

The Talent Gap – Is it Reality or Fiction?

Philip C. Wilson and Bill Greenhalgh

A simple Google search on the words “talent management” reveals almost 17 million hits, and if we look at studies in all countries over the last decade, every time CHRO’s & CEO’s are surveyed, two of the top three challenges they say they face are lack of talent and a shortage of leadership. It isn’t clear whether these two are linked (i.e. is talented leadership scarce; or is it that both leadership **and** specific talents at all organizational levels are in short supply.)

Whatever the answer, it does appear to be a universal and long-standing issue. One would think that if it is so important and companies have been working on it for decades, they would have found a solution by now.

This raises the question, with all this information and such a multiplicity of studies, why has it not been fixed? Thus we address the question **“Is the talent gap reality or fiction?”**

In a previous articles,¹ we described a Human Resources Framework encapsulating the five knowledge competencies which we believe are requisite elements for CHRO success:

1. Strategic Business Planning and HR Alignment
2. Talent Acquisition Allocation and Management
3. People Management
4. Compensation, Rewards and Recognition
5. Employee and Leadership Professional Development

In our most recent article, [Making of the Super CHRO](#), we discussed how HR must align people strategies with the overall corporate mission. In this article, we cover the only sustainable factor that differentiates successful organizations from those that don't make it – finding, developing and keeping talent.

The fact that it continues to be a problem means that either it isn’t as important as surveys say; or it **is** important but no one has the answer. This conundrum is a tough nut to crack.

There seem to be four overarching factors that make the issue a real challenge:

1. Baby Boomers came along at a time of economic expansion in the 1970’s. They were developed and trained by companies because there was a real need to fill positions in a rapidly expanding economy. Either what was needed for these roles was clear or it was a case of slotting in the nearest person. These professionals ascended into middle management jobs early in their careers and were promoted into senior jobs while

¹ Wilson, P.C. (2016). Aligning HR Strategies to Create Business Success: Lessons Learned Over 30 Years. Retrieved April 11, 2018, from <http://irc.queensu.ca/articles/aligning-hr-strategies-create-business-success>;
Wilson, P.C. & Greenhalgh, B. (2017). Making of the Super CHRO. Retrieved April 11, 2018, from <http://irc.queensu.ca/articles/making-super-chro>.

relatively young. They learned on the job and their organizations invested heavily in management “101” and leadership training. They have filled those roles for the last two decades creating a “*silver ceiling*” that froze out the next generation both from the senior jobs and career development opportunities for the top roles. As a result, over the last decade or so, professional development and leadership training has been cut back and this we believe has created a vacuum in the leadership talent pool.

2. Boomer generation numbers were very much larger than Gen X, so demographics meant that there were just not enough of the next generation to fill the positions now being vacated through retirement. These demographics required new strategies to retain legacy knowledge and transfer intellectual capital, but in most organizations, this did not happen. To some extent, this was driven by the cut backs during the recession in 2008, a time when a new generation of leaders needed to be developed.
3. Third, business dynamics are changing and organizations and education systems have not kept pace. The programs being studied at colleges and universities today have changed little in decades. The STEM programs that equip people with the essential technical skills still represent only 20% of the total programs being studied.² Arts and humanities continue to make up the majority, and while these provide a broad education, they do not prepare people for the work in demand today or likely needed in the future. Further while females today make up close to half the workforce in developed countries, they are significantly underrepresented in leadership positions.³ Less than 5% of the largest US companies have a female CEO, fewer than 25% of senior managers are women.⁴ And in technical programs, such as engineering, they make up less than one quarter of today’s graduates.⁵
4. Finally, there is a genuine shortage of skilled people at the entry level and for some companies, this is often a mission critical problem. The best are snapped up by entrepreneurial, fast-growing, software companies with promises of share options

² Statistics Canada. Trends in University Graduation, 1992 to 2007. Retrieved April 30, 2018, from <http://www.statcan.gc.ca/pub/81-004-x/2009005/article/11050-eng.htm>; Statistics Canada. Standard for the Classification of Instructional programs. CANSIM table 477-0019. Retrieved April 30, 2018, from <http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=4770019>.

³ Medland, D. (2016, March 7). Today's Gender Reality In Statistics, Or Making Leadership Attractive To Women. Retrieved April 30, 2018, from <https://www.forbes.com/sites/dinamedland/2016/03/07/todays-gender-reality-in-statistics-or-making-leadership-attractive-to-women/#4760ce0b6883>.

⁴ Fortune Editors. (2017, June 7) These Are the Women CEOs Leading Fortune 500 Companies. Retrieved April 30, 2018 from <http://fortune.com/2017/06/07/fortune-500-women-ceos/>.

⁵ Crawford, M. (2012). Engineering Still Needs More Women. Retrieved April 30, 2018, from <https://www.asme.org/career-education/articles/undergraduate-students/engineering-still-needs-more-women>; Natural Sciences Sector. (2017). Women still a minority in engineering and computer science. Retrieved April 30, 2018, from http://www.unesco.org/new/en/media-services/single-view/news/women_still_a_minority_in_engineering_and_computer_science/

and wealth making it impossible for lesser known organizations to compete for the scarce talent left.

One of the “solutions” to the talent issue that companies talk about is how they have adapted and brought their hiring and search processes into the 21st century through the use of social media. To some extent, this is the equivalent of automating a buggy whip. It doesn’t change the need for a horse, cart and a driver to say giddy-up.

The modifications they have made don’t increase or change the potential talent pool. They follow the same process - writing up a job descriptions; hunting for people; identifying “suspects” and “prospects”; using some kind of selection tool to identify the people that might best fit their needs; psychometric assessment testing; followed by a series of interviews; and then a job offer.

In reality, the only change is in how candidates are found.

Instead of advertising the positions, using a search firm’s data bank or cold calling likely candidates, recruiters now go to LinkedIn, Facebook, Glassdoor or other social media job sites. The rest of the process is pretty much identical to the old one. It still misses those people who are not active on social media as well as those not currently looking to move. Some companies do use better selections tools (e.g. AI based programs that assess cultural fit) but they are in a minority, and even those that do are still left fighting for a share of the dwindling talent pool.

If your competitive advantage depends on your people, then just doing what others do (also known as “best practices”) is not the answer. At best you will end up with what your competitors do today, but by then, they will have moved on. McKinsey research⁶ shows that top talent in organizations adds a huge “productivity kicker” over average talent, so replicating what others do is not enough. You need to be significantly better than your competitors in the talent acquisition and management domains.

So what to do?

1. The starting point has to be a clinical analysis of the organization’s real talent requirements - the skill sets that they need; which are critical; who is leaving; an audit of current talent etc. Part of this must be an assessment of which jobs are open to some degree of automation. This changes the job descriptions and immediately

⁶ Keller, S. & Meany, M. (2017). Attracting and retaining the right talent. Retrieved April 30, 2018, from: <https://www.mckinsey.com/business-functions/organization/our-insights/attracting-and-retaining-the-right-talent>

expands the potential talent pool - it's no longer based only on human talent sourcing but the integration of human capability with artificial intelligence. That helps create the agile organization necessary for rapid response to today's evolving circumstances.

2. HR professionals need to commit the organization to a program of lifelong learning. Skill sets today have a shelf life of maybe 2 - 4 years, particularly in the technical arena, so ongoing training and development has to be a core capability of any organization that wants to be successful. Constant investment is required for sustainable learning and career advancement. We need to learn from the long term impact of the short term decisions to cut back on people development budgets of ten years ago.
3. Organizations should make sure that they keep the people that they already have. Succession plans are critical and development within is cheaper than hiring from outside. Often, organizations fully know the "weaknesses" of existing staff but in interviews, only hear about the "strengths" of external hires. The wrong hire can cost hundreds of thousands (if not millions) of dollars but with the right kind of development, the talent that currently exists within organizations can be great source of talent for the future.
4. Finally organizations have to make sure that they have a top quality employment brand. They invest huge amounts of money in their company or product brand, but if they want to be a destination company for talent, it is vital that their brand as an employer gets equal treatment by investing in it. And this comes not necessarily from glossy ads in the media but from the messages disseminated by employees. How to do that? Actions such as ongoing regular engagement surveys to find issues; a commitment to fix them; staff engaged in the solutions; having a clear corporate culture that everyone understands, respects and lives by; ensuring that everyone knows not just what they need to do in their job or how to do it, but why and how their role fits with the mission of the organization; clear goals; and frequent feedback on performance. To cement all of this, there must be a clear tone from the top that these are mission critical.

We were very fortunate in our careers to have worked for some great organizations that paid a lot of attention to talent development. For example, in the 80's and early 90's we were both at Bell Northern Research/Nortel when they were among the top destination organizations for technical and business professionals – the Apple, Facebook and Google of their time. They had the foresight to invest significant time and dollars hiring, developing and promoting from within. For most of that time when they were at their peak, it was very rare that anyone at a senior level came from outside. That protected the culture of "we do what we say we will do" whatever the circumstances. GE have been successful for a hundred years with the same approach and philosophy.

From our perspective, Human Resources as a function has not been pressed to innovate as much as operational groups but today, they have no choice but to adopt more advanced and agile practices. There is no alternative. Old practices need to be discarded and talent practices must be adapted to drive true value throughout the organization. Organizations must proactively identify and develop internal and external talent with exceptional technical and business prowess. This differentiating factor is proven to equate to business success in the long run.

Finding and keeping talent is mission critical that must be on all executive's radars.

About the Authors



Philip C. Wilson, CHRE, ICD.D gained over thirty years of progressively responsible experience in business and the HR field. He is currently Director Corporate Services (formerly the Chief Human Resources Officer) for DST Consulting Engineers Inc. where he is responsible for the quality and depth of talent that differentiate DST in the marketplace, while supporting their ability to deliver on strategic goals. At Felix Global Corp., he provided board governance consulting, coached executives and facilitated business strategic planning. He provided global leadership as Vice President H.R. at Corel Corp. As Senior Vice President H.R. at CIBC Phil led a global, multi-functional team of professionals responsible for CIBC's executive leadership and training programs, organizational development, executive resourcing, global recruitment strategies, and business process outsourcing. Philip received the Queen's University IRC Award for Lifetime Achievement in the Human Resources Industry at the 2015 HR Awards.



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