



European Network of Public Employment Services PES working group on new forms of work

The role of PES in modernising the labour market and
managing structural change – preparing for post
COVID-19 labour market challenges

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INTRODUCTION

The objective of this draft paper is to provide an overview of the main short and medium-term challenges and strategies for PES to tackle current issues linked to COVID-19. In the short-term this concerns the implementation of short-time work and similar schemes, the reorganisation of work processes within the PES and the organisation of service delivery to jobseekers and employers. In the short to medium-term the challenges PES face are linked to the recession (including coping with rising unemployment, bringing people back into work, offering young people potential solutions, avoiding the crowding out of older workers and vulnerable groups, and handling rising benefit claims). In the medium term they relate to adjusting to structural changes within the economy.

The paper begins by giving an overview of the main labour markets trends (section 1) and possible economic restructuring assumptions (section 2). It then looks into PES responses to short and medium-term challenges (section 3). Regarding section 3 in particular, information from PES was available through a survey conducted among members of the Working Group (WG) on New forms of work and via webinars organised by the PES Network. Updates were provided by WG members until 9 November 2020. Section 4 contains conclusions.

1. LABOUR MARKET TRENDS

1.1 Overview of key labour market trends

Recent trends

GDP development

GDP decline has been historically steep. In the first quarter of 2020, seasonally-adjusted GDP in the EU27 declined by 3.7% as compared with the previous quarter, and by 11.7% between the first and the second quarter of 2020, according to a flash estimate published by Eurostat¹. In June and July 2020, as a consequence of the relaxation of COVID-19 containment measures, production in different sectors increased although it did not reach the level of one year previously.

Number of employed and volume of hours worked

So far, GDP decline has only had a moderate impact on the number of people employed.² In the second quarter of 2020 employment decreased by 2.9% in the EU as compared with the fourth quarter of 2019.³

The volume of hours worked declined much more than the number of persons employed. Measured over one year, from the second quarter of 2019, the volume of hours worked declined by 13.8% overall, although the differences between European countries were substantial (see Annex).

Vacancies

Online job offers have declined dramatically, at least until the first week of June 2020 (see Annex). The same was observed for registered vacancies at PES. In the case of France, for example, the number of vacancies collected by Pôle emploi, the French PES, fell sharply at

¹ Eurostat press release, 8 Sept 2020, <https://ec.europa.eu/eurostat/documents/2995521/10545471/2-08092020-AP-EN.pdf/43764613-3547-2e40-7a24-d20c30a20f64>

² Eurostat press release, 14 sept 2020, <https://ec.europa.eu/eurostat/documents/2995521/10545332/2-14082020-AP-EN.pdf/7f30c3cf-b2c9-98ad-3451-17fed0230b57>

³ Eurostat press release, 8 Sept 2020, <https://ec.europa.eu/eurostat/documents/2995521/10545471/2-08092020-AP-EN.pdf/43764613-3547-2e40-7a24-d20c30a20f64>

the beginning of the lockdown (reaching -75% from one week to another). Consequently, outflow of unemployment was very low during the first phase of the COVID-19 pandemic, according to the responses of PES WG members to the survey. Labour demand has generally increased with the gradual rollback of the lockdown, starting in May, but pre-lockdown vacancy levels have not been reached.

Some short-term shifts in labour demand can be observed – for example, in Austria the PES reports that IT and health-related professions are in high demand, and in Slovenia construction workers are in demand in addition to nurses.

Unemployment

In many countries, the prevalence of short-time work (STW) schemes, extended sickness pay and economic support measures, has prevented unemployment increasing to the same extent as the volume of hours worked declined. In the EU27 the unemployment rate rose from 6.7% in July 2019 to 7.2% in July 2020.⁴ In the first phase, growth of unemployment was mainly driven by the inflow from non-standard forms of employment, such as temporary employment and self-employment, while outflow of unemployment fell drastically as a result of there being fewer job openings.

Subsequently, unemployment fell with the gradual end of nationwide containment measures in June and July. Working abroad has helped to reduce unemployment in a few countries (e.g. Bulgaria).

Groups of people with higher risk of unemployment

The assessment of the labour market data of the last few months is complex. Labour market dynamics have been disparate across sectors, occupations and regions. A few preliminary observations can nevertheless be made, on the basis of administrative data:

Non-standard employed

- Rise in short-term unemployment of workers with fixed-term employment and self-employment (e.g. as reported by the French and Slovenian PES).

Young people

- Young people have been hit harder by unemployment (e.g. in Austria, Norway, Slovenia and Germany, younger and middle-aged people have been harder hit). However, the situation for young people improved in some countries during June and July.

Gender

- In some countries, women were more likely to be unemployed than men, linked to a slower reintegration (e.g. in Austria). Conversely, in Germany more men than women were hit by unemployment (according to figures from the German PES, BA, in August 2020).

Skills

- Unemployment of low-skilled people has risen quite significantly (e.g. in Norway, Germany).
- Increase in unemployment of well-educated people (e.g. Sweden⁵).

⁴ Eurostat news release, 1 September.

⁵ European PES Network Webinar 8 September 2020.

Occupations and sectors

- Workers in the hospitality sector, culture, events and personal services (e.g. hairdressers, sports and leisure activities) have generally been hit harder by unemployment.
- Sectors particularly affected by the crisis during the lockdown also include transport, aviation, manufacturing, construction, wholesale and retail trade, real estate, and professional services.
- Workers in SMEs are more at risk of unemployment, as there is an above-average representation of SMEs in some European countries, and microenterprises are particularly strongly represented in affected sectors (e.g. in Italy and Greece).⁶

Vulnerable groups

- Weak demand for employment has led to a lower outflow of unemployed with (often multiple) employment barriers.
- Those with impaired health meet fiercer competition to find jobs (e.g. Norway).
- Immigrants, particularly those with low formal skills levels, have been hit harder by the crisis (e.g. Norway, Germany).

1.2 Short-term macroeconomic and labour market forecasts

Predicting economic development is particularly difficult and uncertain, as it is not known how the COVID-19 pandemic will proceed nor how decisions on containment measures in Europe and around the world will evolve. In its summer economic forecast, published in July 2020, the European Commission predicted a GDP decline of 8.3% for 2020 and a rise of 5.3% in 2021.⁷

Job retention schemes such as short-time work schemes have helped to limit growth in unemployment and have assisted with a decrease in the volume of hours worked. They will, however, be phased out (at various points in time in the different countries) and the expected insolvency rate and structural downsizing of activities will increase unemployment, according to the Commission's forecast. On the other hand, growing sectors and a growing demand for specific occupations will increase labour demand.

In its Interim Economic Assessment, the OECD published survey-based expectations on employment development in different economic sectors within the Euro area in the coming three months (OECD 2020a, published on 16 September 2016). While expectations have improved, they are still negative, except for the financial sector (see Annex). The unemployment rate is predicted to rise in the coming months.⁸

The European PES Network has developed a short-term forecasting index on the development of employment and unemployment in the three months ahead, called the EU labour market barometer. Every month staff from local PES in (currently) 14 European countries or regions⁹ assess the labour market situation for the coming quarter on a scale from 90 to 110 (indicator values larger than 100 should be followed by a subsequent improvement of the labour market, and vice versa). As figure 1 shows, the average assessment of the very short-term labour market prospects fell substantially in March. It has improved since April, although still shows a deterioration. Employment prospects for

⁶ OECD 2020, CORONAVIRUS (COVID-19): SME POLICY RESPONSES, mainly related to the first phase.

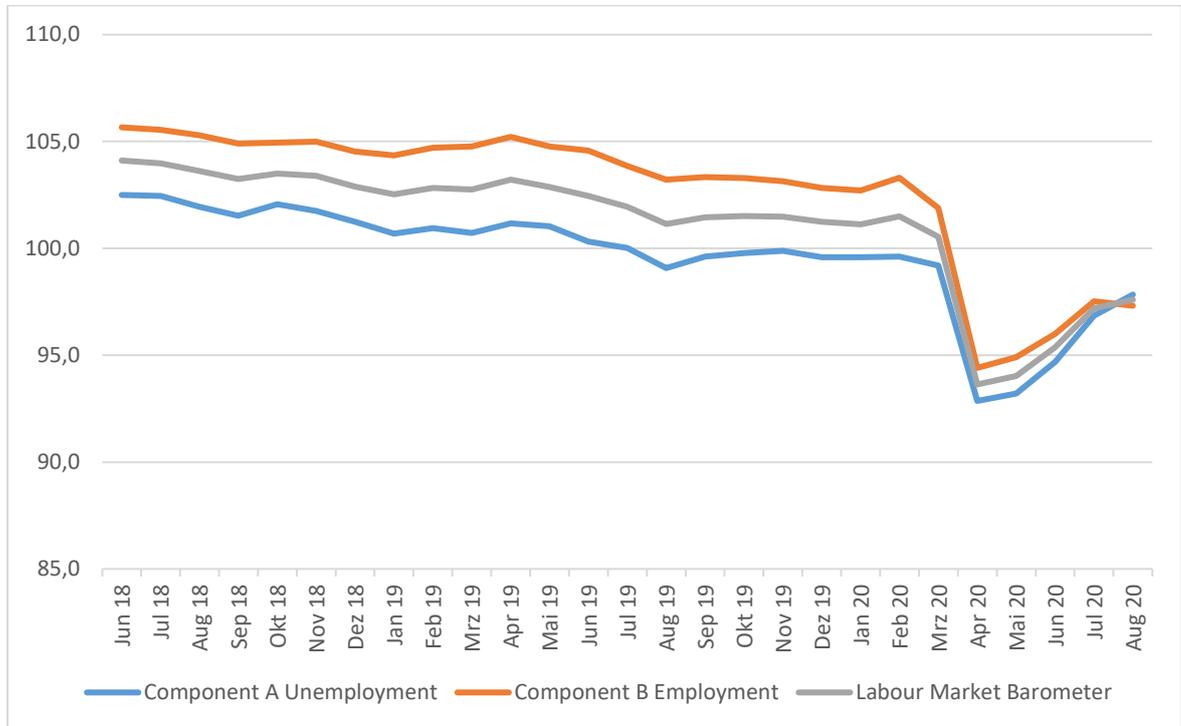
⁷ https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/summer-2020-economic-forecast-deeper-recession-wider-divergences_en

⁸ OECD (2020), Unemployment rate forecast (indicator). doi: 10.1787/b487f2cf-en (Accessed on 12 September 2020).

⁹ Austria, Belgium (DG Belgium, Flanders, Wallonia), Bulgaria, Czech Republic, Denmark, Germany, Iceland, Liechtenstein, Lithuania, Luxembourg, Malta, Portugal.

the three months ahead slightly worsened again in August. Note that some large countries, such as Italy, Spain and France, have not participated in the assessment.

Figure 1: The EU labour market barometer in the respective month, showing the assessed labour market outlook for the next three months (average for 12 European countries)



Source: European PES Network / European Commission

1.3 Role of PES in observing COVID-19 effects on the labour market

PES have introduced changes in the labour market information system, by providing more timely data than they usually do (e.g. Austria has shifted from monthly to weekly monitoring; France introduced first weekly and then bi-monthly reporting by the Ministry of Labour, in cooperation with the PES¹⁰; in Bulgaria, Croatia and Slovenia daily monitoring is carried out for internal use). The French regions can also rely on results and analyses produced by other regional or territorial players. In Germany, in addition to the usual monthly monitoring, data is aggregated in a 'Corona Dashboard'.

Monitoring results are used to inform PES management and policies. Internally they are used for staff allocation and the organisation of work under the conditions of the pandemic. Information is also used to decide on the extension or amendment of job preservation schemes, the design of unemployment benefits, and the introduction of new ALMPs or definition of new target groups for ALMPs, and to increase matching efficiency.

2. STRUCTURAL CHANGES – AN OVERVIEW

In addition to the short-term business cycle and the particularity of the COVID-19 containment effects, the medium term economic, technological and societal structural change, which was already underway before the pandemic, will continue. Depending on the length of the pandemic its impact may itself may have structural effects on specific sectors.

¹⁰ <https://dares.travail-emploi.gouv.fr/dares-etudes-et-statistiques/tableaux-de-bord/le-marche-du-travail-pendant-le-covid-19/>

2.1 Digitalisation of the economy

The containment measures implemented in the context of the COVID-19 pandemic have accelerated the push towards digitalisation. The proportion of teleworkers increased tremendously, in particular in those countries where this had only been scarcely used before the crisis.¹¹ Home-schooling and distance-learning have revealed that there is significant pressure to 'catch up' on these methods in many countries. E-governance services, as well as e-commerce, have also been pushed forwards by the containment measures. It is quite likely that the COVID-19 pandemic will also continue to accelerate digitalisation in other sectors. The European Commission and national governments had already launched their digitalisation strategies prior to the outbreak of the pandemic.¹²

Impact on employment and skills

The potential impacts of digitalisation on employment have been widely discussed in recent years, yet they are not clear cut at first sight. In principle, three different types of employment effects can be distinguished: (i) a labour saving (i.e. automation) effect; (ii) a demand effect; and (iii) a structural effect, with changed job roles, tasks, processes and work organisation.

While there is uncertainty over whether the net effects of digitalisation on employment are positive or negative (depending also on the economic structure of countries), most studies assume complementarity between the need for labour and the implementation of new technologies in the course of automation, rather than the complete substitution of jobs. By far the largest impacts are expected in terms of the restructuring of jobs, tasks and the profile of occupations across sectors (see e.g. Zika et al. 2019 for Germany and Le Ru 2016 for France). In general, an increased need for vocational adaptation is expected, in order to tackle new emerging skills mismatches. Using PIAAC data, Nedelkoska and Quintini (2018) estimate the effect of automation on individual jobs and find that medium-skilled jobs will be negatively affected.

A literature review on automation potentials carried out by Suta et al. (2018) summarises which tasks and activities are perceived as automatable and non-automatable. Automatable tasks include collecting and processing data and performing routine and codifiable tasks. Non-automatable tasks include applying expertise to decision-making, planning, creative tasks, interacting with stakeholders, managing and developing people, negotiation, tasks requiring persuasion and social perceptiveness, assisting and caring for others, performing physical activities and operating machinery in unpredictable environments. The demand for more digital skills and IT skills at all proficiency levels, for specific technical skills, and also for soft skills – including communication, social, analytical and creative skills – as well as the competency to retrain and upskill, are inherently linked to digitalisation.

Challenges for labour market policies

The main challenges from a labour market policies point of view are the reskilling (training in new skills) and upskilling (improving existing skills) of workers, as has recently been stressed by the World Economic Forum.¹³ The European Commission presented its European Skills Agenda for sustainable competitiveness, social fairness and resilience in July 2020. It sets the objectives for upskilling and reskilling to be achieved within the next

¹¹ <https://www.eurofound.europa.eu/de/data/Covid-19/working-teleworking>

¹² For the European Commission see e.g. https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age_en

¹³ <https://www.weforum.org/agenda/2020/05/the-future-of-work-is-here-5-ways-to-reset-labour-markets-after-coronavirus-recovery/>

five years.¹⁴ Another challenge lies in defining a framework for fair working conditions and social protection for new forms of work, such as the growing platform economy (European PES Network, 2020).

There is some danger that women will be among the losers in the ongoing digitalisation process, as they participate less in STEM study fields and are markedly underrepresented in relevant ICT professions. On average, only 17% of ICT specialists across all education levels and job roles were women in the EU28 in 2016.¹⁵

Possible PES activities to cope with the labour market and skills challenges of digitalisation include: (i) employment incentives to hire vulnerable groups in demanded occupations; (ii) vocational guidance for adults: skills adaptation in various occupations in the light of digitalisation (not only providing digital skills but also adapting to new skill sets in demand, identifying tasks that can be automated etc.); (iii) support to workers affected by mass dismissals; (iv) HR consulting and guidance for companies to implement teleworking; (v) PES services for platform workers¹⁶; (vi) skills profiling of employees and jobseekers to prepare them for task-based and occupational mobility; (vii) provide access to digital skills training at different levels of expertise; (viii) enhance digital skills of workers and provide counselling to workers who are included in STW schemes or other extraordinary measures; (ix) cooperate with education institutions on skills gaps and mismatches; (x) improve conditions for telework within the PES; (xi) provide vocational guidance to girls and young women to motivate them to enrol more often in STEM study fields and, in particular, IT occupations; (xii) provide career guidance and lifelong guidance to all age groups.

It may be necessary to advocate revising the scope of tasks and scope of PES activities accordingly.

2.2 Greening the economy

Political commitment

The European Commission and a number of Member States have decided to promote the transition towards the greening of the economy. In December 2019, the European Commission presented the European Green Deal, a roadmap towards a climate-neutral circular economy.¹⁷ The Commission has started to adopt strategies and funds accordingly, including the presentation of the European Green Deal Investment Plan and the Just Transition Mechanism, the adoption of the European Industrial Strategy, and the Circular Economy Action Plan. The strategies and action plans focus on sectors where the potential for circularity is high¹⁸. The implementation of these strategies and action plans will quite likely have short-term and long-term effects on sectors and production processes.

Among countries that have announced the largest budgets for the green economy in their stimulus packages are Germany, France – where 30% of the stimulus package is

¹⁴ <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=9723>

¹⁵ EIGE, (2018), Women and men in ICT: a chance for better work–life balance. Research note, prepared by Barbieri et al.

¹⁶ As outlined in the background paper for this working group on platform work, PES may target some services at bogus self-employed, and may need to define the type of platform work they would consider as 'good' work and whether they would conclude contracts or cooperation with specific platforms. This would require establishing criteria for 'good', 'decent' or 'fair' platform work. Platform work, if reasonably regulated, may offer labour market access for some disadvantaged (e.g. older workers). See European Network for Public Employment Services 2020.

¹⁷ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

¹⁸ https://ec.europa.eu/environment/circular-economy/pdf/new_circular_economy_action_plan.pdf

earmarked for ecologic transition¹⁹ – Denmark, the UK, and Norway.²⁰ Italy has recently introduced new economic incentives (a bonus) to purchase electrical means of transport (bikes, cars etc.) to support individual sustainable mobility and ecological transition.

Defining green jobs

There is no common definition of green jobs. According to a definition provided by the ILO (2015), based on UNEP, green jobs are '*jobs that reduce the environmental impact of enterprises and economic sectors, ultimately to levels that are sustainable. This definition covers work in agriculture, industry, services and administration that contributes to preserving or restoring the quality of the environment while also meeting the criteria for decent work – adequate wages, safe conditions, workers' rights, social dialogue and social protection. It also covers activities related both to mitigation of and adaptation to climate change*'.

In Germany, a total of 31 occupational types of the very detailed (five-digit level) classification of occupations have been identified as 'environmental occupations' by Bundesagentur für Arbeit, the German PES. These occupations have been identified as directly contributing to environmental protection, resource conservation, sustainable use of nature, recycling or similar purposes; they exclude jobs – like marketing, trade, or IT – which are not substantially concerned with environmental regulation (Cedefop, 2018). In Spain, many 'new green occupations' are regarded as being similar to traditional non-green occupations; similarly, the greening of traditional occupations in non-green sectors is seen as requiring only additional 'green'-relevant aspects in terms of skills development. In France, the National Observatory for Jobs and Occupations of the Green Economy (Onemev²¹) was created in 2010, bringing together a wide range of actors. Using an activity-based approach it estimates the number of jobs in the so-called 'green' and 'greening' professions. Onemev recognises nine green occupations and about 70 greening occupations. The Slovenian PES produced a report on green jobs in 2018 and identified 10 sectors with a potential for 'greening'.

Assessment of employment effects

Assessing the impact on employment of greening the economy depends on the type of activities and policies implemented and the specification of scenarios. While there are differences in the estimated impact on employment in specific sectors, available studies bear two main messages: employment effects are likely to be slightly positive (see e.g. Mönning et al. 2020 for Germany; Cambridge Econometrics et al, 2018 for the EU), however, there will be important mobility across sectors and occupations (see e.g. Cambridge Econometrics et al, 2018).²² According to the estimates of the latter study, employment growth is driven by additional labour demand from recycling plants, repair services and rebounds in consumer demand from savings generated through collaborative actions. According to the authors of the study, Central and Eastern European countries would have larger GDP and employment gains, primarily due to larger reductions in oil imports in these countries. Countries in Western Europe would be more affected by a decline in production of electronics and cars.

Impact on skills

The forecast by Cambridge Econometrics et al. (2018) suggests that a shift towards a circular economy would not have a transformative effect on labour markets with regards

¹⁹ <https://www.ecologie.gouv.fr/france-relance-transition-ecologique>

²⁰ <https://www.bloomberg.com/news/articles/2020-07-21/eu-approves-biggest-green-stimulus-in-history-with-572-billion-plan>; government announcements, other media reports.

²¹ <https://www.ecologie.gouv.fr/observatoire-national-des-emplois-et-metiers-leconomie-verte>

²² https://ec.europa.eu/commission/presscorner/detail/en/ip_20_420

to skills needs. The general trend is towards an increased demand for cross-cutting competences, such as problem-solving and communications. It points to the importance of transversal skills, as workers will need to be adaptable.

The ILO (2019) has conducted a forecast on the employment effect and skills implications of both a sustainable energy and a circular economy scenario, based on 32 country surveys and case studies carried out worldwide (including six European countries). Although net employment effects are small, the number of job losses and job creation would be important. In the circular economy scenario, more than two thirds of workers who would lose their job would be reallocated into jobs in the same occupation in another industry. Most job creation and reallocation would be concentrated among male-dominated mid-skill occupations. Although there is a set of core skills – in particular soft skills – and technical occupations that are potentially transferable from one sector to the other, retraining might be necessary to adapt to the new job. Likewise, the European Commission expects that the main effect of moving towards climate neutrality would be a high dynamic of job losses and job creation, with investment needed into training the workforce to adapt their skills accordingly (European Commission, ESDE 2020).

Challenges for labour market policies

Possible PES activities to cope with the labour market and skills challenges of greening the economy include: (i) link employment incentives to activities within the national defined sustainable energy, climate-friendly and circular economy strategies; (ii) skills profiling and guidance for adults to promote their career management; (iii) improve knowledge base on skills and career transitions during the journey towards a green economy; (iv) monitor new occupational profiles and analyse skills requirements; (iv) skills adaptation in the light of necessary retraining departing from the already acquired skills and experience; (v) provide vocational guidance to girls and young women to motivate them to enrol more often in STEM study fields; (vi) improve knowledge base on new forms of work, such as those in the platform economy; (vii) anticipation of skills and labour requirements in the greening of the economy (short-term and medium-term anticipation, e.g. through employers' surveys); (viii) provide training and upskilling on these issues to PES staff and cooperate with research institutions.

2.3 Bringing a large number of unemployed and vulnerable groups into work

Impact of the COVID-19 pandemic on job-search and placement activities

So far, the labour market impact has been mainly a rise in short-term unemployment. Evidence from France and Bulgaria shows that many newly-registered unemployed people have returned to work since the relaxation of the containment level, although the pre-crisis employment level could not be reached. In Bulgaria for example, a third of the unemployed who started work after the end of the lockdown in spring 2020 returned to the jobs they held before the COVID-19 crisis. Nevertheless, PES need to anticipate that long-term unemployment is likely to increase again.

A recent IAB paper²³ on search behaviour in Germany, carried out by the research institute of the PES (IAB) on the basis of LinkedIn data, shows that people using LinkedIn have increased efforts to move from sectors and professions hit by the pandemic to other sectors with labour demand, in particular into the health sector and IT sector (mainly software and IT services). Another key finding is that, in comparison with pre-pandemic behaviour, jobseekers tend to apply more often for job roles and pay levels below their previous employment.

²³ <https://www.iab-forum.de/wie-die-corona-krise-die-suchprozesse-am-arbeitsmarkt-beeinflusst/>

Cross-sector and occupational mobility will continue to represent a major challenge for PES. As private and public online job placement platforms have become more efficient in recent years with the development of competencies-based automated matching systems and the use of big data, private and public PES continue to develop effective skills-profiling tools. Nevertheless, managing occupational mobility still requires counselling, coaching and guidance for jobseekers as well as continued monitoring and improving the knowledge base on tasks, skills, competences and changing occupational profiles. This helps to increase matching efficiencies and to detect training needs.

Experiences from past recessions are that ALMPs tended to focus on large-scale direction job creation programmes and employment incentives to cope with weak labour demand. While evaluations have found that deadweight and substitution effects limit the efficiency and effectiveness of large-scale programmes²⁴ they were able to break unemployment spells and share employment opportunities. Targeted subsidies to those who need them more, and to sectors with economic potentials, would help to support economic restructuring may be more effective.

Demographic change

The ageing of European societies puts European labour markets under stress. In the medium and long term labour supply will decline in some countries. In the short and medium term, large cohorts of the workforce are becoming older workers. In recent years employment rates of older workers have been on the rise in many countries, mainly through retention of workers in their jobs. Once they have become unemployed, older people have a much higher probability of remaining unemployed, as compared with young and prime-age workers, and hiring rates have generally been low (see OECD scoreboard on older workers).²⁵

It has also been acknowledged that age management concepts implemented at company level, as well as lifelong learning, are essential to retain older workers' productivity (Duell, 2018). However, the participation of older worker in formal and non-formal continuing training is far below that of younger age groups. Digitalisation and the greening of the economy are likely to exert an additional pressure on the upskilling and skills adaptation of older workers. In recent years, PES have developed approaches to promote labour market integration of older unemployed people (see Mosley and Dohse 2019, and country reviews, notes and good practice collection by OECD²⁶). These will remain relevant.

It can be expected that many young graduates now entering the labour market will have few chances to compete with more experienced jobseekers, and they have been referred to as the 'lockdown' generation.²⁷ Furthermore, young people are being hit by the decreasing availability of internship and apprenticeship places. These difficulties, as well as a negative impact of distance schooling on the education level of disadvantaged groups in the future, may engender new structural problems for the school-to-work transition in the medium and long term. In July 2020, the European Commission launched the Youth Employment Support package, which expands the Youth Guarantee, promotes VET and contains additional measures to support youth employment.²⁸

²⁴ See for an overview Düll, N., Thurau, L., Vetter, T. (2016), Long-term Unemployment in the EU. Trends and Policies. Bertelsmann Stiftung (Ed), Gütersloh.

²⁵ <https://www.oecd.org/employment/ageingandemploymentpolicies.htm>

²⁶ <https://www.oecd.org/employment/ageingandemploymentpolicies.htm>

²⁷ https://www.eurofound.europa.eu/publications/article/2020/the-covid-19-recovery-needs-a-green-social-digitally-skilled-europe?utm_source=crm_newsletter&utm_medium=email&utm_campaign=corporate&utm_content=20200915&cldee=ZHVlbGxAZWNvbm9taXgub3Jn&recipientid=contact-0e5904f22f74ea11947900_505682489a-28afab80fc68489480d4a2523cd96cfc&esid=310795a1-66f6-ea11-9485-00505682489a

²⁸ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1193

Lifelong learning

The above-mentioned structural trends reinforce the importance of lifelong learning. However, in OECD countries, an average of only around 40% of adults participate in formal and non-formal job-related training annually.²⁹ The likelihood of participation in continuing training increases with the skills level. The COVID-19 pandemic has rendered face-to-face learning formats difficult or impossible. Distance learning and e-learning have become more relevant instead. As argued by the OECD (2020b), online courses could make access to training easier for disabled adults or for those living in rural communities, however the main barrier is digital skills.

Vulnerable groups

Non-standard workers, in particular fixed-term employed and self-employed, have been particularly hit by the crisis, as they work more often in sectors directly affected by the lockdown and because their contracts could be terminated easily. Some countries have extended their short-time work scheme to also cover those groups. To partly compensate for income losses linked to the COVID-19 crisis among the self-employed, a range of countries have eased access to unemployment benefit or minimum income schemes to help the self-employed and have extended their short-time work or similar schemes to some groups of non-standard employed. These measures are financed through unemployment insurance funds, the social security system or are government-financed. Before the COVID-19 crisis, some countries were already exploring how to shore up access to out-of-work benefits in the context of changing working arrangements (Duell, 2020). Some countries, such as Spain, are now discussing introducing nation-wide means-tested minimum income benefits.

Previous economic crises have shown that a higher incidence of short-term unemployment turns into a higher incidence of long-term unemployment over time. Likewise, as a consequence of slack labour demand in the current crisis and jobseekers accepting more often downward mobility in terms of wages and tasks, groups with employment barriers will have more difficulty being placed in the labour market. Some groups of workers may become discouraged and exit the labour market, although they would need, and would want, to be employed. Long-term unemployed and people with multiple employment barriers may receive minimum income. Integrating those who are the farthest removed from the labour market calls for the cooperation of various actors on the ground and the linking of different branches of the social protection system. PES have improved cooperation, developed strategies to reach out to vulnerable groups and developed measures to integrate them into the labour market, although the challenges remain significant (Konle-Seidl, 2020). These structural trends in activation and service delivery are likely to remain high on the agenda for some time.

3. THE WAY FORWARD - APPROACHES OF EUROPEAN PES**3.1 Overview of main challenges for PES in the coming months**

The design, amendment and introduction of new ALMPs, the definition of new target groups, and the extension or closure of STW and other job preservation schemes are pressing issues. Since the onset of the COVID-19 pandemic, all countries have introduced new schemes or have amended existing schemes (for an overview see Duell, 2020), and they continue to apply flexibility in adapting existing instruments or introducing new ones. In addition, in the short term, PES regard as their main challenges work organisation, institutional capacities and ways to deliver services (see Annex table 2). The distancing

²⁹ <http://www.oecd.org/employment/skills-and-work/adult-learning/dashboard.htm>

rules have had a quite substantial impact on the work organisation of PES and the reorganisation of services may leave a transformative mark in the medium and long term.

European PES responding to the survey or presenting their experiences within the EU PES Network have also begun, or continued, to implement measures to cope with the structural changes outlined in section 2.

3.2 Short-time work and similar schemes

By far the most important labour market policy measure has been the implementation of short-time work and similar schemes, which have been adapted to the specific situation of the pandemic or have been newly introduced. Only in a few Northern European countries, including Norway and Finland, have temporary lay-offs traditionally been in place. Many of these schemes were initially intended to be phased out or terminated after three or six months, or at the end of the emergency measures.

The number of workers whose wages were partly compensated through these schemes reached historically high levels. In France, in September 2020, 1.1 million employees were in partial activity (a little less than 6% of employees in the private sector), down from 1.3m in August, 1.9m in July, 3.5m in June, 7.2m in May, 8.6m in April and 7m in March (note that requests were made for roughly double the number of workers).³⁰ In Germany, in August, enterprises eventually received short-time work benefits for 2.58m workers, a decrease from 5.4m in June, 5.8m in May and 6m in April.³¹ In Austria, 1.4m employees³² have eventually been included in the scheme, and in Bulgaria the figure is 50,000. In Italy, as of 10 September 2020, a total of €22.6bn in employment support benefits was paid out to 13.9m beneficiaries. Of the latter, 6.4m were workers in the Redundancy Fund (CIG) (3.4m with direct payment to be paid by the National Institute for Social Security) who were compensated for a total of 2.8bn hours.

The schemes have generated high costs, and the European Commission has set up the 'Support to mitigate Unemployment Risks in an Emergency' scheme (SURE).³³ On 24 August 2020, the Commission presented proposals to the Council for decisions to grant financial support of €81.4bn to 15 Member States under the SURE instrument.³⁴

The treatment of STW cases has been very staff-intensive in those countries where STW has been in the responsibility of the PES. Other challenges, as reported by the Bulgarian PES, have arisen from the synchronisation of labour, insurance and tax rights and the obligations of individuals and their employers concerning alternative forms of employment. Governments are now taking decisions to extend STW or similar schemes, to fine-tune them to specific sectors or to phase out the relevant schemes. In most cases, extensions have been confirmed until the end of the year. A few countries have decided to prolong the scheme for a longer period of time. A few examples of changes made include:

- (i) In Germany, STW duration has been extended from 12 to 24 months.
- (ii) In France, the current scheme has been kept in place for working time reduction for a shorter duration and a new scheme has been introduced, the long-term partial activity (APLD). APLD is an economic activity support mechanism that offers all companies facing a longer lasting reduction of activity the possibility of reducing their employees' working

³⁰ https://dares.travail-emploi.gouv.fr/IMG/pdf/dares_tdb_marche-travail_crise-sanitaire_27_octobre_2020.pdf

³¹ <https://www.arbeitsagentur.de/presse/2020-46-der-arbeitsmarkt-im-oktober-2020> (accessed on 9 November 2020) Bundesagentur für Arbeit, "Auswirkungen der Corona-Krise auf den Arbeits- und Ausbildungsmarkt", Arbeitsmarkt kompakt, August 2020.

³² Information received by AMS on 9 November 2020.

³³ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

³⁴ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1496

hours up to 40% over the total duration of the agreement (for a maximum of 24 months, consecutive or not, over a period of 36 consecutive months). Access to this scheme is conditional on the signature of a collective agreement.

(iii) In the Netherlands, the job preservation scheme NOW has been extended for the third time (until June 2021), although it is foreseen that access will gradually become stricter and generosity reduced.³⁵

(iv) In contrast, in Bulgaria the duration has not been extended, however sector coverage was extended.

(v) In Croatia, during the period from March to May, all sectors affected by the crisis were eligible for the job preservation subsidy, while from June to August only those sectors mostly affected by the crisis were eligible. Recently, a short-time work scheme was introduced.

(vi) In Slovenia, during the period from mid-March until the end of September, all sectors were eligible for the job preservation subsidy. A short-time work subsidy (a variation of the German 'Kurzarbeitergeld' scheme) became available in June and will remain in place until the end of the year, with the possibility of it being extended.

(vii) In Austria, phase 3 of COVID-19 short-time work was introduced as of 1 October 2020, with a maximum duration until 31 March 2021. A new social partner agreement must be concluded either as a works agreement or, in companies without a works council, as an individual agreement. A few amendments have been introduced: the application must now contain an economic justification which, in addition to information on turnover developments prior to short-time work and turnover forecasts during the short-time work period, must also state whether other subsidies have been granted. The normal working hours applicable before the start of short-time work must be between 30% and 80% on average over the duration of the short-time working period. If holidays from previous holiday years and time credits have already been used up, one week of the current holiday entitlement should be consumed as far as possible during short-time work. Employees are obliged to undergo initial or further training offered by the employer.³⁶

(vii) In Italy, with the Law Decree N. 104/2020 ('August' Decree) some of the benefits in support of workers launched with the previous Law Decree N. 34/2020, were extended and further strengthened. In particular, the duration of the coverage of the CIG *in deroga* (exceptional Redundancy Fund with specific clause 'COVID-19') has been extended by 18 weeks to be used between 13 July and 31 December 2020. Within this period, the use of the first nine weeks will not involve costs, while for the second nine weeks there is an additional contribution from employers which varies according to the loss of turnover in the first half of 2020. For companies that do not request the extension of the CIG treatments, the exemption from the payment of social security contributions for a maximum of four months has been introduced, to be used by 31 December 2020. Most of the CIG *in deroga* and CIG will be supported by the SURE Instrument.

3.3 Skills development to tackle digitalisation, greening of the economy, demographic change and boost occupational mobility

Skills development, retraining, upskilling, skills adaptation – requiring short-term and long-term training – as well as guidance for career transition are key measures to prepare the workforce (employed and unemployed) for the different structural trends presented above.

³⁵ https://www.lexology.com/library/detail.aspx?g=f0d1dcc8-fad7-43ff-a081-d2e645332b3b&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2020-09-21&utm_term

³⁶ <https://www.lexology.com/library/detail.aspx?g=5f977c8e-1617-4b42-9db7-ed55c1cee412>, 16 October 2020

Their importance tends to be reinforced during the COVID-19 pandemic. In the short-term, PES needed to adapt to the particular circumstances of social distancing.

PES' role in skills need identification, assessing skills mismatch and more generally using results from short-term and medium-term skills forecasts will become increasingly important. Analysis of task-based skills needs and changing skills needs in occupations, also by using artificial intelligence, has advanced in many countries, however, the challenges are still huge. In Italy, for example, the Excelsior information system, which provides forecasting data on labour market trends, occupations and training needs of companies at national level, is very important

In Germany, the new law in continuing training, passed in 2019, has paved the way for the PES to develop counselling services for employers, employees and jobseekers on changing demands on professional qualifications in general. In Norway, to cope with the labour market effects of the COVID-19 pandemic, the PES defines new interventions geared towards new groups, e.g. people who are educated and have been employed, but need to be upskilled or advised to find employment. This comes in addition to continuing and increasing efforts directed at integrating the most vulnerable groups.

E-learning courses, hybrid training offers and mechanisms to determine content of training

PES have continued to offer training measures, despite the social distancing rules, albeit with training courses often having been suspended at the beginning of the lockdown. Some have adapted ways to deliver the training to the current situation and have modernised (digital) delivery of training. Nevertheless, the organisation of online courses has had limits linked to a lack of digital skills of participants, and the low capacities of training providers to rapidly prepare online material and be equipped with the necessary hardware and software. Examples, of how PES have been dealing with distance learning include the following:

- In Germany, contracting conditions with suppliers have been adapted (e.g. reduced numbers of participants, compensation for additional cost for corona-related hygiene measures). More courses are likely to be permanently offered online if the experiences of suppliers and customers are positive.
- In Bulgaria, the Employment Agency launched a campaign 'Back to work? Get ready from home!'. This campaign has offered a series of online self-training for acquiring/developing personal competencies when starting/returning to work after isolation at home. The [MyCompetence platform](#) provides free access to more than 20 e-learning courses in various fields. This platform also offers competency self-assessment tests for a specific position.
- In France, the implementation of new online training programmes, planned before the outbreak of the pandemic, has been accelerated. Pôle emploi has put the training courses online on [pole-emploi.fr](#) and the mobile application 'Ma formation' (My training). More than 150 training courses in 20 sectors are available. Most of these training courses lead to certification and are offered at all levels from upper secondary to tertiary education. The sectors and occupations include, amongst others: IT (web developer), sales and marketing, building (electricians), catering (including bakers and cooks), education and care, commercial professions (such as hairdressers and beauticians), accounting, languages and setting up a business.³⁷

Some PES have specific schemes in place to support the training activities of SMEs, which have been particularly hit since the beginning of the crisis. One example is Bulgaria, where the Employment Agency organises training for employees in micro, small and medium

³⁷ <https://www.pole-emploi.fr/candidat/en-formation/formations---actualites-evenemen/pour-vouspreparer- a-travailler.htm>

enterprises for the acquisition of key competencies under the Employment Promotion Act. Their financing is carried out with the equal participation of the Employment Agency and the employer, who commits to keep the employment of all successful graduates for no less than six months.

Combining training and short-time work or combining training and the receipt of unemployment benefit

As yet there is a low level of evidence on the take-up of training by STW beneficiaries. Some countries have now decided to promote the training of workers covered by short-time work schemes. In Germany, the extension of the STW scheme, decided on 16 September 2020, includes a stronger focus on training measures linked to short-time work. In France, the National Employment Fund (FNE) will reimburse 100% of training costs for companies that offer training to employees during their period of short-time work. The PES is not in charge of providing training for the employed. In France, workers who are going to be dismissed are entitled to a period of leave which can be used for upskilling and retraining, to increase their employability and chance of being placed ('congé reclassement'³⁸). In Norway, there are new regulations that allow the unemployed to embark on education while they receive unemployment benefit. In the Netherlands, the newly-extended and amended job preservation scheme NOW 3.0 foresees that 10% of the reimbursement will be used for training and work-to-work pathways. This percentage will be withheld by the Employee Insurance Agency ('UWV') and employers will not receive it directly.³⁹

In Italy, the New Skills Fund⁴⁰ is being used to compensate employers for costs incurred in companies implementing short-time work schemes, for the training, reskilling and upskilling of their employees during the recovery phase (post COVID-19), on the grounds of a specific collective agreement with trade unions on working time.

In Slovenia, the government decided to upskill STW workers and to promote training, provided by the Slovenian PES. Usually the PES only provides training to the unemployed, but the government included access to training programs for employed STW workers in the intervention law.

Training for gaining digital skills

PES have different systems of skills governance in place and thus mechanisms to determine training contents vary. In Austria and Germany, course curricula are market-driven and decided by training providers. With regard to providing skills for digitalisation or for greening the economy, they would be offered as long as the market signals a demand for them. In other cases, specific training may be offered to jobseekers on specific skills needs declared by companies (e.g. Bulgaria). In Bulgaria, in 2020, small, micro and medium-sized enterprises have the opportunity to apply for the inclusion of their employees in training for acquiring 'Digital Competence', with half of the cost of the training financed from the state budget. In Croatia, there is a growing variety of programmes offered for training and upskilling the unemployed to work in the ICT sector or in ICT roles. These include basic digital skills development programmes, as well as complex programmes such as web design, 3D design, database administration, web-application and database

³⁸ <https://www.service-public.fr/particuliers/vosdroits/F2906>

³⁹ https://www.lexology.com/library/detail.aspx?q=f0d1dcc8-fad7-43ff-a081-d2e645332b3b&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2020-09-21&utm_term

⁴⁰ The first endowment of the Fund is EUR 230 million from the ESF National operational programme managed by ANPAL (the National PES). The Fund can be increased with further resources, e.g. from bilateral and professional Funds, regional administrations, ministries.

development specialists, web/mobile/internet applications developers, and CAD specialists. In Italy, several projects have been implemented to promote digital skills among workers and jobseekers, e.g. through the programme 'crescere in digitale'.⁴¹

Training and career transitions for gaining green skills

PES' role in implementing a targeted strategy to adapt workers' skills or to promote employment in the green economy has been limited in the past (Cedefop 2018⁴², European Commission 2013⁴³). In a number of countries, providing skills for green jobs has not led to the setting up of specific programmes. For example, the Croatian PES CES has for several years been granting training subsidies for workers to adjust to the new production procedures and to support people with their start-ups, some of which include eco-friendly jobs. Through partnerships at the local level, various training programmes for the unemployed have been implemented and some of them included training for working in the green economy.

Preparing PES staff to provide counselling and career advice to promote occupational mobility (e.g. from an automotive technician towards technician for environmental technologies) is key for providing tailored services. To this end, the French PES Pôle emploi has produced an e-learning module for advisors, available since summer 2020 in the e-university. In Romania, the Green Jobs project of the Romanian National Agency of Employment (NAE) is aimed at training 83 staff of the PES in techniques specific to job market orientation in the field of green jobs and identifying specific greening opportunities for the labour market (EEO 2013).

The medium-term strategy of the German PES is to support qualification for 'green' jobs and jobs in digital industries.

Subsidising apprenticeship places within VET systems and training measures for low-skilled youth

In France and Germany, new schemes have been devised to support companies to hire apprentices.

In addition, in France there are plans to offer training courses for low-educated young people, in particular for the bottleneck occupations of care assistants and nurses. Additional budget is also dedicated to the skills development of low-educated youth. Norway has also decided to offer more people access to training measures with a focus on young people with low formal education. In Italy, through the new Youth Guarantee, project ALMPs at regional level have been targeted at school-to-work and transition as well as to young NEETs.

3.4 Employment incentives

Employment incentives for vulnerable groups

In general, vulnerable groups are still a key target group for ALMPs and this has, in principle, not changed through the COVID-19 pandemic, according to the survey of PES. Some PES are recognising that vulnerable groups are likely to be most affected and will need particular attention and have increased, or plan to increase, their budgets accordingly.

France has scaled up some employment incentive schemes with a new package launched in July 2020, covering, among others, 120,000 additional employment integrations,

⁴¹ <https://www.crescereindigitale.it/>

⁴² Skills for green jobs.

⁴³ European Commission (2013), PES and green jobs, Brussels, Author: Annette Cox and Beth Foley.

financial aids to hiring young people or people with disabilities (up to €4,000). In Austria, a new wage compensation programme has been set up ('Neustartbonus') with no changes in target groups. In Italy, an agreement between ANPAL (the Italian PES at national level) and INAIL (National Institute for Insurance against Accidents at Work) foresees the hiring of young healthcare workers, on fixed-term contracts (max duration of 15 months) financed by the Operational Programme of the Youth Employment Initiative.⁴⁴ In addition, important tax concessions for hiring were arranged for disadvantaged areas (southern regions) and further new specific allowances for some sectors (tourism, services). In Slovenia, target groups for some existing employment incentive schemes have been expanded (e.g. by making unemployed people aged 30 or above who lost their job due to the COVID-19 crisis eligible for employment incentives). Further, Slovenia has prolonged other employment incentives, and in September the new ALMP employment incentive 'Green jobs' was added (see below). In Italy, the main active labour policy tool available for the most vulnerable groups is the 'Assegno di ricollocazione' (ADR), which can be provided to employees threatened by dismissals (CIGS) and to unemployed people receiving minimum income through the 'Reddito di cittadinanza' (RdC). This measure is managed by both public and private employment services.

Greening the economy

There are only a few examples of small employment incentives earmarked for promoting the transition towards a green economy. In Slovenia, in the context of the government's strategy towards greening the economy a new employment incentive called Green Jobs has been introduced, financed by the Ministry of Environment. It is the objective to include around 200 unemployed in this programme over the next three years.

3.5 Digitalisation of PES services

One major effect of the COVID-19 pandemic was the speeding up of digitalisation of PES services (Walsh, 2020). Previous to the pandemic, digitalisation was already quite advanced in some countries (e.g. Sweden, Netherlands, Italy), while other countries had concepts in place and have started to implement them at varying speeds. Countries differ also with regard to the preparedness of jobseekers to receive digital services. Furthermore, PES have not started with the same level of technical equipment and experience of staff.

Gradually, more and more services have been made available to jobseekers and employers in a remote format (Duell, 2020). The COVID-19 pandemic has pushed implementation and further development of previous strategies to offer multi- and omni-channels to provide services and adapt services accordingly. This also involves the automation of certain services (e.g. in Sweden), and more in-depth and nuanced individualised in-person delivery of services. In Sweden, automation goes as far as to generate individual activation plans on the basis of statistical profiling after three months of job seeking (similar to the Danish approach).⁴⁵ Channel management has been accelerated and an electronic ID provides access to online services. This had already led to the closure of a third of PES offices in 2019. A major awareness-raising campaign was conducted in 2019, which helped to improve customers' views of the digital services.

Other PES are now reflecting on the extent to which service provision will come 'back to normal' and to what extent the more intense use of remote channels will become the new reality. They need to find the balance that considers how much automation of tasks and services is desired, where individualised services are needed for which groups and through which channels individual and group services can be provided, and how to define the best split between the provision of remote services, hybrid services and face-to-face services.

⁴⁴ The budget for this measure amounts to EUR 21 million in 2020 and about EUR 83 million in 2021.

⁴⁵ Webinar on PES strategies to support recovery after COVID-19 crisis on 8 September 2020, European PES Network.

It is, in general, recognised that some vulnerable groups or jobseekers with specific labour market barriers are better served through face-to-face contacts (see, for example, how PES tackle this in Walsh, 2020).

Actiris, the PES of the Brussels capital region has produced a digital transformation vision that addresses a range of issues, including human resources management, lack of digital skills of users, changes in the placement market through the use of new digital technology and the place of Actiris in the ecosystem.⁴⁶ One of the roles identified for PES in a more digitalised world is to act as a coordinator (e.g. partnering instead of competing with LinkedIn and Google jobs) and to focus on better preparing the supply for the take up of jobs. In this respect, future tasks of PES include that counsellors make better use of labour market analysis for guiding occupational mobility. A plan to fight digital divide has been set up with coordinators on a regional scale.

In Germany, the aim is to deliver all main services (financial benefits and career counselling) as e-services in addition to face-to-face services in the medium term. Technical capacities and equipment are currently expanded and needs for organisational adjustments have been defined. A complementarity of channels is also in the vision of the French PES, albeit with a different focus by type of jobseekers. Pôle emploi has decided to focus on: (i) strengthening the provision of immediate and flexible digital services to highly-autonomous individuals having just lost their jobs in order to support their swift return to employment; (ii) applying more often career transitions tools to those hit by restructuring processes (training, workshops...); and (iii) to focus more on the integration of hard-to-place jobseekers.

In Bulgaria, at the beginning of the COVID-19 crisis the Employment Agency launched six electronic administrative services; however, not all jobseekers have the necessary skills and technical capacities (e.g. software) and staff skills need to be adapted accordingly and a new management style introduced.

Finally, ANPAL – Italy’s national PES – developed ad-hoc digital solutions aimed at managing PES services already in place before the COVID-19 outbreak. ANPAL has introduced DID online, where the unemployed can register online as soon as they get notification of dismissal, as well as the national information system SIU which collects all vacancies posted at public and private employment services. The ‘MyANPAL’ digital platform delivers customised digital services to all citizens, accessible both independently via self-service mode, and with the assistance of physical help desks at the local PES. In light of the above, while widening its portfolio with brand new services to citizens, including also the use of diverse remote communication channels like emails, telephone, chats and videoconferencing, ANPAL has successfully handled the short and medium-term COVID-19 crisis implications through an acceleration and refinement of the digitalisation of application development and delivery process.

3.6 Adapting organisational capacity

Work organisation and staff training

Many PES have had to extend their capacities to deal with the sudden and large increase of STW or other job preservation scheme claims or unemployment. This had led to massive reallocation of staff to the treatment of benefit claims. A number of PES have also had to hire new staff.

⁴⁶ Presented by Pierre Soudan at the webinar on PES strategies to support recovery after COVID-19 crisis on 8 September 2020, European PES Network.

Teleworking for PES staff has increased substantially. Most PES did not use telework much before (e.g. in France the number of teleworking staff was multiplied by five⁴⁷). Teleworking needs soft skills and a trust-based leadership that needs to be developed.⁴⁸

The provision of e-services and hybrid services requires that staff adapt their skills. In Bulgaria, the PES organises periodic (mostly online) thematic workshops and dialogue for staff to cope with digitalisation and organisational change. Training is also provided on cybersecurity and opportunities for electronic/remote communication with customers, as well as the development and provision of auxiliary and methodical materials for application of the new electronic and remote forms for customer service. In Italy, ANPAL has implemented a new section of its website (MyLearning), where tutorials and staff online training is available, including training on how to implement and use the new digital tools. In Germany, the campaign 'Welcome Digitisation' for PES staff was launched, having already been set up in 2019. Webinars have been organised and additional information is provided via the BA Intranet. In addition, in-house training for 'process coaches' (Prozessbegleiter) who consult executive managers on organisational change processes are organised.

Rapid placement of job-ready unemployed

One challenge for PES has been to find rapid mechanisms for placement of staff in sectors with labour demand. In this context, a new App '[RestoInCampo](#)' has been designed and implemented by ANPAL, the Italian PES, in order to match labour supply and demand in the agriculture sector.⁴⁹ Likewise, in France, up to July more than 16,000 recruitments had been facilitated through the online recruitment platform 'Mobilisation emploi' dedicated to priority sectors (health, food, logistics, home services etc.). Building on this experience, PES is setting up, in early November, a governmental website dedicated to young jobseekers (in the frame of the '1 young, 1 solution' government plan, which is part of the French stimulus package).

For the coming months, the French PES has identified the necessity to focus on rapid and massive support for the newly-registered unemployed, and in particular for a quicker return to employment for 'autonomous' jobseekers. Digitalisation of services should help to speed up job-search processes.

Partnerships, regional approaches

To deal with the growing number of jobless vulnerable groups, the trend towards working in local partnerships is likely to be reinforced. The French PES sees the need for strengthening and diversifying partnerships in order to offer employment services to people with disabilities and to minimum income recipients.

A regionalisation of strategies and activities is also a priority for PES in order to better respond to local labour market needs (e.g. the French PES is strengthening a differentiated approach by territorial level). In the Netherlands, the recovery package foresees the setting up of specialised multi-disciplinary regional labour market transition teams, consisting of members of a variety of stakeholders (including employer and jobseeker counsellors from the PES and the municipalities, as well as employment and educational advisors from the unions). The teams, which started their work in October, are led by a PES coordinator and

⁴⁷ European PES network board meeting, June 2020.

⁴⁸ European PES network Webinar 8 September 2020 and answers of Italy and Austria to the survey.

⁴⁹ The App can be downloaded both by Android and iOS mobile systems and it is connected to the digitised 'Job D/S System' accessible via 'MyANPAL' portal (www.myanpal.gov.it). The App is available in 5 languages (IT, FR, EN, RO, Punjabi).

will be active in the three regions with the highest number of employers covered by the job preservation scheme NOW.

4. CONCLUSIONS: EMERGING ISSUES FOR PES AND POINTS FOR DISCUSSION FOR THE WORKING GROUP

Besides the COVID-19 short-term and potential medium-term effects, the main underlying drivers for change include digitalisation, political commitment for the greening of the economy, demographic development and inequalities. The pandemic has speeded up the trend towards digitalisation and a number of countries have made the choice to focus more on greening the economy than they did in previous economic stimulus packages.

It is likely that cross-sector and occupational mobility will increasingly be the major challenge for PES. This will require counselling, initial skills profiling and skills assessment, coaching and guidance for jobseekers. In order to guide career transitions, PES and relevant agencies need to improve the knowledge base on tasks, skills, competences and changing occupational profiles. And PES counsellor will need to further develop their skills to translate this knowledge base to counselling and career guidance on the ground. Modernising services would also mean offering employers (e.g. SMEs) guidance to identify skills needs and set up training plans for their employees. Offering reskilling and upskilling for those jobseekers who need it to change sectors and tasks or occupations will become increasingly important. Developing e-learning courses and hybrid learning formats would, in the medium term, be a way to reduce individual training costs and allow access to a wider group of learners.

In addition, particularly in those countries which already showed weaknesses in their economic structure, and which already had a high level of unemployment before the start of the COVID-19 pandemic (e.g. Spain, Greece), with volatile and precarious employment, the effect of the pandemic has exposed these weaknesses. Huge challenges emerge for labour market policies for unemployed with severe and/or multiple employment barriers. In this respect, previous efforts towards intensive guidance and engaging in local partnerships on the ground will need to be continued. PES will also need continue their efforts to provide their services for jobseekers that had non-standard forms of employment. The legislative framework may need to be adapted in some countries to include a wider group of workers in the pool of PES clients and develop new strategies for delivering of services (e.g. platform workers, self-employed workers, workers threatened by dismissals, employed in SMEs, etc.).

In the short-term there is a need to focus on integrating young people into the labour market, as they are likely to be particularly hard hit by the pandemic. This should, however, not be understood as a trade-off between promoting youth employment at the expense of employment of older workers, as this would involve long-term costs. Moreover, past experiences have shown that pre-retirement has not been an efficient measure to increase employment rates among young people (Böheim and Nice, 2019).

The COVID-19 pandemic containment measures have sparked a push towards the digitalisation of services. While this should be regarded as an opportunity to modernise services, increase efficiency through rationalising some of the processes, and improve outreach to jobseekers that prefer using digital channels, PES need to be aware of the need for face-to-face counselling for those groups with poor digital skills, for specific tests, and for those with specific psycho-social problems for whom face-to-face contact is essential, etc. In order to deliver quality services PES may need to invest in the skills of staff, regardless of whether the services are provided face-to-face or remotely. The further development of digital skills and soft skills of staff may become necessary. Data protection legislation may need to be adapted, to permit the compiling, monitoring and analysing of individual data provided digitally.

Enlarging and fostering partnerships with a variety of actors at national and local levels will remain key to better reach-out to vulnerable groups and to activate them. Cooperation with various actors on the ground also helps to understand specific local skills needs. Finally, cooperating with private online platforms would help to speed up placements, in particular of job-ready jobseekers. This could include cooperating with digital platforms (as long as employment conditions can be considered as decent).

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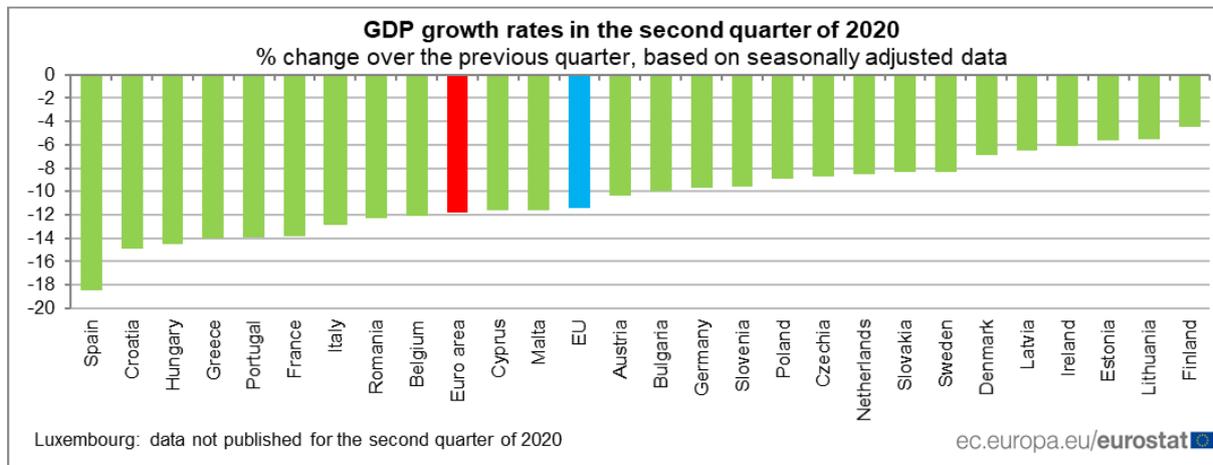
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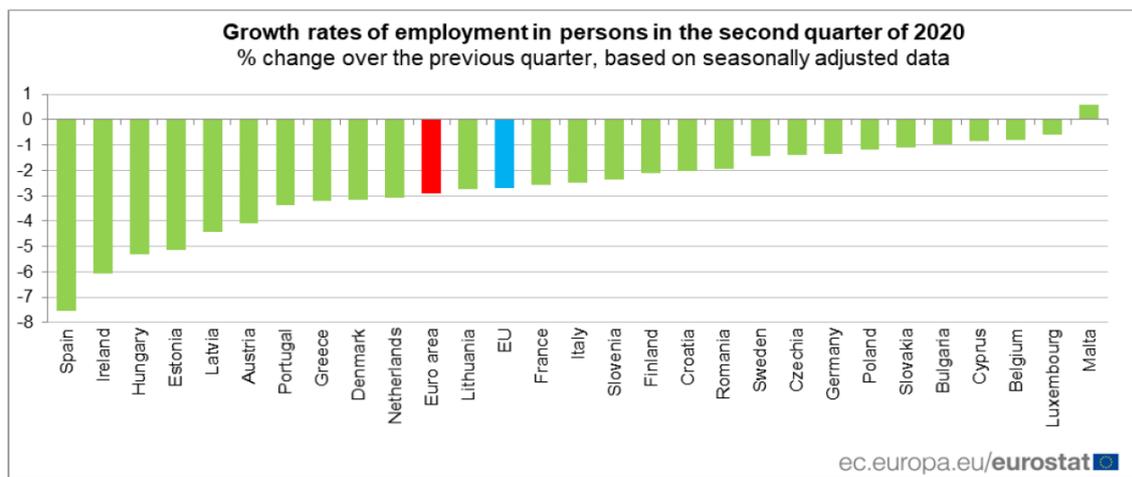
ANNEX

Figure 1: GDP growth rates in the second quarter of 2020



Source Eurostat Press release 8 Sept 2020, <https://ec.europa.eu/eurostat/documents/2995521/10545471/2-08092020-AP-EN.pdf/43764613-3547-2e40-7a24-d20c30a20f64>

Figure 2: Employment growth



Source: Eurostat Press release 8 Sept 2020, <https://ec.europa.eu/eurostat/documents/2995521/10545471/2-08092020-AP-EN.pdf/43764613-3547-2e40-7a24-d20c30a20f64>

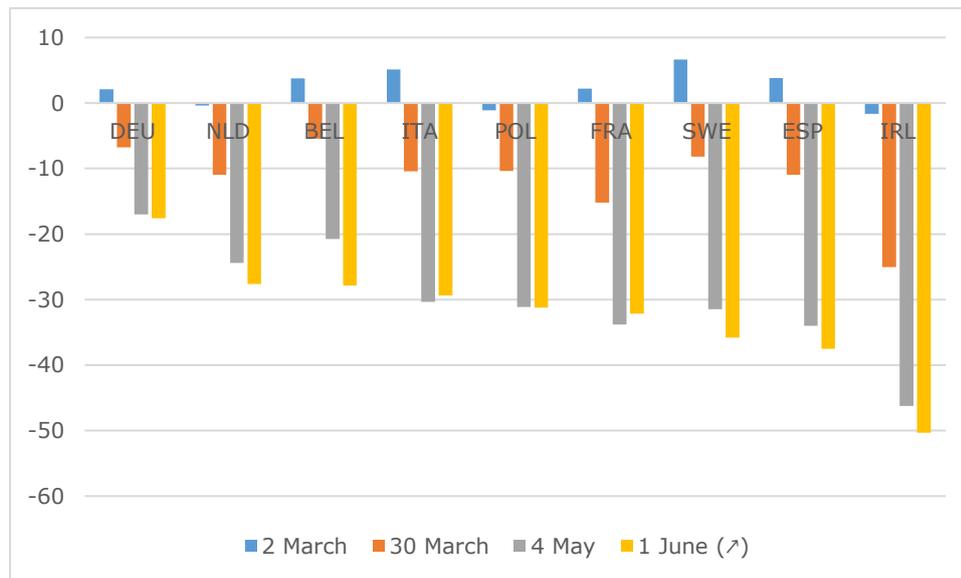
Table 1: Growth rates of employment in hours worked (as compared with the previous quarter), in %

	2019Q4	2020Q1	2020Q2	Change 2019Q2-2020Q2
Croatia	-3.5	-1.4	-1.9	-1.1
Norway	0	-2.3	-4.2	-5.4
Sweden	-0.2	-0.4	-7.2	-6.6
Austria	-0.3	-2.3	-5.8	-8.3
Germany	-0.4	-1.9	-8	-10.0
Bulgaria	0.3	-0.4	-10	-10.6
EU - 27	-0.1	-3.1	-10.7	- 13.8
Slovenia	-0.3	-0.5	-12.7	-13.3
France	0.1	-4.2	-15.5	-18.7
Italy	-0.5	-7.7	-13.1	-20.1

Note: Percentage change in the number of hours worked in resident production units compared with the previous quarter based on seasonally-adjusted data. Percentage change compared with the same quarter of the previous year based on non-seasonally adjusted data.

Source: Eurostat Press release 8 September 2020

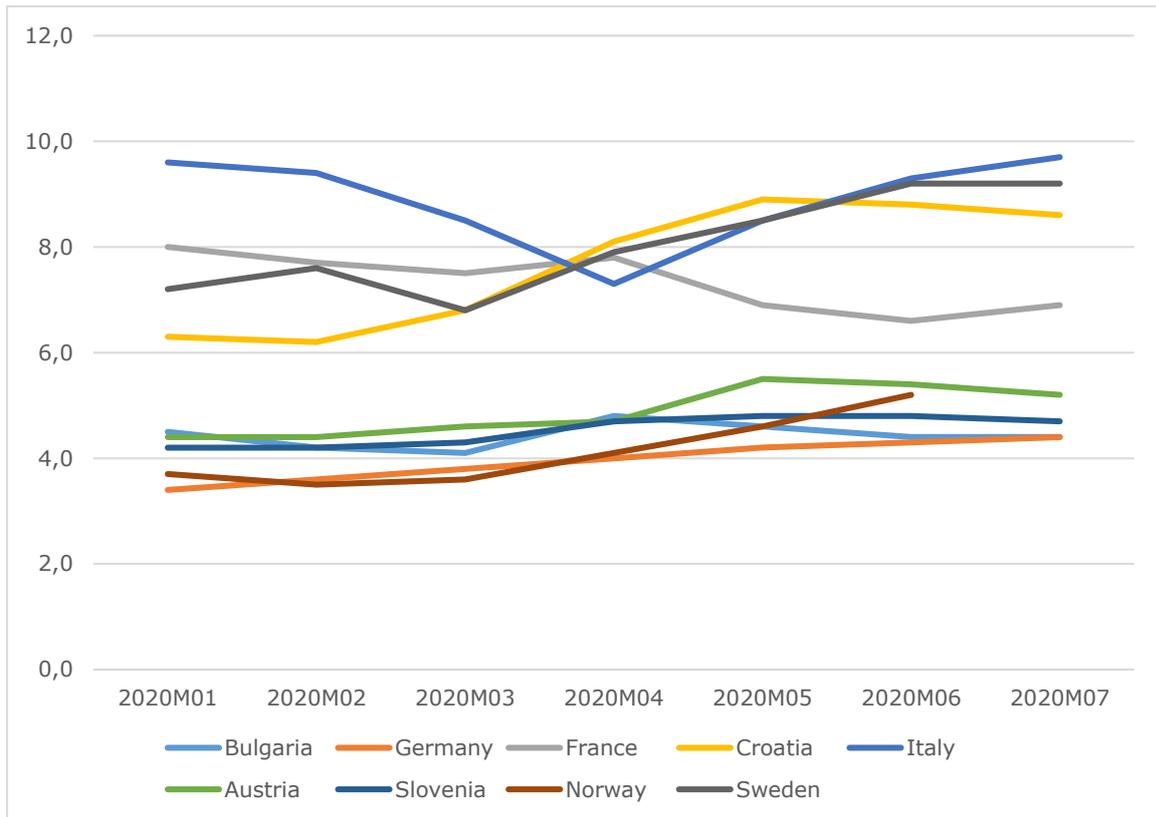
Figure 3: Changes in online job postings in selected EU countries, 1 February and 1 June 2020



Note: Change in the number of new job postings online between 1 February 2020 and the average day in the week beginning with the date specified

Source: OECD Employment Outlook 2020; data sourced and elaborated by *Indeed*, June 2020

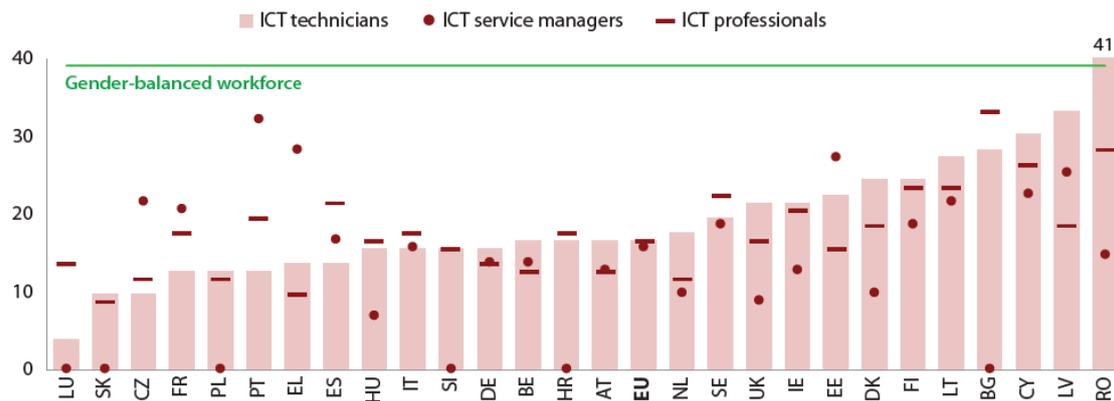
Figure 4: Development of unemployment rate (LFS), January to July 2020, selected EU countries*



*PES Network members of Working Group

Source: Eurostat Press release 1 sept

Figure 5 Share of women among ICT service managers, professionals and technicians, by country (20-64, %, 2016)



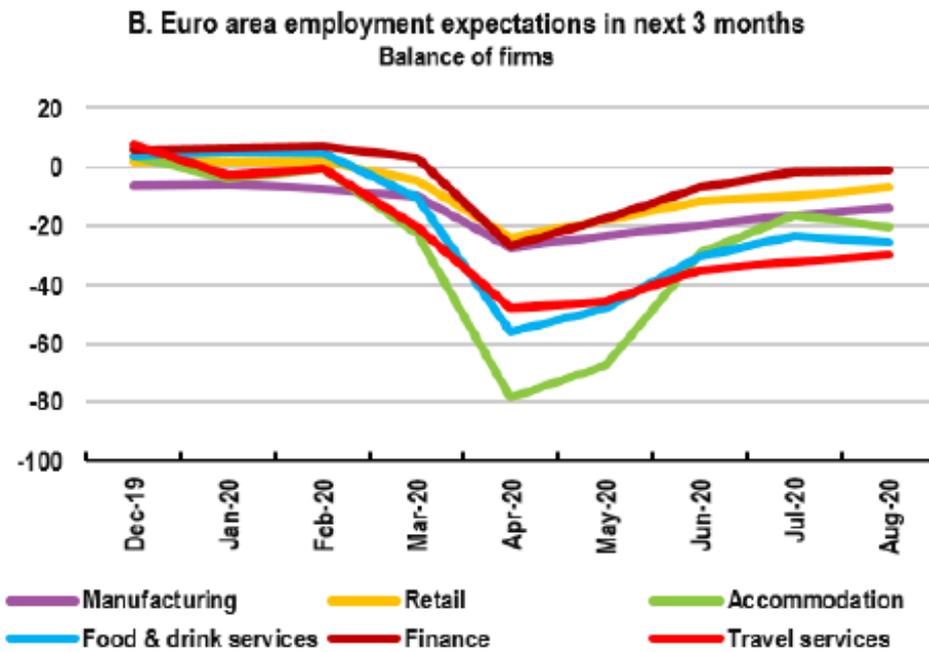
Source: EIGE calculation based on EU-LFS 2016 microdata.

Note: EU refers to the Member States of the EU, not including Malta. BG, PL, SI: data for service managers not available. Countries sorted in ascending order on the basis of the share of ICT technicians.

Source: *Source:* EIGE calculation based on EU-LFS 2016 microdata.

Note: EU refers to the Member States of the EU, not including Malta. BG, PL, SI: data for service managers not available. Countries sorted in ascending order on the basis of the share of ICT technicians. EIGE (2018)

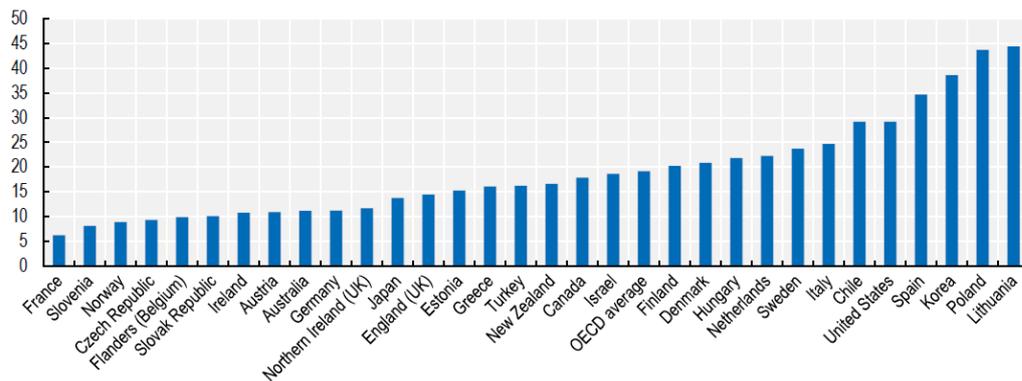
Figure 6: Euro area employment expectations in next 3 months



Source: OECD 2020, OECD Interim Economic Assessment Coronavirus: Living with uncertainty, 16 September 2020

Figure 7: Incidence of online learning among training participants, using PIAAC data (2012, 2015, 2017)

Share of total participants in non-formal training who attended at least one distance learning course over the previous 12 months (percentage)



Information on whether training happened face-to-face or at a distance is only available for non-formal training. Distance learning includes correspondence courses, although the share of these courses is now minimal in most OECD countries. Data for Hungary, Mexico and the United States refer to 2017. Data for Chile, Greece, Israel, Lithuania, New Zealand, Slovenia and Turkey refer to 2015. For all other countries, data refer to 2012.

Source: OECD Secretariat calculations based on the Survey of Adult Skills, PIAAC (2012, 2015, 2017).

Table 2: Main challenges for the PES for the coming months – survey result among PES

Austria	<p>Employment policies: Designing a new short-time work scheme.</p> <p>Service delivery and PES organisation: Stabilisation of customer relations (face-to-face contacts) but also preparation for a new possible second wave.</p>
Bulgaria	<p>Employment policies: Establish/implement measures to reduce/restore the unemployment rate at least to the levels from the middle of last year and support businesses to maintain the employment of employees in the conditions of reduced economic efficiency of enterprises due to COVID-19.</p> <p>Internal organisation and PES capacity: Strengthening the capacity of the Employment Agency (providing the necessary staff to perform the main and additional tasks), as well as continuous training of the available staff. Creating reliable standards by which to evaluate the individual results of the tasks performed by the employees. Providing financial resources for improving and updating the technical and software support of the agency. Proposing new views and ideas for the development of the Employment Agency and their acceptance by employees.</p>
Croatia	<p>Employment policies: promoting short-time work schemes (newly introduced).</p> <p>Service delivery: (i) focus of CES activities on counselling of jobseekers to ease adjustment/adaptation of the unemployed to the labour market needs; (ii) training for IT digital tools will be most important, particularly for groups of unemployed who lack the experience in using digital tools, particularly those with lower education and older people.</p>
France	<p>Service delivery: (i) employer services, which need to respond to urgent labour needs in sectors that are restarting as well as in sectors and occupations already facing bottlenecks; need to accelerate recruitment by reducing the time it takes to fill positions; reinforce support for businesses while adapting to territorial particularities. (ii) services to jobseekers: quick and massive support for newly-registered "autonomous" jobseekers, for a quicker return. Broadening the range of services and doing more for the most vulnerable, (iii) addressing new skills needs: new skills needs for companies and jobseekers related to the development of telework; increased need for soft skills and technological skills; improve skills acquisition for jobseekers taking advantage of the opportunities offered by the digital and ecological transition.</p> <p>Organisational PES issues: Strengthening and diversifying partnerships.</p>
Germany	<p>Service delivery and internal PES organisation: Providing professional support for PES customers despite corona-related restrictions on personal contact and reduced staff resources.</p>
Norway	<p>PES capacity: Process the applications from claimants for newly-introduced temporary unemployment benefit schemes by September.</p> <p>Service delivery: The other key challenge is to establish services to jobseekers whom are both approaching PES Norway in greater numbers and also represent groups which traditionally do not seek assistance (e.g. highly educated).</p> <p>Organisational PES issues: cooperate with the education authorities in order to help the most vulnerable.</p>
Slovenia	<p>Employment policies: re-defining some of the ALMP schemes to the new target groups.</p> <p>PES capacity and work organisation: Implementation and execution of several intervention laws and extraordinary anti-COVID measures with existing staff; adjusting staff allocation to adapt to provision of more online services.</p> <p>PES services: providing information about intervention laws (extraordinary anti-COVID measures) quickly and effectively to the employers and the public; optimising</p>

	the organisation of services to effectively meet the needs of our users; coping with the suddenly increased stock of unemployed, less job vacancies; and coping with structural changes in labour demand (e.g. labour demand in tourism sector fell, but increased in health and care sector)
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Source: responses to a survey sent to PES Network, working group members, received in July and August 2020.

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