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***Kenexa HR Thought Leadership®:***

## **CLOSING THE SKILLS GAP IN A GLOBAL MARKET**

**Welcome to the Kenexa HR Thought Leadership Podcast series. This series was created to educate, inspire, and fuel the evolution of leadership in our organizations, our communities and our world. There is a shortage of good technology talent. It is impossible to find engineers. If you are in staffing, you have more than likely noticed the common themes in current industry publications.**

Are these themes fact or fiction? The answer depends on your point of view, and more importantly, the ability of your company and its resources to maximize talent. As many organizations race to 'globalize,' their human resource partners are left to create workforce plans and talent management strategies based on conjecture. Organizations are realizing that there are gaps and challenges their current structure cannot overcome.

Organizations need a plan; they need to build roadmaps and swiftly implement the changes. However, before building a plan, solid data are required. The sheer amount of data at our disposal can be paralyzing at times, and organizations need to be able to sift them and find the salient information they require. There are several facts that are currently indisputable for certain categories of knowledge workers, especially technology professionals and engineers.

The U.S. will face a decline in the full-time workforce as the baby boomer population ages; Europe will face a similar retirement spike in the face of a declining population. In both western markets, the number of skilled occupations is growing, while the graduate populations stay relatively flat. For example, the number of occupations in the U.S. is predicted to be 22 million by 2010, while the available workforce will be only 17 million (U.S. Bureau of Labor Statistics). In Europe, the working age population will actually shrink by 13 million in the next 15 years (UN Population Division). Exacerbating this challenge is the fact that the West is retaining fewer students from emerging countries as their native economies increasingly offer viable employment options after graduation. These trends in the U.S. and Western Europe are well documented, and are as influential as labor costs in driving multi-national employers to the emerging markets.

These problems point to emerging markets as the next great hope for answering labor woes. The largest contenders are India and China, followed by Eastern Europe, Latin America and the rapidly expanding Middle East market. To properly address the issues with each of these countries and regions—including infrastructure, political challenges and cultural and language barriers—is beyond the scope of this article. However, even in these complex markets, there are certain key data points that impact our view as employers and our needs to utilize this vast and varied workforce. According to an assessment by NASSCOM, only one in four graduates of Indian universities are employable by multinational corporations. The average Indian technology annual salary growth rate of 20 percent (The New York Times) coupled with turnover approaching 40 percent (NASSCOM), is intimidating for many companies. China's engineering and technology graduates obtain degrees that more closely resemble a western associate's degree than a bachelor's degree—this translates to just 160,000 of an estimated 600,000 engineering and technology graduates being qualified by western business standards (McKinsey). Combine this with a crushing mid-level management shortage, forecasted to reach 70,000 by 2020 (McKinsey), and a language barrier, and China is daunting as well.

Eastern European countries have seen a consistent drain of talent to Western Europe. Of the leading employers in Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Russia surveyed by the World Bank, an average of 44 percent listed skills shortages as their primary obstacle to growth. The Middle East deals with high capitalization, a minimally trained labor force and severe restrictions of foreign labor. Latin America has challenges with stability, skilled labor and trade restrictions in many places.

At first glance, these data are depressing and give the impression that serving drinks in the islands might be better than global talent management. However, from a different perspective, the opportunity to outdistance the competition is overwhelming. Talent is abundant. There are billions of talented people waiting to be tapped in the world. Many companies are realizing there is a skills shortage rather than a talent shortage. Quick on the heels of that revelation is the knowledge that even though they spent the last 25 years building their organizations to attract, assess, onboard and utilize top talent using a skills-based model, now, in the virtual blink of an eye, they need to move to a talent-based model. Where and how do they start?

Many organizations excel at creating vision and evangelizing it to customers and employees. Everyone is excited, ready to get going, and then... things fizzle out. A talent management program can help tackle this problem; we will develop the outline of one in this article. To keep things simple, we will only tackle the basics: how to attract, assess, onboard and deploy. Once this is done, measuring, utilizing and retaining talent can be addressed. To attain their vision, companies need to develop a change management structure. Is this done globally or on a phased basis? Regionally, by business unit or by function? There are pros and cons to each, including cost implications and the risk/reward of taking small pieces versus big bites. How do they communicate, measure and build in the model of continuous improvement? Each organization must choose its own path and vision based on culture, budget and competencies. While there is no single optimal path, organizations should start at the beginning. Let's discuss how to do this from the first step: attracting the talent.

**First Choose the Model.** The basis of the model, once your organization has chosen its structure—whether global, regional, divisional or functional—is to align recruitment resources to find a new type of candidate. This new candidate may not have experience in the industry, may not have the necessary technology or functional experience or may not share a language with colleagues. At this point, the target will shift and the model will alter accordingly. Let's plan the model you will use—do you outsource recruitment or do it in-house? Do you create a hybrid model? The investments, ongoing costs and retention of intellectual capital shift significantly with each of these models. Once you have decided on the basic structure, how will you align the resources, whether internal or external? Are you aligning your recruitment team by business unit, geography or job family? Are these resources going to be generalists that support recruiting? Will you use full lifecycle recruiters or specialists such as researchers, sourcers and consultants?

**Attracting and Recruiting.** Once you have the structure and team in place, you need to re-shape the idea of recruiting. Recruiters and staffing teams have spent their careers learning how to compete for the best talent. Now they need to find and assess a workforce that may only meet 50 percent of the job specification and narrow those candidates down to a manageable pool. To attract this new talent pool, they need to start with a message. Traditional employment branding takes corporate messaging, or a message targeted to a specific type of person and broadcasts it along many avenues.

Companies need to re-think their brand to convey a message to candidate populations that relate to the various cultures and categories of people they are seeking to attract. This means tying market research to psychometric profiles and placing messaging in channels targeted to different demographics based on requirement.

Once a company has developed the messaging, it still needs to accomplish traditional sourcing tasks. The Internet, job boards, radio and print advertising and good old-fashioned direct sourcing will be central to recruitment. However, a company will need to consider different values as it goes about the candidate generation. Is cold calling acceptable in this culture? Will the audience respond to advertising, or does it expect an open house with live contact? Is it going after the largest pool possible, or does it want to segment its audience? These are all critical issues to consider before deploying resources to justify the investment.

**Assessment.** With attraction determined, and a large candidate pool in place, it's time to screen down the candidates to those who should be interviewed. The thought process goes something like this: "Technical skills? Maybe. Communication skills? Who am I to judge? Work history? Moves around a lot—like everyone else." Fortunately, there are many interview tools that can help you make the proper choice. It's impossible to interview everyone—it costs too much and takes too much time. However, the need for interpersonal assessment will always exist, be it face-to-face, by telephone or through videoconferencing. Spend your time wisely with those who have made it past the initial hurdles. To get this population, a company has many options and choices such as skills testing, cultural- and traits-based assessment and cognitive testing.

There are choices to make regarding customized tools or generic off-the-shelf products, and your budget may decide these issues for you. Balance is critical for success. Companies that are successful at this know that they need the complete picture to hire a workforce based on factors other than skills. They need to consider a fine balance of traits based on success in the company, the current level of training, the ability to communicate shared values and ethics.

Onboarding. Once your company has become an expert at attracting and screening talent, you have the simple task of onboarding and deploying this talent pool. Onboarding is simple, right? Orientation, training, paperwork and IT - you are good to go. In some cases, walking through a minefield may be easier. Have you dissected your message and terms, and benchmarked meaning and connotation in different languages and cultures? Since you have a workforce without common skill standards, what are you training for? What do you mean you don't have Mandarin keyboards? Even a progressive company may struggle in this area and experiment to find the right blend of solutions. Fortunately, some of the tools you have chosen will help in this area. The assessment tools, from a selection standpoint, will provide valuable developmental maps for the individuals who take them. Any local partners you have chosen can help with messaging and communication.

Many companies are developing expertise in training to close the gap—partnering with local universities to develop specific curriculum, or developing their own in-house 'universities' or certification programs. Other companies are expanding their partner networks to minimize exposure in fluctuating markets.

Whatever avenue you choose, it is important to step back and realize the implicit opportunities in these challenges. There is untapped potential available for all organizations, and the companies that act decisively will realize this potential. The advantages for a company that proactively taps existing and potential labor markets will be expressed in lower labor costs, strong retention and workforce productivity. There are many options to consider in both mature markets such as the US and Europe, and in the emerging markets. Finally, many companies are beginning to think in terms of a true global workforce with the inherent understanding that economies, costs and needs are sure to shift. Their model must be used by the company and have the flexibility to shift with these changes. As you go about your 'day job', begin to challenge yourself. Are you thinking about changing your labor model to entice future retirees to spend a portion of their time at your company? Have you given every opportunity to valuable resources such as part-time mothers and virtual workers? Have you created an alternative career path to 'up or out'? Who and where is the workforce of tomorrow? What is your need and responsibility when it comes to education and development? Exploring the answers to these questions today may prove to be the lifeblood of your company tomorrow.

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