AWAKENING

The Great
Talent Shortage

ManPower Group’s annual Talent Shortage Survey

• 35% (and rising dramatically) of employers report difficulty filling jobs due to a lack of available talent
• Highest shortage since the start of the global recession
• Complacency has set in with most employers
• Assumption is that competitors are also faced with it
• Employer “agility” is key
As the talent shortage increases, the perceived impact increases

John C. Maxwell

When opportunity knocks, it's too late to prepare.

The Looming Talent Shortage

- “talent shortage” – the disparity between what employers need and what available employees have to offer
- the “perfect storm” is brewing and is showing no signs of subsiding
- the demographics are both “old” and “young”
Japan: “an old problem”

- Shrinking population – record-low birthrate in proportion to citizens age 65 is world's highest
- 2009 – 55% employers reported difficulty filling jobs
- 2013 – 85%
- Dwindling number of workers can’t support what was once a fast-growing economy

In Japan, and everywhere else, the most commonly cited cause of the talent shortage: SKILLS

- “hard” technical competencies
- “soft” workplace skills
- veteran employees at retirement age
- younger employees missing from apprenticeships

It’s not just Japan

<table>
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<th>Canada</th>
<th>China</th>
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<td>Retirees now outnumber youth for the first time in Canada’s history</td>
<td>The number of elderly = 40% of the labor force</td>
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<td>Globally that # has doubled but is only = to 25%</td>
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Guess Who’s Coming to Lunch?

- Baha Mar – largest single-phase, luxury resort project in development in the Western Hemisphere (Cable Beach, Nassau – Bahamas)
- Projected to be $3.5B development
- 1,000 acre, 3,450 rooms, just 500 less than Atlantis only 6 miles away
- “the new address of glamour – a blend of Las Vegas and Monte Carlo, with a beautiful beach”

Travel Weekly, January 29, 2013

Baha Mar – “boom?” - “for whom?”

- Bahamian officials and developers boasted of jobs, 3,000+
- Unemployment for “young” Bahamians is over 30%
- When project is complete – about 8,000 new jobs!!
- 2010, Contract between Baha Mar and Export Import Bank of China
- At the same time, China State Construction Engineering Corp. named – paved the way for 1000s of Chinese workers

Baha Mar today – July 31, 2016?

- Worldwide, smiles turned to frowns, dreams turned to a nightmare
- Project is 97% complete and not open
- Chapter 11 bankruptcy in Delaware
- Nearly $1B over budget
- Bahamian Supreme Court Justice seized proceeding and has filed in London, Bahamian contractors and laborers (not Chinese)
- Delays jeopardize Bahama’s credit rating – recently lowered to BBB-
Coach John Wooden

Do not let what you cannot do determine what you can do

Top 10 Jobs
Employers Find Difficulty Filling

1. Skilled Trade Workers
2. Engineers
3. Sales Representatives
4. Technicians
5. Accounting & Finance Staff
6. Management/Executives
7. IT Staff
8. Drivers
9. Secretaries, PAs, Admin Assistants & Office Support Staff
10. Laborers

Employers report skilled trades positions are the hardest to fill for second consecutive year (globally).

• In every country except one, employers felt that academic paths are more valued by society than vocational ones
• Germany is the exception
• Not coincidentally, Germany has high-quality, hands-on vocational education built into its public education system
2 most promising untapped talent pools

- Most employers are waiting on governments to do something – anything – about labor shortages
- 13% are redoubling efforts to recruit from “untapped” talent pools
- Only 4% actively recruiting younger workers
- Only 2% actively recruiting women to work
- TWO of the most promising untapped pools

Young People are Missing (from the bottom)

- Youth unemployment rate = 2.8 higher than rate for adults
- 12.6% worldwide (low of 9.5% in East Asia, high of 28.1% in the Middle East)
- Since 1991, youth unemployment rate has risen 7.7%; youth inactivity rate has risen 28.5% during same period
- Many of the world’s youth are simply on the sidelines of work!

Workforce should reflect varying levels of experience in full work-life

- Experienced workers mentor younger ones
- Recent graduates are tomorrow’s leaders
- When the economy stalled, companies cut back
- Young people were first victims of layoffs – but, they are now being brought back
- 2,000 senior HR execs in 14 countries cited a lack of future leaders as their foremost concern
- Cannot afford to ignore future leaders
Women are Missing from the Top
(Workers: 50% global population & 35% global workforce)

International Business Report (6,500 companies)
- Hold just 1 out of 4 senior management roles
- Only 14% of these companies have female CEO
- Just 19% of board roles are held by women
- Increasing numbers of women are turning to entrepreneurship – employers do not offer what women want

Recent Study of Women in 13 Countries
- 63% “success at work” means finding work/life balance
- 65% flexible options are important
- Another 21% flexible options will be important in the future
- BOTTOM line – women will either make a company competitive, or they will become the competition

Strategies for Workforce Shortage
- Commit to hire young people and develop their skills
- Commit to hire women and encourage their independent thinking
- Develop standardized cross-country approach to developing/using workers to full potential across their entire working lives
- Aggregate funding from major agencies to improve current, project-based funding of education and employability initiatives

Strategies (cont’d.)
- Governments maintain or increase total $$$$ in practical skill development – especially vocational training
- Support research into ongoing needs of competitiveness, especially related to current and future skills and competencies
- Better link education ministries/departments to the business sector