

HR Leaders Monthly

February 2021

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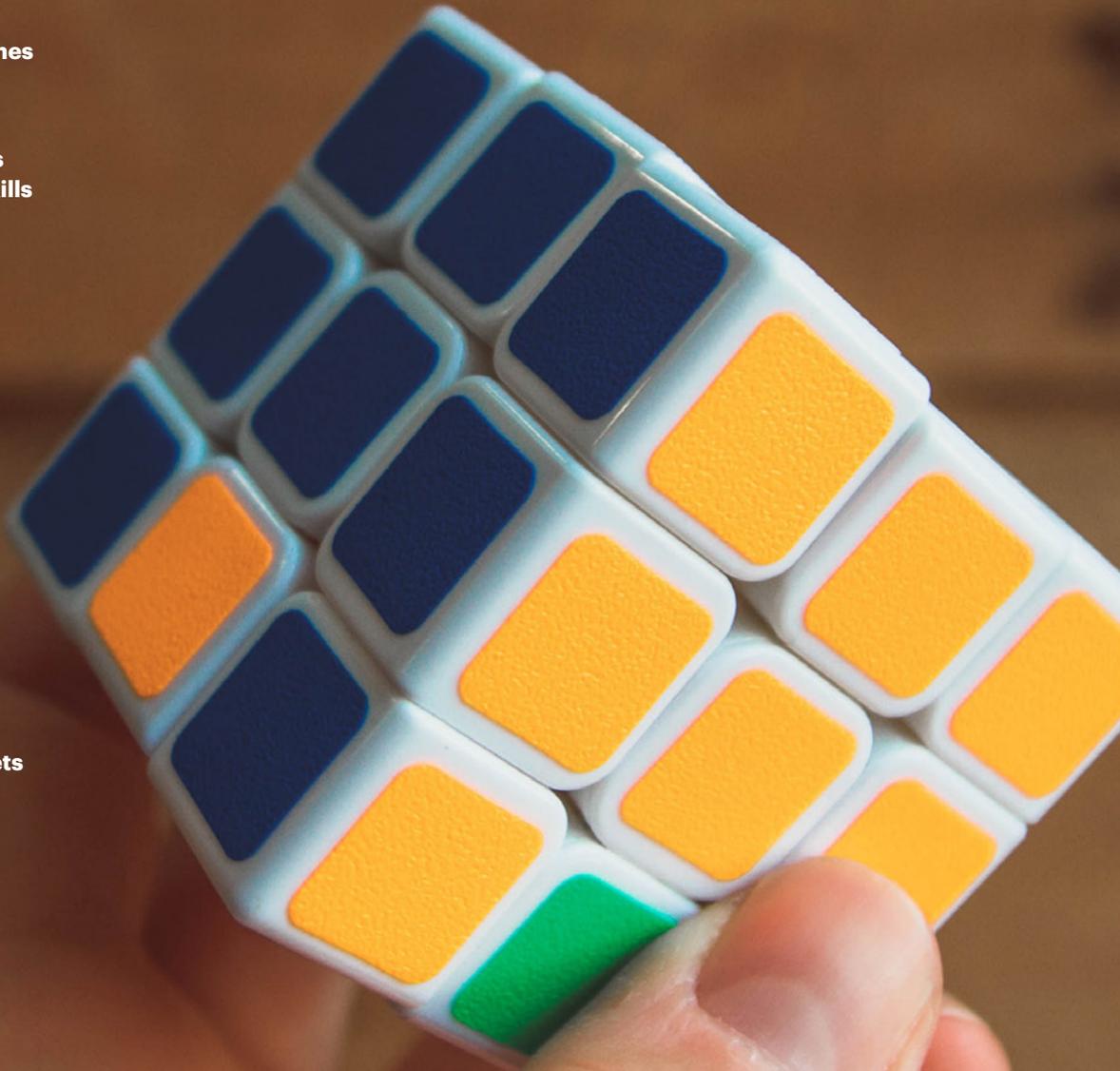
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HR Leaders Monthly

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Editor's Note

By Brian Kropp and
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Organizations today are more dependent than ever before on their employees' skills. The variety of skills they require has never been greater, nor has the speed at which their skills needs are changing. These three challenges are at the heart of the new skills economy, driven by technological innovation, an increasingly complex global economy and a volatile, uncertain business environment prone to sudden disruptions. Employees are increasingly expected to have not only a broader skill set, or mastery of the newest technologies, but also the adaptability to learn new skills and unlearn old ones to keep up with the increasing pace of change.

This issue of HR Leaders Monthly is devoted to the skills economy: specifically, how organizations can meet the skills challenges of today and prepare their workforces for the fast-approaching future. In it, we explore what successful organizations are using to reskill and upskill their employees today, leveraging new learning and development strategies like agile learning, dynamic reskilling and skills adjacencies. We also consider the influence of this growing focus on skills on how organizations compete for talent in the labor market and reward their employees. These are just some of the many implications of the new skills economy, which touches every aspect of organizations' talent strategies.

It is an exciting time to be an HR leader, as the critical demand for skills puts talent at the core of business strategy. But it also puts pressure on HR to achieve big wins with limited resources. Competing in this environment can seem daunting, but our research has uncovered a wealth of strategies that, taken together, form a playbook for building a more skills-driven organization that can meet these challenges. Whether you are building a business case for a new L&D investment, executing a future-focused skills strategy or transforming your organization's culture to prioritize learning, this journal contains insights you can put to work today.



Realize Agile Learning Outcomes Through Dynamic Skilling

By Bebhinn Stack, Alison Smith and Graham Waller

Organizations recognize the critical importance of reskilling and upskilling, but traditional approaches to learning are falling short. Executive leaders can more effectively embed learning in their organization by combining the concepts of agile learning and dynamic skilling.

Too often when we talk to executive leaders about employee learning and development, we hear a common sentiment: It takes employees away from their work, wasting valuable time on ineffective training. As such, many executive leaders outside the HR function have not prioritized learning and development for their employees. However, executive leaders must shift their attitudes toward learning because an organization's ability to execute against its strategy — and therefore its financial performance — is dependent on its ability to reskill employees during this era of constant transformation.

The current pandemic-related disruption has not given organizations a respite from the increasing need to upskill and reskill employees but rather has exacerbated it. In a survey conducted last

April, a majority of organizations said over 60% of their employees had been required to use new skills due to changes resulting from the pandemic.¹ Organizations must engage in reskilling efforts to meet their objectives and drive value for their stakeholders. Learning and earning, then, are two sides of the same coin or ribbon (see Figure 1).

Most organizations do have a sense of learning's criticality. In a recent survey of boards of directors, 43% of respondents indicated availability of and access to required skills were among the most important external trends affecting their business strategies.² They recognize that not having the right talent in place to achieve organizational objectives poses a broad risk to their businesses. As a result, many executive leadership teams face increasing pressure from above to develop plans for minimizing skills gaps in their organizations. Certainly, 60% of HR leaders report pressure from the CEO to ensure employees have the skills needed for the future.³

However, executive leaders, managers and employees themselves often fail to effectively link high-level sentiment around the value of learning and development as a concept and the importance of prioritizing it in day-to-day work. When they do, they struggle to do so effectively, making it hard to move the needle on learning outcomes.

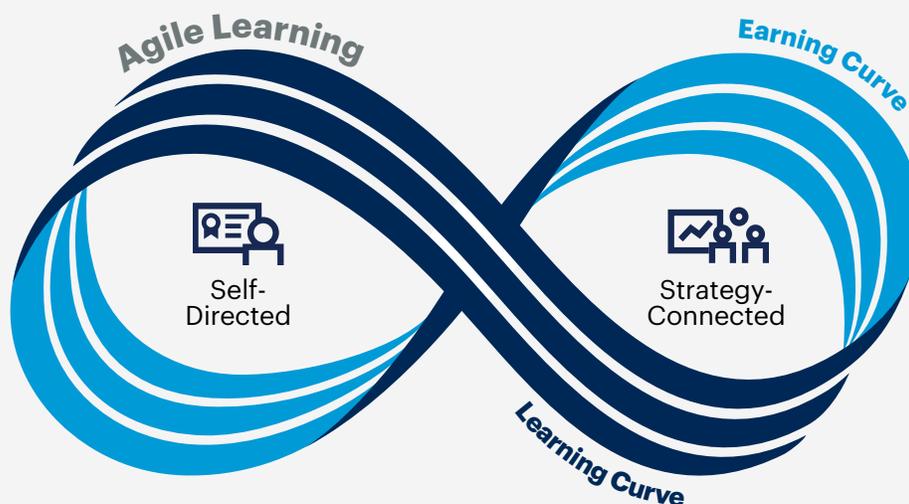
Our data shows when organizations try to address the need to upskill employees, the approaches they take lack effectiveness. Organizations typically take a reactive approach to upskilling employees; over half of HR leaders report they are constantly trying to keep up with the business's learning requests.³ This reactive approach leaves HR well behind the speed of business, and employees only apply 54% of the new skills they learn.⁴ As a result, some organizations are trying to get ahead by focusing on predicting the skills the business will need in the future and developing those skills.

While this may give them a head start, given how difficult it is to accurately predict the future, they often end up targeting the wrong skills. Indeed, this approach leads to 63% of learning being largely squandered and to employees only applying 37% of the skills they learn.⁴ No wonder these efforts are seen as a waste of valuable employee time.

How can leaders translate their sense of learning's importance into a real commitment to embed learning throughout the organization to realize pressing business outcomes? Two methods, when used together, can lead to greater application of emerging skills in line with the objectives of the firm:

- Agile learning
- Dynamic skilling

Figure 1. Learning and Earning Curves Are Linked



Source: Gartner

Agile Learning

The first concept is agile learning, which is described in our Agile Learning Manifesto. Inspired by the Manifesto for Agile Software Development, this manifesto establishes the philosophy of a new way of learning — what we call agile learning — that will help organizations see the desired learning outcomes they are not getting with their current approach. We define agile learning as a mindset and method of skills development, via iterative short bursts, applied in the flow of achieving outcomes that can dynamically adjust with changing needs. It consists of a set of values and principles, which are outlined in Figure 2.

Dynamic Skilling

The second concept is a dynamic skills approach, which was introduced in our Building a Dynamic Skills Organization research. The dynamic skills approach focuses on structuring the organization (people, systems and processes) in a way that equips it to flex effectively and quickly as skills needs change, allowing it to operationalize the values and principles outlined in the Agile Learning Manifesto. A dynamic skilling strategy comprises three main components:

- Facilitate cross-organizational networks to sense shifting skills needs.
- Identify and implement accelerators to develop skills at the time of need.

- Use transparent information to enable employees to make dynamic skills decisions.

Using Agile Learning and Dynamic Skilling Together

To bring the relationship between these two concepts to life, consider that close to 50% of organizations have some cultural attribute, such as innovation, that is closely linked to learning.⁵ An organization’s culture should be built upon a set of values and driven through strategies and processes that enable employees to live out those values in their daily work. However, as mentioned above, many employees do not have a strong understanding of how to build learning into their work and the strategies used to advance a learning culture are not always effective. To drive an effective culture of learning, organizations need to better define the values of the culture and create processes that enable its implementation. The agile learning manifesto is the set of values and principles that an effective culture of learning should be built upon, and the dynamic skills approach is the way to operationalize it.

Organizations cannot adopt one without the other. If an organization adopts the values of the manifesto, but lacks processes that enable dynamic skilling, employees will not be able to put those values into practice even if they want

Figure 2. The Agile Learning Manifesto

Values

- ☆ **Business outcomes** over knowledge gained
- ☆ **Growth mindset** over current skill set
- ☆ **Real-time embedded** over training time offline
- ☆ **Community compounding** over individual practicing



Principles

- 1 Learning to earning
- 2 Motivation multiplier
- 3 Just-in-time microbursts
- 4 Dynamic pathways
- 5 Progressive layering
- 6 Flow of value delivery
- 7 Data-driven, AI-enabled
- 8 Socially amplified

Source: Gartner

to. Conversely, if the organization lacks a unified understanding of the values and principles they are aiming to live out, it will be harder to motivate stakeholders to implement the changes needed to enable a dynamic skilling approach. You need the values and principles outlined in the agile learning manifesto and the dynamic skilling strategy to build a workforce that can meet the shifting needs of organizations.

Recommendations

Executive leaders can take a few actions to make progress toward driving agile learning through dynamic skilling. Executive leaders should:

- First and foremost, take up the rallying cry of the agile learning manifesto. Develop a narrative to help your leadership team partners and the employees in your business unit understand the link between learning and earning curves by using the values, principles and data outlined in this article as a business rationale. This step is critical because if the people at the top aren't aligned with it, then the people in the lower levels of the organization won't be either.
- Incorporate the agile learning principles into the design of learning programs and solutions by partnering with whoever owns the learning strategy of your function, whether that is your HR team or a workforce development team within your function. Work closely with this team to identify the foundational and emerging skills employees in your function will need to be successful on a regular basis.
- This is not a one-off activity. Partner with your HR function to set up HR-facilitated skills-sensing networks, which are flexible, collaborative groups made up of cross-organizational stakeholders. The networks' purpose is primarily to identify (and address, where relevant) organizational skills needs on an ongoing basis. They bring together insight from typical and atypical HR partners, such as talent acquisition, strategy, operations, compensation, diversity and inclusion and employee resource groups. Because these networks are flexible, collaborative and close to where skills needs change, organizations can develop the real-time skills intelligence necessary to make better talent decisions.
- Once you have identified the needed skills, use skills accelerators to enable employees to quickly upskill. Skills accelerators extract strategies from

existing resources and expertise to get a head start on building required skills quickly instead of relying on formal training as the default solution. One example of a skills accelerator is identifying skills employees already possess adjacent to the ones the function needs and building upon those skills to fill the gaps. Another is tailoring learning delivery to the moment when skills needs arise in the business. For instance, if a customer calls for the third time within a short window of time, quick tutorials on how to deescalate a frustrated customer or more in-depth troubleshooting strategies could pop up on the employee's screen.

- Empower employees to seek out opportunities to develop critical skills. Be transparent with employees about the skills your function needs and shift the management style of your team to serve as a resource to connect their direct reports to the best source of development given their interest in learning a particular skill. Employees can then prioritize what the organization needs and know how they should develop themselves, rather than relying on a learning mindset alone to motivate timely, relevant development.

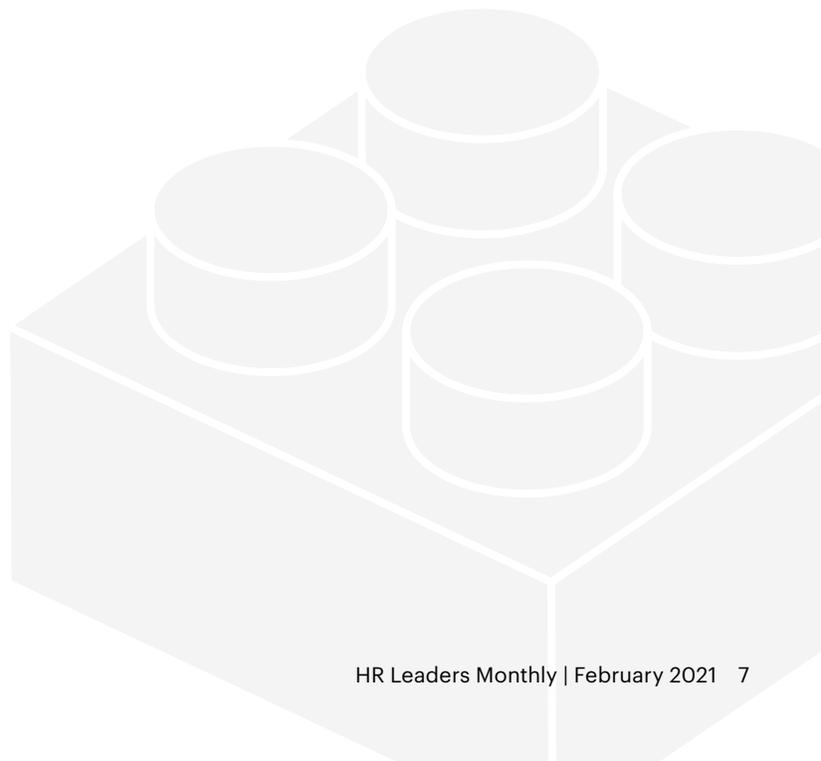
¹ 2020 Gartner Coronavirus Polling on Learning & Development

² 2021 Gartner View from the Board of Directors

³ 2020 Gartner Shifting Skills Survey for HR Executives

⁴ Modeled from 2020 Gartner Shifting Skills Survey for Employees, 2020 Gartner Shifting Skills Survey for HR Executives and Gartner TalentNeuron

⁵ 2017 Gartner Culture Benchmarking Survey



Top 5 Priorities for HR in 2021

Gartner surveyed over 800 HR executives across more than 35 countries and all major industries to assess their priorities and expected challenges for 2021.

This report highlights the key findings from the survey, detailing:



The five initiatives CHROs and HR leadership are prioritizing in 2021



How changes in the business landscape will impact each of these priorities



Actions HR leadership should take to address each priority in the year ahead

View the key findings and assess your top priorities for 2021.

[Download Report](#)



9 Key Rewards Considerations for Companies Focusing on Skills

By Ben Szuhaj



Evolving talent needs are driving organizations to focus more on skills, creating implications for how HR leaders reward employees. These are the top nine rewards considerations HR leaders must make when switching from a focus on roles to a focus on skills.

Due to the increasing demand for critical skills, organizations are focusing less on rewarding roles and more on rewarding skills. This relatively new development leaves HR leaders with much to figure out. Here are nine key rewards considerations HR leaders should make when it comes to skills.

1 Ground Discussion of Skills Acquisition in an Organizational Skills Strategy

Given the rapid hype cycle for critical skills, organizations easily fall into the trap of throwing money at skills that are already becoming obsolete or were never aligned to the business strategy. To protect against this, any discussion of skills acquisition should be grounded in an organizational skills strategy, which is easier said than done. Forty-two percent of HR leaders report skills gaps are a challenge they face in workforce planning.¹

To increase the effectiveness of their organizational skills strategy, HR leaders should:

- Designate a limited set of critical capabilities that must be developed to drive business outcomes.
- Identify skills that support each capability (e.g., knowledge of Python is a skill that supports digitization, a capability).
- Get input from employees and business leaders about what skills are needed to meet business goals.

- Emphasize collecting sufficient, “good enough” information to inform skills decisions today rather than comprehensive skills data that arrives too late.
- Conduct continuous skills monitoring and build in triggers to move a skill from “critical” to “core.”

2 Align Rewarding Skills to Your Organization’s Rewards Philosophy and Communicate That to Employees

Employees require a basic understanding of how rewards work at their organization before HR leaders can reward for skills. Without this basic understanding, rewarding for skills becomes another poorly understood process.

To this end, HR leaders should:

- Ensure the organization has a clear and well-communicated rewards philosophy.
- Communicate the organization’s intent to reward employees who have or acquire critical skills.

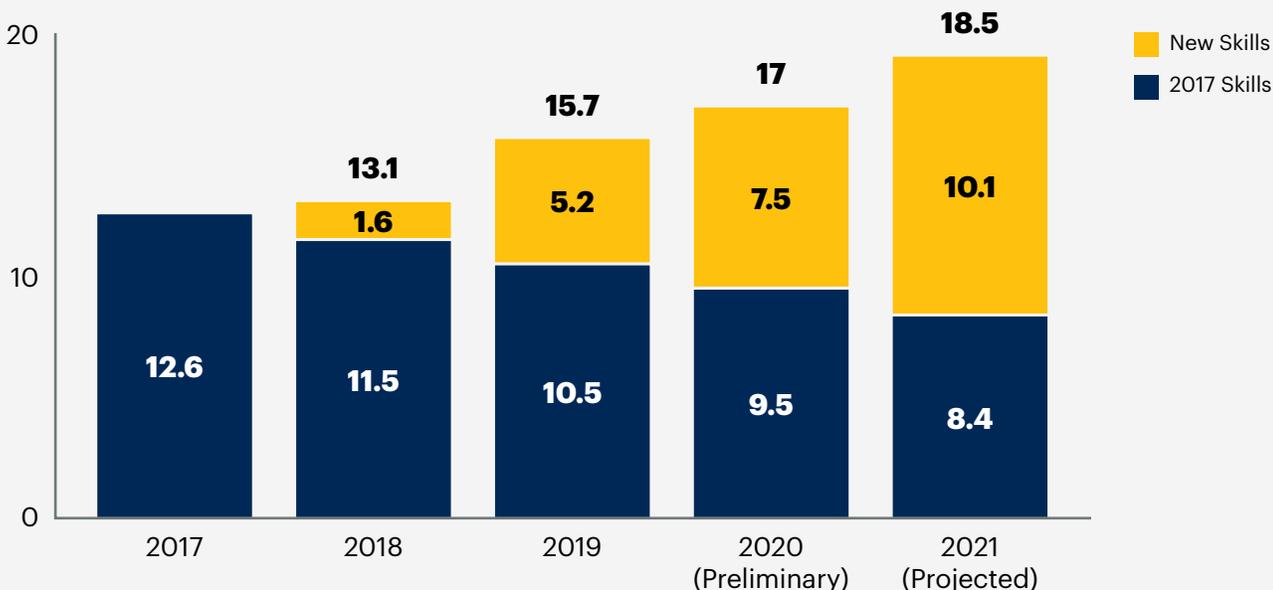
- Link to the organization’s established rewards philosophy, for instance, by emphasizing rewarding for skills is a form of rewarding performance.

3 Reward Critical Skills Acquisition With Short-Term Incentives and Consistent Demonstration With Long-Term Incentives

Over 30% of the skills in the average finance, IT or sales job posting in 2017 are no longer needed today (see Figure 1). HR leaders should avoid overpaying for skills they no longer need by rewarding skills acquisition through short-term incentives (such as annual or spot bonuses), which are one-time rewards, as opposed to merit or base pay increases, which are commitments.

That said, employees who consistently acquire new critical skills are likely to be high-performing employees you want to retain. As such, HR leaders should include a dedicated “critical skills acquisition” behavior in employee goals and reward employees who consistently demonstrate proficiency in that behavior with merit or base pay increases, long-term incentives or a promotion.

Figure 1. Average Skills Required per Job Posting
IT, Finance and Sales Roles in U.S.



Source: Gartner

4 Reduce the Risk of Rewarding for Skills by Adopting a Phased Introduction and Scaling Up the Initiative

Any change has associated risks. However, HR leaders can reduce risks by adopting a phased rollout of rewarding for skills. For instance, start small and increase the amount of the reward as the organization’s ability to identify skills gaps improves and the organization becomes more comfortable with the approach.

5 Establish Levels of Proficiency to Make Skills Acquisition a Journey and Offer Increasing Rewards to Incentivize Progress

Learning a new skill can be daunting, especially when employees have a poor understanding of how to get from point A to point B. Furthermore, if getting to point B feels impossible, no amount of rewards offered for getting there will be enough to incentivize employees to begin. Because of this, HR leaders should establish levels of proficiency so employees view skills acquisition as a journey along which they are progressing. For example, Nationwide, a U.S.-based insurance company, has established three levels of proficiency when it comes to any particular skill: Apprentice, Journeyman and Master Craftsman (see Rebalanced Technical Skills Portfolio (Nationwide)). These levels of proficiency:

- Make it easier for employees to imagine a path to acquiring a skill.
- Let employees take pride in the progress they are making.
- Create a consistent vocabulary for skill levels and development.

Additionally, HR leaders should recognize and reinforce progress along a skills journey by offering increasing rewards that match the change in an employee’s level of proficiency (i.e., larger rewards for higher levels).

6 Appeal to Employees’ Intrinsic Motivation to Drive Skills Acquisition

In addition to external motivators like pay, HR leaders should leverage employees’ intrinsic motivation to entice them to learn a particular skill. For instance, DXC Technology, a large, U.S.-based technology company, appeals to employees’ sense of competence (an input to intrinsic motivation) and passion (an outcome of intrinsic motivation) when it comes to identifying areas of personal development (see Figure 2).² This approach increases the likelihood that an employee will begin learning and achieve proficiency in a skill (see Agile Skill Development (DXC Technology)).

However, when appealing to an employee’s intrinsic motivation to learn, it is important to correlate extrinsic rewards such as pay with the level of demonstrated proficiency. Studies suggest when external rewards are given without respect to ability, intrinsic motivation to perform a task is reduced.³ This is another reason why HR leaders should give larger rewards for higher levels.

Figure 2. Learning Compass



Source: DXC Technology

7 Enable Employees to Make Timely, Informed Skills Decisions by Transparently Sharing Skills Information

Our previous research has found when it comes to closing skills gaps, a learning mindset is necessary but insufficient. HR leaders must guide employee enthusiasm to the correct opportunities to ensure employees learn the right skills at the right time. To do this, HR leaders should transparently share skills information with employees so they can make timely, informed decisions.

One way to share skills information is to encourage frequent conversations about skills development. To this end, HR leaders should focus less on managers' ability to deliver feedback and more on employees' ability to receive feedback. Our previous research found only 17% of employees receive feedback effectively.⁴ Furthermore, over half of the utility derived from feedback comes from the employee's ability to receive feedback, not the manager's ability to give it.⁴

HR leaders should empower employees to begin their skills acquisition journeys by communicating it is better to be a beginner in a skill than to not learn at all.

HR leaders can take three steps to increase the feedback receiving skills of employees:

- Give employees ownership over seeking feedback.
- Create psychologically safe environments for feedback exchanges.
- Provide employees guidance for seeking and engaging in feedback exchanges.

In addition to frequent development conversations, HR leaders can also ensure employees know what skills the organization is prioritizing by creating a dedicated resource where employees can find that information. For example, DXC shares with employees an interactive map of critical skills which it updates frequently. For help with gathering market data on skills, consider using Gartner TalentNeuron, the premium end-to-end labor market intelligence solution.

8 Reduce Disincentives That Prevent Change

Change often fails to take hold because of inertia. Employees maintain the status quo because the downside to making mistakes is too high or they feel a stronger incentive to spend time on more traditional tasks. To this end, HR leaders should incorporate risk taking and learning into employee goals. One way to do this would be through a “four plus two” system, wherein four employee goals (or 66%) are relatively static while two (or 33%) are stretch goals related to learning and development.

Furthermore, HR leaders should empower employees to begin their skills acquisition journeys by communicating it is better to be a beginner in a skill than to not learn at all. Nationwide does this by separating technical expertise from seniority: There is no stigma associated with being an Apprentice, and an employee may simultaneously be an Apprentice in one skill and a Master Craftsman in another.

9 Hire Contingent Workers to Obtain Skills Flexibly Without Making a Long-Term Commitment

If skills are needed urgently or in large numbers, HR leaders should consider hiring contingent workers to quickly and flexibly meet the demand. To do so, HR leaders must have a centralized, accurate pay process and be prepared to navigate the legal implications of employee classification. They should also be prepared to pay more upfront, expecting to save on benefits costs later. Gig workers tend to be paid 20% more than permanent employees, to offset the lack of benefits, which typically make up 20% to 40% of the costs of rewarding a full-time employee (see *Increasing the Contingent Workforce Requires Planning of Costs and Activities*).

¹ 2019 Gartner HR Executive Survey; n = 186 HR leaders

² *Self-Determination Theory and the Facilitation of Intrinsic Motivation, Social Development, and Well-Being*, APA PsycNet.

³ *When Rewards Reflect Competence: A Qualification of the Overjustification Effect*, APA PsycNet.

⁴ 2020 Gartner Feedback and Performance Survey; n = 6,500 employees

Employers Across Industries Face Growing Need for Emerging Digital Skills

By Kasturi Sarkar

Organizations in many industries are facing new digital skills needs as the economy becomes more digital and data-centric. To support their businesses through this change, CHROs need to identify how their needs are evolving and develop strategies to address skills gaps.

Digital transformations depend not only on the adoption of new technologies but also on organizations having the skills to use them effectively. As custodians of talent, HR functions play a pivotal role in setting organizations up for success in digitalization. The increasingly critical need for digital skills affects nearly every sector, and HR leaders cannot assume that just because their industry is not considered high tech, they

do not need to worry about building a digitally capable workforce. Today, all employers are digital employers.

At the same time as technology enables transformation, it also drives disruption. As the pace of technological change accelerates, organizations need employees who are engaged and excited about this change. The ability of a company to quickly adapt to an evolving technology landscape depends on having employees with the right mix of skills and the ability to learn new ones. With so much resting on talent, CHROs are essential contributors to their organizations' digital initiatives, but CEOs often regard them as the least knowledgeable C-suite executives when it comes to technology. In 2019, 39% of CEOs rated their CHROs' level of tech savvy as lacking or weak relative to the demands of the current business environment.¹

HR leaders need to step up and demonstrate to business leaders how central talent is to the digitalization agenda. To do this, they must continuously advance their thinking and actions to anticipate and adapt to changes in the digital era talent marketplace.

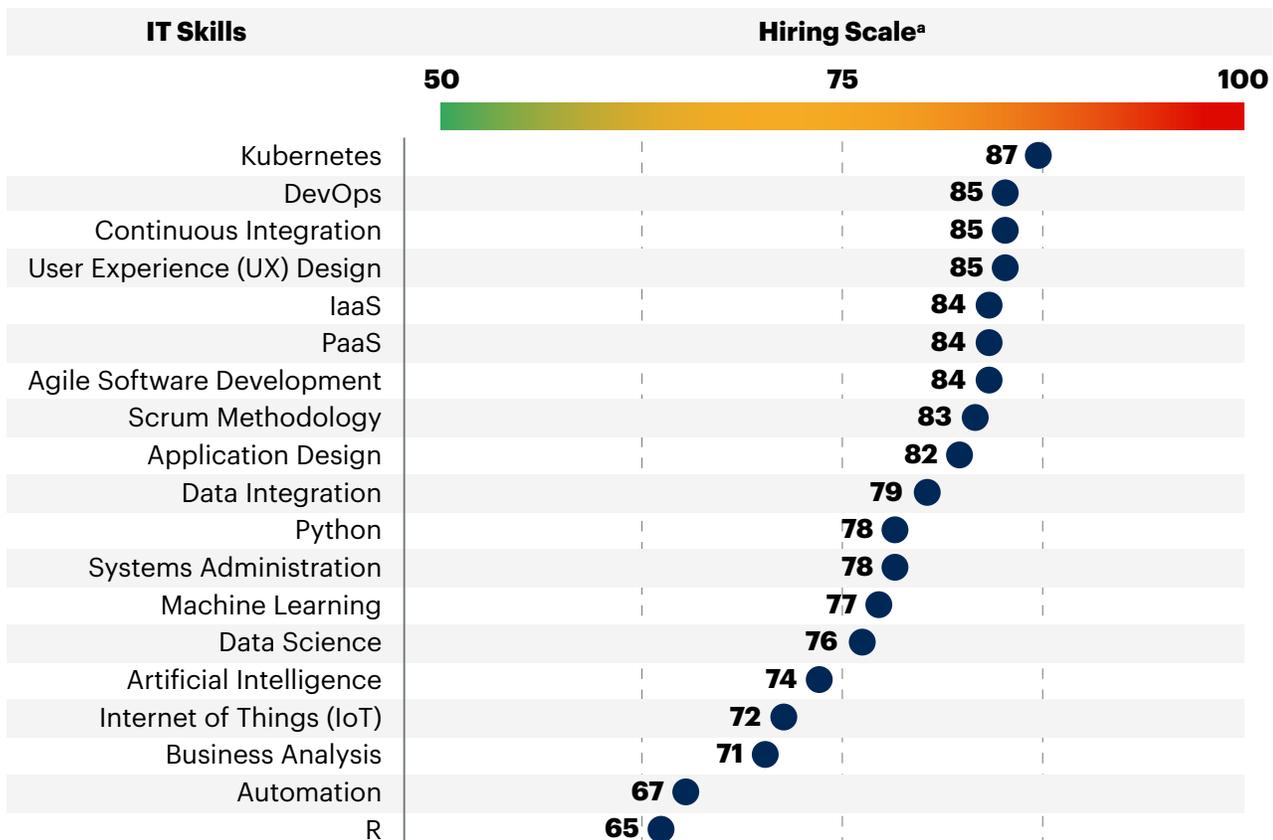
Emerging Technologies and Their Impact on the Workforce

Technologies such as artificial intelligence, automation, robotics, 3D printing and biotechnology — to name just a few — are the foundation of an all-pervasive digital transformation occurring throughout industries. A 2018 study by the McKinsey Global Institute estimated the adoption of digital technologies would account for about 60% of potential productivity increases by 2030.² Our research identifies skills like Kubernetes, DevOps, agile, Scrum methodology, Python, artificial intelligence, machine learning and R as “critical need” skills.³ These skills are in high demand but have a limited supply of skilled candidates in the current labor market. Therefore, employers are finding it difficult to source talent with experience in these emerging skills (see Figure 1).

Not surprisingly, the tech industry is ahead of the other industries in preparing for this digital transformation. Indeed, the leading tech companies are driving the demand for new digital skills. For example, Microsoft and Amazon have repositioned their businesses around cloud computing services such as Microsoft Azure and AWS to offer hyperscale infrastructure capabilities, causing a surge in demand for job roles like cloud engineers and cloud solution architects.³ Google, Facebook and Microsoft’s innovations in virtual reality (VR) and augmented reality (AR) are creating demand for AR/VR firmware and hardware engineers.³

However, digital skills are also becoming increasingly critical in other industries as well. Roles that used to require a limited set of technical capabilities are becoming more digitally focused, with new digital skills requirements appearing in job descriptions.

Figure 1. Critical Need Skills in Emerging Technologies



Source: 2020 Gartner IT Skills Roadmap

^a **Hiring Scale:** Calculates a score (1 to 100) for each position an employer is trying to fill. The closer to 100, the more difficult it is to fill the role.



In other cases, companies that used to outsource or borrow to meet their digital skills needs are looking to build or acquire more digital talent of their own. To illustrate these trends, we can use data from Gartner's TalentNeuron tool to see how they are playing out in two industries.

- Insurance — HR leaders in the insurance industry are looking for a broader mix of skills for core roles like underwriters, claims professionals and actuaries, as technology is already changing the nature of these jobs. According to the U.S Bureau of Labor Statistics, the number of insurance underwriter jobs in the U.S. is expected to decline by 6% between 2019 and 2029, as automated underwriting software allows workers to process applications more quickly.⁴ However, the underwriters of the future are likely to be more sales-focused and make more data-driven decisions, using predictive modeling for pricing and risk evaluation. Among claims professionals, we see growing demand for skills around predictive analytics, climate change, cybersecurity, identity theft and the Internet of Things.³ Technology like artificial intelligence, automation and machine learning will lead to the emergence of hybrid actuarial professionals who assume a broader role, not only as data stewards or model builders but as business strategists. The new role will involve helping companies analyze and assess the risk of new products and potential markets while also contributing to innovations in insurance technology by reinventing methodologies to better understand risk drivers and detect fraud.
- Life sciences — The life sciences industry employs only 3% of digital talent globally. The industry usually relies on either outsourcing their digital needs to tech consulting firms or sourcing relevant professionals from adjacent industries (mainly the IT industry). Over the past three years, many pharmaceutical and biotechnology companies have partnered with tech giants or startups to apply artificial intelligence and machine learning to drug discovery. At the same time, these companies are pushing ahead with their own digital talent strategies.⁵ Between 2017 and 2019, GlaxoSmithKline, Novartis, Lilly, Pfizer, Merck, and Sanofi all added chief digital officers or equivalent positions to their executive committees, signaling their commitment to build digital capabilities internally.⁶ Attracting tech talent can be a challenge for life sciences companies, however, in part because millennial

and Gen Z talent are more attracted to major cities than the suburban campuses where jobs in this industry are often located. Additionally, digital specialists often want the freedom to experiment and innovate quickly, which can dissuade them from working in a highly regulated industry. To meet their digital skills needs, HR leaders will need to consider the preferences, work styles and career goals of the talent they hope to attract.

The examples of these industries show how demand for emerging technological skills is influencing talent strategy outside the tech sector. This growing demand, coupled with a limited supply of highly skilled talent, increases the pressure on employers to find new ways to address their digital skills gaps.

Filling Critical Skills Gaps

Even before the COVID-19 pandemic, obtaining the talent needed to execute digital transformations was a top priority for organizations in many industries. The pandemic has increased the speed and scale at which companies need to align their talent plans for an uncertain future. HR leaders need to work with their CEO, CFO and CIO to rethink skills needs as business models change rapidly.

One way HR leaders can help their organizations address digital skills gaps is by assessing their current workforce and identifying employees with skills adjacent to the ones needed. By identifying these “skills adjacencies,” organizations can target upskilling or reskilling toward the employees most likely to succeed at mastering the new skills.

The skills adjacencies approach involves three imperatives:

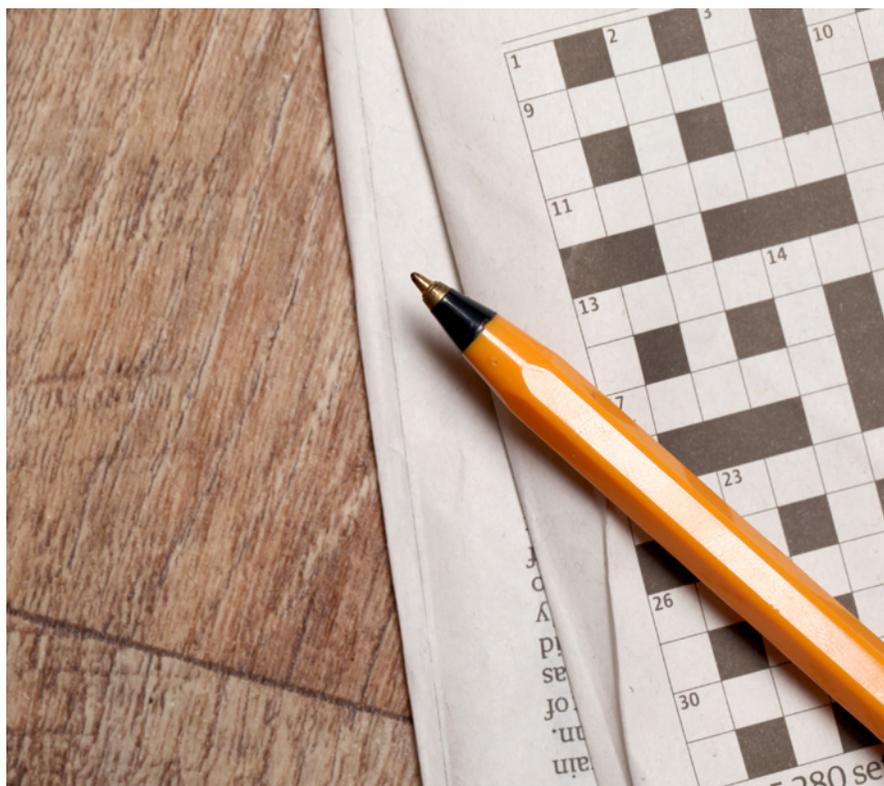
- Run a skills gap analysis, looking at skills available throughout the organization, not necessarily categorized by individual function.
- Fill critical skills gaps by leveraging skills adjacencies to guide the upskilling and recruiting of current and potential talent.
- Enable cross-functional talent mobility by identifying stepping stone skills to bridge skills gaps throughout the organization.

For example, as shown in Figure 1 above, Python is a “critical need” skill, with high demand and limited supply in the market. TalentNeuron

data shows Python is an adjacent skill to other programming languages such as Java and Perl. HR leaders looking to build Python skills within their existing workforce can target employees who are already skilled in one of these languages for training in Python, as they will be able to pick up the new skill more rapidly than other employees. Mapping skills adjacencies can help identify the shortest pathways between the skills employees already have and the skills the organization needs.

HR leaders are in a position to challenge outdated leadership beliefs and bring about new thinking to keep up with the rapid change. As the workforce gets digitized so does the HR function. By leveraging the upcoming technology themselves and gaining a clear understanding of their organization’s digital transformation needs, HR will be in a better position to attract and retain a talent group that matches the balance of skills required.

- ¹ 2019 Gartner CEO and Senior Business Executive Survey
- ² [Solving the Productivity Puzzle: The Role of Demand and the Promise of Digitization](#), McKinsey Global Institute.
- ³ Gartner TalentNeuron
- ⁴ [Occupational Outlook Handbook: Insurance Underwriters](#), Bureau of Labor Statistics.
- ⁵ [43 Pharma Companies Using Artificial Intelligence in Drug Discovery](#), BenchSci Blog.
- ⁶ [Pharma, Late to Digital Game, Rushes to Catch Up](#), BioPharma Dive.



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How to Support Employees Whose Skills Are Expiring

By Sara Clark and Lee-Anne Vallée

Employees receive limited support for their expiring skills today. L&D leaders are under pressure to ensure employees have the right skills at the right time and are rethinking how to support these employees. This article shares six approaches organizations can take to address this challenge.

Analysis of Gartner TalentNeuron job posting data during the past three years shows the total number of skills required for a single job is increasing 10% year over year, and over 30% of the skills that were present in an average job posting in 2017 — particularly role-specific technical skills — will be obsolete by 2021.¹ Employees are also worried about their skills expiring; they expect an average of 26% of their current skill set to be irrelevant by 2023.² Recent widespread and radical changes in the ways employees work, in favor of employee flexibility, continue to amplify the need for new and different skills.

Simultaneously, changes in the employee-employer deal mean organizations are facing pressure to address their concerns. Employees today expect

a shared purpose and deeper connections with their colleagues and with communities outside of work. To make good on The New Employment Deal and to ensure employees have the skills they need, learning and development leaders have an opportunity to ask: What support should organizations give to employees when their skills expire? Right now, they're struggling (see Figure 1).

Employee Support Strategies for Expiring Skills

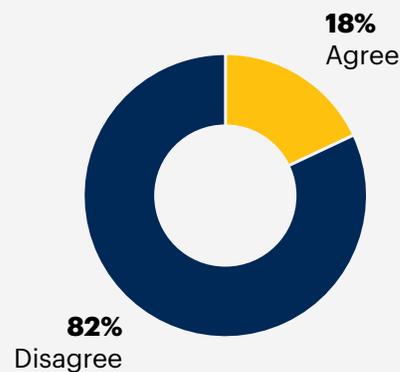
While many organizations may not have explicit strategies in place to support expiring skills, organizations can consider a number of approaches to address this challenge.

- **Upskilling** — Provide skills maintenance for employees through upskilling by enhancing existing or adjacent skills. For example, an employee might complete a brief training course followed by on-the-job learning to develop skills without changing position or career path. For an example for this approach, see 'Development Opportunity Tool (Intel).'
- **Reskilling** — Employees with outdated skills may be supported through reskilling, developing new skills to pivot from an expiring skill set toward an in-demand one. For guidance on how to make decisions on the most appropriate strategy to address skills needs, see 'Tool: Framework for Making the Build, Buy, Borrow (and Other) Decision.'
- **Outskilling** — Organizations anticipating layoffs or facing redundancy of employee roles can provide on-the-job training and education to employees most at risk of redundancy. The goal of outskilling is to provide robust skills training that enables employees to smoothly transition to entirely new businesses or industries (see, for example, [Amazon's Career Choice Program](#)).
- **Learning Leaves** — Similarly, learning leaves provide structured learning during furloughs as a chance to learn new skills. When cost is the key decision factor, skills development can still be facilitated during furlough through mentoring programs, informal knowledge sharing and continuing access to on-demand learning libraries.
- **Redeployment** — Support for expiring skills need not always involve new skills development; instead, employees can be

Figure 1. Perspectives on HR and Manager Support for Expiring Skills

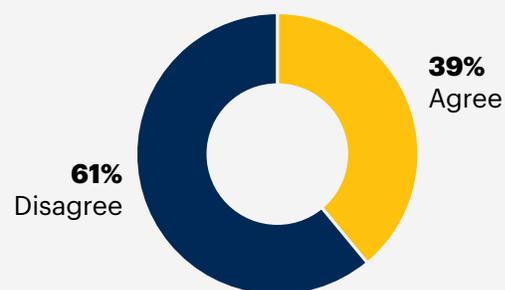
“My HR function is effective at supporting employees with expiring skill sets.”

Percentage of HR Executives



“My manager identifies the skills that I have that are losing relevance to the organization.”

Percentage of Employees



n = 75 HR executives; 8,141 employees

Source: 2020 Gartner Shifting Skills Survey for HR Executives; 2020 L&D Disruption Survey

temporarily or permanently redeployed to another role in the organization. By aiming to align employees to long-term relocations, Blue Shield of California helped employees throughout the organization find new roles when they were displaced by workplace changes, such as digital transformation (see Lasting Redeployment Lessons From the COVID-19 Crisis).

- Outplacement — To support employees transitioning to new jobs or careers outside of the organization, 91% of companies already offer outplacement services with support like resume development, job searching techniques and interview coaching.³

Share Skills Needs Transparently to Optimize Support

These strategies are most successful when organizations are transparent about which skills are expiring, which new skills are in need and why these changes are happening. Many organizations struggle to balance the time needed to conduct a thorough skills gap assessment with the speed needed to identify those gaps (and then address them) before the skills are outdated. By enabling employees to share the skills they have as well as their career aspirations, leaders gain real-time insight about changing skills needs.

Radical transparency about skills supply and demand facilitates informed decision making and action planning for employees and the organization. For example, DXC Technology's Agile Skills Development leverages big data to share a "heat map" of emerging and expiring skills with its employees and provides targeted development aligned to build the skills the organization needs. Alternatively, EY advises employees about which roles will expire throughout the next two years. For more on these approaches, see 'Agile Skill Development (DXC Technology)' and 'Case Study: Personalize Role Transformation With Career Maps (EY).' Information sharing like this enables employees to review their proficiency in different skills across adjacent or alternative roles to help them to make informed development decisions.

Further, providing employees with greater insight into expiring skills also helps give employees more career security and control. Nationwide Mutual Insurance Company created an opt-in skills development program called the "Path to Craftsmanship" to help their staff make the shift away from legacy or expiring skills and acquire emerging technical skills to answer future demand and to deliver organizational value. For more, see 'Rebalanced Technical Skills Portfolio (Nationwide).'

By enabling employees to share the skills they have as well as their career aspirations, leaders gain real-time insight about changing skills needs.

While organizations are focused on cost optimization while dealing with disruption, organizations can find a number of benefits from providing more support to employees when skills expire. Internally, developing employees with new or critical skills can result in significant cost savings to the organization, shortening time to fill and improving employee retention. For example, HCL Technologies was able to align existing employees with opportunities to build new skills, enabling them to develop 31 technical architects in less than six months. For more on this approach, see 'HCL: Aligned Career Aspirations.' Externally, a strategy to address expiring skills can enhance the organization's employment brand, improve customer brand loyalty and demonstrate the organization's commitment to corporate social responsibility.

Conclusion

HR leaders tasked with determining how to best support employees with expiring skills are well-served by considering a multipronged approach. Options are available that match organizational skills needs and cost concerns, from supporting employees within the organization (i.e., upskilling, reskilling, redeployment) to support for employees facing furloughs or workforce reductions (i.e., learning leaves, outskilling, outplacement). No matter the approach, enabling and encouraging two-way skills transparency between employees and their employer empowers both parties to address changing skills needs for their mutual benefit.

¹ Gartner TalentNeuron

² 2020 Gartner Shifting Skills Survey for HR Executives

³ 2019 Gartner Pulse on Severance

Virtual Events



Gartner regularly hosts virtual events across a variety of Human Resources topics. These webinars present an opportunity for you to gain insights from our research experts on leading through disruption, navigating the coming reset and more.

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Track Labor Market Trends To Compete for Talent



Leveraging Skills Adjacencies to Address Skills Gaps

By Chris Sandoval

HR leaders are finding it increasingly difficult to quickly find and develop talent with the most in demand skills due to ongoing business disruption and rapidly evolving needs. HR leaders can expand their options by identifying skills adjacencies that help employees build and apply skills faster.

Skills needs are evolving quickly. Since 2017, the total number of skills required for a single job has been increasing by 10% year over year.¹ Furthermore, one in three skills in an average 2017 job posting in IT, finance or sales will be obsolete by 2021. The COVID-19 pandemic's disruption accelerated this trend, resulting in 58% of the workforce needing new skills to get their job done. This volatile skills environment has led many organizations to lean heavily on talent acquisition to find talent with the sought-after skills externally. But hiring is not always possible; in fact, 74% of organizations froze hiring in response to COVID-19.²

Organizations must rely more on training to build skills. However, formal training has not produced the results organizations are seeking. Our data

found no significant relationship exists between the time employees spend in formal training and the percentage of skills they use.³

Our recent research identifies a different approach to building skills that relies less on formal training and more on the use of “skills accelerators.” One type of skills accelerator is the use of “skills adjacencies.” This strategy has been used successfully by recruiters when the external labor market can’t meet a specific skill need. Recruiters will often look instead for candidates who have skills closely related to the desired ones and whom the business can train after hiring to close the gap.

L&D can use a similar approach for internal talent by looking for existing talent with elements of the skills needed for a new role and use training to close any gaps.

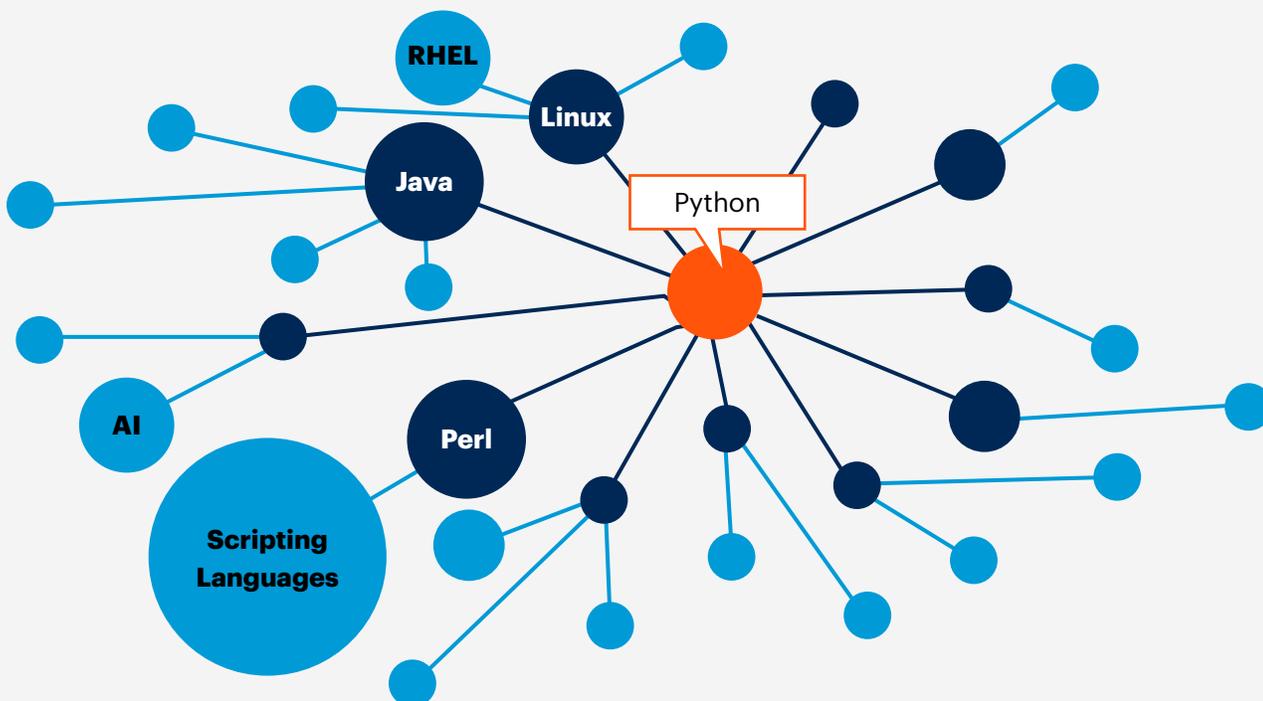
Consider an organization that needs employees with experience in Python, a general purpose programming language. Python, the target skill, is closely related or adjacent to several other skills like Linux, Java or Perl (see Figure 1).

These closely related skills are referred to as secondary skills and are part of an overall network of complementary skills that people with the Python skill usually have. In general, an employee who knows one of these adjacent skills can more easily upskill to Python than someone who doesn’t. Finally, tertiary skills, like other scripting languages, are related to Python but one more step removed.

Tertiary skills are a good place to start when identifying employees best positioned to upskill toward a target skill. Tertiary skills are typically more common and can lead organizations to consider nontraditional candidates. To begin using skills adjacencies to address skills needs, HR leaders should:

- Increase transparency of current employee skill sets.
- Identify and mobilize nonobvious skills adjacencies.
- Adjust career pathing strategies to encourage flexible career progression.

Figure 1. Adjacent Skills



Source: Gartner

Increase Transparency Into Employee Skill Sets

When considering skills adjacencies, HR leaders will need to collect information on current employee skill sets to map out secondary and tertiary skills. At first glance, this may seem overwhelming, resource-intensive and too time-consuming to be useful. Aiming to create a complete picture of current employee skill sets is not always necessary or even desirable. Indeed, not only are full skills inventory exercises resource-intensive, they are often quickly out of date. Instead, many leading organizations focus on collecting key skills data that is just comprehensive enough to allow them to easily keep it current.

Schlumberger is one example of an organization that has an effective way of maintaining a current view of employees' skills through the use of employee "backpacks."

Enabling employees and their managers to maintain a portfolio of skills visible to HR can help HR maintain a current view of skills in the organization. Even if that view is not as perfect as a full skills inventory might enable, it is better to have sufficient information to inform skills decisions today, than to have comprehensive skills data too late.

Case in Point: Career Portfolios

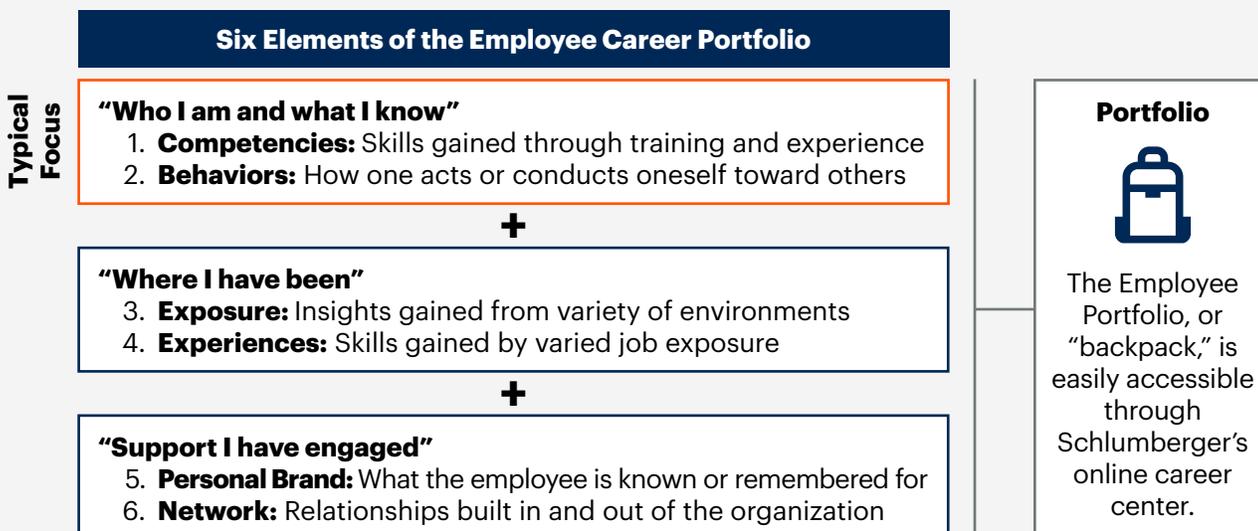
Schlumberger

Schlumberger helps employees define their skills and skills needs, organizing the skills they have into a "career portfolio" (or "backpack") that they can use to determine their next development or career steps. Employees can take the portfolio with them from role to role, and it is more than just skills. It encompasses who employees are, what they know and where they have been as well as the support they can engage. The skills portfolio allows Schlumberger to see what skills employees have; it can better fill critical roles and direct employees to critical skills needs by examining employees' existing portfolios.

Schlumberger compiles existing data to input into the portfolios, scraping it so it is automatically input into a website that employees and managers can access and update (see Figure 2). The data comes from common sources, like internal résumés and performance reviews but also more novel sources, like calendar data, coaching data and mentoring conversation data. Employees can update the information themselves, but managers have the last word on whether an update is accepted to prevent misrepresentation.

Figure 2. Career Portfolio

Illustrative



Source: Adapted From Schlumberger

Identify and Mobilize Skills Adjacencies

Once HR leaders have identified a critical skills need to address through skills adjacencies, they must determine which secondary or tertiary skills

to begin building upon. The goal is to identify available adjacent skills that can still quickly begin to deliver the outcomes desired from the original target skill.

Eastman has made use of skills adjacencies in its case to build data science talent.

Case in Point:

Internal Data Science Team Development

Eastman sought talent with more data science skills, but a tight labor market meant finding those skills would be difficult. In addition, if the company invested in building the data science skills, the need (or the technical skills themselves) could change by the time employees were up to speed.

Instead, Eastman used skills adjacencies. First, it identified the underlying capabilities and interests that indicate an aptitude for data science (see Figure 3). Eastman sourced talent for its new data science team by seeking employees with:

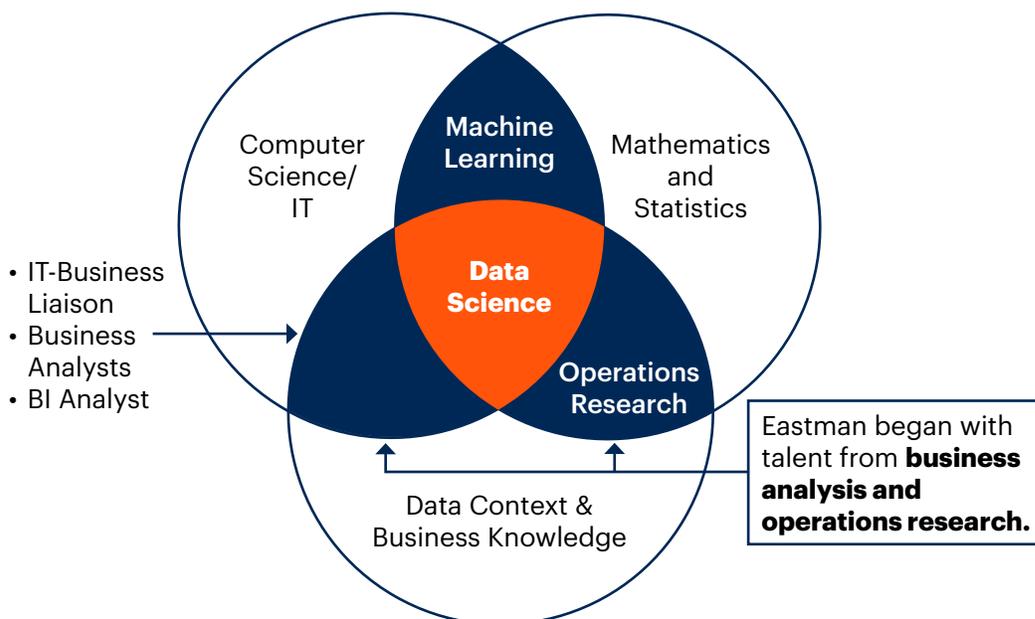
- Data-science-adjacent skills

EASTMAN

- Demonstrated capacity to develop technical abilities
- Ability to thrive in a fast-fail, experimental environment

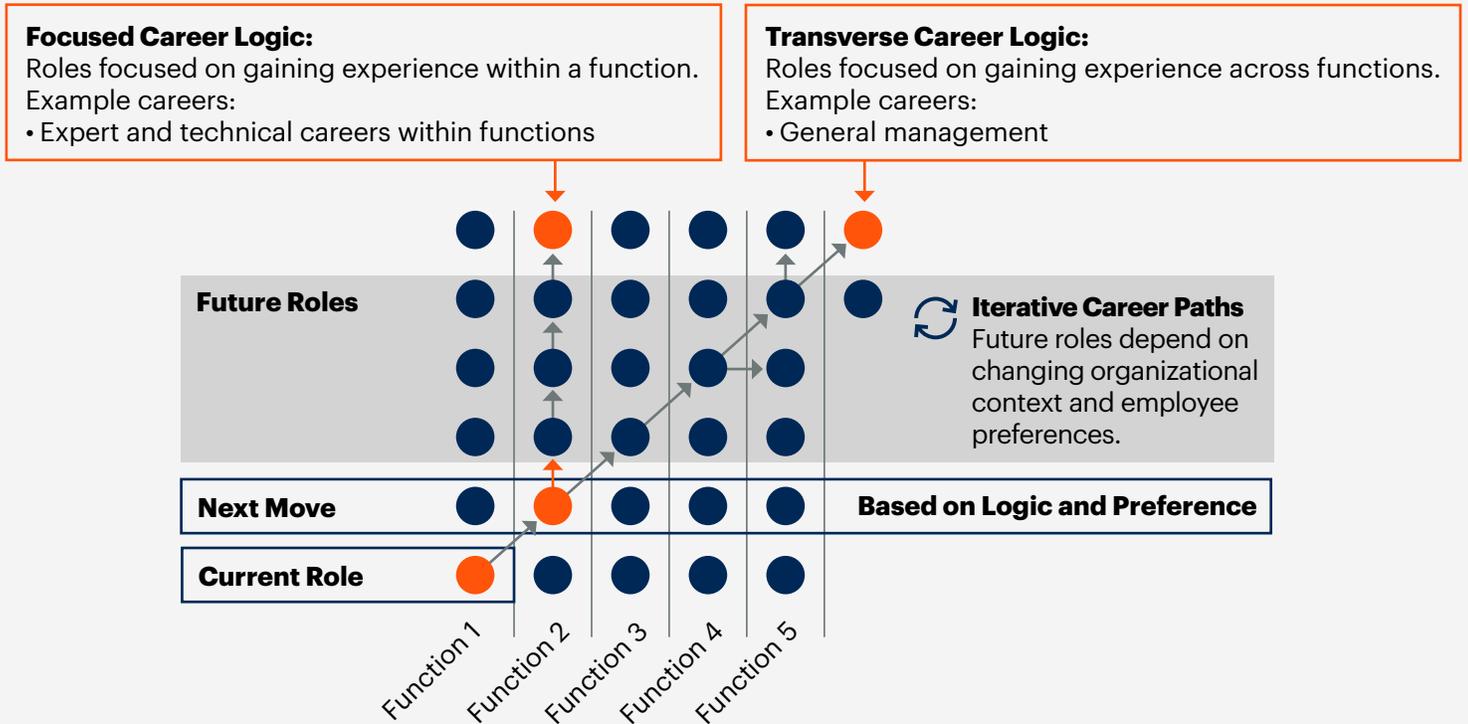
Eastman began with talent from its own business analysis and operations research team because understanding the context of enterprise data — with which the research team was intimately familiar — was essential for the new data science team. By grounding its upskilling efforts in current knowledge of employee capabilities and prioritizing immediate skills application, Eastman’s use of skills adjacencies sped up its search for data science talent.

Figure 3. Internal Data Science Scouting



Source: Adapted From Eastman

Figure 5. Schlumberger's Career Logic



Source: Adapted From Schlumberger

Case in Point:



Adaptive Career Logic

Instead of career ladders or lattices, Schlumberger uses “career logic” to help employees envision and manage their future careers (see Figure 5). Career logic does not depend on defined roles; it is structured around two general career directions: focused and transverse. Employees selecting focused careers gain specialized experience within one function. Employees following transverse career paths gain experience across functions, acquiring general management skills and broader knowledge from throughout the company.

Because career logic is role-agnostic and can be updated at any point by the employee, the framework allows flexibility as roles and jobs change, while still providing a focus point for an employee’s career at Schlumberger. The logic employees choose is based on their interests, talents, performance and where the organization sees their highest potential.

The use of skills adjacencies intensifies this need to move away from more traditional career path structures. As skills adjacencies begin to uncover new connections and career options, career paths will need to be more fluid and unrestricted by traditional roles and skills requirements. Career paths need to be flexible enough to enable employees to move around in — often unconventional — ways that allow the organization to best leverage employees’ skills adjacencies.

Titles, organizational structures and the skills employees must prioritize are quickly evolving. By uncoupling employees’ concept of “progress” away from just roles and titles, organizations empower employees to be dynamic and ready to change course as needed.

1 Gartner Managing Through Disruption Benchmarking Against your Peers Webinar Poll (21 April 2020)
 2 2020 Gartner Coronavirus Polling on Learning and Development
 3 2018 Gartner Shifting Skills Survey
 4 Gartner TalentNeuron

Interview

Reimagining Future-Fit Learning Strategies With Thokozile Lewanika Mpupuni

By Jonah Shepp and Nikita Ojha

Thokozile Lewanika Mpupuni, group head of leadership, learning and talent at Absa, is on a mission to prepare her company's workforce for a changing world. In this interview, Thokozile shares her insights into how L&D leaders can adapt their strategies for the future of work.



Thokozile Lewanika Mpupuni

Head of Leadership, Learning and Talent at Absa

Thokozile Lewanika Mpupuni is group head of leadership, learning and talent at Absa. Thokozile's mission is to create socioeconomic impact and transform Africa's unrealized potential through liberating leadership greatness in individuals, teams and organizations. She lives her mission through coaching, speaking, writing and in her corporate role at Absa. She is a lifelong learner whose work has included academic research in molecular science, management consulting, ontological coaching and human capital executive roles.

What is your role at Absa, and what drove you to develop these future-fit learning strategies?

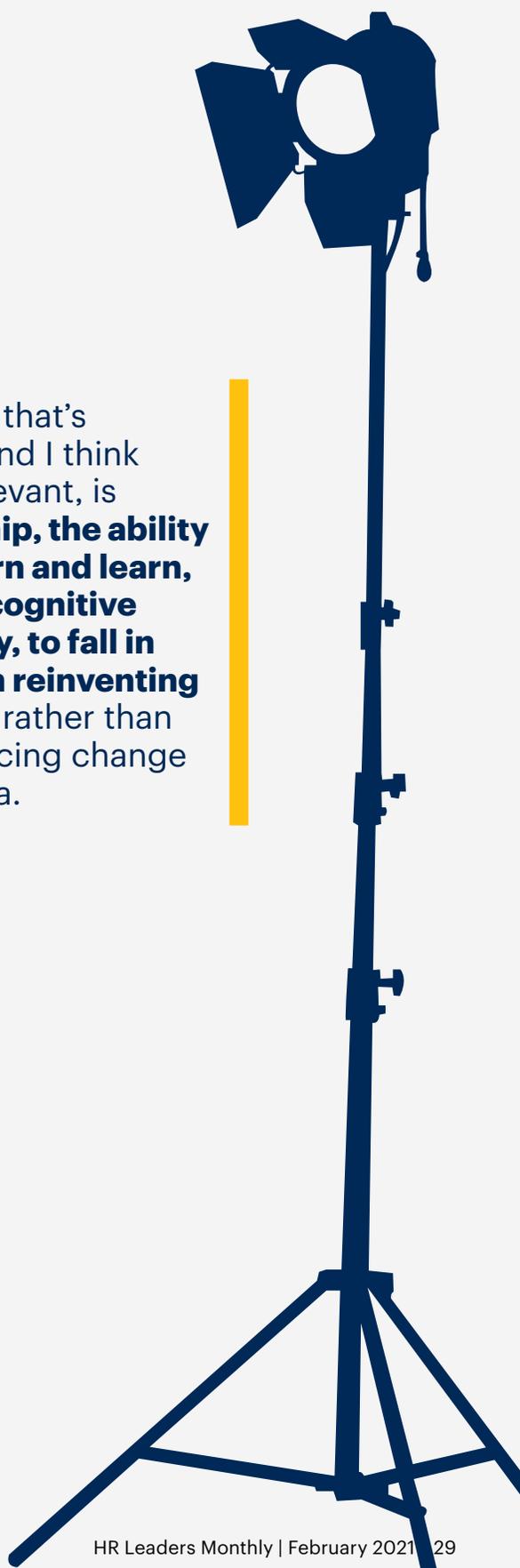
I joined Absa almost three years ago to set up the center of expertise for leadership, learning and talent. The separation from Barclays meant Absa needed to build its own stand-alone human capital capabilities. In addition to our separation-driven workforce development agenda, we were going through a major organizational transformation, with an aspiration to become an integrated and digitally-led truly pan-African bank. This required a strong cultural transformation agenda too. In 2018, we implemented a renewed, 4IR [Fourth Industrial Revolution] talent agenda focused on building a future-fit workforce. Implementation of our 4IR talent agenda has been further accelerated by COVID-19-led changes.

Those of us who have been in the talent space for the past five or 10 years know that the talent acquisition job has really merged with the learning job because you can't always find people with the necessary skills in the marketplace. Talent acquisition professionals must act swiftly to assist their organizations to build skills from within, rather than fishing in a pond where there are no fish to be found. I also believe organizations have an obligation to prepare their employees not only for continued relevance within their own ecosystem but also within the broader world of work.

What are the critical skills you see as most relevant in the 4IR context?

I have a deep belief that the biggest 4IR skills people need — and COVID-19 has proven this as well — are not technical. A skill like coding is relatively easy to master. The stuff that's harder, and I think more relevant, is leadership, the ability to unlearn and learn, to have cognitive flexibility, to fall in love with reinventing yourself rather than experiencing change as trauma. Those are the skills that are really going to make people successful. And I don't think those skills are receiving the necessary attention at the required scale.

There are two elements to this. One is focused around the future and strategic skill needs of our organization. Like most banks, we recognize that there's an ongoing evolution in some of the skills we will need, so there's that aspect of skills that's just about our business and building our capabilities for our business.



The stuff that's harder, and I think more relevant, is **leadership, the ability to unlearn and learn, to have cognitive flexibility, to fall in love with reinventing yourself** rather than experiencing change as trauma.

An essential part of our future-fit learning strategy is empowering employees who are not just future-fit for Absa but future-fit for the world of work.

And then there's another aspect of future-fit skills. We have about 40,000 employees and about 10,000 contractors working across the continent. We are committed to be an employer who plays a shaping role in society, so at a minimum we don't want our people to be disrupted. An essential part of our future-fit learning strategy is empowering employees who are not just future-fit for Absa but future-fit for the world of work.

What specific challenges was the future-fit learning strategy responding to?

Following the separation from Barclays PLC, we had to prioritize learning outcomes based on the imperatives of our new stand-alone strategy. Our main focus was on acquiring technical skills, but we knew that a lot of these future skills — strategic skills, leadership skills and so on — were also exceptionally important. But we didn't necessarily have the funds to go out and buy all this training.

We therefore identified and tasked a partner to create a curated learning platform for us. Thereafter, we agreed on the competence framework we wanted. We use AI to virtually gather and curate learning available across the web — distinguishing deep learning from inspiration and basic knowledge. A lot of learning libraries offer very few deep learning modules; and as a result, there's no advancement in the skill level, and we wanted to address that.

After building the competence library, we then targeted particular providers such as MIT and Harvard, which have a lot of free learning content on offer. We searched for what made sense for us and we created what we now call the Absa Digital Campus.

When logging on to the digital campus as a learner, you are required to complete an assessment, and it then suggests learning that's appropriate for your level. You also retain the freedom to search for content that interests you, thereby creating a personal learning journey. We launched it at the height of the pandemic in July 2020, and we currently have over 7,000 people

using it regularly across the organization.

What I love about it is that it helps us democratize learning and focus on quality control. It also helps us to make cost-effective decisions, as investments in MBA and other advanced executive learning programmes have become extremely expensive. Making use of free learning content, and then supplementing it where appropriate, is more efficient and cost-effective.

What are you doing to develop leadership capabilities throughout the organization?

In a 4IR world, leadership skills such as self-autonomy and self-drive have become even more crucial. The remote world of work brought about by the pandemic has shown us the value of these skills. People who aren't self-driven are struggling with remote work, still requiring someone to watch over their shoulder to get them going.

In most organizations, there are very few line managers who can credibly give career advice to their respective team members. The employee who has been in the workplace for two years is under very different career development pressures than someone who has been with the organization for 40 years. Our objective is to undo overreliance on line managers for career development and instead [to] empower our colleagues to drive and own their career trajectories.

Our objective is to undo overreliance on line managers for career development and instead [to] empower our colleagues to drive and own their career trajectories.

Another myth we wanted to bust was that transformational leadership and learning moments are created in small, intimate in-person trainings. I've never personally believed in it, because some of my most impactful personal transformations have come from listening to a TED talk, for example, or listening to a speaker at a conference with 1,000 other people in the auditorium. I don't think transformational moments happen only in a defined physically intimate space; they happen in a ready and willing mind.

Two things are furthermore important: First, we need to dispose of the belief that learning is an event. Learning has to be the way you live your life. If you cultivate a curious nature, continuously seeking improvement, then you are capable of learning from every experience. The second thing is scale. If we have 40,000 people, it becomes a serious challenge to have 2,000 workshops whenever I'm trying to do transformational learning. It just doesn't make sense from a cost point of view.

We looked at all these challenges and said: What can we create as a vehicle to address all of these concerns? And that's when we implemented what we call Absa learning weeks.

Learning weeks are earmarked weeks where we virtually engage the entire organization at scale to shift mindsets and achieve specific learning outcomes. The learning is multimodal: using masterclasses, dialogues, as well as traditional

We need to find ways to activate people who feel lost and threatened by change and who don't have an agile mindset or appetite for learning and doing things differently.



training programs. The concept works off a couple of assumptions we have that we've now demonstrated, particularly the power and intimacy of virtual learning.

You talked about your focus on deep learning. How do you balance that objective within the learning week, or is that objective completely different?

In my mind, deep learning has two aspects: It's not always about getting people to master a skill. It's also about shifting mindsets, and a lot of Absa learning week is actually that. We are working on mindsets as we are looking for new behaviors. We understand that the new behaviors will unlock a lot, even beyond technical capabilities. Right now, even if you have technical capabilities, sometimes the lack of leadership means you might as well not have them.

While our learning weeks cover specific skills that we're seeking people to implement, we're currently focusing on shifting mindsets. We need to find ways to activate people who feel lost and threatened by change and who don't have an agile mindset or appetite for learning and doing things differently.

What are your most important unsolved challenges right now?

If I had a magic wand and could solve one problem right now, it would be the problem I just described: activating people to take advantage of opportunities.

All the other challenges I mentioned are incidental if you can solve that. I believe it's a combination of behavioral science (i.e., how to nudge people) and understanding that leadership is what one does to improve one's life and the lives of others.

Another challenge is the notion that formal education is necessary to achieve success. This school of thought continues to restrain and inhibit the world of work as most employers still insist that you need a degree to be considered for a role.

I believe there's very little correlation between formal education and success. It rather depends on an individual's attitude and capacity to use their talent and creativity in the most effective manner. The future belongs more to lifelong learners than it does to the educated.



Quant Corner

Growing Budgets for IT Skills Offerings

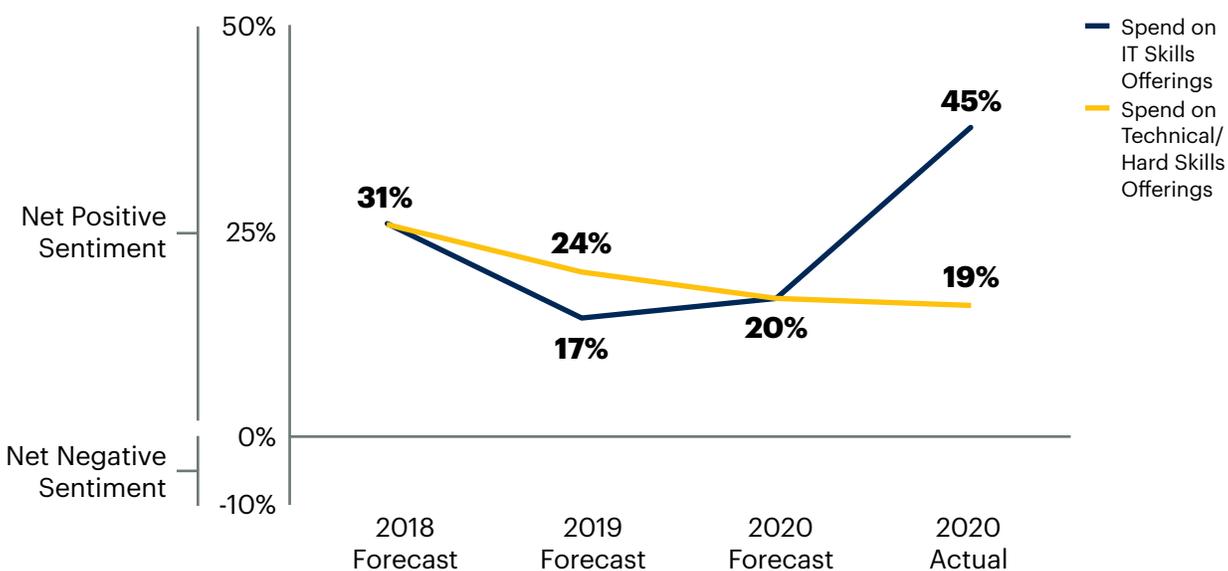
By Josh Bittinger

Most L&D leaders were forced to do more with less in 2020, as organizations tightened their belts due to the COVID-19 pandemic and overall learning budgets declined or stagnated. L&D functions concentrated their resources on critical skills needs, including IT skills. The chart below shows net sentiment among L&D executives (the percentage reporting increased budget minus the percentage reporting decreased budget) regarding their budgets for IT skills offerings compared to all offerings in the broader set of hard skills. As shown here, budget trends for IT skills tracked closely with those for all

hard skills in L&D leaders' forecasts over the past three years. Actual spend diverged sharply in 2020, however, as organizations devoted more budget to IT skills offerings relative to other hard skills. This divergence illustrates the importance of digital initiatives in organizations' current growth strategies and the growing demand for digital skills. Labor market data from Gartner TalentNeuron shows that the supply of candidates possessing critical IT skills is insufficient to meet that demand, making it necessary for organizations to build these skills in-house.

Figure 1. IT and Technical Skills Offering Spend

Net Sentiment^a of L&D Executives



n = 31 (Sep-2020); 32 (Feb-2020); 54 (2019); 67 (2018) L&D executives

Source: Gartner 2020 State of the L&D Function Survey; 2020 Learning and Development Forecast Survey

^a Net Sentiment: Percentage of L&D executives reporting increasing budget (less) percentage of L&D executives reporting decreasing budget