

Unlocking the DNA of the Adaptable Workforce

The Global Human Capital Study 2008 Chemicals and Petroleum Edition

For chemical and petroleum executives, change is unrelenting – it's evident from every vantage point. Geographical expansion, market shifts, tougher regulations, geopolitical uncertainties and complex operating environments are intensified by a troubling shortage of much-needed skills. As executives grapple with these issues, they must examine their talent pools, and develop strategies for four proficiencies: an adaptable workforce, effective leadership, an integrated talent management model and workforce analytics.

As part of the comprehensive IBM Global Human Capital Study 2008, more than 400 senior HR executives – including 25 from chemical and petroleum (C&P) companies – were interviewed to understand how their companies are improving workforce performance.

To remain competitive on a global, increasingly flatter playing field, C&P companies are extending their reach into untapped locations, and face a serious dilemma when the skills required are not available. The need is great – and growing as skill shortages are expected to approach 15 percent by 2010.¹ C&P companies must wrestle with negative perceptions about their businesses and increasing costs to attract, develop and retain employees.

In spite of these factors, C&P enterprises have the opportunity to truly transform how they approach talent management. As our research confirmed, getting there will require companies to develop and refine four key competencies: an *adaptable workforce* to rapidly respond to changes, *effective leadership* to deliver results, an *integrated talent management model* that addresses the entire employee lifecycle, and information to deliver *strategic insights* and measure success.

Building an adaptable workforce

Our findings suggest that three key capabilities influence the workforce's ability to adapt to change: predicting future skill requirements, identifying expertise and collaboration.

- *Predicting future skill requirements:* To keep ahead of changing conditions, understanding skill needs is critical. Only 20 percent of C&P respondents said that their organizations have a *very clear* understanding of the key workforce skills required in the next three to five years.
- *Effectively identify and locate experts:* Developing a formal skills management process allows organizations to easily track the quantity and location of individuals with important capabilities or certifications. This process, coupled with the ability to implement expertise location techniques using social networking and other Web 2.0 technologies, should unlock hidden talent within the organization.
- *Collaborate across organizations:* Companies must be able to connect the right people to others within and outside the organization to access and share ideas. Still, only 8 percent of C&P executives in our study believe they have mastered this capability, with primary barriers being heavy workloads, ineffective performance measures, organizational silos and existing technologies that don't support effective collaboration – a key imperative of effective talent management.



Revealing the leadership gap – Future growth at risk

Great organizations develop leaders who deliver results while guiding employees through uncertainty. In our study, C&P companies expressed concern over shortages of leadership candidates, with more than 84 percent citing their top concern as the ability to develop future leaders.

Cracking the code for talent

Chemical and Petroleum companies face an uphill battle in attracting talent. Their industries suffer from negative images; their workforces are aging; and not enough skilled professionals are being trained as replacements. These challenges are not expected to diminish in the foreseeable future. When attracting employees, our respondents placed a positive corporate reputation at the top of their list, yet only 11 percent of C&P executives consider their companies to be very effective at recruiting desired employees in a timely, consistent manner.

Driving growth through workforce analytics

HR leaders see themselves as moving beyond the traditional transactional role, migrating to a strategic relationship with the business. However, our study indicates that 56 percent of C&P organizations are significantly hampered in their ability to have strategic workforce conversations due to a lack of analytics to develop insights. Most of the barriers are related to limited information integration, inaccessible information and poorly defined metrics.

Given the dynamics of their industries, C&P leaders need to rethink and continually realign their workforce vision to the overall business vision – elevating HR to its rightful place on a rapidly changing global stage. This requires strategies and tools that support collaboration, enable opportunities, encourage learning and help predict and attract the right skills. These competencies also demand leadership prepared to guide a global, well integrated C&P enterprise.

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References

- 1 Hargreaves, Steve. "Wanted: Oil workers." CNNMoney.com. November 2, 2007. http://money.cnn.com/2007/11/02/news/economy/oil_jobs/index.htm

How can IBM help?

- **Strategy and Change:** Help to address changing business models and increase Human Capital Management (HCM) partnering
- **Selected HCM Solutions:** Solutions providing new answers and breaking new ground by applying leading HCM technologies including enterprise systems, workforce analytics and dashboards, social networking and knowledge management
- **IBM products:** Innovative products to support the chemical and petroleum industries

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