

TOTAL WORKFORCE INDEX™

2020 GLOBAL ANALYSIS



Talent
Solutions
ManpowerGroup®

Introduction

Since the World Health Organization declared COVID-19 a global pandemic in March 2020, employers in every nation have been navigating a new landscape. Organizations of all sizes and from every industry have had to exercise unexpected measures that weren't outlined in contingency plans.

Entire workforces shifted to remote operations overnight. Some organizations were forced to make difficult cuts, while others required an immediate ramp-up. IT skills that support remote work, such as cybersecurity, continue to be in high demand, as are “essential” medical, operations and logistics workers. Brand new roles and skillsets have emerged, driving a steady rise of contingent labor in revamped business models.

Despite uncertainty around the trajectory of COVID-19, organizations are determined to rebound and reinvent themselves. Employers are thinking long-term when it comes to their entire workforce. They are looking across their operations to understand not only skill-based requirements, but location-based needs—determining who can stay remote versus who needs to be onsite. They are also evaluating safety and protection measures to ensure continuity. Identifying what's sustainable in this new normal, the best mix of employee versus non-employee populations, what future skills and technology are needed, and how best to operate within changing regulatory landscapes are just some of the pressing considerations today.

With the right combination of data and insight, companies can ensure their workforce strategy aligns with their business strategy. This year, ManpowerGroup Talent Solutions' Total Workforce Index™ takes a deeper look at talent availability, comparing the percentage of remote-ready workforce in different markets and exploring the availability of cybersecurity resources to assist organizations in keeping pace with the next normal.

Now in its seventh year, the Total Workforce Index™ is the only index of its kind to analyze over 200 factors across 76 global workforce markets for a comprehensive and comparative view of four key factors: Workforce Availability, Cost Efficiency, Regulation and Workforce Productivity.

While no one can fully predict what is next, ManpowerGroup has spent decades developing strategies and tools that enable organizations to act with agility in the face of change. The Total Workforce Index™ is a go-to predictive resource companies can leverage to make decisions for a reimagined future.



Becky Frankiewicz
President, ManpowerGroup North America

Top 5 Insights

The following key insights are driven by today's "new normal" and how organizations must rethink their workforce strategies in light of the continued trends around remote working and changing skills requirements.

1. As more global employers evaluate **remote workforce strategies**, the readiness of a market encompasses far more than just a cost analysis.
2. While workforce **skills** continue to drive the value and direction of a workforce, it's the definition of **requirements** associated with jobs that is evolving in response to current market conditions.
3. Employers can no longer default to just the available mix of labor. Rather, they must proactively determine the **optimal mix of permanent and contingent labor** types in their organization based on their business priorities.
4. With **brand new roles and skillsets emerging**, wage pressure has intensified, as has the need to find or build talent with the skills to fill new and emerging roles.
5. Despite unemployment numbers improving in the second half of 2020, there are **large segments of the workforce not actively reengaged**, representing an opportunity for employers to redefine job requirements and opportunities.

How to Leverage the Total Workforce Index™ for Workforce Planning

Total Workforce Index™ (TWI) rankings provide important perspectives and insights that can influence organizations' short- and long-term workforce planning strategies. The rankings help to address critical planning questions, such as:

- Where are the best locations to find workers with the skills needed, especially as new roles emerge and as technology enables employers to pursue more aggressive remote work strategies?
- What is the right remote versus onsite workforce strategy?
- Which markets would best meet diversity and inclusion goals?
- What factors should organizations consider as they choose a new company location?
- How can organizations plan workforce mix by location—city, province, state and/or country?
- How do shifting regulations and changing wages impact a specific location?

A custom TWI analysis from ManpowerGroup Talent Solutions provides organizations with deeper insights based on the factors most important to an organization to inform short- and long-term workforce planning, including:

- Location Strategy
- Remote Work Allocation
- Capacity Planning
- Cost Savings
- Market Investments
- Organizational Restructuring
- Workforce Mix
- Sourcing Strategy

A Glimpse of the Factors That Comprise the Total Workforce Index™



2020 Top 10 Highest Ranking Markets

The Total Workforce Index™ scores each market on more than 200 unique factors. Each of these statistical factors is carefully weighted and grouped under one of the four categories: Availability, Cost Efficiency, Regulation and Productivity.

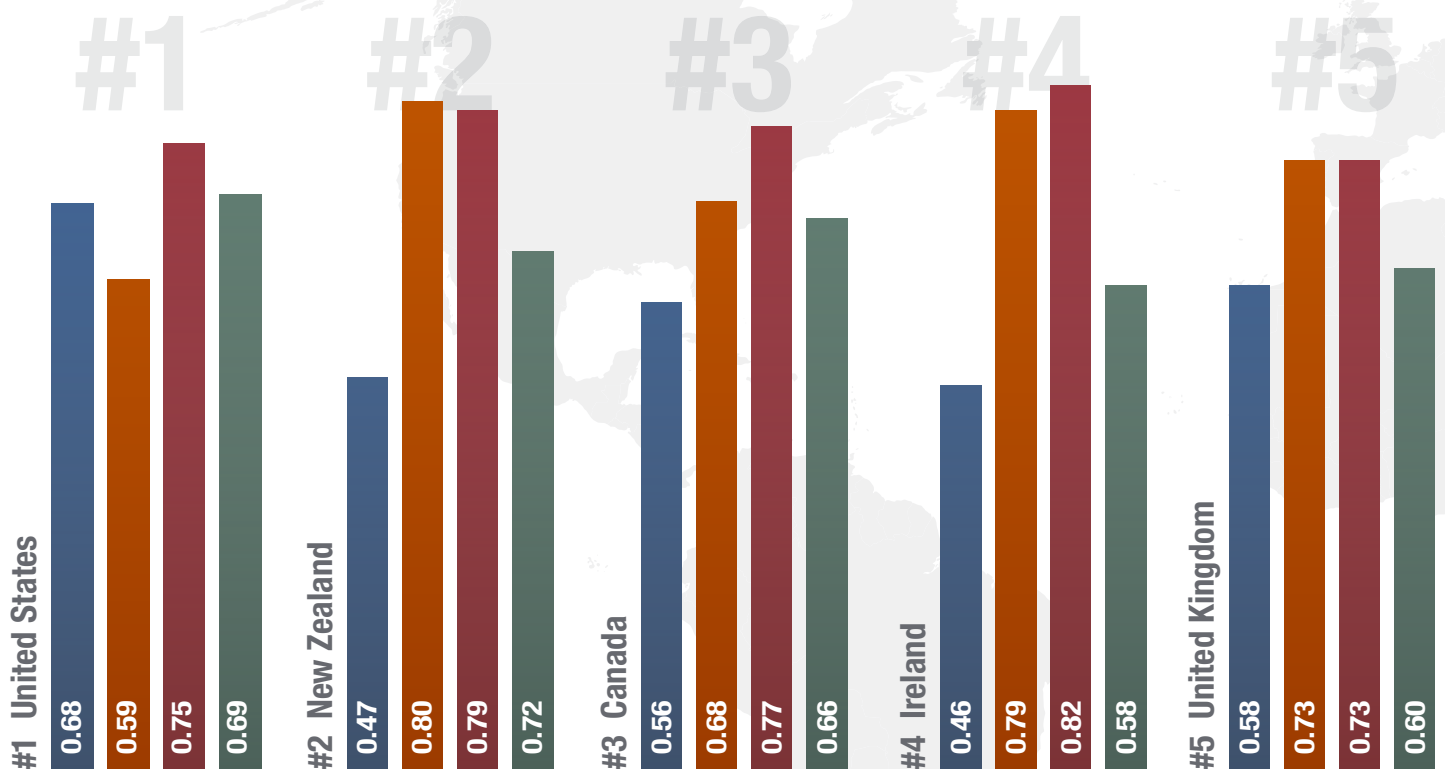
The markets that rank highest in the Total Workforce Index™ are those with the highest relative performance across all four categories. Countries that perform well have successfully responded to trends, such as remote workforce readiness, automation, closing skills gaps, shifting regulations and the rapid pace of technology. They have demonstrated market stability, have upskilled existing workforces and are adequately skilling emerging workforces to meet changing job requirements. High-ranking markets also exhibit favorable regulatory environments. These factors benefit organizations seeking to invest in workforce engagement (i.e., acquisition and retention of talent).

With a heavier focus on remote-ready workforce metrics, such as technical infrastructure, language proficiencies and skills availability, the United States rises from 5th to 1st, year-over-year. Meanwhile, New Zealand climbs from 3rd to 2nd place. Canada enters the top five for the first time since 2017 due to the addition of remote skills availability factors to the Index, among other weighting adjustments made for 2020.

Top Markets in the Last Five Years

Each year, weightings are adjusted and new factors are added to the Total Workforce Index™ based on changing global needs and trends. Even with these changes in place, several markets have consistently appeared in the top ten year-over-year. Over the last five years, Hong Kong, the United States, New Zealand, Singapore and Canada have appeared in the top ten markets. This pattern demonstrates stability in these more mature workforce markets as well as skills availability, language proficiency and moderately flexible regulatory environments.

Organizations that observe these trends and engage in a data-driven analysis customized to their circumstances and markets have a tremendous opportunity to unlock potential and ensure their workforce and business strategies are aligned.



Key Updates to the 2020 Index

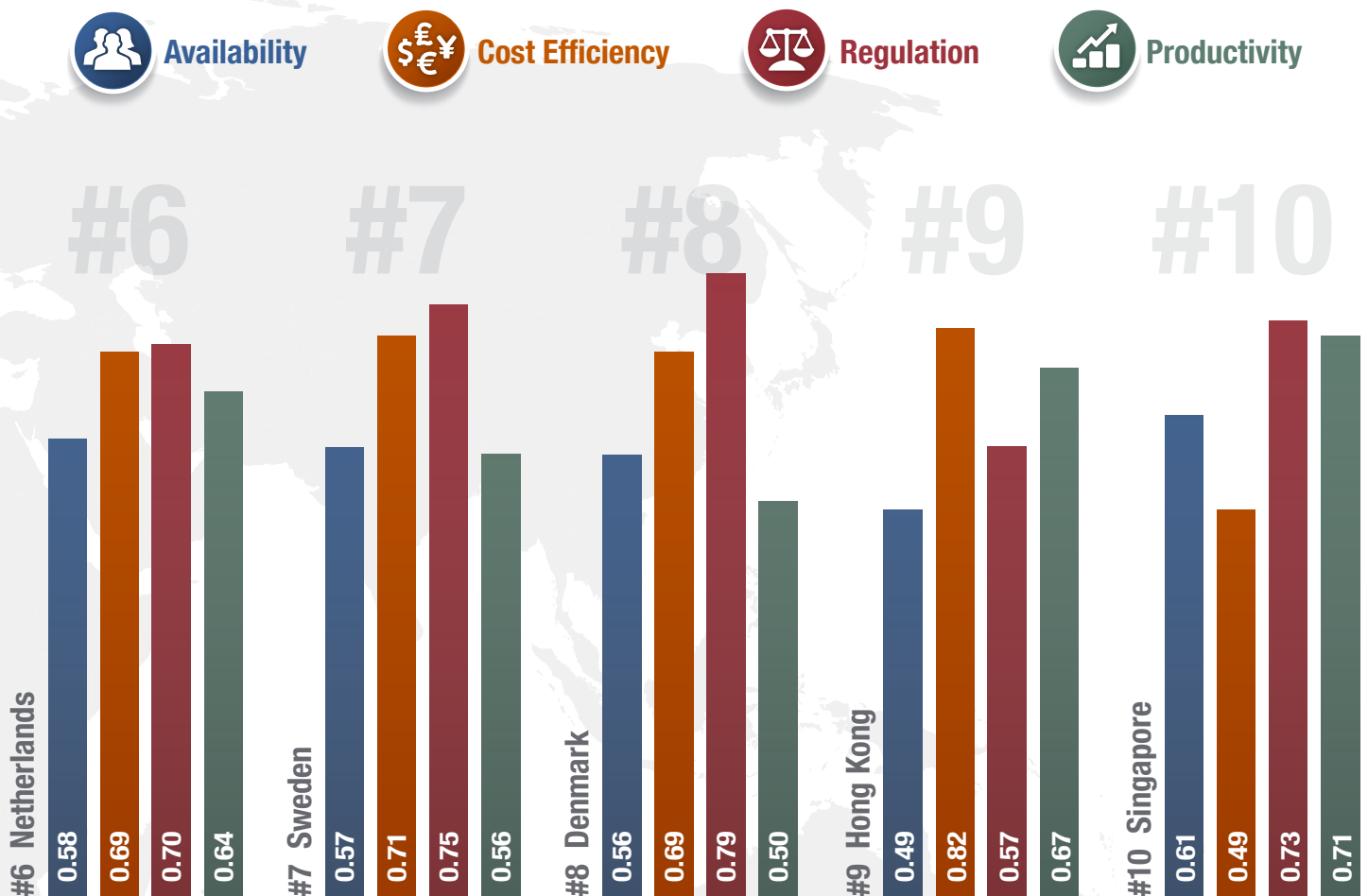
Due to the increased reliance and focus on remote workforce deployment, the 2020 Total Workforce Index™ now includes global remote work readiness indicators across each of the 76 markets. These represent over 20 unique market factors that account for the availability of remote-capable skills, such as the impact of childcare constraints; the technical and cybersecurity capacity to enable remote workforce access; connectivity and communication tools; demand for remote workers at a market level; and availability of workers with emerging soft skills, such as self-management and ability to deal with ambiguity.

When analyzed in conjunction with the standard TWI components of Availability, Cost, Regulation and Productivity, an employer can make data-driven decisions about which markets represent the greatest opportunity for the increased cost efficiency and productivity of a remote workforce allocation to

augment their brick and mortar locations. Also, at the time of this year's analysis, the Regulation category accounted for country border restrictions enacted as a part of measures to combat the spread of COVID-19.

Furthermore, additional weighting has been assigned to the quality and depth of skill within talent Availability, as well as the impact of certain legislative factors (e.g., border restrictions) that heavily influence workforce performance and hiring processes. Other factors, such as language proficiency, size of the contingent workforce, generational considerations, diversity and gender gap, remain high priorities for employers. As a result, the weightings of these factors continue to have a strong compound impact on rankings.

To better understand the best markets for remote capable or remote optimal, organizations should request a custom TWI analysis.



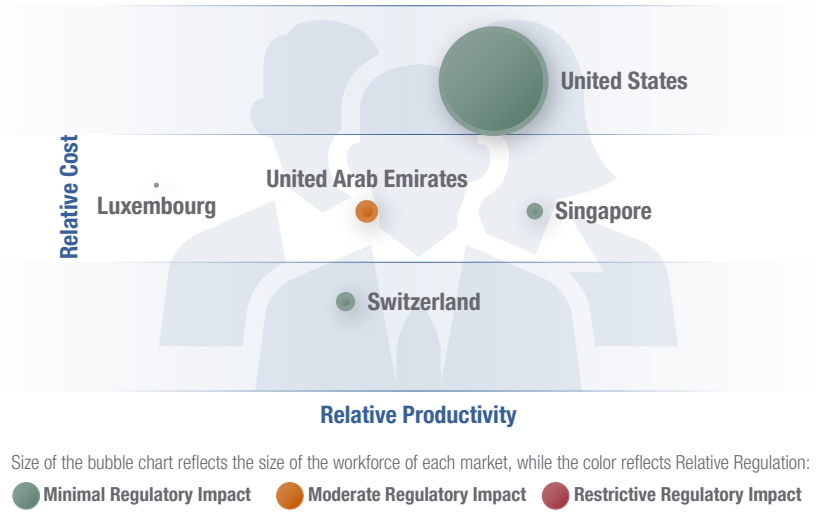
TOP 5 – Availability

About the Availability Methodology

Workforce Availability measures the relative comparison of the current skilled workforce in each market and the likely sustainability of that workforce based on demographic trends, such as age and influx of immigrants. Markets scoring favorably in the Availability category have the highest availability of skilled workers with a high level of English proficiency or other high-demand languages, such as Spanish and French, high remote workforce readiness, and a relatively large, diverse contingent workforce. Markets that score positively in the Availability category are not necessarily the largest or most mature markets.

Quantifying the skills available in markets has become increasingly complex due to multi-generational workforces, the emergence of new roles, increased turnover and higher levels of competition. Different generations of workers also tend to want different things from their employers, given that age and culture can influence career expectations and goals. Utilizing the Index to evaluate an aging workforce, workforce mix (e.g., gender, ethnicity, age) and to leverage the gig economy workforce can more effectively drive an organization's workforce strategy. As more employers pursue remote workforce strategies, they may be able to access more diverse, skilled talent beyond traditional geographic constraints.

Comparison of the Top Five Markets for Workforce Availability



Key Findings

The rankings for Availability this year were largely driven by two main factors: 1) increased prioritization of remote workforce readiness and diverse language proficiency (multi-language) and 2) reduced prioritization of educational requirements for jobs, especially among IT candidates, as employers focus on what is actually needed versus what has been traditionally requested (e.g., a particular education degree). In addition, not all available talent has been actively reengaging in the workforce in the second half of 2020, primarily due to health concerns or childcare limitations, causing wages to increase reactively to various government stimuli and individual demand pressures worldwide.

The top five markets for skills availability are the United States, Singapore, Switzerland, United Arab Emirates and Luxembourg. The United States ranks 1st and returns to the top five in Availability for the first time since 2017 when it ranked 5th. Singapore drops to the second position, while the remaining markets from the 2019 Availability rankings – Ireland, Norway, the United Kingdom and New Zealand – fall out of the top five altogether.

European Insurance Company Uses TWI to Determine Optimal U.S. HQ Location

A European underwriter of insurance policies wanted to establish a U.S.-based headquarters in an optimal location to meet the needs of clients and prospects while being located near an international airport. The company looked to ManpowerGroup Talent Solutions for location strategy support. The Total Workforce Index™ was leveraged to analyze market options best aligned with their business objectives and workforce availability. An understanding of company priorities led to a more in-depth look at markets that could help meet diversity and inclusion goals, as well as present low environmental risk, such as pollution. The Total Workforce Index™ provided location recommendations that were human rights forward (e.g., data protection and rate of hate crimes) with sustainable talent pools and areas with low chances of natural disasters that could potentially impact travel and safety and cause business disruption.

SUCCESS STORY

TOP 5 – Cost Efficiency

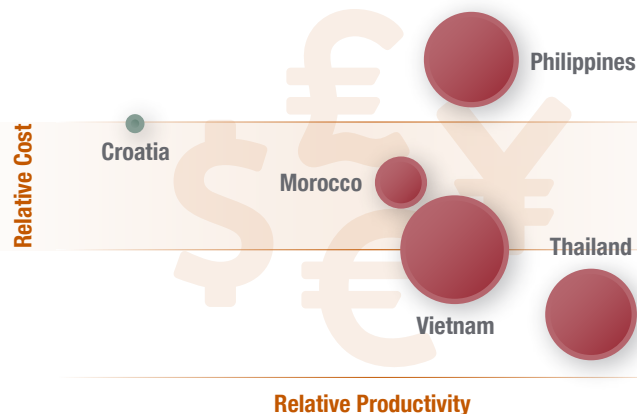
About the Cost Efficiency Methodology

Cost Efficiency measures the relative comparison of wage, benefits, tax and operations metrics to suggest potential cost efficiency. Traditionally, the lowest-cost markets also tend to be the least mature and generally have less restrictive regulations and higher workforce availability.

Shifting employment costs and statutory burdens combined with the rising competition for talent, especially for essential workers (e.g., healthcare, warehouse), have resulted in wage fluctuations across all labor categories. Wages have also increased reactively to various government stimuli and individual demand pressures across the globe. Monitoring and comparing the total cost of labor contributes to accurate forecasting and budgeting and is a critical component of workforce planning as organizations seek to balance onsite and remote resources.

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Comparison of the Top Five Markets for Workforce Cost Efficiency



Size of the bubble chart reflects the size of the workforce of each market, while the color reflects Relative Regulation:
● Minimal Regulatory Impact ● Moderate Regulatory Impact ● Restrictive Regulatory Impact

Key Findings

The rankings for Cost Efficiency this year were largely impacted by shifting country dynamics—namely wages, cost of labor and regulations. There were no significant factors added to the Index or changes to the weightings that would have further impacted the Cost Efficiency rankings.

The top five markets for Cost Efficiency are the Philippines, Croatia, Morocco, Vietnam and Thailand. These are driven by favorable country dynamics, such as cost of labor and regulations. This is the first time Croatia appears in the top five markets for Cost Efficiency. While the Philippines completes its steady climb over the past three years to secure the top spot, Morocco remains in the third position. Vietnam climbs to the fourth position while Thailand dropped from 1st to 5th in the past year.

TWI Guides a Company's Centralized Location Selection in Response to COVID-19

In response to COVID-19, a global company with over 50,000 restaurants in more than 150 countries and territories wanted to centralize key functional areas to better support its various brands and operations. ManpowerGroup Talent Solutions' Total Workforce Index™ was used to measure and compare sustainable markets that feature limited competition and can support the retention of a staff of 50 key personnel with the potential to quadruple their headcount. A detailed profile featuring competitive insights, workforce experience and expertise, retention trends, salary expectations and regulations for the various role types was generated for each location under consideration. Analysis from the Total Workforce Index™ led to quantifying the value of one location over another and ultimately led to the identification of the best market for the organization's centralized data analysis and financial hub.

TOP 5 – Regulation

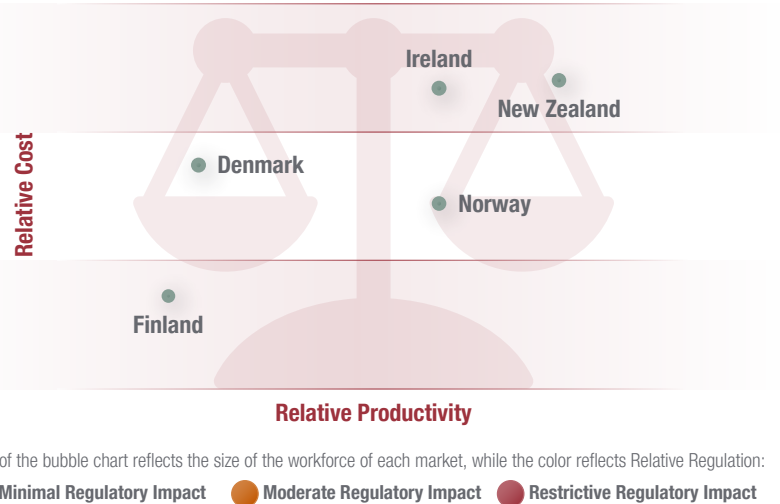
About the Regulation Methodology

Regulation measures the relative comparison of how restrictive the terms and practices of workforce engagement are based on a standard set of regulations. Favorable regulatory environments are created when many types of workforce engagements and formal or informal work are available to organizations, and maximum contract lengths, notice periods and severance requirements are minimal or not required.

As more employers seek to invest in flexible workforce models, such as remote work, ministries of labor continue to increase both the complexity and specificity of labor laws. For example, regulations regarding different categories of labor and contract types can have substantial impact on employers. Knowing how regulations have shifted or are about to shift can mitigate the risk of noncompliance, allowing organizations to proactively support location strategy in a way that balances employment strategy from both a cost and policy perspective.

Ministries of labor continue to increase both the complexity and specificity of labor laws.

Comparison of the Top Five Markets for Workforce Regulation



Key Findings

This year's rankings for Regulation are attributed to the border restrictions affecting access to labor at the time of the analysis, as well as more stringent requirements around labor allocations/quota (i.e., allocations of national versus foreign labor and ratios of permanent versus contingent labor categories). Another contributing factor is changes in how markets define agencies, consultants, freelancers and other contingent types, which result in additional legislative and administrative processes.

The top five markets for Regulation are Ireland, Finland, New Zealand, Denmark and Norway—a departure from the past three years when Singapore, Denmark, New Zealand, Hong Kong and Austria comprised the top five in this category. These changes, which included Ireland rising to the top spot, are driven by border restrictions and changes in requirements related to labor allocations.

Custom TWI Analysis Helps Global Language Learning Company Expand

A global language learning organization with physical locations in multiple countries decided to ramp up its remote learning offering by adding more instructors to their online portal. The organization looked to ManpowerGroup for assistance in validating its brick and mortar location strategy and navigating the regulatory, compliance and skillset availability factors associated with securing instructors from different markets across the globe. Custom analysis of the Total Workforce Index™ revealed which locations had the highest quality talent pools aligned with specific language competencies. The analysis further drilled down to the most advantageous markets based on a regulatory and worker-classification cost implication assessment. These insights allowed the organization to pinpoint markets that would deliver the right amount of multilingual, experienced instructors to support more online learning classes and, therefore, a higher volume of student customers. It also prepared the organization for the sudden shift to virtual learning globally during the COVID-19 pandemic.

SUCCESS STORY

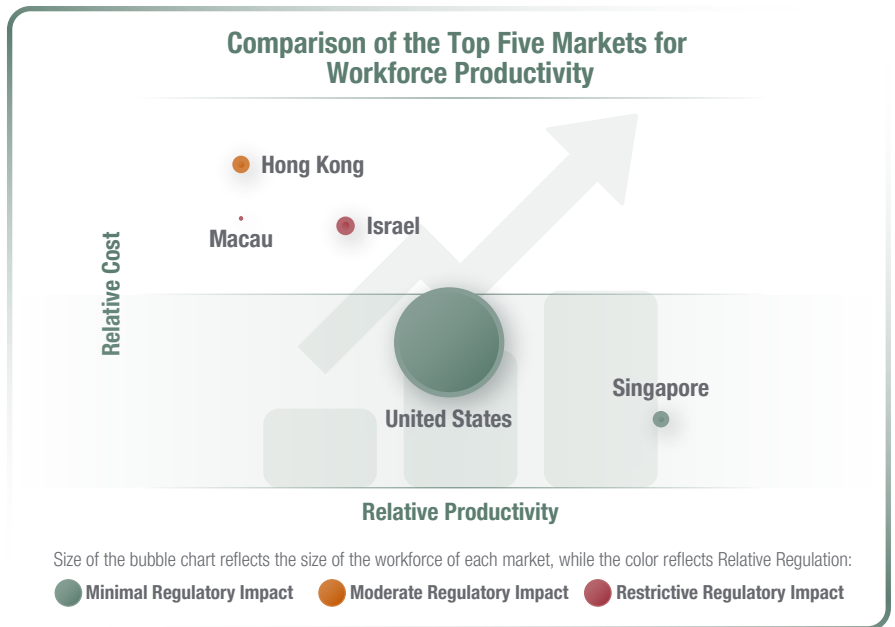
TOP 5 – Productivity

About the Productivity Methodology

The Productivity category measures the relative potential productivity of a workforce based on the number of hours an employer can compensate a worker at base pay.

Productivity is a category influenced by all three other categories (Availability, Cost Efficiency and Regulation). When the perfect mix aligns with workforce planning initiatives, optimal productivity goals can be met or exceeded. However, the top five markets in Productivity may not necessarily be the most productive markets for organizations in all industries and sectors of business. In 2020, the reduction in job requirements for highly sought-after roles became more common as organizations sought to create more efficient and productive workforces while acquiring more in-demand skills.

Employers often make decisions based on primary wage considerations without taking into account the amount of labor legally possible and local customs (e.g., different holidays and workweeks) within a given market. The Total Workforce Index™ now equips employers with a detailed analysis of true cost and operational efficiency, made possible through an evaluation of the shifts in a specific market and assessment of market restrictions.



Key Findings

This year's rankings for Productivity are influenced by changes in the average length of a workday and workweek, as well as the average number of working days in a year. Workforce infrastructure (e.g., the technical infrastructure that supports a remote workforce) is also a contributing factor.

The top five markets for Productivity impact are Singapore, the United States, Israel, Macau and Hong Kong. Due to the factors mentioned in the previous paragraph, Hong Kong loses its firm grasp on the top ranking in the Productivity category, slipping to 5th. Hong Kong's neighbor, Macau, enters the top five for the first time. In contrast, Canada has dropped out of the top five entirely as a result of both the shift in educational priorities and border restrictions accounted for in Availability, as well as legislative changes impacting temporary labor utilization.

Combining an Engineering Firm's Data with TWI Insights for Office Location Strategy Analysis

A leading provider of end-to-end engineering services was considering two markets for its new engineering center based on highly technical requirements and specialty talent needs. The company was also debating moving one of its offices to a different location better suited to their brand. By combining the company's internal data with the external workforce factors from the Total Workforce Index™, ManpowerGroup provided in-depth insights into workforce considerations at the market and occupation level. The analysis compared each location's ability to meet technical skill requirements now and in the future. It also looked at cultural fit, alignment to the client's global organization and 200+ other data points to determine which location offered the greatest sustainable pool of talent for longevity with consideration for existing staff and potential turnover due to relocation. With data aggregation and a clear understanding of the benefits and drawbacks of each scenario guiding decision-making, the company evaluated the best fitting locations from a commute perspective, along with those featuring client accessibility and growing talent pools.

SUCCESS STORY

Conclusion

The events of 2020 have accelerated a shift toward remote work that began well before the COVID-19 pandemic. As new realities and ways of working continue to emerge, we may see an even greater interest in remote work from both employers and workers. Employers can benefit from this shift by untethering skills from locations and leveraging both TWI and assessment data to select talent, allowing organizations to increase the diversity of their workforce while acquiring talent in a cost-efficient manner. Furthermore, employee preferences around remote work and wanting greater flexibility are pointing to a continuance of remote work well beyond.

According to [ManpowerGroup's Q4 2020 Employment Outlook Survey](#), over half (59%) of employers are planning to offer flexible work options for the long-term, with 20% offering the option to work remotely 100% of the time, and 39% planning to support remote work some of the time.

Because remote workforce deployment offers substantial cost savings, it is important to keep the other aspects of the Total Workforce Index™ in mind when it comes to productivity and legislation to determine the viability of certain markets. As the propensity of organizations to focus on cost savings increases, hard decisions must be made with regard to other factors related to Availability (e.g. reduced educational requirements and childcare concerns), Productivity (e.g. average length of workday/workweek and technical infrastructure), and Regulation (e.g. labor allocations/quotas and border restrictions) along with the quality of skills. Having the right data to support broader strategic workforce decisions, such as location strategy, workforce mix and capacity planning, will help contain costs and, perhaps more importantly, will optimize workforce strategies and create the business agility companies need for sustainable growth.

As “return to the workplace” initiatives continue to evolve, the Total Workforce Index™ helps organizations navigate a changing world with real-time actionable data and insights—no matter what the future may bring.



Next Steps

Visit www.totalworkforceindex.com to:

- 1. Explore Comprehensive Data:** Access detailed data, including market profiles for 76 markets.
- 2. Request a Custom TWI Analysis:** Get your own custom TWI analysis (on a city, province, state or country-level) for a deeper, targeted analysis based on the factors most important to your business.
- 3. Speak to a Talent Solutions Consultant:** Connect with an expert who will learn more about your specific challenges and objectives and recommend an appropriate solution(s) tailored to your organization's unique needs.
- 4. Access Related Content:** Find answers to your workforce challenges by viewing market reports, blogs, success stories and more.

Sources and Disclosures

The primary data sources for this Index are all based on statistics from the ministries of labor for the markets within the scope, the Central Intelligence Agency (U.S.), World Data Bank, Trading Economics and internal data collected as part of ManpowerGroup global reporting efforts. Learn more about the methodology at www.totalworkforceindex.com.

Disclaimer

This report is intended to provide an overview of general business information relative to global employment conditions and considerations. It should not be interpreted as legal advice. Please consult with legal counsel to ensure that you are in compliance with all applicable laws.



Talent Solutions

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About Talent Solutions

Talent Solutions combines our leading global offerings RPO, TAPFIN-MSP and Right Management to help organizations address their complex workforce needs. Talent Solutions leverages our deep industry expertise and understanding of what talent wants to provide end-to-end, data-driven capabilities across the talent lifecycle. From talent attraction and acquisition to upskilling, development and retention, we provide seamless delivery, leveraging best in breed technology and extensive workforce insights across multiple countries at scale.

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