



# The workforce evolution

Analysis of more than 16 million data points were used to forecast of the future workforce – the skills that will be most essential, where those success factors will be lacking, and what to do about it now.



Long before Toffler penned those words analysts and HR practitioners were seeking forward answers to the perennial workforce questions:

- What are the most critical skills we will need from employees in the future?
- What can we do to prepare, so skill gaps don't erode organizational performance?

The answers are coming into sharper focus, due to an abundance of time-series data.

Combining our data with industry research, we now know which skills will be essential in the future – and why they matter. The emerging picture is one of much change and yet little change at the same time. The future state represents a pivot and refocus rather than reinvention.

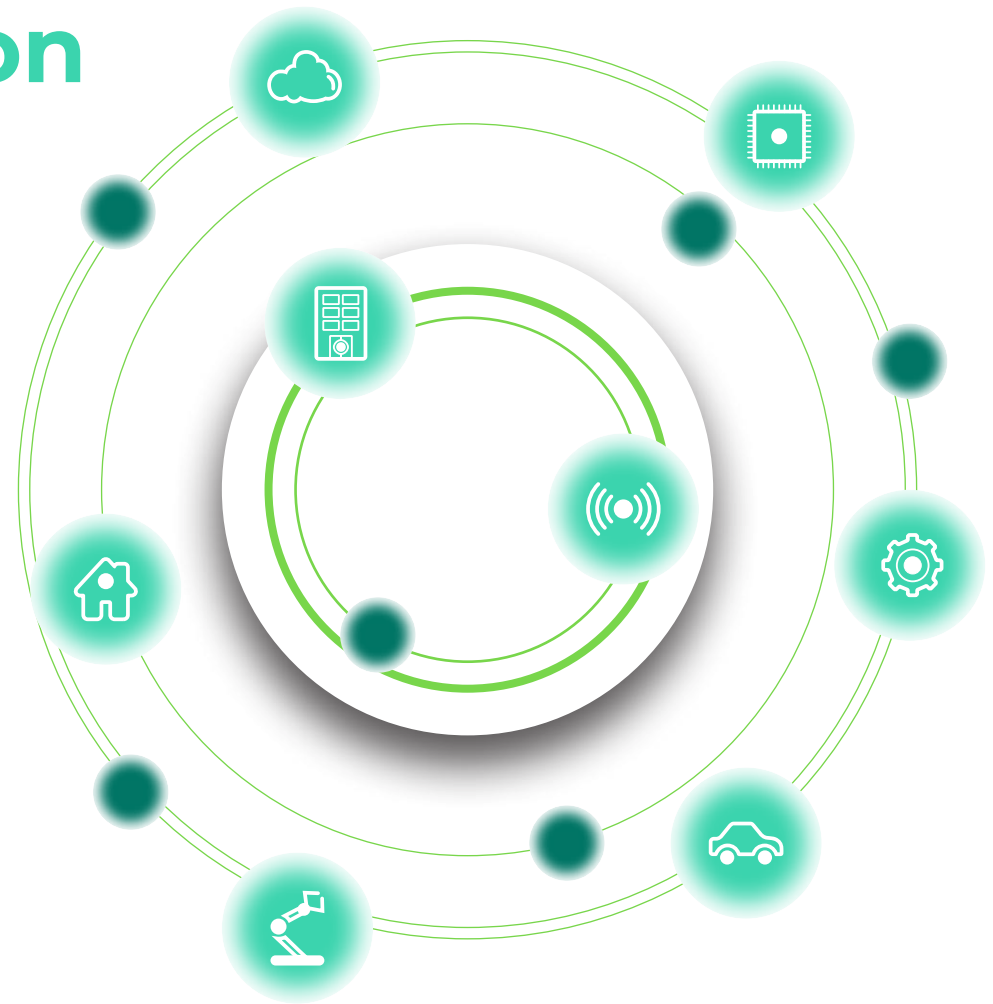
**“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn.”**

Alvin Toffler, American futurist, author and management consultant

# The fourth industrial revolution

The workplace has been reshaped by forces that affect every sphere of life such as:

- The internet has dissolved traditional trade barriers and spawned new partnership models.
- Diversity is redefined in a cross-cultural environment with balanced gender representation and five age cohorts in the workplace.
- The nature of work has changed by the gig economy, growing reliance on contractors and the rise of micro-work.





# Success drivers in this industrial revolution

This era also challenges ideas about what drives success as an employee and an employer. We analyzed the data to understand:

- How does the new generation of employees differ from previous generations?
- Does the future workforce need new or different skills, and if so, which ones?
- How universal are the trends? Are there significant differences across sectors?
- How should organizations respond? What should they stop, continue or start doing?

SHL analysis uncovered areas where the evidence doesn't line up with conventional wisdom. We identified the most acute mismatches between supply and demand.



# A unique vantage point on workforce skills and needs

SHL research leveraged data from two distinct and complementary perspectives:

What skills lead to job performance success?


**10** years of job analysis questionnaires 

 **12** million data points from more than

**800**  separate projects with more than

**300** client companies 

What skills does the talent pool possess?

**8** years of assessments from applicants and employees 

 **4.63** million data points from nearly

**6,000**  client companies in

**200+** countries 

We organized our data against **SHL's Universal Competency Framework**, a proven taxonomy for measuring, tracking and predicting critical skills over time. Upon examination, we gained an insight

into the coming 5 to 10 years from both sides of the workforce issue – projected skill needs and looming skill shortfalls.

In-depth analyses of proprietary SHL data across time has identified the key skills and competencies of the future – which ones are gaining prominence and why.



# The widening skills gap

In a more digital and automated work environment, certain skills and competencies have become more important for more roles, while others have become less important but not vanished. We're seeing a gradual but growing trend.

Four skill areas will be more critical in the future:

## 1 ..... **Learning, creativity and innovation**

As automation expands, the advantage goes to those who excel in human "soft" skills. New generations entering the workforce say they value these skills, but they don't measure up to their older counterparts.

## 2 ..... **Adaptability and resilience**

When the typical career path may be more of a jungle gym than a ladder, the advantage goes to those who can roll with or thrive on change. However, this trait has been in steady decline in recent years.

## 3 ..... **Collaboration and communication**

The workplace is more technologically connected than ever, but our research shows a marked decline in these interpersonal skills in recent years, particularly among new graduates.

## 4 ..... **Commercial thinking and business acumen**

In the quest to create exceptional customer experiences organizations need these qualities in abundance, across all positions. Some industry sectors stand out here. Others consistently lag.

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# One Learning, creativity and innovation

Success in a work environment of constant change, unexpected events and ambiguity rest on the workers' abilities to:

- Actively learn from experience and apply lessons learned to new situations
- Critically think through unexpected situations as they arise and find creative resolutions
- Unlock differentiators and find ways to save the organization time and money

SHL research confirms demand for workers with these cognitive abilities will remain high. However, an inconsistent picture is unfolding. The latest generation of workers say these skills are important in today's digital environment but they are increasingly unprepared for jobs requiring these skills.

## Practical steps to address the challenge



**Stop** assuming this generation of employees have the requisite cognitive skills just because they seem to value them. Look for real evidence of competence before formal onboarding.



**Continue** to focus on measures of cognitive ability – a strong predictor of success – when hiring. Focus on the aptitude to learn, apply new concepts and conceptualize solutions to complex issues.



**Start** expanding opportunities to acquire these skills through mentoring and stretch assignments that build real-world experience.

Think “digital proficiency” is all about technical know-how? Not so. SHL research reinforces a truth that is not necessarily intuitive: Those who exhibit capabilities in continuous learning and innovation, insightful analytics, collaboration and network performance, and execution excellence are more likely to be equipped for the digital era.



# Two

## Adaptability and resilience

Adaptability is one of the top twenty-first century skills.

Don't assume this trait is a given with recent graduates entering the workforce. Consider that boomers started their careers in the age of the electric typewriter. They are now leading the digitally transformed world of work. That's adaptability.

In fact, employees entering the workforce tend to score lower on these competencies by as much as 34%. They may be natives to 21st-century ways of working but not necessarily equipped to work in it.

There's no room for complacency on this dimension. Our research shows even senior leaders adaptability has steadily declined over the years.

### Practical steps to address the challenge



**Stop** paying lip service to the importance of adaptability. It's not just a buzz word but a true necessity in the new world of work.



**Continue** setting and affirming long-term strategy goals so leaders don't stray off course when encountering change.



**Start** tuning development programs for adaptability, especially for senior management and executive roles that need it most.

# Three Collaboration and communication

Communicating has never been easier but even great technology can deliver bad communication. You may have several people collaborating around an idea, but the flow of conversation might be scattered and ineffective.

The challenges are compounded by distance. Nearly two-thirds of employers have remote workers.

Colleagues are as likely to be across the globe as across the aisle. The ability to span those divides and perform as a cohesive team is critical.

SHL research confirms a decline in average communication scores over time for both graduate and managerial job levels. This trend is unsustainable.

## Practical steps to address the challenge



**Stop** assuming candidates have the requisite communication skills. Use interviews and work samples to assess their effectiveness in the various forms of communication the role requires.



**Continue** regular check-ins with employees – in person or online – to model and entrench the importance of strong, transparent communication.



**Start** strengthening two-way connections between managers and employees to share concerns, thoughts and recommendations – and recognize collaborators as they deliver success for the organization.

# Four Commercial thinking and business acumen

Organizations need a wide base of commercial thinking and business acumen employees at all levels who:

- Take an organization-wide view of the business and their role in it
- Understand and convey the value of their products and services
- Consider revenue, cost and risk factors that drive organizational performance
- Optimize resources to deliver more with less
- Manage and mitigate risk
- Stay abreast of external factors that influence the business

SHL research found the prevalence of strong commercial thinking skills is very uneven across industry sectors.

## Practical steps to address the challenge



**Stop** assuming commercial thinking is only critical for sales and financial roles. Today's digital business models require employees in every position to understand and influence the bottom line.



**Continue** to orient employee engagement and retention efforts around compelling value propositions and keep your most commercially-savvy employees from leaving.



**Start** providing commercial skills and business acumen training to all employees, so they understand how their work aligns with the organization's financial goals.



# Action you can take today

More than 16 million data points tell an indisputable story. The workforce is steadily declining in the most critical skills requirements of the next decade. Unless organizations adapt how they select and develop talent, they're headed for a talent crisis.

Your organization doesn't have to wait until performance declines. You can evaluate and fine tune talent strategies now to address the impending gaps:



**Stop** relying on an inaccurate (and likely biased) picture of future skills based only on the future demand for talent. It's important to understand not only what skills will be in demand, but what the supply of those skills is likely to be. Take advantage of scientifically-proven assessment solutions to make evidence-based decisions.



**Stop** viewing and addressing your future skills needs through piecemeal approaches on a role-by-role or as-needed basis. Look holistically across your workforce to determine your aggregate talent needs and benchmark your talent externally.



**Continue** monitoring emerging workforce and skill trends to ensure your organization doesn't get left behind. Stay up to date with SHL blogs, whitepapers and reports on the latest industry trends and innovations.



**Start** upskilling to build the organization's portfolio of future-ready skills. Start with key roles and leadership positions where these skills will make the biggest difference. Use proven assessments for high-potentials and succession management to make the best leader development decisions.



**Start** using a standard competency framework to gain a systematic, end-to-end view of your organization's current talent and readiness for the years ahead. Systematically evaluate and track employees across their entire employee lifecycle, from hiring to onboarding to ongoing engagement and retention.



**Start** addressing critical talent gaps by looking in new places where those skills already reside, perhaps in adjacent roles or industry sectors. Count on SHL's leading experts and consultants to develop talent acquisition and management strategies that work.



**Find out how SHL can help you win.** As the fourth industrial revolution brings unprecedented change, we provide deep people insights to predict and drive performance.

Take advantage of SHL's scientifically-proven assessment solutions to make evidence-based decisions.

SHL Assessment Solutions can help you identify, place, and develop talent your organization needs to succeed in the future.



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SHL exists to help you win. At a time of unprecedented change, we provide deep people insights to predict and drive performance.

Our world-class talent solutions empower leaders and their teams to make unbiased decisions throughout the employee journey. With 40+ years of talent expertise, cutting-edge assessment science and more than 45 billion data points, we have an unparalleled view of the workforce. SHL partners with organizations of all sizes – from start-ups to multinational firms – worldwide to deliver proven business results from people investments.