ManpowerGroup®

The Skills Revolution

DIGITIZATION AND WHY SKILLS AND TALENT MATTER

We are seeing the emergence of a Skills Revolution — where helping people upskill and adapt to a fast-changing world of work will be the defining challenge of our time. *Those with the right skills will increasingly call the shots, create opportunities and choose how, where and when they work. Those without will look to the future and not be able to see how their circumstances will improve. This polarization of the population that is playing out in front of our eyes is no good for society or for business. We need aggressive workforce development to address the widening gap between the Haves and the Have Nots.*

Now is the time for leaders to be responsive and responsible: *we cannot slow the rate of technological advance or globalization, but we can invest in employees' skills to increase the resilience of our people and organizations. Individuals also need to nurture their learnability: their desire and ability to learn new skills to stay relevant and remain employable. We need to take immediate action to fast track the upskilling and reskilling of existing employees to ensure we have a workforce with the skills required for the future. We also need to draw in those that are not fully participating in the workforce.* ***We need to be ready for new jobs and new skills. That's what we mean by the emergence of the Skills Revolution.***

Jonas Prising,
Chairman & CEO, ManpowerGroup

WE ASKED **18,000 EMPLOYERS IN 43 COUNTRIES** ABOUT:

- **The likely impact of automation on headcount in the next two years**
- **Which functions will be most affected**
- **The strategies they are adopting to ensure they have the skills they need for technological advances**

*More than **90% of employers** expect their **organization to be impacted by digitization** in the next two years*

THE SKILLS REVOLUTION: DIGITIZATION AND WHY PEOPLE AND TALENT MATTER

Rarely a day goes by without news of digitization, artificial intelligence and virtual reality impacting the workplace. Business leaders, politicians and economists want to quantify technology's impact on employment — but no one knows for sure what the outcome will be. Plenty has been written predicting the future: more jobs, different jobs, less jobs, even no jobs. **But few are telling people that they will need new skills and they will need them more often to stay employable for jobs we may not even have heard of yet.**

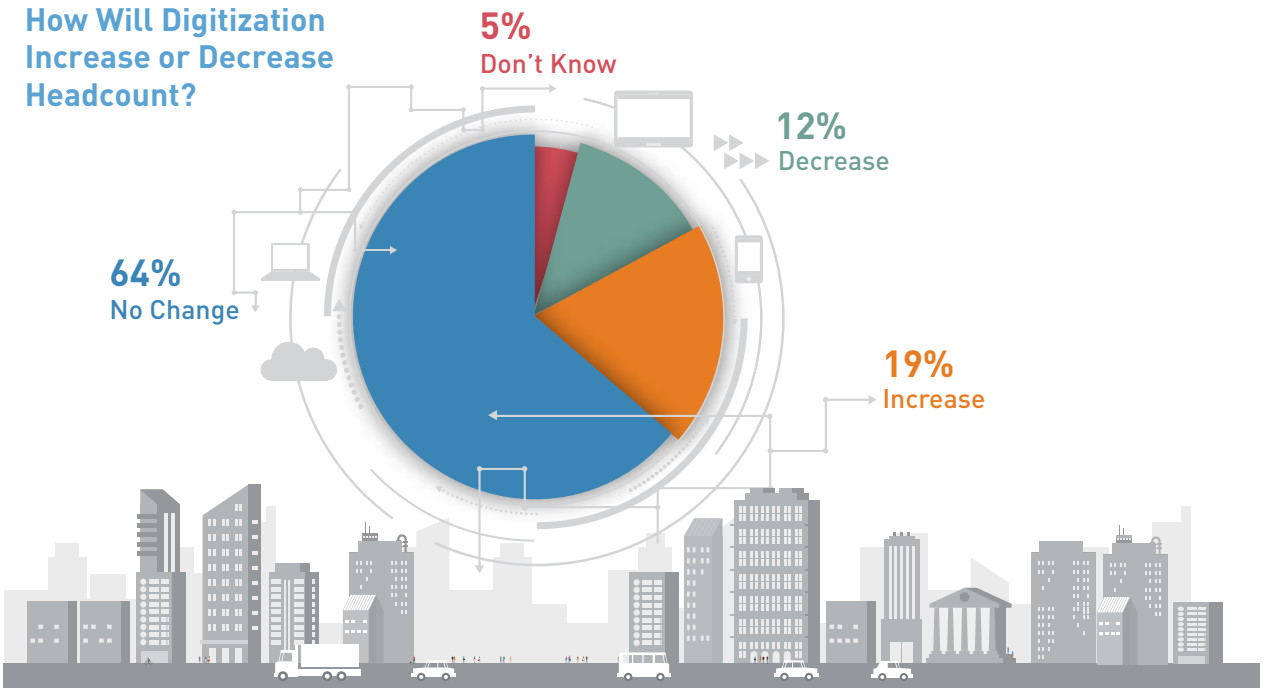
This report presents new findings with fresh insights on the near-term. As world of work experts, we find work for 3.4 million people and have nearly 30,000 employees advising 400,000 clients on hiring decisions and skills development every year. We wanted to know how ready employers are for the Skills Revolution.

We asked 18,000 employers in 43 countries across six industry sectors how they expect technology will impact their business in the next two years, and how they are ensuring their workforce has the right skills and is ready to adapt.

FASTER AND DIFFERENT: SKILLS DISRUPTION LIKE NEVER BEFORE

Up to 45% of the tasks people are paid to do each day could be automated with current technology.[1] Of course we have adapted to the evolution of the labor market before — from tellers to customer service representatives, typists to word processors and personal assistants — disrupting, destroying, redistributing and recreating work is nothing new. **The difference now is the life cycle of skills is shorter than ever and change is happening at an unprecedented scale.** The impact may be hyperinflated today, but as the cost and complexity of implementing technology falls, the pace is set to accelerate. We need to be ready for the Skills Revolution.

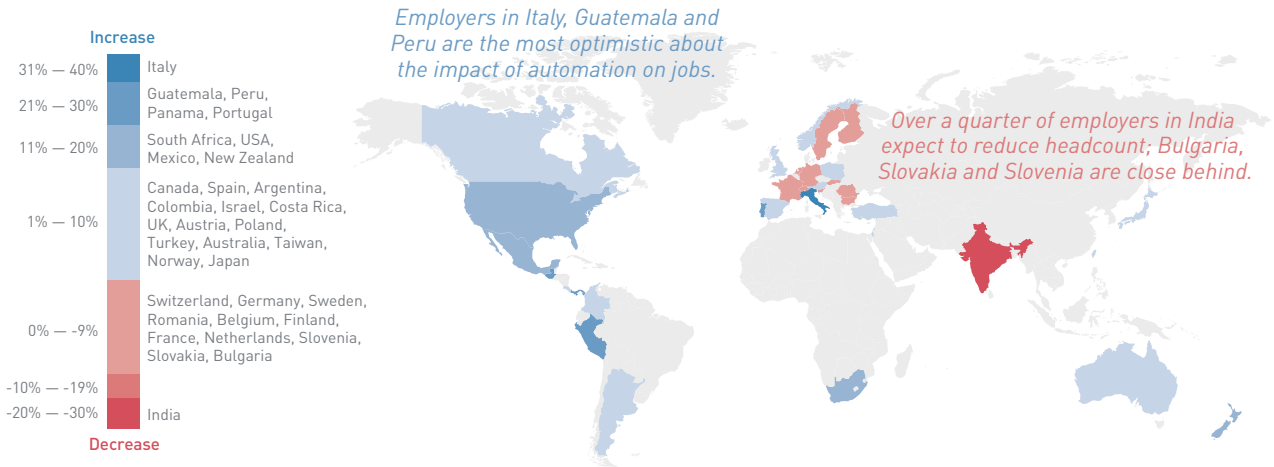
[1] Where Machines Could Replace Humans – and Where They Can't (Yet), McKinsey (2016)



SHORT TERM: THE FUTURE OF WORK IS BRIGHT

New technologies can be expensive and require people with specialist skills, so employers are still hesitant to say hello automation, goodbye workers. In the short term, the future of work is bright. **Most employers expect automation and the adjustment to digitization will bring a net gain for employment. Eighty-three percent intend to maintain or increase their headcount and upskill their people in the next two years. Only 12% of employers plan to decrease headcount as a result of automation.**

Where Will Digitization Increase or Decrease Headcount?



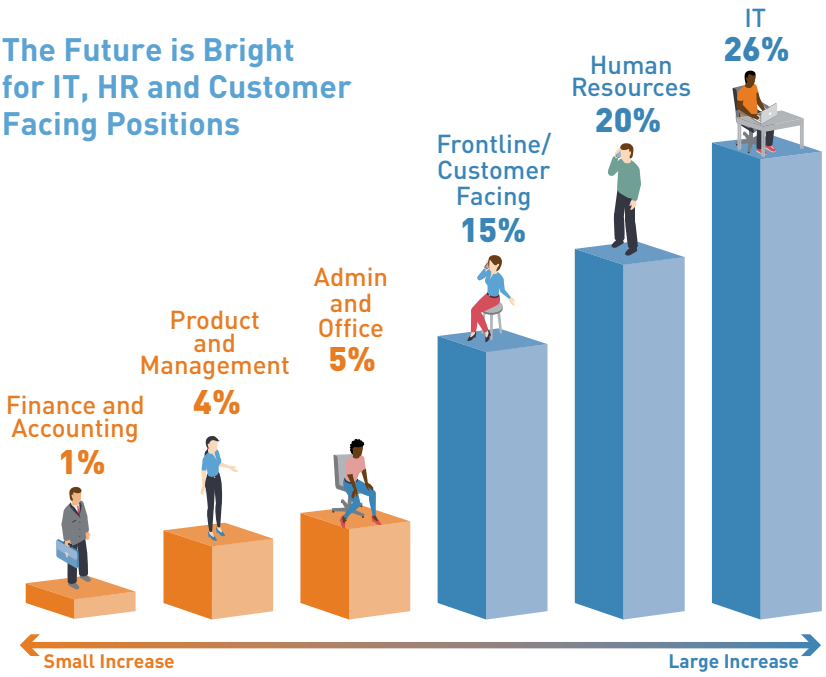
Employers are anticipating change. Three out of four business leaders believe automation will require new skills over the next couple of years.[2] We cannot slow the rate of technological advance, but employers can invest in their employees' skills so people and organizations can remain relevant.

[2] Global Human Capital Trends, Deloitte (2016)

IN DEMAND: WHICH JOBS, WHAT SKILLS?

Skills and talent matter even more in a Skills Revolution. Skills cycles are shorter than ever and 65% of the jobs Gen Z will perform do not even exist yet.

People working in IT and customer-facing roles should feel optimistic: those employers anticipate greatest increases in headcount. Rapid growth in demand is also expected across almost all industries and geographies[3] for **data analysts** required to make sense of big data, and for **specialized sales representatives** to commercialize digitized offerings. In **HR** too, headcount is set to increase in the short-term as they steer companies through this period of adjustment.



CONSTANT CURRENCY: SKILLS ADJACENCY, AGILITY AND LEARNABILITY

In the Skills Revolution, the value we place on different skills will change. Digitization and growth in skilled work will bring opportunities, as long as organizations and individuals are ready. Technology will replace both cognitive and manual routine tasks so people can take on non-routine tasks and more fulfilling roles. **Creativity**, **emotional intelligence** and **cognitive flexibility** are skills that will tap human potential and allow people to augment robots, rather than be replaced by them.[4] People will increasingly find they need to upskill and diversify into new areas. Skills adjacency, agility and learnability will be crucial.

65% of the jobs *GenZ will perform do not yet exist*

LEARNABILITY

the desire and ability to learn new skills to be employable for the long-term

[3] The Future of Jobs, World Economic Forum (2016)
[4] The Future of Jobs, World Economic Forum (2016)
[5] Where Machines Could Replace Humans – and Where They Can't (Yet), McKinsey (2016)

Across OECD countries, **jobs requiring higher levels of skills proficiency are growing fastest.**[6] Industries most affected will disproportionately impact some workers more than others: low skilled, low learners and women. Roles in sales, business & financial operations and office & administration are all under threat from automation, and these tend to have higher proportions of women. Industries which expect jobs growth, including architecture, engineering, computer and mathematical roles, tend to have a lower participation of women. If the current trajectory continues women could face three million job losses and only half a million gains, more than five jobs lost for every job gained.[7]

For people, employability — the ability to gain and maintain a desired job — no longer depends on what you already know, but on what you are likely to learn. Those organizations that can blend the right combination of people, skills and technology are those that will win.

EMPLOYABILITY

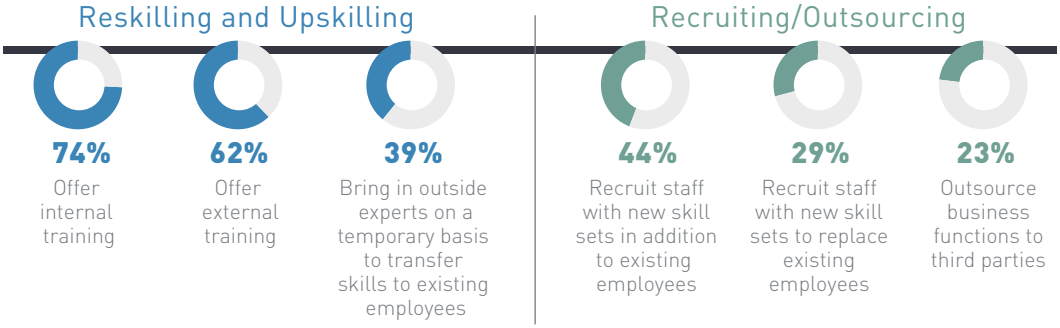
the ability to gain and maintain a desired job

"On average, by 2020, more than a third of the desired core skill sets of most occupations will be comprised of skills that are not yet considered crucial to the job today."

~ World Economic Forum

FUTURE PROOFING: HUMANS AUGMENTING ROBOTS

The future of work will require different skills and employers will need to focus on reskilling and upskilling people more than ever before to address today's talent shortages and anticipate the demands of tomorrow. **Almost three-quarters are investing in internal training to keep skills up to date, 44% are recruiting additional skillsets rather than replacing and more than a third are easing the transformation by bringing in contractors or third parties to transfer expert skills to their own workforce.** We should not underestimate the value of human connection. Transformation of work in the machine age need not be a battle of human versus robot.



[6] Survey of Adult Skills, OECD (2016)

[7] The Future of Jobs, World Economic Forum (2016)

RESPONSIVE AND RESPONSIBLE LEADERSHIP: THE TIME IS NOW

The Skills Revolution requires a new mindset for both employers trying to develop a workforce with the right skillsets, and for individuals seeking to advance their careers. Education initiatives to strengthen the talent pipeline are important but are not the only answer and may take many years to bear fruit. **Businesses have a role to play to enhance people's lives and be an important part of the solution. Now is the time for leaders and individuals to be responsible and responsive.**

ABOUT MANPOWERGROUP

ManpowerGroup® (NYSE: MAN) is the world's workforce expert, creating innovative workforce solutions for nearly 70 years. We connect more than 600,000 people to meaningful work across a wide range of skills and industries every day. Through our ManpowerGroup family of brands – Manpower, Experis, Right Management and ManpowerGroup Solutions – we help more than 400,000 clients in 80 countries and territories address their critical talent needs, providing comprehensive solutions to resource, manage and develop talent. In 2016, ManpowerGroup was named one of the World's Most Ethical Companies for the sixth consecutive year and one of Fortune's Most Admired Companies, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup makes powering the world of work humanly possible: **www.manpowergroup.com.**

ABOUT THE RESEARCH

ManpowerGroup commissioned a quantitative global study in July of 2016, surveying more than 18,000 employers across six industry sectors. The research was conducted by Infocore across 43 countries: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Colombia, Costa Rica, Czech Republic, Finland, France, Germany, Greece, Guatemala, Hong Kong, Hungary, India, Ireland, Israel, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Panama, Peru, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, UK, USA.

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