

Brussels, 28 February 2024

To DG EMPL

## **UNI Europa reply to the social partners consultation for the action plan on labour and skills shortages in the EU.**

UNI Europa is the European trade union federation for services workers representing workers in sectors such as Finance, Care, Hair & Beauty, Cleaning, Private Security, Commerce, Agency workers, Post & logistics, ICT, Media and Entertainment, Tourism at 272 national trade unions in 50 countries.

We welcome and see the action plan as an important step forward in the process of tackling labour and skills shortage. Through this reply we want to stress the situation in the services sectors when it comes to labour and skills shortage and the important needs of further improvement.

**We would like to highlight some key issues when it comes to labour and skills shortages:**

### **Service sectors in general**

- Labour shortages present complex challenges in all our sectors, but the underlying dynamics and impacts can vary significantly. Understanding the **unique characteristics** of labour shortages in each of the service sectors, including labour intensity, turnover challenges, and customer interaction requirements, is essential for developing effective strategies to address workforce needs and ensure the continued growth and sustainability of service businesses.
- Service sectors are often **labour-intensive**, relying heavily on human capital to deliver services. The demand for services is closely tied to population growth, consumer preferences, and economic conditions.
- Several of UNI Europa's sectors such as Commerce, Care, Cleaning are disproportionately **female-dominated**, potentially contributing to undervaluation of these sectors attractiveness and lower wages compared to male-dominated industries.
- One common denominator not only for the services sectors but for all industries contributing to both labour and skills shortages in the long and short term are **demographic trends**, such as aging populations or shifts in workforce participation rates.

## Labor shortage

- Problematically, the policy debate focuses very much on the aspect of a shortage of skills within European labour markets with, as a logical solution, the need to make it easier for mobile and migrant workers to fill such vacancies. This is problematic as the lack of skills is often **exaggerated**: e.g. in one study Cedefop found that 12% of declared skill shortages reflected actual lack of specific skills. It can also reflect that working conditions are **not attractive** enough to attract workers to these jobs, thereby losing out to other sectors or those not working. Migrant workers may be willing to accept lower wages, but this reflects a worse outcome for the migrant worker who is at **risk** of exploitation, risks worsening conditions in the sectors as a whole, and is not a structural solution as these shortages appear in many countries.
- One perspective that risks being lost in the ongoing debates and policy discussions on tackling labour shortages is that these shortages also reflect that some jobs, with strenuous and intensive conditions, do **not pay enough** and are **too low quality** to attract workers. The solution in these cases is not only to increase skills or to increase migration and mobility, as the shortage occupations are not all highly skilled, and they are often similar across countries. Instead, there is a strong need to improve the quality of jobs to attract and retain workers.
- The lack of workforce is a key challenge for the recovery and resilience of several services sector. Developing **attractive** career paths with stable and quality employment, as well as ensuring fair wages and good working conditions through collective bargaining, especially at sectoral level, will be essential to attract and retain a skilled workforce.

## Migrants

- As already mentioned, one of the main solutions put forward to address labor shortages is to make use of more migration and intra-EU mobility. First, the reports from Eures and the European labor authority indicate that shortages are **shared** across countries meaning there is little scope for intra-EU mobility (and migration more generally).
- Second, and importantly, migrants and even mobile European citizens are generally at a **disadvantage** on the labor market. This puts forward the risk of exploitation of these workers, and of them being used as a temporary response to avoid improving wages and working conditions.

## Sector specific input

- In the **Post & Logistic and the Hair& Beauty** sectors there is a need to improve working conditions for domestic workers and ensure their transferability to other sectors through validation and recognition of qualifications.
- In the **cultural and creative industries** – and in **the audiovisual and live performance** sectors, in particular – promoting sectoral social dialogue on skills is key not only to analyze skills needs and promote a relevant training offer, but also to make sure that up- and reskilling is accessible to all workers, whatever their status, and beneficial to all companies, whatever their size. The cultural and creative sectors are indeed ecosystems that heavily rely on a constellation of SMEs and micro-enterprises. Only through sectoral collective agreements and sector-level funding schemes can the needs of all types of workers and employers be addressed. Skills shortages are also an acute problem in the sector across EU countries. Since the pandemic, employers are struggling to recruit in several technical and management occupations, both in film and tv production and in live performance. Those

shortages should be addressed by improving the working conditions in the sector and by opening new professional pathways into the industry.

- In the **care sector** caregivers, including nurses, home health aides, and nursing assistants, often face low wages, high workloads, and limited opportunities for career advancement, leading to high turnover.
- The **finance sector**, together with the **ICT sector**, often faces difficulties in attracting and retaining highly skilled professionals. This shows the importance of constant up-skilling and re-skilling of the existing workforce and offering decent conditions to new younger workers. The ICT sector also struggles with diversity and inclusion challenges, including underrepresentation of women.
- The **commerce sector** is the biggest of all UNI Europa sectors and recognized by the Commission as the biggest ecosystem employing close to 30 million workers. Data from Eurostat shows that over 50% of those workers are low paid, that the share of part-time workers and workers on temporary contracts in the sector is higher than the average. There are fewer highly educated workers in the commerce sector, and the profiles of the workers are younger on average, as well as a much higher share of women. Part-time and short-term contracts in commerce are over 10pp more likely than in the industry as a whole. The last European working conditions survey showed that in the commerce sector the share of workers who attended training or education in the past 12 months lies below the average and a relatively high percentage of workers also reported that their skills are not used fully.

For UNI Europa it's obvious that the solution for sectors such as Commerce struggling with characteristics of high turnover, involuntary part-time jobs, zero-hour contracts, female-dominated, high numbers of youth workers, flexibility, low paid, low skilled, high rate of violence and harassment is not only to provide training or to increase migration and mobility.

### Skills

- A good implementation of the minimum wage directive will be crucial to promote **collective bargaining** addressing the need for improvements of working conditions and the skills needs for a sector. Sectoral social dialogue at European and national level on skills is key to analyze skills needs and promote a relevant training offer, but also to make sure up and reskilling is accessible to all workers, whatever their status, and beneficial to all companies, whatever their size since many of our sectors have a high number of SMEs.
- Due to the Green and Digital transition, future skills needs have to be identified and addressed by social partners, who are the closest to the workplace. This include to retrain workers and tackle obsolescence of skills, ensuring that employees have the right skills. At the same time, we must make sure that workers are not investing in gaining new skills that won't be needed in five years from now.
- For the employment relationship, the most relevant aspect is that jobs are constantly **changing**, requiring workers to adapt or move to new employment. In the first place, this is a question of upskilling. However, the traditional linear approach for training no longer works. We cannot squeeze into an ever-shorter period successive steps for identifying new skill needs, developing new curriculums, training teachers, teaching workers and having workers use their new skills in their jobs before those will be outdated. Instead, we need a new approach where continuous training and lifelong learning are incremental and integrated into everyday working life. Considering the rapidity of change, the most appropriate way for reskilling the workforce seems to be continuous and incremental on-the-job training supplemented by outside training.

- There are a number of **caveats** to take into account:
  - An increasing number of workers do not have an ongoing relationship with a single employer;
  - Giving the responsibility to the employer tends to lead to company specific, non-transferable skills and qualifications;
  - Financial resources, implementation capability and commitment differ between companies which may foster inequality in training opportunities and results;
- To overcome these problems, company-level training activities should be **embedded** in an industry-wide approach built around social partners and social dialogue, financed by dedicated schemes. Such an approach would also open possibilities to integrate self-employed and casual workers into the process.
- Social partners, employers and trade unions need to be at the **core of the process** of actually organizing reskilling which builds on their involvement in vocational training activities in many countries. They are the closest to the workplace and have the most direct knowledge of what is needed. Social partners are thus in the best position to act with the required speed and continuity – of course, with the support of other stakeholders, such as public authorities and training institutions.

#### Comments on the questions for the action plan

UNI Europa acknowledge the efforts made by the Commission in encouraging joint social partners commitments. At the same time, it was clear during the hearing that social partners have diverging views on what are the cause and the solution when it comes to labour shortages. The trade union side was emphasizing the need of two separate action plans as labour and skills shortages are two different problems requiring two different solutions.

The employers on the other hand were highlighting the need of migrants, mobility, upskilling and funding as the solution.

This shows the need of joint efforts and support by the Commission to tackle this obstacle before we can make any joint commitments that will be in favor of both workers and businesses.

UNI Europa agrees with the European Commission that “Social dialogue is a cornerstone of the European social model” and welcomes the EU Commission’s goal for 80% collective bargaining coverage across the EU. We also share the Commission’s view on the importance of social partners and that an effective Social Dialogue at EU level is and remains essential.

We are committed to contributing to strong and well-functioning European sectoral social dialogues, with active participation and engagement of the sector social partners from across the Member States. Offering to social partners the possibility to take part in face-to-face, reimbursed sectoral social dialogue meetings is a strong signal of support from the European Commission, and one which we recognize as an important opportunity to meet, exchange and network. A physical presence is needed for successful social dialogue.

We are available for any clarification.

Best regards



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