

Digitisation and robotisation require Employability

The future of HR in professional
and financial services

Main findings

January 2016



Main findings of our research report **‘Digitisation and robotisation require Employability’**

Services ‘old style’ will be rapidly replaced by services ‘new style’

Robotisation and digitisation will enable existing services in professional services and financial services to be provided more rapidly, personally and accurately than ever before. This will increasingly lead to the disruption of these sectors as we know them and to services ‘old style’ being phased out or radically transformed and replaced by services ‘new style’, driven substantially by robotisation and digitisation. One of the results will be that services ‘old style’ and services ‘new style’ will exist alongside and in competition with each other. This raises the question of how to react in an individual organisation: should you opt for an in-house response to disruption from outside or establish your own disruptive organisation?

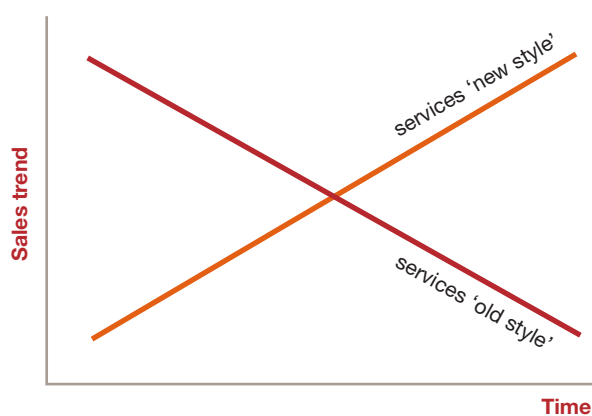
In the years ahead, providers of traditional professional services will be constantly challenged by competitors that are using updated methods. According to Clayton Christensen, the Harvard professor who coined the term *disruptive innovation*, the diligent search for ways to get the same work done by fewer employees is rooted in the short-term orientation of today’s capital markets. This is also clearly shown by our research. As yet, innovation is mainly leading to reduced job numbers, without creating many new jobs in the sectors.

New competition increasingly comes from unexpected places too: i.e. the Uber effect. Consequently, professional service providers have to start playing the role of ‘Uber’ themselves if they want to take part, which demands a rather radical switch on their part from the old to the new reality in order to stand their ground (see graph 1).

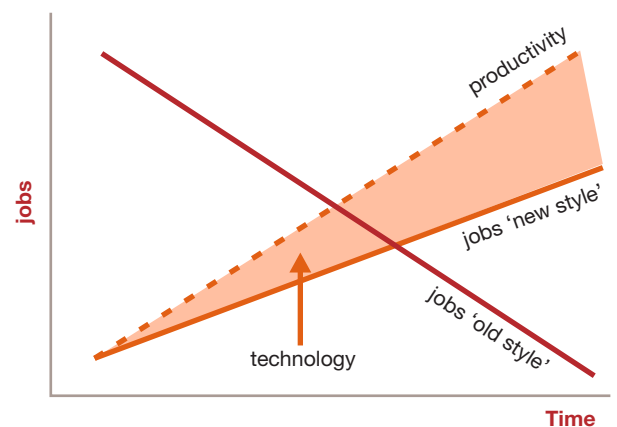
Innovation will lead to net job losses in professional services and financial services

It emerged from the interviews that many jobs ‘old style’ have already been lost and the sectors expect this trend to continue. These are not just the jobs of employees with senior secondary vocational qualifications - which will practically all disappear in these sectors according to the interviewees - but also those of employees with university or higher professional qualifications. Use of technology means that productivity will be much higher in the ‘new style’ jobs required for the new disruptive services. Our respondents therefore expect growth in the number of jobs ‘new style’ to be lower. In other words, for the first time in these sectors, innovation is expected to be accompanied by job losses (see graph 2).

Graph 1. Sales trend



Graph 2. Jobs trend



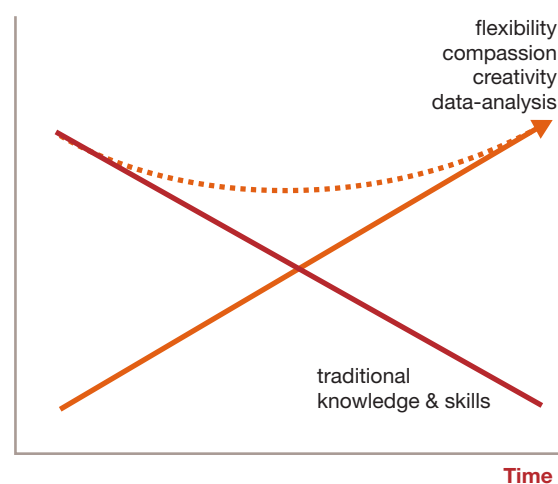
Continuing to be an attractive proposition to employers requires agility plus other skills

Developments mean that the jobs of individual professionals in the sectors will change rapidly. Recently graduated accountants or lawyers will realise that the shape of their profession will be completely different ten years from now. Employees will have to continue their professional training throughout their working lives to ensure they are still attractive candidates in the labour market. Research has shown that the level of learning throughout our careers in the Netherlands is much lower than that in neighbouring countries. However, to be able to use the latest technology and take up new jobs, we must continue to learn. To remain attractive to employers and to take on the competition with smarter computers, employees in the future will have to be agile and, in particular, their qualities which computers lack will have to stand out: compassion, intuition, creativity, judgement of character, proficiency in ‘getting on with robots’ and their analytical ability to interpret data. Agile professionals will continue to be relevant in the new services too; professionals who ‘hang around’ for too long in the old services will soon lose market value and eventually their jobs (see graph 3).

Employers demand ‘employability’

The sector recognises that employers will have to change with the times to retain the necessary talent in the future. This largely means talent with different skills from those of the present workforce. Looked at in combination with the developments outlined above, this is summed up by the term ‘employability’ in our opinion. Employability is ‘the awareness and ability of organisations and employees to respond to changes quickly and thereby continue to add value’. An organisation’s agility is determined by the agility of its employees. Employers will have to focus increasingly on motivating their employees. This fits in well with experimenting with new types of flexible labour relations and appropriate remuneration for existing and new employees, in consultation with stakeholders. According to the respondents, the new type of appealing employer also realises that opportunities for development and image will make the difference, as opposed to only offering good pay and benefits.

Graph 3. Required skills



The consequences of digitisation and robotisation will present government with new challenges

In the meantime, government will also face some new challenges. It can boost the national increase in productivity by organising the education system so that young people are prepared for the robotised and digitised commercial activities. In addition, government can provide support for adult employees to develop the skills the labour market needs. This means government will have to develop updated curricula and teachers who have mastered them, if private educational institutions fail to take up the role. Government will also have to amend and continue to update labour market legislation in keeping with the need for flexibility, while carefully considering the interests of the working people and employers who are involved. This also requires an answer to the question of whether the old employer-employee model on which our labour market is based, is still viable. Our research has revealed that the - already considerable - number of flexible jobs in these sectors will rise sharply, also because companies in these sectors increasingly want to organise themselves as project organisations. There is also the political consideration of whether government will ensure that careers provide the proper path to a reasonable retirement.

Time for action!

Our research has inspired us to further develop and hone our view of employment and organisation. Established organisations providing business services and financial services are often parties that recognise the importance of stability, security and reliability. However, digitisation and robotisation disrupt the business models and revenue models of companies that fail to act promptly.

The research has revealed various approaches to achieving a substantial increase in the sustainable employability of people and the flexibility and agility of organisations.

Firstly, there has to be a willingness to remain flexible. We realise that making the transformation into a more flexible and agile organisation is particularly challenging for established firms providing business services and financial services. Nevertheless, the transformation is necessary to stay in business. It can only be completed successfully if the organisation and its employees are willing to leave their ivory towers, abandon strong convictions and break down barriers. All parties have to be willing to travel with other stakeholders on a 'journey of transformation', i.e. to be flexible. Organisations must be willing to look at the existing situation and be prepared to redefine established structures, in close collaboration with stakeholders (in co-creation): more flexible, more dynamic and with more scope to change the rules. The social contract between employers and employees will have to be revised too; at present young people's earnings are relatively low while those of older people are relatively high, regardless of the employee's value to the organisation. The concept of promotion and the taboo around demotion also need to be revised. And there is no place in a flexible organisation for the current phenomenon in the labour market of regarding someone aged 45-plus as old. People in their forties have a great deal of experience and will either have to work until at least the age of seventy, or they will want to keep working.

Employee flexibility is important too. Whether paid for by the employer or the employee, lifelong learning and

continued development are less common in the Netherlands relative to other countries. Employees should take more responsibility for their own development path. It makes no difference whether a person has just left school, or is aged 35 or 53. It's all about the attitude to learning: being inquisitive, taking responsibility as a working person, continuing to expand your knowledge, competencies, network and market value.

The second approach involves customised arrangements for the different generations that collectively form an organisation's human capital. Employees of the future will be flexible, creative, enterprising and able to cooperate and network. Working people of the future know that they must constantly increase their market value and choose roles or projects that offer them development potential. But today's employees also expect modern and inspiring leadership and find personal coaching more important than management based on hierarchical relationships. The subject top of mind for the employer might not be top of mind for the employee. Take flexible terms & conditions of employment, for instance. Employees of the future will set high requirements for the organisation's reputation and image, continuous monitoring of employee satisfaction and flexible working times. To increase its agility and continue to be an attractive place to work for employees, an organisation will need to have customised arrangements for each generation.

The third approach involves the gigantic impact which digitisation and robotisation will have on people and organisations. Many decisions are still taken intuitively on the basis of experience and emotions. However, successful technology giants like Apple, Google and Facebook base their decisions on hard facts – on the results of data analysis. Traditional organisations have a lot to gain in this area.

Innovation, transformation and *employability* are the keywords in this study. We hope it provides you with ways to turn them into action in your own organisation.

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