

# DANGEROUS ASSUMPTIONS

The Future Cost of Pausing Employee Development



## *In times of uncertainty, leaders are often forced to make difficult decisions.*

Budgets tighten. Priorities shift. Amid this pressure, a risky assumption frequently emerges that putting employee development on hold is a reasonable way to reduce costs.

But over the past 35 years, we've seen a different reality play out. Organizations don't grow or decline solely based on market conditions. Their success is also based on their ability to adapt, respond, and recover from disruption. Whether the catalyst is political upheaval, technological advancement, or economic downturn, **the difference between thriving and merely surviving often comes down to one factor: how deliberately an organization invests in its people.**

While some "hunker down," cut training budgets, and wait for stability to return, leaders at high-performing companies take a different path. They understand that in a volatile world, standing still

is moving backward. These organizations keep a laser focus on execution, innovation, and long-term resilience—and they know that none of this happens without people.

People are the human lever that determines organizational results. The two are explicable linked. When critical human behaviors break down, so does performance. And when organizations stop developing these behaviors, the impact compounds over time—eroding culture, weakening results, and dulling their competitive edge.

In this ebook, you'll discover why pausing investment in your people leads to predictable and costly consequences, and how a continued commitment to employee development builds the agility, engagement, and performance required to succeed in any climate.



# INACTION HAS PREDICTABLE CONSEQUENCES

When organizations choose to pause or delay employee development, the consequences are not speculative; they are well-documented, measurable, and increasingly costly.

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## NUMBER 1

### Growth Stagnates

Decades of our research findings and client experience reveal a strong connection between employee development and critical organizational outcomes such as innovation, execution, and agility—the very capabilities organizations need to achieve performance targets and navigate change.

A 2024 study from McKinsey reinforces this link between people performance and business outcomes. It found organizations that prioritize the performance of their people are 4.2 times more likely to outperform competitors, achieve an average of 30% higher revenue growth, and experience lower attrition.<sup>1</sup>

And the relationship between health and performance extends beyond metrics—it lives in culture, mindset, and day-to-day behavior.

For example, we worked with leaders at HCA's Research Medical Center Transplant Institute who were struggling to get teams aligned and focused on the right priorities. Together, we helped them identify the barriers—both seen and unseen—that were preventing employees from behaving in ways that drove the needed results. Leaders invested in learning and development tools that helped their people have better conversations, make clearer decisions, and support their teams more effectively.

As a result, employee engagement and team performance improved significantly. HCA's investment in their people ensured they were better equipped to meet their goals.<sup>2</sup>

This case illustrates a powerful truth: high performance isn't just about talent; it's about enabling that talent to act in ways that are aligned with achieving company goals.

In fast-evolving markets, what employees know today won't be sufficient for tomorrow. When employee development slows or stops, capabilities become outdated, innovation stalls, and growth stagnates.

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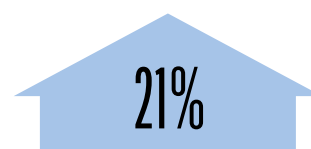
## NUMBER 2

# Employee Engagement Decreases

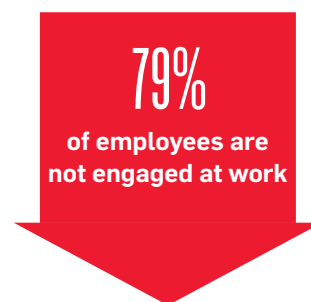
Gallup's 2025 State of the Global Workplace report reveals a troubling reality: only 21% of employees are engaged at work. That means a staggering 79% are not engaged. In the U.S. alone, this disengagement costs an estimated \$438 billion in lost productivity.<sup>3</sup>

One of the most effective antidotes to declining engagement is an investment in employee development. Our own research confirms when employees feel they're growing, they stay motivated and committed. Without meaningful development opportunities, fulfillment disappears—and with it, morale, loyalty, and top talent.

At the Research Medical Center Transplant Institute, engagement soared from 71% to 86% after we implemented key behavior-based strategies with their leadership team. That 15-point gain in engagement didn't come from perks or policy changes, but rather by equipping people with skills and behaviors that helped them succeed, as well as demonstrated an investment in their future.



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## NUMBER 3

# Culture Suffers

Culture is the invisible force that either accelerates or impedes organizational performance. When culture is strong, it fosters alignment, strong accountability, and innovation. When it's weak even the best strategies can fall flat.

One timely example is the adoption of AI technology. Harvard Business Review recently found that only 20% of companies implementing AI at scale are achieving meaningful results—and one of the biggest reasons is cultural.<sup>4</sup> Our research confirms this. We studied 3,500 healthcare professionals and found that the speed with which new behavioral norms—like using AI—are adopted is profoundly related to employees' willingness and ability to address four Crucial Conversations. Specifically, organizations that have a culture of dialogue where employees speak up are 20 times more likely to report they fully implement ideas for using new tools and technology “quickly” or “immediately” than less candid teams.<sup>5</sup>

And yet, many organizations often overlook or underestimate the human dynamics required for successful adoption like trust, openness, and psychological safety. When these elements are missing or undervalued, the promises of even the most sophisticated technology will go unrealized, resulting in millions of dollars wasted. It's a costly irony in the case of AI, given that it's intended to improve efficiency, not undermine it.

On the other hand, we've found one of the most effective ways to strengthen culture is through leadership and employee development. For example, our partnership with the Michigan Department of Health and Human Services led to a significant cultural transformation.

**By developing essential accountability skills across the organization, leaders began using a shared language, reinforcing core values, and creating new norms for how people communicate and hold each other accountable. This shift wasn't accidental; it was the direct result of an intentional investment in people.<sup>6</sup>**

We've seen time and time again that when teams learn together, they develop a common language and build bonds that unify and strengthen the culture. And employees with access to consistent development opportunities report stronger engagement, alignment, and confidence long term.





## NUMBER 4

# Leadership Skill Gaps Expand

We know leadership pipelines aren't built overnight. Today's high-potential employees need development now to become the leaders your organization will need later.

Yet many companies are falling behind. According to Gartner research, 70% of HR leaders say their organizations are not effectively developing future leaders.<sup>7</sup> Our own research echoes this concern: 56% of employees report they don't receive the learning and development opportunities they value and need most, especially in essential leadership and communication skills. In fact, the skills new leaders struggle with the most include holding people accountable for bad behavior, addressing poor performance, and resolving conflicts.<sup>8</sup>

This gap in readiness is compounded by a broader skills crisis. The 2025 LinkedIn Workplace Learning Report reveals that 49% of learning and talent development professionals say their executives are concerned that employees don't

have the right skills to execute business strategy.<sup>9</sup> And a global study from McKinsey reported that leadership skills are considered the capability that contributes most to performance, yet only 35% of study respondents say they focus on it.<sup>10</sup>

When organizations pause learning and skill development, they don't just slow individual employee growth, they create weaknesses in leadership that put both current and future business performance at risk.

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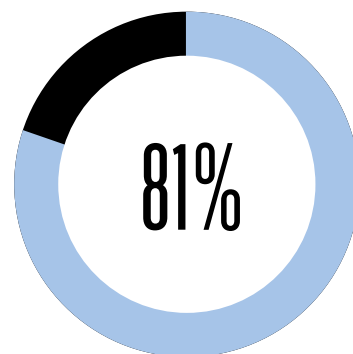
# Employee Retention is at Stake

In uncertain times, people don't just listen to what their company says, they watch what it does. Continuing to invest in employee development sends a strong message: we believe in your future. That message builds trust, loyalty, and a sense of stability.

**According to a 2024 LinkedIn Learning survey, 94% of employees say they would stay at a company longer if it invested in their learning and development.<sup>11</sup>**

One powerful example comes from our collaboration with the American Organization for Nursing Leadership. In our study Connection Is Retention, we found that when nurse managers prioritized care, growth, and help for their staff, their teams were 81% more likely to intend to stay in their roles long-term.<sup>12</sup> And in a poll of 1,000 learning leaders and employees we found that 9 out of 10 employees state that L&D opportunities are vital to their job satisfaction.<sup>13</sup>

Even modest, consistent investments in development signal confidence and commitment to employees. These signals have a profound impact on retention and can make all the difference when the future feels uncertain.



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# WHAT SHOULD LEADERS DO INSTEAD?



Rather than pulling back, now is the time to **double down on smart, scalable development strategies.**

Our research offers clear guidance:

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## **Don't overthink the delivery method.**

Whether virtual, on-demand, or in-person, employees just want meaningful learning.

## **Prioritize human skills.**

Leadership, communication, and personal development rank higher than technical skills in perceived value.

## **Lead by example.**

When leaders participate in training, it legitimizes the investment and increases adoption.



# The Future is Predictable, But Not Inevitable

Failing to invest in your people during times of uncertainty doesn't delay problems, it accelerates them. Without continuous learning and development, your workforce becomes less agile, less engaged, and less prepared for what's next.

If your organization chooses inaction, here's what's coming:

**Weakened  
performance**

**Lower  
engagement**

**Eroding  
culture**

**Leadership  
gaps**

**Higher  
attrition**

These are predictable outcomes that will cost far more to fix later than to prevent now. Investing in your people today is essential to your organization's resilience and long-term success.

## Growth is the Only Safe Bet

Choosing to grow, even in uncertainty, is a declaration of intent: We're not here to survive. We're here to thrive.

When you invest in your people, you're investing in your future stability, agility, and success. In today's climate, growth isn't a luxury—it's the only safe bet.



# GET STARTED

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