GLOBAL TALENT TRENDS
2018 STUDY

UNLOCKING GROWTH
IN THE HUMAN AGE

NORTH AMERICA WEBCAST
APRIL 19, 2018
OUR PANEL OF EXPERTS

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US Digital Workforce Leader

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Gordon Frost
Canada Career Business Leader

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US East Market Career Business Leader
You cannot wait until a house burns down to buy fire insurance on it.

We cannot wait until there are massive dislocations in our society to prepare for the Fourth Industrial Revolution.

Robert J. Shiller | 2013 Nobel laureate in economics | Yale University professor
A YEAR OF ACTION, NOT ANTICIPATION
LIVING PAST THE INFLECTION POINT

WHAT WE KNOW

WHERE WE ARE AT

WHERE WE ARE HEADING

TECHNOLOGY

• Cloud Technology
• 3D Printing & Advanced Manufacturing
• The Internet of Things

• Automation, Robotics
• AI & Machine Learning
• Wearables

• Blockchain
• Virtual Assistants

INFLECTION POINT

BIG DATA MANAGEMENT

Predictive Analytics

• Multi-generational Workforce
• Rise of the Free Agent
• Longevity

• Pay Equity
• Vocality of the Female voice
• Rise of the Individual
• Personas

INTERACTIVE DATA LAYER

DISRUPTIVE TECHNOLOGY

AUGMENTED HUMANITY

• Multi-generational Workforce

• Rise of the Free Agent

• Pay Equity

• Vocality of the Female voice

• Rise of the Individual

• Personas

HUMAN

• AI Board Directors

• AI adaptive systems that anticipate needs

BUILDING AWARENESS

GETTING ORGANIZED

STARTING TO ACCELERATE

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FUTURE OF JOBS
How should work be organized and how can value be created?

HUMAN INSIDE
How do we ensure our people thrive during change?

REGENERATION
How do we accelerate our own workforce transformation?
ABOUT
THE STUDY
Board Directors

- Directors of private and public companies

100% believe there will be increased competition for talent this year

HR

- Majority in companies with 1,000+ employees

Only 1 in 5 say that the Employee Experience is a core part of their people strategy today

C-Suite

- 2 in 5 have been with their company 10+ years, 20% are CEOs

1 in 4 expect their industry to undergo significant disruption in the next 3 years

Employees

- 1/3 individual contributors, majority with 6+ years tenure

65% say they feel energized in their current role
WHAT KEEPS LEADERS UP AT NIGHT?

The Board Agenda
Talent scarcity and Digital/tech

EXTERNAL CONCERNS
1. Cyber security
2. Strength of emerging market economies
3. Changes in business tariffs/taxes
4. Changes in labor/migration regulations

WORKFORCE ISSUES
1. Lack of critical skills
2. Employees’ digital experience (HR #4)
3. Automation at work
4. Aging workforce (HR #2)
CHANGE
@SPEED
CREATE AGILE WORK PRACTICES

“Surviving”

Traditional Organization

“Changing”

Dual-Speed Organization

“Thriving”

Scaled Agility

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Executives: 2 in 5 have transformation metrics on scorecard

96% of executives are planning structural changes this year

Top changes being planned by the C-suite

1. Moving support functions to shared services
2. Eliminating certain roles/functions/depts
3. Increasing regional control
4. Building int/ext networked communities
5. Flattening organizational structures
6. Forming self-driven, holacratic work teams
7. Decentralizing authority

HR: 1 in 5 have redesigning structures as a 2018 priority

Reasons cited for these changes

1. Greater efficiency
2. Increased automation
3. Reduced costs
4. Increase agility
5. Increased innovating
6. Increased digitalization
7. Increased speed to market
8. Greater customer intimacy
TOP STRATEGIES FOR ADDRESSING THE FUTURE OF WORK

1. Upskilling digital competence (42%)
2. Increasing access to online learning (40%)

Employees want opportunities to grow personally and professionally

UNIQUELY HUMAN SKILLS ARE MOST IN DEMAND

- Innovation
- Digital competence
- Global mindset
- Data analysis / predictive modeling
- Complex problem solving
- Change management
- Inclusive leadership

C-suite predict +20% of roles in their org will cease to exist in 5 years

JOB DISPLACEMENT

HR Most confident:
- filling new vacancies externally
- redeploying talent internally

Least:
- reskilling talent
- identifying roles that will be impacted
Enable managers to lead in a multi-speed and multi-partner environment through integrated people planning and enhanced change management discipline.

Embrace exponential learning by creating a virtuous cycle between skill needs, learning access, and hands-on development experiences.

Cultivate a lab mindset by increasing the aptitude for data, the prevalence of digital competence, and an appetite for experimentation.

Future Of Work Analytics
- Role-Fit Quotient
- Resiliency Analysis
- Career breadth and velocity monitoring
- Innovation metrics
HOW IS THE VALUE PROPOSITION EVOLVING?

**Loyalty Contract**
(20th Century)

**Basic Needs:**
Pay, Benefits, Security

Workers are assets to be retained

Pay and benefits for time and output

**Engagement Contract**
(Today)

**Psychological Needs:**
Achievement, Camaraderie, Equity

Employees are assets to be acquired and optimized

Broader set of rewards (pay, benefits, career, experiences) in exchange for organizational engagement

**The Thrive Contract**
(The Next Chapter)

**Growth Needs:**
Purpose, Meaning, Impact

People and machines as value creators to invest in

Personalized rewards in exchange for a wide range of contributions

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WHAT EMPLOYEES CRAVE

Thriving employees are 3x times more likely to work for a company with a strong sense of purpose...

- Affinity
- Pride
- Purpose

75%

WHAT COMPANIES OFFER

EVP differentiated by having a purpose-driven mission

- Compensation & Benefits

21%

Offer a career management/pathing tool

- Career & Well-being

28%

Have health & well-being as a talent management priority this year

- Compensation & Benefits

14%

Practice some form of internal pay disclosure

- Compensation & Benefits

21%
What helps employees thrive varies around the world.

Most important globally:
- Leaders who set clear direction
- Fair & competitive compensation
- Career promotion opportunities

The same top 3 reflected in the US, and in Canada, “More flexible work options” was higher at #3.

Career empowered employees are 3 times more likely to be committed to their company. They report:
- Being rewarded for a wider range of contributions
- Greater access to career path information and career coaching
- A more inclusive work culture that embraces internal mobility

#1 ask from non career empowered:
- Greater equity in pay and promotion decisions

Perceptions of the work experience differ by level, not by generation.
- Executives and senior leaders are most positive about the changes ahead
- Middle managers feel torn between BAU and the change agenda
- Only 25% of individual contributors believe they can find career success
1. Embrace the **science of personas** to develop Total Rewards propositions that resonate with your target populations.

2. Approach the employee relationship as a **two-way dialogue** and focus on the **fabric of the career experience**.

3. **Water test your EVP** using data from inside and outside the firm to stay on the pulse of candidate and employee perceptions.

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**Future Of Work Analytics**

- Internal Labor Market maps
- Parity Analysis
- Persona Cluster Analysis
- Sentiment Analysis
PERMANENT FLEXIBILITY
WHY DO WE NEED A NEW WAY TO TALK ABOUT WORK?

TALENT SCARCITY/DECLINE IN PRODUCTIVITY

RISE OF THE FREE AGENT

MOBILE WORKING

<table>
<thead>
<tr>
<th>WHEN work is done</th>
<th>WHERE work is done</th>
<th>WHAT work is done</th>
<th>HOW work is done</th>
<th>WHO does the work</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Hours and timing</td>
<td>• Location &amp; ability to vary</td>
<td>• Vary job content</td>
<td>• Vary intensity</td>
<td>• Distributed beyond traditional workforce</td>
</tr>
<tr>
<td>• Discretion to change</td>
<td>• Infrastructure</td>
<td>• Ability to share or exchange</td>
<td>• Scale up or down</td>
<td>• Automated</td>
</tr>
</tbody>
</table>
Execs declare that workplace flexibility is a core part of their stated value proposition.

Employees (FT and PT) who say they would consider working on a contract basis.

THE NEW WORK STATIONS: PERCENTAGE OF THE WORKFORCE ADOPTING THE FOLLOWING WORK MODELS

- Have Office
- Have Desk
- Shared Workspace
- Hotdesking
- Work Remotely

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71% of thriving individuals say their company offers them flexible work (compared to 32% of non-thriving)

51% of all employees want more flexibility

BUT...
36% have had a request for flex turned down

41% are concerned that flexibility will impact promotional prospects

What’s working?
• Managing on results, not hours (66%)
• Colleagues being positive (63%)
• Manager being supportive (59%)

Only 3% of companies say they are Flex leaders

13% assess every job for its ability to be done flexibly; most have ad-hoc arrangements

94% of HR have concerns
• Ability to apply fairly to all employees
• Impact on teamwork and face-to-face collaboration
• Ability to measure and reward contribution
• Ability to manage career progression
• Impact on results/output
NEW WORK MODELS – CHANGING THE WHO (NOT JUST THE HOW)

2 in 5 organizations are planning to “borrow” more talent in the next 12 months

1. More task- and project-based work that can easily be parcelled out to free agents

2. Due to the nature of business changing (our business is cyclical, we need short term capacity)

Most confident
- Use of technology to collaborate
- Managing staffing agencies
- Managing quality outcomes remotely

HR’S CONFIDENCE IN MOVING TO NEW WORK MODELS

Least confident
- Using digital platforms to auction projects or tasks
- Retaining institutional knowledge with a more dispersed workforce
- Engaging and inspiring external workers

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1. Address the real barriers to making flexible working the norm.

2. Create stable flexible work arrangements as well as on-demand options.

3. Flex loudly and empower people to manage their digital lives.

Future Of Work Analytics

- Flexibility Quotient
- Work Value Analysis
- ROI of adaptive working models
PLATFORM FOR TALENT
How can we apply a platform mindset to HR without losing the humanness and the growth focus that is key to creating compelling experiences?

A PLATFORM MODEL FOR TALENT

What changes:
- Human resources
  - People and tech assets
- Talent data
  - Talent insights
- Contractual model
  - Partnership model

MATCHING OF SUPPLY AND DEMAND
INCREASED ACCESS TO SUPPLIERS
SHARING ECONOMY
EXPERIENCE DRIVEN
POWERED BY DATA
DEMOCRATIZED ACCESS
HR'S TOP 10 PRIORITIES FOR 2018
(from a list of 20 options)

Developing leaders for succession: 59 | 41
Building skills across workforce: 60 | 40
Attract top talent externally: 61 | 39
Supporting employees' career growth: 62 | 38
Identifying high potentials: 64 | 36
Increasing employee engagement: 65 | 35
Improving the onboarding experience: 70 | 30
Optimizing performance management: 71 | 29
Ensuring rewards competitiveness: 73 | 27
Strategically moving talent internally: 76 | 24

Same top 10 as last year, with slight shifts in position within 1st five and within 2nd five.

WHAT THE C-SUITE SAYS WILL HAVE THE MOST BUSINESS IMPACT

<table>
<thead>
<tr>
<th>HR PRIORITIES</th>
<th>2017 C-SUITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving ability to move jobs to people and people to jobs (44%)</td>
<td>10</td>
</tr>
<tr>
<td>Enhancing employee experience</td>
<td>11</td>
</tr>
<tr>
<td>Accelerating time-to-productivity for new hires</td>
<td>7</td>
</tr>
<tr>
<td>Simplifying talent processes</td>
<td>4</td>
</tr>
<tr>
<td>Optimizing total rewards proposition</td>
<td>5</td>
</tr>
<tr>
<td>Deepening the bench strength at senior levels</td>
<td>6</td>
</tr>
<tr>
<td>Advancing the diversity and inclusion agenda</td>
<td>7</td>
</tr>
<tr>
<td>Acquiring better tools for Talent Acquisition</td>
<td>8</td>
</tr>
<tr>
<td>Redesigning organizational structure and redefining jobs to better deliver value</td>
<td>9</td>
</tr>
<tr>
<td>Upskilling/reskilling employees for new/changed roles</td>
<td>10</td>
</tr>
</tbody>
</table>

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LEVERAGING THE FULL TALENT ECOSYSTEM

77% of companies use online assessment tools today (62% game-based assessments, 66% virtual day-in-the life centers)
To help employees Thrive at work...

...HR top recommendations are

1. Understanding employee’s interests and skills to better match people to roles
2. Improved clarity on skills and experiences needed for career advancement

Employees concur...

Only half say their company understand their unique interests & skills today

74% believe that greater clarity on promotional guidelines would enhance their career success

EMPLOYEE VIEW
What would help you perform better at work?

1. Additional benefits for high performers
2. Better work tools to do the job
3. Clear performance ratings
4. Create team goals
5. More regular feedback
6. Ensure goals are the same at each level
7. Align individual goals with the business
8. Split bonus reward - receive sooner or cadence

Change continues in Performance Management – top changes planned this year:
investment in continuous feedback tools (46%), shifting performance discussions towards career development (46%), and goal calibration (45%)
We are getting there but not fast enough

91% Cite a range of roadblocks in delivering on the vision of predictive analytics

1. Lack of integration among data systems
2. Lack of management experience in using data
3. Lack of analytical skills in COEs / within HR
4. Time to get up-to-date and accurate data
5. Lack of compelling business case
6. Lack of clarity about which metrics are most useful
7. Lack of a dedicated team for analytics
1. Develop a **new lexicon** for tasks and people

2. Get creative around **mobility and internal gigs**

3. Aggressively focus on the **metrics that matter**

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**Future Of Work Analytics**

- Individual and team productivity dashboards
- Movement metrics
- Automated feedback graphs
- Project matching scores
66% of employees say that having access to state-of-the-art digital tools is important.

What's different about Digital Organizations?

- **REPORT HIGH SCORES FOR CHANGE AGILITY**
  - 75%

- **HAVE A COMPELLING & DIFFERENTIATED EVP**
  - 87%

- **SEE HR AS AN ADVISOR ON HUMAN CAPITAL RISKS**
  - 82%

**What you do inside reflects your outside**
External vs internal numbers are quite similar:

- How you shape the employee experience
- How you do business externally

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not relevant for us</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Not yet on journey</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>On the journey but long way to go</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>Great progress to transformation</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Consider ourselves a digital org</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Where C-suite intends to invest this year:

- Analytics
- Improve managers' efficiency
- Knowledge management
- Enhance leadership decision making
- Increase HR efficiency
- Improve salesforce
- Collaboration
- Remote working

Leading edge / on the horizon:

- Personalized portal: 25%
- Mentorship tools: 22%
- Telemedicine: 20%
- Digital outplacement: 10%

Where companies are focusing on depends on industry, country, and maturity of business.
1. Create transparency around the **automation roadmap** and its implications

2. Be intentional about how to cultivate a **digital-first culture**

3. For the highest return, invest in tools that:
   - Foster **two-way dialogue** (collaboration and teaming)
   - Support **growth** (careers and learning)
   - Leverage AI and ML for stronger **predictive analytics**

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**Future Of Work Analytics**

- Human Digital Quota
- External Employee NPS and digital survey results
- Productivity metrics
- ROI of digital transformation
CONCLUSION

CHANGE @SPEED

WORKING WITH PURPOSE

PERMANENT FLEXIBILITY

PLATFORM FOR TALENT

DIGITAL FROM THE INSIDE OUT
“A good question is the seed of innovation — in science, technology, art, politics, and business....

A good question is a probe, a ‘what if’ scenario.

A good question cannot be predicted.

A good question may be the last job a machine will learn to do.

A good question is what humans are for.”

Kevin Kelly, *The Inevitable: Understanding the 12 Technological Forces That Will Shape Our Future*