

Skills concentrations



173,000 – unfilled jobs in Germany requiring maths and computer skills in 2015

440 – McKinsey alumni running businesses with annual revenues of at least \$1 billion

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The need to build and develop capabilities becomes increasingly challenging for companies and workers alike. Those who benefit from the high-skill reward opportunities remain a select group who move ahead of the urban pack.

Across the world it is difficult for companies to recruit the right people for the right jobs – while many professionals find themselves either with the right skills in the wrong place or with the wrong skills to cope in an increasingly technical and interconnected world. This mismatch of skills and requirements has a knock-on impact on economies globally. The next decade will see governments, corporations and individuals becoming increasingly focussed on getting the right people with the right skills in the right place to ensure growth. In every Future Agenda discussion on this issue there was agreement: education and training is falling behind corporate need, so unless action is taken, the gap between skills required and workers available will continue to grow.

For Western Europe, part of the problem is that the working population is declining and labour shortages across all sectors are becoming a pressing issue, forcing employers to select from shrinking talent pools. In Germany, an estimated 173,000 unfilled jobs (requiring maths and computer skills) is expected to quadruple by 2020. Sweden lists dozens of professions, from midwives to physicists, where the lack of skilled workers is acute. In the UK, the 2013 Employers Skills Survey reported that 15% of employers said that they faced skill gaps, equivalent to 1.4 million staff or 5% of the workforce.

India has benefitted from the international experience of its many graduates

Countries like Argentina and South Africa also find it difficult both to recruit and then more particularly retain workers as the allure of foreign cities, such as London and New York, prove to be too tempting for home-grown highfliers to stay put. On a more positive note, India has benefitted from the international experience of its many graduates who left for California during the dotcom bubble and have since returned, upgrading the country's talent-pool and global connections in the process.

Efficiencies are being made across multiple sectors, and all sorts of jobs, from accountancy to engineering to nursing, are being transformed because of the existence of robotics and computer science. But it is still unclear whether 'robots' will mean the end of work for humans or whether they will simply augment human capability. We will still need scientists, engineers and nurses, which suggests it's not so much that the requirement is changing, it's just the skills required to do traditional jobs are changing fast. On top of this, the digital economy is hungry for highly skilled workers. This is particularly evident in Asia where e-commerce is mushrooming and early adoption is seen as a way to "leapfrog" inefficient legacy infrastructures.

Alongside new skills, professional certification is also an issue as it often lags behind requirements. Its lack of effectiveness means that companies have to spend unnecessary time and money identifying suitable candidates. Web and mobile designers, for example; without certified standard skills, it is difficult for employers to know who to hire and whose experience is valuable, because the technology is changing so fast. Equally employees have limited

Changing business



incentives to put time and effort into learning on the job if they are uncertain about the future prospects of the particular version of technology their employer uses. Workers will more likely invest when standardized skills promise them a secure career path with reliably good wages in the future.

In addition to this, as enterprises of the future respond to the increasingly networked corporate world where relations with suppliers, outsourcing partners and customers become more dispersed and nuanced, the ability to negotiate, encourage collaboration and manage cross-cultural relationships is increasingly important. The most valuable workers, those who are good at interacting with others, exchanging ideas and providing a service, have skills not taught at college and seldom communicated in the work place itself. Until this is addressed, technically literate, degree-educated candidates, who may well have ambitious salary expectations but fewer social skills, will struggle.

For the top graduates, management consulting is one of the best training grounds for flexible learning, alongside investment banking or a job in one of the big law firms. Not only are these companies good learning centres, because they recruit similarly minded and talented individuals, they also open doors to other professions. McKinsey, for example, says more than 440 of its alumni now run businesses with annual revenues of at least \$1 billion. Looking ahead, as the bright young things who eschewed this traditional route to success for a life in technology venture come of age, and the start-ups mature to join the likes of Google, Facebook and Amazon, it will be interesting to see how their very different and collaborative approach influences corporate life. Perhaps the strong grip the old guard has on corporate culture may wane.

The skills required to do traditional jobs are changing fast.

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For lesser mortals, talent and qualifications can only take them so far. Experience matters – and most importantly international experience. Many professionals are keen to work abroad and there is general acknowledgement that a better understanding of different cultures has an impact on the bottom line. In the UK at least the ambition to travel is proving increasingly attractive to women. A recent report by the Centre for Economics and Business Research found that women between 25-34 years old are driving the greatest demand for international career opportunities – with over half (57%) currently considering taking up a more international role compared to just 29% of men. This drops off as women age. The report also uncovered that, despite the clear benefits to business, the demand for travel is often driven by employees rather than the companies they work for; 62% of employees say they speak about international opportunities but only 13% say this actually happens. As the next generation of senior managers take over there is every expectation that this anomaly will change.

Of course employment is only the beginning. For some it is almost as difficult to stay in work and to maintain relevance as it is for those outside work to get a job. To address this it seems likely that over the next ten years greater emphasis will be put on specific qualifications, but such is the rate of change the normal skills lifecycle is shrinking. Employees will need to train, re-train and train again, just to stay in the game.

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Related insights

Citizen-centric cities



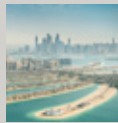
Successful cities will be designed around the needs and desires of increasingly empowered and enabled citizens - who are expecting personalized services from the organisations that serve them

Education revolution



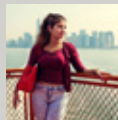
Broader access to improved education acts as a major catalyst for empowerment, sustained economic growth, overcoming inequality and reducing conflict. We need an education system fit for the digital revolution.

Intra city collaboration



Increasing competition between cities overrides national boundaries and drives change. They compete to attract the best but also collaborate to avoid the downside of success – over-crowding, under-resourcing and pollution.

Sometimes nomads



Elective migration, cheap travel, international knowledge sharing, and increasingly transient working models create connected nomads who mix the traditions of home with the values and customs of their host location.