

Social Impact Report 2022



Overcoming Labour Shortages



**WORLD
EMPLOYMENT
CONFEDERATION**

The Voice of Labour Market Enablers



About the World Employment Confederation

The World Employment Confederation is the voice of the private employment services industry at a global level, representing national federations as well as workforce solutions companies from across the world. Members of the World Employment Confederation represent a wide range of HR services, including agency work, direct recruitment, career management, Recruitment Process Outsourcing (RPO) and Managed Service Provider (MSP).

The World Employment Confederation works to broaden recognition of the positive economic and social role which the private employment services industry plays in enabling work, adaptation, security and prosperity. This work involves building networks with relevant stakeholders such as policy makers, social partners and the academic world; setting high recruitment and employment standards and practices; acting as a thought-leader shaping futureproof and competitive labour markets and providing strategic data on employment issues.

Should you have any questions regarding the facts and figures published in this Social Impact Report, do not hesitate to get in touch with the World Employment Confederation's Head Office at info@wecglobal.org.

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Executive Summary

Meeting demand for staff and skills has never been more important or more pressing. The World Employment Confederation's Social Impact Report 2022 evaluates the scale of the challenge, identifies innovative approaches and creates a roadmap for future progress.

- **The scale of workforce and skills challenges can appear overwhelming** - Vacancies continued to rise in 2022 and most employers are either experiencing skills gaps. Recruitment challenges are especially suffocating in sectors such as professional services, healthcare, construction, manufacturing, logistics and IT. Several factors are at play, including the pandemic legacy, demographics, a lack of cross-border mobility, skills mismatches and economic inactivity. In some countries, post-pandemic labour market challenges are being exacerbated by restrictive regulations on staffing services. As well as a skills mismatch, we are facing an expectations mismatch; we must close the gap between employer and worker expectations before it turns into a gulf.
- **The challenges must be evaluated within the context of growth and other priority areas** - Skills mismatches and understaffing drain organizational energy, impact on worker well-being and unleash a vicious cycle of increased stress and attrition. On the flip side, good recruitment and effective staffing procedures are a driver of productivity, cohesion, culture and agility. They critically contribute to the achievement of the ILO's Decent Work agenda and the UN's Sustainable Development Goals (SDGs) – particularly those linked to health and well-being, equality and economic growth.
- **The focus now is on identifying practical solutions to the skills and staffing squeeze** - The HR services sector places close to 60 million individuals in work every year and is at the forefront of delivering practical solutions to the skills and staffing squeeze. Seven areas where this social impact is the most in evidence are:
 1. Helping employers to review resourcing strategies and recruitment procedures
 2. Delivering agile staffing solutions to mitigate the impact of skills and labour shortages
 3. Taking a lead on reskilling, transitions and career management
 4. Supporting international recruitment drives and integration of refugees
 5. Adopting a sector-specific approach to staffing and skills shortages
 6. Bridging the expectation gap between workers and employers
 7. Building a strong collective voice to influence future skills and employment policy
- **Future progress requires decisive and timely collective action** – Staffing and workforce issues have never been so topical or as high up on the corporate and political agenda. The HR services sector can play its part by harnessing its unique insight to influence the policy agenda and by supercharging the skills of individual HR services professionals (including sector-specific expertise). Recommendations for employers include investing in recruitment and workforce planning and building a genuine partnership approach with external employment experts. For governments, the priority should be to create long-term national workforce strategies, with a focus on effective career management, public/private co-operation, an enabling regulatory framework and better synergy between public policy areas such as education, skills, social security and employment as well as transport and childcare.

Recommendations for the HR services sector

-  Influence the policy agenda
-  Supercharge the contribution of individual employment and HR services professionals
-  Spread the word on what works
-  Use data for both short- and longer-term advice
-  Boost sector-specific knowledge and awareness
-  Take a lead on the future of work debate

Recommendations to employers

-  Invest in recruitment and workforce planning
-  Be prepared to innovate
-  Future-proof your employer brand
-  Harness external expertise
-  Shape the debates around skills and the future of work

Recommendations to government and policymakers

-  Base policy decisions on data
-  Create long-term and integrated national workforce strategies
-  Drive change on a regional level
-  Take public/private co-operation to the next level
-  Harness diverse forms of work
-  Enable more effective career support
-  Provide targeted workforce management support for SMEs
-  Promote responsible practices through effective enforcement

Introduction

The post-pandemic era has been characterised by swift and significant surges in demand for labour across key sectors of the economy. Meeting this demand has never been more important. It has also never been more challenging.

We have arrived at this situation due to a combination of factors. Some pre-date the Covid-crisis - including a long-standing shortfall in technical and STEM skills. Others are a direct consequence of the disruption and shape-shifting labour markets caused by the Covid cataclysm. The result is significant and intensifying skills and staffing shortages in many countries.

Focus must now turn to finding innovative short and longer-term solutions to jobs market mismatches and the skills and staffing squeeze. The World Employment Confederation's Social Impact Report 2022 informs this debate through specific examples of new approaches that are already making a difference together with a roadmap for future progress. Finding the right staff and skills to meet demand is priority number one in most countries; and the challenge becomes more acute with every passing month. HR services providers need to work with their clients to re-imagine their employer brand and find new ways of attracting talent. We are witnessing innovations around the world to drive effective reskilling and career management activity, while public policy interventions also seek to have an impact.

This 2022 edition of the Social Impact Report aims to:

- Place skills and staffing shortages in context and explain why addressing the skills mismatch holds the key to growth and recovery.
- Explore latest trends and developments at global, regional and national level and showcase new approaches to skills and labour shortages.
- Shine a light on the role of the global HR services profession in helping address skills mismatches and intensifying workforce challenges.
- Take a human-centred approach to labour markets and skills development
- Accelerate future progress through practical recommendations to policymakers, employers and the global HR services industry.



87% of companies say they are either already experiencing skills gaps or expect them within the next few years.

McKinsey 'Beyond hiring' report



I. Scale of the challenge and driving factors

Across the globe, the HR services sector places close to 60 million individuals in work every year. It has a front row view of the shape-shifting employment landscape and the drivers of change. In this section we explore the latest developments at global, region and national level and examine what the most recent data tells us about the scale of the staffing and skills mismatch.

Global data underlines the scale of the workforce challenge

- **Vacancies continued to rise in 2022** – Vacancy numbers are the highest in over a decade across many countries. Tight labour markets and a shortage of workers have been a defining characteristic in the past year. In 2022, OECD countries registered an overall net gain of over 9 million jobs compared to pre-pandemic levels. In the US, more than 11 million job vacancies were posted in July 2022, against a pool of less than 6 million unemployed¹.
- **Nearly all sectors are affected** - Vacancy rates have shown a particularly marked increase in areas such as administrative and support services, information and communication, construction, professional, scientific and technical activities, and accommodation and food services. By 2030, there will be a global human talent shortage of more than 85 million people, or roughly equivalent to the population of Germany². Left unchecked, that talent shortage could result in about \$8.5 trillion in unrealised annual revenues.
- **There are significant variations across countries and groups** - Labour force participation and employment rates remain below pre-crisis levels in some countries, as does employment in low-paid and low-skilled jobs³. Looking ahead, external developments may start to impact employment dynamics and the candidate-driven nature of many labour markets.
- **The reskilling challenge is significant** - More than half of all employees around the world need to upskill or reskill by 2025 to embrace new responsibilities driven by automation and new technologies, according to the World Economic Forum (WEF)⁴. The challenge for employers is how to pre-empt and meet these changing needs and how to address the current skills mismatch.

- **Employers are recognising the scale of current and future skills gaps** – According to a McKinsey survey, 87% of companies say they are either experiencing skills gaps now or expect them within the next few years⁵.

“2 in 5 employers across OECD countries are flagging major challenges in finding the staff and skills they need”⁶

Karen Maguire, Head of Local Employment, Skills & Social Innovation, OECD

A number of factors are driving these shortages

Finding sustainable solutions for bridging the gap must start with a clear understanding of what is causing the intensifying skills and staffing challenges. Here are some of the common factors flagged by recruitment and employment professionals:

- **Pandemic legacy** - people not returning to previous roles after furlough as well as a general reevaluation of work/life priorities and the so-called great resignation.
- **Demographics** – even pre-pandemic, worker shortages were intensifying due to workforce dynamics and demographics in many key sectors. Generally, an ageing population will continue to have implications for labour market dynamics in the future.
- **Cross-border mobility** – hiring overseas workers is always a politically sensitive issue, but there are demonstrable economic benefits to ensuring that national immigration policies reflect the needs of business.
- **Skills mismatches** - The world of work is evolving at a pace which is creating fast-changing skills needs. There is often a disconnect between education, skills and employment policy on a national level. The way forward is to build strong coalitions between governments business workers and education.
- **Economic inactivity** – whilst employment rates are high in many countries and unemployment is at near record lows, there remains a section of the population which is economically inactive. This is a wasted opportunity for both individuals and for employers who are seeking staff and skills.

Employment experts flags some common themes

The feedback from national employment federations – whose members are in the front-line of national labour markets – provides a practical insight on the impact of skills and labour shortages and on some of the most pressing issues.

The box on the next page provides a snapshot of latest national trends including changing working patterns, sectors showing most demand and the impact on pay and support services needed by employers. Recurring themes and key messages are:

- There is a large discrepancy between the supply and demand of workers. Labour and skills shortages are a major obstacle to growth.
- Shortages are pushing up pay levels and salaries and more companies are looking to employ temporary agency workers on a permanent basis.
- Employers are increasingly looking to external support for permanent hiring needs as well as for temporary staffing.
- Recruitment challenges and skills mismatches are especially suffocating in sectors such as professional services, healthcare, construction, manufacturing, logistics and IT.
- There has been significant disruption in key sectors with many workers unwilling to return to the same role after lockdown.
- Post-pandemic labour market challenges are being exacerbated by restrictive regulations on staffing services in countries such as Japan and Mexico.

The impact of labour and skills shortages - A global snapshot

National recruitment federations are uniquely placed to provide timely insight on national trends and on the practical implications of skills and labour shortages. Here is a snapshot:

- **BELGIUM** - The staffing shortage has resulted in an increase of temp to perm fees as user companies look to take on temporary workers permanently. Scarcity of available agency workers has slowed the growth of the industry.
- **BRAZIL** - There is significant disruption across key sectors with many workers unwilling to return to the same role after lockdown. There are longer-term concerns linked to the decline in student numbers on the back of the pandemic. This will affect the average qualification of workers and literacy rates have been estimated to have fallen back to where they were 15 years ago.
- **GERMANY** - The share of revenue from HR services firms mainly engaged in permanent placements has increased significantly in the last few years. Demand for staffing services overall is on the increase, but the shift from temporary to permanent placements is accelerating on the back of current skills and candidate shortages.
- **JAPAN** - There is an increase in permanent placements, but this is mainly caused by new regulations on the provision of temporary agency staff rather than by skills and candidate shortages.
- **NETHERLANDS** - 65 percent of staffing firms flagged worker shortages as a major obstacle to growth. Business services show the largest number of unfilled vacancies, with huge demand for accountants, lawyers, catering staff and cleaners. Shortages are pushing up pay levels and salaries and resulting in temporary staff being offered permanent contracts sooner.
- **MEXICO** - There is a shift from temporary to permanent placements. The pandemic impacted negatively on overall employment rates, but this is also linked to changes to labour law in Mexico, which have prohibited the subcontracting of personnel and negatively impacted flexible working options.
- **NORWAY** - Staffing agencies are increasingly called on to help supply the most in-demand skills; this includes looking to bring in staff from other countries. Shortages are especially acute within healthcare, manufacturing and construction. Wages have risen significantly because of the scarcity of people with the right skills.
- **SPAIN** - Despite the fact that Spain has the lowest rate of empty vacancies in the eurozone, the number of unfilled vacancies has continued to rise. Workforce shortages are especially observed in key sectors such as construction, logistics and agriculture.
- **UK** - Skills and labour shortages have been an issue for some time but the composite effect of Brexit and the pandemic have made things worse. Temporary staff were a vital outlet in times of uncertainty; demand for permanent staff has returned but jobs are remaining unfilled for longer due to shortages. There is a large discrepancy between worker supply and demand.
- **IRELAND** - There is an increase in demand for recruitment services overall, including for permanent placements at a time of skills and labour shortages. Demand is especially strong in sectors such as life sciences, IT, construction, health and financial activities; the competitive market for candidates is driving up salaries.





As well as a skills mismatch, we are facing an expectations mismatch

Understanding the new reality of work is essential for employers and their recruiting partners around the world - especially in markets experiencing a staffing and skills squeeze. We explore what people want and expect from their work and examine how the pandemic has impacted life priorities and the practical implications that this presents for employers and HR services professionals.

The reality is that workplace changes have accelerated like never before. Data from LinkedIn shows that 81% of employers are changing workplace policies on the back of changing worker needs and expectations⁷. In addition to flexibility, the increased focus on wellbeing is a significant driver. Employment experts and HR services professionals can help close this gap between employers and workers before it turns into a gulf. The challenge is how swiftly they can achieve it.

81% of employers are changing workplace policies on the back of changing worker needs and expectations.⁸

LinkedIn Global Talent Trends 2022

II. Skills and staffing shortages in context

Staffing and skills challenges are jeopardising post-pandemic recoveries and economic growth. This is a common refrain across the globe. As well as quantifying the size of the challenge and identifying practical solutions, it is important to be clear on how this pressing issue fits within the context of other policymaker and employer priorities - such as productivity and growth, decent work, inclusion and social innovation.

Good workforce management and skills-matching drive business growth

Staffing and workforce issues have never been so topical or as high up on the corporate agenda. According to Gartner, "Workforce issues are in the top three priorities for CEOs across the globe, alongside business growth and technology adoption⁹".

From an employer perspective, good recruitment and staffing procedures mean having the right people in the right roles at the right time. As such they are a building block for organisational performance and productivity. But there is more to it than that. The collateral benefits of effective hiring strategies include enhanced organisational cohesion, agility, inclusion, reputation and culture.

"Workforce issues are in the top three priorities for CEOs across the globe"¹⁰

Justine van Huyssteen, Managing Vice President, Gartner



Collateral benefits of effective hiring strategies

Good workforce management and effective hiring procedures are a catalyst for unlocking organisational potential and for delivering on operational and strategic priorities. We identify six priority areas where addressing current mismatches hold the key for sustainable progress:

1. **Productivity** - Innovative talent attraction, recruitment and staffing strategies are key to organisational performance and enhanced productivity. Having the right people in the right roles at the right time means that services and products can be delivered.
2. **Cohesion** - Effective recruitment and workforce management procedures also ensure that new staff can integrate and perform at their best level quickly - this is where innovative induction and on-boarding programmes come to the fore. The end result is enhanced organisational cohesion.
3. **Agility** - Timely and effective hiring practices provide a means of responding rapidly to new market opportunities and being able to adapt to seasonal demand. Within this context, access to well managed temporary staffing arrangements provide a vital outlet for employers.
4. **Inclusion** - Inclusive recruitment is just good recruitment. Evidence shows that making tangible changes on equality and inclusion within the workplace fosters tangible benefits in many of the areas listed above, including productivity, agility and reputation (see below).
5. **Reputation** - Managing recruitment and staffing procedures well is the sign of a good employer. This not only ensures that the right people are in the right place; organisations are also judged on how they manage the process for unsuccessful candidates. In a tight labour market, reputation and employer brand matter more than ever.
6. **Culture** - Creating a sustainable, inclusive and energised work environment is a priority for employers. Culture is not about protocols, policies or procedures; it is primarily about people and the behaviours and values that they manifest. So, no culture change programme will succeed without getting the people side right – including hiring the right individuals in the first place.



Skills mismatches impact worker well-being and drain organisational energy

Persistent worker shortages within companies are having a significant impact on their production and service delivery and jeopardising whole business models. They are also eating up the time and energy of organisational leaders and managers. There is increasing recognition of the importance of 'empathetic leadership' but the sheer urgency of addressing chronic workforce challenges is creating huge distractions for even the most people-centred leaders and managers.

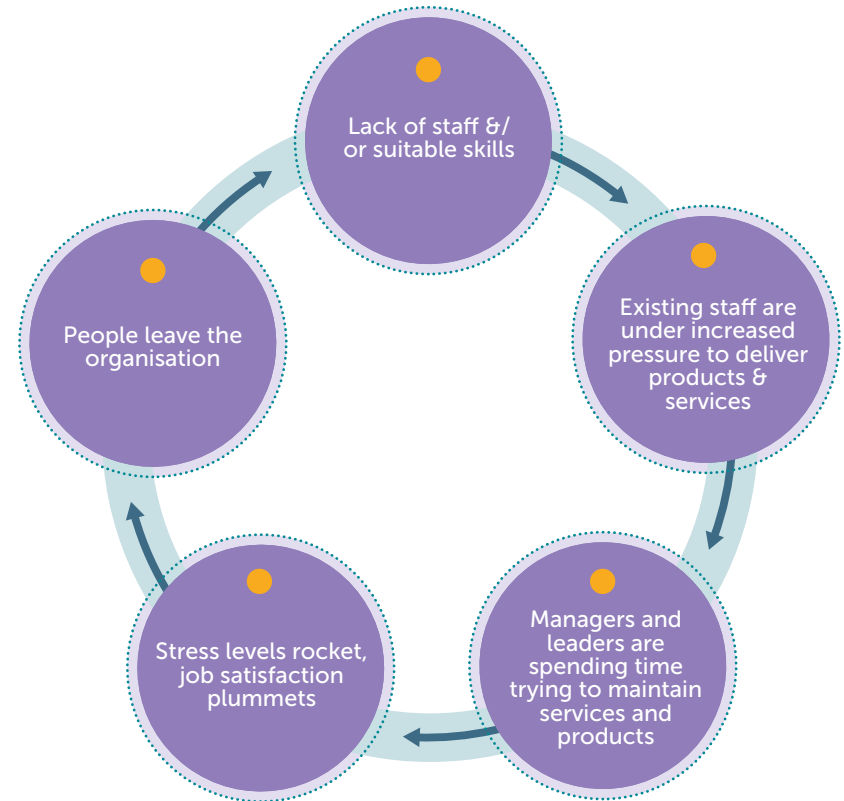
There is one other factor which is often overlooked: the unsustainable pressure on existing staff and the impact that this has on worker well-being. Nothing creates more stress than working in an environment where there are simply not enough staff to get the work done properly. This applies to all places of work, from hospitals to hotels, from call-centres to coffee-shops, from warehouses to the full gamut of white-collar sectors.

Understaffing and mis-matched hiring decisions (where people are appointed to roles that they are not able to perform in) have a huge knock-on effect on the well-being and mental health of other workers who are having to compensate. This drives a vicious cycle of increased stress, increased attrition rates, increased hiring challenges and an even greater increase in stress for existing workers. The ongoing debate around 'safe-staffing levels' – particularly in healthcare settings – will increasingly focus not only on the impact on patients and end-users but also on other workers who are having to fend their way through the under-staffing fall-out.

“Countries successfully bringing in foreign investment have a sophisticated skills offer to attract investors. If you want to attract investment you need access to high-quality skills”

John Cridland CBE, Chair of Skills Taskforce for Global Britain

Worker shortages vicious stress cycle:



Effective matching and staffing levels are key drivers of the 'Decent Work' agenda

Achieving the right staffing levels makes jobs sustainable. It makes work fair and fulfilling and mitigates against unmanageable workloads and stress. Good recruitment and effective talent acquisition strategies can be seen as an important driver of the [ILO's Decent Work agenda](#)¹¹ that is predicated on ensuring that work is productive as well as fair, with better prospects for personal development and social integration. It is also a cornerstone of the ILO's vision for a 'human centred recovery' post-Covid and links directly into the UN's Sustainable Development Goals (SDGs) – particularly those linked to health and well-being, equality, decent work and economic growth. This underlines the role of employment experts and the global HR services industry in making measurable progress on SDGs.

In an ultra-competitive market for staff and skills the temptation is to upsell (and sometimes mis-sell) the roles that need filling. Getting people in at any cost is a short-term approach that ultimately benefits neither employers nor workers. Rather than resorting to superficial marketing 'spin' to promote the jobs on offer, the focus must be on genuinely enhancing the work experience. This ties into initiatives to promote careers in specific sectors with high demand but low public perception (such as care, hospitality and logistics).

'Good Work' kitemarks have been developed in some countries. These aim to recalibrate the benchmark of what a positive workplace experience looks like and provide a means of measuring progress over time. In the UK, [The Good Work Charter](#)¹² provides a framework of fundamental 'good work' principles for employers to work towards and demonstrate, covering areas such as fair pay and conditions, equality and dignity, well-being, autonomy, engagement and learning. The initiative was driven by the Institute for the Future of Work - an independent research and development institute – and the Charter is intended to support systematic review and development against each of the principles over time.

Boosting skills underpins other political priorities, including inward investment

From a public policy perspective, active labour market policies and skills strategies are at the heart of national plans for sustainable post-pandemic economic reboots. National and regional prosperity depends on many factors, including the ability to nurture a vibrant business environment and attract inward investment. This was the core message of a recent report by the WorldSkills UK Skills Taskforce¹³ which underlined the need for integrated national strategies on skills and inward investment to attract international firms. Almost half (46%) of foreign firms surveyed for the report said they would move their operations abroad if they couldn't get the skills they needed.

The link between skills and economic development was also a central theme of the OECD's 2022 Local Skills Week. For employers investing in new markets, the ability to access the right skills and staff – often at speed in order to seize new opportunities and meet peaks in demand – is an increasingly decisive factor. This underlines the importance of a vibrant and agile recruitment and staffing sector that facilitates timely local skills matching.

"Talent is the new oil. Massive investment in skills is key to competitiveness, especially as companies will go where the skills are"

Solanilla Franco, Commissioner for the City of Barcelona¹⁴

III. Seven solutions to the skills and staffing squeeze

With post-pandemic labour market reboots, reskilling, evolving worker priorities and world of work transformations at the top of agenda in most countries, there has never been a more important time to showcase new approaches to shape-shifting employment and workforce challenges. Having assessed the quantifiable benefits of bridging the skills and staffing gap – as well as the scale of the challenge - we can now consider practical solutions and the role of the private employment services industry.

Below are seven solutions to the skills and staffing squeeze where the HR services sector is making a positive impact:

- 1 Helping employers to review resourcing strategies and recruitment procedures
- 2 Delivering agile staffing solutions to mitigate the impact of skills and labour shortages
- 3 Adopting a sector-specific approach to staffing and skills shortages
- 4 Supporting international recruitment drives and integration of refugees
- 5 Taking a lead on reskilling, transitions and career management
- 6 Bridging the gap between worker and employer expectations
- 7 Building a strong collective voice to influence future skills and employment policy

This section looks beyond what could or should be done to focus on what the sector is already doing to make a difference through recruitment innovation, agile staffing, reskilling support and other practical ways forward.



1 Helping employers to review resourcing strategies and recruitment procedures

Employers are having to review established resourcing and recruitment strategies out of necessity. This has been the platform for HR services professionals to demonstrate their expertise and provide strategic advice and support to employers. Here is a snapshot of some of the recruitment evolutions being witnessed on the ground:

- **Reviewing hiring procedures** - This covers a range of areas, including speeding up the selection process (in a competitive market you have to move fast!), harnessing video interviewing, refreshing job descriptions and job ads, and providing better communication with candidates throughout the recruitment process.
- **Refreshing selection criteria** - The reality check of a tight jobs market has led to employers reviewing levels of experience and types of qualifications needed for certain roles. They have had to be more flexible with a greater focus on attitude and potential. Intermediaries are playing a decisive, game-changing role in identifying individuals who have the motivation and mindset to make a positive impact, but who don't have the experience or qualifications that would jump out on a CV or application form.
- **Focusing on internal upskilling** - If the trend is to hire more on potential and attitude, there will need to be more focus on ongoing development opportunities once workers are in place. This applies to temporary staff as well as to permanent hires – data collected from World Employment Confederation members shows that a significant proportion of the agency workforce received training (see Solution #6 below).
- **Making change happen on inclusion** – Being increasingly proactive in reaching out to underrepresented groups and the economically inactive is part of the response and a means of expanding talent pools. Diverse forms of work offered by HR services providers have traditionally worked as a stepping-stone into labour markets for underrepresented groups.
- **Shaking up broader workforce strategies** - This includes recalibrating the mix between permanent staff and temporary/contract/contingent labour. Evolving business models on the back of the pandemic fallout is also resulting in broader revaluations of internal structure and workforce needs, with agility required more than ever.

Not all employers are moving with the times however and encouraging clients to adapt and innovate is an ongoing challenge for HR service providers. Nevertheless, wherever there is appetite for change and innovation, the sector is at the forefront of implementing and embedding new responses to evolving workforce challenges.



CASE STUDY

Delivering high-volume and high-skilled attraction campaigns

HR Services Firms are at the forefront of helping employers attract staff for both temporary and permanent jobs despite a suffocatingly tight labour market. An important part of this is using their expertise to reach out to 'passive' candidates. Kelly have examples in each of these areas¹⁵:

- Growing a team of developers for a global multi-platform media company by unleashing the power of digital recruitment marketing and creating a bespoke candidate attraction campaign with a bank of content (including video, landing pages, InMail messages and infographics). This showcased the employers' brand and culture and what set them aside from their competitors.
- Partnering with an international client to support the opening of a new laboratory in Europe, requiring a range of new hires (chemists, engineers, team managers, and HR officers) within a 4-week window. A deep dive into the market identified the most popular online channels and communities as well as the benefits that target candidates would find most attractive. This led to a targeted social media campaign which resulted in 20 hires by focusing on passive candidates who had not even been looking for a new opportunity.
- Delivering temporary recruitment for a leading customer experience company, looking for a high-volume of Customer Service Advisors across multiple sites (up to 150 placements per week). A bespoke candidate attraction campaign included videos, animations, recruitment landing pages and targeted email campaigns. Job board posts were complemented by e-mail, texts, proactive social media posts and by tapping into online community groups.



CASE STUDY

Reaching out to older workers and vulnerable groups

The Sixie initiative targets older people who are no longer economically active and aims to encourage them back into the workplace via temporary work opportunities. It appeals to individuals to make the most of their knowledge and experience and offers relevant temporary assignments within businesses or non-profit organisations. Individuals can choose how they want to work (as a temporary worker or freelancer) and are provided with practical support on everything from contract drafting to remuneration. Sixie matches its assignments to the knowledge and experience of each individual.

The JobRoad initiative is an international non-profit organisation that helps people re-integrate into the labour market and wider society. Launched in 2016 in Belgium, it has since played a pivotal role in steering people from vulnerable groups towards suitable employers. Targeted support helps to address barriers such as language, mobility and competencies. The initiative brings together employers and their partnering agencies, as well as local authorities and intermediary organisations. The outcome is social integration and filling vacancies with untapped talent. It provides stability through work, boosts confidence and self-esteem, and helps vulnerable people take back control of their lives.



2 Delivering agile staffing solutions to mitigate the impact of skills and labour shortages

The skills mismatch is not only making it harder to hire permanent staff but is also making the whole process increasingly drawn-out. The ability to access temporary, contract and interim management staff (for more senior and technical roles) is providing a vital outlet for employers. At the same time, feedback from national recruitment federations is that employers are increasingly looking to offer permanent contracts to temporary staff.

Across the world, over one-third of agency workers were previously unemployed or inactive. This demonstrates the role that temporary work plays in not only help-

ing individual jobseekers to progress through work, but also in helping employers to access new staff.

Agency work also continues to provide a vital stepping-stone for new labour market entrants, with a significant proportion of the temporary workforce made up of young people. People aged under 24 years account for 40% of the agency workforce in Argentina, 39% in Brazil and 34% in France.

Figure 1: Share of agency workers coming from unemployment or inactivity

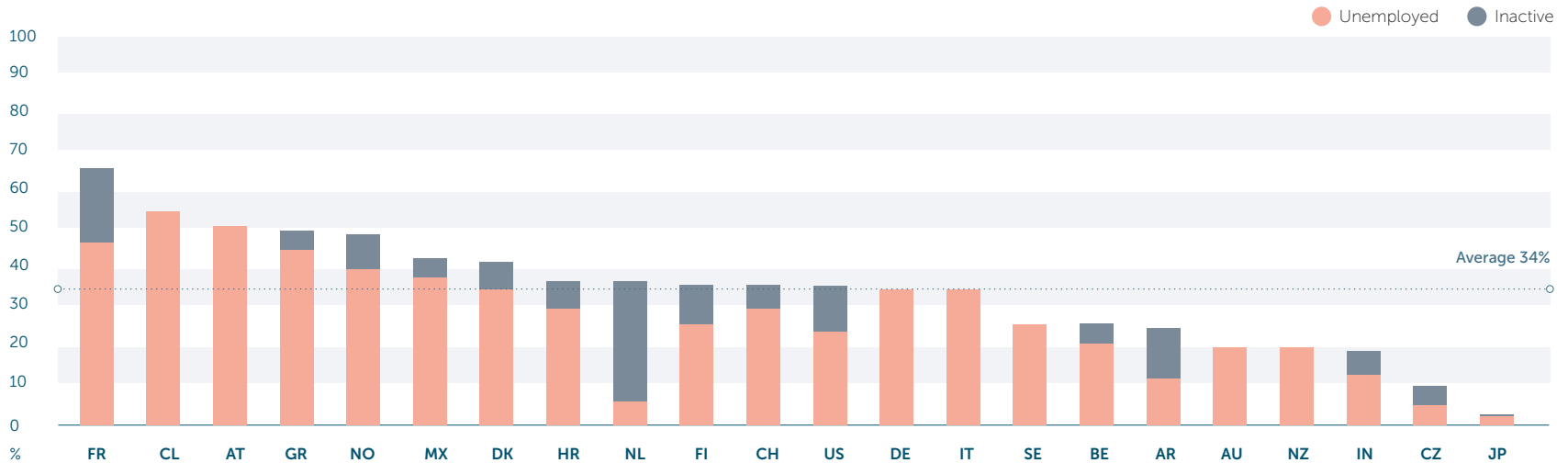
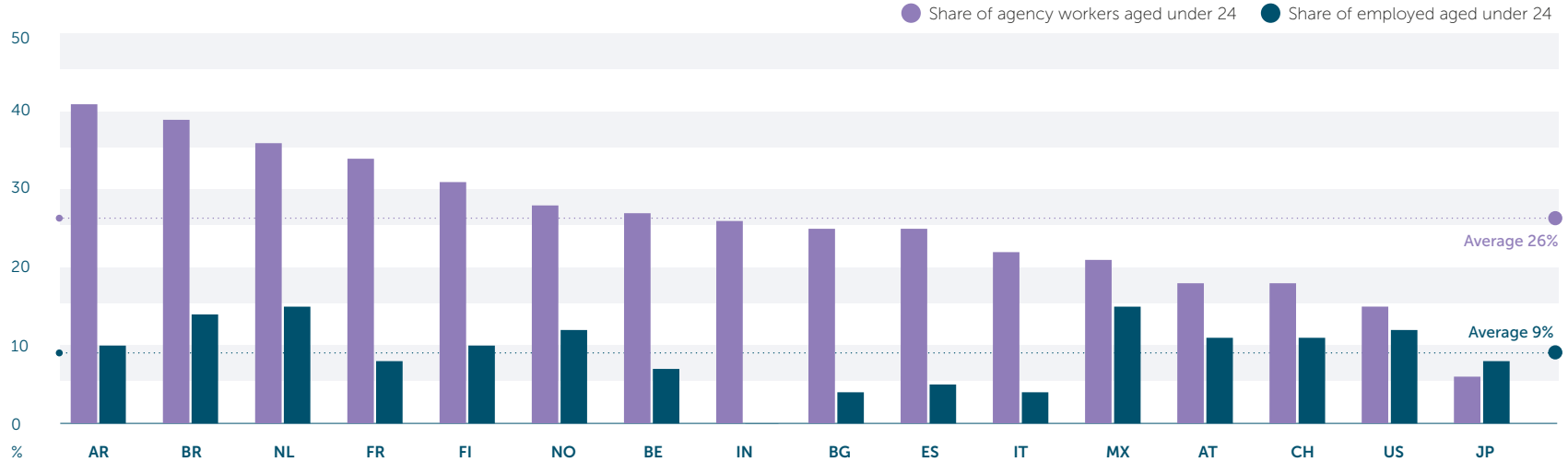
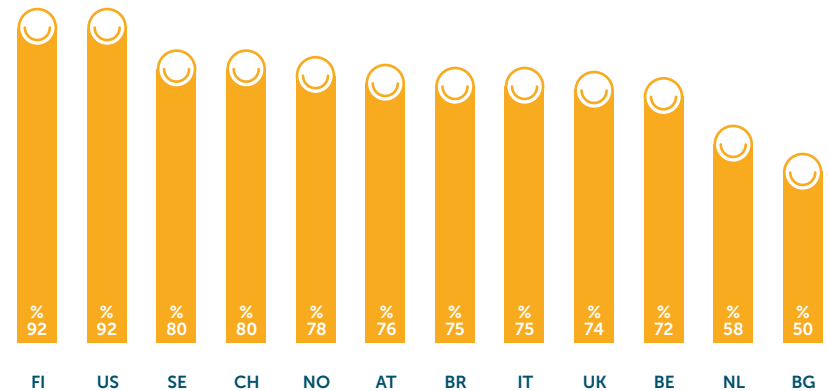


Figure 2: Agency work as an opportunity for the youth



As well as a vital outlet for employers, temporary staffing is also seen as a positive outlet for individual workers. In many countries – Austria, Belgium, Brazil, Italy, Norway, UK – the percentage of agency workers who are satisfied with their employment situation is over 70%. In Switzerland and Sweden, the satisfaction gauge hits the 80% mark, and in Finland and the United States, it surpasses 90%. This explains why millions of people across the globe choose to work via a temporary work agency.

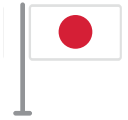
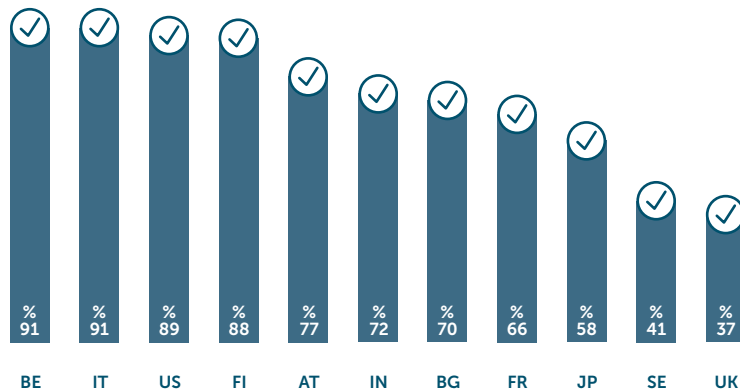
Figure 3: Share of agency workers satisfied with their work situation



“Over the last two years, one of the biggest challenges has been to sustain socioeconomic activities. The staffing industry has ensured employment stability and created new job opportunities for workers”

Kenichiro Kawasaki, Chair, Japan Staffing Services Association (JASSA)

Figure 4: Share of agency workers willing to work again as an agency worker



CASE STUDY

Building new pipelines through awareness of different ways of working

As the representative body for employment and staffing experts in Japan, JASSA has recognised the scale of reskilling needs and is taking a lead in finding new solutions to this intensifying challenge. This includes boosting the pipeline of potential workers in sectors where demand is already strong and is set to continue growing in the years ahead.

JASSA’s approach is to offer guidance services aimed at workers so that they can better envision their future career and are aware of where opportunities lie. This helps to orientate people towards growth industries such as IT through reskilling and career development programmes. It also raises awareness of diverse ways of working, including temporary and contract work in high-skilled sectors where agility and flexibility are becoming increasingly important as a means filling workforce gaps and compensating for skills mismatches. As well as creating an environment where more people feel empowered and satisfied at work, the aim of these awareness-raising activities is to grow the pool of people available to meet demand from employers.

Demographic trends in Japan are making effective solutions to labour shortages even more paramount. The population is predicted to decline by 20 million by 2050 and people aged 65 and older will account for nearly 40% of the total population. As the working-age population declines dramatically, a significant boost in productivity is essential for sustainable growth. The key enablers for this are educational and career development programmes that build the necessary skills base. The need to invest in people and drive wide-ranging reskilling is explicitly recognised in the Government’s economic plan¹⁶. And JASSA will focus on this area going forward to ensure stable employment and build a society where everyone feels empowered and satisfied at work.

CASE STUDY

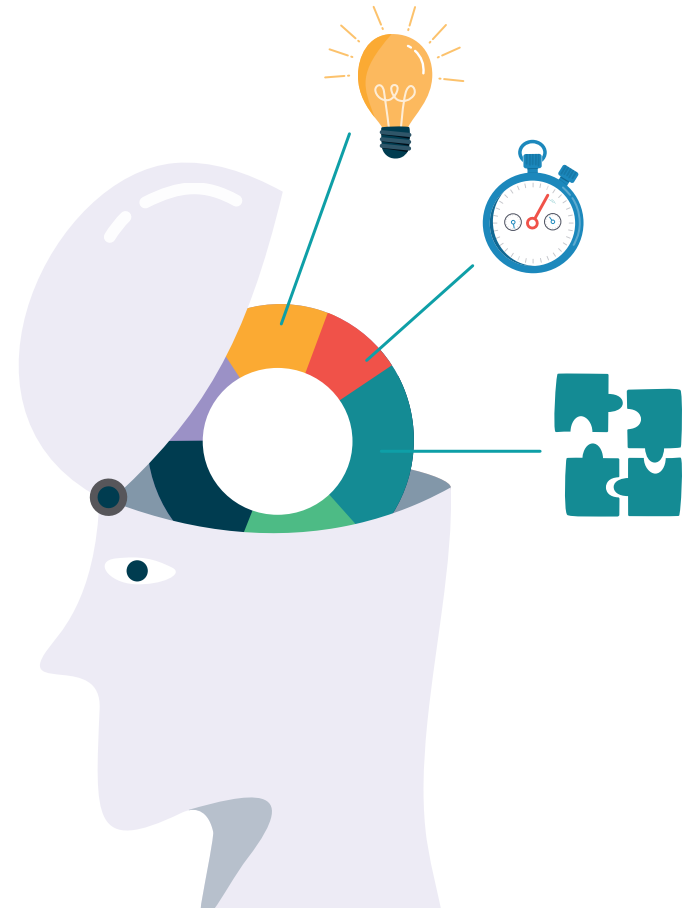
Showcasing the role of highly qualified flexworkers



The SwissStaffing 'Flexwork' White Paper¹⁷ shines a light on why more and more highly qualified workers are in temporary work and on how this is helping employers to access key skills at a time of intensifying staffing squeezes in many sectors.

Almost half of highly qualified flexworkers are university graduates and over 84% have a baccalaureate-level education or higher. In addition to a high level of flexibility in terms of working hours and work content, flexworkers value the opportunity to work in different companies or sectors and not being bound to one employer; 40% of flexworkers flagged this as a major benefit. 80% of workers also said that they valued the regular training provided to temporary workers. As a result, flexworkers are filling gaps in shortage occupations, highly specialized roles, and project-based sectors, where their work is highly valued. The specific sectors where highly qualified flexworkers are most in demand are: Pharmaceutical & medical technology (31%), IT (21%), banking & insurance (9%) and Health & Social Care (7%).

From the perspective of the hiring employers, what are the drivers for harnessing the expertise of highly qualified flexworkers? Key factors include the acute need for staff, a lack of expert knowledge in the company and challenges in filling vacancies at a time of candidate shortages. Highly qualified flexworkers will often cover vacant positions for a period of time, whilst the process for hiring a new permanent employee takes its course. The ability of flexworkers to hit the ground running and contribute immediately is also recognised as a major driver. The sheer importance of their role is summarised by one manager in the healthcare sector: "Without temporary specialists we would have to close wards."



3 Taking a lead on reskilling, transitions and career management

According to the World Economic Forum (WEF), 1.1 billion jobs are liable to be radically transformed in the next decade. We are on the cusp of a reskilling revolution! In the words of Jenny Taylor, Leader of IBM’s Early Professional Programmes: “Skills needs are changing almost by the day”. The trend is further reinforced by another global priority: creating greener economies. This transition will not happen by itself, people must be at the heart of making sustainable change happen, with employers and national governments working together to equip workers with the necessary skills.

To address intensifying skills and labour shortages, the priority is to ensure that reskilling initiatives are effective. The global HR services industry is already at the forefront of making positive change happen, by:

- Helping to identify the most in-demand skills and pre-empting future skills needs
- Working in partnership with colleges and training providers
- Feeding into policy debates around skills and the future of work
- Leading pro-active initiatives (see case study below).

Temporary work provides a way of building practical workplace experience but also a means of boosting skills through targeted training opportunities.

Across the world, a large proportion of workers receive training through the private employment services industry –33% of agency workers receive training in Brazil, 54% in India and 58% in Italy. In Japan and Argentina, the figure hits 100%. In some countries, regulatory change is needed to unleash the full benefits of training for temporary staff. An example of this is the REC’s ongoing campaign in the UK to modify the current Apprenticeship Levy (95% of recruitment agencies have been unable to use levy funds on training programmes for temporary workers¹⁸).

	Percentage of agency workers trained	Number of agency workers trained
Argentina	100	60.000
Brazil	33	2.200.000
Bulgaria	10	1.000
France	13	360.000
India	54	614.355
Italy	58	330.000
Japan	100	3.236.152
Mexico	85	65.500
Netherlands	9	-
Switzerland	14	15.147
USA	84	-

Source: WEC data, 2020 or latest available

Figure 5: Average level of education of agency workers, by country

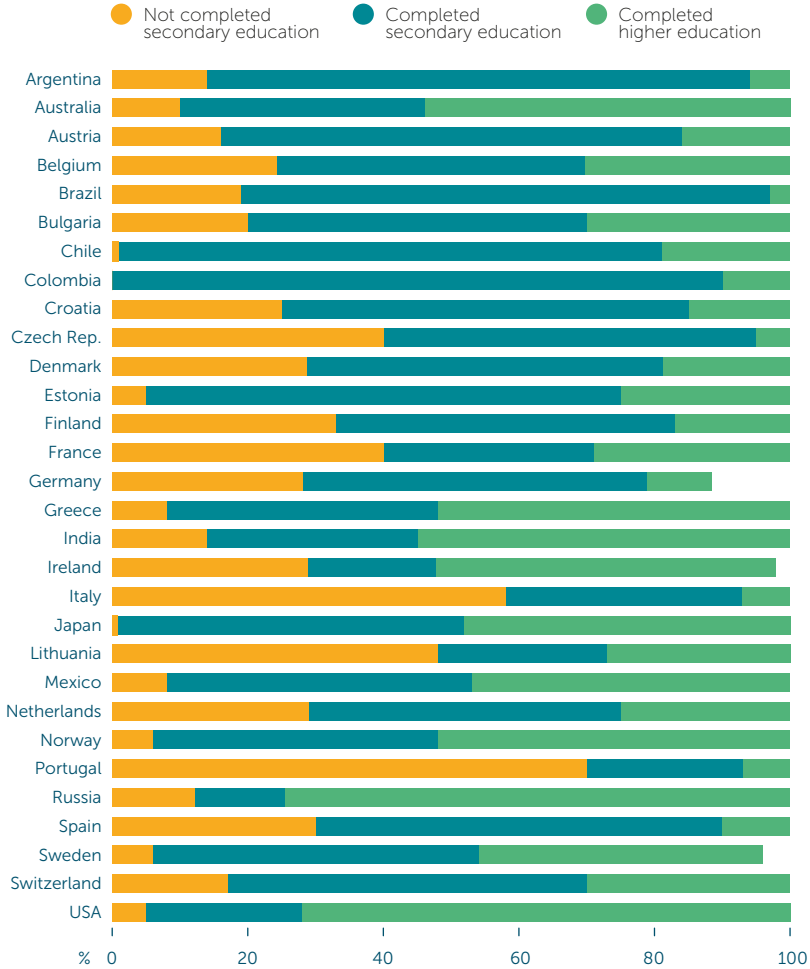
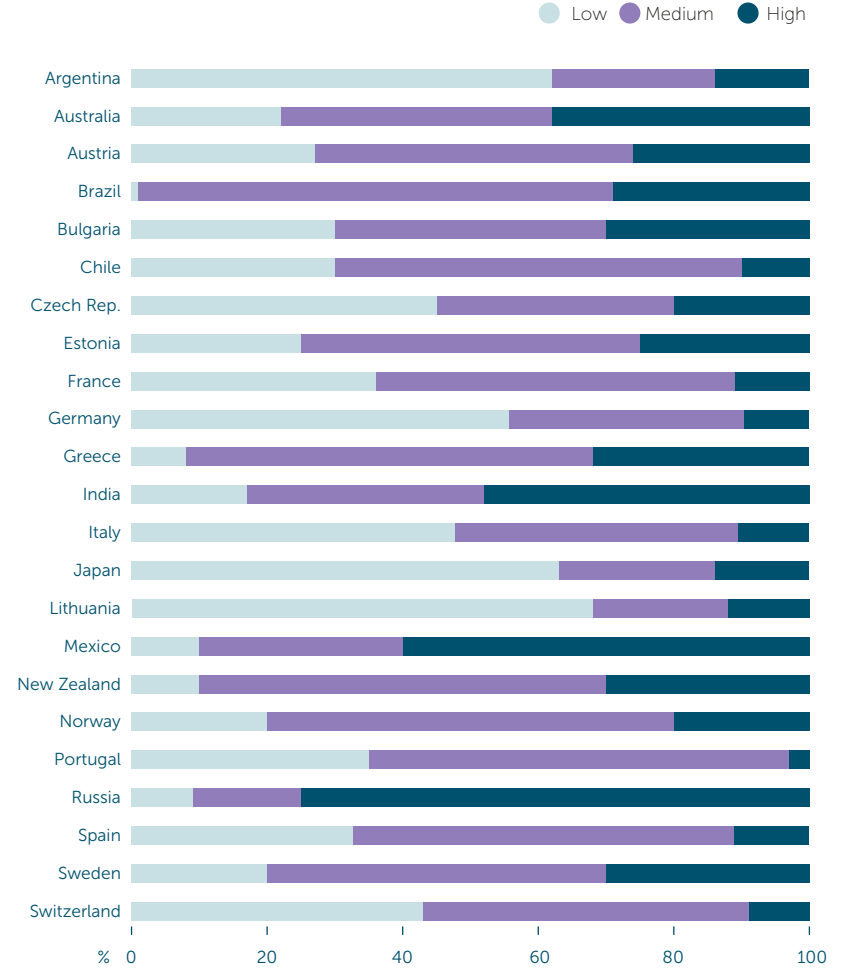


Figure 6: Average level of skills required to perform jobs of agency workers, by country



Driving effective reskilling initiatives is a major discussion theme across the world. But skilling alone is not sufficient to make career transitions faster and more sustainable. Effective career support involves a deep understanding of what really motivates people and a recognition that - for the majority of individuals - lifelong learning requires a certain mindset.

We need to move beyond careers guidance towards genuine careers coaching. The expertise of career management specialists is more important than ever - including knowledge of the job market and an appreciation of the psychological challenges people face in times of change and uncertainty. Using career support services reduces the duration of transitions by half. Bringing people into new placements more quickly benefits not only the individuals concerned but also public finances, as it reduces the need for unemployment benefits and fills shortages in high-demand sectors.



THE ADECCO GROUP

CASE STUDY

Boosting skills through the 'Apprenticeship School'

The Apprenticeship School (Grande Ecole De l'Alternance) supports individuals with their professional development and helps companies to recruit motivated and suitably skilled employees. It covers 17 business sectors and brings together the needs of companies, the expertise of training organisations and the career aspirations of individual job-seekers.

Since its creation in January 2016, the school has provided training to over 30,000 work-study trainees. The vast majority of these (77%) were previously unemployed. The aim is to develop the kind of practical and technical skills that are most in demand, as well as interpersonal skills through on-the-job training. Certified training and qualifications are linked to very specific roles such as automated line drivers, road transport drivers, aeronautical fitters/assemblers and salespeople. Students are placed with participating employers under temporary work contracts. This provides a new pipeline for employers experiencing recruitment challenges and is a means of exposing individuals to the hiring organisation's culture and practices from the outset.

The hiring rate for individuals taking part is 87%. In addition to creating tailor-made training courses, the key success factor is the ability to recruit, evaluate and develop the best candidates. Practical knowledge of shortage occupations and evolving skills makes it possible to offer solutions that are regularly reviewed and adapted to the local context and the specific needs of partner companies.

“Staffing agencies have established themselves as a bridge to stable employment and as a springboard to a first work experience for young people”

Andreu Cruañas, Asempleo

“The HR services industry is here to connect the evolving expectations of employers and workers”.

Bettina Schaller, President, The World Employment Confederation



CASE STUDY

Driving the reskilling agenda in Japan and India

The Randstad Skilling Academy (RSA) in India was established to meet the immediate and future skills need of industry, across a wide range of sectors. Rather than following a conventional content-based learning approach, RSA is driven by hands-on learning with live project assignments and regular assessment of the learning achieved. The RSA works with leading training providers and employers to help them reskill and upskill both current and prospective employees, with a focus on both soft and hard skills. Specific training modules are adapted to the specific needs of employers and participating individuals are provided with the most in-demand and transferable skills.

The Randstad Talent Training programme in Japan focuses on three elements of career development: Career planning, skill development and work experience. Temporary workers are provided with career support through a 'career notebook' as well as skills development support. As part of the career planning stage, workers complete a self-analysis and set goals for their career development. E-learning programmes are offered to improve both job-related skills and broad communication skills. Currently, 113 online curricula are available and workers can spend as many hours as they want on training and select whatever modules fit their desired career path.



CASE STUDY

Dealing with mass lay-offs in manufacturing sectors

The role of career management experts.

Mass lay-offs have multiple impacts, not only on those affected directly, but also on families, communities and regional economies. There are also psychological and practical implications for those who remain in the business – this is often overlooked. Career management experts are at the forefront of facilitating transitions and of mitigating this impact.

Here is a concrete example of this contribution in action:

A manufacturing company was planning to close a factory employing 3,000 workers over a three-year period. A career transition partner was appointed to support the process over multiple phases of activity, including:

- Engaging in and providing guidance on the announcement of the closure – Finding the right tone, ensuring absolute clarity and pre-empting the specific questions from workers were just some of the priority areas. Agreeing the best way and channel (onsite and face-to-face) to deliver the announcement was also key.
- Following up with a comprehensive support programme - The career transition company offered manager orientation, onsite career centres and virtual job fairs, as well as individual support for the 3,000 individuals affected by the closure.
- Pre-empting the wider impact - The announcement of the closure had a devastating impact on the local community, especially for young apprentices who perceived their career prospects to be disappearing.

- Delivering positive outcomes and successful transitions - In cooperation with local regional authorities, the career transition partner supported the redeployment of workers. As a result, more than 350 companies hired 90 percent of the laid-off workforce. The remaining 10 percent continue to be supported by the career transition programme until they find a suitable new work opportunity.

On a general note, career management experts are not only at forefront of facilitating transitions, but can also help influence the scale of lay-offs by encouraging employers to consider alternatives such as reskilling and internal redeployment.



4 Supporting international recruitment drives and integration of refugees

With candidate shortages intensifying in many countries, there is one other important short-term solution: hiring staff from overseas. There are political, social, financial and practical challenges associated with international recruitment. But HR services firms are using their expertise and networks to manage these risks and ensure positive outcomes for workers and employers.

While international recruitment may sound like a quick-win for employers looking to fill persistent staffing gaps, they nevertheless need external support – including immigration lawyers and relocation experts – to avoid pitfalls. It is important to differentiate between global talent searches for leaders or highly skilled technical staff and high-volume recruitment for less skilled roles and seasonal jobs. There are nevertheless many common reference points, and HR services professionals are at the forefront of providing vital external support on practical issues such as how to:

- Best reach out to overseas workers (eg: what channels are the most effective)
- Target the right country(ies) in the first place (availability of in-demand skills)
- Adapt job descriptions and jobs ads for international audiences
- ‘Sell’ the living environment as well as the job role
- Ensure that workers can settle into their new destination and new role quickly

Harnessing the contribution of migrants who have already travelled to the host country – particularly refugees and displaced workers – is totally different from proactive international recruitment drives. However, in both cases the aim is to identify new pools of potential workers to fill gaps in high-demand sectors.

The global employment and HR services sector is first and foremost a people industry. And nowhere is this more important and urgent than in helping individuals and families who have been displaced through war and other cataclysmic events. National recruitment federations and global HR services providers have taken a lead in responding to the war in Ukraine and refugee crises in other parts of the world; industry’s role has been recognised by respected international organisations such as [UNHCR](#) (the United Nations Refugee Agency).

Helping displaced workers to access job opportunities creates a significant collateral benefit: Filling vacancies in high-demand sectors and roles. The HR services industry is uniquely placed to take a lead in skills matching and the nurturing of a partnership approach with relevant bodies to make this happen. An example of this is the work of [Assolavoro](#) within the context of the Sectoral Agreement for Refugees in Italy. Uncertainty around how long workers will stay can create concern for some employers, but this is where temporary work services can provide a vital outlet. In volatile times, flexible working options are more important than ever for both employers and individuals.



CASE STUDY

Helping refugees to integrate and employers to access new workers

Gi Group responded at speed to the unfurling crisis in Ukraine - particularly, parts of the organisation over the border in Poland. This included the creation of a specific taskforce to support displaced workers and help them to integrate into their new environment as well as possible- including accessing work opportunities.

There are many lessons to take on board in supporting displaced workers. The latest feedback is that the situation has become very fragmented, with many individuals placed in temporary roles leaving after a few weeks because they either went back to Ukraine or found other jobs. In addition to attrition concerns, employers flagged language as a barrier to hiring displaced workers.

As a company, Gi Group has stopped distinguishing Ukrainian workers and has integrated all the processes into a standard staffing framework. Gi Group remains in contact with the United Nations High Commissioner for Refugees and is more committed than ever to making a social impact that benefits both individuals and hiring employers (especially in high-demand sectors, for whom displaced workers are a valuable pool of new candidates).

One take-away is that it is impossible to fully plan and anticipate everything. The HR services industry is based on flexibility and agility, and so is uniquely placed to intervene swiftly whenever there is the need.



CASE STUDY

Establishing a dedicated department for international recruitment

RGF Staffing have a dedicated department for international recruitment and have helped refugees from a range of countries including Afghanistan and Syria. Most recently, support has been provided to displaced workers from Ukraine through RGF Staffing in Germany.

The package of support services for employees from abroad includes help with sorting out paperwork, medical insurance and the possibility of advance payments. For the Ukrainian refugees, the organization also donated its gross margin over the first few months to the workers themselves. Language is often the main barrier for overseas workers. In addition to this financial support, Ukrainian refugees were provided with a free translation device so that they could communicate with German-speaking colleagues. Through a SIM card, workers were connected to a powerful cloud-based translation engine that is a big step-up from smartphone apps.

Dedicated landing pages for refugees on the company website enabled accessible, easy-to-use chat platforms for them to fill in questionnaires and have real-time chats with recruitment consultants using automated live-translation functionality. Through this extra support, RGF was able to place several hundred refugees with companies throughout Germany. As well as helping individuals to integrate and access work opportunities, this proactive approach has ensured new pools of workers in sectors where demand for staff is high, including logistics, the automotive industry and food manufacturing.

5 Adopting a sector-specific approach to staffing and skills shortages

Addressing the evolving skills and staffing needs of employers – from professional services to logistics, from hospitality to healthcare – requires a clear understanding of the sector and of the skills needed to fill specific roles. The HR services sector is stepping up by boosting the sectoral expertise of front-line consultants (see box below) and by taking part in sector-specific skills initiatives (see case study below).

As part of the post-pandemic reset, there is an increasing focus on redefining what good work looks like. This includes developing new kitemarks and ways of evaluating a positive working environment and is key to attracting more people into sectors where demand for staff exceeds supply. Addressing negative and preconceived ideas about careers and jobs in specific sectors is not an easy task; these can be linked to a range of factors including workplace culture, pay rates, prestige, working conditions, lack of progression routes and working patterns.

Challenging embedded perceptions cannot be a cosmetic marketing exercise; the 'story' of working in specific sectors must reflect the reality. It is an exercise in genuinely making work better – for example by enhancing the day-to-day management of temporary staff and providing more training opportunities. The HR services sector is a voice and force for positive change across specific sectors as well as across the broader labour market and employment landscape.



CASE STUDY

Driving change on equality, skills and working patterns in specific sectors

The Confederation of Associations in the Private Employment Sector (CAPES) brings together the four primary staffing associations in South Africa (including WEC members APSO), representing thousands of SMEs and the largest corporates. Sector specific activities focus on working patterns, equality, migration and management development.

- Playing a leadership role on new working patterns in specific sectors through participation in the #4DayWeekSA pilot and Advisory Panel, exploring the benefits of 4-day weeks and shifting the dial on a more productivity-based perception of work, rather than a time-based one.
- Helping to accelerate change on equality at a sectoral level, following the South African government's introduction of sector-specific targets for workplace representation across race, gender and people with disabilities. Employment and staffing experts are at the forefront of industry transformation plans, and act as change agents assisting client companies to meet their transformation goals
- Feeding into the Critical Skills List (CSL) that informs the visa regime and the employment of foreign nationals. CAPES is also working with the Department of Employment & Labour (DEL) to pilot a 'Skills Model' that tracks demand within different sectors to better inform work permit decisions relating to skills which are in short supply, but which do not appear on the CSL.
- Securing funding for CAPES members to take part in industry specific management development programmes, in conjunction with Wits University. As well as effective leadership, the course focuses on labour market conditions and 'mega-trends' across specific sectors. 1000 industry players have participated in these programmes since its inception in 2018.

CASE STUDY

Building coalitions around sector-specific skills



AKTO is a skills operating company in labour-intensive services that supports 27 professional branches in their skills development strategy. It brings together the representative body for agency work in France (Prism'emploi) as well as sectoral associations in a wide range of sectors including hospitality, waste management, transport, road maintenance, education and training, cleaning services, manufacturing and retail.

The aim is to be a hub for nurturing the skills of today and tomorrow, by:

- Reviewing and pre-empting the impact of structural and societal changes on skills needs;
- Anticipating business developments to facilitate access to future skills;
- Supporting companies and individuals in their professional development;
- Creating synergies between 27 branches of activity to drive responses to common challenges;
- Building a strong bridge between training and employment and using this to create new pipelines of workers into high-demand sectors.

How are HR services firms boosting sectoral expertise?

The industry is taking steps to ensure that front-line HR services professionals have the deep sectoral expertise needed to make an impact and engage with candidates and clients in high-demand sectors. This includes:

- Hiring people with pre-existing experience or with a clear affinity for a specific sector;
- Including sector specific insights and intelligence as part of the initial induction programme for frontline recruiters and HR services providers;
- Ensuring access to sector specific publications and research reports and encouraging attendance at relevant sectoral events and webinars;
- Membership of relevant sectoral associations and communities;
- Encouraging frontline recruiters and HR services providers to nurture their own network of sectoral contacts;
- Capturing and circulating insights from conversations with line managers, departmental leaders and frontline staff within clients' organisations in niche sectors;
- Building relationships with sectoral experts – academics, research professionals, think tanks, journalists and policymakers.



6 Bridging the expectation gap between workers and employers

Hiring campaigns will not succeed unless the evolving needs and expectations of workers and candidates are taken into account. This is being reflected in changes to organisational culture and employer brand revamps. Worldwide, close to **60 million individuals** access new work opportunities through the private employment services industry each year. With this comes awareness of what makes people tick, what factors impact employment-related decisions the most, and what really drives performance, discretionary effort and a sense of belonging. Nurturing this understanding is at the very heart of being a 'people industry'.

"Today, it's employees who have the power. They ask potential employers questions about the culture, growth opportunities, technology, mentoring, and more"

Jacob Morgan, Author and Futurist

In the words of best-selling author and futurist Jacob Morgan: "For decades, organisations and leaders assumed people needed to work for them. Not anymore. Today, it's employees who have the power". Expectations and approaches to careers and work are shifting. This must act as a wake-up call for employers across all sectors and regions of the world. The HR Services industry is at the forefront of making sure that they are listening and of reconciling the evolving needs and expectations of employers and workers.

"Private employment agencies will continue to collaborate within the HR ecosystem and strive for a better labour market for both workers and employers".

Bettina Schaller, WEC President

Understanding worker aspirations is key to the 'reskilling revolution'. In the words of Nicolas Schmit, European Commissioner for Jobs and Social Rights: "Not all workers want to be re-skilled or up-skilled". This fits with the insight from WEC Board Member Murielle Antille: "In the automotive sector, we need to move from mechanical engineers to software engineers. But only 5% of workers are up for this transition". Change is hard. Facilitating career transitions must involve a deep understanding of what really motivates people and a recognition that any change is often a source of concern and anxiety. We need to move beyond careers guidance towards genuine careers coaching. This includes a firm grasp of human psychology and of people's expectations during periods of disruption.

"Not all workers want to be re-skilled or up-skilled".

Nicolas Schmit, European Commissioner for Jobs and Social Rights.²⁰

Bridging the expectation gap – The industry’s role

The HR services sector’s role as a ‘great connector’ is underlined by a number of specific initiatives designed to bridge the expectations gap:

- **Active listening** - HR services professionals are in daily contact with workers and job-seekers. The intelligence gathered informs innovative attraction strategies.
- **‘Next gen’ research** - Regular worker surveys and jobs market research complement anecdotal feedback from work-seekers and boosts understanding of what people want from work.
- **Employer brand revamps** - HR services providers hear feedback on employers that no one else has access to. This is used to provide strategic ‘employer brand’ advice to clients.
- **Beyond guidance** - Genuine career coaching creates good skills-matching, but this must start with an understanding of what motivates people and of expectations during periods of change.
- **Long-term view** - HR services firms are building links with schools and universities. This is an opportunity to understand the motivations and expectations of future generations of workers



ManpowerGroup

CASE STUDY

Understanding what workers need to thrive at work

Recruitment and employment professionals are in daily contact with workers and job-seekers providing them with a unique insight into what people want and expect from their work. HR services firms are also at the forefront in conducting leading-edge research on evolving worker perceptions.

ManpowerGroup’s ‘What Workers Want to Thrive’ report analyses insights from over 5,000 workers across several countries, and provides the following feedback on what workers really want and what it means to truly thrive at work:

- Being empowered to grow
- Nurturing mental fitness and well-being
- Finding meaning and purpose in their work
- Defining success for themselves

Conducting research and analysis in this area is an important step in better understanding worker expectations. Even more important is using these insights to attract and retain staff and inform workforce strategies. ManpowerGroup partnered with leading behavioural change company Thrive to help employers turn insights into action.

7 Building a strong collective voice to influence future skills and employment policy

Addressing the skills mismatch and intensifying labour shortages requires a concerted policy response. The HR Services Industry must remain at the forefront of global and national level debates around skills, employment, and the future of work. Creating the right policy and regulatory framework will provide a platform for the sector to use its expertise and energy to maximum effect and play its part in closing skills gaps.

Although policy asks will vary by region and country, here are some current over-riding priorities:

- Avoid disproportionate restrictions on agency work, that jeopardise the vital outlet that this provides to workers and employers.
- Make sure that social security systems reflect the needs of individuals who chose to work through different forms of contracts.
- Deliver effective government enforcement so that compliant businesses can thrive and provide vital services to workers and employers
- Facilitate a genuine partnership approach between public employment services and the private sector HR services industry. At a global level, this cooperation is promoted through ILO Conventions, the focus must be on ensuring that these are ratified by more countries.
- Ensure that immigration policy is evidence-based and reflects labour market needs.
- Influence government policy on refugees so that they are able to access employment opportunities.

Progress on all of the above will play a central role in helping to address the skills mismatch. The role of national recruitment federations will be more important than ever in amplifying the industry's collective voice on this crucial topic.

"To create a sustainable labour market and stoke economic growth we need to put the 'people stuff' first."

Neil Carberry, Chief Executive, REC





CASE STUDY

Quantifying the impact of the skills squeeze to influence government policy

The core message of the REC's **Overcoming shortages: How to create a sustainable labour market** is that labour and skills shortages risk doing significant damage to the UK economy, reducing productivity and ability to invest, grow and raise wages.

Robust economic modelling found that with a 10% spike in demand in the economy, and the labour market restricted by shortages, the UK economy would shrink by between 1.2% and 1.6% by 2027, relative to where it would be without these shortages. This could cost the economy anywhere between £30 billion and £39 billion every year – equivalent to losing almost the entire UK defence budget. With no action to reduce the shortages, progress on delivering economic growth across all regions, and the transition to net zero will be jeopardised.

The REC's report provides a number of recommendations for both business and government and is a rallying call to place the workforce at the heart of their thinking. This will help boost company performance, tackle labour shortages, raise skill levels and create more productive working environments.



CASE STUDY

Promoting practical solutions on skills policy and related areas

The Employment and Recruitment Federation (ERF) issued a proactive call to the Irish government to tap the €855 million surplus in the National Training Fund (NTF) and use it to provide practical support to employers. The NTF is funded by a 1% tax on private payrolls and the message was that, rather than lay dormant, this should be used to fund various pro-business initiatives. In particular, the NTF surplus should be used to fund extra skills and training initiatives, and to help employers across different sectors to hire more apprentices.

The ERF has also raised concerns about the impact of labour market reforms such as statutory sick pay and extensions to parental leave on businesses. The argument was that these should be deferred for two years, as businesses struggle to cope with the inflation crisis. ERF campaigning messages have also honed-in on areas such as tax policy and the potential implications for inward investment and the willingness of senior level staff to live and work in Ireland. In the words of ERF President, Donal O'Donoghue: "The government must reduce personal tax burdens to allay concern among inward investors that our marginal tax rates, especially for higher earners, are out of line with international standards".

A proactive approach to political campaigning builds traction, amplifies voice and enhances visibility, including coverage by leading national media outlets like The Irish Times on the proposed changes to the National Training Fund. Promoting practical policy solutions to intensifying skills challenges will remain an integral part of this proactive approach.

IV. Recommendations and priorities for action

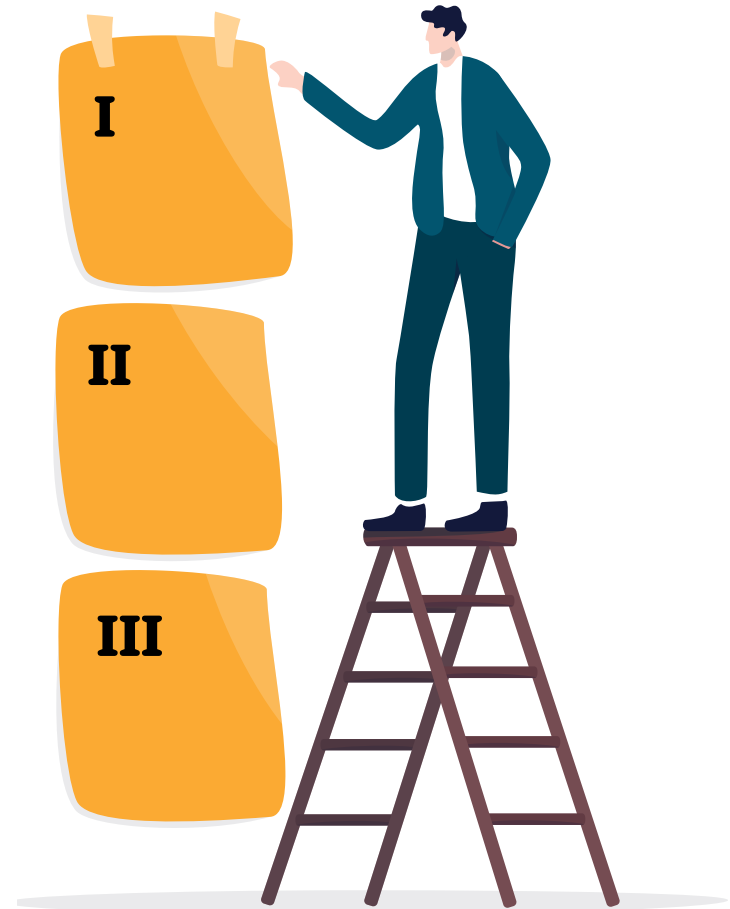
Addressing critical staff and skills shortages is one of the major priorities of our time. This report has sought to quantify the breadth and depth of the challenge and to shine a light on innovative solutions that already exist to solve it. For the global HR services sector, one underlying priority is to ensure that those working within the industry have the right skills, expertise, energy, incentives, management support and sense of purpose to meet this intensifying challenge. And that they can deploy them to the fullest benefit of labour markets and society. Developing and delivering short and longer-term solutions requires decisive and timely collective action. There are a number of specific priorities and recommendations for policymakers, employers and the global HR services sector.

1 Priorities for the HR services sector

The global HR services sector must continue to maximise its contribution and build on what is already being achieved in helping to address intensifying staffing and skills challenges. Six steps have been identified for sustaining and amplifying social impact in this area.

1. **Influence the policy agenda** - The HR services sector must be at the forefront of bridging the public policy gap influencing post-pandemic labour market policies to ensure that they reflect the reality of a fast-moving world of work. Creating 21st century social protection systems that support all workers - irrespective of how they choose to work – is part of this, as is a pragmatic and evidence-based approach to immigration and skills policy. Proportionate agency work regulation must continue to be an ongoing priority; promoting ratification of ILO Convention 181 remains key to a solid regulatory foundation for the industry. Building campaigning capacity within national federations, sharing global best practice on high-impact advocacy and proactively showcasing the sector's role on both the national and global stage are just some of the ways forward in ensuring that the sector maintains its voice and impact.
2. **Supercharge the contribution of individual employment and HR services professionals** - Helping employers to attract the staff they need to compete and grow is hugely fulfilling but also challenging. Delivering high levels of social impact in this area will ultimately come down to having highly motivated and highly skilled recruitment and HR services professionals in the front-line of rapidly evolving national labour markets. This has implications for how the industry recruits (with a more comprehensive skills assessment, including human and social skills), trains, manages and incentivises staff, and significant changes are already afoot. Over 3.7 million people already work within the HR services sector globally and there is a genuine appetite to innovate and ensure that recruitment and HR services continue to blossom into a profession of choice for millions of people across the world.
3. **Spread the word on what works** - Addressing skills and staffing squeezes is a priority across the world and spreading the word on what works and learning from each other through the World Employment Confederation's global network offers the opportunity harness worldwide best practice and innovative approaches.

4. **Use data for both short- and longer-term advice** - Individuals working within the HR service sector around the world are increasingly adept at accessing and interpreting both national and local labour market data and using it to inform discussions with employers and policymakers. National federations and HR services providers are developing their own research programmes and generating bespoke data. As well as helping to address immediate staffing challenges, this will place the industry at the forefront of pre-empting evolving skills needs.
5. **Boost sector-specific knowledge and awareness** - Addressing the evolving workforce needs of employers – from professional services to logistics, from hospitality to healthcare – requires a clear understanding of the sector and of the skills needed to fill specific roles. Increased sectoral specialisation will require new approaches to the development of front-line recruitment and employment professionals.
6. **Take a lead on the future of work debate** – The global HR services sector is already driving the future of work agenda in many countries. The industry is uniquely placed to pre-empt the changing needs of employers as well as the evolving expectations of workers.

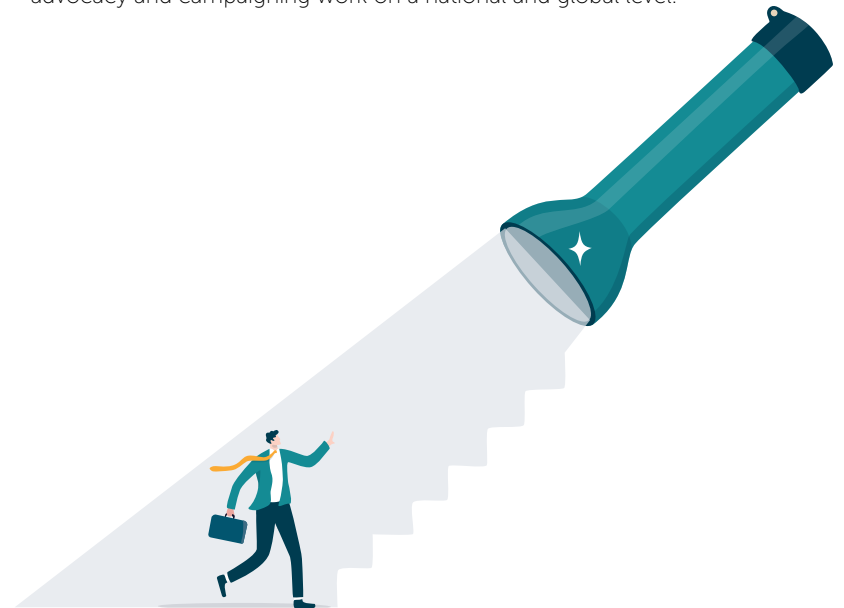


II Recommendations to employers

Employers and the wider business community need to take a number of steps in making progress on current staffing and workforce challenges in both the short and longer-term.

1. **Invest in recruitment and workforce planning** - Recognising the scale of the workforce challenge is a vital building block. The tide is already starting to turn, with more CEOs and boards now seeing workforce issues as a major priority. This should be manifested in recognition of the need to invest more time and money in people-related issues.
2. **Be prepared to innovate** - New challenges require new solutions. The current skills and staffing squeeze must accelerate evolution in often outdated hiring and workforce management procedures. Being prepared to radically review both the process and criteria used to hire staff is a good starting point. Peer to peer exchanges and access to external experts will also be part of this fundamental change process.
3. **Future-proof your employer brand** - Ultracompetitive markets for candidates and skills are raising the bar on how employers differentiate themselves and communicate their values to potential new employees and workers. Reviewing what people really think of the organisation as a place to work by collating feedback from candidates and recruitment partners is a vital component.
4. **Harness external expertise** - Building a genuine partnership approach with recruitment and HR services providers has never been more important. This will be the source of both short and long-term solutions to ongoing workforce challenges. It is also a means of making tangible progress on other employer priorities such as making change happen on inclusion, boosting productivity and enhancing overall reputation as a great place to work.

5. **Shape the debates around skills and the future of work** - Employers must continue to ramp up their collective voice on a range of employment and skills issues. The role of representative organisations has never been more important as addressing current mismatches will be at the heart of post pandemic economic recoveries is across the globe. Amplifying voice on the regional and sector specific skills agenda is of equal importance and will complement proactive advocacy and campaigning work on a national and global level.



III Recommendations to government and policymakers

National governments and international institutions should take a range of actions in responding to current skills challenges and labour market dislocations. Below are 8 steps for priority areas to accelerate positive change.

1. **Base policy decisions on data** – Access to more timely and forward-looking data will inform policy decisions on skills and employment as well as on related areas such as immigration (so that migration policy matches labour market needs). Official statistics often lag, harnessing better data is vital in order to navigate fast-changing labour markets and economies.
2. **Create long-term and integrated national workforce strategies** – An agile, skilled and fulfilled workforce is a driver of wellbeing, equality and social cohesion as well as growth and productivity. This requires long-term planning and synergy between public policy areas such as education, skills, social security and employment as well as transport and childcare. There is also a strong link between inward investment and the availability of a skilled workforce.
3. **Drive change on a regional level** – Effective measures and skills, employability and business support (including access to staff) are increasingly developed and deployed on a regional and localised level. Having the right regional structures in place is a vital building block. Better localised data and input from local employment experts will play a key role here.
4. **Take public/private co-operation to the next level** – In many countries there is already a strong and mutually beneficial relationship between public employment services and the private sector recruitment and HR services industry. At a time of acute workforce challenges, scaling this up through joint initiatives, shared analysis and formal partnership agreements will benefit employers, job-seekers and the economy as a whole. Public-private partnerships are a driver of active labour market policies and social innovation.
5. **Harness diverse forms of work** – Regulatory frameworks for temporary agency work on a national level must be proportionate; the starting point must be to maintain and enhance the important outlet that agile solutions provide not only to employers – especially at a time of volatility and staffing shortages – but also to workers.
6. **Enable more effective career support** – Facilitating transitions is increasing importance at a time when labour markets and economies have been disrupted on the back of the pandemic and other external challenges. Addressing labour market mismatches is dependent on better advice and support to individuals as well as businesses. It must move from career management guidance to genuine career management coaching.
7. **Provide targeted workforce management support for SMEs** – Small organisations will often not have any dedicated HR staff to manage ongoing workforce issues and recruitment activities. Helping business leaders to enhance their own capabilities in this area is an important role for national government as well as for representative employer organisations. Getting recruitment right – whether for permanent, full-time hires or crucial temporary support – is even more important for small organisations who cannot afford to carry under-performing staff.
8. **Promote responsible practices through effective enforcement** – Proportionate national regulation and enforcement will create a level playing field for the legitimate recruitment industry and to protect workers. This is especially important within the context of protecting migrant workers and vulnerable groups.

Annex

Figure 1: Share of agency workers still in employment after their initial assignment

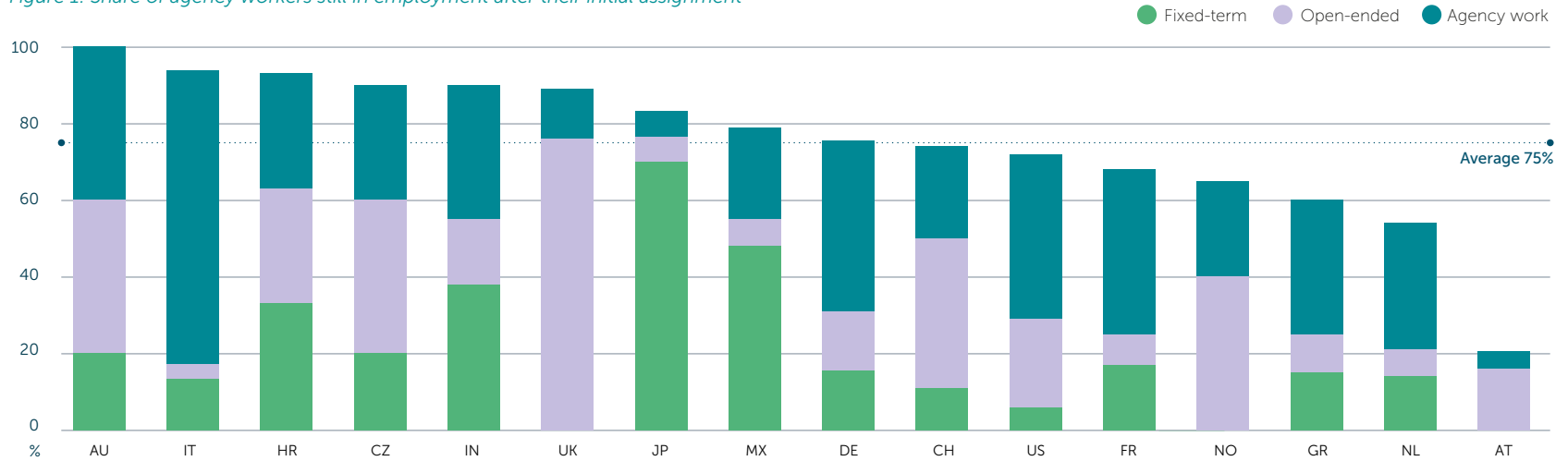


Figure 2: Share of agency workers being converted to direct staff

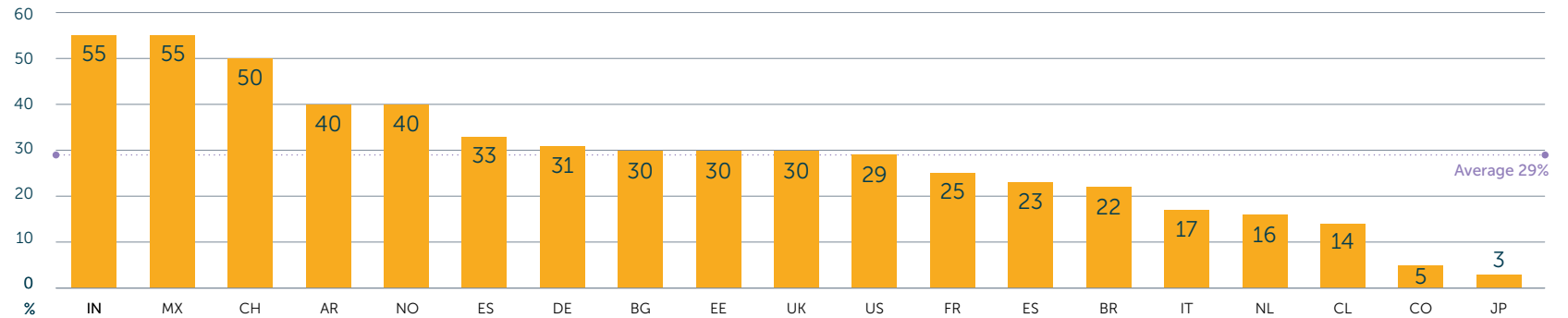


Figure 3: Students among agency workers

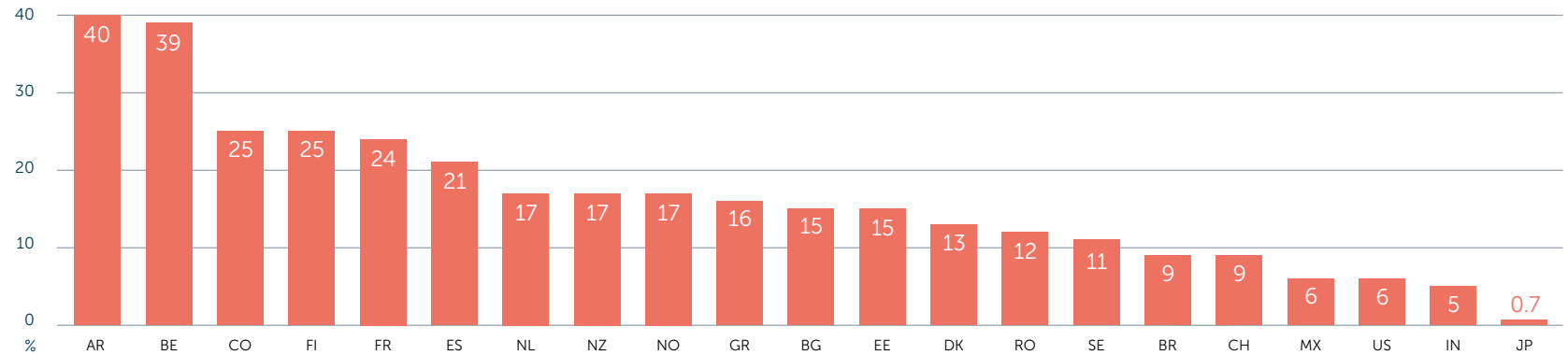


Figure 4: Share of agency workers working full-time

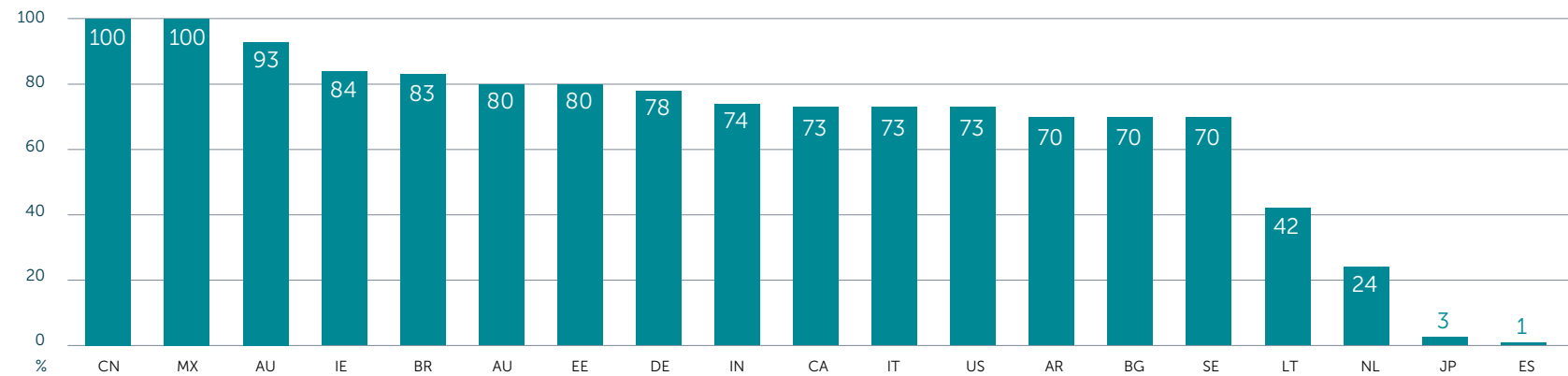


Figure 5: Share of agency workers with an open-ended contract

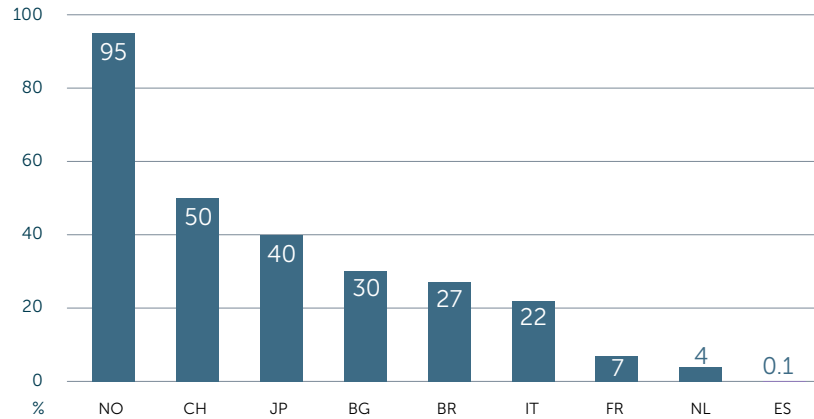


Figure 6: Average gender distribution of agency workers, by country

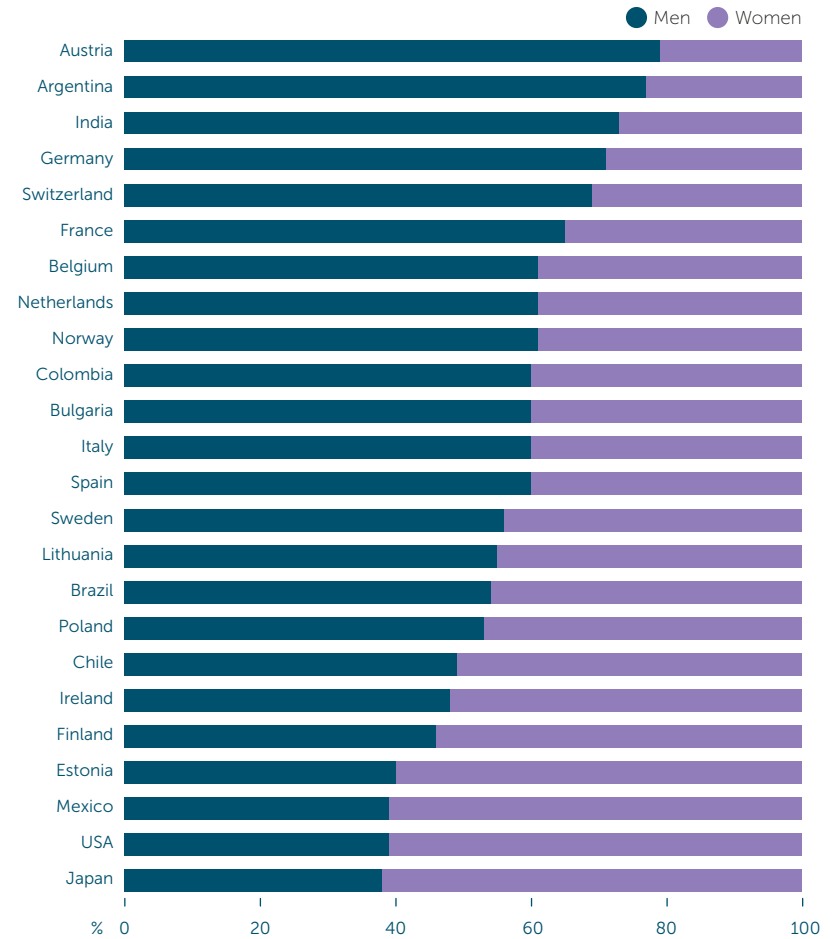


Figure 7: Average age distribution of agency workers, by country

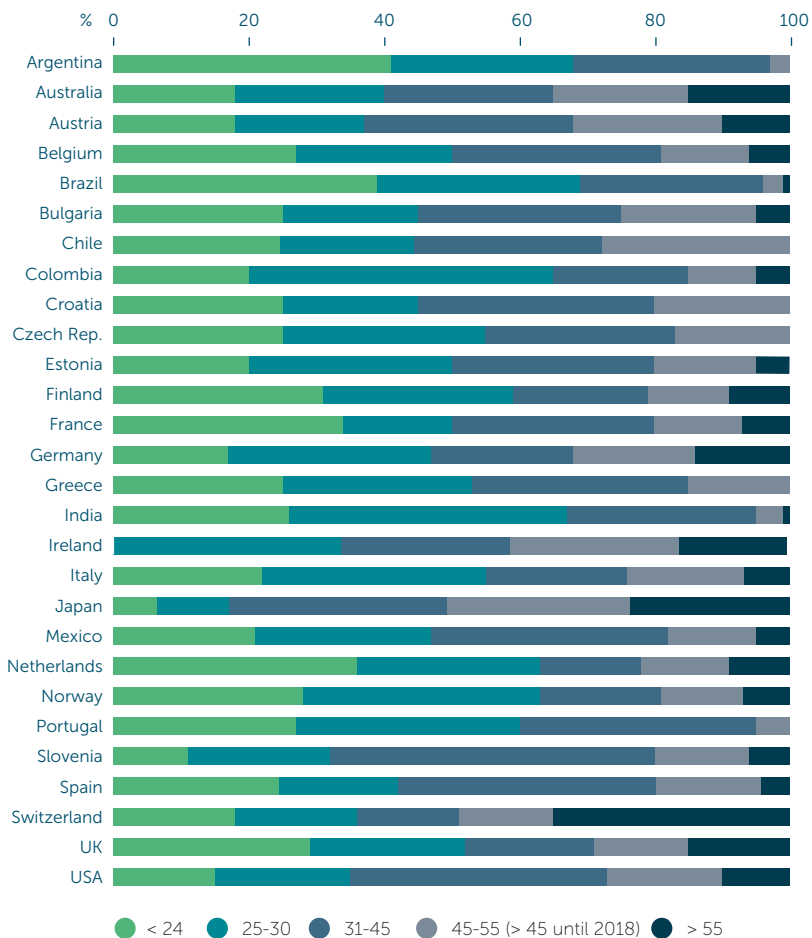


Figure 8: Average length of assignment of agency workers, by country

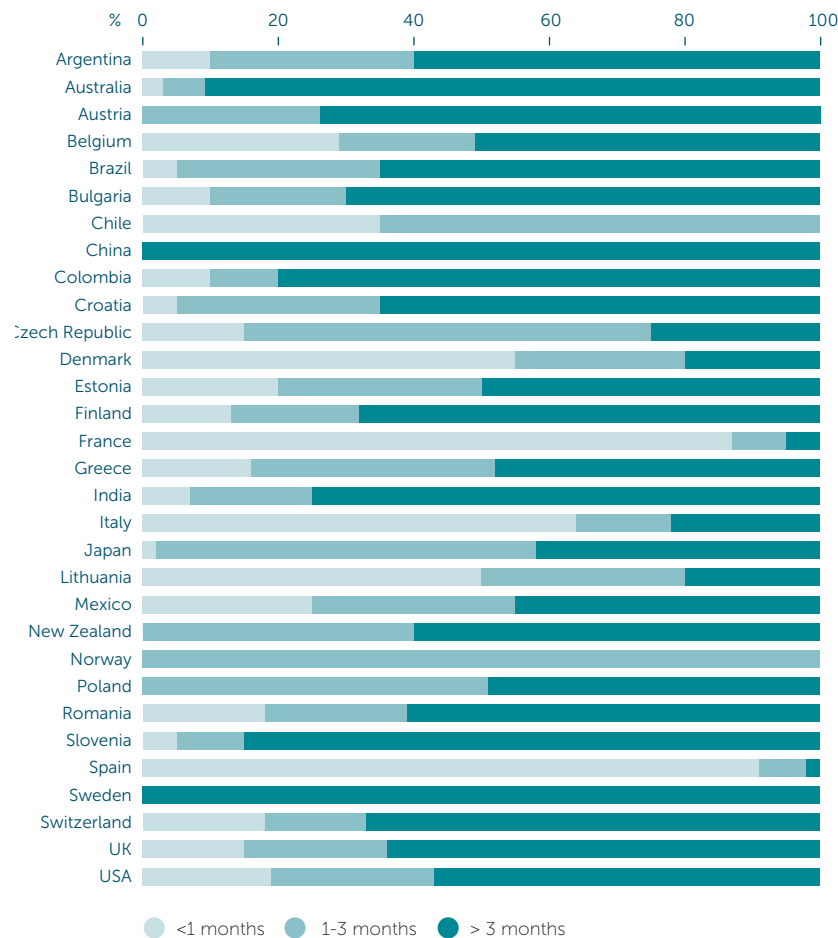


Figure 9: Average length of contract of agency workers, by country

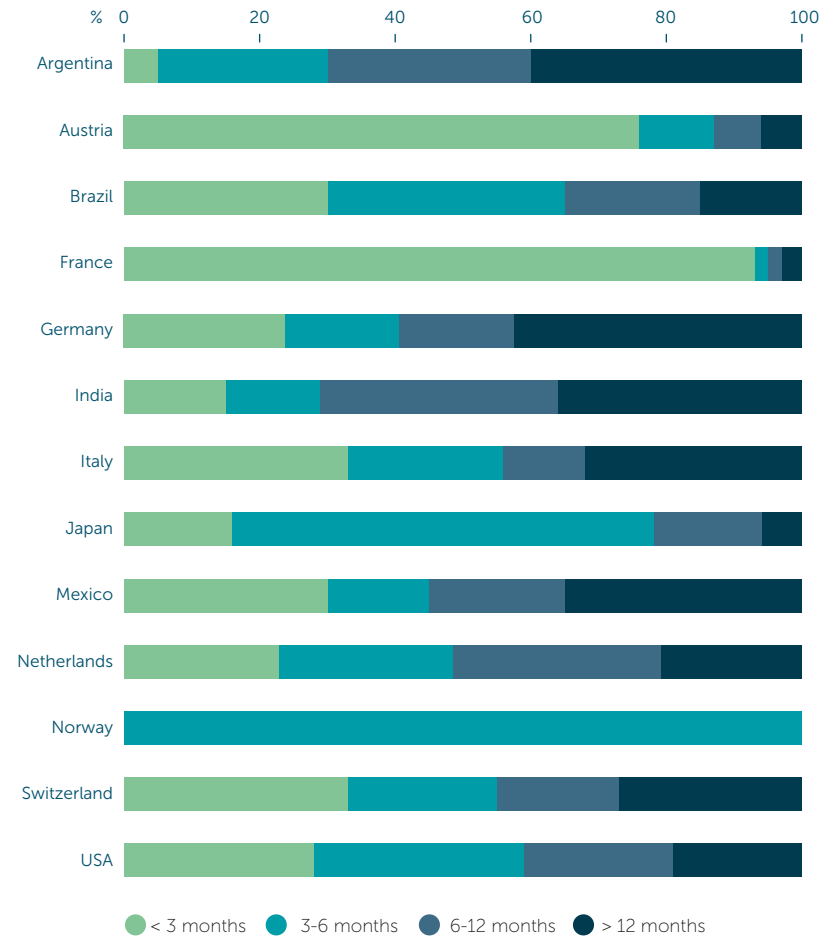
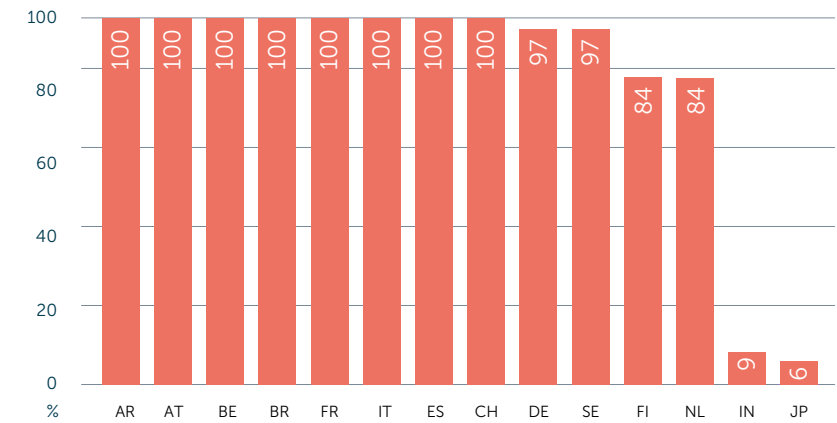


Figure 10: Share of agency workers covered in a Collective Labour Agreement



Endnotes

- 1 OECD 2022 Employment Outlook: <https://www.oecd.org/employment-outlook/2022/>
- 2 Korn Ferry 'Global Talent Crunch' report. Full report available at: <https://www.kornferry.com/content/dam/kornferry/docs/pdfs/KF-Future-of-Work-Talent-Crunch-Report.pdf>
- 3 OECD 2022 Employment Outlook: <https://www.oecd.org/employment-outlook/2022/>
- 4 World Economic Forum 'Upskilling for Shared Prosperity' report, in collaboration with PWC https://www3.weforum.org/docs/WEF_Upskilling_for_Shared_Prosperty_2021.pdf
- 5 McKinsey 'Beyond hiring: How companies are reskilling to address talent gaps' survey. The full report can be downloaded at the following link. <https://www.mckinsey.com/~/media/McKinsey/Business Functions/Organization/Our Insights/Beyond hiring How companies are reskilling to address talent gaps/Beyond-hiring-How-companies-are-reskilling.pdf>
- 6 Speaking at the OECD Local Skills Week in Cork (May 2022)
- 7 LinkedIn Global Talent Trends 2022. Full report available at: https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions-lodestone/body/pdf/global_talent_trends_2022.pdf
- 8 Idem
- 9 The Gartner 2022 CEO Survey can be accessed at the following link: <https://www.gartner.com/en/articles/ceos-turn-a-sharp-eye-to-workforce-issues-and-sustainability-in-2022-23>
- 10 Speaking at the 2022 World Employment Conference in Brussels
- 11 An overview of the ILO's Decent Work Agenda is available here: <https://www.ilo.org/global/topics/decent-work/lang--en/index.htm>
- 12 Information on the Good Work Charter can be accessed at: <https://ifow.webflow.io/publications/the-ifow-good-work-charter>
- 12 Information on the Taskforce is available at: <https://www.worldskillsuk.org/insights/skills-taskforce-for-global-britain/>
- 14 Speaking at the OECD Local Skills Week in Cork (May 2022)
- 15 For more details on these examples, go to: <https://www.kellyservices.co.uk/about-us/case-studies>
- 16 The Basic Policy on Economic and Fiscal Management and Reform (Basic Policies) 2022
- 17 The full 'Flexwork' White Paper can be accessed here: https://www.swissstaffing.ch/docs/en/Publications/Study/swissstaffing_WhitePaper07_2021_EN1.pdf
- 18 'Flexibility works: Why people choose flexible work' – REC report (2019)
- 19 Speaking at the 2022 World Employment Conference
- 20 The full 'What Workers Need to Thrive' report can be downloaded at the following link: www.manpowergroup.comwww.thriveglobal.com
- 21 The press coverage in the Irish Times can be accessed at the following link: <https://www.irishtimes.com/business/2022/09/15/government-called-on-to-tap-855m-training-fund-surplus-to-help-businesses/>

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