

# GLOBAL TALENT TRENDS 2018 STUDY

## UNLOCKING GROWTH IN THE HUMAN AGE

NORTH AMERICA WEBCAST  
APRIL 19, 2018



# OUR PANEL OF EXPERTS



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*You cannot wait until a house burns down to buy fire insurance on it.*

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

Robert J. Shiller | 2013 Nobel laureate in economics | Yale University professor



# A YEAR OF ACTION, NOT ANTICIPATION LIVING PAST THE INFLECTION POINT

WHAT WE KNOW

WHERE WE ARE AT

WHERE WE ARE HEADING

## TECHNOLOGY

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

- Automation, Robotics
- AI & Machine Learning
- Wearables

- Blockchain
- Virtual Assistants

## DISRUPTIVE TECHNOLOGY



- Multi-generational Workforce

## BIG DATA MANAGEMENT



- Rise of the Free Agent
- Longevity

## INFLECTION POINT

Predictive Analytics

## INTERACTIVE DATA LAYER



- Pay Equity
- Vocality of the Female voice

- Rise of the Individual
- Personas



## AUGMENTED HUMANITY

- AI Board Directors
- AI adaptive systems that anticipate needs

## HUMAN

*Building awareness*

*Getting organized*

*Starting to accelerate*

# THIS LEADS OUR CLIENTS TO ASK THREE IMPORTANT QUESTIONS

## **FUTURE OF JOBS**

How should work be organized and how can value be created?

## **HUMAN INSIDE**

How do we ensure our people thrive during change?

## **REGENERATION**

How do we accelerate our own workforce transformation?



# ABOUT THE STUDY



# MERCER'S GLOBAL TALENT TRENDS 2018

## WHO WE HEARD FROM



7,648 VOICES

44 MARKETS

21 INDUSTRIES

Specific trends by | Gender ▪ Generation ▪ Job level ▪ Company size ▪ Mature vs growth economies

### Board Directors

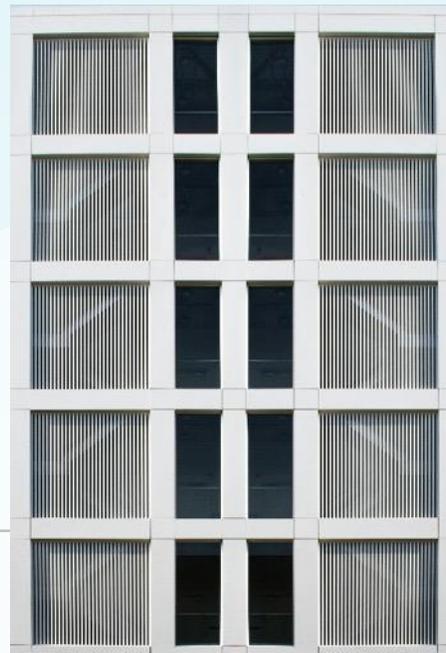
- Directors of private and public companies

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

### HR

- Majority in companies with 1,000+ employees

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



### C-Suite

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

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

### Employees

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

*65% say they feel energized in their current role*

# WHAT KEEPS LEADERS UP AT NIGHT?

## The Board Agenda

Talent scarcity and Digital/tech



### EXTERNAL CONCERNS

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

### WORKFORCE ISSUES

1. Lack of critical skills
2. Employees' digital experience (HR #4)
3. Automation at work
4. Aging workforce (HR #2)

# MERCER 2018 STUDY FINDINGS TOP TRENDS



CHANGE  
@SPEED



WORKING WITH  
PURPOSE



PERMANENT  
FLEXIBILITY



PLATFORM  
FOR TALENT



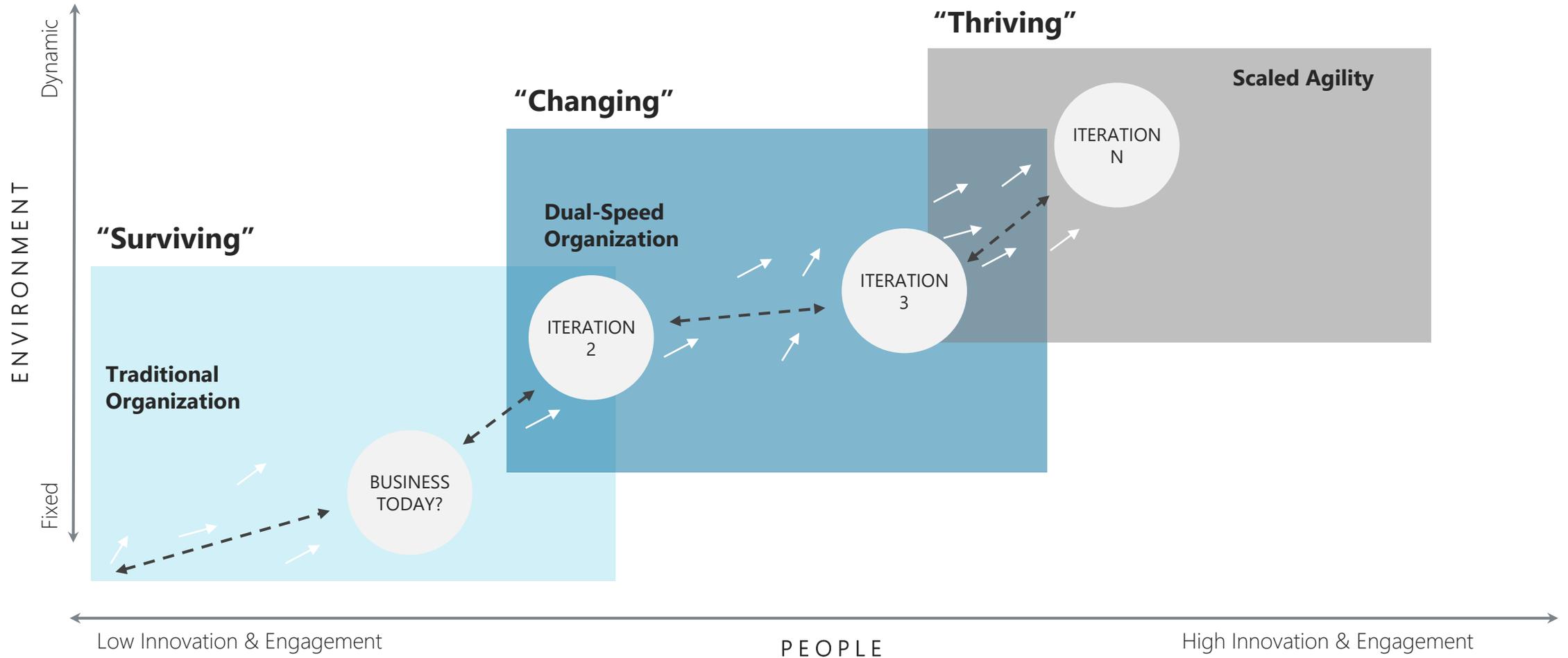
DIGITAL FROM  
THE INSIDE OUT

# CHANGE @SPEED





# CREATE AGILE WORK PRACTICES

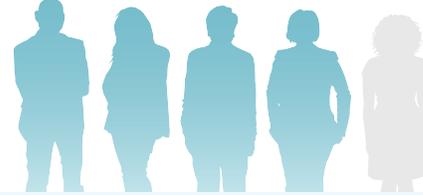




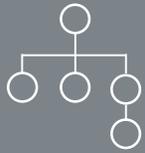
# MOLTEN STRUCTURES – THE NEED FOR PLASTICITY



**Executives: 2 in 5** have transformation metrics on scorecard



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



# 96%

of executives are planning structural changes this year

## Top changes being planned by the C-suite

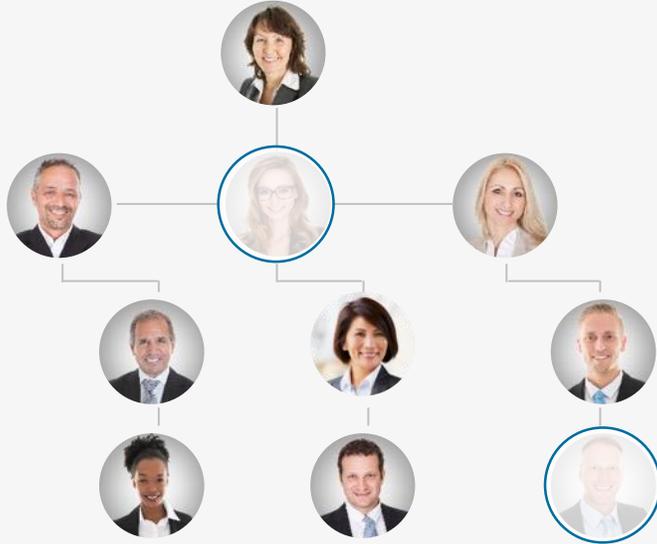
1. Moving support functions to shared services
2. Eliminating certain roles/functions/depts
9. **↑** 3. Increasing regional control
4. Building int/ext networked communities
5. Flattening organizational structures
6. Forming self-driven, holacratic work teams
2. **↓** 7. Decentralizing authority

## Reasons cited for these changes

1. Greater efficiency
8. **↑** 2. Increased automation
3. Reduced costs
4. Increase agility
5. Increased innovating
6. Increased digitalization
7. Increased speed to market
3. **↓** 8. Greater customer intimacy



# EXPONENTIAL LEARNING



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

## JOB DISPLACEMENT

HR Most confident :

- ✓ filling new vacancies externally
- redeploying talent internally

! Least:

- reskilling talent
- identifying roles that will be impacted



81% Employees want opportunities to grow personally and professionally

## UNIQUELY HUMAN SKILLS ARE MOST IN DEMAND

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



## TOP STRATEGIES FOR ADDRESSING THE FUTURE OF WORK

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

1 out of 3 companies are:

- Deploying rapid internal skills training
- Implementing agile work practices
- Enhancing sales skills across the organization
- Automated/digitized role identification
- Stepping up career coaching





1

Enable managers to lead in a **multi-speed** and **multi-partner environment** through integrated people planning and enhanced change management discipline

2

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

3

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



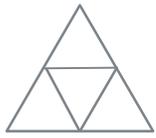
## Future Of Work Analytics

- Role-Fit Quotient
- Resiliency Analysis
- Career breadth and velocity monitoring
- Innovation metrics

MERCER 2018 STUDY FINDINGS  
TOP TRENDS

WORKING  
WITH  
PURPOSE





# HOW IS THE VALUE PROPOSITION EVOLVING?

## Loyalty Contract

(20th Century)

### Basic Needs:

Pay, Benefits, Security

Workers are assets to be retained

Pay and benefits for time and output

## Engagement Contract

(Today)

### Psychological Needs:

Achievement, Camaraderie, Equity

Employees are assets to be acquired and optimized

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

## The Thrive Contract

(The Next Chapter)

### Growth Needs:

Purpose, Meaning, Impact

People and machines as value creators to invest in

Personalized rewards in exchange for a wide range of contributions

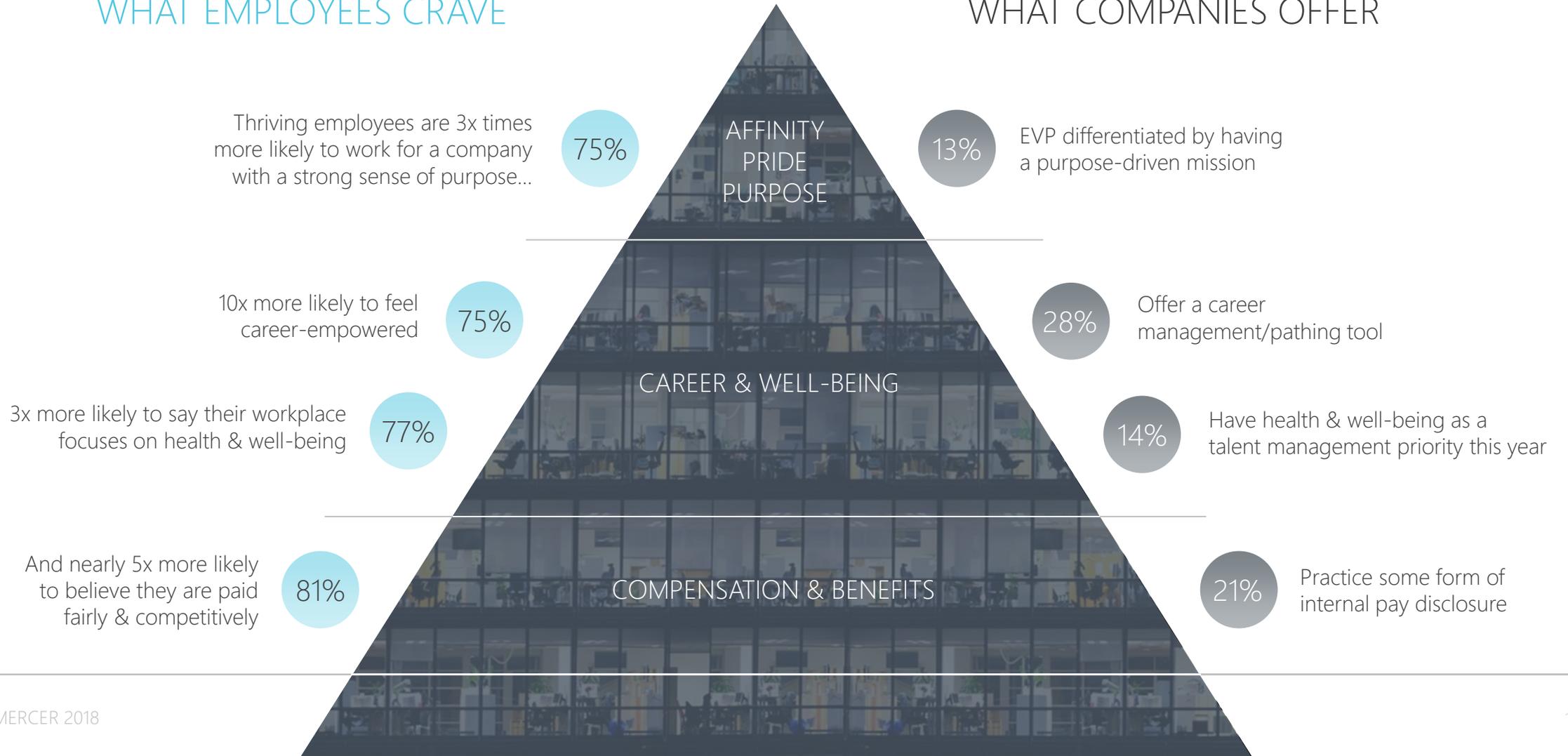




# WORKING WITH PURPOSE: THE EMPLOYMENT EQUATION

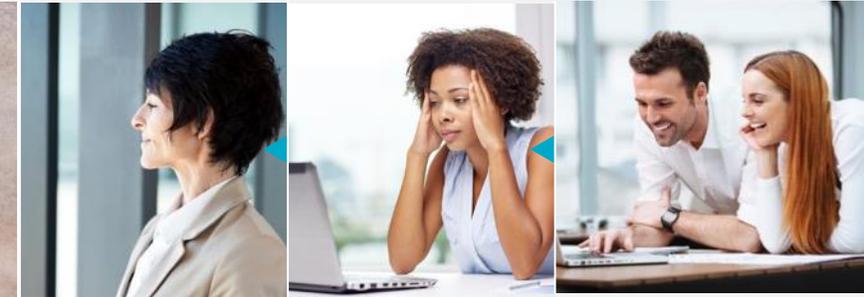
## WHAT EMPLOYEES CRAVE

## WHAT COMPANIES OFFER





# TOTAL REWARDS IN THE ERA OF THE INDIVIDUAL



What helps employees thrive varies around the world.

Most important globally:

- Leaders who set clear direction
- Fair & competitive compensation
- Career promotion opportunities

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

Career empowered employees are 3 times more likely to be committed to their company. They report:

- Being rewarded for a wider range of contributions
- Greater access to career path information and career coaching
- A more inclusive work culture that embraces internal mobility

#1 ask from non career empowered:

- Greater equity in pay and promotion decisions

Perceptions of the work experience differ by level, not by generation.

- Executives and senior leaders are most positive about the changes ahead
- Middle managers feel torn between BAU and the change agenda
- Only 25% of individual contributors believe they can find career success



# WORKING WITH PURPOSE | PREPARING FOR THE FUTURE OF WORK

1

Embrace the **science of personas** to develop Total Rewards propositions that resonate with your target populations

2

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

3

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



## Future Of Work Analytics

- Internal Labor Market maps
- Parity Analysis
- Persona Cluster Analysis
- Sentiment Analysis

MERCER 2018 STUDY FINDINGS  
TOP TRENDS

# PERMANENT FLEXIBILITY



# △ WHY DO WE NEED A NEW WAY TO TALK ABOUT WORK?

TALENT SCARCITY/ DECLINE IN PRODUCTIVITY

RISE OF THE FREE AGENT

MOBILE WORKING

## **WHEN** work is done

- Hours and timing
- Discretion to change

## **WHERE** work is done

- Location & ability to vary
- Infrastructure

## **WHAT** work is done

- Vary job content
- Ability to share or exchange

## **HOW** work is done

- Vary intensity
- Scale up or down

## **WHO** does the work

- Distributed beyond traditional workforce
- Automated

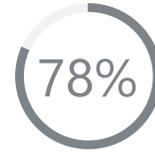


# HR PREDICTIONS OF WORKPLACE CHANGES



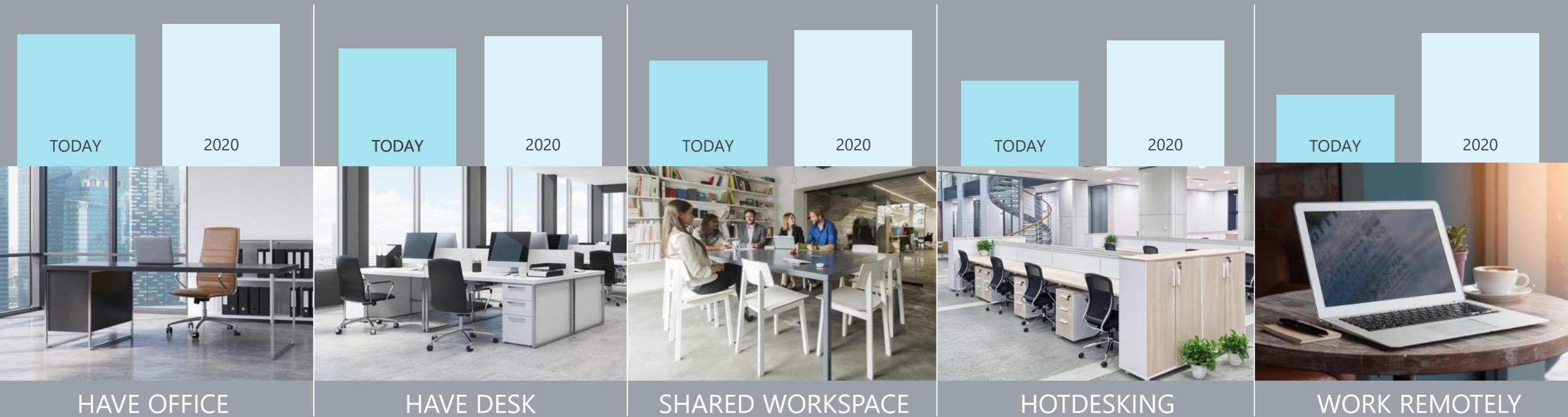
Execs declare that workplace flexibility is a core part of their stated value proposition

49% in 2017



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

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



# PERMANENT FLEXIBILITY THE EMPLOYEE EXPERIENCE



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

**51%** of all employees want more flexibility

BUT...

**36%** have had a request for flex turned down

**41%** are concerned that flexibility will impact promotional prospects

#### What's working?

- Managing on results, not hours (66%)
- Colleagues being positive (63%)
- Manager being supportive (59%)

**Only 3%** of companies say they are Flex leaders

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

**94%** of HR have concerns

- Ability to apply fairly to all employees
- Impact on teamwork and face-to-face collaboration
- Ability to measure and reward contribution
- Ability to manage career progression
- Impact on results/output



# NEW WORK MODELS – CHANGING THE WHO (NOT JUST THE HOW)

*2 in 5 organizations are planning to "borrow" more talent in the next 12 months*

1

More task- and project-based work that can easily be parceled out to free agents

2

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



## Most confident

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

## HR'S CONFIDENCE

## IN MOVING TO

## NEW WORK MODELS

## Least confident

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



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

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

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



## Future Of Work Analytics

- Flexibility Quotient
- Work Value Analysis
- ROI of adaptive working models

# PLATFORM FOR TALENT





# A PLATFORM MODEL FOR TALENT

*How can we apply a platform mindset to HR without losing the humanness and the growth focus that is key to creating compelling experiences?*



**What changes:**

Human resources



People and tech assets

Talent data



Talent insights

Contractual model



Partnership model



# C-SUITE VERSUS HR PRIORITIES

## HR'S TOP 10 PRIORITIES FOR 2018 (from a list of 20 options)



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

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





# SUPPLY – LEVERAGING THE FULL TALENT ECOSYSTEM

## LEVERAGING THE TALENT ECOSYSTEM

INTERNAL  
TALENT

PARTNERSHIP  
TALENT

FREELANCE  
TALENT

CROWD  
SOURCED TALENT

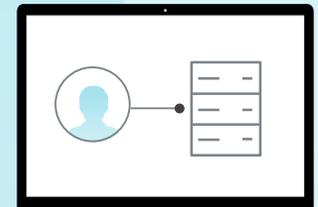
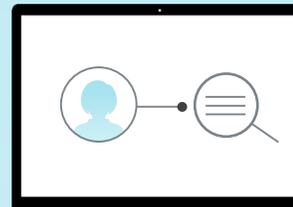
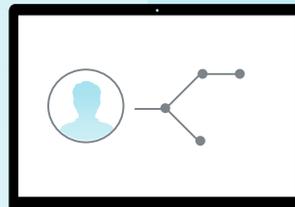
CO-OPETITION

77% of companies use online assessment tools today  
(62% game-based assessments, 66% virtual day-in-the life centers)

SELF-DRIVE  
PROFILING

INTELLIGENT  
SOURCING

ONCE CONNECTED  
NEVER LOST





# DEPLOY – WHAT DRIVES PERFORMANCE

To help employees Thrive at work....



...HR top recommendations are

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

Employees concur...

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

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



## EMPLOYEE VIEW

What would help you perform better at work?

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

**Change continues in Performance Management – top changes planned this year:** investment in **continuous feedback tools** (46%), shifting performance discussions towards **career development** (46%), and **goal calibration** (45%)



# ANALYTICS ARE CRITICAL TO EMBRACING A PLATFORM MODEL

## Improved alignment over last year on Analytics

<i>Most value adding to your business?</i>	<b>C-suite</b>	<b>What HR says they offer today</b>
Which training programs are the most effective?	1	2
When based on performance outcomes, is it better to build, buy, or borrow talent?	2	6
What causes people to leave/stay with the organization?	3	1
What are the key drivers of engagement in our organization?	4	3
Why is one team high performing and another struggling?	5	4
Which profile of candidates tends to stay longer?	6	5
How can we better manage overtime costs?	7	7
Who is likely to leave in the next 6-12 months?	8	9
Which employees are at risk of burn-out?	9	8
Why are people choosing to join the company?	10	10

## *We are getting there but not fast enough*

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

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



1 Develop a **new lexicon** for tasks and people

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

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



## Future Of Work Analytics

- Individual and team productivity dashboards
- Movement metrics
- Automated feedback graphs
- Project matching scores

# DIGITAL FROM THE INSIDE OUT





# DIGITAL FROM THE INSIDE OUT

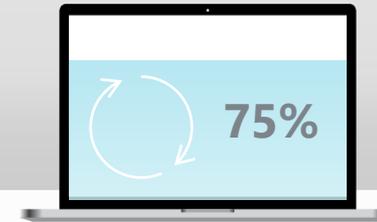
66% of employees say that having access to state-of-the-art digital tools is important



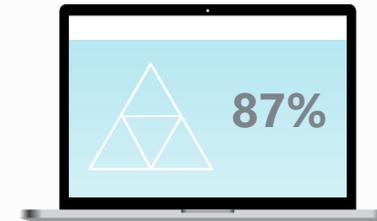
*What you do inside reflects your outside*  
External vs internal numbers are quite similar



*What's different about Digital Organizations?*



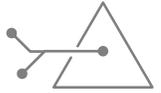
REPORT HIGH SCORES FOR CHANGE AGILITY



HAVE A COMPELLING & DIFFERENTIATED EVP



SEE HR AS AN ADVISOR ON HUMAN CAPITAL RISKS

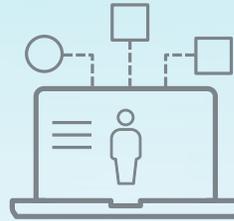


# 2018 DIGITAL PRIORITIES

Where C-suite intends to invest this year:

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

Leading edge / on the horizon:



Personalized portal  
25%



Mentorship tools  
22%



Telemedicine  
20%



Digital outplacement  
10%

TALENT ACQUISITION & REWARDS MGMT

PERFORMANCE MGMT & SALES MGMT

HUMAN CAPITAL MANAGEMENT SYSTEM / HRIS

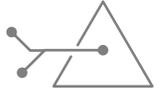
TOTAL REWARDS / BENEFITS PORTAL & E-LEARNING

CAREER MGMT & ONBOARDING TOOLS

ANALYTICS, CONTINUOUS FDBK & PRODUCTIVITY

REMOTE WORKING & SMART OFFICE

Where companies are focusing on depends on industry, country, and maturity of business



1 Create transparency around the **automation roadmap** and its implications

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

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



## Future Of Work Analytics

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

# CONCLUSION



CHANGE  
@SPEED



WORKING WITH  
PURPOSE



PERMANENT  
FLEXIBILITY



PLATFORM  
FOR TALENT



DIGITAL FROM  
THE INSIDE OUT



# THIRSTY FOR MORE?

WORK | PERSONNEL | TALENT  
**Mercer Global Talent Trends**  
2018 Study

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**Unlocking human potential in the Digital Age**

This year's study gathered input from 900 business executives, 1,800 HR professionals, and 5,000+ employees from 21 industries and 44 countries around the world. From these 7,600+ voices, we heard a very clear message – 2018 is a Year of Action. Organizations are accelerating their transformation efforts as they prepare for the Future of Work, and the importance of putting people at the heart of change makes HR pivotal to these efforts.

Explore this year's top trends

Click on each trend in the graphic below to learn about the key findings. Hungry for more? Sign up to receive the global report.

CHANGE @SPEED

WORKING WITH PURPOSE

**UNLOCKING GROWTH IN THE HUMAN AGE**

DIGITAL FROM THE INSIDE OUT

PERMANENT FLEXIBILITY

PLATFORM FOR TALENT

HEALTH | WEALTH | CAREER

**2018  
GLOBAL TALENT  
TRENDS STUDY**  
UNLOCKING GROWTH  
IN THE HUMAN AGE

MAKE TOMORROW, TODAY MERCER

Visit [www.mercer.com/global-talent-trends](http://www.mercer.com/global-talent-trends)  
to download the full report.

## PARTING THOUGHT

“ A good question is the seed of innovation —  
in science, technology, art, politics, and business...

A good question is a probe, a 'what if' scenario.

A good question cannot be predicted.

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

A good question is what humans are for. ”

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



**MERCER**

**MAKE TOMORROW, TODAY**