

Leaders 2020

Fact sheet: Germany



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 Winners. At most companies, digital transformation is just beginning, but an impressive 41% of respondents to our survey qualify for this elite group in Germany, 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 Winners.

This fact sheet outlines key findings for Germany.

Lack of leadership slows digital transformation

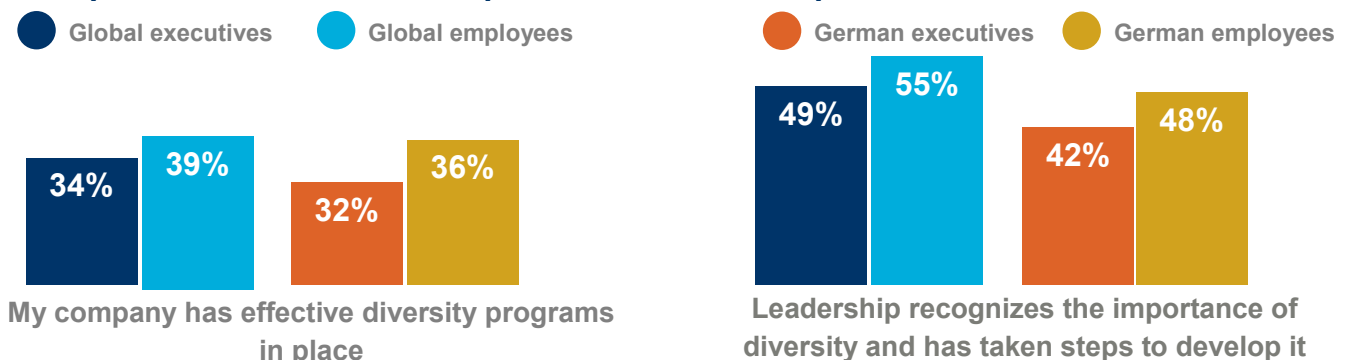
Executives and employees at most companies say management lacks critical digital skills.



- German executives and employees are more than twice as likely than their peers around the world to say mid-managers are proficient in using technology for competitive advantage.
- German companies are ahead in talent development, too: 87% of executives say they have strategies for cultivating leadership internally, and 86% continually encourage workers to develop new skills.
- Recruitment is more of a challenge: less than half of German 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.



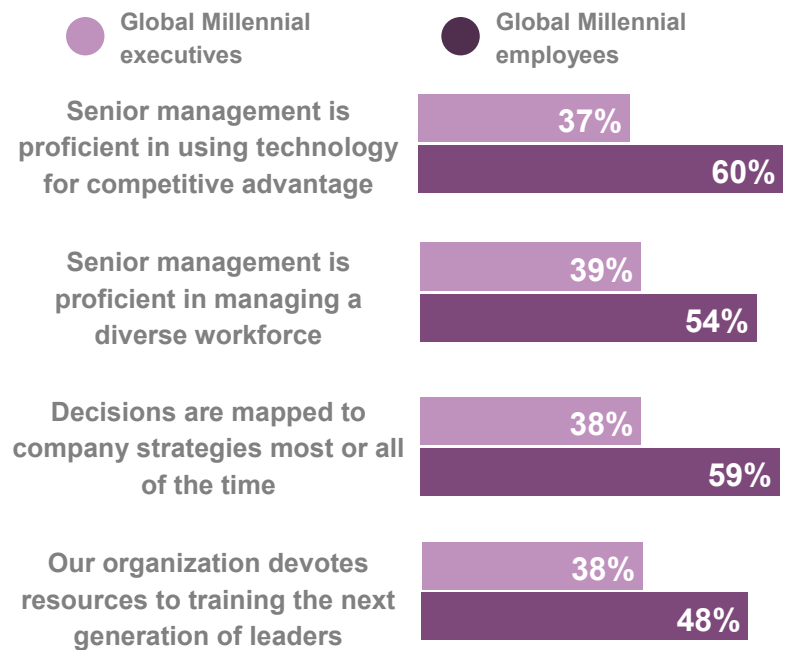
- Diversity change among the general workforce and mid-level leadership is happening faster in Germany than the rest of the world, but only one-fifth of executives say they have seen change in senior leadership—well below the 34% average.
- German executives are seeing benefits from diversity efforts: 40% report a positive impact on their financial performance, and 91% report a positive impact on culture.

Note: Bullet points represent survey results not pictured in the charts.

Millennial executives are impatient for change

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

- Millennials make up 16% of the German executive sample, roughly matching the 17% global average.
- German companies' strong talent-development strategies will be helpful as they aim to cultivate effective Millennial leadership.
- Millennial executives from around the world tend to work for companies where diversity is prioritized; bringing more young executives into the C-suite may help Germany increase diversity levels among the board and senior leadership.



Digital Winners 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.

- Well over one-third of German employees work for Digital Winners (38%), and employees report high levels of satisfaction with their jobs.
- One possible reason for this: 85% of German workers said that leadership places a high value on employee satisfaction.
- Getting paid helps, too. Three-quarters of German employees say their company offers competitive compensation.



Conclusion

It is hard for companies to get where they need to go if their leaders do not know the way. But German companies are ahead in almost every way when it comes to leadership: they excel in everything from manager quality and talent development to diversity and employee engagement. Our research identifies several areas where companies can continue to build on these leadership skills—and improve 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

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 Germany.

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