



**Future
for Work**
institute



EY Building a better
working world

Spanish companies **and the reskilling revolution**

September 2020.



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EY España & Future for Work Institute

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Introduction

Even before COVID-19 dramatically altered our lives, and in many cases, our jobs, companies, governments and other institutions were becoming aware of the need to set up mechanisms to ensure that those at risk of losing their jobs due to new technological breakthroughs and other changes in the labor landscape might acquire new skills and thus secure their longevity in the workforce.

In 2018, the World Economic Forum warned that nearly half of all basic workplace skills would undergo change in the years to come. Meanwhile, a new demand was said to be on the rise for skills and expertise that are not yet common in the workforce nor are they likely to be so in the near future if education systems and organizations' people management approaches are not updated. It made it clear that, against this backdrop, public and private sector leaders should prepare to step up to the challenge and make bold decisions aimed at equipping people with the necessary skills to remain employable and productive in tomorrow's workplace.

At that time, very few foresaw a pandemic looming on the horizon with the potential to brutally upend the job market and in turn intensify this challenge and shorten the timeline available to face it. Indeed, the how, where and when of many people's work changed overnight. To make matters worse, there is a high likelihood that pandemic-driven shifts in consumer habits will lead to notable short-term changes in the employment sector, with a steep drop in demand for certain jobs and a rise in that of others.

In light of the above, we made it our mission to analyze Spanish companies' outlook on this challenge, their plans to overcome it and the factors that will determine their success. In June 2020 we surveyed the HR directors of 54 Spanish companies, asking questions about how they foresee employment demand in the short and medium terms, what actions they have planned to meet their workers' professional reskilling needs and, lastly, what they need from other stakeholders, such as governments and administrations, educational institutions, and employees and their representatives, to bring these plans to fruition.

The survey results are included in this report, which provides an overview of certain job market trends pointing to employees' professional reskilling as a priority challenge for today's companies, workers and society as a whole. This document is not solely intended for descriptive purposes, but rather as a tool to be used to achieve this transformation. It therefore concludes with a number of recommended actions aimed at different key players, namely companies, workers, and governments and public administrations, all of whose involvement will be vital if we are to successfully overcome this unprecedented predicament we are currently facing.

10 solid ideas

1

Employee reskilling will be one of employers' highest HR-related priorities when the pandemic is over. Occupational health and safety and teleworking also rank at the top, although businesses expect their priorities in these areas to radically change once the health crisis is under control. Apart from employee reskilling, other priorities will include strategic workforce planning, the honing of leadership skills and new ways of working.

Companies were already in need of workers with new skill sets prior to the coronavirus outbreak, which only accentuated the issue. The factors that will determine what skills companies will require from their employees in the coming years include, in the following order, advances in technology, new client/consumer preferences, updated business models, diversified products and services, and changes in organizational structures and ways of working

2.

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The professional profiles that companies are keenest to find have remained relatively the same. According to most companies, the professional profiles expected to see the sharpest spike in demand between now and 2022 include information and communication technology professionals and those with science and engineering backgrounds. In contrast, the careers facing the steepest drop in demand over the same period are led by administrative and office staff.

As regards education and training, companies stated that demand for the following qualifications would see the steepest growth over the same period: advanced professional training, a bachelor's degree plus a master's degree, a bachelor's degree alone, intermediate vocational training and, finally, a PhD. The fact that advanced professional training and postgraduate studies top the list reflects a trend towards the search for individuals with greater specialization.

4.

5.

Companies face increasingly complex problems and need staff to help work through them. This is why they are especially keen on finding individuals with certain cognitive and soft skills. These include creativity; the ability to gather, assess and analyze information; teamwork, and proficiency in training or coaching. It is interesting to note that software programming ranks only sixth on the list. When asked about the skills they expected to become increasingly less attractive, most companies mentioned the ability to carry out repetitive, standard tasks and those requiring brute strength, as well the operation of tools and mechanical equipment.

6

Companies are aware that the skills they need from their workers are difficult to find and teach. In this regard, it is rather revealing that the skills expected to show the greatest rise in demand between now and 2022 (see above) are also those considered the hardest to come by in the market and the toughest for employees to develop. In contrast, companies tend to view software programming as more easily developed and therefore more readily available on the market.

Employers consider the most effective reskilling practices to be paired or peer-to-peer learning programs, internal training programs, awareness-raising among workers of changes in the world of work and what that means for their employability, leadership training to create role models and, finally, job rotations. Internal training programs aside, the above practices are among the least consolidated in organizations, although they will be the focus for the upcoming year. The fact that companies barely mention institutional academic training courses as the most efficient way to reskill their workers is also cause for attention.

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Employers stated that the main issues keeping workers from acquiring the skills they need are, above all, a lack of awareness and sense of urgency and a lack of curiosity and eagerness to learn. Even so, and despite the fact that companies rank awareness campaigns aimed at educating employees on changes in the world of work and employability among the topmost successful reskilling activities, these are among the least prominent actions actually taken, except in larger organizations.

According to the companies surveyed, the responsibility of reskilling falls to both individuals and companies. Four out of five employers stated that companies and individuals were among the top three parties responsible for overcoming the skill shortages that companies should expect to face between now and 2022. In this regard, foreign parent and larger companies tend to place the burden on themselves, while Spanish and smaller companies are more likely to place it the individual.

10.

Companies insist that the other stakeholders involved (governments and administrations, workers' representatives and academic institutions) must attempt to gain a better understanding of companies' specific present-day needs and come up with suitable solutions. More specifically, they expect governments and administrations to provide incentives for employee training and reskilling (to foster mobility); they expect trade unions to help them raise employee awareness of the importance of training and having a proactive attitude towards learning; and they expect academic institutions to tailor their programs to current job market trends.



What is
reskilling?

In recent years, the term “reskilling” has become a common buzzword among company training experts, as well as in education, career counseling, the general job market and employment policies. But what is reskilling exactly?

Occasionally, a distinction is made between two similar concepts: reskilling and upskilling. When this is the case, the former is used to describe the acquisition of new skills and abilities that prepare an individual for a different job. The latter then refers to the acquisition of new skills that enhance an individual’s performance at their current job, but from a different approach due to changes in technology, ways of working or other circumstances. However, the term reskilling is also used in a much broader sense, encompassing the acquisition of skills to switch jobs (reskilling, strictly speaking) or the development of new skills in order to perform the same job in a different way or with other means (upskilling). The term reskilling is used herein in the broadest sense possible.

Overall, we will discuss the process whereby workers acquire the necessary skills to be able to maintain or increase their employment opportunities. Thus, discussions of reskilling basically focus on employability, a quality which is highly valued by employees as well as their employers, as the workplace is currently undergoing deep-rooted yet rapid transformation both in terms of supply and demand.

Changing *demands in the labor market*

In terms of demand, the skills companies look for in people today are not the same as in the past. The reasons are varied, with technological advances standing out.

On one side of the coin, technology change is fast-paced, making professional profiles directly immersed in the process of technological innovation and transformation, such as engineers and software developers, more attractive to companies. On the other we have automation, which removes the need for employees to perform tasks that can be done by machines or software. Automation exerts another effect on labor demand, one that is often overlooked: as machines take over the simplest and most routine tasks, humans are left to handle the more complex ones, the performance of which varies more greatly than in the case of simpler tasks. Another by-product of automation is the fact that companies now need staff who are able to perform and resolve increasingly complex tasks and problems, in a context in which competitiveness hinges more than ever on their people being able to outperform those of the competition.

Another effect of technology on work demand is that companies now seek out employees who are able to navigate today's increasingly digitalized world, meaning prospective hires will be expected to have at least a basic set of digital skills. This not only encompasses proficiency in the use of hardware and software, but also the discernment to single out solutions that best suit any given need; the ability to gather, assess and analyze existing data and to create and share new data; a passive and active proficiency in internet-enhanced communication outlets, such as videos and infographics; the ability to critically and selectively weed through the many sources of information competing for our attention, as well as to transform this reliable information into knowledge; and the ability to display certain behaviors that make it possible to live and work in a world in which real and virtual environments often blur together.

Advances in technology also affect demands in the workforce as new products, services and models are made available. In some cases, products are completely cutting edge, while in others, existing products and services are given major upgrades thanks to technology. The majority of services offered on job portals serve as an example. These novel products, services and business models are responsible for the surge in new job profiles, some of which require high-level expertise or familiarity with certain emerging technologies, as well as the creation of new, less-qualified roles, such as riders who work for home delivery platforms.

Meanwhile, updates in technology (chiefly in the field of information and communication technologies) have also permitted companies to adapt and update their organizational approaches, tailoring them to meet the challenges faced by most companies in today's complex, unpredictable environment. The above trend means an increasingly extended use of organizational structures which are dissimilar to other, more traditional hierarchies (i.e. network organizations) and novel ways of working (i.e. "agile methodologies") which also affect job market demands. Indeed, in order to work, these novel organizational models require talent with specific skills (proactivity, creativity, collaboration, curiosity, etc.) as well as new types of leadership.

Not all demand-related job market shifts are a result of technology-driven change, however. A sizable number of new professions in the job market and varying demand for existing professional profiles are tied to social sensibilities and, therefore, to consumer preferences. Such changes may be related with climate change, demographic shifts, our recent focus on health-related matters, social inequality, or the current economic crisis and its effect on consumers' purchasing power.

Changing *supplies in the labor market*

A transformation is underway in what companies are looking for in the labor market, indeed, but also in what is out there and available to them. As we have seen happen with the demand for labor, supply-related changes often go hand in hand with advances in technology.

Although the general consensus is that automation affects tasks rather than jobs, we must not turn a blind eye to technological unemployment, as it will likely grow as we reach new breakthroughs in artificial intelligence. Redundancies and job insecurity are bound to rise exponentially as tasks once performed by humans are taken over by algorithms. Likewise, the breakneck speed with which technology is moving forward is making it difficult for companies to find the skilled staff they need to take full advantage of new innovations. This scenario becomes even bleaker if we consider the digital divide, which tends to have a greater impact on the less privileged sectors of the labor market. In a world in which digitalization is increasingly prevalent, the divide could widen and thus exacerbate the lack of equality already burdening these groups. The scant prominence of women in technology-related fields is also an evident issue.

Demography is another factor related to changes in job market supply. Topping the list of issues is the aging population, a consequence of lengthened life expectancies and dropping birth rates. This trend, which is hitting Spain especially hard, increases the average age of people still active in the workforce or seeking jobs. Also inflaming this trend are measures to delay the retirement age introduced in countries such as Spain, in an attempt to lighten the burden being shouldered by the public pension system.

Migratory movement is another piece of the demographic puzzle directly affecting job market supply. In Spain, the rate of natural increase (the difference between the crude death rate and the crude birth rate of a given region), has been negative since 2015. Hence, Spanish population growth (nearly 400,000 in 2019) is solely and exclusively the result of a positive migratory balance. As a result, Spain's active population comprises an increasing number of individuals born in other countries, creating complex challenges ranging from integrating people from other cultures into the workplace to the daunting process of officially recognizing immigrants' qualifications and professional experience.

Job market globalization, ever on the rise, is also affecting supply trends, specifically when it comes to digital jobs, which are emerging at an increasingly rate and can be performed remotely thanks to today's information and communication technologies. These modern advances enable companies to hire professionals living in other countries, in many cases at rates which are lower than those available locally. Meanwhile, individuals have more opportunities to work with foreign employers, be they full-time jobs or a complement to their local income. In other words, by working online, professionals and employers alike have a wider range of choices.

A discussion of job market supply must also pay heed to education, which is still a serious issue in Spain. Insofar as the impact that education has on the job market, school dropout rates are higher in Spain than in nearby countries. This is aggravated by the staggering imbalance between school curricula and the knowledge and skills required by present-day companies. Another vexing conundrum is the fact that Spanish companies have difficulties in finding employees with the skills they need, while at the same time, the number of people who are overqualified for their positions is among the highest in Europe.

Finally, any analysis of labor market supply must look at changes in how people understand and relate to their jobs. Although the unemployment rate in Spain is among the highest in Europe, more and more people (especially young people) aspire to work in organizations that have values matching their own and are making a positive impact on the world. Simultaneously, the idea of staying in the same job for life seems to be a thing of the past and, as such, there is a marked increase in the number of job seekers who give serious consideration to how the experience will affect their present and future employability, apart from the salary they will be earning in the short term.



Buy or make?

Faced with this profound transition in the job market, a rising number of companies are turning their focus on strategic workforce planning, as well as on rolling out systems and procedures capable of assigning staff to certain units or projects where they can make the greatest contribution at any given time, known as “rapid talent allocation”. Whether because their employees lack the necessary expertise or because they are growing and thus need more personnel, many companies are on the lookout for candidates with the above knowledge and skills. The problem is that they end up engaged in the so-called “war for talent”, waged on an increasingly competitive landscape for recruiting professionals with the skill sets and commitment they demand. To complicate matters even further, the world of work is made up of complex and interdependent jobs, and companies have less assurance than before that the candidates they hire will achieve similar results in an organizational context that differs from their previous one.

Finding themselves in this landscape (and in some cases accepting the fact that the employability of their staff is an unavoidable aspect of social responsibility), more and more companies have made the decision to “make” this talent themselves, rather than purchasing it in the market. To do so, they try to anticipate which skills will be needed in the future, to then design employee reskilling programs which help them sharpen these skills. One key aspect of these programs lies in how they differ from traditional training programs provided in the past. As the world becomes more unpredictable and prone to rapid change, these programs no longer represent a succession of training activities designed to teach someone how to perform certain tasks. Today, the learning process is seen as continuous and never-ending, for which specific traits like curiosity, open-mindedness, adaptability and a focus on learning goals are now prerequisites that must be fostered in people who lack them.

Furthermore, reskilling is not only at the forefront of concerns for companies and employees. Governments and other institutions are also trying to come up with approaches to restore the balance between workforce supply and demand, as a scale tipped in either direction is a threat to sectoral economic development, or even to entire countries facing hardships when trying to hire the staff they need, and can aggravate job insecurity, inequality and, in turn, social instability.

Against this backdrop, institutions and citizens are starting to realize the extent to which social and labor policies fail to offset these imbalances. New ideas are necessary if we are to manage these changes and create a more sustainable future for jobs in the widest sense of the word. The above is at the crux of discussions on the need for a new social contract, as well as the profusion of reports and proposals from institutions such as the European Union, the International Labour Organization, the World Economic Forum and the Organisation for Economic Co-operation and Development.

Reskilling for the post-COVID era

This discussion has focused on the status of the job market at the outset of 2020, when the coronavirus pandemic first took hold. Since then, millions of people worldwide have lost their jobs, and the economy and employment will likely bear the marks of its impact for several years even after we overcome the health emergency. According to its most recent report on the matter, the International Labour Organization (ILO) estimates that approximately 1.25 billion professionals are in sectors at great risk of suffering a particularly “drastic and devastating” outcome as a result of this crisis. Therefore, what we are most likely to see are shifts in the sectoral makeup of the working world, with many having to learn to perform new jobs simply because demand in their fields is headed towards a nosedive.

Another effect of COVID-19 on work has been the rapid upsurge in people forced to work from home, considered by some media as “the world’s largest work-from-home experiment”. The experiment has helped reveal that working remotely is not for everyone and that to harness the potential of telework, we must first become proficient in the use of different IT tools and, above all, rid ourselves of many of our office routines as we learn to do things differently. In the same way, new leadership behaviors will now be essential. This experiment has also pulled back the curtain on the so-called “digital divide”, which is further than ever from being closed, to the particular detriment of society’s most vulnerable social groups.

The pandemic may also give companies a new outlook on the possibility offered by new technologies to automate their processes. Robots and algorithms do not fall ill or pass on disease, which might be an argument in favor of more extensive automation, with the effect on employment that such a trend would entail.

The effect of the crisis is especially worrying for the young, who are rightfully concerned about what the job market of the future will bring. Numerous companies have either postponed or reduced their hiring of student interns and new graduates, leading these individuals to readjust their career expectations. To make matters worse, the pandemic may curb their medium- and long-term employability, since education, professional/technical training programs and on-the-job training have suffered severely adverse effects. Not only could this squander young workers' professional opportunities and earning potential, but also deplete the market of qualified personnel.

This section has highlighted the job market changes that make reskilling one of the key challenges that individuals, companies and society as a whole must overcome if we hope to build a world of work that is inclusive and sustainable, or from a more selfish perspective, to ensure our own professional futures or the competitiveness of our companies. The following section analyzes Spanish companies' outlook on this challenge.

Survey *results*

Changing priorities: people management **in Spanish companies**

Employee reskilling will be one of employers' highest HR-related priorities when the pandemic is over. Although occupational health and safety and teleworking also rank at the top for most companies in 2020, they also expect their priorities in these areas to radically change once the health crisis is under control. At this time, apart from employee reskilling, other key priorities will include strategic workforce planning, the honing of leadership skills and new ways of working.

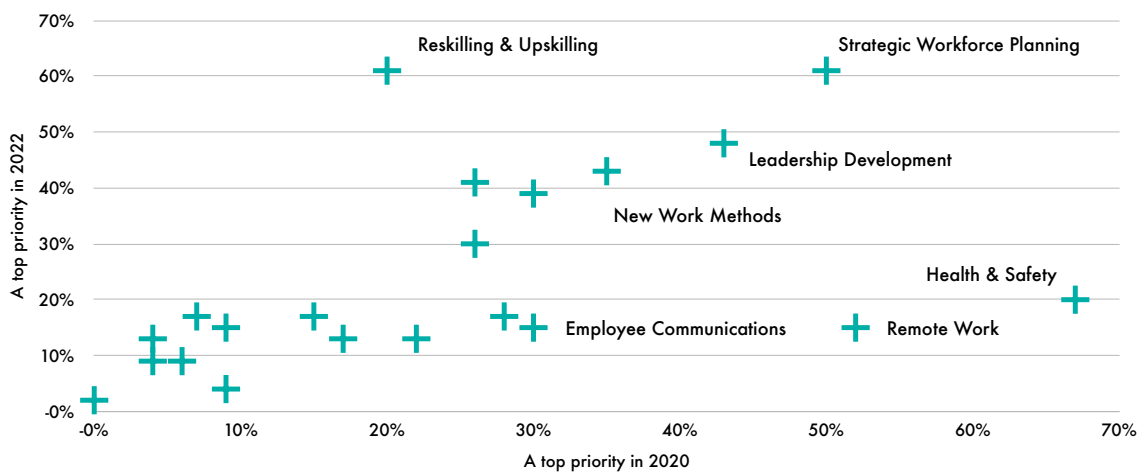
In terms of company size, the most noteworthy difference is that larger companies have a greater tendency to include strategic workforce planning and employee reskilling as chief people management priorities for 2022 when compared to their smaller-sized counterparts.

Among the matters whose priority will foreseeably change between 2020 and 2022, employee reskilling and talent attraction stand out. Respectively, these are now a priority for just 20 and 26% of companies, but by 2022 they are expected to be so for 61 and 41% of them. Other matters are likely to experience a downward trend in priority during the same period. For instance, while 67% of companies consider workplace health and safety to be a priority in 2020, this figure drops to 20% for 2022. Similarly, the percentage of companies prioritizing remote work drops from 52 to 15%, while communicating with employees drops from 30 to 15%.

Matters considered priority will foreseeably change between 2020 and 2022, and include: *reskilling* employees, originally a priority for just 20% of firms, now stands at 61%, while attracting talent was considered important for 26%, having risen to 41%. Those deemed less important priorities include: a drop in workplace risks, which was considered a priority for 67% of companies in 2020, is now 20% for 2022, remote work from 52% to 15%, and communicating with employees dropped from 30% to 15% during the same period.

Key people management priorities

% of companies featuring this topic among their top five priorities for the year

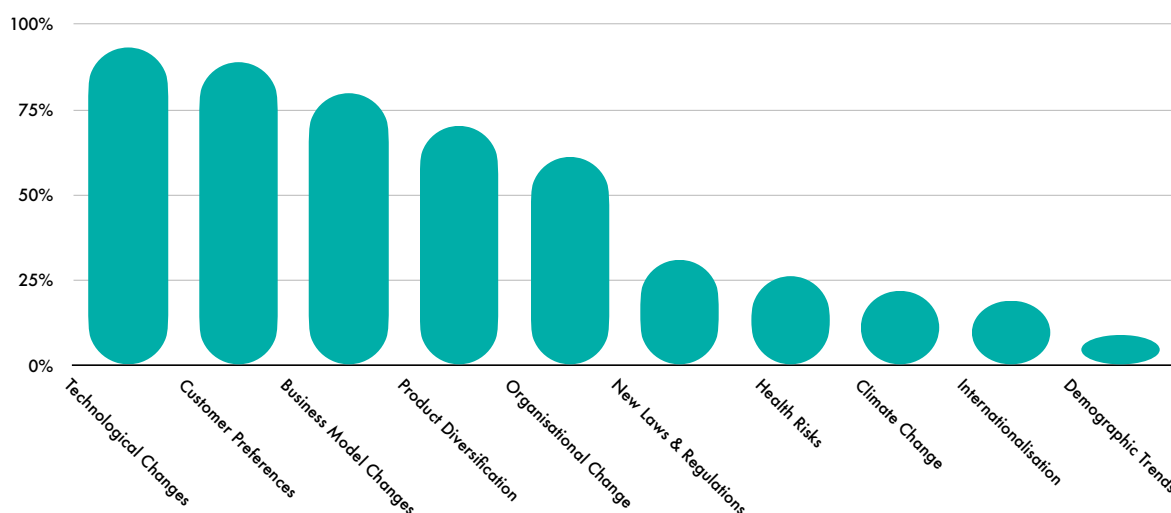


Changing traits: what companies are looking for in workers

It is hardly news that companies nowadays need employees with new sets of skills. These were already in demand prior to the COVID-19 outbreak, which only accentuated the issue. According to the companies surveyed, the factors that will determine what skills they are going to require from their employees in the coming years include, in the following order, advances in technology, new client/consumer preferences, updated business models, diversified products and services, and changes in their organizational structures and ways of working.

Factors which most affect the skills required by companies

% of companies indicating this factor among those which most often determine necessary employee skills

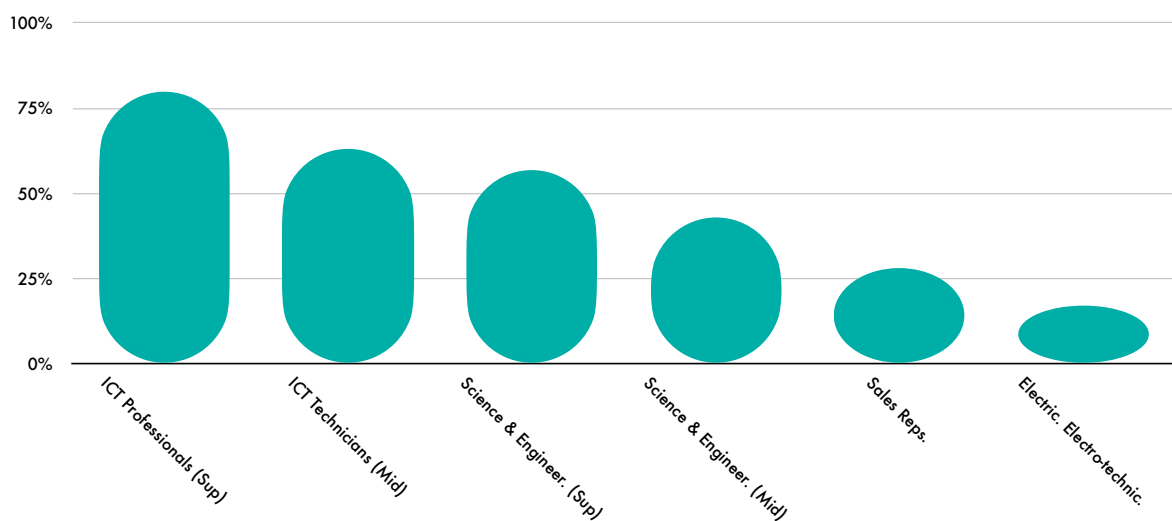


Changing profiles: professionals in demand

The professional profiles that companies will be keenest to find have remained relatively the same. According to the majority of survey respondents, the professional profiles expected to see the sharpest spike in between now and 2022 include information and communication technology professionals and those with science and engineering backgrounds. In contrast, the profiles facing the steepest drop in demand over the same period are led by administrative and office staff

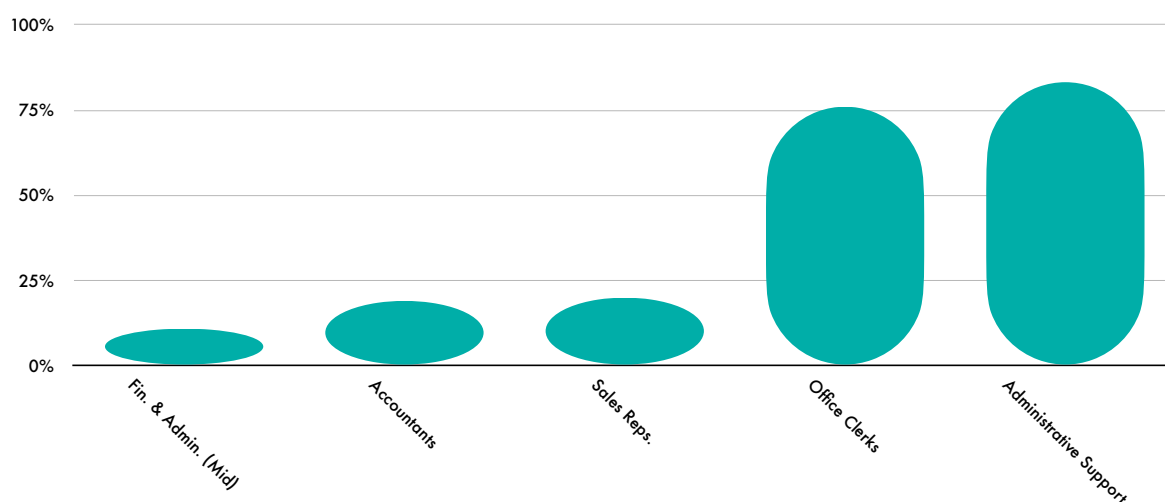
Professional groups in increasing demand

% of companies expecting increased demand for these professional profiles between 2020 and 2022



Professional groups in decreasing demand

% of companies expecting decreased demand for these professional profiles between 2020 and 2022



Broken down by company size, data reveal that large corporations most often foresee an increased demand for technological and engineering profiles and a drop in demand for office staff.

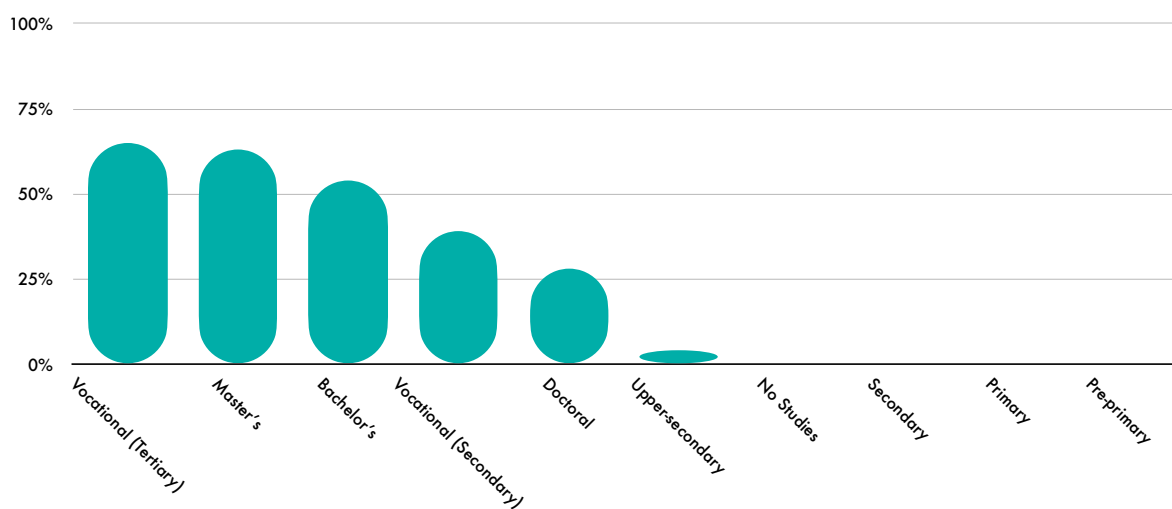
Regardless, one area of concern is the effect that this trend might have on the gender gap in Spain's workforce, considering the varying ratios of men and women in professions that are more or less in demand. In 2019, SEPE (Spain's public employment service) published data on the percentage of women in certain professions. According to its findings, 25% of industrial engineers, 22% of IT network analysts and telecommunications engineers, 20% of software analysts and designers and 14% of electronic engineers are women. In contrast, women occupy 68% of administrative (not dealing with the public) and accounting roles, 69% of executive/administrative assistant jobs and 72% of positions handling human resources and payroll.

Changing expectations: educational levels in demand

As regards education and training, demand for the following qualifications will see the steepest growth in companies between now and 2022: advanced professional training, a bachelor's degree plus a master's degree, a bachelor's degree alone, intermediate vocational training and, finally, a PhD. The fact that advanced professional training and postgraduate studies top the list reflects a trend towards the search for individuals with greater specialization.

Change in demand for academic qualifications

% of companies expecting an increased demand for these qualifications between 2020 and 2022

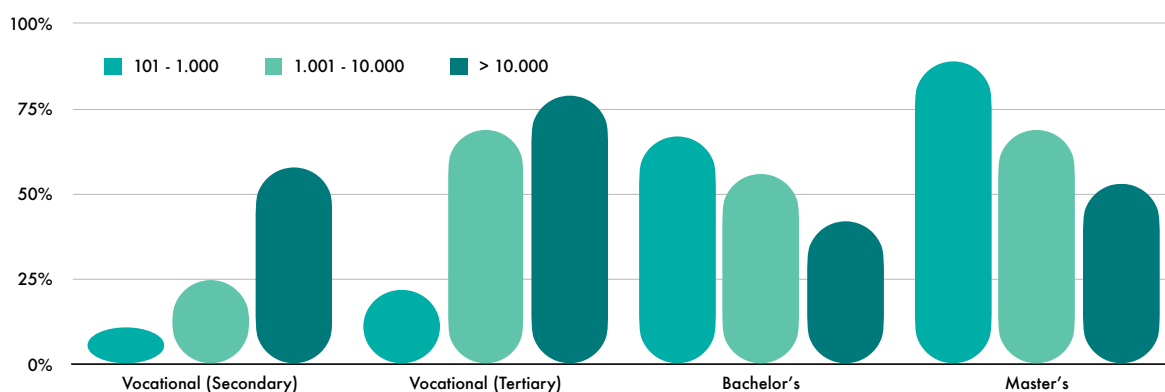


Certain differences were observed between domestic and foreign capital companies. Spanish companies are most likely to think that demand for individuals with a bachelor’s degree plus a master’s degrees will rise (71%), followed by advanced vocational training (59%). The order is flipped for foreign companies operating in Spain, with a higher proportion stating the need for more individuals with advanced and intermediate vocational training degrees (75% and 55%, respectively), over those with the bachelor’s degree plus master’s degree profile (50%).

Differences were also observed according to company size. In this regard, 89 and 67% of smaller companies, respectively, think that the need for workers with a bachelor’s degree plus a master’s degree or just a bachelor’s degree will increase. Meanwhile, larger companies prove more likely to consider staff with vocational training in higher demand (79% for advanced vocational training and 58% for intermediate vocational training).

Change in demand for academic qualifications

% of companies expecting an increased demand these qualifications between 2020 and 2022

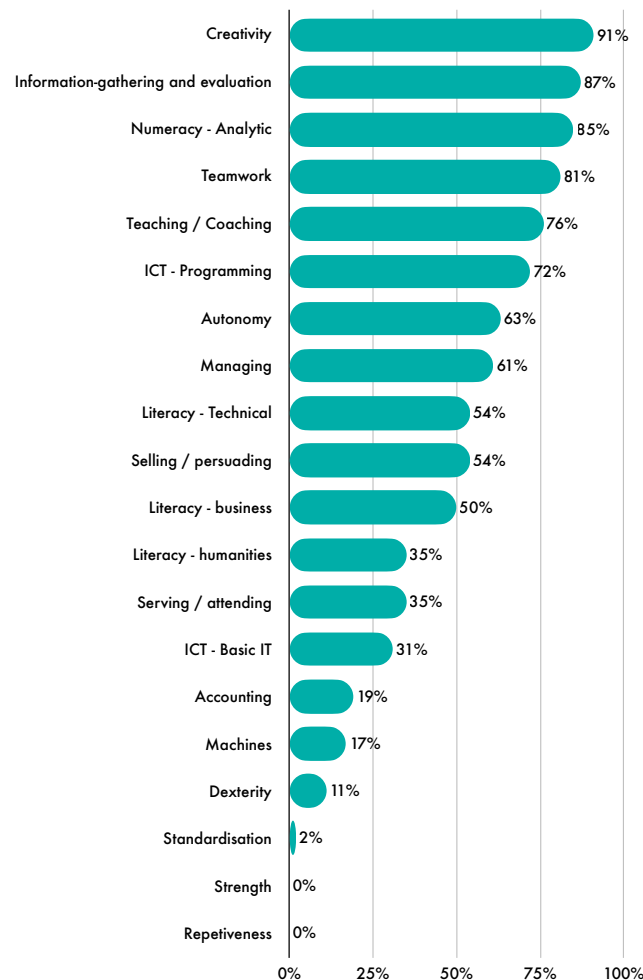


Changing skill sets: knowledge and abilities in demand

Companies face increasingly complex problems and need staff to help work through them. This is why they are especially keen on finding individuals with cognitive and soft skills such as creativity; the ability to gather, assess and analyze information; teamwork, and proficiency in training or coaching. Contrarily, when asked about the skills they expected to become increasingly less attractive between 2020 and 2022, most companies in the study mentioned the ability to carry out repetitive, standard tasks and those requiring physical strength, as well the operation of tools and mechanical equipment.

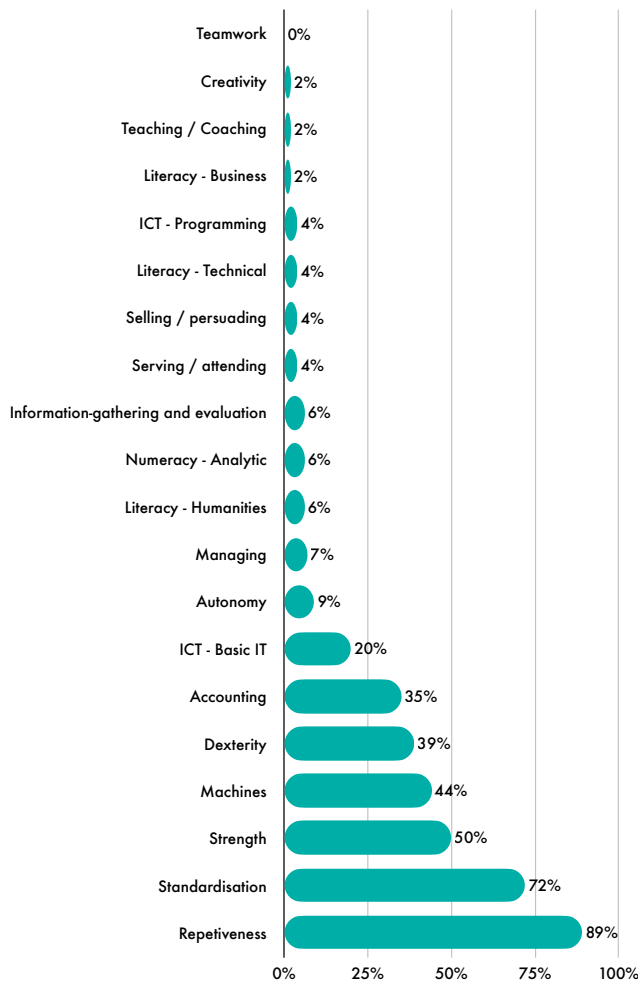
Change in skills required

% of companies expecting an increased demand for this skill between 2020 and 2022



Change in skills required

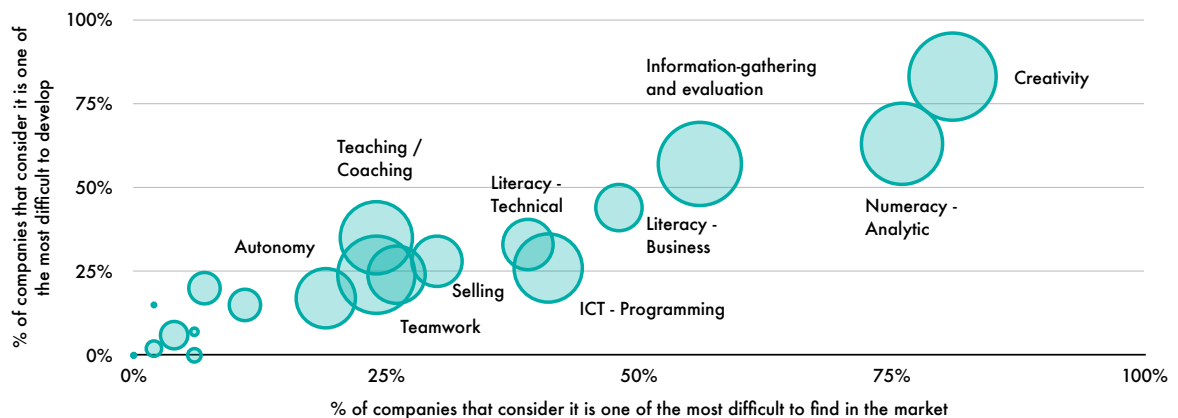
% of companies expecting a decreased demand in these professional groups from 2020-2022



Companies are aware that the skills they need from their workers are often difficult to find and teach. In this regard, it is rather revealing that the skills expected to show the greatest rise in demand between 2020 and 2022 (see above) are also those considered the hardest to come by in the market and the toughest for employees to develop.

Skills of increasing demand between 2020 and 2022

(The size of the circles represents the percentage of companies needing more staff with these skills in 2022)



Software programming deserves a special mention among the skills that companies foresee being in highest demand over the next two years. Although the profiles whose demand will foreseeably rise the most are those in the IT and engineering fields, software programming expertise only ranks sixth in the list of the most in-demand skills. The difference might be due to the tendency to outsource the tasks requiring this type of skill, as well as the move towards low-code/no-code models. It is also interesting to note that quite a few companies believe software programming is easier to learn than other high-demand skills, such as creativity, the ability to assess and analyze information, and adeptness in processing verbal business information.

Company responses

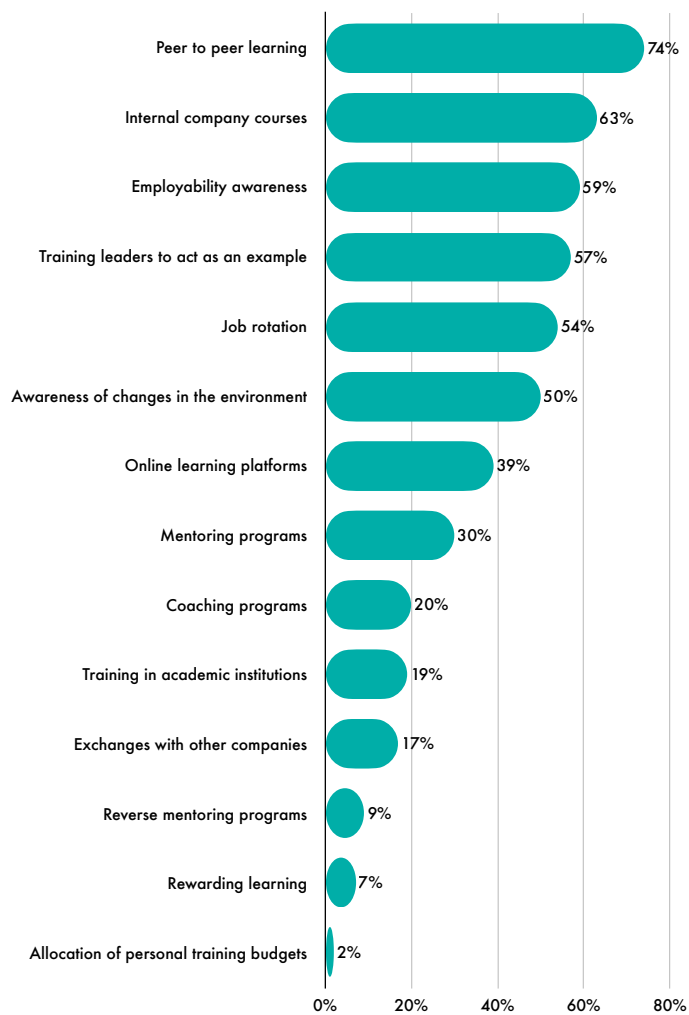
The majority of the companies surveyed stated that the most effective ways to overcome problems related to employees with weaker skill sets include strategic workforce planning, the reskilling of current staff, an analysis to determine each employee's skills, versatility promotion among current staff and the mobility of employees between different jobs.

With respect to the automation of tasks and processes, it is interesting to note that smaller companies are more likely than their larger counterparts to rank this among the topmost effective methods for overcoming skill shortages among staff. The contrary is seen in job mobility, a solution more often considered by larger companies than by smaller ones, likely due to the greater number of rotation opportunities in the former.

In terms of reskilling, employers participating in the survey consider the most effective practices to be paired or peer-to-peer learning programs, internal training programs, awareness-raising among workers of changes in the world of work and what that means for their employability, leadership training to create role models and, finally, job rotations.

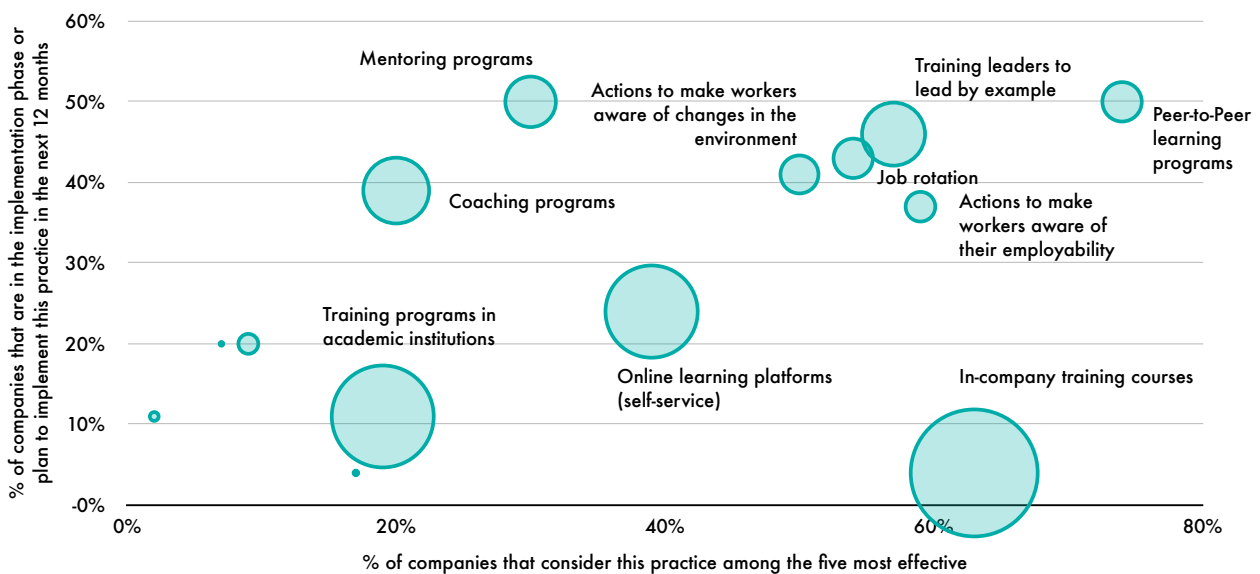
Actions to foster employee reskilling

% of companies that consider this practice among the top five most effective



Actions to foster employee reskilling

(The size of the circles represents the percentage of companies that consider the practice as consolidated in their organizations)

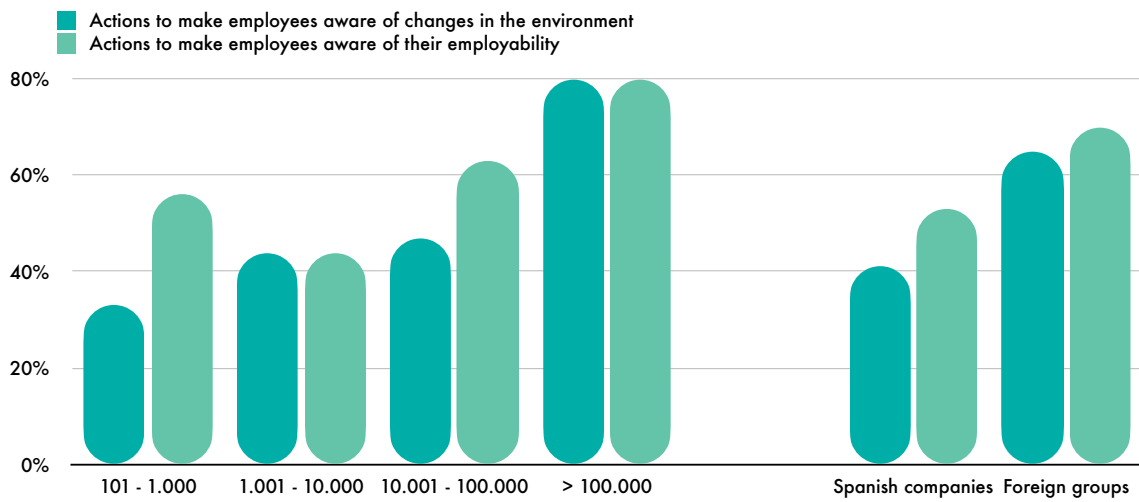


Larger companies are more likely to rank awareness-raising actions among the most effective ways to boost employee reskilling, as are foreign parent companies when compared to their Spanish counterparts.

Internal training programs aside, it should be noted that the above practices are among the least consolidated in organizations. The only silver lining is that these are also the practices on which companies plan to focus their reskilling efforts over the next year.

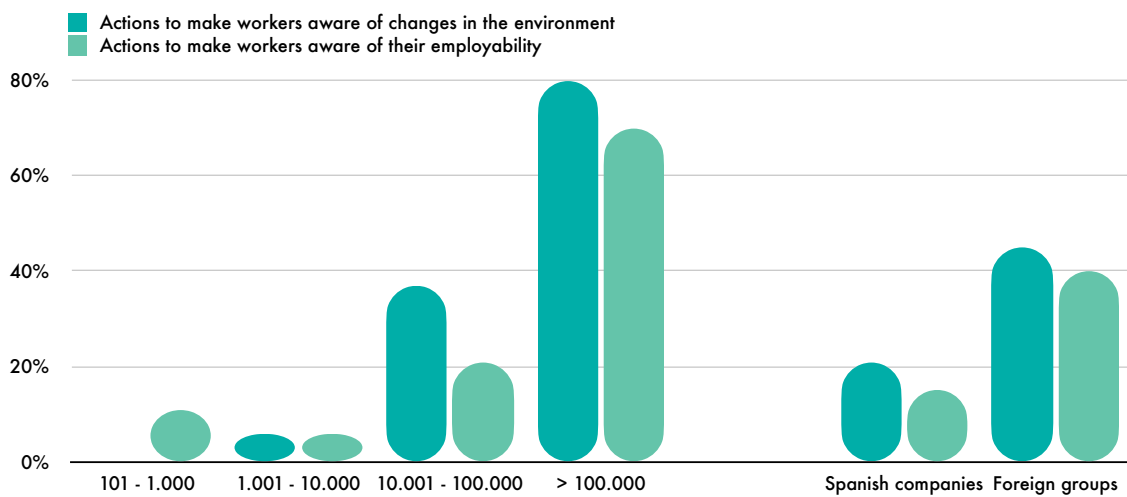
Actions to foster employee reskilling

% of companies that consider this type of practice among the top five most effective



Actions to foster employee reskilling

% of companies that consider this type of practice as consolidated in their organizations



The fact that the companies in our study barely mentioned institutional academic training courses as the most efficient way to reskill their workers is also cause for attention. This is a likely explanation for why there are so few companies which, lacking such programs, are currently launching them or plan to do so in the next year.

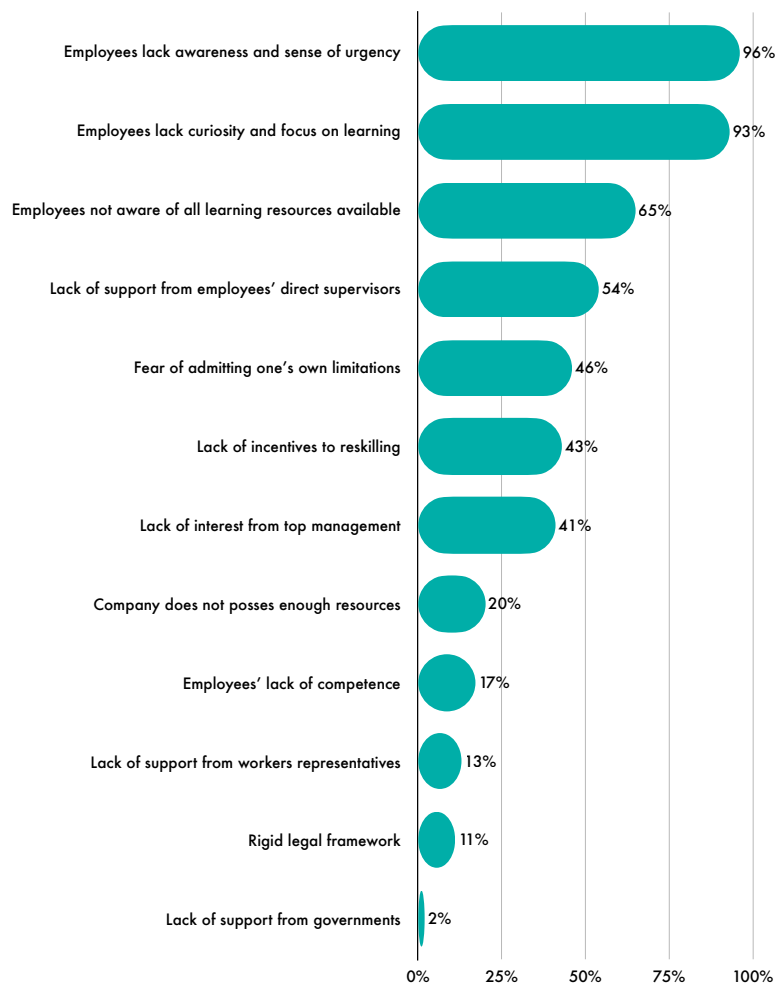
Obstacles **to reskilling**

In the survey, employers stated that the main issues keeping workers from acquiring the skills they need are, above all, a lack of awareness and sense of urgency and a lack of curiosity and eagerness to learn. Trailing well behind are employees' unfamiliarity with the learning resources at their disposal, a lack of involvement and support shown by employees' immediate superiors, and workers' fear of admitting their own weaknesses

It is rather startling that, while companies point to a lack of awareness, sense of urgency, curiosity and eagerness to learn as the biggest setback against skills development and rank employee awareness campaigns aimed at educating employees on changes in the world of work and employability among the topmost successful reskilling practices, such campaigns are among the least prominent actions actually taken, except, as noted before, in larger organizations.

Obstacles to employee reskilling

% of companies ranking this factor among the top five obstacles



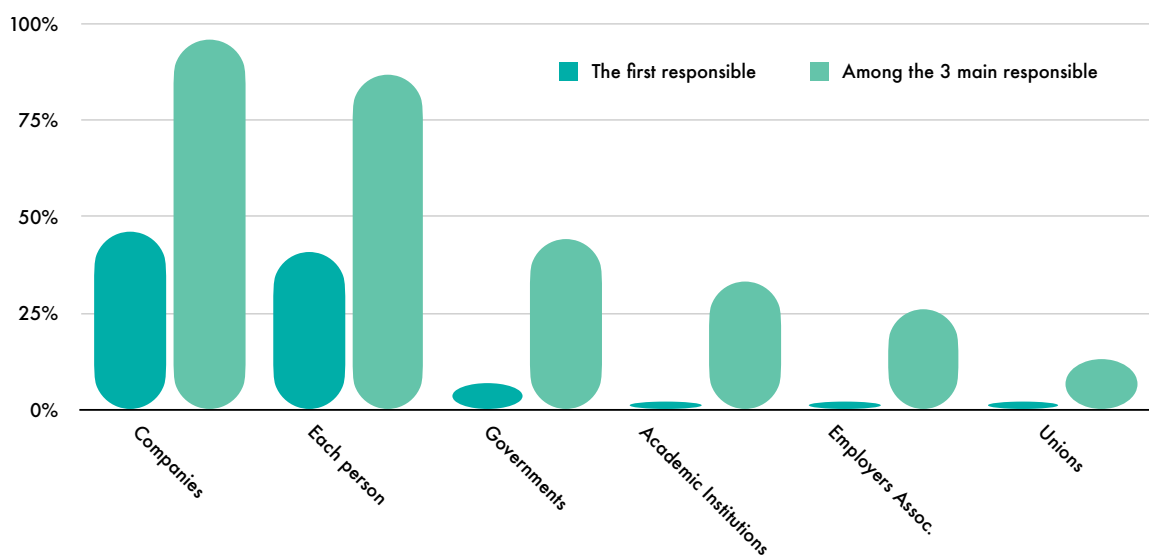


A shared
responsibility

When asked about assigning responsibilities, the vast majority of companies participating in the survey answered that reskilling falls to both people and companies. Four out of five employers stated that companies and individuals were among the top three parties responsible for overcoming the skill shortages that companies should expect to face between now and 2022. It is interesting to note that, while foreign parent and larger companies tend to place the burden on themselves, Spanish and smaller companies are more likely to place it the individual.

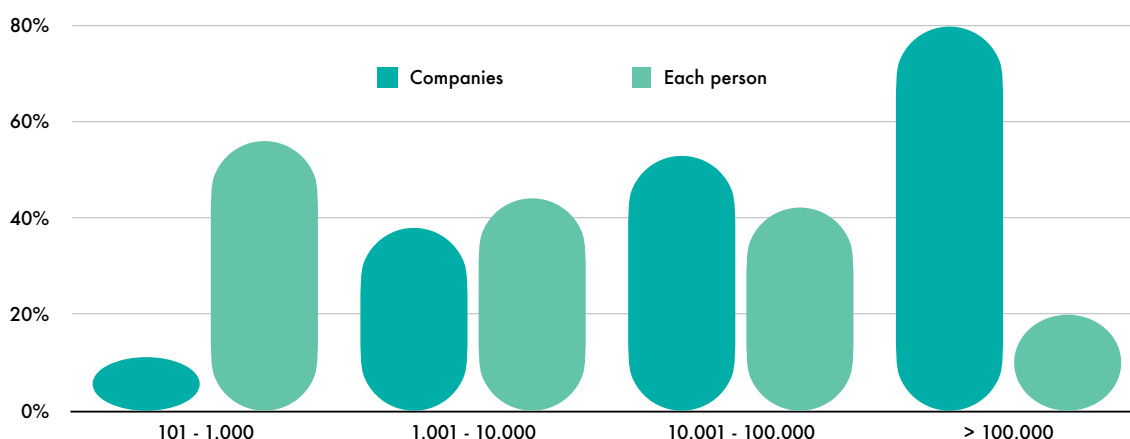
Who is responsible for overcoming skill shortages in companies?

% of companies that mentioned it



Who is responsible for overcoming skill shortages in companies?

% of companies ranking it as the primary responsible party



Companies understand that they, alongside individuals, will be responsible for closing skill gaps in the coming years. Nevertheless, when asked about responsibility assignments, companies insist that the other stakeholders involved (governments and administrations, workers' representatives and academic institutions) must attempt to gain a better understanding of companies' specific present-day needs and come up with suitable solutions.

More specifically, they expect governments and administrations to provide incentives for employee training and reskilling (to foster mobility); they expect trade unions to help them raise employee awareness of the importance of training and having a proactive attitude towards learning; and they expect academic institutions to tailor their programs to current job market trends.

What can workers do?

Before jumping into what workers can do to navigate the reskilling revolution, we must first understand that there is an intrinsic link between reskilling and employability, defined as the quality of having the aptitudes and attitudes required to earn and keep a job. Thus, employability is not only about being able to find a new job, but it is also key to holding on to the one we already have. In today's complex world, several forces are working to loosen our grip: rapid updates in technology, growing market competition, companies' generally shortening lifespan, and people's increasingly extended working lives.

It used to be that people would start work at a company right after graduation, to never study again. At most, there would be training programs organized at work for a new product launch or due to changes in technologies or processes. But times were different then. Comparing the speed with which events take place now and then, we used to have a lot more time to assimilate change. Moreover, the senior employees were always there, ready to share their experience and expertise to clear up our doubts and teach us what was not outlined in the manuals.

Everything is different today. Less and less time goes by between learning something and watching that newfound knowledge fall into obsolescence. This forces people into a dynamic of continued learning where they must be ready to reinvent themselves several times throughout their careers. If they fail to do so, they run the risk of becoming an undifferentiated product with little choice but to compete in terms of price. George Siemens said it best: "Our ability to learn what we need for tomorrow is more important than what we know today".

Exploring *employers' needs*

The first step towards successfully dealing with the reskilling revolution is gaining deeper insight into what companies need. Not only does this involve determining what traits employers value most when hiring new employees and proactively referring to reports on workforce trends (like this one), we can also focus on the aspects that companies take into account when conducting employee assessments. The Korn/Ferry Learning Agility model sets out the five following dimensions:

- *Mental agility*: Thinking critically to overcome complex problems and expanding possibilities by forging new connections.
- *People agility*: Understanding and relating to other people in order to harness and enhance group performance.
- *Change agility*: Enjoying experimentation, being curious and effectively coping with the discomfort of change.
- *Results agility*: Delivering results in unfamiliar situations, inspiring teams and exhibiting a presence that inspires confidence.
- *Self-awareness*: Being reflective, knowing oneself well, and understanding one's strengths and impact on others.

An alternative model proposed by Chamorro-Premuzic, Adler and Kaiser differentiates between three potential markers:

- *Ability*: The knowledge and skill required to carry out a job's key tasks
- *Social skills*: The ability to manage oneself and others.
- *Drive*: The motivation and willingness to work hard and do what must be done to perform one's job correctly and in a timely manner.

And we must not overlook the more recent High Potential Trait Inventory (HPTI), developed by Ian MacRae and Adrian Furham, which outlines six traits as determiners of success in the workplace:

- *Conscientiousness*
- *Adjustment*
- *Ambiguity acceptance*
- *Curiosity*
- *Courage*
- *Competitiveness*

Uniquely enough, this model acknowledges that too much or too little of any of these six traits can have adverse consequences. Thus, an excess or shortage of courage, competitiveness or conscientiousness, for instance, can be considered a weakness. Therefore, these traits are assigned an optimal value and relative importance depending on the job in question.

Pinning down *our starting point*

Whatever the case may be, understanding which traits are most sought out by companies is of little use if we do not know to what degree we exhibit these traits ourselves. Only by pinning down our goal and our starting off point will we be able to determine our path, the distance that lies ahead and what sort of terrains we must cross to get there. Accordingly, a second line of action we must engage in to successfully manage the reskilling revolution is self-awareness, understanding our strengths and weaknesses. Although feedback from managers, colleagues and others is key, there are also some valuable tools designed to help us reflect and become aware of how employable we really are. Examples of such tools include the questionnaires designed by Heijde (2006) and by Rothwell and Arnold (2005).

Attitude *matters*

Once we have an idea of where we are coming from and where we are headed, it is time to take action. This is where individuals' attitudes towards their career and professional development make all the difference. In 2006, Mel Fugate developed a theory on employability as a psycho-social construct, saying that it "also predisposes individuals to adapt or change proactively" to shifts in their surrounding work and career settings. He outlined five dimensions:

- *Work and career resilience*: the degree to which people view professional opportunities with optimism, feel in control of their career and make positive contributions at work.
- *Openness to changes at work*: individuals' acceptance of change and the perception that changes are generally positive in nature.
- *Work and career proactivity*: individuals' initiative to stay abreast of any changes affecting their work and career opportunities, both within and without their current organization.
- *Career motivation*: the drive that leads people to design development and learning plans and strategies to reach their professional goals.
- *Work identity*: the extent to which people describe themselves in terms of a specific job, profession or sector.

Learning *to learn*

On December 18, the European Parliament and the Council of the European Union issued recommendation 2006/962/EC listing a series of competences necessary for personal fulfilment, active citizenship, social cohesion and employability. Among the foremost competences required to take on the reskilling revolution is “learning to learn”.

The European recommendation defines “learning to learn” as the ability to pursue and persist in learning, to organize one’s own learning, including through effective management of time and information, both individually and in groups. This competence includes awareness of one’s learning process and needs, identifying available opportunities, and the ability to overcome obstacles in order to learn successfully. This competence means gaining, processing and assimilating new knowledge and skills as well as seeking and making use of guidance.

It goes on to explain that, in all cases, learning to learn requires individuals to know and understand their preferred learning strategies, the strengths and weaknesses of their skills and qualifications, and to be able to search for the education and training opportunities, guidance and/or support available. This requires firstly the acquisition of the fundamental basic skills, such as literacy, numeracy and ICT skills, that are necessary for further learning. Building on these skills, an individual should be able to access, gain, process and assimilate new knowledge and skills. This requires effective management of one’s learning, career and work patterns, and, in particular, the ability to persevere with learning, to concentrate for extended periods and to reflect critically on the purposes and aims of learning.

Individuals should be able to dedicate time to learning autonomously and with self-discipline, but also to work collaboratively as part of the learning process, draw the benefits from a heterogeneous group, and to share what they have learned. They should also be able to organize their own learning, evaluate their own work, and to seek advice, information and support when appropriate. The European recommendation also explains that a positive problem-solving attitude supports both the learning process itself and an individual’s ability to handle obstacles and change. Finally, it claims that the desire to apply prior learning and life experiences and the curiosity to look for opportunities to learn and apply learning in a variety of life contexts are essential elements of this positive attitude.

Courses available *on the internet*

To wrap up this section, let us take a moment to reflect on everything we have learned in recent years. Where did we learn it? In a school setting? From a company training course? Probably not. It is most likely that most of our learning has taken place on the job, based on trial and error, or from other people, reading books and browsing the web. Much of our new knowledge has probably been learned by accident, without having to actively seek it out.

In a work environment that is evolving at accelerating speeds, a growing part of our work consists of learning new things. Thus, work and learning are no longer separate, but rather occur in the same place, at the same time. Nowadays, work means learning and learning means work, and all signs seem to suggest that this will become even more true in tomorrow's workplace.

In an increasingly complex world, one person alone may find it difficult to overcome the problems facing companies. That is why more and more companies are launching network-based solutions, focusing their efforts on boosting "collective intelligence" and coming up with ways to tap into knowledge that lies beyond an organization's walls.

Therefore, since learning means work, and we work as part of a network, we would be right to understand learning as eminently relational rather than individual. There are so many new things to learn and so many changes involved that we would be hard-pressed to achieve success if working alone.

Another advantage of living in a connected world is that it is not as important to accumulate knowledge as it is to have access to it. Thanks to the development of information and communication technologies, we have the world's knowledge at our fingertips, so there is no need to store it all in our heads anymore. That being said, storing knowledge and experiences on the cloud is not necessarily the best, or only, approach; we should also aim to harness the minds of others as "storage units" of information and know-how. It is simply a matter of knowing how to forge and manage relationship networks so that we are able to access what we need when we need it.

What can companies do?

Companies have the unavoidable responsibility of ensuring their employees learning and reskilling. There are several reasons for this, as reflected in a number of studies. Indeed, for many, lack of expertise is one of the main obstacles keeping them from successfully carrying out their business plans.

Strategic *workforce planning*

Companies are responsible for anticipating what skills their staff are going to need in the future. It is interesting to note that apart from employee reskilling, another key area most companies (61%) include on their list of people management priorities for 2022 is strategic workforce planning.

Traditionally, companies engaged in such planning exercises to anticipate their needs and thus ensure a sufficient headcount with the appropriate skills at the right time, at the right place and at the right price so as to meet their business objectives. However, workforce planning has now become a priority for a rising number of companies, which is an indication of the complexity of planning for the future in such a complex, ever-changing world.

These traditional exercises are hampered by our unpredictable surroundings, to the extent that they can no longer remain a rigid, inflexible process devoted to forecasting the number of staff or areas of expertise required for the upcoming year, and determining the recruitment, training, outsourcing or automation needs in this regard. Conversely, a rising number of companies view strategic workforce planning as a continuous and open process whereby they scour the landscape in search of shifts and trends that might affect what they need from their employees (the estimates of which are no longer based solely on historical data). Next, they compare their needs against the available talent (also generally tracked in real time), to then outline actions that will help them tap into the changing labor supply to effectively meet their demands. Another characteristic of this novel approach to workforce planning is companies' tendency to segment their workers and focus on the areas with the greatest potential to sharpen their competitive edge.

Towards skills-based *management*

As discussed, a key undertaking looming before companies is the need to determine which specific competences (i.e. knowledge, skills and behaviors) they will need in the future, to what degree and how they plan to obtain them in a market characterized by a lack of talent (most notably digital) and based on rigid labor structures that do not provide sufficient incentive to engage in reskilling.

Business and talent management opinion leaders such as EY view the roll-out of skills-based management models as the current trend in these unstable, uncertain times. In such models, skills become the new professional currency. As these skills shift and fluctuate, they will need to be acquired or developed by companies on an ongoing basis, and often necessitate adjustments to existing company policies and processes.

Skills-based management models, especially for larger companies, must turn to the technological solutions available on the market, such as EY's Spotmentor. These solutions are able to work out each employee's skills, pinpoint what the company needs in this regard and, by harnessing AI technology, create personalized reskilling plans tailored to every employee.

Skills-based management models and the use of AI solutions also simplify strategic workforce planning, in that they make it possible to zero in on unmet needs. They also assist in "make or buy" decision-making processes based on the cost and other related advantages of every option. In this sense, job portals are integrated in order to determine the cost of hiring each profile on the market according to the desired skills and talents.

Skills for a *changing world*

Turning to the actual skills involved in reskilling programs, it is important to note that companies tend to concentrate their employee training and reskilling efforts on a set of skills which provide an organization the flexibility and speed they need to keep up amid such unsteady times. Worthy of mention is the fact that the companies in our survey, in the years to come, will have the greatest need for skills such as creativity; the ability to gather, assess and analyze information; teamwork, and proficiency in training or coaching. These companies face increasingly complex problems and thus need the right people to help work through them.

The obstacles that companies see as blocking their employees from learning new skills also reveal other areas ripe for reskilling. These factors include employees' lack of awareness and sense of urgency, coupled with a lack of curiosity and eagerness to learn. Therefore, as mentioned previously, companies can foster reskilling by educating their employees about the changes taking place in the world of work and what that means for their employability. Companies generally consider this approach as the most effective for the purpose, although it is not among the most consolidated, except in the case of larger corporations.

They can also design and roll out employee-directed programs designed to boost curiosity and an eagerness to learn, two qualities which many employees start to lose after many years of service in the same company. This was brought to light in a 2019 study published by the Future for Work Institute on Spanish employees' opinions of automation.

Means *and resources*

When compared to the 20th century, people are now more responsible for their own careers and employability, which entails a closer focus on learning goals. They can avail themselves of the vast array of learning resources, many of which are free and can be found online. Companies, however, must not use this as an excuse to relieve themselves of the responsibility to facilitate their workers' reskilling, as they can help create awareness among them of the state of the labor market and other matters regarding their employability, as well as offer them guidance, content, tools, time to learn and other resources.

Companies participating in our survey indicated that the following practices are the most effective in fostering employee reskilling: paired or peer-to-peer learning programs (mentioned by 74% of the companies), internal company training programs (63%), raising employee awareness of their employability (59%), training leaders to set an example (57%), job rotations (54%), helping staff gain awareness of changes in the world of work (50%), online learning platforms (39%) and mentoring programs (30%).

Communities *of practice*

Among the initiatives put in place to reskill their employees, most notably peer-to-peer learning, some companies favor what are known as communities of practice, i.e., groups of individuals who take part in an array of learning activities on a certain area of knowledge and a specific practice related to that area. The primary goal of these communities is to boost organizational performance. According to Lesser and Storck (2001), the benefits include helping to flatten the learning curve for new hires, improving the speed and quality of responses to new client and user queries and needs, avoiding the temptation to “reinvent the wheel” and generating new ideas for products and services.

A noteworthy aspect of communities of practice is that they provide the social fabric for seamless interaction between members while sparking idea-sharing. In some companies, these communities replace or round out knowledge management activities carried out by more formal organizational structures, with the added bonus of allowing the tacit knowledge of the organization to be captured

Fostering *emerging learning*

Another area ripe for further work by companies is that of building scenarios where an organization’s emerging learning can flourish. This is understood as an “intentional and evolutionary experience-based approach, based on the performance of repetitive experiments using real group work as an experimental testing ground”. Some of the actions that companies can take to make this possible include project-based work (which is increasingly prominent in companies); retrospective sessions combined with agile working methods; assisting people in finding meaning in changes at work and elsewhere;

creating spaces where conversation and reflection come easy and preconceived notions and beliefs clouding the behavior of certain individuals are left at the door; supporting employees' cognitive diversity so that the issues and challenges they face can be tackled from a number of different perspectives; employing deliberation and decision-making methods that ensure that diverse opinions are heard; and encouraging systemic thinking.

Reskilling, employability, *and social responsibility*

Lastly, companies must be quite clear on the fact that employee learning and reskilling falls under their social responsibility. They must understand that not all workers are concerned about their employability, nor do they have the option of looking for a new job if they realize that their current one does not improve, or at least sustain, their employability. Many do not have the references or personal resources necessary to get a grip on the current job market. They seem content to have a job in a safe physical environment with an acceptable salary and a tolerable workload. That is, until the day comes when they find themselves without work, in an unfamiliar market, with diminished employability and a great struggle to find new employment. Companies can prevent situations such as the above by helping their employees stay aware of their strengths and weaknesses and come to terms with the fact that employability is not an unwavering quality, especially in changing times. They can also help their staff improve the skills inherent to remaining employable over time, such as resilience, curiosity, creativity, communication and collaborative skills, and critical thinking.

What can governments do?

The right to learn

As part of its 2010-2020 growth strategy, known as Europe 2020, the European Union has now added reskilling to its key pillars for economic and social growth:

Member States, in cooperation with social partners, should promote productivity and employability through an appropriate supply of relevant knowledge, skills and competences. Member States should make the necessary investment in all education and training systems in order to improve their effectiveness and efficiency in raising the skill and competences of the workforce, thereby allowing them to better anticipate and meet the rapidly changing needs of dynamic labor markets in an increasingly digital economy and in the context of technological, environmental and demographic change. Member States should step up efforts to improve access for all to quality lifelong learning and implement active-aging strategies that enable longer working lives.

More recently, in its 100-anniversary *Work for a brighter future* report issued in 2019, the International Labour Organization requested a series of measures to meet future work demands, including “formal recognition of a universal entitlement to lifelong learning and the establishment of an effective lifelong learning system”.

The institution considers that, for lifelong learning to be a right, governments must broaden and reconfigure institutions such as skills development policies, employment services and training systems to provide workers with the time and financial support they need to learn. Likewise, they must devise appropriate financing mechanisms tailored to their country and sectoral contexts, although, given the continued importance of training at the workplace, employers need to contribute to its financing as well.

The ILO also proposed establishing a system of entitlements to training through a reconfigured “employment insurance” system or “social funds” that would allow workers to take paid time off to engage in training. This way, workers could be entitled to a number of hours of training rights, regardless of the type of work they do. Such a system has the advantage of supporting workers with the greatest need for continuing education, particularly the self-employed or workers in small and medium-sized enterprises who are less likely to benefit from employer-sponsored training.

The ILO also expressed the need for governments to create quality assurance mechanisms for lifelong learning and, together with employers’ and workers’ organizations, monitor the effectiveness of the lifelong learning system. Lastly, it advocated for establishing a common skills recognition framework, at both the national and international level, to facilitate the portability of employees’ skills.

In this same vein, certain inspirational ideas have been implemented by different governments:

Skillsfuture Credit (Singapore)

SkillsFuture was created in Singapore as a national movement to provide Singaporeans with the opportunity to reach their fullest potential throughout life, regardless of their starting points. Through this movement, the skills, passion and contributions of every individual will drive Singapore's next phase of development towards an advanced economy and inclusive society. It encompasses four key thrusts:

Firstly, help individuals make well-informed choices regarding education, training and careers. Thanks to collaboration between the government, industry and other institutions, Singaporeans gain exposure to a wide range of occupations and industries from an early age. They are also granted access to continuous information on workforce trends.

Secondly, develop an integrated high-quality system of education and training that responds to constantly evolving needs. The above is based on regularly reviewed educational programs to guarantee a solid and broad education for its youth, which is complemented by catalogues featuring options for continue learning, which encompass those which help them develop new skills.

Thirdly, promote employer recognition and career development based on skills and mastery, thanks to their involvement in the design and implementation of a framework which allows employees to make career strides based on skills.

Fourthly, foster a culture that supports and celebrates lifelong learning, which involves long-term effort for work to be respected based on the skills necessary to perform it, as well as valuing employee achievements and mastery of their fields, whatever they may be. The program supports lifelong learning habits focusing on both employability as well as personal development.

The SkillsFuture Credit program aims to encourage individuals to take ownership of their skills development and lifelong learning. Dating back to 2016, all Singaporeans aged 25 and over will receive an opening credit of S\$500 towards a vast number of courses. To further encourage Singaporeans to take timely action to reskill and upskill and thus seize opportunities in the future economy, a one-off SkillsFuture Credit top-up is available.

Those who are 40 to 60 years may also avail themselves of an additional one-off special S\$500 credit for use over a five-year period, choosing from a selection of mid-career support courses provided by the Centers for Continuous Education and Training (CCE)

Elements of AI (Finland)

Elements of AI is a series of free online courses rolled out by the Finnish government in 2018 to encourage 1% of the country's population (55,000 people) to learn what artificial intelligence is. It is a series of free online courses created by Finnish technology firm Reaktor and the University of Helsinki. The course provides an overview of basic AI concepts in order to educate people on what AI is, what can (and cannot) be done with it, and how to start creating AI methods. The courses combine theory with practical exercises and can be completed at one's own pace.

Finland's government had a clear financial incentive to support the initiative, in that the country could come to rival global tech giants like China and the United States, despite the steep dive of Nokia, previously the country's champion of cellphones.

In December of 2019, a year and a half after its launch, and coinciding with the Finnish presidency of the European Union, it was announced that the courses would be translated into all the official languages of the European Union so that its citizens might gain a basic understanding of AI by 2021.

Since its launch in May 2018, the course is now available in English, Finnish, Swedish, Norwegian, German, Latvian and Estonian, with over half a million students in 170 countries worldwide. Around 40% of participants so far have been women, more than double the average in computer science courses. What is more, over 25% of students are over the age of 45.

Mon Compte Formation (France)

Article L 6111/1 of France's Work Code states that the private sector should provide a professional training account (PTA), to remain valid from the moment an individual starts working until retirement, to all employees. It allows workers of age 16 and older to accrue training rights in their accounts as their careers progress. This is not affected should someone switch jobs or become unemployed.

Commencing January 2019, the training rights acquired under this scheme will be monetized and deducted in euros (previously computed in terms of hours). As of 2020, an employee working at least half the legal/contractual annual time will be credited by their employer up to 500 euros annually under the arrangement (up to a maximum amount of 5,000 euros). Should an employee work less than half the legally or contractually-established period, its employer must add the corresponding credit.

Credits reflected on the account may be topped up when used if the holder does not have the sufficient funds to terminate a course by the worker, the employer, collective labor agreements or public employment services. The account may be also be topped up by regional employment authorities during unemployment. Company collective labor agreements are also entitled to provide additional financial contributions paid by the employer into personal training accounts. In any event, the account holder is in full control of how their PTA is used (most notably, that no charges may be made without their consent).

Since November 2019, French workers may download the *Mon Compte Formation* app to their phones so as to invest their accrued training credits or check their available balance. To find a course, they simply have to initiate a session using their Social Security numbers and password, type in a search term, and select the zip codes of the location where they would like to take the course. Once selected, they may sign right up without leaving the app.

Notes on methodology

The survey took place during the month of June 2020. Data was gathered through structured interviews with a sample of 54 human resources managers from companies operating in Spain in an array of industries.

The sample

N =	54
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Parent nationality

Spanish	63%
Foreign	37%

Number of employees in Spain

101 - 1.000	33%
1.001 - 10.000	48%
Over 10.000	19%

Number of employees globally

101 - 1.000	17%
1.001 - 10.000	30%
10.001 - 100.000	35%
Over 100.000	19%



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