



Labour market shortages in the European Union

At the request of:

European Parliament, Directorate-General for Internal Policies
of the Union Directorate A - Economic and Scientific Policies
Policy Department A: Economic and Scientific Policy

Workshop: 'The Impact of the crisis on skills shortages'

March 23th, 2015

IDEA Consult, AIAS, Ecorys UK



Agenda

1. What are labour shortages?
2. What shortages do we experience in the EU?
3. How can we counter labour shortages?
4. Recommendations



1. What are labour shortages?

Types and causes



Quantitative labour shortages

"an absolute lack of workers in the labour market"

Caused by an increase in the demand for workers

- ▶ Due to **economic growth**
- ▶ Due to an **increase in the demand for specific goods**

Or by a decrease in the supply of workers

- ▶ Due to a **decline in the working-age population** (emigration, ageing)
- ▶ Due to a **decrease in the participation rate** (early retirement, disadvantaged groups)



Qualitative labour shortages

"a large share of unfilled vacancies and a high unemployment rate, signalling a mismatch between supply and demand"

Caused by a **skill** mismatch or shortage

- ▶ Due to students **educational choices**
- ▶ Due to the **availability of the required education**
- ▶ Due to a **change in the required skills**
- ▶ Due to **replacement demand**

Or by a **preference** mismatch

- ▶ Due to other **preferences** of jobseekers (expectations)
- ▶ Due to the **quality or image** of sectors and jobs (wage conditions)

Or by an **information** mismatch

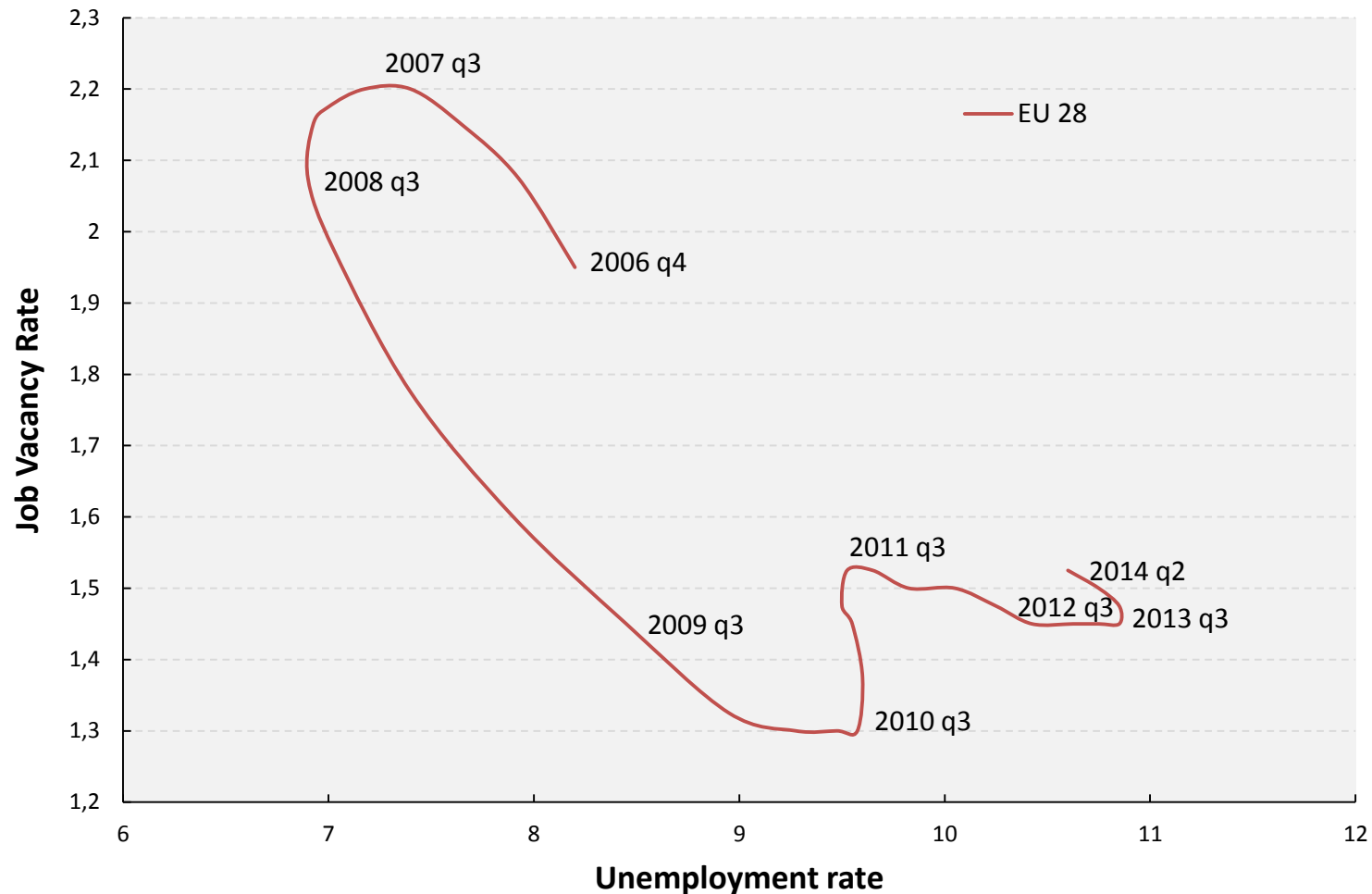
- ▶ Due a lack of **sufficient information**
- ▶ Due to a **poor matching process**



2. What shortages do we experience in the EU?

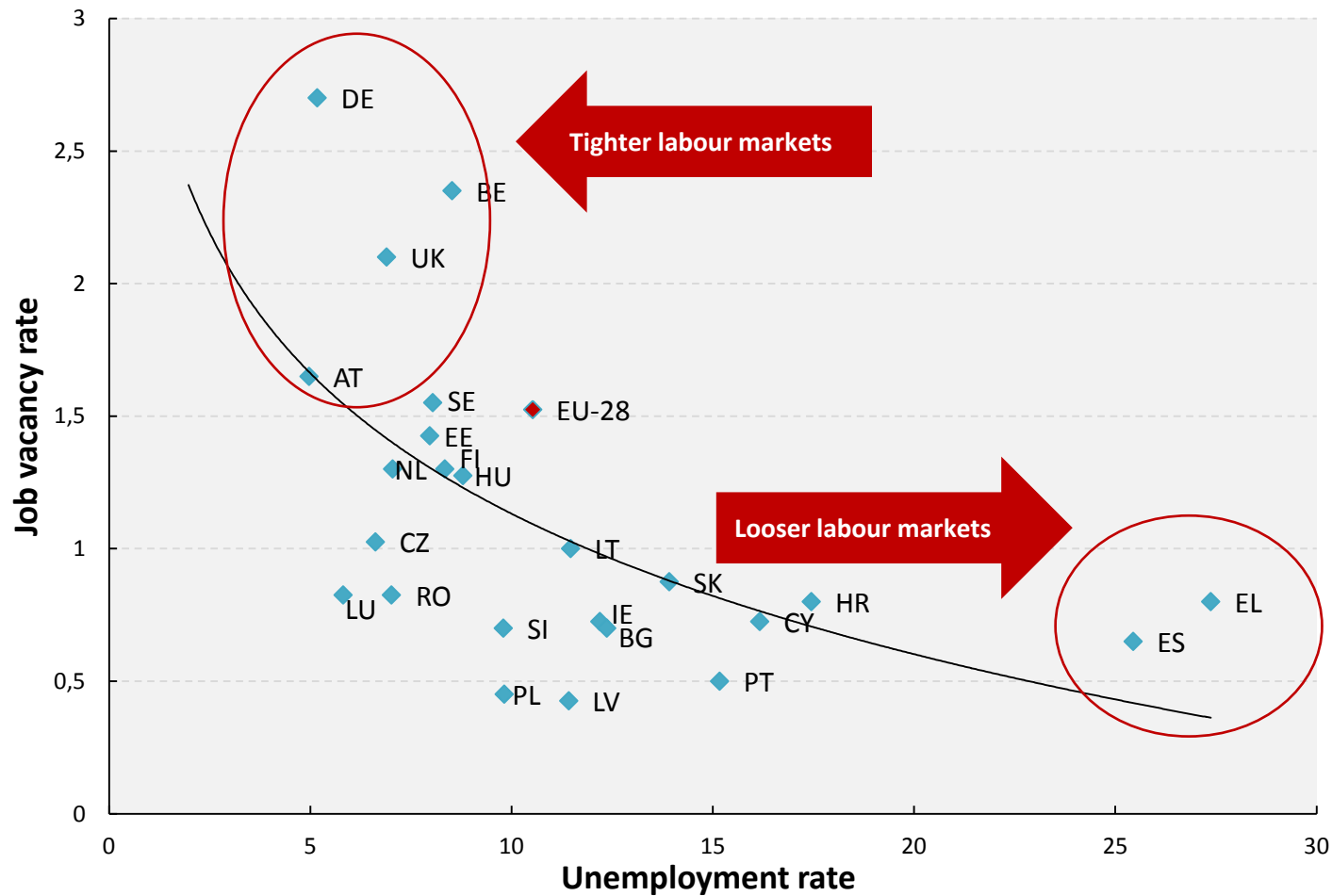
Impact of the crisis

There are currently no quantitative labour shortages at EU level... ►



Source: Eurostat, ([jvs q_nace2](#)) and ([lfsq_organ](#)), own illustration, based on Eurostat methodology, http://ec.europa.eu/eurostat/statistics-explained/index.php/Job_vacancy_and_unemployment_rates_-_Beveridge_curve (accessed 10.03.2015)

...but there are large differences between Member States...



Source: Eurostat, ([jvs q_nace2](#)) and ([lfsq_organ](#)), own illustration, based on Eurostat methodology, http://ec.europa.eu/eurostat/statistics-explained/index.php/Job_vacancy_and_unemployment_rates_-_Beveridge_curve (accessed 10.03.2015)



...and qualitative shortages remain.

Skills

- ▶ Two in five companies claim to have difficulties recruiting people with the required skills
- ▶ Many employees do not find a job which matches their qualification level – e.g. 51% in IE, 48% in ES, 44% in BE

Sectors

- ▶ Fewer labour shortages in industry, services and construction than there were before the crisis

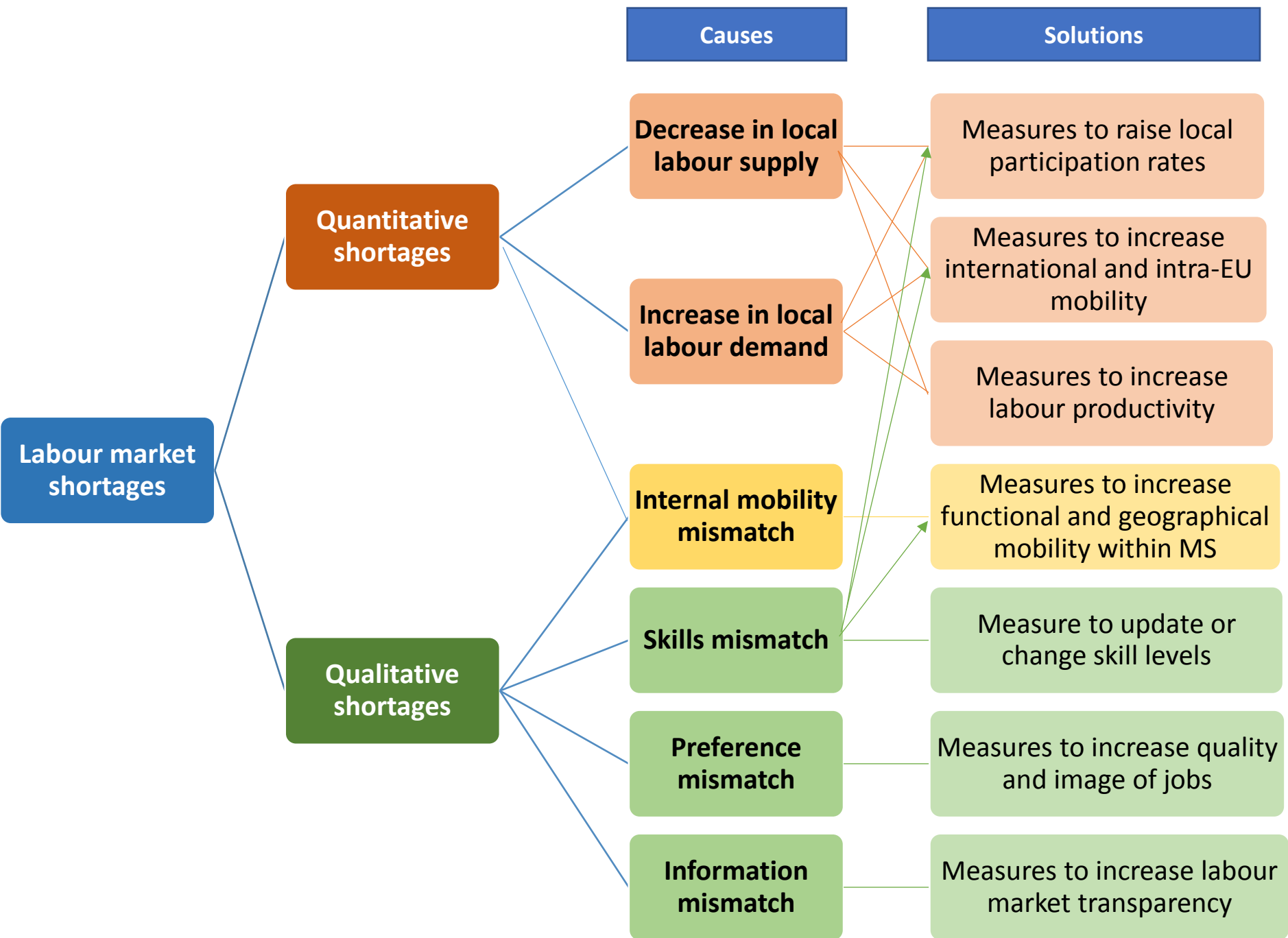
Occupations

- ▶ Bottlenecks in some occupations/occupational groups remain
- ▶ Top-3 shortage groups in Europe are
 - ▶ metal, machinery and trade related workers,
 - ▶ science and engineering professionals,
 - ▶ ICT professionals



3. How can we counter labour shortages?

Approaches by employers, Member States and the EU





Member States and employers can counter shortages by...

...bringing more people into the labour market

- ▶ Encouraging participation and retaining (skilled) workers on the labour market
- ▶ Facilitating the school-work transition

...using international mobility

- ▶ Attracting workers from the EU and beyond
- ▶ But risks imbalances in the EU through brain-drain

...increasing internal and functional mobility

- ▶ Stimulate mobility financially and avoid lock-in
- ▶ Changing jobdesign and labour regulation



Member States and employers can counter shortages by...

...bringing the skills of the labour force in line with labour market needs

- ▶ Through training and retraining programmes of employees and the unemployed
- ▶ Attracting more students to specific training and educational programmes

...making sectors and occupations more attractive

- ▶ Improving overall working conditions

...making the labour market more transparent

- ▶ Setting up clear qualification and skill frameworks
- ▶ Providing high quality guidance for both employers and jobseekers



The EU-level can play an important supportive role by...

Supporting the activation of (skilled) workers

- ▶ Through the structural funds and especially the ESF
- ▶ Through measures as the Youth Guarantee, ensuring the potential supply of (skilled) labour for the future

Further enabling intra-EU mobility

- ▶ Removing barriers to mobility in social security and labour law
- ▶ Expanding mobility schemes such as EURES, Your First EURES JOB



The EU-level can play an important supportive role by...

Putting skills on the agenda

- ▶ Encourage attention for the development of skills
- ▶ Provide a framework for local training initiatives through ESF

Increasing the transparency on the EU labour market

- ▶ Providing more labour market information, both current and forecast
- ▶ Setting up classification frameworks (ESCO, EQF, ECVET)



4. Recommendations

What actions should be taken?



Recommendations

Invest in monitoring and forecasting tools

- ▶ Strengthen the development of these tools at EU and MS level
- ▶ Incorporate the received information into the design of labour market policies

Increase the adaptability of the labour market

- ▶ Increase the adaptability of the workforce through training, upskilling and especially through the acquisition of basic skills
- ▶ Use the structural funds, especially the ESF, as a support

Mainstream shortages in labour market policies

- ▶ Design ALMP with regards to their effect on shortages including a special focus on skills



Recommendations

Strengthen intra-EU mobility

- ▶ Continue removing barriers to mobility
- ▶ Expand on good practices such as Your First EURES job

Ensure the cooperation of all stakeholders for effective policies

- ▶ Include local stakeholders when designing policies and measures
- ▶ Further develop the EU Sector Skill councils

Call on all actors to take up their role



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