

# The Skills Revolution and the Future of Learning and Earning

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in collaboration with

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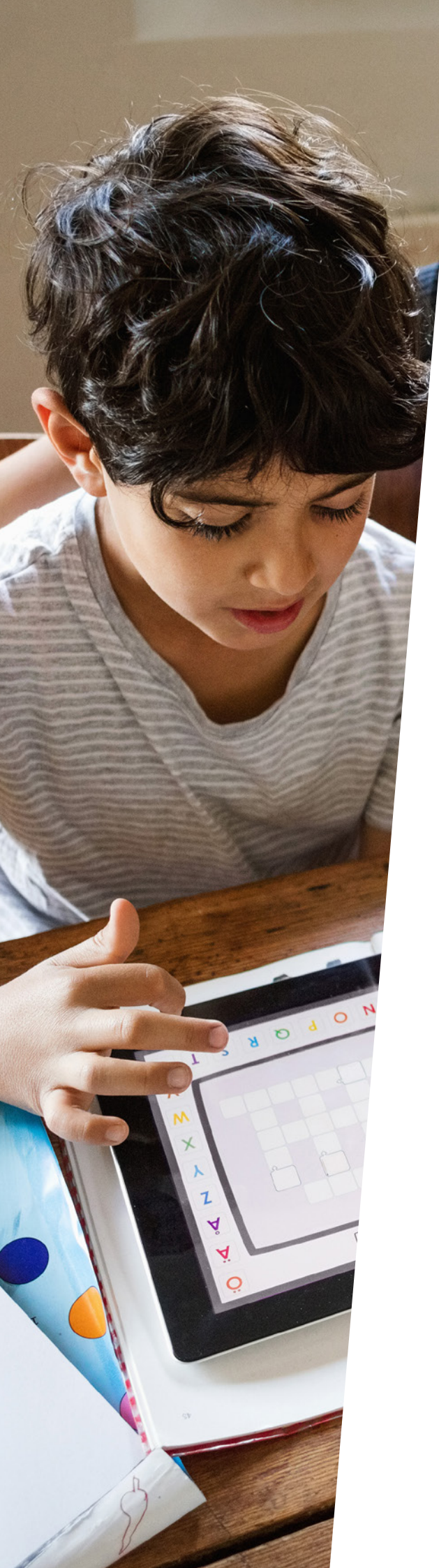
# Executive Summary

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Technology is changing the nature of work. To prepare the workforce of tomorrow and ensure sustainable and inclusive growth, education and vocational training will need to adapt to new ways of working.

As companies and organizations in all sectors deploy new technologies—including automation and artificial intelligence—ensuring this evolution fosters shared, sustainable prosperity will likely hinge on how well societies prepare the workforces of tomorrow.

Private- and public-sector leaders have a critical role to play in helping to create family-sustaining jobs, close skills gaps, and ensure tech-fueled growth leaves no one behind. This topic is explored in a new report prepared by McKinsey for the 2023 World Government Summit that will be published in February. Drawing from McKinsey research, the report examines trends across the major stages of education, from early childhood to lifelong learning, with a particular focus on the Middle East and North Africa (MENA). It highlights the importance of focusing on skills development at all educational stages and examines how new technologies and approaches can help both students entering the workforce and workers to succeed. This report explores eight key findings, among the myriad factors shaping the future of education.



## Millions of workers globally will need to change occupations as automation is increasingly deployed.

In the MENA region, 45 percent of existing work activities can be automated today—close to the global average of 50 percent<sup>1</sup>—and the skills gap is significant. But studies suggest that MENA countries are highly adaptable.<sup>2</sup>

## Demand will grow for social and emotional skills, higher-level cognitive skills, and both basic and advanced digital skills.

Educational systems and companies are already building a living list of future skills to mobilize learners and educators. Alongside skills of the future, focusing on foundational skills including basic literacy and numeracy will be essential.

## Bold and frequent upskilling can expand earning opportunities.

Work experience contributes between 40 and 60 percent of an individual's overall human-capital value, according to our research,<sup>3</sup> and people in the most upwardly mobile cohorts make frequent bold moves.

## Demand for new technologies in education, boosted by the pandemic, is rising.

Technologies that enhance connectivity, support self-paced learning, and inform student progress are increasingly deployed as part of a “blended” education in higher education. However, the essence of any successful blended-learning model is to combine the best of technology with intensive human interaction, especially for younger students.

1 Jan Peter aus dem Moore, Vinay Chandran, Jorg Schubert, *The future of jobs in the Middle East*, McKinsey report for Dubai World Government Summit, January 2018.

2 For example, the online learning company Coursera ranked Egypt within the top ten countries globally for the number of learners using its services, while Lebanon ranked second among countries showing the highest growth in the number of learners. For more, see *2021 Impact report*, Coursera, November 2021.

3 “Human capital at work: The value of experience,” McKinsey Global Institute, June 2, 2022.

## Early childhood is a critical period for skills development.

Every dollar invested in high-quality early childhood education produces a 7 to 10 percent per annum return on investment,<sup>4</sup> and recognition is growing of the intersection between early education, health, and social services. This is an opportunity for the MENA region, which has the third-lowest preprimary gross enrollment ratio in the world.<sup>5</sup>

## K-12 education is seeing increased focus on embedding future skills in curriculums and ways of teaching and engaging students.

This often involves approaching basic literacy and numeracy and future skills together and focusing on professional development and training for teachers. Research nonetheless shows that knowledge remains critically important, with major new opportunities arising from cognitive neuroscience and other evidence-based approaches.

## Higher education is shifting to a skills-first approach.

Programs include real-world application of skills, with an emphasis on building communities and networks. A new microcredentialing system in higher education is also starting to emerge that prepares students for the world of work more flexibly.


## Skills development continues in the workplace long after formal education ends.

To ensure a workforce has skills appropriate for the changing workplace, employers can consider hiring more for skills and less for experience and qualifications, embracing a “talent incubator” mindset that supports employees who take on different roles and being thoughtful and deliberate about how to address skills gaps.

4 James Heckman et al., “The rate of return to the HighScope Perry Preschool Program,” *Journal of Public Economics*, 2010, Volume 94, Number 1–2.

5 *Arab Voices*, “A new vision for early childhood education in the Middle East and North Africa,” blog entry by Maja Capek and Samira Nikaein Towfighian, World Bank, May 9, 2017.





These findings are further explored in the full report. Reimagining and rethinking the learning and earning nexus of the global workforce and investing in the shifts needed to provide people with the skills of tomorrow is a challenge for all of society. By working together, public- and private-sector leaders can ensure tech-fueled growth becomes an engine of broad-based prosperity for the region. The time to begin this journey is now.