



TALENT • HEALTH • RETIREMENT • INVESTMENTS

Getting the Best out of a Multi Generation Workforce

SEPT 08, 2014

Employee Provident Fund

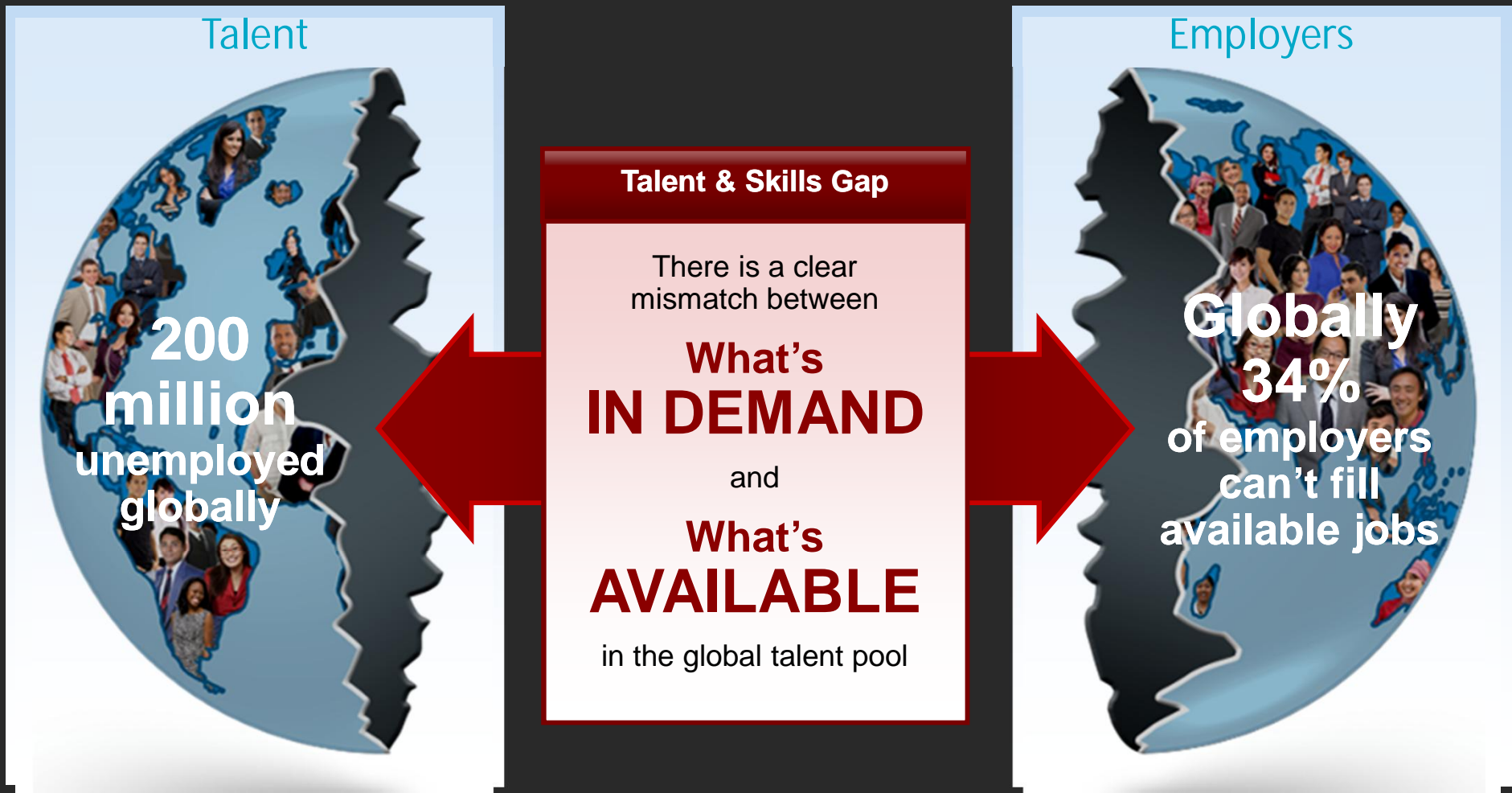
Kuala Lumpur

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MERCER ASIA



THE MOST INEFFICIENT MARKET IN THE WORLD – LABOR

High-skilled jobs remain open even in the face of pervasive, high unemployment



Sources: ILO 2013 and Manpower Group's Talent Shortage Survey

GLOBAL TRENDS WHICH IMPACT TALENT

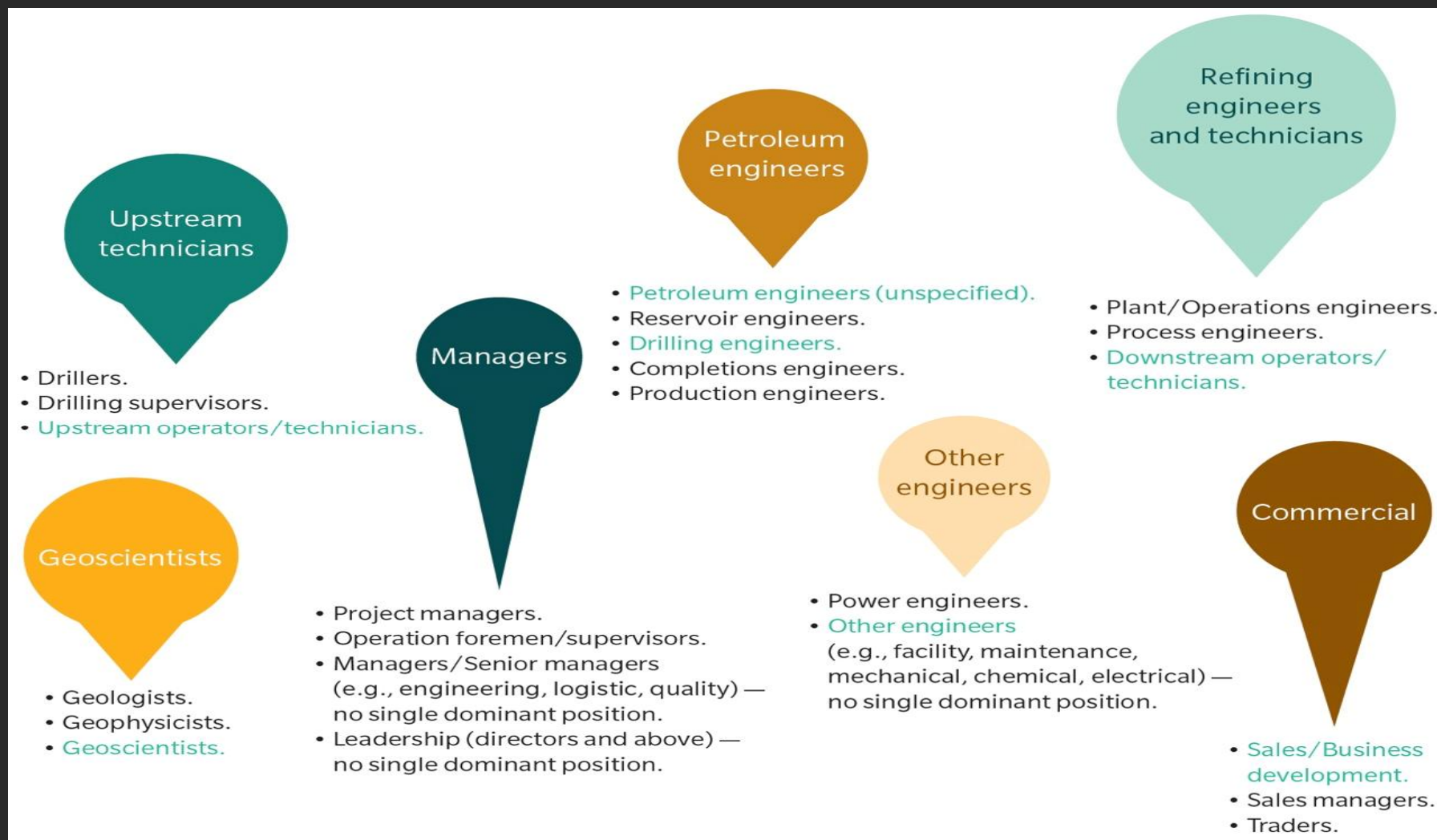
- Unemployment moving up again, with over 200 million unemployed globally¹ or about 6% vs. Malaysia at 2.9%
- Almost 500 million new jobs will be needed in the next 15 years to replace retiring workers
- Millennials joining the workforce; Boomers staying on
- Social media/info & analytics-explosion
- Technology- anywhere/anytime collaboration & access

TOUGHEST TO FILL*

- Engineers
- Skilled trades/mechanics/machinists
- IT/Systems engineers
- Accounting
- Nurses
- Technical sales
- Teachers

* Manpower Group 2012

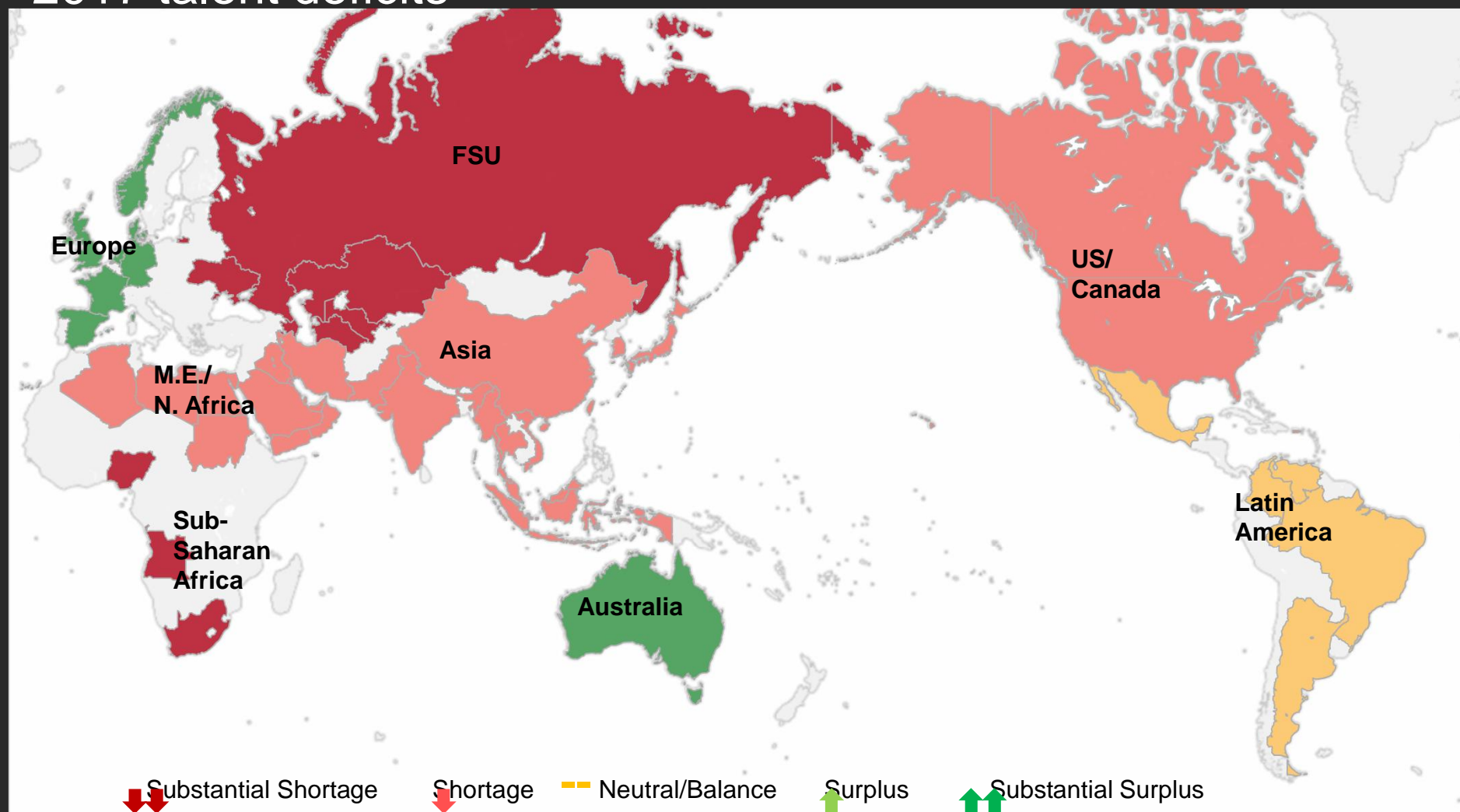
Oil & Gas Industry: Most Critical Talent Gaps



Note: Only positions cited by three or more respondents are included and listed individually in this exhibit. Positions shown in colored font were cited by 10 or more respondents. The job types noted as having “no single dominant position” were collectively cited at least three times (10 or more times if colored) and therefore deserved mention, but the individual positions given as examples were cited by fewer than three respondents.

Future state of O&G Global workforce

FSU and Sub-Saharan Africa are projected to have the greatest 2017 talent deficits



Global workforce challenges

MERCER RESEARCH IDENTIFIED FOUR KEY BARRIERS

Talent

Employers



Source: Mercer Analysis as part of World Economic Forum Talent Mobility 2011/2012 research. Presented at Davos in January 2012

DESPITE INCREASING UNEMPLOYMENT EMPLOYERS FACE SIGNIFICANT GLOBAL WORKFORCE CHALLENGES

A shortage of 45 million medium skilled workers in developing economies (15% of demand)¹

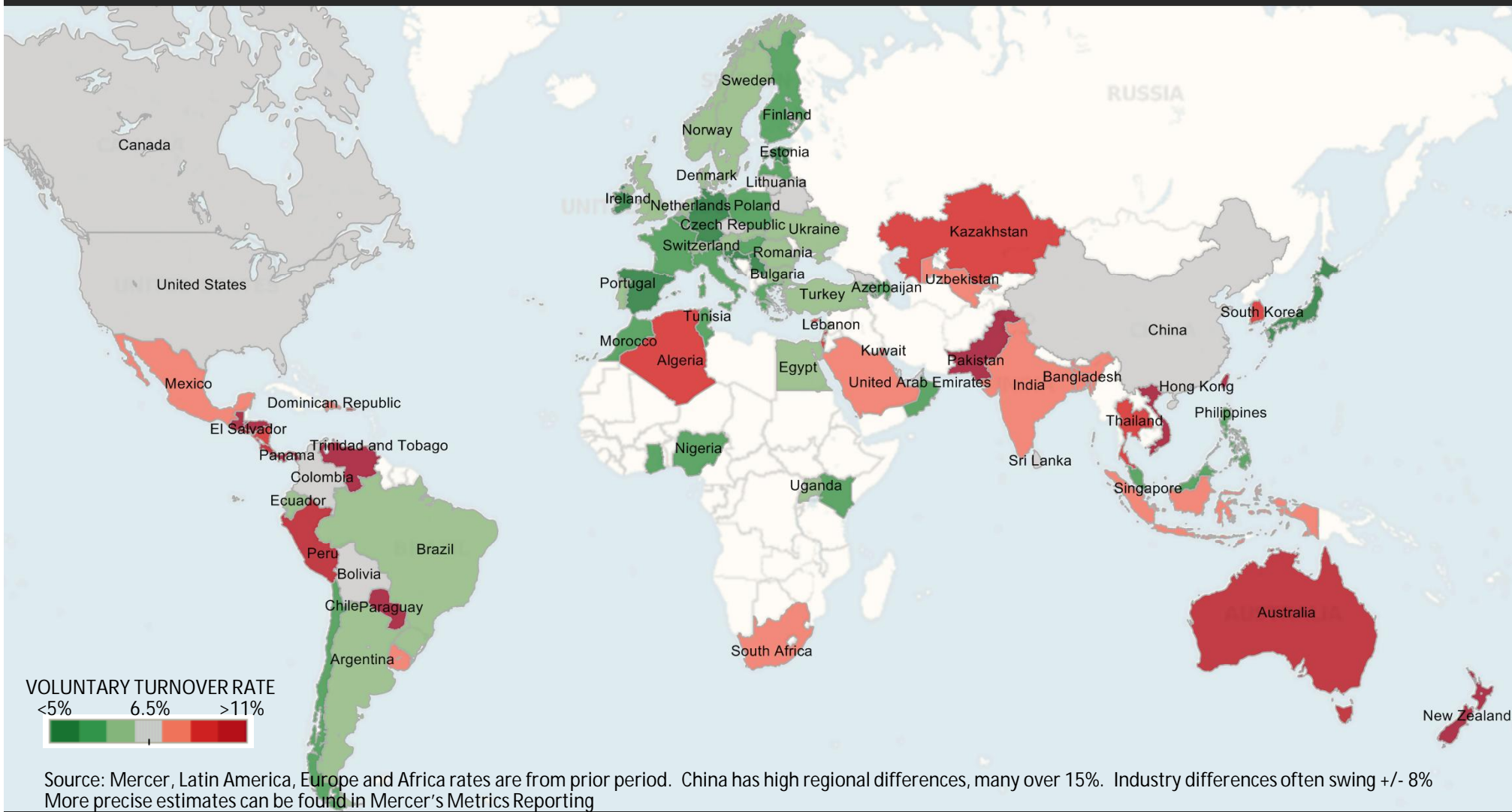
A shortage of 16 to 18 million high-skilled workers in advanced economies (13% of demand)¹

The growth rate of the global labor force will fall by nearly a third¹

45% of workers are above age 45 and nearing retirement with no adequate replacement for this knowledge and expertise²

The U.S. will need 1M additional STEM graduates in the next 10 years -- an increase in STEM degrees of +33%³

EMPLOYEE VOLUNTARY TURNOVER RATES a reflection of economic growth

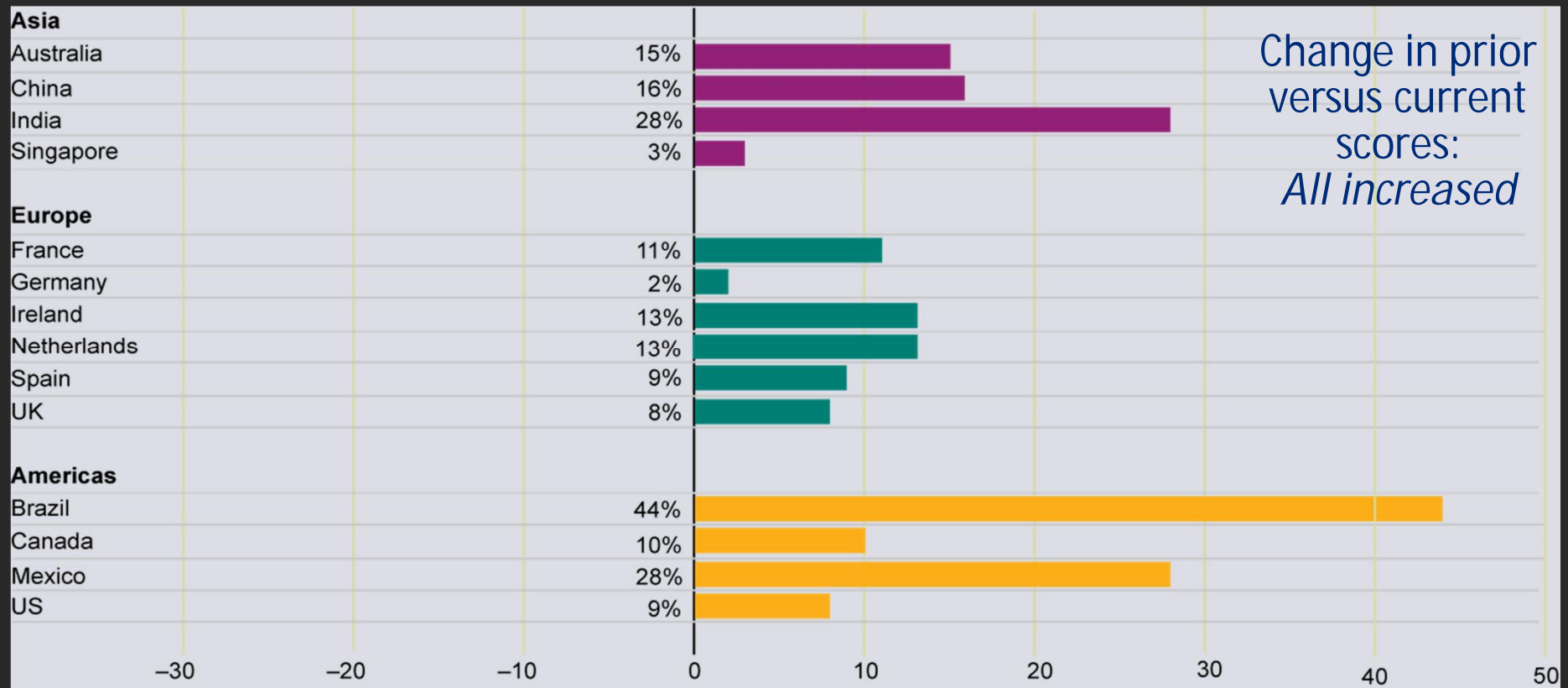


SHIFT ON VIEWS IN LOYALTY

From Mercer's Inside Employee Minds survey of 30,000 workers



At the present time, I am seriously considering leaving my organization



Change in prior versus current scores:
All increased

Prior data not available for Argentina, Hong Kong and Italy.

TALENT INVESTMENT RISING GLOBALLY driven by Latin America, ME, and Asia, though few see effectiveness

SPEND

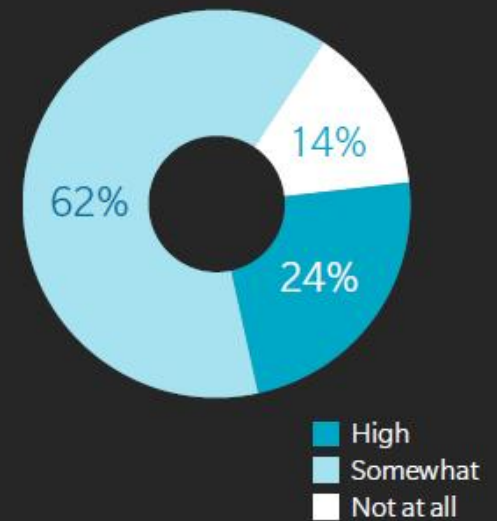


HAVE A WORKFORCE PLAN



* Only 12% have plans 5+ years or more

EFFECTIVENESS



EDUCATION MISMATCH VS. COMMERCIAL TALENT NEEDS

COMPANY INVOLVEMENT YIELDS BETTER OUTCOMES

- 43% SAY SCHOOLS MEET IMMEDIATE NEEDS
- 41% SAY SCHOOLS MEET FUTURE NEEDS
- 87% PARTNER WITH TERTIARY SCHOOLS
- 89% OFFER INTERNSHIPS
- 60% SAY PROFESSIONAL SCIENCES ARE TOP PRIORITY

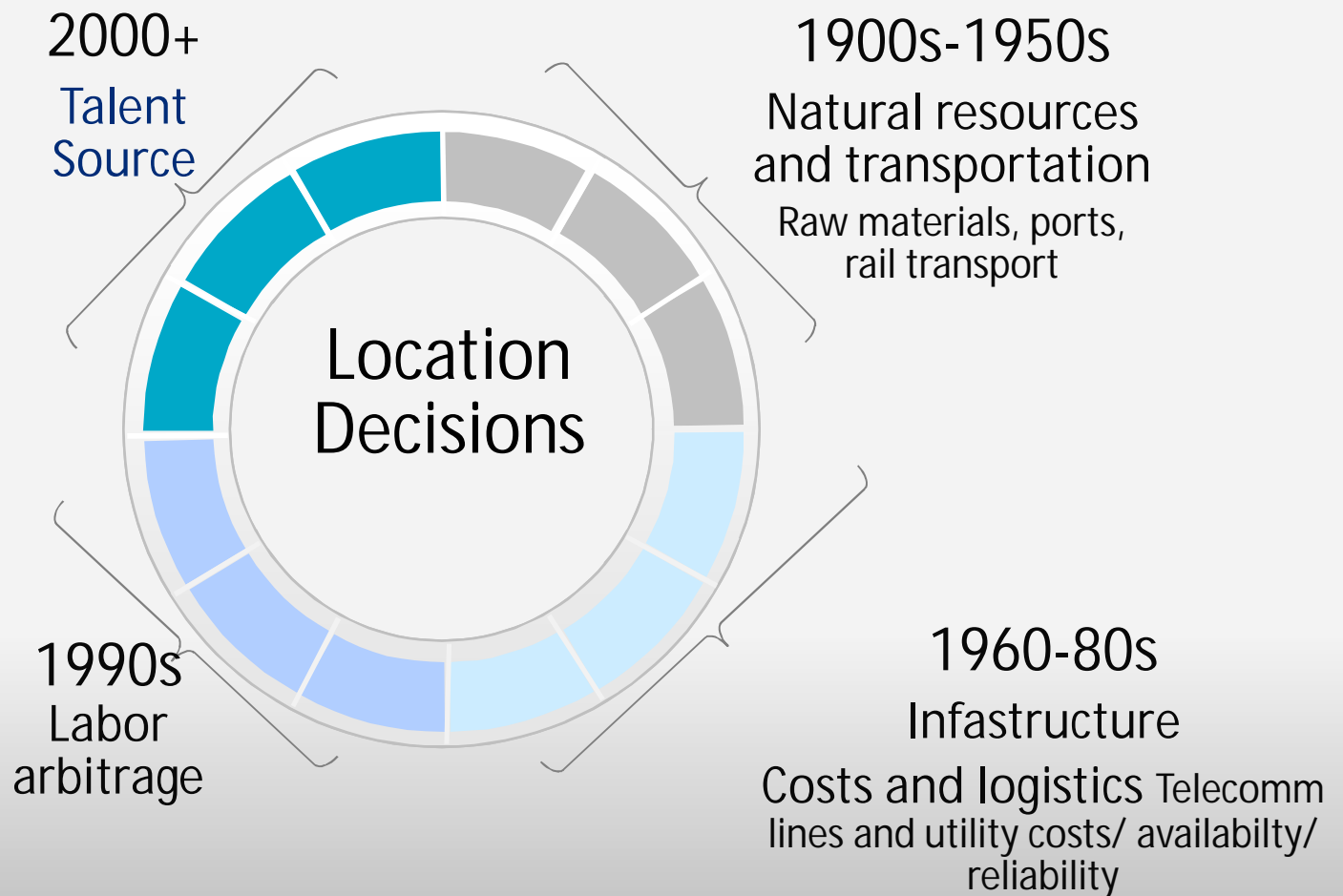


IMPORTANT CORRELATES OF SUCCESS

- Partnering with tertiary schools
- Internships
- Apprenticeships
- Job fairs/portals
- Participation on university advisory councils & shaping academic curricula

Looking toward the future – labor
market choice is driving both
opportunity and complexity

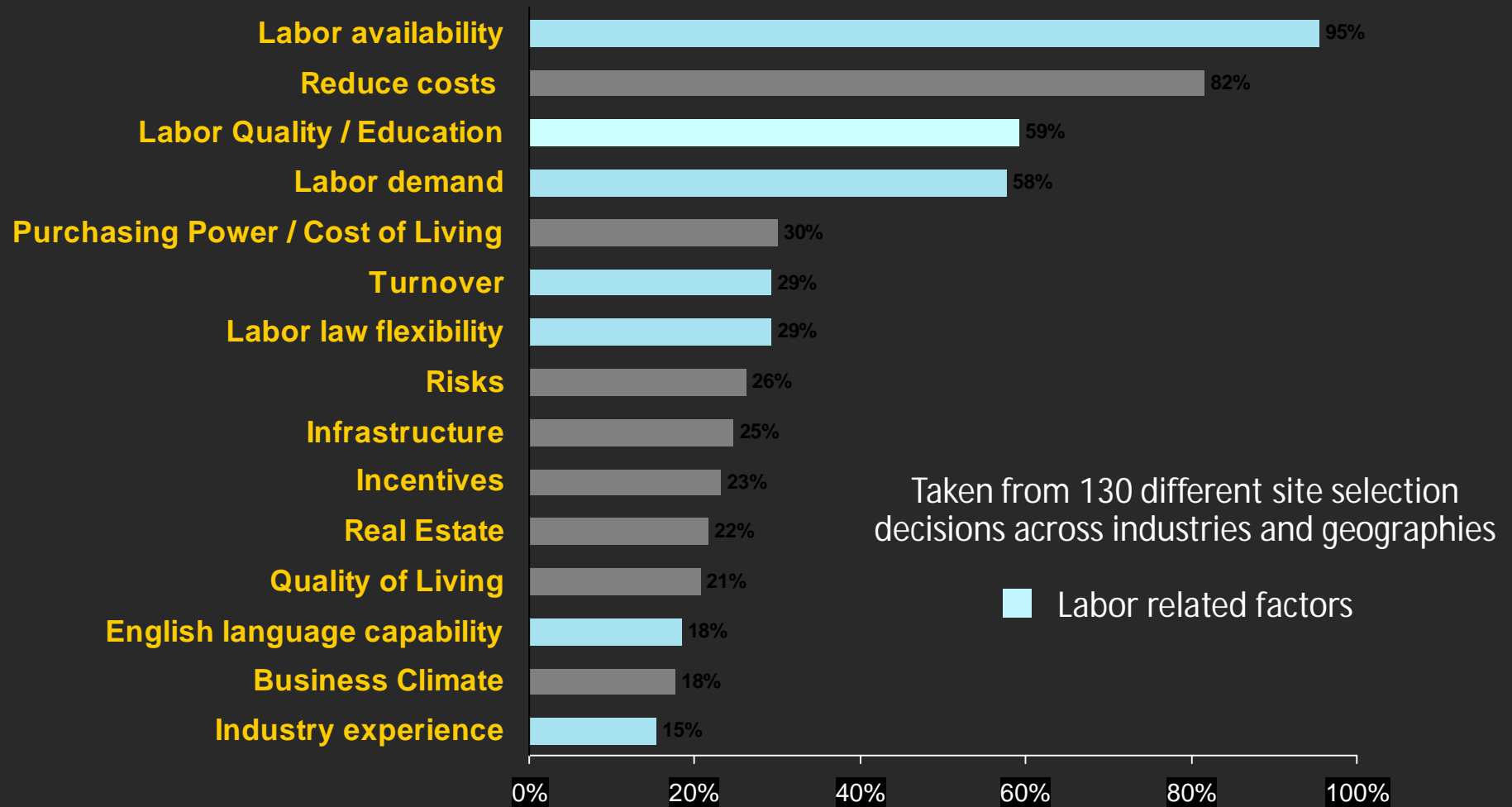
EVOLUTION OF LOCATION CHOICE and the explosion of labor market options



LABOR FACTORS DRIVE LOCATION INVESTMENT

for decisions that are not directed by customer location or natural resources

Frequency criteria appears in location decision making



Taken from 130 different site selection decisions across industries and geographies

Generational insights: Paradox of the Millennials

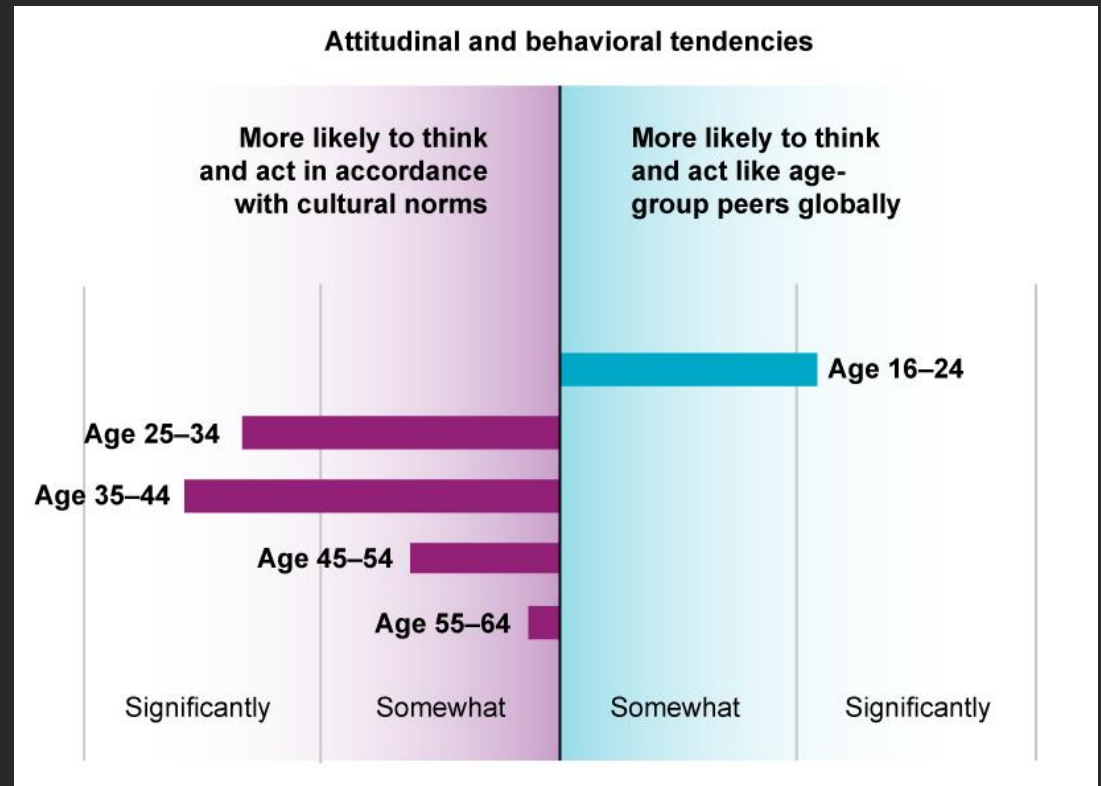
- Differences in survey results by age group seen in every market
- Compared to the overall workforce in their markets, the youngest groups of workers (ages 16–24 and 25–34) in Mercer's survey are:
 - More satisfied with their organizations
 - More satisfied with their jobs
 - More likely to recommend their organization as a good place to work
 - ***Much more likely to be seriously considering leaving their organizations at the present time***

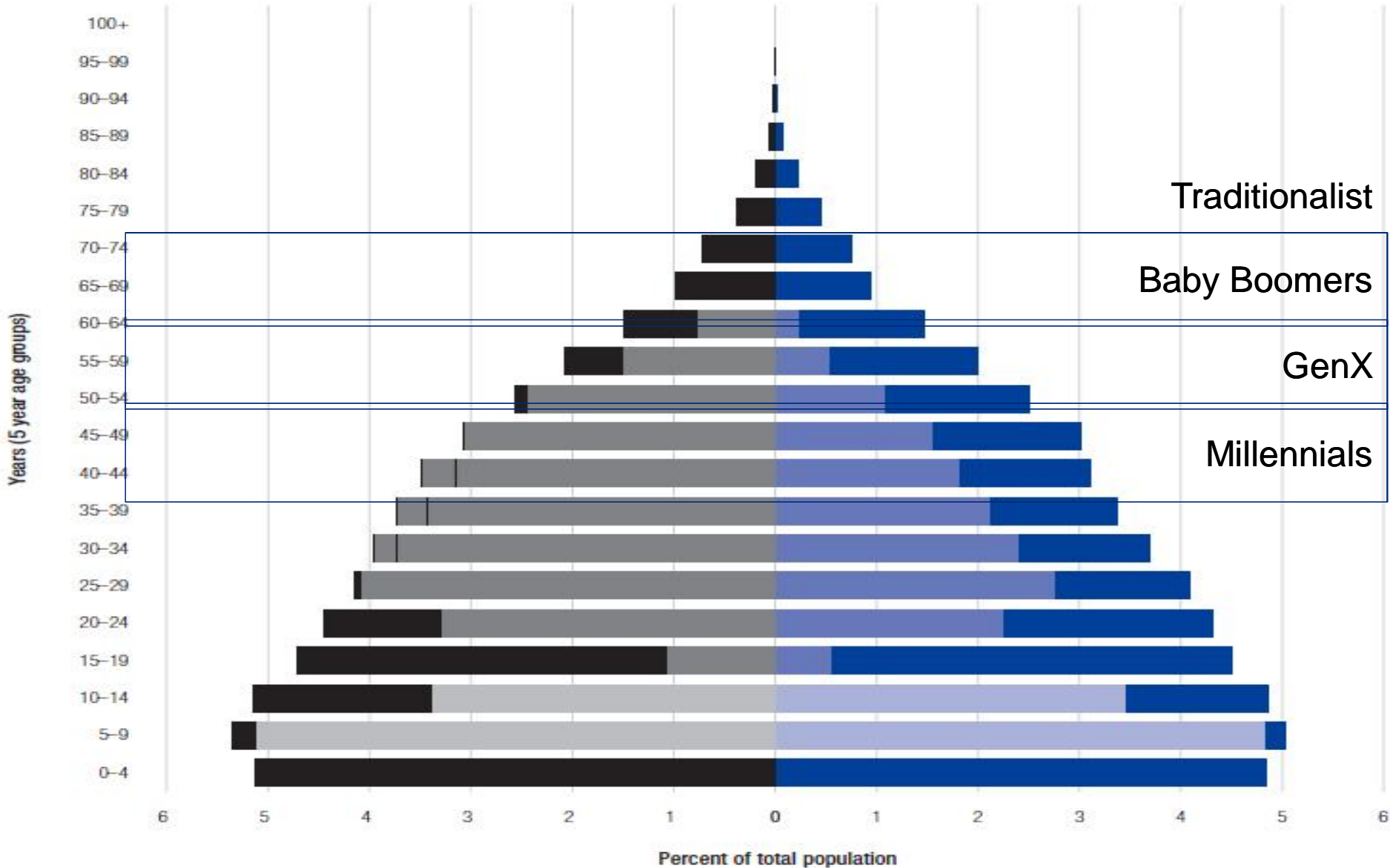
Generational insights: Implications for employers

- Significant up-front investments in new employees in terms of onboarding, training and development
- Amortize front-loaded costs over a reasonable period and not lose talent and investments to another employer, perhaps even a competitor
- Lose them but keep them close to your network as possible returnees

Youngest workers today have more in common across borders

- Mercer research shows that 16-24-year-olds are the only age group more likely to think and act like their age-group peers around the world
- All other ages more likely to think and act within the established cultural norms of their country

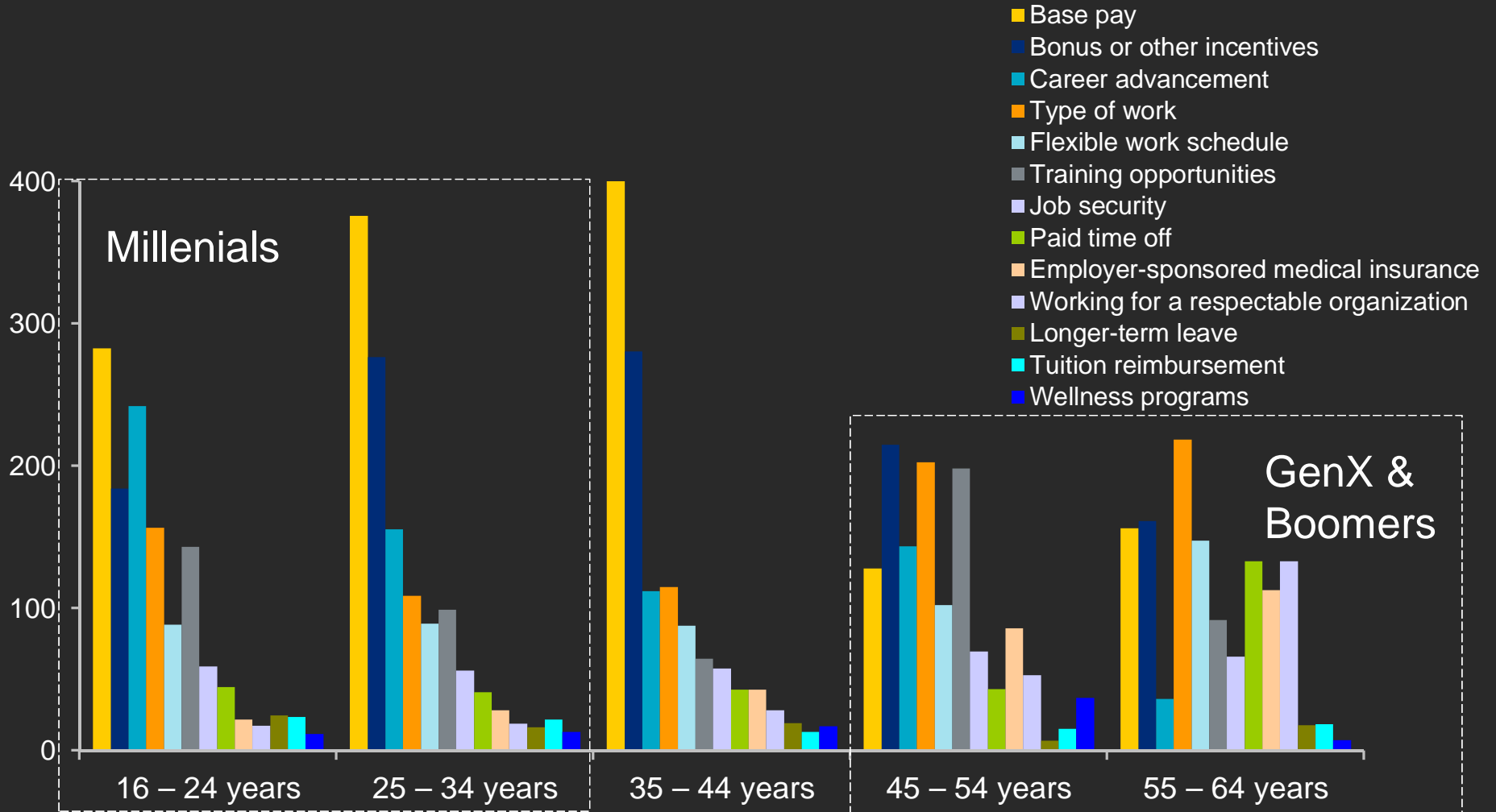




Education and Workforce

- | | |
|-----------------------------------|-----------------------------------|
| Male | Female |
| ■ Total population | ■ Total population |
| ■ Labour force participation | ■ Labour force participation |
| ■ Primary and secondary enrolment | ■ Primary and secondary enrolment |

Generational Differences



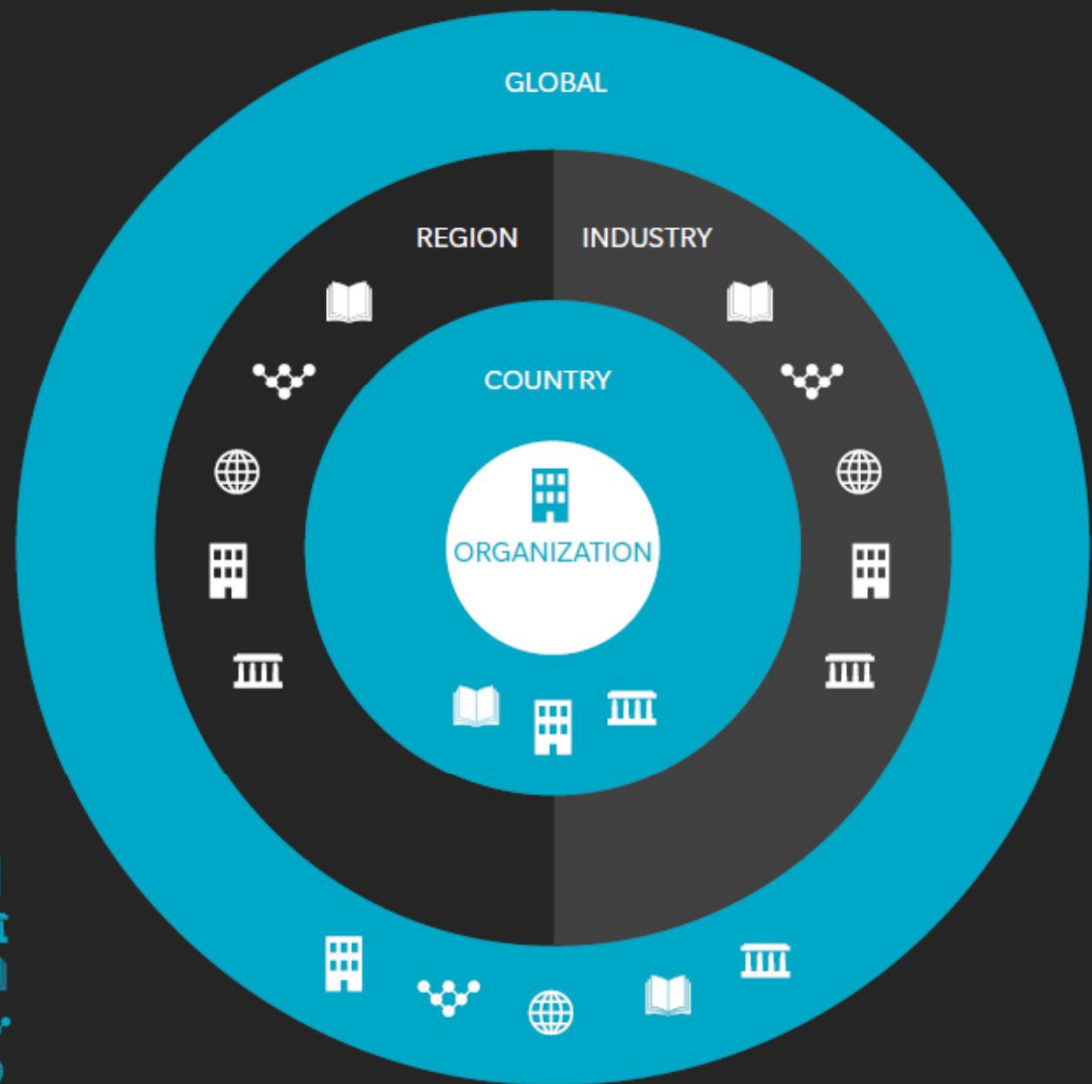
Base Pay, Bonus, Career

Type of work, Bonus, Training & Flexibility

Searching for solutions

THE BIGGEST PROBLEMS REQUIRE MULTI-STAKEHOLDER SOLUTIONS

EMPLOYERS AT THE HEART OF COLLABORATION



GLOBAL “GOOD PRACTICE” REPORT

NO. OF RESPONSES

1268

COUNTRIES REPRESENTED

65

RESPONDENT PROFILE



Findings in this presentation drawn from Mercer’s World Economic Forum work on Talent Mobility and Human Capital Index, and Mercer’s work on the Talent Barometer

OUR RESEARCH IDENTIFIED 10 “GOOD PRACTICES CATEGORIES USED TO OVERCOME THE BARRIERS

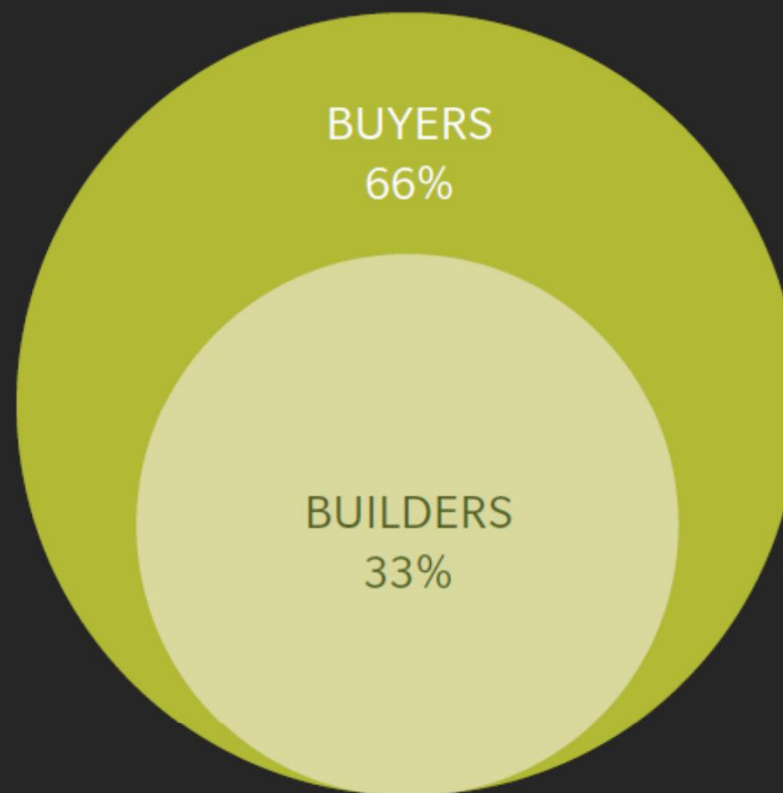


Over five dozen practices are described in *Talent Mobility Good Practices*

CAREER DEVELOPMENT – BUILD VS. BUY

WHILE 80% CONDUCT TALENT REVIEW, MOST REPORT BUYING CRITICAL TALENT FROM OUTSIDE

WHILE COMPANY STRATEGY AND LABOR MARKET CONDITIONS DRIVE TALENT STRATEGIES, BUILDERS REPORT HIGHER SUCCESS WITH WORKFORCE PLANS MEETING TALENT NEEDS



“BUILD” ORGANIZATIONS LIKELY TO CONDUCT TALENT REVIEW but few assess supply and demand of critical talent, have access to labor pool data, succession plans, or fast track HiPos

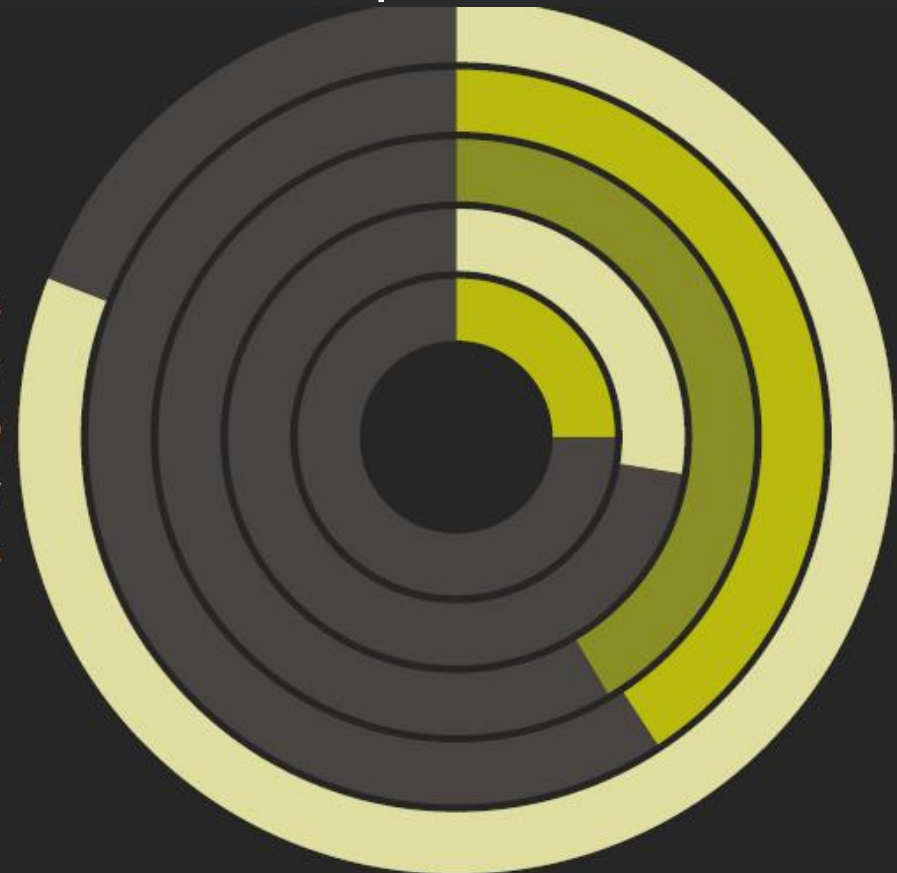
80% CONDUCT A REGULAR TALENT REVIEW PROCESS

40% HAVE SUCCESSION PLAN

42% ASSESS TALENT SUPPLY AND DEMAND

28% USE CROSS-FUNCTIONAL INTERNAL MOBILITY

23% FAST TRACK HI-POS



IMPORTANT CORRELATES OF SUCCESS

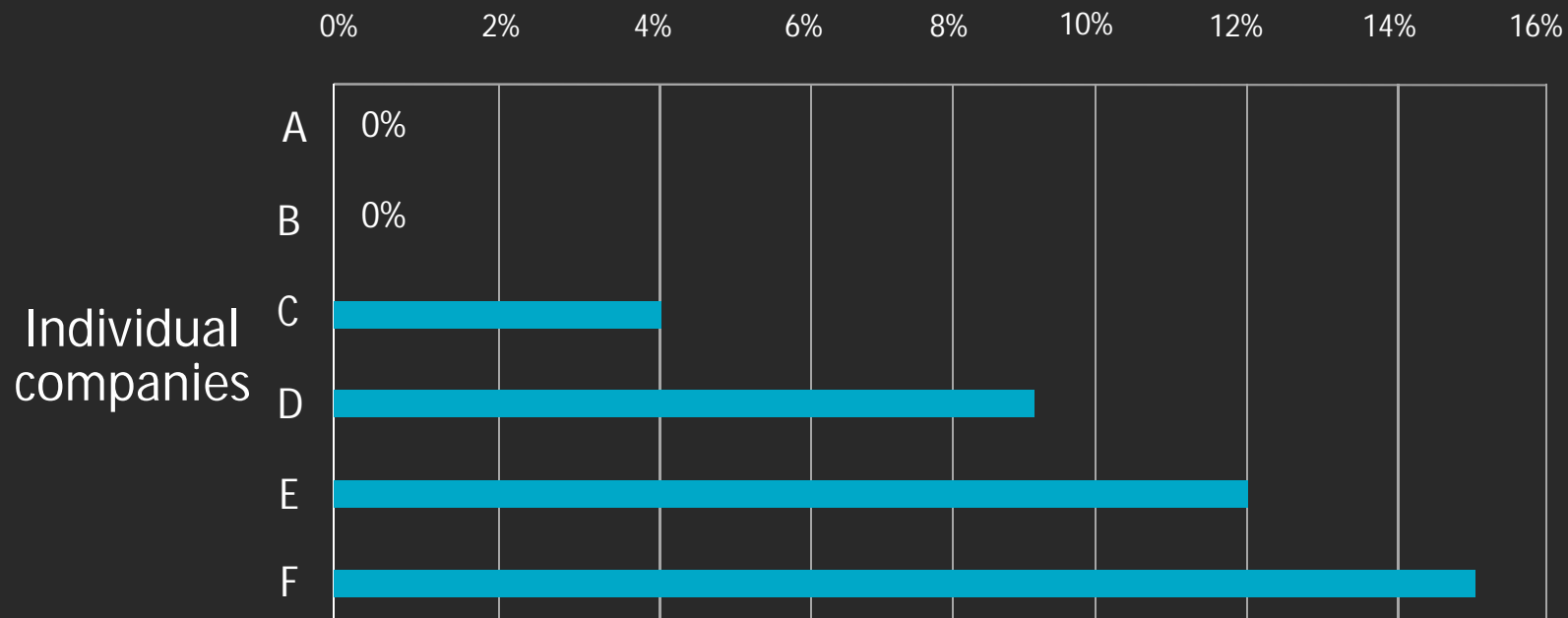
- Talent pipeline assessment
- External labor market data
- Succession planning
- Talent reviews
- HiPo programs

CAREER EXPERIENCE

KNOW HOW SUSCEPTIBLE YOU ARE TO CHANGING LABOR MARKETS . . . and whether various business or workforce segments respond differently to outside opportunities

Not all companies are equally affected by changes in unemployment rates

Increase in likelihood to resign if unemployment rates drop



Do you know where your company would be positioned on this chart?

Segment Your Workforce

Segmentation Dimensions

Past

Current “Leading Practice”

Emerging

- **Job Level**

- Differences in pay mix and incentive eligibility are dictated by the market

- **Performance Rating**

- Continued performance differentiation while retaining and engaging average performers

- **Geography**

- Specialized total rewards programs have greater perceived value than a “one-size-fits-all”

- **Job Family**

- Important families may be sales, marketing, and R&D

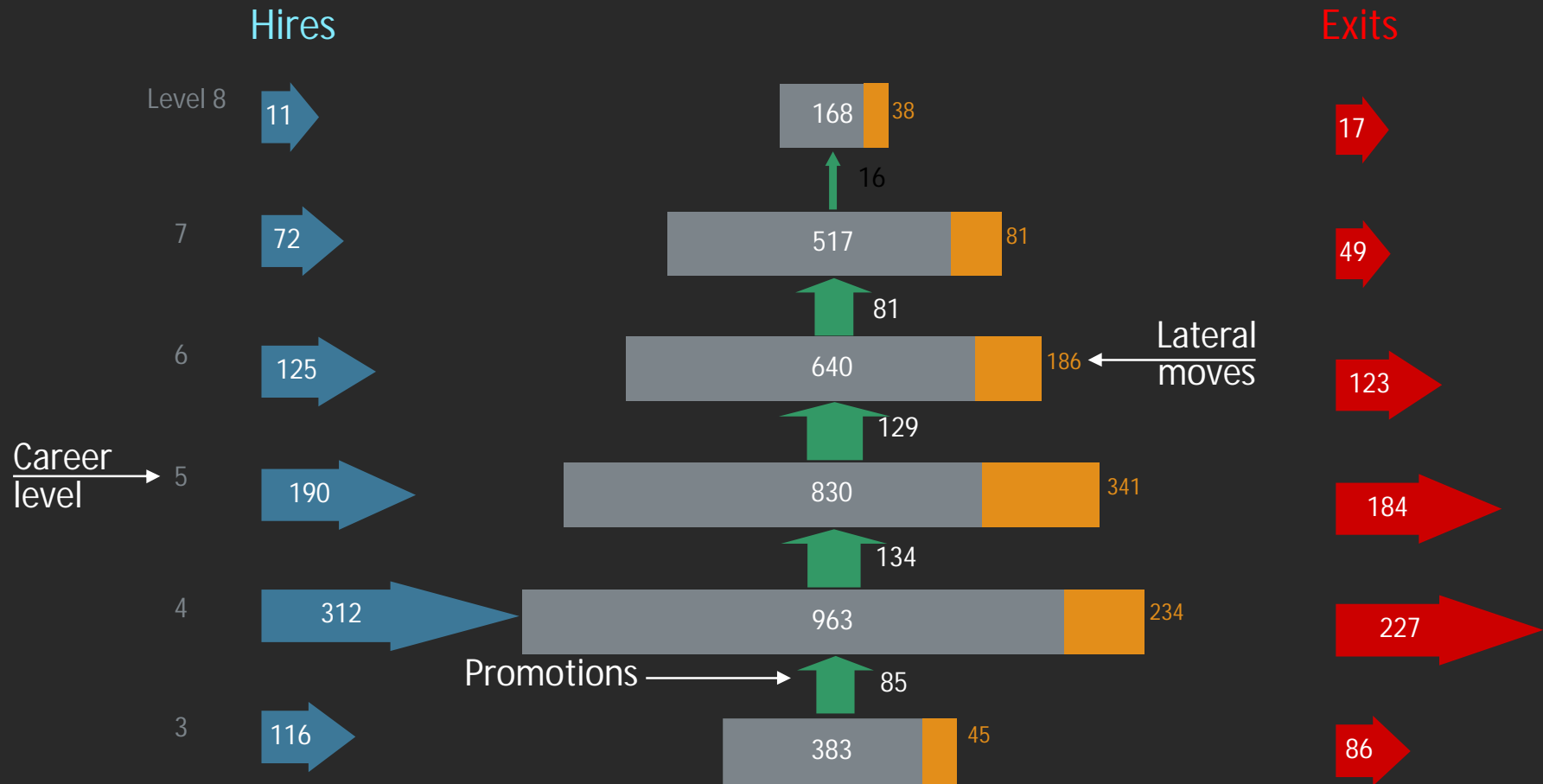
- **Generation**

- **Baby Boomers:** financial planning; **Gen X:** career ladders; **Millennials:** mentoring programs)

- **Business Model/Life Cycle**

- Companies operate multiple business models with different risk profiles and need to understand the talent that each requires

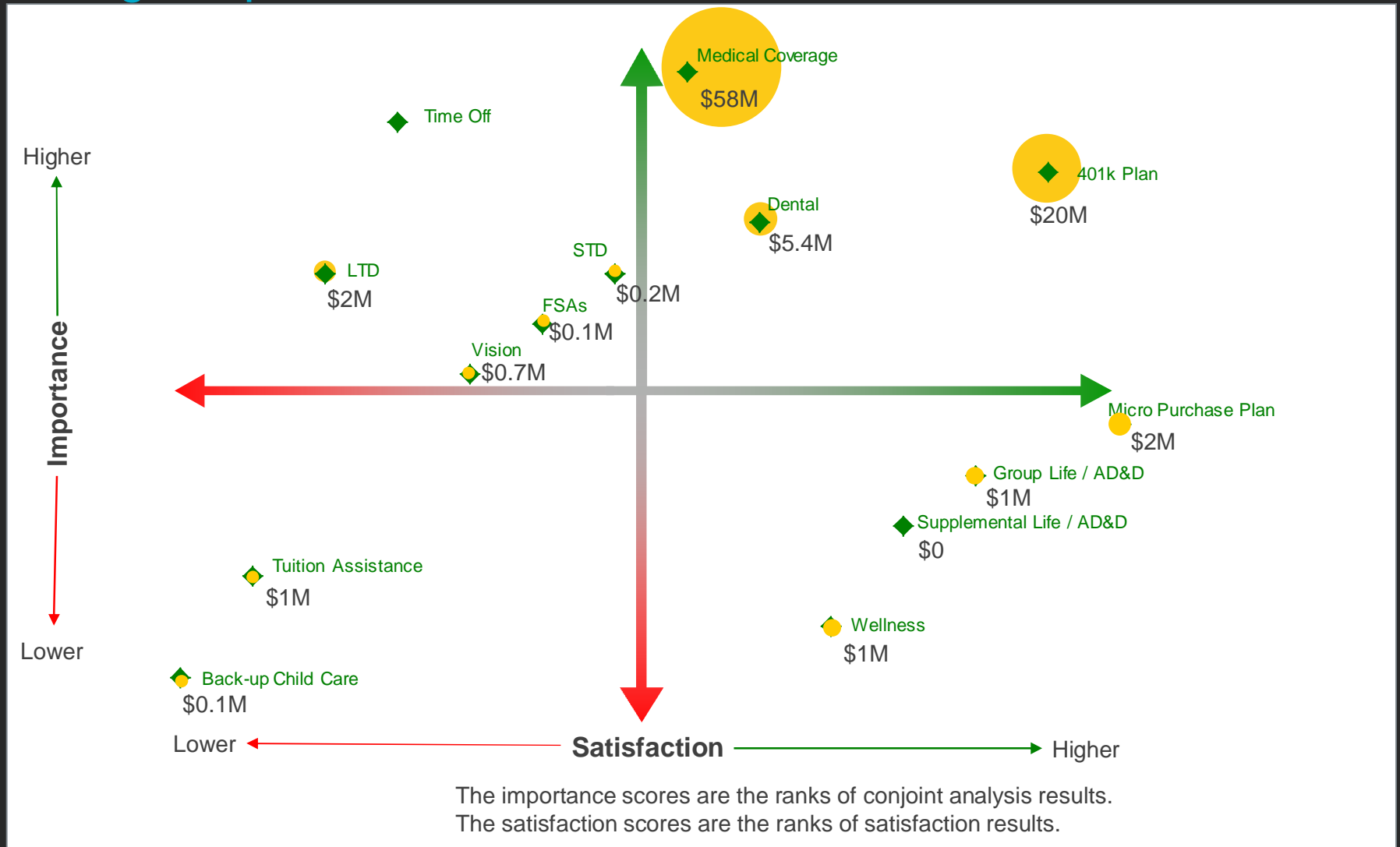
Analyze changes in your Internal Labor Market



Internal labor Market (ILM) analysis® starts by “mapping” the flows that determine what your workforce is and what it is becoming

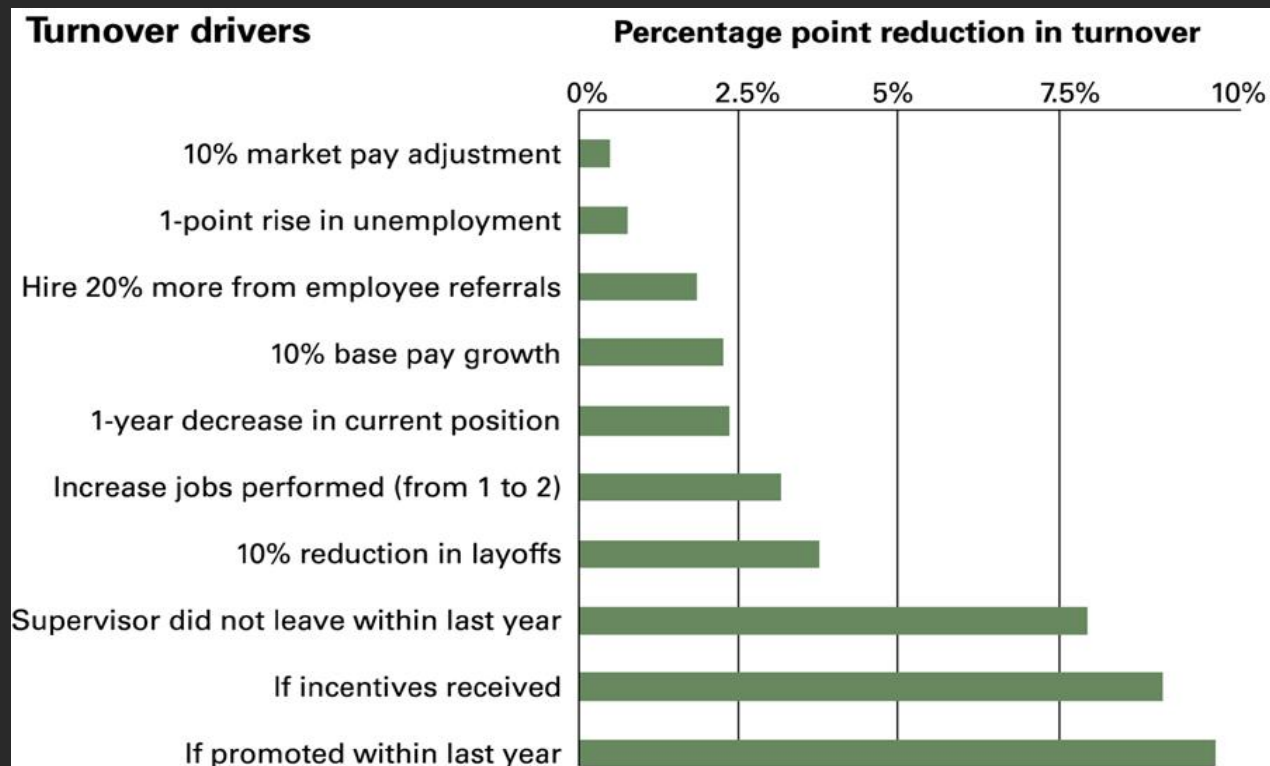
Employee Value Proposition Research

Sample Output: A Rewards Grid is used to identify elements with high Importance and low Satisfaction



KNOW WHAT RETAINS EMPLOYEES . . . and what they *actually* value

Analysis of actual turnover behavior



Previous surveys of perceptions suggested that pay and workload were most critical to employee commitment (in this organization).

Our analysis of actual behavior showed that career development and management stability most affected retention.

Turnover drivers is one of several statistical models coming out of ILM Analysis®, others include Promotion, Performance, Pay Growth, etc.

Segmentation in Communication

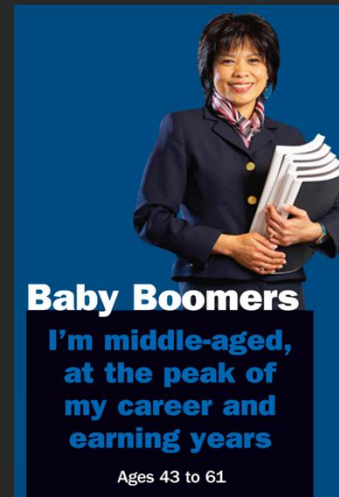
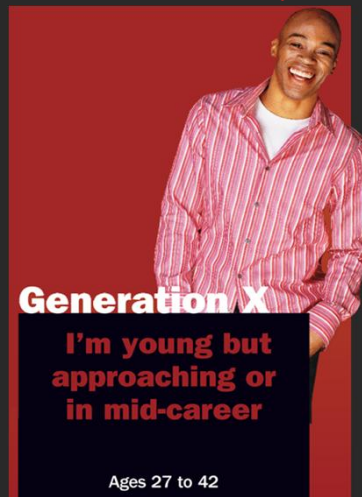
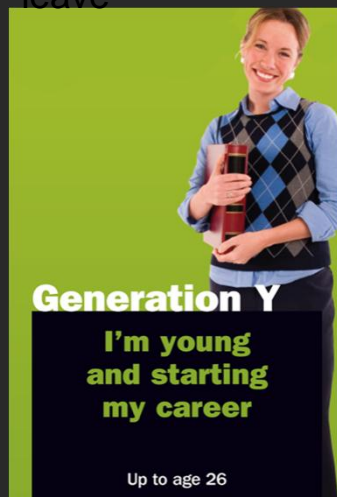
Tailor communication or programs to fit the workforce generations

- Career growth opportunities are the most important to me
- I like to feel that I have responsibility, my voice is heard, and I make an impact
- I'm prone to job-hopping
- **Healthcare benefits aren't a major factor** in whether I stay or leave

- Life is full of competing priorities (e.g., work, family)
- I need cash to cover short-term expenses, but am starting to save for retirement
- Career growth is still very important to me, though I may progress less rapidly
- Healthcare benefits that meet my family's needs

- I'm experienced and energetic
- I may continue career growth, or I may top out in a role
- I'm thinking about my kids' college expenses, my parents' failing health, and my eventual retirement
- Choose the health plan that can help me **maintain my health**

- How can I capitalize on my experience and ensure that my skills are perceived as being valuable
- How to **make the most** of what I've saved
- Healthcare and its costs are a significant concern
- Looking to **protect and maximize** my earnings and benefits

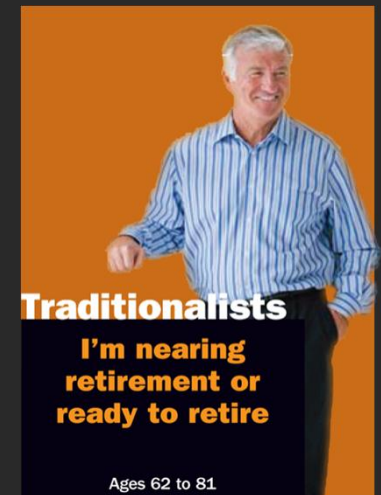
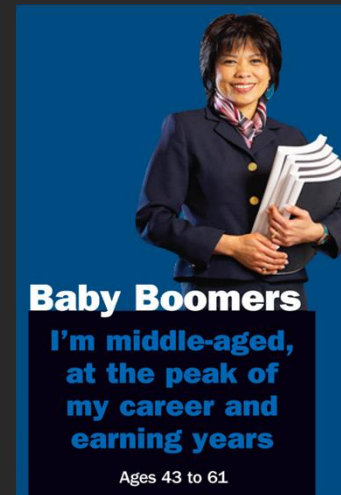
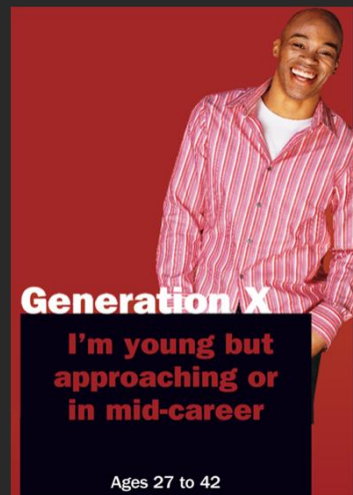
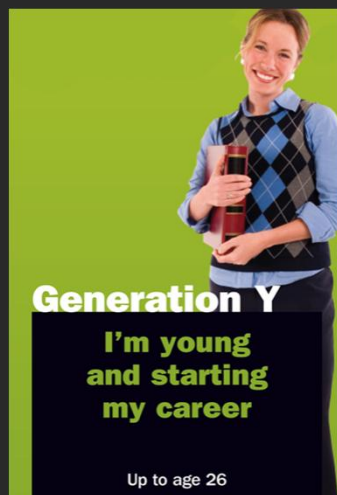


Follow Through by Customizing Policies & Practices & Measuring Impact

- Merit based promotions and job clarity
- Flexible benefits to accommodate varying needs
- Flexible work hours, part-time work
- Create environment where everyone feels they can belong, have fun and contribute
- Encourage cross generational dialogue, interaction and coaching

- Opportunities for self expression and community service
- Transparent career infrastructure and ongoing training, coaching and development
- Opportunities for enterprise wide collaboration and innovation

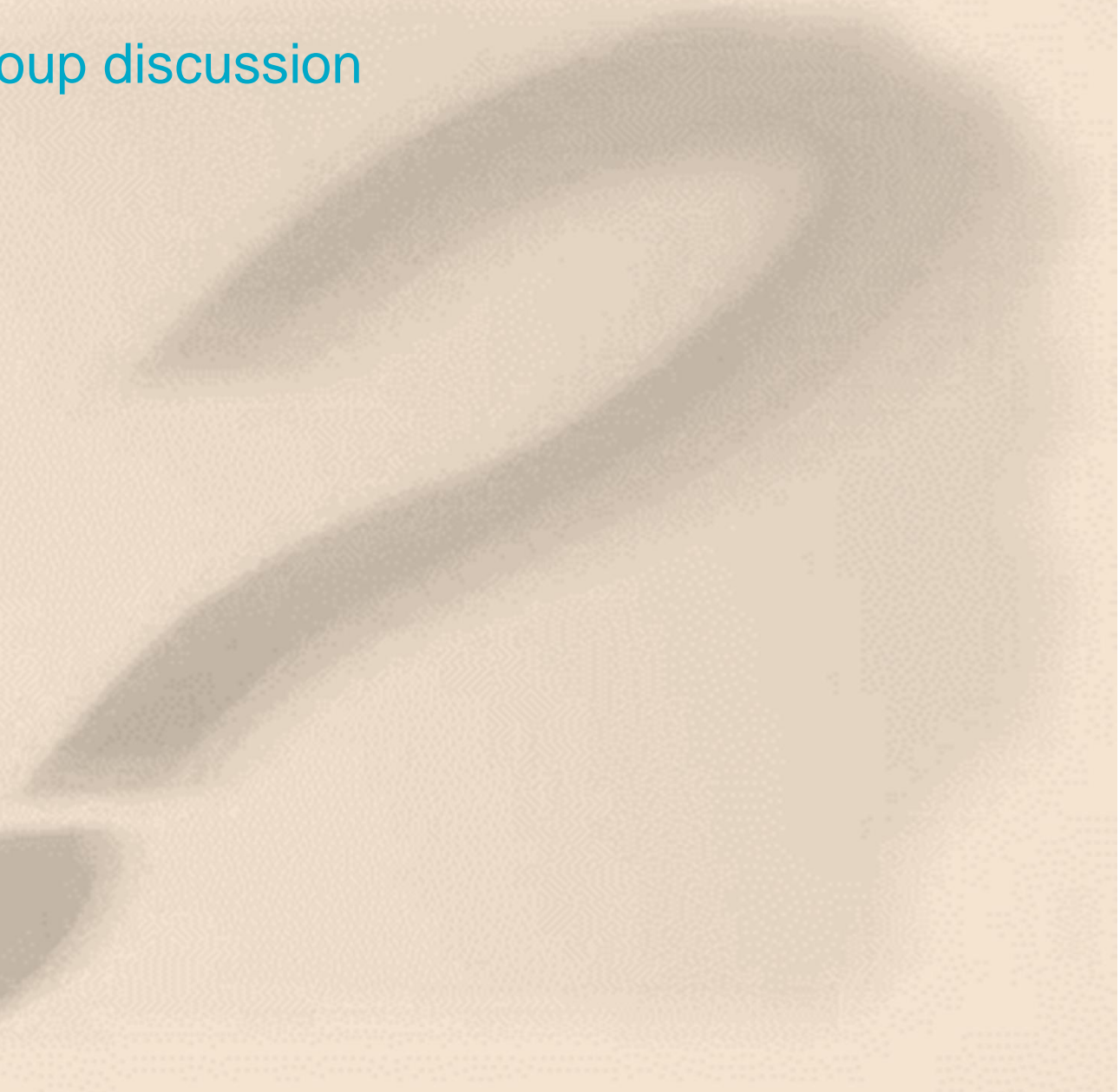
- Technology to reduce physical stress and simplify work
- Use of larger visuals/icons for training
- Post retirement re-employment & maintain benefits
- Seminars on financial planning and health management



KEY MESSAGES

- Understand how your own labor market(s) and how others globally impact your organization's performance and competitiveness
- *Master your ILM* (Internal Labor Market) – so you can shape how it operates to deliver the workforce you need today and in the future
- Capitalize on what no one else can know about your business

THANK YOU
Your questions and group discussion



THANK YOU! For Further Reading and Help Consider ...



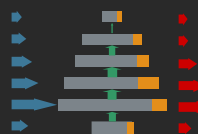
World Economic Forum and Mercer's **Talent Mobility research report** contains many "good practices" on workforce planning in both the private and public sectors. <http://www.mercer.com/globaltalent> and Mercer's Talent Barometer



Play to Your Strengths, Managing your internal labor market for lasting competitive advantage, Nalbantian, Guzzo, Kieffer, and Doherty, McGraw-Hill



Flash movie of **Internal Labor Market Analysis**: <http://mercer.zooropa.com/ilm/index.html>



You may be interested in **building your own ILM Map** – our free tool is at: www.mercer.com/ilmtool

