Managing tomorrow's people*

The future of work to 2020

Contents

Introduction 02

2020: where three worlds co-exist 04

Corporate is king:
welcome to the Blue World 06

The journey to Blue 06

Life in the Blue World: the main themes 07

Work in the Blue World: the people challenges 09

The Blue HR business model 10

Companies care:
welcome to the Green World 12

The journey to Green 12

Life in the Green World: the main themes 13

Work in the Green World:
the people challenges 15

The Green HR business model 16

Small is beautiful:
welcome to the Orange World 18

The journey to Orange 18

Life in the Orange World: the main themes 19

Work in the Orange World:
the people challenges 21

The Orange HR business model 22

Are you ready for tomorrow's world? 25

Appendix 27

Definitions: Scenarios, Millenials 27

Our methodology 28

Global forces 29

PwC Graduate Survey findings 30

Contacts 32

Foreword

The journey to 2020

At the beginning of 2007, a team from PricewaterhouseCoopers gathered to explore the future of people management. Our thinking was sparked by the rising profile of people issues on the business agenda – the talent crisis, an ageing workforce in the western world, the increase in global worker mobility and the organisational and cultural issues emerging from the dramatic pace of business change in the past decade. We wanted to explore how these issues might evolve and how organisations need to adapt to stay successful. Many studies have attempted to capture a vision of the workplace of the future, but we set out to understand the people challenges that will impact organisations and consequently the implications this will have on the HR function as we know it. Few business thinkers have proposed that the marketing or finance functions might cease to exist in their present forms, but some are starting to say this about HR.

With the help of the James Martin Institute for Science and Civilisation at the Said Business School in Oxford, we used Scenarios[A1] to think

about the future of people management. Our team has identified three possible 'worlds' – plausible futures to provide a context in which to examine the way organisations might operate in the future. In addition we surveyed almost 3,000 Millennials[A1] – new graduates from the US, China and the UK who represent a generation just joining the workforce, to test their views and expectations on the future of work.

We hope you will help us to encourage debate around this critical topic. It is said that the future is not a place we go to, but one which we create. And while things happen that we cannot predict, we can still be prepared.

Michael Rendell
Partner and leader of Human Resource Services
PricewaterhouseCoopers LLP

A1 – Appendix 1, see appendix page 27

Introduction

2,739

In July 2007, 2,739 graduates from China, the US and the UK told us about their expectations of work. They had all been offered jobs with PwC but had yet to start. Some of the key findings are highlighted throughout this report

While some of the findings seem to confirm current received thinking about the future of work, a number of themes defy conventional thinking.

PwC is the biggest recruiter of graduates in the UK and a leading global recruiter of graduates. [A3]

When we started our research we had some preconceived ideas about tomorrow's world. Many studies have been undertaken to explore the future of society, the environment, business and even the workplace. Our challenge was to focus explicitly on the business context and the impact on people and work.

While we cannot claim to have identified all the possibilities, several strong themes have emerged:

1. Business models will change dramatically

The pace of change in the next decade will be even more fundamental. Technology, globalisation, demographics and other factors will influence organisational structures and cultures. Our scenarios outline three organisational models of the future:

- large corporates turning into mini-states and taking on a prominent role in society
- specialisation creating the rise of collaborative networks
- the environmental agenda forcing fundamental changes to business strategy.

2. People management will present one of the greatest business challenges

Businesses currently grapple with the realities of skills shortages, managing people through change and creating an effective workforce. By 2020, the radical change in business models will mean companies facing issues such as:

- the boundary between work and home life disappearing as companies assume greater responsibility for the social welfare of their employees

A3 – Appendix 3, see appendix for a full breakdown of the findings page 30

- stringent people measurement techniques to control and monitor productivity and performance
- the rise in importance of social capital and relationships as the drivers of business success.

3. The role of HR will undergo fundamental change

HR has been perceived by many as a passive, service oriented function, but given the context of tomorrow's workplace and business environment, we believe HR is at a crossroads and will go one of three ways:

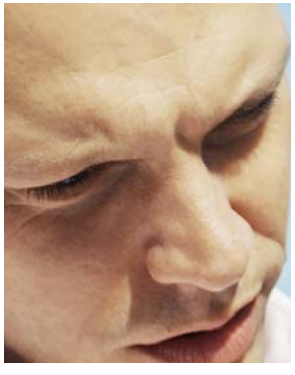
- with a proactive mindset and focused on business strategy, HR will become the heart of the organisation taking on a new wider people remit incorporating and influencing many other aspects of the business
- the function will become the driver of the corporate social responsibility agenda within the organisation
- the function will be seen as transactional and almost entirely outsourced. In this scenario, HR will exist in a new form outside the organisation and in house HR will be predominantly focused on people sourcing.

"HR needs to ensure it is fit for purpose in order to be proactive and maintain or develop its influence in the future."

Keith Murdoch,
Remuneration and
Benefits Manager,
British American Tobacco

2020: Where three worlds co-exist

We believe it is possible that all three worlds will co-exist in some form, perhaps distinct by geographic region, or industry sector for example.



We identified a number of global forces that will have significant influence[A2], and of those we felt that individualism versus collectivism and corporate integration versus fragmentation would be the most significant. From this axis we identified three worlds and business models for the future.
(See figure 1 opposite.)

We tried to capture the events and trends which draw a picture of life in tomorrow's world and the people management challenges that might prevail. The forecasting timelines and world descriptions are not intended to be taken literally as complete visions of alternative futures. They are designed to present ideas and illustrate the more important points around the people management challenges. We believe it is likely that all three worlds will co-exist in some form, perhaps distinct by geographic region, or industry sector for example. As you read this document think about how your own organisation might be positioned within these scenarios and what implications this has upon your current people management strategy.

A2 – Appendix 2, see appendix page 28

2020: three worlds

Figure 1

Corporate is king: the Blue world

Where big company capitalism reigns supreme

In a nutshell:

The globalisers take centre stage, consumer preference dominates, a corporate career separates the haves from the have nots.

2011	2012	2013	2014	2020
The Indian economy expands dramatically as it goes through a new wave of cross-border acquisition sprees and becomes a global leader in several industry sectors	World's biggest search engine and largest technology company merge	The brain-drain of Eastern European workers starts to reverse as workers return home to set up and lead corporates, building on expertise gained in several sectors	A decade of M&A consolidation across industry sectors peaks	Global warming changes the climate of Europe; as the snow on the Alps melts, skiers head to the US

90%

of Chinese respondents expect they will use a language at work other than their mother tongue

Size matters

The sheer size of corporations in 2020 means that a significant number now operate with annual turnovers that far exceed the GDP of many individual countries, particularly in the developing world. With echoes of the business models promoted by companies like General Motors in the middle of the last century, many companies now provide the equivalent of the welfare state for their employees to ensure they lock the best talent into their organisations. Internally managed service centres are sophisticated and highly efficient – using processes perfected by the outsourcers of the 'nineties. People metrics become an essential part of everyday life to keep track of individual performance and productivity.

Corporates divide the haves and have nots

The power of corporations means that a much greater divide has opened up between those working for global corporations and those working in smaller enterprises. Employees of mega-corporations have everything they need laid on. Those working for smaller businesses remain at the whim of housing markets and basic statutory entitlements, needing to self-supplement educational support, health and insurance coverage, what remains of the public health system, and so on.

Welcome to the technology age

Technology is all pervasive, entire cities in the US, Japan and the UK operate with ubiquitous high-speed wireless networks that allow all commercial transactions, entertainment and communications to be handled by every individual on credit card-sized devices. Pinpointing exactly what you want and being shown where it is available from wherever you happen to be is now taken for granted, allowing businesses continuously to refine and individualise their relationships with consumers, employees and shareholders.

> "Our search for talent is now a global search. The competition for talent will only increase further."

Hanspeter Horsch
Associate Director,
Human Resources
Samsung Semiconductor
Europe GmbH

75%

of respondents think that workplace flexibility will not exist; they believe they will be working formal office hours

Corporates drive lifestyle choices

Sophisticated measurement and segmentation strategies mean companies can target goods and services across their customer base and to employees. For example 'green politics' is seen as a lifestyle choice rather than a meaningful political movement. Corporations provide environmental products and services to those who express a preference.

Managing people in the Blue World

- Companies have become the key provider of services to employees. People management now encompasses many different aspects of employees lives', often including housing, health and even education for their children.
- This strategy has led to an increase in staff retention rates as people policies seek to lock in talent, but the top talent is still hard to attract and retain, many senior executives use personal agents to seek out the best deals.
- Mass consolidation has had an impact on cultural issues. Leadership teams now have a high focus on the evolution of the corporate culture with rigorous recruitment processes to ensure new employees fit the corporate ideal. Existing staff are subject to compulsory corporate culture learning and development programmes.
- Huge people costs drive the need for robust metrics and analysis. Employee engagement, performance and productivity are all measured systematically. Leadership can access people data on a daily basis. This also provides an early warning signal of non-corporate behaviour or below standard performance.
- Technology pervades every realm of business and leisure activity. The line between inside work and outside work is often blurred by technology with employers providing the platform. This also provides employers with added insights to staff preferences.

Who leads people strategy?

- The Chief People Officer (CPO) is a powerful and influential figure, sometimes known as the 'Head of People and Performance' who sits on the leadership board.
- Metrics and data are used to drive business performance through complex staff segmentation strategies which identify thousands of skills sets – creating precision around sourcing the right candidates for the right tasks as well as on the job performance measurement and assessment.
- The science of human capital has developed to such a degree that the connection between people and performance is explicitly demonstrated by the CPO.
- As organisations increase in size, their risk management systems are similarly extended.
- The people risk agenda is one which is taken seriously by the board – as a result, the CPO and HR business partners become more influential.
- Those responsible for people management increasingly need financial, analytical, marketing and risk management skills to measure the impact of the human capital in their organisation and to attract and retain the best talent.

Organisational challenges

- Quality assurance across the globe drives the need to create consistency across the organisational supply chain.
- The challenges of size and scale mean that these organisations are at greater risk from external threats such as technology terrorism or meltdown and they find it difficult to effect change quickly.
- As companies try to reinforce corporate values, these can often be at odds with cultural values and can present challenges.
- Organisations must develop models and systems designed and run by HR professionals which enable individuals and their agents to negotiate the value of their human capital based on employees' personal investment strategies.

Employee profile

- People are graded and profiled at the age of 16 and categorised for work suitability both in terms of capability and individual preference.
- The top talent is highly prized and fought over. In most cases people are linked to an organisation by the age of 18.
- University education is managed by the company according to the organisational career path chosen by the individual.
- At the top level, employees take far greater control of their careers; often senior executives have their own personal agents who represent them to find the best roles and deals.
- Lower level employees are also taking active charge of their careers; they are aware of the value that their human capital represents and are demanding about the circumstances in which they will invest.
- Those outside the corporate sphere find employment choices are limited to smaller companies that are unable to provide the same level of development and financial benefits.

A people management model for the Blue World

In the Blue World where corporate is king, the people and performance model below is the closest to what many leading companies are aspiring to today – linking HR interventions to improvements in business performance and using more sophisticated human capital metrics to evaluate corporate activity. Under this scenario the management of people and performance becomes a hard business discipline, at least equal in standing to finance in the corporate hierarchy.

Human resources: the current model

HR business partners

HR shared services

Specialist centres of excellence

- Reward
- Policy
- Resourcing

Change agents

- Organisational development consulting
- Learning and development

People and performance: the 2020 model

Talent management

- Identification (including recruitment)
- Career management
- Learning and development
- International deployment

People shared services

- Rewards administration – current, deferred and retirement income
- Housing, health, schools and other benefits
- Employment records

People metrics and reporting

- People management information systems
- Metrics, analysis and benchmarking
- External reporting

Reward and performance

- Performance management (linking objectives with metrics)
- Reward strategies and plans

Figure 2

Extract from a newspaper in 2016

People metrics are integral to analysts' pricing strategies

WORLD FINANCIAL NEWS 3rd April 2016

NEWS IN BRIEF

Italian pharmaceutical giant Como saw its shares climb higher yesterday in expectation of positive news in its quarterly results due next week. The company, now worth an estimated € 20bn has profited from the success of its new line of statins in Europe and America, but also in China, the fastest growing pharmaceutical market globally.

The quarterly report will be looked at closely by companies inside the industry and beyond. Many credit Como's unusually rapid rise and dominance of parts of the sector to the way CEO Mario Fabrizzi manages the organisation's human capital, which the company also reports on in detail. Last year earnings per employee rose by 7% while costs per employee fell 5%, generating a much improved return on human capital.

Mr Fabrizzi said, "You have to measure the things you attach value to. Measuring the performance of our people has allowed us to quickly make improvements to any underperforming part of the business, to make effective plans for succession and to return real value to our shareholders."

Companies care: the Green World

Where consumers and employees force change

In a nutshell:

Companies develop a powerful social conscience and green sense of responsibility. Consumers demand ethics and environmental credentials as a top priority. Society and business see their agenda align.

2010	2012	2013	2018	2020
The UK launches the London Carbon Trading Exchange	The US signs the Kyoto II agreement and becomes a leading advocate for actions to reduce the rate of global warming	India becomes a key player in the corporate social responsibility agenda with a focus on preserving the Indian culture and heritage	Hybrid or fully electric cars outnumber petrol-powered cars	A group of scientists confirm that the rate of global warming is slowing

94%

of respondents believe they will work across geographic borders more than their parents did.

Consumers drive corporate behaviour

The environmental lobby is so pervasive that companies must be quick to react to consumer concerns about any aspect of their business which could be deemed unethical. Clear communication and clarity about products and services is essential.

Supply chain control

Companies have strong control over their supplier networks to ensure that corporate ethical values are upheld across the supply chain, and be able to troubleshoot when things go wrong. This has led to many organisations taking greater ownership of key components of the supply chain through vertical integration. Rigid contractual obligations are in place covering every eventuality.

How green are you?

The audit process and quarterly company reports are characterised by a focus on measuring greenness detailing carbon emissions ratings, and carbon exchange activity, as well as the more traditional company valuations. This is an indication of the importance shareholders and investors place on these issues which are reflected in the share price.

Big corporate fines

In the business world ethical behaviour is the most important attribute to attain and preserve. Brands can rise and fall on the basis of perceived green credentials, with government imposed corporate fines for bad behaviour in this highly regulated world. Corporate responsibility is not an altruistic nice to have, but a business imperative.

"We are developing an employer brand reflecting our identity as an employer and promoting our long term commitment with our employees."

Hughes Fourault, Global Head of Compensation, Benefits and International Mobility, Société Général

90%

of US respondents will actively seek out employers whose corporate responsibility behaviour reflects their own.

Managing people in the Green World

- New graduates look for employers with strong environmental and social credentials; in response HR departments play a key role in developing the corporate social responsibility programme.
- Employees are expected to uphold corporate values and targets around the green agenda. Most are given carbon credit tokens which are used like ration books to be cashed in for printing documents in hard copy, company travel and other anti-societal activities.
- The HR function is renamed 'People and Society', the leader being a senior member of the company's executive team.
- The need to travel to meet clients and colleagues is replaced with technological solutions which reduce the need for face-time. Air travel in particular is only permitted in exceptional circumstances and is expensive.

Working across teams in different locations therefore presents enormous challenges to global businesses, and the HR function dedicates significant energy to generating virtual social networks across the operation and the client base.

- Most companies provide staff with corporate transportation options between work and home to minimise the need for car use. This has led to many companies choosing to relocate parts of their operation to where people are based and out of big cities.

Who leads people strategy?

- The CEO drives the people strategy for the organisation, believing that the people in the organisation and their behaviours and role in society have a direct link to the organisation's success or failure.
- The CEO works closely with the Head of People and Society (HPS) who, with a team comprising a mix of HR, marketing, corporate social responsibility and data specialists, drives the social responsibility programme.
- Employment law drives responsible employer behaviour and forces the HPS to develop innovative solutions in times of downturn – such as sending employees on secondments to other organisations where they can develop their skills and contribute to the wider society, bringing employees back in when the economic environment improves. The HPS is therefore a well-networked individual.

Organisational challenges

- Quality assurance and vigilance to minimise risk is paramount.
- The greatest threat to businesses in this scenario is the possibility of non-socially responsible behaviour either within the organisation or in any part of its supply chain.
- Organisations operate in a highly regulated world, where employment law makes it difficult to lay people off in line with market fluctuations. They struggle to monitor everything across the operation to be compliant with the ethical ideal for which they strive. But being compliant is not enough: organisations are under pressure to raise the bar and establish policies and practices which go beyond regulatory requirements. The danger in such a regulated world is that companies are so preoccupied with compliance policies that the ability to be flexible and explore new opportunities is hampered.

Employee profile

- The common belief is that employees choose employers who appear to match their beliefs and values. The reality is that the talent pool for the brightest and best remains competitive, and whilst CSR rankings are a factor, the overall incentive package remains all important. Incentives however are not just reward-related; for example, they include paid secondments to work for social projects and needy causes – a popular trend post-2010.
- Because organisations adopt a more holistic approach to developing their people, including personal development and measuring the impact they have on the wider world, employees are more engaged and as a result are often likely to have a job for life.

A people management model for the Green World

In the Green World where companies care, corporate responsibility (CR) is good. The CR agenda is fused with people management. As society becomes a convert to the sustainable living movement, the people management function is forced to embrace sustainability as part of its people engagement and talent management agendas. Under this scenario successful companies must engage with society across a broader footprint. Communities, customers and contractors all become equal stakeholders along with employees and shareholders.

Human resources: the current model

HR business partners

HR shared services

Specialist centres of excellence

- Reward
- Policy
- Resourcing

Change agents

- Organisational development consulting
- Learning and development

People and society: the 2020 model

People engagement

- Resourcing and career management
- Education
- Communications

People shared services

- Reward and benefits
- Employment records

Society engagement

- Network development
- Community engagement
- Communications

Sustainability

- Programmes
- Compliance
- Risks

Figure 3

Future view

Extract from operating review

In 2020, it is a legal requirement that companies disclose their environmental activity. This also acts as a key differentiator when recruiting and retaining talent.

G-Bank
Sustainable business report

G-BANK

G-BANK recognises its statutory responsibilities under the Climate Change Act 2015, Ecosystem Change Act 2016, and all other sustainability legislation. We have been active participants in the International Business Panel on Climate Change since it was established in 2010.

The group has adopted the European Sustainable and Responsible Corporations guidance and has comprehensive company-wide policies on sustainability, energy and climate change, and responsible procurement. We require all suppliers to be certified as carbon balanced and eco-friendly.

During 2020 G-Bank made further changes in its energy providers in 25 countries, so that 95% of our total energy consumption now comes from renewable sources. Our extensive use of videophone technology and virtual meeting software means that business travel has reduced by 75% over the past five years.

In the last quarter of the year our environmental auditors completed their annual sustainability audit and issued an unqualified opinion. This has allowed G-Bank to retain its status as a AA+ company within the S&P sustainability index.

Key environmental data is provided below

Key Environmental Statistics	2020	2019
Energy use – properties		
Total energy consumption – Gw	1,015	1,200
Energy consumption/FTE – Kw	0.10	0.13
Renewables as a % of total energy consumption	95%	91%
CO2 emissions – properties		
CO2 – kilotonnes	21.0	21.8
CO2 – tonnes/FTE	0.21	0.23
Business travel		
Total travel-related CO2 – kilotonnes	1.0	1.9
Travel-related CO2 per FTE – tonnes/FTE	0.01	0.02

Small is beautiful: the Orange World

Where big is bad, for business, for people and for the environment

In a nutshell:

Global businesses fragment, localism prevails, technology empowers a low impact, high-tech business model. Networks prosper while large companies fall.

2009	2010	2012	2014	2020
Facebook global membership reaches 1 billion people	Skill shortages push up wages in China, switching the balance of power to the individual away from the collective	Record number of corporate demergers and spin-offs	71% of Europeans shop at local farmers markets, popularity of supermarkets in steep decline	The California Gaming Guild achieves record pay deal for its 7 Star rated contractors

0.6%

Only 0.6% of UK respondents think that they will mainly work from home

A free economy

Trade barriers come down creating a truly free market economy and countries such as China quickly realise that without embracing full free-market forces they will be unable to compete.

Networks are key

The dream of a single global village has been replaced by a global network of linked, but separate and much smaller communities. The exponential rise in the efficiency of online systems for buying, selling and trading services and skills has debunked completely the old orthodoxy that economies arise from scale. Businesses are much smaller and roles are more fluid.

Complex supply chains

Supply chains are built from complex, organic associations of specialist providers, varying greatly from region to region and market to market. The solution is now not to outsource, but to fragment. Looser, less tightly regulated clusters of companies are seen to work more effectively. Often functions are picked up on a task by task basis by 'garage' operations, with each transaction bought and sold by the second on one of a number of electronic trading platforms, with local and global exchanges.

Millennials drive technology use

The millennial generation, comfortable with technology, is driving the usage of technology as the interaction with services, government and work, with an emphasis on choice and anti-monopoly thinking encouraging innovations in this area.

"Diversity is a huge challenge, but also a great opportunity. Getting diversity right will be a critical future success factor for us."

Peter Johann
Director Global HR Management
BASF

11.5%

of Chinese female respondents expect to have more than ten employers during their career

Labour market enters the guild era

In a tightening labour market individuals develop portfolio careers, working on a short-term, contractual basis. They join craft guilds which manage career opportunities, provide training and development opportunities.

Managing people in the Orange World

- Organisations recognise that their employees and the relationships they have across their networks are the foundation of company success. Companies seek to promote and sustain people networks. This is achieved through incentivising employees around achieving connectivity goals and collaborative behaviours.
- As guilds become more important, they take on many of the responsibilities previously assumed by employers including sourcing talent, medical insurance and pensions, development and training.
- Employees are usually aligned to guilds and access opportunities through professional portals provided by guild networks – work can be bought, sold and traded in this way. Employment contracts are flexible to accommodate staff churn and a rapid turnaround.
- Workers are categorised and rewarded for having specialist expertise; this has created increased demand for workers to have a personal stake in the organisation's success with direct ownership share schemes and project delivery-related bonuses becoming the norm.
- Recruitment has become largely a sourcing function and has been merged with the management of the huge number of contracts and price agreements required for each company's network of partner organisations.

Who leads people strategy?

- People strategy is replaced with sourcing strategy, as maintaining the optimum supply chain of people is key to this networked world.
- The People Sourcing Director liaises with expertise networks and guilds to attract what they need for the best price.

Organisational challenges

- Organisations are heavily reliant on their external networks to deliver what they need, and a combination of watertight contractual agreements combined with a healthy degree of business trust is imperative.
- When a part of the network breaks down, the smaller size of organisations means they are able to flex and adapt quickly to change. But the flip side of this means that the lack of company infrastructure and resources to deal with sudden problems can be a challenge
- There is also a strong emphasis on technology to support the supply chain and to develop social capital and collaboration.

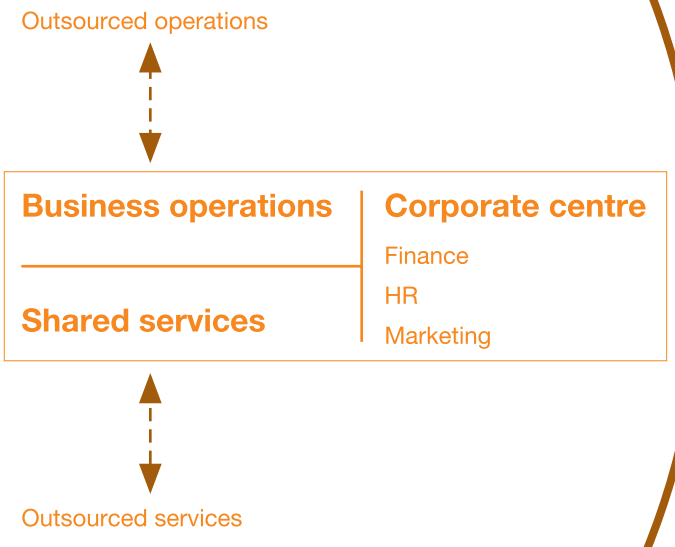
Employee profile

- The responsibility for skills development shifts wholesale to individuals.
- People are more likely to see themselves as members of a particular skill or professional network than as an employee of a particular company.
- Employees rely on achieving high scoring ‘eBay’ style ratings of past job performance to land the next contract.
- Specialisation is highly prized and workers seek to develop the most sought after specialist skills to command the biggest reward package.

A people management model for the Orange World

Our third world is in many ways the most radical. In this world, economies are comprised primarily of a vibrant middle market, full of small companies, contractors and portfolio workers. People management is about ensuring these small companies have the people resources they need to function competitively. This allows an important role to be carved out for HR, one where the people supply chain is a critical component of the business and is strategically led by the HR function. But the flip side is that this could also see in-house HR becoming a sourcing or procurement function, with the high-end people development aspects of HR being managed externally by guilds.

Current model



Operational model in 2020

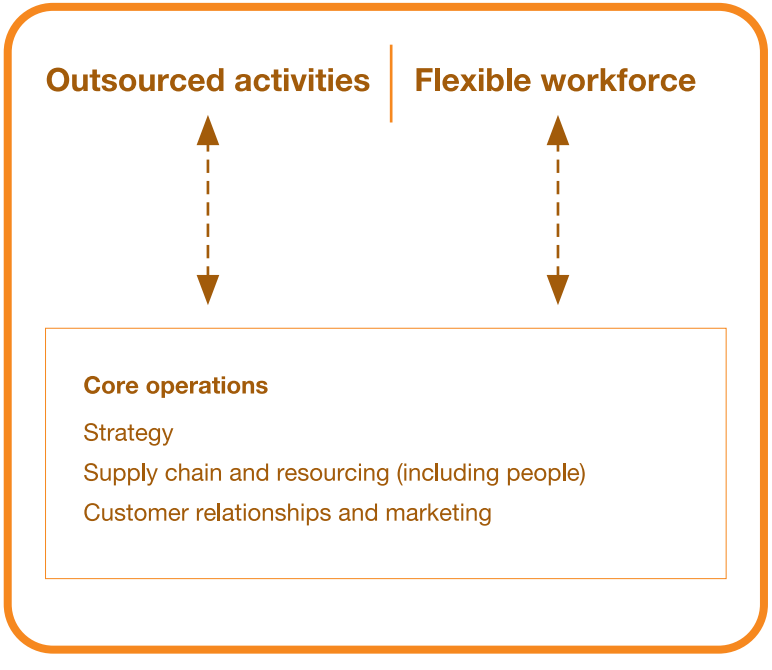
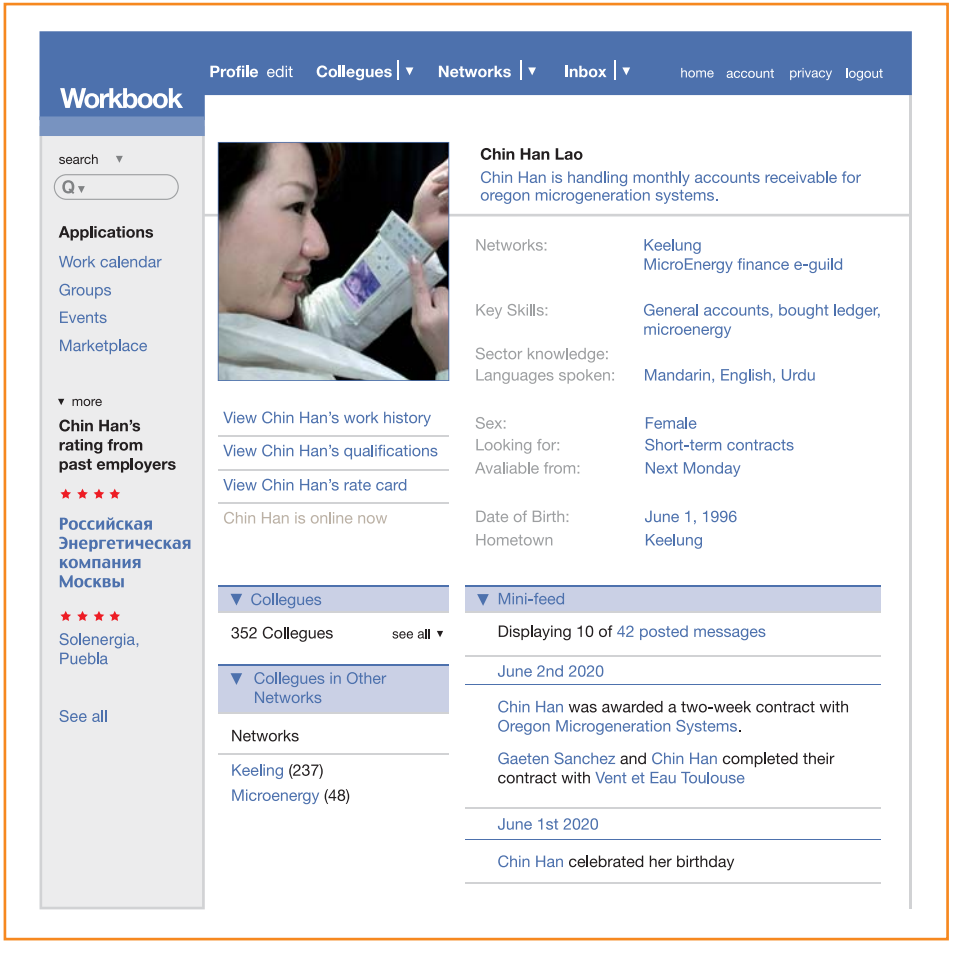


Figure 4

Future view

Extract from employment networking site in 2020

In the Orange World, Workbook, an employment networking site, is used as a key route for people to find jobs, host their work experience and join networks



Summary

A summary of the people management characteristics in 2020

	Blue World	Green World	Orange World
Resourcing and Succession	Long careers and career planning. Succession plans for key performers.	Holistic whole company approach to manpower planning.	Short-term careers. Lots of contracting. HR strongly focused on filling fixed-term vacancies.
Talent Management	Strong performance focus across all levels. Top talent have personal agents.	Broad definition of talent. Competencies focus.	Minimal – key players in the central 'core' only, but liaison with external agents crucial
Employee Engagement	Engagement around performance and performance metrics. Heavy promotion of corporate culture attributes and behaviours.	Engagement around work-life balance and social responsibility.	Short-term engagement around projects.
Reward and Performance	Strongly performance-related. Pay for performance. Highly structured according to role segmentation.	Focus on total reward over career life-time.	Contract based-pay for projects. Individual stake in projects as incentive for contractors.
Learning and Development	Begins at school. Focus on skills for the job – metrics driven.	Holistic approach to learning – much provided in-house. But secondments and paid sabbaticals for worthy causes are common	Minimal provision in house. Skills training via new crafts guilds.

Table 1

Are you ready for tomorrow's world?

What will the world look like in 2020 – Blue, Green, Orange or something else entirely? We believe it is highly plausible that all three organisational models described in this report will feature in tomorrow's world, sometime or somewhere and to some extent. We already see some multinationals heading in the direction of the Blue World business model. The energy industry has been demonstrating elements of the Green World for some time. We firmly believe that, as the CSR and sustainability agenda grows many other industries (and geographies) will take on characteristics of the green business model, for example the retail and manufacturing sectors. Consumer preference will have a huge impact when it comes to the green agenda.

The Orange World in some ways represents the most radical departure. Will big business find itself outflanked by a vibrant, innovative and entrepreneurial middle market? Will the work expectations of the millenials be such that portfolio lives will become far more pervasive? Will some larger organisations introduce internal markets and formal networks in place of old style hierarchies to create structures where agility, speed and flexibility are key to success?

The world of work is going to become even more complex. Our message is: take a long hard look at your organisation models and current people management strategies; how are you addressing reward, international mobility, employee engagement, development and learning? Think about how these might change in the future and whether or not the strategy you currently have in place is future proof, is sustainable, sufficient and relevant for the plausible worlds of tomorrow.

The survey we conducted is clearly representative of only a part of the millennial generation. But what truly surprised us is the desire in this group for stability and regularity in a changing world. Many people said they expect to work regular hours, from the office or on location, and would have only

"HR will continue to increase its alignment to the business, with greater accountability for delivering specific corporate objectives. This will result in a greater need for HR to quantify itself in respect of how we deliver against the bottom line. ...

...We will also need to prepare ourselves for a new generation entering the market place. A significantly more mobile generation with differing expectations from an employer, and we will need to adapt to reflect this."

Michael Poulten
Personnel Manager
Reward and Benefits
Tesco Stores

between two and five employers in a lifetime. But equally let's not ignore the Chinese women in our sample who expected far more flexibility and to have at least ten employers in a lifetime – perhaps these might be workers for the Orange World of the future.

Our final message is to the HR function itself. We believe there is a significant opportunity for the HR function to really own the people management agenda within organisations, to truly drive strategy and have the tools and information to become one of the most powerful and influential parts of the business operation. But – and yes there is a but – we can also see that complacency and a failure by HR to take the lead could result in the function being outsourced almost entirely, or absorbed by line managers or into other functions such as finance or marketing. The fate of HR as a function hangs in the balance. The challenge for HR is to figure out how to make itself relevant for tomorrow's world.

How can organisations plan for the future of people management?

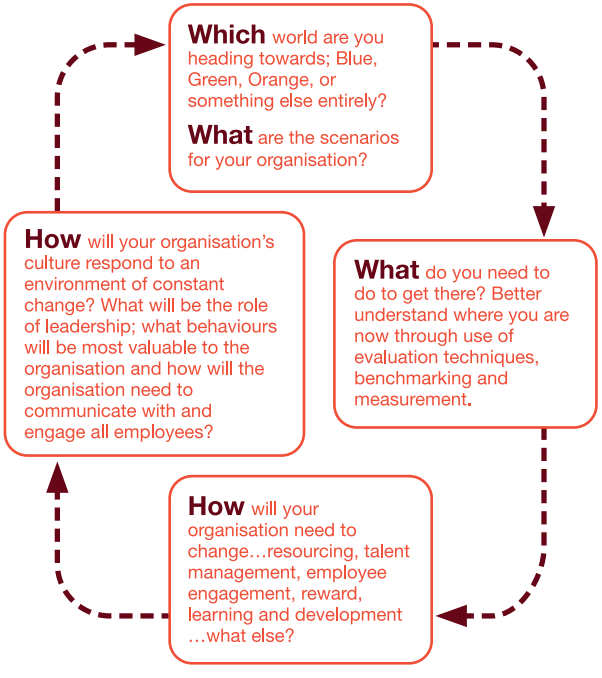


Figure 5

Appendix

A1 Definition

Scenarios

We worked with the James Martin Institute for Science and Civilisation at the Said Business School in Oxford to think about the factors that currently affect business and those which we believe will grow in importance in the future. We mapped these around a matrix and developed a number of scenarios: plausible futures around each. The result was the three worlds which we describe in this report. Shell famously used scenarios to help them to predict the Middle East oil crisis in 1973. The process can help organisations think differently about the future and plan for the inevitable surprises.

Millenials

Wikipedia says 'The Millenials' are also known as: 'Generation Y – a term used to describe someone born immediately after Generation X…one of several terms (also including The Internet Generation) used to identify the same group. There is much dispute as to the exact range of birth years that constitutes Generation Y and the Millennials and whether these terms are specific to North America, the Anglophone world, or people worldwide.'

For the purposes of this document, we refer to 'Millennials' as those who entered the workforce after 1 July 2000.

A2 2020: our methodology

We started our research by examining the forces that currently affect global business and are likely to have significant impact on the future. Clearly there are many social, environmental, religious and demographic factors that will have significant influence but we felt that some of these issues have been tackled extensively in other studies. We chose to focus on a number of potentially conflicting factors which we feel have the greatest impact on our subject matter – people management. Initially we explored the following eight forces: (see diagram opposite).

Scenarios

Our scenario planning exercise revealed that individualism, collectivism, corporate integration and business fragmentation would be the most significant factors affecting global business for the purposes of our study. We aligned these along two axes, around which we developed our scenarios further. We call these 'worlds'. We began with four worlds: yellow, red, blue and green, with the yellow and red worlds straddling the top half of the quadrant. In these fragmented worlds we discovered through our analysis that the differences across individualism and collectivism were hard to define in the fragmented world. Both of these worlds relied upon networks to survive, were, small, nimble and adaptable. The motivations were the only variant factor where the red world was more self-serving than the collective altruism of the yellow world. We decided therefore to combine these themes to create a single orange world which represented the fragmented business model.

Global forces

Figure 6

A3 PwC graduate survey findings

In July 2007, 2,739 graduates from China, the UK and the US were polled about their expectations of work. They had all been offered jobs at PwC but had yet to start.

		Total	China	US	UK
Do you believe you will work across geographic borders more than your parents did?	Yes	93.9%	97.2%	92.1%	92.9%
	No	6.1%	2.8%	7.9%	7.1%
Do you envisage using a language other than your first language at work?	Yes	52.7%	89.4%	32%	35.3%
	No	47.2%	10.4%	68%	64.7%
Will you deliberately seek to work for employers whose corporate responsibility behaviour reflects your own values?	Yes	86.9%	87.2%	90.2%	71.2%
	No	13%	12.6%	9.6%	28.8%
Do you think you'll work...?	A mix of locations	74%	75.7%	71.8%	79%
	Mainly from home	4.6	7.4%	3.8%	0.6%
	Mainly in an office	21.2%	16.7%	24.3%	20.4%
	Not answered	0.1%	0.1%	0%	0%

		Total	China	US	UK
Do you think your office hours will be…?	Mainly flexible hours	13.9%	17.6%	12.9%	7.4%
	Mainly regular office hours	11%	7.1%	14.0%	10.0%
	Regular office hours	75%	75.1%	73.1%	82.5%
	Not answered	0.1%	0.2%	0.1%	0%
How many employers do you think you will have in your career?	1	8%	9%	8%	7.4%
	2-5	78.4%	74.4%	80.4%	79.6%
	6-9	7.9%	6.3%	8.5%	9.7%
	10+	5.5%	10.3%	3.2%	2.6%
	Not answered	0.1%	0.0%	0.1%	0.6%

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There were numerous people involved in this project both within and outside PricewaterhouseCoopers. Our particular thanks to Angela Wilkinson and team at the James Martin Institute and to all the companies who shared their views and insights.

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Managing tomorrow's people

Managing tomorrow's people

Millennials at work: Perspectives from a new generation

Contents

Introduction 4

Talent crunch 4

Report highlights 5

About the survey 6

Key findings 7

Global mobility 7

Sustainability and climate change 8

Technology at work 10

Work place flexibility 11

Sharing personal information 12

Portfolio careers 13

Employee loyalty 14

Training and development 15

Retirement 16

Thoughts on 2020 17

So what do these findings mean for companies in their search for talent? 18

Message to the CEO 18

Market challenges 18

A connected world 18

Generation X and the Baby Boomers 19

Managing millennials 20

Contacts 21

Managing tomorrow's people

In late 2007 PricewaterhouseCoopers[1] (PwC) released a report on the future of people management: *Managing tomorrow's people – the future of work to 2020,* which outlined a series of possible scenarios, depicting how businesses would operate in tomorrow's world. The report specifically focused on the people impact of new business models, and the ramifications for people management and the HR function. We identified three scenarios defined as blue, green and orange worlds which we believe will co-exist in 2020.

- The blue world – the big company model rules as organisations continue to grow bigger and the divide between work and home begins to blur.
- The green world – social responsibility dominates the corporate agenda with concerns about demographic changes, climate and sustainability becoming the main business drivers.
- The orange world – companies begin to break down into collaborative networks of smaller organisations; specialisation is key.

Our follow-up report looks at real options for business in light of tomorrow's trends and challenges. What do businesses need to do now in order to be successful in 2020? The first part of this analysis has been to examine a new generation of workers, the millennials, which is explored in this publication.

For more information about our 2020 worlds and to view all our latest analysis and reports on this theme, please visit our website: www.pwc.com/managingpeople2020

Millennials

Wikipedia says 'the millennials' are also known as: 'Generation Y – a term used to describe someone born immediately after Generation X… one of several terms (also including The Internet Generation) used to identify the same group. There is much dispute as to the exact range of birth years that constitute Generation Y and The Millennials and whether these terms are specific to North America, the Anglophone world or people worldwide.'

For the purposes of our Managing tomorrow's people series, we refer to millennials as those who entered the workforce after 1 July 2000.

The results of this survey (conducted during September 2008) are the views of recent university graduates who were due to begin working for or were already working for PwC. Of the 4,271 graduates we surveyed, a small proportion were non-PwC graduates. Although the results give us a good insight into the views of new graduates from around the world, they are clearly not a proxy for the entire millennial group.

We also conducted a similar survey on a smaller scale in 2007 with new graduates from the US, China and the UK.

[1] 'PricewaterhouseCoopers' refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Introduction

"Future generations will continue to be significantly different and firms and institutions who adapt fastest will capture the highest quality employees."

Quotes from millennials who participated in the survey are included throughout this publication

Much has been written about millennials, but how much do we really understand about their expectations of work? Demographic shifts show the steady creep upwards of life expectancy in many parts of the world, whilst at the same time birth-rates are in rapid decline in most of the old economies. Even Latin America, the US and Asia are heading towards a 'greying' of the population. These dramatic shifts will lead to an unprecedented shortage of younger workers and the need to keep employees working until well past current retirement ages. The idea that companies would source talent needs from an unlimited supply of workers from emerging markets has not materialised. Talent shortages are just as critical in China, India, Eastern Europe and parts of South America.

As a consequence of these factors, fewer younger people will be working to support a significantly larger older generation in the future. Even if we assume that older generations stay in work for longer, it is clear that the millennials will have a significant role to play in driving businesses forward. The race to capture the best has always been challenging, but with even less talent available in tomorrow's world, we can expect a talent crunch which will have a significant impact on the world of work. Business success is driven by having the right people to deliver the strategy and create growth. By 2020 we believe people supply will be the most critical driving factor for business success. Companies may go to extreme lengths in their search for talent, and once they have it, they will take measures to keep people 'locked in' to their organisations. Without this talent, they will be unable to compete.

Talent crunch

The consequences of these changes could mean that millennials will be a powerful generation of workers. It is likely that those with the right skills and abilities will be in high demand. They may be able to command not only creative reward packages by today's standards, but also influence the way they work and where and how they operate in the workplace. The employer brand and the ability to engage will be key as employees identify by their own measures which organisations are desirable and which are not. The internet generation with their social networking sites and technological savvy will lead to companies using technology innovatively to attract and engage with employees. We could see the employer/employee dynamic shift dramatically – the employee may call the shots in tomorrow's world.

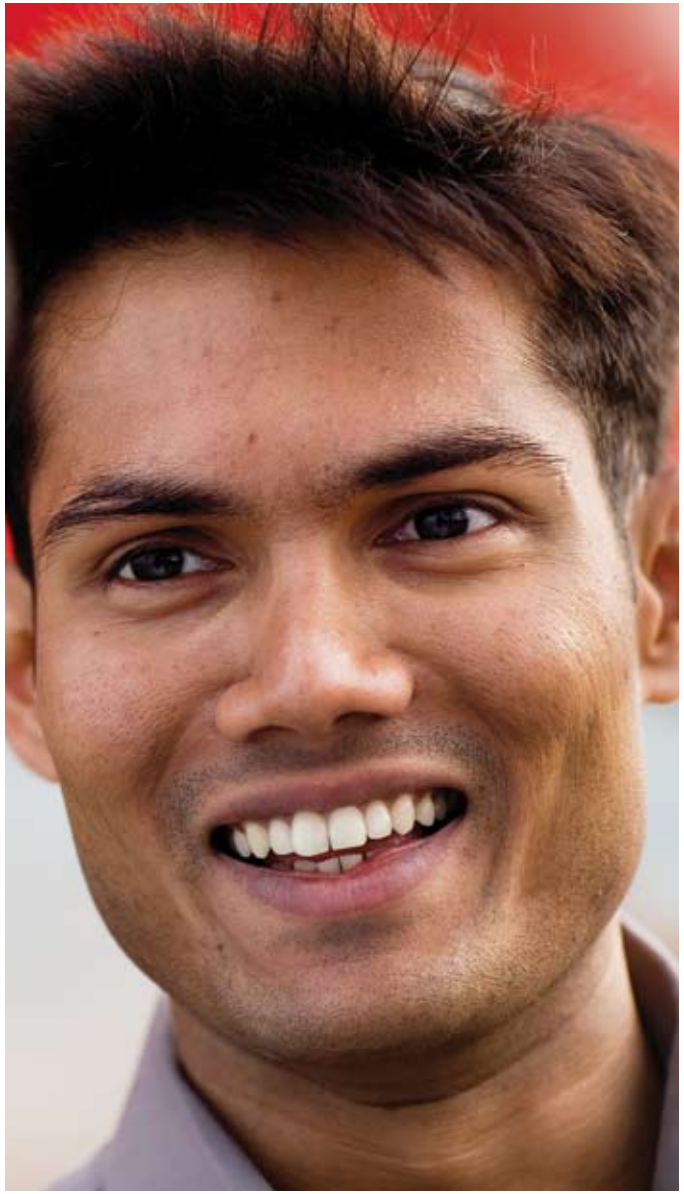
But do we understand what drives this new generation, their priorities and expectations of employers and the world of work? Are they really so different from previous generations? By better understanding what motivates employees and potential recruits, organisations will be in the best position to develop strategies to attract and keep young talent and nurture tomorrow's leaders.

Our survey aims to provide some insight into the minds of new graduates from around the world entering the workforce for the first time. As they begin their working lives, what are the hopes and expectations of these millennials? And most importantly do business leaders and HR teams need to revise their current strategies to accommodate these factors?

Report highlights

Many of the key findings reflect the changing mindset of the new generation. We noticed only nominal differences between this survey and our previous study in 2007[2], suggesting a consistency of views both pre and post-credit crunch. Although we do not have comparative generational data to examine trends, we think many of these issues would have been viewed very differently even a decade ago:

- Millennials expect job mobility and want the opportunity to experience overseas assignments – 80% would like to work abroad and 70% expect to use other languages during their career.
- Corporate responsibility is critical – 88% of millennials said they will choose employers who have corporate social responsibility (CSR) values that reflect their own and 86% would consider leaving an employer if CSR values no longer matched their expectations.
- The theory that future generations will reject traditional work practices is debunked. The majority expect some element of office based work and only 3% expect to work mainly at home/ other locations. Most expect to be working mainly regular office hours with only 18% expecting mainly flexible hours.
- The notion of portfolio careers is not likely to become a reality for this group – 75% of whom believe they will have between two and five employers in a lifetime.
- Training and development is the most highly valued employee benefit. The number choosing training and development as their first choice of benefit is three times higher than those who chose cash bonuses. 98% believe working with strong coaches and mentors is an important part of their development.
- Only 7% of the sample said time off to do community/charity work would be one of the top three benefits they would value over the next five years.
- Over half the sample believes they will personally fund their retirement with only 5% believing their retirement would be funded by the government/ state and 17% by their employer.
- Our millennials envision a 2020 world where China, India and Russia will have more economic influence than the US and Europe (47%). Only 30% of US respondents disagreed. And over a third of respondents believe that companies will be more influential than governments by 2020.



[2] Managing tomorrow's people – the future of work to 2020 (published by PwC in October 2007)

As we endure the ramifications of a global economic downturn, some might ask why we need to be concerned about what millennials think. Many companies are looking to cut back the workforce and reduce people spend to cut cost. Some may be reducing their graduate intake or introducing a total hiring freeze. But in order to achieve long-term growth objectives, it is critical that organisations have the right talent to help them navigate the challenges of a downturn and see them through to the other side. Businesses which cut back now might find that when the economic environment rebounds, they do not have enough of the right people to be in the best position for the upturn and to remain competitive.

Balancing short-term pressures with long-term business objectives is not easy. The businesses which get the balance right and invest in understanding and nurturing the millennial generation will be best positioned in the future. The success stories of tomorrow are companies that address their long-term skills needs both creatively and holistically, today.

About the survey

PricewaterhouseCoopers surveyed a total of 4,271 graduates about their expectations of work.

Graduates from 44 countries took part in the research in September 2008. The regional breakdown included: 1,004 in North America and the Caribbean, 943 in Asia, 759 in Western Europe, 481 in Central and Eastern Europe, 215 in South and Central America, 139 in Australasia and the Pacific Islands, 67 in Middle East and Africa.

The majority of respondents were new graduates who were due to start work for PwC. Respondents were encouraged to forward the survey on to their graduating peers and we received 144 completed responses from non-PwC graduates. Respondents from Ireland (38) had been working with PwC for the longest period (one year) and this should be considered when interpreting the results.

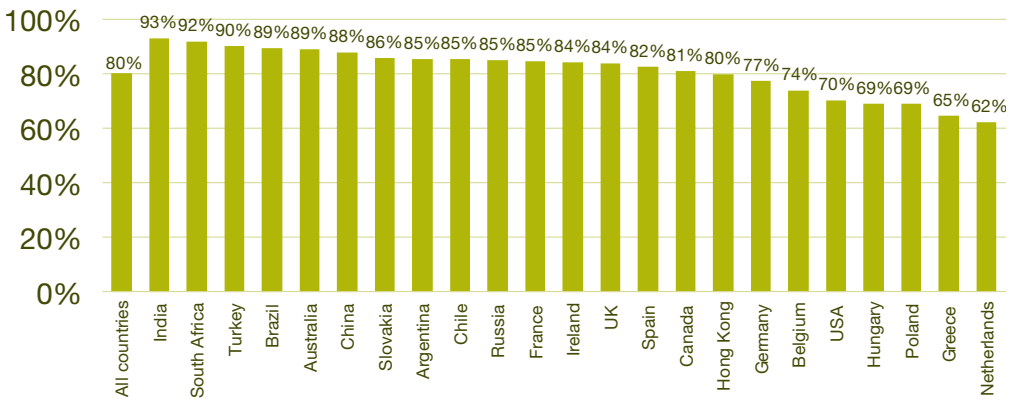
Direct quotes from the graduates on how they view the world of work changing between now and 2020 have also been used throughout this report.

The findings and conclusions from this survey are combined with insights from our previous analysis on the future of work and other data sources.

Key findings

We expect global mobility in our jobs, and we want to experience opportunities to work overseas

Almost everyone believes they will work across geographic borders more than their parents did with 94% of the sample agreeing. The graduates seem very open to the idea of an overseas assignment with 80% wanting to work overseas during their career. The country difference is interesting with 93% of Indian millennials wishing to work overseas compared to 62% of those from the Netherlands (see figure 1).

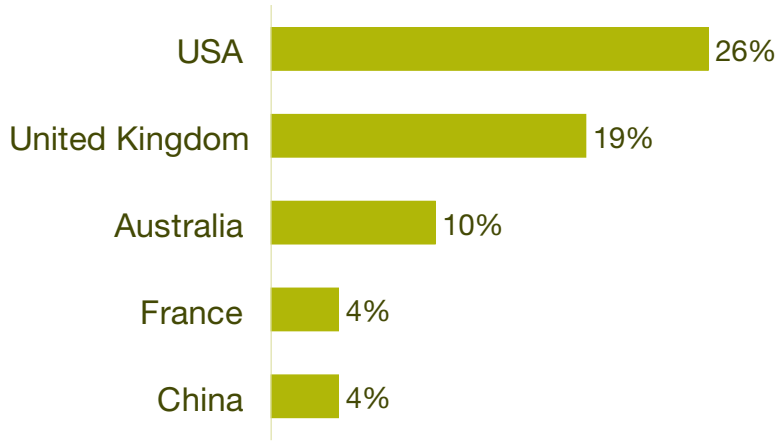


Q: Would you like to work outside your home country in your career? (% who agreed)

Base: 4140 global respondents

Figure 1

The most desired location is the US, followed by the UK and Australia, (see figure 2) but overall Western Europe was the most desired with 31%.



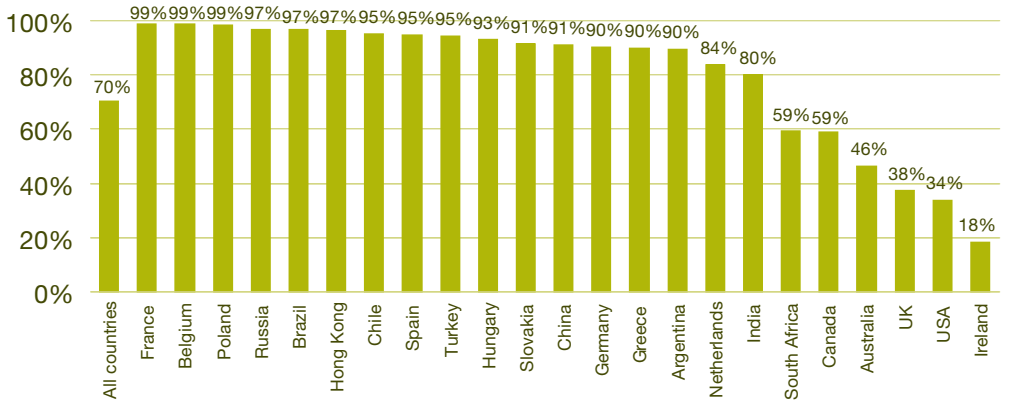
Q: Would you like to work outside your home country in your career? If yes, where would be your preferred destination?

Base: 3043 global graduates

Figure 2

"International experience is an essential requirement for future leaders and as such should be cultivated from the very beginning of a graduate's career."

70% of our millennials expect to use another language at work. This is higher understandably in countries where English is not the main language. But even in countries where English is the main language, there is an expectation that another language will be needed at work, for example in the US 34% agreed (see figure 3).



Q: Do you envisage using a language other than your first language at work? (% who agreed)

Base: 4084 global respondents

Figure 3

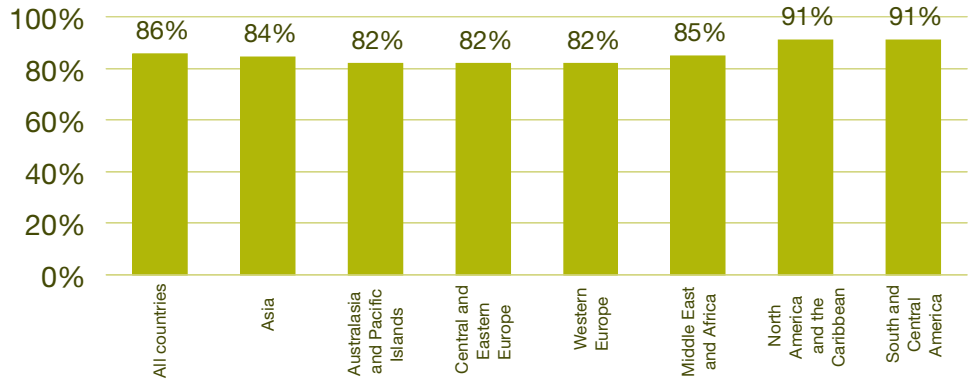
Whilst only 38% of the sample cited English as their first language, 83% expect to use English at work. French and Spanish were the next most likely with 19% and 14% respectively.

The apparent willingness of this generation to travel should be a positive message to businesses. Globalisation has led to an increase in demand for more mobile workers[3], yet companies often struggle to incentivise more senior workers to take on overseas assignments. Might there be a case for encouraging more global mobility at junior levels? This would give employees valuable experience early in their careers and potentially alleviate the financial burden of many costly overseas assignments for businesses.

Our employer must have a strong stance on sustainability and climate change

Corporate social responsibility (CSR) is very important to millennials with 88% stating that they seek employers with social responsibility values that reflect their own, suggesting perhaps the growing importance of the issue. What is interesting, is the very high number (86%) who say they would consider leaving an employer whose social responsibility values no longer reflected their own (see figure 4).

Respondents from Argentina (94%), the US and Brazil (both at 92%) were the most likely to leave whilst Indian respondents were the least (66%).



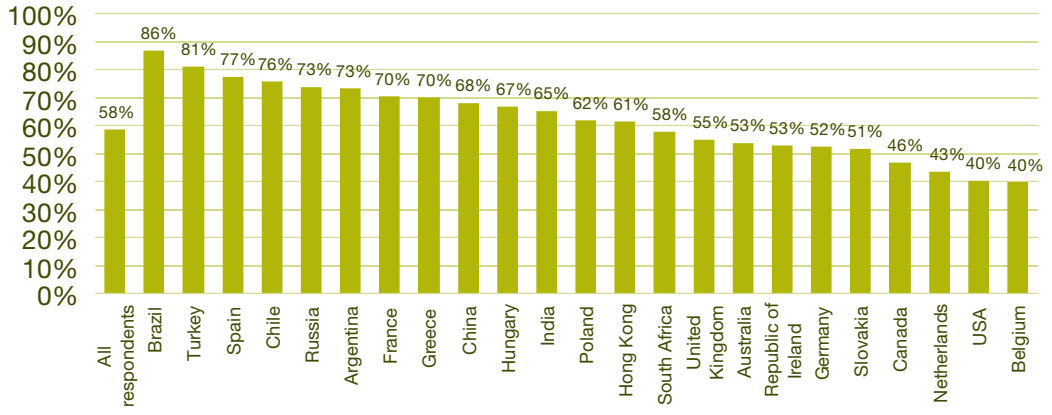
Q: Would you consider leaving an employer whose behaviour no longer meets your corporate responsibility expectations?
(% who agreed)

Base: 3906 global respondents

Figure 4

[3] Managing Mobility Matters: A European Perspective (PwC published December 2006)

An employer's policy on climate change is also seen as important to 58% of respondents. The contrasting views between countries is interesting as those in Brazil (86%) felt this was an important issue compared to only 40% of US and Belgian respondents (see figure 5).



Q: How important is an employer's policy on climate change and the environment in deciding whether or not you should work for them?

Base: 3924 global respondents

Figure 5

This may reflect the higher profile of environmental issues in certain parts of the world – the concerns over the Brazilian rainforest being a good example.

CSR and climate change are clearly topics of the moment and there may be a degree to which millennials want to be seen to be saying the right things about these issues. Instinctively they feel it is an issue they should be supporting. Nevertheless the high response rate coupled with the verbatim comments we received on this topic support the idea that corporate responsibility and climate change are important issues for millennials and employers need to take note.

"I hope that people are more aware of the environmental and social impact of companies. I do not think people should work for a company with whom their values do not align."

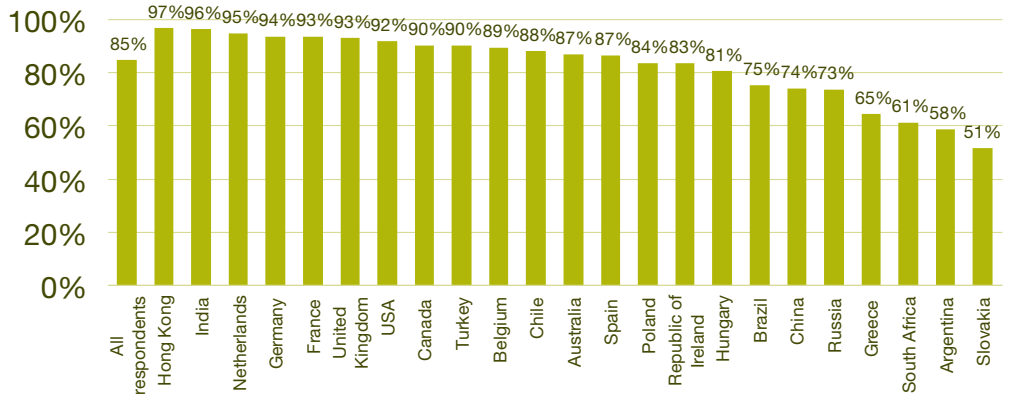
"Sustainability in the workplace will be key as this is how a company's image will be seen in an ever increasing view of the current climate changes and their impact."

"Technology will be at the centre of everything we do, in ways that may now be unimaginable."

"Technology advances will change the way we work. All peripherals used now would probably no longer be used in the future. Everyone has to keep up the pace with the change in modern technology."

We use technology to enhance our ability to network

Much has been written about the technical savvy of the internet generation. Our survey findings confirm that millennials see technology as a key device for social and networking purposes. 85% of respondents belong to a social networking site such as Facebook (see figure 6).



Q: Are you a member of an on-line social network (e.g. Facebook, Bebo, MySpace etc)?

Base: 3822 global respondents

Figure 6

Almost everyone owns a mobile phone and 86% own an iPod or MP3 player. A lesser number have access to handheld computers, but we would expect this number to increase over the next few years as technological advances make these items more accessible to all.

The millennials seem to believe very strongly that technology will play a critical role in tomorrow's workplace and emphasised the need for companies to keep apace with technology advancements.

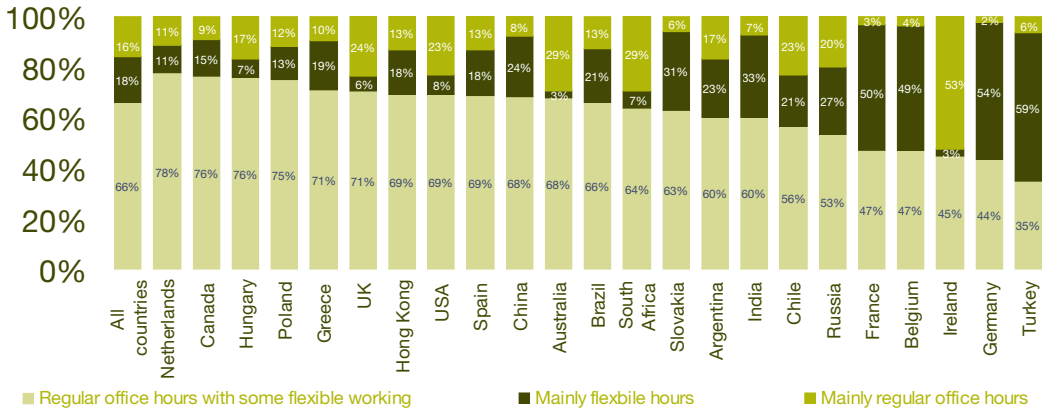
The desire of millennials to want to share knowledge can bring benefits to a business in terms of sharing best practice and for employee engagement. But this open and instant style of knowledge share could also present significant risk. Companies who may have rejected a candidate, or created delays during the recruitment process for example, could find a disgruntled candidate making public criticisms on the internet which could be viewed by thousands of people across the world instantaneously. This could have damaging consequences for the employer brand.

We do not expect work flexibility

The theory that future generations will reject traditional work practices is debunked. The majority expect some element of office based working and only 3% expect to work mainly at home/other locations. Australasia and the Pacific Islands had the highest percentage who thought they would be working mainly in an office (41%) compared with only 9% in the Middle East and Africa.

Respondents also expect to be working regular office hours with some flexible working (66%). There are some exceptions however, in Germany (54%), Turkey (59%) and France (50%) the majority expect to be working mainly flexible hours. This is contrasted with Ireland where 53% expect to be working mainly regular office hours (see figure 7).

Although the millennials seem to indicate flexibility is not expected, we did however receive many comments about wanting more flexibility. Perhaps the millennials do not feel that total flexibility is a realistic possibility, even though it is something they might desire. We also believe that their expectations may change as they get older and the need for greater flexibility for example to look after family members may become more of a priority.



Q: Do you think your office hours will be mainly flexible hours/ mainly regular office hours / regular office hours with some flexible working?

Base: 4142 global respondents

Figure 7

"Employees may have more flexibility in choosing where to work, when to work, how to work."

"I think that people will be able to work more from their homes, but I wouldn't like that there would not be interaction with team mates."

"It is very likely that the employer will intervene more directly in the personal life of the employee."

We are open to sharing personal information with employers – the lines between work and home are blurring

Millennials have split views about giving employers greater access to their personal information in the interests of personal and business security. 40% were comfortable with the idea, while 36% were unwilling and 24% did not know (see figure 8).

Certain parts of the world seem more inclined to share personal information than others with the Netherlands and Slovakia being the most willing (49%). We wonder if it might be the case that millennials, more used to posting personal information on social networking sites, are becoming far more relaxed about giving access to employers than previous generations may have done. Perhaps they have faith in data protection legislation to safeguard their personal data. But given the number of high profile accidental losses/leakages of personal data by governments and companies in recent years, millennials may need to be more cautious.

Two thirds of the sample are comfortable with the idea of employers providing more personal services to workers such as housing, food, regular doctor and dentist appointments. Most of our verbatim comments seemed to support the idea of the employer having more influence over employees' lives in this way. These views might be at odds with older workers who could be less comfortable about opening up access to their home/personal lives.

Q: In the interests of personal and business security would you be prepared to give your employer greater access to personal information?

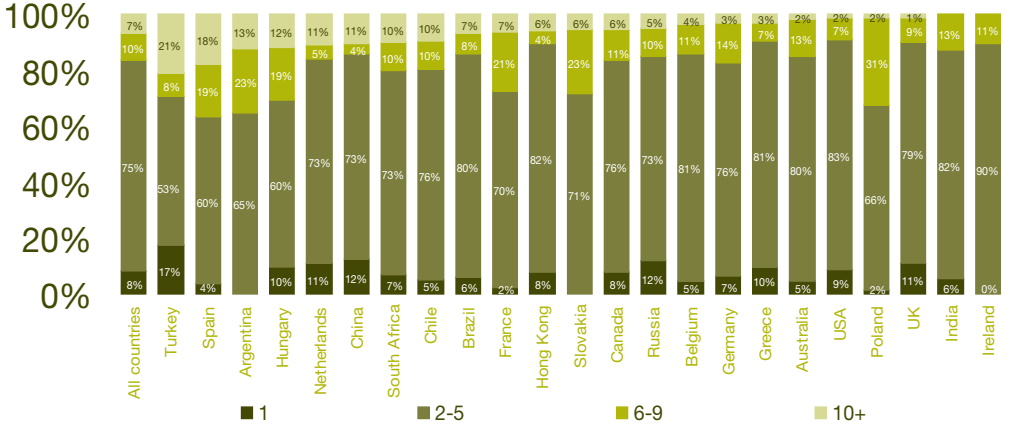
Base: 3884 global respondents

Figure 8

The concept of portfolio careers in the future is not a reality for us

Another theory apparently turned on its head is the idea of working for multiple employers over a career lifetime. The vast majority of respondents believe they will have between two and five employers (75%). Only 7% believe they will have ten or more employers. By region, Middle East and Africa respondents were the most likely to think they would have more than ten employers (11%). Only 10% of North Americans think they will have more than six employers. By country, Spain and Turkey seem the most inclined to portfolio working (see figure 9).

But millennials do expect a certain degree of job mobility with 30% saying they would like to stay within the same organisation, but in a variety of different roles and fields. Only 17% of the sample expected to remain within the same organisation and in the same field (see figure 10).

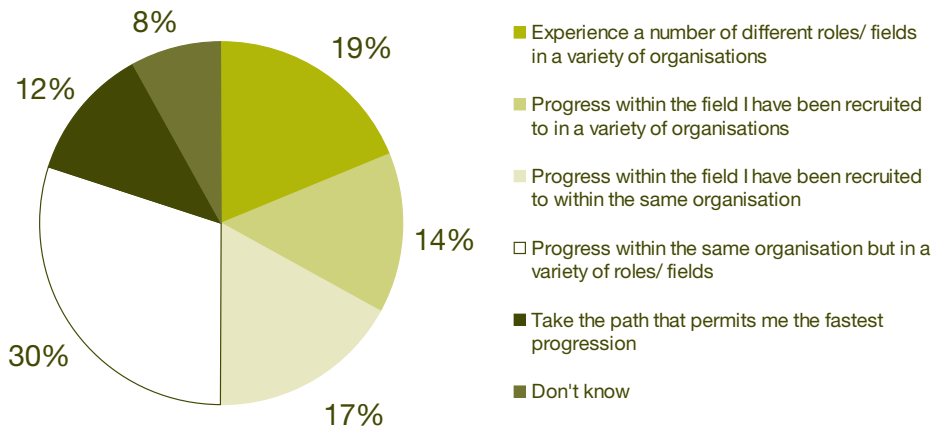


Q: How many employers do you think you will have in your career?

Figure 9

Almost half of the respondents in South Africa (48%) expect to have multiple roles in multiple organisations. Brazilian respondents seem the most committed to the employer with almost one third expecting to stay in the same field in the same organisation.

These findings seem to dispel the idea of employees job hopping in a portfolio working arrangement. This was an idea much touted in the early 1990s as the future of work. But clearly this audience does not think it will happen, and may therefore not be attuned to cope if it does.



Q: Please tell us which of the following best describes the career path you hope to follow.

Base: 4039 global respondents

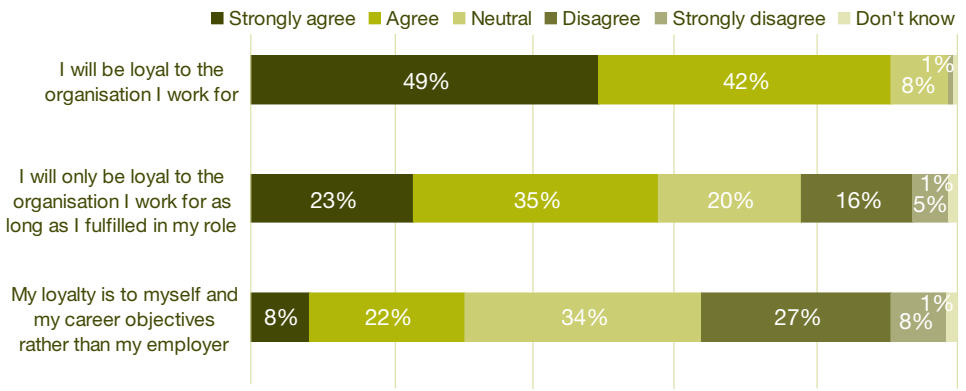
Figure 10

We are loyal to our employers... for as long as it suits us

Over 90% of respondents expressed loyalty to the organisation they worked for. We varied the loyalty statements (see figure 11) to ascertain exactly how deep the loyalty was. Australia, Germany and Turkey had the highest agreement that they are loyal to the organisation they work for. Regionally, Australasia showed the highest degree of loyalty, whereas respondents in the Middle East and Africa (38%) and South and Central America (43%) were the most likely to put self-interest first (see figure 12).

German respondents were the least likely to agree with the third statement regarding career objectives taking priority over the employer – only 15% of them agreed with this statement.

We feel that graduates are more likely to aspire to being loyal employees at the start of their careers, so in that sense the findings are not a surprise. However there is clearly an element of self-preservation in the findings, by hinting that they were not willing to commit to blind loyalty. We mentioned at the start of this report our belief that millennials will be a generation in high demand. We feel that this group will put more pressure on employers to have clear employer brand values against which they can be evaluated. If employers do not live up to employee expectations, millennials may be more likely to look elsewhere.



Q: Please tell us how much you agree or disagree with the following statements.

Base: 3915 global respondents

Figure 11

"I believe that employees who are not happy with their employers will be more inclined to look for another job with another employer."

Q: Please tell us how much you agree or disagree with the following statements

Base: 3915 global respondents

Figure 12

"Gen Y will continue to look for employers who embrace their desire for challenging work, amazing development and training opportunities, and travel possibilities."

We prefer development opportunities to cash bonuses

We were surprised by the results of this part of the survey. When we asked what benefits they would value most over the next five years, the most important benefits for our millennials are related to training and development activity (see figure 13).

Almost one third of respondents chose training and development as their first choice benefit other than salary. This was three times higher than those who chose cash bonuses as their first choice benefit.

Only 7% cited time off for doing charity or community work as a top three benefit. Yet we saw how important corporate responsibility values were to millennials in our earlier questions on the subject. Perhaps they see this as more of the employer's responsibility than a personal one?

In terms of development 98% of the sample stated working with strong coaches and mentors was important to their personal development. All aspects of personal development scored very highly in the survey (see figure 14).

The least important was e-learning, but even e-learning was cited to be very important or quite important by 62% of the sample.

We would challenge whether business leaders are attuned to the importance of development opportunities to this group. In fact, our experience is that in many sectors training and development budgets are usually the first to be hit when the business or market is doing badly.

The very high results for advocating coaches and mentors are also a key issue for businesses to take away from this study. Most employers only provide coaches and mentors to more senior individuals in the organisation. Younger workers are usually given more vocational/educational training opportunities. The context of the question asked for views on their preferences over the next five years. So we feel there is a gap between the personal development aspirations of millennials and where companies typically invest their training and development budgets particularly in a one-to-one coaching context.

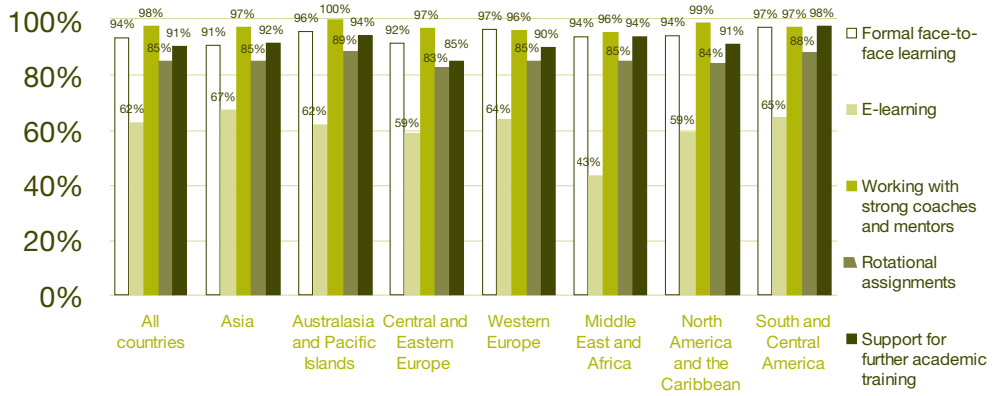
"Personally I find it very important that personal coaching is present."

	1st choice	2nd choice	3rd choice
All respondents	Training and Development (53%)	Cash bonuses (41%)	Flexible working hours (41%)
Asia	Training and Development (64%)	Financial assistance with housing (46%)	Cash bonuses (39%)
Australasia and Pacific Islands	Training and development (58%)	Flexible working hours (45%)	Cash bonuses (42%)
Central and Eastern Europe	Training and development (61%)	Cash bonuses (40%)	Flexible working hours (32%)
Western Europe	Training and development (57%)	Flexible working hours (38%)	Cash bonuses (36%)
Middle East and Africa	Flexible working hours (55%)	Training and development (46%)	Cash bonuses (42%)
North America and the Caribbean	Flexible working hours (53%)	Cash bonuses (43%)	Free private healthcare (38%)
South and Central America	Training and development (73%)	Cash bonuses (45%)	Flexible working hours (41%)

Q: Please select the benefits you would value most over the next 5 years other than your salary?

Base: 3953 global respondents

Figure 13



Q: Please tell us how much you value the following development opportunities.

Base: 3907 global respondents

Figure 14

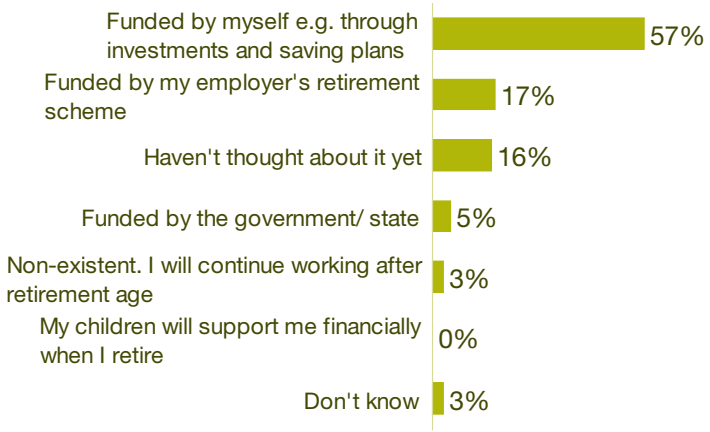
I will have to take personal responsibility for funding my retirement

Millennials have accepted the idea that neither the state nor their employer will fund their retirement, with over half (57%) saying they expected to fund their own retirement through personal investments and saving plans (see figure 15).

Australasia has the highest percentage which expect their retirement to be funded personally (76%), Asia has the lowest (38%) with over a quarter of Asian respondents expecting their employer's retirement scheme to meet their needs. Germans have the highest percentage who expect their retirement to be funded personally (90%), the Netherlands had the lowest (27%). 41% of respondents from the Netherlands expect their retirement to be funded by their employer's retirement scheme (highest percentage across all the countries), compared with 0% of those in Germany (see figure 16).

The high profile in recent years of company pension deficits in defined benefit schemes, may have led our millennials to conclude that they need to fund their own retirement. This may be particularly true of Germany for example where companies have suffered crippling pension deficits for the last decade. And in the US, until recent events, there was a belief that very low (or negative) savings rates would not ultimately affect the economy, as Baby Boomers could retire on their asset price and housing price growth without saving out of earnings. During the 2000s, Americans have reduced the amount of disposable income being saved to just about 0%.[4] We believe that these factors compounded by the global financial crisis may have influenced the millennials' resignation to self-funding their retirement.

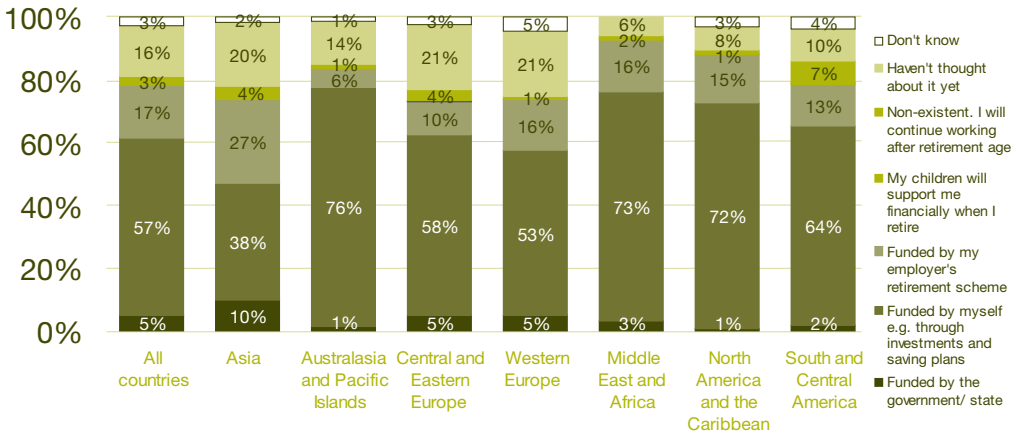
"I think that it is extremely important to have a good pension scheme, as the governments scheme fails to keep up with the cost of living. Therefore, as I get older, this will be one of my main criteria when picking who to work for."



Q: Do you expect your retirement will be …?

Base: 3898 global respondents

Figure 15



Q: Do you expect your retirement will be...?

Base: 3898 global respondents

Figure 16

[4] Bureau of Economic Analysis, Economic Intelligence Unit, PwC Analysis

Thoughts on 2020

“China will be more and more influential in the following years, and will be one of the most important markets of all enterprises from many countries.”

We presented a series of statements to the sample relating to the world in 2020.

By 2020 some believe that companies will run their own universities to have the right skills to fulfil their needs (30%). Response was highest in Asia 44% and Central and Eastern Europe (40%). This reinforces again the point that millennials believe development is important, so much so that some companies will even have their own universities in tomorrow’s world.

Over one third of the sample believes that companies will be more influential than governments by 2020 (36%). Almost half of South and Central Americans agreed (see figure 17).

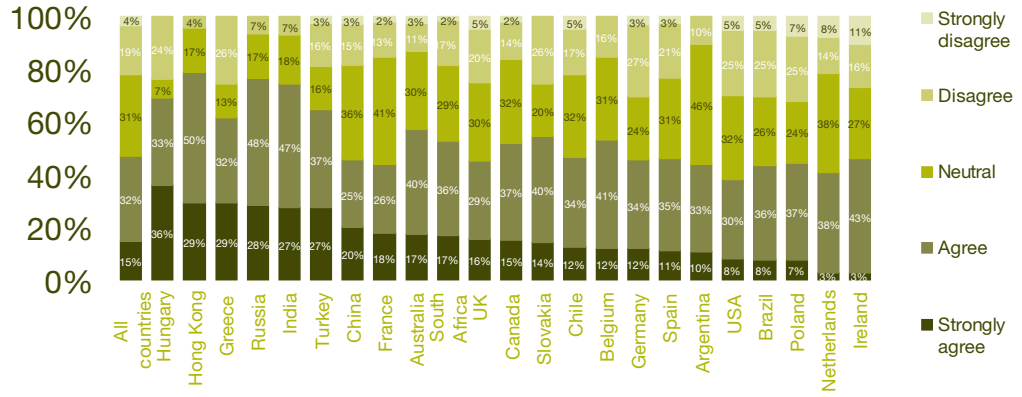
57% of respondents do not believe that DNA profiling will be part of the graduate recruitment process. Only 15% felt that DNA profiling would be a feature, although this rises to 30% of Middle Eastern and African respondents.

Almost half of the respondents believe that China, Russia and India will have more economic influence than the US and Europe by 2020. Perhaps unsurprisingly the highest rate of agreement to this question came from the emerging markets cited in the statement. However only 30% of US respondents disagreed with the statement (see figure 18).

Q: By 2020 companies will be more influential than governments

Base: 3862 global respondents

Figure 17



Q: By 2020 China, Russia and India will have more economic influence than the US and Europe

Base: 3866 global respondents

Figure 18

So what do these findings mean for companies in their search for talent?

Although the PwC survey does not claim to represent the entire millennial generation, we do believe a number of indicative themes have emerged. We were struck by the similarity of responses across the globe to a number of these issues. Should organisations tear up their people strategy and start again? Not necessarily. But do companies need to review what they are doing in light of some of these findings? Almost certainly. We believe that many organisations are not fully tuned into the millennial mindset.

Message to the CEO

In the PwC 12th annual CEO survey[5], 61% of CEOs say they have challenges recruiting and integrating younger employees. When we asked CEOs what are the key components of their talent strategy, the majority sampled believe that flexible working arrangements are one of the most critical components to their ability to attract and retain talent. Yet it seems, the millennials do not expect flexibility and value other benefits more highly. Perhaps their views will change as their life priorities change. 62% of CEOs say providing opportunities for employees to get involved in socially responsible activities is key. Yet only 7% of our millennials would choose to have time off for doing social or charity work as one of their top three benefits.

Perhaps CEOs and business leaders need to consider whether their strategies are valid for all generations of workers. For example, do they need greater flexibility in terms of how they incentivise different segments of the workforce? Could we see more emphasis on worker profiling in the future to help companies better understand their staff diversity and what drives employee loyalty and behaviours? If CEOs really want to get better at attracting and integrating younger workers as the CEO survey suggests, then they need to place more emphasis on what millennials value most e.g. personal development opportunities, and working with coaches and mentors.

Market challenges

The pressures of economic downturn are likely to remain a global issue affecting businesses for some time. We may see higher unemployment affecting many parts of the world, and it is likely that business leaders will find it difficult to justify investing in people programmes, while they work through these challenging conditions. But investing in talent is exactly what organisations need to do, to be certain of having a strong footing when the market recovers.

Employers must look for ways to manage costs whilst remaining focused on long-term strategy. Past recessions have seen companies use innovative ideas to meet short-term challenges. One organisation deferred its graduate intake for 12 months and offered said graduates a lump sum to spend on travelling during the enforced gap year. The uptake for the scheme was very high – the graduates were grateful for the opportunity to explore the world and return when things had picked up. The employer was able to reduce the cost burden of a large number of graduates which it had no work for, whilst retaining their loyalty and commitment to start the following year.

As many parts of the world grapple with uncertainty, companies need to explore innovative ways to meet both short and long-term demands.

A connected world

The demand for global worker mobility has increased dramatically in the last decade with the emergence of new markets and the globalisation of many industries.

[5] PwC 12th annual CEO survey published January 2009

Companies struggle to get people to work overseas and the average cost of an assignee can be three to four times higher than a local hire. The return on investment of international assignments is often very poor, with up to 40% of assignees leaving the organisation within 12 months of returning to their host country.[6] Our millennials survey suggests we have a generation who are enthusiastic about working overseas. How can companies capitalise on this to meet their needs?

Our millennials are at ease with technology which permeates many facets of their lives, but are companies keeping up? There will likely be an expectation that companies are at least apace with technological advancements. For example, we are all used to using search engines to find exactly what we need on the internet, but is it as easy to find knowledge and connect people in large companies? Today, some large companies do not even know on a given day, their total number of employees.

Smart companies are already ahead of the game, replicating the likes of Facebook networking sites internally. Other organisations are making foreign assignments part of the promotion criteria. Many organisations are taking people metrics to a highly sophisticated level, way beyond the staff satisfaction survey which has become the norm.

And what about Generation X and the Baby Boomers?

Our survey suggests a number of similarities between millennials and previous generations. The new generation want stability, security and variety in their working environment. They want to be loyal to an organisation that they are proud to work for and reflects their own values. Are these aspirations so different to what previous generations have wanted? We do not think so. But it is the greater ability of this new generation to mobilise themselves quickly and easily into employment elsewhere that CEOs need to worry about. The survey responses to the CSR issues and the questions on loyalty indicated that if millennials do not get what they want with their current employer, they will go elsewhere.

Companies in 2020 will find that they are dealing with a complex workforce of different generational expectations and needs. At one end of the spectrum workers could continue working until well past retirement age – what impact will this have on pension planning, health and wellness and how they interact with younger workers in the organisation? The millenials will be in their 30s and 40s by then. How will they have shaped the workplace of tomorrow with their advanced technological savvy, social responsibility values and global outlook? Organisations need to work through the complexity of having such diversity in the workforce. Many organisations today use customer segmentation strategies to understand the orientations of their customer base. We believe companies need to look at using similar methodologies to understand the segmentation and orientation of their workforce. Having the flexibility to provide tiered offerings to suit employees at different stages of their life-cycle as well as from different generations will be key to drive maximum value and loyalty from employees.

All organisations and their Human Resource teams need to look seriously at the millennial generation if they want to be able to compete in tomorrow's world. One thing we can be absolutely certain of – good people will continue to be incredibly hard to find and difficult to keep.

"Employers need to recognise that young joiners today and in the future will have different demands and aspirations to those generations that have preceded us."

[6] PwC Measuring the value of international assignments [2006]

Managing millennials

1. Use metrics and benchmarking to segment your workforce in order to understand what millennials want and how these desires might differ from older workers.
2. Think creatively about reward strategies and what motivates millennials? For example, is it time to shift focus from cash bonuses and company cars to other things?
3. Consider global working opportunities – how might this enthusiastic generation support your global mobility needs?
4. Continue to invest in personal development and training – explore expanding coaching/mentoring programmes to younger workers.
5. Articulate your employer brand – communicate internally and externally what it means to work for your organisation.
6. Have a clear statement about corporate responsibility – make this part of your employer brand and be committed to deliver the promise.
7. Think creatively about how technology can be used to engage this audience e.g. avatars, internal networking sites etc.
8. Provide variety and fresh challenges – consider promoting cycles of experience in other parts of the organisation.

Our thanks to all the graduates who participated in this survey, and to the PricewaterhouseCoopers human capital teams around the world.

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