Mining's demographic 'time bomb'

A survey of 912 mining professionals found that only 1% think the sector is well prepared for demographic changes sweeping the western world, while 79% think the industry is completely or only somewhat prepared. The upshot could be a dangerous leadership vacuum in the years ahead.

Demographic changes “appear” to have had a greater impact among miners, said Stratum, with Canadian data indicating that 40% of Canada’s mining workforce at all levels is 50 or older. The survey found “a lot of the qualitative feedback we received suggested the short-term pressures of financial performance were taking priority over leadership development. This is understandable but the urgency of the matter should not be underestimated”.

A parallel theme was highlighted recently by CSC which reported that large mining groups faced a “digital leadership shortage”. CSC said: “Senior management at most firms lack the ability to make critical decisions on technology strategy and implementation, at a time when leadership and digital leadership are becoming one and the same.” All this at a time when miners and their operations are becoming information-intensive enterprises.

Stratum said in its report, entitled the ‘Demographic time bomb in mining’, that the response of many organisations had involved efforts to retain the older workforce for longer, using pension incentives, flexible working patterns and extra benefits to keep experience within the business. But this was pointless if at the same time “older workers were unwilling or unable to pass on their expertise”.

Other highlights were that 40% of respondents think their companies will fill leadership roles through open competition when each vacancy arises. People in their 20s wanted clear pathways to leadership roles, and coaching or mentoring support to help them get there. The latter are considered to be far more important than leadership development schemes for graduates and postgraduates. Nearly 30% of board executives believed the next generation of leaders will come from a pool of external candidates they have already identified, and only 18% believed they will come from the organisation’s current
The survey said an area of concern was the relatively low importance board executives ascribed to coaching and mentoring (56%) and clear pathways to leadership (55%). “Clearly boards still need some convincing of the need for some of these activities and it seems human resources professionals have the passion to take on the challenge of convincing them,” it said.

Some of the evidence suggested boards may have the will, it was just a question of resources. One executive commented: “We recognise the importance [of these activities] but [they are] only relevant if the company continues to thrive. And this is the focus right now.”

When Stratum asked what succession and leadership development schemes were already in place, it found less than a quarter of companies had a programme in place. One respondent made the point that just because an organisation had a formal mentoring or coaching programme in place, it did not necessarily mean that it was being delivered on the ground. Another comment was that “periodic attempts have been made to create all these programmes, but they tend to get flushed every time the CEO calls for a [management consultancy] reorganisation”.

Stratum specialises in mining recruitment.

Readers can download a copy of the Stratum report at http://www.stratum-international.com/demographic-time-bomb/