# Upskilling and Reskilling

**Turning Disruption and Change Into New Capabilities**

**56%**

offer upskilling, reskilling, or both

**80%**

say that face-to-face instructor-led training is most effective for upskilling

**36%**

of organizations' reskilling training utilizes on-the-job training programs

DeVryWORKS

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**ATD Editorial Staff**
Content Strategist: Paula Ketter
Manager, ATD Press: Melissa Jones
Research Analyst: Megan Cole
Junior Research Analyst: Shauna Robinson
Senior Associate Editor: Caroline Coppel
Interior Design: Iris Sanchez
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## A Note From DeVryWORKS

As the emphasis on innovation intensifies in the digital age, the importance of developing talent to meet tech-driven business imperatives is growing right along with it. With so many organizations facing the challenges of an ongoing skills gap in the workforce, the imbalance between available jobs and qualified talent has caught the attention of boardrooms, managers, and learning professionals, too. DeVryWORKS is uniquely positioned to play a leadership role in closing organizational skills gaps by providing employers with strategies and solutions for upskilling and reskilling employees.

The skills gap training team at DeVryWORKS offers a portfolio of services to our corporate education partners aimed at developing workforce competencies that help companies compete and grow. We know an organization can thrive with an engaged workforce prepared to meet its current and future needs, as well as developed leaders who can deliver on business priorities. We value research that shines a light on how corporate learning augments and advances talent management initiatives, and how employee skills development can become an essential cornerstone of business success.

## About DeVryWORKS

Some of the biggest challenges for any business are related to the workforce—a shortage of skills, training your talent, and developing the leaders of tomorrow. At DeVryWORKS, we've seen how the right talent initiatives can help unlock workforce potential and energize a business growth strategy. We team with our employer-partners to truly understand their critical business issues and workforce needs so we can provide targeted solutions to resolve them.

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# Executive Summary

Constant change and uncertainty continue to characterize markets and disrupt organizations around the world. In response, business leaders shift strategies, chase new markets, restructure business models, implement new technologies, or take other decisive actions to ensure their company's competitive survival.

Talent development leaders are responding to disruption's fallout as well. How? By applying the forward-facing learning strategies of upskilling and reskilling to enable employees to build new and improved capabilities. These powerful development tactics are enabling 56 percent of organizations to counter precipitating events and ongoing change by taking positive steps to upgrade or build new workforce skills.

In response to these shifts in the industry, the Association for Talent Development (ATD) and the Institute for Corporate Productivity (i4cp) collaborated to research the kinds of events motivating upskilling and reskilling. They also sought to identify effective approaches to training design and delivery that support better learning outcomes and enhanced organizational performance.

In talent development and beyond, interest in artificial intelligence (AI) is extensive, and frequent media reports describe concerns that AI technologies are poised to automate growing numbers of jobs across many sectors. Given that climate, one of the more surprising findings of the research was that only one in four survey respondents cited technology-enabled automation as a factor in their decisions to upskill or reskill.

Rather, the leading issue underlying skills training, according to more than half of surveyed talent development leaders, was concern about talent risk—inability to compete effectively for talent, unwanted turnover, shortages in critical role and leadership pipelines, and the like. Because talent risk equates to business risk, those concerns are well founded.

While learning leaders in many organizations feel the threat of talent risk, their efforts to use upskilling and reskilling as strategies to combat that threat are not nearly as effective as they need to be or can be. Widespread success in both upskilling and reskilling is lacking, although such companies as McDonald's Corporation, Amazon, and Atrium

## 25%

of talent development leaders said technology-enabled automation is a major motivator of their upskilling or reskilling strategies.

Health—all contributors to this research—are leading the way with their outstanding and innovative skills initiatives.

Study findings identified high-performance practices in both upskilling and reskilling, and talent development leaders shared their experiences in applying those strategies to drive a variety of learning programs. The research presents those insights, offering real-world examples that can be adapted to support more powerful upskilling and reskilling outcomes in other organizations.

> "Change happens so quickly now that organizations consistently have to reinvent themselves . . . to remain relevant in the marketplace. . . . Employees have to reinvent, too, by upgrading their skills and learning new ones."
>
> Rob Lauber
> Senior Vice President and Chief Learning Officer
> McDonald's Corporation

Rob Lauber, senior vice president and chief learning officer at McDonald's, says talent development leaders just need to act: "Change happens so quickly now that organizations consistently have to reinvent themselves, their offerings, and their products to remain relevant in the marketplace. That means employees have to reinvent, too, by upgrading their skills and learning new ones. Rapid change causes those new skills to become obsolete quickly, so upskilling and reskilling will continue to be critical strategies—for learning and development and for business survival."

# Whitepaper

Workforce capabilities are the lifeblood of enterprises, directly affecting such vital considerations as competitive ability, strategic execution, critical role and leadership pipelines, and organizational agility. As a result, ongoing changes in markets, customer preferences, technologies, and other potentially disruptive events are turning upskilling and reskilling programs into critical talent strategies for many companies.

"We need to teach people how to learn more agilely," says Rebecca Schmale, vice president of learning and organizational development at Atrium Health. "Twenty-five years ago, reskilling people meant we taught them how to do a specific job. Upskilling and reskilling have to be more fluid now because jobs are changing so quickly. We need smart people who can adapt and do whatever comes their way. Arming employees and managers with competencies they can use in a variety of situations is a key aspect of strategic upskilling and reskilling today."

## About the Research

Exploring the talent development field's response to disruptive business events is a key focus of *Upskilling and Reskilling: Turning Disruption and Change Into New Capabilities* (hereafter, the Study). The Study also identifies learning practices in upskilling and reskilling that link to better market performance and learning effectiveness, providing talent development leaders with results-based insights.

The survey limited its examination of upskilling and reskilling to their use as strategies in response to specific precipitating events—market shifts; redirection of company focus; technological innovations and disruptions; serious talent risks, such as critical role shortages, an aging workforce, or skills gaps; and the like. For the purposes of this Study, the following definitions were used:

> *Upskilling* describes training designed to augment existing skills with new or significantly enhanced knowledge or skills to enable individuals to continue and succeed in the same profession or field of work. Upskilling does not refer to normal, ongoing development offered to upgrade knowledge or skills in the course of business.

> *Reskilling* describes training designed to help individuals gain new knowledge or skills to enable them to perform new jobs or enter new professions.

Quantitative data for the Study was provided by an online survey fielded in early 2018. Respondents, numbering 223, represented commercial, nonprofit, and governmental organizations worldwide. Forty-two percent of participants were from national firms, with the remainder from multinational and global enterprises. Eighty percent held manager or higher-level positions in talent development.

Interviews with learning leaders experienced in upskilling or reskilling efforts provided qualitative insights to augment the survey data.

## Key Findings

- **Unaddressed skills issues could put a third of organizations at risk.** More than half (56 percent) of surveyed talent development leaders said their companies provide upskilling, reskilling, or both—and doing so was strongly tied to better market performance and learning outcomes. However, 33 percent acknowledged that they have identified the need to upskill or reskill employees, yet have taken no action, effectively gambling with potential talent and business risks.

- **Most learning leaders said concerns about job automation were not a major driver of upskilling or reskilling.** Only one in four survey respondents cited technology-enabled automation as a factor in their skilling strategies. Talent risk—from skills gaps, critical role pipeline deficits, aging workforces, and the like—was the leading motivator of both upskilling and reskilling programs, followed by workers' needs to learn new technologies, and shifts in customer demands and organizational focus. Top anticipated benefits were better talent retention, performance, and engagement.

## Upskilling and Reskilling Today

Neither upskilling nor reskilling are new ideas; both have been on the radar of talent development leaders and practitioners for years. Like many approaches to development, the terms take on different meanings across various organizations, learning audiences, and time periods.

In some cases, companies consider the acquisition of new or enhanced knowledge—upskilling—to be synonymous with the ongoing development they expect of employees to support performance improvement. And with technological and process innovations continuously unfolding, enterprise learning functions must become adept at reskilling workers for new jobs as current ones are redesigned or become obsolete.

"I think it's a pace issue," says Rob Lauber at McDonald's. "The pace of change is making today's skills less important than tomorrow's skills. Upskilling and reskilling have been around for a long

time. It's the context of business that's changed. It's getting harder for organizations to keep up because they have to transform constantly. That transformation has to happen at such a rapid rate now that it's more difficult than ever for people to keep pace with the skills they need to maintain a company's success."

## Recognizing and Acting on Skills-Related Risk Is Essential

When organizations acknowledge the need to address skills deficits in their workforces, they are far more likely to take action. Of those that do, many provide a combination of upskilling and reskilling rather than either type of training separately. The Study found more than half—56 percent—of surveyed learning leaders reported that their companies offered upskilling, reskilling, or both (Figure 1). Strong correlations to better market performance and learning outcomes were associated with that training, marking upskilling and reskilling as practices more often found in high-performance organizations.

**FIGURE 1:**
## Most Organizations Recognize the Need for Skills Upgrades

*Is your organization currently providing upskilling or reskilling training in response to a precipitating event(s)?*

| | |
|---|---|
| Yes, we are providing upskilling. | 16% |
| Yes, we are providing reskilling. | 4% |
| Yes, we are providing both upskilling and reskilling. | 36% |
| No. We have identified a need for upskilling, but we are providing none at present. | 14% |
| No. We have identified a need for reskilling, but we are providing none at present. | 2% |
| No. We have identified a need for both upskilling and reskilling, but we are providing none at present. | 17% |
| No. We have identified no need for upskilling or reskilling at this time. | 12% |

# Conclusion and Recommendations

This research, and talent development leaders' ideas about upskilling and reskilling, underscore the need for proactive efforts by learning functions to ensure that workforce skills keep pace with the rapid-fire changes occurring in the business world every day. Are those skills keeping pace? With a third of surveyed leaders admitting they've identified training needs, but aren't acting on them, skills gaps can only increase. That spells trouble for organizations—in the form of talent risk and business risk.

"Upskilling and reskilling are here to stay," says Rob Lauber. "They aren't going away. It's just going to get harder to do. Why? Because change is happening so fast that by the time we upskill or reskill employees, some of those new skills are already obsolete. We're looking at a future where millions of people will constantly have to reinvent their skills. From a learning and development perspective, we have to acknowledge that skills training is just going to become more challenging. But if you're standing still, you're going to be left behind. Learning leaders have to pay attention to where their organizations are going, identify where their programs are not keeping up, and enable what's needed to fill those skills gaps."

## Recommendations

*Upskilling and Reskilling* offers the following recommendations:

### Collaborate With Other Business Functions to Identify and Act on Skills Needs

As the power and synergy of collaboration become more apparent and important in organizations, internal alliances with other departments, strategic- and workforce-planning teams, and other stakeholders make sense for talent development functions, especially when it comes to identifying and assessing skills needs and potential solutions.

As Rebecca Schmale observed, determining skills needs and gaps "can't be driven from HR or learning and development. Business leaders know where the skills gaps are." Rob Lauber, too, taps into internal partnerships, especially with strategy and operations groups, to ensure learning's alignment with business objectives—when assessing skills needs and designing training to meet those needs in ways that support organizational priorities.

## Improve the Effectiveness of Skills Training

Talent development leaders who responded to the Study's survey gave low marks to their organizations when asked about the effectiveness of their skills training. One in four said they upskilled people effectively; 17 percent claimed reskilling effectiveness. Few learning leaders should be satisfied with that level of performance—or imagine that lackluster results will support better business outcomes and secure ongoing funding for future skills training.

Challenges differ from one organization to the next. The Study reported that lack of commitment by senior executives, failure of organizational policies to support skills programs, and inadequate resources can be especially damaging issues. Examine the circumstances and factors that affect upskilling and reskilling efforts in your organization.

Failure to measure the results skilling initiatives are producing robs talent development functions of the insights and metrics needed to make meaningful improvements and business cases for further training. Avoid becoming one of the nearly two-thirds of survey respondents who said they didn't measure the effectiveness of upskilling and reskilling.

## Align Organizational Talent Programs to Support Skills Training

Study findings confirmed that worries about talent risk are the number-one reason that organizations undertake upskilling and reskilling efforts. Competing for talent, hiring the best candidates, guiding and rewarding performance, providing internal mobility options, keeping employees engaged, and the many other aspects of talent management that occur in the employee life cycle from prehire to post-departure are important considerations for talent development functions.

Ensuring all the components of an organization's talent processes are consistent with providing support for effective skilling initiatives can spell the difference between success and failure. Are employees rewarded for upskilling or reskilling? Are their new skills and greater value to companies reflected in compensation plans? Is talent acquisition shaped by the skills businesses need?

Often, support for skills initiatives can be accomplished with little or no financial investment. Schmale at Atrium Health illustrates: "People who have been through our rotational program have acquired additional skills, and that positively impacts their potential in talent review and succession planning [internal mobility]. We also use recognition to make people feel special by giving them greater visibility to senior leadership. We have them do a presentation to senior executives at the end of a rotation to share what they've learned. That visibility is a very tangible form of recognition for their efforts."

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# About the Author and Contributors

The Association for Talent Development (ATD) is the world's largest professional membership organization supporting those who develop the knowledge and skills of employees, improve performance, and achieve results for the organizations they serve. Originally established in 1943, the association was previously known as the American Society for Training & Development (ASTD).

ATD's members come from more than 120 countries and work in public and private organizations in every industry sector. ATD supports talent development professionals who gather locally in volunteer-led U.S. chapters and international member networks, and with international strategic partners. For more information, visit www.td.org.

ATD's researchers track trends, inform decisions, and connect research to practice and performance. By providing comprehensive data and insightful analyses, ATD's research products, which include research reports, briefs, infographics, and webcasts, help business leaders and talent development professionals understand and more effectively respond to today's fast-paced industry.

**Paula Ketter** is the content strategist for ATD and served as an editor on this report.

**Caroline Coppel** is the senior associate editor for ATD and served as an editor for this report.

**Melissa Jones** is the manager of ATD Press and served as an editor for this report. She edits and manages the production process for ATD research reports and books.

**Iris Sanchez** is a designer for ATD and served as a designer for this report.

**Megan Cole** is the research analyst for ATD and served as an editor for this report.

**Shauna Robinson** is the junior research analyst for ATD and served as an editor of this report.

The Institute for Corporate Productivity (i4cp) improves corporate productivity through a combination of research, community, tools, and technology, focused on the management of human capital. With more than 100 leading organizations as members, including many of the best known companies in the world, i4cp draws upon one of the industry's largest and most experienced research teams and executives in-residence to produce more than 10,000 pages of rapid, reliable, and respected research annually, surrounding all facets of the management of people in organizations. Additionally, i4cp identifies and analyzes the upcoming major issues and future trends that are expected to influence workforce productivity and provides member clients with tools and technology to execute leading-edge strategies and "next practices" on these issues and trends. For more information, visit www.i4cp.com.

**Carol Morrison**, author and i4cp senior research analyst, specializes in learning and development research. She has written numerous ATD and i4cp collaborative research studies on such critical topics in talent development as experiential learning, personalized and adaptive learning, creating a learning culture, learners of the future, and leaders as teachers. A veteran of business performance research, she has written features for *Talent Management* magazine, *Chief Learning Officer*, *HR Executive*, and other leading print and online media.

**Lorrie Lykins** edited this report.

**Andrew Dixon** provided statistical analysis for this Study.

# Appendix:
# Survey Overview

## Target Survey Population

The Study targeted talent development leaders from organizations in varied industries worldwide. Within the survey population of 223, 80 percent were leaders at or above the manager level, and 54 percent represented organizations with workforces of 1,000 or more.

## Survey Instrument

In this survey, multiple questions used the customary 1-5 Likert-type scale, with 1 generally indicating a "not at all" response and 5 indicating a response of "to a very high extent." A total of 31 questions comprised the survey, including 11 designed to capture respondent demographics.

## Procedure

Research took a blended approach, combining quantitative data from survey results with qualitative input based on interviews of talent development leaders. A link to the online survey was emailed to the target population in January and February 2018. Telephone interviews were conducted in March.

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## Needs Assessments



In *Needs Assessments: Design and Execution for Success,* results show that needs assessments are only used by a slight majority of organizations. In fact, only 56 percent of participating organizations use needs assessments. The report defines needs assessment as the process for determining and addressing gaps between current or desired conditions. Training and nontraining solutions may close the gaps identified. Training needs assessment, however, is the process of identifying how training can help an organization reach its goals. For more information, visit **www.td.org/needsassessmentreport**.

## Organizational Performance Improvement
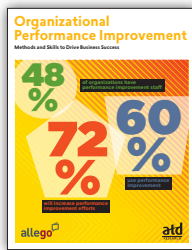


When organizations face an unexpected drop in a key metric, performance improvement is a useful process for identifying the root cause of the issue and finding a solution to resolve it. In the research report *Organizational Performance Improvement: Methods and Skills to Drive Business Success*, the Association for Talent Development (ATD) explores how organizations use performance improvement. According to the report, six in 10 organizations have a performance improvement process in place—and more are expected to start using performance improvement in the coming years. For more information, visit **www.td.org/performanceimprovement**.

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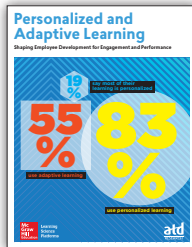


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## Mentoring Matters



In *Mentoring Matters: Developing Talent With Formal Mentoring Programs*—the latest research report by the Association for Talent Development (ATD)—results show that formal mentoring programs aren't very common. In fact, only 29 percent of participating organizations had a formal mentoring program in place, although nearly 6 in 10 participants indicated that their formal mentoring programs were effective at helping to meet learning goals to a high or very high extent. For more information, visit **www.td.org/mentoringmatters**.

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