



# Labour force and skills shortages: how to tackle them?

21 JUNE 2022

## Introduction

Labour force and skills shortages have been a challenge for business long before the Covid-19 pandemic. The urgency of shortages has somehow subdued when the Covid crisis triggered growing labour market slack across Europe notably as the result of lockdowns and several covid waves throughout 2020-2021. But the challenge is back in the post-pandemic recovery. According to WEC-Europe, in 2021 almost 70% of employers reported problems in hiring and perceived it as a major issue<sup>1</sup>. These short-term recent trends may be impacted by the war in Ukraine and its consequences for Europe's economies and labour markets.

More structurally, labour force shortages also reflect the rapidly ageing of European populations and the related shrinking working age population. They are also linked to the phenomenon of depopulation of certain regions, sometimes related to closing down businesses/industries or profound restructuring processes. Skills shortages are a manifestation of persisting skills mismatches, a result of people's educational choices not sufficiently aligned with the labour market needs. In some countries, unfortunately, high unemployment has been coexisting for years with high vacancy rates.

## BusinessEurope's main proposal

Labour and skills shortages have become a key concern for businesses. They constitute a bottleneck to economic growth potential and a waste of human potential. Useful analytical work has been done lately at the EU level, and the facts are clear. But the EU policy response is hitherto fragmented. And at the national level, only a limited number of Member States have engaged in comprehensive actions to address this issue. The policy responses at the EU and national levels needs to be strengthened.

In order to address growing labour and skills shortages at all appropriate levels and in a meaningful manner, **BusinessEurope proposes the two following main actions:**

- **The European Commission should include in its 2023 work programme the preparation of an action plan aiming to give shape to a well-coordinated EU strategy drawing on EU employment, skills,**

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<sup>1</sup> WEC-Europe (2021), *Global labour shortage statistical briefing* (internal materials).



**single market and migration policies.** This action plan should take stock of important initiatives such as the EASE recommendation, the EU skills agenda, a future EU talent pool, and make a better use of the EU directive on recognition of professional qualifications 2005/36/EC to improve the match between the available workforce at global, EU and national levels and job vacancies. As part of this, the Commission should avail a clear EU quality framework for improved skills intelligence at the EU, national and regional levels, as this information will play a key role in orienting the EU and national policy responses and financial support mechanisms to where the changing labour markets needs are. In this respect, the role of in-work benefits needs to be strengthened to ensure that a bigger number of inactive people work, and an increasing number of people move from part-time to full-time employment.

- **The main responsibility for many of the actions that come under the policy response to growing labour and skills shortages is at the national level. Therefore, the EPSCO Council's Employment Committee (EMCO) has a key role to play to coordinate Member States' policy responses to growing labour and skills shortages.** This should be done through engaging in benchmarking activities, feeding the findings into the European semester processes, and encouraging improvements of national policy responses across Europe through identified well-functioning measures in some Member States. Should the BusinessEurope's proposal to establish a new tripartite advisory committee on employment be taken up by the Commission and the Council as part of the upcoming Commission's social dialogue initiative, this would also provide an important forum for regular interaction between the Commission, the Member States and social partners at EU and national levels to discuss the progress made and consider further improvements, where appropriate.

## Background

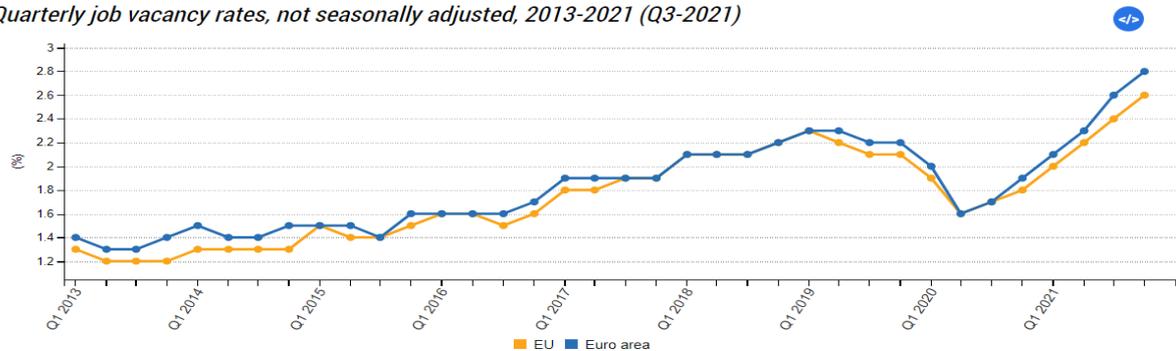
Labour force and skills shortages are acting as a bottleneck to the economic growth. They are a serious challenge hindering business development and, more and more often, their daily operations. They put additional pressure on labour markets as a growing number of companies depends on a shrinking number of workers, which results in a fierce competition for talent contributing to higher labour costs. Currently the vacancies are well above the pre-pandemic levels (see the graph below<sup>2</sup>): in many Member States the number of unfilled positions exceeds the vacancy levels observed over the last decade.

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<sup>2</sup> Eurostat (2022), [Job vacancy statistics 2013-2021](#) (accessed 25 April 2022).



Quarterly job vacancy rates, not seasonally adjusted, 2013-2021 (Q3-2021)



Note: data for NACE Rev. 2 Sections B to S.  
Source: Eurostat (online data code: jvs\_q\_nace2)

eurostat

The problem can further aggravate: in July 2021 more than 40% of employees were considering leaving their current employer, while almost 50% of employers in Europe reported they were going to hire.

All sectors are impacted by labour force shortages, albeit to a different extent. The most hit ones include construction, accommodation and food services, manufacturing, retail trade, transport/warehousing as well as leisure and hospitality<sup>3</sup>. Labour shortages exist at different skills levels, some of them structural (shortage of engineers, or of IT specialists), others due to Covid or Ukraine war. For example, since July 2021, hospitality establishments re-opened, but without counting on the necessary workforce to welcome clients. More recently, the agriculture sector has signalled potential shortages of seasonal workers, especially in the context of the current war in Ukraine and the outflow of many Ukrainian male workers from EU Member States to fight the war in Ukraine. Employers across the EU conduct their own assessment and surveys to define the size and gravity of labour shortages. A good example of such an initiative comes from Cyprus.

### **Cyprus: surveying labour shortages**

Labour shortages have become one of the most important problems in Cyprus in the last few years. The outbreak of the pandemic intensified the problem of the lack of sufficient human resources at the Cypriot enterprises. The Cyprus Employers & Industrialists Federation (OEB) had identified the problem and conducted a survey amongst businesses through an online questionnaire. The purpose of the survey was to record the needs in the various sectors and in specific occupations/specializations, both short term and long-term needs.

The survey's results confirmed the great need for manpower, while in specific sectors, such as the hotel industry, the problem of the lack of human resources in all occupations/specializations was enormous. Codified survey results were submitted to the Ministry of Labour and Social Insurance for further actions. In addition, the survey's results were announced publicly drawing the attention of the media, thus instigating a public dialogue.

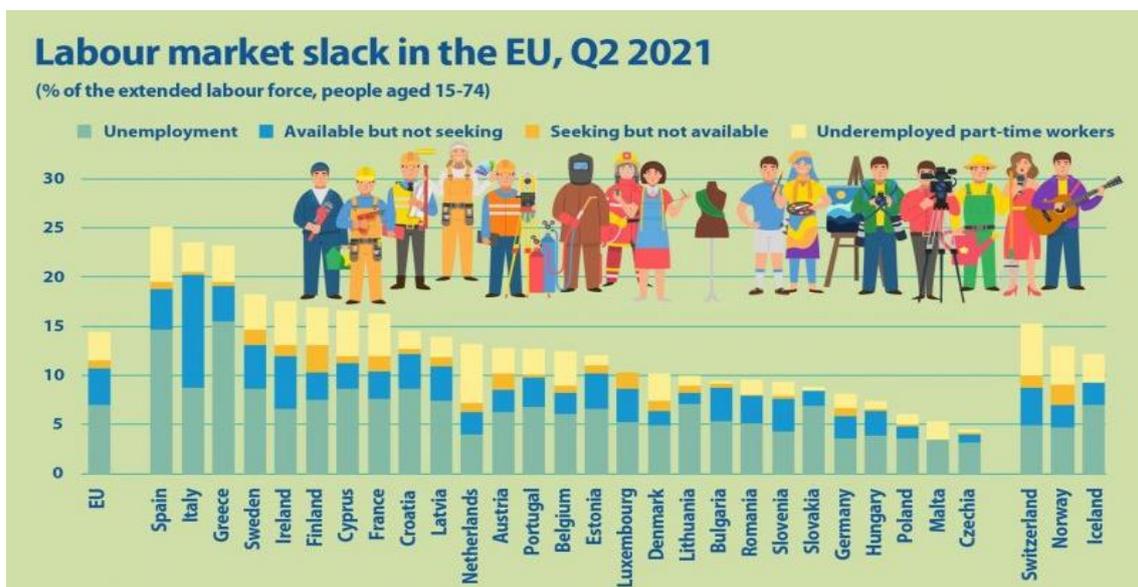
<sup>3</sup> A detailed profile of the shortage occupations identified in 30 European countries/regions between the latter half of 2020 and the first quarter of 2021 in terms of their geographic spread, the numbers of missing workers and the severity of the shortage can be found ELA, [Report on Labour Shortages and Surpluses](#), November 2021, pp.7-10 (accessed 2 June 2022).



## Explaining labour shortages

A key explanation is **ageing and shrinking working population**, which reduces the number of potential workers. The total labour supply in the EU is projected to decrease by an average of 0,3% a year, corresponding to a reduction of 16% (32 million people) in the period to 2070. Male labour supply is projected to fall by 17% (approx. 19 million) and female labour supply by 14% (almost 13 million)<sup>4</sup>.

Looking only at the number of unfilled vacancies and the numbers of the unemployed does not give the full picture. An important labour market phenomenon is **inactivity**, rather high across the EU. For example, in Italy it is over 37% and over 30% inactivity rate is found in four EU Member States (Croatia, Romania, Greece and Belgium). Furthermore, it is worth noting that during the Covid pandemic a certain number of people have dropped out from the labour market and have not returned in the recovery period. These individuals have often rethought their priorities, taken decisions about ending their careers (people close to retirement) or, which is the worst-case scenario, are no longer looking for work while being dependent on welfare. In this respect, labour market slack<sup>5</sup> is a good indicator of the potential pool of additional labour. The graph below presents labour market slack in the EU in the middle of 2021.



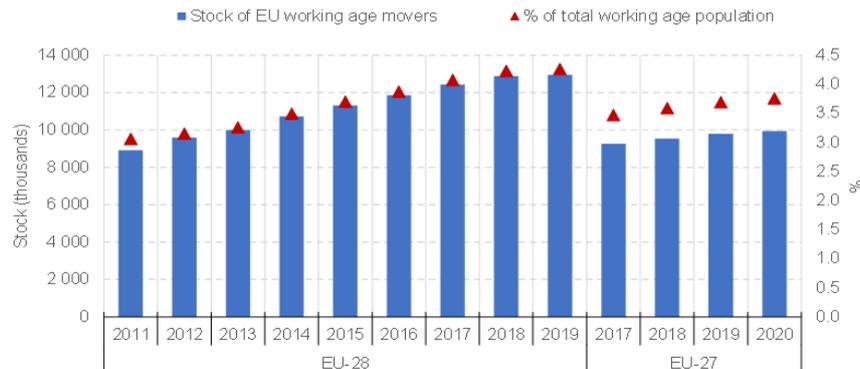
<sup>4</sup> European Commission (2020), [The 2021 Ageing Report](#), Institutional Paper 142, p. 4.

<sup>5</sup> According to the [International Labour Organisation \(ILO\)](#) criteria, "a person is considered *unemployed* if he/she is not working, is available to start working within two weeks and is actively looking for a job. However, the latest developments in the labour market linked to the COVID-19 pandemic and its containment measures have highlighted the relevance of looking further than unemployment to report on the unmet demand for employment. Indeed, to better reflect the unmet need for employment, one may consider, in addition to unemployed people, part-time workers who want to work more, people who are available to work but do not look for work, and people who are looking for work but are not immediately available. These population subgroups are gathered under the concept of labour market slack". For more info see [here](#).



Labour force shortages are also a result of **a relatively low mobility in the EU**. As shown in the chart below, the rate of increase in EU movers has decelerated in recent years. Companies and workers face barriers in hiring/taking up employment across borders. These barriers include lengthy and costly procedures as well as a lack of sufficient and easily accessible information necessary while employing EU workers / taking up employment abroad. Additionally, social protection systems are not compatible and make difficult, if not impossible, portability of the acquired social protection rights. **Serious administrative burdens** are also faced by companies **posting workers** across the EU.

### The rate of increase in EU movers has decelerated in recent years



Source: Eurostat, population statistics [migr\_pop1ctz], Milieu calculations.

**Low effectiveness of matching** between offered jobs and the available labour supply can lead to labour force shortages. It is not only the question of a mismatch between employers' requirements and the profile of workers, but also the result of not using appropriate advertisement channels and/or recruitment techniques. This observation is especially relevant in case of the candidates further from the labour market, usually belonging to the vulnerable groups. Having said this, the increasing use of labour markets digital platforms such as LinkedIn or other platforms managed by public or private employment services has the potential to better inform companies and workers about labour market needs and supply in real time.

While addressing labour shortages it is worthwhile to analyse qualitative and quantitative aspects as understanding the nature of shortages will be crucial for determining appropriate solutions. **Quantitative shortages** are characterised by low unemployment rate and significant difficulties to fill in vacancies. They are usually caused one or multiple drivers such as strong economic growth, high consumer demand, demography (the deficit of the working age population), migration patterns (not sufficient inflow of migrant workers) as well as high levels of economic inactivity, including among the vulnerable groups. **Qualitative shortages** manifest themselves through a relatively high unemployment rate and



significant number of unfilled vacancies. The most common drivers include change in demand for services/products and, in general, a significant change in economy, for example technological change. Large number of unfilled vacancies may be also caused by **skills mismatches**, which is a structural problem across the EU. One of the employer-driven initiatives - “Skills4Jobs”, a comprehensive programme for training and employment implemented by SEV – Hellenic Federation of Enterprises from Greece, addresses skills mismatches and offers an “end to end” approach to equip workers with skills required by employers. The programme has been launched in June 2022.

Greece: An initiative of SEV - Hellenic Federation of Enterprises to support training and employment

The initiative of SEV, which called “Skills4Jobs” is a response to the difficulties faced by employers to fill job vacancies due to skills shortages and a too slow pace of adaptation of education and training systems to technological development. Additionally, the program improves effectiveness and attractiveness of the Initial Vocational Education and Training (IVET) and enhances its graduates’ employment perspectives.

The program includes the following stages:

- diagnosis of employers’ needs related to occupations and skills
- counselling and assessment of participants’ skills and upskilling/reskilling needs
- delivering a fast-paced and tailor-made training program equipping participants with necessary technical and soft skills
- employing trained participants by enterprises, SEV members,

A small-scale pilot programme is currently implemented in the Attica region for two occupations: industrial electrician and information technology technician.

A detailed description of the program can be found in Annex 1.

Due to a lack of or ineffective career guidance, many people choose their fields of education without being aware of where employment opportunities are. Coming on top of this, education and training curricula are lagging behind the changing jobs demands. It is therefore a key priority for employers to speed up Member States’ processes of updating curricula and qualifications to align them with the changing labour market needs. A good example can be found in Czechia, where efforts are aimed at developing a systemic environment in the area of further education with a special focus on reskilling/upskilling.

Czechia: the Committee for Retraining and Further Education

The Committee is responsible for evaluating the situation and coordination of different activities. The objective of the Czech Ministry of Labour and Social Affairs is to reach out to wider audience with retraining options. Available educational opportunities have been enriched content-wise and with additional support for upskilling initiatives tuned to the needs of the labour market.



The EU debates should promote existing best practices in the Member States (for example Skillnet from Ireland<sup>6</sup>, OSKA<sup>7</sup> from Estonia). In the countries where this is needed, employers should be better involved in designing/updating the curricula. Last but not least, qualitative shortages may be induced by the discrepancy between the nature/profile of available jobs and jobseekers' preferences<sup>8</sup>.

### *Tackling labour shortages*

In order to effectively tackle labour force shortages, it is important to have access to relevant data. Policymakers need to map in which sectors labour shortages occur, what are their reasons as well as whether this is temporary or longer-term phenomenon. There are two main strategies to tackle labour force shortages: **(re-) engaging people** on the side-lines of the labour market and increasing labour force through **migration**.

**Making-work-pay policies** are the main tool to attract more people to the labour market. In-work benefits (IWB) are one of the most effective policy options to enlarge the pool of available candidates. Well-designed minimum income schemes - conditional, means-tested and including activation component - are crucial to support those in need, while facilitating transition to employment. Appropriate relation between minimum income scheme and the minimum wage is very important: income from work should be higher than the one from benefits. From this perspective, basic minimum income is counterproductive to employment and can further aggravate labour force shortages by pushing more people into inactivity. **The retirement age policy** has also an important role to play in maintaining older workers in employment. Possible policy choices include increasing retirement age, allowing to combine employment-generated income with the earned pension or additional fiscal incentives to continue employment at least until, and possibly beyond the retirement age.

Activating the inactive requires **targeted active labour market policies** (ALMPs) accompanied by supporting services and enabling measures. Supporting services are usually provided by social services or civil society organisations and prepare inactive beneficiaries for ALMPs. These are, for example: reaching out to vulnerable sub-groups (i.e. low-skilled people with disabilities or low-skilled people with a drop out history) or psychological support. An “out of the box” approach to recruitment can enlarge the pool of potential workers. Such an approach is based on using diverse channels for recruitment, rethinking careers and redrafting job descriptions accordingly, so they are more attractive to potential workers and indicate possible career prospects. Targeted ALMPs will prepare them to take up employment, but further, individual support (i.e. career guidance, mentorship) will be crucial to stabilize their career and prevent from

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<sup>6</sup> More on Skillnet can be found [here](#)

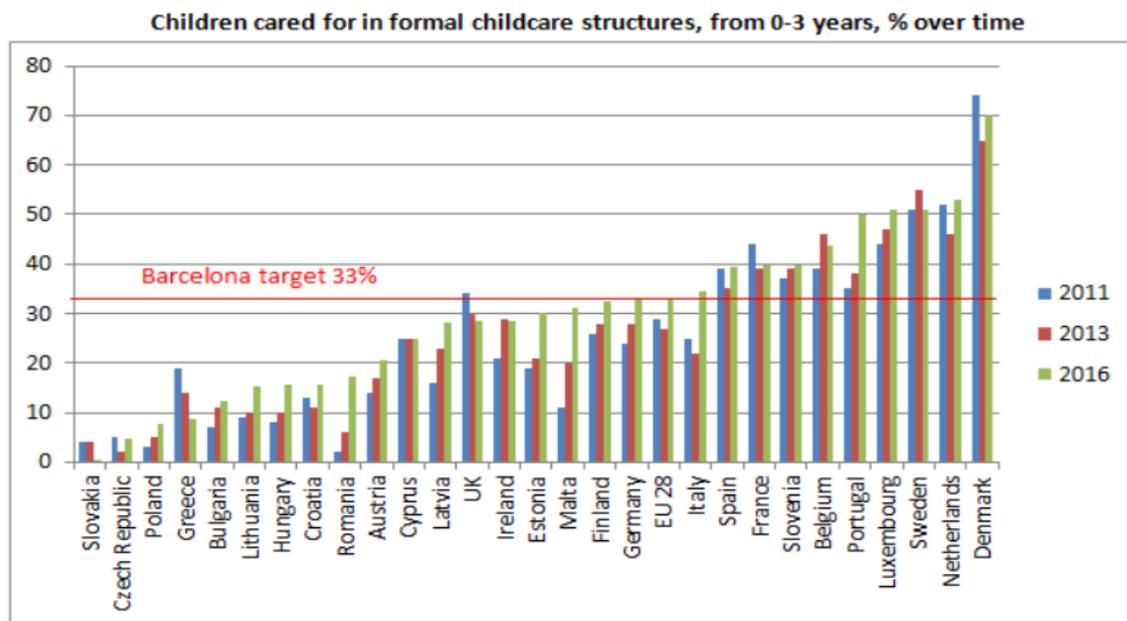
<sup>7</sup> More on OSKA can be found [here](#)

<sup>8</sup> More on qualitative and quantitative labour shortages can be found in Eurofound (2021), *Tackling labour shortages in EU Member States*, Publications Office of the European Union, Luxembourg, pp.7-10.



dropping out. Reasonable workplace adaptations and supporting policy frameworks are important in case of attracting and employing candidates with disabilities. Last but not least, enabling measures, such as childcare or long-term care (LTC) provisions are important “success factors” that “free up” those able and willing to work.

In particular, there is evidence that countries with most developed childcare infrastructures are experiencing higher levels of female employment participation. For example, Denmark is the EU Member State with highest levels of childcare coverage: around 70% of children between 0-3 years old in 2016. At the same time, female employment participation in Denmark stood at 73,2% in 2019. The chart below presents Member States achievements related to the Barcelona target for children aged 0-3 in formal childcare structures.



Source: Eurostat, EU-SILC

An immediate support can be provided by helping companies in their hiring efforts. An interesting example can be found in France where in September 2021 the government launched a plan to reduce hiring difficulties.

France: the government's plan to reduce recruitment pressures

In France, a **plan to reduce recruitment pressures** was launched in September 2021 within the framework of the “social agenda” proposed by the social partners to the government. This 1.4 billion € plan mobilizes the regions and the *Pôle Emploi* (the French PES Network) and puts emphasis on **on-the-job training**. Through its intervention almost 150 000 long-term jobseekers have already found a job.

The program aims at strengthening skills development of employees by mobilizing additional funds to finance training and by simplifying the process of job experience validation. It also contributes to increasing training offer for job seekers, especially in relation to shortage occupations. Some measures are also foreseen for the long-term job seekers, namely intense



professional re-mobilization courses and support for professionalization contract, which facilitates returning to work.

A detailed description of the measures can be found in Annex 2.

**Flexibility** is another driver of job retention. More and more people look for flexible work arrangements, including remote working, to better balance their private and professional life. Offering flexible work arrangements, including possibility to work remotely from different locations, is likely to become one of the competitive advantages in recruitment and selection of talent. This option, however, needs to be carefully assessed by companies and its feasibility will differ significantly among sectors, including such sectors/occupations/jobs where remote working is not possible.

Well-functioning **partnerships between public and private employment services** are crucial in tackling labour force shortages. Their cooperation is especially important in the context of structural changes of the economy linked to the after-pandemic recovery as well as the twin transition. An example of such a cooperation can be found in France where *Pôle Emploi* cooperates with several temporary employment agencies.

France: public private partnership to support companies in recruitment

**Pôle Emploi and five temporary employment agencies** (Adecco, Manpower, Randstad, Synergie and Crit) have recently committed to work together in order to respond to companies' recruitment needs. In March 2021 they signed conventions that aim at facilitating **creation of candidate pools** by a more direct contact with jobseekers and by publishing the agencies' job offers on the *Pôle emploi* platform. Temporary employment agencies also committed to **recruit a posted volume of people who are far from employment** (work-study students, people from priority urban areas<sup>9</sup>, etc.) by training them and accompanying towards employment.

Effective measures are needed in job matching or job advertisement screening (*example* from the Austrian PES: posting the most recent job ads on the top of the page). Moreover, employment support measures such as short-term work schemes (STWS) and/or wage subsidies should be treated as emergency measures triggered during crises, and not a permanent solution. They are counterproductive, put a halt to a natural structural change and restructuring processes and where not well designed, can prevent workers from upskilling/reskilling making them more vulnerable to changing job demands.

In the situation when the available domestic EU workforce is not sufficient, the first solution to improve skills matching across Europe, is facilitating **worker mobility in the EU single market**. For example, BusinessEurope proposes that Member States together with the European Commission could explore ways to ease access requirements to STEM professions where they are regulated at a Member State level

<sup>9</sup> People far from employment are all those who have most difficulties entering the labour market, for instance students that need to accumulate small jobs or people living in deprived neighbourhoods. These have been labelled as « Priority Neighbourhoods » as they need additional investment to combat specific problems such as high unemployment rate, lack of critical public services, insecurity, and more.



and further facilitate recognition of qualifications under the Professional Qualifications Directive (PQD) 2005/36/EC, e.g. by working towards establishing the Common Training Principles.

The main reason for regulating a profession is to prevent serious harm to public interests. However, there are different ways in which Member States regulate access to professions, which can act as a barrier to the mobility of qualified professionals. The 2013 PQD revision introduced the idea of **common training principles to facilitate automatic recognition**. The Commission may introduce such frameworks, in the form of a common test, through a delegated act. To date, a common test has only been introduced in the case of ski instructors. This initiative was started by 11 Member States (Austria, Belgium, Czech Republic, Denmark, France, Germany, Italy, Romania, Slovenia, Spain and the United Kingdom). The initiative neither harmonises national training nor imposes additional regulation on Member States. It serves as an additional and voluntary scheme of an automatic recognition for ski instructors in the EU.

Although still in the developmental phase, and not a part of the EU legal framework, it can be noted that at its meeting of December 2017 the European Council called for the creation of 20 European universities by 2024. This initiative would see students taught a jointly developed curricula across participating universities in different Member States. A pilot phase is also underway for the creation of platforms of centres of vocational excellence, which include the possibility to develop core elements of joint curricula that would be delivered by vocational training centres in different Member States. Therefore, **consideration could be given to creating synergies between the development of common training frameworks in the area of STEM professions, in the context of the PQD, and the European universities initiative and the platforms of centres of vocational excellence.**

Beyond intra-EU mobility, the only other available solution to relatively quickly increase the numbers of working age people is **economic migration**. We welcome the Commission's plan to design **an EU talent pool** aiming at creating a pool of third country nationals that member states can use on a voluntary basis to help address employers' skills needs, complementing the role played by member state nationals and intra-EU labour mobility. In Germany there are two solutions related to facilitating employment of qualified professionals from third countries: Skilled Immigration Act and the talent partnership.

#### Germany: Skilled Immigration Act (2020)

The Skilled Immigration Act is a law which increases the number of opportunities for qualified professionals to come to work in Germany. It makes it easier for the skilled workers with vocational, non-academic training from non-European countries to migrate to Germany for work. The key changes are:

- easier access to the labour market: a qualified professional must have an employment contract for a concrete job offer and qualifications recognised in Germany but **no priority check** is undertaken by the Federal Employment Agency (BA), which implies that there is no verification process as to whether an applicant from Germany or the EU is available for the specific job (i.e. no labour market test).
- a qualified professional may exercise an occupation for which they are qualified. This means that **employment in related occupations is also an option**. In



addition, qualified professionals with academic degrees can also work in jobs that do not require the tertiary education degree. They can also work in other occupations related to their qualifications that require only non-academic vocational qualification.

- The employment of qualified professionals from outside the EU with vocational, i.e. non-academic training, is **no longer restricted to occupations being a subject of skills shortages**.
- Professionals with a vocational training qualification are also able to come to Germany to **look for a job**. They will be granted a residence permit for up to six months.
- **Employers** can initiate a **fast-track procedure** for skilled workers at the relevant Foreigners' Registration Office in Germany. This will shorten the duration of the administrative procedure for the issuance of the visa.

#### Germany's talent partnerships with third countries

The Federal Employment Agency has concluded multiple partnerships with non-EU countries to facilitate the successful work placement of foreign workers in Germany. The brain drain, a side effect of economic migration, is avoided thanks to close consultations with partners from the country of origin; specialists are not recruited from the countries where they are demanded.

The Federal Employment Agency has established partnerships with Indonesia, the Philippines and the Indian federal state Kerala for the care sector (a programme called [Triple Win](#)). There are also partnerships with Mexico (target jobs: care and cooks), as well as Columbia (electricians, gardeners) and Jordan, the Republic of Moldova and Georgia (seasonal workers). In the countries of origin preparatory courses (such as language courses) take place before taking up the job in Germany.

Despite the situation in Ukraine and the ongoing refugee crisis that will need to be managed for some time to come, it is vital that we do not lose sight of our medium to long-term objectives for the EU's economic migration policy. In our view, it would be relevant to focus the talent pool, at least initially, on matching skilled third country nationals with occupations where there are established shortages. We look forward to discussing how best to shape a future EU talent pool with the Commission, the Member States and the other EU economic and social partners We also look forward to discussing in the coming months a possible first pilot towards an EU talent pool targeted on the Ukrainian refugees.

It is very important to manage economic migration as well as the current inflow of the Ukrainian refugees in an effective way to ensure people are quickly integrated into the labour markets and do not fall into the long-term unemployment trap. An interesting solution is proposed by the Czech government in cooperation with the Czech employers' organisation.



Czechia: facilitating employment of third country nationals

SP CR, the Czech member of BusinessEurope, is involved in the government program facilitating matching between companies and job seekers from third countries. Companies interested in employing workers from third countries need to register and pay a fee to be confirmed as solid partners. The performed checks include, among others, their compliance with the required social security contributions, solvency criteria and commercial registration requirements. The third-country job seekers are assigned to the company on the basis of an "employee card"<sup>10</sup>. Currently there are two programs: one for job seekers from Ukraine and one for job seekers from other third countries.

**Qualified Employee Program Ukraine** (formerly known as *Regime Ukraine*) is a program addresses the Ukrainian job seekers. The project started on 1 August 2016. Since then, and as of 13 April 2022, SP CR has received 26 905 applications from 869 companies.

**Skilled Employee Program - Other Countries** is a program addressed to job seekers from Mongolia, Philippines, Kazakhstan, Serbia and Montenegro, Moldova, Belarus and India. As of 13 April 2022, SP CR processed applications for 2 245 applicants from these countries with an objective to find employment in slightly over 160 companies.

In 2022 the Czech government has set quotas to regulate the volume of long-term labour migration from third countries. The approach to managing third country migration is supposed to be discussed after the situation related to the inflow of the Ukrainian refugees stabilizes.

While any **initiatives aimed at integrating the Ukrainian refugees to the Member States labour markets**, even temporarily, shall be supported, policy makers need to be aware of the factors that may affect their employment level/effectiveness of the proposed labour market measures. The challenges are related to the uncertainty of the future and difficulty in predicting the duration of their stay, language barrier, responsibilities related to childcare and/or care for dependent family members, professional qualifications not corresponding to the needs of the labour market of the receiving country and, in some cases, severe trauma<sup>11</sup>. Nevertheless, an interesting example of the targeted training for the Ukrainian women with a guaranteed employment on the local labour market can be found in Poland.

Poland: training for the Ukrainian women towards their employment as port and logistics workers

The Center of New Competencies (*Centrum Nowych Kompetencji*) is based in Gdynia and provides courses both in theory and practice to provide skills for port and logistic workers. It uses virtual reality (VR) technology, full immersion simulators to achieve outstanding training results in a safe and comfortable way. The Center has signed an agreement with port authorities and operators that enables delivering some parts of the training program in real professional setting, i.e. using specialistic equipment. Training participants pass mandatory exams and acquire certificates valid across the EU.

<sup>10</sup> It is worth noting that a similar solution has been included in the new German government's coalition agreement. A talent/opportunity card based on a points system is to give workers a controlled access to the German labour market to find a job. The concrete plans as to its implementation are not yet known.

<sup>11</sup> The recent data from Poland proves that only a limited number of the Ukrainian refugees is employable. Out of some 450 000 Ukrainian refugees registered with the labour office only approx. 160 000 have taken up employment. The number of Ukrainian refugees who have entered the Polish territory since 24 February totals at almost 3,75 mln (as of 1 June 2022).



The Gdansk and Gdynia region (the north of Poland) have been flooded by over 100 000 refugees since the beginning of the war in February 2022. The Center has set up cooperation with the Fly Foundation to provide training program for the Ukrainian women. The offered courses will lead to employment and financial self-sufficiency. Tailor-made training program includes: the Polish language course, including specialistic vocabulary in logistics, a training program chosen by participants from a defined list of training programs as well as an assistance of an interpreter during the certification exam. Upon the completion of the training program, refugees – training participants are employed by local employers with whom the Center has signed the agreement.

Hand in hand with developing a talent pool concept, it is important to continue to develop **real-time labour market and skills intelligence**, which will be a foundation for the successful functioning of improved skills matching across Europe. As part of the EU social dialogue work programme 2022-2024, the European social partners have agreed to undertake a joint research project on improving skills matching in Europe. As part of these efforts, and of a future EU talent pool, it will be important to enhance the EU's capacity to gather and interpret comparable and credible data on the need for third country migration. Member States should also avoid placing unjustified administrative burdens on EU employers when hiring third country nationals, including by revisiting and improving the role of labour market tests.

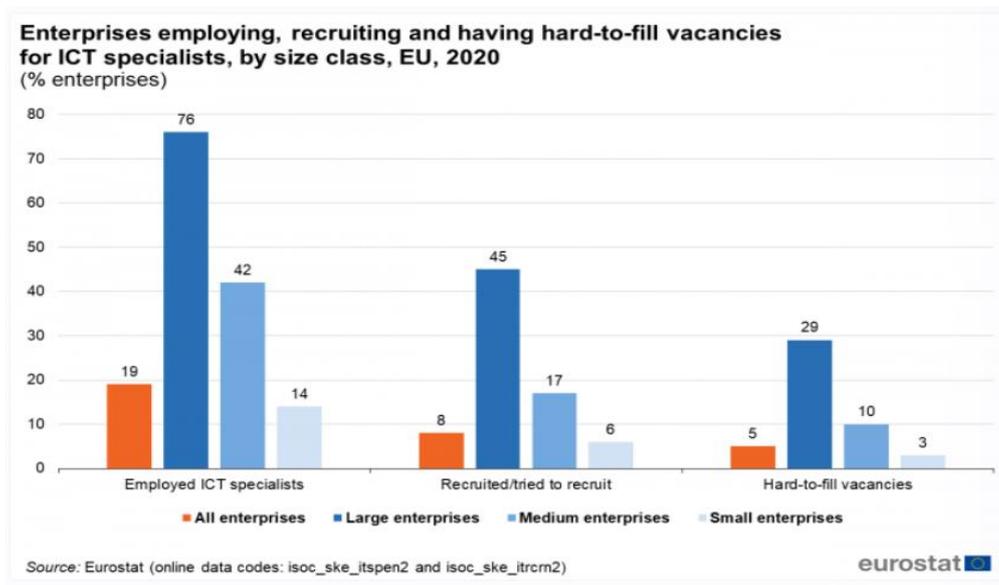
The current discussions on strategies to tackle labour force shortages include also considerations on the **potential of automatisisation, robotisation and digitalisation** to ease the labour crunch. The evidence shows that technological progress almost always generates more jobs than it destroys. The World Economic Forum estimates that AI and robotization can result in a net increase of up to 12 million jobs globally<sup>12</sup>. Labour shortages are observed also within occupations where automation successfully replaces humans, example being high demand of cashiers while the use of self-checkouts is widely spreading. Quite interestingly, AI and robotics are not “shortage-proof” sectors. Supply chain disruptions contributed in 2021 to a lack of chips and semi-conductors which has resulted in a crisis for automotive industry.

Difficulties in recruiting ICT professionals were already significant before the Covid crisis. According to the Eurostat survey conducted in 2021, 55% of companies experienced difficulties in recruiting ICT specialists in 2019<sup>13</sup>. The difficulty to recruit ICT specialists is getting worse as labour shortages have become a growing concern during the recovery. The chart below shows how companies of different sizes are weathering this ICT professionals' shortage.

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<sup>12</sup> Nunes, A., (2021), [Automation Doesn't Just Create or Destroy Jobs – It Transforms Them](#), Harvard Business Review (accessed on 8 April 2022).

<sup>13</sup> To learn more visit [European Commission Digital Skills and Jobs Platform](#)



## The way forward

While analysing the approach to tackling labour shortages **short- and long-term solutions** can be envisaged.

### Long-term solutions

- ✓ Speeding up the update of education curricula in line with labour market needs
- ✓ Improve career guidance so that more people choose education leading to employment opportunities
- ✓ Better involving employers in designing education and training curricula, where needed, and supporting work-based education, including effective and good quality apprenticeships
- ✓ Improved active labour market policies and minimum income schemes, drawing on the role of in-work benefits
- ✓ Enhancing access to inclusive childcare and long-term care to enable professional activity of those with caring responsibilities
- ✓ Improving attractiveness of certain sectors and professions to have access to a greater pool of candidates
- ✓ Involving social partners at EU and national levels to favour at the same time job creation, higher employment participation and better working conditions
- ✓ Implementing smart economic migration policy: EU talent pool, revisiting caps and labour market tests at the national level, removing unjustified burdens etc.
- ✓ Ensuring access to relevant data



## Short-term solutions:

- ✓ Partnerships to foster job-to-job transition and professional reconversion
- ✓ Creative HR solutions, i.e. “out of the box” recruitment strategies
- ✓ Improved reskilling/upskilling options in line with labour market needs
- ✓ Flexible and remote work voluntary options in line with employers and workers preferences
- ✓ Supporting effective Ukrainian refugees labour market integration, including the need for language training first, adapted working conditions encouraging employers to hire them, and improved possibilities to recognise third country qualifications

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## **Annexes**

Annex 1. Greece: “Skills4Jobs” - a comprehensive initiative for training and employment by SEV- the Hellenic Federation of Enterprises

Annex 2. France: the government’s plan to reduce recruitment pressures

Annex 3. Cyprus: employers propose effective solutions to tackling labour shortages in the hotel sector

Annex 4. France: the government’s support to tackle labour shortages in chosen sectors



Annex 1.

## **Greece: “Skills4Jobs” - a comprehensive initiative for training and employment by SEV- the Hellenic Federation of Enterprises**

The “Skills4Jobs” initiative is a response to the difficulties faced by employers to fill job vacancies due to skills shortages and a too slow pace of adaptation of education and training systems to technological development. Additionally, the program improves effectiveness and attractiveness of the Initial Vocational Education and Training (IVET) and enhances its graduates’ employment perspectives. It was launched in June 2022.

The program includes the following stages:

- diagnosis of employers’ needs related to occupations and skills
- counselling and assessment of participants’ skills and upskilling/reskilling needs
- delivering a fast-paced and tailor-made training program equipping participants with necessary technical and soft skills
- employing trained participants by enterprises, SEV members

Under the “Skills4Jobs” initiative SEV implements a small-scale pilot action in the Attica region, which focuses on two occupations: **industrial electrician** and **information technology technician**. The pilot action aims to prepare participants to be employed as well as facilitates transition of the recent IVET graduates to the labour market.

The occupations on which the program focuses have been identified through an electronic survey, in which more than 115 enterprises participated. These enterprises are members of SEV and operate in the region of Attica.

The call for program participants was published on 6 June 2022 and candidates were asked to submit their applications until 5 July 2022. Young - up to 35 years old - IVET graduates from the fields of electrical engineering and Information Communication Technologies living in the region of Attica were eligible for the program. The pilot action is addressed up to 35 industrial electricians and 35 information technology technicians.

SEV cooperates with ReGeneration for the program’s dissemination and candidates’ assessment and selection. [ReGeneration](#) is the largest and most multi-stakeholder employment and training program for young graduates in Greece.

The evaluation and selection of candidates (July 2022) is based on gamified psychometric tests of skills and personality as well as on interviews conducted by the experienced HR executives of enterprises- SEV members.

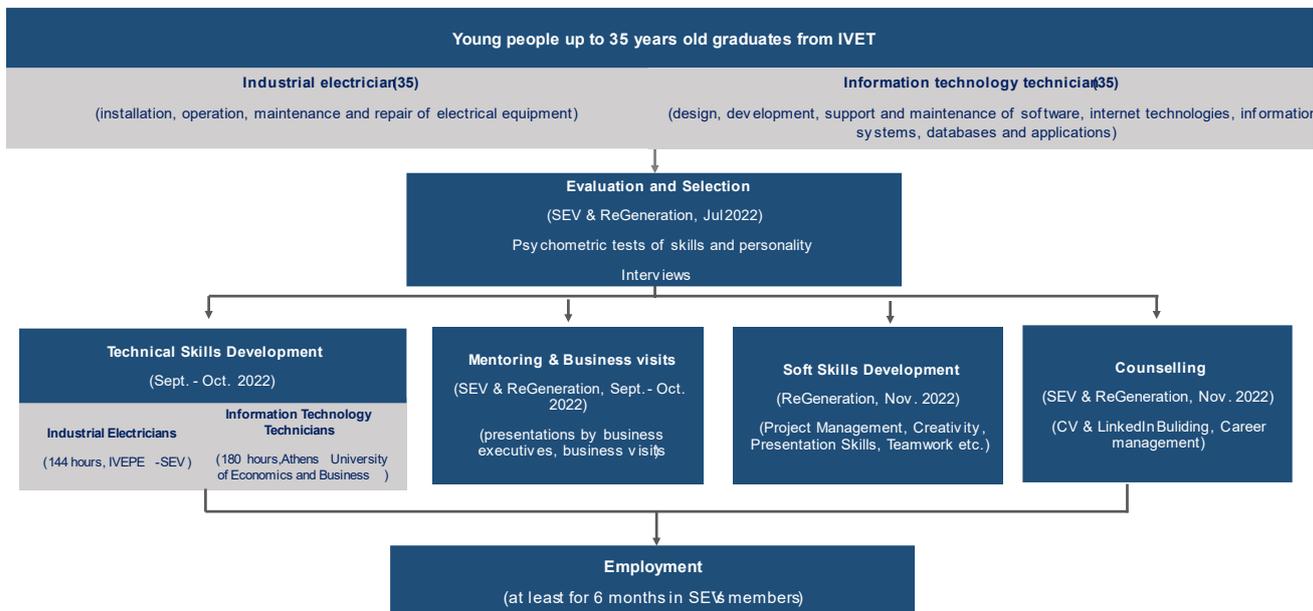
Participants will attend a fast-paced, two-month long training program (September-October 2022), which includes:

- **soft skills development** (project management, creativity, presentation skills, teamwork etc.)
- **counselling** related to their career management
- **mentoring** by business executive
- **visits in companies**
- **technical skills development**

The figure below presents the whole process: from the candidates’ selection to the employment stage.



**The actions under the Skills4Jobs Initiative**



Training in technical skills will be provided by:

- [IVEPE-SEV](#) for the industrial electricians – SEV’s partner organisation in the field of lifelong learning and vocational training. The training will take place in the laboratories of IVEPE-SEV.
- [the Vocational Training and Lifelong Learning Center of the Athens University of Economic and Business](#) for the information technology technicians. The training includes *inter alia* mini projects, which will be set by enterprises-members of SEV.

The work-based training will last 144 hours for industrial electricians and 180 hours for information technology technicians. A working group comprised by 15 senior executives and representatives of training provider was set up for each occupation to tailor training programme to the enterprises’ needs.

Participants who successfully complete the training - attendance of at least 80% of teaching hours and a successful completion of a project - will be employed in enterprises – SEV members for a period of at least six months. The matching between program participants and enterprises will take place through a platform, already operated by ReGeneration. Participating enterprises will have access to this platform, through which the CVs and the results of the participants’ psychometric tests will be available. The decision about employing a concrete candidate is made by the enterprise, which covers the cost of employment.

Other costs of the action (i.e. participants’ evaluation, selection, training etc.) covered by SEV.

The pilot action is supported by the [Bodossaki Foundation](#) as the mega sponsor, by the [Hellenic Petroleum Holdings S.A.](#) and [TITAN GROUP](#) as strategic sponsors and by [CENERGY HOLDINGS S.A.](#), [ELVALHALCOR S.A.](#), [GOLDAIR CARGO](#), [OTE GROUP OF COMPANIES](#) and [SIDENOR S.A](#) as sponsors.

After the evaluation of the pilot action, the programme is planned to be scaled up and implemented for other occupations and other regions of Greece.



Annex 2.

## France: the government's plan to reduce recruitment pressures

In France, a **plan to reduce recruitment pressures** was launched in September 2021 within the framework of the "social agenda" proposed by the social partners to the government. This 1.4 billion € plan mobilizes the regions and the *Pôle Emploi* (the French PES Network) and puts emphasis on **on-the-job training**. Through its intervention almost 150 000 long-term jobseekers have already found a job.

The program consists of several measures with different objectives:

- Strengthening skills development of employees by:
  - mobilization of the **National Employment Fund – Training** to finance 50 000 "long" training courses (400 hours) for retraining and 300 000 "short" training courses (40 hours) for employees of microenterprises and SMEs
  - simplification of the "**validation of job experience**" mechanism with derogatory experimentation in the sectors of **autonomy and old age**; the system of validation of non-formal and informal learning (in French « VAE ») is a measure that allows anyone, regardless of age, education or status, to have their on the job experience taken into account through a professional certification. The procedure has proven to be too complex, which leads to the exclusion of certain groups of workers and prevents its development in certain sectors of activity. Thus, in order to better use and promote this scheme, a simplified VAE system will be experimented, for example, for careers in elderly care.
- Increasing training offer for jobseekers by:
  - granting **additional €560 million** for the **Investment Skills Plan** with the aim of training **1.4 million jobseekers by the end of 2022**; programs are mainly targeted towards shortage occupations and largely work-based.
  - implementing + 5000 targeted actions to reduce tensions in **construction and industry sectors**, mainly in **technical and middle management jobs**.
- Measures for **the long-term jobseekers**:
  - for each very long-term jobseeker (inactivity longer than 2 years), *Pôle emploi* offers a **more intensive "remobilisation course"**.
  - the number of the "**New Horizons**" **sessions conducted by the APEC** (Agency for the Employment of Managers in France) for long-term jobseekers has been doubled (+3 000 sessions).
  - **a national challenge** was organised by *Pôle emploi* to identify high-potential local initiatives and create partnerships with local authorities, associations and companies.
  - **exceptional aid of €8 000** was earmarked for companies for **each jobseeker aged 30+** recruited on a professionalization contract.

Medef highlights the following points:

- Three levers need to be activated at the same time: **initial training** and **matching students' professional orientation with labour market needs** (notably maths teaching); **professionalizing the use of the CPF** (personal formation account) as well as **supporting large-scale professional transitions** (anticipating the transfer of jobs between different sectors).



- Employment and training stakeholders as well as employers strongly support schemes such as **pre-employment training actions**: their flexibility provides security for all parties and gives an important role to on-the-job training.
- Increasing number of jobseekers undergoing training each year is necessary, but it must be accompanied by a **reinforced follow-up and better support towards employment**.
- The training funded through the **Investment Skills Plan** must also be more closely linked to the skills needed by companies. Its effectiveness must be evaluated by measuring the **rate of integration into employment at the end of the training courses**.

The **professionalization contract** is an effective response both to recruitment difficulties linked to skills deficit and to long-term unemployment. It ensures **access to employment**, and allows **more immediate integration into the company**, while guaranteeing access to a recognised professional qualification.



Annex 3.

**Cyprus: employers propose effective solutions to tackling labour shortages in the hotel sector**

The employers' associations of the hotel industry, both of which are OEB members, have exerted pressures on the Ministry of Labour and Social Insurance to tackle labour and skills shortages and to proceed with granting the affected businesses a substantially increased number of permissions to recruit third country nationals before the 2022 tourism season begins.

The Ministry's response to employers' demands was that it should firstly examine the possibility to fill in the vacant posts with the unemployed persons from the national and EU labour markets.

The continuous efforts, coordinated actions and suggestions on policy formulation of the employers' associations paved the way for a new initiative taken by the Ministry. All the unemployed persons that used to work in the hotel industry have been contacted by the Ministry. The large-scale, group job interviews were organized to verify whether the people that were listed as unemployed were willing to be placed at a similar job position. If the possible placement of the unemployed persons does not meet the hotel industry's needs, then the Ministry will increase the numbers of the third country nationals to be granted work permit and employed in the hotel industry.

The war in Ukraine and its consequences on the Cyprus economy side-lined the Ministry's initiative for a significant time which recently has been resumed without the results yet being evident.



Annex 4.

## France: the government's support to tackle labour shortages in chosen sectors

According to a recent study by the Council for economic analysis "French labour market in the context of the health crisis" from March 2022, **the French labour market seems to have recovered from the shock inflicted by the health crisis.** However, this observation at the national level masks **significant sectoral and territorial disparities.**

The study also underlines that the crisis has not significantly increased the problems of matching supply and demand on the French labour market. The situation has been stable for the last 10 years. In this regard, several recommendations are made:

- **Targeted training action:** focusing on vocational training for the less qualified and the furthest from employment rather than increasing the volume of training.
- **Supporting recruitment:** developing recruitment assistance services for companies, notably by organizing competition between service providers chosen by the public employment service (companies would choose on the basis of performance indicators and their own needs); and concentrating resources to help SMEs in their hiring process.
- **Supporting skills recognition:** enabling job seekers to take certified skills tests and to make the results visible to employers.

Various initiatives have been launched by the Government and sectoral actors, with the active involvement of social partners.

The **government's plan to reduce recruitment pressures** described earlier in the note has identified professional sectors and shortage occupations particularly affected by recruitment difficulties. These are: construction, food service industry, transport as well as digital, engineering, consultancy, and event management sector (for jobs such as data scientist, developer, and cybersecurity specialists).

These four sectors have concluded a **charter for the development of employment and skills**, in which the government and social partners engage to reduce recruitment tensions by acting simultaneously on several axes:

- Guidance of the young people and adults towards employment in those sectors
- Initial and continuing training
- Facilitating and supporting recruitment process
- Supporting companies and their employees in implementing measures to make jobs more attractive
- Provisions of the sector's collective agreement, quality of life at work and employment conditions.

Additionally, **the meat production and bakery** sectors concluded a charter for the development of employment and skills with the Ministry of Labour and the Ministry of National Education on 28 March 2022. Both sectors face difficulties in attracting young people to take over businesses in the context of the retirement-related employees' outflows expected in the coming years.

On 30 March 2022, the branches of **technical design offices, consulting engineering firms and consulting companies** also signed a similar charter that notably focuses on the promotion of digital professions, to enhance attractiveness of the businesses in question.