



## Korn Ferry Study Reveals Company Payrolls Could Soar Long-Term Due to Global Skilled Talent Shortages

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*-- Study Shows that by 2030, Global Deficit of In-Demand Employees Could Cost Companies Trillions --  
-- By 2030, Average Pay Premium for Skilled Workers Could Be More Than \$11,000 Per Worker Per Year --*

LOS ANGELES--(BUSINESS WIRE)--Jun. 20, 2018-- Salaries for highly skilled workers could boom as global talent shortages take hold, according to a new study\* by [Korn Ferry](#) (NYSE: KFY). Left unchecked, the salary surge could add \$2.5 trillion to annual payrolls globally by 2030, jeopardizing companies' profitability and threatening business models.

"The new era of work is one of scarcity in abundance: there are plenty of people, but not enough with the skills their organizations will need to survive," said Bob Wesselkamper, Global Head of Korn Ferry Rewards and Benefits Solutions. "While overall wage increases are just keeping pace with inflation, salaries for in-demand workers will skyrocket if companies choose to compete for the best and brightest on salary alone."

Korn Ferry's [Salary Surge](#) study estimates the impact of the global talent shortage, as identified in Korn Ferry's recent [Global Talent Crunch](#) study, on payrolls in 20 major global economies at three milestones: 2020, 2025 and 2030, and across three sectors: financial and business services; technology, media and telecommunications (TMT); and manufacturing. It measures how much more organizations could be forced to pay workers, above normal inflation increases.

The salary surge could undermine market dominance within sectors:

- Financial and business services face a potential wage increase of more than \$440 billion by 2030; this is more than double the wage premium of the other sectors examined.
- The wage premium for TMT could almost triple within the next decade, surging from more than \$59 billion in 2020 to \$160 billion by 2030.
- Manufacturing, a critical driver of growth for many emerging economies, could stall under the impact of additional salary increases of more than \$197 billion by 2030.

The study also reveals the huge impact the salary surge will have at a country level:

- U.S. and Japanese companies can expect to pay the most: the U.S. could face a wage premium of more than \$531 billion by 2030; Japan is predicted to pay approximately an additional \$468 billion by 2030.
- Smaller markets with limited workforces are likely to feel the most pressure. By 2030, Singapore and Hong Kong could expect salary premiums equivalent to more than 10 percent of their 2017 GDP\*\*.
- While the U.K. and France can expect a better short-term outlook, by 2030 the U.K.'s wage premium may be equivalent to 5 percent of its 2017 GDP\*\* and France's may reach 4 percent of its 2017 GDP\*\*.
- By 2030, China could see an additional salary increase of more than \$342 billion.
- India is the only economy that can expect to avoid upward spiralling wages, as unlike any other country in the study, it will have a highly skilled talent surplus at each milestone.
- The average pay premium (what employers could have to pay over and above the amount that salaries would rise over time due to normal inflation) per worker across the 20 economies is \$11,164 per year; however, Hong Kong could face a staggering \$40,539 per year per highly skilled worker; Singapore could expect to pay an extra \$29,065; and Australia \$28,625 more by 2030.

"Buying in talent from the market is unsustainable. Instead, companies must focus on engaging and reskilling their current workers," said Alan Guarino, vice chairman, Korn Ferry CEO and Board Services. "With existing highly skilled workers, leaders must focus on what really drives retention. We know that employees who have the opportunity for career development, benefit from inspiring leadership and feel their work has purpose are more likely to stay at an organization, and—crucially—will be more engaged and productive."

"In tomorrow's world of work, the employees who will succeed won't necessarily be the people with the highest level of academic achievement," said Guarino. "Instead, they will be the ones who are adaptable and willing to learn, with enough flexibility to handle rapidly shifting working environments and less hierarchical structures. Companies need to identify the talent of tomorrow and help them achieve their potential."

\*\*GDP figures based on 2017 IMF estimates

**\*About The Salary Surge Study**

Following the Korn Ferry [Global Talent Crunch](#) study, which modeled the gap between future labor supply and demand to estimate the impending skilled talent shortage, [The Salary Surge](#) study estimates the impact of this shortage on payrolls in 20 major global economies.

The study assesses wage increases by mapping Korn Ferry's proprietary global pay data against the skilled labor shortage revealed in *The Global Talent Crunch* to estimate its impact at three future milestones: 2020, 2025, and 2030. The model focuses on three knowledge-intensive sectors within each market that act as critical drivers of global economic growth: financial and business services; technology, media and telecommunications (TMT); and manufacturing, and also examines the remainder of each economy outside of these core industries. The report focuses on highly skilled labor, which is where the most acute shortages are found. The model uses educational attainment as a commonly accepted proxy for skills.

The 20 markets covered span the Americas (Brazil, Mexico, the U.S.), EMEA (France, Germany, the Netherlands, Russia, Saudi Arabia, South Africa, the U.A.E., the U.K.) and Asia Pacific (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Thailand).

Full methodology can be found in [The Salary Surge report](#).

#### **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.

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