

## **The Professional Competences of the Future: A Diagnosis and An Action Plan to Promote Youth Employment After Covid-19**

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### **Executive Summary**

The economic crisis caused by the global pandemic is having a profound negative impact on economic growth and employment. This crisis reinforces the uncertainty about the future of jobs and work, already under stress due to the digital revolution, the automation of processes, the disintermediation and the disintegration of the value chains of many sectors of the economy. The growth in unemployment as a result of this crisis further highlights the need to invest in the employability of citizens and, in particular, in the development of the professional skills that will be needed in the future.

The challenge of job creation and unemployment - and of youth unemployment in particular - goes beyond the drop in demand caused by the global health crisis. This report examines the underlying trends that are affecting employment in the world, the EU and Spain in particular. In recent years, the digital revolution, automation, the growth of platforms, the gig economy, disintermediation and the vertical disintegration of many companies are causing the disappearance of jobs, a change in the type of jobs that companies offer and on the professional skills necessary to cover them. These profound changes require new professional competences and skills.

The gap between necessary professional skills and existing skills has grown in recent years. Companies with job openings express this paradox: there are qualified jobs for young graduates, but observe that there is a lack of candidates with the professional capabilities to perform them. The educational system has not been able to respond to these changes with the necessary agility, which has created a gap in professional skills that will grow in the coming years if it is not acted upon.

The fight against the pandemic improved the role of technology in promoting virtual work from home. However, the intensive use of technology also requires better professional preparation and the development of skills to work and follow projects online, serve clients better or work on the products and services of the future. Technology also requires major organizational changes in companies. The need to work on the professional competences of the future, reduce the skills gap and ensure the employability of young people becomes more important.

Improving employability requires a good definition of the professional competencies demanded by companies; an agile educational system that responds to these needs; and governments that



facilitate the necessary adaptation and enable cooperation between educational institutions and companies. The challenges related to the future of work are enormous and require the collaboration of companies, educational centers, governments and social agents to be able to tackle them successfully.

This report offers a new perspective on the future of youth employment, examining the professional competences and skills that will be necessary to improve young people's employment. The data from this Report comes from an extensive Survey among the Chief People Officers from 118 relevant companies in Spain, including Spanish companies and large subsidiaries of international companies. The survey was complemented with structured personal interviews with 58 participants. This Report includes valuable information coming from the needs and challenges that companies face, and provide a very interesting description and map of professional competences, with a focus on the skills gap. The survey was administered in a first phase to 53 companies between July 2018 and January 2019, and in a second phase to 65 companies between July 2019 and January 2020.

The contribution of these companies and the methodology used allow us to approximate estimates of the professional skills gap that currently exists. This study structures the skills gap in three basic areas: knowledge, skills and attitudes. The senior managers of the participating companies have also provided their opinion on the possible measures to be taken by the different actors involved to and improve the employability of young people. The main conclusions of this Report are as follows:

1. At the beginning of 2020, before the COVID-19 crisis, many EU countries had historically high youth unemployment rates. This is related to negative effects of labor market regulation, but it is also influenced by some economic and social trends such as the digital revolution, automation, globalization or the expansion of technological platforms. These trends have modified the professional skills required, generating a skills mismatch in the market and difficulties for companies when it comes to finding the professional profiles they are looking for.
2. One of the factors that has greater impact on employment levels is education. Young people who have only completed basic, compulsory education have much higher levels of unemployment than those who have completed university studies or higher-level vocational training. In Spain, the difference in unemployment rates between university graduates and people with a secondary education was 13 percentage points in 2018.
3. The digital revolution is one of the main drivers of change in the professional profiles that companies need. 73% of the companies surveyed consider that this factor has had a high or very high impact on changing the professional profiles they are looking for. Companies also indicate that changes in customer needs (mentioned by 75% of the companies interviewed), internationalization (mentioned by 57% of companies) and automation (mentioned by 63%) have had a significant impact on the evolution of professional profiles. These changes not only affect the knowledge that companies need, but also the professional skills and attitudes of their employees. New business models or new forms of organization and work require a change in the capacities needed, such as analytical capacity or communication, and in attitudes, such as initiative, autonomy or a sense of commitment.
4. The educational system has not been able to respond with flexibility, functionality and speed to the challenges posed. 83% of the companies interviewed consider that they face serious problems when recruiting candidates for certain positions due to their weak



professional qualification. Those companies suggest that problems include the knowledge, skills and attitudes of the candidates. Companies consider that covering the skills gap is a shared responsibility of schools, government, companies and families.

5. The level of technological proficiency of young graduates is lower than what companies need. More than 90% of companies state that they cannot find enough candidates with good professional competences in of big data or analytics. Also, 88% of companies do not find candidates with good knowledge in digital marketing. The gap in technological knowledge that companies experience is high and will worsen.

6. Companies consider that educational centers do not devote enough attention to the development of professional skills - "soft skills" - necessary in many organizations. The skills with the most notable deficiencies are communication (58% of the surveyed companies do not find it in the profiles), entrepreneurship (50% of the companies), leadership (48%) and negotiation (48%). New organizational forms or work methodologies, such as agile methodology, work by projects or design thinking, require a deeper preparation in those capabilities.

7. There is a relevant gap between the attitudes that companies need and those they find in the candidates they interview. For example, 72% of companies do not find the attitude of resilience and 48% do not find initiative. Companies highlight that understanding the whole organization in serving customers is increasingly necessary, since new organizational forms tend to eliminate silos, form multidisciplinary teams and organize projects around objectives related to end customers.

8. Companies perceive that the professional skills gap will increase significantly by 2023 if schools, universities and governments do not address the problem more effectively. In the coming years, the importance of the competencies described in this study for companies will grow. If the current gap and its causes are not acted upon, in 2023 the gap will be wider, with its impact on the employability of young people and companies' competitiveness.

9. People's directors observe that young people' professional competencies demand an educational system more effective in the transmission of knowledge in some key areas (technology, digital sustainability, etc.), the development of professional skills (soft skills) and the education of attitudes and values, which requires a new focus on humanities studies (anthropology, history, literature, etc.). Universities and vocational training centers should promote the development of capacities such as teamwork, organization, communication, leadership or initiative. In addition, they should promote STEM degrees and programs to increase the number of graduates in this field. For this, it would be important to work on early professional guidance, which enhances the knowledge and attractiveness of technical careers, and a greater presence of teachers specialized in science and mathematics from the first years in school.

10. Companies must continue to promote permanent education and development for their employees and assume a greater role to help fill the skills gap. In addition, companies must continue to adapt their policies for the development of people and talent to the different needs and values of the new generations. This includes reviewing policies for attracting young professionals, onboarding, career plans, education, retention policies and flexibility.

11. Governments should offer a stable and flexible framework for collaboration among companies, universities and other educational centers. Governments should get



companies' ideas and experiences to promote some educational objectives, forms of collaboration, policies and indicators that allow a better definition of the professional skills of the future, reduce the skills gap and improve the employability of young people.

To access the report, click [here](#).