



ManpowerGroup™

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## Southeast Asia's Demographic Dividend is the Region's Trump Card

### Companies Must Look Beyond Cost Savings and Look at the Total Opportunity, Recommends ManpowerGroup Solutions

MILWAUKEE, Aug. 18, 2014 /PRNewswire/ -- [ManpowerGroup](#) (NYSE: MAN), the world leader in innovative workforce solutions announced today the release of a new white paper: *The Next Big Thing in Southeast Asia*.

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#### WHY THE MIP COUNTRIES ARE THE RELOCATION TRIAD

Factors, common to all three MIP countries, impacting employers' decisions to locate business operations in Malaysia, Indonesia and the Philippines:



##### COST

- Low wages, especially as contrasted with other Asian countries
- High productivity relative to wages



##### DEMOGRAPHICS

- Demographic dividend driving steady supply of younger workers
- Greater availability of incoming talent



##### MARKET CONDITIONS

- Favorable taxation, regulations and political climate
- Growing middle class and increasing consumerism

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Thirty-six percent of employers globally report having difficulty filling jobs. As the global talent shortage continues, the availability of the right talent trumps the cost of labor as a key consideration influencing business decisions. Companies recognize that good business decisions are no longer about moving somewhere just for cost savings, but for the total opportunity.

Malaysia, Indonesia and the Philippines (the MIP countries), with their large populations have become an attractive destination for global businesses. In fact, in the next decade, the MIP countries are expected to experience a demographic dividend which will translate into a steady supply of younger workers. China, on the other hand, which used to be the offshoring haven, will experience a demographic deficit as its population ages. As a consequence of these demographic trends, talent will be more easily available in the MIP countries than in China.

"Companies that fully understand that their greatest asset is talent will be able to maximize the opportunities the MIP markets offer," said Danny Yuan, Chief Operating Officer, ManpowerGroup Asia Pacific and Middle East. "In times of compressed margins and pervasive economic uncertainty, businesses cannot continue to operate as usual. To outpace their competitors, they must look for new possibilities. The sustainable demographic trends observed in Malaysia, Indonesia and the Philippines will enable businesses investing in these markets to successfully grow their operations."

Other factors impacting decisions to locate operations in the "relocation triad" are high workforce productivity and a growing middle-class. The favorable regulatory environment, relative political stability and other practical considerations, such as availability of natural resources, help minimize challenges posed by local skills mismatch, stiff competition for talent or high worker mobility.

Having the right talent is essential to business success. Years of experience developing the right talent communities, and a

thorough understanding of local market conditions assure ManpowerGroup's unmatched expertise in the MIP countries, and make it uniquely qualified to support businesses expanding to Southeast Asia.

[To download the paper, click here.](#)




ManpowerGroup Solutions: <http://www.manpowergroup.com/wps/wcm/connect/manpowergroup-en/home/solutions-services/manpowergroup-solutions/#.U1aQwvldX-s>

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#### PROS & CONS OF RELOCATING TO THE MIP COUNTRIES

MALAYSIA	INDONESIA	PHILIPPINES
<ul style="list-style-type: none"> <li>• Political stability</li> <li>• Geography: north Asia hub</li> <li>• Well-developed infrastructure</li> <li>• Favorable foreign investment policies and protections</li> <li>• Multiple tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Largest economy in the region</li> <li>• Political stability</li> <li>• Favorable taxation and customs reforms</li> <li>• Economic boom</li> </ul>	<ul style="list-style-type: none"> <li>• Significant tax incentives</li> <li>• Simplified import/export procedures</li> <li>• Geography: trans-Pacific shipping hub</li> <li>• Large English-speaking population</li> </ul>
<ul style="list-style-type: none"> <li>• Potential skills mismatch</li> <li>• Skilled talent shortage (only 27%)</li> <li>• English no longer taught in schools</li> <li>• Emigration of Chinese speakers</li> </ul>	<ul style="list-style-type: none"> <li>• Talent shortage</li> <li>• Worker mobility</li> <li>• Increased wage pressure</li> <li>• Corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Nationality quotas</li> <li>• High cost of infrastructure</li> <li>• Competition for talent</li> </ul>

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MIP Countries: At-a-Glance	Malaysia	Indonesia	Philippines
			
GDP (PPP, Current Int'l \$, 2013) <sup>iii</sup>	\$692.3 B	\$2,388.4 B	\$642.8 B
GDP Annual Growth (2010) <sup>ii</sup>	7.2%	6.1%	7.6%
GDP Per Capita (Constant 2005 \$) <sup>ii</sup>	\$13,213	\$3,880	\$3,560
GDP Per Person Engaged (1990 \$) <sup>ii</sup>	\$24,857	\$11,461	\$8,667
Real Avg Monthly Wages in USD (Aug. 2008) <sup>ii,iv</sup>	\$524.95	\$90.00	\$125.76
Population (2014) <sup>ii</sup>	30.01 MM	253.6 MM	107.7 MM
Working Age Population (15-64) (2014) <sup>ii</sup>	65.7%	67.3%	61.8%
Youth Population 0-14 (2013) <sup>ii</sup>	29.1%	26.6%	34.3%
Employment to Population Ratio (2012) <sup>ii</sup>	58.6%	63.1%	60.1%
Unemployment Rate (2010, 2011, 2012) <sup>ii</sup>	3.4%	6.6%	7.0%
Labor Force by Education – Secondary (2008, 2010) <sup>ii</sup>	55.7%	22.3%	39.2%
Labor Force by Education – Tertiary (2008, 2010) <sup>ii</sup>	24.2%	7.1%	28.0%

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# THE MANPOWERGROUP ADVANTAGE

How ManpowerGroup™ helps businesses win in Southeast Asia:

- **Malaysia** - launched Manpower Academy to close the technical and language skills gaps for recent graduates; since the program was first piloted in 2010, more than 9,500 people have been placed with Manpower Malaysia clients



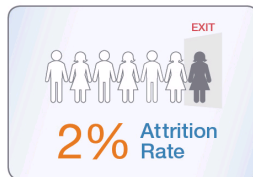
- **Malaysia** - developed customized technical training for a leading global computer systems consulting firm which resulted in a 94% retention rate



- **Philippines** - developed a sourcing, assessment and interview strategy that outperformed client's days-to-hire performance metrics and resulted in hiring more than 200 professionals



- **Philippines** - through continuous client and candidate engagement, and the development of feedback loops, significantly reduced client's attrition rate to 2% when the national average is 50%



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