

## **Are returnships the answer to the current skills shortage?**

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<https://elitebusinessmagazine.co.uk/analysis/item/are-returnships-the-answer-to-the-current-skills-shortage-what-are-they-and-why-are-they-popular>

### **What are returnships and why are they popular?**

Businesses have noticed a huge change in labour trends over the last couple of years with the 'Great Resignation' and Great Reshuffle impacting employers' ability to attract and retain a highly skilled workforce. What started as an economic trend in the US, soon travelled around the globe resulting in swathes of workers leaving their jobs, taking time off, emigrating abroad or changing sectors. The increase in technology enabled 'digital nomads' to operate without boundaries; whilst others reskilled during the Covid-19 pandemic, using furlough schemes as a way to fund learning and development.

The ramifications for some businesses meant they had to refocus on a trend called 'returnships,' which originated from Goldman Sachs in the US, who trademarked the term and has been running these types of schemes since 2008. Offering professionals a chance to restart their careers after a significant break, the paid programmes offered work experience in a variety of departments which resulted in around 50% of participants going on to full-time roles.

The UK has seen an increase in returnships since around 2014, which were initially targeted at the female workforce who had taken a career break to start a family, or for other reasons, predominantly in the financial sector. Over 38% of women working in the UK hold part-time roles, compared to men where only 14% who work do so on a part-time basis<sup>i</sup>. The schemes were popular in certain sectors due to the fact that they allowed returning workers to bring a fresh perspective, as well as previous experience of working in the sector. Around 37 companies officially offered returnships last year in the UK and 90% of people on those programmes were women.

Around three in five professional women actually return to lower-skilled jobs after their career breaks, according to a report by PwC, who have also claimed the UK's GDP could be missing out on an estimated £1.6bn due to the so-called career break penalty<sup>ii</sup>. This issue has affected many sectors, not least the tech industry with the shortage of skills costing the UK economy £63 billion per year due to 600,000 jobs not being fulfilled, according to the Edge Foundation<sup>iii</sup>.

Returnships are not just devised to address gender disparity. According to Age UK, there are 3.5 million unemployed among the over 50s<sup>iv</sup> which is why the UK government announced a new 'returnship' (a previous scheme was also outlined in 2017) apprenticeship-style programme in the 2023 Spring Budget.

### **Some of the companies that have embraced returnships**

Several high-profile organisations have returnships, such as Amazon Web Services' (AWS) Returners, LEAP at Microsoft, REACH at LinkedIn or Recharge at PayPal. Other organisations such as Dell Technologies offer 'ReStart Returnships,' where participants engage in a 16-week paid programme that provides training, professional development, and support in transitioning back into the workforce. Boeing provide 'The Return Flight Experience,' which has roles in either engineering, IT, HR, finance or supply chain. These roles offer flexible work options, as well as skills-based hiring methods. Credit Suisse also offer a 'Real Returns programme,' which is designed to re-engage experienced professionals who have taken a career break through a paid employment program facilitating a transition back into financial services.

### **What are the benefits of returnships?**

It takes businesses time to develop new staff into the culture and working of a sector, and returners will already have the necessary skills as well as previous experience that can cost a business their time to develop new recruits. This enables organisations to access qualified, capable, senior-level professionals who may not otherwise have been on their recruitment radar, and who come laden with previous experience, solid skill sets, and familiarity with workplace expectations. They usually have a

great foundation of behaviour and experience that may only need cursory training to update their knowledge on developments around sectorial changes and revolutions in technology. They can also bring with them an abundance of soft skills into the business, due to their experiences outside of the workplace where they may have spent time as parents or carers which has developed their skills around leadership, multitasking, organisation and time management.

Returnships also increase the opportunities for those that have had career breaks to take on more senior jobs, rather than having to settle for lower-paid jobs that do not reflect their potential.

The Chartered Institute of Personnel and Development (CIPD) estimates the average cost of filling a vacancy, including labour costs, is £1,500. For a manager role, these figures rise to £3,000<sup>v</sup>. Therefore, businesses invest a lot in finding great people and should maximise the return on their initial investment by encouraging workers to return when they feel ready to.

There are accusations that returnships are a plaster on a gaping wound that does not address the real issue of why employees feel inclined to leave their jobs, rather than motivated to stay, especially women and other underrepresented groups in the workforce. The stigma attached to those taking career breaks is also an issue that needs to be addressed, which was highlighted by a study reported in Forbes that showcased recruiters and hiring managers viewed an applicant with a gap of more than two years as more difficult to place than an applicant with a criminal record<sup>vi</sup>.

Ultimately, well-executed returnships can be a win-win for both businesses as well as employees, but finding the best talent for the right roles has and always will be a constant challenge. Returnships are not the solution for this eternal problem. But, increasing the number of returners programmes, strengthening the talent pipeline and increasing the probability of more underrepresented workers in higher paid jobs as part of a holistic recruitment strategy will be.

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### About Dr Jonathan Lord

Dr Jonathan Lord is a Senior Lecturer in Human Resource Management and Employment Law at the University of Salford Business School.

Dr Lord previously worked as a HR Director, Manager and Consultant across a range of sectors, including the transport and construction industries, while also having experience carrying out HR projects within the public and voluntary sectors.

In addition, he is a Chartered Fellow of the Chartered Institute of Personnel and Development (CIPD), a Fellow of the Higher Education Academy, as well as a Member of the British Academy of Management and Industrial Law Society.

His specialist research area focuses on labour law, particularly how this is governed as well as how the protection of workers has developed through history. He has also extensively researched employment tribunals and their importance within the employment relationship.

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<sup>i</sup> <https://researchbriefings.files.parliament.uk/documents/SN06838/SN06838.pdf>

<sup>ii</sup> <https://www.pwc.co.uk/economic-services/women-returners/pwc-research-women-returners-nov-2016.pdf>

<sup>iii</sup> <https://www.edge.co.uk/news-and-events/news/600000-tech-job-vacancies-costing-uk-economy-63-billion-a-year/>

<sup>iv</sup> <https://www.ageuk.org.uk/latest-press/articles/2023/3.5-million-people-aged-50-64-are-out-of-the-workforce-many-of-them-in-poor-health-and-with-few-savings-by-the-time-they-reach-state-pension-age>

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<sup>v</sup> [https://www.cipd.co.uk/Images/resourcing-and-talent-planning-report-2022-1\\_tcm18-111500.pdf](https://www.cipd.co.uk/Images/resourcing-and-talent-planning-report-2022-1_tcm18-111500.pdf)

<sup>vi</sup> <https://www.forbes.com/sites/susanadams/2012/09/18/new-study-long-term-unemployment-viewed-by-hiring-companies-as-worse-than-a-criminal-record/?sh=33e8e249118c>