Global Talent 2021: The Transformation of Labor Supply and Demand in World Markets

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Global Talent 2021 – key research issues

- How will global business demands for labor evolve over the next decade? Which skills will be in demand and which will fall out of favor?

- How will demographic trends – from aging population and birth trends – affect the availability of global talent?

- Will the expected supply of skilled labor meet business needs? Where will we see employment dislocations and gaps?

- How can companies best prepare to meet the attraction, retention and engagement issues of today to be best positioned in 2021?

- How should governments, educational institutions and senior executives address these issues?
Global Talent 2021 – study components

- Survey of over 350 senior HR executives in Americas, Europe, Asia-Pacific and Middle East/Africa

- Forecasts for employment trends in major sectors for 46 countries, including 11 from Western Hemisphere (Argentina, Barbados, Bermuda, Brazil, Canada, Chile, Colombia, Costa Rica, Mexico, Peru, and US)

- Assessment of the impact of demographic and education trends on the global supply of talent

- An analysis of the link between talent practices and company performance

- A ranking model that can be used by executives to assess the impact of adopting more rigorous HR approaches
Strongest talent demand in emerging markets

Survey: how will the demand for talent change over the next 5-10 years

Source: Oxford Economics
# Strongest talent demand in emerging markets

How will the landscape for talent change over the next 5 to 10 years

<table>
<thead>
<tr>
<th></th>
<th>Western Europe</th>
<th>North America</th>
<th>Developed Asia</th>
<th>Eastern Europe</th>
<th>MENA</th>
<th>Latin America</th>
<th>Emerging Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total (% change)</strong></td>
<td>3.5%</td>
<td>6.1%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>12.7%</td>
<td>13.0%</td>
<td>22.2%</td>
</tr>
<tr>
<td><strong>Industrial</strong></td>
<td>-0.5%</td>
<td>-2.4%</td>
<td>11.4%</td>
<td>2.4%</td>
<td>28.7%</td>
<td>17.1%</td>
<td>37.7%</td>
</tr>
<tr>
<td><strong>Emerging</strong></td>
<td>26.1%</td>
<td>38.3%</td>
<td>8.4%</td>
<td>19.8%</td>
<td>6.3%</td>
<td>10.2%</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>Heavy manufact.</strong></td>
<td>24.6%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>33.2%</td>
<td>10.3%</td>
<td>17.8%</td>
<td>60.3%</td>
</tr>
<tr>
<td><strong>Business services</strong></td>
<td>-4.4%</td>
<td>0.3%</td>
<td>51.4%</td>
<td>6.8%</td>
<td>30.1%</td>
<td>-0.6%</td>
<td>40.0%</td>
</tr>
<tr>
<td><strong>Financial services</strong></td>
<td>13.2%</td>
<td>-8.1%</td>
<td>4.9%</td>
<td>-9.9%</td>
<td>31.6%</td>
<td>48.6%</td>
<td>20.9%</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>-11.3%</td>
<td>22.7%</td>
<td>8.0%</td>
<td>8.7%</td>
<td>12.2%</td>
<td>-11.9%</td>
<td>33.0%</td>
</tr>
<tr>
<td><strong>Travel and transport</strong></td>
<td>-9.3%</td>
<td>-1.4%</td>
<td>36.5%</td>
<td>5.0%</td>
<td>14.1%</td>
<td>32.9%</td>
<td>32.6%</td>
</tr>
<tr>
<td><strong>Life sciences</strong></td>
<td>-4.1%</td>
<td>4.2%</td>
<td>8.2%</td>
<td>19.7%</td>
<td>8.6%</td>
<td>20.4%</td>
<td>16.6%</td>
</tr>
</tbody>
</table>

Source: Oxford Economics
But 2021 talent shortage worse in industrialized world

The mismatch between supply and demand for talent in 2021

[Graph showing the mismatch between supply and demand for talent in 2021 for various countries, with countries ranging from talent surplus to deficit.]
How will strategy shifts impact talent needs?

Americas: Which strategic initiatives at your firm will have the biggest impact on your talent requirements over the next 5-10 years?

- Global expansion
- Cost reduction and efficiencies
- Improving quality and customer service
- Emerging market focus
- Driving innovation
- Extending product and service portfolio
- Process improvements
- Reinventing business models
- Developing digital channels
- Penetrating new customer segments
- Supply chain management
- Mergers, acquisitions and alliances
- Outsourcing and offshoring
- Speeding time to market
- Organizational realignment
- Downsizing and restructuring
- Other

Source: Oxford Economics
Future need for agile thinking skills

Which of the following agile thinking skills will be in highest demand at your firm over the next 5-10 years?

% of respondents

- Ability to consider and prepare for multiple scenarios
- Innovation
- Dealing with complexity and ambiguity
- Managing paradoxes, balancing opposing views
- Ability to see the “big picture”

Source: Oxford Economics
Talent demand growth to 2021

Growth in talent demand (college educated workers)

Average % change 2011-2021

Source: Oxford Economics
Talent supply growth also rapid in emergers

Growth in talent supply (college educated workers) Average % change 2011-2021

Source: Oxford Economics
Where will college-educated talent pool be in 2021?

- **China**: 28%
- **US**: 25%
- **India**: 13%
- **Russia**: 11%
- **Japan**: 7%
- **Brazil**: 3%
- **Mexico**: 3%
- **Other**: 10%

**Note**: “Other” contains those with less than 2% of the total, including Canada, France, Germany, Indonesia, Italy, Turkey and the UK.
Talent balance in Americas

Americas: Talent balance 2011-2021

Average % change 2011-2021

-1.5 -1.0 -0.5 0.0 0.5 1.0 1.5

Colombia
Brazil
Peru
Costa Rica
Barbados
Bermuda
Argentina
Mexico
USA
Canada
Chile

Source: Oxford Economics
Implications for corporate HR strategies

- Apply the same rigor, effort and sophistication to human capital planning as is given to designing overall business strategy
  - Greater evidence-based approach to talent management
  - Use more sophisticated analytical tools for making global staffing decisions

- Think more broadly about how and where talent is sourced
  - Improve employee engagement

- Invest more in retraining and reskilling
  - Ensure open dialogue and partnerships with educational institutions and government employment development agencies
  - Move rapidly to develop new forms of digital and technology-enabled training programs
Some policy implications

- Addressing the talent challenge will require partnership between corporates, government and academia both nationally and internationally - appropriate forums need to be established, especially at a sector level.

- All governments should undertake skills assessments and projections for key growth sectors to guide talent policy. And companies should survey staff to identify skills gaps and training needs.

- Too few employers are providing training – barriers need to be identified and appropriate support and incentives provided.

- Equally, workers need to be encouraged to actively embrace lifelong learning.

- Policy should aim to enhance labor participation among, for example, women and older workers (eg improved childcare, facilitation of virtual working, reform of retirement regulations).

- National borders should be open for movement of skilled labor – aided by an international code to facilitate migration (eg points based, free flow of remittances).
The Global Talent 2021 study is available at

http://blogs.oef.com/globaltalent2021/