AIHR | ACADEMY TO INNOVATE HR

The State of HR Upskilling

79%

of HR professionals aren't equipped to solve the challenges they will face in the next 5 years.

79% *of HR Professionals don't have the skills required to tackle the people challenges they will face over the next 5 years.*

In this report:

- Why the HR skills gap is keeping leaders up at night

- Crucial competencies for HR Professionals

- The key to unlocking strong L&D ROI

- 3 essential factors for L&D success

The growing HR skills gap

Economic setbacks, talent shortages, and changing employee expectations: the unprecedented pressure on people professionals isn't an HR problem. **It's a business problem.**

One of today's few constants is that a talented and engaged workforce remains your business' most crucial advantage — and this is reflected in executives' assessment of the most important actions needed to transform work.

But as it stands, **HR is the single biggest bottleneck in this process due to the massive HR skills gap.**

79% of HR professionals do not have the competencies necessary to solve the people problems organizations will face in the next 5 years.

What are the most important actions you are taking or willing to take to transform work?

Building an organizational culture that celebrates growth, adaptability & resilience

45%

Building workforce capability through upskilling, reskilling & mobility

41%

Implementing new technologies

35%

Establishing new work practices, policies & incentives

31%

Restructuring the organization to support new work outcomes

22%

Source: Deloitte Global Human Capital Trends survey

The HR Skills Gap

This is the single biggest bottleneck holding companies back from transforming work. Here's why.
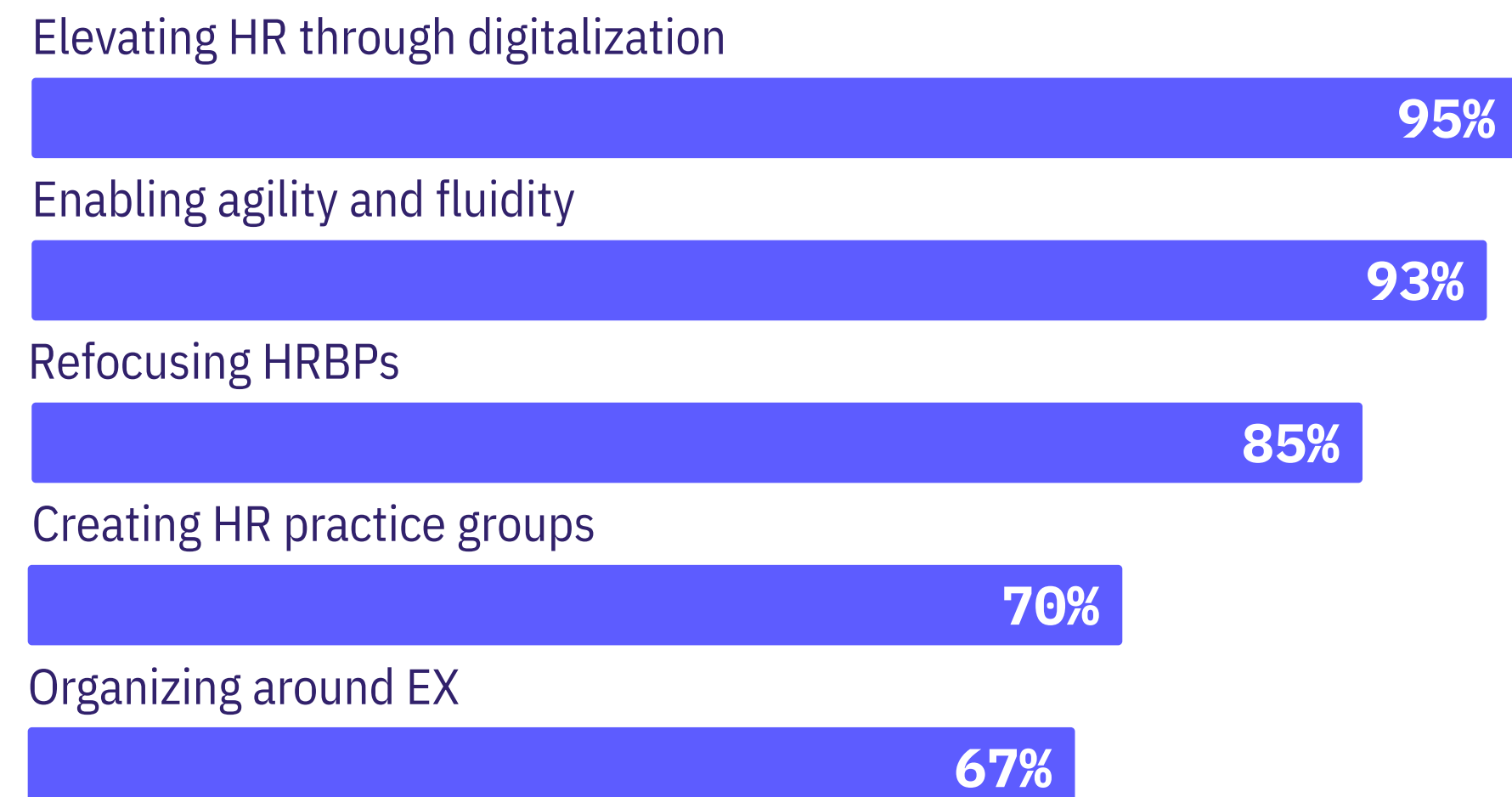
HR priorities and competencies do not match

Digging into the data, it soon becomes clear just how disruptive the HR skills gap will be if left unaddressed.

To deliver on these priorities, today's people professionals need to develop both functional competencies (such as Comp & Ben or L&D) and four core competencies.

While digitalization is the top priority for CHROs, it's exactly digital and data skills that HR professionals are lacking most. However, **45% of managers don't feel confident in their ability to develop the skills employees need today**.
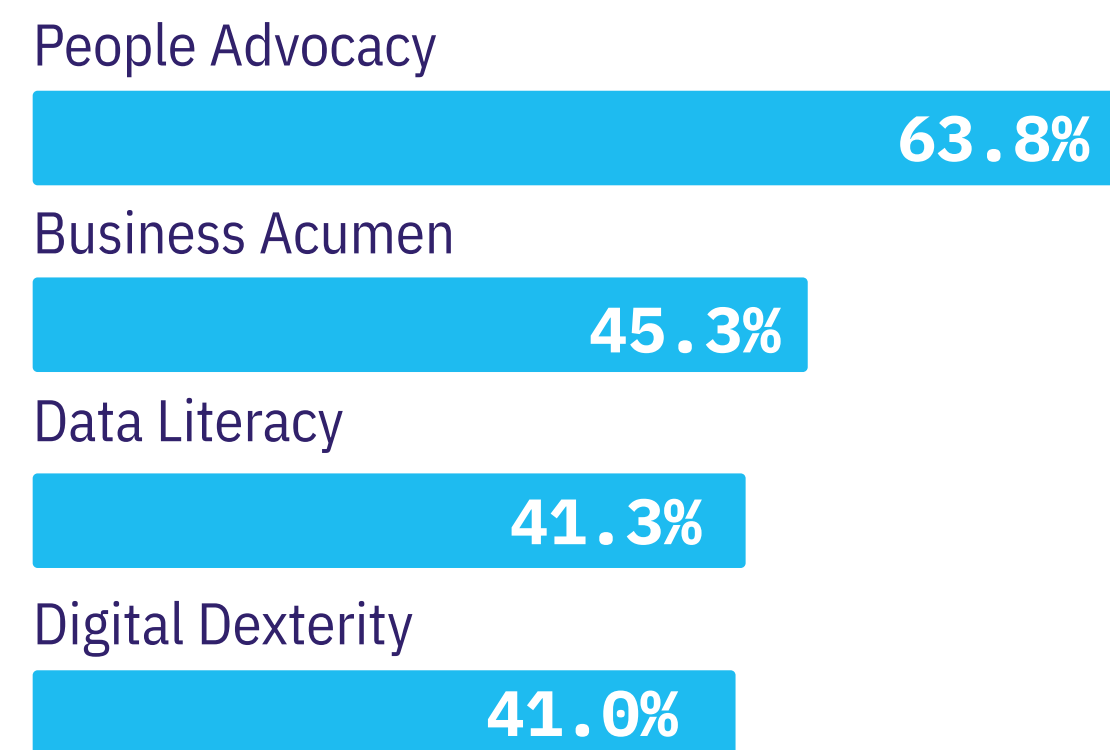
What does this mean for the future of HR?

CHRO priorities

Elevating HR through digitalization
95%

Enabling agility and fluidity
93%

Refocusing HRBPs
85%

Creating HR practice groups
70%

Organizing around EX
67%

Source: McKinsey

Adoption of key HR competencies

People Advocacy
63.8%

Business Acumen
45.3%

Data Literacy
41.3%

Digital Dexterity
41.0%

*Source: AIHR*

The digital HR paradox

While we are used to flawless digital experiences in our day-to day life, our experiences at work are often different, with many employees having to use fragmented and outdated internal tools for HR services.

This is especially painful as the rise of hybrid and remote work have made digital-first the new normal.

Only 41% of HR professionals have the competency to keep up with HR's digital transformation. This is a massive hurdle on the CHRO's path to elevate HR through digitalization. **But it doesn't have to stay that way.**

It's now up to HR leaders to build the bridge across the massive HR skills gap. Or the business will face the consequences.

The skills gap is daunting but employees are eager to learn
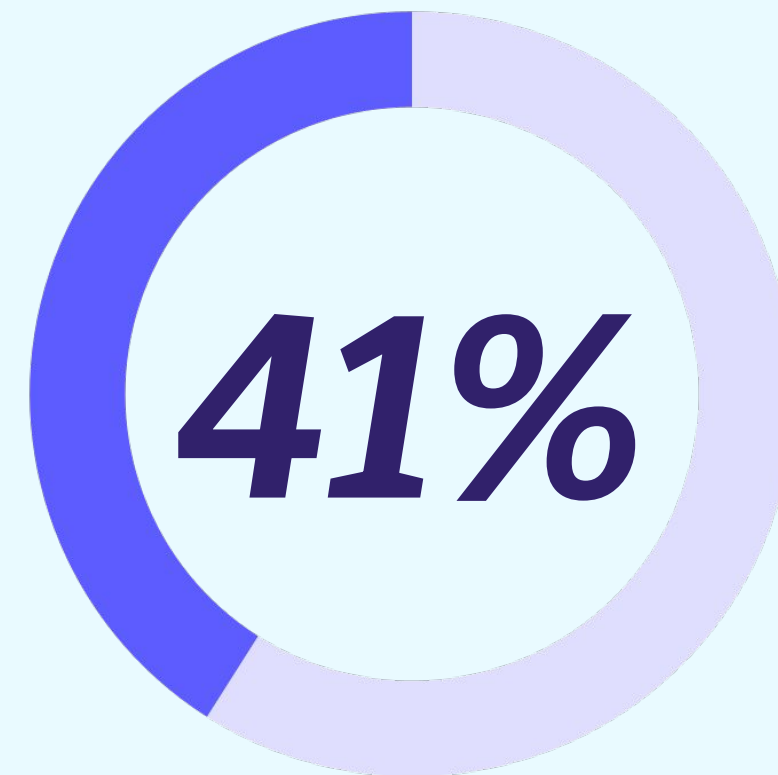
41% *of employees have the digital competencies to keep up, however*
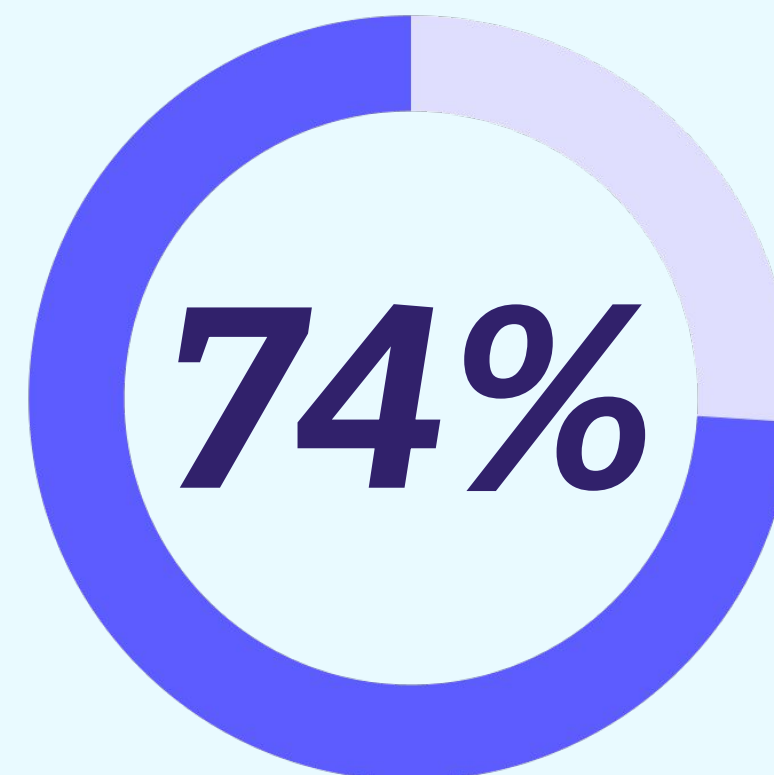
74% *say they are eager to re-train and learn the skills they lack*

Sources: AIHR and PwC

The HR skills gap is keeping leaders up at night

For years now, the pace of technological advancement has been radically higher than the pace of upskilling among most HR professionals, creating a chasm between what the business needs and what HR can offer.

Employees are already feeling the effects of this misalignment. But unless the rate of HR upskilling is adjusted, today's inconveniences will spiral into insurmountable employee experience blockers.

As more of HR's functional areas go fully digital, many HR professionals will be rendered obsolete.

The HR skills gap threatening to become a critical EX blocker

Business needs

HR skills
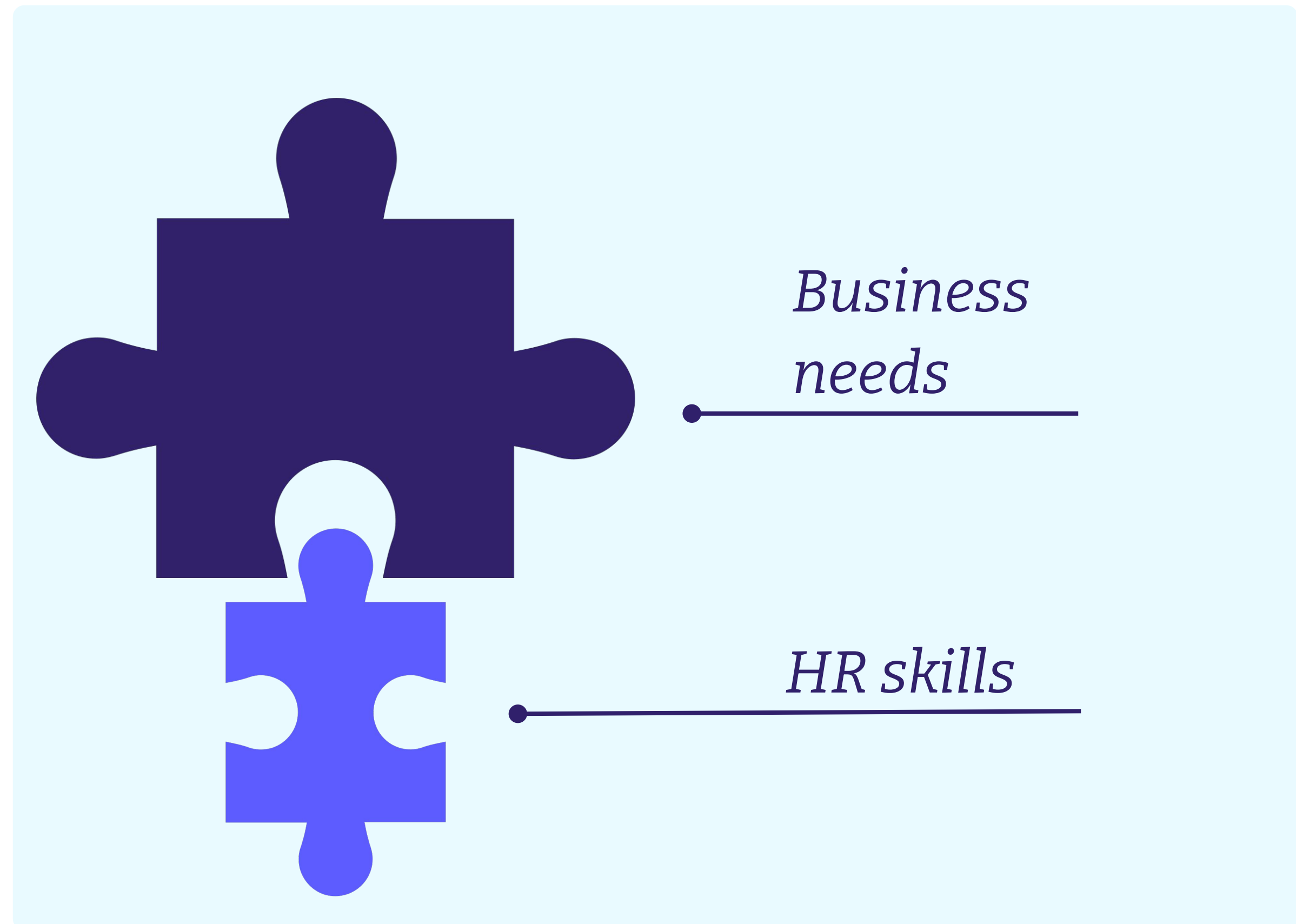
Bridging the Gap

HR professionals are willing to put in the work to upskill, but may need guidance on the right learning journey.

T-shaped HR professionals combine competencies

Functional competency alone isn't enough for today's HR professionals to envision and deliver on the CHRO's top priorities.

By combining specialist competency with five core competencies, HR professionals can deliver effective solutions that engage and empower your employees.

But why should we have already overtaxed HR professionals invest time in developing five core competencies on top of their existing specialist competency?

The combination of Core Skills and Functional Skills makes HR professionals an asset for any business

Business Acumen
Interprets external trends, analyzes customer needs, and co-creates business strategy to achieve sustainable business results.

Data Literacy
Analyzes, interprets and communicates people data to derive actionable insights and inform decision-making.

Digital Agility
Utilizes technology to increase the impact of HR and prepares the organization for the adoption of digital practices.

People Advocacy
Builds human-centric workplaces to promote productivity and wellbeing, navigates change, and safeguard ethics.

Execution Excellence
Delivers impact through practical problem-solving, engagement with stakeholders, and purposeful execution.

Specialist Competencies
Awareness and Attraction

People Experience & Culture

Business Transformation

Talent Growth

Digital HR

People Operations

Leadership Competencies
Leads Self

Leads Others

Leads Organization

T-shaped professionals have a competitive advantage

Combining deep HR specialization with the five core competencies eliminates the barriers holding HR back from becoming a true strategic partner to the business. Let's take a look at four examples.

Competencies that will propel the business forward

☑ Driving digital transformation

Enhancing HR expertise with digital and analytics capabilities ensures HR teams can design and deliver the solutions needed to keep up with changing employee expectations.

☑ Creating efficiencies without compromise

Enhancing deep specialization with more comprehensive competencies means that your HR professionals can do more themselves without having to call in external help.

☑ Adding cross-functional value

Thanks to a broader and more comprehensive understanding of HR and business, T-shaped HR professionals are the perfect candidates to tackle more complex and challenging projects.

☑ Effective and empathetic communication

T-shaped HR professionals better understand the interests and needs of their audience, as well as speak their language to ensure HR's message is heard loud and clear.
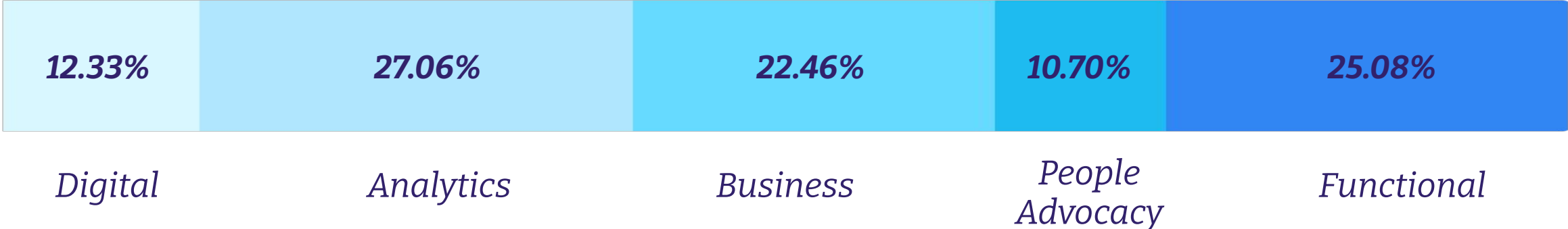
HR professionals are motivated to upskill

59.1% — almost two thirds — of HR professionals enroll to achieve a career goal in their current role and organization: they recognize that in order to add value, they need to realign their skill set with current organizational needs.
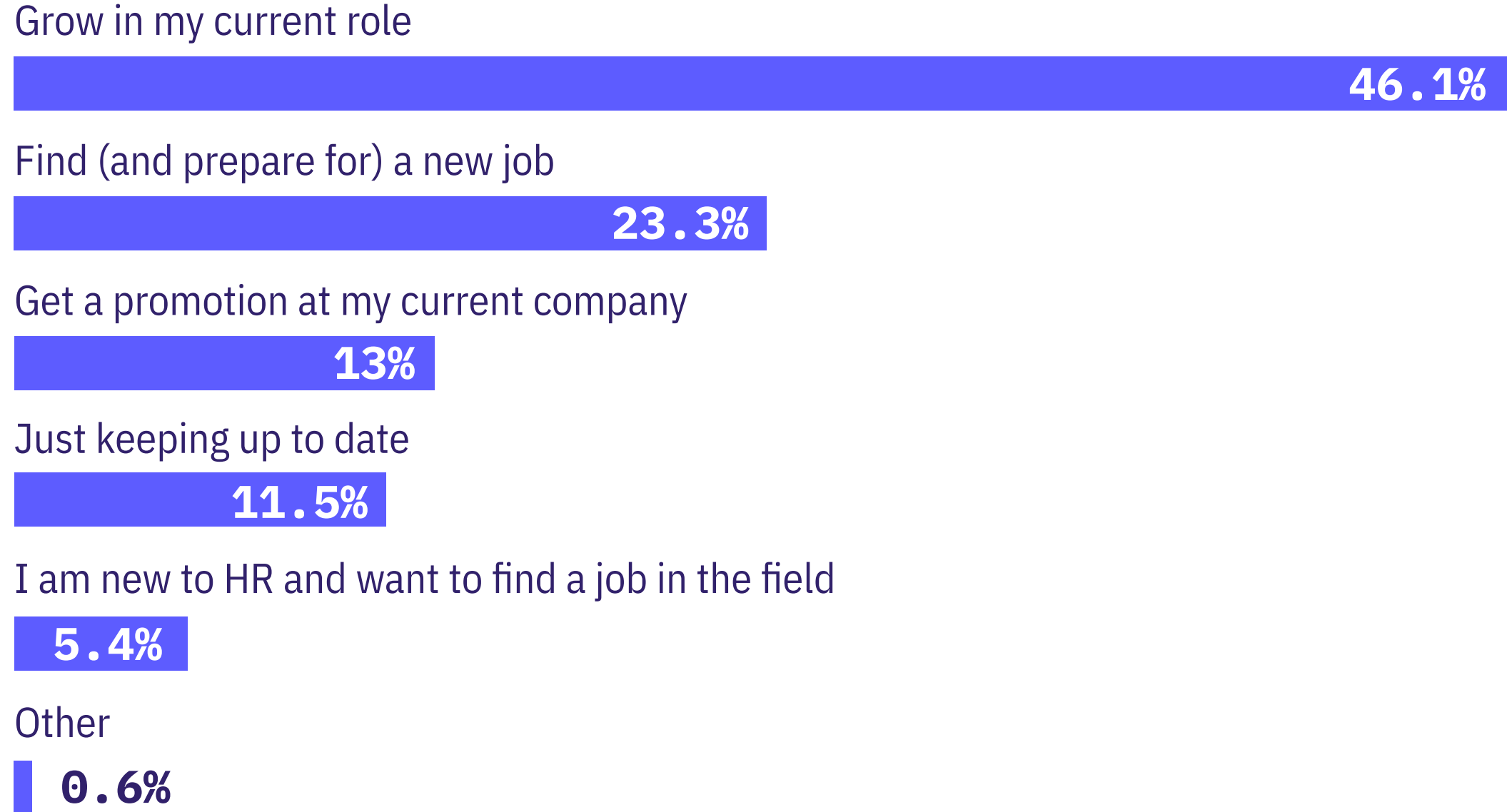
A less flashy but perhaps more compelling datapoint is the 11.5% of learners who recognize that even if they don't want to make a big step in their career, continuous learning is crucial to remaining effective in their domain. The world of work is changing, and their skill set needs to keep up.

It's clear: HR professionals are eager to learn for all the right reasons. So why is the HR skills gap so grave?

HR early adopters' learning interests align with CHRO priorities

12.33%	27.06%	22.46%	10.70%	25.08%
Digital	Analytics	Business	People Advocacy	Functional

HR professionals are willing to upskill and retrain

Grow in my current role
46.1%

Find (and prepare for) a new job
23.3%

Get a promotion at my current company
13%

Just keeping up to date
11.5%

I am new to HR and want to find a job in the field
5.4%

Other
0.6%

Source: AIHR

Effective Upskilling

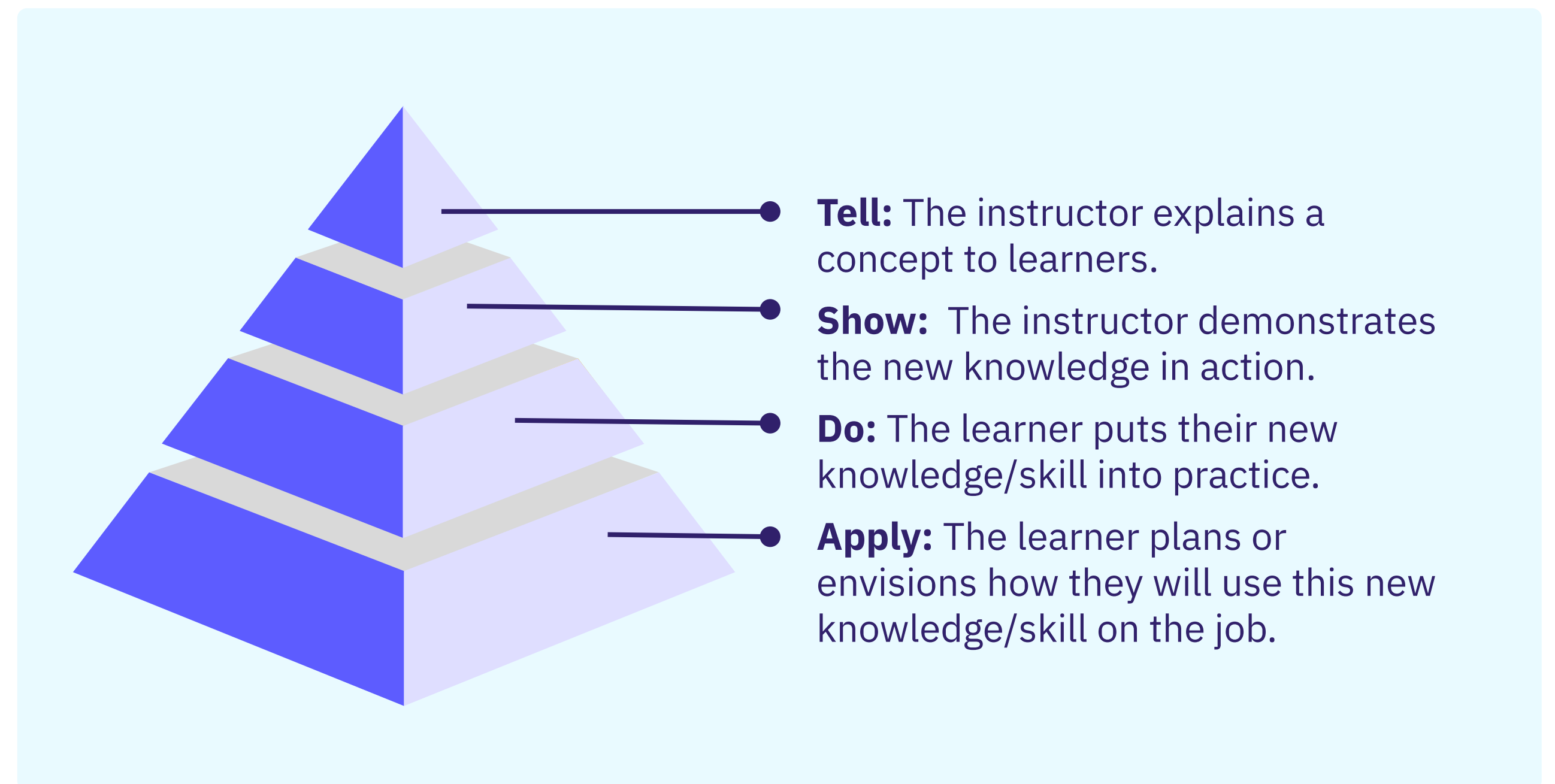Organizations won't see a return on their L&D investments without these three essentials.

1. Learning methodology determines ROI

According to HBR, only **12% of employees apply new skills learned in L&D programs to their jobs**. And just 25% believe that training measurably improved their performance.

At AIHR, we believe that if training only incorporates Tell and Show elements, you should not spend money on it. It is a waste of company money and employee time. And this isn't hyperbole — it's science.

If learners do not apply new information, they will forget approximately 75% of it within six days. However, with the right learning methodology, learners can retain up to 80% of new information after 60 days.

Source: HBR

The right learning methodology is crucial for effective training

Tell: The instructor explains a concept to learners.

Show: The instructor demonstrates the new knowledge in action.

Do: The learner puts their new knowledge/skill into practice.

Apply: The learner plans or envisions how they will use this new knowledge/skill on the job.

Retention rate after 30 days without applying the knowledge is 25%

*Retention rate after 60 days and applying the knowledge is 80%*

Source: HBR

2. Personalization boosts learning engagement

The most important way to engage employees is **to provide them with opportunities to learn and develop new competencies**, according to McKinsey. The key here is **new** — there is no faster way to have your employees disengage with your L&D initiatives by having them invest time in going over material they have already mastered.

For optimal results, you need to offer learning journeys with personalized topics, levels, and experiences so that your employees are fully engaged and able to apply (and therefore retain) their new skills.

Learning journeys must be new and personal
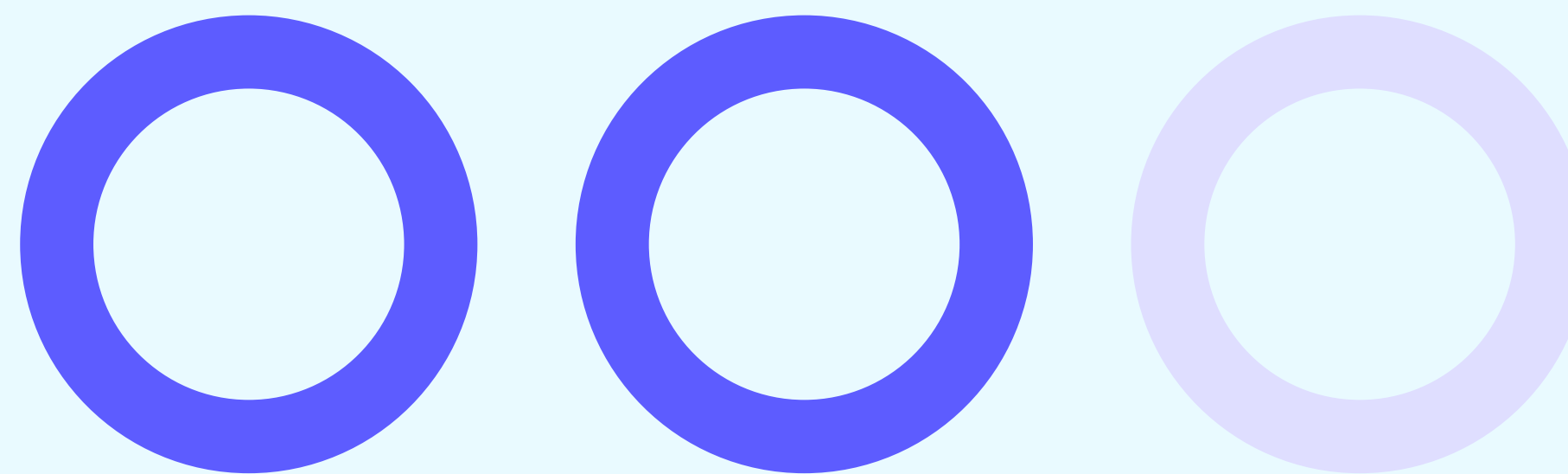
1 in 3 skills required in 2018 are no longer needed in 2022

Source: Gartner

3. Time and mandate to learn is essential

98% of HR professionals are burned out after guiding organizations through years of uncertainty and navigating a jobs market in upheaval. HR is at a breaking point with its current workload — so how can they make more time for learning?

To remedy this, it's crucial that HR leaders not only create dedicated time for teams to invest in upskilling, but lead by example. Only by making learning a priority for your HR organization will you create an environment where HR professionals have the opportunity and ability to gain the skills that will make a difference for your employees and wider organization.

A difference that cannot be understated.

The right time to learn is crucial to avoid burnout

*Only **3.8%** of learners upskill exclusively during working hours*

Source: AIHR

Great culture is only possible with great learning

Employees who learn are employees who stay.

It's impossible to predict what developments will radically reshape work overnight. Since 2020, we've seen the sudden shift to remote work and a historically tight job market — while also seeing a big wave of tech layoffs. Who can predict where we will be in 2024?

But regardless of the challenge, a workforce with in-depth knowledge of both their domain and your business is the most powerful advantage you can have.

And this is exactly why upskilling is so crucial.

Retain more talent through upskilling

The right reward strategy and a strong employer brand will attract the talent that will move your organization forward.

Learning and growth opportunities have rapidly become the top drivers of great company culture, moving from 8th and 9th place respectively in surveys conducted by Glint and LinkedIn.

The most important elements for great culture

1 Opportunities to learn and grow

2 Belonging

3 Organizational values

4 Support for well-being

5 Collaboration

Source: LinkedIn

94% *of talent will stay at their organization thanks to upskilling investments*

The bottom line

The last few years have pushed HR teams to their limit, making the need for upskilling more urgent than ever — and all the more difficult to fit into daily operations.

That is exactly why HR leaders need to not only create time for their people to bridge the massive skills gap HR is facing, but ensure the L&D initiatives on offer align with the needs of their learners, the organization, and the market as a whole.

" **A talented and engaged workforce remains the most durable and crucial advantage a business can have.**

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HR teams are only as successful as their skills are relevant. With engaging in-depth training and resources, AIHR helps HR teams become better at what they do and drive more business value.

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