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CFO SURVEY: FEW COMPANIES MAKING SPECIAL EFFORT TO ATTRACT MILLENNIALS OR ACHIEVE BOARD DIVERSITY TARGETS

DURHAM, N.C. – Nearly 60 percent of U.S. chief financial officers say their firms are not adapting to attract millennial workers – those under age 35. While millennials offer technological and creative advantages, they tend to be less loyal to the company and require more management oversight, some CFOs say.

CFOs in the U.S. also expect employment to increase by almost 3 percent and wages to increase by more than 3 percent.

These are just some of the findings of the latest [Duke University/CFO Magazine Global Business Outlook Survey](#), which also explores diversity on boards of directors and the global economic outlook. The survey, which ended Dec. 5, has been conducted for 75 consecutive quarters and spans the globe, making it the world's longest-running and most comprehensive research on senior finance executives. Presented results are for U.S. firms unless otherwise noted.

PROS AND CONS OF MILLENNIAL EMPLOYEES

More than 70 percent of CFOs say an advantage of hiring millennials is the technology savviness they bring to the job. Twenty-one percent of CFOs say millennials are more creative and innovative than other workers. More pragmatically, nearly half of surveyed CFOs acknowledge that millennials are less expensive to employ.

At the same time, they say, millennials offer unique employment challenges. About 53 percent of CFOs say millennials are less loyal to the company, 46 percent say the group exhibits an attitude of entitlement and 31 percent believe millennials require more intense management. Twenty-seven percent of firms say young workers are more interested in their own personal development than they are in the company.

"One surprising finding is how few U.S. companies have instituted workplace changes to accommodate millennials," said [John Graham](#), a finance professor at [Duke's Fuqua School of Business](#) and director of the survey. "In the United States, only 41 percent of companies have made changes to adapt to younger workers. Other regions of the world have been more accommodating: for example, about 70 percent of Latin American and Asian firms have adapted to hire/retain millennials. One wonders whether U.S. companies are adequately embracing the changes brought about by a younger workforce."

The most common adaptations to accommodate millennials in the U.S. are making work hours more flexible (21 percent), allowing work from home (17 percent), increasing training (16 percent), implementing new mentoring programs (13 percent), and altering corporate culture (10 percent).

DIVERSITY ON THE BOARD OF DIRECTORS

Most of the companies in the survey lack specific goals or guidelines for board diversity. Among the few companies around the world that have set goals, boards of directors fall short of their diversity targets. The target percentages for women on the board range from the 20s (Asia) to the 30s (U.S., Latin America) to 40 percent (Africa, Europe). Targets for minority directors are nearly 40 percent in Africa, 20 percent in the U.S. and less than 15 percent in the rest of the world. Companies around the world fall about 10 percent short of these women and minority director targets.

"It is striking that diversity ranks No. 7 among the qualities that U.S. firms are looking for in their next director," said Fuqua professor [Campbell R. Harvey](#), a founding director of the survey. "In addition, only 4.2 percent of companies have specific goals or guidelines for the diversity mix of their boards."

Half of U.S. companies cite the challenges their companies have faced in adding women to their boards. Among these firms, particular challenges to appointing women to the board include too few available women with desired industry experience (28 percent), a lack of desired skill sets (14 percent), and a lack of board experience (13 percent) or C-suite experience (11 percent). Nearly 20 percent of these firms indicate that to appoint a woman, they must first wait for a current board member to retire.

GLOBAL ECONOMIC OUTLOOK

The U.S. economic outlook is strong for 2015. CFO economic optimism is up, capital spending is expected to rise nearly 6 percent and earnings should increase a robust 9 percent. Financial executives expect employment to increase by almost 3 percent, providing the best year of anticipated employment growth in a decade. Wages are expected to increase by more than 3 percent. The outlook is moderately strong overall in Asia, as well, outside of Japan.

"While the U.S. numbers are encouraging," said David W. Owens, director of research at [CFO Publishing](#), "the question remains whether they will be sufficient to keep the world economy afloat. The outlook is weaker in other regions."

In Europe, economic optimism remains below long-run averages. Capital spending should rise by about 4 percent, but employment will remain flat for yet another year.

In Africa, economic optimism remains low, but finance executives continue to have confidence in their own companies. Employment will increase by more than 5 percent, while wages are expected to rise 7 percent over the next 12 months. African CFOs are worried about a host of issues, including economic uncertainty, governmental policies, currency risk, the reliability and cost of electricity, and rapidly rising wages.

Latin American economic optimism remains well below the levels seen a year ago. Peru and, to a lesser extent, Mexico have stronger outlooks than some of the other countries in the region.

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Detailed results, including tabular summaries of the numbers in this release and results from previous surveys are available at www.cfosurvey.org.

About the survey: This is the 75th consecutive quarter the Duke University/*CFO* Global Business Outlook survey has been conducted. The survey concluded Dec. 5, and generated responses from 1,059 CFOs, including 517 from the U.S., 170 from Asia, 159 from Europe, 159 from Latin America, and 54 from Africa. The survey of European CFOs was conducted jointly with TiasNimbas in the Netherlands (C.Koedijk@uvt.nl) and ACCA, based in the U.K. The survey of Latin America was conducted jointly with Fundação Getúlio Vargas (FGV) in Brazil (gledson.carvalho@fgv.br, klenio.barbosa@fgv.br) and with Universidad Andina Simon Bolivar in Ecuador. The Japanese survey was conducted jointly with Kobe University (cfosurveyjp@people.kobe-u.ac.jp) and Tokyo Institute of Technology, among others. The African survey was conducted jointly with SAICA (kellym@saica.co.za).

The Duke University/*CFO* Global Business Outlook survey polls a wide range of companies (public and private, small and large, many industries, etc.), with the distribution of responding firm characteristics presented in online tables. The responses are representative of the population of CFOs that are surveyed. Confidence ranges are reported in the online top line and banner tables for most of the numeric variables. A typical confidence range is less than one percentage point (e.g., capital spending is expected to increase by 5.9 percent with a 95 percent confidence range of 5.7 percent to 6.2 percent, which is a 0.5 percent confidence interval).

Among the industries represented in the survey are retail/wholesale, mining/construction, manufacturing, transportation/energy, communications/media, technology, service/consulting and banking/finance/insurance. The average growth rates are weighted by revenues or number of employees. For example, one \$5 billion company affects an average as much as 10 \$500-million firms would. Revenue-weighted mean growth rates are provided for earnings, revenues, capital spending, technology spending, and prices of products. Employee-weighted mean growth rates are used for health care costs, productivity, number of employees, and outsourced employment. The earnings, dividends, share repurchases and cash on balance sheet are for public companies only. Unless noted, all other numbers are for all companies, including private companies.
