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Reskilling and Upskilling Programs to Combat 'the Great Resignation'

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American Express

Before the onset of the pandemic in January of 2020, the [World Economic Forum](#) sounded the alarm on an upcoming emergency in a published report. The future economic stability of more than one billion people — or almost one-third of all jobs worldwide — they argued, will ultimately come down to how successfully they can be reskilled over the next decade in preparation for a workforce shaped by the fourth Industrial Revolution. Looking ahead to 2030, the report made the case for employers and governments to focus on critical workplace skills, especially ones centered around tech.

Shortly after, the pandemic broke, and reskilling became an essential short-term survival strategy to fuel or sustain company growth. Employers found that investing in skills learning enabled and enhanced both the performance and reliability of their workers, keeping them engaged at work as well as productive.

Upon seeing the success of reskilling in attracting and retaining employees, as well as staying competitive, companies are now exploring the next evolution of reskilling: Upskilling.

What Are Upskilling, Reskilling and Outskilling?

Upskilling deepens and advances an employee's core competencies. For employees who want to stay in their current position or career path, the focus is to train them on skills that will make them more successful in their current or future roles. Being more successful makes employees more valuable to the company, as they become more productive and increase their earning potential. Soft skills, for example, became key core competencies as remote work overtook onsite work during the pandemic. And as remote work continues in many workplaces, investment in honing soft skills workers already possess will make those workers more successful in their roles and career paths.

Reskilling, on the other hand, teaches employees skill sets they lack entirely and trains them for completely new occupations. Reskilling a line worker in a factory to oversee and maintain machinery that produces the widgets the worker previously produced would be an example of reskilling.

Outskilling, according to the [Training Industry Glossary](#), refers to retraining employees with the skills they need to be competitive in the job market. Some organizations outskill employees amid layoffs to help them find new roles.

Why Upskilling and Reskilling are So Important

By 2030, the [McKinsey Global Institute predicts](#) that up to 375 million (14 percent) of the global workforce will transition to new occupational categories due to automation and artificial intelligence. Of the approximately 300 respondents to the McKinsey survey, 66 percent see "addressing potential skills gaps related to automation and digitization" within their workforces as at least a top-10 priority, though only 16 percent reported being "very prepared" to tackle the skills-gap challenge. The pace of transition will be and is unlike anything ever seen before.

Unlike the first Industrial Revolution where demand for unskilled labor skyrocketed, the fourth demands people have the relevant skills. People without such skills will not have an easy

transition. That makes upskilling current position-holders even more critical — one, because companies do not want to lose employees to attrition; and two, because the cost to attract, find, orient, and train a new employee is costlier than upskilling a current employee who wants to remain with the company and grow.

When employees are offered and encouraged to take advantage of upskilling opportunities for their personal or professional growth, companies see that people metrics, like engagement and retention, go up.

For employees, “Upskilling is a signal that you are valued,” says Denise Graziano. The author, speaker, and owner of [Graziano Associates](#) says that for employees, “It’s about feeling like you have a purpose, and you are connected to the mission of the organization. They’re investing in you to stay.” The leadership is making an overture to say, “We would like to see you grow into this new role or perhaps go across to another department. Employees feel like they are valued, and that increases productivity and performance, as well as overall sentiment.”

Benefits of Upskilling and Reskilling

As employee sentiment grows, so does their personal investment in how well their company performs and competes. “Employees gain context for their roles (or new roles) in the organization,” Graziano explains. “The employee understands why they, in particular, are needed in their roles. They understand how they are tied to the organization’s success. Their sense of their value and what they are contributing grows.”

As the organization’s culture becomes known as one that cares about its employees’ long-term success, this often results in a stronger corporate image, which positively affects an enterprise’s brand, sales, recruiting, retention, and innovation.

Creating a culture of learning that supports the rise of new skills fully prepares the worker and the workplace for the future. Another benefit of upskilling and reskilling for future jobs is the effect on improving social mobility – a key factor in reducing inequality. “An improvement of just 10 percent in global social mobility would boost economic growth by nearly 5 percent over the next decade,” according to the [World Economic Forum’s latest Global Social Mobility Index](#).

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Upskilling can create a sustainable workforce by boosting employee morale and job satisfaction, while improving retention, therefore positively affecting the enterprise's bottom line. The [Chief Executive CEO Confidence Index report found](#) that overall CEO confidence fell by 9 percent since March. "The results from that study," Graziano explained, "said that the leaders will have to be able to hire less. When you are tied because of the economy or whatever the [market] conditions are, and you have to hire less, you need to figure out how to get the work done anyway. Reskilling and upskilling are answers to that."

Companies that Upskill

The Aspen Institute's [Update on Upskilling in America](#) reports several significant upskilling programs. Of note are:

- **Amazon.** The company expanded its education and skills training benefits to 750,000 U.S. employees through its Career Choice program. Amazon now funds college tuition, as well as GEDs and English as a Second Language (ESL) proficiency certifications for its front-line employees who have been with the company for at least three months. Amazon also added three new upskilling programs in data center maintenance and technology, IT, and user experience and research design. By 2025, the company estimates it will have invested \$1.2 billion in training programs.
- **Target.** More than 340,000 frontline team members can participate in Target's Debt-Free Education Assistance Program. The company teamed with Guild Education to offer employer-funded undergraduate college degree and certification programs from 250 business-aligned programs at more than 40 schools. All part-time and full-time employees who work in Target stores, distribution centers, and headquarters locations in the U.S. are eligible. The benefit is available from an employee's first day of work.
- **Walmart.** The company made its Live Better U (LBU) program free for its 1.5 million part-time and full-time Walmart and Sam's Club employees. Walmart also pays 100 percent of college tuition and books (which used to cost associates \$1 a day), and they report that over the next

five years, their investment in training and development programs will equal nearly \$1 billion.

Companies that encourage employees to upskill and retrain will create a workforce that believes they are going somewhere within their organization. Keeping current talent somewhere within the organization means they'll be less tempted to seek other employment. That interest in and commitment to employees increases retention rates and can help combat resignations, which may ultimately lower turnover costs. As employee satisfaction increases due to the company's interest, the corporate culture can gel into one where people look forward to showing up to do their jobs.



Absenteeism may decrease. Customer service may improve. And the company can become *the* place to work.

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