Creating a competitive EU labour market for the 21st century: matching skills and qualifications with demand and job opportunities, as a way to recover from the crisis

2014/2235(INI) - 01/07/2015 - Committee report tabled for plenary, single reading

The Committee on Employment and Social Affairs adopted an own initiative report by Martina DLABAJOVÁ (ADLE, CZ) on creating a competitive EU labour market for the 21st century: matching skills and qualifications with demand and job opportunities, as a way to recover from the crisis.

Situation and challenges: in the wake of the European economic and financial crisis and the consequent economic slowdown, a number of Member States are struggling with high unemployment levels as well as public debt, low growth and insufficient investment. Youth unemployment varies significantly across the EU, with unemployment rates among young people aged 16 to 25 being higher than 50% in some Member States.

Europe has **24 million unemployed people, including 7.5 million young people not in employment, education or training** (NEETs), on the one hand, and on the other two million vacancies, and that European companies are affected by a huge lack of skilled people and labour force with transferable skills.

Several important challenges are affecting Europe's labour market, including globalisation, ageing society, rapid technological changes such as digitisation and robotisation, mismatches between skills and jobs and increasing demand for highly skilled workers, with a surplus supply of low-skilled workers, causing wage polarisation.

To respond to this situation, Members considered that **ambitious economic and social policies and labour market reforms are needed** in order to boost smart, sustainable and inclusive growth and create more jobs leading towards quality and sustainable employment. They insisted on the need for **sustainable social welfare systems** which include upgrading the skills of the unemployed, fostering the employability of people lacking or having really low qualifications.

Fostering a competitive EU labour market: Members called for ambitious reforms to increase inclusiveness, smart flexibility, innovation and mobility, strengthen the role of social dialogue, and stimulate the creation of more jobs leading towards quality and sustainable employment.

The report stressed the need for continued efforts to **bring education, training and labour markets together**, and underlined the importance of making employment law more comprehensible for workers and employers, of eliminating barriers to employment and of promoting legal security for companies and employees.

Recalling that **professional mobility** is a fundamental factor, EURES should be made an essential tool in the EU job market. Members stressed the importance of EU initiatives aimed at stimulating mobility and creating opportunities, such as ERASMUS+, the European Qualifications Framework, the Europass CV, the European Skills Passport.

Members stressed:

- the need to unlock the **great economic potential of women in Europe** and to create the appropriate conditions for women to progress in their career and pursue higher positions in companies or start their own businesses;
- the importance of **active labour policies, lifelong learning** and improving people's ability to adapt to technological change. Education and training investment is necessary to assist the youth of today.

Anticipation of future skills needs: Members considered that, in order to anticipate future skills needs, labour market stakeholders, including employers' and employees' organisations, and education and training providers must be strongly involved at all levels, in particular in designing, implementing and evaluating vocational qualification programmes. They called for:

- **a better understanding of present and future skills needs**, and for the enhancement of the existing EU Skills Panorama, in order to better identify skills gaps and deficits in specific sectors, occupations and regions;
- **more integrated partnerships** and trust between schools, higher education establishments, businesses and other relevant authorities with a view to estimating labour needs for the future.

Continuous education and training for all labour market actors: the report recognised the importance of fostering work-based learning apprenticeships as an alternative route to employment.

It suggested that training and requalification programmes for the unemployed, especially for the long-term unemployed, as well as skills assessment programmes, should be offered to people to enhance their chances on the labour market.

Members underlined the need to:

- strive for a more flexible and **individual approach to career development** and lifelong education and training across one's personal career path;
- increase the **adaptability of the workforce** as a way to counter future shortages; calls on the Member States to use the structural funds, especially the European Social Fund, for this purpose;
- use the Youth Guarantee as a tool to assist young people in the school-to-work transition;
- ensure **equal opportunities**, and access to education and training, particularly for disadvantaged groups.

The report also advocated:

- **strengthening connections between education and employment** by better targeting measures aimed at reducing the rate of early school leaving (ESL) to below 10% by 2020, as agreed in the Europe 2020 strategy. Dual vocational training through apprenticeships and similar work-based learning systems should be given more consideration as this tends to favour integration into the labour market and a smoother transition from education to work;
- **exchanging best practices** between Member States, and regional and local authorities, as well as to compare and measure their effectiveness, in particular in relation to dual and vocational education and apprenticeship and traineeship systems;
- **nurturing the entrepreneurial spirit** from an early age. There is a call for support and incentive measures for start-ups, SMEs, microenterprises and social economy actors. Member States should reduce the tax burden on labour and to compensate with increases in indirect, property and wealth taxes in order to have a more growth-friendly and neutral fiscal stance;
- **promoting innovation and digitalisation**: new skills and jobs by closing the "digital divide" and digital skills as part of lifelong learning and to integrate new media and new technologies into curricula. The report highlighted the job creation potential offered by completing the digital single

market, building the energy union, creating jobs through investing in research and development and innovation, promoting social entrepreneurship and the social economy, upskilling workers in the health and social care sector, and fostering improved transport networks.

Lastly, the Commission and Member States are called upon to provide forecasts regarding changing labour markets, particularly in relation to challenges arising from globalisation, as well as forecasts on jobs and skills per Member State and broadly across the sector.