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Upskilling and Reskilling in 2021

— A Global Overview —





Upskilling and Reskilling Took Precedence in 2020

2020 was a chaotic year whose effects on corporate learning and development will be felt for years to come. Entering 2020, trends like digital transformation were shifting patterns in established industries and creating entirely new businesses. The outbreak of the global COVID-19 pandemic disrupted work patterns, consumer behaviors, and supply chains, and provided the impetus for companies to accelerate digital transformation as one of the measures to cope with the disruption.

DHT L&D report found Reskilling and Upskilling was top of mind for L&D professionals worldwide

Donald H. Taylor, a UK consulting firm in education technology, recently published a Global Sentiment Survey on Learning and Development. This survey of sentiment among L&D experts worldwide found that the top trend these professionals expected to lead in 2021 was reskilling & upskilling, followed by collaborative/social learning.

This white paper explores some of the causes of this shift in focus.

Donald H Taylor's L&D Global Sentiment Survey 2021,
https://donaldhtaylor.co.uk/research_base/global-sentiment-survey-2021/



Employees Whose Positions Were Suspended in 2020 Had to Reskill for Positions That Remained Active

The COVID-19 pandemic triggered a series of lockdowns in nations around the globe. When it became apparent that the virus was spreading through community transmission, countries and enterprises mandated social distancing rules and work-from-home policies that drastically reduced the amount of face-to-face contact in their societies. This forced industries and workers to adapt to entirely new ways of working.

A variety of jobs were suspended due to COVID-19 work restrictions and changes in business models

Work-from-home created a new division of jobs between “essential work” and “non-essential work.” Originally meant to distinguish between jobs that had to be done in person and jobs that could be done remotely, “essential” came to have a more literal meaning, as companies realized that work-from-home meant that some types of jobs required fewer workers, or none at all.

Computer-facing, knowledge-based work can shift into the home, but much in-person service work is still difficult to perform at a distance or virtually. One divide made stark during the crisis but likely to persist beyond it is that between ‘remotes’, whose work lends itself to telework, and the remainder, including many ‘essentials’, for whom telework is largely not an option.

John Hurely, Eurofound, “COVID-19: A Tale of Two Service Sectors”

Restrictions against in-person work meant that some jobs could not be done while the lockdown continued. Some service workers, like hairdressers and restaurant servers, could not see customers face-to-face to do their jobs as before. The reduction of in-office work also reduced demand for support jobs in those offices and at nearby businesses.

Businesses that had previously relied on in-person contact to operate their business models now had to reinvent those business models for non-contact delivery and remote work. For example, outside salespeople shifted to inside sales roles. This entailed rapid development and deployment of digital support systems and reconfiguration of the workforce. That workforce reconfiguration exposed jobs that no longer needed as many (or any) workers and other new or expanded jobs that needed more workers, often with skills the existing workforce lacked.

Employees in these jobs needed to reskill to move into other jobs that had not been suspended

To relieve this imbalance and to preserve the employment of as many workers as possible, enterprises had to analyze the skills gaps in their workforces. New and expanded job areas created a demand for workers with new or expanded skill sets.

The economic disruption of the pandemic put many people out of work. It might seem, therefore, that enterprises had a large pool of available labor from which to recruit for the new types of jobs they needed to fill.

However, because enterprises were all undertaking similar transformations, they all needed the same specific types of new workers. That put them into competition with one another for some workers whose skills were suddenly scarce compared to the new demand.

Many studies show that the total cost of losing an employee can range from tens of thousands of dollars to 1.5-2X annual salary.

Consider the real “total cost” of losing an employee:

- ✓ Cost of hiring a new person (advertising, interviewing, screening, hiring)
- ✓ Cost of onboarding a new person (training, management time)
- ✓ Lost productivity (a new employee may take 1-2 years to reach the productivity of an existing person)
- ✓ Lost engagement (other employees who see high turnover may disengage and lose productivity)
- ✓ Customer service and errors (new employees take longer and are often less adept at solving problems)
- ✓ Training cost (it is estimated that 10-20% of an employee’s salary is invested in training that employee every 2-3 years, which becomes a lost investment when an employee leaves)
- ✓ Cultural impact (when someone leaves, others may ask “why?” and question their own employment)

Josh Bersin, Deloitte, “Employee Retention Now a Big Issue: Why the Tide has Turned”

Moreover, many enterprises understood that reskilling and upskilling their existing employees had a number of benefits compared to recruiting from outside.

The Society for Human Resource Management (SHRM) estimates the average replacement cost of a salaried employee to be six to nine months’ salary. Filling a job with an internal candidate and helping that candidate acquire the needed skills is often faster and less costly than recruiting, screening, and onboarding an outside candidate.

Additionally, reskilling and upskilling existing employees creates tangible proof of the company’s commitment to its employees and the existence of long-term career growth paths in the company. Avoiding layoffs preserves employee morale and avoids presenting an indication to customers and competitors that the company is in trouble. (See [“5 Ways Upskilling Will Cut Costs and Boost Productivity at Your Company,”](#) Simplilearn.)



Digital Transformation Means More Workers Need Digital Skills

Digital transformation had been accelerating in the years leading up to 2020

As noted above, digital transformation had been a growing business trend for a number of years prior to 2020. Prior to 2020, market research firms projected a compound annual growth rate (CAGR) in the range of 18% to 23% for the digital transformation sector. Estimates for the size of the sector in 2020 range between US\$700 billion to US\$990 billion.

Over the period from 2010 to 2019, [global ecommerce sales volume](#) grew from US\$572 billion to US\$3,460 billion. [Ecommerce as a share of US retail sales](#) went from 6.4% in 2010 to 21.3% in 2020.

COVID-19 forced the digital shift into overdrive as many organizations fought to remain open for business

When the COVID-19 pandemic triggered lockdowns in countries around the world, many companies found that the only way to stay in business was to adopt digital business processes. Companies that might previously have balked at the time and

effort it would take to empower remote working for their employees ended up implementing work-from-home for a huge percentage of their workforces in a matter of days.

On the customer-facing side, companies that might once have resisted the idea of ecommerce because of the lack of customer contact and direct product experience discovered ways to bring the sales process online. For example, [automobile companies](#) invested in creating virtual showrooms and virtual test drives to let consumers shop and buy from home.

Some companies that adopted digital business processes in response to non-contact requirements found that the new digital processes offered additional benefits compared to their traditional business models. One example is the [fast-food company Wendy's](#). After Wendy's deployed a mobile app to support contactless delivery at the drive-through window and curbside, the CIO discovered that the data collected from the app provided rich information about customer behaviors and buying patterns.

For workers in these organizations, digital skills became survival skills

Under the new digital business models, workers need to be able to work in the digital domain. At the minimum, they need to become power users of the tools and systems their companies have newly put in place. But for greater security, workers should gain the skills they will need to design and build those tools and systems.

As a practical example, consider [retailers](#) whose brick-and-mortar stores have had to close. The merchandisers who had previously designed and stocked displays on the store floor need to learn how to apply those skills to the store's ecommerce storefront. From that foundation, they can acquire the digital skills to design, build, and maintain the ecommerce site and supporting systems.

The workers who are best able to navigate this transition have the greatest job security. Those workers who cannot translate their skills in the physical business domain to the digital domain are at risk of losing their jobs.

Upskilling and Reskilling Moved Online

The shift to WFH happened overnight for those workers who were able to work remotely

The web communication company Zoom and the online team collaboration company Slack Technologies went public in 2019. These successful initial public stock offerings reflected the growing popularity of online collaboration tools throughout the 2010s.

Had the COVID-19 pandemic struck a decade earlier, far more workers would have fallen into the “essential” category because their jobs would have required them to show up in person. Because it went global in early 2020, there was already an infrastructure and ecosystem to support remote work for most office workers.

However, that didn't mean that most companies were prepared to shift the bulk of their white-collar workforces to work-from-home. When the pandemic and the associated lockdowns forced them to make that shift, it created short-term disruptions in getting workers online and productive, and it created long-term disruptions in the fundamental business models of many companies. These disruptions made user training, reskilling, and upskilling more important than ever.

In-person training was no longer an option for remote workers

But just as training became essential to surviving the upheavals in business, traditional training methods using in-person classroom instruction became impossible to use. Lockdowns prevented employees from gathering for in-person training.

The isolation of individual employees at home created challenges for learning and development. Companies scrambled to implement or expand online training programs.



Online training transformed corporate learning and development programs, higher education, and even primary education

The challenge of in-person instruction shutting down didn't only affect corporate L&D. Institutions from K-12 through higher education had to find online alternatives for instruction.

A number of online instruction software vendors and service providers existed before 2020. The pandemic provided a boost to the industry and caused a number of institutions to adopt those products as a matter of necessity.

Simplilearn found in a [2020 survey of L&D leaders](#) that in the wake of the pandemic, 86% of companies that offered in-person classroom training to employees shifted to online-only training (with more than half of those offering online virtual classrooms). 83% of companies that shifted classroom training online found that online training was equally or more effective compared to in-person classroom training.

Both corporate L&D professionals and individual learners became focused on which online programs were the most effective for skills training, the easiest to fit into a personal schedule, and the most cost-efficient

There were many tools available for individual self-study online, but not all skills are suitable for self-study and not all students learn well from self-study. For group instruction, tools like massive open online courses (MOOCs) proved to have low completion rates: generic MOOCs have average completion rates under 10%, and even [MOOCs offered by top universities](#) have average course completion rates well under 20%. Collaboration tools designed for meetings and webinars are unsuited to the specific needs of L&D.

Corporate L&D professionals have focused on finding online training solutions that are:

- ✔ Effective at imparting skills
- ✔ Adaptable to work-from-home schedules
- ✔ Cost-efficient

An effective online training solution has to be tailored to the kinds of skills that employees need to learn. It should incorporate learning by doing, so that the learner practices the new skill during the course and demonstrates proficiency in a measurable way. It needs to provide the learner the appropriate level of support for their learning style and needs. It needs to include a support system for the learner, with access to instructors, teaching assistants, and peers to provide social interaction and motivation.

An adaptable online training solution allows the learner to access all of the learning tools and support on a flexible schedule. While it's important that the learner commit to the required hours of study on a regular basis, an adaptable program allows learners to shift when and how they allocate the study hours within the day and during the week to fit in with work demands and personal time commitments.

A cost-efficient online training solution leverages technology to deliver training at a reasonable cost and in a time frame that lets the company benefit from the employees' new skills quickly. Furthermore, a cost-efficient program achieves a superior balance of pricing and value provided.

One online model that is effective, adaptable, and cost-efficient is the digital bootcamp. Digital coding bootcamps report completion rates well over 80%.



Surveys of individual learners

Results from Simplilearn's surveys of individual learners in 2020 and 2021

Most Popular Skills Domains

Skill domains by popularity among Simplilearn learners

Data from Simplilearn's report, [IT Skills Training Trends: 2020 and 2021](#), shows what skills learners chose to acquire in 2020.

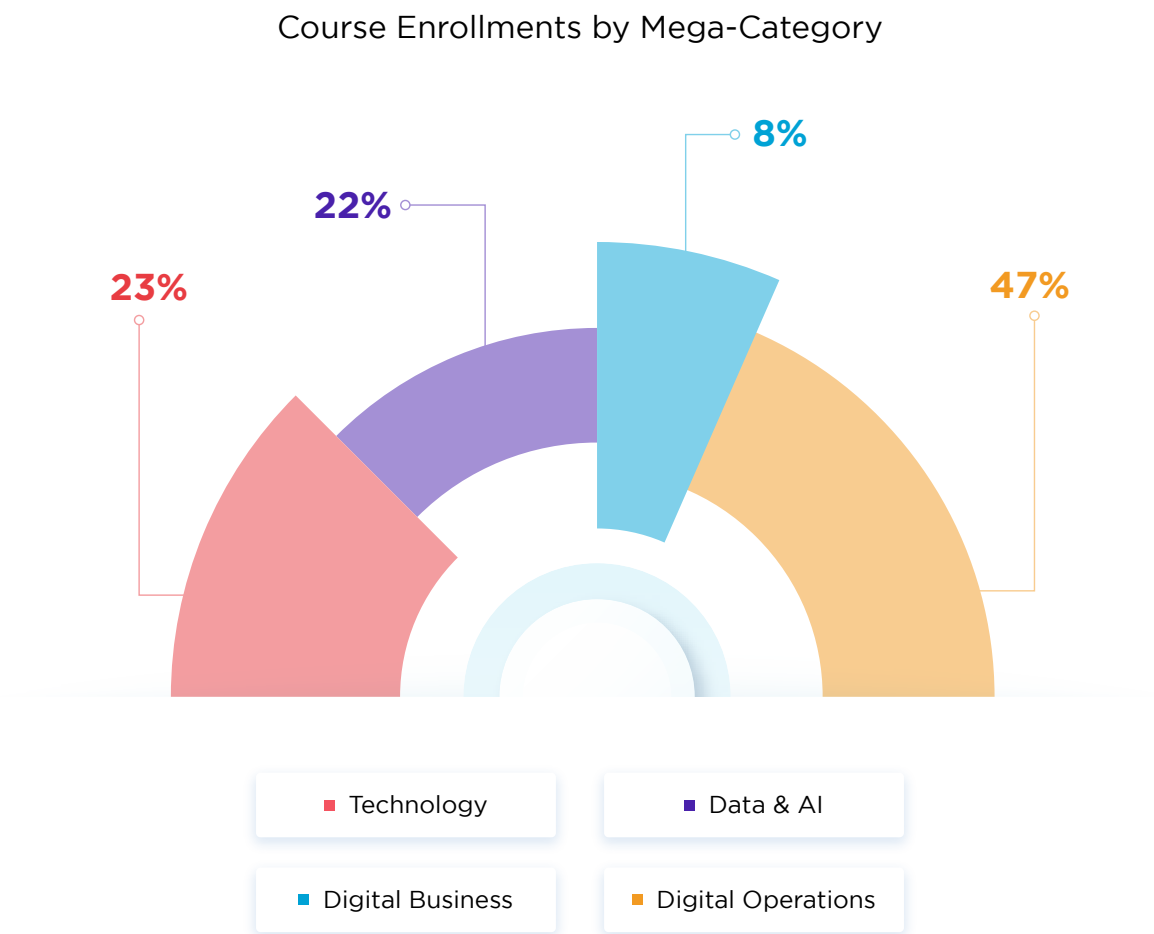
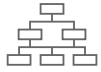


Figure 1. Simplilearn course enrollments data from 2020

These 20 individual courses were the most popular on Simplilearn's platform in 2020



Digital Operations

PMP

Certified ScrumMaster (CSM)

ITIL 4 Foundation

PMP Plus

TOGAF® 9.2 (Combined Level 1 & 2)

PRINCE2 Foundation & Practitioner

Certified Scrum Product Owner (CSPO)

Lean Six Sigma Green Belt



Technology

CISSP

AWS Solution Architect

Cloud Architect

CEH (V11) - Certified Ethical Hacker

Full Stack Java Developer

Post Graduate Program in Cloud Computing



Data & AI

Data Scientist

Data Analyst

Artificial Intelligence Engineer



Digital Business

Digital Marketing Specialist

Certified Business Analysis Professional

Business Analyst

In our 2021 survey of individual learners, respondents identified the skills categories they had studied or planned to study in 2021

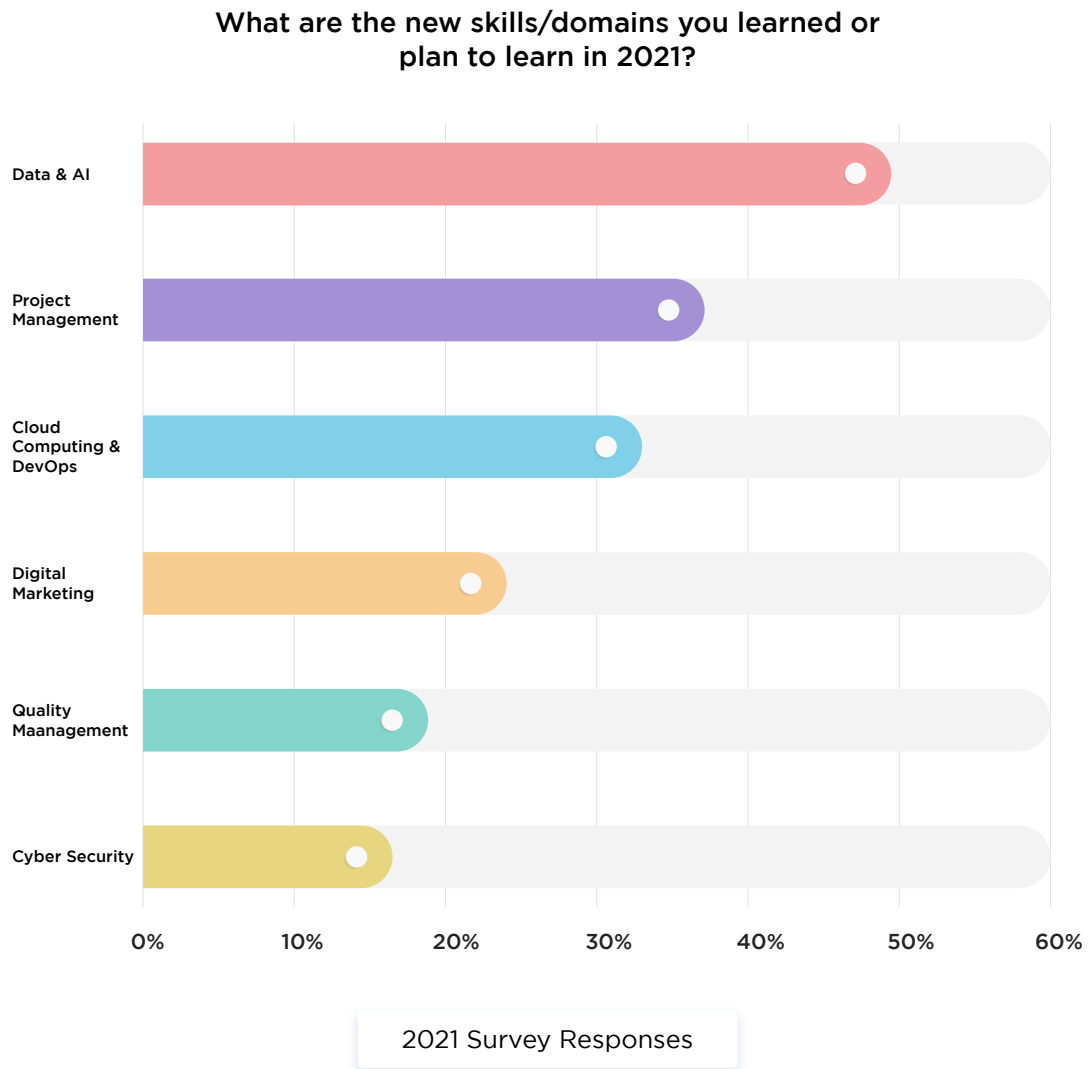


Figure 1. Simplilearn course enrollments data from 2020

Trends in Upskilling and Reskilling for 2021 and Beyond

There are several trends in corporate reskilling and upskilling that will shape corporate L&D in 2021 and future years:

- ✔ Digital bootcamp training
- ✔ Partnerships with higher education institutions
- ✔ Partnerships with industry providers
- ✔ Roles-based alignment of skill sets with employer needs

Digital bootcamp training

MOOCs have proven to have poor completion rates that make them ineffective. An alternative model for online training is the digital bootcamp. This high-engagement model combines live virtual classrooms, self-study content, integrated online labs for hands-on skills practice, and projects to demonstrate skills proficiency. Online bootcamp programs have average completion rates well over 80%, compared to under 20% for MOOCs.

Partnerships with higher education

Institutions of higher education have woken up to the demand from their students for job-ready skills to complement their academic qualifications. Universities like Purdue University, Caltech., Massachusetts Institute of Technology, UMass Amherst, and IIT Kanpur have partnered with outside providers to offer Post Graduate Programs to certify learners in advanced digital business skills. The institutions offer their imprimatur and faculty participation to these programs, sometimes including perquisites like alumni association membership. The partnerships allow the institutions to expand their practical reskilling and upskilling offerings with highly effective

Partnerships with industry providers

Technology providers have begun offering online training courses. In some cases, these providers have partnered with online training providers to enhance their programs with the technology company's expertise.

Roles-based alignment of skill sets with employer needs

Online training providers are aligning their program curricula and learning paths with defined industry roles, such as Data Scientist, Business Analyst, or Cloud Computing Architect. This offers corporate L&D professionals ready-made products to upskill and reskill employees into the digital business roles they need to fill.

Conclusions

The disruptions of 2020 will be felt far beyond the end of 2021. The nature of business and work has changed and will not immediately revert to 2019 patterns and models. It's much more likely that the digital transformation that was spurred in 2020 will gain momentum in 2021 and beyond.

Competing with other firms for the same pool of digital business talent is likely to prove ever more costly and time-consuming. Reskilling and upskilling your existing employees is a way to change the game from a talent competition to a winning strategy.

Even if the relaxation of COVID-19 restrictions permits a return to in-person classroom training, it's likely that the many benefits of online digital bootcamp training will make it the preference for reskilling and upskilling. Effectiveness, flexibility, and cost-efficiency all favor the online alternative.



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