Virtual Visit to Cyprus: Labour shortages: Tailoring interventions for different drivers of shortages

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Strategies to address labour shortages

Virtual visit: Cyprus

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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
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 market recovered in the aftermath of the GFC

![Graph showing employment rate in EU27 and Cyprus from 2010 to 2023.](image)

- Cyprus employment rate increased by 8 pp from 2010 to 2023.
- EU27 employment rate increased by 3.6 pp from 2010 to 2023.
...and was accompanied by an increase in the level of shortages.
Particularly in the aftermath of the pandemic…

Vacancy rate

EU27  Cyprus
When the labour market in Cyprus became particularly tight
...with particularly high increases in vacancies in the service sector
Scale of labour market slack, Q3 2023

Labour market slack

- Unemployed persons
- Underemployed persons working part-time
- Persons available to work but not seeking
- Persons seeking work but not immediately available
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
Company approaches to address shortages

- Make better use of talent within the company
- Invest more in training
- Increase job attractiveness
- Collaborate with organisations in education or employment
- Invest more in candidate searches
- Change work processes
- Adjust (or lower) hiring standards
- Abandon the business activity facing skills shortages

Key:
- CY
- EU
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
Activate under-utilised resources

• Address geographical barriers
  – Mobility supports within country

• 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 focused 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

• Improving retention through attractiveness measures and ongoing training

• Improve matching between supply and demand
  – Foresight and feeding information into education and training planning

• Address skills mismatches
  – Enhance delivery of suitable education/training – often employer focussed

• Improved matching systems (PES and private providers)
  – Individual action planning
  – Training for bottleneck occupations
  – Emphasis on workplace-based experience
  – Closer interaction with employers

• Improving recruitment pathways (employers)
  – Nature of qualifications/capacities sought
  – Greater use of social media
  – Increasing catchment area
  – Employee referral programmes
  – Use of external recruiters
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
• Employers are required to take more innovative measures to retain and recruit staff
Discussion....

Please....

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To join the discussion, raise your hand

Briefly introduce yourself, then ask your question or make your comment.
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