The Workforce 2020
Global 27-country twin surveys

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

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

- Change compensation plans
- Conduct more training
- Invest more in HR technology

The 2020 workforce will be increasingly flexible.
### Labor shifts executives are most concerned about

<table>
<thead>
<tr>
<th>Concern</th>
<th>Concerned Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Workforce Will Be Increasingly Diverse</td>
<td>51%</td>
</tr>
<tr>
<td>Globalization of labor supply</td>
<td>51%</td>
</tr>
<tr>
<td>Millennials entering the workforce</td>
<td>51%</td>
</tr>
<tr>
<td>Difficulty recruiting employees with base-level skills</td>
<td>48%</td>
</tr>
<tr>
<td>Increasing number of intermittent/seasonal employees</td>
<td>43%</td>
</tr>
<tr>
<td>Increasing number of contingent employees*</td>
<td>42%</td>
</tr>
<tr>
<td>Employee expectations are changing</td>
<td>41%</td>
</tr>
<tr>
<td>Aging workforce</td>
<td>41%</td>
</tr>
<tr>
<td>Changing work models (e.g., telecommuting, flex time)</td>
<td>40%</td>
</tr>
<tr>
<td>Increasing number of consultant employees</td>
<td>39%</td>
</tr>
<tr>
<td>Difficulty recruiting specialized employees</td>
<td>32%</td>
</tr>
</tbody>
</table>

*Employee expectations are changing includes the following:

- Aging workforce
- Increasing number of intermittent/seasonal employees
- Difficulty recruiting specialized employees

**SuccessFactors An SAP Company**
The top impediments to making progress are:

1. Lack of employee longevity/loyalty
2. Lack of adequate leadership
3. Lack of adequate technology
4. Lack of skilled talent

Companies are not making progress toward meeting workforce goals:

- Good: 34%
- Moderate: 47%
- Slight: 19%
Have ample data to understand strengths and potential vulnerabilities

Use quantifiable metrics and benchmarking as part of workforce development strategy

Know how to extract meaningful insights from the data available to them
A millennial misunderstanding
Millennials are not as different as we think

Almost everyone wants training and development

Compensation is the most important factor

Their top priorities are the same as non-Millennials

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

<table>
<thead>
<tr>
<th>Myth or Truth</th>
<th>Importance to job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01</strong></td>
<td>Millennials care more about making a positive difference in the world</td>
</tr>
<tr>
<td></td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>Millennials</td>
</tr>
<tr>
<td><strong>02</strong></td>
<td>Achieving work/life balance is more important to Millennials</td>
</tr>
<tr>
<td></td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>Millennials</td>
</tr>
<tr>
<td><strong>03</strong></td>
<td>Learning &amp; growing is more important to Millennials than meeting income goals</td>
</tr>
<tr>
<td></td>
<td>32%</td>
</tr>
<tr>
<td></td>
<td>Income</td>
</tr>
</tbody>
</table>
Millennials do need to be managed differently in terms of feedback and development.

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

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

Employees who want vs. Employers who offer
Executives value loyalty more than job performance.

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

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Men and women have slightly different priorities for job satisfaction and benefits

Men
- 47% would prefer to use more current technology on the job
- 51% are interested in quality of life over career path
- 28% expect more feedback on my performance than I currently receive

Women
- 53% would prefer to use more current technology on the job
- 47% are interested in quality of life over career path
- 34% expect more feedback on my performance than I currently receive

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The leadership cliff
Gaps in leadership capabilities spell trouble for future growth.

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

- 52% have the skills to manage talent.
- 51% know how to inspire employees.
- 47% are prepared to lead a global workforce.
- 44% are able to drive change.
- 34% can lead a diverse workforce.

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Most companies are not cultivating leadership within their organizations

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

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

50%
The skills they have now will be what’s needed in 3 years

34%
Their company is able to give them the training they need
Organizations struggle to develop a learning culture

Employees say their company...

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

Executives say their company...

- Has a culture of continuous learning: 47%
- Is capable of retaining and sharing institutional knowledge: 52%
- Has a formal mentoring program: 52%
- Offers incentives for pursuing further education: 41%
Companies need to provide employees with a path and develop skills for the future.

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

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

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

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

Development of employees and leaders will become the new employer differentiator
- Learning
- Succession planning
- Feedback

It may be time to rethink our compensation strategies

HR should continue to push toward boardroom strategy setting

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

Questions?