

## The Workforce of the Future



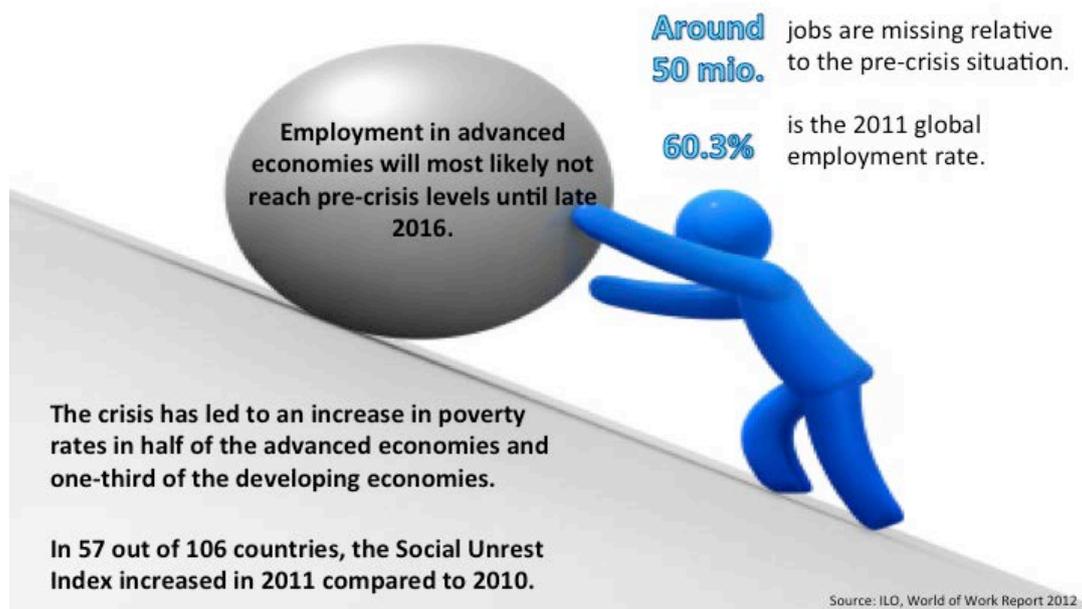
### February 2013:

An estimated 600 million new jobs need to be created worldwide in the next 15 years, in particular in Asia, Sub-Saharan Africa, to keep up with the massive need for employment globally. (Source: [2013 World Development Report](#)). However the labor market and our future workforce is a world of contradictions. While companies worldwide are crying out for new talent and skilled workers, they are unable to fill vacant positions, even as unemployment rates have been skyrocketing. How can we reduce this mismatch between the skills of workers and the talent companies are seeking?

One route is to help prospective employees build the knowledge they need to secure the jobs on offer. The good news is that building knowledge offers almost limitless potential. In 2009 venture capitalist Brad Burnham put it like this: "Knowledge is, as the economists say, a non-rival good. If I eat an apple, you cannot also eat that same apple; but if I learn something, there is no reason you cannot also learn that thing. Information goods lend themselves to being created, distributed and consumed on the web. It is not so different from music, or classified advertising, or news." (Source: [Mashable](#)).

However, building knowledge for today's jobs is not likely to be enough to keep up with the rapidly changing future of work. Globalization and ease of mobility as well technological advancements are changing the characteristics of the global labor market, the nature of jobs themselves, and how work will be done in future. These changes create opportunities as well as challenges for employers and employees, for example when managing cultural diversity becomes an integral part of everyday work life. Add to this the impact of game-playing and tech-savvy younger generations who are starting to enter the world's workforce in larger numbers. However, for these generations there is a substantial risk of disenfranchisement as youth unemployment rates around the world remain high – discouraging some young people from participating in the workforce and potentially stirring social unrest.

The workforce of the future will look radically different in just a few short years. Are you ready?



## The global workforce post-crisis

To achieve economic and social development jobs are critical. Employment transforms not only societies but also individuals as a regular paycheck contributes to rising living standards and gives people the opportunity to work their way out of poverty, improving their lives. Globally more than 3 billion people are working – around 1.65 billion of whom have a regular wage or salary. However around 1.5 billion people are seasonal workers or self-employed, working in farming, small household enterprises or similar. Unfortunately not all these jobs come with a regular income exposing almost half of the world’s working population to poverty. Worldwide, around 197 million people are unemployed. Most are women and young people living in developing countries. Tragically this lack of employment opportunities means that they cannot care for themselves or their families. (Source: [World Development Report 2013: Jobs](#))

### *In Action!*

**The youth challenge:** As economies crashed so did the labor market for many young people around the world. The financial world is recovering. However that is not the case for youth employment (for ages 15-24 years). No matter what region in world, the young people who will drive the future workforce are struggling to gain traction in the labor market. Estimates from the [ILO](#) reveal global youth unemployment of 73.8 million or a rate of 12.6% in 2012 and it is expected to increase to 12.9% in 2017. In some countries such as Spain, Greece and South Africa the rates of youth unemployment are alarmingly high at 50% or more. The [Work of Work report 2012](#) from the ILO emphasizes that the crisis has trapped many young people, in particular in developed economies, in low-productivity, temporary, part-time or other types of work that are not paving the way for a better job in future. Another unfortunate trend is the rapid increase in young people in developed economies that are neither in employment nor in education. Not having access to the means to gain necessary skills early on will have tremendous implications for these young people and our future workforce. This generation of young workers risks keeping the label “the lost generation” – if urgent action is not taken by businesses and governments to address the challenges.

**The lack of job creation:** The ILO believes that the world's job markets are deeply depressed. Improvement was seen in 2010-11 only to suffer renewed setbacks in 2012. Since the financial crisis hit in 2007, 28 million jobs have been lost worldwide, with the U.S. and the Eurozone being the hardest hit areas. Alone in 2012, 4 million jobs were lost and estimates from the [ILO](#) suggest that the number is going up as 5 million more jobs will be lost by the end of 2013. The lack of job creation seems to be persistent, with uncertainty in the financial markets and over policy regulations holding back hiring. Even where jobs are being created they don't seem to match the skills or the expectations of the current job seeking population. (Source: [ILO](#))

**The American and European job crisis:** The report [World Economic Situation and Prospects 2013](#) from the [UN](#) suggests that with existing policies and growth trends it may take the U.S. and Europe five more years to recover from the current job crisis. In the heat of the financial crisis the American unemployment rate more than doubled from 4.5% to its peak of 10%. The rate is now down to 7.9% and the job market looks a little brighter. However, many countries in the Eurozone are still suffering from unemployment rates that are much higher than in the U.S., e.g. Greece 26.8% (31/10/12), Spain 26.6% (30/11/12), Portugal 16.3% (30/11/12), Ireland 14.6% (30/11/12), Italy 11.1% (30/11/12), France 10.5% (30/11/12). (Source: [Bloomberg](#))

### Look Out For...

**An aging world:** Despite the fact that the world is growing in terms of number of people and is projected to reach 7.6 billion in 2020, many countries worldwide will see a decline in the working-age population. For the first time, in 2010, the European labor market saw more people retiring from the labor force than entering it. Currently the gap is "only" 200,000 but it is expected to reach 8.3 million by 2030. In Japan more people are already leaving the labor force than there are people prepared to take over. A similar challenge will hit the Russian, Canadian, South Korean and Chinese labor markets by the end of this decade. Other emerging countries, e.g. India, Brazil, Mexico and Indonesia, could see benefits from the relocation of jobs as these countries have a much younger population. However, a positive effect will only be seen if these countries provide their youth with educational and economic opportunities to develop their skills. (Source: [Ernst & Young](#))

**New jobs for the future:** We highlighted in an earlier brief the fact that jobs of the future will be different from those today, partly due to new technologies such as smart machines and robots – but it's an important point worth repeating. Speaking at the TEDxReset Conference in Istanbul, innovation editor Thomas Frey from [The Futurist](#) predicted that over 2 billion jobs could disappear by 2030. Sectors that will be particularly hard hit include: Power, automobile transportation and education, as well as industries vulnerable to replacement by 3D Printers, e.g. manufacturing, and the next generations of robots, e.g. mining. Over time these sectors could see hundreds of millions of jobs disappearing —however at the same time these changes will create new kinds of jobs. The challenge will be to ensure a workforce that is ready and skilled for them. See more [here](#). (Source: [World Future Society](#))

**From low to high skilled workers:** Robots, smart machines and computers have already been taking over repetitive tasks in mass production facilities for decades. However some experts are questioning whether this move towards automation will lead to a hollowing out of mid-level and even higher skilled jobs, as it has of many low skilled jobs, and whether it is a reason behind continuing high unemployment. While these trends play out, one thing is clear: Job requirements in future are likely to shift towards higher-skilled, flexible workers. Today the demand for highly educated workers is already rising faster than the supply. The question is how we anticipate and adapt to what will be the new realities of 21<sup>st</sup> century work. This needs to be a critical area of focus for both governments and companies – today!

## Closing the talent gap in a globalizing world

It's not just about having enough people in the global workforce in future, to drive economic and social progress. It's about having the "right" talent and, in particular, human capital build up through education. While many people in the developing world still lack access to basic education more people than ever are receiving a formal education. In 2010 the world's population aged 15 and over had an average of 7.8 years of schooling, up from 3.2 years in 1950 and 5.3 years in 1980. The average years of schooling from 1950 to 2010 rose from 6.2 to 11.0 years in high-income countries and from 2.1 to 7.1 years in low-income countries. (Source: [VOX](#)) More students than ever before are also graduating from tertiary education.

With education increasing, the world's workforce should be better prepared than ever to fill vacant positions and close the talent gap in the labor market. However it doesn't seem to be the case and the question is how to change the path that is leading to a worldwide lack of skilled workers?

### *In Action!*

**The talent gap:** [The Talent Shortages Survey 2012](#) (38,000+ respondents and 41 countries) from [Manpower](#) reveals that the world's companies and organizations are suffering from lack of available, skilled talent. Globally, 34% had difficulty filling jobs in 2012 showing no change from 2011 but still down from the pre-crisis year 2007 (41%). The top 5 countries suffering most from a lack of skilled workers are: Japan (81%), Brazil (71%), Bulgaria (51%), Australia (50%), the U.S. (49%). Globally employers have the most difficulty filling the following positions: 1. Skilled trades workers, 2. Engineers, 3. Sales representatives, 4. Technicians, 5. IT staff, 6. Accounting & finance staff, 7. Drivers, 8. Management/executives, 9. Laborers, 10. Secretaries, administrative assistants & office support staff.

**Ready for work:** The recent report [Education to Employment: Designing a system that works](#) from [McKinsey](#) states that employers, education workers and young people live in parallel universes as they hold very different views about the readiness of graduates for the job market. 72% of the education providers believe that graduates from their institutions are adequately prepared for an entry-level position in their chosen field. However, only 45% of youth feels prepared and 42% of employers think that employees hired in the past years have been adequately prepared by their pre-hire education and/or training. The main reason for this mismatch is that the three stakeholders are actually not communicating and engaging with each other. It could be time to think about how you company can impact pre-hire education and/or training to help fill the talent gaps in your company!

**Do I stay or do I go?** In 2012 80% of employees were expecting to stay with their current employer during the next 12 months, up from 35% in 2011. The financial services industry has the highest risk of losing talent, with 25% of employees intending to find a new job, while technology, media & telecommunications and life sciences & healthcare are tailgating right behind with 23%. The top 5 reasons to look for new employment are: Lack of career progress (27%), new opportunities in the market (22%), dissatisfaction with manager or supervisor (22%), lack of compensation increases (21%), lack of challenge in the job (21%). To hold onto key employees Deloitte found 5 factors of importance: Additional bonuses or financial incentives (44%), Promotion/job advancement (42%), Additional compensation (42%), Additional compensation (41%), Flexible work arrangements (26%), Support and recognition from supervisors or managers (25%). (Source: [Deloitte](#)). Is your organization doing enough to retain talent?

## Look Out For...

**The cost of education:** It pays to have a college degree. In 2010 a man with a college degree would earn 67% more than a man without, up from 58% in 2008. For women the number is 59% in 2010, up from 54% in 2008. But not everyone can afford a higher education and during the last decade fees have increased – often substantially – in many surveyed countries, e.g. Germany, Australia, Austria, Japan, the Netherlands, New Zealand, Portugal and the U.S. (Source: [OECD](#)). The good news is that disruptive forces are changing the landscape of education as traditional face-to-face learning moves towards virtual and interactive learning that can reach every corner of Earth. These trends are breaking down the barriers to expensive, rigid and bureaucratic academic institutions as technology opens up elite tertiary educational systems, e.g. [edX](#) ([Harvard University](#) and [MIT](#)) and [Coursera](#) ([Stanford](#), [Princeton](#), [Michigan](#) and [Penn](#)), makes high quality education much cheaper – if not free – and open to all. Expect education to become more accessible than ever, while also making it easier for your company to build up talent.

**Building talented communities:** Companies worldwide are increasingly getting involved in education to build people with the right skills for their industry as well as getting the opportunity to connect with communities. In India [Tata Power](#) has launched a “Village Education Excellence Program” to cover villages surrounding the company’s proposed project site. The education program designed by Tata Power focuses on conducting Math, Science and English classes twice a week for 450 students (Source: [The Hindu Business Line](#)). Brazilian giant [Odebrecht](#), a global organization serving many industries, is strengthening relationships with community educational projects, e.g. "Building up talents through the history of professions" in Angola where 250 young people participate in courses including accountancy and management, plumbing, carpentry and masonry, computer services, machines and motors services, low tension electricity, electricity services and electronics (Source: [Odebrecht](#)). In England [Google](#) provide the funds to support [Teach First](#) - a charity which puts "exceptional" graduates on a six-week training program before deploying them to schools where they teach classes over a two-year period (Source: [BBC](#)). Look out for more organizations engaging in developing the right talent both for their own benefit and that of the communities in which they operate.

**Mobilizing a global workforce:** In order to attract the right talent, globalization and mobility need to be top of the agenda. A [Deloitte](#) survey found globalization was one of the top three strategic business issues for 20% of respondents, with 75% of the companies surveyed anticipating that the number of globally mobile employees would increase over the next 3-5 years. Beyond moving people around the world, where work is not limited by location, but by skills, experience and abilities of workers, technological solutions are creating online work. Businesses and workers are increasingly operating without borders and across time zones. Online employment is a fast growing industry and a “skill market place” where employers can match their specific needs with specific skilled persons. It doesn’t work for all types of job of course! An [E lance](#) survey of 1,500 businesses worldwide predicts that 54% of their workforces will be in online employment by 2017. How can your company tap into an online, globalized and mobile workforce to source the talent you need?

## The multicultural generation gap

Our future workforce lies in the hands of today’s young, tech-savvy generations. By 2025 Generation Y will make up roughly 75% of the world’s workforce. Even now this 1.7 billion-strong generation is starting to enter the workplace and in a few years, Generation Z (or C depending on which definition you use), who are even more connected and tech-savvy generation will further change the workplace as we know it. These generations are applying digital technologies in the workplace in

ways never seen before, transforming how we live, learn, search for information, get a job and get the job done. These young people are mass collaborators and active participants in online content contribution, who simply **expect** not only that everything work-related is online, but also that online information is valid and reliable. They use technology to be seen and to promote themselves through the vast number of platforms that have popped up in recent years to help us with every aspect of our lives – and they are equally happy to be seen in their work.

But it's not just the generational shifts and diversity that we will need to manage in future. More organizations than ever are operating internationally and cultural diversity has become an important element to manage – a source of new perspectives and creativity, but also of challenges due to potential cross-cultural misunderstandings.

Expect diversity, both generational and cross-cultural to become an increasing part of everyday business life and to drive cultural shifts as new values, ways of working and behaviors permeate organizations.

### **In Action!**

**From home to unknown:** The total estimated number of international migrants (covers everything from refugees to expats working on short-term contract) worldwide has increased from 150 million in 2000 to 214 million today. The number of international students is also on the rise. According to OECD 3 million were studying abroad in 2005, while the number was 4.1 million in 2010. More than two-thirds of people are willing to move for work, an increase of 7% since 2006. The top 5 countries with populations most likely to relocate abroad are: Portugal (97% would relocate), Luxemburg (94%), Nigeria (94%), Qatar (94%), and Tunisia (91%). Among the top 5 least likely to relocate abroad you'll find: Italy (53%), China (52%), Lithuania (52%), Slovenia (52%), and the U.S. (48%). Good salary, good career opportunities, good terms of employment/benefits and good working atmosphere are the biggest drivers for choosing a company abroad. (Source: [Global Talent Barometer](#))

**Recruiting goes social:** Online job sites and social networking sites are killing the traditional recruitment industry. 92% of employers or recruiters used or planned to use social networks to find job candidates in 2012. 73% of recruiters said they had hired someone found or introduced through social networks. Already 93% of job recruiters use the professional social network site. Of these 89% found someone through [LinkedIn](#), 26% through [Facebook](#), and 15% through [Twitter](#). (Source: [CNET](#)). In November 2012 Facebook, now one billion strong, launched [The Social Job Partnership](#), which now features almost 2.4 million jobs, up from 1.7 million on its launch day. There is no question that social recruiting is a huge trend. However it is questionable whether Facebook's job site will be a competitor to LinkedIn as many like keep professional and social life apart. In order to get a job, credentials from colleagues, at least for now, are more worth than credentials from a persons partying with you. Take good care of your social profile – 86% of recruiters are likely to look at it. Does your company have an efficient social recruiting strategy in place?

**Managing the generational challenge:** Forget retaining, inspire! That is exactly what GE has in mind to attract and develop the best of the next generations. Some of the recommendations from GE's Global New Direction Group are: 1. Leveraging gaming technology to create a new interactive channel that connects the world to GE in a fun and engaging way, helping to educate prospective employees about the company and its economic and social values. 2. Creating a personalized suite of benefits, providing greater flexibility and choice to better meet the needs of a global, diverse workforce. 3. Enhancing performance-management systems with new tools to help employees navigate their career at GE and identify a wider range of opportunities across the company. Processes that allow for more just-in-time feedback and coaching, which the next

generation considers to be highly desirable, round out the enhancements. 4. Expanding leadership development and accelerator programs, connecting participants across those programs in order to support a broader base of culturally adaptive global leaders. (Source: [HBR Blog Network](#)). How can your company implement better strategies to attract, develop and retain the next generations?

### Look Out For...

**Work smart, not hard:** Fed on a diet of multi-level, multi-player games Generation Y are transferring this fast-paced way of living into their work life. The study “[No Collar Workers](#)” from [MTV](#) shows that 44% of Gen Y is looking for loopholes to get the job done versus 24% of Boomers. However don’t jump to conclusions too soon, as Gen Y’s definition of “loophole” is very different from the Boomer definition – the tech-savvy Gen Y are just looking to get from Point A to Point B as fast as possible, and they don’t like things that slow them down. For them it is not about avoiding but rather about finding a way to work smarter in order to be more efficient – 80% agree, “it’s not about how hard you work, it’s about how smart you work.” Before welcoming too many Gen Ys and (Gen Z/Cs) entering your workplace it might be a good idea to clean up unnecessary processes and procedures and get rid of the 100-page PowerPoint presentations.

**Meet Generation Z or C:** Gen Zs were born between 1995 and the end of 2000 and have grown up in a ‘playlist world’ where they can customize their life and take only the elements that matter to them. Their expectations will be no different when they begin their career. They won’t expect to be given the entire ‘album’ of work instructions. Instead they’ll expect to be able to find and digest only the information that matters to their daily tasks. They have different goals, different ideas and require a different managerial strategy in order to manage and retain them. These employees have grown up with technology as a part of their everyday lives. For this crowd multi-tasking is like breathing, and Generation Z will make very productive workers if you can keep them stimulated. Long projects focused on single tasks are foreign to this generation and boredom in the workplace may cost you employees looking for a challenge.

**Perspectives from a future workplace:** PSFK recently released their [Future of Work report](#) filled with interesting perspective from our future workplace. Obviously we can’t mention it all here! However some of the take aways are: Expect cultural shifts towards a collaborative, start-up, learning-by-doing mentality that allows for new ways to learn; internal and external social networks will help better match companies and talent; e-learning as well social knowledge platforms will enable workers to stay up to date with cutting edge skills; the feedback culture (anonymous and non-anonymous) takes off via micro-communication tools and open feedback channels, fostering more constructive communication; the pop-up workplace, work(out) places will arrive in order to meet the ever changing demands of the workplace and its employees.

**In March: Look out for trends in action on Cyberspace: Empowered or vulnerable?!**