Kelly

Re:work

The Three Pillars of Workforce Resilience

The 2023 Kelly Global Re:work Report

Kelly

Re:work.

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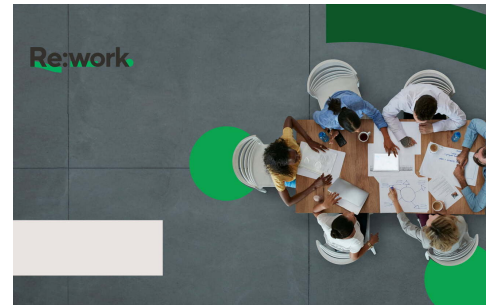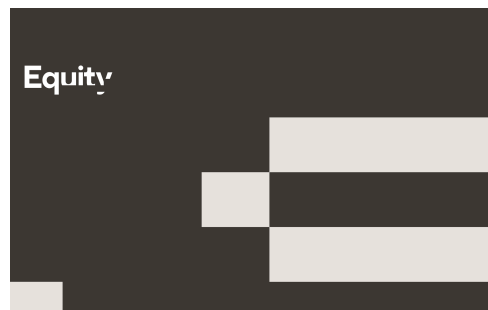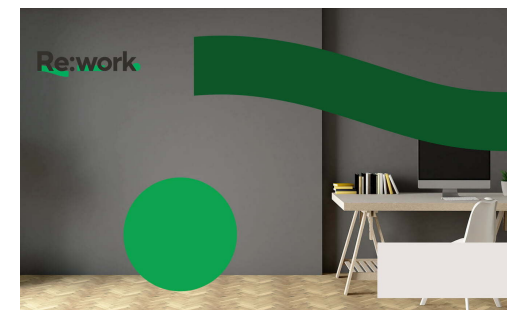
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Introduction

Introduction

Workforce resilience and the talent crisis

Businesses are facing a talent crisis. Shortfalls in key skills are limiting the potential for business growth and are leading to unfilled vacancies. The Talent's expectations of the employment experience are evolving at pace, and they are prepared to move on if they think their employer is not doing enough. As businesses respond to changing markets and seek to seize new opportunities, they are struggling to build the agility they need to deploy their people effectively.

This report draws on two new global surveys—one of executives, the other of talent—to reveal a disconnect between these two groups' perspectives on working life. It is a warning to employers: having made progress through the pandemic and the Great Resignation, they now risk slipping backward on engagement.

Yet the report also shows that there is a group of leading employers that are navigating the talent crisis by enhancing their **workforce resilience**: securing and mobilizing the talent they need to achieve objectives over the long term and adapt rapidly to new opportunities.

"

The talent crisis has impacted our organization in a number of ways. Five years ago, it was challenging to find highly skilled candidates but today the pool is even smaller. This situation has opened our eyes to how we can do things differently – we need to be more flexible and creative in how we define roles and the experience we seek.

JJ Girt

HR Leader, Evoqua Water Technologies

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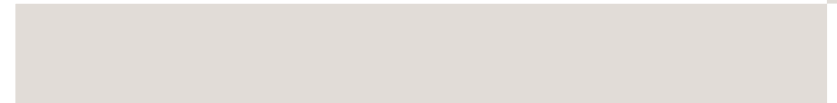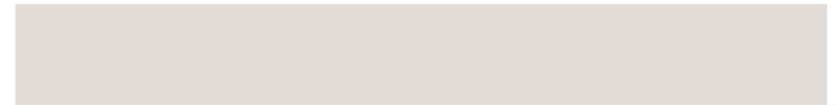
These 'Workforce Resilience Leaders' are focusing on three crucial pillars:

#1 Workforce agility

The ability to scale and align the workforce in response to shifting business objectives

#2 Diversity, equity, and inclusion

Building a diverse culture where all employees are respected, valued, and able to reach their full potential

#3 Workforce capability

Having the right mix of talent, equipped with the right digital and automation strategies, to achieve the organization's current and future strategic goals

In this report, we explore how organizations with high levels of talent agility, inclusive cultures and a focus on developing talent's capabilities are sharpening their competitive edge—and seeing exceptional business performance.
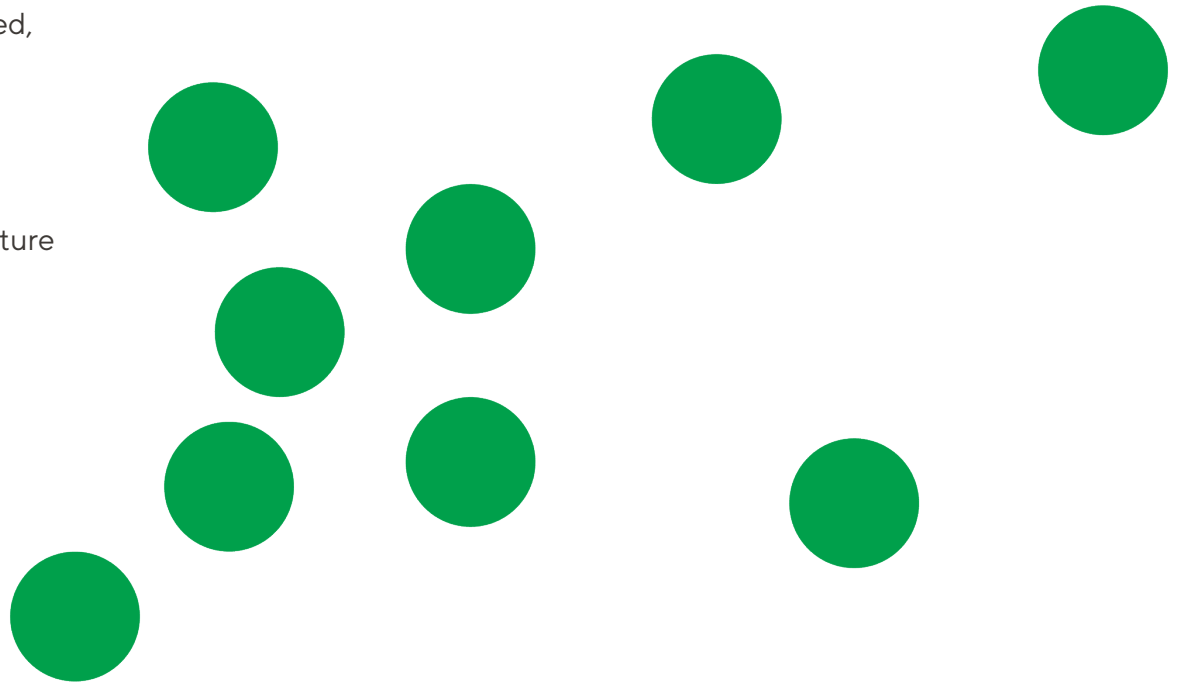
About this report

This report presents insights from two major global surveys commissioned by Kelly® and conducted in March 2023 by FT Longitude.

Senior executive survey
Conducted among 1,500 C-suite leaders, board members, department heads, directors, and managers across 11 countries and nine sectors.

Talent survey
Conducted among 4,200 individuals at all levels of organizations across the same 11 countries and nine sectors as the executive survey.

In places, we refer to data from the executive survey conducted for our 2022 Global Workforce Report:

RE:WORK: CALIBRATING TO POWER THE LIFE-WORK SHIFT

We would like to thank the following experts for sharing their insight:

- **JJ Girt**, HR Leader, Evoqua Water Technologies
- **Megan Henry**, Director of Quality Improvement, Cummins Inc.
- **Ed Pederson**, Vice President of Product, Kelly
- **Keilon Ratliff**, Chief Diversity Officer, Kelly
- **Philip Rybakov**, People and Culture Director, JTI GBS Poland
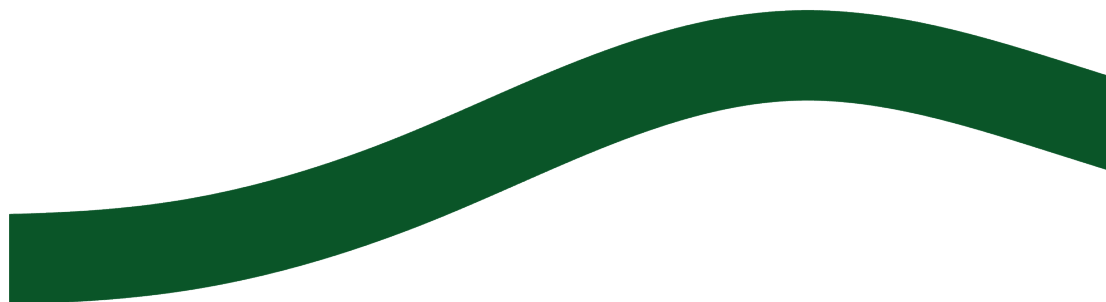
Re:work.

Key findings

Key findings

In a crisis of talent, the organizations that will thrive are the ones that can build up workforce resilience.

#1 Talent feels unloved, overworked, and overlooked

Our two surveys reveal a disconnect between talent and their organizations. Many employees are ready to quit: 28% say they are very likely to leave their employer in the next 12 months. This fragility is happening at every level of the organization: last year's research found that 72% of executives were planning to leave their current employer within the next two years.

The top reasons? Poor work-life balance and a lack of development opportunities: less than half of talent believe they have a manageable workload or satisfactory work-life balance.

And while they identify development and progression opportunities as the top reasons for staying with an organization long-term, only 23% say their employer provides regular training and development.

There is a worrying level of disengagement: 45% of talent say they are currently, or have been, delivering only the bare minimum of what their role contractually requires. That is a significant loss of discretionary effort for organizations—and reflects a failure to inspire and engage.
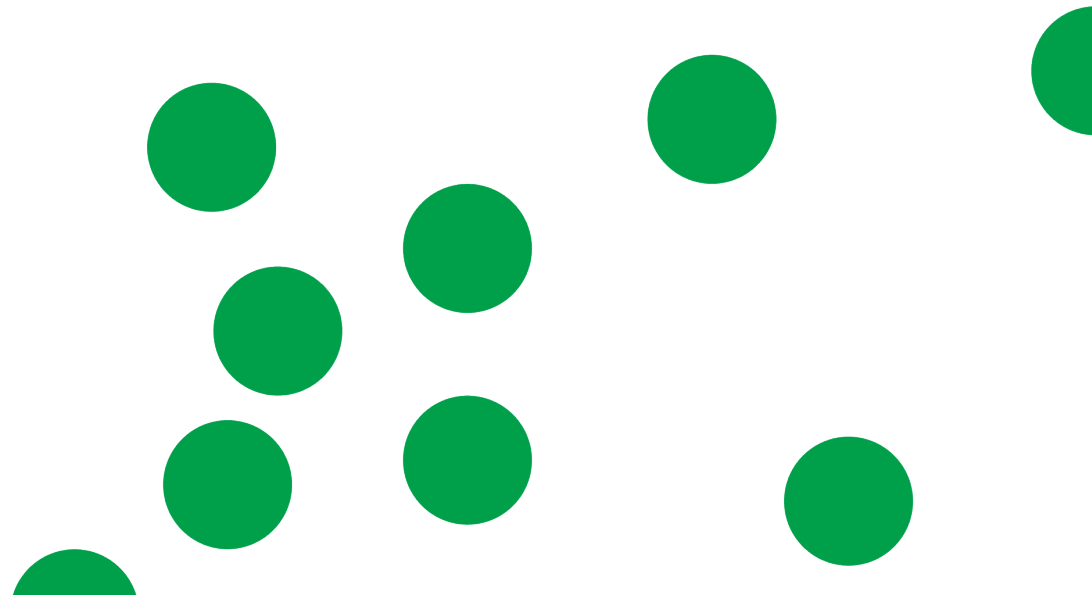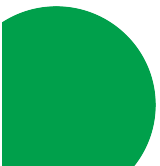
#2 Businesses' focus on talent could be fading

Organizations may be experiencing 'fatigue' in their strategies to engage employees, and particularly in their efforts to create more inclusive workplaces. For example, senior leaders are almost a third less likely to be holding open conversations about diversity and inclusion than they were 12 months ago (21% compared with 30% in 2022).

But their job is not done on fostering inclusivity. Alarmingly, 43% of talent have experienced non-inclusive behaviors in their current organization; 37% say they work in a psychologically unsafe environment.

Recent commitments to workload and wellbeing also appear to be slipping. A quarter of executives report that their organization's ability to support employee wellbeing and morale has declined over the past year (25%). A similar number say that employee wellbeing (24%) and satisfaction (23%) have decreased over the same period—numbers that have more than doubled since 2022 (11% each).

#3 Workforce resilience is weakening and potential is neglected

Organizations are starting to feel the impact of failing to meet their talent's needs. Almost half of executives (46%) say that difficulty sourcing talent is leading to missed business opportunities. A similar number (42%) admit that they are failing to unlock the full potential of their workforce, and 26% say they lack a clear view of talent and skills they need over the next two years.

Less than half of executive respondents (47%) believe their workforce is resilient—that they have the talent they need in order to achieve their business objectives over the long term and adapt to market changes. About half of executives link these weaknesses to reduced customer satisfaction.

#4 The Workforce Resilience Leaders show the way forward

Our research reveals that the Workforce Resilience Leaders—the organizations focusing on the three critical pillars—are far more likely to report stronger business performance than their peers:

- 69% say that employee productivity has improved over the past year, compared with 51% of executives overall
- 61% report increased profitability, compared with 53% of firms overall
- 58% report increased customer satisfaction, compared with 51% overall

The Workforce Resilience Leaders represent 12% of firms in the survey sample. In this report, we compare what the surveys tell us about the Workforce Resilience Leaders with what they tell us about the firms that report poor performance across the three pillars. We call this latter group the Workforce Resilience Laggards, and they represent 6% of the sample.

The strategies adopted by the Workforce Resilience Leaders show how other firms can navigate the challenges of today's labor market to strengthen their connections with employees and increase their workforce resilience.
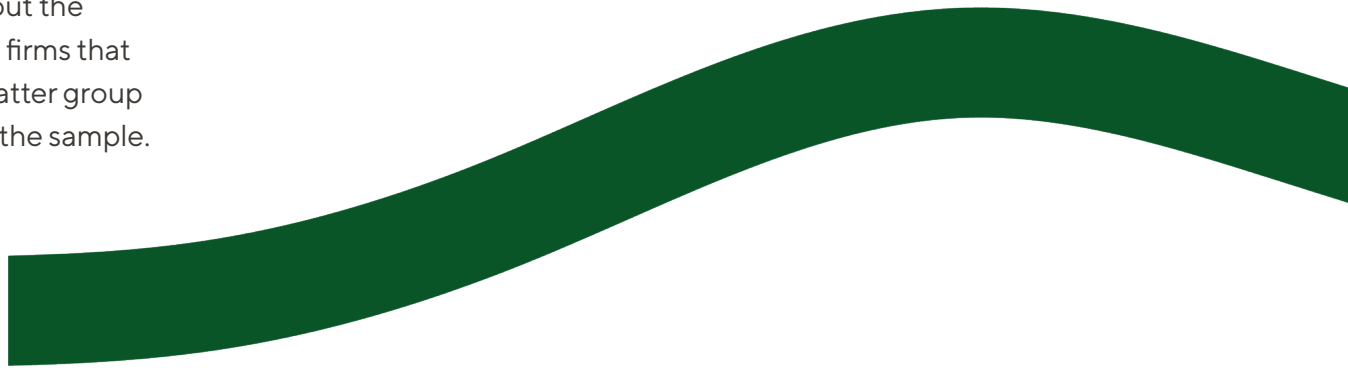
The three pillars of workforce resilience

Workforce agility: the ability to scale and align the workforce in response to business change, for example by rapidly recruiting specific skills and reassigning employees to where they are most needed.

Diversity, equity, and inclusion: building a culture where all employees are respected, valued, and able to reach their full potential, regardless of factors such as race, gender, sexual orientation, age, disability, and neurodiversity.

Workforce capability: having the right mix of talent, supported by the right training and technologies, to achieve the organization's current and future strategic goals.

The Workforce Resilience Leaders are defined by strong performance across all three areas, and the evidence suggests that both sides of the employment relationship benefit as a result. Talent is happier and more productive, and they plan to stay with their employer for longer; executives are more likely to say that employee productivity, customer satisfaction, revenues, and profit have increased over the past 12 months.
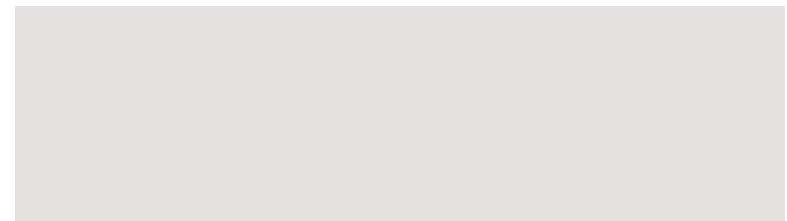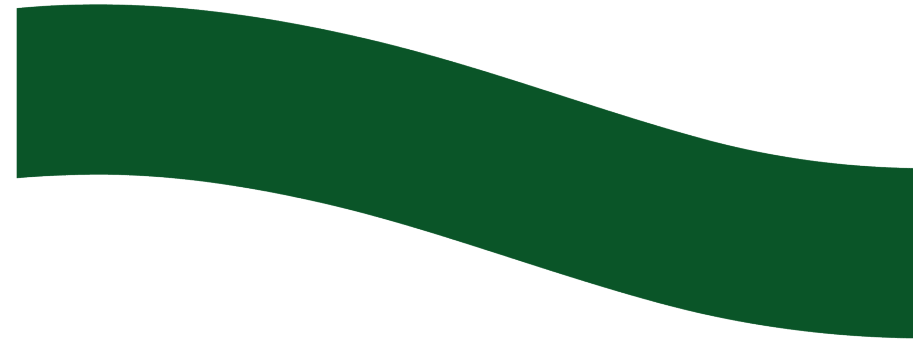
Key findings

Organizations are failing to meet the needs of talent

The pandemic catapulted talent to the top of the business agenda. Wellbeing and health were first-order priorities. Engagement took on new meaning as many workers switched to remote and hybrid working. And diversity and inclusion became the focus of countless discussions as societies worldwide grappled with difficult questions about equity.

But have organizations sustained that momentum as they emerge from the pandemic, and is it leading to increased workforce resilience?

Executives know they face challenges

Our survey of executives shows that many recognize the importance of building workforce resilience: 46% say it is a priority. But many know that their organizations are not doing enough to build and retain quality employees: 42% admit that they are failing to unlock the full potential of their workforce, and 46% say that difficulty sourcing talent is leading to missed business opportunities.

Figure 1: Less than half of executives believe their workforce is highly resilient

	Agree or strongly agree	Disagree or strongly disagree
Building workforce resilience is a business priority	46%	27%
Our workforce is highly resilient	47%	28%
Difficulty sourcing and retaining the right talent means we are missing critical business opportunities	46%	28%
Over the past 12 months our business has been impacted by "quiet quitting"	46%	30%
Compared with 12 months ago, we are doing more to support the wellbeing of our employees	47%	27%
Flexible and hybrid working has improved employee engagement and productivity	48%	26%
Flexible and hybrid working has made it easier for us to access the talent we need	46%	28%
We are failing to unlock the full potential of our workforce	42%	32%
As a leader, I have the skills and capabilities required to build a more resilient workforce	50%	27%
We are successfully automating aspects of our business in order to improve workforce resilience	47%	27%

The Great Resignation may not be over

Anthony Klotz, the business school professor who coined the term 'the Great Resignation,' is among those forecasting that employee resignations will level off in 2023.[1] But our talent survey shows that many employees remain unsettled: 28% say they are very likely to leave their job in the next 12 months.

Why are they so unsettled, and what can organizations do about it? Our talent survey shows that the top reasons to quit are poor work-life balance and a lack of opportunities for career progression and skills development. Reasons for staying are the inverse: good opportunities, followed by work-life balance.

Figure 2: Almost a third of the talent we surveyed are planning to leave their employer in the next 12 months

"I am very likely to leave my employer in the next 12 months"

Total	28%
Men	30%
Women	21%
Managers	13%
Non-managerial	36%

Figure 3: Work-life balance and development opportunities have the greatest impact on retention

Which of the following factors mean you are likely to leave your employer in the next 12 months?

Poor work-life balance	28%
Lack of career progression opportunities	27%
Lack of skills development opportunities	25%

[1] https://www.cnbc.com/2023/02/01/professor-who-coined-great-resignation-anthony-klotz-says-quits-will-plateau-in-2023.html
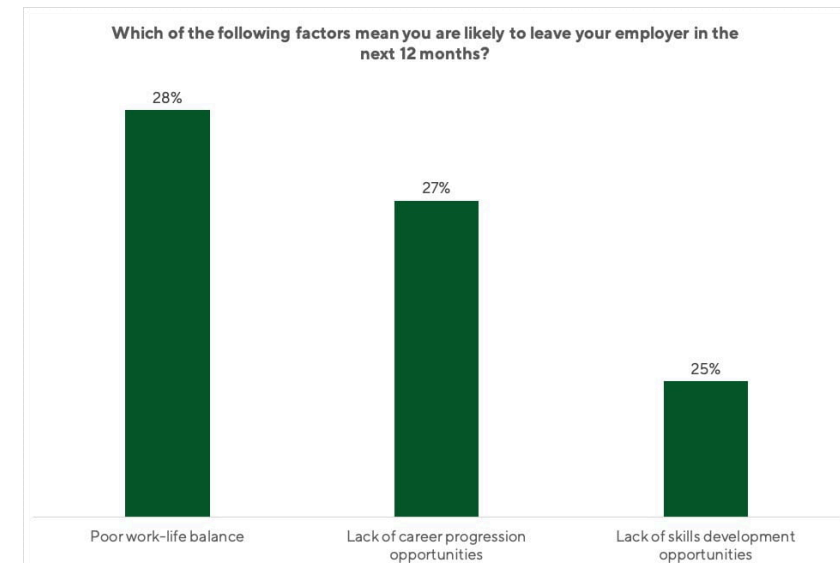
Figure 4: Work-life balance and development opportunities have the greatest impact on retention

Which of the following factors mean you are not likely to leave your employer in the next 12 months?

- Good skills development opportunities: 33%
- Good career progression opportunities: 32%
- Good work-life balance: 27%
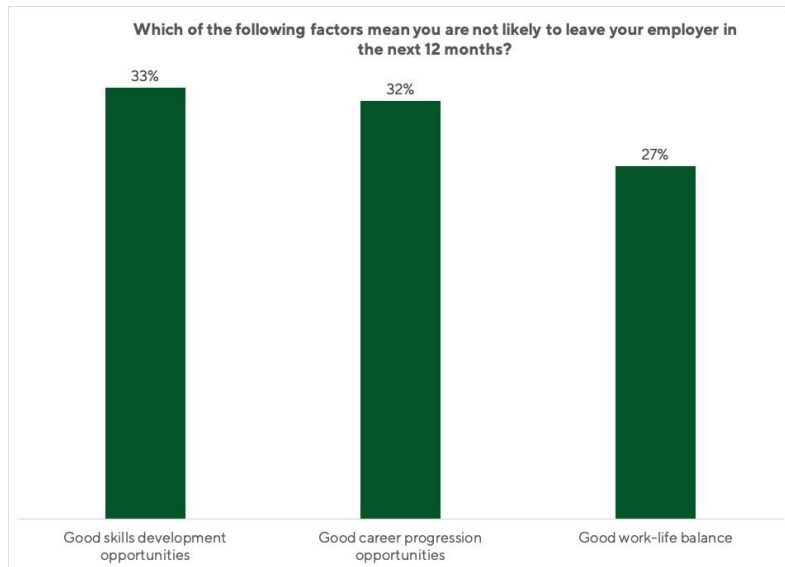
In our executive survey, however, they say pay and benefits is the top reason why talent is quitting. Why the disconnect? It could be that executives are reflecting on past drivers of discontentment, while talent is looking forward. And perhaps talent recognizes the improvements in pay and benefits offered by many organizations in the past two years.

Figure 5: Executives' views on the factors driving retention differ to those of talent

What are the most commonly cited reasons that employees choose to leave your organization?

- Uncompetitive pay and benefits package: 38%
- Lack of career progression opportunities: 36%
- Poor work-life balance: 34%
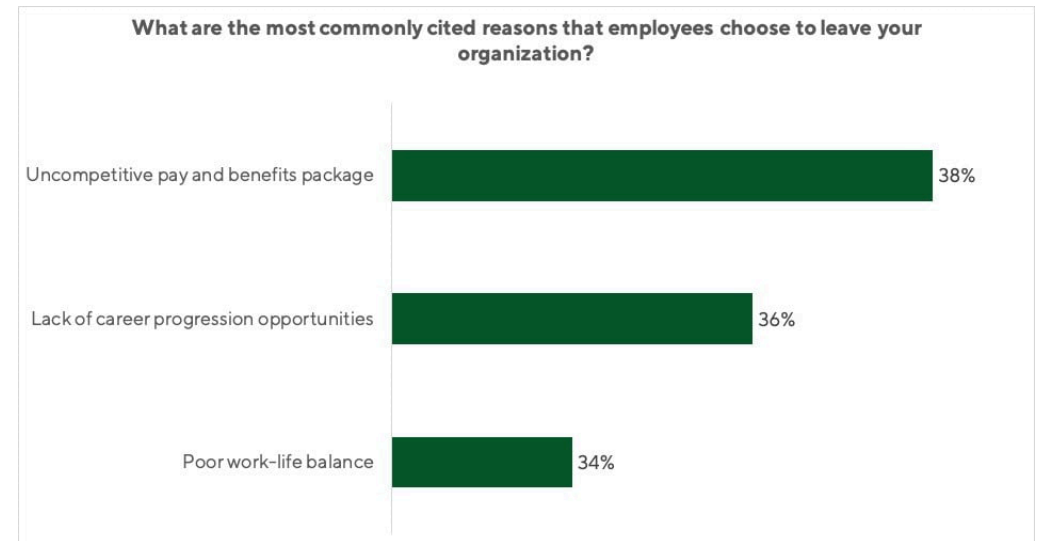
The message to employers is clear: for talent, work-life balance and opportunities for growth are non-negotiable.

The three pillars of workforce resilience

Building a resilient workforce that is capable of seizing new opportunities at speed is a multidimensional task. It requires a strategic view of the skills the organization needs now and those they are likely to need in the future, paired with a deep commitment to engaging and developing talent at all levels of the enterprise.

Recognizing this, in our executive survey we investigated how organizations are performing in three important ways:

- **Workforce agility**
  The ability to scale and align the workforce in response to shifting business objectives
- **Diversity, equity, and inclusion (DEI)**
  Building a diverse culture where all employees are respected, valued, and able to reach their full potential
- **Workforce capability**
  Having the right mix of talent, equipped with the right digital and automation strategies, to achieve the organization's current and future strategic goals

Figure 6: Almost a quarter of executives rate their organization as poor when it comes to the three pillars of workforce resilience

What score would you give your organization in each of the following areas?

Workforce agility — Strong 53%, Poor 20%

Diversity and equity — Strong 51%, Poor 21%

Workforce capability — Strong 53%, Poor 23%

■ Strong ■ Poor
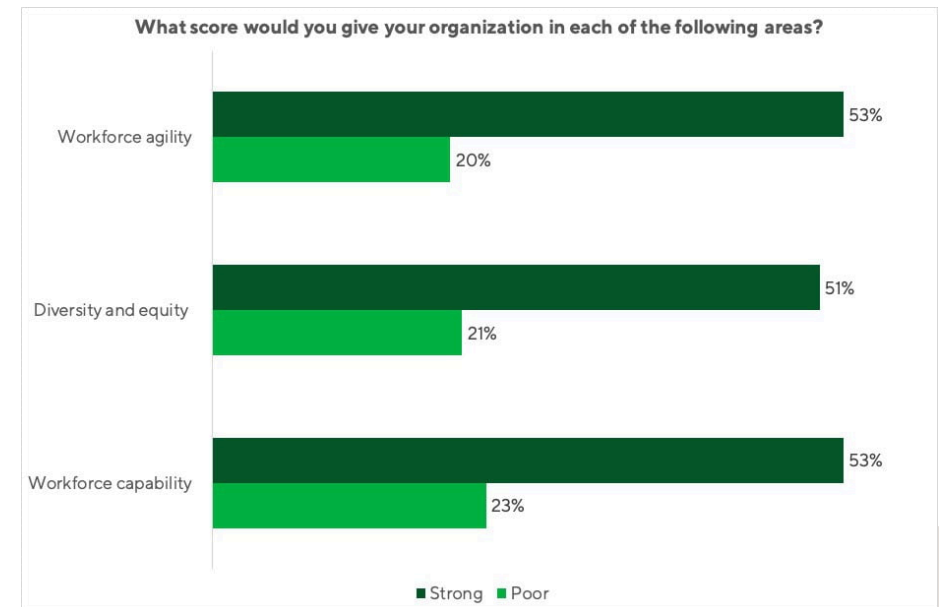
Weakness in these three areas can harm business outcomes. According to executives, the most common impact is on customer satisfaction.

Figure 7: Customer satisfaction is at risk from poor workforce resilience

What impact is poor performance in each of the following areas having on your business?

Impact	Workforce agility	Diversity and equity	Workforce capability
Reduced productivity	34%	35%	34%
Decreased customer satisfaction	47%	44%	50%
Missed business opportunities	17%	16%	15%
Increased employee churn	33%	33%	34%
Damage to brand image	29%	30%	27%
Difficulty sourcing new talent	22%	21%	24%
Difficulty meeting DEI targets	18%	18%	16%

■ Workforce agility   ■ Diversity and equity   ▨ Workforce capability

The Workforce Resilience Leaders—12% of the total sample—assessed their organizations as 'strong' in all three areas
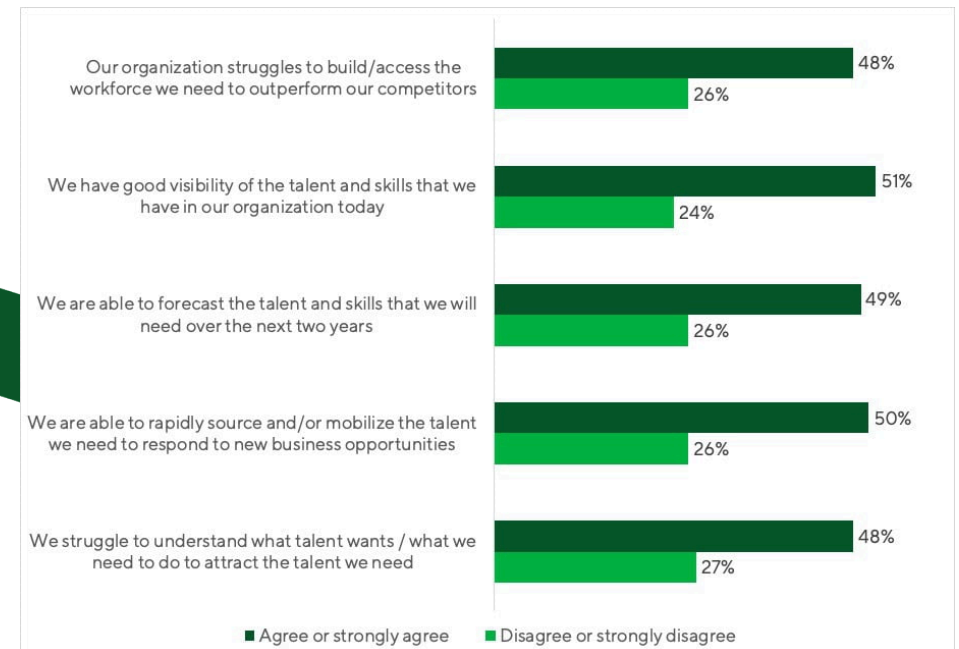
Workforce agility

Pillar 1

Workforce agility

The first pillar of workforce resilience is workforce agility. Can the organization scale and align the workforce to respond to business changes and new opportunities?

In our executive survey, almost half say they struggle to build the workforce they need to outperform their competitors (48%).

Figure 8: Executives are struggling to develop the level of workforce agility they need to achieve business goals

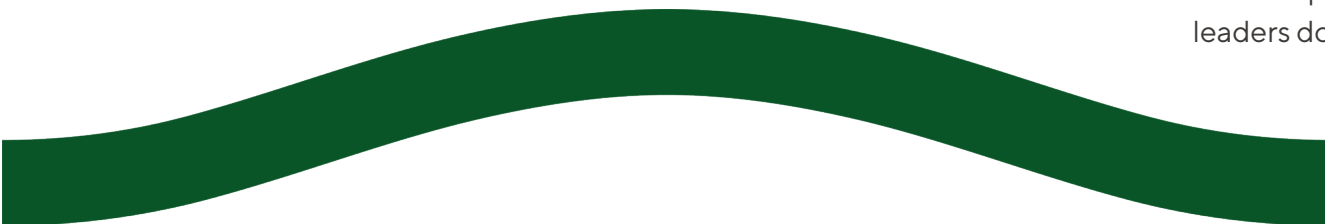|	Agree or strongly agree	Disagree or strongly disagree
Our organization struggles to build/access the workforce we need to outperform our competitors	48%	26%
We have good visibility of the talent and skills that we have in our organization today	51%	24%
We are able to forecast the talent and skills that we will need over the next two years	49%	26%
We are able to rapidly source and/or mobilize the talent we need to respond to new business opportunities	50%	26%
We struggle to understand what talent wants / what we need to do to attract the talent we need	48%	27%

Sourcing talent to fuel growth

Philip Rybakov, People and Culture Director at JTI GBS Poland is clear that timely access to talent is essential to growth. In just a few years, their Global Business Center has established a presence in Warsaw and has quickly grown to 900 employees.

According to the Rybakov, that pace of growth was only possible thanks to working with specialist talent providers. IT and language skills—some of them relatively rare—have been critical. "I don't know how our provider manages to find this type of talent, but they do," he says. "They are like magicians."

Why is this? Our talent survey reveals that high levels of disengagement and lack of manpower are major issues. Almost four in ten (38%) of the talent surveyed say their workload is unmanageable, the same proportion say their employer does not give them flexibility in how they perform their role, and 39% say they do not enjoy the tasks they perform day to day. Alongside this, almost a third (28%) say they experience resourcing challenges in their team monthly or more frequently, leading to issues such as increased employee churn and missed business opportunities.
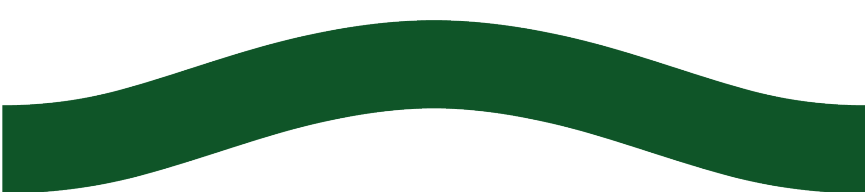
Some organizations are taking steps to tackle this sense of overwhelm and fatigue across their workforces—for example by working with external providers to source contingent talent. But what else can leaders do to help their talent feel engaged and motivated?

Contingent talent supports workforce fluidity

For many employers, there are multiple benefits in blending contingent and permanent talent. "Harnessing contingent workers is one of the ways we strengthen workforce fluidity," says Megan Henry, Director of Quality Improvement at US-based manufacturing multinational Cummins Inc. "Each of our manufacturing sites sets a target for contingent worker levels—maybe 5–10% of our manufacturing employee demand."

That helps the company to reduce risk and improve agility. "It creates a 'ring of defense' if we have a change in demand," says Henry. Such flexibility can help companies to smooth out sudden shifts in resource requirements, reducing the impact on permanent roles. This could be crucial in uncertain economic times when agility is key.
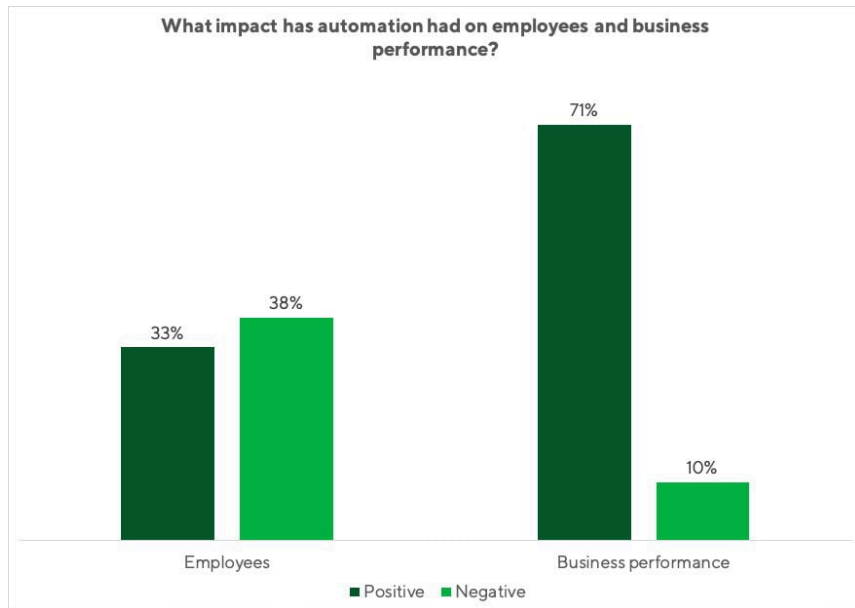
Can automation improve workforce agility and talent engagement?

Automation can help organizations in two ways. First, it frees talent from repetitive tasks, enabling them to focus on activities that deliver greater value—increasing productivity without increasing headcount. Second, as a consequence of this it can make employees' roles more enjoyable, by removing activities that might be dull or repetitive. In turn, this helps to drive up engagement.

Our data shows that many organizations are already using automation, and Workforce Resilience Leaders are ahead: 61% have successfully automated aspects of their business to improve workforce resilience, compared with just 33% of Workforce Resilience Laggards.

Our talent survey suggests that employees are skeptical about automation—but are not universally opposed. While 71% say automation is positive for business performance, 33% also say it has been positive for employees.

Figure 9: Talent recognizes automation's potential to boost business performance

What impact has automation had on employees and business performance?

- Employees — Positive: 33%, Negative: 38%
- Business performance — Positive: 71%, Negative: 10%

Positive | Negative

Talent, now

Employers' strategic need for greater talent agility has driven the development of Kelly Now, a new platform that gives businesses rapid access to the talent they need.

"Essentially, we've created an app that's similar to Uber or Lyft," explains Ed Pederson, Kelly Vice President of Product. "Once workers have registered and qualified, they can see what shifts are available in their chosen area and sign up for as many hours as they choose. It really puts the power back in their hands."

Of course, employers benefit too. "This dramatically increases how quickly the businesses we work with can source talent," says Pederson. "We can sometimes fill a position for clients within just a few of hours of posting it."

## Lessons from the Workforce Resilience Leaders

Workforce Resilience Leaders are more likely than the other organizations to have implemented several strategies to enhance workforce agility.

Overall, the top priority for enhancing workforce resilience is to recruit more contingent talent (52% say it is important); 61% of Workforce Resilience Leaders have a fully developed strategy for contingent talent, compared with 34% of Workforce Resilience Laggards. Their strategic approach indicates that the Leaders are less likely to see contingent talent as a 'stopgap' solution to resourcing challenges, and are instead harnessing the power of this type of talent to scale their capability while enriching their existing workforce.

The Leaders are also willing to try out less conventional approaches to strengthening workforce agility. For example, 68% say that they are removing barriers to talent mobility, such as focusing on candidates' skills and capabilities rather than educational qualifications (compared with 42% of Laggards).

Removing the need for educational qualifications can unlock new pools of talent within and outside of the organization, and this is particularly effective if accelerated training programs have been implemented – the Leaders are also much more likely than the Laggards to say they have introduced this kind of training (75% compared with 55%).

Finally, the Leaders are more likely to be improving talent visibility across the business: 73% say they have technologies that give leaders visibility of the mix of contingent and permanent talent across the business, and the impact of this mix on costs (compared with 57% of the Laggards).
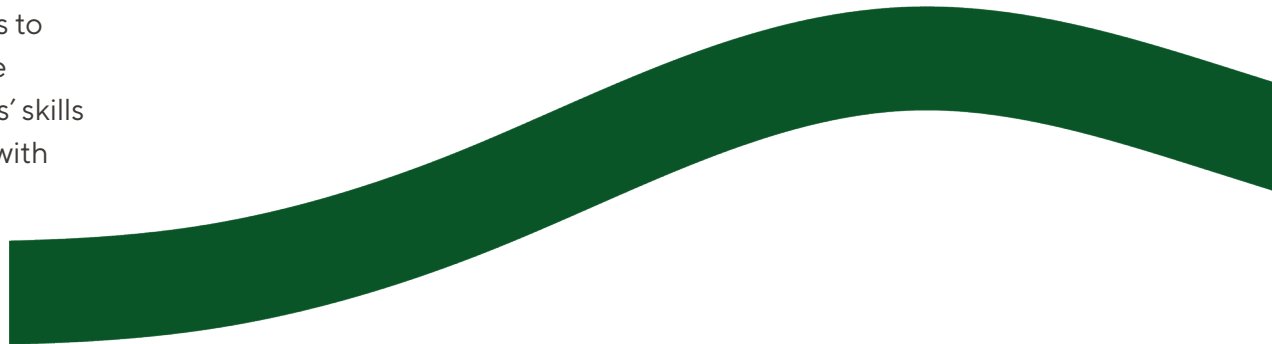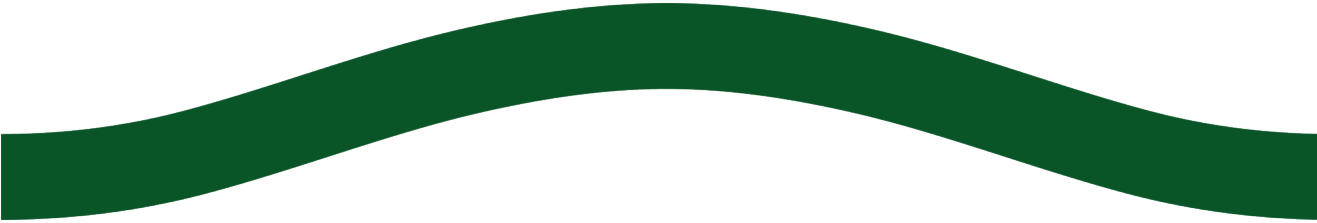
Talent in the driver's seat

The past two years have put real pressure on companies' talent processes. "It has been harder to find talent in the marketplace," says JJ Girt of Evoqua Water Technologies. "But that's caused us to pivot and really think about the critical needs of a role, which has opened up managers' eyes to doing things differently."

That is paying off. "We've had success in finding people who have really great competencies, and then training them in the specific skills required for their role." It affects diversity, too, says Girt, by enabling the company to reach beyond its usual candidate pool.

That pivot has been supported by 'WOW' sessions—workforce optimization workshops—where HR partners work with business units to think through what the future of work looks like across the organization, and what that means for its talent needs.

"It encompasses the entire talent process," explains Girt. It includes thinking about optimizing headcount and redesigning roles, and potentially outsourcing or automating some tasks. "It's about creating a more meaningful job for those individuals," he says. "Keeping them focused on the strategic value-added aspects and not having to worry about the repetitive tactical stuff."

The shift to competency hiring has also been paired with a focus on development and progression opportunities. "One of the things that I'm most proud of at Evoqua, is we have made a significant investment over the past two or three years in developing comprehensive career paths," says Girt. "We've put the employee in the driver's seat for their development."

Equity

Diversity, equity, and inclusion

Pillar 2

Diversity, equity, and inclusion

When it comes to building resilient workforces in order to compete in a changing economy, culture is king. Leading employers understand that in today's world, supporting diversity, equity, and inclusion (DEI) is non-negotiable: it is now at the heart of great employee experiences and winning workforce strategies.

DEI and a four-way win

Keilon Ratliff, Chief Diversity Officer at Kelly, says there are different views on talking about diversity as a driver of business performance—but he insists it is appropriate. "We look at it as a four-way win," he explains.

Think about the impact of increasing diversity in hiring, says Ratliff. "First, if an organization is getting talent that it otherwise would have overlooked, then it benefits. Second, the talent is getting a win, because they may not have otherwise had an opportunity to get that job.

"Then we have the community. If you're finding more people jobs, that's helping the community." Finally, says Ratliff, Kelly wins too: "Ultimately, if you have those three, Kelly is more profitable because we're putting people into great jobs. We're a for-profit organization and we have a mission with DEI as a focus—and proud of it."

Competing on culture

Money is not everything when it comes to attracting talent, and for some employers it is not the primary focus of their employee proposition. "When we're competing for talent, our strongest competition lever isn't salary—it's our benefits, our company culture and flexibility," says Megan Henry of Cummins Inc. "Our employee value proposition focuses on respect in the workplace: how we can develop you and give you as much flexibility as possible."

Henry's firm has taken multiple steps to build a more diverse and inclusive workforce, from offering flexible shift patterns to boosting recruitment among historically black colleges, universities, and from among veterans, and piloting schemes to boost employment of neurodiverse individuals and ex-inmates [see box on Kelly 33]. "We're excited about the opportunities ahead of us," says Henry.

"

At JTI GBS, we create a safe environment to help build trust and to inspire people to be confident with their authentic selves. A diverse, equal and inclusive workplace is a vital part of our organizational culture. We have number of activities supporting it and lately, we have started workshops for our employees on the topic of cognitive diversity and the different ways of thinking in every individual. This is not only helping us being a better team, but also a more effective one.

Philip Rybakov

People and Culture Director, JTI GBS Poland

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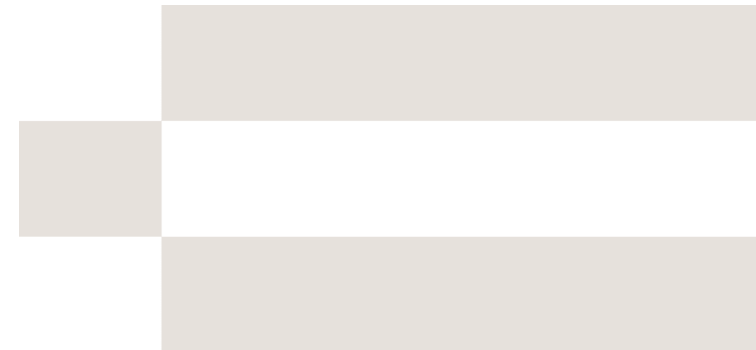
The data shows that most organizations still have work to do on DEI. Less than a quarter have implemented initiatives that support inclusion, such as programs to develop talent from underrepresented groups (22%). Shockingly, just 16% of executives say their organization has a clear route for reporting discrimination at work.

The talent view of DEI

Our talent survey underlines the wide gap between DEI goals and the status quo: 43% of talent say they have experienced non-inclusive behaviors at their current employer. There is a high correlation with those who are planning to leave their roles within 12 months: 62% of this group report non-inclusive behavior.
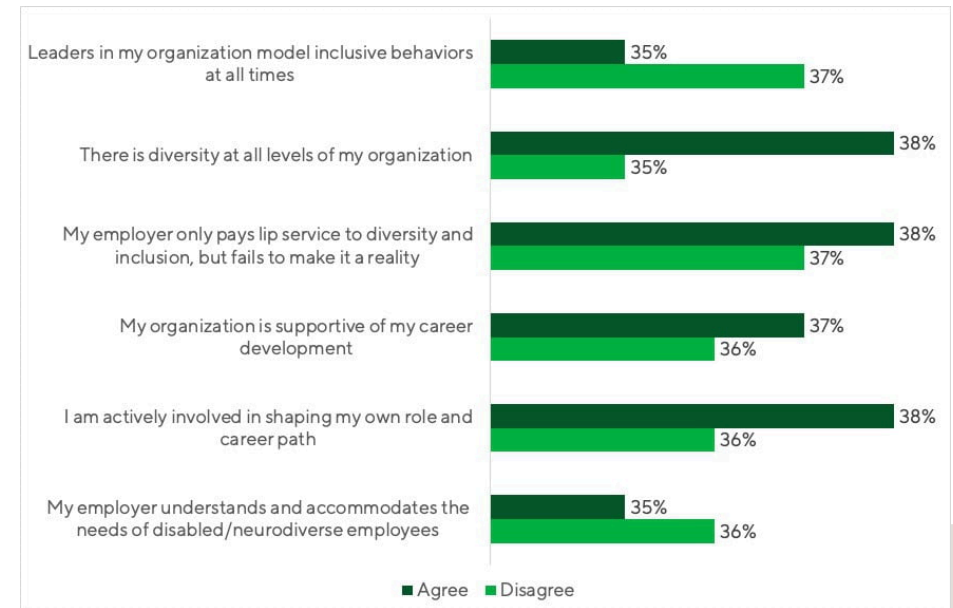
Only 35% of talent say that leaders in their organization model inclusive behaviors at all times, while 38% believe their employer only pays lip service to DEI.

Figure 10: Organizations get mixed reviews from talent on DEI

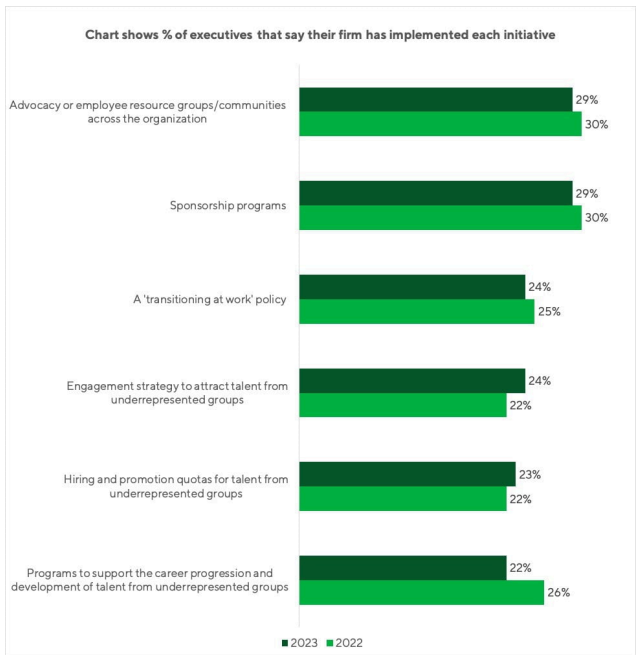|	Agree	Disagree
Leaders in my organization model inclusive behaviors at all times	35%	37%
There is diversity at all levels of my organization	38%	35%
My employer only pays lip service to diversity and inclusion, but fails to make it a reality	38%	37%
My organization is supportive of my career development	37%	36%
I am actively involved in shaping my own role and career path	38%	36%
My employer understands and accommodates the needs of disabled/neurodiverse employees	35%	36%

The executive view of DEI

Among executives, the perception that organizations are not putting DEI into practice is even higher than among talent: 47% agree. Similar numbers say that leaders are not actively creating an inclusive culture and say there are issues retaining and progressing talent from underrepresented groups.

When compared with the data from our 2022 research, it's apparent that progress around some aspects of DEI is declining. The prevalence of senior managers hosting open conversations on inclusion, for example, has dropped from 30% in 2022 to 21%. Is this a sign of DEI fatigue?

Figure 11: Executives are also aware of DEI shortfalls—and progress has declined over the past year

Chart shows % of executives who agree with each statement

Statement	2023	2022
Our DEI strategy only pays lip service to supporting talent from underrepresented groups, and doesn't provide any helpful support in practice	47%	49%
Even though our leaders and hiring managers have received DEI training, they are not actively creating an inclusive culture	48%	53%
We are less successful at retaining workers from underrepresented groups	46%	49%
We are less successful at progressing workers from underrepresented groups into senior-level roles	47%	51%
Not all of our roles provide a living wage	24%	10%
Our DEI strategy is designed for permanent talent and not contingent talent	44%	57%

Figure 12: Compared with 2022, executives are less likely to say they have implemented many initiatives that foster diversity and inclusion

Chart shows % of executives that say their firm has implemented each initiative

Initiative	2023	2022
Advocacy or employee resource groups/communities across the organization	29%	30%
Sponsorship programs	29%	30%
A 'transitioning at work' policy	24%	25%
Engagement strategy to attract talent from underrepresented groups	24%	22%
Hiring and promotion quotas for talent from underrepresented groups	23%	22%
Programs to support the career progression and development of talent from underrepresented groups	22%	26%

Second chances: Accessing an overlooked talent pool

Companies struggling to access talent could consider some overlooked sources of diverse potential employees. People with a criminal record, for instance, is a talent source that Kelly is addressing with its Kelly 33 Second Chances Program.

The program recognizes that stringent corporate policies can exclude candidates with even minor misdemeanors from job opportunities; its name is a reference to the fact that about one in three Americans has a criminal history.

"I say to people: 'I'm sure you know people that have some kind of a blemish on their record, and they're not all bad people.' They're friends and family," says Keilon Ratliff from Kelly.

Many companies fear the risks of having potentially dangerous individuals in their workforces, but closer examination can reveal opportunities for the large number of people with non-violent offenses.

After partnering with Kelly, one organization hired more than 600 skilled workers with non-violent criminal records. It was able to grow its talent pool by 20%, reduce its turnover rate by 70% to an all-time average monthly low of 3%, and diversify its workforce by 8%.

"Amazing things happen when people are given a second chance," says Ratliff.

Lessons from the Workforce Resilience Leaders

Workforce Resilience Leaders are more likely than other companies to be focusing on inclusion. This starts with listening to employees: 35% of the Leaders run a regular employee survey, compared with 26% of the Workforce Resilience Laggards, and 62% say they are good at listening to the views of employees at all levels of the organization (compared with 33% of the Laggards).

Once they have listened, they take action: the Leaders are more likely than the Laggards to say they are providing a living wage to workers at all levels of the organization (70% compared with 51%), and that they are good at progressing workers from underrepresented groups into more senior-level roles (63% compared with 31%). They are also more likely to say they have reviewed hiring processes to make them more inclusive (67% compared with 37%).

The data shows that this action on DEI is paying off: the Workforce Resilience Leaders are more likely than the Workforce Resilience Laggards to report that employee satisfaction and wellbeing improved in the past 12 months (55% compared with 40%, and 62% compared with 41%). And they are almost twice as likely as the Laggards to say that employee productivity has increased over the past 12 months (69% compared with 35%).

Capability

Workforce capability

Pillar 3

PILLAR 3

Workforce capability

The third pillar of workforce resilience is workforce capability: the organization's ability to develop the workforce to ensure it has the skills needed to stay competitive. A culture of continuous learning should be the goal, but our research shows that less than half of organizations have achieved this (49%).

Compared with the other two pillars, executives are more likely to rate their organization as "poor" or "very poor" on workforce capability. Yet 50% do recognize that the skills needed by their organization are set to change dramatically, and 48% say that addressing skills gaps is a priority for their leadership.

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Most of our employees are eligible for education reimbursement if they're pursuing an additional degree. We also ensure that managers and employees partner together to talk about development opportunities, development needs, and career paths.

Megan Henry

Cummins Inc.

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Figure 13: More than half of executives say that employees' training and development expectations are rising

	Agree or strongly agree	Disagree or strongly disagree
We have a clear view of the talent and skills that we are likely to need over the next two to five years	49%	26%
Our training and development strategy is meeting the needs and expectations of our employees	49%	26%
The skills and capabilities that our organization needs are likely to change dramatically over the next five years	50%	26%
Our organization has a culture of continuous learning	49%	25%
Compared with 12 months ago, our employees expect more from us in terms of supporting their training and development	51%	26%
We are able to quantify the success/impact of the training and development that we deliver	47%	26%

Over half of executives indicate that employees' expectations for training and development are rising, but almost a third of the talent surveyed say it is not easy to access development opportunities to help them in their current roles (29%).

That is a critical mismatch: reskilling existing talent is one of the important ways in which organizations will navigate the future of work.

Figure 14: Talent feels that their employer could do much more to support them in building their capability
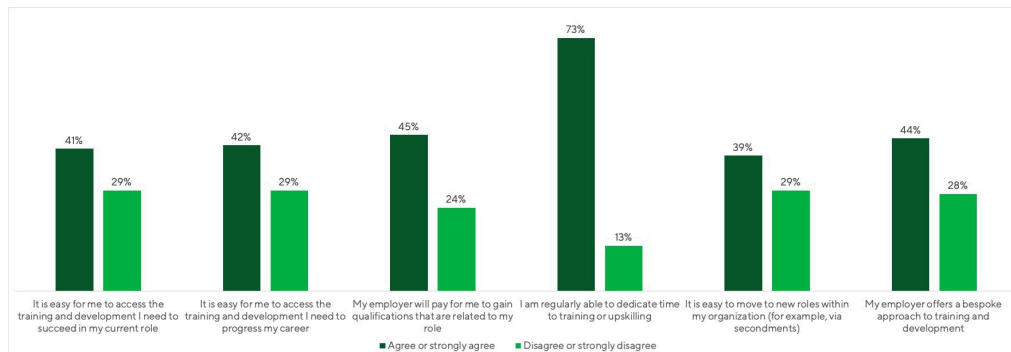
The talent perspective

Remarkably, 25% of talent say they have never participated in the training provided by their current employer. There is a high correlation here with those who plan to leave within 12 months: 68% of that group have never participated in training at their current employer, which underlines the importance to retention. Among employees who say they are not at all likely to leave their organization in the next 12 months, 30% say they participate in training "very frequently" (compared with just 1% of those who plan to leave). Talent that plans to stay with their organization are also more likely than those who plan to leave to say that:

- They find it easy to access the training and development they need (44% compared with 22%)
- They are able to regularly dedicate time to training and upskilling (90% compared with 26%)
- Their organization offers a bespoke approach to training and development (48% compared with 7%)

The barriers to workforce capability

Executives identify weak training and development strategy and capability, poor talent visibility, and a lack of employee engagement as the top barriers to strengthening workforce capability.

Figure 15: Executives identify a range of workforce capability challenges

What are the greatest barriers to strengthening workforce capability?

Barrier	%
Weak training and development strategy/capability	35%
Poor talent visibility	34%
Lack of employee engagement	34%
Poor talent forecasting	33%
Poor access to workforce automation tools	33%
Poor employer brand image	31%
Lack of available talent in the marketplace	30%
Weak leadership skills	29%
Lack of available talent in the marketplace with the right skill set	28%
None of the above	4%

Lessons from the Workforce Resilience Leaders

Our Workforce Resilience Leaders are more likely to have implemented accelerated training programs to quickly upskill talent: 75%, compared with 55% of the Workforce Resilience Laggards. And 76% offer secondment programs that enable employees to gain experience in other areas of the business, compared with 56% of the Laggards.

The Leaders' commitment to providing development opportunities seems to be paying off. Across multiple skills areas—including digital, technical, interpersonal, and working with automation—about a quarter of executives overall rate their organization's capabilities as "poor" or "very poor." In contrast, the Workforce Resilience Leaders are much more likely to rate each area as "strong" or "very strong."

Enhancing capabilities with technology

Alongside training and development, providing employees with the right tools and technologies to perform is also an important way to unlock workforce capability. But only 43% of talent say their organization does this.

Technologies such as automation can help to strengthen workforce capability by removing repetitive tasks from employees' roles, which increases their productivity. Once again, however, this seems to be an area where organizations are slow to make progress: just under half of talent (46%) say their organization is using automation to improve workforce capability. This could lead to missed opportunities: 71% of those whose organization has implemented automation say it has had a positive impact on business performance.

"In our manufacturing spaces, we have started implementing 'co-bots' that help employees perform their work more effectively—and create a safer working environment," says Meghan Henry of Cummins Inc.

And at JTI GBS, Philip Rybakov says that automation can enable employees to refocus on more meaningful and enjoyable tasks. "Automation has enabled us to free employees from working on repetitive tasks so they can spend a greater proportion of their time helping our customers," he explains.
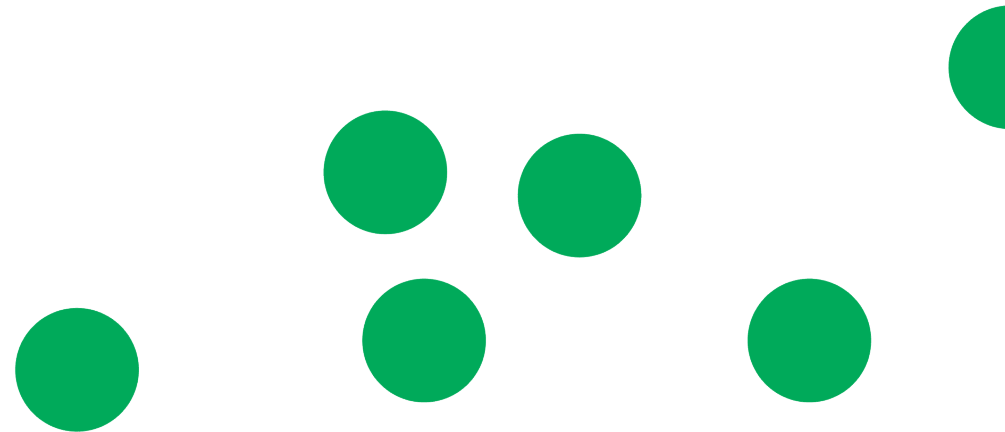
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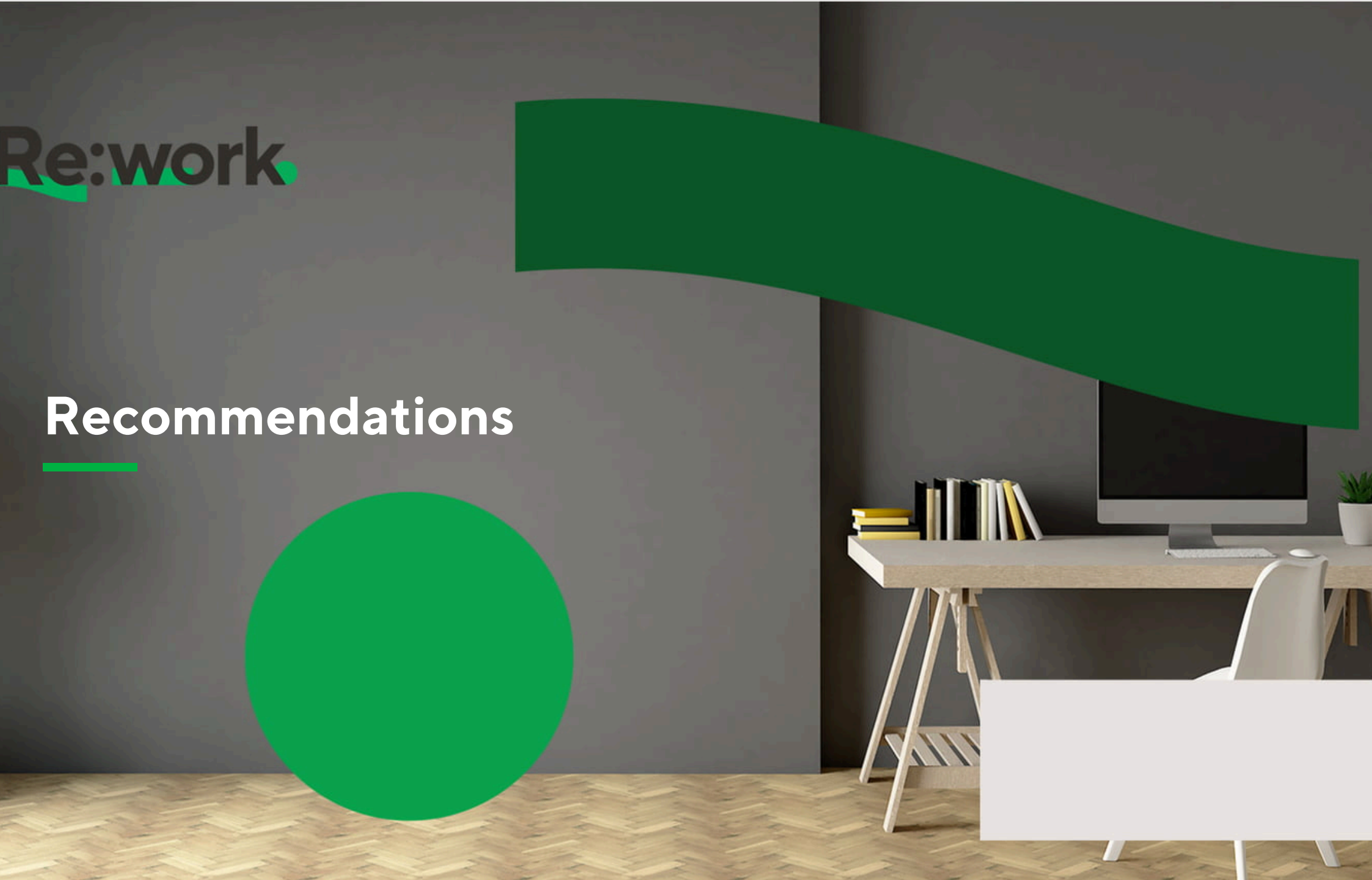
Recommendations

Our Workforce Resilience Leaders show how organizations can better withstand disruption and create the capabilities that will help them to seize new opportunities. You can boost your own Workforce Resilience by taking action in five areas.

#1 Build an integrated workforce agility strategy

The essential foundation for workforce agility is increasing visibility of the talent you have across the business. It is a prerequisite for identifying skills gaps and enabling you to rapidly shift talent to where it is most needed. Technology is usually critical for leaders to identify how talent shortages or surpluses affect specific aspects of business performance, such as reduced productivity, increased costs, and a drop in employee engagement.
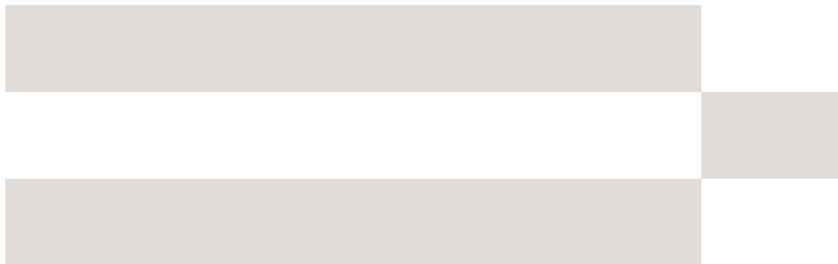
You can then use this insight to develop an integrated workforce agility strategy that incorporates both permanent and contingent talent. A successful strategy will identify where each type of talent can deliver the greatest benefits and outline plans for either recruiting this talent externally or building it within the business—for example with training and development programs.

Critically, you should see contingent talent as having the same strategic importance as permanent talent, rather than treating them as a stop-gap solution to temporary resourcing challenges. So think about where contingent talent can work alongside permanent employees to transfer skills, and how the recruitment of contingent talent can support specific business goals, such as driving new product innovation and strengthening diversity and inclusion. Like 58% of the executives in our survey, you might also want to work with a third-party provider that specializes in recruiting contingent talent.

#2 Recommit to DEI

Avoid DEI fatigue by assessing your progress so far and identifying what you need to do to take it to the next level. Continue to be bold and ambitious about changing, and reinforce your organization's commitment to inclusion and belonging for all employees, whatever their background.

Remember that the argument for DEI is not simply about justice and what is right—it also creates tangible benefits for employers, for talent, and for the community at large. Diversity leads to better performance and supports workforce resilience in multiple ways, from enhanced problem-solving capabilities to reduced employee turnover and improved retention.

Many employers can benefit from addressing overlooked dimensions of diversity, such as improving employment opportunities for neurodiverse individuals and those with non-violent criminal records. It could significantly expand your access to talent.
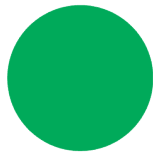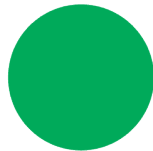
#3 Start *really* listening to your employees

Our two surveys highlight a perception gap between what executives believe their organizations are doing for employees and what they are actually doing – for instance in supporting work-life balance and mental health. Having come through the crisis years of the pandemic, you will need to reset your conversations with employees and use every available channel of communication to listen to what really matters to them, and then act accordingly.

#4 Deploy digital technology

Technology has the potential to radically reshape the whole employment experience – especially hiring. No business will be untouched by digital transformation in the next decade, and no area of business will be unchanged. Your talent, HR and people teams need to dedicate themselves to understanding the power of emerging technology, including AI and machine learning, to support the business's goals.

And try working with partners to map the talent pool that is available to your business (including in relation to diversity) and dramatically enhance your ability to access, at speed, contingent talent that is matched to your business's evolving needs.

#5 Build a culture of continuous learning

Businesses are struggling to source the talent they need to meet their objectives. Enhancing the organization's recruitment capability is often the most obvious solution, but developing talent already within the organization is equally important—or more, when competition for talent remains fierce and there is limited capacity in the market.

You might need to reassess your training and development strategies and ask whether they are fit for your purpose. Make the change needed to upskill talent via learning and development activities that are truly aligned with the business's likely needs over the next five years.

And consider rethinking the format of your learning and development activities by using technology to ensure that programs reach diverse employees across the business. This will also help to embed diversity in your organization's DNA.

The 2023 Kelly
Global Re:work Report