

Retain, **retrain**, transform

Is the answer to the skills crisis staring businesses in the face?

United Kingdom

UK Workforce Hopes and Fears Survey 2023

The workforce will be very different by the end of the decade as the pace of innovation and technological disruption accelerates. To deliver transformation and growth, business leaders must reappraise the skills they need and their approach to retaining and developing their existing workforce, and create a culture of innovation to embrace the potential of artificial intelligence (AI).

It is an approach which requires a careful balance. PwC's Workforce Hopes and Fears Survey reveals a growing paradox whereby organisations intent on recruiting digital skills are at risk of missing out on the huge potential of upskilling their existing workforce who already possess human skills required to fully unlock the productivity that technology can bring.

As technologies such as AI become more powerful and intuitive, the value of skills such as applied judgement, creativity, critical thinking, **subject matter** expertise and leadership will be in greater demand, to ensure technologies are used effectively to solve business problems and deliver better outcomes. But to realise the potential of a 'human-led, tech-powered' approach, many organisations need to **instigate** a mindset shift and upskill and **empower** their workforce to embrace the potential of technology.

AI and the need for a transformation mindset

Employees in the UK are considerably more doubtful than global **counterparts** that AI will improve their productivity or efficiency at work. To encourage employees to seek and deploy AI solutions in the workplace, businesses must first position it as a tool that can support and **augment** what they do.

Empowering experienced employees, who understand their business and **boast** critical human skills, by giving them technological know-how and permission to increase their productivity through innovation may present a **lifeline** for organisations worried they lack the talent to **keep pace** in a digital world.

The data suggests many employees recognise their business must change, yet companies are discouraging employees from challenging the **status quo** or risking the small scale failures that are an essential part of innovation.

24%

think their business will not be economically viable within 10 years

72%

say that their manager doesn't encourage debate

64%

report that their manager doesn't tolerate small-scale failures

To bring ideas, creativity, and energy into the workplace, employees must feel safe to test, learn, and - sometimes - fail.

Fostering curiosity and **openness** toward adopting technology with the proven ability to unlock capacity and improve productivity could also help organisations mitigate **burnout**. Over the past 12 months, over a fifth of employees reported that their **workload** was frequently **unmanageable**, primarily due to a lack of resources.

“Organisations must think through whether they are creating an inclusive and inspiring vision for the future and an active response to change.”



Sarah Moore,
People and Organisation Leader, PwC UK

AI is here to help us

AI is rapidly breaking new ground and **permeating** almost every industry and workplace. **PwC's 26th annual CEO survey** found 77% of leaders plan to invest in technologies such as AI this year. Yet many employees are apparently oblivious to whether it will impact them.

The survey of 2,003 UK workers found less than half (46%) believe AI will impact their job in any way over the next five years, compared to 68% globally.

Sarah Moore, People and Organisation Leader at PwC UK, says: "The opportunities presented by technology are immense, such as deploying AI solutions to gain efficiencies, unlock productivity and create business opportunities. The businesses that succeed will be the ones who create a culture that embraces and enables transformation. But right now our data suggests there is a two-tier workforce where a significant proportion are unaware of the changes taking place and are therefore ill-equipped to capitalise on them.

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Pros and cons of AI not registering with majority of workers

19%

think AI will increase their productivity or efficiency

14%

believe AI could create new job opportunities for them

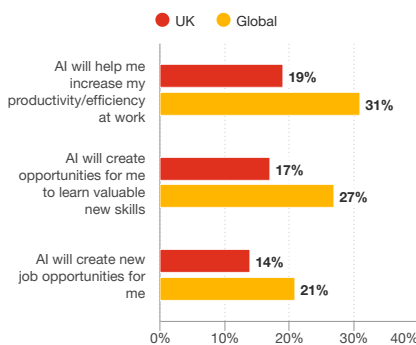
10%

worry AI will replace their role

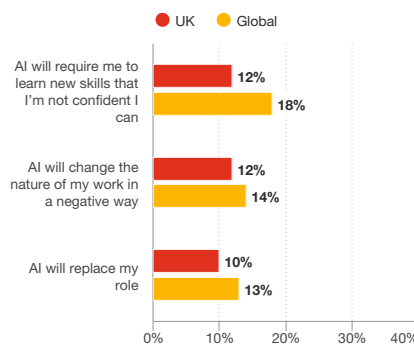
12%

say it will change the nature of their work in a negative way

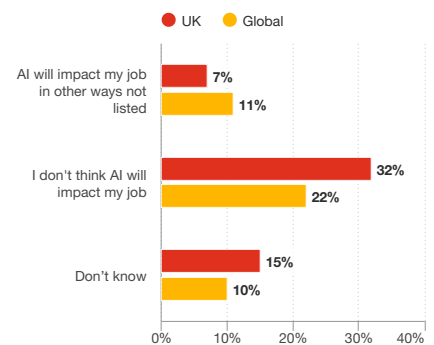
Positive



Negative



Neutral



Prasun **Shah**, Workforce Intelligence Partner at PwC, says: "The disparity between how leaders and employees view AI **underscores** the need for organisations to communicate what AI means to their workforce. Investing in technology is one aspect, but creating a tech-powered workforce requires cultural change. Leaders must **empower** employees to explore how AI could enhance their productivity and efficiency, **freeing** them to focus on more challenging and rewarding tasks."

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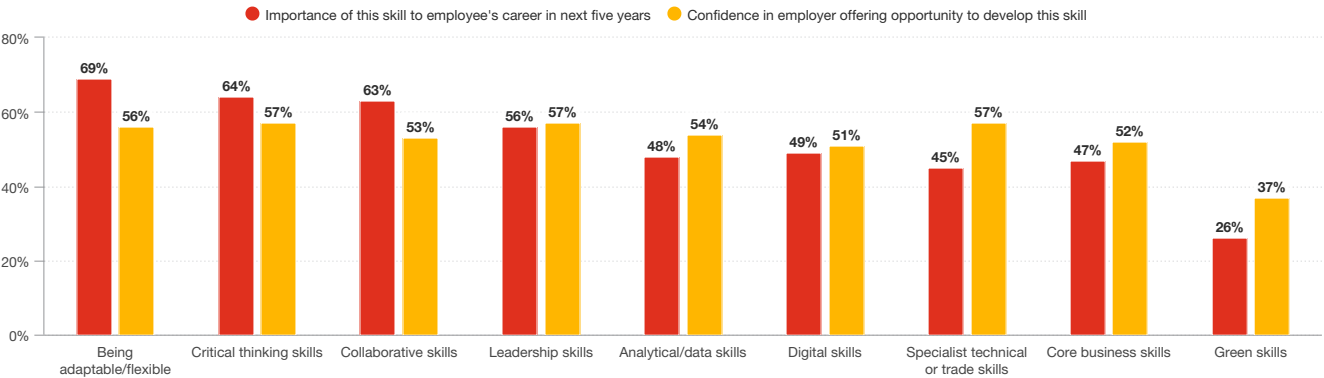
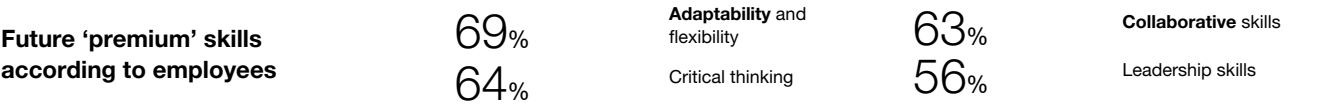


Prasun Shah,
Workforce Intelligence Partner, PwC UK

Creating a human-led, tech-powered organisation

Digital skills are in high demand, but organisations need to **cultivate** the right balance of human and tech skills. Applying critical thinking and creativity, interpreting complex **data sets**, making decisions and communicating change are all critical skills in any transformation.

Employees ranked human skills, such as **adaptability**, critical thinking, and **collaboration**, as more important to their future careers than technical skills, such as **analytical** or digital skills. And awareness of the importance of human skills is higher in more skilled roles.



However, workers feel employers are overlooking the skills that enable them to get the most from technology. Many employees (63%) report having skills outside of their **qualifications** and professional experience, yet almost half (46%) believe employers are overly focused on the narrow **confines** of job history.

Businesses need to rethink their approach to development and hiring to ensure they're creating a workforce with robust human skills. A renewed approach must include getting better at identifying and deploying skills effectively across the workplace, starting with implementing a skills-based approach to hiring and operating. Whenever appropriate, hiring managers should look beyond formal **qualifications** and focus on the attitude, and broader skills each candidate has to offer in areas such as judgement, team-building and leadership.

Harriet Newlyn, Workforce and HR Transformation Partner at PwC UK, says: "We should be thinking about jobs and skills differently. Many organisations are embracing technology to understand the current supply of skills and future demand - and the gaps between them - and using this to create a more **agile**, skills-based organisation where it is easier to quickly tap into the right skills. It has consequences for job and talent architecture, for performance, for pay - but it is the direction of travel."

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