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# PRESS RELEASE

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**GROWING TALENT MISMATCH AND WEAK PRODUCTIVITY INCREASE PRESSURE ON GLOBAL LABOUR MARKET**

- *Global economic growth is not translating into improved labour productivity or higher wages*
- *Increasing mismatch between the skills workers possess and those desired by employers*
- *Women less likely to participate in the labour market and less likely to find skilled employment*

While global economic growth is expected to maintain its momentum over the next twelve months, it is not generating a corresponding improvement in labour productivity or wage growth according to the seventh edition of the Hays Global Skills Index ('the Index'), a report published today by recruitment experts Hays in collaboration with Oxford Economics.

This year's report – titled **'Investing in the Skills of Tomorrow; Avoiding a Spiralling Skills Crisis'** – examines professional employment markets across 33 countries and markets and measures the ability of companies to access skilled workers, providing a unique insight into the health of the global labour market.

This year's Overall Index score increased slightly from 5.3 to 5.4, suggesting that the global labour market has come under greater strain in the last year. The Overall Index score is an aggregate of the seven key indicators across all 33 markets surveyed. However, a subtle movement in the Overall Index score often masks a wealth of insight and information at an individual country level.

The Index revealed the main factor behind this tightening is the growing mismatch between the skills workers possess and those required by employers. This trend was seen across almost half of the markets assessed (16 out of 33) and is highlighted by a growing number of open job vacancies coupled with a higher rate of long-term unemployment, with the largest rises coming from within Europe (most notably Austria, France and Belgium).

The Index also highlights the economic damage being caused by the 'global productivity puzzle', which has seen labour productivity levels across the world flatline since the financial crisis a decade ago. The research indicated that many countries across Europe, the Middle East and the Americas are stuck in a low growth trap, whereby weak productivity growth has led to reduced investment in labour and capital, further weakening overall productivity levels. Most worryingly, this stagnation may be part of a longer-term trend; the result of macroeconomic forces such as an ageing population; a downturn in global trade; and reduced investment in education and training.

Finally, the data also presented a pattern of narrowing wage gaps between lower-skilled jobs and higher-skilled occupations, which may serve to reduce wage inequality levels globally. The research also showed across all markets covered in the report that the gender pay gap persists. It also revealed women are less likely to participate in the labour market than men and when they do, are less likely to find skilled employment.

The fast-changing work environment has led to the global labour force failing to develop the skills required to fill today's roles. To bridge this gap, education programmes and on-the-job training need to be prioritised; low interest rates and stable global economics need to be utilised to increase investment in technology and infrastructure to help boost productivity; and diversity of all forms must be promoted. This may enable businesses to boost productivity and empower workers across the world to retain good quality jobs and boost wage growth.

Commenting on the findings of the Index, Alistair Cox, Chief Executive, Hays plc said:

*"This year's Index has highlighted a growing mismatch between the skills workers possess and the skills that are required by businesses. It's already a problem if employers can't find workers with the necessary skills and experience for today's roles, and going forward the issue will only become more challenging with further advances in technology, particularly in AI and machine learning".*

*"The Index has also exposed the alarming signs behind the global lack of growth in productivity and wages. Labour productivity across the globe has flatlined as firms fall behind with investing in new technology and crucial infrastructure development post the financial crisis, both aspects that can drive productivity forward.*

*"There are important long-term trends to consider here and the reasons behind them are important for business, policymakers and workers themselves. It is crucial that going forward more investment is made in education and on-the-job training so that workers can fill the roles their employers are creating and boost productivity. We are at a critical junction, where if we don't seek to address these issues in the very near future, then the skills crisis risks spiralling out of control and the global labour market will struggle to keep up and provide the skills the world needs."*

***Countries include;** Australia, Austria, Belgium, Brazil, Canada, Colombia, Chile, Mainland China, the Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE, the UK and the USA

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**Notes on methodology**

The Hays Global Skills Index provides a score for each country of between 0 and 10 which measures the pressures present in its labour market. The score is calculated through an analysis of seven equally weighted indicators, each covering different dynamics of the labour market, such as education levels, labour market flexibility and wage pressures.

An overall score of above 5.0 indicates that the labour market is 'tighter' than normal. A score below 5.0 indicates the market is 'looser' than normal. Within these overall scores, however, the scores attributed to each of the seven indicators can vary significantly, highlighting the different dynamics and pressures faced by each country.

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## About Hays

Hays plc (the "Group") is a leading global professional recruiting group and is celebrating its 50th anniversary this year. The Group is the expert at recruiting qualified, professional and skilled people worldwide, being the market leader in the UK and Asia Pacific and one of the market leaders in Continental Europe and Latin America. The Group operates across the private and public sectors, dealing in permanent positions, contract roles and temporary assignments. As at 30 June 2018 the Group employed 10,978 staff operating from 257 offices in 33 markets across 20 specialisms. For the year ended 30 June 2018:

– the Group reported net fees of £1.072 billion and operating profit (pre-exceptional items) of £243.4 million;
– the Group placed around 77,000 candidates into permanent jobs and around 244,000 people into temporary assignments;
– 19% of Group net fees were generated in Australia & New Zealand, 26% in Germany, 24% in United Kingdom & Ireland and 31% in Rest of World (RoW);
– the temporary placement business represented 58% of net fees and the permanent placement business represented 42% of net fees;
– Hays operates in the following markets: Australia, Austria, Belgium, Brazil, Canada, Colombia, Chile, the Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Mainland China, Malaysia, Mexico, the Netherlands, New Zealand, Poland, Portugal, Russia, Singapore, Spain, Sweden, Switzerland, UAE, the UK and the USA

## About Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, Oxford Economics has become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. The company's best-of-class global economic and industry models and analytical tools provide an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC. The company employs over 300 full-time people, including more than 200 professional economists, industry experts and business editors – one of the largest teams of macroeconomists and thought leadership specialists. The global team is highly skilled in a full range of research techniques and thought leadership capabilities, from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics. Underpinning Oxford Economics' in-house expertise is a contributor network of over 500 economists, analysts and journalists around the world.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. The company's worldwide client base now comprises over 1000 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.