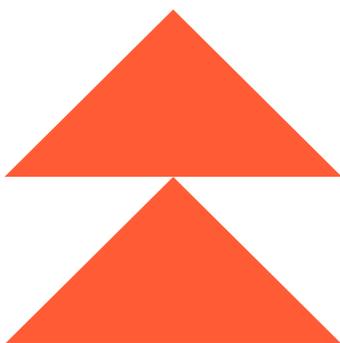




Narrowing the Talent Gap

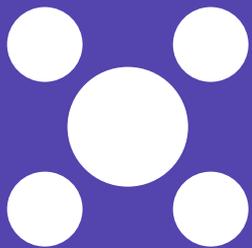


How to be a front-runner
in the race for talent

The talent crisis is real.

Projects are at risk.

It's time to make talent
a strategic priority.



Summary

As a result of economic growth and increasing projectization, the demand for project managers is expected to soar in the coming decade. At the same time, the collective impact of demographic trends, retirements, and cultural shifts in the workplace, will create a shrinking talent pool that is insufficient to meet demand. PMI and PwC's latest global research indicates there is a lack of awareness, or perhaps some complacency, among project-based organizations of the risks that lie ahead, and the potential detrimental impact that the talent crisis will have on projects and their ability to meet strategic goals in the future.

This paper highlights what organizations can do to minimize the impact of the crisis. Our research points to actions that make it easier to attract, develop and retain talent, as evidenced by the strategies taken by 'high-performing' organizations – those we have called front-runners – who find recruiting project managers less challenging. And we discuss the need to refresh the image of the profession to one where project managers are viewed as strategic partners and changemakers rather than tactical troubleshooters.

Successful projects are a key driver of global economic growth. As more and more industries become projectized, the demand for skilled project managers is expected to soar in the coming decade. But at the same time, aging populations and declining birth rates in many countries are shrinking the size of their workforces. According to [PMI's 2021 Talent Gap: Ten-Year Employment Trends, Costs and Global Implications report](#), the global economy will need a total of 25 million new project professionals by 2030. To close this gap, 2.3 million people will need to enter project management-oriented employment (PMOE) every year just to keep up with demand.

The talent gap is being exacerbated by the post-pandemic 'Great Resignation,'¹ which has seen workers quitting their jobs in droves all over the world, and it seems that the situation will only get tougher. Microsoft's Work Trend Index² report estimates that over 40% of workers globally are considering quitting or changing professions in the coming year.

The Talent Gap: Facts and Figures

Project management-oriented employment (PMOE)—which includes skilled project managers and those in less formal project management roles, that encompass project management skills—makes up 3% of all global employment, equating to **90 million** jobs. This is expected to grow to 3.2% or **102 million jobs** by 2030.

By 2030, at least **13 million** project managers are expected to have retired creating additional challenges for recruitment.

To close the gap, **25 million** new project professionals are needed by **2030**.

Source: Project Management Institute. 2021. [Talent Gap: Ten-Year Employment Trends, Costs, and Global Implications](#). (pmi.org)

At the same time, PMI and PwC's latest global research indicates that talent strategies haven't changed much. There's a widespread lack of focus on developing and retaining existing project managers, and a lack of variety and innovation in attracting and recruiting new talent. **The core problem, we believe, is that there isn't a business case for investment in talent**—one that explicitly aligns capabilities to organizational strategy and competitive advantage. The business case should describe how hiring, training, performance, and retention strategies will be aligned to those capabilities; and critically, it should use a data-driven approach to assess capabilities, measure progress, and link that to organizational performance.

Without a systematic approach and a focus on hard numbers, personal traits and behaviors will continue to be viewed as "soft" and risk being undervalued. And unless capabilities-building is recognized and treated as the central enabler of successful strategy execution, organizations will be unable to meet their goals, projects will falter, and the profession as a whole will be unable to avoid the impact of a global talent crisis. Most organizations seem unaware of the crisis, however some, albeit a minority, have begun to take action.

In July and August 2021, PMI and PwC undertook a global survey of 4,069 people involved in leading or facilitating the delivery of projects, programs, and portfolios. The survey sample was wide-ranging and included individuals with formal project management qualifications and those with job titles such as project/program/portfolio manager, as well as those in less formal project management roles, and initiative and workstream leaders. The executive viewpoint was also well represented, with the survey capturing 1,348 C-suite responses.

1 The term "Great Resignation" was coined by professor Anthony Klotz to describe the worldwide increase in people voluntarily leaving their jobs from April 2021 onward, supposedly as a result of the impacts of the COVID-19 pandemic and workplace conditions.

2 Microsoft Work Trend Index. 2021. [The Next Great Disruption is Hybrid Work—Are We Ready?](#) Microsoft.

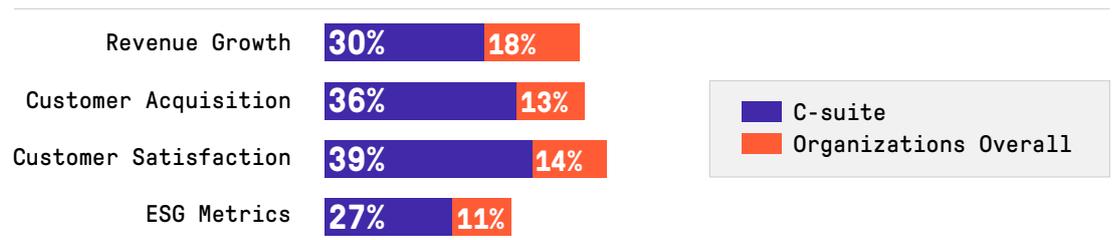


Gaining a Competitive Advantage in the Race for Talent: The Front-Runners

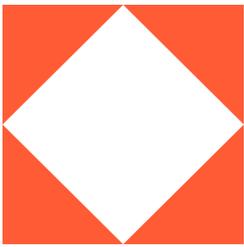
PMI and PwC’s research has identified a cohort of 250 organizations that are experiencing fewer hurdles in attracting and retaining talent, relative to their peers. Their project management offices (PMOs) are more aligned with organizational strategy—three quarters have C-suite representation, and 90% are considered by their executive leaders to be a strategic partner. They find it easier to recruit people with critical project skills and are more successful at nurturing project managers in their roles. They are also more than twice as likely to have performed much better in terms of revenue growth; customer acquisition; customer satisfaction; and environmental, sustainability, and governance (ESG) metrics (see Figure 1). Throughout this article we’ll be referencing these “front-runners” to illustrate what they’re doing differently, but it must be noted that even among this group, more could be done to attract, develop, and retain talent.

Figure 1: Key Performance Indicators: Front-Runners versus other organizations

C-suite View on 2020 Performance versus 2019 (% stating much better)



Source: PMI and PwC. 2021. [PMI and PwC Global Survey on Transformation and Project Management 2021](#).



Which Skills and Capabilities Matter Most?

Our research identifies the most important capabilities that project managers in general should have—and they're very different from what they used to be. PwC's previous research³ shows that the best project managers are evolving. No longer creatures of scope, schedule, and budget alone, they are now—enabled by new technology—focusing on **influencing outcomes, building relationships, and achieving the strategic goals** of their organizations. PMI and PwC's latest research builds on this and demonstrates that, while a broad range of capabilities is viewed as important by our research participants, five key skills—a mix of interpersonal skills, and what PMI calls power skills and business acumen skills—are deemed to be critical to the successful delivery of projects.

The research included a number of in-depth interviews with senior project leaders, and all of them agreed that power skills should be at the top of the list. Some interviewees expanded further on what good relationship building skills look like, emphasizing the importance of an empathetic approach.

Top 5 Skills/Capabilities of project managers* (in Order of Priority)

- Relationship building
- Collaborative leadership
- Strategic thinking
- Creative problem solving
- Commercial awareness**

Source: PMI and PwC. 2021. [PMI and PwC Global Survey on Transformation and Project Management 2021](#).

*Top five skills of project managers, selected from a list of 16, including power skills, business acumen, and ways of working.

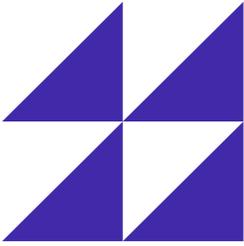
**Defined in the survey as “knowledge of the business, industry and ecosystem, and their implications for projects.”

“Empathy is often underestimated. In building relationships we should have a connection with our stakeholders and treat them as people—it's switching to asking how are you doing rather than what are you doing—creating a more open conversation. This kind of empathetic approach, looking at it from a human perspective, is the real skill. You will uncover so much more as a project manager with an empathetic approach.”

GEETHA GOPAL

Head of Infrastructure Projects Delivery and Digital Transformation, Panasonic Asia Pacific

³ PwC. 2021. [Who Is the Modern Project Manager: Meet the Project Influencer](#). PwC report.



The Image Problem

Our research highlights that project management has something of an image problem among senior leaders, with project managers being seen as tactical troubleshooters rather than strategic partners. This suggests a widespread lack of understanding of the value and impact of project management at the C-suite level.

Organizations must identify the specific and detailed set of capabilities that will confer the greatest competitive advantage in alignment with their strategic priorities. Proof that this isn't being done is evident in how few C-suite respondents associate project managers with "realizing visions," being "essential," or being "changemakers" (see Figure 2). It's also revealing that, while a significant portion of senior leaders do view project managers as problem solvers and relationship builders, important enablers for those traits—creativity and flexibility—score quite low.

The image of project managers among senior leaders in front-runner organizations is more positive, demonstrating that strong strategic alignment between the PMO and the C-suite helps to reinforce the value of project management capabilities in achieving wider strategic aims. But there's still room for improvement, even among this high-performing group.

Regional Spotlight.

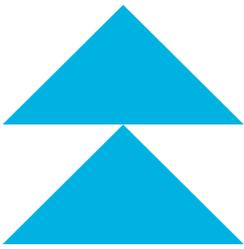
Perceptions of the profession are largely similar across the globe. However, the negativity is more concentrated in North America, where project managers have an image of box checking and note-taking, and in Latin America where the profession is more likely to be associated with bureaucrats and rule followers.

Figure 2: Perceived Attributes of Project Managers Among Senior Leaders

Attribute*	% of all senior leaders (n=1174)	% of senior leaders in front-runner organizations (n=105)
Problem-solvers	64	65
Relationship builders	45	53
Changemakers	37	60
Creative	28	48
Essential	27	39
Realizing visions	27	41
Flexible	25	38

Source: PMI and PwC. 2021. [PMI and PwC Global Survey on Transformation and Project Management 2021](#).

* Respondents were provided with a list of 20 words and phrases and asked to select those that best describe how they see project managers



The Capabilities Gap

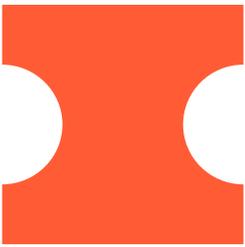
When we asked respondents to assess their colleagues on the attributes that were most important for a project manager, it revealed a capabilities gap in all five of the most critical areas, particularly creative problem solving.

The ability of talent managers to measure baseline capabilities and analyze gaps is crucial in quantifying the need for investment and designing effective talent management strategies to close those gaps. External or in-house capabilities assessment frameworks and learning needs assessments, tailored to each organization's needs, will help to systematically gather relevant data and insights, and serve as valuable talent health checks.

Figure 3: The Capability Gap: Top Five Capabilities of a Project Manager

Capability	% ranking in top three capabilities of a project manager (n=4069)	% who believe project managers in their organization do not have this capability (n=4069)	% of front-runners who believe project managers in their organization do not have this capability (n=250)
Relationship building	34	16	4
Collaborative leadership	32	19	4
Strategic thinking	25	20	4
Creative problem solving	25	23	6
Commercial awareness	22	20	5

Source: PMI and PwC. 2021. [PMI and PwC Global Survey on Transformation and Project Management 2021](#).



Recruitment Rethink is Urgently Required

Worryingly, the top-five capabilities that are most important for strategy execution and are lacking in a significant number of project managers are also cited by one in three respondents as difficult to recruit for. Once again, creative problem solving tops the list. Even among front-runners it's a struggle to find these critical skills, albeit to a lesser degree.

Despite these challenges, most organizations globally are still relying on traditional approaches to recruit talent. Although they're prioritizing power skills and business acumen, they're still searching in the same, shrinking pool of talent. Only 38% of organizations are actively working to increase the diversity of candidates, and only 15% see upskilling young people in underrepresented communities as a priority. Among front-runners, this rises to 47% and 38%, respectively.

Regional Spotlight.
All regions are experiencing a hiring challenge to a certain degree, especially Latin America, South Asia, and Europe. China is less likely to experience issues, but one in five organizations still finds recruiting these critical five skills difficult.

Figure 4: The Recruitment Gap

Capability	% ranking this in top three capabilities of a project manager (n=4069)	% of hiring managers stating that the capability is difficult to find (n=1619)	% of front-runner hiring managers stating that this capability is difficult to find (n=147)
Relationship building	34	29	23
Collaborative leadership	32	32	26
Strategic thinking	25	32	18
Creative problem solving	25	36	28
Commercial awareness	22	30	18

Source: PMI and PwC Global Survey on Transformation and Project Management 2021

Geographically, organizations are mainly focusing on where the role is based—four in 10 are recruiting in other parts of the country and just one in eight outside the country. Front-runners are reaching out further to recruit project managers—almost half are recruiting beyond the area local to the role and a quarter recruiting outside the country. Only 38% of organizations—and 45% of front-runners—are embracing flexible staffing models, such as using independent contractors, part-time employees, and

temporary employees. And only 50% of organizations—compared to 58% of front-runners—offer flexible working, such as job sharing, remote work, or alternative work schedules. This means they're excluding many potential candidates, including women, who have struggled during the pandemic to combine work with caregiving responsibilities.

Initiatives to Increase Diversity and Upskill Young People—Some Examples

Localized is an example of an app designed to help connect students and recent graduates with industry experts, employers and other talent hubs in the Middle East. <https://www.localized.world>

JPM Chase is investing in career education to create pathways to well-paying jobs across the United States. Summer employment opportunities for youth are also providing early work experience.

The Coca-Cola Foundation 5by20 program has provided more than 6 million women across the globe with access to business skills training, mentoring, and financial services or assets.

Regional Spotlight.

In China and Sub-Saharan Africa, where flexible staffing models are more typical, finding the right talent is less challenging.

There is, of course, a trade-off when tapping into the gig economy—it will help to alleviate hiring challenges but will also have an impact on organizational knowledge and learning, and on project management as a core organizational capability.

Only 18% of organizations and 31% of front-runners are working to actively change the image of the profession. Given the competitive hiring landscape, and shrinking talent pool, not taking action to better communicate the value of project management capabilities, both internally and externally, is a high-risk strategy. Many also aren't considering candidates who don't have project-related qualifications. Indeed, many more are increasing the requirement for their qualifications than those who are reducing it.

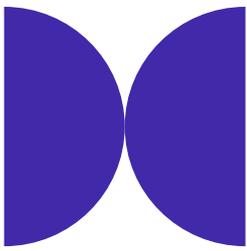
Talent managers will also have to consider how technology will impact hiring needs. For example, whether scheduling or cost estimation skills will still be needed as much in the future, or if such tasks are going to be replaced by automation. Currently only one-quarter of organizations—and half of front-runners—are utilizing technology to automate lower-value processes. A further third expects to use automation, along with other technologies including artificial intelligence (AI) and virtual reality, more frequently in 5 years' time. Talent managers need to monitor this trend and build it into their strategies and forecasts.

Attracting the U.S. Veteran Community into Project Management Roles

“For the veteran community, mentoring is very important. We know we have skills that are very well aligned from a leadership perspective for project management, but there are gaps in things like tools, methodologies, and managing budgets. The challenge is often that we don't even know what is out there in industry so we can tailor our experience to find a role. For the veteran community, finding mentors or even additional sources of information, like videos of interviews, where someone explains the day in the life of an agile project manager, construction project manager, etc., would truly enable us to make better decisions.”

MICHAEL QUINN

CEO, HireMilitary & Tenova LLC, which helps U.S. military veterans transition into employment



Elevating Learning and Development

If capabilities aren't aligned to organizational strategy, capabilities building isn't going to get the attention it deserves. That's why the number one barrier to developing project manager capabilities—cited by 37% of respondents—is that learning and development (L&D) isn't enough of a strategic priority. This is the case even for 28% of front-runners; being seen as a strategic partner to the C-suite is certainly important, but it's no substitute for systematically mapping capabilities to strategic goals and creating a quantifiable business case for investment. This disconnect is obvious to project managers though, with over one-quarter saying that training isn't aligned to organizational strategy.

This is an area that front-runner organizations also need to work on—a quarter of this high-performing group also reported a lack of alignment between their organizational strategy and their L&D activities.

So it's perhaps no surprise that the biggest share of investment, according to 40% of respondents, goes to training in tools, processes, and methodologies, rather than power skills and business acumen skills. And notably, just 32% of organizations—41% of front-runners prioritize the development of collaboration and management skills for remote working. Yet 89% of respondents have had to work remotely in some capacity since the pandemic began. And up to one-third say that developing power skills and business acumen skills is one of the most difficult things to do remotely.

Lack of strategic prioritization is also evident in how training and development is being done, with organizations largely not embracing a diversity of learning preferences and opportunities (see Figure 5). Just 29% of organizations, for example, offer on-demand, microlearning tools, or encourage social and

Figure 5: Initiatives Used to Support Recruitment

Initiative to support recruitment	% of organizations using this method (n=4069)	% of front-runners using this method (n=250)
Promoting a culture of continuous learning	51	72
Providing in-house coaching, mentoring, and shadowing	44	63
Using tech to facilitate agile, innovative, continuous learning	38	61
Providing team-based training	37	59
Partnering with external training providers	34	52
Providing on-demand micro learning opportunities	29	45
Encouraging social and informal learning	29	47
Adapting training to diverse employee needs	23	46

Source: PMI and PwC. 2021. [PMI and PwC Global Survey on Transformation and Project Management 2021](#).

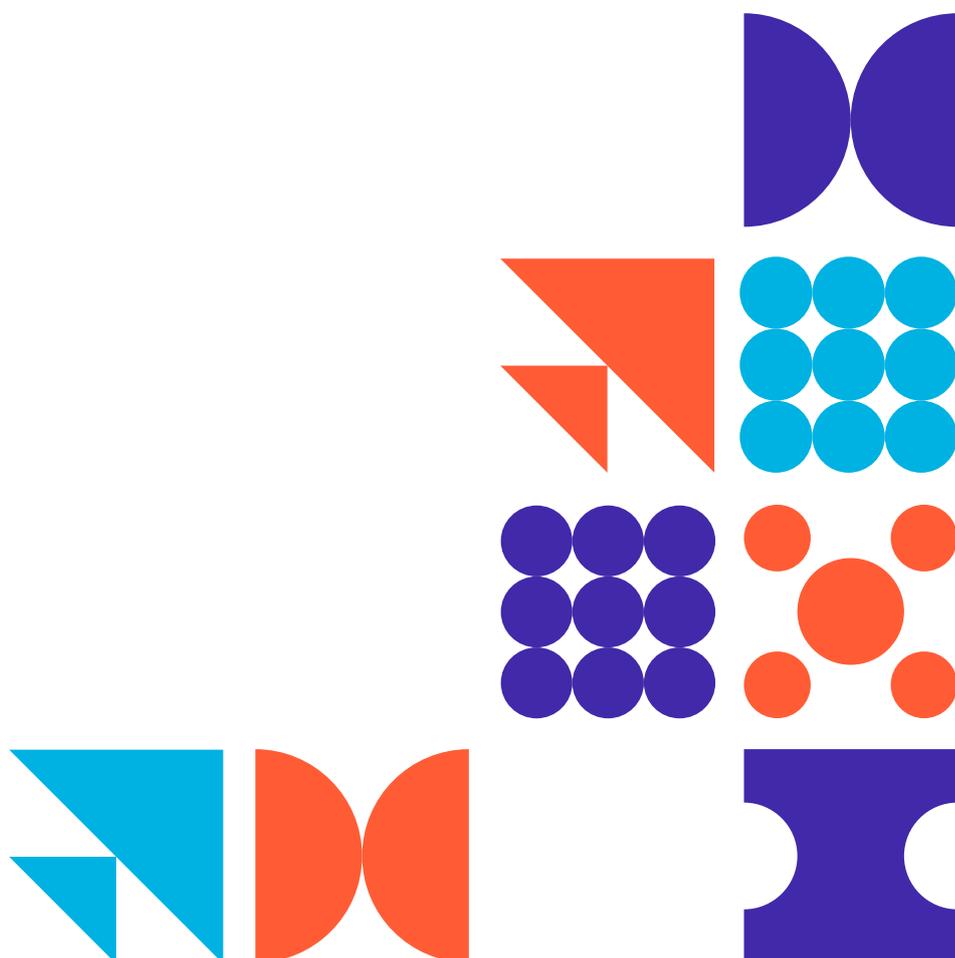
informal learning. And only 38% use technology to facilitate agile, innovative, and continuous learning. Yet digital technologies such as virtual reality are particularly suited to harder-to-teach skills, and can create powerful learning experiences. The focus of development is also squarely on individuals, with team-based training overlooked by nearly two-thirds of organizations; yet teams are the backbone of projects, and are critical to organizational success.

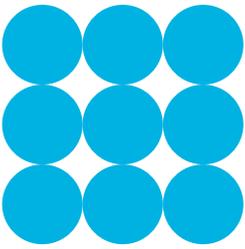
It's no wonder that respondents have a litany of complaints, chief among them that training isn't engaging enough (30%), isn't of high-enough quality (29%), uses an insufficient variety of learning methods (27%), and takes too long (21%).

Crucially, only 22% of organizations monitor the use and progress of training. This could indicate that 78% don't know whether L&D programs are actually

improving capabilities—and executives have no idea what return they're getting on investment in these programs, which in turn feeds the lack of strategic prioritization. It also creates no incentive to review and evolve approaches to training, which is why only 23% of organizations do it regularly. In comparison, 45% of front-runners monitor their training programs and 51% regularly review them.

Organizations also need to get creative about harnessing the power of staff who don't have formal project management training, many of whom are already responsible for bringing lower-risk projects to fruition. Only 13% of respondents say that training these "accidental project managers" is given high priority across the organization—compared to 43% of front-runners.





A Call to Action

The message is clear: talent, projects, and strategic goals are at risk unless organizations invest now in building winning capabilities to gain a competitive advantage.

- **Take it to the top:** Make talent management a C-suite priority, with clear alignment of capabilities and strategic priorities.
- **Follow the numbers:** Use a systematic, data-driven approach to assessing key capabilities, identifying gaps, and measuring progress.
- **Reinvent recruitment:** Get smarter at attracting talent to plug capabilities gaps.
- **Elevate your L&D:** Invest in fostering critical capabilities, using diverse learning methods.
- **Monitor, evaluate, and monitor again:** Review and evolve talent strategies in line with feedback, progress, and the changing priorities of the business.

Further Reading:

[PMI's Talent Management Thought Leadership Series](#) reports about building project management talent. It provides a lot of great “how” suggestions that address the “what” and “why” opportunities and challenges identified in this report.

Acknowledgement

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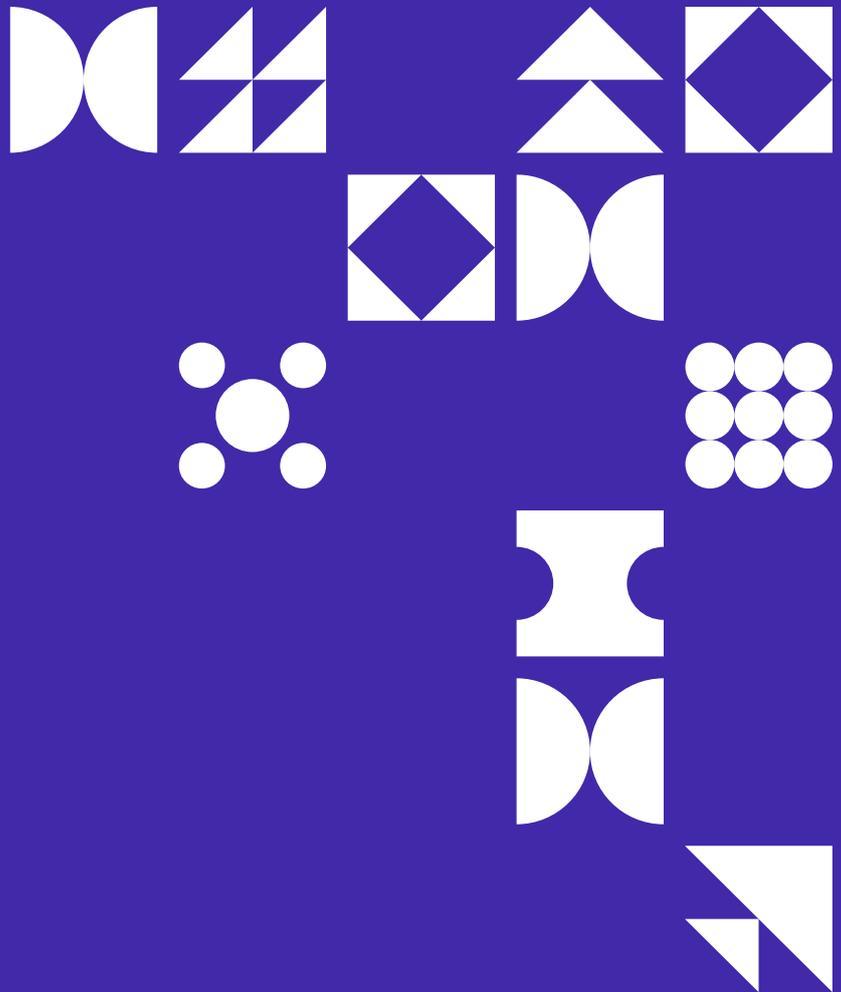
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