

Opening Remarks to the EAPM Executive Meeting, Berlin, 19th January 2007

By Michael McDonnell, President EAPM

These are exciting times for EAPM and the HR associations we represent: The growing shortage of talent offers a real opportunity for people management and development professionals to finally demonstrate the unique strategic contribution that we are capable of making.

Never before have chief executives been so concerned about their human resources. Indeed, the “war for talent” is pretty much the top item of concern in boardrooms all across Europe. The questions being asked are: how do we attract and retain competent employees in a sellers market and how can our organisations devise compensation and benefit packages that will reward and motivate people who are highly mobile and who have become acutely aware of their value?

The challenge is compounded by a general demographic trend where the overall supply of people of working age is in decline across most of the developed world. For example by 2025 the population in the 15 – 64 age group is predicted to fall by 7% in Germany, 9% in Italy and 14% in Japan. And if this wasn't enough the so-called baby boomers are coming up to retirement which may result in a huge talent deficit as companies find it more difficult to replace experienced workers.

While these enormous challenges are a cause of serious concern they are not a reason for despair. Europe has unlimited potential. In my statement in June I said that “Europe's requirements in terms of creating competitiveness and establishing real labour mobility appear to be much greater than the current capacity of its institutions to deliver the necessary changes”. Certainly the European Union's slow pace of legislative and regulatory reform together with a social agenda that too often seems to be anti- enterprise and wealth creation remains a stumbling block to the emergence of a competitive global economy.

Europe's political leaders must find a way of selling the need for change and reform to a sceptical electorate and convince them that such reform does not mean the abandonment of the European welfare model, this is important in both the accession states and the