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RESKILLING FOR SUSTAINABLE GROWTH

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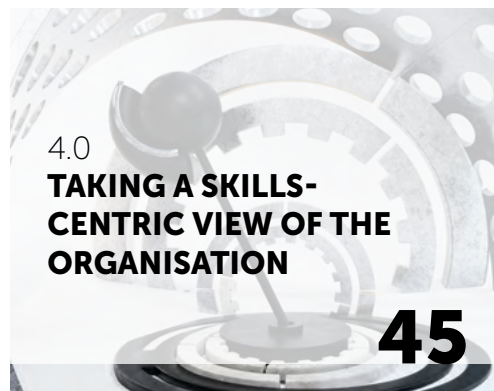
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RESKILLING FOR SUSTAINABLE GROWTH

Gillian Pillans and Jo Nayler



ABOUT CRF

Founded in 1994, **Corporate Research Forum (CRF)** is a membership organisation whose purpose is to increase the effectiveness of the HR function, in order to drive sustained organisational performance, through developing the capability of HR professionals. Through more than 25 years of research and the expertise of our team, we have developed a deep understanding of the ways HR can contribute to business outcomes – what works, what doesn't, and in what circumstances. With a network of over 250 leading organisations, we continue to grow as the respected focal point and knowledge source for improving corporate and individual performance.

We support our members in enhancing their personal capabilities and building organisational effectiveness, guiding them through topics relevant to success, identifying actionable insights and practical recommendations and facilitating networking opportunities. Our work helps organisations and the HR function make sense of the environment in which they operate, and develop capacity to deal with continuous uncertainty.

For more details on how your organisation can benefit from CRF membership please contact Richard Hargreaves, Managing Director, at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.

ABOUT THE AUTHORS



GILLIAN PILLANS is Research Director and the author of over 30 CRF research reports on a wide range of strategic HR topics including HR and business strategy, leadership development, talent management, organisation development and learning. Gillian has worked as a senior HR practitioner and OD specialist for several organisations including Swiss Re, Vodafone and BAA. Prior to her HR career, she was a management consultant with Deloitte Consulting and is also a qualified solicitor.



JO NAYLER is responsible for publishing original research as well as adapting and developing CRF content for use across the website and member communications. She has worked on a range of research topics at CRF, including authoring research on team effectiveness and the changing role of HR Business Partners. Prior to joining CRF, she worked for over five years as a researcher and writer, gaining experience of a breadth of different research methods and publishing content in a variety of formats.

LHH COMMENTARY

LHH

The findings highlighted in CRF's Reskilling for Sustainable Growth reflect much of what we are seeing from our clients and the sectors in which they operate. Businesses are having to react quickly to the changes in the talent market reflected in the lack of available talent, and scarcity of the emerging skills needed for their workforce to achieve their future objectives.

Organisations which are focusing on retention and development, and not relying just on hiring in new talent, are more agile and responsive in meeting existing and emerging workforce challenges.

The research underpinning this report demonstrates that workforce strategy is critical to the successful execution of business strategy – it is a fundamental building block of strategy and cannot emerge as an afterthought. Businesses need to not just plan their 'go get' talent needs but also need to plan how to use and develop the talent they already have. Strategic workforce planning (SWP) enables businesses to identify workforce skill gaps. This aligns with how LHH supports organisations in developing their employee capabilities through matching individual career aspirations with the needs of the business.

We are seeing more organisations actively embrace a proactive approach to employee career development, and not just through identifying and supporting a small 'high potential' cohort, but by making it a fundamental part of their business DNA. They are finding new talent emerge from unexpected places, especially when they allow a bottom-up approach that puts power in the hands of the employee to facilitate their own career journeys and reskilling needs.

We call this career activism – putting power in the hands of the employee to follow their career aspirations, which can be more agile and empowering than HR trying to create structures that work for everyone. Instead, HR provides the tools and structures for employees to help themselves, empowering and teaching employees how to take control of their careers and match their aspirations to the needs to the business.

As we work with more businesses to create innovative approaches to meet skills challenges, LHH is drawing on decades of broad and deep employee engagement experience to identify solutions that best fit the context. Increasingly, a holistic mindset results in better outcomes, because career development is no longer the traditional linear upwards journey. Employees are exploring career moves which often include reskilling opportunities that are seeing them move sideways or diagonally, giving employers a wide pool of internal talent.

Line managers also play a key role in aligning employee aspirations with business need and fostering the resulting learning and development needs. Line managers themselves need training to learn to be effective career coaches, which enhances the business culture and improves retention.

The findings in this report can give HR professionals more evidence and confidence in providing the business case for workforce development strategies that nurture internal talent to fill skills gaps and remove internal barriers. The cost savings can be significant, when comparing internal mobility to the full lifecycle of replacing talent – including redundancy and severance costs plus recruitment, selection, onboarding, training, the learning curve and new recruit turnover.

JC Townend, CEO, LHH UK and Ireland

MERCER COMMENTARY



The AI-volution is here. Generative AI (Gen AI) is transforming the nature and future of work in the fourth industrial revolution, and it is happening at unprecedented speed. According to the World Economic Forum, 80% of today's current jobs are likely to be transformed by Gen AI; 19% of these jobs will see 50% of their tasks automated or augmented and up to 30% productivity gains are estimated by 2027. But, what does it mean for the work people do and the skills they need? How can HR ensure organisations rise to the challenge that new technology creates and equally help employees embrace the exciting opportunities it provides?

The impact of technology has compressed more change in how work is done during the past five years than the previous fifty. So, it's no surprise that [Mercer's Global Talent Trends 2024](#) found the biggest challenge facing organisations is how to create talent agility and sustainable people practices. The rise of human-machine teaming places greater emphasis on uniquely human skills such as critical thinking, emotional intelligence, and lifelong learning, which the [World Economic Forum](#) sees as among the top future skills less susceptible to automation.

Yet technology-driven change is far from the only challenge. The combination of geopolitical instability, inflation, increasing labour costs and skill shortages creates pressures for organisations to build greater flexibility and resilience; flexibility to turn existing talent models inwards to strengthen skills and resilience to create more sustainable working practices, enhancing the overall employee experience. Our Global Talent Trends study found 85% of investors strongly agree that internal people practices are a top investment priority for companies in 2024 – to protect corporate value that can be at risk with unsustainable work practices.

Against this context, many organisations now accept the cost effectiveness of investing in skills: investment in reskilling and learning how to continually grow employee skillsets is a top 3 priority, as reported by executives. Specifically, providing upskilling (the 'build' element) and reskilling (the 'bridge' solution) are increasingly the preferred options over the historic default of recruiting externally (buying talent) or using contingent workers (borrowing skills).

Fortunately, this matches what employees seek: the opportunity to learn and grow in their roles. The convergence of these imperatives provides HR with a significant opportunity to 'square the circle' between what organisations need and what employees want – provided they rethink several established People processes. Leading organisations on the skills-powered journey, such as Standard Chartered Bank, have realised cost savings of up to \$49,000 per FTE from calculated severance and hiring costs by investing in upskilling and reskilling their existing workforce.

Very practically, successful organisations are taking a strategic approach to understanding how work is changing, the skills required for new work with AI, assessing current versus future skills and proactively fulfilling skills gaps with internal development solutions. Those who are ahead of the game have placed emphasis on practices that enable people to reskill, upskill and cross-skill.

Learning and Development teams have a big task on their hands in this regard, finding new ways to democratise learning, and digitalise content to equip employees to 'learn in the flow of work' to progress their careers, close skills gaps and create a high performing workforce.

Ensuring people sustainability and future employability through skills, careers and learning is now a critical part of the AI-volution that employers need to address. As the great futurist Alvin Toffler wrote in his 1970 work 'Future Shock': *"The illiterate of the 21st Century will not be those who can't read and write. It will be those who can't learn, unlearn and relearn"*.

Rebecca Lys, Principal, Workforce Transformation
Paul Habgood, Partner, Workforce Transformation SME

THE OXFORD GROUP COMMENTARY



We welcome the findings of this paper which emphasises the strategic value of reskilling in fostering sustainable growth, further highlighting the need for organisations to place the reskilling agenda at the heart of their business and people strategies.

Whilst today's reskilling agenda is unique to our time, we have been here before. The Oxford Group, as a City & Guilds business, is united by our purpose of helping people, organisations and economies develop their skills for growth. City & Guilds was founded in 1878 by 16 trade livery companies in the City of London, which included trades such as cloth workers, carpenters, ironmongers and goldsmiths to name a few. In the 145 years since, we have travelled through industrial and technological revolutions, at each point evolving the skills agenda to respond to this ever-changing industry demand, moving from the skills needed in 1878 ironmongery through to EV charging in 2024.

In today's context, we believe leadership matters. At The Oxford Group we have been supporting managers and leaders for over 35 years. How leaders show up and what they choose to focus on shapes the people experience. As this paper points out, reskilling is, in essence, a change programme in its own right, and we know that change can be emotive and requires conscious leadership.

Leaders must draw on high levels of Emotional Intelligence to build psychologically safe environments enabling deeper, more substantial career conversations where aspirations and capabilities of our people are well understood. This drives the innovation, talent mobility and skills transfer needed to realise sustainable growth now and into the future.

For more information about the competencies of emotional intelligence click [here](#) to view our recent whitepaper Emotional Capital – the advanced evolution in emotional intelligence.

Caroline Taylor, Managing Director, The Oxford Group



RESKILLING FOR SUSTAINABLE GROWTH



The business context for organisations over the 2020s looks set to remain turbulent, with wide-reaching changes for societies, economies and businesses around the world.

Businesses preparing for the future of work will have to contend with geopolitical conflict, stagnant growth, a shrinking working age population and the tough choices required of Carbon Net Zero. Technology – Generative AI in particular – is set to fundamentally change the nature of work. Against this context, organisations are likely to face significant skills shortages, especially with regard to digital skills, and will need to build sustainable talent pipelines. Identifying and building future capabilities through reskilling will play a key role in this.



Reskilling is about supporting workers to learn new skills to transition to new or different roles and contrasts with upskilling which focuses on helping workers acquire skills to remain relevant in an existing role.

Reskilling focuses on helping people build long-term employability and is part of developing a sustainable talent pipeline.



There is a strong business case for reskilling, based on avoiding redundancy and recruitment costs.

Reskilling can also increase organisational resilience, boost employee retention and increase the attractiveness of the employer brand. Our survey suggests the majority of organisations will be undertaking reskilling programmes over the next few years. However, it is hard to deliver in practice and requires robust planning, investment in learning, strong commitment from business stakeholders and joined-up action across the HR function.





CRF's Reskilling model sets out the reskilling strategies we observe in practice.

You can use the model to evaluate your organisation's current approach and identify where to focus future activity and investment. The key point is that the approach needs to be determined by the business strategy, talent philosophy and strategic workforce plan, and directed towards those skills which are most strategically important for the future of the organisation.

KEY TAKEAWAYS

The model is organised on two axes:

 **Focused vs Systemic:** Focused approaches target reskilling at specific job roles, employee segments or skillsets at risk of redundancy or significant disruption. Systemic approaches enable people to continuously develop and reskill through creating a culture of learning and putting tools and support in employees' hands. Systemic often means connecting strategies for reskilling to the broader purpose of the organisation, and aiming to build sustainable talent pipelines and secure people's livelihoods over the longer term.

 **Internal vs External:** An Internal orientation means preparing people for future roles within the organisation, for example by deploying people through internal talent marketplaces and nudging people to develop in-demand skills. An External orientation on the one hand can mean supporting people to find jobs outside the organisation. It can also involve creating an ecosystem of external partners who share the same goals to co-create solutions to long-term workforce challenges.



The starting point for reskilling is to have a clear view of the future skills required to execute your business strategy.

The discipline of strategic workforce planning is essential to identify the future skills required to execute the business strategy, to work out where the gaps lie between current supply and future demand, and the timescales within which these gaps need to be filled, and to build plans for developing a workforce that supports long-term business goals. We set out CRF's seven-step Strategic Workforce Planning Model which outlines the key elements.




We explore the emerging trend of the skills-based organisation – over half of respondents to our survey indicate they are intentionally moving towards a skills-based approach to talent. Organisations are making significant investments in building taxonomies and adopting tools to measure skills, offering skills-based learning and rolling out talent marketplaces to provide people with opportunities to put skills into practice. However, it is important to avoid getting caught up in the 'hype cycle' around the skills-based organisation. Becoming skills-centric implies turning people practices on their head, including rethinking how work is organised, for example packaging work as projects rather than permanent full-time roles, and implementing processes for matching people to internal jobs, projects and opportunities on the basis of skills. It also requires rethinking the criteria for recruitment and adapting performance management and reward practices.




We explore a number of case studies of organisations that have implemented reskilling strategies and summarise key lessons learned:


 **It's easy to be overwhelmed by the scale of the challenge,** therefore it's important to focus on key business priorities. Start small and build out from small-scale wins. Be business – not HR-led.

 **Focus on roles where there is a good match or high degree of crossover between the current skills profile and future requirements.** There are many tools available to assess and model the skills requirements of roles and identify skills adjacencies and learning pathways.


 **Joined-up action across the different teams within HR is essential,** in particular between L&D and talent. Reskilling requires both a clear learning or accreditation pathway and opportunities to put learning into practice on the job. Consider appointing someone such as a Chief Skills Officer with end-to-end responsibility for reskilling.

 **People struggle to carve out time to learn alongside a day job,** therefore it's important to boost people's capacity to learn by designating time for that purpose. Simply providing funding for learning is not enough. Managers need to be encouraged and incentivised to give employees time and space to reskill.

 **Availability and quality of workforce skills data is a key challenge.** Becoming skills-centric means building and maintaining an accurate skills profile of the organisation is essential. The latest technology platforms can use AI to infer skills, serve up recommendations for learning and connect people with relevant job opportunities, but they rely on accurate employee skills data. Technology such as skills taxonomies are making this easier and are becoming more user-friendly.

 **However, technology is not enough on its own.** It is important to have a clearly defined strategy for skills within your people strategy and an ongoing plan for gathering employee skills data and keeping it up to date.

 **It's also essential to invest in building a developmental culture,** where talent mobility is welcomed. Leadership commitment and role modelling are key to this.

 **Communication is also critical.** Employees need information about what the strategic workforce plan means for them, which skills will be highly valued in the future, and how they can go about acquiring those skills. However, only 16% of organisations report that they currently communicate with their workforce about how the skills profile is likely to change. Managers also need information to support their people as they consider how to develop their career and build new skills. Employees need to be engaged and motivated to reskill, therefore reskilling programmes need to be treated as any other change management process.



These are exciting times for technology in the talent, learning and reskilling field, with Generative AI a potential game-changer and the user experience being constantly improved. Achieving consistent data across different systems, and getting managers and employees to use the systems are ongoing challenges.



RECOMMENDATIONS

RESKILLING FOR SUSTAINABLE GROWTH

- 1. Start with your business strategy – use it to identify and prioritise opportunities for reskilling.** What capabilities do you need to develop as a business to execute the business plan? Which skills can help you build and sustain competitive advantage? Which are in short supply or difficult to hire externally? What skills are likely to be surplus to requirements in the future? Use answers to these questions to focus reskilling activity where it is likely to have greatest business benefit. Regardless of whether your approach is Focused or Systemic (see [page 21](#)), it is important to direct investment in learning, reskilling and redeployment towards those skills which are most strategically important for the future of the organisation.
- 2. While your business strategy may flag up multiple opportunities for reskilling, don't be tempted to overreach.** Start small by focusing on a specific skills area or working with a receptive part of the business to demonstrate feasibility and build out from there.
- 3. There needs to be joined-up thinking between business and workforce strategy, organisation and job design, investments in technology, talent acquisition, learning and internal deployment.** Consider adopting a common language, framework or taxonomy around skills to help all parts of the organisation system focus on critical future skills.
- 4. Consider how to incorporate targets for reskilling and redeployment in the business planning process,** and how to engage key stakeholders (such as finance) in changing mindsets around the costs and benefits of reskilling vs redundancies.
- 5. Invest in building processes and capabilities for strategic workforce planning.** Consider to what degree your workforce plan includes identifying opportunities and setting targets for reskilling, and whether it should be explicitly included as a line item in the plan.
- 6. Make sure employee communications clearly set out the business's strategic priorities and workforce plan,** so it is widely communicated and well understood by the workforce. It's important to enter into an ongoing dialogue with the workforce about the future direction of the business and what it means for skills, careers and jobs and how individuals can prepare themselves, rather than simply informing people when irreversible decisions have been made that affect their future employment.

- 7. Consider what actions you can take to create a more systemic culture of skills development.** This can include making sure employees have access to the right tools and information, explicitly carving out time for learning and rewarding people who put new learning into practice. It can also involve upskilling line managers, incentivising them to support greater movement and sharing of people across the organisation, and recognising those managers who are the best people developers. If you are adopting a talent marketplace, consider how you will support and incentivise managers to advertise opportunities there and use it as their first port of call when staffing projects.
- 8. Invest in improving the quality of management.** Companies tend to rely on managers to support their teams' career development and yet many managers are not skilled in giving career advice. Consider reviewing the criteria for appointing people into management and leadership positions – do you assess whether they are capable or motivated to support the development of their staff? Train line managers to have good career conversations, provide them with good information about the learning and career pathways that are available, and measure their impact through employee surveys and outcomes such as internal promotions and job moves.
- 9. Be more creative and long-term in resourcing.** One of the major challenges of the 2020s will be skill shortages in key areas. In many organisations, there is a 'buy not build' culture. An instinctive reaction to the discovery of a capability gap is to call a recruitment agency and find someone to fill it. Alternatives to dealing with skills shortages include finding sources of underutilised labour, such as older workers or people from communities that traditionally struggle to find work and helping people develop key skills before there is a shortage.
- 10. Do more with the skills you already have.** HR tends to focus more on talent development and not enough on deployment and internal mobility as a way of building relevant experience and building skills. Job rotation, work shadowing, secondments, and greater autonomy and self-organisation have all been shown to improve skill utilisation and the transfer of knowledge and good practice between workers and divisions within companies. Managers are critical to this process. It is their understanding of the people in their teams, their creativity in deploying them and their willingness to let go of key talent to support their development that enables them to fully utilise their skills.
- 11. To grow their skill base, employers will need to think more systematically about how employees at all levels are provided with development opportunities to practise and hone new skills.** Training is only one component

of skills development. Developmental roles are just as important for enabling employees to apply their skills practically. Consider how to signpost people towards experiences that will help them build future-critical skills. How can you make it easier for people to access these experiences? In what ways might you increase the visibility of opportunities?

- 12. Develop more flexible career and employment models.** How can we create greater flexibility over the course of a career, perhaps through offering sabbaticals so people can take paid time off to develop new skills or return to education? Education needs to shift from being something that happens at the start of a career to something that employees return to throughout their career to support their development.
- 13. Build partnerships with stakeholders outside the organisation.** Consider forming alliances to tackle shared challenges together and create networks for sharing talent across organisational boundaries and to jointly invest in critical skills. This can include other employers, suppliers and partners in the supply chain such as employment agencies, government, education providers and local communities.
- 14. Make sure that the user experience on the platforms employees use to access reskilling opportunities and relevant learning and resources are intuitive, easy to access and straightforward to complete.** Asking an employee to complete similar skills or career experience data multiple times on different platforms is likely to put them off.
- 15. Consider how you can use flexible work arrangements** such as short-term projects, gigs undertaken alongside the day job, or 'try-before-you-buy' assignments that allow people to experience a new role before making a permanent commitment. Talent marketplaces can be very effective in raising visibility of opportunities, but implementing the technology successfully requires careful design of use cases and development of supporting policies around issues such as how to manage performance of people who work on multiple projects simultaneously.
- 16. Think through the implications for job and work design.** Do you need to move towards a more flexible work model, where jobs have fewer fixed tasks and more flexibility to flow to tasks, assignments and projects?
- 17. Consider how the different parts of HR will need to work together effectively to deliver a reskilling plan.** Do you need to incentivise HR differently or appoint a Chief Skills Officer or similar who has end-to-end responsibility for reskilling?

1.0

INTRODUCTION

1.1

THE CONTEXT FOR RESKILLING

The 2020s will likely be remembered as a decade of disruption and wide-reaching changes for societies, economies and businesses around the world. Rather than entering a period of post-pandemic recovery in the early 2020s, the world plunged into a series of crises including the war in Ukraine, a cost of living crisis, high inflation and stagnant growth.

Several long-term global trends will reach a critical point in the coming years. The world is nearing the 'point of no return' for climate action; largescale shifts in the global economy and workforce must start imminently if countries are to meet their Net Zero targets. At the same time, almost all advanced economies will witness a decline in their working age population over the next decade due to falling birth rates and increased life expectancies.

2023 was also the year that Generative AI (GenAI) – as seen in tools such as ChatGPT or Google's Gemini – went mainstream, with organisations now seriously considering how AI may change their business and value models. We know that AI and GenAI will systematically change organisations and reconfigure certain types of work, even if the exact shape and scale of the impact is not yet known.

Organisations are therefore facing a multi-faceted resourcing challenge, with demand for new skills accelerating at the same time that the global workforce is shrinking. According to the World Economic Forum's 2023 Future of Jobs Report, employers estimate that 44% of worker's skills will be disrupted in the next five years, driven by growing demand for skills such as analytical thinking and technology literacy. Their research also found that no respondents judged any skills to be in net decline, implying skills needs are becoming more demanding.. World Economic Forum research additionally shows that employers anticipate a structural labour market churn (referring to the pace at which workers and jobs are reallocated) of 23% the next five years. In other words, total expected job movement, including both new roles created and existing ones destroyed, represents 23% of the current workforce.

Organisations will only be able to successfully navigate this complex environment through building flexibility and responsiveness into their talent approaches. Organisations need to prioritise creating a sustainable talent pipeline to meet future business needs (some of which they may not yet even be aware of). Reskilling will play an integral part in allowing organisations to systemically identify and build future capabilities.

The scale of changes facing the workforce mean approaches which ad hoc or solely focus on upskilling will not be enough. In the words of the Harvard Business Review's 2023 article, *Reskilling in the Age of AI*: 'If the OECD estimates are correct, in the coming decades millions of workers may need to be entirely reskilled – a fundamental and profoundly complex societal challenge that will require workers not only to acquire new skills but to use them to change occupations.'

Our research identifies a strong business case for reskilling which includes reduced costs (when compared to firing and rehiring), developing a competitive advantage through building talent that is not readily available in the market, and increasing diversity through tapping into adjacent or previously overlooked talent pools.

New technologies which can enable a more sophisticated and widescale reskilling process – such as internal talent marketplaces, automated skills taxonomies and AI-driven tools which infer employee skills – are rapidly emerging. However, without first ensuring that the supporting infrastructure (such as the right culture and management capability) is in place, organisations will have limited success in applying these new tools. Our research emphasises that now is a critical moment for organisations to implement and optimise their reskilling approaches, and also identifies a range of practical steps, guidance and learning that can support businesses in this.

DEFINITIONS

For the purposes of this research, we draw a distinction between reskilling and upskilling:

Reskilling: Reskilling is about supporting workers to learn new skills to transition to a new or different role. The outcome is readiness to succeed in a new position.

Upskilling: Upskilling focuses on supporting workers to acquire new skills to stay relevant in an existing role. The outcome is higher effectiveness or productivity in an existing role.

Our principal focus in this research is reskilling, but the practices outlined throughout can also be adapted to support upskilling.

RESEARCH METHOD

Our research consisted of:

- Interviews with 30 senior HR practitioners and other experts. We are most grateful to all our research participants, some of whom preferred to remain anonymous, and who are listed in the Appendix.
- A review of academic and practitioner literature.
- An online survey of CRF members and others, completed by 117 respondents between 19th January and 26th February 2024. 62% of respondents were senior functional leaders, CHROs or group / regional HRDs. Respondents covered a wide range of industry sectors, with the highest representation from retail and consumer business (15%), professional services (15%) and financial services (12%). 83% worked for organisations with at least 1000 employees and 44% worked for organisations with 10,000 employees or more. 69% were UK-based, with the remainder predominantly from Europe and North America.



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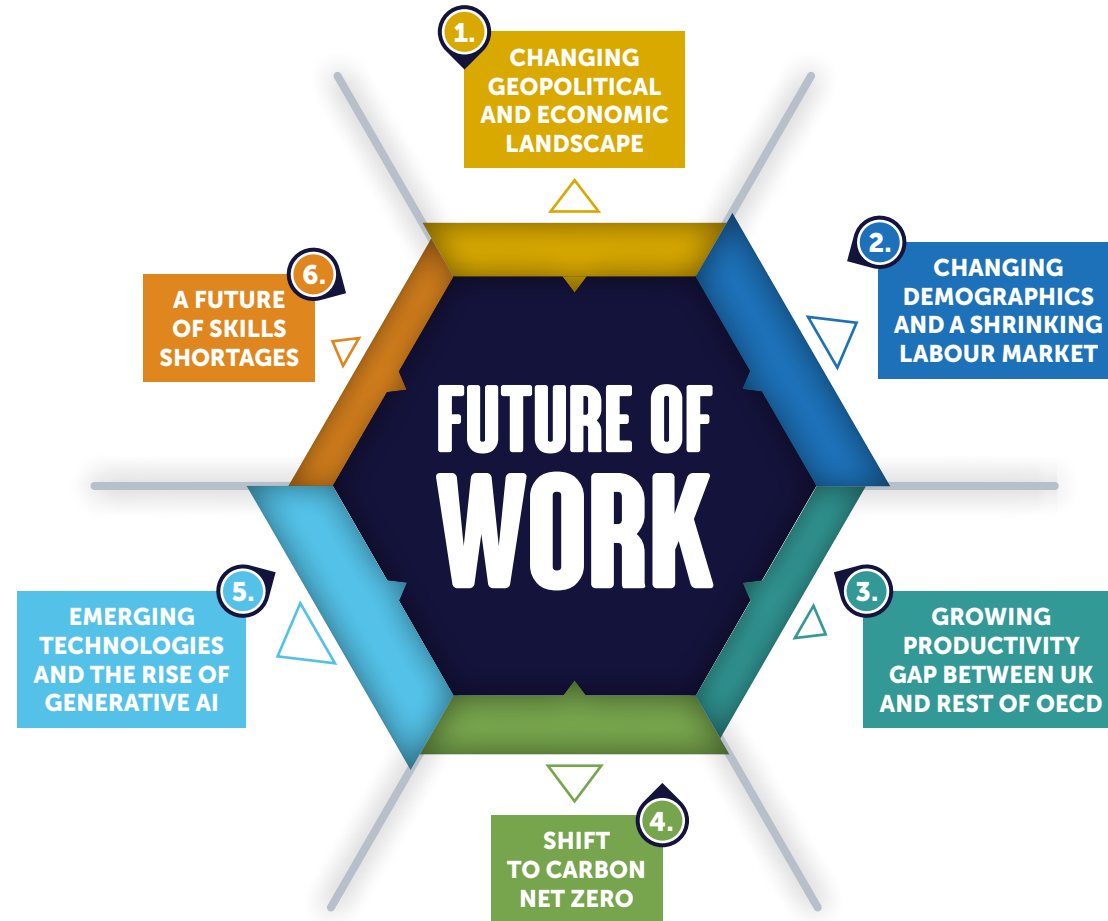
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1.2 FORCES SHAPING THE FUTURE OF WORK

Our research – informed by a literature review, practitioner interviews and a survey – indicates that the following will be the most significant trends shaping the workforce (and the skills that organisations require) throughout the rest of the 2020s.

FIGURE 1

The Forces Shaping the Future of Work



1. CHANGING GEOPOLITICAL AND ECONOMIC LANDSCAPE

In CRF's 2021 Report, *Building a Future-Fit Workforce: Reskilling and Rethinking Work*, we outlined China's threat to US global hegemony and the risk of a new Cold War with China as the most pressing global geopolitical issue. Whilst the threat of China disrupting the global order has not completely disappeared, other geopolitical issues have instead come to dominate since 2021 – the war on Ukraine, the cost-of-living crisis and the escalation of the Israel-Hamas war are just some examples of this. Further, with nearly half the world's population eligible to participate in an election in 2024 (including national elections in the UK, the US and India), the global geopolitical landscape is likely to shift substantially again this year.

The speed at which new issues are emerging highlights the unstable and complex nature of the environment which organisations must navigate. This has a range of implications for the future of employment, and organisations will need to bolster their resilience and agility to adapt and respond to external changes. In many countries, governments and businesses are also responding to increased global supply chain disruption through reshoring industries (as illustrated by the US' Inflation Reduction Act), requiring the increase of national skills capacities in certain sectors.

2. CHANGING DEMOGRAPHICS AND A SHRINKING LABOUR MARKET

The global labour market shortage – which is particularly concentrated in Europe, the UK and the US – is likely to only worsen throughout the rest of the 2020s and beyond. The coming years will see the impact of falling birth rates and increasing longevity affect the shape of the workforce, with almost all advanced economies experiencing a decline in the share of their population aged between 20 and 64. Increasing retirement ages, mid-career breaks and workers shifting across industries (either voluntarily or due to economic shocks or geopolitical events) are also leading to an increase in atypical career paths. The 'job for life' does not exist for most people anymore, creating a profound opportunity and necessity for reskilling.

Despite near all-time low levels of unemployment in the UK, data from the Office of National Statistics shows that the proportion of people who are economically inactive is high and workers are increasingly withdrawing from the labour market. The latest (March 2024) ONS data shows that 21.8% of people aged 16-64 are economically inactive. This figure is up marginally on the previous year and also still higher than pre-pandemic levels. This trend towards economic inactivity has been driven by all-time high levels of long-term sickness (which increasingly includes young people) and people retiring earlier than expected. These labour market shortages will become more acute over the next decade as the generation born during the UK's 1960s birth rate spike reach retirement age.

3. SPOTLIGHT UK: AN ACCELERATING PRODUCTIVITY AND SKILLS CRISIS

The UK is currently facing a productivity crisis. Research by the Resolution Foundation shows that productivity grew by just 0.4 percent a year in the UK in the 12 years following the financial crisis – half the rate of the 25 richest OECD countries. The UK's productivity gap with France, Germany and the US has also doubled since 2008 to 18 percent, costing £3,400 lost output per person.

At the same time, several HR leaders we spoke to highlighted that the UK's training and skills development culture is not currently meeting the economy's needs. 'My sense is that we're a bit behind the curve with reskilling at a national level' explained Professor Emma Parry, Professor of Human Resource Management at Cranfield University, who also emphasised that British organisations are facing difficulties in finding human skills such as leadership or management skills, as well as technical and digital skills. Economist Steven Toft further elaborated how Britain has a 'buy, not build culture. When somebody leaves the first thing we do is you pick up the phone to the agency and try and get somebody else (and then they can't find anybody). We don't have a culture of training and growing our own people.'

4. SHIFT TO CARBON NET ZERO

As outlined in the Paris Agreement, countries are bound to the overarching goal of keeping global heating to below 2 degrees, and pursuing further efforts to keep it at 1.5 degrees. These aims were reiterated at the COP28 summit in late 2023, where nearly every country in the world agreed to transition away from fossil fuels "in a just, orderly and equitable manner". According to the Resolution Foundation, the shift to Carbon Net Zero will substantially change the global economy, requiring an abandonment of the energy assumptions on which our economies have been built.

However, the required skills to implement these commitments are lacking on a global scale. According to the World Economic Forum's 2023 Future of Jobs Report, demand for workers with green skills will significantly surpass supply in the next five years. Moreover, as much as a 66% increase in green roles will be needed to progress the green and energy transitions by 2030. Certain industries will also be particularly affected, such as engineers working in oil and gas needing to shift to carbon capture or methods of green energy production.

This skills need is also highly time-critical. To meet Net Zero targets, a large amount of work will have to start in the mid-to-late 2020s across a broad range of sectors. As most countries are working to the same timetable, organisations across the world will be looking for the same skills at the same time from what is currently a limited pool.

5. EMERGING TECHNOLOGIES AND THE RISE OF GENERATIVE AI

Following the launch of ChatGPT in November 2022, 2023 was the year that GenAI truly entered the mainstream. With its ability to create original content across various media in a matter of seconds, GenAI has the potential to cause systemic change to organisations and the world of work. PWC's 2024 global CEO survey found that nearly seven in ten respondents already think that GenAI will change their business models and require new skills in the workforce over the next three years. Implementation is also already beginning, with more than a third of employers stating that their organisations already use GenAI and 40% saying their organisations will be investing more in AI (Mckinsey, 2023b).

Research by Goldman Sachs estimates that around two-thirds of current jobs are exposed to some degree of AI automation, and that GenAI could substitute up to a quarter of the work employees currently perform (Goldman Sachs, 2023). Due to AI's ability to understand natural language, this disruption is likely to increasingly affect knowledge workers, who have previously been immune from these kinds of changes.

The fears of AI-driven job disruption echo decades-old concerns that automation and digitalisation will cause widespread job displacement (see Frey and Osborne's 2013 study which estimated that 47% of US employment was at risk from computer-driven automation). However, recent research by the World Economic Forum showed that the proportion of automated work tasks had increased less than expected and that the horizon for future automation was also stretching out further into the future than previously anticipated. This raises questions over whether large-scale AI-driven workforce disruption might actually happen more slowly than many are currently predicting.

This does not mean that businesses can afford to be complacent, especially as advances in technology are changing the demand for skills at an accelerated pace. The average half-life of skills is now less than five years, and in some technological fields it's as low as two and a half years. There is now a vast and growing need for skills that will facilitate this technological transition, with the World Economic Forum citing technological literacy as one of the fastest-growing in-demand skills, with millions of unfilled job vacancies globally. Rather than directly displacing workers from their jobs, the biggest shift that new technologies will likely cause is changing the nature of work so much that some workers will effectively be working in new roles (Tamayo et al., 2023).

GenAI has recently dominated global headlines, though it is not the only new technology with the potential to disrupt the future of work. Automation, VR and big data are all other examples of this. For example, the growth in AI-driven data analytics presents an opportunity for organisations to gain greater insights into their operations and identify areas for improvement, including addressing skills gaps.

6. A FUTURE OF SKILLS SHORTAGES

The above factors combine to create a difficult scenario for businesses and HR functions – the demand for new skills is accelerating and increasing at the same time that the productive workforce is shrinking globally. This is – rightly – a pressing concern among business leaders; PWC's 2024 global CEO survey found that 52% of CEOs believed skills shortages were inhibiting their organisation's ability to create value. The WEF's latest Future of Jobs Report 2023 also highlighted that organisations cite skills gaps and difficulties in attracting talent as key barriers to transformation. As Steven Toft explained: 'the idea that organisations can recruit somebody if they pay enough will become more and more difficult to implement'.

Organisations therefore need to consider how they create sustainable talent pipelines, providing them with the skills needed to navigate a complex and changing world as well as ongoing skills and labour shortages. Identifying and building future capabilities through reskilling will be one key part of this.



1.3 THE BUSINESS CASE FOR RESKILLING

As outlined above, organisations need to carefully consider how they will ensure they have the talent and skills required to meet future business needs in a rapidly-changing world. Our research highlighted a clear business case for reskilling, the main factors of which are outlined below:

- **Develop a competitive advantage** through creating a strong pipeline of skills that meet future business needs. In the words of Harvard Business Review's 2023 article 'Reskilling in the Age of AI' reskilling initiatives 'allow companies to build competitive advantage quickly by developing talent that is not readily available in the market and filling skills gaps that are instrumental to achieving their strategic objectives – before and better than their competitors do'. Our research similarly found that the main reasons organisations invest in reskilling is to increase capabilities and address talent concerns.
- **Increased resilience and ability to adapt to a dynamic, external context.** The half-life of skills is becoming shorter and reskilling provides a systematic framework for businesses to adapt to new skills as required. Changing business models mean companies have to develop new capabilities at pace.

"The return of investment for reskilling and redeployment is huge. We know that in Western Europe and the US, if you redeploy one person instead of firing them and rehiring an external person, you are saving about \$100,000 a year".

IZABELLA KHAZAGEROVA, SVP, GLOBAL HEAD OF PRODUCT AND INNOVATION, CAREER TRANSITION AND MOBILITY, LHH

- **Impacts positively on employer brand, employee engagement and corporate culture.** A good-quality reskilling offering provides employees with the opportunity to improve their skills and long-term employability, and can therefore be a core part of the employee value proposition. This can help organisations retain and attract the required talent – particularly important in a context where organisations are competing for people with the skills they need. *"A by-product of our reskilling programme has been higher level of engagement and longer tenure"* said Vishal Thanki, Talent & Culture Director at B&Q. Reskilling can also promote a positive working climate and enhance employee motivation compared to the long-term negative employee attitudes that can be engendered by redundancies.
- **Employee expectations are changing.** Employees increasingly expect their employer to invest in their longer-term career and to provide opportunities for learning and accumulating experiences. Olga Martens-Stuurman, Director, Future Ready Work Experiences, HP, said: *"Since the pandemic, employee expectations have changed more profoundly than we probably had anticipated. Our employee listening tells us that people want investment in their career development, and they want to have choices"*.
- **Contribute to sustainability goals** and the growing awareness among employers of the need to take account of the social impact of their operations. Many employers feel a strong sense of responsibility to avoid job losses as much as possible, or to mitigate the impact and help displaced workers find new opportunities where redundancies are inevitable. Whilst an important factor, our survey indicated that meeting social responsibilities is not currently a high priority driver for reskilling. See the Severn Trent case study on [page 24](#) for an example of applying circular economy concepts to employment.
- **Reduced costs.** Whilst reskilling clearly brings costs to the business, such as the time required for training or potential increases in salary to match new skillsets, research shows that these usually outweigh the cost of redundancy and rehiring. Redundancy is disruptive and creates indirect costs through loss of morale and institutional knowledge, as well as potential reputational damage. A 2022 study published by the Financial Services Skills Commission (FSSC) and PwC found that reskilling staff can create cost savings of up to £49,100 per employee compared to recruiting or making a role redundant. However, cost is not usually the main driver; our survey found that reducing cost was a priority driver for 21% of respondents.

- Retain tried and tested employees** rather than taking a risk on hiring someone external. This allows organisations to also retain the organisational knowledge, commitment and engagement of existing employees. Relatedly, reskilled and redeployed employees will likely have a faster time to productivity than new external hires.
- Adapt to the impact of emerging technologies**, including GenAI. Reskilling can help ensure organisations have both the overall flexibility and the technical skillsets required to implement new technologies effectively.
- Support agile organisations** through helping to create flexible pools of talent, rather than deep narrow skillsets. In this way reskilling can support different ways of organising the business, including helping to move towards a flow-to-work model (see Implications for Work Design on [page 52](#)).
- Increase diversity of the workforce through accessing previously untapped sources of talent.** Through reskilling organisations can look at adjacent or overlooked talent pools that they may not have previously considered. Matt Sigelman, President Burning Glass Institute said: *“Organisations trying to fill equity commitments may feel trapped by the lack of available talent. By identifying and reskilling adjacent, diverse talent pools, they can build greater diversity into the workforce while also shortening availability timelines”.*

FIGURE 2

The most popular reasons for investing in reskilling programmes



Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

176 responses

1.4

CURRENT STATE OF RESKILLING INSIGHTS FROM SURVEY

Our survey showed that HR practitioners believe that a significant proportion of their workforce will likely be affected by reskilling over the coming years. 71% of respondents expect at least a tenth of their workforce to be affected by reskilling over the next three-to-five years. This highlights the strong need to take a strategic and well-considered approach to reskilling and – given the timescales involved – to identify and successfully build these skills. The time to start is now.

Only 35% of respondents said that they have a reskilling programme currently underway in their organisation, though a further 35% said that they had plans to roll out a reskilling programme. Assuming these plans are implemented, the majority of respondents will be undertaking reskilling programmes in the next few years.

FIGURE 3

The proportion of the workforce likely to be affected by reskilling over the next three-to-five years

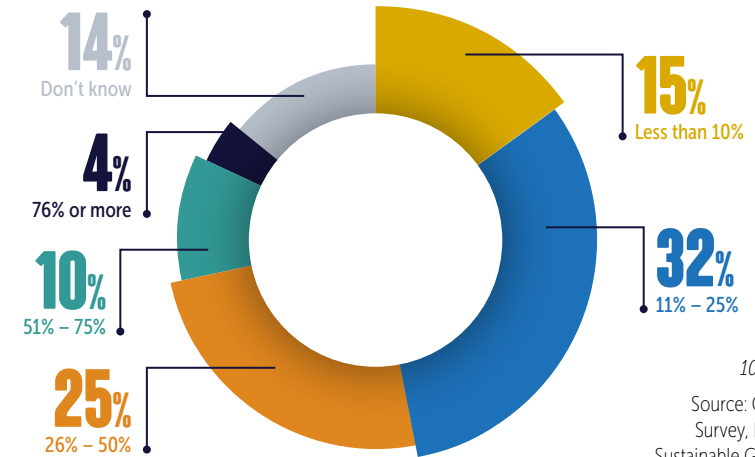
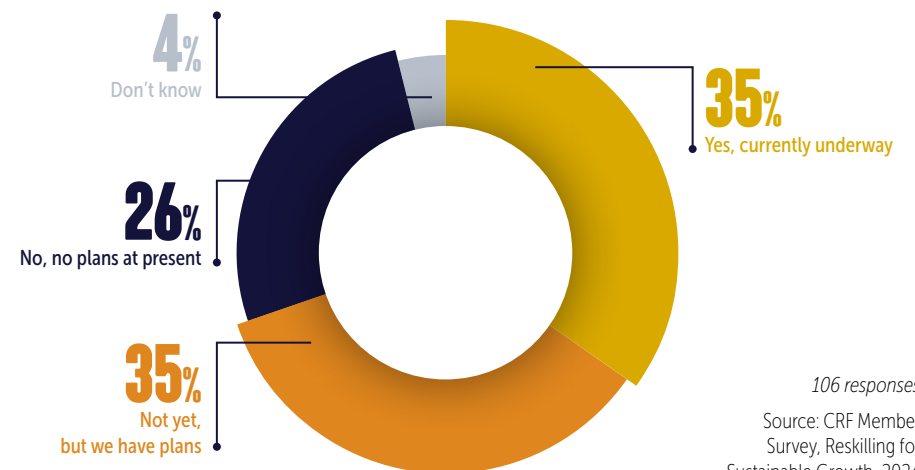


FIGURE 4

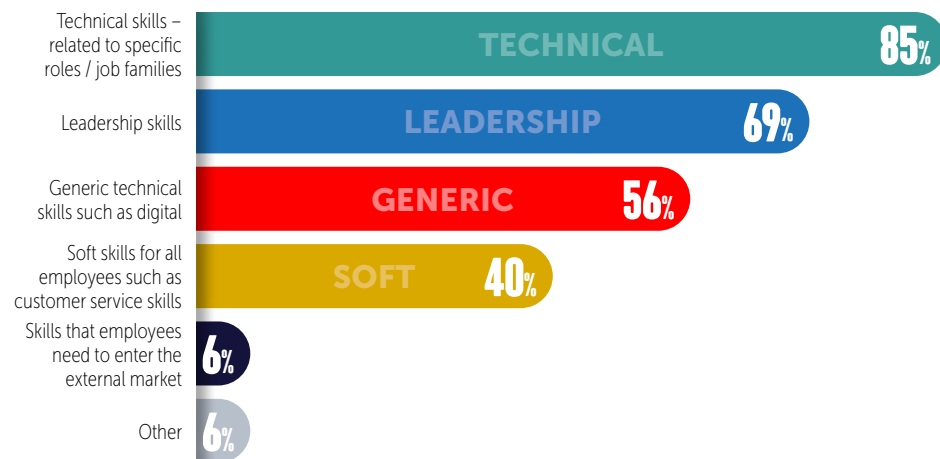
Do you have one or more reskilling programmes underway in your organisation? We define 'reskilling' as supporting groups of workers to develop skills required to move from one role or job to another.



The main area of focus of survey respondents' current reskilling efforts is technical skills related to specific roles or job families – 85% said it was an area of focus for them. A majority of respondents also said their reskilling focused on leadership skills (69%) and generic technical skills such as digital skills (56%).

FIGURE 5

What is the focus of your reskilling efforts?



Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

254 responses

This report provides practical guidance and support for HR leaders as they develop their reskilling strategies, and considers the full lifecycle of the reskilling process, from setting priorities and objectives right through to evaluating impact. It can be used to support organisations in shaping their strategies for reskilling and outlines key supporting areas for successful reskilling initiatives including strategic workforce planning, job design, a development culture and employee engagement and communication. It also includes:

- A deep-dive on how technology can be an enabler of reskilling, with recommendations and guidance for effectively leveraging technology.
- Key considerations for organisations interested in transitioning to a skills-based model.
- Models, frameworks and practical strategies to help organisations get started and progress on their reskilling journeys, including a Reskilling Model and a Strategic Workforce Planning model.
- Case notes and practical examples of implementation learnings, successes and challenges from a range of organisations, including Ricoh, bp, Unilever, BT, Virgin Media O2 and Standard Chartered.



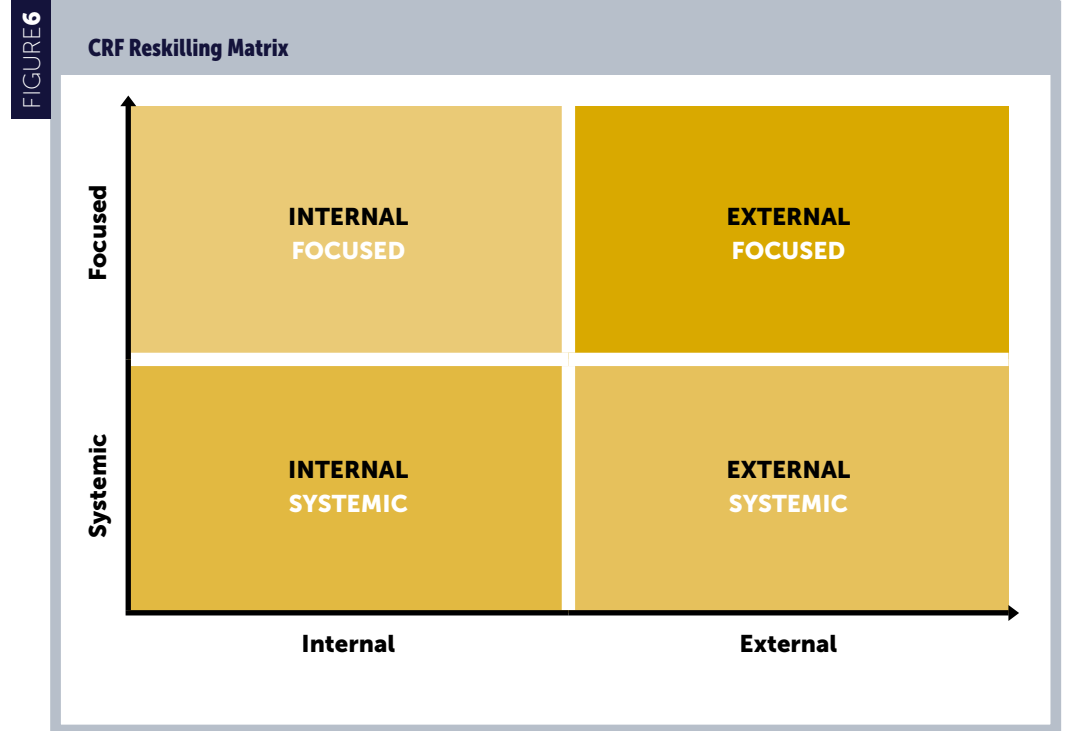
2.0 STRATEGIES FOR RESKILLING

“The need to create retraining and reskilling pathways for individuals and organisations has never been more pressing”.

ANDY MOSS, CHIEF CUSTOMER OFFICER, CITY & GUILDS

In this section, we highlight common strategies for reskilling that we found in our research, together with examples of how companies are tackling the challenges of reskilling. We have synthesised these into a two-by-two matrix shown in Figure 6 below.

2.1 CRF RESKILLING MODEL



The model is organised on two axes:

FOCUSED vs SYSTEMIC

One differentiator we observe is the extent to which future-fit workforce strategies are:

- **Focused** on specific job roles, skills, employee segments or physical locations (e.g. a factory at risk of closure). Companies with a focused approach provide support such as reskilling programmes, redeployment or outplacement targeted at those individuals or groups who are directly affected by these changes. The goals are to ensure employability, minimise the costs of restructuring and better match workforce supply and demand.
- **Systemic:** enabling people to continuously learn, develop and reskill through creating a culture of continuous development. Systemic strategies involve signalling to employees what the business strategy means in terms of future skills. It means supporting employees to determine their own future by providing tools and support, rather than being prescriptive about a specific outcome or destination role.

Another way of looking at this, according to Matt Sigelman is to apply actions organisations are often doing for their leadership ranks, at scale. *"Say we're going to need a lot of cyber analysts and we think the market is going to get more stretched. It's asking questions such as: Where do we have talent that could step in? What transitions worked into that role in the past? What are those talent benches and how much talent do we have there? What talent adjacencies might we not be thinking about? But, generally we are seldom doing this beyond the top of the organisation".*

A systemic approach can also involve connecting strategies for reskilling and upskilling to the broader purpose of the organisation (for example linking long-term employability with the company's sustainability strategy). It can also mean taking a broader ecosystem view of the future of work: working in partnership with stakeholders such as other employers, suppliers, education providers and governments to develop joint solutions to shared challenges. While minimising the cost of restructuring is also important, there are also broader goals such as developing a sustainable talent pipeline, acting as a socially responsible employer, and securing people's livelihoods over the long term.

INTERNAL vs EXTERNAL

The second differentiator is the degree to which actions are internally or externally oriented:

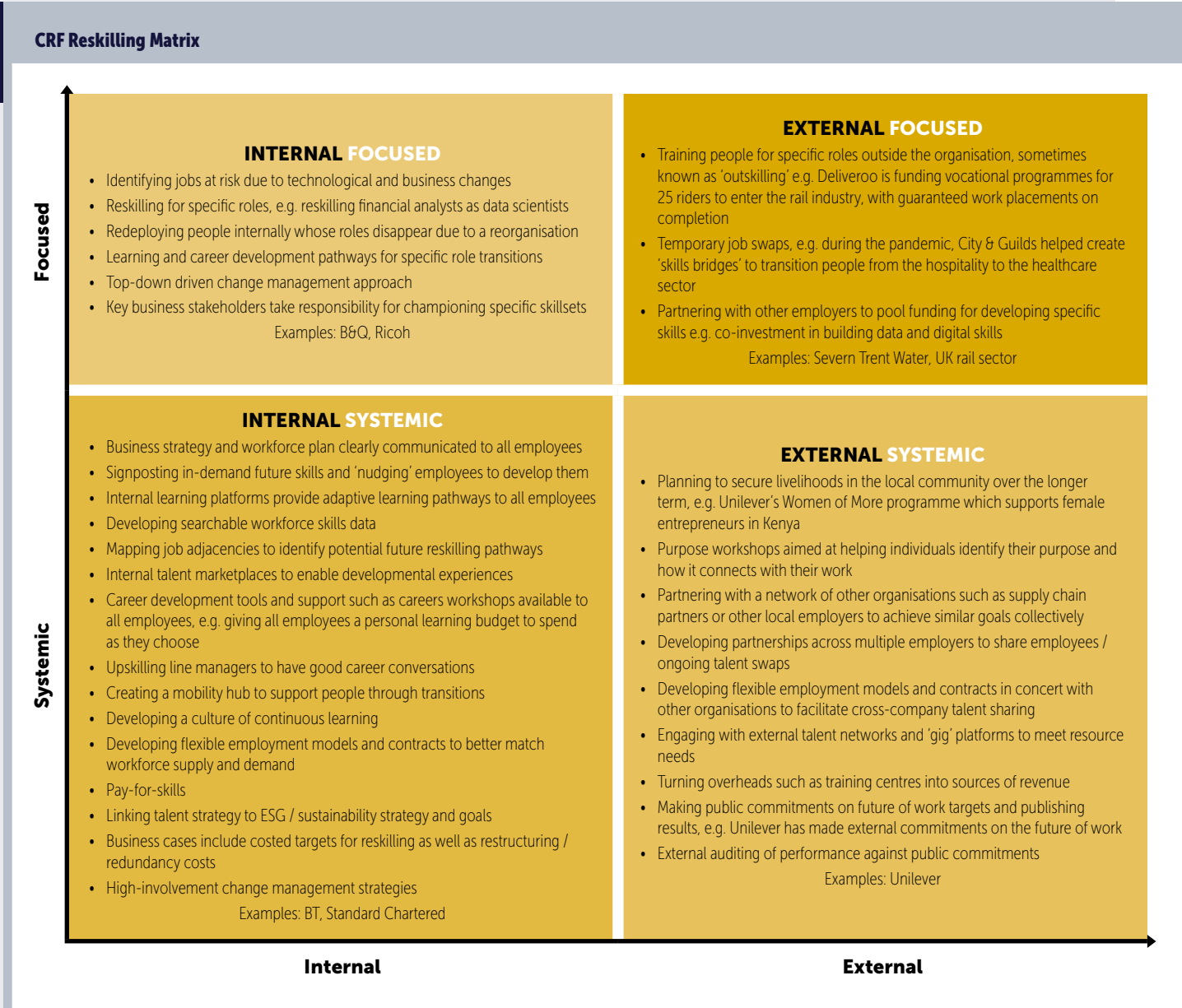
- An **Internal** orientation means focusing on actions that help people prepare for, and be redeployed into, positions within the organisation. These might include reskilling and upskilling programmes, and internal talent marketplaces to connect people with opportunities inside the company. This can also include communicating what the business strategy means for skills in order to identify high-demand future skills and to nudge people towards developing those skills, or implementing pay-for-skills policies that reward people with high value future skills.
- An **External** orientation involves, on the one hand, preparing people to find work outside the organisation. At a basic level this might involve providing outplacement services. It could also involve training people for specific jobs available in the external market, for example retraining water engineers as plumbers, or supporting people who are leaving the organisation to become entrepreneurs (see below on Livelihoods, Not Jobs). As one interviewee commented: *"Doing our bit around skilling the workforce for roles outside the organisation when needed is part of our social licence to operate"*. On the other hand, an external orientation can also involve creating an ecosystem of partner organisations who share the same goals. For example, Severn Trent Water is in a coalition of large employers across the West Midlands who work together to provide training and job opportunities to specific groups of potential employees: people coming out of the care system, neurodiverse individuals and asylum seekers.

Figure 7 sets out the actions we might expect organisations to take in each of the four quadrants and references some case study examples found in this report.

Key to reskilling is to rethink the timeframes over which you expect to see results. Reskilling requires investing today to have skills available months or years down the line. Matt Sigelman said: *"The problem is that we make strategic workforce plans, but we don't act on them. We don't integrate them into how we operate and as a result, our time frame for building talent is expected to be on demand. We talk about skills gaps, when actually you could have all the skills you wanted if you planned ahead"*.

Reskilling is also an exercise in sustainability, as you are investing today to create a sustainable talent pipeline that will continue to bear fruit over a longer timescale.

FIGURE 7



HOW TO USE THE MODEL

The model is designed to help you evaluate your organisation's current approach and identify where you may want to focus future activity and investment. Questions to consider include:

- In which quadrant(s) are we operating today? Do we need to shift towards taking a more systemic approach or become more externally focused?
- What does our business strategy and strategic workforce plan tell us about where to focus activity? Do we have specific short-term reskilling requirements? Should our priority be to develop longer-term workforce and talent flexibility? Or is it both?
- Who are the key stakeholders for these programmes and are we taking the right actions to meet their objectives and priorities?
- Are we being ambitious enough in our approach? Should we be doing more to prepare people to have meaningful livelihoods outside the organisation, for example?
- What tools, solutions and relationships can we draw on to realise our goals?

A few important points to note:

- The approach adopted by any organisation has to be determined by the business strategy, talent philosophy and strategic workforce plan.
- Organisations setting out on this journey will need to start with putting in place some core enablers such as a good understanding of the current skills profile of the workforce or the right learning infrastructure.
- Some organisations will be operating in multiple quadrants simultaneously, for example running targeted reskilling programmes for specific skills areas while also working on building a developmental culture.
- Many organisations will evolve their approach as they become more experienced and their reskilling journey progresses. For example, they may set out by being focused on a specific business issue but broaden out their practice over time.

CASE STUDY 1

BT Group

BT is several years into a major transformation of the infrastructure that supports its telecoms business as well as their product & service portfolio and customer service. A large share of the transformation rely on skills that BT is now competing against employers in its own and other sectors. To address its future skills need and provide opportunities for people whose roles will change or disappear as a result of this technology shift, the company has run a number of upskilling, cross-skilling and reskilling campaigns over the last few years, targeting skillsets such as cloud computing, data analysis or impacted audiences like contact centre employees to work in digital marketing and content design.

BT's experience shows the importance of driving their skilling efforts via their 16 professions and taking a joined-up approach to reskilling that's based on the principles of how adults learn new skills. BT's reskilling programmes advocate bringing together assessment, learning resources, accreditation, support through coaching, mentoring, communities of practice and real-life job experience to prepare people to transition to new roles.

The company's reskilling programme for cloud computing, for example, brings together a mix of learning approaches. There is a self-paced structured learning pathway that combines content across a range of sources such as PluralSight. An up-front skills assessment allows participants to assess their current knowledge and personalise their learning journey. A community of practice hosts discussions about learning content where people can share and deepen their knowledge. Each participant has a mentor to support them through the programme. There's also project work so candidates can apply their learning. On completion of the learning content, participants take an assessment which, if successful, leads to a certification issued by one of BT's cloud suppliers.

Having successfully run various reskilling programmes, the next challenge is to create an internal centre of expertise for reskilling. *"Our aim is to scale our reskilling offering and offer specific skills-related programmes depending on their current skillset of the applicants and business needs. These can also be open to colleagues whose roles are not necessarily at risk,"* said Gergero Safar, Strategic Workforce Manager. Offerings might include access to digital learning resources or skills pathways, or offering funding individuals can use to reskill in a specific skillset. *"As we move towards a skills-based workforce planning, this is a way to bring the workforce plans to life by allocating resources to develop and retain critical future skills,"* said Safar.

LIVELIHOODS NOT JOBS

Organisational change and shifts in the economic cycle mean that redundancies are sometimes inevitable. However, as the social contract between employers and wider society evolves, some organisations are recognising that they have a responsibility to not just provide outplacement support when people leave, but to be more systemic about supporting people to have sustainable livelihoods. *“As a society we are becoming less accepting of behaviours that may have been commonplace decades ago,”* said Neil Morrison, Group HR Director, Severn Trent Water. *“Expectations around responsible business practices are much higher, whether that’s maintaining the quality of river and sea water or helping people whose roles are becoming redundant to find meaningful alternative work either inside or outside the organisation. What it means is that we have to operate in a different way, and we have to rethink the psychological contract”.*

Examples of how organisations are applying these principles in practice include:

⚡ Training people for specific in-demand jobs outside the organisation. For example, Severn Trent Water offers to retrain former employees as plumbers to help them find productive and meaningful outside of the company if organisational changes might mean a reduction in demand for their current roles. According to Morrison, this means applying circular economy concepts to employment. *“We employ people in our local communities. If we then need fewer people, we want to train them to be economically productive as part of our supply chain. It’s about creating a virtuous circle rather than simply relying on the state to take care of them”.* The company is essentially offering a highly-tailored form of outplacement, focused on specific skills, which is partly funded by the apprenticeship levy. By training plumbers who then work in the local community, the company is not only helping people learn skills, it also benefits the company’s operations. *“We help them understand how to do work in customers’ homes in a way that avoids problems in the water system down the line. While it won’t change the system overnight, by training 10 or 20 plumbers a year, over time we will start to see improvements across the wider system”.*

“A by-product of our reskilling programme has been higher level of engagement and longer tenure”.

VISHAL THANKI, TALENT & CULTURE DIRECTOR, B&Q

⚡ Accessing previously untapped sources of talent, such as older workers, females returning to the workforce after children, or underprivileged communities.

For example, City & Guilds, a charitable organisation which works with governments, employers and education providers to deliver work-based learning, runs skills boot camps in UK prisons, to help prisoners find work in the rail sector on release. Rates of progression from education into work post-release are very low – about 15% – and prison education has historically struggled to prepare prisoners for life outside. In this programme, backed by major employers in the rail sector, prisoners who are within six months of being released are trained in licensed skills that are recognised by the rail sector with a guaranteed job on release. So far, 93% of those completing the bootcamps secured employment on completion, with 88% still employed six months later. According to Andy Moss, Chief Customer Officer at City & Guilds, *“It’s a great example of how to match learners to outcomes while meeting a significant skills gap where the labour supply agencies within the rail sector are struggling to recruit people into the sector. We’re tapping into a population that has been underserved and, frankly, failed, while supporting the UK economy”.* Other examples in this area include Kingfisher partnering with Digital Gurus to train refugees and young people from economically underprivileged areas in Google Cloud skills. This has opened up a new, highly-committed skills pool. Severn Trent Water also works with the armed forces to support the redeployment of former service personnel through providing training courses and access to job opportunities.

⚡ Creating external talent platforms that link together employers. Some organisations are exploring how to join together their learning and development and resourcing processes to train and mobilise employees across multiple organisations or to share employees. Loaning and borrowing talent can be an effective way of giving people developmental experiences while retaining them in the organisation over the long term. For example, during the pandemic, LHH developed its Employment Bridge, a technology platform which enabled companies to share talent by taking surplus workers from one company and finding them temporary employment at another. The idea was to build a secure and orderly pathway between companies that needed to lay off workers temporarily and connect them to employers that urgently needed to hire. An initial pilot, which LHH developed together with Modis, an IT staffing solutions provider, resulted in 6,000 employees across two large European companies ‘crossing the bridge’.

CASE STUDY 2

RICOH

imagine. change.

Over the last decade imaging and electronics company Ricoh has been reinventing its business model as it moves away from its traditional printer and copier market to being a digital services business. This business shift has also led to a significant need for reskilling, both in terms of new technologies and working practices such as agile and building capability in solutions selling. Engineers are having to not only learn new technical skills, but also learn how to work differently with customers and colleagues. The company has implemented a series of reskilling and upskilling initiatives over the last four years to support this transition.

The elements of Ricoh's reskilling and upskilling programmes include:

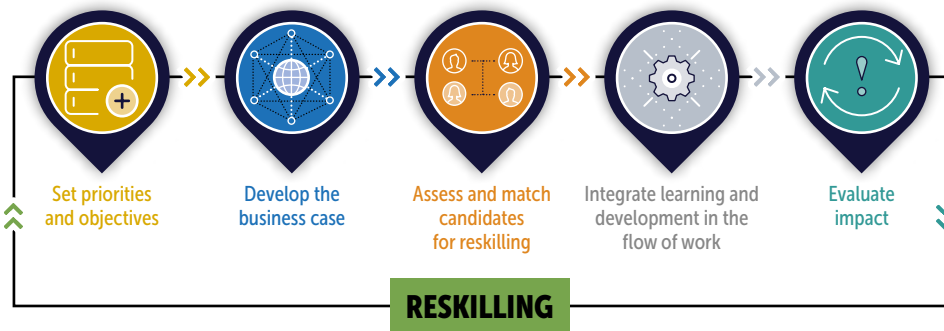
- A flagship reskilling programme – SCALA. This involves retraining top technical specialists from the legacy businesses to prepare them for digital roles. Employees who complete the programme are awarded a certificate of digital literacy. Candidates are selected through an assessment process including psychometric assessments which measure attributes which predict success in digital roles. Three cohorts have now completed the programme, covering over 4,000 employees who were eligible for the programme, of which 1000 applied and 300 were selected, with 100 learning hours per participant completed in total. SCALA consists of three modules: a digital literacy foundation programme which aims to get all candidates to the same level of digital proficiency; a technical module with five workstreams which leads to certification in high priority technical skills such as process automation; and temporary work placements across the group for 3-6 months to build experience. Candidates also receive career support to help them plot a new career path, develop their CV and gain interview practice with a recruiter. Candidates are released from their existing role for the days they spend training. Businesses can apply for a recharge from a central training fund to cover the costs of their people participating in the programme. Communities of Practice also support participants, giving them access to a network to deepen their technical skills and collaborate with others to solve problems. On completion, the recruiters provide candidates with hands on support, pairing them with new roles across the business, thus accelerating their permanent moves into new roles in digital services.
- The business case was based on comparing the cost of the reskilling and upskilling programmes against the potential restructuring costs of making those people redundant from the business. *"We are also saving recruitment and onboarding costs associated with filling the vacancies we have open in our digital businesses at any point in time, and are also able to reduce our use of contingent labour,"* said Bev Cunningham, Chief People Officer, Ricoh Europe.
- A second programme – Maiden – supports upskilling and cross-skilling the company's engineers in IT and AV skills. As well as enhancing employees' skills, it allows the company to save cost by replacing more expensive external contractors with employees. For example, the company won a major contract to install and maintain audio-visual facilities for a large global company. Maiden helped engineers develop the additional AV skills required to service this contract.
- The programmes are supported by an internal marketing campaign to educate the workforce about the digital services journey the company is going on. *"A foundational element of the programme was to develop and share a narrative about the business direction. We needed the business to be talking about the journey we're on so we could get our people talking about it too,"* said Cunningham. The narrative focuses on the growth opportunities arising from the business transformation and new jobs emerging in the digital space. HR developed a detailed communication plan including regular slots with the board, town halls and social media to generate interest and excitement about the future. HR also meets regularly with the line managers of SCALA participants to keep them on board.
- As the company has upgraded its HR technology, it is able to offer a seamless experience for employees who wish to apply for SCALA. Now people apply, complete assessments and learn seamlessly, all through the same platform. Previously applicants would have to access multiple apps to complete these processes. Upgrading the user experience has significantly improved response rates to internal communication campaigns.
- Another development is that the SCALA reskilling programme is now offered to external hires, who go through the modules of the reskilling programme as part of their onboarding. *"We wanted to attract external experienced hires into SCALA, so we have developed an enhanced 'SCALA 2.0' programme specially suited to the external market,"* said Cunningham.
- The company's HR system now also allows people to declare their skills, which are then matched to internal opportunities and learning content including parallel learning paths to what they are already working on. One-in-four employees have now completed their skills profile. According to Bev Cunningham, those who have completed their skills profile are consuming significantly more learning content than others. *"The AI constantly interacts with those people who have declared their skills, recommending the latest digital certificates and nudging people to try different learning paths. Once you start learning you are encouraged to do more."*
- Ricoh has also established specialist learning groups, called Power Skills, which focus on developing high end digital skills that the business needs to develop for the future. Participants can complete certifications in emerging digital skills, thus keeping their skills at the leading edge and allowing them to continue to grow. This also means the company can develop scarce skills that are difficult to hire externally and also supports retention of in-demand talent.
- Ricoh recently took stock of the impact of its reskilling efforts. It wanted to know whether people would have automatically enrolled in learning, even if it was not offered as part of a structured reskilling programme. HR monitored participation rates in digital certification programmes and discovered that the only people who completed digital certifications without prompting were typically those who were already in digital roles – and therefore not in need of reskilling. People who were the targets of reskilling programmes – engineers in the traditional business – were more likely to require reinforcement and encouragement to engage in learning. This provided a strong justification for continuing formal reskilling programmes, as otherwise the volume and pace of learning among engineers in the legacy business would likely reduce.

2.2 KEY STEPS IN THE RESKILLING PROCESS

In this section, we set out typical steps organisations take in reskilling, key practical considerations and lessons learned.

FIGURE 8

CRF Reskilling Process



“It’s easy to set off on a reskilling journey without having a clear idea of outputs. It’s essential to get granular, have a clear use-case and focus on business challenges, those areas where you can achieve competitive advantage”.

TIM WALKER-JONES, GROUP HEAD OF LEARNING, ANGLO AMERICAN

SET PRIORITIES AND OBJECTIVES

The first stage is to identify opportunities for reskilling and to prioritise the biggest gaps between current and desired future state. The strategic workforce plan and aggregate skills data discussed later will determine priorities for reskilling. It’s essential that reskilling programmes are driven from the business strategy and technical roadmap, so they deliver skills that are critical to the organisation’s future success and the resources required for reskilling are targeted where they will drive the greatest value in the organisation. Mathijs Schlepers, Head L&D Consultancy, ABN AMRO said: *“Reskilling needs to be part of business-as-usual, an ongoing business conversation, not just something that HR is pushing as a solution. Our analysis might tell us where reskilling could be needed, but we first ask our executive boards: do you recognise the issue in real life, and is it something that keeps you awake at night? From there we can decide whether it’s something that’s really worth doing because it requires a lot of time, effort and expertise”.*

Amanda Nolen, Co-Founder of NilesNolen and an expert in learning strategy and technology, recommends starting with a targeted and specific group of people or skills that are important to the business. *“Don’t boil the ocean, don’t try and do it all at once. Start where you can clearly add value, start small, build the business case, iterate, improve and then expand”.*

It’s also essential to define and prioritise the objectives for initiatives up-front. This might include specific targets around which jobs are to be targeted to fill with existing talent, how many and the associated costs, benefits and return on investment. According to Anand Chopra-McGowan of General Assembly: *“This clarity [around objectives] is critical. It should inform every aspect of the programme’s design – the curriculum, the branding, how participants are selected, what activities they are expected to do as a result of the programme, and how and when those activities are measured”.*

This stage is an opportunity to engage key stakeholders and secure their support for the programme.



DEVELOP THE BUSINESS CASE

Many HR initiatives struggle to demonstrate a compelling business case or positive ROI because the benefits are intangible or it can be difficult to demonstrate a causal link between a particular action and a specific business outcome. Creating an accurate, data-based business case for reskilling is not an easy task, as many of the benefits to individuals, companies, governments and society at large are difficult to capture in a quantitative model. However, many of the companies we interviewed report that they are able to demonstrate a positive business case for reskilling based on comparing the costs of restructuring and making people redundant versus the costs of reskilling. One of the companies we interviewed which has undertaken significant reskilling estimates the average cost saving per employee to be in the region of US\$40,000.

Typically the business case rests on the following:

- The positive cashflow effect of reduced restructuring costs
- Lower external recruitment costs through redeployment
- Faster time-to-productivity compared to external hires
- The quantified benefits being greater than the associated costs, such as cost of training, time away from the existing job etc.

For example, Unilever's investment in reskilling and redeployment means that future of work metrics are now routinely included alongside financial metrics when developing the business case for a change initiative. The discipline of accounting for restructuring costs has become part of the business planning process, and the CEO and CFO refuse to sign off business cases unless they cover the future of work angle, with targets for retraining and redeployment, alongside projections of the numbers and costs of redundancies.

As well as the financial impact, there are other intangible benefits to consider in constructing the business case, including:

- Increased loyalty and motivation
- Higher staff retention
- Positive impact on the employer brand and ability to attract staff in a tight employment market.



ASSESS AND MATCH CANDIDATES FOR RESKILLING

Not every employee is a blank canvas upon which new skills can be projected. Therefore, it's important before embarking on significant investment in skills building to make sure reskilling candidates have the capacity, relevant experience and motivation to learn a new role. Organisations that invest in robust assessment up front report better outcomes in terms of people succeeding in new positions.

Many reskilling initiatives include a form of assessment that measures capacity for and willingness to learn new skills and/or a measure of current skills against target. Companies are using psychometric instruments, structured interviews and technical skills assessments to assess people's capacity for reskilling, to match people to positions, to determine individual training needs and develop tailored learning pathways, and to measure the impact of upskilling and reskilling initiatives. For example, Virgin Media O2 uses a combination of psychometric and technical assessments to determine an individual's suitability and to prepare a bespoke learning plan.

There are a number of AI-driven skills matching tools, such as Faethm and TalentNeuron, which can be used to make a systematic assessment of the gap between current and desired skills. Using AI for skills matching can broaden the range of roles available to people looking to reskill. For example, research by the World Economic Forum (WEF) found that when people are asked to complete a skills profile manually, on average they identify 11 skills. Using AI can significantly increase this average to 34, opening up new pathways the individual would not otherwise have considered. Sometimes the transitions are unexpected: for example the WEF pilot found an IT manager in retail had a 50% match for the skills required to be a product manager. *"[This] shows upskilling is as much about training as it is about helping people spot opportunities,"* the report concluded.

An important consideration is what degree of match between current and future role is needed for reskilling to be feasible. Our research suggests that this skills overlap needs to be sufficiently large to make the transition feasible – a good enough but not perfect match. Neil Morrison, Group HR Director at Severn Trent Water, says a 40% skills match is a minimum, with the remaining skills gaps being filled through support and on-the-job development.

Another challenge for HR is to help managers craft vacancies in ways which might make them more suitable for reskilling. *"You have to really get into the specifics of what's an absolute prerequisite on day one and what can be in place by the end of the first year, for example, and what is and isn't trainable,"* said Morrison.

How the skills overlap is measured is also important. This is where looking at the underlying skills rather than focusing on job titles can help. *"You have to be flexible and get away from rigid thinking about roles or job families,"* said Bev Cunningham, Chief People Officer, Ricoh Europe. *"It's about saying 'you might not be a perfect match right now, but with the right support you can move into a new position as soon as possible'".* Similarly, Kingfisher's data science reskilling programme took people with relevant skillsets from other teams including customer insight and finance and trained them as data scientists. *"What's interesting is the capability of data scientists isn't really new; it's just a different perspective on skills that already are present in the business,"* said Vishal Thanki.

Some organisations adopt a 'try-before-you-buy' approach as an alternative or add-on to selection. For example, ABN AMRO's Smart Jobs allow people to experience a new position on a temporary basis before committing to a full-time move. Smart Jobs are advertised on the bank's internal resourcing system and anyone can apply. They tend to be project-based roles that give people an experience of what a job in that part of the business would entail. For example, in HR there is a continuous flow of Smart Jobs, often centred around projects going on in the team.

Job trials and simulations can help reduce the reliance on qualifications and experience for selection and open the field for a more diverse range of candidates. Talent marketplaces are being used in some organisations to allow people to experience a new skill on a temporary basis before committing to a full-time move.

Some organisations specifically advertise reskilling roles and label them as such in their internal job postings. These roles might also have special conditions such as who is eligible to apply, or include a structured learning programme.



INTEGRATE LEARNING AND DEVELOPMENT IN THE FLOW OF WORK

Research into reskilling pilots by the World Economic Forum found that it took around six months for people to be reskilled into roles in a different function.

Successful reskilling programmes are designed around the principles of adult learning. They combine learning modalities such as formal, structured learning either online or in-person, self-directed learning, practice including individual work experience and group projects, mentoring and support from experts and peers.

KEY PRINCIPLES OF ADULT LEARNING

Malcolm Knowles was, in the second half of the 20th century, one of the central figures in the development of understanding of adult learning. He identified six principles that underpin how adults learn.

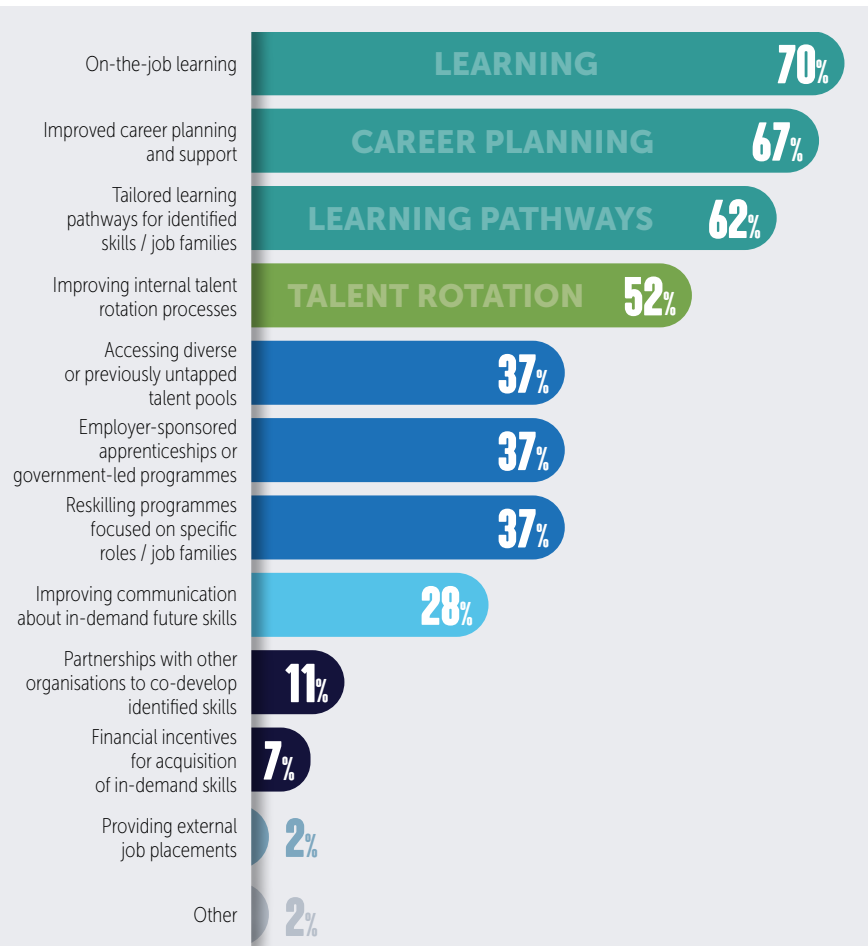
1. Adults need to know why they are learning something.
2. They learn through doing.
3. They need to be responsible for their decisions on education and involved in planning and evaluating learning.
4. They learn most from subjects that are immediately relevant to them.
5. Effective learning is oriented towards problem-solving rather than content or theory.
6. They respond better to internal than external motivators for learning.

There are many examples of peer coaching and communities of practice being set up to help people seek advice and learn together. For example, HP has skills communities where people from different parts of the organisation share best practices, collaborate on solving technical and sustainability challenges, offer coaching and mentoring and help each other improve their practice. BT has communities of practice in areas such as data and software engineering which it engages to raise awareness of future skills requirements and reskilling opportunities.

Our survey asked respondents which approaches they are adopting to support their reskilling efforts. The most common responses were on-the-job learning (70% of respondents); improved career planning and support (67%); tailored learning pathways for identified skills (62%); and improving internal talent rotation processes (52%).

FIGURE 9

Which approaches are you adopting to support your reskilling efforts?



Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

358 responses

The timing of training should coincide as closely as possible to taking on the new role. For example, at Kingfisher, participants in the data science reskilling programme complete their basic training during the three-month notice period in their old role, so they are ready to 'hit the ground running' as soon as they are appointed.

One of the major barriers to reskilling that companies report is the difficulty of carving out time for learning alongside an existing role. It's therefore important to consider the best way of structuring learning and on-the-job experience to increase the possibility of a successful transition from one role to another. Is it best to adopt the Google 20% approach, where individuals take one day per week out of their existing schedule to learn new skills? Or should reskilling candidates attend immersive 'boot camps'? According to BT's Gergo Safar: "How to structure on-the-job experience depends on the target role and the level of risk in the transition. We've run the whole gamut from putting someone on a multi-week full-time placement, for example in cybersecurity roles, through releasing people one or two days per week, to people who have taught themselves new skills outside of work on evenings and weekends". Our interviews suggest it is helpful to be explicit and transparent about allocating time for formal learning and on-the-job experiences, such as day-release programmes.



EVALUATE IMPACT

It's important to have a process for measuring the impact of reskilling initiatives and to track performance against objectives. This should be designed up-front as part of the overall programme design – not as an afterthought when the processes are already up and running. Evaluation should be a continuous feedback process which allows for course-correction and reprioritisation as business objectives evolve. Regular reporting of results to key stakeholders can help with their ongoing engagement with the programme.

Both qualitative and quantitative criteria should be included. For example:

- Tracking the results achieved against the business case
- Were the results achieved in line with objectives?
- Feedback from key stakeholders about the outcomes relative to cost and effort
- Impact on employee engagement and employer brand. For example, some companies tag participants in skills building programmes to assess the impact of their participation on performance and engagement scores.

CASE STUDY 3



LESSONS FROM TWO RESKILLING PROGRAMMES

The experience of running two reskilling programmes at B&Q shows how different business scenarios and skillsets can result in different programme designs.

In the first case, Kingfisher, the holding company for B&Q, ran a reskilling programme for data scientists. As the demand for data scientists was growing, the company's CTO made a commitment to develop data scientists internally rather than hiring from outside. An internal recruitment campaign offered people the opportunity to switch into a career in data science. People with relevant skillsets were invited to apply and be assessed before being offered the role. The company found that people from a wide range of existing roles in areas such as customer insight and finance, could be successfully retrained. Reskilling happened in the three-month notice period between leaving one job and starting the new role.

In the second scenario, the company was migrating their back-office systems to a cloud-based system. The skills required to support the new infrastructure (based on Google Cloud) were very different to existing skills (based on the Unix platform). The company decided to reskill existing software engineers to meet the future needs for cloud engineers. The challenge was that most of the 130 engineers involved had been doing the same specialist server role for a long time (average tenure in the role was 23 years). They were people who had learned a niche and highly valued skill that was no longer needed. Also, the cloud engineer role was so different that it was a skillset that had to be more or less learned from scratch.

Even though the company funded the cloud training and accreditation, which would result in participants developing highly marketable skills, only 10% of those who were eligible made the transition. Around half decided not to take the company's offer of reskilling, choosing to retire or to take their existing skills elsewhere.

One challenge the company faced was how to keep the existing service running while preparing engineers for the future role. They managed this by having the engineers run the service from Monday to Wednesday, and then spend Thursday and Friday learning the new role. The company brought in external staff to provide cover during the transition and free up capacity for retraining.

The business case for this programme was based on the difficulty of recruiting externally for cloud skills due to cost and shortage of talent. The company would also be subject to substantial fines from their technology provider if they did not meet the migration plan targets. Speed was therefore very important.

The company now has two different blueprints for reskilling that can be applied in different circumstances. Some elements that the company discovered has a bearing on the design of programmes include:

- Having a fixed go-live date vs. building a future talent pool determines how quickly new skills need to be developed and how to manage the transition between old and new roles. Where there is a fixed end point reskilling efforts need to begin earlier, but this increases risk as once people know their role is becoming redundant they may become disengaged or choose to leave.
- Deep technical experts with long tenure may have less incentive to reskill than people who have a longer career runway left and therefore may be more open to learning new skills. It's important to tap into people's motivations at different stages in their lives.
- The pay differential between old and new role matters. Reskilling is often an easier sell when the new role offers better financial prospects longer term. Red circling or other retention incentives may be necessary when the new role is at a similar or lower level of pay, or during a transitional period.
- Skills assessments can determine bespoke learning journeys but are not always necessary. For data analysts, reskilling candidates completed a self-assessment as a minimum skills match was required. For infrastructure engineers, the company made the call that the skillset was so different that candidates would have to learn the new skills from zero.

CASE STUDY 4



The global telecommunications company is undergoing a technology transformation, leading to a significant shift in the skills profile required within the workforce. The company recently established a global learning organisation and implemented a new learning strategy, organised around ten critical future skills. The aim in establishing the learning organisation was to provide global frameworks for developing critical skills that could then be deployed locally.

Each of the ten skills has a global skills owner who sits within the learning organisation. They are accountable for the associated learning curriculum and for developing partnerships and supplier relationships to develop the learning plan for their area.

Vodafone's learning strategy is underpinned by an integrated talent system that links skills, learning and resourcing. Employees' skills data is initially captured when they are recruited as they submit a CV and are assessed against the skills profile for their role. Employees can complete a skills profile which is validated by their line manager. Employees can use this to calibrate their skills against future roles in the organisation and trigger relevant learning content to be pushed to them. Employees can also gain access to short projects through a talent marketplace, which allows them to acquire and practise skills on the job.

The company is developing a segmented view of how to develop skills. Each skill has a proficiency rating of one to five (one to seven in technology). The learning offer is different depending on skill level. At lower levels, learning materials are content-based and designed to bring all participants up to a basic level. At levels three and above, there are skills accelerators and apps which are more advanced development programmes, some of which will lead to formal certification. The aim is to distinguish between providing high quality basic content that's available to all employees and providing more advanced learning resources for specialists.

One of the barriers Vodafone encountered was employees lacked time to invest in learning. In response the company introduced four 'Spirit' days per year when people were encouraged to take time out to focus on their learning. The learning organisation provides structured learning on those days but also encourages people to participate in their own learning. As a result, the company has seen a significant increase in engagement on its learning platforms on those days.

A key lesson learned is the importance of tailored communication to employees, to alert employees to the reskilling possibilities and raise the profile of programmes. The company tested four different communications strategies. The first 'Grow Future You' emphasised opportunities to gain new skills and invest in one's career through reskilling. The second, 'Grow with Vodafone', emphasised helping the company transform through reskilling. The third, 'Grow and Have Fun', put the emphasis on the joy of learning through reskilling. The fourth, 'Grow to Adapt' emphasised the importance of reskilling to stay relevant in a digital future. The test showed that the fourth message was the most impactful and motivating for employees in terms of their interest in engaging in reskilling.

Another key success factor is leadership engagement and support. The company set up an internal learning board which includes CEOs of the regional businesses. The board led the process of scoping out the ten key skills and deciding on investment priorities.

Results achieved so far include an increase in annual learning consumption per employee from 15 to 25 hours. Engagement and candidate attraction scores have also improved. Analysis has also shown that employees with higher engagement on learning platforms also on average report more job moves and promotions.



2.3 CRITICAL SUCCESS FACTORS AND BARRIERS

Our research highlighted some considerations which organisations report are key to successful reskilling initiatives, which we discuss in the following sections.

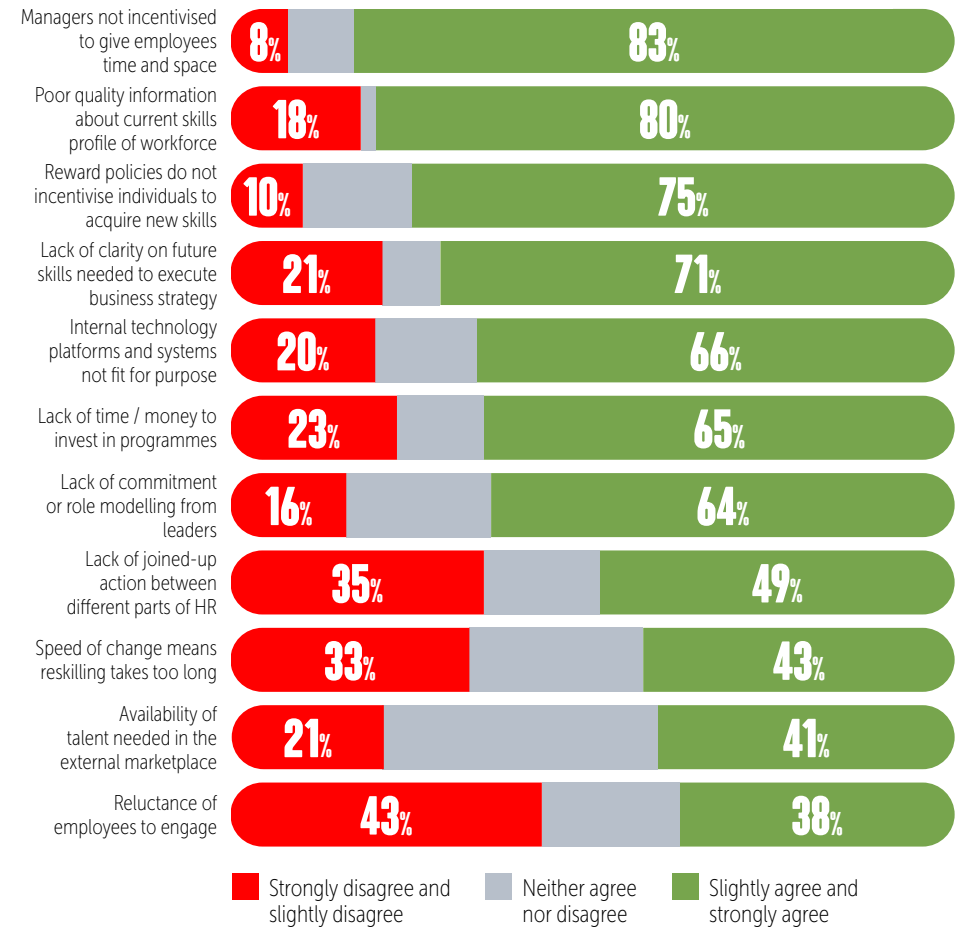
Our survey also highlighted what our members consider to be some common barriers to successful implementation of reskilling strategies. The greatest perceived barriers are manager behaviours, data and lack of incentives to reskill. 83% agree or strongly agree that managers are not incentivised to give employees time and space to reskill. 80% agree that information about current skills is poor, and 71% agree that there is a lack of clarity on future skills. 75% agree that reward policies do not incentivise the acquisition of new skills. These results provide some pointers for action.

“You need an enterprise mindset that’s open to people moving through the company so they can progress and grow together”.

OLGA MARTENS-STUURMAN, DIRECTOR, FUTURE READY WORK EXPERIENCES, HP

FIGURE 10

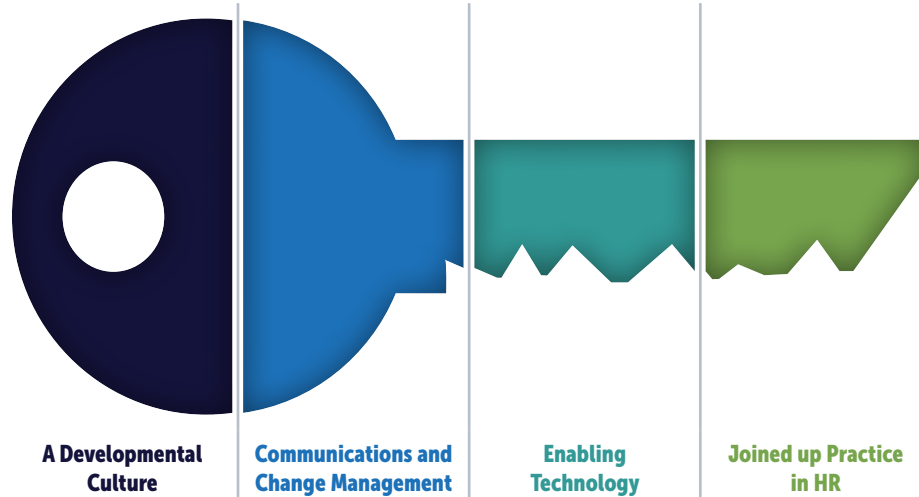
To what extent do you agree that these are barriers to the successful implementation of reskilling strategies for your organisation?



Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

86 responses

Key to Successful Reskilling Initiatives



"If we want individuals to be activists for their own careers, we need to empower them to find their own way. That means giving those individuals more transparency into the opportunities that exist in the business. They also need to have confidence and support to actually pursue those opportunities. That's where it can be really helpful to provide an alternative route for people to talk confidentially and honestly to a third party who's not their manager about their career".

IZABELLA KHAZAGEROVA, SVP, GLOBAL HEAD OF PRODUCT AND INNOVATION, CAREER TRANSITION AND MOBILITY, LHH

1. A DEVELOPMENTAL CULTURE

A critical success factor is the culture of learning in the organisation. Many organisations are investing in new technologies such as learning platforms and talent marketplaces. However these are unlikely to meet their objectives unless the organisation culture supports continuous learning and reskilling is valued. There are several elements which are particularly important:

- a** Leadership role modelling. Having an executive sponsor or senior leaders who visibly and actively promote reskilling initiatives can be a critical success factor. It's also essential that the organisation climate supports development. The measure is not what leaders say, but whether they back up words with meaningful actions.
- b** Encouraging talent mobility. Leaders who hoard talent get in the way of people accumulating the work experiences they need to develop new skills. Unless there's a strong culture of development with an expectation that managers facilitate internal mobility and support their teams in making developmental moves, managers may be reluctant to release their best performers to enable their development. Managers may need to be encouraged or incentivised to take on inexperienced staff who will be developed on the job. Neil Morrison at Severn Trent Water said: *"Managers understand that if someone comes in to a role where they're being reskilled, it might take them six or twelve months until they're performing the full range of duties associated with that role. They know we might have to detune the performance management process while that individual gets up to productivity"*.
- c** Equipping line managers with information about reskilling initiatives and the coaching capability to support their team members as they develop their careers. Andy Dent, Director Solutions Innovation and People, The Oxford Group, said: *"We need leaders who can create the conditions for people to be successful as they reskill. We need to help leaders become skilled at spotting the talents in their team and supporting their people to navigate opportunities internally"*.

2. COMMUNICATIONS AND CHANGE MANAGEMENT

Reskilling is in essence an organisational change programme, therefore to succeed you have to apply the principles of behaviour change. It's essential to pay the same degree of attention to communication and change management as for a restructure or other transformation programme.

Our survey found a significant gap in how organisations communicate with the workforce about how the skills profile of the organisation is likely to change. Currently, only 16% said they do this. More encouragingly, 36% are planning to start such communications.

Even fewer organisations – only 11% – have communications plans in place to support those employees in roles or job families where they are expecting significant change over the next few years, to understand how they may be affected and what they can do to remain employable.

ONLY **16%** of organisations communicate with the workforce in broad terms how the workforce skill profile is likely to change over the next 3-5 years.

ONLY **11%** have communications plans for roles or job families where significant change is expected, in order to support preparation and employability.

Communication needs to begin with a wider dialogue with the workforce about the strategic direction of the organisation and what it means for skills and careers. Communications should also highlight future skills that will be needed and signpost ways of learning and practising new skills. Where the workforce is likely to be reduced, this dialogue can also signpost opportunities for people to reskill for jobs outside the organisation, giving them as much runway as possible to prepare for what's ahead. Matt Sigelman's research on the future of work in collaboration with Harvard Business School, found that where organisations tend to fall short is that they don't adequately signpost to their workforce the resources that are available to support them in developing their skills. "Often we interview CHROs and they can give you a long list of resources and policies they have in place," he said. "But their employees aren't aware of them". This finding is echoed by Mercer's Talent Trends data, which finds that one in five people don't know what skills they should develop for career progression, and two in five don't know how to access those skills.

It's important to start communications as early as possible and work with existing communications and employee consultation mechanisms such as unions, works councils or employee representatives. Several companies we interviewed with strong union representation reported that involving trade unions early and fully in discussions about the future of work was essential to getting buy in with the wider workforce. Working with unions to co-create solutions to anticipated business problems was critical. Some organisations have explicitly built networks of change ambassadors or champions who act as a lightning rod for feeding back sentiment in the workforce and testing and promoting ideas.

Some organisations run targeted campaigns around specific skills or offer incentives to people who undertake certain development programmes. Communicating success stories can convince doubters and build momentum. It's important to work with and foster employee motivation. "Unless you communicate what the business expects, employees may not perceive there is a need for them to learn anything new," said Amanda Nolen. "You have to communicate why it's important that employees develop their skills and be clear about what's in it for them". Interestingly, our survey found that lack of employee motivation for reskilling was not seen as a significant barrier – only 38% of respondents agreed or strongly agreed that reluctance of employees to engage in reskilling was a barrier for them.

One objective in taking a change management approach is to overcome people's reluctance to reskill, which may be more a question of fear of the unknown than unwillingness. City & Guilds' Andy Moss said: "It's not so much that people are afraid of change. Often there's a desire to develop new skills but it needs to be demystified. People often don't know where to go for advice, funding and support". Offering taster sessions or clearly signposting to people where they can go for mentoring or career advice can be helpful.



3. ENABLING TECHNOLOGY

The last few years have seen a major expansion of the technology available to support organisations' strategies for developing skills. Increasingly powered by artificial intelligence, the tools promise to increase the transparency of skills in the organisation, infer people's skills, recommend learning pathways and connect people with jobs and projects that enable them to develop new skills. The benefit of technology, according to HP's Olga Martens-Stuurman, "is that it can speed and scale things up and also suggest things you may not have thought about".

Whilst a few years ago there might have been a clearer distinction between different categories of tools, for example organisations might have a separate learning management system, candidate management system and HR system of record, now many of the platforms cover multiple elements of the employee lifecycle. This means it is increasingly difficult to segment the market. However, from the point of view of reskilling, there are a number of different categories of technology that come into play, including:

- 1. Learning platforms that provide access to digital learning content and recommend learning content based on individual preferences or browsing history.
- 2. Talent marketplaces that allow people to access internal job opportunities, short term assignments, gigs and projects and might suggest opportunities based on an individual's career history. They also allow managers to construct talent pools and identify potential candidates for jobs or project opportunities.
- 3. Skills modelling tools that allow organisations to analyse the skills profile of the internal and external workforce, support workforce planning, and identify potential pathways for reskilling.
- 4. Increasingly, core HR systems are offering solutions across the whole range of skills-based tools.
- 5. Typically each system has a skills taxonomy or job architecture that determines how the system views skills and provides a framework for analysing individual employees and workforce groups. These can be used off-the-shelf but typically will require some configuration. Many organisations have their own taxonomies that they may wish to integrate with vendors' tools to create a bespoke skills taxonomy for their business.

As we discuss throughout this report, skills are becoming the key focus for workforce strategies, and this trend is reflected in HR systems which are increasingly becoming skills-focused. A key challenge is how to translate skills from one platform or system to another. Amanda Nolen, an expert in learning technology, cautions against assuming that systems will automatically work together well. "Vendors may claim that making different systems work together is simply a matter of using an API to integrate them, but it is rarely that straightforward in practice," she said. Each platform typically has its own definition of skills and often these do not speak to each other. Individual vendors may be able to offer a 'best of breed' solution, but integrating different systems in order to present a single interface to the employee is often easier said than done. For example, one of the high-profile early adopters of a best-of-breed talent marketplace, a global multinational, has recently moved away from its specialist talent marketplace technology vendor because it did not integrate well with the company's learning experience platform.

A bigger challenge is to make sure that the tools are used by managers and employees. To ensure high user engagement, it is important to have an intuitive and user-friendly interface that mirrors the user experience individuals are used to having at home. Systems that require employees to input their data multiple times across different interfaces are unlikely to be frequently used.

It is important to be clear about the use cases that the technology is there to address. This means finding solutions to issues that employees really care about, such as career progression. According to Amanda Nolen: "You can have the best skills taxonomy and you can spend years getting it right. You can have all the latest skills technology. But if you don't have a plan for what you're going to do with it, how it connects to meaningful learning experiences that are going to get people a promotion or a pay rise or if it's not clearly being used for hiring, then all of this is pointless, because the employee can't see what's in it for them. It simply becomes another competency framework".

Nolen recommends taking a human-centric approach to choosing your technology solution for skills. "Look at your water cooler, so to speak. Where are people already going? What systems are they already using? They might not be the systems you want them to use, but you need to work with the natural flow of how people work. Rather than forcing people to use an LMS you need to think about how to bring the learning and resources to where they are".

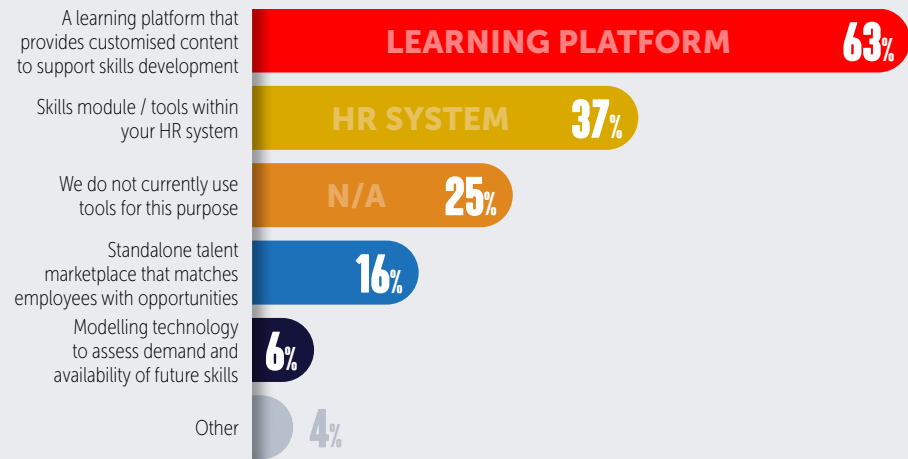
Our survey asked respondents which tools they are using to help employees close skills gaps or develop future skills. Learning platforms that provide customisable learning content are the most common tool (used by 63%), followed by the skills modules within their HR system (37%). Only 16% currently have a talent marketplace that matches employees with opportunities. A quarter (25%) are not currently using any of the main technology tools discussed in this section. See Figure 12 below.

In terms of who has access to the tools, there is still much to play for. Just over half of respondents (53%) said that all their employees can access tools to support reskilling. A further 34% said that some of their employees have access (and only 8% said access is limited to HR or Line Managers).

Our survey also showed that, although the tools may be available to employees, they are not necessarily using them as much as their employers might like. We asked respondents how employees' engagement level (measured by adoption and regular use) lined up with expectations. Around a third estimated engagement was somewhat lower than expected and 8% considered engagement to be significantly lower than expected. 48% reported engagement was the same as expected, and for 8% it was higher. See Figure 13.

FIGURE 12

Which tools do you use to help employees close skills gaps or to develop future-fit skills?

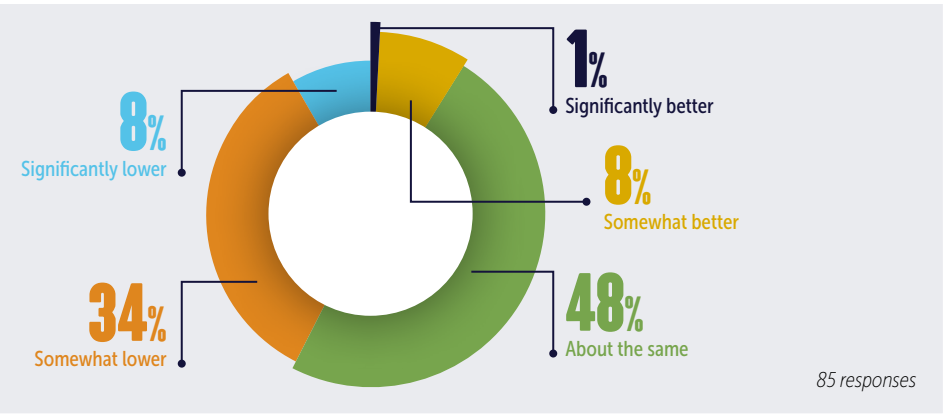


Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

141 responses

FIGURE 13

To what degree does the level of engagement (adoption and regular use) employees have with the tools align with expectations?

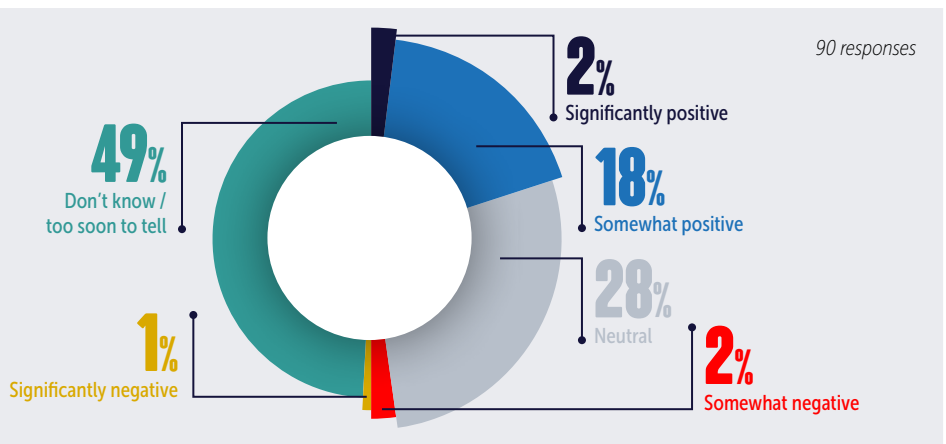


85 responses

In terms of business impact of reskilling tools, our data suggests the jury is out. 49% of respondents don't know or consider it too early to tell whether adoption of the tools has had a measurable positive impact on business outcomes such as decreasing time to hire or reducing recruitment or redundancy costs. Only 20% said they had seen a positive impact so far. Figure 14 below displays the results.

FIGURE 14





To what degree has adoption of the tools had a measurable positive impact on business outcomes?







90 responses

3.1 HARNESSING THE POWER OF TALENT MARKETPLACES

Talent marketplaces are a category of technology that are generating a lot of interest, although our survey showed that only 16% of organisations currently have one. Our discussions for this research highlighted various considerations and lessons learned from organisations which have implemented this technology. The key message is that successfully implementing a talent marketplace involves much more than simply selecting and integrating a technology platform. There are many policy and practical questions that need to be resolved, and continuing to engage the workforce in using the tools requires ongoing effort and commitment.

-  Be clear about the use case(s) you want to support and consider the implications and unintended consequences that may arise from that. For example, many organisations say their main objective is to connect people with tasks or projects they can complete alongside their current role, in which case, how will you create space for people to take on these tasks, and how will they be rewarded?
-  Consider how managers will use the marketplace and whether this requires a change in mindset. You will most likely have to invest much more in shifting mindsets than you might expect. If you are expecting managers to post their own 'gigs' or vacancies, is this something they are already used to doing? How will you get managers to share and release talent? Are managers prepared to take on someone who has potential but is not the finished product? Marcus Downing, Partner, Workforce & Organisational Transformation, Mercer, said: *"Often managers will look at the list of people with relevant skills in rank order and focus on taking those people who are at the top of the list, who are a great fit today. But that's vacancy management, not reskilling. If you're reskilling you want the manager to choose a person with high aspiration to do the role, who can use the gig as an opportunity to build some adjacent skills they are currently missing"*.
-  How does open posting of opportunities fit with your wider talent strategy, particularly with regard to developing high potentials? Will targeted development moves for high potential talent be managed through the marketplace or through another mechanism?
-  You need to agree what policies and rules apply to use of the talent marketplace. For example, is a hiring manager required to show that they have exhausted the possibilities of meeting their skills needs through the talent marketplace, before they are able to recruit externally? How do performance management and development processes recognise the work people do through the marketplace?

-  Start small by focusing on a specific skills area or rolling out in a receptive part of the business. For example, teams that are already used to working on agile projects may find it easier to make the transition to a different way of working.
-  Develop a comprehensive plan for communications and change management. It's important to engage employees around explaining how it works and the benefits for them. It will also be necessary to have an ongoing programme of communication, marketing and education so people actually use the tools.
-  Consider which types of work will be most suited to internal gig working. It may be necessary to rethink the design of work so it is organised in projects or smaller tasks that people can take on to build their skills. This is discussed further on [page 52](#).
-  Consider running a pilot to iron out all the strategic, practical and policy-related implications of the implementation before proceeding further.

"You need to have clear organisational rules, for example if an internal candidate is a 60% match for a position, they should be marked as the preferred candidate on the system."

IZABELLA KHAZAGEROVA, SVP, GLOBAL HEAD OF PRODUCT AND INNOVATION, CAREER TRANSITION AND MOBILITY, LHH

4. JOINED-UP PRACTICE IN HR

"You have to work more collaboratively and be a bit more cross-functional in the conversations you're having".

MEL GLOYN, DIRECTOR OF PEOPLE CAPABILITIES, VIRGIN MEDIA O2

The experience of organisations who are taking a skills-based approach to preparing the organisation for the future highlights the need for joined-up thinking between the business strategy, workforce plan, talent processes, learning and on-the-job development. This has particular implications for careers and learning.

To be successful, reskilling requires HR to act in a joined-up way. However, in our experience different parts of the HR function such as talent, L&D and career management often operate in silos. Izabella Khazagarova, SVP, Global Head of Product and Innovation, Career Transition and Mobility at LHH said: *"One of the challenges is, in most organisations, there is no-one responsible for reskilling and redeployment. Talent acquisition tends to focus on external hiring but they are neither skilled in hiring internally nor tasked to focus on internal redeployment."*

In developing a reskilling strategy, it's essential for each of the functions within HR to be aligned from the outset on the objectives of the programme and how each part of the HR function contributes. Amanda Nolen suggests that organisations consider appointing a Chief Skills Officer or similar who owns the process end-to-end. However, we find few organisations have such an individual with clear end-to-end responsibility for careers or long-term employability of the workforce.

One of the objectives of reskilling is to offer people an ongoing career with the organisation, where they are encouraged to grow with the business rather than seeking new opportunities elsewhere. This is an opportunity for employers to rethink their approach to career development. CRF research has found that career development in many organisations is not sufficiently focused on developing skills

which are critical for future success of the organisation. Ways in which organisations can better align their career development processes with their skills strategy include:

- 6 Educate people on what skills will be needed in the future and how they might acquire those skills. Make sure the outputs of the business strategy and workforce planning processes are reflected in talent and career development processes.
- 6 As we move into a world of personalisation it's important to put the tools in employees' hands to assess and develop their own skills and plan their career. Technologies discussed above can increase the transparency of skills in the organisation, support internal mobility and provide a personalised learning experience.
- 6 Provide access to job experiences and relevant learning pathways to help people develop in-demand future-focused skills such as digital. An effective career development strategy needs to describe how people can identify and access the experiences they need to develop their career, whether it's through internal 'gigs', project assignments or permanent job moves. Technology platforms such as talent marketplaces are making it easier to provide a joined-up experience for individuals.
- 6 Leverage short-term assignments to facilitate learning new skills. Large projects can be broken down into smaller tasks. Individuals can be released for one or two days per week to learn new skills. Internal job boards and talent marketplaces can be used to advertise these assignments. It doesn't need to be limited to opportunities inside the organisation. Some companies also offer job swaps and exchange programmes with other employers, or with partners in their supply chain.
- 6 Inform managers and other professionals who support career development about what the strategy and workforce plan mean for skills. Enable them to give good career advice by providing information about how people can access relevant learning and opportunities.
- 6 Carve out time for people to invest in training. Vodafone's 'Spirit' days (see the case study on [page 31](#)) is a good example.
- 6 Consider partnering with local training and education providers to co-create programmes that combine training and on-the-job experience or provide access to local talent pools. For example, Deliveroo partnered with City & Guilds to provide access to its 15,000 UK riders access to 'ready for' online skills development courses to help them obtain recognised qualifications for jobs in the hospitality, care and construction industries. These courses allow riders to understand more about the roles available, what employers are looking for and how to build skills or qualifications in different industries. On completing the course, riders are given digital certificates that they can use to demonstrate their interest in the sector, as well as information on businesses that are actively recruiting in the industry.

Each of these elements of the people strategy needs to be explicitly designed to work together, and the objectives and incentives of the different teams within HR need to line up consistently to enable joined up action.

“The problem is that we make strategic workforce plans, but we don’t act on them. We don’t integrate them into how we operate and as a result, our time frame for building talent is expected to be on demand. We talk about skills gaps, when actually you could have all the skills you wanted if you planned ahead”.

MATT SIGELMAN, PRESIDENT, BURNING GLASS INSTITUTE

A key conclusion of this research is that investments in reskilling need to flow from the business strategy. Reskilling requires clarity around the future skills requirements of the organisation and the nature and size of the gap between current and future state. This is the purpose of Strategic Workforce Planning (SWP), which is an essential enabler that underpins reskilling strategies.

The goal of SWP is to understand what capabilities will be needed to execute the business strategy; to work out where the gaps lie between current supply and future demand; and, most importantly, to build action plans to develop a workforce that supports long-term business goals. Actions may include reskilling, upskilling, investing in automation or robotics, redesigning work, tapping into the contingent workforce or restructuring the workforce. It is as much a mindset as a formal process and is about creating the conditions for managers to think deeply and systematically about the workforce that’s required to execute strategy effectively.

SWP helps organisations consider questions such as:

- What strategic capabilities will the business need to master to execute its strategy?
- What new capabilities will we need to build or acquire? Which capabilities that we have today will no longer be required – and how should we tackle the surplus?
- How can we improve productivity through technology and automating work? How might we need to redesign jobs?
- Where are we likely to experience shortages and surpluses of talent?
- What actions can we take to avoid restructuring costs by better matching talent supply and demand?
- What is the current and future skills profile of the workforce and where do we need to take action to address gaps?
- Where are there skills adjacencies that offer the potential for reskilling?
- Where might we need to build greater flexibility into our workforce?
- How can we best prepare our workforce for the future of work?

3.0

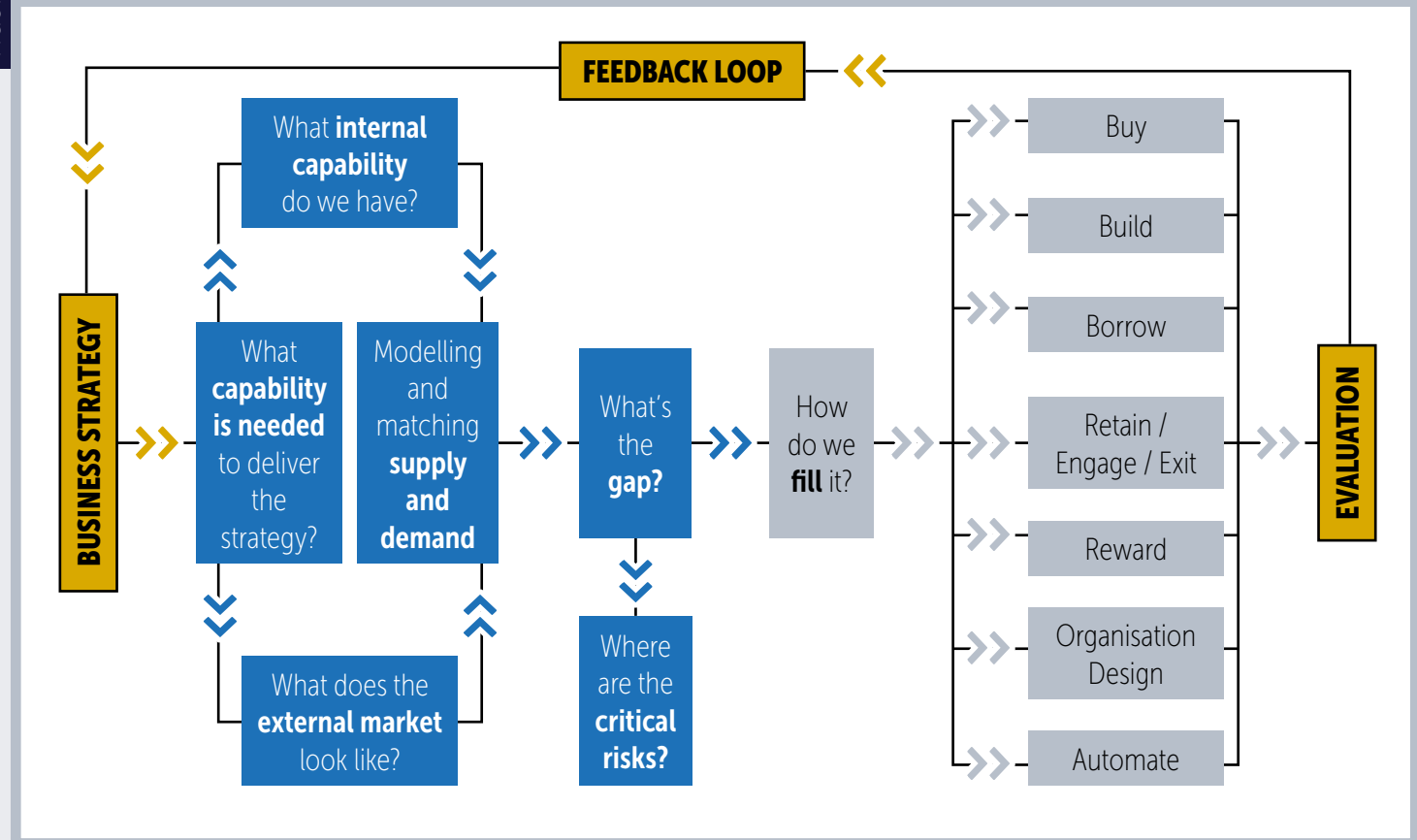
UNDERSTANDING FUTURE WORKFORCE NEEDS – STRATEGIC WORKFORCE PLANNING

STRATEGIC WORKFORCE PLANNING MODEL

CRF's research *Strategic Workforce Planning: Unlocking Future Capabilities*, sets out a framework for strategic workforce planning. Here, we summarise the key steps.

FIGURE 15

CRF Strategic Workforce Planning Model



1. WHAT CAPABILITIES ARE NEEDED TO DELIVER THE STRATEGY?

Before getting into detailed planning around workforce groups, roles and positions, it's important to identify the critical organisational capabilities required to build or sustain competitive advantage. Note that the actions required to develop capabilities might relate to talent but could include other elements such as investment in new technology or automation, developing new partnerships or acquiring another business.

Teasing out the critical capabilities is an essential stepping stone to get from business strategy to workforce actions. This stage seeks to answer questions such as:

- ★ What new work will the organisation need to be able to do, and where do we need to develop capability for the future?
- ★ What work will we need to continue to excel at to sustain our position?
- ★ What work has been part of our success to this point, but will have decreasing relevance in the future?

The analysis needs to focus on *differentiating* capabilities that:

- ★ Have greatest impact on business outcomes or are a source of competitive advantage.
- ★ Are difficult or time consuming to develop.
- ★ Are not in common supply externally.
- ★ Are a significant stretch from where the organisation is today.

2. WHAT INTERNAL CAPABILITY DO WE HAVE?

This stage involves understanding the current workforce and how it is changing in order to assess the availability of people to meet future demand. This means looking at factors including:

- ★ Current size, location, and profile of the workforce (e.g. skills, length of service, demographic information, diversity data).
- ★ Job / skills families and skills levels (skills may include both generic skills which apply to the whole workforce, leadership or management skills, and technical or job-specific skills).
- ★ Expected major talent flows both in and out (turnover patterns, retirements, anticipated restructurings, internal moves, vacancies).
- ★ Talent management information regarding the future internal supply of talent (succession plans, internal talent pools, anticipated cohort recruitment such as graduates).
- ★ Career paths and promotion information, which shows the nature and speed of movement in talent pipelines.
- ★ Resourcing mix (balance of external vs internal resourcing for critical workforce groups), important in terms of understanding future supply options.

This stage of the process can be data-heavy and require data analysis capability in HR. However, by narrowing down the analysis to the strategic capabilities and talent identified in stage one, the effort can be focused where the greatest shifts are anticipated.

3. WHAT DOES THE EXTERNAL LABOUR MARKET LOOK LIKE?

“Having data about the skills that people have, the skills that employers seek, and about what’s emerging and changing in the market is key to making sure that the workforce we have is the workforce that we’re going to need in the future”.

MATT SIGELMAN, PRESIDENT, BURNING GLASS INSTITUTE

Assessing the future shape of the workforce and potential workforce risks includes building a picture of the external supply of talent in the timescales required to fulfil the business strategy, including broader workforce, demographic and technological trends that may affect the availability of talent.

Relevant external market information would include:

- ★ Changes in the working population in the markets in which the company operates.
- ★ Understanding competitors for critical talent, and whether this competition is likely to increase or decrease.
- ★ Likely future shortages or surpluses of key skills in current and future labour markets.
- ★ Output of the education system in terms of subject, level and type of qualifications and quality of skills.
- ★ The impact of innovation or automation. Is technology becoming available that will allow work to be wholly or partly automated? Will that result in demand for different skills?
- ★ Alternative sources of supply, such as outsourcing, contingent workers or acquihiring (buying a company primarily for the skills and expertise of its staff rather than its products or services).
- ★ Alternative hiring strategies to tap into new talent markets (older workers, people with disabilities, rehabilitated offenders).
- ★ Pools of workers currently working in other sectors who could be reskilled.
- ★ Industry trends and the impact of regulation.
- ★ Changing assumptions in the working population, for example around diversity, workplace culture, and environmental or social impact.

Examining these, and other relevant, factors helps build a picture of where the biggest changes in the labour market are likely to occur which might require the organisation to develop different resourcing strategies.

MODELLING AND MATCHING SUPPLY AND DEMAND

Once the organisation has developed a point of view on the capabilities needed to deliver the strategy and examined data relating to the internal and external talent supply, it should be possible to develop models to match supply and demand, assessing the gaps between what the business will need and its potential future workforce supply. Sometimes this will be obvious – we need a lot more of X and it’s hard to find – and will not require detailed modelling.

4. WHAT’S THE GAP?

The purpose of this stage is to identify gaps between future need and current supply and highlight the areas where action may be needed. This step may consider multiple timeframes, setting out when gaps are likely to open up, and allowing action to be phased in line with anticipated demands.

Gap analysis can be done both at the level of individual roles, workforce groups, or skills-based. Focusing on workforce groups or skills allows planning for cohort-based recruitment and development, or for reskilling programmes.

5. WHERE ARE THE CRITICAL RISKS?

A key aim of SWP is to identify the few critical things that will trip up the business if it fails to take action and that otherwise might have been missed by projecting forwards from operational plans. For example, capabilities that were previously in high demand becoming redundant as a result of technology shifts.

This step involves reviewing the gap analysis through the lens of risk. Where is our strategy most at risk if we fail to address the gaps effectively and in good time? Risk is not just about the size of the gap – it is a combination of the size of the gap, how critical it is to strategy execution, and how difficult it will be to close the gap. Focusing on risk is an exercise in prioritisation: narrowing down all the possible actions to those which are most likely to address the key risks identified.

It also opens up a conversation around options for mitigating the risks identified. Should we build partnerships across our industry to pool investments in new skills and share resource? Where might we need to invest in reskilling programmes?

6. HOW DO WE FILL THE GAPS?

Having identified the major gaps and risks, the next stage is to formulate an action plan. This stage forms a bridge between the business strategy and people strategy / plan. The process of SWP does not necessarily result in a single planning document but should feed into other business and people plans.

While some actions – recruitment and training – may be obvious, there may be other actions required such as investing in technology to automate certain tasks.

Possible options available to address gaps and risks identified through SWP might include:

- ★ **Buying in talent through recruitment.** SWP helps differentiate between ‘make’ roles which are developed from within; and ‘buy’ roles, which are brought in from the external market. ‘Make’ roles – which may involve reskilling or upskilling – require a higher level of investment in training and development.
- ★ **Growing talent internally** through both formal on-the-job skill and career development, and deployment of people through developmental experiences.
- ★ **Create talent transition pathways** to smooth out internal demand curves or redeploy people from parts of the business where demand for talent is reducing, while avoiding blanket workforce reductions. One of the benefits of SWP is to reduce restructuring costs through better planning of redundancy or retrenchment programmes.
- ★ **Improving retention and engagement.** Analysis may indicate ‘leaky’ parts of the talent pipeline that need to be addressed through understanding and responding to the reasons for turnover.
- ★ **Increasing workforce flexibility** through ‘borrowing’ talent from the contingent workforce (temporary and agency staff, self-employed contractors, consultants).
- ★ **Developing differentiated EVPs.** Where the organisation is looking to hire skills it previously did not require (such as developing a new technical capability or hiring talent from outside its sector), or attract different talent segments (e.g. Generation Z talent, increasing diversity in the talent pipeline), it may be necessary to make changes to the employer brand and employment value proposition. This could include offering more flexible patterns of work (especially part-time working), rethinking career pathways, developing mentoring schemes, or updating reward and benefits packages.

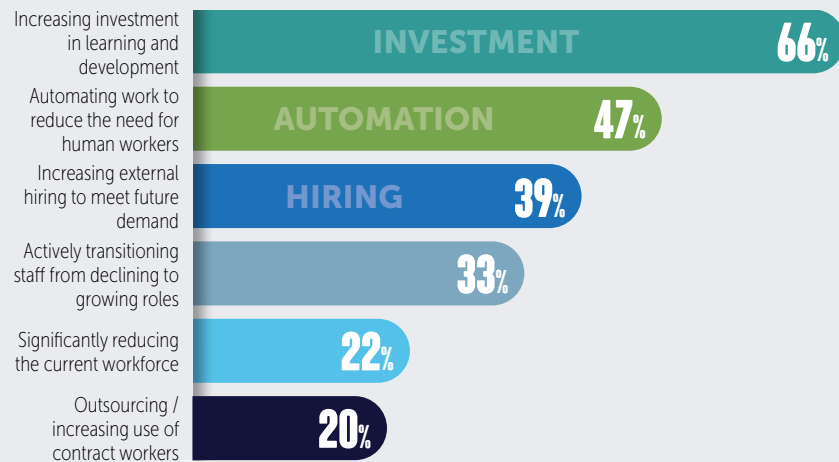
- ★ **Rewarding employees for developing new skills.** For example, IBM reinforces its skills-based career development strategy by rewarding those who develop skills needed for the future. It provides managers with predictive analytics tools to help managers make skills-based compensation decisions.
- ★ **Automation of work.** Reducing the demand for workers or automating some tasks currently done by humans.
- ★ **Redesigning work** to meet changing business needs more effectively. For example, developing multi-skilled teams to increase resource flexibility or designing a new function or job role to focus on a new capability to be developed.
- ★ **Outsourcing** of non-core activities.
- ★ **Targeted mergers and acquisitions** or acquiring, where a business is acquired for the purposes of securing its talent.
- ★ **Changes in where work is located,** including remote working.
- ★ **Collaboration with the education system** or government training programmes. Several organisations have launched initiatives with local schools and universities, for example to encourage children to pursue STEM careers.
- ★ Validating the degree to which the organisation’s plans for **learning and development** address the issues arising from the SWP. For those capabilities that have to be developed from within, does the L&D plan include sufficient investment in those areas?
- ★ **Knowledge management strategies.** Where cohorts with deep expertise are due to retire within the planning horizon, is there a plan for capturing and transferring their knowledge?

What is essential is that the plan is enacted and not simply left to gather dust. The Burning Glass Institute’s Matt Sigelman said: *“It’s interesting to me that so many organisations have a strategic workforce plan, but unfortunately, like a lot of plans, it sits on a shelf and is not tied to specific actions such as developing a talent supply chain or talent acquisition”.*

Our survey asked what workforce strategies participants are using to balance supply and demand at their organisation. The most common responses are increasing investment in learning and development (66% of respondents); automating work to reduce the need for human workers (47%); and increasing external hiring to meet future demand (39%).

FIGURE 16

Which workforce strategies are you adopting to balance skills supply and demand in your organisation?



Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

197 responses

7. DID THE PLAN WORK?

The final stage involves evaluating and improving the practice of SWP and monitoring the implementation of actions arising from the plan.

Evaluation might involve asking stakeholders questions such as:

- ★ What do key stakeholders think about the results achieved relative to the costs incurred or effort involved?
- ★ Did we implement the actions agreed in the plan?
- ★ What impact did these actions have on business outcomes and key metrics?
- ★ Do we regularly revisit assumptions and update plans accordingly?
- ★ Do we communicate the results of SWP to those people in the organisation who need to know about them?
- ★ How can the process of SWP be improved?


 crf learning

ON DEMAND COURSE
[Strategic Workforce Planning](#)

If you'd like to build your expertise in strategic workforce planning and learn more about CRF's framework, access CRF Learning's On Demand Course [Strategic Workforce Planning](#).



4.0 TAKING A SKILLS- CENTRIC VIEW OF THE ORGANISATION

In this section we consider an emerging workforce trend: the concept of the 'skills-based organisation'. While skills have always been important, in recent years key players in the HR space have suggested that skills are pivotal for organisations' continued success, and therefore need to be at the centre of people strategy. Increasingly we hear that skills are the critical currency in the future of work and organisations are exhorted to become 'skills-based.'

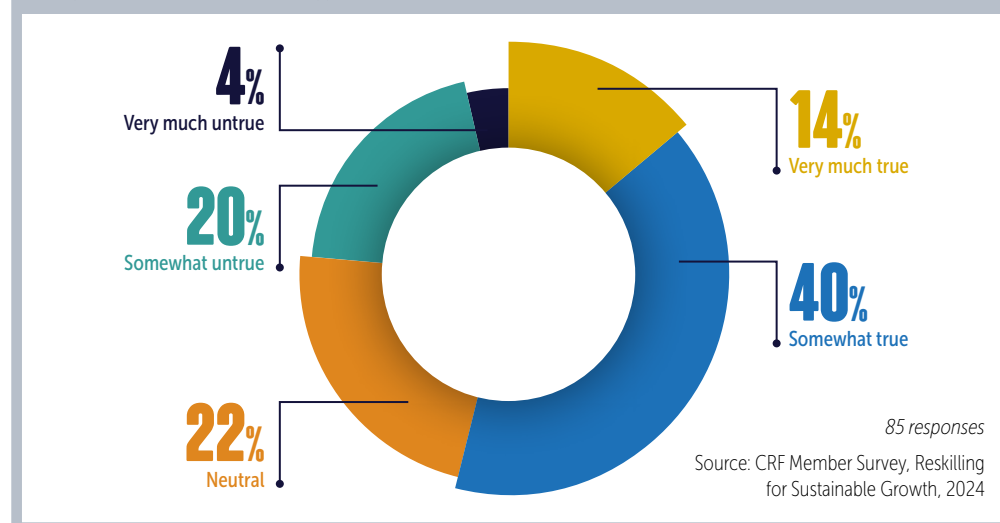
"Everyone's talking about skills-based organisations, but there's a risk this will just end up being a fad. The main reason for being sceptical about skill-based organisations is that to make it work you have to connect it structurally in terms of KPIs, compensation and so on, but that means changing the way we do business and most organisations are not prepared to do that".

AMANDA NOLEN, CO-FOUNDER, NILESNOLEN AND LEARNING TECHNOLOGY EXPERT

Becoming more skills-based is something that many organisations are actively pursuing or considering, according to our survey. 54% of respondents said that it was at least 'somewhat true' that they are intentionally moving towards a skills-based approach to talent, learning or job design, where individual skills are the primary unit of analysis. Additionally, 42% of respondents have updated their external hiring criteria for some or all roles to be skills-based, with a further 21% planning to make this shift.

FIGURE 17

Our research has found that some organisations are intentionally moving towards a 'skills-based' approach to talent, learning and job design, where individual skills, rather than traditional qualifications, credentials or job titles are the primary unit of measurement. **To what degree is this true for your organisation's people strategy?**



While there may be merit in focusing on skills, particularly in the context of reskilling, we are concerned that this risks becoming the latest HR fad.

Building a skills-based organisation implies turning people practices on their head to be based on skills rather than jobs. In practice this could mean:

- Rethinking how work is organised, for example moving away from clearly defined jobs towards packaging work as one-off projects, executed by people working in fluid or agile teams.
- Redesigning work by breaking down jobs into their constituent parts before considering how the work is done and whether it can be automated, AI-enabled or outsourced.
- Recruiting people by matching the individual's skills, experience and potential to the skills profile and requirements of the role, rather than hiring on the basis of qualifications or previous job title. Some organisations are moving away from having rigid degree requirements for some roles to focus on assessing whether candidates have the right skills or the potential to develop those skills once they are hired. This also has implications for assessment and selection processes. Some companies report increased use of situational judgment tests and other tools that allow candidates to demonstrate competence in critical skills or to surface latent skills they may have acquired outside work, rather than asking them at interview whether they are currently practising that skill in their role.
- Matching people to internal jobs, projects and opportunities on the basis of skills.
- Designing learning pathways to support people to develop identified skills which might be adjacent to their current skillset.
- Aligning performance management practices to a skills-based approach.
- Adopting skills-based reward. Some organisations are experimenting with adopting pay-for-skills, but we find the practice of skills-based reward is not yet widespread and few companies understand how to do it at scale. Pay-for-skills has been particularly challenging to master due to a lack of good information on both pay and skills.

In the context of reskilling, there are clearly benefits to being able to redeploy talent as capability needs change. Talent marketplaces are a key technology being deployed in many organisations to better match the supply and demand of talent and to serve up opportunities for employees to take part in short term assignments and projects alongside the day job. However, what we find in practice is there are few organisations where wholesale deconstruction and redesign of jobs across the board is feasible. More typical is for this to happen in smaller pockets of the organisation, for example in technology, where work can more easily be organised in projects. There are also questions about whether fractionalised work that involves moving from project to project is what most employees want.

"You have to keep the scope really tight otherwise you can lose business focus as you get excited about the shiny new thing and over-complicate your approach. Start with building a minimal viable product and use that to learn lessons you can apply in other areas".

SIMON HALLETT, RESOURCING DIRECTOR, DELOITTE

In his excellent article, *Is the Juice Worth the Squeeze*, Marc Effron, President of Talent Strategy Group unpicks the rhetoric behind skill-based organisations. He concludes that there are obvious and substantial costs to redesigning the whole organisation around skills, but the benefits are unclear.

Notwithstanding wider concerns about the feasibility and benefits of the skills-based organisation, our view is that organisations can successfully reskill by picking and choosing certain aspects to create the conditions for reskilling to happen. Specifically in two areas:

1. Improving quality and access to skills data in the organisation.
2. Thinking about how to design work in ways that create opportunities for people to develop and practise new skills, for example through making project work available to a wider range of employees.

The market for technology that underpins this shift is becoming more sophisticated, with an expanding range of AI-driven tools and platforms that enable workforce planning, work allocation, learning and career development to be skills-driven and decoupled from specific jobs. See [page 35](#) for a further discussion of technology in the skills arena.

However, we would caution against getting caught up in the current hype around skills-based organisations. It's important to begin with the question: what is the business issue for which a skills-based approach could be the best solution? Consider which elements of a skills-based approach make most business sense. Be clear about the use case and be specific about how it will add value to your organisation.

"The shift happened when people began to see reskilling as a real unlock to better productivity, not just a solution HR was pushing".

ANDY MACLEAN, GLOBAL HEAD OF ORGANISATION AND PEOPLE CAPABILITY, STANDARD CHARTERED

CASE STUDY 5



CREATING A SKILLS-BASED ORGANISATION AT STANDARD CHARTERED

Standard Chartered, the UK-based multinational bank is currently on a multi-year journey towards becoming a skills-based organisation. Andy MacLean, Global Head of Organisation and People Capability, outlined the key elements of the Bank's transition.

A key pre-requisite was to create alignment on what is actually meant by skills. Standard Chartered breaks down skills into three buckets:

- Human Skills (what you need to perform at your best).
- Behavioural Skills (what you need to interact effectively and appropriately).
- Technical Skills (what you need to perform a particular task).

The Bank's reskilling programmes focus on all three, with a big focus on identifying and developing the evolving technical skills that are most critical for the future.

The transition to becoming a skills-based organisation involves three phases:

- **Phase One** – Build the Learning Habit. Actions included launching a digital learning platform and future skills academies targeting priority skills identified by the business, which helped create a 'buzz' around the concept of a skills-based organisation. A priority was to improve learning content and increase the volume of bespoke learning through investing in internal content development capability. This resulted in significant growth in learning consumption, an improvement in net promoter scores and reduced cost.
- **Phase Two** – Nurture the Priority Roles. In phase two, the Bank developed three-month reskilling journeys for eight future priority roles, such as Universal Banker, Data Analyst and Cyber Security Analyst. For each role, employees can go to the 'gym' (practise internally developed brain training games), go to the 'playground' (take part in digital simulations) and go the 'library' (access content on the digital learning experience platform). A talent marketplace also gives employees access to relevant work experiences. Prior to launch, each journey had to have a business sponsor who would guarantee that sufficient experiences would be made available in the marketplace, and that candidates would have access to mentors and work shadowing. *"This way, we made sure we were co-opting hiring managers to make sure they were supporting employees going on the journey to be redeployed into a new role,"* said MacLean. So far, 2,300 staff have taken part in these journeys, of which 84% have changed roles internally.

- **Phase Three** – Embed learning and skills into the Bank's DNA. Having the infrastructure in place to support its skills strategy is only one element of the transformation. The next phase is now focusing on unlocking productivity by better matching the skills held across the workforce (supply) to the work required by the business strategy (demand), as well as on helping colleagues to better understand the skills they hold and the skills they need to develop to pursue their career aspirations. Initially the focus of the Bank's talent marketplace was to advertise internal gig opportunities that people could take on alongside an existing role. As it matures it will be used to support skills-based hiring and to help manage peaks and troughs in talent supply and demand by enabling a more seamless 'flow' of colleagues with the right skills to the work required, particularly in the technology area. MacLean estimates that the cost saving of reskilling and redeploying people is in the region of US\$49k per person.

Lessons learned:

- A great deal can be achieved by providing a talent marketplace and simply enabling colleagues' natural ambition to find gig work. Even more can be achieved by ensuring the gigs advertised focus on specific skills areas that are of highest value to both individuals seeking to be future ready, and to the Bank itself. Phase Three will include a focus on 42 'hot skills' which will be communicated to employees. *"We will prime the pump by highlighting ways for people to access opportunities to develop these skills through the marketplace,"* said MacLean.
- As well as communicating with employees, it's important to educate managers in how to source skills from the marketplace.
- Where possible, think about how to align the availability of opportunities with the timing of reskilling programmes. You want there to be gigs or jobs available at the time when people are completing their education programmes.
- Having a common skills language is an important prerequisite for a skills-based organisation.
- It's also important to connect skills data with learning in a way that's meaningful and immediately applicable on the job, not just about consuming ever more digital content.

CASE STUDY 6



DEVELOPING A SKILLS TAXONOMY

4.1

ACCESSING ORGANISATIONAL SKILLS DATA – TAXONOMIES AND TOOLS

Moving towards a more skills-centric view means building and maintaining an accurate skills profile of the organisation is a priority for many organisations. Over the years organisations have struggled to develop useful skills frameworks and keep them up to date. However, many organisations are now using technology to develop skills taxonomies which they use to define future skills requirements and assess employees against these frameworks to get a current state of skills, for example through asking employees to complete skills profiles. As AI is becoming more advanced, the emerging tools can read across multiple structured and unstructured information sources including CVs, social media posts, performance reviews and job experiences. They use this data to infer individuals' level of skills, assess the breadth and depth of skills across the organisation and identify potential skills adjacencies. This information provides a foundation for workforce planning and reskilling.

These taxonomies also enable employees to receive personalised learning recommendations based on adjacent skills, alert employees to in-demand skills and warn them if their skills are going out of date. Talent marketplaces such as Beamery or Gloat facilitate skills development by connecting people with opportunities to develop and practise new skills on-the-job. The marketplace can act as a signalling mechanism, alerting people to hot skills. The new tools make it easier for employers to 'nudge' people towards developing high-value future-critical skills.

bp has had an extensive programme to develop a company-wide skills taxonomy over the last four years. Prior to this, the organisation had numerous competency frameworks which were overlapping, not digitalised, and often out of date by the time they were published. Coupled with an investment in strategic workforce planning, the company now has much better visibility of current and future skills required to support its strategic direction through the energy transition. *"It's proving incredibly valuable in helping us understand current proficiency levels, getting a read on bench strength, diagnosing where we need to take action, and building development pathways and accreditation for future skills,"* said Ameet Thakkar, Vice President, Leadership and Culture. *"For example, it's helping us plan ahead in terms of hiring and developing critical future skills that are currently in short supply."*

One driver for this work was a desire to have a common definition of future skills which will be required across the organisation, such as digital and data analytics. *"Our aim was to develop one company definition of these and a common set of learning assets that each business unit could tap into,"* said Thakkar.

The taxonomy is integrated into people processes such as recruitment, learning and career planning. Employees can access skills profiles through the company's learning platform, Degreed, and rate their skills on a proficiency level of one to six. The system provides content and guidance on the steps they can take to progress up the proficiency level, and potential experiences that might help develop relevant skills. A key learning for Thakkar was the need to provide easily digestible content which is directly linked to proficiency progression, as people tend to find the volume of content available overwhelming. *"I can be at level two and then if I follow this particular learning pathway, I can see that my skills level has gone up. You have to make it specific and meaningful for people, not just put the tools in front of people and expect them to use them."*

A critical success factor was the investment the company made in communications and change management to help employees understand how the system worked and the benefits for them. *"Our supplier assured us it was intuitive and people could simply click a link and they would know what to do, but it didn't quite turn out that way in practice,"* said Thakkar. Audience research showed that people felt overwhelmed with access to learning content and the breadth of choice, therefore it was important to have a simple user interface with a compelling career narrative and simple instructions so people could clearly see what they needed to do. *"You have to give a clear answer to the question: what's in it for me? You have to consider how to change behaviour and work with that."*

As a next step, the company is experimenting with a skills inference engine, which predicts which skills people have and how they might progress. The engine reads career, learning, HR and performance data and uses natural language processing to provide an estimate of the individual's proficiency levels. *"The greatest challenges around skills taxonomies don't come from the technology; it's about human behaviour,"* said Thakkar. The experiment will determine whether inferencing will improve data accuracy and help get around the challenge of getting employees to keep their data current.

Our survey found that 30% of respondents have a framework or taxonomy of skills that underpins their reskilling programmes. A further 38% have a taxonomy or framework in development – implying that this is an area of rapid change and growth. See Figure 18 below.

We asked survey respondents whether they have a method for capturing the current skills of their employees, with 51% responding that they did. Of those, the most common methods of identifying employees' skills are employee self-identification (64%); line managers identifying employee skills and proficiency levels (50%) and automatic inference of skills by the HR system (27%). See Figure 19.

Much less common is having a method for assessing the gap between employees' current skills and future skills requirements. Currently only 26% of survey respondents have this capability.

The quality of skills data is also a challenge for organisations. Only 24% of respondents consider the quality or accuracy of the data their organisation holds on the current skills profile of their workforce to be highly or somewhat effective. Similarly, only 29% of respondents rate the quality of data their organisation holds on future skills requirements to be highly or somewhat effective.

FIGURE 18

Does your organisation have a framework or taxonomy of skills that underpins your reskilling programmes?

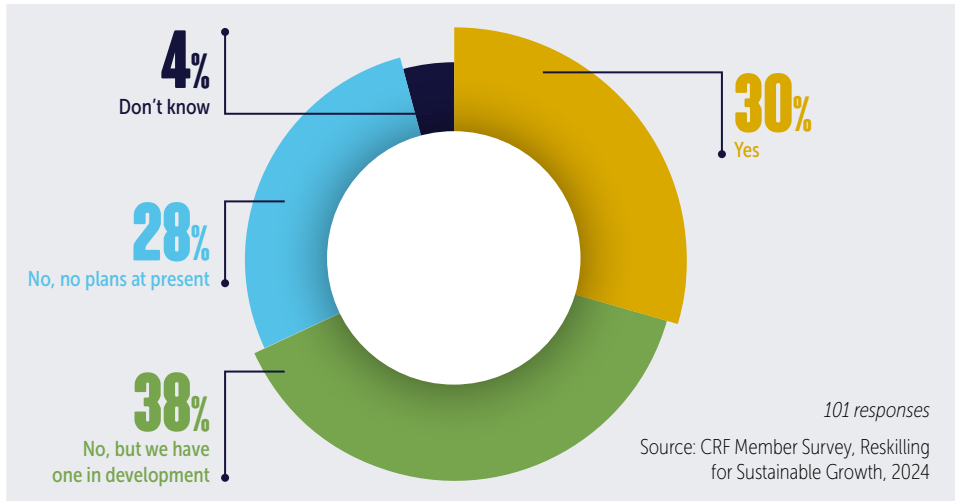
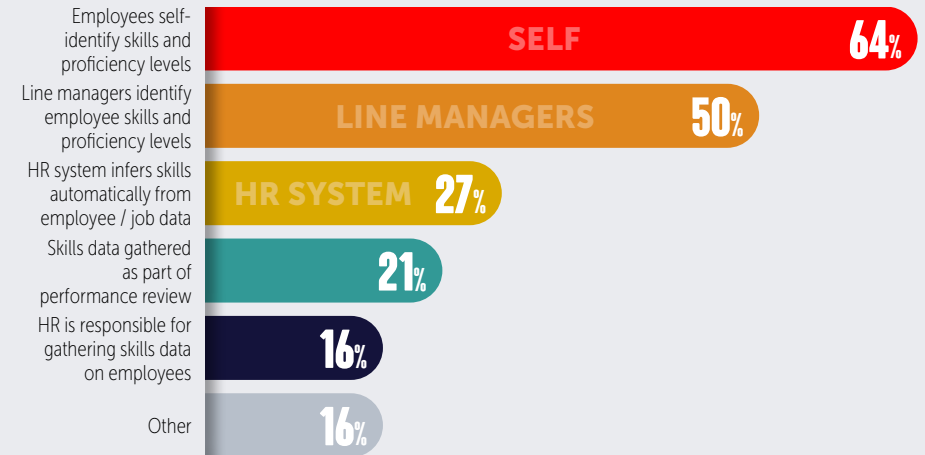


FIGURE 19

Which methods do you use to identify employee's skills?

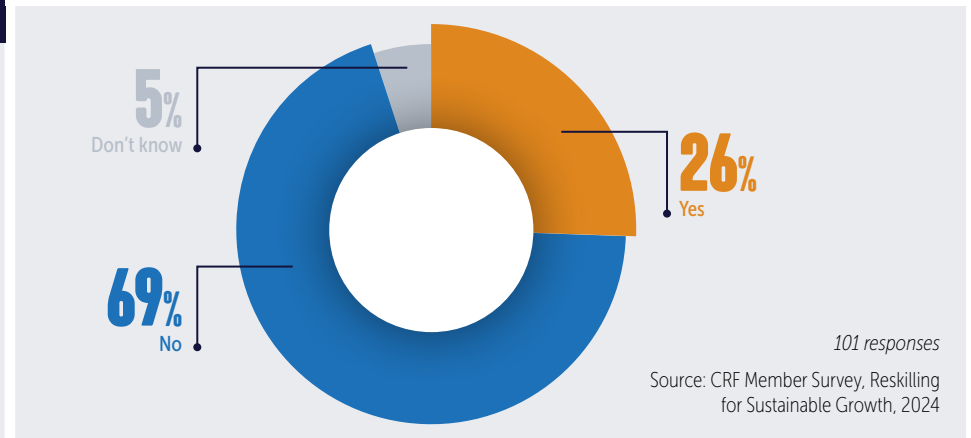


Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

109 responses

FIGURE 20

Do you have a method for assessing the gap between employees' current skills and future skills requirements?



Source: CRF Member Survey, Reskilling for Sustainable Growth, 2024

CASE STUDY 7



DEVELOPING A SKILLS INVENTORY

As part of a skills transformation programme within its digital technology division, telecommunications company Virgin Media O2 developed a process for identifying current skills levels in critical technical areas. This was used as the basis for an upskilling and reskilling strategy to ensure people capability in supporting the organisation's digital transformation. A key business driver for the programme was the difficulty of securing technical skills in a highly competitive external talent market.

The process involved first building a skills framework that identified critical future skills. Mel Gloyn, Director of People Capabilities, worked with business leads to understand what key future skills would be required to execute the digital transformation plan and to identify reskilling opportunities.

The next step was to gather data on how many people in the business had the relevant skills already, and how many had adjacent skills that could be reskilled. The programme was initially run as a pilot involving 1,000 employees in the digital technology function.

Gloyn worked with the business and TechWolf, a skills intelligence platform, which combined company data such as job titles, work history, learning data and accreditations to construct an inferred skills inventory across different functions. However, as there were still gaps in individual proficiency data for the organisation, her team constructed a questionnaire that individuals used to self-assess their current skills level. *"We learned one of the best ways to gather skills data was to get it from the horse's mouth, working with the individual directly to understand their accreditation, their working history, the different job titles they've had,"* said Gloyn. *"Doing it this way saved a lot of time."* This analysis was used to build a development plan for the business and calculate the time and financial investment required to develop the required skills.

Gloyn used a number of tools to gather skills data and design skills development pathways:

- TechWolf was the 'combine harvester' that provided a breakdown of current skills across the organisation.
- Spotted Zebra was tactically used to deliver more comprehensive skills and proficiency profiles in critical areas. Individuals were assessed for managerial and human skills, in addition to technical and in alignment with Virgin Media O2's Values and Principles.
- Phenom was used to define skills-based career pathways and provide a platform for individuals to manage their skills profiles, map their internal mobilisation and access skills development opportunities against high demand skills.
- Individuals could assess their proficiency levels in the critical skillsets using a combination of custom-built and off-the-shelf technical assessments, for example using PluralSight. This gave them data to have a conversation with their manager about any skills gaps and to develop a bespoke learning pathway.

The process is creating a talent pool that the company can call on to access skills required to support its digital transformation. The next stage, having successfully completed the initial pilot, is to scale the approach across the enterprise, focusing on commercially impactful skillsets as a priority.

A key learning was the importance of having a clear communications plan to explain the purpose of the data gathering exercise, to assure people about how the data would be used, and to convince them of the benefits of taking part. Gloyn developed a communications plan with multiple touch points, including all-hands calls, emails and video communications. Key business stakeholders led the communications and visibly championed the programme.

Our research and conversations with practitioners highlighted some practical considerations around developing and maintaining skills taxonomies:

- It's important to have a single source of skills data that feeds all people systems. For example, PMI has developed a future-critical capability model that underpins all its people processes.
- It needs to be easy for employees to complete and update their data. Again, a single data entry point is key. Paul Habgood, Partner – Workforce Transformation, Mercer, said: *"You've got one chance to get it right with the end user. You don't want to ask your employees to complete multiple profiles that don't speak to each other. If the user interface isn't good, they might try it once but they will never come back".*
- Invest time in educating the business about the vision and value for the business and bring them along with you. Provide a compelling case for supporting the work as it will involve time and effort on their part.
- Create a point of ownership for specific skills within the business. Some companies have appointed senior subject matter experts who are accountable for identifying future skills needs and developing and leading a skills development plan. For example, PMI has created a 'Capability Community of Practice' with SME's from across the organisation who meet regularly to coordinate skills development activities across their functional areas and share good practices.
- Off-the-shelf skills taxonomies may help you get started but will most likely need to be augmented with your own data relevant to the skills that are unique to your organisation or are a source of competitive advantage.
- Develop a plan for validating the accuracy of the skills data. For example, asking employees to validate data that's generated automatically by the system or checking user-generated data against company systems such as through skills-inference engines. Some companies ask line managers to validate skills data but several organisations we interviewed chose not to ask line managers to validate individual data as this was impractical and had the potential to generate tension between employees and line managers.
- AI tools may give you a first cut of data but it is important to validate the accuracy of the skills data that emerges. Some organisations use focus groups involving functional leaders, subject matter experts and HR to validate skills data that's generated by AI. Rebecca Lys, Principal – Workforce Transformation, Mercer, said: *"The tools might give you a straw man, but you still have to validate and contextualise it for your organisation".*

- Have a plan for keeping the data current. There need to be incentives for individuals to keep their skills data up-to-date, for example better access to career development opportunities through a talent marketplace, clear learning pathways that lead to things of value such as accreditations or badges, and skills-based reward.
- Focus on a few critical future skills that are sources of competitive advantage for your organisation rather than trying to boil the ocean.



4.1 IMPLICATIONS FOR WORK DESIGN

At the same time as we are seeing a shift towards a skills-based view of the organisation, we are witnessing major changes in the way work is designed. The emerging world of work sees workflows and jobs being broken up into tasks which can be automated and reconfigured in ways which increase productivity and make jobs more meaningful for humans. The traditional model of work – jobs configured in a fixed hierarchy – is being supplanted by reconfigurable agile multi-functional teams of people who come together on a temporary basis to deliver specific outcomes. According to Ravin Jesuthasan, bestselling author on the future of work and Global Leader for Transformation Services at Mercer, breaking down the ‘job’ as the singular concept for work and rethinking in terms of skills, is at the core of many organisations’ agile transformations. This shift in the way work is designed can be used as an opportunity to rethink how people connect to work in order to support reskilling.

Jesuthasan and John Boudreau, in their book *Work Without Jobs*, describe three distinct ways in which people connect to work: fixed, flex and flow talent.

FIGURE 21

How People Connect to Work

	Employees in FIXED roles	Employees in FLEXIBLE roles <i>(partially fixed but can flow to work as needed)</i>	Employees fully FLOW to tasks, assignments and projects
	Regular full-time employees, perhaps due to a convenient volume of work that fits a regular job or compliance or control reasons that justify offering a fixed full-time assignment.	Partially fixed because of work volume or skills dedicated to a job but can flow to specific challenges as needed. Such roles often emerge from internal marketplaces where regular job holders take on additional project work.	Capabilities are required in short-term bursts by several different work processes (such as a freelance or project-based data scientist who moves among projects in marketing, HR and operations as needed).
	ORGANISATIONAL IMPERATIVE: CONTROL	ORGANISATIONAL IMPERATIVE: CAPACITY MANAGEMENT	ORGANISATIONAL IMPERATIVE: CAPABILITY DEVELOPMENT
ENABLING INFRASTRUCTURE	<ol style="list-style-type: none"> 1. Job architecture: Particularly relevant when the work and skills required are relatively stable 2. Workforce planning: More traditional headcount planning 	<ol style="list-style-type: none"> 1. Job architecture and marketplace: Particularly relevant as work and the skills required are changing 2. Workforce planning: Traditional headcount planning and skills-based planning 	<ol style="list-style-type: none"> 1. Marketplace: Particularly relevant for ‘stretching’ scarce skills and when the skills required for work are changing quickly 2. Workforce planning: More agile work and skills-based planning

Adapted from Jesuthasan & Boudreau, *Work Without Jobs*, 2022

"Agile working means reskilling is happening every day".

MATHIJS SCHLEPERS, HEAD L&D CONSULTANCY, ABN AMRO

Moving along the continuum from Fixed-Flex-Flow, employees complete an increasing proportion of their work through non-fixed tasks. Technology platforms such as talent marketplaces can be used to match individuals to work and to balance the supply and demand of talent. Jesuthasan said: *"By deconstructing jobs and redeploying tasks to optimise work, organisations can create new jobs that reflect changing skills needs and make work more accessible to non-traditional talent".*

According to Jesuthasan, moving towards flex and flow also requires a rewriting of the rules of work and how leaders lead. *"We need to change from rewarding leaders for having a bigger team and keeping their best talent captive in their function to focusing on broader impact. We need to incentivise the giving and getting of talent to achieve business goals. People need to be able to take on a side project without fear that their boss will think they have time on their hands or will give them more work. We need to encourage people to acquire new skills through gigs."* The flex and flow model also requires organisations to develop new management skills around resourcing, workload management and connecting skills to work.

CASE STUDY 7



Unilever

Unilever's agenda for designing the future of work is based on three public commitments:

- To reskill or upskill all employees to have a future-fit skill set by 2025.
- To pioneer new employment models to provide all its employees with flexible employment models by 2030.
- To help equip young people with essential skills to prepare them for job opportunities by 2030.

The company has committed to report on these commitments in its annual report and accounts.

Unilever's approach to reskilling seeks to prepare people for key future roles by bringing together learning and job experiences. It recognises that providing learning on its own is not sufficient: people need on-the-job experience to build and demonstrate the skills they're learning. The supporting infrastructure has two key elements: a learning platform which serves up relevant learning content and a talent marketplace which connects people to open assignments, allowing them to put their skills into practice. The two systems are integrated so an employee who is learning a new skill can find an open assignment that might offer the opportunity to put the learning into practice. Analytics show where demand is greatest and allows the company to fine-tune its learning offer in response.

The introduction of these tools is indicative of a shift away from a more directive approach to career development towards a more adult-adult relationship – putting the infrastructure in people's hands to create their own careers by flowing to places in the organisation where they can realise their individual purpose. This mindset shift is underpinned by the company's programme of purpose workshops, which is being rolled out across all employees. The workshops help employees make sense of their personal purpose and work out how they can connect that to the company's purpose and bring it to life at work. One outcome is each individual develops a Future-Fit plan following the workshop. This involves identifying skills the employee has acquired through their career and comparing them with future-fit role plans created from the company's strategic workforce planning process. The plans highlight areas of fit and defines the gaps between where the individual is today and where they would need to develop to be fit for these future roles. For the company, the plans provide useful data on current and future skills to inform talent review and performance discussions, as well as assisting in workforce planning and deciding on investments in learning and development. It also supports upskilling and reskilling by helping identify role overlaps and adjacencies.

Employees use the skills review tool on the company's learning platform and its skills taxonomy to assess their skills. The skills review involves answering a series of questions about the skills the individual has. The tool analyses the responses to infer their skill level and the individual's manager endorses the completed skills review.

RESKILLING FOR SUSTAINABLE GROWTH

- 
 Over the rest of the 2020s we can expect continued economic, social, environmental, geopolitical, technological and business upheaval, perhaps involving the most significant change many of us will have experienced in our working lives. The combined effect of new technologies, a shrinking workforce and the need for new skills will require us to rethink many of the assumptions we have held sacred concerning work, employment and economic growth.
- 
 The pressure on organisations to run their businesses responsibly in line with changing social norms together with the difficulty of hiring new skills demands different approaches to thinking about the workforce, skills, recruitment, retention, learning and reskilling.
- 
 Developing a future-ready workforce starts with the business strategy and workforce plan. HR will need to become much more long-term, business-focused and creative in its thinking about skills, learning and talent management.
- 
 Technology offers huge promise but should not be seen as a silver-bullet for the upcoming skills crisis. HR will also need to invest in developing new talent approaches, updating business processes, enhancing the employee experience and improving the quality of communications with the workforce to keep people informed about the strategic direction of the business and what it means for jobs and skills.
- 
 The challenge for learning teams in particular is enormous. We need to move away from providing ever increasing amounts of content that lead to employees feeling overwhelmed, towards better integrating the talent and learning agendas so people can find opportunities to develop their skills and integrate learning into the flow of work.

5.0 CONCLUSIONS

6.0

APPENDIX

6.1

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6.2

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