

WBCSD, UNICEF, PwC joint webinar

Skilling up: the role of business in addressing the skills mismatch

Tuesday, 8 September 2020

10:00 – 11:00 CEST & 16:00 – 17:00 CEST (repeated)

In our increasingly complex world, unlocking the full potential of each (future) worker is a challenging task. A key reason for this lies in the insufficient and ineffective communication between youth, the private sector and educational institutions. It is no secret that there are major misalignments between the skills provided by the education systems and the skills needed by employers – and young people with unfulfilled career aspirations are being trapped in the middle of it.

This interactive webinar, jointly organized by WBCSD, UNICEF and PwC, explored the global skills mismatch as experienced by youth and by business. It discussed causes and challenges of skills shortages and surpluses and looked at actions business and other stakeholders can take to step up, take responsibility and play an effective part in resolving the mismatch between the supply and demand of skills on the labor market – now, in the aftermath of COVID-19, and in the long term.

Here are the key takeaways:

Causes of the skills mismatch

According to webinar participants, the main causes of the global skills mismatch include:

- Lack of alignment and innovative partnerships between governments, academia, and businesses
- Curricula are not adapted to the realities of the labour market
- Education systems have little knowledge of what skills are important on the job market, cannot keep up with rapid technological changes, and are slow to reform
- Investment in quality education is limited
- Lack of companies' investment in training and limited opportunities for young people
- Job markets not interested in investing in the most vulnerable groups
- High cost of quality recruitment
- Limited ability and resources to predict future skills needs and project medium-term forecast

The skills mismatch from a youth perspective

Different skills are needed for youth to achieve improved life-long learning, employment, entrepreneurship, and civic engagement:

- 1) Foundational skills (literacy and numeracy)
- 2) Digital skills and digital literacy
- 3) Job specific skills (plumbing, carpentry, etc.)
- 4) **Transferable skills** (also known as life skills or 21st century skills)

Transferable skills are what employers are increasingly looking for; they build the foundation for all the other skills. They include **problem-solving, critical thinking, social skills such as communication and negotiation, self-management of emotions, empathy, working with teams, and intercultural**

competencies. Transferable skills can cross from one domain to another and help young people engage effectively both within the world of work and within their community.

Young people, particularly those living in the developing world, are confronted with manifold trends and challenges when transitioning from school to work:

- **Children and youth are facing unprecedented challenges in terms of learning, work, and social cohesion.** The global learning, skills and employment crisis has exacerbated with COVID-19. Of the 1.06 billion youth (age 15-24) in low- and middle-income countries, 251 million (24%) were not in education, employment or training in 2019. More than one in six young people (17%) are out of work due to COVID-19 (ILO 2020).
- **Youth have high aspirations, but the reality does not meet these expectations.** For instance, 4 in 5 young people aspire to be in a high-skilled profession, but only 1 in 5 are currently in a high-skilled position.
- **It takes an average of 17 months for a young person to find their first job and 53 months to find their first decent job.** For some, the transition to decent work may never happen. More than 40% of youth age 25-29 has not yet transitioned into stable or satisfactory employment.
- **Youth are three times more likely to be unemployed than adults.**
- **The skills mismatch is an important factor that contributes to this precarious situation.** 69% of youth feel that their education has not prepared them with the skills to get the jobs they want. The skills that youth aspire to develop to find employment include analytical thinking and innovation, leadership, problem-solving and digital skills (information and data processing), communicating and interacting.
- **The skills gap emerges very early.** 60% of 6-15-year-olds are not achieving minimum proficiency in reading and math. Not surprisingly, gaps in high cognitive skills appear later in the life cycle at ages 15-24 (lack of quality education). Only 6% of countries identify transferable skills within their education vision, policy, and curriculum, and specify skills progression.
- **The skills gap is compounded by chronic weaknesses in downstream skills development systems.** 32% of youth feel the skills training programs being offered to them do not match with their career interest. The majority of workforce development systems exhibit weaknesses in accountability, market relevance, quality, and funding.
- **The digital divide in the developing world also contributes to a digital skills gap in youth.** Only 36% of households in developing countries own a computer and merely 45% of the population in developing countries use the internet.
- **Skills are not enough if young people cannot activate those skills and access paid employment or start their own business.** 2 in 3 surveyed employers in developing countries use informal social ties as a main recruitment method (small businesses lack formal HR processes).
- **Gender norms and discrimination exacerbated these problems.** Girls are 2.5 times less likely than boys to have majored in STEM at the secondary level.
- **Investments in skills, particularly earlier in the life cycle would yield positive returns for businesses and individuals.**

Asia Focus

Youth participation in formal sector is decreasing in Asia. The main drivers for this decline are the inability of the formal sector job market to absorb the youth bulge, the greater participation of youth in the informal sector and greater youth participation in further studies training.

South Asian youth value soft skills as much as hard skills, but not enough youth are receiving the necessary training: most desired areas were ICT skills (27%), interpersonal and communication skills (21%) and resource management skills (19%).

The three main causes of the job-skills mismatch in the Philippines are weak labor-market information system, job seeker's career preference is no longer in-demand and inadequate preparation (education, training and guidance).

The skills mismatch from a business perspective

Training is meant for jobs you see in front of you. Upskilling is meant for roles that you cannot see right now. Therefore, upskilling is more than just providing access to training. Upskilling is also not just about digital skills. It is about identifying the knowledge, skills and experience that will be most valuable in the future. It is about putting a focus on human nature, including skills such as empathy, creativity, resilience, critical thinking, flexibility and emotional intelligence – very much in line with the transferable skills as defined by UNICEF.

From an organizational view, jobs and the way we do work are changing. Each year, in almost every organization, there will be 5-10% of roles that radically change creating severe skills mismatches due to automation and digitalization. This has massive (unintended) consequences not just for the people in work but for the talents coming in.

When CEOs think about upskilling, they are particularly worried about the ability to innovate. 74% of CEOs are concerned about the availability of key skills. 55% say they cannot innovate effectively. 52% say their people costs are rising more than expected. Over US\$3 trillion have been invested in global technology each year. Yet growth in workforce productivity, by any measure, remains low. This shows that it is not enough to have new technologies in house; it is about the ability to activate and use them.

Other consequences that the skills mismatch has on business: Lack of internal entrepreneurship and diversity of thinking; difficulties to keep up with operations; decreasing competitiveness; increased operational cost to upskill new talent to be workforce ready.

On a positive side, people have a huge enthusiasm and energy for learning. But we need to give people the time and space to actually do that.

What does this mean for jobs?

- 1) Automation will not change every job. It will alter the types of jobs available as well as their number and perceived value;
- 2) Those workers performing tasks which automation can't yet crack, become more pivotal: creativity, innovation, imagination, and design skills, empathy and resilience will be prioritized by employers;
- 3) Adaptability in organizations, individuals and society is essential for navigating the changes ahead.

People are worried that they are being taught skills for the 21st century by people born in the 20th century. This is a 100-year gap, so we have to change our approach and our call to action. As employers and education specialists we have a responsibility to create a new demand signal for the labor market so that we can get new talent into our organizations.

We need to become clearer about what our new demand signal will look like, and how we can collectively collaborate as organizations and with other stakeholders and governments. If we are going to make this about competition, we are all going to lose. We need to collaborate, send clear messages to education systems, and create communities of interest across our networks and sectors.

According to webinar participants, business/the private sector can contribute to reducing the skills mismatch through:

- Create greater linkages and partnerships with education systems and schools:
 - Relay industry needs for skills to the public sector (ministries of education, universities, TVET, etc.).
 - Invest early in the education life cycle (ECCD, secondary school level), and not only in the corporate workforce.
 - Invest in curriculum development and teacher training at national skills building institutions
 - Create company internal academia / universities.
- Offer mentorships, apprenticeships, internships, new training models, etc. for graduates and lower skilled youth.
- Engage in foresight and forecast to understand business needs for skills 5-10-15 years from now
- Conduct succession planning for critical roles.
- Upskill the corporate's own workforce to then upskill clients and communities.
- Look beyond the corporate workforce at jobs and skills within the supply chain, where incomes are low and livelihoods vulnerable.
- Pay attention to issues like gender gaps and remove barriers to young women.

Warm thanks to the speakers and moderators for the insights shared:

- Andaleeb Alam, Human Capital Lead, Global Insight team, **UNICEF**
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More information:

- [WBCSD Future of Work Hub](#)