



# The Global Skills Convergence

Issues and ideas for the management of an international workforce

ADVISORY

by Bernard Salt

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This report represents the culmination of 7 months work for a global steering committee including the following people.

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If you have any queries regarding access to further copies of this report please contact the nominated KPMG member firm representative in the relevant country as indicated on the inside back cover.

KPMG in Australia partner and report author Bernard Salt is based in Melbourne and is the author of two best-selling books on demographic trends. He is a columnist with *The Australian* newspaper, a regular on the corporate speaking circuit, and manages a dedicated group of advisers within the Melbourne office specializing in commercial demographic research. See [www.bernardsalt.com.au](http://www.bernardsalt.com.au)

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# Executive summary



*The Global Skills Convergence* argues that there is a demographic faultline running through much of the developed world which will impact negatively on the supply of labor and talent during the next decade. The faultline is the time at which more Baby Boomers (born 1946-1961) exit the workforce than Generation Ys (born 1976-1991) and Millennials (born 1991-2006) enter the workforce at age 15. The delayed entry into the workforce caused by a longer engagement with education means that the faultline is largely an interplay between retiring Baby Boomers and newly arriving Generation Ys with Generation X caught in between.

The demographic faultline is caused by the sudden jump in fertility that followed the end of World War II. This initial 'jump' in 1946 was the beginning of the baby boom and it applied largely to western economies with the exception of Ireland

where the fertility rate remained high for much of the 20th century. The baby boom neither started nor ended in the Latino Christian, African, Indian or Arab worlds. The end of the western baby boom was signaled in the 1960s by the arrival of, and access to contraception and by the changed expectations and priorities of women. Again, these developments applied in some countries and not others.

The demographic faultline applies at different times in different countries. The pool of people from which Japan draws its labor force began to contract in the mid-1990s. In the United States (US) the slowdown in the rate of growth in the productive population begins at the end of this decade. In China the faultline applies from the middle of next decade. The diminution in the number of people in China aged 15-64 results from the application of the one-child policy in the

mid-1970s which impacts labor markets precisely 40 years later. Could this be the issue that knocks China off its current growth trajectory?

KPMG's global International Executive Services (IES) practice has accessed, with permission, unpublished data from the United Nations Population Division which shows the net flow of migrants between a range of countries this decade and again ten years earlier. Unfortunately, this data set does not include information for the US. However, what it does show is the recent outflow of Poles to developed European Union nations as well as of Romanians to Italy and of Pakistanis to the United Kingdom (UK). There were also net outflows from the UK to Spain and Australia.





The interviews, combined with the demographic research, provide a unique perspective on the current skills and labor shortage. It shows that there will be a slow-down, if not a contraction, in the pool from which the labor force will be drawn at the end of this decade in the US and by the middle of next decade in many other developed markets. Some of the key learnings that flow from the interviews are as follows.

- Establish a leadership group and invest in that group's development.
- Make sure they have exposure to foreign markets and understand local culture and sensitivities.

- Ensure, as far as possible, that local staff manage the group's operations in each country.
- Tailor career paths and remuneration packages and consider concepts including delayed bonuses and performance-based pay.
- Understand the inter-relationships between business and politics, and the strength of familial relationships in some emerging markets.

**"The international mobility of talent delivers diversity of viewpoint ... our business, all business, needs different viewpoints."**

***Brian Ambrose, Global Mobility, KPMG***

- Manage the expectations of staff before, but especially after completion of an international assignment: sometimes it can seem a bit mundane returning to head office after the excitement and exotica of an international posting.
- Manage Generation Y's expectations and provide them with constant feedback as they progress towards career goals.
- Benchmark best practice in remuneration and ensure that the most effective tax arrangements are in place for staff, for the corporation, and to meet official requirements.

*The Global Skills Convergence* is a study that was commissioned by KPMG's global IES practice. The research was directed and authored by KPMG in Australia Demographer, Bernard Salt and Principal Researcher, Joel Bevin and supported by numerous staff. The study was completed over 7 months to August 2008; it comprises both demographic research as well as a series of interviews with the Heads of Human Resources and Global Mobility at global businesses. The report is intended to be distributed globally to KPMG's IES practice clients as part of the thought leadership program. Soft copies of the report can be downloaded from [www.kpmg.com/globalskillsconvergence](http://www.kpmg.com/globalskillsconvergence)





































































































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