WORK AND DIGITALISATION 30.01.2024 | Patricia Velicu & Isabelle Barthès

Quick solutions = long-term problems

The EU Commission is trying to address the growing challenge of skills shortages by relying on easy-fix solutions, yet overlooking its root causes

In 2023, the European Commission has rightfully put the spotlight on the urgent need to tackle Europe's skills shortages by designating it the EU 'Year of Skills'. While recognition is always a good starting point, actual solutions to the many challenges are still lagging behind, particularly in addressing the root cause of the issue.

Unfortunately, the Skills and Talent Package and the new legislation proposed by the Commission to tackle the growing challenge of labour and skills shortages in the EU put forward an easy-fix solution pushed by employers only. This approach focuses on attracting migrant workers to Europe without ensuring their equal treatment in the labour market. Instead, long-term solutions based on industrial policy, active labour market policies, training, as well as collective bargaining are needed.

The European labour market has been affected by skills shortages already for the past three decades, with trade unions' calls for solutions often falling on deaf ears. Over the past year, the number of job vacancies has consistently outnumbered the number of jobseekers, with employers competing for skilled workers. Intra-EU mobility is already causing a massive brain drain in Eastern Europe and will further widen the existing gap between Member States. Similar risks are also evident in the case of third-country migration.

Addressing the root causes

What Europe is currently experiencing is a result of inadequate policies that fail to address the root causes of these skills shortages, namely the poor quality and unattractiveness of jobs, as well as the absence of a guaranteed 'right to training' for workers. The European Centre for the Development of Vocational Training goes as far as to say that all sectors with bad pay and working conditions (characterised by jobs with unsociable hours, low autonomy, high pressure and demanding excessive

flexibility) grapple with shortages. While 70 per cent of these companies report skills shortages, they fail to connect them to insufficient on-the-job training and a lack of incentives for attracting and retaining workers. This is confirmed by a recent ETUI study on job vacancy rates and wages in 22 EU countries, which shows that industries facing the worst labour shortages pay 9 per cent less on average than sectors with easier recruitment.

Even in countries with a long tradition of job training, like Germany, trade unions report that 'never before have so few companies trained as now'. Unfortunately, most companies nowadays expect cost-free solutions from public authorities and refuse to invest in their own workforce. The issue is similar in the case of skills mismatches, which have not increased in the aftermath of the pandemic. Employers often cite skills mismatches as a key issue, forgetting that one solution to this problem is for them to invest in on-the-job training.

It's impossible to address the existing skills shortages by betting most of our cards on labour migration.

This is why, industrieAll latest position paper calls for wage increases and enhancements in working conditions to address the shortages, as well as a 'right to training' for workers, ensuring continuous reskilling and upskilling. This proposal takes into account the imminent challenges posed by the twin green and digital transition, which will only exacerbate the current skills shortage crisis. Failing to address these growing shortages, in return might risk jeopardising the transition itself.

The numbers speak for themselves: according to the European Battery Alliance, 800 000 workers will need to be re- or upskilled across the value chain to reach the EU's ambitions on batteries. And a study by the Boston Consulting Group for the European Electromobility Platform estimates that 2.4 million automotive workers will need to be retrained by 2030. Last but not least, we need to mention the 25 million manufacturing, mining and energy workers in Europe who will need retraining or upskilling in the coming decade. This is crucial as jobs evolve, some are lost and others are created to meet the challenges presented by the twin transition.

No easy fixes

These figures should make it clear that it's impossible to address the existing skills shortages by betting on labour migration. Opting for migration as a solution – employers' preferred 'easy-fix' – instead of

investing in quality employment and training across the EU will only increase the growing gap between EU countries. A survey by Eurofound shows that employers have the most difficulty retaining workers in the industrial sectors of Romania, Hungary, Czechia and Slovakia — countries with particularly high rates of intra-EU mobility. Meanwhile, the fewest difficulties are reported in Sweden, Denmark, Finland, Luxembourg and Ireland. Moreover, similar specific work profiles are reported as lacking across countries with mixed skills levels (plant machine operators, STEM professionals, etc.), making migration an unsustainable solution to address the complexities of the issue. For this, public policies, as well as strong social dialogue and effective collective bargaining are needed.

The 'European Year of Skills' came at the right moment, given the pivotal moment we face in addressing the urgent demands of the twin transition.

Europe needs to incorporate social conditionalities into public funding and tax incentives, similar to the US Inflation Reduction Act, which foresee training obligations, compliance with collective agreements and the creation of apprenticeships for companies receiving public support. In addition, we see that in countries where the social partners (trade unions and employers' representatives at all relevant levels) work together in good faith, like in Sweden, landmark collective agreements are turned into law, ensuring that both public and private actors work together with social partners to meet the skills needs. In the Netherlands, social partners in the metal sector have also recently joined forces to tackle skills shortages. We need more examples like these.

The 'European Year of Skills' came at the right moment, given the pivotal moment we face in addressing the urgent demands of the twin transition. Ahead of this summer's European elections, the European Commission must find the political will to go beyond 'easy fixes' and put forth proposals that could really make a difference in improving working conditions and ensuring workers' access to training to bridge the skills gap.



Patricia Velicu
Brussels

Patricia Velicu is Head of Collective Bargaining and Social Policy Coordination at IndustriAll European Trade Union.



Isabelle Barthès
Brussels

Isabelle Barthes is Deputy General Secretary at IndustriAll European Trade Union.

-