Overview

Over recent years, countries in Europe and the Gulf have been grappling with restructuring their economies to provide appropriate employment opportunities for a diversified population in a rapidly changing labour market. While key aspects to be examined in this context will continue to include the increasing role of technology and artificial intelligence in the workplace, global mobility and how best to promote diversity and inclusion in tomorrow's labour markets, COVID-19 and its economic consequences have further intensified the challenges involved.

This urgently requires more creative approaches to post-pandemic employment, in a scenario where remote working has become normalised and re-imagining the workplace to accommodate hybrid models of working has become a key issue. While progress towards gender equality remains uneven, the post-pandemic world of work potentially presents opportunities to make further progress on the situation of women and girls and avoid losing the gains already made in this area.

In this webinar, the Bussola Institute brought together a number of leading experts in this field to address the key topics facing today's labour markets both in Europe and across the Gulf region. The event explored areas in which European and Gulf counterparts can work together in terms of future research and action, with a view to identifying essential lessons arising from the radical shifts in the way we live and work and the acceleration of these trends being brought about by the COVID-19 crisis. It also explored the interventions and supports needed to ensure that women are positioned to exploit the opportunities emerging in the rapidly evolving world of work.
PANEL

HE Anna Diamantopoulou
Chair of the EU High-Level Group on the Future of Social Protection and the Welfare State and former EU Commissioner

Dr Jörg Schubert
Global Head of Economic Development, Public Sector Practice at McKinsey & Company, Dubai

Dr Na Fu
Associate Professor, Human Resource Management and Workplace Wellbeing, Trinity College, Dublin

Dr Leila Hoteit
Managing Director & Senior Partner, Boston Consulting Group, Dubai

Mr. John Dennehy
Secretary General, Bussola Institute

The debate was moderated by Mr John Dennehy, Secretary General, Bussola Institute
Introduction

Since 2018, the Bussola Institute has been actively exploring a range of key issues around economic transitions, the impact of technology and the future of work in Europe and the Gulf. Among other issues, the impact of the Fourth Industrial Revolution and its potentially enormous consequences for tomorrow’s labour markets have been examined. The Fourth Industrial Revolution is already fundamentally changing not only the way we work, but also the way we live and interact with each other. Millions of people are now connected remotely by mobile devices with unprecedented capacity and processing power while incredible advances in areas including artificial intelligence, robotics and nanotechnology are creating seemingly endless possibilities. However, these changes also pose serious economic and social challenges directly linked to the way we will work and live in the future. And an unexpected and unwelcome development, the COVID-19 pandemic, has emerged as an accelerant in this already complex and uncertain equation.

Since early 2020, the entire world has been grappling with the impacts of the pandemic, and nowhere has this been more evident than in the area of work. The pandemic disrupted labour markets throughout the world and millions of people have lost their jobs or had to adjust to working from home. Its broader economic consequences have further intensified the challenges already evident before the advent of COVID-19. The crisis has made it clear that the world urgently requires more creative approaches to post-pandemic employment in a scenario where remote working has become normalised, while re-imagining the workplace to accommodate hybrid models of working has become a key issue.

Some of the key challenges to be addressed include the need to adapt to the impact of both the digital revolution and the pandemic in relation to future skills development and ensuring that all available human talent can be accessed in the post-pandemic world of work by further progressing the situation of women in the workplace. In a fast-emerging world where unprecedented technological innovation has the potential to bring long-term gains in productivity, open new markets and drive economic growth, how can we ensure that these important developments will not increase inequalities but instead provide opportunities to create a more inclusive and human-centred future? It will also be important to consider what implications these changes will have on social protection measures for the future.
High-level European Expert Group on the Future of Social Protection and the Welfare State

In May 2021, the European Commission proposed an action plan on social issues called the “European Pillar of Social Rights Action Plan”. This action plan is regarded as highly necessary considering the heavy impact of the pandemic and technology on labour markets and social protection systems. A High-Level Group on the future of social protection and of the welfare state has brought together experts at the European level from many countries, universities, and related fields. Additional expertise in social protection, welfare practices, taxation, financing, and demography among other fields are also expected to be added over time.

The high-level group will focus on how to make social protection fit with emerging work-related, economic and social realities by taking into consideration the megatrends that have an impact on the social protection and welfare systems, labour market reform, as well as the impact of the pandemic and the lessons already learned at the European level. The high-level group will have a challenging but important mission to reflect on how to support and reinforce social protection in the light of these megatrends. A sizeable amount of data will be needed, even though major data are still lacking for specific countries and/or areas of expertise. The high-level group will also need to identify the new social risks and determine whether they are covered by the social protection systems and if not, what needs to be done to ensure they are. The most important challenge will be in relation to financing, as this area is expected to witness many significant changes.

The identified megatrends are:

- The demographic change within Europe, which results in a shrinking workforce and an ageing population
- The transformation of the labour market accompanying the digital and green transitions
- The increase in non-standard forms of work
- Globalisation with emerging new risks

When discussing globalisation, it is understood that it pertains to everything, from digitisation to climate change, but also and most importantly to pragmatic issues such as taxation. Consequently, the future of social protection will depend on nations’ ability to offer sustainable and effective frameworks. To achieve this objective, new approaches and innovative solutions urgently need to be developed.

The impact of these megatrends is already being felt at the European level. If there are no changes at the demographic level, the working-age population in Europe will decrease from 265 million to 220 million people in the coming years. This trend, if it remains unchanged, will heavily affect social protection systems. Regarding the many changes in the world of work, it is expected that in 2022, 40% of employment in the European Union (EU) will not be in full time and permanent positions. This share is expected to be higher than 40% in six EU Member States. Consequently, it is crucial to find ways to ensure that all new forms of work contribute to social protection systems, helping to sustain finances. Moreover, revenues from sources other than labour could become increasingly important sources of financing as the share of labour income is decreasing. Finding new sources to fund social protection schemes will be key at the European level.

The green transition is also expected to heavily influence the economy in the future with the potential creation of millions of jobs. However, no reliable data on the issue exist at this stage. In the context of climate change, energy poverty will also be another major issue at the European level. Finally, the COVID-19 pandemic has provided some interesting insights on the economic front. While the EU managed to mitigate the risk of increased poverty during the pandemic, this
was accompanied by hugely significant increases in social spending by governments, an economic model that is evidently unsustainable in the longer run.

The Fundamental Shift to Technological, Social, and Emotional Skills Needed for the Future

To navigate the future world of work, specific skillsets and talents will be in demand. McKinsey has conducted significant research on this issue over the past five to six years when companies started working on digitisation projects. The immediate consideration was to determine how to train the staff and adjust the teams to new work environments. However, aggregated data at the societal and labour market levels indicate that technology brings about enormous changes. The research initially looked at the number of jobs that might be lost to automation but continued its investigation to understand what jobs might also be created due to technological disruption and automation. Currently, the focus is on determining what might happen during the transition and, even though research is still ongoing, some initial findings are instructive.

Considering the current impact of technological disruption, different occupations and different activities were broken down at the job level to determine what could potentially be automated immediately and what could not. It transpired that some 50% of today's work activities could be automated with existing technologies, although this does not mean that this will happen, and it is apparent that the adoption curve differs significantly from country to country. Despite this discrepancy, this offers a huge promise in terms of productivity growth and the potential income per capita that could be consequently captured. At the same time, about one in three OECD workers may eventually need to change their occupation from a job that currently exists to a job that may be created in the future, and this transition will need to work seamlessly.

It is expected that only 1% of occupations will disappear altogether and be completely automated. In fact, most jobs have different elements or activities that can be automated. Consequently, it is projected that most jobs will not disappear but rather change in their nature, depending on the kind of skills that are required. In the next 10 years, less physical and manual skills as well as less basic cognitive skills will be needed as they will all be replaced by technology. Conversely, specific social, technological, and emotional skills will be increasingly required in future job profiles.

In terms of defining these skills the research refers to these sets of data as “DELTA” (distinct elements of talent) since they define more than skills: they are behaviours and attitudes. Drawing on all the recent research on future skills, McKinsey has endeavoured to determine the foundations needed to adapt to new requirements. The foundation or ability to learn throughout one's lifetime will be indispensable since it is expected to play a role in many of the new occupations that will be created in the future. The skills that will be required also encompass competences such as critical thinking, communication, mental flexibility, self-leadership, self-awareness and self-management, interpersonal skills focusing on developing relationships, mobilising and leading others as well as digital skills which are the foundation to navigate the future digital environment.

Differences exist between countries and population groups as well as across gender groups. Research is ongoing and no definitive answers exist at this point. However, the DELTA taxonomy may be used to start developing modules of “reskilling” journeys, ideally in the form of digital competences, to properly train these specific elements of talent and help them acquire these skills and behaviours. McKinsey is currently working with schools to understand the ways such modules can be embedded into curricula and training plans.
The Hybrid Model of Working for the Future

The COVID-19 pandemic has provided interesting insights on human resource management practices and their consequences for the future of work. At the beginning of the pandemic, a lot of companies witnessed improved productivity rather than reduced productivity. During lockdowns, people seemed to have more time, owing to the fact that the usual commuting time was then allocated to working. This might explain the productivity boost seen at the beginning of the pandemic. But more than a year into the crisis, a few changes can be observed. According to Microsoft’s recent Work Trend Index report, a sizeable proportion of people are struggling to properly adjust to teleworking. It appears to be particularly difficult for managers and employees who are single. While it was expected that parents who take care of home-schooled children would be struggling to find an adequate balance, it appears that some 67% of single employees have difficulty adjusting to teleworking. The report also found that 40% of people are thinking about quitting their jobs. In August 2021, PWC released a report showing that 65% of employees are thinking about changing jobs in a process being referred to as “reshuffling”. An increasing number of people appear to be reflecting on why they’re working in a certain job and consequently, thinking of changing positions.

Research conducted by Trinity College Dublin also shows that burn-out is another reason that leads many employees to quit their jobs. This stresses the importance of finding the right practices to improve employees’ wellbeing. A survey conducted on thousands of employees shows two main takeaways. A first key driver for improving an employee’s wellbeing and resilience is participation. If employees or workers feel they can be part of decision-making, if they see they have a voice that is heard by management, this tends to show they are part of the organisation. However, the survey showed that, during the COVID-19 pandemic, most managers followed a top-down approach in their decision-making while spending little time explaining the rationale behind the decisions to team members.

The second key takeaway pertains to leadership. Some research shows that providing definite orders in times of uncertainty is welcomed by employees. However, according to Trinity College Dublin’s research, the global character of the crisis emphasised the need for empathy and excellent social skills on the part of leadership. Two types of leadership were highlighted by the research: empathy-based leadership and function-based leadership, with the combination of both being the epitome of good leadership. Good managers are “paradox-navigators”: they show concern for their employees while ensuring the work is done. This type of leadership reduces perceived social isolation while boosting productivity.
Gender Equality and the Future of Work

Even before the pandemic, progress to reduce gender inequality in the workplace had been uneven. Despite progress in many areas over recent years, the status of women in some workplaces around the world remains of great concern and much still needs to be done. Looking towards the future of work going forward from the pandemic, ways need to be found to ensure further progress and avoid losing the gains that were already made.

COVID-19 has already accelerated the changes to the world of work and, after analysing the higher technology adoption rates and the impact this has had on global economic growth, the Boston Consulting Group (BCG) published a report this year called “The Future of Jobs in the Era of AI”. This report looks at a detailed analysis of job markets in the United States (US), Germany and Australia, all of which will face looming shortfalls when it comes to computer-related occupations as well as jobs in science and technology, engineering, and mathematics. However, rather than a drawback, this could prove a great opportunity to fill many of these talent positions with women. To do so, there are many challenges ahead, some of which were exacerbated by the pandemic. A survey conducted by BCG on 19,000 employees in Germany, Japan, and the US showed that those who take care of children or ageing parents are 1.4 times more likely to say that they are very worried about their future at work and their wellbeing overall, than those who do not have these responsibilities. The largest share of caretaking usually falls on women’s shoulders.

When the MENA region is compared with the rest of the world, research shows that MENA has still the furthest to go when it comes to gender parity. GCC countries have made a lot of progress, but they lag behind when it comes to women’s economic participation. In 2020, the United Arab Emirates (UAE) ranked 135 out of 156 countries while Saudi Arabia ranked 149 out of 156. They both have made headway through a number of initiatives. For instance, the UAE has introduced a law on equal pay as well as a law on women on company boards. Saudi Arabia has launched employment support programmes for childcare and for transportation. But much more needs to be done.

Companies need to step in and focus on diversity and inclusion in the workplace on several levels. They need to focus on recruitment and set targeted recruitment drives, even temporary ones, until the recruitment objectives are achieved. Companies also need to focus on retention by launching policies around flexibility as well as networks and policies that support working women (e.g., sponsorship, advancement opportunities). Management also needs to make diversity and inclusion business priorities and ensure they enable it throughout the organisation by involving leaders, making them champions to drive the agenda. For example, a few years ago, BCG added inclusivity as a main KPI for the annual assessment of its partners.
Furthermore, it is crucial to focus on structural changes at the national level. New and improved national policies, such as paid family leave for both partners, to alleviate the burden on women, are urgently needed. This is a critical part of the solution to the crisis. However, such changes at the national level are expected to take time before being implemented widely. Consequently, companies need to step in to support the caregiving employees as well as enabling others to enter the workforce. Distance learning has also represented an additional load on mothers. Despite the ongoing nature of the pandemic, keeping schools and childcare open will be key, considering this is critical to supporting women and helping them remain in employment. Another survey conducted on caregivers shows that 20% of mothers and 15% of fathers in the US and in Europe felt that their managers did not understand what they were going through at home during the pandemic. This further highlights the need for leadership based on empathy and understanding.

Finally, women should be encouraged and supported to engage in STEM (science, technology, engineering, and mathematics) careers considering the future of work will mostly revolve around STEM roles, which will represent the lifeblood of the economy. And although women make up 39% of the global workforce, they only represent 25% of the STEM workforce worldwide. If gender equality is to be fulfilled, the gap between men and women in STEM roles urgently needs to be reduced.

**A New Vision of the Future of Work**

It is evident that the world has entered an era in which a significantly different set of competences is needed to enter the workforce. If education systems around the world hope to prepare people adequately for the future, they need fundamental reform. A combination between soft skills (i.e., emotional and social skills, together with empathy) and STEM competences will be critical in the future. A new type of curriculum is needed in all educational systems. A good understanding of humanities will still be needed because, despite the productivity and speed gains brought about by machines, the human characteristics will never be replaced by technology. An urgent shift in the approach to learning is therefore needed.

**Improving Policies and Governance for More Innovative Business Environments and Increased Digitisation and Automation**

To adapt to increased digitisation and automated environments, a number of steps can be taken. At government level, the three following measures are of critical importance:

1) Speeding up companies’ technology adaptation rate at an early stage. This appears to be a drawback for most SMEs as opposed to larger entities that possess the know-how to adapt faster.

2) Reskilling at scale. A lot of efforts are already being made at the company level. For example, Walmart declared that it considers itself as much a tech company as a consumer company and consequently, endeavoured to retrain no fewer than 350,000 employees to perform adequately in the new digital environment. However, such a shift in mindset still needs to be witnessed at the country level or in education systems. Ministries of Education worldwide have not yet properly developed curricula that support ongoing learning journeys with micro-credentials, and continuous learning as people graduate in their careers.

3) Social protection of those left behind. While there are many opportunities arising with change, these opportunities may occur in different geographies and target different pools of talent. Governments will need to address the type of social protection offered in order to maintain social stability and national prosperity.
Work-Life Balance and the Future of Work

In the context of remote working or hybrid working, policies urgently need to be developed to guarantee work-life balance in the future and ensure the wellbeing of the workforce. These policies will need to address the physical hours division but also everything that does not fall into this specific framework.

Wellbeing is the result of both demands and resources. Demanding positions tend to go on par with high exhaustion levels. However, if a company possesses plenty of resources, even if demand is high, the exhaustion levels of the workforce are likely to decrease.

Wellbeing of the workforce in the context of teleworking needs to be accompanied by a series of managerial policies that ensure a proper allocation or division of physical working hours. Ideally, the duration of online meetings should be limited to ensure employees’ wellbeing considering both the physical and psychological dimensions. As a growing number of staff tend to ponder the purpose of their positions when envisaging the next steps in their careers, companies will need to find the best practices and internal policies to ensure they provide a purpose to the workforce. This aspect of human resource management will be key to ensuring the psychological wellbeing of the workforce, which will in turn allow for a better ability of the workforce to cope with the high demands and challenges ahead.

The Digital Disruption and Its Impact on Gender Equality

In the future, new technologies such as AI will transform the world and employment patterns on a massive scale. This disruption will result in the creation of new jobs and in new skills requirements in existing jobs as well as the elimination of many jobs altogether due to automation. These new technologies have also the potential to help propel those in future automated jobs into higher-skilled jobs and more interesting, more motivating positions. However, this disruption also goes on par with a higher risk for individual employees, especially for women.

When we look at the shift in the market, it is apparent that it is affecting women disproportionately. According to a study, 11% of women’s jobs today will be lost to automation compared to 9% for men. Even though 2% might not appear to be a significant difference, one needs to take into consideration the gender gap that already exists today. In the West, it is expected that bridging the gender gap will require about 100 years. Consequently, this new shift risks setting the West back quite significantly. Women are already underrepresented in senior management positions, which tend to be insulated from automation. Conversely, they predominate in administrative jobs which are at high risk of elimination.
As STEM jobs will take an even greater place in tomorrow’s job market, STEM skills acquisition for women needs to be urgently addressed. BCG’s research has found that skill building will be critical for companies in the future. In STEM-focused companies, lower rates of retention and promotion for women, versus men, in mid-level and higher-level STEM jobs are observed. To improve STEM skills and to help women advance in these positions, every company needs to step up their efforts in terms of their goals and diversity practises as well as looking at the biases that exist in working practices. Most STEM working environments are male-dominated, and biases are prevalent across the whole HR value chain. Companies need to develop practises to address this gap and ensure that STEM positions are suited to female employees’ needs and preferences, notably by ensuring flexibility in working hours. Furthermore, companies need to make sure opportunities are promoted through the relevant channels in meaningful ways. Finally, new technologies hold a risk in terms of women’s representation in the leadership pipeline. AI is increasingly being used. However, if AI is deployed in talent management and in recruiting, it is only expected to exacerbate gender inequality in recruiting as the algorithms are codified on existing biases. Consequently, it is crucial to further increase the proportion of women in the development of new technologies.

Conclusions

1) Skills and Degrees in the Future of Work
There is a growing view that sets of relevant skills, rather than degrees, will be needed for the different types of work likely to be available in the future. Consequently, there is likely to be a move away from the traditional fixed education models in which a very specific degree programme qualifies an individual to work. It is estimated that, by 2028, new jobs will have appeared on the job markets with a need for a whole new set of skills. Qualifications to work in positions as diverse as Augmented Reality Journey Builder, Genetic Diversity Officer, Data Detective, Quantum Machine Learning Analyst or AI-Assisted Health Care Technician will be in demand.

AI is also likely to outperform humans in many existing positions, such as translating and interpreting. Diplomas and degrees will still be needed. University degrees are important because a general educational level remains indispensable. However, it is evident that for many people, their future job will not be strictly in accordance with their studies. Studies will support individuals in adjusting to new requirements and new needs. In many instances, jobs will not disappear but will rather be performed in combination with the technology. Consequently, school and university curricula urgently need to be transformed to ensure students’ adaptability to the future of work.

2) Adapting Skills and Social Protection Policies to the Changing Nature of Work
The pandemic has particularly hit the more vulnerable groups in the labour market, particularly in the US, but also in a lot of emerging economies. Consequently, it is critical to upskill or reskill these vulnerable groups to adapt to future jobs. Companies will need to create a “skill-building engine” with government and regulatory support but also recognise and acknowledge that there will be people left behind who might not have the means to reskill and to requalify in this new normal. This means that nations will need to prepare an adequate safety net and welfare interventions to ensure overall social stability and protection.

3) Making Virtual Teams Work
Virtual teams pose a real challenge since team members cannot interact with each other fully. Consequently, the information that is usually communicated is partly missing. Under such circumstances, a successful leader will be one that is able to support and empower the workforce. This goes on par with hearing and taking people’s suggestions into consideration. A good leader
will hear rather than listen. When an issue is raised, a leader that hears will understand the situation and more importantly provide a solution. A successful leader has a vision and cares about the staff’s development rather than concentrating exclusively on task-focused managerial practices.

4) Leveraging Technology for Higher Growth
There are three ways technology can be leveraged for higher growth:

- Enhanced technology education will be key for the future of work. Both parents and students have been exposed to the challenges of distance learning during the pandemic. However, if used in the right way, technology in education has huge potential.
- Unlocking the potential of the sharing economy. This means using tech platforms to help lower-income consumers to save money and have more disposable income to be more productive.
- Investing in climate innovation. Companies that are investing in climate technology and climate innovation are expected to witness better results in terms of total societal return in the long term.

Potential for Future Cooperation

Europe and the Gulf come to this from different but highly complementary perspectives. The panel discussion has clearly shown that both Europe and the Gulf share common objectives, collective challenges, and the possibility to benefit enormously from each other in developing, for example, joint research and collaborative actions for the future of work.

The Gulf’s focus on new technology has made the region a fast-growing market for 5G, AI, blockchain and many other technologies. The EU’s labour markets are diverse and supported by highly developed standards in qualifications, working conditions, and social protection.

But, as discussed in the webinar, new technologies are a disruptive force on the future of work and will require significant shifts in skills adaptability, resource management and system flexibility to ensure that the labour markets of the 21st century will be efficient, productive, fair and inclusive.

Both regions can learn a great deal from ongoing sharing of experience in addressing these significant shifts at individual, company and government levels, as the Fourth Industrial Revolution accelerates.

Both regions need to shape this transformational change to produce excellence, diversity, and inclusion in tomorrow’s labour markets and to ensure that the digital revolution will provide opportunities to create more inclusive and human-centred societies.