



CXO FOCUS

# IS THE SKILLS SHORTAGE COMING TO AN END?

WHETHER THERE IS MORE TALENT AVAILABLE OR NOT,  
CXOS ARE PART OF THE TALENT SOLUTION

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## As the impact of global inflation and conflict in Europe begin to take hold, are there signs that the skills shortage may be coming to an end?



CXOs face a confusing landscape of claims and counter-claims about the state of the global technology talent market; however, as business technology leaders reveal, no matter the outlook, there is much a CXO can do to protect their organization.

In the wake of the Covid-19 pandemic, organizations struggled with skills and labor shortages. These shortages impacted all ends of the workforce, from unskilled to highly skilled, and the impact was felt acutely in technology. The pandemic triggered a major acceleration of digital transformation as knowledge work moved from the office to the home. Society as a whole was forced - and largely liked - to adopt online commerce for their retail, financial services, and entertainment.

As a result, organizations in these vertical markets began major digital transformation programs to meet the needs of their customers and to continue the digital methods they adopted to cope with the pandemic.

As more and more companies powered up digital transformation programs, so the opportunities for technologists increased, making holding onto them more difficult for CXOs. "The Great Attrition is already being felt in many companies as tech talent streams out the door to pursue better opportunities," found business advisory firm McKinsey (<https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/tech-talent-tectonics-ten-new-realities-for-finding-keeping-and-developing-talent>). "Being able to work remotely has made it even easier for people to leave since geography is less of a barrier to poaching talent."



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## An end to shortages?

**J**ob opportunities postings declined in the second quarter of 2022, according to analysis firm GlobalData, and closures of open roles increased by nine percent from the previous quarter, the same analysis found. GlobalData finds that technology roles in particular, are now being closed at a greater rate than in previous quarters, with jobs in data and digital media closing more frequently in the second quarter of 2022 than they did in 2021. “There was a slowdown in global hiring activity in Q2 2022 as companies considered hiring freezes and layoffs,” says Sherla Sriprada, Business Fundamentals Analyst at GlobalData. Sriprada highlights digital natives Airbnb laying off 60 employees as well as a range of roles being culled by pharmaceutical firm Novartis and fast-moving consumer goods (FMCG) firm Pepsico.

Airbnb is not alone as a “young” digital firm having to trim its workforce. Cazoo, an online automotive retailer in the UK, has cut its workforce by 15%, and convenience delivery firms Getir and Gorillas have cut

their workforce by 14% and 300, respectively. Fintech firms Klarna and Curve are reducing their workforce by 10% and 60/70 people in Stockholm and London, respectively, and online events platform Hopin has made 242 people redundant. This is all largely the result of tech stocks struggling on the markets as investors fear a global recession.

However, major technology companies may be providing a safe haven for technologists; GlobalData reports that systems integrator Wipro and mobile infrastructure technology provider Ericsson were the top recruiters for closing roles in Q2 of 2022.

A straw poll of business technology leaders by CXO Focus reveals that chief information officers (CIO) place talent retention and attraction as their number one concern. A health sector CIO said public sector pay banding was exacerbating the challenge, whilst CIOs in hospitality, financial services, and technology said finding talent and then getting the organization to pay the requested salary was causing them a headache.



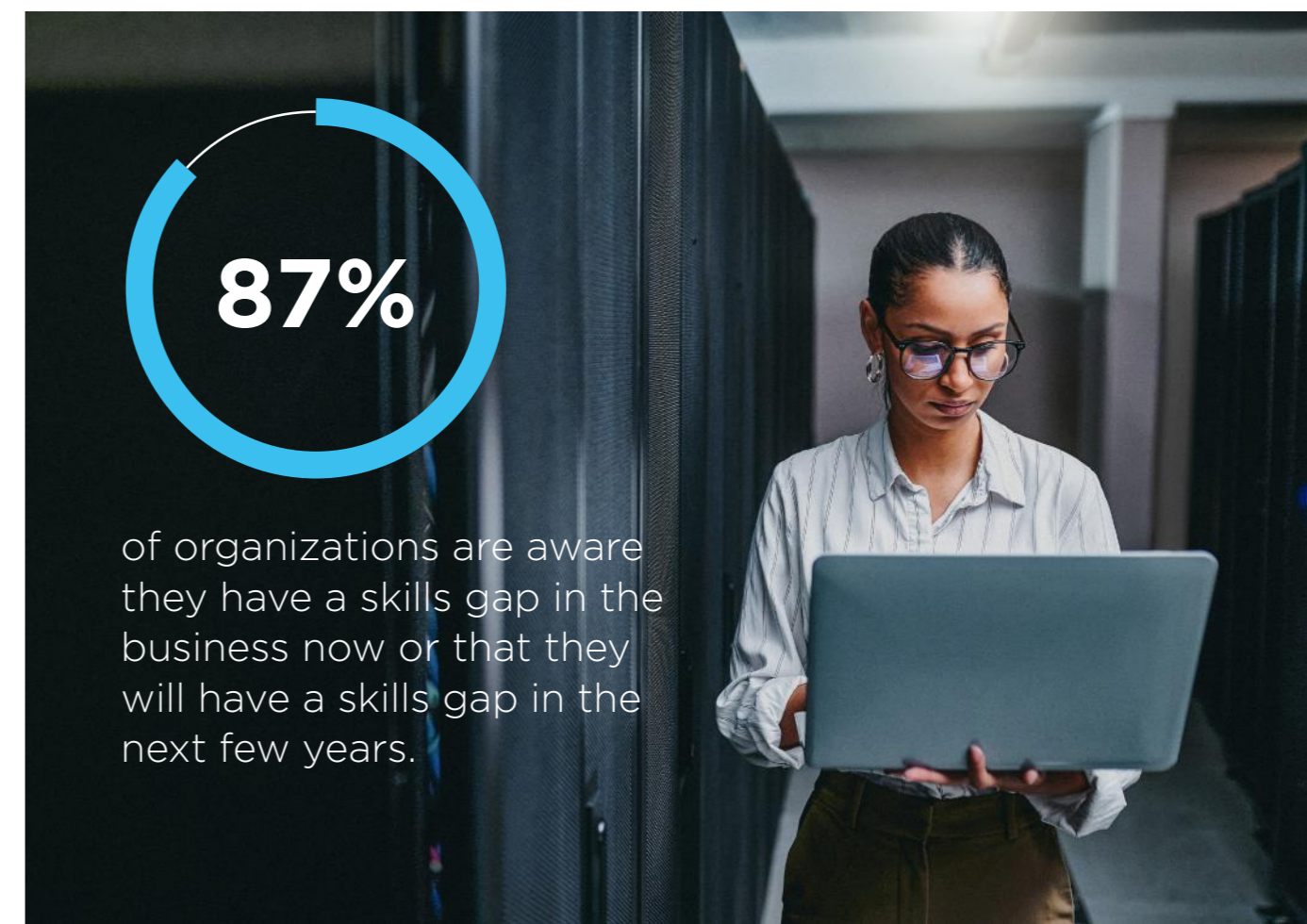
CIOs in financial and professional services believe the job cuts in the startup economy may benefit their recruitment plans. However, worrying as recessions are, economists write that recessions are more frequent and faster to end, all because of digital transformation.

Longer term, CXOs face a skills challenge. Business advisory group McKinsey reports that 87% of organizations are aware they have a skills gap in the business now or that they will have a skills gap in the next few years (<https://www.mckinsey.com/featured-insights/coronavirus-leading-through-the-crisis/charting-the-path-to-the-next-normal/mind-the-skills-gap>).

International recruitment firm Korn Ferry says this challenge will exist for CXOs until at least 2030. In a major study, Korn Ferry finds that by 2030 there will be a global talent shortage of 85 million people, which is the same population as Germany, one of the most important countries in the world

economy. “Left unchecked, in 2030, that talent shortage could result in about \$8.5 trillion in unrealized annual revenues,” Korn Ferry says in its Future of Work research. “Governments and organizations must make talent strategy a key priority and take steps now to educate, train, and upskill their existing workforces,” says Yannick Binvel, president of Korn Ferry’s Global Industrial Markets practice.

The sectors that will feel the impact of this decline in available talent include financial services, technology, media, telecoms, manufacturing, and professional services. “Much of the shortage is based on simple demography. Japan and many European nations, for instance, have had low birth rates for decades. In the United States, the majority of baby boomers will have moved out of the workforce by 2030, but younger generations will not have had the time or training to take many of the high-skilled jobs left behind,” the research states.



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## What must a CXO do

As leaders, CXOs are placed to be at the heart of the solution, though. “Many leaders haven’t learned how to adapt to the change that has happened in the marketplace for talent,” says Ian Cohen, Chief Product and Information Officer for Acacium Group, which provides recruitment to the health sector. “There was a time when you waved a job spec out towards the ether, and talent flowed to you. That’s not the way life works now. Some still believe in a world of recruit and retain, as if their company was some kind of inherent talent magnet. Well, that’s becoming a thing of the past..”

Cohen has led digital transformations in financial services, transportation, and the media and says he and his peers must behave very differently. “It’s a sad reality, but the majority of talent that is out there don’t want to work for you, and the ones that do have a new set of requirements; they want to know

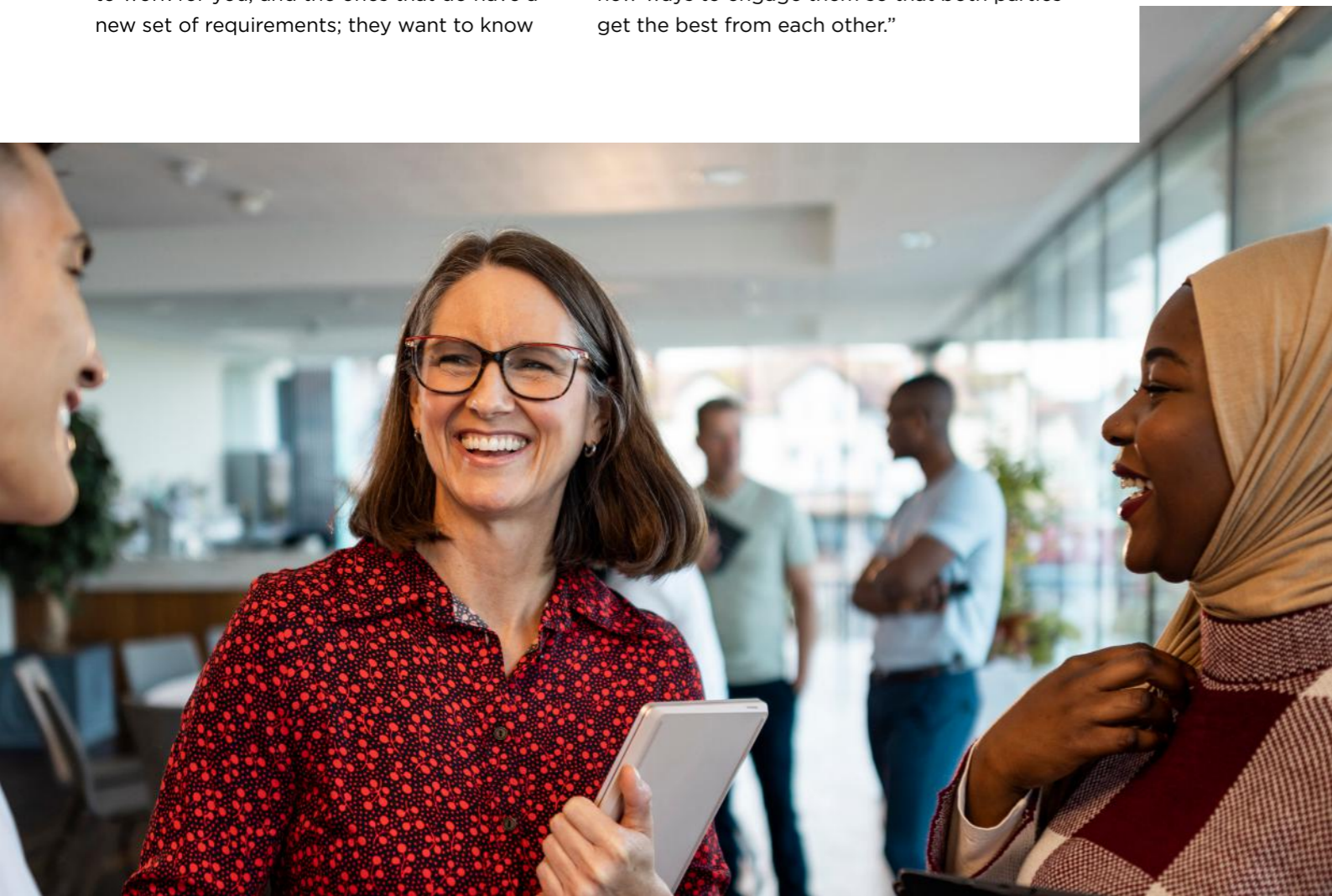
about your social responsibility approach, your stance on diversity and inclusion, what work-life looks like. They are asking the question, why should they come and work with YOU.”

Christina Scott, CIO with UK energy firm OVO, agrees with Cohen and she has begun changing the recruitment processes: “We looked at the end-to-end journey from the words in an advertisement or job specification, how we communicated and even how we turned somebody down or how day one was for a joiner. From this, we made sure that every touchpoint was as good an experience as possible.”

Cohen adds: “You have to develop new tactics, strategies, and behaviors. Part of our job as technology leaders is to tell those amazing stories about our businesses that attract talent to our purpose, but then we also have to find new ways to engage them so that both parties get the best from each other.”



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Scott, who has been CIO for Rupert Murdoch’s media empire as well as the Financial Times, says CXOs should not be overly surprised by the challenge: “Access to skills has been a challenge for a number of years, and I think it is part of the job as a CIO to offer a fulfilling career. It is absolutely critical for the company and, in fact, the country, without wishing to sound too lofty, to have good technology talent. When we get into a position where we can make a difference, then we should do it.”

In Switzerland, Darren Coomer, Group CIO for iptiQ a Swiss Re business in the insurance sector, says CXOs need to be actively

supporting training opportunities for young technologists: “We are paying the penalty for not investing in junior talent years ago. I need premium talent to drive our global change agenda right now.”

Despite the skills shortages, CXOs are well placed to deal with the challenge. The pandemic enabled online training organizations to flourish. Executive boards also now fully understand the power and possibilities of enterprise cloud computing and automation. It is perhaps too early to claim that the skills shortage is coming to an end, however, the opportunities to change the organization and its skills base remain strong.



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