Pearson
TalentLens

Evaluating and developing essential skills for market trends

GUIDE

MARKET TRENDS AND ESSENTIAL SKILLS

A workplace that keeps evolving

Workplaces are multigenerational, and skill requirements are continuously evolving as technology breaks new ground – together these factors transform the way we work globally. Skill sets for jobs have changed by around **25% since 2015**, and by 2027 this number will double. This means that today's employers need to keep relatable and relevant in order to remain competitive.

In this guide we look at **Pearson's Skills Outlook report**, which analyzed labor market trends in four major economies – US, UK, Australia and Canada - and look at what it tells us about essential skills for the future and how employers can respond.

I. Capabilities and the importance of skills

Power skills are the 'capabilities that will power the world's economy and people's careers today and tomorrow.' They are made up of 'human' skills (soft skills) and technical skills. Technical skills and expertise will always be important – especially as new roles evolve because of technology demanding particular knowledge and insight (for example Algorithm Bias Auditor, Data detective are new roles expected to emerge by 2030).

But for now, and in the short-term future, the top five most sought-after skills are all human skills:

» **Communication**

» **Customer Service**

» **Leadership**

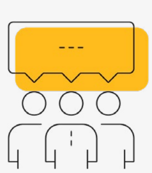
» **Attention to detail**

» **Collaboration**

Pearson Skills Outlook report shows that across all four studied countries, communication was the top in-demand skill followed by attention to detail and customer service. This data shows that organizations are facing a shortage of employees with these 'human' skills which are essential to build a foundation for long-term success. Employers need to invest in upskilling and reskilling workers to help future-proof careers – the focus of which often depends on industry.

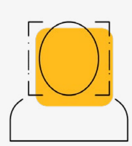
Over time the skill sets in demand are shifting. By 2026 the most in-demand skills are likely to be:

Collaboration



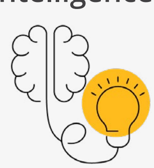
Most needed in manufacturing

Customer Focus



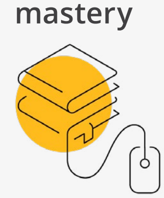
Most needed in retail

Cultural & social intelligence



Most needed in healthcare

Personal learning & mastery



Most needed in construction, engineering & financial services.

II. Country Focus: UK

The skill sets in-demand vary by country and industry. Let's take a closer look at the trends by country.

In-demand skills in the UK

The top in-demand skills in the UK	By 2026 the skills that need the most improvement and thereby investment:
1. **Communication Skills**	1. Collaboration
2. Organizational Skills	2. Customer Focus
3. Customer Service	3. Personal Learning & Mastery
4. Attention to detail	4. Achievement Focus
5. Teamwork	5. Cultural & Social Intelligence
6. Leadership	6. Agility
7. Collaboration	7. Emotional Intelligence
8. Operational Reporting	8. People Management
9. Liaising	**9. Communication**
10. Problem Solving	10. Direction & Purpose

The data shows that:

60% **of the in-demand skills for the future relate to relationship building; indicating a gap between current and future skill sets.**

90% **of the top in-demand power skills in the UK are 'human skills', showing the importance for employers to focus on assessing and developing these capabilities.**

- The top three 'trending skills' are: **Communication, Operational Reporting, and Collaboration**
- **Adapting skills** and focusing on career development is key for employers.
- Employers need to be able to **evaluate their current talent** and focus on key areas.
- Employers need to adapt their **talent strategy and include recruitment tools** that help pinpoint candidates with these skills, whilst developing talent for the future.

From an employee perspective

- **Training and learning new skills** are seen as a benefit and a motivator for staying in a role.
- **80% of U.K. workers** believe people need to keep relearning and training throughout their careers to stay up to date.
- The **top two skills U.K. workers** are currently developing or maintaining to advance in their career are **Problem solving** and **Teamwork**. Whilst in the future they would like to develop **problem solving skills** and **leadership skills**.

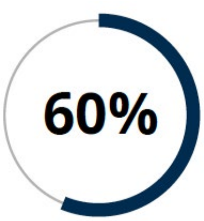
III.Country Focus: US

The skill sets in-demand vary by country and industry. Let's take a closer look at the trends by country.

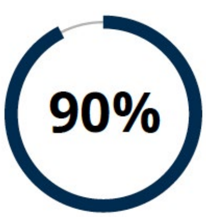
In-demand skills in the US

The top in-demand skills in the US	By 2026 the skills that need the most improvement and thereby investment:
1. Communication	1. Collaboration
2. Customer Service	2. Customer Focus
3. Leadership	3. Personal Learning & Mastery
4. Collaboration	4. Achievement Focus
5. Problem Solving	5. Cultural & Social Intelligence
6. Attention to Detail	6. Agility
7. Operational Reporting	7. Emotional Intelligence
8. Organizational Skills	8. People Management
9. Teamwork	9. Communication
10. Verbal Communication	10. Direction & Purpose

The data shows that:



of the in-demand skills for the future relate to relationship building; indicating a gap between current and future skill sets.



of the top in-demand power skills are 'human' skills. The top three 'trending skills' are: Communication Skills, Customer Service and English.

» **Adapting skills and focusing on career development** is going to be key for employers, employers need to be able to evaluate their current talent and focus on key areas.

» Employers need to **adapt their talent strategy and include recruitment tools** that help pinpoint candidates with these skills, whilst developing talent for the future.

From an employee perspective

» **Training and learning new skills** are seen as a benefit and a motivator for staying in a role.

» **81% of U.S. workers** believe people need to keep relearning and training throughout their careers to stay up to date.

» **The top two skills U.S. workers** are currently developing or maintaining to advance in their career are **Problem solving** and **Decision-Making.** Whilst in the future they would like to develop **Leadership skills** and **Entrepreneurial skills** and **Project Management.** This provides organizations with a focus for tailoring development opportunities that will future proof their workforce.

IV. Country Focus: Canada

The skill sets in-demand vary by country and industry. Let's take a closer look at the trends by country.

In-demand skills in Canada

The top in-demand skills in Canada	By 2026 the skills that need the most improvement and thereby investment:
1. Communication Skills	1. Personal Learning & Mastery
2. Customer Service	2. Collaboration
3. Collaboration	3. Achievement Focus
4. Leadership	4. Customer Focus
5. Problem Solving	5. Agility
6. Attention to Detail	6. People Management
7. Organizational Skills	7. Communication
8. Teamwork	8. Cultural & Social Intelligence
9. Self-sufficiency	9. Emotional Intelligence
10. Operational Reporting	10. Direction & Purpose

The data shows that:

60% **of the in-demand skills for the future relate to relationship building; indicating a gap between current and future skill sets.**

90% **of the top in-demand power skills are 'human' skills. The top three 'trending skills' are: Operational Reporting, Verbal Communication Skills and Microsoft Excel. Different skills from the UK and US, showing the effect of the rapid pace of technology adoption.**

» **Adapting skills and focusing on career development** is going to be key for employers, employers need to be able to evaluate their current talent and focus on key areas.

From an employee perspective

» Employers need to adapt their talent strategy and include recruitment tools that help pinpoint candidates with these capabilities, whilst developing internal talent for the future.

V. Country Focus: Australia

The skill sets in-demand vary by country and industry. Let's take a closer look at the trends by country.

In-demand skills in Australia

The top in-demand skills in Australia	By 2026 the skills that need the most improvement and thereby investment:
1. Communication Skills	1. Collaboration
2. Attention to Detail	1. Customer Focus
3. Customer Service	1. Personal Learning & Mastery
4. Leadership	1. Achievement Focus
5. Teamwork	1. Cultural & Social Intelligence
6. Collaboration	1. Agility
7. Problem Solving	1. Emotional Intelligence
8. Organizational Skills	1. People Management
9. Self-sufficiency	1. Communication
10. Operational Reporting	1. Direction & Purpose

The data shows that:

60% **of the in-demand skills for the future relate to relationship building; indicating a gap between current and future skill sets.**

90% **of the top in-demand power skills are 'human' skills. The top three 'trending skills' are: Leadership, Information Technology (IT) and Teaching.**

Different skills from the UK and US, showing a generational shift in employment and the effect of the rapid pace of technology adoption.

» **Adapting skills and focusing on career development** is going to be key for employers, employers need to be able to evaluate their current talent's skills.

From an employee perspective

» **Employers need to adapt their talent strategy and include recruitment tools** that help pinpoint candidates with these capabilities, whilst developing internal talent for the future.

VI. What can employers do to support this change?

The report highlights that organizations need to upskill employees to secure talent retention. For example, more than **3-in-4 employed workers expect to continue learning and training opportunities throughout their entire career**, and 92% of employees expect that their workplace will increase or maintain learning and development opportunities. Without this investment employees are more likely to look for opportunities within and across industries where their skills sets are valued and developed.

Reviewing the data from an **employee's** perspective gave further insight. Pearson partnered with Google to examine how and why people in the US, UK, India, and Brazil are looking to upskill as they face a rapidly changing economy. For three out of the four countries leadership skills, followed by problem-solving were a priority interest for future development. Whilst technical skills such as data processing, machine learning and AI were also high on the list of employee's list of priority development in India. This underpins the insight that technical skills are essential and need to be continually developed to keep pace with change, but this needs to be done whilst investing in 'human' skills – together these will help organizations in the future.

Opportunity vs Replacement: The impact of technology

Now more than ever organizations are looking at which roles will be affected by technology and automation, and how they can upskill employees whose jobs may be affected. For example, Generative AI (Gen AI) is transforming the way we work, and since the explosion of ChatGPT there is a sharp increase in the number of roles that require AI-related skills.

But does more technology mean fewer jobs? There has long been the view that automation will cause more redundancies. **Pearson's analysis of jobs** shows that ***'6.7% of jobs across England will be impacted by automation and augmentation by 2027. This means that more than two million workers, of all ages, skills levels and seniority, will need to find alternative roles to remain employed.'*** However, the same modelling shows that technology may not mean fewer jobs but different roles - forecasting ***'that over 2.4 million new jobs will be created by 2027, a net increase of 390,000 additional roles.'*** This data means that organizations can start to analyze job distribution in more detail and forward plan.

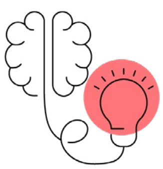
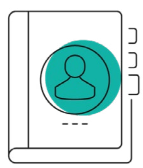
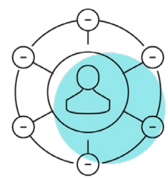
Regional differences will naturally affect the distribution of different types of jobs. To mitigate this effect, employers will need to work together at a local and policy-led level to drive positive change.

VII. Which jobs are most likely to be impacted by Gen AI?

The Pearson Skills Outlook report found that generative AI will have a greater impact on white collar roles vs blue collar roles over the next 10 years. White collar roles are those with repetitive or technical elements that can easily be replicated by Gen AI (scheduling appointments or answering and directing calls). Blue collar roles include elements such as manual labor or customer service elements that can't easily be replicated; these are roles such as landscapers, mechanics of construction workers.

Research found that 30%, and up to 46%, of hours spent currently on some white-collar job tasks could be done by generative AI. This con-trasts with blue collar roles where in many cases less than 1% of their role could be done by Gen AI.

For example, the following shows the percentage of time spent on current tasks that will be impacted by Gen AI by 2032, if the role stays the same.

US	**UK**	**India**	**Australia**	**Brazil**
White collar: Medical Secretary	White collar: Medical Secretary	White collar: Accounting or Book-keeping Clerk	White collar: Medical Receptionist	White collar: Teller
40%	**41%**	**46%**	**42%**	**33%**
VS	VS	VS	VS	VS
Blue collar: Farm Products Buyer	Blue collar: Buyers & Procurement Officer	Blue collar: Weaver/ Knitter	Blue collar: Cafe or Restaurant Manager	Blue collar: Concierge
27%	**27%**	**17%**	**18%**	**19%**

VIII. What does this mean for skill sets and development?

The impact of Gen AI is driving change in HR talent acquisitions and retentions strategy, for example, **69% of UK firms** predicted that AI will be the main driver of workforce transformation over the next three years. The impact is being seen both in terms of how recruitment is being approached, and the tools HR uses to source and select candidates.

New and core skill sets

Skills such as critical thinking and problem-solving have been high on the World Economic Forum's (WEF) list of in-demand skills for numerous years, but AI has brought these to the forefront. HR managers looking to source top talent, need to look at what skill sets will enhance Gen AI. Whilst this will vary by country and industry, communication, leadership, critical thinking, problem-solving – are all vital 'human' skills, to provide an objective person-led approach to business challenges and opportunities.

For HR managers looking to source new candidates combining psychometric assessments alongside AI and a traditional interview, enables a closer data-focused approach. Gain insight into candidates' strengths and areas for development and combine this with knowledge of their technical skills to pick stand-out future employees.

What tools can employers use to evaluate and develop these essential skills?

Organizations are looking for ways to navigate this evolving talent market and identify candidates who have the right skill sets, abilities and shared values for their business. Research indicates that "just over half (52%) of talent leaders in the UK are using analytics or technology to support their hiring and workforce planning decisions." Psychometric assessments are therefore an ideal way to help recruitment/hiring managers, select top talent, develop current employees and evolve employees into future roles.

Psychometric testing supports the recruitment process by offering specific information about an individual's fit for a certain role. For example, tools such as **SOSIE, 2nd Generation** can help underpin coaching and development interviews, recruitment decisions and career guidance. The insights provided give HR managers and team leaders detailed information about job fit and potential performance. Whilst when recruiting new candidates, HR Managers can integrate tools that focus on specific skill sets such as critical thinking and communication into their strategy. These tools enable HR managers to use a skills-based approach to hiring that will reduce bias, widen the talent pool and identify stand-out candidates often at industry level.

Development opportunities

HR departments are looking at development opportunities and providing investment in current employees, to move them into new or evolved roles; and ensure that talent retention remains high. **61% of employees reported that they want generative AI training**, showing an interest from employees to retrain and gain new skill sets that keep pace with a chance in technology. This focus is essential to ensure a continuation in efficiency and competitiveness. Skill assessments and 360 questionnaires can help provide information on employees' motivators, interests and skills sets to home in on training opportunities.

IX. CONCLUSION

Pearson's 5 Steps to evaluating and developing essential skills

1. **Identify the skill gaps that exist within the industry –** Identify whether the skills gaps are technical or human. Leverage AI and technology to map out future roles and their requirements.

2. **Create job descriptions -** Using role modelling form above develop ideal job descriptions and outline the skill sets required.

3. **Internal or external -** Determine whether these skill sets can be sourced internally or whether talent needs to be sourced and selected externally.

4. **Select appropriate assessments**

   A) For recruitment - Research and select psychometric tools that can enhance your HR process and provide insight that qualifies interview insight. Plan to undertake required training or external support from providers.

   B) Internal upskilling - Where upskilling can be undertaken for internal employees, tools such as 360 questionnaires can provide insight on motivators and interests to direct future learning and development opportunities.

5. **Evaluate the outcomes –** Review the outcomes of your HR process and determine whether they address your current skills gaps, identify plans for continuous development of employees.

Next steps

If you want to learn more about psychometric assessments and how they can improve the evaluation and development of essential skills, reach out to the Pearson TalentLens team today.

CONTACT PEARSON TALENTLENS

About TalentLens

Pearson TalentLens is a core component within the Enterprise Learning and Skills (ELS) division of Pearson plc, the world's lifelong learning company and global market leader in assessments. Enterprise Learning and Skills (ELS) is comprised of TalentLens - Pearson's established and successful workplace psychometrics team, Faethm AI – the world's first data backed and truly end to end future of work company and Credly, the global leader in digital credentials.

Supported by over 70 years of research, our psychometric tests, such as the Watson Glaser test, are used by hundreds of companies around the world for their employee recruitment and development projects. As experts from the business world, our primary objective is to provide you with ongoing assistance to review your practices, understand and define your needs, and support you in choosing and using our assessment solutions.