

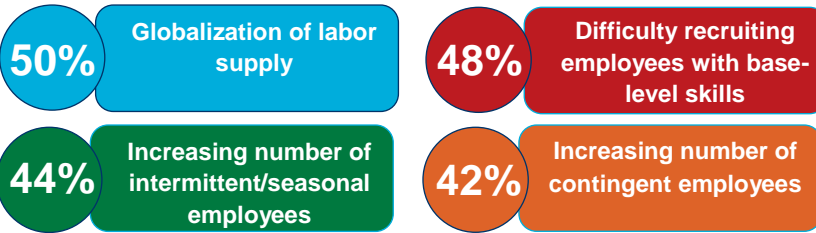


Fact Sheet: SMEs

The Looming Talent Crisis

- ◆ The workplace of the future will be the most diverse the world has ever seen. In 2020, multiple generations working together will have different skills, experiences, habits, and motivations—and more of these workers will be freelancers and contractors. All of this represents a major opportunity for employers and employees alike.
- ◆ Our worldwide survey of 2,718 executives and 2,872 employees shows that most companies are not prepared to capitalize on these changes. Businesses are struggling with managing talent, cultivating leadership, encouraging learning, and understanding their employees—and they may not be making HR a priority.
- ◆ This fact sheet outlines key survey findings from the 1,361 executives and 1,488 employees surveyed from SMEs (firms with less than \$500 million in revenue).

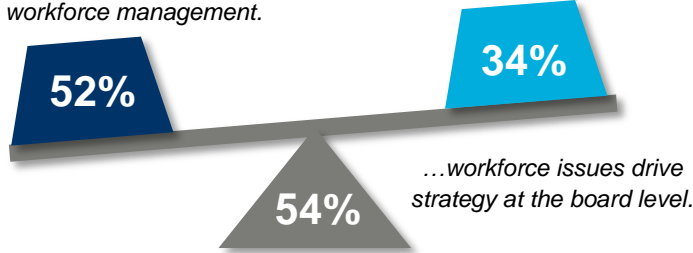
SMEs' top 5 labor market shifts affecting workforce strategy:



Executives say...

...my company has an execution plan for achieving its vision of workforce management.

...my company has a strong vision for the workforce it wants to build in three years.



The New Face of Work

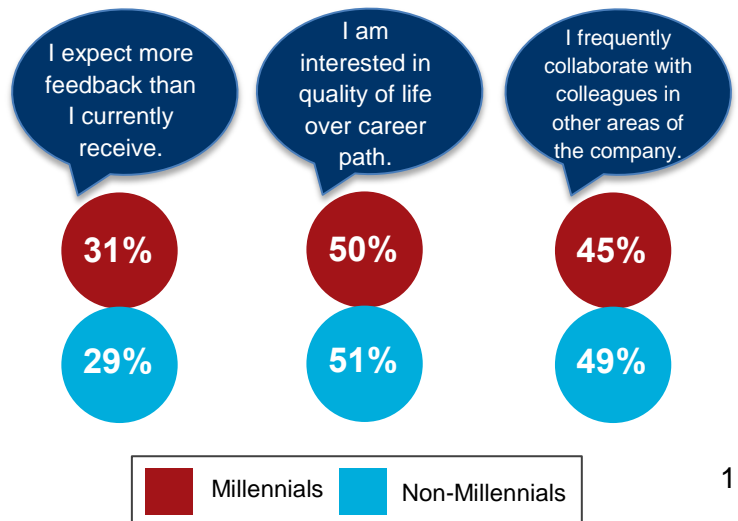
Research shows priorities shifting as economies rebound globally, and companies lag in understanding these changing dynamics.

- ◆ 47% of SME employees get **ample training on workplace technology**; 30% get access to the latest technology. Companies and workers are unprepared for the growing need for technology skills (see "Bridging the Talent Gap").
- ◆ 84% of SME executives say they are increasingly using **contingent, intermittent, seasonal, or consultant employees**; but 29% say that this **requires changing HR policy**. Overall, executives are rethinking compensation, training, and HR technology.
- ◆ 40% of SMEs use **quantifiable metrics and benchmarking** for workforce development; 41% know how to **extract meaningful insights** from that data.

A Millennial Misunderstanding

Millennials are different, but not as different as companies think.

- ◆ 49% of SME executives say they rely on **younger employees or recent graduates** to fill entry-level positions; 51% of executives say **Millennials entering the workforce** are impacting workforce strategy.
- ◆ SME executives may be out of touch with what Millennials think—51% of executives think Millennials are **frustrated with manager quality**, but 9% of Millennials say they are. 47% of executives think Millennials will **consider leaving their jobs** due to lack of learning and development—but only 13% of Millennials say they have.





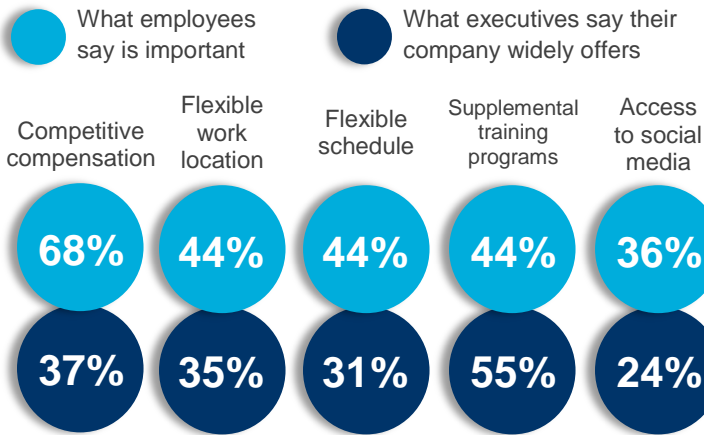
Workforce 2020—SMEs



What Matters Most at Work

Companies do not understand what their employees really want from them.

- ◆ 41% of SME employees are satisfied or very satisfied with their jobs.
- ◆ The **most important benefits and incentives** to SME employees are: **competitive compensation** (68%), **bonuses and merit-based rewards** (55%), and **vacation time** (45%).
- ◆ 41% of employees say **higher compensation** would increase loyalty and engagement with their current job.
- ◆ **Employees think** the following attributes are most important to their employer: **the ability to learn and be trained quickly** (34%); **job performance and results** (32%); and **loyalty and long-term commitment** (31%).



What executives are saying...

“Most of the experience in our company comes from self-education and formal learning and the ability to assimilate global experiences. In a sense, that’s why everybody is a coach in our company. A trainee can coach a colleague, if he or she has something specific and valuable to share. Even our shareholders are actively participating in coaching groups of employees.”

—Martina Zimkute, Director of HR, Avia Solutions Group

The Leadership Cliff

Executives and employees agree that leadership is lacking—and companies are not focused enough on developing future leaders.

- ◆ Just **36%** of SME executives say their company **plans for succession and continuity** in key roles. **43%** say that when a senior person leaves, the company tends to fill the role from within the organization.
- ◆ **42%** of executives say their plans for growth are being hampered by lack of access to the right leaders.
- ◆ Employees agree with employers when it comes to leadership—**44%** of employees say leadership at their company is equipped to lead the company to success.

Executives say...



20%

of employees say leadership ability is an important employee attribute at their company.

21%

of executives say leadership is an important employee attribute.

54%

of employees say their manager delivers on leadership expectations.

38%

of employees say their company is committed to diversity.



Bridging the Talent Gap— The Learning Mandate

Better training and education opportunities would benefit employees and businesses alike.

- ◆ The need for technology skills (e.g., analytics, cloud) will grow, but **25%** of employees expect proficiency in **cloud** in three years; **48%** expect to be proficient in **analytics** by then.
- ◆ **55%** of SME executives say their company widely offers **supplemental training programs** to develop new skills.
- ◆ **45%** of employees say their company provides the **right tools** to help them grow and improve job performance.
- ◆ **40%** of employees say their company **encourages continuing education and training** to further career development.

40%

of employees are most concerned about their position changing or becoming obsolete.

13%

of employees say they have experienced the most professional development through formal training.

48%

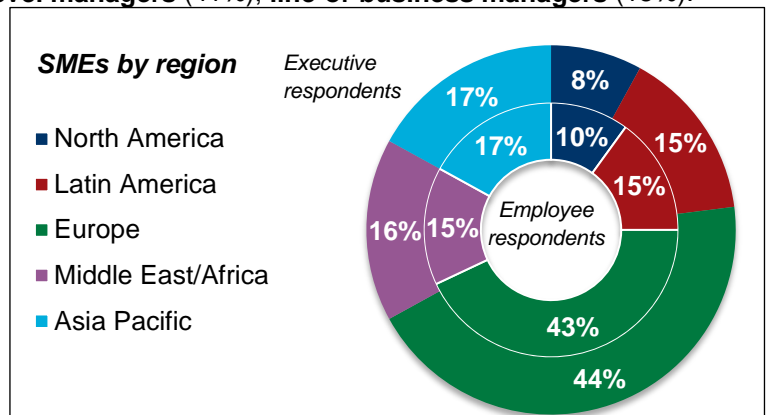
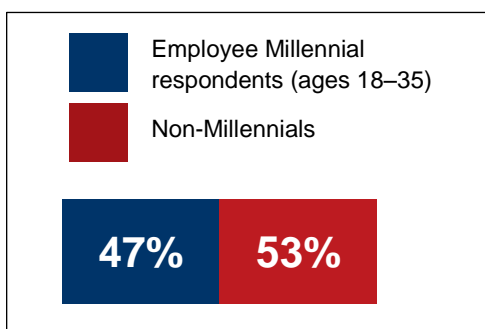
of executives say their company has a culture of continuous learning.

40%

of employees say HR has a good understanding of their skill sets.

Survey demographics: SMEs

- ◆ **Executive industries:** Executives come from the following industries: **banking** (5%); **insurance** (7%); **retail** (17%); **public sector** (16%); **healthcare** (17%); **professional services** (23%); **consumer goods** (14%).
- ◆ **Employee industries:** Employees come from the following industries: **banking** (5%); **insurance** (8%); **retail** (17%); **public sector** (14%); **healthcare** (17%); **professional services** (21%); **consumer goods** (16%).
- ◆ **Employees by function:** **finance** (11%); **HR** (11%); **marketing** (10%); **sales** (13%); **operations** (14%); **production** (10%); **service** (12%); **IT** (17%).
- ◆ **Executive titles:** **CEOs** (6%); **COOs** (15%); **CFOs** (8%); **CIOs** (11%); **CMOs** (3%); **Chief Human Resources Officers** (8%); **VPs/Directors of HR** (16%); **VPs of Learning/Development** (11%); **VPs Compensation & Benefits** (12%); **VPs Recruiting or Talent** (9%).
- ◆ **Employee titles:** **front line** (37%) employees; **mid-level managers** (41%); **line-of-business managers** (18%).



About the project

Workforce 2020 is a large-scale global study to discover best practices and actual progress toward the creation of talent strategies for the future in the global economy. We surveyed more than 2,700 executives and 2,700 employees, and interviewed 28 executives across the following countries: Australia, Brazil, Canada, Chile, China, Colombia, the Czech Republic, Denmark, France, Germany, India, Japan, Kenya, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Turkey, UAE, UK, US. Survey respondents came from a variety of industries, company sizes, and age groups (49% of employee respondents are Millennials).

