

GLOBAL EMPLOYMENT — 4Q 2019

Deploying a global workforce and ensuring access to the best talent is a crucial component of success for all multi-national enterprises. Global labor market intelligence is an invaluable tool for these HR departments and can be used to inform critical decisions around the best countries and regions in which to grow. Orion Novotus, an Orion Talent company, is the mid-market leader in recruitment process outsourcing (RPO) and an organization committed to delivering recruiting solutions that are fundamentally different and outcomes that are fundamentally better.

To truly understand unemployment rates, it is necessary to collect several categories of market information about the overall economic environment from which they derive. For that reason, this report also analyzes measures that include GDP, economic forecasts, and other factors that offer insight into a given country's economic circumstances.

KEY TAKEAWAYS

- Amid current economic turmoil largely caused by COVID-19, we must remember that the worldwide employment environment overall remains strong. This report details findings from 4Q 2019.
- Despite the global unemployment rate remaining low in 2019, global growth was weaker compared to recent years as the global economy expanded only 2.4 percent. Downward pressures from global trade and weak investment growth dampened global growth for the year.
- The global labor market remains tight with around half (26 of the 49) countries analyzed in this report showing levels of 5.0 percent or less, which is considered by many economists as at or near full employment.
- In the fourth quarter, 27 of the 49 countries analyzed in this report announced decreases in national unemployment rates since Q4 2018, while 11 reported increases. The remaining 11 were unchanged.
- In the United States, stocks had a remarkable year in 2019, recording the largest yearly gain since 2013. The Nasdaq Composite increased 35.2 percent while the Dow rose 22.3 percent and the S&P 500 rose 28.9 percent.

- An examination of the most educated metro areas in the US reveals that the top five areas with the most individuals with a four-year degree are San Jose, Washington D.C., the San Francisco and Oakland combined area, Boston, and Raleigh. These cities are all part of or near a technology hub. An educated workforce gives employers a larger, more qualified talent pool.

ANALYSIS

In 2019, global growth continued to decelerate, stemming from global trade and weak investment growth, which impacted nearly every region of the world. These challenges not only affected growth but also affected key indicators of economic activity, such as manufacturing, which softened to levels that are approaching where it was during the 2008 financial crisis. Overall, global growth increased by 2.4 percent, down from 3.0 percent in 2018. 2020 may not be as disrupted by the trade negotiations as much as 2019 was as “Phase One” of the United States-China trade negotiations passed in December 2019.¹

Despite the slowdown in economic growth, the global labor market remained robust as the unemployment rate in 2019 stayed roughly the same as 2018 at 4.9 percent. High income countries experienced the largest drop in their unemployment rate from last year, dropping

0.18 percentage points to 4.96 percent.² The low global unemployment was driven by solid consumer spending in the United States and in Europe along with central banks taking a more dovish stance on monetary policy. Dovish monetary policies, such as the lowering of interest rates, makes it cheaper for businesses and consumers to borrow, which helps spur job creation and economic growth.

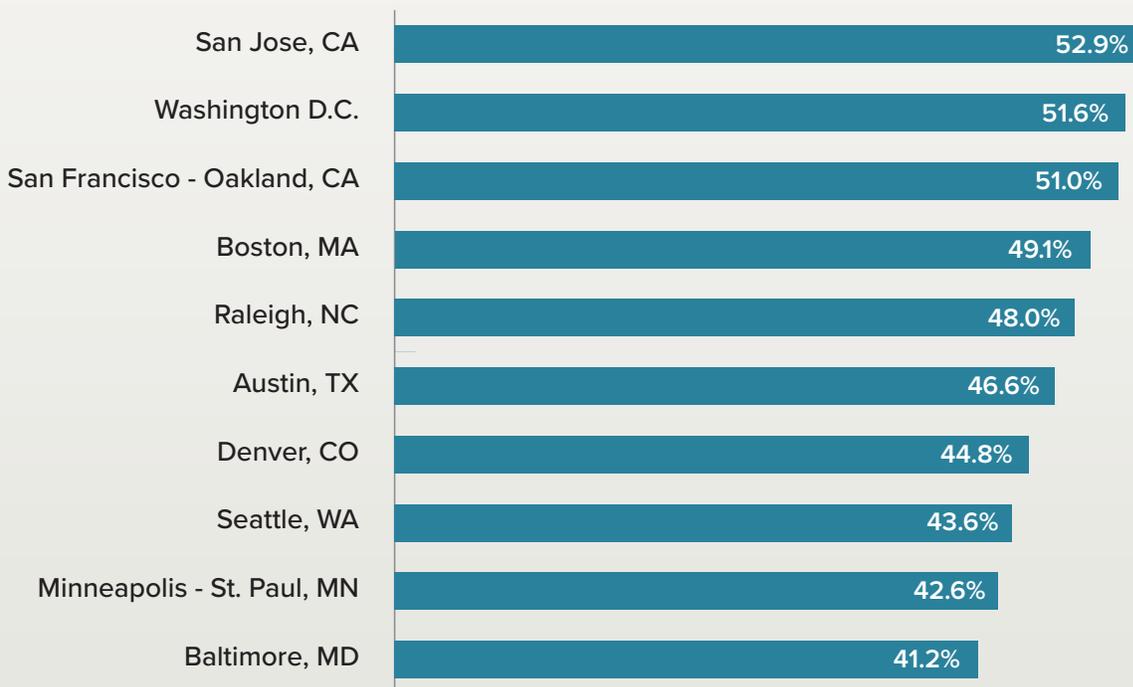
MOST EDUCATED UNITED STATES METRO AREAS IN THE US

This edition of the Global Employment Report provides statistics on the largest U.S. metro areas that have the highest share of college educated individuals and which are experiencing the largest growth in that group. It also examines metro areas that have the lowest share of college educated individuals and which have the lowest growth rates among people with a college degree. Despite the substantial increases in cost to attend college in the United States, more jobs are requiring applicants to obtain higher levels of education.

A college education can also provide a more knowledgeable and flexible workforce, increasing the quality of the candidate pool. Individuals that obtain higher levels of education, on average, have higher salaries and, as a group, have lower levels of unemployment.³

Nearly every metro area has at least 20 percent of their residents holding a four-year degree or Graduate degree.⁴ The top five areas with the highest percentage with a four-year degree are San Jose, Washington D.C., the San Francisco and Oakland area, Boston, and Raleigh. A large reason these cities have such a high level of college educated individuals is due to these cities being in or around a tech hub. One the other hand, the San Bernardino, Las Vegas, San Antonio, Memphis, and Louisville areas, have the lowest population share with individuals with a least a 4-year degree. These areas have less college educated individuals due to the types of industries that are in these areas. For example, Las Vegas employs many individuals within the casino industry and Memphis is home to many transportation and cargo related jobs.

Metro Areas with Highest Percentage with Four-Year Degree

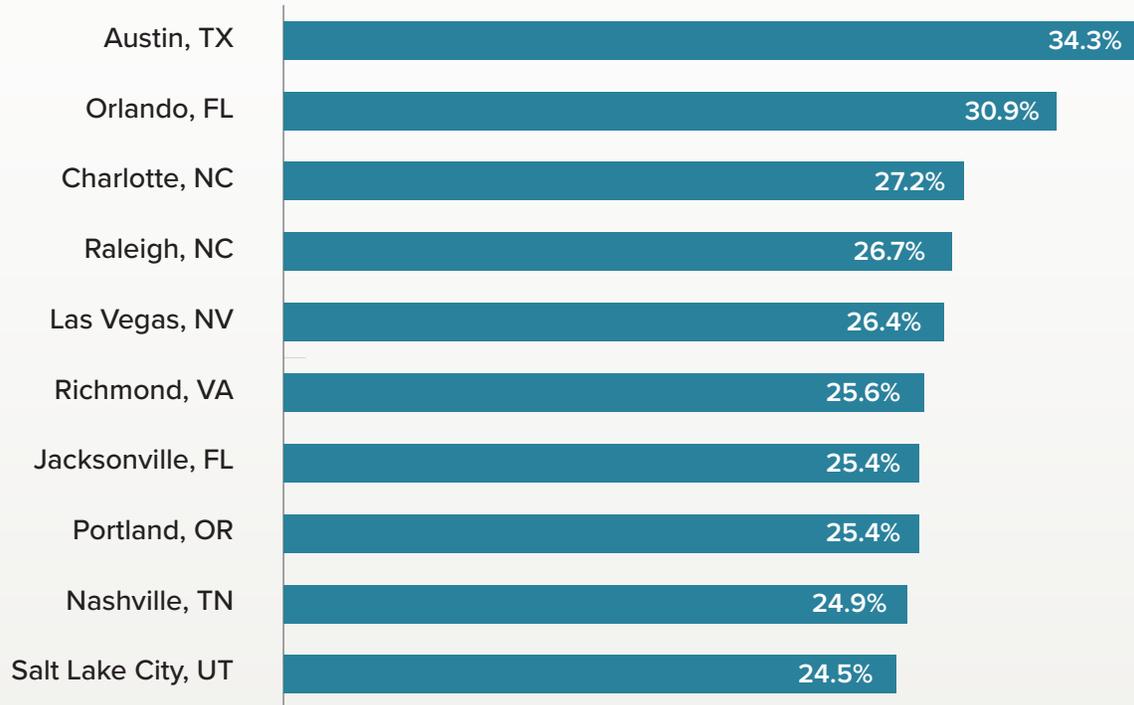


Source: United States Census Bureau, 2018

Every metro area experienced a level of growth in the number of college graduates. However, the area has experienced the largest growth rate, Austin, TX, has

experienced nearly 4 times as much growth as the area with the lowest growth rate, Birmingham. The average growth rate among all metro areas examined was 18.6 percent.

Metro Areas with Highest Growth in Four-Year Degrees 2013-2018



Source: United States Census Bureau, 2018

A similar trend holds true of metro areas that have the highest proportion of graduate or professional degree holders as with four-year degree holders. Metro areas that are more tech focused, again, rank near the top of the list with the top 5 areas being Washington D.C., San Jose, San Francisco and Oakland area, and Baltimore. The areas with the lowest percentage of individuals holding professional or graduate degrees comprising of nearly the same list as with four-year degrees: San Bernardino, Las Vegas, San Antonio, Memphis, and the Tampa and St. Petersburg metro area.

The growth trend among graduate and professional degrees was quite similar to that of the individuals with a four-year degree. The metro area that had the largest growth, Orlando, had nearly 18 times as much growth as Birmingham, the area with the lowest growth rate. The average growth rate among the metro areas examined was 22.3 percent, slightly higher than the average growth rate of four-year degrees.



UNITED STATES AND CANADA

In the United States, job creation remained robust as 184 thousand jobs were created, on average, per month in the fourth quarter.

In December, the share of women in the workforce outnumbered the share of men in the workforce for the first time since The Great Recession (2007–2009). Consumer optimism remained relatively high, as reflected in the quarterly average of the Consumer Confidence Index which currently stands at 126.6. Overall, wages increased by 2.9 percent year-over-year in December which is the lowest growth rate since July of 2018.⁵

In the fourth quarter, the U.S. unemployment rate dropped by 0.4 percentage points from 2018 to 3.5 percent in 2019. Historically, unemployment rates at 5.0 percent or lower are considered by many economists to be at or near full employment. Full employment means that unemployment has fallen to the lowest possible level that will not cause inflation.⁶

According to the Bureau of Economic Analysis, GDP grew by 2.1 percent in the fourth quarter of the year, the same as the third quarter.⁷ The growth of personal consumption expenditures (PCE) and government spending helped boost growth despite the significant slowdown in domestic investment.

In 2019, all of the major stock indices increased substantially. The Dow Jones industrials increased by 22.3 percent, the S&P 500 increased by 28.9 percent, and the Nasdaq Composite rose by 35.2 percent. Despite the ongoing trade war between U.S. and China, stocks surged on high consumer sentiment and the Federal Reserve cutting interest rates.⁸

The Canadian unemployment rate remained the same in the fourth quarter of 2019 as the fourth quarter of 2018 at 5.6 percent. The Canadian economy ended on somewhat of a weak note as the result of a rail strike, weakening demand, and a rupture in the Keystone pipeline. In response, the Canadian government proposed legislation to lower taxes for nearly 20 million people in order to boost growth and payoff record high household debt.⁹



ASIA-PACIFIC (APAC)

According to Focus Economics, growth in the ESA (East and South Asia) region slowed in 2019 compared to 2018 and is

expected to slow further still in 2020. Trade tensions rattled most of the export driven markets, causing growth to slump for the year. However, in December a “Phase One” trade negotiations agreement between the United States and China was reached which should help cushion the economic slowdown in 2020 along with a dovish stance on monetary policy taken by central banks.¹⁰

China has by far the largest economy in the region with a GDP of \$13.4 trillion and is nearly three times larger than the second biggest economy in the region, Japan. In the fourth quarter, GDP growth stabilized in part due to the “Phase One” trade agreement. Industrial production in December was particularly strong as it grew 6.9 percent on a year-over-year basis, the largest year-over-year increase since February of 2019.¹¹ On a year-over-year basis, the unemployment rate in China decreased by 0.18 percent to 3.6 percent.

In South Korea, economic growth accelerated in the fourth quarter as exports grew and imports into the country tapered. However, private and government consumption slowed in the quarter, causing the unemployment rate to rise from 3.4 percent in 3Q 2019 to 3.8 percent in 4Q 2019, the same as one year ago. Overall in 2019, economic growth slowed to a decade low as the global demand for technology products slowed substantially.¹²

India has the third largest economy in the region with a GDP of \$2.7 trillion, and the second largest population, nearly 1.3 billion. The unemployment rate in India increased by 0.70 percent from the fourth quarter of 2018 to 7.70 percent in the fourth quarter of 2019 as bank lending decreased in the quarter and consumer confidence faltered.¹³



EUROPE, THE MIDDLE EAST, AND AFRICA (EMEA)

The EMEA region covers three continents and includes 116 different countries, which vary greatly in GDP and population. Twenty-seven countries in EMEA are tracked in this quarterly analysis. There were mostly positive results in the quarter with unemployment rates in the overall EMEA region declining, year-over-year, in 18 of the 27 countries examined. The country with the biggest decline in their unemployment rate on a year-over-year basis was in Greece where the unemployment rate declined by 2.0 percentage points to 16.5 percent. Conversely, South Africa's unemployment rate increased the most on a year-over-year basis, up 2.0 percentage points to 29.1 percent.

In the fourth quarter of 2019, Europe's prolonged economic weakness continued as a weak industrial sector and policy uncertainty put downward pressure on economic growth. In 2019, the European economy grew at 1.2 percent, down from 1.9 percent in 2018. However, the start of 2020 seems somewhat more promising for the rest of the year.¹⁴

The United Kingdom has the second largest economy in Europe at \$2.8 trillion dollars. In the fourth quarter, Brexit uncertainty weighed on the UK economy as manufacturing and services output weakened. Despite the weak economic data, the unemployment rate dropped slightly from 4.0 percent in the fourth quarter of 2018 to 3.8 percent in the fourth quarter of 2019. In 2020, the economy is expected to grow at a mild pace as the expansionary fiscal stance by the U.K. government could help boost growth. However, trade talks with the European Union could pose as a downside risk.¹⁵

Germany has the third largest population in the region at 82.9 million, but by far the largest GDP (\$4 trillion dollars). In the fourth quarter, industrial production barely grew as external headwinds and structural changes in the car industry dampened growth and caused the unemploy-

ment rate to increase to 3.2 percent. Conversely, construction activity and domestic demand strengthened in the quarter, softening the impact of the global headwinds to growth.¹⁶

The MENA (Middle East and North Africa) region is expected to recover in 2020 following a weak 2019 as Iran contracted less than expected and an expected recovery in oil output could help prospects in 2020.¹⁷ Egypt, the largest country in the region, had the largest drop in unemployment since last year, down 1.1 percent to 7.8 percent. No country in the region had their unemployment rate increase since 2018, as three countries had their unemployment remain the same and three countries had their unemployment rate decrease.



LATIN AMERICA

In the fourth quarter of 2019, Latin America's largest economy, Brazil, reported a drop in its unemployment rate from 2018, down 0.6 percent to 11.0 percent, the lowest since March 2016. Economic activity increased positively within the quarter as domestic demand, led by growth in consumer spending, helped boost growth. Nonetheless, exports declined as demand from China and Argentina softened. In 2020, growth is set to hit a five-year high as high economic sentiment and accommodative monetary policy may help boost consumer spending and investment.¹⁸

Mexico is the second largest country in the region, both by Gross Domestic Product and population. Economic growth subdued in the fourth quarter as the manufacturing and the construction industry slumped further from a weak third quarter. Trade woes and falling investment and government expenditures caused the manufacturing and construction industries to tumble. Despite the weak economic data in the fourth quarter, the unemployment rate fell by 0.5 percent from last year to 2.9 percent.¹⁹

ADDITIONAL IMPLICATIONS WHEN USING REPORT FINDINGS

HR professionals should be aware of several factors when interpreting the results in this research report. What constitutes unemployment across global economies is not universally defined and even countries with long-standing practices in reporting unemployment periodically change criteria. Some countries adjust unemployment estimates because of seasonality, and some do not. The definition of full-time employment and who should count as a member of the labor force varies by country. Further, the percentage change in the unemployment rate in a developed country like the UK with a high proportion of its potential workforce employed will be far lower than what's reported in a less developed country like Colombia.

Economic growth is also very relative. The GDP growth rate in Indonesia was 5.2 percent in 2018, far above the global growth rate of 1.7 percent for that of France. A larger economy like that of France won't grow proportionately as much as a smaller one like Indonesia. The smaller growth rate is not a negative when evaluating the economic health of the country.

REFERENCES

1. "January 2020 Global Economic Prospectus Slow Growth, Policy Changes," *The World Bank*, January, 2020, <https://www.worldbank.org/en/publication/global-economic-prospects>
2. "Unemployment, total (% of total labor force) (modeled ILO estimate)," *The World Bank*, December, 2019, <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>
3. Osborn, Peter, "Do College Grads Really Earn More Than High School Grads?" *Cornerstone University*, November 29, 2016, <https://www.cornerstone.edu/blogs/lifelong-learning-matters/post/do-college-grads-really-earn-more-than-high-school-grads>
4. "Educational attainment: 2018 ACS 1-year Estimates Subject Tables," *United States Census Bureau*, 2018, <http://bit.ly/2TXi7tT>
5. "The Employment Situation – December 2019," *The Bureau of Labor Statistics*, January 10, 2020, <https://www.bls.gov/news.release/pdf/empsit.pdf>
6. Crook, Clive. "Quicktake: Full Employment," *Bloomberg*, May 4, 2018, [bloomberg.com/quicktake/full-employment](https://www.bloomberg.com/quicktake/full-employment)
7. "Gross Domestic Product," *Bureau of Economic Analysis*, January 30, 2020, [bea.gov/data/gdp/gross-domestic-product](https://www.bea.gov/data/gdp/gross-domestic-product)
8. Imbert, Fred, "Stocks post best annual gain in 6 years with the S&P 500 surging more than 28%," *CNBC*, December 31, 2019, <https://www.cnbc.com/2019/12/31/dow-futures-last-trading-day-of-2019.html>
9. "Monthly Economic Monitor," *National Bank of Canada, Financial Markets*, January 2020, Canada, [nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/monthly-economic-monitor.pdf](https://www.bnc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/monthly-economic-monitor.pdf)
10. "Economic Snapshot for East & South Asia," *FocusEconomics*, January 28, 2020, [focus-economics.com/regions/east-and-south-asia](https://www.focus-economics.com/regions/east-and-south-asia)
11. "China Economic Outlook," *FocusEconomics*, January 28, 2020, <https://www.focus-economics.com/countries/china>
12. "Korea Economic Outlook," *FocusEconomics*, January 28, 2020, <https://www.focus-economics.com/countries/korea>
13. "India Economic Outlook," *FocusEconomics*, January 28, 2020, <https://www.focus-economics.com/countries/india>
14. "Economic Snapshot for the Euro Area," *FocusEconomics*, February 12, 2020, [focus-economics.com/regions/euro-area](https://www.focus-economics.com/regions/euro-area)
15. "UK Economic Forecast," *FocusEconomics*, February 4, 2020, [focus-economics.com/countries/united-kingdom](https://www.focus-economics.com/countries/united-kingdom)
16. "German Economic Outlook," *FocusEconomics*, February 4, 2020, [focus-economics.com/countries/germany](https://www.focus-economics.com/countries/germany)
17. "Economic Snapshot for MENA," *FocusEconomics*, January 13, 2020, [focus-economics.com/regions/middle-east-and-north-africa](https://www.focus-economics.com/regions/middle-east-and-north-africa)
18. "Brazil Economic Outlook," *FocusEconomics*, January 21, 2020, [focus-economics.com/countries/brazil](https://www.focus-economics.com/countries/brazil)
19. "Mexico Economic Outlook," *FocusEconomics*, January 21, 2020, <https://www.focus-economics.com/countries/mexico>

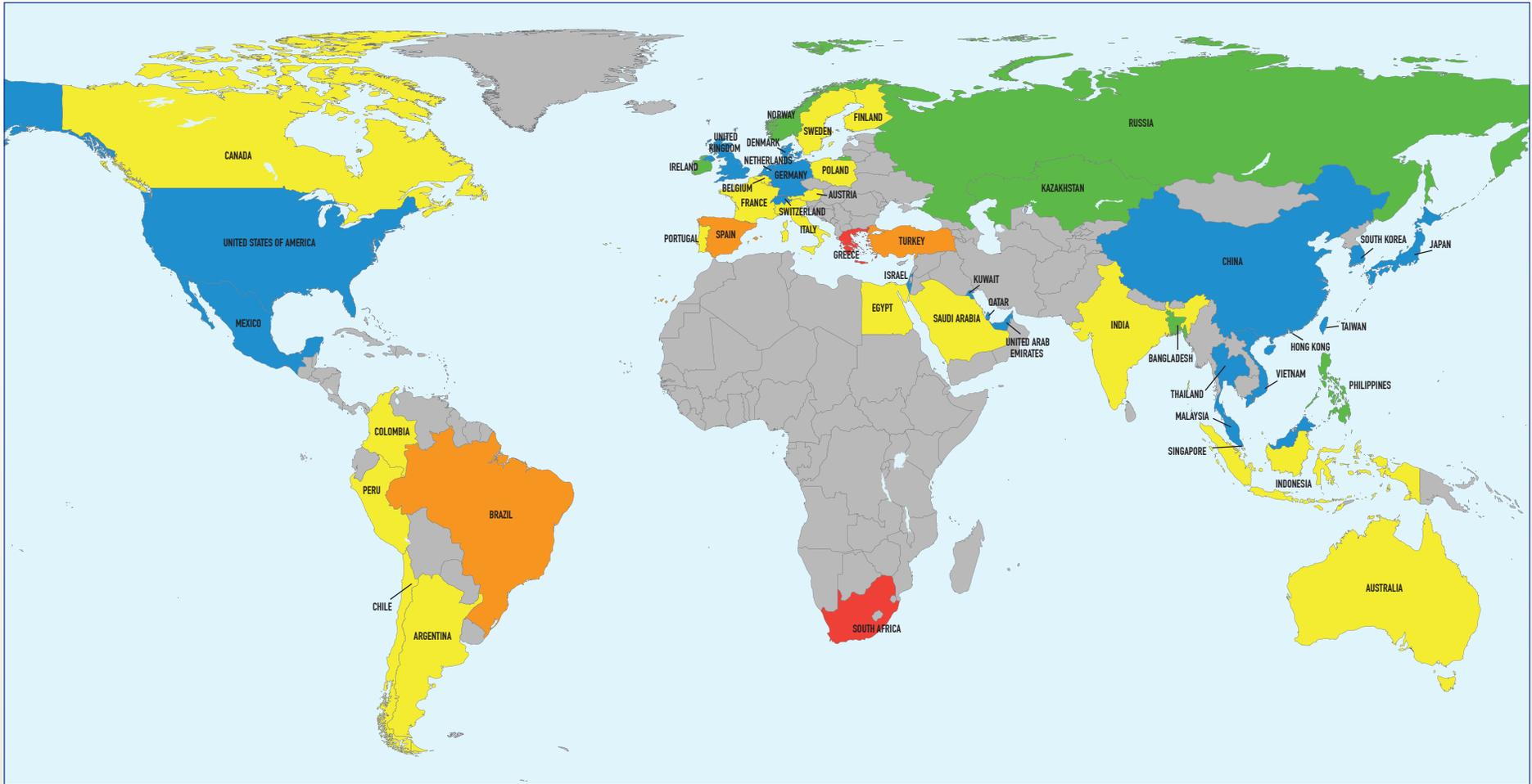
Country	Population (millions)*	GDP (US \$Billions)**	4Q % Unemployment Rate***	Last Report	4Q 2018 Reported Unemployment Rate	Update Frequency	Last Updated
NORTH AMERICA							
US	327.17	20,494.05	3.50	3.50	3.90	Monthly	Jan-20
Canada	37.31	1,711.39	5.60	5.50	5.60	Monthly	Jan-20
ASIA PACIFIC							
China	1,400.05	13,407.40	3.62	3.61	3.80	Quarterly	Jan-20
India†	1,298.04	2,716.75	7.70	7.16	7.00	Monthly	Jan-20
Indonesia	264.20	1,074.97	5.28	5.28	5.34	Semi-Annual	Feb-20
Bangladesh	163.70	287.63	4.30	4.30	4.30	Annually	Feb-20
Japan	126.25	4,971.93	2.20	2.40	2.40	Monthly	Feb-20
Philippines	107.00	330.85	4.50	5.40	5.10	Quarterly	Jan-20
Vietnam	96.48	241.27	2.15	2.17	2.19	Quarterly	Jan-20
Thailand	66.41	487.24	1.00	1.00	0.90	Monthly	Feb-20
South Korea	51.61	1,619.42	3.80	3.40	3.80	Monthly	Jan-20
Malaysia	32.40	354.35	3.30	3.30	3.30	Monthly	Feb-20
Australia	25.18	1,418.28	5.10	5.20	5.00	Monthly	Jan-20
Taiwan	23.58	589.39	3.72	3.74	3.70	Monthly	Jan-20
Hong Kong	7.48	363.03	3.30	2.90	2.80	Monthly	Jan-20
Singapore	5.64	361.11	2.30	2.30	2.20	Quarterly	Jan-20
EMEA							
Russia	146.90	1,630.66	4.60	4.50	4.80	Monthly	Jan-20
Egypt	98.00	249.56	7.80	7.50	8.90	Quarterly	Feb-20
Germany	83.20	4,000.39	3.20	3.10	3.20	Monthly	Jan-20
Turkey	82.00	766.43	13.40	13.90	13.50	Monthly	Feb-20
France	67.19	2,775.25	8.60	8.50	8.80	Quarterly	Feb-20
United Kingdom	66.19	2,828.64	3.80	3.90	4.00	Monthly	Feb-20
Italy	60.48	2,072.20	9.80	9.90	10.40	Monthly	Jan-20
South Africa	58.78	368.14	29.10	29.10	27.10	Quarterly	Feb-20
Spain	46.66	1,425.87	13.80	13.92	14.45	Quarterly	Jan-20
Poland	37.98	586.02	5.20	5.10	5.80	Monthly	Jan-20
Saudi Arabia	34.22	782.48	5.50	5.60	6.00	Quarterly	Feb-20
Kazakhstan	18.16	170.54	4.80	4.80	4.90	Monthly	Jan-20
Netherlands	17.12	912.90	2.20	3.50	3.60	Monthly	Jan-20
Belgium	11.41	533.15	5.20	5.60	5.80	Monthly	Feb-20
Greece	10.74	219.10	16.50	16.70	18.50	Monthly	Feb-20
Portugal	10.29	238.51	6.70	6.10	6.70	Quarterly	Feb-20
Sweden	10.12	551.14	6.00	7.10	6.10	Monthly	Jan-20
United Arab Emirates	9.60	424.64	2.57	2.57	2.57	Annually	Feb-20
Israel	8.97	369.84	3.40	3.70	4.20	Monthly	Jan-20
Austria	8.82	457.64	8.50	6.70	8.70	Monthly	Jan-20
Switzerland	8.48	703.75	2.50	2.10	2.60	Monthly	Jan-20
Denmark	5.78	350.87	3.70	3.70	3.70	Monthly	Jan-20
Finland	5.51	275.32	6.00	5.90	5.40	Monthly	Jan-20
Norway	5.30	434.94	4.00	3.70	3.70	Monthly	Feb-20
Ireland	4.84	372.70	4.80	4.90	5.50	Monthly	Jan-20
Kuwait	4.60	141.05	2.06	2.06	2.06	Annually	Feb-20
Qatar	2.67	192.45	0.10	0.10	0.10	Quarterly	Feb-20
LATIN AMERICA							
Brazil	208.49	1,868.18	11.00	11.80	11.60	Monthly	Feb-20
Mexico	125.33	1,223.36	2.90	3.80	3.40	Monthly	Jan-20
Colombia	49.83	333.11	9.50	10.20	9.70	Monthly	Feb-20
Argentina	44.50	518.09	9.70	10.60	9.10	Quarterly	Feb-20
Peru	32.16	225.20	6.10	5.80	6.10	Monthly	Jan-20
Chile	18.75	298.17	7.00	7.00	6.70	Monthly	Feb-20

* Source: Tradingeconomics.com, February 5th, 2020

** Data from the International Monetary Fund, April 19th, 2019. Please note, some numbers may be estimates

*** Unemployment Statistics obtained from Tradingeconomics.com, January & February 2020

† Employment Statistics for India came from the Centre for Monitoring Indian Economy in January 2020



Note: Only those countries included in the Worldwide Unemployment Snapshot in this report are shown.

■ (not included)

ABOUT *HRO TODAY* MAGAZINE



HRO Today Magazine and newsletters are read by more than 140,000 HR executives and leaders worldwide and covers the latest industry trends in HR outsourcing, services, shared services and operations. *HRO Today* Magazine is the publication of choice for the most senior executives facing the strategic decisions about operational excellence. *HRO Today* and www.hrotoday.com offer the best content choices for the HR leaders seeking online information in the form of newsletters, webinar series and online video content. *HRO Today* Magazine is a product of SharedXpertise.

ABOUT ORION NOVOTUS



Orion Novotus, an Orion Talent company, is the mid-market leader in recruitment process outsourcing (RPO) and an organization committed to delivering recruiting solutions that are fundamentally different and outcomes that are fundamentally better. An annual fixture of *HRO Today's* Baker's Dozen, Orion Novotus provides businesses with recruitment process outsourcing (RPO), skilled talent acquisition, and military hiring solutions that result in measurable, lasting workforce improvements: better hires, shorter hiring cycles, lower costs and greater efficiency.