EMEA:
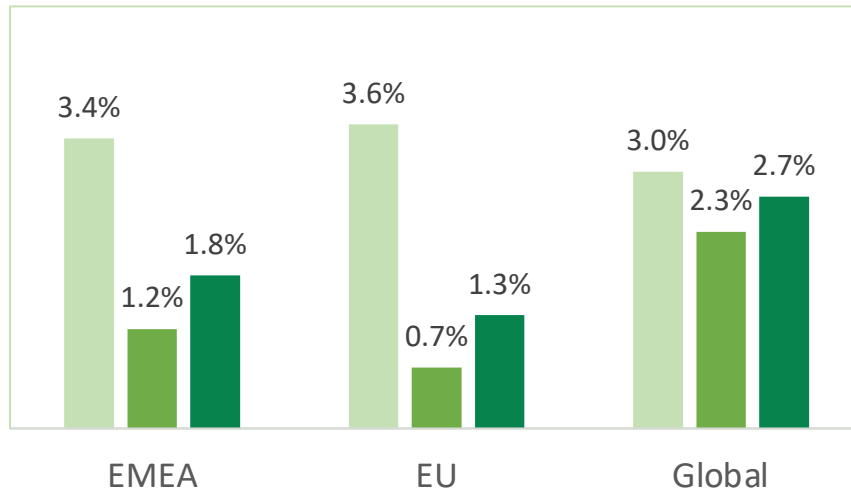# Labor Market Insights

Strategic Market Insights
Q2 2023

KellyOCG

Economic growth is decelerating in 2023, but sky–high inflation rates will also ease

- Economic growth in the EU and the EMEA region will lag global growth in 2023 and 2024.

GDP Growth

■ 2022 ■ 2023 (p) ■ 2024 (p)

Region	2022	2023 (p)	2024 (p)
EMEA	3.4%	1.2%	1.8%
EU	3.6%	0.7%	1.3%
Global	3.0%	2.3%	2.7%

- Inflation rates soared in 2022 but are expected to slow in 2023 and 2024.

Inflation Rate

■ 2022 ■ 2023 (p) ■ 2024 (p)

Region	2022	2023 (p)	2024 (p)
EMEA	11.0%	8.2%	4.3%
EU	8.9%	6.1%	2.8%
Global	7.6%	5.7%	3.5%

Source: S&P Global.
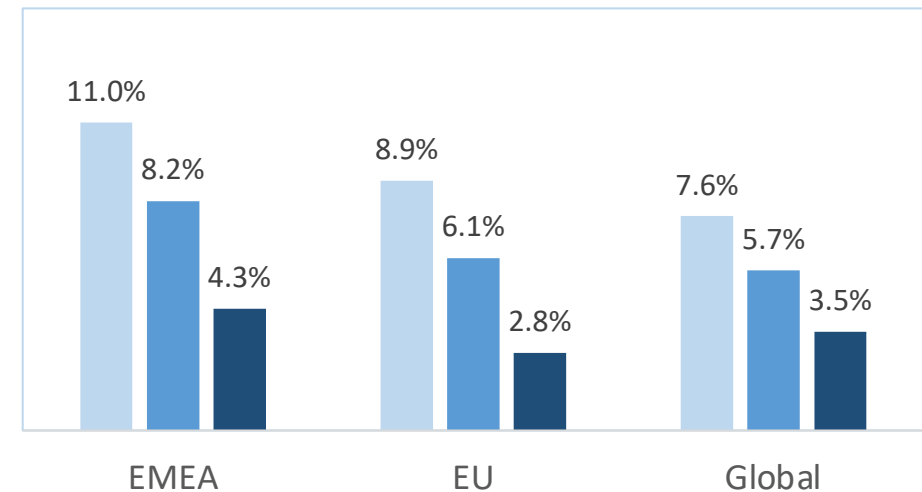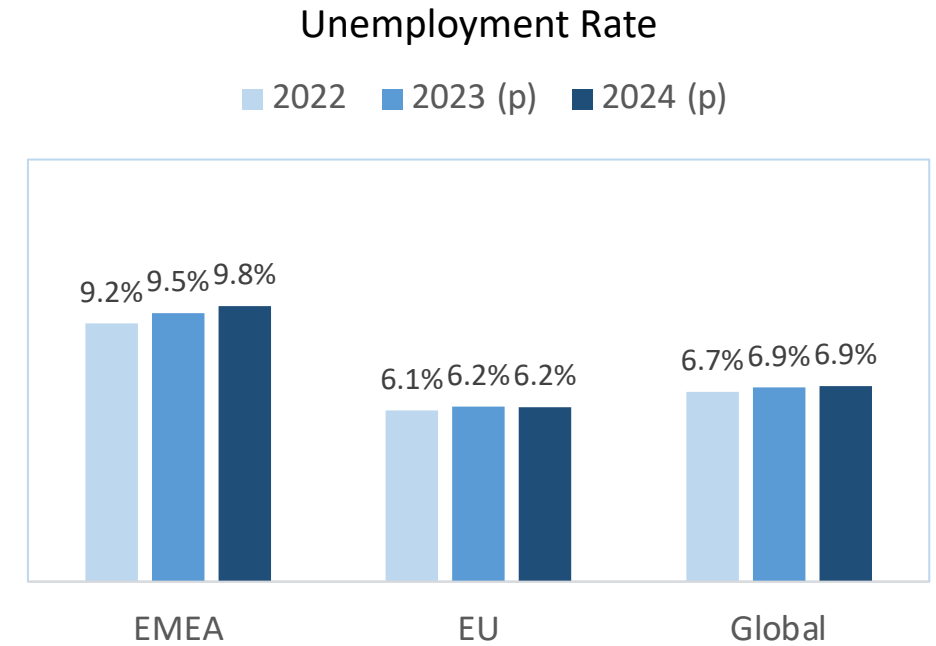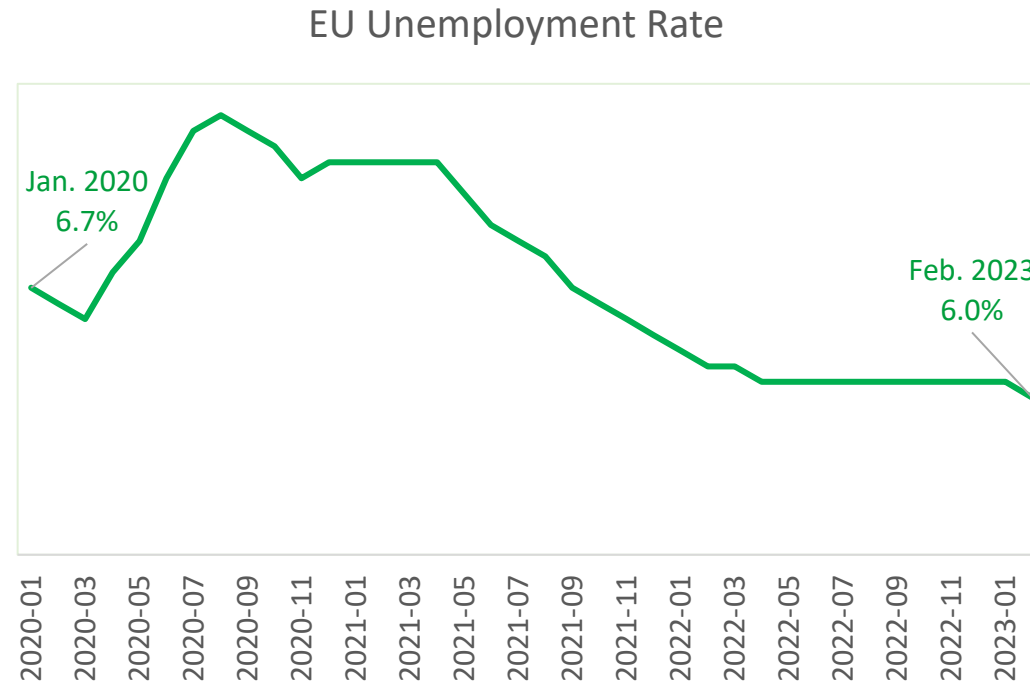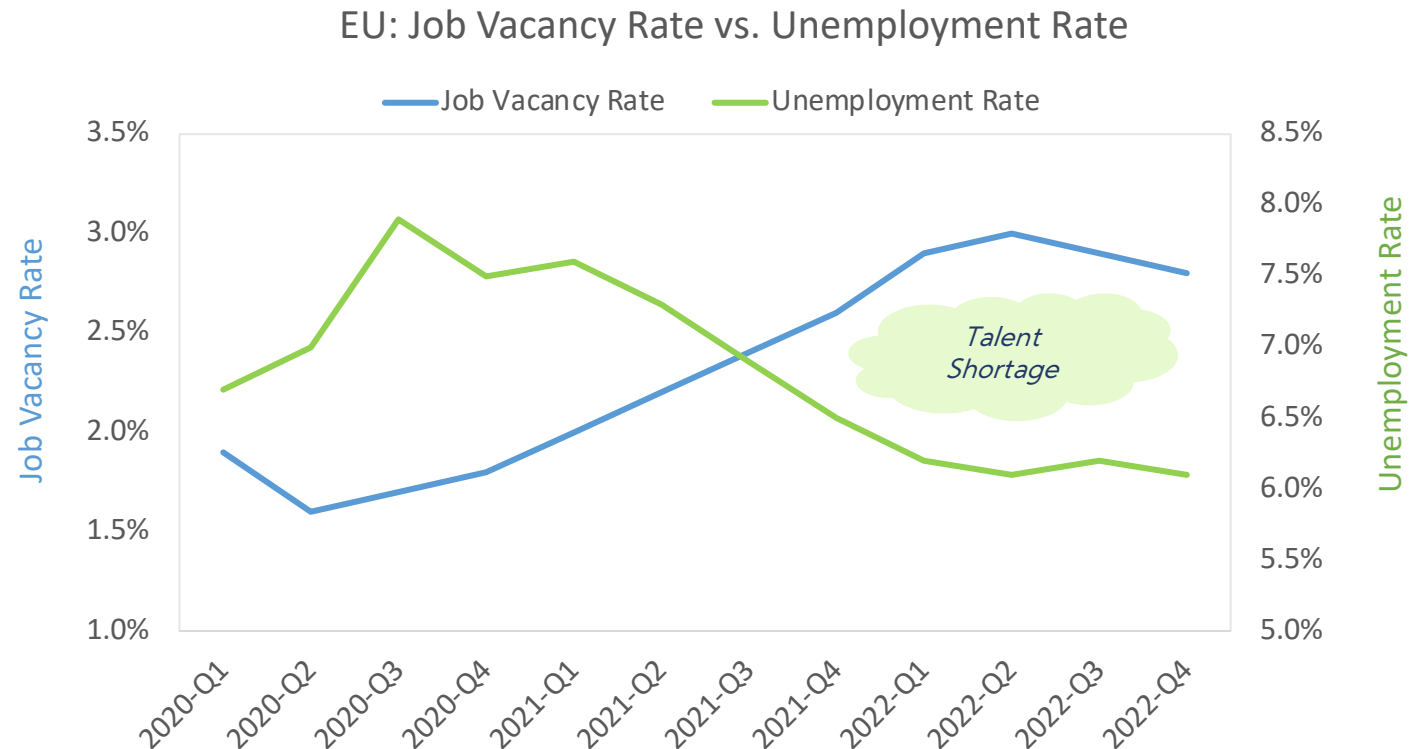
Despite economic challenges, unemployment is expected to remain low

- The EU unemployment rate dipped to 6.0% in February and is only expected to edge up slightly in the near term.

EU Unemployment Rate

Jan. 2020
6.7%

Feb. 2023
6.0%

2020-01
2020-03
2020-05
2020-07
2020-09
2020-11
2021-01
2021-03
2021-05
2021-07
2021-09
2021-11
2022-01
2022-03
2022-05
2022-07
2022-09
2022-11
2023-01

Unemployment Rate

- 2022
- 2023 (p)
- 2024 (p)

EMEA: 9.2% 9.5% 9.8%
EU: 6.1% 6.2% 6.2%
Global: 6.7% 6.9% 6.9%

Talent shortages persist across the region

- Across Europe, job openings remain high while unemployment remains low.

- The job vacancy rate is nearly a percentage point higher than pre-pandemic (2.8% vs 1.9%).

- The unemployment rate near 6% is down from a peak of nearly 8% in 2020.

- However, talent demand has begun to show signs of softening at the start of 2023.

EU: Job Vacancy Rate vs. Unemployment Rate

Job Vacancy Rate — Unemployment Rate

Talent Shortage

Source: Eurostat. Quarterly data; Q4 2022 is most recent available.

Focus on skill building in Europe to help stem shortages

- The EU launched 'The Year of the Skills' in 2023, with a focus on fostering programs for employers and employees to boost skills and employability among the labor force.

Currently:

- 4 out of 10 adults and 1 in 3 workers in Europe lack basic digital skills

- 77% of EU companies report difficulties in finding workers with the necessary skills

- EU employment rate was 75% in 2022 – 80% for men but just 69% for women

EU goals for 2030:

80% of adults should have basic digital skills	60% of adults should participate in training every year	78% of all adults should be in employment

Retaining and developing internal talent are top priorities for CEOs in Europe in 2023

- Although finding external talent is a challenge, European CEOs say they are most focused on improving their internal culture and developing the leadership skills and capabilities of their own talent in 2023.

European CEOs: Human capital priorities for 2023:

1. Strengthen organizational culture to retain talent	6. Optimize hybrid work model performance
2. Develop workforce capabilities	7. Build a more innovative culture
3. Strengthen the leadership pipeline	8. Build a resilient workforce to prepare for future challenges
4. Improve corporate brand/reputation to attract talent	9. Recruit a more diverse workforce
5. Build a culture that embraces change	10. Build effective hybrid work arrangements

Source: Conference Board