THE UPSKILLING & RESKILLING IMPERATIVE:

Why employee skill development is a business priority.

2024 INDUSTRY RESEARCH STUDY

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

In the wake of seismic technological disruption and continued economic uncertainty, companies face an imperative: ensuring their employees have the skills they need to meet the current and evolving business landscape. This includes digital skills, as well as leadership, problem-solving, critical thinking, and more.

Skill development is crucial to productivity and business results. It's also crucial for employee retention. In fact, the top reason employees leave their employer is a lack of advancement opportunities, tied with dissatisfaction with pay (63%), according to a study from the Pew Research Center.

More organizations are offering upskilling and reskilling opportunities to prepare employees to enhance their current job with new capabilities or move into entirely new work.

To explore this new workplace reality, we interviewed 502 HR leaders in the U.S. and Canada in organizations ranging in size from under 1,000 employees to more than 50,000. Our research, described in **The Upskilling & Reskilling Imperative,** revealed HR leaders' priorities and the challenges they face as they prepare their workforce for today and tomorrow.

"Rapid advances in areas such as artificial intelligence, cloud computing and Blockchain are driving a digital transformation in many companies, amplifying the demand for **new and deeper technical and digital skills**. It's also fueling **human skills** that set people apart from technology, and **higher cognitive skills** to drive innovation and prepare employees to tackle problems we may never have seen before. Investing in skill development is a business imperative, and HR is uniquely positioned to help organizations and individuals **survive and thrive**."
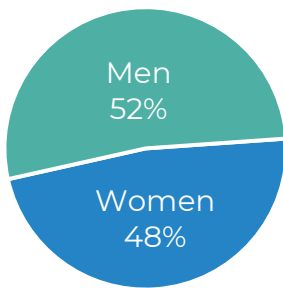
GINA JENEROUX
Chief Skills & Innovation Officer (ORG AI) &
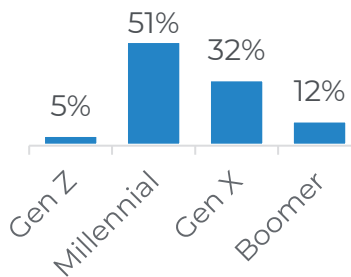Executive Director, Executive Networks

SURVEY DEMOGRAPHICS

Executive Networks surveyed 502 HR leaders in North America in February 2024. 85% percent of participants were in the U.S. and 15% in Canada. Survey participants were distributed between large, mid-sized, and small organizations, and they came from various industries.

GENDER

Men 52%
Women 48%

GENERATION

Gen Z 5%
Millennial 51%
Gen X 32%
Boomer 12%

TIME IN ROLE

> 10 years 25%
6-10 years 36%
3-5 years 32%
< 3 years 8%
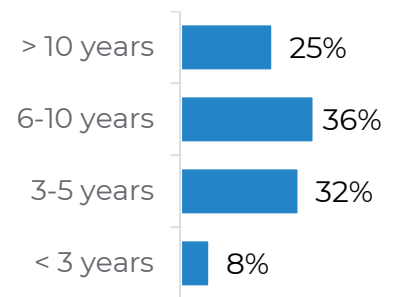
FIVE CRITICAL FINDINGS FROM THE UPSKILLING & RESKILLING IMPERATIVE

In the following pages, we'll delve into the five key findings from the research, along with recommendations for how HR leaders can respond.

#1 **Skill development programs are crucial for most organizations.**

#2 **Boosting productivity is the top reason for investment in upskilling and reskilling.**

#3 **Leaders perceive a variety of barriers to offering upskilling and reskilling opportunities in their organizations.**

#4 **Most leaders agree that employers should have the primary responsibility for employee skill development.**

#5 **Leaders cite a wide range of methods for delivering upskilling and reskilling opportunities.**

KEY INSIGHTS INTO THE UPSKILLING & RESKILLING IMPERATIVE

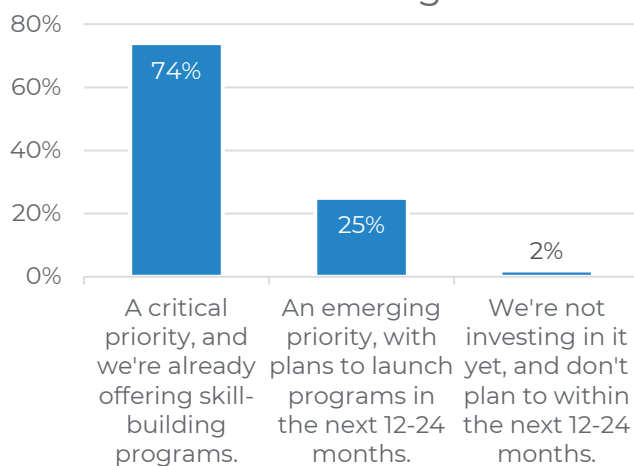This research focused on how HR leaders are equipping employees to navigate a challenging business landscape, and the uncertainties ahead. There were five key findings.

Finding #1 – Skill development programs are crucial for most organizations.

Upskilling and reskilling initiatives, as well as leadership development, are the most widely offered skill-building opportunities.

Most HR leaders recognize the need for employee skill-development initiatives. Our research shows that 74% of HR leaders say such programs are a critical priority and their companies are already offering these opportunities. In addition, 67% characterize their investment in upskilling and reskilling as extensive or significant. (Figures 1 and 2)

Figure 1: Most HR leaders are focusing on upskilling and reskilling.

Category	Percentage
A critical priority, and we're already offering skill-building programs.	74%
An emerging priority, with plans to launch programs in the next 12-24 months.	25%
We're not investing in it yet, and don't plan to within the next 12-24 months.	2%

Q: Which option most accurately reflects your company's focus on upskilling/reskilling.

Figure 2: Most HR leaders are devoting resources to skill development.

Category	Percentage
Extensive	24%
Significant	43%
Moderate	27%
Minimal	5%
Not at all	1%
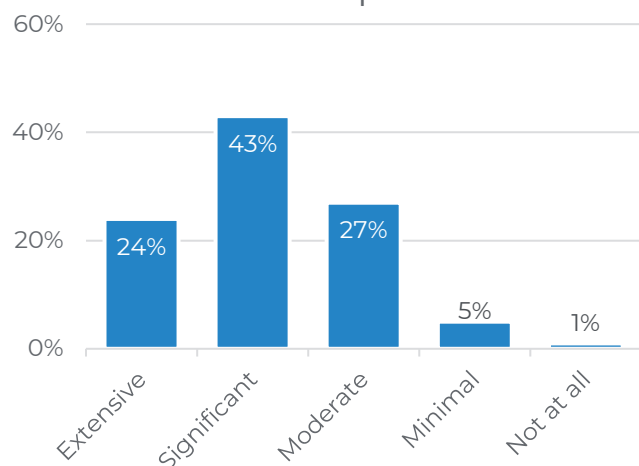
Q: To what extent, if at all, is your company investing in upskilling/reskilling opportunities?

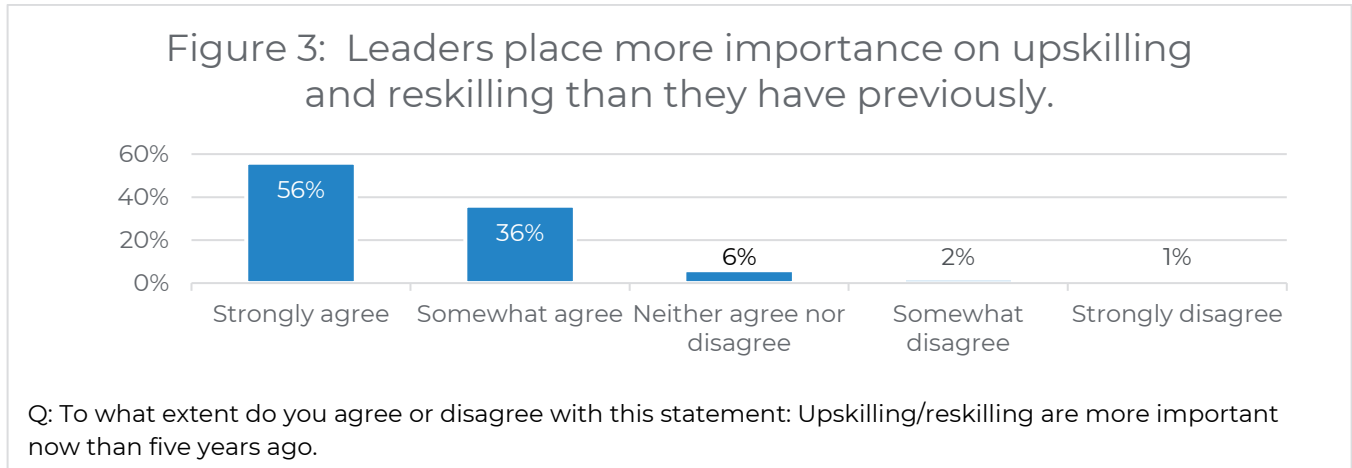Most HR leaders (56%) strongly agree that providing upskilling and reskilling opportunities to employees has become more important over the past five years. (Figure 3)

Figure 3: Leaders place more importance on upskilling and reskilling than they have previously.

Response	Percentage
Strongly agree	56%
Somewhat agree	36%
Neither agree nor disagree	6%
Somewhat disagree	2%
Strongly disagree	1%

Q: To what extent do you agree or disagree with this statement: Upskilling/reskilling are more important now than five years ago.

OTHER LEARNING AND DEVELOPMENT PRIORITIES

While 77% of organizations offer upskilling and/or reskilling programs, those aren't the only learning and development programs HR leaders cite as critical. Other top areas include leadership development (77%), orientation/role readiness (71%), and risk, regulatory and ethics (67%).

Highest-priority skills: It's not just about *technical* AI expertise!
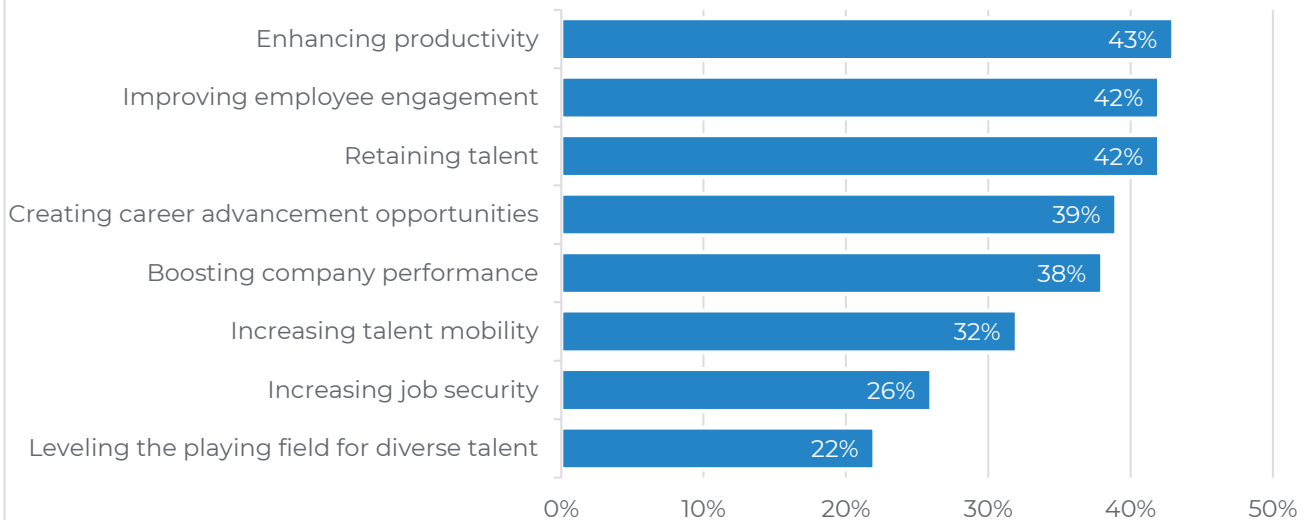
HR leaders cite critical thinking (36%), leadership development (36%), and problem-solving (35%) as the highest priorities for equipping people to navigate a rapidly-changing business environment – and they are also considered crucial for getting the most out of the company's AI investments. These human and higher-cognitive skills were rated above technical AI skill development (27%). Technical skills were rated higher in financial services (33%) and retail and hospitality (32%) than public sector, government and non-profit (16%), and healthcare and pharmaceuticals (15%). Furthermore, a higher portion of large companies of 1,000 or more employees (33%) cited AI skill development as a priority, versus small companies of under 1,000 employees (21%).

Finding #2 – Boosting productivity is the top reason for investment in upskilling and reskilling.

Investment in skill-building and employee development also significantly impacts employee retention.

Providing upskilling and reskilling opportunities is critical for short- and-long-term performance. HR leaders prioritize such programs to enhance productivity (43%), improve employee engagement (42%) and retain talent (42%). (Figure 4)
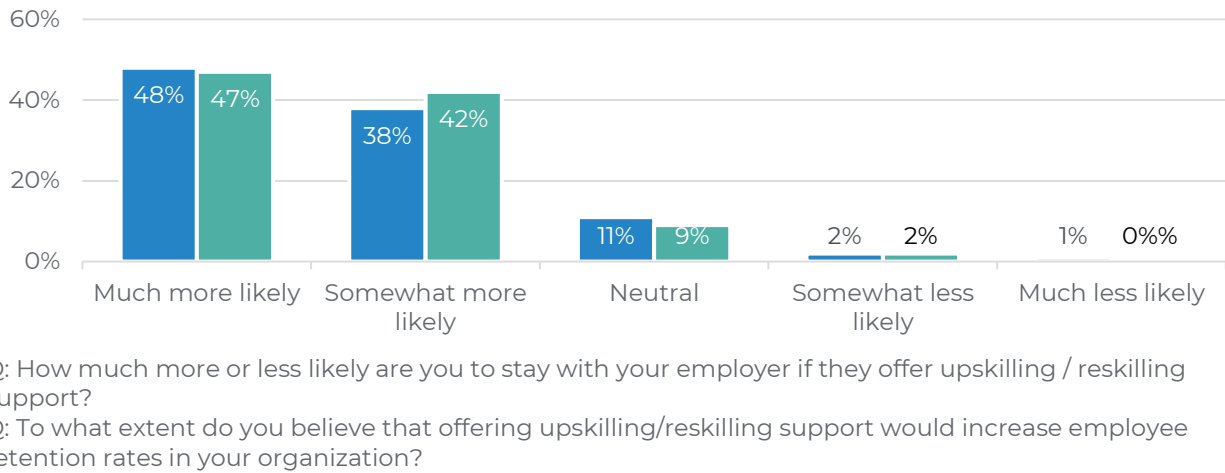
Figure 4: Top reasons to offer upskilling and reskilling opportunities.

Reason	Percentage
Enhancing productivity	43%
Improving employee engagement	42%
Retaining talent	42%
Creating career advancement opportunities	39%
Boosting company performance	38%
Increasing talent mobility	32%
Increasing job security	26%
Leveling the playing field for diverse talent	22%

Q: Select the key reasons for your company's investment in upskilling/reskilling opportunities.

Upskilling and reskilling initiatives positively impact the retention of both employees and leaders. Forty-eight percent of leaders surveyed say **they** are much more likely to stay with their employer if skill-building opportunities are offered, and 38% are somewhat more likely. As for the impact of skill development on employees, 47% of leaders believe employees are much more likely to remain, and 42% think they're somewhat more likely to do so. (Figure 5).

Figure 5: HR leaders believe employees are more likely to stay—and they are more likely to stay themselves—when offered upskilling / reskilling.

- 48% Much more likely
- 47% Much more likely
- 38% Somewhat more likely
- 42% Somewhat more likely
- 11% Neutral
- 9% Neutral
- 2% Somewhat less likely
- 2% Somewhat less likely
- 1% Much less likely
- 0% Much less likely

■ Q: How much more or less likely are you to stay with your employer if they offer upskilling / reskilling support?

■ Q: To what extent do you believe that offering upskilling/reskilling support would increase employee retention rates in your organization?

RETENTION: A GENERATIONAL DIVIDE?

A greater percentage of Millennial leaders (52%) say upskilling and reskilling opportunities will make employees much more likely to stay, compared to Gen Z (35%) and Gen X (45%) leaders. Results are similar for leaders' own inclination to remain. Millennial leaders (52%) say they're much more likely to stay with their company if they're offered upskilling and reskilling support versus leaders from Gen Z (35%) and Gen X (50%).
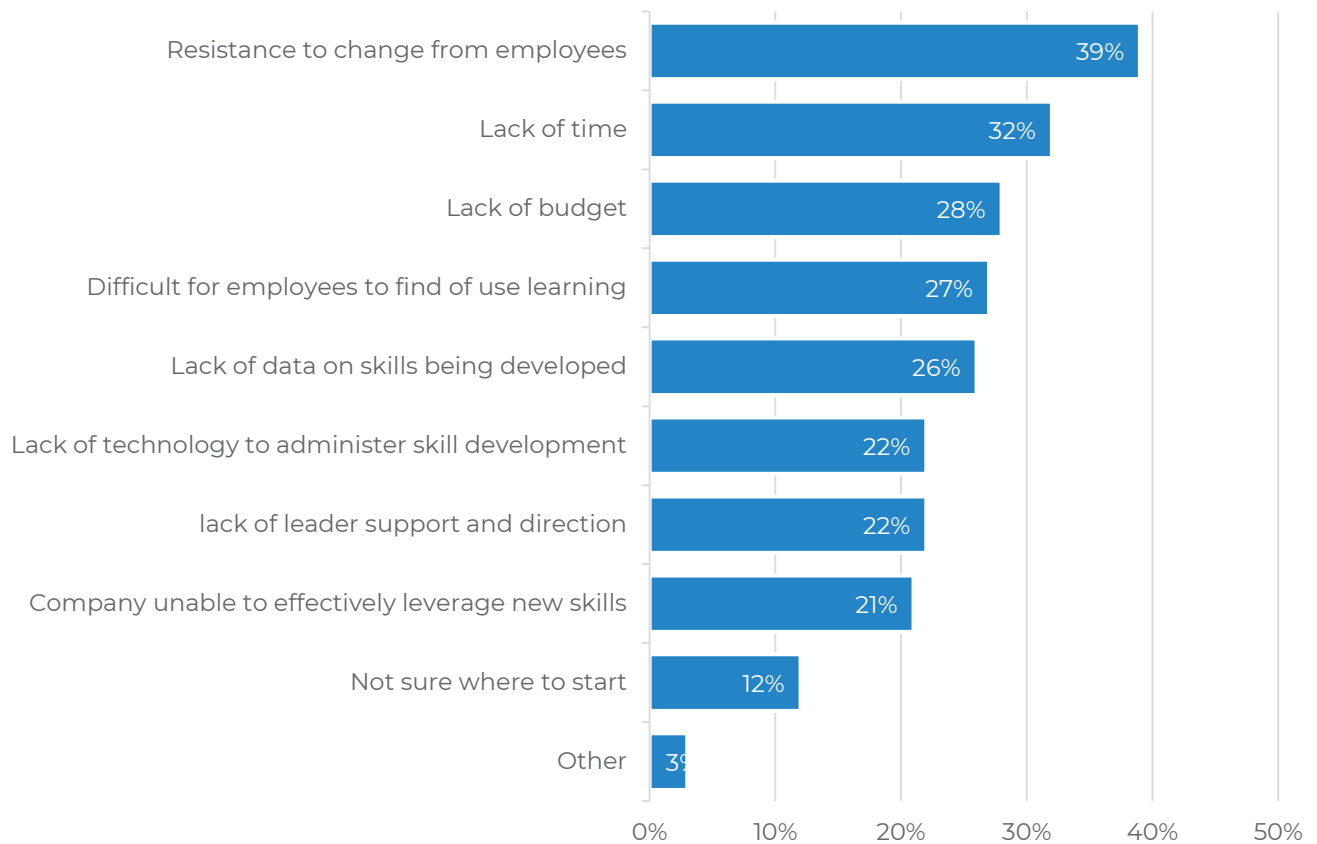
Finding #3 – Leaders perceive a variety of barriers to offering upskilling and reskilling opportunities in their organizations.

Those in different industries express widely divergent views.

Leaders see multiple roadblocks impeding their ability to offer upskilling and reskilling initiatives. While 39% cite a resistance to change from employees, they also point to lack of time (32%), lack of budget (28%), difficulty for employees to find or use learning (27%), and lack of data on skills being developed (27%). (Figure 6)

Figure 6: Leaders see many challenges blocking their progress.

| Barrier	Percentage
Resistance to change from employees	39%
Lack of time	32%
Lack of budget	28%
Difficult for employees to find of use learning	27%
Lack of data on skills being developed	26%
Lack of technology to administer skill development	22%
lack of leader support and direction	22%
Company unable to effectively leverage new skills	21%
Not sure where to start	12%
Other	3%

Q: What are the greatest barriers for offering upskilling/reskilling initiatives in your organization?

When it comes to perceived barriers, the industry that leaders work in seems to make a difference. For example, 43% of leaders in financial services and insurance cite that it is difficult for employees to find or use learning, compared to 8% of those in public sector, government, and non-profit organizations. On the other hand, more leaders in public sector, government and non-profit (44%) are concerned about lack of budget, compared to their counterparts in financial services and insurance (18%).

WHY DON'T MORE EMPLOYEES EMBRACE SKILL DEVELOPMENT?

Our research shows that many leaders perceive **employee resistance** as a major stumbling block to successful upskilling and reskilling efforts. But what lies at the heart of that resistance? Some clues may lie in the other barriers identified by leaders. For example, 32% point to lack of time, while 27% highlight that it's difficult for employees to find or use learning.

If employees don't have the time to learn, it isn't easy for them to find and use available programs, and their organization hasn't provided effective guidance on how to apply what they've learned, the lack of enthusiasm shouldn't be a surprise. To counter these challenges, leaders may need to reexamine their learning policies and approach to upskilling and reskilling, to identify how to make them more employee friendly.
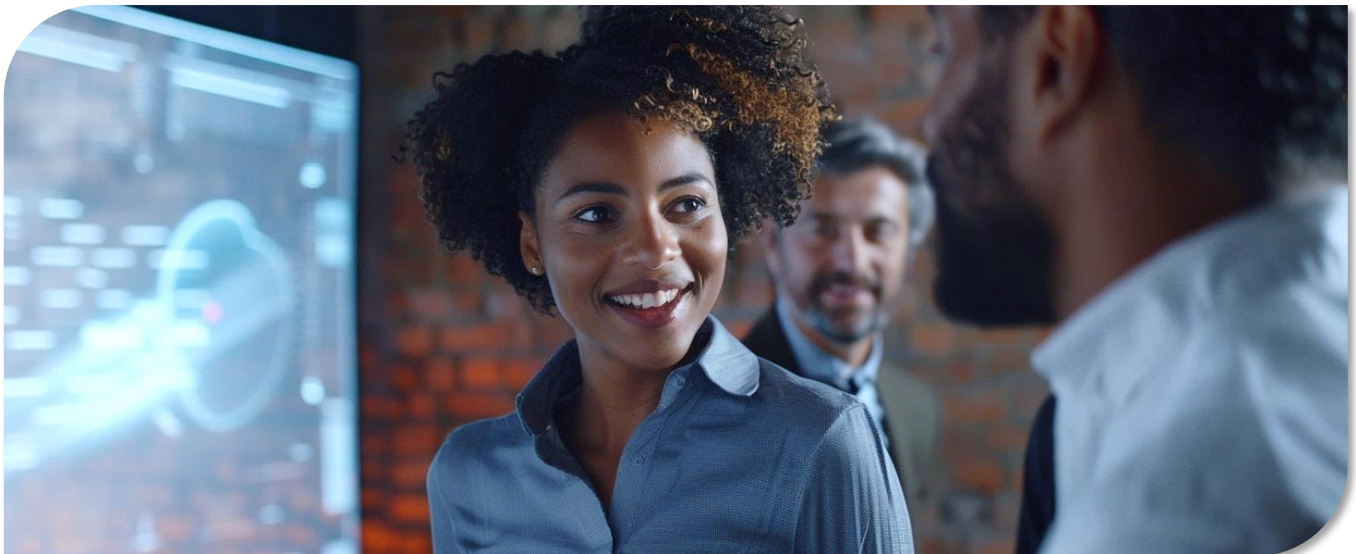
Finding #4 – Most leaders agree employers should have primary responsibility for employee skill development.

But many also say it's not appropriate to <u>mandate</u> participation.

While HR leaders increasingly recognize the need for upskilling and reskilling programs, who is most responsible for employee skill development?

Our research shows that most leaders (58%) say employers, while 29% cite the individual, 10% educational institutions, and 3% government agencies. (Figure 7)


Figure 7: Leaders say their organization should be in charge of skill building.

The employer 58%
Educational institutions 10%
Government agencies 3%
The individual 29%
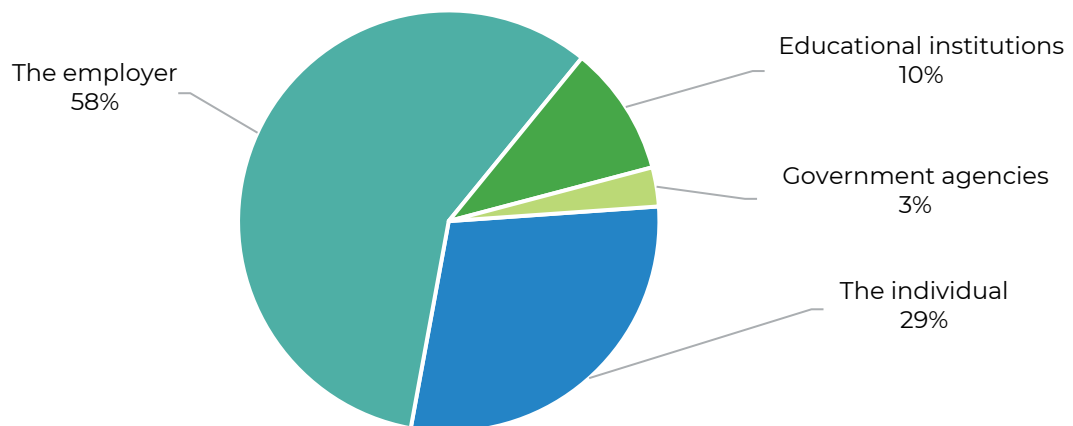
Q: In your opinion, who is primarily responsible for an employee's skill development?

At the same time, many HR leaders don't believe in mandating participation in skill-building programs. Almost half of HR leaders (49%) say upskilling and reskilling should be voluntary — but encouraged — while 34% think it should be mandated by the organization, and 17% support an entirely self-driven approach. (Figure 8)

Figure 8: Should skill development be mandatory?

Category	Value
Mandated by the organization	34%
Voluntary but encouraged	49%
Entirely self-driven	17%
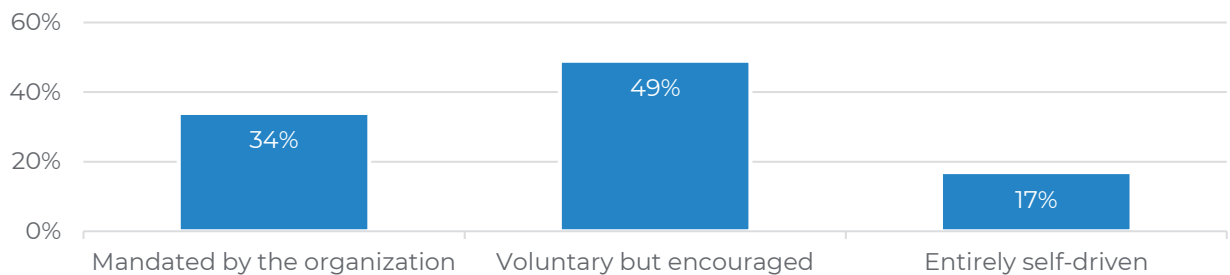
Q: In your view, upskilling / reskilling opportunities should be:

Length of tenure is also important. Most HR leaders (83%) who have been with their company for less than 12 months say upskilling and reskilling should be mandatory, compared to those employed for 10 years (31%) and 1-2 years (26%). This may be related to generational differences: 46% of Gen Z leaders support upskilling and reskilling programs that are voluntary, but encouraged, compared to 62% of Baby Boomers.

WORK ENVIRONMENT MATTERS

Leaders' views vary according to the work arrangements adopted by their company. For example, leadership development is the top skill priority for those in hybrid workplaces (38%) and in fully on-site environments (37%), compared to only 15% of those who are fully remote.

In addition, 53% of HR leaders in hybrid workplaces say they are much more likely to stay with their employer if they're offered upskilling and reskilling opportunities, compared to 45% of those who are fully on-site and 41% in remote arrangements.

More leaders in hybrid workplaces (73%) use mentorship programs versus those who are fully on-site (66%) or fully remote (57%).

Finding #5 – Leaders cite a wide range of methods for delivering upskilling and reskilling opportunities.

Mentorship programs are the most common approach.

HR leaders offer skill-building opportunities through a variety of channels, including peer coaching (58%), self-study (48%), embedding skill development on the job (48%), simulations (44%), and job rotation (43%).

The most common approach, by far, is mentorship programs (69%). (Figure 9)

Figure 9: Most Leaders use mentors to deliver upskilling and reskilling initiatives.

Method	Percentage
Mentorship programs	69%
Peer coaching	58%
Self-study	48%
Embedded in the job	48%
Simulations	44%
Job roation	43%
Boot camps	27%
Other	
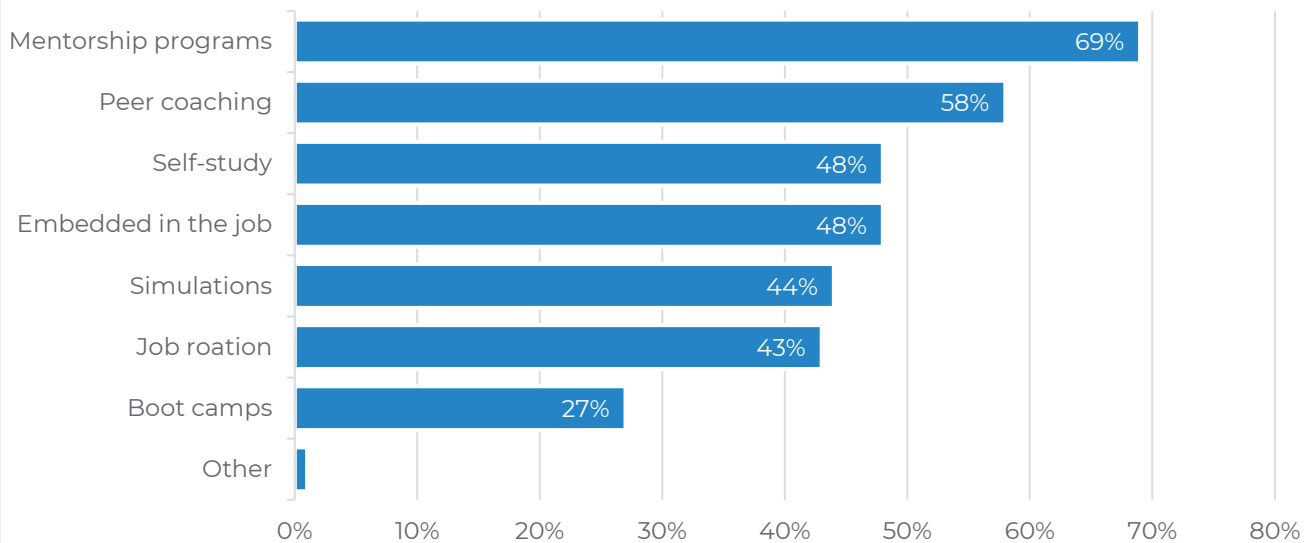
Q: How does your company deliver upskilling/reskilling opportunities?

Leaders in mid-sized companies of 1,000-9,999 employees are more likely to have mentorship programs (75%), compared to large companies of 10,000 or more employees (69%) and small companies under 1,000 (64%).

RECOMMENDATIONS

We've identified steps that organizations can take to act on our findings and successfully offer upskilling and reskilling programs.

Finding	Recommendation
1. Skill development programs are crucial for most organizations.	Assess how well employee skills meet company objectives. Where are the strengths and gaps?
2. Boosting productivity is the top reason for investment in upskilling and reskilling.	Align your upskilling and reskilling strategies to the most important business goals in your company.
3. Leaders perceive a variety of barriers to offering upskilling and reskilling opportunities in their organizations.	Analyze, prioritize, and thoughtfully address barriers. Measure progress along the way to ensure you're moving the dial.
4. Most leaders agree that employers should have the primary responsibility for employee skill development.	Determine how to engage and encourage employees in your company to build their skills, but try to avoid mandating participation.
5. Leaders cite a wide range of methods for delivering upskilling and reskilling opportunities.	Pinpoint the best methods for delivering upskilling and reskilling opportunities based on your technology, readiness, and culture.

Recommendation #1 – Assess how well employee skills meet company objectives.

Our research shows that HR leaders are critically aware that employees must build new skills and deepen current capabilities to keep their organization competitive. But first they need to determine what the company requires and assess the current state of skills in the organization.

Specific actions:

- Work with top business and technology leaders to prioritize which skills are most critical to meet company objectives.
- Review the current state of employee skills, to determine the skills you have, those you need and the size of the gap.

Recommendation #2 – Align your upskilling and reskilling strategies to your most important business goals.

HR leaders say that upskilling and reskilling programs boost productivity and employee retention. Organizations must offer programs that meet organizational needs and employee interests and ambitions.

Specific actions:

- Survey employees about their skill development priorities – including upskilling and reskilling needs, and leadership development opportunities.
- Determine how closely they mirror company goals.

Recommendation #3 – Analyze, prioritize and thoughtfully address barriers.

HR leaders highlight many potential roadblocks to effective skill development. For best results, it's important to be clear and realistic about the barriers, and the root cause.

Specific actions:

- Seek detailed insights from employees and leaders to identify barriers.
- Assess how leaders can boost employee participation in skill development programs.

Recommendation #4 – Engage and encourage employees to build skills.

True employee engagement in skill-building requires buy-in and focused effort from business leaders and HR. What role does each team need to play?

Specific actions:

- Ask leaders about their views on who bears the greatest responsibility for employee upskilling and reskilling, as well as their perspective on mandating employee participation.
- Assess the potential impact on employee participation if programs are voluntary but encouraged.
- Use these insights to assess the level of change you'll need to manage with leaders and employees across the company as skill-building programs are introduced.

Recommendation #5 – Pinpoint the best methods for delivering upskilling and reskilling opportunities.

Which approach(es) is best for delivering skill development in the company? The best solutions balance organizational realities and employee needs.

Specific actions:

- Assess the delivery approaches the company currently uses.
- Survey employees for their preferences and insights.
- Identify potential champions, who can spark greater uptake of upskilling and reskilling opportunities.

CONCLUSION

We're seeing a dramatic shift in the skills employees need to be competitive, for today and tomorrow. According to a recent World Economic Forum report, 44% of the skills in every job are likely to be disrupted – and companies can expect a structural labor market churn of 23% over the next five years.

For HR leaders, effective upskilling and reskilling programs are becoming a critical part of their human capital strategy. This requires identifying the specific skills needed to help the company meet its goals and targeting the gaps across the organization. It also means providing opportunities that are not only effective, but easy for employees to find and use. This approach will equip and enable organizations to retain valuable employees and fuel company growth in an increasingly turbulent landscape.

"As businesses navigate evolving landscapes, upskilling and reskilling employees becomes not just a priority, but a strategic imperative. Today's technology allows delivery of effective and engaging solutions at-scale, providing greater options that could help save time and cost for employers and employees. Investing in upskilling and reskilling fosters agility and innovation and empowers teams to thrive amidst change and drive sustainable growth in the digital age."

RAGHU KRISHNAIAH
Chief Operating Officer of University of Phoenix

ABOUT / CONTACT

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1

2

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