

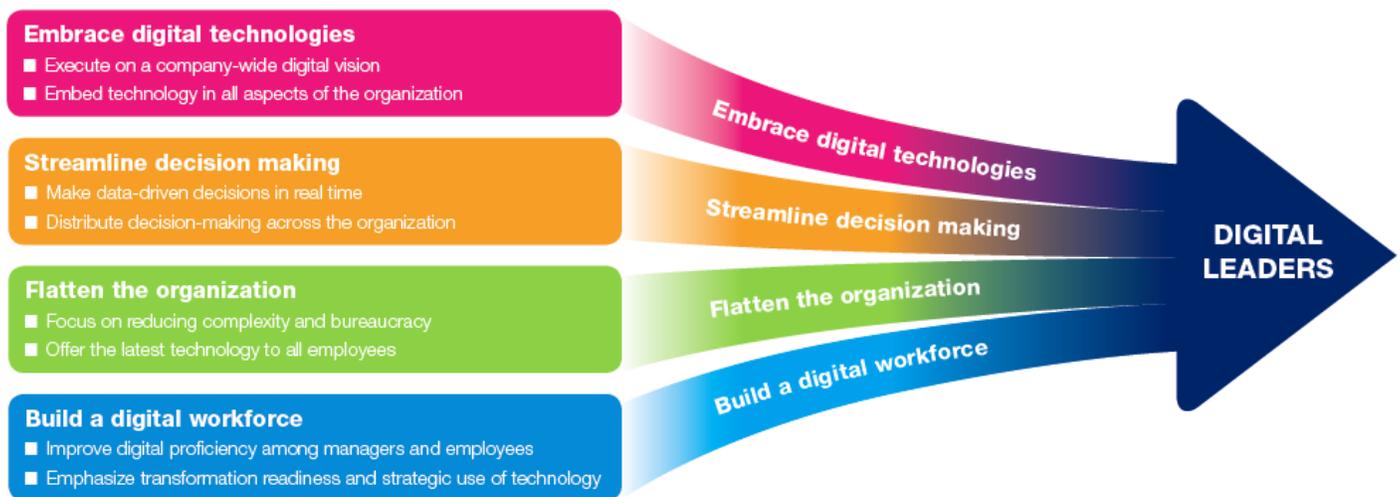
# Leaders 2020

## Fact sheet: China



The pace of change in today's digital economy puts new demands on executive leadership, but the results of a global research program by Oxford Economics and SAP show that most companies are stuck in the past.

Some companies are more prepared for the digital future. Oxford Economics identified a set of capabilities and practices that define the best-led organizations—we call them Digital Leaders. At most companies, digital transformation is just beginning: only 5% of respondents to our survey qualify for this elite group in China, compared with 16% of the overall sample.



Our analysis of the data shows organizations that meet our criteria see better financial results and have happier, more engaged employees.

Four themes, outlined on the following pages, emerged from our research. By focusing on any shortfalls in these areas, companies can boost their chances of becoming Digital Leaders.

This fact sheet outlines key findings for China.

## Lack of leadership slows digital transformation

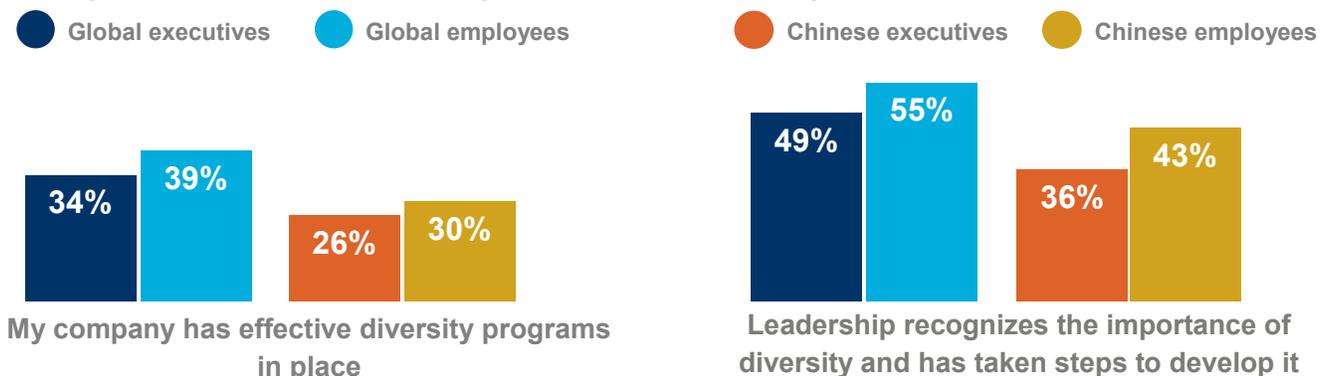
*Executives and employees at most companies say management lacks critical digital skills.*



- Only 13% of Chinese executives and 16% of employees say mid-managers are proficient at using technology for competitive advantage, some of the lowest scores in our global survey.
- Chinese executives are far less likely than their peers in other countries to say their company encourages workers to develop new skills or has strategies to develop talent in-house.
- Recruitment could use work, too. Only 17% of executives say their company attracts a highly qualified set of applicants.

## Diversity pays off

*Diversity levels are not where they should be for most companies—but it is higher at those with superior executive leadership and better financial performance.*



- Chinese companies are behind in developing diversity programs, but report more diversity change among the board over the past three years than do their global peers.
- Chinese executives are more likely to say diversity change has improved financial performance (39%, vs. 30% globally), but less likely to report a positive impact on culture.

### Millennial executives are impatient for change

*A new generation is rising up the org chart, and these young executives want more from leadership.*

- 21% of Chinese executive respondents are Millennials, compared with 17% worldwide.
- Millennials and Chinese executives are alike in that neither are sold on their talent development efforts. Only 22% of Chinese executives say their company has strategies for cultivating leadership within the organization.
- Lagging talent-development and recruitment strategies could create problems as Chinese companies look to bring more young executives into the C-suite.



### Digital Leaders have more engaged employees

*Employees who work at companies with better executive leadership are more satisfied and engaged—and less likely to leave for a new position.*

- Just 1% of employees to our survey in China work for Digital Leader companies.
- Job satisfaction is lacking among Chinese employees. Only 44% say their company culture places high value on employee satisfaction, and just 7% said workers have regular contact with leaders.
- Another possible reason engagement is low: just 32% of Chinese employees say their company offers competitive compensation.



## Conclusion

Organizations in China have work to do to transform leadership for the digital economy. Executive leaders must update management skills, employee engagement strategies, and diversity programs to thrive in this new environment. Our research identifies several areas where companies can improve their leadership skills—and their business performance.

- **Communicate a company-wide digital vision.** The best leaders not only have a strategy for going digital—they are sharing it with employees across the organization.
- **Continuously update executive and employee skill sets.** Everyone, from the ground floor to the executive suite, needs digital skills and the ability to learn new ones quickly.
- **Flatten the organization.** Leadership needs to empower managers and workers across the enterprise to make decisions quickly, without bureaucratic bottlenecks.
- **Emphasize diversity.** Companies that cultivate a diverse workforce and take a broad range of employee perspectives into account are better poised to succeed in a global economy—and to keep employees happy and engaged.
- **Listen to young executives.** The growing cohort of Millennial executives has a strong vision for leadership in the digital economy. Taking their advice may be a shortcut to digital transformation.

For more on what it takes to become a Digital Leader, see [www.successfactors.com](http://www.successfactors.com)

### About the research

Oxford Economics and SAP surveyed 2,050 senior executives and 2,050 employees from 21 countries in the second quarter of 2016 about leadership and workforce development for the Digital Economy. Roughly 5% of the overall sample comes from China.

**Location:** United States, Canada, Brazil, Mexico, Colombia, Singapore, Malaysia, Thailand, Philippines, Indonesia, Australia, New Zealand, Japan, Korea, China, India, France, United Kingdom, Germany, Spain, and Russia

**Industries:** The overall sample is split roughly evenly among Financial Services, Retail, Public Sector, Healthcare, Consumer Goods, Professional Services, Manufacturing, and Technology

**Functions:** The overall sample is split evenly among Finance, HR, IT, Sales/Marketing, and Procurement

**Company size:** 25% \$250m–\$499 m; 25% \$500m–\$1 bn; 50% more than \$1 bn

**Gender:** 50% male, 50% female

**Age:** 50% of employees are Millennials