



FUTURE OF WORK
THE GLOBAL
TALENT
CRUNCH
LEADERS'
PERSPECTIVE:
AUSTRALIA



Introduction

Australia, welcome to the Global Talent Crunch. The world is teetering on the brink of an impending skilled labor shortage, set to hit developed and developing economies alike. For Australia, it's a challenge of epic proportions, and one that could constrain the country's economic growth by 25% at 2030. Globally, at 2030, Korn Ferry research forecasts talent shortages of 85.2 million skilled workers, resulting in US\$8.452 trillion in unrealized revenue across twenty of the world's major economies¹. As early as 2020, the skilled worker deficit could hit 20.3 million people.

C-suites are conscious of the challenge posed by the talent crunch: 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 their workforce². Yet the true magnitude of the problem remains opaque. Although many reported that talent shortages were starting to impact their business now, they told us they see these challenges as cyclical rather than chronic: while 66% of executives predict a highly skilled talent shortage by 2020, only 52% believe there will still be a deficit at 2030, let alone endemic global shortages.

How could the talent crunch disrupt the plans of organizations worldwide? How can business mitigate this new challenge to their strategies? And, at the local level, what action should leaders take that will allow them to succeed despite an increasingly talent-constrained environment?

In this supplementary report, Korn Ferry examines leaders' attitudes to talent, risk, and value creation in the future of work, to discover how well-prepared leaders are to mitigate the impact of the talent crunch in Australia.

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

² Korn Ferry (2018) *The Talent Shift*



The Financial Imperative

Australia is predicted to experience skilled talent shortages as soon as 2020, when our forecasts anticipate a deficit of 739,000 highly skilled workers. By 2030 this deficit will rise to 2.2 million highly skilled workers³.

For Australia, the unrealized revenue due to talent shortages could reach US\$162.35 billion by 2020, climbing to US\$587.56 billion by 2030. In terms of GDP, US\$587.56 billion represents 25% of Australia's economy⁴ at 2030.

Exacerbating this constrained economic growth, Australian organizations could find themselves subject to an average pay premium of US\$28,600 per highly skilled worker at 2030⁵. The pay premium refers to the amount extra an organization will have to pay (on top of inflation) to attract and retain scarce talent in an employees' market.

To give an idea of the scale of this cost in the future of work, the total additional cost for highly skilled talent in Australia at 2030 will be an extra US\$141.28 billion⁶. More immediately, at 2020, wage bills could surge by an additional US\$141.28 billion on top of inflation⁷.

Leaders are already clear that reduced talent supply may escalate their bottom-line costs. Forty-five per cent of leaders in Australia said that they would pay a salary premium as a top priority to attract critical highly skilled workers.

³ Korn Ferry (2018) *The Global Talent Crunch: Country Perspective, Australia*

⁴ Korn Ferry (2018) *The Global Talent Crunch: Country Perspective, Australia*

⁵ Korn Ferry (2018), *The Salary Surge*.

⁶ Korn Ferry (2018), *The Salary Surge*.

⁷ Korn Ferry (2018), *The Salary Surge*.





Talent blind spots may derail leaders' plans

Leaders in Australia have ambitious plans to grow their revenue in the near and long term: 79% of leaders said they plan to grow an average of 34% by 2020 increasing to 50% by 2030.

They have similarly aggressive plans to grow headcount over the same time period: 79% of organizations intend to increase headcount 38% by 2020 to 53% by 2030.

However, 54% of Australia's C-suite believe their organizations are safe from the talent crunch, predicting there will either be enough or even surplus skilled talent in Australia's labor market at 2030

This attitude appears to reflect leaders' belief that technology will come to dominate the workplace, at the expense of skilled talent—nearly three-quarters said they think technology will surpass people as their greatest value creator by 2030. Further, two-thirds of companies ranked technology as a top priority when developing and executing their company's business strategy, and a fifth said that technology would overtake people as their organization's greatest value creator even earlier, by 2025. But the majority of leaders do not see the future as a simple battle of human versus machine: 85% also said their companies will need more highly skilled workers as a proportion of the workforce of the future, with 78% agreeing that technology itself will create the need for more highly skilled jobs—jobs which currently they will struggle to fill.

Historically, ever-more sophisticated technology has created more demand for highly skilled workers than it has consumed. This trend is likely to continue. 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*

A workforce fit for the future

Looking at skilled talent more granularly, Australian organizations are predicting that digital skills will be highly relevant to their success. The top five roles Australia's leaders view as critical are:

- Information security
- Digital marketing
- Digital product development
- Digital transformation
- Digital sales

However, leaders admit that although they can anticipate which roles will be most impactful in the future of work, they struggle to plan their talent pipeline in the long term. Sixty-nine per cent of leaders in Australia find it easier to create action plans around technology and other tangible assets, citing pressure from shareholders for quick returns and short leadership tenures as limiting factors. While many leaders in Australia have a formal forecast in place for their skilled talent needs, only 5% have a forecast that stretches to 2030.

Globally, 51% of leaders say they haven't faced a significant talent shortage before, meaning there's likely a dearth of leaders with practical knowledge in dealing with a crisis in this area.

Australia's C-suite say they would mitigate talent shortages by implementing mass retraining throughout their workforce; paying a salary premium to attract skilled talent; adopting technology faster; hiring high cost contingent workers, and, allocating roles to people who were not ready for them in their attempts to fill gaps.





Can Australia find the talent it needs overseas?

Top executives are already sourced internationally, especially by “tiger economies” such as Singapore and Hong Kong. As skilled talent will soon be in short supply globally, companies are likely to consider casting the net farther afield at the professional level.

But worldwide, many organizations 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. However, according to the data from *The Global Talent Crunch*, India is the only country predicted to have a surplus of highly skilled workers at 2030⁸, and companies overseas will be fighting hard to retain the talent they do have. Even with advances in technology enabling people to work together across borders, planning to import talent or set up new operations where the talent supply is more plentiful will not be a feasible option.

⁸ Korn Ferry (2018) *The Global Talent Crunch*

Cracking the talent crunch

There is an opportunity for forward-thinking leaders to steal a march on their competitors by securing the highly-skilled talent they already have and assessing and upskilling their mid-skilled talent to step into more complex roles.

Leaders that prioritize building a highly-skilled talent pipeline will shield their organizations from the worst effects of the talent crunch, which include constrained growth, paying a premium for mission-critical talent, and fighting with competitors in the same shallow pool. On an employer level, leaders should focus on what makes their organization uniquely attractive to employees, both in terms of the company's core purpose, and all the rewards they can offer people—not just monetary.

With so little certainty in the future of work, but so much pressure to deliver short-term returns, it's understandable that many organizations intend to forge ahead without rock solid plans for mitigating the talent risk—but their competitors and shareholders are unlikely to be so forgiving. While the rapidly shifting business environment means markets are difficult to predict, leaders can position their organizations for success through proactively tackling the common challenges that we know will exist—the need to reskill lower ranking employees and improve their organizational agility. Being alert and responsive to market changes as they arise and aggressive scenario planning are not just sensible but necessary steps for businesses to survive in the future of work. This agility should prioritize the retraining and redeployment of vast swaths of the workforce, both now and perpetually as markets evolve, so companies not only can avoid mass layoffs as lower-skilled tasks become automated but also create their own highly skilled talent pipelines. 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.





The talent landscape has changed. Yet many organisations continue to recruit and develop their talent as they always have. They are failing to tap into pools of talent already available in their organisations. It's time they challenge the status quo and broaden their definition of talent. They need a talent strategy fit for today and processes to discover employees with the potential to succeed if given the chance and are developed in the right way.

Andrew Lafontaine,
Strategy Execution &
Digital Solutions, Korn
Ferry Australia



To find out more about the talent crunch and how to mitigate it in Australia, contact Andrew Lafontaine, Strategy Execution & Digital Solutions, Korn Ferry Australia.

Email: andrew.lafontaine@kornferry.com
Call: +61 (3) 9667 2619

References

1. Korn Ferry (2018) *The Global Talent Crunch*
<https://www.kornferry.com/future-of-work>
2. Korn Ferry (2018) *The Salary Surge*
<https://futureofwork.kornferry.com/the-salary-surge/>
3. Korn Ferry (2018) *The Global Talent Crunch: Country Perspective – Australia*
<https://futureofwork.kornferry.com/country-reports/>
4. Korn Ferry (2018) *The Global Talent Crunch: Country Perspective – Australia*
<https://futureofwork.kornferry.com/country-reports/>
5. Korn Ferry (2018), *The Salary Surge*
<https://futureofwork.kornferry.com/the-salary-surge/>
6. Korn Ferry (2018), *The Salary Surge*
<https://futureofwork.kornferry.com/the-salary-surge/>
7. Korn Ferry (2018), *The Salary Surge*
<https://futureofwork.kornferry.com/the-salary-surge/>
8. Korn Ferry (2018) *The Global Talent Crunch*
<https://www.kornferry.com/future-of-work>

Methodology

These findings are based on a survey of 1,550 business leaders (C-Level and C-Level minus one) in multimillion-dollar organizations and from 19 countries across the following regions: Americas, EMEA, and Asia Pacific.

To get the global perspective and find out more about how this research was conducted, [please take a look at the full report methodology.](#)



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.