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Conditions

The tripartite EU Agency providing knowledge
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employment and work-related policies

Eurofound #Virtual Visit to Germany: Measures to tackle labour shortages and the significance of job quality

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Eurofound research on labour shortages

- Multi-annual programme 2019 – 2024
 - 2019-2021: Focus on main sectors and occupations of shortage, drivers of shortage, trends and classification of main measures taken at Member State level to address them
 - Report: Tackling labour shortages in EU Member States
 - 2021-2023: Policy focus on evaluated measures to address shortages in healthcare, ICT and in relation to green and digital transition
 - Report: Measures to tackle labour shortages: Lessons for future policy
 - 2023-2024: Company practices to tackle labour shortages





Recent labour market developments in Europe

Urgency of addressing labour shortages



Limits production, innovation, competitiveness and quality service delivery

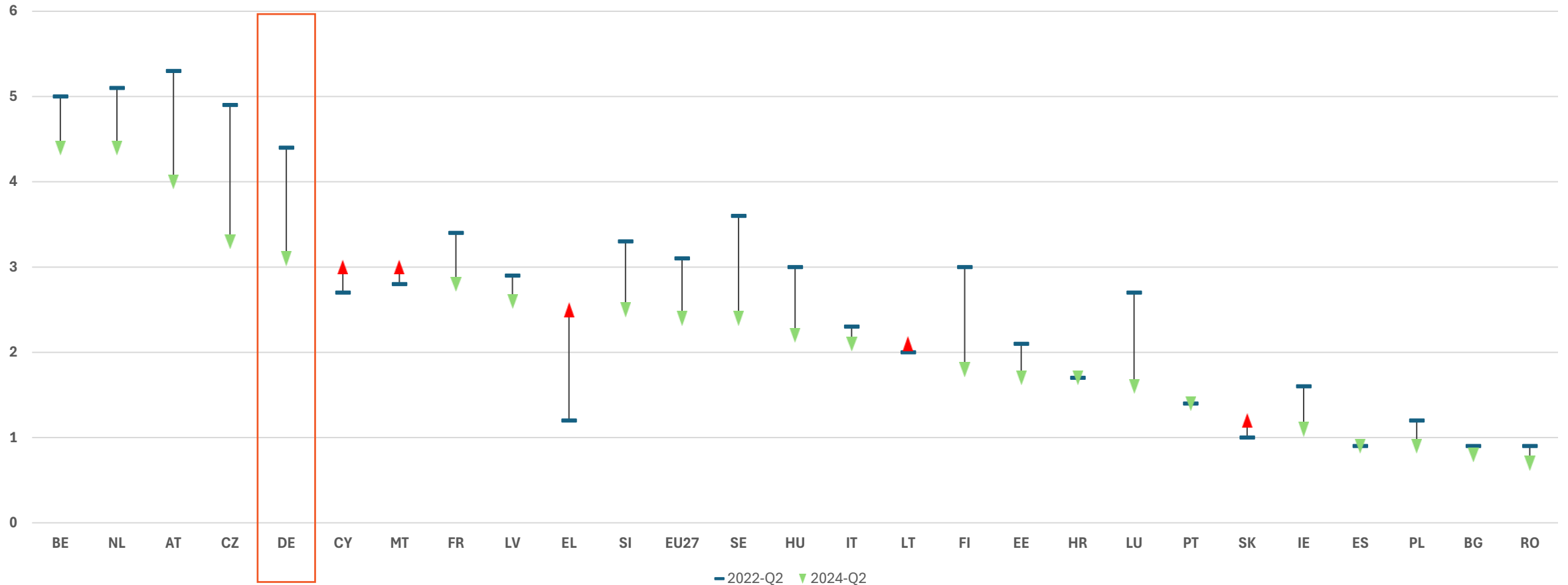


Threatens the achievement of climate neutrality and digital upskilling targets



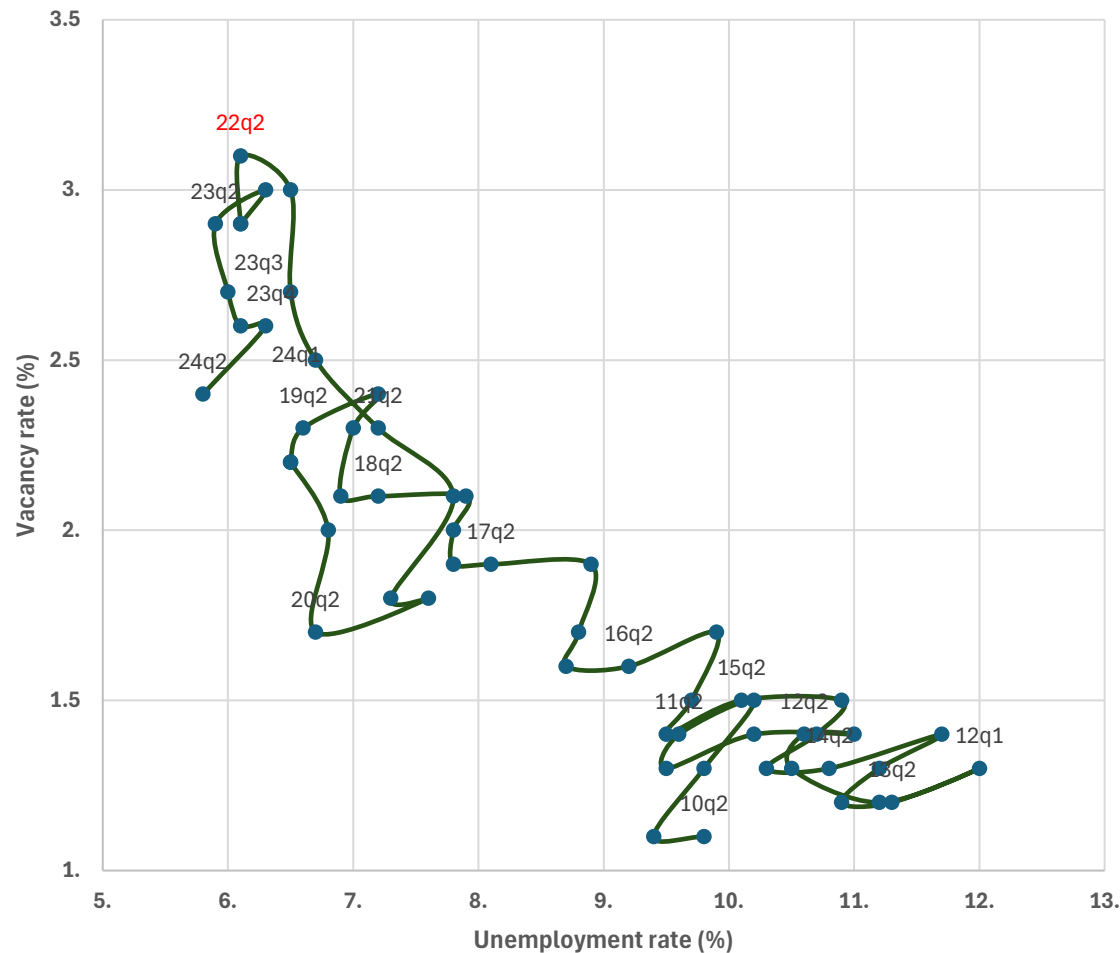
Leads to work intensification which – together with demographic trends – risks to further aggravate shortages

Labour shortages remain high despite being on the decline



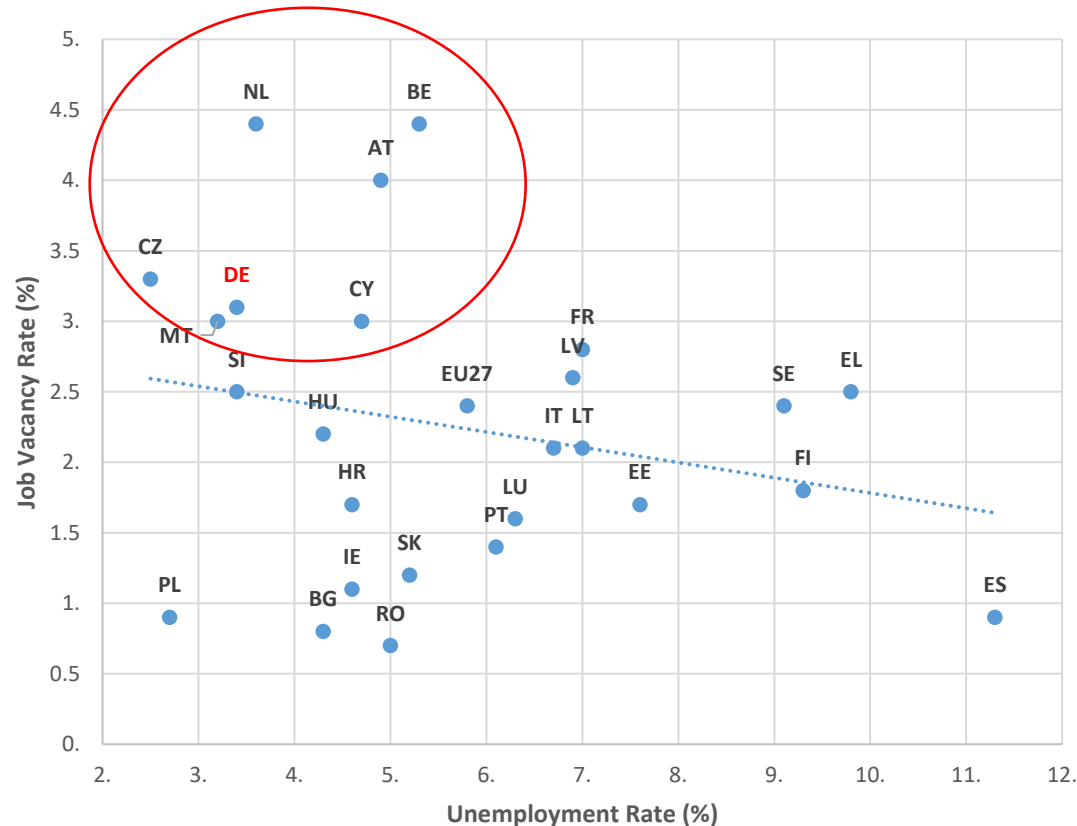
Job Vacancy Rate (%), Eurostat

EU-27 Beveridge Curve



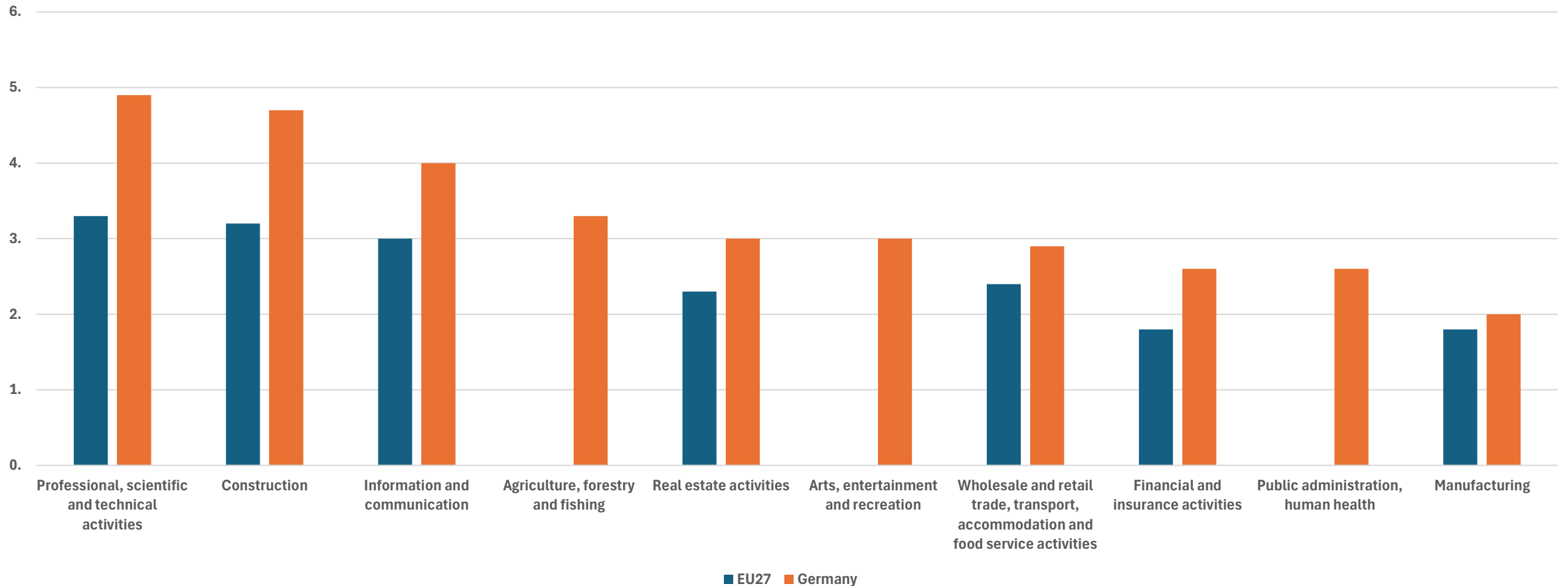
- Since 2010, the EU 27 Beveridge curve has shifted to the left – indicating an increase in labour market tightness (high unemployment to vacancy ratio)
- While vacancy rate declined during the pandemic, movements along the unemployment axis remained more muted because of the use of short-time work (STW)
- Inflationary shock reflected in decline in tightness from Q2 2022 onwards
- Still, labour market tightness is above pre-pandemic levels

Beveridge points, Q2 2024

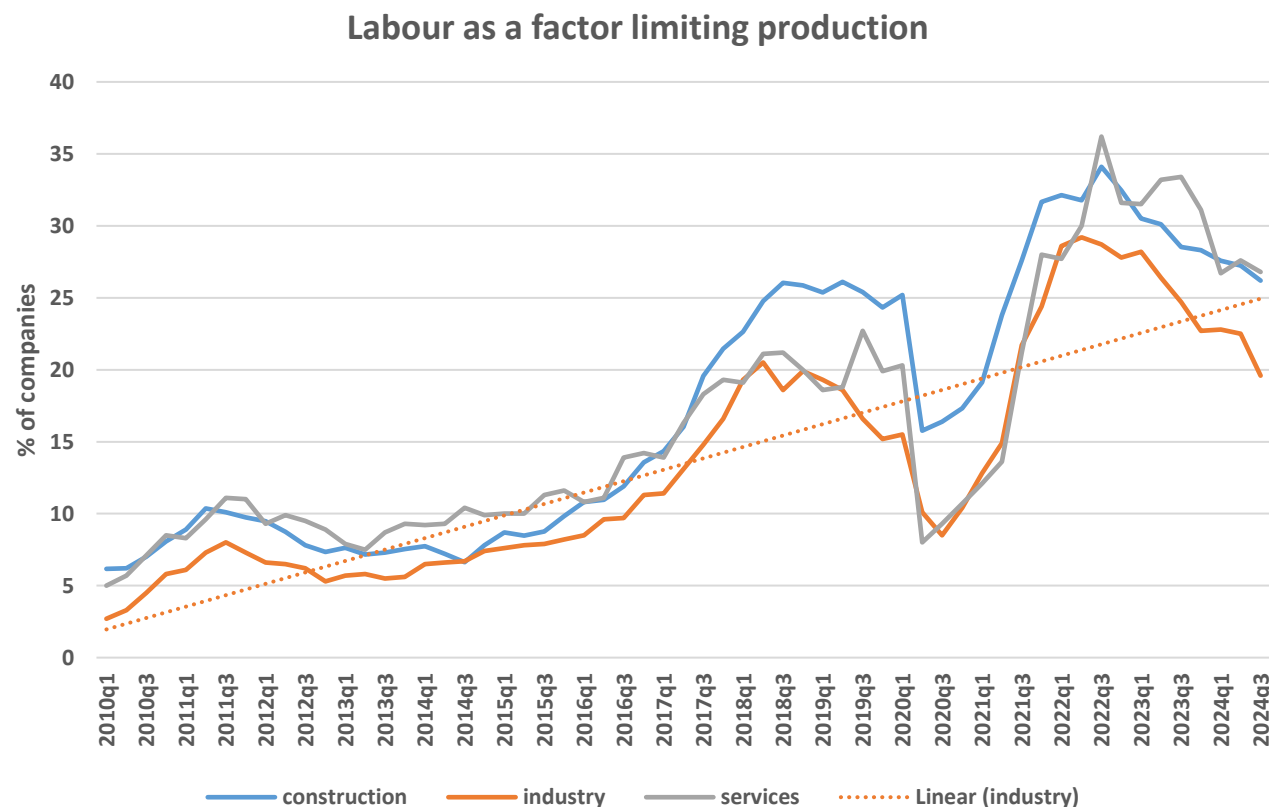


- EU Beveridge curve hides heterogeneity between Member States
- Countries cluster into different groups:
 - High JV – Low UNE: NL, AT, BE CZ, DE etc.
 - Low/Medium JV – High UNE: EL, SE, FL, ES

Shortages remain very high in several sectors

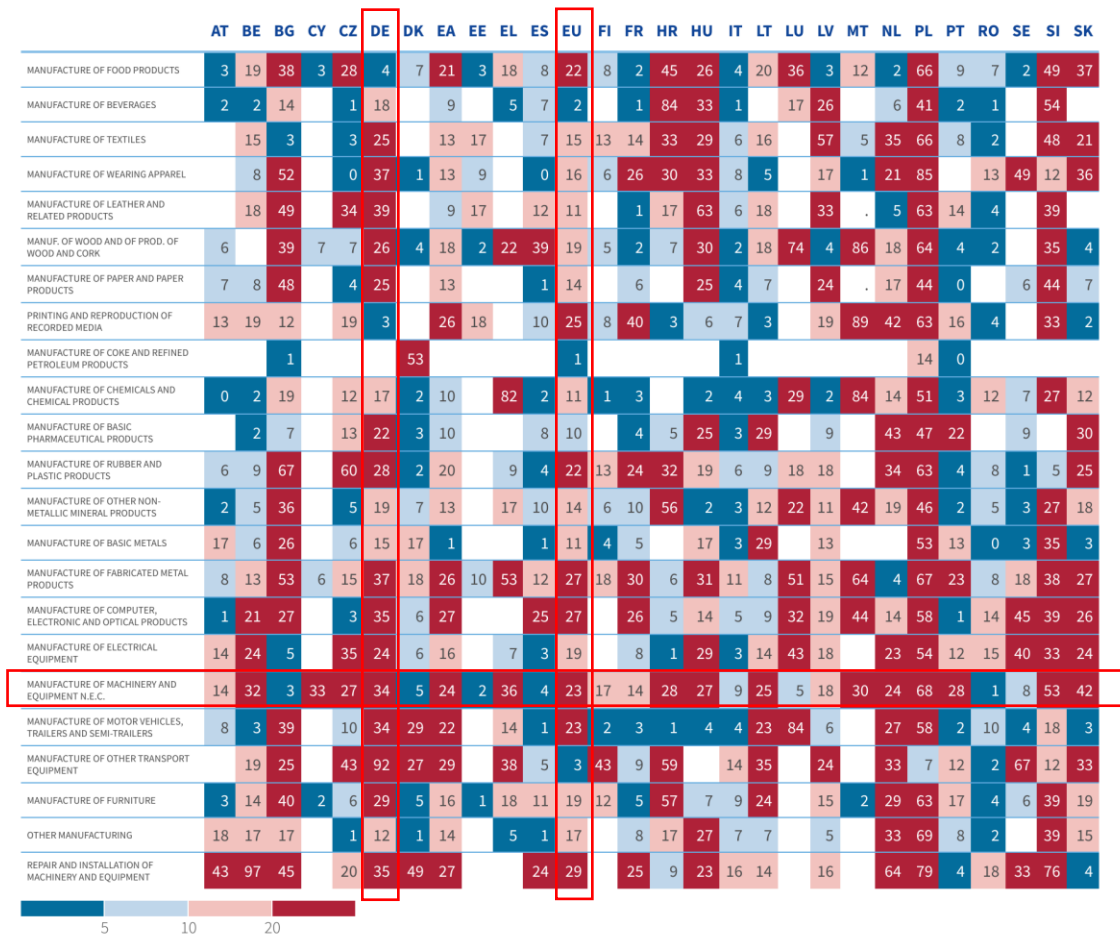


European Business and Consumer Survey Data



- Broad decline in perceived shortages across three broad sector groups
- Shortages have declined the fastest in industry where they are back to 2018 levels (below pre-pandemic trend).

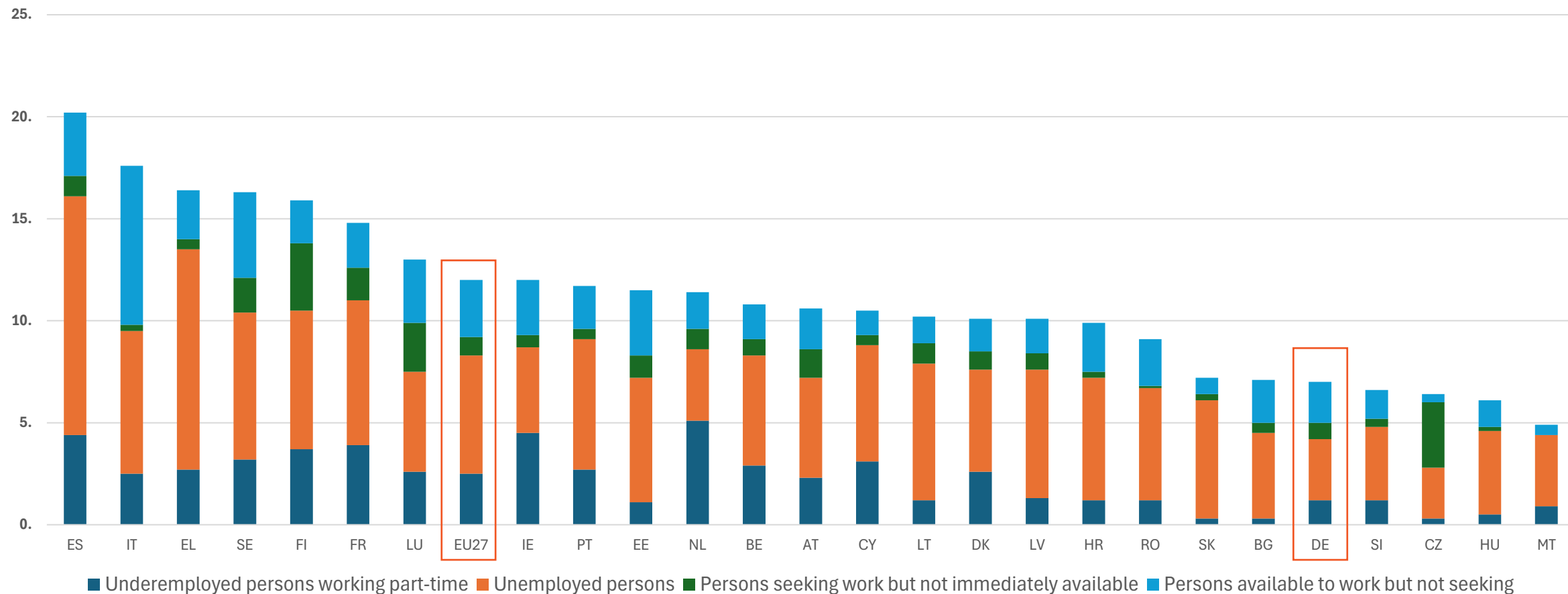
Shortages in the industry by subsector, Q22024



Labour as a factor limiting production, % of companies.

- Business surveys also allow for more disaggregated analyses by NACE2D
- While in some countries shortages (BG, DE, HU, PL, SL, SK) in industry seem to more generalised, in others (AT, BE, CZ, etc.) they are concentrated in specific subsectors
- Shortages in the manufacturing of machinery and equipment & repair and installation of machinery are generalised across countries

Labour market slack in 2023



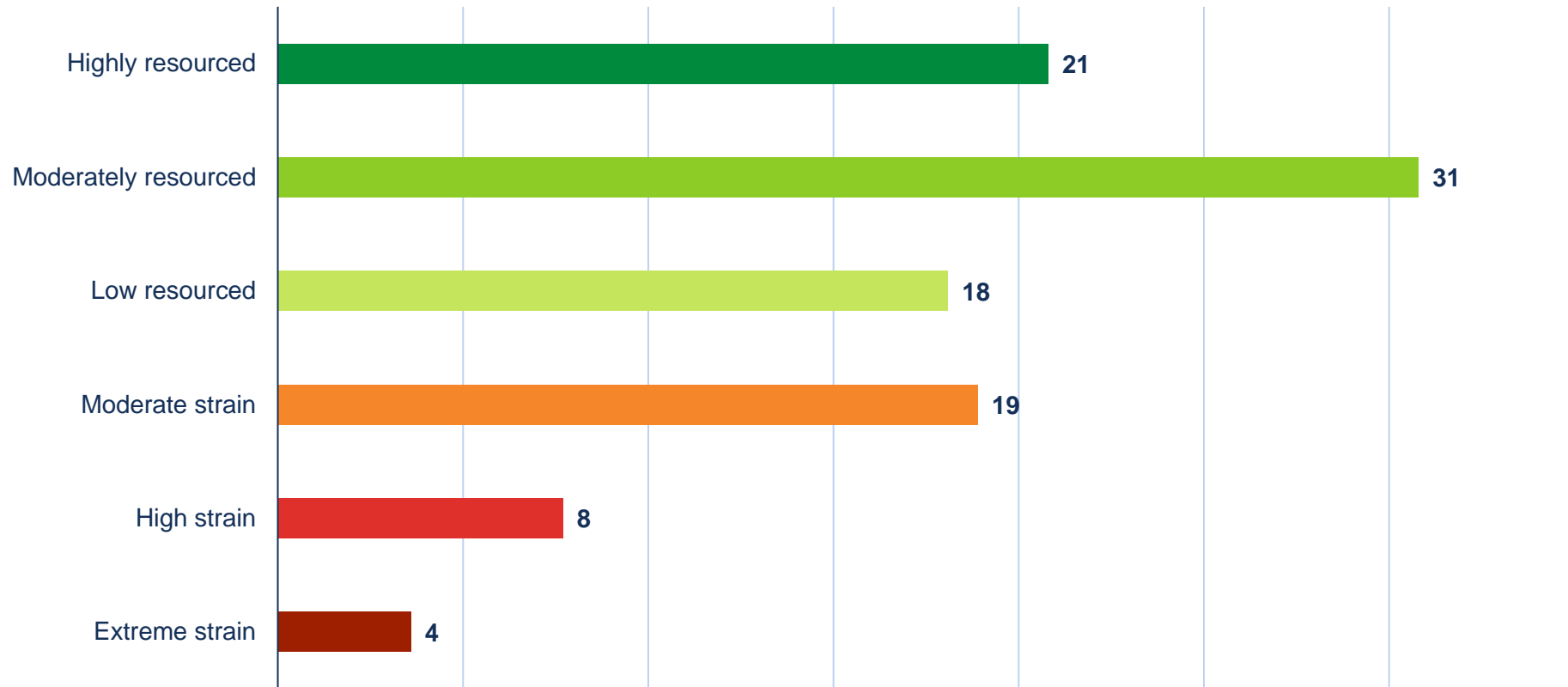


Poor job quality as a driver of labour shortages

Dimensions of job quality and corresponding job demands and job resources

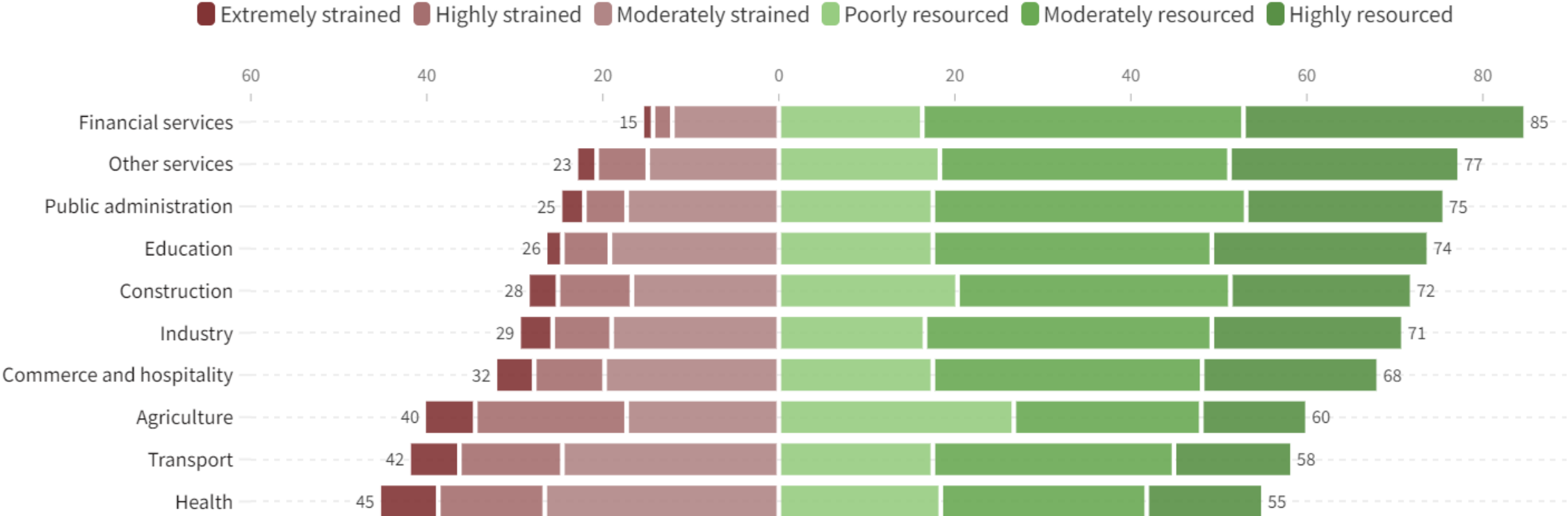
Dimension	Job demands	Job resources
Physical and social environment	Physical risks	
	Physical demands	
	Intimidation and discrimination	Social support
Job tasks	Work intensity	Task discretion and autonomy
Organisational characteristics	Dependence (self-employed only)	Organisational participation and workplace voice
Working time arrangements	Unsocial work schedules	Flexibility of working hours
Job prospects	Perceptions of job insecurity	Training and learning opportunities
		Opportunities for career development
Intrinsic job features		Intrinsic rewards
		Opportunities for self-realisation

Distribution of job quality, EU 27 (%)



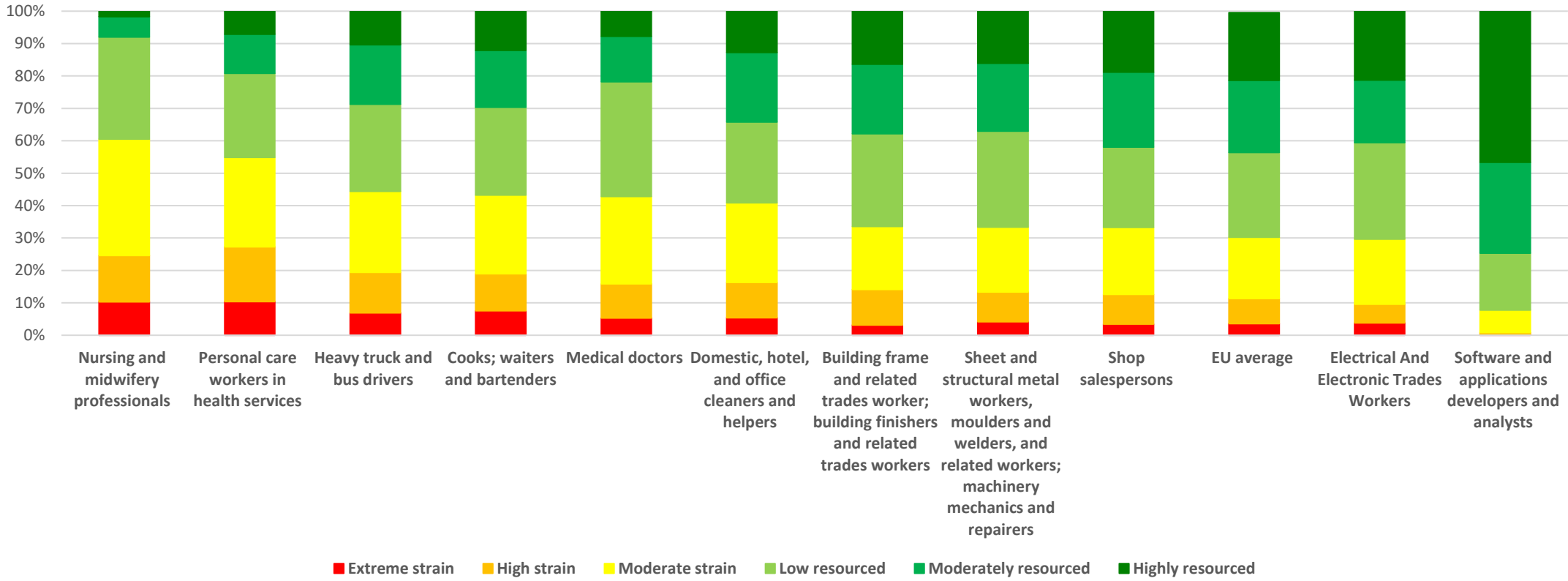
Job quality: A key driver of labour shortages

Job quality index, by sector EU27



Source: Working conditions in the time of COVID-19, Eurofound 2022

Job quality in occupations with persistent labour shortages



Source: EWCTS, 2021.



Measures to tackle shortages

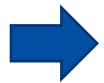
Attract labour



- Enhance attractiveness of certain sectors
 - Improved pay and working conditions
 - Better information on career pathways and employment opportunities in sectors/image campaigns/attracting under-represented groups
 - Improve attractiveness of living and working conditions in a country/region
 - Marketing of regions and improvement of infrastructure
 - Active migration policies
 - Reduction of administrative barriers to migration
 - Better matching of foresight/shortage occupations to migration systems
 - Re-attracting nationals to return
 - Improved employer recruitment strategies
- ➔ Evidence shows that raising wages can enhance retention and recruitment, but is often insufficient without other elements improving working conditions (e.g. better infrastructure, greater control over working hours, more flexibility. etc.); Active migration policies should avoid 'beggar thy neighbour' effect

Activate under-utilised resources

- Tackle work-life balance issues
 - More equal take up of leave systems
 - Improve (child)care facilities
 - Enhanced access to flexible working
- Active labour market policies to integrate disadvantaged groups
 - Multi-agency approach to address non-skill related barriers to labour market access
 - Re-integration after illness/absence



Approaches in this area mainly focussed on integration of migrants; integration of vulnerable groups requires more holistic approach with more medium-term results

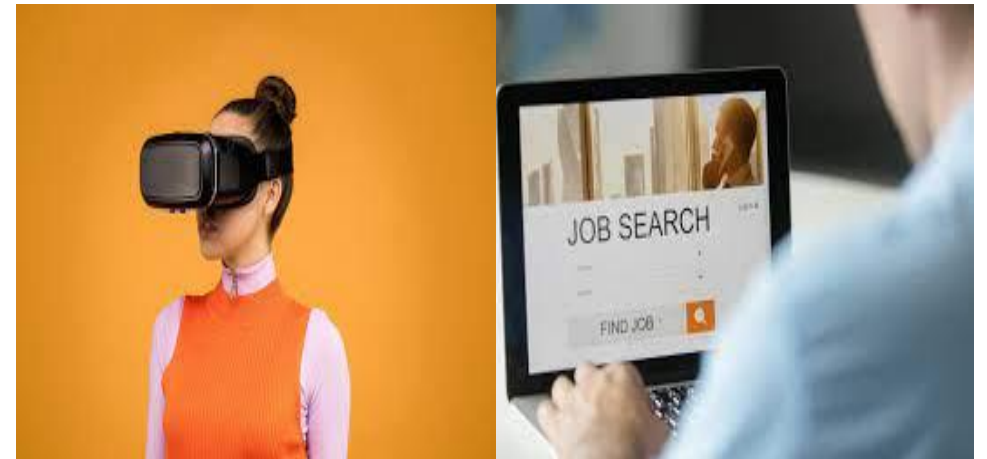


Enhance use of existing labour and retain labour

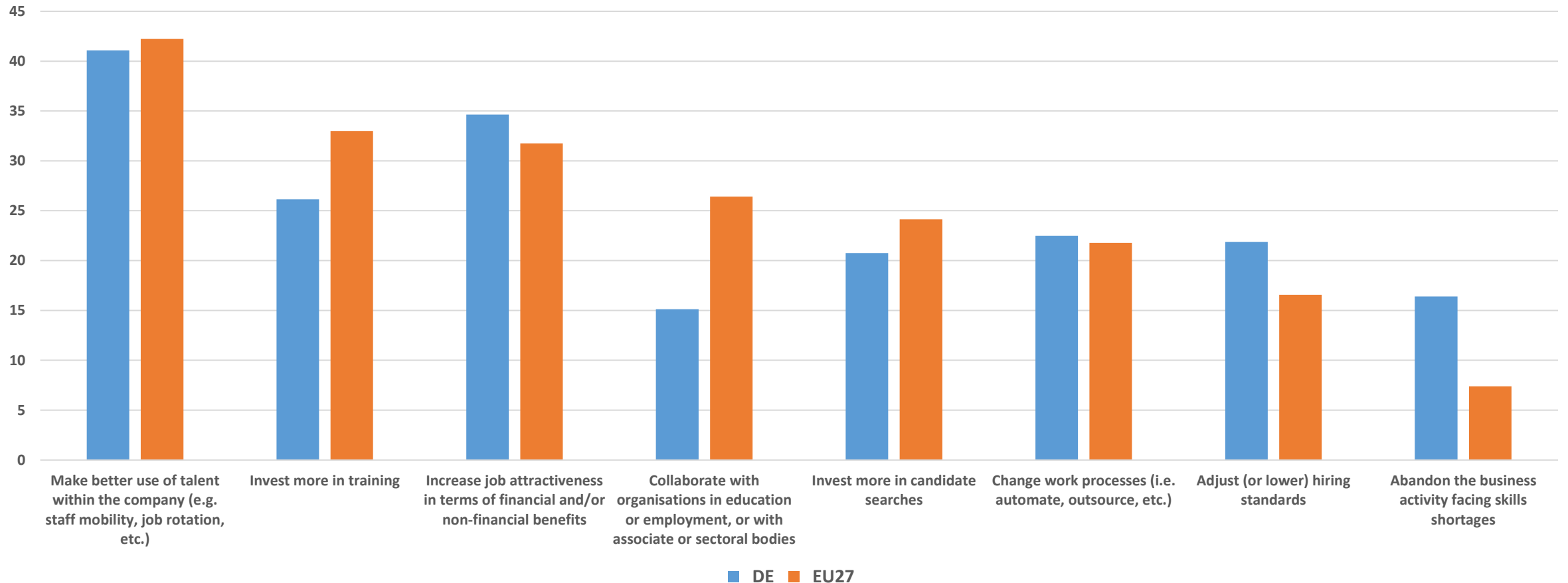
- Improve matching between supply and demand
 - Foresight
 - Integrating foresight into education and training planning
- Address skills mismatches
 - Enhance delivery of suitable education/training
- Improved matching systems
 - Individual action planning
 - Training for bottleneck occupations
 - Emphasis on workplace-based experience
 - Closer interaction with employers
- Enhance the preparation of employees for labour market change
 - Support for workplace based training
 - Ongoing skill needs assessment
 - Mid-career reviews
- Employee sharing
- Support to retain workers
 - Lifecycle approaches



Still necessary to improve forecasting and matching with training strategies; importance of stakeholder involvement in curriculum development; offer training with elements of work experience



Company approaches to tackle shortages



Source: Eurobarometer 529, 2021.

Main messages

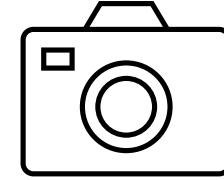
- Implementing effective approaches to address shortages is crucial
- Drivers of shortage vary by sector, occupation and region
- Shortages are particularly prevalent in sectors and occupations with poor job quality and highly gender segregated sectors
- Measures to address them must respond to these drivers in different ways
- Need for more high-quality policy evaluation and peer learning



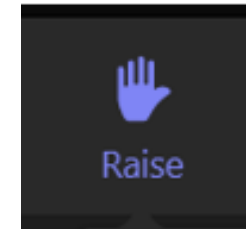
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Auf Wiedersehen
Thank you!