.

Learning & Development 59%

Other 11%

Management 8%

Program Management 8%

Research 14%
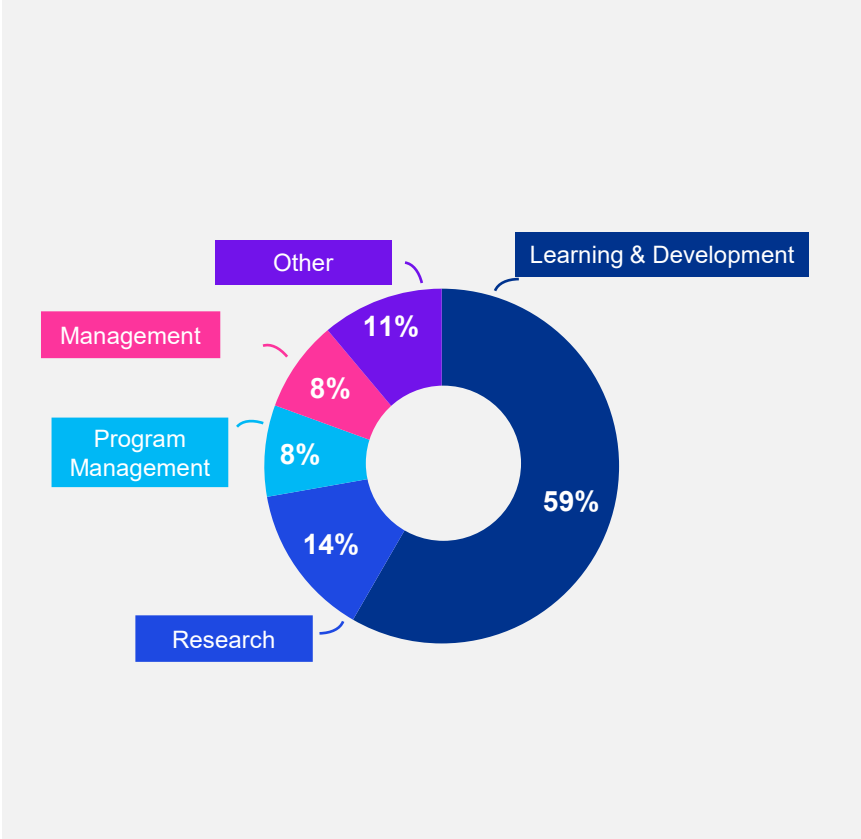
Participating organizations

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