

Reskilling for the Future of Work

Jeana Wirtenberg, Ph.D., John Sarno, Esq. & Sam Caucci

May 17, 2021

Purpose of Reskilling for the Future Working Group

As a follow-up to the Rutgers Institute for Corporate Social Innovation (RICSI) [Future of Work After COVID-19](#) report and Symposium held on March 26, 2021, [RICSI](#) is establishing a working group of subject matter expert volunteers from various sectors, partners, as well as students, to continue to explore issues and make recommendations related to reskilling the workforce of and for the future. The overall intention is to help prepare current and future employees for meaningful and equitable employment in the context of the future of work. Particular emphasis is on how organizations can better serve the skill development needs of all the stakeholders in society, including employees, gig workers, contractors, professional service providers, and the companies themselves, while incorporating principles and practices for enhancing social responsibility, sustainability, diversity, equity, and inclusion.

The immediate focus of the working group is on:

1. Analyzing the current situation in the U.S, in general, and New Jersey in particular, as it relates to skill development of current and future employees.
2. Identifying the critical skills needed by employers for the future workforce over the next 3-10 years.
3. Understanding the accessibility of various pathways for needed skill development, as well as barriers and opportunities for change to make skill development more accessible to all, particularly underserved, underemployed and/or unemployed populations.
4. Proposing viable solutions that benefit all stakeholders including current and future employees, employers, and society at large.

Why do we need to reskill the American workforce?

- **Long-term Unemployment at 60-year high in U.S. post COVID**

The impact of the COVID-19 pandemic on long-term unemployment in the U.S. poses a significant challenge for the unemployed, for business, and for society. As of today, long-term unemployment is at its highest level in 60 years (PwC, 2021). Four in ten unemployed workers are considered long-term unemployed, meaning they have been out of work for more than six months. Women have been particularly hard hit, as nearly three million women have dropped out of the workforce in the last year.

According to the Society for Human Resource Management (SHRM), at the beginning of the pandemic in March 2020, 57% of U.S. workers were worried they will lose their jobs, 46% had already lost work, wages, and income because of COVID-19, and 33% believed that if they lost their job, they would need additional education and new skills to find a comparable one. Looking

forward, [McKinsey's Global Institute](#) predicts that 54 million Americans could lose their jobs due to automation by 2030, and that automation could displace as many as 400-800 million workers by 2030. According to McKinsey, 62% of executives “believe they will need to retrain or replace more than a quarter of their workforce by 2023.”

Reskilling makes sense economically as well. Reskilling costs significantly less than rehiring employees, and the costs of employee turnover are widely known to be significant. For example, a [recent survey](#) of learning and development professionals indicated that they typically spend less than \$10,000 to reskill an employee, whereas the [Work Institute](#) estimates the cost of turnover is about 33% of an employee's salary, and increasing as salaries go up.

- **Job Turnover before and after COVID-19**

Prior to the economic shutdowns due to COVID-19, employers were experiencing [relatively high rates of turnover](#), but all that changed after the shutdowns. So much so, that since Spring 2020, turnover rates reached their lowest levels in nine years. This is expected to change again dramatically as soon as the economic shutdowns are fully lifted, according to a new report by the [Society for Human Resource Management \(SHRM\)](#).

SHRM's research showed that more than half of all employees in North America (NA) plan to look for a new job in 2021. The [Achievers Workforce Institute](#) surveyed 2000 current NA employees, half of whom were in the US and the other half in Canada, and found that 52% of respondents said they will be job hunting in 2021, increasing from 35% in 2020. Experts in turnover predict that voluntary job-leaving is likely to significantly increase in 2021 as employees resume the job searching they postponed for the past year.

Moreover, [SHRM research found](#) that a quarter of employees plan to quit their jobs outright once the COVID-19 pandemic subsides and recruiting efforts start up again. Major contributors to this exodus include desire for better compensation and benefits (35%), and better work/life balance (25%).

Workers are so committed to having greater flexibility and work/life balance that they are willing to give up a portion of their future earnings in exchange for paid time off to volunteer for a cause of their choice. According to [PwC's March 2021 Pulse survey](#), “almost half of Gen Z (45%) and Millennial (47%) employees said they are willing to give up 10% or more of their future earnings in exchange for the option to work virtually from almost anywhere.” Forty-four percent of employees indicated they would be willing to give up at least 10% of a 20% pay raise in exchange for unlimited vacation time from their employer, 38% for flexible work hours, 38% for a permanent remote work option, and 37% for unlimited sick time.

Still another study by Eagle Hill consulting found that [burnout](#) was cited by a majority of employees who said they plan to quit their job in 2021. A poll by the consulting firm found that 57% of U.S. employees say there are burnt out, with millennials and women reporting the highest levels of burnout.

- **Relocation of Skilled talent: “A nomadic trend”**

A recent [Workforce Pulse survey study by PwC](#) found that relocation during and after the pandemic is on the upswing, especially for those with flexibility and mobility, as employees have been relocating at a significant rate. Twelve percent of employees in PwC’s pulse survey have already moved since the beginning of the pandemic, and almost a quarter of employees are either considering or planning to move more than 50 miles from their core office location. Younger workers are more likely than older workers to be considering or planning to make a temporary or permanent move, according to PwC. At that time, younger workers accounted for 45% of all workers choosing to voluntarily relocate.

- **Employee Engagement on steady decline: Reframing Work as a Calling in Service of Society**

A [recent survey](#) found that only 21% of employees said they are very engaged at work, and one in five employees feel underappreciated for their contributions. Forty three percent of Gen Z’s do not feel valued at work.

We believe this is a pivotal moment in time for re-engaging and reskilling workers for the next decade and beyond, and at the same time afford these workers the opportunity to contribute to society’s greatest challenges. Creating a [sustainable future](#) is the greatest challenge facing humanity today. Offering opportunities for direct or indirect participation in solving these challenges can provide the much needed meaning millennial and Gen Z workers are longing for.

A plethora of research has shown that finding meaning and connection to purpose of the company is the most important thing that Millennials say they want from a job. Yet fewer than half of employees see their work as a calling. As a result, employees are frustrated and dissatisfied by the jobs and careers they do have. The opportunity, then, is to support the workforce in fulfilling their values and purpose through their work in service of society. As Adam Grant has shown, “people who see their work as a form of giving consistently rank their jobs as more meaningful.”

In his new book, “Management as a Calling,” Michigan University Professor Andrew Hoffman makes a persuasive case for reframing the work that managers do in all fields as a calling in service of society, and argues that only business can generate solutions at the scale we need.

And in her new book “Good Work” Shannon Houde lays out the steps for employees to build a career that makes a difference in the world. This includes helping employees translate their skills for a mission-driven role in society, and identifying the types of skills that are in demand in a purpose economy.

What are the critical skills needed for the future?

At the RICS Future of Work Symposium, keynote speaker Kathy Calvin, recently retired CEO of the United Nations Foundation, shared her view that this is the first time since the Industrial Revolution that we have the opportunity to redesign what work really means and that a reset is needed to better line up with the [17 Sustainable Development Goals \(SDGs\)](#). Kathy predicted

that the skillsets of the future include being collaborative, and not competitive, being unafraid to stand up and speak up, being resilient and learning how to recover from setbacks, working from a place of purpose and meaning, and having a commitment to being a champion for the SDGs.

The World Economic Forum launched the Reskilling Revolution initiative in January 2020, to provide one billion people with better education, skills and jobs by 2030. Pointing out that the pandemic has “accelerated the need for change, by disrupting economic activity and fast-tracking automation and digitization, “creating both devastation across labor markets, new opportunities for online learning, redeployment and reemployment.”

According to a March 2021 pulse survey by [PwC](#), employees are increasingly valuing non-traditional benefits such as paid time off to volunteer, and spending time learning different skills with the ability to choose what they learn. Thirty-three percent said they’re willing to accept a smaller pay increase if their employer gave them “above average training opportunities, including ability to choose what I learn,” and the same percent would like paid time off for community services of their choosing. PwC notes that “providing paid time off to volunteer may not be a benefit that’s traditionally given to employees, ...but the desire for time off for community service comes at a period when companies and investors are shifting their focus beyond the interest of shareholders.” Only 31% of CHROs indicate they are giving employees dedicated paid time for community service and other meaningful activities.

PwC found that the skills employees see as most critical to their future career path are, in descending order:

- Problem-solving (32%),
- Ability to learn new skills and apply them quickly (31%)
- Adaptability (27%)
- Critical Thinking (analysis of facts to form a judgment) (24%)
- Creativity and Innovation (22%)
- New leadership skills (such as inclusive leadership and managing remote teams) (21%)
- Collaboration skills (21%).
- Digital skills (AI, coding, robotic process automation, etc.) (18%)
- Emotional intelligence (ability to identify own and others’ emotions) (18%)

And even more recently, [McKinsey’s Global Survey](#) on reskilling (May 2021) found that the COVID-19 pandemic “has quickly and dramatically accelerated the need for new workforce skills.” More than half (58%) of respondents indicated that closing skill gaps is more urgent than ever, and 69% reported an increase in skill building during the pandemic. “Employees need help from their employers to develop the skills that will make the overall business, and its individual employees, future-ready.” And similar to the PwC and other inputs mentioned above, the most important skills to develop tend to be social and emotional, including empathy, leadership, and adaptability, according to McKinsey.

How can we contribute to a reskilling American initiative?

In response to these challenges, McKinsey pointed to nine practices to support a much needed post-COVID skill transformation, starting with individual company-wide needs assessments, followed by designing portfolios of initiatives to close the skill gaps, and ensuring organizations have the necessary infrastructure in place so the needed skill building and learning can actually take place on a continual basis. Significantly, McKinsey found that the more the nine key practices are pursued, the more likely the companies are to have an effective skill transformation. So much so that organizations which implemented all nine practices had nearly 100 % chance of having a successful skill transformation. Furthermore, McKinsey's recent survey found that a majority of respondents planned to increase their investments in learning and skill building over the coming year.

In the Future of Work after COVID-19 Symposium, one of the breakout groups focused on Reskilling for the long-term. While employee training needs to be continuous and lifelong, it was pointed out that government and tax codes in relation to training are severely outdated. As Peter Cappelli recommended in his book "[Why Smart People Can't Get Jobs.](#)" corporations need to back off the strict requirement that applicants have to have previously performed the exact tasks needed for the vacant job, and rather begin more frequently hiring candidates who have broad skills, are emotionally intelligent, and smart, and then train them for the job with a period to ramp up.

As the RICS report discussed, keeping the workforce current and future-oriented is critical, and must take into account the disruptive impact of technology that is so pervasive in the Fourth Industrial Revolution. The shifts occurring today are putting pressure on institutions of higher education, as well as K-12, to prepare students for the jobs of tomorrow, while simultaneously helping the current workforce reskill and retrain for the jobs of today.

Companies are increasingly looking for ways to keep their employees connected through mobile/remote technology, including for example, gamification and virtual reality, while raising their skills and knowledge through training. Sam Caucci, CEO of 1Huddle calls this "Shared Responsibility, where everyone has access to training to help people rise up or broaden laterally to follow their own dreams, while benefiting their employer by enhancing their skills and knowledge, positioning them to be even stronger team players." Ultimately, actions taken by companies to help strengthen upward mobility will lead to a more engaged and diverse workforce. The ultimate outcome is for everyone to have the opportunity to engage in meaningful work that contributes back to society while getting paid a living wage in a way that is equitable.

With unemployment levels not seen since the Great Depression, companies are increasingly being expected to provide skills training not just for their own employees, but to make it transferable to other companies ([Harbert, 2020](#)). Whether it's called upskilling or reskilling, or the newest term "outskilling," company-sponsored training programs need to help employees find another job, or even another career, with another employer. "We want employees to be employable –have the relevant skills—whether it's here [at Allstate] or someplace else," said

Christy Harris, senior vice president at Allstate. Such programs demonstrate a company’s social responsibility to its employees, local communities, and society.

In the wake of the [Business Roundtable](#)’s 2019 declaration that corporate responsibility should extend beyond the sole interest of shareholders, outskilling programs can demonstrate that a company is taking more responsibility for the welfare of its employees. Although a number of companies may be considering “outskilling,” only a few are actually implementing it. Here are just a couple of [examples of “outskilling”](#) that are already taking place.

- Amazon’s Career Choice helps hourly workers to prepare for jobs outside the company. There are three potential pathways; employees can either upskill to build a career within their current division, they can seek new opportunities in other divisions of Amazon through reskilling, and if they can’t further their career at Amazon, the company will help them further their career at another company in their community.
- McDonalds Archways to Opportunity helps employees further their education and move into a career with the company or elsewhere

Although a vast range and supply of professional development opportunities are available to employees, fewer than half of employers offer training beyond the immediate scope of their job. Eighty-seven percent of companies provide some type of professional development opportunities, 56% provide undergraduate or graduate tuition assistance, but only 45% provide cross-training to develop skills not directly related to their job.

Ironically, the pandemic might be creating the opportunity for companies to try out new much needed workforce development practices. For example the [Society for Human Resource Management](#) created People+Work Connect, “an employer-to employer platform that matches companies that have had layoffs with companies needing more workers.”

With trillions of stimulus dollars emanating from the U.S. Federal Government, government funding for outskilling and other training programs has significant potential. The CARES Act already offers financial assistance to companies so they can pay employees’ salaries while opening the opportunity to develop more future-oriented programs.

Potential Solutions and Next Steps

The Rutgers Institute for Corporate Social Innovation has introduced the following four pillar framework which will be discussed at the kickoff meeting of the working group for “Reskilling for the Future of Work” in June.



Subsequently, four consecutive monthly meetings will be scheduled in July, September, October, and November to enable participants to brainstorm and explore potential reskilling solutions looking through each of the four lenses of the framework:

- Giving Back to Society
- Aligning Profit and Purpose
- Engaging in Responsible Business Practices
- Advocacy, Activism, Public Policy

Bridging the Skills Gap

Transforming workforce policy in the post-pandemic world requires a fundamental shift in policy and program design to open the door for all members of the workforce. Current and future workers, particularly low-income and lower-skilled workers, need better access to lifelong learning opportunities to thrive in an increasingly dynamic labor market.

One potential solution we discussed is the creation of portable individual training accounts, and the working group will also explore additional solutions that might exist in parallel as “quick wins.” On a related note, RICS hosted a multi-stakeholder convening on the state’s [brain drain](#) of young people in general, and college students in particular, which has been well documented.

Governor Murphy and New Jersey legislators have a unique opportunity to help prepare the present and future workforce for the many ways that work is changing. Outsourcing, global competition, and rapid advances in technology are transforming jobs and industries, leading to economic disruption as old products, jobs, and industries are replaced by new ideas and companies. While these changes have brought economic benefits, they have also contributed to stagnant wages, declining benefits, weakening workplace protections, and, in some cases, job loss.

[With a civilian labor force approaching 4.5 million](#), New Jersey had finally recovered the jobs that were lost during the Great Recession of 2007 – 2009, which officially ended, statistically at least, in 2012. However, hidden below the state’s full employment economy and its competitive advantages of geography, world-class institutions of higher education and the richness of its human diversity, New Jersey ranked 47th in long-term unemployment and 36th in underemployment.

The most recent Employment and Wages Report issued at the time by the U.S. Bureau of Labor Statistics (April 2018) showed the state's economy at a tipping point. Job growth had occurred in all of New Jersey's largest 15 counties over three years. However, in each of these counties, wages had actually gone down. In other words, even as hiring increased, wages in the aggregate declined.

At the same time, as the state was enjoying one of the lowest unemployment rates on record – 3.5 percent - six of ten employers reported that a shortage of skilled workers was beginning to negatively impact the business. In short, even as the unemployment rate reached a record low, New Jersey was perilously close to being caught in a vicious cycle of low wages, [decreased investment and underutilization of human capital](#).

Conventional wisdom says that the pandemic has thrown us back to a sellers' market, that employers will have their pick of skilled worker at recession-level wages. But this view is an illusion. Interviews with essential businesses during the pandemic that continued to hire to meet production demand showed that finding skilled workers is still a barrier to expansion. Tragically, the skills of the idled worker depreciate. That is the story of the state's problem with long-term unemployment.

The [Aspen Institute Future of Work Initiative](#) (Feb. 2019) suggests that state policymakers should work to extend training benefits to more people through portable models that: (1) are not tied to any particular job, but rather linked to the worker who can take the benefit from job to job or project to project; (2) support contributions from multiple employers or clients that are proportionate to dollars earned, jobs done, or time worked; and (3) cover any worker, including independent contractors and other non-traditional workers.

As part of its future or work agenda the National Governors Association (2020) calls for:

1. Developing innovative financing mechanisms to make lifelong learning an affordable investment.
2. Increasing access to lifelong learning to ensure that all current and future workers can fully participate in the labor market, and
3. Granting workers the flexibility they need to thrive in an increasingly dynamic labor market.

By creating and encouraging the use of individual training accounts, the state helps individuals finance lifelong learning by creating training co-investment strategies between employer and employee. This model ensures that funding stays with the individual, regardless employer or employment status. Washington was the first state ([Senate Bill 6141](#)) to establish lifelong learning accounts (LiLAs).

The model for legislation is the New Jersey Secure Choice Savings Program Act, signed in 2019, which requires employers who have been in business at least two years and have 25 or more employees to provide a retirement savings plan.

This is one of several opportunities to bridge the skills gap that we'll be exploring throughout the working group sessions, culminating in a summary report with recommendations by end of 2021.

Conclusion

With this as background, we are excited to invite Subject Matter Expert, Corporate and student volunteers to collaborate with the Rutgers Institute for Corporate Social Innovation on this Reskilling for the Future of Work initiative. The working group will be convened in June 2021 to introduce the initiative, present the four pillar framework, and begin scoping out an action plan with specific accountabilities and next steps.