



Talent
Solutions
ManpowerGroup



TOTAL WORKFORCE INDEX™

2022 GLOBAL ANALYSIS

Introduction

When the COVID-19 pandemic emerged in 2020, companies responded quickly to manage travel restrictions and rapidly deploy remote, offshore and nearshore talent. In the two years since, decisions have been shaped by far-reaching challenges, including rising demand, inflation and wage pressure, low unemployment, changing demographics and geopolitical upheaval – most notably Russia’s war with Ukraine.

Today’s labor markets are also characterized by intense competition for talent. In ManpowerGroup’s 2022 Talent Shortage Survey, 75% of companies globally reported talent shortages and difficulty hiring – a 16-year high.

The Total Workforce Index™ is designed to help organizations navigate these challenges by providing insights into the availability, costs, productivity and regulatory environments of workforces in over 60 countries. Now in its ninth year, we routinely refine our models to adapt to our clients’ changing needs. In 2022, we strengthened our focus on remote work capabilities based on increased acceptance and continued demand among employers looking to access workers without the investment in infrastructure. New regulations are also having an impact, such as in the Netherlands where employers will soon be required to justify any denials of remote work requests.

Other changes in 2022 include the addition of cost of living, wage growth and emerging/younger workforce considerations while scaling back weightings related to border limitations and slowing migration patterns as countries have adjusted to the pandemic. We also reduced the weighting of policies related to night and weekend work, which become less relevant as the prevalence of remote work increases.

As short-term necessities have transitioned into longer-term investment priorities, companies are now looking for new markets to meet their business objectives while differentiating themselves and advancing their employer value propositions. It is not enough to choose the optimal location. In the competition for in-demand talent, employers must work to become employers of choice regardless of where they are located.

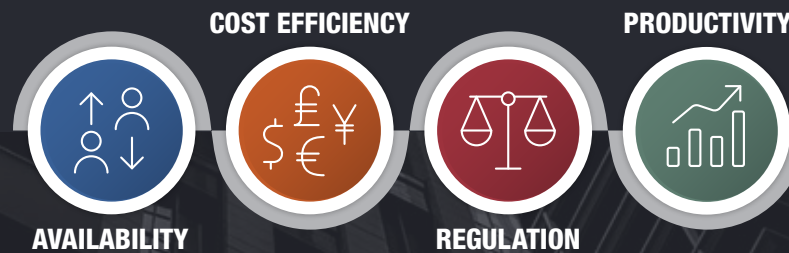
Organizations looking to separate from the pack are turning to the Total Workforce Index™ to help them navigate change in real time. The Total Workforce Index™ has become a go-to predictive resource to inform critical business decision-making. In unpredictable times, the Total Workforce Index™ enables companies to proactively and creatively compete for much-needed talent.

What is the Total Workforce Index™?

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 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. Markets that perform well have successfully responded to trends, such as remote workforce readiness, building technology infrastructure and closing skills gaps. They have demonstrated market and geopolitical stability, have relatively high gender participation and are skilling emerging workforces to meet changing demographic realities. High-ranking markets also exhibit favorable regulatory environments.



What's New in 2022

As companies and governments have adjusted to the impacts of the COVID-19 pandemic, wage pressure and demand for talent that outpaces supply, we have reweighted factors accordingly. For example, we lowered the importance of border access related to COVID lockdowns. We also reduced the weighting on English proficiency and education requirements as employers have lowered their requirements in response to limited labor supplies.

This year's Index also focuses more heavily on age – prioritizing the availability of large pools of Gen Z and millennial workers due to the need to cultivate sustainable populations of talent as older workers leave the labor market.

Cost of living indices, wage inflation rates and exchange rate volatility are new factors introduced into the 2022 Total Workforce Index™ (TWI) based on the significant impact of these issues on organizations and their workforces. This helps to provide a clearer picture of economic stability as companies make workforce mix and location decisions.

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



“Evaluation of over 3,000 professional roles determined that 89% are capable of being remote, and of those positions, 74% are remote optimal and allow for workers to do their jobs virtually with the same or superior performance and productivity. Employers are leveraging this data to determine the best office return strategies for their business, and in September 2022, 34% of the Fortune 500 have established a minimum on-site requirement, while 23% have a fully optional policy, and 9% and 7% have initiated a fully remote or fully on-site requirement, respectively.”

– Stefano Scabbio, President Southern Europe and Talent Solutions Global Brand Leader

TOP 10 Highest Ranking Markets

- 1 United States 
- 2 Singapore 
- 3 Canada 
- 4 Ireland 
- 5 Australia 
- 6 United Kingdom 
- 7 Israel 
- 8 Philippines 
- 9 Mexico 
- 10 Malaysia 

With high skills availability, employment-friendly regulatory environments and remote-ready infrastructures (e.g., reliable electricity, widely available high-speed data networks, computers in the home), **the top 3 overall markets – the United States, Singapore and Canada, respectively – remain unchanged from 2021.**

Ireland rises four spots to 4th place due in part to relaxed border controls that were introduced early in the pandemic. **Australia is in 5th place**, re-entering the top 10 for the first time in the past five years while **the U.K. holds steady in the 6th spot.**

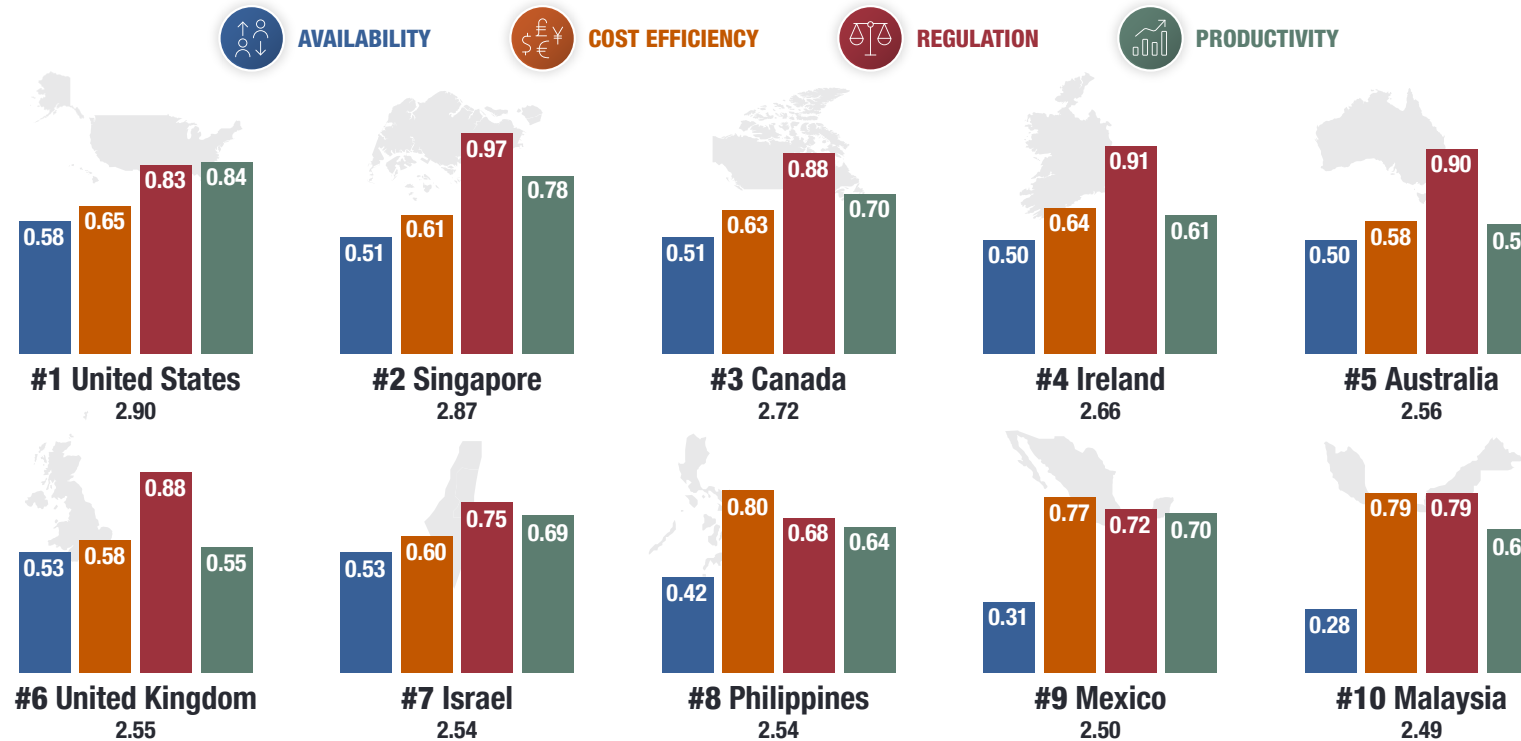
Israel, the Philippines, Mexico and Malaysia enter the top 10 with the 7th through 10th spots. Factors contributing to their inclusion include highly skilled workforces, sustainable access to on-site and remote talent and stable economies and geopolitical situations.

Mexico (rising to #9 from 53rd in 2021) is unique because laws that prohibit outsourcing of contingent workers and most types of subcontractors have led companies to pull

out of that market. The result is significantly improved access to full-time permanent labor, meaning Mexico stands out in terms of being able to support permanent recruitment – whether remote or on-site – for companies looking for opportunities to offshore or nearshore to lower-cost markets.

The Philippines, which ranked 54th in 2021, jumps to 8th in the global rankings due to increased demand for offshoring/nearshoring, government incentives, scaled-back education and English-proficiency requirements and demand for a wider variety of skills needed for back-office environments, shared services and IT.

The addition of Malaysia and Israel relates to the increased sectors those markets are able to support – particularly IT and engineering – along with high-quality sustainable talent pools of younger workers. Israel also benefits from increasing female labor participation rates and a Sunday-Thursday work week, which allows many companies to expand their operating week at no additional cost.



Despite all of the changes that have taken place in workforce dynamics and strategy, Regulation has a special influence on the top 10 overall markets. When we consider the regulatory environment to be of equal importance to the other categories, certain markets consistently rise to the top. They outperform the average so much that it provides an advantage even when their Cost and Availability rankings aren't as competitive as other markets. This is the case with this year's new entrants as well. So, while Mexico, the Philippines and Malaysia don't outpace the competition on Availability, they make up for it with regulations that are exceptionally welcoming to employers – either for contingent workers, permanent workers, or both.

“The law prohibiting outsourcing of labor in Mexico may have discouraged foreign investment among companies looking to engage contingent labor. However, any company looking for a large, young skilled workforce can find an abundant permanent workforce at a lower cost than many other markets can offer. This has created a fluid dynamic as American companies look to nearshore and benefit from alignment of time zones and affinity for culture.”

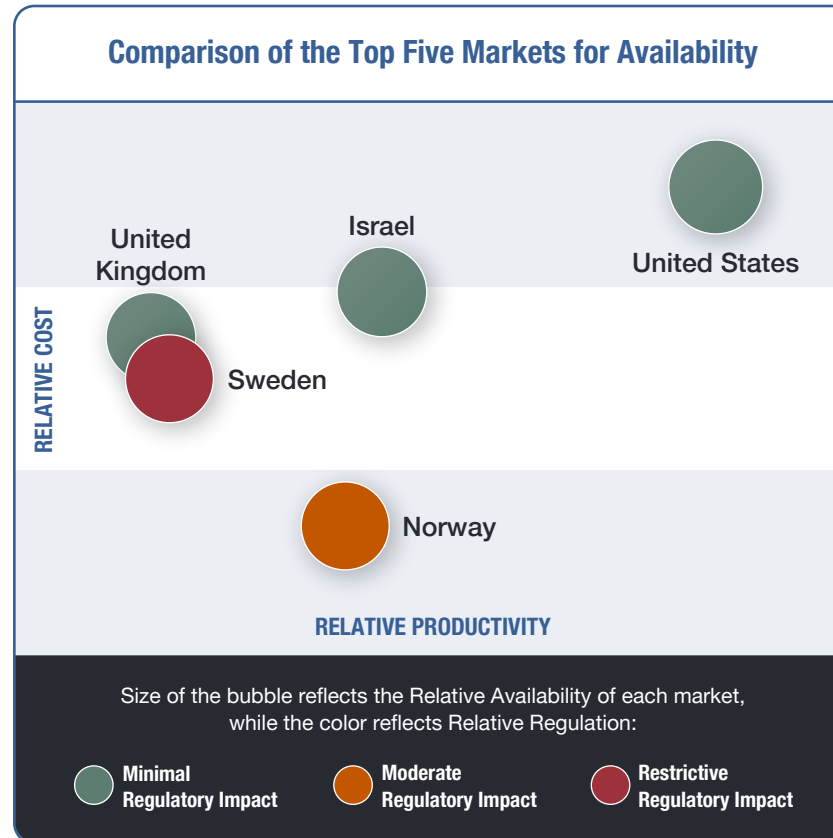
– Maria Castro Navares,
RPO Practice Leader, LATAM,
ManpowerGroup Talent Solutions



TOP 5 – Availability

Workforce Availability measures the relative comparison of the current skilled workforce 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 high availability of skilled workers, labor force participation, gender participation, remote work capabilities and access to remote talent.

Reductions of weightings for English proficiency and tertiary education based on employers' scaled-back requirements have impacted this year's rankings. We also reduced last year's weighting on temporary pandemic-related border requirements. Availability of Gen Z workers – the youngest and now largest cohort – has been weighted more heavily as part of our focus on volume and sustainability of talent.



Key Findings

The top 5 markets for Availability are the United States, the United Kingdom, Israel, Sweden and Norway. The United Kingdom rises from 4th place in 2021 the 2nd this year due to the size of its emerging workforce. Israel, Sweden and Norway, ranking 3, 4 and 5, are new to the top 5 in Availability, replacing Singapore, the Netherlands and Switzerland. The latter two countries fall out of the top 10 altogether, predominantly because of aging workforces and the reduced prioritization of education requirements.

Russia bears noting, due to its size and impact on workforce availability generally. Because of the war with Ukraine and the sanctions that have been placed on Russia, many global employers have ceased operations there, and they are looking to re-establish those production environments, IT centers, operations hubs, and so on in other locations, transferring that demand to other markets. While Russia is not included in this year's TWI, its absence as the world's third largest workforce changes the size of the overall workforce we are comparing. This gives even greater weight to other countries with large workforces, such as China.

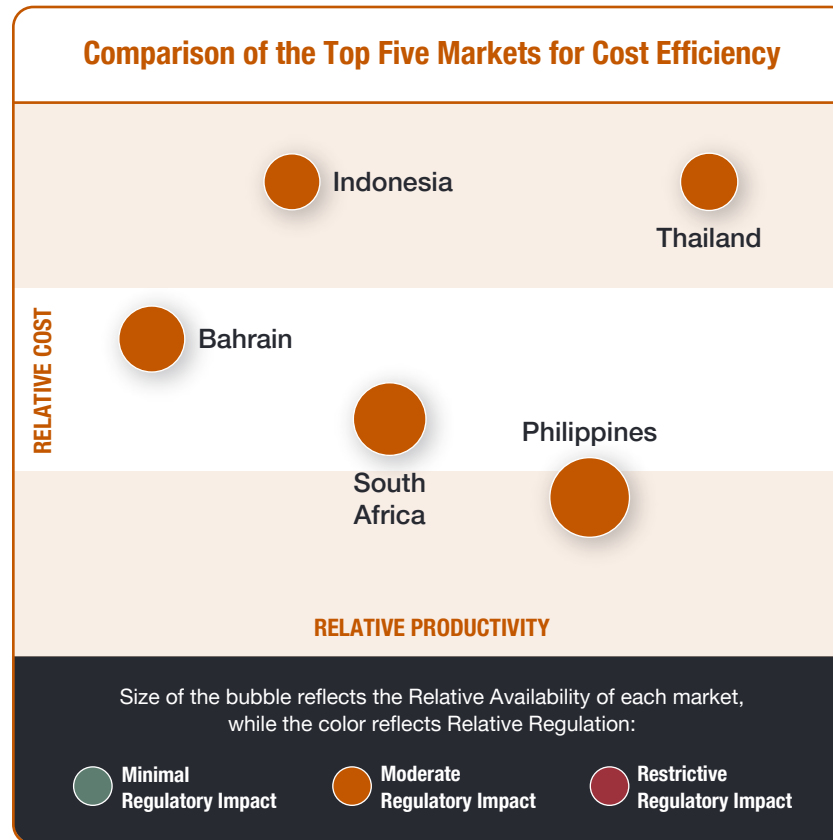
It's also worth noting that many companies, including ManpowerGroup, are working to connect Ukrainian refugees to meaningful, sustainable work opportunities while tapping into a large, highly skilled source of talent. As a country, Ukraine is not included in this year's Index, but millions of working-age refugees are represented in migration data for other markets.



TOP 5 – Cost Efficiency

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

The 2022 Index is focused on costs over time, including taxes, average wages, cost of living and inflation (standardized against USD) as indicators of future wage stability, and benefits. We scaled back more complex premiums, such as night and weekend work, to account for employers' increased focus on more flexible work. Similarly, the weighting for the cost of operations was reduced based on the emphasis on remote work.



Key Findings

Markets that rise to the top of the Cost Efficiency rankings this year tend to be employer-friendly in terms of wage growth, cost of labor, government incentives and ability to support remote work. These factors have caused three countries (Indonesia, South Africa and the Philippines) to each jump at least ten spots as compared to last year.

The top five markets for Cost Efficiency are Thailand, Indonesia, Bahrain, South Africa and the Philippines. Thailand holds on to the top spot for the second straight year while Indonesia jumps from 12th place due to our increased focus on average wages and total cost. Bahrain rises from 5th to 3rd while South Africa continues its steady climb in recent years, jumping from 20th to 4th. The Philippines rounds out the list at #5, rising from 15th place in 2021 when border controls and the addition of remote work factors impacted that market.

“Remote workforce readiness has reshaped talent availability across the Asia Pacific Middle East region. Markets from Singapore to Malaysia and Indonesia to Australia have turned into attractive destinations for companies looking for large populations of skilled remote-ready workers.”

– Keith Campbell, Director, ManpowerGroup Talent Solutions Asia Pacific & Middle East



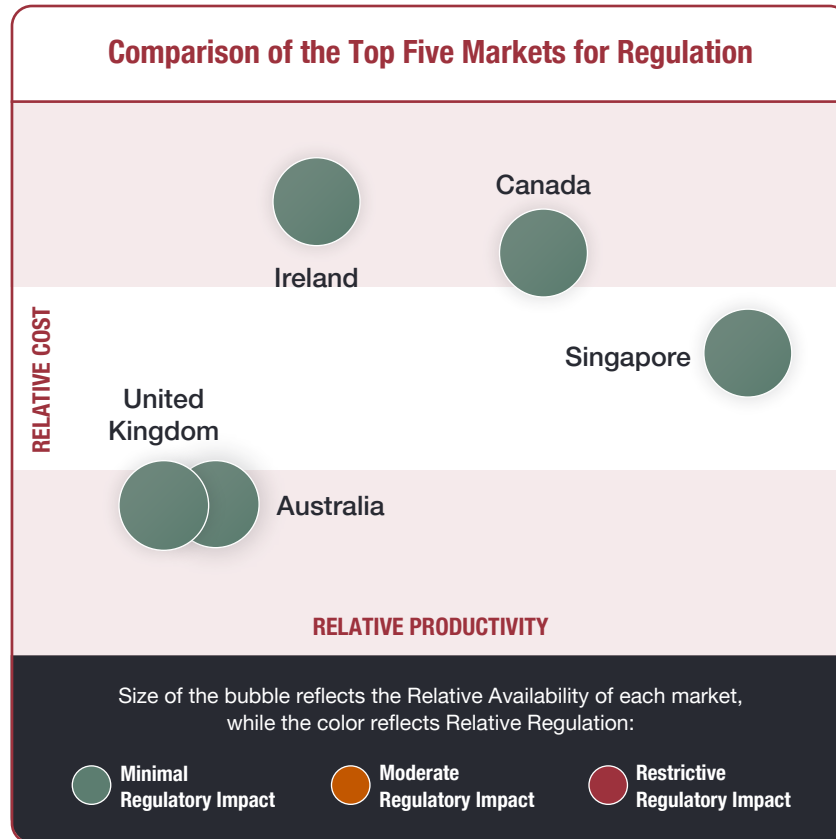
TOP 5 – Regulation

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 are available to organizations and where notice periods and severance requirements are minimal or not required.

As organizations become more sophisticated about creating optimal workforce mix and leveraging the best models in specific countries, we increased the relative importance of policies, such as contract duration limits, that could negatively impact long-term location strategy.

This year's weightings reflect companies looking toward long-term strategic investments with minimal risk and greater stability. For example, we heavily weighted geopolitical considerations given how impactful those have proven to be in Russia and Ukraine. We also consider volatile economic environments and political elections that are projected to have a significant impact on foreign operations.



Key Findings

All five markets in this year's Regulation rankings are different than they were last year. Much of the shift can be attributed to relaxed border restrictions, increased focus on geopolitical risk (e.g., military involvement, potential disruptions) and the impact of weighting more heavily the legislation that relates to the first one-to-two years of employment (i.e., regulations that limit probationary periods).

The top 5 markets for 2022 include Singapore, Ireland, Australia, Canada and the United Kingdom – a departure from 2021 when the list included Norway, Estonia, Austria, Finland and Denmark. In 2022, Singapore rises from 6th to 1st while the other markets make even larger jumps. Ireland goes from 12th to 2nd while Australia jumps from 11th to 3rd. Canada moves up 15 spots to #4, and the United Kingdom rounds out the list with a move from 17th to 5th.

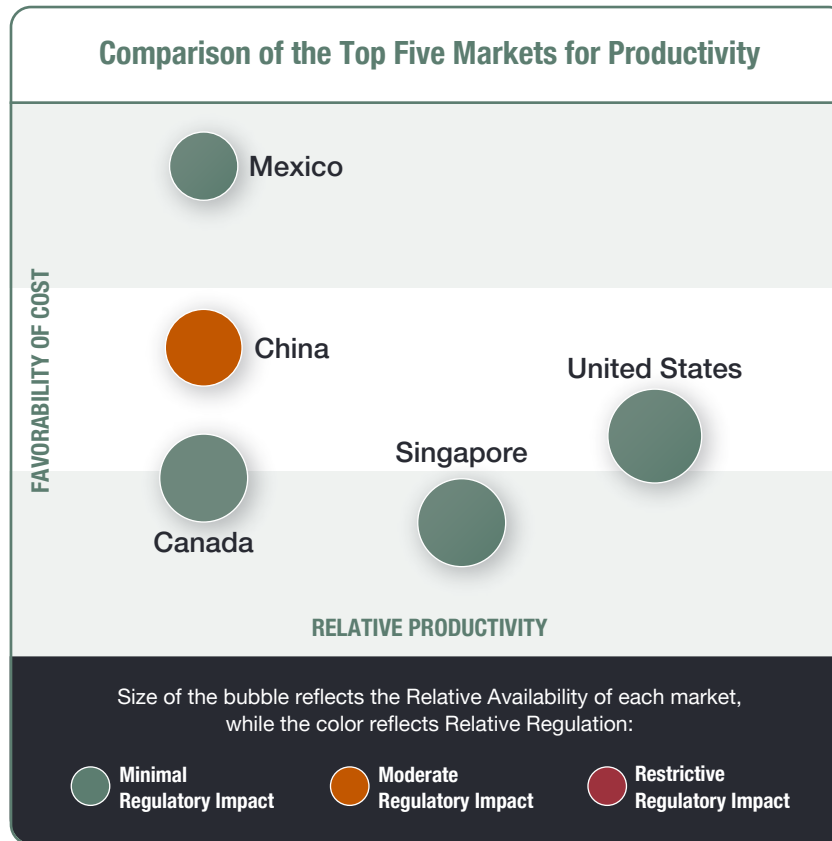
In addition to the factors mentioned above, several European countries fall from the top 5 due to the exclusion of Russia's large working population from this year's Index and heavy migration in North and Central Europe, which when coupled with the reprioritization of political risk, changed the markets that are top performers.



TOP 5 – Productivity

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 ideal mix aligns with workforce planning initiatives, organizations can meet productivity goals.

The rapid rise in remote work models in 2020 led to the creation of a supplemental category on remote work last year. Companies are now building remote work into their long-term plans, so we have moved factors that suggest a market’s ability to support remote work (e.g., internet speed, level of technical investment) to the Productivity category. This reflects the fact that remote work can allow for greater access and ease of work.



Key Findings

This year’s rankings for Productivity are influenced by changes in the average length of a workday and work week, 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 5 markets for Productivity are the United States, Singapore, Mexico, Canada and China. The United States rises from 7th to 1st while Singapore climbs one spot from 3rd to 2nd. Mexico enters the top 5, jumping from 19th in 2021 to 3rd this year, while Canada retains its hold on the 4th spot. China makes the largest gains – from 26th to 5th. This is due in part to a greater focus on productivity measures. However, the larger impact is the mathematical redistribution of the overall workforce measured in the TWI caused by Russia’s removal, which shifted the balance of power to China.

“Rising turnover and retirement surges in many countries and across industries are putting pressure on employers to become more efficient than ever before. As organizations look to grow and backfill open positions, they’re also looking for markets that offer people greater access to both on-site and remote work.”

– Wayne Crowley, Senior Vice President, Talent Solutions RPO



Conclusion

Over the past two years, employers have collectively faced continuous change in response to market upheaval. From Central and Eastern Europe to the U.S. and Latin America, turnover is higher than it has ever been before. Around the world, remote work has emerged as a reality – not only because skilled talent demands it, but because it has the potential to help companies diversify location strategy and spread out environmental, geopolitical and regulatory risk.

Demographics have shifted too. In some places, large numbers of people are retiring. In others, skilled workers are entering labor markets in droves. Gender participation has started to balance in new ways, at least in some markets. The loss of international access to Russian workers – once one of the largest skilled workforces in the world – has impacted how companies find and engage the talent they need.

All of this is influencing how companies manage their workforce strategies, often times in entirely new ways. And that is the key point. We know the social, political, environmental and economic threats to the status quo already exist. The question is how to manage the change. That is where the Total Workforce Index™ comes in.

Our data and analysis can assist when organizations identify specific skills, look for infrastructure and demographics that intersect with workforce strategy or seek regulations and locations that match their specific needs.

The Total Workforce Index™ helps organizations navigate a changing world with real-time actionable data and insights.

Next Steps

Visit www.totalworkforceindex.com to:

- 1. Explore Comprehensive Data**
See detailed data, including market profiles for over 60 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 based on statistics from the ministries of labor for the markets within the scope, World Bank, Trading Economics, International Labor Organization, Eurostat, United Nations 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.

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