



Workplace Visions®

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Trends in Workplace Professional Development

Professional development is often viewed by workers as a crucial segment of their benefits package. On-the-job training, along with tuition reimbursement and other forms of assistance, can foster stronger relationships between employer and employee and can frequently lead to greater job satisfaction for workers.

And at a time when salary growth has been stagnant at best, many HR professionals are using a “total rewards” approach to compensation that focuses less on pay rate and more on benefits that may include professional development and related offerings.

However, new data show that fewer employers are funding some forms of professional development. This decline could be due to several factors, particularly the performance of the U.S. economy, which is improving but has yet to experience a significant expansion in the years following the Great Recession of 2007-2009.

As a result, many organizations have not seen substantial increases in revenue and perhaps do not have the resources to support professional development. Others

may be hesitant to fund those types of programs and then lose the newly trained workers to other employers.

According to SHRM research, employers’ participation in a variety of professional and career development benefits dropped from 2013 to 2014 (see Figure 1). Though many of these benefits are still offered at a high rate among employers, there were notable declines in “professional license application or renewal fees” (77% participation in 2013, compared with 67% in 2014), as well as “on-site professional development opportunities” (69% participation in 2013, compared with 61% in 2014).¹

Other categories of these benefits have also gradually diminished in the workplace during the last five years, according to SHRM’s *2014 Employee Benefits* report. Just 39% of employers offered “cross-training to develop skills not directly related to the job” in 2014, down from nearly half (49%) of employers in 2010. Overall, 82% of companies offered “professional development opportunities” in 2014, down from 90% in 2010.

Figure 1: Employers Offering Professional and Career Development Benefits



Source: 2014 Employee Benefits (SHRM, 2014)

Tuition assistance also takes a hit

In the realm of financial and compensation benefits, fewer employers are providing funds for higher education for their workers, according to SHRM’s report on benefits (see Figure 2). Slightly more than half (54%) of companies provided “undergraduate educational assistance” for employees in 2014, down from 61% in 2013 and down even further from 62% in 2010.

“Graduate educational assistance” was provided at 50% of organizations in 2014, a decline from 59% in 2013 and also down from 56% in 2010. Despite those trends, at least one major employer has recently taken a different tack on that aspect of professional development.

Starbucks Coffee Co. announced in June its College Achievement Plan program, which provides undergraduate tuition reimbursement for its U.S.

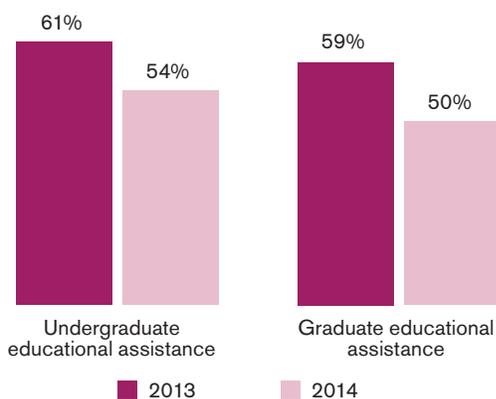
employees who work an average of 20 hours per week.² In partnership with the Arizona State University (ASU) online degree program, juniors and seniors receive scholarships worth 42% of their tuition cost from ASU. For any tuition not covered by financial aid grants, Starbucks reimburses the remaining 58% for every 21 credits earned.

Freshmen and sophomores are eligible for both a 22% tuition scholarship from ASU and assistance in applying for financial aid. Starbucks representatives chose to give juniors and seniors full coverage because they have the highest success rates with online academic studies, but also have a higher risk of dropping out of school due to student loan debt. Employees are not obligated to keep working at Starbucks after graduation.

“Without a college education, I wouldn’t be here today,” said Howard Schultz, founder, president, chairman and CEO of Starbucks, at the time of the June announcement. “I truly believe education is the way to opportunities and a better life. [This program] is part of the answer to the question, ‘What is the role and responsibility of a public company?’”³

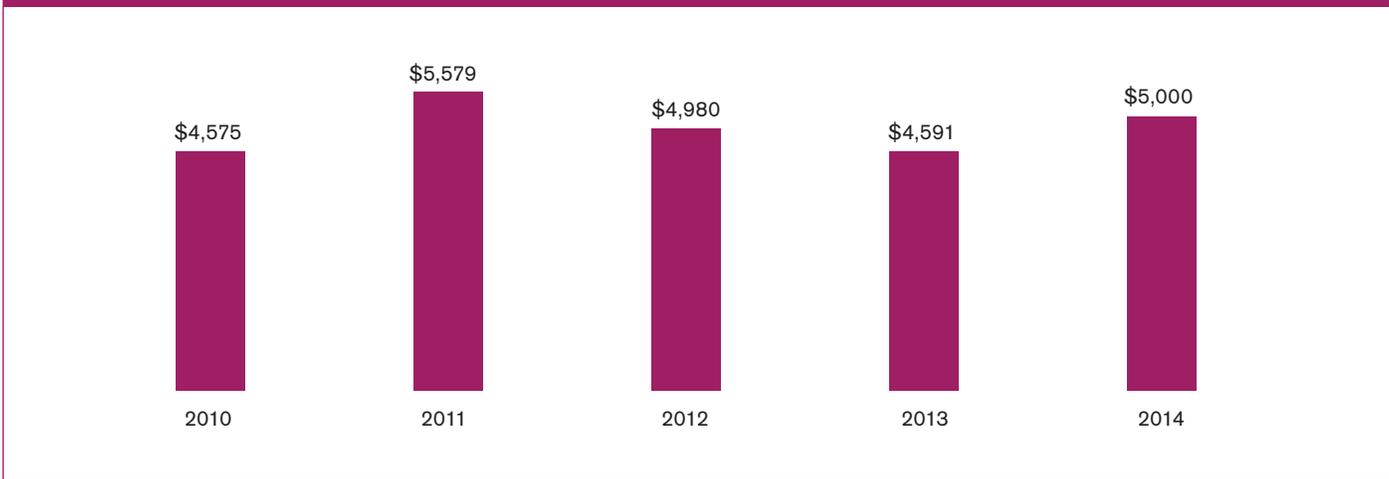
Other SHRM data show that employers continue to provide tuition assistance, but the level of that help has varied in recent years (see Figure 3). In 2014, the average maximum reimbursement for tuition/education expenses per year was \$5,000 per employee, according to SHRM Human Capital Benchmarking reports. That amount was up from an average of \$4,591 in 2013, but down from a five-year peak of \$5,579 in 2011.

Figure 2: Employers Offering Educational Assistance Benefits



Source: 2014 Employee Benefits (SHRM, 2014)

Figure 3: Spending by Employers on Tuition Reimbursement, Average per Employee



Source: SHRM Human Capital Benchmarking

Skills gap suggests that opportunities for development, education are still needed

There has been much debate on whether a “skills gap” exists in the workforce. Some economists and labor market experts have argued that the lack of large-scale job creation can largely be attributed to weakened demand for hiring, which is a result of the nation’s slow-growth economy.

But a growing number of experts, hiring managers and others with an eye on the labor market say that many jobs are going unfilled due to applicants’ insufficient skill levels. If this is true, it makes the downturn in employers’ professional development participation all the more puzzling, given that these types of benefits are designed to enhance the qualifications and skills of workers.

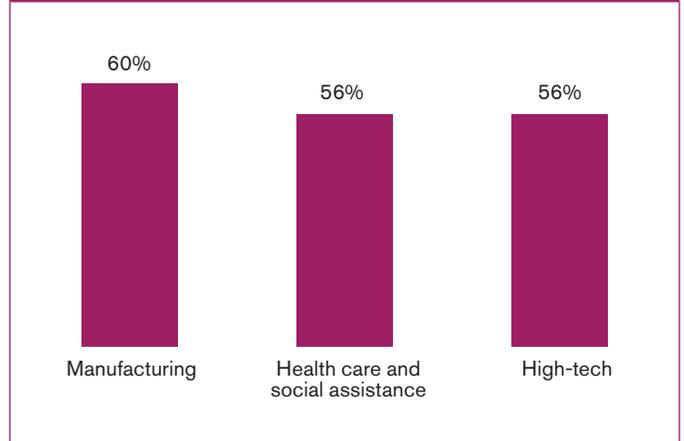
Many HR professionals say that a skills gap, in fact, does exist, according to SHRM research.⁴ It can be difficult to determine whether this is simply a matter of workers’ failing to keep up with modern technology and new workplace requirements, for example, or perhaps an educational system that is not properly preparing people for today’s jobs. But the majority of hiring managers in a variety of industries say they are struggling to fill open positions at a time when millions of Americans are out of work.

More than half (56%) of high-tech employers that were hiring full-time staff in 2014 said they were having difficulty filling those jobs, according to SHRM’s *Jobs and Skills in the Economic Recovery* survey report (see Figure 4). Of that group, some of the top reasons given were “lack of the right skills among candidates” (77%) and “lack of the right work experience” (48%).

The recruiting difficulty question was also posed to members of the manufacturing and health industries, and the results were similar. Three in five manufacturers (60%) and more than half of health care and social assistance employers (56%) that were hiring full-time staff in 2014 said they were experiencing recruiting difficulty. More than half of the manufacturing group (61%) and more than one-third of the health care and social assistance group (41%) cited “lack of the right skills among candidates.”

According to the SHRM report, applicants’ skills deficiencies are quite widespread. High-tech respondents, for example, said job seekers had skills/knowledge gaps in “writing in English” (20%) and “mathematics” (14%); they also said applicants lacked applied skills such as “information technology application” (14%) and “critical thinking/problem solving” (32%).

Figure 4: Employers Experiencing Recruiting Difficulty for Full-Time Openings



Source: Jobs and Skills in the Economic Recovery (SHRM, in press)

Manufacturing respondents also cited applicants' skills shortages in "mathematics" (29%) and "writing in English" (17%), along with applied skills such as "critical thinking/problem solving" (40%) and "professionalism/work ethic" (38%). Health industry representatives most commonly pointed to "basic computer skills" (46%) as the skill that applicants lacked.

Professional development still seen by many as integral to success of workforce

Despite these trends, many employers still view professional development and related benefits as important tools. In 2012, U.S. organizations spent \$164.2 billion on employee learning and development, up from \$156.2 billion in 2011, according to the Association for Talent Development (ATD), an Alexandria, Va.-based trade association.⁵ Per-employee spending was stable in 2012, according to ATD, at an average of \$1,195 per worker (nearly unchanged from \$1,182 in 2011), and \$18 billion of total learning and development expenses was channeled toward tuition reimbursement in 2012.

In a separate report, ATD said that executives are still confident in the future of learning and development and that more effort is being placed on aligning those initiatives with business outcomes.⁶ ATD's Learning Executive Confidence Index reached an all-time high of 69.9, on a scale of 100, in the fourth quarter of 2013. The index tracks executives' confidence and expectations for learning and development, including availability of resources and its impact on corporate productivity.

That could be good news for efforts to solve the aforementioned skills gap, which will require a multipronged approach. Solutions will likely result from cooperative efforts among the business sector, higher education industry, training organizations and government agencies at all levels. The results could also reverse what is, at the very least, a short-term decline in professional development participation among employers.

Endnotes.....

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