Building the Organization of the Future

Match skills to tasks, not people to jobs

People and HR Advisory

October 2024

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Introduction

The pandemic has caused shockwaves, including talent disruption, inflation, skill shortages and global tension. As organizations across the globe realize the daunting challenges and demand of having an agile and efficient workforce, it's imperative for them to revisit how their workforce drivers, performance management and talent development is exercised.

Workforce disruptions risk creating a downward spiral, says one of our KPMG director, Sandeep Mota. He further says, "If you don't have the people to deliver on existing orders, you lose business. And once there's a loss of business, the employee value proposition also changes. Employees no longer want to join or stay, resulting in further loss of business."

According to Gartner[1] (2024) research, organizations' current talent management efforts inhibit optimal employee and organizational performance.

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Forward-thinking organizations need to create environments that embrace and unlock the potential of the whole employee.
- Linda Jing fang Cai
Global Head of Learning and Talent Development, LinkedIn

Uncertainty about skills needs and assets – Only 8% of organizations have reliable data on the skills the workforce currently possess and those have the greatest impact on business success

Employees and managers impede mobility – Fewer than 20% of organizations move talent effectively to fill skill gaps
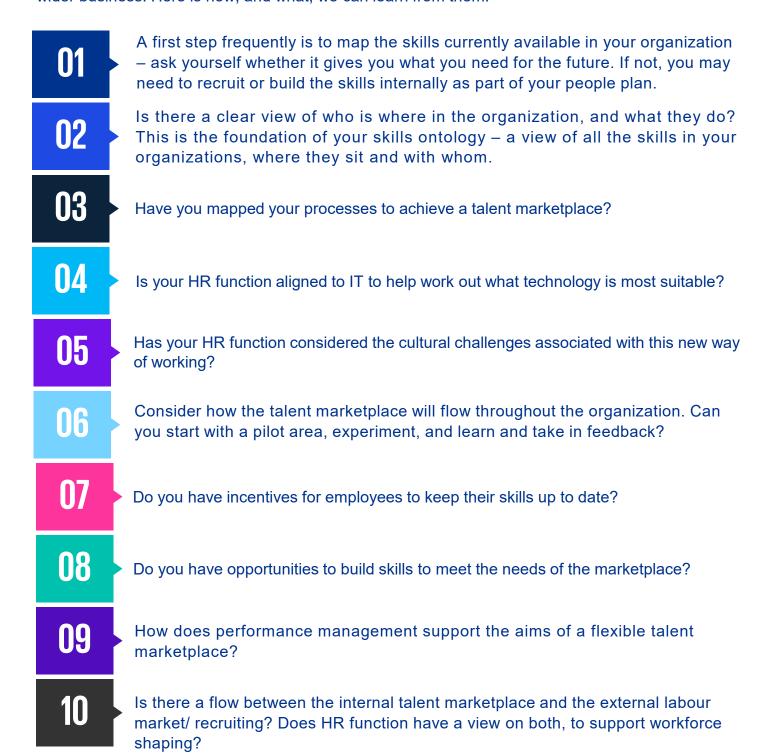
Difficulty balancing current and future skills needs – just 23% of organizations effectively develop skills of the future.

[1] Gartner: HR leaders discussing the evolution of talent management, September 18, 2024

What can we learn from our Pathfinders?

Pathfinders were first identified in our 2020 research[2], in which we found around 10 percent of organizations leading their peers on adding strategic value; and integrating the HR function into the wider business. Here is how, and what, we can learn from them.

01 A first step frequently is to map the skills currently available in your organization – ask yourself whether it gives you what you need for the future. If not, you may need to recruit or build the skills internally as part of your people plan.

02 Is there a clear view of who is where in the organization, and what they do? This is the foundation of your skills ontology – a view of all the skills in your organizations, where they sit and with whom.

03 Have you mapped your processes to achieve a talent marketplace?

04 Is your HR function aligned to IT to help work out what technology is most suitable?

05 Has your HR function considered the cultural challenges associated with this new way of working?

06 Consider how the talent marketplace will flow throughout the organization. Can you start with a pilot area, experiment, and learn and take in feedback?

07 Do you have incentives for employees to keep their skills up to date?

08 Do you have opportunities to build skills to meet the needs of the marketplace?

09 How does performance management support the aims of a flexible talent marketplace?

10 Is there a flow between the internal talent marketplace and the external labour market/ recruiting? Does HR function have a view on both, to support workforce shaping?

[2] The Future of HR: From flux to flow, 11/2022, KPMG

Six Steps to Success

Build an evidence based, and data led Workforce Shaping capability

Develop a 'futures and foresight' discipline focused on the workforce; look at the skills you have in the organization today and what you need in the future. Build a range of scenarios as there won't be one right answer! Identify the "no regrets bets." Consider the methods to close the gaps, using an optimal mix of the 6 Bs. But beware, Workforce Shaping is not a once and done activity. We don't see the labor market stabilizing for the foreseeable future.

Consider other sources for those skills

Within the organization? From upskilling? Externally? Or from a third party? Remember to thoroughly test which skills are essential and which can be trained up once the person is employed.

Decide what changes you need to make to your Organization Design

In terms of process, how roles are described, technology, service delivery model, information and governance.

Design a marketplace

Where all the skills are searchable and visible, and decision-makers can use them in resourcing decisions to support an agile project management approach.

Develop your learning strategy

To bridge the gap between employees in roles with skills on the decline, and those in-demand in the marketplace. If square pegs are needed, think about what you need to do with your current round pegs to make them squarer.

Guide Recruitment Managers

To look beyond the immediate need for an employee to perform a task and focus on broader skills and competencies.

Empowering Talent Insights

Future-proofing an organization needs effective ways to capture data and information across the talent ecosystem that will empower business leaders to test and validate hypotheses. Organizations need to create a talent pipeline through competency frameworks and transform talent agendas. Following are the range of compelling advantages:

Restructure with purpose

The right operating model paired with the right leadership and the right talent can have a material impact on your bottom line. With today's current economic uncertainty, it's important for organizations to determine the best structure and the employee skill requirements to drive business objectives.

Enable Leadership Effectiveness

Your business requires leaders to possess specific competencies and the ability to work within your unique culture. Leveraging skills-first approach , organizations can identify potential talent to support business challenges with the right tools to build future leaders– succession planning, leadership development programs, and apprenticeship models.

Maximize Employee Performance

Employees work best when they know what they are accountable for and how they fit within the larger picture. Transparent and equitable talent frameworks empower the kind of career development solutions that can make that happen. Organizations need to redefine the unique employee brand that will help them recruit top talent. This will also assist in building career architectures that enable businesses to retain, engage, and grow that top talent.

Upskill your top talent

Financial entities share cyber threat information to bolster digital operational resilience, within trusted communities and in compliance with relevant laws, aiming for mutual protection.

Embrace digitalization

Automation transcends job types, creating the opportunity to re-imagine roles, jobs, and career paths which helps in deconstructing jobs into core skills and architect career paths of the future that increase employee productivity and engagement.

The Skills-first journey

Adopting a skills-based philosophy can be described as a journey, where organizations move through different stages of maturity in implementing a skills-based approach.

Stage	Key actions
1 **Awareness and commitment** Organizations at this stage recognize the value and importance of a skills-based philosophy. Leadership begins to commit to transitioning towards skills-focused strategies, but concrete actions and systemic changes are still in the early planning stages.	Identifying champions within the organization to drive the skills-first agenda, conducting an initial assessment of the current talent strategy's gaps, and setting a vision for integrating skills into hiring, development, and deployment practices.
2 **Pilot and experimentation** The organization starts small-scale pilots or experiments with skills-based hiring, learning, and development practices in specific departments or roles. Initial frameworks or tools for identifying and assessing skills are introduced.	Implementing pilot projects, gathering data and feedback, training managers and HR teams on skills-based approaches, and beginning to establish a common skills language or taxonomy.
3 **Integration and expansion** Based on the successes and learnings from pilot projects, the organization begins to integrate skills-based practices more broadly. This involves aligning learning and development, hiring, and workforce planning processes with the skills-first philosophy.	Expanding the use of skills frameworks across the organization, integrating skills into performance management systems, and leveraging technology to support skills tracking and development.
4 **Optimization and alignment** At this stage, skills-based practices are well-integrated into the organization's operations. The focus shifts to optimizing these practices for efficiency and alignment with business objectives. Advanced analytics are used to forecast skills needs and guide strategic workforce planning.	Refining skills assessment tools and methodologies, using data analytics for predictive planning, aligning skills development with future business needs, and ensuring equitable access to learning and growth opportunities.
5 **Talent ecosystem transformation** The organization has fully adopted a skills-first culture where skills are the primary currency for talent management. The focus extends beyond the organization to influence the broader ecosystem, including suppliers, partners, and the industry.	Advocating for skills-based practices in industry groups and with educational institutions, contributing to public policy discussions on workforce development, continuously innovating on skills development and recognition, and sharing leading practices within the broader ecosystem.

Progressing through these levels requires sustained commitment, strategic planning, and the willingness to learn and adapt. Organizations that reach the higher levels of the maturity model are likely to experience significant benefits, including improved talent mobility, greater workforce agility, and enhanced capacity for innovation.

Contact Us

Rana Nadeem, Partner
People & HR Advisory

+92 300 3527 170
rananadeem@kpmg.com

Shariq Latif, Assistant Manager
People & HR Advisory

+92 3182329 295
mshariq2@kpmg.com

home.kpmg/pk