

Public Employment Services facing the challenges of labour market shortages

Concept note

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1 Introduction

As public employment services face the challenges posed by labour market shortages, the European region of WAPES invites you to a workshop aimed at exploring the causes, effects, potential solutions, and long-term perspectives surrounding this critical issue.

Taking place on 4-5 September in Lugano, Switzerland, this event promises to be a platform for mutual learning, sharing challenges, exchanging viewpoints, and highlighting best practices.

1.1 Understanding labour market shortages for better public employment strategies

Labour shortages are caused by a variety of factors, including demographic changes, technological advances, and skills mismatches. These shortages have far-reaching implications for productivity, sustainable economic growth, and social cohesion. For example, shortages in key sectors such as healthcare can lead to increased workloads and burnout among existing workers, affecting the quality of care provided and putting a strain on health systems. Similarly, skills shortages can lead to project delays and increased costs for construction companies, hindering infrastructure development and economic progress.

1.2 The long-term perspective: Navigating towards resilience

Looking beyond the immediate challenges, PES need to adopt a long-term strategy to address labour market shortages. This means promoting resilience, adaptability, and inclusiveness in our labour markets. By investing in skills development, promoting labour force participation, especially among disadvantaged groups and minorities, and embracing innovation, PES can create a more robust and dynamic labour ecosystem that is able to adapt to future changes. For example, initiatives that provide training and upskilling opportunities for workers can help them transition into high-demand sectors, mitigating the impact of shortages and preventing unemployment.

1.3 The role of public employment services

Public Employment Services have a key role to play. Through their expertise in the functioning of the labour market and personnel recruitment as well as their in-depth knowledge of the individual sectors, they can provide valuable insights into emerging trends and needs. They can equip individuals with the skills and resources they need to succeed in today's economy. In addition, through effective skills matching, they can bridge the gap between jobseekers and employers, facilitating smoother transitions and reducing mismatches. For example, public employment services can

partner with SMEs to identify skills gaps and tailor training programmes to meet industry needs, ensuring a more efficient and effective match between job seekers and available opportunities.

1.4 Evolving on cooperation

Although many countries in the European WAPES region are currently experiencing shortages of skilled workers in the same sectors and occupations (e.g. health, IT and construction), we still observe migration of skilled workers between European countries. For workers, wage differentials create opportunities to increase their earnings. We would like to ask whether these forms of talent attraction could be made more sustainable by, for example, increasing bilateral forms of cooperation (i.e. sharing labour market information to forecast labour market needs in both countries involved, co-financing education and training for job seekers and workers), thereby increasing the benefits for both countries.

2 Interactive Workshops and In-Depth Discussions

Throughout the workshop, participants will have the opportunity to engage in workshops, in-depth discussions, and interactive sessions designed to facilitate mutual learning and exchange of ideas. We encourage WAPES members to invite their experts on the following topics to ensure a diverse and enriching dialogue.

2.1 Workshop Strands

The workshop will be structured around four main strands, each intricately linked to the overarching theme of labour market shortages:

1. **Labour market intelligence and skills matching:** By modernising their information technology systems, PES improve the quality and accessibility of labour market intelligence. Using data analytics to identify skill needs in emerging industries, such as the green economy, can thereby help to design targeted training initiatives. By implementing competence-based job matching procedures, PES ensure that these skills later on count and are valued in the labour market.
2. **Unlocking labour market potentials:** Share best practices and success stories in activating the untapped potential of diverse segments of the workforce. Even though the domestic labour market potentials might already be exhausted in some countries, various European countries continue to observe high levels of youth unemployment or women who work part-time involuntarily (often due to caring responsibilities). Moreover, the current situation might create opportunities for people with physical or mental

disabilities or even discouraged workers. Ultimately, there is a large population of refugees being weakly integrated into European labour markets. PES could collaborate with stakeholders to design tailored interventions, e.g. upskilling or coaching programmes, for example in conjunction with induction grants for employers.

3. **Retaining talent:** Retaining committed staff and well-functioning teams may be even more important than recruiting. Although PES cannot influence the loyalty and commitment of employees in the labour market, they can advise employers on how to be an attractive employer through retraining opportunities, attention to work capacity and workload, the provision of further services including childcare, a good atmosphere and a corporate culture that fosters the acquisition of skills.
4. **New roles for the PES:** Especially when tapping new labour potentials, the necessary actions quickly go beyond pure skills matching and the integration of ALMP. We are interested in the approaches that PES and public authorities take to develop new labour market potentials (e.g. ambassadorial functions to change attitudes of stakeholders, involvement in practice-based learning or participation of PES in institutional reforms to increase work incentives).

In conclusion, we warmly invite you to join us in this important conversation. Together, let us discuss and harness the collective expertise of viewpoints of our European WAPES community to address labour market shortages and build a more inclusive and resilient future.

In addition, the European Network on Regional Labour Market Monitoring will hold its annual conference at the same venue on 5 and 6 September. This will allow interested colleagues to attend both events.

3 Further reading

For further reading on the causes and effects of labour market shortages, we recommend exploring the following resources:

European Year of Skills - Skills shortages, recruitment and retention strategies in small and medium-sized enterprises

<https://europa.eu/eurobarometer/surveys/detail/2994>

OECD - "Skills Strategy: Getting Skills Right": https://www.oecd-ilibrary.org/employment/getting-skills-right_25206125

World Economic Forum - "The Future of Jobs Report": <https://www.weforum.org/publications/the-future-of-jobs-report-2023>

European Network of Public Employment Services: Activation of the Inactive: PES initiative to support the activation of inactive groups

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjfmvy1056EAxXR4gIHHcpSBMEQFnoECBkQAQ&url=https%3A%2F%2Fec.europa.eu%2Fsocial%2FBlobServlet%3FdocId%3D22474%26langId%3Den&usg=AOvVaw1i9Qu6jMP11g9RSIVv101z&opi=89978449>