

TALENT STRATEGY ADVISORS

Executive Perspective

Global Labor Market Growth and Maturity Model

As global labor demand increases, the supply for a country's critical position workforce becomes increasingly important.

The global economy is recovering faster than anticipated creating a demand for labor around the world. As US companies evaluate investment opportunities abroad, a country's critical position workforce is quickly becoming a pivotal decision criterion. Here's why.

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Labor Markets Across the Globe Are Heterogeneous

The supply of workers with industry and occupation specialization varies greatly across nations. These variations result from differences in stimuli that contribute to labor market growth. For instance, Australia's higher education institutions will produce, this year, a larger supply of qualified engineers for the mining industry than South Africa, even though industry demand for mining engineers is roughly the same between the two countries. Australia's ability to produce more qualified mining engineers is caused by the country's more mature higher education system. A higher education system is one example of a stimulus that produces workforce growth and maturity. In this example, Australia is better situated to meet the demand for mining engineers and grow this segment of the workforce. The implication for Australian mining employers is that they will have qualified critical position workers for their growing production volumes, while South African employers may experience a supply shortfall. The South African situation is an example of a real phenomenon emerging across the globe where the shortage of industry and occupational critical position workers is creating a global business challenge.

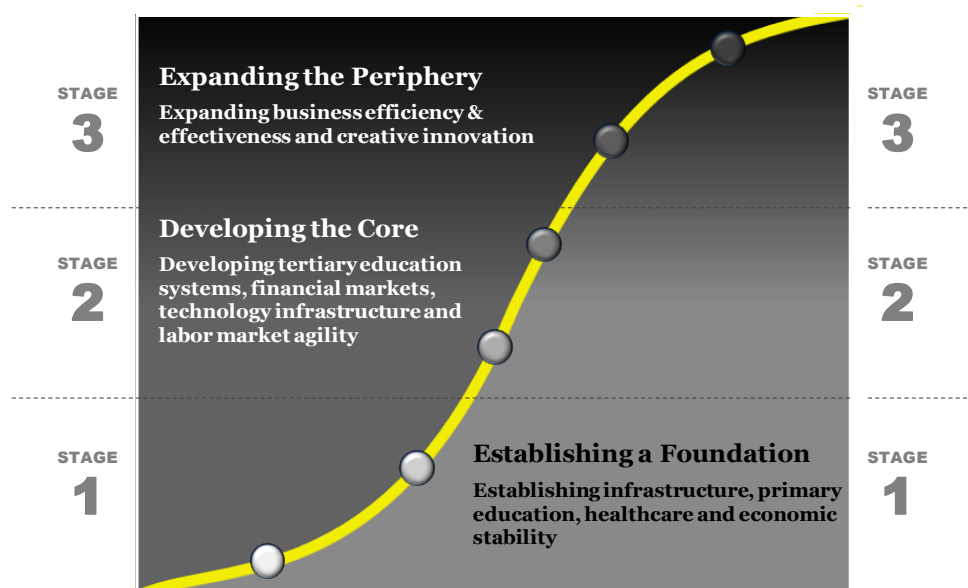
The shortage of industry and occupational critical position workers is creating a global business challenge.

A supply gap is the result of a country's labor market historical growth pattern and current-state maturity. Talent Strategy Advisors' research

has concluded that labor markets evolve over three distinct stages. Stage entry and exit criteria are a result of a country’s ability to produce the necessary stimuli to trigger labor market growth and maturity. Talent Strategy Advisors’ describes this phenomenon in its *Global Labor Market Growth and Maturity Model*.

The *Global Labor Market Growth & Maturity Model* summarizes a country’s ability to produce labor market expansion and development.

Figure 1: Global Labor Market Growth & Maturity Model



Establishing a Foundation

Stage 1 countries have weakened conditions for labor market growth and maturity. These conditions include undeveloped *infrastructures*, like transportation systems and utilities, undeveloped *primary education* systems, poor *health care* systems and *economic instability*. Familiar countries which fit the Stage 1 classification are Honduras, India, Nigeria, and Pakistan.

State 1 countries are establishing their foundation, while Stage 2 countries are building a core for workforce growth and maturity.

Developing the Core

State 2 countries have created a foundation for labor market growth and maturity using the previous stage’s stimuli and are now developing their *tertiary education system*, *financial markets*, *technology infrastructure*, and *labor market agility*. Countries which fit Stage 2 include Argentina, Brazil, China, Costa Rica, South Africa and Ukraine.

Expanding the Periphery

Stage 3 countries have satisfied the State 1 and 2 growth and maturity exit criteria and are now concerned with producing greater levels of *business efficiency and effectiveness* and *creative innovation*. Countries with Stage 3 labor markets include Australia, France, Germany, Japan, Singapore, Taiwan, United Kingdom and United States.

Understanding a country's maturity and growth stage is critical because the Stage ultimately determines the critical position industry and occupational labor markets prevalent in the country. For example, manufacturing companies expanding their payrolls in Stage 2 countries should have an adequate supply of workers for critical operations, maintenance & repair and transportation positions but will likely have insufficient quantities of qualified workers for critical management, engineering and information technology positions. These supply gaps must be factored into investment decisions so appropriate talent strategies can be architected.

As global labor demand increase, US companies will experience an increase in the frequency of critical position supply gaps. While it is very rare that a gap will deter an investment decision, it is very likely that it will trigger the need for a stronger global talent strategy.

Stage 3 countries have satisfied Stage 1 and 2 criteria and are now concerned with expanding the periphery of their capabilities.

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About

Talent Strategy Advisors

Talent Strategy Advisors is an internationally recognized workforce and talent management organization. Talent Strategy Advisors combines unparalleled labor market expertise, comprehensive talent management frameworks and timely research to help clients attract, develop, retain and engage critical position employees.

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