



Mind the Gap: How to Beat the Skills Shortage By Upskilling Your Workforce

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A lack of skilled workers is threatening the growth of British businesses

In the UK, organisations in numerous sectors are struggling to cope with the ‘worst staffing shortages on record’¹. But there is another crisis on the horizon – one which may ultimately prove even more disruptive.

Experts have warned about a looming skills shortage for some time. As far back as 2000, it was suggested that key skills were being drastically underdeveloped². However, the twin impacts of COVID-19 and Brexit have exacerbated this problem.

The Recruitment and Employment Confederation (REC) states that a reluctance by employees to switch roles due to the pandemic, fewer European Union workers and key skill shortages were contributing to the staffing squeeze³. Worse still, many candidates say they don’t know how or where to get the training they need – making the skills shortage a particularly tricky challenge to tackle⁴.

While the entire UK faces severe skill shortages, the data suggests London-based businesses are particularly struggling. 7 out of 10 executives in the city say their company is currently affected by skill shortages⁵.

22%

go as far as saying a shortage of skilled workers will be the single biggest hurdle they face in the next five years.

According to Gartner, 70% of employees have not mastered the skills they need for their jobs today, and 80% do not have the skills needed for their current and future roles⁶. Recent research from McKinsey suggests that more than 10 million UK workers will be deficient in the necessary leadership, communication, and decision-making skills within a decade⁷.

1. <https://www.reuters.com/world/uk/uk-employers-face-worst-shortage-job-candidates-record-rec-2021-09-09/> 2. Skills for all: Research report from the National Skills Task Force, Department for Education and Employment, 2000. 3. <https://www.reuters.com/world/uk/uk-employers-face-worst-shortage-job-candidates-record-rec-2021-09-09/> 4. <https://www.bbc.co.uk/news/newsbeat-58884741> 5. <https://www.cityam.com/london-bosses-say-skills-shortages-at-crisis-and-could-go-on-for-five-years/> 6. <https://www.businesswire.com/news/home/20180906005082/en/Gartner-Says-Only-20-Percent-of-Employees-Have-The-Skills-Needed-For-Both-Their-Current-Role-And-Their-Future-Career> 7. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-rethinking-skills-to-tackle-the-uks-looming-talent-shortage>

The problem is not limited to white collar roles

With the implementation of new technology, roles in a diverse range of industries are under threat, as two thirds of the UK workforce is expected to be lacking in basic digital skills by 2030⁸. Many vital roles within the economy are no longer appealing to workers – making it especially difficult to convince workers to develop the necessary skills to fulfil them.

The recent shortage of HGV drivers illustrates the point perfectly: a lack of skilled labour has far-reaching implications for both businesses and the wider economy. With a shortage of ‘at least’ 100,000 drivers, supply chains have been heavily disrupted; the government has been petitioned to change legislation; and businesses have seen their revenues smashed.

Ultimately, leaders must act now to avert the impending crisis and close the skills gap. The good news is that at least 75% of organisations see a clear return on their reskilling efforts⁹.

The bad news is how hard effective upskilling is. McKinsey expects at least a third of businesses to upskill their workers in response to the crisis¹⁰, and the Association of Professional Staffing Companies (APSCo) recently published research encouraging companies to be more ‘creative’ in how they attract and develop talent in the coming years¹¹. But both of these things are easier said than done.

In this eBook, we explore how that might actually be done – revealing four key ways to successfully upskill your workforce and avoid staffing shortages in the future.



8. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-rethinking-skills-to-tackle-the-uks-looming-talent-shortage> 9. <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-economic-case-for-reskilling-in-the-uk-how-employers-can-thrive-by-boosting-workers-skills> 10. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-rethinking-skills-to-tackle-the-uks-looming-talent-shortage> 11. <https://pressreleases.responsesource.com/news/101886/white-collar-jobs-market-booming-employers-need-to-be-more/#>

The Skills Shortage in Numbers

30%

of all UK workers may need to transition between occupations or skill levels by 2030¹².

80%

of firms stated that access to skills was the most significant threat to the UK's labor-market competitiveness¹³.

A lack of applicants with the necessary skills is the

#1 reason

given for current staffing shortages¹⁴.



How are workers responding to the shortage?

77%

are ready to learn new skills or a completely retrain.

74%

feel it is their personal responsibility to develop skills.

50%

are confident about the future.¹⁵

12. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-rethinking-skills-to-tackle-the-uks-looming-talent-shortage>

13. "Change and opportunity," CBI/Perstemp Employment Trends Survey 2018, December 2018. 14. <https://www.meridianbs.co.uk/blog/2021/08/uk-skills-shortages-a-brief-look-through-a-post-covid-lens>

15. <https://www.pwc.com/gx/en/issues/upskilling/hopes-and-fears.html>



4 Ways to upskill Your Workforce More Effectively

1 Encourage flexible career progression

Much of the skills gap is driven by a traditional, linear approach to career development. Roles are expected to remain relatively static across time, meaning employees will require roughly the same skill set for a long period of time. In reality this is rarely the case, even more so in recent times..

We know career development opportunities are vital for attracting and retaining staff - particularly young talent; 48% of employees would switch to a new job if skills training opportunities were provided and 50% would quit if development opportunities weren't provided. These opportunities don't have to be provided in the traditional way and offering an alternate view of career progress may help businesses appeal to younger candidates.

The key to this approach is locating transferable skills in order to incentivise employee learning.

If an employee is being asked to develop a new set of capacities simply to keep their job, they may see this as a threat; if they understand it as part of their career progression, they will actively want to learn.

McKinsey found that the skills involved in working as a secretary were ideal building blocks to becoming an IT business analyst, architect or systems designer¹⁶. This lateral approach to skill development may be the key for making many currently undesirable roles more enticing for a talent pool which is increasingly uninterested in low pay, low status work.

16. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-rethinking-skills-to-tackle-the-uk-s-looming-talent-shortage>

2

Improve your hiring process

Another key factor creating the skills gap is the lack of opportunities for relatively unskilled workers. While it makes sense to create a hiring bias towards already trained staff, the reality of the talent market in 2021 may no longer make this a smart bet.

Between the 1950's and 1970's, corporations filled roughly 90% of their vacancies through promotions and lateral assignments. Today, the figure is a third or less.¹⁷ When there are fewer opportunities to progress internally, workers either become complacent (and therefore unwilling to engage properly with reskilling) or look elsewhere for work.



By developing a hiring process which locates potential, you will begin to find valuable but underappreciated candidates who will be grateful for the opportunity to learn. We suggest two key factors:

1. Change your managers' interview approach

Train your leaders in behaviour-based interviewing. This will enable them to identify vital soft skills and potential – rather than simply scrutinising candidates' existing skill level or professional experience.

2. Use incentives and bonuses to improve your talent pool

Internal hiring is vital to encourage personal development and loyalty. You will also see great benefits from focusing on referral programs which motivate your people to bring in other skilled workers.

¹⁷. <https://hbr.org/2019/05/your-approach-to-hiring-is-all-wrong>



3

Connect learners internally

Despite widespread investments, it is difficult to inspire the necessary discipline in workers to build the skills they need. ‘Self-directed’ learning – where employees are provided with content and materials to help them develop themselves – generally achieves very low uptake¹⁸ and fails to produce meaningful results.

Providing individual learning materials is often the most immediately cost-effective method of upskilling but it completely misses the powerful social element of

learning. By focusing on this aspect, businesses can make their L&D efforts far more efficient and effective.

One simple way to do this would be to strategically connect individuals with learning partners – whether that be colleagues who are already skilled in an area, or those that are also trying to develop the particular skill. Many businesses have been able to build an entire internal community around skill development – with highly enviable results.



CASE STUDY

PwC’s Digital Lab

As part of their \$3 billion upskilling investment, PwC introduced the ‘Digital Lab’ – a ‘democratised platform, which uses social and gamification features to incentivise building and sharing of assets with wide applicability.’¹⁹

By encouraging their workers to collaborate and compete in their efforts to develop new skills, they have dramatically increased the speed at which their workforce upskills. But perhaps more interestingly, they’ve also increased the level of creative and innovative thought amongst their employees.

18. <https://www.compt.io/learning-development-stipends-perks#:~:text=Set%20a%20metric%20for%20adoption,of%20their%20company's%20monthly%20stipends>. 19. <https://eightfold.ai/blog/reskilling-and-upskilling/>

4

Reimagine your workforce

The skill shortages we are currently seeing may be a sign that the way workforces are structured today is fundamentally not working. Rather than trying to import this old model into the new era of work by upskilling your employees, many businesses may benefit more from simply reimagining how their workforce operates.

Alternative models like the 'blended workforce' are ideal. Using a mixture of full-time and temporary workers, you are able to paper over the cracks the skill shortage produces by enlisting individuals with specific skill sets as and when you need them.

Part of the skill shortage is simply a product of increasing diversity in the specific capabilities businesses require. Hiring a full-time worker to provide a skill you only need two months every year would be hugely inefficient, as would using a huge chunk of your L&D budget to develop very niche skills internally.

The post-pandemic world is perfectly primed for this sort of workforce.

With the number of people looking for flexible work constantly increasing, there is a huge pool of vital talent. While the model is still highly novel, there are now technological solutions that make the process of sourcing your temporary workers far easier than it ever has been - allowing you to seamlessly integrate them into your existing, full-time workforce without tensions or culture clashes.





Build a blended workforce with Indeed Flex

We're Indeed Flex, a digital staffing partner delivering frictionless access to high quality, pre-verified local workforces for market leading brands via a range of flexible staffing solutions.

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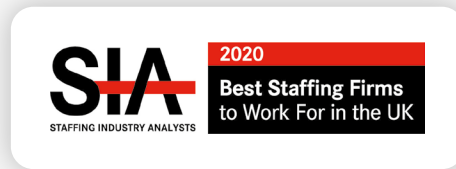
Email us

ukpartnerships@indeedflex.com



Call us

0203 880 6955



indeed flex

ukpartnerships@indeedflex.com | 0203 880 6955 | indeedflex.co.uk



Indeed Flex | One Smart's Place, 1st Floor, London, WC2B 5LW