



KORN FERRY®

FUTURE OF WORK

THE TALENT SHIFT

Cracking the talent crunch
to unlock growth in the
future of work.





A global talent crisis is looming, with skilled labor shortages predicted to hit 85.2 million workers at 2030. Business leaders across the globe believe they will need more highly skilled workers as a percentage of their workforce, yet only half believe there will be a deficit of this talent, and a third deny that talent shortages will reduce their growth or limit profitability, according to a Korn Ferry survey.



WHAT'S INSIDE

Introduction.

Conventional thinking obscures the crisis.

The risks of talent blind spots.

The tech distraction.

View from the front line: Susan Steele, IBM.

Talent's new day.

*View from the front line: Victoria Livingstone,
Liberty Global.*

The last word.

Methodology.





About this study.

This paper examines corporate attitudes toward talent availability in the future of work. It also details the extent to which business leaders are aware of imminent talent shortages, and what they're doing about them. This work follows Korn Ferry's study, *The Global Talent Crunch*, which modeled the gap between future labor supply and demand at key major milestones (2020, 2025, 2030) to estimate how organizations and nations will be affected by shortages of skilled talent. For *The Talent Shift* study, we interviewed 1,550 business leaders from the world's largest companies across 19 developed and developing economies. We focused on businesses in three knowledge-intensive sectors that act as critical drivers of global economic growth: financial and business services; technology, media and telecommunications (TMT); and manufacturing. Additionally, we analyzed a cohort of the highest-growth companies against the average. High-growth businesses are defined as the 20% of businesses achieving the highest level of growth in annual turnover averaged across three years. The top 20% is taken within each of the core sectors in the study and within each market, to ensure that the companies' growth is compared only to their peers.

Introduction.

Although the world is on the brink of a talent crisis, business leaders are seemingly unaware of the challenges ahead and are, instead, focusing on technology at the expense of their people. They are misreading the impending talent shortage as a fleeting phase of an economic cycle, rather than a permanent structural change.

In reality, the lack of skilled workers needed to drive business strategy could be the defining issue of the age, threatening the GDP of nations as well as the profitability of organizations. Korn Ferry's *The Global Talent Crunch*¹ study showed that significant shortages will hit nations and companies as soon as 2020. The deficit could reach 85.2 million workers by 2030.

Left to run its course, the shortage may slash the growth of key global markets and sectors. Worldwide, companies could fail to generate \$8.452 trillion by 2030 due to talent shortages. The undersupply of skilled workers also is likely to contribute to *The Salary Surge*², adding \$2.515 trillion to annual wage bills globally by 2030.

The global talent crunch is driven by a skills mismatch: There are workers available, but

not enough of them have the skills that organizations need now and tomorrow. *The Talent Shift*, the latest study in Korn Ferry's *Future of Work* series, shows leaders lack awareness of their people problems, and—more importantly—that they're ill-prepared to transform their approach to talent. If companies can't buy the talent they need from the market, they must find alternative ways of filling critical roles.

Business leaders—8 out of 10 of them—told us they recognize their companies' ability to improve workers' skills, and to redeploy their talent will be critical to success in the future of work. But few are taking necessary action. Leaders need to act now to identify the people in their organizations who have the right traits and capabilities so they can begin to build the workforce needed for the future.

With the global talent crunch on their doorstep, will unprepared business leaders suddenly leap into strategic action and move talent considerations to the top of the agenda? Or will they leave themselves, their people, and their organizations vulnerable and poorly positioned to successfully compete in the future of work?

¹ Korn Ferry. (2018). *The Global Talent Crunch*.

² Korn Ferry. (2018). *The Salary Surge*.



Conventional thinking obscures talent crisis.

A crisis that will blow up, not blow over.

Korn Ferry's *The Global Talent Crunch* study found that the worker deficit could surge from 20.3 million in 2020 to 85.2 million by 2030. But leaders, in contrast, said that they believe the talent shortages they're starting to experience are cyclical rather than structural: While 66% of executives predict a shortage of highly skilled talent by 2020, only 52% believe there will be a deficit by 2030.

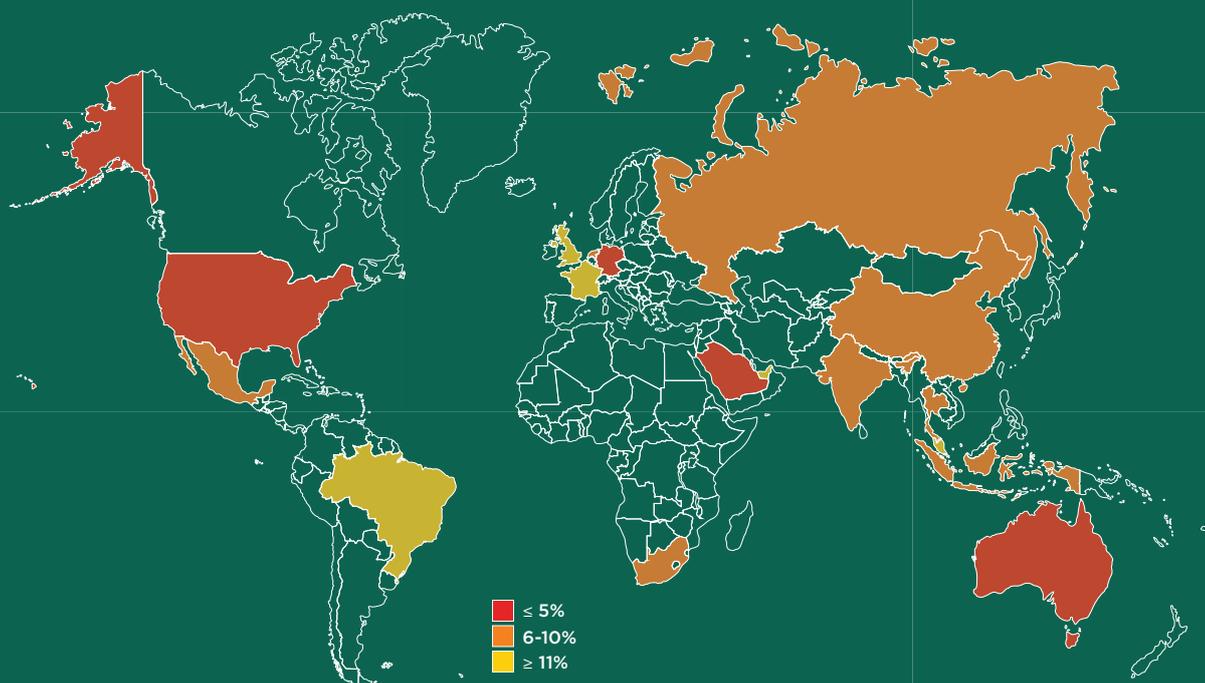
C-suite leaders know that talent grows more vital by the day; 84% of corporate leaders told us that to survive in the future of work, their company will need more highly skilled workers as a proportion of its workforce. But, at the same time, they aren't seeing the severity of impending talent shortages and the disruptive impact these will have on their business. Their competitors also aren't grasping the scope

of these talent challenges, obscuring the magnitude of the issue.

To be sure, awareness levels differ significantly by country. In the United States—its economy already struggling with talent shortages—there's growing awareness of how acute the problem may be: 79% of American business leaders think there will be a shortage of highly skilled talent by 2020. That compares with 47% of British business leaders who see similar shortfalls. In fact, leaders in the United Kingdom have a starry-eyed view of the future: 32% of them, in comparison with only 17% of surveyed executives globally, predict a surplus of highly skilled workers by 2025. By that date, the UK can expect a deficit of almost half a million workers³.

Talent crisis under the radar

Business leaders are not looking far enough ahead to mitigate the talent crunch. Even among those that have formal forecasts for their skilled talent needs, how many are planning to 2030?



³ Korn Ferry. (2018). *The Global Talent Crunch*.

The world's largest economy faces huge talent deficits

US business leaders have reason to worry about talent shortages. Korn Ferry's *The Global Talent Crunch* study found that by 2030, the country could face a deficit of more than 6.5 million highly skilled workers, with the financial and business services sector the most severely affected. The US could miss out on \$1.748 trillion of annual revenue by 2030 due to labor shortages, equivalent to 6% of the entire US economy. The country can also expect a surplus of mid- and low-skilled workers by 2030, providing companies with significant opportunity to boost skills and redeploy people.

How open are US leaders to retraining their workforce? Their views are mixed: 73% agree that their company's ability to constantly reskill and redeploy their workforce will be critical to success. But only 36% believe that the majority of their workforce can be retrained and redeployed to fill tomorrow's needed roles.

Historically, ever-more sophisticated technology has created more demand for highly skilled workers than it has consumed. This trend is likely to continue. But the talent shortfalls that nations and companies are experiencing are not part of a short-term economic shift. They're a structural change. Companies need workers with creativity, emotional intelligence, diplomacy, and negotiation skills to navigate the new world of work.

Alan Guarino, Vice Chairman, CEO and Board Services, Korn Ferry



Chinese leaders overly optimistic.

In China, business leaders see shortages of highly skilled talent as only an interim issue, with 80% predicting a deficit by 2020 but only 35% believing a shortfall will exist in 2030.

Korn Ferry's The Global Talent Crunch data reveals the opposite to be true. China can expect short-term labor surpluses, with deficits of highly skilled talent only starting to take hold in 2030. By that milestone, the shortage may reach 6.7 million workers.



Growth plans ignore talent reality.

Business leaders globally are confident their companies can meet their talent needs to fulfill ambitious organizational growth plans: 86% of leaders expect to increase their revenue by 2020, and 64% of them expect to increase their staff by more than 20% by 2025.

How realistic are those targets? With so many companies seeking to boost their headcount in the decades ahead, talent shortages will only grow more acute—unless the supply of skilled workers increases. Still, 95% of leaders express confidence that their organization can meet its future talent needs. They aren't oblivious to deficits of skilled talent, but they may think it will be others' problem, not theirs: 60% of CEOs who plan to increase their headcount by more than half also recognize there will be talent deficits.

In the face of talent shortfalls, how do leaders expect to increase headcount? They're optimistic but unsure of their actual course: 84% said their company has a formal forecast and plan for the skilled talent it needs to deliver its strategy. But only 9% said these plans extend as far as 2030. Of the companies in the UK that rate people as the highest priority in their business strategy, 69% lack a formal forecast

for their talent needs. In the US, only 2% of companies have a plan for skilled talent needs that goes as far as 2030.

By delving deeper into existing plans, we can see how actual data undercuts the key assumptions they're built on. While leaders express support for retraining existing workers, seeing it as an imperative when talent is tight, they may fail to factor it into their talent planning, especially if they assume that shortages are cyclical rather than structural. If 8 of 10 business leaders acted on their expressed belief that their company must constantly boost the skills of and redeploy its workforce because this is critical to its success, why aren't retraining programs a priority for executives and organizations? It may be that the C-suite lacks faith in employees' potential: Just 30% of business leaders think that the majority of their workforce successfully can be retrained and redeployed into needed new roles. This is a concerning figure: as huge deficits in highly skilled labor loom, companies need to look at their workforce in new ways, identifying the people with the right mindset and capabilities, and putting training programs in place to build the capacities they need.



Divergent Country Perceptions

Of the leaders who expect their organization's headcount to grow by more than 50% by 2030...

86%

in the US think there will be a talent deficit by 2030



78 % in Germany think there will be a talent deficit by 2030

71 % in the UK think there will be a talent surplus by 2030

“

“In the new economy, the speed of change means that it’s very difficult for leaders to predict what’s going to happen to their market or their business. The companies that will thrive in this environment are those that can build the capability to learn and react swiftly to changing market needs.”

Jean-Marc Laouchez,
President, Korn Ferry
Institute

”



The dearth of long-term talent planning may be partly explained by the pace of change in the business world. It makes it difficult for businesses to envision what their workplaces will look like in the future. But our conversations with business leaders also show there are significant organizational obstacles: 67% of them say that pressure for short-term shareholder return prevents them from investing the time and resources needed for planning. This is a major concern for HR leaders (74%) and CEOs (66%).

At the same time, turnover also makes it tough for companies to focus on talent planning, with 58% of leaders admitting that short tenures in the C-suite—due to mobility and retirement—prevent companies from focusing on transformative issues: 61% of HR leaders and CEOs expressed this concern, again a problem identified most commonly by these executives.

The shareholder demand for short-term returns, and its consequential constraint on investment in talent initiatives, may jeopardize businesses' long-term profitability. If organizations don't make workforce planning a priority, they will likely find themselves constrained by a lack of skills. They also will have to pay ever-higher premiums to hire valuable talent. Korn Ferry's *The Salary Surge* study shows that talent shortages could add \$2.515 trillion to annual wage bills globally at 2030.

Some talent-tight industries are already feeling the effects. A pilot shortage in India and China has forced airlines to pay spiking salaries and to offer more lucrative employment contracts. To attract overseas pilots, Chinese airlines are offering tax-free packages that dwarf western airlines' pay. Indian airlines have also been compelled to increase their pilot salaries and extend notice periods to make it more difficult for pilots to leave, *The Financial Times* reports⁴.

Putting talent on the table.

For talent planning to be taken seriously, business leaders and shareholders need to understand the financial imperative of proactive, not reactive, workforce management. If the talent crunch is quantified and tied to the business in financial terms, HR leaders can show the impact in terms of both revenue not generated and the additional wage premium for mission-critical talent. HR leaders need to be empowered to make this case with a seat in the boardroom. To show that the talent crunch and its effects are structural, not cyclical, they may need to model longer-term scenarios as well as consequences at one- to two-year milestones.

⁴ Smyth, Jamie & Bland, Ben. (2018). "China buys up flying schools as pilot demand rises." *Financial Times*. <https://www.ft.com/content/448b059e-4ea4-11e8-9471-a083af05aea7>

Leaders fail to change direction.

These pressures, combined with the uncertainty about the future, prevent leaders from focusing on talent planning. At each of our milestones (2020, 2025, and 2030), business leaders believe they will fill positions equally with vertical internal promotions, lateral internal promotions, and external hires.

In developed markets, companies planning to increase their headcount by more than 70% by 2030 forecast that 53% of their vacancies will be filled with external hires. But, given the scale of the predicted talent shortage by 2030, this option of “buying-in” talent from the market will be drastically reduced.

High-growth Hong Kong companies plan to upskill.

In small, knowledge-based economies like Hong Kong, where the talent crunch has already hit and is expected to intensify in the next decade, successful business leaders say they realize they must think about talent differently. High-growth business leaders in Hong Kong expect to fill more positions via internal promotion and retraining of existing staff versus seeking external hires.*

*High-growth businesses are defined as the 20% of businesses achieving the highest level of growth in annual turnover averaged across three years. The top 20% is taken within each of the core sectors in the study and within each market, to ensure that the companies' growth is compared only to their peers.

Many companies also have misplaced confidence that they can find skilled workers in other countries: 86% of business leaders say their response to a skilled talent shortage will be to increase their strategic focus and expand in markets with a more plentiful supply of skilled labor. That strategy, though, only illustrates that executives almost universally have a blind spot about the endemic, chronic nature of talent shortages worldwide.

Attitudes toward upskilling.

- In China, 93% agree that reskilling and redeploying the workforce will be critical to success, and 75% disagree that technology will make people largely irrelevant.
- Only 45% of business leaders in the UK think that reskilling and redeploying their workforce will be critical to success.
- Among the most “pessimistic” countries is Germany, where only 18% of leaders think they can upskill 50% or more of their workforce.



The risks of talent blind spots.

The challenges of talent planning.

Many businesses may be vulnerable to reduced profitability and growth due to the inaction on the looming talent crunch. Leaders know that inadequacies in their workforce are a liability, and that others underappreciate this threat, with 59% of them agreeing that companies underestimate talent as an organizational risk.

Despite their awareness of organizational failings on talent, many business leaders fall into the same trap: A third do not believe that talent shortages will reduce their growth or limit their profitability; a further quarter have no opinion on the subject. Notably, 58% of CEOs say they haven't faced a significant talent shortage before, meaning there's a dearth of leaders with practical experience in dealing with a crisis in this area. This gap in C-suite experience will challenge leaders globally across the full range of industries examined by the Korn Ferry research.

Further, the current crop of corporate leaders are honest about their discomfort with people planning, with 70% of them admitting that it is easier to plan for matters involving technology and tangible assets than it is for issues affecting talent. Thus, potentially disincentivized from tackling workforce challenges, corporate leaders also show they are in denial about the consequences of unchecked talent shortages: Just 42% of business leaders believe the talent crunch will affect their organization's growth or profitability. Korn Ferry research, however, shows that the 20 economies studied could

collectively fail to grow by \$8.452 trillion by 2030 if talent shortages are not tackled.

Overconfidence in the UK.

In the UK, business leaders are confident in their ability to keep expanding, with 53% saying a talent deficit will not limit their growth, whereas 58% of Chinese leaders think it will. A further 56% of leaders in the UK don't think it would reduce their profitability either, although this plummets to only 12% among leaders of high-growth companies.

There is also pessimism about planning, with 51% of CEOs saying it's impossible to forecast the workforce needed for an unknown future. This outlook varies by region, dropping as low as 32% in China but reaching as high as 61% in Brazil.

Meanwhile, technology's advance continuously accelerates the pace of business, and traditional efforts to build models, such as five-year plans, get disrupted now in a blink. But flexible forecasting and business modeling are more crucial than ever. While scenario planning is typical in many areas of business organizations, this level of strategy rarely extends to a "people plan."

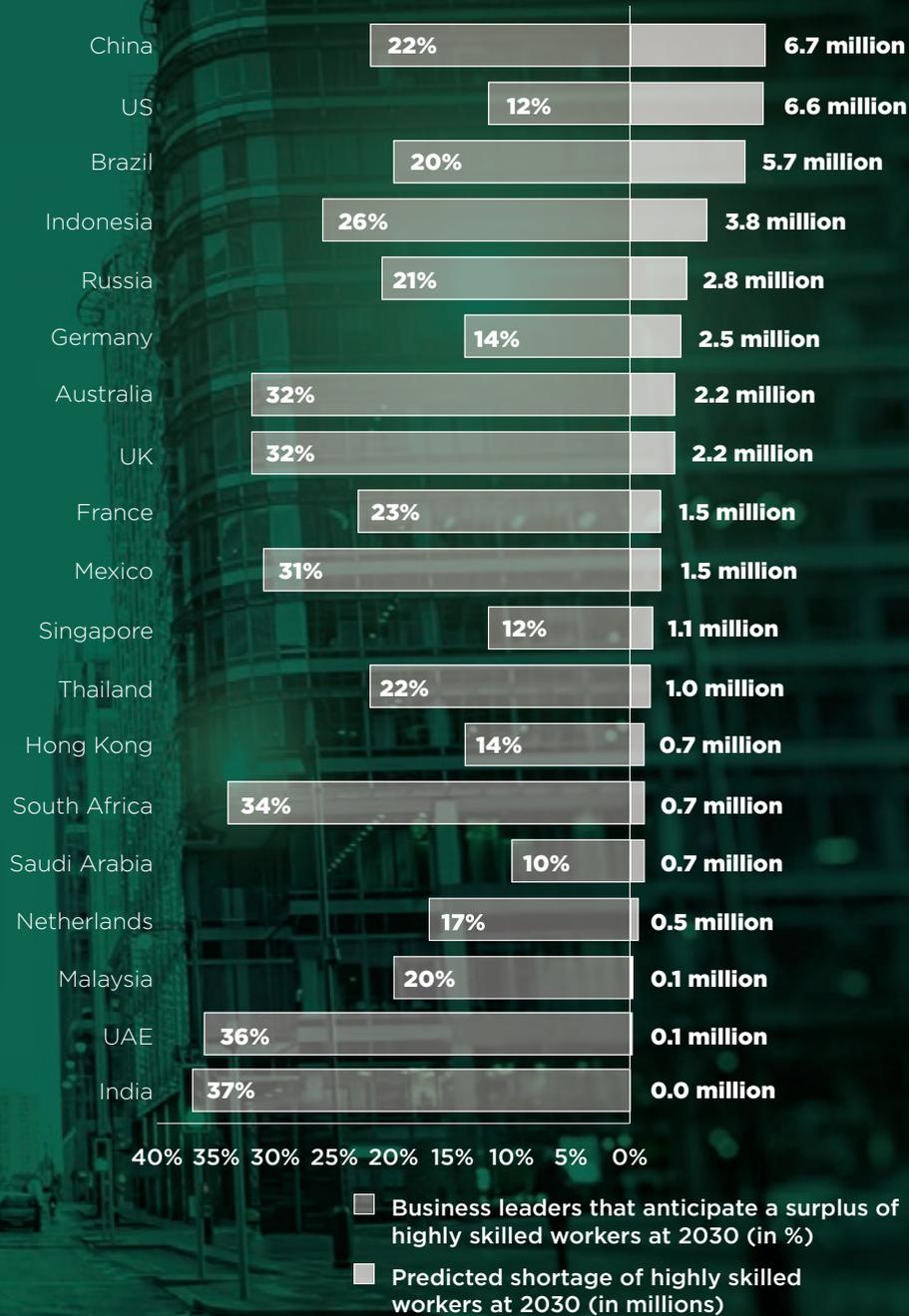
Great business planning is like coaching a sports team. You always know you've got a match coming up. You never know exactly what'll happen, but you know what skills you need to win. If you train the whole team properly, they'll be in the best possible position to respond, whatever happens on the field.



Alan Guarino, Vice Chairman, CEO and Board Services, Korn Ferry

Misplaced optimism

Business leaders are confident they will be able to meet their skilled talent needs of the future, despite looming worker shortages across the globe



The tech distraction.

Leaders predict dramatically reshaped workforce.

Korn Ferry research has identified that business leaders prioritize technology over talent, with 74% of executives saying by 2030 tech will overtake people as their biggest value creator.

Because of their belief in technology and its advances, business leaders also say they think an increasing number of jobs will no longer be necessary as the makeup of the workforce changes. Half of all business leaders expect 20% or more of their organization's roles to be obsolete by 2030; 60% of leaders of high-growth companies believe this will be so. As a group, CEOs are particularly likely to think this change will occur, with 46% believing that a third or more of their workforce will no longer be needed in a little more than a decade.

Attitudes vary across regions: Half of US business leaders believe technology will make people largely irrelevant, while in China, only a quarter of executives hold this view. The UK falls in the middle but is more people-positive than the mean average, with 39% of all leaders taking this stance.

What's clear is that without drastic changes to how businesses hire, promote, and retrain staff,

large-scale workforce redundancies could be increasingly common in the years ahead. But while leaders may see this as an opportunity to strengthen the bottom line, widespread changes could reshape the business environment in negative ways.

But the extent to which technology actually can displace people may be much smaller than leaders think. In 2018, an Organisation for Economic Co-operation and Development (OECD) report found that just 14% of jobs in OECD countries are highly automatable, although another 32% of jobs could substantially change in response to technology.⁵ Further, even if workforces shrink, people will not become irrelevant to organizations; the highly skilled workers who remain will become even more valuable. A 2013 study by University of Oxford doctors Frey and Osborne found that certain tasks remain resistant to automation: tasks related to creativity and ideation, tasks related to social and emotional intelligence, and tasks related to perception and manipulation. People who can innovate, deploy, leverage, and create with technology—as well as those who can lead and inspire others—are unlikely to find themselves out of a job⁶.

People being left behind by rapid change is a very serious issue. When the gap widens too much between the 'haves' and the 'have-nots,' societies risk social unrest. Many governments have programs in place to retrain people, and businesses will benefit from doing the same. We must use analytics and technology to produce a better quality of life: We now have a unique opportunity to connect technology with humanity.

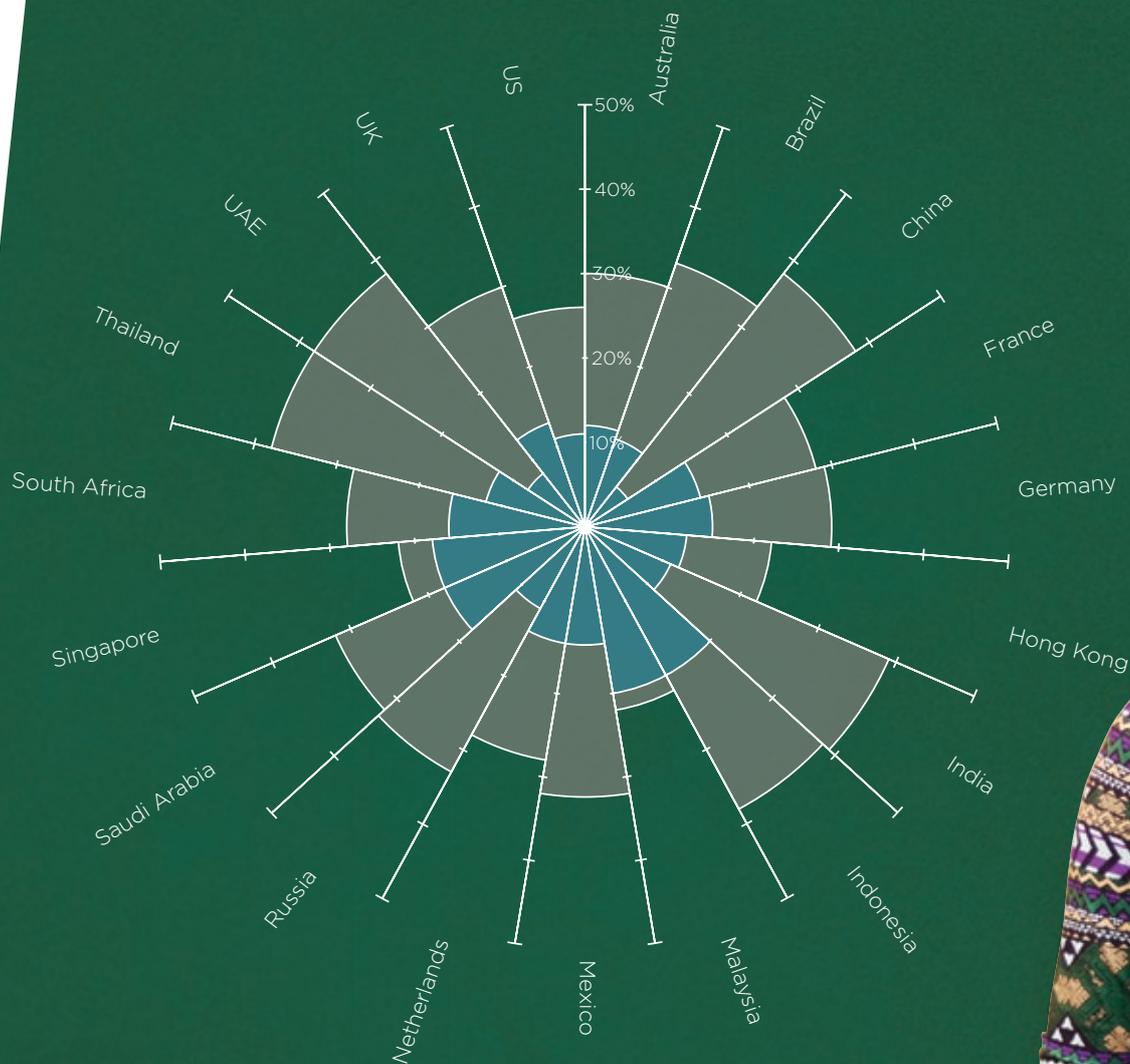


Jean-Marc Laouchez, President, Korn Ferry Institute

⁵ OECD. (2018). "Putting faces to the jobs at risk of automation." *Policy Brief on the Future of Work*. <https://www.oecd.org/employment/Automation-policy-brief-2018.pdf>

⁶ Frey, Carl Benedikt and Michael A. Osborne, *The Future of Employment: how susceptible are jobs to computerisation?* https://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf

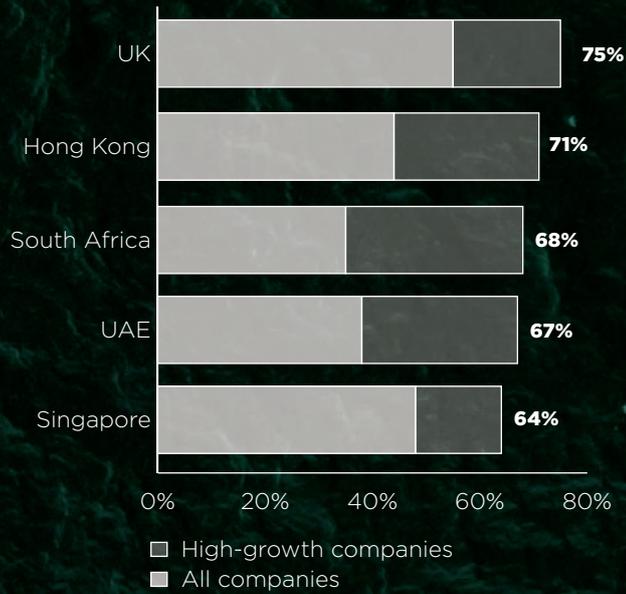
The tech distraction: leaders consistently prioritize technology over people.



- Leaders that identify **technology** as their top priority
- Leaders that identify **people** as their top priority

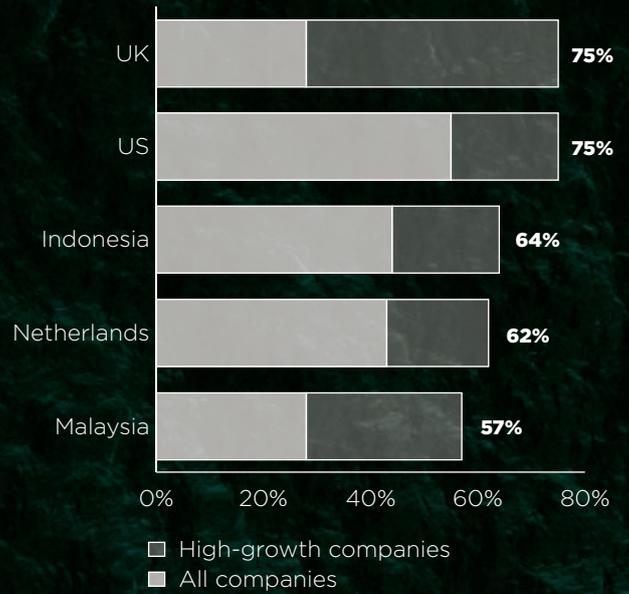


High-growth leaders utilize the skills within.



Leaders who would implement mass retraining and redeployment of their existing workforce to mitigate a skilled talent shortage.

High-growth leaders recognize the threat.



Business leaders who believe the talent shortages could reduce their profitability



The tech-people interface.

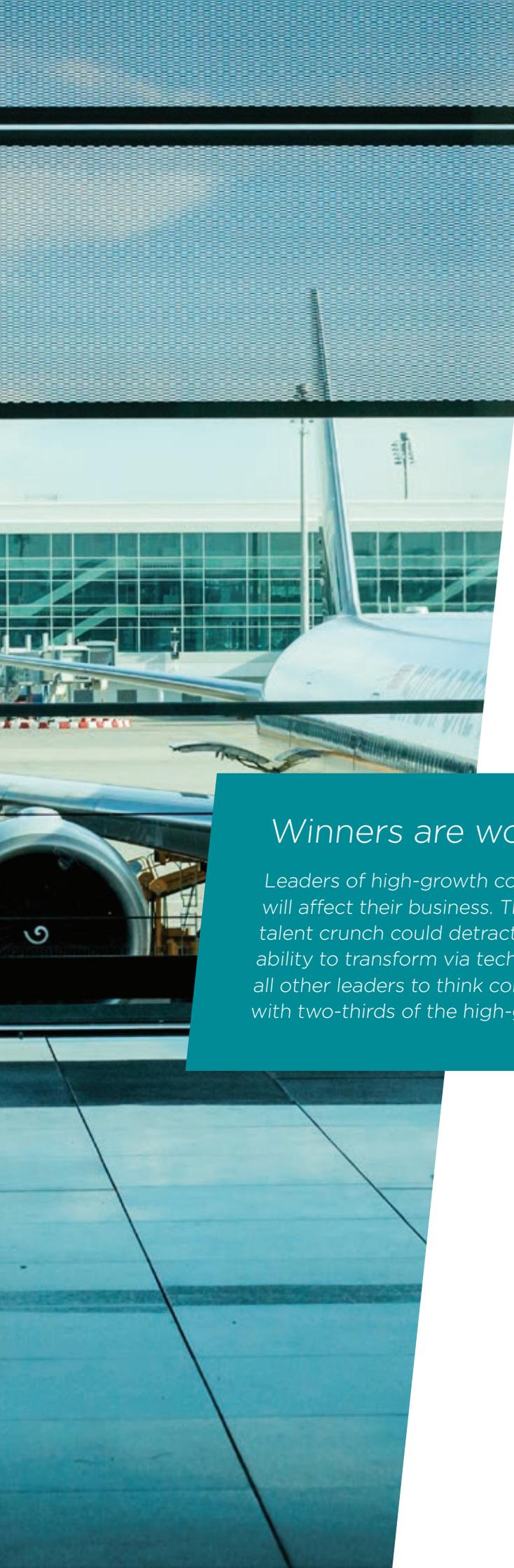
Even as leaders bet on tech, they also recognize that its ability to drive business will rely on human skills, with 79% of them saying they believe technology's growth will make companies value human skills more. High-growth company leaders are staggeringly clear about the shift: 91% say they will need more highly skilled workers as a percentage of their workforce. In China, the US, and Singapore, high-growth leaders are unequivocal: 100% state that they will need to employ a higher percentage of skilled workers in the future.

Especially in the UK and US, many leaders of high-growth companies see a tech-people partnership as the route to future success. In this group, 50% (UK) and 60% (US) recognize that a talent crunch will make it harder to transform their business using technology. This underscores that technology, while making some roles obsolete, will enhance the value of remaining highly skilled workers.



Which jobs will be key in the future of work?

Almost all leaders (96%) believe that information security will be critical for their organization's future. Other IT, digital, and data roles also are prized, with more than 90% of leaders emphasizing the importance of digital product development, digital transformation, digital analytics, big data analytics, and digital marketing roles. If leaders need to fill many more of these roles, they need to think about how they can build, buy, or borrow that talent.



Companies will need to adopt a more agile approach to talent: Thinking laterally about how to develop people will help to fill vital highly skilled positions. There is strong recognition of the need to improve the skills of existing talent, with 85% of leaders saying they would put in place mass retraining and redeployment of their existing workforce if there were a talent shortage; more than half of leaders deemed this as a high priority.

Additional Korn Ferry research shows⁷ that retaining staff during times of lightning-fast change can be a challenge, and given the difficulties in attracting and keeping highly skilled talent, 82% of leaders say they hope to accelerate technology adoption in their organization to cut the demand for skilled workers.

Winners are worried.

Leaders of high-growth companies worry greatly about how talent shortages will affect their business. They were more likely than leaders on average to say a talent crunch could detract from their company's growth, strategy execution, and ability to transform via technology. High-growth leaders are also more likely than all other leaders to think companies underestimate talent as an organizational risk, with two-thirds of the high-growth cohort agreeing this was the case.

⁷ Korn Ferry. (2016). *Engaging through Change*.



People strategy in the technological age.

Despite a real need to focus on talent, business leaders admit their attentions shift elsewhere, with 55% saying they have been distracted from people strategy by the promises of transformative technology. The largest percentage of leaders (31%) ranked technology as their top priority to develop business strategy, followed by those focusing on research and development (17%). At pinnacle posts, where the thinking is the most strategic, the technology distraction is the most pronounced. The percentage of CEOs saying technology was their top priority hit 37%. Talent is rarely leaders' top priority: The least frequent focus for them was their leadership team (11%), followed by people in general, who were the top priority for just 13% of business leaders.

View from the front line: Susan Steele, Executive Partner, Global Talent & Engagement at IBM.

“

The challenge that the future of work brings isn't the obsolescence of human skills but the rise of the augmented workforce. We believe that new technologies are accelerating human performance rather than making it defunct. For example, some jobs are becoming automated but a lot more are being enhanced through technology. If we hope to make the most of those advancements, we need people who are able to work at that interface, and right now those people are in short supply.

To bolster the supply of these increasingly essential skills, organizations may want to review both their learning and internal mobility strategies to ensure they are focused on nurturing this new talent. Creating an environment that fosters continuous development can yield tremendous benefits to the augmented workforce, but to do so, companies need to implement the right processes and technology as well as cultivate a growth mindset. We are finding that with the use of cognitive computing, we can personalize the learning experience—which in turn is making it easier and more engaging for employees to learn and is thereby fostering learning agility across the enterprise. Using a

Netflix-style “recommended for you” function, our cognitive-learning platform nudges employees into ongoing self-improvement in “hot skill” areas, which has led many employees to surpass learning targets by as much as 50% and to be more rapidly prepared to move into our designated “hot jobs” that require these new skills.

Identifying and retaining employees who are able to adapt quickly and effectively to new demands is a core competency for any organization seeking to survive in the current era of continuous disruption. Analytics and cognitive computing are some of the tools that can help enterprises identify and source agile learners who are likely to form a growing portion of the technology-augmented workforce. Technology is bringing drastic changes, and the resulting challenges of this emerging “hybrid” workforce seem increasingly more daunting. However, these same cognitive and automated technologies are enabling consumer-grade experiences for employees, enhancing enterprise-wide productivity and ultimately driving improved competitive value.

”

Talent's new day.

Unsustainable solutions.

How should leaders act now to ensure their organizations thrive despite a talent crunch? Paying inflated wages is not a sustainable solution. Korn Ferry's *The Salary Surge* study shows that the annual salary premium could increase by 152% between 2020 and 2030 due to skilled talent shortages. Yet only 43% of leaders believe that shortages will force them to increase salaries unsustainably.

Increases in the contingent workforce may be an alternative, as identified by 78% of leaders. This also suggests that a more fluid, agile approach to the workforce may be a likely result of the talent crunch. Although business leaders may think increasing their freelance and contract workers is a way to deal with talent shortages, skilled labor will be tight across all sectors, Korn Ferry research has found, meaning there are no guarantees that an adequate, flexible workforce supply will be available to meet businesses' contingent needs.

Salary surge uncertainty.

60% of business leaders in **China** expect to increase salaries because of talent shortages, compared with only **26% of UK respondents**.

In **Singapore**, business leaders are in the dark and simply don't know what to expect:

54%

have no idea whether a talent shortage could force them to increase salaries unsustainably.



Needed: an innovative approach.

Organizations might adopt strategies to increase their value proposition to employees, initiatives that can improve recruitment and retention of the right talent, while also differentiating enterprises from competitors. These programs can be designed for maximum efficacy, both for cost and impact on staffing. They can bolster recruitment and hiring, and certainly staff morale and productivity in targeted roles. But like increased salaries, these programs will only go so far, especially if the market gets jammed by numerous organizations pursuing this approach.

Innovative programs, meanwhile, can be designed for companies to attract and train young people to be agile workers. These efforts need not follow a traditional academic route. Building talent in-house can be cheaper, up front, than buying it at a premium. It also widens the talent pool for an industry. The increasingly mobile workforce means that individual staffers may not be retained in the long term, but these losses can be offset by the creation of extra available workers. A bigger talent pool helps companies control costs by stopping unsustainable salary rises gripping their entire sector.

Organizations can stock the pool more, and more cost effectively, by tapping into their existing and underutilized talent. Many leaders worry their current workforce is incapable of learning skills to face future challenges. But this only shows that too many companies have fallen into the trap of thinking about their people's potential in a linear, traditional way. This will be disrupted when workers who have followed long-accepted training trajectories become scarce, prompting creative approaches to staff development as a vital means to business success. Innovative modeling allows organizations to see potential in many and varied approaches, notably the use and development of testing tools to impartially decide who possesses the aptitude and flexible mindset needed to succeed in areas facing shortages.



“

There are huge untapped pools of talent already available in most organizations; the challenge is identifying them. You don't have to be younger than 35 to learn software development, and you don't need a degree to be a perceptive strategist. Agility is a mindset, and with the right tools and modeling it's possible to discover who could succeed with the right training.

Cynthia Stuckey,
Senior Client Partner,
Korn Ferry

”



View from the front line: Victoria Livingstone, Vice President People, Corporate Functions at Liberty Global*



“Technology is bringing about new challenges at an ever-increasing speed, and strategic workforce planning that can keep pace has never been so crucial for companies—or so hard to achieve. We can’t say with certainty exactly what jobs the future of work will demand, but we know many of the skills that will remain hyper-relevant in five or 10 years’ time. To successfully navigate the labyrinth of knowns and unknowns, companies need to understand that and focus time and investment on becoming more nimble, building the ability to quickly retrain and redeploy existing employees. Investing in talent development is costly, but it is much more cost-effective than rehiring entirely new skill sets, especially when we see how scarce they will prove to be.”

The best way for businesses to stay one step ahead of the skills shortage is to embrace creative approaches, allowing their teams to be more agile, innovative, and risk-taking than the competition. These “incubation” structures can experiment with disruptive ways of working, helping future-proof business

strategy as well as attracting prized talent who crave that disruptive, progressive environment.

The shifting talent landscape requires a shift in mindset. More than ever, companies need tech-savvy leadership—that is, leaders who understand how technology is about to transform, rather than replace, our workforce. In this context, HR functions will have a critical role to play, working closely with the executive team while connecting to strategic and R&D elements. They are best positioned to bring focus and direction not only to people development but organizational effectiveness. They should act as an internal consultant and bring “outside thinking” into the company, keeping the leadership teams open to new methods and ideas. In the future of work, that is where the real value of the HR function will lie.



* The views expressed here reflect Livingstone’s personal opinion.



The last word.

Although the need to put a priority on talent planning has never been greater, devising a talent strategy rarely has been more complex. The breadth and depth of the looming talent crunch is growing clear. But many leaders, while seemingly recognizing the changing talent landscape, also believe that their own organizations somehow will be immune to major challenges.

Leaders who do grasp the situation's gravity still struggle to make talent a priority. Organizational obstacles block leaders from long-term talent planning, while the rapid pace of technological change makes it hard for them to forecast the future. Technology itself can be a distraction, with leaders betting big that it will resolve problems due to worker deficits. All these factors help create a concerning inertia: Leaders around the globe have blinkered themselves to structural change, adopting instead a "business as usual" approach to the recruitment, retention, engagement, promotion, and development of highly skilled talent in dwindling supply and burgeoning demand.

Inaction is simply not an appropriate response to the talent crunch. While the new economy means markets move so quickly they are difficult to predict, organizations can survive by developing a vision and employing models and scenarios to plan and prepare for ways the future may unfold. Organizations must become more agile, responding to market changes as they arise if they are to survive in the future of work. Business leaders need to be nimble and receptive to change themselves, and to foster these traits in their company culture. This agility should enable the retraining and redeployment of vast swaths of the workforce, so companies not only can avoid mass layoffs as lower-skilled tasks become automated, but also so they create their own pipelines of highly skilled talent. Companies that fail to forecast, develop, and evolve their talent management strategies will stumble into the future of work blind to its realities, and without the time to make up lost ground. The time to engage in a major rethink of the talent pipeline is now.

Methodology.

In spring 2018, Korn Ferry interviewed 1,550 business leaders in multimillion-dollar organizations about their views on talent shortages and strategies. Respondents included CEOs, COOs, heads of strategy, and other senior business decision-makers at C-suite level or C-suite minus one. They represented the following regions: Americas (Brazil, Mexico, the United States), EMEA (France, Germany, the Netherlands, Russia, Saudi Arabia, South Africa, the United Arab Emirates, the United Kingdom), and Asia Pacific (Australia, China, Hong Kong, India, Indonesia, Malaysia, Singapore, Thailand). Respondents represented the following sectors: financial and business services (including insurance); technology, media, and communications (TMT); and manufacturing (including industrial, consumer packaged goods, and life sciences). Additionally, we analyzed high-growth companies against the average. High-growth businesses are defined as the 20% of businesses achieving the highest level of growth in annual turnover averaged across three years. The top 20% is taken within each of the core sectors in the study and within each market, to ensure that the companies' growth is compared only to their peers.

The Global Talent Crunch and *The Salary Surge* studies were based on economic modeling commissioned by Korn Ferry and carried out by Oxford Analytica. Full methodologies can be found in these reports.

Contributors.

Alan Guarino, Vice Chairman, CEO and Board Services, Korn Ferry

Jean-Marc Laouchez, President, Korn Ferry Institute

Victoria Livingstone, Vice President, People, Corporate Functions, Liberty Global

Susan Steele, Executive Partner, Global Talent & Engagement, IBM

Cynthia Stuckey, Senior Client Partner, Korn Ferry



About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.