ENTERING THE HUMAN AGE

Thought Leadership Insights

Introduction by Jeffrey A. Joerres

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ENTERING THE HUMAN AGE

In *Entering the Human Age*, Jeffrey A. Joerres, Chairman, CEO and President of Manpower Inc., introduces the notion that a new era is upon us. The Human Age—when optimizing human potential will be the single most important determinant of future business success and growth—will require business and government leaders to re-examine how they unleash and leverage human potential in an increasingly volatile and shifting world. The papers assembled in this book from Manpower, the global leader in innovative workforce solutions, offer valuable insights on how best to navigate the changing world of work in the Human Age.

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An introduction from Jeffrey A. Joerres, Chairman, CEO and President of Manpower Inc.

Image courtesy of the World Economic Forum

Welcome to the Human Age

Jeffrey A. Joerres, Chairman, CEO and President, Manpower Inc.

The world is on the cusp of entering a new reality in which human potential itself will become the major agent of economic growth. Unleashing this spirit and potential will become the ultimate quest that we must seek to conquer, as the world enters the Human Age.

In the past, human ingenuity, endeavor and innovation led to a new technology or way of organizing the world that transformed it: Previous eras were defined first by the raw materials our ancestors bent to their will—stone, iron and bronze; then they were characterized by the domains people conquered with ever-improving technology—industry, space and information. Now, it will be human potential itself that will be the catalyst for change and the global driving force—economically, politically and socially. In this new reality, humans are rising to the challenge to take their rightful place at center stage, as the world's only source of inspiration and innovation.

Living in a "new normal" that is anything but normal, epic shifts are converging and moving the world into the Human Age. Identified by Manpower as a new world era, the Human Age will be an era of great transformation, radical changes and new developments, where business models will have to be redesigned, value propositions redefined and social systems reinvented. Global economic forces have strained existing models and systems to such a point of tension that they are no longer sustainable. These forces, in flux over the past few years, are now simultaneously converging, forcing societies and political and economic systems to adapt and corporations to evolve their strategies and structures.

Talent is the new "it"

The inescapable pressure to do more with less through the recession has awakened employers to the true power of human potential: With the right people in the right place at the right time, organizations can achieve all they did before, and more! These new pressures are creating a scenario where the only way to adapt, evolve and rebuild will be through the determination of the human spirit. The single-minded focus on reducing costs is creating innovation like we've never seen before. Companies that can act now to harness this, and individuals who can truly engage with it to participate in the Human Age, will be those that get ahead. Employers need to adjust their mindset to ensure that they have the right workforce models and people practices in place to attract, retain and unleash this inner human potential of the right people to succeed in the Human Age.

As the global economy shifts into recovery, we are seeing huge growth centered on developing economies, meaning the demand for specific skills and behaviors is outstripping supply and training capacity. More nations are moving from developing to developed status, and the ranks of affluent middle-classes are spreading from China to India, from Indonesia to Brazil—further increasing the demand on domestic markets. These emerging power centers need more highly skilled individuals, trained to international standards, than currently exist.

Unfortunately, this exact talent is becoming increasingly difficult to find, creating a mismatch between the talent that is available and that needed by employers. This is why the apparent paradox of high levels of unemployment and job vacancies can coexist. Talent isn't just people, it's people with the specific skills, behaviors and the way of operating, for example, in a chaotic, global environment, that fits the needs of an organization.

Rapid change in emerging economies and the breakneck pace of technological evolution means that skills quickly become outdated. In many countries around the world (including most OECD countries and China), an aging population and disengaged youth are putting a further squeeze on available talent now and will do so in the future. For example, from 2011, 10,000 baby-boomers will turn 65 every day for the next 19 years. According to Manpower's most recent Talent Shortage Survey of more than 35,000 employers across 36 countries, more than 30 percent are struggling to fill jobs they desperately need to in order to succeed.

To thrive and grow, companies and governments will need to engage and motivate older workers to remain in the workforce longer, and find a way to engage and train their youth, particularly by aligning training and education systems with the skills required by employers. Likewise, individuals will also be challenged to maintain a "learning mindset" to ensure they continue to develop and unleash their human potential throughout their careers.
A new, collaborative approach is required from government, companies and individuals to together find a way to unlock the raw human potential within their reach and then nurture and shape that potential to lead them to success. In the past, for companies to move ahead and grow their businesses they needed access to capital; as this process evolves, we will see talent and human potential itself replace available capital as the new dominant resource. In shifting ideological tectonics, *Capitalism* is evolving into *Talentism*, and so we will see power and choice shifting firmly towards the hands of the talent-filled individual.

One size fits one

As organizations and governments realize that the only path to success is through unleashing human potential, and providing an appropriate environment in which to do so, the motivations and preferences of individuals will become increasingly important. Understanding how to unleash this spirit, passion and potential is not a one-size-fits-all approach and will require employers to engage with their people on a human level.

Technology and the growth of social media have led to a new level of transparency and given us the ability to have a human-to-human conversation with almost anyone—whether that's an employer to employee or retailer to consumer. People now demand a conversation rather than a message or even a dialogue. Power will shift further to the individual in the Human Age as their potential is unlocked and they exercise more choice. In our information-rich world of interconnected social networks, everything a company does or says leaves a permanent trace and can be scrutinized instantly. To earn respect and loyalty from current and prospective employees, companies need to be more transparent and open than ever before. Just like the evolution of brands, jobs are evolving from fulfilling functional, then emotional and now social needs.

Technological (r)evolution

Technology is transforming how we interact, live and work, enabling the rapid and unfiltered exchange of ideas and innovation in an increasingly connected world. We are now in the third generation of information technology. First there were photocopiers, pocket calculators and faxes. Then mobile phones, computers and laptops. And now the Internet, Wi-Fi, the BlackBerry, iPhone and social media.

Shrinking, increasingly powerful electronic devices have fundamentally changed the way individuals and teams work. They have enabled remote working, flexible working and redefined collaborative working in an age when many more voices matter, particularly in developing economies where access to mobile technology has skyrocketed. Technology has become a great leveler, allowing skilled individuals to vault the restrictions of national borders and migration caps, as it has liberated the talented individual to undertake professional jobs anywhere in the world and dictate how, when and where they work. Today, organizations can tap previously invisible and inaccessible pools of potential and talent in the form of virtual workforces via the connective power of the Internet and social networks. Workers who could not participate in the traditional workforce for religious or cultural reasons, or because of a disability, either tacitly or overtly, can now work virtually anywhere.

The rapid advance of information technology means it matters less what we know than what we can find. Working alone is less important than working in teams, making hierarchies redundant and collaboration vital. Where we work and what we look like when we work matter much less than what we can contribute. Technology has played a key role in the development of the Human Age, and is likely to continue to play a key role in the way we access and nurture the human abilities and characteristics that will carry us through it. Technology has advanced to a point where it has become a liberator of human potential.

20 Epic Shifts to the Human Age

YESTERDAY	TOMORROW
Industrial/Information Ages	The Human Age
Capitalism	Talentism
Access to capital the differentiator	Access to talent the differentiator
Driven by owners and companies	Driven by skilled individuals
Workers chasing companies	Companies chasing workers
Companies dictate terms	Employees dictate terms
Workers living near (or from) place of work	Workers living (or from) anywhere
Talent glut	Talent shortage
Unemployment from over-supply	Unemployment from specific demand
Technology the enslaver	Technology the liberator
Closed borders	Open borders
Migration rare	Migration commonplace
Job for life	10-14 jobs by age 38
Corporate opacity; secretiveness	Corporate transparency; openness, human approach
OECD countries growing and dominant	Non-OECD countries growing and dominant – BRIC-MIST, esp. China, India, Africa
Work for an organization	Work with an organization
Be lean and mean	Look out, not in
Size matters	Agility matters
Hire power	Hire passion
Command and control	Flexible frameworks

A new reality

The arrival of the Human Age will have a number of profound consequences on the world of work as the world adjusts to the fact that there will be no reset to "normal." The ability to make sense of this change will define the winning companies and individuals. Skilled individuals—in increasingly short supply—will dictate their terms to employers, of how, where and when they work. They will naturally gravitate toward industries which offer the best career development options, display a commitment to corporate social responsibility and contribute to the communities where they are located. Companies must become more agile in how they attract, train and develop their employees, rethinking their people practices and workforce structures to ensure they have the best environment to unlock the creativity, innovation, empathy, passion and intellectual curiosity that sit at the heart of what it means to be human.

Despite consensus, society is laced with cynicism. In the face of all this chaos—the rebalances and imbalances and unprecedented tension—the human spirit is alive and well. Where companies and individuals have been able to overcome and eliminate that cynicism, they have been able to unlock the power of the human spirit. That is, the compassion, empathy, and innovation that is uniquely and definitively human. Those who can master this will win in the new reality, in this foreign world where we have to do more with less. People have always been the driving force behind endeavor and enterprise and in the Human Age, people take their rightful place at center stage. How to unleash and leverage human potential in an increasingly volatile, shifting world, will become the quest that business and society will seek to conquer.

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Learn more about the Human Age at www.manpower.com/humanage

Learn More About the Human Age

Visit www.manpower.com/humanage to learn more about the Human Age. The site features:

- Video vignettes from Manpower and CNBC defining the Human Age and how we got here
- Podcasts on indicators of the Human Age:
  - “The Global Readjustment: Accelerating Towards a New Reality”
  - “Talentism: Managing the Human ‘Resource’”
  - “Entering the Human Age: Reframing Reality”

  Participants include leaders from such organizations as Deloitte, INSEAD, the International Youth Foundation, McDonald’s Corporation, the NAACP, Proctor and Gamble and more.
- E-version of *Entering the Human Age*, insights from Manpower introducing the notion that a new age is upon us
- The World of Work Insights iPad app, which gives you easy access to Manpower’s white papers, research reports, regulatory updates and more are just a tap away
- World Economic Forum 2011 Annual Meeting in Davos Information including Manpower’s press releases, panel discussions, executive bios, and more

Insights into the
Human Age

Strategic Migration: A Short-Term Solution to the Skilled Trades Shortage

Not long ago, the chief executive of Leighton Holdings, Australia's biggest project development and contracting group, relayed an anecdote about the mismatches that exist between education and training on the one hand, and employment opportunities on the other.

Speaking about a project in Mongolia, the CEO, Wallace King, acknowledged that his company was facing worker shortages, but said the problem wasn't a lack of highly educated talent. Instead, the shortages were of truck drivers, fitters, mechanics and electricians. "We don't, in many cases, need rocket scientists," said King, speaking at the 2010 World Economic Forum in Davos, Switzerland. "We need people on the ground to do day-to-day things."[1]

It is a complaint that resonates. Worldwide, skilled trades are the hardest positions to fill, according to Manpower's *2010 Talent Shortage Survey*. This category covers a broad range of job titles that require specialized skills, traditionally learned over a period of time as an apprentice. Examples of skilled trades jobs include butchers, electricians, carpenters, cabinet makers, masons/bricklayers, plumbers and welders. Employers in six of the world's 10 biggest economies ranked skilled trades as their No. 1 or No. 2 hiring challenge (see chart *Skilled Trades Shortages Afflict Eight of the 10 Largest Economies*).

[1] Transcript of *"Skills Creation: The Future of Employment,"* panel session at World Economic Forum, 2010.

Skilled Trades Shortages Afflict Eight of the 10 Largest Economies

GDP Rank	Country	Where Skilled Trades Rank Among Hiring Challenges
1	United States	1
2	Japan	▲
3	China	6
4	Germany	1
5	France	1
6	U.K.	▲
7	Italy	1
8	Brazil	2
9	Spain	5
10	Canada	1

▲ Indicates skilled trades weren't among employers' top 10 most-difficult-to-fill positions.

Sources: International Monetary Fund (for GDP figures, 2009), Manpower Inc. (for ranking of hiring challenges, *2010 Talent Shortage Survey*).

The lack of skilled blue-collar workers can impede the progress of infrastructure projects and jeopardize national growth—think transportation in India and power in Brazil, to name just two examples. It's a problem that countries must address for the long term to foster economic health and fuel business. In the meantime, increasing the mobility of these workers can help ease the shortage.

The shortage of skilled trades workers stems from several problems, including the retirement of older blue-collar workers without adequate replacements, technical training that isn't meeting businesses' needs, and the higher status accorded knowledge work over more manual forms of labor among those beginning their careers. The trends suggest that the shortages will only worsen. That means employers, governments and trade groups will need to get creative in order to develop a pipeline of skilled trades workers to keep operations humming.

Long-term approaches

Skilled blue-collar work cannot usually be off-shored. If the solution does not lie in the mobility of the actual work, it does lie—at least in part—in the mobility of workers. Some business and government leaders are already practicing talent mobility to get workers with the right skills where they are needed now, alleviating some of the immediate pressure of the talent shortage and allowing these stakeholders the time and opportunity to work on long-term solutions. The easiest application of strategic migration, of course, is to find skilled workers within one's own country who are willing to relocate for a job. When the right skills cannot be found within a country's borders, strategic migration can involve recruiting from elsewhere.

One of the imperatives for the stakeholders who rely on skilled labor is to find ways to emphasize the appeal of the work.

Strategic migration is a practical answer to talent mismatches today. Without it, there would simply be no near-term way to alleviate shortages of skilled blue-collar workers. But other approaches may also be valuable, especially in the long term, in increasing the supply of workers with the right skills or in enhancing their mobility. Here are four areas where employers and governments should look to innovate:

Promote positive attitudes toward skilled trades work

One of the imperatives for the stakeholders who rely on skilled labor is to find ways to emphasize the appeal of the work. This means promoting the career and compensation potential. Likewise, some harmful myths about skilled trades work need to be debunked. The view that skilled trades work is for people who do not excel academically, that the jobs are noisy and dirty, that they are too hard for most women, etc. must be corrected. Employers, trade groups and educators must partner to create a societal mindshift that brings honor back to the skilled trades.

Align technical training with business needs

Even students who come through technical schools may not be well-prepared for the workplace. Business and trade associations must work more closely with technical educators to ensure that the classroom regimen is aligned with real-world needs so that individuals develop the relevant skills and can immediately contribute to the workforce.

Develop international certifications to accelerate mobility

International certifications should be used to ensure quality standards and safety among the various skilled trades areas. Despite the fact that the requirements for labor are global, international certifications haven't really taken hold. Nations have been more focused on keeping their own bases of labor and have been concerned about who might have the upper hand in negotiations with industry groups in other countries. These sensitivities must be addressed if international certifications have any chance of becoming reality.

> *Use strategic immigration policies alongside long-term domestic solutions*
>
> Clearly, immigration can be an important strategic tool and it may actually be an easier lever to pull than international certifications. This is not to discount the intense passions associated with immigration policy or to ignore the protectionist moods that grip most countries during economic downturns. Still, countries can, for the most part, change their immigration policies unilaterally—and they can also enter into immigration pacts with neighboring nations to ease worker shortages. But for the long term, leaders should focus on developing the workforce at home.

To be sure, a lot of the people who have been waved past the check points in countries with strategic immigration policies have been professional knowledge workers. But as governments take stock of their talent shortages, this must change. Yes, every country needs its nurses, its computer scientists, its nuclear engineers. But it also needs its butchers, its plumbers and its tool-and-die makers.

The full version of this paper can be found at http://www.manpower.com/researchcenter.

Teachable Fit: A New Approach to Easing the Talent Mismatch

This recession has cast a new light on talent supply and management around the world. Unemployment is persistently high in developed and even in many developing countries, yet organizations worldwide report difficulty filling key positions (see chart *Top 10 Jobs Employers Have Difficulty Filling Worldwide*). So the immediate problem is not the number of potential candidates. Rather, it's a talent mismatch: There are not enough sufficiently skilled people in the right places at the right times. Simultaneously, employers are seeking ever more specific skill sets and combinations of skills—not just technical capabilities alone but perhaps in combination with critical thinking skills or other qualities that will help drive the organization forward. As a result, the "right" person for a particular job is becoming much harder to find. Talent is elusive. It is everywhere and nowhere, and the problem shows no signs of easing.

Furthermore, employers facing ongoing, systemic talent shortages—such as those in the healthcare and energy industries—are not going to fill the gaps one hire at a time. Instead, they must recalibrate their mindsets to consider candidates who may not meet all of the job specifications, but whose capability gaps can be filled in a timely and cost-effective way. Training is vital. A commitment to reskilling and upskilling current and potential employees will enable organizations to expand the available pools of talent, ensure that their workforces continue to be appropriately skilled and keep employees engaged in their work.

Top 10 Jobs Employers Have Difficulty Filling Worldwide

1| Skilled Trades
2| Sales Representatives
3| Technicians
4| Engineers
5| Accounting & Finance Staff
6| Production Operators
7| Administrative Support Staff
8| Management/Executives
9| Drivers
10| Laborers

For complete *2010 Talent Shortage Survey* results from each of the 36 countries and territories participating, visit: www.manpower.com/researchcenter.

Source: Manpower Inc. Talent Shortage Survey, 2010

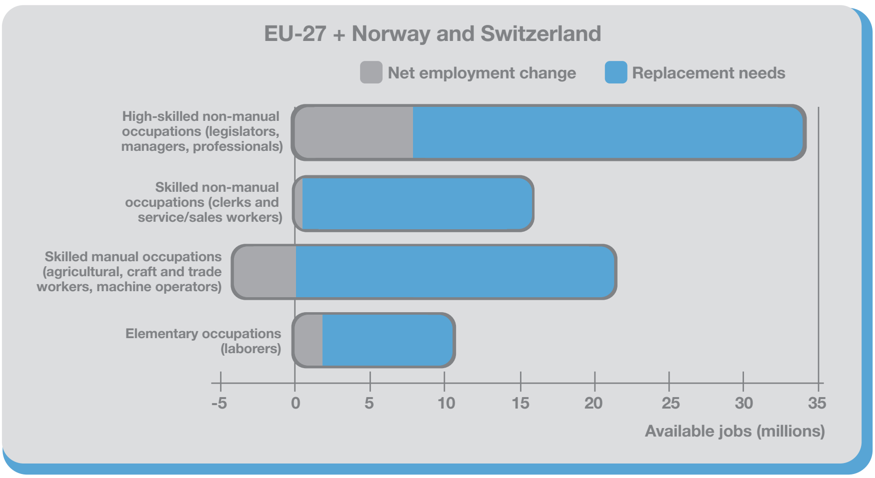
The key to success with this new mindset is the ability to identify a "teachable fit." "Teachable fit" is a concept that focuses on four questions:

- **What capabilities are essential to performing the job?**
- **Which of these are teachable in an efficient way?**
- **Is there adequate time and money to develop these capabilities in the candidate?**
- **And do candidates have the capacity (both motivation and capability) to develop them?**

Smart organizations are already adopting this approach, but typically in a limited and non-systematic way. As economies recover and more baby boomers retire, the challenges of building a sustainable talent pipeline are only going to increase. As one EU projection shows, lack of available talent will not be confined only to highly skilled occupations: low- and negative-growth occupations will still have large replacement needs (see chart *EU Job Opportunities by Occupational Groups, 2010-2020*).

EU Job Opportunities by Occupational Groups, 2010-2020

In the next 10 years, the European labor market will need millions of workers to meet demand, specifically in highly skilled, non-manual occupations.



Source: CEDEFOP, 2010 [1]

Find the teachable fit

In any problem of supply-demand imbalance, there are two basic responses: reduce demand or increase supply. The focus here is on increasing the supply by changing the employer's mindset regarding sources of available talent. To fill large and systemic talent gaps, four potential labor pools are promising: location migrants (who are willing to relocate for work), industry migrants (who are able to transfer their skills to new industries), internal role

[1] *New Skills for New Jobs: Action Now*, The Expert Group on New Skills for New Jobs, prepared for the European Commission, February 2010.

changers (who already work for your organization) and workforce entrants.

Training and development are the keys to successfully tapping into these talent pools listed, especially the last three groups. At the same time, a commitment to training and development is central to building a sustainable talent strategy. But individuals respond differently to training, depending not only on their existing skills but also on their ability and desire to learn. How can employers efficiently and effectively close the gap between their needs and the abilities of candidates and employees?

Start by understanding how fillable those gaps are—both in terms of technical skills and candidate mindsets—and at what cost. “Teachable fit” is a practical framework that can predict how successfully a candidate’s skills gaps can be filled. It can help employers understand their talent needs better and make training and development investments that are more likely to pay off.

The framework (see chart *Teachable Fit Framework*) is an analytical tool that maps the capabilities needed for a given role against an individual’s likelihood of meeting those needs. The capabilities are divided into four standard groups:

- **Knowledge of business or academic disciplines or industries.** Formal or explicit knowledge comes through study and is confirmed by academic degrees and business certifications. Informal or tacit knowledge comes through experience and association with knowledgeable colleagues. The key here is to recognize the importance of tacit knowledge and the means of attaining it.

- **Skills including both "hard" skills (e.g., technical or administrative skills) and "soft" skills (e.g., conflict resolution or strategic thinking).** Skills tend to be applied and pragmatic. They are acquired through practice and grow with experience. Hard skills can be confirmed by certification or apprenticeship. It is vital to recognize the importance of soft skills, rather than focusing only on candidate assessments on the easier-to-measure hard skills.

- **Values and Mindset** represent what an individual seeks in life and on the job—one's attitude toward work. These are revealed through both conversation and behavior and are relatively difficult to shape. They are also capabilities associated with jobs. Some jobs—sales, for example—require more initiative and self-management than others. Some jobs depend on more continuous learning and adaptation than others. The key here is to recognize these important traits when defining the job requirements.

- **Personality and Intelligence** are basic characteristics. Some people are naturally outgoing and empathetic and thus natural fits for customer service roles; others are the opposite. Some roles rely heavily on analytical intelligence, others on synthesis or creativity, others on emotional intelligence and many on combinations of the above. Again, the idea is to be as precise as possible about what a job or role calls for in terms of these traits.

After examining those four areas of capability, the employer then weighs each on two scales: Is it important? And is it teachable?

Teachable Fit Framework

	Capabilities	Important? 1 (low) - 5 (high)	Teachable? 1 (low) - 5 (high)
Knowledge *Business or academic disciplines*	Academic/Professional Discipline		
	Industry/Function/Process		
Skills *Demonstrated aptitudes and practices, both "hard" and "soft"*	Technical		
	Problem Solving		
	Communication		
	Planning/Organization		
	Collaboration/Teamwork		
Values & Mindset *Attitudes that people bring to jobs and jobs need in people*	Self-Management/Autonomy		
	Initiative		
	Motivation to Learn		
Personality & Intelligence *Basic character and mental traits*	Service Orientation		
	Analytical		
	Capacity to Learn		

Fixed

Flexible

This approach can help determine what capabilities really matter for success. By dissecting job roles, employers can identify the skills that can migrate across industries or be developed with relative ease. At one end of the spectrum, capabilities that are highly important and not easily teachable are the show-stoppers, the genuine must-haves. Initial screening of candidates can start with these. At the other end, capabilities of low importance may be dropped from the evaluation checklists used with candidates to save effort and avoid distraction.

In developing each job taxonomy for "teachable fit," the idea is not to generalize capabilities or lower standards. Rather, it's to be more detailed and specific about the pragmatic requirements of the job, and more focused on the gaps that can be filled. Since the goal is to determine teachable fit, the capacity and motivation to learn are vitally important. The framework also suggests where to begin with the individual's training and development plan.

"Teachable fit" taxonomies like these can also guide talent management more generally. As patterns in the important-and-teachable capabilities emerge, employers can direct curriculum investment. Equally valuable is the information employers can gather on the less-obvious types of capabilities that can be found in particular industry sectors or among particular groups of underemployed workers. This data can help employers refine their focus on particular industry migrants. And as employers recognize where "teachable fit" still leaves them shorthanded, they can be clear about where to supplement their workforces with contingent employees.

As the skills mismatch grows more severe, the "teachable fit" framework becomes foundational to talent strategy. It is a key step in an approach that is more expansive, systematic and sustainable—a talent strategy that not only keeps up with business strategy, but accelerates it.

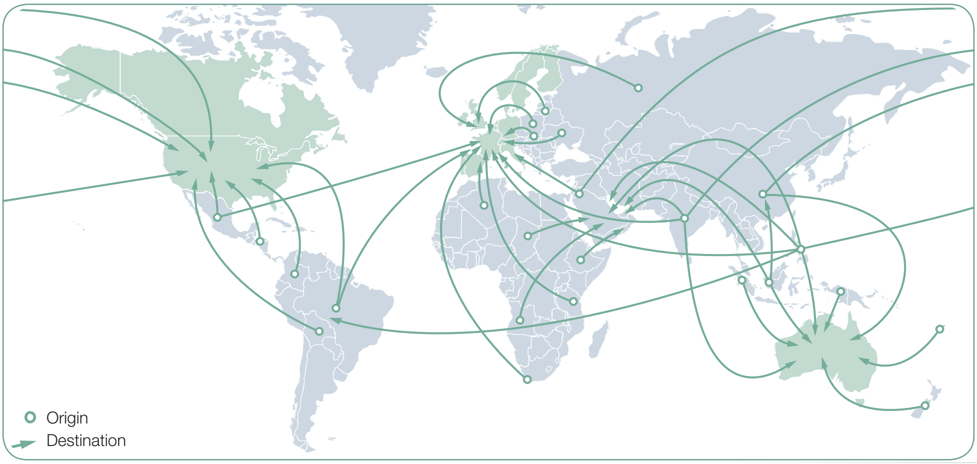
The full version of this paper can be found at http://www.manpower.com/researchcenter.

The Borderless Workforce

Today's global workforce is on the move as never before. But most employers and governments are a long way from fully understanding the complex issue of talent mobility and its growing role in the talent shortages that are affecting today's global labor markets.

The movement of talent is a growing part of the reality of managing what is rapidly becoming a borderless workforce. Individuals are increasingly willing and able to find employment far from their homes, whether they are Filipino electricians working in Western Australia or Indian petrochemical engineers working in the Arabian Gulf states. More people are living and working away from their home countries than at any other point in history.

Major Patterns of Worker Migration



This map provides a snapshot of some of today's more common destination countries for foreign workers. The major patterns of worker movement involve the migration to the most mature economic regions, including the United States, Western Europe and Australia. However, other established and emerging economies, including the Arabian Gulf States and greater China, are also attracting growing numbers of both skilled and unskilled workers in search of opportunities.
Source: OECD and UN Population Division statistics

Just as important as transnational talent movements are the migrations within national borders. China is struggling to meter the rush of individuals leaving its poorer western provinces in search of better jobs in the glittering commercial hubs of the country's East Coast. Japan has seen a huge population shift to its cities, imperiling its agricultural industry. Norway must deal with the emptying of its rural north. And Mexico's southern states contend with what they see as a massive talent drain to the industrialized northern border states.

The complexities are many. These are not the one-time, one-way migrations of yesteryear. Talent goes where talent is needed, and flights home are readily available for those who wish to return. Work is moving too, as businesses set up operations near new markets and sources of supply. The mobility of money is a huge factor, with remittances—the money that emigrant workers send back to their families in their home countries—becoming the invisible reverse footprints of their journeys to their new jobs. Remittances now constitute a vast sub-economy upon which many nations depend to sustain their gross domestic product.

At the same time, economies are not static, yet many organizations and employees behave as if they are. Just one example: auto workers around the U.S. car-making capital of Detroit are having to face the fact that the demand for their skills is waning in that region, forcing them to make decisions about retraining for other types of work, or relocating to where their skills are needed.

Over all aspects of talent mobility falls the shadow of government policy—evidenced in immigration constraints, border fences, inward investment programs, education initiatives, regional development incentives, and on and on. Government policies toward emigration issues have long been matters evoking strong voter sentiment in many countries, but today there is real cause for concern at the rise of what is being called "the new nationalism," with the policy pendulum swinging toward preventing immigration, rather than managing it strategically to benefit the needs of the labor market.

Today there is real cause for concern at the rise of "the new nationalism," with the policy pendulum swinging toward preventing immigration, rather than managing it strategically to benefit the needs of the labor market.

This paper gives dimension to the scope, scale and sheer volatility of the movement of people to new work far from their homes. We explore the challenges and opportunities that talent mobility poses for the individuals themselves and we flag the continued and alarming pervasiveness of worker exploitation. We examine how employers are responding to the fluidity of talent, highlight the rare successes, and emphasize what has to happen soon—at both business and government levels—if talent mobility is to become a central component of thoughtful, forward-looking business strategy and economic policy.

The story of workforce mobility is a story of twos. There are two categories of workers, blue collar and white collar, with quite different aspirations and patterns of movement. There is another divide between skilled employees and the unskilled: skilled employees benefit from steady market demand for their services; unskilled workers continue to struggle to get a foothold on the economic ladder. There are two kinds of borders—national borders, of course, but also borders within countries that affect the movement of people. There are diametrically opposing forces affecting government policy toward migration: globalization on the one hand, national sovereignty on the other.

Manpower's many studies of employment patterns also reveal two types of responses by employers and governments: tactical, reactive and generally defensive on the one hand, and holistic, realistic, fact-based and firmly focused on the future supply and demand of labor on the other. It is our wish that this paper encourages less of the former and far more of the latter.

Addressing the challenges

In very few instances are employers keeping pace with the dynamism of talent movement worldwide. In even fewer instances are governments in step with what their citizens are now doing to improve their economic standing and accelerate their careers.

The challenges will intensify before they ease. Demographic patterns—falling birth rates in many developed nations and many more births elsewhere—dictate large-scale movements of labor in the future. Rising nationalist sentiments will lock many governments into policies and initiatives that their best minds know are not right for business—or for individuals.

To help foster the kind of dynamic "on-demand" labor markets that employers say they need, Manpower argues that they must radically rethink their approaches to hiring and retention overall. By the same token, we believe that both national and regional governments can benefit their citizens in the longer term by envisioning wealth creation in terms of the supply and demand of labor over many decades—wherever that labor may come from or go to.

According to *The Economist*: "The question currently being asked in the rich world—whether immigration rates are unsustainably high—may be the wrong one. Perhaps they are not nearly high enough."[1]

Many employers believe they are taking action to resolve their talent challenges. But it is our observation that their efforts are marginal—tactical fixes that solve a shortage here or there without introducing real institutional change.

To move in the right direction, the precursor step for employers is simply to recognize the certainty of talent mobility. The next vital step is to proactively anticipate the demand for talent as part of future business demand. That calls for letting go of old assumptions about talent's ready availability—and for reconsidering employees' loyalty to the providers of their paychecks. Then it is essential to think in terms of constancy of supply—to perceive that foreign workers are as essential to development of the countries they leave as the countries they move to. That lays the groundwork for reciprocity—an acknowledgement that employers have an obligation to help labor-exporting nations to keep producing well-qualified talent, just as they have a responsibility to upskill their own national workforce. And it leads to a shift in mindset from "brain drain" to "brain circulation": the idea that talent can be greatly enriched by movement among employers and locations.

In short, employers must ask themselves hard questions about how the mobility of talent will affect their success, not just in terms of the next bid or the next project, but in terms of their competitiveness and value in 10 and 20 years' time. In other words, the questions must reflect a shift in the definition of the "burning platform" from, for

[1] "The Long Term," *The Economist*, 5 January 2008.

example, the 150 new call center representatives needed next quarter to the long-term supply of and demand for talent to sustain the employer far into the future.

At the same time, employers cannot—must not—lose sight of their very human obligation to encourage what the International Labour Organization terms "decent work"—work that is free of all exploitation. The sheer improbity of sleeping six manual workers to a tiny room, of turning a blind eye to child labor or sweatshop work, cannot be condoned and must be patrolled and eradicated. It is incumbent on every organization to deeply investigate the work practices throughout its supply chains, regardless of how important these relationships may be.

Employers must ask themselves hard questions about how the mobility of talent will affect their success and their competitiveness and value in 10 and 20 years' time.

And governments? It is not Manpower's intent to speak out on policy or practice. But we can say that many of the long-term, holistic views of labor supply and demand that apply to employers are just as applicable to policymakers. There is already great value in the many local and regional business-government partnerships under way to solve talent mobility challenges in the medium term. And there is ample room for countries to do for skilled individuals what many have done for years for business: create compelling "inward investment" packages that help attract the best and brightest with more than just expatriate salaries and enjoyable lifestyles. In short, countries and regions must position themselves as destination "brands." Just as Silicon Valley became an alluring brand for professionals the world over, Dubai and Shanghai have achieved status as premier global brands and attractive talent destinations.

Individuals must ask themselves questions too. Managers and many white-collar workers need to think about how they can enrich their careers by moving to other regions or other countries. Skilled tradespeople must understand more about the ebb and flow of demand for their skills over time and across geographies—and avoid rash assumptions about the duration of demand. And if the least skilled can more easily determine which work opportunities are legitimate and safe from exploitation, they will have reached that first secure step on the economic ladder. The mobility of talent is very real. It is now the obligation of employers and governments everywhere to face up to that reality and develop solutions that work for both the individuals they employ and the stakeholders they serve.

The full version of this paper can be found at http://www.manpower.com/researchcenter.

The New Agenda for an Older Workforce

What percentage of your workforce is planning to retire in the next five to 10 years and what impact will it have on your organization? This is a key question that should be on the agenda for discussion at management meetings worldwide, as talent shortages worsen and replacements for those exiting the workforce become more difficult to find. The potential loss of productivity and intellectual capital could have a devastating impact on many businesses that are currently unprepared to adapt to the new realities of the aging workforce. And the conundrum on the horizon is that many of the people who have the talent that companies most need to retain are those who have the financial flexibility and employment options to retire or downshift to a more flexible work arrangement.

In the short term, employers will need to focus mainly on slowing the exodus of older workers whose skills and knowledge are most valued by the company, while at the same time, preparing successors to perform in critical roles and learn as much as possible before these expert resources leave the workplace. Attracting and retaining older workers will gain importance on the corporate agenda as it becomes clear that the largest available untapped workforce segment is older adults, most of whom are still healthy and able to contribute long after they retire. The best way to do this is to provide the kind of jobs that mature adults want, and to keep them engaged by continuing to treat them as valued members of the team. One size will not fit all older adults, so a "plug and play" view of employment options for the aging population will not be successful.

Both the employer and the older employee will find the future world of work to be a rather difficult transition because both are still thinking very traditionally about the latter years of employment. Even more concerning, employers still tend to look at upcoming retirements as cost-saving opportunities—this is dangerous and shortsighted.

There will be no room for wasted talent in tomorrow's nimble and talent-poor organizations, so there can be no one whose skills or knowledge are allowed to become obsolete.

Longer term, employers will need to improve talent utilization throughout every employee's tenure with their companies, through a continuous improvement-style approach that involves periodic skill and career interest assessments, training and alignment of the individual's interests and abilities to the needs of the organization so that they remain relevant and engaged. There will be no room for wasted talent in tomorrow's nimble and talent-poor organizations, so there can be no one whose skills or knowledge are allowed to become obsolete. Consequently, more sophisticated solutions will be required to manage the talent demands of business.

This new approach to talent management will also extend to individuals' preparation for retirement, as the employer takes a greater role in defining what retirement means to older employees. In order to remain relevant in the post-retirement-age world of older workers, it will be important for employers to provide the professional resources necessary to assist those who are planning for transition to develop effective plans for the second half of their lives. These plans will need to be realistic and achievable, given a host of possible work-life balance options and a variety of potential financial impacts from both the individuals' choices and their personal situations.

Meanwhile, in order to avoid major fiscal crises caused by unsustainable numbers of older citizens receiving pensions and social security payments, governments will need to inspire change from both employers and individuals toward getting the aging population employed for a longer working life. Some governments are already making progress in this area and demonstrating that it is, indeed, possible to find win-win solutions to the aging workforce conundrum.

What to do

The first priority of today's employers should be forecasting and workforce planning for the future, when much of today's key talent will retire and there will be few available candidates to replace them. Without such critical analysis and planning, it is likely that many companies will find they are incapable of growing their businesses and meeting customer needs because of unexpected and pervasive talent shortages in critical roles. Two of the key reasons that employers are not doing more to try and recruit or retain older workers as part of their talent management strategies are simply that they neither understand how to do so effectively, nor grasp why this should be a high priority for them now.

While employers have done much in recent years to provide better work-life balance for working parents, they have not yet made sense of what work-life balance means to the older worker; namely that these individuals expect to work differently in flexible work arrangements where they can work more on their own terms, not the employer's. There is a growing proportion of this population that may be quite willing and able to continue contributing for years to come, if they are engaged and encouraged to do so. The best way to attract older workers is to have jobs they want, and they tend to want part-time jobs. The employer who wins the competitive war for talent will be the one who determines how to make plenty of part-time jobs available to attract older workers and how to redesign existing jobs into part-time roles in order to retain current staff a few years longer.

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As talent becomes more difficult to find and retain, it will be essential for employers to optimize talent flow by ensuring alignment of employees' skills with the needs of the business over the course of each individual's career. This requires strategic recruitment; ongoing assessment of skills, interests and abilities at regular intervals; alignment of abilities with the current and future needs of the business; and making lifelong learning a high priority.

The conundrum of the older workforce lies in the fact that the most in-demand individuals with the strongest skills are also those who have the greatest financial flexibility to retire early or explore other options throughout their careers, and particularly as they grow older. This means that the people who are most needed are also those most likely to leave, taking their skills, knowledge and experience with them. Savvy employers will develop innovative ways of retaining these critically important contributors as long as possible.

Nonetheless, it is inevitable that even the most engaged employees will eventually retire. Managing the talent pipeline to ensure that high-potential employees are identified as potential successors and developed at the same rate as the older workers who are exiting will be an important aspect of workforce management in the future. An effective knowledge transfer plan that is properly executed can make an enormous difference in an employer's ability to retain critical intellectual capital and sustain consistent performance levels in the transition from retiree to successor.

Managing the talent pipeline to ensure that high-potential employees are developed at the same rate as the older workers who are exiting will be an important aspect of workforce management in the future.

Employers should also consider the employee's well being during the major life change that is retirement. After all, if the employer is to be a relevant and credible potential part of the individual's future plans for continued employment in any form, it should play at least a minor role in helping the individual to understand their work options, their skills and attributes, and the degree to which the company is willing to work with them to find an acceptable way for the two parties to remain engaged in the future.

The employer should consider providing a pre-retirement decision process for employees as part of the company's career development or employee assistance services. This process, typically delivered via a qualified consultant, will assist employees in deciding if they possess the personal motivation to continue working, as well as gauge their financial, psychological and physical readiness to retire.

As part of this process, the employee will need to explore questions such as:

- **Have I been taking advantage of training opportunities in order to ensure my skills are up to date so that I remain relevant to my employer?**
- **If I continue working, do I want to continue in the same role or try something new?**
- **If I retire now, do I have the financial means to support myself and my dependents through my (and their) potential remaining lifespan?**
- **If, at some point in the future, something changes and my government- or employer-paid retirement income is reduced or eliminated, can I still pay my bills or would I need to get a job?**
- **If I retire completely and then run out of money, will my skills still be sufficient to enable me to find employment 10 or 20 years from now?**

Meanwhile, many national governments' funding for pension and social security programs is projected to fall short of the financial requirements because there simply will be too many people receiving funds from the government programs and too few actively engaged in the workforce paying for these programs through their payroll taxes. If a government is seeking to expand employment of older adults within its population to reduce the pension burden, part of the answer appears to lie in its willingness to be an instrument of change and require employers to take action to address the recruitment and retention of older workers through new incentives and stronger requirements.

A sustainable and growing economy will not be possible in the talent-poor future without a strong and vibrant labor market that includes older workers and other groups that are currently under-represented in today's workforce. National governments need to focus their attention on talent development and utilization strategy if they want to have a competitive labor market that will help to strengthen the country's economy for the future. The challenge for national governments is to determine how to align the interests and abilities of mature adults with the interests and requirements of employers, and to do this before the pension bubble bursts, wreaking havoc on other areas of society. Solving this puzzle should be a high priority on the agenda of today's government leaders.

The full version of this paper can be found at http://www.manpower.com/researchcenter.

The Underworked Solution: Women and the Talent Crunch

Women have made dramatic strides in the workforce across the globe, but as study after study has documented, they still lag men significantly.

The implications of this fact go beyond issues of gender equality. Two trends are now reshaping the world of work: the growing dominance of the service sector and the shrinking working-age population. These two trends add up to one indisputable fact: the global talent squeeze will only get tighter, especially so after we emerge from the current financial crisis. The recession doesn't mitigate matters over the long term. Even now, positions at all levels continue to go unfilled in such service-sector fields as engineering, IT and healthcare. To address the problem, governments and enterprises must figure out how to expand their workforces now. And to do that, they should look to one particular demographic group that is woefully underrepresented in the formal economy and has much more to contribute: women.

The benefits of their participation are striking. "Better use of the world's female population could increase economic growth, reduce poverty, enhance societal well-being, and help ensure sustainable development in all countries," says a report from the OECD. They are already moving into service-sector jobs with relative ease and would probably do so in greater numbers if they could. But there are many barriers to their participation.

Some of those barriers are cultural and therefore difficult to address at the policy level. But many are structural—vestiges of an age when the five-day, 40-hour week was the norm, men were the primary wage earners and few women sought work outside the home. That model is impractical for many women, who bear primary responsibility for childcare and other family obligations. We must revise outdated job structures—along with the policies that reinforce them—and move toward true employment flexibility.

Those companies and countries that evolve quickly to bring women into the workforce today give themselves a better chance to prosper over the long term.

What women need now is what the workforce as a whole will demand later as young people—Gen Y, or the "Net Generation"—start working in greater numbers. "Evidence is mounting that when firms can create highly customized job descriptions, work systems and compensation plans, it pays off. This is especially true for the Net Generation," says Don Tapscott, the author of *Grown Up Digital.*[1] In other words, those companies and countries that evolve quickly to bring women into the workforce today give themselves a better chance to prosper over the long term. Those that don't will struggle to stay competitive.

Toward true flexibility

Inflexible work structures are the biggest global barriers. Many women cannot be office-bound for eight consecutive hours Monday through Friday. They need work that lets them choose where and when they get their jobs done. This fact has not gone unnoticed and many companies across the globe have adopted such women-friendly policies as job sharing, "flex

[1] McGraw Hill, 2008.

time" and telecommuting. But most of these initiatives are little more than variations on the 40-hour workweek. And labor laws tend to reinforce this outmoded concept.

Truly flexible work practice must allow people to set their own schedules and escape the office if that's practical. Jobs in the service sector—where the need for new workers is greatest—can often accommodate this kind of arrangement. To be sure, we're already seeing this sort of behavior emerge in knowledge-economy strongholds like Silicon Valley. If governments and enterprise want to bring more women into the workforce, this practice must become the rule rather than the exception. Moreover, flexibility alone isn't enough. Employers still tend to see work done outside the 40-hour-a-week model as less valuable—a "holding pattern" for women as they throttle down to attend to family concerns. That attitude must change.

We must do away with the time-tracking and leverage the technology that allows individuals to work and collaborate with ease over distance and time.

A paradigm shift is in order. We must do away with the time-tracking and leverage the technology that allows individuals to work and collaborate with ease over distance and time. And we must create paths toward advancement for women—and others—who do not sit in an office five days a week, eight hours a day, so that they can achieve success at a pace that works for them, and in turn, for everyone.

Getting women into the workforce is vital, but it's just as important to keep them there. Pay inequity continues to be a problem. Women in OECD countries earn an average of 17 percent less than men. In the U.S. the difference is 20 percent.[2] The "glass ceiling" also continues to be a problem. While it is true that women have moved to the top of many companies, there is still a broad perception that they don't get as many chances for advancement as men and this perception may be a deterrent to participation.[3]

Finally, governments and enterprises can't do it all. Women themselves must take initiative. Education and training programs are obvious points of entry and women have made much progress there: Across the globe, more women than men are graduating from university.[4] (We should note that there's plenty of opportunity for women without a university degree, especially in such growth industries as tourism and healthcare.) And for many women, entrepreneurship is a solution. Across the world, women business owners are rewriting the rules of work and reshaping economies, especially in developing regions. According to the *Global Entrepreneurship Monitor*, "Female entrepreneurship is an increasingly important part of the economic makeup of many countries and might be a key contributor to economic growth in low/ middle-income countries."[5]

The facts are clear: For countries and companies to flourish, women must play a bigger role in the workforce. With the talent shortage sure to gain urgency as the global economy recovers, failure to attract more women into the ranks of the employed could lead to crisis. But we

[2] *New Skills for New Jobs: Action Now*, The Expert Group on New Skills for New Jobs, prepared for the European Commission, February 2010.
[3] "Women in Management Survey," *Manpower Inc.,* 2008.
[4] "Education at a Glance: 2007," OECD, 2007. Figures above only include first time recipients of Type A tertiary degrees (IESCD classification 5A), which (in general) includes three and four year undergraduate programs (i.e. not technical or occupational training).
[5] "2007 Report on Women and Entrepreneurship," *Global Entrepreneurship Monitor,* 2008.

can avoid this predicament if we move now to address the barriers that discourage women from participating. Contemporary work practice must embrace true flexibility to expand the labor pool. Indeed, for countries and companies alike, any long-term competitive advantage depends on enabling more individuals—women now, the Net Generation soon—to take part in the workforce in a sustainable way.

The full version of this paper can be found at http://www.manpower.com/researchcenter.

Is Talent Holding You Back? Designing Workforce Strategy for Sustained Business Growth

Even as we emerge from the global recession, with unemployment continuing at high levels, the talent that drives business success is still in high demand. Indeed, 31 percent of employers worldwide can't fill key positions, according to Manpower's fifth annual *Talent Shortage Survey*.[1] That finding suggests that the "talent mismatch"—the inability to find the right skills in the right place at the right time—is a looming threat to all employers. Even those who are comfortable with where they are at right now need to think hard about whether the talent plans they have in place will generate the talent that is needed in this rapidly changing world of work.

Increasing competition, changing demographics and demands from individuals as well as technology are placing unprecedented pressures on businesses. Employers need to ask themselves "Do our current workforce strategies and plans support our plans for long-term growth in this changing environment?" Given how dramatically the world has changed, and the fact that the speed of change is accelerating, the answer is probably "no."

In this new and complex environment, talent is increasingly the key competitive differentiator. In less than a decade, people with high-demand skills will be the scarcest resource for companies.[2] Even now, the talent gap is

[1] *2010 Talent Shortage Survey,* Manpower Inc., May 2010.
[2] "Creating People Advantage in Times of Crisis: How to Address HR Challenges in the Recession," The Boston Consulting Group, March 2009.

slowing recovery and growth for many organizations. As the global economy improves, that situation will only worsen.

Business leaders can and should meet this challenge head-on. Now is the time to devise and implement a workforce strategy that accounts for the increasing pace of change and drives corporate growth. In short, an organization's workforce strategy must be able to generate the talent needed to achieve the chief executive's vision and long-term goals of the business.

Where we are and how we got here

Over the last several years, businesses have been preoccupied with taking costs out of the system to improve productivity. This was most recently demonstrated in the height of the recession with wide-scale reductions in force. At the same time, the market demands have increased, which means companies likely do not have all of the right people with the right skills to drive innovation and business results. And, they are assuming that there will be a ready supply of these people when they need them. Given the demographic shifts, this assumption will not serve companies well. Indeed, business leaders can't reset to pre-recession approaches. They must take a new approach to thinking about their workforce and the assumptions they are using to inform their strategy and plans.

Too few organizations are prepared to address their long-term needs in the rapidly changing world of work. Sustained competitive advantage requires not only a smart business strategy but also a workforce that is equipped to execute on that strategy and understands its role in achieving its goals. Manpower's new *Workforce Strategy Survey* reveals that nearly one quarter of employers across 36 nations concede that their organizations' workforce strategy does not support their business strategy—or don't know if it does. Even more alarming: Among those two subsets of respondents, more than half (53 percent) admit that they are not doing anything about it.[3] In too many cases, the emphasis on talent management is tactical and short term when it ought to be strategic and long term.

Nearly one quarter of employers across 36 nations concede that their organizations' workforce strategy does not support their business strategy.

Connecting strategy and organizational performance

Human Resource (HR) leaders are the essential link in aligning workforce strategy to business strategy. "HR leaders must help the organization align workforce strategy to business strategy in order to drive business performance," says Libby Sartain, former Chief People Officer, Yahoo! and Southwest Airlines. "They need to facilitate the discussion with the leadership team around what the business needs from its workforce in the short term and in the long term, in order to close the gap between what the workforce can do and what the business needs them to do."

HR needs to not only help the business identify the gaps between their business strategy and workforce strategy, but they need to also design a roadmap for success. Armed with the survey of needs and the gap analysis,

[3] *Workforce Strategy Survey,* Manpower Inc., 2010.

the HR leader can then facilitate his or her business colleagues through the process of creating a workforce strategy and later an action plan that ensures that the organization will *always* have the right array of skills in the right places and at the right times to meet its evolving needs.

To attract, develop, engage and retain the talent needed, a robust and well-documented workforce strategy will:

- **Be more comprehensive and longer-term focused than an annual talent plan.**
- **Be focused on which work models will produce the best results for the organization.**
- **Be introspective to understand what people practices need to be updated.**
- **Be inclusive by taking an outside-in view to talent sources.**
- **Be clear where the organization can "build" the skills and talent it needs rather than "buy" them.**

Aligning workforce strategy to the business strategy is not a "once-and-done" activity. Just as with their business strategy, leaders must regularly revisit and challenge their workforce strategy for strategic alignment and accountability. It is the HR leader's role to facilitate this process with leadership. Until HR leaders consider the impact of external forces (such as demographic trends, etc.) combined with internal forces (such as demography of current workforce, etc.) on their company's ability to execute its business strategy, efforts will only be as good as tactical plans and actions that are hit or miss. The organizations that get this right will have the competitive edge. This is the time for HR to step up and lead the way to ensure their company has the talent it needs to win.

The full version of this paper can be found at http://www.manpower.com/researchcenter.

Winning In China: Building Talent Competitiveness

For over three decades, foreign companies have flourished in China. Many Fortune 500 companies now have operations in the country, including: General Electric, AT&T, General Motors, Microsoft and Pepsi Cola. In April 2010, foreign direct investment surged 24.7 percent year-on-year to over $7 billion, according to the Chinese Ministry of Commerce.[1]

With a reputation as "golden brands," foreign companies have long been regarded by Chinese workers as highly desirable places to work. However, all that is starting to change. In the wake of the recent financial crisis, many foreign companies have cut production and reduced their payrolls; some have even shut down Chinese operations. Recent unrest and industrial action among workers also indicates a pool of disgruntled workers who are seeking improved benefits.[2] It seems that foreign companies are beginning to lose their allure.

This comes at a bad time; China's working population is aging and the number of Chinese workers ages 15-19 will fall dramatically after 2011, according to the United States Census Bureau.[3] Maintaining their talent pipeline, particularly at the manager level, is now a business critical issue for foreign-owned companies.

[1] Chinese Ministry of Commerce (http://www.mofcom.gov.cn)
[2] "The next China," *The Economist*, 29 July 2010.
[3] *The Economist*, op. cit.

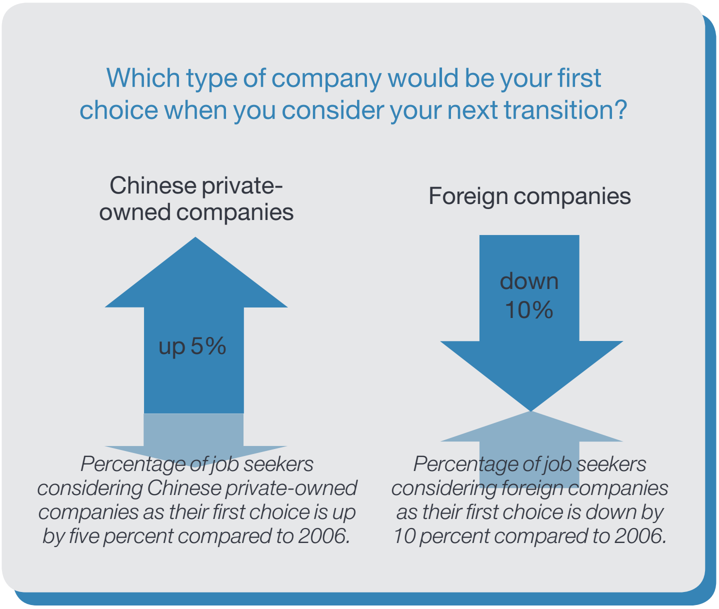
Compounding the challenge for foreign companies, more Chinese firms, both state-owned and private-owned, are gaining prestige on the international stage and are enjoying a better reputation among workers. In this context, the talent war between foreign and Chinese private-owned companies is beginning to turn in favor of Chinese private-owned companies. While this trend presents many opportunities for Chinese private-owned companies—both domestically and overseas—foreign organizations will face greater challenges in finding the talent they need to help them achieve their business objectives.

A shifting talent landscape

Manpower's *2010 Foreign and Chinese Private-Owned Companies Talent Competitiveness Survey* indicates that the lure of foreign-owned companies is now waning for Chinese employees, with more preferring instead to work for Chinese private-owned businesses.[4] The data reveals a clear change in job seekers' preferences; compared to the 2006 survey results, the percentage of job seekers considering Chinese private-owned companies as their first choice is up by five percentage points, while those preferring foreign companies is down by 10 percentage points (see chart *Individuals' Employer Preferences*).[5] Chinese private-owned companies are especially favored by job seekers from South China where companies are relatively more mature and generally have more modern management systems. These companies, such as Anta, Vanke and Heng'an, are well respected in their industries and have good reputations as employers.

[4] *2010 Foreign and Chinese Private-Owned Companies Talent Competitiveness Survey,* Manpower China, 2010.
[5] *2006 China Employee Engagement and Retention Survey*, Manpower China, 2006.

Individuals' Employer Preferences



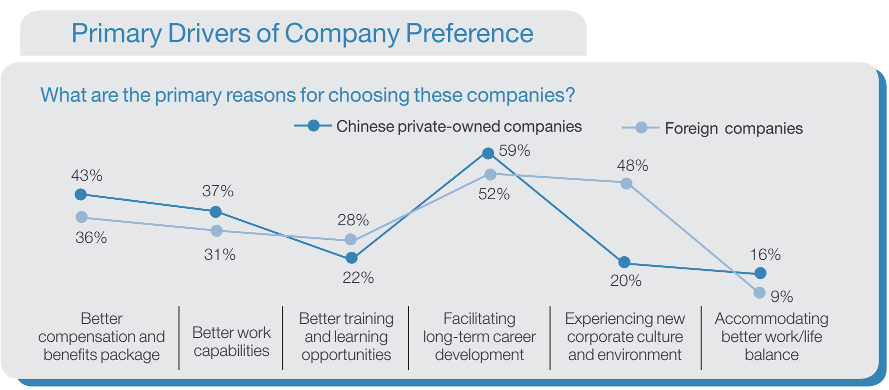
Source: Manpower China

With talent shortages becoming more acute, and as fast-growing Chinese private-owned companies become more competitive, foreign companies will find it increasingly challenging to retain managers. Manpower's survey indicates that this pressure will continue and even intensify as Chinese private-owned companies have become markedly more attractive to management-level job seekers.[6] Sixty percent of managers responding to the survey say that a Chinese private-owned company would now be their first choice as an employer.

Foreign companies face further competitive threats from Chinese private-owned companies which have been investing heavily in talent, offering highly favorable

[6] *2010 Foreign and Chinese Private-Owned Companies Talent Competitiveness Survey*, Manpower China, 2010.

compensation and benefits packages. Consequently, foreign companies no longer have a reputation as the highest-paying employers. Manpower's survey reveals that 43 percent of job seekers view "better compensation" as the primary reason to favor Chinese private-owned companies, seven percentage points higher than for those who are attracted to foreign companies (see chart *Primary Drivers of Company Preference*). However, when it comes to corporate culture, Chinese private-owned companies still lag behind their foreign counterparts. Only 20 percent of job seekers view experiencing a new corporate culture as the primary reason to choose Chinese private-owned companies, compared to 28 percent among those preferring employment with foreign companies.



Source: Manpower China

These shifts in the balance of talent are already being felt among HR management of foreign companies. Sixty percent say they feel the effects of competition from Chinese private-owned companies when it comes to their ability to attract talent and they say this impact is increasing, particularly in Eastern China. However, surprisingly few foreign companies are responding to the challenge. The percentage of foreign companies who have taken countermeasures to improve their talent attraction strategies is lower than, or almost the same as, that of Chinese private-owned companies. The difference is especially evident when it comes to making an investment to secure talent, including increasing compensation and benefits packages (a 10 percentage point gap) as well as offering training incentives and learning opportunities (a 16 percentage point gap; see chart *Employer Measures to Attract and Retain Talent*).

Source: Manpower China

A critical battle for talent

So what does the future hold for foreign and Chinese private-owned companies competing for talent? As growth continues, Chinese companies are generally ambitious about initial public offerings (IPO) and internationalization. On the other hand, at the global strategic level, more foreign companies are significantly increasing their focus on the Chinese market. This means that competition between the two groups to attract and retain talent will only intensify as they seek to increase their footholds in the Chinese market.

Both foreign and Chinese companies will need to adapt in order to stay ahead. Employers must be alert to the shifts in China's economy and understand the challenges as well as opportunities that this will bring. Clarity of business objectives and the talent required to meet those objectives will be of utmost importance, particularly as the war for talent will only become more intense as the global economic recovery continues to gain traction.

The full version of this paper can be found at http://www.manpower.com/researchcenter.

About Manpower Inc.

Manpower Inc. (NYSE: MAN) is a world leader in innovative workforce solutions; creating and delivering services that enable its clients to win in the changing world of work. With over 60 years' experience, Manpower offers employers a range of services and solutions for the entire employment and business cycle including permanent, temporary and contract recruitment; employee assessment and selection; training; outplacement; outsourcing and consulting. Manpower's worldwide network of nearly 4,000 offices in 82 countries and territories enables the company to meet the needs of its 400,000 clients per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction across their total workforce, enabling clients to concentrate on their core business activities. Manpower Inc. operates under five brands: Manpower, Manpower Professional, Elan, Jefferson Wells and Right Management. More information about Manpower Inc. is available at **www.manpower.com**.

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