The Adecco Group: Measuring skills for the future

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Introduction

The Adecco Group is one of the world's leading talent solutions and advisory companies, with 38,000 full-time employees across 60 countries helping 3.5 million people with their careers each year. "People" metrics are therefore core to the business. The company is a firm advocate of the Forum's Stakeholder Capitalism Metrics, describing them as "grounded in reality" and "driven by people who actually have to work on them and know the challenges". This case study gives the perspective of Karin Reiter, Global Head of ESG/Sustainability for the Adecco Group, on the added value that focusing on metrics related to upskilling and reskilling is bringing to her business.

Key takeaways

- Reskilling is vital for long-term employability and can drive higher earning potential
- Reskilling is equally vital to help employers retain talent and recalibrate for future challenges
- Metrics on reskilling enable Adecco to demonstrate success and credibility in the marketplace
- Many corporate commitments to upskilling are hard to believe – it's important to define what does and does not constitute upskilling and reskilling
- Data privacy and data consistency are also essential challenges
- The Adecco Group engaged with a huge number of stakeholders to identify the right metrics and source the data – including privacy experts on diversity data, finance leaders to advise on potential proxy metrics, investor relations professionals to understand shareholders' demands and auditors to advise on creating assurable processes
- Reskilling metrics enable the Adecco Group to quantify its impact on the United Nations Sustainable Development Goals (SDGs), particularly Goal 4 on lifelong learning and Goal 8 on decent work – allowing the company to tell a story of hope that goes beyond just profits
- Karin Reiter warns against information overload, saying it is important to prioritize what is material over blanket reporting standardization across industries: "We won't prioritize action on measuring a metric that is not material"
- Companies new to the metrics should conduct thorough readiness-mapping to establish what is material, determine priorities and set out a timeline for disclosure
- Standard-setters should maintain close dialogue with businesses (e.g. through industry associations) to identify the most material metrics and frame them in a way that doesn't overwhelm companies with complexity or unrealistic deadlines

Rationale for reporting: why focus on skilling?

As a talent advisory and solutions company, the Adecco Group views "people" metrics encompassing upskilling and reskilling as a clear strategic priority and a core metric for its industry. Skilling is vital for long-term employability and affects not only whether you can access the labour market but also whether you can stay in it. Employability has knock-on effects for the employee in terms of higher earning potential and potentially fewer and/or shorter periods of unemployment. But it also has positive impacts for the employer, such as higher performance and greater talent retention.

Skills for the future relate both to the Adecco Group's employees and to the associates it places with its clients. "We not only want to find jobs for people, but enable their sustainable and lifelong employability," explains Reiter. The drivers for prioritizing this metric are internal and external. Internally, data on skilling provides visibility on gaps in company capacity and helps frame strategic goals. Externally, as a talent-acquisition business, the Adecco Group wants to demonstrate to clients how it is adding value in this space. "Investors are also asking questions," says Reiter, adding, "we can use this data as a proof point of success – it creates credibility around our commitments."

Challenges in gathering the data

The first challenge is to define what is meant by upskilling and reskilling. Is it determined by the duration of the training or whether it leads to a certificate or even a new job? Do onboarding or standard trainings such as health and safety count? Do webinars carry the same weight as an apprenticeship? If the same person does multiple trainings in one year, do they all count separately? The Adecco Group engaged a wide range of stakeholders across the organization to agree on a detailed definition, then wrote a whole booklet to ensure a common understanding. Onboarding didn't make the cut.

> **So many companies have made commitments to upskilling with incredible numbers – but are they credible?**
>
> Karin Reiter, Global Head, ESG/Sustainability, The Adecco Group

Framing a clear definition is a vital step towards creating a process for gathering data that can be assured by a third-party auditor. This can prove challenging for a global organization such as the Adecco Group, some of whose 5,000 branch offices have to capture this data manually. Each branch works with a large number of different clients, so a clear framework is needed to identify data owners. For particularly sensitive topics such as diversity, data privacy concerns need to be addressed, as the types of data that may be collected vary from one jurisdiction to another. Consistency is a major challenge, as each country can have different definitions of ethnicity, young or mature workers, long-term unemployed and so on.

Initiatives to upskill and reskill people are not just about strengthening their employability but also about supporting organizations with the right skills to enable them to succeed in the long term. The green transition is a case in point. "What does achieving net zero mean from a talent perspective?" asks Reiter, and "How do we support people considered to be working in jobs that going forward we may no longer consider to be sustainable?" Upskilling for a low-carbon future carries huge potential value and could require a separate metric of its own. Take large-scale furniture-makers, for example. To save on raw materials and ensure circularity, they need to start renting, repairing and recycling their furniture. Does that mean their base managers and carpenters are working in green jobs, with green skills?

Solutions: finding the right data means engaging the right partners

The Adecco Group found that it needed to engage with a broad range of stakeholders to find the right data, which could in turn inform the right strategies and decisions. To be able to disaggregate data by categories of diversity over time, Adecco first had to understand what data could be captured and for which purposes, given the constraints imposed by national legislation on the kinds of information that can be tracked. For this, the company involved its data privacy officers in each of the 60 countries in which it operates. It also used its membership in organizations such as the European Network Against Racism's Equal@Work platform to benefit from existing guidelines and advice on how best to track the diversity dimension in the talent sphere and to identify gaps requiring further action.

Moreover, the company engaged finance leaders from within the company to explore opportunities to track the impacts of skilling in terms of revenue. Sometimes, simply capturing the number of people trained is not possible or fails to deliver the right data. In these situations, revenue may act as a proxy metric. However, skilled partners are needed to develop the right methodologies. "We looked at not just who owns the data but what skill sets we need in that working group to ensure credible data," says Reiter.

It is important to understand the expectations of external stakeholders, especially investors, on the types of data they require and at what level of detail to meet their own information needs. Another important set of constituents the company consulted were external auditors, to explore how best to generate and deliver credible data that could ultimately be ready for limited assurance. To do this requires creating meaningful definitions, methodologies and governance structures to track the data at the right frequency, with the right controls, undertaken by people with knowledge of the process.

> **You can't just have sustainability people focused on the qualitative side – you also need that auditor mindset and skill set of how you build measurement and control frameworks that would withstand an external audit.**
>
> Karin Reiter

Impact, learning and advice

The narrative power of metrics to tell a story of hope

The Adecco Group's work on metrics for skilling has come at an opportune moment, helping the company to accelerate its work on measuring progress in creating the social value that is at the core of its business. "We were already going through the process of strengthening our non-financial reporting and how it supports our strategic thinking," explains Reiter, "but now we are better able to map these metrics and incorporate them into our business scorecards."

Part of the strategic importance of metrics such as measuring upskilling and reskilling is their impact on sustainable development. "We are now better able to highlight the holistic value creation of our business beyond its financial value," says Reiter, adding, "we are not just looking at value from the revenue perspective but also from the people side." The Adecco Group also values such metrics for their narrative power – the company is all about "people first" and these metrics help tell a story of enabling people's lifelong employability and fulfilment, not simply one of profitability.

Reiter cites the SDGs, particularly Goal 4 on quality education and lifelong learning, and Goal 8 on sustainable economic growth and decent work. While the SDGs are largely directed at governments, the private sector has an important role to play in achieving them. "What we're trying to enable is people's access to livelihoods, so they can sustain their families, thrive and build resilience for the future," says Reiter. Many of the people that the Adecco Group finds work for were not in employment and many of them stay in the labour market thereafter.

Advice for fellow practitioners: prioritize and set a timeline to disclosure

Reiter is quick to warn of the risks of information overload. "External stakeholders tend to want to know everything," she says, "but we want to focus on data that can serve strategic decision-making, because the organizational effort for each metric is huge." The focus should be on enabling companies to prioritize what is material for them over blanket reporting requirements across sectors and trying to capture anything and everything. Companies need to find a balance between the demands of transparency and being able to report against – and act on – strategic and material data points.

The Adecco Group has identified the most immediate drivers and supporting metrics that will help determine success for each of its sustainability goals. “We are focused on getting these select metrics right first, which means gathering the data holistically, accurately, comprehensively and consistently,” says Reiter.

> **I appreciate the need for more transparency, but we must move away from random standardization across industries towards what is material. We won’t prioritize taking action on measuring a metric that is not material.**
>
> Karin Reiter

Reiter recommends that companies just starting out to report against the SCM conduct a thorough readiness-mapping procedure to create a materiality matrix, decide on KPIs, determine priorities, understand the company’s measurement maturity for each metric, identify gaps and set out a timeline for the journey towards full disclosure.

Reporting companies will also need to secure the buy-in of many different verticals and business units. Commitment from the chief executive officer (CEO) and chief financial officer (CFO) tends to be easier to secure nowadays, with so many shareholders and stakeholders (particularly corporate clients) calling for disclosures. But Reiter cautions top executives not to overwhelm middle managers, who often feel the pressure from all sides and may lack the capacity to cooperate or may not see the urgency of focusing on such issues. To get them on board, advises Reiter, it’s critical to show them what’s in it for them and how these metrics and their measurement may help them meet their own objectives.

Advice for standard-setters and regulators

While some standardization is certainly needed to ensure comparability of what is reported, standard-setters such as the ISSB must be “mindful that one size may not necessarily always fit all”. It is easy to assume that the corporate world has limitless capacity and money to generate this data, but many large companies and most SMEs could find comprehensive sustainability reporting overwhelming. “Standard-setters cannot operate in isolation,” says Reiter, adding, “they should have continuous exchanges with the business community; for example, through industry associations and with organizations at different maturity levels.”

Reiter cautions that the EU’s planned approach to mandatory sustainability reporting may not be realistic. “It’s good to be ambitious. But you can’t have a two-year timeline towards full non-financial reporting including assurance – you need time to understand all requirements, what data needs to come from where and when, before you can then collect, aggregate and ultimately assure it,” she says. And to do so takes a huge investment by the company, not just in terms of money but also of people and time.

> **We’re committed to playing our part. But we’re being overwhelmed by legislation, regulation and standards coming from all different sides, including individual client requests.**
>
> Karin Reiter

Added value of the Stakeholder Capitalism Metrics

Reiter values the multistakeholder approach that the Forum took to developing its metrics. This has resulted in a set of disclosures that to a large extent reflects the perspective of practitioners rather than simply regulators or academics. She also flags the opportunity that the process offers to continuously refine the metrics and welcomes the Forum’s willingness to enter into concrete dialogue with organizations to adapt, learn and strengthen the disclosures, saying, “It is a journey.”

> **The Stakeholder Capitalism Metrics process is being driven by people who actually have to work on it and know the challenges – it’s grounded in reality..**
>
> Karin Reiter