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A Human Framework for Reskilling

How to Nurture Talent in a Hybrid Workforce

2023 EDITION

Introduction

For as long as we've all been at work, CEOs and boards have referred to people as their "most important asset." But rarely have they acted in concert with this claim.

As our recent history of global disruptions and organizational upheavals have demonstrated, this must change.

Why? Because organizations remain caught at the nexus of five seismic forces:

1. **Increasing complexities in business operations and work**

2. **The constant—and constantly accelerating—pace of change**

3. **Unprecedented demographic shifts that are shrinking talent pools and bleeding tacit knowledge out of the organization**

4. **An increasing need for sustainable productivity to create a competitive advantage**

5. **Changing employee expectations around work and the workplace**

At the epicenter of these seismic forces is a simple truth: **all organizations need to reskill their workforces on a constant basis. They need to become 'learning organizations'.**

This need only grows in high-consequence industries—where any solution requires a framework of rigorous compliance—and it spans manufacturing, commercial services, and the public sector.

Wherever there continues to be a pattern of rapid technological change, there is a workforce that's in desperate need of a robust, strategic, but ultimately human approach to their reskilling.

Reskilling in the Age of Hybrid Work

Business leaders face no shortage of competing issues at this moment in time, but shifting working habits arguably present the most significant and immediate challenges. They find themselves considering how to:

- **Retain organizational and cultural cohesion when employees infrequently or never attend business premises**

- **Embrace the opportunities inherent in being able to hire anywhere while coping with accelerating attrition**

- **Renegotiate the role that employers play when employees enjoy a greater range of opportunities in their non-work life**

Clever use of technology and systems continues to be part of the solution. However, there are limits. The honeymoon period is over, and employers and employees alike must discover for themselves when a technology-based approach is too overbearing or intrusive.

And this is to say nothing of the oncoming wave of automation. Technologies such as automated digital assistants and HR ticketing systems will imminently achieve majority use in the office[1]. Meanwhile, the buzz around sophisticated art generators such as Dall-E2 and MidJourney in Summer 2022, and language-focussed generative AI solutions such as Chat GPT and Google Bard in Winter 2022/23 is a reminder that no function is entirely out of reach[2]. Organizations must be careful about the path forward, and find a better balance that benefits their culture, builds relationships, and boosts retention.

> " *Employers and employees alike must discover when a technology-based approach is too overbearing or intrusive.*"

1. Automation was a key topic at Learning Technologies 2022, with speakers suggesting 2024 as the year of automation.

2. Monge, J C. (Jun 2022) Dall-E2 vs MidJourney — Same Prompt, Different Results. Medium. Available online.
   Robb, D. (Mar 2023) Chat GPT vs. Google Bard: Generative AI Comparison. EWeek. Available online.

The University of Michigan's Dave Ulrich recently offered an interesting new perspective on our current realities in a piece published in HRD connect[3]. Ulrich has developed a Human Capability Framework consisting of a series of metrics across four interconnected pathways - talent (human capital), leadership, organization, and human resources (HR). This framework was then combined with publicly available reports and used to model predictive analytics for the employee, financial, and social reputational performance of 5,700 organizations.

Based on this data - achieved with the assistance of machine learning and natural language processing tools - Ulrich claims that human capability alone accounts for:

- **44 percent of employee productivity**

- **26 percent of cash flow (earnings before interest, taxes, depreciation, and amortization)**

- **25 percent of market value over intrinsic value or intangibles (Tobin's Q)**

- **36 percent and 48 percent of two social responsibility indicators**

One of the major points of leverage that leadership has on the effectiveness of its human capability is surely learning. Similarly, the appearance of "Lack of career development and advancement" at the head of McKinsey's list of current exit factors—chosen by 41% of respondents[4]—is unsurprising to many of us involved in corporate learning. While "career development" could ultimately mean simply being denied promotions or lateral moves, we strongly believe that skill development and training form the largest part of that expectation, and have seen anecdotal evidence to suggest that others would interpret the result similarly[5].

If reskilling has a critical part to play in stemming the flow of talent out of our organizations, we'd also argue that it has a similar role to play in retaining organizational cohesion, and not just because retaining people maintains a culture. If employees understand that they're surrounded by opportunities, and surrounded by people who are motivated by opportunity, it's easier to get them brought into the idea of communicating more regularly and finding innovative ways to participate in the exchange of ideas.

> *"The appearance of "Lack of career development and advancement" at the head of McKinsey's list of current exit factors— chosen by 41% of respondents—is unsurprising to many of us involved in corporate learning."*

3. Ulrich, D. (Dec 2022). Dave Ulrich: How human capability creates value for all stakeholders. HRD Connect. Available online.

4. De Smet, A, Downling, B, et al. (Jul 2022) The Great Attrition is making hiring harder. Are you searching the right talent pools? McKinsey & Company. Available online.

5. Discussing the result, a quick poll on LinkedIn found that 51% defined career development and advancement primarily in terms of skill development and training.

Linking Learning and Talent Through Talent Mobility

One of the many warnings we would like to reiterate from previous editions is that learning and talent can no longer be managed in isolation from one another.

The concept of talent mobility is useful here—not merely seeking ways to match current employees to jobs, but to use a variety of tools and techniques to better understand the skills, experiences, and career interests of our people. This is information we can use to shape the learning we offer and the talent choices we make not only for direct employees, but for contingent workers, people in our distribution and supply chains, and even our customers.

Combining learning and talent in this way results in a solution that is greater than the sum of its parts. Doing so allows you to reimagine your talent experience end-to-end, though it requires organizations to cede more control of the process than they've maybe been comfortable with up to this point.

Talent experience platforms and talent marketplaces promise to allow employees to plan and manage their personal journey with your company. Thankfully, the arrangement is mutually beneficial:

- **Modern platforms allow employees to build their own career paths and find learning to support them.**

- **Employers will be able to analyze skills inventories, detect skills gaps, and serve training to employees to increase competencies.**

- **Employers can also get more value from the training they create by serving it to the right people at the right time.**

If our goal is to ensure that learning and talent are fully integrated across the talent lifecycle and aligned through clear, meaningful, and measurable organizational objectives, strengthening our thinking around talent mobility is a great place to start.

"Combining learning and talent assets results in a solution that is greater than the sum of its parts."

Why Organizations Must Not Rush Into Reskilling

The time that has passed since our first edition has given us ample room to reflect on the reskilling efforts organizations are already mounting.

The appetite for reskilling remains high. 72% of executives state that the ability of their people to "adapt, reskill, and assume new roles" is either the most important or second most important factor in negotiating future disruptions[6]. While those taking action against what we believe are immediate threats ought to be commended, they're also giving us a sense of what is and what isn't working. Some areas of this problem are simply easier to tackle than others.

For example, we see that businesses are comfortable with performing IT skills assessments and can easily connect individuals with learning appropriate to their needs. There's a well-trodden and obvious path from assessment to learning. However, a great deal in our description of the five seismic forces isn't quite so straightforward—specialist expertise and/or systems may be needed to address certain concerns. Helping to develop soft skills is one issue—how, for instance, do we help people learn to be more productive?

The way different concerns intersect is also important: we establish that you want a diverse workforce, and need to have people who will stay, learn, and develop in line with your business goals and culture. Both things are certainly achievable and compatible, but the most efficient way of gaining traction in both areas simultaneously isn't necessarily common knowledge.

Anxiety about solving these complex problems can lead to HR departments 'tooling up' with exciting new solutions and systems as an easy answer. While plenty of those products can be entirely fit-for-purpose, there's a risk that they are being adopted without being properly fitted to business goals and culture. So a word of caution: don't rush into reskilling without first mapping out your desired results, and how any solution you buy into will help you to remain relevant and competitive.

> " *Don't rush into reskilling without first mapping out your desired results."*

> " *72% of executives believe that negotiating future disruptions will require employees who can adapt, reskill, and assume new roles."*

6. Volini, E. et al. (Dec 2020). Diving deeper: Five workforce trends to watch in 2021. Deloitte. Available online.

In this white paper, Piers Lea, Chief Strategy Officer of Learning Technologies Group, pinpoints the seismic forces that are compelling large organizations to reinvent learning and talent with an empathetic eye on their people. And he lists strategic actions required to align executive, HR, and L&D leaders on the shared goal of reskilling the workforce to close the gap between current and future capability—before it's too late.

5

Seismic Forces Driving the Need to Reskill the Workforce, and How Leaders Must Respond
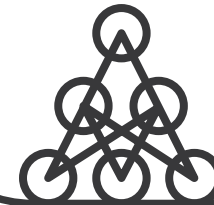
1 THE COMPLEXITY OF BUSINESS AND WORK

2 THE PACE OF CHANGE
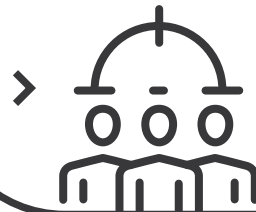
3 UNPRECEDENTED DEMOGRAPHIC SHIFTS

4 THE NEED TO COMPETE THROUGH PRODUCTIVITY

5 CHANGING RELATIONSHIP TO WORK

1 The Complexity of Business and Work

Forced to choose a single word to characterize the state of business globally, perhaps the most apt is complex.

There are other strong contenders, certainly, but the complexity of modern business and work is a powerful and ubiquitous force with which leaders and employees must reckon on a daily basis.

According to TMF Group's Global Business Complexity Index[7], day-to-day operations require businesses to navigate high levels of complexity to avoid regulatory penalties, comply with accounting and tax policies, and source and manage talent. With ever more organizations moving towards a hybrid working model, this complexity has only increased—remote working issues must be balanced against client service and productivity.

The extent of this complexity varies by country, but the average worldwide grows steadily and in some areas exponentially.

Complexity arises in part from connectedness. Indeed, its root is defined as having "interrelated parts".

The more individuals, governments, and organizations are connected, the more complex our systems. And as we see in the DHL Global Connectedness Index[8], the global exchange of information has continued on a path of sharp growth for the last two decades.

The study found that both the capital and information indexes grew during 2020, despite inevitable disruption. The global exchange of trade and cross migration of people has inevitably been impacted more seriously. However long the recovery, there's little to suggest that the trend of sharp growth for information complexity alongside more modest increases on the other pillars will not resume post-COVID.

GLOBAL BUSINESS COMPLEXITY INDEX: 2001 - 2020
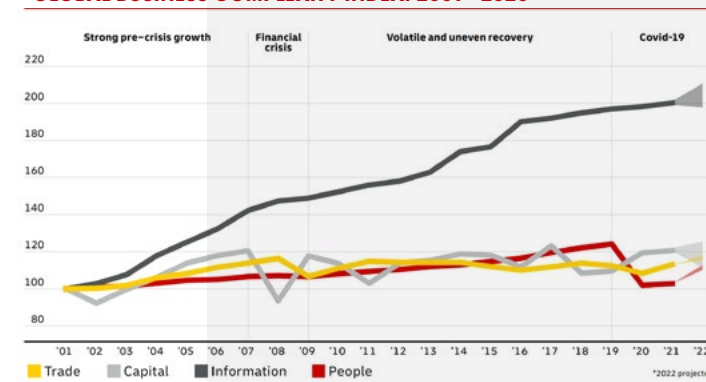
Trade and capital flows globalized steadily before the 2008-09 global financial crisis but have since fluctuated below their pre-crisis peaks. 2021 saw the globalization of trade, capital, and information flows surpass their pre-pandemic levels. International people flows, especially international travel, remained depressed in 2021, but their recovery accelerated in 2022. Note: Information pillar does not include internet traffic prior to 2005.

Graph from DHL. "2022 DHL Global Connectedness Index Complete Report.". By Altman, S. & Bastian, C.

7. TMF Group (Jun 2022). The Global Business Complexity Index 2022. Available online.
8. DHL. (Mar 2023). 2022 DHL Global Connectedness Index. Available online.

But we don't really need a global index to tell us the world is complex. It's all around us—in our cars and homes, mobile phones, financial instruments, laws and regulations, and health care.

of cryptocurrencies

2009[13]   2022[14]

1

9,900 +

New York Stock Exchange daily trading volume

1982[11]   2022[12]

100 MILLION

2-6 BILLION

Lines of code in the average car

1995[9]   2019[10]

1 MILLION

150+ MILLION

Certified medical specialities/ subspecialities in the US

1992[15]   2022[16]

25 specialities
56 subspecialities

36 specialities
134 subspecialities

Consumer microprocessor transistors

29,000   291m   16 billion   20 billion

1978[17]   2006[17]   2020[18]   2022[19]

Length of the US Code of Federal Regulations

1962   2022[20]

21K PAGES

185K +

9. McMillan, R. (2004). GM CTO predicts cars will run on 100 million lines of code. Computer Weekly. Available online.

10. Motavalli, J. (Mar 2019). Locking More Than the Doors as Cars Become Computers on Wheels. New York Times. Available online.

11. Investopedia. (Jun 2019). Stocks Then And Now: The 1950s And 1970s.. Available online.

12. Cboe.com (Accessed 11 August 2022). U.S. Equities Market Volume Summary. Available online.

13. Fiorillio, S. (Aug 2018). Bitcoin History: Timeline, Origins and Founder. TheStreet. Available online.

14. Coin Market Cap. (Aug 2021). Today's Cryptocurrency Prices by Market Cap. Available online.

15. The Washington Post. (1992). Growth of Physician Specialties Called a Problem. Available online.

16. American Board of Medical Specialties. (2022). Specialty and Subspecialty Certificates. Available online.

17. Walter, J. (Aug 2020). 40 Years Ago: Detroit's Brainy New Autos, Now With Microprocessors. Discover Magazine. Available online.

18. Porter, J. (Nov 2020). Apple says new Arm-based M1 chip offers the 'longest battery life ever in a Mac'. The Verge. Available online.

19. Apple. (June 2022). Apple unveils M2, taking the breakthrough performance and capabilities of M1 even further. Available online.

20. Federalregister.gov (Accessed 11 Aug 2022). Code of Federal Regulations Total Pages and Volumes 1938-2021. Available online.

Consider fields like physics. Just 20 years ago, the average degree-level student could attain a grasp of most areas of physics. Since then, our knowledge has grown exponentially and this is no longer possible.

Ditto for biology—think sequencing of the human genome, the human metabolome, and the gut biome.

Today, people and organizations operate in a world where space tourism is close to being a reality, refrigerators connect to the internet, and even small towns must guard their systems and data against cyber-attack.

And despite election pledges from politicians who promise to deregulate business and private life and remove red tape, the number of laws continues to increase steadily. The Code of Federal Regulations has grown 230% in 50 years[21].

How Complexity Drives Specialization and Hinders Job Mobility

One result of this increased complexity—and another example of it—is that jobs and work demand both broad knowledge and deeply specialized skills. From manufacturing and construction to engineering, administrative, transportation, mining and medicine— across industries, generalist positions are dwindling.

The complexity of work is reflected in the very language used in any given industry, making it increasingly difficult to understand what someone is saying if they work in another sector. This marked increase in specialization is an enemy of job mobility, which, contrary to the prevailing discourse, has been dropping for more than a decade[22].

Put simply, it takes too long to learn the language of a new industry, let alone the unique business processes, systems, markets, and technology.

> " *The Code of Federal Regulations has grown 230% in 50 years."*

21. Number of total pages recorded in the Code of Federal Regulations in 1971 was 56,720 compared with 188,321 in 2021. Federal Register Statistics. Available online.
22. Azzopardi, D et al. (Dec 2020). The decline in labour mobility in the United States: Insights from new administrative data. OECD Economics Department. Available online.

The Impact of Complexity on Time for Learning

Another result is a tectonic compression of time.

We spend our workdays keeping up with intricate regulatory requirements, globally distributed teams, new workplace policies and initiatives, and a nonstop flood of new tech and systems—not to mention the daily demands of business as usual.

No surprise, then, that the average worker spends a mere 1.8% of their time devoted to formal or traditional learning[23].

Strategies for Conquering Complexity Through Reskilling

Within an increasingly complex environment, reskilling must be targeted, efficient, and easily integrated into the daily work of learners. It must fit within—or even be built into—the systems employees use daily.

To accomplish this feat, learning and talent leaders must embrace complexity and put it to work.

Employees and organizations have no time to waste on irrelevant learning. So HR and L&D must harness talent and learning analytics to forensically match teams and individuals to the skills it will take to drive business objectives.

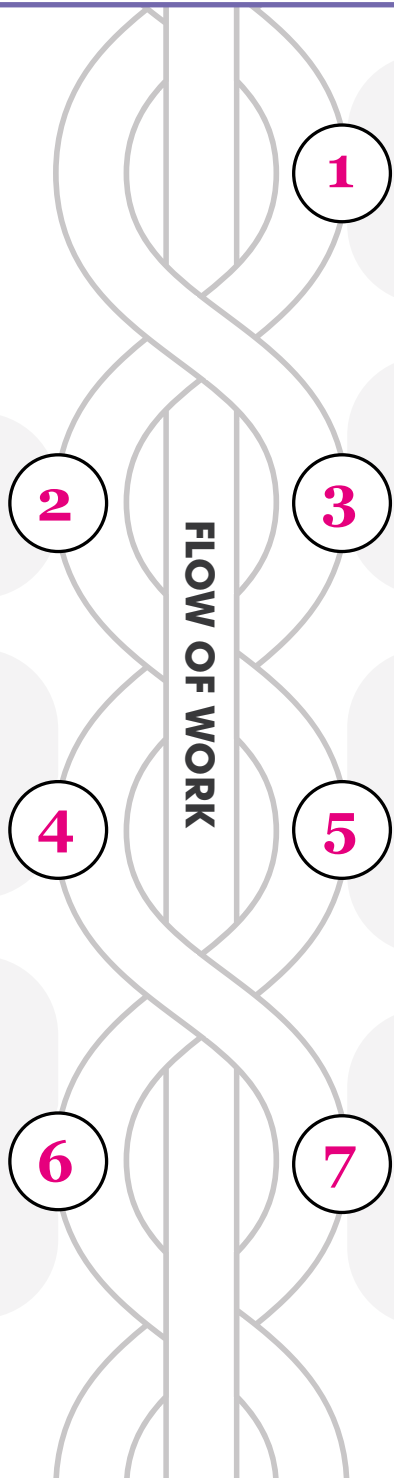> " *The average worker spends 1.8% of their time on formal learning.*"

23. Statista research suggests that employees spend around 34.7 hours annually on learning and development activity. OECD data suggests the average person in the US works 1,791 per year.

Reskilling must be woven into the flow of work, and the learning opportunities must be modern and personalized—delivering the most value in the least amount of time.

FLOW OF WORK

1

Identify the skills (not jobs) needed.

According to the McKinsey Global Institute[24], as 2030 approaches demand for technology skills will spike by as much as 60%. But organizations will also see a 26% rise in the need for social and emotional skills, and a 9% increase in the need for higher cognitive skills like quantitative analysis, project management, and creativity.

2

Match people to skills needed and aptitude.

Identify the people within your workforce who need those skills and have the aptitude to learn (and unlearn) at speed.

3

When hiring, focus on learning agility and aptitude, as well as cultural fit and diversity.

Learning agility is arguably the single most valuable and future-proof skill. In this way, talent leaders can build a workforce of strong and avid learners who will be able to evolve along with the organization's skills needs.

4

Transform learning for efficiency, effectiveness, and experience.

Use games, play, and competition as smart talent diagnostics to identify the people who can learn the skills. Train better and faster through consumer-grade play, immersion, personalized learning and—if delivering learning globally—take account of local culture and context.

5

Take learning into the flow of operational business.

With volume and complexity comes the problem of cognitive overload. Even the most highly motivated employees can only absorb so much new information. To counterbalance this pressure, transition from "just-in-case" to "just-in-time" learning—that is, deliver performance support to your employees and managers within the context of their daily work.

6

Bring business-impact learning explicitly into smart business management.

Most companies and teams have put data at the core of their strategy and execution. Depending on the industry and the team, this may include financial performance data, utilization rates, customer satisfaction ratings, or 'right first time' fixes. It's time for businesses to bring learning data and data on the business impacts of learning into their business management processes. It's also time to plan both learning and talent on a team basis.

7

Use data to personalize learning that has the biggest potential impact on the organization.

When learners fail to engage with training, it's often because they perceive the skill or knowledge as irrelevant to their current or future role in the organization. By harnessing talent and learning data and deploying the right technology, organizations can boost relevance through personalization. This, in turn, helps create better learning engagement and better results.

24. Bughin, J., Hazan, E., Lund, S. et al. (May 2018). Skill Shift: Automation and the Future of the Workforce. McKinsey Global Institute. Available online.

2 The Pace of Change

In late 2022, Gartner's quarterly Emerging Risks Monitor Report[25] named organizational design and change management as its second most important priority for HR leaders in 2023, noting that 45% of HR leaders say their employees are "fatigued from all the change" that they face.

Pointing to "digital transformations, economic uncertainty, and political tensions", Gartner cautions that "employees are losing their willingness to cooperate with change". Furthermore, it found that employee intent to stay in a position drops from 57% to 31% when they experience four or more work friction points—and hybrid and remote employees are 40% more likely to experience such high levels of work friction.

Elsewhere, it has been claimed that the proliferation of technological innovations means that we can expect to experience more progress in the next decade than in the past 100 years combined[26]. Change is happening at an unprecedented scale—and with ever-increasing speed.

While CEOs and other business leaders may be chiefly worried about the potential for market disruption by more nimble competitors or unpredictable shifts in client needs or consumer demands, they should also consider the impact of change on their people.

One study found that employees impacted by change are more than twice as likely to suffer from chronic stress. They also report work-life balance conflicts, negative feelings at work, lower job satisfaction, and significantly less trust in their employers—all factors that have been difficult to control in 2020-22. No surprise, then, that employees experiencing change are three times more likely to go looking for a new job[28].

> *68% of HR leaders have 'Building critical skills and competencies' as their top priority."[27]*

25. Gartner. (2022). The Top HR Trends and Priorities For 2023. Available online.

26. Van Kuiken, S. (Oct 2022). Tech at the edge: Trends reshaping the future of IT and business. McKinsey Digital. Available online.

27. Gartner. (Nov 2020). Gartner Survey Reveals HR Leaders' Number One Priority in 2021. Available online.

28. Business News Daily. (updated May 2017). Change in the Workplace Stresses Your Employees Out Most. Available online.

The Digital Transformation of Work

People at all levels of the organization, regardless of industry or career field, are constantly contending with new technologies like customer relationship management systems, omnichannel marketing technologies, 3D printing, remote sensing, and IoT technology.

The scale of digital change is and will continue to be so disruptive—with massive implications for business, government, and society—that it warrants the label, "The Fourth Industrial Revolution."

What's more, all this digital transformation is generating massive amounts of data. Virtually everything we and our customers, partners, and suppliers do creates a data trail that is now our job to track, parse, and report on.

For many workers, these new technologies are fragmented, change communication is inadequate, there's too much data to make sense of, and new digital distractions seem to be everywhere. When technology feels invasive, complicated, and confusing, and when it creates concern about job security, the resulting "technostress" comes at a high cost to people and organizations[29].

The Disconnect Between People and Technology

The plain truth is that we, the workers and managers and even the leaders too, are feeling a bit lost.

According to Gartner's 2020 Shifting Skills Survey, the number of skills required for a single job is increasing 10% year over year. Furthermore, over 30% of the skills needed three years ago will soon be irrelevant[30].

However, two-thirds of HR leaders take a reactive approach to addressing skill needs—driven by requests and directions from the business. This is argued to contribute to a reality where just 54% of newly learnt skills are subsequently applied.

Not surprisingly, this disconnect manifests in employees feeling that companies prioritize the technologies over their needs as people, as shown in a CIPD survey[31] revealing that only 35% of employees are consulted when a new technology is implemented.

" As workers, managers and leaders too, we are feeling a bit lost."

" 30% of the skills needed three years ago will soon be irrelevant."

" Only 35% of employees say they are consulted when a new technology is implemented."

29. Rose, D. (Jul 2019). That new productivity tool is stressing out your team. Fast Company. Available online.

30. Baker, M. (Aug 2020). Stop Training Employees in Skills They'll Never Use. Gartner. Available online.

31. Chartered Institute of Personnel and Development. (Jul 2020). Workplace technology: the employee experience. Available online.

Digital Transformation Creates an Urgent Need for Learning

What does this all mean for learning and for learners?

During Learning Technologies Group's October 2022 Capital Markets Day[32], one VP of Learning and Leadership at a major US retailer described a striking shift they'd seen the previous year. Usually, its survey of the general public, customers and potential employees would return the answer "wages" to the question of why they'd consider working at the brand. However, in 2021 a new answer emerged instead: "to prepare for the future of work". This, the VP observed, spoke to "a pretty significant demographic in this country that are worried about having the skills needed as work evolves."

The massive need for learning isn't just confined to training on new systems and technologies, either. It's to keep up with the new and continually renewing world of work.

Strategies for Managing Digital Transformation Through Reskilling

It's easy to assume that our future learning requirements should focus on building technical skills—predictive analytics, machine learning, AI, and the like. This, of course, is partially true. But to overfocus on technical skills will risk losing the very people needed to make all that technology work for you.

Employees and other learners are people first. They want their humanity and human needs to be acknowledged and met, so the core principle of effective reskilling must be to "follow the people."

What many leaders are only beginning to realize is that digitization creates an accompanying and largely unrecognized demand for new kinds of soft skills.

Perhaps more to the point, the downsides of digital transformation—the distracting, overwhelming, disconnect felt by so many employees—demand an emotionally intelligent approach to reskilling. Reskilling initiatives must embody the very critical social (which is to say human) skills that we aim to instill in employees and leaders so that our organizations might succeed at digital transformation.

"There is a pretty significant demographic that are worried about having the skills needed as work evolves."

32. The 2022 Capital Markets Day Recording can be viewed here.

THE PACE OF CHANGE

Blend communication into your learning strategy.
Ensure people understand the forces driving (digital) change, in the industry and in the company. Engage learners with the organizational vision to inspire confidence in the future. Design learning as a campaign or channel instead of an event. It will transform your approach and your results.

1

2

Teach new skills just ahead of need
By adopting a more predictive approach to L&D programs and talent initiatives. An employee who feels prepared is one who feels empowered and can face the future with less trepidation. Tip: To do this well you need to use data and provide the most effective blend between synchronous and asynchronous learning.

Blend technical and soft skills.
These are often separated. Ensure advanced learning technologies are deployed effectively, and guide learners toward attainment of skills like openness, honesty, persuasion, resilience, service orientation, and connectedness at the same time.

3

4

Balance "just in case" learning with just-in-time performance support systems.
Think about learning as a split between foundational skills developed through traditional learning, and what people can learn (and unlearn) and relearn on the job, in the flow of their daily work (which is, as we all know, where everyone really learns anyway). Teach people how to use these performance support systems, so it becomes second nature.

Mobilize the brainpower of your people by encouraging user-generated content and collaboration.
L&D teams alone cannot produce training fast enough to keep pace with change, so let the experts (that is, your people) teach others how. Tap into communities of practice, understand employee motivations, and provide the leadership required to make "learning in the flow of work" possible and scalable.[33]

5

6

Augment "learning on the job" through immersive techniques that accelerate experience.
In recent years, we've heard business leaders complain that it takes too long for employees to develop the experience it takes to meet the demands of modern business. Integrate immersive learning techniques to accelerate this process.

Use learning to foster connectedness.
By taking a learning approach to change communication, you can help employees understand context and embrace the rationale driving new workplace technologies, and thereby drive acceptance. Learning can also help cement employee understanding of your mission and connect their work to business goals.

7

8

Make managers the nexus of reskilling.
They're closest to both the work and the people. They know what skills you have, what skills you need, the business metrics those skills can drive, and who's best suited to learn them. But currently, just 49% of L&D pros globally say they're including people managers in driving employee learning and development[34].

33. One LTG customer has created more than 3m minutes of searchable content (75% by staff and 25% by L&D) with an average view rate of 180 times per minute.
34. LinkedIn Learning. (2021). Workplace Learning Report 2021. Available online.
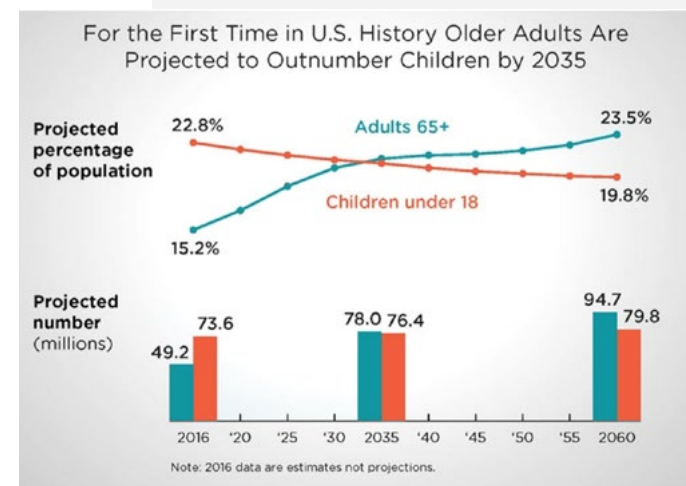
3 Unprecedented Demographic Shifts

Making matters worse, organizations now face tectonic demographic pressures constraining their ability to build a productive workforce.

The US and many other industrialized countries have seen birth rates drop to their lowest rates in decades. And at the same time, the tidal pull of retirement is beckoning the generation that dominates senior leadership positions across industries. In the next few years, the number of people reaching retirement age each day in the US will increase from 10,000 to 12,000 a day. By 2030, the entire Baby Boomer generation will be 65 or older[35].

Certainly, many experienced employees will remain in the workforce beyond that milestone—and organizations should find ways to encourage them to do so. But the fact remains that these demographic shifts are shrinking the pool of talent available for hire.

As a result, competition to hire and retain the best employees (which is to say the best learners) is intense, to say the least.

This demographic reality is compounded by the wider trend towards job switching witnessed since 2020. Open role volumes remain high and hiring efforts are struggling to match attrition rates—as McKinsey[36] has observed, the voluntary quit rate is now 25% higher than pre-pandemic levels.

For the First Time in U.S. History Older Adults Are Projected to Outnumber Children by 2035

Projected percentage of population: Adults 65+ — 22.8%, 23.5%; Children under 18 — 15.2%, 19.8%

Projected number (millions): 49.2, 73.6 (2016); 78.0, 76.4 (2035); 94.7, 79.8 (2060)

Note: 2016 data are estimates not projections.

The picture in Europe is similar. The European population pyramid in 2010 compared to what is forecasted by 2060[37] shows how the population will age dramatically over the next two decades.

Graph from United States Census Bureau. "Older People Projected to Outnumber Children for First Time in U.S. History" (Mar 2018, revised Sep 2018 and Oct 2019).

35. U.S. Census Bureau. (Mar 2018, revised Oct 2019). Older People Projected to Outnumber Children for First Time in U.S. History. Available online.

36. De Smet, A, Dowling, B et al. (Jul 2022) The Great Attrition is making hiring harder. Are you searching the right talent pools? McKinsey & Company. Available online.

37. PopulationPyramid.net (Dec 2019). Population Pyramids of the World from 1950 to 2100 - Europe. 2022 and 2060.

Strategies for Surmounting Demographic Shifts Through Reskilling

When there are fewer people to hire, the only answer to sustainable success is to make your organization, and even your industry, an employer of choice. It should be one they seek out and, once hired, where they choose to remain.

Here, the enriching experience of learning is the perfect instrument: an organization committed to employee learning is one committed to its employees.

To learn, we must feel safe, so a learning relationship is an exchange not just of information, but of trust. What's more, learning is a mutual investment in the future—an acknowledgment of the value of the learner and the skill(s) learned.
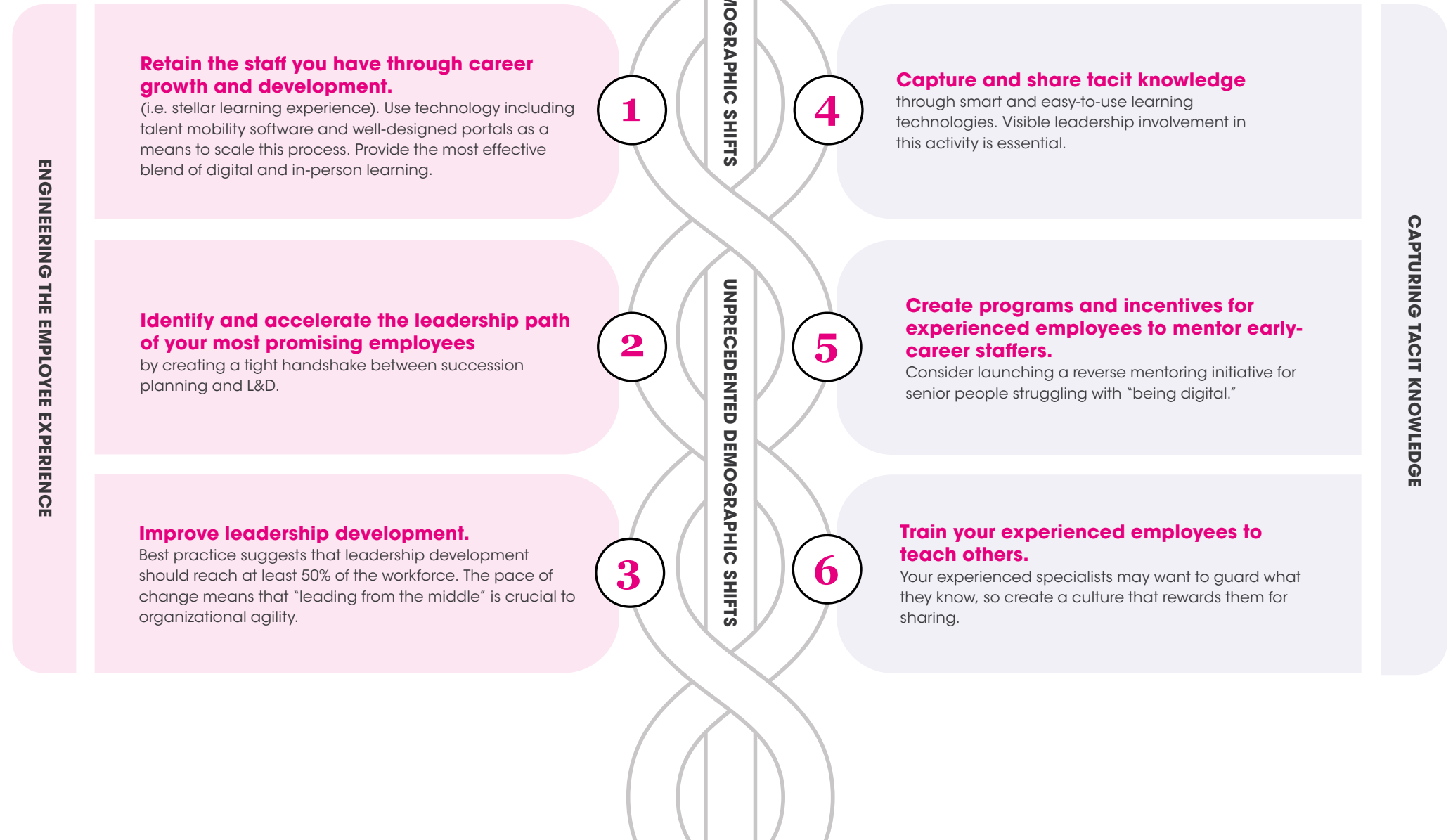
A learning organization is also one in which the tacit knowledge of senior employees is routinely captured and shared through mentoring and smart technologies, such that waves of retirements do not cause catastrophic loss of experience.

Lastly, the value of reskilling can be extended beyond the current employees and job seekers of today. Through reskilling initiatives, organizations can grow the pool of talent from which to recruit by:

- **Creating learning opportunities for contingent workers, with a view toward mapping their new skills to future assignments or direct hire roles**

- **Attracting young people not yet on the job market to their industry, promoting the degrees, certifications, and skills needed**

- **Reaching people in declining markets or geographies who are looking for new opportunities and cross-training them in relevant skillsets**

> " *A learning relationship is an exchange of trust.* "

The keys to using reskilling to cope with demographic shifts are threefold: engineering the employee experience, capturing tacit knowledge, and growing the pool of talent.

ENGINEERING THE EMPLOYEE EXPERIENCE

Retain the staff you have through career growth and development.
(i.e. stellar learning experience). Use technology including talent mobility software and well-designed portals as a means to scale this process. Provide the most effective blend of digital and in-person learning.

1

Identify and accelerate the leadership path of your most promising employees
by creating a tight handshake between succession planning and L&D.

2

Improve leadership development.
Best practice suggests that leadership development should reach at least 50% of the workforce. The pace of change means that "leading from the middle" is crucial to organizational agility.

3

UNPRECEDENTED DEMOGRAPHIC SHIFTS

4

Capture and share tacit knowledge
through smart and easy-to-use learning technologies. Visible leadership involvement in this activity is essential.

5

Create programs and incentives for experienced employees to mentor early-career staffers.
Consider launching a reverse mentoring initiative for senior people struggling with "being digital."

6

Train your experienced employees to teach others.
Your experienced specialists may want to guard what they know, so create a culture that rewards them for sharing.

CAPTURING TACIT KNOWLEDGE

GROWING THE POOL OF TALENT

UNPRECEDENTED DEMOGRAPHIC SHIFTS

7

Recruit smarter and faster
by putting learning at the heart of your talent acquisition strategy. The recruiting process should foster a learning relationship between the organization and the candidate. This attracts the talent you most want (those with an agile learner's mindset) and increases the likelihood of a good fit.

8

Improve diversity outreach and recruiting
to reach historically untapped pools of talent. Companies who lag in this area are missing out on people with rich skills and connections to new and expanding markets.

9

Manage contingent labor more effectively, and engage them in learning.
The number of independent workers continues to rise. One 2022 McKinsey survey in the US found that 36% of employed respondents identified as a contract, freelance, temporary or gig worker. This was up from 27% in 2016[38]. The risk and growth profiles of any business will not be able to ignore this group.

10

Build a learning relationship with job seekers before they apply.
This could include internships and mentorships, scholarships for students in much-needed degree or certification programs, and other learning-driven programs that attract people to your industry.

GROWING THE POOL OF TALENT

UNPRECEDENTED DEMOGRAPHIC SHIFTS

38. Dua, A, Ellingrud, K, et al. (Aug 2022) Freelance, side hustles, and gigs: Many more Americans have become independent workers. McKinsey & Company. Available online.
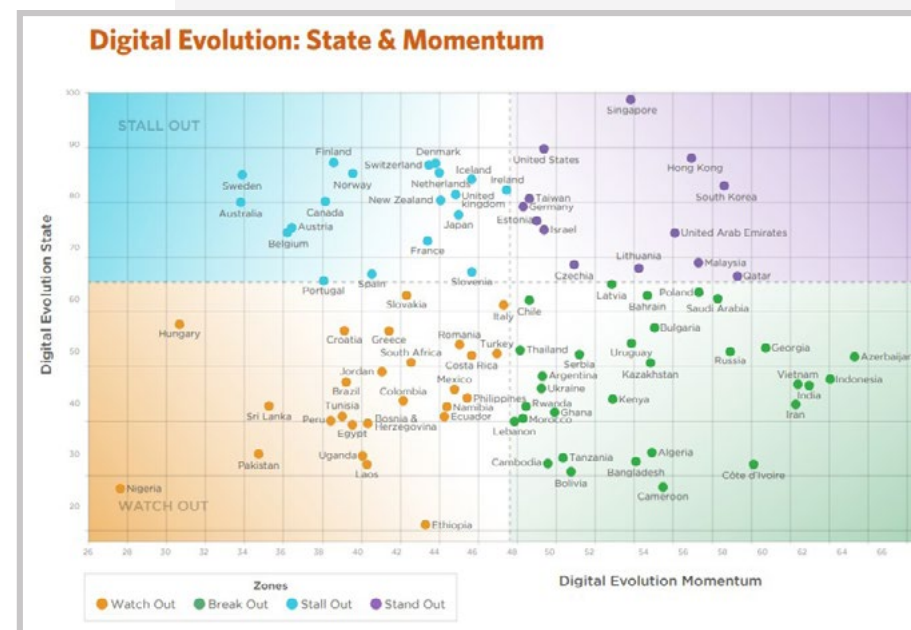
4 The Need to Compete Through Productivity

> " *The United States, Europe, and China have only achieved around 20% of their digital potential.*"

A fourth shift creating pressure on leaders and their organizations is an increasing urgency to improve the efficiency and output from all sectors of the economy. Productivity in the United States and Europe peaked in the 1950s and 60s but has been in decline ever since[39].

Two factors have dragged productivity down in recent times. The first is the waning of a boom that began in the early 1960s driven by the information and communications technology revolution and the second is the financial crisis in 2008/9 causing weak demand and uncertainty.

For some time, experts have been extolling the promise of digital technologies to make companies more productive. They have this potential, but the impact of digital transformation is hardly a fait accompli. The speed at which countries are realizing the potential is relatively slow and varies enormously. According to McKinsey's Digitization Index, The United States, Europe, and China all stand at around only 20% of their total digital potential[40].

Graph from Chakravorti, B, Chaturvedi, R.S, et al. (Dec 2020) Digital in the Time of Covid: Trust in the Digital Economy. The Fletcher School at Tufts University.

39. McKinsey Global Institute. (Feb 2018). Solving the productivity puzzle: The role of demand and the promise of digitization. Available online

40. Bughin, J., Mayika, J, & Catlin, T. (May 2019). Twenty-five years of digitization: Ten insights into how to play it right. McKinsey Global Institute. Available online.

Business analysts of all stripes are calling for a "productivity recovery[41]" projecting that, in the UK for example, labor shortages and an aging population will mean that about 90% of future growth will have to come from productivity improvements[42].

Any recovery will face severe headwinds. Trade wars and the slowing down in demand from emerging economies are just two.

Social pressures on business often stand in the way of increasing productivity. Ever tighter health and safety regulations are one example. Another is the steps to address global warming. It will soon become unacceptable to jump on planes to do business (or receive training) face-to-face. Our changing expectations around working patterns, whether fully-remote or hybrid, have implications for productivity. It remains to be seen whether those implications are positive or negative. One National Bureau of Economic Research report suggests "a 5% productivity boost due to re-optimized working arrangements[43].

However, as the World Economic Forum suggests, actually measuring white-collar worker productivity can be extremely challenging: such studies typically depend on workers' self-assessment[44] The important thing for business leaders to recognise is that though the transformation of our working model may prove irreversible, productivity can still be salvaged by investing in human capability more generally, and training specifically.

We believe the answer resides in the workforce because technology needs people to make it work. While technology may be the grease, people are the engine of productivity. To be more specific, teams are the engine. In a complex world, it's rare that an individual can operate alone. With businesses increasingly global, there needs to be far more investment in team development, focused on both growing their collective expertise but also the ability to communicate and collaborate virtually at greater speed.

The main factors which influence productivity are multi-dimensional. The human factors include well-being (both the physical and mental health of the individual), physical aptitude to carry out a task, mental drive and enthusiasm, job satisfaction, and, of course, the qualifications and know-how to carry out a task. Overlaid on this are the system factors: the indoor environment, incentives, organizational structure and management, personal circumstances, and the facilities available to the employee[45].

This is a perfect demonstration of why all the departments in the HR function, over and above talent and learning, must work in close harmony to improve productivity.

> " 90%
> *of future growth will have to come from productivity improvements."*

41. Conference Board. (Apr 2019). Global Productivity Growth Remains Weak, Extending Slowing Trend. Available online

42. Bughin, J., Dimson, J., Hunt, V., et al. (Sep 2018). Solving the United Kingdom's productivity puzzle in a digital age. McKinsey Global Institute. Available online.

43. Barrero, J. Bloom, N. et al. (Apr 2021). Why Working from Home Will Stick. National Bureau of Economic Research. Available online.

44. Morikawa, M. (Mar 2022). Are you more productive working from home? This study looks for answers. World Economic Forum. Available online.

45. Clements-Croome, D. & Kaluarachchi, Y. (Jan 2000). Assessment and measurement of productivity. Creating the Productive Work Place (Chapter 10). Available online.

Strategies for Driving Productivity Through Reskilling

With people at its heart, reskilling has tremendous potential to drive productivity.

By connecting performance management and other talent processes with learning, we can achieve several important things that drive productivity:

- **Conveying to people the meaning and purpose of work**
- **Creating a culture of curiosity that allows people to question methods and bring suggestions**
- **Defining and enlisting people in performance objectives for themselves and their teams**
- **Inspiring people to deploy greater discretionary effort by building a sense of connection with one another and with the organization**
- **Driving the use of interactive communication tools such as video conferencing and immersive virtual technologies that obviate the need to jump on a plane**
- **Using data to focus relevant learning on people so that employees trust that it will improve their performance and be worth their time**
- **Recognizing and rewarding individual and team accomplishments**

Those are the emotional components that motivate people and, in the abstract, the workforce, toward greater productivity.

The flip side of the reskilling coin, if you will, is to put technology and data to work. This, too, requires a firm handshake between L&D and talent, and close alignment with organizational strategy.

A human approach to improving productivity will also be crucial to smooth the introduction of AI and machine learning. Individuals who are encouraged to invest in their own learning are more likely to see new technology as an opportunity rather than a threat. Why? They will collaborate because they can upgrade their skills, develop their cognitive ability, and move into more value-add roles—keeping one step ahead of the robots.
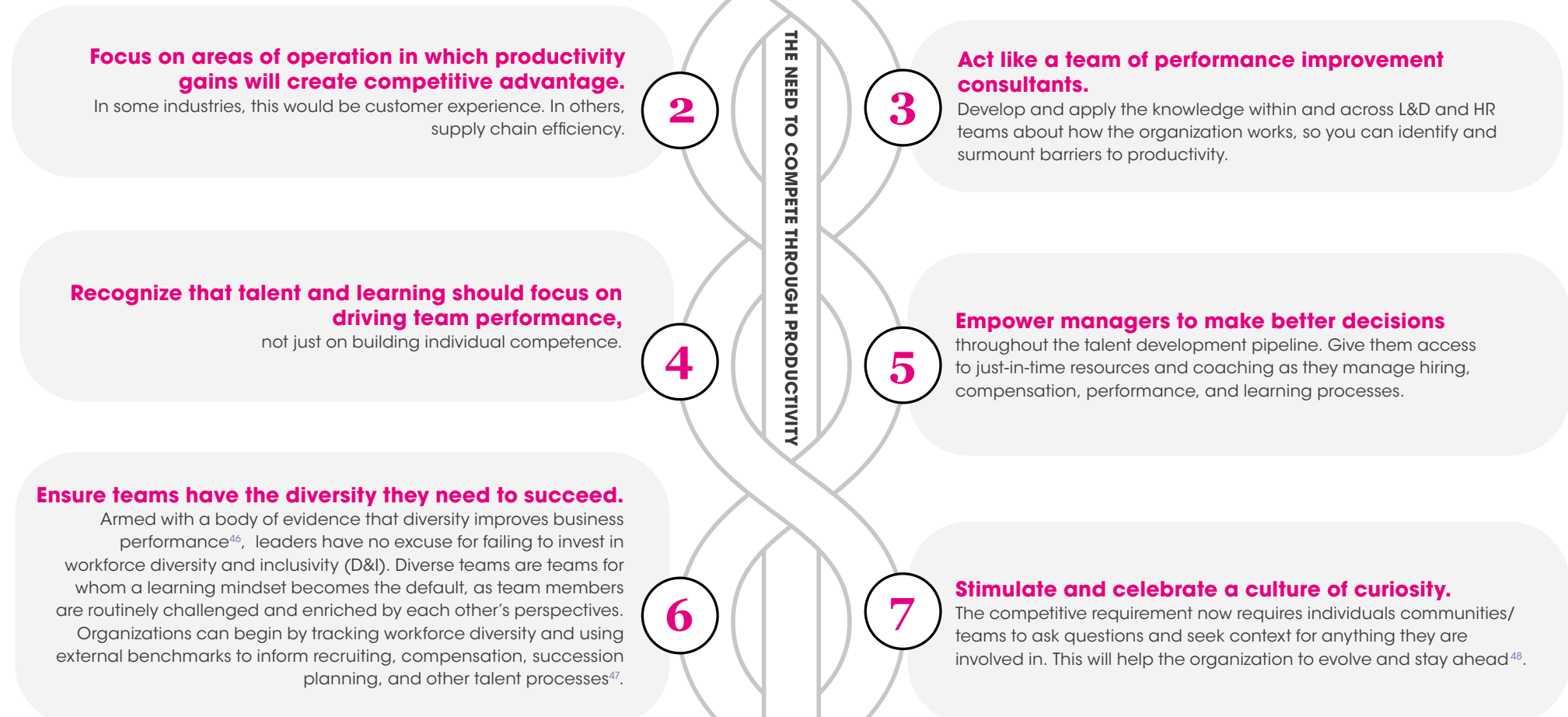
Leaders must clearly define and establish measures for the productivity the organization aims to inspire—whether that's output per hour, time to market, total quality, 'right first time' fixes, utilization, or some other measure.

> " *Reskilling has tremendous potential to drive productivity.*"

> " *Leaders must establish measures for the productivity gains.*"

From there, performance management and total rewards must reinforce those goals. And learning must be engineered to develop the individual and team capabilities to achieve those goals.

With concrete, granular metrics, organizations can track the success of reskilling programs and inform future efforts.

THE NEED TO COMPETE THROUGH PRODUCTIVITY

1 Define and document the role of talent and learning in driving productivity.
Done right, this process starts with executive leadership and it results in clear KPIs that L&D and HR can drive or influence.

2 Focus on areas of operation in which productivity gains will create competitive advantage.
In some industries, this would be customer experience. In others, supply chain efficiency.

3 Act like a team of performance improvement consultants.
Develop and apply the knowledge within and across L&D and HR teams about how the organization works, so you can identify and surmount barriers to productivity.

4 Recognize that talent and learning should focus on driving team performance,
not just on building individual competence.

5 Empower managers to make better decisions
throughout the talent development pipeline. Give them access to just-in-time resources and coaching as they manage hiring, compensation, performance, and learning processes.

6 Ensure teams have the diversity they need to succeed.
Armed with a body of evidence that diversity improves business performance[46], leaders have no excuse for failing to invest in workforce diversity and inclusivity (D&I). Diverse teams are teams for whom a learning mindset becomes the default, as team members are routinely challenged and enriched by each other's perspectives. Organizations can begin by tracking workforce diversity and using external benchmarks to inform recruiting, compensation, succession planning, and other talent processes[47].

7 Stimulate and celebrate a culture of curiosity.
The competitive requirement now requires individuals communities/teams to ask questions and seek context for anything they are involved in. This will help the organization to evolve and stay ahead[48].

46. Eswaran, V (Apr 2019) The business case for diversity in the workplace is now overwhelming. World Economic Forum. Available online.
Dixon-Fyle, S, Dolan, K, et al. (May 2020) Diversity wins: How inclusion matters. McKinsey & Company. Available online.

47. Affirmity, Workforce, & Human Capital Media Research and Advisory Group. (2019). Moving the needle on strategic diversity: Lessons learned from strategic diversity measurement in 2015 and 2019. Available online.
48. Ashcroft, P., Brown, S. & Jones, G. (2020). The Curious Advantage. Laïki Publishing. More information online.

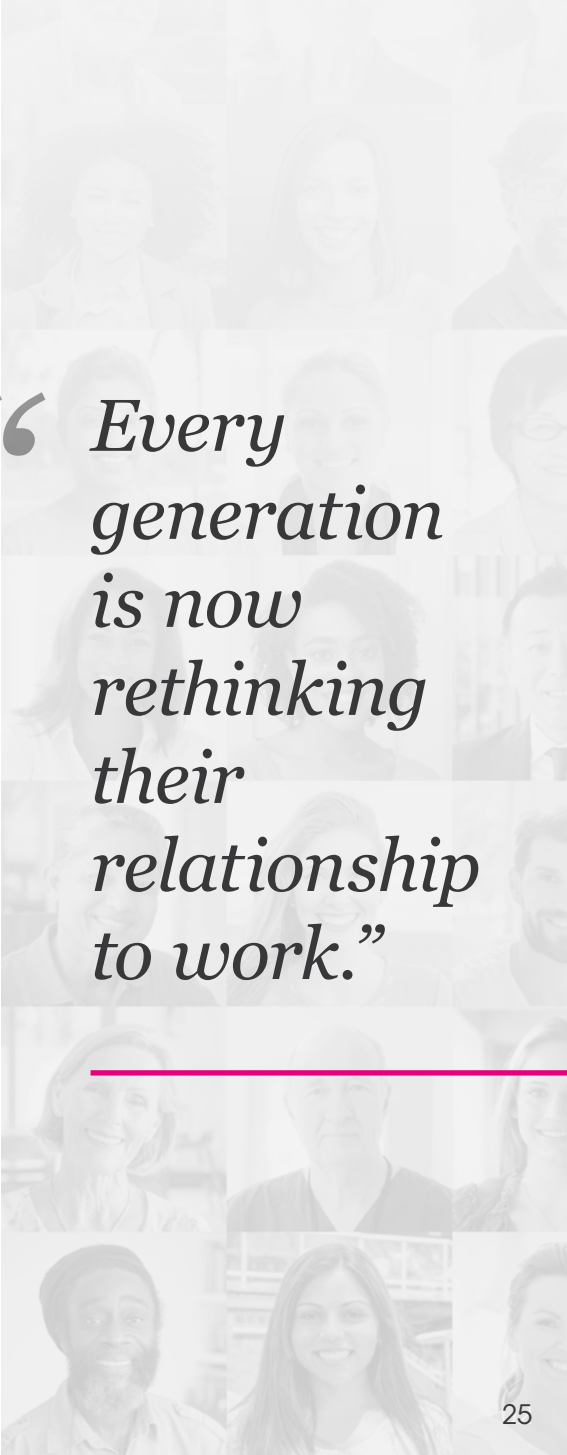# 5 Changing Relationship to Work

Whether business leaders are prepared or not, every generation is rethinking their relationship to work[49].

Older employees are delaying retirement. Mid-career workers are looking for leadership opportunities in the face of a career ceiling created by those experienced workers and their extended tenure. And the career trajectories of the two most recent waves of employees were interrupted by global events that stymied their entry into the workforce: a global recession for Millennials, and the COVID-19 pandemic for Generation Z.

Everyone still values compensation, rewards, and perks. But they also want meaningful work, which requires a foundational understanding of one's role in the context of the organization's raison d'être—customers and/or communities served and goals for the future. And they want autonomy, which means the organization must trust them to make decisions about the work they do[50].

The pandemic has shifted every generation's view of work to some extent, not least the whole relationship between home and work. The expectation is that we will go on living in a hybrid world (and all the issues that brings with it). This leads to a need to redefine what people find important in the employee-employer relationship and part of this is speeding up how we support people in their learning. The blurring of lines is causing stress and some mental health issues and the onus is on the workplace to help people cope and thrive in this new world where automation will drive a relentless redefinition of work over the next few years.

> *"Every generation is now rethinking their relationship to work."*

49. Mercer (2022) Global Talent Trends 2022: Rise of the Relatable Organization. Available online.
50. Oh, J. (Jan 2020). 3 rules for engaging millennial and Gen Z talent in the workplace. World Economic Forum. Available online.

Strategies for Meeting Employee Expectations Through Reskilling

A human framework for reskilling meets employees 'where they are' in relation to work. It both enlists and empowers employees in service of organizational goals.

It delivers on employees' top expectation—that the organization will support their professional growth—and their human need to feel connected and valued.

Through reskilling, HR and L&D can join forces to:

- **Align teams and individuals on the company mission and goals**
- **Understand what help people need to cope and thrive**
- **Define the skills needed today and in the future**
- **Identify and train the right people in the right skillsets**

The importance of learning to the employee experience cannot be overstated. In our experience of working with multinational companies, those with old-fashioned learning methods often sought to modernize in response to data from exit interviews. A poor learning experience was costing them talent.
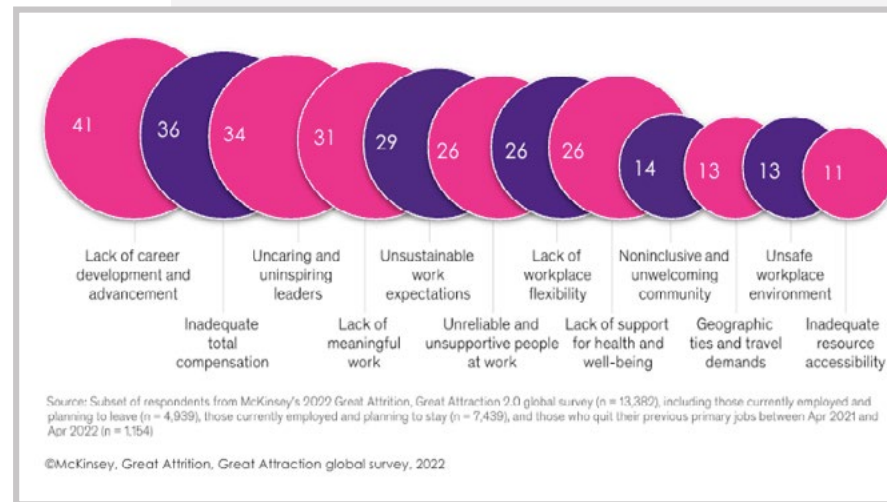
Additional evidence abounds in surveys in which people reported that the lack of opportunities to learn is the top reason they go looking for a new job[51-52].

The new HR science is tracking the degree to which an employee is emotionally "engaged" with their organization. Data from more than 7,000 employees demonstrated clearly that the most empowered were three times more likely to care about the business they worked for. And, in a separate study, there was a very strong correlation between the emphasis a team has on development and high empowerment[53].

The other top factors influencing empowerment were:

- **Openness to new ideas**
- **A supportive and trusted manager**
- **Recognition and reward**
- **Positive working environment**
- **Delegated authority**

> *"Reskilling empowers employees in service of organizational goals."*

Source: Subset of respondents from McKinsey's 2022 Great Attrition, Great Attraction 2.0 global survey (n = 13,382), including those currently employed and planning to leave (n = 4,939), those currently employed and planning to stay (n = 7,439), and those who quit their previous primary jobs between Apr 2021 and Apr 2022 (n = 1,154).

©McKinsey, Great Attrition, Great Attraction global survey, 2022

Graph from De Smet, A, Dowling, B et al. (Jul 2022) The Great Attrition is making hiring harder. Are you searching the right talent pools? McKinsey & Company.

51. Bersin, J. (Nov 2018). New Research Shows 'Heavy Learners' More Confident, Successful, and Happy at Work. LinkedIn Pulse. Available here.
52. De Smet, A, Dowling, B et al. (Jul 2022) The Great Attrition is making hiring harder. Are you searching the right talent pools? McKinsey & Company. Available here.
53. Folkman, J. (Mar 2017). The 6 Key Secrets To Increasing Empowerment In Your Team. Forbes. Available online.

There is a word of caution though. Empowering employees doesn't necessarily mean leaving them alone. It often requires more involvement, not less[54].

CHANGING RELATIONSHIP TO WORK

1
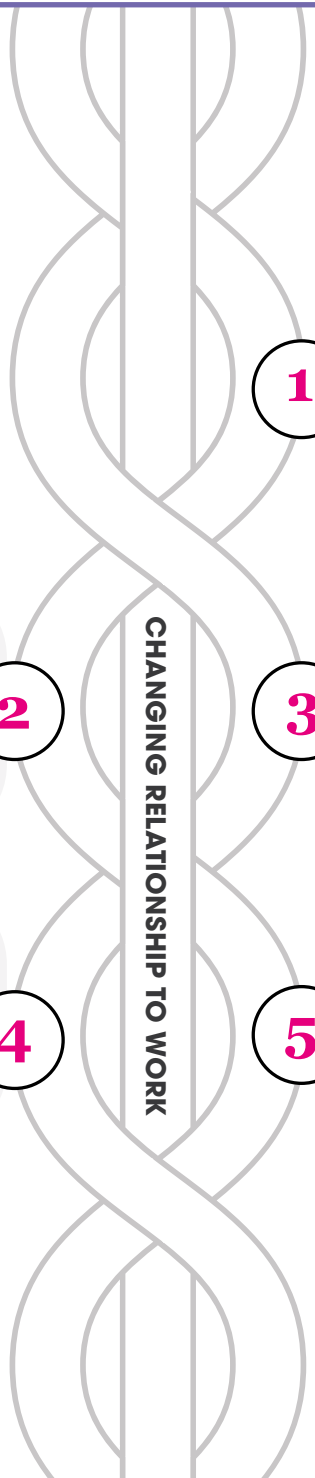
From hiring through retiring, make employees feel welcomed, included, engaged, and valued for their contribution to the mission (whatever that is). Large organizations rely on technology to mediate the employee experience, and it's crucial that the technology create a more human experience, not a more mechanized one.

While it may sound counterintuitive, achieving a human experience hinges on using data well. Query your data to better understand what learning content will help a person, and match input from individuals about, for example, their career ambitions, with diagnostic data about their aptitude and data about their current and future roles.

2

Fully integrate learning throughout the employee lifecycle and in the flow of work as a key part of creating a great employee experience. This means putting learning in everyday systems and processes and enabling access without friction in every context.

3

Create high-fidelity learning experiences via a consumer-grade UX and deliver immersive learning where this will help. To do this, organizations must ensure that traditional learning and talent systems are easy to navigate and intuitive to use. And, where needed, they must accelerate experience through immersive virtual and augmented reality, coupled with the strength of game mechanics.

4

Train managers to be a touchstone for the employee experience, and especially learning. In a world where there's virtually no time to learn, managers must facilitate the learning experience. This means engaging managers first—helping them learn why and how to guide employee learning.

5

Personalize learning. The big wins come when learning and talent systems join together with sufficient data from those and other business systems. Personalization boosts engagement through relevance, and it enables organizations to prove that learning is working.

54. De Smet, A, Hewes, C, Weiss, L (Feb 2020) Busting a management myth: empowering employees doesn't mean leaving them alone. McKinsey & Company. Available online.

Reskilling Outside the Walls

It's easy for leaders to appreciate the impact of the talent and skills shortage on your workforce. You see it every day. But it's critical to understand that your suppliers, partners, distributors—every organization with which you do business—are also struggling to hire, retain, and reskill the people on whom you depend to get products and services to market.

The health of the extended organization is an issue that most enterprise businesses will have been acutely aware of in recent years, with every disruption elsewhere in the chain having consequences closer to home.

This interdependency remains, and the impact of future talent scarcities and skills gaps may well be the next big challenge that your business faces. It's in your best interests to help those businesses close their gaps.

Thus your investment in the analysis, technologies, and content services it takes to succeed at reskilling for the future must be made with the extended enterprise in mind.

> *" Reskilling must happen with the extended enterprise in mind."*

Conclusion

The extent and the particulars of these five seismic forces vary for any given sector and enterprise. There is no one-size-fits-all approach to reskilling.

Rather, business, HR, and L&D leaders must factor in the organization's unique skills needs, regulatory environment, workplace culture, and other factors.

Each company, each leadership team, each HR and L&D department must figure out for itself the talent and learning strategies that will inspire and engage its workforce. Each must find the right learning technologies and talent management systems to power that transformation and the right blend to deliver effective learning. And each must define the organizational objectives against which to measure those strategies.

But regardless of industry, the need for reskilling is urgent. We have described five seismic themes here. We have already seen how further themes are only ever just around the corner. During the pandemic, it became impossible for people to travel just for training purposes. However, global environmental concerns already make the practice's acceptability highly contentious. The only way to head off the worst effects of the seismic forces is to re-envision and unite learning and talent with a common goal and make sure that any global solution also enables locally contextualized delivery.

Learning relationships are rich relationships. For this reason, reskilling is a uniquely powerful way to connect employees (and potential employees) to the organization, to their work, and to one another—mentor to mentee, manager to team, peer to peer.

Through these connections, reskilling fosters trust and confidence. It inspires. It empowers. It meets people where they are and carries them—and their organizations—into the future.

But make no mistake. Reskilling doesn't just unite two organizational functions. It transcends them. It's more than a new approach to L&D. It's more than another initiative for HR. It's more than a new buzzword for strategic planning.

Reskilling is an entirely new approach to work itself.

One that's always thinking ahead. One that's mindful and empathetic. One that builds agility into leaders and teams.

Through reskilling, organizations can withstand the disruptive pressures mounting today. And by empowering their people, they can flourish in the face of whatever lies ahead.

" Reskilling helps organizations withstand the disruptive pressures."

About LTG

Learning Technologies Group is a leader in the high-growth workplace learning and talent industry. The group offers end-to-end learning and talent management solutions, ranging from strategic consultancy, through a range of content and platform solutions to analytical insights that enable corporate and government clients to close the gap between current and future workforce capability.

LTG is listed on the London Stock Exchange Alternative Investment Market (LTG.L) and headquartered in London. The group has offices in Europe, the United States, Asia-Pacific and South America.

LTG's businesses, including GP Strategies, Effective People, PRELOADED, Rustici Software, Watershed, Open LMS, Bridge, PeopleFluent, Affirmity and VectorVMS, are at the forefront of innovation and best-practice in the learning technology and talent management sectors, and have received numerous awards for their exceptional performance. Our portfolio of brands represents the best of breed and they are acknowledged throughout the industry as market leaders.

For more, visit ltgplc.com

About GP Strategies

GP Strategies Corporation, part of Learning Technologies Group, is a global workforce transformation provider of organizational and technical performance solutions.

GP Strategies' solutions improve the effectiveness of organizations by delivering innovative and superior training, consulting, and business improvement services customized to meet the specific needs of its clients. Clients include Fortune 500 companies, automotive, financial services, technology, aerospace and defense industries, and other commercial and government customers.

Additional information can be found at gpstrategies.com

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