



Industry View

A DEMOGRAPHIC TIME BOMB Will Coetzer, Stratum International, UK

The mining industry is facing a demographic time bomb, which will affect the sector at all levels. In Canada, for instance, 40% of the mining workforce – at all levels – is aged 50 or over.

As Stratum International specialises in senior level executive search, we wanted to research how effectively the sector is preparing for a shortage of leadership talent in the future. We surveyed more than 900 mining professionals to ask about their perceptions of the preparedness of the industry and their own organisations for the demographic time bomb.¹

Astonishingly, only 1% considered the sector “well prepared” for the changes ahead. Some of the respondents rightly pointed out that for many firms – the junior and mid-tier firms in particular – short-term survival is more of a priority in the present environment. But even taking this into account, the survey findings indicate there is much more to be done to ensure the long-term future is in safe hands: 79% of respondents said they thought the industry is “completely or somewhat unprepared”, rising to 87% among board executives.

We investigated two broad approaches, which firms might adopt to prepare for future leadership gaps: succession strategies and leadership development activities.

Succession strategies

Four fifths (82%) of respondents considered succession strategies to be an important part of the solution to future leadership needs – rising to 95% of HR professionals. Even 80% of board executives, who had a less enthusiastic view of most initiatives, said succession strategies had an important role. However, according to those who completed the survey, only 28% of companies have succession strategies in place.

A good succession strategy should not be exclusively focused on those already in the organisation. Firms are increasingly

developing links with potential leaders in other organisations. The extent to which this is already happening may concern anyone who thinks their pathway to leadership with their current employer is assured.

Leadership development

We asked respondents about their perceptions of a number of leadership development activities. All the initiatives were considered to be important to the future leadership of their organisations by at least half of respondents. However, coaching and mentoring programmes led the field by some distance, with 79% of the sample labelling them as very or extremely important.

Leadership development targeted at graduates and postgraduates was thought of as very or extremely important by only 54% of respondents, compared with clear career pathways (71%) and general leadership development schemes (75%).

Enthusiasm for the initiatives was more constrained among board executives, with only 56% identifying coaching and mentoring as important. Given this apparent lack of enthusiasm at the top, it is unsurprising that less than a third of those companies sampled had a formal corporate programme in place or even in development.

Of the wider sample, 29% said they believed their organisation’s future leaders would come from the current internal crop of managers, while 20% said their organisation had a target list of external candidates. Less than a fifth of board executives thought the next generation of leaders will naturally come from their existing crop of junior managers, without opening up the roles to external applications.

Many respondents considered this perfectly normal and healthy. But they might be more concerned if they knew that nearly a third of board executives told us they had already identified a pool of external

candidates from which they believed the next crop of leaders would come. It would seem that many executives have already decided they do not currently have the skills in-house to lead the company in the future.

Of course, most employers will want to have as wide a choice of talent as possible. We believe the best approach is a long-term succession strategy, which balances the nurturing of an external pool of talent with the identification and development of internal high-potential managers. Recruitment policies should get the best talent on board at a time that is right for the individual and the organisation.

We recommend those organisations not currently struggling with short-term survival should start to address this challenge immediately.

Who should take the lead?

People told us that either the current leadership team – or a combination of several different people – should take responsibility for ensuring the transfer of skills from senior leaders to junior staff. However, it can often be the case that when lots of people are responsible, no one person takes responsibility.

HR professionals may be horrified or concerned by the fact that only 2% of respondents thought this responsibility should fall to HR. We feel that, in this responsibility vacuum, HR is actually well placed to take a lead and, in doing so, address a challenge of critical importance and so demonstrate the strategic importance of HR to the business.

Reference

1. *The Demographic Time Bomb In Mining* (Stratum International; 2014).

Author

Will Coetzer is the co-founder and managing director of Stratum International.