Heidrick & Struggles

THE GLOBAL TALENT INDEX REPORT:

THE OUTLOOK TO 2015

Economist Intelligence Unit

PREFACE

The Global Talent Index Report: The Outlook to 2015 was written by the Economist Intelligence Unit and published by Heidrick & Struggles. The research undertaken for the study consisted of three main initiatives:

UPDATING AND EXPANSION OF THE GLOBAL TALENT INDEX

Launched initially with 30 countries in 2007, the index has been expanded to include 60 countries. It benchmarks the countries on their capacity for developing, attracting and retaining talent, both in 2011 and projected to 2015.

EXECUTION OF A GLOBAL SURVEY OF BUSINESS EXECUTIVES

To gauge corporate views on the talent outlook for businesses, 441 senior executives – nearly half having human resource management responsibilities – were surveyed in late 2010 and early 2011.

IN-DEPTH INTERVIEWS

Discussions were held with senior human resources executives and experts to obtain their insights on the most pressing talent challenges facing businesses and countries. The following individuals were interviewed for the study:

Danny Kalman
Global Talent Director,
Panasonic

KA Narayan
President of Human Resources,
Raymond Group (India)

Karl-Heinz Oehler
Vice-President,
Global Talent Management,
Hertz Corporation

Randall Schuler
Professor of International
Human Resource Management,
Rutgers University (US)

Martin Walker
Senior Director of the
Global Business Policy Council,
AT Kearney

Our sincere thanks to the interviewees and survey respondents for sharing their insights on these topics.

EXECUTIVE SUMMARY

Judging by persistently high unemployment levels in many countries, and growing pools of potential recruits in the developing world, policymakers and business leaders may be forgiven for viewing "talent wars" as a relic of a pre-downturn idyll. Such views may be misplaced: big demographic trends such as population aging remain unchanged, and improving economic performance in the major economies over the next few years are likely to result in demand for talent again outstripping supply. Moreover, even in developed countries, there remain today serious shortages of recruits with the critical "soft" skills companies require most.

Talent remains an important component of countries' and businesses' long-term competitiveness. How they develop, attract and retain talent should therefore remain high on the agenda of policymakers and business leaders for the foreseeable future. The Global Talent Index Report: The Outlook to 2015 seeks to inform their thinking by assessing talent trends around the world on two dimensions: at the international level through a benchmarking index of talent environments in 60 countries – The Global Talent Index, 2011-2015; and at the enterprise level, determining how executives view the outlook for their own firms' ability to attract and retain the people they will need.

Key findings from the Global Talent Index (GTI) include the following:

- **THE US IS THE STELLAR GTI PERFORMER, RANKING FIRST IN 2011 AND 2015.**
The US lead is almost one full point (on a 1-10 scale) in both years over the next best performers. The country's foremost strengths are the excellence of its universities, the high overall quality of its existing workforce and a meritocratic environment that is relatively unencumbered by restrictive labor regulation.

- **NORDIC AND DEVELOPED ASIA PACIFIC COUNTRIES ARE ALSO PROMINENT IN THE GTI TOP TEN.**
Denmark, Finland and Norway figure in the index top five in both 2011 and 2015, and Sweden joins them in the latter year – all thanks in part to their consistent and substantial investment in education from primary through tertiary level. Australia and Singapore are other strong performers, the former due, among other factors, to its high-quality universities and the latter to its openness to international trade and foreign direct investment.

- **CANADA, CHILE AND TURKEY ARE THE BIGGEST GAINERS BETWEEN 2011 AND 2015.**
The rankings remain reasonably stable in both years, but noteworthy advances in 2015 are registered by Canada, Chile and Turkey. Improved economic performance is expected to help talent environments improve in these countries, while tough economic conditions contribute to the largest falls in the index in 2015, suffered by Greece and Venezuela.

- **CHINA OUTPERFORMS OTHER COUNTRIES IN THE INDEX.** China rises to 31st place in the GTI in 2015 from 33rd in 2011, but more notable is the five-point improvement in its score – the largest increase in 2015 of any country in the index. A major contributor is an expected increase in the country's willingness to embrace foreign workers. Brazil also registers considerable improvement between 2011 and 2015, with employment growing quickly, expenditure on education rising and the language skills of the workforce improving.

The view from the boardroom and executive suite is likewise relatively positive when it comes to companies' abilities to attract the skilled people they will need in the coming years. But our executive survey and interviews nevertheless reveal concerns that talent wars will be reignited. The following are major findings from our research:

COMPANIES ARE GENERALLY CONFIDENT OF SECURING THE TALENT THEY NEED, BUT WITH SIGNIFICANT RESERVATIONS.

Just over 70% of surveyed executives are either "highly" or "somewhat" confident that their firms will be able to attract and retain key workers over the next two years. This confidence may be based to a large extent on recent experience, with 66% also reporting satisfaction with recent hires. Sizeable minorities, however, the largest being in Asia, are not satisfied with recent hires and are neutral or pessimistic on future prospects.

FIRMS ARE INCREASINGLY RELYING ON DEVELOPING EMPLOYEES THEMSELVES, PARTICULARLY IN ASIA.

Unsure of the local availability of skilled staff, companies may often be recruiting raw potential, and then trying to hone this potential into the finished article. Half of our respondents say that they are devoting more time and money to employee development than they were just two years ago.

EXECUTIVES BEMOAN A LACK OF CREATIVITY IN RECRUITS.

"The rarest personality traits," says Karl-Heinz Oehler, vice-president of global talent management at the Hertz Corporation, "are resilience, adaptability, intellectual agility, versatility – in other words, the ability to deal with a changing situation and not get paralyzed by it." Creativity in overcoming challenges is the most serious shortcoming identified by executives in new and potential hires – most keenly felt in Asia and Latin America – and is something that may be particularly difficult to rectify.

GLOBAL TALENT INDEX 2011

CHART 1: A

2011 RANK	COUNTRY	SCORE/ 100	2011 RANK	COUNTRY	SCORE/ 100
1	United States	74.2	31	Chile	43.7
2	Denmark	64.7	32	Slovakia	43.3
3	Finland	63.2	33	China	41.1
4	Norway	61.9	34	Russia	40.8
5	Singapore	60.2	35	India	40.5
6	Australia	60.1	=36	Malaysia	40.1
7	Sweden	59.5	=36	Romania	40.1
8	Hong Kong	59.1	38	Mexico	39.7
9	Switzerland	58.5	39	Venezuela	39.4
=10	Israel	58.3	40	Colombia	39.1
=10	Netherlands	58.3	41	Saudi Arabia	39.0
12	United Kingdom	58.2	42	Brazil	38.2
13	Germany	57.9	43	Ukraine	38.0
14	Canada	57.8	44	Philippines	37.6
15	New Zealand	57.7	45	South Africa	37.4
16	Ireland	57.4	46	Thailand	36.8
17	Austria	55.7	47	Peru	36.4
18	Belgium	55.5	48	Turkey	35.0
19	France	55.1	49	Bulgaria	34.7
20	Taiwan	54.5	50	Ecuador	33.5
21	Spain	49.7	51	Egypt	32.8
22	South Korea	48.4	52	Vietnam	30.7
=23	Greece	46.7	53	Kazakhstan	30.5
=23	Italy	46.7	54	Azerbaijan	29.8
25	Czech Republic	45.9	55	Iran	29.7
26	Portugal	45.4	=56	Algeria	27.0
27	Japan	45.0	=56	Pakistan	27.0
28	Argentina	44.6	58	Indonesia	26.5
29	Poland	44.0	59	Sri Lanka	26.3
30	Hungary	43.8	60	Nigeria	23.1

GLOBAL TALENT INDEX 2015

CHART 1: B

2015 RANK	RANK CHANGE	COUNTRY	SCORE/ 100	2011-2015 CHANGE	2015 RANK	RANK CHANGE	COUNTRY	SCORE/ 100	2011-2015 CHANGE
1	--	United States	74.5	+0.3	31	+2	China	46.3	+5.2
2	--	Denmark	65.4	+0.7	32	-4	Argentina	46.2	+1.6
3	--	Finland	64.2	+1.0	33	-10	Greece	45.7	-1.0
4	+3	Sweden	63.4	+3.9	34	--	Russia	43.1	+2.3
5	-1	Norway	62.3	+0.4	=35	--	India	42.2	+1.7
=6	--	Australia	61.9	+1.8	=35	+3	Mexico	42.2	+2.5
=6	-1	Singapore	61.9	+1.7	37	-1	Romania	41.8	+1.7
8	+6	Canada	61.3	+3.5	38	+4	Brazil	41.7	+3.5
9	--	Switzerland	60.9	+2.4	=39	-3	Malaysia	41.1	+1.0
10	-2	Hong Kong	60.8	+1.7	=39	+2	Saudi Arabia	41.1	+2.1
=11	+2	Germany	59.9	+2.0	41	-1	Colombia	40.8	+1.7
=11	-1	Israel	59.9	+1.6	42	+1	Ukraine	40.3	+2.3
13	-3	Netherlands	59.4	+1.1	43	+5	Turkey	39.9	+4.9
14	-2	United Kingdom	59.3	+1.1	44	--	Philippines	39.8	+2.2
15	--	New Zealand	59.1	+1.4	45	+1	Thailand	39.0	+2.2
16	+3	France	58.1	+3.0	46	-1	South Africa	38.7	+1.3
17	-1	Ireland	58.0	+0.6	47	--	Peru	37.8	+1.4
18	--	Belgium	57.2	+1.7	=48	+1	Bulgaria	37.3	+2.6
19	+1	Taiwan	54.3	-0.2	=48	+3	Egypt	37.3	+4.5
20	-3	Austria	53.5	-2.2	50	--	Ecuador	36.7	+3.2
21	+1	South Korea	51.6	+3.2	51	-12	Venezuela	36.0	-3.4
22	-1	Spain	49.5	-0.2	52	+1	Kazakhstan	33.2	+2.7
23	--	Italy	48.1	+1.4	53	-1	Vietnam	32.7	+2.0
24	+3	Japan	48.0	+3.0	54	+2	Pakistan	30.8	+3.8
25	--	Czech Republic	47.6	+1.7	55	--	Iran	30.3	+0.6
=26	+5	Chile	47.1	+3.4	56	+2	Indonesia	30.2	+3.7
=26	--	Portugal	47.1	+1.7	57	+2	Sri Lanka	29.2	+2.9
28	+1	Poland	46.7	+2.7	58	-2	Algeria	28.0	+1.0
29	+3	Slovakia	46.6	+3.3	59	+1	Nigeria	27.7	+4.6
30	--	Hungary	46.5	+2.7	60	-6	Azerbaijan	26.3	-3.5

Source: Economist Intelligence Unit, 2011

INTRODUCTION

As recently as three years ago, it was commonly assumed that companies based in the developed world faced a large and widening gap between their hiring needs and the pools of suitable talent available to them. The retirement of baby boomers and other population issues, business leaders and policymakers expected, would continue to remove talented employees from the workforce faster than they could be replaced. Building talent pools in developing markets appeared one of the few potential solutions having large enough scale to plug the gaps.

The recession

The recessions of 2009-10 have seemingly turned this situation on its head as, in established markets at least, the supply of skilled labor now outstrips demand. From a longer term perspective, however, how much has really changed? The same big demographic trends visible before the downturn remain entrenched—namely population ageing and declining birthrates (also increasingly visible now in some emerging markets). Firms in the developed world still complain about a shortage of critical business and analytical skills even amidst larger pools of available recruits. And the need to tap emerging-market talent is perceived to be if anything even more acute now as Western companies focus their hopes for future growth on meeting demand in those markets.

Last but not least, it may be assumed that the current surplus of available talent in the West will diminish or even disappear once the developed economies enter a slightly more robust period of growth, as is expected beginning in 2012-13 (and evident now in the likes of Germany and the US).

In this context, it may be said that the downturn has merely brought a truce in the talent wars, and that they're likely to flare up again in the foreseeable future. Improving how they educate, attract, train and retain talent ought therefore to remain top of the agenda for countries and businesses alike as they seek to establish long-term competitiveness.

The research presented in this study has been undertaken with the longer term agenda in mind. The Global Talent Index, the results of which are presented in the following section, was created by the Economist Intelligence Unit in 2007 for the purpose of benchmarking countries on their capacity for developing, attracting and retaining the skilled employees their organizations need. In addition to assessing the current status of each country's talent environment, the GTI projects likely changes in each between now and 2015. Initially taking in 30 countries, the GTI has now been expanded to cover 60 countries in most regions of the world.

Country benchmarking

It is often difficult when building country benchmarking models to capture "the street", or the micro-level challenges faced by businesses and other organizations. To help bridge that gap, the Economist Intelligence Unit has also conducted a global survey of over 400 senior executives (half of whom are human resource managers) to gauge their views on the talent challenges their organizations expect to face over the coming years. The results of that analysis, enriched by insights from in-depth interviews conducted with senior talent managers and experts, are discussed in the subsequent section.

SECTION I: THE GLOBAL TALENT INDEX

The US and the Nordic region are the stellar performers in both the 2011 and 2015 indices. In its capacity to produce and attract talent, the US is well ahead of other countries – and almost a full point (on the index's 1-10 scale) ahead of its closest competitor. It places top of the 2011 index table and retains its pre-eminent position in 2015. The excellence of its universities is a major factor in this performance. Almost one in three universities that are ranked in the top 500 in the world are located in the US , which therefore consistently churns out graduates who are well-equipped with the intellectual rigor to prosper in a competitive knowledge economy.

CHART 2: GTI TOP TEN, 2011-2015

2011 RANK	COUNTRY	SCORE/100
1	United States	74.2
2	Denmark	64.7
3	Finland	63.2
4	Norway	61.9
5	Singapore	60.2
6	Australia	60.1
7	Sweden	59.5
8	Hong Kong	59.1
9	Switzerland	58.5
=10	Israel	58.3
=10	Netherlands	58.3

2015 RANK	COUNTRY	SCORE/100
1	United States	74.5
2	Denmark	65.4
3	Finland	64.2
4	Sweden	63.4
5	Norway	62.3
=6	Australia	61.9
=6	Singapore	61.9
8	Canada	61.3
9	Switzerland	60.9
10	Hong Kong	60.8

Source: Economist Intelligence Unit, 2011

Also contributing to American leadership in the index are the high quality of its workforce, in terms of its adaptability and innovation, and a meritocratic environment, relatively unimpeded by interventionist labor laws or wage regulation, that liberates talent and encourages it to flourish.

The Nordic region is represented by four countries in the 2011 top ten, and an even more noteworthy four out of the top five in 2015, with Sweden climbing by three places to join Denmark, Finland and Norway. In this region as a whole, high government spending, as a percentage of GDP, is maintained throughout all stages of education right through to universities, explaining to a significant extent why it has outperformed so many prominent rivals in the developed world in the overall index. The linguistic and technical skills of its working population are also particularly strong.

Sweden's notable improvement in 2015, rising by three places in the rankings to fourth, owes much to a predicted relaxation of its labor laws, and the arrival of more flexible remuneration practices offering equitable reward for excellence in the workplace.

[1] *Academic Ranking of World Universities: www.arwu.org*

Looking Ahead

Comparing the rankings of 2011 and 2015, the top ten remain relatively stable. However, one country – Canada – bursts into eighth position in 2015, rising by six places, the largest jump in the index. This improvement is propelled by the demographic growth rate of its working population, together with a prospective surge in employment and a marked improvement in technical skills, both resulting largely from the boom in the country's oil industry.

Europe close up

In the next tier down, the UK and Netherlands fall by two and three places respectively, while Germany and France rise by those same margins. The Economist Intelligence Unit expects all four countries to undergo a decline in compulsory education standards, so why the discrepancy in their results? First, substantial employment growth is expected in France and, especially, in Germany. Second, both of the latter will see a relaxation of labor laws, and Germany an easing of burdensome wage regulation – developments that will help the talent market to adapt more quickly to structural and cyclical changes in the economy.

Bleak employment prospects in Greece and Venezuela contribute to a predictably sharp descent in both these countries in 2015, whereas the reverse is true in Chile and particularly in Turkey, where strong economic growth is projected over the coming years.

Normal economic progress brings about some improvement in the absolute score in most countries, albeit generally negligible in a developed world facing a straitened fiscal environment. Greece and Venezuela are among only six countries whose absolute scores deteriorate in the five-year time frame. The others are Spain, which will suffer a contraction in employment; Austria, which will be adversely affected by a decline in higher education spending; Azerbaijan, which is about to undergo a considerable decline in foreign trade and direct investment due to the completion of certain major oil and gas projects within an economy almost exclusively dominated by the energy industry; and Taiwan, which finds itself in the midst of a dramatic demographic slump.

Asia in-depth

Of all countries in the index, China registers the largest score improvement in 2015, boosted by Beijing's increasing willingness to embrace foreign workers, a change in approach triggered in part by the impending decline of young indigenous workers entering the labor market.

Of the other BRIC nations, Brazil also shows significant progress to 2015, with employment growing quickly, expenditure on education rising and the language skills of the workforce improving. India's own rapid rise in employment opportunities is offset by a continuing poor standard of mainstream education, ensuring that its overall performance remains relatively unaltered. Similarly, the overall improvement Russia might have garnered through economic growth is hampered by its continuing decline in population.

CHART 3: GTI TOP RISERS AND FALLERS, 2015

	TOP 3 RISERS		TOP 3 FALLERS	
In Rank	Canada	+6	Azerbaijan	-6
	Chile	+5	Greece	-10
	Turkey	+5	Venezuela	-12
In Score	China	+5.2	Austria	-2.2
	Turkey	+4.9	Venezuela	-3.4
	Nigeria	+4.6	Azerbaijan	-3.5

Source: Economist Intelligence Unit, 2011

Regional disparities

The size of the potential pool of able workers is of course important, but what matters more for the purposes of the index is whether this potential can be nurtured effectively, and whether conditions promote and safeguard economic opportunities for individuals.

The overall index therefore confirms what one might expect - talent flourishes in, and is drawn to, developed and wealthy economies with liberal, democratic political systems. Western Europe may be the weakest region in terms of demographic growth, but together with North America, it emerges comfortably in advance of developing regions in the index. Indeed, demographic trends favor the Middle East and Africa, but their overall performance consigns them to the bottom two places in the regional rankings.

Those rankings remain unchanged in 2015, with the scores of all regions outside North America and Western Europe remaining below the global average. However, while a regional analysis can lead to useful broad conclusions, a deeper examination reveals that most individual regions show marked divisions, due to the varying stages of development of their constituent countries.

Asia's performance is substantially boosted by some (although not all) of its developed countries such as Hong Kong, Singapore and Taiwan. Similarly, the Middle East is bolstered by Israel. All the countries of Northern and Central Europe fare better than Spain, Greece, Italy and Portugal. By some distance, Argentina and Chile emerge as the best performers in Latin America. The higher quality workforce in the countries of Eastern Europe ensures that the Czech Republic, Poland, Hungary and Slovakia outscore their counterparts in the former Soviet Union.

A sizeable disparity separates the two African nations in our survey. South Africa's relatively high spending on education as a proportion of its GDP reveals the intention to develop its talent potential, whereas Nigeria finds itself at or near the bottom of the index in both 2011 and 2015, despite rapid population growth.

CHART 4: BRIC PERFORMANCE, 2011-2015

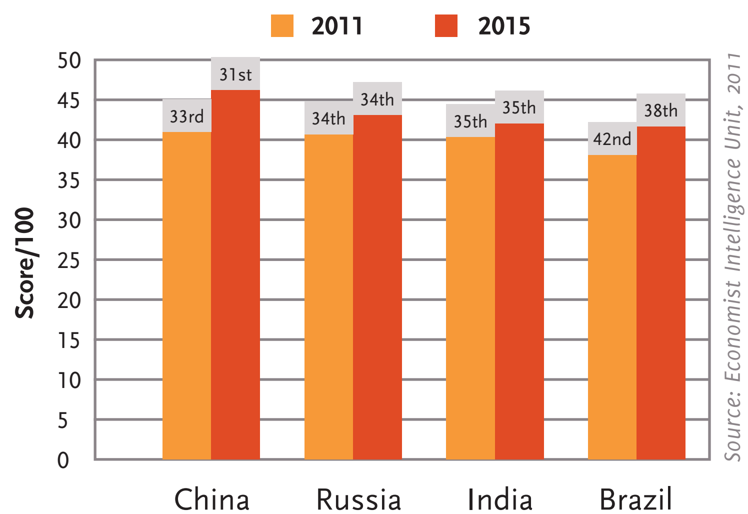


CHART 5: GTI REGIONAL RANKINGS, 2011-2015

OVERALL RANK					
2011	2015		2011	2015	CHANGE
1	1	North America	66.0	67.9	+1.9
2	2	Western Europe	55.9	57.0	+1.1
3	3	All countries	45.1	47.0	+1.9
4	4	Asia	43.2	45.5	+2.3
5	5	Latin America	39.3	41.1	+1.8
6	6	Eastern Europe & Central Asia	39.1	41.0	+1.9
7	7	Middle East	37.0	39.4	+2.4
8	8	Africa	30.3	33.2	+2.9

Source: Economist Intelligence Unit, 2011

SECTION II: THE CORPORATE PERSPECTIVE

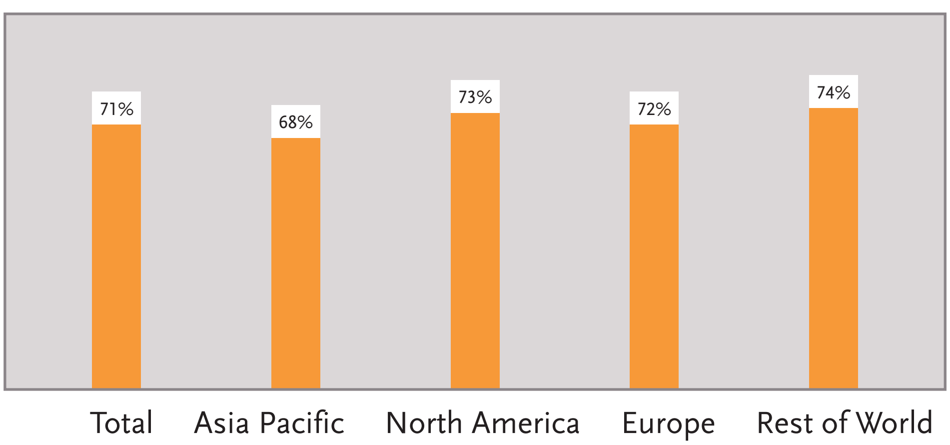
The GTI provides an international perspective of how country talent environments will fare between now and 2015, but what is the view at the enterprise level? In order to gauge this – and to see how executive thinking on some countries' strengths and weaknesses compares with the trends revealed in the GTI – the Economist Intelligence Unit surveyed 441 senior executives in December 2010 and January 2011. The survey group was global, cross-industry, senior (48% were from the boardroom and C-suite) and representative of large, midsize and small firms alike. Nearly half of the sample (47%) were executives with HR responsibilities.[2]

A global talent shortage?

Most executives in the survey display some degree of confidence in their firms' ability to attract and retain sufficiently capable managers and other specialist workers over the next two years. Overall, 71% are either "highly" or "somewhat" confident, a showing that is reasonably consistent across all regions and all sizes of business.

Such confidence may flow from recent recruitment success, with 66% reporting satisfaction of varying degrees with the standard of new hires over the last two years. One could make the case that this confidence is a direct consequence of most developed countries' slow recovery from the downturn, arguably decreasing global demand for talent and thereby temporarily tilting the balance of power in employers' favor. However, such economic pessimism is not reflected in our survey. Even in North America and Europe, four in five respondents show confidence in their company's growth prospects over the next two years.

CHART 6: SHARE OF RESPONDENTS CONFIDENT THAT THEIR BUSINESS WILL BE ABLE TO ATTRACT AND RETAIN THE TALENT IT NEEDS OVER THE NEXT TWO YEARS



Source: Economist Intelligence Unit, 2011

Share of respondents saying they are "highly confident" or "somewhat confident" that their firm will attract the needed talent.

Corporate concern

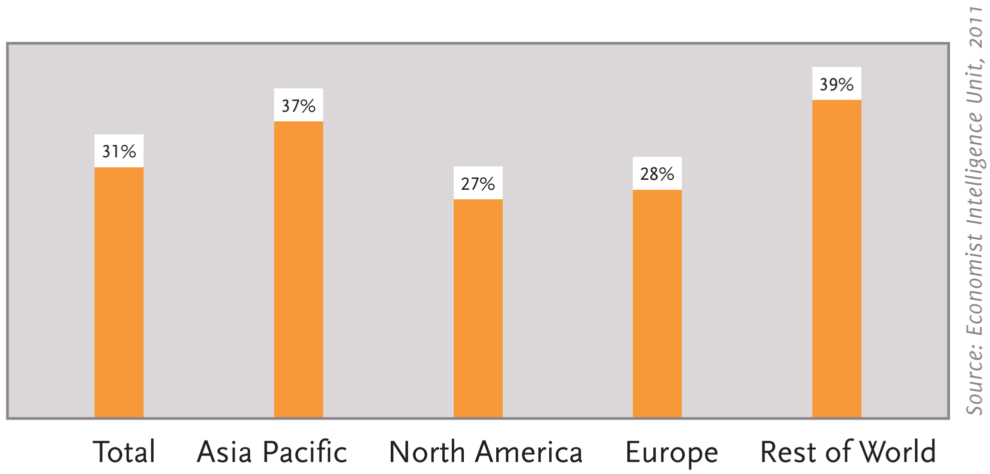
Digging deeper, however, reveals some causes for corporate concern. While two-thirds of respondents are satisfied with the quality of hires over the last two years, nearly one in three is not, a figure which rises to 37% in Asia. And 29% are not confident that they will be able to attract and retain the necessary talent in the next two years, rising to 32% in Asia. These are minority

[2] *The full survey results are presented in the Appendix.*

opinions on both issues, but expressed by reasonably sizeable minorities.

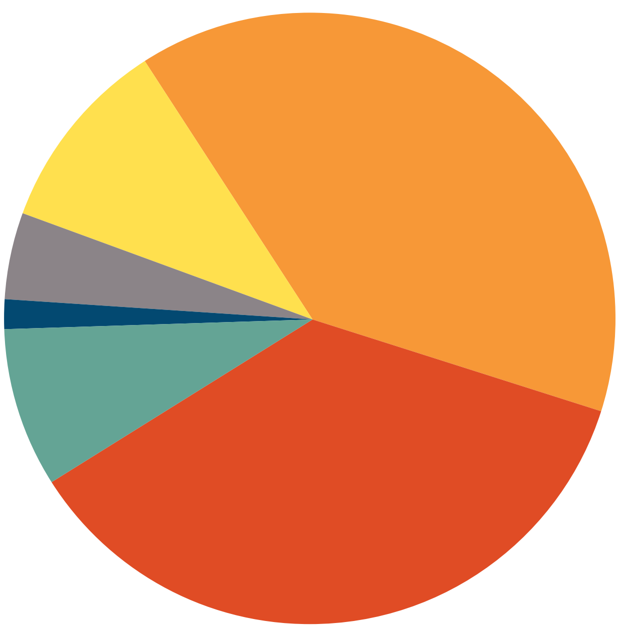
Martin Walker, senior director of the Global Business Policy Council at AT Kearney, a consultancy, maintains that the dearth of talent is mainly evident at the very top: "Shortages do exist – most notably, of people with the internationalized business skills to thrive at senior management level in global companies."

CHART 7: SHARE OF RESPONDENTS NOT SATISFIED WITH THE QUALITY OF NEW HIRES OVER THE PAST TWO YEARS



Share of respondents saying they are "highly unsatisfied", "somewhat unsatisfied" or "neutral" on the quality of recent hires.

CHART 8: OVERALL, HAS THE AMOUNT OF TIME AND/OR INVESTMENT REQUIRED TO BRING NEW MANAGEMENT AND/OR SPECIALIZED WORKERS UP TO SPEED OVER THE PAST TWO YEARS RISEN OR FALLEN?



- Risen substantially, 10%
- Don't know/not applicable, 4%
- Fallen substantially, 2%
- Fallen somewhat, 8%
- Stayed the same, 36%
- Risen somewhat, 39%

Source: Economist Intelligence Unit, 2011

Developing raw potential

Delving further into the survey, it becomes evident how a satisfaction with new hires tallies with an apparent shortage of candidates of relevant experience in the market concerned. First, respondents believe that the power of their own company's brand, and to a lesser extent the pay and benefits it offers, help to fight off competition for the limited number of experienced workers. "My overriding impression", says Danny Kalman, global talent director at Panasonic, a consumer electrics producer, "has always been that most employees feel a real sense of pride in being associated with a strong brand, and want to work for one."

Second, we may be starting to witness a significant shift in the corporate approach to talent recruitment. It is possible that companies are resigning themselves to the relative scarcity of experienced workers who can immediately perform to the highest level in a new and responsible role. To compensate for this shortage, a growing number seek to recruit raw potential and then rely on developing this potential themselves.

One in two of those surveyed say their company is investing more time and money bringing managers and specialised workers up to speed than it was just two years ago, with only one in ten claiming it is devoting less. Given employees' apparent hunger to acquire new skills, this focus on training, unavoidable or otherwise, is likely as a side-effect to exert a positive impact on a company's ability to attract, motivate and retain employees (see box).

The rise in Asia

In Asia, this emphasis on developing employees is more pronounced than elsewhere. According to the survey, 60% of companies here are devoting more resources to development than they were two years ago. The fact that Asia-based executives report less satisfaction with recent hires, less confidence in prospective ones and more stress on the need for development underscores that there is a greater scarcity of talent in this region than anywhere else.

Regional concerns

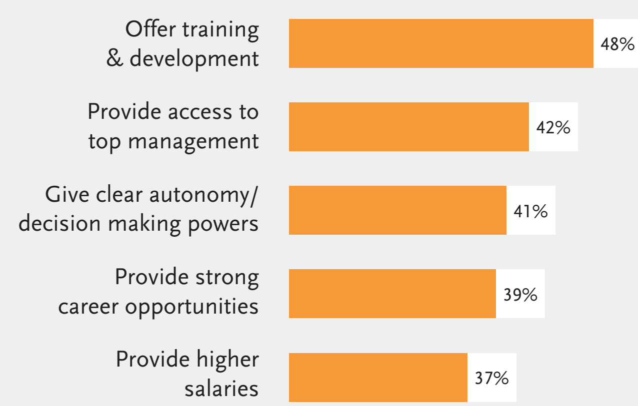
This points to major headaches to come for corporate HR directors as the business world is heavily focused on Asia as a major source of potential growth in the coming years. "China and India are regarded as the future", agrees Professor Schuler. "Although other emerging countries in Latin America, the Middle East and Eastern Europe are all important, none is growing as rapidly as China and India. Consequently, multinationals are scouring these countries for local talent."

Because these markets are relatively new and growing so fast, an adequate pipeline of ready-made employees equipped to step into the breach is simply not available. And as their economies carry on expanding at a rapid pace, workers with the right training and experience become increasingly desirable commodities.

Develop or lose ground

Companies often use the training they offer as a carrot to entice prospective new employees, and to persuade their current employees to stay. Indeed, the survey respondents regard training as a more powerful tool in achieving these goals than any other benefit, with almost half our respondents saying "local training and development" is used to attract and retain key workers.

CHART 9: WHICH OF THE FOLLOWING BENEFITS DOES YOUR FIRM CURRENTLY USE TO ATTRACT AND RETAIN MANAGEMENT AND/OR SPECIALISED WORKERS? (TOP RESPONSES)



Source: Economist Intelligence Unit, 2011

Companies sense that modern-day employees are increasingly looking for variety and challenge, and are reacting accordingly. "We need to move away from a silo mentality, and are always looking to identify people whose talents can benefit another part of the organization," says Panasonic's Danny Kalman. "Part of the reason we do this is to recognize people's aspirations for different experiences."

According to our interviewees, employees crave training because they recognize they need it to survive and prosper in a world where increasing numbers possess the skills to compete in a knowledge economy.

"Organizations will become leaner, and people know they need to become more productive," says Randall Schuler, professor of international human resource management at Rutgers University in the US. "They need to stay current, and interpret changes in corporate strategy so that they can continue to position themselves as a vital contributor to the organization. They know they must try to stand out as individuals, because currently there are plenty of other very able people throughout the world doing what they do just as well."

Employee retention thereby becomes increasingly challenging, and training inexperienced employees to undertake important roles is considered a continual necessity. This logic is particularly apparent in China.

"There are many good graduates in Asia, but they are difficult to hold on to," observes Karl-Heinz Oehler, vice-president of global talent management at the Hertz Corporation. "The market is highly competitive. Emerging Chinese companies are also looking for local talent with international experience, and a great deal of poaching takes place."

The shortage of high-performing employees in China is being exacerbated by the country's demographic situation, with the number of 15-24 year-olds entering the labor force expected to fall by almost 30% over the next ten years.[3] Despite the country making it easier to hire foreign workers, as highlighted in the Global Talent Index, Chinese graduates sense huge opportunities, once they obtain the right training.

"The first questions we get from young Chinese graduates are: What is the career path? What are the opportunities to acquire international experience?" says Mr Oehler. "Financial considerations are secondary, at least initially. Their primary concern is getting an education in a large Western multinational. Even English and German lessons are hugely important to them. Once this education has been obtained, these individuals know they will be in a very strong position."

In India, the imbalance between supply of trained talent and demand does not seem quite so acute. KA Narayan, president of HR at the Raymond Group, an Indian manufacturing firm, points to the influences boosting the supply of talent there: "There are clear similarities between India and China in terms of the young age of the workforce. However, key differences also exist. Indians already know English; the quality of management education in Indian business schools is getting better all the time; and we are seeing a reverse talent flow, with many Indians returning home after gaining invaluable experience in Europe and the US."

"In terms of the quality of its young workers, India is now becoming competitive with the developed world," asserts Martin Walker of AT Kearney. However, Mr Narayan believes that the rapid pace of economic growth means that Indian employers will still have a tough job on their hands finding the right people. "Despite the great increase in supply, the shortage of critical talent will only increase," he predicts. "GDP is currently growing at 9%, and rural India is suddenly opening up, sucking in a lot of talent."

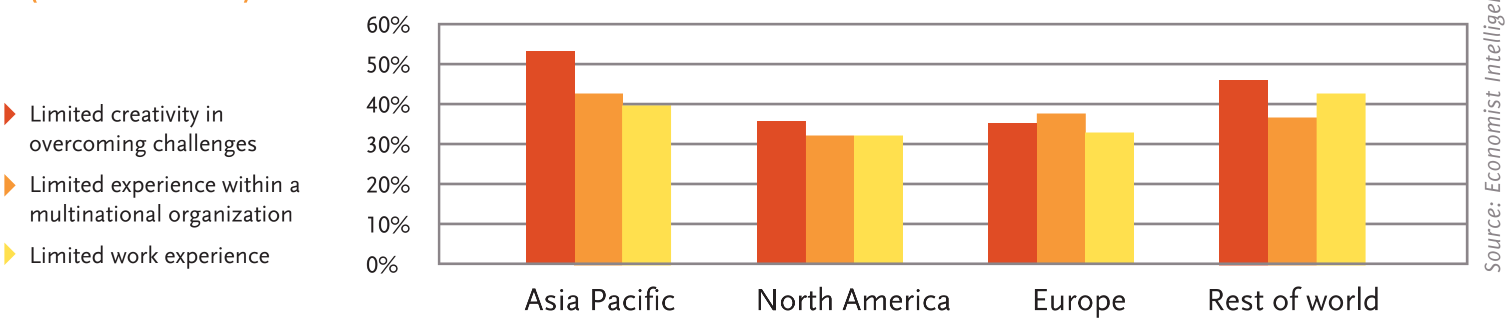
Talent shortages have made the Asian market for pay more flexible and dynamic than in developed countries, with companies not allowing themselves to be bound by a rigid salary structure when looking to recruit the right person for the role. As a result, and as our interviewees confirm, there is a significant pay inflation in this market, particularly for candidates who have gained invaluable experience and training. "Local Chinese companies are quite prepared to offer a potential recruit a 30-40% pay increase from their previous positions," says Mr Oehler.

[3] The Economist, "Socialist Workers: Is China's labour market at a turning point?", June 10th, 2010.

Trouble thinking on their feet

Another cause for corporate concern revealed by the survey has to do with the shortage of "soft" skills in the armory of many new hires. When asked about the primary shortcomings of their management-level recruits, "limited creativity in overcoming challenges" tops the list. "The rarest personality traits throughout the world," says Mr Oehler, "are resilience, adaptability, intellectual agility, versatility – in other words, the ability to deal with a changing situation and not get paralyzed by it."

CHART 10: IN GENERAL, WHAT ARE THE PRIMARY SHORTCOMINGS OF MANAGEMENT-LEVEL HIRES AND/OR OTHER SPECIALISED WORKERS IN THIS MARKET, WHEN COMPARED WITH THE REST OF YOUR WORKFORCE GLOBALLY? (TOP RESPONSES)



The concern with a lack of creativity is particularly acute in Asia and Latin America, indicating a feeling that workers in these regions, in particular, are conditioned to think in straight lines, and are less able to adapt to changing circumstances.

As far as China is concerned, Professor Schuler believes that the effect of the regime's infamous one-child policy on workplace behavior should not be underestimated. "Young people in China are used to being the center of the world, and may find it difficult to adjust when things aren't going their way, with the result that they are perhaps not as flexible as their companies would want."

Limited experience in a multinational organization is another major perceived weakness in potential recruits, particularly in the developing world. Two factors may be at play here. First, as already discussed, candidates with the broad-based, international training that multinationals can provide are attractive to a wide range of companies.

However, it is also worth noting that the largest companies are much more likely to point to a lack of multinational experience as a weakness. Six in ten respondents from companies with revenue of more than $10 billion cite this shortcoming, more than twice the number of those in companies valued at less than $500 million. But when simply asked whether "limited work experience" was a problem, only 28% of those from the largest companies agreed that it was, compared to 39% among the smaller firms.

As with the issue of creativity, we can speculate that is not the ability to perform the basic content of the role that is being called into question. Rather, there is concern that many candidates do not yet possess the understanding and sensitivity to navigate the intricate internal politics of a global organization or deal with the very different cultural backgrounds of a diverse workforce.

CONCLUSION: A REGION APART

The Economist Intelligence Unit and Heidrick & Struggles report from 2011 revealed that companies are far more likely to send expatriates to Asia than to any other emerging region, with China by some distance the most likely country destination.[4] While our Executive Survey on talent shows that a substantial minority throughout the world have reservations about the quality of recent hires or the prospects of acquiring the right people in the near future, it also confirms that Asia presents a particular challenge, with the supply of suitably qualified local workers simply unable to keep pace with the breakneck speed of economic growth.

- It is difficult to see how multinational companies will be able to avoid an increasingly expensive and disruptive fight for the best workers in the developing world – and in China in particular. The corporate world has in general understood that continually sending costly expatriates abroad is not ideal. "Panasonic has in the past sent out many expatriates – people who know the company and its history – to run foreign operations," says Danny Kalman. "But we recognize the need to produce talent on a local basis to develop the business themselves and make these operations more sustainable." For multinationals operating in China, however, this rational objective will not be easily met.

- First, as the Global Talent Index makes clear, the overall quality of the workforce still leaves much room for improvement. Second, demographic changes will precipitate a steep fall in the number of new entrants into the labor market. Third, growing local companies are now realistic competitors for trained talent. "Compared to five years ago, they are much more attractive to Chinese and Indian managers," claims Professor Schuler, "perhaps even more attractive now than Western companies because their success can elicit feelings of national pride."

- Multinationals therefore face the unenviable prospect of investing large amounts of time and money on providing a sought-after practical business education, and then seeing others reap the benefit. As well as competing in an inflationary local pay market, there seems to be no end in sight for the current strategy of developing raw replacements and drafting in expatriates to train them and run operations.

- Global gripes may persist, particularly in relation to a perceived shortage of people equipped with the imagination to succeed amidst the myriad challenges of top management, but supply of, and demand for, able employees appear roughly in step throughout most of the world. The famed war for talent now appears to be assuming a specific, regional hue.

[4] *Up or out: Next moves for the modern expatriate, September 2010.*

APPENDIX A: INDEX METHODOLOGY

Background

The Global Talent Index 2011-2015 is an expansion and revision of a benchmarking index first released in 2007. The original version was created by the Economist Intelligence Unit to measure not only a country's natural potential for producing talent in sociodemographic terms, but also the existence of conditions necessary to realize this potential. The new index includes 30 new countries (for a total of 60) and is broadly consistent with the original index in terms of content and focus.

The current version of the index presents an outlook to 2015 for countries' talent development, attraction and retention potential. As a result of the longer country list, certain indicators from the 2007 index had to be dropped due to data quality and availability issues; in other cases, indicators from 2007 were adjusted or consolidated to enhance the robustness of the index and model.

To validate the index results, the final 2011 rankings were correlated against the World Economic Forum's country competitiveness rankings. They were also correlated against data for the percent of a country's population with tertiary education, as well as the World Economic Forum's "Brain Drain" indicator, which seeks to evaluate the extent to which countries struggle with talent losses. The coefficients were all found to be above 0.5, indicating that the model results are in line with other measures of country competitiveness and talent retention and development.

Index components

The GTI is in essence a collection of data indicators that have been grouped into thematic categories. The index categories are as follows:

- **Demographics**
- **Compulsory education**
- **University education**
- **Quality of the labor force**
- **Talent environment**
- **Openness**
- **Proclivity to attracting talent**

The list of categories to the left touch upon a country's potential to produce talent, as measured by demographic trends; a country's ability to develop talent, as determined by educational infrastructure; conditions for a skilled labor force; and the propensity of a country's economy to foster competitive and internationally-oriented business (as measured through foreign direct investment, trade, employment and other relevant metrics).

The indicators contained within each of the categories above generally map to the original 2007 indicator list, which was formulated on the basis of expert discussions. For the 2011-2015 index, multivariate analysis was also conducted to remove redundant and insignificant components from the model, so as to improve the rigor and strength of the index.

Variables combine quantitative measures drawn from a variety of local and international data sources, with qualitative assessments from the Economist Intelligence Unit's network of country analysts and local contributors. Forecasts were based on the Economist Intelligence Unit's macroeconomic model and country analysts' projections. Some variables, particularly for education, were assumed to remain stable over the five-year forecast period; however, outlooks were broadly formulated on historic and global trends.

Calculating the index

All raw data in the index is transformed so that it appears on a 0-100 scale, where 0=worst and 100=best. Once raw data has been normalized, the 0-100 scores are aggregated across categories to enable a comparison of broader concepts across countries.

Indicators where the highest data point indicates better performance, a better business climate or better talent environment have been normalized on the basis of:

x = (x - Min(x)) / (Max(x) - Min(x))

where Min(x) and Max(x) are, respectively, the lowest and highest values in the 60 country set for any given indicator. The normalized value is then transformed from a 0-1 value to a 0-100 score to make it directly comparable with other indicators. This effectively means that the country with the highest raw data value will score 100, while the lowest will score 0.

For quantitative indicators where a high value indicates poor performance, the normalisation function takes the form of:

x = (x - Max(x)) / (Max(x) - Min(x))

where Min(x) and Max(x) are, respectively, the lowest and highest values in the list of countries for any given indicator. The normalized value is then transformed into a positive number.

Qualitative data

All qualitative indicators have been scored on an integer scale and have been assigned by our country experts. This scale ranges from 0-4 or 1-5; scores are assigned by the research managers and the Economist Intelligence Unit's team of country analysts according to the scoring criteria. The integer scores are then transformed to a 0-100 score to make them comparable with the quantitative indicators in the index.

Weighting the index

At the conclusion of the research, the Economist Intelligence Unit selected a series of default weights deemed appropriate for the overall index calculation. These weights have been constructed to mirror those of the 2007 index and also to emphasise priority areas indicated by expert interviews and research in 2010-2011. Due to the widely-recognized importance of university education and the availability of employable talent, heavier weights have been assigned to the "University education" and "Quality of the labor force" categories.

THE GTI WEIGHTS ARE DISPLAYED BY CATEGORY BELOW:

Demographics	11.1%	Talent environment	11.1%
Compulsory education	11.1%	Openness	11.1%
University education	22.2%	Proclivity to attracting talent	11.1%
Quality of the labor force	22.2%		

Indicators and sources

Category/Indicator name	Source
DEMOGRAPHICS	
Population aged 20-59	*EIU; US Census Bureau; UN Projections*
CAGR population aged 20-59 (%)	*EIU; US Census Bureau; UN Projections*
COMPULSORY EDUCATION	
Duration of compulsory education	*UNESCO*
Current education spending (% of GDP)	*EIU Market Indicators and Forecasts (MIF)*
Current education spending per pupil as a % of GDP per capita	*UNESCO*
Secondary school enrolment ratio (%)	*EIU Market Indicators and Forecasts (MIF)*
Expected years of schooling	*UNESCO; EIU Market Indicators and Forecasts (MIF)*
Adult literacy rate	*World Bank WDI; CIA World Factbook*
Pupil:teacher ratio. Primary	*UNESCO; OECD*
Pupil:teacher ratio. Lower secondary	*UNESCO; OECD*
UNIVERSITY EDUCATION	
Gross enrolment ratio ISCED 5 & 6 Total	*UNESCO*
Universities ranked in World's top 500	*QS*
Total expenditure for tertiary education (as % of GDP)	*UNESCO; EIU estimates*
QUALITY OF THE LABOR FORCE	
Researchers in R&D (per m pop)	*UNESCO; World Bank; EIU estimates*
Technicians in R&D (per m pop)	*UNESCO; World Bank; EIU estimates*
Quality of work force	*EIU Business Environment Rankings*
Language skills of the labor force	*EIU Business Environment Rankings*
Technical skills of the workforce	*EIU Business Environment Rankings*
Local managers	*EIU Business Environment Rankings*
TALENT ENVIRONMENT	
R&D as % of GDP	*EIU Business Environment Rankings*
Degree of restrictiveness of labor laws	*EIU Business Environment Rankings*
Wage regulation	*EIU Business Environment Rankings*
Protection of intellectual property	*EIU Risk Briefing*
Protection of private property	*EIU Risk Briefing*
Meritocratic remuneration	*EIU Risk Briefing*
OPENNESS	
Hiring of foreign nationals	*EIU Business Environment Rankings*
Average stock of FDI (% of GDP)	*EIU Market Indicators and Forecasts (MIF)*
Openness of trade (% of GDP)	*EIU Market Indicators and Forecasts (MIF)*
PROCLIVITY TO ATTRACTING TALENT	
Personal disposable income per capita	*EIU Market Indicators and Forecasts (MIF)*
Employment growth	*EIU Market Indicators and Forecasts (MIF)*

APPENDIX B: INDEX SCORES BY CATEGORY

2011 INDEX								
	Overall score	Demographics	Compulsory education	University education	Quality of the labour force	Talent environment	Openness	Proclivity to attracting talent
Category weight		*11.1%*	*11.1%*	*22.2%*	*22.2%*	*11.1%*	*11.1%*	*11.1%*
United States	74.2	30.8	81.1	82.9	88.8	100.0	50.5	62.2
Denmark	64.7	13.4	85.2	61.1	92.2	93.1	53.9	30.5
Finland	63.2	9.6	80.7	61.4	91.8	81.9	53.5	36.4
Norway	61.9	22.0	84.3	53.8	81.7	73.6	52.8	53.0
Singapore	60.2	21.0	55.9	38.2	83.5	81.9	71.6	68.4
Australia	60.1	22.2	70.9	50.6	83.2	73.6	51.8	54.5
Sweden	59.5	19.4	84.4	49.2	86.3	69.4	54.8	36.4
Hong Kong	59.1	20.9	62.8	37.6	74.2	77.8	83.3	63.8
Switzerland	58.5	15.8	78.0	39.6	84.0	87.5	39.4	58.7
Netherlands	58.3	12.0	81.2	46.9	81.9	75.0	57.7	41.6
Israel	58.3	28.8	77.0	37.0	92.2	79.2	36.3	45.0
United Kingdom	58.2	22.2	80.0	47.3	73.6	86.1	52.7	41.0
Germany	57.9	10.0	80.8	47.3	81.9	75.0	53.6	43.2
Canada	57.8	21.8	77.5	43.1	79.5	73.6	53.1	48.9
New Zealand	57.7	22.5	81.2	52.7	73.8	75.0	53.2	34.3
Ireland	57.4	23.2	76.5	36.9	74.3	75.0	72.9	46.6
Austria	55.7	16.0	80.0	42.7	74.0	87.5	39.1	45.2
Belgium	55.5	12.5	87.7	43.4	68.2	69.4	63.1	43.5
France	55.1	12.0	77.8	41.6	77.1	75.0	52.6	41.3
Taiwan	54.5	17.6	74.8	47.7	72.0	80.6	38.4	40.1
Spain	49.7	20.2	75.6	41.9	60.0	51.4	52.6	43.6
South Korea	48.4	18.6	68.5	48.2	62.7	73.6	19.9	33.6
Italy	46.7	13.7	78.1	39.0	51.8	56.9	51.8	38.3
Greece	46.7	11.1	75.3	54.1	49.3	50.0	34.3	42.7
Czech Republic	45.9	8.8	75.7	40.1	55.9	66.7	41.2	28.3
Portugal	45.4	10.6	78.3	35.0	51.4	66.7	53.4	26.7
Japan	45.0	6.6	73.8	37.8	64.3	69.4	17.0	33.4
Argentina	44.6	29.5	70.4	37.0	54.5	37.5	51.8	28.9
Poland	44.0	6.0	75.3	38.1	46.7	55.6	53.9	36.3
Hungary	43.8	5.9	77.4	38.8	49.3	59.7	57.6	17.4
Chile	43.7	28.9	66.5	26.5	50.3	59.7	54.7	29.3
Slovakia	43.3	10.2	70.2	29.7	47.5	62.5	58.4	34.4
China	41.1	68.6	64.0	24.4	40.4	58.3	35.5	13.6
Russia	40.8	5.9	71.7	39.4	49.4	55.6	35.0	21.0
India	40.5	75.4	32.0	15.2	64.0	44.4	34.3	19.7
Malaysia	40.1	37.7	53.7	30.0	54.2	51.4	25.7	24.3
Romania	40.1	4.0	69.2	38.9	48.2	43.1	53.5	16.5
Mexico	39.7	35.4	62.9	19.2	44.1	55.6	52.8	23.7
Venezuela	39.4	36.7	65.8	38.4	39.1	16.7	52.1	28.5
Colombia	39.1	34.7	58.9	24.3	43.5	44.4	51.5	26.5
Saudi Arabia	39.0	47.4	63.5	38.3	23.0	43.1	20.7	54.1
Brazil	38.2	33.6	66.5	25.5	39.4	50.0	34.0	30.3
Ukraine	38.0	4.6	81.4	47.8	37.5	41.7	37.3	6.3
Philippines	37.6	44.6	42.7	14.2	49.0	51.4	53.3	20.0
South Africa	37.4	20.6	62.2	21.1	45.2	59.7	36.1	25.7
Thailand	36.8	19.7	62.2	28.3	44.0	45.8	39.7	19.1
Peru	36.4	35.7	59.7	16.3	34.5	48.6	52.0	29.8
Turkey	35.0	35.6	53.7	28.0	40.1	47.2	34.9	7.0
Bulgaria	34.7	0.3	67.7	27.7	41.5	48.6	41.2	16.5
Ecuador	33.5	33.9	61.3	26.7	29.7	20.8	52.8	19.5
Egypt	32.8	41.0	44.4	19.1	25.7	47.2	36.1	36.7
Vietnam	30.7	40.5	59.8	24.4	24.2	36.1	24.7	17.7
Kazakhstan	30.5	21.0	71.0	17.6	20.1	41.7	38.0	27.5
Azerbaijan	29.8	32.4	66.3	6.1	16.5	37.5	54.9	32.0
Iran	29.7	38.1	55.1	26.6	27.3	29.2	18.3	18.7
Pakistan	27.0	55.3	9.8	5.4	29.9	36.1	51.1	20.2
Algeria	27.0	39.8	53.0	19.6	19.7	26.4	19.1	25.8
Indonesia	26.5	38.8	58.3	11.7	25.4	29.2	18.6	19.0
Sri Lanka	26.3	15.4	54.1	0.0	44.5	41.7	35.3	1.2
Nigeria	23.1	50.7	14.4	4.3	25.2	25.0	36.4	22.0

2015 INDEX

	Overall score	Demographics	Compulsory education	University education	Quality of the labour force	Talent environment	Openness	Proclivity to attracting talent
Category weight		*11.1%*	*11.1%*	*22.2%*	*22.2%*	*11.1%*	*11.1%*	*11.1%*
United States	74.5	39.6	81.3	82.0	89.6	100.0	34.1	71.9
Denmark	65.4	15.7	85.7	59.0	94.7	93.1	54.2	32.9
Finland	64.2	17.9	80.2	59.5	92.8	81.9	53.5	40.0
Sweden	63.4	22.1	83.2	56.5	87.0	80.6	55.3	42.1
Norway	62.3	25.7	84.7	54.4	82.9	73.6	52.5	49.7
Singapore	61.9	25.4	51.9	42.9	86.0	87.5	67.7	66.9
Australia	61.9	31.7	72.3	52.6	83.1	73.6	51.7	56.0
Canada	61.3	31.4	76.8	45.3	85.1	73.6	52.6	56.1
Switzerland	60.9	20.5	77.8	41.2	84.7	87.5	56.7	53.8
Hong Kong	60.8	28.9	65.8	35.8	75.5	77.8	83.3	68.5
Israel	59.9	36.4	74.5	39.6	92.2	79.2	35.9	49.4
Germany	59.9	11.5	79.3	47.5	82.9	81.9	53.9	51.1
Netherlands	59.4	18.9	80.6	46.9	82.4	80.6	57.6	38.4
United Kingdom	59.3	24.6	77.9	49.3	74.2	86.1	53.0	45.1
New Zealand	59.1	28.2	80.3	51.2	74.0	80.6	52.8	39.4
France	58.1	21.3	76.4	45.0	77.1	80.6	53.0	47.3
Ireland	58.0	33.2	72.5	31.9	74.4	80.6	75.0	48.1
Belgium	57.2	19.6	89.6	47.5	64.1	75.0	62.8	44.9
Taiwan	54.3	10.9	76.9	46.3	66.9	86.1	38.4	49.6
Austria	53.5	16.8	79.1	36.2	71.4	87.5	39.4	43.2
South Korea	51.6	17.5	70.6	49.5	63.7	75.0	36.6	38.2
Spain	49.5	25.7	73.5	42.9	59.3	63.9	36.2	42.3
Italy	48.1	13.9	73.9	42.3	52.4	62.5	52.0	40.9
Japan	48.0	10.5	75.1	41.7	62.5	75.0	33.7	29.6
Czech Republic	47.6	15.7	74.4	44.1	57.6	66.7	41.4	26.8
Portugal	47.1	12.9	80.4	40.8	49.7	66.7	53.4	29.7
Chile	47.1	28.8	70.5	32.1	50.7	66.7	54.2	38.0
Poland	46.7	11.6	74.1	40.7	57.3	55.6	53.7	29.1
Slovakia	46.6	13.7	72.2	35.0	49.2	68.1	59.6	37.4
Hungary	46.5	9.3	81.7	39.3	52.5	59.7	58.6	25.8
China	46.3	72.8	66.9	31.7	41.2	59.7	51.5	20.0
Argentina	46.2	30.1	72.9	40.7	55.0	37.5	51.4	32.4
Greece	45.7	14.4	70.7	48.9	49.0	62.5	33.9	34.0
Russia	43.1	10.9	70.6	42.2	50.2	55.6	34.7	31.4
India	42.2	75.8	30.5	15.7	64.2	50.0	34.3	29.9
Mexico	42.2	30.6	62.2	26.0	44.3	55.6	52.7	38.6
Romania	41.8	6.4	73.6	35.7	50.9	43.1	54.5	25.9
Brazil	41.7	31.7	70.6	29.1	45.2	50.0	34.1	40.0
Malaysia	41.1	38.6	58.5	29.4	44.1	50.0	39.5	36.5
Saudi Arabia	41.1	48.1	68.2	43.5	23.9	44.4	20.7	54.0
Colombia	40.8	36.7	62.2	25.7	43.7	44.4	51.4	34.0
Ukraine	40.3	4.0	81.8	57.4	36.9	34.7	36.2	17.5
Turkey	39.9	34.3	60.5	33.0	40.8	54.2	34.5	28.5
Philippines	39.8	45.2	44.9	12.6	53.6	52.8	51.7	31.3
Thailand	39.0	23.9	64.0	34.2	44.1	45.8	38.7	21.9
South Africa	38.7	22.1	60.7	20.7	45.5	61.1	35.3	36.4
Peru	37.8	34.4	64.6	18.3	34.5	48.6	51.9	35.6
Bulgaria	37.3	0.2	68.3	30.3	47.9	48.6	41.4	21.1
Egypt	37.3	43.7	48.1	19.0	31.5	47.2	51.4	44.1
Ecuador	36.7	33.6	70.1	30.8	29.6	25.0	52.4	28.2
Venezuela	36.0	39.4	65.3	32.5	38.9	23.6	34.4	18.7
Kazakhstan	33.2	23.9	71.6	28.5	20.0	41.7	37.3	27.0
Vietnam	32.7	34.0	60.4	23.2	24.1	36.1	41.8	27.0
Pakistan	30.8	56.0	5.9	6.7	34.4	45.8	51.1	35.8
Iran	30.3	36.3	58.7	27.1	31.2	30.6	0.3	30.0
Indonesia	30.2	37.0	66.7	17.1	25.3	23.6	34.3	25.4
Sri Lanka	29.2	23.7	50.7	3.2	44.5	41.7	34.6	16.6
Algeria	28.0	39.3	64.7	19.9	19.6	26.4	18.1	24.8
Nigeria	27.7	53.8	26.6	7.1	30.9	25.0	35.4	33.1
Azerbaijan	26.3	30.0	64.9	4.1	16.7	37.5	35.7	27.4

APPENDIX C: SURVEY RESULTS

The Economist Intelligence Unit surveyed 441 executives in December 2010 and January 2011 on their organizations' talent challenges. The global results of the survey are presented below.

How confident is your business about the next two years in terms of overall growth prospects?

Highly confident	33 %
Somewhat confident	49 %
Neutral	10 %
Somewhat pessimistic	7 %
Highly pessimistic	1 %

How confident is your business that it will be able to attract and retain the necessary labor needed for its management team and/or other specialised workers to achieve its growth targets for the coming two years?

Highly confident	24 %
Somewhat confident	47 %
Neutral	14 %
Somewhat pessimistic	13 %
Highly pessimistic	1 %
Not applicable	1 %

How satisfied has your firm been with the quality of new hires for your management team and/or other specialised workers over the past two years?

Highly satisfied	21 %
Somewhat satisfied	44 %
Neutral	17 %
Somewhat unsatisfied	13 %
Highly unsatisfied	2 %
Not applicable	3 %

If you have been generally satisfied with the quality of new hires for your management team and/or other specialised workers, why do you believe that is? Select all that apply.

Our brand helps ensure that strong candidates apply	53 %
Our pay/benefits package helps ensure that strong candidates apply	42 %
Quality of tertiary and/or management education in this country is generally high	39 %
Quality of primary and secondary education in this country is generally high	37 %
There is a significant pool of experienced managers and/or specialised workers in this country.	36 %
Our company has a detailed process or programme for integrating new hires	24 %
Government policy regarding immigration and/or free movement of labor helps ensure that top candidates are available to meet demand	8 %
Other	9 %

If you have been unsatisfied with the quality of new hires for your management team and/or other specialised workers, why do you believe that is? Select all that apply.

There is a limited pool of experienced managers and/or specialised workers in this country.	43 %
Our pay/benefits package is not good enough to attract sufficiently strong candidates	38 %
Our brand is not good enough to attract sufficiently strong candidates	35 %
Quality of tertiary and/or management education in this country is generally low	31 %
Our company has a limited process or programme for integrating new hires	25 %
Quality of primary and secondary education in this country is generally low	18 %
Government policy regarding immigration and/or free movement of labor hinders the ability of good candidates to meet demand	12 %
Other	12 %

In general, what are the primary shortcomings of management-level hires and/or other specialised workers in this market, when compared with the rest of your workforce globally? Select up to three.

Limited creativity in overcoming challenges	41 %
Limited experience within a multinational organization	37 %
Limited work experience	35 %
Culture-related issues	27 %
Limited loyalty to firm and/or brand	25 %
Language-related issues	22 %
Difficulties in integrating with the rest of the workforce	20 %
Limited formal qualifications	15 %
Other	9 %

How much time and/or resource does your firm need to invest in training and developing new management and/or other specialised workers before they're able to do the necessary job, in comparison with the norm for your organization globally?

Well above average time and/or resource required	13 %
Above average time and/or resource required	28 %
Average time and/or resource required	40 %
Below average time and/or resource required	9 %
Well below average time and/or resource required	3 %
Don't know/ not applicable	7 %

Overall, has the amount of time and/or investment required to bring new management and/or specialised workers up to speed over the past two years risen or fallen?

Risen substantially	10 %
Risen somewhat	39 %
Stayed the same	36 %
Fallen somewhat	8 %
Fallen substantially	2 %
Don't know/ not applicable	4 %

Which of the following benefits does your firm currently use to attract and retain management and/or specialised workers? Select all that apply.

Offer local training and development	48 %
Provide access to top management	42 %
Give clear autonomy/decision-making powers	41 %
Provide strong career opportunities	39 %
Provide higher salaries	37 %
Provide better benefits (eg, housing allowances, car)	33 %
Offer international training and development	31 %
Promote the benefits of association with your brand	24 %
Provide a dedicated mentor and/or other form of support to integrate people properly	23 %
Other	6 %

Considering your own personal experience within your company, how well do believe your company currently performs, in terms of its overall performance with regards to attracting workers?

Excellent	10 %
Above average	44 %
Average	35 %
Below average	10 %
Poor	2 %

Considering your own personal experience within your company, how well do believe your company currently performs, in terms of its overall performance with regards to retaining workers?

Excellent	12 %
Above average	41 %
Average	34 %
Below average	10 %
Poor	3 %

Considering your own personal experience within your company, how well do believe your company currently performs, in terms of its overall performance with regards to developing workers?

Excellent	11 %
Above average	36 %
Average	33 %
Below average	15 %
Poor	5 %

What is your primary industry?

Professional services	18 %
Financial services	14 %
Manufacturing	10 %
IT and technology	8 %
Consumer goods	7 %
Government/Public sector	6 %
Healthcare, pharmaceuticals and biotechnology	6 %
Energy and natural resources	5 %
Construction and real estate	5 %
Education	4 %
Retailing	3 %
Entertainment, media and publishing	3 %
Telecommunications	3 %
Transportation, travel and tourism	2 %
Agriculture and agribusiness	2 %
Automotive	2 %
Aerospace/Defence	1 %
Chemicals	1 %
Logistics and distribution	1 %

What are your company's annual global revenues in US dollars?

$500m or less	49 %
$500m to $1bn	12 %
$1bn to $5bn	16 %
$5bn to $10bn	6 %
$10bn or more	17 %

Which of the following best describes your job title?

Board member	5 %
CEO/President/Managing director	25 %
CFO/Treasurer/Comptroller	7 %
CIO/Technology director	4 %
Other C-level executive	7 %
SVP/VP/Director	20 %
Head of business unit	5 %
Head of department	12 %
Manager	10 %
Other	4 %

What are your main functional roles? Choose up to three.

Human resources	47 %
General management	46 %
Strategy and business development	32 %
Finance	20 %
Operations and production	16 %
Marketing and sales	15 %
IT	9 %
Customer service	8 %
Risk	7 %
Legal	5 %
Information and research	4 %
R&D	4 %
Procurement	3 %
Supply-chain management	2 %
Other	4 %

In which region are you personally based?

North America	30 %
Asia Pacific	29 %
Western Europe	25 %
Middle East and Africa	6 %
Eastern Europe	5 %
Latin America	5 %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