

Upskilling vs reskilling: what, how and when?

The changing skills landscape



welcome to brighter

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The changing skills landscape

The skills landscape is changing faster than ever. The skills required to excel in any job role five years ago are starkly different from what is needed today. Therefore, organizations constantly seek professionals who can keep up with the rapidly changing demands of job roles today. The shelf-life of skills has shrunk continuously. Thus, organizations will have to plan better to meet the high skills demand that is required for the job roles.

The nature of work tasks is changing rapidly, and so are the skills required to perform them.

Work tasks can be of four types:

- Routine manual (Assembly line workers)
- Non-routine manual (Drivers)
- Routine cognitive (Accountant, teachers)
- Non-routine cognitive (Coders, consultants, designers)

Most employment has emerged from 'non-routine cognitive' task-based jobs, such as professional business services (IT, consulting, business research and support services) over the last ten years. Work tasks are becoming increasingly novel and require strong analytical and interpersonal skills.

Jobs involving routine cognitive tasks, such as customer service, accounting or data entry, are increasingly getting automated. Machines are undertaking everyday human tasks, such as product assembly, agriculture or manufacturing, with much higher precision and perfection - and all this at a quantitatively lower cost and time.

The skills set required to perform your job today - the same skills set that landed you in your current job - will vastly differ from the skills set you will need to perform the same job a year later. You will have to learn on the go, adapt and grow. Failing to do so will render you obsolete for your current employer. For instance, a few years ago, content writers only needed one skill - language proficiency. Now companies want versatile content writers who know keyword research, SEO and varied content formats.



Upskilling versus reskilling

The world of work has altered significantly. It used to be much more predictable. People used to onboard employees with specific skill sets. They would continue employing them throughout their careers. However, employees now need to learn new skills to keep up continually.

Upskilling

According to Merriam-Webster, upskilling refers to providing (an employee) with more advanced skills through additional education and training.

Upskilling is enhancing an employee's existing skill set by providing him/her with training and development opportunities to help him/her grow personally and professionally.

Reskilling

According to Merriam-Webster, upskilling refers to providing (an employee) with more advanced skills through additional education and training.

Reskilling is training or retraining employees for new roles, often because their older roles have become redundant. But the organization wants to retain them.



The benefits of reskilling and upskilling

Reskilling and upskilling can directly impact your employees' morale and improve their productivity.

Some other benefits of continuous learning and development initiatives are:



1. Talent retention

When employees know you are genuinely interested in their personal and professional growth, they will likely stick around longer, saving you the cost of new hires.



2. Future readiness

Continuous upskilling and reskilling initiatives help your employees stay updated with the future of work and provide your organization with a competitive edge.



3. Employee engagement

L&D initiatives increase employee engagement and ultimately improve productivity.

People often use reskilling and upskilling interchangeably. But they solve distinct purposes in organizational planning. Understanding your organizational needs requires carefully analyzing its skill gaps and deciding where upskilling is required and where reskilling is needed. A skill gap analysis is the right strategic move for your organization when faced with this dilemma.



Skills gap analysis

A skills gap analysis is a strategic approach to assess and bridge the skills gaps in your workforce.

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What is a skills gap analysis?

Skills gap analysis is a planned tool that gauges the difference between your organization's current and desired skills level, equipping you with the right information to make critical business decisions and become future-ready.

One can undertake a skills gap analysis at two levels:

At an organizational or team level

A skills gap analysis at an organizational level arises in exceptional circumstances. For instance, the COVID-19 pandemic forced organizations to continue with their businesses remotely. Many organizations were ill-prepared for this business-altering shift. Some organizations conducted company-wide skill gap analyses to ensure a smooth transition and assess whether their workforce had the necessary skills to work efficiently and productively in a remote work setting. These skills included self-direction, stress management, collaboration, etc. Once they ascertained the gaps, they bridged them by providing online training, stress management workshops, etc.

At an individual/employee level

A skill gap analysis is done at an individual level often when there is a gap in the performance or the need to upskill someone for a future job role to ensure his/her role remains relevant. You can list the skills required to perform a job role efficiently, assess the employee's current skills level and plan to traverse the gaps. A skills gap analysis is essential for tech companies as frantic technological advancements are making some employees irrelevant. For example, Java releases an updated iteration every year, meaning products and teams highly dependent on Java need to update their skills periodically to stay relevant. With advanced technologies such as artificial intelligence (AI), machine learning (ML) and the internet of things (IoT), etc., in the fray, frequent upskilling in tech-driven teams has become a necessity.

A skills gap analysis can feed into all HRM initiatives and decisions, ranging from recruitment, promotions to reskilling or upskilling, learning and development programs, and even leadership and succession planning.

A skills gap analysis is a critical exercise from a business success standpoint. Whether you are a startup or a multi-national company, or a products or services company, the future of work affects everyone alike.

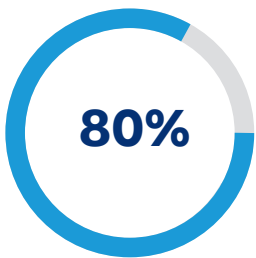
A skills gap analysis is a blueprint of the bridge that will take your organization from the present to the future, ensuring that your employees' skills remain relevant.

A skills gap analysis, also referred to as the competency gap analysis, ensures that your workforce's current competencies are broken down at a team, job-role and individual level and then matched to the company's future goals. A skills gap analysis puts employees, organizational analysis processes and structures and technologies under the microscope for a cohesive strategy for the future.

A skills gap analysis is the first step your organization should take toward a future-ready workforce. It lays down the ground for a fail-proof training program that considers the skills gaps and the measures to plug them. A skills gap analysis is a forward-looking approach to equip your employees with the right skills to reach their full potential and propel your organization toward the future.

The importance of a skills gap analysis

A skills gap analysis is important, especially today when businesses are undergoing tremendous transformation due to automation and the changing nature of work. The future of work poses a threat to many jobs that may decline or change drastically. Employees will have to upskill or reskill themselves in the wake of rapid digitization. To accomplish this and remain relevant in the new era of work, organizations can build a bridge using the skills gap analysis methods that connect their present to the future.

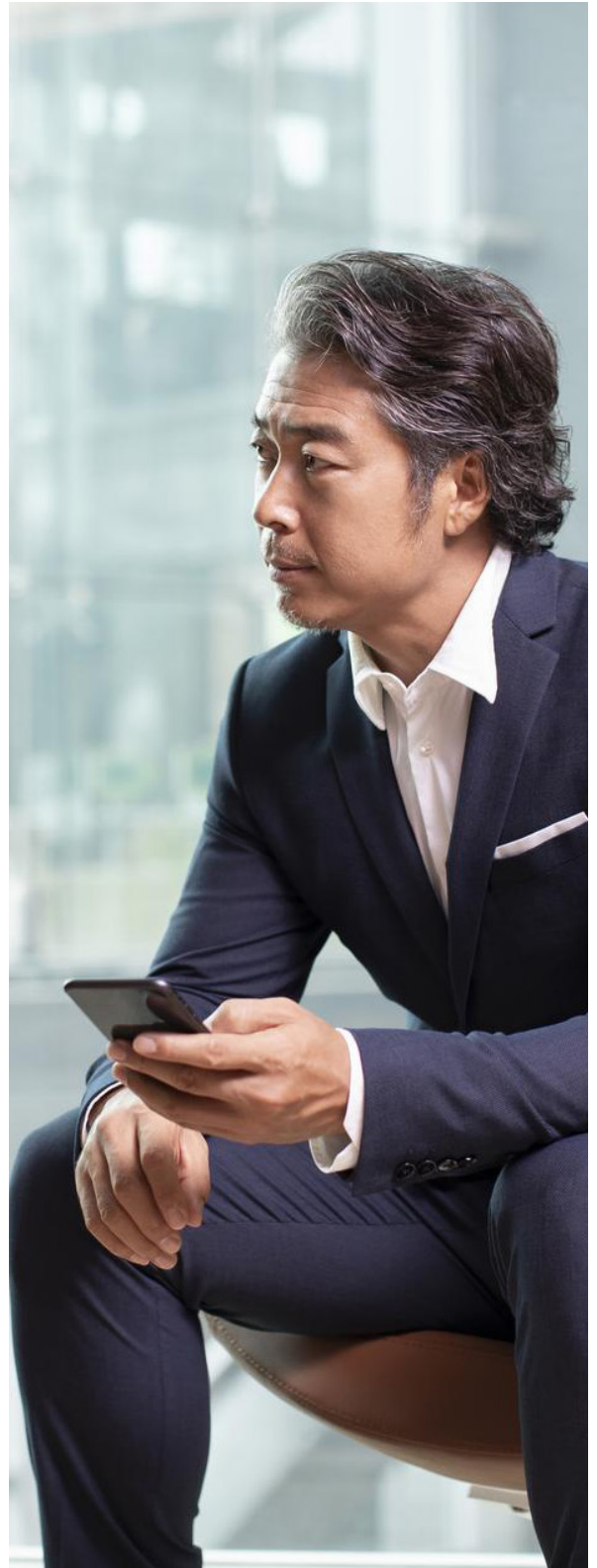


According to Mercer | Mettl's 'Talent Assessment Practices Report 2020,' around 80% of companies prioritize in-house talent development through upskilling or reskilling over external hiring or onboarding temporary professionals. Such a trend underlines the criticality of skills gap analysis.

In the same report, we discovered that 47% of participants favored targeted skilling programs designed specifically considering the needs and requirements of the employee(s) in question. Participants' other concerns were the absence of a skills gap analysis template, the lack of an objective skills gap analysis process, and the unavailability of a sure-shot way to select the right strategy and the right people for upskilling or reskilling.

A skill gap analysis is important because it provides a framework to structurally analyze how best to enhance employee skills, upgrade processes, improve response timings and prevail in the future.

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A skills gap analysis benefits your organization in the following ways:



1. Workforce planning

A skills gap analysis is all about looking at the bigger picture while making small changes that eventually streamline the road ahead. However, you can only plan the road ahead and look at the bigger picture when you have comprehensive insights into your current situation.

You may want to automate your customer invoicing process, but you will first need to know the intricacies of the existing process, such as the software being used. Only then can you objectively find a way to take it to the next level.

Similarly, understanding your workforce's standing on skills and competencies will dictate your next move toward employee promotions, development opportunities or hiring.

A skills gap identification fortifies workforce planning and helps you make the right people decisions, backed by tangible insights. A skills gap identification provides you an overview of your entire workforce, easily identifying employees who can help you achieve your business objectives and the ones that require the most training.



2. Individual & organizational win-win

A skills gap analysis fuels your learning and development engine, kick-starting it in the right direction. If done with the right expertise and attitude, it can boost individual learning and development.

A competency gap analysis can be highly beneficial for employees as it enables them to hone their skills for more challenging roles or improve their performance in their current roles by plugging gaps in their skills set.

A skills gap analysis can help organizations invest in an employee's career development needs, improving engagement, satisfaction and retention metrics.



3. Competitive advantage

The foundational belief of skills gap identification is to stay ahead of the curve and not lose the edge in the future of work. A competency gap analysis ensures that your workforce accesses the right set of futuristic skills, which prepares them to work at their optimal capacity even amid uncertain circumstances. This process, in turn, ensures that your organization always plans and stays ahead of the competition.

Skills gap analysis: the process

You can identify a skill gap by following a streamlined skills gap analysis process, which is about asking three significant questions:

Where does your organization want to be?

Start by identifying short-term and long-term business vision and goals. This stage is all about scoping and contextualizing. This stage should help you in skills gap identification. You should have a list of skills your organization needs to accomplish its present and future goals. This stage should also offer a perspective on prioritizing the skills listed in the competency gap analysis template.

Other questions that need answers at this stage are: which jobs are likely to be automated? What skills are most in-demand in the future of work? What skills does your company need to thrive in the future? You can break them down by job roles and levels – they can be soft skills, relevant to all employees or limited to a team or department.

You must ensure your skills gap analysis template and company goals are in synergy. They will direct and shape everything that follows.

Where do you stand presently?

Once you have set your eyes on the future, start by finding the means to pave a path toward it. You must collect data on how your workforce performs a certain task, how important these tasks are for organizational success, what are their skill sets, and if there is a way to do the job better.

Study each job profile and its function closely, and then assess your employees' skills. To perform this step better, you will need to employ various skills gap analysis methods, such as surveys, assessments, interviews, etc.

Skills gap assessments are the quickest and most objective way to understand your employees' current skill levels. Interviews and surveys can help you understand their personal skill preferences, career aspirations and obstacles they may be facing in their job role.

How to bridge the gap?

Once you have a list of the current and desired skills, you can use a table to identify the gaps between them. Based on this analysis, you can decide the course of action. It could be training, courses and certifications, mentoring, shadowing or extended assignments. In rare cases, where skill is absent in your workforce, some skills or positions may require a fresh hiring approach.

This skills gap analysis template simplifies the process of skills gap identification and offers the most appropriate diagnosis.

Each organization has different requirements. Thus, the intervention and diagnosis will also vary. You may have to redesign jobs in your organization to make them more relevant. You may choose to train or recruit, or both. Depending on your workforce's abilities and their missing skills, the employee skills gap analysis template will point you in the right direction.



Skills gap analysis: How Mercer | Mettl can help

Mercer | Mettl's skills gap analysis is a comprehensive solution that helps you at every step of the skills gap analysis process.

Identify who to train

Mercer | Mettl's unique library of skills gap assessments helps you target the right people for the right training.

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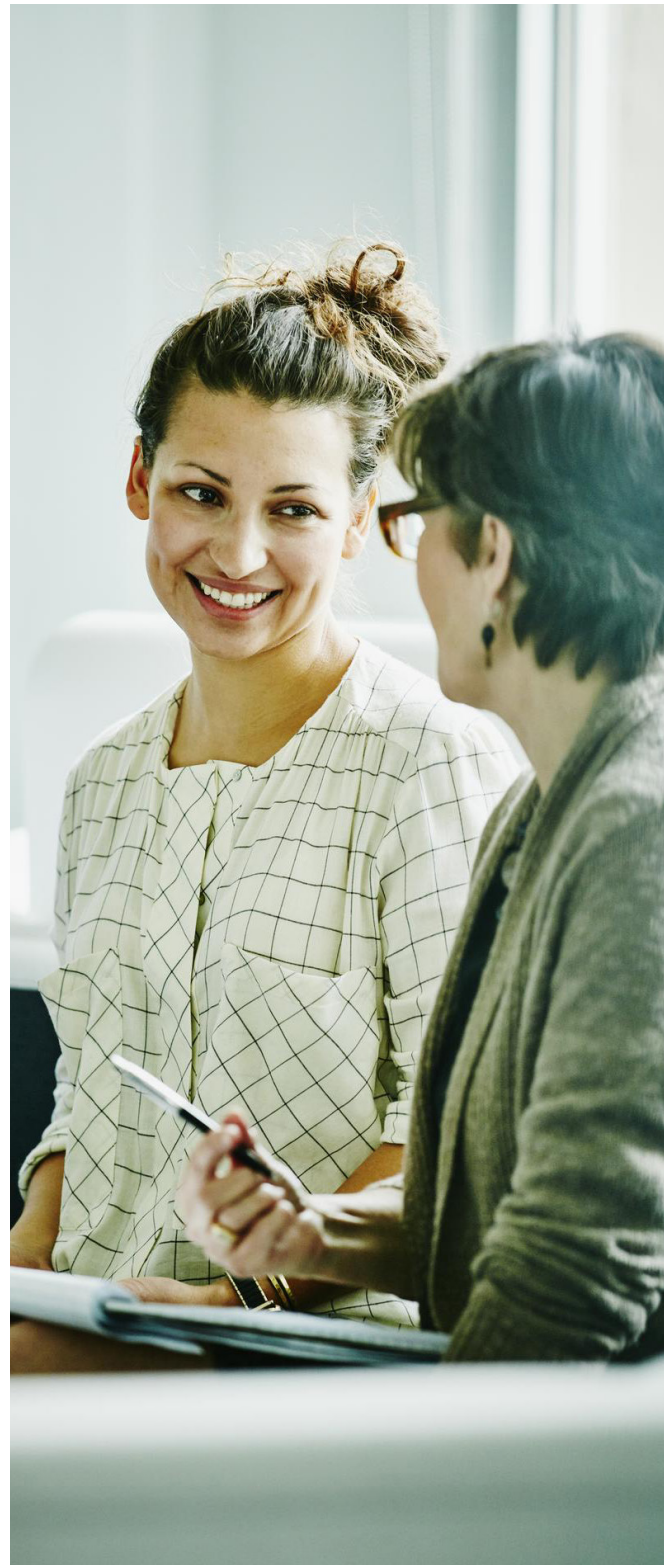
- Learning agility assessments to identify agile employees who can learn quickly and effectively.
- Proximity Index to identify employees closest to the required skills set.

Measure training effectiveness

Customized pre-and post-training assessments to measure effectiveness.

Individual and organizational development plans to improve performance and business outcomes.

Mercer | Mettl's competency frameworks and holistic assessments are customized to your organization's requirements based on levels and roles. Mercer | Mettl's robust platform enables an easily scalable skills gap analysis process.



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Mercer | Mettl's two most important tools that help you choose between reskilling and upskilling:

Not all jobs are created equally. In 2013, The Future of Employment, a highly cited study by Oxford University, examined 702 common occupations and found that some jobs – telemarketers, tax preparers, and sports referees – were at more risk than others, including recreational psychologists, dentists and physicians.

To understand which jobs might get completely redundant and which might need an update in your organization, you must analyze your organization's different job roles and skills.

Job & Skill Redundancy Index

KEY SKILLS	LIKELIHOOD OF REDUNDANCY	REASON FOR REDUNDANCY LIKELIHOOD
Collaboration skills	Low	Technological advances are changing the concepts of geographical boundaries, and the future is a globally connected world
Competent Product Knowledge	Medium	The products of today are not likely to be the products of tomorrow. It needs to be updated from time to time with the latest products
Customer Retention/Loyalty	Low	Key skill for maintaining organizational growth and stability, and requires higher level of social
Customer Servicing	Medium	High volume customer servicing use cases can be automated
Process Optimisation Skills	Medium	Standard processes can be analyzed using past data, to optimize processes with little to no human intervention
Relationship Management	Low	Key skill for maintaining organizational growth and stability, and requires higher level of social intelligence and creativity to engage customers
Selling Skills	Low	Selling skills in a B2B space requires creating different strategies for different clients, and hence requires higher level of creativity
Strategic Thinking	Low	This requires a high level of creativity, and dealing with ambiguity, which cannot be replaced using a machine

Mercer | Mettl redundancy

Identifying key factors that lead to redundancy across job roles, creating a redundancy matrix for job roles, based on the score on the redundancy matrix, and ultimately calculating their likelihood of redundancy helps you find out employees who may need reskilling.

Employee learning agility score

According to the researchers at Teachers College, Columbia University, and the Center for Creative Leadership, learning agility is defined as the mindset and corresponding collection of practices that allow employees to continually develop, grow and utilize new strategies that will equip them for the increasingly complex problems they face in their organizations.

Measuring learning agility

Research establishes that highly agile learners “excel at absorbing information from their experience and then extrapolating from those to navigate unfamiliar situations.” Learning agility is a measure of an individual’s skills that enables him/her to do so. This assessment captures the cognitive abilities required by an individual to use information gathered from past experiences and use them in the future.

Mercer | Mettl’s test for learning agility is based on Learning Agility Simulation exercise that helps measure three primary constructs for learning agility:

- **Learning speed:** The speed with which information makes its way to the working memory and gets retrieved, leading to a specific behavioral response.
- **Flexibility:** Measures the metacognitive abilities of candidates, which reflects one’s ability to think about his/her thinking.
- **Pattern recognition:** Measures how individuals identify logics from patterns and solve problems.



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Conclusion

The arena of learning and development and recruitment has undergone massive changes in the past few years, with the onset of new technology.

To keep your employees updated with the ever-changing requirements, you need to have data-backed insights to continually reskill and upskill and know when to do what to get a consistent return on expectations.

A skills gap analysis is indispensable for your organization's future. It serves as a blueprint for your organization and workforce to not just survive but thrive in the VUCA (volatile, uncertain, complex and ambiguous) business environment.

The skills gap analysis template documents your organizational potential, the existing roadblocks and the prognosis, ensuring you have clarity whether your employees need to upskill themselves or reskill toward a new job role. The skills gap analysis template serves as a reservoir of data that can take your organization to the next level while ensuring employee productivity, engagement and loyalty.

Most businesses are overwhelmed in anticipation of what lies ahead and are often confused between reskilling and upskilling. It is easy to get derailed and ambiguous with such levels of uncertainty. However, the best way to prepare for the future is to leverage the strategy of skills gap analysis to optimize your competitive advantage in the present and future.

About us

At Mercer | Mettl, our mission is to enable organizations to make better people decisions across two key areas: acquisition and development. Since our inception in 2010, we have partnered with more than 4,000 corporates, 31 sector skills councils/government departments and 15+ educational institutions across more than 90 countries.

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