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DRAFT REPORT

on creating a competitive EU labour market for the 21st century: matching skills and qualifications with demand and job opportunities, as a way to recover from the crisis
(2014/2235(INI))

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on creating a competitive EU labour market for the 21st century: matching skills and qualifications with demand and job opportunities, as a way to recover from the crisis (2014/2235(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union,
 - having regard to its resolution of 22 October 2014 on the European Semester for economic policy coordination: implementation of 2014 priorities¹,
 - having regard to its resolution of 15 April 2014 entitled ‘How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?’²,
 - having regard to the Commission proposal of 17 January 2014 for a regulation of the European Parliament and of the Council on a European network of Employment Services, workers’ access to mobility services and the further integration of labour markets,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Culture and Education (A8-0000/2015),
- A. whereas the existence of occupations where job vacancies cannot be filled owing to a lack of qualified workers varies greatly from one Member State to another;
- B. whereas labour market rigidities are having a negative impact on job creation, while a competitive EU labour market can contribute to achieving the Europe 2020 employment targets;

The economic crisis and its aftermath

1. Stresses that the European economy and labour market face considerable difficulties in the aftermath of the 2008 financial crisis and the consequent economic slowdown;
2. Notes that in the wake of the European economic crisis a number of Member States are struggling with high unemployment levels (EU28: 9.9 %) as well as public debt; is further concerned that youth unemployment rates (EU28: 21.4 %) are generally much higher;

¹ Texts adopted, P8_TA(2014)0038.

² Texts adopted, P7_TA(2014)0394.

3. Considers that ambitious economic policies and labour market reforms are needed in order to boost smart, sustainable and inclusive growth and create more jobs; further stresses the need for economically sustainable social welfare systems which are based on incentives to work;

Situation on the EU labour market, including labour market shortages

4. Is concerned that unemployment rates in the EU remain relatively high (December 2014, EU 28: 9.9 %), and draws attention to the considerable differences between Member States, with the lowest unemployment rate being in Germany (4.8 %) and the highest in Spain (23.7 %);
5. Notes that several important challenges are affecting Europe's labour market, including increasing demand for highly skilled labour, rapid technological change and development, as well as an ageing society which requires that early retirement be made less attractive;
6. Points out that the intra-EU labour mobility remains low (EU27: 0.29 %), with high unemployment rates in some Member States and unfilled job vacancies in others;
7. Notes that the economic and motivational incentives to work are too low in many European countries;

Fostering a competitive EU labour market

8. Believes that in order to achieve a competitive EU labour market, ambitious reforms are needed which increase inclusiveness, flexibility and mobility, in the light of constantly changing labour markets and production patterns;
9. Stresses the importance of human development, career flexibility and self-responsibility; recalls in this respect that investment is needed to actively support employability and prevent skills depletion among the unemployed; emphasises that such measures should be combined with reforms in pension and social welfare systems that encourage more people to work;
10. Recalls the importance of the mobility of workers for a competitive labour market, and stresses the need to reduce the administrative and linguistic barriers that are liable to restrain it; encourages raising of awareness of and further improvement of the EU-wide EURES job portal;

Anticipation of future skills needs

11. Believes that, in order to anticipate future skills needs, labour market stakeholders, including employers' and employees' organisations, have to be strongly involved at all levels, in particular in designing and implementing vocational qualification programmes;

12. Stresses the importance of partnerships between universities, businesses and authorities with a view to estimating labour needs for the future, as well as fostering cooperation between Member States in this regard;

The importance of continuous education and training and training for the unemployed

13. Recalls the need to strive for a more flexible approach to individual career development and lifelong education and training across one's personal career path;
14. Believes that training and re-qualification programs for the unemployed should be designed and implemented in close cooperation with employers' associations, with a view to better aligning workers' new skills with the needs of employers;
15. Recalls that it is of utmost importance to give guidance and counselling to jobseekers in how to look for a job and to ensure that their skills are recognised through 'competences passports' reflecting the skills acquired through both formal and informal learning;

Strengthening connections between education and employment

16. Believes that dual vocational training and dual systems should be given more consideration, as they tend to favour integration into the labour market and have proved to be effective in fostering youth employment;
17. Underlines the importance of better synergies between education systems and the labour market, including exposure to the workplace and cooperation with businesses;
18. Stresses the importance of career orientation through individual assessment and career advice provided by highly qualified employment counsellors;
19. Notes that for a successful transition to employment, it is of great importance to take informed decisions, and that motivation, self-awareness and initiative should be encouraged;
20. Stresses the need for adequate financing and take-up, by the Member States and individual employers, of traineeship and apprenticeship schemes;
21. Believes that close partnerships are needed between governments and employers' and employees' representatives in order to find the best ways of tackling the problem of skill mismatches in all its dimensions;

Fostering labour mobility

22. Recalls that there are currently 2 million unfilled vacancies in the EU; emphasises the need for labour mobility in the Union in order to fill this gap, and reiterates the importance of ERASMUS+ and EURES in this respect;
23. Recalls the importance of the mobility of highly skilled workers from third countries in the light of the demographic challenges;

Exchange of best practices in the EU

24. Stresses the need to exchange best practices between Member States, in particular in relation to dual learning and vocational education and training, while acknowledging the specificities of each labour market and education system;

Nurturing the entrepreneurial spirit among citizens: SMEs and micro-enterprises

25. Believes that teaching self-responsibility and fostering entrepreneurial education from an early age further improves links between school and the labour market, and can contribute to lowering unemployment levels;
26. Underlines the importance of support measures for SMEs and micro-enterprises, in order to reduce the administrative and financial barriers to their establishment and operation as well as facilitating the hiring of qualified labour and training of employees;
27. Believes that incentives should be introduced for entrepreneurs who invest in training and apprenticeships;

Innovation and digitalisation: new skills and jobs

28. Stresses the importance of innovation and digitalisation for competitiveness and growth, and, in this respect, of the need to provide the knowledge and skills that are needed, as well as of motivation and determination on the part of employees and prospective employees with a view to creating innovative, creative and digital products and services;
29. Highlights the job creation potential offered by completing the digital single market, building the energy union, creating jobs through investing in research and development and innovation, and fostering transport networks;

Measures regarding younger and older workers

30. Stresses the importance of special measures and support for employers, in particular SMEs, to encourage them to hire young people for their first job and ensure their in-house training, as also for older workers; recalls the importance of social responsibility on the part of employers towards all employees and towards society; believes that such social responsibility should also be required of institutions responsible for education and training;

Recommendations

31. Calls on the Commission and the Member States to consider innovative ways to encourage investment in the EU in order to boost growth and jobs;
32. Calls on the Member States to learn from best practices that deliver lower unemployment rates and undertake reforms which draw on those practices;

33. Calls on the Member States to include leadership, management and financial education and business start-up advice in their education programmes, and to prioritise the further development of vocational training and education (VET) programmes;
34. Calls on the Member States to support the close involvement of labour market stakeholders, including employers' and employees' organisations, at local, regional and national level, in order to foster closer links between education and training and the workplace and to anticipate future skills needs;
35. Calls on the Commission and the Member States to provide financial and economic structures that support participation in continuous education and training in order to secure a high skilled future workforce;
36. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Unemployment continues to be one of the main challenges in the EU, with a rate of 9,9% in December 2014, and with the highly significant differences of unemployment rates between Member States (Germany 4,8% vs Spain 23,7%). Youth unemployment rates are more than twice as high, amounting to 21,4% across the EU. On the other hand, there are around 2 million jobs in the EU which cannot be filled due to labour market mismatches and insufficient labour mobility (EU27, 0,29%).

The effects of the economic and financial crisis are still persisting. Whilst there are some signs of recovery, the labour market has been shrinking in the past years and the creation of new jobs is still slow.

Ambitious economic policies and labour market reforms are therefore required to boost smart, sustainable and inclusive growth as well as to create more jobs to overcome the distortions on the EU labour market.

The European labour market has its specificities and challenges, including strong labour market segmentation, the presence of skill mismatches on the labour market, together with a rising share of long-term unemployment, as well as low labour mobility. It also faces the problems of ageing society which requires a more efficient use of the labour force and reformed migration policies, as well as rapid technological changes which generate an increased demand for high skilled labour. The challenge represented by the skills mismatch should be tackled promptly, as structural mismatches can negatively affect economic recovery and growth.

The report stresses that for achieving a competitive labour market, reforms are needed in order to increase labour market and personal career flexibility, better matching of skills and jobs, including stronger synergies between education systems and businesses. It also calls for better integration of young people, women and older workers as well as skilled migrants on the labour market. It underlines the importance of using investments to actively support job creation, employability and to prevent skill depletion of the unemployed. It suggest a flexible approach towards personal professional life which adapts workers to changes and prepares them for life-long learning to acquire new skills, needed due to constantly changing labour market and production patterns situation. It reminds of the required reforms which would encourage people to return to work and not to opt for social welfare benefits instead. It emphasises the significance of the mobility of workers encourages further awareness-raising on jobs at EU level, in particular through a greater development of EURES, as well as promoting linguistic education, and ERASMUS +.

A special attention is granted to the importance of continuous education and training for achieving a competitive EU labour market, leading to growth and employment. It underlines the necessity of economic structures that support the participation in continuous education and training in order to secure a highly skilled future workforce.

Different factors which could strengthen the connections between education and employment, as well as foster lifelong guidance and career management skills, are analysed. Anticipation of

future skills needs is a key prerequisite for preparing employees or future employees for the skills needed in the future, and, in this respect, employers and employee organisations should be strongly involved, at local, regional and national level, in particular in designing and implementing vocational qualifications programs. Also, partnerships between universities, businesses and public authorities should be strengthened in view to estimate the labour needs for the future.

The establishment of strong partnerships between governments, employers and employees' representatives is highly important in order to find the best modalities of tackling skills mismatches in all its dimensions.

The report stresses also the need of exchanging and drawing from the best practices between Member States, in particular on dual learning and vocational education and training, while acknowledging the specificities of each labour market and education system.

A special attention is granted to the importance of promoting initiatives which foster self-employment and entrepreneurship, with a particular focus on the SMEs and of micro-enterprises, as backbone of the EU labour market and to the need of supporting measures for finding qualified workforce and training future employees, as well as of introducing incentives for the entrepreneurs who invest in training and apprenticeships, so as to encourage SMEs to contribute to the overhead of the training. In this respect, the report also calls for strengthening the managerial and entrepreneurial education from the early age.

For establishing a competitive EU economy and labour market there is a strong need to focus on innovation and digitalization and, for this, to assure the necessary knowledge and skills as well as motivation and determination of employees so as to create innovative products or services. It highlights the job creation potential in completing the digital single market, building energy union, creating jobs through investing in research and development, innovations and fostering transport networks.

A special attention is granted to the specific measures needed to foster the hiring of young workers, including through support for employers, in particular SMEs for realising their in-house training, as well as for re-integrating older workers, including by establishing re-training facilities, to update their skills and make them fit for the challenges of the new jobs.

The report emphasises the importance of training and re-qualification programs for unemployed, stressing that those should be designed and implemented in strong cooperation with employers' associations, in view of better channelling their new competencies with the needs of employers.

Finally the report suggests that employees, employers as well as education and training institutions should all become more socially responsible towards the European labour market, especially towards the new generation of Europeans.