



Continuing business when business continuity is threatened

Is today's approach to work sustainable? According to Mercer's *2020 Global Talent Trends Study*, thriving employees are twice as likely to work for an organization that balances economics with empathy in their decision-making. In the current climate of economic uncertainty, organizations' capacity to focus on both the financial and physical health of their employees has never been more vital.

As we move into a new decade, there is fear and excitement. In the short term, from the unknown business fallout of a pandemic and, in the medium term, from the continued impact and opportunities of AI and technology. In our survey, 77% of executives see contingent working playing a far greater role in the future, and 34% of employees expect their jobs to disappear in the next three years.

From the response to COVID-19, it is clear that workers expect their employers to look after their health and hold them accountable for making decisions in their interest. With this more expansive view of an organization's purpose — one that delivers positive outcomes for society, customers, employees and shareholders — firms have a renewed mandate to invest both in people's well-being and in their future market value. Sixty-one percent of employees trust their employer to look after their health, and 55% trust their organization to teach them the new skills they will require should their job change or disappear.

Executives have no desire to hold back the technological wave, even during unfavorable macroeconomic conditions. Only 29% said they would pull back on digital transformation in the event of a potential downturn. Rather, companies are planning to increase strategic partnerships (40%), use more variable talent pools (39%) and invest in automation (34%). In other words, downturn plans signal that future of work strategies will become survival tactics. The adoption of digitally enabled working and social distancing efforts, such as remote working, in business models is evidence of the changes underway.

With headwinds to navigate, companies are looking for a beacon to guide their actions. Our research shows that organizations will win if they place empathy at the heart of their decisions. Leading firms listen and use data and insights to understand their employees, colleagues and customers' concerns. And they take action to improve individuals' futures while enhancing their present-day experience. By investigating what enables people to thrive and be energized, and what organizations are doing effectively to balance economics and empathy, the study identifies four trends to enable companies to stay ahead in 2020.



Companies are looking for a beacon to guide their actions. Our research shows that organizations will win if they place empathy at the heart of their decisions.



With a new, more responsible mandate emerging, the challenge for business is to rethink what makes corporations successful. Although 85% of executives agree that the organization's purpose should extend beyond shareholder primacy, only 35% deliver on a multi-stakeholder model today.

The majority of the C-suite agrees more needs to be done: 68% of executives want to accelerate progress on environmental, social and governance (ESG) metrics in 2020, and 69% believe HR should update its success models to reflect the experience economy. However, with responsibility for many ESG metrics and culture change outcomes sitting primarily with HR (71% of CHROs shoulder the responsibility for culture change, compared with between 16% and 29% of other executives), more shared responsibility is required.

Much of an organization's success depends on employees trusting that their company is taking a holistic view of their careers, wealth and well-being. Yet career pipelines have tightened in recent years. As many as 72% of older workers say they plan to work past retirement age and 55% of Gen X say longevity in the workplace is limiting progression. Gen Z also want more transparency on the effect of career choices and the long-term outlook. An intriguing finding of this year's report is that employees who know the lifespan of their skills feel more positive about the future. Employees whose companies are transparent about which jobs will change are more likely to be thriving (72% versus 56%).

As the COVID-19 pandemic impacts productivity, better management of older workers and good financial advice for all generations will be part of creating shared value. More than three-quarters (78%) of employees want long-term financial planning initiatives. Meanwhile 75% of employees who feel in control of designing their retirement say they are thriving, compared with 29% who lack the control they desire. Yet, with just 23% of companies providing financial education for employees today, there is a long way to go. Pandemic-driven disruption demands that organizations urgently rethink financial support and ensure that decisions include both economic and empathetic considerations (a balance that only 37% of employees say their company is currently well equipped to do).

With 99% of organizations saying they want to embark on transformation in 2020, and almost all reporting significant skills gaps, the CEO's primary investment in 2020 will be to mitigate economic softening.

Employees also see reskilling as an emerging part of the deal (rising in importance as an attraction and a retention driver this year). And although more than three-quarters of employees say they are ready to learn new skills, two-thirds say they lack the time to take advantage of reskilling. In this respect, the COVID-19 pandemic may offer the opportunity required to kick start reskilling. Some business areas will have more time to spare, and firms can take advantage by directing those employees toward online learning courses and career exploration. However, just 34% of HR leaders are investing in reskilling as part of their future of work strategy. Moreover, 40% of HR leaders do not know what skills their workforce possesses. We consider this a worrying lack of insight, given executives' feeling that less than half (45%) of their workforce is at risk of displacement, HR cannot address firm-wide needs to fill new roles with reskilled internal talent to maintain competitiveness once economic conditions improve.

The good news is that the workforce science discipline is gathering momentum. The use of predictive analytics has nearly quadrupled in five years, from 10% in 2016 to 39% today, and the use of metrics on pay inequities and total rewards usage has more than doubled. That said, insights into workforce management could be adopted more widely. Only 43% of organizations use metrics to identify employees likely to leave, 18% know the impact of pay strategies on performance, and just 12% use analytics to correct inequities and prevent them from recurring. Moreover, in the current disruption are companies looking in the right places to ensure sustainability? Only 24% have data on who is at risk of burnout, and only 15% can determine whether it is better to buy/build/borrow employees.

The next wave of maturity requires HR to lean in to structure analytics such that it can answer key strategic questions, like: In a downturn, which strategy offers the best chance of maintaining performance? Which departments could deliver a similar level of output with more contingent staff? Where should we locate talent hubs to take advantage of skilled talent pools?

In parallel, advances in machine learning continue to filter through departments, including HR. Although machines outperform humans at tasks related to scale and speed, humans still outpace machines in sense-checking and judgment. Sixty-seven percent of HR leaders are confident they can ensure AI is not institutionalizing bias. However, ethics codes about the collection, application and implications of data analytics are still in their infancy.

Talent assessment is an area where human intuition is needed alongside psychometrics to qualify findings. Today, only one in two employees have a positive assessment experience. This is just one example of data collection that will attract more scrutiny as data-informed decision-making becomes common. Leading companies are on the front foot sharing data-driven insights with employees to help them make health, wealth and career decisions: 38% of organizations today apply intelligent “nudging” technology to help employees make better choices. Further, exploring relevant metrics and sharing them with employees shows how the new climate of remote



Win with empathy

Necessity broods innovation, and it is clear that we are already embracing new ways of working and living. Companies are transforming their structures to attract new generations, reinvigorate their businesses, and promote employee health and well-being. In short, difficult circumstances are challenging us to do things differently: To care enough to put people and productivity metrics side by side, to put responsibility for shared futures above short-term gains, and to build better, brighter futures for all stakeholders. This is empathy. And we need it to win in an evolving and unpredictable world.

Download Mercer's *2020 Global Talent Trends Study* for our complete findings, as well as strategies to win with empathy.

www.mercer.com/global-talent-trends

This year's study includes insights from more than 7,300 senior business executives, HR leaders, and employees from nine key industries and 16 geographies.

