

# Developing current

## talent into future talent

**With the increasingly rapid pace of change and innovation today, terms like talent scarcity, skill shortages, and the global war for talent are commonly seen in business headlines. Aenslee Tanner looks at what New Zealand organisations are doing to ensure they have access to the talent they need to thrive as technologies and markets continue to evolve.**

"Business leaders have a responsibility to ensure that the jobs and opportunities created by these technologies – now and in the future – are accessible to all." – Keith Block, Co-Chief Executive Officer, Salesforce.

The latest research paints a bleak picture.

### **Adoption of emerging technologies is growing, but workers aren't prepared**

The recently released EY report, *Stop talking about the future of work*, stated that the proportion of Australian and New Zealand organisations prioritising investment in artificial intelligence (AI) over the next three years is expected to double – a leading indicator of the accelerating momentum towards job disruption. Due to trends like these, the World Economic Forum's 2018 Future of Jobs report anticipated that, by 2022, at least 54 per cent of all

employees will require significant reskilling and upskilling, yet the EY survey found that only 38 per cent of workers have seriously considered the impact of technology on their employment opportunities.

### **Talent shortage is seen as a top risk but not a top priority**

A 2018 survey by Mercer Marsh Benefits and the Human Resources Institute of New Zealand indicated that 92 per cent of respondents see talent attraction and retention as a top risk. However, less than half think that addressing this risk is a priority for the entity they work for, and few have plans in place to address it. It appears most organisations are aware that disruption is coming, but they are failing to prepare proactively.

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### **Labour supply is down, but organisations are still relying on an external hiring strategy**

According to the Ministry of Business, Innovation and Employment *Quarterly Labour Market Report* from May 2019, the labour supply has shrunk, with overall net migration slowing, increasing numbers of baby-boomers retiring, and the unemployment rate hovering near record lows. Yet the EY report

revealed that only eight per cent of leaders say that skilling their current people is their number one priority. Instead, 61 per cent of employers seem to believe the market will deliver them the capabilities they require, even though many digital skills are already in chronic under-supply against accelerating demand.

### **Few leaders are equipped to lead through transformation**

EY's research found that leaders are paralysed, that uncertainty around when and how digital technology will hit their organisation is preventing them from proactively responding. According to a report by PwC and Harthill Consulting, *The hidden talent: Ten ways to identify and retain transformational leaders*, 54 per cent of change programmes fail because leaders with the right capabilities are in short supply. Only 8 per cent of individuals in senior management teams profiled as strategists, the minimum stage of development with the capacities to be effective as the change leaders so needed today.

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### **Moving beyond paralysis**

Rather than continuing to hope against hope that it will be possible

## The six ways to lead in the context of a transformation

Stage of development/ action logic		Profiling (%)	Strengths description
Later stages	Alchemist	0%	Generates social transformations. Integrates material, spiritual and societal transformation. Effective at leading society-wide transformation.
	Strategist	8%	Generates organisational and personal transformations. Exercises the power of mutual inquiry, vigilance and vulnerability for both the short and long term. Effective as a transformational leader.
	Individualist	33%	Interweaves competing personal and company Action Logics. Creates unique structures to resolve gaps between strategy and performance. Effective in venture and consulting roles.
Earlier stages	Achiever	52%	Meets strategic goals. Effectively achieves goals through teams; juggles managerial duties and market demands. Well suited to managerial roles; action and goal-oriented.
	Expert	7%	Rules by logic and expertise. Excellent in pursuing technical quality. Strong as an individual contributor.
	Diplomat	0%	Avoids overt conflict. Wants to belong; obeys group norms; rarely rocks the boat. Effective as supportive glue within an office; helps bring people together.

Source: PwC and Harthill Consulting, *The hidden talent: Ten ways to identify and retain transformational leaders*



to hire all the people an organisation needs from outside directly, employers must adopt a strategy of investing in developing their current workforce, growing it into the workforce needed in the future. Starting today.

“ *Employers must adopt a strategy of investing in developing their current workforce, growing it into the workforce needed in the future.* ”

It's important to remember that technologies such as AI, blockchain and robotics will not only eliminate some jobs they will also create new ones. Just as the creation of social media platforms over a decade ago gave rise to roles for social media managers, and our increasingly digital-centric world created a need for user experience designers, Cloud service specialists and cyber-security managers, so too will today's emerging technologies create new job opportunities.

Transitioning employees into new roles takes considerable energy and investment, but it can also be less costly and disruptive than letting people go and recruiting new talent. Research from Gallup indicates that creating development pathways for people can also increase employee engagement and retention, which directly ties to outcomes such as productivity, profitability and turnover.

Where will the funds to cover the required learning and development (L&D) investment come from? EY's research suggests that New Zealand organisations are wasting around \$250 million of L&D spend annually by focusing too much on growing skills that are relevant for today rather than building skills for tomorrow. Were these funds to be redirected and more effectively targeted, EY estimates the growth in L&D needs could be covered within existing allocations.

## Preparing your current talent for the future

Lack of time, unclear development pathways, cost and a lack of awareness about how technology is changing the nature of work are the main barriers to employees engaging in L&D. Discussed below are three ways to begin addressing them.

**Communicate:** Raise awareness of impending job disruption by communicating with employees about how technology is changing the nature of work. Collaborate in uncovering the new role opportunities that automation and other innovations will create.

**Guide:** Provide structured guidance on development pathways based on your organisation's future needs and matched to individual's career plans.

**Prioritise:** Dedicate weekly time for your people to engage in L&D and have leaders in your organisation role model this as a priority. It's time to shift from the traditional model of learn, earn, retire to one of continuous learning for everyone at every age and stage of life.

## Addressing both horizontal and vertical growth needs

"The future of our organisations depends on successfully identifying and developing all leaders to higher [stages of development] so that they can respond effectively to the increasingly complex demands of our times." – Keith Eigel and Karl Kuhnert, *Authentic Development: Leadership Development Level and Executive Effectiveness*

While there are two main dimensions people can grow in, most professional development that organisations are currently investing in is 'informative' (horizontal growth) as opposed to 'transformative' (vertical growth).

Organisations can support people's *horizontal growth* through interventions such as peer-to-peer learning, mentoring, and online courses relevant to the future skill needs of the organisation.

However, research from the field of adult development, such as that conducted by Keith Eigel and Karl Kuhnert, has found that, "All other things being equal (traits, knowledge, skill, and ability), individuals who know, process, decide, and relate at the highest [stages of development] not only respond to life's dilemmas more effectively, but have an increased capacity to lead more effectively as well".

“ *The future of our organisations depends on successfully identifying and developing all leaders to higher stages of development.* ”

According to the PwC and Harthill Consulting research, it is transformative development that tends to underpin the development of the strategist capabilities needed to effectively lead business change and, therefore, this needs to be prioritised, especially for leaders.

Engaging in reflective thinking, being exposed to the perspectives of people at strategist or later stages of development, learning about developmental theories, and working with a professional coach are examples of ways to support individuals' vertical growth.

By investing in upskilling your current workforce and developing leaders to be effective at leading transformation, your organisation will be well placed to navigate the next big wave of disruption.

**Aenslee Tanner** (PCC) is a certified leadership coach specialising in adult development and Growth Edge Interviewing. Her research-based coaching methodology draws on adult stage (vertical) development and complexity theory, neuroscience, positive psychology and high-performance sport. Learn more at [aensleetanner.com](http://aensleetanner.com).



