GLOBAL TALENT TRENDS 2019

CONNECTIVITY IN THE HUMAN AGE

MERCER

INTRODUCTION

Scenarios abound about the future of work and the implications for individuals, companies, and societies. Technological advances, government policies, and employee expectations are reshaping what we know as work, while the pace of change continues to accelerate. As artificial intelligence (AI) and automation infuse into everyday life, the opportunities for how people will work and live are significant. But how do we stay ahead? In an age defined by the intersection of artificial and human intelligence, it is more vital than ever that we focus on achieving an equitable, productive, and sustainable future for all.

ANTICIPATING A SURGE IN WORKFORCE DISRUPTION

In this year's study, *73% of executives predict significant industry disruption in the next three years* — up from 26% in 2018. This sharp shift in perception about the future business environment applies across geographies and industries, although it is most pronounced in the Life Sciences, Consumer Goods, and Energy sectors (Figure 1). More than half of executives expect *AI and automation to replace one in five of their organization's current jobs.* But this is only half the story, as AI and automation will also create 58 million net new jobs by 2022, according to estimates from the World Economic Forum. This unprecedented shake-up demands new workforce strategies to stay ahead.

Amid the prediction of disruption lies confidence: *Four out of five executives believe their company can lead disruption in their industry,* and nearly all are taking action to prepare for the future of work. As organizations ready themselves, there are significant human capital risks — from the inability to close the skills gap to low engagement — that can slow the progress of transformation (Figure 2).

FIGURE 1. TOP DRIVERS OF DISRUPTION BY INDUSTRY

Threat of new competition
• Consumer Goods
• Energy
• Technology
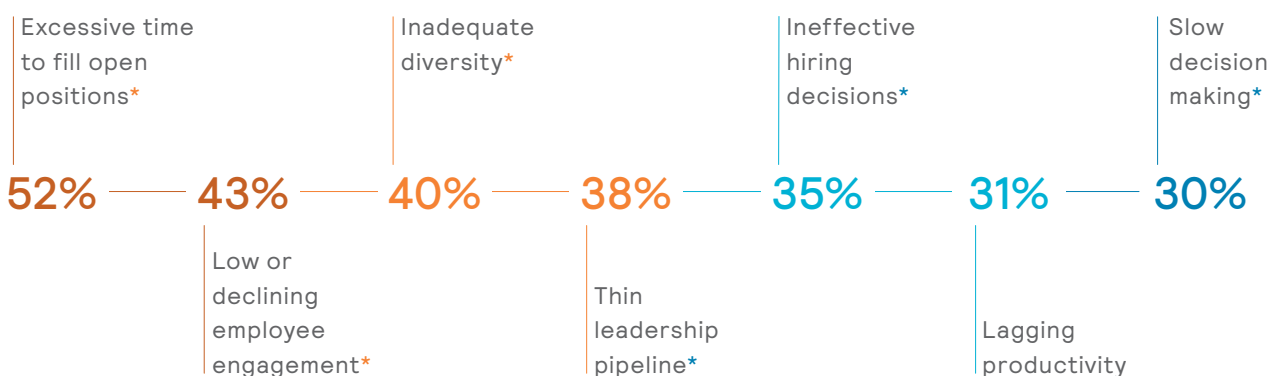• Retail

Technology transformation
• Financial Services
• Life Sciences
• Healthcare

Rising customer expectations
• Automotive
• Insurance

FIGURE 2. TOP HUMAN CAPITAL RISKS

| Excessive time to fill open positions*		Inadequate diversity*		Ineffective hiring decisions*		Slow decision making*
52%	**43%**	**40%**	**38%**	**35%**	**31%**	**30%**
	Low or declining employee engagement*		Thin leadership pipeline*		Lagging productivity	

*Top concerns for high-growth companies
*Top concerns for moderate-growth companies

ECONOMIC PRESSURES MOUNTING

There are mixed opinions about this year's business climate. Buoyed by pro-business policies, some predict the world is on the cusp of significant economic opportunity — with technological advances and innovation promising greater productivity and more balanced lives. At the same time, there is mounting concern that unresolved geopolitical tensions will dampen global growth.

Business leaders worry most about the relentless march of competitors (traditional and new) and the shifting opportunities offered by technology. *Concerns around talent migration and corporate responsibility to address societal issues have increased significantly since last year.* Add to that *cybersecurity risks and changing business regulations,* and companies are facing pressure on multiple fronts (Figure 3).

FIGURE 3. EMERGING SOCIOECONOMIC FORCES
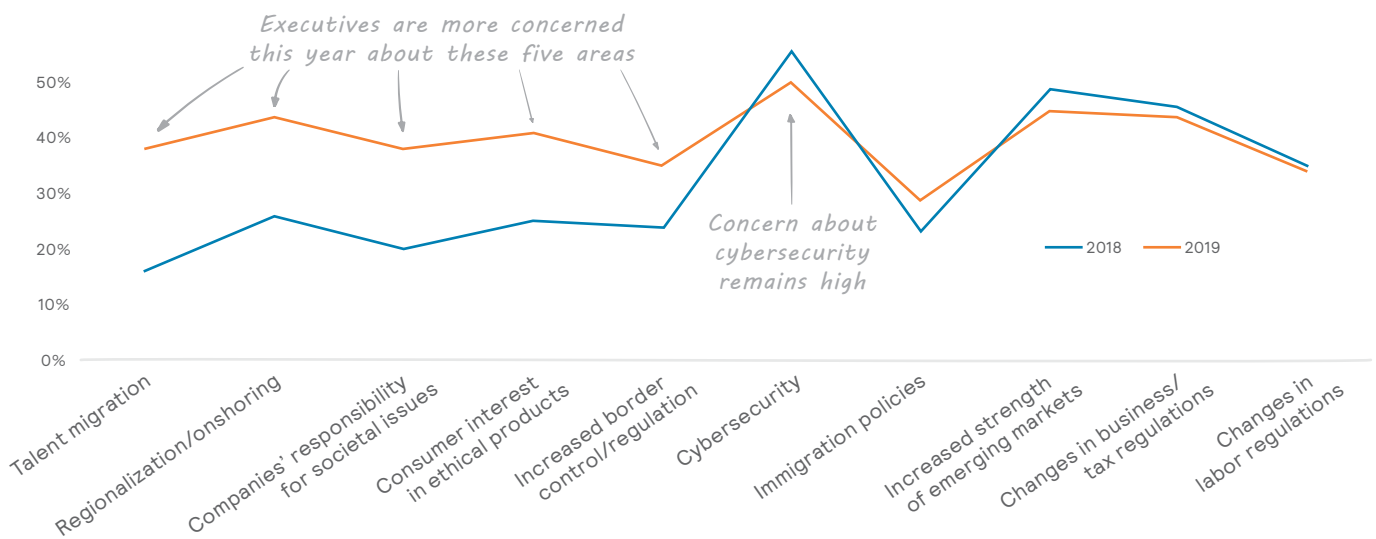
It is precisely during these times of change that employees look to their employers for direction and inspiration. *Job security is one of the top three reasons people joined their company and the main reason they stay.* As organizations move from anticipating the future of work to actively preparing for it, they can bring people along on the journey by upholding the values individuals admire, actively managing the change process, and remembering that it is people who make transformations stick.

HUMAN CAPITAL RISKS LOOMING

In the Human Age[1], the most significant threats to successful organizational transformations are rooted in human capital risk, including the stress triggered by individuals feeling a lack of control in the face of uncertainty.[2] Yet *only one in three executives rates their company's ability to mitigate people risks as "very effective."* This perception may be based on a lack of focus — only 29% of HR leaders strongly agree that their business executives prioritize human capital risks.

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[1]An era dictated more than ever before by human behavior and one that will be defined by rapid human evolution
[2]World Economic Forum, in partnership with Marsh & McLennan Companies and Zurich Insurance Group. (2019). The Global Risks Report 2019. Available at: https://www.weforum.org/reports/the-global-risks-report-2019

FOUR KEY TRENDS FOR 2019

This year's Global Talent Trends Study examines differences among organizations — for example, how do high-growth companies differ from those with modest revenue growth? How do organizations just beginning their digital journeys compare to those farther along? Based on this analysis, we identified four trends that leading companies are pursuing in 2019.

Employees are seeking more purpose, inspiration, and connectivity this year. In the modern workplace, success is a team effort and depends on every person's ability to develop connections within and outside the company. In fact, *thriving employees are twice as likely to describe their role as "relationship focused" and their work environment as "collaborative."* When this networked model is at its best, a collective sense of inspiration flows throughout, transferring the shock waves of disruption into sparks of brilliance.

THIS YEAR'S STUDY

We received input from more than

7,300 respondents

including

800+ C-suite executives

1,600+ HR leaders

**4,800+** employees

across

16 geographies

and

9 industry sectors

ALIGNING WORK TO FUTURE VALUE

Unlock growth in the new world of work by redesigning jobs and moving people to where future value will be created

The world of work continues to change at speed, and advances in technology will continue to stretch what is possible. In light of these rapid changes, an agile culture remains a critical organizational competency. Yet agility alone doesn't guarantee success. A continued emphasis on productivity and incremental reactions to the current business environment are two mindsets that keep businesses treading water rather than swimming in the fast lane. The transformations that will help organizations swiftly and confidently embrace the future involve plotting a path to what customers will value tomorrow. One way companies are forging ahead is by creating integrated people strategies that pay attention to today's needs, while tipping the balance in favor of investing for tomorrow.
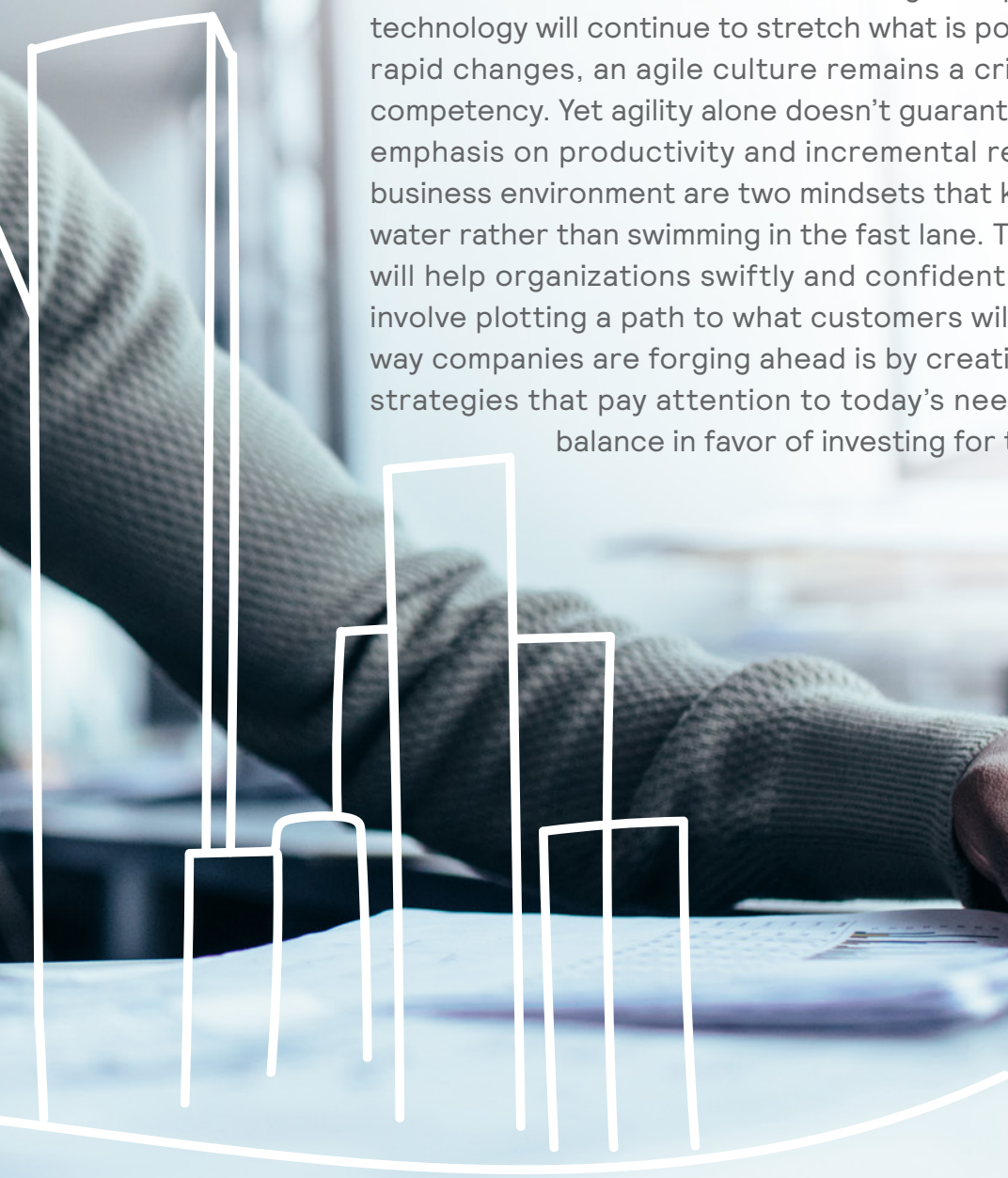
STABILITY TO ENABLE AGILITY

People need to be inspired by their company's direction and remain committed to the organization during workplace changes. This means putting a few stakes in the ground and aligning resources to enable focused execution. Having clarity on the actions that companies can take today that will deliver enhanced value is key to leading through change.

In the last few years, organizations have turned to restructuring to drive value. In fact, over 90% of companies were planning organizational redesigns in 2017 and 2018.[3] Major redesign efforts, however, often lead to short-term performance volatility and do not guarantee a return. *Nearly one-third (30%) of companies believe they are able to change at speed, up from 18% in 2018* (Figure 4), but as companies move toward flatter work structures and more agile work cultures, the advantages of restructuring diminish. Leading firms are now aligning their change efforts to a few anchor points where they believe future value will be

FIGURE 4. MORE COMPANIES THAN EVER BELIEVE THEY HAVE THE ABILITY TO CHANGE@SPEED

30%

Nearly 2x more confident than last year!
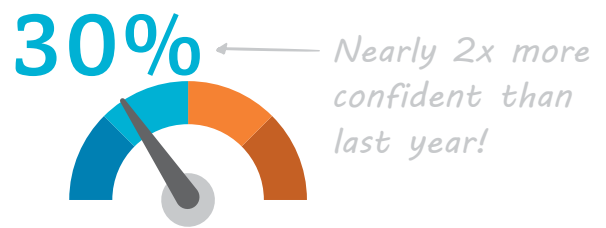
generated — be it through new products or service lines, new strategic partners, or critical new competencies. The move to more team and project work is an enabler of this trend.
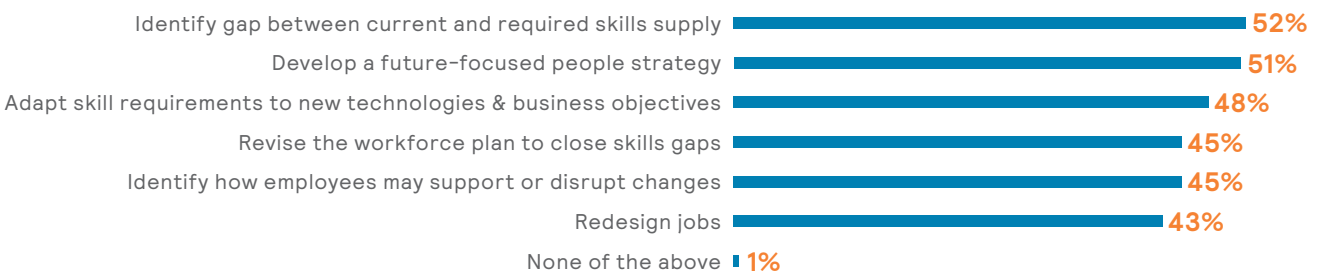
INTEGRATED PEOPLE STRATEGY

Nearly every company in this year's survey is actively embracing change. *In fact, 99% of companies are taking action to prepare for the future of work* (Figure 5). But HR silos such as talent acquisition, compensation and benefits, mobility, and learning — often with their own priorities — can create a fractured employee experience and distance the people agenda from emerging business needs. An integrated people strategy anchored in the organization's priorities can close that distance and help drive value in shifting times.

While the business planning horizon may be shortening, the time it takes to develop

strategic competencies and specialized skills is not. An integrated people strategy is critical and accounts for the time it takes to build the leadership, culture, competencies, and skills needed for future competitive advantage. Taking a long-term view of people needs to inform short-term decisions can help rally the organization around a few strategic bets. These may include moving people to business areas with greater return, experimenting with new technology, moving an office closer to vital talent pools, or investing in non-traditional talent by creating new pathways into skilled jobs. *High-growth companies are four times more likely to have an integrated people strategy in place.*[4]

FIGURE 5. 99% OF COMPANIES ARE TAKING ACTION TO PREPARE FOR THE FUTURE OF WORK

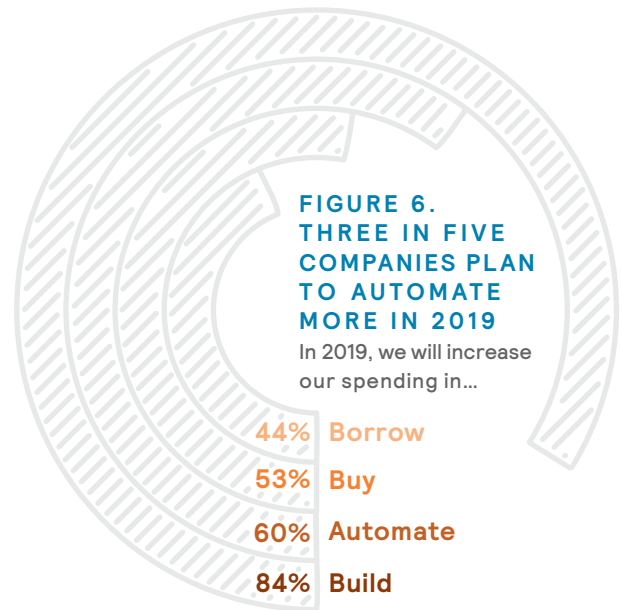|	
Identify gap between current and required skills supply	52%
Develop a future-focused people strategy	51%
Adapt skill requirements to new technologies & business objectives	48%
Revise the workforce plan to close skills gaps	45%
Identify how employees may support or disrupt changes	45%
Redesign jobs	43%
None of the above	1%

[3]Mercer. (2017). Mercer Global Talent Trends: Empowerment in a Disrupted World and Mercer. (2018). Mercer Global Talent Trends: Unlocking Growth in the Human Age

[4]High-growth companies self-reported revenue growth of 10% or more in the last three years, while modest-growth companies self-reported revenue growth of 5% or less during the same period.

BUILD, BUY, BORROW, OR BOT

While HR leaders continue to focus on building talent from within, automation also figures heavily in their plans this year (Figure 6) — especially in Brazil, India, and Japan, where over 70% of companies intend to increase automation. Yet *only one-third of companies currently use talent analytics to determine the impact of build, buy, borrow, or bot decisions on performance outcomes.* Across the board, the challenge for organizations is to derive the talent insights they need from the data available.

FIGURE 6. THREE IN FIVE COMPANIES PLAN TO AUTOMATE MORE IN 2019

In 2019, we will increase our spending in…

44% Borrow
53% Buy
60% Automate
84% Build

REDEFINING THE "JOBS TO BE DONE"

Despite discussions around AI and automation enabling jobs to be deconstructed into individual tasks, or the move away from role structures to skill taxonomies, the fact is there will always be "jobs to be done." Optimizing for the new world of work requires understanding: What tasks are repetitive, strategic, necessary year-round, or project-based? How can jobs be more clearly defined to reflect team roles and still give employees freedom to contribute? By freeing up resources, organizations can rethink how they deploy people accordingly, especially because the jobs that remain will likely require different levels of labor intensity and cognitive maturity.[5] *Executives in high-performing companies are twice as likely to say that job redesign makes a sizable difference to business performance.*[6]

#1
Executives believe the highest ROI on talent investment will come from redesigning jobs to better deliver value.

65%
The majority of employees across all regions and industries want a clearly defined job description.

2 in 5
But only 43% of HR leaders are redesigning jobs to prepare for the future of work.

Workforce planning that simply puts new types of workers into old job boxes is insufficient. A fresh take on jobs — based on an analysis of where tasks overlap, which activities are future-critical, and which will become obsolete — is vital to aligning work to future value. Leading companies are evaluating automation opportunity in various jobs, typically starting with those that *directly impact customers,* those with *significant optimization potential,* and those that *build future skills.* The trick is working out the magnitude of change for a given role or job family and deciding the organization's appetite for that change.

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[5]Mercer, and Oliver Wyman. (2018). Delivering The Workforce For The Future. Available at: https://www.mercer.com/our-thinking/career/delivering-the-workforce-for-the-future.html
[6]High-performing companies self-reported that they exceeded performance goals during the last three years.
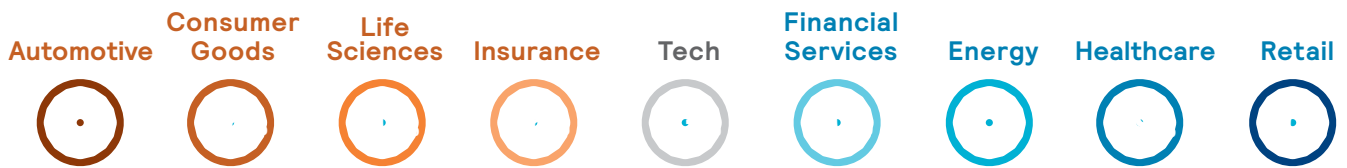
> I see the CHRO role moving to more of a COO of the talent supply chain. We're giving the CEO insights into the inventory of specific talent domains, how we plan to increase or decrease inventories. [This requires] agility, to optimize my workforce to look different in 18 months, or to take responsibility for reskilling.
>
> ~ Kelley Steven-Waiss, EVP CHRO, HERE Technologies

THE SHIFTING SHAPE OF WORK

It's not just jobs that are changing, but who does the work. To date, there has been more chatter than adoption when it comes to the gig economy, but executives remain bullish on the concept. In fact, *79% of executives expect that contingent and freelance workers will substantially replace full-time employees in the coming years* — and predictions vary by industry (Figure 7).

FIGURE 7. CONTINGENT/FREELANCE WORKERS WILL SUBSTANTIALLY REPLACE FULL-TIME EMPLOYMENT (% AGREE)

Automotive	Consumer Goods	Life Sciences	Insurance	Tech	Financial Services	Energy	Healthcare	Retail

A "platform for talent" mindset (an emerging trend in last year's study) is increasingly prevalent. Experiments in how to intelligently match skill supply with work demand are underway across industries and, for some, extend beyond matching their own talent to job opportunities to include those in industry consortia.

The use of contingent workers is rising, especially for transferable skills such as project management and UX design. This is enabling investment in and retention of core workers who are engaged in higher value work and those related to intellectual capital. To support this move, companies are creating a new lexicon for jobs and skill requirements to develop the building blocks for future roles. At the same time, companies are investing in technology platforms, internal gig marketplaces, and contingent talent agencies to make it easier to find top talent — both inside and outside the company.

With the potential for increased job displacement on the horizon, technology platforms that connect companies to former employees and future candidates can help tap into those who:

- Have in-demand industry skills or know-how, but have been displaced
- Need to temporarily leave the workplace but still want to keep their skills up to date to ease re-entry
- Are nearing retirement and want project-based or part-time work

Focusing on older workers has become more urgent because this population is acutely vulnerable to automation — older workers tend to be concentrated in jobs where at least 50% of the tasks can be automated.[7] And with *75% of employees intending to keep working post-retirement age,* and five generations working side-by-side, it has never been more important for businesses and society to think creatively about how to leverage experienced workers.

[7]Mercer, and Oliver Wyman. (2018). The Twin Threats of Aging and Automation. Available at: https://www.mercer.com/our-thinking/career/the-twin-threats-of-aging-and-automation.html

HUMAN CAPITAL RISKS

Too much redesign and reorganization leave employees reeling, feeling directionless and ultimately unproductive. It can also cause a heightened sense of isolation, a perceived lack of support from peers, and a decrease in energy levels.

NEW JOBS, NEW SKILLS

The skills gap is a critical risk to successful redesign, restructure, and redeployment. Especially when talent is scarce, people development becomes key to organizational competitiveness and sustainability. Thus, it's not surprising that *upskilling and reskilling have moved up the executive agenda* from ninth to third position this year — and has risen to the number one spot for the Insurance sector. The median investment in reskilling is 1,000 USD per person, with companies in China and in the Retail industry investing the most (median 2,000 USD for both). The focus is on employee-directed and hands-on learning as well as more formal reskilling programs for target populations (Figure 8). But to deliver what executives want, HR must shift its mindset or risk a self-fulfilling prophecy: HR leaders say the *main barrier to reskilling is the concern that reskilled talent will leave the firm.*

The big question is, have you built a workforce that is adaptive and operationally nimble enough to capitalize on unpredictable market trends? — Jeff Wald, WorkMarket

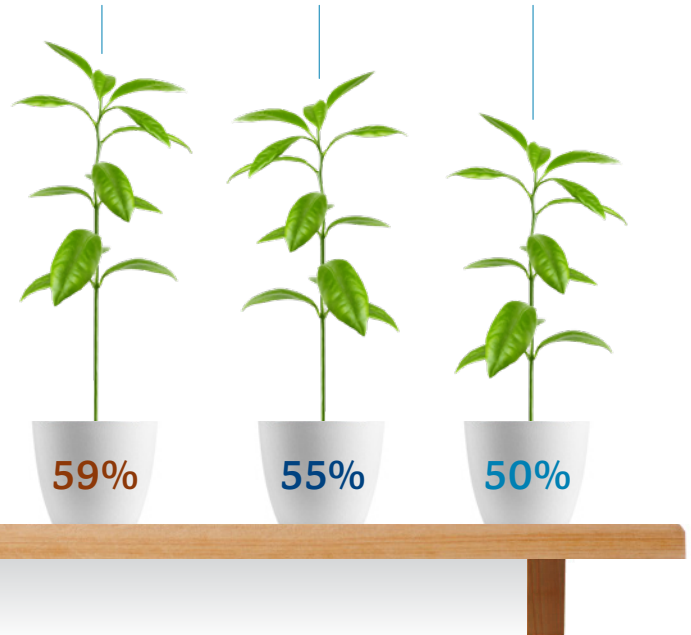### FIGURE 8.
EMPLOYEES ARE EAGER TO LEARN

83%

of employees see it as primarily their responsibility (rather than their company's) to keep their skills up to date

TOP RESKILLING APPROACHES USED BY HR

Employee-directed learning

Formal reskilling programs

Informal hands-on learning

59%   55%   50%

THE NEED FOR STRATEGIC REWARDS

Redefining performance metrics and rewards is a critical part of aligning work to future value. Aligning executive plans to transformation goals and long-term incentives can help to ensure a focus on future success, while innovation awards or modern recognition programs can incentivize change for non-executives. In fact, *offering more diverse rewards and compensation is this year's number one rewards priority.* To truly align the business, investments in rewards should reflect a company's strategic focus, and this could mean a step away from market norms in pivotal areas.

Prudential | Making Automation Work

Analyzing activity data to identify work patterns unlocks automation's potential

The insurance sector was one of the first to benefit from robotic process automation (RPA), and Prudential has been rapidly adopting new technologies into both its front and back office systems. At first, there was not a strong impetus for workforce transformation, but when a headcount analysis showed that the company was not fully realizing its anticipated RPA savings, leaders decided it was time to take action. Prudential used detailed task activity data to determine how to free up resources and work in a more flexible and dynamic way. Starting with key jobs to be done, they used an activity survey and employee interviews to quickly identify what work was being done and by whom. The results, along with value mapping, provided the data needed to inform future work designs and enabled HR to suggest where resources could evolve into future roles. Ultimately, Prudential optimized its work model in line with value creation and created the capacity to build for future skills.

Microsoft | Experiments in a Platform for Talent

Rethinking legacy talent frameworks is a large undertaking, but a crucial one to manage Microsoft's expanded workforce of full-time employees, vendors, and gig workers. They have embraced a worker-friendly approach and tested their hypotheses in a series of controlled experiments.

Defining a Talent (not Job) Architecture

- **Skills-led and people-focused:** Viewing organizational capability through the lens of work to be done and the associated skills needed, matching with employee capabilities rather than years of experience in a particular job

- **Adaptive:** Defining the dimensions of how skills can flex and be quickly connected to both work and individuals

- **Scalable:** Identifying the tasks required for small projects or carving out entire parts of current roles to free up time for employees to take on responsibilities and fill critical skill gaps

By adopting a growth mindset, Microsoft is stepping thoughtfully and strategically into the future of work, setting the ground rules for their platform-for-talent approach, and building a business case for change.

Piloting to Answer the Tough Questions

- **Gig mindset:** Building an internal marketplace for managers to search existing employee profiles to fill critical needs and for employees to find opportunities to apply expertise and gain new skills and experiences

- **Flexible work:** Recognizing the impact of flexibility on health, wellness, productivity, and performance – shifting from an alternative-work-arrangements mindset to one that embraces flexibility as the norm

- **Employee experience:** Assessing the downstream impact of talent sharing on skill-based compensation, performance management, learning & development, and other HR processes

- **Expanded workforce:** Using freelance talent pools on different types of projects to access additional expertise and increase speed and agility

Thinking Through the Future Implications

- **Role of managers:** Answering the question, "What will be expected of managers going forward, and what is their role in enabling employee growth and development?"

- **Diversity:** Defining how to manage a fluid workforce that comes together to form diverse, constantly changing teams with mixed skill sets and different backgrounds

BUILDING BRAND RESONANCE

Listen carefully and learn from data to create a brand proposition that attracts the talent you want

Attracting top talent, and continuing to attract them after they are on board, remains a priority this year. What has changed is employee perceptions about what makes a top employer. Job seekers care as much about the way the company conducts business, as they do about the business it is in. Employees are active investors in the companies they choose to work with, so organizations must build a brand that affirms the soundness of that investment. Window-dressing perks and slick portals are not enough; more important is how the brand is infused into day-to-day practices and whether companies stand up for the values they put forth.

THE POWER OF THE COLLECTIVE VOICE

In a talent economy, employee pride has become an issue of business strategy. Brand matters because employees today have a more intimate relationship with their organization. Employees freely display their work on sites like LinkedIn and Maimai in China, retweet their company's latest achievements, and wear their company brand like a badge of honor. This blending of work and social identities means that negative press about one's company becomes personal. A company's desirability is no longer only the purview of employer review sites like Glassdoor; employees' collective voice on matters of culture, equity, and ethics are now mainstream news.

Given this increased visibility into their inner workings, organizations are focusing not only on being a great place to be, but also to be *from*. Over a third (38%) of executives (nearly double last year) see *taking on more responsibility for societal issues* as something that will impact their organization in the next two years. The power of the collective voice can amplify the brand — and employees are willing, reporting that they feel a greater sense of belonging to their company than to their profession, function, team, or boss (Figure 9).

In this transparent environment, HR is as much a custodian of the brand as the marketing department. In fact, many companies are borrowing from their consumer brand, and leveraging techniques such as design thinking and conjoint analysis, to augment their employer brand. For example, MasterCard extended its Priceless campaign into its employee value proposition (EVP) by showcasing priceless career experiences. And Red Bull launched a Give Wings to Your Career initiative to help individuals discover and leverage their strengths — everyone who plays the Wingfinder online game becomes part of the company's candidate pool.

What's behind the rise of the collective voice?

- Low unemployment
- Social media-led transparency and accountability
- Employees' willingness to point out when actions stray from company values
- Legislation around pay equity and fair pay

FIGURE 9. WHERE DO YOU FEEL THE GREATEST SENSE OF PROFESSIONAL BELONGING?

To your company 21%   17% To a profession

To a function 14%   13% To your department

To an industry 13%   12% To your coworkers

To your client(s) 5%   4% To your manager

> *The easiest way to sell the organization on the need for change, to drive adoption, and to just do the right thing, is to be authentic. At Patagonia, anything that smells inauthentic gets spit out immediately.*
>
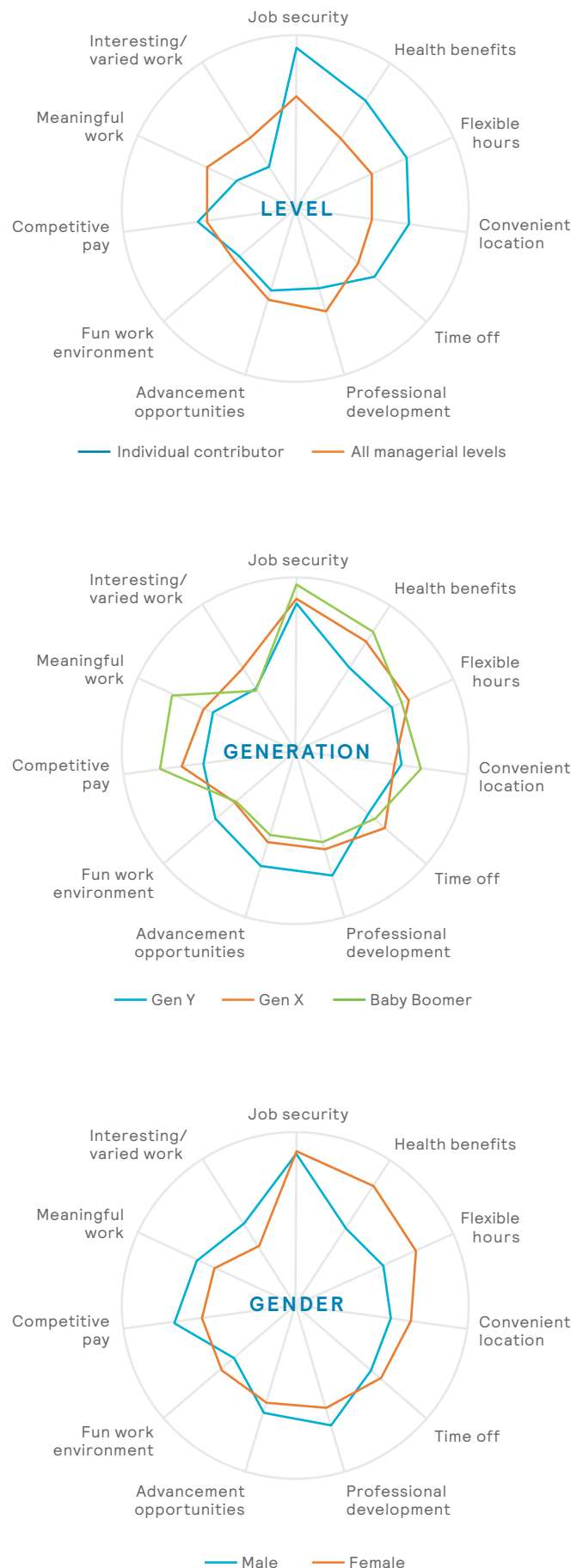> ~ Chris Mason, Head of Talent Management, Compensation & Workforce Analytics, Patagonia

CRAFT A COMPELLING VALUE PROPOSITION

With *two in five employees planning to leave their organization in the next 12 months* and 97% of C-suite executives predicting an increase in competition for talent during the same period, the traditional mantra of "attract and retain" is being replaced with "attract and continually attract." What appeals to potential employees can vary greatly, yet *only one in four HR leaders uses analytics to understand why people choose to join their company.* Gathering insights into how the value proposition is resonating can help shape messaging to candidates.

The value proposition is not just about the decision to join a company; it's also about what makes people stay. There are clear differences across gender, generation, and job level (Figure 10). Women value health benefits and flexible schedules more than men do. Those in managerial roles seek professional development and opportunities for meaningful work, while individual contributors value job security above all else. Compensation is less important for Generation Y but is a key driver for Baby Boomers. To personalize their value proposition, companies have begun using personas to identify what matters most to target populations and to operationalize their total rewards program for distinct groups.

One thing that nearly all workforce segments agree on is the growing importance of adaptive work schedules. *Fifty-four percent of employees said managing their work/life balance is one of the top five things their company can do to help them thrive at work* (compared to 40% in 2018 and 26% in 2017). This sentiment is also reflected in *82% of employees saying that they would be willing to consider working on a freelance basis.* This figure is even higher in Mexico (94%), China (93%), Hong Kong (92%), and the Middle East (92%). Yet developing a strategy to attract and retain gig workers is near the bottom of the list of HR priorities for 2019.

FIGURE 10. WHY DO EMPLOYEES STAY AT THEIR COMPANY?

LEVEL

— Individual contributor   — All managerial levels

GENERATION

— Gen Y   — Gen X   — Baby Boomer
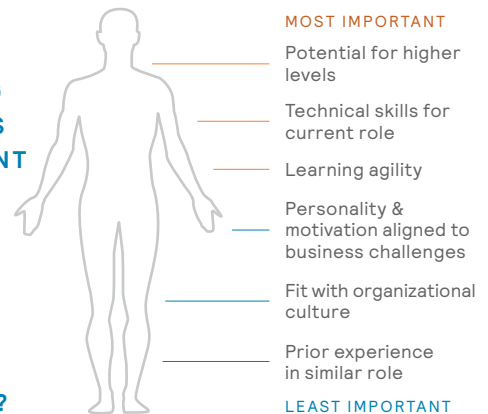

GENDER

— Male   — Female

THE SCIENCE OF ATTRACTION

One way to build a sustainable talent pipeline is to ensure that the talent value proposition (TVP) resonates with different workforce segments. *More than two-thirds (68%) of high-growth organizations say they differentiate their TVP for various groups, such as contingent workers.* Less than half (47%) of modest-growth companies do the same. Attracting candidates through a differentiated value proposition is critical, but equally important is selecting the right candidates to join the company, in particular, assessing for future potential (Figure 11). HR's biggest pain points with talent acquisition are a lack of predictive analytics, manual processes, and poor candidate experience. The latter has important ripple effects: 78% of thriving employees say they had a positive hiring experience, compared to 30% of non-thriving employees. And it can have a lasting impact — those who have a positive first month on the job are more likely to be engaged, committed, and high-performing two years later.[8]

FIGURE 11. WHAT DO HIRING MANAGERS REALLY WANT TO KNOW ABOUT A CANDIDATE BEFORE MAKING A HIRING DECISION?

MOST IMPORTANT
- Potential for higher levels
- Technical skills for current role
- Learning agility
- Personality & motivation aligned to business challenges
- Fit with organizational culture
- Prior experience in similar role

LEAST IMPORTANT

INNOVATE WITH DIFFERENTIATED REWARDS

A company's total rewards philosophy is another area where brand values can shine through. Yet only one in three organizations believes their benefits strategy aligns with their overall people strategy.[9] As new roles are created and existing roles change with automation and AI, it becomes more difficult to keep up with employee pay expectations and market values. This year, companies have shown renewed interest in job evaluation, which helps them to scientifically assess where roles fit within existing hierarchies. They are also drawing on a range of pay data — cloud, crowd, and expert — to stay current. Perhaps because of this data, HR is more aligned with what employees are asking for this year (Figure 12) — both HR and employees agree that *offering a wider variety of incentives* and *differentiating rewards for high performers* will make a difference. Companies are rethinking pay for performance in light of the need to become more transparent and deliver on pay equity. Given the challenge of new skills and stagnating wage growth, one-third of HR leaders (and nearly half in the Life Sciences sector) are also *innovating with rewards for high-demand skills.* Leading firms are focusing on the overall pay experience and expanding the focus beyond base pay to include career growth, incentives, and recognition.

FIGURE 12. WORKFORCE REWARDS PRIORITIES (TOP 7)

Offering more diverse rewards	36%
Driving pay for performance	35%
Creating a plan to reward for high-demand skills	32%
Offering career moves/experiences as rewards	32%
Implementing skill-based pay	32%
Ensuring equity by pay band level	31%
Increasing transparency into compensation	30%

[8]The Engagement Institute — The Conference Board, Deloitte Consulting LLP, Mercer | Sirota, ROI Institute, and The Culture Works. (2018). DNA of Engagement: Moments That Matter Throughout the Employee Lifecycle. Available at: https://www.conference-board.org/dna-engagement2018/

[9]Thomsons Online Benefits. (2018). Global Employee Benefits Watch 2018/19 Report. Available at: https://www.mercer.com/our-thinking/global-employee-benefits-watch-2018-2019-report.html

DOING THE RIGHT THING BRINGS BUSINESS VALUE

In a transparent world, businesses can no longer get away with pockets of good practice. Attracting talent requires a concerted emphasis on human values; vigilance on pay equity, diversity, and inclusion; and careful listening to employee needs. Attracting talent requires companies to live and breathe the 3 E's — Ethics, Equity, and Empathy.

1 ETHICS

Bringing human values to the fore

One area gaining attention is the way in which employee information — such as employee surveys, emails, and activity data — is being mined for group performance insights. *With over 80% of companies already deploying AI across a range of HR tasks,* HR is increasingly duty-bound to ensure that AI-driven decisions are fair and do not institutionalize biases. Today, technology requires human intervention to ensure not only its relevance, but its ethics. Given every algorithm has a human parent, it is critical for HR to design values such as responsibility, inclusivity, and "explainability" into the system. High ethical standards with data and a desire to be transparent on decision inputs are paramount to inspiring confidence among employees and managing risks.

2 EQUITY

Remaining vigilant on equity and diversity

This year, executives shared that *delivering on diversity was a top workforce concern,* but actions lag intentions. *Only 22% of employees give their company an "A" grade for ensuring equity in pay and promotion decisions,* while thriving employees are four times more likely to work for a company that delivers equity (78% vs 18%). Legislative changes are having an impact, at least on transparency. Two in five companies say they will disclose information on gender pay ratios. And there is clearly room to improve, with just *11% using analytics to measure the extent of pay inequities in their organizations and even fewer (5%) using modeling techniques* to help correct inequities and prevent them from re-emerging.

3 EMPATHY

Staying connected to people through data

Just as market sensing (empathizing with the customer needs) is critical in changing times, so is "people sensing" in a talent-demand economy. The ability to understand and empathize with different populations is becoming easier with technology — sentiment analysis and engagement surveys are on the rise (32% of organizations survey employees twice a year and 22% do it more regularly). Listening is not enough; *just 33% are actively analyzing the key drivers of engagement in their organization.* Businesses that align their actions with their corporate values — whether on ethical supply chains, appropriate use of data, or value-based operations — will win with their current workforce and attract desired talent. A growing number of Boards are involved in reviewing their company's positive societal impact and responsible leadership practices, both up 9% over last year.
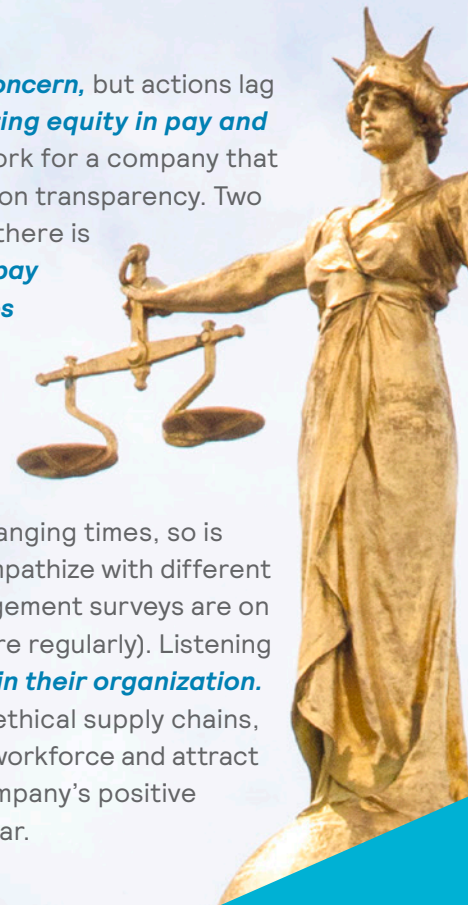
HUMAN CAPITAL RISKS

Nothing diminishes an employee's commitment like a mismatch in values. From ethical business practices to the fairness of rewards – ignoring what inspires and retains can alienate today's talent and make it difficult to attract future talent.

Saint Luke's Health System | Agile, Forward-Focused Offboarding

A positive offboarding process captures employees' legacies, preparing future leaders while keeping the door open to leavers

In this dynamic, talent-mobile world, it's important to establish creative and thoughtful ways to keep former employees engaged and open to returning. That is why Saint Luke's, an award-winning health system in the Midwestern US, instills a sense of purpose that is built to last even as employees exit the organization. Leaders realized that employee departures present a natural opportunity to build a network of well-trained, proven talent that can contribute again in the future. In response, Saint Luke's redesigned the offboarding process into a memorable, positive experience and established an opt-in stay connected protocol that encourages former employees to stay in touch. The company also implemented a streamlined process to make it easier to rehire, should they decide to return. In 2019, Saint Luke's is focusing on a multi-year wisdom-transfer process that will prepare future leaders while ensuring that departing leaders feel valued and remain connected to the company's success.
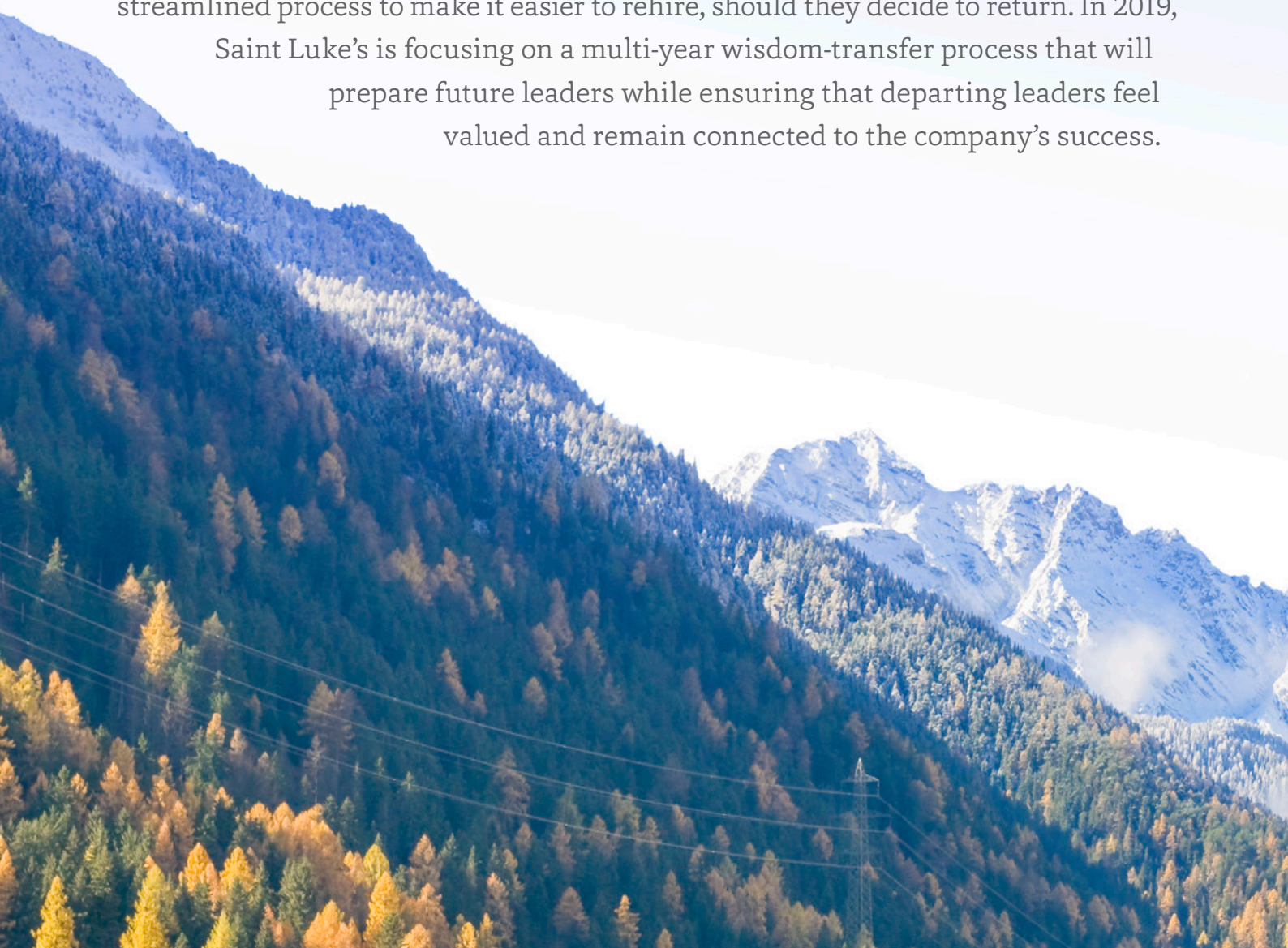
Hilton | Body, Mind, Spirit

The business case was simple – if team members thrive, then so will Hilton

As Hilton continues its mission to be the world's most hospitable company, it sought to embed this same mindset into the employee value proposition across 750 owned and managed hotels in over 100 countries.

What made this different from past EVP initiatives?

- Close working relationship between CEO and CHRO ensured this was a people-led program

- Partnership with Arianna Huffington's Thrive Global added science and best practices on behavior change

- Launching the Thrive@Hilton concept with visible executive support started things off with a bang

Thrive@Hilton is a holistic framework with three pillars:

- Body (health and wellness)

- Mind (lifelong learning and mindful leadership)

- Spirit (connecting to purpose, gratitude, and community)

What made the Thrive@Hilton rollout resonate and take hold with team members?

- Conducting leadership workshops early on to ensure leaders were walking the talk

- Asking leaders to participate in a 100-day challenge (which turned into an informal competition across hotels)

- Encouraging each team member to embark on their own Thrive journey, whether personal or professional

- Starting with micro-steps that lead to more substantial behavior change

- Setting up structured activities such as funded sabbaticals, weekly well-being tips, and stress-reduction courses to build a sustainable toolkit

- Measuring what matters through leadership scorecards and employee engagement survey results

With a combination of strong executive support and grassroots efforts, Thrive@ Hilton has evolved into an entire way of working, living, and being. After only 18 months, Hilton's people-led transformation has driven visible results for its team members and its customers.

CURATING THE WORK EXPERIENCE

Make work simple, intuitive, and digitally enabled to help your people grow and thrive
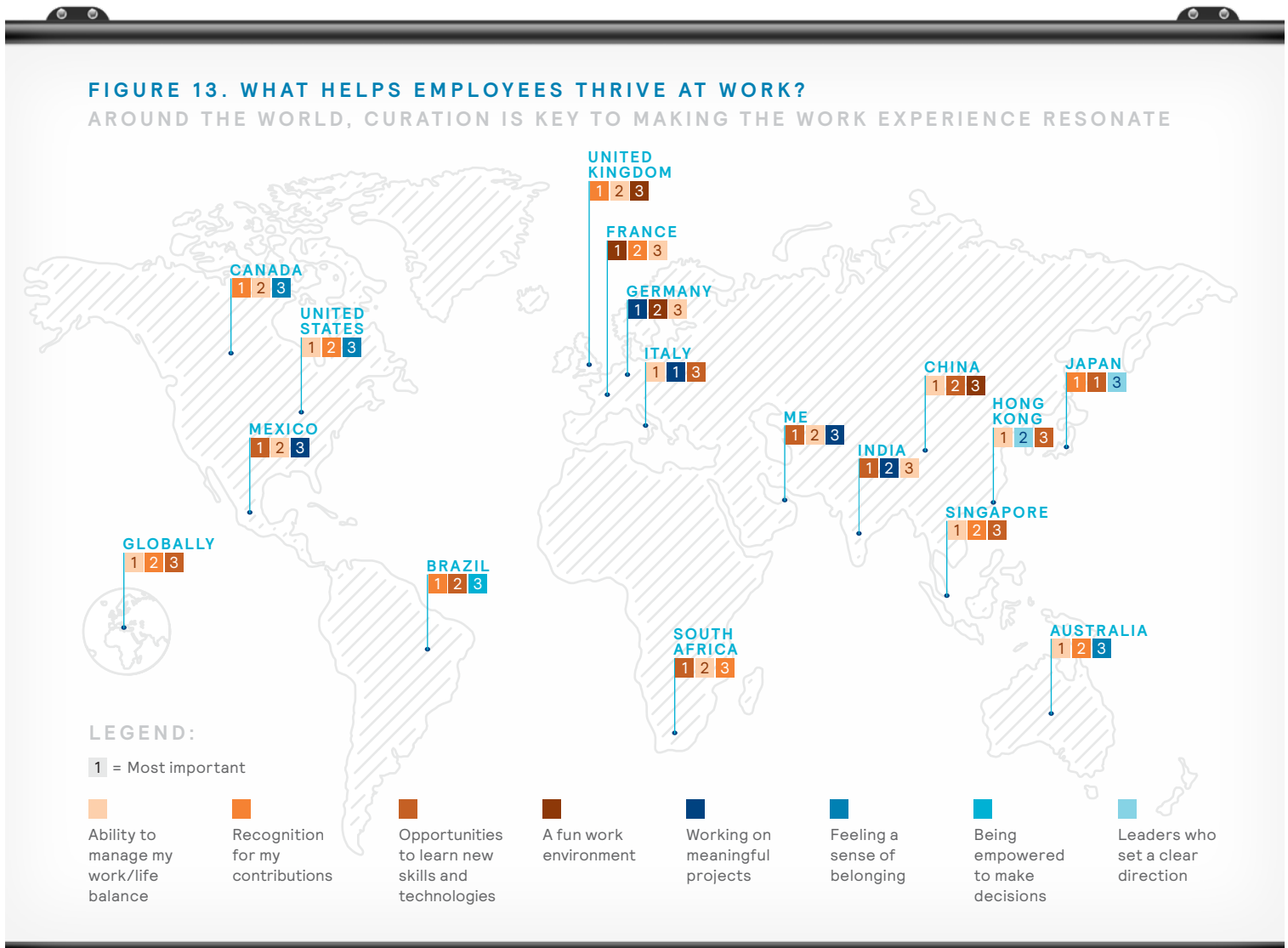
With remote working and virtual teaming increasingly a reality, the quality of each employee's experience depends, to a large extent, on frictionless digital collaboration. But the immediacy and volume of information afforded by technology can be too much, and constant change only diminishes employees' absorption capacities. Enabling the workforce to thrive requires a redesign of the work experience to ensure the right information and opportunities are visible at the right time, and to foster employees' sense of connection to each other and to their company.
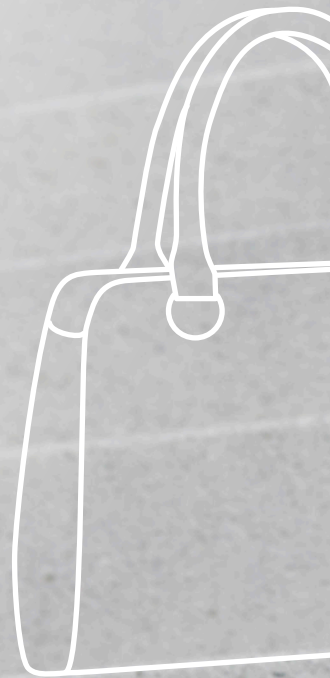
CURATION TRANSLATES NOISE INTO CONTEXT

With the volume of emails we receive and the constant ping of texts and instant messages, the amount of information in the modern workplace can be overwhelming. Curation is one antidote to this data overload. Just as retailers personalize digital advertisements to engage customers, companies can make the day-to-day work experience more relevant for individual employees. What helps employees thrive at work varies by country (Figure 13). By being more deliberate about what, when, and how information is shared, companies can help employees manage choices about benefits, training, career paths, and more. Making the work experience relevant to individual employees helps them grow and thrive.

FIGURE 13. WHAT HELPS EMPLOYEES THRIVE AT WORK?
AROUND THE WORLD, CURATION IS KEY TO MAKING THE WORK EXPERIENCE RESONATE

LEGEND:

1 = Most important

- Ability to manage my work/life balance
- Recognition for my contributions
- Opportunities to learn new skills and technologies
- A fun work environment
- Working on meaningful projects
- Feeling a sense of belonging
- Being empowered to make decisions
- Leaders who set a clear direction

Content curation — *unifying all communications through all platforms* — is an emerging role for many in the HR function. The move toward employee-led knowledge management systems will change the work experience. Leading practices include systems that hashtag individual experts in a knowledge domain, use Kudos to rate individual contributions, or ask self-rated experts to take on roles such as technical mentorships. These systems are helping to curate knowledge and expert contacts that align with employees' needs and interests.

THE QUEST FOR LESS

For employees inundated by information and choices, simplicity is key. *Thriving employees are nearly four times more likely to work for a company that understands their unique skills and interests* and three times more likely to work for a company that enables *quick decision making.* Executives see the value, too, ranking the need to simplify talent processes high on the list of the C-suite's top talent investments. Helping people make choices is not just about giving them more options. This is especially true for flexible benefits, where too many irrelevant choices has led to little return. The same applies to self-service career management — navigating the internal "jungle gym" of career paths for that next role can be daunting, making it easier to take a clearly defined job at another firm. What employees crave is the advice a seasoned mentor might give, but augmented with the data science insights available in the modern workplace.

TECHNOLOGY-ENABLED INDIVIDUALIZATION

A truly digital experience for employees refers to their ability to access work documents remotely, carry out HR tasks intuitively, or easily collaborate and innovate with colleagues. *Thriving employees are almost three times more likely to say their organization provides the tools they need to do their job efficiently.* And high-growth organizations are further along on the journey: *They are twice as likely as moderate-growth firms to provide a fully digital experience for employees.*

AI systems are automating curation based on known and learned information about workers, which helps to ensure relevance and impact for employees. To do this, companies need to have information about what is important to the individual, what similar people valued in the past, and when priorities may shift (for example, after three years in a role or after having a child). Here is a perfect opportunity for technology to support managers, nudging them when certain conversations are relevant and offering suggestions to enrich the dialogue.

Using AI to help simplify and personalize the work experience is becoming more common. HR leaders are already deploying AI across a range of HR tasks — from hiring and onboarding to benefits selection and learning.

> *When you hear about dissatisfaction, especially in tech, it's stories of people feeling isolated in the land of plenty. Our job is to make the connection between the great place they work, the great things we offer, and how those are sincerely meant to be enriching to our employees.*
>
> ~ Christina Hall, Chief People Officer, LinkedIn

CHOOSE YOUR PATH: BEYOND TRADITIONAL CAREERS

With 51% of employees willing to take on an internal gig to gain experience (up from 39% in 2018), it's clear that individuals understand the benefits of learning on the job. Yet it can be difficult to know which experiences will provide the right learning to further a career trajectory.
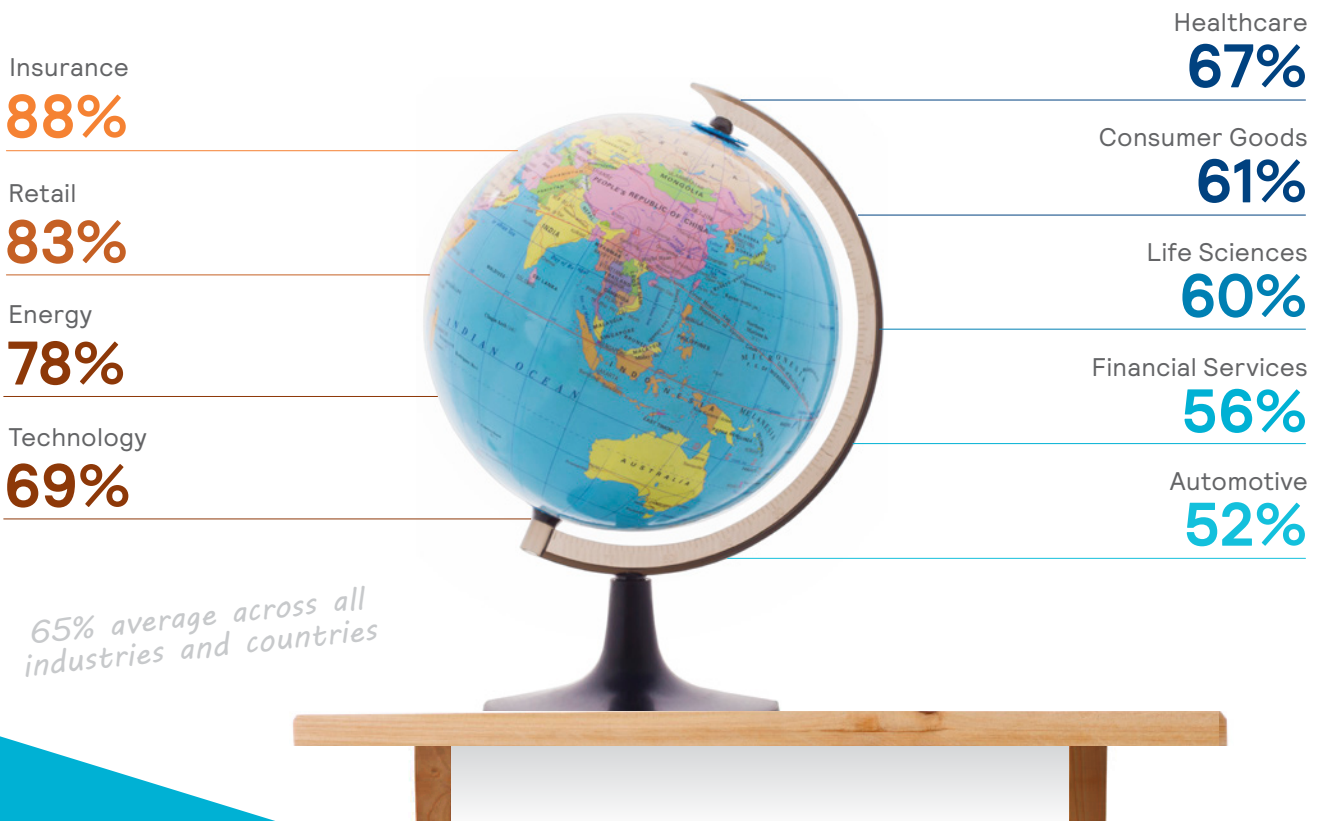
As shared, pure self-service career approaches are no longer a fit for today's work landscape, especially if the enterprise is not facilitating the journey. HR leaders agree: Designing employee career resources, including career pathing and internal gig platforms, is at the top of their priority list. And there is room for progress in this increasingly critical area, with *just over half of employees reporting that their company makes it easy to sign up for short-term projects (55%) or explore career moves outside of their function or business (57%).* These figures are lowest in Japan (41% and 40%, respectively).

Informed by data, companies can support managers and mentors in curating a menu of experiences that map to employee aspirations and destination roles. By layering in data on which experiences have been proven to drive actual career progress, individuals are empowered to make sound decisions on how to grow their careers in the organization. Effectively curating careers is more than giving useful advice; it also requires activating company resources to deliver the development. One capability-building strategy is to leverage talent mobility — especially for executives, but increasingly used further down the organization and for shorter durations (Figure 14).

Being intentional about careers is nearly impossible without an underlying *career framework* to structure the guidance and capture new insights. Effective talent development requires identifying the experiences necessary for destination roles, challenging existing notions of who owns talent, cataloging related learning, and holding roles explicitly for development purposes.

FIGURE 14. USING MOBILITY PROGRAMS FOR DEVELOPMENT

Insurance
88%

Retail
83%

Energy
78%

Technology
69%

Healthcare
67%

Consumer Goods
61%

Life Sciences
60%

Financial Services
56%

Automotive
52%

65% average across all industries and countries

RISING DEMAND FOR BESPOKE LEARNING

In an environment where knowledge is widely and freely accessible, the corporate learning function must shift its focus to continue adding value. Curated learning is not new; what's changing is how it is being used to shape content relevant to a particular ambition, close a known skills gap, or build connections among peers who can share expertise. *Employees shared that creative thinking and learning about technology are the two top skills that would help them stay competitive.* In an environment where learnability is valued and desired skills are a moving target (Figure 15), there has been a renewed interest in not just defining valued skills, but credentialing what people have attained. Academic qualifications and prior performance ratings are poor proxies for what a person can bring to a role. Credentialing can help to quantify a company's progress toward the future of work.

Governments and organizations are actively forecasting emerging skills and creating access to learning to help close the gap. When curated learning works well, people stay and progress through the organization because their learning helps them accelerate their career. For some, however, this degree of personalized guidance can feel constraining. Employees are split, with *56% expecting their company to provide learning based on their level and career aspirations,* and 44% asking for a learning budget to spend as they see fit.

FIGURE 15. WHICH SKILLSETS ARE GAINING STRENGTH IN 2019?
[SOURCE: EDX]

Top Technical Skills
- Machine Learning
- Blockchain for Business
- Deep Learning

Making Your Organization Future Ready
- Digital Leadership
- Digital Transformation
- Agile Project Management

Essential Power Skills
- Inclusive Leadership
- Critical Thinking & Problem Solving
- Business Model Innovation

Curation preferences largely map to geographical differences. Employees in North America prefer the curated approach, while those in Asia prefer choosing their own path. The delivery method may partly explain the difference — *70% of employees in Asia say their company offers state-of-the-art digital tools to support their training and development,* while only 51% of employees in North America say the same. This data highlights the importance of using nimble, adaptive platforms that facilitate just-in-time, often open-source, content as well as peer-to-peer knowledge sharing. A combination approach with both employer- and employee-driven training gives people more control over what and how they learn, while tying their development directly to organizational goals.[10]

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[10]Mercer and Oliver Wyman. (2018). Modern Learning for the Digital Era. Available at: https://www.mercer.com/our-thinking/career/modern-learning-for-the-digital-era.html

HUMAN CAPITAL RISKS

In the quest for simplicity, curation intentionally creates blind spots. Taken too far, it can create narrow thinking and stifle collaboration – the opposite of building the broad skills and adaptable mindset demanded by the future of work.

Sanofi | Flexible Pharma

Adaptive working is a key tenet of Sanofi's strategy to attract top talent

What drives an organization to rethink how and where jobs are done? For pharmaceutical company Sanofi, it was diagnosing obstacles to flexible working which included the company's policies and managers' mindsets as the root of the problem. The cure included establishing a flexible working culture and belief that outlined flexing *at* work (such as compressed workweeks, adapted hours, and remote working) and flexing *away* from work (like parental leave and study sabbaticals). One of the key elements is offering different forms of flexible work based upon employee's personal needs and the needs of the organization. This required a big shift in mindset and placed more onus on each individual employee in partnership with their manager to make flexible working work. After implementing these new practices last year, Sanofi is expecting increased employee engagement levers and greater access to global talent.
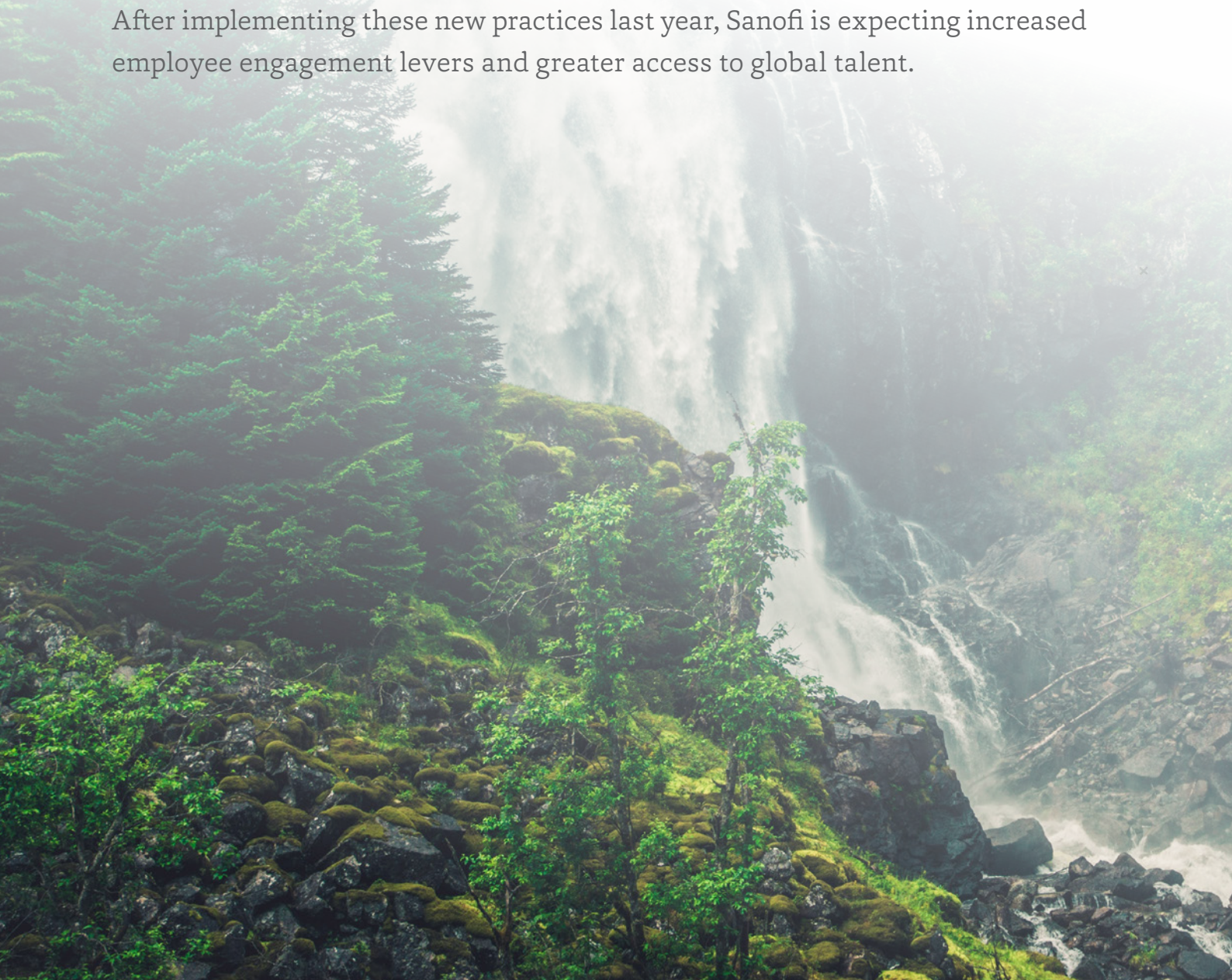
Ericsson | Quest for Easy

Customer focus and a values-driven culture set the stage to transform the employee experience and reinvigorate a long history of engagement and innovation

Ericsson is one of the leading providers of information and communication technology, carrying about 40% of the world's mobile traffic through its networks. Ericsson leveraged its relentless focus on creating a positive customer experience to embark on a quest to create a great employee experience addressing questions around leadership, strategy, and lower-than-expected results. Inspired by the company purpose – Empowering an intelligent, sustainable, and connected world – and with an intention to make it easier for employees to focus on the business, Ericsson co-created new people philosophies with employees and clarified what they stand for as a company. These philosophies empower employees to take the lead, perform at their best, and support the Quest for Easy – a customer promise to reduce complexity and be an innovative partner. At Ericsson, employees are encouraged to be the CEO of their own careers – enabled by new career frameworks, flexible working practices, and an open talent market that drives transparency, fairness, mobility, and continuous development. Having articulated a clear narrative that describes the organization they all want to be a part of, Ericsson is well aligned to help every employee "bring out their great" and work together to execute against their focused strategy.

DELIVERING TALENT–LED CHANGE

Inspire a growth mindset by redesigning structures, workflows, and talent strategies around your people

Executives are confident they are making progress on change-agility as they start to shape the future of work, jobs, and talent. Yet organizations risk confusing people if change lacks effective design and management. Ensuring HR's response to the business is "smartly agile" necessitates clarity on which elements to keep stable and which should be dynamic. Success will require a structural and digital disruption of HR.

HUMAN RISKS, HUMAN AGENDA

This year's findings show more awareness of human capital risks. *Both the C-suite and HR are tracking change fatigue,* a major impediment to transformation efforts. HR is also concerned about the impact of *attrition* and a *decline in employee trust* on their change plans, while executives are concerned about *employee burnout.* In fact, when asked which talent analytics would add the most value, burnout risk made the top five for the first time. This signals the growing importance of the Human Agenda in transformation plans.

Technological and societal change is linked to rapid transformations in the workplace – and what happens at work has the potential to affect emotional and psychological well-being.

– Global Risks Report[11]

TAKING THE LEAD AT THE DRAFTING TABLE

As the one function that touches every individual in an organization and appreciates the employee experience, HR has a unique opportunity to lead the way on transformation efforts. And yet, today, only two in five HR leaders participate in the idea generation stage of major change projects (Figure 16).

FIGURE 16.
IN MAJOR CHANGE PROJECTS,
HR LEADERS GET INVOLVED IN...   **...BUT LESS IN**

planning
implementation — **61**% / **41**% — idea generation
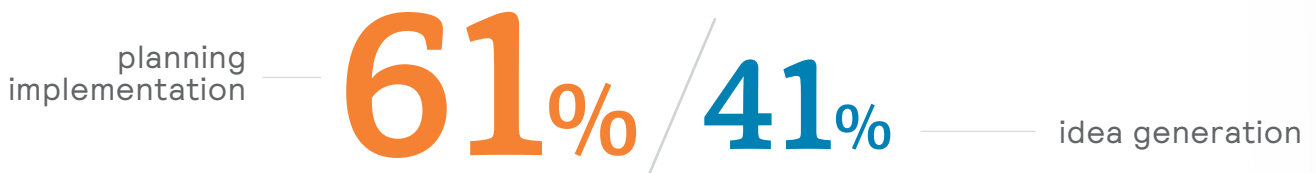
To ensure the Human Agenda remains at the heart of change, HR needs a permanent place at the drafting table, rather than being a late-to-the-party guest. HR leaders are ready to expand their contribution beyond narrow work streams, with *87% feeling confident about taking on organizational transformation.* When HR is bold, the business benefits: *53% of high-growth organizations say HR is involved in kick-starting major change* (compared to 39% of modest-growth organizations).

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[11]World Economic Forum, in partnership with Marsh & McLennan Companies and Zurich Insurance Group. (2019). The Global Risk Report 2019. Available at: https://www.weforum.org/reports/the-global-risks-report-2019

> *Two areas are converging at a brutal speed – digital and people. Digital literacy is a must for HR professionals, because you want to find innovative ways to reach people, for their [work] experience to match what [happens] outside of work.*
>
> ~ Carlos Alves, Chief People Director, Outsystems

RETHINKING THE HR LIFECYCLE

To have the capacity to lead on transformation efforts, HR first needs to rethink the HR lifecycle. At a minimum, this requires adopting new technology (including direct access tools, AI, and chatbots), focusing on the employee experience, and embracing agile ways of working. Together, these can help strip away non-value-adding activities and create space for redesign. Delivering this change may also necessitate breaking down traditional mindsets within the business about how the function can add value.

Addressing critical questions in the context of the business' strategy can help to redefine HR's field of action:
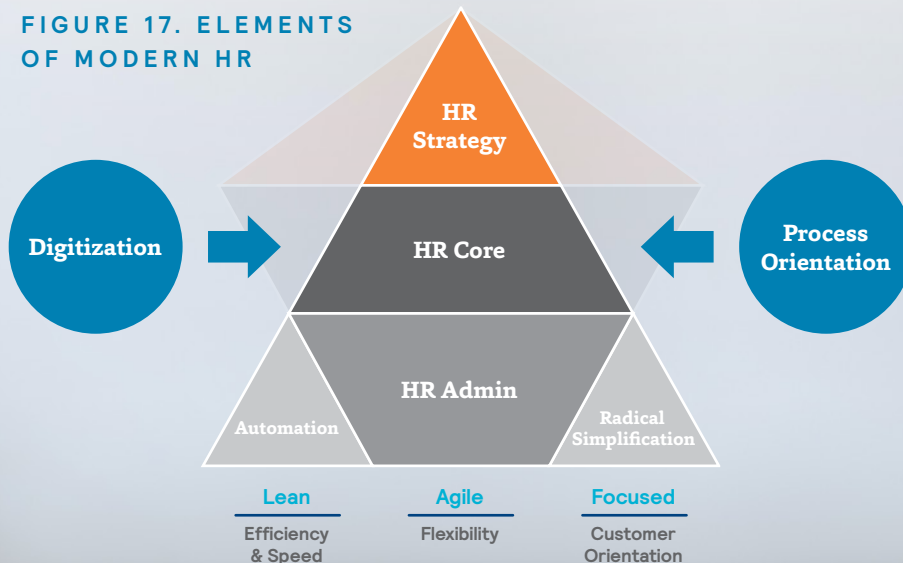
- How do we evolve our process/service model for value creation?
- How can we further leverage automation and encourage adoption of new technologies?
- How mature and relevant is our current HR governance approach?
- Which talent analytics drive value and when are they needed?

INTERACTION, NOT OPERATION

HR's own transformation should be guided by improving the experience for the customer — in this case, managers and employees. This means taking a view on the desired *interaction model,* emphasizing the relationship with the end user, and strengthening the connection to the business agenda — think "flow to work" processes and project-based HR models. This approach is a far cry from defining a target operating model that solely emphasizes HR efficiency — an approach that, at best, will deliver incremental improvements.

Traditionally, HR business partners (HRBPs) are assigned to senior executives, but better value may come from aligning HRBPs to scrum masters[12] or project teams. Integrating with the business demands more time and, as such, the simplifying and digitization of core HR activities to make the change work (Figure 17). Fortunately, organizations plan to make more resources available to HR in the coming years: *Nearly half (48%) of companies plan to increase the number of support staff per head* to handle additional complexity (especially in the UK and Australia). Just 36% plan to keep the current ratio, while only 13% plan to reduce it.

FIGURE 17. ELEMENTS OF MODERN HR

HR Strategy

Digitization → HR Core ← Process Orientation

HR Admin

Automation

Radical Simplification

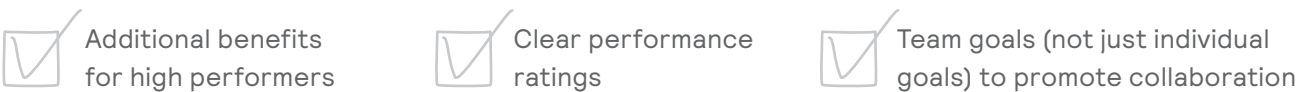| Lean	Agile	Focused
Efficiency & Speed	Flexibility	Customer Orientation

[12]In agile practices, a scrum master is a facilitator of self-organized groups that are empowered to make decisions and take action in a fluid and iterative way.

LISTEN TO EMPLOYEES TO IMPROVE BUSINESS OUTCOMES

Today, only *half of employees say their company listens to their ideas for improving business outcomes.* Time and again we have seen employees press for change in the area of performance management and rewards. Employees recommend three things that will help them contribute more at work (Figure 18): Each is a known best practice in performance management — an essential, yet often cursed, HR process. According to Mercer research, only 2% of companies believe their existing performance management systems deliver exceptional value.[13] Clearly, HR processes like performance management and rewards practices are declining in their fit for purpose.

FIGURE 18. TOP 3 THINGS EMPLOYEES SAY WOULD IMPROVE THEIR PERFORMANCE

☑ Additional benefits for high performers

☑ Clear performance ratings

☑ Team goals (not just individual goals) to promote collaboration
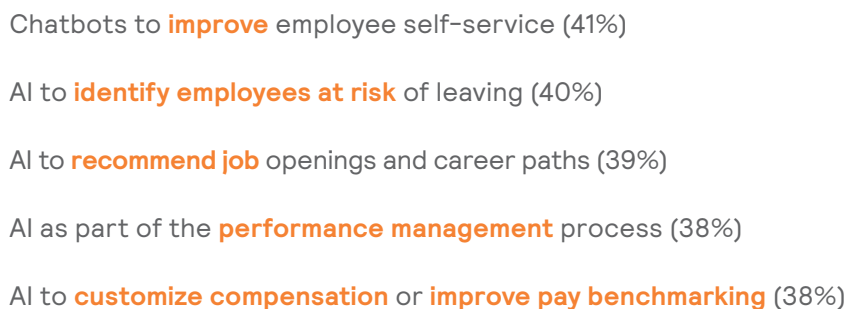
EMBRACE DIGITAL HR

Organizations' digital journeys demonstrate that the employee experience has begun to take center stage. In fact, addressing employees' expectations of consumer-grade digital technologies remains one of the C-suite's top workforce concerns. When the digital journey started for many companies five years ago, it was about redesigning HR processes and improving service outcomes. Today, the focus is on improving the candidate and employee experience. But progress is uneven. *Seventy-five percent of HR functions provide state-of-the-art digital tools* (including games and mobile apps) to support employee development, and *87% of HR leaders feel prepared to roll out new HR systems.* Yet only *one in three HR leaders have "redesigning the employee experience through technology"* on their worklist for 2019.

Given that *three-quarters of organizations say they are still on the journey to providing a fully digital experience for employees* (no change from 2018), it is no surprise that HR enhancements top the list of proposed technology investments from executives this year (Figure 19).
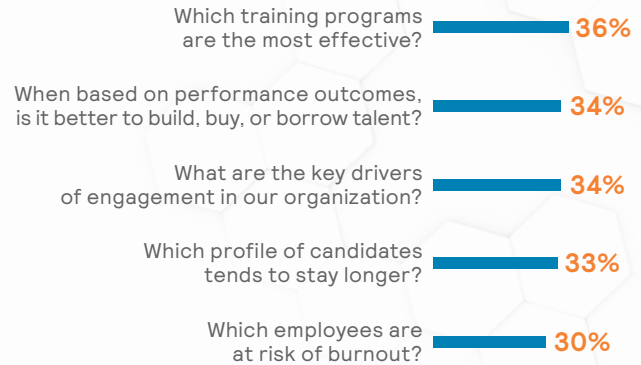
FIGURE 19. TOP 5 AI INVESTMENTS FOR HR THIS YEAR

Chatbots to **improve** employee self-service (41%)

AI to **identify employees at risk** of leaving (40%)

AI to **recommend job** openings and career paths (39%)

AI as part of the **performance management** process (38%)

AI to **customize compensation** or **improve pay benchmarking** (38%)

[13]Mercer. (2018). Global Performance Management Survey. Available at: https://www.imercer.com/products/performance.aspx

USE DIGITIZATION AND DATA TO ALIGN HR TO THE BUSINESS

Organizations that provide a digital experience to their employees reap significant benefits to both the business and to HR. Their underlying data science enables them to stay connected to human capital risks — they are 1.7 times more likely to have effective human capital risk mitigation strategies in place and 2 times more likely to involve HR in kick-starting major change. Consequently, it is no surprise that *digital organizations are 5.8 times more likely to see themselves as change agile and see HR as a significant contributor to the business.*

Data analytics and AI, especially predictive analytics for workforce planning, are key tools for successfully partnering with the business. Most organizations see the value of using data to support talent decisions (Figure 20) but the pace of adoption remains slow: *Only 12% of organizations are using predictive analytics today* (no significant change from 2018). One obstacle may be the technology itself, as organizations continue to struggle with disparate systems (many of which have no

FIGURE 20. TOP 5 MOST VALUABLE TALENT ANALYTICS, ACCORDING TO EXECUTIVES

Which training programs are the most effective?	36%
When based on performance outcomes, is it better to build, buy, or borrow talent?	34%
What are the key drivers of engagement in our organization?	34%
Which profile of candidates tends to stay longer?	33%
Which employees are at risk of burnout?	30%

analytics capabilities) and platforms with incompatible data models. Other systems that do have data analytics capability often lack a stable foundation for analysis — impeding the ability to drive patterns, insights, and predictions. Building this foundation requires overhauling the underlying job architectures and interrogating the practices that sit around them, such as the HRIS system, the career framework architecture, and the HR strategy.

KNOW YOUR CUSTOMER

The most progressive organizations are putting together an internal and external brain trust — crafting an enterprise digital strategy that pulls in the digital exhaust of employees. Identifying the type of information and analysis that drives decisions is critical, yet *only three in five HR leaders know their talent's unique skills and interests today.*

To propel the business forward, HR itself needs to become strategic, efficient, and digital.

Leading companies are prioritizing the customer: ensuring HR products and services are run from the end-user perspective, focusing on differentiating the HRBP role and integrating them into the business, adapting the HR life cycle to be more dynamic, and building centers of expertise for specific business needs. They are also automating the transactional, repetitive, and procedural. What's clear is that as more tasks become automated, HR — as the guardian of the employee experience — is best placed to lead this reinvention.

HUMAN CAPITAL RISKS

The Human Age heralds unprecedented opportunity to shape the future. As the pace of change accelerates, individuals need support in finding new ways to adapt and contribute. Without help, individuals, organizations, and societies will fail to thrive.

DBS | Buying into Transformation

Becoming a digital-first bank isn't just about technology; it requires a transformation from the ground up

DBS, a multinational banking institution headquartered in Singapore, is recognized for groundbreaking digital innovation that is reinventing the world of banking for customers in Asia. In their quest to "become the D in GANDALF" (Google, Amazon, Netflix, DBS, Apple, LinkedIn, Facebook), the bank realized that simply setting up a digital disruption team would not be enough. Instead, they fundamentally reorganized the organization to bring the customer and technology teams together and empower them to think holistically about the digital customer experience. This process helped employees see their role in the transformation and allowed change agents to naturally help others along on the journey. Leaders gave their teams the space to take risks, emphasizing a "we're all in this together" approach and building a culture that endorses experimentation and understands failure, but has circuit breakers in place to protect the business from too much risk. The DBS success story is a people story, proving that employees are capable of fundamental change – as long as they receive positive and integrated messaging, support for execution, and a soft landing for inevitable missteps along the way.

HERE Technologies | Right Place, Right Time

A digital platform changes how work is delivered

Location intelligence is HERE Technologies' business. It was also a people challenge: The mapping software company needed to get the right talent to the right place at the right time, while also exposing talent to hands-on development opportunities. They found their answer in Hitch – an internal gig platform. The concept is simple: Employees create profiles with their skills and professional aspirations, and the system uses an algorithm to match them to work that needs to get done. One of the innovations on the roadmap is that the system will self-correct using data from completed projects. As such, Hitch is able to improve its suggestions for future matches. So far, the results speak for themselves. Business leaders have been able to fill critical talent needs quickly and, at the same time, the company has expanded the footprint of project-based work. This fundamental change in how work gets done has delivered $14 million in savings (or 1% of capacity) and created an efficient internal talent market that embraces continuous learning and drives engagement.
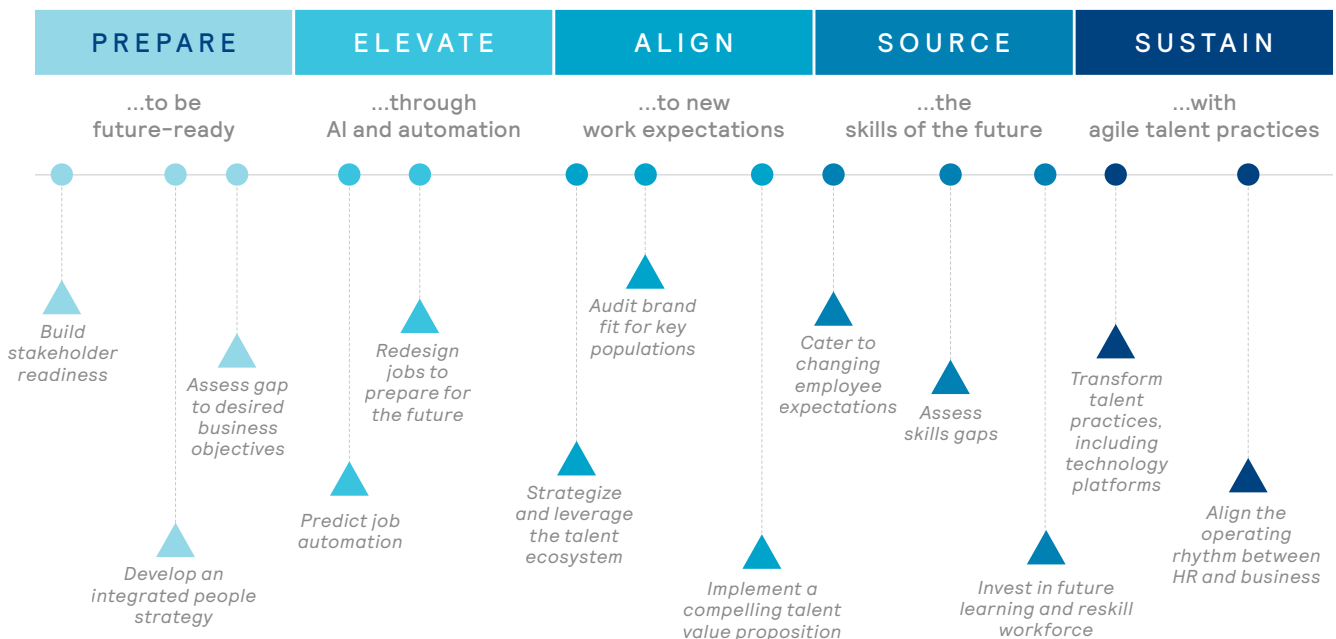
DESIGNING THE WORKF

Our research indicates that thriving organizations are human-led and digitally enabled. They put purpose at the heart of their talent value proposition and ensure the diversity and adaptability of their workforce. This year's talent trends present organizations with challenging, yet exciting, opportunities to:

1. **Align work to future value**
2. **Build brand resonance**
3. **Curate the work experience**
4. **Deliver talent-led change**

Collectively, these opportunities help unpack what the future has in store. This starts with identifying the drivers of disruption — legislative, technological, demographic, and macroeconomic — and considering the magnitude of the impact on the workforce. Then it's about deciding the speed at which the organization wants to respond — how aggressive it wants to be in moving toward this future scenario.

The challenge for most is how to maintain momentum for tomorrow while keeping the lights on today. As society embraces a digital future, it will become increasingly difficult for companies not yet on the journey to catch up. Preparation is key to thinking systematically about the opportunities ahead and accelerating progress toward the future of work (Figure 21).

FIGURE 21.

PREPARE	ELEVATE	ALIGN	SOURCE	SUSTAIN
...to be future-ready	...through AI and automation	...to new work expectations	...the skills of the future	...with agile talent practices

Build stakeholder readiness

Assess gap to desired business objectives

Develop an integrated people strategy

Redesign jobs to prepare for the future

Predict job automation

Audit brand fit for key populations

Strategize and leverage the talent ecosystem

Implement a compelling talent value proposition

Cater to changing employee expectations

Assess skills gaps

Invest in future learning and reskill workforce

Transform talent practices, including technology platforms

Align the operating rhythm between HR and business

The criticality of the Human Agenda is giving HR an opportunity to lead one of the biggest workforce transformations in a generation. HR leaders are often doing this with a higher profile and larger budgets than ever before. The human capital risks are high, and mitigating them requires unprecedented collaboration with the C-suite (especially the Chief Digital or Chief Information Officer) and the business.

High-performing companies are arming HR with added staff in the areas of analytics, organizational design, and employee experience to meet the need. Executives are demanding that the HR function is not only active in delivering the change, but also embodies the capabilities needed for the future, today.

ORCE FOR THE FUTURE

WHAT'S YOUR WORKPLACE TRANSFORMATION PERSONA?

How companies prepare for the future of work depends on their level of anticipated industry disruption, growth strategy, and digital aspirations.

THE TRADITIONALIST:
low disruption, steady growth, less focus on digital

- Flatten organizational structures and create opportunities for lateral mobility
- Focus on the onboarding experience to get new hires up to speed quickly
- Empower managers to support employee career growth
- Focus on tools that help employees do their jobs efficiently

THE CHANGE AGENT:
moderate disruption, high or low growth, high digital aspirations

- Accelerate digital transformation
- Encourage experimentation and make it easy for employees to innovate
- Ensure the corporate culture fosters a respectful work environment
- Frequently water-test the TVP and adjust it for key populations

THE REVOLUTIONIZER:
high disruption, high growth, highly digital environment

- Engage in regular scenario planning to paint a picture of the future
- Design a fully integrated people strategy with agile work structures and dynamic processes
- Ensure HR has a leading role in designing and implementing change
- Increase the speed of decision making for employees

CONNECTIVITY IN THE HUMAN AGE

Reflecting on this year's findings, what is apparent across all four trends is the need for stronger connections between an organization and its people. As companies *align work to future value,* they will define anchor points and identify capabilities to secure their success. Transparency will be essential — openness with employees about in-demand skills and how to personally connect to the future will be key to ensuring people know what is needed to stay ahead. Connectivity is just as essential when *building brand resonance* — how a company listens to its people, understands what helps them thrive, and reflects shared values in its brand. Forging a relationship of trust with each prospective, current, and past employee will help build a lasting bond.

Bringing those shared values to life in the day-to-day experience involves *curating the work environment* to filter out distractions. HR plays a critical role in connecting individuals to the people, tools, and career options that will make the most impact — especially during transformations, when people feel the most insecure about their future. Thus, the importance of *delivering talent-led change* to ensure that every step of the change journey accounts for individual preferences about work. By recognizing the impact of change on people, companies will help connect them to the vision and ensure an equitable and sustainable future for all.

Winning organizations will be those that become *most human* in their interactions — that build trust, engage in genuine and generous dialogue, and deliver purposeful experiences that delight and surprise their people.

IS YOUR COMPANY READY F

How does your organization measure up against the four global talent trends? Are you just beginning your journey or is your organization leading the charge?

Complete this short evaluation to determine your company's strengths, as well as the areas where you may need to refocus your HR strategy to stay ahead.

SCORING GUIDE

16–25 points
It's time to accelerate plans to future proof your business.

26–35 points
Focus attention on the most relevant or value-adding trend, and anchor plans across the business and HR to deliver on this imperative.

36–48
You are leading the way, but don't take your foot off the gas.

1 = We have not yet begun our journey.

2 = We have made progress on our journey.

3 = We are leaders on this journey.

FOR THE FUTURE OF WORK?

EVALUATION

ALIGNING WORK TO FUTURE VALUE

	1	2	3
Our people strategy is aligned with business priorities and our HR COEs have integrated plans.	☐	☐	☐
We understand the skills we have in the business today and the skills we need to be competitive tomorrow.	☐	☐	☐
We are executing on plans to redesign jobs, reskill, hire, and/or select sites to align supply with demand.	☐	☐	☐
Our rewards approach enables us to make strategic hires, reward team/project work, and compensate in-demand skills.	☐	☐	☐

BUILDING BRAND RESONANCE

Our talent acquisition process enhances our brand and uses objective assessments to identify talent.	☐	☐	☐
Our total rewards offering is optimized for different personas and adapts to their evolving needs.	☐	☐	☐
Flexible working is actively promoted and it is easy for people to adapt when, where, and how they work.	☐	☐	☐
We analyze the drivers of pay/promotion inequities and take action to mitigate systemic biases.	☐	☐	☐

CURATING THE WORK EXPERIENCE

We are working to improve the employee experience through digital tools and efficient collaboration processes.	☐	☐	☐
We have a system/portal that enables us to target messaging, benefits, and other information to an employee's unique situation.	☐	☐	☐
Our career framework is easy to navigate and enables individuals to identify potential career paths.	☐	☐	☐
We curate learning to align with critical skills that are relevant to employees' needs, interests, and career aspirations.	☐	☐	☐

DELIVERING TALENT-LED CHANGE

Our HR processes and systems are focused on delivering an exceptional end-user experience.	☐	☐	☐
We encourage an experimental mindset within HR and this is evident in how we interact with the business.	☐	☐	☐
We are progressive in adopting new HR technology into our talent practices.	☐	☐	☐
Employees would say that their interactions with HR are frictionless, whether interpersonal or digital.	☐	☐	☐

ABOUT MERCER

Mercer's Career business brings breakthrough thinking and innovative solutions to help our clients deliver impactful business outcomes in three key areas.

TALENT

Design and implement workforce strategies to position the organization for success today and into the future.

We help our clients craft a compelling employee experience through attraction, retention, learning, and rewards strategies that help employees thrive throughout their careers.

Ask us about:
- *Future Workforce Scan & People Strategy*
- *Job Redesign & Workforce Optimization*
- *Employee Experience*
- *Employee Rewards*

TRANSFORMATION

Define and navigate the journey of constant change needed to stay competitive.

We help our clients succeed in a digital age by curating, implementing, and integrating with top HR technologies and applying best-practice change management and communication principles.

Ask us about:
- *Digital Readiness & Transformation*
- *Future of Work Analytics*
- *HR Function of the Future*
- *HR Technology Implementation*

EXECUTIVE

Align executive programs to business objectives to enhance company performance and achieve shareholder objectives.

We act as trusted advisers in executive and director compensation and benefits, pay-performance alignment, and corporate governance.

Ask us about:
- *Executive-Led Change*
- *Executive Plan Design*
- *Strategic Rewards*

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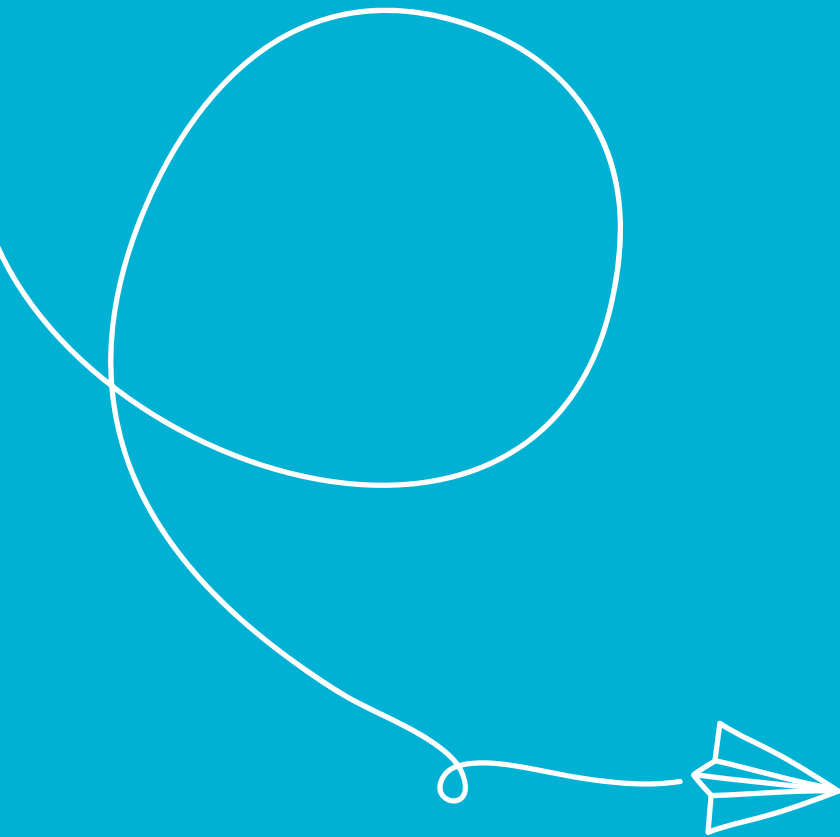
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