

## FALLING INVESTMENT IN EMPLOYEE DEVELOPMENT TO UNDERMINE U.S. AND UK GLOBAL COMPETITIVENESS

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New York and London, April 9, 2009 – A new economic study commissioned by Cognisco, a global leader in measuring employee knowledge and confidence, reveals that a lack of investment in employees is threatening the ability of many leading industrialized countries to maintain global competitiveness in the post-recession economy.

The study, entitled “Knowledge – The New Commodity,” highlights that developed countries such as the U.S. and UK are likely to face the biggest challenge due to a decrease in spending on knowledge development in response to the recession. In comparison, according to the 301 firms surveyed in the Economist Intelligence Unit’s February 2009 Asia Business Outlook Survey, few businesses in emerging Asian markets plan to decrease training budgets. This contrasts with industrialized countries, where a large number of firms are cutting employee investment rather than increasing it.

Conducted by Paul Mizen, economics professor at the University of Nottingham; and Fellow, Centre for Growth and Business Cycle Research, University of Manchester, the study examines global investment in knowledge development and its effects on business growth and productivity. Commissioned to mark the launch of Cognisco’s product development, integration and R&D arm, Cognisco Systems, Ltd., the study shows why now – more than ever – it’s critical for economies to invest in their people and their development.

Key findings show that because top performing economies, including the U.S. and UK, are investing less in knowledge development and training, they are at risk of being overtaken by emerging market countries. Although the U.S. and UK are in a recession, emerging economies like India and China have positive growth and are capturing a larger share of domestic markets. Because most businesses are engaged in globalized markets, knowledge development and training is critical to remain competitive.

According to The Corporate Learning Factbook 2009, training expenditure per employee in the U.S. declined by 11 percent from 2007 to 2008. The British Chambers of Commerce (BCC) Quarterly Economic survey of 5,000 firms in Q3 2008 revealed that intention to invest in training among UK manufacturing firms fell 14 points to a record low of -6 percent. Among service industries in the UK the situation was worse, as intentions to invest in training dropped 15 points to -11 percent.

The failure of top industrialized countries to invest in knowledge development and educate their workforce adequately is already proving a barrier to businesses. According to the ‘Global Competitiveness Report 2008-2009,’ compiled by Michael Porter and Klaus Schwab for the 2009 World Economic Forum in Davos, 12.1 percent of respondents cited that an inadequately trained workforce was the most problematic factor in doing business in the U.S., compared to 9.9 percent in the UK. In comparison, only 6.2 percent of respondents felt lack of knowledgeable employees was a barrier to doing business in China and just 4.8 percent claimed it was an issue in India.

In his report, Professor Mizen argues that the world economy is increasingly knowledge based and that an investment in

knowledge will be essential for creating competitive advantages in the future. He also emphasizes that businesses investing in the continued development of their workforce and keeping pace with technology are more likely to experience increased productivity gains.

“Those countries that are cutting their investment in people are undermining their future success and their ability to recover from the sharpest economic downturn in more than 60 years,” said Mizen. “Promoting a knowledge-based economy facilitates a more productive workforce and healthier working environment, leading to increased employee retention and business growth.”

One of the ways companies can improve their employees’ knowledge base is through Cognisco Systems’ customized knowledge development solutions, which test employee knowledge, understanding and confidence in their job roles. Cognisco Systems’ solutions help clients take their investment in knowledge development to an even higher level by helping them optimize employees’ knowledge and ensuring they’re continuously in a position to excel. Businesses using this solution achieve greater productivity levels, thereby enabling them to remain competitive in these difficult market conditions.

“Businesses that contribute to the knowledge-based economy and see the value in knowledge development will ultimately have a more effective workforce,” said Mary Clarke, CEO of Cognisco. “When employees have a genuine understanding of their job, employers reap the ultimate benefits of increased ROI through doubled productivity levels, fewer losses by errors, an optimally staffed workforce and a clearer enterprise-wide understanding of individuals’ roles.”

Today’s formal launch of Cognisco Systems Ltd. also sees the company rolling out new and upgraded products and solutions centered on Cognisco’s new knowledge development positioning and branding - KNOW. Visit [www.cognisco.com](http://www.cognisco.com) for more information.

The new products are:

- CONFIGURE – the administrative hub of Cognisco’s knowledge development software
- REVEAL – the real-time reporting interface

The upgraded products are:

- RUN – the platform that delivers and “plays” Cognisco’s appraisal programs and modules to assist the development of individual employee’s knowledge
- EVALUATE – a single-module, one-event appraisal solution

Cognisco’s knowledge development solutions assess employees by combining human capital consultancy, online appraisal and learning. This generates a holistic view of the employee in the context of both their personal and employer’s needs. By measuring employee knowledge and competence in conjunction with confidence, companies obtain a more complete view of the employee and gain important information about where knowledge gaps lie.

To view the complete report, visit: [cognisco.com/downloads/Knowledge-TheNewCommodityReportApr...](http://cognisco.com/downloads/Knowledge-TheNewCommodityReportApr...)

About Cognisco

Cognisco is a global leader in measuring employee knowledge and confidence, working with companies in more than 150 countries and in 70 different languages. Headquartered in the UK with an office in New York City, its unique online knowledge development solutions enable customers, including some of the world’s biggest brands, to accurately assess and measure levels of individual understanding and confidence. By combining human capital consultancy, online appraisal and learning, Cognisco provides its customers with critical data which enables companies to reduce risk and cost, while increasing operational performance and ROI. Cognisco believes in enabling individuals to reach their true potential by constantly placing them in a position to excel so that employers can continuously improve business performance.

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