

FUTURE OF WORK

**THE
GLOBAL
TALENT
CRUNCH**



KORN FERRY®

Executive summary

A major commercial crisis is looming over organizations and economies throughout the world. By 2030, demand for skilled workers will outstrip supply, resulting in a global shortage of more than 85 million people.

Signs are already emerging that within two years there won't be enough talent to go around. In countries with low employment and booming manufacturing production, including the Czech Republic, Poland, Hungary, and Slovakia, a labor shortage has already accelerated automation and increased use of robotics—not to replace people, but because there aren't enough of them to fill the factories.

Left unchecked, the financial impact of the talent shortage amounts to \$8.452 trillion in unrealized annual revenue at 2030, equivalent to the combined GDP of Germany and Japan. The United States alone could miss out on \$1.748 trillion in revenue due to labor shortages, or roughly 6% of its entire economy.

While leaders are betting heavily on technology for future growth—a 2016 Korn Ferry survey found that 67% of CEOs believe technology will be their chief value generator in the future of work—they cannot discount

the value of human capital. Even companies that are using more robotics foresee a growing need for human talent with advanced skills; for example, redeploying people from the factory floor, where robots can perform repetitive work, to the research laboratory. The problem, however, is the mismatch between technological advances, including automation, artificial intelligence (AI), and machine learning, and the skills and experience workers need to leverage these advanced tools. Technology cannot deliver the promised productivity gains if there are not enough human workers with the right skills. This has set the scene for a global talent crunch.

Korn Ferry's report, *The Global Talent Crunch*, seeks to help leaders successfully plan and execute on their strategies, while identifying and mitigating risk, by examining the scale, impact, and timing of the talent crunch, and what it means for their organizations over time. We assessed the talent-supply gap in 20 developed and developing economies across the Americas (Brazil, Mexico, the United States), EMEA (France, Germany, the Netherlands, Russia, Saudi Arabia, South Africa,

the United Arab Emirates, and the United Kingdom), and Asia Pacific (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, and Thailand) at three critical milestones: 2020, 2025, and 2030. More granularly, we examine talent supply and demand in each of the 20 economies as a whole and within three major knowledge-intensive industries—**financial and business services** (including insurance and real estate), **TMT** (technology, media, and telecommunications), and **manufacturing**—and at three distinct skill levels, using education level as a proxy for skills.

What we found is that given the pace of global growth, current and projected demographic trends, the prevalence of under-skilled workers, and tightening immigration, even significant increases in productivity enabled by technology cannot alleviate the impact of the talent crunch. The projected talent crunch is so severe, the ongoing dominance of sector powerhouses could fall into question: from London as a global financial services center to the United States as a technology leader, and China as a key manufacturing base.



Our findings forecast the scale and impact of the talent crisis at each milestone in terms of skilled employee shortages, and what this implies in terms of lost revenue creation. For instance, the United States' financial services sector will suffer the most from stunted growth due to lack of talent, with \$435.69 billion in projected unrealized economic output, equal to about 1.5% of the country's entire economy. For the all-important technology sector, we found that a labor skills shortage will reach 4.3 million workers globally by 2030, or 59 times the number of employees of Alphabet, Google's parent company. On the positive side, India is projected to have a skilled labor surplus of around 245 million workers by 2030, the only country in our study expected to have a surplus of talent, owing mainly to its vast supply of working-age citizens and government programs to boost workers' skills.

Fortunately, there is time to mitigate the risk. Governments and organizations must make talent strategies a key priority and take steps now to educate, train, and upskill their existing workforces.

This report will help leaders understand how talent shortages are impacting their sectors and the regions where they operate so they can immediately begin to address the talent crunch—before they fall behind and suffer the economic consequences. Time is running out.

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help companies design their organization—the structure, the roles, and responsibilities, as well as how they compensate, develop, and motivate their people. As importantly, we help organizations select and hire the talent they need to execute their strategy. Our approximately 7,000 colleagues serve clients in more than 50 countries.