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LABOUR MARKETS IN A WORLD OF CONTINUOUS CHANGE

The Hays Global Skills Index 2015

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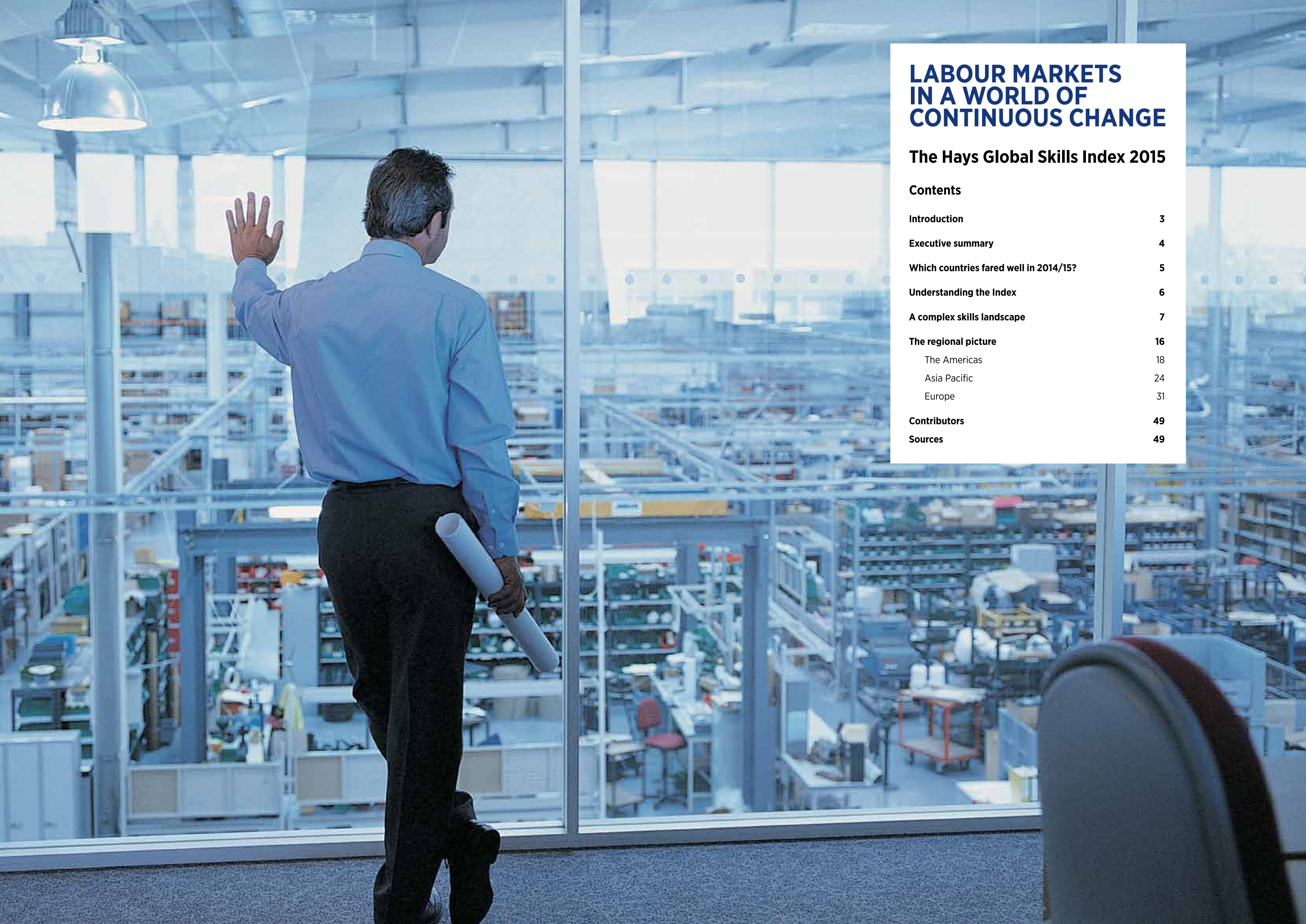


LABOUR MARKETS IN A WORLD OF CONTINUOUS CHANGE

The Hays Global Skills Index 2015

Contents

Alistair Cox, Chief Executive, Hays plc

INTRODUCTION

Welcome to the 2015 edition of the Hays Global Skills Index. As a global recruiter we understand the challenges that face organisations as they look to build and grow their businesses. One key challenge that has become even more apparent in recent years is the struggle to find the skilled workers they need to operate and ultimately, succeed. In order to better understand the skills landscape and the issues facing the world of work, we developed the Hays Global Skills Index.

Now in its fourth year, the Hays Global Skills Index, in collaboration with Oxford Economics, shows how labour markets around the world have been affected by the financial crisis and the ongoing recovery. Looking at 31 countries, it examines a range of pressure points including education policy, wage pressure, labour market participation and talent mismatch.

Throwing a spotlight on these issues is vital. Thanks to such analysis, all players in the labour markets – employers, policymakers, regulators and the workers themselves – will be better equipped to build great careers and great businesses now and in the future. Failing to address them will curtail economic potential and restrict opportunity.

The global economy is generally in better health today than it has been for many years. Strong economic growth, led by developed markets in Europe and the US, has boosted employment and wage growth to new heights.

Certain countries have fared particularly well over the last year. In the US, the growth in earnings relative to the cost of living has risen significantly, particularly in skilled industries. We are seeing a similar story in Australia and parts of Europe. In the UK alone, almost 2 million new jobs have been created and unemployment has fallen steadily.

However, there are still worrying signs of the lasting impact of the financial crisis. The 'employment gap' – the jobs lost since the start of the crisis – is significant. Although employment levels are rising, there are still 11 million fewer people in work today than would be if unemployment and participation had remained at pre-crisis levels. This is equivalent to one in 20 workers across all markets. Meanwhile many countries are struggling with employee productivity, with people working longer hours but not necessarily getting more done.

There is no room for complacency. As companies look to hire more people, the global skills shortage shows no sign of easing – labour markets are still under strain in a world of continuous change. Economic slowdown in China; high unemployment in continental Europe; an ageing workforce in Germany and Japan; and the UK's low productivity. These macroeconomic developments have ramped up the pressure on labour markets across the world.

At Hays we feel that more needs to be done by governments and businesses to address the issues that are still prevalent in labour markets. Based on the findings of the Index and insight from our team of experts across the globe we have developed recommendations that outline some practical solutions to address the global skills deficit.

1. **Enable more and easier skilled migration to allow businesses access to workers with key skills**
   Each country needs to look beyond its own borders to allow businesses to access the talent they need. While self-sufficiency in skills is a worthwhile goal for any economy, it is wrong to restrict a business's ability to grow by restricting its access to talent globally if the necessary skills are not available locally. Skilled migration is a vital short-term solution to filling specific skills shortages where suitably qualified local workers are not available. Governments must therefore make a clear distinction between general immigration and the movement of skilled workers across borders. This should include fast-tracking visas for roles that can't be filled by local workers and showing clear public support for the mobility of skilled labour.

2. **Ensure better training for employees and closer collaboration with schools, universities and technical colleges to deliver the skills pipeline of the future**
   Structured training is essential at all levels, from graduates and apprentices through to the oldest workers. There are huge economic gains at stake for countries that raise their standards of education and training to better prepare young people for the workplace. It is clear that in the long term, education, training and apprenticeship schemes to upskill employees is the best way of boosting productivity and the pool of 'home-grown' talent.

3. **Encourage businesses to embrace technology and maximise the skills at their disposal**
   Finally, governments and business leaders should consider how investment in new and advanced technologies can help employees work more efficiently and thereby boost productivity. People being able to work smarter, rather than longer, will make the most of the skills a business has at its disposal. People must feel empowered to invest in and embrace new technologies to make this happen.

I firmly believe that investment in these three areas will have a dramatic impact in easing the skills shortage, boosting the competitiveness of firms worldwide and securing an even stronger recovery for 2016 and sustainable growth beyond.

We hope that the insight contained in the Hays Global Skills Index 2015 provides a clear picture of the dynamics of the global labour markets, and also provides detailed local colour to help you understand the skills challenges your business may be facing and help you to develop the skills pipeline you need to ensure you have the best workforce for today, and tomorrow.

EXECUTIVE SUMMARY

By looking at a comprehensive set of macroeconomic and labour market indicators across 31 countries, the Hays Global Skills Index puts into context the complex dynamics of the global skilled labour market.

The Hays Global Skills Index ('the Index'), combined with the unique insights of Hays executives operating on the ground, highlights the specific pressures faced by employers and policy makers as they adapt to the rapidly changing demands of today's labour markets. It is a world of continuous change and employers around the world must have robust talent policies in place to ensure they have access to the skills they need.

Movements in the overall Index

- The Hays Global Skills Index shows that global labour markets are tightening. There are some regional variations but on the whole it is getting harder for businesses to find the talent they need.
- North America and Europe are mainly behind this annual increase. After six years of growth, the United States labour market is showing increasing signs of skills shortages. The United Kingdom is also demonstrating that the supply of talent has not kept pace with growing demand. In Continental Europe there has been positive economic news and the Index has recorded moderate pressures in the demand for skills.
- Offsetting this, in many emerging economies the demand pressures on skilled labour markets have eased. China's economy is slowing down, and as it does commodity prices have fallen and international trade has further slackened, impacting the economies of some countries in Asia Pacific and Latin America.

Talent pools and skills gaps

- A fall in the number of people in work or actively looking for work – a worrying development that emerged in the wake of the global financial crisis – continues to impact labour markets. In some countries this has come about through a sharp rise in unemployment, while in others a fall in labour market participation is to blame.
- High rates of unemployment are a major problem for many European countries, with the young being particularly badly hit. Here, long-term unemployment often exists alongside unfilled job vacancies. The combination of people unable to find work, and firms unable to find suitable people to fill vacancies, is clear evidence of a mismatch between the skills that job seekers possess and those employers are looking for.
- Unemployment in the US, which spiked early on during the recession, has now fallen back to pre-recession levels. Yet the talent pool has suffered as many people dropped out of the workforce entirely. The participation rate which continued its downward track until quite recently, remains at an unusually low level.

Wage pressures and a premium for skills

- After a period when the growth in earnings has not kept pace with inflation, wage pressures have returned and this development appears to be a global phenomenon with 21 of the 31 countries registering an increase in the *overall wage pressure* indicator.
- Wage pressures reflect the strength in demand for skilled workers in countries such as Australia, New Zealand, the US and the UK, that have achieved sustained economic growth. In Europe, where there has been positive news over the year, there are also signs of a pick up in earnings, although the economic situation in Europe remains fragile. With the exception of India, wage pressures among the largest emerging economies have eased as their economies have either slowed (China) or entered recession (Brazil and Russia).
- The difference in the wages between those in high- and low-skill occupations – one measure of the wage premium that is paid for greater skills – remains compressed compared to their pre-crisis levels. However, the impact of the rebalancing in economic growth is apparent in how pay differentials have changed over the year. In Latin America and the BRICs differentials have narrowed, whereas in North America and Europe they have widened.

Regulation and Education

- Labour markets do not operate in a vacuum, instead they need supportive governments and educational institutions for their smooth operation. Having the right regulatory framework has helped countries through the recession years, with Germany as the outstanding example, following the overhaul of its unemployment insurance system prior to the recession.
- Education also plays a crucial role in equipping people with the skills they need when they enter the workforce. It is perhaps not surprising that countries such as Singapore and Japan do well in international studies of educational achievement. But progress is not confined to East Asia, with some countries in Europe, such as Ireland and Luxembourg, also doing well.

Ever since the global financial crisis struck, global labour markets have been buffeted by one shock after another. The financial crisis was followed by a collapse in world trade and recessions in North America, Europe and Japan. Even the big emerging economies – Brazil, China and Russia – are no longer the powerhouses they once were. Since 2012, the Index has measured how the labour markets have fared over this turbulent period. While some markets have weathered the storm well, others show the scars. This year we continue to track labour markets in a world of continuous change, aiming to provide valuable insights and analysis on the ongoing challenge of aligning skills with the needs of business.

WHICH COUNTRIES FARED WELL IN 2014/15?

Since the publication of the 2014 edition of the Hays Global Skills Index, four countries in particular have witnessed positive changes in their labour markets, brought about by improvements to labour market regulations and enhanced educational standards.

In the majority of cases, governments have made these changes in a bid to improve their country's future economic prospects by creating a robust future skills pipeline that will help to alleviate long-term skills shortages and allow the creation of a stronger economy.

Australia has an enviable economic track record. It avoided recession during the financial crisis and this year will celebrate its 24th year of unbroken economic growth. In the past, Australia has done well in exporting commodities, notably to China, and as China's economy has moved down a gear, Australia's economy has had to adjust away from export-driven growth and towards domestic demand. Australia appears to be making the transition successfully, with an overall Hays Global Skills Index score of 5.0 (down 0.3 from 2014). It is hard to believe that this achievement would have been possible without Australia's flexible labour market. For instance, Australian regulations are particularly favorable towards temporary employment.

Portugal has had a very difficult period over the past eight years, due to the eurozone crisis. The economy remains around six per cent smaller than what it was before the financial crisis. Moreover, unemployment remains around 13 per cent – having peaked at over 16 per cent in 2013 – and well over twice the typical pre-crisis rate. However, there are signs that the corner may have been turned. The economy grew last year (the first time since 2010) and is forecast to grow this year and next, with unemployment also expected to inch down. While the recovery is likely to be modest, it is a clear improvement on the recent past.

The Index indicators also suggest that things may be changing for the better. The labour supply indicators – *education flexibility*, *labour market participation* and *labour market flexibility* – are all moving in the right direction. But problems remain, especially a stubbornly high score for *talent mismatch* (score of 10) and an uptick in wage pressures (*overall wage pressures*, increased 0.1 year-on-year). These headwinds have caused the overall Index score to remain unchanged at 5.9. Yet, there are reasons to be cautiously optimistic about the direction in which Portugal's labour market is heading.

Mexico has benefited from the continued strength in the US economy, with its own economy growing by a fifth compared to its level in the recession of 2009. Despite this robust growth, one might have expected Mexico's overall Index score to be higher than 5.6 – a level that indicates fairly modest pressures in the labour market. More surprising still is that the overall Index score has tracked down over the year by 0.2. This success is down to structural/supply factors that have offset higher demand for skills. These positive developments are picking up in the *labour market participation*, *labour market flexibility* and *talent mismatch* indicators.

Chile's economy stalled in 2014, having performed well since the mild recession it experienced in 2009. The labour market was not immune to this setback with unemployment ticking up (over six per cent), having tracked down for four years. Yet the labour market has bounced back despite global headwinds of weakening demand for commodities. This achievement is particularly evident in the *talent mismatch* indicator that fell by 2.2 year-on-year, reflecting a reduction in structural unemployment and unfilled job vacancies.

> “Although long-term issues such as talent mismatch and wage pressure in high-skill industries remain a threat, the Portuguese labour market seems to have finally recovered some dynamism.”

Paula Baptista, Managing Director, Hays Portugal

UNDERSTANDING THE INDEX

The Hays Global Skills Index is a complex, statistically-based report designed to assess the dynamics of skilled labour markets across 31 countries.

Seven indicators make up the Hays Global Skills Index

The following seven indicators are given equal weight when calculating the overall Index score for each country. Each indicator measures how much pressure different factors are exerting on the local labour market. Higher scores mean that a country is experiencing more pressure than has historically been the case. Lower scores mean that a country is experiencing less pressure than has historically been the case.

Education flexibility

In today's global and technology-driven economies, raising educational standards is crucial to bridging skills gaps. This indicator provides a comprehensive view of the state of education. The lower the score, the better the chance that the education system is flexible enough to meet labour market needs. The higher the score, the less likely an education system is equipped to build a solid talent pipeline.

Labour market participation

Bringing more people into the workforce is a powerful way to improve economic and labour market performance. Countries that can raise the employee participation rate can gain an edge over countries with less scope to do so. The lower the score, the larger the untapped pool of workers. The higher the score, the lower number of workers there are available to join the workforce, giving less scope to boost overall participation rates.

Labour market flexibility

Governments play an important part in determining how well labour markets function. For instance, they can cut red tape, avoid laws that discourage hiring and adapt policies that welcome talented people from abroad. The lower the score, the better aligned governmental policies are with labour market dynamics. A higher score means there are more barriers restricting the local labour market.

Talent mismatch

This indicator measures the gap between the skills that businesses are looking for and the skills available in the labour market. A higher score indicates that businesses are facing a serious problem in matching available candidates with unfilled jobs. A lower score suggests employers are having an easier time finding workers with the skills they need.

Overall wage pressure

Skills shortages are likely to be an important issue when wages are growing faster than the overall cost of living. A high score indicates the presence of overall wage pressures that are higher than the historic norm for that country. A low score tells us wages are not rising quickly and those pressures aren't present.

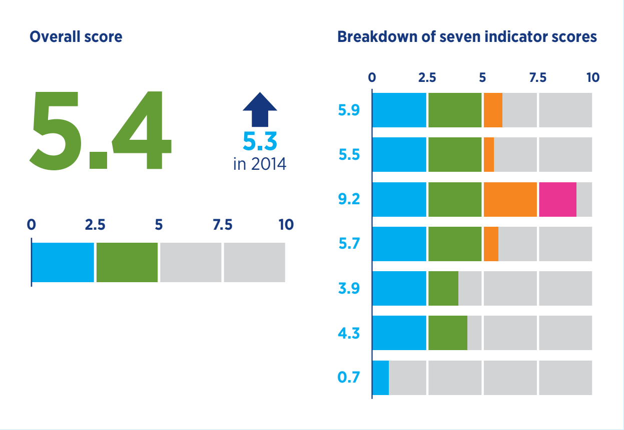
Wage pressure in high-skill industries

Some industries require higher-skilled staff than others. As it takes time to undertake the training necessary to work in those industries, it potentially makes them more vulnerable to skill shortages as the number of people qualified to start work cannot be changed quickly. A higher score indicates that wages in high-skill industries are growing faster than in low-skill industries relative to the past, which is indicative of the emergence of sector-specific skills shortages (such as in engineering or technology). A lower score tells us wages for those in high-skill industries are rising more slowly or with wages in low-skill industries.

Wage pressure in high-skill occupations

Some occupations require a higher than average amount of training, education and experience. These are called high-skill occupations. Rising wage pressure in this category signals that these occupations are experiencing shortages of employees with the necessary skills. The higher the score, the greater the presence of skills shortages affecting high-skill occupations. A lower score tells us wages for those in high-skill occupations are rising more slowly than those in low-skill occupations.

Each country's overall Index score is accompanied by a visual indicating the score range for each indicator (see below).



The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

A COMPLEX SKILLS LANDSCAPE

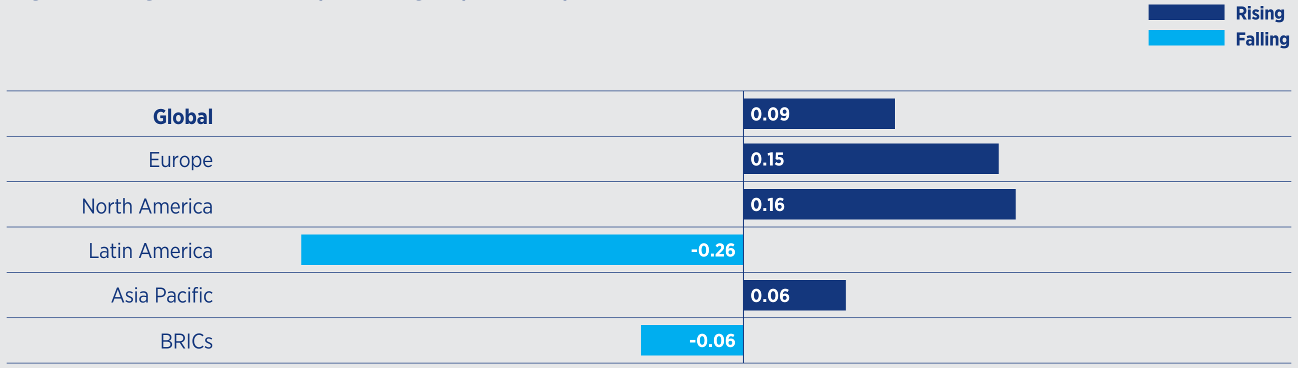
No current analysis of the global economy is complete without a discussion on the labour market. Ever since the financial crisis broke, global labour markets have been centre stage. High youth unemployment in Europe; a precipitous fall in labour market participation in the US; ageing workforces in Germany and Japan; low productivity in the UK; rising skills gaps in Asia Pacific; and the need for structural reforms in India and Latin America.

The wider macro picture

Now in its fourth year, the Hays Global Skills Index has been recording the evolution of the labour market through this unprecedented period of continuous change. Covering 31 countries, the Index tracks developments in Europe, the Americas and Asia Pacific.

Figure 1 provides a global and regional snapshot of how labour markets have fared over the past 12 months. The average overall Index score for all 31 countries included in the Hays Global Skills Index, increased by just under 0.1 to 5.4, indicating that skills shortages continue to worsen across the globe.

Figure 1: Regional summary – changes year-on-year (2014 vs 2015)



Europe comprises: Austria, Belgium, Czech Republic, Denmark, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the UK **North America comprises:** Canada, Mexico and the US **Latin America comprises:** Brazil, Chile, Colombia and Mexico **Asia Pacific comprises:** Australia, China, Hong Kong, Japan, New Zealand and Singapore **The BRICs comprise:** Brazil, China, Russia and India

The 31 countries have been grouped into five blocs: Europe, North America, Latin America, Asia Pacific, and the BRICs. These groups were chosen to bring out the underlying stories described in the report.

Macro perspective

The global economy has yet to fully recover from the slump in world trade that followed the financial crisis. High levels of public and private debt remain a serious problem, especially in Europe. For those countries most affected, bold government action early on appears to have paid off to date. Both the US and the UK have put the recession behind them, albeit the UK is still struggling to contain its high level of public debt. Europe, on the other hand has seemed, until recently, to be on the brink of deflation and stagnation, however, signs of recovery have recently appeared. This favourable turn of events is due, in part, to the recent strength of the dollar and falling energy prices, with the European Central Bank also helping with its quantitative easing.

At first, the crisis appeared to confirm the shift of economic power away from the developed economies of North America and Europe towards emerging economies, especially the four giants – Brazil, Russia, India and China (BRICs). Yet, even this commonplace view now seems less certain than it once did. While expected to grow by over 6 per cent, for China, the remarkable growth rates achieved over the past two decades appear a thing of the past. Much now depends on whether its economy can move down a gear, without stalling. Brazil and Russia are in recession and of the four giants, only India has maintained its growth momentum.

Smaller economies are also having to adjust to these shifting sands. For Hong Kong and Singapore, the slowdown in China and in world trade more generally presents a serious challenge. Although both commodity exporters, Australia and New Zealand have so far managed well, however both are vulnerable should their overheated property markets crash. Latin America also looks increasingly fragile. Chile and Colombia are expected to slow down this year. Bucking the trend, Mexico is faring well on the back of the strength in the US economy.

> “In line with softening economic activity, the pressures facing China’s labour market also continue to ease, providing some welcome relief for employers in this highly competitive talent market.”

Simon Lance, Managing Director, Hays China

Regional perspective

Underneath this global trend, there are important regional variations.

Conditions have tightened across Europe and North America, as they have also done in some parts of Asia Pacific. Australasia (represented by Australia and New Zealand) has continued to power ahead with strong demand, with a shift away from commodities in Australia contributing to skills gaps. Conditions remain tight in Japan. Labour markets have eased in China however, and both Hong Kong and Singapore have been adversely affected by the weakness in international trade.

But the most striking change has been in Latin America, where the average overall Hays Global Skills Index score fell by 0.26, indicating a marked easing in conditions; this is partly explained by Brazil entering recession along with signs of slack that are appearing both in Chile and Colombia, both of which rely on commodity exports. Even in Mexico, where one might expect conditions to tighten on the back of strong US demand, the Index has fallen as higher participation has boosted labour supply.

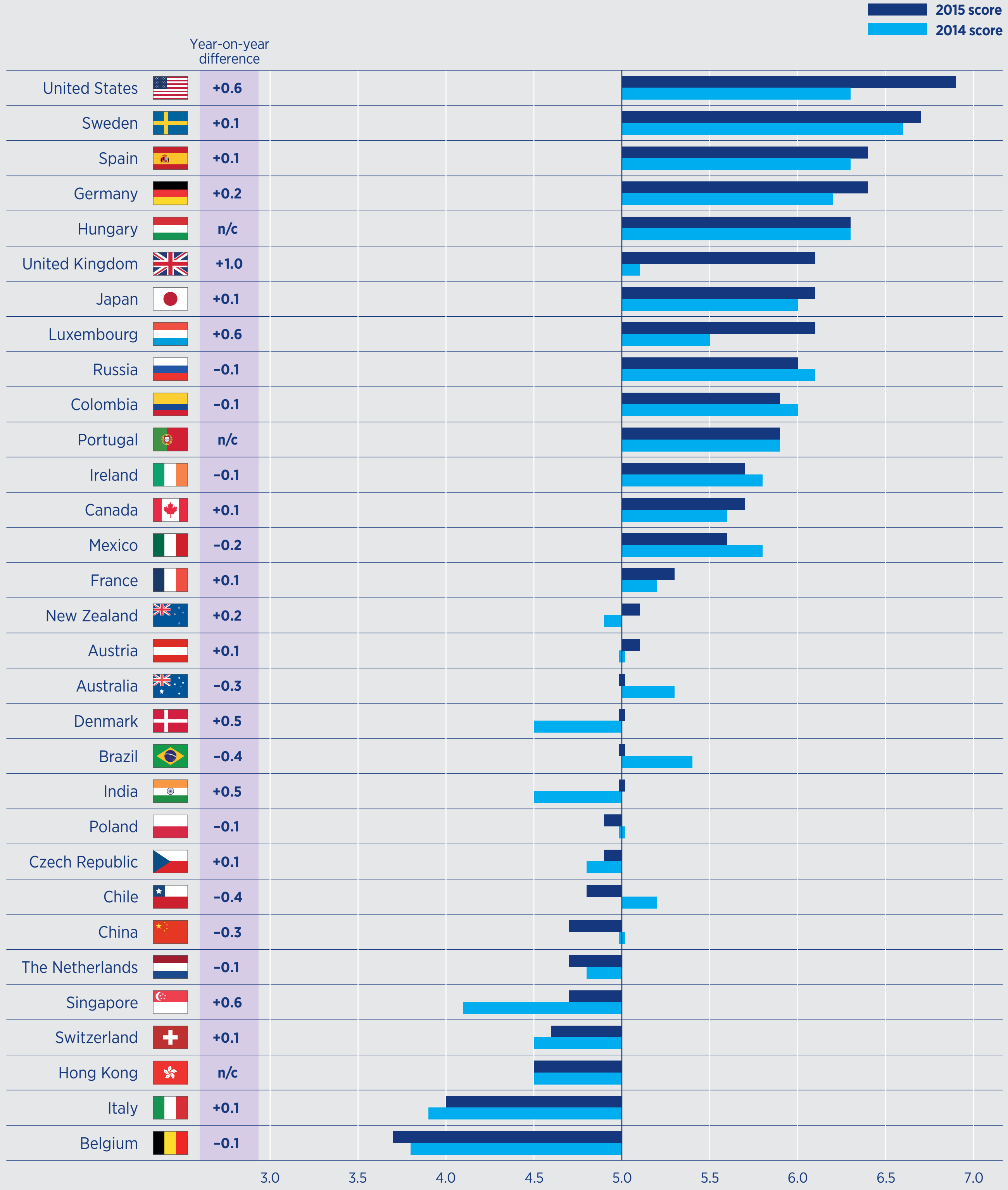
Figure 2 opposite shows the overall scores for each of the 31 countries, together with their scores from last year. The countries are shown in descending order of their 2015 scores.

The five countries with the highest overall Hays Global Skills Index scores - where labour markets are the most pressured – are the US (6.9), Sweden (6.7), Spain (6.4), Germany (6.4) and Hungary (6.3). At the other end of the scale, the five countries with the lowest scores – markets where labour markets are the least pressured – are Singapore (4.7), Switzerland (4.6), Hong Kong (4.5), Italy (4.0) and Belgium (3.7). While these ten are the same as in 2014, a tightening in conditions is evident at both ends of the Index scale. It is important to remember that while the overall Index score gives an indication of how a labour market is performing generally, the seven individual indicators provide greater scope in understanding the full story.

The pace of change in global labour markets is reflected in the changes to the overall Hays Global Skills Index scores, with the overall score rising in 17 countries, falling in 11, while remaining unchanged in only three countries (Hungary, Hong Kong and Portugal).

Among the largest moves, strong demand drove increases in the UK (+1.0), the US (+0.6), Luxembourg (+0.6) and Denmark (+0.5). Whereas ‘supply factors’ explain pressures in Singapore (*talent mismatch*) and India (*education flexibility*). Weak demand drove falls in Brazil (-0.4), and Chile (-0.4), as it was in China (-0.3) where the pace of growth is decelerating.

Figure 2: Hays Global Skills Index scores (by country)



Key insight: The 'employment gap'

Global labour markets have been rocked by shocks unleashed by the global financial crisis and the slump in activity and trade that followed in its wake. The scale of the disruption is clearly illustrated by the 'employment gap', the difference between the number of people in work and the number that would have been employed had participation and unemployment remained at their pre-crisis rates.[1]

In Europe, high unemployment has proved a stubborn feature of the post-crisis landscape. In Ireland, Italy and Spain, among the worst hit countries, unemployment rates exceed 10 per cent, more than double their 2007 rates. In Spain, the unemployment rate has remained above 20 per cent since 2011 and it is expected to remain at this level for some time to come, despite signs of an economic recovery. And while unemployment in Europe is showing signs of falling, in recession-hit Brazil and Russia it is on the rise.

In the US, unemployment initially rose sharply, but then fell back quite quickly as the economy picked up. Participation rates continued to fall until 2013 and have not recovered since. Participation rates have also fallen in China, India and the UK, albeit to a far less extent than in the US.

Had unemployment and participation rates remained at their average levels over 2000-2007, over 11 million more people would have been in employment during 2014 than was the case. This 'missing workforce' is equivalent to 1 in 20 of the total workforce across the 31 Hays Global Skills Index countries. While the situation is improving, the employment gap is forecast to remain at over 6 million this year. A shocking testimony of the lasting impact that the global financial crisis has had on people's lives.

1. For a discussion of the employment gap, see 'World Employment Social Outlook: Trends 2015', 2015, International Labour Organisation.

Talent pools and skills gaps

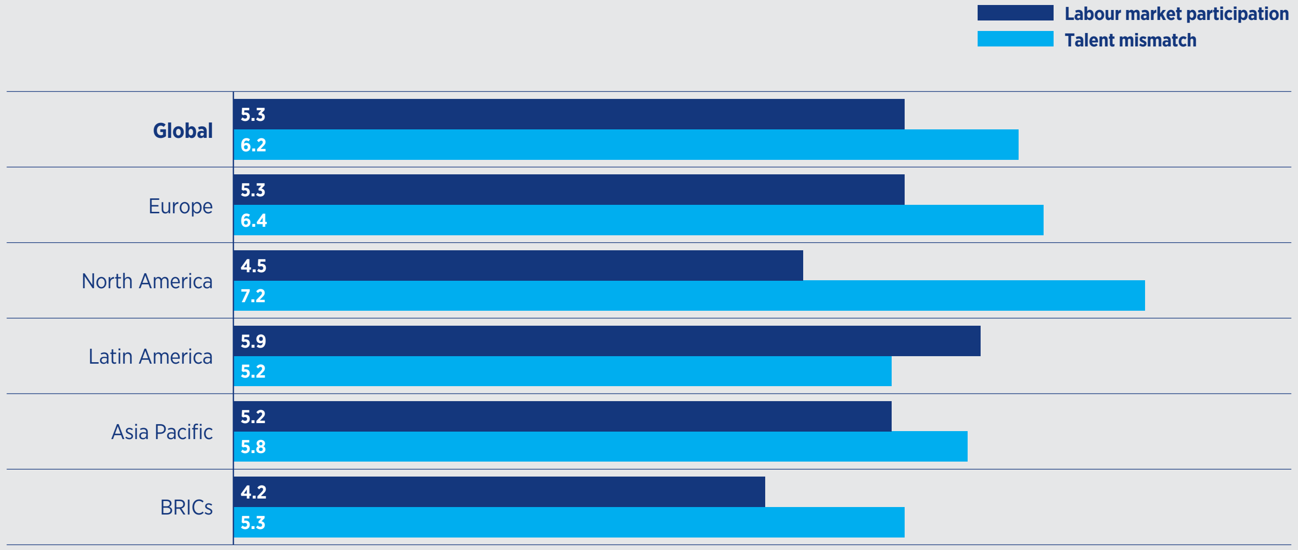
Two worrying developments emerged in the wake of the global financial crisis and ensuing slump in activity and trade. First, many people who formerly worked, or were actively looking for work, stopped doing so. As this happened, labour market participation rates (the number of people in a workforce that are in employment) fell, most dramatically in the US. Second, as others looked for work without success, long-term unemployment rose, especially among the young. While not confined to Europe, high youth unemployment is particularly acute in some EU member states, most notably in Italy and Spain.

Yet, as participation rates fell and long-term unemployment increased, businesses have still found it difficult to fill job vacancies. This apparent contradiction – unfilled jobs and high unemployment – is a clear indicator of a mismatch between the skills employers are looking for and the skills possessed by job seekers.

These issues are tracked by the Index indicators *labour market participation* and *talent mismatch*. Figure 3 shows the average global and regional score for each of these indicators, shown side by side to give an overall score for the supply of talent.

This shows that low participation rates and talent mismatch (high rates of long-term unemployment and job vacancies) both contribute to the pressures present in global labour markets, with average scores of 5.3 and 6.2 respectively. Of the two, the Index scores point to *talent mismatch* as the more acute problem in all but Latin America.

Figure 3: Participation and mismatch



Taken together, high unemployment and low participation rates mean that there are far fewer people in employment today than would have been the case had the rates of participation and unemployment remained at pre-crisis levels. The key insight on page 10 explains this 'employment gap' and its long-term implications for the skill-base.

> "Talent mismatch will be the main challenge for Italian employers, as Italy's high and growing rate of long-term unemployment will increase the difficulty of recruiting highly skilled professionals."

Carlos Soave, Managing Director, Hays Italy

Wage pressures and a premium for skills

Wage pressures loom large in this year's Hays Global Skills Index. After a period when the growth in earnings has not kept pace with inflation, wage pressures have returned and this development appears to be a global phenomenon with 21 of the 31 countries registering a pickup in the *overall wage pressure* indicator.

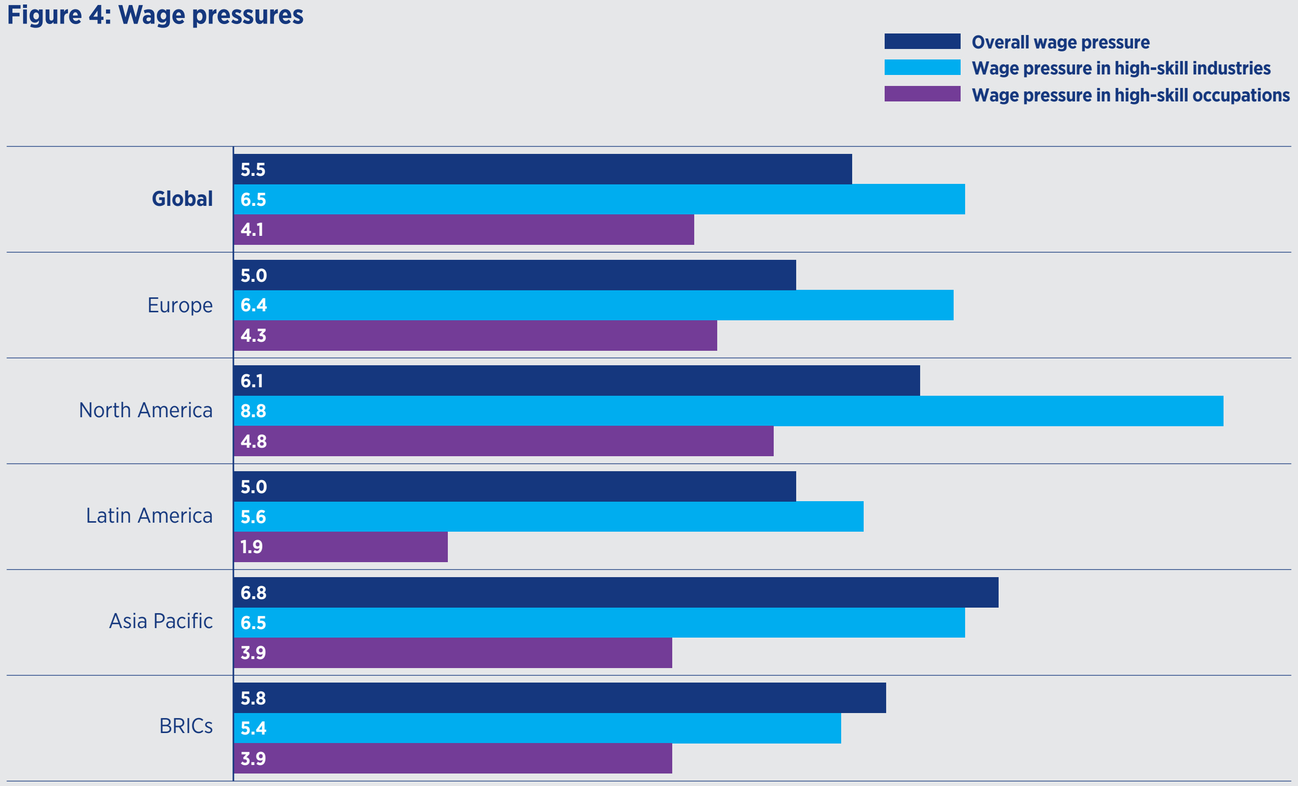
Figure 4 shows the global and regional averages for the three Index indicators for wage pressure: *overall wage pressure* tracks the growth of earnings relative to the cost of living; *wage pressure in high-skill industries* tracks changes in pay differentials between high- and low-skill industries; and *wage pressure in high-skill occupations* tracks changes in pay differentials between high- and low-skill occupations.

From looking at Figure 4 it is immediately apparent that wage pressures have increased, with both the *overall wage pressure* and *wage pressure in high-skill industries* indicators being generally well above 5.0, the level consistent with pre-crisis levels. Overall wage pressures are elevated in Asia Pacific (6.8), North America (6.1), and the BRICs (5.8). Industry pay differentials are wide across the board, with an unusually high score of 8.8 for North America (unchanged from 2014).

Wage pressures reflect the continuing strength in demand in countries such as Australia and New Zealand, the UK and the US where labour markets have inevitably become more pressured as their economies have achieved sustained growth. In Europe, where there has been positive economic news, the Index now averages 5.0, up from 4.6 last year. Furthermore, in a region where deflation has until recently been a real fear, any evidence that consumers' spending power is recovering is reason enough to celebrate. Slackening in demand also explains why *overall wage pressure* has eased among the BRICs, with their average score of 5.8, 0.3 lower than last year.

With the exception of North America, where occupational wage differentials have almost returned to their pre-crisis levels, occupational pay differentials remain compressed, averaging below 5.0 in all the regions. That is not to say that this indicator is unresponsive to the changing economic situation. For instance, in Latin America and the BRICs, the indicator has fallen, by 0.5 and 0.4 respectively; whereas in North America and Europe it has risen, by 0.6 and 0.3 respectively. Movements are consistent with the wider economic news.

Figure 4: Wage pressures



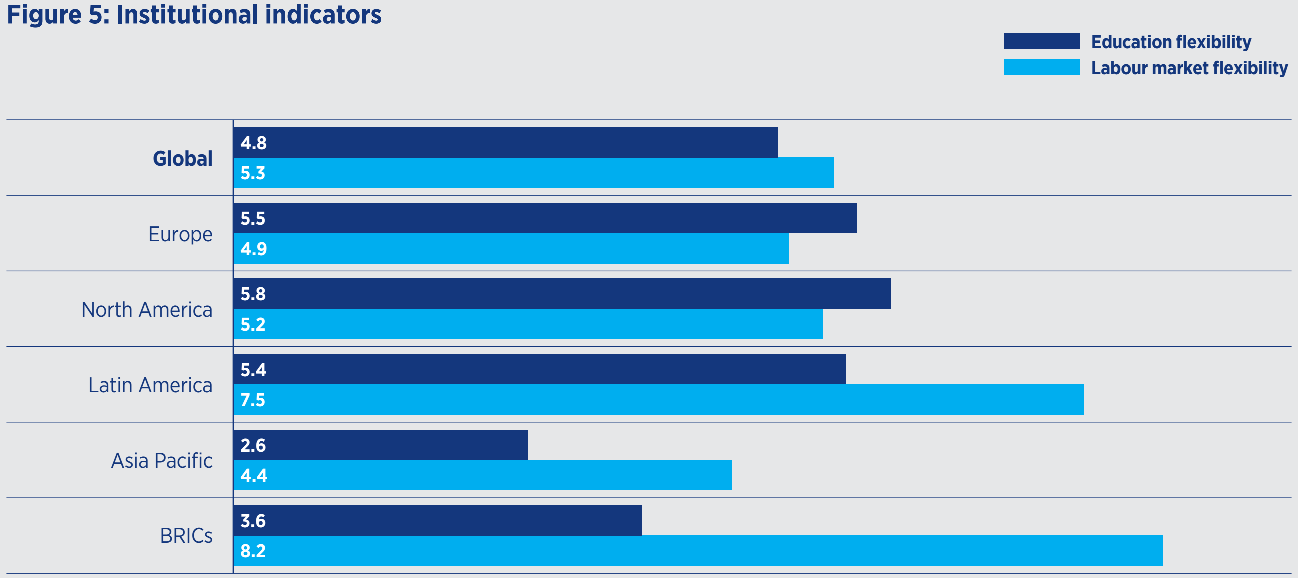
Regulations and education

Labour markets do not operate in a vacuum; instead they need supportive institutions, such as governments and educational institutes, for their smooth operation. In recognition of this, the Hays Global Skills Index has two indicators that measure the institutional environment in which labour markets must operate; *labour market flexibility* and *education flexibility*.

Labour market flexibility has two components. First, it draws on work by the World Bank and the Heritage Foundation in tracking the extent to which businesses and employees are constrained by regulations when recruiting and in setting pay and conditions. Second, it tracks how open a country's economy is to migration and to international trade. A low score indicates that domestic regulations and the economy's access to the global market are helpful in bridging skills gaps. For instance, being a location that draws in skilled foreign workers is an obvious advantage when the domestic economy faces skills gaps.

Asia Pacific and Europe, whom on average have scores below 5.0, fare well in terms of this indicator (see Figure 5). Both Europe and Asia provide examples where labour market laws have been successfully reformed. Germany undertook a major overhaul of its unemployment insurance system (Hartz IV reform) prior to the financial crisis, which is widely believed to have contributed to the 'German Labour Market Miracle', Germany's success in riding the post-2008 storm with little employment loss.[2] In Japan, where the Government is currently pushing through reforms, the *labour market flexibility* score has fallen to 6.7, from 7.1 in 2014. Looking ahead, India may be the next big story. It currently performs poorly on this indicator, with a score of 8.5. However, the Indian Government has recently announced its intention to overhaul its labour laws. If these prove successful, we may see India's *labour market flexibility* score falling over the next few years.

Figure 5: Institutional indicators



Raising educational standards is crucial to bridging skills gaps in today's global and technology-driven economies. *Education flexibility* measures the quality of education along two dimensions: attainment and achievement. Educational attainment is about the length of time people stay in education. Educational achievement is about how much is learnt at any given stage in the education process (tracked through international studies of educational achievement in the core areas of literacy, mathematics and science).

In general, educational standards do not change a great deal from one year to the next. As such, it is more informative to focus on the overall level of this indicator rather than on its year-on-year changes. The regional scores shown in Figure 5 reflect how far educational standards have improved since the early to mid-2000s. For Europe and North America, where educational standards were high in the early to mid-2000s, *educational flexibility* scores are around 5.0, indicating that standards have been maintained. For Asia Pacific and the BRICs, where standards were generally lower to start with, progress has been made to improve standards as indicated by the lower scores in Figure 5. For example, Singapore, China and Hong Kong all have scores below 2.0, indicating that standards have been raised significantly since the early to mid-2000s. By comparison, Latin America has not done so well. It's score of 5.4 indicating that in its educational sphere, the region has stalled and in so doing has failed to keep pace with the improvements in other emerging economies.

2. For a description of the reforms see, 'Macroeconomic Evaluation of Labor Market Reform in Germany', International Monetary Fund, February 2013. The German miracle is described in 'What Explains the German Labor Market Miracle in the Great Recession?', Brookings Papers on Economic Activity, Spring 2011.

Key insight: Measuring labour market flexibility

Labour market institutions, and the regulations that often underlie them, vary considerably from one country to the next. For example, mandated works councils, employment protection laws, minimum wages, collective bargaining, lifetime employment, apprenticeships, occupational health and safety rules, equal employment legislations – the list could go on.[3]

With such a diverse range of things to measure, how does one measure labour market flexibility? To answer this we compare three published indices that provide an annual measure of labour market flexibility and which cover all the countries in the Hays Global Skills Index. These are published by the Heritage Foundation, the Fraser Institute and the World Economic Forum. All three are based on a very broad range of indicators, and are calibrated such that markets where wages and employment are set by market conditions are scored highly.

Figure 6 compares how the three indices rank the five regions, based on their constituent countries' average rank in the 31 Hays Global Skills Index countries. The three indices provide a very similar picture of how regions compare in terms of the flexibility of their labour markets. The one exception is Latin America where the Heritage Index provides a much more favourable ranking than the other two indices, a difference that is down to how they evaluate Colombia.

Figure 6: How global indices of labour market flexibility compare

	Heritage	Fraser	WEF
Europe	4	3	3
North America	2	1	2
Latin America	3	5	5
Asia Pacific	1	1	1
BRICs	5	4	4

3. For a discussion of the diversity of labour institutions see 'Labour Market Institutions Around the World', 2008, Richard Freeman, CEP Discussion Paper No 844.

Conclusions

Overall, labour markets among the 31 Hays Global Skills Index countries have become more pressured over the past 12 months. In North America and Europe this reflects positive economic news, although many economies in Continental Europe remain in pretty poor shape.

But while the developed economies have achieved modest improvement, for many emerging economies the past 12 months have been difficult. The situation has deteriorated in Latin America and this set back is not confined to Brazil, its biggest economy, which entered recession. Asia Pacific has had to adjust to China's slowing economy, and this has had a profound impact both for Hong Kong and Singapore that depend on international trade, and for commodity exporters, such as Australia. Some economies have fared better than others, but the global economy has to undergo a further series of adjustments and – as has become the norm over the past eight years – labour markets are at the forefront of these momentous developments.

Back in 2012, the first year we published the Hays Global Skills Index, the labour market situation seemed in many ways easier to comprehend. The financial crisis and its aftershocks had severely impacted many economies. Among the casualties – which included much of Western Europe – unemployment was very high while pay stagnated. While the symptoms were unusually severe, the explanation – a deep recession – was obvious. Elsewhere, other economies powered through the turbulence – most notably the BRICs. For these powerhouses, the labour markets were also barometers for their heated economies, with mounting wage pressures, low unemployment and low vacancy rates early indicators of approaching supply constraints.

Three years on, the situation no longer seems so straightforward. In Europe, where many economies remain fragile, the labour markets have for seven years remained in intensive care, with severe unemployment, weak pay, and high rates of unfilled job vacancies. With the passage of time – with the damage that such a long period of high unemployment inevitably has on skills, especially among the young – the state of the labour market seems an increasingly impediment to recovery, rather than simply a casualty of recession.

Those countries fortunate enough to have pulled themselves out of recession have experienced recoveries marred by serious problems emanating from their labour markets. For the US, skills shortages/mismatch were evident early in the recovery. Moreover, labour market participation has not recovered to anywhere near its pre-crisis rate. Turning to the UK, weak productivity is threatening both the future pace of growth and living standards, after an unprecedented period where average incomes have failed to keep up with the cost of living.

In a world of continuous change, labour markets have proved accurate barometers of changing economic fortunes. Increasingly, they are centre stage in governments' economic policies and companies' strategic planning.

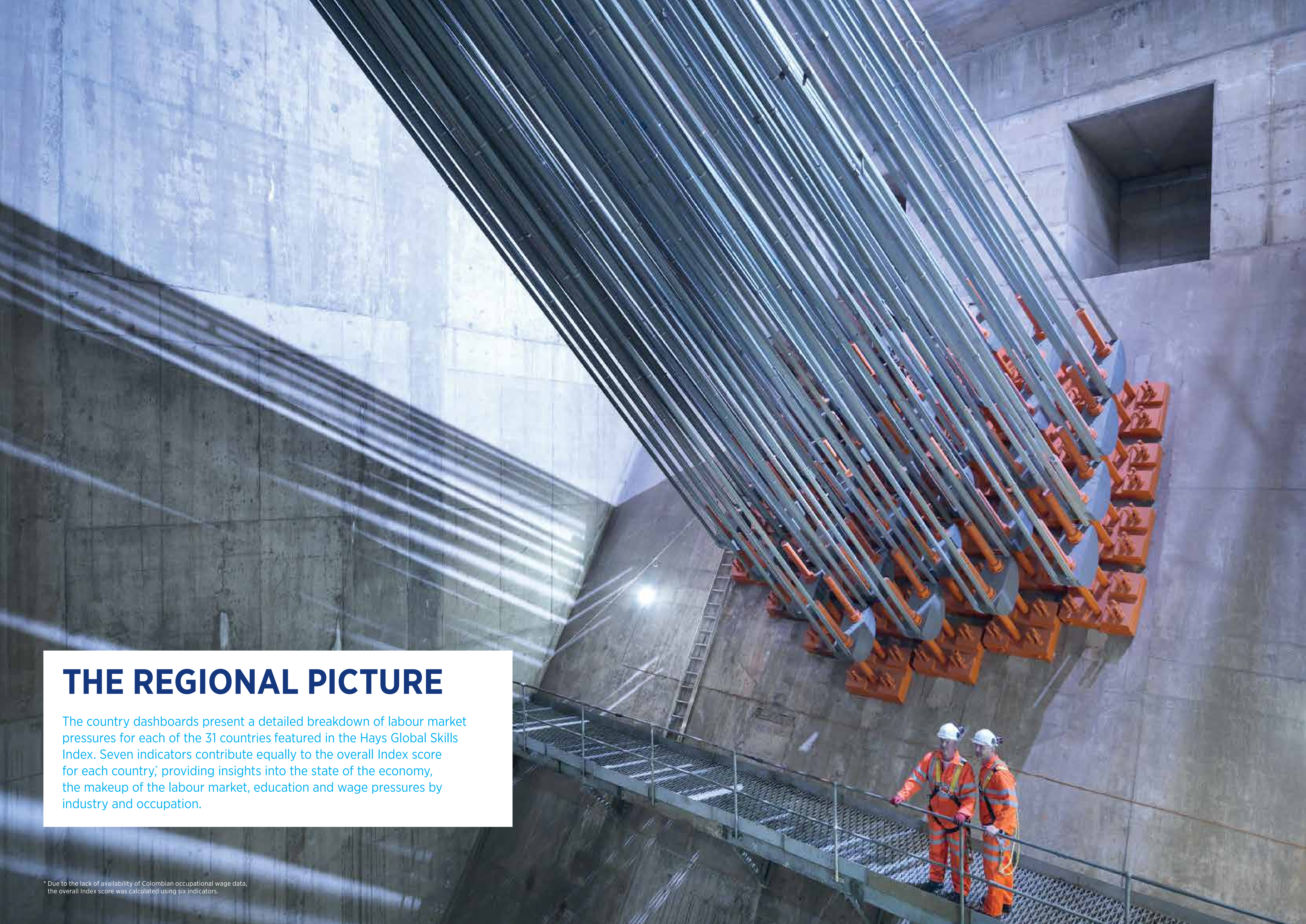
> " The UK economy continues to show steady growth and the market ahead remains positive. This growth is creating increased stress in the labour market and the majority of employers report worsening skills shortages. "
>
> **Nigel Heap, Managing Director, Hays UK**

Key insight: Mismatch, labour market flexibility and productivity

Recent research by the OECD highlights the harm that skills mismatch can have both on firms' competitiveness and countries overall productivity growth. In one study, researchers established a clear link between talent mismatch within jobs (both over- and under-skilling) and productivity.[4] Interestingly, the affect works at two levels. First, firms with high numbers of poorly matched workers were less productive than their competitors. Second, through competition between firms employment shifts towards the firms that are better at matching their workers to appropriate jobs.

A second study found that poorly designed labour regulations can prevent good jobs matches, and that this can impose heavy and unpredictable costs on both firms and workers.[5] For example, a competitive and open business environment helped job matches, while the quality of job matches were harmed by stringent employment protection legislation, and limited the scope for flexible wage bargaining.

4. 'Labour Market Mismatch and Labour Productivity: Evidence from PIAAC Data', April 2015, OECD, Economics Department Working Paper No 1209. 5. 'Skill Mismatch and Public Policy in OECD Countries', April 2015, OECD, Economics Department Working Paper No 1210.



THE REGIONAL PICTURE

The country dashboards present a detailed breakdown of labour market pressures for each of the 31 countries featured in the Hays Global Skills Index. Seven indicators contribute equally to the overall Index score for each country,* providing insights into the state of the economy, the makeup of the labour market, education and wage pressures by industry and occupation.

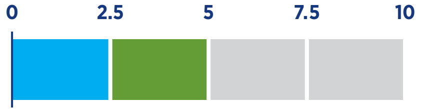
* Due to the lack of availability of Colombian occupational wage data, the overall Index score was calculated using six indicators.

BRAZIL

Overall score

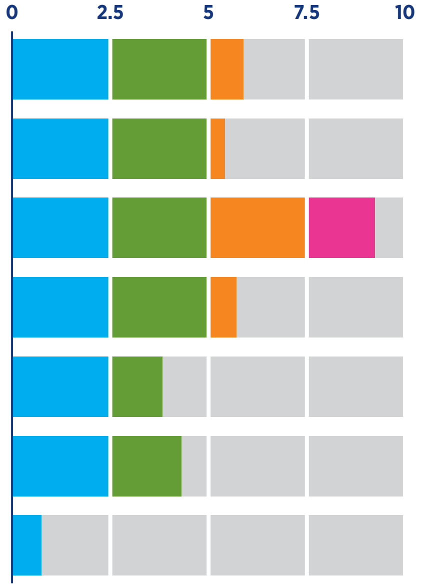
5.0

5.4 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	5.9
Labour market participation	5.4
Labour market flexibility	9.2
Talent mismatch	5.7
Overall wage pressure	3.8
Wage pressure in high-skill industries	4.3
Wage pressure in high-skill occupations	0.7



Key finding

Behind the downward move in the overall Index score is an increase in labour supply (higher labour market participation) and an easing in wage pressures in high-skill industries. Some upward pressures remain, with education levels and high structural unemployment contributing to skill shortages.

Downward pressure from:

- Labour market participation
- Labour market regulations
- Wage pressure in high-skill industries

Upward pressure from:

- Structural unemployment
- Education levels
- Net in-migration

Country profile

The economic situation has deteriorated markedly since last summer. At the time modest growth over 2014 as a whole was still expected.

As it turned out the economy ground to a halt by the end of the year with the economy now in recession. To add to the woes, the labour market, which had remained resilient last year, has now taken a turn for the worst. This is reflected in this year's Index score of 5.0, which is 0.4 lower than last year.

Background economic data

	2014	2015†
Population	206.3m	**208.1m**
GDP		
GDP (Billion BRL*)	6,014	**5,871**
GDP growth	0.1%	**-2.4%**
GDP/head (BRL*)	29,200	**28,200**
Unemployment		
Unemployment rate	5.6%	**6.9%**
Long-term unemployment rate	n/a	**n/a**

*2015 prices †Average forecast figures for 2015

View from the ground

Brazil is facing one of its biggest challenges in recent history: public spending adjustments and a scandal involving Petrobras, the state owned oil company, both of which have had an effect on business confidence. Highly skilled workers remain in demand, especially in the sciences and technology areas. Language skills and experience in restructuring, as well as flexibility to adapt to a changing environment, are sought after by companies searching for their perfect candidate. Productivity is a key issue and companies are looking at how the challenge is being dealt with in other parts of the world to provide Brazil with a sound and more solid ground for future growth.

Jonathan Sampson, Managing Director, Hays Brazil

Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

CANADA

Overall score

5.7

5.6 in 2014

Breakdown of seven indicator scores

Indicators	
Education flexibility	5.8
Labour market participation	5.3
Labour market flexibility	3.9
Talent mismatch	6.6
Overall wage pressure	5.3
Wage pressure in high-skill industries	6.5
Wage pressure in high-skill occupations	6.3

Key finding

Upward pressures from overall wage pressures, and a widening in pay differentials across industries are being offset by an increase in labour supply (a rise in labour market participation), and a fall in structural unemployment.

Downward pressure from:

- Structural unemployment
- Labour market participation
- Wage pressure in high-skill occupations

Upward pressure from:

- Wage pressure in high-skill industries
- Labour market regulations
- Overall wage pressure

Country profile

Canada's economy is being pulled two ways. On one hand it has lost out from the fall in the price of oil, while on the other hand it is benefiting from the continued strength of the US market.

The tailwinds prevailed last year with growth of 2.4 per cent, somewhat stronger than was expected last summer.

This year the drop in oil price will make itself felt with growth reigned back to 0.8 per cent for the year as a whole.

Reflecting these contrary pressures, Canada's Hays Global Skills Index score increases only slightly to 5.7.

Background economic data

	2014	2015†
Population	35.8m	**36.1m**
GDP		
GDP (Billion CAD*)	1,952	**1,969**
GDP growth	2.4%	**0.8%**
GDP/head (CAD*)	54,500	**54,500**
Unemployment		
Unemployment rate	6.9%	**7.0%**
Long-term unemployment rate	0.9%	**0.9%**

*2015 prices †Average forecast figures for 2015

View from the ground

The downturn in oil prices has had a detrimental effect on the Canadian economy in general. As well as having a negative effect on GDP growth, it has also dented Canada's economic confidence. While the direct effects of the oil industry's change in fortune are mainly confined to Alberta, the knock-on effects can be felt in most provinces. The counter balance to this is a recovering manufacturing sector, as well as a strong technology industry and a healthy construction industry. The high proportion of senior management in these industries are set to retire in the coming years and with a lack of young people entering them, this means that there will be continued skills shortages in the medium to long-term.

Rowan O'Grady, President, Hays Canada

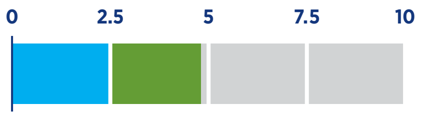
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

CHILE

Overall score

4.8

5.2 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	5.9
Labour market participation	5.6
Labour market flexibility	6.3
Talent mismatch	3.3
Overall wage pressure	6.0
Wage pressure in high-skill industries	4.9
Wage pressure in high-skill occupations	1.9

Key finding

Behind the fall in the overall score is an easing in wage pressures in high-skill industries and a reduction in structural unemployment. Upward pressure is coming from a reduction in the supply of labour (lower labour market participation) and relatively poor educational attainment.

Downward pressure from:

- Vacancy rates
- Wage pressure in high-skill occupations
- Structural unemployment

Upward pressure from:

- Labour market participation
- Overall wage pressure
- Education levels

Country profile

Chile has not proved immune to the deteriorating economic climate across South America.

The fall in copper, especially during H2 2014, contributed to the economy ending the year on a weak note.

Growth turned out at 1.8 per cent (2014), down from the 2.4 per cent expected last summer. Unemployment also ticked up.

Although the slowdown is expected to be temporary, the softening is picked up in the Hays Global Skills Index with the overall score now at 4.8, a 0.4 reduction from last year.

Background economic data

	2014	2015†
Population	17.8m	17.9m
GDP		
GDP (Billion CLP*)	153,579	157,257
GDP growth	1.8%	2.4%
GDP/head (CLP*)	8,631,800	8,764,400
Unemployment		
Unemployment rate	6.4%	6.4%
Long-term unemployment rate	n/a	n/a

*2015 prices †Average forecast figures for 2015

View from the ground

The end of a mining boom prompted Chile's economy to slow down last year, while solid consumption propelled growth in Q1 2015. Unfortunately the economy didn't keep pace in Q2 and mining investment is not expected to recover strongly. In mid-2015, economic activity registered the smallest expansion in nine months and industrial production contracted. Prices for copper have continued their downward trajectory. Unemployment is low at 6.4 per cent; however, youth unemployment remains high at 14.9 per cent, which is one of the highest among OECD countries. Investments in training, foreign investments and reforms to education and the labour market are necessary to tackle these issues and to grow the economy above 3.5-4 per cent.

Pedro Lacerda, Managing Director, Hays Chile

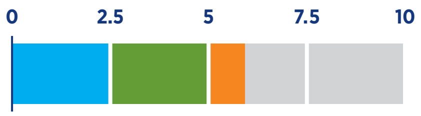
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

COLOMBIA

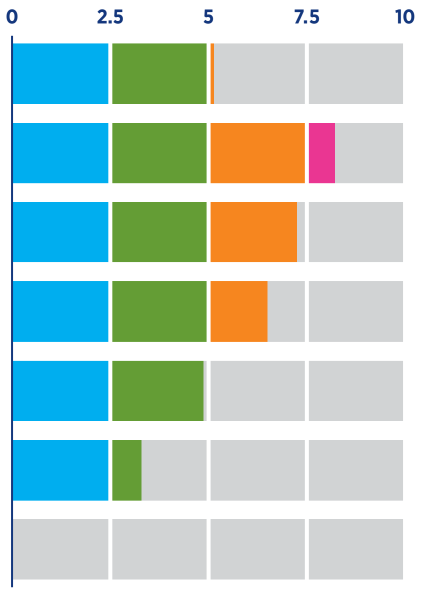
Overall score

5.9

6.0 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	5.1
Labour market participation	8.2
Labour market flexibility	7.3
Talent mismatch	6.5
Overall wage pressure	4.9
Wage pressure in high-skill industries	3.3
Wage pressure in high-skill occupations	n/a

Key finding

Colombia's overall score is roughly unchanged on the year. Downward pressure from the industry wage differential and an increase in the participation rate are offset by higher structural unemployment and an uptick in overall wage pressures.

Downward pressure from:

- Wage pressure in high-skill industries
- Labour market regulations
- Labour market participation, ages 55-64

Upward pressure from:

- Structural unemployment
- Overall wage pressure
- Labour market participation, ages 15-24

Country profile

The fall in the price of oil has taken the steam out of Colombia's economy.

The economy, which grew by 4.6 per cent in 2014 – a bit weaker than expected last summer – will slow to 3.0 per cent this year.

Having remained resilient during the second half of last year, the labour market is showing evidence of slack.

This softening is picked up in the Hays Global Skills Index with this year's score of 5.9, a reduction of 0.1 from last year.

Due to the lack of availability of Colombian occupational wage data, the overall Index score was calculated using six indicators.

Background economic data

	2014	2015†
Population	48.9m	49.5m
GDP		
GDP (Billion COP*)	787,910	811,547
GDP growth	4.6%	3.0%
GDP/head (COP*)	16,108,700	16,385,300
Unemployment		
Unemployment rate	9.1%	9.9%
Long-term unemployment rate	n/a	n/a

*2015 prices †Average forecast figures for 2015

View from the ground

The sustainability of the Colombian economy is currently under a considerable amount of stress. The main source of tax income, oil production and exports, has seen its price falling sharply by around 50 per cent between late 2014 and early 2015. The Government has had to reform its fiscal policy and tighten public expenditure while maintaining growth areas such as construction, infrastructure and internal consumption, which drive GDP growth. Overall, Colombia is forecast to grow around 3 per cent, well above the average for Latin America, although the country's growth potential and employability are under stress which could harm long-term prospects if not dealt with.

Axel Dono, Managing Director, Hays Colombia

Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

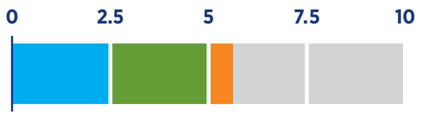
THE AMERICAS

MEXICO

Overall score

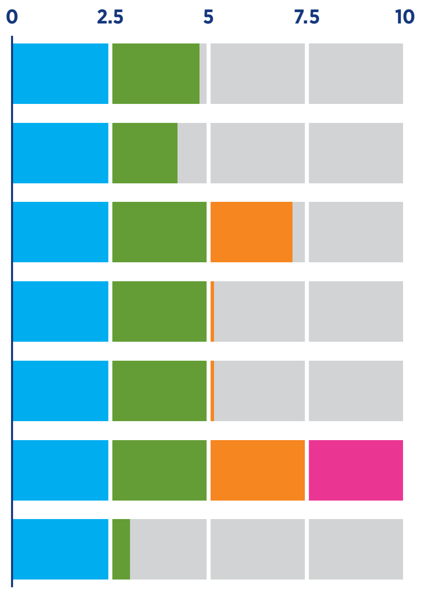
5.6

5.8 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	4.8
Labour market participation	4.2
Labour market flexibility	7.1
Talent mismatch	5.1
Overall wage pressure	5.1
Wage pressure in high-skill industries	10.0
Wage pressure in high-skill occupations	3.0



Key finding

A higher participation rate and lower long-term unemployment have both contributed to the fall in the overall Index score. Wage indicators point to pressures that for the moment 'remain under the surface'.

Downward pressure from:

- Labour market participation
- Long-term unemployment
- Labour market regulations

Upward pressure from:

- Wage pressures in high-skill industries
- Overall wage pressure
- Education levels

Country profile

Mexico's economy continues to benefit from the strength of the US, its major trading partner.

The economy grew by 2.1 per cent last year, slightly below what was expected mid-year, but is expected to pick up again to average 2.5 per cent this year.

The overall Index score remains broadly 'neutral' at 5.6, 0.2 down from last year.

Background economic data

	2014	2015†
Population	125.6m	127.2m
GDP		
GDP (Billion MXN*)	17,618	18,053
GDP growth	2.1%	2.5%
GDP/head (MXN*)	140,300	141,900
Unemployment		
Unemployment rate	4.8%	4.6%
Long-term unemployment rate	0.1%	0.1%

*2015 prices †Average forecast figures for 2015

View from the ground

Mexico continues to suffer from strong wage pressures in high-skilled industries, a sign that Mexico doesn't have the sufficient talent with the right skills. The Government needs to make education one of its key priorities, doing so will allow young students to develop their skills and eventually shape Mexico's labour force of the future. The Index indicators show that Mexico must tackle these issues working together: it's time for the Government, educational organisations and the business community to generate solutions that benefit present and future generations. If all the stakeholders take appropriate action, Mexico will finally become a talent powerhouse consolidating its economic and industrial competitiveness worldwide.

Gerardo Kanahuati, Country Manager, Hays Mexico

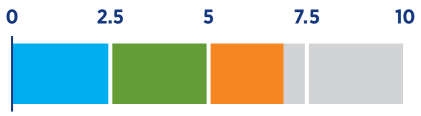
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

UNITED STATES

Overall score

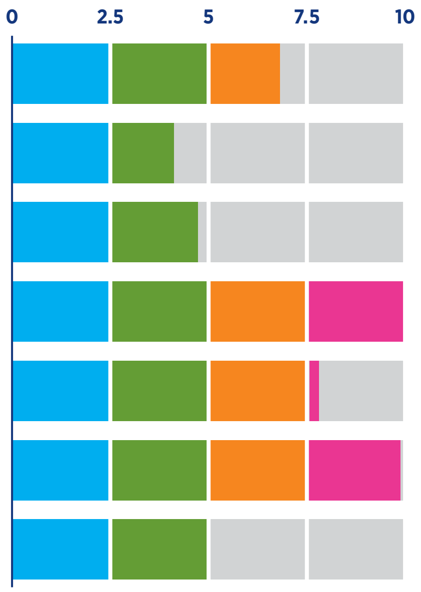
6.9

6.3 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	6.8
Labour market participation	4.1
Labour market flexibility	4.7
Talent mismatch	10.0
Overall wage pressure	7.8
Wage pressure in high-skill industries	9.9
Wage pressure in high-skill occupations	5.0



Key finding

As the economy continues to expand the labour market is showing more signs of pressure. Overall wage pressures are building with pressures particularly evident in some industries. That vacancy rate remains high given where the US is in the economic cycle, pointing to skill gaps. The participation rate remains very low, despite some improvement.

Downward pressure from:

- Labour market participation
- Long-term unemployment
- Wage-pressure in high-skill occupation

Upward pressure from:

- Wage pressure in high-skill industries
- Vacancy rates
- Overall wage pressure

Country profile

The sharp decline in the price of oil since last summer has had two important effects on the US economy.

On the upside it created a windfall for households that provided a new momentum to consumer spending and job creation, while also putting the brakes on investment in the oil and gas sector.

Overall the economy exceeded expectations during the second half of 2014. The economy grew by 2.4 per cent, almost a full percentage point faster than expected last summer, while unemployment fell to 6.2 per cent, beating expectations by almost half a per cent.

With the labour market becoming more pressured, the overall Index score is 6.9, up 0.6 on the year.

Background economic data

	2014	2015†
Population	318.7m	321.4m
GDP		
GDP (Billion USD*)	17,522	17,921
GDP growth	2.4%	2.3%
GDP/head (USD*)	55,000	55,800
Unemployment		
Unemployment rate	6.2%	5.3%
Long-term unemployment rate	1.6%	1.4%

*2015 prices †Average forecast figures for 2015

View from the ground

Despite some continued choppiness in the US, economic growth, hiring in the technology, life sciences and construction and property sectors remain strong and job creation picked up considerably in the first half of 2015 in all of these markets. The temp market is very competitive at present in the IT sector – employers are continuing to push forward on IT projects which are creating high demand for developers, especially those with experience in Java, mobile and security. This is creating wage pressure as companies battle from the limited pool of talent, especially for employers that aren't willing to be flexible on location.

Dan Rodriguez, Managing Director, Hays USA

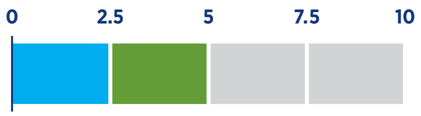
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

AUSTRALIA

Overall score

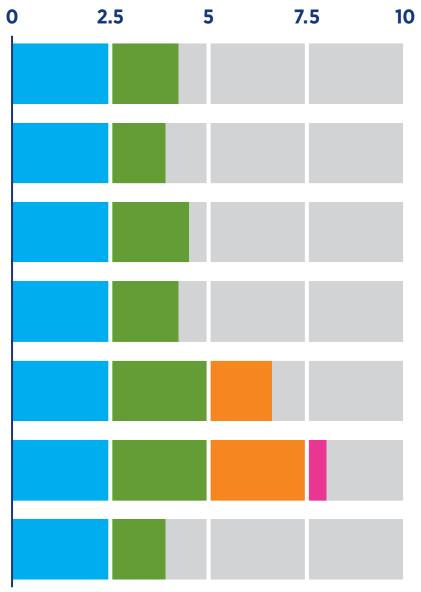
5.0

5.3 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	4.2
Labour market participation	3.9
Labour market flexibility	4.5
Talent mismatch	4.2
Overall wage pressure	6.6
Wage pressure in high-skill industries	8.0
Wage pressure in high-skill occupations	3.9



Key finding

Higher participation rates have helped to offset upward pressures evident in some wage indicators. An uptick in both vacancy rates and long-term unemployment point to skills mismatch as a problem.

Downward pressure from:

- Labour market regulations
- Wage pressure in high-skill occupations
- Labour market participation

Upward pressure from:

- Wage pressure in high-skill industries
- Overall wage pressure
- Vacancy rates

Country profile

While the extraction sector has been hit by the fall in commodity prices, low interest rates has supported house prices, residential construction and the sales of durable goods.

The economy is adjusting from export-led growth to more reliance on domestic demand.

With the economy at a crossroad, the overall Index score has remained 'neutral' at 5.0, a slight softening of 0.3 from last year.

Background economic data

	2014	2015†
Population	23.6m	**24m**
GDP		
GDP (Billion AUD*)	1,591	**1,633**
GDP growth	2.7%	**2.6%**
GDP/head (AUD*)	67,500	**68,000**
Unemployment		
Unemployment rate	6.1%	**6%**
Long-term unemployment rate	1.2%	**1.2%**

*2015 prices †Average forecast figures for 2015

View from the ground

Australia is poised for a significant shift in the recruitment landscape thanks to the booming residential property sector, the expansion of sales teams, the explosion of digital projects and the constant demand for healthcare services. Already permanent vacancy activity has increased. But as a deeper dive into these findings shows, high-skill industries face a shortage of candidates with the right combination of technical skills and cultural fit. So as employers fill staffing gaps, increase sales and undertake projects, they're increasingly aware of the delicate supply and demand balance. Consequently attracting and securing top talent is a priority once again.

Nick Deligiannis, Managing Director, Hays Australia

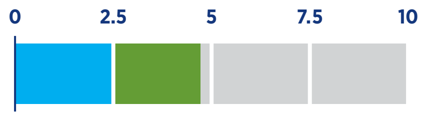
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

CHINA

Overall score

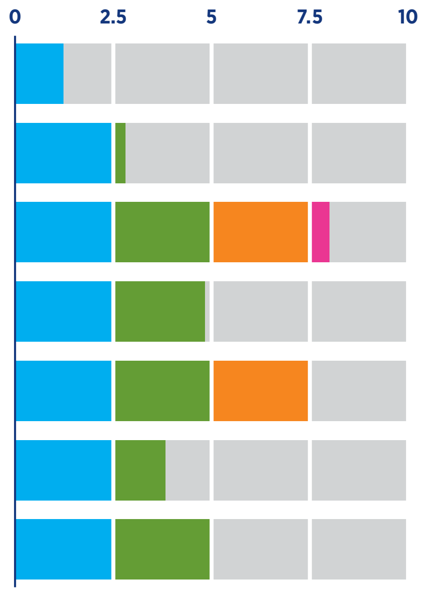
4.7

5.0 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	1.2
Labour market participation	2.8
Labour market flexibility	8.0
Talent mismatch	4.9
Overall wage pressure	7.5
Wage pressure in high-skill industries	3.8
Wage pressure in high-skill occupations	5.0



Key finding

As the economy slows, overall wage pressures and vacancy rates went down. Despite this demand-driven easing, some supply side issues remain with a historically low participation rate and structural unemployment beginning to present upward pressures.

Downward pressure from:

- Vacancy rates
- Overall wage pressure
- Labour market participation, ages 15-24

Upward pressure from:

- Labour market participation
- Structural unemployment
- Labour market flexibility

Country profile

China's economy is slowing down, however, so far the transition to a more sustainable growth path appears to have been managed well. The economy actually performing somewhat better in the second half of 2014 than was expected last summer.

The economy grew by 7.4 per cent last year, compared to the forecast 7.1 per cent.

However, the deceleration continues with the growth rate expected to fall to 6.6 per cent this year.

The Hays Global Skills Index is picking up the gradual slowdown with this year's score of 4.7, 0.3 down on 2014.

Background economic data

	2014	2015†
Population	1,394.9m	**1,402.5m**
GDP		
GDP (Billion CNY*)	62,707	**66,871**
GDP growth	7.4%	**6.6%**
GDP/head (CNY*)	45,000	**47,700**
Unemployment		
Unemployment rate	4.1%	**4.1%**
Long-term unemployment rate	n/a	**n/a**

*2015 prices †Average forecast figures for 2015

View from the ground

China's economic growth rate continues to slow to more sustainable levels. In line with softening economic activity, the pressures facing China's labour market also continue to ease, providing some welcome relief for employers in this highly competitive talent market. Overall wage pressure is still a significant challenge, particularly in low-skill industries and functions, supporting sentiments that China's competitive advantage as a low cost global labour market has eroded significantly in recent years. To remain competitive, organisations are firmly focused on increasing productivity, reducing reliance on expensive expatriate labour and moving up the value chain. The employment market is still facing a shortage of skilled candidates, particularly at mid- and senior-levels, ensuring that effective talent attraction, development and retention remain high on the priority list of CEO's and HRD's.

Simon Lance, Managing Director, Hays China

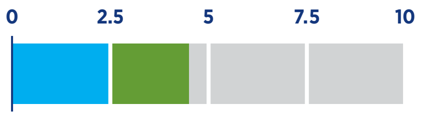
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

HONG KONG

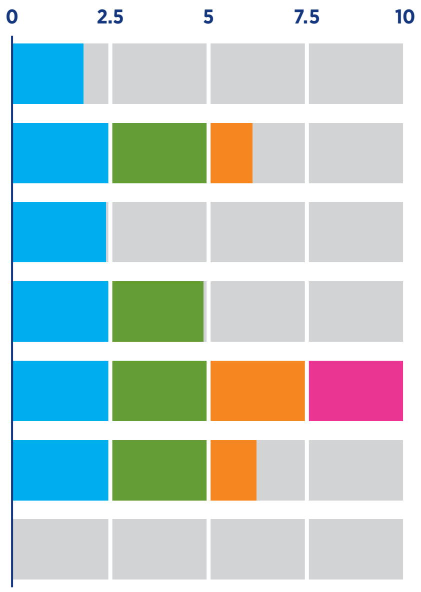
Overall score

4.5

4.5 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	1.8
Labour market participation	6.1
Labour market flexibility	2.4
Talent mismatch	4.9
Overall wage pressure	10.0
Wage pressure in high-skill industries	6.2
Wage pressure in high-skill occupations	0.0

Key finding

The overall Index score remains unchanged on the year. Higher participation rates have offset upward pressures evident in some wage indicators.

Downward pressure from:

- Labour market participation
- Wage pressure in high-skill occupations
- Vacancy rates

Upward pressure from:

- Overall wage pressure
- Wage pressure in high-skill industries
- Structural unemployment

Country profile

Hong Kong's economy is going through a transition.

Hong Kong, which is reliant on trade flowing in and out of mainland China, has had to adjust to both China's slowdown and a decline in world trade since the financial crisis.

Added to this, real wage growth is very weak and tourism has experienced a slowdown.

Growth in 2014 was 2.5 per cent, less than half of what it achieved pre-financial crisis.

The economy is expected to slow even further to 2.3 per cent in 2015.

Background economic data

	2014	2015†
Population	7.2m	7.3m
GDP		
GDP (Billion HKD*)	2,361	2,415
GDP growth	2.5%	2.3%
GDP/head (HKD*)	326,300	331,000
Unemployment		
Unemployment rate	3.2%	3.1%
Long-term unemployment rate	n/a	n/a

*2015 prices †Average forecast figures for 2015

View from the ground

With an open business environment, low tax rates, world-class infrastructure and close proximity to China, many multinational companies use Hong Kong as their Asian base. Add the launch of the Shanghai-Hong Kong Stock Connect and the Territory's position as a leading global financial centre, and it's no wonder the labour market is pressured. This, along with the high cost of living, explains why Hong Kong received the highest score possible for overall wage pressure for the second consecutive year. With a positive forward economic outlook, both vacancy activity and candidate demand will intensify further and employers must innovate to attract top talent.

Dean Stallard, Regional Director, Hays Hong Kong

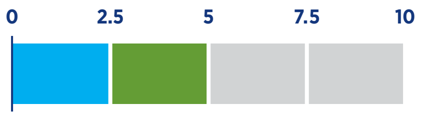
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

INDIA

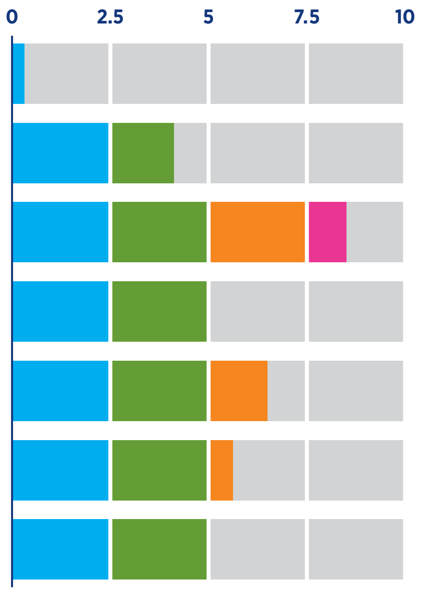
Overall score

5.0

4.5 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	0.3
Labour market participation	4.1
Labour market flexibility	8.5
Talent mismatch	5.0
Overall wage pressure	6.5
Wage pressure in high-skill industries	5.6
Wage pressure in high-skill occupations	5.0

Key finding

Now that it is known India has been growing much faster than previously thought, the wage pressures picked up by the Hays Global Skills Index no longer look as puzzling as they did last year.

Downward pressure from:

- Labour market participation
- Structural unemployment
- Education levels

Upward pressure from:

- Labour market regulations
- Wage pressure in high-skill industries
- Overall wage pressure

Country profile

Having revamped its key indicator of economic activity (GDP), the new data shows that the Indian economy is growing much faster than previously thought – 7.1 per cent in 2014, compared to 4.5 per cent which was reported in last year's report.

Moreover, growth is expected to pick up further this year to 7.5 per cent, exceeding that of China by a clear margin.

Reflecting this more positive picture, the overall Index score of 5.0 is up 0.5 from last year.

Background economic data

	2014	2015†
Population	1,269.3m	1,284.2m
GDP		
GDP (Billion INR*)	125,821	135,221
GDP growth	7.1%	7.5%
GDP/head (INR*)	99,100	105,300
Unemployment		
Unemployment rate	5.6%	5.5%
Long-term unemployment rate	n/a	n/a

*2015 prices †Average forecast figures for 2015

View from the ground

The service sector continues to be the main driver of economic growth in India, contributing over 70 per cent of GDP growth during 2014-15. This was largely due to growth in the finance and professional service sectors and early signs suggest this momentum will continue into 2016. Due to overall improvements across global markets confidence continues to rise among Indian businesses. However, organisations are now taking a more comprehensive approach to rewards as part of overall salary packages, with a view to lessen the impact of high year-on-year additions to wage bills. Time will tell if this has an impact on business's ability to attract the skilled talent they need.

Matthew Dickason, Global Managing Director, Hays Talent Solutions

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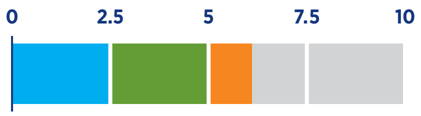
JAPAN

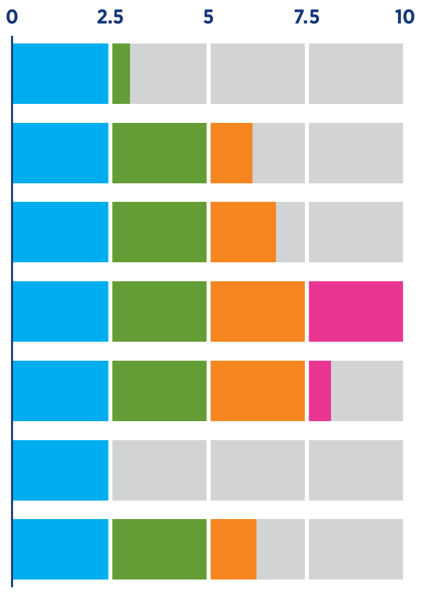
Overall score

6.1

6.0 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	3.0
Labour market participation	6.1
Labour market flexibility	6.7
Talent mismatch	10.0
Overall wage pressure	8.1
Wage pressure in high-skill industries	2.5
Wage pressure in high-skill occupations	6.2

Key finding

While mismatch remains a concern (vacancies and long-term unemployment), the Government is pushing ahead with labour market reforms together with some improvement in participation rates.

Downward pressure from:

- Labour market regulations
- Labour market participation, ages 15-24
- Wage pressure in high-skill industries

Upward pressure from:

- Overall wage pressure
- Vacancy rates
- Long-term unemployment

Country profile

2014 was a difficult year for Japan's economy. Following an increase in the sales tax, the economy contracted by -0.1 per cent, much weaker than the 1.1 per cent growth expected mid-year. A further tax hike has been delayed and instead government spending increased to boost the economy.

The strong dollar is also helping to revive exports adding further support to the economy this year.

Against these positive developments is the protracted slump in household incomes and spending. Growth is expected to recover to 0.8% this year, with unemployment edging down to 3.4 per cent, from 3.6 per cent last year.

The overall Index score has ticked up 0.1 to 6.1.

Background economic data

	2014	2015†
Population	126.8m	126.5m
GDP		
GDP (Billion JPY*)	492,076	495,902
GDP growth	-0.1%	0.8%
GDP/head (JPY*)	3,881,800	3,918,800
Unemployment		
Unemployment rate	3.6%	3.4%
Long-term unemployment rate	1.5%	1.4%

*2015 prices †Average forecast figures for 2015

View from the ground

Japan's talent mismatch remains one of the biggest challenges this year, increasing from 9.5 last year to the highest score possible of 10. The significant gap between the skills employers need and those available continues to severely affect the labour market, with barriers restricting labour market flexibility and rising wages adding to the pressure. Though talent mismatch remains a huge obstacle for Japan's continued momentum, positivity around labour market reform, together with some improvement in participation rates, will support a continued positive outlook.

Marc Burrage, Managing Director, Hays Japan

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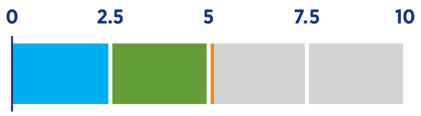
NEW ZEALAND

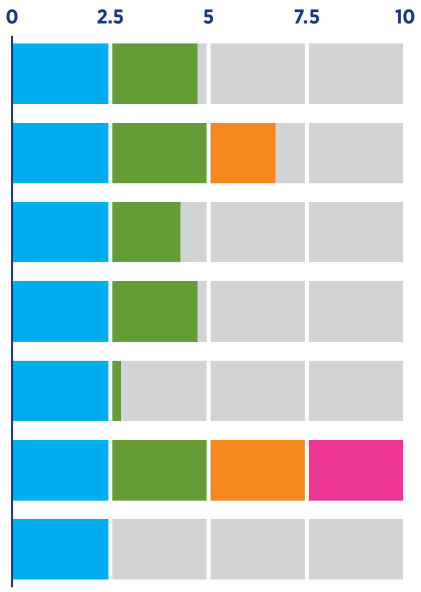
Overall score

5.1

4.9 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	4.7
Labour market participation	6.7
Labour market flexibility	4.3
Talent mismatch	4.7
Overall wage pressure	2.8
Wage pressure in high-skill industries	10.0
Wage pressure in high-skill occupations	2.5

Key finding

With the economy growing strongly, wage pressures are evident at the industry level and an increase in the score for wage pressures in high-skill occupations points to a widening pay gap between low- and high-skill roles. On the positive side, the buoyant economy has reduced both long-term and structural unemployment.

Downward pressure from:

- Overall wage pressure
- Long-term unemployment
- Labour market participation

Upward pressure from:

- Wage pressure in high-skill industries
- Wage pressure in high-skill occupations
- Vacancy rates

Country profile

New Zealand's economy continues to register strong growth.

Underlying this strength is a strong upswing in residential construction in Auckland together with rebuilding following the Canterbury earthquake.

Moreover New Zealand has experienced a favourable shift in the terms of trade, as the price of oil has fallen while prices for dairy products have risen.

The economy is expected to continue to grow at around 2.9 per cent.

With the economy doing well, the labour market is showing signs of pressure with the overall Index score up 0.2 to 5.1.

Background economic data

	2014	2015†
Population	4.6m	4.6m
GDP		
GDP (Billion NZD*)	235	242
GDP growth	3.0%	2.9%
GDP/head (NZD*)	51,600	52,600
Unemployment		
Unemployment rate	5.6%	5.4%
Long-term unemployment rate	0.7%	0.7%

*2015 prices †Average forecast figures for 2015

View from the ground

New Zealand's domestic economy has moved from 'expansive' to 'neutral' over the past 12 months motivating the Reserve Bank to take action by reducing the base interest rates. The resulting weakening of the NZ dollar has boosted the export sector, and with continued residential building activity, the next phase of the Christchurch rebuild, major government infrastructure investment and pending large scale commercial developments across NZ organisations are still experiencing skills shortages in many sectors and industries. Although the unemployment rate has plateaued, labour force participation is at record levels and with more people in work, talent pipelines are stretched across the breadth of highly skilled professions. For the second consecutive year New Zealand received the highest score possible for wage pressure in high-skilled industries.

Jason Walker, Managing Director, Hays New Zealand

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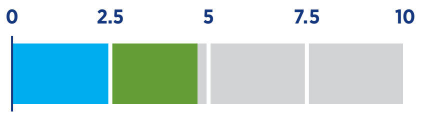
ASIA PACIFIC

SINGAPORE

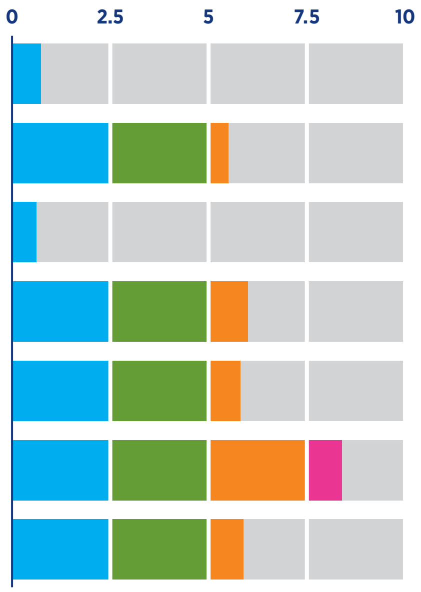
Overall score

4.7

4.1 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	0.7
Labour market participation	5.5
Labour market flexibility	0.6
Talent mismatch	6.0
Overall wage pressure	5.8
Wage pressure in high-skill industries	8.4
Wage pressure in high-skill occupations	5.9

Key finding

Behind the significant pressure in the overall Index score is a pick-up in overall wage pressures, a deterioration in mismatch (higher rates of vacancies and unemployment) and a reduction in participation rates. The latest PISA results show Singapore still having among the highest educational standards.

Downward pressure from:

- Wage pressure in high-skill industries
- Wage pressure in high-skill occupations
- Education levels

Upward pressure from:

- Overall wage pressure
- Vacancy rates
- Labour market participation

Country profile

Badly hit by the weakness in world trade, Singapore – as with Hong Kong and mainland China – is having to adjust to diminished growth expectations.

The economy grew by 2.9 per cent last year, around half what it had achieved before the financial crisis when world trade was flourishing.

Faced with weak external demand and deflation (headline CPI is falling), the Government, through both monetary and fiscal levers, is trying to revive the economy.

The overall Index score now stands at 4.7, a 0.6 increase on the year.

Background economic data

	2014	2015†
Population	5.5m	**5.5m**
GDP		
GDP (Billion SGD*)	388	**397**
GDP growth	2.9%	**2.4%**
GDP/head (SGD*)	70,900	**71,700**
Unemployment		
Unemployment rate	2%	**2%**
Long-term unemployment rate	0.6%	**0.6%**

*2015 prices †Average forecast figures for 2015

View from the ground

Singapore's standing as a regional hub for multinational corporations and its sheer number of construction and infrastructure projects bolsters a highly active recruitment market. But Singapore faces a significant talent gap thanks to growing technical skill shortages. Government initiatives that endorse local Singaporean hires for middle income jobs have further exacerbated the shortage of talented locals. As evidence of this, overall wage pressure rose significantly year-on-year (from 1.3 to 5.8) as employers attempted to remain competitive in the race for highly skilled talent. Our advice to employers therefore is to use a range of innovative attraction strategies to keep recruitment plans intact.

Lynne Roeder, Managing Director, Hays Singapore

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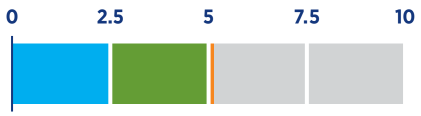
AUSTRIA

Overall score

5.1

5.0 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	5.1
Labour market participation	5.6
Labour market flexibility	4.0
Talent mismatch	2.9
Overall wage pressure	7.1
Wage pressure in high-skill industries	7.2
Wage pressure in high-skill occupations	3.6

Key finding

Behind the tick up in the overall Index score was a fall in labour market participation and a pick-up in overall wage pressures. On a more positive note, skills mismatch appeared to ease with a reduction in both vacancies and long-term unemployment.

Downward pressure from:

- Vacancy rates
- Long-term unemployment
- Wage pressure in high-skill industries

Upward pressure from:

- Overall wage pressure
- Labour market participation
- Education levels

Country profile

Expectations of a recovery during 2014 was dashed by its poor performance in the second half, with growth of 0.5 per cent, much lower than 1.5 per cent expected mid-year.

2015 is not much better with sluggish rate of growth of 0.7 per cent expected for the year as a whole.

Against this disappointing backdrop the overall Index score has increased to 5.1, up 0.1 from last year.

Background economic data

	2014	2015†
Population	8.5m	**8.6m**
GDP		
GDP (Billion EUR*)	335	**337**
GDP growth	0.5%	**0.7%**
GDP/head (EUR*)	39,200	**39,400**
Unemployment		
Unemployment rate	5.6%	**5.7%**
Long-term unemployment rate	1.4%	**1.4%**

*2015 prices †Average forecast figures for 2015

View from the ground

The current situation in Austria is difficult. With very low GDP growth, combined with the highest unemployment rate since the 1950s, companies seem to be holding back on major hiring as well as large scale investments. At the same time specialists are not re-entering the job market as frequently as in the past, this is due to insecurity which has led people to think twice before changing jobs. Generally the troubles in the banking sector, as well as uncertainty regarding the economy, combined with inactivity on the side of the Government, have led to stagnation. As far as specialist recruitment is concerned there is less demand for specialists but at the same time fewer candidates are willing to leave their current jobs.

Mark Frost, Managing Director, Hays Austria

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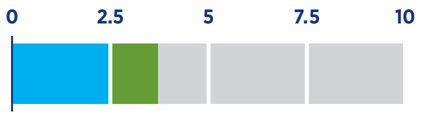
BELGIUM

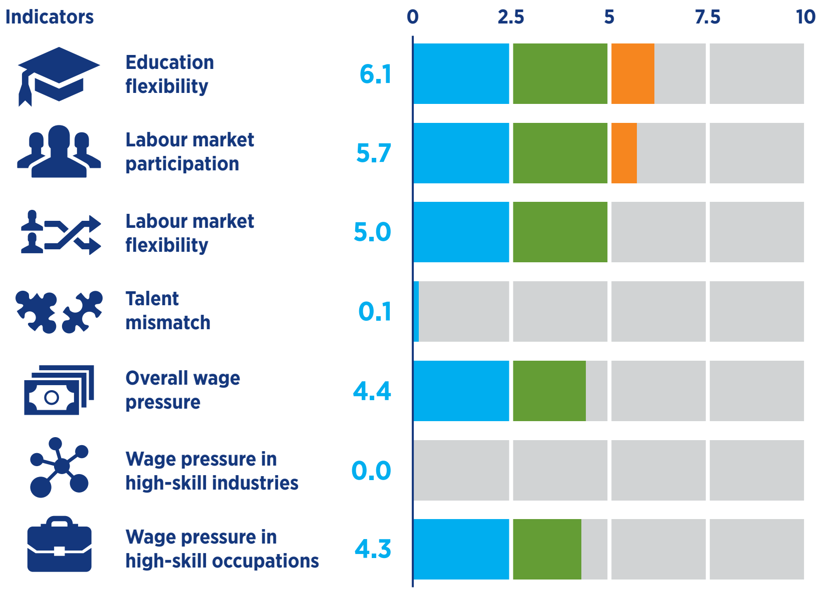
Overall score

3.7

3.8 in 2014



Breakdown of seven indicator scores



Key finding

Upward pressures come from high long-term unemployment rates and weak labour supply (participation rates). Offsetting these are lower vacancy rates and overall wage moderation.

Downward pressure from:

- Vacancy rates
- Structural unemployment
- Overall wage pressure

Upward pressure from:

- Long-term unemployment
- Wage pressure in high-skill industries
- Labour market participation

Country profile

Belgium's economy achieved growth of 1.1 per cent in 2014 – inline with what had been expected last summer – and is expected to sustain this rate this year.

While modest, this growth performance looks more impressive given the challenges eurozone countries face.

Background economic data

	2014	2015†
Population	11.2m	**11.3m**
GDP		
GDP (Billion EUR*)	407	**412**
GDP growth	1.1%	**1.3%**
GDP/head (EUR*)	36,200	**36,500**
Unemployment		
Unemployment rate	8.5%	**8.5%**
Long-term unemployment rate	3.9%	**3.9%**

*2015 prices †Average forecast figures for 2015

View from the ground

Belgium's economy achieved growth between 0.9 and 1.1 per cent in 2014, which was forecast last year. This growth rate is impressive when you take into account the economic challenges that Europe continues to face. Moreover, growth between 1.1 and 1.3 per cent is expected to continue for 2015/2016, which is very positive, however the ongoing brain drain and high demand for scientific and technical profiles remains an issue for businesses. Recently the Belgian Government announced reforms, the goal of which is job creation, and this will include decreasing employer's social security contributions and encourage R&D investment.

Robby Vanuxem, Managing Director, Hays Belgium

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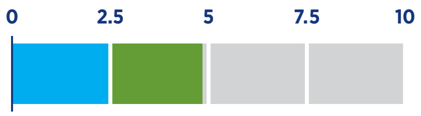
CZECH REPUBLIC

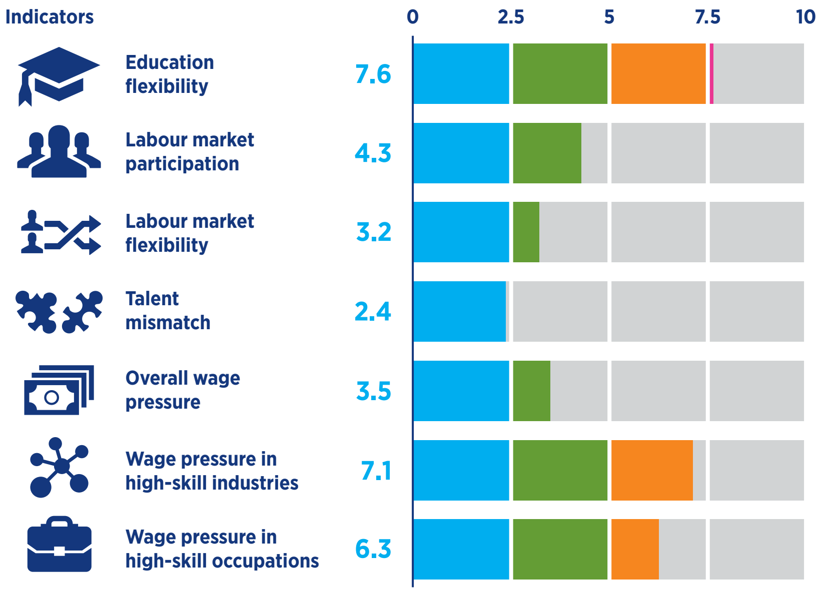
Overall score

4.9

4.8 in 2014



Breakdown of seven indicator scores



Key finding

Improving economic conditions are reflected in an improved labour market. Participation rates are up as long-term unemployment has fallen. Despite these demand-side improvements, some structural weaknesses remain: education levels and participation rates among younger workers remain a concern.

Downward pressure from:

- Structural unemployment
- Labour market participation, ages 55-64
- Education levels

Upward pressure from:

- Labour market participation, ages 15-24
- Vacancy rate
- Long-term unemployment

Country profile

The Czech economy is heavily orientated towards the eurozone markets.

Growth last year averaged 2 per cent and is expected to pick up to 3.2 per cent this year, as conditions across the eurozone improve on the back of a weak Euro and the ECB's increasingly bold efforts to support growth.

With the Czech economy reviving, the overall Index score has increased 0.1 to 4.9.

Background economic data

	2014	2015†
Population	10.5m	**10.5m**
GDP		
GDP (Billion CZK*)	4,321	**4,459**
GDP growth	2.0%	**3.2%**
GDP/head (CZK*)	410,700	**423,200**
Unemployment		
Unemployment rate	6.1%	**5.4%**
Long-term unemployment rate	2.8%	**2.4%**

*2015 prices †Average forecast figures for 2015

View from the ground

The Czech Republic is currently experiencing an economic recovery with a very positive outlook. Being predominantly an export driven economy, as well as consistently receiving the highest credit ratings in CEE, the country has once again reinstated itself as the ideal place for investors. Technology, especially automotive, is still the main driver of the overall GDP. With a recognised skilled talent pool, there are growing investments in the field of shared service centres, providing competences in servicing finance and IT. While the mismatch of talent is prevalent in certain fields, schools are beginning to align with businesses in order to respond to future needs of the labour market.

Ladislav Kučera, Managing Director, Hays Czech Republic

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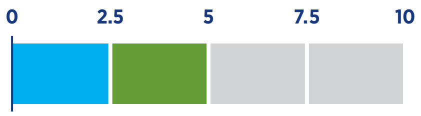
DENMARK

Overall score

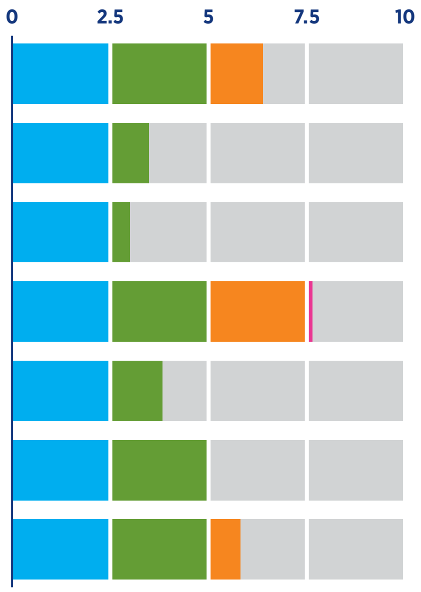
5.0

4.5 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	6.4
Labour market participation	3.5
Labour market flexibility	3.0
Talent mismatch	7.6
Overall wage pressure	3.8
Wage pressure in high-skill industries	5.0
Wage pressure in high-skill occupations	5.8



Key finding

Despite the improving economic outlook, increasing rates of economic participation are limiting the extent to which growth in overall wages can return.

Downward pressure from:

- Labour market participation
- Long-term unemployment
- Structural unemployment

Upward pressure from:

- Job vacancies
- Education flexibility
- Labour market participation, ages 55-64

Country profile

Denmark is expected to return to pre-crisis growth rates this year after only just recovering from a double-dip recession in 2014.

Unemployment is also expected to further edge down from historically high levels.

The overall score has increased slightly on last year from 4.5 to 5.0 indicating that, while the economic conditions are improving, there is still a great deal of slack in the labour market.

Background economic data

	2014	2015†
Population	5.6m	**5.7m**
GDP		
GDP (Billion DKK*)	1,957	**1,992**
GDP growth	1.1%	**1.8%**
GDP/head (DKK*)	347,100	**352,300**
Unemployment		
Unemployment rate	6.5%	**6.1%**
Long-term unemployment rate	1.7%	**1.6%**

*2015 prices †Average forecast figures for 2015

View from the ground

The employment rate is expected to increase this year, along with an improvement in the overall economic condition of the country. Talent mismatch remains the biggest issue for businesses, which results in companies looking at international talent pools, especially within highly technical industries. The lack of a workforce with the right skillset, coupled with a generally low unemployment ratio, has also led to an increase in salaries as companies try and attract professionals with the right skills. As Denmark moves towards a more digitalised society the expectation is for an improved productivity across the country.

Morten Andersen, Business Director, Hays Denmark

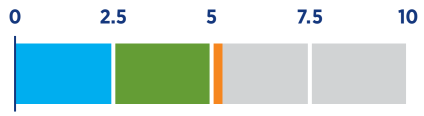
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

FRANCE

Overall score

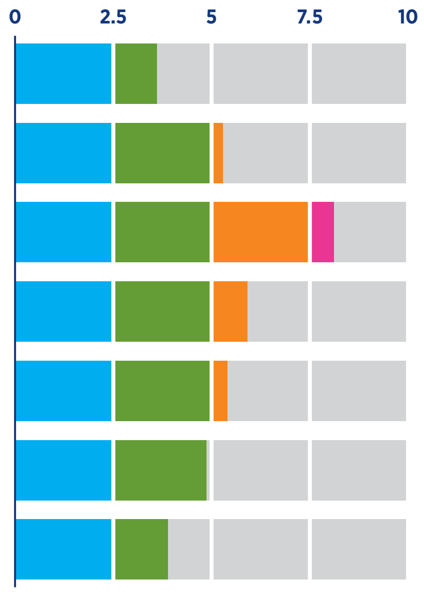
5.3

5.2 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	3.6
Labour market participation	5.3
Labour market flexibility	8.1
Talent mismatch	5.9
Overall wage pressure	5.4
Wage pressure in high-skill industries	4.9
Wage pressure in high-skill occupations	3.9



Key finding

France continues to compare less favourably to other countries in that its labour market regulations are among some of the least employment-friendly among the 31 countries covered by the Hays Global Skills Index.

Downward pressure from:

- Wage pressure in high-skill occupations
- Education levels
- Labour market participation, ages 15-24

Upward pressure from:

- Overall wage pressure
- Wage pressure in high-skill industries
- Labour market regulations

Country profile

France's GDP growth is expected to accelerate significantly this year and this is reflected in the modest increase in the country's overall Index score.

The Hays Global Skills Index scores indicate economic headwinds as wage pressures rise alongside a persistently high unemployment rate.

Sub-five scores for education flexibility and wage dispersion indicators coupled with a high labour market flexibility indicator suggest any serious labour market issues are regulatory rather than skills related.

Background economic data

	2014	2015†
Population	66.0m	**66.3m**
GDP		
GDP (Billion EUR*)	2,155	**2,183**
GDP growth	0.2%	**1.3%**
GDP/head (EUR*)	32,600	**32,900**
Unemployment		
Unemployment rate	10.3%	**10.2%**
Long-term unemployment rate	4.2%	**4.1%**

*2015 prices †Average forecast figures for 2015

View from the ground

The overall economic environment is expected to be more favourable for France in 2016. This is due to a combination of various external factors – such as the decrease in oil price, lower interest rates and eurozone GDP returning to growth – as well as internal factors – including Government initiatives encouraging French companies to employ more staff and the new liberal economic laws put in place to boost the economy. All of these measures will stimulate the labour market, especially in helping to stabilise the unemployment rate which is forecast at 10.2 per cent for 2015. However, this overall improvement may not yet bear fruits for the construction industry which is still facing some uncertainty.

Tina Ling, Managing Director, Hays France & Luxembourg

EUROPE

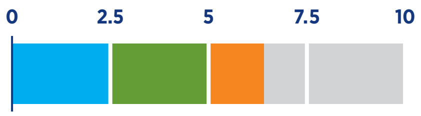
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

GERMANY

Overall score

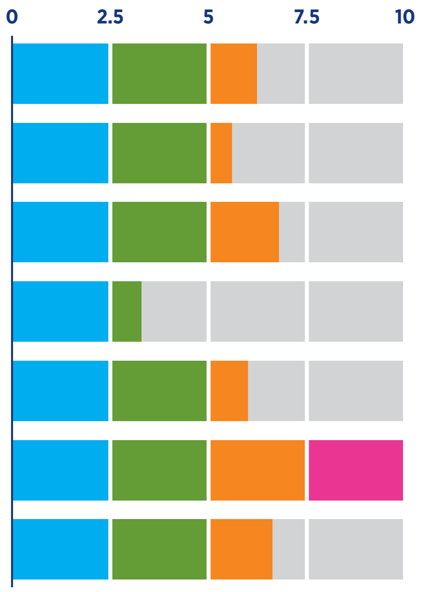
6.4

6.2 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	6.2
Labour market participation	5.6
Labour market flexibility	6.8
Talent mismatch	3.3
Overall wage pressure	6.0
Wage pressure in high-skill industries	10.0
Wage pressure in high-skill occupations	6.6



Key finding

Industrial wage pressures continue to be an issue for the German labour market. The top-end score for industrial wage pressures can be traced back to strong remuneration growth in highly skilled sectors such as finance and IT.

Downward pressure from:

- Labour market regulations
- Long-term unemployment
- Labour market participation, ages 55-64

Upward pressure from:

- Wage pressure in high-skill industries
- Job vacancies
- Overall wage pressure

Country profile

The German labour market tightens further this year amid close to trend GDP growth and decreasing unemployment.

Wage pressures contribute significantly to Germany's overall score of 6.4 and are indicative of the high level of demand for highly skilled personnel.

A rise in the job vacancy rate also suggests that businesses are still searching for skills

These demand-led pressures push Germany's overall score upwards to 6.4.

Background economic data

	2014	2015†
Population	81m	**81m**
GDP		
GDP (Billion EUR*)	2,958	**3,006**
GDP growth	1.6%	**1.6%**
GDP/head (EUR*)	36,500	**37,100**
Unemployment		
Unemployment rate	5%	**4.8%**
Long-term unemployment rate	2.2%	**2.1%**

*2015 prices †Average forecast figures for 2015

View from the ground

There are many indications that the stability of the German labour market will continue in the coming years. This view corresponds with an overall satisfactory economic development that is still based on a high level of exports. The downside to this stability: wages in booming industries with a high percentage of knowledge workers will rise significantly, all the more so because the scarcity of available experts will be exacerbated by this demographic development. In Germany in particular there is a great demand for Industry 4.0 experts, however, only a limited number are available. This clearly demonstrates that there is a need for an education system that is able to adjust to the needs of business and address trends more quickly. The same applies to the still heavily regulated labour market, which massively restricts flexible forms of employment, such as the use of freelancers for upcoming project work.

Klaus Breitschopf, Managing Director, Hays Germany

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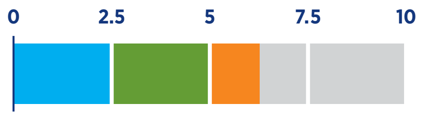
HUNGARY

Overall score

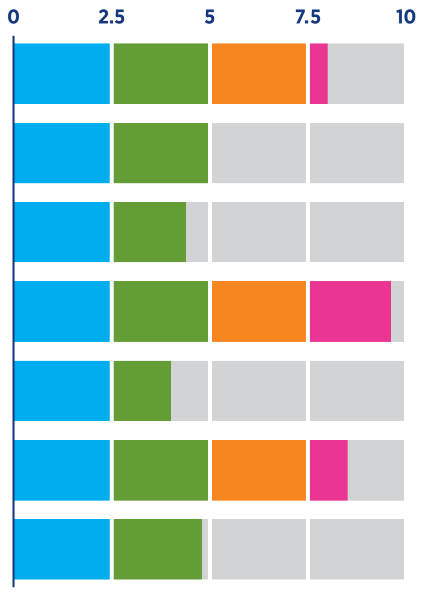
6.3

6.3 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	8.0
Labour market participation	5.0
Labour market flexibility	4.4
Talent mismatch	9.6
Overall wage pressure	4.0
Wage pressure in high-skill industries	8.5
Wage pressure in high-skill occupations	4.8



Key finding

Increasing job vacancy rates and rising real wages are indicative of improving economic conditions and represent tightening in the labour market. Relief is provided by an improvement in Hungary's regulatory environment.

Downward pressure from:

- Structural unemployment
- Labour market regulations
- Labour market participation, ages 55-64

Upward pressure from:

- Job vacancies
- Long-term unemployment
- International PISA ranking

Country profile

Economic indicators suggest a positive economic outlook for Hungary with unemployment falling and GDP expected to grow by 3 per cent in 2015.

However, much of the recent improvement has been contributed by the state and the Government's ongoing austerity drive has been a drag on private investment.

Hungary's unchanged score of 6.3 suggests continued stress in the labour markets.

Background economic data

	2014	2015†
Population	9.9m	**9.8m**
GDP		
GDP (Billion HUF*)	32,245	**33,215**
GDP growth	3.5%	**3.0%**
GDP/head (HUF*)	3,268,000	**3,374,400**
Unemployment		
Unemployment rate	7.7%	**7.0%**
Long-term unemployment rate	3.8%	**3.5%**

*2015 prices †Average forecast figures for 2015

View from the ground

The trends in the Hungarian labour market haven't changed significantly in the past few years. The technical industries, mainly IT and engineering, continue to be candidate driven. We are witnessing more and more IT companies being established and automotive continues to be a key sector. The constant growth in these areas not only provides demand for IT and engineering candidates, it also creates demand for other areas such as finance and logistics professionals. Hungary continues to welcome newly established shared service centres and the existing ones continue to bring further business functions to the country. Trilingual candidates are becoming more sought after; therefore newly qualified graduates with language skills continue to find work easily.

Tammy Nagy-Stellini, Managing Director, Hays Hungary

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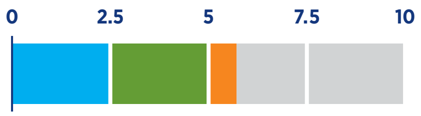
IRELAND

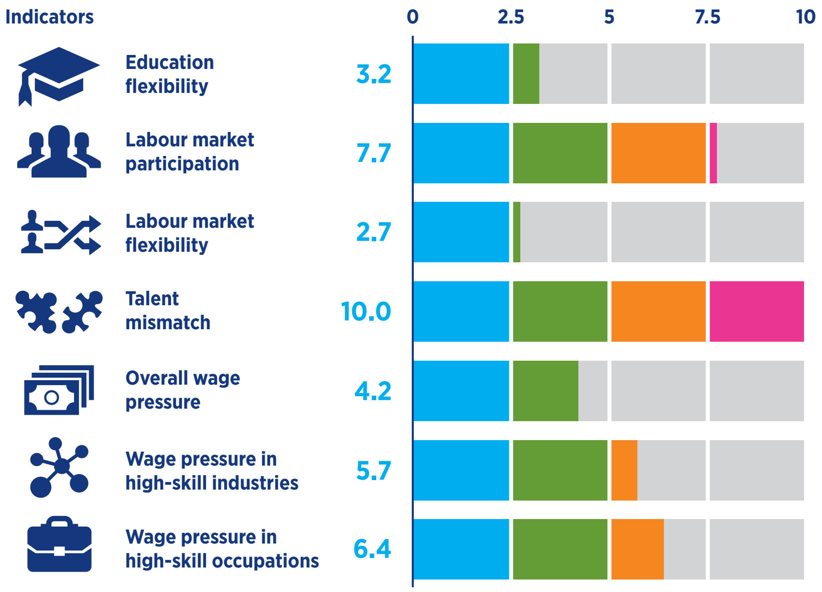
Overall score

5.7

5.8 in 2014



Breakdown of seven indicator scores



Key finding

Skills shortages may become increasingly apparent if the overall participation rate continues to sit well below pre-crisis levels and the long-term unemployed continue to be at risk of skills erosion.

Downward pressure from:

- Education flexibility
- Overall wage pressure
- Wage pressure in high-skill industries

Upward pressure from:

- Labour market participation
- Long-term unemployment
- Talent mismatch

Country profile

Ireland's recovery continues to impress and its economy is expected to achieve the third fastest growth rate among the 31 countries included in the Index (behind China and India).

However, the high, albeit falling, rates of overall and long-term unemployment continue to be a source of pressure within the labour market.

The overall score declines slightly to 5.7.

Background economic data

	2014	2015†
Population	4.6m	**4.7m**
GDP		
GDP (Billion EUR*)	194	**204**
GDP growth	5.2%	**4.9%**
GDP/head (EUR*)	42,000	**43,700**
Unemployment		
Unemployment rate	11.3%	**9.3%**
Long-term unemployment rate	6.9%	**5.6%**

*2015 prices †Average forecast figures for 2015

View from the ground

There are many promising signs that the Irish economy is starting to turn around. Growth rates are higher than in the rest of Europe and have far outpaced expectations. Ireland's improving economy has triggered a significant change in employers' attitudes towards hiring. Companies in high-growth sectors such as construction and property, IT and engineering face increasing skills shortages, along with a necessity to review their attraction strategies to secure talent in a rapidly evolving employment market. Particular stress is seen in those sectors and professions which experienced both an exodus of established skills during the recession and a dearth of new talent coming through the education system.

Richard Eardley, Managing Director, Hays Ireland

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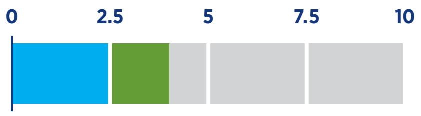
ITALY

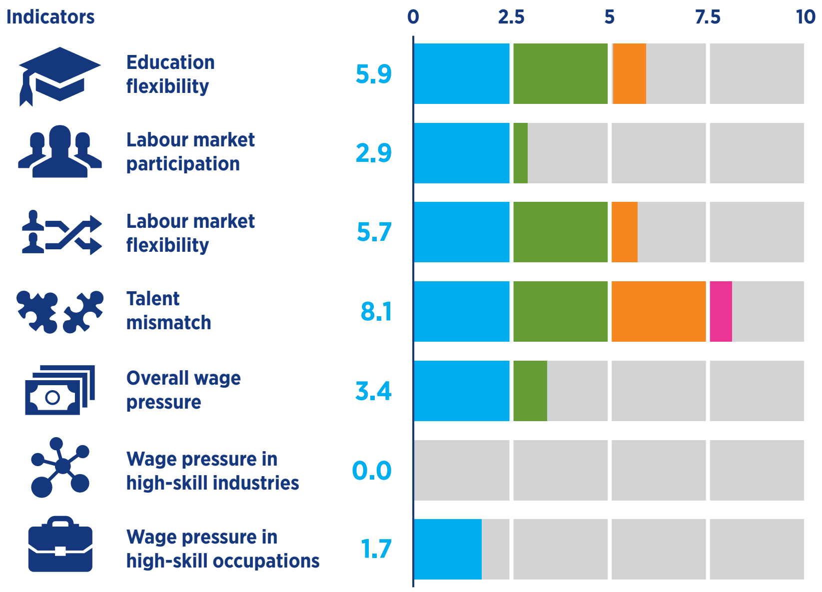
Overall score

4.0

3.9 in 2014



Breakdown of seven indicator scores



Key finding

Talent mismatch will continue to be the main issue for Italian employers as Italy's high rate of long-term unemployment will increase the difficulty of recruiting the skilled workers firms require.

Downward pressure from:

- Wage pressure in high-skill occupations
- Labour market regulations
- Education levels

Upward pressure from:

- Long-term unemployment
- Job vacancies
- Overall wage pressure

Country profile

Italy's economy fell back into recession in 2014 but is forecast to make modest gains in 2015.

Despite the return to growth, overall unemployment and long-term unemployment are expected to remain high at 12.4 per cent and 7.1 per cent respectively.

New labour market reforms affecting new hires are expected to boost employment activity but may take time before their impacts are fully realised.

Italy's low overall score of 4.0 reflects current weaknesses in the labour market.

Background economic data

	2014	2015†
Population	60.9m	**61.1m**
GDP		
GDP (Billion EUR*)	1,627	**1,638**
GDP growth	-0.4%	**0.6%**
GDP/head (EUR*)	26,700	**26,800**
Unemployment		
Unemployment rate	12.7%	**12.4%**
Long-term unemployment rate	7.2%	**7.1%**

*2015 prices †Average forecast figures for 2015

View from the ground

After a three-year-long recession, and despite the very high public debt, Italy's economy is showing slight signs of recovery. New labour market reforms should relaunch employment activity but may take time before their effects are measured. In the months ahead, a rise in unemployment and long-term unemployment is forecast. Talent mismatch will be the main challenge for Italian employers, as Italy's high and growing rate of long-term unemployment will increase the difficulty of recruiting highly skilled professionals.

Carlos Soave, Managing Director, Hays Italy

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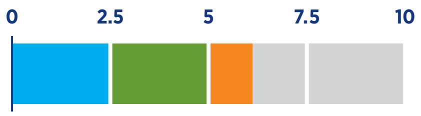
LUXEMBOURG

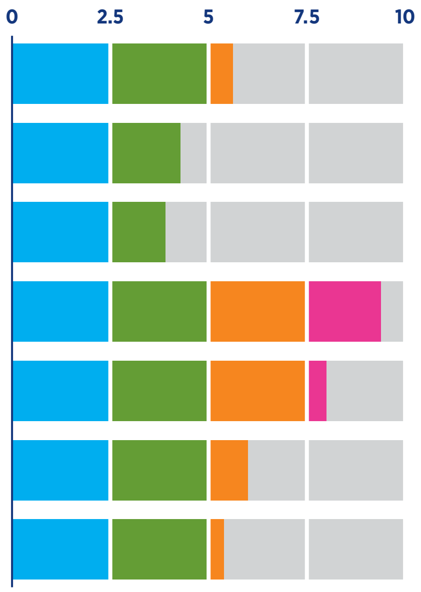
Overall score

6.1

5.5
in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	5.6
Labour market participation	4.3
Labour market flexibility	3.9
Talent mismatch	9.4
Overall wage pressure	8.0
Wage pressure in high-skill industries	6.0
Wage pressure in high-skill occupations	5.4

Key finding

Each of Luxembourg's wage indicators is above 5.0 signalling that labour costs are applying significant pressure on the labour market. Coupled with increasing vacancy rates, this suggests a large degree of competition for skilled workers.

Downward pressure from:

- Structural unemployment
- Labour market participation, ages 15-24
- Net in-migration

Upward pressure from:

- Job vacancies
- Wage pressure in high-skill industries
- Overall wage pressure

Country profile

Luxembourg is forecast to achieve steady growth at a rate of 3.7 per cent this year, a significant deceleration on last year's performance and below its pre-crisis average. Unemployment is forecast to remain at an above average 5.8 per cent.

Despite the moderate economic performance Luxembourg's overall score has increased by 0.6 to 6.1.

This degree of tightening is supported by accelerating real earnings growth.

Background economic data

	2014	2015†
Population	0.6m	**0.6m**
GDP		
GDP (Billion EUR*)	51	**53**
GDP growth	5.6%	**3.7%**
GDP/head (EUR*)	91,700	**94,000**
Unemployment		
Unemployment rate	6%	**5.8%**
Long-term unemployment rate	1.8%	**1.8%**

*2015 prices †Average forecast figures for 2015

View from the ground

With a slight improvement in GDP of between 2.6 and 3.5 per cent, Luxembourg is heading in the right direction. Considering the regulatory adjustments and the efforts made for more financial transparency, it is still positive. The overall active population continues to grow and the country is still attractive due to an employment creation rate of 2 per cent. However, due to job losses in the banking sector, a big creator of jobs historically, the Government must now rely on other sectors – such as IT, logistics and health – to create the jobs of the future. Luxembourg remains attractive on the international field, especially for new graduates who are likely to find more interesting salary packages than in any other cross-border capital.

Tina Ling, Managing Director, Hays France & Luxembourg

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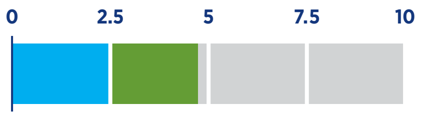
THE NETHERLANDS

Overall score

4.7

4.8
in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	4.8
Labour market participation	6.6
Labour market flexibility	4.6
Talent mismatch	3.8
Overall wage pressure	2.1
Wage pressure in high-skill industries	6.5
Wage pressure in high-skill occupations	4.6

Key finding

Falling unemployment and an uptick in the vacancy rate suggest labour demand is beginning to re-emerge as the economy picks up. In the long-term the declining working age population will weigh heavily on the Dutch labour market.

Downward pressure from:

- Labour market participation
- Overall wage pressure
- Labour market regulations

Upward pressure from:

- Job vacancies
- Long-term unemployment
- Labour market participation, ages 55-64

Country profile

The Netherlands is forecast to make up further ground lost after its economy fell back into recession over 2012-2013, with GDP growth accelerating to 1.8 per cent in 2015.

The unemployment rate is expected to climb down from its 2014 peak of 7.4 per cent to 7.1 per cent in 2015.

An overall score of 4.7 illustrates a somewhat loose labour market characterised by low overall wage pressures and a high participation rate.

Background economic data

	2014	2015†
Population	16.9m	**16.9m**
GDP		
GDP (Billion EUR*)	664	**676**
GDP growth	1.0%	**1.8%**
GDP/head (EUR*)	39,400	**40,000**
Unemployment		
Unemployment rate	7.4%	**7.1%**
Long-term unemployment rate	2.7%	**2.6%**

*2015 prices †Average forecast figures for 2015

View from the ground

While the recovery of the Dutch economy was driven only by export at first, labour demand has finally picked up across all sectors. The number of jobs even looks positive in non-technical skills such as sales and HR. In particular the new legislation on flexible labour, Wet Werk & Zekerheid ('The Act on Employment & Security'), will not shake up the way employers and employees look at permanent and flexible roles, but combined with the recovery of the labour market, we expect some shift from flexible to permanent jobs. Technical and innovative sectors continue to face skill shortages, meaning the Dutch scores are likely to become even more challenging next year.

Robert van Veggel, Managing Director, Hays Netherlands

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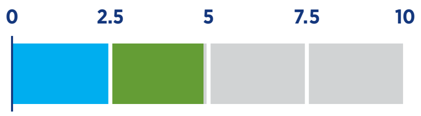
POLAND

Overall score

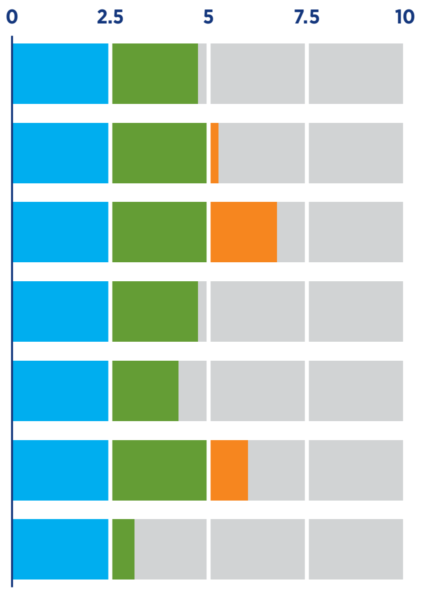
4.9

5.0 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	4.7
Labour market participation	5.2
Labour market flexibility	6.7
Talent mismatch	4.7
Overall wage pressure	4.2
Wage pressure in high-skill industries	6.0
Wage pressure in high-skill occupations	3.1



Key finding

The narrowing of the high-skill industry wage premium can be traced to strong growth in compensation in the manufacturing sector which has lately benefitted from favourable export conditions.

Downward pressure from:

- Wage pressure in high-skill industries
- Structural unemployment
- Labour market participation

Upward pressure from:

- Job Vacancies
- Long-term unemployment
- Overall wage pressure

Country profile

With GDP growth forecast at 3.7 per cent this year Poland will be the fourth fastest growing economy of the 31 countries included in the Hays Global Skills Index.

2015 will be characterised by an active labour market as the unemployment rate is projected to sink further below its pre-crisis average to 7.7 per cent and real earnings forecast to grow by 4 per cent.

Poland's overall score of 4.9 reflects balanced labour market conditions.

Background economic data

	2014	2015†
Population	38.0m	**38.0m**
GDP		
GDP (Billion PLN*)	1,736	**1,800**
GDP growth	3.4%	**3.7%**
GDP/head (PLN*)	45,600	**47,300**
Unemployment		
Unemployment rate	9.0%	**7.7%**
Long-term unemployment rate	3.3%	**2.8%**

*2015 prices †Average forecast figures for 2015

View from the ground

The flexibility and the competitiveness of the Polish labour market have served the economy well and so far enabled the progress in catching up with the rest of the EU. It was helpful in achieving and assuring cost arbitrage, which allowed exporters to gain market share, created jobs in IT and business services, and supported sustained economic growth. While there is growing political pressure to reduce non-employment contracts, the current set up promotes the use of temporary contracts and contracting assignments, which is fuelling the economy. On the other hand, the main challenge facing the Polish labour market is reform of the economy from the current low-end production towards innovation and high-technology products and services.

Michał Młynarczyk, Managing Director, Hays Poland

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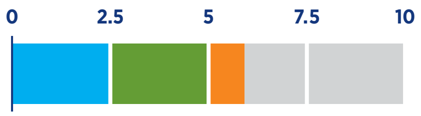
PORTUGAL

Overall score

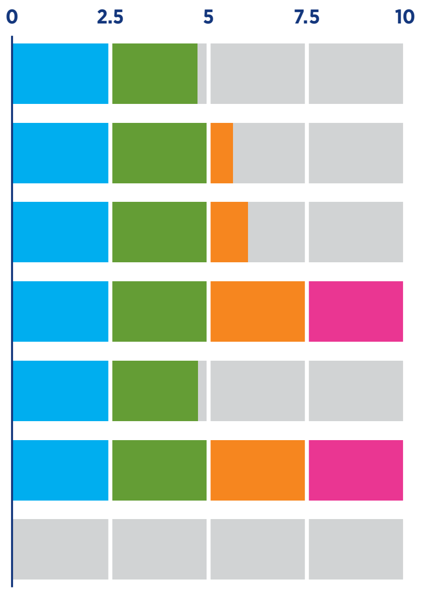
5.9

5.9 in 2014



Breakdown of seven indicator scores

Indicators	
Education flexibility	4.7
Labour market participation	5.6
Labour market flexibility	6.0
Talent mismatch	10.0
Overall wage pressure	4.7
Wage pressure in high-skill industries	10.0
Wage pressure in high-skill occupations	0.0



Key finding

Top-end scores for talent mismatch and wage pressure in high-skill industries highlight the major frictions present in the Portuguese labour market. Sustained periods of high long-term unemployment can exacerbate the skills shortage issues intimated by the wage premium in high-skill industries.

Downward pressure from:

- Labour market regulations
- Labour market participation
- Wage pressure in high-skill occupations

Upward pressure from:

- Long-term unemployment
- Wage pressure in high-skill industries
- Job vacancies

Country profile

Portugal is projected to achieve a GDP growth of 1.7 per cent this year, a rate above the 2000-2008 average.

The unemployment rate is also expected to improve significantly, declining from 14.1 per cent to 13.1 per cent. However, the most recent data suggests the incidence of long-term unemployment has increased.

The relatively high overall score of 5.9 suggests Portugal's labour market remains fragile despite some of the positive economic news.

Background economic data

	2014	2015†
Population	10.4m	**10.4m**
GDP		
GDP (Billion EUR*)	174	**177**
GDP growth	0.9%	**1.7%**
GDP/head (EUR*)	16,700	**17,100**
Unemployment		
Unemployment rate	14.1%	**13.1%**
Long-term unemployment rate	8%	**7.4%**

*2015 prices †Average forecast figures for 2015

View from the ground

Although long-term issues such as talent mismatch and wage pressure in high-skill industries remain a threat, the Portuguese labour market seems to have finally recovered some dynamism. There is still much work to be done, but we're confident that a much needed discussion about the skills gap is starting to take place in Portuguese society. This is a golden opportunity for universities, employers and national authorities to agree on how best to create and develop the basis for a stronger, more resilient labour market that provides the skills for the future.

Paula Baptista, Managing Director, Hays Portugal

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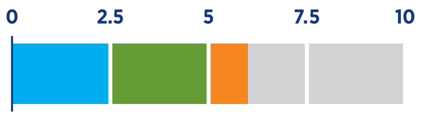
RUSSIA

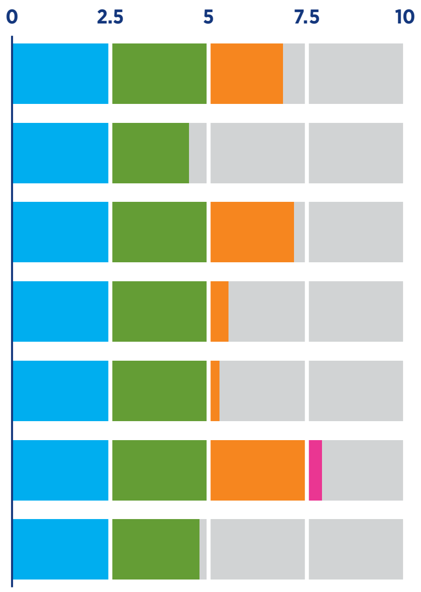
Overall score

6.0

6.1 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	6.9
Labour market participation	4.5
Labour market flexibility	7.2
Talent mismatch	5.5
Overall wage pressure	5.3
Wage pressure in high-skill industries	7.9
Wage pressure in high-skill occupations	4.8

Key finding

Increases in Russia's labour market participation and talent mismatch indicators are offset by decreases in the overall and industrial wage pressures.

Downward pressure from:

- Labour market regulations
- Overall wage pressure
- Labour market participation, ages 55-64

Upward pressure from:

- Structural unemployment
- International PISA ranking
- Wage pressure in high-skill industries

Country profile

Falling oil prices, economic sanctions and a weak currency have dragged Russia's economy into a severe recession. Economic activity is forecast to contract by 3.6 per cent in 2015. Real wages are expected to decline by over 12 per cent.

Meanwhile, the unemployment rate is forecast to rise by a comparatively modest degree from 5.2 per cent to 5.8 per cent.

Russia's overall score remains at a high 6.0, reflecting continued labour market pressures.

Background economic data

	2014	2015†
Population	143.4m	**143.5m**
GDP		
GDP (Billion RUB*)	82,226	**79,279**
GDP growth	0.6%	**-3.6%**
GDP/head (RUB*)	573,200	**552,600**
Unemployment		
Unemployment rate	5.2%	**5.8%**
Long-term unemployment rate	1.6%	**1.8%**

*2015 prices †Average forecast figures for 2015

View from the ground

Throughout 2014 Russia was struggling against economic woes caused by the ongoing geopolitical crisis. However, Russia's overall Index score remains more or less stable and flat when compared year-on-year. Improvements in Russian education have been reflected in the availability of various levels of educational programmes. Nevertheless, talent mismatch still exists in high-skill industries and professions. This demonstrates that Russia has a long way to go before the education system is able to provide the skilled labour of the future. The labour market overall remains increasingly inflexible, especially in terms of outstaffing and temporary staffing legislation, which is shown by the high 'Labour market flexibility' score.

Alexey Shteingardt, Managing Director, Hays Russia

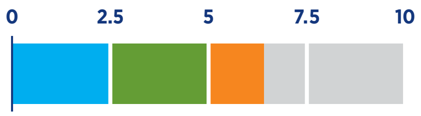
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

SPAIN

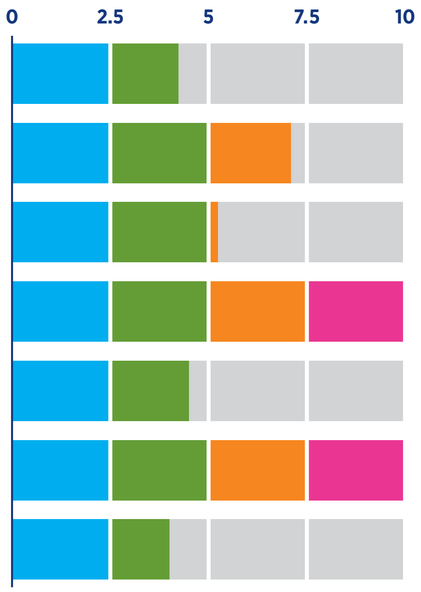
Overall score

6.4

6.3 in 2014



Breakdown of seven indicator scores



Indicators	
Education flexibility	4.2
Labour market participation	7.1
Labour market flexibility	5.2
Talent mismatch	10.0
Overall wage pressure	4.5
Wage pressure in high-skill industries	10.0
Wage pressure in high-skill occupations	4.0

Key finding

Talent premiums in high-skill industries will persist and propagate should the size of the labour supply continue to trend downwards as a result of negative net migration and increasing youth inactivity.

Downward pressure from:

- Job vacancies
- Labour market participation
- Labour market regulation

Upward pressure from:

- Long-term unemployment
- Overall wage pressure
- Labour market participation, ages 15-24

Country profile

Spain's economy continues to recover robustly. GDP growth is forecast to increase by 3.2 per cent and is approaching its pre-crisis average.

However, Spain still suffers with a severely high rate of unemployment, the highest among the 31 Hays Global Skills Index countries. Labour market reforms in 2012 aimed at easing employment protection have since boosted employment activity but structural issues stemming from high long-term unemployment and declining youth labour participation will act as barriers against further improvements.

An overall score of 6.4 reflects the persistent stresses present in the Spanish labour market.

Background economic data

	2014	2015†
Population	46.5m	**46.4m**
GDP		
GDP (Billion EUR*)	1,061	**1,095**
GDP growth	1.4%	**3.2%**
GDP/head (EUR*)	22,800	**23,600**
Unemployment		
Unemployment rate	24.4%	**22.3%**
Long-term unemployment rate	12.1%	**11.1%**

*2015 prices †Average forecast figures for 2015

View from the ground

Increased economic activity, which has led to investment and growth for the majority of companies, means 2015 has been a positive year for the world of work in Spain. Levels of confidence amongst professionals are also higher, so we are seeing a more ambitious workforce moving jobs with greater frequency. Unfortunately the fundamental problems underlined by the Index in recent years have not yet been resolved, principally the talent mismatch and inflexible working environment, as a result salary pressure is very high in certain sectors despite persistently severe levels of long-term unemployment and joblessness among the young. We hope to see all actors in the Spanish labour market work together to achieve further improvements, while enjoying the comparative successes that this year has brought.

Chris Dottie, Managing Director, Hays Spain

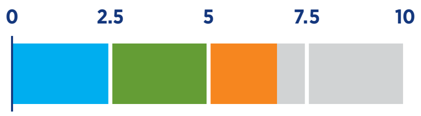
Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

SWEDEN

Overall score

6.7

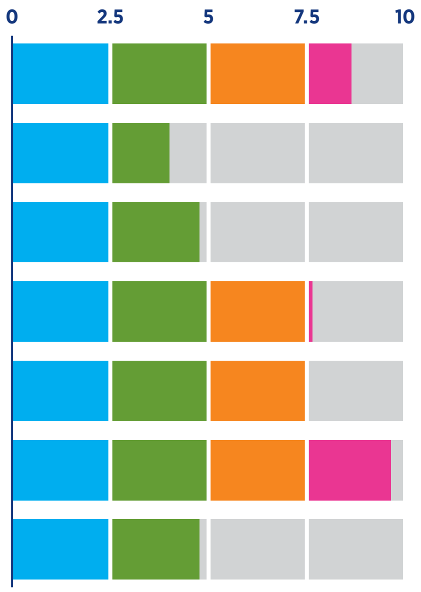
6.6 in 2014



Breakdown of seven indicator scores

Indicators

Education flexibility	8.6
Labour market participation	4.0
Labour market flexibility	4.8
Talent mismatch	7.6
Overall wage pressure	7.5
Wage pressure in high-skill industries	9.6
Wage pressure in high-skill occupations	4.8



Key finding

Education is growing in importance after the latest PISA scores revealed the country underperformed against the OECD average in all three of the tested subjects. The country's openness to immigration affords flexibility to the labour market.

Downward pressure from:

- Structural unemployment
- Labour market regulations
- Long-term unemployment

Upward pressure from:

- Job vacancies
- Overall wage pressure
- International PISA ranking

Country profile

Sweden's overall Index score has increased slightly to 6.7 this year, one of the highest scores among the 31 countries included in the Index.

With GDP growth accelerating slightly to 2.7 per cent and unemployment only marginally reducing to 7.6 per cent the high score is a signal of labour market dysfunction rather than a side effect of an over-active economy.

Education and youth employment are growing concerns for Swedish policy makers.

Background economic data

	2014	2015†
Population	9.7m	**9.8m**
GDP		
GDP (Billion SEK*)	3,995	**4,104**
GDP growth	2.4%	**2.7%**
GDP/head (SEK*)	412,200	**420,600**
Unemployment		
Unemployment rate	7.9%	**7.6%**
Long-term unemployment rate	1.3%	**1.3%**

*2015 prices †Average forecast figures for 2015

View from the ground

Sweden's overall Index score has increased slightly to 6.8 this year. There is not much change from last year, although confidence has improved significantly among the business community who now have higher expectations for the future than in previous years. We are seeing a rather healthy labour market but structural unemployment still exists, highlighting the mismatch in the labour market. Companies still have to search for the talent they need and so the war for talent is ongoing. As there are currently no convincing signs that the educational system will change rapidly to meet the needs of industry, we anticipate continued high wage pressure for the foreseeable future.

Johan Alsen, Managing Director, Hays Sweden

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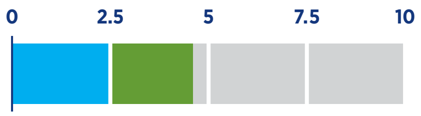
SWITZERLAND

Overall score

4.6

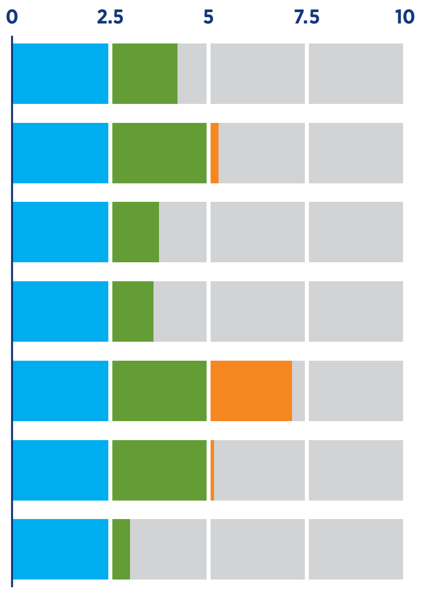
4.5 in 2014



Breakdown of seven indicator scores

Indicators

Education flexibility	4.2
Labour market participation	5.2
Labour market flexibility	3.7
Talent mismatch	3.6
Overall wage pressure	7.1
Wage pressure in high-skill industries	5.1
Wage pressure in high-skill occupations	3.0



Key finding

Increasing labour market pressures from reduced labour market flexibility and increasing overall and occupational wage pressures are offset by loosening in the talent mismatch and industrial wage pressure indicators.

Downward pressure from:

- Job vacancies
- Long-term unemployment
- Wage pressure in high-skill industries

Upward pressure from:

- Labour market participation
- Labour market regulations
- Overall wage pressure

Country profile

The Swiss Central Bank's decision to abandon its exchange controls has led to a serious loss of export competitiveness and as a result GDP growth is projected to fall to from 2 per cent in 2014 to 0.4 per cent in 2015. Unemployment is forecast to increase to 3.6 per cent and may increase further.

Recent immigration reforms designed to cap the influx of foreign nationals and give Swiss nationals priority in job applications may constrain the labour market's ability to fill skill gaps.

Mixed signals from the seven indicators result in a steady overall score of 4.6.

Background economic data

	2014	2015†
Population	8.2m	**8.3m**
GDP		
GDP (Billion CHF*)	639	**642**
GDP growth	2.0%	**0.4%**
GDP/head (CHF*)	77,600	**77,200**
Unemployment		
Unemployment rate	3.2%	**3.6%**
Long-term unemployment rate	1.1%	**1.2%**

*2015 prices †Average forecast figures for 2015

View from the ground

Future economic development in Switzerland will depend strongly on the Swiss Government's practical translation and implementation of the recently ratified immigration reforms, corresponding negotiations with the EU as well as Switzerland based firms' ability to cope with the consequences of the abandoned fixed CHF-EUR exchange rate. Currently a large share of the highly skilled specialists needed in Switzerland are recruited from EU countries as Switzerland itself cannot provide the number of required workers. If the actual implementation of the immigration reforms too strongly limits the ability of firms to recruit from abroad – combined with Switzerland's low long-term unemployment rate – a substantial number of assets, investments and projects may be transferred outside of Switzerland.

Marc Lutz, Managing Director, Hays Switzerland

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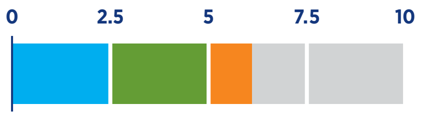
UNITED KINGDOM

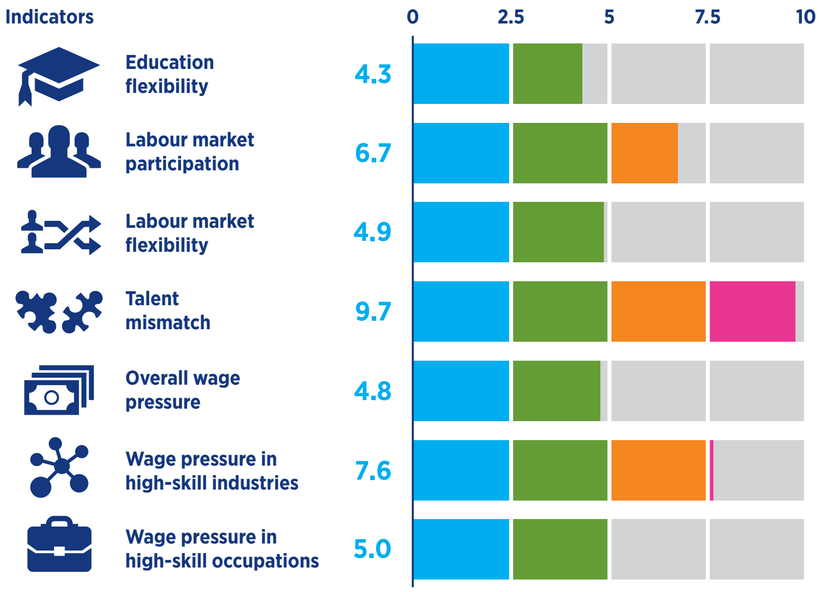
Overall score

6.1

5.1 in 2014



Breakdown of seven indicator scores



Key finding

Increasing vacancy rates coupled with persistently high rates of long-term unemployment result in a top-end talent mismatch score. Wage pressures will rise further should recruiters continue to find difficulties hiring the skilled workers they need.

Downward pressure from:

- Education levels
- Labour market regulations
- Wage pressures in high-skill industries

Upward pressure from:

- Labour market participation
- Overall wage pressure
- Job vacancies

Country profile

UK GDP growth is forecast to moderate slightly in 2015 to 2.6 per cent.

The unemployment rate is expected to average 5.6 per cent this year, down from 6.1 per cent in 2014.

The UK's overall score moves further beyond the balanced score of 5.0 signalling increasing tightness in the labour market.

Growing recruitment difficulties appear to be feeding through to a pick-up in wage growth. Factoring this together with recent deflationary pressures and planned increases in the minimum wage, real wages are forecast to increase for the first time since 2007.

Background economic data

	2014	2015†
Population	64.7m	**65.2m**
GDP		
GDP (Billion GBP*)	1,815	**1,863**
GDP growth	3.0%	**2.6%**
GDP/head (GBP*)	28,100	**28,600**
Unemployment		
Unemployment rate	6.1%	**5.6%**
Long-term unemployment rate	2.2%	**2.0%**

*2015 prices †Average forecast figures for 2015

View from the ground

The UK economy continues to show steady growth and the market ahead remains positive. This growth is creating increased stress in the labour market and the majority of employers report worsening skill shortages. Where these skill shortages are most acute, particularly in engineering and technology, salaries are rising more sharply as employers compete for hard to find skills. This wage pressure in high-skill occupations is reflected in the increase in the overall score for the UK this year, and is likely to continue unless measures are taken to address both short- and long-term skill shortages in the UK.

Nigel Heap, Managing Director, Hays UK

EUROPE

Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

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Hays has been helping organisations and businesses fill permanent positions, contract roles and temporary assignments, across the private and public sectors for more than 40 years. As the world's largest specialist recruitment agency, last year alone Hays helped over a quarter of a million professional people worldwide find their next career role. With over 9,000 staff operating from 240 offices across 33 countries, Hays is a market leader in the UK and Asia Pacific and one of the market leaders in Continental Europe and Latin America and has a growing presence in North America.

Hays works across 20 specialist areas, from healthcare to energy, finance to construction and education to IT. Its recruiting experts deal with 10 million CVs a year and conduct nearly 45,000 interviews per month. Last year Hays worked with clients, large and small, across the globe to find over 60,000 permanent employees and to fill 200,000 temporary assignments.

Every day Hays helps clients simultaneously dealing with talent shortages in certain markets, while having to reshape workforces in others. The nature of employment is also changing fast, with technological advances driving evolutions in the way people work. Hays understands these complexities and is uniquely positioned across its markets to solve them.

The depth and breadth of Hays' expertise ensures that it understands the impact the right individual can have on an organisation and how the right job can transform a person's life.

To find out more about Hays, visit haysplc.com

Oxford Economics

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

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Data sources for indicator scores

The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2015. Developments subsequent to this date are not reflected in the 2015 findings.

Labour freedom
Heritage Foundation, 2014 Index of Economic Freedom

Improvements in education levels
Barro, Robert and Jong-Wha Lee, April 2010, "A New Data Set of Educational Attainment in the World, 1950-2010." Journal of Development Economics, vol 104, pp.184-198.

Change in economic participation rate (overall)
Oxford Economics Global Macro Model

Change in economic participation (15-24 year olds)
International Labour Organizaton (ILO)

Change in economic participation (55-64 year olds)
International Labour Organizaton (ILO)

Economic participation rate rank
International Labour Organizaton (ILO)

Output gap (% GDP)
International Monetary Fund (IMF)

Long-term unemployment rate
Organization for Economic Cooperation and Development (OECD), National statistical agencies

Vacancies (000s)
Organization for Economic Cooperation and Development (OECD), Eurostat, National statistical agencies

GDP (LC, real, billion)
Oxford Economics Global Macro Model

GDP growth (real)
Oxford Economics Global Macro Model

Population (mn)
Oxford Economics Global Macro Model

Unemployment rate
Oxford Economics Global Macro Model

GDP/head (LC, real)
Oxford Economics Global Macro Model

Government balance
Oxford Economics Global Macro Model

Current account
Oxford Economics Global Macro Model

Non-Accelerating Inflation Rate of Unemployment (NAIRU)
Oxford Economics Global Macro Model

CPI inflation
Oxford Economics Global Macro Model

PPI inflation
Oxford Economics Global Macro Model

Imports + Exports (%GDP)
Oxford Economics Global Macro Model

Net migration
US Government

International Surveys of Educational Attainment in reading, mathematics and science
PISA: Programme for International Student Assessment (OECD)
TIMSS: Trends in International Mathematics and Science Study (Boston College, TIMSS & PIRLS International Study Center)
PIRLS: Progress in International Reading Literacy Study (IEA)
PIAAC: Programme for the International Assessment of Adult Competencies (OECD)
LLECE: Latin American Laboratory for Assessment of the Quality of Education (UNESCO)

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