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Businesses set to miss out on the true benefits of automation, as investment in upskilling workers remains low

New Capgemini report reveals that upskilling programs help fulfil automation's productivity potential, saving organizations millions of dollars a year

Paris, October 31, 2018 – A new report from the [Capgemini Research Institute](#) finds that, in the majority of companies (58%), automation is not yet meeting executives' desired goals of increased productivity. The study, "[Upskilling your workforce for the age of the machine: Why a workforce upskilling strategy is key to unleashing automation's productivity potential](#)" reveals that while automation does increase productivity to an extent, the key to reaching its full potential is by appropriate upskilling of the workforce.

The research, which is based on a survey of 800 executives and 1,200 employees globally from over 400 large organizations¹, also suggests that enterprises with a 50,000 strong workforce or more, who have advanced in the full-scale running of upskilling programs can expect to save about \$90 million more per year than companies that do not upskill or are yet to upskill their employees.

Automation is not yet meeting its desired aim to boost productivity

When asked to name their main reasons for undertaking automation initiatives, 37% of respondents said it was to improve workforce productivity, the most popular motivation after improving quality (43%). Yet, 58% of executives, and 54% of employees, said that automation had not yet improved productivity in their organization. This was especially marked in Sweden, the United States and China, where 66%, 64% and 61% of executives respectively said automation had failed to enhance employee productivity. Moreover, employees in most countries agree with the opinions of executives on this point, with the exception of India, China and France.

Upskilling unlocks the benefits of automation – and boosts employee morale and retention

Among organizations that combine automation efforts with a clear upskilling program, there is more optimism about the impact of automation. In these cases, most employees (52%) and a high proportion of executives (46%) said that automation was improving productivity²; compared to just 42% of employees and 35% of executives, respectively, in those organizations that are yet to start full-scale upskilling. Moreover, in organizations midway through an upskilling program, employees were more positive than those in the initial phase of upskilling, about career progression (76% vs. 60%); boosted morale (48% vs. 33%); and carrying out new responsibilities (57% to 46%).

Upskilling initiatives for employees still need to mature

Despite the evident importance of upskilling programs, few organizations have a mature initiative in place today. While 91% of organizations surveyed had either completed or started working on a skilling program, 35% are yet to begin putting in place relevant infrastructure and partnerships, 73% have not started a pilot run, and just 10% have begun a full-scale run of upskilling programs for their workforce. Employees were

¹ In this report, large organizations are identified as having annual revenues of over \$1 billion.

² Amongst organizations with high automation maturity.



also critical of some aspects of existing upskilling and learning programs. A clear majority (61%) said these programs had not helped them develop the skills to do their work more efficiently, while 54% said the programs had failed to give them skills that would make them more employable. By contrast, 62% and 54% respectively said the programs “helped me to avoid being laid off” and “get rid of repetitive activities”.

For most organizations, the impact of automation on the workforce is an after-thought

The report finds that analyzing the impact of automation on people is a key consideration that many organizations struggle with, but it is an important first step. Almost 60% of HR and general management executives admit that the impact of automation on the workforce is not a key consideration in their leadership’s automation vision and strategy. Furthermore, organization leaders are not communicating frequently with their employees on automation initiatives, upskilling plans and emerging roles. Less than half of senior executives (45%) surveyed communicate with their workforce on the organizations’ automation initiatives, their importance and potential impact on workforce.

Eberhard Schroder, Director HR services at ZF Friedrichshafen, a German car parts manufacturer, reinforces, *“I believe that change management in adapting the workforce to automation plays at least half the role in making a success of an automation strategy. And communication is a key pillar that change management rests on. Leaders have to come out and communicate from an organization perspective: what are we doing, why are we doing it, and to what extent.”*

Claudia Crummenerl, Managing Director, People and Organization practice at Capgemini Invent said, *“Automation offers significant benefits to large organizations, but only if the implementation of technology is matched by the upskilling of people. Too many big companies are lagging in developing training programs and, as this research shows, are not realizing full productivity benefits as a result. There is no question that automation is going to transform the workforce and existing job roles, but the crucial factor is that companies make faster progress to prepare themselves, and their employees, to realize the benefits of automation.”*

A copy of the report can be downloaded [here](#).

Research Methodology

To assess how organizations were upskilling their workforce, the Capgemini Research Institute surveyed 800 executives and 1,200 employees in supervisory and non-supervisory roles. These respondents were drawn from over 400 organizations, having annual revenues of over \$1 billion each. Capgemini also conducted one-to-one interviews with a range of senior executives and academics.

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