

A large white wind turbine stands on a grassy hill. Orange streamlines, representing wind flow, curve around the blades and extend across the sky. In the lower left, a person in a white shirt and dark skirt stands on the grass, holding a long orange ribbon that flows towards the turbine. Blue concentric circles are visible on the left side of the image.

# CWI

Contingent Workforce Index

## 2016 Global Analysis

HARNESSING THE WINDS OF CHANGE IS HUMANLY POSSIBLE



ManpowerGroup™

# INTRODUCTION

## ABOUT THE CONTINGENT WORKFORCE INDEX (CWI)

The Contingent Workforce Index (CWI) measures the relative ease of sourcing, hiring and retaining a contingent workforce in competing labor markets around the world. The CWI compiles more than 50 key data points around the Availability, Cost Efficiency, Regulation and Productivity of each country's contingent workforce. Then, using a proprietary formula, a numerical value is assigned to each country that provides a comparison of the relative opportunities of entering one labor market over another.



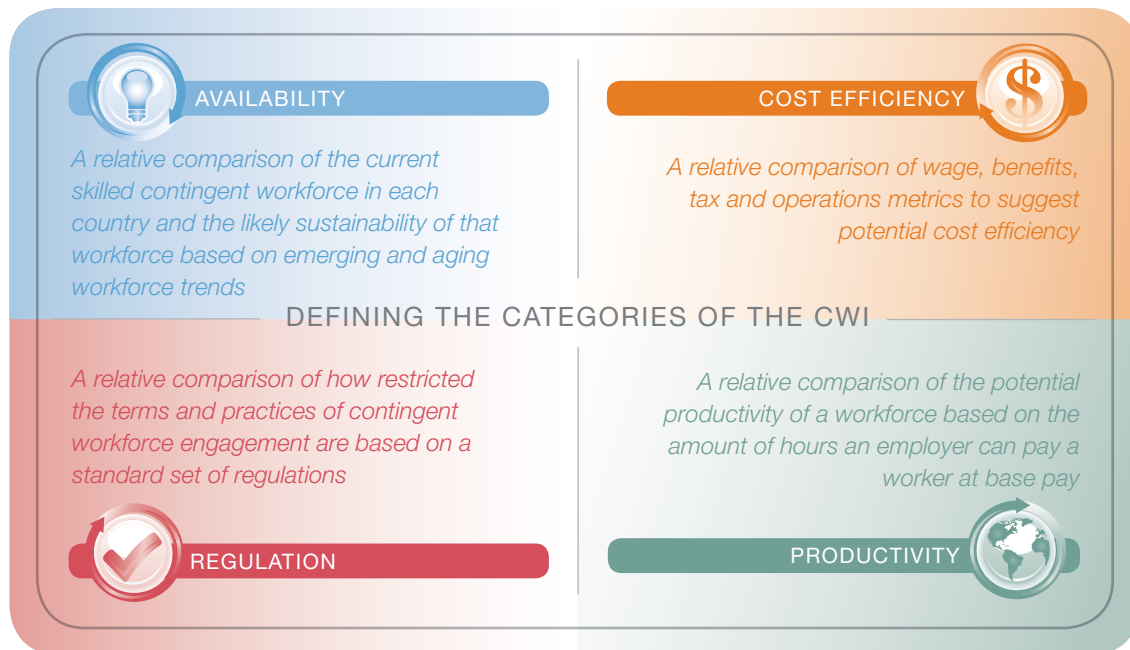
Just as a country's Gross Domestic Product (GDP) is used as an economic indicator, the CWI may be used as an indicator of contingent workforce availability. CWI rankings provide perspective and insight that can impact both short- and long-term strategies involving contingent workforce procurement, including:

- Capacity planning
- Recruitment strategies
- Location strategy
- Workforce budget and forecasting
- Cost-saving initiatives
- Organizational restructuring
- Merger and acquisition

In the global CWI analysis, an equal weight is attributed to each factor: Availability, Cost Efficiency, Regulation and Productivity. A higher CWI ranking indicates that a country is likely to support higher volumes of contingent hiring, based on quality and productivity, with greater cost efficiency and ease of doing business.

# METHODOLOGY OF THE CWI

The CWI is comprised of more than 50 carefully weighted statistical factors, grouped under the categories of Availability, Cost Efficiency, Regulation and Productivity. In a consultative setting, these four categories are weighted differently depending on an organization's strategic priorities. For example, if Cost Efficiency is a more critical factor than Regulation, then Cost Efficiency would be given a higher weighting to meet a specific organizational need. For the purpose of this summary, an equal weighting is assumed for each of the four categories.



# 2016 METHODOLOGY

## CHANGES TO 2016 METHODOLOGY

Each year ManpowerGroup Solutions enhances the CWI methodology based on its latest global client insights and shifting employer preferences, to ensure that the CWI is an accurate reflection of global employer priorities. The weighting of specific metrics is adjusted annually to highlight factors that will be the most influential when considering new markets for contingent labor opportunities.

Since its inception in 2013, Fortune 500 companies and regional organizations alike have used the CWI to evaluate their global workforce strategy. These innovative organizations engaged ManpowerGroup Solutions to assess their global footprint, identify new market locations, modify their workforce mix, expand their Managed Service Provider (MSP) programs and support capacity planning.

The methodology of the CWI has also been adjusted annually because of these engagements to reflect the perspectives and current priorities of these global employers. When compared to the 2015 CWI, the 2016 CWI allows for a greater influence of skilled contingent workforce availability, among other variables of greater importance to global employers in today's markets. For example, new data points were included this year regarding Cost Efficiency, specifically data from each country for profit taxes, and both engineering and technology wages.

The inclusion of these new data points, plus the weighting adjustments to some factors, resulted in notable shifts in the rankings. The most significant changes, which are discussed in greater detail later in this report, include:

- India rising through the ranks from #24 (2015) to #5 (2016) globally
- Israel now ranked #4 globally, largely due to its ranking of #1 in the Regulatory category
- Singapore and the Philippines move into the top five global markets
- The United States and Canada leave the top five global markets

One factor not yet fully accounted for in the CWI is the migratory patterns of skilled labor. Although some migratory activity in 2015 is considered in the 2016 CWI, there are no metrics to reflect migratory trends as a future indicator of skills. Certain markets, like New Zealand, show very positive demographics in the report. However, these demographics do not provide an accurate depiction of the current workforce, as these countries have a substantial migration of those skilled workers out of the country. In most cases, this will ultimately reduce the appeal of these countries as a sustainable market for contingent labor growth.

## CHANGES TO WEIGHTINGS

The emphasis on the size of a country's contingent workforce remains consistent year-over-year, as do the weightings of English proficiency and tertiary education in the workforce. However, based on input



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from industry-leading clients around the globe, weighting of the volume of skilled workers within a market has increased significantly from 2015 to 2016. The definition of Availability was also modified to meet current industry definitions. These adjustments resulted in higher rankings for countries with large populations but with poor English proficiency and low volumes of skilled labor, such as China and India, compared to 2015 rankings in the same category. It also meant slightly lower rankings for markets such as Israel and Ireland, which have stronger language skills and advanced educations among their emerging workforce but smaller labor forces.

Additional weightings were strengthened for factors identified as consistently important to client companies during workforce planning initiatives. In particular, weightings were increased on factors such as severance and notice periods, which have a higher impact on both cost and workforce flexibility.

## EXPLANATION OF COUNTRIES INCLUDED

The 75 countries included in the Contingent Workforce Index (CWI) are a representation of the majority of the world's contingent workforce.

## DEFINITION OF CONTINGENT WORKER

All non-traditional worker categories are included as contingent workers in the assessment. These exclude all permanent staff but include all populations of part-time, temporary or contract labor.

## GEOPOLITICAL CONSIDERATIONS

Political and economic conditions are assessed when evaluating countries for the CWI report. For example, political unrest tends to create increased risk for employers. Therefore, countries that face economic or political risk are ranked accordingly. This does not mean that a country with a seemingly high level of risk would not be a good choice for expanded operations; however, it may rank lower due to these factors.

## LABOR MARKET EFFICIENCY

A country's labor market efficiency is also taken into account in the assessment. This enables organizations to determine which countries are the least expensive in which to operate, not only in terms of the hourly cost per employee but also in terms of the approximate number of hours it takes to complete production-related tasks or customer services. Included in these factors are institutional and infrastructure efficiency. Doing so gives a more accurate assessment of the overall cost-of-work in a particular country, rather than relying solely on hourly wage comparisons, which are often less accurate predictors of actual cost.

## INTERPRETING THE CWI

The extensive market research included in the CWI Report creates a rich and comprehensive resource for global employers. This enables them to determine where they can enhance workforce strategies to achieve greater cost savings, higher productivity or reduced risk, including:

- Geographic expansion of MSP programs
- Strategic expansion of additional global workforce programs
- Costs of engaging with contingent workers in different countries and regions
- Productivity of contingent workers regionally and nationally
- Risk associated with engaging contingent workers in different markets
- Sourcing strategies and capacity planning

A higher CWI ranking indicates countries that are likely to support higher volumes of contingent hiring with greater cost efficiency, based on quality and productivity, with additional consideration of geopolitical factors such as ease of doing business, political stability, regulations, and rankings for economic and financial risk.

## DOES YOUR ORGANIZATION HAVE SPECIFIC PRIORITIES?

*The CWI is fully customizable to suit an individual organization's needs. While the annually released report utilizes a proprietary weighting system to rank 75 countries, this formula can be customized to reflect individual organization's prospective labor markets and workforce priorities. Connect with a ManpowerGroup Solutions representative to learn how organizations can benefit from a custom workshop and assessment. A tailored CWI report can be generated based on an individual organization's priorities and global workforce goals.*

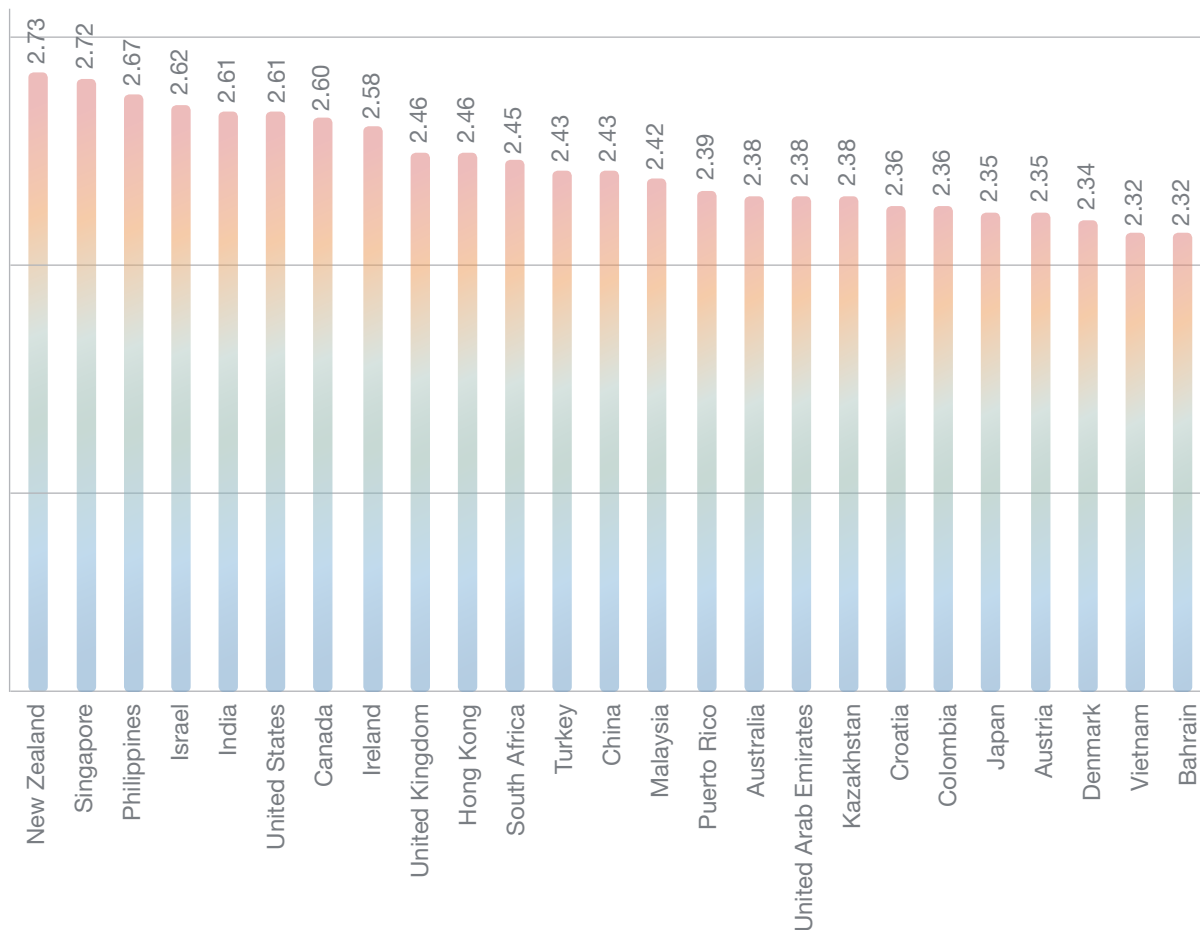
# 2016 CWI RANKINGS

## TOP 25 MARKETS FOR CONTINGENT WORKFORCE ENGAGEMENT

New Zealand ranks highest for contingent workforce engagement globally and in the APAC region, maintaining both of these top rankings from the 2015 CWI report. Singapore, the Philippines, Israel and India complete the list of the top five countries in the 2016 Global Rankings.

Despite changes to the weightings regarding Cost Efficiency, the Philippines score remains largely unchanged year-over-year. Wages in Israel increased compared to other countries, while Singapore has improved in rank due to the introduction of profit taxes which are relatively low. India's large labor force ranks them first for Availability with the weighting adjustment in this category for 2016.

The top five markets for 2016 do not feature any countries from the Americas. The workforce volumes for countries in the EMEA and APAC regions elevated them to the top five based on more favorable scores in the Availability category. Examples of countries in the top five globally that benefited from the weighting change this year are Singapore (2nd), the Philippines (3rd) and India (5th), all of which moved from the top ten in 2015 to the top five in 2016.



## CHANGES FROM 2015 RANKINGS

Israel ranks 4th in 2016, up one spot from the previous year, despite the increase in the weighting of notice periods and severance regulatory metrics, and increases in wages (in USD) when compared to other countries. Availability in many markets was affected by a higher weighting placed on the size of contingent workforces as well as the number of skilled workers in each region. Israel was no exception and decreased from 1st to 4th in Availability this year. This change in weighting also moved India from 24th to 1st place globally in Availability, due to the size of this markets labor force.

Moving into the top 5 globally this year, Singapore remains ranked 3rd in the Regulation category compared to the previous year. High Productivity along with Availability creates a favorable contingent workforce environment in this market. However, the most favorable aspects here are geopolitical in nature. The low relative ease of doing business, global peace index, global terrorist indicator and global corruption CPI score, along with high contract enforcement scores, substantially reduce the risk of operating a contingent workforce strategy in Singapore. While Singapore performs exceptionally well in three of the four categories of the CWI, it is important to note that the cost of doing business and average clerical, engineering and technology wages in this market are much higher than the global average.

Australia moved down in global ranking year-over-year to 16th. Though Australia continues to have one of the more favorable regulatory environments for contingent engagements, this market has reduced cost efficiency and lower availability. Australia scored favorably regarding maximum overtime, however it scored less favorably for maximum working days per week. Overall, Cost Efficiency and Productivity negatively affected Australia's score. Ranking 10th out of fourteen APAC markets for Productivity, and 14th regionally for Cost Efficiency, reduced Australia's overall global ranking from 11th to 16th and to the 8th position regionally this year.

Moving back up into the top 15 markets in 2016, China now ranks 6th in the APAC region despite an increase in workforce regulation and a decrease in the ease of doing business over the past year. However, China still fared well in contract enforcement and other geopolitical factors. They continue to have a well-balanced mix of relatively high workforce availability, low-cost wages and average productivity. On the other hand, Hong Kong dropped from 4th globally in 2015 to 10th in 2016 due in part to higher weighting on the availability of skilled workers and workforce size.

The United States moves from 2nd in 2015 to 6th this year, based largely on higher costs compared to other countries. However it ranks 7th globally in both Regulation and Productivity and 3rd in Availability. Higher weighting of the large workforce and positive geopolitical factors are balanced by the higher cost of these workers with regard to overtime, profit taxes and higher engineering and technology wages, among other cost-related metrics.

# COMPLETE CWI RANKINGS

Each country included in the 2016 CWI is shown below in alphabetical order with their overall Index ranking based on Availability, Cost Efficiency, Regulation and Productivity, once the weightings of these factors were taken into consideration using a proprietary formula. Argentina shows the most positive change to their overall CWI score of any market year-over-year. Belgium and Finland tie for second most improved markets and France is very closely behind them.

COUNTRY (RANKING)	2016 SCORE	+/- VS. 2015	COUNTRY (RANKING)	2016 SCORE	+/- VS. 2015	COUNTRY (RANKING)	2016 SCORE	+/- VS. 2015
Argentina	2.02	↑0.31	Guatemala	2.19	↓0.04	Poland	2.31	0.00
Australia	2.38	↓0.18	Honduras	1.93	↑0.19	Portugal	2.19	↑0.22
Austria	2.35	↑0.11	Hong Kong	2.46	↓0.34	Puerto Rico	2.39	↓0.01
Bahrain	2.32	↑0.02	Hungary	2.16	↓0.03	Romania	2.06	↑0.21
Belarus	2.23	↑0.01	India	2.61	0.00	Russia	2.08	↑0.17
Belgium	2.25	↑0.29	Ireland	2.58	↑0.01	Serbia	2.10	↑0.18
Bolivia	1.70	↑0.04	Israel	2.62	↓0.17	Singapore	2.72	↓0.03
Brazil	2.05	↑0.28	Italy	2.02	↑0.19	Slovakia	2.08	↑0.02
Bulgaria	2.16	↑0.02	Japan	2.35	↓0.01	Slovenia	2.15	↑0.26
Canada	2.60	↓0.19	Kazakhstan	2.38	↑0.12	South Africa	2.45	↑0.11
Chile	2.29	↓0.23	Latvia	2.21	↑0.05	South Korea	1.97	↓0.05
China	2.43	↑0.09	Lithuania	2.16	↓0.04	Spain	1.99	↑0.18
Colombia	2.36	↑0.07	Luxembourg	1.93	↑0.21	Sweden	2.14	↓0.03
Costa Rica	2.15	↑0.13	Macau	2.25	↑0.09	Switzerland	2.30	↓0.02
Croatia	2.36	↑0.10	Malaysia	2.42	↓0.21	Taiwan	2.13	↑0.22
Czech Republic	2.20	↓0.02	Mexico	2.29	↑0.14	Thailand	2.25	↓0.30
Denmark	2.34	0.00	Morocco	1.96	↑0.09	Tunisia	2.18	0.00
Dominican Republic	2.24	↑0.10	Netherlands	2.23	↓0.05	Turkey	2.43	↑0.21
Ecuador	1.98	↑0.08	New Zealand	2.73	↓0.15	Ukraine	2.07	↑0.06
El Salvador	2.21	↓0.06	Nicaragua	2.17	↑0.04	United Arab Emirates	2.38	↓0.11
Estonia	2.31	↓0.06	Norway	2.21	↑0.18	United Kingdom	2.46	↑0.03
Finland	2.23	↑0.29	Panama	2.12	↑0.01	United States	2.61	↓0.27
France	1.85	↑0.28	Paraguay	2.20	↑0.23	Uruguay	2.21	↑0.06
Germany	2.17	↑0.03	Peru	2.25	↑0.04	Venezuela	1.00	↓0.35
Greece	2.07	↑0.23	Philippines	2.67	↓0.04	Vietnam	2.32	↑0.11



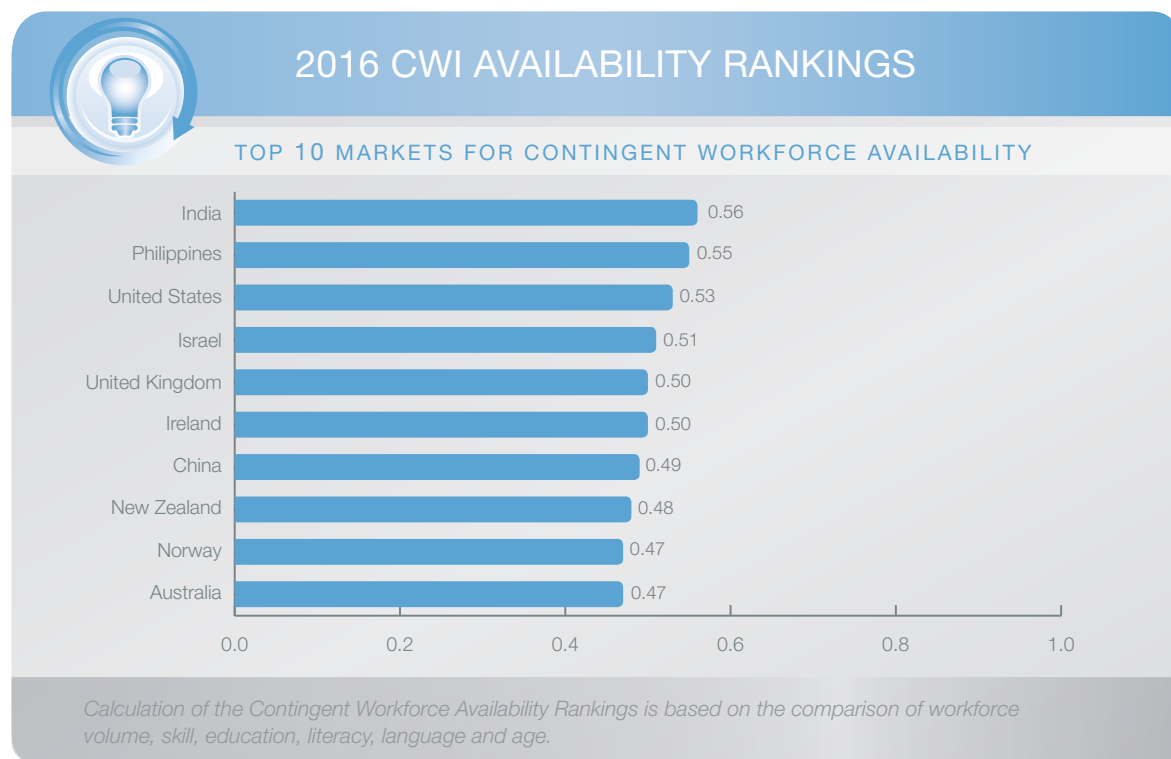
# AVAILABILITY OVERVIEW

Where the size of the workforce used to be the most heavily weighted variable in the CWI, the 2015 rankings put a greater emphasis on the quality of the workforce. Last year the emphasis was on English proficiency and education versus the size of the workforce in a particular region. Based on industry trends over the past year, a shift in priorities resulted in a change in the 2016 weighting attributed to workforce size. This year larger workforces and the availability of contingent workers, as well as skilled labor, were given more influence. As a result, China and India reemerged in the top ten markets for Availability. With the increased focus on the quality of available workers as well as workforce size, Israel now ranks fourth globally, while the United States, the Philippines and the United Kingdom remain in the top five.

The new weightings of the factors that influence the availability score in each country better reflect the current employment trends among global employers who are seeking to balance their cost saving efforts with sustainable access to qualified talent in key markets.

## CHANGES FROM 2015 RANKINGS

In addition to India and China returning to the top ten markets based on Availability (now ranking 1st and 7th respectively), Canada and the Netherlands fell from the list. Replacing these markets on the leader board are India (1st), the Philippines (2nd) and China (7th) due to the availability of large contingent labor workforces in these regions and the higher weighting attributed to the Availability factor.



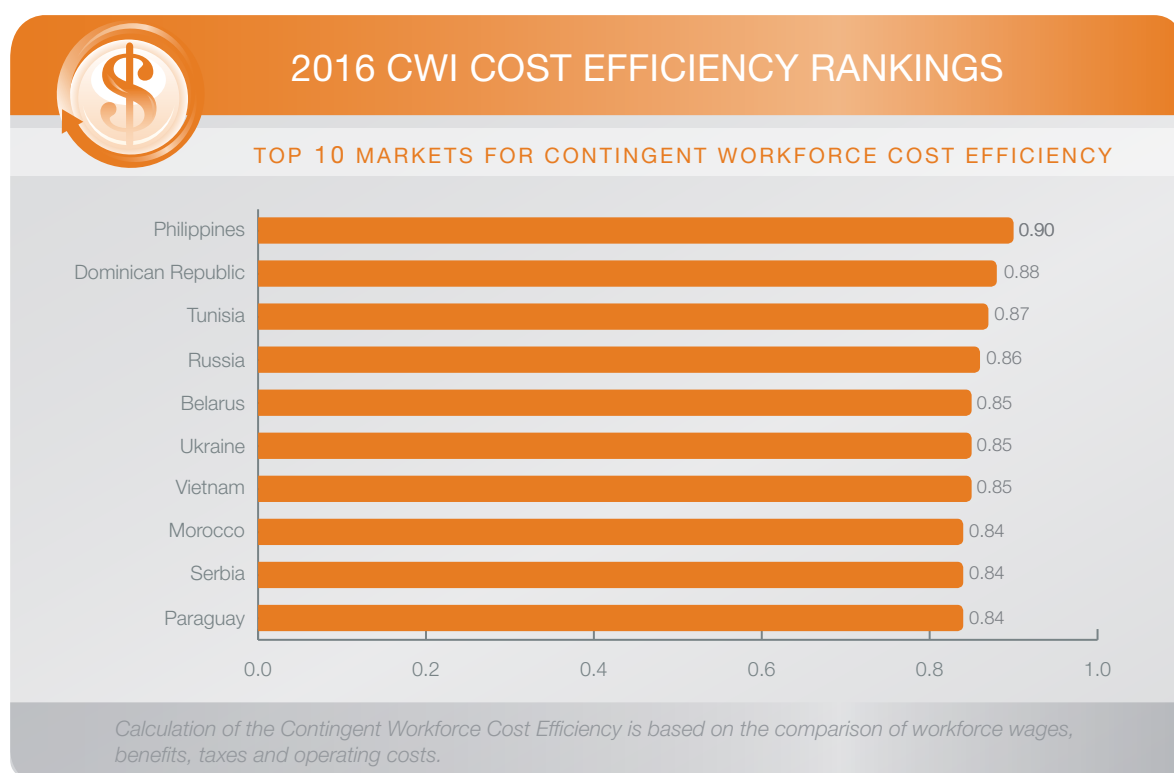
# COST EFFICIENCY OVERVIEW

The relative cost of contingent labor continues to rely heavily on the varying wage levels in each country; however, based on input from global employers, this year the CWI takes the cost of benefits and taxes into greater consideration. Consequently, although countries with the lowest wage thresholds continue to rank highest in the CWI for Cost Efficiency, the leader board now reflects those markets that have the lowest total cost of labor, inclusive of other operating costs that impact employment. Additionally, in 2016 the definition of overtime was adjusted to reflect the typical meaning of the word as opposed to simply working on a rest day.

While wages are consistently the largest component of labor costs, they rarely equate to more than 40 percent of total labor costs in any particular market. This data prompted a shift in the way the CWI evaluates the Cost Efficiency of each market. This year, Cost Efficiency also took into consideration taxes, benefits, and other employer related operating costs, in addition to adding specific wage metrics for Admin/Clerical, Technology, Engineering and Manufacturing.

## CHANGES FROM 2015 RANKINGS

The inclusion of profit taxes, modification of the definition of overtime and the inclusion of both engineering and technology wages in each region, as well as an increase in the weighting of each market's notice period and severance requirements, caused over half of the countries once in the top ten to move out of the top ten for Cost Efficiency. Countries in the top ten in the 2015 report, but not in 2016 include Thailand, India and Chile, effectively eliminating the 2015 top three markets from the current top ten markets.



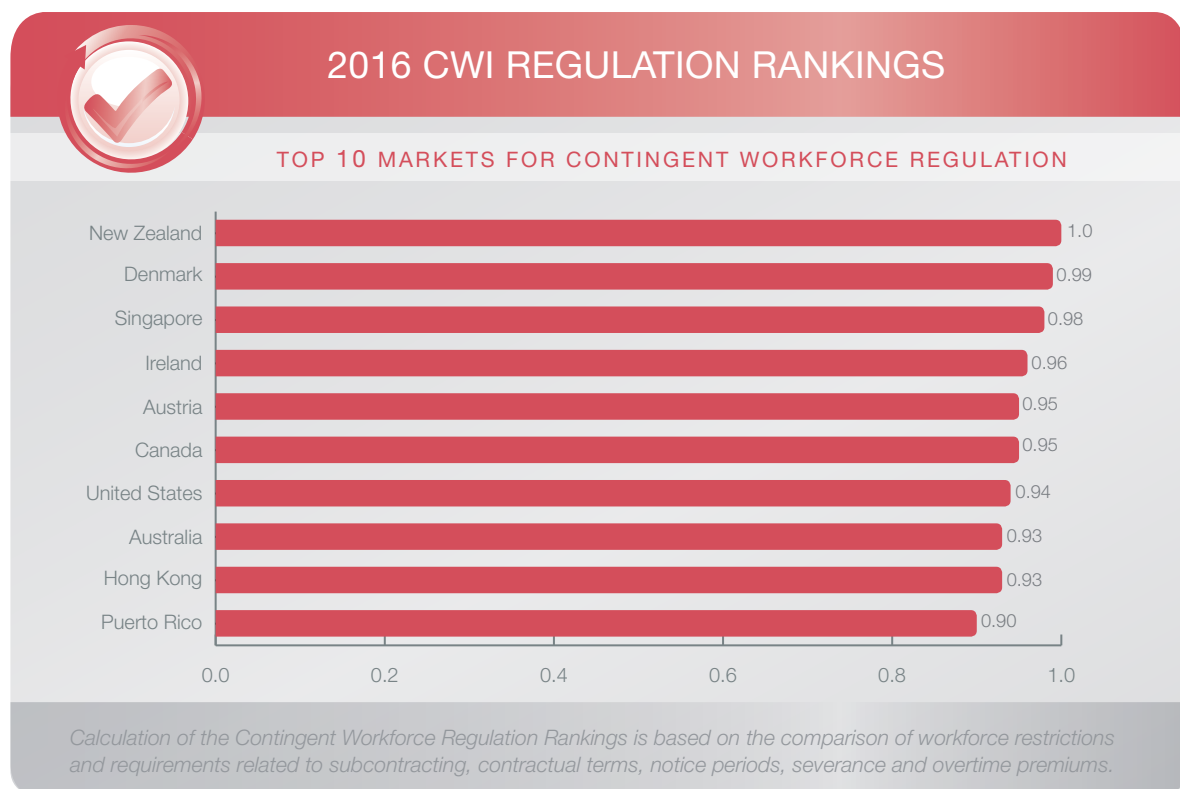
# REGULATIONS OVERVIEW

The CWI analyzes the extent to which the legal and regulatory climates in each country impact the cost and process of engaging local workers. Pay parity, contract duration limits, notice periods and severance requirements restrict the use and increase the cost of contingent labor more than any other regulations. Countries with the highest rankings in this category offer the most regulatory workforce flexibility for contingent labor.

## CHANGES FROM 2015 RANKINGS

With the fewest restrictions in place to dictate when and how an employer can leverage contingent workers, New Zealand, Denmark, Singapore and Ireland continue to rank as the top four countries.

Geopolitical factors constitute 25 percent of each country's score in the Regulations category. This year the weightings of some metrics were altered slightly to place a greater influence on foreign business regulation and contract enforcement while decreasing the impact of the global terrorism indicator and ease of doing business. The terrorism indicator was found to be highly correlative with political instability; therefore, these two variables were combined into a single data point.



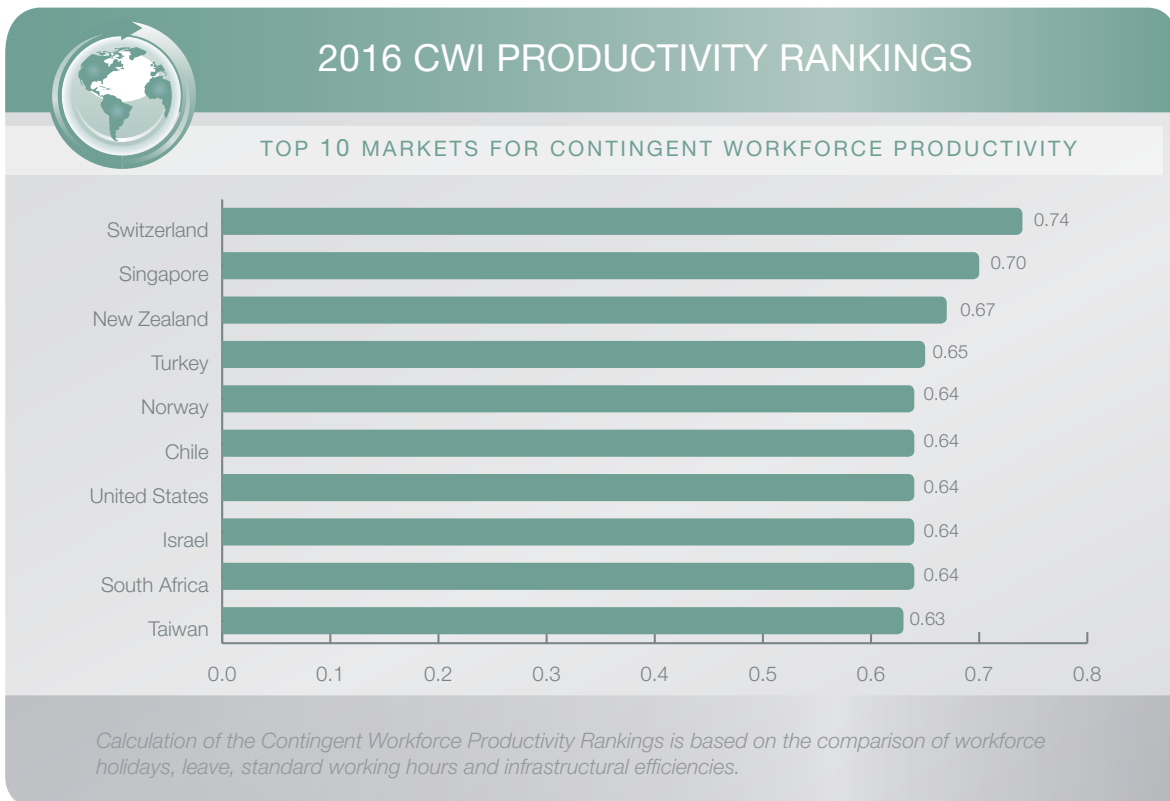
# PRODUCTIVITY OVERVIEW

Productivity accounts for the employer's ability to leverage a worker within each country over the length of a contract. The CWI includes worker productivity output as well as number of hours in a workday, days in a workweek, permitted overtime and paid time off. Countries that restrict the hours in a workday or workweek and limit overtime have the most constrained Productivity measures.

## CHANGES FROM 2015 RANKINGS

Increased focus on the length of a workday and workweek, coupled with a more comprehensive calculation of overtime costs based on shifts and hours worked resulted in some notable shifts in how countries compared within the Productivity category.

Switzerland rises into the top ten at first position after scoring particularly high in labor market efficiency. Singapore makes a repeat appearance in second position followed by New Zealand in third, rising from its 2015 ranking of ninth globally. Also new to the top ranked markets this year are Turkey (4th), Norway (5th), South Africa (9th) and Taiwan (10th). The United States falls from the first position to seventh, while Israel rises from tenth to eighth position.



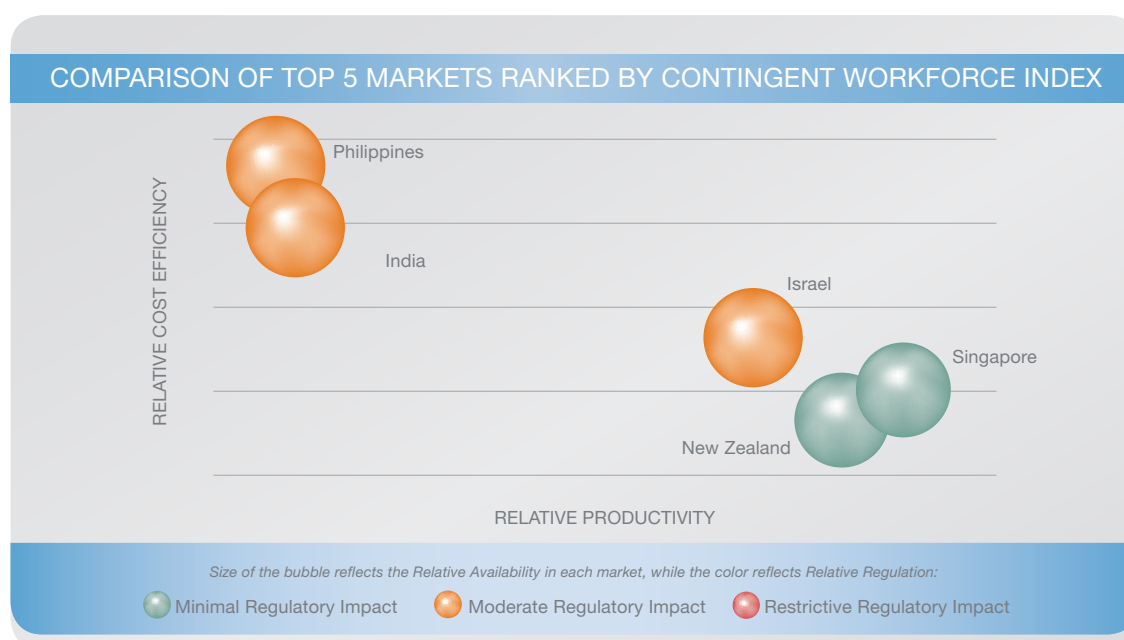
# COMPARISON OF TOP FIVE MARKETS

## OVERVIEW

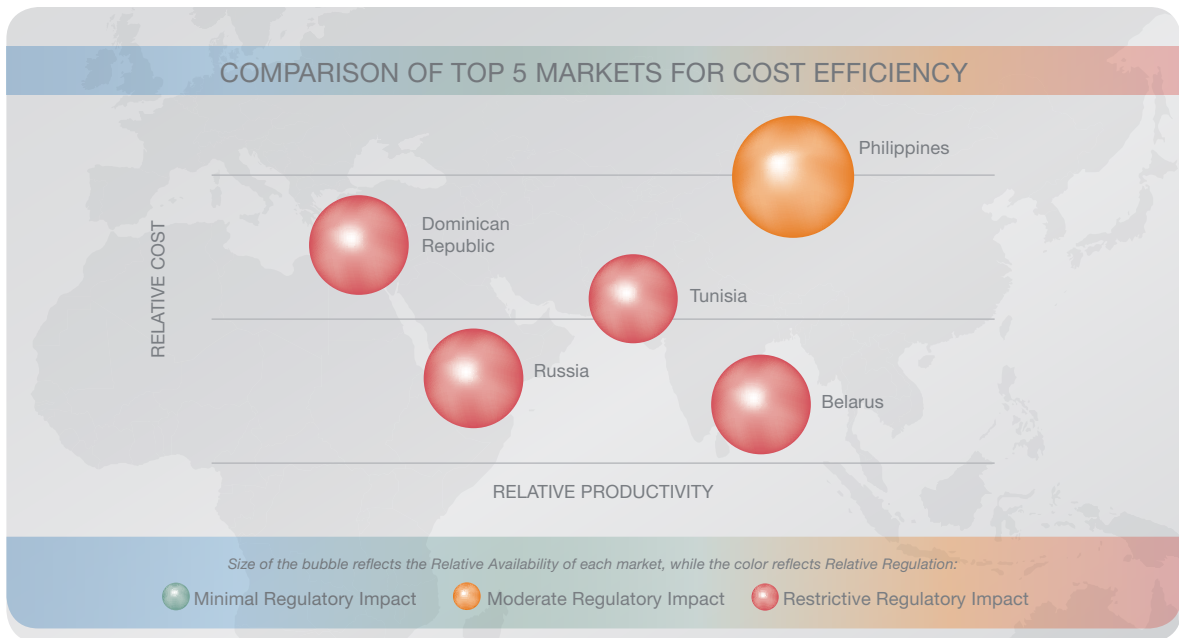
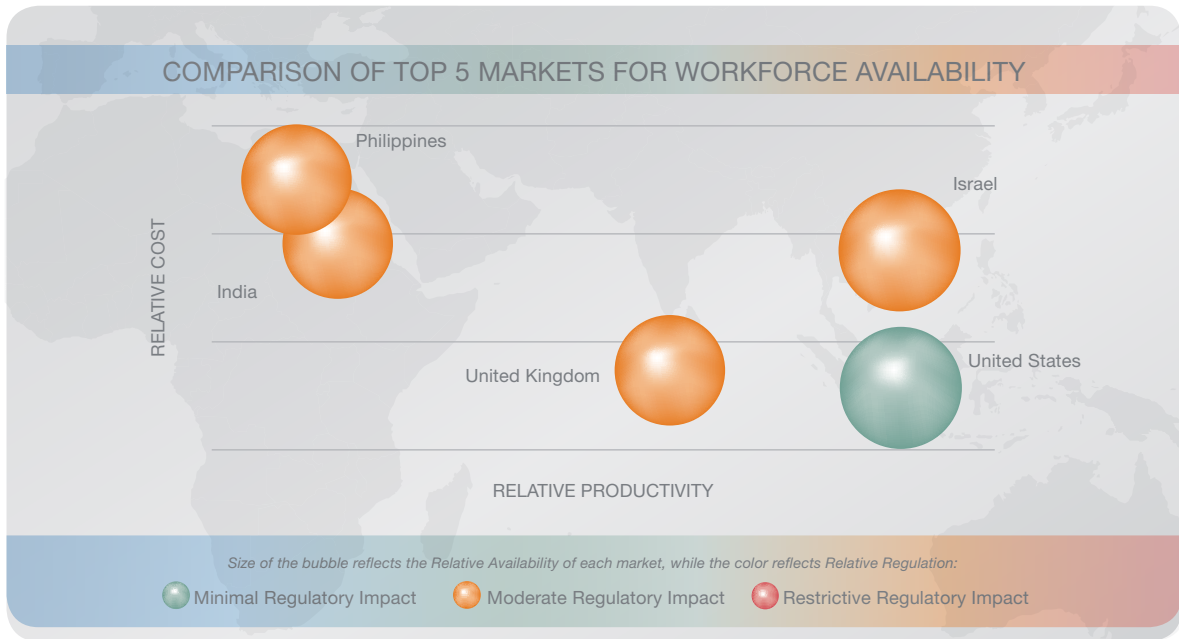
The top five markets for contingent workforce engagement are New Zealand, Singapore, the Philippines, Israel and India. Overall, these markets are fairly well balanced in terms of their Availability, Cost Efficiency, Regulation and Productivity. These top markets have the highest relative performance across all four categories, though they may not be leaders in every one of those categories independently.

## CHANGES FROM 2015 RANKINGS

The top five markets for contingent workforce engagement in 2015 were New Zealand, the United States, Canada, Hong Kong and Israel. The rankings for these markets changed in 2016, with Canada, Hong Kong and the United States falling from the list as a result of tightening regulations, rising costs and reduced availability. The Philippines rose to third due in part to moderate regulatory considerations, a large workforce and high-cost efficiency. While English proficiency and the availability of skilled labor remain an important metric in regards to the CWI, weighting of the availability metrics shifted to allow a higher ranking for markets where a large workforce is available. Countries that benefited from this adjustment include the Philippines and India – which return to the top five following their absence in 2015.

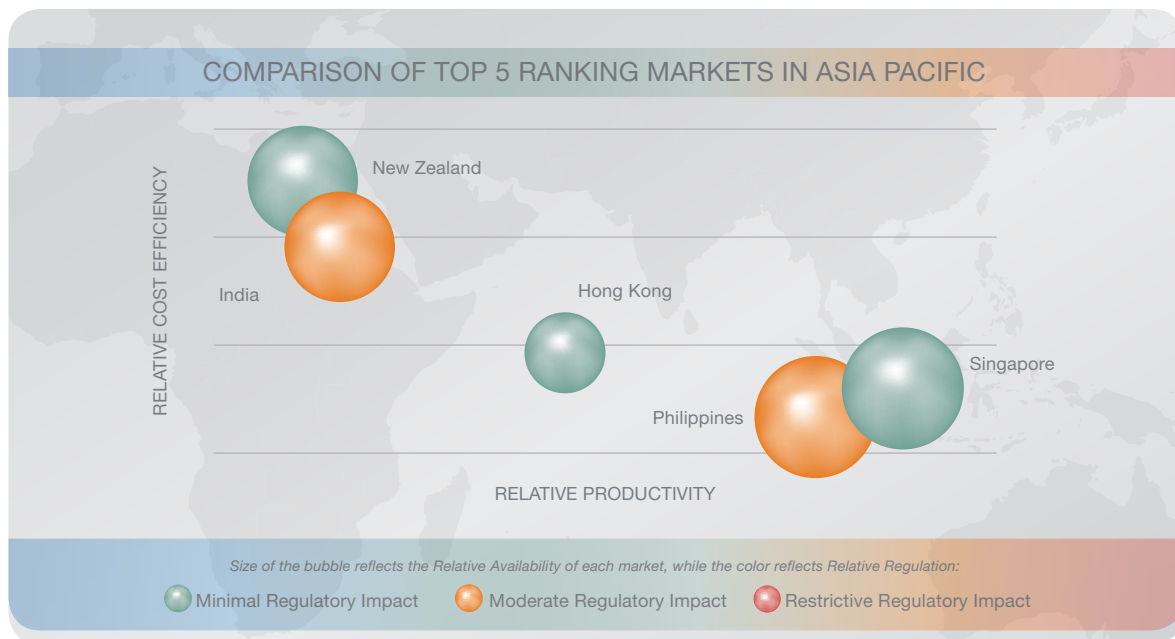






# APAC OVERVIEW

The greatest shift in the APAC region is the movement of Singapore, the Philippines and India back into the top five in 2016. India and the Philippines both have large workforces and scored well in Availability, while the Philippines also ranked first for Cost Efficiency in the APAC region. Singapore ranks first in this region for Productivity and sixth for Availability due to a higher weighting assigned to the availability of skilled workers, which lowered the overall Availability score for Singapore. New Zealand (which scores high on the educational and English-speaking parameters of Availability), ranks highest of all countries for Regulation, including geopolitical factors, holding its top ranked position in both the region and globally for a second consecutive year.



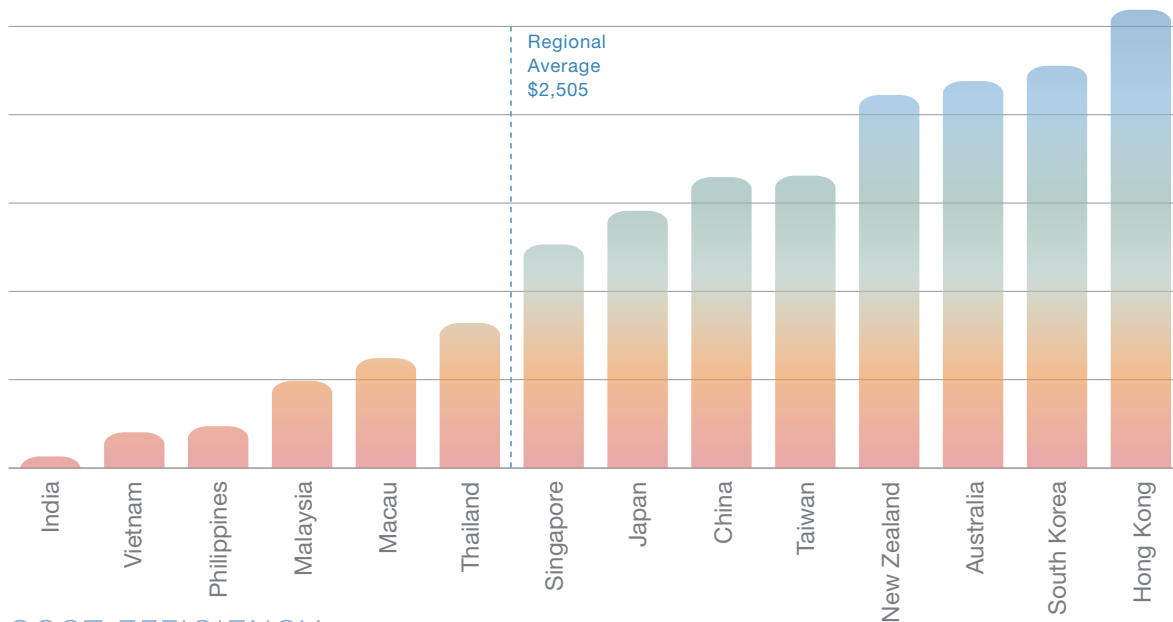
## APAC REGIONAL BREAKDOWN

### AVAILABILITY

The 2015 CWI was the first to reduce emphasis on the sheer size of a country's population while increasing emphasis on education levels, English proficiency and potential future workforce based on current age-dependency ratios. However, in 2016 the weighting of the workforce size and the availability of skilled workers was increased to reflect global employer preferences and shifting priorities.

The top three countries in the region for Availability are India, the Philippines and China. The bottom three countries are Japan (low English proficiency, high reliance on aging workers and comparatively low levels of young workers emerging), Taiwan (aging workforce, low English proficiency and limited availability of skilled workers) and Macau (very small workforce, limited percentage of English speakers, few tertiary graduates and very low young age dependency ratio).

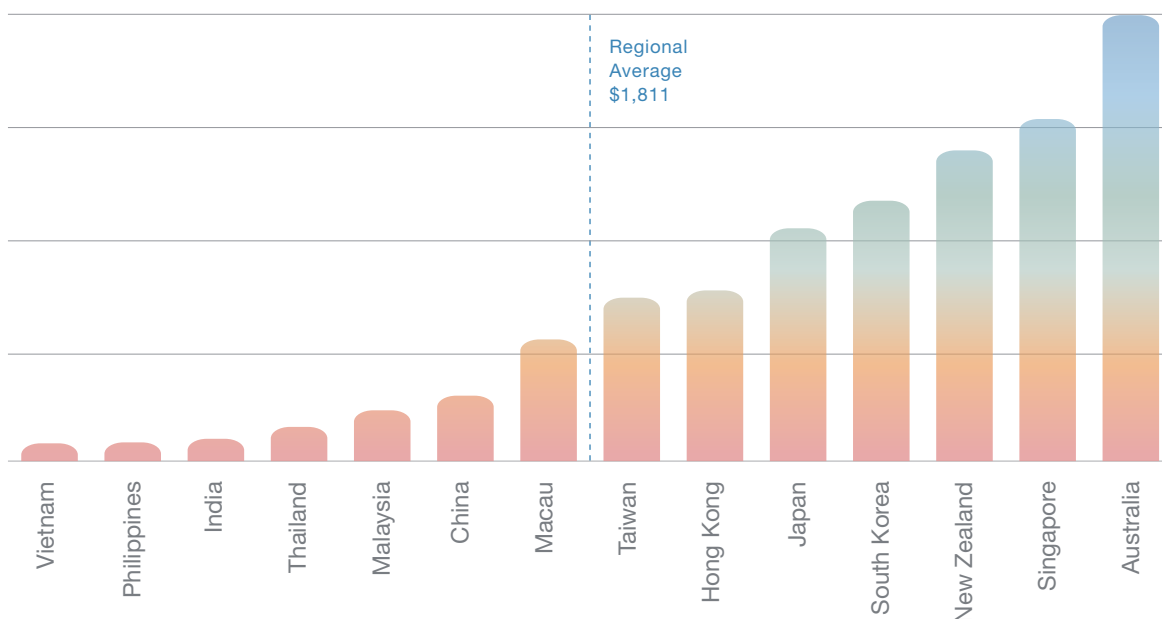
## REGIONAL OVERVIEW OF MANUFACTURING WAGES



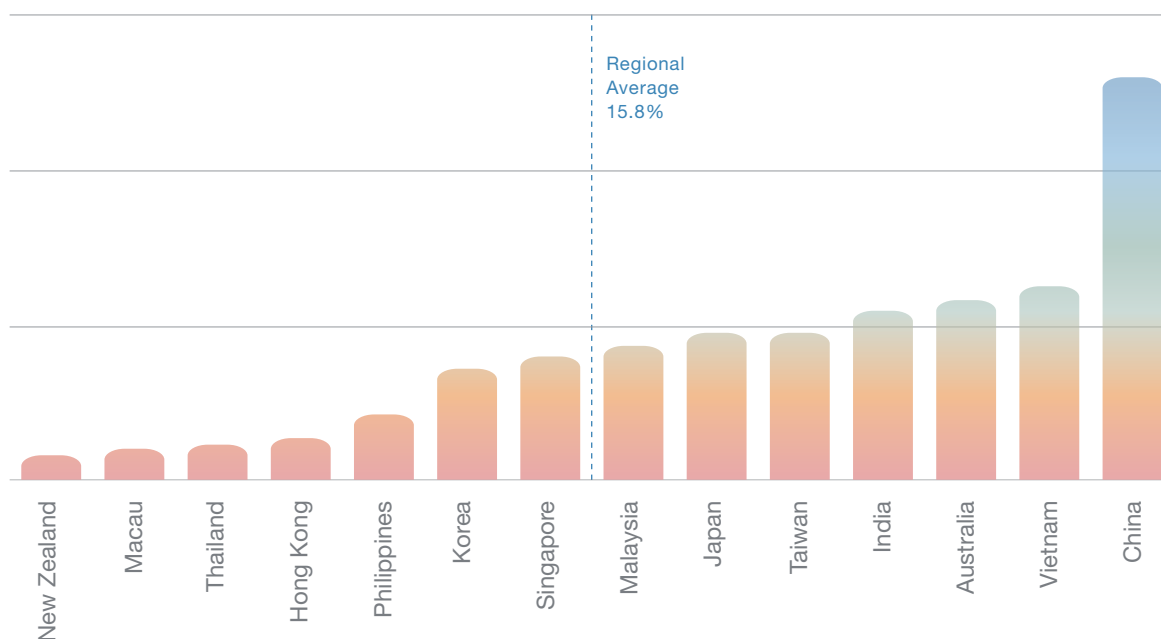
## COST EFFICIENCY

India, the Philippines and Thailand are the top three countries in the region for Cost Efficiency. In the 2015 CWI, Thailand was rated first in this category – slightly more favorably than India due to relatively lower employer taxes and a lower cost of doing business. New Zealand, South Korea and Australia are the least favorable countries in terms of Cost Efficiency, and these rankings remain consistent with years past. China, with requirements of high overtime premiums, full parity and relatively high employer taxes, ranks 10th (up from 11th in 2015) in the region for overall cost.

## REGIONAL OVERVIEW OF AVERAGE MONTHLY WAGES



## REGIONAL OVERVIEW OF AGGREGATED TAX RANGES



## REGULATION

Change in the Regulatory metric across the region is minimal compared to 2015 in both rankings and the overall scores. New Zealand, Singapore and Australia continue to hold the top three positions, while Macau, Taiwan and Thailand are the least favorable in the region in terms of regulatory requirements.

## PRODUCTIVITY

With respect to Productivity, Singapore, New Zealand and Taiwan are rated highest in the region. Singapore is a clear leader in specific productivity indicators and also benefits from relatively few leave days and a longer than average work week. Thailand has very few restrictions on overtime hours, a significantly longer work week than average and relatively few annual leave days. Macau, which moves out of the top three and into the fourth position, has no overtime hour restrictions and very few holiday/leave days. India, the Philippines and Vietnam are the lowest ranked countries for Productivity in the region moving both Korea (11th) and China (9th) up the leaderboard.



## APAC REGION – COUNTRY PROFILE

# NEW ZEALAND

**1<sup>st</sup>**  
in Global  
CWI Ranking

**1<sup>st</sup>**  
in Regional  
CWI Ranking

The market ranks number one in the world geopolitically and features a labor force that has a very high level of English proficiency, are well educated and highly skilled.

In April of this year, two changes to New Zealand's labor laws went into effect. The first change requires employers to meet their obligations to the new standards including increased penalties for serious breaches, clearer record keeping requirements and increased ability for employees to seek penalties against employers. The other change increased New Zealand's minimum wage 50 cents per hour. Furthermore, workers 16 years or over are now legally entitled to a wage of at least \$15.25 per hour if they are not first starting out, in training or in the first year of an apprenticeship. And finally, hourly minimum wages rates for workers starting-out or in training increase from \$11.80 to \$12.20 per hour.

While the laws expose employers to potential sanctions for failing to meet their employment standards obligations (e.g. minimum wage, holiday pay and record keeping), the obligations are minimally burdensome. When considering regulations that, in other countries, might limit employers as to how they employ contingent labor neither change mentioned will affect New Zealand's position as one of the most attractive countries in the world.

To date, these changes have not impacted New Zealand's contingent labor market as its unemployment rate remains near its 7-year low. Few contract restrictions and no notice period or severance requirements once again place New Zealand very high on the list of favored markets for contingent labor.





## APAC REGION – COUNTRY PROFILE

# SINGAPORE

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**2<sup>nd</sup>**  
in Global  
CWI Ranking

**2<sup>nd</sup>**  
in Regional  
CWI Ranking

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Government incentives to hire Singaporeans will add another advantage to tapping into what is already one of the most attractive contingent labor pools in Asia, especially with regards to higher skilled positions.

Singapore's move to reduce its dependence on migrant workers and increase employment opportunities for its citizens should prove beneficial to employers looking to tap into the country's highly productive source of contingent labor across multiple industries.

While companies with operations in Singapore should take extra precautions to ensure that they are taking steps to treat Singaporeans fairly in their hiring practices, they will continue to gain benefits from Singapore's highly productive workforce, helped by Singapore's longer work week and fewer annual leave days.

Singapore is also well-positioned as a well-connected and trusted regional hub among Asian countries benefiting from Southeast Asia's rapid growth. In addition to Singapore's leading position providing contingent labor across multiple industries, it offers an impressive eco-system supporting research and development, a developed infrastructure, strong manpower capabilities and ease of doing business.



## APAC REGION – COUNTRY PROFILE

# PHILIPPINES

**3<sup>rd</sup>**  
in Global  
CWI Ranking

**3<sup>rd</sup>**  
in Regional  
CWI Ranking

**The Philippines' large, skilled labor pool and low cost of doing business will continue to make this one of the most attractive contingent labor markets globally.**

The Philippines remains one of the world's largest and most cost-effective contingent labor pools, especially with regard to skilled IT and call-center workers. While Presidential-elect Eduardo Duterte's proposed new law requiring all new hires who have worked continuously for six months to be "regularized" is worth monitoring, his vow to put an end to the "contractualization of labor" will have a minimal effect on most industry segments.

It is important to note that while future changes to regulations may have a substantial impact on the sustainability of contingent workforce programs in any market, only the current regulatory influences are factored into the CWI each year. With contract labor making up almost 30 percent of the Philippines' workforce, the new law will impact many employers across the Philippines although most of them will be in industries hiring low-skilled physical laborers. The construction industry workforce, of which 71 percent are end-of-contract workers, will be the most affected but the majority of other industries, especially those seeking better-skilled workers, will experience little change.

While ending contractualization could make the Philippines less competitive for employers seeking a less-skilled, lower-cost workforce, the overall impact on the contingent labor pool will likely be insignificant if organizations have the right mix of contracted, freelance and project-based labor.



## APAC REGION – COUNTRY PROFILE

# INDIA

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**5<sup>th</sup>**  
in Global  
CWI Ranking

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**4<sup>th</sup>**  
in Regional  
CWI Ranking

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Traditionally held back by notoriously slow bureaucracies and too much regulation, India is consolidating 44 labor laws into just four in an attempt to modernize its labor laws.

To attract new employers, India wants to leverage its position as an IT hub and position itself as the world's largest resource for IT worker outsourcing by making itself more business-friendly. The goal of this consolidation is to allow employers have more flexibility, as well as create a transparent hiring process when adding more workers to employers' organizations.

Two of the four codes are already in the process of being consolidated: the code regarding wages and the code concerning industrial relations. Talks for the other two laws, one covering the code on safety and working conditions and the other covering worker social security and welfare, are scheduled to be held among the central and state governments, trade unions and employers represented by the top industry chamber.

Once all four laws have been put in place, employers should find that ease of compliance and reduced multiplicity will make hiring contingent labor faster and easier. India offers employers a highly productive and attractive alternative due to their large labor pool, high percentage of English speakers, improving education system and decreasing regulations.



## APAC REGION – COUNTRY PROFILE

# HONG KONG

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**10<sup>th</sup>**  
in Global  
CWI Ranking

**5<sup>th</sup>**  
in Regional  
CWI Ranking

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For global workforce strategies that place high importance on labor force education, literacy and tertiary education, as well as the potential for high productivity, Hong Kong presents an opportunity for a strong contingent labor program.

Recently, parental leave provisions for Hong Kong families came into the spotlight when one of Hong Kong's largest employers rolled out revamped maternity- and paternity-leave provisions. In May, paid maternity leave was increased from 12 to 14 weeks, and paternity leave from one to two weeks. This employer's leave provisions are notably more generous than the statutory requirements mandated by Hong Kong's Labour Department, where employers are only required to provide up to 10 weeks paid maternity leave and three days of paternity leave at four-fifths of the employee's salary.

Hong Kong may not appear to be a front-runner when considering the wage costs in this market compared with other markets in the APAC region. However, where the total cost of operating is concerned, Hong Kong remains a strong choice for contingent labor engagements. Partial parity requirements and no severance pay requirements, along with a smaller than average notice period and few contract restrictions, create an environment of relative ease of doing business. Hong Kong scored well geopolitically and is a less mature but more flexible market for contingent labor strategies.

With low regulatory factors, just under 50 percent English proficiency and a ranking of fifth in the APAC region for the Productivity metric, Hong Kong remains a favored global market for contingent labor programs.



## APAC REGION – COUNTRY PROFILE

# CHINA

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**13<sup>th</sup>**  
in Global  
CWI Ranking

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**6<sup>th</sup>**  
in Regional  
CWI Ranking

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**It undoubtedly remains the largest labor force in the world with many opportunities for contingent labor engagements across many sectors.**

China's government continues to rank near the top of the global rankings with regard to contract enforcement. However, the country is beginning to help employers suppress organized labor movements. Though the government had taken corrective action a number of times, there is a growing expectation that these organized movements will continue to increase and impact employment activities, particularly in markets driven by heavy manufacturing activity.

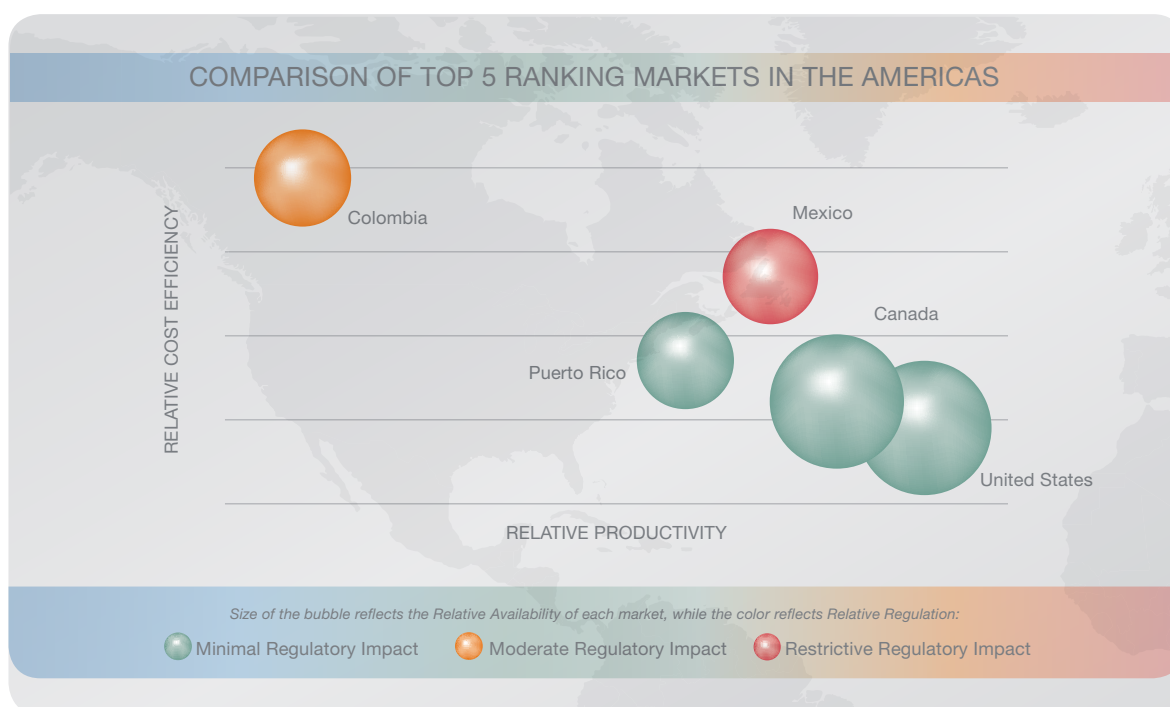
With increased regulation and increases in taxes, labor disputes have also been on the rise in China in recent years as its slowing economy has led to an increase in worker layoffs. The total number of strikes across the country grew from 1,379 incidents in 2014 to 2,741 in 2015. This increase presents an opportunity for employers looking to move toward a more balanced labor strategy by leveraging contingent labor more strategically with their permanent workforce.

Moving forward, labor-organizing actions in China will become increasingly difficult as worker leaders have begun to face charges for their actions. Thus, significant union-driven increases are not likely to be seen in the short-term, keeping China's large relatively low-cost labor pool an important contingent labor opportunity across multiple industries.



# AMERICAS OVERVIEW

The United States and Canada hold the top two positions in the Americas region for the third consecutive year. The United States has a very slight lead over Canada this year due to a fall in Canada's Availability ranking based on the higher weighting in 2016 of contingent workforce size and availability of skilled talent. The United States benefited from this change despite the changes to overtime regulations in the country and an updated definition that reflects the traditional meaning of overtime as opposed to only work performed on a rest day. The United States also increased its 2016 Regulation ranking due to a weighting increase of the notice period and severance metrics.



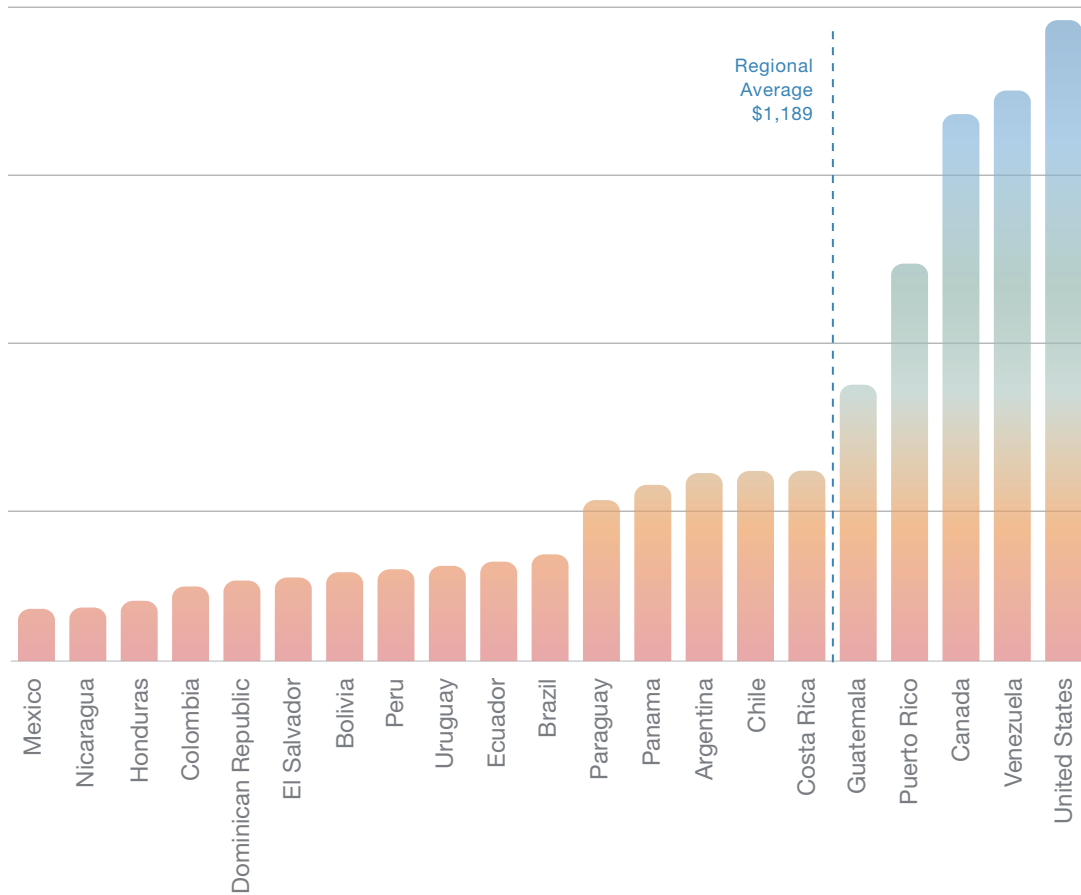
## AMERICAS REGIONAL BREAKDOWN

### AVAILABILITY:

English proficiency and education moved Mexico into the top three for Availability in this region last year and, despite weighing changes in Availability in 2016, Mexico managed to remain third. Availability in the United States and Canada is significantly higher than the majority of other countries in the Americas. Tertiary education, English proficiency and the size of these workforces rank these countries well ahead of Mexico, Brazil and Colombia, which round out the top five nations in the category.

Brazil, previously ranked sixth for Availability, has moved up to fourth in regional rankings, benefiting from the size of its workforce despite the moderate lack of English proficiency and availability of tertiary-educated workers which affected their position last year. Colombia moves up to rank fifth for Availability in this region after increasing its overall score in 2016.

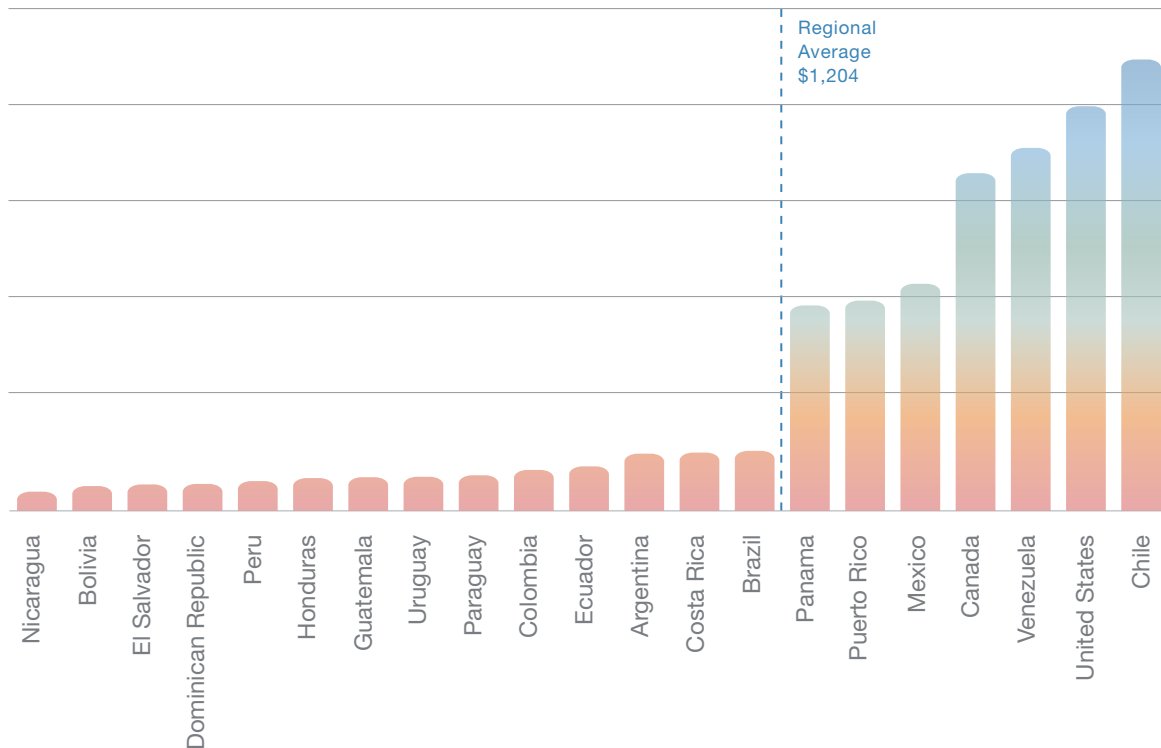
## REGIONAL OVERVIEW OF AVERAGE MONTHLY WAGES



## COST EFFICIENCY:

Chile, Guatemala and Panama held the top three rankings in both 2014 and 2015, but the strongest Cost Efficiency performers in the Americas region for 2016 were the Dominican Republic, Paraguay and Colombia. In 2015 Argentina, Nicaragua and Puerto Rico scored lowest in Cost Efficiency-related metrics. However, this year Venezuela, the United States and Canada replace those three nations at the very bottom with regard to Cost Efficiency in the region. High engineering and technology wages in the United States and Canada, as well as relatively higher minimum wages, among other factors, make these markets more expensive. Venezuela has a very high cost of doing business to consider in addition to an average monthly wage comparable to that of the United States.

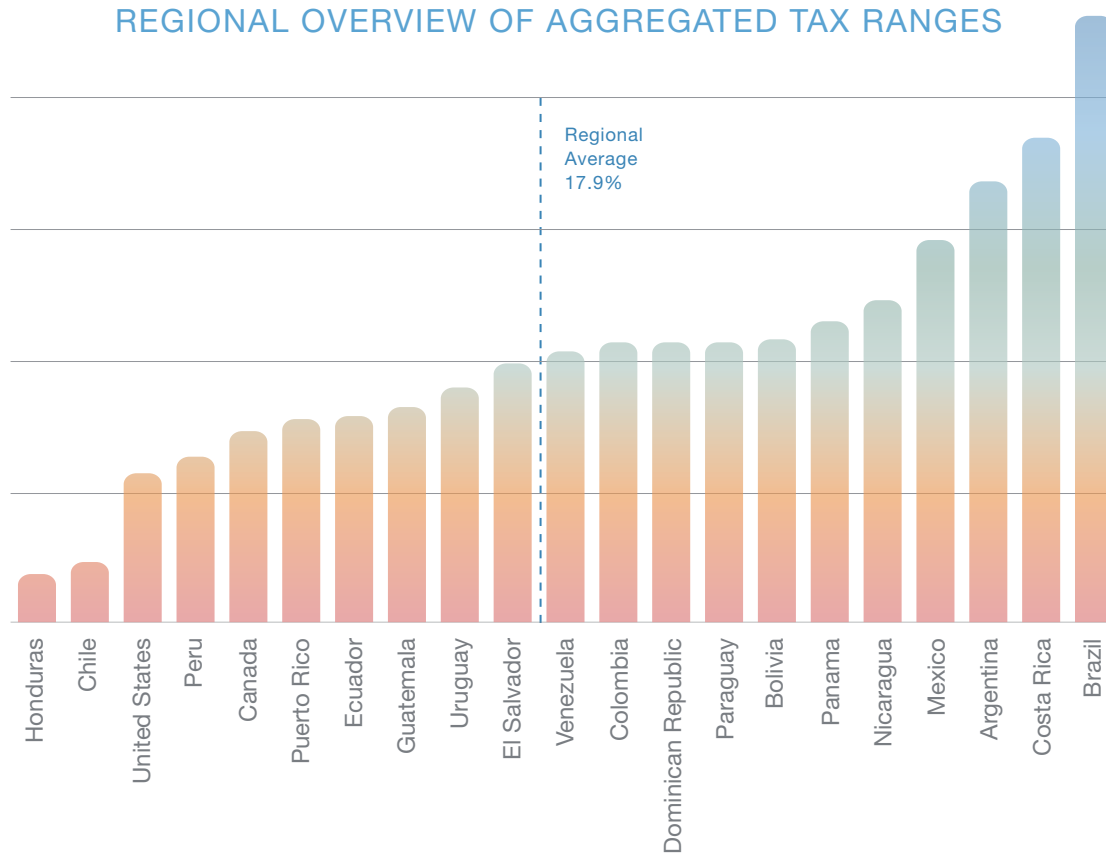
## REGIONAL OVERVIEW OF MANUFACTURING WAGES



## REGULATION:

There have been very few changes to the Regulation rankings between 2014 and 2016 throughout the Americas. Canada maintained its slight lead over the United States due to a greater difference in geopolitical factors (Canada's increased and the United States' decreased) and a slight decrease in the weighting for the notice period for dismissal, which had a positive impact on Canada's score. Puerto Rico remains third in the region for the third consecutive year.

## REGIONAL OVERVIEW OF AGGREGATED TAX RANGES



## PRODUCTIVITY:

Chile ousted the United States from the top position after two consecutive years as regional leader in Productivity. Chile ranks only slightly higher than the United States in Productivity in 2016 as the United States did not score well in maximum working days per week despite favorable marks for maximum allowable overtime. Peru fell from second place last year back to the middle in this category. Canada, which dropped from third place (2014) to fourth place (2015), regained the third position once again. Mexico and Puerto Rico round out the top five nations for Productivity.



## AMERICAS REGION – COUNTRY PROFILE

# UNITED STATES

**6<sup>th</sup>**  
in Global  
CWI Ranking

**1<sup>st</sup>**  
in Regional  
CWI Ranking

While the United States continues to rank favorably and is one of the most mature markets, it is also made more complex than most countries due to various levels of municipal government and the laws which impact employers and workers at each level.

With the third largest total labor force globally, the United States outperforms other markets with regards to favored educational factors including literacy, English proficiency and tertiary-educated workers. Ranking first in the Americas for Availability and second in Regulation and Productivity, the United States has no annual maximum overtime, no severance pay or required notice period. This creates a favorable environment for contingent workforce strategies where these three metrics supersede the importance of cost efficiency.

Over the past year ManpowerGroup Solutions has tracked rising minimum wages, especially in California and New York. These states are on track to raise the minimum wage from the current rate to \$15 per hour over the next several years impacting cost efficiency and the future of contingent labor programs within these states.

Some challenges affecting smaller regional areas of the United States may not be shown in the national metrics due to the small regional impact. These shifting metrics include standard laws regarding overtime and paid sick leave which may vary even by city in some areas such as the city of San Francisco. Despite a rising cost in labor in some markets, an increase in skills availability is also expected in certain areas throughout the United States due to the emerging trends allowing for increased wages, overtime and paid leave throughout the country. A contingent workforce strategy that accounts for future state and municipal regulations is critical in this market.



## AMERICAS REGION – COUNTRY PROFILE

# CANADA

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**7<sup>th</sup>**  
in Global  
CWI Ranking

**2<sup>nd</sup>**  
in Regional  
CWI Ranking

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With a relatively low age-dependency ratio and high level of English proficiency, as well as an educated workforce, this market offers skilled contingent labor and low taxes, especially when compared to other North American markets.

Despite the recent push to install a \$15 minimum wage, the cost and use of contingent labor in Canada should remain stable and largely unchanged. Only 25 percent of the Canadian Workforce – primarily those in the service industries – would benefit from such an increase. These minimum-wage and near-minimum-wage positions rarely rely on contingent labor, and hence, the concern is minimal from a global labor standpoint. Many employers implementing non-contingent labor programs will be able to offset the additional wage costs by utilizing other cost-saving measures within their business strategy.

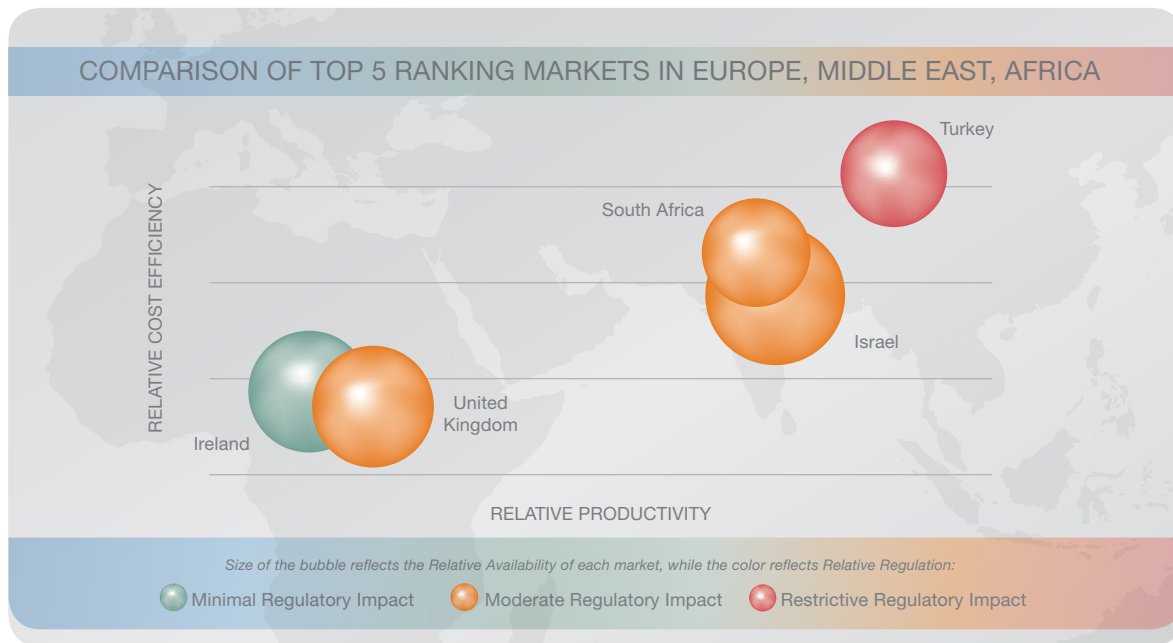
Organized labor's "Fight for \$15 & Fairness" campaign, as well as the Ontario Federation of Labour's "Make it Fair Campaign", are organizing and mobilizing workers across Ontario to pressure the Ontario government to improve working conditions for all workers. They claim that Ontario's outdated labor policies and legislation leave workers without adequate protection as basic standards are lacking or are not being properly enforced.

Canada offers one of the most productive contingent labor forces in the world. Featuring one of the best geopolitical environments in the world, Canada also offers a two-week notice period (relatively low compared to other countries) and no national contract restrictions or severance pay requirements.

## EMEA OVERVIEW

Israel, which moved from fourth in 2014 to first in 2015, maintains its top ranking in the EMEA region for a second consecutive year. Despite the change in Availability rankings to restore some of the previous emphasis on workforce size, Israel remains in the lead overall ahead of Ireland, the United Kingdom and South Africa. Both South Africa and Turkey advanced to the top five nations in this region for 2016, with high marks in Productivity.

The United Arab Emirates fell from first in the region in 2014 to third in 2015 driven by a relatively low Cost Efficiency score last year. This year the UAE scored well in Productivity and Regulatory metrics. However, a very low score in Availability pushes the UAE out of the top five nations in 2016. The United Kingdom moved from second in 2014 to fourth in 2015 and now to third overall with average marks in each category except Regulatory where the UK scored very well. South Africa moves up into fourth position this year with above-average scores in Cost Efficiency and Regulatory metrics, and after scoring well in Productivity.



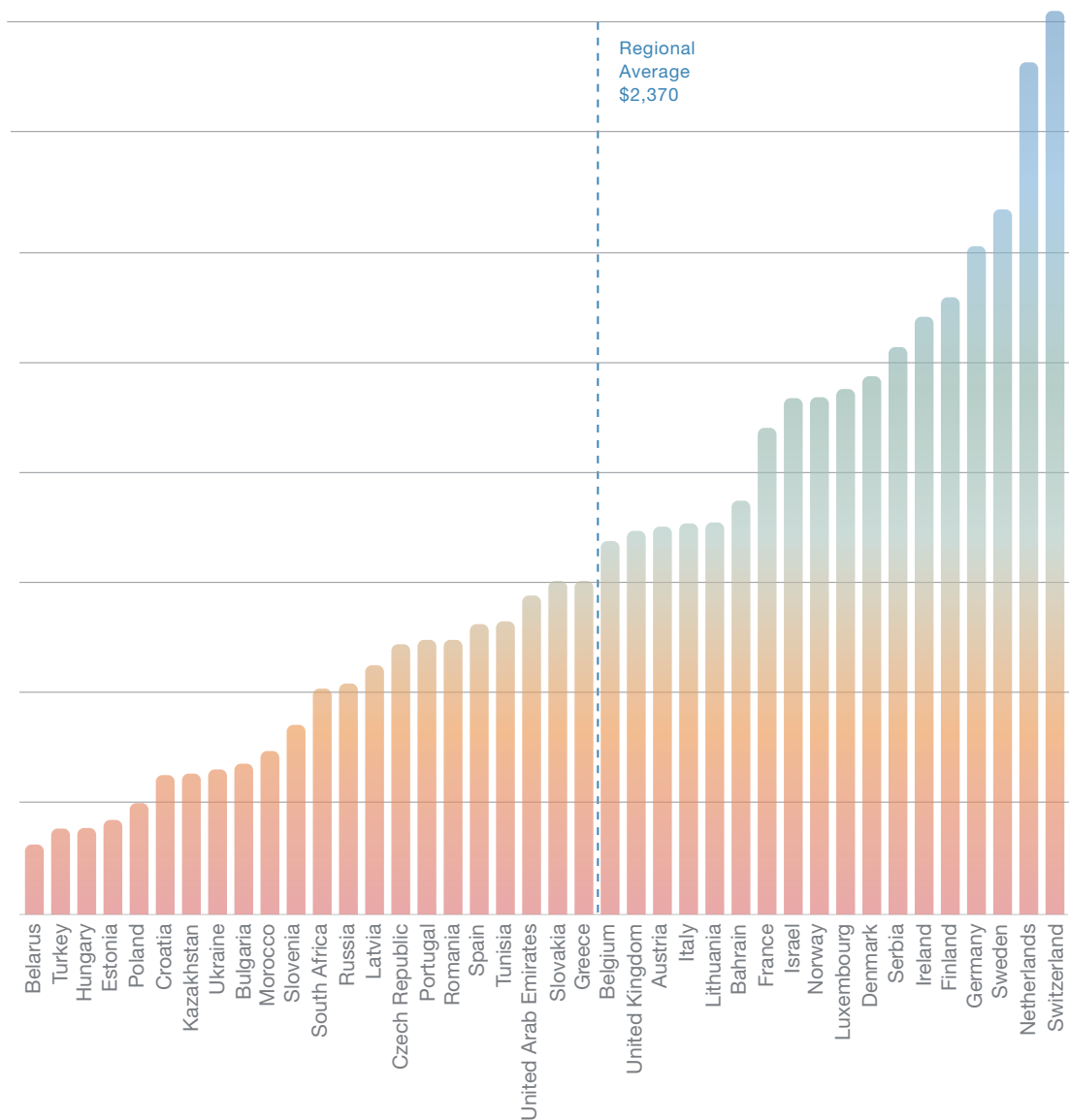
## EMEA REGIONAL BREAKDOWN

### AVAILABILITY:

Israel remains the regional leader in Availability for the second consecutive year. With a higher weighting this year on workforce size and the availability of skilled workers, Israel maintains a slightly higher Availability score than both the United Kingdom and Ireland. Despite the fact that Israel has

a labor force of fewer than four million workers, it is a highly educated workforce with comparatively high levels of tertiary-educated and English speaking workers. With native English speakers and high levels of secondary education, Ireland and the UK were ranked second and third respectively in 2015. However, in 2016 the UK moves into second ahead of third-place Ireland due to workforce size scores that shift in the United Kingdom's favor. Similar to 2014 and 2015, Norway and the Netherlands continue to complete the top five. Both have relatively high education attainment scores and a high percentage of English proficiency.

## REGIONAL OVERVIEW OF MANUFACTURING WAGES

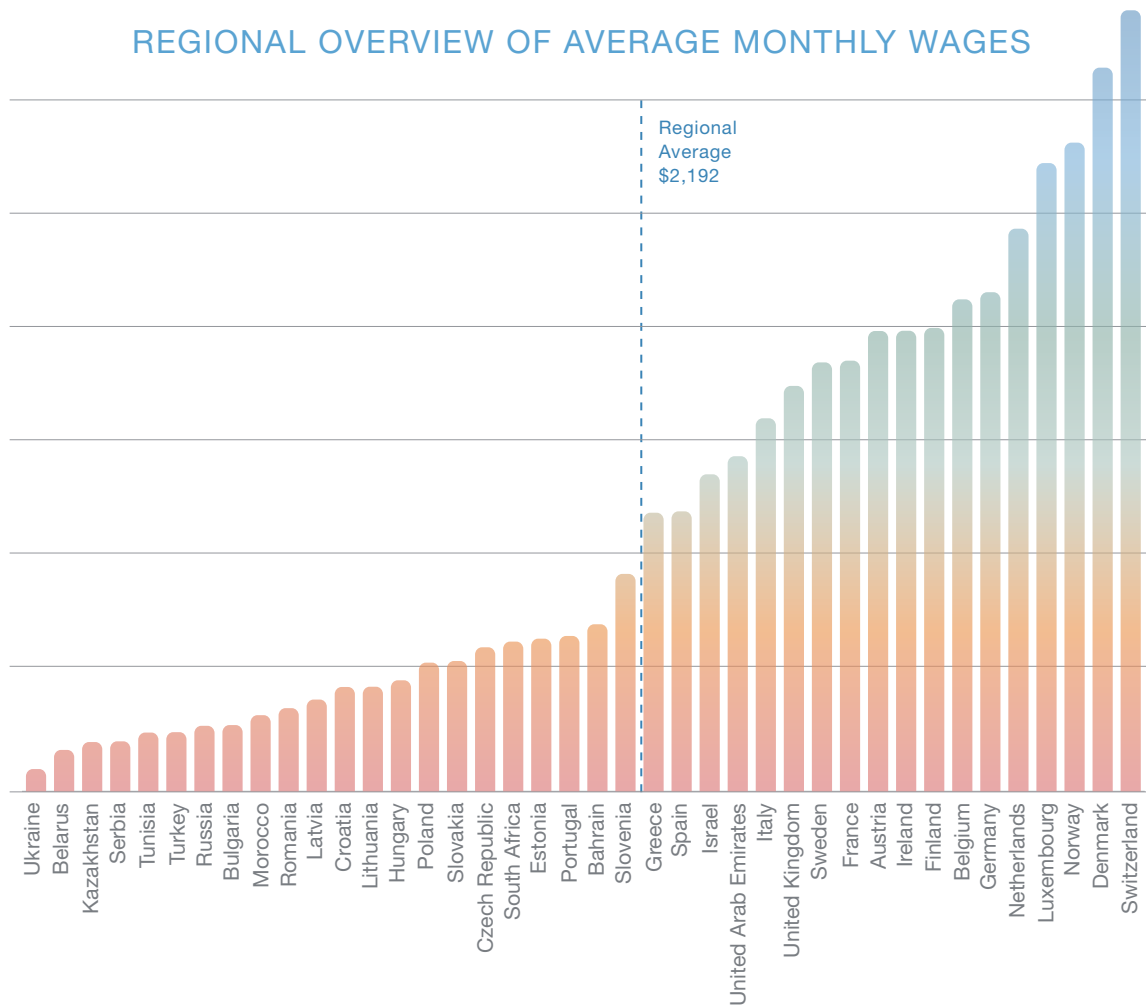




## COST EFFICIENCY:

Tunisia, Russia, Belarus and the Ukraine (which tied for third place) push Morocco, Serbia and Latvia out of the top three for Cost Efficiency. Belgium, Switzerland and Luxembourg remain among the least competitive in the region. In addition to high wages, all three are subject to parity regulations. Belgium and Luxembourg have high overtime premiums, and Belgium also has some of the highest employer taxes of any of the countries. Switzerland, Norway and Denmark rank lowest in the EMEA region with regards to Cost Efficiency.

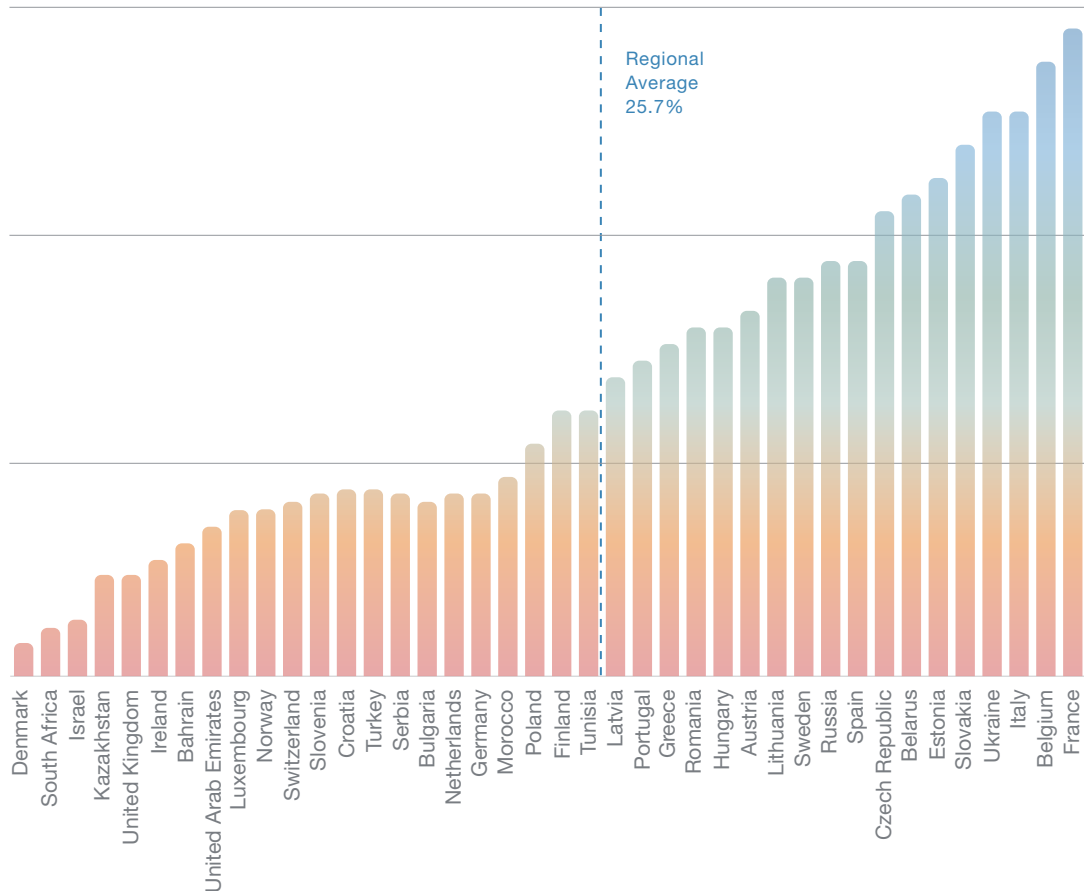
### REGIONAL OVERVIEW OF AVERAGE MONTHLY WAGES



## REGULATION:

Denmark, Ireland and Austria rank highest for Regulatory measures for the second consecutive year. These markets feature few contract restrictions, and shorter notice and severance periods relative to others in the region, coupled with a high geopolitical score. Switzerland and Belgium round out the top five most favorable markets in this region with regards to Regulatory metrics.

## REGIONAL OVERVIEW OF AGGREGATED TAX RANGES



## PRODUCTIVITY:

In 2015 the United Arab Emirates, Israel and Switzerland scored the highest for Productivity. Although Switzerland has a relatively longer work week than most countries in EMEA, overtime restrictions were included in the 2015 report which, along with a lower weighting for specific efficiency measures, displaced Switzerland from the highest score in the region to third. However, in 2016, Switzerland reclaims the top ranked position with the inclusion of maximum allowable overtime and maximum working days per week. Turkey, Norway, Israel and South Africa complete the top five EMEA region markets for Productivity.



## EMEA REGION – COUNTRY PROFILE

# ISRAEL

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**4<sup>th</sup>**  
in Global  
CWI Ranking

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**1<sup>st</sup>**  
in Regional  
CWI Ranking

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**Israel remains one of the most attractive global contingent labor markets based on tax incentives for employers and less onerous labor laws.**

While relatively small compared to many other industrialized nations, Israel's contingent labor pool remains highly attractive as a source of educated, English-proficient employees with IT skills.

Israel's desirable contingent labor force has helped create a strong technology sector that is beginning to see the buy-out of several local IT firms. These transactions have resulted in job cuts and the subsequent trend toward unionization in Israel's technology industry. A growing number of Israeli technology workers have signed up with Histadrut, Israel's organization of trade unions and organized workers' committees that have been negotiating collective bargaining agreements with several Israeli technology employers.

This year the number of workers considering unionization is very small, and the impact is not significant enough to merit consideration in the CWI rankings; however, future activity will be monitored. While increased unionization could particularly impact technology industry employers, they can continue to leverage the Israeli contingent workforce moving forward. Future IT industry acquisitions that may result in job reductions will ultimately increase the number of skilled workers available to employers seeking contingent labor-pool talent. Many global employers have already begun to tap the technology workforce available to them in Israel as an alternative to some more established IT hubs.



## EMEA REGION – COUNTRY PROFILE

# UNITED KINGDOM

**9<sup>th</sup>**  
in Global  
CWI Ranking

**3<sup>rd</sup>**  
in Regional  
CWI Ranking

Historically, and moving forward, the talent pool made available across the United Kingdom makes it an obvious market of choice for employers to launch and/or hub many regional workforce programs.

Though they have the largest and highest skilled talent pool in Europe, the United Kingdom is also among the most expensive markets to employ contingent workers. The new national living wage has resulted in a shift in the labor market as employers slow hiring in sectors such as retail, hospitality, food services and catering. Ultimately, this will increase employer labor costs across these and other industries where there are high volumes of less skilled jobs. The actual impact on labor costs for skilled labor will be minimal and not undermine the value proposition of the United Kingdom's extremely large and young labor pool.

Following the June 23rd 2016 British Referendum in which the United Kingdom voted to leave the European Union (commonly referred to as 'Brexit'), there are a number of changes expected in the coming months relating specifically to hiring demand, wages, and regulations as the United Kingdom potentially transitions from the EU to the European Economic Area. While there may be short term opportunities in making adjustments to regional hiring strategies, it remains unlikely that the long term potential of the United Kingdom as a top market for contingent labor is likely to shift.

Despite current market dynamics, employers can take advantage of the United Kingdom's large labor pool to make selective hires across a wide variety of skill sets. The 13.8% unemployment rate for 16 to 24 year-olds is two and a half times higher than the overall rate making the United Kingdom one of the world's most attractive contingent labor markets for employers looking for young, educated talent with a high level of English proficiency.

# CONTINGENT WORKFORCE INDEX— DEFINITION OF MEASUREMENT FACTORS

In the CWI, a number of measurement factors are used to determine the numerical value in each category. The factors include:



## AVAILABILITY

*A relative comparison of the current skilled contingent workforce in each country and the likely sustainability of that workforce based on emerging and aging workforce trends*

- Size of Contingent Workforce
- Skill of Contingent Workforce
- Industry of Contingent Workforce
- Literacy rate
- English proficiency
- Secondary enrollment
- Tertiary enrollment
- Aging workforce dependency
- Youth worker dependency
- Gender participation rates



## COST EFFICIENCY

*A relative comparison of wage, benefits, tax and operations metrics to suggest potential cost efficiency*

- Average monthly wage
- Industry level hourly wage
- Minimum wage
- Overtime premiums
- Employer taxes
- Payrolling taxes
- Parity requirements
- Cost of doing business



## REGULATION

*A relative comparison of how restricted the terms and practices of contingent workforce engagement are based on a standard set of regulations*

- Subcontracting restrictions
- Fixed term contract restrictions
- Contract duration limits
- Notice period
- Severance period
- Geopolitical constraints



## PRODUCTIVITY

*A relative comparison of the potential productivity of a workforce based on the amount of hours an employer can pay a worker at base pay*

- Public holidays
- Paid leave
- Overtime restrictions
- Days per week
- Hours per day
- Labor market efficiency
- Technical readiness efficiency
- Institutional effectiveness indicator
- Infrastructure efficiency

Each data point is derived from an authoritative source, and is then calculated and weighted using proprietary formulas. As new statistics become available and prove to have correlative relationships with the global contingent workforce, they are either added to the Index or replace data points with less relevance.









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