



THE ADECCO GROUP

Skills for the Green Economy

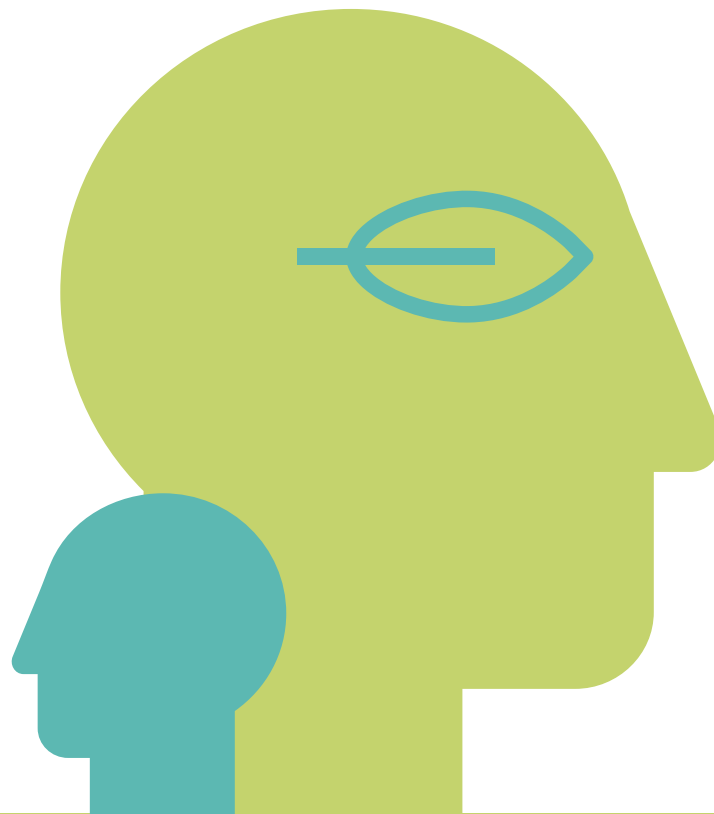


Executive Summary

In this white paper, The Adecco Group draws upon internal insights and international expertise to illustrate the crucial role that skills investment needs to play in moving toward a Green Economy. Skills investment and development need to be understood not merely as a result of the transition, but rather as the decisive factor that enables the Green Transition in the first place. Highlighting the policy context for the Green Transition of labour markets and business worldwide, we discuss megatrends in the World of Work and the necessary components skills policies need to address in order to best achieve a fair and equitable transition process.

Based on the challenges faced by two key sectors undergoing drastic changes to their established business models and the skills they require - the energy sector and the automotive industry - we illustrate how embracing truly sustainable workforce solutions can lead the way towards a greener future. We make the case that only an inclusive and collaborative approach involving all labour market stakeholders can ensure that skills requirements for the Green Economy are met and that workers are not left behind.

The observations in this paper are completed by a set of key actions that we recommend labour market stakeholders should take now. In order to secure the skills landscape needed for the Green Economy, we encourage all labour market stakeholders to realise their common expectations and responsibilities within a New Social Contract.



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Introduction

Climate Change is well established as one of the defining challenges of our time, and increasingly recognised as a threat multiplier beyond the environmental scope, well into the social and societal spheres. A transition towards greener, more circular ways of living, working and doing business is thus a vital – and urgent – necessity for any organization and individual invested in generating the best possible outcomes for People and the Planet.

At the Adecco Group, we are convinced that robust labour markets and their skills offering will be decisive components enabling this transformation. That human behaviour must be the key solution to and should not only remain the cause of the problem. And as the world's leading talent advisory and solutions company, we believe we can play a key role in helping to facilitate this Green Transition.

Whether it is about phasing out fossil fuels, delivering climate-friendly business practises, accelerating digitisation and automation, or new work models – we need skilful individuals to design innovative and responsible solutions – and corresponding, forward-looking skilling approaches across the larger workforce. We need to ensure that our economies and societies have the skills needed to deliver the Green Transition, while safeguarding that those whose livelihoods currently depend on non-sustainable business practises and whose jobs are in sectors undergoing fundamental changes are not left behind. As the Covid-19 pandemic is altering the world of work in unprecedented ways, we find ourselves at a crossroads. In restarting our economies and recovering from the pandemic, it is vital to seize the opportunities to rethink established business and work models under the prism of skills and take bold steps towards a more sustainable future. Indeed, evidence from past green stimulus packages¹ stresses that in many cases the focus on skills has been insufficient and that the composition of domestically available skills is a key aspect for governments to take into account in their design of recovery strategies.

Drawing on the Adecco Group's own experience as well as that of others, this paper illustrates how investing in the right skills is an important condition to achieve this urgently needed Green Transition and outlines actions key labour market stakeholders – governments, employers and individuals – can and should take towards this ambition.



The transition to a greener economy also requires new skills, both for newly emerging jobs and for existing jobs that are evolving. Without a suitably trained workforce the transition will be impossible.

– OECD (2020): Making the Green Economy work for Jobs, Income and Growth, p. 10.

¹OECD (2020): Covid-19 and the low carbon transition. Impacts and possible policy responses.

Since the industrialisation, global economic growth has been closely related to increasing greenhouse gas emissions. One of the most paramount goals of sustainable economic development is therefore to achieve a persistent decoupling of economic growth from rising greenhouse gas emissions. Being increasingly aware of the fatal consequences of global warming and its associated developments for the environment, economies and society at large, a global sense of urgency has resulted in two crucial milestone Accords in the strive for a sustainable future: The United Nations Framework Convention on Climate Change (UNFCCC)'s "Paris Agreement" and the UN's 2030 Agenda for Sustainable Development, characterised by its 17 interdependent Sustainable Development Goals (SDGs). Signed by 189 Parties, the "Paris Agreement" aims to limit the rise of the global average temperature to well below 2°C and acts as the global climate agreement needed to trigger the change. Both Accords are evidence that the heightened anxiety about not acting resolutely and quickly enough is clearly felt by stakeholders worldwide.

The United Nations' SDGs comprehensively illustrate how diverse our approaches towards a more sustainable future need to be. Reaffirming the interlinkages between all SDGs, this paper seeks to provide an insight into the impact the Green Transition is expected to have on the labour market and which actions need to be taken to ensure that its opportunities are realised and its social challenges are met. It should be absolutely clear that it is not merely climate action that will impact the labour market: according to the ILO, inaction will see an estimated 1,47 billion jobs that depend on a stable climate eliminated.

Action is not only being taken at the global level. Stakeholders at every level can have a decisive impact and as the urgency to act touches decision-makers everywhere, broader alliances and more regional, national and communal initiatives emerge:

- In her first State of the Union address in September 2020, European Commission President Ursula von der Leyen announced an increase of the existing EU emissions reduction target from 40% to 55% by 2050. Moreover, the European Green Deal sets out a sustainable growth strategy for the European Union and strives to achieve climate neutrality by 2050. Key instrument within the Green Deal is the Just Transition Mechanism, which makes at least €100Bn available to regions and sectors facing the most challenging transformations. Reaffirming the commitment to a green recovery, the Green Deal is a core component of the €750 Bn "Next Generation EU" recovery instrument. The EU also launched its "Pact for Skills" recently, which explicitly calls for concrete up-/ and reskilling action to support a fair recovery and deliver on the green and digital transition of the EU.

- The political sense of urgency regarding climate change clearly still varies between countries, but more than 30 governments have listed actions to battle climate change and reform their economies in their respective Covid-19 recovery programmes and strategies. And there is a growing consensus around the need for upgrading skills with a focus on the Green economy.
- Switzerland and Japan have announced that they target climate neutrality by 2050, while China, the world's largest emitter of greenhouse gases, strives for climate neutrality by 2060. Highlighting the many avenues that policy action geared towards achieving climate neutrality can take, Sweden's national Riksbank announced that it will stop buying bonds from companies that do not meet sustainability standards.
- And the wide variety of initiatives worldwide is not exclusive to governmental organisations. Actions have been, can and should be taken at every level and by all stakeholders - importantly the private sector. Examples for initiatives on different levels include the city-led global initiative "C40", or private-sector commitments towards more circular business models including those of global companies such as IKEA and Unilever.



These initiatives show that policy makers at different levels of government and private sector actors have started to break down global commitments to their own levels of influence. For large parts of the SDGs as well as with the Paris Agreement, success and failure are ultimately dependent on national coordination and implementation. To that end, countries have defined their own strategies towards reaching the targets set out by the Paris Agreement. These Nationally Determined Contributions (NDCs) lie at the very heart of the needed consolidated efforts towards sustainable development and fighting climate change. Analysing these NDCs, a recent report by the International Labour Organisation has found that **less than 40% of NDCs include plans for skills training. Furthermore, more than 20% of NDCs lack human capital related activities altogether.** Considering that moving towards a decarbonised economy will have grave impacts on the demand of skills on the labour market, and that any implementation of NDCs and thereby any and all Accords to fight climate change and achieve global sustainable development rely on human implementation, **the apparent wide-spread lack of attention to human capital development is nothing short of alarming.** The environmental and social aspects of the green transition are not merely interlinked, but rather interdependent components of achieving a Green Transition.



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Implications of the Green Transition for Skills

Trends in the world of work

The degree to which necessary sustainability measures are adopted will have an impact, but there is a general consensus that if re-/ and upskilling is fully embraced, the potential for job creation will greatly exceed the number of jobs lost to the transition. Indeed, the ILO estimates that the right skilling will enable the transition towards a sustainable energy sector alone to result in a net growth of 18 Million jobs worldwide. The larger transition towards a global circular economy can yield another 7 Million added jobs worldwide². It needs to be realised that skilling will be nothing short of the one decisive factor in making the green transition work for workers and the economy at large: without skills development the global economy may have to have to offset a loss of 7 Million jobs in moving towards sustainable energy and a staggering 71 Million jobs in moving towards a circular economy.

As we observe changes in the world of work closely, we expect the impact on the international skills landscape to be driven by these megatrends in the greening of the economy:

- **The larger impact of climate change**

As climate change accelerates, extreme weather phenomena will occur more frequently: Draughts, floods, desertification and rising sea levels will make more land unfarmable and uninhabitable. More than 1,47 billion jobs globally depend on a stable climate and unmitigated climate change will threaten them all. However, some predictions also expect that as much as 85% of all jobs in 2030 have not been invented yet - the room for skills development cannot be underestimated.

- **Phase-out of fossil fuels and reduction of Green House Gas emissions**

Sectors very much directly impacted by a decarbonisation of the economy are those that directly extract hydrocarbons and those whose business model necessitates the consumption of fossil fuels: e.g. the energy sector, the fossil-fuelled transport sector - automotive and aviation, and the residential heating sector. As some regions and sectors will be severely impacted, it is crucial for skilling agendas to anticipate skills mismatches in light of transition processes and to put frameworks for large scale reskilling in place to stimulate alternative employment.

- **Changing consumer behaviour and expectations**

Consumers are increasingly conscious of the environmental and social impact their choices of goods and services have. Companies will not only have to meet regulatory requirements, but also adjust their businesses to changing expectations of consumers about the sustainability of entire supply and value chains. Sustainability

²ILO (2019): Skills for a Greener Future. A global View, p. 23.

and fairness labels have already become a decisive governance mechanism with a significant impact on consumer behaviour. Specifically, farmed goods like cacao or coffee or garments manufactured in developing countries have become subject to increased scrutiny regarding sustainable farming and fair working conditions. The trend towards more conscious consumer decisions and more responsible business practises is irreversible and will be a priority moving towards a more equitable future. As a result, offering socially and environmentally sustainable solutions and products will be a determining factor in future-proofing companies.

- **Servicification as a more sustainable business practises for a circular economy**

Businesses are increasingly held accountable for the depletion of natural resources and have to adjust their business models accordingly. As access to natural resources is reduced, we expect a change in product design towards longer lifetimes and offering maintenance and repair services will become more important - and offer new business opportunities. IKEA's new strategy focussing on offering maintenance and repair services to increase the life span of products serves as an example for this. Naturally, this comes with a new set of challenges for workforce transformation and skills policy.

The challenges these megatrends present to labour markets and skills supply worldwide highlight that Skills Policies for the green transition need to address these components:

- Skills Policies need to account for the fact that changes to industries will occur in different geographies at different times. **Skilling approaches need to be adaptable** and best practises should be shared with a global community.
- The time that will be available to re/-upskill workforces in different parts of the world can differ decisively. Certain policy adjustments may cause some jobs to be lost instantly as business models become unprofitable. Job creation in turn will be more gradual. That is why any comprehensive Skilling Strategy needs to be part and parcel of a holistic social protection system that **fosters skills while protecting workers, rather than jobs.**
- The skills mismatch needs to be prevented. Not all sectors and industries will face the same challenges in their turn towards more sustainable business models and jobs will not automatically reappear in the same industries they were lost in. Circular business models will take various forms and we cannot anticipate the skills demand for all of them. Maintaining **labour market mobility and flexibility** while continuously developing skills curricula is key to closing appearing skills gaps as quickly as possible.

- SMEs are particularly important in the context of the Green Transition. SMEs create between 70%-80% of jobs worldwide and face the largest gaps in financing the transition towards the green economy. Accounting models that consider workforce investment a cost, create hurdles that prevent SMEs from taking effective measures to set their workforce on the right path towards the green transition. That is why one way to enable more skills investment for SMEs and the economy at large is to adapt accounting models to the reality that workforce is a key asset of any business and that **investing into workforce development should therefore be amortisable.**

To underscore the vital role that skills play in enabling the transformation of businesses and workforces towards more sustainable, inclusive ways of operating, let's examine the challenges faced by two key industries in our sector deep-dives.



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Sector deep-dive: The energy sector

The energy sector is one of the sectors at the centre of the Green Transition of the global economy. As a large part of the energy sector still depends on fossil fuels, the extraction of which, by definition, cannot be done in a sustainable manner, restructuring the business will be inevitable. This will not only fundamentally change the business; it will also drastically change the skills required within the sector. The Covid-19 crisis and the paths towards economic recovery can serve as an additional push towards more renewable energy as governments have accelerated their efforts to grow renewable energy by increasing investments as a part of their recovery packages. Some strategies have even sought to battle low employment during the pandemic by taking up labour intensive projects like improving the energy efficiency of the building sector.³

As the energy sector transitions towards a greener future and technologies become even more efficient, merely replacing jobs in fossil fuels with jobs in renewable energy will not do the trick. Instead, for a socially just transition to take place, it is important that workers are actively enabled to seek and find employment across the labour market to be able to realise employment opportunities in diverse related industries and increasingly complex value chains. Career management and skilling must thus go hand-in-hand. At the Adecco Group, our expert brands LHH and Modis enable a more seamless transition for workers and businesses in the energy sector by combining their expertise in career management and passion for technology. The Modis Academy⁴ offers upskilling opportunities to candidates and matches them with potential employers. To guarantee a quick transition into high-demand roles for graduates, curricula are tailored to the exact type of positions that businesses are seeking.


But human beings are not commodities that one can direct to different jobs even if those are (more) sustainable employment opportunities. The transformation requires transparency around employability as well as alignment to aspiration to be successful and therefore a sustainable transition. Our globally leading talent solutions brand LHH counts on 50+ years' experience in supporting businesses and their employees develop careers, enable transitions and guide through transformation. A long-lasting partner of mining and oil and gas industry players, but also renewable energies, LHH facilitates thousands of workers worldwide to transition to more sustainable jobs and hundreds of companies to move towards more sustainable business models. Global experience attest that skills transformation projects require a village to succeed - a human-centred process around mobilisation of public funding, individual buy-in and ownership, as well as embedment in social dialogue.

³OECD (2020): Making the Green Recovery work for Jobs, Income and Growth, p.8.

⁴<https://www.modis.com/en-us/job-seekers/modis-academy-program/>

⁵ OECD (2020): Making the Green Recovery work for Jobs, Income and Growth, p.10.

The green transition of the energy sector holds great potential for the labour market and skills investment is the key to unlocking this potential. Employing the right skilling agenda and labour market policy, The United Nations estimate that per million US\$ of expenditure, the renewable energy sector will create up to 70% more jobs than the fossil fuelled energy sector. Overall, if the full potential of renewable energy is utilised, jobs in the energy sector could rise by more than 70% to reach 100 million by 2050. ⁵ These jobs however require increased labour market mobility as workers may have to move away from declining industries like fossil energy production towards growing ones like distribution infrastructure maintenance. The labour market transition will not simply happen organically, it needs to be approached in a pro-active manner.

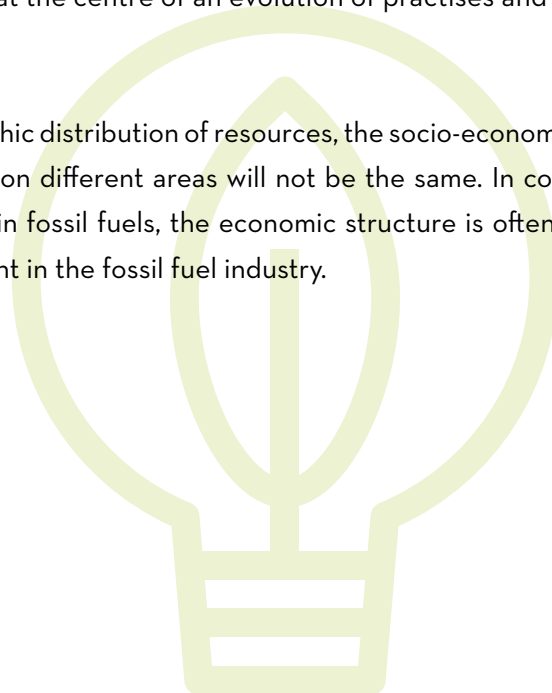


While the energy transformation is likely to have an overall net-positive impact on employment, millions of fossil-fuel workers will need to find new jobs. Policies for a just transition can also facilitate the process of retraining fossil-fuel workers at risk.

- OECD (2020): Making the Green Economy work for Jobs, Income and Growth, p. 11.

Working together with clients and public stakeholders and leveraging its expert brands, the Adecco Group has started to roll-out specific 360° talent solutions for such sectors like the e-mobility and hydrogen industries in Germany. Bringing together people and industry, our experts at Modis are leveraging the very latest technology in plant engineering and their expertise in talent solutions to help boost the production of Green Hydrogen. One key differentiator: apart from utilising flexible and quickly-deployable MIDI plant engineering technology, Modis delivers a solution that develops plant and people along-side one another from the very beginning. Safeguarding employment in the long-term can be achieved by putting more focus on the individuals at the centre of the process. The skilling process is at the centre of an evolution of practises and culture that will allow businesses to transform.

Corresponding with the geographic distribution of resources, the socio-economic impact that the green transition away from fossil fuels will have on different areas will not be the same. In countries and areas that have been historically dependent on certain fossil fuels, the economic structure is often not very diversified and remains highly dependent on employment in the fossil fuel industry.



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The coal sector in Katowice-Silesia


The Katowice-Silesia region in Southern Poland provides an illustrative example of the **importance of a sustainable employment and skills strategy to strengthen the social dimension in the green transition**. The role of the region in shaping the green transition of the economy has also been highlighted by the COP24 in Katowice and its corresponding declaration, which stresses that a “just transition of the workforce and the creation of decent work and quality jobs are crucial to ensure an effective and inclusive transition to low greenhouse gas emission and climate resilient development.”⁶ The economic restructuring of the region has been an ongoing project since the early 1990s. Since then, 40 of its initial 70 coal mines have been closed and employment in the coal sector has been reduced from 400.000 to 80.000 workers. Case studies⁷ by the International Institute for Sustainable Development (IISD) of the transformation process found that a strong top-down approach with little focus on social capital has come at the detriment of long-term perspectives for workers. Three key lessons to take away are:

- Workforce activation through obligatory reskilling and retraining of miners is more effective than early retirement, which resulted in high unemployment
- Improving education systems and investing in infrastructure stimulates the skills landscape and attracts new industries
- A sustainable transformation process necessitates the cooperation of all social partners, leveraging local knowledge and international expertise

Transitioning towards a decarbonised energy sector, labour markets will face the challenge of a different labour and employment structure in renewable energy. With fewer jobs in energy production, early skilling is necessary to ensure more diversified employment opportunities along the entire value chain, including in sales and distribution or the installation, operation and maintenance of equipment and infrastructure.

⁶ COP 24 (2018): Solidarity and Just Transition Silesia Declaration, accessible online [here](#).

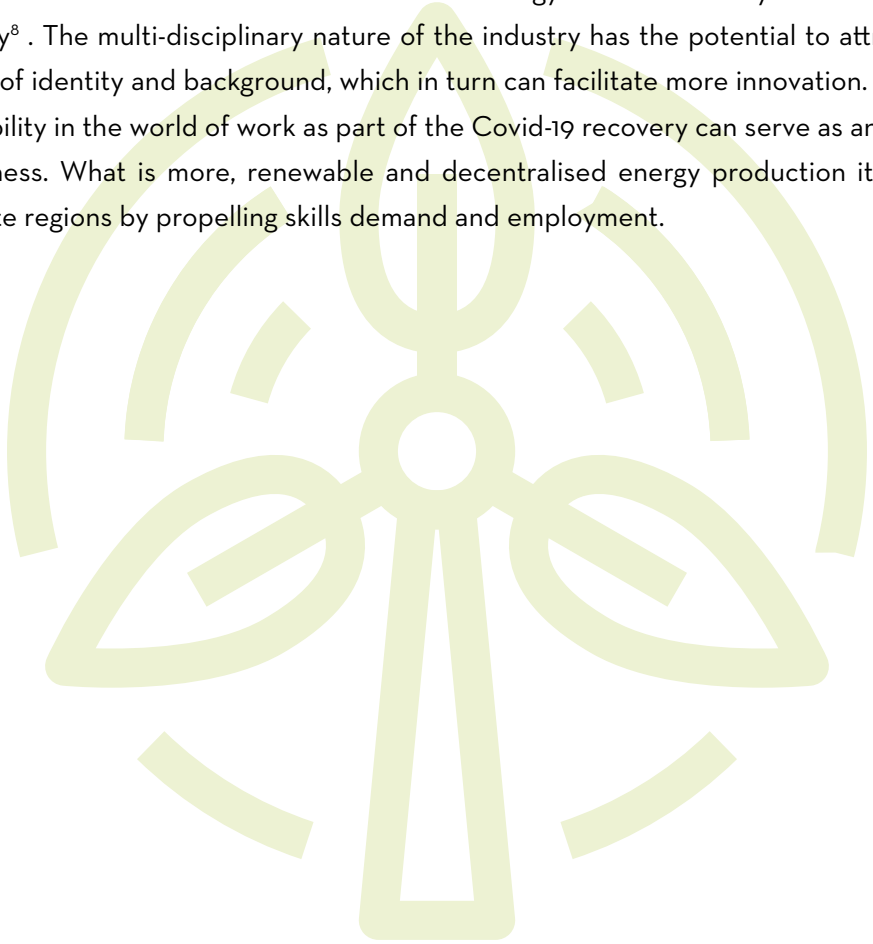
⁷ IISD (2018): The Transformation of the Polish Coal Sector, accessible online [here](#).



Building the skills base necessary to support the ongoing global energy transition from fossil fuels to renewables requires more vocational training, stronger curricula, more teacher training and expanded use of information and communications technology for remote learning.

- IRENA (2020): Renewable Energy and Jobs. Annual review 2020, p. 5.

On a positive note, the changing structure of the labour market may hold great potential for more inclusive employment in the energy sector. While still more effort is needed to remove employment barriers for women and other underserved populations, The International Renewable Energy Agency (IRENA) finds that at 32% of the labour force, the share of women in the renewable energy sector is already considerably higher than in conventional energy⁸. The multi-disciplinary nature of the industry has the potential to attract a more diverse workforce in terms of identity and background, which in turn can facilitate more innovation. Here too, the trend towards more flexibility in the world of work as part of the Covid-19 recovery can serve as an additional impetus for more inclusiveness. What is more, renewable and decentralised energy production itself can also boost economically remote regions by propelling skills demand and employment.



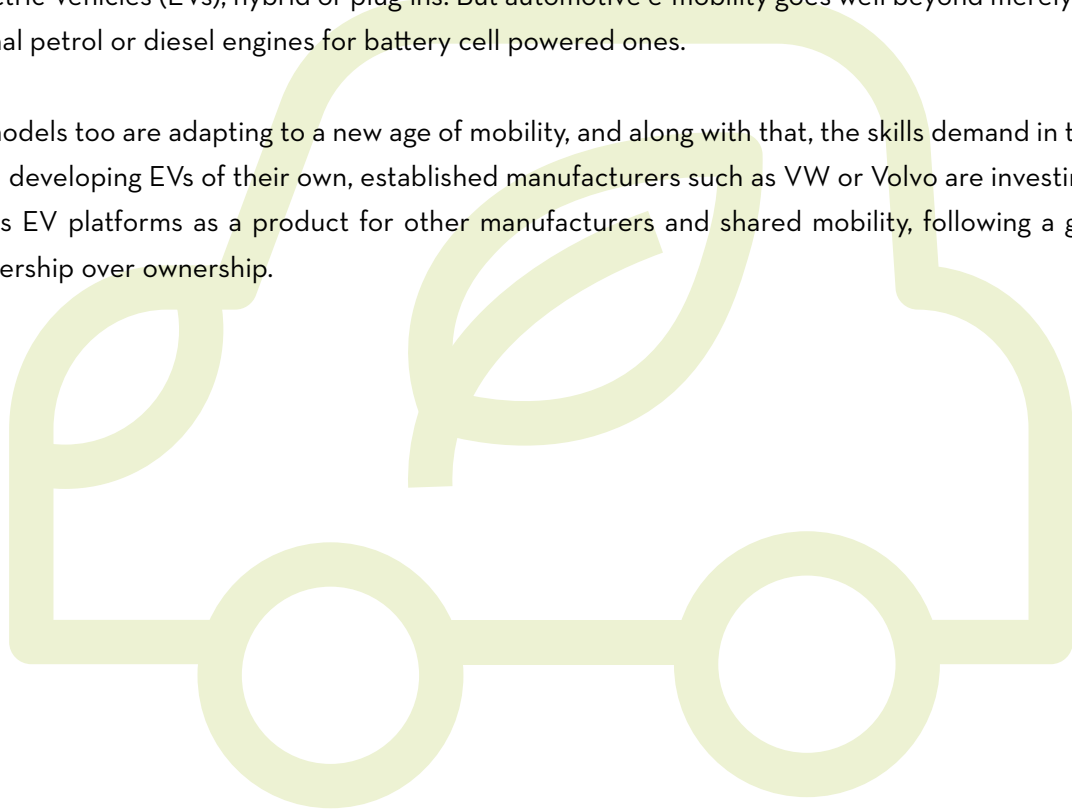
⁸ IRENA (2019): Renewable Energy and Jobs. Annual Review 2019, p.12.

Sector deep-dive: The automotive industry

Discussions around transformative processes have focused on the global automotive industry for a long time. Being at the intersection of such fundamental societal and economic shifts and megatrends as mobility, sustainability, interconnectivity and AI, expectations about the innovative power of the automotive industry soar high. The Adecco Group identified disruptive key industry trends that will drive change in the automotive industry in the decades to come.⁹ The skills implications of these industry trends will be discussed in this sector deep-dive. To be sure, the challenge for the automotive industry in the coming years will be to completely reinvent itself, with fundamental consequences for the skillsets it needs and people it employs.

For many, electric mobility has turned into a synonym for the green transition itself. Over the last decade, the rise of such players as Tesla characterises both the strive for innovation within automotive, as well as the unprecedented pace at which the industry is changing. It is estimated that by 2025, 25-35% of all sold vehicles will be Electric Vehicles (EVs), hybrid or plug-ins. But automotive e-mobility goes well beyond merely exchanging conventional petrol or diesel engines for battery cell powered ones.

Business models too are adapting to a new age of mobility, and along with that, the skills demand in the industry. Apart from developing EVs of their own, established manufacturers such as VW or Volvo are investing into such solutions as EV platforms as a product for other manufacturers and shared mobility, following a global trend towards usership over ownership.



⁹ The Adecco Group (2020): Future of Talent in the Automotive & Mobility Industry.

¹⁰ European Commission: DG Energy (2020): Fraunhofer releases a survey to assess the needs of battery skills in the future, available online here.

¹¹ Read Modis' latest industry insights "E-Mobility: Accelerating the Pace of Change" here.

To be able to perform this transformation, the automotive industry needs to look for new talent and new skills as jobs that have not traditionally been prominent within the industry are in higher demand. On the one side, the production and design of new EV vehicles and platforms requires more neural network engineers, material scientists, software specialists or app developers. On the other side, there is a need for new service teams with a deep knowledge of EV charging, repair and maintenance. Sales and manufacturing teams, too, necessarily have to transform in order to adapt to emerging vehicle technologies. Demand for batteries in Europe alone is expected to increase at least 10-fold by 2030. It is estimated that hundreds of thousands of additional experts with skills in various related fields along the battery value chain are needed to meet that demand in the coming years¹⁰.

To avoid a mismatch between products and skillsets, the automotive industry needs to make skill innovation an integral part of product innovation. Tackling this challenge, our automotive industry experts at Modis¹¹ have developed a state-of-the-art E-Mobility Academy. The academy enables automotive producers and Original Equipment Manufacturers (OEMs) to close the skills gap in e-mobility and to prepare their workforce for the challenges of tomorrow by offering an innovative service approach leading to individual skilling solutions. Based on skills assessments conducted in close cooperation with our clients, Modis designs individualised skills curricula and career maps for all candidates. Through a tailored, project-based reskilling program, the Modis E-Mobility Academy readies candidates for the new requirements of their existing roles or provides a smooth transition towards new roles by leveraging its highly efficient blended approach of online courses, homework and expert-taught in-class lectures.



Besides producing low emissions vehicles, shared mobility services are emerging as a key component of the green transition with revenues expected to reach US\$ 2Trillion by 2030. As consumers are rethinking car ownership in light of more environmental awareness and urbanisation, mobility-as-a-service (MaaS) has the potential to reshape the industry. Competition for new business niches is fierce and as the industry grapples with profound changes, new players on the market can capitalise on their ability to fully embrace innovative practises. In order to keep pace with the transformation of this technology-driven environment, constant upskilling and reskilling of existing employees is indispensable. The development of seamless connections between user and products is crucial to enable instant responses to mobility services demand. The automotive industry needs to assert its place in the Internet of Things and fully utilise predictive analytics to be able to offer attractive solutions for the growing number of consumers who decide against owning a vehicle. We observe that the processes towards more shared and connected mobility creates a new demand for skills in network, electronic, and software engineering and reverts an earlier trend towards outsourcing tasks like software development and platform building.

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The DRIVES project: Skills and Jobs in Automotive

The **DRIVES** (Development and Research on Innovative Vocational Skills) project¹² analyses the demand for and offer of skills in the automotive industry in order to map out a dedicated skills agenda. Its Strategy & Roadmap deliverable shows that the largest discrepancies in alignment exist between the demand for and offer of mechatronics and digital skills. The automotive industry's thirst for innovative talent going forward is well illustrated by its demand for jobs, roles and skills.

The most in-demand job in the industry is Automotive Data Analyst and notable job profiles needed in the Top 10 include Innovation Manager, Electrification Engineer, Software Specialist and Cybersecurity Engineer. Interestingly, roles that used to define the industry like Automotive Engineer and Sales positions feature rather low on ranks 16 and 20 respectively.¹³ The war for talent on the labour market is fierce and as the automotive industry ventures into skills niches that are relevant for multiple industries, it finds itself in competition with other sectors: The diffusion of talent from the automotive industry into other industries has increased consistently and some 42% that left their position transitioned into a different industry altogether. The range of industries that draw talent from the automotive industry also gets more diverse. Less than 20% of people leaving automotive remain in other manufacturing jobs, following a steady decrease. These findings indicate that as the industry develops, boundaries between sectors and occupations are increasingly broken down.

This and the fact that the pace of technological change in the industry has accelerated highlight another need for the automotive sector: an opportunity to invest in those workers who are changing industry and role - are ready to rethink their career - and refresh their skill base to build the necessary ground for future sector growth instead of operating in what will likely be a slow and costly fire and rehire process.

Through the establishment of an **Automotive Sector Skills Alliance** (ASA), the DRIVES project intends to bring together the sector stakeholders to cooperate on a clear implementation framework towards skills transformation and pave the way for massive up-/re-skilling agenda. The Adecco Group's commitment to the automotive skills transformation is proudly made tangible by not only partnering with a multitude of brands in the sector to facilitate the skills transformation, but also the joining of the ASA. The Group thus actively contributes to the pledge to upskill 5% of the sector's population on a yearly basis -benefiting 300+ associations, 270,450+ companies and impacting over 7 million workers in the sector.

¹² The DRIVES project is part of the Blueprint for Sectoral Cooperation on Skills in the Automotive Sector with the goal to establish a Skills Alliance for the sector. It encompasses 24 partners from 11 EU countries spanning academia, unions and employers and is co-funded by the European Union.

¹³ DRIVES (2020): Automotive Skills Agenda. Strategy & Roadmap. Deliverable 2.9 - First Release, p. 52ff.



It is clear that the pace of technological change within the automotive industry is increasing rapidly, which in turn impacts on the rate of skills change. With the fast pace of industry change, the demand for specific skills is growing very quickly with a recent analysis showing the half-life of skills is now only five years. This means the skills learned today are only half as valuable in five years from now.

- DRIVES (2020): Automotive Skills Agenda. Strategy & Roadmap. Deliverable 2.9 - First Release, p. 54.

The Covid-19 pandemic has undoubtedly accelerated the digitisation of many businesses and the automotive industry is no exception. Reducing human contact along retail and service processes is not only a necessity during the pandemic, it also holds advantages for the personalisation and efficiency of the customer experience. For example, digital showrooms can adapt to customer needs and offer constant availability while also reducing possible accessibility hurdles. The disruptive potential of digital retailing and the digital enterprise in the automotive industry cannot be understated and remains key to making the industry more sustainable. On the talent side, specialists to harness the full potential of digital retail and digital enterprise are needed and the existing workforce will have to be familiarised and kept up to date with the latest technologies.

Bringing together human centricity and assembly line flexibility, Daimler's 'Factory 56' illustrates how sustainable employment can lead the way in the automotive factory of the future through flexibility, self-guidance and integration. In order to account for future needs of the workforce and the production process, Daimler realised that new and flexible work models need to be developed alongside new technology and created a fully flexible assembly line. That is why, in 'Factory 56', driver-less assembly vehicles move across the production floor in the most efficient way by utilising the Internet of Things while workers are given more flexibility in deciding their working hours - resulting in maximum efficiency for both.

The fact of the matter remains that innovation does not happen on its own. It takes highly skilled professionals to deliver the changes necessary to ready the automotive industry for a greener economy. Taking into account the insights from the sector deep-dives, we see promising avenues for collaborative action.

Recommendations & Conclusion

Moving towards a truly sustainable economy to maintain the integrity of our natural world for the next generations is one of the defining tasks of our time. All of us - governments, businesses, education institutions, consumers and workers - have a shared responsibility in delivering the skills policies needed to succeed in this monumental mission. The transition is not inclusive by default, it requires a coordinated (policy) approach to make it just and fit for purpose. Approached in the right way, the transition towards a greener economy holds opportunities for all stakeholders.



The availability of workers and enterprises with the right skills for green jobs plays not only a critical role in initiating the transition to a green economy, but also in enabling a just transition that ensures social inclusion and decent work.[...] Comprehensive measures for vocational training and reskilling can improve transferability across firms and sectors, thus enhancing ability to successfully relocate as needed.

- OECD (2020): Making the Green Economy work for Jobs, Income and Growth, p. 10-11.

In light of the urgency, all stakeholders need to take bold steps in readying the labour market for the future, each at their own level:



Governments' opportunities:

- Imperatively include human capital development strategies and plans to re- and upskill the country's workforce within the Nationally Determined Contributions towards achieving the Paris Agreement,
- Keep and nurture adaptable and dynamic labour markets to enable workers to move easily between jobs and sectors and to accommodate changing business models in light of the impact of megatrends on the world of work.
- Support the transformation of the workforce by proactively engaging in reskilling and re-employing of workers even before they might face redundancy. For those who lose their job, engage in Active Labour Market Policies.

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- Focus on sophisticated and ever-evolving education and vocational training schemes that are aligned with labour market demands, laying the foundation for a just transition and high participation in the labour market.
- Build inclusive social protection systems that ensure a just transition towards the green economy by providing the security and flexibility needed for individuals to move into growing sectors. Offer social protection to all diverse forms of work to enable more paths out of informality.
- Incentivise reskilling of workforce across the economy by removing accounting obstacles and making workforce investment amortisable. Provide a framework for skills development for all individuals, for example through Individual Learning Accounts.
- Partner with experts across the public and private sector, as well as the training industry, recognizing the magnitude of the challenge at hand. In doing so, ensure that experts in skilling and career transitioning are included in the design and implementation of the solutions.



Employers' opportunities:

- Be proactive rather than wait for an organic transition and take the courage to operate a profound transformation of the workforce. Start mapping skills requirements and get reskilling and reemploying underway – now.
- Be bold and leverage the entire ecosystem of stakeholders to rethink workforce strategy and make sustainable employment and skills investment your brand advantage to attract the right talent and retain the right skills for future success.
- Build trust between workers and management by clearly and transparently communicating risks and offering a full range of development opportunities. It needs to be clear that workforce development serves everybody's interests: it boosts loyalty and engagement and is more cost-efficient than replacing talent.
- Attract and exchange scarce talent needed for future business models by investing into a compelling and sustainable brand proposition that considers the entire workforce as a key asset.
- Provide entry points into the labour market and profit from a sustainable talent pipeline by embracing apprenticeships, VET and other forms of work-based learning, developing forward-looking curricula in close cooperation with educational institutions.
- Promote flexibility and leverage workforce expertise by putting the Individual at the centre of the transformation.



Employee representation opportunities:

- Be an architect and enabler of the sector's future by positively impacting a smooth social dialogue (where the latter exists institutionally) for the benefit of all, thus enabling business resilience and the workers' future. Be the defender of sustainable employment and insist that sustainable (transition) support is provided to workers when separations are inevitable.

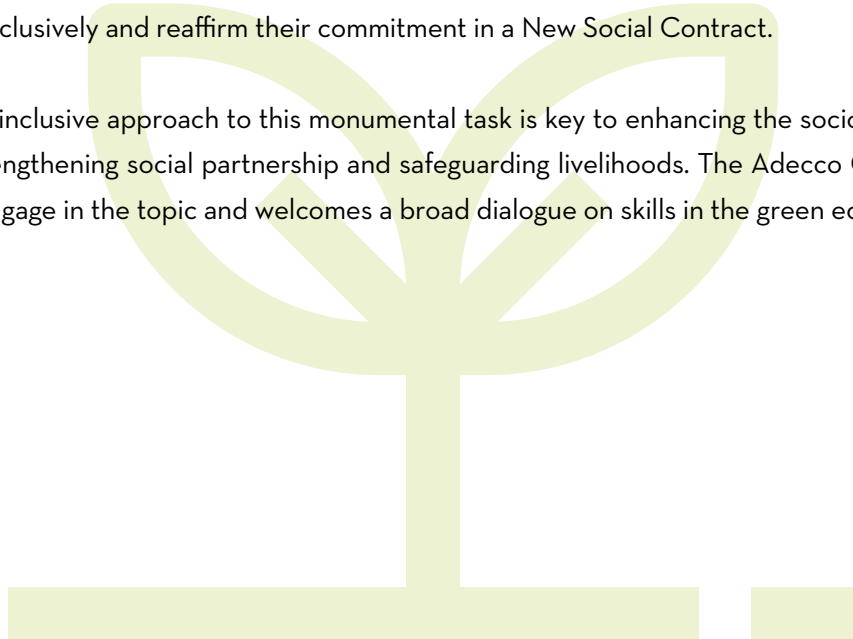


Individuals' / Workers' opportunities:

- Be pro-active and take ownership of your own skillset by constantly seeking opportunities for skilling.
- Engage in productive collaboration and embrace career flexibility.
- Understand that innovation and megatrends accelerate the expiration of skills and employability and internalise a mindset of lifelong learning.

Finally, and crucially, skilling and the green transition are by no means a one-way street. While the green economy will undoubtedly shape labour markets and employment trends in all affected industries, skilling enables the transition in the first place, for without it all aspects of this unprecedented and global move would experience delays, overruns and faults. If climate targets are to be reached, employment opportunities realised and business models future-proofed, all labour market actors need to realise their collective responsibility to make the Green Transition happen inclusively and reaffirm their commitment in a New Social Contract.

A collaborative and inclusive approach to this monumental task is key to enhancing the socio-economic resilience of communities, strengthening social partnership and safeguarding livelihoods. The Adecco Group encourages all social partners to engage in the topic and welcomes a broad dialogue on skills in the green economy.





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