

supply / demand

The Borderless Workforce: 2008

A Manpower White Paper



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Executive Summary

Today's global workforce is on the move as never before. But most employers and governments are a long way from fully understanding the complex issue of talent mobility and its growing role in the talent shortages that are affecting today's global labor markets.

The movement of talent is a growing part of the reality of managing what is rapidly becoming a borderless workforce. Individuals are increasingly willing and able to find employment far from their homes, whether they are Filipino electricians working in Western Australia or Indian petrochemical engineers working in the Arabian Gulf states. More people are living and working away from their home countries than at any other point in history.

Just as important as transnational talent movements are the migrations within national borders. China is struggling to meter the rush of individuals leaving its poorer western provinces in search of better jobs in the glittering commercial hubs of the country's East Coast.¹ Japan has seen a huge population shift to its cities, imperiling its agricultural industry. Norway must deal with the emptying of its rural north. And Mexico's southern states contend with what they see as a massive talent drain to the industrialized northern border states.

The complexities are many. These are not the one-time, one-way migrations of yesteryear. Talent goes where talent is needed, and flights home are readily available for those who wish to return. Work is moving too, as businesses set up operations near new markets and sources of supply. The mobility of money is a huge factor, with remittances – the money that emigrant workers send back to their families in their home countries – becoming the invisible reverse footprints of their journeys to their new jobs. Remittances now constitute a vast sub-economy upon which many nations depend to sustain their gross domestic product.

At the same time, economies are not static, yet many organizations and employees behave as if they are. Just one example: auto workers around the U.S. car-making capital of Detroit are having to face the fact that the demand for their skills is waning in that region, forcing them to make decisions about retraining for other types of work, or relocating to where their skills are needed.

Over all aspects of talent mobility falls the shadow of government policy – evidenced in immigration constraints, border fences, inward investment programs, education initiatives, regional development incentives, and on and on. Government policies toward emigration issues have long been matters evoking strong voter sentiment in many countries, but today there is real cause for concern at the rise of what is being called “the new nationalism,” with the policy pendulum swinging toward preventing immigration, rather than managing it strategically to benefit the needs of the labor market.

This white paper is the next step in Manpower’s ongoing effort to shed light on the complexities of today’s global workforce and to help organizations think in terms of the dynamic, long-term supply and demand of people – skilled and unskilled. This paper gives dimension to the scope, scale and sheer volatility of the movement of people to new work far from their homes. We explore the challenges and opportunities that talent mobility poses for the individuals themselves and we flag the continued and alarming pervasiveness of worker exploitation. We examine how employers are responding to the fluidity of talent, highlight the rare successes, and emphasize what has to happen soon – at both business and government levels – if talent mobility is to become a central component of thoughtful, forward-looking business strategy and economic policy.

Weaving through this paper is a story of twos. There are two categories of workers, blue collar and white collar, with quite different aspirations and patterns of movement. There is another divide between skilled employees and the unskilled: skilled employees benefit from steady market demand for their services; unskilled workers continue to struggle to get a foothold on the economic ladder. There are two kinds of borders – national borders, of course, but also borders within countries that affect the movement of people. There are diametrically opposing forces affecting government policy toward migration: globalization on the one hand, national sovereignty on the other.

Manpower’s many studies of employment patterns also reveal two types of responses by employers and governments: tactical, reactive and generally defensive on the one hand, and holistic, realistic, fact-based and firmly focused on the future supply and demand of labor on the other. It is our wish that this paper encourages less of the former and far more of the latter.

Work in Progress

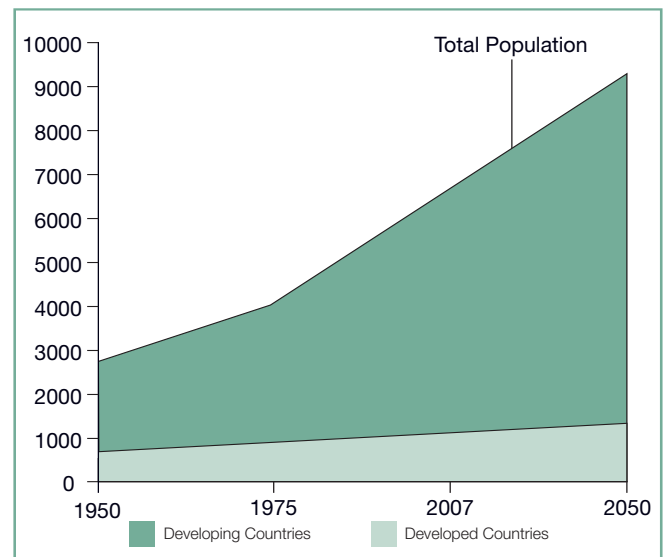
Pity the employer trying to staff a call center in Bangladesh, where it's not uncommon for a worker to leave for lunch, interview elsewhere, accept a job and start at a higher salary – without telling his former employer. Spare a thought for managers at the Irish meat processing plants whose skilled Slovak butchers are being lured away by competitors in Norway. Sympathize with the Gulf entertainment company that is starting to miss crucial project deadlines because it cannot import the skilled expatriate engineers and project managers it used to be able to get easily. And feel the anxiety of government officials and employers in the southern Mexican state of Veracruz as they see their best workers head for attractive employment in the maquiladora plants (factories) in the country's northern states.

These vignettes, and a myriad like them, are the palpable evidence of a vast and entirely global shift in the availability of labor – a shift that is accelerating and for which few employers or government authorities are truly prepared. The fact is, there are now huge imbalances between where labor is needed and where it is available. Where not long ago the focus was about people needing jobs, today it is very much about jobs needing people.

Propelling the movement of talent around the world are widespread demographic changes – in particular the big gap in population growth between developed and developing countries. According to the United Nations, the world's population is expected to increase by 2.6 billion over the next 40 years, from 6.5 billion today to 9.1 billion in 2050 (See Figure 1). Almost all growth will take place in the less developed regions, where today's 5.3 billion population is expected to swell to 7.8 billion in 2050. By contrast, the population of the more developed regions will remain mostly unchanged, at 1.2 billion.² The population of the developing countries is increasing almost six times as fast as that in developed countries.

The International Organization of Migration (IOM) points out that demographic changes influence international migration in two ways. Rapid population growth combined with economic difficulties push people to move away, and declining and aging populations force countries to accept migrants. For example, Italy's population is projected to decline from its current 57 million to 41 million by 2050. Similarly, the population of Japan is projected to decline to 105 million by 2080 from the current 127 million. Its population is aging so rapidly that the nation now must import 70 percent of its food because fewer young Japanese choose to stay in rural areas and because Japan is unusually resistant to inward migration.³

Figure 1: World Population Growth 1950 - 2050 (in millions)



Source: United Nations, Population Prospects: The 2006 Revision

Migration is seen as one of the defining global issues of the early twenty-first century. More than 190 million people live outside their countries of birth – about three percent of the world's population. Roughly one of every 35 persons in the world is a migrant, and their number is growing at almost three percent annually.⁴

But talent is highly mobile within national borders as well – a factor that is easy to forget but which has significant impact for employers and for regional authorities. China's challenges have been well chronicled as the government tries to contain the pressure of workers from its inland provinces wanting to move to its eastern boomtowns such as Shanghai. India's urban population is projected to soar from about a quarter of the total population in the mid-1990s to over one third by 2010.⁵ And even Americans continue to migrate westward and move out of the industrial states in the U.S. Midwest, according to Atlas Van Lines' 2007 Migration Patterns study.

Other reports indicate that more than 40 million Americans moved last year, and by 2025, three-quarters of all U.S. residents will live on the nation's coasts – a huge shift, especially for a developed nation.⁶

Shifts in job requirements also add to the issue of talent mobility. In India, huge infrastructure programs – projected at more than \$60 billion annually for the next six years – are straining the nation's supply of skilled and semi-skilled construction labor.⁷ And for years now, many of the Arabian Gulf States have been investing heavily in large-scale industrial, commercial, and leisure projects along with the infrastructure to support them. Lacking both the skilled resources and the manual labor to drive these projects, they have been importing huge numbers of professionals from developed nations and from India, along with drivers from Sri Lanka, security guards from Nepal, and nurses from the Philippines. Manpower, together with the Labor Department of the United Arab Emirates (UAE), estimates that the Emirates will have to add 100,000 workers in Dubai every year for the next 20 years if the region is to grow at the rates targeted by the government.

Notably, blue-collar workers are in short supply – to the dismay of many policymakers who, for years, have focused great attention on increasing the proportion of youth that attain university degrees and become knowledge workers, only to discover a vast talent shortage of blue-collar workers now upon them. A few years ago, U.K. newspapers were noting society's surprise that bus companies brought hundreds of Polish drivers in to drive some of Britain's iconic double-decker buses.

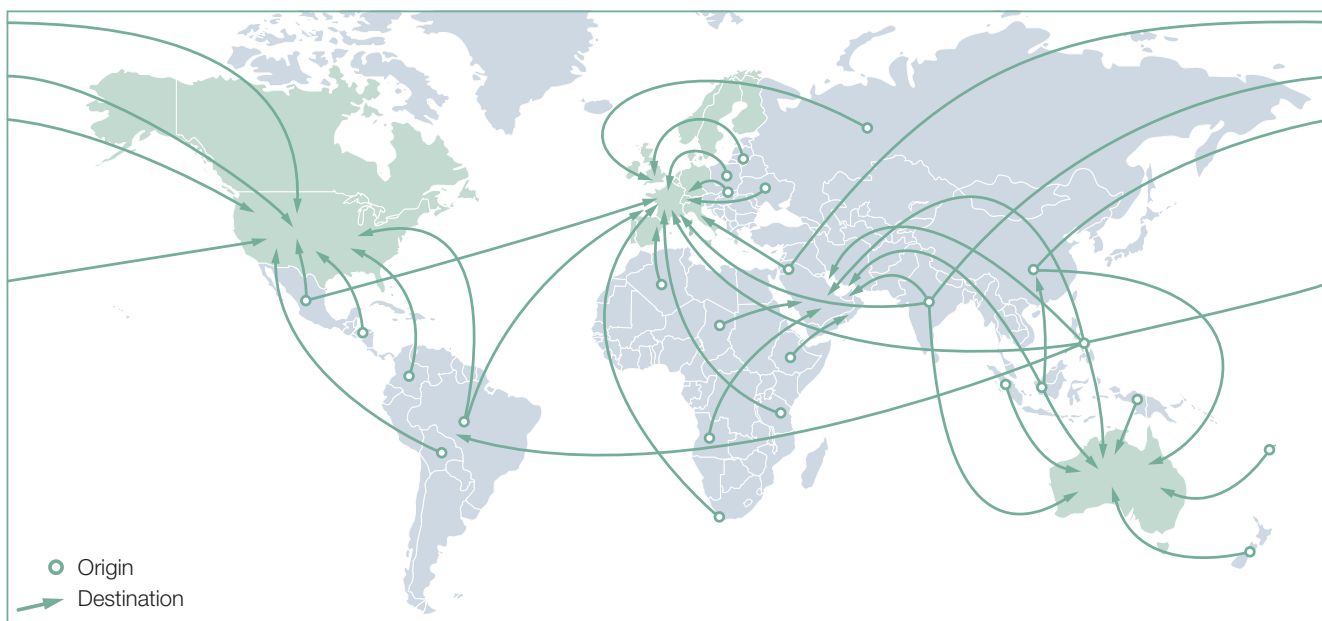
Years of relative under-investment in vocational trades are now having an impact in Western countries like Norway, for instance, where butchers, drivers, chefs, plumbers, electricians and welders are badly needed. The consequences of these talent shortages have resulted in some interesting distortions: As in the U.S. and U.K. in World War II, Lithuanian women now do many of the bricklaying and other construction jobs previously held by the men who now work abroad. And talent vacuums in some nations then precipitate new waves of migration from their neighbors.

More than 190 million people live outside their countries of birth – about three percent of the world's population. Roughly one of every 35 persons in the world is a migrant, and their number is growing at almost three percent annually.

By far, the vast majority of mobile workers are moving for better economic opportunities, either by moving to a wealthier nation where the same work offers a better reward, moving to where there are more opportunities for individuals with their specific skills because the work is no longer available in their current location, or moving to where there are shortages of their skills and the rewards are greater due to the laws of supply and demand. A far smaller proportion of the individuals who are crossing borders and available for work are moving to escape dire conditions like war or drought, or are forcibly moved by others who are seeking to exploit them.

Other factors accelerate the movement of workers. As a general rule, globalization creates further globalization: More people are exposed to communications about foreign cultures and more are traveling far afield on vacation as well as for work. English as a second language is growing fast; China, for example, is accelerating its English teaching programs to ensure that its managers and customer-facing staff become more proficient in the world's most prevalent business language.

Figure 2: Major Patterns of Worker Migration



This map provides a snapshot of some of today's more common destination countries for foreign workers. The major patterns of worker movement involve the migration to the most mature economic regions, including the United States, Western Europe and Australia. However, other established and emerging economies, including the Arabian Gulf States and greater China, are also attracting growing numbers of both skilled and unskilled workers in search of opportunities. Source: OECD and UN Population Division statistics

At the same time, workers have far greater access to information via the Internet – specifically to job openings – plus new online tools that help simplify the steps required to land new employment. Additionally, the proliferation of mobile phones and the sharp drop in calling costs have helped workers maintain strong social networks with those left behind in their home countries, as well as other compatriots who may be living nearby. The IOM refers to this emerging transparent network as “transnational migration space.” In this space, enabled by advances in transportation and communication technologies, remittances, information and skills flow as freely as workers do.

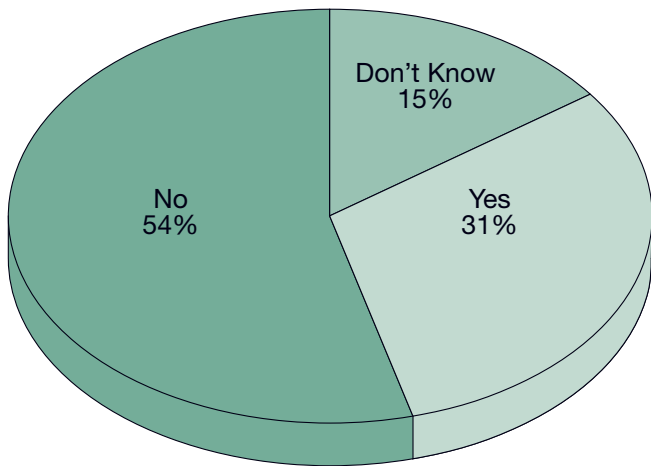
It is not at all surprising that such dynamic workflow has provoked concerns regarding foreign workers in general. There have been, and continue to be, alarms raised by watchdog groups such as Migrationwatch UK and NumbersUSA.⁸ France's current president won election in 2007 in part for his tough immigration stance, and is keen to introduce more integration tests, language courses and tougher rules for the reunification of families.⁹ The U.S. has proven to be an especially contentious battleground, with national security concerns raised as the argument for tighter controls on illegal immigration and fewer numbers of work visas

permitted – despite the protests of business groups who want more access to foreign skilled workers. Japan, too, is known for its rigid approach to handling visa applications, to the point where businesses find alternatives to having to hire from overseas. “Unfortunately, the [immigration] debate is often preemptively hijacked by negative, populist slogans, which can inhibit the formulation of sound and balanced migration policies,” noted the IOM.¹⁰

An important difference from earlier waves of emigration is that workers' journeys are not necessarily one-time, one-way trips (See Figure 2). But, there is no going back on the trend itself. Already, many countries are dependent for large percentages of their GDP on the remittance monies sent home by their nationals overseas. And many workers settle down, have families and call their new countries home – as happened with the *Gastarbeiter* programs that Germany launched in the 1950s and 1960s, when bilateral agreements with Italy, Greece, then Yugoslavia and Turkey opened the doors for tens of thousands of immigrants.

So how should employers respond to the forces of talent mobility? Many see it as an opportunity to cut labor costs and elevate their skills mix. Others see it as a threat to their hold on their best talent (See Figure 3). Of course, employers have only limited control over the factors that determine where workers work, and why.

Figure 3: Employers Concerned About Losing National Talent



Source: Manpower Inc., Borderless Workforce Survey, 2008

Some employers benefit from far-sighted, fact-driven governments that plan national talent strategies in detail and over the long term. Others chafe against inward-looking government immigration policies that make visa applications extremely time-consuming –

to the point where many top foreign candidates go elsewhere. Talent mobility, then, is both the product and cause of an uneasy mix of unemployment and talent scarcity. It presents governments and employers with challenges of a scope and scale they have not previously encountered – yet it offers them opportunities that they find difficult to imagine.¹¹

Before proceeding, it must be noted that talent mobility includes migration, but also goes beyond that simple concept of movement, requiring a new taxonomy that allows this phenomenon to be understood in all its dimensions (See Fig 4). On the negative end of the talent mobility spectrum are “brain waste” and “brain drain.”

Brain waste occurs when highly skilled/educated people willingly travel to other destinations and take jobs that are beneath their established level of education/training. Individuals often accept this “trade-off” for better living conditions in more developed countries.

Brain drain occurs when the outward migration of people with a higher education and in-demand skills exceeds a country’s ability to educate and train suitable replacements. Therefore, the country of origin loses any return on its original investment in education and training.

Figure 4: The Talent Mobility Dynamic



Source: Manpower Latin American Mobility Study, 2007

Brain circulation occurs when skilled individuals live and work in foreign countries for a certain period of time, then return to their country of origin or travel to a new destination country. This can be a more positive outcome for both the individual's country of origin and their destination country because both benefit from the individual's contributions for a period of time.

Brain exchange happens when a country's talent inflow and outflow is relatively balanced, with individuals crossing borders in both directions fairly equally, which is a net positive effect for the national labor market as well as the individuals. Several countries in the European Union, which benefit from more open labor mobility laws across the EU member states, are facilitating this brain exchange concept.

Brain globalization is driven by international commerce and the strategies of progressive multinational corporations. As a component of globalization, there is significant movement of both people to work and work to people as multinational organizations attempt to adapt their businesses to be closer to their strongest consumer markets, or to find less expensive talent and reduce their costs to compete. At the same time, individuals move to where the best job and career opportunities are available, further exaggerating the effect of brain globalization.

Brain export happens when governments of developing countries choose a strategy of educating and exporting talent with the intention of gaining a comparable return on investment in the medium- and long-term via remittances sent home by the individuals to help support their families and, therefore, contributing to the country's GDP.

The continuum from brain waste to brain export provides a framework for analyzing where national economies are winning and losing in the current competition for talent, and the particular challenges that lie ahead for developing countries, in particular, as talent scarcity makes the competition for talent ever more fierce.

A recent Manpower survey revealed that 31 percent of employers worldwide are concerned about losing national talent to other countries.

A Workforce in Motion: Who is Moving and Why?

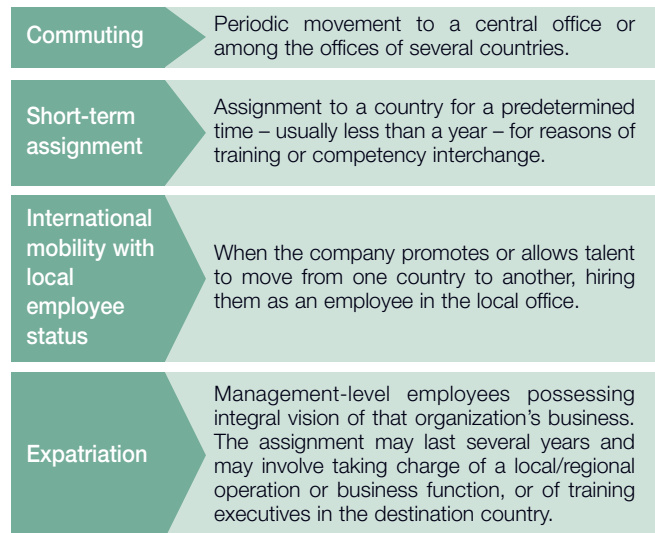
The increasingly mobile workforce has many faces. All sorts of workers are on the move – Jamaican agricultural workers each year head to Massachusetts in the U.S., Indian construction workers to Dubai, Latvian stone workers to Northern Ireland in the U.K., and British finance controllers to Shanghai, where 40,000 foreigners now work.¹²

The skills mix is broad indeed. At the upper end of the skills spectrum are the professionals and managers whose movements form a kind of internal labor market within multinational companies. The International Labour Organization (ILO) calls these workers “intra-company transferees” and observes that they have become a common presence in the world’s most dynamic commercial centers where they trade goods, financial funds, business processes, and managerial know-how.¹³ “Three out of every four transferees move from one rich country to another, especially across the Atlantic, while the rest largely move to and from one of the more successful newly industrializing countries in East Asia and South America,” says the ILO.

The methods of moving professional talent are not limited to expatriate assignments lasting for several years. They may also involve short-term assignments or commuting across borders (See Figure 5). And in addition to “corporate moves” – international assignments while remaining with the same employer – there are many professionals who independently seek out international opportunities.

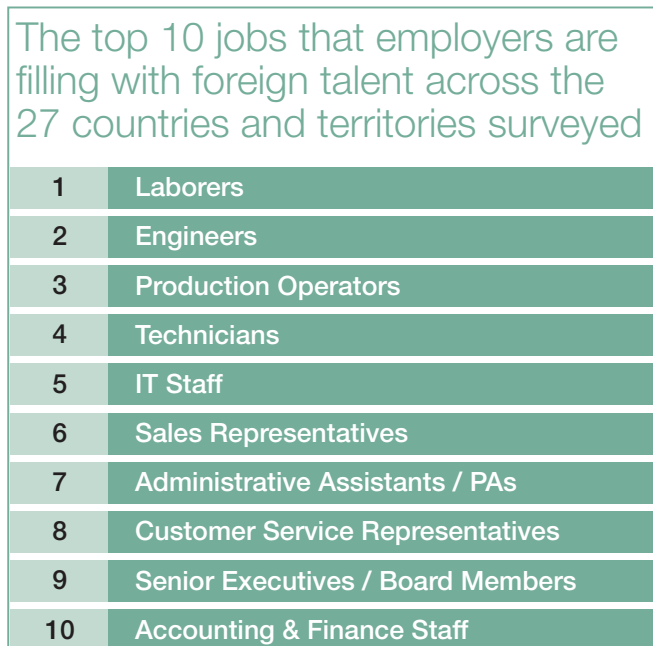
The shortages of skilled blue-collar workers have spiked wage rates to the point where those employees’ total pay has easily exceeded that of many white-collar professionals. The talent shortages, exacerbated by soaring wages, have sparked a big jump in the movement of skilled tradespeople. Before the housing crisis, Mexican carpenters and plasterers were able to find work almost anywhere in the U.S. And the “Polish plumber” became an inflammatory symbol of cheap labor in France a few years ago – and a proxy for legions of hard-working Eastern European stone workers, masons, electricians, and other tradespeople who have filled talent gaps throughout Britain.¹⁴

Figure 5: Mobility Strategies



Source: Manpower Latin American Mobility Study, 2007

Figure 6: Demand for Foreign Talent



Source: Manpower Inc., Borderless Workforce Survey, 2008

There continues to be strong movement of low-skilled workers – generally less educated (or uneducated) and sometimes downsized from jobs elsewhere. In fact, laborers comprise the leading category now being filled with workers from foreign countries, according to Manpower’s most recent *Borderless Workforce Survey* (See Figure 6).

The data reveals that laborers are the number one job being filled by foreign talent in Belgium, Canada, France, Japan, Singapore, Spain and the U.K., and they rank within the top 10 list for Australia, Austria, Germany, India, Italy, the Netherlands, New Zealand, Norway, Sweden, Switzerland, Taiwan and the U.S. Given traditional gender roles – particularly in less developed areas of the world – it would be easy to assume that men are on the move far more than women. Not so. Overall migration to countries that belong to the Organisation for Economic Co-operation and Development (OECD) is gender balanced, with 51 percent of migrants being women. Interestingly, when comparing highly skilled men and women, data shows women are more likely to emigrate.¹⁵ Research by Manpower found a similar trend. More than 60 percent of the women polled in Manpower's 2008 *Relocating for Work Survey* said they would consider relocating for work. The share of women is particularly noticeable among Latin American migrants. By contrast, men are more numerous among the immigrants from Africa in almost all of the OECD countries where immigration from Africa has been important, with the exception of Portugal and the U.K.¹⁶

Many countries are both sources and destinations for migrants. Canada, a longtime destination for migrants, sends large numbers of highly skilled professionals to the U.S. – many of them senior managers.¹⁷ Similar trends prevail in Asia: Thailand receives many unskilled immigrants from Myanmar, Cambodia and the Lao People's Democratic Republic, but also sends its own people to other countries including Israel, Japan and Taiwan. According to the OECD, the world's top sending countries of expatriates are Mexico, the former USSR, the United Kingdom, Germany, the former Yugoslavia, Italy, Poland, Turkey, China, India and the Philippines (see Figure 7). The appearance of Germany in this list may be surprising, perhaps, until it is learned that high taxes, relatively low salaries and inflexible working conditions are among reasons that a record 144,815 German citizens left the country in 2005, the first year since 1968 that more Germans ventured abroad than returned home.¹⁸

An index to assess labor migration policy

Leading global businesses are partnering with the International Organization for Migration (IOM) to develop a best-practice index that could help governments, employers and employee representatives to identify and overcome weaknesses in their ability to participate in the global labor market.

Manpower's Global Corporate Affairs department proposed, and the IOM accepted, a Labor Migration Policy Index (LMPI) to the IOM's Business Advisory Board that would help to evaluate national labor migration programs, assessing how well the needs of both businesses and migrant workers are met. The initiative has three goals: to help governments better understand how businesses and migrant workers are affected by their policies; to help businesses (especially multinationals) plan their human resource strategies by showing which countries have well-designed migration frameworks and where there will likely be delays or difficulties; and to help migrant workers be more aware of the countries where entry and working conditions are favorable.

Given the differences between typical programs that target high-skilled and low-skilled migrants, the LMPI proposes separate indices to assess each type of program. The first – "Administration and Entry Mechanisms" – evaluates the level of bureaucracy around work permit applications, examining factors such as clarity of information on visa requirements, visa costs and processing times. The second index – "Migrant Worker Entitlements" – assesses the liberties and benefits granted to migrants, covering factors such as equality of treatment compared to national workers, and rating the regulations that govern duration of stay, employment flexibility and family reunification. While recognizing the role of irregular migration in global labor markets, the LMPI focuses on legal migration only.

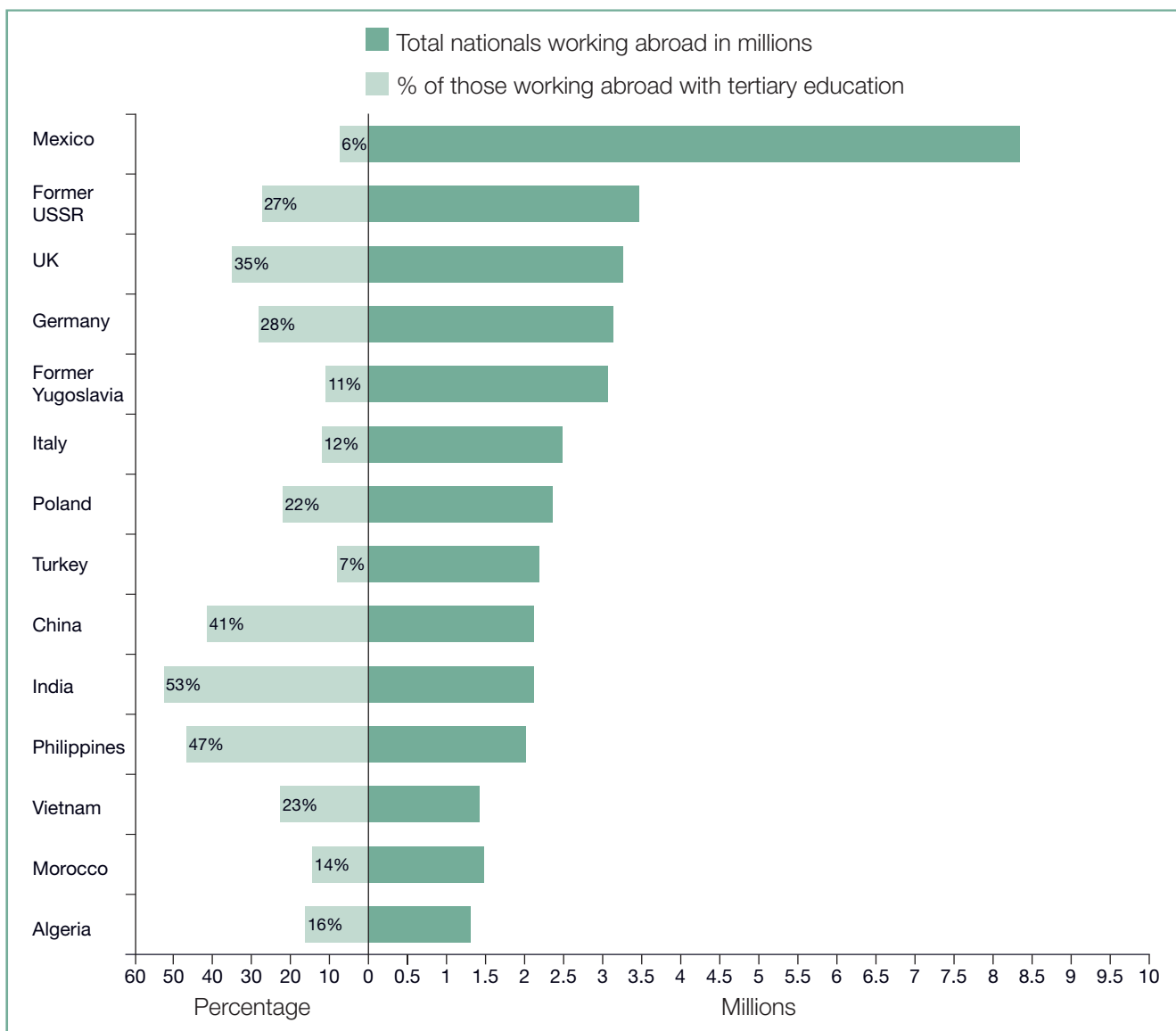
Pilot programs have run in six countries: Australia, Germany, Italy, Singapore, the U.K., and the U.S. One interesting early finding: Almost everywhere, low-skill migration programs seem to perform worse than high-skill programs in every macro indicator. Now the IOM's business advisors are considering expansion of the program to 25 countries.

In the many cases where employers hire for specific positions – either directly or through agencies – foreign workers will generally end up in jobs for which they are a good match. But where workers tend to act on their own initiative – as happened on a huge scale with young people after the opening of the European Union to eight Eastern European nations in 2004 – they can end up in jobs for which they are significantly over-qualified. In Sweden and the U.K., most migrant workers are highly skilled, but they tend to occupy low-skill jobs in sectors such as hospitality, catering, agriculture and construction; and in the U.K., with its lightly regulated labor market, those workers do not always enjoy premium wages or

working conditions.¹⁹ That mismatch between skills and roles is one of the factors contributing to a big shift that has never been so apparent before: a huge “reverse-migration” movement.

Nowhere is reverse migration more apparent than in Europe. When free movement became possible in the European Union (EU) in 2004 it became possible for workers in new member states in the east to fill talent gaps in western countries. Original EU member states were allowed to decide whether or not to restrict movement from the new member states. Some countries like Ireland, UK and Sweden allowed full free movement at the onset, while some countries imposed restrictions of various degrees.

Figure 7: Expatriates by Country of Origin



Source: OECD, Immigrant populations in the 21st Century, 2008

Several years have passed and many member states have made use of free movement by gradually lifting restrictions on labor migration. The U.K., in particular, has played host to hundreds of thousands of kitchen staff, drivers, factory workers and hotel staff from Poland.

But many of those workers are now moving back to Poland to take advantage of the burgeoning professional opportunities for which their qualifications suit them. As Poland's own economy has picked up and its currency has strengthened, better-paid jobs have begun to open up for many qualified young Poles who had been serving coffee or working in British factories. New research from Britain's Institute for Public Policy Research (IPPR) suggests that although a million Eastern European migrant workers, primarily from Poland, have arrived in the U.K. since 2004, around half have already left the country. The rate at which new migrants are arriving is slowing, with an estimated 30,000 fewer migrant workers arriving in the second half of 2007 than 2006. This trend of "fewer in and more out" is set to become more pronounced in coming months and years.^{20,21} "The fact that post-EU enlargement migrants are already moving back home supports the hypothesis...that lower barriers to mobility lead to less permanent immigration in the long term," noted a recent IPPR report.²²

Of course, reverse migration is not new. The trend was noted by OECD analysts some years ago when they observed widespread increases in the temporary employment of foreigners.²³ Irish citizens – particularly younger professionals – began returning to Ireland a decade ago as "The Celtic Tiger" began its famous economic roar. Much the same thing is happening in the Indian Ocean region: Indian professionals are returning home, spying big opportunities as India's economy surges and as housing costs escalate in hotspots where they have been working, such as Dubai. The reverse migration phenomenon may have benefits beyond those for individuals: OECD argues that the temporary employment of foreign workers introduces flexibility into the labor market and can help dissuade employers from resorting to the use of undocumented workers.

One point worth noting, though: reverse migration is the province of professionals and those with technical skills, and far less so for blue-collar workers, much less the unskilled. For the least skilled, the cost of returning is too great, as they lack the means to travel easily. At the same time, life in their host countries – particularly in the developed nations – will almost certainly offer amenities and standards of care, such as healthcare – that would be out of reach for them were they to return home.

Interestingly, not all of the movement of workers is from emerging and developing economies to the developed world. And not all labor mobility is benign. For proof of that, look at the flood of people fleeing Zimbabwe's unstable regime and entering neighboring countries such as South Africa.²⁴ It is estimated that as many as 4,000 Zimbabweans cross into South Africa every day, most of them illegally.²⁵ Drought, natural disaster, disease and war force people, particularly those in the least developed countries, to uproot and try to survive elsewhere, quite often destined for refugee camps. And the world's forgotten refugees are often left in camps for years without the benefit of education or job training. The unintended consequence of this is the pool of potential talent – both adults and children – who are unable to find work when they are eventually repatriated back to their home country, or to a new country that will now be their home. This human talent left in limbo has gained the attention of some organizations, including Manpower, and they have taken the first steps to engage the refugee population into the workforce and ease talent shortages that will continue to grow worldwide. More will need to be done in future years to address the refugee problem as the need for talent becomes more acute.

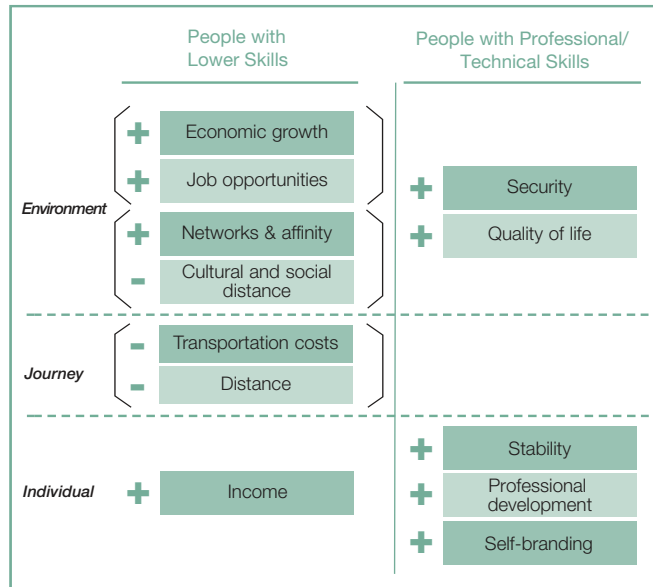
Darker still than talent mobility induced by the movement of refugees is the deliberate exploitation of workers worldwide, a problem of epidemic proportions that gets attention chiefly when child laborers are exposed to media cameras or when trafficked immigrants die in a metal shipping container, abandoned by their smugglers.

Unskilled workers are vulnerable to human trafficking, a form of modern-day slavery, which forces an estimated 12.3 million people into forced labor or sexual servitude at any given time. Trafficking human beings is now the third largest illegal industry worldwide, following only arms and drug smuggling, and it is present in nearly every country on the planet. Clearly, this crime against humanity is an unacceptable waste of potential contributions to the global workforce, which must be stopped, and the trafficked individuals will need to be supported and transitioned to the legitimate labor pools. This will be no easy task.

So what spurs people to leave their homes – other than the obvious issue of jobs elsewhere when there are none at home? There are many parallels that cut across all levels of demographics and skills. But closer examination reveals significant structural differences in the motivators for moving. (See Figure 8). Clearly, money and economic growth are significant drivers for those less skilled, and both physical and cultural distance mitigate against them moving. The issue of money may seem obvious, but it is worth a closer look. When a Mexican factory worker in a U.S. plant can earn \$18 an hour compared to the same job at \$3 an hour in Mexico, it is not only the worker himself who benefits: it is his entire community back home, thanks to the remittance funds that he sends.

In nations such as Honduras and El Salvador, fully 15 percent of GDP comes from remittances. In some towns, the income that comes from relatives in the U.S. is so robust that it acts like a kind of welfare, outstripping the wages available locally.

Figure 8: Individual Motivation for Talent Mobility

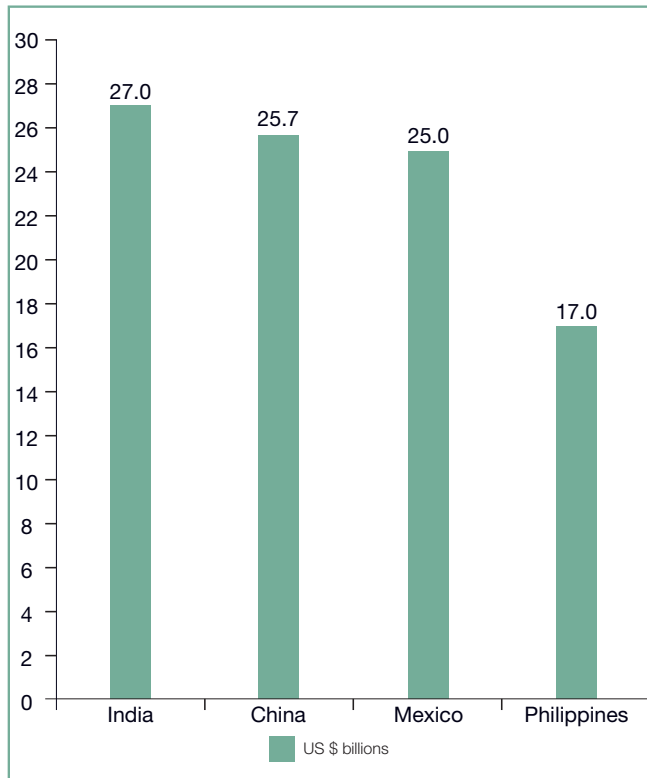


Source: Manpower Latin American Mobility Study, 2007

Recorded remittances from foreign workers worldwide, according to the World Bank, totaled \$318 billion in 2007.²⁶ Countries receiving the most money from their nationals working abroad are India, China, Mexico and the Philippines, respectively (See figure 9). The main source of remittances are led by the U.S. with \$42 billion in recorded outward flows, while Saudi Arabia ranked as the second largest with \$15.6 billion.

For white collar workers, there can be many other factors moving them away from home. Many go for the adventure, to acquire new skills, to learn a language or improve their language skills. Or they move cross-border to build valuable new cultural skills. More than 47 percent of those polled in Manpower's *Relocating for Work Survey* said they would move to learn another language. Still others see such moves as fast paths to accelerate careers; younger up-and-comers can often take on more responsibility and gain more experience and business skills more rapidly in a foreign country than they ever could at home.

Figure 9: Most Money Sent Home by Foreign Workers



Source: World Bank, Remittance Trends, 2007

In the new global economy, more and more forward-thinking employers choose to send their “high potential” managers overseas to gain the experience of other cultures and working styles. In fact, for managers in many multinationals, a cross-border assignment is now considered mandatory for those aspiring to the executive suite. According to headhunting firm Spencer Stuart, international experience is more important for executives than in the past. In a recent survey, 51 percent of the executives who responded said they have worked or lived abroad for more than six months, and 46 percent cited an “international mindset” as one of the most important competencies for an enterprise leader role. In the past five years, the percentage of S&P 500 CEOs with international experience has increased from 26 percent to 34 percent.²⁷

Overall, it is not surprising that individuals are ready to move – and happy to do so. Nearly four-fifths of those polled in Manpower’s 2008 *Relocating for Work Survey* said they would consider moving for work, with a third of the total saying they would move anywhere in the world for a job. And 40 percent said they would be willing to relocate permanently (See Figures 10 and 11). The most recent Eurobarometer, the European Commission’s long-running survey of public opinion, found that, when asked what Europe represents for them, 53 percent of citizens answered “freedom to travel and work in the EU.” The survey found that 46 percent of Europeans see the benefits of mobility, with just 11 percent seeing it negatively. In Sweden nearly 80 percent view job mobility as a positive. (However, other nations, such as Belgium, Germany, Estonia and Greece, give less enthusiastic ratings – less than 33 percent.)

The Eurobarometer study also shows that most respondents see that mobility can help job prospects. Eurostat data found that while 59 percent of people who looked for work outside their home region found work within a year, the equivalent figure for those who stayed put was just 35 percent.²⁸

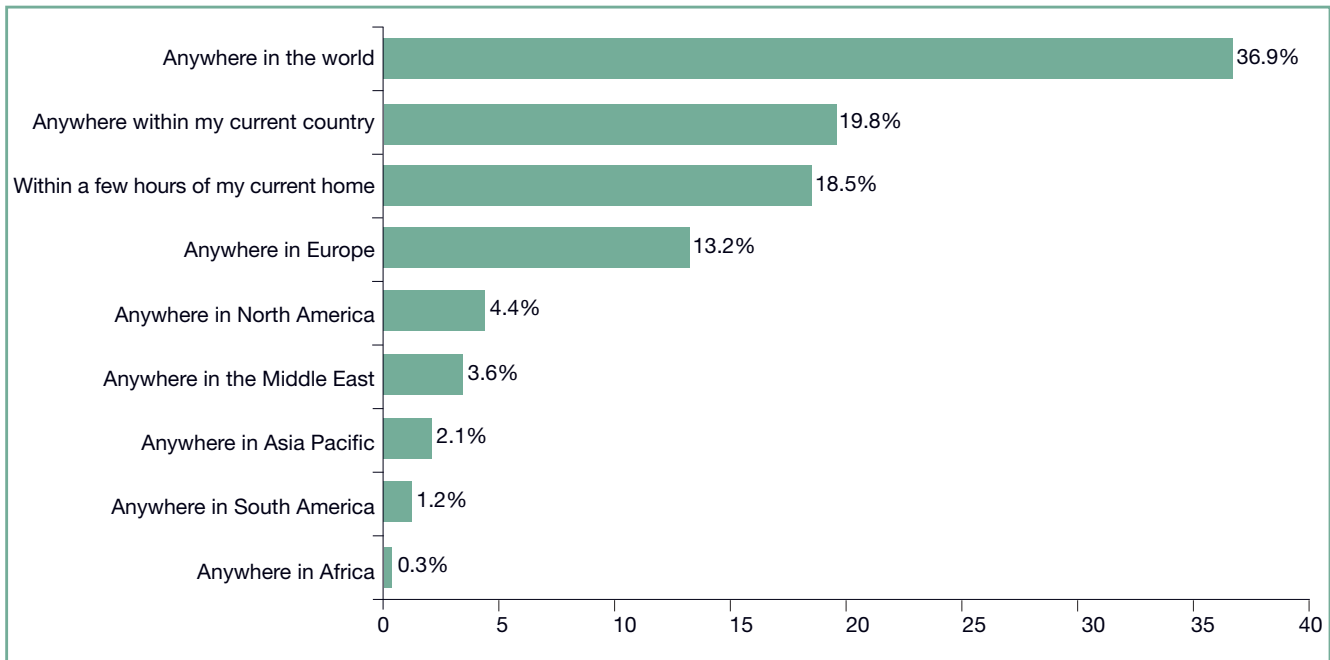
As the Eurostat reflections from Belgium and Greece bear out, not everyone believes that talent mobility is a good thing. There are the obvious factors of dislocation from family and friends at home, cultural alienation and prejudice in the new workplace. And there can often be language issues – sometimes even within a nation’s borders – along with fierce competition with other migrants and with locals who see the newcomers as stealing jobs from local residents. And there is the universal dead weight of bureaucracy. In some nations, the bureaucracy is deadening indeed: Getting a work visa as a foreigner in India means queuing for hours for permits and waiting up to four months – and then doing it all over again if you want to stay for more than a year.²⁹

Recorded remittances from foreign workers worldwide, according to the World Bank, totaled \$318 billion in 2007.

That said, both employers and government agencies can do more to facilitate even greater mobility of talent. Businesses will need to forge stronger partnerships with regional authorities and with educators in places where they identify potential talent. They will benefit by aligning more closely with employment services firms that deeply understand the patterns of talent supply and

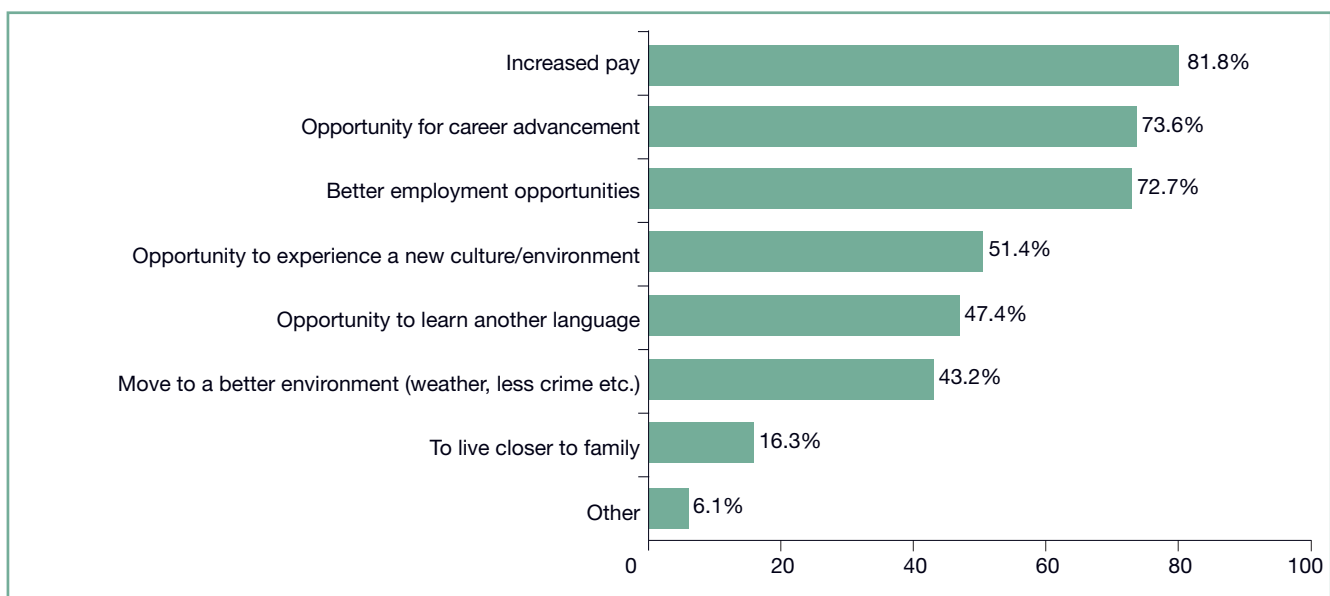
demand, that have the competencies to handle the paperwork, permitting and orientation of talent – and that can do so in accord with ethical standards for the treatment of workers. And governments will need to think more in terms of “circular migration” and less in terms of “brain drain” in formulating national immigration and labor policies. We will address these themes in more detail in the next section of this paper.

Figure 10: Distance Individuals Would Relocate for Work



Source: Manpower Inc., Relocation for Work Survey, 2008

Figure 11: Reasons Individuals Would Relocate



Source: Manpower Inc., Relocation for Work Survey, 2008

For unskilled individuals seeking work away from home, it is imperative to be on guard against exploitative situations. The best protection is to travel and act in groups, to request credentials of all those claiming to be employment agents, and to have lifelines to labor advocacy, ethnic and religious groups wherever possible. For blue-collar workers, it makes sense to go with reputable agencies, to assess the opportunities ahead as realistically as possible and to build knowledge skills as much as is reasonable. For professionals, it is essential to perfect language skills, to recognize and understand the nuances of your profession's credentials elsewhere and to be savvy about the host country's labor market structure and employment practices. And for all categories of workers – particularly those moving overseas – it is smart to get good tax advice given the complexities of, and variations in, tax law worldwide.

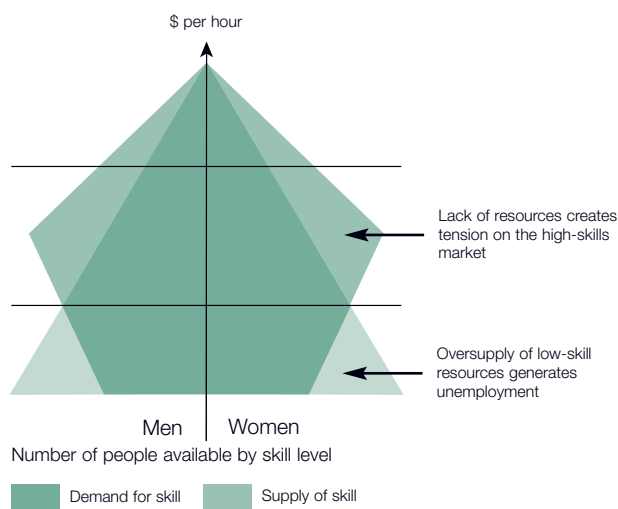
A few final points: Individuals leaving home would do well to be realistic about their “mental toughness” – that is, their innate ability to adapt easily to alien environments. Leading employment services firms offer psychometric testing that can help with such assessments. Allied to that point is the issue of integration in the new community, from a social standpoint as well as the aspect of work style. Specifically, many individuals who move for work are keen for their families to join them at some point, and these days, the reunification of families is not something that governments are quick to enable. The challenges can create anxieties for overseas employees that their employers can easily overlook.

Eurostat data found that while 59 percent of people who looked for work outside their home region found work within a year, the equivalent figure for those who stayed put was just 35 percent.

Talent Attraction from Afar: The Challenge for Employers

Talent mobility is a growing part of the solution to employers' shortages of talent. Yet, there is limited awareness among employers of the opportunities posed by moving people to where work is available and where talent is most valued. In other words, there is only scant understanding of the need to think of talent in terms of a supply-and-demand model. (See Figure 12.)

Figure 12: The Talent Supply/Demand Disconnect



For instance, a large and highly successful Arabian Gulf entertainment and hospitality firm is now running into difficulties in meeting crucial project milestones because it has been unable to secure the professional talent it was used to procuring easily from overseas. Where until not long ago its managers could call their overseas employment agencies and quickly bring in dozens of European, American or Indian engineers and project managers, for instance, today it finds itself in tough competition not only with hundreds of other peer

companies across the Gulf but with the talent itself, newly aware of its value on the open market.

As the case above illustrates, employers must begin to take a more sophisticated approach to managing their talent supply and demand challenges by including a talent mobility strategy in their overall plan to combat skills shortages. Manpower suggests the following approach (see Figure 13).

Analyze data inputs to assess talent needs and skills availability

Any forecasting exercise should begin by carefully reviewing the company's long-term business plans and any growth trends that may be impacting the specific industry sector. This is critical to determine future job/skill requirements due to planned changes in business strategy or unplanned changes due to market forces. Because of the aging workforce issue in most of the developed economies, companies should also forecast potential attrition rates due to retirements over the next 10 years. Forecasts should include an increase in employee turnover as talent shortages increase and the competition for talent heats up.

Next, the analysis should shift to assessing the availability of talent in the national labor pool. An analysis of demographic trends and talent availability data for the country or countries in which the business is currently based will provide a sense of whether there will be sufficient talent availability to meet the company's needs within its current national borders and, if so, where it will most likely be found. If it is unlikely that there will be sufficient talent within the country where operations are currently located, which is likely, it will be necessary to review international labor market data and determine where talent is likely to be found across borders in the future.

Figure 13: Talent Mobility Strategy



There are also a myriad of migration laws worldwide that are designed to manage the inflow and outflow of individuals, and are not necessarily aligned with the needs of the labor markets. It will be necessary to assess and factor in these legislative restrictions when identifying the viability of sourcing talent from another country.

Identify critical talent deficiencies

Once a thorough forecast of future talent requirements and talent availability within national borders has been made, this information can then be utilized to identify potential talent deficits that the company is likely to experience in the future.

Rather than planning to fill all talent deficits through a single talent management strategy, we recommend that companies first go through a prioritization exercise, segmenting all the jobs across the organization according to the degree to which each position is critical to the business' ability to meet its performance goals. Roles can then be mapped to determine which ones, if left unfilled, would represent critical deficiencies for the organization, and focus first on finding ways to fill these gaps. Keep in mind that critical gaps can be found in both white-collar and blue-collar roles.

Develop strategic plans to fill critical roles

When the previous analyses are conducted it should be clear what critical roles the organization needs to address in developing its talent pipeline. Strategic plans must be developed to implement various talent sourcing options which include:

1. Grow your own talent pools: In many cases it will make sense for companies to invest more in work-based training to develop their own pools of qualified talent. This includes up-skilling and re-skilling existing staff whose roles have become obsolete, as well as reaching out in the community to the unemployed and under-employed to bring them into the workforce. Promoting a culture of inclusivity will help the company to tap into under-employed groups like people with disabilities. The re-skilling strategy applies equally to higher skilled workers who are

seeking a career change because they are looking for a new challenge, aiming to achieve better work-life balance, or are downshifting to retirement. While this approach may appear costly, it can pay dividends in the future.

Depending upon the organization's footprint, moving experienced people from facility to facility to help train colleagues can help facilitate "brain circulation" within your organization. This can be an effective approach toward growing your own talent also, especially if talent mobility across borders is difficult due to national immigration laws. Other ways to grow your own talent include partnering with educational institutions to increase the quantity of individuals graduating with the required skills, and to improve the flow of talent from the school or university to the employer's workforce.

2. Source from contingent labor pools: When talent is scarce, employers must look beyond their permanent workforce and consider the total workforce. That is, consider temporary employees, professional contractors, outsourced workers and consultants, as viable options to getting work done. Utilizing these different segments of the contingent workforce to the company's strategic advantage can help drive enhanced productivity if properly integrated into the total talent management philosophy.

Consider also the form of contingent staffing that is available from outsourcing providers, particularly in the IT and finance fields, for work to be performed virtually and across borders by programmers and accountants who can perform valuable roles without ever meeting the client face-to-face. Other emerging talent pools should also be considered, including engaging individuals who work in virtual worlds like Second Life. Tech-savvy individuals who are building businesses and providing services in these virtual worlds may well provide an element of innovation and creativity that is lacking from the current workforce.

3. Move people to work: In the talent-poor future, companies will find it increasingly necessary to move people to where the work is. This will include relocating people both within national borders and across them. In either case, companies must develop support systems to help individuals deal with the logistics of moving away from friends and family and integrating into their new place of residence. Local language training, housing assistance, personal services assistance and tax law implications are areas where employers can be most helpful in ensuring the successful integration of their relocated employees into the local culture.

Even the best support system will not necessarily guarantee a successful cross-border relocation if the candidate lacks the innate ability to adapt well to new work situations and foreign cultures. It is one thing to ensure that a Brazilian candidate has embraced English as the global business language, but if his education system and upbringing have not conditioned him to adapt to practices in other countries, the individual will likely face problems sooner rather than later. Psychometric testing can quickly gauge a candidate's mental toughness and ability to deal with new work environments, and should be a prerequisite for any cross-border assignment.

If the requirements of cross-border recruitment seem to be a daunting challenge, it may be easier to partner with employment experts that understand the talent mobility issues well from the employer's standpoint, the candidate's viewpoint and – critically – from the perspective of the region from which talent is being sourced. Outsourcing the mechanics of hiring from abroad or from other regions or provinces within national borders can help to manage hiring costs, avoid undocumented worker problems, pre-screen candidates and conduct assessments to ensure high-quality skills sets and local language proficiency. An effective outsourcing firm can also deal with the relocation logistics and navigate all the necessary work visa and tax rules.

That is how Continental Can of Saudi Arabia Ltd. was able to deploy critical electricians and technicians from the Philippines in less than 30 days and save nearly US\$150,000 in overtime work annually by deploying only the required number of staff, as needed. The employment services provider, in this case Manpower, created 'just-in-time' sourcing strategy. A dedicated service team was assigned to facilitate job profiling, sourcing, screening and evaluating candidates using mechanical reasoning assessments. Processing of all the necessary travel and working documents with the Philippine Overseas Employment Administration and the Saudi Arabian embassy. Pre-departure orientation seminars were also given to thoroughly brief selected candidates on the working and living conditions of their assignments.

Beyond the actual mechanics of filling critical talent gaps, companies must also work hard to create a strong employer brand to attract the individuals who are most in-demand. The recent Manpower *Relocating for Work Survey* revealed that over 32 percent of respondents were willing to move to anywhere in the world for the right work opportunity, which is an open invitation for employers to consider the global talent pool as its recruiting grounds – not just the national market. They must give more thought to talent mobility and offer attractive opportunities for work, and they must consider relocation costs as part of the cost of recruiting, rather than something that is only done for the top executives of the company. Companies must also have systems in place to help transition staff around to international assignments when they are seeking them – and promote these opportunities to both their current and future employee base. A strong talent mobility reputation can help make companies more attractive among prospective candidates and help to retain current employees who are looking for a change of pace.

An important component of the employer brand is in the way that talent is moved across borders from developing countries to wealthier nations. Many countries – and large companies – that recruit significant numbers of highly educated persons from developing countries are accused of contributing to the brain drain in the country of origin and thus of hampering their economic development.³⁰ There is a clear and growing level of resentment toward talent mobility that results in brain drain from the country of origin, so it is important to engage in this activity in a socially responsible way. More and more, companies are learning to give back to the communities and nations from which talent is sourced, in effect “watering the garden” of future talent. Among the worthwhile actions that companies can take are making investments in education facilities and investing in job training centers to improve the employability of individuals who remain in the countries of origin. The “give-back” possibilities are limited mostly by the imagination of the companies’ talent sourcing teams.

To illustrate, in the U.K., a leading electrical contractor that has long sourced electricians from the Philippines has recently funded a training school in that country. However, before the school’s graduates are eligible to work for the company in Britain, they will first work for a top local electrical contractor for three years – a company that once complained that it was being starved of talent by that particular British company. It is a nice example of the best kind of long-term thinking about talent mobility.

Where there are barriers to accessing foreign talent or issues of brain drain, companies will need to partner with government agencies and trade associations – both at home and abroad – to enable positive change. Many governments today are struggling to manage talent mobility effectively. By and large, they seem unable to look long-term at their national talent needs, let alone study the patterns of global talent movement. Singapore is one exception: The island nation has looked long-term at its expected economic growth trajectory, itemized the skills it needs to drive that growth, studied its own population growth projections, examined global skills patterns, and identified the numbers of skilled workers that it needs to import over the next few decades to keep the economy growing. Then the nation has worked to ensure that its immigration laws support its long-term talent needs.

As a whole, Singapore sets the standard for creating a good climate for its current and future workforce. Its labor and immigration law differentiates among different categories of employees in terms of requirements, validity and accessibility of obtaining work permits. Special requirements are applied to certain categories of workers who are nationals of the countries that historically have been a source of illegal migration into Singapore.

4. Move work to people: If the talent needed is not nearby, nor readily moved, companies will need to move the work to where the talent is located. In some cases it will make sense to consider moving the entire facility – whether that is within a country or to a new country altogether. However, it is important to note that the days of moving a facility to find cheaper more plentiful labor are passing quickly as developing nations experience escalating wages relatively quickly after multinationals have settled in and begun competing for the best talent in the destination country. At this point, it becomes a matter of implementing the same talent management strategies, like growing your own talent, in a new country. As many employers have learned, the return on investment of moving facilities overseas should only be done when sufficient due diligence has been completed to determine the long-term costs and benefits, and putting strategies in place to ensure there will be a sufficient talent pipeline in place, at a reasonable long-term cost, to make the investment work.

In recent years, companies have begun to adopt the concept of microsites – placing smaller facilities in several locations to control the commitment to local communities and thus retain flexibility. This movement toward microsites is not only driven by the talent supply-and-demand model, but also by the need to retain flexibility to adapt to changing market and business requirements. One leading U.S. high-tech manufacturer that employed several thousand people found some years ago that its deep longtime relationship with the local community prevented it from closing the plant when it needed to move closer to its growing markets elsewhere in the world, limiting its ability to adjust to changing business needs. Although this kind of local pressure is often a positive thing in the short-term for the local community because jobs are retained, if it is inhibiting the company's ability to grow or compete, the end result will also be the loss of those jobs as the company's performance sags.

Many companies also find that it makes sense to outsource complete business functions to third-party providers, both across the country and around the world. Across virtually every industry there are companies that specialize in outsourcing, and every day it seems that another company has figured out how to outsource specific business processes that were previously viewed as core processes that could not be outsourced. There will, of course, be limits and risks to outsourcing, but it is an important option that should not be overlooked in the talent management strategy.

It is important to acknowledge that many employers are trying very hard to address their talent shortfalls. Managers have been aware of the talent crunch for some time, of course. And many are clearly fearful of how vulnerable they are to talent loss. Surveying more than 28,000 employers across 27 countries and territories, Manpower's *Borderless Workforce Survey* reveals that 31 percent of employers worldwide are concerned about the impact on their labor markets of talent leaving their country to go and work in another country. Many are avidly trying a wide range of tactics to keep their best talent on board, to acquire the talent to replace inevitable turnover, to add specialty skills and upgrade others, and in general, to build sturdy enough talent pipelines to sustain their long-term growth. These days, many of the top multinationals are as close to mastery of the talent game as it gets. They have finely tuned programs for enhancing retention, for hiring well, for training adroitly, and for tracking the results of what they do.

But it is arguable whether even the best multinationals have harnessed talent mobility as it must now be harnessed. It is not as simple as enhancing the current expatriate-deployment programs or adding enticements to relocation packages. What is needed now is a holistic, far-sighted strategic approach. This process of forecasting and talent mobility planning will become an integral component of the business planning process as talent shortages worsen in the years ahead.

The promise of circular migration

There is potential for businesses and governments to explore in more detail the concept of “circular migration” – the ebb and flow of migrants to and from their home countries. According to a 2005 EU paper, the return of migrant employees, even if temporary or virtual, can act as a kind of “brain circulation,” helping to foster the transfer of skills to the developing world.

By replacing outdated and insufficient assumptions about “brain drain,” the circular migration model could help governments to advance the formulation of more progressive immigration and labor policies – and enable business leaders to think in terms of dynamic supply and demand of talent beyond their current expatriate posting programs.

Circular migration has been regarded as the “silver bullet” for the host countries, the employees’ countries of origin, and the employees themselves. But many voices believe that this “triple win” will be hard to achieve. Although many circular-migration ideas are being discussed actively in Europe and there are a few pilot programs here and there, the efforts are still very experimental. Nor is it clear yet how they would differ substantially from the *Gastarbeiter* programs initiated in Germany in the 1950s, through which many Turks and others settled permanently in Germany.

One prominent proposal calls for a blue card – similar to the green card in the U.S. – that would streamline the temporary entry of skilled professionals and their families into Europe. But opponents point out that the highly skilled go where their talents are in demand, and are less concerned than less-skilled workers about bureaucratic obstacles to their career prospects. “The trouble is that such a (state-mandated) design is not well suited to today’s liberal democracies and their flexible labor markets,” argues *The Economist*. The International Labour Organization points out that no country has yet found the ideal system for adding workers temporarily to its labor force.

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Conclusion

In very few instances are employers keeping pace with the dynamism of talent movement worldwide. In even fewer instances are governments in step with what their citizens are now doing to improve their economic standing and accelerate their careers.

The challenges will intensify before they ease. Demographic patterns – falling birth rates in many developed nations and many more births elsewhere – dictate large-scale movements of labor in the future. Rising nationalist sentiments will lock many governments into policies and initiatives that their best minds know are not right for business – or for individuals.

To help foster the kind of dynamic “on-demand” labor markets that employers say they need, Manpower argues that they must radically rethink their approaches to hiring and retention overall. By the same token, we believe that both national and regional governments can benefit their citizens in the longer term by envisioning wealth creation in terms of the supply and demand of labor over many decades – wherever that labor may come from – or go to.

According to *The Economist*: “The question currently being asked in the rich world – whether immigration rates are unsustainably high – may be the wrong one. Perhaps they are not nearly high enough.”

Many employers believe they are taking action to resolve their talent challenges. But it is our observation that their efforts are marginal – tactical fixes that solve a shortage here or there without introducing real institutional change.

To move in the right direction, the precursor step for employers is simply to recognize the certainty of talent mobility. The next vital step is to proactively anticipate the demand for talent as part of future business demand. That calls for letting go of old assumptions about talent’s ready availability – and for reconsidering employees’ loyalty to the providers of their paychecks. Then it is essential to think in terms of constancy of supply – to perceive that foreign workers are as essential to development of the countries they leave as the countries they move to. That lays the groundwork for reciprocity – an acknowledgement that employers have an obligation to help labor-exporting

nations to keep producing well-qualified talent, just as they have a responsibility to upskill their own national workforce. And it leads to a shift in mindset from “brain drain” to “brain circulation” – the idea that talent can be greatly enriched by movement among employers and locations.

In short, employers must ask themselves hard questions about how the mobility of talent will affect their success, not just in terms of the next bid or the next project, but in terms of their competitiveness and value in 10 and 20 years’ time. In other words, the questions must reflect a shift in the definition of the “burning platform” from, for example, the 150 new call center representatives needed next quarter to the long-term supply of and demand for talent to sustain the employer far into the future.

At the same time, employers cannot – must not – lose sight of their very human obligation to encourage what the International Labor Organization terms “decent work” – work that is free of all exploitation. The sheer improbity of sleeping six manual workers to a tiny room, of turning a blind eye to child labor or sweatshop work, cannot be condoned and must be patrolled and eradicated. It is incumbent on every organization to deeply investigate the work practices throughout its supply chains, regardless of how important these relationships may be.

And governments? It is not Manpower’s intent to speak out on policy or practice. But we can say that many of the long-term, holistic views of labor supply and demand that apply to employers are just as applicable to policymakers. There is already great value in the many local and regional business-government partnerships under way to solve talent mobility challenges in the medium term. And there is ample room for countries to do for skilled individuals what many have done for years for business: create compelling “inward investment” packages that help attract the best and brightest with more than just expatriate salaries and enjoyable lifestyles. In short, countries and regions must position themselves as destination “brands.” Just as Silicon Valley became an alluring brand for professionals the world over, Dubai and Shanghai have achieved status as premier global brands and attractive talent destinations.

Individuals must ask themselves questions too. Managers and many white-collar workers need to think about how they can enrich their careers by moving to other regions or other countries. Skilled tradespeople must understand more about the ebb and flow of demand for their skills over time and across geographies – and avoid rash assumptions about the duration of demand. And if the least skilled can more easily determine which work opportunities are legitimate and safe from exploitation, they will have reached that first secure step on the economic ladder.

The mobility of talent is very real. It is now the obligation of employers and governments everywhere to face up to that reality and develop solutions that work for both the individuals they employ and the stakeholders they serve.

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Join the Global Fight Against Human Trafficking

Human trafficking is a form of modern-day slavery, which forces an estimated 12.3 million people into forced labor or sexual servitude at any given time. Trafficking human beings is now the third largest illegal industry on the planet, following only arms and drug smuggling, and it is present in nearly every country on the planet. For this reason, Manpower Inc. has engaged in the End Human Trafficking Now! campaign, which is championed by the Suzanne Mubarak Women's International Peace Movement (SMWIPM). Visit End Human Trafficking Now (www.gcwdp.org) for more information about trafficking and the global fight to end it.

Manpower Inc. was the first company to sign the Athens Ethical Principles, which declare a "zero tolerance" policy for working with any entity, which benefits in any way, from human trafficking. This includes our clients, vendors and business partners. We are also leading the effort to get the world's leading corporations to join us in signing the Principles and declare that they, too, will have zero tolerance for this inhumane abuse. We invite you and your company to join us and stand up against human trafficking. Visit our Web site and sign the Athens Ethical Principles.

ninemillion.org Reaching Out to Refugees

Manpower has partnered with the United Nations High Commissioner for Refugees, as well as Nike and Microsoft, in a campaign called ninemillion.org, which is dedicated to helping the nine million children who are currently in the world's refugee camps to gain the education they need to succeed in life after they move out of the refugee camp. In addition, the company is partnering with the UNHCR offices worldwide to help connect adult refugees to jobs and job training so that when they are repatriated or settle in a new country they can succeed in the future. This effort is one step to engage the refugee population into the workforce and ease talent shortages that will continue to grow worldwide.

For more information about these and other Manpower social responsibility initiatives, visit www.manpower.com/socialresponsibility

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