



European
Movement
International

METRO

► FINAL REPORT

OVERCOMING LABOUR & SUPPLY CHAIN SHORTAGES IN EUROPE

A CROSS-SECTORAL APPROACH

FEBRUARY 2023

THIS REPORT WAS CONDUCTED BY:



The European Movement is the largest pan-European network of pro-European organisations. It is present in 34 countries and encompasses 38 International Associations, bringing together European civil society, business, trade unions, NGOs, political parties, local authorities and academia.

PROJECT SPONSORED BY:



Metro is a leading international wholesale company with food and non-food assortments that specialises in serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent traders.

Organizations that took part in the thought process:



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Objectives

By mobilizing perspectives of cross-sectoral stakeholders, the goal of this joint project by EMI and METRO AG is to identify the common causes of labour shortages in Europe, consequences on specific sectors and, more importantly, to develop a roadmap on how to build resilience and adaptation.

Three roundtables were organised in April, June and October of 2022. The conclusions and recommendations presented in this discussion paper aim at contributing to the current policy debate and provide solutions to the current challenges from different sectors and perspectives.



Context and main issues

The issue of labour shortage is not new and has significantly increased in the European Union since 2013.

The Covid-19 pandemic and the war in Ukraine have accentuated the problem due to the disruptions caused in the economy, the transfer of workers between sectors and the lack of a skilled workforce, among others.

Most economic sectors are impacted or likely to be impacted by labour shortage, especially in the context of the transition to a climate-neutral and digital economy. This transformation will require additional and new skills.



Policy recommendations

1. Ensuring a better matching between workers and the available jobs:

- Enhancing right-based, data-based and constructive mobility programs across member states, also through bilateral agreements;
- Putting in place a talent pool, while making sure that it will not lead to brain drain;
- Offering quality apprenticeships, mentorships & quality traineeships;
- Investing in education and vocational training;
- Providing career guidance for the youth before and after their labour market entry;
- Promoting entrepreneurship as a skill action.

“

Taking into account the acute labour and skills shortages experienced by employers, which in many cases are of a structural nature, a relevant starting point for the launch of the full version of the EU Talent Pool would be to base a targeted approach to matching on shortage occupation lists.

- Anna Kwiatkiewicz-Mory, Senior Adviser of Social affairs department, Business Europe

Policy recommendations

2. Enhancing job attractiveness to lead to better worker retention:

- Diversifying job offers: more flexibility, formal and non-formal training, short and long training;
- Adopting a targeted approach to the more vulnerable workers & those less likely to take training (migrants, low-income workforce, youth, women, elderly);
- Improving platform workers' rights by encouraging the use of platform cooperations;
- Counting trainings as paid working time;
- Facilitating collective bargaining;
- Investing in strategic sectors;
- Changing the narrative on migration, both in politics but also in regulation, to facilitate their integration.



Policy recommendations

3. Changing mindsets to establish a culture of lifelong learning:

- Upskilling, rather than hiring new people;
- Conducting campaigns of communication, preferably on evidence-based labour situations;
- Incentivizing workers to take the trainings at their disposal;
- Engaging labour stakeholders in the process and conducting consultations;
- More social partnering;
- Empowering individuals to take learning opportunities while addressing hurdles.



Policy recommendations

4. Facing the green and digital transitions:

- Understanding the skills needed, now and for the future;
- Having recent and specific data: assessing the needs and mapping the changes with local businesses, who understand the structure of the workforce and its willingness/ability to reskill/upskills;
- Involving social partners to anticipate skills and education needed for the future.

“

More regular (annual or bi-annual) collection of information on working conditions in the European labour market could be a useful input for the analysis of labour shortages. Currently, the main data source on working conditions in Europe, the European Working Conditions Survey is collected by Eurofound every 5 years. More regular information is available from Eurostat's Labour Force Survey only on the aspects of working time and on training provision.

- Anita Halasz, Economic Data Analyst, DG for Employment, Social Affairs and Inclusion, European Commission

A short review of the conditions of the labour and supply chains in Europe

There are currently multiple reasons for the supply chains disruptions:

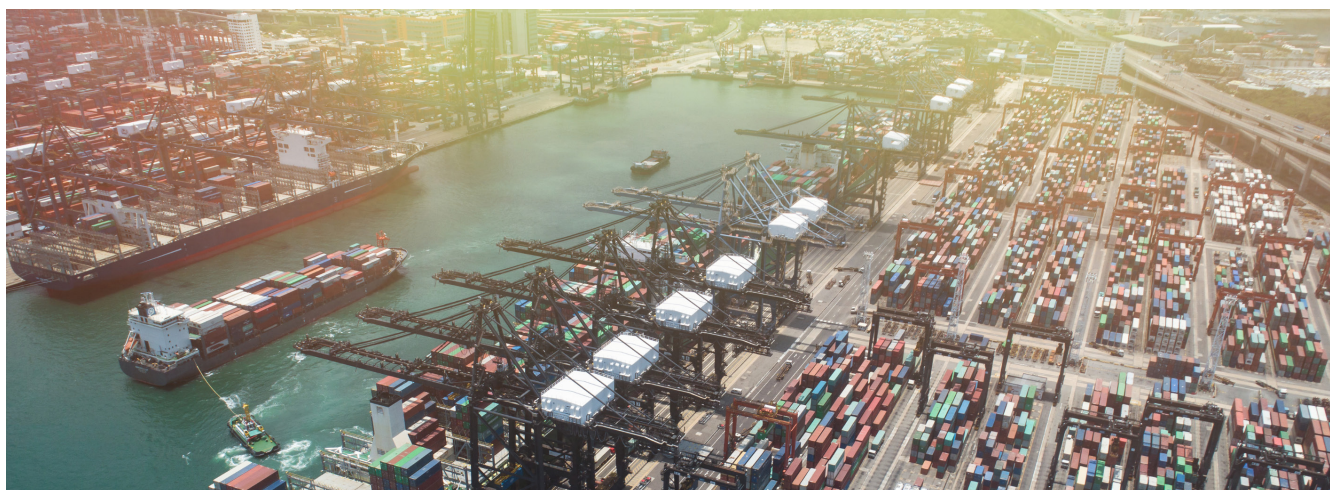
- Difficulties in the logistics and transportation sector;
- Semiconductor shortages;
- Pandemic-related restrictions on economic activity;
- Labour shortages.



A short review of the conditions of the labour and supply chains in Europe

The current international turmoil and the economic uncertainty are also weighing heavily on the confidence of businesses and consumers. Surging energy and commodity prices are reducing demand and holding back production. With energy and commodity prices rising sharply, households are facing a higher cost of living and firms are confronted with higher production costs. Recent crises have created new bottlenecks, while a new set of pandemic measures in Asia is contributing to supply chain difficulties.

Rapid ageing of European populations and the related shrinking working age population also partly explain the labour shortages. This is coupled to the exodus of populations to some regions, sometimes linked to numerous closures of businesses/industries. Skills shortages are a manifestation of persisting skills mismatches, a result of people's educational choices not sufficiently aligned with the labour market needs and new skills demanded in the labour market.



How has the pandemic affected the labour market in the hospitality sector?

- After a long closure, establishments are not easy to re-open.
- Between 10-20% of the workforce is missing: a lot of people switched to other sectors that provide more stability and predictability.
- There are poor working conditions such as a lack of work-life balance.
- The sector already had an issue with skills and the Covid-19 pandemic exacerbated this immensely.
- The digital and green transitions are also crucial for the sector and its need to adapt to new business models.

“After COVID, hospitality businesses have been experiencing significant difficulties in recruiting enough staff with the right skills. People are at the heart of hospitality, providing the quality customer service and personal experiences that guests want. The sector also offers opportunities to people of all levels of expertise, experience and backgrounds. Companies have been doing all they can to help solve the issue. However, this can only help so much, and the sector must be given targeted support in order to solve the crisis.

- Marie Audren, Director General, HOTREC

What are the most pressing issues in the textile sector?

- There is a problematic lack of skilled workforce, while the workforce is also ageing.
- The working conditions are not attractive: e.g. there are long hours under neon lights and the salaries are too low.
- The sector does not advertise enough: young people are not aware of what the sector offers.
- The war has led to important raw materials and supply chain issues.

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Employing the competent people with the right set of skills is crucial for the success of the textile sector; to do so has become increasingly challenging especially when the average age of the workforce is now over 50-year-old. The textile sector must become an attractive industry for young people, who put sustainability and innovation at the core of their values.

- Kathrin Jaenecke, Senior Policy Officer for Innovation & Skills, Euratex

What are the obstacles to labour mobility in Europe?

- **Mobility is too limited across Europe: The Migration Pact is too restrictive which makes mobility costly.**
- **The perception of migration is negative and changing this perception is difficult when it is such a political issue. Politicians often look at short term electoral issues and don't invest in the needed long-term structural solutions.**
- **The migrants face difficulty in their integration, at a societal and political level.
Migrants often suffer from poor treatment and are being denied basic human rights.**

“

Well managed labour migration requires a multistakeholder, rights-based, labour market responsive approach, that keeps sustainable development considerations for all parties involved at the core.

- Paola Alvarez, Senior Labour Mobility and Human Development Specialist, International Organization for Migration

How has the pandemic affected the labour market in the health sector?

- The sector suffers from a lack of funding, which preceded the pandemic and has worsened since.
- There is not a strong tradition of unions in the health sector; workers' rights are not fully recognized while there is an increasing need of those workers because of the pandemic.
- This is even more acute for women who take care of the domestic work in addition to having very difficult hours.

“ Post-pandemic, frontline nurses are massively leaving the nursing profession due to low wages, worsening working conditions and nurses being confronted with an increased violence from patients and family members. We urgently need an EU retention and recruitment strategy keeping our experienced nurses in the profession.

- Paul de Raeve, Secretary General, European Federation of Nurses Association

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