

Workforce Skills Transformation in the Transition from Industry 4.0 to Industry 5.0

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Abstract—The change from Industry 4.0 to Industry 5.0 marks a fundamental shift from automation-driven manufacturing to a human-centric, sustainable, and resilient industrial ecosystem. Klaus Schwab (2016) defined the fourth industrial revolution as the integration of digital technologies with physical manufacturing systems. European Commission (2021), Industry 5.0 focuses on human creativity, ethical intelligence, sustainable and resilient approach to industrial production. This research paper examines the workforce transformation with the evolving skill requirements in Industry 5.0

The research is based on secondary data obtained from the Future of Jobs Report 2025, released by the World Economic Forum. Results reveal that cognitive, emotional, interdisciplinary, and ethical competencies are as critical as technical skills. The study concludes that future workforce preparedness requires strong collaboration between academia, industry, and efforts from Higher Education Institutions (HEIs).

Index Terms—Industry 4.0, Industry 5.0, World Economic Forum, Higher Education Institutions, Workforce Transformation

I. INTRODUCTION

Industry is the single biggest contributor to the economy, providing jobs and prosperity across the country. Industrial development has evolved through distinct phases, from mechanization (Industry 1.0) to electrification (Industry 2.0), automation (Industry 3.0), and digitalization (Industry 4.0).

Industry 4.0 introduced smart factories driven by automation, robotics, big data, artificial intelligence, and digital twins. However, the excessive emphasis on automation raised concerns about workforce displacement, ethical AI, sustainability, and social inequality.

To address these limitations, Industry 5.0 emerged as a paradigm shift that places human back at the center of industrial production. According to the European

Commission, Industry 5.0 focuses on human-centricity, sustainability, and resilience. This transformation significantly impacts workforce skill requirements. Technical competence alone is no longer sufficient also human creativity, ethical intelligence, sustainable and resilient approach to industrial production.

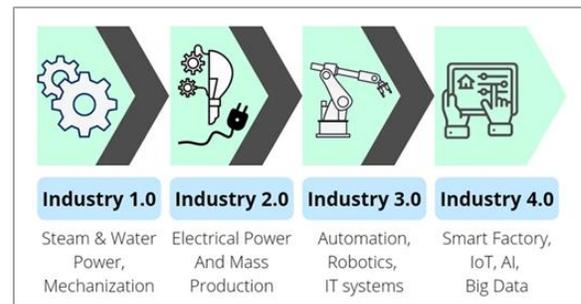


FIG 1: INDUSTRY 1.0 TO INDUSTRY 4.0

The objective of this research paper is to:

1. Compare workforce skills in Industry 4.0 and Industry 5.0.
2. Identify the “Skills of Tomorrow”.
3. Research implications for education, industry, and society

II. LITERATURE REVIEW

Industrial development represents a continuous process of technological advancement that has fundamentally reshaped economic systems, production methods, and the nature of human work. From the mechanization of production in the late 18th century to today’s intelligent, interconnected digital ecosystems, each industrial revolution has triggered profound transformations in workforce skills and competencies.

These transformations reflect the close relationship between technological innovation and human capital

development, where new tools redefine not only how goods are produced but also what skills workers must acquire to remain productive and relevant.

THE FIRST INDUSTRIAL REVOLUTION (INDUSTRY 1.0), beginning in the late 18th century, was driven primarily by the introduction of water and steam power, most notably the steam engine improved by James Watt. Production shifted from manual, craft-based methods to mechanized factory systems. This transition led to a massive migration of labor from agriculture to manufacturing and gave rise to the modern working class. Human skill requirements during this period moved away from artisanal craftsmanship toward basic machine operation, routine maintenance, and physical endurance. Literacy and numeracy became increasingly important for interpreting measurements, instructions, and production records. Although innovation increased productivity, most workers performed repetitive tasks with limited training, reflecting the low level of specialization in early industrial labor (Mokyr, 1999).

THE SECOND INDUSTRIAL REVOLUTION (INDUSTRY 2.0), spanning the late 19th and early 20th centuries, was characterized by the widespread use of electricity, the internal combustion engine, and the application of scientific management. Mass production and assembly line manufacturing, pioneered by Henry Ford, dramatically increased output, and reduced production costs. This era demanded a new category of workforce skills, including mechanical specialization, process control, and basic engineering knowledge. Workers no longer needed only physical strength but also task-specific technical expertise. At the same time, the division of labor intensified, fostering efficiency while also creating highly standardized job roles. Managerial and supervisory skills also gained importance as factories grew in scale and operational complexity (Hobsbawm, 1968).

THE THIRD INDUSTRIAL REVOLUTION (INDUSTRY 3.0), which began in the mid-20th century, marked the shift from analog to digital production through the introduction of electronics, computers, and early automation systems. Technologies such as programmable logic controllers (PLCs), robotics, and information systems

transformed production into a semi-automated process. Human skills during this phase transitioned toward computer literacy, software operation, systems maintenance, and technical troubleshooting. The demand for engineers, IT specialists, and data handlers increased significantly. Workers were no longer only machine operators but also machine supervisors and controllers, requiring both cognitive and technical competencies. Education systems began emphasizing science, technology, engineering, and mathematics (STEM) to meet the growing industrial demand (Castells, 2000).

THE FOURTH INDUSTRIAL REVOLUTION, known as Industry 4.0, represents the most recent stage of industrial development and is driven by advanced digital technologies such as artificial intelligence, big data analytics, cyber-physical systems, and the Internet of Things. First introduced as a strategic concept in Germany, Industry 4.0 emphasizes smart factories, real-time data exchange, and highly flexible, autonomous production systems. Unlike earlier revolutions, Industry 4.0 places human-machine collaboration at the center of production. Workers are now expected to possess advanced digital literacy, data interpretation skills, systems integration knowledge, and complex problem-solving abilities. Soft skills such as creativity, emotional intelligence, communication, and adaptability have become equally critical because routine tasks are increasingly automated. According to the World Economic Forum, future jobs will require a hybrid of technical and human-centered skills, reflecting the changing nature of work in intelligent production environments (WEF, 2020).

III. DATA COLLECTION AND ANALYSIS

Developing and enhancing human skills and capabilities through education, learning, and meaningful work are key drivers of economic success, of individual well-being, and societal cohesion.

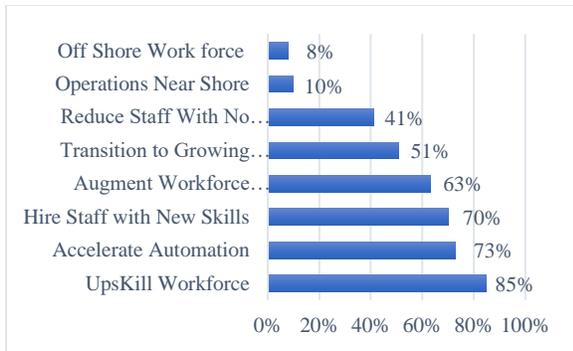


FIG 2: WORKFORCE STRATEGIES, 2025-2030 (SOURCE: WORLD ECONOMIC FORUM)

The future of work is being driven by new technologies, emerging sectors, and a more interconnected global economy.

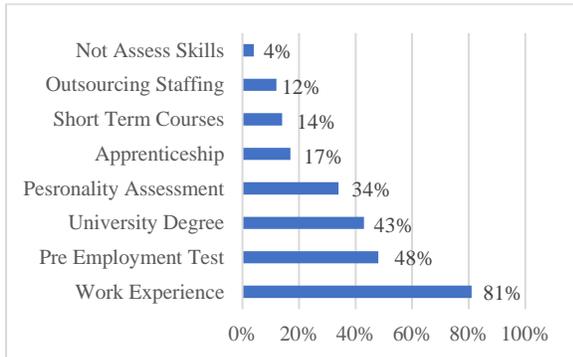


FIG 3: SKILL ASSESSMENT MECHANISMS, 2025-2030 (SOURCE: WORLD ECONOMIC FORUM)

IV. DISCUSSION

EMERGENCE OF INDUSTRY 5.0 AND HUMAN SKILL DEVELOPMENT

The concept of Industry 5.0 has emerged as a response to the limitations of technology-driven automation emphasized in Industry 4.0. While Industry 4.0 focuses on efficiency, connectivity, and intelligent automation, Industry 5.0 redefines industrial progress by placing humans back at the center of production, emphasizing human-machine collaboration, sustainability, and social value creation. The concept was formally introduced and promoted by the European Commission, which positioned Industry 5.0 as a framework that goes beyond productivity to include human well-being, environmental

responsibility, and economic resilience (European Commission, 2021).

Industry 5.0 is built on three core pillars: human-centricity, sustainability, and resilience. Unlike fully automated smart factories of Industry 4.0, Industry 5.0 emphasizes collaborative robots (cobots) that work alongside humans, allowing workers to apply creativity, intuition, and ethical judgment in production processes. Advanced technologies such as artificial intelligence, digital twins, and cyber-physical systems remain essential; however, they are now viewed as tools that augment human intelligence rather than replace it (Breque, De Nul, & Petridis, 2021). Another defining feature is the integration of sustainable manufacturing practices, including circular economy models, energy efficiency, and reduced environmental impact. Resilience has also become critical.

HUMAN SKILL DEVELOPMENT IN INDUSTRY 5.0

The transition toward Industry 5.0 significantly reshapes the nature of human skill development. While technical digital skills remain essential, there is a growing shift toward hybrid skill sets that combine advanced technological competence with uniquely human capabilities. Workers are increasingly required to develop AI literacy, data-driven decision-making skills, and systems-thinking abilities, enabling them to effectively interact with intelligent machines and digital infrastructures (Longo, Padovano, & Umbrello, 2020). At the same time, soft skills are becoming central to employability in Industry 5.0. Skills such as creativity, critical thinking, emotional intelligence, ethical reasoning, adaptability, and complex problem-solving are essential for tasks that cannot be fully automated. The World Economic Forum consistently highlights that future labor markets will prioritize a balanced combination of technical, cognitive, and socio-emotional skills to meet the demands of advanced human-machine collaboration (WEF, 2023).

Furthermore, Industry 5.0 reinforces the importance of lifelong learning and continuous reskilling. Rapid technological change shortens the relevance cycle of skills, requiring workers to regularly update their competencies through formal education, micro-credentials, and workplace-based learning. As automation handles routine tasks, human roles

increasingly shift toward design, supervision, innovation, customization, and ethical governance of intelligent systems.

V. KEY FINDINGS

The key finding of this research is that Industry 5.0 does not seek to replace automation and digitalization but instead repositions them as tools that enhance human intelligence, creativity, and well-being. This transition reflects a broader recognition that long-term industrial competitiveness cannot rely solely on efficiency and productivity but must also account for social value creation and environmental responsibility, as strongly emphasized by the European Commission. Industry 5.0 is built on the principle of collaborative intelligence, where intelligent machines, artificial intelligence, and cyber-physical systems work alongside human workers. Productivity and innovation increasingly arise from the synergy between machine precision and human judgment, creativity, and ethical reasoning. This shift confirms that humans remain indispensable in advanced production systems, particularly in roles requiring decision-making, customization, and innovation. Traditional education models must be changed to sustain long-term employability. Instead, Industry 5.0 requires dynamic learning ecosystems that combine formal education, workplace training, and digital learning platforms.

Ethics and responsible innovation also emerge as structural components of human skill development in Industry 5.0. Sustainability constitutes another critical finding. Industry 5.0 explicitly integrates environmental and social sustainability into industrial value creation, reshaping workforce competencies accordingly. Human skills are now directly linked to the adoption of circular economy practices, resource efficiency, and environmentally responsible production. This represents a significant departure from earlier industrial models, where skill development was primarily aligned with productivity and cost reduction rather than long-term ecological and social outcomes. The World Economic Forum further supports the idea that upcoming job opportunities will more frequently favour individuals who possess a blend of technical skills, cognitive abilities, and socio-emotional competencies.

VI. RESEARCH IMPLICATIONS

The emergence of Industry 5.0 demands a fundamental redesign of education and workforce training systems. Traditional technical training must be integrated with interdisciplinary learning that blends engineering, data science, social sciences, ethics, and sustainability. Universities and vocational institutions are expected to move toward competency-based and flexible learning models that emphasize creativity, problem-based learning, and industry collaboration. For organizations, Industry 5.0 requires a shift in management philosophy—from technology-centered productivity to human-centered value creation. Companies must invest not only in advanced technologies but also in employee well-being, inclusive workplaces, and continuous professional development. At the societal level, Industry 5.0 aligns industrial growth with the United Nations' Sustainable Development Goals (SDGs), reinforcing the link between economic progress, social equity, and environmental protection.

VII. CONCLUSION

Industry 5.0 should be understood not merely as the next phase of industrial automation, but as a socio-technical transformation that rebalances the relationship between humans and machines. Its successful implementation depends fundamentally on the strategic development of human skills that can guide technology toward inclusive growth, ethical responsibility, and sustainable value creation. As industries worldwide move toward this new paradigm, the effective integration of human intelligence with advanced technologies will determine the future trajectory of work, productivity, and societal well-being.

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