

*Improving economic policy*

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# Reskilling / Upskilling & the Future of Work

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Cyprus Economic Forum  
30 September 2022

[bruegel.org](https://bruegel.org)

# Reskilling /Upskilling



- Digitalization, robotization & automation changing the nature of jobs at an unprecedented rate not only displacement of routine tasks the way people work, the work that they are doing..
- Skills gap structural misalignment

375 million workers (14% of the global workforce) may need to switch by 2030

McKinsey Global Institute, Workforce transitions in a time of automation (2017)

# Reskilling vs Upskilling

- **Reskilling:** new skills for different jobs
- **Upskilling:** improves skills in the current role

40% of employees' core skills will change within the next five years

World Economic Forum, the Future of Jobs Report (2020)

Upskilling and reskilling initiatives:

- resilient workforces
- better functioning labour markets

# Reskilling and Upskilling



- **The need for reskilling/upskilling**

**“the ability of people to adapt, reskill, and assume new roles”**

- 72% of executives: reskilling as their top priority for dealing with future disruptions
- Only 17% believes their employees are ready

Deloitte, Global Human Capital Trends Survey (2021)

- **Predicting the skills demand is impossible**

#1 skill: **learnability**

**Soft skills** (critical thinking, judgement, complex decision making, creativity)

# EU policy agenda: dual goals



- **Advancing the Twin Transitions:**

- Europe's **Digital Decade:**

- *"a human-centred, sustainable and more prosperous digital future"*
    - Digital targets for 2030 on digital skills, infrastructure, e-business and e-government

- A European **Green Deal:**

- The first climate-neutral continent, 'decoupled' economic growth, *"no person and no place left behind"*
    - Targets: zero net emissions by 2050, reducing emissions by 55% by 2030

- **But the transition must be just:**

- European **Pillar of Social Rights:**

- *"a fairer and more inclusive EU"*
    - Targets on employment rate (78%), training participation (60%), reduction of at-risk-for poverty

- European **Skills agenda:**

- *"sustainable competitiveness, social fairness and economic resilience"*
    - Targets on training participation, specific for the low-skilled, the unemployed and digital skills

# Challenges for EU social cohesion



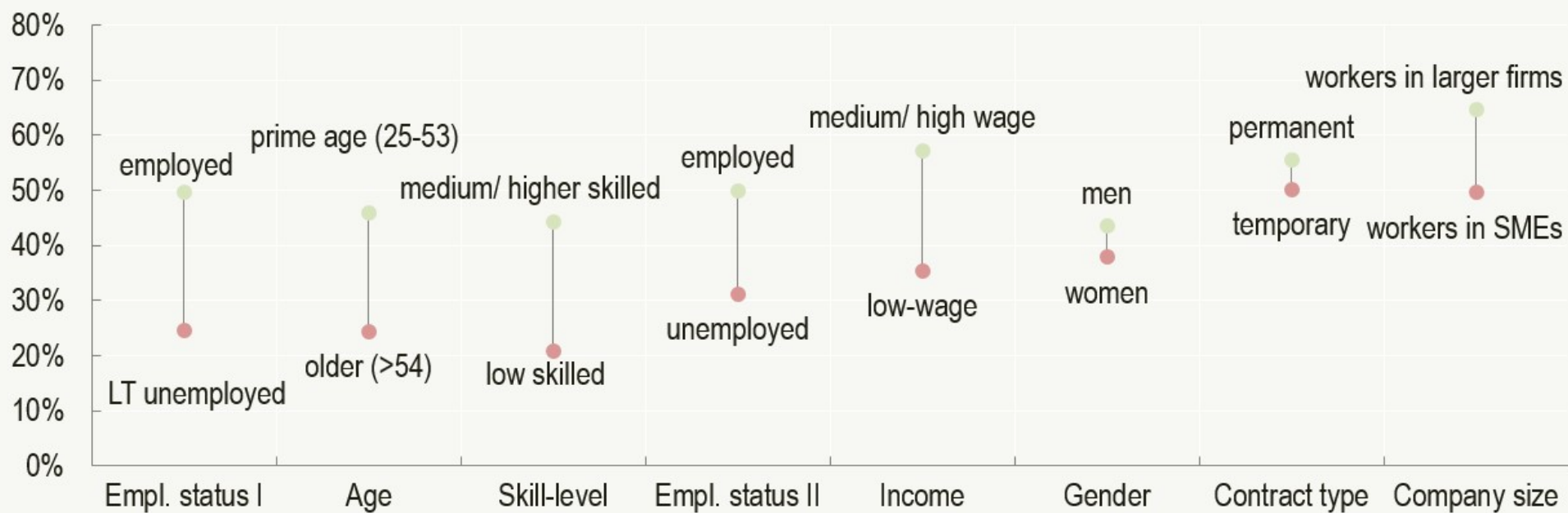
1. Most **job-to-job transitions** happen between occupations with large skill overlap  
(Large skill jump needed to move out of a declining occupation)
2. Those with highest **training needs**, train the least
3. New jobs are created in **different locations** from where they are disappearing
4. Differential impact on **sectors** across EU

→ **Widening of existing inequalities** between socio-economic groups and regions

# Disadvantaged groups get least training



Participation gaps (% participating in training)



# Barriers to training for EU workers

## What workers say:



**89%** Cost of the courses

**82%** Loss of income due to taking time off work to train



**82%** Lack of awareness of training opportunities

**82%** Uncertainty over whether employers would recognise training achievements



**88%** Time constraints

Credit constraints

Imperfect information

Signalling problem

### Missing:

Low expectation of (upward) job mobility?  
(No outside options, no career prospects, discrimination, ...)

Source: European Commission 2021



# EC recent proposals to overcome barriers

[EC Communication 10/12/2021](#)



## • Individual learning accounts

- Wallets with training entitlements to adults of working age to spend on training
- Those with highest training needs get biggest wallet
- Financed by EU Member States, supplemented by employers, support from EU funds (ESF+, ERDF, RRF)



## • Microcredentials

- Records of small learning experiences to certify knowledge, skill or competence
- Flexible, specific and targeted
- Used for all levels, all types of learning and all topics from academic to basic or technical

Risk: if badly designed, both initiatives could widen training participation gaps (OECD 2019, 2021)

# Still missing pieces of the puzzle?

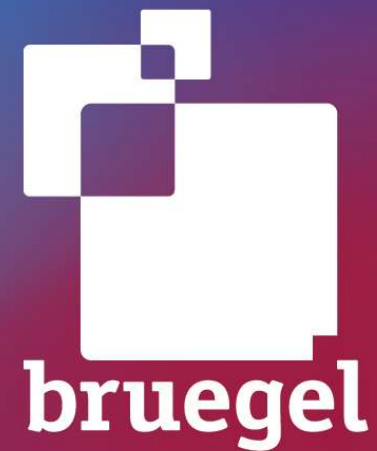


- Solving the problem of **imperfect information**
  - Identify skill needs & feed into training systems
  - Specifically provide training information to vulnerable groups
- Increasing **(expectations of) job mobility** for workers
  - From an individual lens to:
    - Geographic lens
    - Occupational / sectoral lens
    - Organisational lens
- From the employer / organisational side?

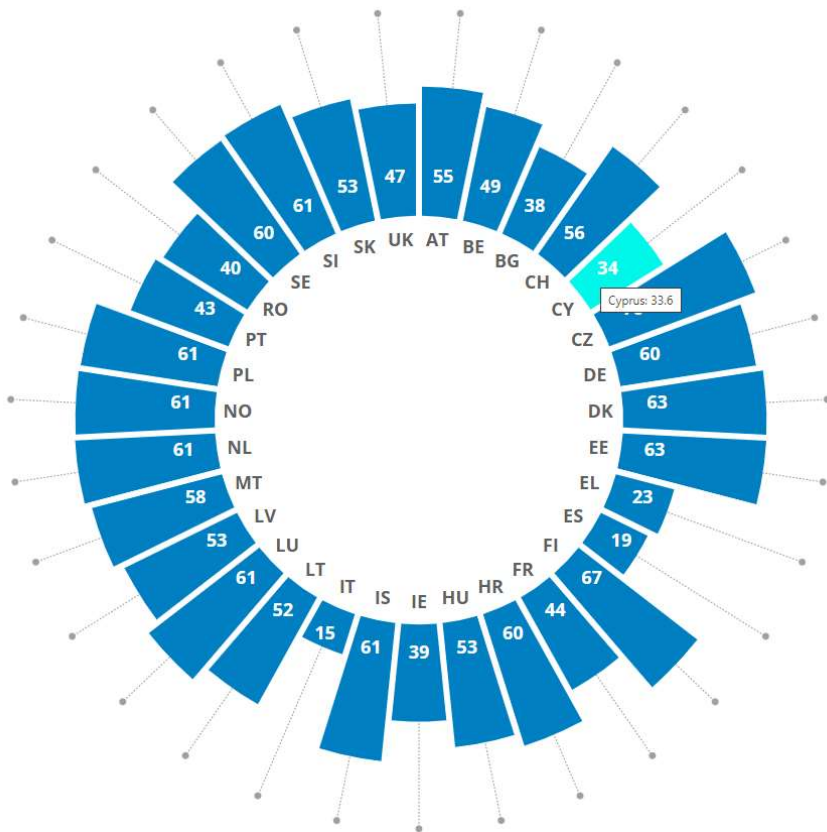
# *Thank you!*

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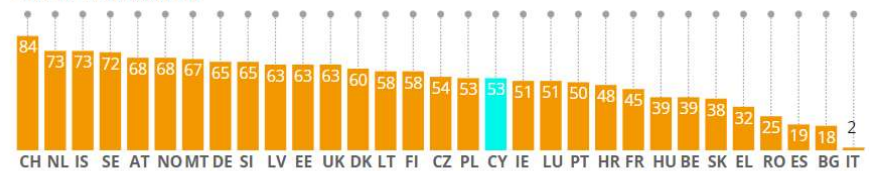
# Cypriot skills system



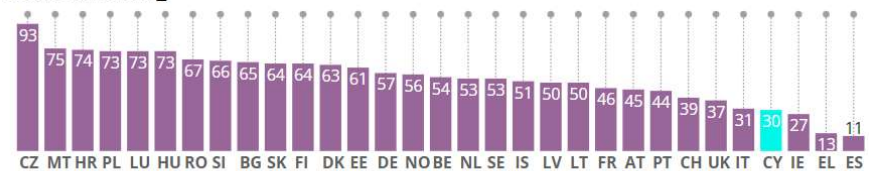
Skills Development



Skills Activation

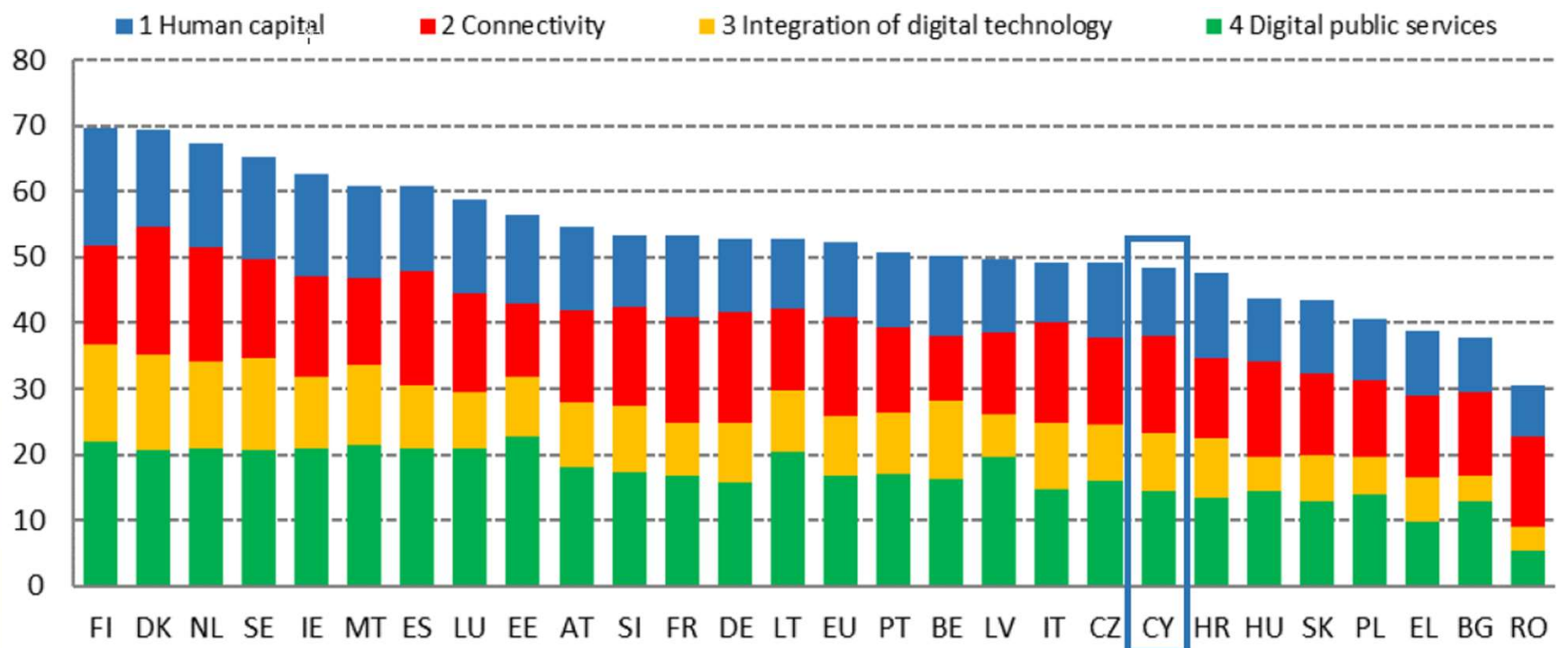


Skills Matching

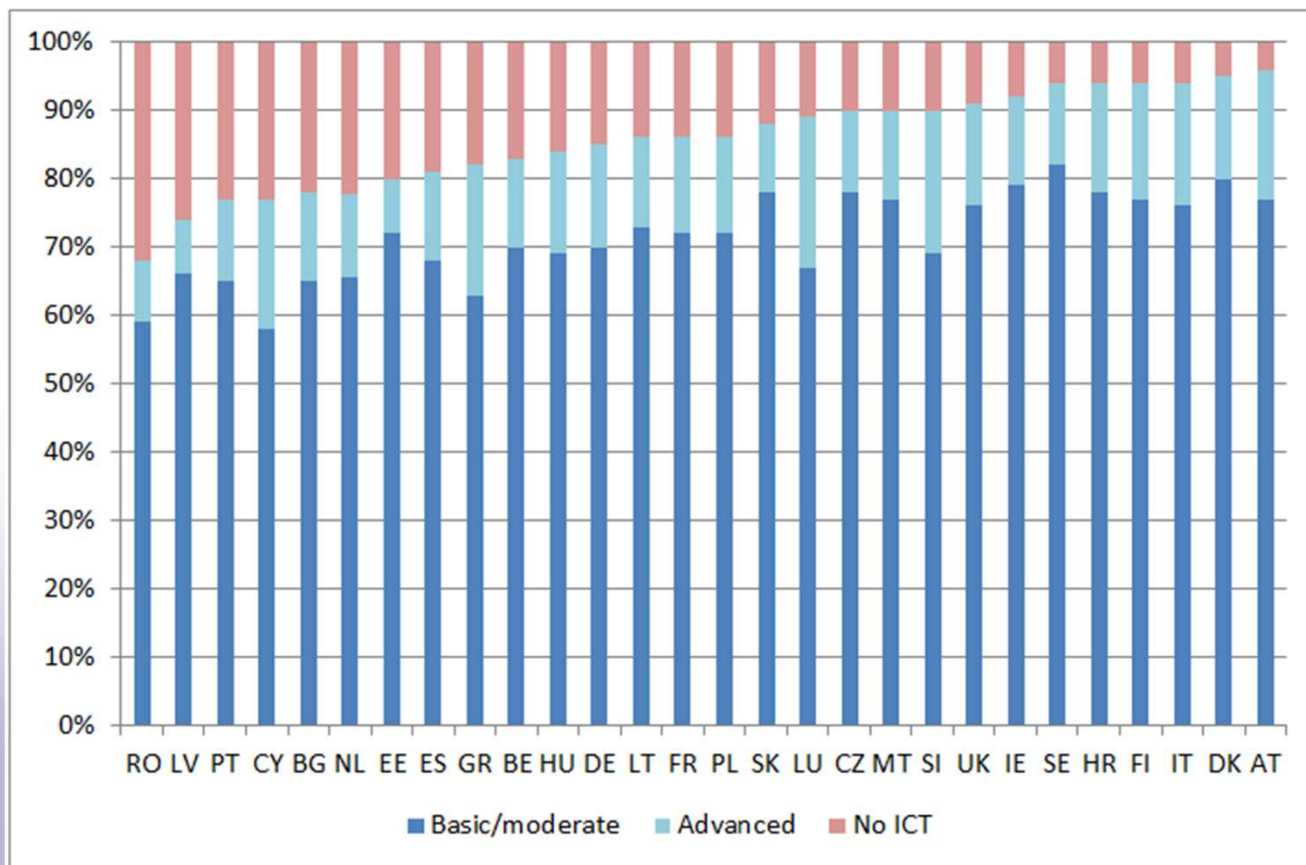


Source: CEDEFOP, European skills index, 2018

# Digital Economy and Society Index, 2022



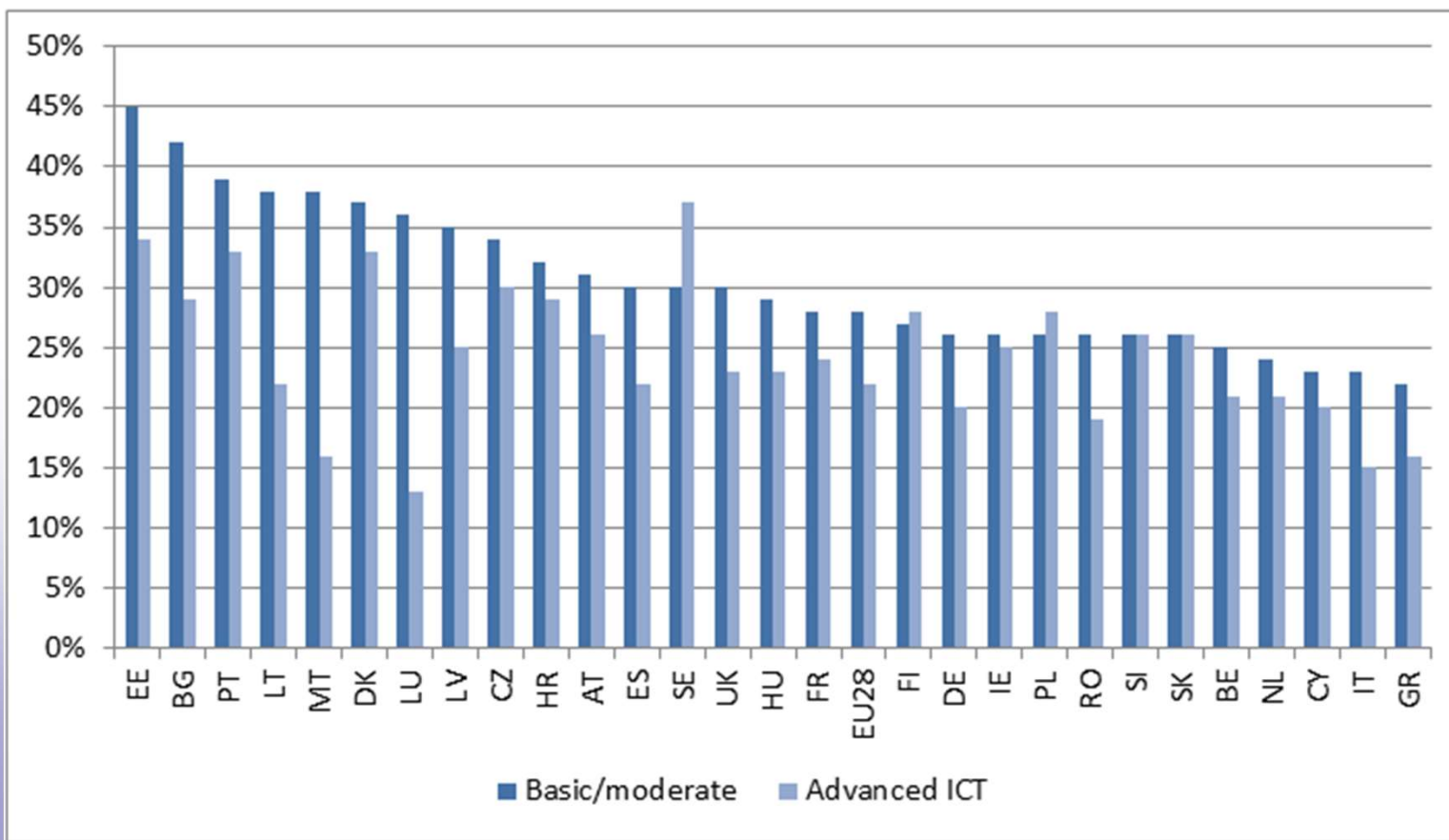
# Level of ICT skills needed



**Figure 1:**  
Level of ICT skills needed to do the job, adult employees, 2014, EU-28

Source: CEDEFOP, European skills and jobs survey (ESJS), 2014

# Digital Skill Gap



**Figure 2:**  
Incidence of digital skill gap by level of digital skill needed by the job, adult employees, 2014, EU-28

Source: CEDEFOP, European skills and jobs survey (ESJS), 2014



## Weakness

High share of young graduates are neither in education, nor in employment or training:

- 15.4% of 15-29 are NEET (5<sup>th</sup> highest)
  - 14.5% men
  - 16.3% women
  - 14.5% among tertiary, 17.8% secondary education
  - highest among vocational secondary
- NEET rate did not recover after the 2012-2013 Cypriot financial crises, still above its 2011 level



# Strengths

- High human capital

~ 60% with tertiary education (3<sup>rd</sup> highest)

- Willingness to learn

enjoy learning for its own sake 93.6% (ESJS, 2014) (*EU average 58.5%*)

- Digital literacy 2021 (*2019*)

Internet access at home 93.4% (*2019*)

Individuals having internet 90.8% (*2019*)

E-commerce 48.0% (*36.2%*), public services 57.3% (*50.3%*)

Source: CEDEFOP, European skills and jobs survey (ESJS), 2014

# Strengths



- Adaptability

In the last five years have any of these changes taken place in your workplace/organization?	CY	EU
Changes to the technologies you use (e.g. machinery, ICT systems)	52.0%	45.1%
Changes to your working methods and practices (e.g. how you are managed or how you work)	53.0%	47.8%
Changes to the products/services you help to produce	38.0%	30.8%
Changes to the amount of contact you have with clients or customers (e.g. dealing with customer/client queries or complaints)	45.0%	28.8%
<b>Compared to when you started your job with your current employer, would you say your skills have now improved, worsened or stayed the same?</b>		
My skills improved a lot	78.4%	60.4%

Source: CEDEFOP, European skills and jobs survey (ESJS), 2014

# Strengths



- Political commitment

Cyprus' recovery and resilience plan

€15 million in reskilling and upskilling

€50.4 million in upgrading school infrastructure

National Coalition for Digital Skills and Jobs (reactivated in the Q3 of 2022)

- Strong demand from civil society