

18th Annual Global CEO survey

Familiar problems – and new opportunities^{p7} / The skills dilemma^{p11} / A new take on talent^{p12} / Managing talent in a digital world^{p15} / Priorities for CEOs and HR^{p17}

People strategy for the digital age

A new take on talent

81%

of CEOs are looking for a much broader range of skills when hiring than in the past.

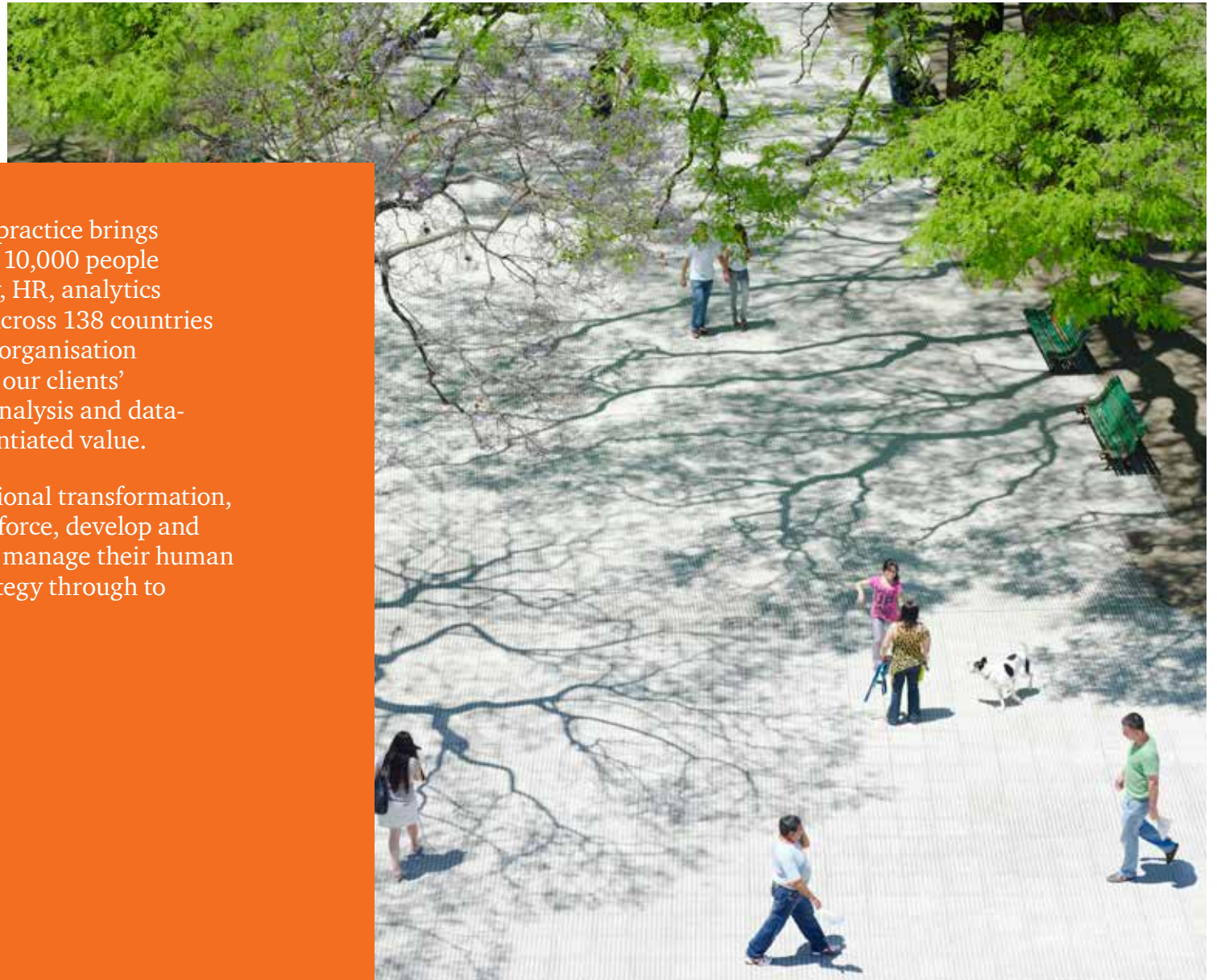
73%

of CEOs said availability of skills was a serious concern, an increase of 10% on 2014.



PwC's Global People and Organisation practice brings together an unmatched combination of 10,000 people with industry, business, talent, strategy, HR, analytics and technology expertise in one team across 138 countries. Together, we build tailored people and organisation solutions with a deep understanding of our clients' uniqueness and grounded in rigorous analysis and data-driven insight, to create lasting, differentiated value.

We help clients to implement organisational transformation, improve the effectiveness of their workforce, develop and move talent around their business, and manage their human capital risks. We work from people strategy through to organisational execution.



Introduction

Just as the industrial revolution did a century and a half ago, the digital revolution is reshaping the way we live our lives and the way we work; it's also forcing a fundamental transformation of business – changing the relationship with customers, bringing new entrants and their disruptive technologies, driving new channels, products and services, breaking down the walls between industries and, in many cases, forcing a basic rethink of the business model.

The speed of change makes it almost impossible to predict the future with any degree of certainty. In such a climate, organisations need a credible and forward-looking leader; a role that has never been more critical. CEOs need to understand how technology can improve their business and the customer experience, and plan for things that seem a distant dream. Denise Ramos, CEO of ITT Corporation, puts it like this: “You have to create multiple futures and multiple options for your company, because you don't know when the world's going to look like three to five years from now.”

One of the biggest headaches for CEOs is making sure that the organisation has the right people to cope with what lies ahead. There's the basic question of planning for the skills that are needed now and in the future: Which roles will be automated? What new roles will be needed to manage and run emerging technology? What skills should the company be looking for, and training their people for? Where will we find the people we need?

But more importantly, CEOs need to be sure that the business is fit to react quickly to whatever the future may throw at it – and that means filling it with adaptable, creative people, working in a culture where energy fizzles and ideas spark into life. If they can't be found, they must be created.

Whatever technological innovations are ahead, it's the people that will make the difference between eventual success and failure. That's why CEOs need a people strategy for the digital age.

“Today's new dynamic environment requires original decisions that have never been made before.”

Alexey Repik
Chairman of the Board, R-Pharm,
Russia

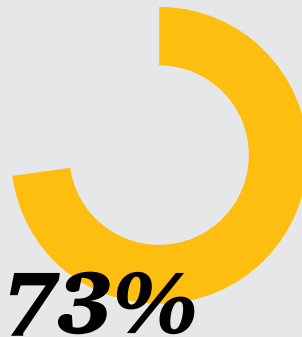
Main findings

A volatile, unpredictable world

CEOs are standing on constantly shifting ground. They see before them a boiling mix of opportunities and threats, driven by technology that's mining new markets but which is also transforming everything around them, from how their customers behave to what their people expect from work. They're reacting by exploring new business models, sectors and unexpected partnerships – in a bid to adapt quickly, find growth, but increasingly to access the skills they need.

Skills at crisis point

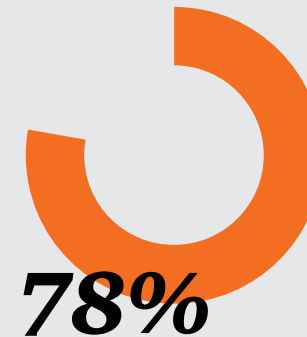
The skills shortage has become a crisis-level priority for CEOs; 73% name it as a threat to their business, compared with 46% just six years ago. The digital age has transformed a nagging worry into something far more challenging; 81% of CEOs say they're looking for a wider mix of skills than they have in the past. Businesses desperately need hi-tech innovators and 'hybrid' workers who understand not only their own sector, but complex digital technology as well.



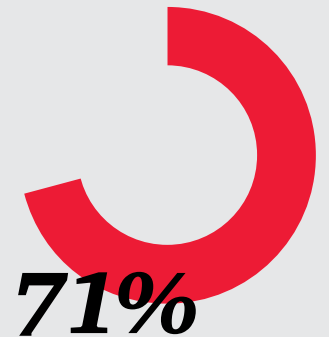
of CEOs said availability of skills was a concern, an increase of 10% on 2014.



are looking for a much broader range of skills when hiring than in the past.



say they always use multiple channels to find talent, including online and social.



actively search for talent in different geographies, industries, or demographic segments.

A new take on talent

Success in the digital world demands new ways of thinking, especially when it comes to talent. Workers with the most in-demand skills are creating a 'gig economy', where they're in control of where and when they work. Organisations, in turn, are rethinking their talent mix and exploring the potential of automation; and CEOs have woken up to the value of diversity – of thinking and experience – to create value in the digital age.

Using data wisely

There's still some way to go before organisations make the best possible use of the people data they collect. Under half of organisations consistently use analytics to provide insight into how effectively skills are being deployed. CEOs are fully focused on the role digital technology plays in engaging customers; so why are they ignoring its value when it comes to engaging employees?

Great leadership required

Competitive advantage in the digital age lies not in securing the best technology, but in using and managing talent well – and that demands truly great leadership. But this is leadership in a radically transparent world, where organisations are far more complex, where ideas are a commodity, and where talent is mobile and autonomous. Leaders must create a culture where innovation thrives, ideas spark into life and people – whoever and wherever they are – are bound together in a common cause.



33%

have greatly increased their use of contingent workers, part-time employees, outsourcing and service agreements.



81%

always equip employees with new skills through continuous learning or mobility programmes.



60%

say creating a skilled and adaptable workforce should be a top priority for government – up 19% on last year.



75%

believe hiring and training strategies to integrate digital throughout the enterprise are important.



58%

say that digital technologies deliver value in sourcing, developing and retaining talent.



85%

of CEOs who had a diversity and inclusiveness strategy told us that this had helped to improve business performance.

Familiar problems – and new opportunities

Our 18th Annual Global CEO Survey finds that the pace of technological, political and economic change has left CEOs standing on constantly shifting ground; while 61% feel that there are more growth opportunities for their company than there were three years ago, 59% feel that there are more threats.

The list of worries for CEOs is long, spanning everything from overregulation to the threat of a pandemic, but it's the risk that they'll fail to find the skills and talent they need to succeed in this new world that's fast rising to the top of their list.

CEOs are forging ahead in a world that they find more volatile and unpredictable. The theme is one of change, led by disruptive innovation and the associated shift in customer preferences, which are driving fundamental changes to business. CEOs need to be prepared for anything.

Figure 1: CEOs see more opportunities and more risks today than three years ago

Q: How much do you agree/disagree that there are more growth opportunities/threats for your company than there were three years ago?



“There’s no way you can predict all the changes that will happen 12 months from now or three years from now. Your organisation has to be ready to react to any change.”

Victor Kislyi,
Executive Chairman and CEO,
Wargaming Public Company Limited,
Cyprus

73%
of CEOs say the availability of key skills is a concern

Dealing with digital disruption

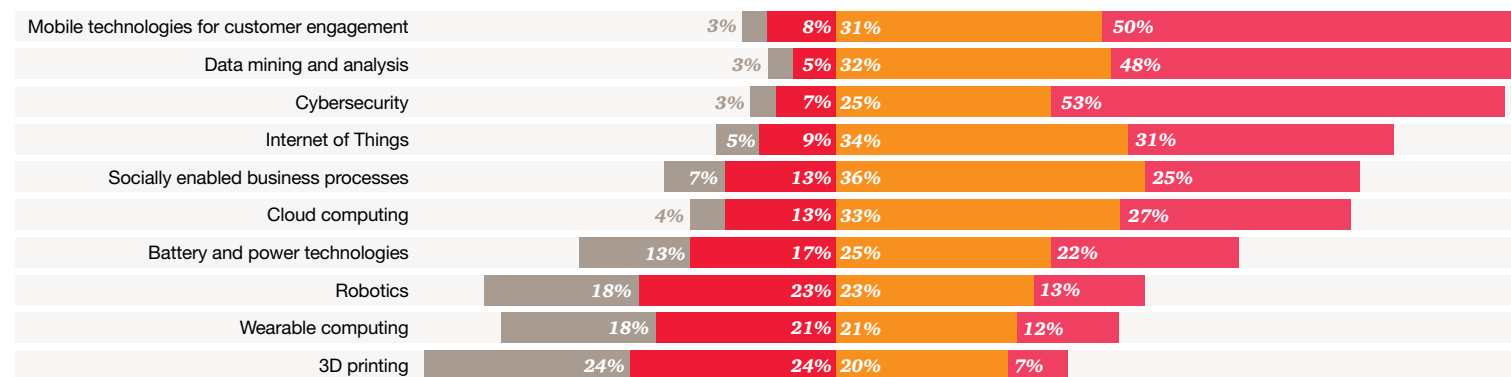
The impact of digital technologies is preoccupying CEOs in every region and sector. The pace of change is so fast and the possibilities so far-reaching that there's little consensus on where we may end up. We've already seen a 'smart' building that responds to implanted microchips in its inhabitants,¹ and Japanese engineers are close to completing artificial intelligence (AI) software that can pass a university entrance exam.² What's next?

A central priority for CEOs is the need for a 'digital strategy' to make sure that their organisations take full advantage of the opportunities ahead. But what, exactly, do they mean by a digital strategy?

So far, CEOs have focused on using digital technology as a way of enhancing efficiency, cutting costs and improving the customer experience. Their willingness to embrace more radical technology – most notably robotics and other automation – is beginning to alter the business landscape.

Figure 2: CEOs see opportunities in a wide range of digital innovations

Q: How strategically important are the following categories of digital technologies for your organisation?



Key ■ Not important at all ■ Not very important ■ Somewhat important ■ Very important

¹ <http://www.bbc.co.uk/news/technology-31042477>

² The Todai Robot Project, see http://www.nii.ac.jp/userdata/results/pr_data/NII_Today/60_en/p2-3.pdf

“Any company, to survive in the current environment and into the future, has to be on the forefront of technology. We’re using robotics in our plants to be more productive, effective and efficient, and to operate our plants even more safely.”

Alan D Wilson
Chairman, President and CEO,
McCormick & Company, US

51%

will make a strategic alliance or joint venture over the next 12 months.

55%

are planning a domestic or cross-border M&A over the coming year.

33%

say they have already entered a new industry.

Planning for automation

The trend towards increased automation in the workplace has far-reaching implications for talent management, from the strategic decision of which roles can and should be automated to understanding the consequences for risk management, performance measurement and employee engagement.

Perhaps the biggest challenge, though, is understanding the role that people will play in an automated world. It’s inevitable that some tasks that were previously carried out by people will be replaced by automation. Robots are already replacing many manual roles, but more sophisticated technology and the advent of advanced algorithms and artificial intelligence advances are fast bringing the potential to replace knowledge-based, decision-making roles as well. But equally, some tasks could only ever be carried out by software and were never the domain of humans.

Irrespective of the investment in automation, though, the real benefits come from collaboration between people and technology, rather than from one replacing the other.



Blurred lines

CEOs are reacting to the heady mix of threats and opportunities by expanding their options and stepping outside established borders, exploring new business models and collaboration with new partners. Many plan to move their organisation into new industries, countries and markets, and they're not restricting themselves to what they already know. In their bid to access new customers and new technologies, diversification is the name of the game. This has its own implications for talent; new business models and sectors mean that new skills (and most significantly, combinations of skills) and ways of working must be found.

At the same time, the traditional boundaries set around work are also disappearing. Global and virtual working continues to alter our understanding of how and where work is carried out, but now a newer development has added to the mix – the rise of ‘workers on demand’. 33% of CEOs said they had greatly increased their use of contingent workers, part-time employees, outsourcing and service agreements. In other words, ‘talent’ no longer means ‘employees’ – and that has far-reaching consequences for people management.

“In every area of business today, partnering and working with other parties is critical for progress. To avoid the not-invented-here syndrome, to embrace different ideas, to benchmark themselves to each other, and to improve processes and systems is critical to the ability of a company to rejuvenate itself and create a competitive advantage. We work together with partners to improve every single capability that we have.”

Joaquin Duato
Worldwide Chairman, Pharmaceuticals, Johnson & Johnson, US

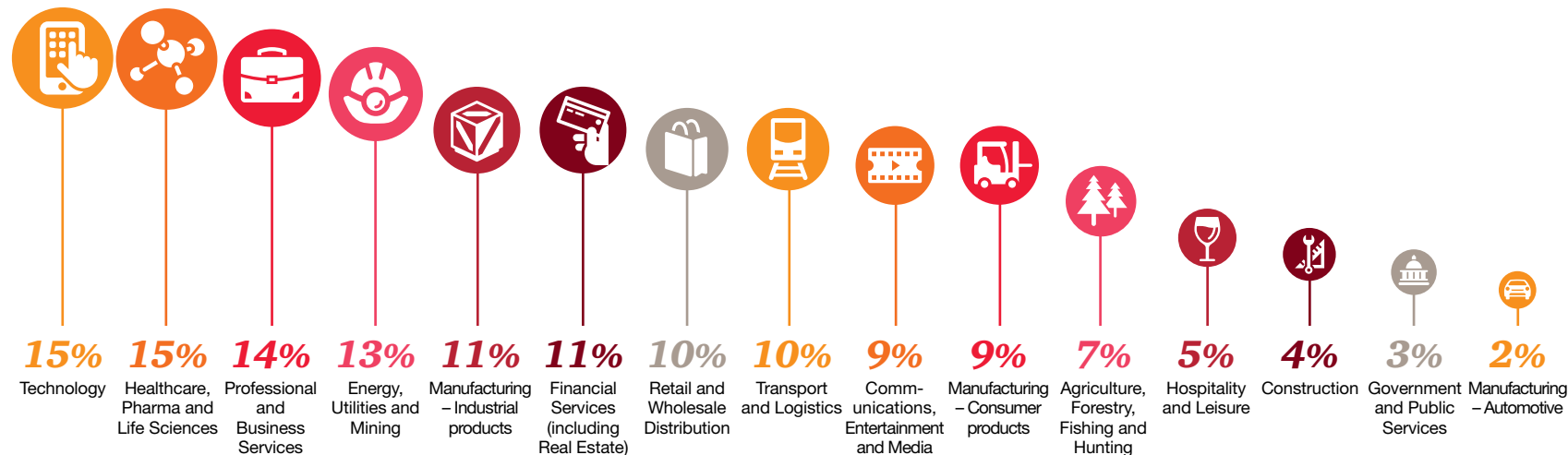
33%
said they had greatly increased their use of contingent workers, part-time employees, outsourcing and service agreements.

26%
say access to talent is a top reason for collaborating with other organisations.

56%
think organisations will increasingly compete in new sectors other than their own over the next three years.

Figure 3: Technology and healthcare are the two top industries targeted by companies from other sectors

Q: Which industries has your organisation entered within the past three years or considered entering?



The skills dilemma

The fact that CEOs worry about where they will find the talent and skills they need isn't new; but over the past three years the issue has developed from a nagging worry to a crisis-level priority.

50% said they expect to increase headcount this year and just one in five expect to cut back on staff. CEOs based in the fastest-growing regions and countries were far more likely to have plans to increase headcount: 67% of those in the ASEAN region, 70% in Mexico and 73% in India said they planned to expand their workforce.

CEOs need people but are increasingly worried about where, and even whether, they'll find the types of talented people they need.

The availability of skills is now the second biggest concern for business leaders, cited by 73% of all CEOs and rising to 84% in the UK, 90% in China and 93% in South Africa and Japan.

Figure 4: Half of global CEOs are hiring, but they are increasingly worried about getting the skills they need

Q: Do you expect headcount at your company to increase, decrease or stay the same over the next 12 months?

Q: How concerned are you about the following potential economic, policy, social and business threats to your organisation's growth prospects? (Availability of key skills was one of the threats CEOs named.)

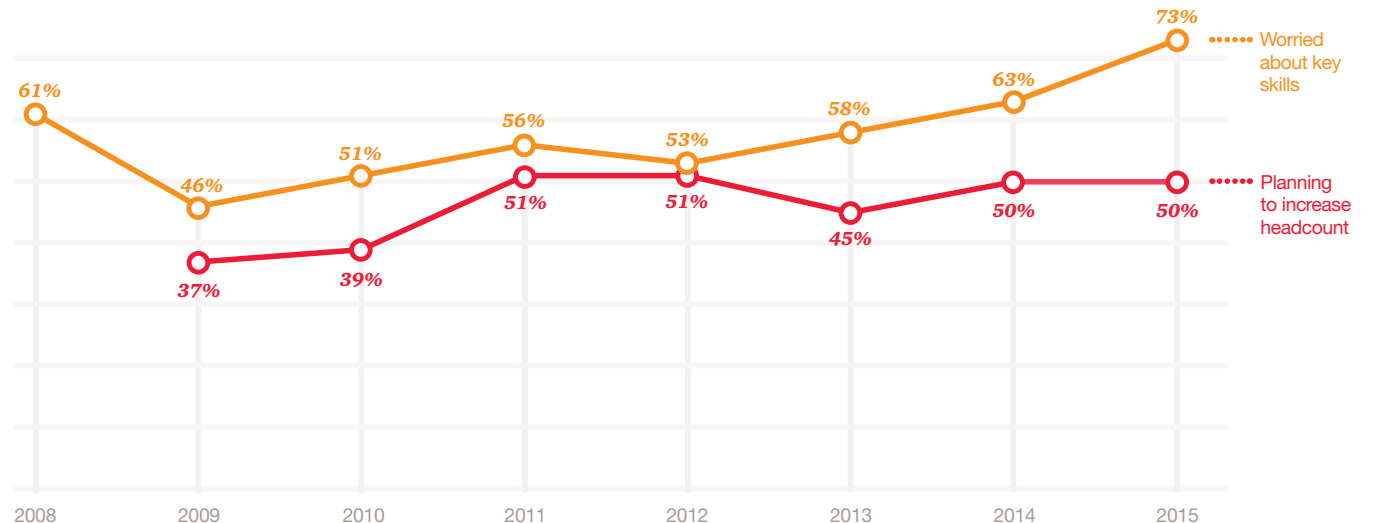
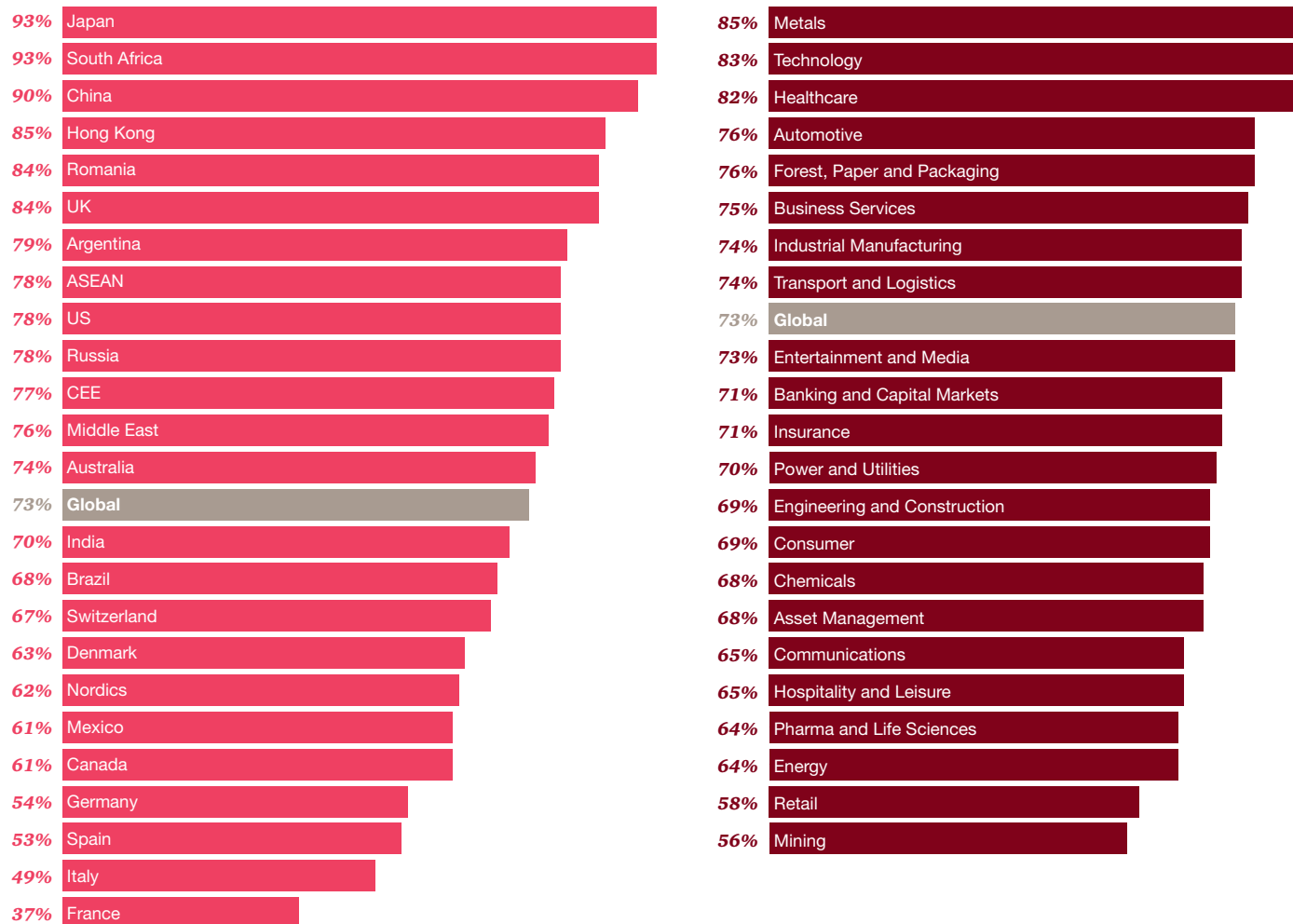


Figure 5: CEOs are worried about finding the skills they need – but not all to the same extent

Q: How concerned are you about the following potential economic, policy, social and business threats to your organisation's growth prospects? (*Availability of key skills was one of the threats CEOs named.*)



50%

said they plan to increase headcount this year.

“To be able to attract people with multiple talents is an absolute key in the whole digital economy, and is also probably our largest single headache. We need multi-talented people who not only understand one piece of technology or one piece of commercialisation but rather the whole chain.”

Pekka Lundmark
President and CEO, Konecranes Plc,
Finland

Organisations are committing a lot of energy to the search for talent and to find the people they need. They are searching in many more places: 78% of CEOs say their business always uses multiple channels to recruit, while 71% say they actively search for talent in different geographies, industries and demographic segments. But why is finding the right people proving so difficult?

One reason is that the blurred lines between sectors and the willingness of organisations to collaborate with partners outside of their comfort zone, particularly hi-tech innovators, is creating a need for 'hybrid' workers who understand not only their own sector, but complex digital technology as well.



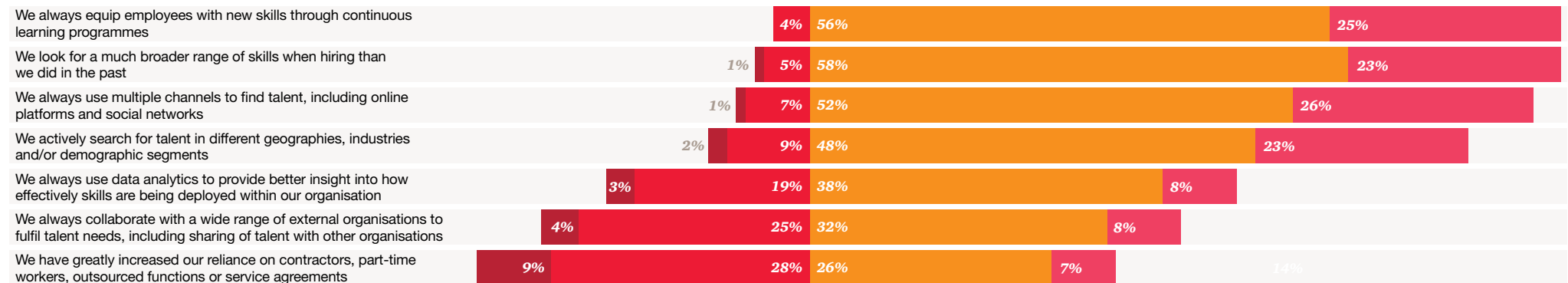
said they are looking for a much broader range of skills when hiring than they have in the past.



said their business always uses multiple channels to recruit.

Figure 6: Eight in 10 CEOs equip employees with new skills through continuous learning and look for a much broader range of skills than in the past

Q: To what extent do you agree or disagree with the following statements about your organisation's talent activities?



Key ■ Disagree strongly ■ Disagree ■ Agree ■ Agree strongly

71%
say they
actively search
for talent in different
geographies, industries or
demographic segments.

81% of CEOs confirm that they are looking for a much broader range of skills when hiring than they have in the past. Unsurprisingly, tech skills are in high demand, with three-quarters of business leaders believing that specific hiring and training strategies to integrate digital technologies throughout the organisation are essential for success in the digital age.

CEOs know they need to concentrate on their organisation's ability to learn, adapt and innovate. Really understanding the type of skills that they'll need, the type of people they'll need, and the channels they'll use to find them, create a set of complex challenges.



A new take on talent

Digital technology is taking over the workplace and we're seeing entire sectors digitizing their business models, but that hasn't made people less important; it's made having the right people absolutely essential. That doesn't just mean people with digital skills – although clearly that's important – but a collection of people who think innovatively, can adapt instantly, who give the company a competitive edge. It also means managing people well and as technology develops, creating the right mix of automation and human creativity.

The organisations that have hit the heights of success in the digital world aren't those that have determinedly followed the old models and ways of thinking; it's those that have forged a new path. These organisations have a people strategy that delivers vital skill sets, new mindsets, and better collaboration – across lines of business and geographies – all in a much more transparent and data driven environment. They embrace tech-savvy strategy, create a culture where innovation thrives, understand the value of true diversity in conceiving new ideas, and rethink their investment in people.

What companies need isn't just a digital strategy; it's a people strategy for the digital age.

Creating an adaptable workforce

Economies and organisations survive by continually responding to the world around them. In our work with LinkedIn,³ we examined the role played by adaptability, or the human element of a flexible workforce. This is the ability of employers to think more widely about sources of talent, exploring not only new geographies and sectors, but investing in their current employees and encouraging them to try new things – and the willingness of employees to embrace change and apply their skills somewhere new.

We believe that an adaptable workforce is essential in the digital world as a way of addressing the skills gap and by creating a better match between employer and employee.

81% of CEOs say that their business is constantly looking to equip employees with new skills through continuous learning or mobility programmes, although there are some geographical variations: only 61% of CEOs in Japan agreed, compared with 86% in Africa and 87% in the Middle East. Business leaders need to go one step further and encourage a wide range of abilities and experiences, and create workers who are willing and able to apply their skills to new opportunities as they arise.

“We are actively finding ways of rotating people between Asian countries and the Nordic market. We are highly mindful that it is very important, also for the development of the company, that we have such cultural diversity and rotation taking place. In that sense the value of diversity somewhat overrides the additional cost.”

Kimmo Alkio
President and CEO, Tieto, Finland

81%
of CEOs say that their business is constantly looking to equip employees with new skills through continuous learning or mobility programmes.

³ Adapt to survive, see <http://www.pwc.com/gx/en/hr-management-services/publications/talent-adaptability/index.jhtml>

Talent on tap

This year's survey shows clearly how the organisation of labour is changing as businesses seek to become more responsive and agile, shedding and gaining workers as they need them. A third of CEOs say they have greatly increased their reliance on contractors, part-time workers and outsource arrangements. This is particularly the case in Africa (49%), where CEOs say that the skills shortage is acute.

These contingent workers are often highly skilled or motivated and, as a result, central to the success of the organisation. They are driving a 'gig economy', where those with the most in-demand skills can dictate where and when they work, and who they work for. Organisations must compete for their attention, but also manage them as carefully and strategically as full-time employees; the 'workforce' no longer means only direct employees and this has wide-ranging implications for talent management. For instance, how should the performance of contingent workers be measured? And rewarded?

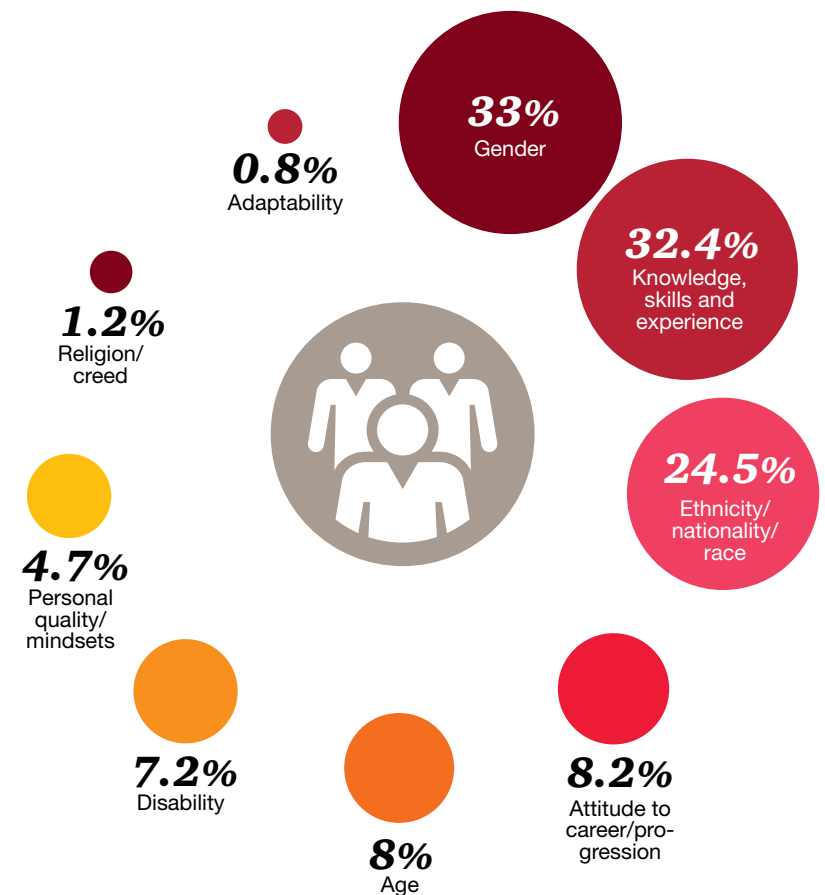
The diversity dividend

In recent years the skills shortage in many countries has encouraged organisations to mine for talent in previously underused demographic groups or cross-border talent, but CEOs are now recognising that the benefits to diversity go far beyond talent supply.

The 'traditional' understanding of workplace diversity as meaning gender, age and ethnic diversity has moved on. In the fast-paced digital world, innovative thinking drives competitive advantage and CEOs know that they must create an environment where innovation can thrive. The fire of innovation, adaptability and creativity is fuelled by diversity, when people with a wide range of perspectives work together; not just people of different ages and gender, but people who are different across every dimension – with different backgrounds, physical characteristics, life experiences and personalities.

Figure 7: Gender and knowledge, skills and experience are the most common dimensions addressed in CEOs' diversity and inclusiveness strategies

Q: Which dimensions of talent diversity and inclusiveness do you specifically address, or plan to address in your company's talent strategy?



“If you look at the connection between diversity and the bottom line, it’s quite obvious that if you have a diverse team, if you really reflect the markets and the world you are actually a part of, then you will be much better positioned to capture new trends.”

Olof Persson
President and CEO,
The Volvo Group, Sweden

“We want people in the company that have differing ideas, differing experiences, differing opinions, because we need to solve our customers’ problems. The only way you do that in a world class way is to bring a variety of people together and use their collective know how. Diversity and inclusion will make us that much more competitive in the marketplace.”

Denise Ramos
Chief Executive Officer and President,
ITT Corporation, US

90%
of CEOs who had a diversity strategy told us that this had helped them attract talent.

85%
said their diversity strategy helped them improve business performance.

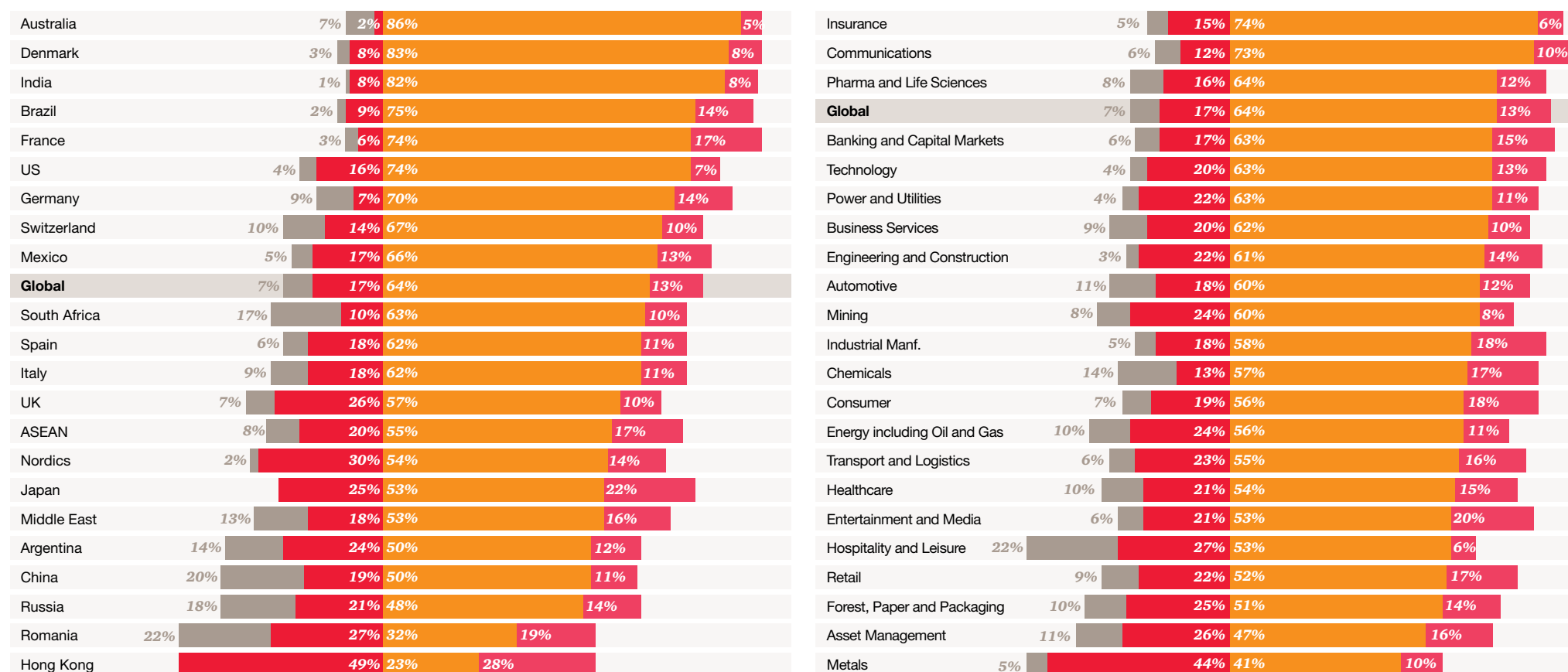
CEOs are embracing the need for diverse thinking, but are still struggling to find the best way to attract and keep the range of perspectives they’re looking for. Formal strategies can help to broaden the mix of talent; 90% of CEOs who had a diversity strategy told us that this had helped them attract talent and 85% said it had helped to improve business performance. They also saw it as benefiting innovation, collaboration, customer satisfaction and their ability to harness new technologies – all essential ingredients for success in today’s world.

But there’s still a lot of work to be done. Three in ten CEOs say that their organisation doesn’t have a strategy to promote diversity and inclusiveness, although 13% said they had plans to adopt one. There were wide geographical differences: just 23% of CEOs in Hong Kong and 32% of those in Romania had a diversity strategy, compared with 86% in Australia.



Figure 8: CEOs' commitment to a formal diversity policy varies dramatically

Q: Does your organisation have a strategy to promote talent diversity and inclusiveness or have plans to adopt one?



Key Don't know/refused No, we don't have a strategy nor do we plan to adopt one Yes, we have such a strategy No, we don't have such a strategy – but we plan to adopt one

22%

felt that their own government had been effective in collaborating to create a skilled and adaptable workforce.

Building skills from the bottom up

As their fears about finding the right talent in the future increase, CEOs are investing more effort into creating skills in the next generation of workers and recognise that this needs to be a collaborative effort. 60% (a 19 percentage point increase on last year) felt that creating a skilled and adaptable workforce should be in their government's top three priorities, but only 22% felt that their own government had been effective in this area. CEOs based in Latin America and Africa are particularly disillusioned, with 65% and 80%, respectively, saying that their government had been ineffective in creating a skilled workforce.

Overall, 44% of CEOs say that their organisation will work with governments to develop a skilled and adaptable workforce over the next three years.



In practice, though, collaboration between business and government is patchy. CEOs in Denmark (70%), France (74%), Brazil (68%) and India (66%) were more likely to work with government, often an indication of a specific state programme. In Denmark,⁴ for example, the newly elected coalition government announced in 2012 a number of initiatives aimed at tackling rising unemployment among the 25-to 30-year-old age group, which included a state-funded adult apprenticeship programme and in-company vocational training.

“Great products and solutions come when there is a synthesis of lots of different kinds of perspectives, and when we are diverse we create the opportunity for that rich synthesis of great perspectives. The more diverse we are, the better we will all be. This is more than something that you pay lip service to; this is one of the fundamental priorities for us at Infosys.”

Dr Vishal Sikka
Chief Executive Officer and
Managing Director, Infosys, India



⁴ <http://www.cedefop.europa.eu/en/news-and-press/news/denmark-government-combat-youth-unemployment-education>

Managing talent in a digital world

By the numbers: Data analytics

One thing we're not suffering from in the digital world is a lack of data – it's everywhere.

Four out of five (80%) CEOs told us that the use of data analytics was critical to a successful digital strategy. The use of analytics, though, seems to be focused on external stakeholders and is yet to be used to its full effect when it comes to talent management. Under half of CEOs (46%) told us that their organisation always uses analytics to provide insight into how effectively skills are being deployed. Just 58% felt that digital investment had created value for their organisation in terms of talent strategy by helping them to find, develop and retain talent.

CEOs are fully focused on the role digital technology plays in engaging customers; so why are they ignoring its value when it comes to engaging employees? The abundance of information – from both internal and external sources – is the richest possible mine when it comes to understanding the employer brand, employee engagement and what employees want and need from the organisation. The vital, and apparently missing, step is to transform the data collected into strategic advantage.

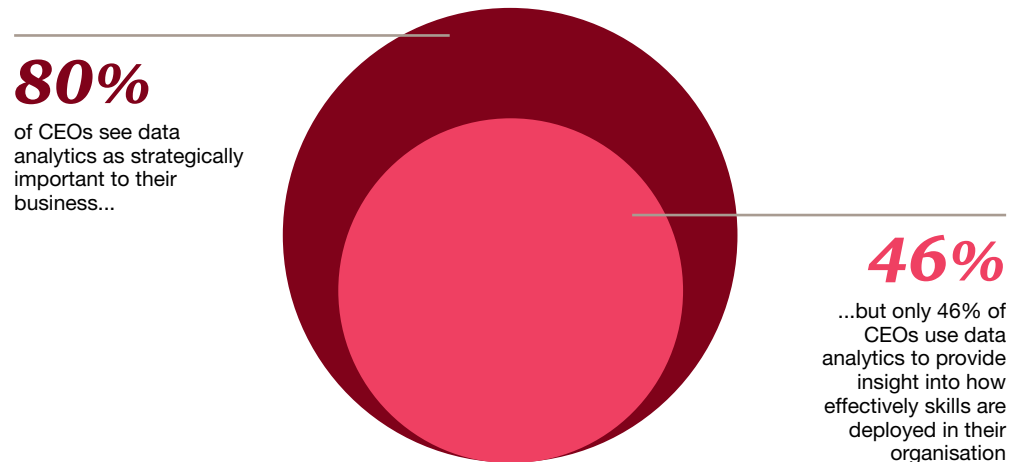
“The data is great, but how you use it as leaders is the most important thing.”

Dr. Marc Harrison
Chief Executive Officer, Cleveland Clinic Abu Dhabi, UAE

“We've been much more proactive in identifying capabilities and skills that we think our top leaders will need to compete in the new world. We spend an enormous amount of time as a team talking about people's skill sets, how they have to evolve and what are the best roles for them to take on. And we tap people on the shoulder and say, it's time to move on.”

David I McKay
President and Chief Executive Officer of RBC, Canada

Figure 9: CEOs are failing to gain full value from people analytics



Getting leadership right

Leaders are presiding over organisations that are becoming more complex: where cross-border and cross-sector collaboration is the norm, where workers are mobile, working at home or self-employed on a short contract, where ideas are a commodity and innovation the competitive differential. They're also operating in a radically transparent world where very little is secret. Driving forward an organisation that, on paper, seems one step away from anarchy, depends entirely on the skills and energy of its leaders and on a culture that binds people together and motivates them in a common cause.

The digital world requires a different form of leadership and management. The winning leadership capabilities of the future will include some of the traditional leadership traits of vision, courage and humility, but increasingly an ability to drive a sense of purpose, build trust with internal and external stakeholders, adapt to change at warp speed, anticipate fierce competitors, and deal with significant and evolving risks.

We have consistently said that the digital world demands extraordinary leadership. Organisations need to be sure that they can create a solid pipeline of future leaders, who are well-prepared to take on the challenges of the digital age with the skills to manage a complex organisation.

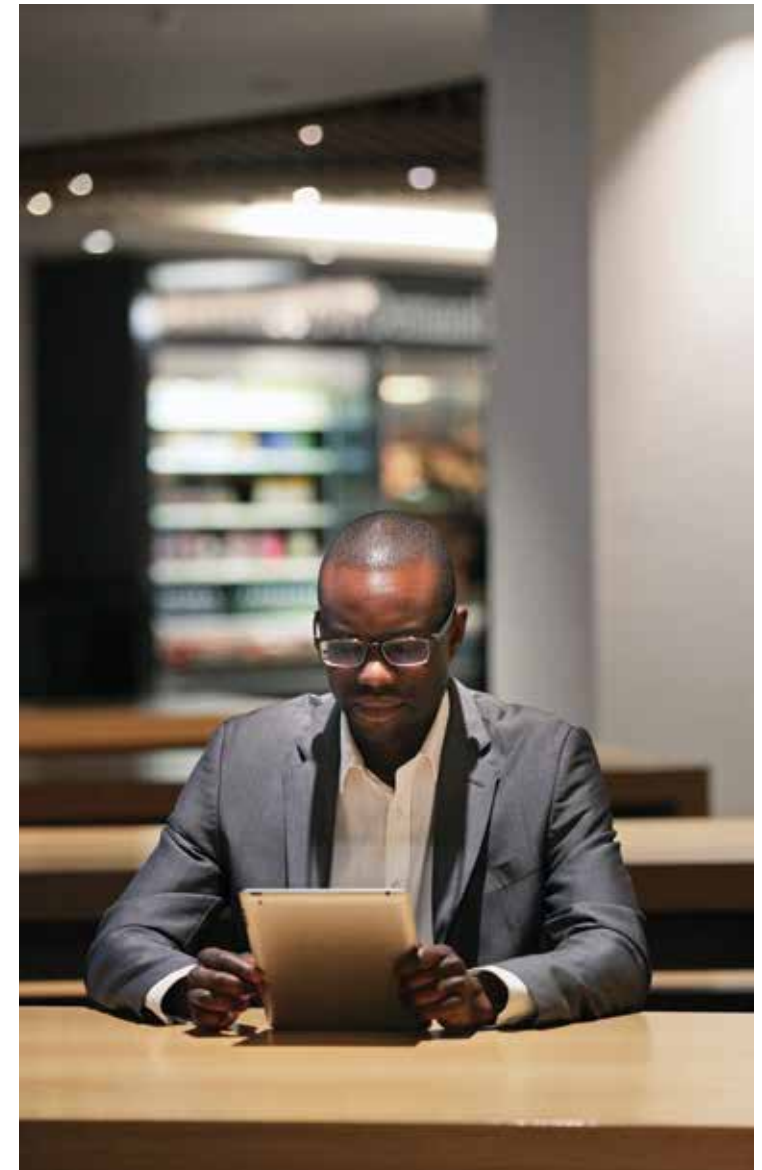
How will these leaders be made? We'd argue that wide experience – a measure of adaptable leaders – is becoming more important than ever. Of the CEOs questioned for the survey, 29% have no experience in any sector beyond their own. Given the trend towards cross-sector collaboration and tech-based alliances, it's more important than ever that business leaders understand the possibilities of technology.

Reinventing HR?

While organisations are adapting quickly to the changing world, it's essential that HR matches the pace. Previous surveys have indicated that CEOs don't always have confidence that their HR function is well-equipped to handle the challenges of competing for talent.⁵

While many improvements have been made, there's a risk that too many HR functions are overwhelmed by the scale of changes needed to address a highly competitive talent market, a shifting talent model where employees and contract workers sit side by side, and a workforce that expects the same level of individuality that they receive as consumers.

The old systems and HR approaches no longer apply; a creative reinvention of the role of HR is long overdue.



⁵ Our 17th Annual Global CEO Survey, for example, found that only 34% of CEOs felt their HR function was equipped to cope with transformational change

Priorities for CEOs and HR



Rethinking people strategy

As business strategies undergo a fundamental re-think, so must organisations' people strategies. A wholesale re-design of work is now required to deal with the opportunities and threats of new technology and digital business models, to meet regulatory requirements or cost targets.

Find the right leaders

Leaders need to be able to create a culture that encourages and rewards innovation and sets ideas free. But there are also new leadership skills to master – the ability to understand and guide complex organisations that straddle geographic and sector boundaries, and the ability to build and maintain trust in a world where very little is hidden. Organisations must not only find great leaders for today, but encourage a pipeline of adaptable leaders for the unknown challenges that will come.

Adapt to changing demand

In the current climate, some of the most critical strategic decisions to be made will be around people and skills. What are the capabilities you need to compete? Can those skills be hired, or existing employees trained? What needs to be automated? Or outsourced? And would a partnership bring you the talent you need? Training and development is absolutely essential in a market where demand changes so rapidly. The development of analytical and digital skills is paramount, but so too is encouraging adaptability throughout the organisation. You don't necessarily know which skills you'll need in the future, so creating a flexible workforce willing to adapt to new challenges is essential.

Embrace diversity

Success in an increasingly digital world demands a wider range of skills, a broader talent pool and new ways of thinking. It's important for CEOs and their HR teams to take a more active role in seeking out fresh sources of talent, encouraging divergent thinking and broadening the criteria for succession planning. There will always be an element of 'doing the right thing' around diversity – and that shouldn't be undervalued – but CEOs increasingly see improved business performance from their diversity programmes.

Know, and value, your people

It's easy to lose sight of the value of people in a digital world. The real winners won't necessarily be the organisations that secure the best and latest technology; it'll be those that use the technology they have to get the best out of their people – and vice versa. And that means using talent data wisely. We have access to more data than ever, but information means nothing unless it's intelligently analysed and the results fed into talent strategy.

Create value through HR

CEOs can't and shouldn't be expected to do all this alone. A strong and dynamic HR function, fit for the digital age, is required to deal with the almost overwhelming challenges presented by the radical disruption sweeping through entire industries. CEOs, in turn, need to value the best that HR can bring and empower HR leaders to evolve the function to match today's – and tomorrow's – business needs.



Conclusion

Digital innovation has changed the rules around talent and talent management. CEOs are fully aware of the complex challenges they face in the digital age and correctly identify that talent will be one of the biggest differentiating factors for their organisation's success.

But the talent needed for the digital age – adaptable, flexible people with compound skills and a willingness not just to embrace change, but to drive it forward – is far more complex than before and this is placing even greater responsibility on organisations to create the talent they need. Ironically, as the workplace becomes increasingly digital, people matter more than ever.

Workforce planning and management have become highly strategic; the skills needed are constantly evolving, talent supply is erratic and contingent workers are becoming a critical resource. CEOs need an HR function that's at the top of its game – innovative, analytical, predictive and supportive.

This is a time for bold decisions; a 'business as usual' people strategy won't serve any organisation well. We've already seen that those leading the way in the digital world are companies that are rewriting the rulebook, nowhere more so than in the way they find, manage, organise and reward their people.

About the survey

In total, we conducted 1,322 interviews with CEOs in 77 countries between September and December 2014. By region, 459 interviews were conducted in Asia-Pacific, 330 in Western Europe, 147 in North America, 167 in Latin America, 125 in Central & Eastern Europe and 94 in Africa and the Middle East, in line with GDP.

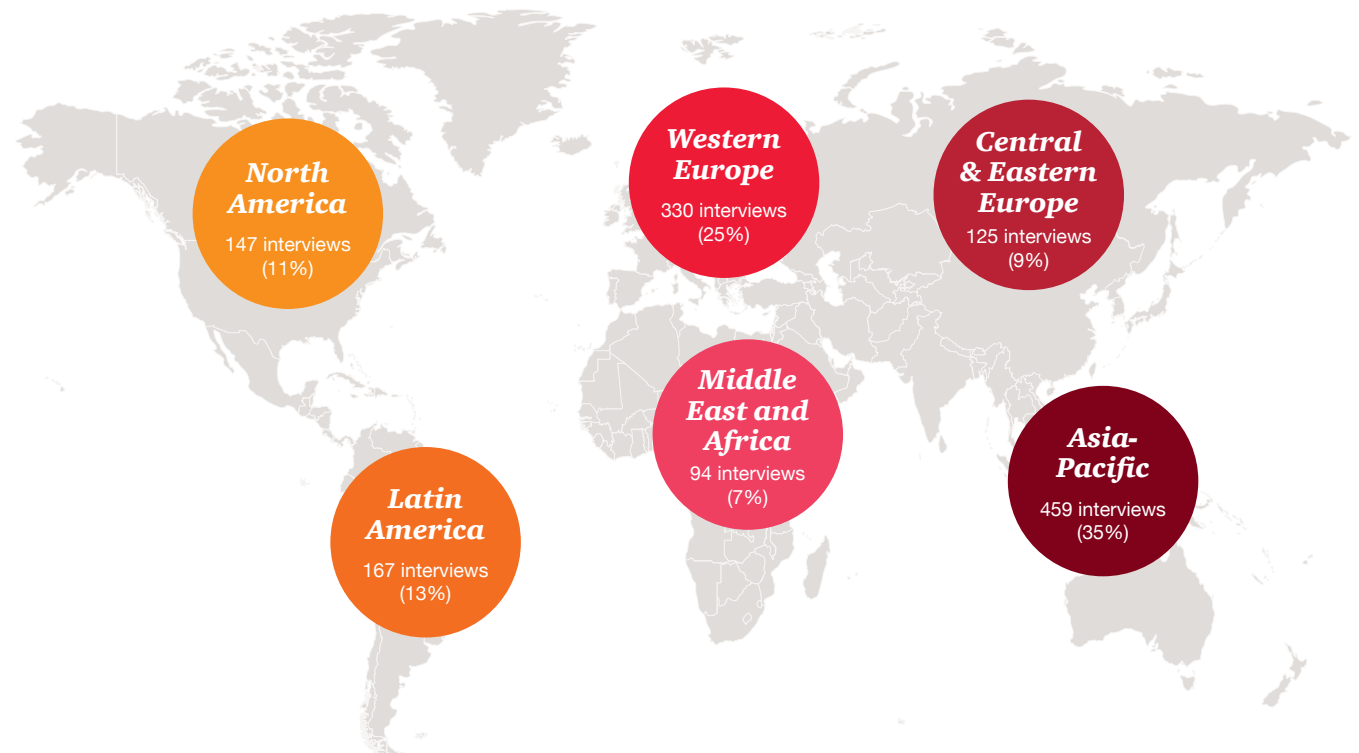
In addition, 33 CEOs sat down with us near the end of 2014 for more extensive conversations. Their thoughts are reflected in the quotes throughout our report. The interviews were spread across a range of industries.

More details about our survey methodology and findings by region and industry can be found at www.pwc.com/ceosurvey

1,322

interviews completed across

77 countries



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Design Services 29077 (05/15).