



Are We There Yet?

Building the Skilled Workforce of the Future, Today

Adopting a Skills-Centric Strategy
in a New Talent Landscape



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Abstract

The lessons and experiences of the pandemic era and Great Resignation cannot be ignored as organizations start thinking about what's next for their workforce. Recognizing that there are differing schools of thought, this resource will break down how we got to this point and where we're going to recruit and retain employees in a brand-new talent landscape. Learn how to begin your talent transformation strategy and develop a skills-centric approach to talent acquisition and management.

This eBook will explore:

- The distinction between a skills shortage and a labor shortage and how to support evolving business needs
- The role of skills across the employee lifecycle – and how to ensure a cohesive experience throughout
- Actionable ways to uncover skills, promote talent mobility and foster strong, sustaining relationships with employees





The Great Resignation Debate: Do We Have a Labor Shortage or a Skills Shortage

While the Great Resignation rages on, its ripple effects are touching all sectors across the globe. There's no doubt that since the onset of the pandemic, our working world has changed, affecting [how we hire](#), how often, and where.

The challenges of living and working through the COVID-19 era are well-documented at this point. We have a keen sense of how different things were before the pandemic versus now. From supply chain interruptions to shorter store hours and longer wait times, the world is changing before our very eyes.

But the most significant area of disruption, and perhaps most surprising, has been the workforce. Call it the [Great Resignation](#), Great Reshuffle, or Great Labor Shift; the phrasing doesn't change the fact that workers are leaving jobs en masse to find new ones. It wasn't until the [quit rate reached record levels in August 2021](#) that organizations started to take note and realize how this might impact their ability to recruit and retain workers.

In the months since the narrative began, there's been a debate about why this is happening and what's behind the shift in mindset. On one side of the proverbial fence are those arguing that there's a labor shortage, a dearth of available workers compounded by those unwilling or unable to return to work. On the other side, are those who believe that a skills shortage is preventing companies from filling roles with specific requirements.

So, who is right?





The Labor Side

Most of the evidence for the labor shortage argument points to the fact that demand for workers outweighs supply. Why?

A few reasons come to mind: the U.S. experienced a shrink in population size due to the pandemic, fewer immigrants entering the country because of extended border closings, high numbers of women left the workforce to take care of families and loved ones as schools and daycare facilities shuttered, some chose to retire rather than keep working, while others with health issues don't feel safe as the health crisis continues, vaccine mandates, and so on.

It's a long list, making it impossible to pinpoint any one cause. [Gad Levanon of The Conference Board's Labor Market Institute](#) also calls out that many people have become more selective about the types of roles they're willing to take on. Still, no matter which way you look at the situation, it's clear that there are indeed fewer available workers than there are available jobs.

That means, to some extent, the answer is yes, there is a labor shortage. But it prompts a new, more important question: What will we do about it?





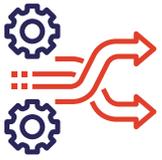
The Skills Side

If we know and admit that there is a quantifiable difference between the number of active workers and the number of open positions, we can rethink how we approach talent acquisition and talent management—and this is where skills become critical!

For instance, a recent [Wall Street Journal article](#) spotlighted the struggle to find recruiters, with the managing director of a Houston-based recruiting firm explaining that in this instance, many don't realize recruiting is a viable career option. Yet, "Many of the basic skills needed for the role can be found across industries, and they are similar to what makes a good salesperson... strong communication and organizational skills, persistence and just being talkative."

This echoes the sentiment of a Twitter exchange about tech talent and the possible unwillingness to hire and train junior developers. [The author wrote](#), "Every time I post a senior job, I get maybe 30 responses. Every time I post a junior job, I get 300+. Why? There is a glut of talented juniors out there that don't get hired for up to a year after graduation. You can train five junior devs in the time + money + opportunity it takes to hire one senior."

With new talent strategies, it's possible to recognize individuals with in-demand skills even if their previous experience doesn't quite match. Through learning and development programs, employers can nurture the skills that will help a junior developer become a senior one.



Being the Change

Here's another disparity that leads to yet another question: if we can't find the talent we need, can we create it instead? Here, the answer is more apparent: yes. The WSJ piece cited the example of a remote training program for aspiring tech recruiters that "helps career switchers and early-career workers learn the ropes, including industry jargon, the differences across software engineering roles and cold-emailing strategies to poach employed workers."

Likewise, with new talent strategies, it's possible to recognize individuals with in-demand skills even if their previous experience doesn't quite match. Through learning and development programs, employers can nurture the skills that will help a junior developer become a senior one. Leveraging the right technologies streamlines these initiatives, personalizing experiences to candidates and workers, resulting in better outcomes for everyone involved.

And though challenges of the COVID-19 era persist, we're also seeing new opportunities pop up, opportunities to empower workers, enhance their lives, and improve how the world works.

Before the pandemic, the topic of skills simmered away in the background. There was ample research from the likes of McKinsey that indicated the value of reskilling and upskilling the workforce in order to prepare for a nebulous "future of work". [At the time \(this was back in 2019\)](#), McKinsey focused on the influence of artificial intelligence, noting, "Within 60 percent of jobs, at least 30 percent of activities could be automated by adapting currently demonstrated technologies... All workers will need to adapt as machines take over routine and some physical tasks and as demand grows for work involving socio-emotional, creative, technological, and higher cognitive skills."

McKinsey wrote those words from a place of knowing, having modeled various scenarios across different timelines to understand how AI would disrupt industries. What McKinsey didn't account for was COVID-19.

Almost no one did...



How the Pandemic Changed Everything

During the outset of the global health crisis, thinking about the future of work ground to a standstill, with most organizations just trying to make it through the day. But given the sustained impact of the pandemic, we see the skills conversation is heating back up.

Today, the concern isn't so much about machines and automation as it is the changing workforce. Before, employers told workers they needed to change to make themselves viable in the long run. Today, workers are telling employers that it's the other way around. Until this point, much of the Great Resignation narrative we're reading about looks at workers exerting control over their careers rather than what the growing divide in expectations means for recruiting and retaining skills and skilled workers.

As industry analyst Josh Bersin succinctly put it, "Who we hire, how we pay, who we promote, and how we organize our companies are all built on the fundamental building blocks of skills. Every time the CEO wants to go in a new direction, skills and capabilities are fundamental to execution... Virtually every decision we make about people is somehow based on skills."

If we thought skills were essential before COVID-19, Bersin drives home that we didn't know how important. The changes we've witnessed—and continue to witness—reveal much more to the skills story than we realize.

And it all starts with recruiting!



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Recruiting for Skills

Talent acquisition expert [Tim Sackett recently mused](#) that the one thing everyone's talking about is how hard it is to recruit these days. He then encourages recruiters to draw on the motivational saying, "Choose your hard." Sackett elaborates on this idea, writing: "Working harder is a short-term fix that eventually leads to failure and burnout. Hard is doing the work that needs to be done, so your sole strategy is not just working harder."

Yes, it's hard to recruit these days. It's even harder to recruit when you don't know who you're looking for or why. By shifting away from recruiting for the sake of filling open roles to a 'recruiting for skills' mindset, we can spend less time checking boxes and more time connecting with candidates who have what we're after, who deliver something we're missing.

[Brandon Hall Group's 2021 Competency and Skills Development Study](#) identifies the vital skills that today's companies are after. The majority of those included were soft skills like learning agility and collaboration. To account for skills in recruiting, we need to be able to explain not only what's required of a given position, but also why. What will your desired skills mean for your organization? Will they create a competitive advantage? What benefit do they add?

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Promoting Talent Mobility

To fully grasp what's needed, first, we need to figure out what—if anything—is missing. [According to data analyst company Emsi](#), “Too often job seekers only see value in their past titles or formal education. In actuality, we accumulate valuable skills in many ways beyond just work and education. Self-study, apprenticeships/internships, workforce training programs, and general life experience all develop more relevant skills.” For employers, having access to skills data can help acknowledge the accumulation of skills, uncover the gaps internally, and lead to a better understanding of the external market.

Since [talent mobility](#) often takes many forms, this is where we need to reframe the questions we ask to move from why to how, [says Bersin](#). Instead of wondering why this skill or that skill, think about how you develop your existing talent pool to promote mobility before searching for outside candidates. Bersin writes: “How do you build the governance and leadership focus so you can revisit your strategic skills every few years? How do you define and segment operational skills, strategic skills, and basic skills, so people have a roadmap of where to go? How do you source new skills when the jobs they do are not even clearly defined?”





Closing the Skills Gaps

Katy Tynan, Principal Analyst at Forrester, continues pulling the ‘why and how’ thread by applying it to middle managers, offering, “The misconception about management is that it’s just about telling people what to do. Great leaders make a compelling case for the ‘why’ and leverage coaching to facilitate the ‘how.’ Taking the position that managers aren’t always naturally good as coaches, Tynan explores how upskilling can work to improve this and take organizations from a top-down approach to leadership to one that empowers employees through ongoing development. In this instance, coaching works as connective tissue to pull together skills.

But creating this linkage is just one example. There are other ways to achieve similar outcomes at all levels of the employee journey. The aforementioned apprenticeship and internship programs can support skills development in early-career entrants. Likewise, Goldman Sachs [designed a recruiting model](#) that has candidates apply to skill rather than a division to encourage employees to navigate different career options within the company. [The skills](#) fit under broad umbrellas such as business finance and accounting or risk management with ties back to multiple divisions.

Connecting job seekers with skills during the recruiting process removes barriers to entry and accelerates career development. It also serves as a tactic we can replicate across the employee lifecycle.



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A Holistic Approach to Talent

As we established at the outset, we're in a revised talent landscape—the skills conversation from 2019 is over, and we've started a new one. Throughout the pandemic experience, we've seen tremendous changes take hold of the workforce, and as we chart our next course, it's clear that skills will help guide the way.

There is no denying that recruiting and retention go hand in hand, and with skills as a unified focal point, we can foster collaboration across recruiting, talent management, [learning](#), [compensation](#), and other critical functions to ensure we're optimizing our efforts. Bersin reinforces this thinking in his evaluation [of what he calls the SkillsTech market](#), pointing to the value of a single “skills taxonomy,” one that underpins everything from [sourcing](#) and assessments to [performance management](#) and credentialing.

Ultimately, skills are the expertise needed to do the work. Knowing which skills support your desired outcomes makes it possible to help existing employees on their journey and opens doors for new hires eager to find their footing. The good news is that skills can be learned, strengthened, and repurposed. At a time when it remains challenging to plan anything too far in advance, skills can help each of us—and our organizations—keep moving forward.





Empower and Retain Talent

Recruiters and hiring managers aren't having the easiest time at the moment. Between a competitive, talent-driven job market and unprecedented changes to the way we work, you'd be forgiven for having a few sleepless nights. But all is not lost! In fact, there could be light at the end of the tunnel, thanks, in part, to talent marketplaces.

Since the outset of the COVID-19 pandemic, much of the narrative around work has focused on those leaving their jobs. We've wondered collectively about the impact on women and caretakers, witnessed the frustration and borderline outrage around office reopenings and vaccine mandates, and seen first-hand how the Great Reshuffle is reshaping the workforce.

But what about the folks who stayed? Those employees who chose to stick it out and keep working, despite the ups, downs, and everything in between? What are companies doing to ensure these workers remain engaged and interested?

The BBC recently wrote about this topic from the perspective of why quitting might not be the right career move for everyone, pointing out studies that show "resignation chatter can be infectious." But with more than 40% of employed people thinking about quitting, companies have to get serious about retention—and fast!

But how? By moving to a culture that values gigs over career ladders...

Simply put, internal mobility is part of talent mobility, a function of the program. Internal mobility works to support employees and teams, while talent mobility works to support the organization as a whole. It's easy to remember when you think of internal as representing individuals.



Making the Distinction Between Internal Mobility and Talent Mobility

Retention strategies can take many forms and recruiting leaders have touted the benefits of formalized programs for years. Present circumstances have only exacerbated the need. But introducing rigor to the process means more than creating an internal job board, especially when current employees are encouraged to apply and then don't hear back, [as is too often the case](#).

No, making the distinction between a half-hearted attempt and success requires a deeper dive—one that starts with understanding the difference between internal mobility and talent mobility. Simply put, [internal mobility](#) is part of talent mobility, a function of the program. Internal mobility works to support employees and teams, while [talent mobility](#) works to support the organization as a whole. It's easy to remember when you think of internal as representing individuals.

Knowing that internal mobility is part of a larger framework, we can drill into what this looks like in practice. The aforementioned internal job board is one possible component, but at the risk of sounding redundant, it won't move the needle on retention without an engine propelling the process forward.

This is where another approach comes into play: the talent marketplace. As [Josh Bersin explains](#), "In many ways, the talent marketplace is the perfect reaction to the volatility brought on by the pandemic: Since its start, roughly 40 percent of U.S. workers have changed jobs, roles, or managers. If you don't have something like a talent marketplace, you had to do all that manually."



Unlike the traditional pre-pandemic models, the talent marketplace prioritizes agility and versatility by creating fluid talent structures. The up-and-up career ladder becomes a thing of the past, with employees able to move about the organization more than one way.





Retaining Employees With a Talent Marketplace

So, what is a talent marketplace, and how does it encourage employee retention?

Unlike the traditional pre-pandemic models, the talent marketplace prioritizes agility and versatility by creating fluid talent structures. The up-and-up career ladder becomes a thing of the past, with employees able to move about the organization more than one way.

It helps to foster an **internal “gig” culture** that promotes engagement through empowerment, enabling employees to find internal opportunities that match their interests, upskill and reskill on the job, and hop in on high-priority projects. According to **one recent study**, this thinking aligns with what today’s workers want—and that’s autonomy.

Having a level of control over one’s career also speaks to the psychology behind human motivation, which corresponds to research linking autonomy to “a greater degree of satisfaction, fulfillment, and engagement at work because the outcomes are likely to be perceived as the result of their own inherent ability.”

In addition to encouraging individual autonomy, the organization also benefits from an internal gig culture by learning more about each employee. A few years ago, when aspirations were seen as strictly linear, it was almost impossible to get a holistic view of the abilities of your workforce. Now, with the right technology in place, we can source directly from our talent pools based on available skills and automatically connect people to projects. This reduces the need to look outside the organization and instead focus more energy on retaining those existing employees.





An Employee Retention Strategy: Putting It in Practice

As Bersin succinctly puts it, “The talent marketplace represents something much bigger than HR. It’s the next form of business management. It will facilitate the evolution from the hierarchical model where you work your way up the pyramid to being an agile, creative, resilient organization where people work on multiple projects, move from role to role and embrace job sharing.”

In the era of the Great Resignation and whatever comes next, it’s increasingly critical that talent leaders look at both what they want and what they have. Much like the adage “the grass isn’t always greener on the other side,” employers can look to ease recruiting challenges by spending more time retaining talent through new gigs, chances to learn other parts of the business, and a fresh take on their current job.



About PeopleFluent

As a market leader in integrated talent management and learning solutions, PeopleFluent helps companies hire, develop, reward, and advance a skilled and motivated workforce. Deployed separately or as a suite, our software spans recruitment, talent mobility, performance, compensation, succession, org charting, and learning—tailored for either large or mid-enterprise organizations. We deliver unmatched functionality and flexibility, recognized by leading analysts, to develop people, drive performance and deliver results.

Our talent solutions unify talent processes within a collaborative experience that enables HR and L&D teams to guide managers and employees with contextual learning—right in the flow of work. A part of Learning Technologies Group plc (LTG), PeopleFluent provides world-class service and an unparalleled ecosystem of partners to optimize employee experience, employer brand, and business results.

For more, visit peoplefluent.com

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Mark works with current and prospective customers to capture requirements and validate solutions with our newest recruiting technology. Growing up in a 'recruiter household,' he has an inherent passion for reducing day-to-day chaos and solving technology challenges for hiring teams. Mark lives near Boston, MA, and enjoys going for a run or hike when not working on recruiting solutions.

