



Topic & Call Anthology 2024

Shortages of Skilled and Unskilled Labour: Insights and Evidence to Inform Strategies Relevant to Regional and Local Labour Markets and Labour Market Observatories.

Many regional and local labour markets across European countries are at present characterised by a high shortage of skilled and unskilled workers. Changes in demographics are a prime factor causing these labour shortages. While large numbers of retiring employees end their working lives, far less new young employees enter the labour market. It is predicated that in the next decade baby boomers and those born in the 1970s will leave the labour market completely. This trend will feature in most European countries, thus putting enormous pressures on their regional and local labour markets.

It seems that the labour demand in regional and local economies is currently primarily influenced by changing demographics rather than simply by a model of business growth and decline. However, there are other important aspects influencing a structural change in the existing economic systems, such as the green and digital transformations of the production system and its processes, as well as socio-cultural factors that will shape the economic development in the future. Altered social attitudes, values, expectations and behaviours held in society question the established understanding of progress or the quality of life. It is possible to imagine that these attitudes will continue to influence behaviours of working population, particularly against the backdrop of environmental, economic, social, peace-related and health crises. The Covid-19 pandemic contributed to such a change in choices. Evidence from many regions shows an increase in the number of economically inactive people. On the one hand, the pandemic accelerated a move out of the labour market particularly for working age population at the end of their working lives (near retirement) and those whose health was affected by the long-Covid, thus worsening a typical labour replacement challenge. On the other hand, working migrants and refugees from war zones failed to be successfully integrated into society and the labour market, due to incompatibilities between skillsets they have and the skillsets demanded in the labour market.

Therefore, it can be assumed that a permanent shortage of properly skilled labour will characterise the current and the future labour markets. This could considerably increase the bargaining power of some workers, however reskilling and upskilling of the existing workforce will largely be needed to supply adequately skilled labour to meet current and future demands. To a large extent, targeted programmes focused on integrating skilled migrants and refugees into regional and local labour markets could offer a considerable relief in the context of aging society, shortages of skills in demand and a fast-growing acute demand for employees. In the near future, all stakeholders in the labour market should be prepared for a rising demand for labour across existing sectors, and particularly in new and emerging jobs (e.g. green jobs) despite an overall slower rate of economic development. This trend could potentially lead to imbalances in the regional and national labour markets, and consequently to a variety of skill mismatch such as a mismatch between the skillset of certain groups



(i.e. long-term unemployed, young, females, migrants) and the skills actually demanded in the labour market.

In addition, heterogeneous groups of young people entering the labour market and a simultaneous dynamic change in the composition of job-related competencies, now require a comprehensive system of support. A complex system of measures to improve labour market integration has been implemented in many regions and localities of Europe and beyond. So far, however, the effects of these "transition systems" supporting the transfer of labour from school to work have been limited in most regions. A further effort is needed to improve the quality and effectiveness of guidance and support activities provided by the public employment services, particularly for young people. The collection of relevant data on social conditions and cultural orientations of young people, as well as their preferences, expectation and viewpoints on work and life will be crucial to design a fitting support system.

The problems outlined above illustrate that the market mechanisms are increasingly limited in effective coping with the shortage of labour and bringing back balance to regional and local labour markets. New innovative labour market strategies are necessary, especially in regions and localities, to develop copying mechanism that reflect a complex nature of interconnected socio-economic problems. The labour markets, especially in Europe, are increasingly determined by influences of social and cultural phenomena underlined by the new sets of attitudes around the meaning and purpose of work in one's life (e.g. work-life balance, quality of life, great-resignation, sustainable living) as well as by considerable labour shortages caused by demographic development. The regional and local labour market observatories will need to understand the "new" labour market's architecture and mechanism, especially when the demand is not anymore fully dependent on growth or decline of the economy. It seems that methodologies based on principles of system thinking can best capture the interrelation between the economic, demographic, institutional, social, ethical and cultural factors that impact the labour markets' evolution. In this new context, previously established observations, measurements and concepts need to be reviewed for their fit in the new structures and processes.

For all these reasons, the focus of this year's Anthology includes questions around how to adequately measure the relevant labour market activities and the shortages of labour in the context of changing demographics and values. In addition, the anthology will focus on how relevant decision-makers can be made aware of the changing labour market in regions and localities, and what new information and intelligence can be obtained from the new labour market.

Contributions to the 2024 Anthology could be guided by the following questions:

Labour shortages

- Which occupations and sectors (established and emerging) experience shortages of skills and labour, and how can they be measured? Which indicators are proving effective? To what extent forecasts and foresights that reflect demographic and other changes on a regional and local level are available and used? What else and how is measured, and what other data is available or is to



be generated for this purpose? How can measurement concepts be updated, are there any examples? What is the role of regional and local labour market observatories in responding to these needs? Can they act as innovators?

- To what extent a low labour supply of particularly young workers contribute to skills shortages in regions with ageing workforce and/or subject to flows of emigration? Is this trend particularly observable amongst the sectors and across jobs considered as responsible for leading the green transition and digitalisation of economy?
- How can skills and labour shortages be reduced? How can skilled labour demand be controlled? Can, for example, digitalisation, innovations in work organisation, better working conditions and pay, reduce the labour shortages? What are the consequences for regional and local economies if the demand for labour cannot be met?
- To what extent can and should migration from third countries play a role in combating skills shortages? Under what conditions would recruitment of skilled migrant workers become a sustainable and ethical solution to choose?
- To what extent social security system and health system are considered as part of the solution for increasing a number of available workers (e.g. workers with health conditions and long-Covid), or combating the in-work-poverty (that is when work doesn't pay enough and is considered not worthwhile so labour opts out from this economic activity)?
- To what extent could flexibility of employers in terms of the skills they need, as well as a willingness to invest in the education and training of employees be also a part of the solution? To what extent could flexibility of employees - to take up jobs or learn skills in demand - be required to decrease skills shortages? What role could social dialogue play here?
- What are the interfaces between the shortage of skilled workers and the regions? Is mobility between and within regions a solution and what model (e.g. commuting, circular, or a permanent move) works best? What mobility-related challenges for the supply of skilled labour will need to be addressed?

Skills mismatches

- Which groups of young people entering the labour market need support and why? Which measures are the most/least effective? How do innovative measures for target groups look like? How can the system of measures be improved and who can drive this process? What role do national or international labour market actors play in this process?
- Which groups of people face most difficulties with integration into the labour market (for example long-term unemployed, migrants, women, older employees, disabled and with health conditions)? Which groups are encountering multiple barriers (e.g. old age, language barriers, physical constraints)? How can integration succeed, what are success factors and how can they be measured? How relevant are factors like housing, child- and elderly care, mobility or health and social support for attracting skilled labour and integration of the target groups into the labour market?
- Which players and which networks can influence regions and localities to reduce the mismatch? What are important preconditions for this, and which examples of good practice are proving successful?



Observing and measuring regional labour markets in the new era

- What additional phenomena emerge when observing the changing regional and local labour markets? What phenomena go beyond the concepts of supply, demand and skills match? What are the new concepts, frameworks and emerging monitoring activities helpful to describe heterogeneous groups of labour in the labour market? Which models and data are needed to describe the changing labour market and how can these data be generated?
- What changes are needed in the advice and guidance provided to regional and local decision-makers in the labour market, business community and education/training partners? Can AI be helpful in this process, and is there also a need for changes in funding and financial support?
- How can collection and sharing of the best practice examples be improved, or better utilised, to minimise the challenging impacts of skills shortages and mismatches at the regional and local levels? How can citizens and a wider society be involved and influence these information-gathering and sharing processes to achieve greater insights and a wider impact? What policy-related lessons are there to be learned?

If you would like to submit a paper, please send the preliminary title of the contribution and a short abstract to Jenny Kipper (jenny@jennykipper.de) and Christa Larsen (c.larsen@em.uni-frankfurt.de) by 31th January 2024. After your suggestion has been reviewed, the full papers should be submitted to Jenny latest by 31th March 2024. Please note, that your contribution to the anthology is not guaranteeing a speaking slot on our annual conference. If you have any further questions, please contact Jenny. We look forward to your contributions.