



PEOPLE & ORGANIZATIONS

How 4 Countries Are Closing The Global Skills Gap

OVERVIEW

Around the world, companies are struggling to find the right people to fill certain vacancies. It's not a question of making sure candidates find out about the job – there are just not enough skilled workers. The problem is known as the “skills gap,” and it is fast becoming a global crisis.

Reports suggest that 40 percent of employers globally are having difficulty filling positions, while in advanced economies it is estimated that as many as 95 million workers will lack the skills needed for employment. In the developing world, companies need 45 million more workers with secondary and vocational education.

The impact of the skills gap will be felt on many levels. Businesses will struggle to find the talent needed and governments could see slowing innovation and economic growth. Meanwhile, workers may find themselves increasingly unemployable.

“Companies throughout the world are experiencing challenges with recruiting top talent,” says Neil Shastri, Leader of Global Insights & Innovation, Talent, Rewards & Performance, Aon. “But it's not just talent that is in low supply – it's specific skillsets.” For example, Shastri explains, skills such as critical thinking, problem solving and translating personal contributions to organizational goals, are increasingly in-demand.

We take a look at how some countries have tried to close their skills gaps.

IN DEPTH

In the same way that there is no one cause of the skills gap, there is no single solution. Here we look at four different approaches to solving the problem from around the world:

Singapore – Emphasizing Education

A major contributing factor to the skills gap is ineffective education systems. College graduates around the world are no longer guaranteed employment – a situation which is true in both developed and developing economies. This comes in part from a skills mismatch, with 40 percent of European companies reporting difficulties in hiring adequately, as graduates leave higher education without the skills or experience businesses today require of new hires.

An OECD report into workplace skills found that Singapore led the world in literacy, numeracy and problem solving. The ranking highlighted the sustained efforts of the city states' education system to bring its population up to speed with the skills needed in the modern workplace. However, this education drive is not evenly spread across the population, with the report finding Singapore's older workers are falling behind – highlighting the need to consider the entire working population when addressing the skills gap.

Switzerland – Nurturing Innovation

For the past seven years, Switzerland has ranked top in the Cornell, INSEAD and World Intellectual Property Organization (WIPO)'s annual report of the most-innovative countries. The tiny Alpine nation also consistently leads the world in patent applications per capita and offers a fertile environment for seed funding, thanks to government incentives to encourage bank lending to entrepreneurs.

This focus towards innovative thinking is driven by universities such as Lausanne's EPFL, which ranks fourth in the world for innovation and is home to startups, as well as global corporations such as Nestlé and Siemens. The collaborative approach between institutions, the government, businesses and individuals helps to provide every step on the path to fostering innovative talent.

Shastri points to a recent Aon report that highlights how high-growth companies leverage talent, as well as how collaboration among teams is critical to fostering innovation. Shastri adds that for a company to drive innovation and go beyond its own boundaries, it needs a "collective genius" – a blend of skillsets across individuals and teams.

The Philippines – Changing Work Culture To Retain Talent

Financial services has traditionally had a higher employee turnover rate than other sectors. This trend is exacerbated by Millennial workers, who have different views on what they want out of a job than previous generations. As this generation begins to make up an ever larger part of the workforce, failure to attract new talent could push financial services into a labor crisis.

Bangko Sentral ng Pilipinas – the Philippines central bank – has adapted its working conditions in a bid to attract and hang on to top talent. This includes offering social clubs based on activities such as art and fishing, as well as a rooftop gym and running track. The bank is also exploring benefits such as flexible hours and home-working options.

Iris Anne Hamada, Senior Consultant, Talent, Rewards & Performance, Aon Philippines, points out that salary is not as important as it once was. "Base pay isn't everything for Millennials," says Hamada. "Increasingly, this demographic indicates that flexibility, incentives or bonus pay, work-life and well-being programs, and career development also are top determinants of job satisfaction."

The importance of accommodating these needs is especially pronounced in the Philippines, where almost half of the workforce is under 34-years-old and increasingly educated. In the Central Bank for instance, the median age has dropped from 48 to 38 over the past decade, as a result of this demographic shift and improving conditions.

Egypt – Getting A Generation Ready For Work

The Arab region is one of the youngest in the world with 60 percent of the population under the age of 30. However, Egypt is currently falling short when it comes to training and education – as much as 30 percent of under-30s are unemployed or not in full-time education. This puts the country at a disadvantage when it comes to ensuring its economic future.

A report by McKinsey outlines how the private sector can improve the employability of youth in the Arab region. This includes the Education for Employment (e4e) initiative, which aims to increase supply of work-ready students through investments in university education, technical and vocational education – as well as training and work-readiness education programs.

Egypt is one of the first countries where e4e is intervening to try to make an impact. The initiative has chosen to first focus on the Information and Communications Technology (ICT) sector – seeing its potential to contribute to future growth of the economy and the mismatch between young people's skills and those needed by employers.

A Gap To Be Narrowed But Never Closed

Despite developments in training, formal education, and even technology, skills gaps will likely persist. The speed of technological advancement means the skills required of workforces will continue to shift. However, solutions can be found to ensure countries and companies are ready for these changes and are keeping their skills gap as narrow as possible.

It is clear that a variety of measures are needed to keep the skills gap as narrow as possible. This requires an ongoing dialogue between businesses, governments and universities – to improve skills, attract workers with particular skillsets, and crucially to identify which are lacking. If the skills gap can never fully be closed, the only solution is to build bridges.

TALKING POINTS



"The perception of an apprentice is unfortunately usually someone in a hard hat on a construction site. But that perception is changing as big employers such as Unilever and IBM begin to invest in apprenticeships to develop the talent and skills they need to achieve their business goals" – David Willett, Director of Corporate Sales, Open University



"While companies rarely target workers from outside the UK, the internet allows people from all over the world to see and apply for opportunities here. Many of our businesses benefit from having a diverse workforce with staff members from across the EU and beyond, bringing with them a range of skillsets" – Jane Gratton, Head of Business Environment and Skills Policy, British Chambers of Commerce

FURTHER READING

- America Has To Close The Workforce Skills Gap – Bloomberg View, April 12, 2017
- This Central Bank Is Embracing Its Flighty Millennial Workers – Bloomberg Businessweek, June 13, 2017
- Solving The Skills Gap: The New Professional Apprentice – The Guardian, September 5, 2017
- Tiber Health Want To Solve The World's Doctor Shortage – TechCrunch, September 14, 2017
- Creating Opportunities For Tomorrow's Leaders – Aon, Empower Results, 2017

