



# Global Workforce Insights

## Quarterly Report: Q4 2013

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Your Resource for the Latest Trends Affecting  
Your Workforce Plan

# ACCESS THE LATEST WORKFORCE AND HR FUNCTION INSIGHTS

Our quarterly publications keep you informed and enable you to act quickly on critical changes in the workforce and the HR profession. View these resources by visiting the News and Trends section of our website: <https://clc.executiveboard.com>.

## Workforce Insights: Quarterly Publications

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### Global Workforce Insights Report

Access the latest analysis on global workforce trends affecting your organization's human capital strategy in the following areas:

- Employee Attraction
- Employee Engagement
- Compensation

### CEB Minute Video

Watch a short video highlighting key insights from the Global Workforce Insight Report.



### Country Workforce Insights Reports

Access the latest data and analysis on workforce trends in specific countries:

- Australia and New Zealand
- Brazil
- Canada
- China
- Germany
- India
- Mexico
- Nordic Region
- Singapore
- Southeast Asia
- South Africa
- United Kingdom
- United States

## HR Function Insights: Quarterly Publications

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### HR News and Trends Report

Download data-driven analysis, action planning guidance, and resources to address critical HR function trends in the areas of HR transformation, organization design, performance management and productivity, recruiting, training and development, and more.

### HR Function Workforce Insights Report

View the latest trending data and analysis on changes specific to the HR workforce in the following areas:

- Attraction
- Engagement
- Compensation

### CHRO Quarterly Magazine

Read about new insights from around the corporate suite and HR and personal stories from heads of HR at the world's largest organizations on leading their teams and organizations.

**Executive confidence about the global economy has remained unchanged for the last two quarters.**

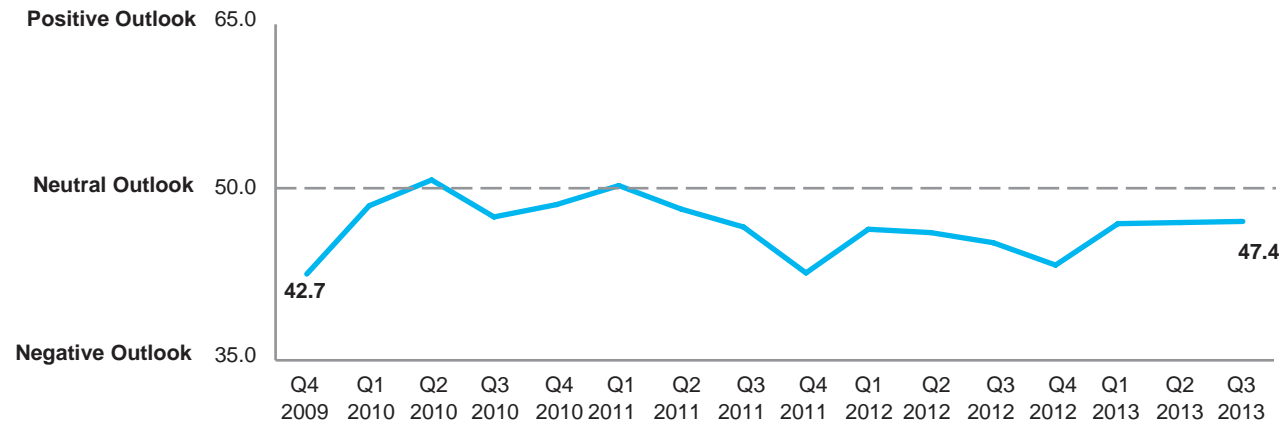
- Executive outlook has been more pessimistic than optimistic for 14 of the past 16 quarters.
- Confidence dropped among Marketing and Sales executives in Q3, moving both functions from an overall positive to an overall negative outlook.
- Confidence grew among HR executives in Q3 but remains low overall; however, HR leaders are no longer the most pessimistic.

#### Definition

The Business Executive Sentiment Index (BESI) measures senior executives' sentiment on revenue growth and cost pressure for the next 12 months in light of macroeconomic events.

## EXECUTIVE OUTLOOK STILL PESSIMISTIC BUT STABILIZING

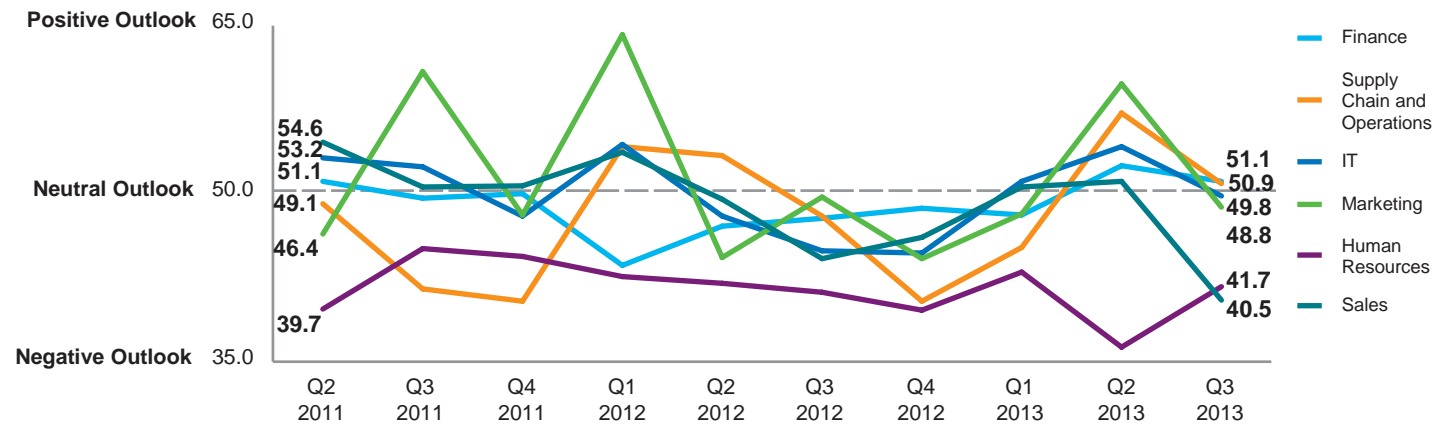
### Business Executive Sentiment Index



Q3 2013 n = 2,090 executives.

Source: CEB 2013 Business Barometer Survey.

### Business Executive Sentiment Index by Corporate Function



Q3 2013 n = 549 (Finance); 506 (Supply Chain and Operations); 452 (IT); 384 (Marketing); 561 (Human Resources); 459 (Sales).

Source: CEB 2013 Business Barometer Survey.

**An effective employment value proposition (EVP) allows organizations to source more deeply within the labor market by attracting passive candidates.**

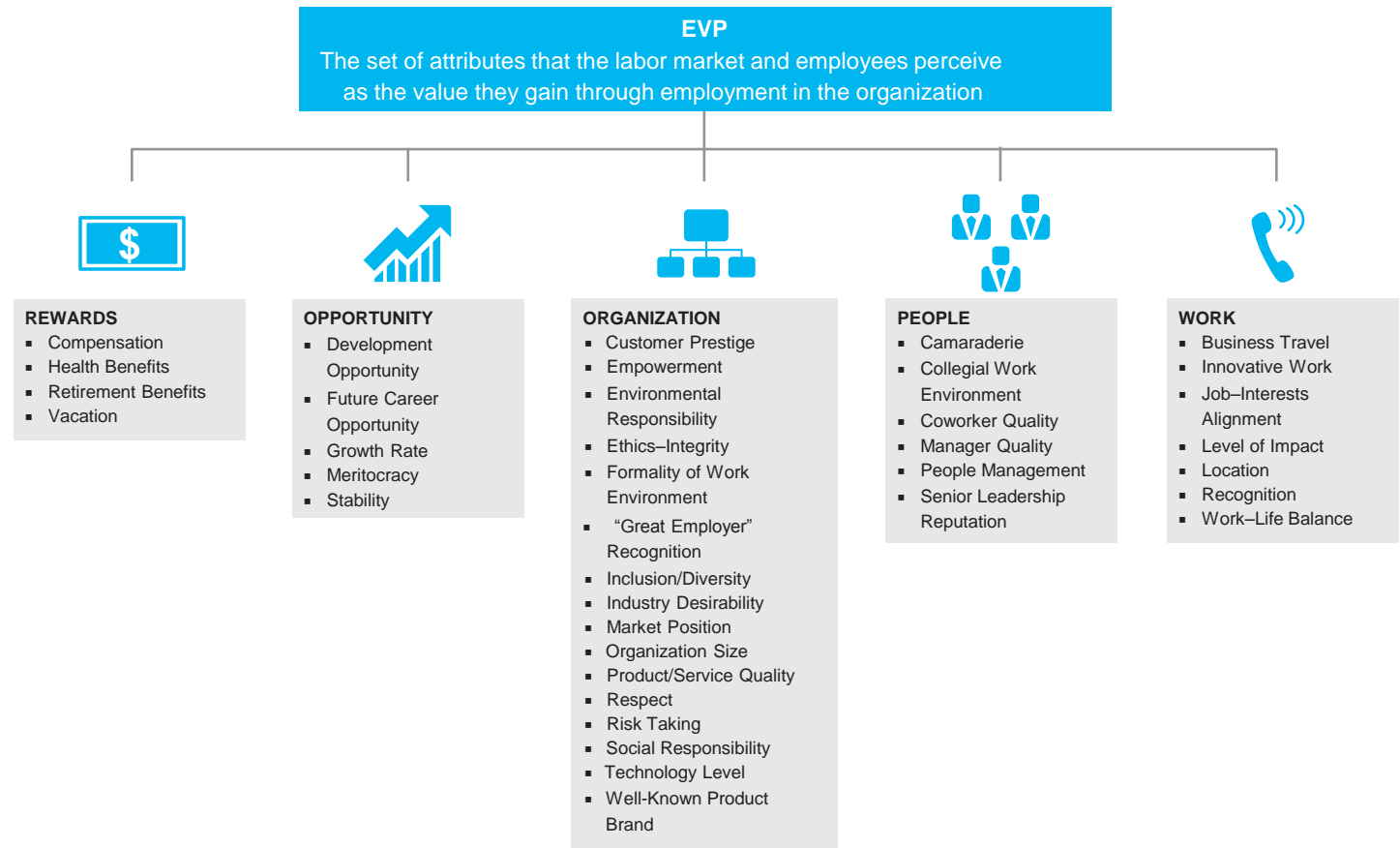
- CEB's EVP model consists of 38 attributes validated to most significantly drive attraction and retention.
- When candidates in the labor market view an organization's EVP as attractive, they demand a lower compensation premium when deciding to join.
- Organizations with the most effective EVP delivery display lower levels of employee turnover than less-effective organizations.

**Additional Insight**

Define the vision for your differentiated EVP with our insights and implementation tools in our EVP Topic Center (<http://ceburl.com/1frx>).

# CEB'S EVP FRAMEWORK

EVP Framework and Benefits of a Differentiated EVP



**Attraction Benefits**

- Reduces the compensation premium needed to hire by 50%
- Enables organizations to reach deeper into the labor market to attract passive candidates

**Retention Benefits**

- Decreases annual employee turnover by 69%
- Increases new hire commitment by 29%

Source: CEB analysis.

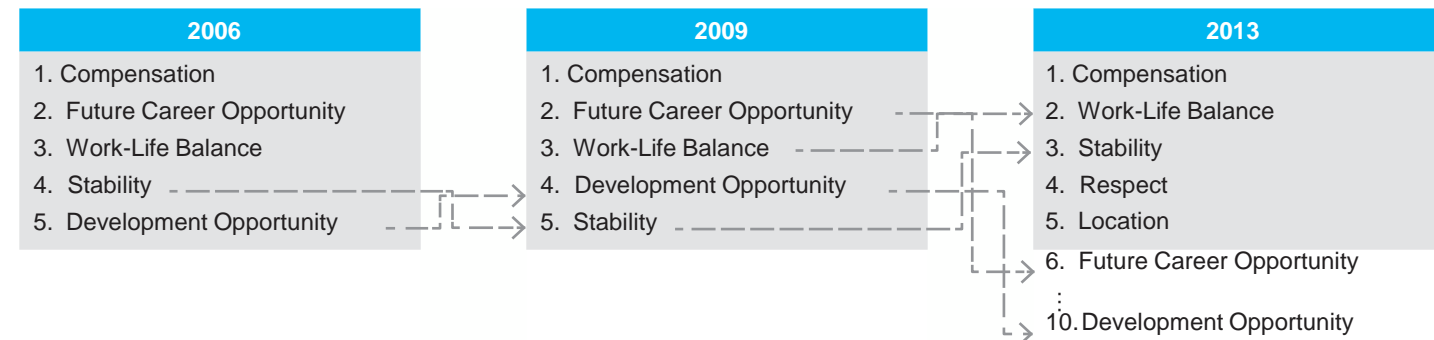
Compensation has consistently been the top driver of employee attraction for several years, but three large shifts have occurred in employee preferences.

- The top five drivers of attraction shifted substantially between 2009 and 2013.
- Key shifts in employee preferences have emerged in three out of the five major EVP categories between 2006 and 2013:
  - Rewards
  - Organization
  - Work

## EMPLOYEES' EVP ATTRACTION PREFERENCES HAVE SHIFTED SIGNIFICANTLY IN THE PAST SEVERAL YEARS

### Top Five Global Drivers of Attraction, by Year

Based on Percentage of Potential Candidates Rating Attribute Among Top Five Most Important Drivers of Attraction



### Top Three Shifts in EVP Preferences from 2006 to 2013



#### Employees Searching for Better Total Rewards

Employees are more focused on the immediate benefits of a new job opportunity. In 2013, health benefits, retirement benefits, and vacation all became the top 15 drivers of attraction. All three attributes moved up more than 10 spots since 2009.



#### Long-Term Opportunities Less Important

Future career and development opportunities are clearly a secondary concern for employees today. Both were among the top five attraction drivers for 2006 and 2009. By 2013, they fell to number six and number 10 respectively.



#### Coworkers Trump Managers

Manager quality was the sixth driver of attraction in 2009—now it is ranked 17. Yet employees have steadily increased their focus on coworker quality when evaluating new job offers. This attribute moved from 23 in 2006 to 16 today.

Q3 2013 n = 12,880.

Source: CEB, Rebuilding the Employment Value Proposition (2006 and 2009); CEB 2013 Global Labor Market Survey.

Note: The composition of countries represented in the data on this table changed between sample years.

Our employee engagement model links two key talent outcomes—discretionary effort and intent to stay—to organizational performance.

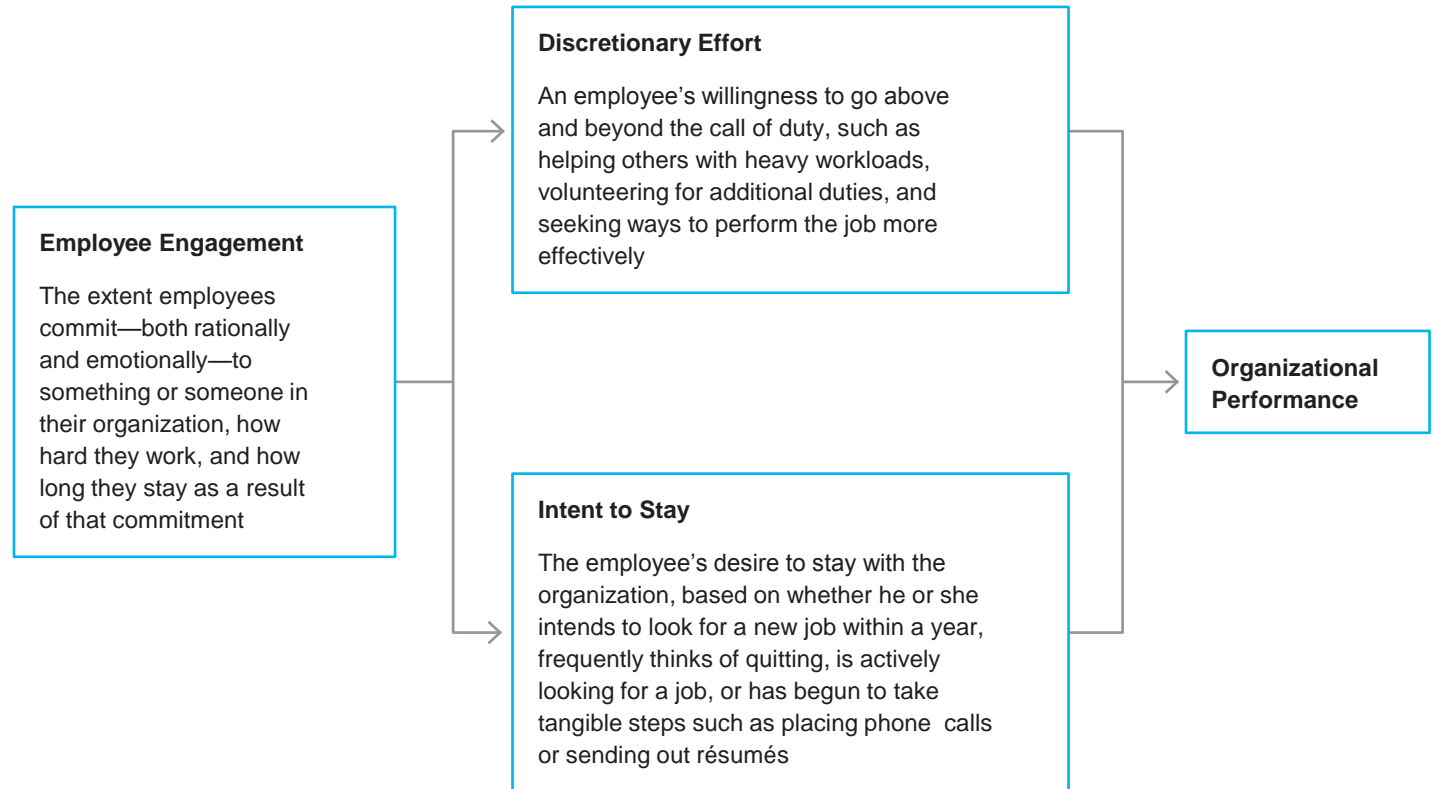
- The engagement metrics in this section of the report are based on the percentage of employees who display high or very high levels of discretionary effort and intent to stay.

#### Additional Insight

Visit the Engagement Topic Center (<http://ceburl.com/1frw>) for guidance on measuring and managing employee engagement at your organization.

## EMPLOYEE ENGAGEMENT DRIVES PERFORMANCE

### CEB's Employee Engagement Model



Source: CEB analysis.

The likelihood an employee reports high engagement—measured as discretionary effort and intent to stay—is the greatest it has been since 2008.

- More than one-fifth (20.7%) of employees globally report high discretionary effort.
- In another record high, 34.2% of employees globally report high intent to stay with their current organizations.

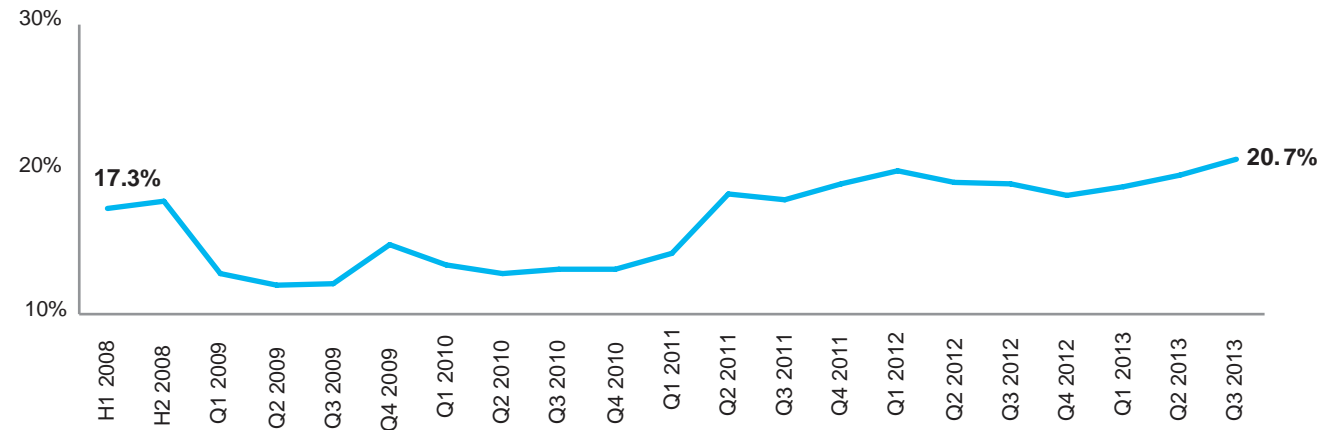
#### Additional Insight

Learn more about how we can help you run a customized engagement initiative at your organization at [cebglobal.com/workforcesurveys](http://cebglobal.com/workforcesurveys).

Additional fees apply.

## EMPLOYEE ENGAGEMENT CONTINUES UNPRECEDENTED RISE

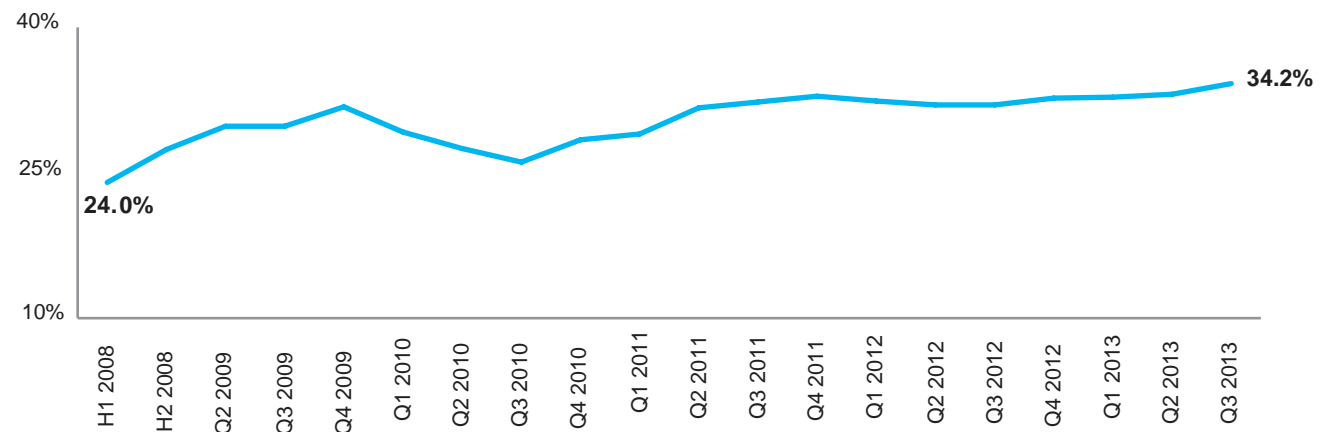
Percentage of Employees with High Levels of Discretionary Effort



Q3 2013 n = 18,013.

Source: CEB 2013 Global Labor Market Survey.

Percentage of Employees with High Levels of Intent to Stay



Q3 2013 n = 18,013.

Source: CEB 2013 Global Labor Market Survey.

Note: Global discretionary effort and intent to stay levels are calculated from five and four survey questions respectively and then averaged among the 19 participating countries and regions.

Unsatisfactory compensation became less of a factor in driving employees away in India and Southeast Asia but more of a factor in Australia and New Zealand.

- The Top 10 Drivers of Attrition for each country or region are located on the following page.

## GREATEST YEAR-OVER-YEAR CHANGES IN DRIVERS OF ATTRITION, BY COUNTRY

Largest Rank-Order Change in Top 10 Drivers of Attrition for Select Countries or Regions, Q3 2012–Q3 2013  
Based on Percentage of Departed Employees Selecting Attribute as One of Top Five Reasons for Changing Employers

### Australia and New Zealand: Q3 2012–Q3 2013

- Largest Rank-Order Increase**  
*Compensation* went from the 9th to the 5th driver of attrition.
- Largest Rank-Order Decrease**  
*Respect* fell from the 5th to the 8th driver of attrition.

### China: Q3 2012–Q3 2013

- Largest Rank-Order Increase**  
*Innovative Work* rose from the 21st to the 9th driver of attrition.
- Largest Rank-Order Decrease**  
*Stability* fell from the 5th to the 8th driver of attrition; *Job-Interests Alignment* dropped from 7th to 10th.

### India: Q3 2012–Q3 2013

- Largest Rank-Order Increase**  
*Future Career Opportunity* rose from the 4th to the 1st driver of attrition.
- Largest Rank-Order Decrease**  
*Compensation* fell from the 1st to the 4th driver of attrition.

### Southeast Asia: Q3 2012–Q3 2013

- Largest Rank-Order Increase**  
*Job-Interests Alignment* went from the 15th to the 10th driver of attrition.
- Largest Rank-Order Decrease**  
*Compensation* fell from the 1st to the 4th driver of attrition.

### United States: Q3 2012–Q3 2013

- Largest Rank-Order Increase**  
*Work-Life Balance* went from the 8th to the 6th driver of attrition.
- Largest Rank-Order Decrease**  
*Development Opportunity* fell from the 6th to the 7th driver of attrition; *Recognition* fell from 7th to 8th.





Departing employees report receiving a **14.8% increase in total compensation to change employers, the same level as Q3 2012.**

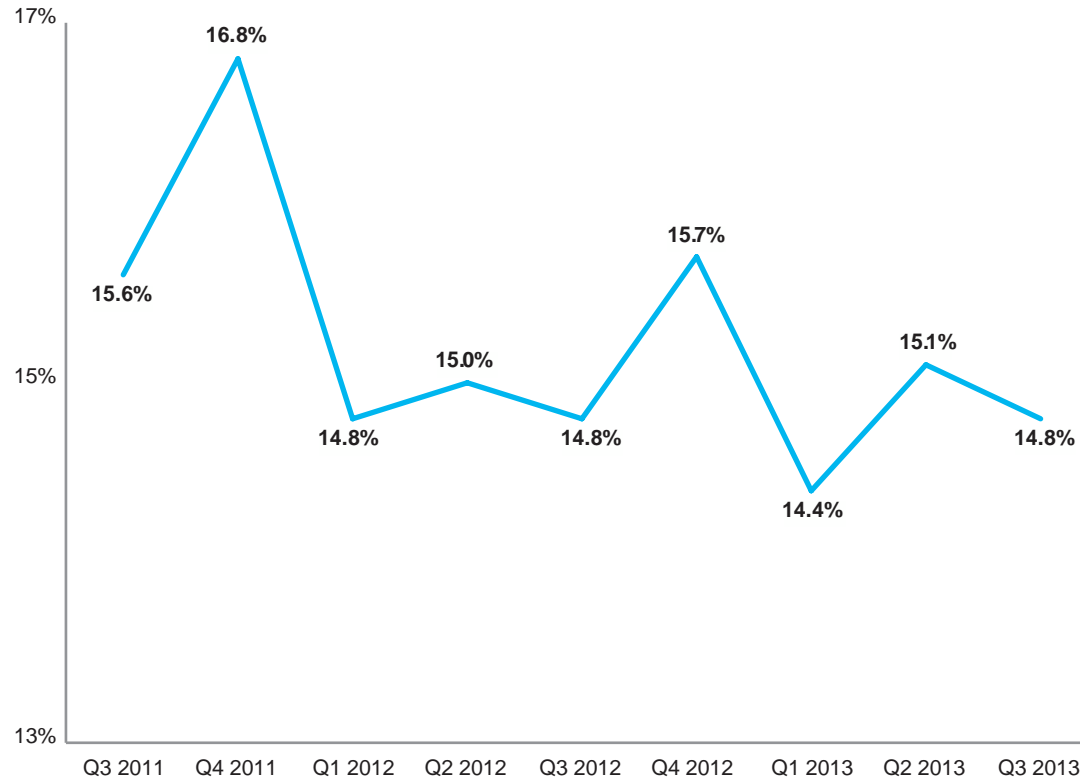
- This percentage has varied over the past year from a maximum of 15.7% in Q4 2012 to a minimum of 14.4% at the beginning of 2013.

**Definition**

The Compensation-Switching Premium measures departed employees' anticipated compensation change at their new organization.

# GLOBAL SWITCHING PREMIUMS HAVE NOT CHANGED YEAR-OVER-YEAR

**Global Compensation-Switching Premium**  
Percent Change in Total Compensation



Q3 2013 n = 4,639.

Source: CEB 2013 Departure View Exit Survey.

Use these services to benchmark your own organization against peer organizations.

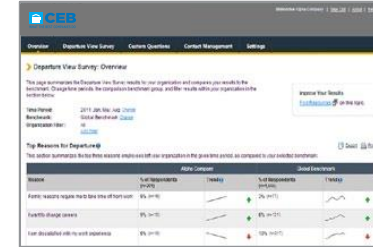
- Learn more by e-mailing [clcsurveyrequests@executiveboard.com](mailto:clcsurveyrequests@executiveboard.com).

# USE THESE SERVICES TO CREATE A CUSTOM WORKFORCE BENCHMARK REPORT

## Departure View Exit Survey

(from CEB Corporate Leadership Council)

- Uncover employees' reasons for leaving.
- Improve your organization's employment value proposition.
- <https://clc.executiveboard.com/Members/ExitSurvey.aspx>



## Recruiting Effectiveness Dashboard (RED)

(from CEB Recruiting Leadership Council)

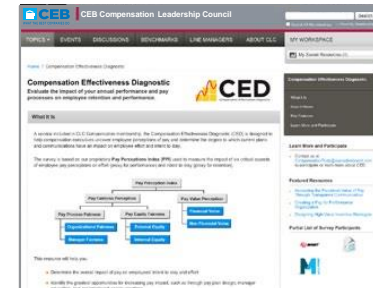
- Measure quality of hire and other key talent attraction metrics.
- Enhance processes and talent outcomes.
- <https://rr.executiveboard.com/Members/RED/Default.aspx>



## Compensation Effectiveness Diagnostic (CED)

(from CEB Compensation Leadership Council)

- Evaluate employees' pay perceptions.
- Determine compensation's impact on employee effort and intent to stay.
- [https://www.cr.executiveboard.com/Members/ResearchAndTools/Compensation\\_Effectiveness\\_Diagnostic.aspx](https://www.cr.executiveboard.com/Members/ResearchAndTools/Compensation_Effectiveness_Diagnostic.aspx)



## Custom Employee Surveys

- Improve business performance using greater insight and support on organizational priorities.
- <http://www.cebvaltera.com>





Originally developed in 2006, our EVP model consists of 38 attributes that drive attraction and retention.

- A master list of more than 200 employment characteristics was compiled and evaluated for similarity, distinctiveness, universality, and overall ratability, leading to the consolidated list of 38 attributes.
- This final list of 38 attributes can be grouped into five categories: rewards, opportunity, organization, work, and people.

## DEFINITIONS OF EVP ATTRIBUTES

Attribute's Name	Definition
<b>Business Travel</b>	The amount of out-of-town business travel required by the job
<b>Camaraderie</b>	Whether working for the organization provides opportunities to socialize with other employees
<b>Collegial Work Environment</b>	Whether the work environment is team oriented and collaborative
<b>Compensation</b>	The competitiveness of the job's financial compensation package
<b>Coworker Quality</b>	The quality of the coworkers in the organization
<b>Customer Prestige</b>	The reputation of the clients and customers served in performing the job
<b>Development Opportunities</b>	The developmental and educational opportunities provided by the job and organization
<b>Empowerment</b>	The level of involvement employees have in decisions that affect their job and career
<b>Environmental Responsibility</b>	The organization's level of commitment to environmental health and sustainability
<b>Ethics–Integrity</b>	The organization's commitment to ethics and integrity
<b>Formality of Work Environment</b>	Whether the organization maintains a casual work environment
<b>Future Career Opportunities</b>	The future career opportunities provided by organization
<b>“Great Employer” Recognition</b>	Whether or not the organization's reputation as an employer has been rated highly by a third-party organization
<b>Growth Rate</b>	The growth rate of the organization's business
<b>Health Benefits</b>	The comprehensiveness of the organization's health benefits
<b>Inclusion/Diversity</b>	The organization's level of commitment to having an inclusive and diverse workforce
<b>Industry Desirability</b>	The desirability of the organization's industry to the respondent
<b>Innovative Work</b>	The opportunity provided by the job to work on innovative, leading-edge projects
<b>Job–Interests Alignment</b>	Whether the job responsibilities match your interests

## DEFINITIONS OF EVP ATTRIBUTES (CONTINUED)

Attribute's Name	Definition
<b>Level of Impact</b>	The level of direct impact the job has on business outcomes
<b>Location</b>	The location of the jobs offered by the organization
<b>Manager Quality</b>	The quality of the organization's managers
<b>Market Position</b>	The competitive position the organization holds in its market(s)
<b>Meritocracy</b>	Whether or not employees are rewarded and promoted based on their achievements
<b>Organization Size</b>	The size of the organization's workforce
<b>People Management</b>	The organization's reputation for managing people
<b>Product/Service Quality</b>	The organization's product or service quality reputation
<b>Recognition</b>	The amount of recognition provided to employees by the organization
<b>Respect</b>	The degree of respect the organization shows employees
<b>Retirement Benefits</b>	The comprehensiveness of the organization's retirement benefits
<b>Risk Taking</b>	The amount of risk the organization encourages employees to take
<b>Senior Leadership Reputation</b>	The quality of the organization's senior leadership
<b>Social Responsibility</b>	The organization's level of commitment to social responsibility (e.g., community service, philanthropy)
<b>Stability</b>	The level of stability of the organization and the job
<b>Technology Level</b>	The extent to which the organization invests in modern technology and equipment
<b>Vacation</b>	The amount of holiday or vacation time employees earn annually
<b>Well Known Product Brand</b>	The level of awareness in the marketplace for the product's brand
<b>Work-Life Balance</b>	The extent to which the job allows you to balance your work and other interests



The EVP and engagement data in this report comes from our quarterly Global Labor Market Survey.

- The survey polls over 18,000 employees in 28 countries during the first month of every quarter.

## GLOBAL LABOR MARKET SURVEY DEMOGRAPHICS

Country: Q3 2013	Representation
Australia and New Zealand	8.4%
Belgium and The Netherlands	4.2%
Brazil	3.4%
Canada	5.6%
China	5.6%
France	2.8%
Germany	7.0%
India	5.6%
Italy	2.8%
Japan and South Korea	5.6%
Mexico	3.4%
Nordic Region	5.3%
Russia	2.8%
South Africa	2.8%
Southeast Asia	8.4%
Spain	2.8%
Switzerland	2.4%
United Kingdom	8.4%
United States	127%

Industry: Q3 2013	Representation
Aerospace	0.8%
Construction	4.2%
Consumer Goods	3.3%
Education	11.9%
Financial Services and Insurance	6.3%
Government	6.2%
Health Care	9.2%
Leisure and Hospitality	2.4%
Manufacturing	10.8%
Media	1.4%
Nonprofit	2.0%
Oil, Gas, and Mining	1.5%
Pharmaceuticals	1.5%
Professional Services	9.2%
Real Estate	1.4%
Restaurant	17%
Retail	8.5%
Technology	9.5%
Travel and Transportation	4.0%
Utilities	4.1%