EU SKILLS PANORAMA 2014

November 2014

ANALYTICAL HIGHLIGHT

PROSPECTS FOR

Chief executives and senior officials

- 14% of all managers in the EU are chief executives and senior officials, and these occupations account for 2% of all employment in the EU-28. They are represented in every sector.

- The proportion of chief executives and senior officials within total employment showed steady growth over the last decade. Numbers are expected to grow by 8.2% from 2013 to 2025, which is more than twice the average for all occupations.

- Chief executives and senior officials require a range of high level skills, predominantly problem solving, decision making, resource management and communication skills.

- Succession planning is key. Current chief executives and senior officials need to ensure sufficient investment in the training and development of managers and the implementation of talent management strategies to identify and create a pipeline of future leaders.

WHAT DO THEY DO?

Chief executives and senior officials create policies and direct the overall activities of organisations. They establish their organisation’s objectives, formulate budgets, monitor and evaluate performance and represent the organisation externally. More specific skills and tasks depend on the type of organisation (public, private or third sector).

The occupational group includes senior officials and legislators, who determine and direct the implementation of policies of national, regional and local governments and communities. They make or repeal laws, public rules and regulations and direct the overall activities of government departments and agencies, traditional communities and special interest organisations.

It also includes chief executives and senior officials and managing directors, who determine, direct and evaluate activities at the level of individual enterprises and other organisations, such as charities. They usually follow instructions issued by a board of directors or other governing body to whom they are accountable for achieved results.

Chief executives and senior officials need an array of skills, attitudes and abilities and need to demonstrate the highest level of aptitude in these. Different positions will require a particular hierarchy of skills depending on the particular role and organisation. The range of skills required include complex problem solving, judgement and decision making; resource management; communication skills; numeracy and financial skills; intellectual skills; technological skills; emotional intelligence; creativity; and, an ability to inspire.
Employment outlook

Chief executives and senior officials comprise 14% of all employees in the wider manager occupational group (see Figure 1a). This equates to an estimated 1% of the total EU-28 workforce, a proportion which has remained relatively stable since the early 2000’s. Overall, the number of chief executives and senior officials grew by nearly 13% from 2003 to 2013.

According to the European vacancy and recruitment report (EVRR), chief executives and senior officials have experienced moderate growth in employment across most EU-28 countries in recent years. Two countries – Latvia and the Netherlands – have seen significant falls in the numbers of legislators and senior officials. Other countries – the Czech Republic and Poland – have experienced large rises in the number of directors and chief executives and senior officials (mostly from 2008 to 2010), whereas in Belgium and Lithuania, significant decreases have occurred (also from 2008 to 2010).

Chief executives and senior officials work in every industrial sector. Most, however, operate in the business and other services sector (32%), distribution and transport (22%), and non-marketed services sector (19%).

Most chief executives and senior officials are highly-qualified, especially relative to other occupational groups (see Table 1). They are also becoming more highly-qualified over time. The share of chief executives and senior officials with high-level qualifications increased by 7% in the decade to 2013. Chief executives and senior officials are required to have extensive prior experience in addition to the qualifications they hold.

### Table 1 – Share of Chief executives and senior officials by qualification level compared to all occupations, EU-28, 2013

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief executives and senior officials</td>
<td>7.8%</td>
<td>34.9%</td>
<td>57.3%</td>
</tr>
<tr>
<td>All occupations</td>
<td>21.2%</td>
<td>48.1%</td>
<td>30.7%</td>
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A look into the future

Figure 2 shows that the percentage share of all jobs held by chief executive and senior officials jobs is forecast to gradually grow from 2013 to 2025. However, this is a lower rate than for other management occupations.

In 2013, there were estimated to be 1.9 million chief executives and senior officials employed within the EU-28. An additional 157,000 chief executive jobs are anticipated to be created in the period to 2025, more than double the rate of increase for all occupations. While new chief executive jobs will be created in many sectors, the most significant expansion will be in administrative and support service activities, the accommodation and food service sector, the primary sector and utilities, and financial and insurance services.

From 2013 to 2025, an estimated 1.5 million people will leave chief executive roles due to retirement and other reasons and need to be replaced. It is this need to replace existing chief executives and senior officials rather than expansion in the number of positions that will drive employment needs in the coming years.

The number of chief executives and senior officials with high-level qualifications is forecast to rise considerably between 2013 and 2025 (+15.6%), with a similar rate of decline at the lower-level.

Across the EU-28, 1.6% of all job openings from 2013 to 2025 will be for chief executives and senior officials. This is a notable increase as chief executives and senior officials currently account for less than 1% of EU-28 employment. Figure 3 shows that chief executive job openings are a relatively important source of future jobs in Malta, Lithuania and the Netherlands.
Skills challenges

Chief executives and senior officials run and drive large and complex organisations. The range of skills required for these positions include:

- **Complex problem solving, judgement and decision making:** Identifying and managing an array of problems; collecting and reviewing appropriate information; developing, evaluating and costing options, and; deciding on and implementing the best solution.
- **Resource management:** Motivating, developing and directing other people; social perception; managing one’s own time and resources; information ordering; managing and expending financial resources; monitoring and assessing the performance of yourself, others and other resources, and; co-ordination and optimisation of available resources.
- **Communication skills:** Excellent oral and written expression and comprehension skills; active listening and speaking, and; presentation skills.
- **Numeracy and financial skills:** High-level accountancy and financial skills.
- **Intellectual skills:** Problem sensitivity, inductive and deductive reasoning; critical thinking, and; active learning.
- **Technological skills:** Understanding and managing an array of new technologies and methodologies; applying new technologies to the organisation’s context, and; effective realisation of the benefits from the use of ICT.

While external factors such as technological, demographic, environmental, cultural and legislative developments impact on chief executive skill needs, the key requirement for this group of workers is how they manage and harness change for the benefit of their organisation. PwC’s 17th Global CEO Survey highlights that resource scarcity and climate change, demographic change and technological developments are three important trends impacting on how businesses will operate in the future.

Within the occupations, chief executives and senior officials will have access to a much wider range of financial and information on which to base decision-making. Communications technologies, in particular, will assist in resource management, problem solving and decision making as ideas can be more effectively shared and developed.

Environmental factors will increasingly affect all aspects of chief executives and senior officials’ organisations: staff, products, services, communications and their external operating environment. Understanding environmental drivers, how they specifically relate to their organisation and sector, and how they can be mitigated and built on will be an important combination of skills.

Competitive businesses need a steady stream of management talent, capable of delivering strong economic growth. Creating such leaders requires a fully-functioning management talent pipeline. Recent research in the UK identifies a shortage of ‘softer’ leadership and management skills. Organisations consistently struggle to find managers who are emotionally intelligent, inspirational and creative. The Institute of Leadership & Management research found that 47% of employers cite the lack of internal staff capability as the single biggest barrier to ensuring an effective pipeline of leaders and managers. Other key factors include insufficient investment in the training and development of managers (11%) and lack of talent strategies to identify and develop leadership and management capability (9%).

Thinking about the business leaders of the future, Eurostat data on graduations from first and second level tertiary education shows a 21% increase in the number of students graduating in business and administration qualifications between 2005 and 2012. This provides a base of business management skills that can be harnessed, nurtured and grown into future business leaders. According to the EVRR, this supply appears to meet demand as chief executives and senior officials was one of the top-25 occupations for the number of youth hirings from 2011 to 2012.

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1 Defined as ISCO-08 Group 11: Chief executives, senior officials and legislators
2 International Labour Organization (2012), International standard classification of occupations structure, group definitions and correspondence tables: ISC-08 Volume 1
3 ISCO Major Occupational Group 1 – Managers
4 European Commission (2014), European vacancy and recruitment report
5 Large or significant increases/fails are where the occupation is in the top 10 employment rise/decline in a country’s occupational employment level. In each of these cases the rise/fall has been 20% or greater.
6 Kallauř, W., Tumu, M. (2014), Managing Director/Chief Executive
7 Learning and Skills Improvement Service (2010), Leading and managing in recession: same or different skills?
8 O’NET (2014)
9 Gibbons, F. Stanford University (2014), CEO Skills Inventory
10 Mannaz (2011), Global Leadership Survey 2011
11 PwC (2014), 17th annual global CEO study
12 Institute of Leadership & Management (2012), The leadership and management talent pipeline
13 Eurostat, extracted (03/08/2014), Graduations in ISCED 5 to 6 by field of education and sex (educ_grad5)
14 European Commission (2014), European Vacancy and Recruitment Report

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