

# The Role of Online Higher Education in Corporate Learning Research Report

August 2005

Ray J. Rivera, ASTD  
Chuck Trierweiler, Capella University  
Brenda Sugrue, ASTD



---

A research study conducted by ASTD in partnership with Capella University

## About the Authors

Ray J. Rivera is an ASTD research analyst.  
Brenda Sugrue, PhD, CPT, is ASTD's senior director of research.

Chuck Trierweiler is director of marketing at Capella University.

## About ASTD

ASTD is a leading association of workplace learning and performance professionals, forming a world-class community of practice. ASTD's 70,000 members and associates come from more than 100 countries and thousands of organizations - multinational corporations, medium-sized and small businesses, government, academia, consulting firms, and product and service suppliers.

ASTD marks its beginning in 1944 when the organization held its first annual conference. In recent years, ASTD has widened the industry's focus to connect learning and performance to measurable results, and is a sought-after voice on critical public policy issues. For more information, visit [www.astd.org](http://www.astd.org).

## About Capella University

Founded in 1993 to serve working adults and employers, Capella University is an online accredited academic institution. Capella University offers graduate degree programs in business, information technology, education, human services and psychology, plus the Bachelor of Science with 10 specializations in business and information technology. The university currently serves nearly 13,000 enrolled learners from all 50 states and 55 countries. Central to Capella's approach are achievement-oriented learners, expert faculty, and a university staff that is passionate about each individual's success. Capella is a national leader in online education, committed to providing high-caliber academic excellence and pursuing balanced business growth. Capella University is a wholly-owned subsidiary of Capella Education Company, headquartered in Minneapolis, MN. For more information, visit [www.capella.edu](http://www.capella.edu).



© 2005 by the American Society for Training & Development. All rights reserved. Printed in the United States of America.

No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, write to ASTD, Research Department, Box 1443, Alexandria, VA 22313-2043.

## Table of Contents

|                         |    |
|-------------------------|----|
| Introduction .....      | 1  |
| Background .....        | 1  |
| Definition.....         | 1  |
| Executive Summary ..... | 2  |
| Interpretation .....    | 2  |
| Sample .....            | 3  |
| Q1. ....                | 4  |
| Q2. ....                | 5  |
| Q3. ....                | 5  |
| Q4. ....                | 6  |
| Q5. ....                | 7  |
| Q6. ....                | 8  |
| Q7. ....                | 9  |
| Q8. ....                | 10 |
| Q9. ....                | 11 |
| Q10. ....               | 12 |
| Q11. ....               | 13 |

## Introduction

### Background

As the amount of corporate learning delivered online grows, and as companies outsource more of their learning content delivery, the opportunity for online higher education providers increases.

A study by the Sloan Consortium predicted a 24.8 percent growth rate for participation in online higher education programs in 2004. That growth would come partly from individual enrollments and partly from contracts with corporations to provide learning and development opportunities for groups of employees, for example, executive education programs. But what do the decision-makers in corporate learning think? Are they satisfied with current online higher education offerings? What drives their decisions to incorporate more online higher education offerings into their organizations' learning portfolios?

We conducted a survey to identify senior learning executives' perceptions of the role of online higher education in corporate learning. We asked about

- the current and future role of online higher education within their organizations
- barriers and enablers to using online higher education in their organizations
- satisfaction with online higher education.

### Definition

For the purposes of this study, "online higher education" was defined as educational opportunities including degree and training programs provided by accredited colleges or universities, either entirely or partly, via the internet.

## Executive Summary

- In March 2005, 151 learning executives from a wide range of organizations responded to an online survey consisting of 11 questions aimed at exploring their perceptions with respect to the role of online higher education in corporate learning.
- The majority of learning executives believe that the role of online higher education in corporate learning will increase.
- Currently, half of learning executives believe an online degree is less valuable to their organization than a degree from a traditional land-based program. However nearly half felt an online degree was equally valuable or almost as valuable.
- Online higher education providers are capturing only a small portion of corporate learning expenditures, and are serving relatively small portions of firms' total number of employees.
- The value proposition for online higher education, as part of a corporate learning strategy, includes a combination of credibility, cost-efficiency, flexibility, and alignment with key strategic objectives of the organization.

## Interpretation

The current state of online higher education in corporate learning leaves room for further growth. Successful expansion of online higher education in corporate learning is most likely to be achieved through:

- greater satisfaction among learning executives
- higher perceived value of online degrees
- closer alignment of online higher education offerings with practical business needs and organizational goals
- more favorable cost provisions.

The implications for providers of online higher education are

1. Put in place the capability to customize content and link to specific company needs.
2. Offer flexible packages.
3. Provide lower unit costs.

The implications for learning executives who are integrating online higher education into corporate learning portfolios are

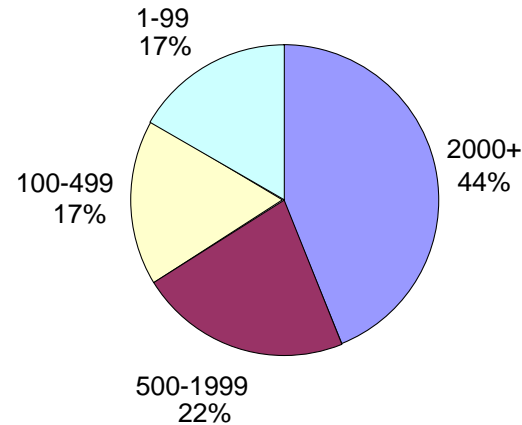
1. Pursue stronger partnerships with online higher education providers.
2. Be proactive in making the link between business needs, related employee skill needs, and program content.

## Sample

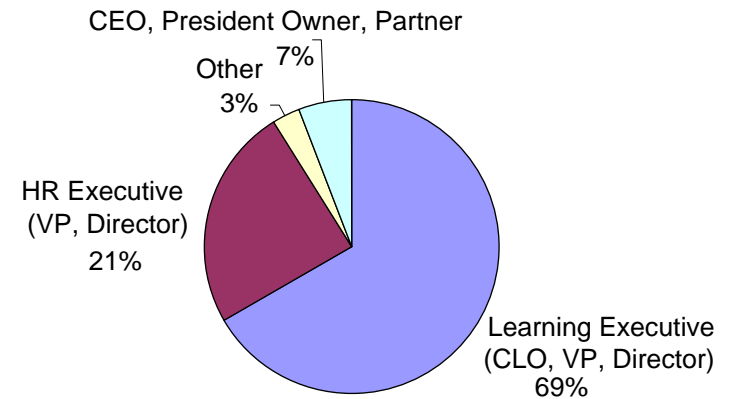
- A total of 151 learning executives responded to the survey administered online in March 2005.
- The sample represents a broad cross section of industries, organization sizes, and training budgets.
- Nearly 40 percent of respondents worked for organizations in the finance and manufacturing industries.

| Industry                                                                 | n  |
|--------------------------------------------------------------------------|----|
| Finance and Insurance                                                    | 37 |
| Manufacturing                                                            | 21 |
| Other Services (except Public Administration)                            | 16 |
| Professional, Scientific, and Technical Services                         | 13 |
| Administrative and Support and Waste Management and Remediation Services | 8  |
| Health Care and Social Assistance                                        | 7  |
| Public Administration                                                    | 7  |
| Other                                                                    | 40 |

**Number of Employees**

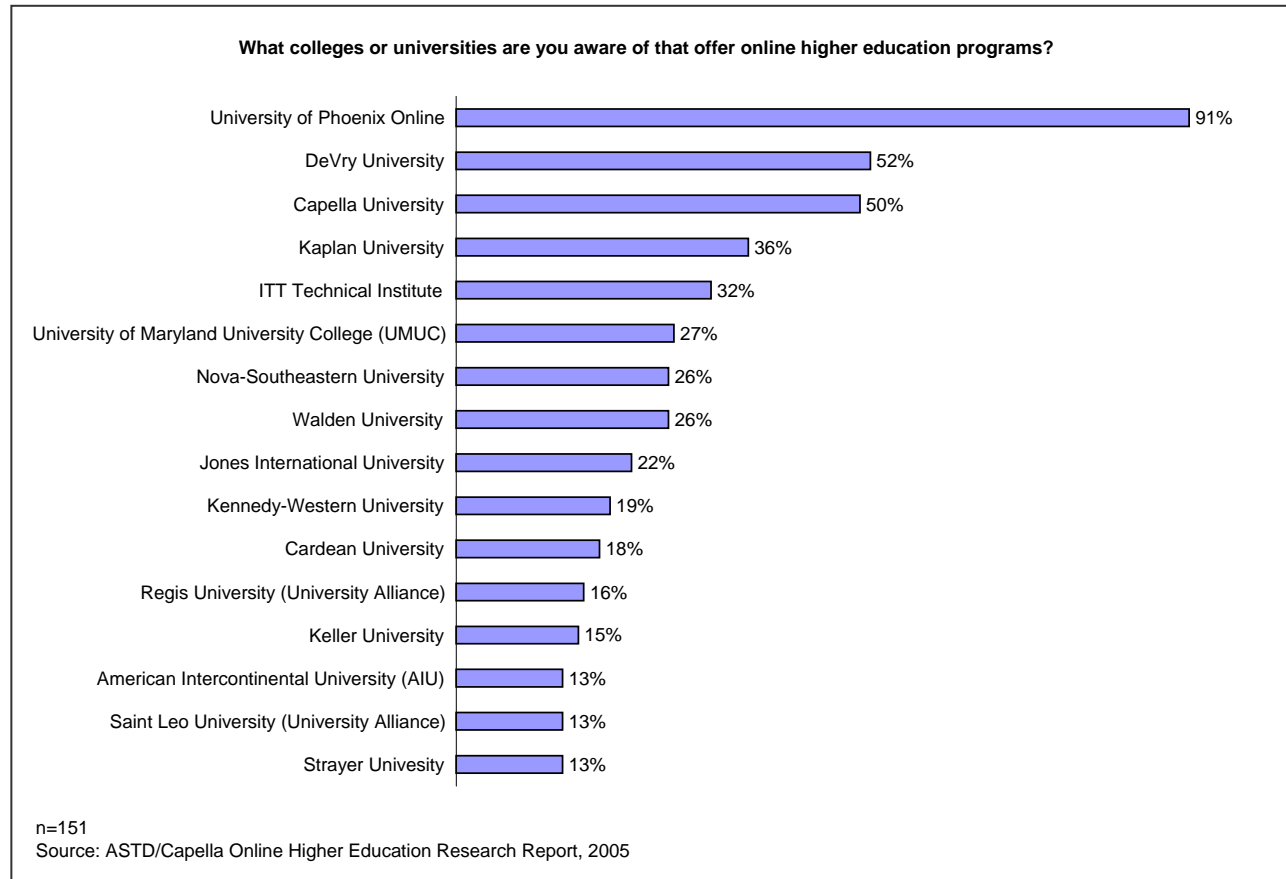


**Respondents' Positions**



**Q1. What colleges or universities are you aware of that offer online higher education programs?**

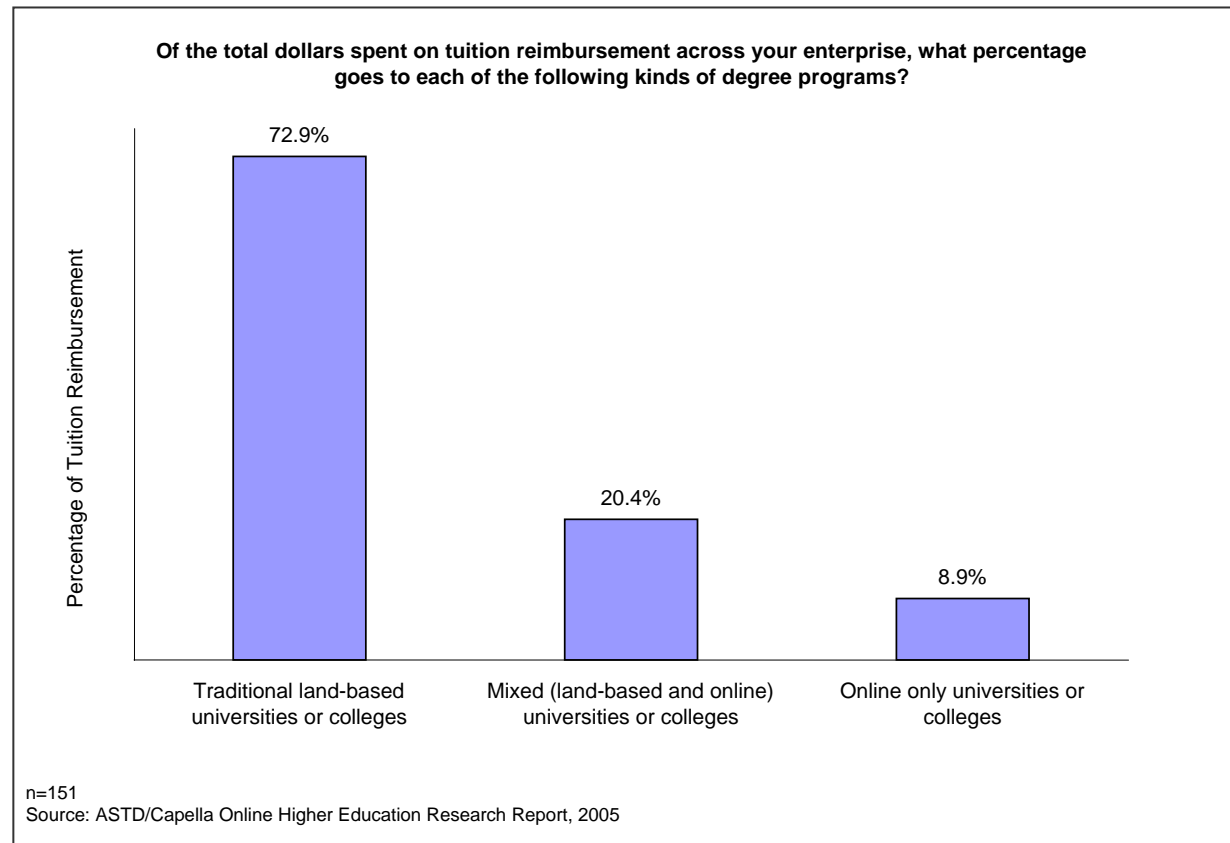
- At the beginning of the survey learning executives were asked to identify from a list of colleges and universities offering online higher education, which college and universities they recognized or with which they had familiarity.
- The most widely recognized colleges and universities providing online higher education were: University of Phoenix, DeVry University, and Capella University.
- Of the three most frequently recognized colleges and universities offering online higher education, Capella University is the only institution offering higher education solely online.
- Online programs from traditional universities are not well-known.



**Q2.** Approximately what percentage of your employees currently participate in any form of online higher education?

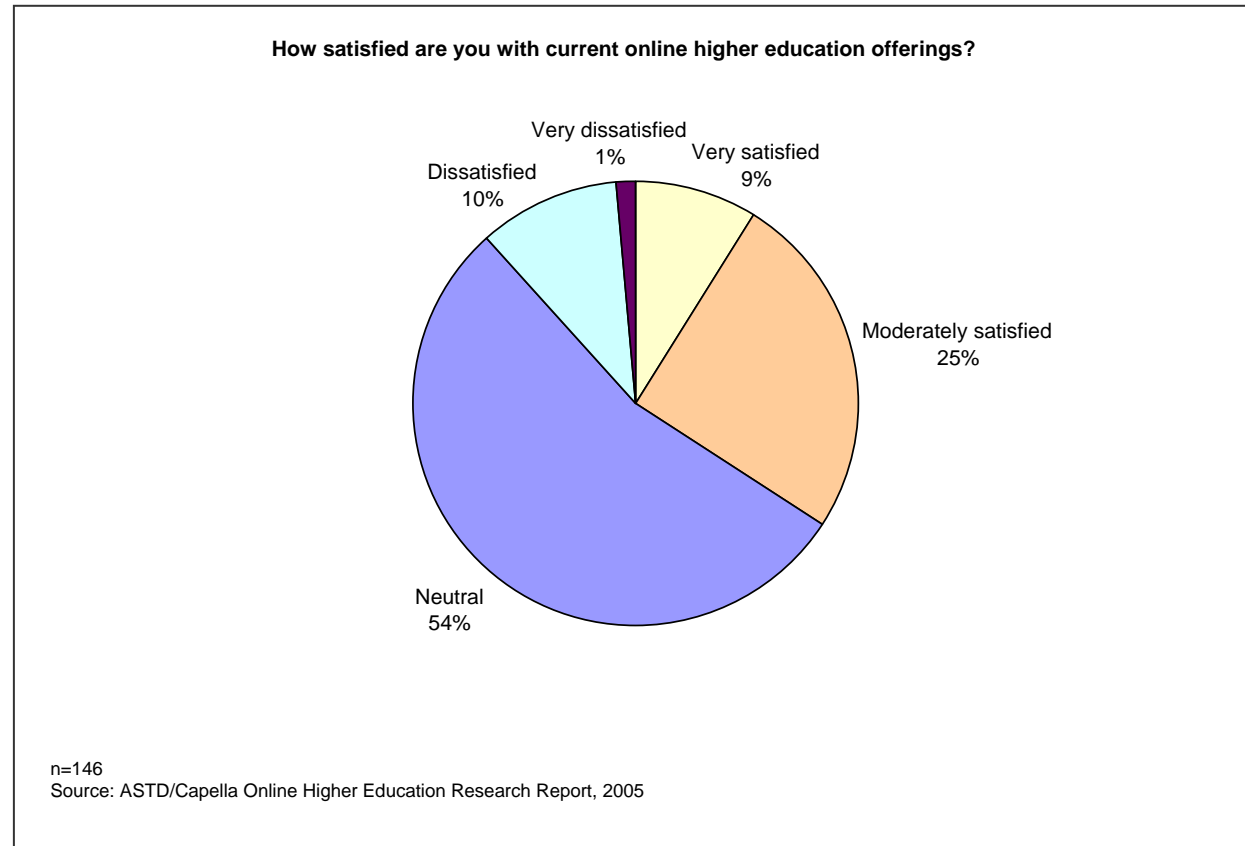
**Q3.** Of the total dollars spent on tuition reimbursement across your enterprise, what percentage goes to each of the following kinds of degree programs?

- An average of 9.5 percent of employees from companies that responded in this study participate in online higher education.
- Almost 73 percent of corporate tuition reimbursement is currently spent on traditional, land-based higher education for employees.
- Twenty percent of corporate tuition reimbursements are currently directed toward universities offering a combination of online and land-based online higher education programs.
- Only 9 percent of tuition reimbursement goes to colleges and universities providing higher education solely online.



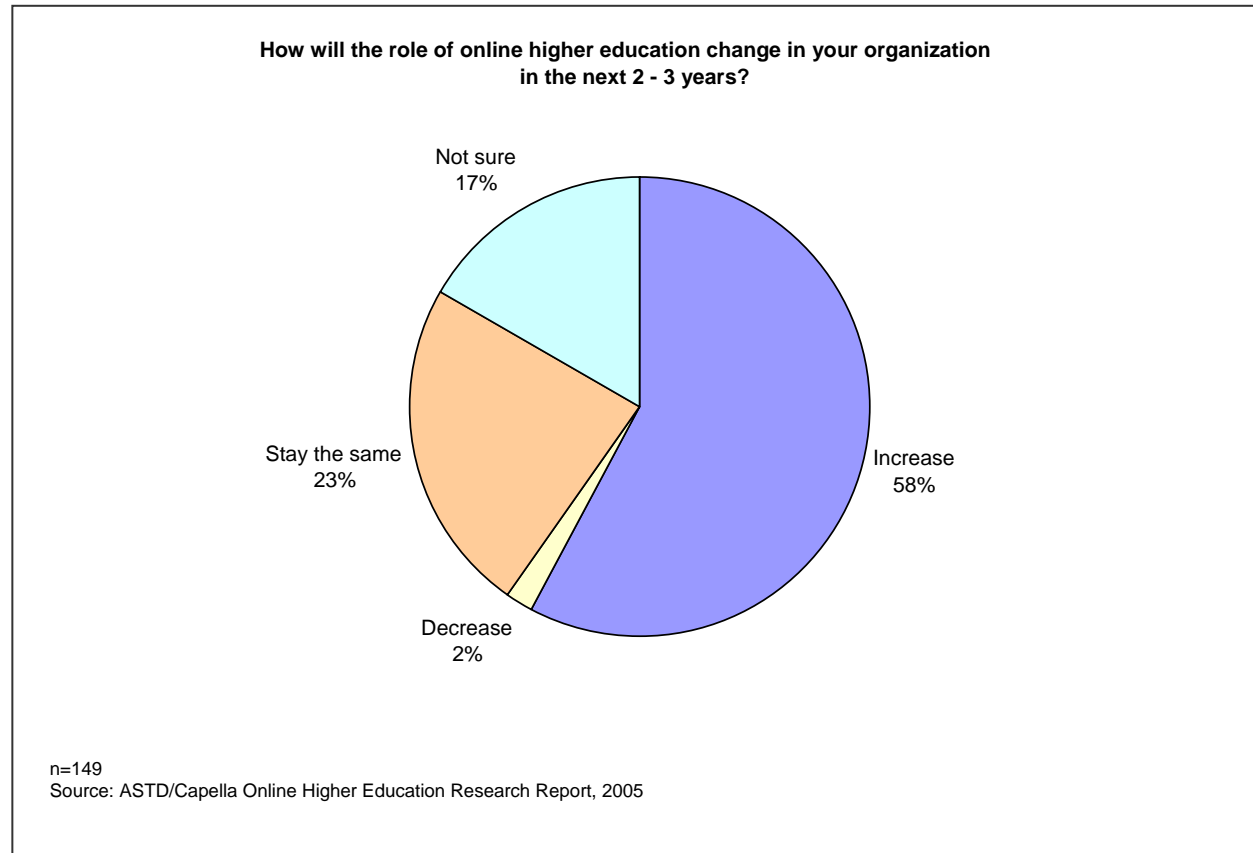
**Q4.** How satisfied are you with current online higher education offerings?

- Fifty-four percent of survey respondents said they were neutral regarding their satisfaction with online higher education offerings. Twenty-five percent reported being moderately satisfied. Nine percent reported being very satisfied.
- In the aggregate, 11 percent responded by saying they were dissatisfied or very dissatisfied, while 31 percent responded with either very satisfied or moderately satisfied.



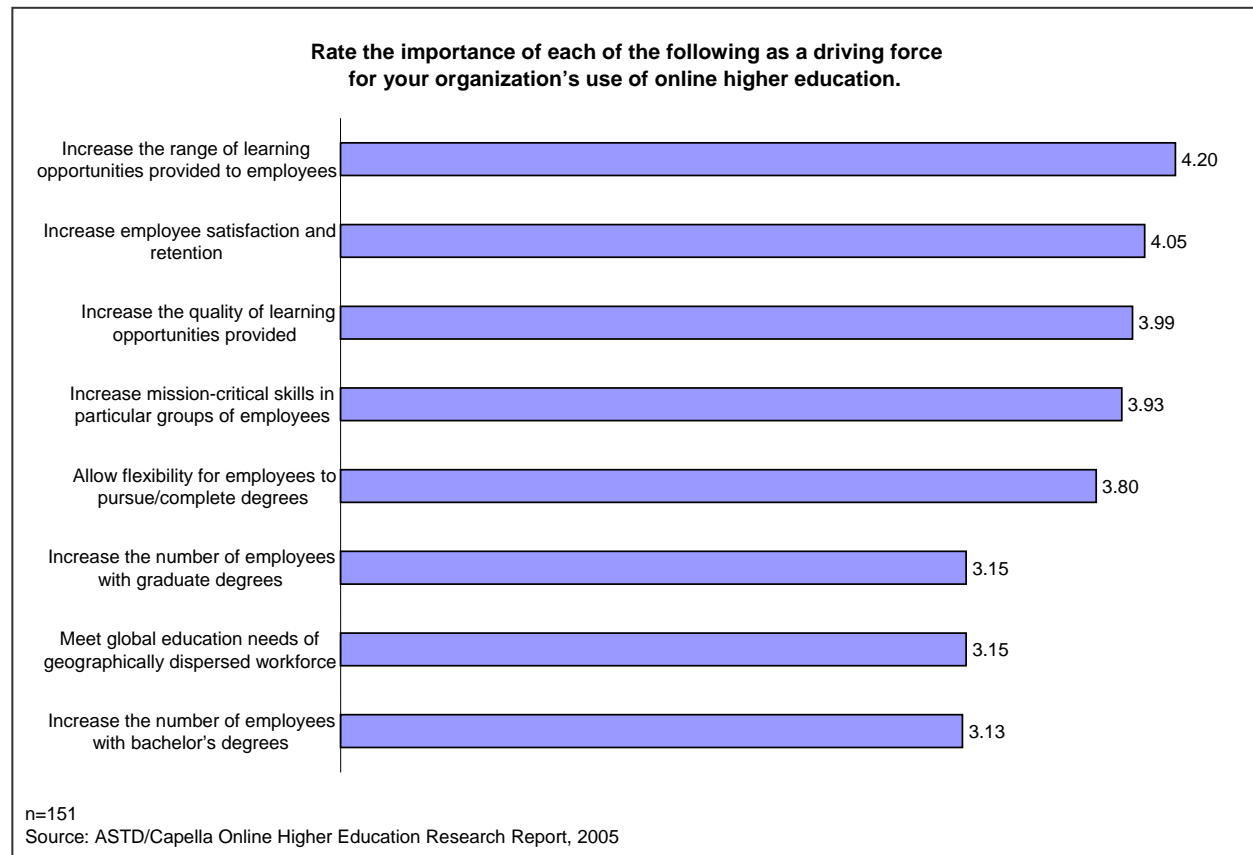
**Q5. How will the role of online higher education change in your organization in the next 2 - 3 years?**

- Fifty-eight percent of survey participants believe the role of online higher education will increase in the next 2-3 years. Twenty-three percent of respondents believe the role of online higher education will stay the same in the next 2-3 years. Only 2% believe the role will decrease.



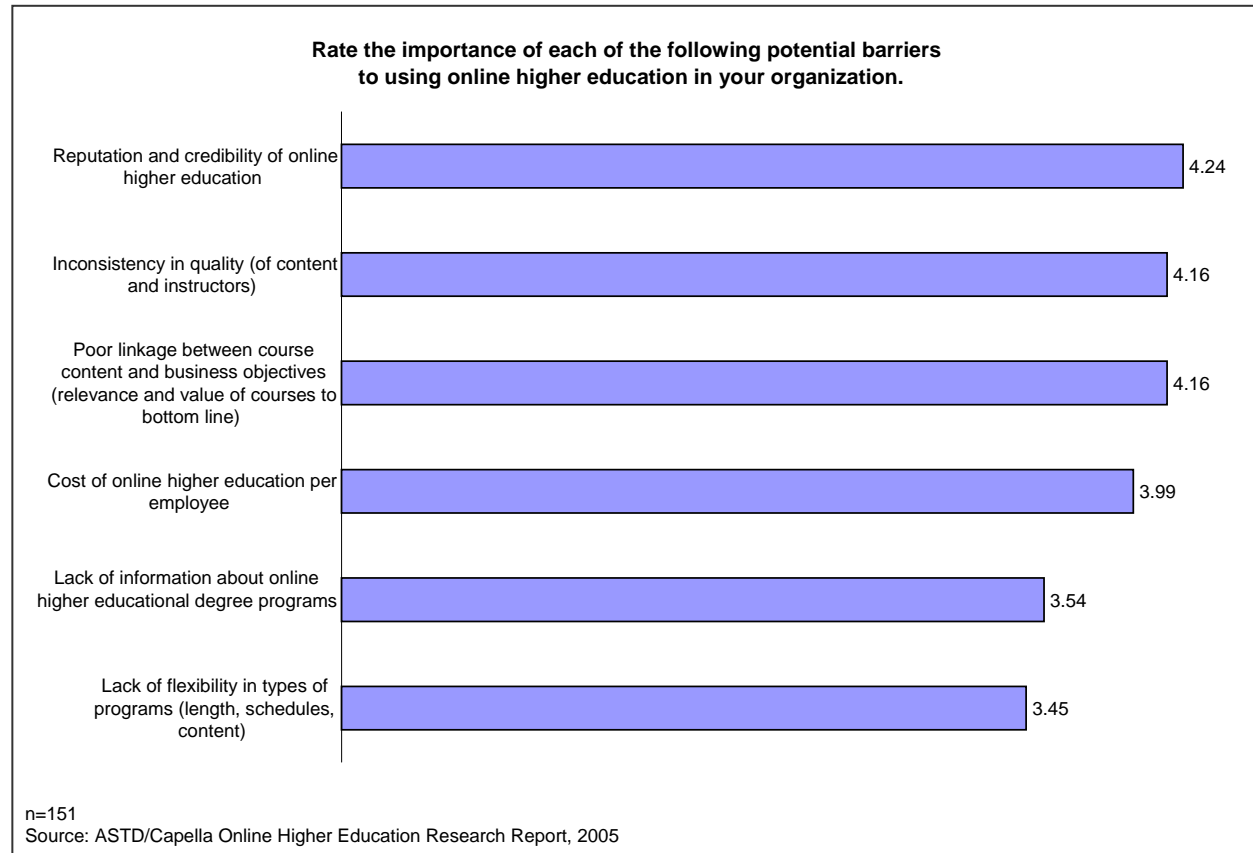
**Q6.** Rate the importance of each of the following as a driving force for your organization's use of online higher education.

- According to survey respondents, the top driving forces for their organizations' use of online higher education were
  - increasing the range of learning opportunities for employees
  - increasing employee satisfaction and retention
  - increasing the quality of learning opportunities provided
  - increasing mission-critical skills in particular groups of employees.



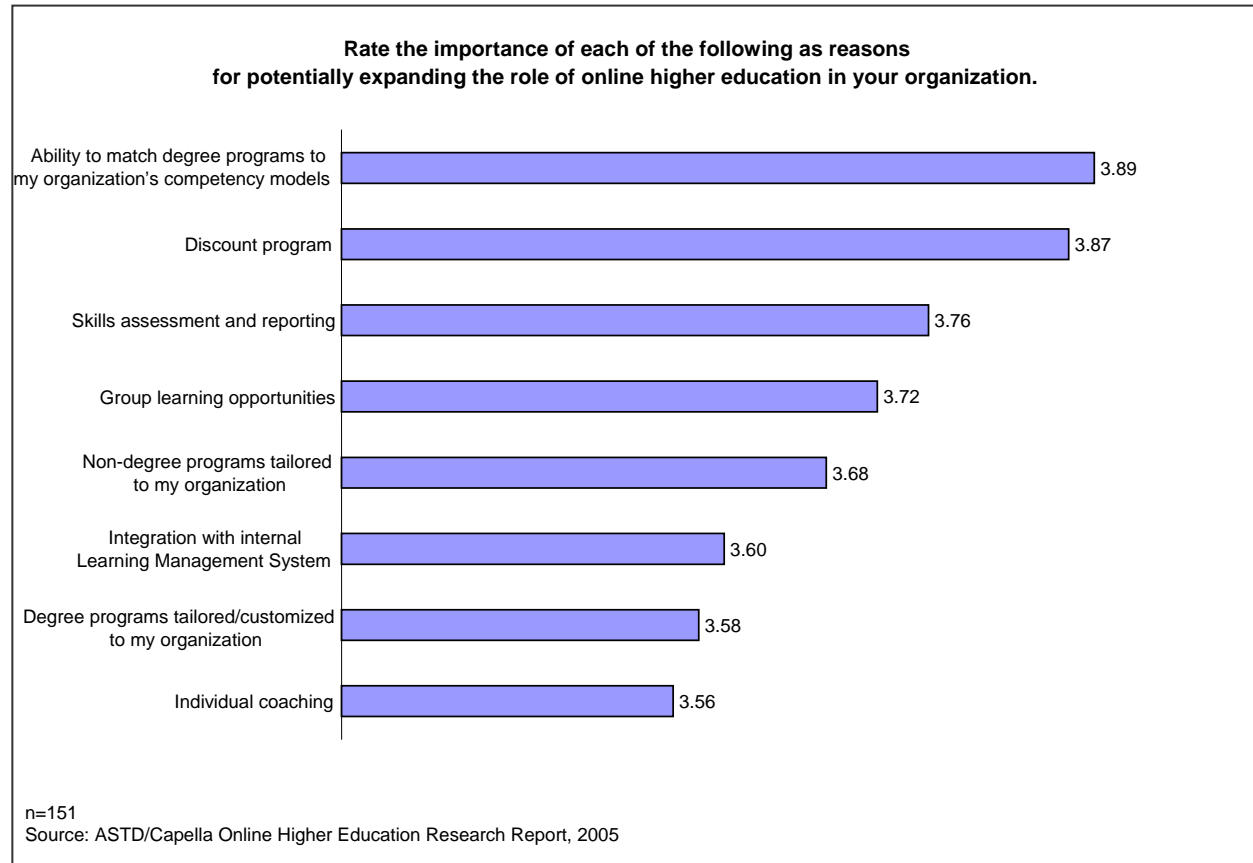
**Q7.** Rate the importance of each of the following potential barriers to using online higher education in your organization.

- According to survey respondents, the top barriers to their organizations' use of online higher education were
  - reputation and credibility of online higher education
  - inconsistency in quality
  - poor linkage between course content and business objectives.



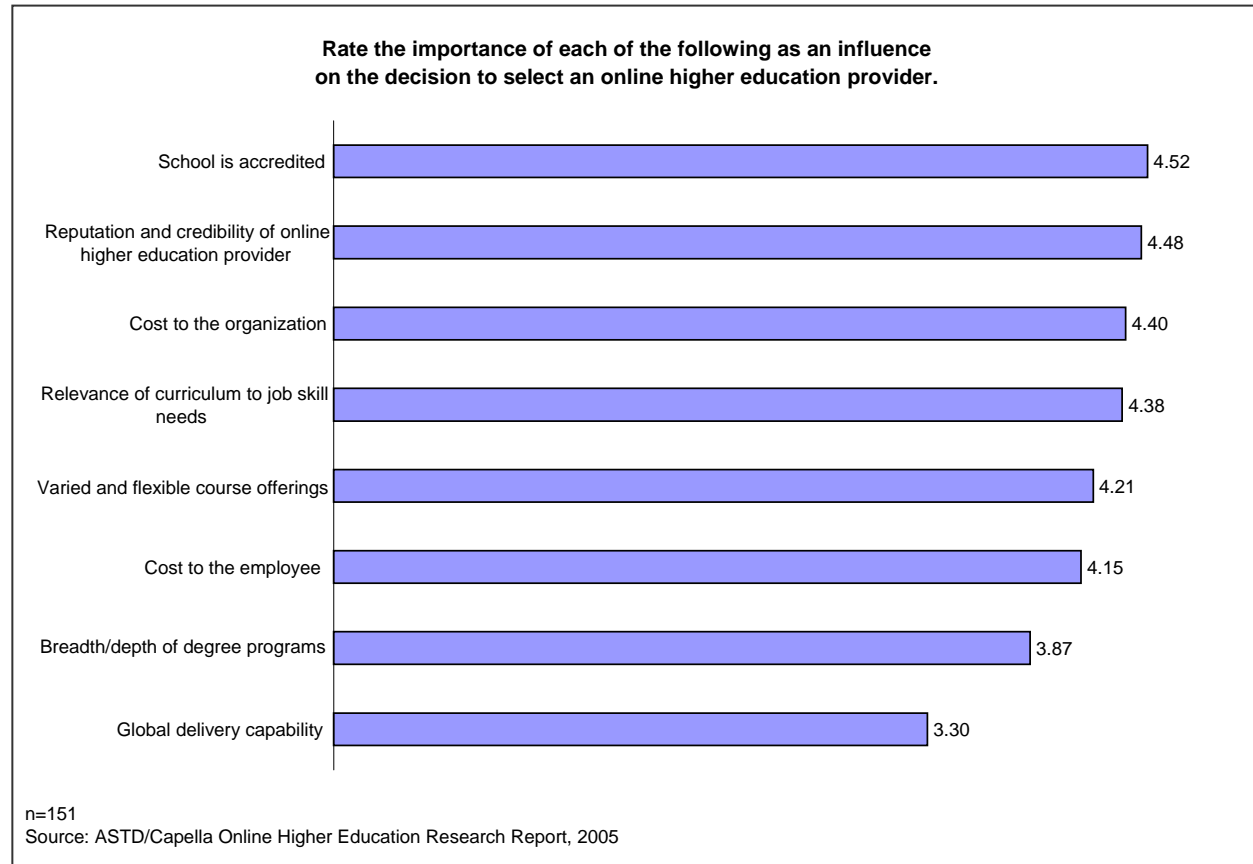
**Q8.** Rate the importance of each of the following as reasons for potentially expanding the role of online higher education in your organization.

- According to survey respondents, the top reasons for potentially expanding the role of online higher education organizations were
  - ability to tailor degree programs to an organization’s competency models
  - discounts
  - skills assessment and reporting.



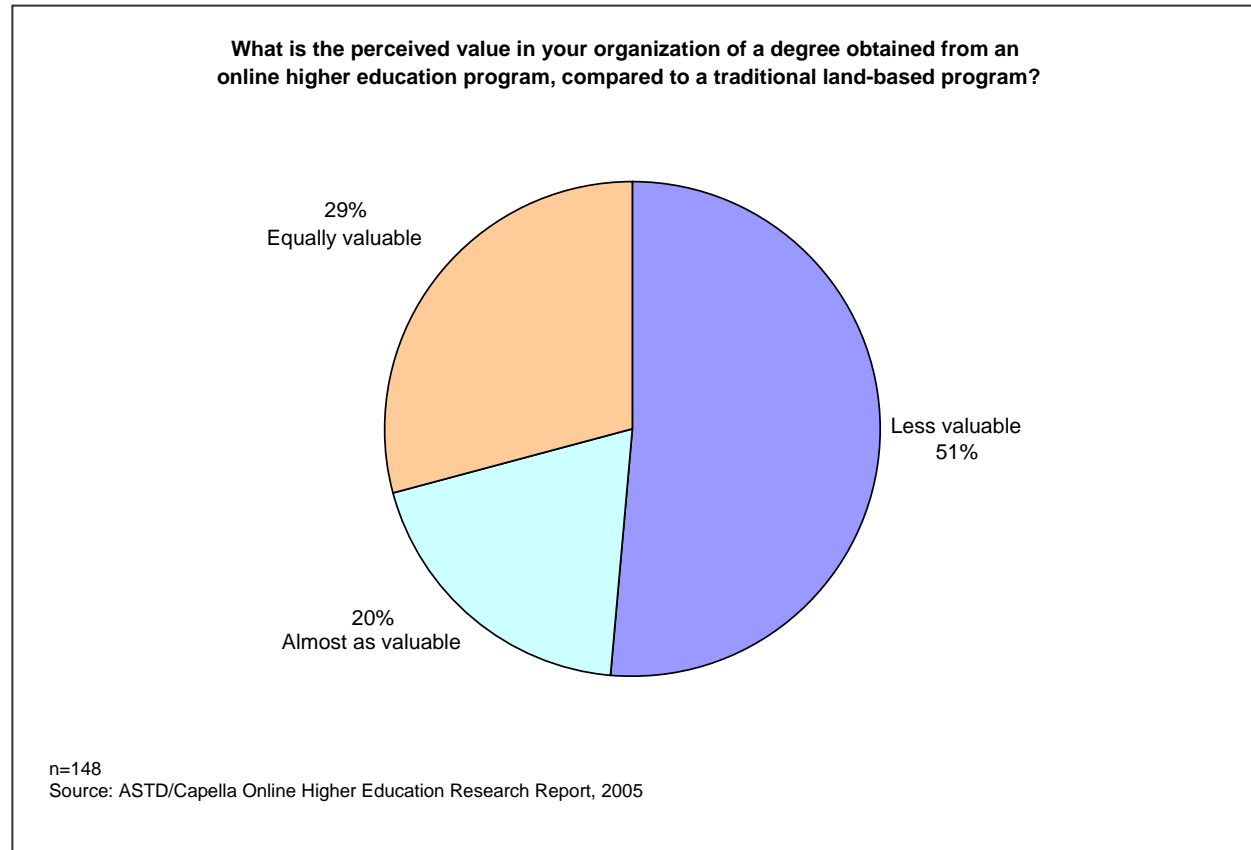
**Q9.** Rate the importance of each of the following as an influence on the decision to select an online higher education provider.

- According to survey respondents, the top influences on a decision to select an online higher education provider were
  - accreditation
  - reputation
  - cost
  - relevance of curriculum to job skill needs.



**Q10.** What is the perceived value in your organization of a degree obtained from an online higher education program, compared to a traditional land-based program?

- Slightly over 50 percent of survey respondents perceived an online degree as less valuable than a degree obtained from a traditional college or university. Twenty-nine percent responded by saying they thought an online higher education degree was equally valuable. Twenty percent of survey respondents indicated they believed an online higher education degree was almost as valuable as traditional degree. None perceived an online degree as more valuable than a traditional degree.
- In the aggregate, survey respondents appear nearly evenly split between a perception of an online degree being almost or equally as valuable as a traditional degree, and a perception of an online degree being less valuable than a traditional degree.



**Q11.** What options in online higher education degree programs would you like to see in the next 2-3 years?

- The free responses yielded several themes, which are summarized in the panel to the right.
- In general, corporate learning executives want
  - closer alignment of online educational offerings with practical business needs. One respondent said, “We are less concerned about degrees than programs that target the key skills.”
  - emphasis on management training and skills
  - both cost-effectiveness and cost-efficiency (scalability, low cost per learner)
  - flexibility in types of programs and instructional methods

**What options in online higher education degree programs would you like to see in the next 2-3 years?****Summary of themes**

- Offer greater array of industry-and profession-specific certification programs
- Offer more courses offering professional and managerial skills, especially at an executive and MA/MBA level
- Provide greater linkage to specific workplace skills, projects, career paths, and identified practical needs
- Provide a blended approach
  - Retain learner and instructor interactivity
  - Combine online and in-person activities
  - Encourage skill development gained by interactivity
    - communication
    - interpersonal relationships
    - teamwork
    - mentoring and coaching
- Provide greater adaptability in meeting organizational needs, for example
  - customizable course content
  - flexible beginning and end dates
  - wide choice of curriculum
  - alignment with in-house curriculum
  - online education used to help meet organizational goals
  - more feasible options in financing coursework
- Provide a lower cost basis
- Minimize disparity between cost and perceived value of online education