

## **The future of employment and the new professional competencies: The companies' perspective**

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### **Executive summary**

Unemployment is one of the main social challenges in the EU, in particular, in Spain. The unemployment rate in Spain decreased from 25,7% in December 2013 to 14,5% in December 2018, but is still higher than the EU rate (6,6% in December 2018). This problem gets worse among youth, with an unemployment rate of 32,7% in Spain at the end of 2018, more than double that of the EU (14,9%).

Education is one of the main factors that explain youth employment and unemployment. People with low educational attainment suffer higher unemployment rates than people with medium and high educational levels. In September 2018, the Spanish unemployment rate among young people with low educational attainment was 32 percentage points higher than among young people with high educational attainment.

This report provides the insights of 53 large companies operating in Spain about the employment outlook and the professional competencies they require to meet their current and future needs. The main findings are as follows:

1. Economic growth is an important factor to forecast the evolution of employment and unemployment. However, regardless of the economic cycle, some global trends such as the digital revolution, automation, globalization, the aging of the population or the expansion of the gig economy shape employment and employment growth. The increasing adoption of new technologies will entail a higher degree of tasks' automation and, consequently, machines will replace many jobs. OECD estimates that Spain has more than 50% of jobs with a high risk of becoming automated by 2030. This entails significant challenges from the point of view of employment, education and training.
2. In this context, Spain needs a flexible and proper education system, able to meet the dynamic needs of companies and society. The set of professional competencies - knowledge, skills, and attitudes- that companies demand has changed rapidly, and the education system has not adapted itself fast enough to the new scenario, creating a gap of professional capabilities in many jobs. According to the OECD, in Spain, this gap affects more than 33% of workers. The future of jobs requires to understand which knowledge, skills, and attitudes companies will ask for over the coming years. Ultimately, companies generate employment and thus play an important role in defining the professional capabilities needed in the future to improve young people employment.
3. The Spanish education system does not provide an adequate response to the above challenge nor to the real needs of the companies. 72% of the surveyed companies find complex obstacles to cover the jobs openings due to a mismatch of knowledge, skills, and



attitudes. The responsibility of improving young people capabilities' not only belongs to educational institutions, but also to families and companies, which play an important role in the development of such competencies.

4. Companies prefer university degree level professionals. 67% of current jobs and 57% of the jobs offered during the last twelve months by the surveyed companies are filled with university degree level employees. In contrast, companies find difficulties to hire vocational education level employees, who represent 17% of current jobs and 21% of new jobs in 2018. These results are consistent with OECD reports, which reflect that the percentage of young people with vocational education in Spain (24%) is far lower from that of EU (36%), Austria (59%), France (48%) or Germany (51%).
5. Companies consider that those global trends are heavily shaping the professional profiles that they require and show special concern about the skills gap these trends are creating. 72% of the companies consider that the digital revolution impacts significantly on the required profiles. 56% of the companies consider that automation impact is very significant. Companies also state that the effect of automation will be deeper in jobs occupied by professionals with lower educational level.
6. 68% of the companies detect an important gap in technological and digital knowledge regarding university level employees and 48% of the companies detect that gap regarding vocational education level employees. They conclude that the educational system does not work well. Additionally, companies consider that the gap in areas such as big data, digital marketing, artificial intelligence, and blockchain will be greater in 5 years, aggravating the educational problem.
7. Companies also detect a gap in skills. 56% of the companies consider that university level employees lack teamwork skills and 52% consider that university level employees lack communication skills. Regarding vocational education employees, 56% of the companies consider that they lack communication skills and 48% of the companies consider that they lack teamwork skills. These facts are particularly relevant given that companies are evolving into new, less hierarchical organizational structures while adopting new methodologies such as agile or design thinking. New organizational models require different skills, emphasizing teamwork, communication, leadership, negotiation, and a sense of entrepreneurship.
8. The professional and personal attitudes gap is also widening. Companies ask for adaptability, resilience, and commitment. 72% of the companies, however, do not find adaptability and resilience attitudes in university level employees. 52% of the companies do not find such attitudes in vocational education level employees.
9. To meet the future requirements and fill the knowledge, skills and attitudes gap, companies ask for a more complete, holistic and practical education that emphasizes the skills of the future. Companies feel that the educational system is not moving in the right direction, nor moving fast enough, and, therefore, not addressing the unemployment more decisively.
10. Companies highlight the need for closer cooperation among the different players to promote workers employability. 87% of the companies consider that they should have a more relevant role in defining the knowledge and skills contained in the core curriculums. Companies also demand to improve the way in which educational institutions coach students on the reality of the company and professional life.



11. Governments should boost the relation among companies, universities and other educational institutions, making the system more flexible in order to allow educational centers to meet the needs of companies, to modify their study plans, and to create new degrees. Contractual models for young professionals and trainees should have recognition by society, as well as favorable tax and employment treatment. Internships and mixed formulas of study-work are the best antidote to fight against unemployment and the best way to prepare young people for a meaningful professional career.