

# The global workforce shortage

Where to find opportunity  
amid a talent crunch





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# There's a global workforce shortage and it's getting worse

If hiring falls within your job responsibilities, it's probably not news to you that companies across a variety of industries are finding it hard to attract and retain talent. The U.S. Chamber's 2022 Worker Shortage Index reports that there are 66 workers for every 100 open jobs in the U.S.,<sup>1</sup> which results in increased competition among employers to find qualified candidates, as well as longer job vacancies across sectors.

The bad news for employers is that that talent deficit trajectory is not going to improve anytime soon. In fact, by 2030 it is projected to number 85.2 million people worldwide (roughly equivalent to the population of Germany) across all skill levels.<sup>2</sup> Not only will that make finding people with the right knowledge and experience more difficult, but it will come at a steeper cost. Without the necessary employees, no company can earn to its full potential. The price of missing out will reach into the trillions of dollars in lost economic opportunity.

Compounding the issue of the looming talent deficit is another significant, less gradual, wide-reaching event that rocked the employment economy: the covid-19 global pandemic. The most disruptive economic event in the last 20 years,<sup>3</sup> covid-19 complicated the longer-term workforce shortage by introducing an urgent need to figure out a way to keep operations running in the immediate term.

The workforce shortage + the pandemic = a serious overhaul in talent strategy

Indeed, the pandemic fast-tracked changes to the workplace that were already coming down the pike, including the prevalence of remote work and the skills, technologies and people management strategy necessary to support a distributed workforce.<sup>4</sup> To continue operations, companies worldwide adjusted in a matter of weeks or days (and in some cases, even overnight) to a work-from-home model. What we now know is that this reactionary response eventually evolved into a more permanent change in how work gets done.

But remote work wasn't the only big change to impact the employment market because, for the first time, employees' willingness to resign from their jobs became a pressing issue for many businesses across the globe. Now known as the Great Resignation,<sup>5</sup> scores of companies saw employees voluntarily resign from their positions for a variety of reasons, including in reaction to mandates to return to in-person work, lack of flexibility and work-life balance, and geographic relocation that occurred during the pandemic (an employee moving to another city or state, for example).

From the ongoing workforce shortage to the global pandemic, these two seemingly unrelated issues revealed that employers that want to succeed must design new paradigms about:

1. How they attract, retain and support their employees
2. How to upskill existing workforces and train employees to fill future needs
3. Where, when and how work gets done

1. <https://www.uschamber.com/workforce/america-works-data-center>

2. <https://www.kornferry.com/insights/this-week-in-leadership/talent-crunch-future-of-work>

3. [https://www.business-standard.com/article/current-affairs/covid-19-is-the-most-disruptive-event-in-modern-history-mukesh-ambani-120081500970\\_1.html](https://www.business-standard.com/article/current-affairs/covid-19-is-the-most-disruptive-event-in-modern-history-mukesh-ambani-120081500970_1.html)

4. <https://www.safeguardglobal.com/resources/global-employment/how-to-manage-a-remote-workforce>

5. <https://www.safeguardglobal.com/resources/news-and-events/the-great-resignation-and-the-future-of-work>

# Now is the time to prepare for what's coming and position your company to withstand, and even prosper from, the widening employment gap.

To do that, you need to understand how the global talent crunch will affect specific industries and countries, as well as how to build a forward-looking strategy<sup>6</sup> to attract new talent, generate needed skill sets and expand where the best hiring opportunities lie.



**Australia**

Over 31% of businesses say they're struggling to find qualified and skilled workers for open positions, according to Australian Bureau of Statistics data.<sup>7</sup>

These shortages are impacting every industry in the Australian market, disrupting production, impacting supply chains and stalling business expansion.



**Germany**

Labor shortages, uneven migration and an aging workforce are impacting Germany's economy. The smaller workforce also must shoulder the task of financing the pensions of a growing mass of retirees who are enjoying longer life expectancy.<sup>8</sup>



**New Zealand**

Although New Zealand's job market is relatively robust with many job opportunities, there is a limited number of skilled workers, especially since the pandemic sealed off the job market (and the country) to the rest of the world. Particular need is in the construction sector.<sup>9</sup>

6. <https://www.safeguardglobal.com/resources/blog/how-companies-can-succeed-despite-the-global-talent-shortage>

7. <https://www.safeguardglobal.com/resources/global-employment/australia-hiring-foreign-workers>

8. <https://www.reuters.com/world/europe/germany-wants-attract-400000-skilled-workers-abroad-each-year-2022-01-21/>

9. <https://www.teletracnavman.co.nz/company/press/nzs-civil-construction-industry-battles-resource-shortages-and-escalating-costs-to-meet-heavy-demand-for-infrastructure>



## What overarching factors fold into the global workforce shortage?

### Automation and technology

This sector plays a unique position in the worker shortage issue. On one hand, automation can create a reduction in jobs; for instance, automation is expected to relieve humans of more than 5 million jobs by 2025, and by 2030 it's predicted that mid-level jobs will become pretty much obsolete.<sup>10</sup> With increased use of Artificial Intelligence (AI) – which is used to analyze and compare data, and then make decisions based on these findings – businesses will ultimately be able to reduce the number of people placed in mid-skilled roles across a variety of functions, including accounting, law, education and medicine.<sup>11</sup> In fact, some legal research and paralegal jobs will be completely taken over by AI since it can collect, index and analyze legal data more efficiently and effectively.

On the other hand, in order to maximize the use of newly adopted technology solutions, companies will need people on staff who know how to operate and implement these systems, which will require a concentrated effort to train and upskill workers. Until those workers have the skills, there will be a shortage of workers to fill those gaps.

10. <https://www.edarabia.com/top-10-jobs-future-2030/>

11. <https://www.legid.app/will-ai-put-lawyers-out-of-business/>

## Generational shifts

In the U.S., baby boomers are retiring from the workforce in increasing numbers, removing thousands of people from the workforce every day.<sup>12</sup> In addition to incremental retirement, there will be larger shifts as well; for instance, boomers took about half of all new jobs in 2018, which means there are a lot of positions that will need to be filled in the wake of their near-future retirement.

## Labor force participation

The labor force participation rate refers to the number of people who are working or actively looking for work as a percentage of the total working-age population. Unfortunately, the global labor force participation rate has been in steady decline since 1990,<sup>13</sup> compounded by a decline in the birthrate.<sup>14</sup> Why does that matter? A shrinking labor force participation rate means fewer people to hire.

These factors and more contribute to the global workforce gap and, combined with the covid-19 pandemic, **have had a resounding impact on all industries, some more than others.**

## 2030 at a glance<sup>15</sup>

**\$8.5T** Global unrealized revenue due to the talent crisis.  
Equal to the combined GDPs of Germany and Japan.

**\$1.7 T** America's share of this unrealized revenue.  
Equal to 6% of the entire U.S. economy.

**\$436 B** Largest amount of unrealized revenue in  
the U.S. financial services sector.

**85.2 M** Shortage of workers needed to meet  
global employer demands.

**4.3 M** Deficit of workers in the technology sector.



# Financial Services

While American employers are currently having trouble filling blue-collar jobs like home health care aides, restaurant staff and hotel employees,<sup>16</sup> the global labor shortfall is poised to hit the knowledge economy hardest, and financial services will bear the brunt of it.

Given its weighty contribution to a country's GDP, financial services is one of the most important sectors in both developed and developing economies, representing nearly one-third of the national economies of the U.S. and the U.K.<sup>17</sup>

The unrealized output of the financial services sector in 2020 reached \$340 billion globally. Within a decade that number could leap as high as \$1.3 trillion.<sup>17</sup>

When it comes to highly skilled talent in the financial services industry, three countries will account for more than 40% of the total deficit: the U.S., China and Germany.<sup>17</sup> In the near-term, China, Russia and the U.K. will maintain a slight surplus, but it won't last long. Eventually, India will be the only country with a surplus of highly skilled knowledge-based workers.

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## More financial services data points to ponder:

The U.K.'s labor shortage could grow to equal 20% of its workforce

Unrealized economic output for the U.S. could equal 1.5% of its economy

Japan could fail to realize \$113 billion in revenue by 2030

India's labor surplus could make it a powerhouse in this sector, overtaking current financial centers



**“Technology cannot deliver the promised productivity gains if there are not enough human workers with the right skills. This has set the scene for a global talent crunch.”**

From ‘The Global Talent Crunch’

## **Financial services by the numbers<sup>17</sup>**

**10.7 M** Global labor deficit, in number of workers

**\$1.3 T** Unrealized global revenue

**\$870 B** Unrealized revenue for the top five financial centers: U.S., China, the U.K., Germany and France. The U.S. will account for half of this total.





# Technology, media and telecom

The technology, media and telecom segment encompass a large range of subsegments, such as semiconductors, hardware and software, mobile, internet and networking. Some companies span cross multiple sectors, like Amazon and Netflix, for example. Similar to financial services, the tech, media and telecom segment drives growth in other industries, especially via machine learning and Artificial Intelligence (AI), which means that a slowdown in this sector can have wide-reaching effects.

Growth in this sector is expected in almost all major markets; by 2030, tech, media and telecom will account for nearly 10% of the U.S. economy.<sup>17</sup> Although tech is often seen as a replacement for labor, in reality that's mainly true of low- and mid-skilled jobs. When it comes to highly skilled workers, tech acts as a complement. Without enough employees, it cannot provide the expected benefits.

For years, it's been a challenge to find skilled digital talent in key markets, and by 2025 most countries will be feeling the pinch, with China, Malaysia, Mexico, Russia and the U.K. as notable exceptions.

Conventional wisdom says that growth within the tech industry is unstoppable, but it could, in fact, grind to a halt as a result of the ongoing shortage of knowledge-based workers.

Recent studies suggest that the United States' status as a global tech hub is in jeopardy. Japan's ranking as one of the top five tech markets is also in danger, not only because of the workforce shortage but also because of its demographics. Japan is the world's oldest country, with 26.7% of its population aged 65 or older. The Japanese government estimates that by 2050, this figure will reach 40%.<sup>18</sup>

Globally, the trend is for the surplus of mid-skilled talent to wane by 2025 while low-skilled workers will remain plentiful. Yet again, by 2030, only India will maintain a surplus of skilled labor, to the tune of 1.3 million workers. India is poised to become both a major tech hub, and Bangalore, the Silicon Valley of India, could challenge America's position well before 2030.<sup>19</sup>

12. <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/employers-face-hiring-challenge-as-boomers-retire-in-record-numbers.aspx>

13. <https://www.investopedia.com/terms/p/participationrate.asp>

14. <https://www.bloomberg.com/opinion/articles/2022-02-04/2022-worker-shortage-u-s-needs-to-boost-top-talent-to-stack-up-to-china>

15. <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Future-of-Work-Talent-Crunch-Report.pdf>

16. <https://www.vox.com/2019/3/18/18270916/labor-shortage-workers-us9>

17. <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Future-of-Work-Talent-Crunch-Report.pdf>

18. <http://worldpopulationreview.com/countries/japan-population/>

**“The impact of the talent crunch is so significant that the continued predominance of sector powerhouses is in question, from London as a global financial services center to the United States as a technology leader to China as a key manufacturing base.”**

From ‘The Global Talent Crunch’

## **Tech, media and telecom by the numbers<sup>19</sup>**

<b>4.3 M</b>	Global labor deficit, in number of workers
<b>\$450 B</b>	Unrealized global revenue
<b>\$162 B</b>	Unrealized revenue for the U.S. Equal to one-third of unrealized global revenue.



# Manufacturing

Manufacturing supports growth across a number of industries since it is responsible for providing the equipment businesses need to transform operations. It's particularly important in developing markets, and it accounts for 35% of China's economy, 25% of Japan's and 20% of Germany's.

Manufacturing also acts as a growth engine for the economy. It generates income from exports, drives innovation, enables automation and other technological advances, and it's a predictor of a country's long-term health.

But the state of manufacturing in the U.S., for example, faces concurrent issues with workforce shortages, supply chain delays and interruptions, and inflation. These create bottlenecks which impact the overall health of the industry,<sup>20</sup> and subsequently the economy.

The U.S. is still the key global manufacturing center, but the talent crunch will create a shortage of highly skilled labor that will grow to equal 10% of America's highly skilled workforce. Hong Kong and Singapore will see the greatest shortage of highly skilled workers, with a deficit equal to 80% of the total manufacturing workforce in Hong Kong and 61% in Singapore.<sup>21</sup>

In fact, by 2030, all countries except India face deficits in highly skilled labor in the manufacturing sector, and developing countries like Brazil and Indonesia will face severe manufacturing worker shortages, suffering 1.7 million and 1.6 million workers respectively.

From an economic standpoint, Japan stands to lose the most with unrealized revenues equal to 3% of its economy. Losses could hit \$195 billion (compared to Germany's losses of \$77.9 billion<sup>21</sup>); here again, the one-two punch of Japan's low birthrate and policies that heavily restrict immigration will make a bad situation dire.

19. <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Future-of-Work-Talent-Crunch-Report.pdf>

20. <https://www.nam.org/supply-chain-rising-raw-material-costs-and-workforce-shortages-top-concerns-for-manufacturers-17080>

**“In countries with low unemployment and booming manufacturing production, including the Czech Republic, Poland, Hungary and Slovakia, a labor shortage has already accelerated automation and increased the use of robotics—not to replace people, but because there aren’t enough of them to fill the factories.”**

-Korn Ferry report<sup>21</sup>

## **Manufacturing by the numbers<sup>21</sup>**

**7.9 M**

Global labor deficit, in number of workers

**\$607 B**

Unrealized global revenue

**\$73 B**

Unrealized revenue for the U.S.



# Future-proof your workplace

No matter your industry, everyone will be affected by the global workforce shortage. And because of the pandemic, how we work has dramatically changed and expanded, too. These two inputs mean that talent strategy is an even more crucial component to the survival of a company.

The groundwork for a winning talent strategy starts from within. Companies that make an effort to cultivate a work environment that attracts and retains talent are those that best position themselves to thrive.

Evolving past the work-from-home model that became ubiquitous in 2020, the newly minted **Work In Any Way**<sup>22</sup> model is the one that wins in this economy. The result of a pervasive mindset shift during the pandemic that saw many workers reevaluate and redefine their relationship to work and how they wanted their day-to-day work lives to look, Work In Any Way is a flexible, unbound approach to workforce management that serves as a collaboration between an employee and their employer in order to serve the needs of both.

People-centric aspects of company culture like remote or hybrid work with flexible hours, mentorship programs, reskilling opportunities, increased vacation time and paid parental leave, for example, can positively impact productivity, morale and company loyalty. In fact, having a choice of work environment and location, and having human-centered support, has become an increasingly key factor for many job seekers when evaluating career opportunities.

21. <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Future-of-Work-Talent-Crunch-Report.pdf>

22. <https://www.safeguardglobal.com/resources/work-in-any-way/new-future-of-work>

# Here's how you can evolve your company into a Work In Any Way company:

## Create a forward-looking talent strategy

Starting with your organization's goals, think about skill sets that you currently lack and where you anticipate shortages in the coming years, and use these deficits to identify key roles for which to hire. Make sure your company has a clearly defined culture and prioritize hiring people who are a good fit over those with the just-right experience; you can always teach a new skill.

## Upskill your current and future workforce

One of the core tenets of your talent strategy must be to shore up resources in order to develop the skills you'll need down the road, many of which don't exist yet or will be scarce. That means you'll need to devise a way to teach them. Now is the time to create or expand training and educational programs. While technology will continue to generate value, don't underestimate the importance of human capital.

## Rethink which countries you'll enter

Your strategy may also require asking management to reconsider which markets offer the most opportunity. It's not enough to focus on where you can grow sales; you must also understand where you'll feel the labor pinch the most and which markets will position you to attract the right talent.

## Make your benefits program is highly competitive

How can you attract talent? Increasing salaries is one option, but it's important to consider other perks that you can offer to nab the people you need away from your competition. Get creative: think about Google's 20%-time policy,<sup>23</sup> where employees get to spend 20% of their working time on passion projects for the company rather than on their primary responsibilities. You can also offer remote employment, employee retreats, sabbaticals and educational reimbursements, or come up with your own unique extras.

## Lobby local, state and federal lawmakers

If your company has the resources, push the government to develop educational and retraining programs and rethink immigration policies to help build the labor pool. Look to India; its advantageous labor surplus is attributable to demographics (it has many people of employment age) and government-sponsored programs that prepare workers for the future by supplementing their skills.<sup>24</sup>

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Though it's tempting to look at the growing workforce shortage as an obstacle, with judicious planning you can position yourself for global growth. By creating a future-focused HR strategy and homing in on the right markets, you can find or develop the talent your organization needs to expand and thrive.

# Jobs of the future<sup>24</sup>

Climate change, AI, space exploration and biomedical advances offer some of the most intriguing career opportunities.

## Human-machine interface manager

Manage relationships and job responsibilities between human and AI employees

## Extinct species revivalist

Recreate extinct plants and animals and integrate them into the natural environments of their predecessors

## Space architect

Design buildings for outer space

## Rewilder

Transform concrete jungles into green belts

## Organ grower

Combine 3D printing with molecular and cellular biology and biomedical engineering to create new body parts

## Quarantine enforcer

Limit the spread of deadly epidemics by enforcing safe zones



**The projections of the global labor shortage, significantly hastened and influenced by the global pandemic, require companies to invest thoughtfully into how they position themselves to compete for, attract and retain talent.**

Work In Any Way is not just a nice-to-have; it's a must-have, creating a workplace that is people-centric, unbound, flexible and prioritizes the balance between business necessities and worker preferences. By providing your people with more options for when, where and how they work, you can better position your company to earn their loyalty, recommend you to other skilled workers, attract new employees, and navigate the global worker shortage.

As your company grows, you'll need tools to help manage your expansion. GEO by Safeguard Global is one tool that can help you easily hire and manage the employees you attract, reducing the stress, red tape, and complexity of hiring the people you need.

23. <https://www.cnbc.com/2021/12/16/google-20-percent-rule-shows-exactly-how-much-time-you-should-spend-learning-new-skills.html>

24. <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Future-of-Work-Talent-Crunch-Report.pdf>





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