

Study: Talent Management to become key differentiator for companies competing in global marketplace**Globalization boosts demand for skilled labor – growing skills shortages require new role of HR to succeed in competition for qualified workforce**

London, UK – April 22, 2008. Finding talent, developing talent and keeping talent will be the new role of Human Resources (HR) management in the future. This “talent management” – the assessment and long-term planning of a company’s workforce needs – rather than the traditional filling of vacancies, will become a key differentiator for companies competing in the global marketplace. “This new role of HR management comes as a consequence of three trends converging: Globalization, demographic change and skills shortages”, says Donna Murphy, Managing Director of the Adecco Institute, referring to the result of a study based on interviews with 5,000 HR professionals.

Globalization in developed countries increases the demand for skilled and highly qualified labor, while the demand for unskilled work shrinks. This increased demand for a qualified workforce is compounded by demographic effects: older workers already comprise the fastest growing workforce segment in most developed countries. Older, more qualified workers are retiring and fewer young people are replacing them. Due to years of falling birth-rates, the majority of people in Europe in the next ten years will, for the first time ever, be older than 40. In the United States the number of workers in the 55-and-older group is projected to grow by 47 percent in the next eight years – approximately 5.5 times the 8.5 percent growth of the labor force overall.

These developments lead to an increasing shortage of skilled workers. While global demand is growing, the supply is shrinking. As a consequence, companies are facing more and more competition for the best talent.

“Whereas in the past, business success was primarily a matter of successfully competing for customers, in the future, business success will increasingly depend on successfully competing for qualified employees. This scarcity of one of the most critical of all resources – human talent – will position HR management as one of the most forceful factors in a company’s growth and productivity. To meet this challenge, HR practitioners will have to break away from the ‘just-in-time’ culture of filling vacancies, to a long-term planning of their companies’ skills needs”, said Donna Murphy.

A survey among 5,000 European HR managers by the Adecco Institute indicates that the average planning horizon of HR professionals today is only 1.1 years. The survey also reveals that companies are unprepared for the exodus of knowledge and expertise resulting from the ageing of the workforce and the subsequent mass retirement, especially of the Baby Boom generation. Only 29 percent of European companies have conducted a full analysis of which employees hold critical business knowledge – 31 percent have done nothing at all. 35 percent of the HR managers interviewed are already today experiencing particular skills shortages in technical knowledge and another 19 percent are having problems finding job candidates with the IT skills needed for the positions they try to fill.

“Tomorrow’s companies will compete not on low wages or natural resources, but on skills as the driver of innovation and productivity. Growing companies will increasingly look to the global workforce to satisfy their appetite for skills and expertise. Technology has demolished the boundaries once presented by geographical distances. Talent can be leveraged regardless of location. These changes will magnify the challenge of managing people and talent. Competing for skills will mean finding the right strategy to keep skilled employees, and keeping them engaged, trained and committed. Talent Management will increasingly become a key differentiator for companies”, said Wolfgang Clement, Chairman of the Adecco Institute and former German Minister of Economics and Labor.

For more information please and to download the paper visit: www.adeccoinstitute.com

About the Adecco Institute

The Adecco Institute, founded in 2006 and based in London, is a think tank on the future of work; it is committed to facilitating discussions on the topic of work. Through primary and secondary research as well as white papers and forums for discussion, the Adecco Institute provides forward-looking approaches to help companies and economies raise employability, productivity and employee satisfaction at work. The Institute is chaired by Wolfgang Clement, former German Minister of Economics and Labor; its Managing Director is Donna M. Murphy.

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