Navigating the New Skills Economy – Gradual Adaptation or Reinvention?

A couple of decades back, organisations were focused on jobs as the primary means of value enablement for the individual, companies and society at large. Management curriculums were laced with case studies and artifacts of successful business transformations, campuses negotiating with companies visiting their placement weeks, and budding aspirants competing for day zero offers to land 'settled jobs'. While the process hasn't changed radically, the mind set and philosophy of how jobs are viewed by jobseekers and job creators has evolved. Today, jobs are getting deconstructed and there is higher emphasis on skills than ever before. Organisations are moving towards alternate employment channels, challenging the ways in which talent is procured and assembled. This is causing workflows to get realigned, thus triggering a debate on new employment models for the fourth industrial revolution, and their effectiveness and impact on business performance.

The last decade was a witness to technology making a significant impact on our lives and the workplace through digitisation, innovation and even artificial intelligence, although in its infancy. Largely defined as 'uberisation', this wave of change is blurring the lines between the physical, digital, and biological spheres. As we apply this to the workplace, automation is substituting human labour for some tasks while augmenting others and creating new types of work. The use of workplace automation is expected to nearly double in the next three years in India according to Willis Towers Watson's Future of Work survey. The survey found that in India, 12% of work is currently being done using AI and robotics versus just 7% three years ago and this figure is expected to rise to 22% in the next three years. Further, 54% employers believe there would be increased work flexibility in terms of the what, how and where work gets done. Consequent to these developments, there is a demand for newer capabilities and new jobs that are emerging in some sectors that are quite different from traditional roles. This is resulting in a demand for newer skills and competencies, and a shift towards open-talent or 'gig workforce' in some economies with varying degrees of adoption.

On the other hand, only 12% companies in India believe their HR functions are fully prepared for the changing requirements of automation. While gig work has understandable benefits in terms of economising human resource costs, traditional mind sets, legal and culture issues are posing a challenge in some economies. Further, the lack of networking platforms, varying commercial frameworks and the absence of a direct 'stake' of these workers in the organisations success is also a challenge. There is a school of thought that suggests that gig was always partially embedded in our ecosystem for generations with consultants being hired in technical, medical and engineering field; and the concept has just got tipped off due to presumed financial benefits but practical difficulties. In India, over half the employers surveyed in our Future of Work survey suggest that the key goal of automation is to basically augment and not directly replace human effort. Traditional experience, sound business judgement, empathy, and discretion are human abilities that are likely to be irreplaceable till artificial intelligence gains singularity, which is a long way off.

It can be safely concluded that automation will result in new combinations of work and skill requirements. While some industry sectors shall get more impacted than the others, the new skills economy is likely to call for a continuous adaptation model aligned to core purpose and not necessarily reinvention. At the cusp of emerging realities and current readiness are certain defining steps that organisations need to take.

The first is to create an **agile skills framework** that is built to accommodate change, than just backfilling

today's needs. Focus needs to be on skills that make a job and not the other way around. While there is a wave of digitalisation all over, 77% organisations globally list missing skills as the single biggest impediment to digital transformation. An evolving skills model would comprise of technical and functional skills in a matrix format that would also feature expertise and competencies of applying these skills. This framework would then get tagged to an opportunity arena with built-in algorithms for commercial matching of these skills. Organisations would need to constantly revisit this framework to upgrade for the future and review these skills with predictive scenarios to ensure fitment. This will drive employees to adopt a constant learning & development curve. Research suggests that today's most in-demand occupations or specialties did not exist 10 or even five years ago. Organisations would prioritise upskilling their workforce today and to stay abreast of developments in the digital revolution. Continuous learning and job design improvement will ensure that traditional employees will remain relevant and competent in the new landscape. On the demand side, employers would deploy highly effective assessments to gauge elements of culture, behaviours, judgment, aptitude and attributes that would make potential hires with these skills scientifically effective in their new roles.

The next is to create an **integrated talent ecosystem** that focuses on how people will be connected to work and themselves. HR would get increasingly tasked with creating an employee experience at scale that mirrors the organisations customer experience. Besides the need to manage permanent employees in roles that require business decision, strategy and client orientation, they are likely to get tasked with understanding policies and regulations impacting independent workers. This complexity is likely to increase as additional channels of skills on the supply slide besides permanent employees set in. Often called 'plurality of work', there is likely to be a network of alliances, crowd labour platforms, talent platforms and volunteers over time changing the employment relationship. Besides culture readiness, workforce plans would need to be broadened, traditional hiring channels tweaked along with new age definitions of career frameworks and pathing. Given there are likely to be locational differences and virtual offices, governance standards are likely to be pushed upwards. Investment in creating this talent infrastructure is likely to prove effective in transforming businesses regardless of the pace of change in the skills economy.

Another implication would be to plan and **design an organisation of the future**. Although a continuing debate, hiring for specific skills and automation is also likely to have an impact on future organisation structures as formal processes of integrating people, information, technology and formal authorities are likely to undergo a change. While structural boundaries of management are likely to stay to drive governance, there would be greater emphasis on fostering creativity and expanding the entrepreneurial role of employees. This is likely to lead to a more effective shared vision and greater transparency in metrics as these network organisations get synergised through a well-established culture that aligns to its core values.

The new skills economy has already started challenging the way work gets done and how skills are augmented. Navigating this megatrend is only possible through agile measures and future-ready skill frameworks that will enable companies to thrive in the future.

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