



# Global Talent Market Quarterly

SECOND QUARTER | 2013

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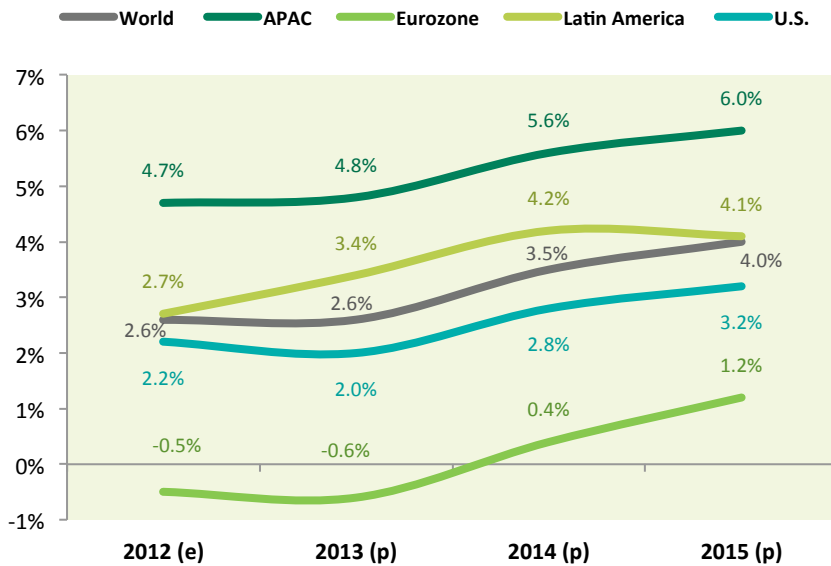
# Global Economic Situation

SECOND QUARTER | 2013

**GLOBAL ECONOMIC BRIEFING**

Global growth is expected to be modest and stable overall in 2013 before ramping up in 2014-2015, but the underlying patterns suggest very different economic conditions among markets and regions. Many emerging markets in APAC and the Americas will see above-trend growth, while more moderate growth is forecast for the mature economies in these regions. Recessionary conditions are expected to continue in 2013 in several Eurozone markets, dampening near-term economic prospects across the region.

**REAL GDP GROWTH BY REGION, 2012-2015 (p)**



**AMERICAS**

The regional economic outlook is brightening, despite fiscal policy headwinds in the U.S. and some softness in Canada. Mexico is showing healthy growth, while Brazil is rebounding from a very slow 2012. The prospects for growth in other Latin American economies depend on their domestic policies and investment climates.

**EMEA**

Economic conditions are stabilizing in the Eurozone, but recessions will persist in many European markets in 2013, particularly in the southern periphery. In Central and Eastern Europe, Eurozone weakness will continue to restrain economic growth, while ongoing political tensions in the Middle East and Africa still pose a threat to growth and stability in many regional markets.

**APAC**

The APAC region will continue to lead global growth, driven by China, India, and southeast Asia. Solid economic activity is accelerating across much of the region, and many markets are expected to see healthy growth in 2013, but the region's major economies face some challenges.

## ECONOMIC OUTLOOK

Economic activity is expected to accelerate through 2015 in nearly all countries, with emerging markets leading global growth. Many developed countries are forecast to see modest and improving growth rates. Most European markets will climb out of recession by 2015.

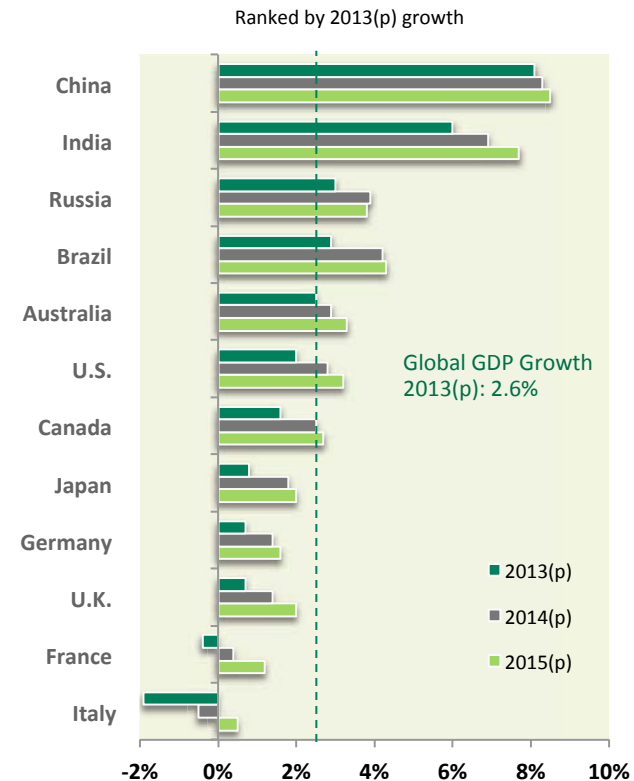
### EMERGING MARKETS

- Growth rates in **CHINA** are expected to remain among the world's highest, but the economy saw some troubling signs of softness in the first part of 2013.
- **INDIA** is rebounding from a very weak 2012 to return to 6% growth in 2013. Recent reforms have boosted investor confidence, while government spending and cautious interest rate cuts are helping to revive domestic demand.
- GDP growth is forecast to dip to 3%—or even lower—in **RUSSIA** in 2013, as consumer demand and investments were slow to begin the year, and export demand remained weak. Economic activity is expected to pick up in 2014.
- The economy will gradually improve in **BRAZIL** in 2013 and then accelerate in the following years, driven by consumer demand, government stimulus, and preparations to host the soccer World Cup in 2014 and the Olympics in 2016.

### DEVELOPED ECONOMIES

- **AUSTRALIA**'s economic growth will moderate in 2013, but has been resilient despite global and regional softness, driven by ongoing investment in the mining sector.
- The **U.S.** economy picked up steam in the first part of 2013, but will likely slow during the middle of the year due to the government sequester. In **CANADA**, economic growth is expected to be similarly subdued in 2013. Both the U.S. and Canada are expected to surpass 2% growth again in 2014 and 2015.
- After bottoming out in late 2012, **JAPAN**'s economy is expected to recover in 2013 as government stimulus measures take hold and export demand improves.
- Economic growth in the **U.K.** has been subdued and essentially flat since mid-2012, and will likely not surpass 1% until 2014. **GERMANY** faces a similar outlook.
- The economy in **FRANCE** is expected to contract modestly in 2013 and return to slightly positive territory in 2014. Other European countries, including **ITALY**, **SPAIN**, and **PORTUGAL**, are not predicted to see positive GDP growth until 2015.

### REAL GDP GROWTH RATES, SELECTED MARKETS







# Global Labor Market Update

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## GLOBAL LABOR MARKET UPDATE: AMERICAS

Employment growth hit a slow patch in several key Americas markets in early 2013, as concerns over policy issues in the U.S. and the still-uncertain global economic climate may have caused employers to put some hiring plans on hold. Still, the outlook for most regional labor markets is positive, with job creation forecast to accelerate and unemployment rates expected to fall through 2015.

### UNITED STATES

After a strong finish to 2012 and a bright start in 2013, the U.S. labor market faltered in March with weak job creation and a shrinking labor force. Hiring levels are expected to remain modest throughout the rest of the year, with more robust job growth expected in 2014 and 2015.

### BRAZIL

Despite the recent slowdown in the economy, demand for workers in Brazil remains strong with unemployment continuing to reach record lows. The tight labor market is driving up wages and spurring fears of rising inflation.

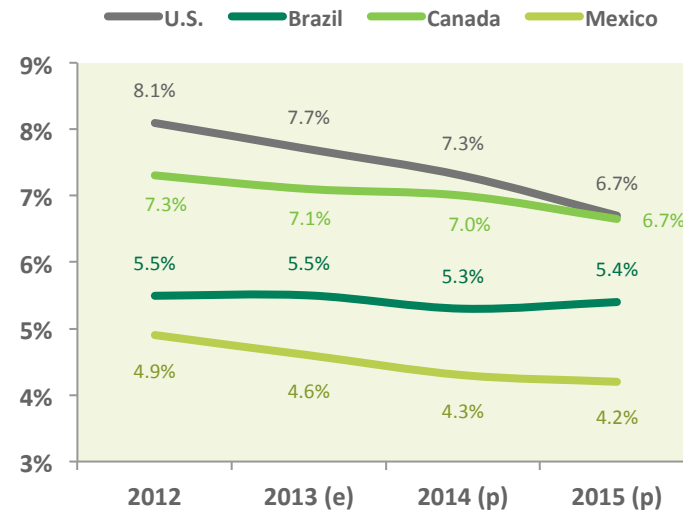
### CANADA

Canada lost more than 25,000 jobs on net in the first quarter of 2013, a surprising dip after strong job growth in 2012. The outlook for the rest of 2013 calls for subdued hiring in the face of a sluggish economic climate.

### MEXICO

Formal job creation in Mexico slowed somewhat in the first quarter of 2013, but the labor market is expected to continue to generate jobs and unemployment is forecast to gradually decrease over the medium term.

AVERAGE ANNUAL UNEMPLOYMENT RATE



## GLOBAL LABOR MARKET UPDATE: EMEA

Although the economic situation in Europe has somewhat stabilized, employment will take much longer to recover throughout the region. Unemployment rates will continue to rise in many Eurozone countries, and will remain elevated in many others, with more substantial improvements not expected until 2015. Germany and Russia continue to outperform other regional labor markets.

### GERMANY

Labor market conditions remain much healthier in Germany than in most other countries in Europe. The economy continues to generate jobs and the unemployment rate, already near a historic low, is forecast to edge even lower in the coming years.

### FRANCE

The number of jobless people in France has risen every month for nearly two years, causing unemployment to reach a 16-year high in early 2013. The unemployment rate is expected to climb to 11% later in 2013, as the weak economy and tight fiscal policies continue to limit job creation.

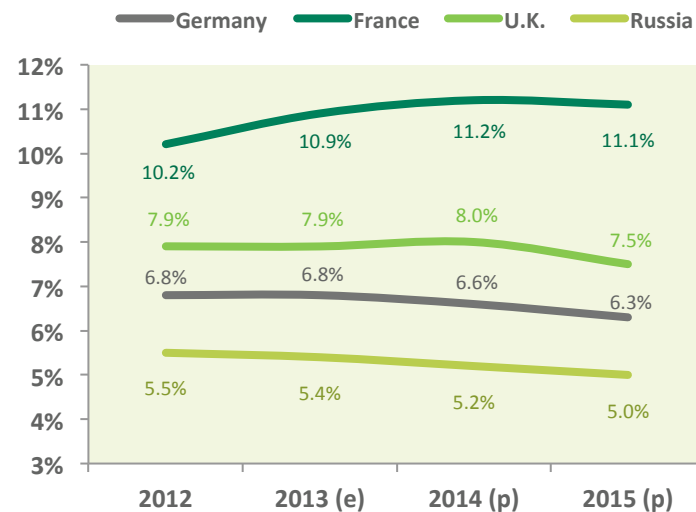
### UNITED KINGDOM

The cooler economic climate is finally showing its effects on the U.K. labor market, after a surprisingly resilient performance in 2012. Unemployment is forecast to remain elevated in 2013 and 2014, as cautious private sector hiring is not expected to offset continued public sector job losses.

### RUSSIA

The labor market is holding steady despite a slowdown in economic activity in Russia. The unemployment rate rose in January, but then dropped in February and March. Moscow and St. Petersburg have extremely tight labor markets, with the unemployment rate in both cities just above 1%.

AVERAGE ANNUAL UNEMPLOYMENT RATE





## GLOBAL LABOR MARKET UPDATE: APAC

Although some APAC labor markets are still feeling the dampening effects of an uncertain economic environment, hiring levels are relatively healthy and unemployment rates are low throughout much of the region. Demand for workers is expected to continue to accelerate as the global economic picture brightens and export levels recover.

### CHINA

Employers in China continue to show strengthening hiring intentions, particularly in the service sector and for experienced workers. Wage increases are accelerating along with the growth in demand.

### JAPAN

Although the Japanese economy is recovering, labor market improvements are lagging somewhat. Still, the jobs-to-applicants ratio continues to rise slowly, suggesting that demand for workers is starting to grow.

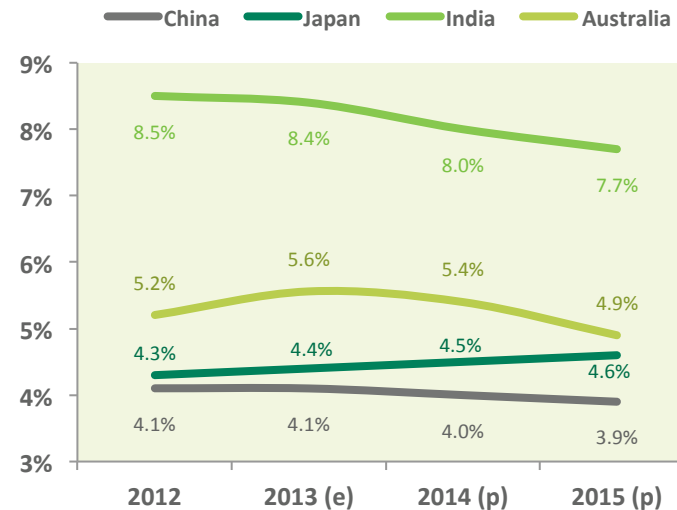
### INDIA

Hiring prospects are improving along with India's recovering economy in 2013, although job demand took a slight seasonal dip in March. The BPO and pharmaceutical sectors remain among the leaders in hiring activity.

### AUSTRALIA

Employment trends have been volatile in early 2013, with a gain of 74,000 jobs in February followed by a drop of 36,000 in March. The labor market is expected to continue to fluctuate throughout the year as employers gauge the health of the economy, before improving in 2014 and beyond.

AVERAGE ANNUAL UNEMPLOYMENT RATE



**GLOBAL LABOR MARKET SPOTLIGHT: HIGH-SKILLED IMMIGRATION**

**HIGHLY-SKILLED MIGRANTS IN DEMAND**

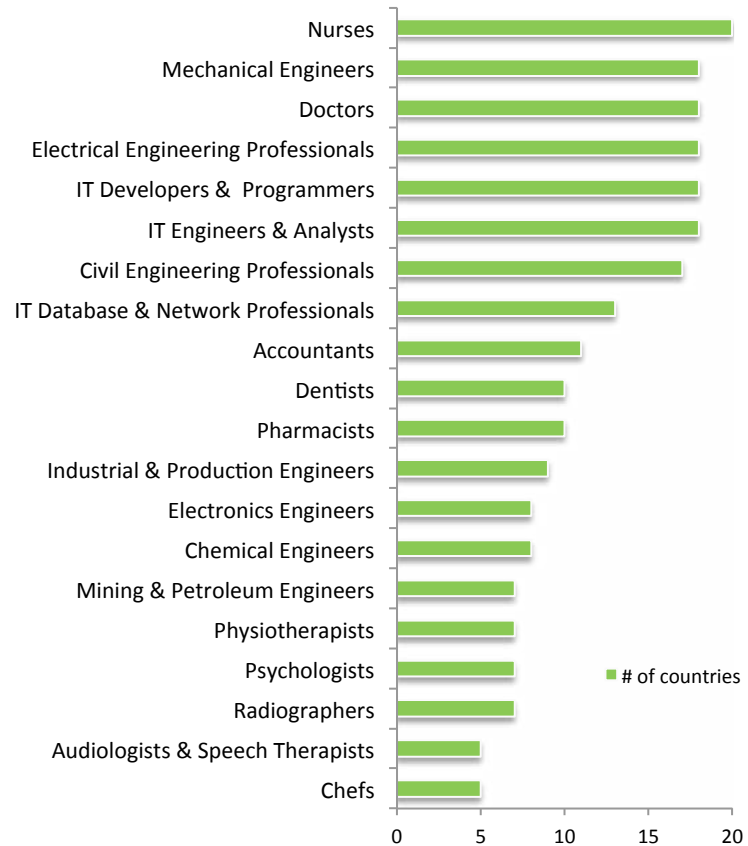
Over 200 million people in the world are international migrants, living and working in a different country than where they were born. Among them, highly-skilled migrants are minority, but are becoming increasingly important in the growing climate of global skills shortages.

Many developed countries actively encourage immigration of high-skilled workers in areas of short supply. Australia and other countries use a points-based system that evaluates would-be immigrants based on their skills relative to current shortages. Many European countries have adopted the EU Blue Card directive, which encourages migration of highly skilled non-EU citizens. The U.S. keeps a “Schedule A” list of shortage occupations for which immigration conditions are somewhat eased.

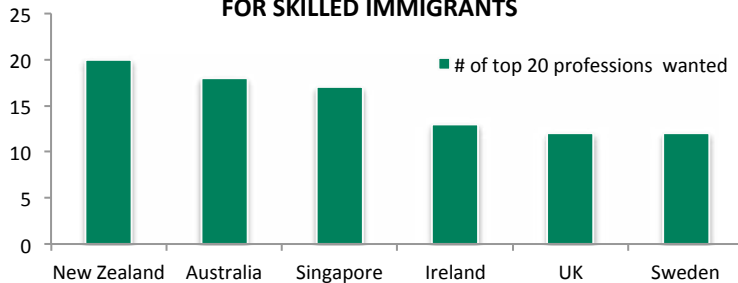
**KEY AREAS: HEALTHCARE, ENGINEERING, AND IT**

The BBC examined official immigration quota data and skills shortage lists for 30 developed countries, and found that healthcare, engineering, and IT professionals are the most sought after. Out of the 20 professions that are in top demand for skilled immigrants, 18 fall into one of these three categories. And New Zealand topped the list of countries looking for skilled immigrants, with its official list containing all 20 of the top occupations.

**TOP 20 MOST WANTED PROFESSIONS AMONG IMMIGRANTS**



**COUNTRIES WITH HIGH DEMAND FOR SKILLED IMMIGRANTS**



Source: BBC, 03.26.13; Europa

Based on data for 30 countries: 24 OECD countries for which information was available, plus Brazil, India, Russia, Hong Kong, South Africa, and Singapore.

## GLOBAL LEGISLATIVE UPDATE

Countries continue to introduce legislation that attempt to address the challenges that arise from today's complex labor market environment. Regulations regarding immigration are also a significant issue affecting labor markets in many countries.

### CANADA

The government's new Start-Up Visa Program, launched in January 2013, is aimed at attracting innovative immigrant entrepreneurs to Canada. The program links foreign entrepreneurs with Canadian private sector investors.

### U.S.

A proposed bill would expand immigration by creating new types of visas for both high-skilled and lower-skilled workers, and mandate the use of e-Verify. The bill is expected to garner much debate in the coming months.

### MEXICO

New mandatory privacy notice guidelines went into effect in April 2013. Under the new guidelines, employers and others that collect, process, and/or transfer personal data must furnish extensive data privacy notices and obtain consent before personal data is collected.

### SWEDEN, DENMARK

Sweden's new regulations brought into force the EU Agency Workers Directive (AWD) on January 1, 2013, while Denmark has just introduced legislation that is expected to usher in the AWD later this year. The AWD creates equal treatment standards between temporary and permanent employees regarding working conditions and pay, and was intended to have been implemented throughout the EU by the end of 2011.

### U.K.

All permanent employees with at least 26 weeks' continuous employment and all employed agency workers with at least one year's service will have the right to request flexible working options.

### CHINA

Amendments to China's labor contract law that place limits on the use of temporary agency workers come into effect on July 1, 2013.

### COLOMBIA

A new tax reform that replaces payroll taxes with higher income tax rates is expected to have a positive effect on formal job creation.

### JAPAN

Changes to the Labor Contract Act effective April 1, 2013 stipulate that contract workers who have been employed for five continuous years and who ask for permanent status must be given it. The amended LCA also prohibits having unreasonable differences in terms and conditions of employment between permanent and fixed term employees.

### AUSTRALIA

Under a new amendment to Australia's immigration law, employers will be held responsible for verifying the legal status of new and existing employees. Employers could face penalties for employing a person who does not have a valid right to work in Australia.



# U.S. Labor Market Overview

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## U.S. EMPLOYMENT CONDITIONS

### JOB GROWTH DIPS

After several months of strong job creation in late 2012 and early 2013, U.S. employment growth stumbled in March. Just 88,000 new jobs were created during March, driven by reductions in retail staff and a decline in government jobs. Employment gains had been averaging over 220,000 per month from November 2012 to February 2013.

### UNEMPLOYMENT RATE FALLS, ALONG WITH THE LABOR FORCE

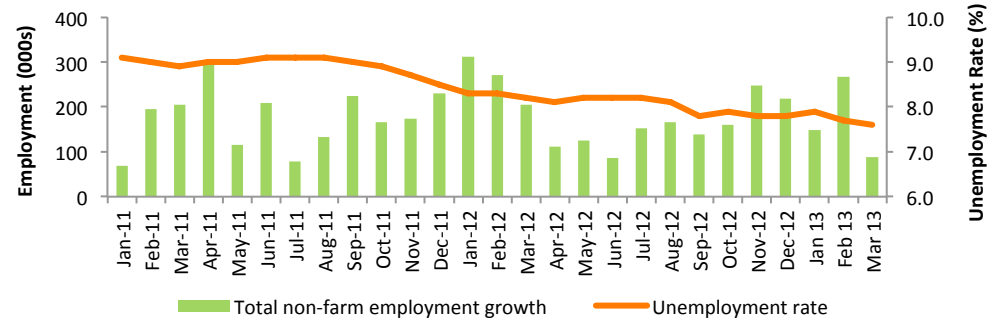
The unemployment rate continued to edge down, reaching 7.6% in March, the lowest rate seen since December 2008. However, the decrease in March was largely driven by nearly a half million people leaving the labor force.

Worryingly, the labor force participation rate—the share of working-age Americans who are either employed or looking for work—continues to drop; the rate now stands at 63.3%, a figure not seen since the late 1970s.

### LABOR MARKET ON SHAKY GROUND

The broader U.S. economy has shown some signs of growth recently, with encouraging data coming from the housing and consumer sectors. But the effects of the government’s sequestration cutbacks on the U.S. labor market have yet to be felt or determined. This, along with the discouraging slowdown in hiring in March and the ongoing erosion of the labor force, suggest that the condition of the U.S. job market is still very fragile.

U.S. MONTHLY EMPLOYMENT CHANGE AND UNEMPLOYMENT RATE



### EMPLOYMENT OVERVIEW

	MAR	FEB	JAN	DEC	NOV
Total non-farm employment growth	88K	268K	148K	219K	247K
Private sector employment growth	95K	254K	164K	224K	256K
Unemployment rate	7.6%	7.7%	7.9%	7.8%	7.8%

## U.S. LABOR MARKET: SUPPLY AND DEMAND

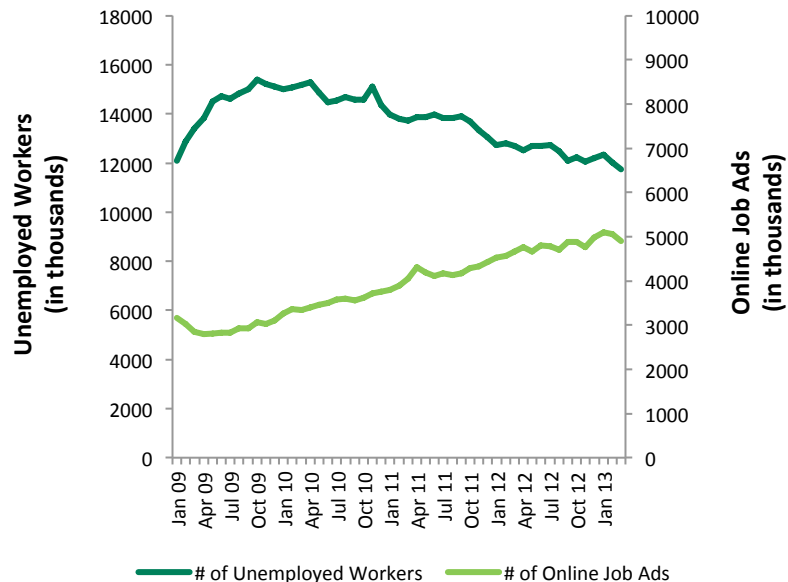
### UNEVEN SUPPLY AND DEMAND TRENDS

Demand for jobs in the U.S. dipped in February and March, after reaching a peak of more than 5.1 million online ads in January. Overall, the number of online job ads declined by nearly 77,000 in the first quarter of 2013, the first quarterly job demand decline since Q1 2009. Uncertainty surrounding the economic and political situation in the U.S. likely contributed to the softness in demand for new workers.

Just as labor demand has been uneven over the past year, the differences in demand for workers among professions remain significant. The supply/demand ratio (unemployed workers per job ad) is more than four to one in the field of food preparation and serving, and more than three to one for transportation occupations. But demand for workers continues to outstrip supply in professional occupations including IT, healthcare, business/finance, and engineering.

Still, the long-term trend shows that the worker supply/demand gap in the U.S. continues to narrow. The number of unemployed workers now exceeds the number of advertised vacancies by less than 7 million, compared to around 12 million during the recession. And the supply/demand ratio is now 2.4, down from over 5 in mid-2009.

U.S. MARKET - MONTHLY LABOR DEMAND VS. LABOR SUPPLY



“Labor demand has been up and down for the last six months, leaving the new March level basically the same as it was in September 2012.”

— June Shelp, Vice President, The Conference Board, April 3, 2013



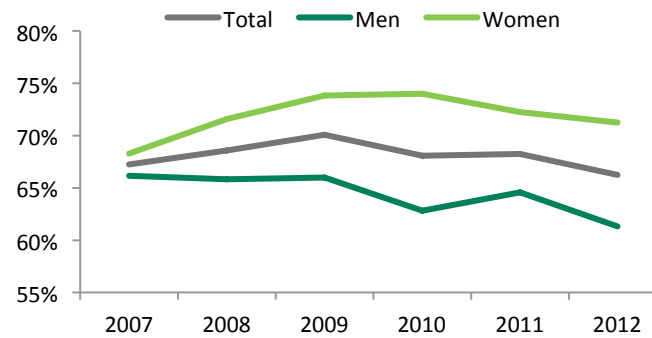
## U.S. LABOR MARKET SPOTLIGHT: COLLEGE ENROLLMENT RATES

### FEWER HIGH SCHOOL GRADUATES GOING TO COLLEGE

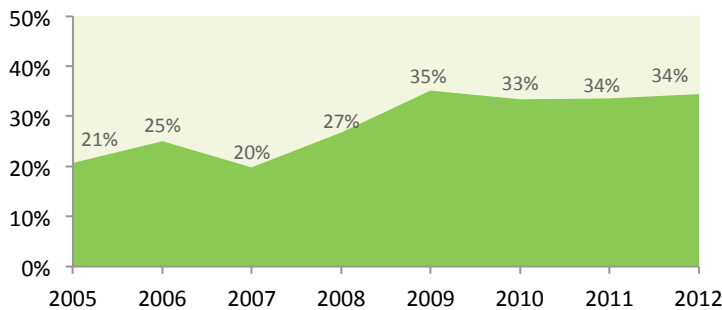
The college enrollment rate — the share of recent U.S. high school graduates that enter college — is falling. Of the students who graduated high school in 2012, only 66.2% were attending a college or university in that same year, down from a high of over 70% in 2009.

Some analysts suggest that the falling enrollment rates may be an indicator of an improving labor market. High school graduates who had been going to college simply because jobs were scarce may now be finding employment instead, particularly in industries like construction and manufacturing that were hard-hit during the recession. Indeed, the college enrollment rate for men in 2012 was 61.3%, an all-time low.

Recent High School Graduates: % Enrolled in College



Recent High School Graduates Not in College:  
Unemployment Rate



### NO COLLEGE, WORSE JOB PROSPECTS

But the data also show that high school graduates who don't go to college may not be faring so well in the job market. Unemployment rates for recent graduates who are not in college have remained relatively flat since 2009.

Prior to the recession, the unemployment rate for recent high school graduates who were not in college hovered around 20% to 25%. Since 2009, the rate has exceeded 33%, meaning that around two-thirds of high school graduates who didn't go to college were unable to find jobs that same year.



# Workforce Solutions Industry Insight

SECOND QUARTER | 2013

## WORKER MOBILITY STRATEGIES

Worker mobility, once seen as a straightforward transfer of skills from one geographic area to another, has become a more complex and complicated concept. Organizations are approaching global mobility in a more strategic and innovative way, as they react and adapt to the changing business environment, the diverse needs of their employees, and their operational goals.

### RIGHT SKILLS, RIGHT PLACE, RIGHT TIME

Overseas moves may have less than ideal outcomes: research from Ernst and Young shows that more than one in ten international assignees leave their jobs within two years of returning to their home countries. New and innovative ways of approaching mobility are allowing companies to make the process more beneficial to both the organization and the individual, and to address critical talent and business needs at the same time.

Current mobility trends include more long-distance commuting and intra-country moves, as well as short-term or “purposed-based” assignments. Currently 20% of assignments last less than a year, compared with 10% in 2002, according to research by PWC. And these short-term assignments are predicted to increase by 20% in the next several years.

### BUSINESS NEEDS ADDRESSED BY MOBILITY STRATEGIES

Employee development and retention	Business development and strategy
<ul style="list-style-type: none"> <li>The need to develop well-rounded leaders of the future, with a truly international perspective.</li> <li>The need to offer exciting career opportunities to the best talent as competition to attract and retain the best intensifies.</li> </ul>	<ul style="list-style-type: none"> <li>The recognition that an organization can benefit from a two-way transfer of knowledge, skills and experience.</li> <li>The recognition that in an increasingly international world, key roles often have a regional or global perspective.</li> </ul>

### MODERN MOBILITY SOLUTIONS

Short-term/ Project-based Assignments

Intra-country Mobility

Rotational Employee Programs

Reverse Transfers from Emerging to Developed Markets

Long-distance Commuting and Extended Business Travel

Virtual Mobility

Global Nomads with No “Home Country”

## ARE TALENT INVESTMENTS PAYING OFF?

More and more global organizations are realizing that human capital is a critical component of success in today’s economy, and many are increasing their investments in talent and workforce planning. But companies are less certain about the effectiveness that their current talent efforts are having on their business results. A rigorous and systematic approach to workforce planning can provide numerous benefits in helping organizations reach their growth objectives.

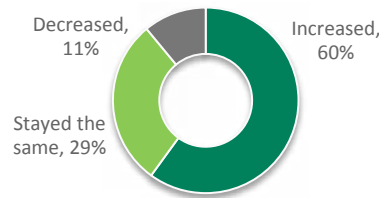
### WORKFORCE PLANS NEED WORK

According to a recent Mercer survey, talent investments have increased for most companies in recent years, and more than three out of four companies said they have a plan in place to forecast their talent needs.

But those planning efforts may be less than adequate. Few organizations are taking a long-term look at their talent needs—less than one in eight has a workforce plan that extends more than five years. And the majority of respondents to Mercer’s study felt that their workforce planning efforts were only somewhat effective.

A forward-looking strategic workforce plan can identify critical jobs and possible talent gaps, and then outline strategies for meeting human capital requirements. Making talent a strategic imperative can help companies determine the most effective practices and policies going forward.

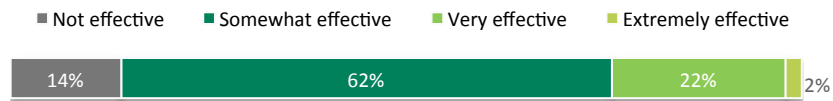
Talent investment in recent years



Duration over which current workforce plans forecast talent needs



Effectiveness of current workforce plan in meeting immediate and long-term talent needs



“Employers need to apply the same level of rigor and analysis to their strategic talent plans as they do any other area of competitive business advantage. By viewing HR programs and practices through this strategic lens, organizations can focus on those efforts that drive positive and measurable results.”

— Orlando Ashford, President of Mercer’s Talent business

## STATEMENT OF WORK MANAGEMENT

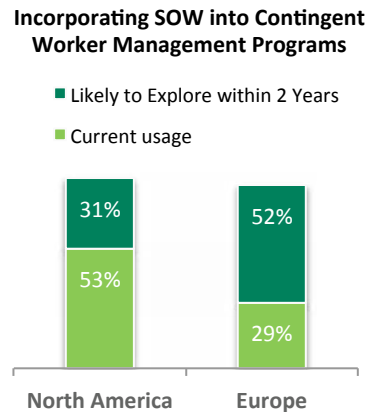
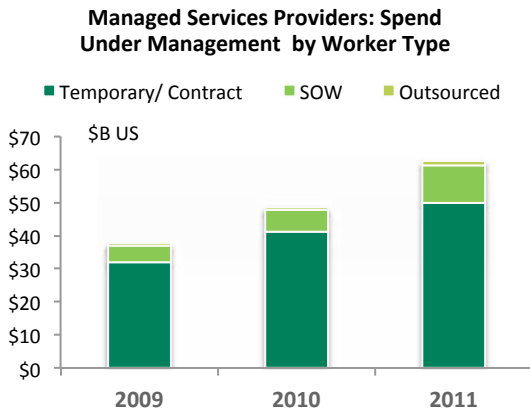
As free agent and other project-based workers become a more prevalent and more strategic part of an organization’s workforce, companies are seeking to improve visibility and management across all talent categories. Given the potential efficiencies, integrating statement of work (SOW) activity within existing managed services programs is a natural next step.

### SOW MANAGEMENT IS A GROWING TREND

Organizations are expanding their successful contingent management programs to cover other categories of employees, particularly statement of work (SOW). SOW spending under managed services programs more than doubled from 2009 to 2011, according to Staffing Industry Analysts.

North America is the key region for SOW management, but interest and adoption are growing worldwide. SIA reports that in India, Japan, and China more than 80% of MSP spend is on SOW employees. And in Europe, more than half of staffing buyers say they are seriously thinking about incorporating SOW employees into their contingent worker management programs.

SOW management programs are also moving beyond just invoicing and milestone tracking to encompass more value-added functions including worker, contract, and supplier management.



SOW Management Program Offerings	
Providing invoicing and bill pay services	90%
Tracking milestones and deliverables	88%
On- and off-boarding SOW workers	64%
Managing contracts for SOW workers	55%
Negotiating contract terms and pricing for SOW services	48%
Shortlisting suppliers for SOW services	46%
Reviewing and scoring RFP response bids for SOW services	40%
Drafting contracts and SOWs for services	39%
Creating RFPs/SOWs on behalf of client	29%
Identify/source qualified SOW suppliers	24%

Sources: SOW: A Global Trend? SIA, February 2013; Staffing Industry Analysts VMS/MSP Landscape Reports, 2010-2012; Staffing Industry Analysts Contingent Buyers Survey 2011-2012

## KELLY KNOWLEDGE

Kelly offers a complete library of white papers, reports, case studies, and webcasts that advance the discussion and thinking around current trends, strategies, and issues impacting global talent management.

TITLE	PRESENTED BY:	DESCRIPTION
<b>Mapping the Value of Talent Acquisition</b>	Jillyan French-Vitet, Global Director, Workforce Strategy Support and Talent Resourcing, Kelly Outsourcing and Consulting Group	This e-book outlines a new kind of value mapping that centers around talent acquisition, illustrating how and why talent acquisition contributes to the overall worth of organizations.
<b>Help Them Grow or Watch Them Go - The Career Development Imperative</b>	Jason S. Morga, Senior Director, Americas Marketing, Kelly Services  Dr. Beverly Kaye, Founder, Career Systems International	Study after study confirms that career development is the single greatest tool managers have for driving retention, productivity, engagement, and results. Nevertheless, it frequently gets sidelined in the course of everyday business. This webinar explores the power of simple conversations in the career development process.
<b>Into the Jaws of the Snake</b>	Rolf E. Kleiner, SVP and Chief Innovation Officer, Kelly Services	Read this white paper to learn more about how a critical decoupling of job creation from productivity has occurred, and the major repercussions this phenomenon has created for economies and workforces the world over.
<b>Big Data, Big Deal</b>	John Healy, VP & Talent Supply Chain Strategist, Kelly Services  Rob Sentz, VP Marketing, EMSI  Jamie Womack, VP Corporate Marketing & Branding, CareerBuilder	View this webcast to learn about Talent Market Analyst, a data analytics tool developed by Kelly Services and Economic Modeling Specialists Intl. (EMSI), a CareerBuilder company. The Talent Market Analyst is an innovative workforce planning tool, featuring key insights and data to support both long-term strategic planning and short-term sourcing activities.

To register for webcasts or for more information, visit [www.kellyocg.com](http://www.kellyocg.com)



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