Global 27-country twin surveys

5,400 People; 2,700 executives and 2,700 employees conducted by Oxford Economics
Five research finding themes

1. The new face of work
2. A Millennial misunderstanding
3. What matters most
4. The leadership cliff
5. The learning mandate
The new face of work
Executives say they are increasingly using contingent, intermittent, or consultant employees, which will require them to:

- Change compensation plans
- Conduct more training
- Invest more in HR technology
Labor shifts executives are most concerned about

1. Globalization of labor supply - 51%
2. Millennials entering the workforce - 51%
3. Difficulty recruiting employees with base-level skills - 48%
4. Increasing number of intermittent/seasonal employees - 43%
5. Increasing number of contingent employees* - 42%
6. Employee expectations are changing - 41%
7. Aging workforce - 41%
8. Changing work models (e.g., telecommuting, flex time) - 40%
9. Increasing number of consultant employees - 39%
10. Difficulty recruiting specialized employees - 32%
Companies are not making progress toward meeting workforce goals

The top impediments to making progress are:

1. Lack of employee longevity/loyalty
2. Lack of adequate leadership
3. Lack of adequate technology
4. Lack of skilled talent
A lack of metrics and tools holds HR back

- 39% Have ample data to understand strengths and potential vulnerabilities
- 38% Use quantifiable metrics and benchmarking as part of workforce development strategy
- 42% Know how to extract meaningful insights from the data available to them
A millennial misunderstanding
Millennials are not as different as we think

Almost everyone wants training and development

Compensation is the most important factor

Their top priorities are the same as non-Millennials

Even retirement plans are only slightly more important to non-Millennials
Myth or truth?

01. Millennials care more about making a positive difference in the world

- Millennials: 21%
- Non: 20%

02. Achieving work/life balance is more important to Millennials

- Millennials: 29%
- Non: 31%

03. Learning & growing is more important to Millennials than meeting income goals

- Income: 32%
- Learning: 10%
Millennials do need to be managed differently in terms of feedback and development.

Millennials want feedback 50% more often than non-Millennials.
What matters most at work
When it comes to satisfied employees, compensation matters – a lot

- Competitive compensation
- Bonuses/merit pay
- Retirement plans
- Supplemental training
- Flexible work location
- Vacation time
- Benefit plans
- Flexible schedule
- Education

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<table>
<thead>
<tr>
<th>What executives value as top employee attributes</th>
<th>What employees think employers want</th>
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<tbody>
<tr>
<td>1. High level of education</td>
<td>4</td>
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<tr>
<td>2. Loyalty &amp; long-term commitment</td>
<td>2</td>
</tr>
<tr>
<td>3. Ability to learn</td>
<td>3</td>
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<tr>
<td>4. Diverse background</td>
<td>1</td>
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<td>5. Interest in the wider business</td>
<td>7</td>
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<tr>
<td>6. Self-directed learner</td>
<td>8</td>
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<tr>
<td>7. Willingness to let others lead</td>
<td>9</td>
</tr>
<tr>
<td>8. Substantial field experience</td>
<td>10</td>
</tr>
<tr>
<td>9. Leadership ability</td>
<td>8</td>
</tr>
<tr>
<td>10. Job performance &amp; results</td>
<td>3</td>
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</tbody>
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Executives value loyalty more than job performance.
The leadership cliff
Gaps in leadership capabilities spell trouble for future growth

Executives cite a lack of adequate leadership as the number two impediment to building a workforce to meet future business objectives.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Skill</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td>Have the skills to manage talent</td>
</tr>
<tr>
<td>51%</td>
<td>Know how to inspire employees</td>
</tr>
<tr>
<td>47%</td>
<td>Are prepared to lead a global workforce</td>
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<tr>
<td>44%</td>
<td>Are able to drive change</td>
</tr>
<tr>
<td>34%</td>
<td>Can lead a diverse workforce</td>
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</tbody>
</table>

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Most companies are not cultivating leadership within their organizations

- 40% Employees who say it is easy for them to collaborate
- 37% Employees who agree their company is committed to diversity
- 19% Executives who picked leadership as a top 3 attribute
- 31% Employees who expect more feedback than they get now
The development mandate
For employees, obsolescence is a bigger concern than layoffs.

- Position changing or becoming obsolete: 40%
- Not enough advancement opportunities: 35%
- Inadequate staffing: 31%
- Wage stagnation: 27%
- Technology changes: 19%
- Economic uncertainty: 19%
- Layoffs: 18%
Employees aren’t prepared for the future

50%

The skills they have now will be what’s needed in 3 years

34%

Their company is able to give them the training they need
Organizations struggle to develop a learning culture

**Employees say their company...**
- 47% Is capable of retaining and sharing institutional knowledge
- 45% Has a culture of continuous learning
- 51% Has a formal mentoring program
- 43% Offers incentives for pursuing further education

**Executives say their company...**
- 52% Is capable of retaining and sharing institutional knowledge
- 47% Has a culture of continuous learning
- 52% Has a formal mentoring program
- 41% Offers incentives for pursuing further education

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Companies need to provide employees with a path and develop skills for the future.

- **51%**
  We are more merit-driven than tenure-driven.

- **37%**
  Long-term loyalty and retention is an important part of our talent strategy.

- **43%**
  When a senior person leaves we tend to fill the role from within the organization.

- **31%**
  We plan for succession and continuity in key roles.

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Development of employees and leaders will become the new employer differentiator

- Learning
- Succession planning
- Feedback

It may be time to rethink our compensation strategies.

HR should continue to push toward boardroom strategy setting.

We must prepare for a more diverse, flexible, and contingent workforce.
For more information, go to www.successfactors/workforce2020.com

Questions?

NAME
email
other