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Growth through Education

How Further Education Can Alleviate the Skills Shortage

Provider

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Key Takeaways

1. There is a distinction between a shortage of skilled workers and a shortage of skilled workers. Skilled labor shortage means that there are more vacancies for skilled workers than qualified workers to fill these vacancies. In contrast, skilled labor shortage refers to skilled workers being employed in other industries but not working in the industries needed.

2. Skilled labor shortages manifest themselves in a number of ways, including the number of unfilled positions, vacancy time (the length of time it takes to fill open positions), and above-average salary trends.

3. Skilled labor shortages and bottlenecks are often the result of changes in the labor market, demographic trends, working conditions, and other factors that affect the labor market.

4. A shortage of skilled workers can have a negative impact on the innovative strength and competitiveness of the German economy.

5. There are differences between generations in terms of the factors that contribute to employee retention. In order to successfully retain employees today, flexible working hours, opportunities for further training and a good work-life balance should be offered in particular.

6. Outdated factors such as the mere provision of snacks, team events and special conditions are no longer up to date and less effective.

7. The importance of continuous learning as a core strategy for effective continuing education, both at the individual and corporate level, cannot be emphasized often enough.

8. Flexible work schedules, continuing education opportunities, and constructive feedback are identified as key components of sustainable employee retention.

9. The impact of the COVID-19 pandemic has changed the dynamics of the labor market and requires an adaptive approach.

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Introduction and Definition

1.1 What is a Skills Shortage?

The German-speaking labor market faces one of the greatest challenges in the coming decades: ensuring a supply of skilled workers. While the Federal Ministry of Economics views the shortage of skilled workers as one of the most pressing challenges, numerous economists contradict the statement that there is a shortage of skilled workers in Germany. Experts argue that the issue is not that skilled workers are absent, but that they are active in other industries. Therefore, labor market experts prefer to speak of a skills bottleneck rather than a skills shortage. They believe that the workers aren't gone, but rather are active in other sectors. This means that there can actually be a shortage of skilled workers in certain labor markets, even though there have never been as many employees as there are now. Differentiating between a shortage and a bottleneck of skilled workers is crucial to understanding the actual situation in the labor market. This aids employers and politicians in implementing targeted measures to recruit the necessary skilled workers in certain sectors or to train existing workers for new tasks.

To clarify the difference, it is initially important to clearly distinguish between the terms labor shortage, skilled workers, and skilled labor shortage.

A labor shortage occurs when labor demand persistently exceeds labor supply. This means that companies, for example, have more positions to fill than there are workers available. In other words, companies hardly receive any feedback on job offers. Laborers, regardless of their qualifications, refer to all able-bodied individuals.

Skilled workers, on the other hand, are individuals who have completed a recognized academic education or a recognized vocational training of at least two years. If there aren't enough qualified workers in certain industries and professions over a longer period, this is referred to as a skills shortage. This implies that there are more open positions for skilled workers than there are individuals with the necessary skills, experience, and qualifications to fill these positions.
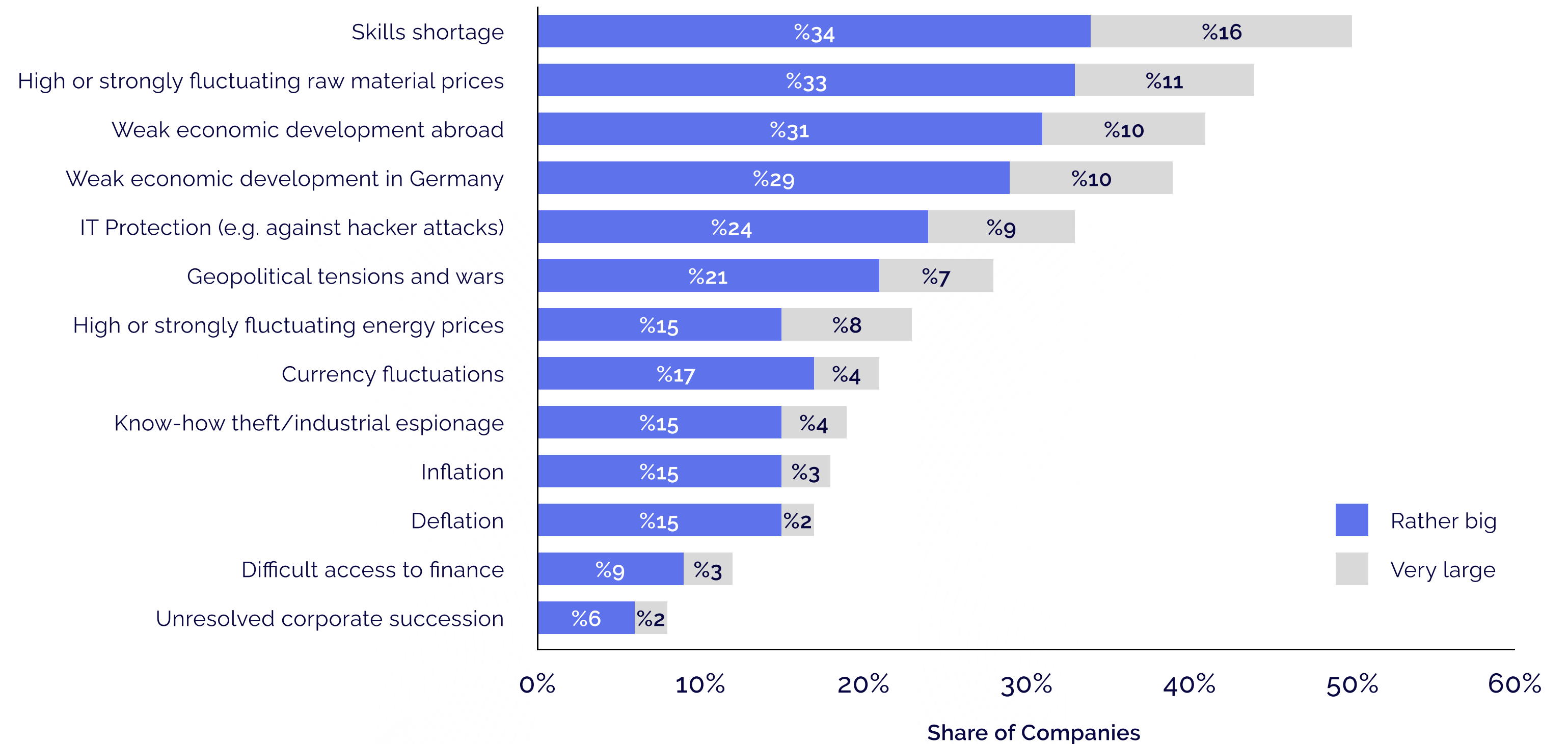
1.2 When do we speak of a skills shortage?

A skills shortage can affect the entire economy or be limited to individual sectors. Moreover, a skills shortage can exist despite unemployment. It's likely that the qualifications of job seekers don't match the qualifications required by employers. In such cases, this is referred to as a mismatch.

A well-established skilled labor base is a fundamental prerequisite for a long-term, sustainable, and stable economy.

According to the definition by the Federal Employment Agency, the shortage or bottleneck of skilled workers can manifest in various ways. For instance, the number of unfilled positions or the vacancy period, i.e., the duration until an unfilled position is newly occupied, indicates the situation. An extended vacancy period is a crucial indicator of a skills shortage. Another factor is above-average salary developments. This indicates that employees are in a better negotiating position and companies try to retain or attract workers with higher wages.

In your opinion, what are the greatest threats to the development of your company at the moment?

	Rather big	Very large
Skills shortage	%34	%16
High or strongly fluctuating raw material prices	%33	%11
Weak economic development abroad	%31	%10
Weak economic development in Germany	%29	%10
IT Protection (e.g. against hacker attacks)	%24	%9
Geopolitical tensions and wars	%21	%7
High or strongly fluctuating energy prices	%15	%8
Currency fluctuations	%17	%4
Know-how theft/industrial espionage	%15	%4
Inflation	%15	%3
Deflation	%15	%2
Difficult access to finance	%9	%3
Unresolved corporate succession	%6	%2

Share of Companies

■ Rather big
▢ Very large

From a corporate perspective, the impact of the skills shortage as a barrier to development has notably increased over the past decades for various reasons.

1.3 Facts - Myth or Reality:
## Does the skills shortage really exist?

Indeed, there are specific industries and professional fields where there are shortages of qualified workers. In Germany, professions in the MINT sector (Mathematics, IT, Natural Sciences, and Technology) and the health and social sectors are particularly affected by the skills shortage.

Regarding the skills shortage in Germany, it's also necessary to consider that many potential employees have training or a degree but don't work in their trained profession due to a lack of job offers or unattractive working conditions. This situation contributes to the inability to meet the demand for skilled workers.

Moreover, regional differences play a significant role in the issue of the skills shortage. Skilled workers are unevenly distributed across Germany. There are regions with an excess of qualified workers, while other areas have a noticeable skills shortage. This regional factor must be considered when assessing the skills shortage in Germany.

In fact, statistics show that more people are employed today than ever before (as of 2022). In Germany, 41.741 million people work, of which 38.8 million work part-time, and 6.5 million have a mini-job (of which 57% are women).

Despite a large number of employable individuals in the German labor market, many positions remain unfilled. The causes of the skills shortage are diverse and complex. The lack of qualified applicants is usually cited as the primary reason.

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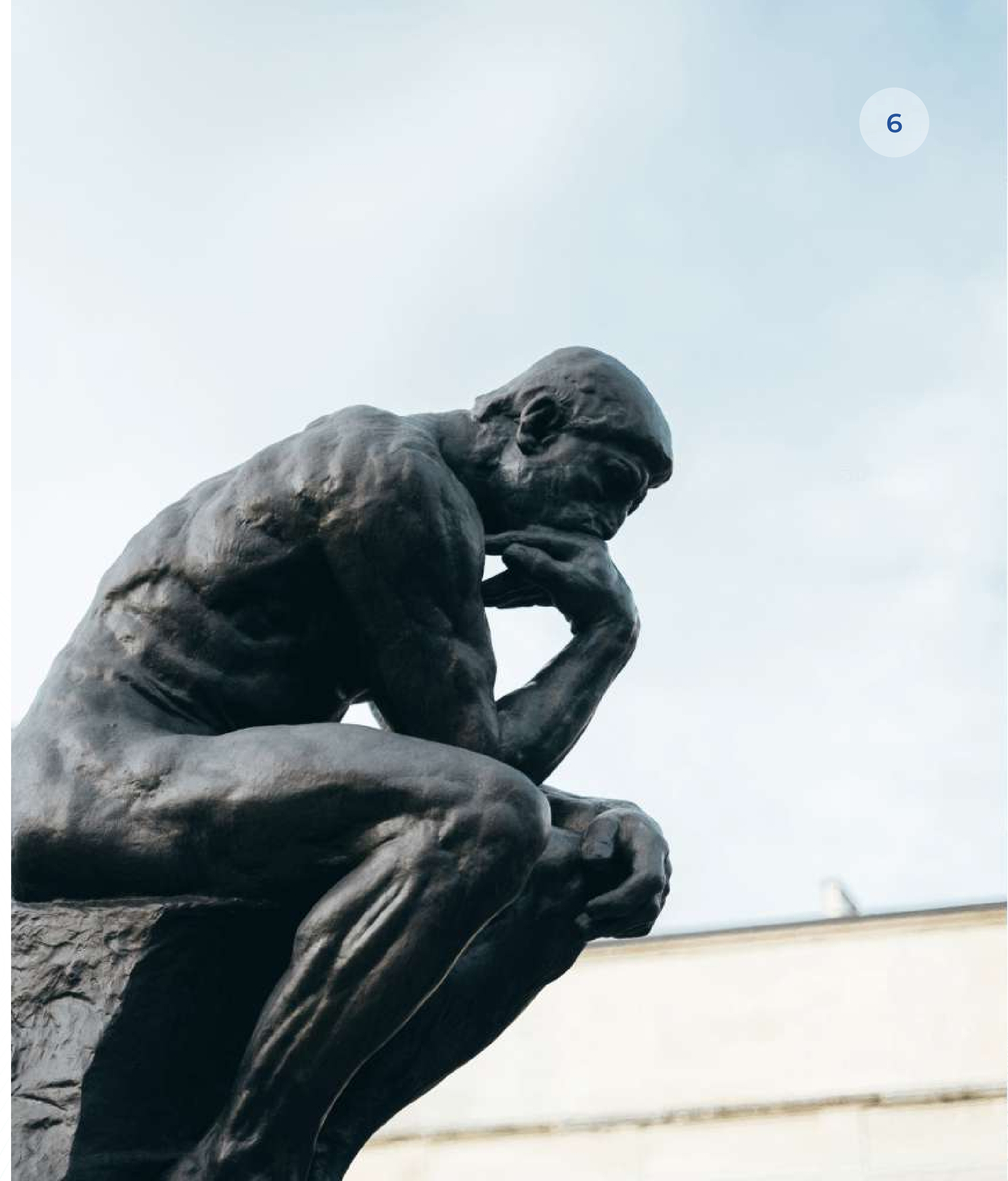
Causes of Skills Bottlenecks

A skills shortage can affect the entire economy or be limited to individual sectors. Moreover, a skills shortage can exist despite unemployment. It's likely that the qualifications of job seekers don't match the qualifications required by employers. In such cases, this is referred to as a mismatch.

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From a corporate perspective, the impact of the skills shortage as a barrier to development has notably increased over the past decades for various reasons.

2.1 Changing Labor Market

In recent years, the labor market has changed significantly. While there was an unemployment rate of 12 percent in 2005, it has now dropped to 4-5 percent (as of 2022). This positive development also has its downsides for companies.

Previously, applicants often had to endure cumbersome application processes to find a job. Today's job seekers often find themselves in permanent employment. As a result, companies receive far fewer or even no applications at all and must not only advertise for applicants but also compete against their original employers.

For young people, the situation has reversed entirely. Where there used to be many apprentices for one training place, today it's not uncommon to have multiple training places for one apprentice. The situation has thus changed from a buyer's to a seller's market.

The professions with the largest skills gaps

Annual Average 2021/2022 (07/01/2021 - 06/30/2022)

Skilled labor gap (left axis)   Job surplus rate (right axis)
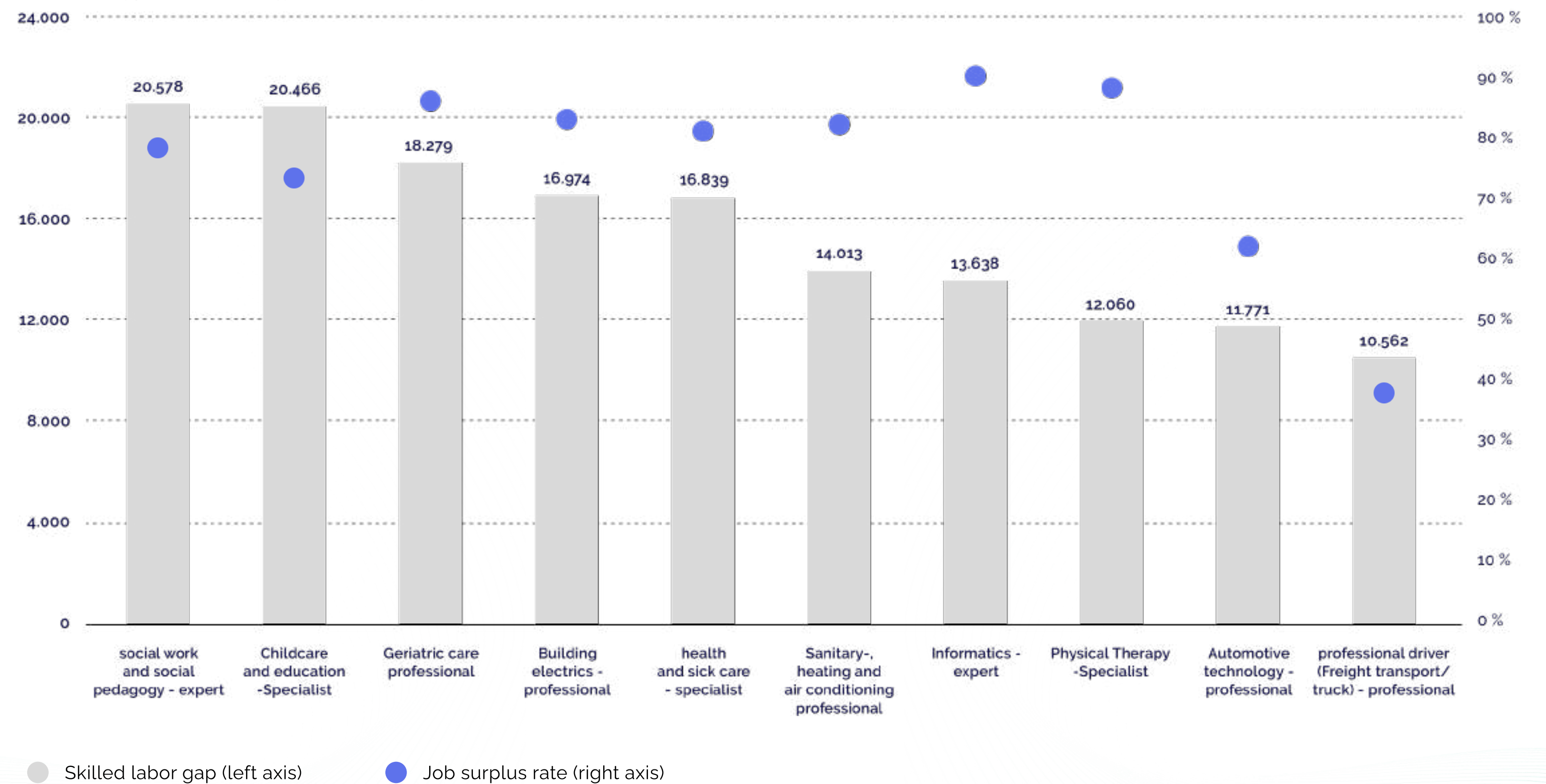
Source: IW calculations based on special evaluations by the BA and the IAB job survey, 2022

2.2 Demographic Trends

The changing age structure in Germany is one of the main reasons for the increasing skills shortage. The Federal Statistical Office assumes that by 2030, the number of 20 to 65-year-olds will decrease by around 6.4 million compared to 2015. This shrinking workforce potential will inevitably lead to a skills shortage.

This demographic change is also reflected in the age structure of the workforce. The average age in German companies has increased by almost three years over the past decade.

However, it's not just the aging population that exacerbates the problem. Due to low birth rates, fewer and fewer young people are entering the labor market, while at the same time, many older employees are retiring. This problem is particularly pronounced in the MINT professions.

In addition, women are underrepresented in many MINT professions. Efforts have been made to get more women interested in these professions, but there is still a long way to go.

Four figures demographic change and to aisles for skilled workers

30-45 ↗

Percent increase in share of over 67 year olds to all employed persons between 20-67 by 2034.

1/3 ↘

fewer workers by 2060 (or up to 16 million people) if Germany would not allow immigration.

352

of 801 professional categories are currently confronted with shortages of skilled workers.

55

percent of companies already see a shortage of skilled workers as a risk

2.3 Working Conditions

Working conditions play a significant role in the skills shortage. Surprisingly, in surveys among employers, only 24 percent indicate that poor working conditions are a reason for the skills shortage. However, in studies with employees, up to 52 percent mention unsatisfactory working conditions as a reason for changing employers or even leaving their profession.

The work-life balance is particularly crucial for young employees. Flexible working hours, opportunities for further training, and offers for a balanced work-life are now more critical than a high salary for many employees. A survey among young professionals shows that for 96 percent, compatibility with private life and family is more important than a high salary. The desire for a balanced work-life is particularly pronounced among women (98 percent).

These changing values among employees have made it difficult for companies to find and retain skilled workers, especially in sectors that often involve long and inflexible working hours.

Intrinsic Motivation	Extrinsic Motivation
"Intrinsic motivation refers to the motivation that arises from within and is based on personal interests, goals, or values. It involves the pursuit of personal development, self-realization, or satisfying curiosity. Examples of this include learning out of interest, achieving personal goals, or pursuing hobbies.	Extrinsic motivation refers to motivation influenced by external factors such as rewards or punishments. This is about achieving a specific goal or performance to receive a reward or avoid a punishment. Examples of this are receiving bonuses, avoiding criticism, or achieving goals for recognition by others.

Furthermore, employees nowadays place great importance on an appropriate work-life balance. It is the responsibility of companies to facilitate this and, if necessary, to support it through internal offers.

Companies that value employee retention often succeed in attracting employees for the long term. Popular promotional measures include employee events, feedback discussions, and career planning.

Likewise, equal opportunity and the general working atmosphere have an influence on employees. The skillful use of diversity and equal opportunities contributes to employees being able to better identify with the company and commit to it in the long run.

2.4 Impact of the Corona Pandemic

Both before and after the Corona pandemic, the shortage of skilled workers was a major problem for companies. The topic receded into the background in the media and politically during the Corona pandemic, but the reasons for the shortage of skilled workers remained unchanged. During the pandemic, there was a sharp decline in job vacancies and many companies' willingness to hire (the number of job vacancies dropped from almost 1.5 million to under 900,000 in the second quarter of 2020). At the same time, many industries complained of an ever-increasing shortage of skilled workers. By April 2021, 23.7% of all companies reported being affected by the shortage of skilled workers (according to a KfW survey).

Moreover, the Corona pandemic has prompted a rethink. An important factor determining the popularity of a profession is industry security.

2.5 Digitalization

Thanks to digitalization, companies can design their structures and processes more quickly and cost-effectively, thus developing and implementing innovative business models. Many industries and professions are influenced by new technologies that require specific skills and knowledge. As a result, new professional profiles emerge that require extensive expertise, which is not always easy to find. New technologies are the main driving force for change in the modern workplace. If companies can't keep up, they no longer participate in the dialogue.

This affects not only IT companies but also companies in other industries such as healthcare, retail, or industry. To counteract the shortage of skilled workers in digitalization, investments should be made in the training and qualification of specialists. This includes, for example, promoting degree programs in computer science, training specialists in areas such as Big Data or artificial intelligence, and further training employees to meet the demands of the digital world of work.

Furthermore, it is essential to promote dialogue and exchange between companies, educational institutions, and politics to find joint solutions in the area of digitalization and skilled worker development. The creation of networks and platforms that promote knowledge exchange and collaboration between different actors can help. In short, digitalization is a significant driver of the skilled worker shortage, but it can also be a great opportunity for companies and professionals. To counteract the shortage of skilled workers in digitalization, companies need to invest in training and qualification of professionals, create attractive working conditions and promote dialogue between various actors.

2.6 Education Policy

The acute shortage of skilled workers in many industries is not coincidental. The problem starts during the career orientation phase in schools.

Politics play a crucial role in combating the skilled worker shortage. Its task is to create an innovative and sustainable education system. It is essential to ensure that the training of the workforce meets the requirements of the modern world of work and that there are enough skilled workers available for the future. A critical voice in this context is that not enough is being invested in the training of the workforce. Particularly in areas affected by a shortage of skilled workers, such as IT or crafts, targeted investment in training and further education is necessary. Here, politics can contribute by providing appropriate funding programs and incentives to ensure that companies and educational institutions invest in the qualification of skilled workers. Moreover, the education system itself can lead to students not being adequately prepared for certain professions.

Another important factor is that the education system itself can contribute to students not being adequately prepared for certain professions. Especially concerning digitalization and new technologies, it is essential that the education system meets the requirements of the modern working world and that students are prepared early on for the work environment of tomorrow. New training formats such as dual study programs or digital teaching methods should also be taken into account.
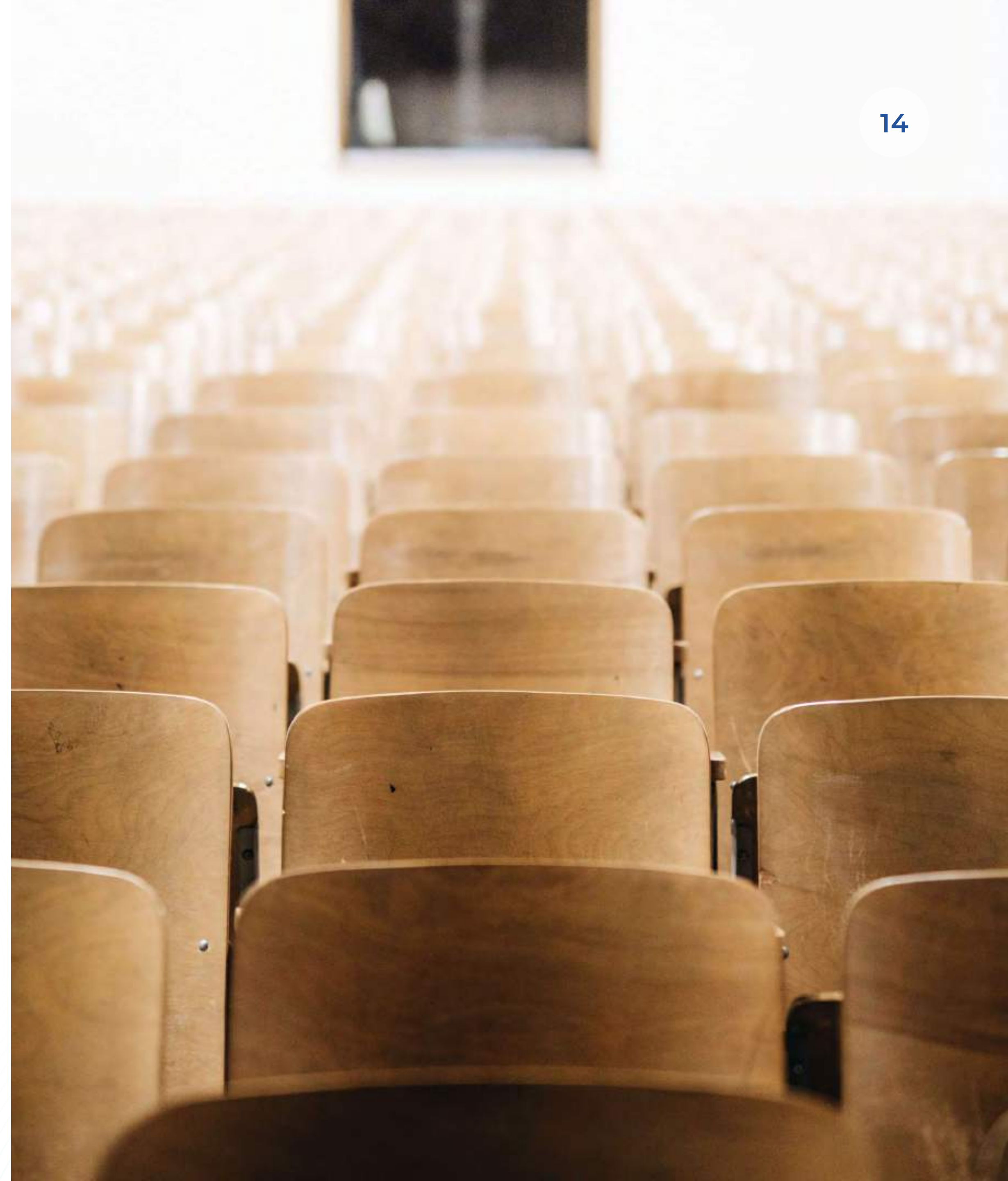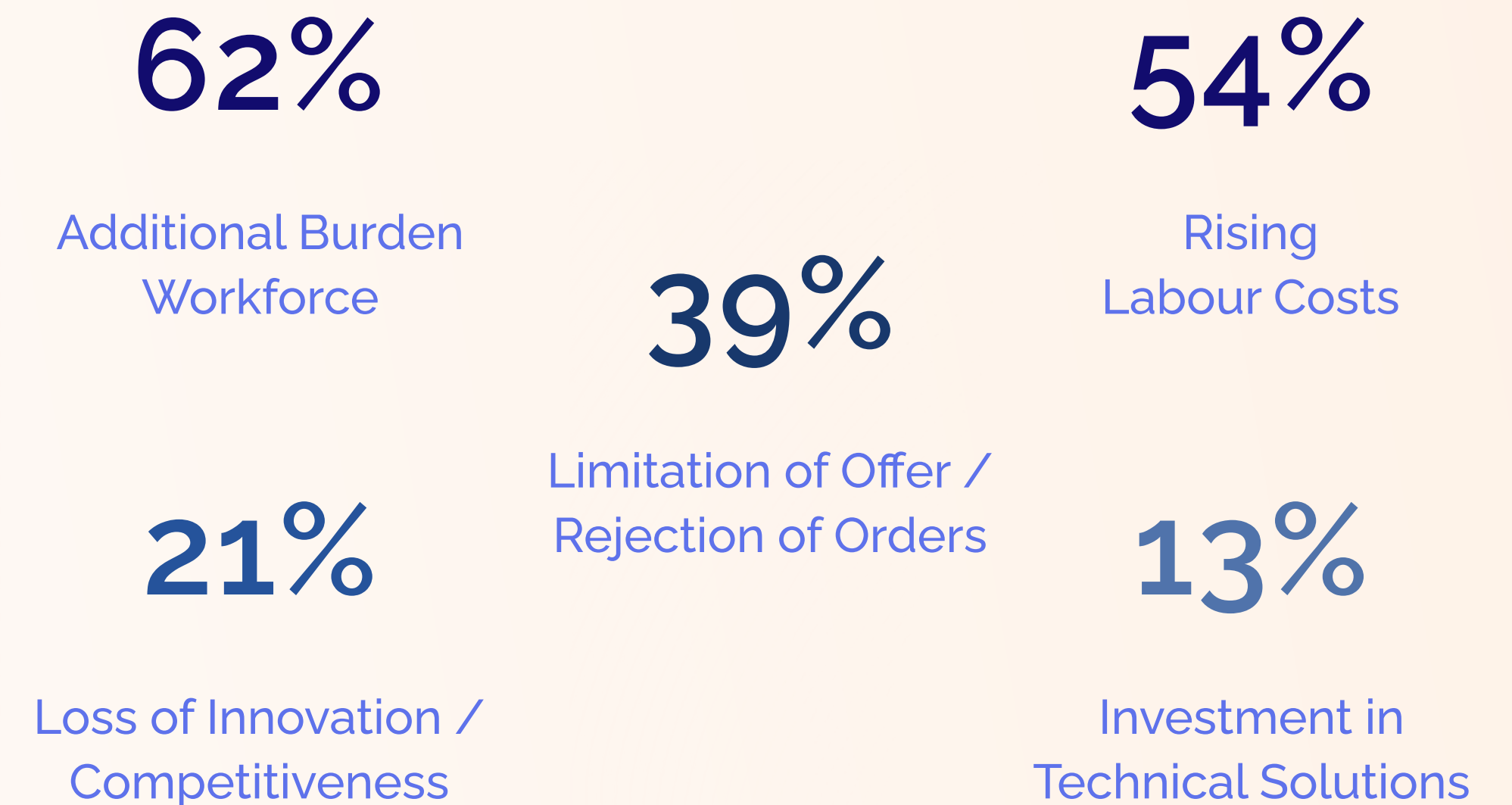
2.7 Globalization

Globalization also plays a role. It ensures that the world of work is changing rapidly. Today, many industries and professions are strongly networked and internationally oriented, which means that employers must be able to recruit qualified professionals from various countries and regions, which is often challenging (Berlitz, 2021). This leads to the requirements for skilled workers increasing and qualification profiles changing. The education system reacts too slowly to these changes. In addition to that, some companies also show themselves to be too inflexible, especially regarding work organization and hours. This can quickly become fatal.

Besides the education system, some companies are also too inflexible, especially regarding work organization and hours. In a rapidly changing world of work, it is crucial that companies can flexibly respond to the needs of their employees to allow for a better work-life balance and increase employee satisfaction. Companies that are too inflexible may have difficulty finding and retaining qualified professionals.
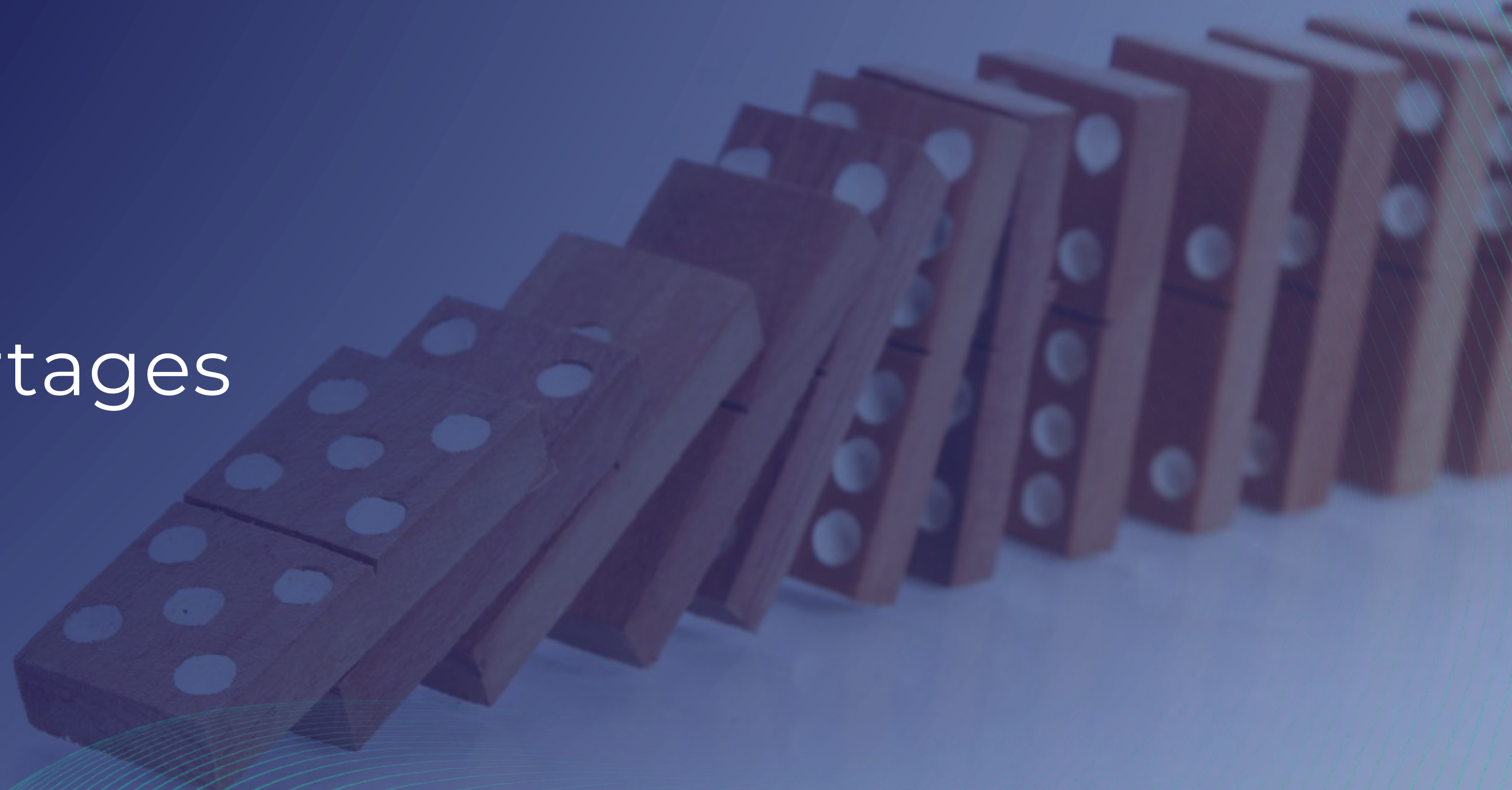
What consequences do you expect for your company from a persistent shortage of skilled workers?

Multiple Entries Possible

62%

Additional Burden Workforce

54%

Rising Labour Costs

39%

Limitation of Offer / Rejection of Orders

21%

Loss of Innovation / Competitiveness

13%

Investment in Technical Solutions

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Consequences of Skilled Labor Shortages

Surveys indicate that 84% of all German companies expect the repercussions of a prolonged skills shortage. A lack of skilled workers means that companies cannot fulfill tasks and orders.

According to Achim Derck, the Managing Director of the German Chamber of Industry and Commerce, the shortage of skilled workers leads to a reduction in value creation by around 90 billion euros, which is approximately 2.5 percent of the gross domestic product.

Should the forecasts come true and the skills shortages become more acute, it will likely have severe negative consequences for the German economy. A lack of personnel means orders cannot be met. It is expected that small and medium-sized enterprises will particularly feel this pinch.

The effects of the skills shortage are already being felt by many companies, and they represent more than just abstract numbers. Small businesses, in particular, are severely affected as they often have fewer resources available to enhance the appeal of their job positions, thereby promoting growth.

Additionally, skill shortages lead to increased burdens on employees, risking a negative spiral. As a result, the appeal of the role diminishes, and employees may leave the company due to burnout. Countermeasures to enhance employer attractiveness are of great importance. Due to the skills shortages, employees have a good chance to voice their desires in the job market. The demands that are especially important to them differ across generations. Nevertheless, for companies, it's crucial to reconsider certain aspects to remain competitive.

Does a (possible) lack of suitable top specialists lead to sales losses or unrealized sales potential for your company
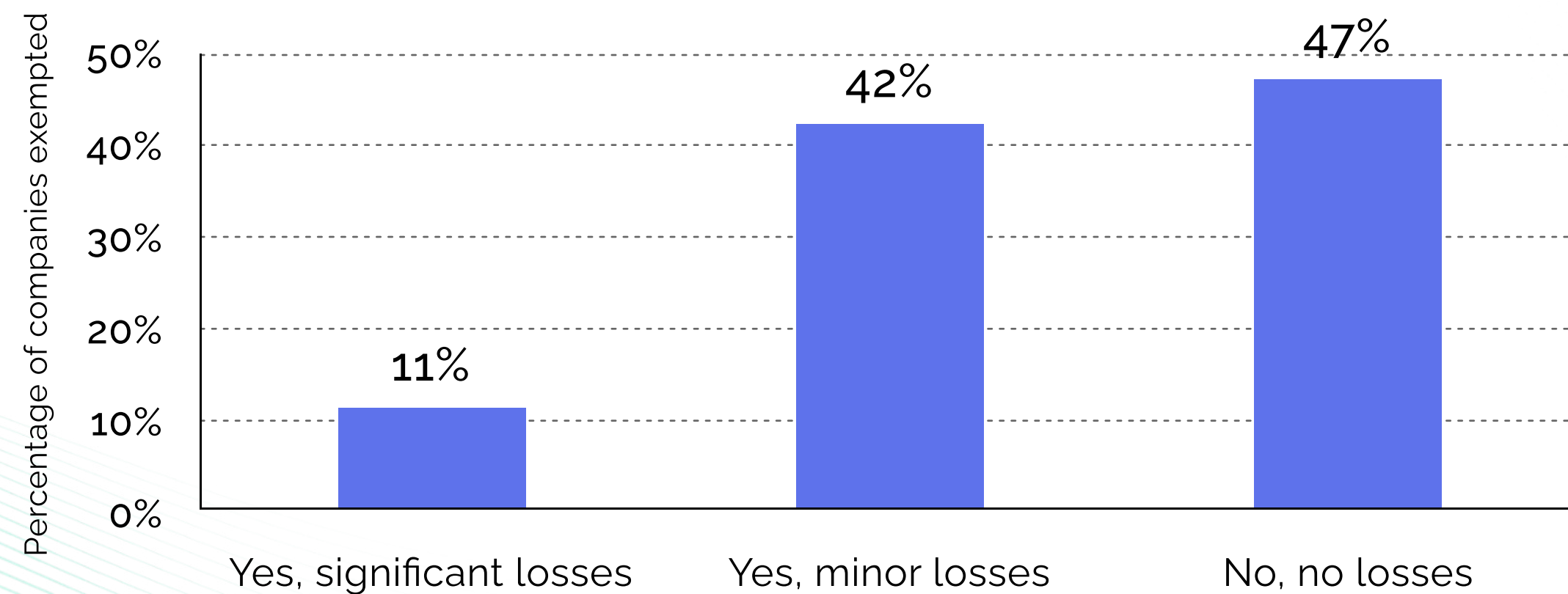
Source: Ernst & Young: SME Barometer January 2017, p. 21ff.

Countermeasures to Skill Shortages

4.1 Modernizing Recruitment

In an evolving market, companies need to adapt their strategies to stay competitive. In the current job market, companies have to court potential employees, rather than the other way around. This necessitates a self-examination of what they offer as an employer, why they're the best employer, and what distinguishes them from other companies.

"It is not the strongest of the species that survives, nor the most intelligent; it is the one most adaptable to change."

-Charles Darwin

Given the skills shortage, it's more crucial than ever to make the application process as attractive as possible to lure potential candidates.

Here are some tips on achieving that:

Job Description → Appealing Employer Image → Simplified Application Process → Quick Response Times → Pleasent Application Experience

1. **Job Description:** A clear job description outlining all requirements, responsibilities, and expectations helps potential applicants get a better sense of the position and align their qualifications with the requirements.

2. **Appealing Employer Image:** An engaging and professional presentation on the company's career page and social media can pique the interest of potential applicants. Showcase what makes the company unique and appealing.

3. **Simplified Application Process:** The application procedure should be simple and user-friendly to capture applicants' interest. One way is to accept applications via an online platform where applicants can easily upload documents and answer questions.

4. **Quick Response Times:** Rapid response to applications and queries can help maintain applicants' interest and boost their engagement.

5. **Pleasant Applicant Experience:** A positive application experience can make a significant difference when it comes to attracting and retaining talent. Friendly and informative communication during the application process can boost engagement and foster a good working relationship.

4.2 Enhancing Employee Retention

How can you retain skilled workers in the company
and prevent them from switching to another?

This question becomes especially relevant in times of skills shortages, where
finding new skilled workers is challenging. One way is to strengthen employee
loyalty.

High employee loyalty reduces the willingness to change jobs and boosts their
commitment, motivation, and productivity. Loyalty to the company also means
employees act as ambassadors, attracting potential new hires.

Employee loyalty depends on various factors and requires a holistic approach.
Merely offering superficial perks like providing fruit isn't enough. Instead, various
aspects should be optimized to boost loyalty, including positive leadership from
superiors, appreciation, opportunities for participation, a pleasant work
atmosphere, suitable workplace facilities, work-life balance measures like flexible
working hours, opportunities for further education, and career progression. Also,
the meaningfulness of the work plays a significant role in employee retention.

4.3 Employer Branding

How can you establish an employer brand that both attracts new talents and retains existing employees?

A successful employer branding strategy requires time and patience but can pay off in the long run. It's crucial that you position your employer brand as attractive and unique to stand out from other companies. The brand must be authentic and consistent, reflecting your company's values and culture.

Building a strong employer brand can begin with students. By doing this, you can spark the interest of potential talents early on and build long-term relationships.

Consider what incentives and benefits your employees value and communicate these clearly to the outside. Also, take into account non-monetary factors such as appreciation, opportunities for growth, and work-life balance. When your employees are proud to work for your company, they naturally become brand ambassadors and help attract more talents.
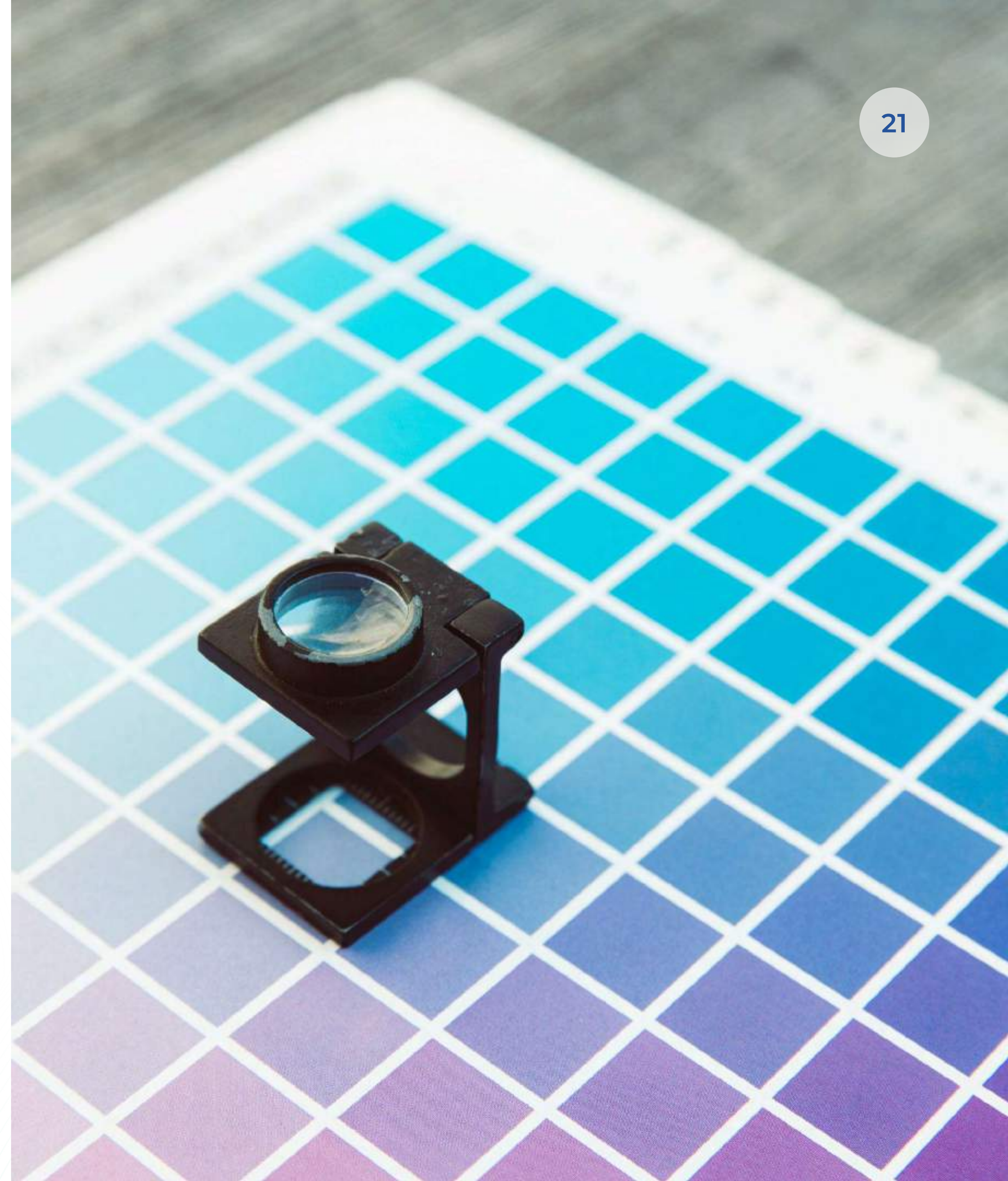
4.4 Expanding Education

A sustainable measure against the shortage of skilled workers is in-company training, especially within the context of dual education. To attract and retain young people early on, it is beneficial to offer internships, holiday jobs, and part-time jobs from a young age. This period can build a close bond to the company, from which you'll benefit later on.

Interns should be viewed as valuable resources and nurtured accordingly. Treating them with respect can encourage them to choose an apprenticeship within your company. It's also essential to give interns the opportunity to take responsibility early on and to offer them perspectives that motivate them to stay in the company.

4.5 Talent Development

How can the potential of employees be recognized and promoted?

Successful employees are not only defined by their professional skills but also the potential to become a leader is a significant factor. However, many companies fail to recognize the talents that lie dormant in their employees because they haven't yet engaged with them. Instead of looking internally for suitable candidates, they often turn to the external job market when they need personnel.

Through targeted talent programs and training opportunities, talents can be identified and nurtured to prepare them for future positions. The focus lies on the necessary competencies for the respective areas of activity.

4.6 Strategic Personnel Development

How can today's and future skilled workers be prepared for the challenges of the present and the future?

It's vital that personnel development isn't limited to apprentices and talents but includes all employees. It should be aligned with the needs of the business model and adjusted continuously. To maintain the company's competitiveness, a lifelong learning mindset is essential. The focus should be less on rote learning and more on developing skills that expand the scope of action and enable dealing with crises and problems.

As every job requires different competencies, it's ineffective to send all employees to the same lectures. Instead, there should be a focus on Human Resource Management and creating individual development programs based on practical, self-determined, and sustainable competence development. Growth happens through education. Skills can't just be learned; they must be actively trained. IT training can take place online or in-person, aiming to foster sustainable competence development and tap into the potential of employees.

4.7 Digitalization and Automation

How can the demand for skilled workers be reduced
with the help of modern technology?

It's undeniable that well-trained professionals are necessary to drive
technological progress. However, processes can be automated and streamlined
through digital solutions. While this requires initial investments, it saves on long-
term personnel and costs. Machines are generally more reliable than humans as
they don't fall sick or get injured, increasing operational safety.

An example is the logistics industry where robots are increasingly deployed in
central warehouses. Instead of having many pickers move around the halls to
collect ordered goods, intelligent and relatively cheap robots bring the shelves
with the goods directly to the packing stations. This method can save a
significant amount of personnel, and employees can be redeployed to areas that
aren't easily automated.
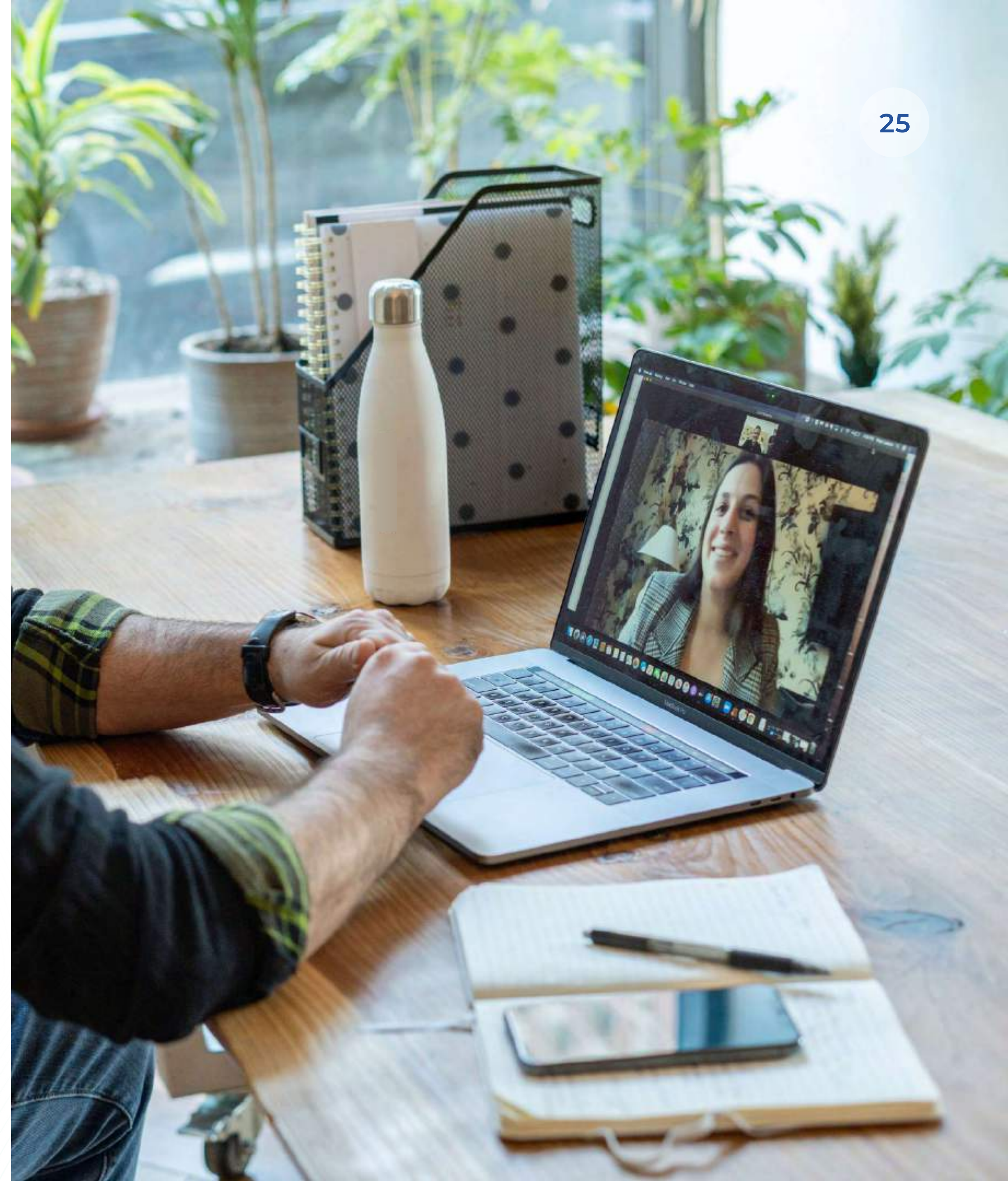
4.8 Business Processes

How can business processes be adapted to the shortage of skilled workers to reduce personnel pressure?

When it comes to adapting business processes to the shortage of skilled workers, digital solutions can be helpful. Automation and digitization, for instance, can take over repetitive tasks and thereby relieve employees. Introducing flexible work time models or the option of working from home can also help alleviate the workload on employees and make the company more attractive to potential applicants.

Furthermore, it's crucial to build and communicate a positive employer brand to generate interest from skilled workers. This includes aspects such as a good working atmosphere, competitive salaries and benefits, as well as opportunities for personal and professional development.

Another example from the hospitality industry: Due to the shortage of skilled workers, many restaurants are increasingly turning to online platforms such as Lieferando or Uber Eats for orders and deliveries. This allows them to focus on their core tasks, namely preparing high-quality food, and reduces the need to manage service. This can also alleviate personnel pressure and enhance the attractiveness of the workplace.

4.9 Securing Skilled Workers through Immigration

In addition to recruiting skilled workers domestically, the hiring of personnel from other countries is gaining more significance. According to surveys, every third company has hired skilled workers from abroad in recent years. Particularly encouraging is the fact that 70 percent of these companies support their new employees in language acquisition and qualification, which contributes not only to integration within their own operations but also to society as a whole.

Furthermore, more than every tenth company has indicated its intention to specifically recruit skilled workers from non-EU countries in the future. In total, significantly more companies, namely 29 percent of all responding companies, wish for additional information and support in recruiting skilled workers from third countries. This indicates that recruiting foreign skilled workers is an important factor in solving the skilled worker shortage in Germany and that companies are willing to actively participate in the integration of foreign skilled workers.

The Study: Factors Contributing to Employee Retention

5.1 Study Motivation

The pursuit of qualified skilled workers is more intense than ever today. Imagine facing a challenging task: How can you engage and, more importantly, retain the young, dynamic generation in your company for the long term?

While literature offers numerous answers, are they always tailored to your needs? In-depth research underscores that not every generation thinks the same. A deeper understanding of these subtle differences could provide companies with a crucial advantage in successfully combating the shortage of skilled workers.

Through an intriguing blend of scientific insights and practical study findings, we delve into the world of different generations. What are their expectations? What motivates them? And, above all, how can your company offer exactly what they are seeking?

Let's embark on this exciting journey together and discover the answers that could elevate your company to the next level.

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5.2 Methodology

What do popular culture and science truly reveal about different age groups? Our analysis gets to the bottom of this! With a carefully selected group of 100 participants divided by age groups, we shed light on the nuanced differences of each generation.

The goal? To deepen and sharpen your understanding of the expectations and needs of potential employees. Get ready to be surprised by what truly motivates the generations and how you can harness these insights for your benefit! We surveyed a total of 100 employees representing various age groups.

Participants

55<
%9

45 - 54
%13

<25
%24

35 - 44
%18

25 - 34
%36
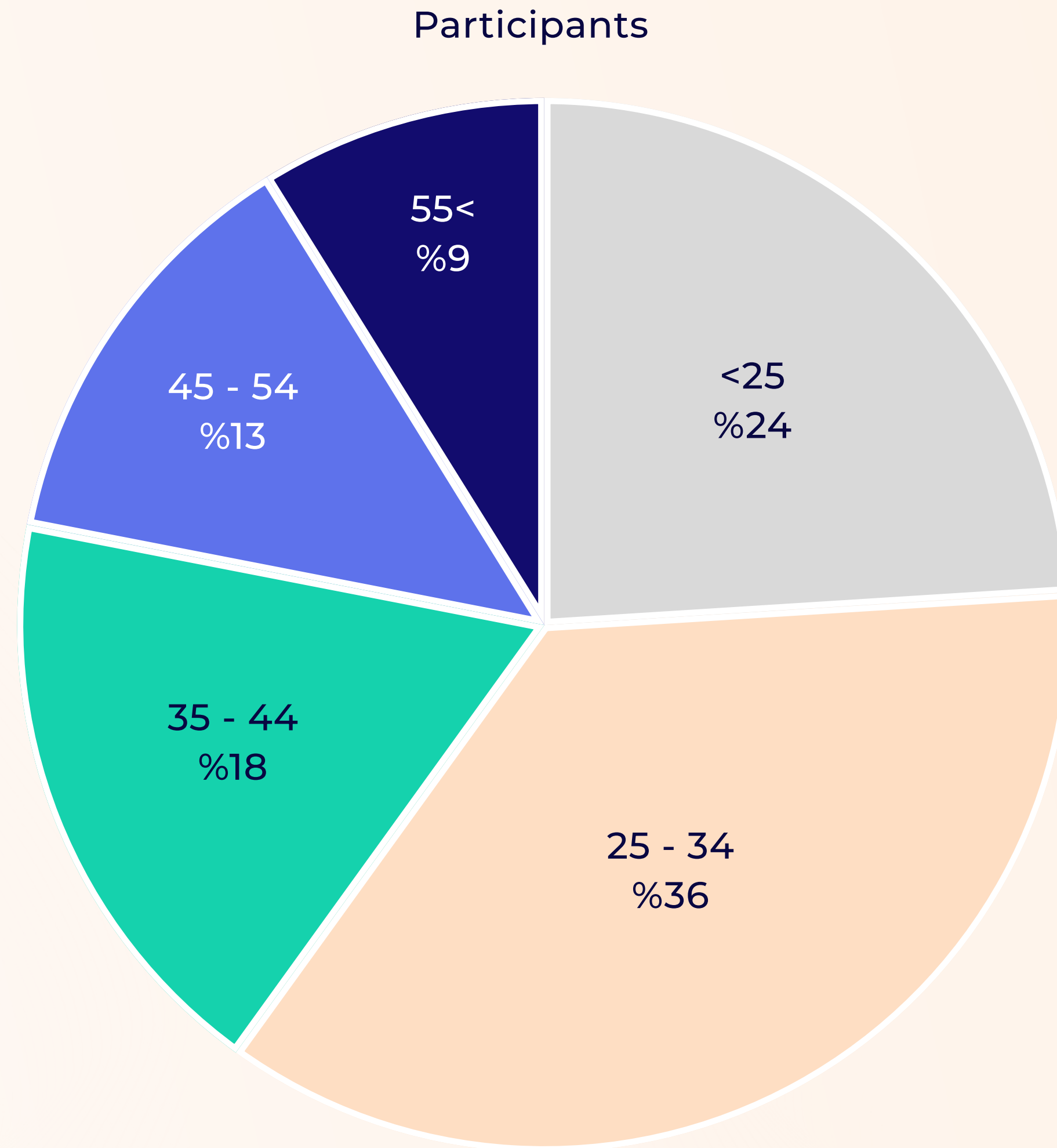
5.3 Background

In today's landscape, employees wield significant bargaining power in the job market. However, needs vary based on generation. A noteworthy trend is the growing desire among many workers to harmonize work and personal life. Generation conflicts and biases, especially concerning Generation Z, cannot be overlooked. Thus, the study closely analyzes employees' intrinsic motivation and provides insights into how employers can strategically leverage this knowledge for sustainable employee retention.

Objectives

The main objectives of the study are:

1. Analyzing the positive impact of training initiatives, career growth, and feedback.

2. Promoting intergenerational dialogue and understanding.

3. Emphasizing the relevance of various measures as catalysts for successful employee retention.
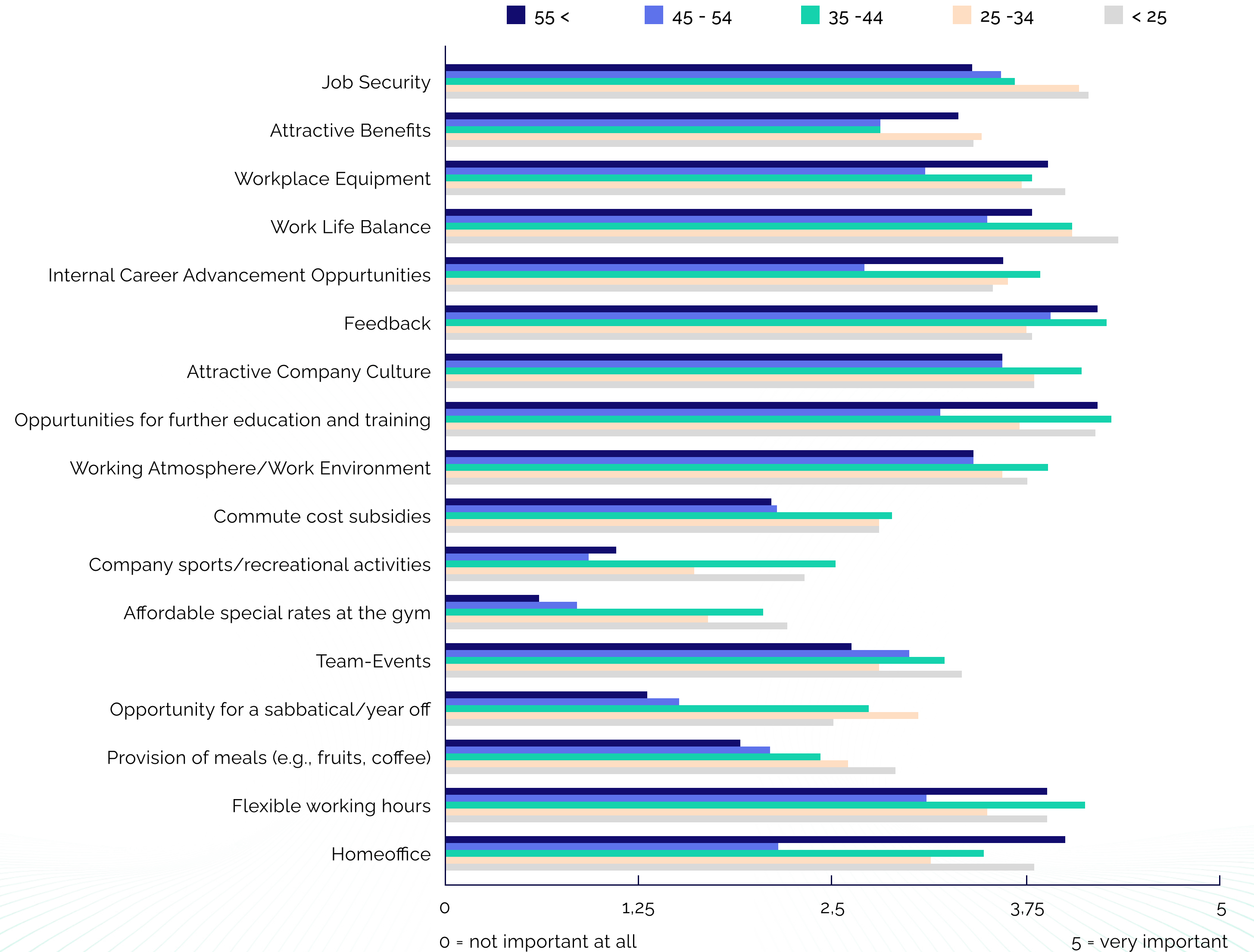
5.4 Results

The world of work is evolving rapidly. What was considered an attractive offer yesterday no longer suffices today. Our research-based findings reveal a clear picture: It's no longer the small perks like a fruit basket or free coffee that tip the scales.

Priorities have shifted. Employees of all age groups yearn for a balanced work-life ratio, flexible working hours, and opportunities for further education. A competitive salary alone? That's no longer enough! Because at its core, it's about more: The deep-seated need for personal and professional development.

Our study taps into the pulse of the times: For sustainable skilled worker retention, a vibrant company culture, constructive feedback, and genuine growth opportunities are pivotal.

Legend: ■ 55 < ■ 45 - 54 ■ 35 -44 ■ 25 -34 ■ < 25

Categories (top to bottom): Job Security, Attractive Benefits, Workplace Equipment, Work Life Balance, Internal Career Advancement Oppurtunities, Feedback, Attractive Company Culture, Oppurtunities for further education and training, Working Atmosphere/Work Environment, Commute cost subsidies, Company sports/recreational activities, Affordable special rates at the gym, Team-Events, Opportunity for a sabbatical/year off, Provision of meals (e.g., fruits, coffee), Flexible working hours, Homeoffice

Axis: 0 — 1,25 — 2,5 — 3,75 — 5

0 = not important at all   5 = very important

5.5 Impact of COVID-19

The COVID-19 pandemic has turned the job market on its head. What was once foreseeable is now vividly confirmed by our data: Covid-19 has not only presented new demands on employers but has essentially redefined and intensified expectations in many areas. The upheavals of this global crisis persist and have left traces.

And these traces are long-lasting:

Compensation
(e.g., salary,bonuses)

Work environment
(e.g. team work, support of colleagues)

Career opportunities
(e.g. advancement opportunities, further education))

Work-Life Balance

Job tasks

Working conditions

0 = not changed at all   5 = changed very significantly

■ 55 <   ■ 45 - 54   ■ 35 -44   ■ 25 -34   ■ < 25

Expectations regarding technology utilization

Company Culture Expectations

Work Life Balance

Expectations regarding Working Conditions

0 = not changed at all   5 = changed very significantly

■ 55 <   ■ 45 - 54   ■ 35 -44   ■ 25 -34   ■ < 25

Interview with Helvetia

HELVETIA INTERVIEW
(17/07/23)

In addition to the study, we conducted an expert interview. This interview not only provides valuable supplementation to our study but also offers fresh perspectives and practical advice.

YouTube

Es besteht auch die Möglichkeit, das Interview in Form eines Podcasts anzuhören. 〇〇

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💬 **Tectrain**

Before we delve into the specifics, I would appreciate some more general information. Could you introduce yourself briefly? What does Helvetia do, and how long have you been part of the company?

💬 **Rebecca**

Certainly. My name is Rebecca, and I live in Basel, Switzerland. I work at Helvetia in Basel. Helvetia might ring a bell, but just in case it doesn't: in Switzerland, it's one of the leading insurance companies, offering a wide range of insurances, from life insurance to property insurances like car insurance, art insurance, and pet insurance – we pretty much have it all.

I've been with Helvetia for a little over 4 years. My professional background is primarily in HR. Before joining Helvetia, I worked for over 10 years in the conventional HR function for a company in the medical technology sector.

Since my time at Helvetia, I've been part of a team that specifically focuses on personnel development, skill management, and communication in the IT department. With my HR background, my special focus for about 4 years has been intensive skill management. Additionally, in the last year and a half, I've been responsible as a project leader for a development project. This involved building and continuously evolving internal learning and development offerings.

In this context, we not only take care of the content aspects of the learning offerings but also foster a culture of learning within our IT department. I'd be happy to tell you more about how we implement this during the interview.

You've already mentioned that you make particular use of the IT Academy. What were the initial factors that led you to invest in training and development for your employees? Did the skills shortage play a role in this decision?

Yes, the skills shortage definitely played a role, and it was also the catalyst for us to actively seek out Solution Architecture courses and Requirements Engineering courses, which led us to Tectrain. The significant skills shortage is, of course, a major factor, and it's also noticeable within our organization.

Over time, we realized that we needed to educate our employees to retain them in the long term. Therefore, we also invest financially in their education.

How does it work in practice? Do all employees in the IT department receive this training annually, or how do you decide who gets the training in a given year?

It varies. For the Solution Architecture topic I mentioned, the ISAQB courses, for instance, two years ago, we put all Solution Architects through these courses. It was or is also mandatory for every Solution Architect to complete the Foundation Level course. For other topics like Requirements Engineering or even ITIL, we offer the courses, and employees can sign up if they have a need. Annual employee discussions serve as development conversations, where we encourage each employee to discuss their personal development with their manager. This is where we also talk about the educational opportunities available in our internal catalog, which includes Tectrain courses.

Is there a minimum number of educational opportunities that employees must complete per year?

So far, we haven't established specific regulations. Employees can choose further education opportunities based on their needs.

What's the feedback like? Do you get the impression that employees are eager to participate in further education, or is it something that still needs to be encouraged?

I think it's both, and that has become more evident in recent years. At Helvetia, employees were used to having everything handed to them on a silver platter and then selecting from the offered further education options. We've been trying to promote a culture of learning, so now people are also proactively asking for specific courses. There has definitely been a shift. In general, people are eager to continue their education, but sometimes they simply lack the time – there might be another underlying issue there. However, we currently don't have set learning time at Helvetia. Education needs to be integrated into the workday, which can be more challenging for some employees than others.

🗨 Have you ever considered creating a dedicated space for learning time?

🗨 Absolutely! Two years ago, we conducted an experiment in IT where we provided each employee with one day per month that they could also spread out over the month. It was well-received, even though some found it difficult to plan their time. However, we couldn't introduce learning time in the IT department alone, as our IT employees are involved in various projects that are interdisciplinary. Other departments wouldn't have such learning time. But we presented the idea to HR, and it was taken up as a topic by the management. They're now considering how such learning time can be implemented. Although it hasn't been implemented yet, we're getting closer to the goal.

🗨 Dedicated learning time would likely make such training opportunities even more appealing, as employees wouldn't feel the need to put everything else aside. Have you seen any successes or noticed that employees are working more effectively and applying the learned skills?

🗨 Yes, that strongly depends on the team.

Some teams are more advanced than others. It's highly influenced by the team leaders who need to embody and create that culture.

We already have some showcase examples in our IT department. However, it's difficult to measure how successfully acquired skills are being applied in practice. After each course, we conduct surveys, and in general, the feedback is positive, but there's definitely room for improvement. Sometimes, it takes a while for employees to apply the acquired skills in practice, and sometimes the knowledge is forgotten. This is an area we need to improve further.

🗨 We've also addressed this in our current study, that it doesn't make much sense to attend sporadic training every two years, but rather that continuous learning leads to success.

🗨 Exactly, for the concept of "continuous learning," we use platforms like O'Reilly, for example. It offers 60,000 learning resources focused on IT from reputable publishers, books, and experts. The platform provides training sessions and also the opportunity to read online books, reports, studies, and much more. Many employees find it appealing to try things themselves, like coding, using the "Learning by doing" principle. Each employee gets their own access to the platform as needed, and the IT department covers the costs for the licenses. This way, employees can learn from morning until evening. We introduced this platform about two years ago, and the high demand shows that the interest is definitely there. Many employees actively use the platform.

🗨 In addition to this offering, are there other measures intended to contribute to employee retention?

Yes, alongside the IT Academy, we also offer measures to promote a learning culture and knowledge exchange. An important part of this is our mentoring and coaching program. The mentoring program is aimed at employees who want to develop personally and professionally in the long term, including new managers or newly hired employees. Here, a mentor is assigned or chosen, and the IT department confirms the match. The mentorship typically lasts from one to three years and focuses on both personal and professional development and the promotion of soft skills.

Then we have the coaching program, which is more focused on technical coaching and is sometimes used on a short-term basis (1-3 months).

Here, individual employees, teams, or project teams are the focus, and a technical coach helps them solve specific professional questions and develop the skills to find solutions themselves in the future. Mentoring is used a bit more frequently than coaching, as we need to make coaching more widely known. Its benefits aren't fully recognized yet.

Furthermore, I'm particularly proud that we regularly organize learning events in the IT department. These range from virtual one-hour learning sessions where internal or external speakers discuss a topic, to full-day on-site events where we book spaces in a great location outside of our offices. We also organize events using the Open Space format.

The idea at the beginning was for employees to offer sessions for other employees – it could be a presentation or a specific question they want to work on together, or a workshop. The format is flexible, and then people can sign up if they have a topic, and the audience can choose which sessions to attend. There are parallel sessions, typically one to three slots, and over the whole afternoon, as participants, we might attend around 3 or 4 sessions.

And these events take place during working hours?

Yes, these learning events are considered regular working hours for further education. The events facilitate knowledge exchange, networking, and the opportunity to learn from experts on various topics, both from internal colleagues and external speakers. Each session features one or two external speakers who discuss current or future topics. In our last event, for example, we had a speaker from Microsoft talking about the learning culture at Microsoft.

So companies are also learning from each other.

Absolutely, we've found that despite varying levels of progress in this field, companies often share similar fundamentals.

It was also interesting to see that there are individual differences among employees in how they approach further education. Some employees are very motivated to learn, while others prefer to forgo further education and focus on their work.

The differences in whether and to what extent to invest in further education are probably only noticeable in the long run, as the skills shortage is a reality and action must be taken early. How was this during the pandemic? Did anything change? Did you notice a decrease in employee satisfaction?

There were company-wide surveys that specifically aimed at employee satisfaction, including topics related to the pandemic. However, we didn't conduct specific surveys within the IT department on this topic, so I can't respond directly. In terms of further education, we didn't feel many restrictions during the COVID-19 pandemic, as we were able to adapt our physical courses into virtual ones quite spontaneously and continue with training as usual.

Those are good news that you navigated this period well. And more generally, we live in a time of constant change, and at the beginning of the year, Chat-GPT suddenly appeared. Has this had an impact on your way of working?

Definitely, I can already see it in our team and in myself. People quickly ask Chat-GPT and then adapt the answers it provides. On the one hand, it's helpful, but on the other hand, there's a danger of relying too much on this quick solution. We still rely on traditional methods of education and development.

Exactly, we also believe that finding a good balance and integrating Chat-GPT better is more effective than replacing it completely.

Yes, exactly. At this point, we haven't seen too much impact, but perhaps we need to wait another six months and then see how things look.

Are there internal discussions and concerns about how the future of work might change?

For example, we now have a learning session where we're actually addressing this topic, such as AI and sustainability. This is happening this week, and some of our employees have signed up for it, and we're learning about this aspect. At this point, we haven't introduced specific courses or offerings, but it might be a good idea.

⬜ Do you expect that artificial intelligence might alleviate the problem of the skills shortage? Are you thinking about reducing positions just because there's growing AI?

⬜ Currently, that's not a topic for us. In the private sector, there can sometimes be swift restructuring, but our management has explicitly emphasized that the introduction of Chat-GPT in customer service processes does not mean that positions will be reduced. What will happen in 2-3 years is hard to say.

⬜ Do you get the impression that employees are discussing this and have concerns about being replaced by AI?

⬜ Yes, I believe so. At the beginning, we had a big project that was running somewhat undercover with Chat-GPT, and only a small part of the company knew about it. When it was introduced, the initial reaction was, "Oh, cool, Helvetia is a pioneer and is using Chat-GPT," but at the same time, there was the question of "Okay, what does this mean?"

As a result, the management issued a newsletter to all employees, emphasizing that they don't need to worry about their positions and that the company has a different focus. It was also pointed out that we might need to acquire new skills.

⬜ Do you think that there are differences between different generations, including when it comes to further education?

⬜ Yes, that's definitely an important question. In our IT department, we have about 450 employees, and the average age is 50 plus. I think this is also related to the insurance industry, where many long-term employees are close to retirement. With these employees, we often notice that they don't want to further educate themselves as intensively anymore. Here, we focus on programs like mentoring and coaching to pass on knowledge. It's challenging because not everyone wants to invest time in that, but that's our focus for the older generations. With the younger employees, learning is natural for them; they are motivated and see the benefit.

⬜ Different attributes are often ascribed to different generations. For example, Generation Z is often labeled as lazy and selfish, while Baby Boomers are seen as skeptical of technology. What are your experiences in this regard?

⬜ Yes, we've noticed that too. It starts with recruitment. We see that Generation Z and Y have different requirements when being recruited.

Nowadays, it sounds more like, "These are my demands, and if the company can't meet them, I'll just apply somewhere else."

The topic of further education, personal development, and work-life balance is at the forefront. These are the things that stand out to me, and if we as a company can't provide them, we have little chance of attracting younger generations.

Do you feel that companies need to attract applicants, or is it the other way around?

Yes, I think so. In general, we're still in a good position because Helvetia has a very well-known name in Switzerland and is recognized as a good employer. However, the company can also seem a bit traditional and outdated, which doesn't appeal to young IT professionals as much. Therefore, Helvetia tries to create campaigns to specifically target this new generation. I don't work in recruitment myself, so I'm not sure, but there's probably a lot being done to actively attract young people. There has definitely been a shift, and the company needs to attract applicants rather than the other way around.

And what about work-life balance?
Do you have special measures like remote work or flexible hours?

Regarding work-life balance, according to a company-wide survey conducted two months ago, Helvetia scored very well.

We have good opportunities for remote work, and the company doesn't have strict regulations regarding office hours. Every team leader is encouraged to be flexible. Additionally, we offer internal opportunities like work-life balance courses, eLearning, physical activities during lunch breaks, mindfulness training, and much more in terms of corporate health management.

And now, one last question:
From your own perspective, how do you think the typical workday will look in 2035?

That's in 10 years. Well, I'm curious myself, but I believe that artificial intelligence will play a bigger role and that the work style will change significantly. I have a feeling that work hours will change too, maybe everyone will have the freedom to decide when, how, and where they want to work. We might end up working past each other more, and that will be a challenge to bring everyone together. I believe this topic will become even bigger. Probably, we won't even have laptops anymore; maybe we'll have something entirely different, maybe just our phones or a chip. I think technology, in particular, will change drastically, and I'm very excited to see how it develops.

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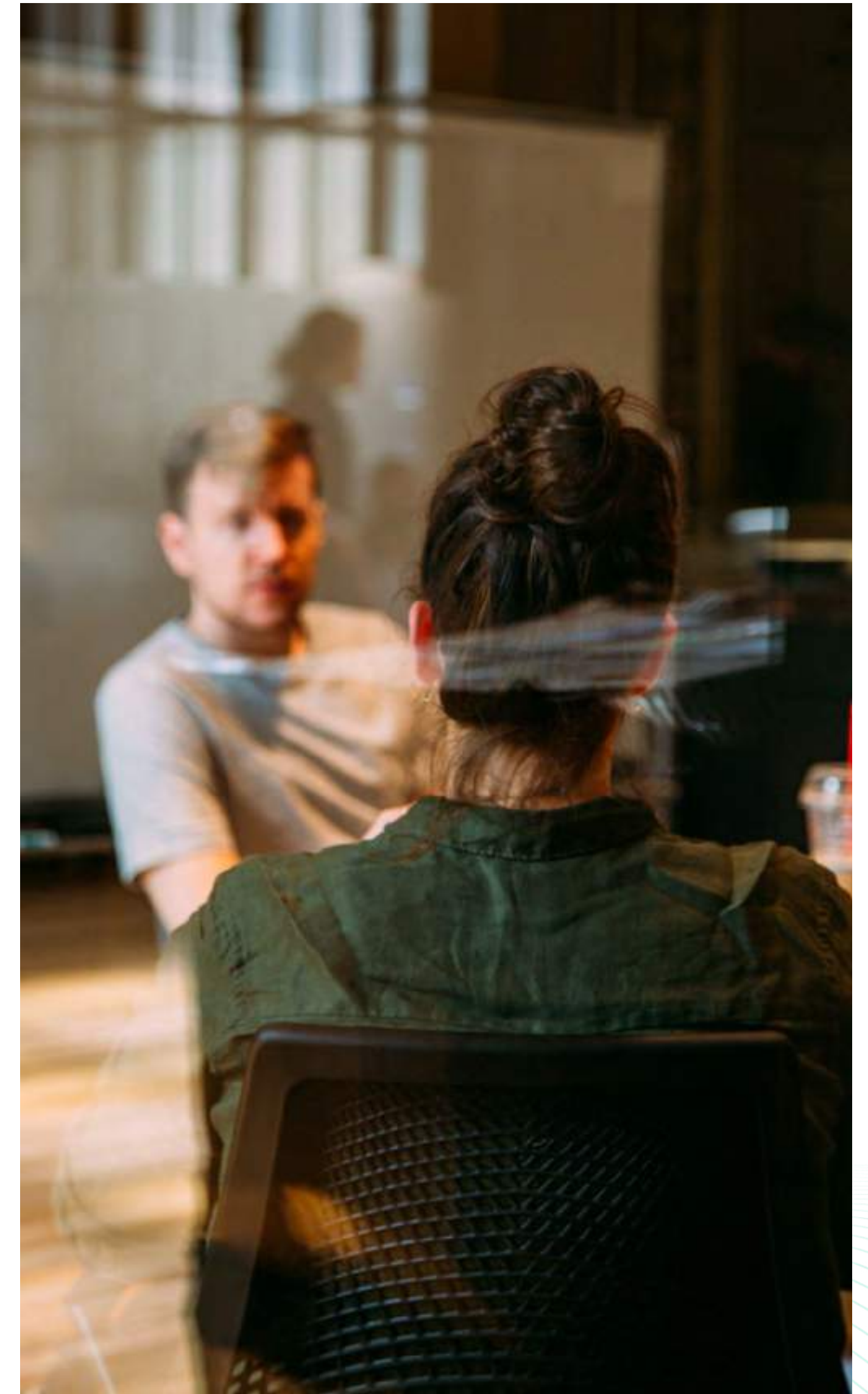
Solution Approach

In the recent study, the main focus was on identifying the key factors for employee retention and understanding how the working world has changed during and after the COVID-19 pandemic. A standout result: a profound interest in further education runs through employees from various industries.

Tectrain - Your Partner for Sustainable Education:

At Tectrain, we view learning not only as a snapshot but as a continuous process that forms the core of every effective training strategy. It's not just about the individual; it's also about the growth of the entire company.

From identifying educational needs to concept creation, conducting training, and providing process-oriented coaching - Tectrain is your all-in-one partner. We consistently prioritize customer-centricity and tailor-made solutions. Our diverse training programs, including "Digital Leader," "School of Software (SoS)," and "Agile Leader," are designed to support both companies and individuals in the best possible way:

Digital Leaders: Creates professionals for various IT fields.

School of Software (SoS): Provides comprehensive IT knowledge for all age groups, including programming languages.

Agile Leaders: For those who want to work and lead in an agile environment. In a time when the IT sector urgently needs skilled professionals, the question is not "if," but "how" and "when" a company undergoes digital transformation. Our offerings are a crucial step toward this digital future.
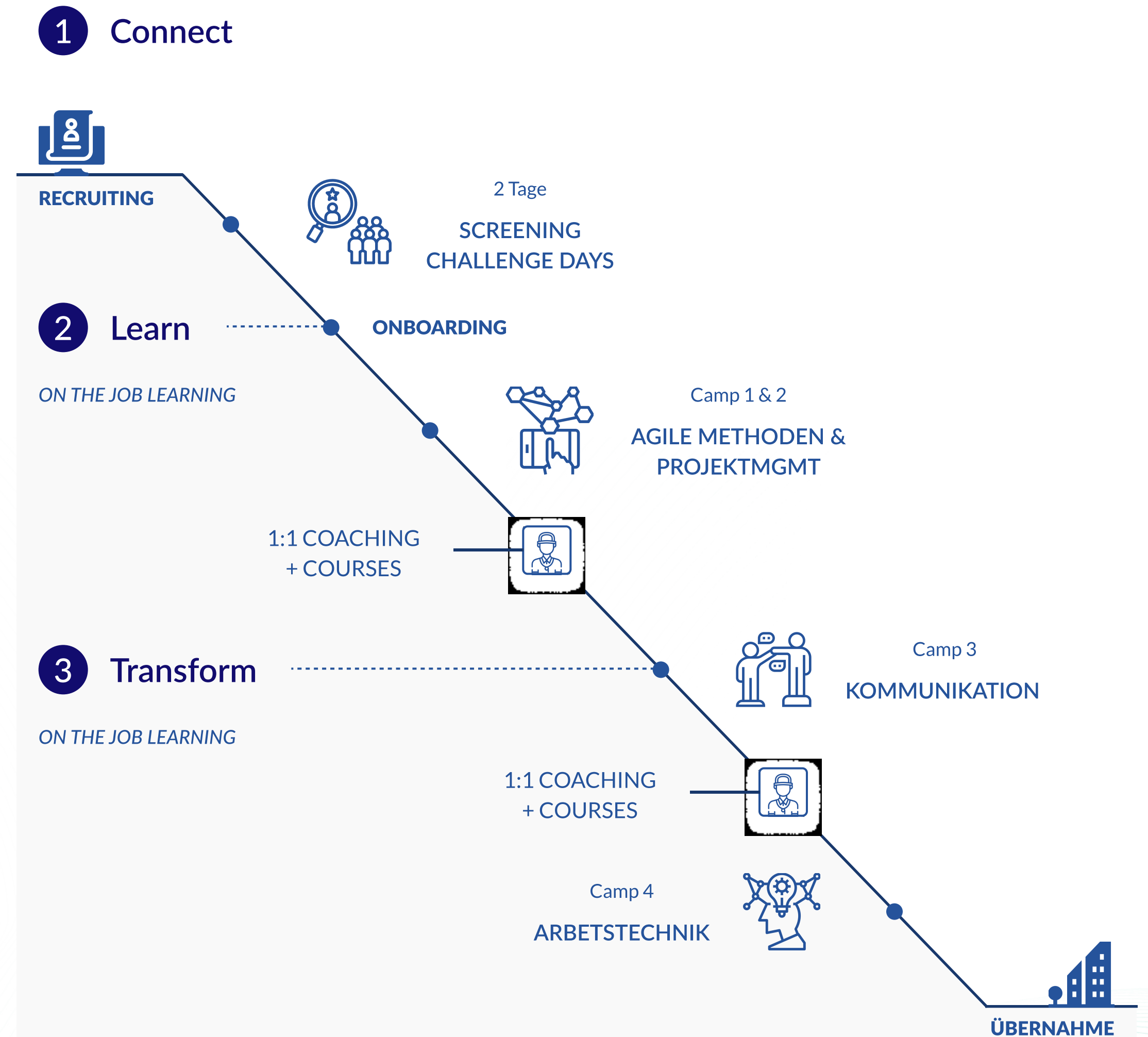
Explore our following diverse educational offerings

1. Digital Leaders

We assist companies in finding and retaining suitable candidates with our "Digital Leaders" program. The program consists of three phases.

▷ **Connect:** In this initial phase, clear goals are defined, and the company presents itself attractively in the market. Pre-selected applicants and participants interact on equal terms. Company culture plays a crucial role for future employees, as the study results show. Therefore, from the outset, we place great emphasis on how the company appears to candidates, and even in case of rejection, these candidates should maintain a positive overall impression of the company.

▷ **Learn:** The second phase is a 12-month learning journey. We emphasize clear structures, and the program supports establishing a structured learning culture. During this time, both soft skills and technical skills are taught. Participants receive certificates upon completion of workshops such as SAFe for Teams, ISAQB, and IREB, preparing them for work in the company.

▷ **Transform:** The third and final phase focuses on integrating participants into the company. The goal of this phase is to promote open company-wide collaboration and integrate participants seamlessly into the company's structures.
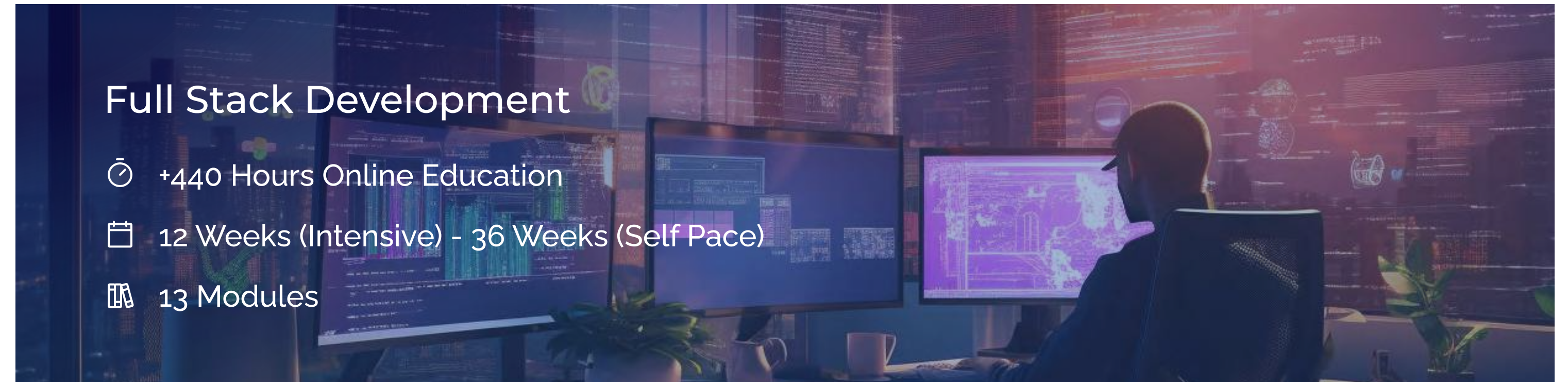
1 Connect

RECRUITING

2 Tage
SCREENING
CHALLENGE DAYS

2 Learn

ON THE JOB LEARNING

ONBOARDING

Camp 1 & 2
AGILE METHODEN &
PROJEKTMGMT

1:1 COACHING
+ COURSES

3 Transform

ON THE JOB LEARNING

Camp 3
KOMMUNIKATION

1:1 COACHING
+ COURSES

Camp 4
ARBETSTECHNIK

ÜBERNAHME

2. School of Software Engineering

Another solution approach developed by Tectrain to counteract the skilled labor shortage is our "School of Software Engineering" program. Upon successful completion, graduates receive certifications in frontend, backend, and full-stack development. The program includes practical projects, individual support, and training to enhance participants' skills and knowledge.

The course schedule includes evening and weekend hours to accommodate both working and freelance participants. Tectrain also plans future growth with more trainers and offers comprehensive education tailored to the needs of beginners and experienced developers.

Upon completing the courses, participants receive over a dozen recognized certificates. Tectrain's goal is to deliver solid results and prepare participants for job interviews. In a short period, individuals have the opportunity to reorient and specialize to prove themselves as recognized experts in the market.

Full Stack Development

- +440 Hours Online Education
- 12 Weeks (Intensive) - 36 Weeks (Self Pace)
- 13 Modules

Front-End Development

- +270 Hours
- 24 Weeks (Intensive) - 36 Weeks (Self Pace)
- 7 Modules

Back-End Development

- +170 Hours
- 24 Weeks (Intensive) - 36 Weeks (Self Pace)
- 6 Modules

3. Agile Leaders

A third solution approach we offer pertains to our Agility training, which aims to impart the principles, methods, and tools of agility to participants, enhancing their ability to work agilely. Agility refers to an organization's ability to adapt quickly to changes, effectively respond to new requirements, and remain flexible. This training is typically offered in the form of workshops, seminars, or certifications, targeting executives, project managers, team leaders, and other professionals working in agile environments or seeking to make their organizations more agile.

The specific goals of our Agility training can vary based on context and individual participant needs. Potential goals include deepening understanding of agile principles and values, learning agile methods and tools, promoting agile practices in teams, enhancing efficiency and productivity, improving innovation capability, or establishing an agile corporate culture.

Through Agility training, participants are empowered to apply the principles and techniques of agility to their individual work situations, thereby harnessing the benefits of agile work. These benefits can include faster time-to-market, higher customer satisfaction, improved collaboration, and flexibility in the face of changing circumstances.

Author's Commentary

In a time where the working world is continuously changing and the demands of employees are constantly rising, it is of crucial importance to engage with the diverse needs of different generations. This study, which explored the factors of employee retention, has shown that offering superficial incentives is no longer sufficient.

The findings of our study underscore that now, more than ever, it is about creating a vibrant corporate culture that allows space for personal and professional development. Flexible working hours, educational opportunities, and constructive feedback are key components for sustainable retention of skilled workers.

The impacts of the COVID-19 pandemic have further altered the dynamics of the job market and redefined expectations for employers. This change will be noticeable for a long time to come and calls for an adaptable and forward-looking approach.

I hope that this study has provided you with valuable insights and encourages you to take actions to strengthen employee retention within your company. The future of work lies in the hands of those who understand their employees' needs and respond to them.

Do you have any remaining questions or would you like to receive more information? We are at your service to clarify all your concerns and accompany you on your journey towards sustainable employee retention.

tectrain.ch

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Clara Brinkmann, holds a dual master's degree in Health Psychology and Cognitive Science and Decision Processes from Maastricht University, Netherlands, and the University of Milan. Since completing her studies, she has been working as a Business Developer at Tectrain Academy, with a particular focus on the field of market research.

Linkedin

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Skills Shortage

Thanks for your time.
We hope this case study will help you.