

# Demographic change

The war for talent rages on



The nature of leadership will have to change dramatically if organizations are to harness the benefits and counter the negative effects of the six megatrends identified by Hay Group as likely to have the greatest effect on organizations and their leaders over the coming decade. Here we examine the organizational and leadership implications of one of these megatrends, demographic change >>

The world population is growing and ageing, but there are demographic imbalances. In the industrial countries of the West and China, for instance, life expectancy is rising but populations are stagnating or declining, whereas populations in developing countries are booming. Industrial countries will suffer skills shortages and pressure on the welfare system, and migration will increase – not just from the more to the least

populous countries, but also as a result of armed conflicts, disasters and environmental problems. However, the ‘brain drain’ will increasingly turn into a ‘brain cycle’ as growing numbers of migrants return home and use their new skills to accelerate local development. But talent will continue to be at a premium and retaining employees with key skills will be a challenge.

## Organizational implications

So for organizations the 'war for talent' will continue to rage, with knock-on effects on their innovation capability. They will have to compete internationally for highly skilled workers, but increasing migration means they will have an unprecedentedly diverse pool of potential employees to draw on. However, they will have to work hard to attract, integrate and develop this potential talent pool, which includes international migrants, older people and women and others with 'caring' responsibilities. This will mean introducing family-friendly and age-appropriate employment models, along with educational and development programs – not least those designed to transfer knowledge between different generations, and cultural immersion programs. Lifelong learning will become a fact of organizational life in order to build and maintain the requisite pool of talent. Organizations will also have to provide aspects of social security, particularly for employees from countries where state provision is limited.

## Leadership implications

Leaders will need to understand, lead, integrate and motivate teams of increasingly diverse employees. Fostering inter-generational and inter-cultural teamwork and collaboration is essential, as is finding ways to engender commitment and loyalty among people of different ages, from different cultures and with different values. They will also have to adapt their organizations in order to encourage more women and other 'minorities' into leadership positions, and embrace new, non-traditional leadership profiles. Ignoring women for top positions will no longer be an option, and leaders will need to establish mentoring programs to help to increase retention among women and cultural minorities. Creating extended loyalty programs involving both former employees and pensioners will help to build the kind of networks that make re-hiring easier. Today's leaders can't afford to burn any bridges.

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### About Hay Group

Hay Group is a global management consulting firm that works with leaders to transform strategy into reality. We develop talent, organize people to be more effective and motivate them to perform at their best. Our focus is on making change happen and helping people and organizations realize their potential.

We have over 3000 employees working in 87 offices in 49 countries. Our insight is supported by robust data from over 125 countries. Our clients are from the private, public and not-for-profit sectors, across every major industry.

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