

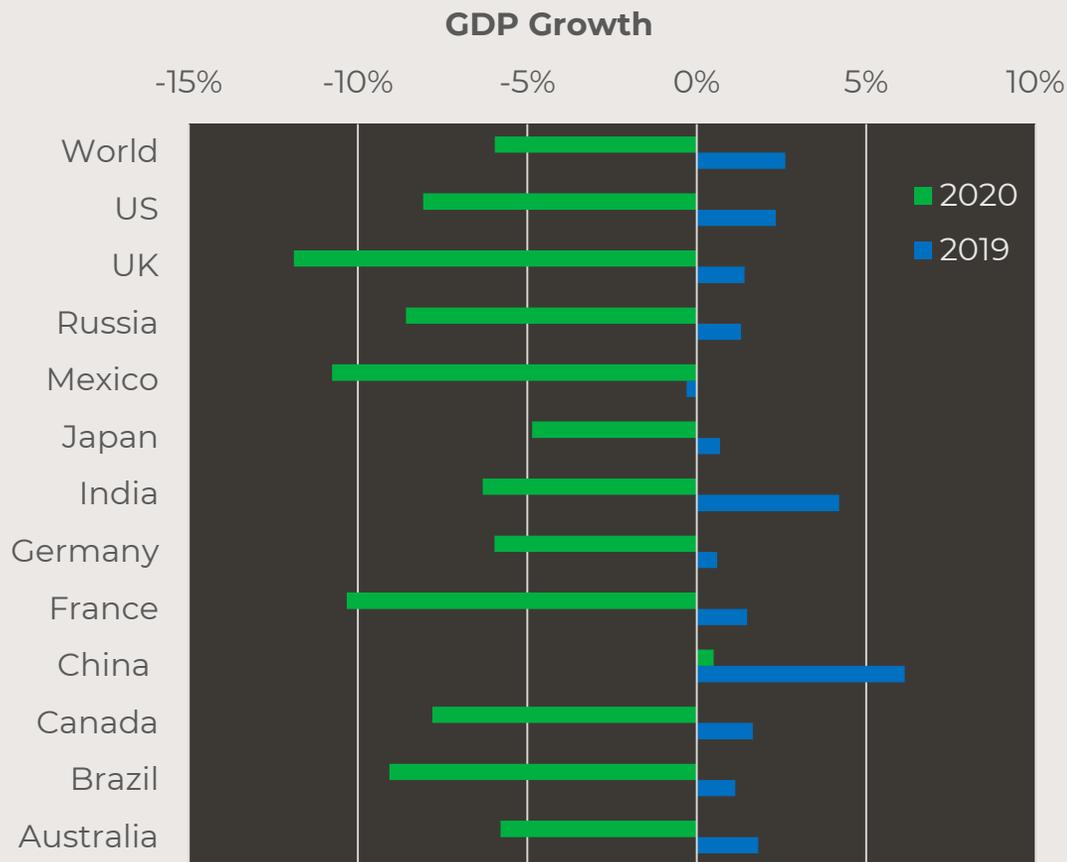


# Global Talent Market Quarterly

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The global economy is projected to contract by at least 5% in 2020, its worst performance since the 1940s, due to the fallout from the COVID-19 pandemic. The extent of the economic decline (and timeline for eventual recovery) is difficult to predict. While the US unemployment rate is projected to more than double in 2020, many labor markets (particularly in Europe) have seen government-funded plans that have limited spikes in official unemployment.



Source: IHS Markit (July 2020). Annual average estimated/projected growth in real GDP and annual average estimated/projected unemployment rates.

# AMER

In addition to the effects of COVID-19, many Americas economies are being impacted by the massive decline in oil prices in 2020. Labor markets are likewise affected, with the rise in US unemployment among the most severe globally.

**BRAZIL:** The economy is projected to contract by around 9% in 2020, with the effects from COVID-19 being compounded by ongoing political tensions and disruptions in the energy sector.

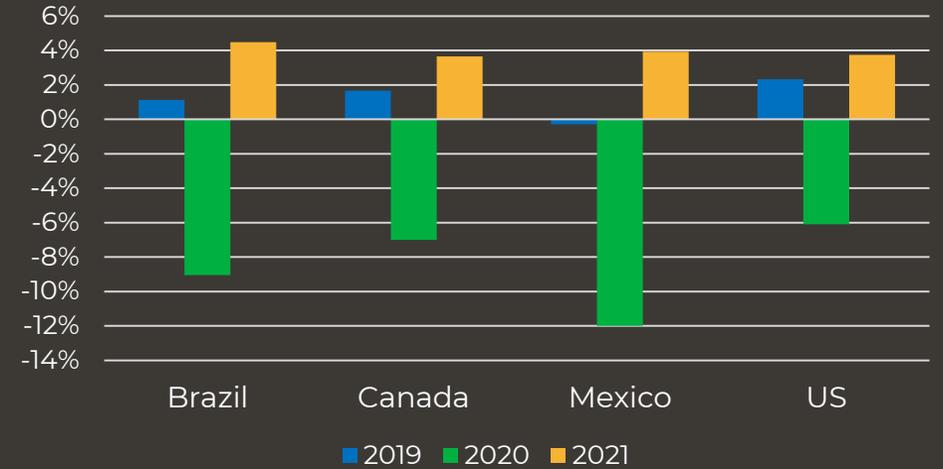
**CANADA:** The COVID-19 impacts combined with the collapse in oil prices have lowered Canada's economic forecast to a roughly 7% decline in 2020. Employment fell by over three million in March and April combined, but gained back more than 1.2 million jobs in May and June.

**MEXICO:** A double-digit decline is forecast for Mexico's economy in 2020, due to the COVID-19 virus, the recession in the US, lower oil prices, and the government's more hands-off approach in managing the crisis.

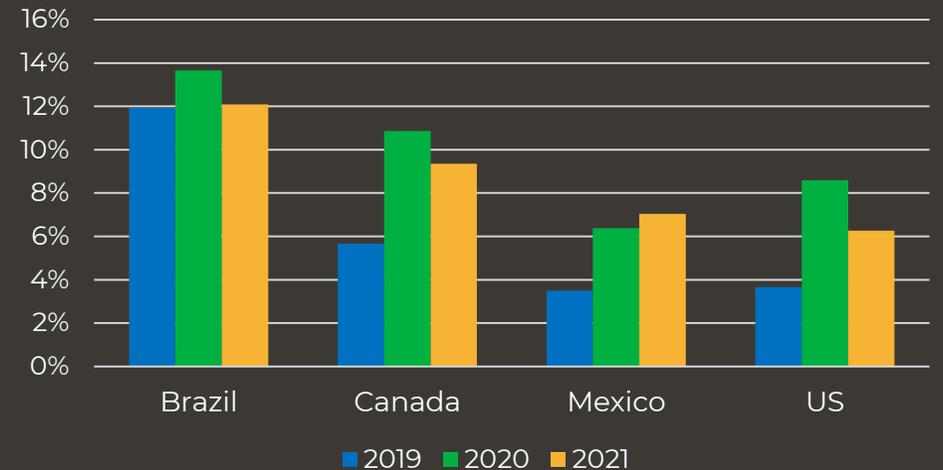
**US:** The COVID-19 driven downturn in Q2 2020 has upended the economy and labor force. IHS estimates that GDP will contract by more than 6% for the full year 2020. The economy lost more than 22 million jobs in March and April and the unemployment rate reached nearly 15%; May and June saw a recovery of 7.5 million jobs and unemployment back near 11%.

Sources: IHS Markit (July 2020)

GDP Growth



Unemployment Rate



# APAC

The global nature of the COVID-19 pandemic is depressing worldwide demand for exports, a blow to many APAC economies. Lockdowns are also lowering domestic demand, causing a very weak 2020 for regional economies.

**AUSTRALIA:** The catastrophic bushfires early in the year and impacts from the COVID-19 virus are expected to cause Australia's economy to contract by nearly 6% in 2020. Massive government stimulus initiatives will at best minimize the downturn.

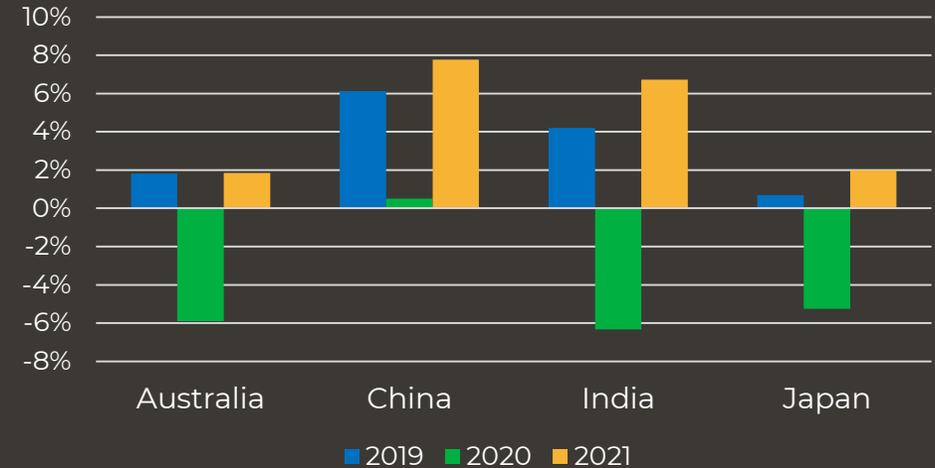
**CHINA:** The global COVID-induced downturn will cause China's exports to plummet in 2020; domestic demand also remains subdued. As a result, the Chinese economy is projected to record little growth during the year.

**INDIA:** The Indian economy was starting to show signs of slowing even before COVID shutdowns were enacted in late March. Manufacturing activity has been declining since mid-2019.

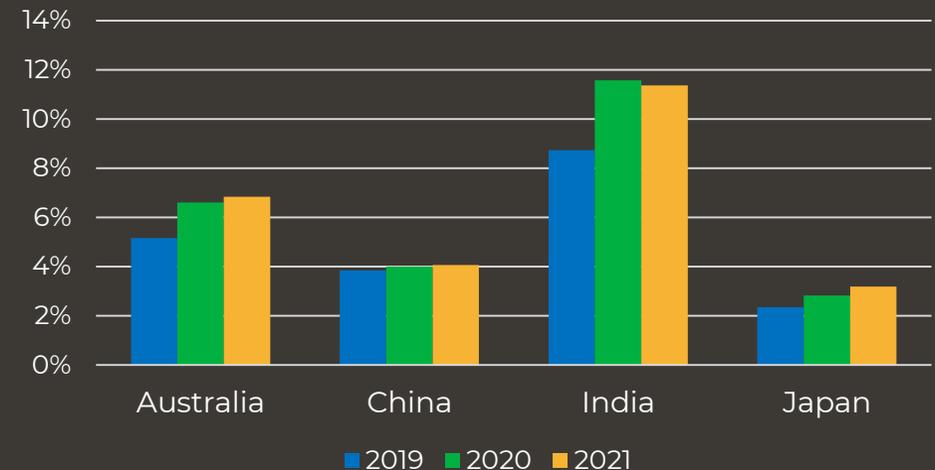
**JAPAN:** Japan's economic activity and labor market showed some signs of improvement in May and June, but continued uncertainties about COVID-19 continue to weigh on recovery prospects.

Sources: IHS Markit (July 2020)

GDP Growth



Unemployment Rate



# EMEA

**Massive economic contractions are on tap for most countries in 2020 in the wake of COVID lockdowns. In many European markets, government-sponsored plans are helping to preserve jobs and keep unemployment in check.**

**FRANCE:** The enormous economic decline from COVID shutdowns is expected to lead to a double-digit contraction in GDP for 2020. Government measures to help mitigate business losses and avoid widespread unemployment are helping to soften the blow.

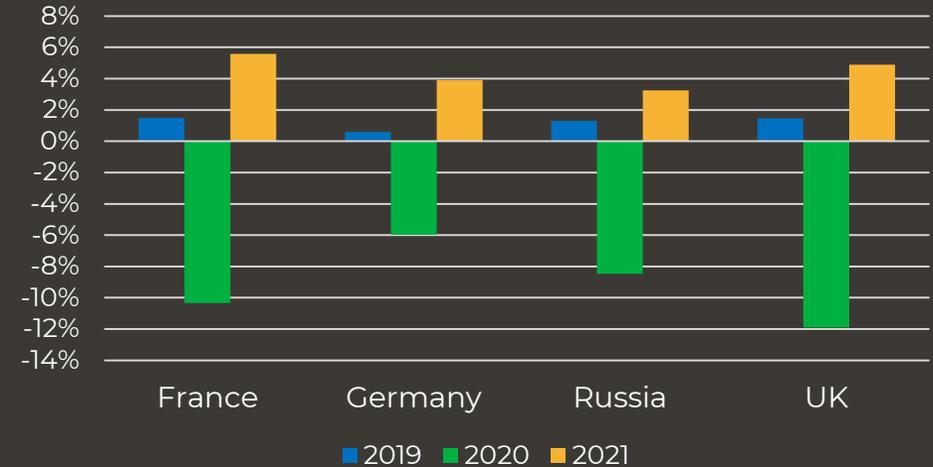
**GERMANY:** The economy will see a ~6% COVID-induced decline in 2020, but the broad usage of short-time work subsidies and other public programs is keeping official unemployment from skyrocketing.

**RUSSIA:** COVID-related lockdown measures combined with low oil prices and the OPEC+ reduced oil production agreement will cause the Russian economy to contract by more than 8% in 2020.

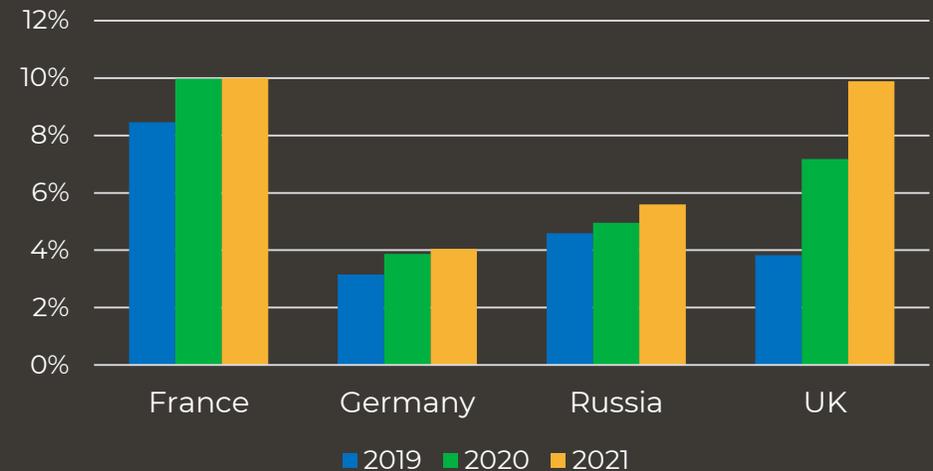
**UK:** The extended COVID lockdown is expected to cause the economy to contract by nearly 12% in 2020. Despite the large-scale job retention scheme, unemployment continues to accelerate rapidly.

Sources: IHS Markit (July 2020)

GDP Growth



Unemployment Rate



## New licensing requirements for temporary agencies are in place in Serbia and Quebec, Canada, while EU member states need to adapt to the new directive on posted workers.

### CANADA

Personnel placement agencies and temporary foreign worker recruitment agencies operating in Quebec need to be licensed as of January 2020. The new regulation also mandates that agencies comply with requirements related to how they operate in terms of hiring, worker protection, and payment practices..

### US

In March, the US Department of Labor issued a final rule on interpreting joint employer status under the Fair Labor Standards Act. And in February, the National Labor Relations Board released its final rule regarding joint employer status under the National Labor Relations Act, providing some consistency between the two.

### BRAZIL

A new data privacy law, the Lei Geral de Proteção de Dados (LGPD) will come into effect as soon as August 2020 and no later than May 2021. The LGPD applies to any firm that processes personal data of employees, third party agents, or customers in Brazil.

### EU

EU member states have until the end of July 2020 to comply with revisions to the Posted Workers Directive. Posted workers are those who are sent by their employer to work temporarily in another EU state. The new revisions address equal pay for posted workers and enhanced rights and protections for workers on long-term postings.

### UK

The UK government postponed reforms to the third-party worker rules (known as IR35), which were to have come into effect in April 2020, until April 2021 in response to the COVID-19 outbreak.

### SERBIA

The new Law on Agency Employment came into effect in March 2020. The law outlines licensing and other mandates for temporary staffing agencies and is a step towards aligning Serbian labor regulations with international standards such as the EU Agency Workers Directive.

### JAPAN

The Work Style Reform Bill came into effect in April 2020, mandating equal pay for equal work for temporary employees. The law also prohibits the same temporary worker being placed with the same client for longer than three years.

### VIETNAM

A new Labor Code will take effect in January 2021. Changes include new measures for probationary employment, mandatory work rules, and notice requirements. The new labor regulations are a step towards aligning with international labor standards.

**COVID-19 has introduced some new trends into the world of talent management, but its primary impact has been to turbo-charge many existing workplace dynamics. Firms that were ahead of the game on existing trends and those that are capitalizing on the new trends will thrive; laggards will be fighting for survival.**

### Acceleration of Existing Talent Management Trends

Remote/ Distributed Workforce	Automation (RPA/ AI)	Digitization	Re-skilling/ Up-skilling
<p>Work from home increased 155% from pre-COVID to April 2020, and another 49% from April to May.</p> <p>54% of US CFOs say they plan to make remote work a permanent option for roles that allow it.</p>	<p>50% of work activities have the potential to be automated.</p> <p>60% of occupations have 30%+ of tasks that are automatable.</p>	<p>Across all areas including product, sales, service, and distribution</p> <p>Demand for talent to support digitization will significantly outstrip supply (e.g. demand for big data talent will be 50-60% higher than supply).</p>	<p>Top 5 functions requiring upskilling, per McKinsey: IT, sales, supply chain, procurement, marketing.</p> <p>40% of US workforce (56M people) may need to switch occupational groups by 2030.</p>

### New COVID-19 Driven Talent Trends

Pandemic- Related Health & Safety	100% Virtual Recruiting/ Onboarding	Supply Chain Reassessment
<p>Capital intensive: UV sanitization; air filtration systems; workstations with spacing/physical barriers.</p> <p>Less costly: masks; sanitization of high-touch surfaces; temp screening; virus testing; limits on on-site workers.</p>	<p>Accenture, Facebook and others are leading the way with 100% virtual onboarding of large volumes of hires.</p> <p>Internships have gone virtual (at least those that have not been cancelled altogether).</p>	<p>Geographic diversity in supply chains is a major concern following pandemic-related disruptions.</p> <p>Large-scale repatriation is unlikely (due to costs, complexity) except for key industries (e.g. pharma, telecom).</p>

### About Kelly®

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