



European Foundation
for the Improvement
of Living and Working
Conditions

The tripartite EU Agency providing knowledge
to assist in the development of better social,
employment and work-related policies

Virtual Visit to Luxembourg: Labour shortages: National policy and company approaches to addressing shortages

Ivailo Kalfin, Executive Director

25 April 2024



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Strategies to address labour shortages

Virtual visit: Luxembourg

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Dragos Adascalitei, Research Officer

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: Organisational measures to tackle labour shortages



Urgency of addressing labour shortages



Limits production, innovation, competitiveness and quality service delivery

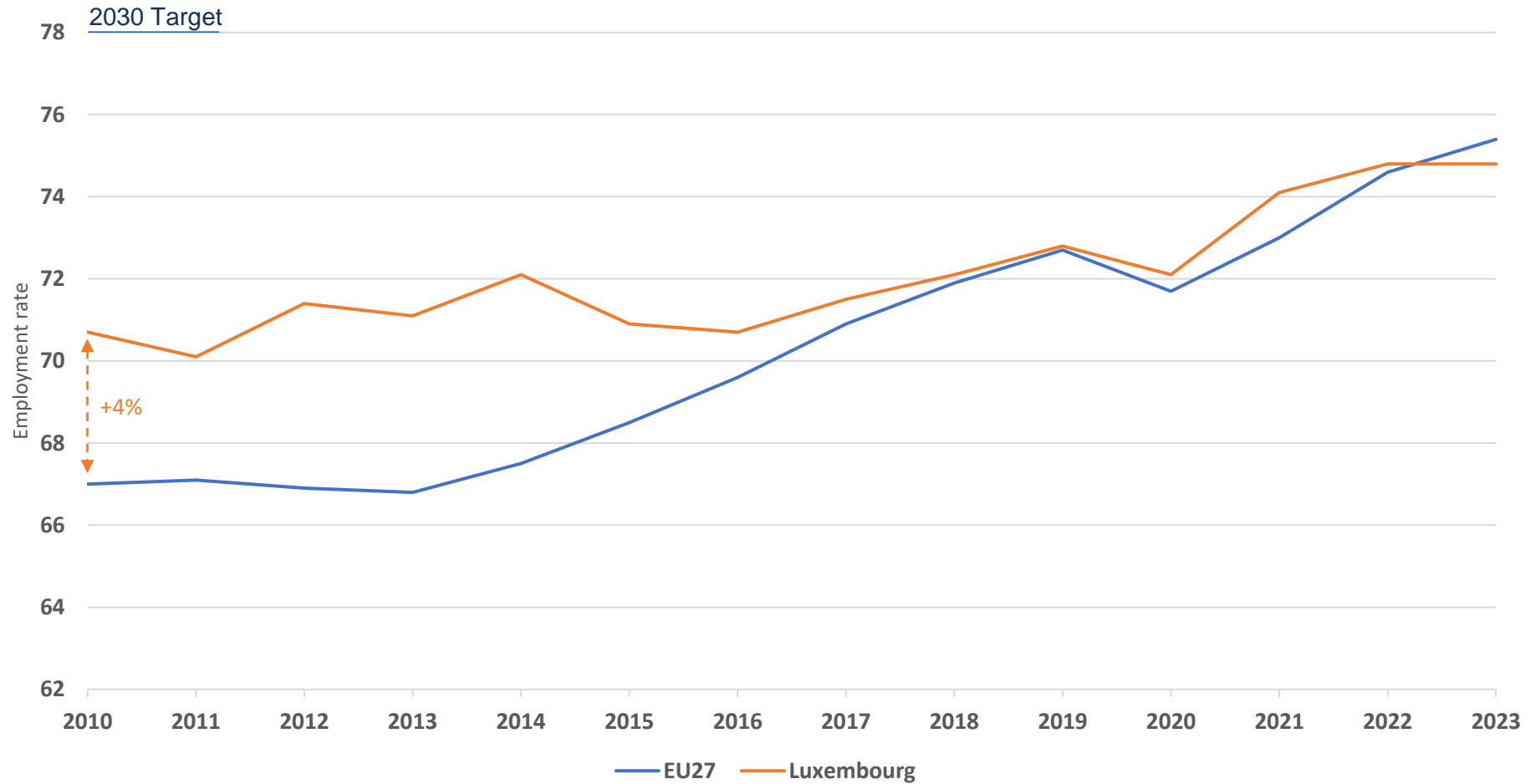


Threatens the achievement of climate neutrality and digital upskilling targets

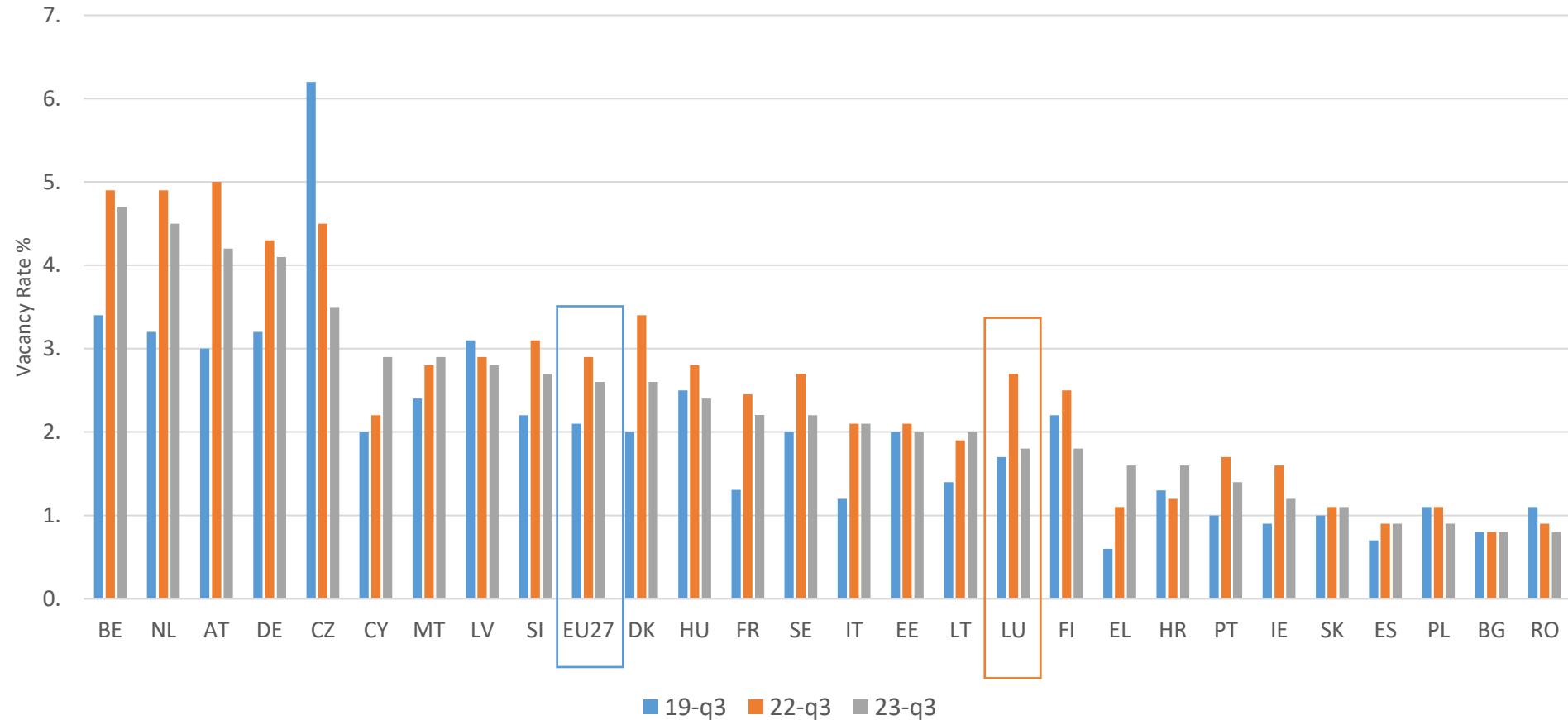


Leads to work intensification which – together with demographic trends – risks to further aggravate shortages

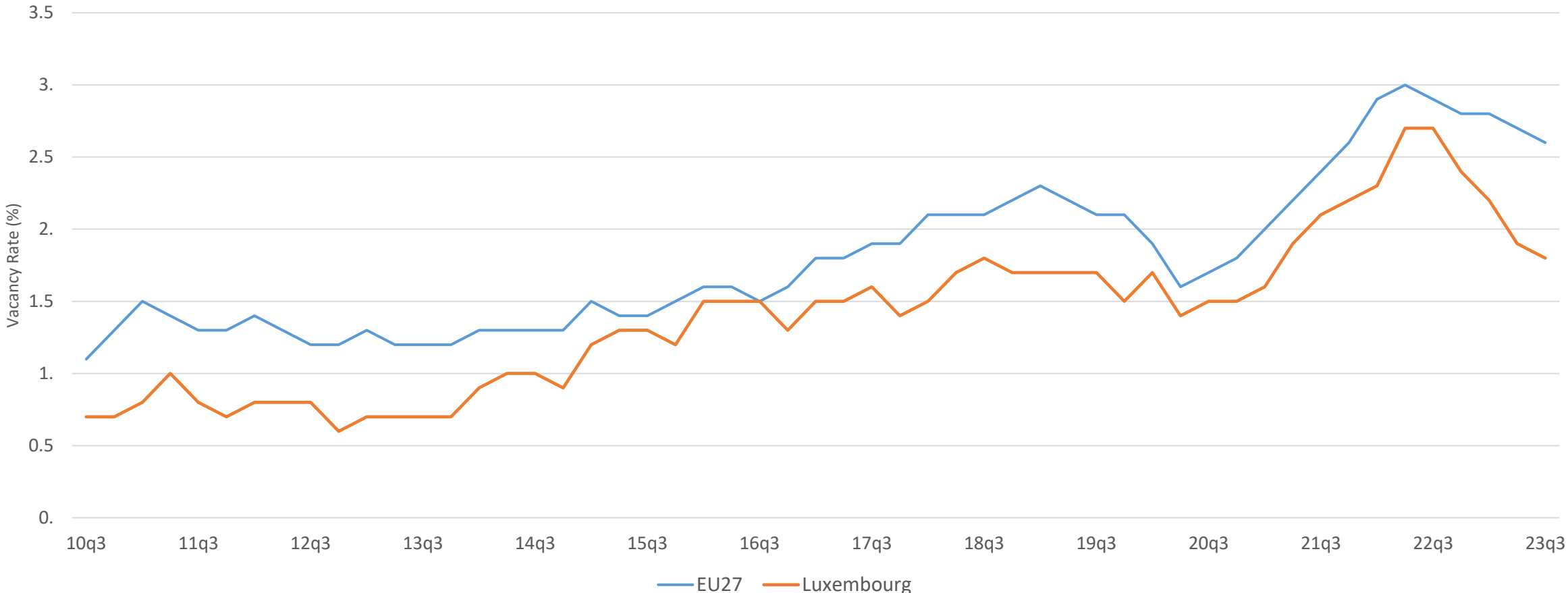
Gap in employment rate between EU and Luxembourg has disappeared



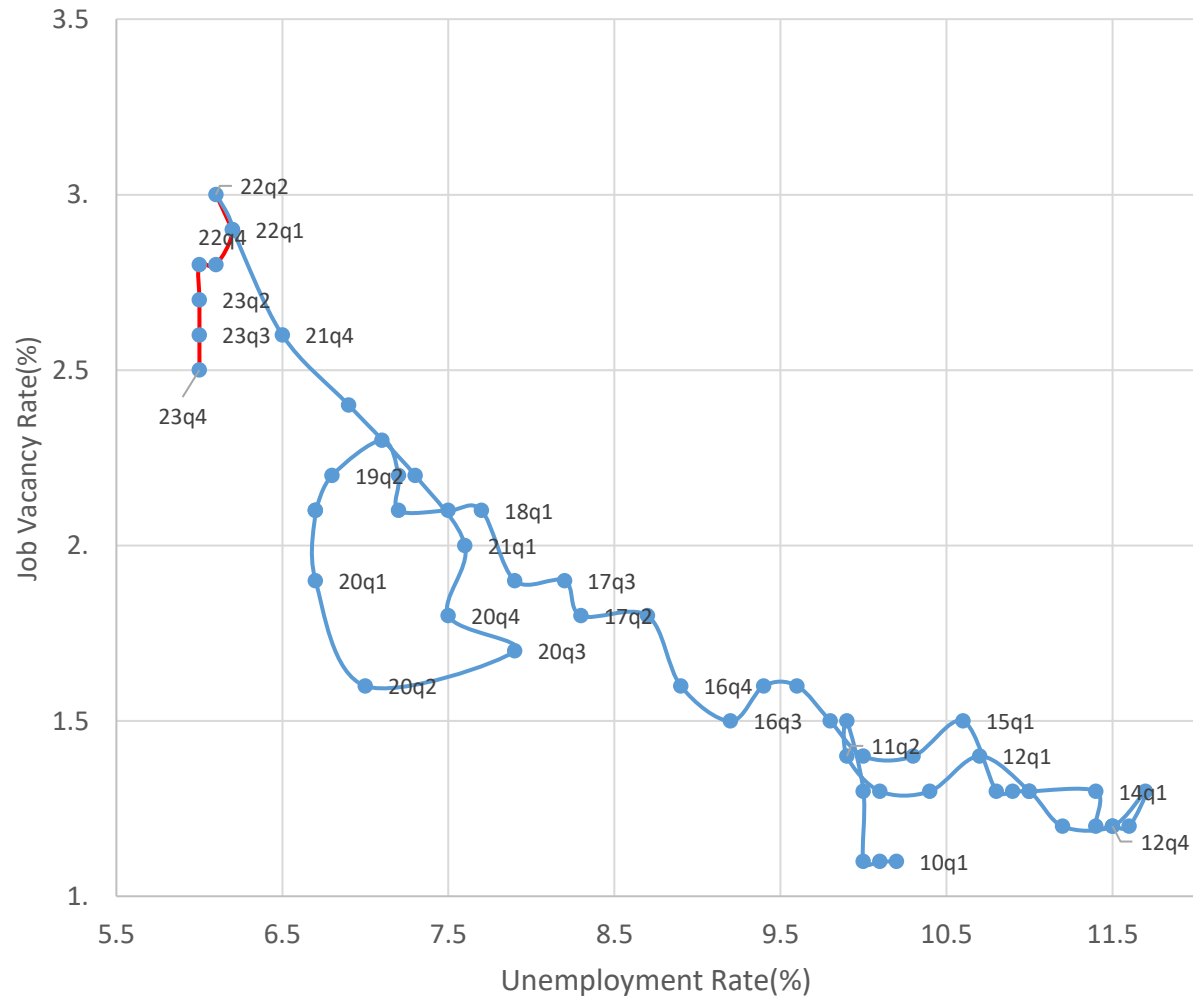
...and was accompanied by an increase in the level of shortages



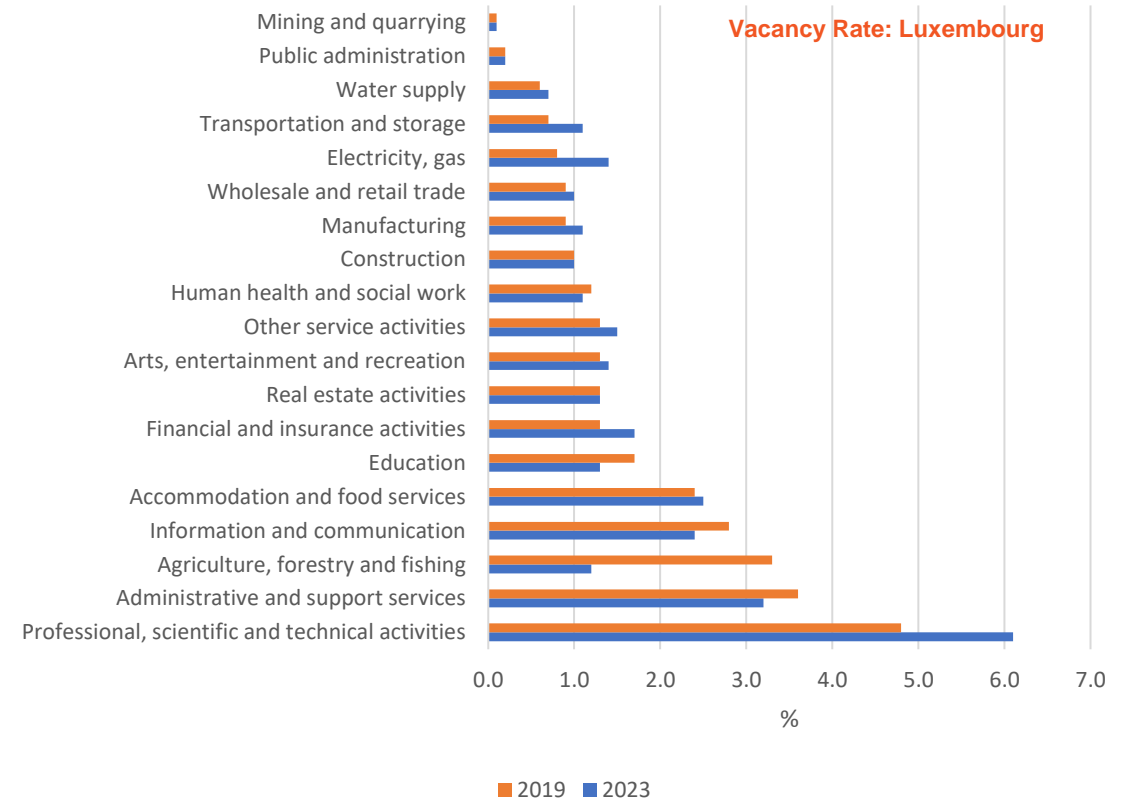
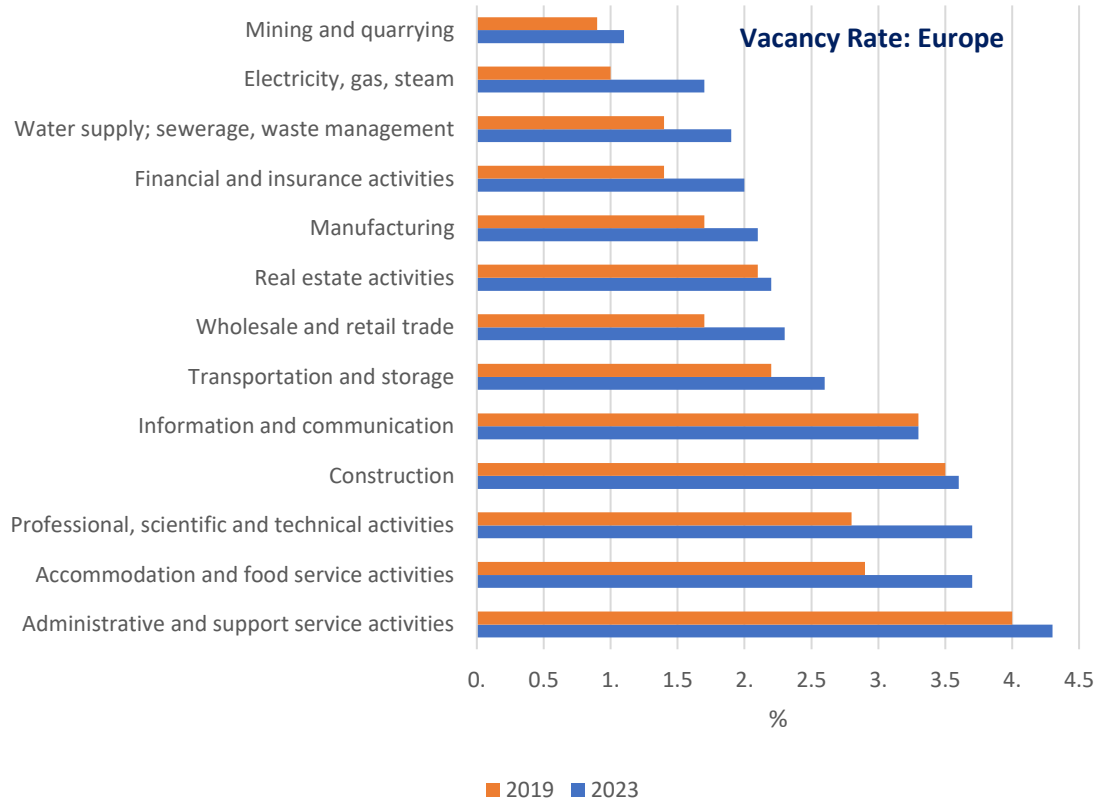
However, greater decline in Luxembourg in the aftermath of the pandemic...



EU Beveridge curve could indicate dual vacancy model...

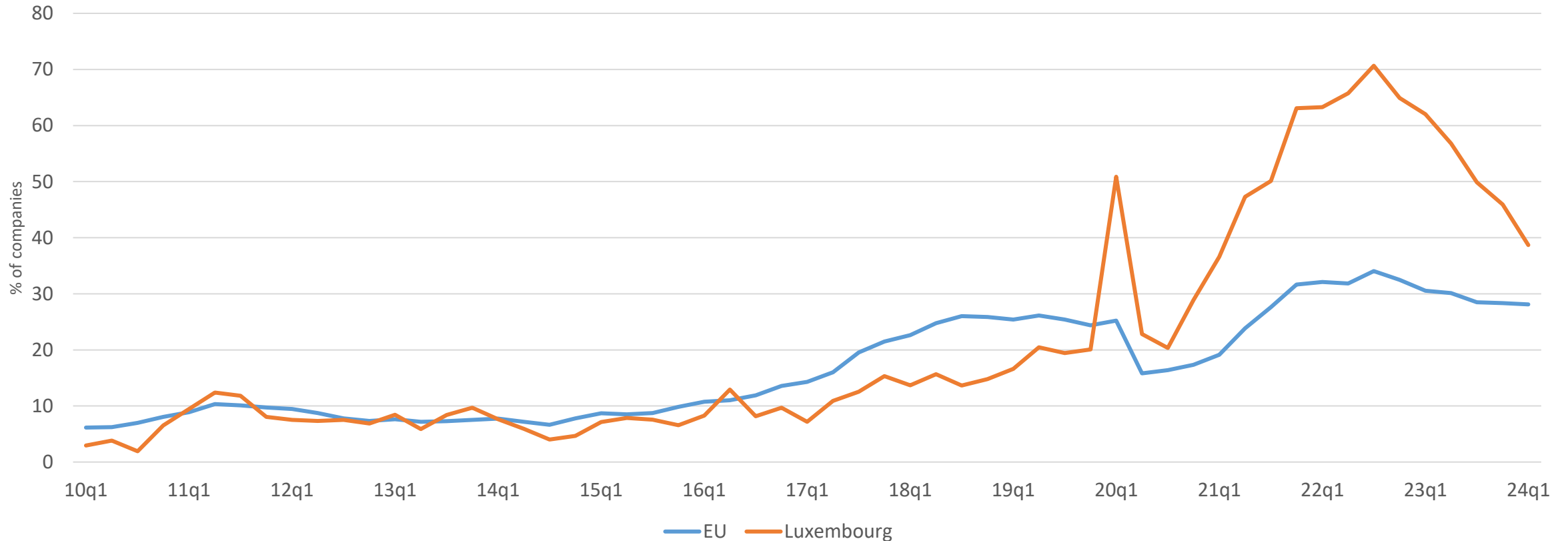


...leading to the persistence of shortages across sectors



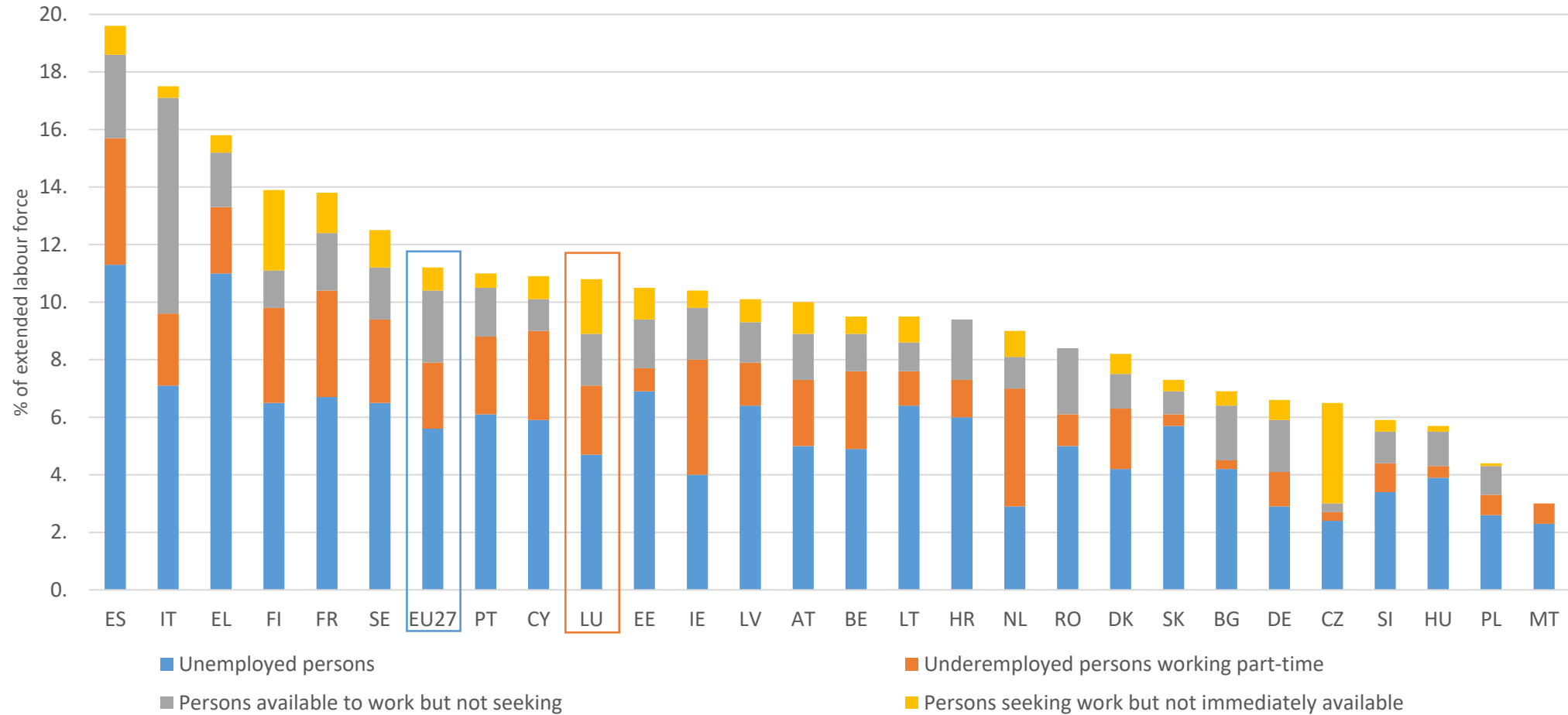
...although some of the shortages seem to be cyclical

Labour as a factor limiting production in the construction sector



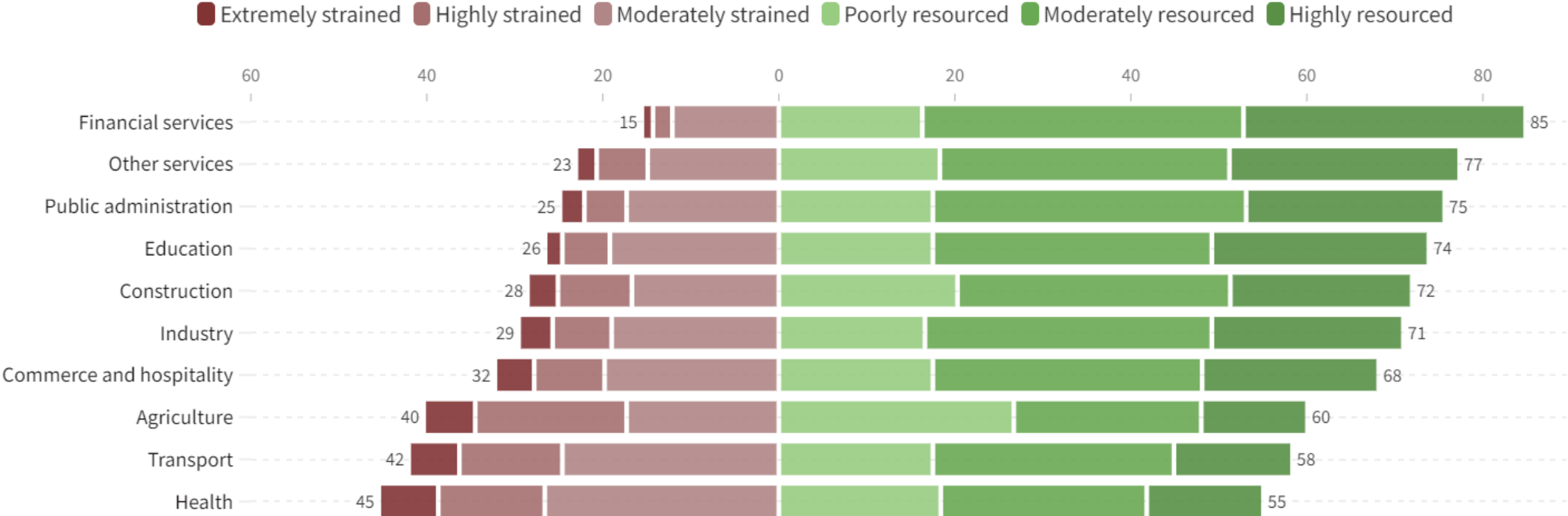
Source: European Business Surveys

Scale of labour market slack, Q3 2023



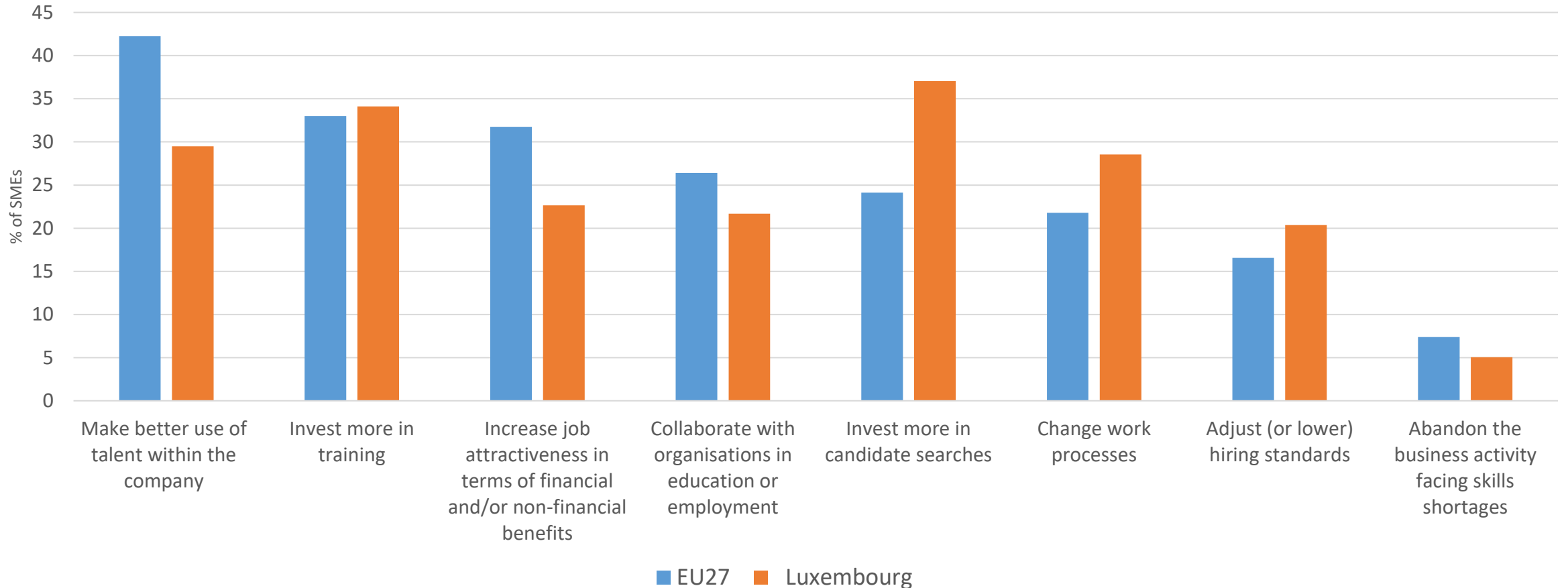
Job quality: A key driver of labour shortages

Job quality index, by sector EU27



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

SME approaches to address shortages



Source: Eurobarometer 529

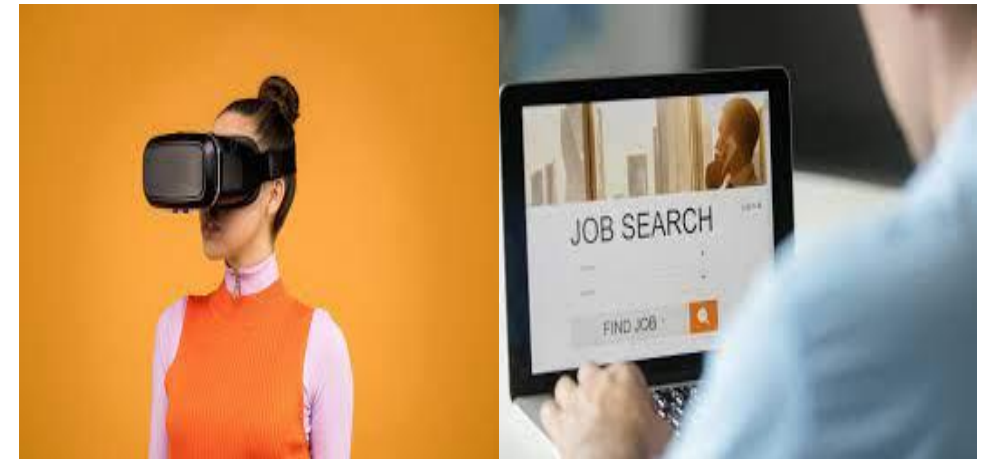
Attract labour



- 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
- Improved employer recruitment strategies
 - Employer marketing/branding
 - Offer of enhanced wage and non-wage benefits and improved working conditions
 - Geographical and temporal flexibility
 - Access to childcare, housing, private healthcare, support with travel, etc.
- Active migration policies – among employers' willingness to explore this is greater than actual use due to:
 - Administrative barriers
 - Challenges in recognition of qualifications (reduce brain waste)
 - Language issues

Enhance use of existing labour and retain labour

- Improve retention through attractiveness measures and ongoing training
- Address skills mismatches
 - Enhance delivery of suitable education/training – often employer focussed
- Improve matching between supply and demand
 - Foresight and feeding information into education and training planning
- Improved matching systems (PES and private providers)
 - Individual action planning
 - Training for bottleneck occupations
 - Emphasis on workplace-based experience
 - Closer interaction with employers
- Improve recruitment pathways (employers)
 - Nature of qualifications/capacities sought
 - Greater use of social media
 - Increase catchment area
 - Employee referral programmes
 - Use of external recruiters



Main messages

- Drivers of shortage vary by sector, occupation and region
- Shortages are particularly prevalent in sectors and occupations with poor job quality.
- Public policies or employer led interventions need to take into account these realities to be effective.
- Structural shortages are particularly difficult to address - multilayered interventions are oftentimes needed.
- Employers are required to take more innovative measures to retain and recruit staff.



Discussion

