

A Shift in a Skill Set

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Abstract: *The objective of the paper is to outline a future skill set in EU. To try to make a projection of structure of necessary skills on EU and member states level. Trends and challenges are embedded. Skills life span is collaborated as well. Perspectives of different sources are compared.*

Keywords: SKILL SET, EU LABOUR FORCE TRENDS AND CHALLENGES

1. Introduction

We live in a world of major and rapid changes. These changes appear in each aspect of life. We've entered the Age of Acceleration — a time when change is happening faster and faster. As the workplace continues to move more rapidly, so does the market value of skills [1]. Half of the world's work force will have to be retrained by 2025. This is one of the conclusions of the Future of Jobs Report of World Economic Forum [2]. The reason is the double effect that the pandemic has caused - the health and financial crisis, as well as the accelerated digitalization on the workplace [3]. In highly dynamic and competitive labor markets, investing in people's skills and competences is key. However, which skills and for which jobs? This question is central to national, European and international debate. However, how to foretell future skill needs, especially if the impact of the fourth industrial revolution is not yet clear. 'The goal of forecasting is not to predict the future; but to tell you what you need to know to take meaningful action in the present' [4]. The purpose of this paper is to attempt to outline the shift in the skill set that will be in demand in next years.

2. Trends and challenges

The workforce trends are changes influenced by the prevailing circumstances that occur over time.

Macro perspective

According to Official Journal of the European Union nowadays, competence requirements have changed due to the following: more jobs are subject to automation; technologies playing a bigger role in all areas of work and life; and entrepreneurial, social and civic competences becoming more relevant in order to ensure resilience and ability to adapt to change [5].

According to Smit (et al.), influential trends and challenges are: the differential speeds to automation adoption across Europe's regional labor markets; the growing divergence between the most dynamic cities and shrinking regions across the continent; a decline in labor supply that could create a shortage of workers, particularly in growing sectors and regions; and major shifts in the types of skills and specific occupations that will thrive or be put at risk. To put it briefly, the main trends and challenges are: Pandemia, automation, migration, and shrinking labor supply. Because of these trends, geography of employment is shifting. [6].

Bakhshi et al. provide a comprehensive perspective of trends. Through a detailed analysis of 1,095 local labor markets across Europe, including 285 metropolitan areas, (Bakhshi et al.) it examines profound trends that have been playing out on the continent in recent years and will continue to do so in the future [7]. According to them the automation and technology development are not the only influencers. They determine the following key trends:

- A. Environmental sustainability - climate change consensus and structural changes resulting from emerging 'green economy sector' and 'green jobs';
- B. Urbanization - more than half of world population lives in cities - 70 % by 2050. Cities attract high-value, knowledge intensive industries, offer more varied employment and

consumption opportunities. Uncertainties include fiscal policy, infrastructure investments, and high public debt ratios.

- C. Increasing inequality - rise in income and wealth inequality, middle class squeeze. Disparities in education, healthcare, social services, consumption.
- D. Political uncertainty - Indices of geopolitical uncertainty have remained high. Mirrored by political and policy uncertainty capacity of institutions and policymakers to act credibly and consistently. Uncertainty negatively affects economic activity in government-influenced sectors, such as defense, finance, construction, engineering, and healthcare.
- E. Technological change - perennial fears about impact of automation on employment. Estimates of future automation influence range, from 47% employment at risk to only 9% (in US). Conversely, technology amplifies human performance in some occupations and gives rise to entirely new occupations and sectors.
- F. Globalization - global labor markets increasingly integrated. Benefits (e.g., advanced manufacturing, knowledge intensive services) and costs (e.g., employment and wage impacts, trade deficits, legacy manufacturing). Post-financial crisis headwinds (e.g., sluggish world trade growth, rising protectionism).
- G. Demographic change - pressures to control age-related entitlements vs. investments in education, R&D, infrastructure. Ripple effects through healthcare, finance, housing, education, recreation. Rising Millennial generation, with divergent consumption and work behaviors.

Organizational perspective

1. Fairness and equity will be the defining issues for organizations. Who has access to flexible work? In today's labor market, companies are paying 20% compensation premiums to hire new employees. Is it fair to pay new employees so much more than established employees? In 2022, executives will need to address how they are managing fairness and equity across the increasingly varied employee experience. In fact, this will be the number one priority for HR executives.
2. Pandemic rules— vaccine mandate or testing?
3. To compete in the war for knowledge worker talent, some companies will shorten the workweek rather than increase pay. Employers are offering significant compensation increases to attract and retain talent in today's market. When we also consider inflation, real wages have declined. Moreover, if inflation continues to rise, employers will find the compensation they offer will be worth less and less in terms of purchasing power for employees.
4. Employee turnover will continue to increase, as hybrid and remote work become the norm for knowledge workers. Employees expect flexibility within their job. Employers that do not offer flexibility will see increased turnover.
5. Managerial tasks will be automated away, creating space for managers to build relationships that are more human with their

employees. The manager-employee relationship has become more important than ever; for hybrid and remote employees, their managers are the primary connection through which they experience their employer.

6. The tools that we use to work remotely will become the tools that help measure and improve performance. When work becomes more geographically dispersed, managers have less insight into what work their employees are doing.
7. The complexity of managing a hybrid workforce will drive some employers to require a return to the office.
8. Wellness will become the newest metric that companies use to understand their employees. Executives have experimented with different metrics, such as employee satisfaction or engagement, to understand their employees. Organizations will add in new measures that assess their mental, physical, and financial health.
9. Sitting is the new smoking. The shift to working remotely has affected employees in various ways. More became increasingly sedentary (40%) and gained weight, likely due to the lost physical movement associated with commuting and walking around from meeting to meeting in the workplace.
10. Underestimation of hybrid mode of working. Employees who work remotely or on a hybrid schedule perform at equal levels compared to employees who work in the office. However, managers believe that people who work from the office are higher performing and more likely to be promoted than people who work from home. Woman are willing to work home office, thus a gender issue could pop up. [8].

3. Future skill set

According to Official Journal of the European Union, people need the right set of skills and competences to sustain current standards of living, support high rates of employment and foster social cohesion in the light of tomorrow's society and world of work. Supporting people across Europe in gaining the skills and competences needed for personal fulfilment, health, employability and social inclusion helps to strengthen Europe's resilience in a time of rapid and profound change. [5] Memorization of facts and procedures is key, but not enough for progress and success. Skills, such as problem solving, critical thinking, ability to cooperate, creativity, computational thinking, and self-regulation are more essential than ever before in our quickly changing society. They are the tools to make what has been learned work in real time, in order to generate new ideas, new theories, new products, and new knowledge. [5] To put it simple, those who are on the path of continuously upgrading themselves and the willingness to learn will win employability.

Along with upgrading oneself with new skills, there are other aspects, which are also equally important, which is developing a critical and analytical mindset. M. Sabharwal, put it in an ambiguous fashion. "The notion of lifetime employment has now shifted to a taxi-cab relationship where skills are a premium," Sabharwal was of the view that though the future is unknowable, today there is a massive opportunity to learn and along with that, inculcating soft skills becomes the critical differentiator. [9] Even though a lot has been said about technology advancement and technical expertise soft skills remain into spot. Skills like superior communication or ability to work in teams, which makes the critical difference. Ability to learn become essential. Having a growth mindset and a curious mind will ensure one's path towards learnability. In era of increasing automation, superior skills in sales and customer support could become a critical differentiator for employees in the near future. The willingness to learn new things will always emerge as the key differentiator in the hyper competitive world shaped by new technologies [9].

It is popular that lifelong learning is key for a successful career and to stay atop the ever-changing world. Nevertheless, in the last

few years, we have seen an explosion of new topics, science fields, technological advancements and it is short-lived.

When it comes to skills, we need to look much more at our personal attributes, build strong foundations and look for skills that can be universally applied. Talin [10] divides it into 2 different areas. The basis and foundations, which need to be there, do something in the future, and the job-specific skills and competencies to approach complex problems, and personal qualities to improve over time to adapt. (Fig. 1)

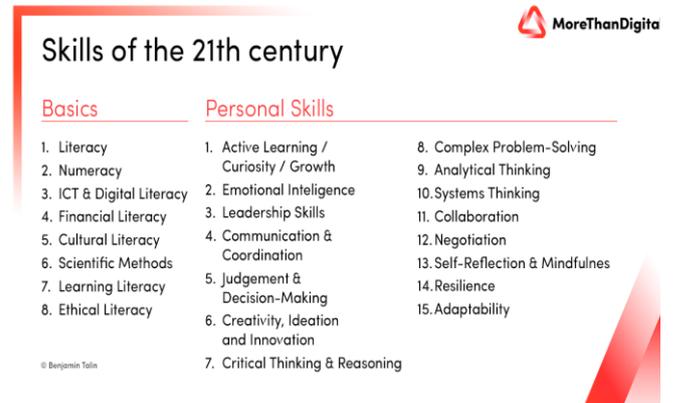


Fig. 1 23 skills of the future – What are the most important skills and competencies of the 21th century? – Source [10].

A research published by M. Dondi et al. [11] identified a set of 56 foundational skills that are wide applicable and showed that higher proficiency in them is already associated with a higher likelihood of employment, higher incomes, and job satisfaction. The researchers used academic research and McKinsey's experience in adult training to define foundational skills (Fig 2). The skill composed of four broad skill categories—cognitive, digital, interpersonal, and self-leadership—then identified 13 separate skill groups belonging to those categories.

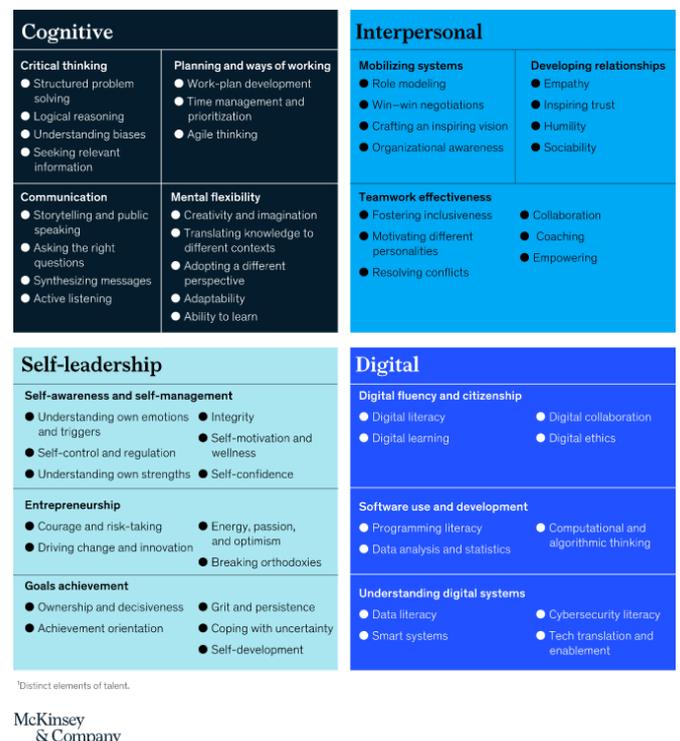


Fig. 2 56 Foundation skills – Source [11]

The above-mentioned skills are not necessary connected to education.

4. Skills life span

“Lifespan of skills has dramatically shortened and learnability is the only way forward.” [9] Javier spoke about the shrinking lifespan of a skill shifting from 26 years to 5 years. Meaning, for skills we learn today, five years will be the length of relevancy. [12]

Stephane Kasriel, CEO of Upwork and member of the World Economic Forum council, puts the half-life of a learned skill at about 5 years—meaning 5 years from now, the current skill set of your workforce will be worth about half as much as it is today [13].

Ten years from now, perhaps a quarter of existing knowledge will still be valuable. Many of today’s jobs fit a 21st-century model, while training and skills are stuck in the 20th century. [1]

Depiction of longevity of a skill, divides skill durability into three categories:

1. Perishable skills : Half-life < 2.5 years – Specific technology skills that are updated frequently; organization-specific policies and tools and specialized processes all can be classified as perishable skills.
2. Semi-durable skills : 2.5 years < Half-life < 7.5 years – These tend to be those frameworks with base sets of knowledge from which field-specific technologies, processes and tools arise.
3. Durable skills : Half-life > 7.5 years – They constitute a base layer of mindsets and dispositions. They include skills like design thinking, project management practices, effective communication, leadership which are more foundational in nature.

As organizations and individuals get ready for a reset and start to think through a skills refresh, it’s important to consider just how transferable a given set of skills really are.

5. Conclusion

Trends and challenges that affect the formation of skills for the public and employers are identified. Trends at the social and organizational level are considered.

Two sets of skills are depicted - basic and enriched. The enriched skill set consists of 56 skills that are not related to schooling and also cover attitudes. The extended set is suitable for common use.

The issue of the shortening of life skills is addressed. According to this criteria, they are divided into three categories.

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