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Building the future of work together

Recovery, Reform and Resilience – delivering inclusive and agile labour markets

by Michael Freytag

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The Covid-19 pandemic and the economic crisis that followed has revealed deficits in the functioning of labour markets that can no longer be ignored. Beyond recovery measures, we need structural reforms to adapt to the ‘new normal’. And if we truly want to seize the opportunity to make labour markets more agile and inclusive, we need to make them more resilient.

The European private employment services sector is calling for EU and national labour market policies to focus on these three key elements in the years ahead: Recovery - through transitions and skills policies; Reform - to implement social innovation for agile and dynamic labour markets; and Resilience - through risk management, tackling unemployment risks and responsible intermediation.

Our vision is elaborated in our newly launched World Employment Confederation-Europe Manifesto. It identifies a number of key policy actions that will support the sustainable expansion of EU labour markets and get citizens back to work in the wake of the Covid-19 crisis.

The first step is to recover from the impact of Covid-19 by supporting work transitions away from declining or still closed industries and into the new economy. Our industry has been instrumental in supporting sectoral shifts and helping organisations respond to economic changes caused by the pandemic. Demand for career management services has increased over the past year and we see this continuing.

For the recovery from Covid-19 to last, we will need labour market reforms that support these sectoral shifts and drive green and digital transitions. In many instances these policy initiatives will need to be coupled with the structural reform of labour markets in order to capitalise on the benefits of diverse forms of work. All reforms must be guided by the principle of social innovation and develop new solutions for working, learning and social protection that will benefit workers, employers and society.

EU labour markets have shown a significant degree of resilience over the past 18 months – mostly due to national governments using short-time working schemes together with the EU SURE initiative and other policies that secured continuity of employment during lockdowns despite reduced labour demand. The ability to manage economic and labour market risk needs to become a key component of national recovery and resilience plans in the context of the Next Generation EU Recovery and Resilience facility.

We are ready to play our role

The private employment services sector stands ready to play its role in this brave new world of work. We are already a significant driver of job creation and offer work opportunities to some 11 million people in Europe each year. We facilitate employment continuity and career transitions and act as a buffer to the economic shocks of the employment market by ensuring that workers remain employed. By transitioning people from declining sectors to growing sectors we are also supporting the digital and green transformation that lies at the heart of EU policy.

Importantly, our Manifesto also aligns with the ambitious new EU employment and social targets set out at the recent Porto Social Summit. In its Action Plan the European Pillar of Social Rights sets a 10-year strategy for employment and social policies across the bloc – including headline targets of: a 78% employment rate for people aged 20-64; raising the annual training participation rate among adults to 60% and reducing the number of people at risk of poverty and social exclusion by at least 15 million.

The EU must play its role too

To achieve its ambitious Porto targets the EU will need an enabling economic and social environment and the right policy mix to unlock the potential of the private employment services industry. By valuing and supporting the role of career management services in fostering labour market transitions and integration, and lifting any unjustified restrictions on agency work, policymakers will unlock the sector's potential to create jobs.

It will also need to innovate social protection schemes and safety nets – including transferability and portability of rights – so that they provide adequate coverage for people employed in new and diverse forms of work. In finding new solutions for working, learning and social protection the EU will promote diverse forms of work.

Lastly, Europe must be able to manage and mitigate risk by supporting both employers and staff in accessing the skills they need. We applaud the EU Recovery and Resilience facility which provides the stimulus package needed to drive economic and social recovery and support workers and companies in adapting to the new normal. We urge the Commission to lay special focus on boosting employment, employability and related labour market reforms.

Today, the EU has a once-in-a-lifetime opportunity to reshape its labour markets, regulation and work models to meet the needs and realities of workers and companies in the 21st century. It must seize the moment by embracing the new technologies and approaches that have been fast-tracked over the past 18 months and using them to deliver equal access to labour markets, new work opportunities and social protections for all.

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