



Future skills: Is Slovakia ready?

Results of a survey inspired by
KPMG in Slovakia.

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KPMG Survey in light of COVID-19

KPMG Business Institute in cooperation with KPMG Talent Solutions has conducted a survey of training habits of companies active in Slovakia with focus on skills required for the future. Our survey was done via face-to-face meetings during a time when Covid-19 was either still an unknown or very distant threat.

With the recent changes to our everyday lives our results gained on their importance. While they show an accurate overview of the situation at the time life has since changed in a way nobody really expected.

In our survey we were talking about the skills of the future as well as about the appetite to online learning.

While skills of the future were an important topic to all addressed participants with "Adapting to Change" topping the list of missing but required skills, online learning was looked upon as something for a more distant future focused mainly on learning of certain technical skills.



The new requirements for social distancing have however accelerated changes in our lives on a number of fronts:

1. Change is no longer seen as a threat but rather as an opportunity to make the best of this new virtual world. Of course, the motivations vary but the results are equally impressive with older generations adopting new technologies in a desire to keep in touch, to young generations helping the older to keep up.

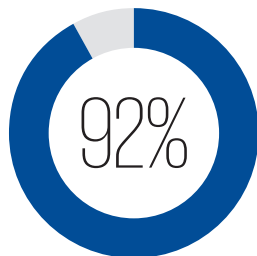
2. Going online in learning and development is no longer just an IT dream or the privilege of rich schools. It is the new norm brought along with our newly discovered ability to adapt to change.

Executive summary

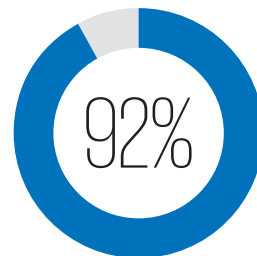
Robotics & Data are predicted to be the buzzwords for business in the next 5 years, but few are truly ready for it.

92% of respondents predicted Robotic Processes Automation and Data and Analytics to be the major influencers on their businesses in the next 5 years, followed by artificial intelligence (AI) and machine learning. However only 12% believed their staff is really well prepared for such technological progress.

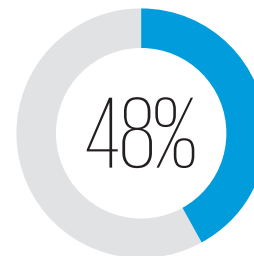
Which of these technological advancements will directly influence your company over a 5 year horizon? (more options)



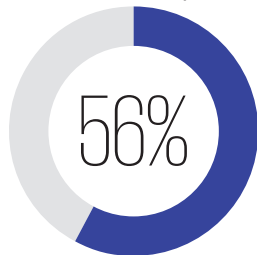
RPA
(Robotic process automation)



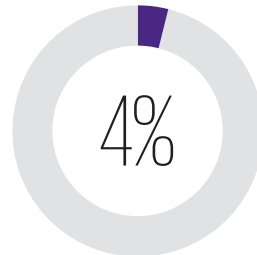
D&A
(Data analytics)



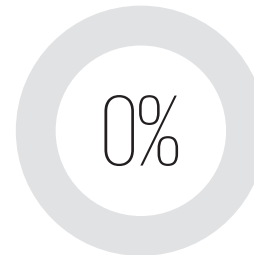
ML
(Machine learning)



AI
(Artificial intelligence)



Cognitive learning



NO technology will influence our company



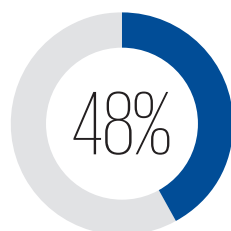
Soft skills such as critical thinking and the ability to drive and adjust to change ranked high on the desirable skills for the employees of the future. But together with data analytics and technological skills, these were noted as being mostly missing in current employees.

Executive summary

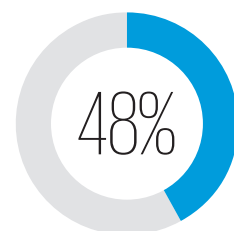
Prior to Covid-19, investment in online training was at a minimum despite the fact that online training was considered the future.

80% of respondents admitted to spending maximum 20% of their training budget on digital learning tools with many hesitating to consider investing more. This is even though over 90% of respondents believed that to some extent online training is an effective way how to train their staff.

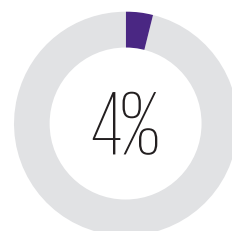
Can online trainings be considered as an effective way of learning in your organisation?



Yes, online learning is inevitable future



Yes, but only on some "complementary" topics. Face to face form will remain the foundation.

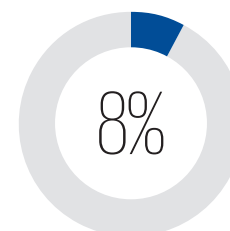


No, employees gain no knowledge out of online trainings

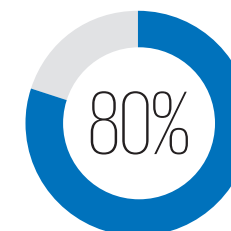
While businesses need to look forward to be successful, less than 20% of training budgets were dedicated to future skills development.

40% of companies have not started with preparing their workforce for the future skills requirements while others stated they spend less than 20% of their training budget for future skills development.

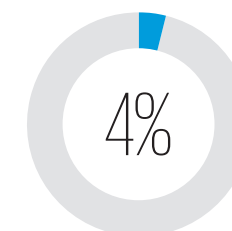
How much of your training budget is dedicated to the development of future skills?



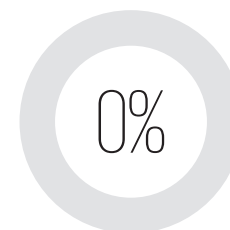
Not applicable



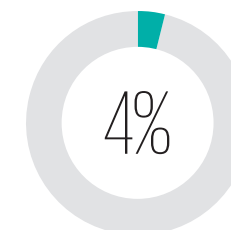
0% - 20%



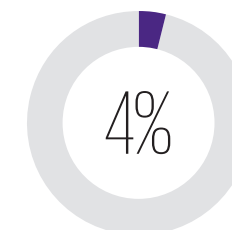
20% - 40%



40% - 60%



60% - 80%



80% - 100%

Are Businesses keeping up with external changes?

This is not just about the unimagined consequences of the 2020 Covid-19 pandemic but more generally according to an estimate published in 2016 in the Future of Jobs and Skills publication of the World Economic Forum (WEF), 65% of children entering primary school today will be pursuing careers which do not even exist today. To accommodate the dynamic changes taking place across the world, business leaders must take action if they want to stay in the game.

**As Jack Welch stated for businesses,
“If the rate of change on the outside
exceeds the rate of change on the
inside, the end is near”.**

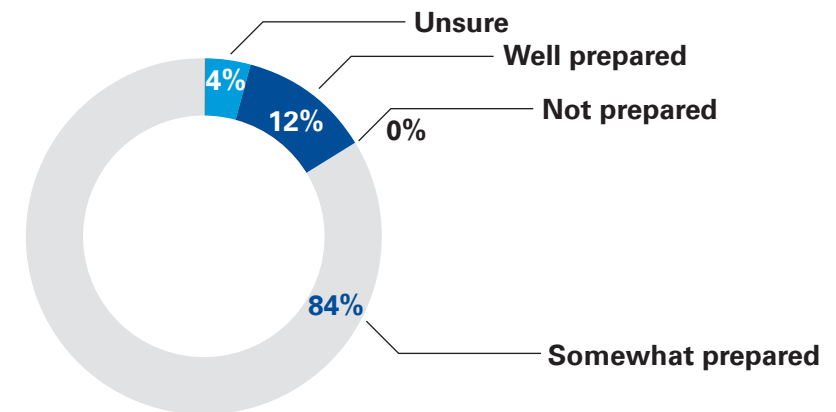
Requirements for jobs are already changing and a transformation will be necessary to ensure workforces have the necessary skillsets needed to succeed. Focusing on upskilling the workforce and ensuring they have the right capabilities to work in the future-state environment, will be one of the key roles of HR, with Learning and Development (L&D) experts taking the lead.

According to KPMG’s Global Future of HR 2020 report, HR executives generally identify with the significant need to reskill the workforce. Two in three are prioritizing upskilling of the workforce to manage the impact of AI on the workforce, with 77 percent planning to upskill 1–30 percent of their workforce in digital capabilities over the next 2–3 years. CEOs seem to have a more aggressive agenda. According to the 2019 Global CEO Outlook, 44 percent of CEOs across major markets plan to upskill more than half of their workforces in new digital capabilities over the next three years (yet only 11 percent of HR executives plan to upskill that much of the workforce).

How does this global situation compare to Slovakia?

HR representatives of Slovak based companies also believe that new technologies will heavily influence the operation of their companies in the coming years. However rather than AI, which they see in the more distant future, they talk about Robotic Process Automation, Data Analytics or Machine Learning at the same time adding that some of these technological advancements are already happening in their workplaces. Given that over 84% of HR representatives agreed that their current workforce is only partially prepared to tackle the technological challenge, giving attention to upskilling seems like not only a wise but also a necessary approach to take.

How prepared are your employees for the changes introduced by this technological progress?



This is also part of Slovakia’s need to be considered as a hub for innovation and technologically skilled people, not just as a base for outsourcing the more routine manufacturing processes.

What are the skills required for the 21st Century?

The report of the Big Innovation Centre claims that the only skill that will be important in the 21st Century is the skill of learning new skills. Several other trusted publications and researches support this idea claiming that companies will need individuals who are adaptable and have the ability to continuously learn in a constantly changing world.

The rise of new technologies is increasingly transforming the combination of routine and non-routine tasks in the work process resulting in the importance of individuals owning equal combination of hard and soft skills complimenting each other.

Hard skills like practical skills from science, technology, mathematics and engineering will be needed for building new technologies. However advanced soft skills will be the ones that will give humans competitive advantage over machines. It will be these skills that will help to enable the development and deployment of technological advancements.

Based on a collection of well-respected sources, including the WEF and the Big Innovation Centre report, we identified several skills which will determine an individual's ability to succeed in the coming years:

- | | | | |
|---|--------------------------------------|----|--|
| 1 | Ability to learn new skills | 9 | Design Thinking |
| 2 | Creativity | 10 | Digital skills |
| 3 | Critical thinking | 11 | Analytical thinking |
| 4 | Problem solving | 12 | Data Analytics |
| 5 | Emotional Intelligence | 13 | Understanding of Behavioural Economics |
| 6 | Leadership | 14 | Entrepreneurial acumen |
| 7 | Collaboration and communication | | |
| 8 | Adaptability to change - Flexibility | | |

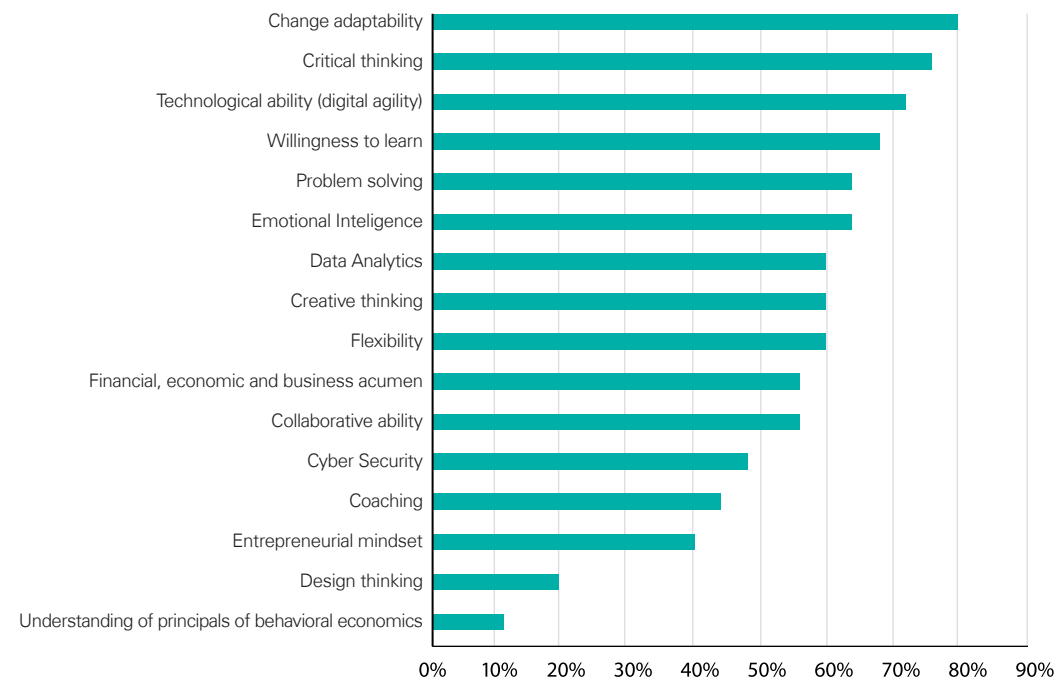


What are the skills required for the 21st Century?

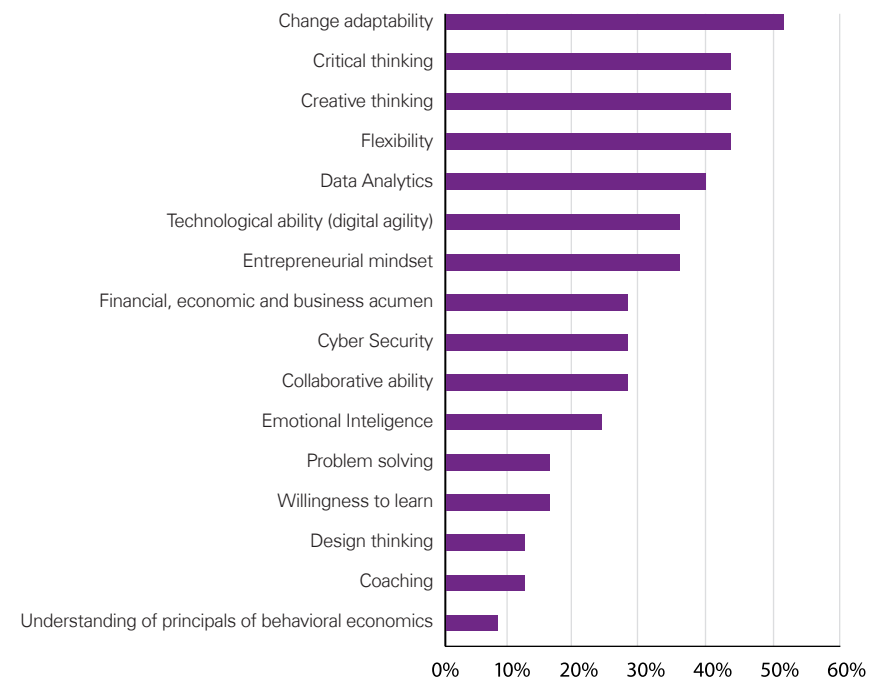
Our research shows that HR representatives of companies based in Slovakia are aware of the skill gap brought along with the digital age.

Whilst 80% of HR representatives believe adaptability to change and flexibility is one of the most important factors to succeed in the future, it is also the skill that tops the list of skills missing from the workforce as 50% of respondents claim that their employees are not well prepared to adopt to the fast changing business environment. Furthermore 78% of respondents believe that critical thinking and 72% that digital skills are a must for future, but between a third and a half of all respondents believe such skills are missing from their organisation.

Which of these skills do you consider useful for future jobs?(choose top 3 options)



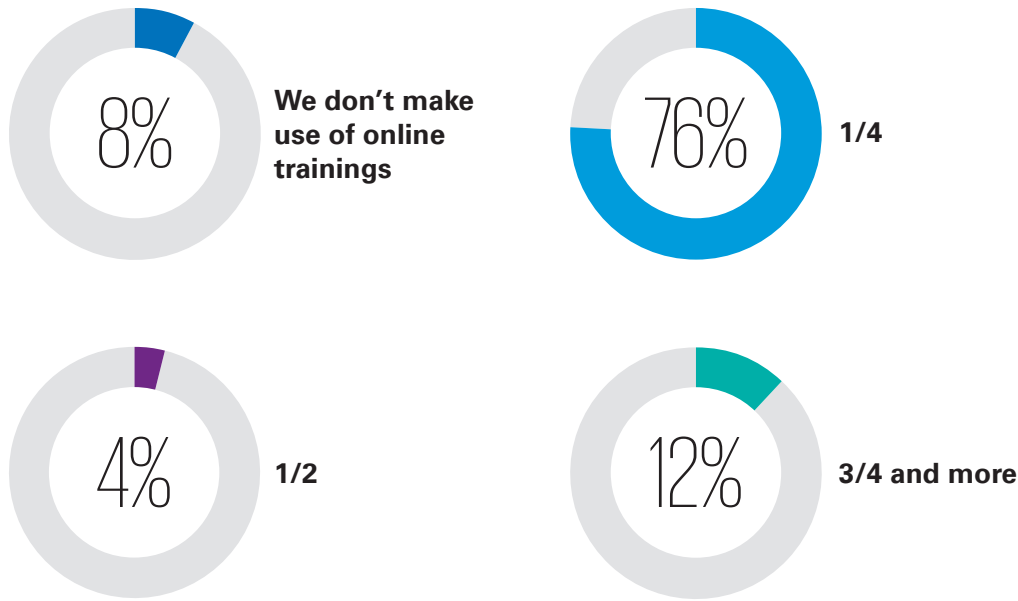
Which of these skills do you consider to be missing among your employees?(choose top 3 options)



How to address the skills gap - going digital or sticking to classroom?

Taking into account the influence of emerging digital technologies it is important to address the significance of these technologies also in the learning department where online training platforms are gaining in their popularity. Prior to Covid-19, our survey showed that most Slovak-based companies deliver only up to 25% of their trainings in digital form. At the same time, the trend in large, multinational corporations, especially those active in the IT sector is significantly different and in these companies' investments in virtual, online trainings are on the rise. Almost 45% of these companies responded that the portion of online trainings is already 75% or more compared to the classroom alternative.

How much of your training process comprises online training?



How to address the skills gap - going digital or sticking to classroom?

When HR Leaders were asked about their view on the digitalization of their education platforms, they admitted their skepticism at first, believing that online training cannot live up to real-life, classroom or a one-on-one experience. At the same time, many also admitted that they were pleasantly surprised by the quality and efficiency of the trainings such online platforms delivered and are becoming more convinced that online trainings are the way forward. This trend has presumably only been accelerated by the impact of social distancing measures under Covid-19.

The generation gap is also key. As technology has developed so quickly, there is a gap between the older generation whose use of technology and digital skills is less developed than the younger generation who almost, cannot exist without it. One quotation we received from a senior HR manager/L&D manager –

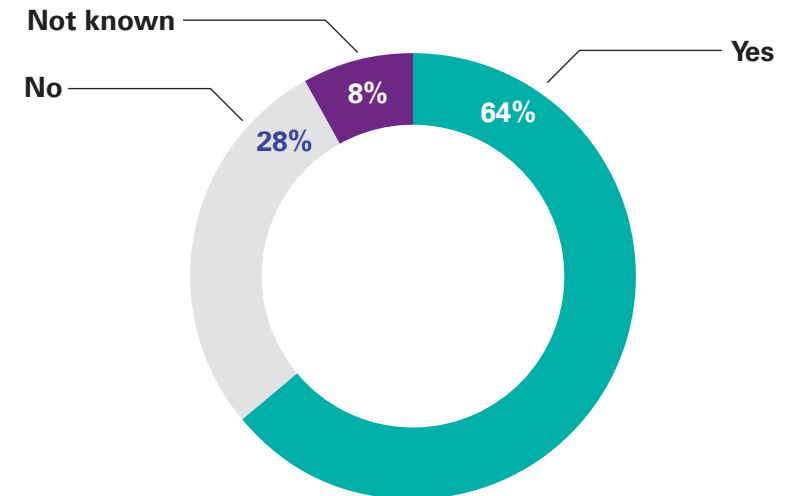
“People in Slovakia do not believe they were trained unless they sit in a classroom and somebody is teaching them.”

Other respondents indicated however that it was impossible to keep the younger generation focussed and occupied through traditional training methods. Information and knowledge are only a touch of a screen away, so training needs to change.

Almost 96% of respondents believe that to some extent online training is an effective form of training workforce, stating that compliance related topics and technical skills trainings are well perceived by staff also in an online form. Soft skills are however still believed to be delivered better in classroom forms to achieve the required result.

Although the majority of respondents agreed that digitalization of learning and development is inevitable, over a third of them are hesitant and do not plan to invest in the transformation to online trainings. This is a fundamental contradiction and to go back to Jack Welch's quote needs to be addressed.

Do you plan to focus more effort on transit to online education in near future?



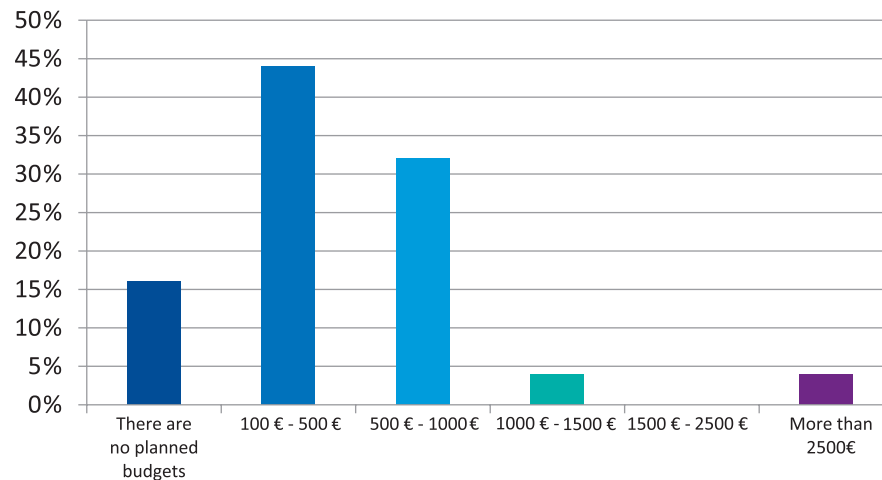
One of the key advantages of online trainings is supposed to be the fact that it can be taken at anytime and anywhere and therefore it saves time and money. This flexibility is however often contra productive as employees are not given a pre-determined time during which they are to be trained. Often, they are expected to carry out their day to day tasks and are disturbed by phone calls, urgent emails or other distracting factors causing their focus to weaken. Any online training to be effective therefore needs to be in a disciplined environment with more diligent time scheduling and advanced planning.

Are current training budgets sufficient to tackle the skills gap?

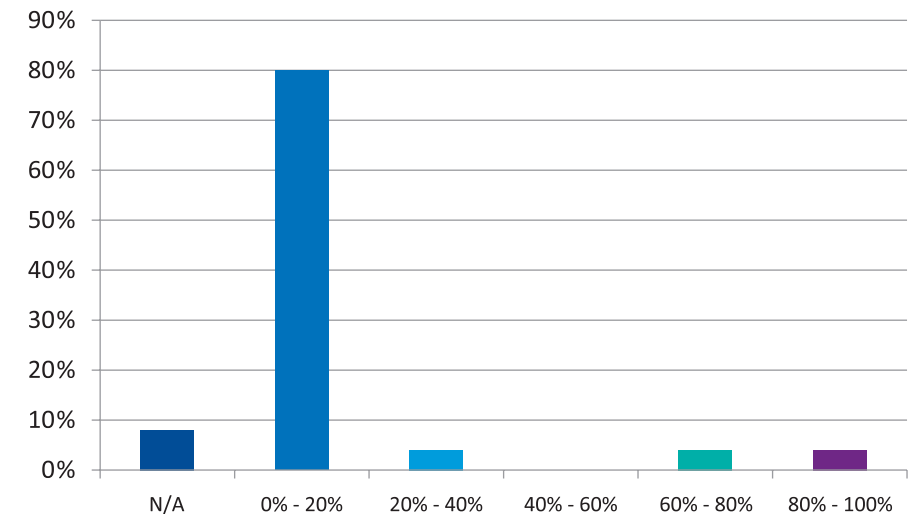
Interestingly, when our 2019 Global CEO Outlook asked about the investment priority as it relates to upskilling, 68 percent of CEOs are still prioritizing investment in new technology versus 32 percent in workforce upskilling. This again is a clear contradiction. Companies are willing to invest more in the technology than in the people required to maintain, operate and profit from them. What is clear is that CHROs and CEOs need to be connected and aligned on the workforce shaping agenda and strategies to support that agenda.

Research conducted among Slovak subsidiaries of multinational companies revealed that training budgets are still moderate, the majority of them ranging between EUR 500 to 1,000 per employee per year.

How much is allocated to an employee's training each year?



How much of your training budget is dedicated to digital learning tools?



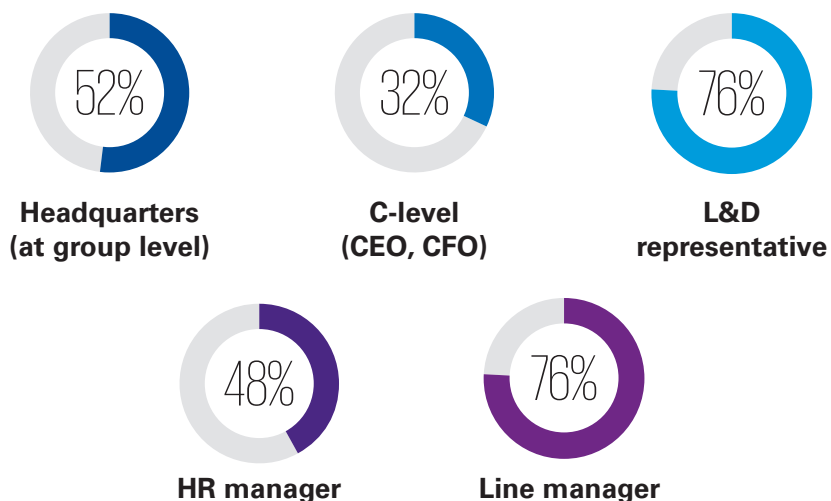
Despite the rapid digital transformation, it is interesting to note that vast majority of companies (80%) spend only up to 20% of their training budget on digital learning tools. Also, there is still a big group of companies that seem not to have started with preparing their workforce for the future skills requirements with 40% of them stating that only less than 20% of their training budget is dedicated for future skills development.

Transformation of corporate learning – how to take the lead?

If CEOs are to deliver on their desired (and aggressive) upskilling strategies evident from the 2019 Global CEO Outlook, they need to provide the appropriate resources and funding for the learning and development of their workforces. What is clear is that CHROs, L&D Leaders and CEOs need to be connected and aligned on the workforce shaping agenda and strategies to support that agenda.

Our survey shows that in Slovakia, corporate learning and development programs are predominantly defined by the Line Managers in close cooperation with L&D representatives who have risen from the role of administrators to the role of business partners or advisors, deciding not only on the right providers of services but also on the strategic alignment of trainings to match group strategies and future needs in the area of skills.

Who is responsible for choosing the learning activities of your employees?



Changes in our lives have accelerated on every level since Covid-19. The digital disruption is even more present bringing with it learning options accessible from the safety of our living rooms.

Our lives are now more like the technological future we were predicting not long ago.

We were able to adapt because we had to, and most of us are winners in this future now game. **But what about the corporate world? Who will be the winners in the long run? What role will L&D Leaders have in the rocky road to success? Will they be up to the challenge balancing between inevitable budget cuts and the immediate need for resources with skills matching those of the future, the future which is happening now?**

We believe the winners will be those who make learning and development for their people top priority and not just relegating it to so-called “non-essential” spend. Money invested into upskilling will be looked upon as a critical and very necessary investment rather than just a perk used for employee retention purposes.

How can we help?

We can help you **bridge the gap** between the current skill set of your employees and the skill set required for our rapidly changing environment – for the Future which is happening now.



KPMG Business Institute provides a range of open and tailored courses and also courses leading to international certifications to help you stay one step ahead of the competition.



KPMG Talent Solution provides you immediate access to people with BIG4 background who possess a future ready skill sets in the area of finance & accounting as well as financial project management.

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Research background

KPMG in Slovakia conducted a research among HR representatives of 30 companies based in Slovakia to understand how technological changes are affecting their workforce and what measures are taken to align future business needs with missing skillsets.

The research was conducted via face to face interviews. Majority of the companies which participated have 500+ employees and are from various Slovak regions, industries and backgrounds.



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