

Education for Jobs (ExJ) Initiative

Business challenges and professional skills needed after COVID-19: the impact on youth employment

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Executive Summary

The geopolitical tensions in Europe in the face of the invasion of Ukraine by Russia and the looming economic recession define a new economic scenario, with the general rise in the prices of raw materials, inflation—which is no longer considered a transitory phenomenon—, and higher interest rates. An economic stagnation with inflation and a long crisis in Ukraine would define a very negative context that may have a devastating impact on employment and, in particular, on youth employment.

Youth unemployment is still one of the main challenges in southern Europe. The COVID-19 crisis has had a terrible impact in terms of loss of human lives and has had a very negative impact on employment data in our country and the rest of the members of the European Union (EU).

The global pandemic has worsened youth employment prospects from another angle. Work in the post-COVID-19 world presents different characteristics that represent a profound change in the professional skills required. The new skills required also have consequences for youth employment. The pandemic has accelerated trends such as digitization and automation and has had a decisive impact on the practice of remote working. All of this has important implications for the interpersonal relationships of employees and the ways of working and relating to the company, as well as corporate culture and values. Companies must adapt to these changes and the challenges they pose, adapting some of their talent selection and retention policies, creating a culture of continuous learning and anticipating the professional skills required and existing gaps. In this regard, this study shows that the impact of COVID-19 has led to an increase in the professional skills gap.

Reducing the gap in professional skills and guaranteeing the employability of young people is not an exclusive mission of companies, but rather a shared responsibility of educational centers, companies, the Government and families. However, companies are the social agents that best know the future challenges and the skills they need to face them; their diagnosis of the problem and their proposals for solutions are essential. There will be no permanent solution to the challenge of youth unemployment if their involvement is not sought, from the very diagnosis of the situation. This report offers a panoramic view of the situation of youth unemployment in the EU, with a special focus on Spain. It tries to offer a diagnosis of the difficulty faced by companies in Spain when it comes to hiring young people from the perspective of the professional skills they need and the skills they have. The skills gap is very relevant



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and its solution is essential to promote youth employment. Finally, these pages also offer a panoramic view of the impact of COVID-19 on some aspects of work and its organization in Spanish companies.

The ideas and proposals presented in this report are the result of the different perspectives of the companies participating in this study. Senior executives from 83 relevant companies in 18 industries in the Spanish economy have participated in the preparation of this report, answering a survey between the months of June and December 2021. This survey has been complemented with in-depth personal interviews with senior executives in some companies. The opinion of the participating companies helps to define the necessary professional skills, the existing skills gap and the most important measures that should be taken to try to reduce it.

The main conclusions of this report are the following:

1. The pandemic has had a strong impact on different aspects of work in the company, especially the increase in remote working. 65.9% of the staff of the participating companies have worked remotely during the pandemic and this practice will continue in the coming years. Looking ahead to 2025, participating companies expect remote working to account for 37.9% of working hours. This trend requires changes in the necessary professional skills and increases the importance of skills such as leadership and the ability to react to volatile environments.
2. 75% of the companies surveyed have found it difficult to fill some positions due to the lack of certain professional competencies in the candidates.
3. 76% of the participating companies consider that there is a significant mismatch between their needs and the preparation offered by the university education system. 79% believe that this also occurs in the field of vocational training.
4. Companies continue to show a clear preference for university graduates over vocational training. They consider that the latter does not adequately prepare young people for the jobs offered. This is more evident in the areas of People (95.1% of the companies surveyed hire university profiles), Finance (92.7%) or Sales and Marketing (86.6%). Only in the areas of Production, Operations and Logistics, the companies surveyed prefer vocational training profiles (46.9% compared to 35.8% of university students). Among the reasons given, some companies mention specific knowledge provided by university studies or the greater overall vision that these young people acquire.
5. The professional skills demanded by companies have changed in recent years. The main causes of this change are automation and new customer needs (indicated by 52% of companies as a high-impact factor) and remote working (cited by 47%).
6. The competencies gap—those that companies need in relation to those found in young graduates—is reflected in the level of knowledge, skills (“soft skills”) and attitudes. The main one continues to register in the technological area. 94% of the companies surveyed consider that there is a significant mismatch between what they are looking for and what they find in graduates in the areas of big data (85%) or digital marketing (82%). For their part, skills are increasingly important for companies and significant imbalances are detected in relation to leadership skills (mentioned by 90% of companies), negotiation (89%) or innovation/creativity (89%). In the same way, there is also a deficiency in attitudes such as commitment (88% of companies) or overall vision (87%).
7. In the future, the most important professional skills, in the opinion of companies, will be technological knowledge (such as big data or digital marketing), innovation skills, leadership



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and teamwork, as well as ethical values, environmental sensitivity and social inclusion. Companies also highlight the relevance of learnability or the ability of employees to learn and manage their own learning.

8. Companies consider that the responsibility for closing the skills gap should be shared between educational centers, companies, the Government and families. The latter play a fundamental role in the development of the attitudes necessary for professional life (companies give them an importance of 4.93 out of 5 to the role they play in the development of attitudes in young people). Educational centers, for their part, are the main responsible for the development of knowledge (4.73 out of 5), but also of skills (4.41). In this regard, the companies consider that educational centers must also apply more practical approaches to favor the development of the necessary capacities.
9. In 2021, 82% of the employees of the companies surveyed received training, mostly in an online format. Companies also attribute themselves a very relevant role in the development of the necessary professional skills among young people and ask for greater participation in the definition of such skills and their adaptation to study plans. Currently, the opinion of companies in this field has little impact on the definition of curricula. Continuous training is a mechanism used by 98% of the companies surveyed to try to reduce the skills gap.
10. Governments, for their part, should facilitate the involvement of companies in the future of education, as well as make the content and adaptation of courses and modules more flexible to the needs of companies. This type of action is considered more effective than some global legislative changes. Other relevant actions, at a general level, are to continue promoting dual vocational training and internships in companies, as well as active employment policies that facilitate the fit of young people. The ongoing training of young people to facilitate their preparation is a necessary practice with maximum social impact.