BUSINESS IN THE COMMUNITY

BRIEFING

WHAT SKILLS ARE NEEDED TO SUPPORT A FUTURE READY ECONOMY

Businesses are currently facing a perfect storm of crises and will require new skills, competencies, and talent to transition to an economy that works for people and planet. This briefing, originally published in 2022, outlines the results of our research as well as the next steps for responsible businesses.

Introduction

We are in a climate crisis. Assessment reports from the Intergovernmental Panel on Climate Change (IPCC) show that the window to avoid global warming beyond a safe level for humanity is rapidly shrinking.[i]

Governments, businesses, and individuals must act now, and the global policy response is beginning to gather momentum. In the UK, the Environment Act will put in place binding targets on air quality, water, biodiversity, and waste reduction[ii], while the mandatory Taskforce for Climate-related Financial Disclosure (TCFD) reporting will put the onus on businesses to set out how they will respond.[iii]

These changes come in the face of ongoing societal challenges. We are still experiencing a public health crisis. Spiralling energy and food costs will see living standards fall at their fastest rate since the 1950s,[iv] and war in Europe will create a "permanent reconfiguration of the global economy".[v]

To maintain their license to operate, attract talent and access new business opportunities, every UK company must be working towards net-zero and climate resilience. They must rethink their business models, reassess what they reward and redefine value. If this is done in the right way they will not only be addressing the climate crisis but tackling multiple HR and societal challenges including inequality, productivity, and physical and mental health.

11%

of the public think they will require new skills for their job due to climate change[vi]

Just as previous industrial revolutions fundamentally changed the way we live and work, now, the transition to a net-zero, resilient future represents the next major economic disruption. Every business, in every sector, must respond. While climate action may once have been the preserve of sustainability or CSR teams, every job will now require 'green' knowledge, skills, and capabilities. Our research shows that HR, finance, procurement, and executive teams are critical to building the skills needed in the workforce.

> **The UK's successful transition to net-zero depends on every sector of our economy. Every job of the future will be shaped by it and many thousands will be created by it[vii]**
>
> Prof. Dave Reay, Green Jobs Taskforce

What skills are needed?

To understand what skills are needed for the transition, Business in the Community (BITC) commissioned an evidence review from the Global Sustainability Institute at Anglia Ruskin University.

The term 'green skills' is used in the research literature, but also by international institutions, NGOs, and businesses. However, the term is a misleading simplification: much of the knowledge, capabilities and attributes needed to make the transition are not strictly 'skills'.

BITC is defining the skills needed for the transition in the broadest possible terms to include the knowledge, skills, competencies, and attributes required by people and organisations to thrive as part of a fair and inclusive transition to a net-zero, resilient economy.

We also endorse the definition of 'green jobs' as used by the UK Government's Green Skills Taskforce. It defines 'green jobs' as: "employment in any activity that directly contributes to - or indirectly supports - the achievement of the UK's net zero emissions target and other environmental goals, such as nature restoration and mitigation against climate risks".[viii]

Jobs in all sectors can be green jobs if they are provided with the skills needed to decarbonise their organisation. Analysis from the World Economic Forum found that in the 'green economy', out of the top ten skills identified, only three are sector specific.[ix]

The UK Government's Green Jobs Taskforce stated that beyond sector-specific and STEM skills there was a need for the following types of cross-cutting skills:

- Digital and data skills will be required for renewable energy and electric vehicles, but better data use can help to maximise energy efficiency across a range of industries.
- Project management will be needed to ensure net-zero transitions are delivered on time and on budget. Incentives will have to compete with well-worn routes to the financial services sector.
- Education and change management will be needed to mainstream green skills provision across all sectors, while expert communicators will be needed to implement rapid change in organisations, and to facilitate technical advances.
- Leadership and communication skills are needed to drive cultural change, engage effectively with the public, and build relationships with customers and clients as behaviours change to support greener solutions in all aspects of their daily lives.[x]

These findings are in line with our research, which also stressed the need for non-cognitive skills. Many of the jobs in the sectors projected to expand place a much greater emphasis on dealing with people rather than data or things, which suggests that communication, problem solving, and team working will all be in demand.[xi] These skills are also referred to in the literature as the 4Cs: critical thinking, collaboration, creativity, and communication.[xii]

Every business will have to take a bespoke approach to determining the skills required to support their transition, and this should include a recognition of soft skills as well. Creating a common language on skills is a useful first step to ensuring clarity for employees, and this can be done using the Skills Builder Universal Framework.

Because of the scale of the challenge required, we would also encourage businesses to roll out a basic level of Carbon Literacy training to all employees. This will provide them with the basic understanding required to think about how your organisation, and their role within it, will change. As a first step, The Carbon Literacy Project has a range of modules at varying levels.

Thinking beyond sustainability teams

Attracting and retaining talent

HR is operating in a more fragile and fast-changing labour market than the 'Great Resignation' narrative captured. In the UK, vacancies have fallen and payrolled employment has softened, but economic inactivity remains high, and many employers still face hard-to-fill vacancies and persistent skills gaps.

Meanwhile, productivity growth remains weak, and employer investment in training continues to decline. This means the priority for HR is not only retention, but helping organisations build the skills, inclusion and resilience needed for a fair and future-ready economy.[xiii]

However, embedding sustainability into your corporate purpose, and creating a people strategy to build the skills and talent your organisation needs offers a solution to these problems. Research from Unilever has shown that in 54 of the 75 markets where they track staff engagement, sustainability is the main reason people choose to join the business, equivalent to 72%.[xiv]

> **We have an incredible workforce of people that are so passionate about sustainabilty. It's one of the core reasons that people are joining Unilever**
>
> Claire Hennah, Vice-President of Global E-Commerce, Unilever

These trends are borne out in wider research that shows that over 53% of the UK workforce say that sustainability is an important factor in choosing a company to work for, and this rate increases significantly for 16–24-year-olds.[xv]

70%

of millenials said they would prefer to work in a company with a strong sustainabilty agenda[xvi]

While appealing to the socially and environmentally conscious habits of Gen Z is important for attracting future talent, understanding how to retain and engage older workers and get the most from multi-generational teams is equally important. Research showed that, of the people who will be employed in 2030, 80% are already in the workforce, so training existing staff and instilling a culture of lifelong learning is essential.[xvii] However, our research showed that just 11% of people think their job will need new skills, and 57% don't think their employer is preparing them with the skills needed for the transition.[xviii]

30%

of adults do not want to partcipate in adult learning despite not having experienced it[xix]

Insights from BITC members involved in the skills agenda, found that there were common and entrenched cultural and structural barriers to lifelong learning. More information about steps to overcome these can be found in our Challenge and Opportunities of Lifelong Learning briefing.

Potential targets to include

Despite gender discrimination being unlawful for over four decades, inequality persists in the workplace. Women are more likely than men to experience sexual harassment at work; one in ten new mothers have reported being treated unfairly or dismissed, and the gender pay gap stands at 17.3%.[xx]

These challenges are ever-present when looking at the distribution of new green job opportunities. Globally, only 62 women for every 100 men are considered 'green talent' – and this gap has remained stagnant since 2015.[xxi] The gender pay gap is also more than double on average for women in green jobs (20.9%) than jobs in highly-polluting sectors (9.9%).[xxii]

Racial discrimination and lack of representation also persist, with a potential £24 billion boost to the economy if Black, Asian, Mixed Race and other ethnically diverse talent was fully utilised.[xxiii] Analysis of the low carbon and renewable energy sector showed a lack of ethnic diversity; however, we know that diverse organisations are needed to tackle challenges to old orthodoxies.[xxiv]

4 out of 5

women are anaware of new green job opportunities[xxv]

Levelling Up

Since the financial crash, UK productivity has fallen behind its OECD (Organisation for Economic Co-operation and Development) peers, with an annual growth rate of 0.4%.[xxvi] However, poor productivity is not a feature of every region, with London and the South East outperforming other regions, with higher skill levels and greater infrastructure accounting for two-thirds of this productivity gap.[xxvii]

Many of the least productive regions, such as the West Midlands, North East, and East Midlands have large proportions of people employed in high carbon industries and are, therefore, more vulnerable to job losses if not helped to retrain.[xxviii] A poorly planned transition risks entrenching existing inequalities in society.

Wellbeing and eco-anxiety

There is now a growing body of evidence which suggests that increased awareness of the climate crisis is having a detrimental impact on people's wellbeing, especially for young people. First described in 2017 by the American Psychiatry Association, eco-anxiety refers to "chronic fear of environmental doom" and is predicted to be growing globally.[xxix]

The impact of the climate crisis on mental health is related not only to climate change itself but the response to it. The lack of an urgent and coherent response from "powerful others" (adults and governments) is regarded by young people as a betrayal and further compounds negative mental health impacts.[xxx]

Conversely, taking climate action is a powerful way to relieve climate anxiety.[xxxi]

Within organisations, building skills for the transition will support employees to improve their wellbeing. More information about the multiple benefits of taking climate action can be found in our Power of Nature for Employee Wellbeing Toolkit.

> **Strong climate action is not a threat to, but the foundation of our future economic wellbeing**
>
> Angel Gurria, OECD Secretary Genearal

Failing to take action to build the skills required for the transition will have an impact on diversity and wellbeing. Yet Business in the Community knows that diversity, inclusion, and wellbeing produce the innovation, productivity and momentum business and society need to face these unprecedented challenges. For business and society to succeed, we must ensure a just transition: a fair and inclusive journey to a net-zero, resilient future where people and nature thrive.

Accelerating responsible business

It is important to remember that a fair and inclusive transition is not just one simple step but a complex series of interconnected transformations across society, business, and government. This comes at a time when consumer expectations of business have never been higher. In 2021, the UN (United Nations) reported that years, or even decades, of progress towards achieving the Sustainable Development Goals (SDGs) have been halted or reversed. The extreme poverty rate has risen for the first time in 20 years, inequalities within and between countries have been exposed and intensified, and the climate crisis persists.

> **Business and industries (have) to ensure that the recovery reduces carbon emissions, conserves natural resource, creates better jobs, advances gender equality and tackles growing poverty and inequalities**
>
> Liu Zhenmin, UN Under-Secretary-General

In this context, it is vital that the speed, scale, and scope of responsible business is rapidly increased to get progress back on track and to ensure a safe and sustainable future for all.

Our research has shown that taking bold climate action is no longer a 'nice-to-have' but something that will ensure the long-term survival of your business while also delivering multiple benefits. In the same way, taking climate action will underpin the delivery of multiple SDGs. Building the skills needed for this transition will be a key enabler.

What are the next steps?

For more information about how your business can get involved in BITC's campaign to create a future-ready economy, please contact your Relationship Manager at BITC.

Supported by:

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Business in the Community (BITC) champions responsible business as essential for long term economic growth and resilience. We convene, campaign, and consult with business to tackle society's most pressing challenges—from climate change and place-based regeneration to inequality, workplace wellbeing, and inclusive growth.

Founded by His Majesty King Charles III in 1982, BITC has over four decades of experience in engaging business and delivering measurable impact in both business and in communities through evidence-based interventions. As a trusted partner to business and government, BITC convenes leadership, influences policy, and accelerates action—helping shape a future-ready economy that works for everyone.

Business in the Community
137 Shepherdess Walk
London
N1 7RQ

www.bitc.org.uk
020 7566 8650

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