

CRITERION OF THE MONTH November 2020



What drives an economy to be highly talent competitive?

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The [2020 IMD World Talent Ranking](#), released earlier this month, provided [important insights for transitioning to the post COVID-19 economy](#).

In this edition of the IMD World Competitiveness Center's [Criterion of the Month](#), we outline three important insights:

- Talent competitive countries focus their talent development efforts in a holistic manner, balancing between academic rigor and vocational training to enhance the skills and competences needed
- Their enterprises invest in keeping the workforce motivated — fundamental for sustaining productivity and thus for a smoother transition to a post-COVID-19 environment.
- They are economies that are open to the movement of people and ideas
















The [IMD World Competitiveness Center's](#) World Talent Ranking assesses the extent to which economies are able to develop, attract and retain talent for enterprises operating in those economies. To do so, the ranking evaluates three factors: how an economy fosters the domestic talent ('investment and development'); the extent to which an economy retains

homegrown talent and also draws from the international talent pool ('appeal'); and the quality of the skills and competences that are available in the economy ('readiness').

In 2020, Switzerland and Denmark hold the first and second positions, respectively, for the sixth consecutive year. Luxembourg, Iceland and Sweden complete the five most competitive economies with respect to talent. Austria, Norway, Singapore and the Netherlands remain in the top ten positions with small fluctuations from last year while Canada moves five spots to become the eighth most talent competitive economy. Figure 1 provides the list of the 15 highest-ranked economies in the 2020 ranking.

Figure 1. The 15 top performers in the 2020 IMD World Talent Ranking

Click [here](#) to see the full list of the 63 economies

Overall Rank			Investment & Development	Appeal	Readiness
1	Switzerland		1	1	5
2	Denmark		2	8	6
3	Luxembourg		3	5	19
4	Iceland		4	6	16
5	Sweden		7	4	11
6	Austria		6	11	12
7	Norway		5	10	20
8	Canada		19	3	7
9	Singapore		21	22	1
10	Netherlands		16	7	8
11	Germany		11	9	13
12	Finland		12	15	10
13	Australia		18	16	4
14	Hong Kong SAR		23	18	2
15	USA		17	2	27

Three areas are common to all economies that performed strongly in this year's ranking. They concern (a) education, (b) the pandemic and (c) international talent.

An education system that has all bases covered

First, highly competitive countries focus their talent development efforts on every stage of the educational process. We can be sure of this because each year we measure criteria that capture the quality of education at all levels: primary, secondary and tertiary.

Furthermore, and still education-related, in the most competitive economies, mid- and high-level executives believe that apprenticeships are “sufficiently implemented” and the provision of employee training is a priority for companies.

Table 1 shows five areas we measure that encompass both academic and more vocational aspects.

In all these indicators, the best performers are countries that top the overall talent competitiveness rankings. What do we notice across the board?

- Governments, in addition to the funds allocated for education, are also building institutional frameworks for strong infrastructure, to facilitate apprenticeships and employee training.
- Executives perceive that universities and business schools “align their curricula to the needs of their economies”.
- Enterprises are contributing to the lifelong learning and reskilling of the labor force by prioritizing the need for employee training.

Table 1: Top- and under-performers in criteria related to education

Holistic approach to local talent	Top performers			Under performers		
Total public expenditure on education per enrolled student (US\$)	Luxembourg 29'052\$	Switzerland 24'292\$	Iceland 19'007\$	Indonesia 454\$	Philippines 421\$	India 332\$
Apprenticeships are sufficiently implemented (survey 0-10)	Switzerland 8.86	Germany 8.45	Austria 8.25	Croatia 3.13	Romania 3.11	Slovak Republic 2.39
University education meets the need of the economy (survey 0-10)	Switzerland 9.05	Denmark 8.83	Singapore 8.82	Bulgaria 3.82	Slovak Republic 3.30	Mongolia 4.13
Employee training is a high priority in companies (survey 0-10)	Denmark 7.80	Austria 7.67	Germany 7.61	Bulgaria 4.76	Slovak Republic 4.69	Croatia 3.90
Management education meets the needs of the companies (survey 0-10)	Switzerland 8.59	Denmark 8.31	Singapore 8.16	Bulgaria 4.0	Croatia 3.97	Romania 3.94
Worker motivation in companies is high (survey 0-10)	Denmark 8.22	Austria 7.69	Switzerland 7.60	South Africa 4.0	Croatia 3.94	Slovak Republic 3.73

Motivating the workforce pays off

The second trend in this year’s results is an indication of how the pandemic affected our lives in different ways. The loss of the workplace and the birth of a ‘place from where people work’ has been disruptive for many, not least because of the suddenness with which it occurred.

Throughout the world, those members of the labor force whose tasks can be accomplished remotely are working from home. There are different pros and cons for this reality.

However, as has been pointed out by different researchers, resilient enterprises are those that manage to balance performance KPIs with the motivation of their labor force. The latter is an

important component in the sustainability of workers' efforts when away from both the physical workplace and their co-workers.

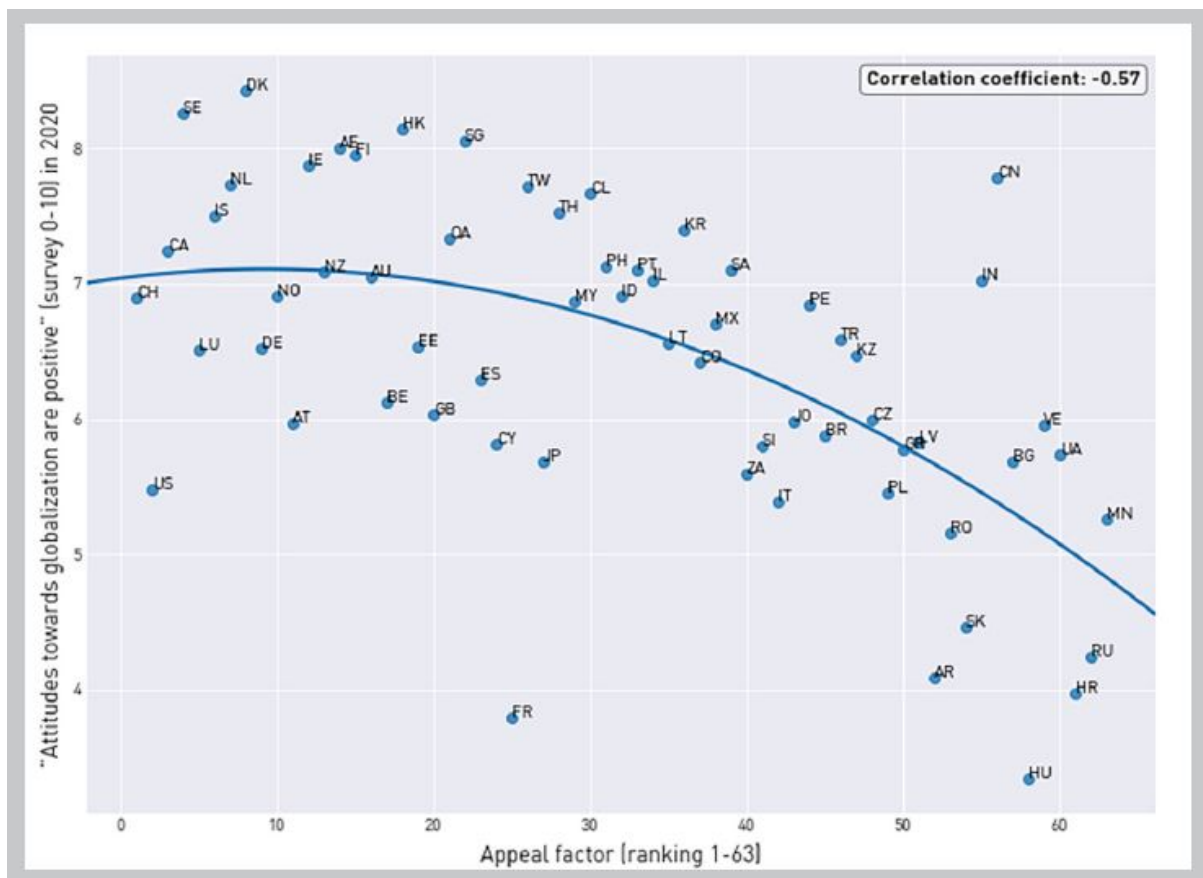
The last row of **Table 1** captures this trend: in the midst of the current crisis, economies that top the talent ranking are also those that executives perceive to have managed to keep the workforce continuously motivated.

Remaining attractive to the outside world

The final aspect that this year's talent heavyweights have in common will come as no surprise: they appeal to an international talent pool. These countries are all open — both to the movement of people and ideas.

Figure 2 captures the relationship between the attitudes that society has towards globalization and the aforementioned appeal factor. It shows that despite its current somewhat restrictive immigration practices, the USA remains open and attractive to overseas talent and can retain the local component of the talent pool.

Figure 2: Relationship between openness and the 'appeal' factor (how well an economy retains homegrown talent and draws from the international talent pool) in the 2020 ranking



Other talent-competitive countries such as Switzerland, Luxembourg, Germany, Austria and Norway also show positive attitudes towards globalization and strong 'appeal'.

As we edge closer to finding a vaccine, we should anticipate further disruption to the way we work and the relationship between our home space and our working environment.

Irrespective of the outcome, balancing academic rigor and vocational training to enhance skills and competences needed, keeping the workforce motivated and promoting frameworks that support the movement of people and ideas will remain necessary to the build domestic and international pools of talent of the future.