

Solving the Talent Shortage

Build, Buy, Borrow and Bridge



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With record talent shortages around the world, employers should shift their focus from just in time hiring strategies to becoming builders of talent for today and tomorrow. Developing the right blend of people, skills, processes and technology is the only way to execute your business strategy, create value and improve people's lives.

With new assessments, big data and predictive performance we have the best tools to identify adjacent skills, help people shift into emerging roles and create clear career paths.

For individuals, the appetite for learning and continuous upskilling will be the route to better employment security. For organizations, creating a culture of learnability so that people are equipped and open to adapt — to move within the company or elsewhere — is not just an operational imperative it must be a strategic priority.

In this Skills Revolution this is how we will find solutions to talent shortages, accelerate growth and help people build new skills for sustainable, meaningful careers for the long term.”



Jonas Prising
Chairman & CEO
ManpowerGroup

**45% of employers say
they can't find the
skills they need**



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In the digital age, technology is transforming how work gets done, creating new roles that require new skills. At the same time, organizations are increasing headcount in 42 of the 43 countries and territories that we survey and many markets are nearing full employment.¹ As a result, talent shortages are more acute than they have been for decades.

TO UNDERSTAND THE IMPACT ON COMPANIES, WE ASKED 39,195 EMPLOYERS IN 43 COUNTRIES AND TERRITORIES:

- How much difficulty are you having filling roles compared to last year?
- Which skills – hard skills and human strengths – are the most difficult to find, and why?
- What are you doing to solve talent shortages?

We found that more employers than ever are struggling to fill open jobs. Forty-five percent say they can't find the skills they need, and for large organizations (250+ employees) it's even higher, with 67% reporting talent shortages in 2018.

Every industry is impacted. From manufacturing to mining, transport to trade, employers cannot find the people they need with the right blend of technical skills and human strengths. Keeping pace in this Skills Revolution demands faster, more targeted upskilling and talent management than ever before. **It's time for a new approach to the big talent problem: it's time to build, buy, borrow and bridge to ensure we have the in-demand skills for today and tomorrow.**

As global workforce experts, we find work for millions of people every year across 80 countries and territories, helping hundreds of thousands of companies attract, assess, develop and retain right-skilled workers. This report combines our unique insight with 12 years of data from our global talent shortage survey, the largest human capital study of its kind. It provides practical solutions to help employers understand the skills they need, identify the greatest potential and find the best talent for the digital age.

SOLVING THE TALENT SHORTAGE: BUILD, BUY, BORROW AND BRIDGE

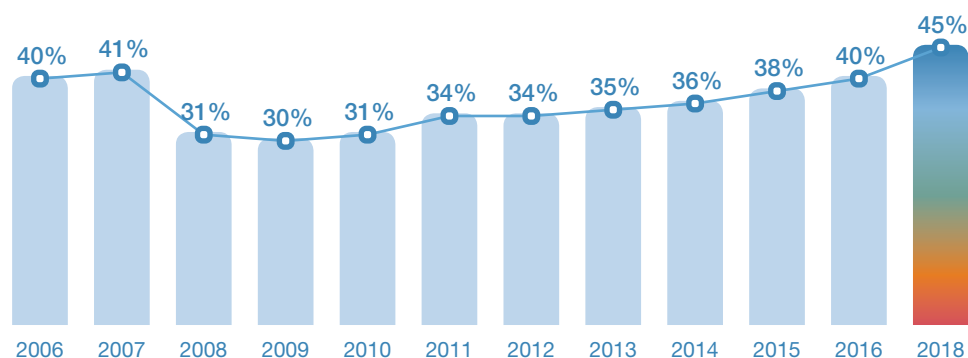


are the soft skills – including communication, collaboration, relationship-building, creativity, empathy and a desire to learn – that will augment technological capabilities and reduce the risk of replacement by automation.

¹ ManpowerGroup Employment Outlook Survey Q3, 2018

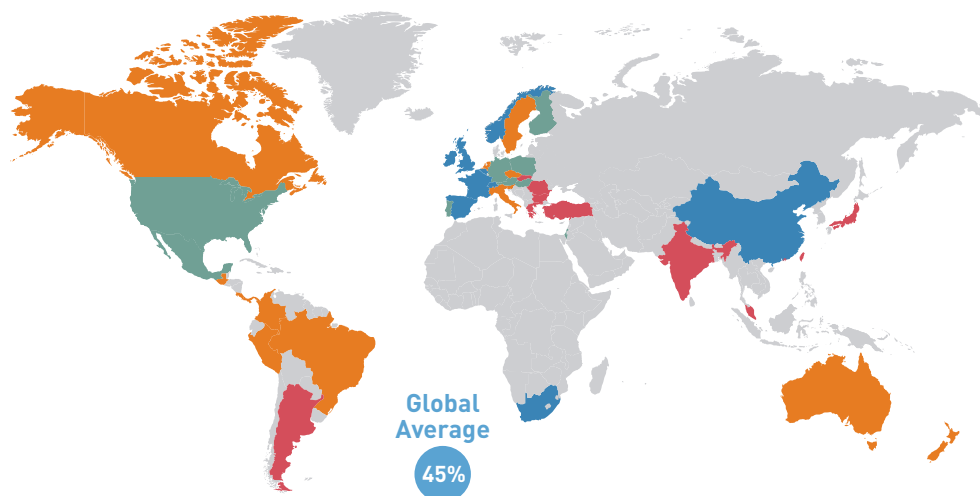
GLOBAL TALENT SHORTAGES REACH 12-YEAR HIGH

As the global economy has steadily strengthened over the past decade, employers are more optimistic and hiring demand is stronger.² Combined with changing skills needs, talent shortages have been pushed to their highest levels since our survey began in 2006.



In 2018, employers in Japan (89%), Romania (81%) and Taiwan (78%) report the most difficulty filling positions, while those in the UK (19%), Ireland (18%) and China (13%) report the least difficulty. In Japan, the lack of labor supply, aging demographics and immigration restrictions continue to fuel the problem, while in Romania and Taiwan it reflects the upward trajectory of nearshoring and offshoring over recent years. The result is that employers are left with unfilled roles, threatening growth and operational efficiency.

TALENT SHORTAGES ARE GROWING AROUND THE WORLD



Countries and Territories Facing Difficulty Hiring

Least Difficulty		Below Average Difficulty		Above Average Difficulty		Most Difficulty	
China	13%	Australia	34%	Finland	45%	↓ Argentina	52%
Ireland	18%	↓ Brazil	34%	↑ Austria	46%	↑ Slovakia	54%
UK	19%	Belgium	35%	USA	46%	India	56%
Netherlands	24%	Costa Rica	35%	↑ Portugal	46%	Singapore	56%
Spain	24%	Panama	35%	↓ Israel	49%	Greece	61%
Norway	25%	Czech Republic	36%	↑ Mexico	50%	Turkey	66%
France	29%	Italy	37%	Germany	51%	Bulgaria	68%
South Africa	32%	Guatemala	38%	↓ Hungary	51%	Hong Kong	76%
↑ Switzerland	33%	Slovenia	40%	Poland	51%	Taiwan	78%
		Canada	41%			Romania	81%
		↓ Colombia	42%			Japan	89%
		Sweden	42%				
		Peru	43%				
		New Zealand	44%				

↑ Greatest INCREASE since 2016

↓ Greatest DECREASE since 2016

² ManpowerGroup Employment Outlook Survey Q3, 2018

TOP 10 MOST IN DEMAND SKILLS IN THE WORLD

While artificial intelligence is fast-expanding what can be automated, technology is redefining rather than replacing in-demand roles. Skilled trades – electricians, welders, mechanics and more – as well as sales representatives, engineers, drivers and technicians have ranked among the top five hardest roles to fill for the past ten years.



*One in four employers says filling **skilled trades roles** is **harder this year than last***

Demand for drivers and customer service remains strong fueled by the rise of consumerism — increasing online retail, logistics and last-mile delivery. Yet these roles are different to how they looked a decade ago and continue to change, requiring new skills and training.



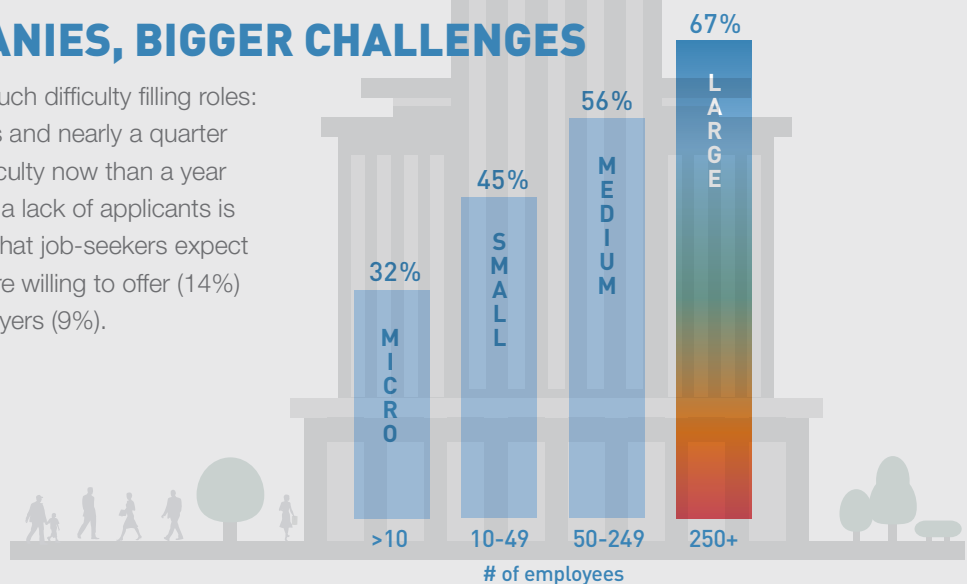
Most of the top ten in-demand roles today require post-secondary training and not always a full university degree. Mid-skilled roles like these and others represent 40% of all jobs across the OECD³ and demand for them is growing.

In the digital age, employment will not always require a college degree, but will rely heavily on continual skills development as even the most traditional roles are augmented with new technology.

³ Employment Outlook, OECD, 2017

BIGGER COMPANIES, BIGGER CHALLENGES

Large firms have twice as much difficulty filling roles: 67% report hiring challenges and nearly a quarter say they're having more difficulty now than a year ago.⁴ Thirty-five percent say a lack of applicants is their biggest challenge and that job-seekers expect higher pay than what they are willing to offer (14%) compared with micro-employers (9%).



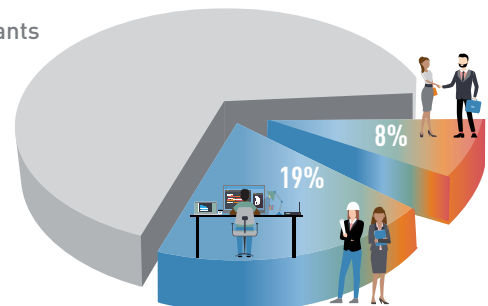
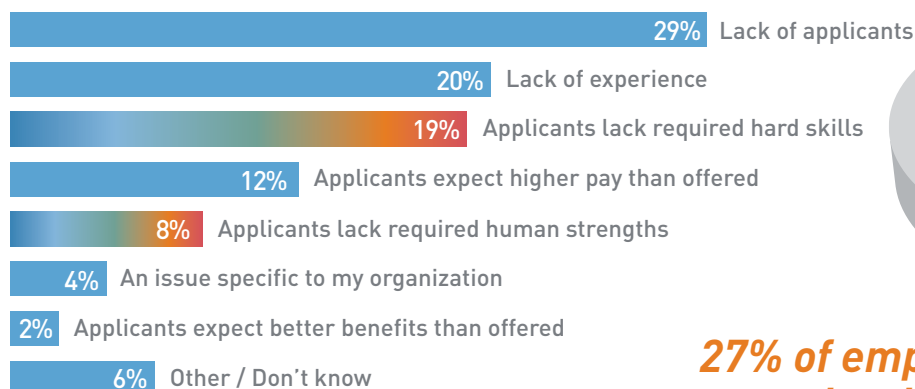
Difficulty Filling Roles by Company Size

WHY EMPLOYERS CAN'T FIND THE TALENT THEY NEED

Nearly one-third of employers say the main reason they can't fill roles is a lack of applicants. Another 20% say candidates lack the necessary experience. As companies digitalize, automate and transform, finding candidates with the right blend of technical skills and human strengths is more important than ever – yet 27% of employers say applicants lack either the hard skills or the human strengths they need. Globally, more than half (56%) of employers say communication skills, written and verbal, are their most valued human strengths followed by collaboration and problem-solving.⁵

The focus on customer service and last mile delivery across virtually every industry means having the right skills mix is key. Sales representatives need to be strong on product knowledge, influencing and relationship management as well as the need to use digital inventory and analytics tools, while IT functions need technical capabilities alongside people management and strong communication skills.

Lack of Applicants, Experience and Skills are Top Drivers of Talent Shortages



27% of employers say applicants lack either the hard skills or human strengths they needed to fulfill their roles

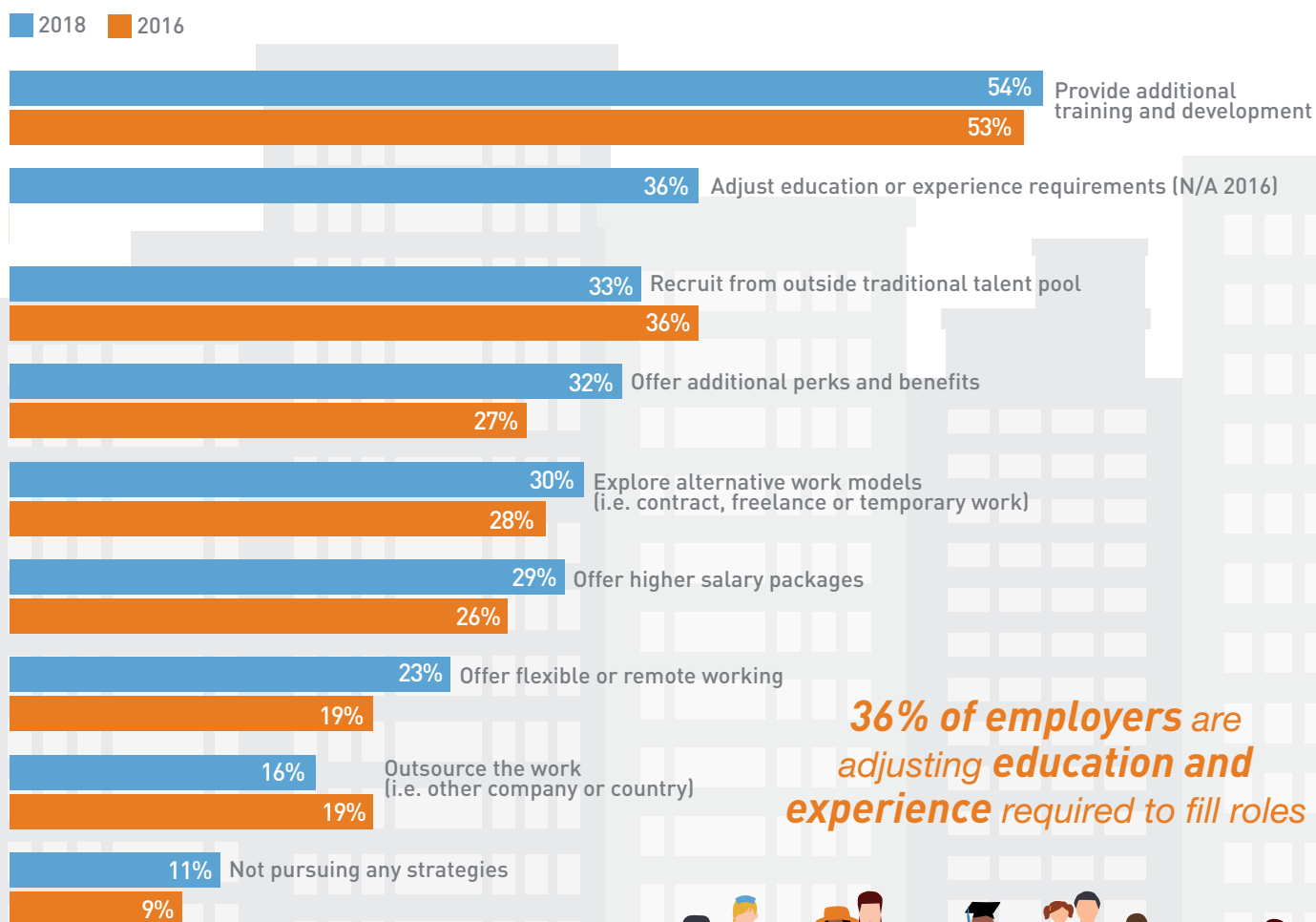
⁴ Survey last conducted in 2016.

⁵ Skills Revolution 2.0: Robots Need Not Apply, ManpowerGroup, 2018.

THE TALENT SHORTAGE CONUNDRUM: WHAT EMPLOYERS ARE DOING TODAY

In the Skills Revolution when new roles emerge as fast as others become obsolete, employers realize that what you are likely to learn is becoming more important than what you already know. Companies are beginning to tackle talent shortages by upskilling their own workforce: **over half are investing in learning platforms and development tools to build their talent pipeline, up from just 20% in 2016.**

Strategies Employers Are Using to Overcome Talent Shortages



Organizations are realizing too that the combination of soft and hard skills is the best blend. Sixty-four percent of employers are upskilling people in hard skills through technical certifications, apprenticeships and programming courses and 56% in soft skills including customer service, sales and communications.

Companies are also trying to reach new talent pools and attract more people on the margins into the workforce.

Thirty-three percent are looking at different demographics, age ranges or geographies, using social and traditional media to meet potential employees where they are, or tapping boomerang retirees or returning parents and part-timers. More than one-third (36%) are being more flexible about the education or experience requirements for the role.

Thirty-two percent are improving benefits – e.g. increasing vacation and providing new joiner and well-being incentives – as a powerful attraction tool and to boost employer brand. When perks don't work money talks: this year 29% of employers are considering increasing salaries, up 3% year-over-year.

Outsourcing to another company or country is a consideration for 16% of employers that cannot find the talent they need, down 4% year on year. Working with partners that specialize in fast-changing tech roles that are often project-based – cloud-computing, Java+, DevOps or cybersecurity – can be more efficient than sourcing and maintaining capabilities in-house.

Employers are more active than ever in applying a mix of workforce strategies to address talent shortages.



Dr. Tomas Chamorro-Premuzic
Chief Talent Scientist
ManpowerGroup



Even if we don't know what future jobs will look like, we can safely assume that people with the desire and ability to learn, who are smarter, have more people skills and are more hard-working, will be better able to perform those jobs.

No matter what your qualifications are, whether you're an engineer, salesperson or marketer, if you don't have a foundation of soft skills you will fail. And you need the right soft skills, because there are so many. The best formula is to focus on the universal qualities of learnability: ability, likability and drive. Companies that manage to create that culture of curiosity and nurture their workforce's "hungry mind" can be expected to outperform their less curious rivals in the future.

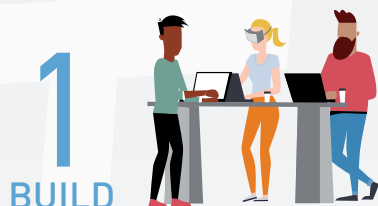
Then there is the "how" we measure these skills, and gut instinct – "knowing talent when I see it" – is not one. From psychometric tests, 360s and interviews, to new generation tools like big data scraping, social network analysis and gamification, we need to shift from biased intuition and be better at tapping AI and facts. We need to let the data speak.

We are living in exciting times. It has never been easier to infer people's talents. Of course, this also means that if you want to beat your competitors, you have to be even more discerning when it comes to spotting people's potential before others can see it. Companies perform better when they understand their people and people perform better when they are understood.



BUILD, BUY, BORROW AND BRIDGE: OVERCOMING TALENT SHORTAGES IN THE FUTURE

To win in the digital age an effective talent strategy should have four parts: *build, buy, borrow and bridge*. Build your talent pipeline, buy skills where necessary, borrow from external talent sources and bridge people with adjacent skills from one role to another to complement existing skills.



1 BUILD

Better people analytics, psychometric assessment, predictive performance and AI mean employers can map and upskill their existing and potential workforce like never before. Employers must emphasize that continuous learning is a two-way deal: essential for individuals to make better career decisions and stay employable, and critical for companies to develop the talent they need.

Identifying future potential, driving a culture of learnability through the organization and providing accelerated training programs will be critical to success in the digital age.



2 BUY

In a tight labor market, employers must work hard to attract workers by showcasing a strong employee value proposition, clear purpose and attractive culture. Otherwise they will need to be prepared to pay a premium with benefits, wages or other perks. An environment of low unemployment and talent shortages can drive up wages and attrition. **Employers need to understand that candidates are consumers too; in order to attract and engage the best and brightest, HR needs to be a master marketer.**



1 BUILD

Invest in learning and development to grow your talent pipeline



2 BUY

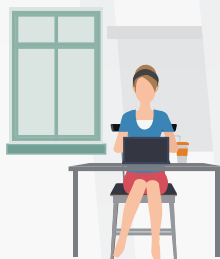
Go to external market to find the best talent that cannot be built in-house in the timeframe required

3 BORROW



Cultivate communities of talent outside the organization, including part-time, freelance, contract and temporary workers to complement existing skills

3 BORROW



HR has traditionally been focused on permanent employees inside the company, yet when you need to complement existing skills, fill gaps for short term projects, or quickly find expertise you do not have, it's time to borrow talent including contractors or temporary workers. More and more skilled workers are choosing to work this way. 87% of all workers are open to NextGen work – part-time, contingent, contract, freelance or temporary.⁶ **Organizations must learn to cultivate communities of workers inside and outside of the company.** They need to explore total talent management solutions, be systems thinkers and better marketers, and tap talent in whatever form it's available.

4 BRIDGE



Help people move on and move up to new roles inside or outside the organization

4 BRIDGE

Transformation, digitization and automation has created a Skills Revolution where new skills emerge as fast as others become obsolete. **Leaders have a critical job to optimize the skills they have and find alternative pathways so those whose skills no longer fit can bridge to changing or emerging roles.**

Where it is not possible to place people in new roles inside the organization employers need to treat people with respect and dignity and help them to transition smoothly, applying their skills to new roles beyond the company.

⁶ #GigResponsibly: The Rise of NextGen Work, ManpowerGroup, 2017.

A new talent landscape is emerging to meet the demands of the Skills Revolution. Faced with a high-change environment driven by technology, companies must create a culture of learning and put people first by developing a workforce strategy incorporating build, buy, borrow and bridge. This is how we will solve talent shortages and enable individuals and organizations to reach their potential in the digital age.



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ABOUT MANPOWERGROUP

ManpowerGroup® (NYSE: MAN), the leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing and managing the talent that enables them to win. We develop innovative solutions for hundreds of thousands of organizations every year, providing them with skilled talent while finding meaningful, sustainable employment for millions of people across a wide range of industries and skills. Our expert family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – creates substantially more value for candidates and clients across 80 countries and territories and has done so for 70 years. In 2018, ManpowerGroup was named one of the World's Most Ethical Companies for the ninth year and one of Fortune's Most Admired Companies for the sixteenth year, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup is powering the future of work: www.manpowergroup.com

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ABOUT THE RESEARCH

ManpowerGroup commissioned Infocorp to carry out quantitative research in surveying 39,195 employers across six industry sectors in 43 countries and territories: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Colombia, Costa Rica, Czech Republic, Finland, France, Germany, Greece, Guatemala, Hong Kong, Hungary, India, Ireland, Israel, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Panama, Peru, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, UK and USA. Data analysis was conducted by Reputation Leaders.

