

# Global Labor Market & Regulations Insights (November-December 2022)

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## Did you know?

**With career coaching, workers are three times more likely to invest time in learning activities and six times more likely to find a better job or negotiate a better salary.**

At a time when businesses are battling each other for skilled talent, workers have never been as overwhelmed by the fast-paced changes to the global jobs market. To help clarify emerging trends, in November the Inter-Agency Career Guidance Working Group – a coalition involving the International Labour Organization, OECD, the European Centre for the Development of Vocational Training, the European Commission, The European Transport Workers Union and UNESCO – held the first ever [Global Careers Month](#). The GCM, which runs until December 13, shines a spotlight directly on the role that career guidance and coaching can play in aligning workforce demand and supply, thus helping to alleviate the global skills mismatch.

Career guidance and coaching is much more than preparing a great resume, refining interview skills and establishing a profile to attract potential employers. It is also about shifting mindsets, learning more about their true talents, and how to find a job that truly excites them. Research shows that well-executed **career coaching** supports key areas:

- **Talent retention:** A recent [survey from McKinsey](#) indicated that 41% of those quitting jobs did so because of a lack of career development.
- **Opening up new career opportunities:** According to the most recent LHH Global Consultants Insights report, more than half of our transition candidates want not only to find a new job, but a new career. They want to transform what they do for work and are willing to change roles and industries. This is particularly true of more vulnerable candidates such as refugees or the unemployed. Career coaching is instrumental for them to find a new career path.
- **Increased ROI for skilling investments:** [LHH 2021 research](#) suggests that career guidance not only increases engagement in skilling initiatives, but also improves their impact.

However, despite all these advantages, the LHH Global Workforce of the Future report found that 23% of all respondents have never had a career-related conversation with their managers. At a time when so many people are still thinking long and hard about looking for another job, career guidance could become the difference between being a place people leave, or a place people want to work.

For additional insights, [Listen to the 5min chat](#) with Izabella Khazagerova, Career Transition and Mobility Solution Head.

# Country updates

## Spain

Spain's Labor Minister Yolanda Díaz announced she is studying the potential for redundancy payments that can be tailored to individual workers.

In October, Díaz theorized that compensation amounts could be adjusted depending on how the employment loss will affect an individual's future career prospects. The idea, which is not yet formalized, could involve offering displaced workers 'reparative and restorative' compensation that varies according to age, gender, training, degree of specialization, and the objective possibility regaining employment.

**Why this matters:** Redundancy payments account for a significant portion of an employer's total separation costs. Although the proposal is an attempt to make compensation fairer for individual workers, it could make the process of managing head count very complex. There is also a risk that if there is too much focus on payments, then displaced workers may miss out on measures to make them more employable.

## United States

**Midterm Elections:** Although some polls anticipated a "Red Wave" – a surge in Republican victories – in Congressional midterm elections, the final outcome saw Democrats hold firm.

- **Senate:** The Democrats actually gained a seat in the Senate, with 50 seats to the 49 held by Republicans. One seat in Georgia remains in play and will be subject to a run-off election (December 6th). However, if there is a tie in the Senate, the vice president – who serves as 'president' of the upper chamber – is allowed to cast a deciding vote on any matter.
- **House of Representatives:** The Republicans won a majority, threatening President Joe Biden's agenda over the next two years.
- **Governors:** Democrats gained three big wins in gubernatorial races, while the Republicans flipped one seat.
- With the midterms out of the way, all eyes turn to the 2024 presidential race. Former President Donald Trump has already announced his intention to seek the Republican nomination. President Biden has yet to confirm if he will run for re-election.

**Pay Transparency Laws Gain Traction:** New York City now requires most employers to include pay ranges in all job advertisements. In January 2023, a similar law will go into effect in California. A total of 15 other states already have their own variations on pay transparency, with more states expected to follow in 2023.

**Why it matters:** Supporters say the rules will help close racial and gender pay gaps while some business groups believe the rules to be another hurdle in a tight labor market. Companies refusing to do so face a \$250,000 fine.

## Belgium

The Belgian parliament recently passed its "Job Deal", a large package of labor law reforms that are aimed at helping the country reach an 80 percent employment rate by 2030. Main provisions include:

- **Flexible Work:** Employees will be allowed to work their hours over four days, instead of five.
- **Employability Improvements:** Employers with more than 20 employees are mandated to provide four training days in 2023 and five days in 2024.
- **Transition Paths:** laid off employees can request to leave immediately to work for another company while still being employed at their old job during the notice period. This "transition path" will have to be facilitated by a Temporary Work Agency and is cumulative to the existing mandatory outplacement support.

**Why it matters:** These reforms legally enshrine concepts like employability and flexible working. The "transition paths" create new opportunities to accelerate individual transitions, while also controlling separation costs. More details will be needed to differentiate the new measures from existing provisions in order to avoid confusion.

## Italy

Established in 2020 to finance massive professional requalification plans, Italy's "New Skills" fund has undergone a relaunch. At the end of October, Italy's Court of Audit approved a €1 billion refinancing request made prior to recent national elections. The new fund provides for increased investment in training to help workers affected by ecological and digital transition.

In addition to updating digital skills, training hours can address innovation in the areas of energy saving and use of renewable energy, circular economy and waste treatment, innovation in production and marketing, as well as promotion of ecological awareness.

**Why it matters:** Supporting the ecological transition is a key goal for governments across industrial countries. Addressing the skills required to perform the transition at a necessary pace is important and provides a relief for businesses. While skills aligned to market needs and financing training activities are critical, it is important to note that ensuring engagement of the workforce into these opportunities is equally important.

## Industry updates

### Corporate health policies: United Kingdom

In November, the Confederation of British Industry (CBI) – a non-profit organization that lobbies on behalf of 190,000 British businesses – and Business for Health – a coalition of businesses promoting preventative health – launched the Work Health Index (WHI), which offers employers tools to assess and improve the mental and physical health of their workforces. The WHI captures all company policies and practices to create a health benchmark. This, in turn, should help those organizations develop interventions and promote awareness among employees.

The CBI said in a news release that it developed the index out of a concern for the decline of health among British workers. The UK Office for National Statistics (ONS) has reported this year that 2.5 million UK residents were unable to work due to long-term illness. The CBI reported that currently 131 million working days are lost every year due to illness. This represents £300 billion (€346 billion) in lost GDP. “Without healthy, productive employees, the UK economy will be unable to achieve the growth it sorely needs,” CBI President Brian McBride said.

The CBI, which is currently circulating the WHI to unlisted businesses, regardless of size, said it plans to make it available to listed companies as early as 2023.

**Why it matters:** As the world adjusts to a receding COVID-19 pandemic, other respiratory illnesses are making a comeback. These illnesses now present a clear risk to both personal wellbeing and economic growth. Business and government must work together to find interventions that help people avoid long-term illness. And given the amount of time people spend at work, the workplace will become a key battleground in the fight for better overall physical and mental wellbeing.

### Tech: US

One week after buying Twitter for \$44 billion, Elon Musk announced more than 3,700 job cuts, or around half its worldwide workforce. Musk offered those employees enhanced severance, about three months salary. Following the mass layoffs, however, additional employees voluntarily left the company in protest.

Some of the affected employees of the California-based company, who are not unionized, have launched a class-action lawsuit alleging that the 60-day notice period for large layoffs in California labor law was not respected.

**Why it matters:** The tech industry, a huge driver of economic growth, has been hard hit by layoffs, with giants of the sector like Amazon and Meta (parent company of Facebook) announcing deep cuts to head count. The world is looking towards Musk and how he has handled the process, which is widely criticized, to contradict best practices in separation.

### Insurance: Italy

In order to manage escalating energy prices, Italian insurer Generali (13,000 employees in Italy) will be relying more on remote working arrangements as a way of reducing operating costs. An agreement signed recently by trade unions will allow for a number of periodic, temporary office closures (e.g., every Friday, during the month of August or during the end-year holidays) from 11 November 2022 until 6 January 2023.

Workers equipped with smart working technology will work remotely on these days, while still retaining the right to choose other days to be out of the office. The remaining employees will continue working in person, utilizing designated spaces that provide some measure of health protection. The agreement will be re-evaluated if energy or regulatory conditions change.

### Energy-intensive sectors: Belgium

Belgium has introduced temporary layoff program for energy-intensive companies that will be implemented from October 2022 to March 31, 2023.

According to Belgium’s National Employment Office (ONEM), companies will be allowed to temporarily reduce head count if they can demonstrate that energy products represent at least 3% of their added value for 2021, or that their energy bill for the preceding quarter is double what they paid in the same quarter in the previous year.

Employers may opt for either a full layoff of up to four weeks, or a reduced working hours for a maximum of three months. Any use of this initiative must be communicated to the employees and the ONEM at least three calendar days prior to unemployment.

**Why it matters:** Belgian businesses are particularly vulnerable to soaring energy prices largely because salaries are, by law, indexed to the rate of inflation. The Belgian government believes current conditions will result in 10% increase in salaries across the board as of January 2023. This could cause some employers to undertake drastic measures to manage increased operating costs. This program gives employers added flexibility to avoid permanent layoffs.