

2015 *INSIDE EMPLOYEES' MINDS*™ STUDY: OVERVIEW AND IMPLICATIONS

December 1, 2015

Presenters

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TODAY'S SPEAKERS



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QUESTIONS

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TODAY'S AGENDA

- About the Study: Mercer's *2015 Inside Employee' Minds™* Survey
- Broad Issues
 - The Engagement Paradox
 - Seniority Split
 - Generational Divide
- Specific Issues
 - Bullish on Benefits
 - Retirement Readiness
 - Talent Challenges
- Addressing the Issues
 - Actions
- Q&A

ABOUT THE STUDY



INSIGHTS COME FROM MERCER'S INSIDE EMPLOYEES' MINDS™ SURVEY

Five Points on Methodology



Proprietary research on employee views on work, combining two existing Mercer surveys:

- Inside Employees' Minds*
- Mercer Workplace Survey



More than 80 survey questions covering pay, benefits, careers, leadership, performance, engagement, etc.



Conducted in 2015 among a nationally representative sample US and Canadian workers (US study included private-sector organizations only.)

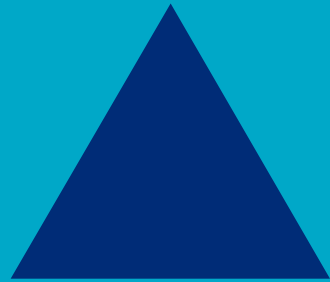


Reflects overall US and Canadian workforce demographics (age, gender, job level).



Conjoint analysis conducted to determine which "deal" elements employees value the most.

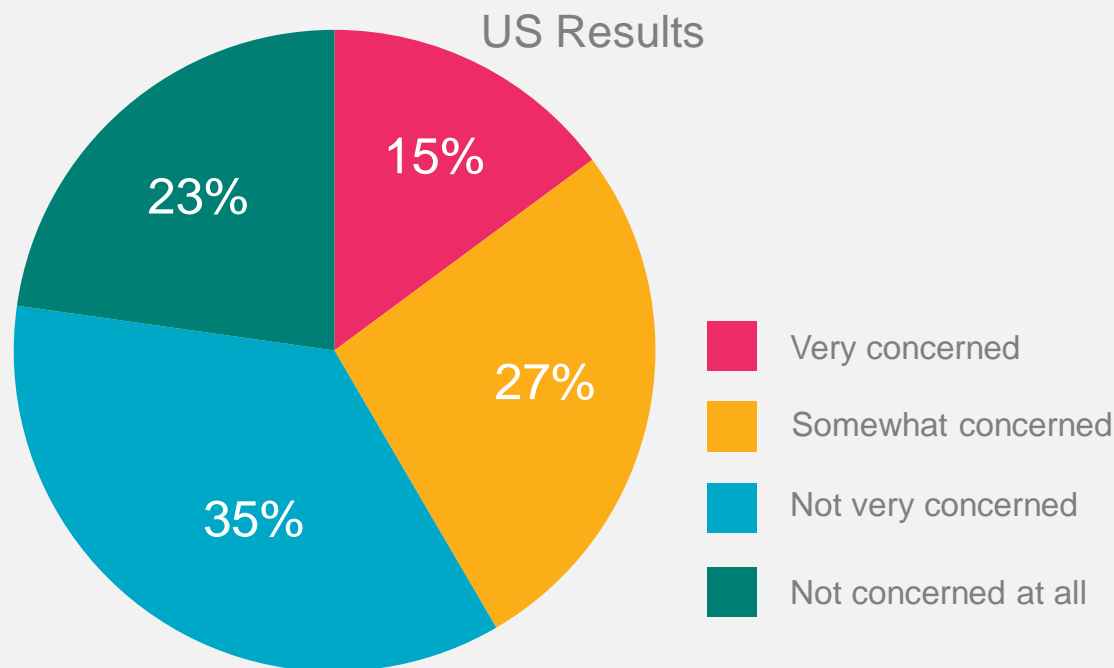
THE MARKET CONTEXT: ECONOMIC OPTIMISM IS INCONSISTENT



THE NEW NORMAL

DIVERGENCE BETWEEN WHAT PEOPLE PERCEIVE ABOUT THE ECONOMY AND WHAT THEY FEEL PERSONALLY

How concerned are you that you may lose your job in the next 12 months?



38%

In the US in 2013, 38% were concerned or very concerned about losing their job, compared with 42% today.

37%

Among senior management in the US, 37% are very concerned about losing their job now, compared with 15% of workers overall. In Canada 27% of senior management; 13% of workers overall.

Trend data based on Mercer Workplace Survey and Inside Employees' Minds 2011.

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THE NEW NORMAL EVOLVING EMPLOYMENT DEAL

'OLD' DEAL

- Career-long job security
- Regular pay increases/promotions
- Stable work environment
- Work-life balance
- Low- or no-cost health care benefits
- Defined benefit (DB) plans

'NEW' DEAL

- No expectation of job for life
- Pay for performance
- Constant change brings new opportunity
- Flexible work arrangements
 - Onsite or virtual/remote
 - Contract vs. permanent employee
 - Global talent pool and opportunities
- Higher-cost benefits, with emphasis on wellness/health management
- 401(k) defined contribution plans
- In Canada, movement away from DB plans towards defined contribution plans (in the private sector)

THE STATE OF ENGAGEMENT

REDEFINING THE EMPLOYMENT VALUE PROPOSITION

BROAD ISSUES



Engagement
Paradox



Seniority
Split



Generational
Divide

SPECIFIC ISSUES



Bullish on
Benefits



Retirement
Readiness



Talent
Challenges

THE ENGAGEMENT CHALLENGE

A CLOSER LOOK AT THE CORE ISSUES

BROAD ISSUES



Engagement
Paradox



Seniority
Split
(US Only)



Generational
Divide

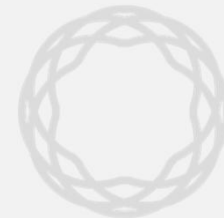
SPECIFIC ISSUES



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ENGAGEMENT PARADOX

SATISFACTION NOT ALWAYS THE PREDICTOR OF COMMITMENT



In the US and Canada, **two out of five private sector workers** are seriously considering leaving their organization at the present time.

In Canada, **28% of public-sector workers** are seriously considering leaving.

- Employers face loss of valued talent, even among those who are most satisfied.
- Disaffected workers create further drain on productivity and morale.

ENGAGEMENT PARADOX

SIGNIFICANT NUMBER SERIOUSLY CONSIDERING LEAVING AT PRESENT

(US DATA SHOWN BY AGE, MIRRORS CANADIAN DATA)

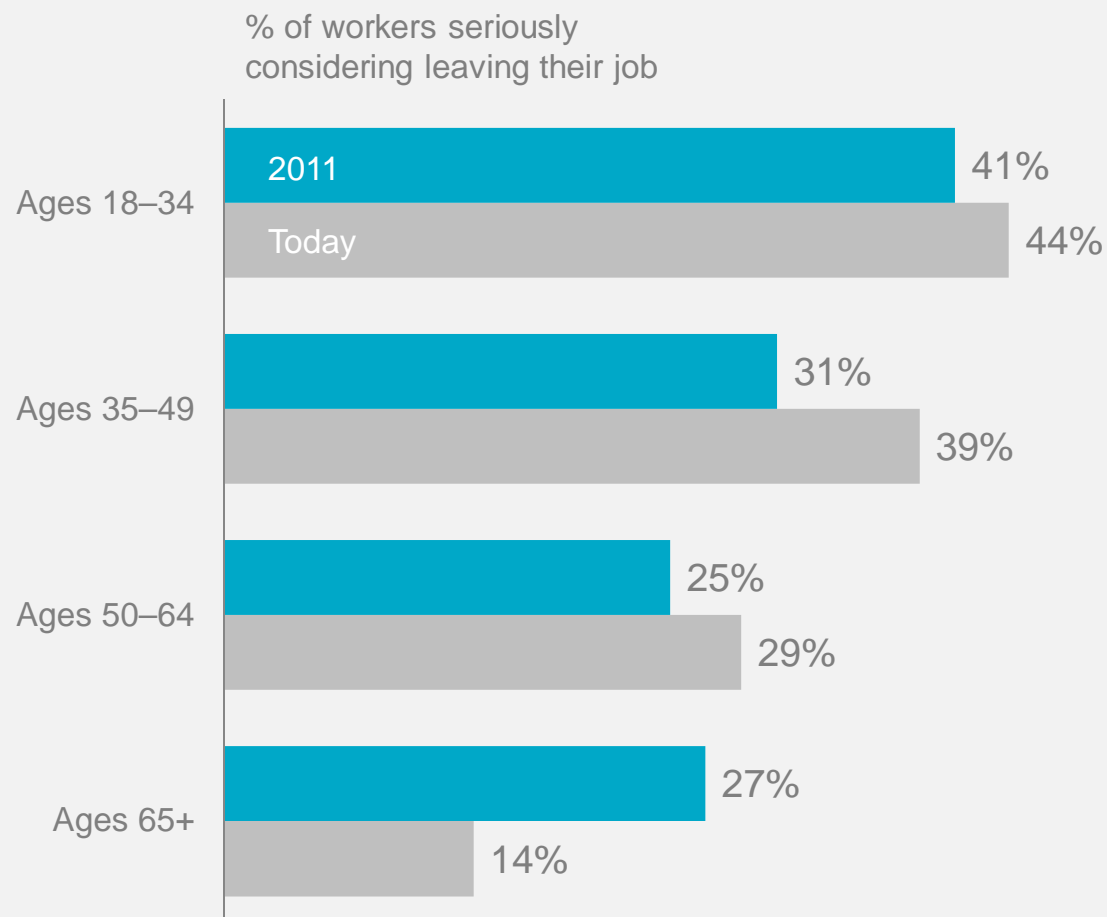


33%

In 2011,
33% of workers
were seriously
considering leaving.*

37%

Today, 37% of
workers are
seriously
considering leaving.



Trend data based on Inside Employees' Minds 2011.

* This number was reported as 32% in 2011, but has been restated in 2015 to reflect current eligibility criteria for the survey. Most specifically, the figure no longer includes respondents from organizations with fewer than 200 employees.

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ENGAGEMENT PARADOX

THOSE SERIOUSLY CONSIDERING LEAVING ARE SATISFIED WITH MANY ASPECTS OF JOB



US% / Canada%

**37%/
35%**

Those who are seriously considering leaving their organization today **include:**

45%/40% of those who are very satisfied with their organization.

42%/51% of those who are very satisfied with their job.

45%/33% of those who rate their benefits package as very good.

46%/42% who strongly agree that they have sufficient opportunity for growth and development in their organization.

48%/43% who strongly agree that their organization as a whole is well-managed.

48%/41% who strongly agree that they are paid fairly given their performance and contributions to their organization.

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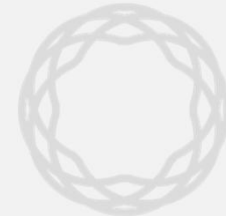
SPECIFIC ISSUES



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SENIORITY SPLIT



In the US, **three out of five** of senior managers are seriously considering leaving.

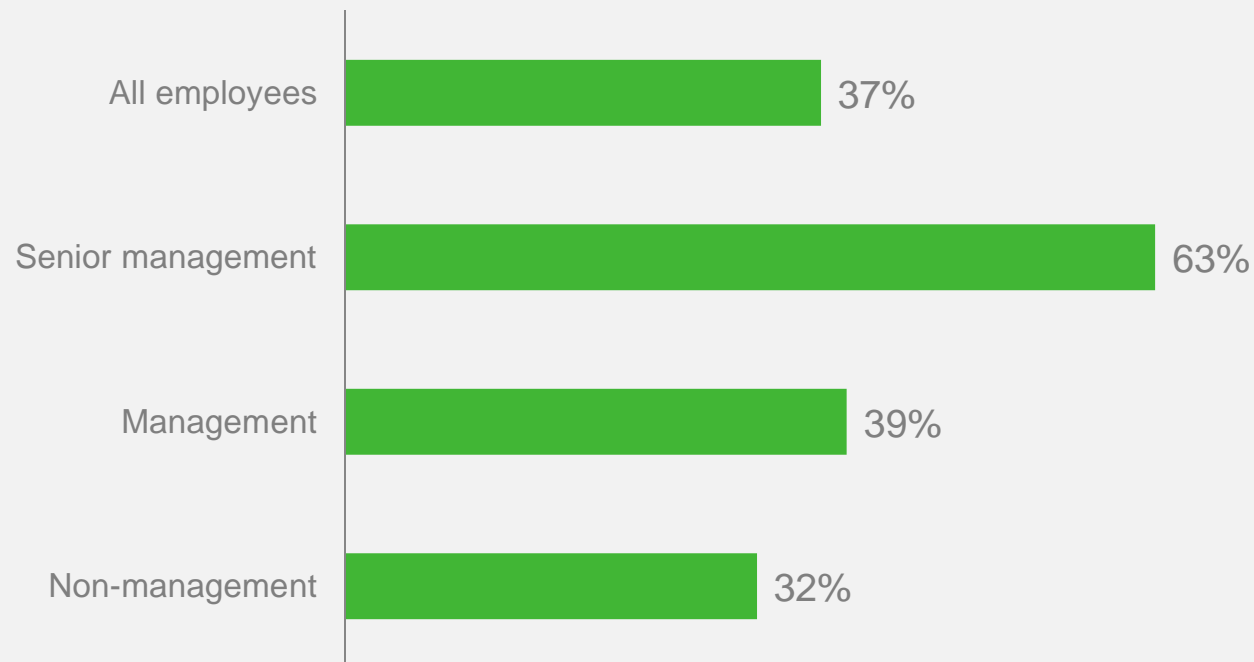
Employers face potential loss of valued management talent.

- Senior managers are almost twice as likely as non-management employees to be seriously considering leaving their organizations even though they view many aspects of work much more positively.

SENIORITY SPLIT TOP MANAGEMENT MOST AT RISK



Senior managers are almost twice as likely as non-management employees to be seriously considering leaving their organization at the present time.

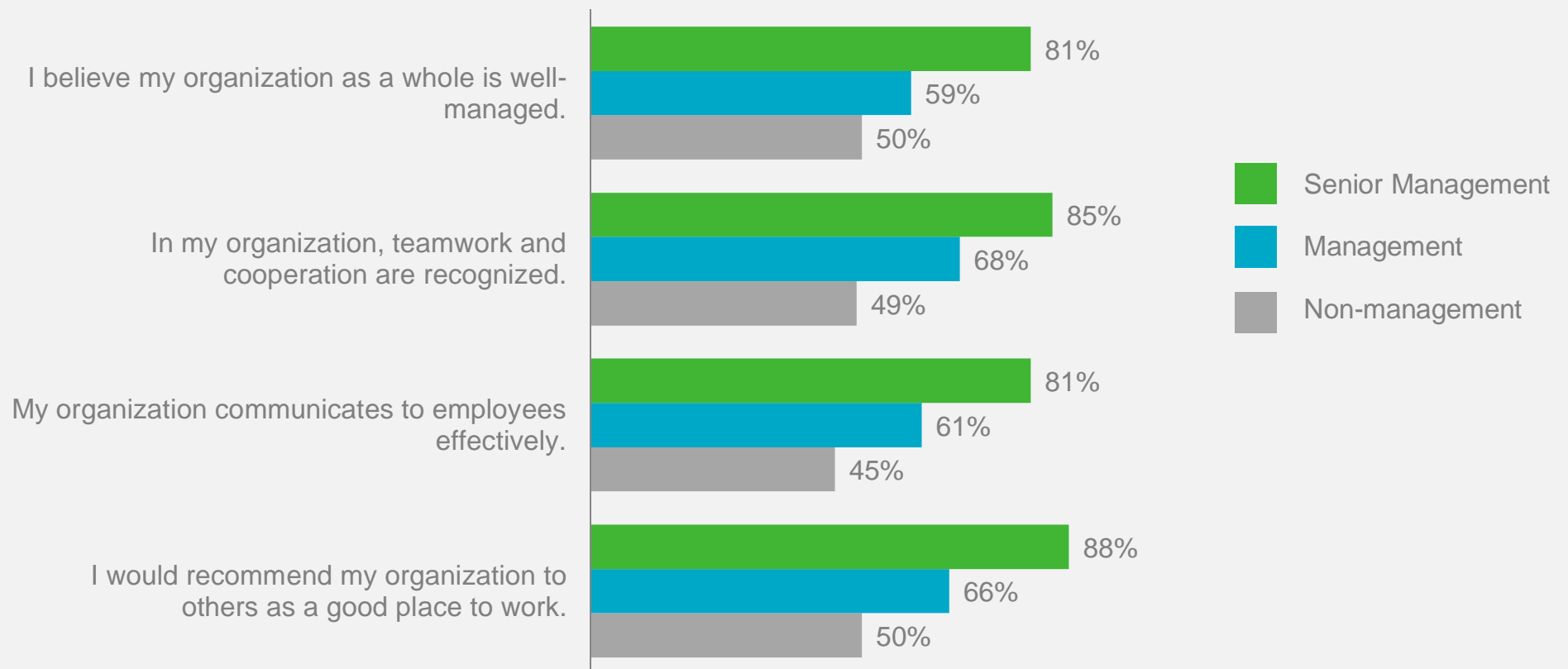


SENIORITY SPLIT

A MORE POSITIVE PERSPECTIVE



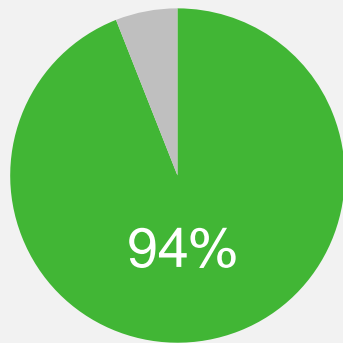
Senior managers view many aspects of work much more positively than do both managers and non-management employees.



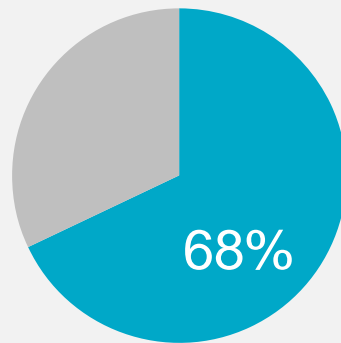
SENIORITY SPLIT HAPPIEST OF ALL, BUT STILL LEAVING



Senior Management

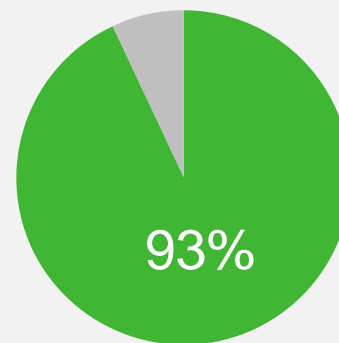


All Employees

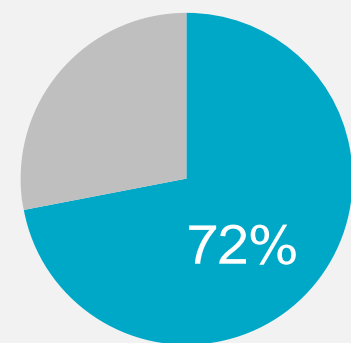


94% of senior managers are **satisfied or very satisfied with their ORGANIZATIONS,** compared with 68% of all US employees.

Senior Management



All Employees



93% of senior managers are **satisfied or very satisfied with their JOBS,** compared with 72% of all US employees.

THE ENGAGEMENT CHALLENGE

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Seniority
Split
(US Only)



Generational
Divide

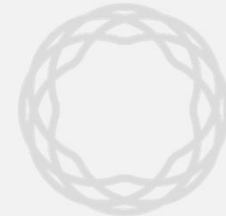
SPECIFIC ISSUES



Bullish on
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Retirement
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Talent
Challenges

GENERATIONAL DIVIDE

YOUNG EMPLOYEES HAVE MIXED VIEWS OF WORK



In both the US and Canada, more than **two out of five workers** under age 35 are considering leaving.

- Consistent with well-documented millennial trends, employees age 34 and under are more positive about most aspects of work, but also more likely to be seriously considering leaving their job.
- Employees 50 and older are much less positive about work, but less likely to leave.

GENERATIONAL DIVIDE

YOUNG EMPLOYEES DRIVING THE 'HAPPY BUT LEAVING' TREND



US/Canada

	Agree: All Employees	Difference: Employees 18–34 yrs.
Promotions are generally given to the most qualified employees in my organization.	43%/32%	+11/+3
I trust senior management in my organization to communicate honestly.	48%/45%	+9/+3
Managers in my organization demonstrate concern for the well-being of employees.	51%/47%	+9/+5
I believe that I have sufficient opportunity for growth and development in my organization.	51%/45%	+9/+6
I would recommend my organization to others as a good place to work.	58%/54%	+6/+3
My organization communicates to employees effectively.	53%/n/a	+5/n/a
At the present time, I am seriously considering leaving my organization.	37%/35%	+7/+9

GENERATIONAL DIVIDE

COMPANIES ARE ADAPTING FOR MILLENNIALS



- Millennials desire...
 - *Meaningful Work*
 - *Regular Feedback and Recognition*
 - *Updated Technology*
 - *Work Life Flexibility*
 - *Commitment to Career*
- Companies can respond by...
 - *Providing Regular and Meaningful Feedback vs. Hollow Praise*
 - *Providing Work Life Flexibility vs. Work Life Balance*
 - *Helping Millennials Take Charge of Their Own Careers*

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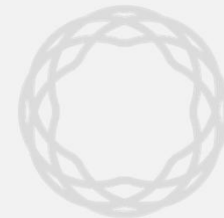
SPECIFIC ISSUES



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BULLISH ON BENEFITS

IMPORTANCE AND SATISFACTION GROW AMID ANXIETY OF COST



In the both the US and Canada, **three out of four workers** are satisfied with their benefits.

- Satisfaction is high with all benefits, especially medical coverage (73%* satisfied in US and 76% in Canada) and retirement plans (68%**/69% satisfied).
- However, rising health care costs is a concern for all employees.
- Few expect to be better off with health care reform in terms of choice, care, access, or cost.
- In Canada, 28% were asked to pay more out of pocket for health benefits last year; 15% saw their benefits scaled back.

*Base: * Enrolled in employer health plan. ** Have retirement benefits.*

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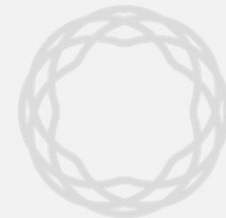
SPECIFIC ISSUES



Bullish on
Benefits



Retirement
Readiness



Workforce
Challenges

RETIREMENT READINESS: BENEFITS VALUED, BUT READINESS IN DOUBT



In the US, three out of five workers are satisfied with their retirement savings/pension plan.* In Canada, this jumps to 69%.

- A perfect storm of factors is both creating insecurity and increasing importance of retirement benefits.
 - DB plan cuts/freezes/terminations continue in the US and in Canadian private-sector organizations.
 - Market volatility adds to sense of insecurity.
 - More intense focus on retirement by boomers, media.
 - Future of Social Security could be affected by 2016 elections.
 - In Canada, younger workers are losing confidence in future support from government-provided plans.

* Base: Have retirement benefits.

THE ENGAGEMENT CHALLENGE

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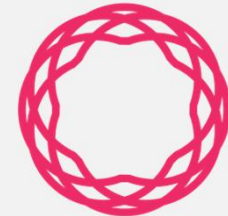
SPECIFIC ISSUES



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Talent
Challenges

TALENT CHALLENGES



In the US, **two out of five workers** say they are rewarded for doing a good job; **one out of three** in Canada.

- While pay remains the top-ranked element of the employment deal, satisfaction with it is mixed.
- Employees still see opportunity for growth, but don't feel their skills are well-used or developed by employers.

TALENT CHALLENGES: QUESTIONS ABOUT SUPPORT, GROWTH, AND OPPORTUNITY



On multiple measures, in both the US and Canada, trend data shows decreases (2015 vs. 2011).

- ✧ My organization is doing a good job of developing its people to their full potential
- ✧ My organization is doing a good job of retaining its most talented people
- ✧ My job makes good use of my skills and abilities
- ✧ I am paid fairly given my performance and contributions to my organization
- ✧ My organization does a good job of matching pay to performance
- ✧ I have clearly defined performance goals and objectives
- ✧ When I do a good job, my performance is rewarded
- ✧ My manager plans an active role in my personal career planning

Trend data based on Inside Employees' Minds 2011.

TALENT CHALLENGES: BASE PAY RANKS MOST IMPORTANT, AND SATISFACTION WITH IT REMAINS STEADY



MOST VALUED ELEMENTS OF THE VALUE PROPOSITION (OUT OF 13)

1

Base pay/hourly
wage

2

Retirement
savings/pension
plan

3

Low health care
costs

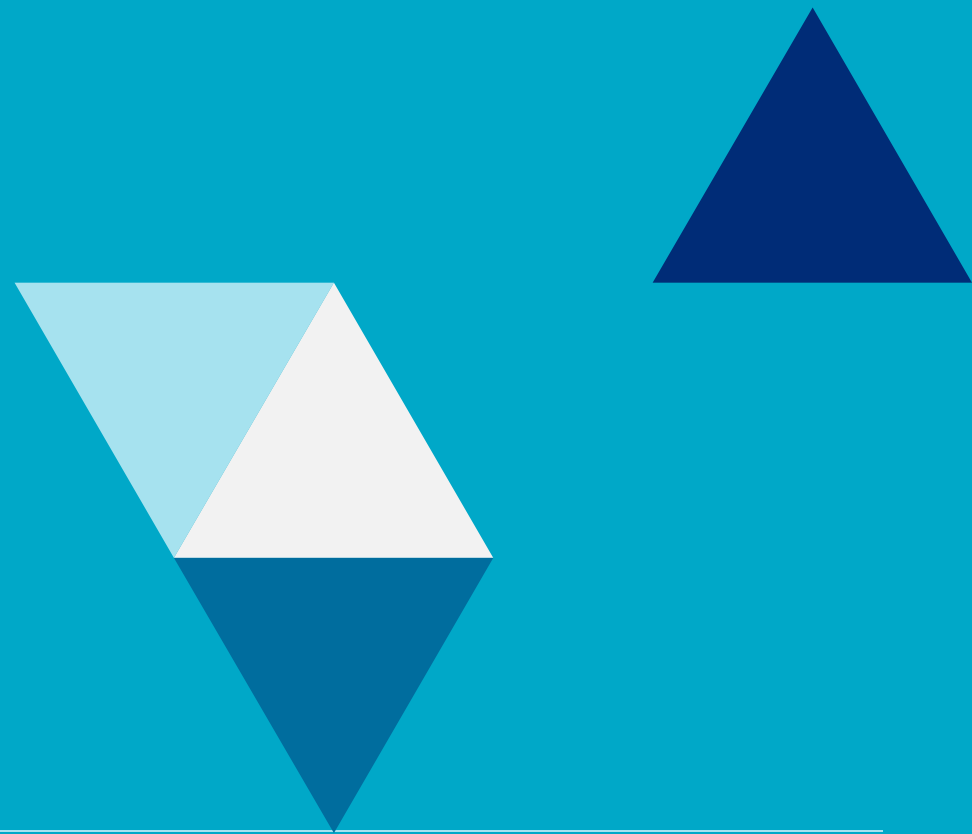
4

Opportunity for
bonus or other
incentive (US)

4

Paid time
off/vacation
schedule
(Canada)

ADDRESSING THE ISSUES



ADDRESSING THE ISSUES ERA OF THE INDIVIDUAL

UNDERSTAND WHAT'S IN YOUR EMPLOYEES MINDS

CLIMATE OF REAL-TIME TALENT MANAGEMENT

FOCUS ON THE FUTURE, NOT THE PAST

“ONE SIZE FITS ONE” CAREERS



ADDRESSING THE ISSUES CAREER FRAMEWORK – BALANCING THE INDIVIDUAL AND THE ORGANIZATION'S NEEDS



Articulate a **career philosophy** that supports strategic goals

Develop/align **job families, competencies and accountabilities** across the organization

Define **critical experiences, knowledge and skills** necessary for career progression

Identify flexible **career paths** not only within functions but across the organization

Empower managers to support employees through **effective conversations**

Empower employees to **actively manage** their career choices

Use your Career Framework to anchor **other HR processes**

QUESTIONS AND ANSWERS:



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TOMORROW,
TODAY

