China fact sheet: How high-performing companies set themselves apart

Data from our Workforce 2020 research program show a correlation between above-average profit margin and revenue growth and workforce development. Companies with above-average profit margin and revenue growth (high performers) are better prepared for the future workforce than those with below-average growth. Executives who report that their companies have below-average profit margin growth over the past two years (we call them underperformers) indicate that they are struggling to keep up with changing workforce trends. This is especially true when it comes to recruiting employees with both base-level and advanced skills. Perhaps most telling, underperforming companies are significantly less likely to say that HR issues are driving strategy at the board level—which could be a major oversight.

This fact sheet outlines the major differences between high performers and underperformers in China. Both face unique challenges and opportunities when preparing for the workforce of the future.

The New Face of Work

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

- High-revenue-growth companies are actually less likely than underperformers to say workforce issues are driving strategy, both now and in three years, suggesting that high performers may not be prioritizing HR as much as they should be.

- Companies with above-average profit margin growth are struggling to keep up with changing workforce trends: nearly half say difficulty recruiting employees with base-level skills is impacting their workforce strategies. Both high performers and underperformers struggle with obtaining and using skills (see The Learning Mandate).

- Nearly three-quarters of high-revenue-growth companies have made progress toward meeting their strategic goals in five years, compared with 66% of underperformers, suggesting that high performers may be more proactive when it comes to longer-term workforce goals.

Executives say...

![Chart showing comparison between high-revenue-growth companies and underperformers on various workforce management practices.]

The Leadership Cliff

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

- Skills are an issue for underperformers. Well over half—58%—of executives at low-profit-margin-growth companies say a lack of leadership is an impediment toward meeting workforce goals, while only 27% of executives at high-profit-margin-growth companies agree.

- 83% of high-profit-margin-growth companies say their leaders know how to inspire employees, vs. 63% of underperformers.
Workforce 2020—High performers

Bridging the Skills Gap—The Learning Mandate
Better training and education opportunities would benefit employees and businesses alike.

- High-revenue-growth companies are significantly more likely than underperformers to be satisfied with the quality of candidates they receive (61% vs. 55%).
- More than half of high-revenue-growth companies say workforce development is a key differentiator for their firm in terms of growth and bottom-line results, vs. just 21% of underperformers.
- High-revenue-growth companies are also more likely to have a formal mentoring program (78% vs. 62%).

Survey demographics: High performers

- High-revenue-growth executive titles: CEOs (0%); COOs (4%); CFOs (4%); CIOs (9%); CMOs (0%); Chief Human Resources Officers (17%); VPs/Directors of HR (9%); VPs of Learning/Development (13%); VPs Compensation & Benefits (26%); VPs Recruiting or Talent (17%)

Executives say these technology skills are well represented at their organization.

<table>
<thead>
<tr>
<th>Technology Skills</th>
<th>High-revenue-growth companies</th>
<th>Underperforming companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud</td>
<td>52%</td>
<td>38%</td>
</tr>
<tr>
<td>Job-specific tools</td>
<td>48%</td>
<td>62%</td>
</tr>
<tr>
<td>Mobile</td>
<td>39%</td>
<td>24%</td>
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</tbody>
</table>

Executives say these performance metrics are well represented at their organization.

<table>
<thead>
<tr>
<th>Performance Metrics</th>
<th>Above-average revenue growth</th>
<th>Underperformers</th>
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</thead>
<tbody>
<tr>
<td>Above-average profit margin growth</td>
<td>27%</td>
<td>13%</td>
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About the research

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).