



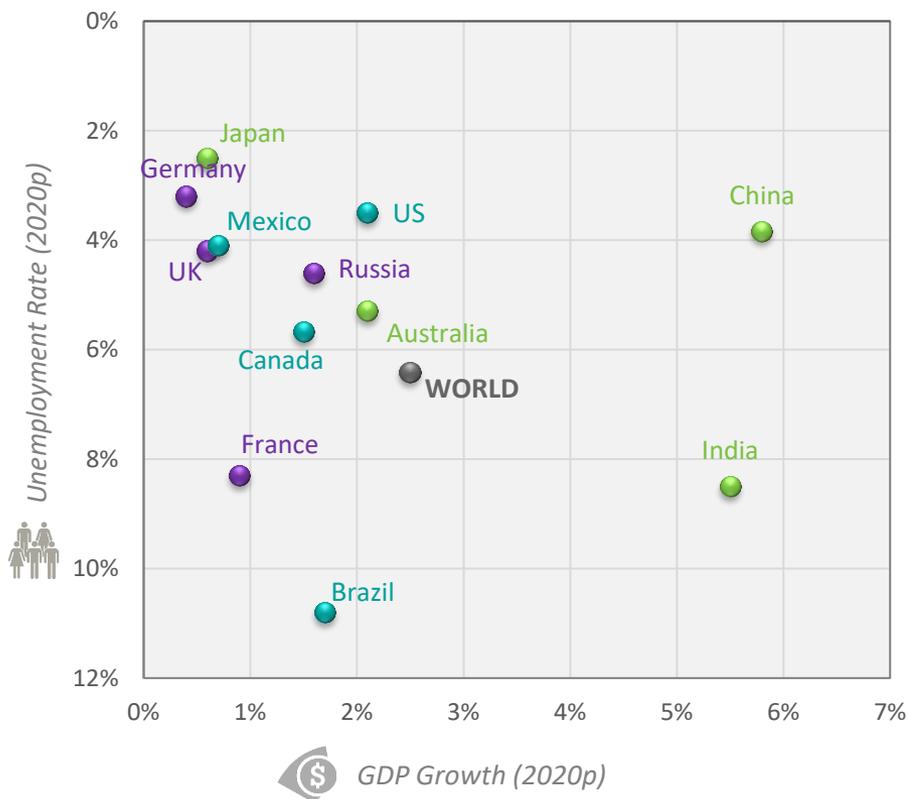
GLOBAL TALENT MARKET QUARTERLY

FOURTH QUARTER | 2019

KELLY[®]

The global economy cooled but avoided a significant slowdown in 2019, and the outlook for 2020 is for somewhat softer but still healthy growth. Some risks to global growth prospects remain, including Middle East tensions, the Brexit aftermath, and China's deceleration. Despite the slightly lower economic outlook, labor markets around the world are largely healthy, with demand for skilled talent still robust.

GLOBAL ECONOMIC & LABOR MARKET SNAPSHOT



GDP Growth

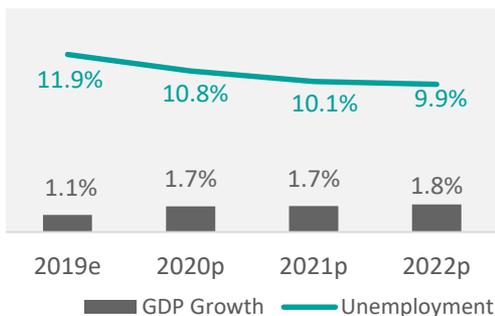


Unemployment Rate



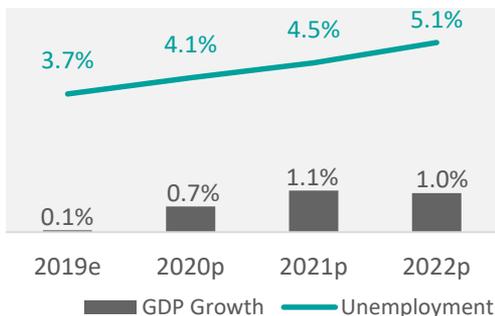
Economic growth in the US and Canada is forecast to remain healthy but somewhat softer in 2020, while economies including Brazil and Mexico are projected to see some improvements after struggling in recent years.

BRAZIL



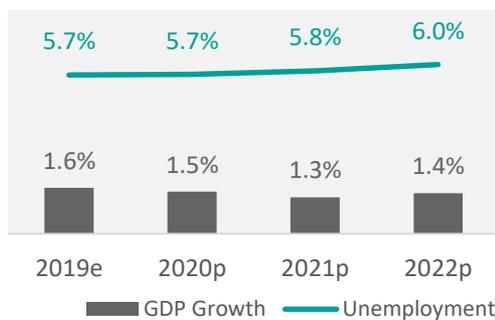
Brazil is expected to experience a faster pace of economic growth relative to the stagnation in 2018 and early 2019. Recovery in the construction sector and monetary policy are responsible for the growth.

MEXICO



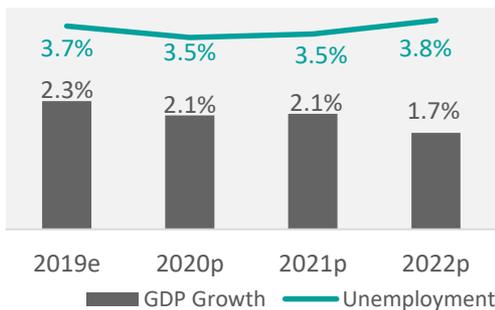
Revised data reveals that Mexico's economy was in a technical recession with decline in Q4 2018 and the first half of 2019. Easing monetary policy and the momentum of the new administration leads to projections of increasing growth through 2021.

CANADA



The Canadian economy is expected to see a slight decline in growth in 2020 and onward. Employment grew by 2.1% on average in 2019, but a slowdown is expected as growth eases.

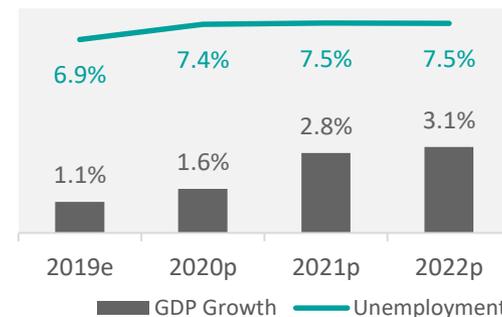
US



US economic growth is expected to remain solid in the short term. Unemployment is understood to have bottomed out; it is projected to remain steady through 2021 and then begin to drift upward from 2022 and beyond.

COUNTRY SPOTLIGHT

CHILE

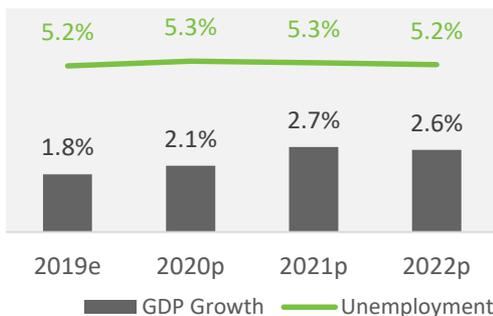


Chile has seen a massive amount of civil unrest since October 2019, as protests that initiated from a subway fare increase have grown into wider grievances over broader social and economic issues. In November 2019, the government agreed to begin the process for a new constitution, including a referendum in April 2020.

As a result of the political and social unrest, the outlook for the economy remains subdued. Private consumption and investment is expected to be weak; however, public spending may be increased as the government looks to appease the protestors. The unemployment rate is projected to rise in tandem with the weaker economic outlook.

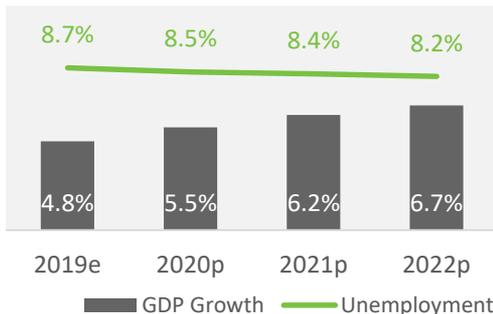
Slowing growth in China and Japan is expected to have a ripple effect across many APAC economies, but other major markets (India, Australia) have relatively stronger growth outlooks. Labor markets remain tight across the region.

AUSTRALIA



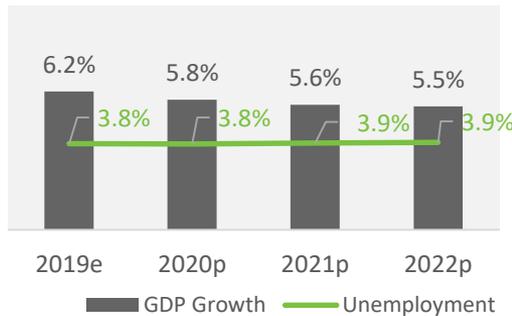
Australia's GDP growth rate has been relatively low as household consumption has remained weak. Growth is expected to accelerate in 2020, while unemployment projections remain flat.

INDIA



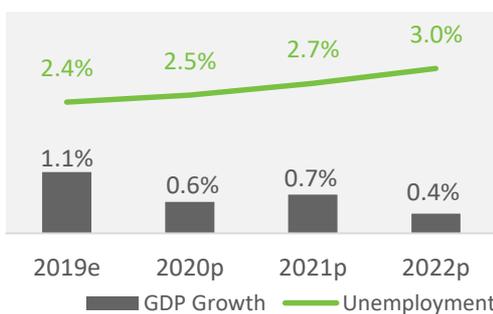
Despite some near-term weakness, India has signs that fiscal policy and private consumption will increase GDP growth. Unemployment is expected to show a continued steady decline through 2022.

CHINA



China's economic outlook has stabilized, but fiscal stimulus is currently propping up the economy as productivity slows. Without structural reform, the economic slowdown is expected to continue.

JAPAN



The increased consumption tax in Oct. 2019 as well as natural disasters are expected to weaken the GDP growth outlook. Japan's labor shortage continues, although weaker economic activity may soften demand.

COUNTRY SPOTLIGHT

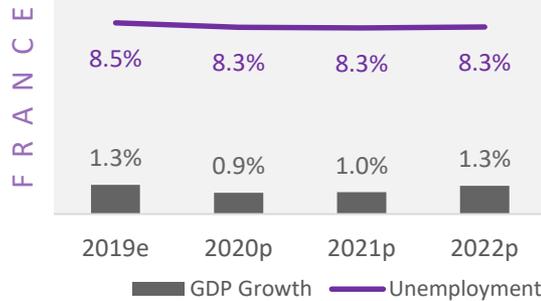
THAILAND



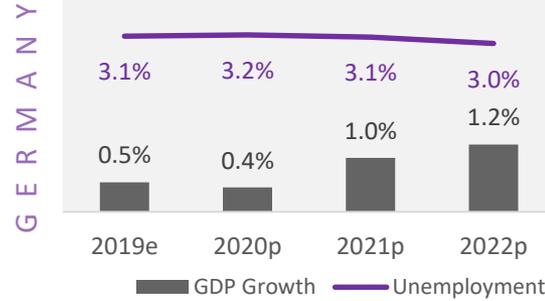
The global economic slowdown and China-US trade disputes are among the reasons Thailand is experiencing some softening in economic growth—the economy expanded by around 4% in 2017 and 2018, but under-3% growth is estimated for 2019 and 2020. Despite the slowdown, Thailand's economy enjoys healthy fundamentals.

Thailand's labor force faces some challenges. The unemployment rate is exceedingly low and a low population growth rate is expected to cause declines in the labor force beyond 2020. In addition, relatively high wages (Thailand has the highest minimum wage among ASEAN countries) threaten its regional competitiveness, particularly in manufacturing.

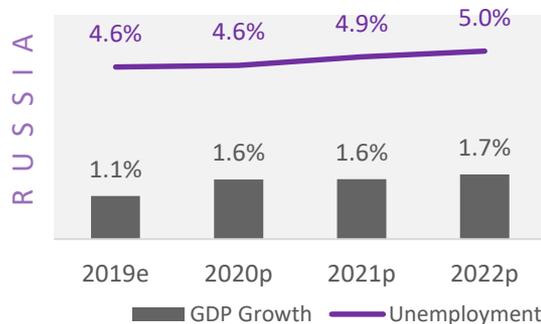
The slower growth momentum across much of Europe is expected to stabilize in 2020 and then show some modest acceleration in the following years. Despite the sluggish economic conditions, unemployment remains low in many markets, with high demand for skilled labor.



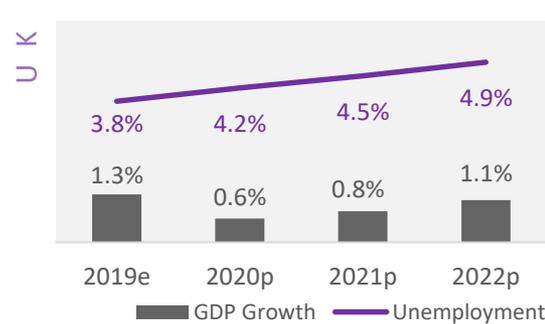
GDP growth is expected to decelerate slightly with concerns of trade wars, Brexit uncertainty, and strikes against French legislation. The French unemployment rate has seen a downward trend since mid-2015, but is projected to stabilize.



German economic weakness is expected to have bottomed out. Growth is expected, but recovery will be slow due to global trade and geopolitical tensions. Unemployment will continue to remain low moving forward.



While increasing, the GDP growth rate has limited potential due to negative impacts of consumption taxes, poor business confidence, trade tensions, and weakening crude oil prices. The unemployment rate is expected to reach 5% by 2022.



Growth is expected to slow in 2020 during the post-Brexit transition period but then pick up as the UK edges closer to a permanent trade agreement with the EU. Unemployment projections show a steady rise through 2022.

COUNTRY SPOTLIGHT

SPAIN

Year	GDP Growth	Unemployment
2019e	1.9%	14.2%
2020p	1.5%	13.9%
2021p	1.5%	13.5%
2022p	1.4%	13.4%

The Spanish economy is projected to see a modest decline in growth, from near 2% in 2019 to 1.5% in 2020 and 2021. The weaker economic climate in Europe and some domestic political risks (primarily ongoing tensions surrounding independence for the Catalan region) are dampening the outlook. Although the unemployment rate remains elevated, the Spanish labor market continues its slow recovery from its decade-long downturn. The annual unemployment rate remained above 20% from 2011 to 2015, peaking in 2013 at 26%. Employment grew by 2.7% in 2018 and 2.5% through the first three quarters of 2019, and is expected to remain healthy in the near term.

Among the highlights of recent employment legislation are enhanced parental leave laws in Ireland and Switzerland, as well as decrees that seek to clarify and define concepts of non-traditional work in India and Brazil.

UNITED STATES

In October 2019, the IRS issued a directive clarifying that employers can claim a Work Opportunity Tax Credit (WOTC) either in the year qualified wages are paid or the year in which they receive certifications of workers' disadvantaged status. The WOTC is a credit given to employers that hire disadvantaged individuals who face employment barriers.

MEXICO

In December 2019, the National Minimum Wage Commission announced that the minimum wage would increase in 2020 by 20% over the rate used in 2019. The Free Economic Zone of the Northern Border will also see a minimum wage increase of 5%.

BRAZIL

The Brazilian Federal Government has issued a decree to remove areas of uncertainty from existing law regarding outsourcing and temporary work. Of the several clarifications, one article made it clear that it is permissible to engage temporary workers for seasonal predictable work.

IRELAND

The Parents' Leave and Benefit Act came into force in November 2019. It provides each parent of a child under 12 months with the right to two weeks leave and payment of a corresponding social insurance benefit. This follows the Parental Leave (Amendment) Act, which came into effect in September 2019, providing for the extension of unpaid parental leave for up to 26 weeks.

SWITZERLAND

In September 2019, Swiss parliament introduced a new law extending the right of fathers to paid paternity leave from one day to two weeks. This time can be taken within the first six months after the child's birth.

PORTUGAL

A new law in September 2019 places additional restrictions on the use of fixed term and temporary contracts. Among the restrictions are limits on renewals of contracts and on contract durations.

INDIA

The Ministry of Labour and Employment published a draft code that introduces the concept of gig and platform workers within Indian labor law. The draft code provides definitions for gig and platform work, and outlines potential concepts for benefits protections for gig and platform workers.

INDONESIA

A new amendment to the country's labor laws simplifies a number of requirements for manpower outsourcing, including an online process for approval of outsourcing licenses. The amendment also reduces penalties for non-compliance. It does not, however, change the underlying structure of manpower outsourcing in Indonesia.

GLOBAL TALENT SPOTLIGHT: GENERATION Z AT WORK

GENERATIONS IN THE WORKFORCE

As Baby Boomers ease into retirement, new generations are rising. The oldest members of Generation Z are in their early 20s today, and are beginning to make their presence felt in the workplace. Millennials are now in their late 20s and 30s, and have become the largest segment of the US workforce.

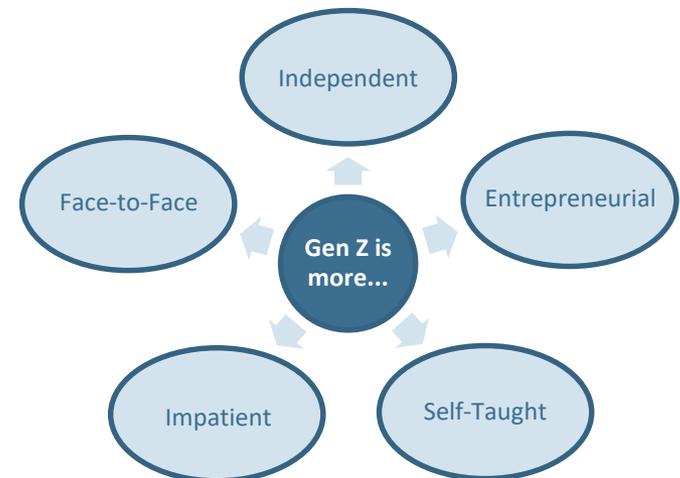
As it enters the workforce, Gen Z shares some traits with the generation preceding it. Like the Millennials, Gen Z shows an ease with technology, a heightened social conscience, and a desire for flexibility. Despite these similarities, Gen Zers are carving out their own identity as well, and will not just be “Millennials 2.0” when it comes to the workplace.

CURRENT AGES	Baby Boomers Mid-50s to Mid-70s	Gen X Around 40 to Early-50s	Millennials Mid-20s to Around 40	Gen Z Tweens/Teens to Early-20s
% OF OECD WORKFORCE	20%	34%	33%	11%
% OF US WORKFORCE	25%	33%	35%	5%

GEN Z VS. MILLENNIALS: SIMILARITIES

TECHNOLOGY	PURPOSE	FLEXIBILITY
<ul style="list-style-type: none"> Digitally fluent; have used technology tools since childhood Understand benefits and drawbacks of technology <p><i>65% of Millennials and Gen Z say they interact with each other more in the digital world than they do in the real world.</i></p>	<ul style="list-style-type: none"> Interested in work that benefits society at large Attracted by a strong mission / commitment to social impact <p><i>47% of Gen Z and 46% of millennials say they aspire to make a positive impact on their community and/or society</i></p>	<ul style="list-style-type: none"> Embracing flexible workstyles (remote work, flex time, etc.) Interested in freelance and/or gig work <p><i>81% of Gen Z and 84% of millennials say they would consider joining the gig economy</i></p>

GEN Z VS. MILLENNIALS: DIFFERENCES



WORKFORCE SOLUTIONS SPOTLIGHT: STAFFING PROCESS AUTOMATION

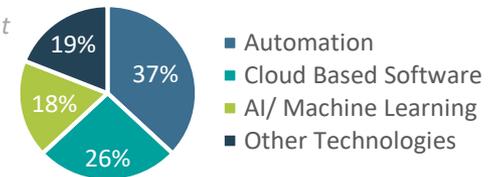
TECHNOLOGY SOLUTIONS IN STAFFING

While staffing and recruitment are businesses in which the human element remains essential, there is no denying that many of the processes and functions are prime candidates for digital transformation. A recent survey from Bullhorn reveals that recruitment professionals overwhelmingly feel that digital transformation is a good thing for their businesses.

When it comes to technology solutions in staffing and recruitment, automation is leading the way, and is largely being used to facilitate candidate interactions. Research from Staffing Industry Analysts shows that on average, automation is being applied to candidate-facing functions around twice as much as on client-facing functions.

80% of recruitment professionals say that digital transformation will help their business

When recruitment professionals think of digital transformation, they think of:



STAFFING PROCESS AUTOMATION ADOPTION



Of staffing firms reported automating **CANDIDATE-facing processes (median)**

Key Automated CANDIDATE-Facing Processes

- Submit resume
- View available jobs
- Apply for available jobs
- Create/update online profile
- Take relevant assessment tests



Of staffing firms reported automating **CLIENT-facing processes (median)**

Key Automated CLIENT-Facing Processes

- Create descriptions for available positions/request staff
- Search temporary worker profiles/resumes
- Select temporary workers
- Video interview temporary workers

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