



Strategies for Overcoming the Challenges in Employee Upskilling and Reskilling

Whitepaper

OVERVIEW

Workforce Disruption in the Next Decade

As technology, demographic shifts and other forces disrupt the global workforce in the next few years, employee-driven training programs will be key to organizational competitiveness. However, effective upskilling and reskilling involve more than just offering some training classes. In this whitepaper, we explore and analyze the primary challenges organizations face when engaging in learning and development (L&D) initiatives and the role that digital credentials play in addressing them.

The World Economic Forum's [Future of Jobs Report 2023](#) predicts that six out of ten workers will require retraining before 2027. The global workforce is poised for radical disruption in the next decade. Technology, demographic changes and global economic forces are reshaping business and skills in demand.

To start with, artificial intelligence and automation are driving business innovation and changing the way people work. We are no longer at a time when technology skills are optional to future-proof the workforce. As a result of the pandemic, technical skills are now critical success factors, according to [Pearson VUE's 2023 Value of IT Certification Candidate Report](#). Meanwhile, generative AI alone is expected to [affect 300 million jobs](#), with Pearson's research showing that around [30% of white-collar roles](#) could be accomplished by generative AI. While AI is gaining traction, it has also highlighted the importance of soft skills, as people are the key to unlocking innovation and supercharging business growth. This is evident in the 'Pearson Skills Outlook: Power Skills' report, which identifies the [top five most sought-after skills as all human skills](#), both now and in the short-term future.

Meanwhile, the global economy's interconnected nature shows no signs of changing. As advanced

economies around the world evolve, [globalization will reshape skill needs](#) in developed and emerging nations. And [when the global economy is uncertain, the last thing employers want is increased costs due to employee churn](#). Growth-focused companies will seek to stabilize their employees by offering more upskilling and reskilling opportunities to reduce costs associated with replacing employees.

Lastly, [150 million jobs](#) will shift to workers over the age of 55 by 2030, according to a new global study from Bain & Company. In nations such as the United States, the ageing workforce could [reduce the working-age population by as much as 3% in the next ten years](#). This will create productivity challenges for many organizations. For employers, upskilling and reskilling are powerful responses to these trends, enabling adaptation to changing roles and business strategies. Yet, managing and evaluating effective learning programs can be challenging. In this whitepaper, we discuss four key challenges faced when developing and managing L&D programs and provide strategies and tools, including digital badges by Credly, to future-proof the organizational workforce.

The four key challenges that we will explore are:

- 01 Understanding the skills landscape
- 02 Identifying and managing skills
- 03 Measuring and evaluating upskilling and reskilling
- 04 Creating a culture of learning and enhancing employee retention

Challenge 1: Understanding the Skills Landscape

While reskilling and upskilling are getting more attention from leaders, many lack focused objectives and aren't clear on what skills their L&D programs should prioritize on. According to Institute for Corporate Productivity research, among companies with 1,000-plus employees:

- » 43% lack a process for analyzing workforce readiness
- » Only 15% are highly effective at analyzing the gap between workforce skills and future needs
- » And just 10% have a comprehensive employee skills database

Employees, for their part, aren't any clearer. According to PwC research, just 36% of workers believe their required job skills will change significantly in the next five years. This view seems worrying, given the widespread consensus among researchers and business leaders that workforce skill needs are changing fast.

Organizations face the critical task of determining not only which skills to develop but also the most efficient and effective approach to do so. Should organizations upskill or reskill the employees or both?

Pearson's Skills Outlook series looks at 'Gen AI Proof Jobs' - which analyzes the impact of generative AI on more than 5,000 jobs in five countries - Australia, Brazil, India, the US and the UK. The research shows that around 30% of white-collar roles could be accomplished by generative AI, meaning more jobs are becoming obsolete. This highlights the urgent need for adaptation to rapid technological changes. However, upskilling efforts may face challenges in keeping pace with these changes as enhancing existing skills may not always align with evolving job market demands, while reskilling, which focuses on imparting new, relevant skills, offers a more adaptable solution.

In fact, the WEF estimates that 20.8% of individuals could be positively reskilled into roles of growing demand. Research has also shown that reskilling helps reduce people's costs and mitigate risks from digital transformation, regulation, and reputation, leaving the business in a stronger overall position.

Whether upskilling or reskilling offers more benefits will depend on organizational strategy, industry trends, and the timeline. The bottom line is that to create a meaningful L&D program, organizations must clarify their objectives for workforce improvement and decide whether to prioritize upskilling, reskilling, or a mix of both, while pinpointing specific areas of focus.

Challenge 2: Identifying and Managing Skills

Skills-first hiring is an alternative to traditional recruiting criteria. For many years, candidates have been evaluated primarily based on their past experiences and educational credentials. Now, businesses are embracing an approach that focuses on candidate job skills. Nine out of ten businesses surveyed in a [global study conducted by Deloitte](#) are experimenting with skills-based hiring. And 98% of the executives surveyed in that study said they plan on becoming more skills-based in their hiring.

“One of the biggest barriers that we see for companies moving to skills-based practices is that they don’t recognize the barriers that they have in place. They don’t know how to assess on the other end...”

Bryan Hancock
McKinsey partner

For most organizations, however, there is one major obstacle to tapping the full power of skills-based hiring: They don’t have an objective tool for assessing people’s skills.

Many organizations rely on self-reported inferred skills, which can be unreliable. A survey by [Harver found that 78% of job candidates](#) have, or would consider, misrepresenting themselves on a job application.

Moreover, the non-standardized way of describing skills can lead to inconsistencies in interpretation. This makes it challenging for employers to compare candidates accurately or assess skill levels consistently across different individuals. A project manager who worked in construction likely has a different skill set than a project manager who worked in software development, and both of

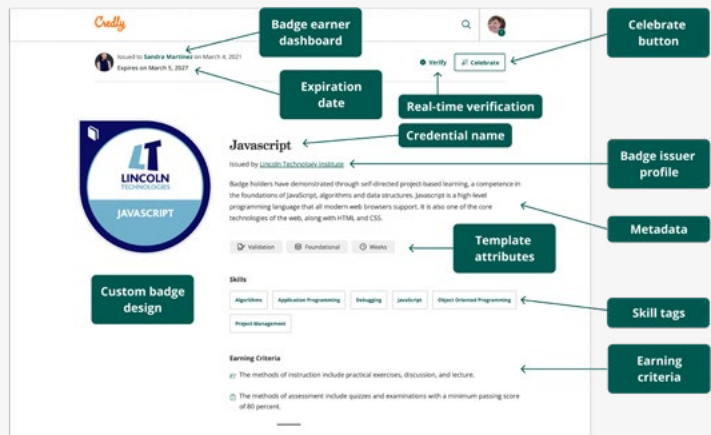
them may have different skills than a marketing project manager.

Misjudging someone’s proficiency in a particular technology may also lead to assigning tasks or projects that exceed their actual capabilities, causing delays or errors. [\[More on why skill inference falls short in today’s work environment in our blog\]](#) For a robust and reliable skills-based approach to talent decisions, organizations must prioritize verified skills. That is, they must look for independent verification of individuals’ skills and what those skills encompass. Skills verification enables:

- » **Strategic talent acquisition:** Verified skills allow organizations to accurately assess candidates during the hiring process, ensuring they possess the required competencies for the role.
- » **Data-based talent management:** Verified skills allow organizations to have a clear and factual understanding of the skills and competencies of their workforce.
- » **Strategic workforce planning:** By knowing which skills are present and which are lacking, employers can plan for future workforce needs.
- » **Efficient training and development:** With verified skills data, L&D managers can focus on using workforce training initiatives to fill skill gaps.
- » **Improved performance and productivity:** With verified skills, leaders can be confident that their employees have the skills and knowledge needed to do their jobs. This leads to improved performance and higher productivity.

Ways to Verify Skills with Credly's Credentials

Digital credentials are a powerful tool for employers seeking to understand the skills their workforce possesses and for employees and prospective employees to demonstrate their competence. Digital credentials by Credly offers several important capabilities:



- » **Skill tags:** These are specific skills associated with a particular digital badge. They concisely summarize a badge-holder's skills in specific areas.
- » **Metadata:** Each Credly digital badge contains data about its issuer, the criteria required to earn it, and evidence of the skills demonstrated. Discover the value of metadata
- » **Real-time verification:** Employers can verify the authenticity of digital credentials with just a few clicks.

- » **Third-party verification on blockchain:** Blockchain-based verification of digital credentials ensures they can't be tampered with or falsified.
- » **Portability and accessibility:** Credly digital credentials are accessible across various platforms and devices, making them easy to share and verify online.

Challenge 3: Measuring and Evaluating Upskilling and Reskilling

46% of learning leaders struggle to calculate the return on investment (ROI) of their corporate learning programs, as per the Redefining the ROI of Corporate Learning report. While some collect data, the majority fail to measure business

outcomes. The report reveals that over 50% of organizations gauge learner reactions and skill acquisition, but only 33% measure corporate outcomes.

Conflicting needs within organizations often lead to a lack of measurement. According to a survey by LEO Learning and Watershed, 28% of organizations cite "competing priorities" as the main barrier to measurement. Piers Lea, chief strategy

officer at LEO Learning, suspects that these priorities could include time and budgetary pressures.

Yet, measuring ROI is crucial to success. A positive ROI not only builds a strong business case for CHROs, CLOs, and other L&D leaders but also enables organizations to identify what's working and what's not, facilitating continuous improvement and allowing resources to be allocated effectively.

Digital credentials by Credly streamline skill verification and allow organizations to consolidate data in a single central platform. This data, which can be integrated with data from other HR information systems, is key to measuring ROI. Here's how:

- » **Build a skills inventory:** By knowing who in the organization has what skills, managers can identify areas of expertise within their workforce, allocate resources effectively, and align talent with business objectives.
- » **Track trends and assess training effectiveness:** Utilize data from digital credentials to evaluate the impact of training programs, identify utilization patterns, and pinpoint skill gaps within the organization. This data informs ongoing workforce decisions.
- » **Integrate with existing HR systems:** Integrations ensure data accuracy, reduce administrative burden and enhance operational efficiency.
- » **Provide transparency and accountability:** Authorized stakeholders can view credentials in real-time, further strengthening collaboration between L&D and other functions within the organization.

What you can find on Credly Analytics Dashboard



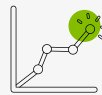
Total Badges Issued

Measure the progress of your program with real-time stats on number of badges issued.



Clicks to Your Website

Report on traffic your badges are driving for brand awareness and marketing ROI.



Acceptance Rate

Track when earners accept the digital credentials they earn.



Benchmarking Data

Gauge your program performance against regularly-updated industry benchmarks.



Badge Shares

Measure the marketing reach of your program with badge share data.




Detailed Reports

See analytics at the program or template level. Export data for in-depth analysis.

“As L&D teams create a comprehensive, data-driven picture of the effectiveness of learning across their organizations, they can combine this with data from other areas in the business to start building evidence of business impact.”

Tim Dickinson | Director of learning analytics strategy
Watershed



Spotlight: Leveraging Digital Credentials for Strategic Insights

Overview:

Grant Thornton LLP aimed to transition into a skills-based approach to replace its compliance-focused culture. To achieve this, the Colleague Learning & Effectiveness team partnered with Credly to create a digital credentialing program. The program aligns with the firm's Career Continuum and offers diverse learning pathways. Grant Thornton issued over 2,546 digital credentials with an 82% acceptance rate among employees, reinforcing a culture of learning.

For its Manager Development Program (MDP), 232 managers completed the program, with 83 of these managers demonstrated further commitment by pursuing and achieving the Experienced-level MDP badge. The digital badges have successfully incentivized the employees through social sharing and skills verification.

How to Utilize Digital Badge Data to Demonstrate ROI:

With Credly, Grant Thornton not only easily tracks badge sharing and acceptance rates to foster a culture of learning but also integrates this data with other analytics to gain deeper insights into their business outcomes.

Grant Thornton compared productivity metrics between managers who earned the badge and those who did not. The findings revealed significant differences:

- » MDP badge earners managed an average of 18% more total monetary value in engagements compared to non-badge earners.
- » MDP badge earners exceeded their target number of billable hours by 0.9%, whereas non-badge earners fell short by an average of 0.2%.

While acknowledging the multifaceted nature of program success, this use case underscores the pivotal role of data in identifying employees with a growth mindset, potentially earmarking them as high potentials for career progression within Grant Thornton. **This data-centric approach facilitates a comprehensive understanding of business outcomes, synergizing with other collected data to cultivate a genuinely skill-based organization.**

Challenge 4: Creating a Culture of Learning and Enhancing Employee Retention

When trying to understand why people stay at a job, it's important to consider why they leave. While salary and benefits are often the top reasons people cite when they quit, a global study conducted by [McKinsey](#) found that the primary reason for leaving a job is the lack of career development and advancement opportunities.

Meanwhile, praise and recognition are key factors in employee retention. [Research by Gallup and Workhuman](#) found that when employees are acknowledged, they become more engaged, resulting in a decreased turnover rate. The [Pearson Skills Outlook: Employee View](#) shows that employees expect to keep learning throughout their careers, expect their employers to invest in this, and are willing to put in the work to continue developing their skills.

To retain employees with the necessary skills, organizations should provide personalized learning experiences that cater to individual skill gaps and preferences. Accompanying recognition can help enhance the efficacy of training, boost employee engagement, and motivate employees to learn.

According to a [recent study led by Pearson VUE](#), 92% of individuals with digital credentials are more confident in their abilities. By using [digital credentials](#) to address the four challenges identified in this whitepaper, organizations can equip their employees with more confidence in their jobs and create a learning-oriented workforce that values skill development. Digital credentials allow organization to nurture that culture, increase employee engagement and reduce turnover. Here's how Credly can help:

01 Recognize and celebrate growth and learning: Digital credentials simplify verifying real learning and recognizing people for their achievements. This boosts employee engagement and productivity.

02 Gather L&D data for insights: [Credly's analytics tool](#) measures program effectiveness, sharing rate, and areas for improvement.

03 Drive ongoing improvement: Using data-based insights, prioritize continuous upskilling and reskilling that's aligned with skill gaps in the workforce and changing business needs.

04 Build the business case: With a platform integrated with existing HR systems and insightful data, organizations can measure business outcomes and calculate ROI. Training leaders can prove how their programs provide value to the company.

05 Foster a culture of growth and retention: Offer opportunities for ongoing learning and development and recognize learning accomplishments. As this virtuous cycle repeats, the culture changes and people learn to value learning and personal growth. The result is a more adaptable and resilient workforce — a win-win for both employees and the employer.

"Digital badges are a real motivator for our associates as they progress through their learning journey. It really changes employees' mindsets related to professional development from 'this is something I have to do' to 'this is something I want to do.'"

Charlie Forty
[Senior Director of Talent Development](#)
[PVH Corp.](#)



Empowering Growth and Resilience

In a rapidly evolving economy, upskilling and reskilling are essential for companies that want to remain competitive. But implementing them comes with challenges: understanding the fast-changing landscape, identifying and managing skills, measuring and evaluating upskilling and reskilling initiatives, and enhancing employee retention.

Within these challenges, however, are transformative opportunities. **Digital credentials** by Credly are a tool for addressing some key challenges and building a more engaged workforce and resilient organization.

Digital credentials are more than just badges. They are opportunities for growth, recognition, and potential for individuals and their employers.

About Credly

Credly by Pearson is helping the world speak a common language about people's knowledge, skills, and abilities. Thousands of employers, training organizations, associations, certification programs, and workforce development initiatives use Credly to help individuals translate their learning experiences into professional opportunities using trusted, portable, digital credentials. Credly empowers organizations to attract, engage, develop, and retain talent with enterprise-class tools that generate data-driven insights to address skills gaps and highlight opportunities through an unmatched global network of credential issuers.