BREAK OUT SESSION: Tomorrow's Talent – Will Asia's Talent Pool Be Ready For Asia's Growth?	
Date:	Day 2 - 5th April 2018
Time:	11.35am - 12.25pm
Moderator:	Bettina Chua Abdullah
Panel Members:	**Dr. Achim Schmillen**, Economist, The World Bank. **Nick Chia**, Industrial (INR) Sector Leader, South East Asia at Russell Reynolds Associates **Johan Merican**, Deputy Director-General (Human Capital) Economic Planning Unit, Malaysia

Topic Overview:

Talent is the number one issue for many corporate entities and when a McKinsey survey cites that 49 % of workers can be turned over to automation, is the workforce of tomorrow ready to collaborate with robot? How do we meet these demands even in a region where populations are growing and employment is critical to productivity and stability. AI and workforce analytics are already impacting how the workforce is being redefined. How do companies transition to the new employment reality and are countries preparing the youth for this future?

Key Points of Discussion

1.   Technological disruptions have resulted in creation of **new jobs which we never imagine of before**.

2.   There is change in skills demands that will likely **increase the divide between those at the top end of the labour market and those closer at the bottom**.

3.   The form of work and basic relationship between employers and employees are changing rapidly including with job flexibility. What is lacking is an arrangement for someone who is neither an independent contractor nor a dependent worker but somewhere in between, to ensure they enjoy employee benefits.

4.   Impact of technology and automation currently has not been so much of complete substitution of jobs but individuals are paired with technology, which brings to the need for **life-long learning**.

5.   **Education and skills development** has to start very early and all the way through the life cycle. It is not only fundamental technical skills but also socio-emotional skills where the education system should produce graduates who are adaptable and marketable for the labour market.

6.   The Malaysian Government recognizes the need for more a **flexible labour market,** to allow companies to restructure while protecting the individuals. Challenges include providing and expanding the social safety net and facilities for life-long learning, looking at mechanisms to place them under retirement schemes as well as help employees with the transition in terms of income and job search.

7.   Employers seek those who are external looking, more aware, connected and holistic. Millennials are more vocal and purpose-driven, willing to tolerate risks and try new experiences.

8.   The labour market also has to address the issue of **changing demographics** which will lead to the workforce becoming more diverse with different generations, aside from issues of diversity inclusion and job flexibility.

PROCEEDING OF DISCUSSION

MODERATOR'S INTRODUCTION: The first question we can ask ourselves is what does tomorrow's talent look like. That is going to depend a great deal on what tomorrow will look like and we know that is difficult to predict. We know that the next five, 10 years that the world will be changing significantly under the under the impact of AI and robotics. We know already today what the world is capable of doing from the exploitation of big data, block chain and the Internet of Things. If employers are not prepared for these technologies then they can't take advantage of these changes. The focus of this session is to get a sense of the outlook and challenge for Asian talent and people who manage their talent.

What policies do we need to manage manpower issues and what are going to prevent a threat to the talent pipeline. We start with what seems to be the main threat to talent pipeline which is the digital economy and disruption that is taking place right now. How is that going to impact our existing and immediate human capital requirement. We start with Dr Achim.

DR. SCHMILLEN: We do see a range of mega trends shaking the world of work and there are going to be many disruptions based on this.

The technological side is the one that is probably for good reason that gets the most attention. Overall this is a good and positive development. Economies are moving ahead, we have productivity growth and we have new innovations. A lot of this will be beneficial for supplying of talents and the talent itself. At the same time there are a lot of worries of large scale job loss and automation killing our entire professions. Estimates, though speculative, are that up to 2/3 of jobs are potentially being lost through similar disruptions.

There will be two points to make: We will see a lot of these disruption but that does not mean the nett number of jobs will decreased in accordance with the disruptions. On one hand jobs might be lost but new jobs will be created. Many jobs have been created in the last years that we could not have thought of before such as app developers, or Grab and Uber drivers. **There will be**

many more of this kind of jobs today or beyond tomorrow that is beyond our imagination.

Overall from the data we don't see a nett decrease of jobs but we do see a lot of need for adjustments. That creates a lot the challenges. One of the challenges may be also the opportunities.

What we do see is jobs are lost for certain people. Those who are already doing well in the labour market, highly skilled individuals, very high technical skills, great education are already doing well probably will be more in demand tomorrow because a lot of these skills are complement to technology. A lot of other people who are already struggling in the labour market maybe doing more routine, more manual jobs, already struggling today may be struggling even more tomorrow.

We do see is a change in skills demands and probably a change that will likely increase the divide between those at the top end of the labour market and those closer at the bottom.

We also see the forms of work, basic relationship between employers and employees are changing rapidly. Traditionally we have people who are employees or self- employed. Now we see those who are in between which presents a lot of opportunities and challenges because we don't have systems designed for that. A lot of companies are not quite ready for that as well as governments and individuals. Even those who stay inside the traditional forms of work, even these forms of work are changing with more flexibility in terms of working hours, we see part time contracts, people working from home and doing telemarketing using technology to work across the globe. This is third change that we do really see and will accelerate in the future. All are opportunities but they need to be managed and need active discussions on how to make the most of them.

MODERATOR: (To Nick Chia) I think Nick is finding trouble in filling quite a lot of the gaps when it comes to tech talents.

CHIA: Very often we get a call for head of digital (from clients). Now it tends to be a long discussion starting with what do you mean by digital and what are you trying to achieve out of digital.

From our perspective, there are a few things which are challenges for larger firms who are the majority of our clients. In the traditional way technologies are developed, it will take 3 to 5 years cycle to develop something, and another 3 to 5 years to implement. Today, firms move to the agile methodology – six months, nine month development cycles which is often called test and learn cycle. You try something and if it works we do it again and if it doesn't work you drop it and move on. The implications are not just for technical development but actually for management team and boards.

The economy we are in today means the certainty where we can predict the future is even less than what you see. Very few companies have 10 year or 5 year plans. Companies are making shorter plans. If that is the case you are facing leadership teams today typically, management people and board members, who have grown up typically as engineers who have been trained to find the right answer, to mitigate risks and come up with the right plan and execute. But business doesn't operate that way today. So the first challenge today is do the people making the big decisions, investment, assets, hiring, strategy, do they understand what they don't know. So how do they get someone to help them think that through. If you don't know what you don't know the starting point is to discuss what you don't know. Once you know that you don't know, either way is to listen to somebody else that is the second big hurdle.

MODERATOR: (To Johan) what programmes are in place right now that would ensure that the education, the training, regulators, institutions that could support these opportunities that Dr. Achim was talking about just now.

JOHAN: In any major change there will be winners and losers. The challenge is how to mitigate potential abuses by individual employers and how to then help facilitate people who can win.

It is estimated that in US the 47 percent of jobs can be automated within the couple of next decade and the figure is above 55 percent in Malaysia. There are a lot of opportunities for automation of these jobs (in Malaysia). **What we have already seen is not so much complete substitution but in many organizations individuals are paired with technology. That requires your talent pool to be comfortable working with machines.** And this provides for emphasis on lifelong learning. But let's not underestimate the impact of complete substitution.

It used to be that jobs such as accountants used to be highly recommended. One of the challenges these are exactly the sort of job that will be replaced by AI. Some companies are refusing their need to have as many accountants or professionals because some of those transaction can be automated. So how do we respond to those situations.

There is also the issue of changing demographics. Malaysia is now second fastest aging nation in this region. Currently, the median age of population is 28 and by 2050 it is going to increase to 40. From a workforce point of view, we need more productivity. Companies need to think about how to have more diversity inclusions. Probably less than 1/3 Malaysian organizations have flexible working arrangements as part of culture. But if we going to have a lot more diverse workforce with different generations we need to better optimize our women talents, and include them into the workforce.

Diversity inclusion is not only about gender, race, age but also cultural mismatch as companies try to transform. How do they bring in new skill set where the culture is very different.

Government recognises the need for more flexible labour market. Historically, our labour law is conservative in terms of hiring and firing. We always have the philosophy of protecting the job in terms of the terms and benefits are involved. In the fast changing economy, we need make the labour market more flexible and shift mindset from protecting the job to protecting the individual.

Companies should be able to restructure but those who lose out we need to be able to provide them with the transition in terms of income, job search. So we introduced Employees Insurance Scheme to provide safety net and allow more flexible labour force.

Also how to future strengthen life-long learning through our Human Resource Development Fund. And we are widening the sector covered under HRDF. And what more we can do to promote agenda of diversity inclusion and transform our education system to be more responsible.

MODERATOR: (To Chia) The onus cannot only be on the Government or the employer. The onus must also be on the talent. Do you think Asian talent is formidable enough to step up to the challenge? You have to have courage of your convictions when in leadership roles, lifelong learning and curiosity to learn new things, you have to be able to build relationships and take difficult decisions. Is Asia ready?

CHIA: Clients would say need to hire but can't find somebody local. It's a blanket statement. There are cultural barriers to that. It's how you grew up, the culture you were raised in. In Asia it is basically more hierarchical, top down culture generally, and this varies by locations. Clearly there are people who meet all of those.

Secondly, digital technology and lifestyle have accelerated some of the other factors that were mentioned. Why do millennial want more feedback constantly and access to information it is because that is what they do in their personal lives. **If millennial as a group are impacting companies by forcing them to change the way they attract, recruit and retain, the you will automatically get people who are more vocal, more willing to tolerate risks and more willing to change laterally to try new experiences and who are more purpose-driven.** The reason a lot of millennial look for purpose from the companies they join is because many of them have lost faith in the bigger institutions around them. Most of them never knew a time when they were no big wars in many parts of the world, where populism continues to sweep across the world and where changes of

governments are standard. So stability that they look for in their broader context cannot be found and they want to work in organisation that are aligned with this purpose. They will be attracted to companies that believe in corporate social responsibility, for example and the trend will accelerated.

If you start to look for these indicators you will be able to identify them. Education plays role and there is still a belief that there is a difference between the western and Asian educated. But this is not true today because of exposure we get today. The key thing is when we identify and recruit people, if we look for people who are currently in traditional corporate world and we then screen for those element - those who are external looking, more aware, connected and holistic.