Skills disruption in the digital age. How could HR tackle it?
## 2022 Skills Outlook

<table>
<thead>
<tr>
<th></th>
<th>Growing</th>
<th>Declining</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Analytical thinking and innovation</td>
<td>Manual dexterity, endurance and precision</td>
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<tr>
<td>2</td>
<td>Active learning and learning strategies</td>
<td>Memory, verbal, auditory and spatial abilities</td>
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<td>3</td>
<td>Creativity, originality and initiative</td>
<td>Management of financial, material resources</td>
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<td>4</td>
<td>Technology design and programming</td>
<td>Technology installation and maintenance</td>
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<tr>
<td>5</td>
<td>Critical thinking and analysis</td>
<td>Reading, writing, math and active listening</td>
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<td>6</td>
<td>Complex problem-solving</td>
<td>Management of personnel</td>
</tr>
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<td>7</td>
<td>Leadership and social influence</td>
<td>Quality control and safety awareness</td>
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<td>8</td>
<td>Emotional intelligence</td>
<td>Coordination and time management</td>
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<tr>
<td>9</td>
<td>Reasoning, problem-solving and ideation</td>
<td>Visual, auditory and speech abilities</td>
</tr>
<tr>
<td>10</td>
<td>Systems analysis and evaluation</td>
<td>Technology use, monitoring and control</td>
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Availability of key skills resonates to CEOs more than ever

79% of CEOs worry about the availability of Key Skills – it’s a “top3” concern for them

Source: PwC, 22nd Annual Global CEO Survey; PwC, Talent trends 2019
*Note: 2019 was the first year CEOs were asked about ‘policy uncertainty’ and ‘trade conflicts’ Base: All respondents (2019=1,378; 2018=1,293)
A lack of skills impacts business performance & innovation and pushes up people costs

What impact is ‘availability of key skills’ having on your organisation’s growth prospects? (Asked of those respondents ‘extremely concerned’ about availability of key skills.)

Source: PwC, 22nd Annual Global CEO Survey
Base: Global = 473
**New skills for a new digital world**

**Jobs will change significantly in the next 15-20 years.**
- 14% Completely automated
- 32% Change significantly

**6 out of 10 adults lack basic ICT skills or have no computer experience.**

**53%**
of workers believe automation will significantly change or make their job obsolete within the next ten years.

**77%**
of adults would learn new skills now or completely retrain to improve their future employability.

Source: OECD – Future of work
PwC – New world. New skills.
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Significant retraining/upskilling among the efforts to close the skills gap

<table>
<thead>
<tr>
<th>Region</th>
<th>Changing composition of workforce between permanent and contingent</th>
<th>Hiring from competitors</th>
<th>Establishing a strong pipeline direct from education</th>
<th>Hiring from outside my industry</th>
<th>Significant retraining/upskilling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>5</td>
<td>14</td>
<td>10</td>
<td>18</td>
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<td>Latin America</td>
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<td>19</td>
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<td>Middle East Asia-Pacific</td>
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<td>Western Europe</td>
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<td>CEE</td>
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<tr>
<td>North America</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: PwC’s 22nd Annual Global CEO Survey
Aging population – Another challenge

The aging of baby boomers (born 1946-1964) implies that older people are projected to outnumber children by 2050.

Source: Eurostat 2019
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The NEET – A potential untapped workforce

Not in employment...
Not in education...
Not in training...

In 2015, Eurofound estimated the loss of European economies resulting from missed benefits and forgone earnings and taxes to be around €142 billion a year

Source: Eurostat 2019, European Foundation for the Improvement of Living and Working Conditions (Eurofound)
How do we define upskilling

“Providing a set of new knowledge, qualifications and skills (KQS) to enter into a new/transformed function”

**Scope of employees concerned (100%)**

**TRANSVERSAL KNOWLEDGE**

- Upskill everybody with a **foundational level** (a few hours a week/days per year)

**DEEP KNOWLEDGE**

- Upskill a specific number of employees with a **deeper knowledge level** (20 days to 3 months full-time training)
  - Job the most impacted
  - Job that will disappear
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The financial case behind upskilling vs. firing/hiring

**The cost of firing > upskilling**
- Employment at risk
  - Upskilling: Through training within current job. Approx. cost: €30K
  - Approx. Savings: €170K

**The cost of hiring > upskilling**
- Recruitment
  - Additional cost: €10K
  - Including recruitment costs, loss of company revenues and loss of government revenues

**Social Plan**
- After employee lost job.
  - Approx. cost for company: €100K

**New Position**
- Within the same company or new job at another company

**Reintegration**
- Through training while being unemployed.
  - Approx. cost for state: €100K

**Financial case for Luxembourg specific context**

**Upskilling**
- Investment in upskilling: Approx. cost: €30K
  - Approx. Savings: €80K
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An innovative approach for upskilling – **Skills Expander**

**Step 1:** Analyse & define the Upskilling initiative
Preparatory steps: budget, scope, precision, stakeholder engagement plan

**Step 2:** Define the Future Workforce taking into account the impact of the digitalisation and automation
Accompaniment by a strategic consultant, Workforce Planning

**Step 3:** Assess current competencies of impacted employees
Accompaniment by a personal advisor, evaluation with AI-tools

**Step 4:** Find the best possible job and training match for the impacted employees, either internally or externally
Job-matching and job-suggestion tools taking into account vacancies and the skills gap towards new job

**Step 5:** Train the new competencies to be best prepared for the new challenge
Definition of technical, transversal, digital needs and elaboration of a training plan for each employee

**Step 6:** Monitor, evaluate & improve policy (transversal)
Communication, improvement, alignment, ROI
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Skills Expander Ecosystem
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Skills Expander – Different business models

### Corporate solution
- Objectives:
  - Proactive response to face the impact of transformation
  - Competitiveness
  - Inclusion of the employees
  - Methodological and technical expert assistance
  - Retention of know-how and experience
  - Access to newly qualified staff
- National programme for:
  - Single corporates & organisations

### Government solution
- Objectives:
  - Develop a common national strategy
  - Support mechanism to aid in the upskilling of the national workforce
  - Assist companies’ in their response to the digital transformation
- National programme for:
  - Companies
  - Migrants upskilling
  - NEETs upskilling

### Multi-companies solution
- Objectives:
  - Develop a common strategy
  - Build up a mechanism to aid in the upskilling of the workforce in the sector/industry
  - Share and coordinate efforts
- Sectorial upskilling (SMEs, automotive)
- Regional upskilling
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Advantages for the employee

- Comprehensive overview / assessment of the employee’s skills, motivation and interests
- Individual guidance through the upskilling process by certified personal advisors
- Quality assurance of the trainings selected (recognized certifications)
- Acquisition of new professional skills
- Employability
- Matching of the employee’s skills assessment with new employment opportunities (internal or external)
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Advantages for the company

- **Proactive response to the impact** the introduction of new technologies will have on workforce planning
- **Positive image both external (social innovation) and internal (positive impact on internal working climate)**
- **Better understanding / overview of the skills, motivations and interests of the employees**
- **Methodological and technical expert assistance** throughout the upskilling journey
- **Inclusion of the employees** into the transformation process
- **Retention** of know-how and experience within the company

*Competitiveness*