



L&D in 2023: Challenges, Priorities and Opportunities

We surveyed 250 business, HR and L&D leaders to help you understand where leaders are investing their training budgets and why.

Where are L&D leaders investing - and why?

What big trends are impacting learning and development (L&D) decisions right now?

What skills do organisations need most – and how does that differ across teams?

What are the key priorities for L&D leaders – and do these include helping employees battle the cost-of-living crisis and closing the skills gap?

And finally, what's the best way to build the skills you need?

We surveyed 250 business, HR and L&D leaders from companies with over 500 employees to help you understand your peers' key challenges, priorities and opportunities for L&D in 2023.



If you have any questions about anything in this report, feel free to get in touch anytime using the details below.

01270 611600

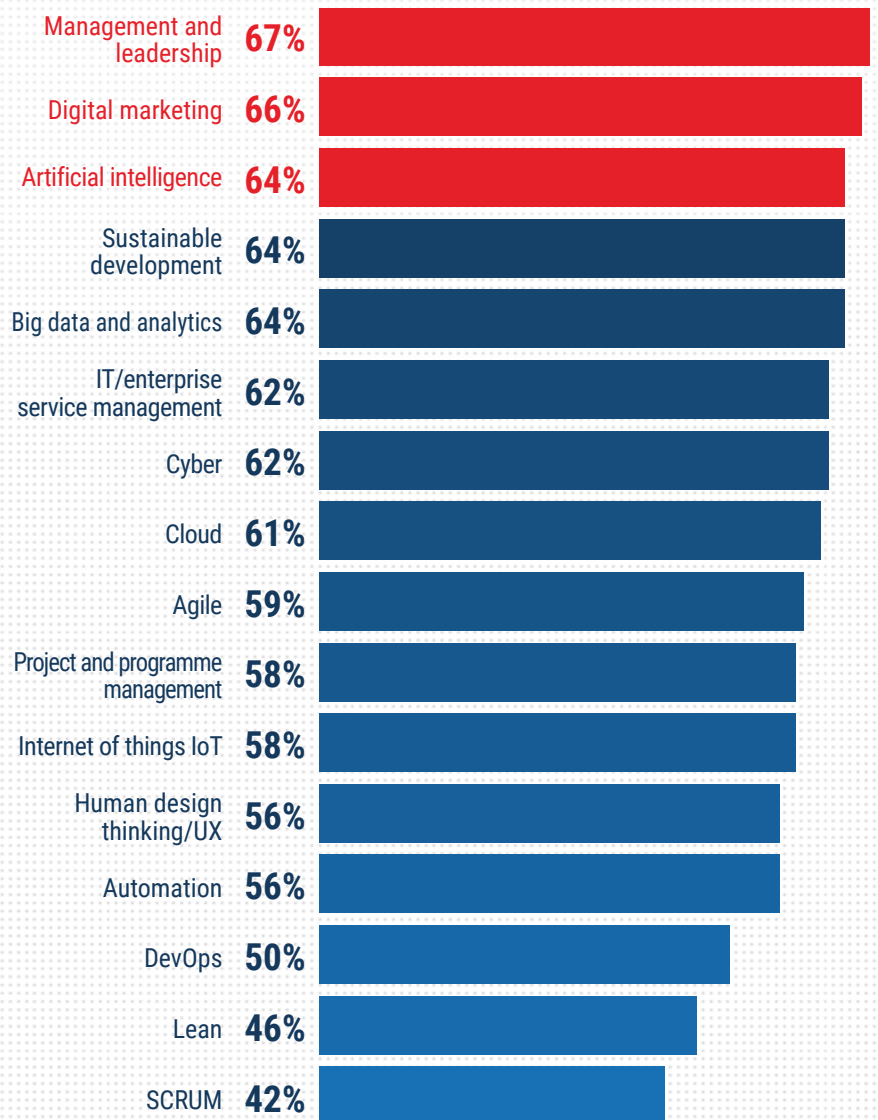
contactus@ilxgroup.com

ilxgroup.com/corporate-training

The Most In-Demand Skills in 2023



An effective L&D programme is a vital ingredient for a thriving workforce. But which key skills do decision-makers plan on investing in throughout 2023?



Management and leadership is the most in-demand skill in 2023

Management and leadership remains the most in-demand skill across the board for 2023, with two in three businesses (67%) planning on investing in it.

This might not come as a surprise at a time when we're still facing many of the challenges we saw in 2022 – including soaring inflation, supply chain disruption, the cost-of-living crisis, labour shortages and more. And in many cases, these challenges have escalated. Businesses need to invest in leaders who can make strategic decisions, provide the right guidance, set goals and action plans, and motivate teams to succeed during uncertain times.

But while the most in-demand skill remains consistent with 2022's results, we're seeing a bigger shift as we go down the list. Notably, demand for digital marketing and sustainable development has increased significantly, with digital marketing climbing from ninth place in 2022 to second place this year, and sustainable development from tenth last year to fourth this year.

On the other hand, more technical skills such as artificial intelligence, big data and analytics, cloud, and IT/enterprise service management remain sought after in 2023, with demand dropping slightly but remaining fairly consistent with last year.

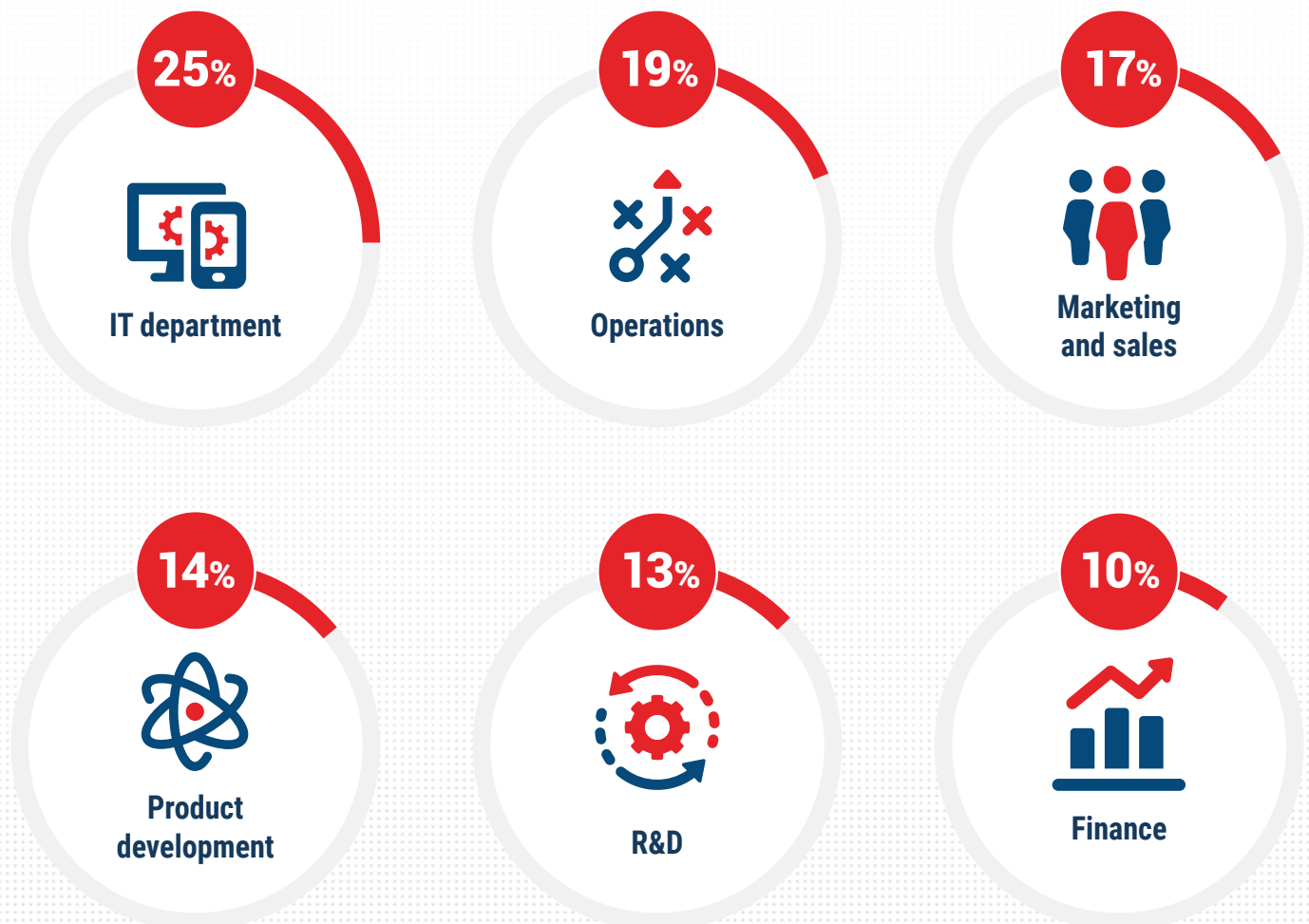
These trends suggest that organisations are continuing to carry out digital transformation initiatives and embracing technologies to help them:

- Differentiate themselves from the competition and attract customers with better digital marketing
- Improve overall effectiveness and performance using AI, data, cloud and ITSM/ESM
- Reduce environmental impact and meet sustainability initiatives/goals



2 in 3 businesses are planning to invest in management and leadership training.

Which functions have the highest demand for L&D this year?



While it retains its number-one spot on the list, only 25% of respondents said that the highest demand for L&D came from the IT department this year – as opposed to 31% in 2022.

Marketing and sales, on the other hand, has jumped from fifth place on the list in 2022 to third place in 2023.

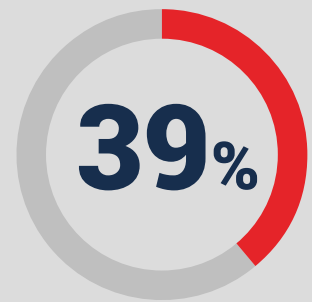


IT has the highest demand for L&D right now

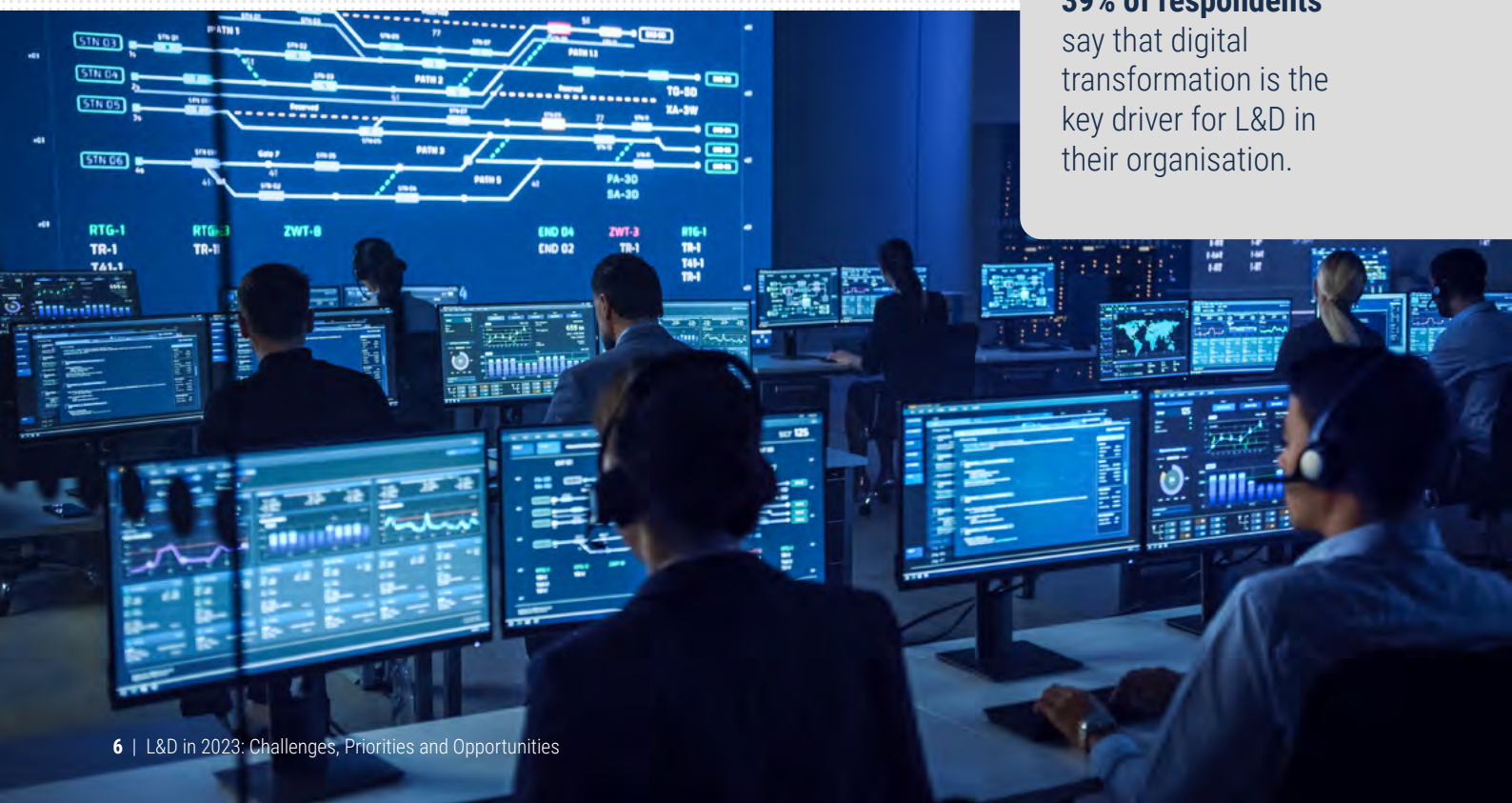
With increased pressures on businesses to undergo digital transformation – alongside the prevalence of hybrid working and business-wide IT skills gaps – it's no surprise that the highest demand for L&D comes from the IT department, for the second year in a row.

Interestingly, the top three most in-demand skills for the IT department in 2023 (cloud, big data and analytics, and artificial intelligence) have remained consistent with 2022's results. However, cloud has climbed from second place last year to first this year, while big data and analytics has climbed from third to second. Artificial intelligence, on the other hand, has fallen from first place last year to third this year.

As cloud takes the number-one spot (with 36% of participants agreeing), this is only testament to the impact that remote working and an ever-connected business world are having on our workforces – and the skills that they need to help them stay afloat. Cloud offers not only greater efficiencies, increased security, and improved productivity and collaboration, but also supports remote working by providing the flexibility, scalability and cost savings needed.



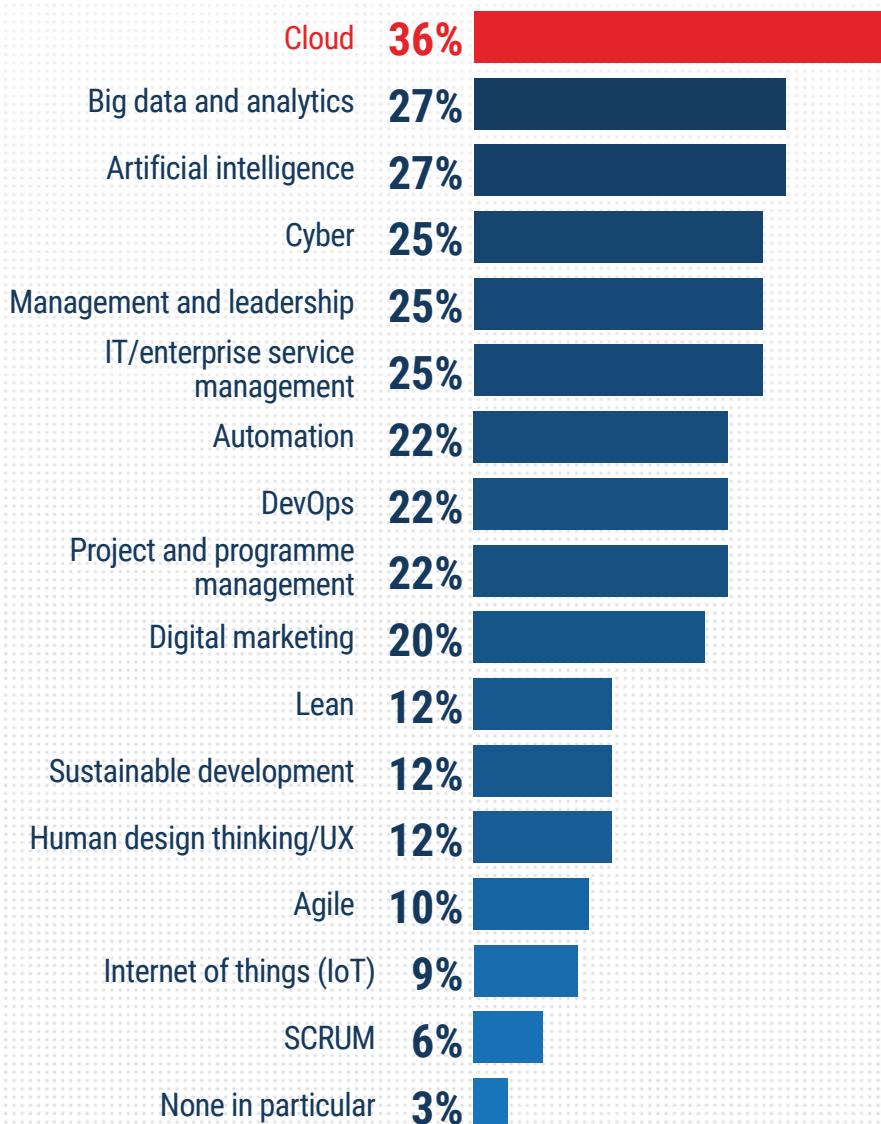
39% of respondents say that digital transformation is the key driver for L&D in their organisation.



As the second most in-demand skill this year, organisations look to big data and analytics to help them gather new information, identify patterns, trends, opportunities and risks, optimise costs and make data-driven decisions. And this carries across a range of functions.

For example, marketing and sales might use this data to improve customer experiences with better personalisation, assess buying patterns, offer targeted promotions and more, while product development uses it for updating and innovating products according to what customers want. Operations might use it to focus on creating efficiencies, solving big problems and enhancing performance, while finance might use it for strategies and predictions, assessing risks, and analysing financial performance.

Which skills are you seeing a demand for in the IT department, if you have one?



Operations has the second highest demand for L&D

Remaining consistent with 2022's results, management and leadership is in the top three most in-demand skills, this time moving from second to first.

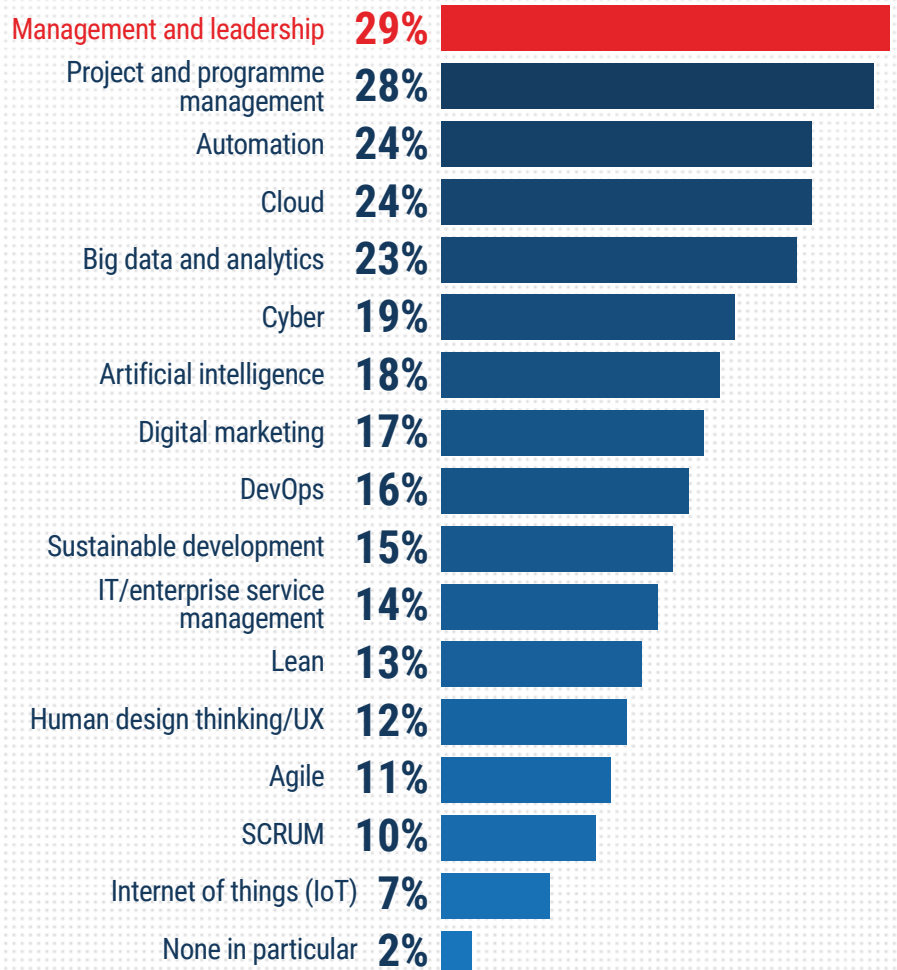
For operations to run smoothly and effectively, businesses need leaders who have the skills to optimise and balance resources, prioritise tasks, adhere to timelines, manage projects to completion and ensure all deliverables have been produced. That's likely why project and programme management (PPM) has also remained in the top three.

Automation comes in as the third most sought-after skill, with just under a quarter of respondents seeing a demand for it in the ops department. Automation helps reduce manual tasks, save time, increase efficiency and support employees to be more productive. Ultimately, it supports operations to run more smoothly.



One in three respondents say that driving productivity is the key factor driving L&D in their organisation.

Which skills are you seeing a demand for in the operations department, if you have one?



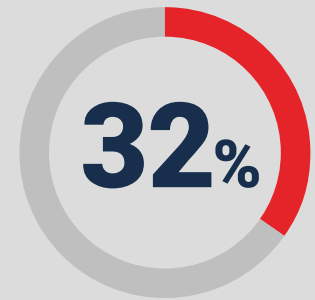
Marketing and sales has the third highest demand for L&D

Marketing and sales has the third highest demand for L&D this year, and the three most in-demand skills remain unchanged from last year. These are management and leadership (31%), cloud (30%), and big data and analytics (29%).

This suggests that in 2023, businesses will look to continue giving employees and customers first-class experiences with the use of cloud solutions, as well as make data-driven marketing and sales decisions with the use of big data and analytics.

Interestingly, demand for L&D in the marketing and sales department this year has surpassed demand in product development and finance. This could be a result of the pressure on organisations to differentiate themselves in an increasingly competitive market, as well as the need to better market products and services to customers that have less disposable income during the cost-of-living crisis.

Another factor is the increasing number of digital channels and platforms that customers interact with nowadays. With so many ways they can market to people, businesses need to keep up with digital innovations – as well as cut through the noise – to stand out.

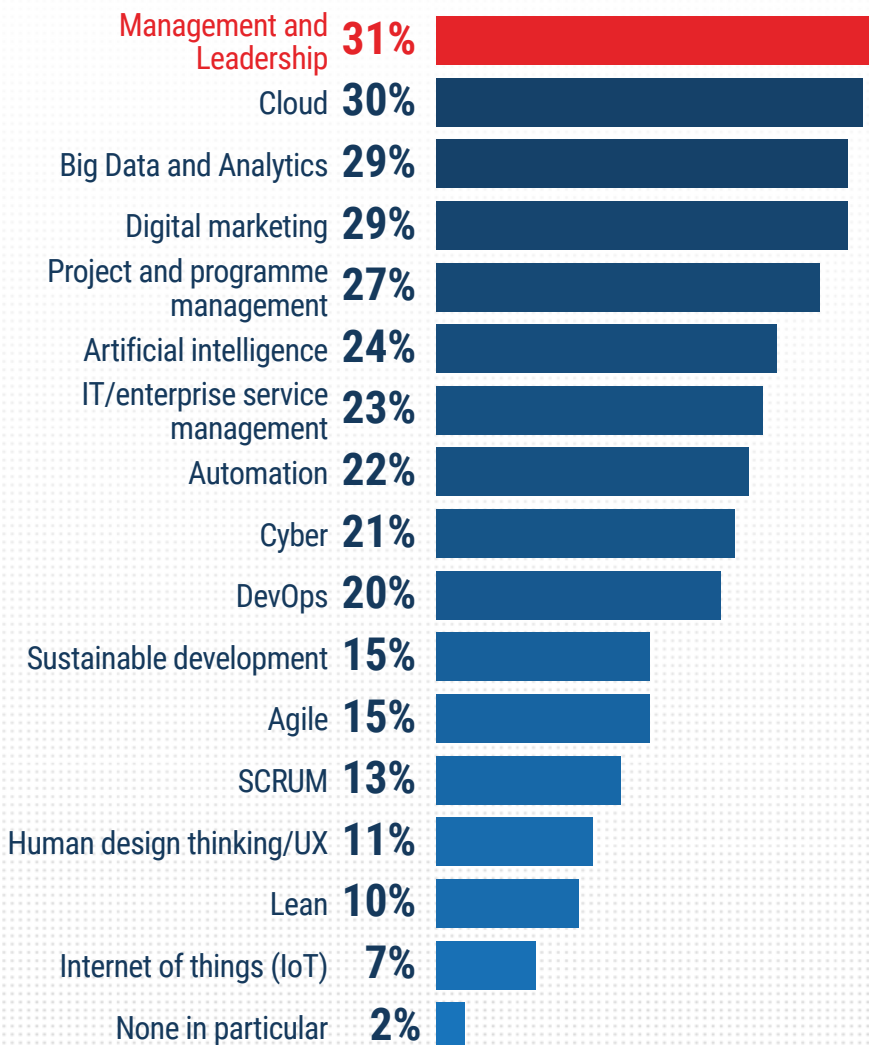


32% of respondents say that skills shortages are driving the demand for L&D in their organisation



Finally, as external costs soar, budgets tighten, and organisations are expected to do more with less, investing in marketing is a great way to bring in new customers and sales, as well as retain existing customers to increase revenue during these times.

Which skills are you seeing a demand for in the marketing and sales department, if you have one?



The top three priorities for product development, R&D and finance



Product development

1. Automation (26%)
2. Artificial intelligence (24%)
3. Management and leadership (24%)



R&D

1. Management and leadership (24%)
2. Big data and analytics (23%)
3. Project and programme management (22%)



Finance

1. Big data and analytics (27%)
2. Management and leadership (26%)
3. Automation (23%)

What's driving demand for L&D?



The top drivers for L&D this year are digital transformation (39%), remote/hybrid working (39%) and driving productivity (33%).

As our world grows ever increasingly digital, businesses are under immense pressure to keep pace with new technologies and trends – else they risk being left behind. Digital transformation has climbed to first place on our list of L&D drivers this year (up from sixth in 2022), which only evidences that pressure to keep up.

As more and more organisations undergo digital transformation, employees need the right digital skills, change management skills and training on how to use specific new technologies to make these projects a success. It's also important that organisations invest in futureproofing employee skillsets through upskilling and cross-skilling them to take on more digital-based roles and responsibilities.

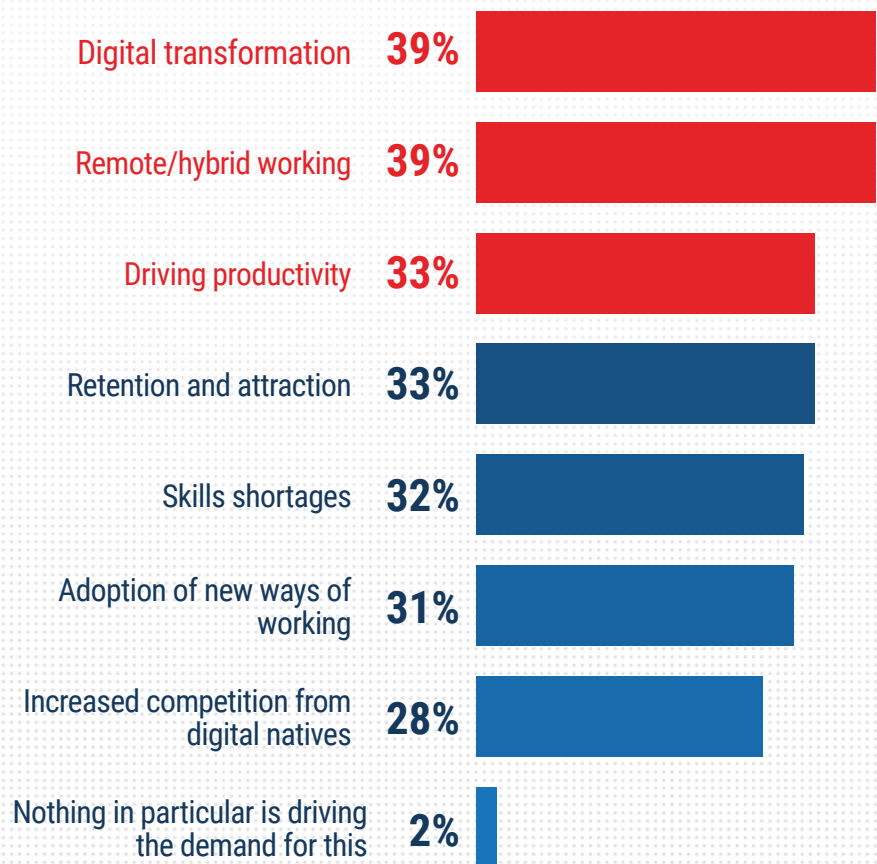
In 2022, adoption of new ways of working was the number one factor driving L&D demand. This year, it's fallen to sixth place, as businesses have adapted their processes, so they are now more adjusted to the huge changes in working practices.

As well as supporting digital transformation initiatives, organisations are also under pressure to support employees with remote/hybrid working (39%). Hybrid working is not only becoming the preferred option for employees, but also for many employers that have seen benefits in costs and efficiency – with **72% of European companies** allowing employees to work remotely between one and three days per week, according to Okta.

Finally, driving productivity (33%) is a key propellant for L&D this year, as organisations struggle to hire the right resources and lack the budgets to support growth projects. In fact, the CBI found that **46% of businesses** struggle to meet output demands as a result of the labour shortage.

While, as revealed by Unum UK, **29% of UK workers** say that worries about the cost-of-living crisis have negatively impacted their productivity at work.

What is driving the demand for learning and development in your organisation?



What are the biggest challenges facing organisations in 2023?

Key themes for many businesses throughout 2022 were the negative impacts of the cost-of-living crisis, soaring inflation and economic instability. So, perhaps it comes as no surprise that 78% of our respondents cited these as the top challenges they face in 2023.

Soaring costs and strained budgets mean that organisations are forced to spend more on resources (for example, energy and materials), while simultaneously cutting costs in other areas. Some might be forced to raise their prices to cope with increased expenses, causing customers to walk away. Many also are struggling to meet employee demands for increased salaries and support.

Other challenges include enabling employees to apply learnings into their day-to-day roles (66%) and filling skills gaps (66%). These are all challenges that L&D can help solve – we'll explore how in the sections below.



Here are the top challenges facing organisations in 2023:



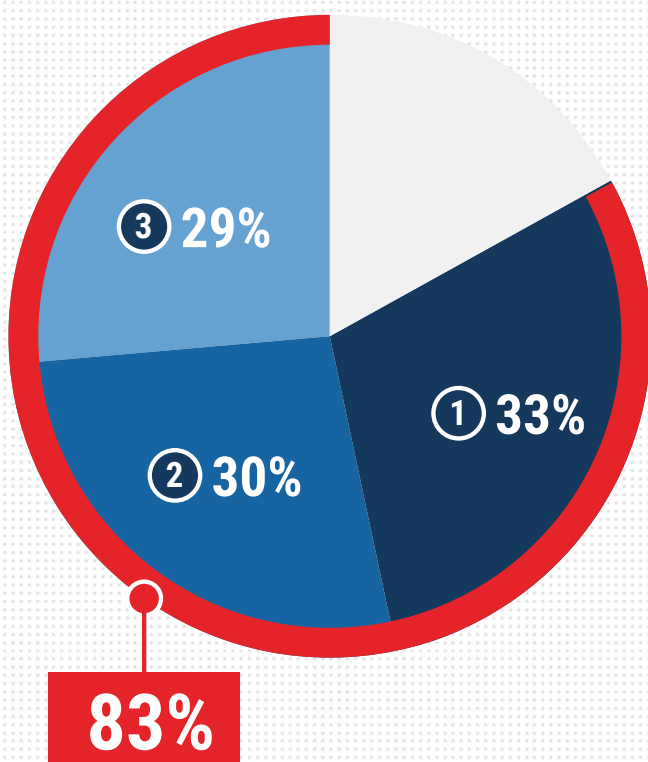
How L&D can help organisations face the cost-of-living crisis

Three in four organisations find dealing with the impact of the cost-of-living crisis and other related issues (i.e. inflation and economic instability) to be somewhat to incredibly challenging, making it the biggest challenge facing organisations right now.

When budgets are already stretched, costs are increasing, and employees are demanding financial support to help them through the crisis, justifying spending on L&D can often seem like a difficult task. But the ways that L&D can help support employees and businesses through the cost-of-living crisis are often overlooked.

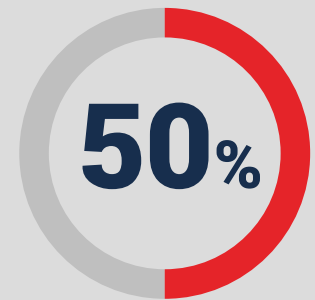
For businesses, investing in L&D helps upskill and cross-skill existing employees, empowering them to take on a wider range of tasks and negating the need to hire externally. L&D also helps increase productivity, ultimately improving output and increasing revenue.

While for employees, L&D gives them more opportunities for career progression, take on more responsibility to gain more experience, learn new skills and earn more over time.



A significant 83% of organisations feel pressure to support employees with the rise in the cost-of-living. Many are currently doing this by:

1. Making coaching and mentoring support available (33%)
2. Moving to a hybrid way of working for a better work/life balance (30%)
3. Enhancing perks and benefits offering (29%)



50% of businesses that believe their training programmes are not effective say that it's because they lack the budget for L&D.

Filling the skills gap is a significant challenge for businesses

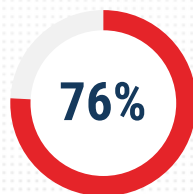
Almost one in three businesses say that skills shortages are driving the demand for L&D. Yet 66% say that filling skills gaps is challenging, while 65% struggle to identify skills and knowledge gaps.

The most common ways to identify skills gaps are by tracking and reviewing employee performance and talking directly with them to understand their needs.

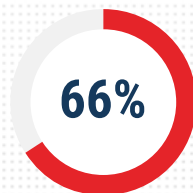
How, if at all, does your organisation currently try to identify and understand skill and knowledge gaps for employees?

38%

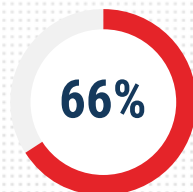
38% of businesses that believe their training is not effective say it's because it's not based on an analysis of skills gaps.



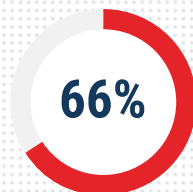
Track employee performance in different skills and/or knowledge



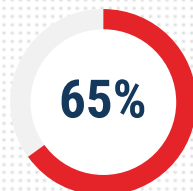
Talk directly to employees to understand their needs



Review performance of work



Use assessment tools



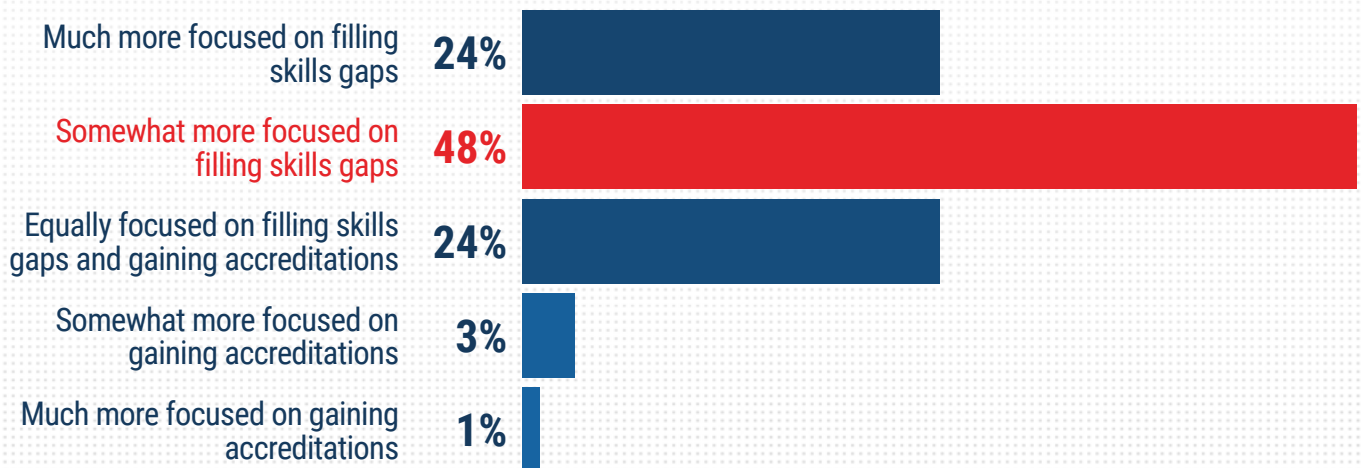
My organisation currently doesn't try to identify skills and knowledge gaps and we don't plan to in the future

Businesses are prioritising filling skills gaps and gaining accreditations

In 2023, the majority of organisations will focus their L&D strategies on filling skills gaps and gaining accreditations.

This approach means they can tailor their L&D programmes and budgets to suit individual needs and roles. Some roles might require accreditations for compliance purposes, to complete specific tasks, or to work with certain organisations, while others might need non-accredited training that's more focused on filling skills gaps, building knowledge, and increasing efficiencies.

Will your organisation's learning and development strategy focus more on filling skills gaps or gaining accreditations?



Reasons and benefits for gaining accreditations:

- 56%** We need a relevant framework for a specific initiative/project
- 44%** For compliance purposes/our industry mandates
- 44%** Our industry/organisation mandates them
- 33%** Our suppliers require them for RFPs

Reasons and benefits for filling skills gaps:

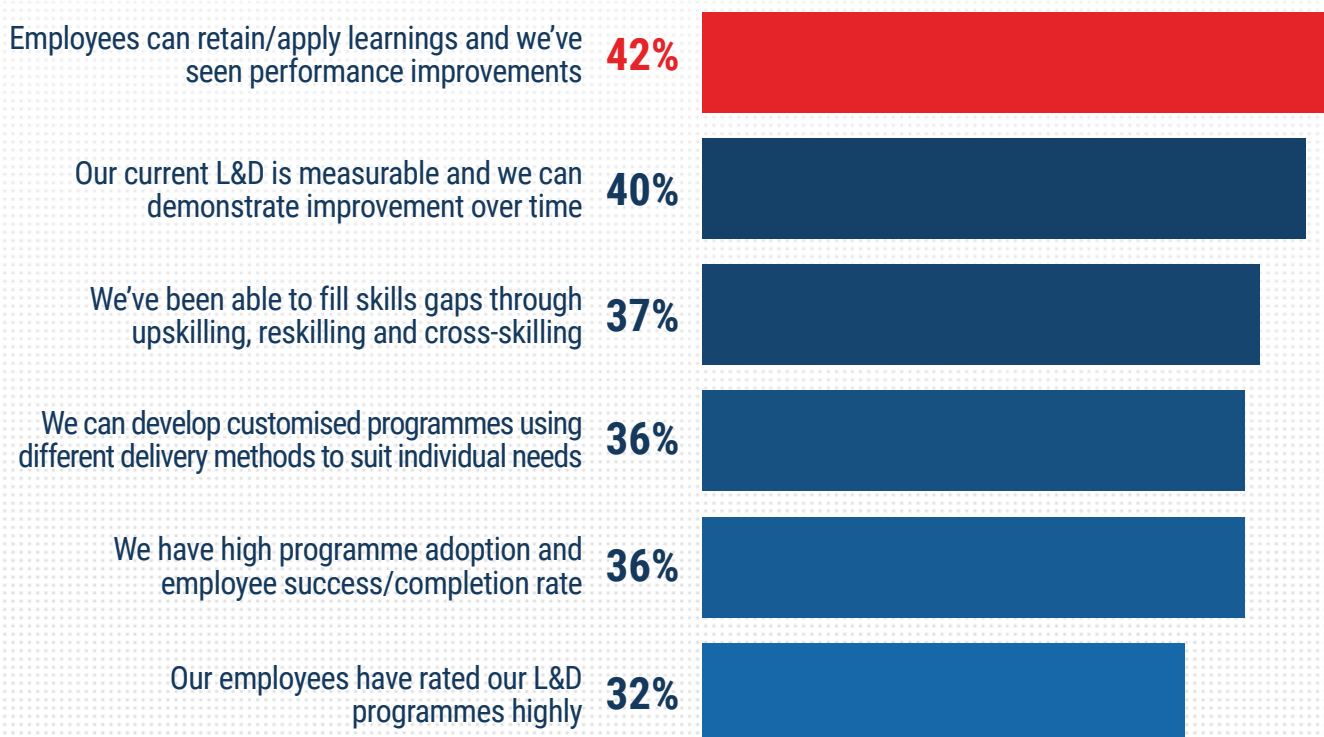
- 52%** It's the best way to drive performance improvements
- 44%** It builds knowledge over time and helps fill skills gaps
- 33%** Employee demand

How effective do businesses find L&D?

The majority of businesses say that the L&D currently available to their employees is at least somewhat effective, with 57% agreeing.

L&D programmes that are considered effective help employees retain and apply learnings to improve productivity and performance (42%) and can also be measured to show improvement over time (40%). These programmes also help fill skills gaps (37%) and can be customised to suit individual needs (36%).

Of those who believe their L&D is effective, they said that this is because:

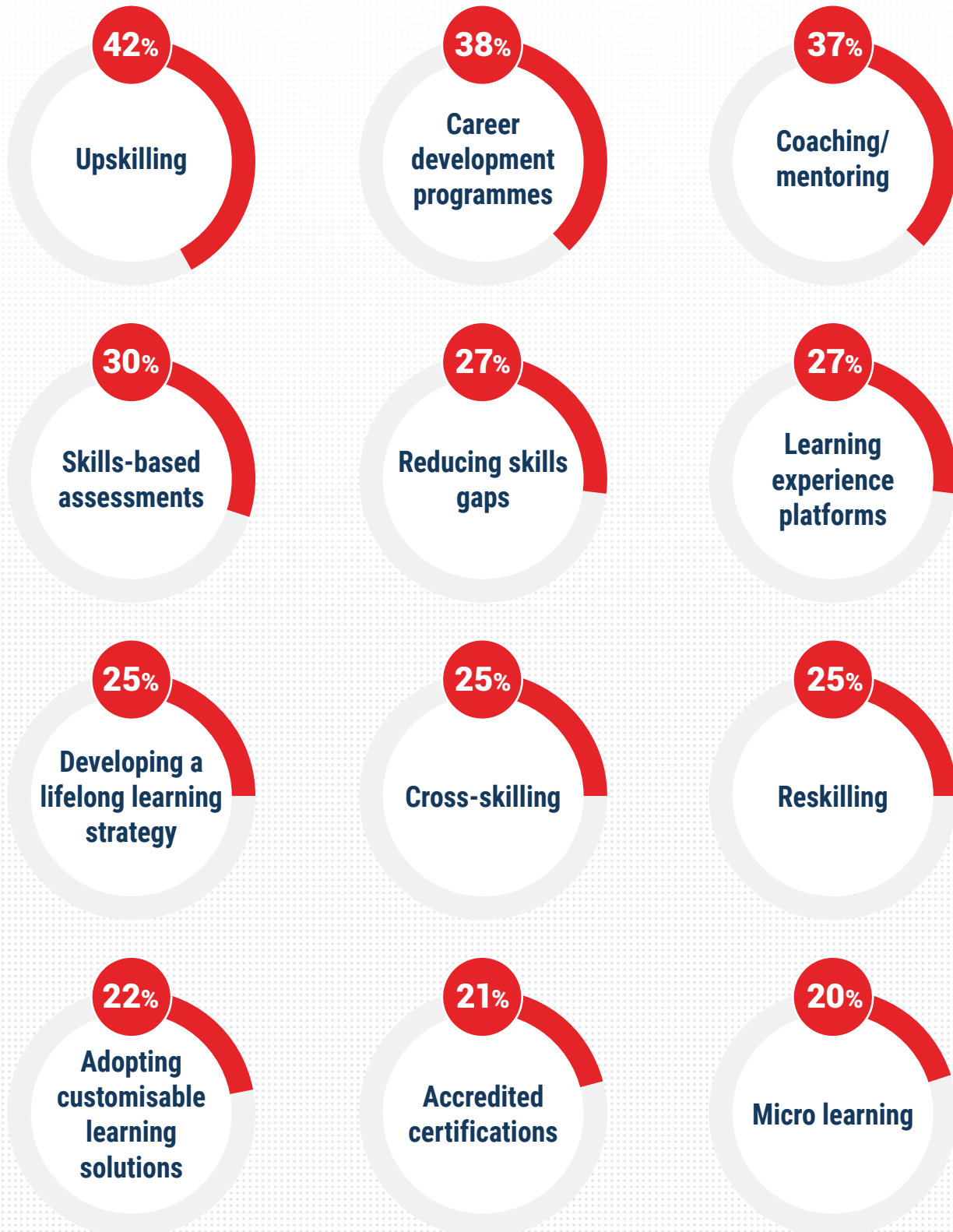


Of those who believe L&D is not effective, half said that this was because they don't have the budget for L&D, while an equal number attributes it to the fact that they haven't seen business/productivity improvements.

Lack of analysis of skills gaps (38%), no structured programmes in place (38%) and negative employee ratings (31%) are also mentioned

How will businesses use L&D to build the skills they need?

The most in-demand L&D activities for businesses right now are:

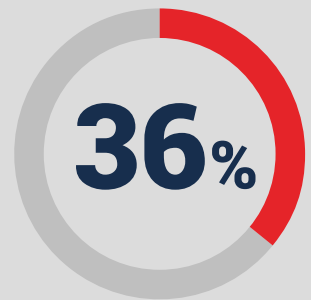
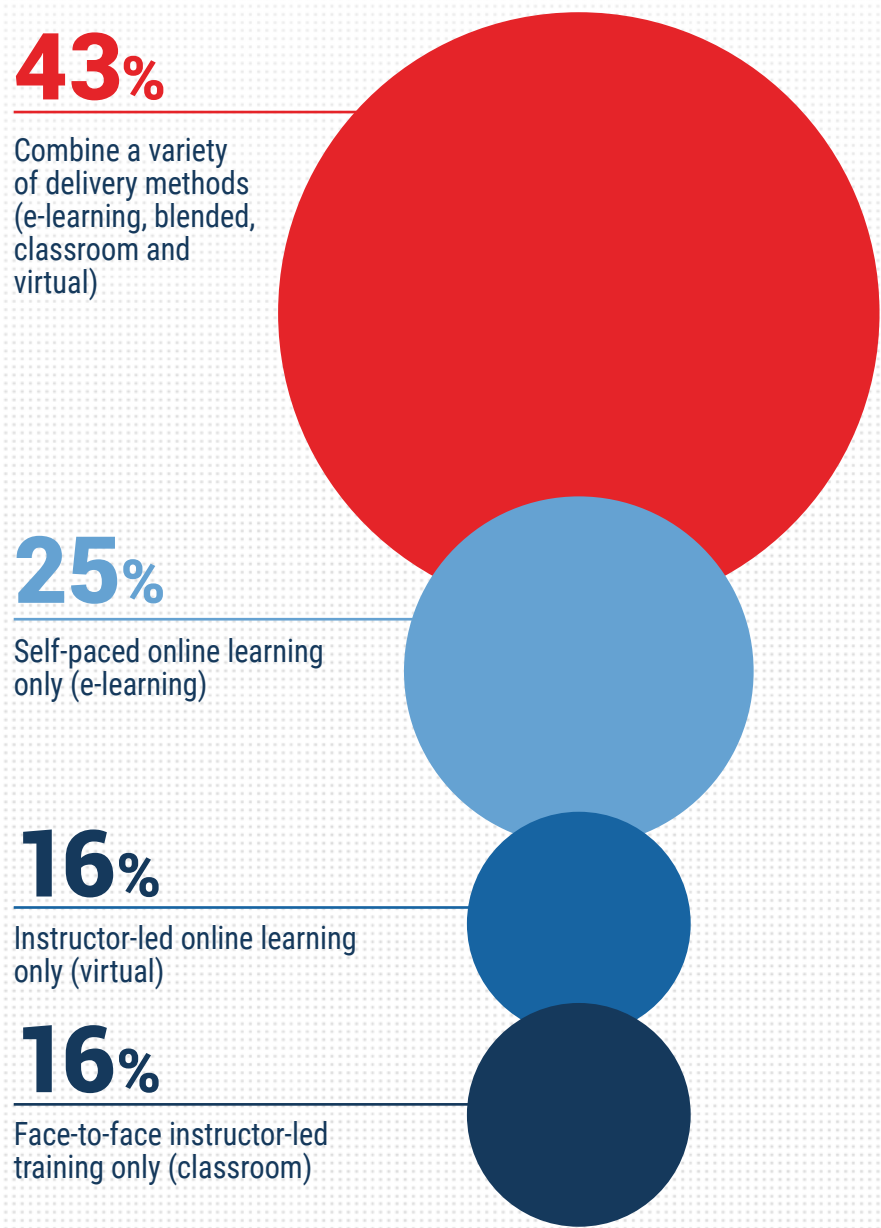


Almost half of businesses will combine a variety of delivery methods for L&D

L&D works best when tailored to meet the needs of each individual. Some might prefer classroom learning while others virtual. Some e-learning, some blended. Either way, a successful L&D programme is about engaging employees to take part.

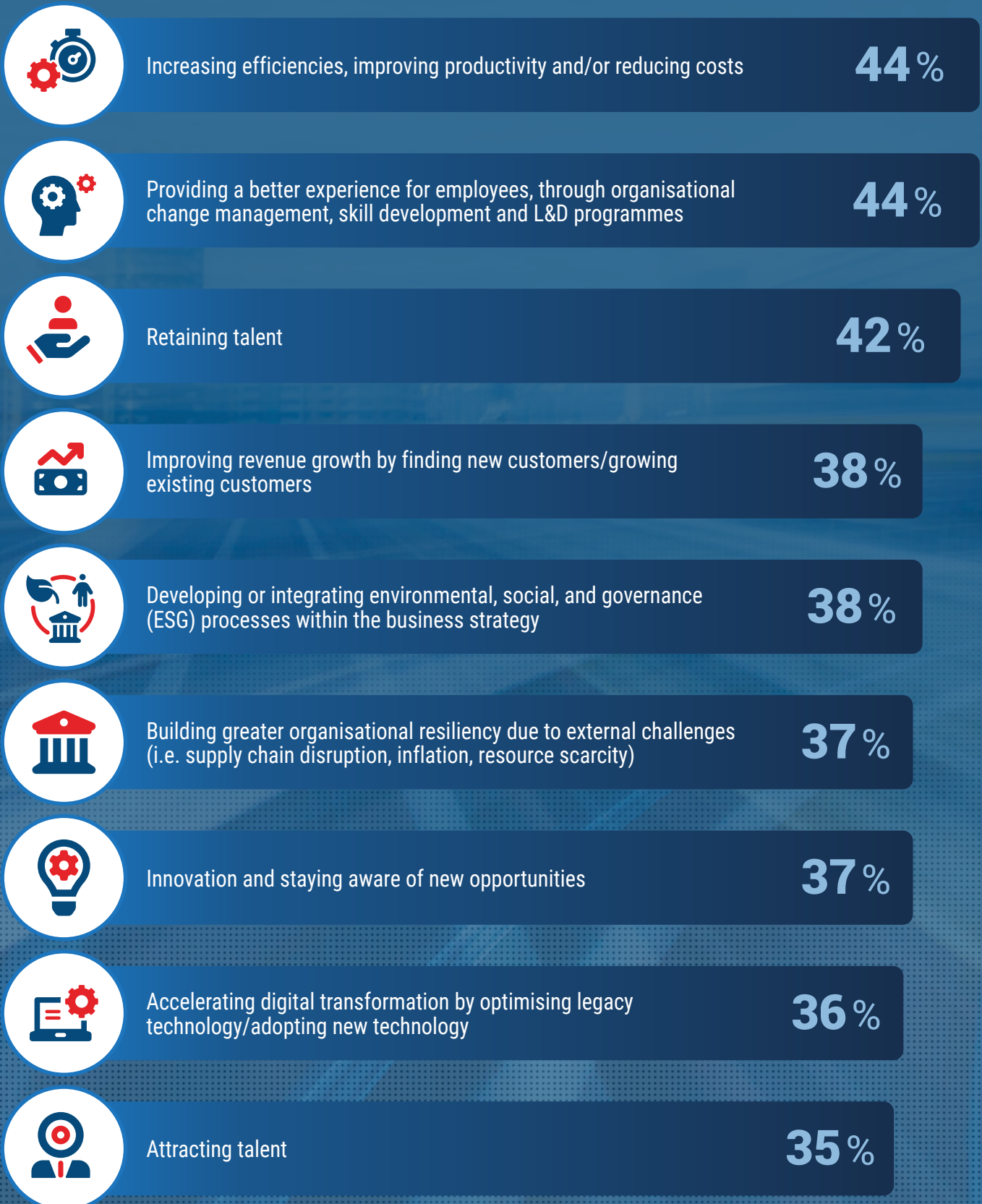
This year, the majority of businesses will look to combine a variety of delivery methods for their L&D programmes.

In 2023, what approach is your organisation taking to deliver L&D?



36% of businesses that believe their L&D is effective say it's because they can develop customised programmes using different delivery methods to suit individual needs.

Key Organisational L&D Priorities for 2023



What's the best way to develop those skills?

How ILX Group can help

ILX Group have been delivering value for corporate and consumer customers worldwide for over 30 years.

We have a proven track record of delivering quality and effective consulting and training solutions for organisations of all sizes in many different industries, including:

- **Automotive**
- **Construction & Engineering**
- **Defence & Security**
- **Digital, Advertising & Media**
- **Education**
- **Energy, Minerals & Utilities**
- **Finance**
- **Manufacturing**
- **Pharmaceuticals & Healthcare**
- **Public Sector, Government & the NHS**
- **Technology**
- **Telecoms**

We are a leading global provider of project and programme management (PPM) training. We also have experience building skills across IT service management, change management, risk management, business finance and digital marketing teams.

We have a wide range of training solutions for upskilling, reskilling and cross-skilling. Popular topics areas include:

- **Agile, AI and machine learning**
- **Automation testing**
- **Big Data & analytics**
- **Business analysis**
- **Cloud computing and Cyber**
- **Data analysis and data science**
- **DevOps**
- **Digital marketing**
- **Lean Six Sigma**
- **SCRUM**



Our full breadth of accredited certifications and non-accredited training solutions will cater for all learning styles. We offer a mix of e-learning, classroom, in-house, virtual, and blended learning, which are scalable and customisable to suit an organisation's specific objectives and its global or local market needs.

Why choose us?

77

Corporate client
Net Promoter Score

95%

of learners report a
positive professional
impact

51%

say training enhanced
my performance
at work

75%

Average completion rate
(compared to industry
standard 10-15% for open
online courses)



Over 30 years of experience delivering
value for corporate and consumer
customers worldwide



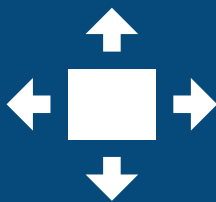
500,000+ graduates; over **5,000 corporate
clients,** across **100 countries** and **96%
customer satisfaction rating**



Full breadth of training to suit
different learning styles, including
e-learning, classroom, in-house,
virtual and blended



**Solutions for multiple teams across
enterprises of all sizes:** PPM, ITSM,
change management, risk management,
business finance and digital marketing



Scalable and flexible solutions
tailorable to both global and local
market needs



**Capability to support consumers and
corporates** to practically applying learnings,
ensuring they get the best ROI and value



Want to build digital skills in your organisation?

Check out [our website](#) to see our full range of courses. If you have questions or want to learn more, please [get in touch](#).

contactus@ilxgroup.com

01270 611600

ilxgroup.com/corporate-training