

Scaling the digitally-ready workforce

Aon's 2020 digital readiness report

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For HR leaders, this continuous state of disruption caused by the Fourth Industrial Revolution will require a new, more flexible approach to workforce planning and development.

Introduction

The idea of economic disruption is not new; however, the pace of it has quickened. It now arrives not in discreet, predictable waves, but in the unrelenting torrent of a waterfall.

The World Economic Forum points to four specific technological advances reshaping the workforce: ubiquitous high-speed mobile internet; artificial intelligence; widespread adoption of big data analytics; and cloud technology.

And yet, technology is not the sole driver of this disruption. Harvard Business School professors recently identified **17 distinct forces shaping the future of work**. These include the rise of remote workers, shifting labour demographics and new regulations. Regardless of the disruption's source, the researchers found that “workers are seeking more support and guidance to prepare themselves for future employment than management is providing”.

To further explore what is driving that gap, Aon launched its Digital Readiness Survey, interviewing 1,551 people around the world. Questions were designed to assess a respondent's perception of their organisation's ability to attract, hire, reward, develop and retain digitally-ready talent.

We learned that many organisations have done little to adapt their structures for digital transformation, much less support individual workers.

For HR leaders, this continuous state of disruption caused by the Fourth Industrial Revolution — merging the physical, digital and biological worlds in ways that create both huge promise and potential peril — will require a new, more flexible approach to workforce planning and development. The results of our Digital Readiness Survey suggest that most organisations have been slow to respond to these changes.



To thrive in this continuously disrupted future, employers will need to transform their approach to people, jobs and rewards at the individual, team and organisational levels for constant adaptation.

Who took the survey?

Survey respondents represent a broad swathe of employees around the world, including a wide range of ages, organisational sizes, functional roles and industries.



Total number of survey respondents:
1,551

Figure 1 — Age of respondents (years)

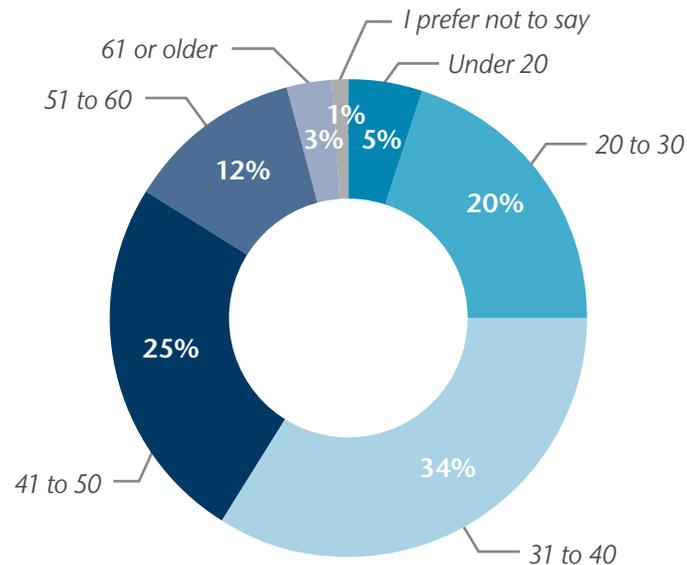
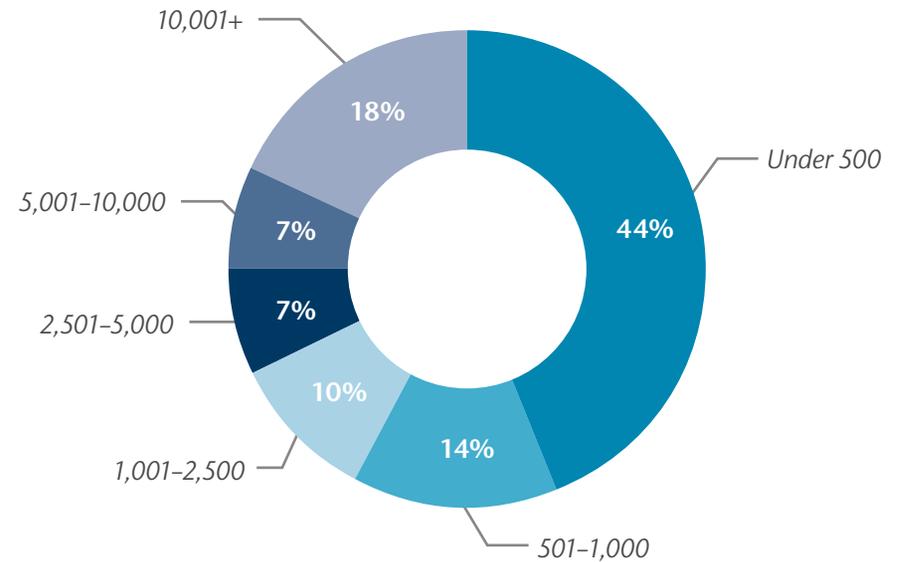


Figure 2 — Organisational size (number of employees)



Who took the survey?

Figure 3 — Region

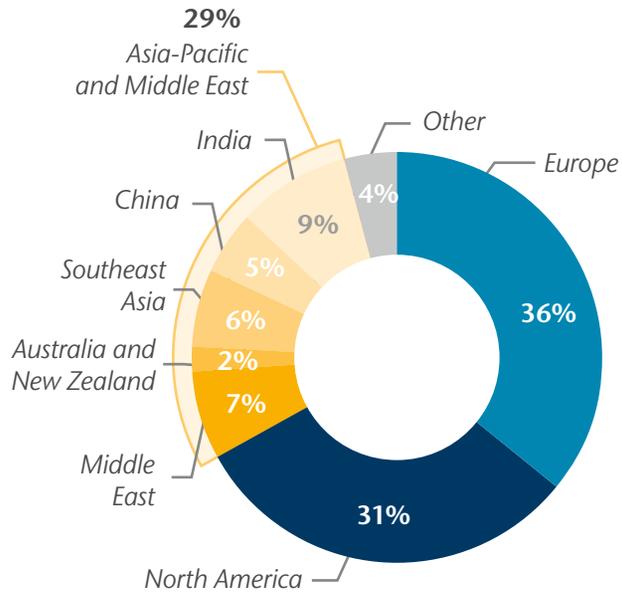


Figure 4 — Functional role

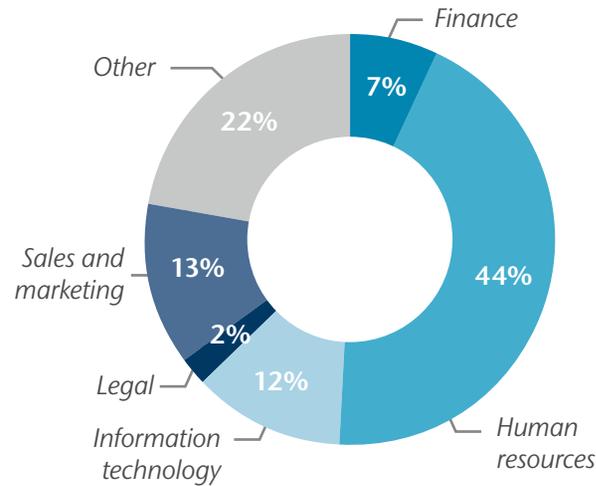
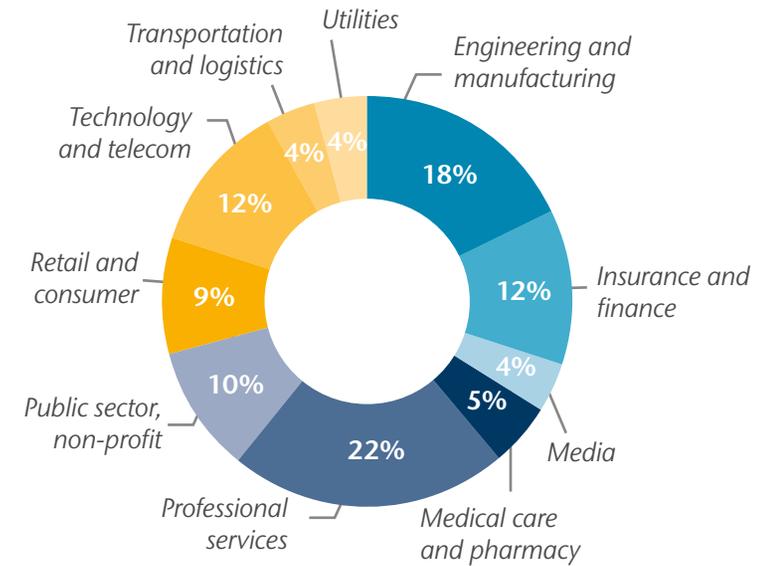


Figure 5 — Industry



Key findings



Developing and executing an effective digital strategy **remains a challenge for many organisations.**



Globally, most organisations are not built to support flexible teams, but there are notable differences by region.



Most organisations have not defined the critical competencies they will need in the future, nor have they established a process to assess for them.



Most organisations are not maximising the potential of their internal talent's potential.



Major gaps have emerged in how people perceive digital readiness of teams compared to organisations



Most organisations' rewards programmes are **not designed to attract and retain digital talent.**



HR professionals were less confident in their organisation's digital readiness than other roles.



Identifying digitally-ready people

Identifying digitally-ready people

The digital future will require a new set of skills, behaviours and ways of working. Most organisations have not defined the critical competencies needed to compete in an age of disruption. They also do not have a process in place to assess digital readiness in their own people.

Fifty-nine per cent of HR leaders say their organisations do not have the defined set of skills needed for their digital transformation, according to Aon's Digital Readiness Survey. However, just one-quarter of executives rated their organisation's digital transformation efforts highly and said that they have the critical competencies in place.

Aon has developed a framework for the core competencies needed for digital readiness.

Figure 6 — The Aon approach: your workforce's future readiness

*Learnability, agility and curiosity are the foundational competencies to understand **future readiness** in ourselves.*



Learnability

Seeking continual self-improvement



Agility

Flexibly adapting to changing situations



Curiosity

Being curious and open to change and novelty

59%

Percentage of HR leaders who say their organisations do not have the defined set of skills needed for their digital transformation.

Identifying digitally-ready people

Aon's digital readiness framework is comprised of three categories of competencies. The first focuses on foundational skills, such as learnability, agility and curiosity. These skills are the table stakes needed to prepare for digital transformation. All three show significant correlations to better employee performance. Understanding and developing these competencies will allow your workforce to be flexible, seek self-improvement and remain open to change and novelty. This, in turn, allows them to more easily re- or upskill as roles evolve and requirements change.

The second category is skills critical to leading digital readiness efforts, such as championing collaboration and exhibiting a drive to lead. These skills are particularly important in cross-functional teams. Leaders also need to be aware of their shortcomings. A sense of humility and empowerment will help ensure they have people with the right skills around them to supplement their own skill sets and will empower their people in the right ways.

The final category is about the supplemental skills that digital readiness requires, including business acumen, handling data and mental endurance.

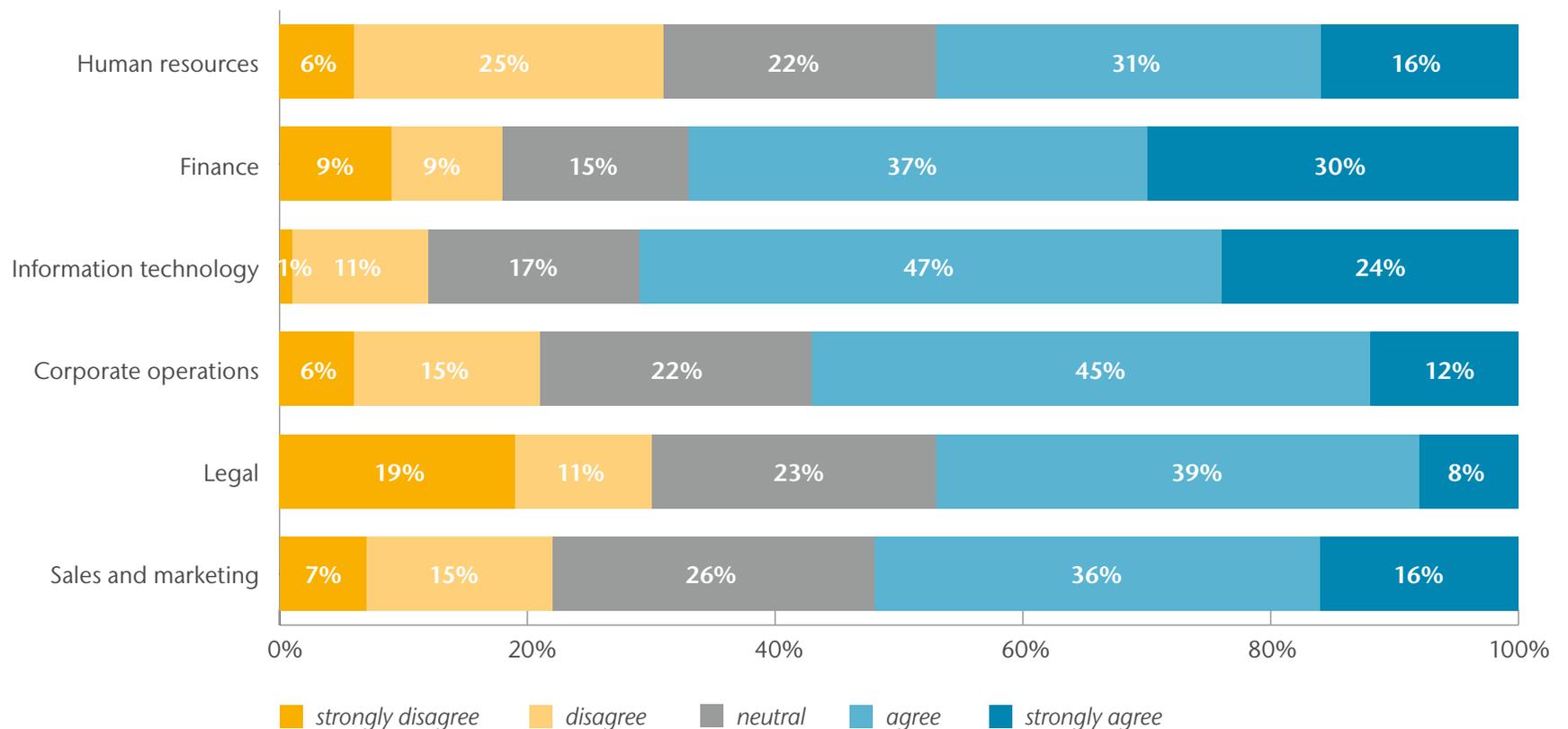
Figure 7 — Digital readiness: tomorrow's leaders



Identifying digitally-ready people

HR professionals were less likely than their finance and information technology counterparts to express confidence that their organisation was executing an effective digital strategy across the entire firm.

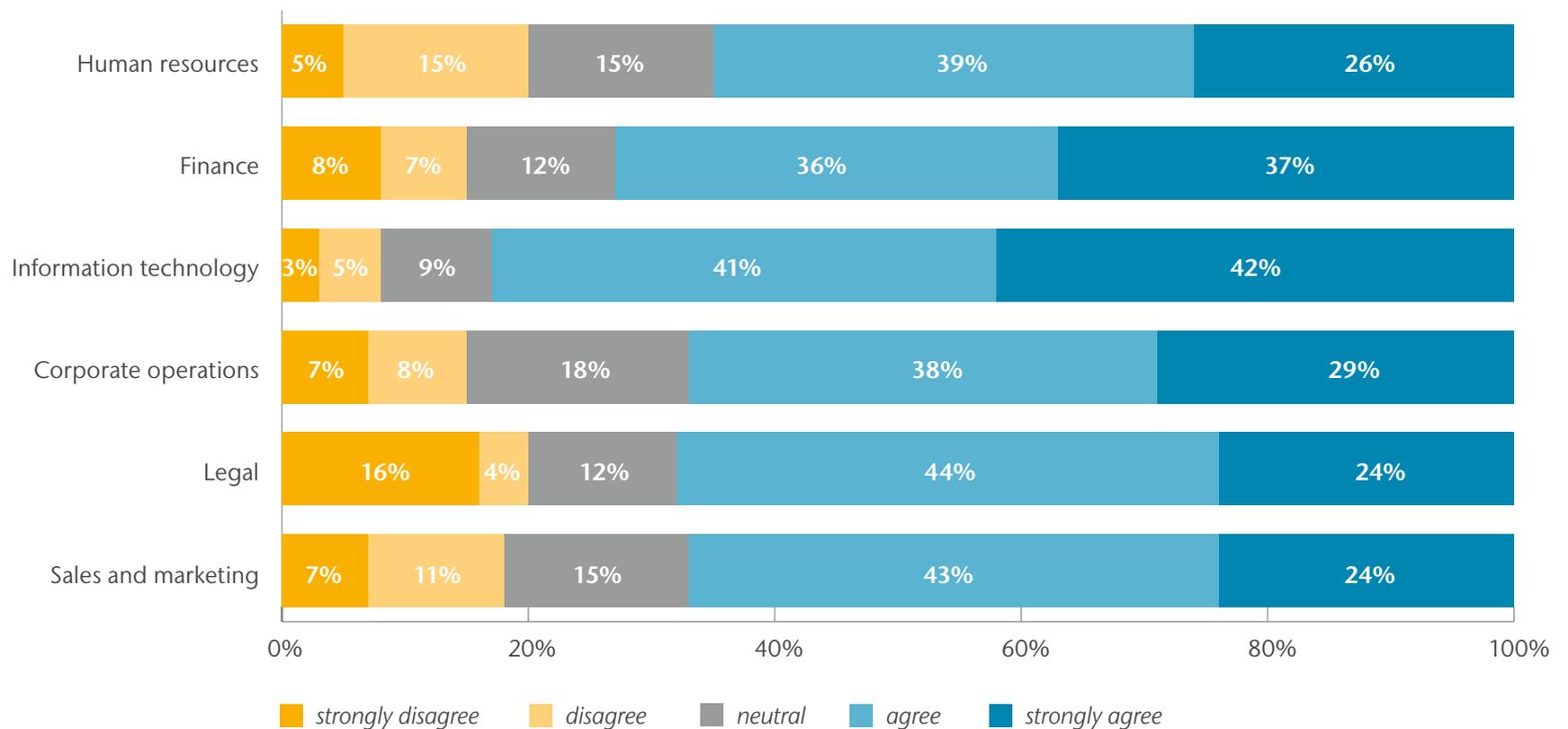
Figure 8 — Our organisation has executed/is executing an effective digital strategy across the entire firm



Identifying digitally-ready people

HR professionals were significantly less likely than their peers in other functions to express confidence that digital leaders were in the right roles.

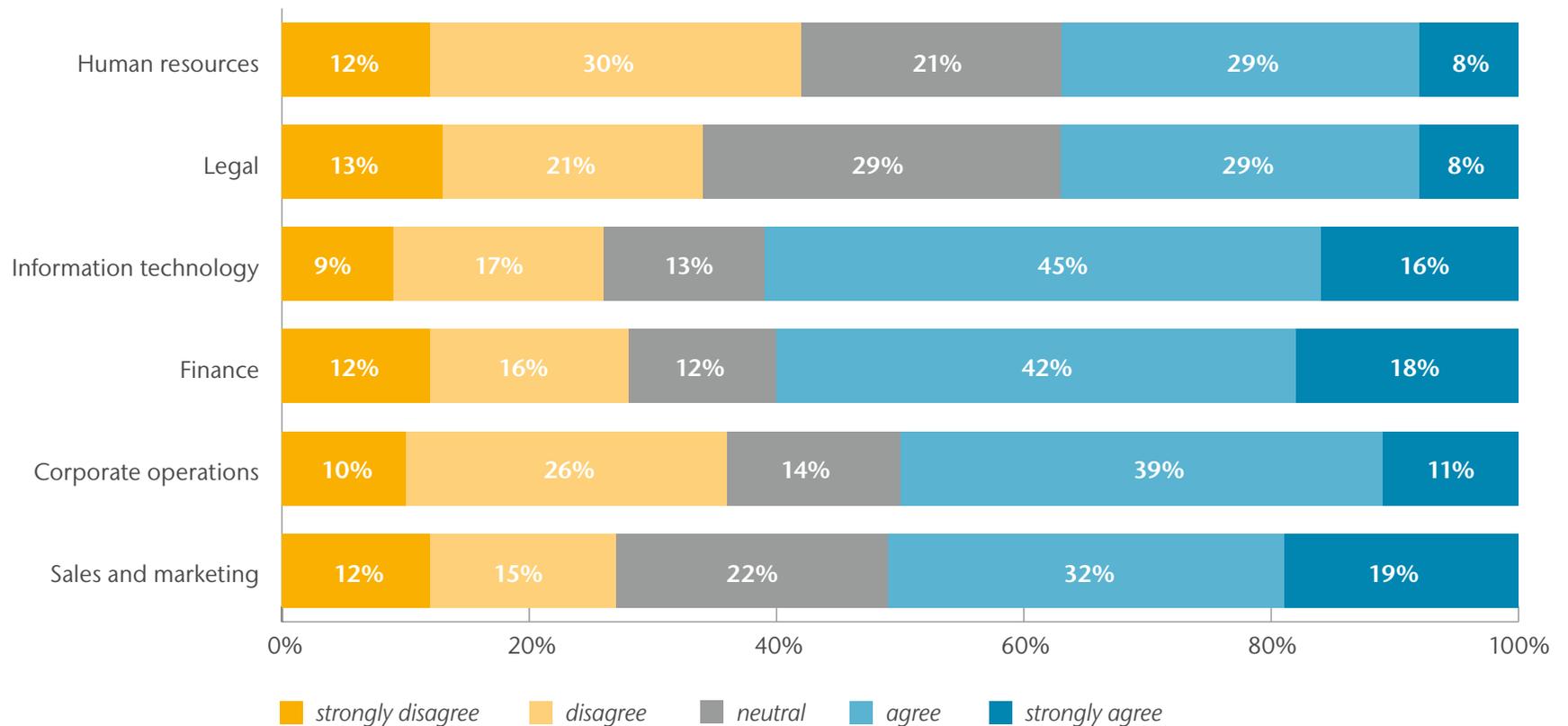
Figure 9 — We have leaders in critical roles to drive digital change



Identifying digitally-ready people

HR and legal professionals were the least likely to agree that their strategic plan incorporated contingent technology workers.

Figure 10 — Contingent/part-time technology workers are a part of our strategic workforce plan



Identifying digitally-ready people

It is important to remember that critical competencies for digital transformation, such as adaptability, agility and business acumen, are not the same as those skills needed to use specific digital tools. However, there are many significant correlations between scores on the digital readiness model and digital technical skills, so using the competencies does predict digital skill level. For example, if workers score high on agility, it correlates highly with attitude toward using digital tools at work. Those who score high on learnability report a high level of understanding of how to get the most from digital tools.

People with proficiency with specific digital tools can be expensive to hire, and those skills are often short-lived. So rather than testing for those specific skills, it is better to assess for those behaviours highlighted as critical digital competencies.

Most organisations do not know how to identify competencies for future digital success. Our Digital Readiness Survey clearly highlighted the challenges organisations face.

61% report that their organisation does not know how to spot digital potential.

35% say their organisation has the processes in place to make decisions about digital potential quickly.

11% report that their hiring processes incorporate assessments for digital competencies.

7% agreed to both statements: "We have talent assessments to help identify strengths and development opportunities of existing employees." And "Our organisation knows how to identify individuals with digital potential."

Identifying digitally-ready people

◆ In action

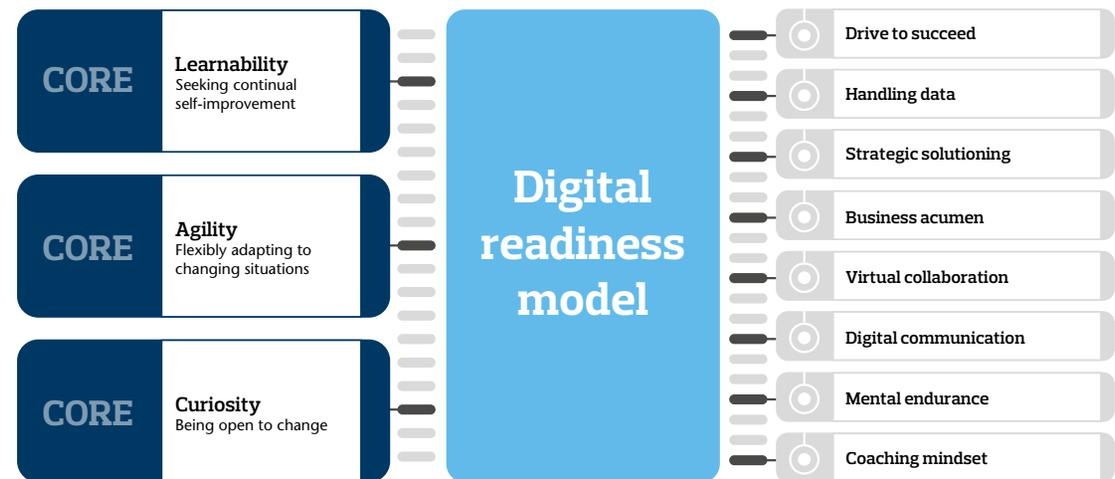
What does this mean for your future workforce strategy?

Firstly, better understand your employees. Your workers should know their strengths, skills and abilities. This will allow them to make informed decisions and provide the power to invest in their development. Assessments, such as our digital readiness solution or a skills inventory, provide great insights and help with understanding what everyone brings to the table, what interests people have and where to start preparing for the future.

Following this, focus on training, reskilling and upskilling. To enable talent mobility, understand what roles or career steps are a good fit for your employees. Prepare them for the challenges of digital transformation and help them master new tasks. After identifying gaps, help employees close them.

Figure 11 — Digital readiness model

The model is created to help identify a person's digital readiness and helps to understand critical behaviours relevant for performance in the digital world.

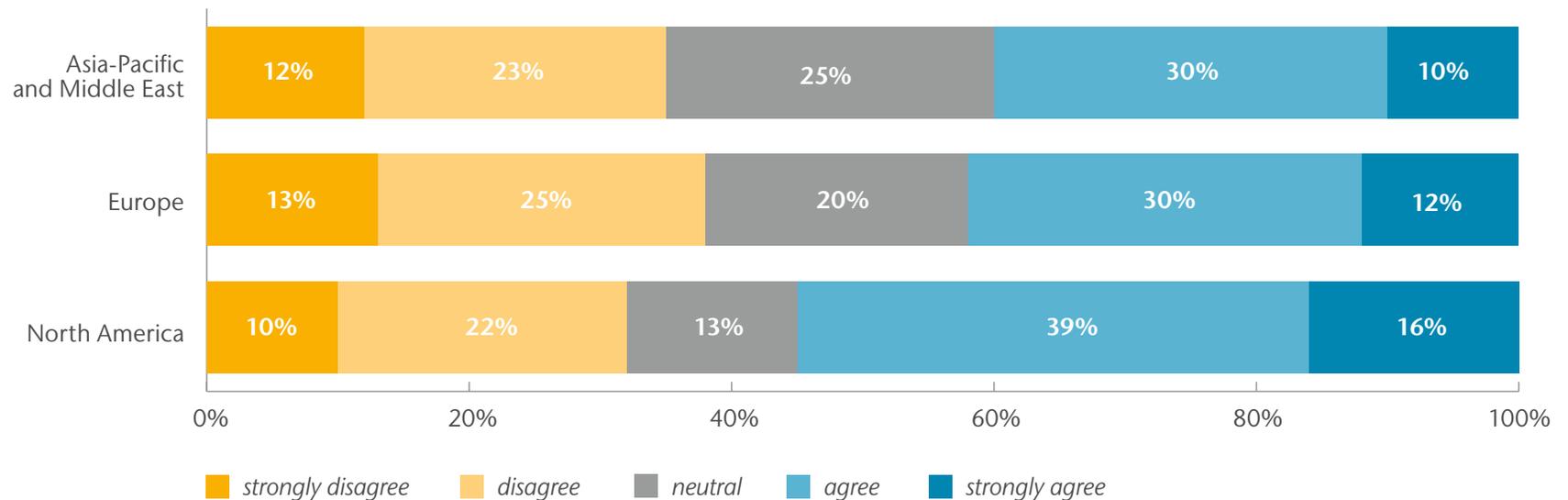


- ◆ The **core** competencies represent the most relevant aspects of digital readiness.
- ◆ The **supplemental** competencies complete the skill set needed to be successful in the digital world.
- ◆ This digital readiness model draws on both behaviour and ability, measured respectively by **ADEPT-15®** and **gridChallenge**.

Identifying digitally-ready people

The survey found significant regional differences in adopting contingent workers. North American companies embraced contingent models more so than other parts of the world.

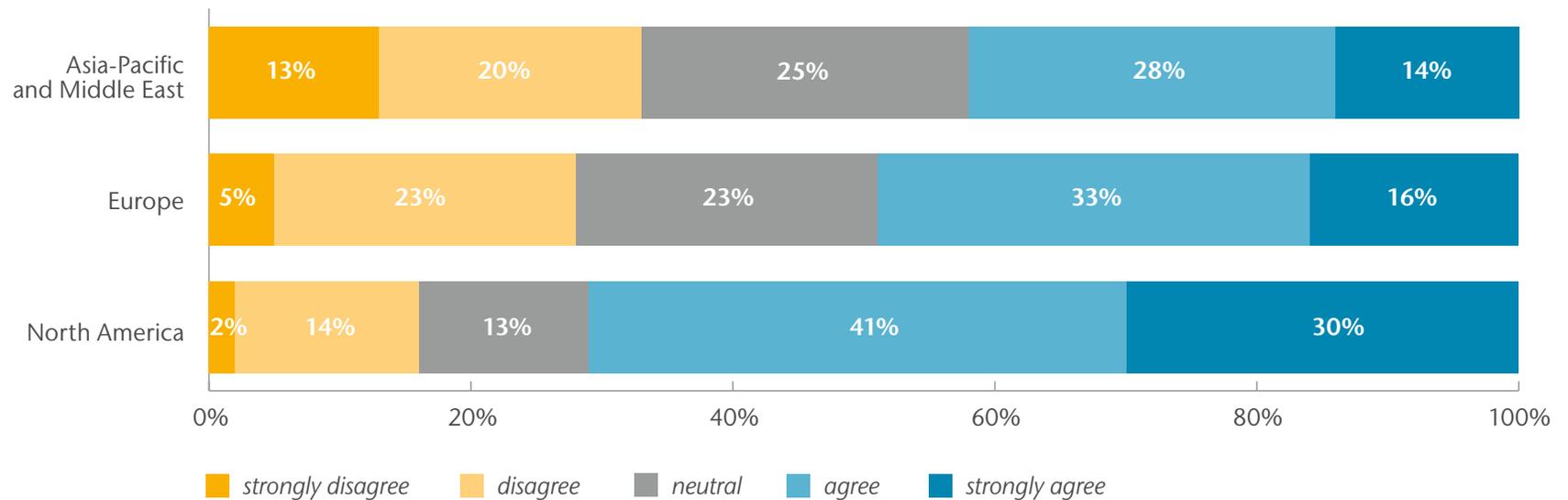
Figure 12 — Contingent/part-time technology workers are a part of our strategic workforce plan



Identifying digitally-ready people

Regional differences also emerged in how prepared respondents felt about working in a virtual environment, with North Americans expressing the most confidence.

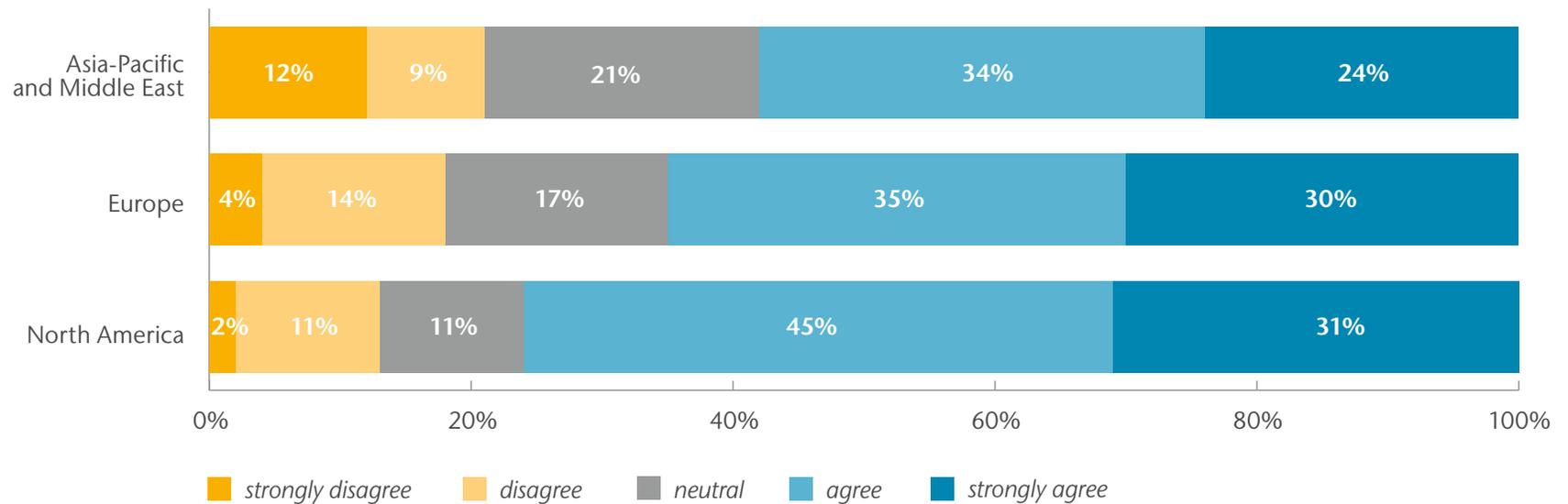
Figure 13 — Our teams are well prepared to work in a virtual environment



Identifying digitally-ready people

Confidence in digital leadership also varied by region, with North American and European respondents being more likely to report having the right people in digital leadership roles.

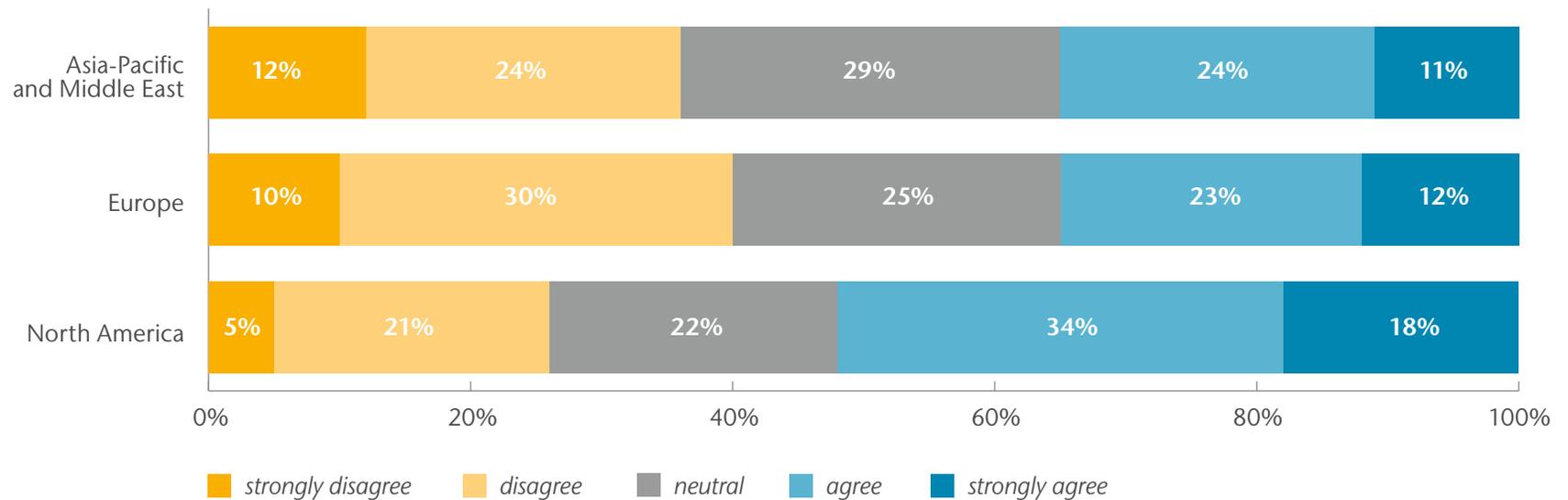
Figure 14 — We have leaders in critical roles to drive digital change



Identifying digitally-ready people

North American respondents were far more likely to express confidence that their organisation knew how to identify people with digital potential.

Figure 15 — Our organisation knows how to identify individuals with digital potential



Identifying digitally-ready people



The company, which creates paints and performance coatings, wanted to use development assessments to equip its marketing leadership team to drive growth in the face of changing business models across the industry.

We found a strong link between having the right type of leaders in the organisation and internal mobility. For example, these two statements are 100% correlated: “We have leaders in critical roles to drive digital change.” And “Our employees are able to flexibly move between tasks and jobs.”

The assessments helped marketing directors understand the type of leader able to champion and drive transformative change for the company.

Figure 16 — Driving leadership change





Supporting digitally-ready teams

Key findings on teams

A majority of respondents reported that their teams were able to work flexibly, including in virtual environments.

Figure 17 — Our teams work in a flexible manner

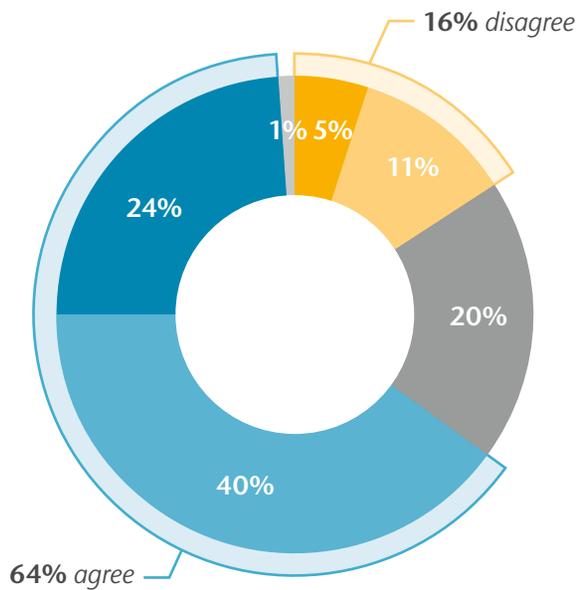


Figure 18 — Our employees are able to flexibly move between tasks and jobs

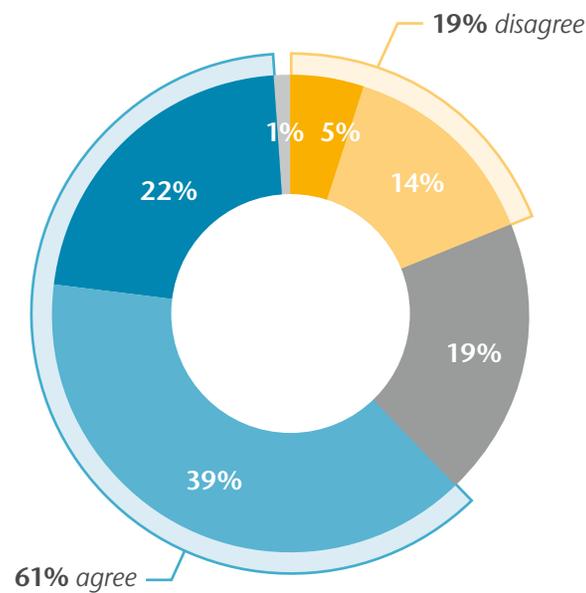
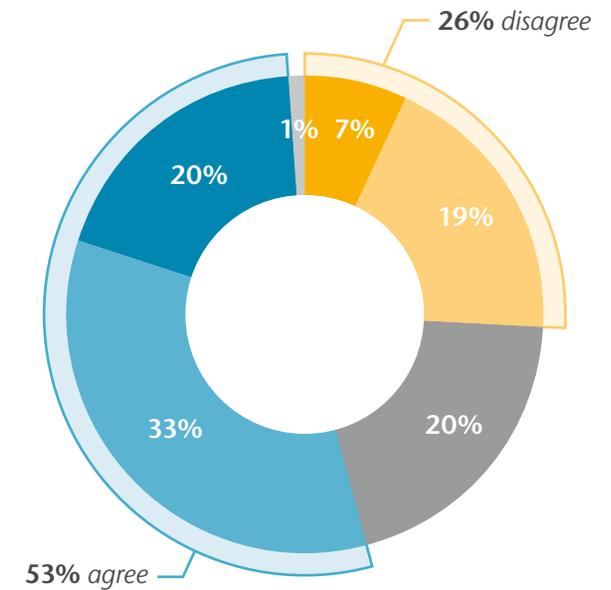


Figure 19 — Our teams are well prepared to work in a virtual environment



■ strongly disagree
 ■ disagree
 ■ neutral
 ■ agree
 ■ strongly agree
 ■ n/a

Supporting digitally-ready teams

Team readiness for digital transformation depends on two abilities – working in a virtual environment and working flexibly.

Many organisations need to improve how they support their virtual teams. Our Digital Readiness Survey found that only 53% strongly agreed that their teams were well prepared to work in a virtual environment.

Meanwhile, teams working in a virtual environment need to compellingly engage others and understand their needs through digital channels. However, only 24% of survey respondents strongly agreed that their teams worked in a flexible manner. The degree of flexibility varied by industry with respondents at technology and telecom companies being significantly more likely to report their teams work flexibly than respondents from financial services and transportation and logistics companies.

Fostering digitally-ready teams includes understanding how job architecture and career paths are evolving. The business environment is constantly changing and organisations simply cannot offer employees a one-dimensional, upward career progression anymore.

True career mobility can help you retain your best people. If your company does not offer career mobility, the impact to the business can be substantial. Our research finds that in the US technology industry, employees are three times more likely to quit working for their organisations than moving laterally across job families or functions within the same organisation.

More flexible options can enhance career mobility. Employers need to open up career patterns, allowing for movement throughout the organisation and enabling employees to move in all directions – toward their version of career success and as a part of a team where they can add maximum value.



True career mobility can help you retain your best people. If your company does not offer career mobility, the impact to the business can be substantial.

Supporting digitally-ready teams

Employers can create space for these patterns to emerge through the creation of job ‘neighbourhoods’. Certain job groupings are more aligned with certain competencies and skills. These can be grouped together into neighbourhoods. Once those potential career moves are laid out, employees can match their skill sets to a series of interconnected job pathways and join new teams.

Job neighbourhoods open up new pathways for employees based on their existing skill level and help them map their futures at your organisation (see figure 20 on the following page). Employees receive multiple options regarding their mobility and your organisation benefits from the distinct, individual career paths that are woven throughout. If employees can collaborate with supervisors and your talent management team to determine their career trajectories, they will be more likely to buy in to reskilling initiatives and contribute to the growth of your organisation's internal talent pipeline.

Not everyone on these digitally-ready teams will be a full-time employee. Approximately 15% of the total workforce are contractors. Reliance on gig workers has increased, especially in IT roles. The Digital Readiness Survey found that 42% of organisations plan to use contingent workers as part of their future talent strategy.

Organisations may understand the need to support digitally-ready teams. However, we found that 50% do not possess the necessary assessments to identify and develop digital talent – or the technology platforms to support career path and progression planning guided by individual employees.

42% of organisations plan to use contingent workers as part of their future talent strategy.

50% of organisations do not have the necessary assessments to identify and develop digital talent.

Supporting digitally-ready teams

Figure 20 — Considerations for true career mobility

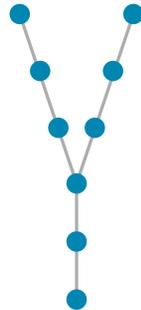
TODAY

THE FUTURE



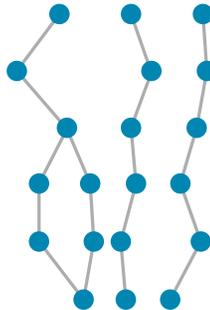
Climb the ladder

One-dimensional upward progression



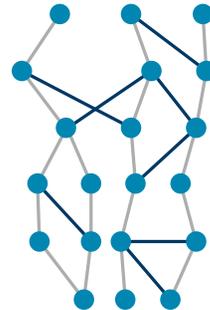
Y ladder

One- or two-dimensional managerial or technical progression



Career paths

Progression within a function



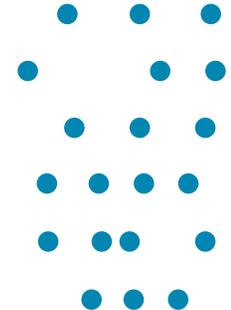
Career maps

Progress within and across functions



Career patterns

Grouping of roles that encourage career movements across functions to build depth and breadth



Open market

Movement throughout the organisation driven by the employee



Career development of the future looks more like a rock-climbing wall than a ladder or path.



Employees are offered a wide selection of areas to explore and an almost unlimited combination of moves in all directions toward their own version of career success.

Supporting digitally-ready teams

‘Internet of careers’

Aon has joined forces with Velocity Career Labs, a developer of innovative blockchain technology, and other human capital management leaders, to launch the Velocity Network Foundation. The foundation will define, deploy and champion the Velocity Network, which is a globally-accessible, open-source, blockchain-powered ‘Internet of Careers’.

The Velocity Network makes it possible for people to claim and manage their career credentials via blockchain. This includes verified education, projects, work history, skills and talent assessments. Workers can choose with whom to share this information and how others use this data. At the same time, employers and educational institutions can rely on trusted, immutable applicant, candidate, student and employee information.

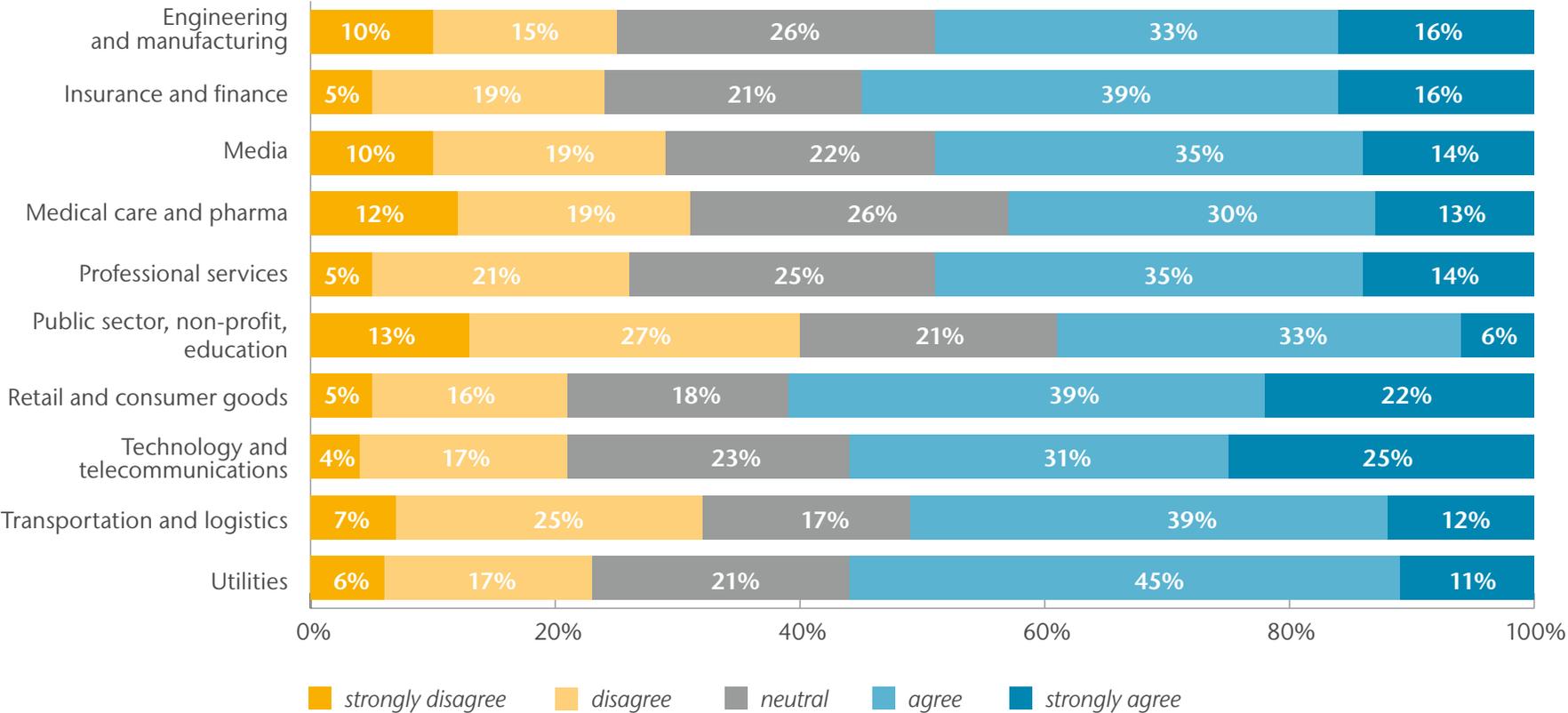


The Velocity Network makes it possible for people to claim and manage their career credentials via blockchain. This includes verified education, projects, work history, skills and talent assessments.

Supporting digitally-ready teams

Retail, telecom and utilities had the highest percentage of respondents saying that identifying and developing internal talent with high potential was a priority.

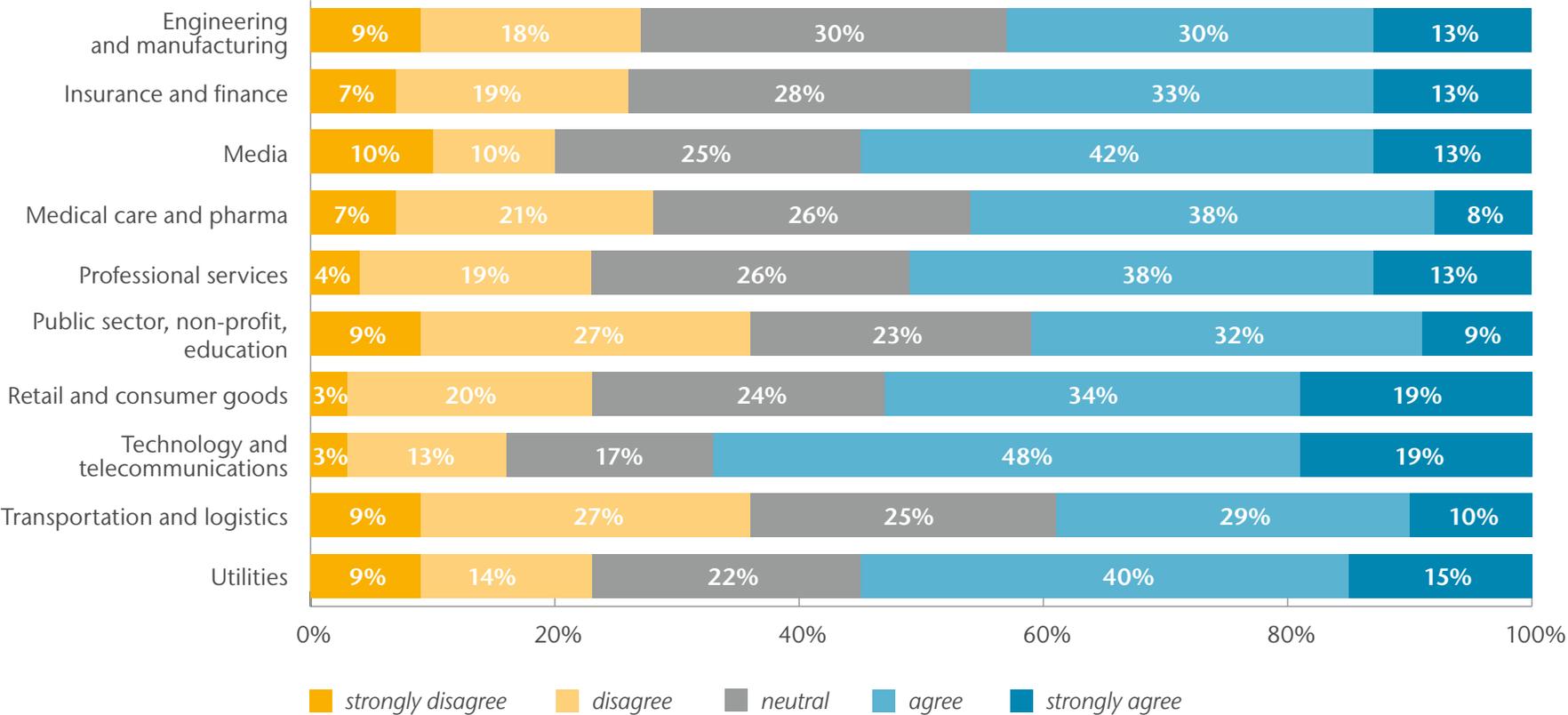
Figure 21 — Identifying and developing internal talent with high potential forms a key part of our digital strategy



Supporting digitally-ready teams

Technology and telecommunications respondents expressed the greatest confidence that their teams were prepared to work digitally. Transportation and logistics is significantly behind.

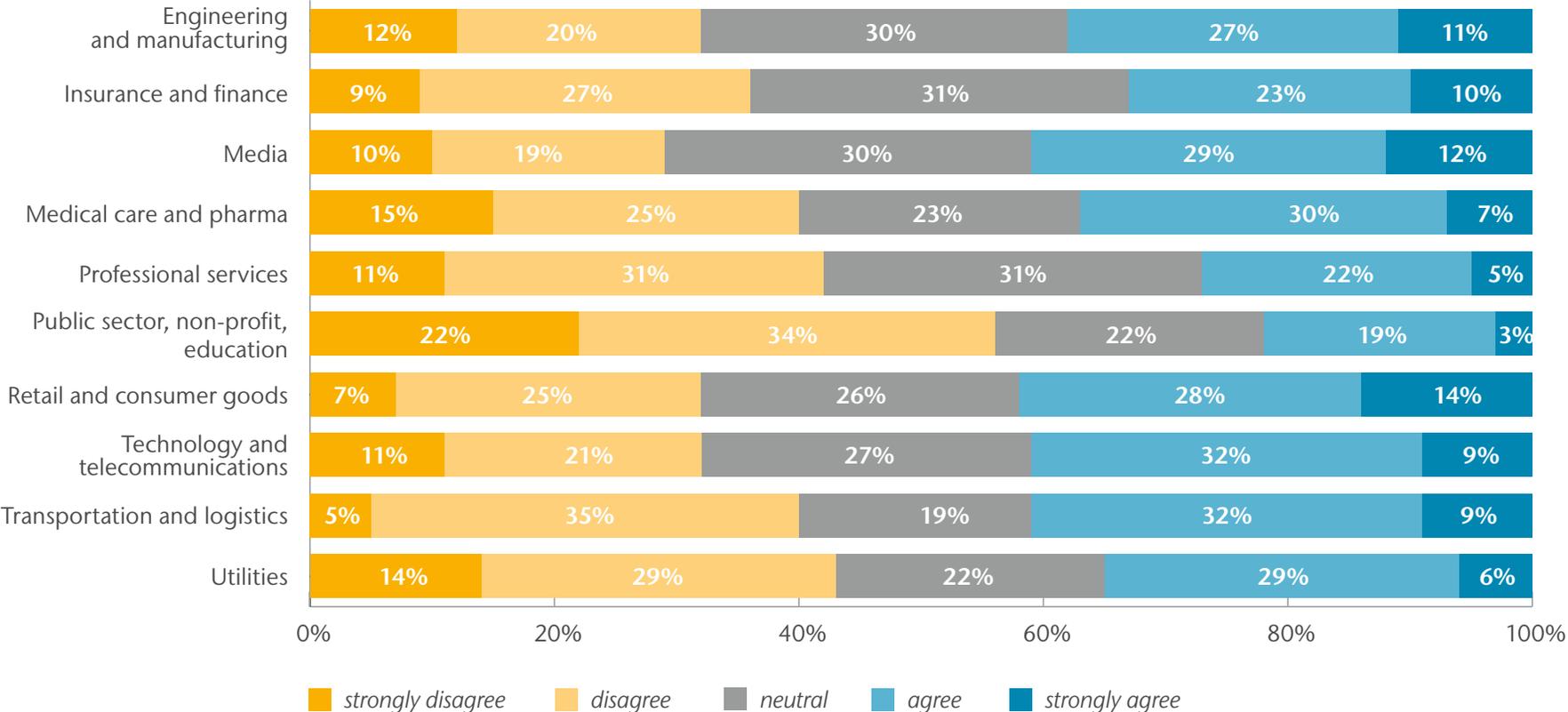
Figure 22 — We know how teams need to be set up in order to be successful in a digital environment



Supporting digitally-ready teams

Public sector, non-profit and education had the fewest people express confidence that their organisation had a digitally-ready rewards strategy.

Figure 23 — Our rewards programme helps attract and retain digitally-ready talent





Building digitally-ready organisations

Key findings on organisational readiness

Most respondents reported that their organisations had made significant progress toward executing an effective digital strategy, including placing digital leaders in critical roles.

Figure 24 — Our organisation has executed/is executing an effective digital strategy across the entire firm

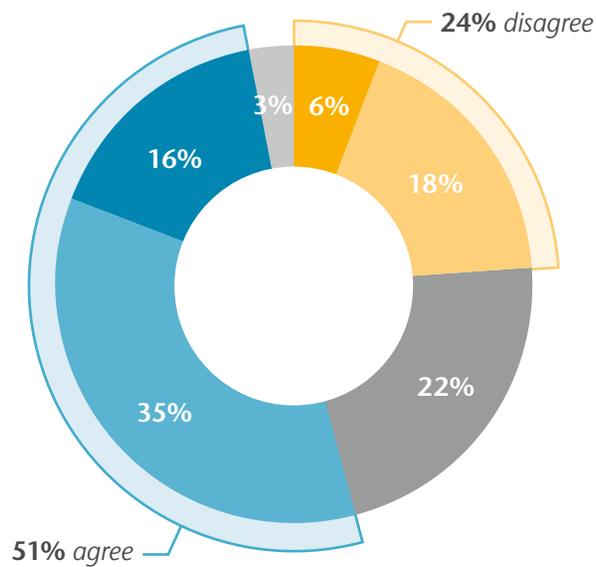


Figure 25 — We have leaders in critical roles to drive digital change

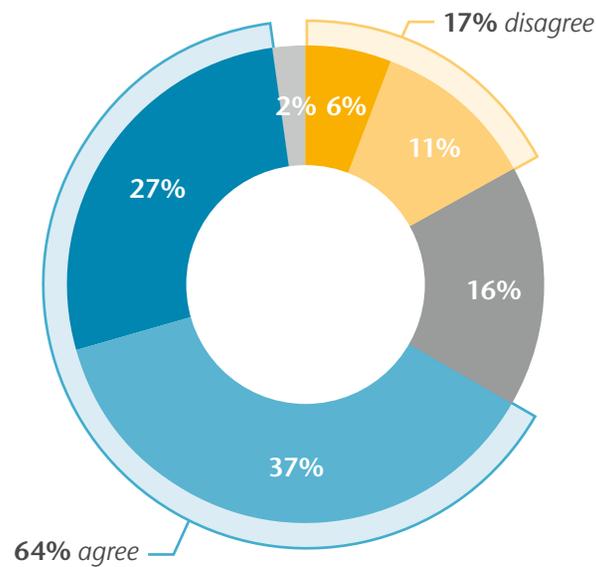
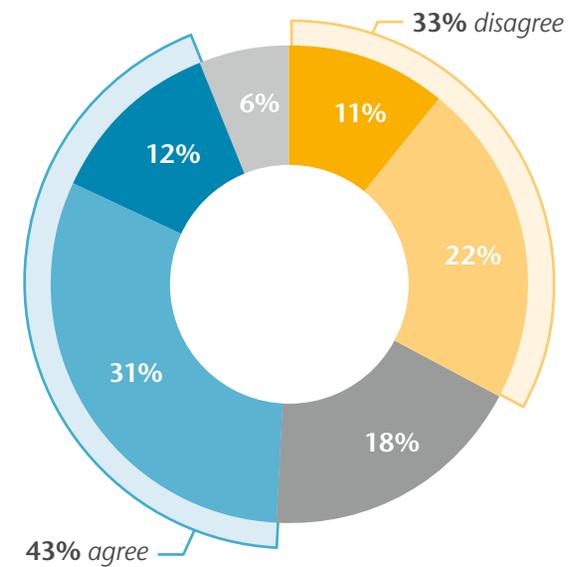


Figure 26 — Contingent/part-time technology workers are a part of our strategic workforce plan



■ strongly disagree
 ■ disagree
 ■ neutral
 ■ agree
 ■ strongly agree
 ■ n/a

Building digitally-ready organisations

Individual workers are embracing these changes, even as their organisations struggle to keep pace.

Looking across industries, technology and telecommunications respondents expressed the greatest confidence that their organisations were ready to work digitally. Retail and media professionals were the most confident that their organisation's rewards programme supported digital talent. Transportation and logistics lagged significantly behind on both fronts.

Future-proofing the workforce will require development of much more robust upskilling and reskilling programmes. Our research found that homegrown talent is not being sufficiently used or developed by many organisations. Just 15% say that the identification and development of internal talent forms a vital part of their digital strategy. That varies widely by sector. Only 7% of the public sector, non-profit and education organisations make internal talent development a priority. In comparison, the numbers are higher for retail and consumer goods companies (22%) as well as technology and telecommunications firms (26%).

Another area that warrants scrutiny at the organisational level is rewards. Rewards is where your human capital strategy connects directly with your business performance. Outdated pay structures could be undermining your digital transformation efforts.



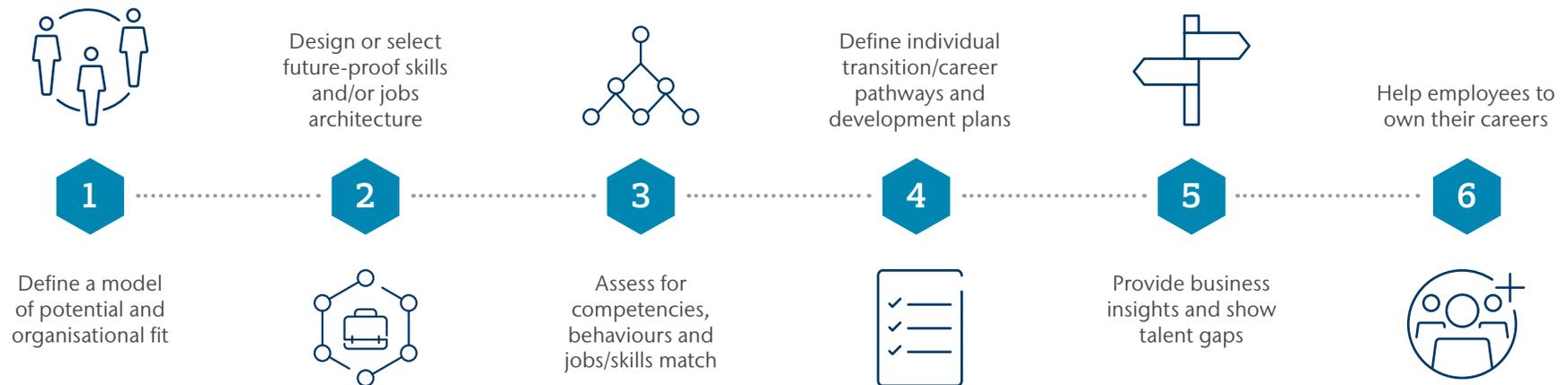
Only 11% of respondents strongly agreed that their rewards structures promote organisational agility.

Building digitally-ready organisations

Without the traditional career ladder to anchor raises to, how will you measure and predict which employees are going to have the biggest impact on business performance? What kinds of rewards will they value most? In other words, your organisation will need to adopt a more rigorous, data-driven approach to optimise and align your rewards programme to business objectives, market

data and your workforce's needs. Below is a simple framework that will help you with any future workforce projects.

Figure 27 — Framework for future workforce projects



Building digitally-ready organisations

- 1 Define a model of potential and organisational fit. You need to know and understand your workforce in order to help them find the right career path and role in the organisation.
- 2 Design or select future-proof skills and job architecture. To enable talent mobility, you need to understand what roles or career steps are a good fit for your employees.
- 3 Assess for competencies, behaviours and skills that match the architecture. Assessments, such as our digital readiness solution or a skills inventory, provide great insights and help with understanding what everyone brings to the table, what interests people have and where to start preparing for the future.
- 4 Define individual transitions, career pathways and development plans. You need to help your employees get to know their own strengths, skills and abilities to allow them to make informed decisions. Also to give them the power to invest in their own development.
- 5 Provide business insights and show talent gaps. Employee communication and education will be key to support these efforts.
- 6 Enable employees to own and grow their careers. After identifying gaps, you need to help close them. This includes training, retraining and upskilling. You need to prepare them for new challenges and help them master new tasks. Do not forget to take your employees on this journey and, more importantly, enable them to drive their own career journey.



Do not forget to take your employees on this journey and, more importantly, enable them to drive their own career journey.

Key findings on talent development

About half of respondents reported that identifying and developing digital talent was a strategic priority. However, fewer expressed confidence that their organisations knew how to identify such talent or provide a digital hiring experience to candidates.

Figure 28 — Our organisation knows how to identify individuals with digital potential

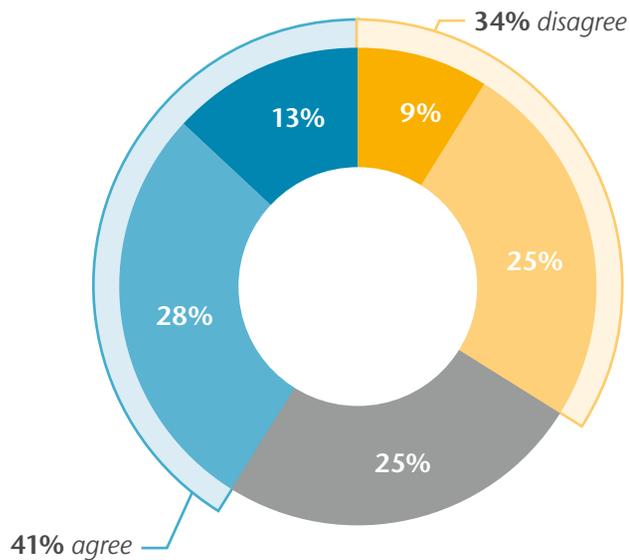


Figure 29 — Identifying and developing internal talent with high potential forms a key part of our digital strategy

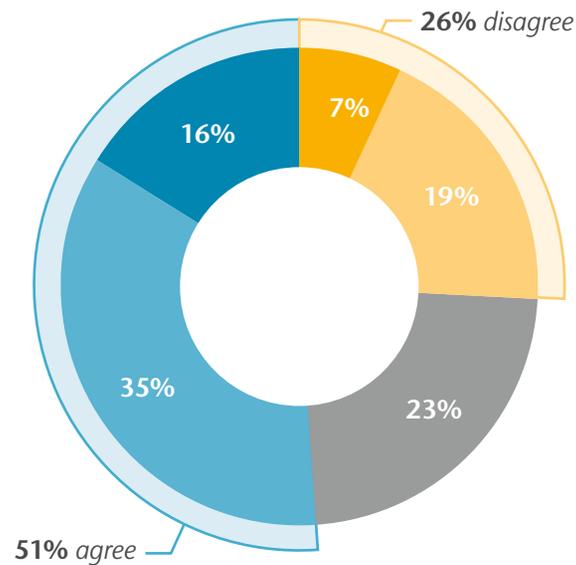
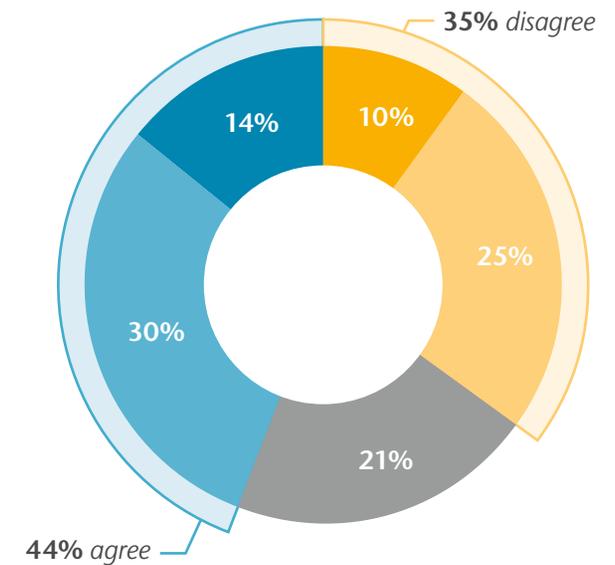


Figure 30 — Our hiring process provides a digital experience to candidates



■ strongly disagree
 ■ disagree
 ■ neutral
 ■ agree
 ■ strongly agree

Key findings on rewards

Fewer than half of respondents reported that their organisations had implemented a rigorous, data-driven approach to rewards that is aligned to business objectives, market data and workforce's needs.

Figure 31 — Our rewards programme helps attract and retain digitally-ready talent

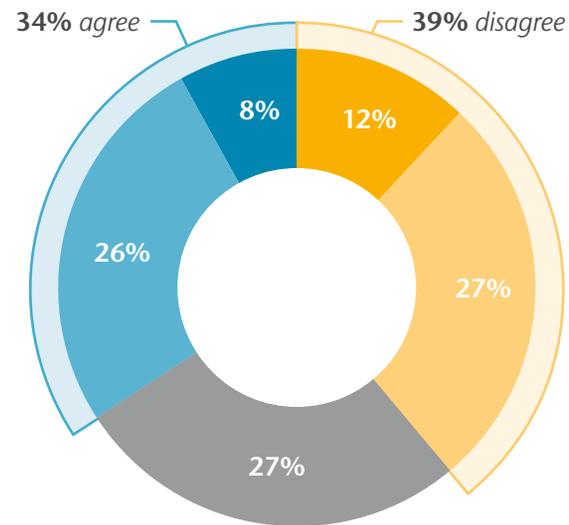


Figure 32 — Our rewards structures promotes organisational agility

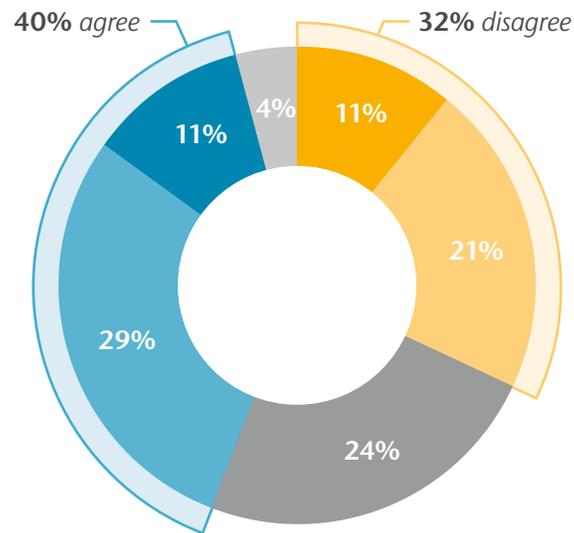
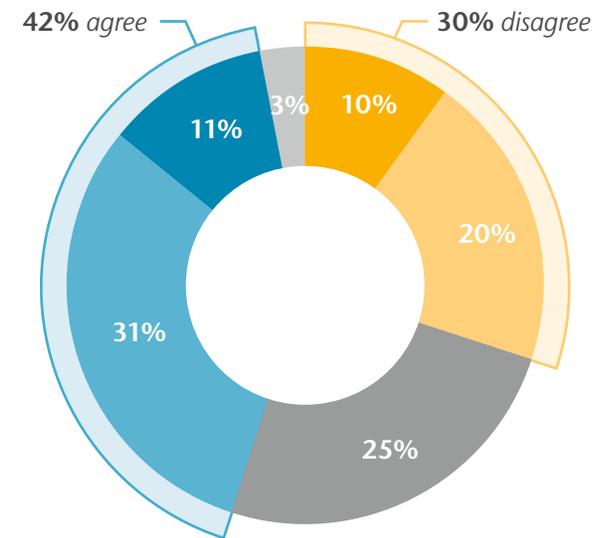


Figure 33 — Our rewards programmes drives innovation through collaboration



■ strongly disagree
 ■ disagree
 ■ neutral
 ■ agree
 ■ strongly agree
 ■ n/a

Building digitally-ready organisations



A retail banking technology group wanted to move its software development processes from a waterfall environment, meaning a leaner development process, to an agile environment, meaning one that promotes continuous improvement. The agile environment is designed to reduce time to market, increase design flexibility and encourage creative thinking. It is a great way to prepare workers for the future, but not an easy process to manage.

The company approached us to help with that transformation and to make it as seamless as possible. The IT team wanted to assess their team members before the switch to help people understand their individual level of agile readiness and consider what agile roles they might be best suited for.

The whole project was positioned as a development opportunity to create a positive experience for everyone. If you have experienced a big change like this within your organisation, you know it can often lead to significant workforce turnover. Therefore, positioning the training as a benefit to employees was important.

That task was made easier because employees used data generated through our assessments in their own career development. This proved to be a massive success, with 95% of employees committing to pursue agile roles. The company was able to adapt its technology group by providing employees with the flexibility they need to learn the skills that will shape their future.

95%

Having a digital readiness model was key for the company to retain 95% of its workers during a significant business change.

Conclusion

Digital is changing the way we all work. All organisations must rethink how their people can manage this transition.

Digital transformation changes the agenda of HR leaders. They must evaluate workers and their future-proof skills to hire and develop confidently. A flexible workforce depends on HR empowering employees to make the best of their careers within the organisation. We have identified six stages of digital talent evolution to secure a future-ready workforce.

Fortunately, HR leaders are already on the case. We found that 75% of HR executives can pinpoint the critical roles in their organisations to navigate disruption in their industries. Now it is just a matter of building processes that will create a flexible, future-proof workforce.

Accelerating the velocity of change and leveraging what technological advancements can offer is every company's goal. The key here is enabling humans to keep up. In the end, it is not just about the technology you invest in and implement, it is how that technology is used.

The workforce that can keep up is the one that will be ready for what the future brings.



Did you miss taking the survey?
Rate your organisation's digital readiness [here](#) and get your personal report.

Digital transformation changes the agenda of HR leaders. They must evaluate workers and their future-proof skills to hire and develop confidently.

Contact

To learn more about Aon's Assessment Solutions, visit us at assessment.aon.com

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About Assessment Solutions

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