



# ANALYSIS OF LABOUR AND SKILLS SHORTAGES: OVERCOMING BOTTLENECKS TO PRODUCTIVITY AND GROWTH



# Analysis of labour and skills shortages: Overcoming bottlenecks to productivity and growth

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## Introduction

There are currently a number of inter-linked challenges affecting the functioning of labour markets across Europe and which are resulting in significant labour and skills shortages. These include demographic change; high rates of inactivity; and relatively low levels of intra-EU mobility.

Over the last decade, the EU's working-age population dropped from 269 million in 2012 to 264 million in 2021. In 2022, the number of employed people aged 20-64 years in the EU totalled 193,5 million. The EU working age population is expected to shrink over the next years and decades, with the loss of an additional 35 million people by 2050. Looking further ahead, the EU's working-age population is projected to decline by 57.4 million until 2100 and the old-age dependency ratio to increase - from 33% to 60% by 2100. As a result of these trends, the EU's share in the world's population will continue to fall - from 6% today to below 4% in 2070. Demographic ageing labour market effects, i.e. the combination of growing cohorts of older workers exiting the labour markets with far less young people entering the labour markets is the very challenging overall population equation that the EU is confronted with.

Structural skills mismatches and the insufficient orientation of education and training curriculum relative to labour market needs is a further component leading to shortages of appropriately skilled workers. The European Year of Skills emphasises the importance of improving skills matching, something that can play an important role in helping to address the shortages that all Member States and sectors are experiencing in one way or another.

BusinessEurope has been calling on the European Commission to take more concerted action towards helping to address labour and skills shortages, including through an EU Action Plan as part of the Commission's 2024 work programme<sup>1</sup>. This action plan should reflect the interplay between different policy areas, combining the need to reduce in-activity rates in Europe and to get people back into work; to foster the timely and effective updating of training curricula relative to labour market needs; and to foster the role of job matching through mobility and migration.

In her State of the Union Speech on 13 September 2023, Commission President von der Leyen highlighted labour and skills shortages as one of the major economic challenges for businesses and the first EU priority to address in the coming year.

As a contribution to the Year of Skills and in framing our proposals for further actions to help address labour and skills shortages, BusinessEurope has undertaken a survey on labour and skills shortages with companies and employers' organisations across Europe, covering a broad range of sectors<sup>2</sup>.

The findings presented in this study reflect the input received from 110 respondents (93 companies and 17 employers' organisations) and reflect the views of companies of all sizes, with around a third of responses being from companies employing less than 50 workers. Input to the survey was anonymised.

## Summary of the main findings

- Reflecting on their current experiences of labour and skills shortages, respondents confirmed employers are facing shortages of people across all skill levels, although the

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<sup>1</sup> [Statement EU action plan labour skills shortages.pdf \(businesseurope.eu\)](#)

<sup>2</sup> Insurance, financial services, ICT, manufacturing, security services, automotive, banking, furniture, hospitality, banking, electrical, footwear and leather goods, woodwork, safety management, software development, trade, transport, chemicals, retail, printing, private recruitment, service provision, consultancy, HR services, metal, steel, energy, health care, tourism, cyber security, cleaning, mobility, audiovisual/events

shortages are reported as being most acute in technical (especially mathematics and IT) and engineering related professions as well as customer service-oriented roles.

- This is also backed up in the responses to the specific skills sets that are in demand with almost half (46%) of respondents identifying a need for digital and STEM skills. Notable is also the finding that around a third of respondents (34%) identified a demand for professional qualifications.
- There is also a trend towards less applications being submitted as well as less loyalty or commitment among job seekers to go through a full recruitment process. With a tighter labour market, job seekers have more options and are dropping out of recruitment processes or turning down a job offer because they have received multiple offers. This is allied with the higher turnover of staff, which creates a cycle of uncertainty for companies.
- As a result, companies are needing to show greater flexibility in the profile of candidates that they are recruiting. This is because it's increasingly difficult to find applicants that fulfil all the criteria that employers are looking for. In addition, companies are reporting not only shortages of people with specific skills and qualifications, but a more general labour shortage. Issues around staff retention were also noted by some.
- In practice, companies seem more willing to take people on that not only do not match all the job criteria, but that also require some additional training, which is provided after someone joins the company. With this approach companies have more certainty about the skills that an employee has. In the current context, it is considered better to get somebody into the company and provide additional training themselves. Such training can be through initial entry points, such as apprenticeships or traineeships or in the form of continuous training and/or re-skilling relative to the needs of the company and taking into account an individual's existing skills set.
- Almost half (45%) of respondents commented that training is provided in the workplace, while more than the majority (57%) identified a high to very high level of engagement in training provision by employees.
- While a clear majority of respondents (59%) identified that they do not offer, or there is no provision of, apprenticeships for adults, there are also examples in certain sectors (insurance, chemical, banking) where apprenticeships for adults are provided in an up and re-skilling perspective.
- Nearly two thirds of respondents (60%) identified a growing role for intra-EU mobility and/or third country migration as a way to help offset their labour and skills shortages. It also needs to be noted that a number of employers nuanced their reply by observing that mobility and migration can be part of the response, but that initial and continuous education and training of Member State nationals remains the main route to accessing a skilled labour force.
- It is also interesting to note that a sizeable proportion of employers that are not yet utilising the possibility of recruiting mobile or migrant workers consider that this could be an option in the future, if the circumstances enabled this, i.e. if the processes and legislation facilitate it.

### Putting labour and skills shortages into context

Labour and skills shortages are one of the most pressing issues facing employers at this time. Access to a skilled workforce is a key factor in a company's competitiveness, affecting their productivity and innovation potential.

## Recruitment challenges and nurturing youth employment

BusinessEurope's survey identified concerns among employers about local labour market dynamics as concerns difficulties in replacing an ageing workforce as people retire. This is echoed more broadly in analysis of skills trends conducted by CEDEFOP, which identified that replacement demand (predominantly a result of when people retire) is expected to provide the bulk of job openings across sectors heading towards 2035. This is reflected in a population share of 26% of people over 65 in 2035 (up from 17% in 2005)<sup>3</sup>.

Our survey shows that there is a trend towards less applications being submitted as well as less loyalty or commitment among job seekers to go through a full recruitment process. With a tighter labour market, job seekers have more options and are seemingly dropping out of recruitment processes or turning down a job offer because they have received multiple offers. This is allied with the higher turnover of staff, which creates a cycle of uncertainty for companies. Consequently, companies are needing to show greater flexibility in the profile of candidates that they are recruiting. This is because it's increasingly difficult to find applicants that fulfil all the criteria that employers are looking for. For example, in Denmark, in approximately one in four recruitments, companies report that they are unable to recruit employees with the desired qualifications. This leads to more than half of the positions being filled by an employee with a different profile to what was initially advertised. The other half remain unfilled, resulting in a loss of productive capacity for companies.

### **Youth employment and retention**

Attracting and retaining young people in particular sectors is an issue that was identified by companies of various sizes across BusinessEurope's survey, as identified in the following examples.

A **safety management SME** identified that it is increasingly difficult to attract and retain young people into some of their core occupations, including safety inspectors and on-site risk assessors. These are roles that require various certifications and with the current shortages the company is recruiting younger, inexperienced staff. At the same time, they are facing the reality that some of their workers are leaving for other companies after completing their training, putting further pressure on company resources.

A large **manufacturing company** commented that an overarching challenge across different site locations is finding young people who want to work in the industrial / production area. This is leading to particular skills shortages among technicians and skilled operators in the technical occupations, such as maintenance technicians and fitters.

As large **automotive company** also observed that they are moving away from a shortage in specific skills to a general labour shortage. In the past the shortage was mainly significant for academic jobs especially in IT and engineering, but for the past three to five years highly qualified production workers have also become harder to recruit and there is now a shortage of people for low-qualified production jobs. The company also has the perception that more and more young people lack sufficient career orientation and do not know where and how to enter the job market. The risk is that some do not enter at all, which further exacerbates shortages, while having a detrimental impact on the youngsters themselves.

Previous labour market phenomenon, notably the economic and financial crisis around the period 2008-2013 and the recent COVID pandemic have shown that young peoples' labour market prospects can be disproportionately affected when a crisis hits. Concerted efforts were made in the wake of the economic and financial crisis to support young people, notably by addressing the structural issues affecting their transition from education and training into employment. In

<sup>3</sup> [Skills in transition: the way to 2035 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

particular, BusinessEurope advocates the role of apprenticeships as a way to simultaneously help employers to address their skills needs and foster young peoples' employability and employment opportunities.

Nevertheless, across Europe there remain challenges in fostering youth employment. The EU youth unemployment rate for 15-24 year olds has been declining over recent years, but at around 14% in the 3<sup>rd</sup> quarter of 2023 it remains more than double the general employment rate (15-74 years) of around 5.0 %. In parallel, problems persist in attracting more young people into vocational education and training (VET). Respondents to BusinessEurope's survey confirmed that there are challenges in some Member States when it comes to low numbers of young people enrolling in VET courses, which is impacting on the availability of new labour market entrants with the skills that employers are looking for.

### **Attractiveness of vocational education and training**

CEDEFOP identifies that VET, both secondary and post-secondary, suffers from poor reputation. Additionally, the discourse on tertiary education still favours university education over post-secondary VET, which adds to its unattractiveness. It is important that VET is a credible alternative option to general education and training pathways. The image of VET needs to be improved, both for young people, but also their families and other key players such as teachers, careers advisers and employers<sup>4</sup>.

**A national sectoral employers' organisation representing footwear and leather goods** highlights the importance of attracting young talents and has developed an initiative called "Industry Goes to School," where children can have exposure to the industrial reality from a young age.

**A national sectoral employers' organisation representing the woodwork sector** associates a shortage of technically trained learners and graduates with insufficient vocational training opportunities, relative to the labour market demand. Important in helping to address this situation is considered to be the need to create more work-based training opportunities for young people as part of initial VET.

### **Shedding light on in-demand skills and qualifications**

Several EU level reports and analysis, notably by CEDEFOP and the European Labour Authority (ELA) identify shortages in specific occupations. For example, the ELA observes a concentration of shortages in five occupational groups, which are healthcare related occupations; software professionals; construction, hospitality, and engineering craft workers<sup>5</sup>. Further analysis suggests that STEM and healthcare related occupations are prominent among the shortages. CEDEFOP's analysis around shortage occupations also suggests that among high skilled non-manual occupations there will be particularly high shortages in science and engineering professionals<sup>6</sup>.

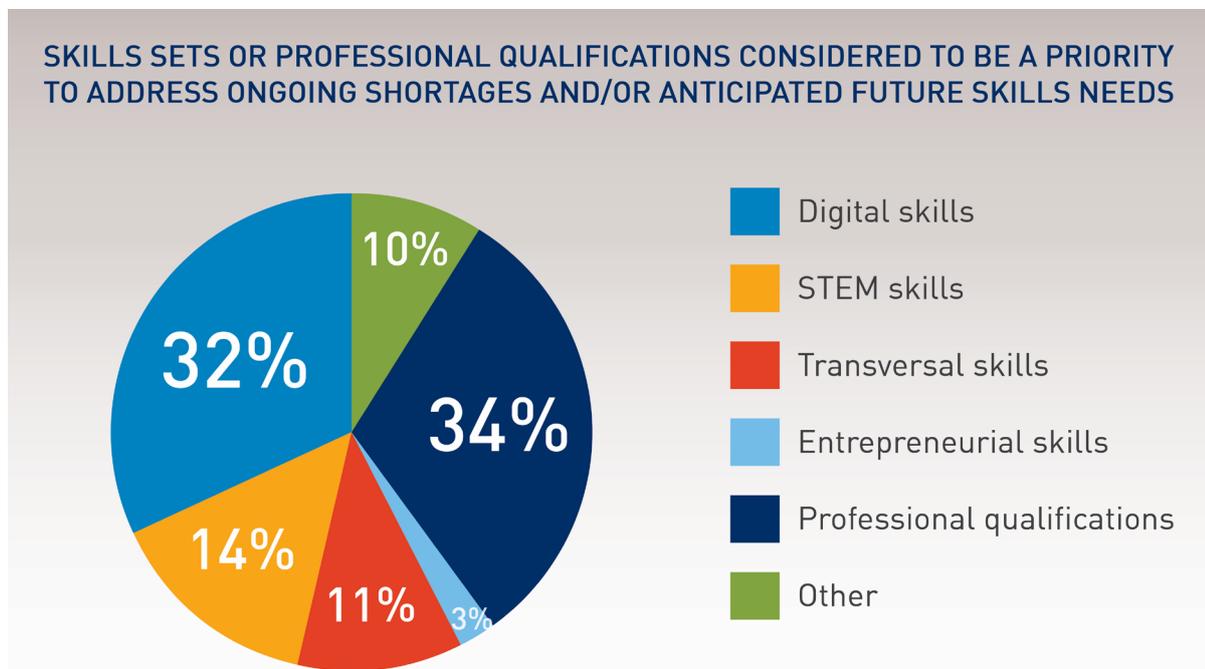
The findings from BusinessEurope's survey reflect that companies need workers of all skill levels, with shortages reported as being most acute in technical (especially mathematics and IT) and engineering related professions as well as customer service-oriented roles. This broadly aligns with the analysis of labour shortages conducted by ELA using EURES data.

<sup>4</sup> <https://www.cedefop.europa.eu/en/tools/vet-toolkit-tackling-early-leaving/intervention-approaches/improving-vet-image-and-attractiveness#:~:text=High%20quality%20VET%20can%20be,work%20towards%20a%20specific%20profession>

<sup>5</sup> [EURES-Labour Shortages report \(europa.eu\)](#)

<sup>6</sup> [Deep diving into skill shortages | CEDEFOP \(europa.eu\)](#)

The following chart shows the specific skills sets that respondents to BusinessEurope’s survey identified as being most in demand. It can be seen that almost half of respondents cited either digital or STEM skills, which reflects the growing need for these skills sets to underpin the digital and green transitions. The results also reflect that a third of respondents highlighted the need for people with professional qualifications in subjects, such as civil, biomedical and electrical engineering, chemical technicians, finance, food preparation and catering, and safety inspection.



Source: BusinessEurope survey on labour and skills shortages 2023

The findings also include a notable mention for transversal, or soft, skills that are considered to be essential in underpinning more subject or profession specific skills sets. These skills include, among others, flexibility, team work, communication and critical thinking. There was a particular reference to the need for people with transversal skills among respondents representing SMEs, i.e. companies with fewer than 50 employees. This observation can also be placed in the context of a recent Eurobarometer on skills shortages and recruitment and retention strategies<sup>7</sup> in which it was found that about two-thirds of respondents identified soft skills as becoming 'somewhat more important' (20%) or 'much more important' (48%) for their SME. The Eurobarometer also showed that transversal skills were closely followed by the need for digital skills among SME workers.

### Recruitment and training strategies

Given the multi-faceted nature of labour and skills shortages, which transcends different policy domains – employment, education and training and mobility and migration – there are a number of different responses that can be framed to help address employers’ labour and skills needs.

#### **Recruitment and training initiatives fostering talent attraction and skills development**

Companies operating in the **steel, HR communication and logistics, banking and insurance sectors** referred to the importance of enhancing employer branding and marketing campaigns

<sup>7</sup> [European Year of Skills - Skills shortages, recruitment and retention strategies in small and medium-sized enterprises - September 2023 - - Eurobarometer survey \(europa.eu\)](https://ec.europa.eu/eurobarometer/surveys/detail/2444)

to better promote their companies and to attract job seekers. This includes developing strategies for the use of social media tools, such as apps, WhatsApp, recruitment videos and other digital approaches as well as job fairs to aid recruitment. Overall, companies recognise the need to be much more pro-active when it comes to talent attraction.

A large **banking company** noted that they have had to adapt their recruitment process by starting earlier than in the past, i.e. there's a need to better anticipate recruitment, as much as possible, and to allow more time for the process. They have also started working with a recruitment agency rather than handling everything in-house. Part of the approach to attracting people to the company has been to pay higher salaries in certain functions. This type of approach was also identified by a **human resources company** which observed that it is expanding its approach to strategic personnel planning, including measures aimed to foster recruitment as well as the training and retention of staff.

A **national sectoral organisation in the hospitality sector** outlined that the recruitment and retention of staff requires a combination of attractive working conditions, investment in education and training / upskilling, new pathways into the industry (e.g. for career changers), and attracting skilled workers from abroad. For several years, the organisation has been running an initiative entitled "Future Hospitality", which covers multiple avenues to create an attractive, sustainable workplace environment, including leadership, working hours, training, perks, unlocking potential as well as compatibility of work and caring responsibilities. The industry's collective agreement ensures a fair approach to pay and employment conditions and is currently offering a wide ranging, fully subsidised programme of training courses open to all employees.

#### Recognition of skills and qualifications

A **large technology company** noted that they are utilising a **skills first approach** to widening the pool of candidates. Whereas this approach originated in the company's US operations with job advertisements no-longer specifying the need for a college degree, this is gradually being introduced in Europe as well. In Europe, the company has many professional roles for which it looks at a candidate's skills and ability to learn, not only their qualifications. Approximately 30% of its experienced hires in Europe do not have a university degree and just under 50% of the advertised roles in Europe do not require a university degree.

Given the shortage of talent, some companies are increasingly resetting how they evaluate and recruit candidates and are moving to skills-based hiring - prioritising demonstrated skills over formal qualification requirements. This is commonly referred to as a *skills first approach*. As such, less emphasis is put on how and where skills (qualifications) are obtained. For example, employers may focus less on having the requirement in job advertisements for a certain level of qualification or a certain number of years of work experience and instead focus more on the skills that a person has. This can open employment opportunities to a larger population of potential talent who have previously been excluded from consideration as candidates.

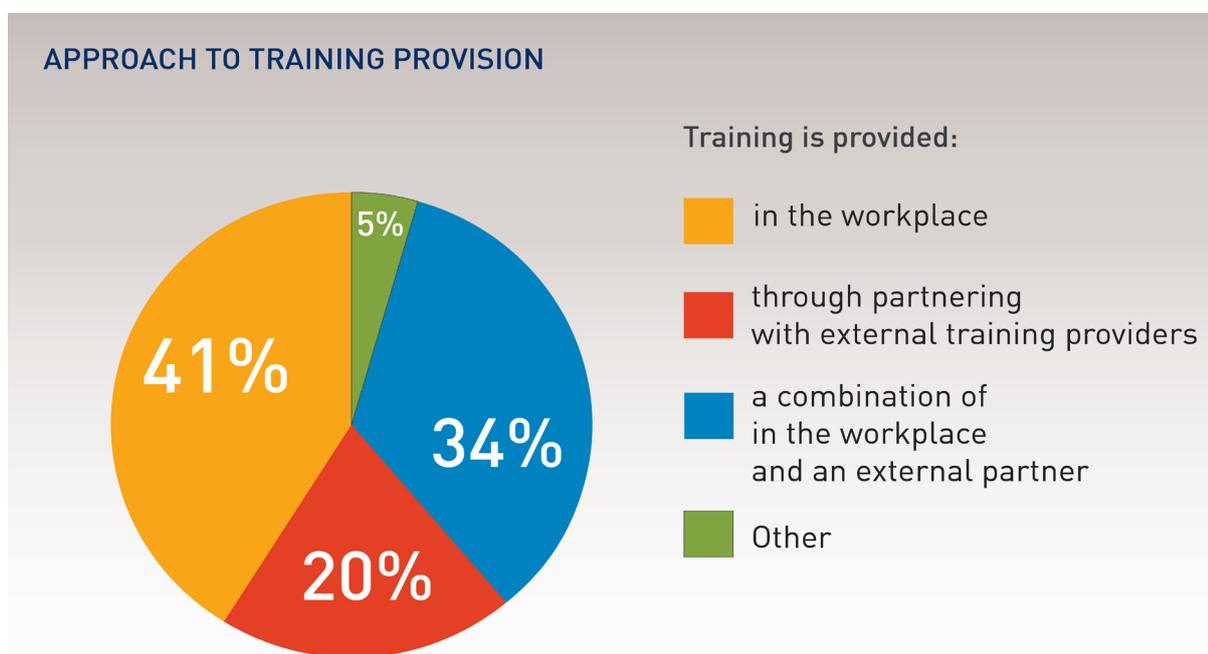
This approach can be a useful complementary approach and one that employers may look to further explore in the future. It has also been put forward by the European Commission as an approach that can facilitate recognition in relation to third country nationals entering EU labour markets. In parallel, the long developed national practices around qualifications-based skills recognition are likely to remain the norm for a majority of sectors and professions for which governments and social partners have been cooperating over the years to update qualifications requirements and the related training curriculum.

Facilitating the recognition of qualifications is one of the areas that respondents felt needs more attention. A Single Market approach to the recognition of skills and qualifications is needed, where the Commission, together with Member States and social partners, identify priority regulated professions where shortages are strongest to support worker mobility in most

demanded regulated professions. This includes consideration to the development of voluntary common training principles. The EU should aim for mutual recognition of qualifications in non-regulated professions and urge Member States to simplify and de-bureaucratise the process at national level, or, where applicable, determine suitable arrangements together with national social partners.

Beyond initial training opportunities, such as in the form of apprenticeships and traineeships, emphasis is also placed on the necessity to support up-skilling and re-skilling in a lifelong learning perspective. European Commission analysis has identified that 90% of job-related training is funded by employers. The results from BusinessEurope’s survey underscore the emphasis that employers put on investing in continuous training and developing a company culture and mindset towards participation in training, especially in the context of the digital and green transitions.

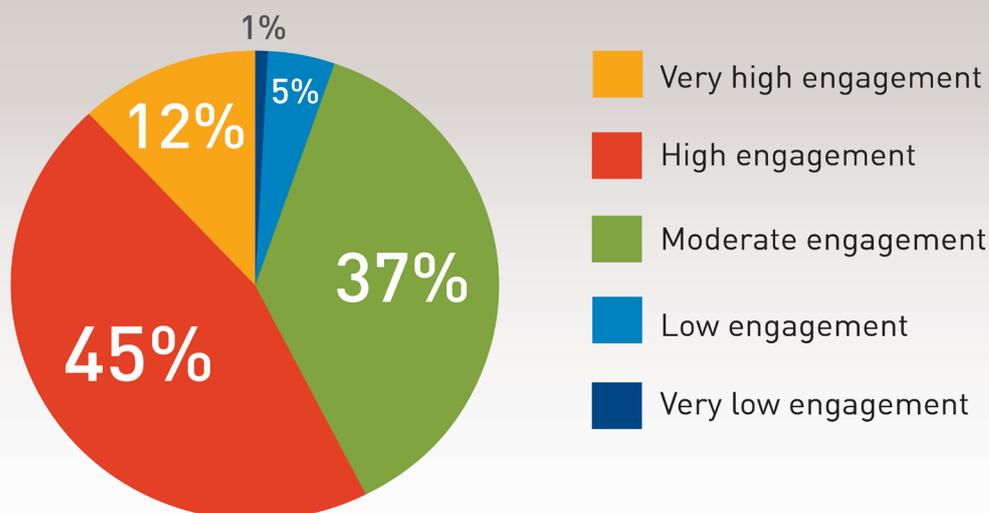
The following chart shows that almost half of respondents to the survey provide training within the workplace while a further third provide training opportunities through a combination of in the workplace training and training through an external partner.



Source: BusinessEurope survey on labour and skills shortages 2023

Another element that is frequently reflected upon when it comes to training provision is the uptake of training offers by employees. The motivation among workers to participate in further training remains an issue across different initiatives and policies at the EU level. In this respect the survey findings suggest that worker engagement in training is generally positive with 57% of respondents citing that their workers have either high or very high engagement in further training and a further 37% have a moderate engagement. The reasons that were cited by respondents who identified a low to moderate engagement of workers in training included a lack of time to take part in training, taking into account work and non-work related responsibilities and difficulties in motivating older workers as well as the low and medium skilled.

## WILLINGNESS OF THE WORKFORCE TO ENGAGE IN FURTHER TRAINING



Source: BusinessEurope survey on labour and skills shortages 2023

### Curriculum updating - the importance of dialogue with employers

For employers, a key aspect of training provision is the labour-market and job-relevance of the training that workers and employers undertake. In this respect, a central priority is that curriculum are updated in a more timely and effective way to reflect employers' evolving skills needs. The survey explored this point in relation to the involvement and dialogue that companies and employers' organisations have with education and training providers and government authorities.

On a policy level, it is necessary to continue to explore ways to open up access to training for individuals, both in terms of the infrastructure and course content and learning outcomes. Building on the Council Recommendations on Digital Skills and Digital Education, Governments; social partners and companies need to make the best possible use of new technologies in education and training. This entails the digital transformation of the learning process (eg modern infrastructure/equipment allowing for digital /distant / interactive / intuitive learning methods, including high speed broadband connections); enhancing teachers' proficiency in using new means of learning; and improving learning outcomes, focusing on training that delivers the skills that are in high demand on our labour markets, notably digital skills (eg coding, cyber skills, data analysts and other advanced ICT skills sets), skills for the greening transition, as well as transversal/social/linguistic skills.

In parallel, there needs to be further steps towards the development of more agile and modularised learning that is responsive to employers' evolving needs. Such approaches also help to facilitate training access for workers and job seekers. This includes a role for micro-credentials, which can be developed by education and training providers or indeed by employers themselves.

The majority of respondents to BusinessEurope's survey identified that they have some form of contact with their government and/or education and training providers as concerns curriculum updating. In situations where this is not direct contact, some respondents commented that they do help to shape curriculum through their involvement in their representative organisations –

whether an employer's organisation or chamber of commerce. At the same time, there are others that have no contact at all.

### Employer input to shaping education and training curriculum

A large **company in the automotive sector** highlighted that it has continuous exchanges with both schools and the education ministry regarding its changing skill demands. The company also offers traineeships for teachers so they can learn the skill demands that the company has and integrate this knowledge and experience into their teaching.

A large **company in production, manufacturing and energy** noted that they are in initial discussions with education institutions to create learning content/interventions for vocational schools and private colleges with a perspective to shaping part of their curriculum relative to the evolving skills needs of the company.

However, even with having contact with governments and education and training institutions, employers do not always find the outcome to be satisfactory. One example is from a **national employers' organisation**, which commented that they are involved in discussions and public consultations, with government ministries and agencies, and sometimes with schools and colleges, to update the initial education and training program to better reflect the new and emerging skills needs. Nevertheless, the level of adaptation of the curriculum is not always considered by employers to be sufficient. A **manufacturing company** also commented that while they are in contact with training providers and government agencies, the speed of adaptation of curriculum is too slow relative to the pace of their evolving skills needs.

The survey also looked at the availability of state and/or social partner support to help companies to train employees. The findings, as presented in the chart below, clearly present a rather mixed picture. Further analysis of the responses reveals that there are interesting national practices, led by employers as well as supported by the state – examples in the box below.



Source: BusinessEurope survey on labour and skills shortages 2023

## National approaches to social partner and/or state support to training provision

In **Denmark** the *Arbejdsgivernes Uddannelsesbidrag (AUB)* is an employer-funded scheme supporting apprenticeship provision. Through this scheme companies pay wages during the training, both when the student is an apprentice at the company, but also during the students' time at school. In this way, companies cover the students' living expenses. When the student is at school, the companies are reimbursed for their expenses through AUB. AUB is a collective scheme funded by all employers, in the private as well as in the public sector, regardless of whether they have an apprentice or not. AUB thus functions as a scheme that redistributes funds from employers who do not have apprentices to employers that do. Pupils who have not found an apprenticeship can receive school training and receive the school training allowance. This benefit is also covered by the employers' AUB contributions.

A large company in production, manufacturing and energy in **Greece** referred to cooperation with the Public Employment Service and to receiving support from an employment and vocational training fund that is financed by contributions paid by private and public sector companies. A company in the Banking sector in **Germany** also referred to collaboration with the public employment service.

In **Poland**, there is significant financial support to companies from the state, both via European and national funds. Unfortunately, this is often project-based funding and the selection criteria are not always well-defined, very often they narrow down the possibility of co-financing to selected industries/sectors. Support for large companies from EU funds is considered to be insufficient. This needs to be seen in the context of efforts by Polish employers to foster training provision opportunities, including through the establishment of a training fund.

A **company in the chemical sector** noted that the public employment service is providing support in the education of adults with an apprenticeship. At the same time, the company highlights that they would also like support when it comes to enlarging their apprenticeship programme; funding for language courses; and with administrative issues relating to support with work permits, immigration.

A **company in the industrial sector** outlined that some funding is available in the form of training vouchers and wage subsidies from the public employment service. However, the funding is considered to be insufficient due to the required minimum number of hours (120) and restrictions on large companies to receive support.

In **Switzerland** a sectoral employers' organisation observed that the collective agreement provides for the funding of training courses. This is in combination with the part-financing of vocational and general education by the state.

Another issue that the survey explored was the merits in accessing sustainable finance, such as social bonds, social impact contracts, socially sustainable funds, for financing the investments that company's make in skills development. Overall, there is not currently so much awareness of these issues although the use of a sectoral training fund and social bonds were noted in some instances. A manufacturing company commented that in some situations there are subsidies from the state and the region, which have associated job retention criteria that can sometimes be restrictive. Additionally, this can be a complex process, making it time consuming and less attractive.

The findings suggest that companies need further information about the possibilities to use sustainable finance as a way to support skills investments.

## Up-skilling and re-skilling through apprenticeships

Whereas apprenticeships have typically been perceived as part of initial VET and geared towards providing young people with a mix of practical and theoretical learning that enables them to work

in a company during their training, a growing role can be identified for apprenticeships for adults as part of an up-skilling and re-skilling perspective, especially in the context of the twin transitions.

There are differences in the characteristics of apprenticeships that may serve to distinguish the learning needs of adults from those of young people. Adult learners more often have previous work experience and existing skills than young people, and this should be – and sometimes is – taken into account in adult apprenticeship delivery. As adult learners are in the labour market, their status as either employees or unemployed gives rise to very different learning needs. At the same time, adult learners are more often in a place in their lives where they have a family, so financial and practical obligations need to be considered.

While the learning needs can be different and, therefore, require an adapted approach from companies when it comes to training adult apprentices, there can also be a number of potential advantages that employers can derive and which can motivate them to provide apprenticeship training to adults, for example workforce planning, including shorter training times and a faster return on investment; organisational culture, workforce quality and performance; and corporate social responsibility.

The feedback through BusinessEurope's survey showed a significant 41% of respondents saying that they do provide or support the provision of apprenticeships for adults, while currently 59% do not. Further insights into this aspect of training provision are outlined in the box below.

#### **Apprenticeships for adults**

A company in the **insurance sector** noted that an adult apprenticeship is used as a way to train people that are seeking a career change and coming into the sector without prior knowledge and experience of the sector. A company in the **chemical sector** also noted that it has recently partnered with a training provider in order to offer apprenticeships to adult workers that are looking to become skilled in a new profession. Another chemical sector company in Germany referred to offering apprenticeships for employees that have not previously undertaken this form of training. This form of apprenticeship is co-financed by the public employment service (Agentur für Arbeit).

A company in the **banking sector** observed that apprenticeships are offered to existing workers within the company as a way to up-skill and re-skill them, particularly in situations where local branches may be facing closure and staff are going to be re-deployed within the company.

The provision of apprenticeships for adults is not only down to the approach taken by individual companies, but is also heavily impacted by the wider governance of the apprenticeship system and the perception of apprenticeships within society and in certain sectors. This is captured in comments made by respondents representing employers' organisations in several countries.

In **Denmark**, the use of the adult apprenticeship scheme, where a company enters into a training agreement with an adult apprentice and at the same time receives a wage subsidy, is growing rapidly, and the scheme has proven to be a tool that can also get more people from a non-Western background into work, especially women.

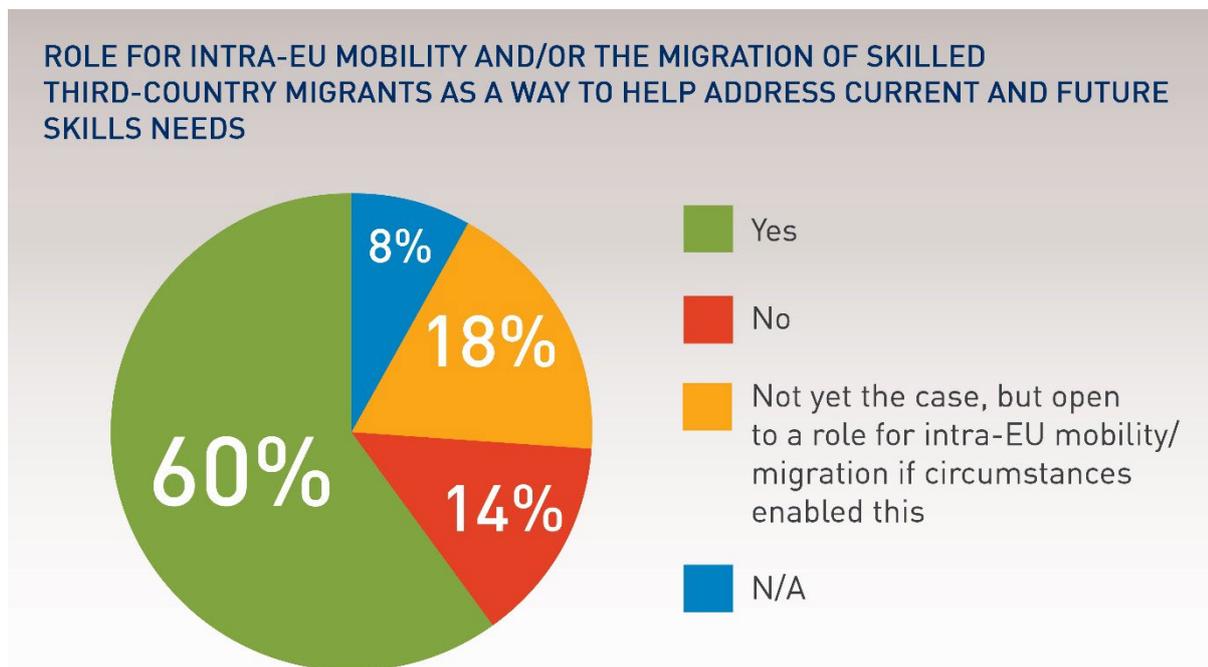
In **Switzerland**, there is a well-developed system for enabling adult workers to complete an apprenticeship. For example, in the hospitality industry, the system is particularly attuned to the needs of this group. Adults already employed in the hospitality industry as unskilled workers can acquire a subsidised basic industry recognised qualification alongside their normal work, which will allow them to complete an apprenticeship in one instead of two years. The vocational training as kitchen employee can be done in modules while working as previously. Other adults with relevant experience can either get dispensations from part of the curriculum, go straight to the final examinations or obtain a vocational education certificate through validation of their work

experience and skills. These industry-driven initiatives remain the key to ensuring that the needs of the employers and employees are met. On the political level in 2022 a commitment amongst the public and social partners was signed to promote measures to enable and increase adult learning

### A growing role for mobility and migration

The final main issue that the survey explored was the role, or potential role, of intra-EU mobility and third country migration in helping to address employers' labour and skills needs. The survey feedback identified a growing role for intra-EU mobility and/or third country migration as a way to help offset their labour and skills shortages, as per the chart below.

There is an overall favourability among 78% of respondents towards the role that mobility and migration can play in helping to address employers' labour and skills needs.



*Source: BusinessEurope survey on labour and skills shortages 2023*

There is a notable proportion of respondents who are not yet utilising the possibilities of mobility or migration, but who cite that they are open to this. Among the responses it was noted that the following aspects would encourage companies to further consider the hiring of mobile and migrant workers:

- Better information provision around the recruitment of EU mobile workers is essential, both for employers as well as the workers themselves. In this respect the European labour Authority can play an important role in facilitating information provision, including via a single web-hub. In parallel, employers identify a particular need for tailored and individualised support and guidance about the hiring of mobile workers.
- A legislative framework at EU/national level combined with policy approaches that facilitate the employment of skilled third country in combination with efforts to raise the attractiveness of the EU as a destination for skilled migrants i.e. people of all skill levels.

- Candidates with the necessary language skills for the Member State that they are looking to work in.
- The willingness of mobile workers and migrants to engage in necessary training/education, where needed for specific jobs as well as the broader notion of being ready to acquire the local knowledge of a given location in order to perform the job effectively within the context of the local economy.

An example from the survey from a **company in the hotel, restaurant and catering sector in Cyprus** observed that the political decision to reduce or control the number of third country nationals entering the workforce in the country has played a role in exacerbating labour and skills shortages. Restrictions or limitations on migration can limit the pool of international talent that could potentially fill the gaps in the labour market and contribute to the country's economy.

### **The EU Talent Pool**

In terms of a policy response, the concept of an EU Talent Pool – if well designed – is something that BusinessEurope sees good potential in as a complementary way to help reduce employers' labour and skills needs.

A relevant starting point for the launch of the Talent Pool would be to have a targeted approach to matching on the basis of national shortage occupation lists. This requires that Member States regularly update their lists (one or twice per year), taking into account information from employers. The scope of the Pool could follow a gradual approach – ultimately being open to all occupations to reduce bureaucracy and simplify the process.

Labour market tests play an important role to secure the political acceptance of third country migration, but it is time to explore a fresh approach to the role of these tests. This includes improving coordination and mutual learning opportunities among Member States to ensure a consistent approach to labour market tests across the EU. It is essential that these tests are organised in a way that does not excessively hinder employers from recruiting third country nationals.

In addition to the involvement of the European cross-industry employers' organisations in the governance of the Talent Pool, it is important to bring in the perspective of sectoral employers to better understand specific unmet labour and skills needs sector by sector across Europe.

The ability to recognise third country qualifications, particularly those that are not professional qualifications, would be an important element for the successful functioning of the Talent Pool in so far as it would help to facilitate the matching process and give employers greater confidence about the candidate profile that they are reviewing. It is also welcome that greater attention is being put on the assessment of the skills and experience of third country nationals as a proxy for qualifications in the context of non-regulated professions.

### **Conclusion**

The findings from BusinessEurope's survey help to further exemplify the significant impact that labour and skills shortages are having on employers and how they are constraining companies' ability to be productive, innovative and competitive.

It is welcome that Commission President von der Leyen highlighted labour and skills shortages as one of the major economic challenges for businesses during this year's State of the Union speech. Concerted action is now needed at EU and Member State levels to address this challenge in the form of an EU Action Plan. BusinessEurope looks forward to cooperating with the Commission, national governments and trade unions to identify, design and implement

effective EU and national level actions that can make a real difference in addressing the growing labour and skills shortages.

# BUSINESSEUROPE



**BusinessEurope** is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for enterprises of all sizes in 36 European countries whose national business federations are our direct members.



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