

A photograph of three people sitting around a table in a meeting. A man in a light blue shirt is in the center, seen from the back. To his left, a woman with dark curly hair is looking down at something on the table. To his right, a woman with long red hair is smiling and looking towards the man. There are glasses and papers on the table.

global labor
shortage and

skills mismatch.

which policies could help turn the wheel?

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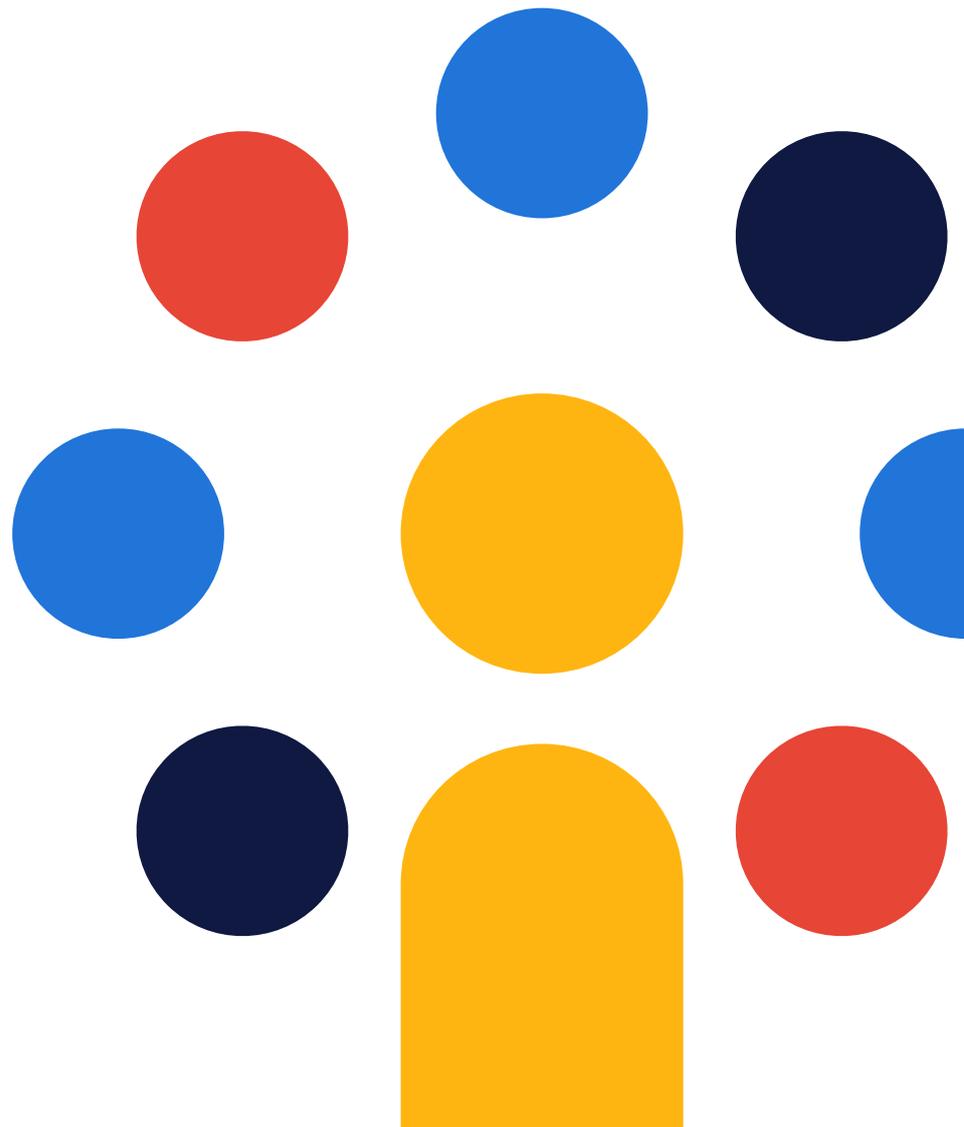
36 contact



1. global labor shortage and skills mismatch...

🕒 5 min. read

📅 2022







...which policies could help turn the wheel?

introduction

Labor market trends such as increased digitalization, new forms of work, demographic change, labor shortages across sectors, and job polarization have been accelerated by the COVID-19 pandemic, changing labor markets and evolving the nature of work. Individual and organizational work preferences and attitudes are changing.

Research has shown that there will be an estimated talent shortage of over 25 million people in the US by 2030, and Europe will face a talent shortage of 35 million people by 2050.⁹¹ The global aging population, workers' desire for higher wages, and the increased demand and need for tech-related skills all play a role in talent shortages today.

And while the labor shortage did not start with the COVID-19 pandemic, it certainly exacerbated the shortages in the labor market.

Understanding what causes labor shortage and skills mismatch will help stakeholders overcome the ensuing disruptions. What policy response is needed to help turn the wheel?





recommendations for a policy response

Talent shortages and skills mismatch are putting economic growth and new job creation at risk. In industries such as manufacturing, logistics, healthcare, IT, education, and e-commerce consumption is increasing and production rates are decreasing because employers simply cannot find enough people with the right skills to fill their vacancies.

Companies are also facing supply chain management issues and quickly rising inflation. At the same time, a recent Gartner survey shows that investment in new technology is hampered due to a lack of the skills required.⁰²

These challenges call for a joint approach, with all stakeholders taking responsibility for their own piece of the puzzle. Governments need to set the scene by providing policies

and instruments as well as basics such as a regulatory framework that ensures decent work for all. Employers should foster all talent, including those who need support to (re-) access the labor market. And finally, workers should be more aware that they need to invest in reskilling and upskilling, with digital competencies being indispensable. Only then will they be able to navigate the rapidly changing labor market now and in the future.



The policy response at all levels needs to be given priority and strengthened and we believe this can be done by focusing on the following points:



- 1 Prioritize raising awareness on skilling, including reskilling and upskilling, ultimately empowering people to acquire the skills they need to navigate the changing world of work.



2 Increase labor participation through Active Labor Market Policies, facilitating and supporting cross-sectoral mobility and transitions to increase labor participation.



3 Broaden the talent pool by fostering all talent, leaving no one behind and including those who need support to access the labor market.



2. the untapped potential.

9 min. read

2022

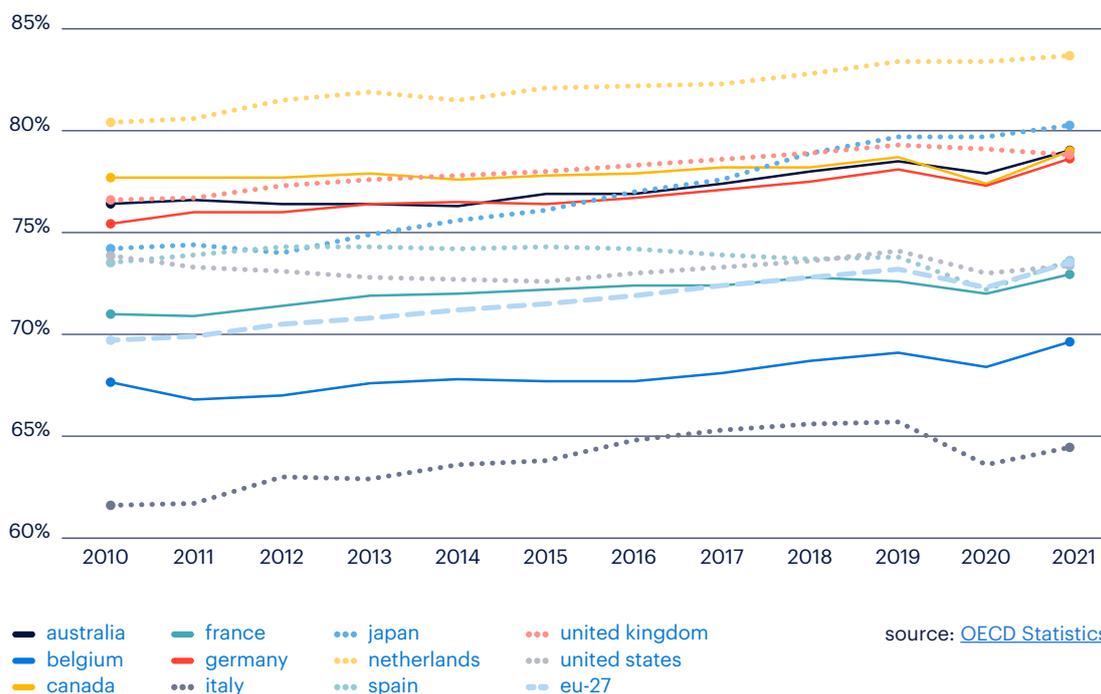
overall employment

In order to understand how current labor shortages impact labor markets across the world, it is important to be aware of the diverse groups in the labor market and their labor participation rates.

To overcome labor shortage, we need to think of how inactive groups could be activated, as this will help broaden the overall talent pool in order to ensure a sustainable, diverse and inclusive labor market in the end. In 2020, the

average labor participation rate in the EU was 72.4%.⁰³ The lowest rate was 61.1% for Greece, while the highest was 82.1% for Iceland. Apart from Greece, Italy also scores well below average at 62.6%.

labor force participation in selected countries



source: [OECD Statistics](#)

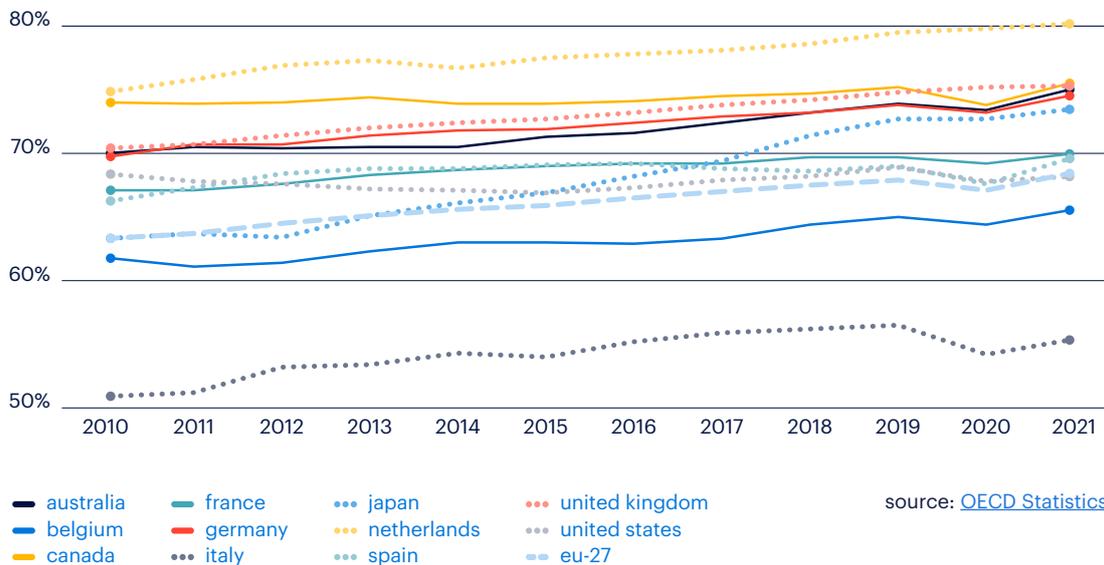




women

For several decades, women's labor participation has been rising all over the world. Each new generation of women has had a stronger role on the labor market than the previous one.

labor force participation women in selected countries



Higher participation in education and higher educational degrees have also played a role in attracting and retaining women to the job market. There are important cultural reasons for this, but the increase has also been enabled by technical progress simplifying housework, freeing up time for caretakers, which in most countries are women. Female education, cultural attitudes and gender discrimination remain major factors in female participation rates.

Unfortunately, the COVID-19 crisis has had an unequal impact on women, youth and minorities. They were significantly affected by the rise in informal and unpaid work during the pandemic. According to the ILO 2021 statistical brief, young women are the ones to have "truly borne the brunt of the COVID-19 crisis" due to informal childcare work when educational institutions were temporarily closed down.⁰⁴ In fact, women spent on average three times more than men in informal housework during this pandemic phase.⁰⁵



Female participation rates are an important factor in increasing overall participation growth. This can be enhanced by:

- introducing an equal tax treatment plan, under which non-single women are taxed the same as single women and men;
- the availability of qualitative childcare solutions (in the right place and for the right hours);
- the availability of diverse forms of work, such as part-time work, temporary agency work, etc. in order to combine work and family responsibilities.





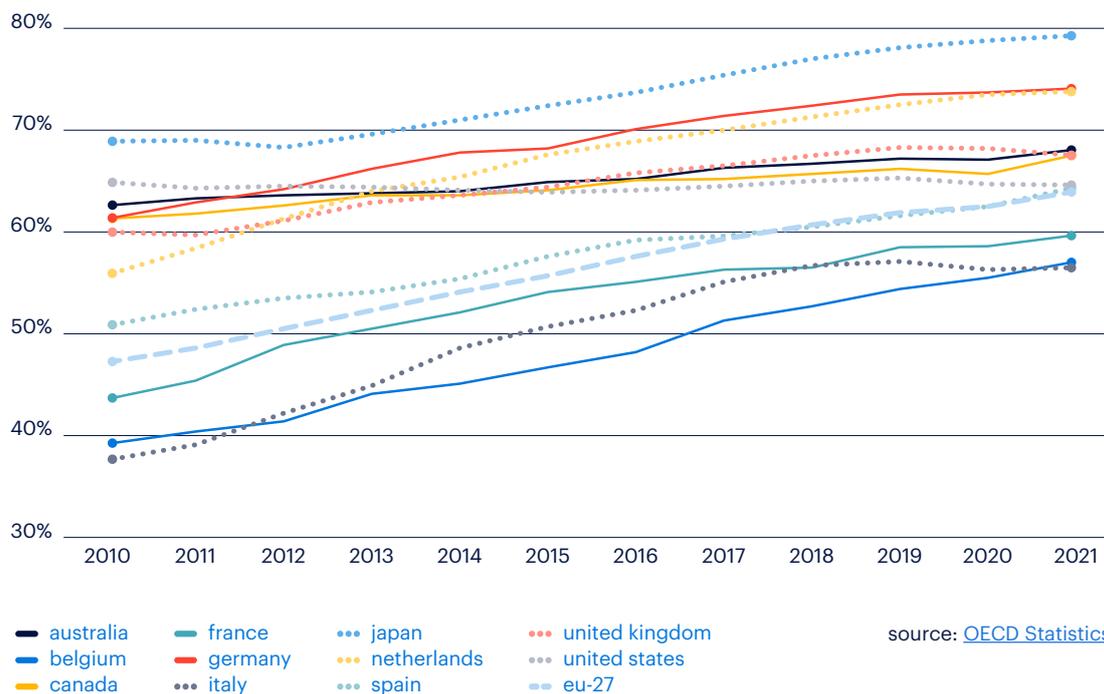
older workers

In addition, the importance of the fifty-plus category should not be overlooked. In the OECD’s aging nations, they will play an important role in the multi-generational future world of work.

In addition, the importance of the fifty-plus category should not be overlooked. In the OECD’s aging nations, they will play an important role in the multi-generational future world of work. Many point merely to ‘boosting’ the healthcare workforce to deal with increasingly aging populations, but aging workers themselves will prove to be essential as an active part of the reskilled and upskilled global human capital going forward. Instead of forcing retirement of aging workers and facilitating the ongoing great retirement movement, it is important that all stakeholders consider how to best redeploy this group through reskilling and upskilling. Although many people over 55

are willing and able to work, the participation rate of this group is relatively low compared to the national average. To make it easier for this age category to keep active, retirement policies need to be addressed. Currently, if people postpone their retirement by a year, this is rarely reflected in correspondingly higher pensions later on, despite their extra contributions. This is already problematic at ages between 60 and 65, but after 65, the disincentives to work become almost prohibitive in some countries. In our society, where people are fitter for a lot longer and carry invaluable knowledge and experience, we should be free to engage in “active aging”.

labor force participation 55+ population in selected countries



source: [OECD Statistics](#)





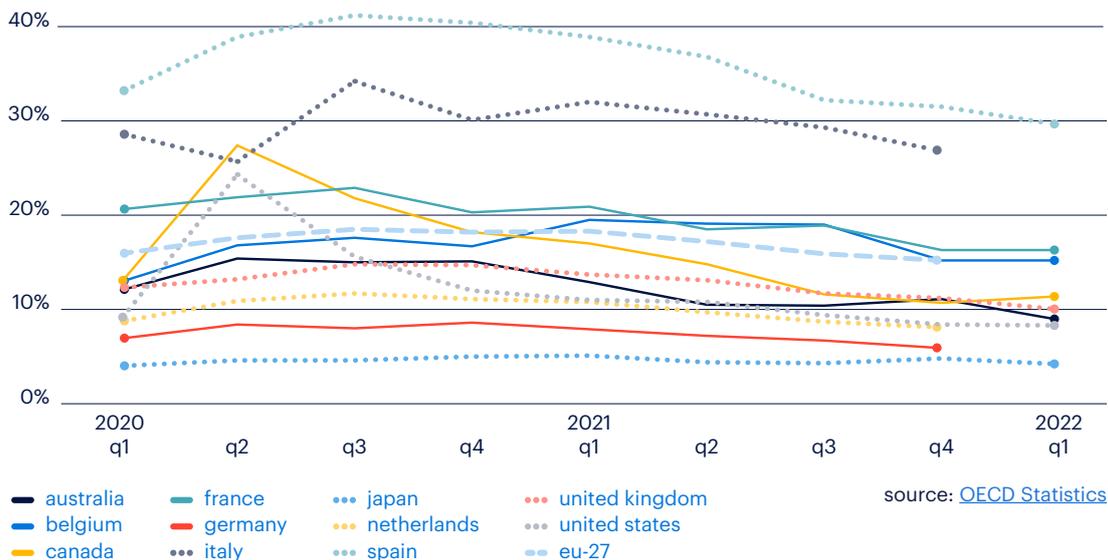
Encouraging people to work longer and retire later can be realized through:

- improving the employability of older workers through increased investments in re- and upskilling, including vocational education training possibilities.
- getting financial incentives rights in order to ensure that older people do not face a large implicit tax if they chose to continue to work longer;
- ensuring that next to financial incentives, other welfare benefits, like unemployment and disability benefits, are not used as alternative pathways to an early exit from the labor market.

younger workers

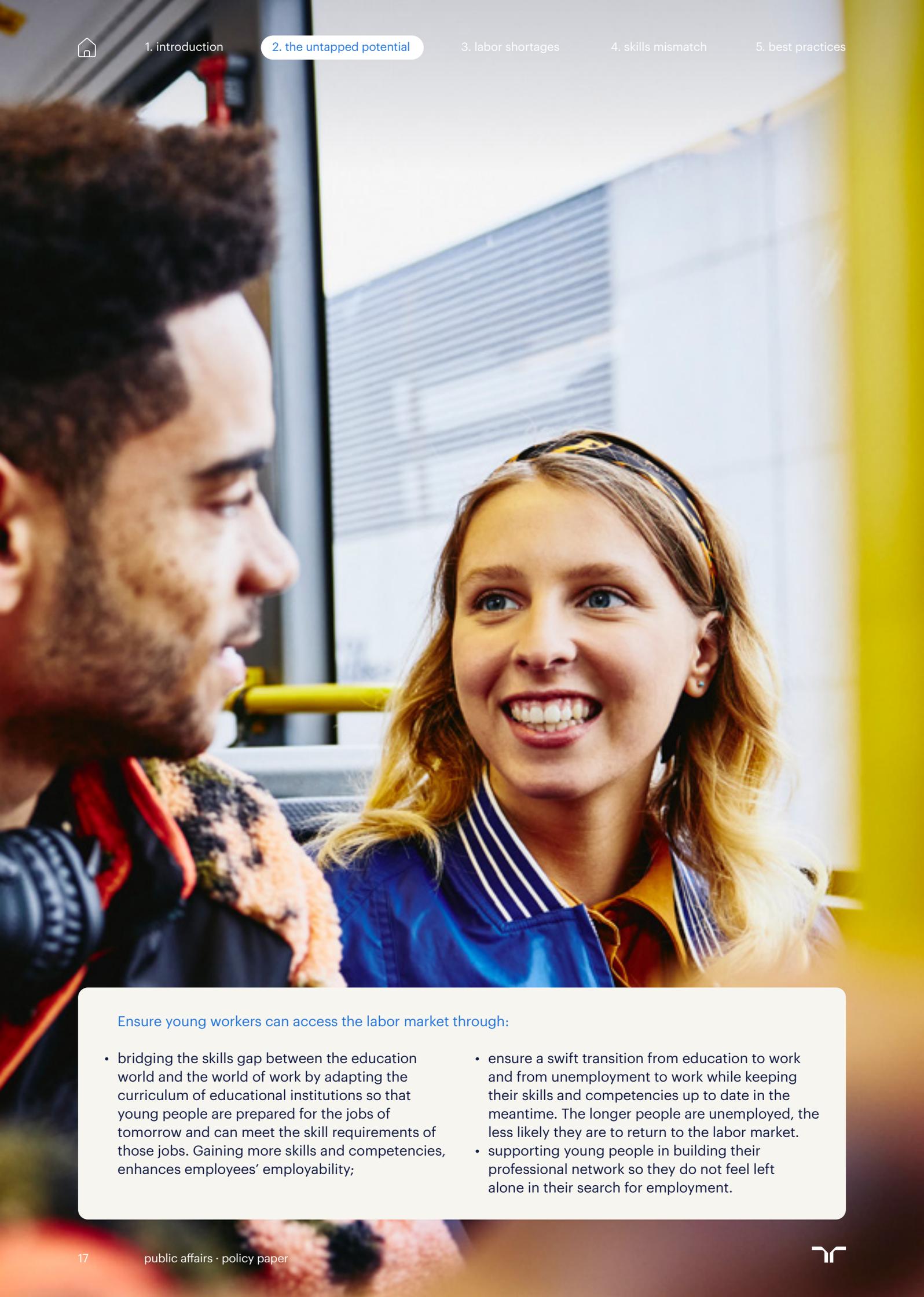
The global pandemic has also severely impacted young people across the world. They have suffered from disruption in education due to school and university closures, decreasing economic opportunities, and limited social connections.

youth unemployment in selected countries



To prevent these young people from becoming a lost generation that will be struggling for decades to come, all stakeholders involved need to take this on as a joint responsibility. As pointed out in the World Economic Forum (WEF) Global Risks Report 2021, “today’s youth already bear the scars of a decade-long financial crisis, an outdated education system, and an entrenched climate crisis, as well as violence in many places”.⁰⁶ And the COVID-19 crisis has meant that youth unemployment has reared its ugly head once again. This contingent situation renders this

issue even more dramatic in developing nations, where youth unemployment rates are two to four times higher than adult unemployment rates.⁰⁷ When thinking about increasing labor participation, it therefore makes sense to focus on youngsters that are neither in employment, nor education, the so-called NEETS. To help youngsters gain work experience in the labor market, organizations will need to incorporate both formal and informal programs and initiatives that specifically focus on the inclusion of younger workers.



Ensure young workers can access the labor market through:

- bridging the skills gap between the education world and the world of work by adapting the curriculum of educational institutions so that young people are prepared for the jobs of tomorrow and can meet the skill requirements of those jobs. Gaining more skills and competencies, enhances employees' employability;
- ensure a swift transition from education to work and from unemployment to work while keeping their skills and competencies up to date in the meantime. The longer people are unemployed, the less likely they are to return to the labor market.
- supporting young people in building their professional network so they do not feel left alone in their search for employment.

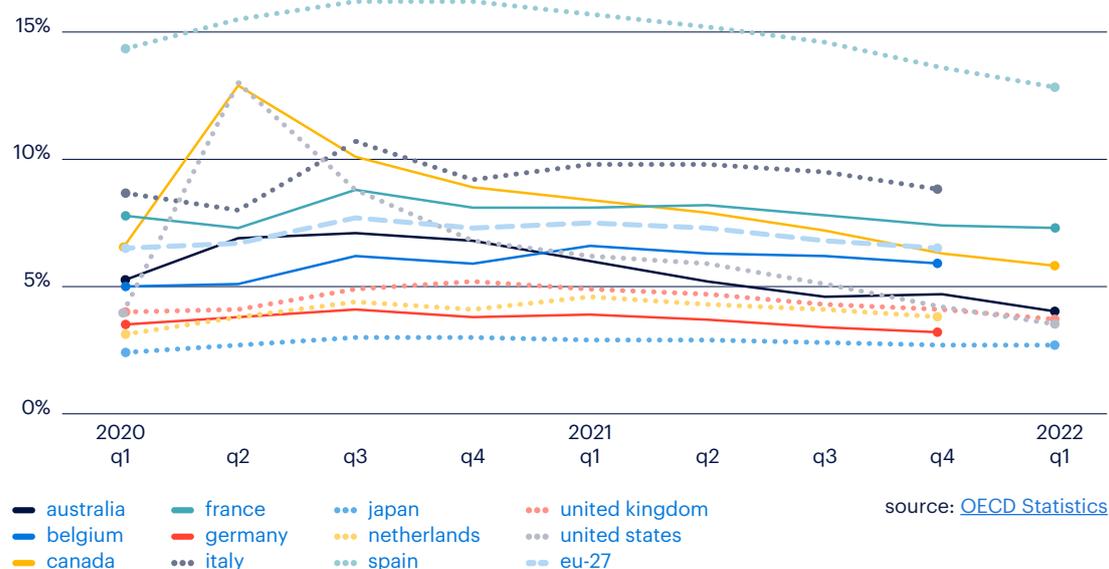
the unemployed

The unemployed are people of working age who are without work, are available for work, and have taken specific steps to find work.

Across the world, we see unemployment decreasing now that we are coming out of the pandemic phase and moving into the recovery phase. At the Porto Social Summit, all social partners committed to the 2030 social targets, which include that by 2030 at least 78% of people aged between 20 and 64 should be in employment. This commitment was taken at the first day of the Social Summit in Porto by the President of the European Commission, the President of the European Parliament, the Portuguese Prime Minister currently holding the Presidency of the Council of the EU, the European social partners and civil society organizations. In 2021, the average employment rate in

Europe was 74%, with 10 countries on or above the target (Czech Republic, Denmark, Germany, Estonia, Hungary, Netherlands, Sweden, Iceland, Norway, and Switzerland).⁰⁸ Due to aging populations, labor markets around the world will be impacted by “the great retirement”, which started in 2010, for many years to come. The question of how to raise participation levels will therefore remain very relevant. In addition, we see that the lower the level of education, the higher the level of unemployment. As this is a trend we also see within sectors, it would make sense to develop more sustainable forms of employment for those with relatively lower education.

unemployment in selected countries

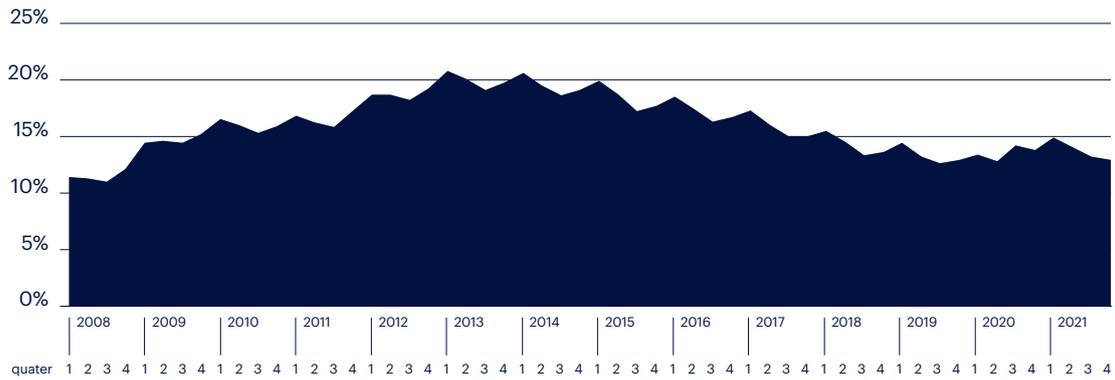


source: [OECD Statistics](#)

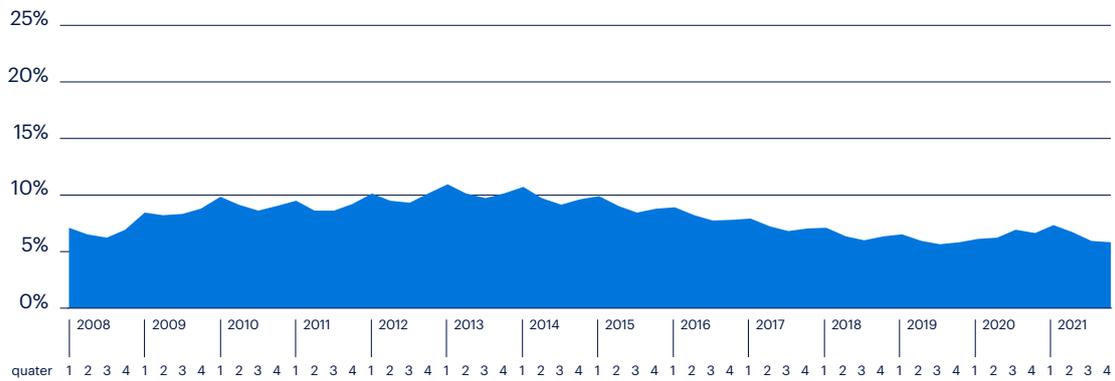




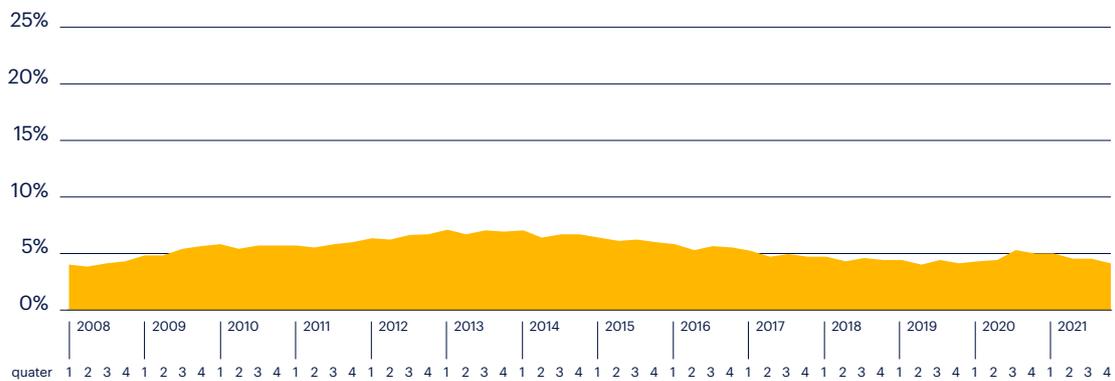
unemployment rate eu-27



● less than primary, primary and lower secondary education (levels 0-2)



● upper secondary and post-secondary non tertiary education (levels 3-4)



● tertiary education (levels 5-8)

source: Eurostat





Increasing participation rates can be realized through:

- Active Labor Market Policies (ALMPs), valuable public and private collaborations can provide extra support to those who would otherwise find it difficult to access the labor market and acquire meaningful work experience. The success of these policies depends on the extent to which they are aligned with labor market needs.
- Collecting and sharing accurate labor market data is essential for qualitative collaboration between public and private employment services. This will make it possible to plot current and future needs against capabilities, enabling us to predict labor market demand. Such labor market insights help to better prepare for tomorrow's realities, and provide workers with the best information about their options. Accurate data will also facilitate seamless, skills-based transitions for workers, enabling deeper personalization for individual career paths.
- Offering diverse forms of work through modern labor laws, collective agreements and work organization.





3. labor shortages.

4 min. read

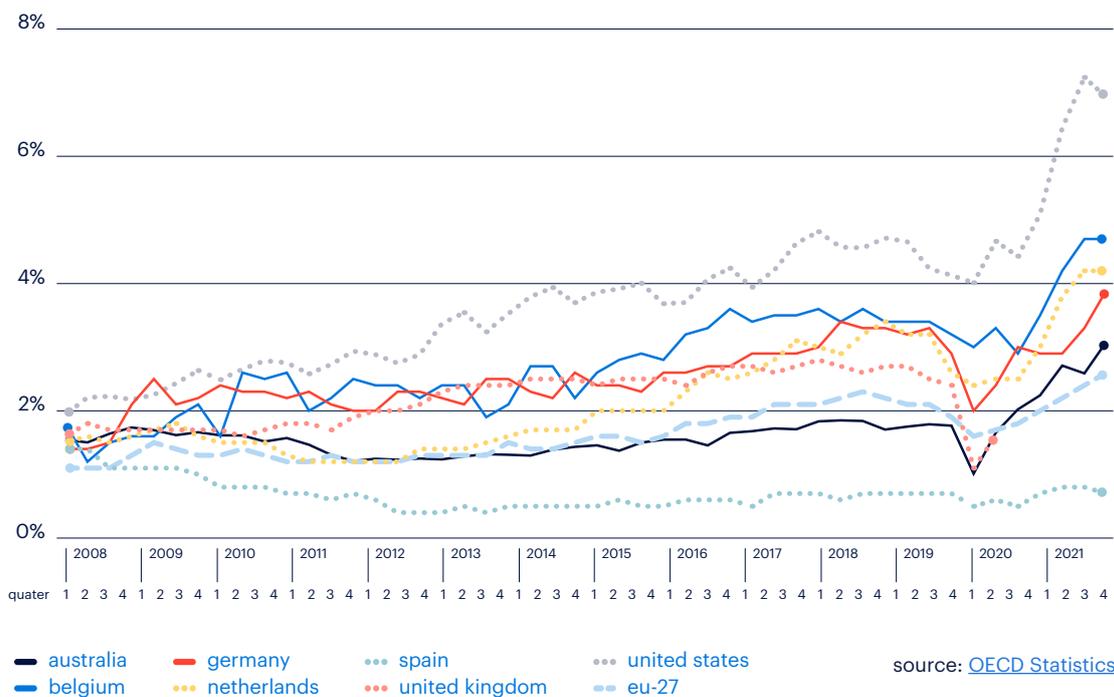
2022

As pointed out by Forbes, the US labor market is extremely tight right now with more than 11 million job openings and only 6 million unemployed workers actively looking for work.⁰⁹

Several factors explain where the missing workers went. The pandemic prompted a wave of early retirement. Many workers left the labor force to start their own small businesses. And others exited the labor force temporarily; they would be willing to come back, but not quite yet. In addition, immigration had already been

falling since 2016, and it plummeted once the pandemic hit. The graph below shows the average vacancy rate in select countries, which is now well above the global average of around 2% for the past years. Naturally, certain countries - and especially the US - experience relatively higher vacancy rates than others.

vacancy rate in selected countries



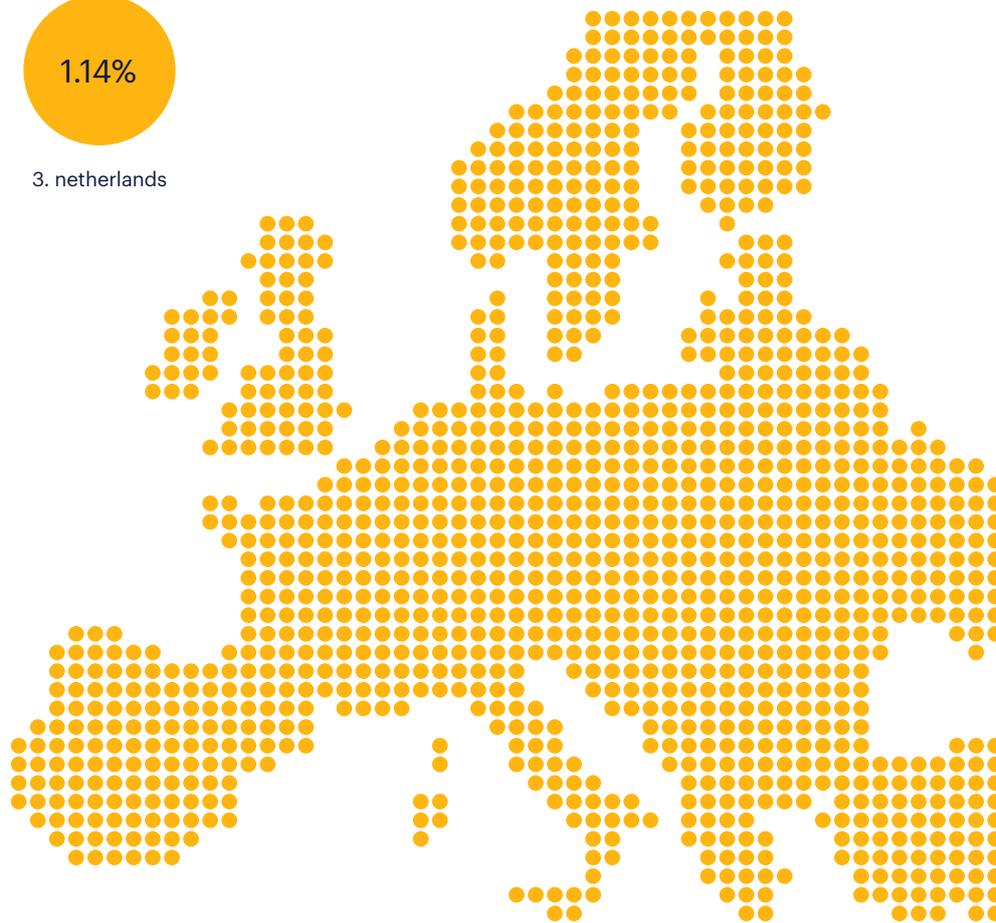




In the graph below, Eurostat data show that of 18 countries in Europe, the labor market in the Czech Republic appears to experience the most scarcity. At the end of 2021, there were almost twice as many unfilled vacancies in that country as there were unemployed.

In Germany and the Netherlands, the ratio was also above 1. In the other 15 countries, however, there were still more unemployed than vacancies. In some countries, the level of unemployment is in fact very high.

labor market scarcity in Q4 2021



4. norway	0.82%	8. latvia	0.42%	13. croatia	0.23%
5. hungary	0.68%	9. poland	0.38%	14. portugal	0.16%
6. iceland	0.56%	10. estonia	0.35%	15. bulgaria	0.15%
7. luxembourg	0.51%	11. sweden	0.33%	romania	0.15%
		12. lithuania	0.26%	16. slovakia	0.14%

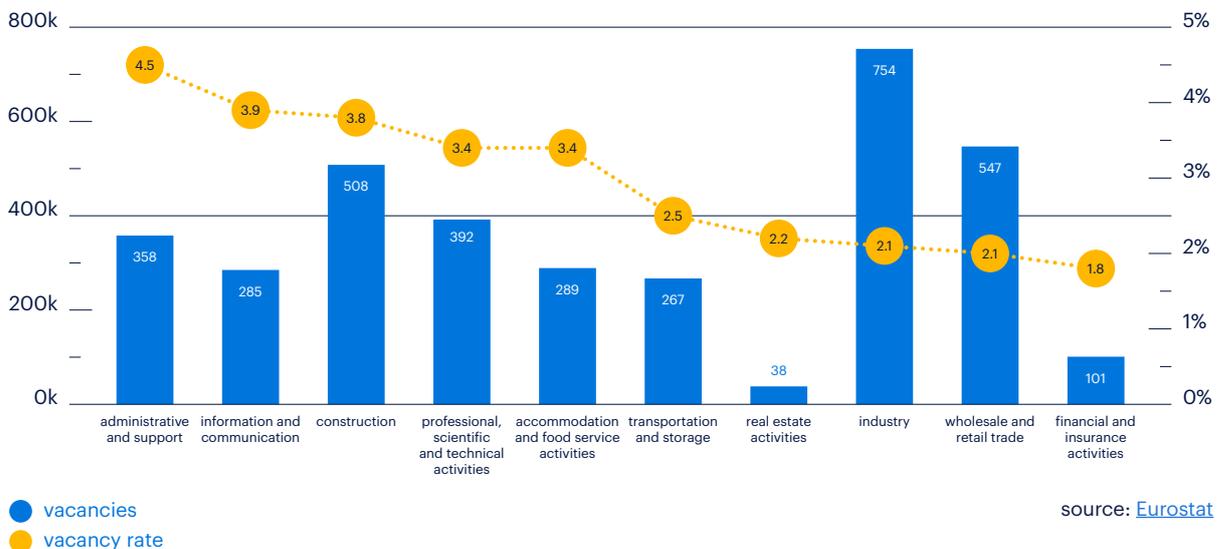
sources: [eurostat 1](#) [eurostat 2](#)



sectors most impacted by labor shortages

Labor shortages can have a huge societal impact, driving the need for an enhanced view on migration policies. Especially in the healthcare and educational sectors, heavily impacted during the pandemic, people are needed now more than ever to keep these sectors alive as due to an aging society, people are flowing out of the labor market.

vacancies by business sector eu-27, 2021 q4



At the same time, those who want to pursue new work opportunities or change career paths may not be following through because they lack particular skills. This is complicated by the fact that changing from one sector to another is not always supported by sectoral

training funds, making it even more difficult to change from, for example, a declining industry such as financial services or administration to a growing industry such as healthcare. The graph below shows which sectors are most impacted by labor shortages.



4. skills mismatch.

4 min. read



Technology and automation have indelibly changed the nature of employment, as well as the structure of the labor market, ultimately increasing the divide between repeatable and non-repeatable practices.

Already today, 60% of current occupations have tasks of which 30% could be automated.¹⁰ In fact, McKinsey Global Institute studies indicate that, by 2030, intelligent agents and robots could replace up to 30% of current global human labor.¹¹ Although technologies make some roles obsolete, they also create new roles, many of which are more desirable than those they replace. A recent study has suggested that although 20 million of the UK workforce will have to change occupations by 2030, an estimated six low-skilled jobs are going to be created per ten new high-tech positions.¹² This is consistent with historical trajectories of major technological changes, as automated

improved processes require more human labor activities in the processes that have not been automated. In sum, once a task is automated, its increased productivity will require more human labor to support non-automated functions. Just think of the need for supervisors, engineers, and IT support employees in a retail store with electronic self check-outs. In addition, the changing technological landscape has enabled the growth of diverse forms of work. These allow corporations to quickly adjust their workforce's size and composition, which would be impossible without the technological change and training that has enabled increased positional agility.¹³





top 20 job roles in increasing and decreasing demand across industries

↑ increasing demand

1. data analysts and scientists
2. ai and machine learning specialists
3. big data specialists
4. digital marketing and strategy specialists
5. process automation specialists
6. business development professionals
7. digital transformation specialists
8. information security analysts
9. software and applications developers
10. internet of things specialists
11. project managers
12. business services and administration managers
13. database and network professionals
14. robotics engineers
15. strategic advisors
16. management and organization analysts
17. fintech engineers
18. mechanics and machinery repairers
19. organizational development specialists
20. risk management specialists

↓ decreasing demand

1. data entry clerks
2. administrative and executive secretaries
3. accounting, bookkeeping and payroll clerks
4. accountants and auditors
5. assembly and factory workers
6. business services and administration managers
7. client information and customer service workers
8. general and operations managers
9. mechanics and machinery repairers
10. material-recording and stock-keeping clerks
11. financial analysts
12. postal service clerks
13. sales rep., wholesale and manuf., tech. and sci.products
14. relationship managers
15. bank tellers and related clerks
16. door-to-door sales. news and street vendors
17. electronics and telecoms installers and repairers
18. human resources specialists
19. training and development specialists
20. construction laborers

source: [Future of Jobs Survey 2020, World Economic Forum](#)

The [World Economic Forum](#) estimates that we will need to reskill more than 1 billion people by 2030. In addition to digital skills, specialized interpersonal skills will be in high demand in the new hybrid workplace. As jobs evolve and require new skills, hiring managers need to focus less on formal degrees, and more on finding talent whose current soft and hard skills match the role. According to OECD estimates, more than 1 billion jobs, or almost one-third of all jobs worldwide, are likely to be transformed by technology in the next decade. The good news is that many of the top skills in fast-growing and higher-paying roles are similar to skills in other fields. For example, a cashier has 70% of the skills needed to be a customer service representative, and a driver has 57% of the skills needed to become a supply chain associate.¹⁴

Unfortunately, employees (particularly blue-collar workers) still think that their employer or their government will take up the responsibility to re- and upskill them, even if they work in a so-called decreasing industry, an industry where job creation is decreasing instead of increasing. Workers, governments and businesses alike must therefore be inspired to accept joint responsibility and be stimulated to prioritize the development and delivery of agile education and training systems that respond to changes in the world of work. This includes better systems to ensure high-quality lifelong learning aligned with all life phases, digital skilling, and relevant vocational training.



making the best matches

As a company, Randstad sees the possible in people, and we help them realize their true potential and stay relevant in the ever-changing world of work. We focus on connecting with talent, because we understand the importance of a job in a person's life. By focusing on the relationship with talent, we also contribute to our clients' success and help both talent and clients achieve their goals and ambitions. Now more

than ever, we feel responsible for making the best matches. This is why, every year, Randstad is involved in the development and implementation of many social innovation programs aimed at improving people's employability and promoting equal opportunities for those in need of additional support. We want to contribute, with our everyday actions, to a dynamic and sustainable labor market in which no one is left behind.



5. best practices.

5 min. read

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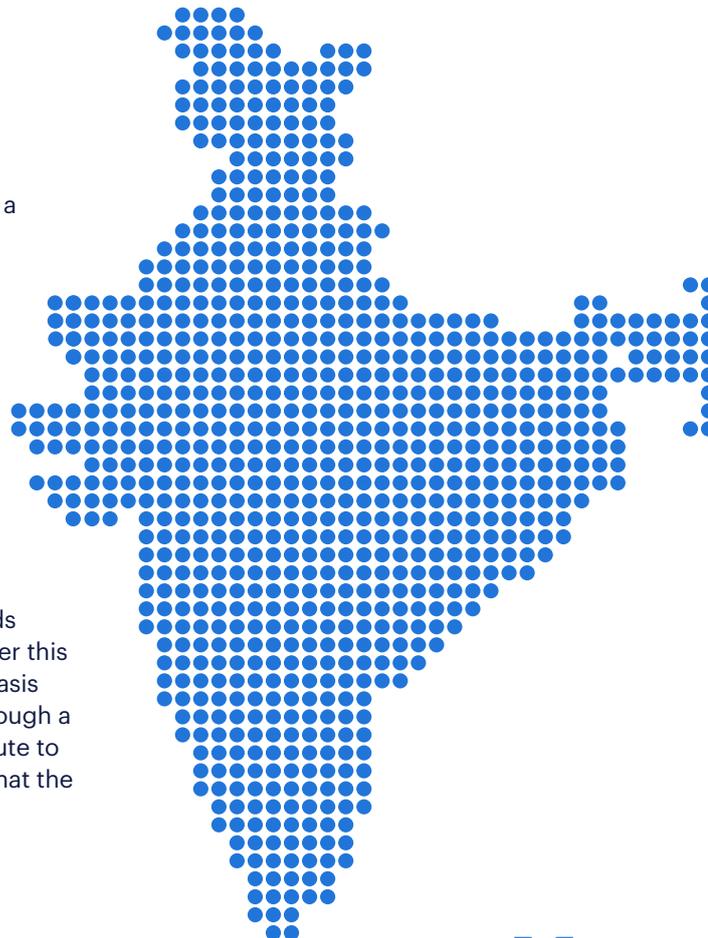
recommendation 1

Prioritize raising awareness on skilling, including reskilling and upskilling, ultimately empowering people to acquire the skills they need to navigate the changing world of work.

best practices example

randstad skilling academy · india

To address the talent gap challenge, Randstad India has established the Randstad Skilling Academy (RSA). RSA is a fully-funded initiative by Randstad that offers in-demand skills training to talent, guided by a larger vision to help today's workforce meet immediate and future industry requirements. Rather than following a conventional content-based learning approach, RSA is driven by hands-on learning with live project assignments, case studies and incremental assessment, ensuring a participant's successful learning. The RSA works across sectors as per industry needs. The RSA works with clients to help them reskill and upskill both current and prospective employees, training them on both soft and hard skills. The RSA's association with some of the largest training providers in the country lends credibility to the entire model of hire-train & deploy. Under this approach, talent is initially evaluated and select on the basis of general skills and organizational fit and then taken through a specific training module to better equip them to contribute to client organizations as well as getting them aligned to what the market demands in terms of skills.





best practices example

randstad talent training program · japan

Randstad Japan focuses on three elements of talent career development: 'career planning', 'skill development' and 'work experience'. To cover these three elements, they provide our temporary workers with career support through 'My Career Notebook', 'Skill Development Support' and 'Diverse Job Introduction'. As part of the career planning program, temporary workers complete a self-analysis and set goals for their future career development in their personal My Career Notebook, which is provided by Randstad. Randstad consultants subsequently provide career consulting on various concerns and challenges related to their career development. Through the Skill Development Support program, Randstad Japan offers e-learning programs aimed at improving both job-related and communication skills, helping temporary workers develop their careers. Currently, 113 online curricula are available for learning. Temporary workers can spend as many hours as they want on training and select modules depending on their desired career path and the skills they wish to develop.



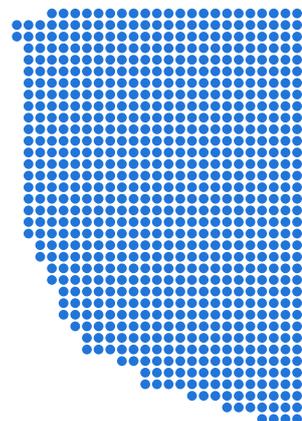
recommendation 2

Increase labor participation through Active Labor Market Policies, facilitating and supporting cross-sectoral mobility and transitions to increase labor participation.

best practices example

randstad baanbrekend · the netherlands

The Dutch program Baanbrekend is a good example of a public-private partnership that supports unemployed people in getting back to work. Participants range from young talent new to the labor market to those who have been on government support. This co-creation between the Dutch municipalities, Public Employment Services UWV, and Randstad Netherlands started in 2010 and showcases how well such a partnership works in practice. Increasing labor participation by making use of an untapped talent pool increases labor market productivity and efficiency. This is needed now more than ever, given the effects of demographic change, talent shortages and skills mismatches on the labor market. Research has shown that the chances of being employed is estimated to be four times higher when someone is supported by a program such as Baanbrekend. As Randstad, we make available our network and database of vacancies, and we work side by side with all stakeholders. Through our expertise as a labor market intermediary, we guide and coach people, finding the right match for them with meaningful and sustainable work and enhancing their ongoing employability.





recommendation 3

Broaden the talent pool by fostering all talent, leaving no one behind and including those who need support to access the labor market.

best practices example

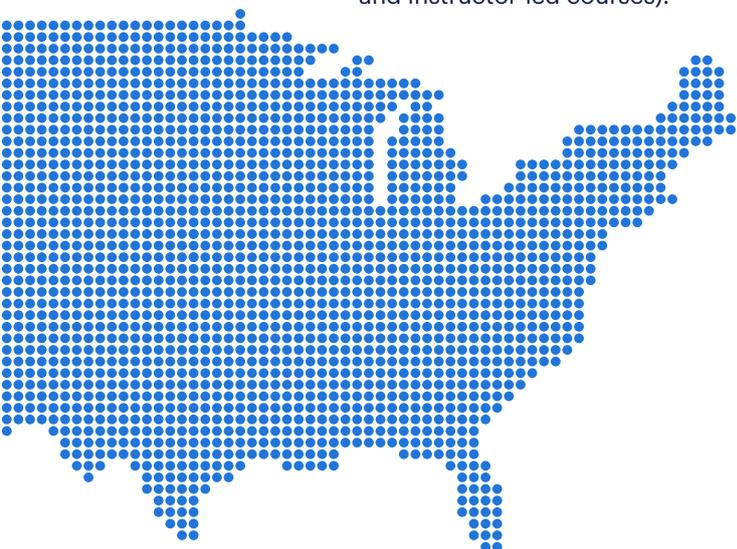
transcend · us

Our Transcend program in the US is skilling talent from underserved or marginalized populations and placing graduates on the job path with our clients and community partners. Since the inception of the Transcend program, we have focused on three areas to include program/curriculum development, partnership strategy, and our sourcing strategy:

- Program/Curriculum Development: We developed a comprehensive program that encompasses the skill development touch points for the most pressing roles and development opportunities across account management, financial services, non-clinical healthcare, and technology. The program includes soft skills focused on mentorship, résumé development, interview coaching, and professional development (administered by a Leadership & Professional Development Professor from Morehouse College) as well as hard skills (offered through on-demand and instructor-led courses).

- Partnership Strategy: We engaged TechBridge (based in Atlanta) as our national skilling partner, where there are two paths within the Technology Vertical: Tech Fundamentals and Tech Specialized.
 1. Tech Fundamentals allows participants to experience on-demand learning (learner gains access to knowledge-based content in real time, anywhere and at any time) via Udemy.
 2. Tech Specialized is more intense with a commitment of at least 12 hours per week of instruction focused on market-relevant course offerings and/or employer customized training. The instructor-led portion occurs in the evenings and leads to national certifications relevant to KP, including Microsoft Azure and other relevant tech training.
- National Sourcing Strategy: We have engaged Urban Strategies (based in St. Louis with resources in 30 markets) to lead the national sourcing of participants to the Transcend program.

Transcend has engaged more than 100 participants with a skills-first model approach, and the participants are now prepared for job opportunities where they can leverage their combined experience and transcend skill development.







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we would love to hear your
thoughts and comments,
let's start a conversation.

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human forward.