2018 GLOBAL TALENT TRENDS STUDY

UNLOCKING GROWTH IN THE HUMAN AGE

TABLE OF CONTENTS

Many thanks to the 7,600+ people who participated in our third annual survey

5,000 employees, 1,800 HR professionals, 800 business executives, 50 board directors from 44 countries and 21 industries

EMBRACING THE HUMAN AGE

As organizations rethink their business models — redesigning work to harness the power of technology and adjust to a fast-changing world — it's clear they can't succeed without making people a priority.

That is, people are at the heart of every organization — and even at the heart of technology. With artificial intelligence infused into our work, we need highly skilled people to maximize the benefits of digitization. Human talent, rather than capital and technology, is the key factor linking innovation, competitiveness, and growth in the 21st century. People, not robots or artificial intelligence software, will continue to brainstorm new ideas, inspire others, and drive organizations to succeed. We have entered the Human Age.

Our 2018 Global Talent Trends Study shows that leaders and employees around the world understand that to thrive, organizations need their employees to be lifelong learners who grow with the business, embrace continuous change, master new technologies, and build skills for the future.

In exchange for committing to ongoing professional evolution, employees want flexibility in how, when, and where they work. They want their careers to conform to their personal lives, not the other way around. They want a sense of well-being and purpose, which individuals experience through work in unique ways. And as they support technology, they want technology to support them back — through state-of-the-art platforms that enable people to connect, collaborate, and innovate together.

As organizations work to meet employees' new demands, they face other challenges, such as skill shortages, that have led to a growing war for talent. Ultimately, as long as organizations focus on the well-being, growth, and diverse needs of their people, they'll ignite the engine that runs their business and their technology — no matter how quickly the future of work evolves.

What's inside this year's report:
Five Top Talent Trends:
· Change@Speed
· Working with Purpose
· Permanent Flexibility
· Platform for Talent
· Digital from the Inside Out
Practical Concepts for the Human Age
Role of Managers & Advice for Leaders
Success Stories & Takeaways

Technology's role in displacing workers appears to conflict with its role in augmenting human capability. But this is the true future of work: an integration of automation and human capital.

TOP TALENT TRENDS

1. CHANGE @SPEED

The ability to change, and change quickly, is emerging as a differentiating organizational competency

- Agile organization design
- Exponential learning
- Cultivating a lab mindset

2. WORKING WITH PURPOSE

Embedding a higher sense of purpose into the employee value proposition unlocks individual potential and spurs people to be change agents

- The thrive contract
- Careers people crave
- Commitment to health and well-being

3. PERMANENT FLEXIBILITY

Flexibility is more than working wherever/whenever; it's also rethinking what work is done, how it is done, and by whom

- Working in flow
- The rise of adaptive working
- Support for digital lives

4. PLATFORM FOR TALENT

Organizations are becoming smart platforms for matching skill supply with work demand while maximizing human creativity and ambition

- Diverse talent ecosystem
- Rethinking the HR paradigm
- The intelligent workplace

5. DIGITAL FROM THE INSIDE OUT

To unlock growth in the Human Age, technology must augment the human work experience

- Digital living
- Distributed & flexible teaming
- Fostering a digital culture

1. CHANGE@SPEED

The ability to change, and change quickly, is emerging as a differentiating organizational competency

More than ever, companies are capitalizing on growth opportunities for tomorrow while increasing efficiency today. As they prepare for the future of work, C-suite executives are doubling down on organization redesign in an effort to outpace market forces, capitalize on technological advancements, and become more agile.

Companies that can form and reform will unlock value. They need to understand tomorrow's workforce needs, learn to redeploy talent, and foster lifelong learning in employees. ("Opportunities to learn new skills" is a top five priority for employees.)

In the transition to the future of work, companies will realign and rebalance — and then do it all over again — to find their new equilibrium in a flatter, distributed, and networked world.

What's the key to success? Embedding the ability to change at speed into today's work and tomorrow's plans.

Last year, 93% of the companies we surveyed were planning to redesign their organizations. The trend continues this year, as 96% of C-suite respondents are planning a redesign, with a focus on increasing productivity. Clients tell us that in a world of continuous change, transformations never feel complete, requiring evermore organization redesign, talent redeployment, and cultural reform.

Respondents cite greater efficiency as the primary reason for organization redesign. Next is increased automation, up from eighth place last year. For companies that expect little to no industry disruption, efficiency is an especially significant impetus for

change; those that anticipate major disruption are concerned about agility. *(For other top changes/ drivers for organization change, see below.)*

The emergence of new work models — such as an increase in self-driven teams — shows a shift toward a more networked approach. Among the board directors who participated in our survey, 52% believe that flattening structures will be the most critical change for organizations to make over the next two years. Flatter structures make it even more important to have a clear vision and bring people along on the journey. In fact, when we asked employees what would help them thrive, "leaders who set a clear direction" tied for the top spot alongside "fair and competitive compensation." This request signals a rising imperative to focus on vision and communication.

KEY:

- 🟥 Notable decrease from 2017
- 🟩 Notable increase from 2017
- 🟦 More important in developed countries
- 🟦 More important in developing countries
- 🟧 Companies preparing for significant industry disruption

TOP CHANGES TO ORGANIZATION DESIGN

Move support functions to shared services	Eliminate roles/ departments	Increase regional control	Build networked communities	Flatten the org structure	Form self-driven work teams	Decentralize authority
🟧		🟩 🟦	🟦 🟧	🟧	🟦 🟧	

96% of companies are planning organization redesign, yet only 18% consider themselves "change agile"

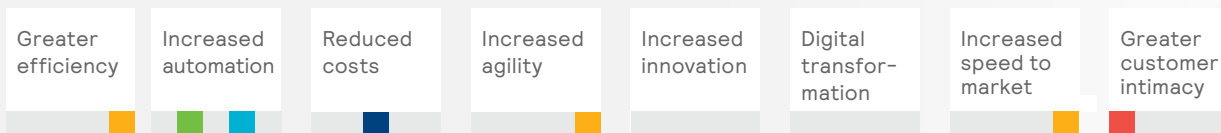## CHANGE@SPEED IN PRACTICE

△ AGILE ORGANIZATION DESIGN

Organization leaders know that technology can reap rich rewards, yet their capacity to realize these benefits is often a few steps behind. While up from 4% in 2017, only 18% of C-suite leaders describe their organization as "change agile" today. It is a work in progress. Two in five executives have transformation metrics on their performance scorecard, and they realize that putting people at the heart of change is the only way to drive sustainable growth. Executives' respect for HR's capabilities has grown to 67%, from 42% last year, and the majority (59%) say that HR is a key contributor to strategic planning.

HR leaders are least confident in their ability to reskill displaced workers and most confident in filling vacant positions with external talent. But with new skillsets in high demand and short supply, it will not be possible to "buy" the required talent in many countries.

HR continues to champion a "build" strategy to drive growth, as 85% of HR leaders plan to increasingly develop and promote from within. Only 15% of C-suite executives believe that upskilling and reskilling employees for new or changed roles will make a sizable difference to business performance (ranking it last from a list of 10 choices; in contrast to board directors, who rank it second). On average, almost three in 10 companies have begun implementing strategies to develop the workforce of tomorrow, with a focus on upskilling digital competence (42%), increasing access to online learning courses (40%), and deploying rapid internal skills training (38%).

Executives have a bias toward buy, and HR has a core belief in build. The reality is that companies are finding that aggressive strategies on both dimensions are falling short.

ROLE OF MANAGERS

1 Clarify direction and build change readiness

2 Champion change, embrace the new, and model lifelong learning

3 Promote transparency and objectivity in feedback to encourage learning for the future

REASONS FOR ORGANIZATION REDESIGN

| Greater efficiency | Increased automation | Reduced costs | Increased agility | Increased innovation | Digital transformation | Increased speed to market | Greater customer intimacy |

EXPONENTIAL LEARNING

At the organizational level, changing at speed is about agility and resilience; at the individual level, it's all about learning. Organizations are in a new "learn or die" environment where everyone must accelerate their learning to remain relevant. In an exponential learning culture, employees are encouraged to stretch themselves, try new things, and operate outside of their comfort zone. From an employee perspective, only 50% of organizations have this regeneration mindset. High Tech organizations are a bright spot, with nearly two-thirds (64%) in the sector encouraging continual redevelopment.

Progressive organizations are cooperating within their ecosystem to share learning and offering credentials to create a portable "skills passport." Massive open online course (MOOC) providers, such as edX, are democratizing education; their "microlearning" on trending topics appeals to organizations, and their certificates appeal to lifelong learners seeking to remain relevant in their current role or evolve their skills for a new role.

With a premium on skill relevance, there are now closer ties between learning providers and corporate recruitment. For example, some companies guarantee interviews to people who complete specific online courses, while others make their internal training available online for anyone to take.

CULTIVATING A LAB MINDSET

Rapid skill development comes from a lab mindset[1] — that is, an environment of curiosity in which employees pose provocative questions, experiment with new concepts, and promote learning; harnessing the collective energy of the workforce to spur innovation.

In fact, innovation is a top driver of organization redesign in all countries except Hong Kong and the United Kingdom. Thriving employees are nine times more likely to work at a company that is committed to innovation. Yet only 42% of employees say that their company makes it easy for them to innovate — a figure that has not changed in the past year. Employees in India, China, and Brazil say their company is ahead of the curve, while those in Hong Kong and Japan are lagging behind.

Adopting a lab mindset does not happen overnight *(see figures below)*, but many companies are on the journey and leveraging data to cultivate experimentation. Large organizations are creating centralized innovation hubs that are informed by local priorities to ensure alignment with the strategic vision.

Early adopters have been piloting AI and automation applications and testing concepts for the next wave of technology. Others have realized that their employees provide a goldmine of insights about where the market is going and how to stay competitive. Either way, what's clear is that harnessing the power of the collective — employees, customers, and partners — can fuel growth and innovation.

[1] Learn more in Mercer's *Thriving in an Age of Disruption* whitepaper https://www.mercer.com/our-thinking/thrive.html

CULTIVATING A LAB MINDSET IS A JOURNEY

94%
of executives say innovation is a core part of their 2018 agenda

but only
39%
have specific funding for innovation set aside this year

and only
15%
of employees say it is easy to innovate at their firm

CHANGE@SPEED TAKEAWAYS

Accelerating reinvention calls for organizations to understand how business and talent needs will change in the future. To address a growing skills shortage, leaders must create a culture that encourages employees to embrace lifelong learning. And, to fully leverage the capabilities of their workforce, they'll want to ensure that employees are in roles that unlock their potential and inspire their best work. As technological advances, geopolitical forces, and demographic changes transform the world, organizations will live or die by their ability to embrace nimble change.

SUCCESS STORY

ENEL, an Italian multinational energy company, is committed to open and sustainable innovation. Rather than limiting innovation to an internal research and development team, they have leveraged the entire ENEL workforce and external ecosystem to develop new ideas more quickly and efficiently, catching innovation where it happens and co-designing sustainable solutions.

Within the company, members of the innovation and sustainability team sit within the business units rather than in an isolated department, and they foster the Open Innovability approach, embedding sustainability and innovation within business processes and models and through programs like the Innovation World Cup. ENEL gathers business solutions through its Innovation Hubs Networks and OpenInnovability.com challenges, which allow for the crowdsourcing of new ideas and help the company monitor the latest technology trends and maintain close relationships with the most innovative start-ups.

ADVICE FOR LEADERS

1 *Enable and empower managers* to lead in multi-speed, multi-partner environments through integrated people planning and disciplined change management.

2 *Create a virtuous cycle* of identifying skills for the future, making relevant learning accessible, and providing opportunities to apply learning and build new skills.

3 *Analyze resiliency* to identify the characteristics and experiences of change agents in your organization.

2. WORKING WITH PURPOSE

Embedding a higher sense of purpose into the employee value proposition unlocks individual potential and spurs people to be change agents

Among employees who are thriving, 75% say that their company has a strong sense of purpose that resonates with their personal values. It's what makes people want to put their best effort into everything they do at work. Personal values are individual by nature. How do you scale individual purpose to fold into the purpose-driven enterprise? What is the purpose of work if what we do is supplemented, or even eliminated, by machines? As organizations push forward at speed, the question is, are they taking people along on the journey?

Automation and AI can reduce work to a list of tasks; losing sight of the bigger picture. This makes it especially important that people find meaning in what they do and consider how they will add value in the future. With a clear sense of purpose, employees will be more excited to participate in the change journey.

WORKING WITH PURPOSE IN PRACTICE

△ THE THRIVE CONTRACT

In the 20th century, the loyalty contract ruled. Organizations met basic needs through pay, benefits, and job security in exchange for a lifetime of commitment. Over the past decade, organizations differentiated the work experience through career management and employee wellness programs — the impact of which was often measured by engagement results.

Now, forward-thinking organizations offer the thrive contract. *(See illustration on next page.)* Pay and benefits are still important — in fact, this year, employees say they value fair and competitive compensation above all else — as is an engaged workforce. But leaders and HR professionals realize that they must also invest in future growth and talent retention, while ensuring their people are inspired by the company's mission.

Those who say they thrive at work tend to be higher in the organization (middle managers: 68%, first-line supervisors: 49%, and individual contributors: 29%). Individual contributors rate their company lower on pay equity, purpose, and fostering an inclusive culture. They also report that they are rewarded only for performance against financial or activity metrics; not for their other contributions.

CAREERS PEOPLE CRAVE

Employees want career movement, learning, and experimentation. If employees don't get the career support they expect, they will look for it elsewhere: 39% report that they are satisfied in their current job but plan to leave due to a lack of career options. This percentage is particularly high in the Life Sciences sector, where 52% of satisfied employees are planning to seek other employment this year.

COMMITMENT TO HEALTH AND WELL-BEING

One in two employees would like to see a greater focus on well-being (physical, psychological, and financial), yet 13% give their company a below-average grade in health and wellness. Well-being programs can address a wide span of subjects. For example, employees say that they spend an average of 10 hours per week worrying about their finances during working hours, but only a quarter of companies offer policies and practices that address employees' financial health today.

ROLE OF MANAGERS

1 Act as talent advocates for the enterprise, facilitating movement and understanding individuals' career goals

2 Hold "career conversations with purpose" to help identify learning opportunities as part of team members' professional growth plans

3 Monitor workload, complexity, and change fatigue (especially with remote workers) to support the team's physical and emotional well-being

LOYALTY CONTRACT	ENGAGEMENT CONTRACT	THRIVE CONTRACT
THE DEAL		
Basic Needs: Pay, Benefits, Security	Psychological Needs: Achievement, Camaraderie, Equity	Growth Needs: Purpose, Meaning, Impact
BASIC ASSUMPTION		
Workers are assets to be retained	Employees are assets to be acquired and optimized	People and machines are value creators to grow and leverage
VALUE PROPOSITION		
Pay and benefits for time and output	Broader set of rewards (pay, benefits, career, experiences) in exchange for organizational engagement	Individualized rewards in exchange for a wide range of contributions
MAIN CONCERN		
Turnover	Motivation	Stagnation

ACCELERATING FOR IMPACT

Addressing and improving gender imbalance in the organization has proven an intractable change problem. Organizations have been at this for years, yet are still decades away from realizing the full potential of the female workforce.

As our *When Women Thrive, Businesses Thrive* research has made clear, change doesn't happen unless business leaders understand the business imperative and begin to rely on data and analytics to get at the root cause of gender imbalance in their own organization. (*See "Using Analytics with Purpose" nearby.*)

These are critical first steps, but to effectively act on those insights, organizations must also have:

- Deep understanding of and sensitivity to the psychology of all individuals involved
- Committed role models with the passion and courage to lead change
- Holistic linkages and behavior change across the organization

Our research finds that organizations with men who actively support diversity and inclusion (D&I) have higher female representation than those whose men are more disengaged — however, only 38% of organizations said men were engaged in D&I efforts.[1] Women and men alike need to partner closely, discuss their views candidly, and collaborate openly.

[1] Learn more by reading *Accelerating for Impact: 2018 Gender Inflection Point*
https://www.mercer.com/our-thinking/when-women-thrive-accelerating-for-impact.html

USING ANALYTICS WITH PURPOSE

Learn which rewards, roles, and experiences drive outcomes and **accelerate careers** by mining *HRIS data*

Visualize and prepare for an employee's next **career move** by using *AI algorithms* to analyze personal profile information

Understand how the company's **purpose and values** are resonating by *surveying* employees regularly

Chart **talent movement** and identify bottlenecks using *Internal Labor Market (ILM)*® maps
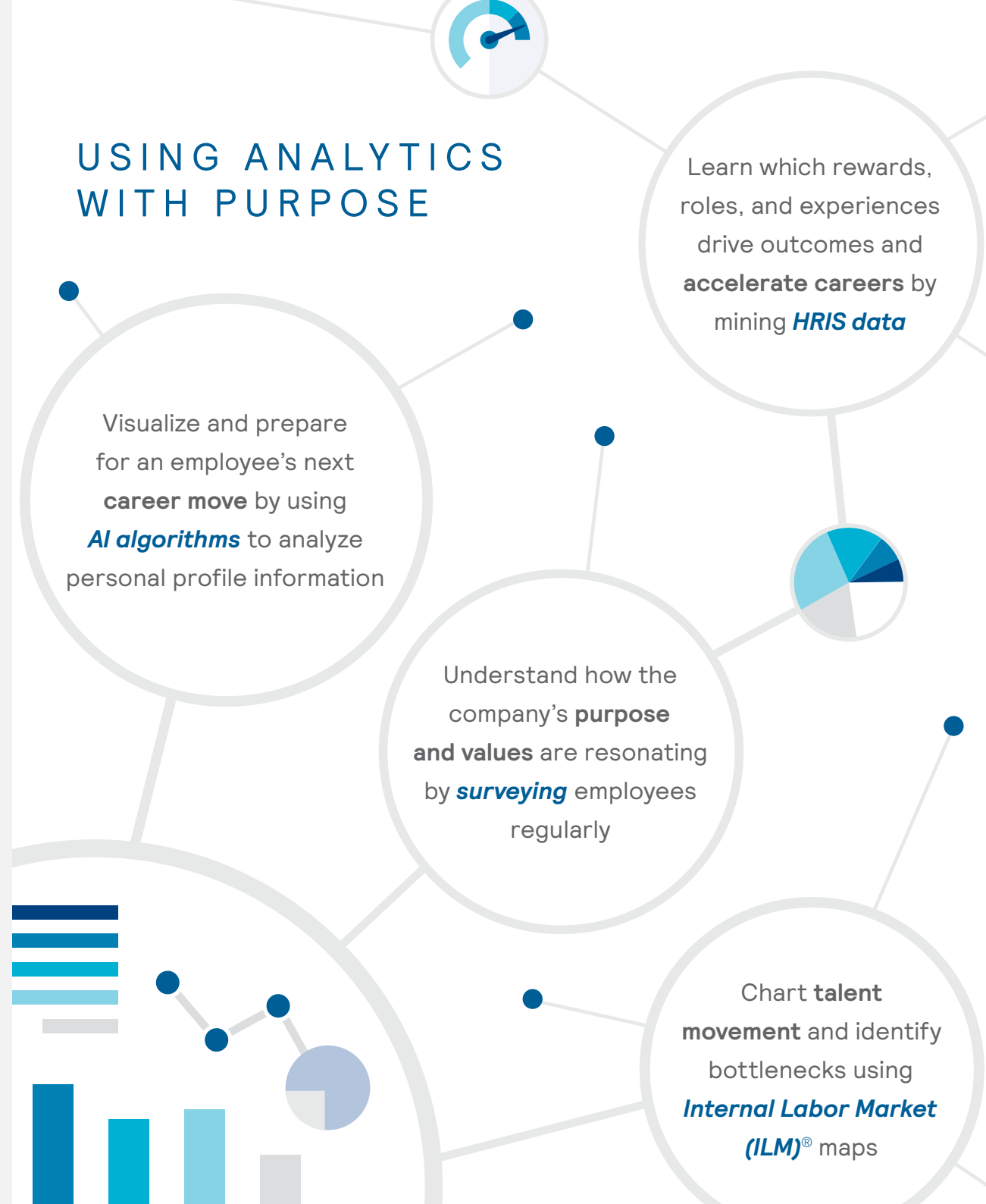
WHAT EMPLOYEES CRAVE FEW COMPANIES OFFER

THRIVING EMPLOYEES ARE ...   COMPANIES OFFER ...

AFFINITY PRIDE PURPOSE

3x times more likely to work for a company with a strong sense of purpose.   **75%**

13% EVP differentiated by a purpose-driven mission

10x more likely to feel career-empowered   **75%**

33% Continuous feedback tool

CAREER & WELL-BEING

3x more likely to say their workplace focuses on health & well-being   **77%**

14% Health & well-being as a talent management priority this year

COMPENSATION & BENEFITS

5x more likely to believe they are paid fairly & competitively   **81%**

21% Some form of internal pay disclosure

CULTURAL ALIGNMENT

"Faced with a combination of increased complexity and hyper-specialization, we are at a point where the desire for purposeful engagement is becoming a major issue."

~Klaus Schwab
Executive Chairman of the World Economic Forum

EXPECTED WORKPLACE CHANGES

How do you expect your workplace will change in the next two years?

▶ Greater:
- Wellness
- Flexibility
- Teamwork
- Automation

DESIRED CHANGES

What kind of support would you like your company to give more of?

▶ Flexibility
Fairness
Wellness

WHAT EMPLOYEES REALLY WANT

POSITIVE WORK ENVIRONMENT

What would help you thrive at work?

▶ Clear Leadership
Fair Compensation
Compelling Careers

PERFORMANCE DRIVERS

What would help you perform better at work?

▶ Meritocracy (Ratings + Rewards)
Collective Goals

WORKING WITH PURPOSE TAKEAWAYS

To attract the best and brightest people in the business, jobs and/or work experiences must be crafted to match what the employee is seeking. *(See "What Employees Really Want" on previous page.)*

Organizations must leverage uniquely human desires to drive business results: Bots and machines won't seek out new ways to contribute or volunteer for a special project.

For organizations to maximize their transformation journeys, they must empower people to drive their career forward. Employees who feel that they can drive their careers (versus those who don't) report that they have better access to career path information (74% vs 29%), that their company encourages internal mobility (71% vs 24%), and that their manager skillfully coaches them and supports their development (74% vs 21%).

A more holistic view of the world of work is a hallmark of the Human Age. Unleashing the value of purpose has become key in today's work environment. To compete in the war for talent, organizations must design jobs that people want and careers they crave, invest in employees' professional growth and personal well-being, and show employees how their work is tied to the organization's mission and positively impacts society. As we embrace a future that fuses technology and people, it is important to help individuals find purpose and relevance in their work.

SUCCESS STORY

ARM Ltd, a multinational technology company owned by SoftBank Group, is focused on the power of the individual and celebrating the brilliance they bring. At the same time, the company advocates for collective accountability and building a strong, inclusive community where people thrive.

They manage the tension between these core beliefs by ensuring individuals are challenged to find their own line of sight to the company's collective goals and helping them articulate how they will impact business outcomes. They removed job descriptions and barriers to changing roles; they award variable pay at the company and grade levels first, with discretion to vary by individual. ARM Ltd's people are motivated by the connections consistently drawn between the success of the individual and that of the company.

ADVICE FOR LEADERS

1 ***Embrace the science of personas to tailor your value proposition.*** By clustering attributes like income, life stage, family status, and motivators, you can create meaningful groups to help tailor your total rewards proposition. (Pay particular attention to women and financial issues.[1])

2 ***Add an individual purpose statement*** to the performance goal template and actively communicate the organization's purpose as a compelling part of the value proposition.

3 ***Validate your EVP.*** Understand how employees experience their work and whether they feel aligned with the company's purpose. Listen passively by systematically analyzing data feeds such as HRIS, social, and crowdsourced sites like Glassdoor.

[1]Learn about women's unique financial challenges at https://www.mercer.com/our-thinking/wealth/inside-employees-minds-women-and-wealth.html

3. PERMANENT FLEXIBILITY

Flexibility is more than working wherever/whenever; it's also rethinking what work is done, how it is done, and by whom

Flexibility is getting personal. Employees are increasingly vocal about wanting work arrangements that put them in control of their personal and professional lives. They want a say in when, where, and how they work (stable flexibility), as well as policies that permit them to flex when needed (on-demand flexibility). The key is to move from ad hoc models of flexibility — which require asking permission from a manager or HR — to more permanent arrangements. Achieving this takes exceptional plan design, culture change, high levels of trust, and enabling technology.

PERMANENT FLEXIBILITY IN PRACTICE

△ WORKING IN FLOW

Half (51%) of all employees want their company to offer more flexible work options. When asked what would help them thrive at work, 40% said more flexible work options, compared to 26% last year. Flexibility is especially important for employees in the Financial Services and Healthcare sectors.

When asked what would improve their work situation, employees rank more flexible work options ahead of "clearer career path information at my fingertips" and "more feedback from my manager on my performance."

Of those who say they are thriving at work, 71% report that their organization offers flexible work options (up from 49% in 2017), compared to 32% of those who are not thriving. Most executives (81%) say that workplace flexibility is embedded in their company's value proposition. Flexible working can address the widening skills gap by allowing organizations to tap into a broader talent pool with a broader range of skills. It can also support gender diversity strategies, as organizations that make flexibility a core tenet have better representation of women today and better future trajectories.[1]

[1] Learn more about our research at https://www.mercer.com/our-thinking/when-women-thrive.html

51%

of employees want their company to offer more flexible work options

FLEXIBILITY & RISK MANAGEMENT

A new work model, and new workers, increase cyber vulnerability. According to a recent risk report, 95% of all security incidents involve human error[1] — so the prospect of more workers discussing confidential information in a café sets HR and Legal pulses racing. One problem is that there are few plans to invest in the infrastructure to fully enable and mitigate risk of remote working, with only 28% of companies planning to invest in technology for off-site working.

[1]Cyber: The Stakes Have Changed for the C-suite. Marsh & McLennan Companies. http://www.mmc.com/content/dam/mmc-web/Global-Risk-Center/Files/Marsh_FireEye_2018.pdf

WHO SUPPORTS FLEX WORKING?

63% EMPLOYEES

59% MANAGERS

56% SENIOR LEADERS

WHY FLEXIBILITY IS IMPORTANT TO EMPLOYEES*

TO BETTER DISTRIBUTE MY TIME BETWEEN PERSONAL AND PROFESSIONAL
Employee at Financial Services firm in Brazil

TO PROVIDE SUPPORT FOR HEALTH — INCLUDING MENTAL HEALTH
Employee at Logistics company in Australia

TO BE MORE PRODUCTIVE
Employee at Manufacturing company in the UK

TO REDUCE WORK STRESS
Employee at Life Sciences company in China

*Actual quotes from survey respondents, translated where needed

ROLE OF MANAGERS

- Redesign roles for flexibility. Consider how to get work done using an alternative talent pool, better leverage model, and/or automation.

- Define resourcing criteria. Help team members make smart decisions about what work to retain in-house and when to source externally. Learn from cost and efficiency metrics of resourcing choices.

- Promote flexible working in the hiring process and beyond. Encourage individuals to try a new way of working for three months. Use results to create blueprints for new work patterns that can be re-used.

SUCCESS STORIES

Schneider Electric India, a multinational energy management and automation company, recognizes that sabbaticals should not take a one-size-fits-all approach. When evaluating their employee offering — which provides time off for spouse relocation and higher education — and company attrition rates, they realized a number of women were exiting the workforce to attend to their families. To prevent such losses, Schneider Electric India expanded their program to offer sabbaticals for employees with aging parents and children taking major exams or graduating. These options provide employees with an easier path to stay in or return to the workforce and allow Schneider Electric India to maintain ties with a greater number of high-performing employees.

Toyota projects that by 2023, nearly 20% of its production workers will be 55 or older (up from 5% today). To prepare for the future of work and retain employee skills and experience as long as possible, Toyota has added a job share program and alternate roles tailored to older workers. In one instance, the company brought a project in-house so that 14 production employees could keep working without the physical pressures of being on the line, helping employees balance the intensity of work and continue contributing.

ADVICE FOR LEADERS

1 *Reinvigorate your flexibility policy* to encourage stable arrangements and on-demand options that support employees' changing life commitments.

2 *Analyze your Role Flexibility Quotient* to understand the extent to which jobs can flex. Analyze the value of the work to see which tasks can be automated and where human time is spent most productively.

3 *Address the real barriers to flexible working.* Look at the culture of trust, support remote working with technology, and educate managers on how to flex "loudly."

△ THE RISE OF ADAPTIVE WORKING

Work flexibility can help people address life's planned and unplanned events. *(See "The Five Dimensions of Adaptive Working" below.)* Consider the recent college graduate anxious to build a portfolio of AI-complementary skills; the parent who needs time to care for toddlers, aging family, or both; the encore careerist hoping to add to their nest egg. Flexibility also helps employees establish a healthy balance in life: Jobs that allow for gym breaks or extended time off, for example, keep workers rejuvenated.

Most companies have pockets of flexibility based on individual arrangements with a manager, but only

3% consider themselves industry leaders when it comes to flexible working. Among employees who requested a flexible work arrangement, 36% were turned down. In Germany this year, the IG Metall labor union won the right for industrial workers to reduce their weekly hours to look after their families, while others can take on additional hours to meet the shortfall. This ruling may pave the way for other unions and associations to frame flexible work terms. Governments are stepping in too, to improve working lives and bump up productivity. Some 1,500 companies have benefited from Singapore's Work-Life Grant, which incentivizes firms to offer flexible work.

△ SUPPORT FOR DIGITAL LIVES

Some of HR's concerns *(See "HR's Top Concerns" on next page.)* can be addressed by communication and training for both managers and employees on enabling flexible working, something that less than 40% of companies offer today. Shifting the emphasis from an individual's need for flexibility to an evaluation of a role's degree of flexibility is changing the conversation. Yet only 13% of companies systematically assess whether, and to what extent, a job can be done flexibly. Factors such as the ROI of reduced turnover or potential for real estate savings have been gaining traction in making the internal business case for change. Establishing a policy that allows for structured variability minimizes the need for ad hoc requests and reduces the complexity for individuals needing to negotiate arrangements.

THE FIVE DIMENSIONS OF ADAPTIVE WORKING

WHEN work is done
Hours & timing
Discretion to change

WHERE work is done
Location & ability to vary
Infrastructure

WHAT work is done
Varied job content
Ability to share or exchange

HOW work is done
Varied intensity
Scalable

WHO does the work
Distributed beyond traditional workforce
Automated

PERMANENT FLEXIBILITY TAKEAWAYS

Work models are evolving to reflect changes in the future of jobs and talent. When do we use bots or people? When does it make sense to borrow, not buy? How can we enable remote working or attract contingent talent? What tech needs and cyber concerns do we need to address? How do we help managers support direct reports they do not frequently (or ever) see in person, or teams of both humans and bots? The answers to these questions will shape the work patterns of the future.

In this new dynamic vision of work, a critical talent core is supported by an elastic workforce of freelancers and contractors. HR leaders are building concentric circles of talent, with two in five planning to "borrow" more talent in the next 12 months. HR reports that

they have more task- and project-based work and are more ready to parcel this out to free agents. Perceptions are changing among workers, too, as 78% of full-time and part-time employees say they would consider working as a freelancer. Working on a contract basis is most appealing to employees in Mexico, Brazil, and China, and is less popular among those in Japan and France.

There are challenges to implementing permanent flexibility. HR worries that flexible arrangements may erode trust and collaboration among employees and add complexity to performance management and rewards. Yet the current ad hoc state does not align with the long-term talent agenda that most companies aspire to today.

46%
42%
36%
32%

HR'S TOP CONCERNS ABOUT MANAGING FLEXIBLE WORKING
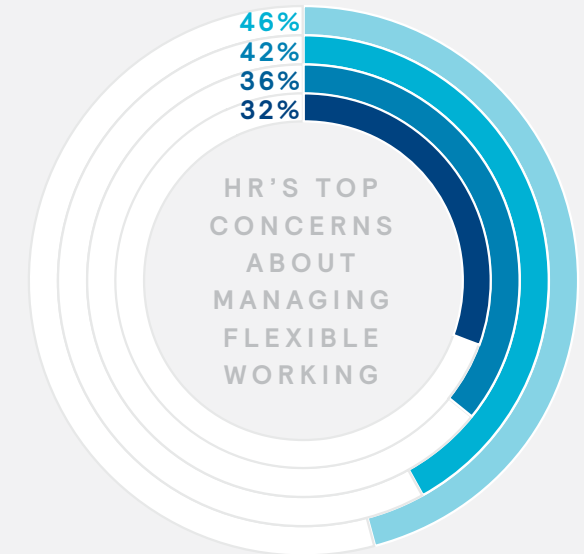
■ FAIR APPLICATION OF FLEXIBLE WORKING ACROSS ALL EMPLOYEES

■ IMPACT ON TEAMWORK AND FACE-TO-FACE COLLABORATION

■ ABILITY TO MEASURE AND REWARD CONTRIBUTION

■ CAREER PROGRESSION FOR FLEX WORKERS

2 in 5 employees worry flexible working will damage their career prospects

Improve the ability to move jobs to people and people to jobs

Enhance the employee experience

Accelerate time to productivity for new hires

Simplify talent processes

4. PLATFORM FOR TALENT

Organizations are becoming smart platforms for matching skill supply with work demand while maximizing human creativity and ambition

Need a ride? Summon a car within minutes. Hungry? Open an app, place your order, and wait for the doorbell to ring. Rent a vacation home; order shoes to try on at home; have your groceries delivered.

The platform economy has overhauled the way we live and raises expectations of what is possible at work from the sharing of talent to the democratization of opportunities. It is no surprise this is being thought of as the next leap in talent management. In this new model, the organization is no longer a hierarchy of employees. Instead, it's a smart platform that matches skill supply with work demand while maximizing human creativity and ambition — connecting people to their passion projects, connecting organizations to the skills they need in real time, and connecting HR to the capabilities that drive business growth. *(See "What Changes in a Platform Model" below.)*

Adopting a "platform for talent" mindset disrupts the linear way we tend to think about talent. Executives realize that traditional, episodic HR processes can stifle growth and innovation. They anticipate that the greatest ROI this year will come from speeding up the movement of jobs to people and people to jobs. They are also asking for analytics on where buy, build, or borrow strategies might yield the optimal return. In other words, they want a talent system that can match their appetite for growth and help them leverage their best talent to the greatest potential. This vision requires a fundamental shift in how we source, deploy, and think about talent.

The platform approach gives leaders more options as they adjust to tomorrow's demands. More than half of executives believe that at least 20% of the roles in their organization will cease to exist by 2022. A platform approach enables core and contingent workers to plug into an organizational structure that matches their evolving skillsets with business needs in real time.

WHAT CHANGES IN A PLATFORM MODEL:

HUMAN RESOURCES	TALENT DATA	CONTRACTUAL MODEL
▼	▼	▼
PEOPLE AND TECH ASSETS	TALENT INSIGHTS	PARTNERSHIP MODEL

PLATFORM FOR TALENT IN PRACTICE
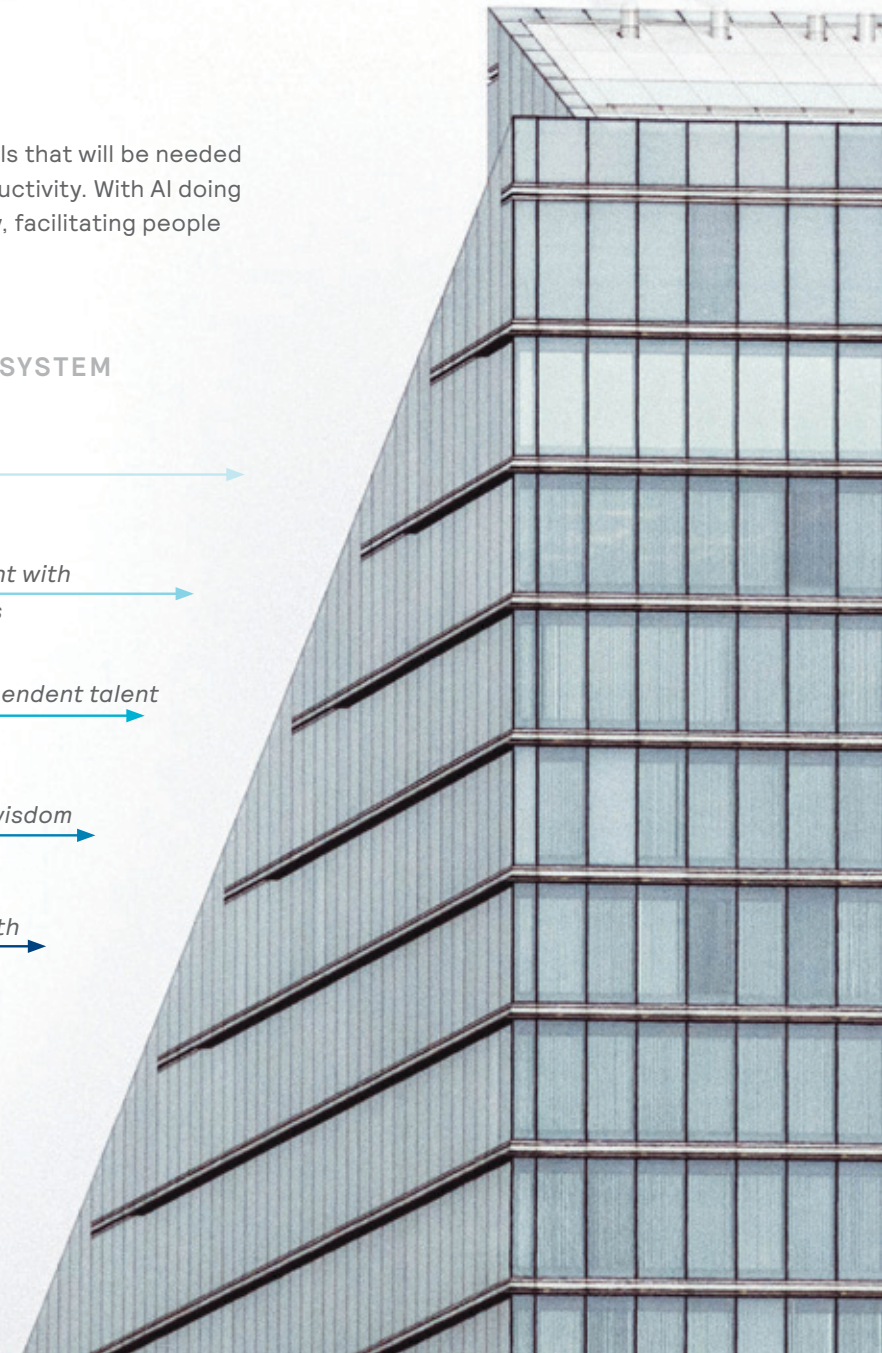
DIVERSE TALENT ECOSYSTEM

Today's talent is made up of interconnected tribes and networks — an ecosystem of diverse people with individual personalities and unique experiences. Talent ecosystems are the lifeblood of today's platform economies, which value access, not ownership. These require:

- *Better supply information:* Understand the talent in your ecosystem (internal and external), capacity gaps, and blockages in the pipeline
- *Better demand information:* Translate business needs into talent needs, while viewing job openings as learning opportunities
- *More efficient deployment mechanisms:* Match supply and demand, build capability, and get people up to speed quickly
- *Talent intelligence:* Optimize performance and identify human capital risk through data, feedback, and AI

In the new world, everyone is responsible for contributing data to the talent ecosystem. Individuals create a profile defining their skills and aspirations, and enterprises regularly post new opportunities. AI can streamline the process by predicting the skills that will be needed and monitoring individual contributions and productivity. With AI doing the heavy lifting, HR can focus on talent strategy, facilitating people decisions and coordinating supply and demand.

COMPONENTS OF THE TALENT ECOSYSTEM

INTERNAL — *employees*

PARTNERSHIP — *exchanging talent with other companies*

FREELANCE — *leveraging independent talent*

CROWDSOURCED — *drawing on the wisdom of the crowd*

CO-OPETITION — *collaborating with the competition*
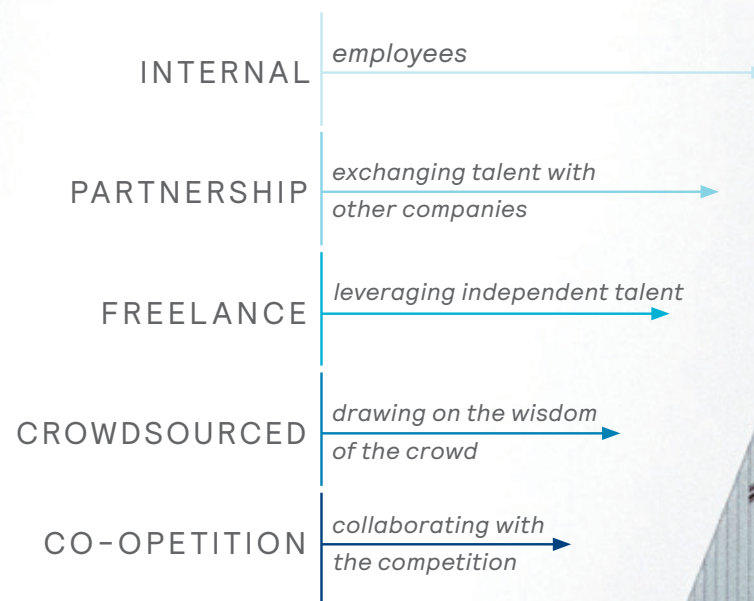
ROLE OF MANAGERS

1 Broker talent by forming fluid project teams

2 Source diverse portfolios of skills (human and machine)

3 Build communities to retain the best talent and most relevant skills

◇ RETHINKING THE HR PARADIGM

Think more talent value proposition (TVP) than employee value proposition (EVP). The concept of "managing a pipeline of talent" is wearing thin; a platform approach offers an aspirational alternative by developing the skills to meet current and future needs. Unlocking value requires a differentiated value proposition, as well as a closer look at what drives a positive experience for both employees and the organization.

Talent strategies and structures should be as flexible as organizations' business strategies and structures. Talent pipelines can be enhanced by talent ecosystems — healthy and abundant pools of the best people who can be sourced, nurtured, and deployed to meet real-time demands. The challenge is to build a talent platform that has growth — for the organization and the individual — at its core. This requires leaders to discuss distributive governance and how the value proposition resonates with different personas, including remote, contingent, and crowdsourced talent.

THE INTELLIGENT WORKPLACE

If the fundamental role of HR is to attract, retain, deploy, and develop talent to meet business needs now and in the future, HR requires radically different data to succeed. *(See "Data Insights" on next page.)*

Executives say that the most valuable talent analytics determine:

- Whether it's better to build, buy, or borrow talent
- What causes people to leave/stay with the organization
- Which training programs are most effective
- What drives engagement
- Which characteristics are unique to high-performing teams

Board directors are most interested in learning about engagement drivers and the characteristics of high-performing teams, and they also want analytics that illustrate the impact of different pay strategies on performance and retention.

Taco Bell has put these analytics into practice, reviewing their workforce metrics to address high turnover rates and other issues. The company identified that there was lower turnover among employees who work more hours per week. They also found that the percentage of trained employees in a store correlated to its business results. With this data, Taco Bell was able to make meaningful changes, such as linking supervisor bonuses to turnover and increasing trainings.

Most (91%) HR leaders cite roadblocks such as a lack of integration among data systems and a lack of management experience in effectively using analytics. The data that answers some of the most intriguing talent questions is not captured in the HRIS system, but in marketing and financial management systems. Other real-time insights may be available from business intelligence tools and cloud-based collaboration apps. Would you like to know the key people in your organization who support the achievement of outcomes? Who peers and leaders trust, and who people go to for critical information? Who is known for developing others? How demographics influence the collaboration dynamic?

As it becomes easier to collect passive data, organizations are analyzing their social networks, along with activity data, for insight into the quality of informal structures, sentiments across the firm, and the return on these networks. Mining data across the network from suppliers, partners, and customers adds to the dynamic picture of how organizations work in practice and what levers might most improve productivity.

ANALYTICS THAT MATTER

- *Individual and team productivity dashboards:* Calculate the ratio of actual time versus perceived value of time spent on activities

- *Movement metrics, rather than retention metrics, for high potentials:* Analyze whether the right people are being assigned to "acceleration roles" to gain experiences for the future

- *Automated feedback graphs:* Aggregate kudos ratings and peer feedback to pinpoint best-fit roles and growth opportunities

- *Network analysis:* Showcase the true connectors of talent — individuals who might fill linchpin roles and/or add value in a process capacity

CONSIDERATIONS FOR LEVERAGING YOUR FULL TALENT ECOSYSTEM

GOVERNANCE

- What framework do you use to decide which tasks are done in-house versus by outside partners? Who should make these decisions?

- What service standards are in place to ensure the platform supports business outcomes?

VALUE PROPOSITION

- How easy is it for those in your ecosystem to work with you – from accessing shared drives, to being invited to social outings, to getting paid on time?

- What is the value proposition for contractors if benefits are reserved for employees? What are your options for providing benefits, such as healthcare or paid time off?

CAREERS

- How do you optimize employees' ability to be mobile and continue learning within your organization and among your ecosystem's partners?

- How can you address talent priorities such as diversity and inclusion through the ecosystem approach?

DATA INSIGHTS

By collecting data on how people actually work and interact with the ecosystem, organizations can identify process inefficiencies, balance workloads, and optimize resources, answering questions such as:

Are we spending too much time talking instead of doing?

Which roles are poorly defined or have overlapping responsibilities?

Are shared services groups being properly and consistently leveraged?

Has a recent organizational restructuring or physical workplace redesign been effective?

WHAT'S DIFFERENT ABOUT COMPANIES WITH THRIVING EMPLOYEES?

THRIVING | NOT

71% INTERNAL MOBILITY IS ENCOURAGED — 25%

63% LATERAL MOVEMENT IS PREVALENT IN MY ORGANIZATION — 33%

63% ROTATIONAL PROGRAMS ARE A CORE PART OF HOW PEOPLE ARE DEVELOPED — 27%
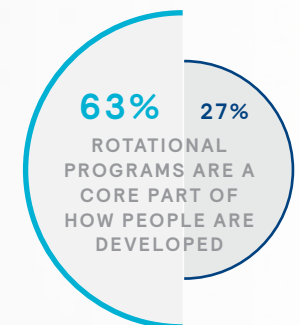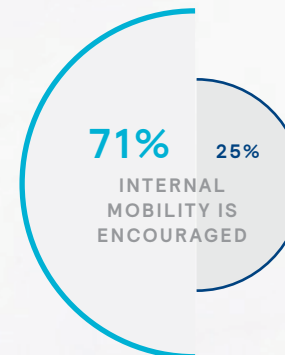
PLATFORM FOR TALENT TAKEAWAYS

Continuous feedback is a key source of talent intelligence. In the platform era, multiple data points provide insights into people's performance, quality of work, and interest in tackling challenging projects. Acknowledging that technology makes this possible, 46% of HR leaders plan to introduce a continuous feedback tool in the year ahead.

Even without technology, organizations are seeking ways to recognize not only work performance, but also people's potential and their development progress. Three quarters (74%) have already given or plan to give managers more discretion to reward a wider range of contributions or "impact," and 81% have shifted performance discussions toward future-focused career and development, or plan to do so this year.

A platform model matches people to projects based on their interests, and it empowers employees by increasing access to opportunity and movement. This year, 52% of employees say that their organization understands their interests and skills and helps them find the best job match — a figure that drops to one-third for those in individual contributor roles (which excludes supervisors, managers, and other leaders). Those who identified themselves as thriving were almost four times more likely to state that their employer helps them find the right opportunities.

More needs to be done to understand backgrounds, skillsets, and future aspirations if we are to unlock potential in the Human Age.

SUCCESS STORY

Determining how best to address future workforce challenges can be a moving target. Given continuously changing environments and organizational needs, Unilever has adopted an agile approach that includes pilot initiatives and a flexible learning framework to ensure they can adapt as needed. Rather than implement a broad, untested transformation strategy, the company tries innovative approaches to managing internal talent marketplaces within smaller segments of the organization.

Recruitment is one area where Unilever is using new technologies to humanize the employee experience. It is transforming the candidate experience and gaining deep insights into individual skills and preferences with technology that allows the company to better match people to roles and respond in an individualized, constructive way to candidates.

ADVICE FOR LEADERS

1 **Develop a new lexicon for tasks and people** that accounts for differences in jobs and tasks, includes future skills, and reflects individual goals. Think broader: Crowdsourced and contingent talent bring new capabilities that transcend company boundaries.

2 **Get creative with mobility.**[1] Consider customer and supplier secondments to help fill knowledge gaps, stimulate learning, and create unique career paths.

3 **Automate manual talent processes** such as recruitment, performance management, succession, and employee feedback (e.g., use continuous, automatic feedback tools to reach out to recent contacts and embed a feedback-rich culture).

[1]Explore new approaches to mobility at https://mobilityexchange.mercer.com/Insights/article/Seven-Dilemmas-Facing-the-Future-of-Global-Mobility

5. DIGITAL FROM THE INSIDE OUT

To unlock growth in the Human Age, technology must augment the human work experience

Work and human work have become two distinct concepts. On one hand, cognitive processing, predictive analytics, and computational intelligence will bring transformative change to our businesses. Companies simply cannot thrive without taking advantage of the best and newest technology.

On the other hand, this is the Human Age. Technology in the workplace will maximize its impact only when paired with human judgment. Digitization transforms how organizations leverage talent — helping them build diverse workforces, embrace flexible working, improve teaming, and analyze performance. It can serve as a vehicle for investing in people and building relationships with customers. Yet, only 15% of responding companies consider themselves a digital organization. *(See chart below.)* The journey to being digital from the inside out and delivering a consumer-grade employee experience continues.

Organizations are in a unique position to build work models for a talent-driven climate. In this new space, on-demand technology brings people and capabilities together. More nimble, liberating, and empowering than the command-and-control business models of the past, technology brings us into the human, connected age of working.

A CONSISTENT DIGITAL JOURNEY INSIDE AND OUT

	Not relevant for us	Not yet on the journey	On the journey but a long way to go	Great progress to transformation	Consider ourselves a digital organization
Digital in doing business externally	2%	10%	43%	31%	15%
Digital in shaping the employee experience	1%	7%	45%	31%	15%
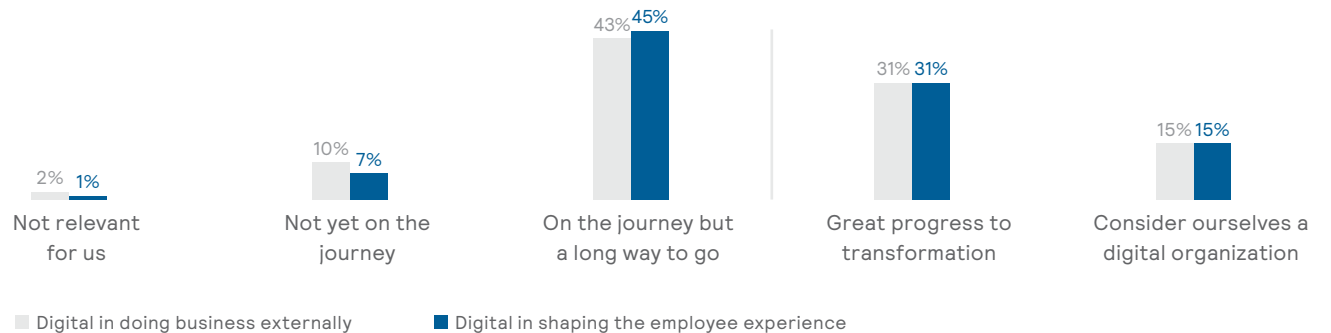
Most companies are investing in baseline technology to support key HR processes (such as talent acquisition and rewards management) and manager efficiency and decision making (such as customer relationship management and performance management). Digital tools that enhance the employee experience often come later — typically sitting on top of HRIS platforms to unlock the value of those underlying systems.

How companies invest depends where they are on the wave of technology. *(See next page.)* Performance management and learning are a priority for HR, while executives are prioritizing ways to improve efficiency and speed up knowledge sharing, which aligns with their focus on talent movement. From our study, we can confirm that implementing an HCM/HRIS system

(e.g., Workday, SAP) has the most impact on being digital from the inside out. That said, in the eyes of employees, it is the bespoke technologies (e.g., career/HR portals) that may provide the best return on this year's digital investments.

One in three employees reports that their roles or responsibilities have already changed due to digital technology, and this percentage will likely double in the next few years. Leveraging integrated technology platforms that offer a consumer-grade experience has become a requirement. The challenge is to keep the human touch. Digital solutions that help companies engage their talent ecosystem and support their employees' health, wealth, and careers will be essential in the future of work.

1 Communicate a compelling vision for the future — where the organization is going, why it's relevant, what employees will learn — and update people on progress.

2 Support team learning on digital. Infuse teams with an aptitude for digital business.

3 Encourage the use of data and experimentation, by monitoring the market for innovations and having teams pilot new technology that could be applied to (or disrupt) their work.

WHAT'S DIFFERENT ABOUT DIGITAL ORGANIZATIONS?
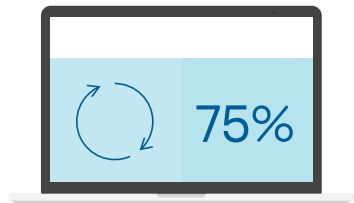
75% REPORT HIGH SCORES FOR **CHANGE AGILITY**
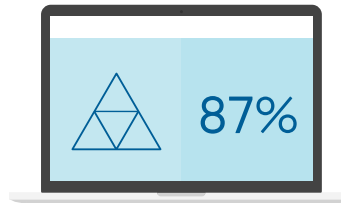
87% HAVE A **COMPELLING & DIFFERENTIATED EVP**
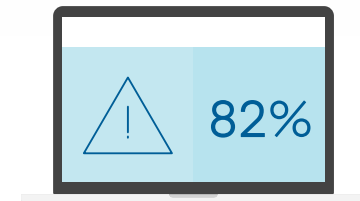
82% SEE HR AS AN ADVISOR ON **HUMAN CAPITAL RISKS**

WHICH COUNTRIES ARE FURTHER ALONG ON THE JOURNEY?

India, the UK, and the US have the most self-described digital organizations, while Japan and Hong Kong are behind the curve. Most companies in China are on the journey but still have a long way to go, while those in Brazil, Italy, and South Africa are making great progress.

DIGITAL FROM THE INSIDE OUT IN PRACTICE

DIGITAL LIVING

People want new ways of working and an employee experience that offers just-in-time, intuitive digital access, personalization, and wellness. They also want digital tools that will help them do their jobs better, faster, and smarter: Two-thirds of employees say that state-of-the-art digital tools are critical to their success.

The technology at work typically pales in comparison to what we have at home. While 72% of HR leaders say digital technology is not a core part of their people strategy today, 47% say it will become so in the next 12 months. Meanwhile, only 43% of employees say that they have digital interactions with HR.

Employees want versatile career experiences with meaningful growth and learning. Yet only 42% of employees feel that they have the power to create their own career success, and one-third believe that their company does not offer them an opportunity to grow professionally. They would benefit significantly from a career management tool that provides personalized access to career paths and learning opportunities.

Individuals who feel empowered in their careers are 2.6 times more likely to report having access to career path information. To have the greatest impact, career and learning platforms should be designed to facilitate new organizational behaviors — whether encouraging lateral and cross-functional moves to broaden skillsets, asking managers to act as brokers to stimulate talent flow, or facilitating exponential learning so that employees acquire the skills of the future.

WAVE OF TECHNOLOGY

| TALENT ACQUISITION | REWARDS MANAGEMENT | PERFORMANCE MANAGEMENT A top priority for HR | SALES MANAGEMENT | HUMAN CAPITAL MANAGEMENT SYSTEM | TOTAL REWARDS / BENEFITS PORTAL | LEARNING A top priority for HR |

KNOWLEDGE MANAGEMENT
A top priority for executives

DISTRIBUTED & FLEXIBLE TEAMING

As organizations adopt a talent platform mentality, it is critical for them to establish an architecture that allows for seamless communication and builds trust, confidence, and camaraderie among widely dispersed team members. Digital tools at the enterprise level can deliver anywhere/anytime collaboration and simplify knowledge management, enabling the cross-department interactions necessary for agile decision making. Yet only 18% of organizations use collaboration technology platforms to better enable their teams and manage talent, projects, and tasks.

FOSTERING A DIGITAL CULTURE

State-of-the-art technology will only get you so far. A digital culture — one where people are comfortable with transparency, curious about the new, and eager to have the latest technology — is critical to success. With the growing need to integrate data sets (often following a merger or acquisition), tools that simplify HR interactions and enhance the overall experience

are moving center stage. When organizations become more digital, there is a greater likelihood of information being shared in all directions, but without cultural readiness, this can lead to confusion and misinterpretation that can have a direct impact on business results. Analytics platforms will put real-time data in the hands of everyone. AI applications will be able to cut through functional silos and provide new insights through integrated analysis and and predictive modeling. Data democratization can be a game changer, but organizations must be ready — culturally as well as digitally.

Forward-thinking organizations assess how HR teams can best gather, analyze, visualize, and share the data they need to execute against business objectives. Data analytics platforms of the future will become increasingly infused with machine learning and AI. Getting ahead of the curve now with a dedicated multi-disciplinary talent analytics team is an imperative for HR in 2018.

WELLNESS AT SCALE

Technology is also being leveraged to enable wellness. Virtual clinics, meditation apps, biometric-led fitness planning, and other digital health tools are on the cusp of being actively embraced this year, although only 20% of companies have these tools in place today. Symbiotically, these advances transform how people live healthy lives at work while providing more data about how health, wealth, and careers interact.

CAREER MANAGEMENT	ONBOARDING TOOLS	ANALYTICS: CONTINOUS FEEDBACK & PRODUCTIVITY METRICS	REMOTE & WORKING SMART OFFICE ENABLEMENT
		A top priority for executives	

To support their digital employee journey from pre-boarding to personal career management to off-boarding, Cathay Pacific selects technology vendors focused on human-centered design solution flexibility and client capability building. While the design focus may result in a degree of additional complexity in IT support and more upfront work, once in place, the agile platforms allow for a better user experience that can adapt to the changing needs of the business and Cathay employees.

A good example is the company's new gamified on-boarding platform, which is personalized based on geography, department, and employee demographics. The impact of the platform has been impressive — 90% of new joiners now report feeling prepared before their first day, up from 60% the previous year. New hires can now hit the ground running and be productive after only a few weeks on the job, rather than a few months.

DIGITAL FROM THE INSIDE OUT TAKEAWAYS

The more technology and data in the workplace, the greater the premium on contextual intelligence — a uniquely human skill. While AI can improve fairness in many talent processes, algorithms can institutionalize bias when not designed thoughtfully or when they lack sufficient human oversight. Leveraging the power of machine calculations with a layer of human judgment bolsters our combined capabilities to drive informed decisions.

Technology can also demonstrate investment in people. By mining the passive data that people leave behind — their "digital exhaust" — organizations can gain insights on employees' preferences, work patterns, and networks to simplify and personalize the work experience. In fact, one of the biggest appeals of being a digital organization is being able to both universalize and personalize the employee experience at scale.

ADVICE FOR LEADERS

1 *Enable and reinforce a digital culture* by adopting new technology, reinforcing comfort with data, and cultivating a spirit of exploration and experimentation.

2 *Be transparent about digital transformation initiatives,* including AI and automation, and equip managers to discuss the implications for future jobs, mindsets, and skillsets.

3 *Invest in technology tools* that modernize HR, foster two-way dialogue (collaboration and teaming), support growth (careers and learning), and enable stronger predictive analytics.

THRIVING IN THE HUMAN AGE

To thrive and win in the Human Age, organizations must be agile and vigilant — pivoting at the pace of market fluctuations, leveraging the best technology, and nimbly reforming to take advantage of new opportunities. But this is not enough. To sustain growth, companies must bring their people along on the journey. Everyone has a role to play in the future of work, as digital investments and rapid redesign will fail without the support of leaders with a vision for the future and a workforce inspired by that future.

TO SUCCEED IN THE HUMAN AGE ...

Employees must grow, change, and thrive
In the Human Age, employees who embrace change — growing their skills for the future of work, mastering new technology, and continuously reinventing their careers — will stay ahead of the curve. Reinvention requires courage and tenacity, as well as a willingness to be transparent about your skills and experience, and where you want to take your career.

Human Resources must redesign talent strategies for the future of work
HR leaders and business partners must translate data into work strategies that engage, inspire, and drive performance — not just for the current workforce, but also for a broader talent ecosystem.

Managers must leverage and unleash the potential of employees through a "human touch"
The best managers lead their teams to execute business strategies that change futures. But just as important, they lead with empathy, spur creativity, and guide employees to the passion projects that interest them and the learning opportunities that will help them grow.

Executives must build their enterprise for a technology-enhanced future
Executives must have a vision for the future of work. They should challenge HR to design bold talent strategies that offer employees compelling and relevant experiences. With talent a driver of competitive advantage, this requires innovative thinking about everything from site selection to acquisitions and partnerships. Together, executives and HR must create the culture that embraces change, values regeneration, and sparks innovation.

AI and robotics are shaping the future of work, but only people can unlock the value of technology investments. Without a bold culture of innovation and lifelong learning, organizations will fall behind.

APPENDIX

SURVEY DEMOGRAPHICS

COMPANY SIZE

- 16% 20,000 OR MORE EMPLOYEES
- 12% 10,000 TO 19,999 EMPLOYEES
- 18% 5,000 TO 9,999 EMPLOYEES
- 40% 1,000 TO 4,999 EMPLOYEES
- 15% 500 TO 999 EMPLOYEES

COMPANY TYPE

- 63% PRIVATE, FOR-PROFIT COMPANY
- 28% PUBLIC, FOR-PROFIT COMPANY
- 9% STATE OWNED ENTERPRISE

COUNTRY

- 5% FRANCE
- 6% GERMANY
- 1% HONG KONG
- 4% INDIA
- 3% ITALY
- 9% JAPAN
- 2% MEXICO
- 1% SINGAPORE
- 1% SOUTH AFRICA
- 5% UNITED KINGDOM
- 34% UNITED STATES
- 21% CHINA
- 3% CANADA
- 3% BRAZIL
- 2% AUSTRALIA

INDUSTRIES

- 18% MANUFACTURING
- 10% HIGH TECH
- 9% HEALTHCARE
- 8% FINANCIAL SERVICES
- 6% AUTOMOTIVE
- 6% CONSUMER GOODS
- 6% ENERGY
- 6% LIFE SCIENCES
- 6% PROFESSIONAL SERVICES
- 27% OTHER

To adjust for differences in response rates, the data is weighted by the contribution of each respondent's nation to global GDP.

EMPLOYEES

WORK STATUS

PART TIME 6%

FULL TIME 94%

GENDER

MALE 55%

FEMALE 45%

GENERATION

GEN Z 3%

GEN Y 46%

GEN X 34%

BABY BOOMERS 17%

WORK LOCATION

SPLIT: OFFICE & REMOTE 8%

PRIMARILY REMOTELY 10%

PRIMARILY AT OFFICE 82%

JOB LEVEL

INDIVIDUAL CONTRIBUTOR 36%

FIRST-LEVEL SUPERVISOR 30%

MID-LEVEL MANAGER 13%

FUNCTION/DEPT MANAGER 15%

SENIOR LEADER 5%

TENURE

10+ YEARS 36%

6 TO 9 YEARS 25%

3 TO 5 YEARS 27%

1 TO 2 YEARS 10%

LESS THAN ONE YEAR 3%

ARE THE C-SUITE AND HR ALIGNED ON TOP WORKFORCE TRENDS?

Most concerned

Lack of critical skills

Employees' digital experience

Automation/AI

Aging workforce

Generation Z

Increasingly diverse talent pool

Female talent

Gig economy

C-SUITE EXECUTIVES

Least concerned

Most concerned

HR LEADERS
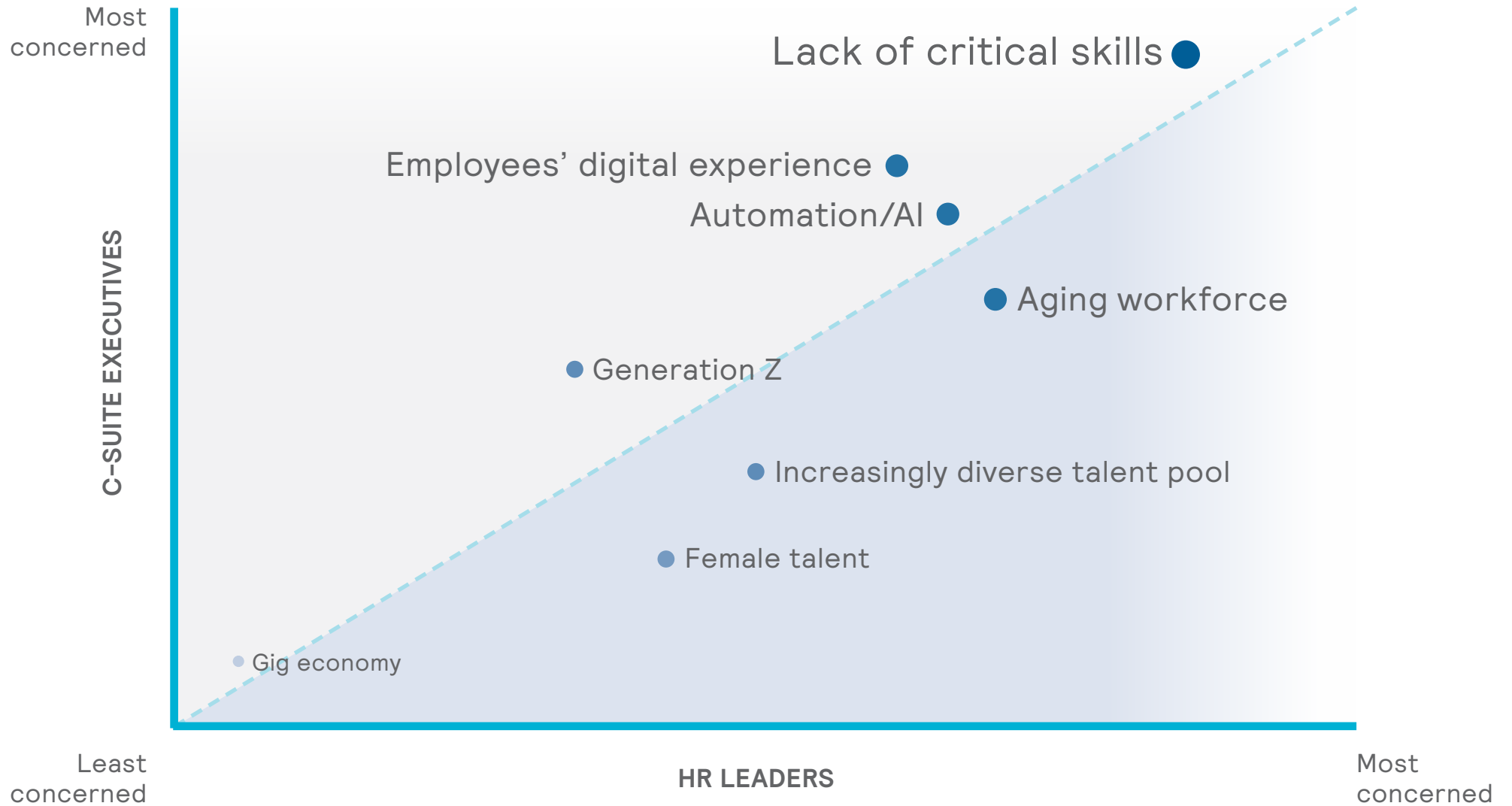
TALENT MANAGEMENT PRIORITIES — GLOBAL FINDINGS
We asked HR about their top five talent management priorities for 2018

Priority	%
Developing leaders for succession	41%
Building skills across the workforce	40%
Attracting top talent externally	39%
Supporting employees' career growth	38%
Identifying high potentials	36%
Increasing employee engagement	35%
Improving the onboarding experience	30%
Optimizing performance management	29%
Ensuring rewards competitiveness	27%
Strategically moving talent internally	24%
Optimizing our total rewards proposition	22%
Redesigning the organization	20%
Building a culture of diversity and inclusion	19%
Ensuring equitable pay	19%
Moving toward greater pay transparency	18%
Increasing flexible work options	15%
Ensuring employee health and well-being	14%
Redesigning jobs	14%
Reskilling employees for new/changed roles	13%
Enhancing global consistency of talent programs	7%

TOP 10 ▲

We asked C-suite executives what areas of talent investment would make the most difference to business performance

1. Moving jobs to people and people to jobs
2. Enhancing the employee experience
3. Accelerating time-to-productivity for new hires
4. Simplifying talent processes
5. Optimizing total rewards proposition
6. Deepening bench strength at senior levels
7. Advancing the D&I agenda
8. Better tools for talent acquisition
9. Redesign org structure and redefining jobs
10. Upskilling/reskilling employees for new/changed roles

WHICH SKILLS ARE MOST IN DEMAND THIS YEAR

HR   EMPLOYEES

High in : Mexico, South Africa
Low in: Japan, UK, Germany,
Australia

Innovation 1   1 Innovation

High in : India, China, Mexico,
South Africa
Low in: France, Germany, Japan

High in : Brazil

Digital competence 2   2 Digital competence

High in : India, China
Low in: Japan

High in : India
Low in: Italy

Global mindset 3   3 Data analytics / predictive modeling

High in : India, China, Singapore
Low in: Italy, France, Japan

Low in: Japan,
Germany, Italy

Data analytics / predictive modeling 4   4 Global mindset

Low in: Japan,
Germany, Italy

Low in: Italy

Complex problem solving 5   5 Complex problem solving

High in: South Africa

Low in: Italy

Change management 6   6 Inclusive leadership

High in: Brazil, Mexico, China
Low in: France, Japan

Low in: Italy, France

Inclusive leadership 7   7 Service orientation

#1 for South Africa
High in: Mexico, India, Germany
Low in: Japan

High in: South Africa
Low in: Italy, Japan

Design thinking 8   8 Virtual collaboration

High in: India, Brazil
Low in: Hong Kong, Japan

High in: South Africa
Low in: Brazil, France

Service orientation 9   9 Design thinking

High in: India, China
Low in: Italy, France, Japan

Low in: Canada

Social media savvy 10   10 Sales

High in: South Africa, Mexico

High in: India
Low in: Japan

Virtual collaboration 11   11 Social media savvy

High in: India
Low in: Japan

High in: Brazil, India
Low in: Hong Kong

Entrepreneurship 12   12 Change management

High in: South Africa,
Brazil, Hong Kong, India

High in: South Africa
Low in: China

Sales 13   13 Entrepreneurship

High in: Mexico, Brazil,
China, Germany, India
Low in: France, Japan

EMPLOYEE PERSPECTIVE: WHAT WOULD HELP YOU THRIVE AT WORK?

Canada 1 2 3 4 5 L

UK 1 2 3 4 5 L

Netherlands 1 2 3 4 5 L

Germany 1 2 3 L

France 1 2 3 L

US 1 2 3 4 5 L

Portugal 1 2 3 4 5 L

Italy 1 2 3 4 L

China 1 2 3 4 5 L

Japan 1 2 L

Mexico 1 2 3 4 L

India 1 2 3 4 L

Hong Kong 1 2 3 L

Singapore 1 2 3 4 5 L

Brazil 1 2 3 4 L

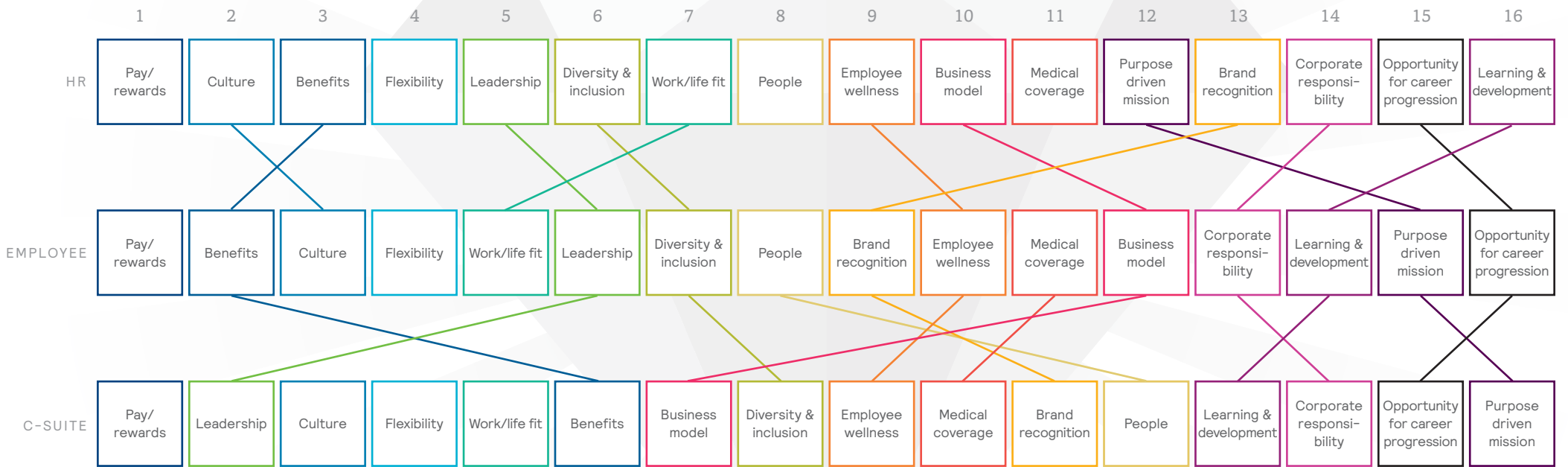**Australia** 1 2 3 4 L

South Africa 1 2 3 4 L
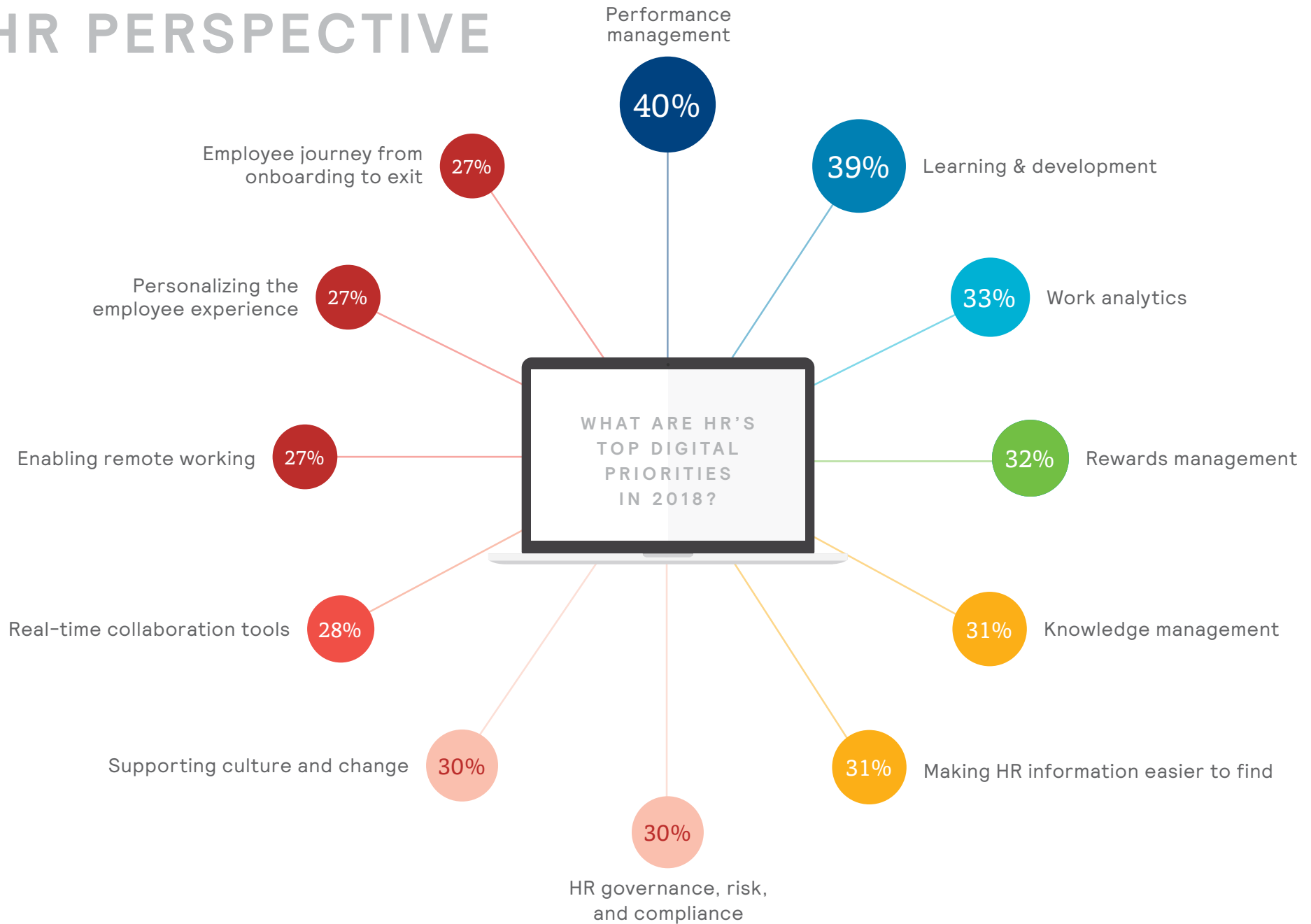
KEY:

\# ranking

L ranked last

GLOBAL RANKINGS →

- Leaders who set a clear direction
- Fair & competitive compensation
- Career promotion opportunities
- Working with the best and brightest
- Opportunity to learn new skills
- More flexible work options
- Clear career path
- More feedback
- Pay transparency
- Access to better learning content
- Working on meaningful projects
- Improved onboarding
- Lateral movement

WHAT MAKES YOUR COMPANY'S EVP COMPELLING AND DIFFERENTIATED?
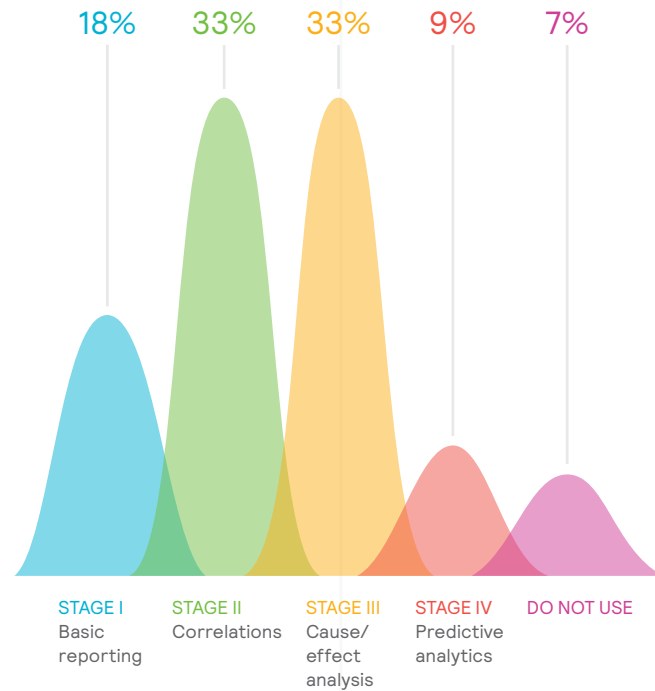## THREE DIFFERENT PERSPECTIVES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
HR	Pay/rewards	Culture	Benefits	Flexibility	Leadership	Diversity & inclusion	Work/life fit	People	Employee wellness	Business model	Medical coverage	Purpose driven mission	Brand recognition	Corporate responsibility	Opportunity for career progression	Learning & development
EMPLOYEE	Pay/rewards	Benefits	Culture	Flexibility	Work/life fit	Leadership	Diversity & inclusion	People	Brand recognition	Employee wellness	Medical coverage	Business model	Corporate responsibility	Learning & development	Purpose driven mission	Opportunity for career progression
C-SUITE	Pay/rewards	Leadership	Culture	Flexibility	Work/life fit	Benefits	Business model	Diversity & inclusion	Employee wellness	Medical coverage	Brand recognition	People	Learning & development	Corporate responsibility	Opportunity for career progression	Purpose driven mission

HR PERSPECTIVE

Performance management
40%

Learning & development
39%

Work analytics
33%

Employee journey from onboarding to exit
27%

Personalizing the employee experience
27%

Enabling remote working
27%

WHAT ARE HR'S TOP DIGITAL PRIORITIES IN 2018?

Rewards management
32%

Knowledge management
31%

Making HR information easier to find
31%

Real-time collaboration tools
28%

Supporting culture and change
30%

HR governance, risk, and compliance
30%

HOW ARE ANALYTICS BEING USED TO MAKE BETTER TALENT DECISIONS?

18%   33%   33%   9%   7%

STAGE I
Basic reporting

STAGE II
Correlations

STAGE III
Cause/effect analysis

STAGE IV
Predictive analytics

DO NOT USE

WHAT IS THE PRIMARY ROADBLOCK PREVENTING BETTER LEVERAGE OF WORKFORCE ANALYTICS?

16% Lack of integration among data systems

13% Lack of management experience in effectively using analytics data

10% Lack of compelling business case

13% Lack of analytical skills in our COEs / within HR

10% Up-to-date and accurate data takes too long to collect / is not available when needed to inform decisions

9% Few or no roadblocks

8% Lack of a dedicated, specialized team for analytics

9% Lack of clarity around which metrics are most useful for business leaders
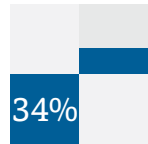
7% Lack of executive support

5% Lack of funding or resources

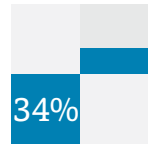## HOW ARE COMPANIES DEMONSTRATING COMMITMENT TO DIVERSITY & INCLUSION?

36%
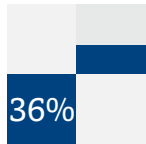
Active analysis and measures
of pay equity
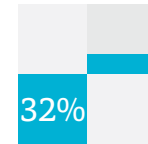
Low: Professional Services

34%

Flexible work
arrangements

High: Consumer Goods
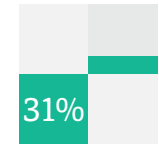High: Healthcare
Low: Financial Services

34%

Managers'
commitment to D&I

High: Auto
High: Financial Services
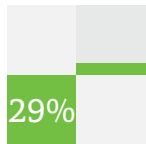High: Life Sciences

32%

Focus on building
inclusive behaviors

High: Auto
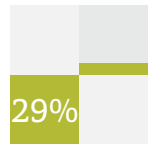High: Professional Services

31%

Active analysis and measures
of promotion parity

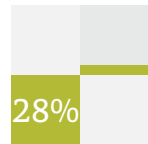High: Professional Services
High: Life Sciences

29%

Focused recruitment
initiatives with diverse
candidate pools

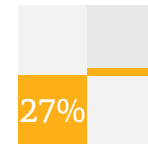Low: Professional Services

29%

Board involvement
in D&I strategy
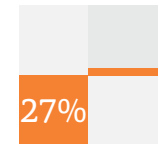
High: Energy
Low: Financial Services

28%

Consistent efforts
in minimizing bias in
talent practices

High: Energy

27%

Clear KPIs around
D&I goals

High: Consumer Goods

27%

Clear D&I strategy aligned
to business goals

Low: Healthcare

25%
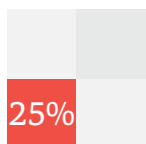
Customized health benefits

High: Energy

24%
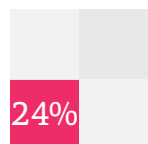
Physical workplace inclusion
(e.g., lactation rooms, prayer
rooms, transgender-friendly
bathrooms)

High: Energy
High: Healthcare

20%
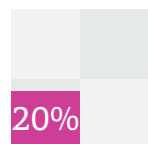
External recognition via
certifications, external
researches, and awards

High: Life Sciences
High: Professional Services

14%

Support for external
organizations that advocate
on diversity issues

High: Energy

12%

Employee or business
resource groups

HOW DO EMPLOYEES PERCEIVE THEIR ORGANIZATION'S CULTURE?

63% Fosters a respectful work environment

61% Has a positive societal impact

61% Promotes a collaborative work culture

59% Actively supports innovation

56% Focuses on my health & well-being

56% Fosters an inclusive culture

55% Has a strong sense of purpose

53% Ensures equity in pay and promotion decisions

52% Understands my unique interests & skills

52% Enables quick decision making

51% Encourages internal mobility

49% Rewards a range of different types of contribution

DOES YOUR PERFORMANCE MANAGEMENT PROCESS HELP EMPLOYEES DELIVER THEIR BEST WORK?

% OF COMPANIES WHO MADE THESE CHANGES LAST YEAR OR ARE PLANNING TO DO SO THIS YEAR

Provide additional benefits for high performers	69%
Provide me with better work tools to do my job	66%
Give me clear performance ratings so I know how I'm doing	64%
Create team goals (not just individual goals)	60%
Provide more regular feedback on how I'm doing	60%
Ensure my goals are the same as those who work in similar roles	59%
Better align my individual goals with our business goals	58%
Offer bonus awards throughout the year so I receive them closer to when I do great work	57%
Be more aggressive in managing under-performance	44%
Do not compare my performance to my peers' performance	43%
Stop using performance ratings	39%

70% Replacing ratings with descriptive categories

75% Incorporating more team-based metrics

79% Introducing continuous feedback technology

81% Enhancing goal calibration across peer roles

84% Strengthening goal cascade

62% Removing forced rankings (which rank employees against each other)

61% Eliminating performance ratings altogether

WHAT CAREER SUPPORT DO EMPLOYEES RECEIVE?

66%	58%	57%	57%	57%	55%	54%	52%	52%	50%	47%
My company gives me the opportunity to grow personally and professionally	I have career conversations with my manager at least twice a year	The skills that I need to advance to the next level are clearly defined	My company provides "always on" learning opportunities	Our training content is well aligned to the skills we will need in the future	I have adequate access to information on career paths and options	My company makes it easy for me to connect with internal experts and/or mentors	My company is transparent regarding pay information	I have access to state-of-the-art and innovative digital tools	Lateral movement is prevalent in my organization	Rotational programs are a core part of how people are developed

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Talent Strategy
Forecast your talent needs and develop the strategies and infrastructure to ensure the right flow of talent to meet current and future business objectives. *Ask us about agile organization design, Future of Work analytics, and the Thrive45 Audit.*

HR Transformation
Enhance the efficiency and effectiveness of your HR function and better align HR's focus with business needs to add long-term value. *Ask us about the HR function of the future, setting up an analytics COE, HR Capability Builder, and Mercer Learning.*

Talent Mobility
Optimize your talent investments by developing and executing on mobility strategies and maximizing the value of international assignments. *Ask us about tailoring mobility solutions, site selection, and Mercer Passport, and check out our annual Quality of Living and Cost of Living studies.*

Digital
Transition to a digital future and empower your work by maximizing your cloud platform investment. Implement Workday and/or ServiceNow with a team of technical, change management, communication, and HR domain experts. *Ask us how technology can improve manager decision making and provide predictive analytics for change.*

Workforce Rewards
Attract and engage your workforce through programs that reward the right behaviors and outcomes using globally consistent methodologies, insights, and data. *Ask us about pay equity/fair pay consulting, total rewards optimization, and our Benefits Around the World reports.*

Communication
Use proven methodologies and digital solutions to create and deliver results-driven communications to support major HR initiatives and M&A-related change. *Ask us about our dynamic career pathing tools, Belong employee portal, and award-winning Darwin benefits platform.*

Executive Rewards
Align executive rewards with your business objectives to attract and retain the best leadership talent to enhance business performance while meeting governance requirements. *Ask us for advice on executive plan design, performance measurement and goal setting, and pay disclosure.*

INTELLECTUAL CAPITAL SOLUTIONS GROUP (Health, Wealth, and Career)
Use research-based insights to inform critical strategic talent decisions. Analyze the demographics of your workforce, identify gaps in skills and headcount, evaluate span of control, and map your internal labor market. *Ask us about our digital subscriptions, peer networks, the MercerIQ® research hub, and strategic readiness diagnostics.*

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The Intellectual Capital Solutions group serves as a dedicated research partner to turn disparate information into pivotal insights for both Mercer consultants and our clients. As the data science team behind Mercer's Global Talent Trends and numerous other Mercer research studies, ICS has its finger on the pulse of what's now and what's next in Health, Wealth, and Career.

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Data analysis by Ankur Bora, Parag Mishra, and Vishal Singla. Graphic design concept by Dawid Gutowski, Chris Plant, and Vincent Thompson. Editing by Polly Webb and Nellie Zehr.

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