

STRATEGIES FOR DEALING WITH THE LABOUR SHORTAGE

an Overview

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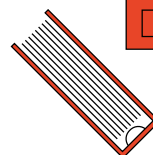
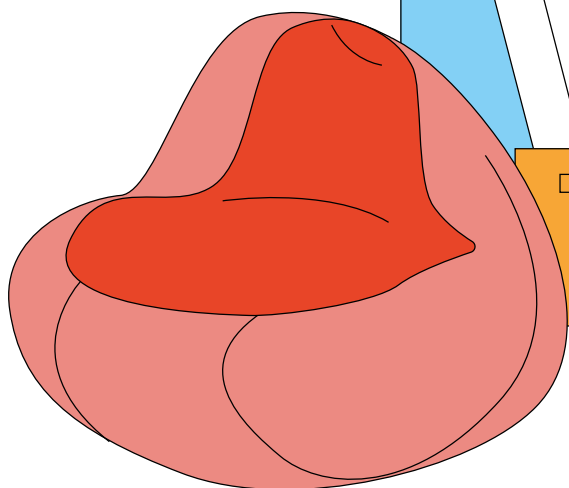
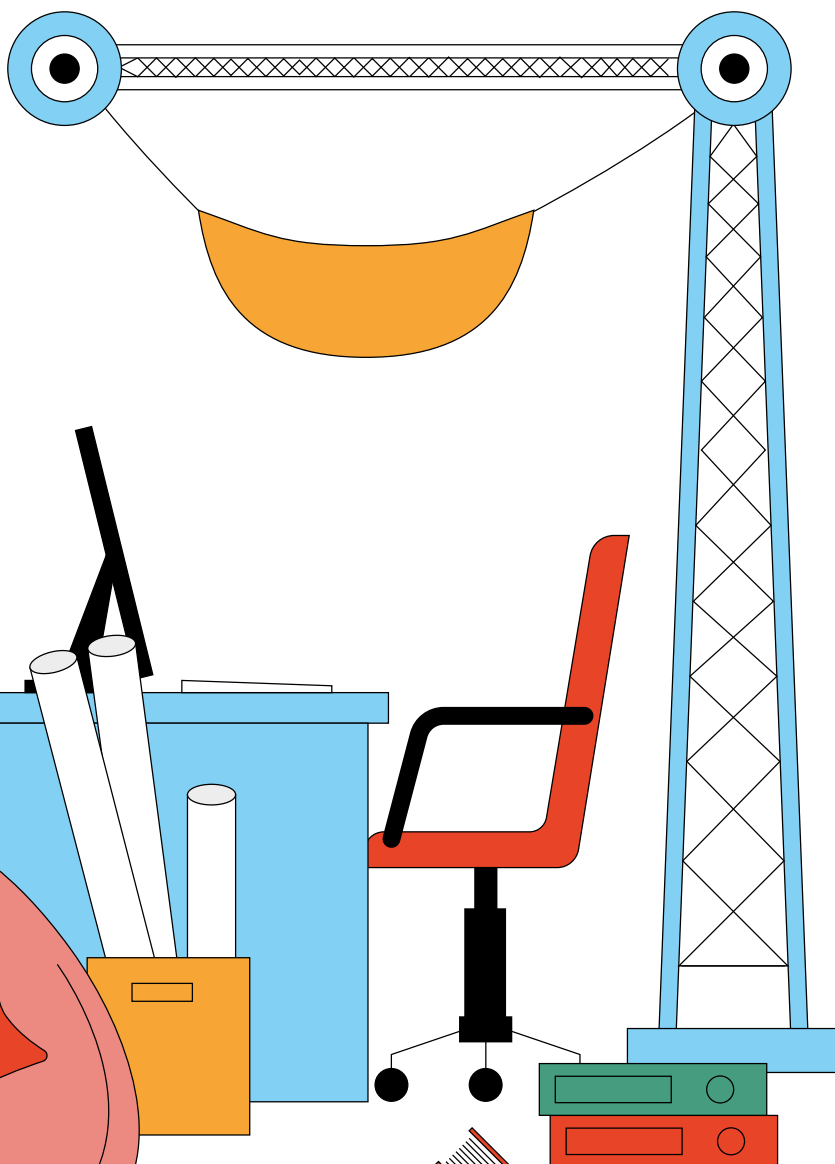
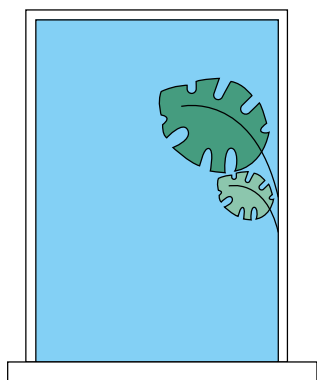
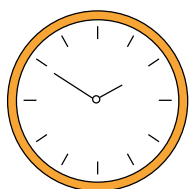
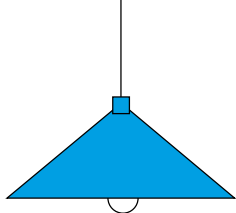
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Foreword

Switzerland has been grappling with a labour shortage for several years, and this issue goes beyond temporary fluctuations. Instead, it is rooted in persistent structural imbalances. Factors like demographic aging and limited growth potential in the domestic labour market contribute to the deepening of this problem.

The labour shortage is expected to exacerbate further, and the existing measures taken to address it have proven insufficient. As the largest private employer in Switzerland, it is imperative for us to define and implement sustainable actions. To ensure our companies can attract and retain the right personnel, we are actively engaging various groups and disciplines. To deepen our understanding of the labour shortage in Switzerland and enhance our ability to respond swiftly and effectively, we have initiated this study.

David Girod

Head of Human Resources Management, Migros Group

Executive Summary

The Swiss labour market will shrink without immigration. But even with high immigration figures, it will not be possible to maintain the previous growth of the labour market. Employers need to adapt to this situation. This study compiles and arranges different measures for dealing with the labour shortage, with the aim of showing different approaches to deal with the situation. The measures are arranged following the formula:

Number of person-hours x efficiency = output

The increase in the number of person-hours includes, on the one hand, measures to make employers more attractive. These are relative competitive advantages in the labour market. In a survey, 1,000 employees from German-speaking Switzerland were asked about their satisfaction with different aspects of their work and these areas of satisfaction were compared with their overall satisfaction, loyalty toward their employer and intentions of quitting their jobs. It showed that development opportunities (both personal and in terms of their career) and the appreciation by an employer who matches one's values are the most important employer attributes for employees, but it is precisely the development opportunities that are often not offered to a satisfactory extent.

The increase in the number of person-hours comprises, on the other hand, measures to expand labour market participation, which means that more person-hours are worked in the market. There are many options for this. Where remote working has become the norm, there are not many obstacles to offshoring work abroad. In addition, pensioners are open to working on a project-by-project basis and, if need be, could be recruited via "gig-economy"

style platforms for individual tasks. A corporate platform could lower the hurdle for pensioners who worked for that company (in terms of psychology and also the bureaucracy) and create a broad but casual recruitment pool. Furthermore, career and pension advice could encourage women to increase their working hours or at least to not to give up their jobs completely despite high childcare costs. Political measures could also be introduced to lower the latter.

It is probable that the labour market of the future will have to cope with fewer people, despite all efforts to increase person-hours. The formula suggests another factor: the increase in efficiency. Automation of work processes is one example of an efficiency measure. In a survey of managers, half of the respondents thought that about 20% of the work could already be automated today. However, there was a lack of competencies (also a consequence of the labour shortage), of a technology-savvy culture and of confidence that quality can be maintained. In addition, respondents to the employee survey also perceive about 20% of the work they do as unnecessary (excessive emails, meetings, administrative tasks, etc.). This is partly attributed to too much in-house bureaucracy and too many managers – which is the occupational group that has grown the most in the Swiss labour market since 1991. The connection between wages and value generation seems to be restricted both within companies and in society as a whole.

The labour shortage is often also caused by an allocation problem. Even measures to increase efficiency do not necessarily lead to less need for staff. Rather, the consequence of increased efficiency is often an almost automatic expansion

of output. In order to cope with the labour shortage, it is necessary to deal with output carefully and to reflect on where output should be expanded, capped or even reduced so that any reduction in output is done in a controlled manner. Especially in the context of an increasing relevance of sustainability, there are services and products in all companies that need to be questioned and the elimination of which would promote the credibility of sustainability strategies and thus also increase the chance that the corporate values match those of young employees. Perhaps other legal forms are necessary in order to avoid the pressures for growth which are linked with a shareholder structure. Alternative models are possible.

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