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## **How innovation and new approaches can help overcome skills and labour shortages in the post-Covid era**

by Denis Pennel

**Tag:** #labourmarket #skills #futureofwork

Today, many countries around the world face significant skills and staff shortages. The disruption to labour markets caused by the Covid pandemic has served to compound the already existing shortfall in technical and STEM skills, with the result that finding the right staff and skills to meet demand is now a top priority for companies across the globe.

World Employment Confederation's [2022 Social Impact Report](#) released this month seeks to place the situation in context and explore what it means for businesses, workers, and economies. It looks at solutions to jobs market mismatches and the skills and staffing squeeze and provides case studies and examples from around the world that demonstrate the role of the global HR services industry in helping to address the challenge.

Vacancies have continued to rise in 2022 with nearly all sectors affected. Feedback from national employment federation members at the front-line of national labour markets demonstrate the real-life impact of these skills and labour shortages. It concludes that they are a major obstacle to growth and affect a wide range of sectors from health, IT and logistics through to construction and manufacturing. The shortages are also pushing up pay levels and salaries with the result that companies are increasingly turning to flexible, temporary agency workers. Indeed, the scarcity of talent is increasingly prompting employers to use external support in hiring staff - although restrictive regulation on the sector is presenting an obstacle in markets from Japan to Mexico.

Our report explores how good workforce management and skills-matching drive business growth, including greater productivity and agility. It shows that shortages have a negative impact on worker well-being and organisational energy - eroding the core platforms of the ILO's Decent Work agenda and impeding delivery of the UN Sustainable Development Goals linked to health and well-being, equality, decent work and economic growth.

In seeking practical solutions and a way forward, the report makes a number of recommendations for policymakers, employers and the sector itself. And the good news is that many of the solutions to the challenge already exist.

The global HR services sector is urged to ensure that it has the right skills, expertise and incentives to meet the challenge. Continuing to maximise its contribution and build on what is already being achieved in helping to address intensifying staffing and skills shortages. In sustaining and amplifying social impact the industry is encouraged to act in a number of areas from influencing the policy agenda and supercharging the contribution of individual professionals to using data to support advice and sector-specific knowledge and taking a lead on the future of work.

We propose seven solutions where the sector is making a positive impact now – ranging from helping employers review resourcing strategies and delivering agile staffing solutions to adopting sector specific approaches and supporting international recruitment drives.

When it comes to employers and the wider business community, we outline several steps to be taken in making progress on current staffing and workforce challenges in both the short and longer-term. Businesses are advised to invest in recruitment and workforce planning and to be prepared to innovate in the way that they source and employ talent. They should ensure that their brand and its reputation are future-proofed and are encouraged to work with a professional HR partner in securing talent. Companies are also directed to take a lead in sharing their knowledge and experience in order to shape debates around skills and the future of work.

There is advice for national governments and international institutions too on responding to current challenges and accelerating positive change. It includes basing policy decisions on data and creating long-term and integrated national workforce strategies. These should encompass driving change on a regional level and taking public/private cooperation to the next level. Furthermore, policymakers are counselled to harness diverse forms of work and the social security provisions that need to accompany them. Governments are advised to enable more effective career support including providing targeted workforce management support for SMEs. All of this should be underpinned by promoting responsible practices through effective enforcement.

Addressing critical staff and skills shortages is one of the major priorities of our time. Our World Employment Confederation's 2022 Social Impact Report seeks to quantify the breadth and depth of the challenge and to highlight innovative solutions that already exist to solve it.

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