

A PERSPECTIVE ON FUTURE EMPLOYABILITY

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Ladies and gentlemen, distinguished guests!

First of all I would like to thank the NU and the organizers for inviting me address you today on the theme of Graduate Employability in the 21st century. As one of the major employers in Kazakhstan, this is a theme close to our DNA.

It is indeed a great privilege to be here witnessing the progress made since the inception of the University some five years ago. I vividly recall this as one of the most defining moments of my time in Kazakhstan. This year we will see the first graduates qualifying and looking forward to joining industry and commerce, and contributing to the development of this young and energetic country in many different fields.

I must take the opportunity to congratulate the academic faculty, members of NU and partner universities for achieving a golden milestone this year. I am, and you should all be extremely proud of your achievements and I would like to wish all the students graduating this year and the faculty a successful future.

Our theme for this plenary session; Perceptions of Employability, Skills and Individual aspiration in a diversifying economy, is certainly a very interesting and important topic which deserves reflection. 'The headline Educational challenges for the region are clear - we need quality graduates. We need them motivated and engaged- But in which areas, with which skills?' As an Accountant by background, I find it intuitive to think of business with a balance sheet in mind; assets (or operations) on one hand and Finance on the other (covering Economics and Capital markets). But as esteemed Academics I know that you will need a more robust framework, so, I shall briefly frame my asset and finance thoughts using that most notable academic body - the Nobel Committee to illustrate where I think regional challenges lie. There have been 889 Nobel prizes awarded since 1901; of these 257 have been awarded to the home of Capitalism - the USA - where more than 43 of the American Prizes have been won in the field of Economics and Capital Markets.

By contrast, in the former Soviet region, there have been 27 Laureates. It will come as no surprise to any of you that the vast majority are in physics and sciences. Only 3 former Soviet Union citizens have won a prize for economics – and of these 3, 2 Prize winners were based in Minnesota and at Harvard. This leaves us with one former Soviet Union based laureate - Leonid Kantorovich. His specialism? – The optimal allocation of Resources'. What I would call the asset side of the balance sheet.

To be clear, The Laureate awards suggest that Americans have invested heavily in understanding markets and connectivity, and when measured by resilience they have been amply rewarded for this understanding. The financial, currency and commodity crisis suggests that this Central Asian region needs qualified finance professionals.

If we are to become globally connected in trade, we have a real need for graduates trained in the areas of international economics and capital markets. I sense that, on balance, our region is, as result of a legacy focus on science and physics, well served by mathematicians, engineers and scientists - we need to preserve this, but may I gently suggest that we also need to ensure that graduates enter the areas of economics and capital markets.

In considering the term Employability, as defined by Professor Mantz Yorke: "a set of achievements – skills, understandings and personal attributes – that make graduates more likely to gain employment and be successful in their chosen occupations, which benefits themselves, the workforce, the community and the economy". Whilst this may be a neat comprehensive definition for graduates as they seek their initial employment opportunities, I would encourage Graduates

to look at Employability as a life time aspiration, in other words the capacity to earn a living until we decide to stop working. Today a career with one organization for life is no longer the norm.

So, I would like to share with you my thoughts on the key question in front of you as Educators and us as Employers: “What should be considered in developing educational programmes that are fit today for tomorrow’s challenges” I will begin by looking at the future and focus on the megatrends that are expected to shape the future landscape, and their implications for new skills in future. I will then share with you some of my personal observations regarding ‘skills required for long term employability’ based on my experiences from working and living in different countries and continents over the past 30 years including Kazakhstan.

I will follow this with opinions expressed by CEOs in our Annual Global Survey. And finally, I would like to land these thoughts by reflecting on the recent initiative announced by President Nazarbayev; to promote Astana as an International Financial Centre. This vision has importance for the development of relevant skills to meet national goals.

When we scan the horizon, the global landscape is changing rapidly, therefore preparing new generations with the appropriate skills to tackle tomorrow’s challenges requires an appreciation of what the anticipated changes actually mean and how best to reflect these in your educational programmes going forward. Let me share with you some PwC insights on megatrends. We see megatrends as macroeconomic forces that are shaping and reshaping the world. By definition, they are big and include some of society’s biggest challenges – and opportunities. The concept of megatrends is not new. Companies organise their strategies and businesses around these trends. I believe it is equally important for us in this and similar forums to consider the opportunities provided by the megatrends. They guide us in refining the future educational strategies. Ignore them? And we later run the risk of becoming irrelevant to a large part of society. 5 global megatrends as we see them are:

- Megatrend 1 – Demographic shifts
- Megatrend 2 – Shift in global economic power
- Megatrend 3 – Technological breakthroughs
- Megatrend 4 – Climate change and resource scarcity
- Megatrend 5 – Accelerating urbanisation

Megatrend 1 – Demographic shifts

Explosive population growth in some areas against declines in others contributes to everything from shifts in economic power to resource scarcity. Countries have very different demographic trajectories. Some societies are aging rapidly and their workforces will be constrained. Other societies are young and growing which will create even larger labor forces and consumer markets. Accordingly, talent mobility will only become more important in the future as demographic trends create an unequal supply of new workers.

Apart from the economic implications such as health care costs ability to deliver healthcare, shifts in longevity may affect business models, pension costs, and talent goals/ambitions. The workforce may need to be retooled in all parts of the world; in the aging economies older workers will need to learn new skills and work longer.

Megatrend 2 – Shift in global economic power

The focus of global growth has shifted. The developments we see are essentially about a rebalancing of the global economies. A realignment of global economic and business activity is transitioning the populous BRIC and other growth countries from centres of labor and production to consumption – oriented economies. As they become exporters of capital, talent and innovation,

the direction of capital flows will be adjusted. Competition generated from new geographies and sources may create different competitor profiles than those historically faced.

Megatrend 3 – Technological breakthroughs

Breakthroughs in nanotechnology and other frontiers of research and development are increasing productive potential and opening up new investment opportunities. The combination of internet, mobile devices, data analytics, and cloud computing will continue to transform our world. Technology will enable virtual versus physical business and operating models. New competitors will emerge as technology and innovation create new competitive advantages and increase productivity across sectors and geographies. Technology enables far smaller “adoption” gaps between developed and developing countries.

Megatrend 4 – Climate change and resource scarcity

Scarcity of resources and the impact of climate change are of growing economic concern. With a population of 8.3 bn people by 2030, we’ll need 50% more energy, 40% more water and 35% more food. Impacts may include increases in extreme weather and rising sea levels, which could make traditional methods of farming and fishing difficult or impossible in some heavily populated places. New industries will be created, existing ones revolutionized in response to energy scarcity, climate change and lack of resources; the pace of these changes will be accelerated by new technologies.

Megatrend 5 – Accelerating urbanization

In the 1950s less than 30% of the world’s population lived in cities. Currently the proportion is 50% and by 2030, the UN projects that some 4.9bn people, around 60% of the estimated population will be urban dwellers. This trend will accelerate the growth of mega-cities – those with populations of 10 million or over. As mega-cities grow, megaprojects will be required to build city infrastructure, support new trade flows (airports, sea ports), to address education, health, security and employment demands, etc. With urbanisation, comes increased “connectivity”, it is this “hub connectivity” theme identified as important by President Nursultan Nazarbayev.

So what are some of the key implications of megatrends that we should all be reflecting in our plans going forward:

1. Growing talent shortages whilst increasing talent mobility
2. Potential of retooling “grey workers” to extend their Employability (offsets demographic costs of ageing).
3. New skills and technologies to cater for aging populations
4. New skills to be developed to manage the sustainability as megacities put pressure on scarce resources and supply chains.
5. New geographies and technological breakthroughs opening new consumer markets and virtual business models.

In summary, megatrends need to be reflected in the strategy of Educational Institutions as they develop relevant programmes for the next generations. I have come across a good example of what I mean; one University with an “Employability Strategy Group” addressing the question as – ‘Engage in horizon scanning to anticipate and prepare for new opportunities and likely future developments that relate to student employability and graduate attributes’. – This is The University of Edinburgh in 2015. I would welcome and encourage Universities in Kazakhstan and Trustees of Universities to scan the horizons and raise similar questions looking at the future in a proactive way.

Let me now move from macro picture to more practicable observations based on my first-hand experiences over the years: “Transferable skills”, in my view this is relevant wherever you are. These skills are not specific to a particular path but generic that can be applied across disciplines and sectors and they are fundamental. Employability in my view requires “long term fitness” – the programme which includes basic tenets that need to be developed, kept sharp and agile and nurtured along the way.

I will mention some of the attributes of our own fitness programme; the critical 6 Cs:

- Communication
- Cultural awareness
- Critical thinking
- Collaboration
- Conflict resolution
- Creativity

In my view, all of these underpin the basic skills that are needed to secure long term Employability. My basic premise is that specific skills are indeed important to gain employability, but this should not be regarded as a one off event. The base skill is simply your foundation to build on for life. Skill sets that offer employment opportunities at the outset will need to be developed, expanded further during the course of one’s career and the transferable skills that I mentioned help to accelerate personal growth, faster integration capability with other cultures and advancement in the career progression. Developing skills for employability only would be a narrow and shortsighted view and unlikely to be fulfilling in the long run.

Let me now share with you the key messages from our Annual Global CEO Survey, we asked CEOs what capabilities tomorrow’s leaders will need to succeed in this evolving business environment. According to their responses, the CEO of tomorrow will need to possess the following skills:

1. An ability to see around corners - a number of CEOs mentioned the need to identify trends early and stay ahead of the fast-moving competitive landscape.
2. Tolerance for ambiguity - many said tomorrow’s leaders need a constant readiness for changing business dynamics and an ability to work towards unclear goals and outcomes.
3. Agility in decision-making - being flexible-minded and a curious life-long learner who’s open to testing and measuring new ways of doing things was the message from many others.
4. Adaptability in execution - the most often-mentioned response was adaptability – the power to drive nearconstant renewal inside their organization.
5. At ease with technology - CEOs told us that technology plays an important role - both as an accelerator of change, and as the key tool at their disposal to remain agile, to adapt to changing circumstances, and to stay close to consumers and influencers.
6. Surrounded by a great team - CEOs must have talented staff in place to compete in the marketplace. The ability to attract great people was one aspect, but being able to cultivate a positive culture with a happy workforce, centred around trust with staff.

The seventh capability was a bit of a surprise and mentioned by a good number of CEOs from across geographies and sectors - and that was ‘humility’. The CEOs naming this capability said it was important to maintain a modest opinion of your own importance and be open to listening and learning from all that’s happening in the global environment. And, of course, humility highlights the importance of CEOs knowing the limits of their own ‘superpowers’.

I will close my remarks by reflecting on your role as Educators in the context of Central Asia – after all, if your Educational establishments are not planning activities to address local concerns and ambitions, it is hard to see alignment and relevance in the long run. Last month at the Astana Economic Forum, the President Nazarbayev announced plans to introduce International Financial centre in Astana leveraging the infrastructure for Expo 2017.

As I noted earlier, realising this vision will require trained financial economists being added to the deep scientific and engineering skills pool of Kazakhstan. The international centre is envisaged based on Dubai International Financial centre (DIFC) which has been successfully operating for the past decade. In DIFC you will find 22 of top 30 worlds top banks, 7 of 10 top law firms, 6 of top 10 insurance companies. More than 1000+ (from 19 in 2004, to 1000+ in 2014) registered companies - 300+ Financial service companies, 145+ retail companies, 560+ Non-financial services firms. There are a number of critical success factors for international financial centres, including but not limited to:

- Enforcement of law;
- Independent regulation;
- Common legal framework;
- Supportive infrastructure; and its
- Tax-friendly regime.

All success factors need to be worked through diligently by the local talent cooperating closely with international expertise. A quick glance at the Dubai model indicates that the financial centre provides employment to more than 17.000 people (2004 – 75, to more than 17000 in 2015), qualified and talented specialists from different parts of the world, including accountants, lawyers, judges, actuaries, financial advisors, technology experts etc.

Establishing a global financial centre is a highly ambitious and a bold move and if successful it will provide Kazakhstan and the region with a unique opportunity to power future growth. I would like to remind those who looked at the NU concept of bringing the best educational partners from around the world with a level of skepticism five years ago, you now see a dream realized despite head winds from one of the worst and most persistent of negative economic conditions. The idea of an International Financial hub is an ambitious but a visionary goal; I am confident in you, having witnessed ample examples of successful execution of similarly ambitious goals over the past 2 decades of independence in Kazakhstan.

Looking at it from the perspective of skills required, Astana International Financial Centre initiative clearly signals a new path which offers tremendous opportunities. Over the next decade, the education, training and development of local capabilities matching international expectations require fast track skill building. Local universities along with financial and professional institutions such as ours will be called upon to contribute. Collaboration between government, educational establishments and the private sector institutions will - as always - be critical for a successful outcome.