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EMPLOYMENT
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EUROPE



RECOVERY, REFORM AND RESILIENCE

A Manifesto for more inclusive
and agile labour markets in
the context of Covid-19

WEATHERING THE ECONOMIC CRISIS THROUGH RECOVERY, REFORM AND RESILIENCE

Recovery

There is a strong need to drive economic recovery in Europe. Policies to contain the spread of the Covid-19 virus led to a contraction of gross domestic product across European economies. The sharpest GDP decrease across EU countries occurred in the second quarter of 2020 with a decline of -11.2%. In the first quarter of 2021, EU GDP decreased by 0.4%, compared with the previous quarter.

While the agency work sector has taken significant and unprecedented hits due to the Covid-19 pandemic and the containment measures (the number of hours worked declined by -65% in France and -45 percent in Belgium in May 2020), the industry demonstrated resilience and recovery with the gradual reopening of economies and labour markets in Europe. In the first quarter of 2021, the European agency work market grew by 8% compared with the same quarter the previous year - outperforming GDP growth, which remained negative at -1.7%. The private employment services industry has been instrumental in supporting sectoral shifts and supporting organisations to respond to economic shocks caused by the pandemic.

The demand for career management and outplacement services showcases the role of private employment services in fostering labour market transitions. Career management services rose by 10 percent in 2020 and an additional increase of 5 percent is expected for 2021.

Reform

For the recovery from Covid-19, it is essential to foster labour market reforms and sectoral shifts from declining or still closed sectors to those sectors and economic activities that are growing. These sectoral shifts need to drive green and digital transitions and support employment creation linked to new technologies and the move towards a carbon neutral economy.

In many European policies, initiatives supporting digital and green transitions must be coupled with structural labour market reforms, capitalising on diverse forms of work. Reforms need to value and support the role of career management services in fostering labour market transitions and integration, while policymakers should also lift existing, unjustified restrictions imposed on the agency work industry, thereby unlocking its job creation potential.

Reforms must be guided by the principle of social innovation, fostering new solutions for working, learning and social protection to the benefits of workers, employers and society at large.

Resilience

EU labour markets have so far shown a significant degree of resilience, mostly due to the extensive use of short-time working schemes by governments around across the EU. These were supported by the EU SURE initiative, as well as policies to secure the continuity of employment despite reduced labour demand during Covid-19 lockdown and containment measures. In the fourth quarter of 2020, 72.6% of the total EU population aged 20-64 were employed compared with 71.7% in the second quarter of 2020 and 73.2% in the fourth quarter of 2019. The EU employment rate is still down by 1.8% in the first quarter of 2021 compared to the same quarter in 2020, when the Covid-19 crisis started in Europe.

The EU Recovery and Resilience facility launched by the European Commission and adopted by EU Member States provides the stimulus package required to foster economic and social recovery in Europe and support companies and workers in adapting to the new normal. The European Commission should lay special focus on boosting employment, employability and related labour market reforms. While the roll out of the European and national vaccination programmes will allow a gradual return to the workplace, the Covid-19 pandemic is likely to have a more fundamental impact on the way we work and on work organisation. Many surveys show that remote working and collaborative work using new tools are likely to stay rather than being a temporary, crisis response. The private employment services industry is investing in and contributing to new ways of working and has set in place new solutions for remote working for diverse categories of workers. Managing economic and labour market risks has to be a key component in the implementation of national recovery and resilience plans.

The World Employment Confederation-Europe calls for national policies in the coming years to focus on recovery, reform and resilience. Recovery: through transitions and skills policies; reform: to implement social innovation for agile and dynamic labour markets; and resilience: helping companies to operate in the new normal through risk management, tackling unemployment risks and responsible intermediation

RECOVERY, REFORM AND RESILIENCE FOR INCLUSIVE AND AGILE LABOUR MARKETS



1 Fostering the recovery by supporting transitions to new economies

The Covid-19 pandemic accelerated the need for transitions to new economies

According to the World Economic Forum Future of Jobs Report, 85 million jobs will be displaced due to Covid-19 and 97 million will be added by 2025. The ILO estimates that 50 million employers around the world currently operate in highly impacted sectors, such as retail, hospitality, arts and entertainment, transport and real estate. This underlines the need to foster sectoral shifts and support people in moving from declining sectors into new role and sectors.

Upskilling and reskilling people is a key lever of smooth transitions into new and high-in-demand sectors or roles, thus supporting economic and social recovery in Europe. National and European education and training policies should be put in place to respond to these challenges, fostering work-based learning, capitalising on the benefits of digitisation by investing in digital and greener skills and supporting workers to acquire the competences that are needed in the new economic environment. Developing soft skills and offering career guidance through career management services are a key enabling factor for successful reskilling policies.

Harnessing new technology remains a major theme within the HR services sectors and across the wider business community in the context of both the Covid-19 pandemic and in the recovery phase. According to a McKinsey global survey, 36% of companies have accelerated the digitisation of supply chains since the start of the COVID-19 crisis. The data also shows 67% of companies accelerating automation and the use of AI. Over 20% of the workforce could work remotely three to five days a week as effectively as they could if working from an office.

The private employment services industry is enabling labour market transitions

The private employment services industry has a pivotal role to play within the “jobs reset” and in supporting workers in moving from declining to rising sectors. Its agency work and career management services will also play a major role in the re-skilling agendas that will underpin transitions to the new, post-pandemic economies.

The important function of the private employment services industry in upskilling and reskilling was already demonstrated in the early phases of the pandemic, when for example the Italian bipartite training fund invested one million Euro in training measures for agency workers - helping workers in times of crisis and supporting companies with the required talent. Moving forward, it will be essential to mainstream digital literacy and skills development across all levels of the education system and to develop adult literacy and numeracy as also reflected in the EU Skills Agenda.

Career management services are fundamental in supporting people at risk of losing their job today and preparing them for the transition tomorrow. Furthermore, these enable swift labour market transitions, awareness and matching of relevant skills investments. Demand for career management services in Europe is expected to increase by up to 20% in 2021, as a direct result of redundancies and the skills mismatch.

The private employment services industry is helping to make sense of the impact that current changes will have on recruitment supply chains (particularly with regards to the safe and effective supply of temporary agency work), on career management and on the selection procedures for permanent hiring and executive search.

Across European countries and private employment services industry markets, World Employment Confederation-Europe members illustrated that this ability to help make sense of a complex environment can open new doors and new markets for the sector - for example with regards to more SMEs making use of external recruitment providers. The private employment services industry stands ready to occupy the mainstream of the employment ecosystem.

Learn more about the practices of the private employment services industry in fostering the jobs reset, job transitions and skilling as well as the WEC-Europe position on minimum wages and platform work:

www.weceurope.org/topics-europe/

EU policies needed to support transitions to new economies and make sense of complexity

The World Employment Confederation-Europe fully supports the EU Skills agenda and welcomes the focus on digital and green transitions. Initiatives such as the Commission’s work on micro-credentials and individual learning accounts can be essential to fostering the transition to new economies and jobs, thus supporting recovery, reform and resilience at national level. There are particular challenges in the skills areas of automation and digitalisation in relation to efforts to transition to the green economy. At the same time, it will be important to adapt **skills policies** to national and local labour market needs. Europe still needs to maintain and accelerate reforms across further education and training systems to meet labour market requirements. Individual learning accounts can be an important part of national skills strategies in fostering transitions to new and rising jobs.

In supporting the transition to new economies, the European Commission and EU policymakers should make the promotion and valuing of **diverse forms of work** a condition of the EU funding available through the Recovery and Resilience Facility. The World Employment Confederation-Europe fully supports appropriate working conditions and social protections for diverse forms of work (including fixed-term contracts, part-time work, open-ended contracts and agency work), while regulation on diverse forms of work that is too burdensome or restrictive should be prevented.

Indeed, EU policymakers and stakeholders have also identified the need to respond to the fast-changing world of work and to make sense of complexity. The related policy objectives such as ensuring adequate pay and remuneration, an appropriate regulatory framework for temporary agency work and addressing the role of online talent platforms are fully supported by the private employment services industry.

At the same time, the World Employment Confederation-Europe has expressed concerns in recent months over some policy and regulatory instruments put forward at European level - such as the provisions in the proposed Directive on adequate minimum wages and EU criteria for minimum wage adequacy.

With regard to the intensely-debated role of **online talent platforms** in European labour markets, the World Employment Confederation-Europe calls for the correct application of existing EU and national regulation, while also respecting the diversity of business models and forms of organising work through online talent platforms. These can, for example, be based on: a direct employment relationship with workers; a triangular work relationship similar to temporary agency work; or on a self-employed model, thus without an employment relationship, but with other contractual arrangements between those providing and those offering services via online platforms.

2 Progressing on reforms by driving social purpose and innovation

The Covid-19 pandemic highlighted the need to drive social purpose and innovation

It has been argued that disenfranchised segments of the population have been one of the causes of rising populism in Europe. One of the ways to address this is through fulfilling work and progression opportunities. There is a need to tackle the emerging youth unemployment crisis with a high degree of energy to avoid a further risk of disenfranchisement. Youth unemployment increased disproportionately during the Covid-19 crisis and was roughly 10 percentage points above the overall unemployment rate in March 2021.

Social protection schemes in Europe need to be reformed in order to adapt them to the increasingly heterogeneous forms of organising work, ensuring that people in diverse forms of work have access to and are adequately covered by the national social protection schemes.

The private employment services industry drives social purpose and innovation

At the height of the COVID-19 crisis the private employment services sector was at the forefront in calling for national government support measures for employers and workers to also be applied to temporary and contract staff. The industry can take a lead in ensuring that future social protection mechanisms reflect the full diversity of working arrangements.

Fostering new labour contractual arrangements based on the existing employment statuses to reconcile flexibility and security should also continue to form part of the social innovation agenda. This could include more open-ended contracts for agency workers in countries where this is still prohibited or restricted. There are currently huge national disparities here, with the share of agency workers on open-ended contracts ranging from 2% in the Netherlands and 6% in France to 25% in Italy and 90% in Norway. Today, by offering quality employment access to training and social protection, the private employment services industry already contributes to the EU employment and social policy targets agreed during the recent 2021 Porto Social Summit. The private employment services industry fosters labour market participation for diverse groups including young people, previously unemployed people and people with disabilities.

EU policies needed to drive social purpose and innovation

With the May 2021 Porto Social Summit declaration the EU institutions have set the right course of action for driving social purpose and innovation. Increasing labour market participation, investing in skills and fighting social exclusions are an important EU policy framework to foster reforms at EU Member State level. The private employment services industry fully supports the new headline targets of the European Employment Strategy up to 2030, while calling for national policies that foster agile, dynamic and inclusive labour markets.

The World Employment Confederation-Europe encourages the European Commission to continue using the European Semester process and the EU country-specific recommendations to promote the reform of national **social protection** and social welfare schemes fostering transferable and portable rights. The EU Council Recommendation on access to social protection for workers and the self-employed provides an important, additional avenue for action to foster policy dialogue and national reforms driving social purpose and innovation. The Next Generation EU Recovery and Resilience Facility is an essential, additional policy instrument to provide support to those EU Member States most affected by the Covid-19 pandemic in fostering reform, resilience and recovery, in line with the new employment policy targets of the Action Plan on the European Pillar of Social Rights.

Learn more about the practices of the private employment services industry in driving social innovation and purpose, such as bipartite funds and organisations ensuring complementary social rights and benefits for agency workers:

www.socialinnovationstories.org/

3 Enhancing resilience by managing labour market risks and tackling the unemployment

The Covid-19 pandemic has accelerated labour market risks including the risk of rising unemployment

One of the legacies of the pandemic will be an enhanced focus on risk management. This applies to policymakers and to individual workers as well as to businesses. The HR services sector is in a unique position to manage workforce-related risks at a time of extreme volatility. For employers, in a “stop & go” economy, agile workforce solutions will play a central role in addressing current risks quickly and in also pre-empting future risks. Economies and labour markets are moving from ‘just in time’ staffing to ‘just in case’ HR solutions. This in no way seeks to ‘commoditise’ workers – it simply reflects the fact that it has become harder than ever for employers to pre-empt which skills and staff they may need to access.

The private employment services industry remains a key player in managing risks and challenges

Addressing immediate workforce challenges at speed was the main reason for using temporary agency work, even before the current volatility. For example, 82% of companies responding to a swisstaffing survey flagged short-term staffing needs as the main reason for using agency work. Monitoring ‘reasons for use’ and evolving client needs will be a priority in the post-Covid era. Not attracting the right staff is a material risk to business success – this applies to permanent recruitment as well as to temporary agency work, contractors and interim managers. According to a global McKinsey survey, even before the crisis, 87% of organisations said they were either currently experiencing skills gaps or expecting to do over the next 5-year period.

The private employment services industry can mitigate unemployment risks by enabling work, connecting individuals with new job opportunities, facilitating and accelerating transitions, and increasing job creation in a low-growth environment. It provides an important stepping-stone to the labour market and fulfils an essential labour market allocation role. Career management experts in particular play a huge role in facilitating fast transitions, often even avoiding unemployment, while employment service providers help large numbers of unemployed people gain a labour market foothold. In some countries – for example Greece and Germany - over 50% of agency workers were previously unemployed or inactive.

EU policy responses needed to manage risks and prevent unemployment

The EU Recovery and Resilience Facility Next Generation EU certainly provides a much-needed economic stimulus package to contribute to economic recovery, reform and resilience. It will be essential that the EU Member State national **recovery plans** are assessed in a timely manner and that all labour market actors that drive the recovery are involved in the national recovery programme, including the private employment services industry. The Career Management industry plays a strong role in fostering anticipation and the preparation of individuals at risk of losing their jobs. Career guidance and coaching are critical not only to the 2.5 million displaced workers that our sector represents, but also to all those in employment who we either directly enable to actively think about their work-life journey or who are supported by their respective employer as a result of the promotion of anticipatory mobility measures.

EU employment and social policy initiatives, such as the forthcoming initiative on working conditions in online talent platform work, should be subject to a Covid-19 recovery scrutiny test. Disproportionate obligations and burdens on companies linked to setting and adapting statutory minimum wages or pay transparency should be prevented. The European Network of **Public Employment Services** and public employment services across the EU Member States should continue their benchlearning programme on the role of public and private employment services and ways of working together to reach better labour market outcomes.



Find out examples of public-private partnerships on our [Social Innovation Stories website](#)

4 Sustaining resilience by fostering responsible intermediations delivered by the private employment services industry and by making labour markets work

The Covid-19 pandemic highlighted the need for responsible and sustainable intermediation and for making labour markets work

Adaptable, dynamic and flexible workforce solutions that are delivered through responsible and compliant providers, work for both workers and employers. The current Covid-19 crisis has shone a light on the importance of flexible and agile private employment services, which need to be based on three main dimensions: diverse forms of labour contracts, diverse forms of working time, and diverse forms of work location.

Responsible intermediation and using the benefits of diverse forms of work need to be built on several key elements, namely: compliance with and enforcement of existing, European and national labour law standards and rules; commitment to sectoral social dialogue and collective bargaining in accordance with national law and practices to reach positive outcomes for all parties involved; connecting people to the world of work, including a vital entry point for young people, long-term unemployed and under-represented groups; and delivering new forms of work under an organised and regulated framework (e.g. agency work, platform work).

The private employment services industry is a key player in providing responsible and sustainable intermediation that contributes to making labour markets work

The private employment services industry offers various, diverse HR services, which all contribute to responsible intermediation and to better functioning labour markets. In particular, these include temporary agency work, career management services and work via online talent platforms. Temporary agency work is a traditional form of intermediation offered by the private employment services industry, whereby a worker is employed by a temporary work agency to be assigned to a user company to work under its supervision and direction. In recent years, the private employment services industry has been increasingly tapping into providing services online. Online talent platforms can be based on the models of employment relationships, either direct or in a triangular work relationship or self-employment model. In the stop-and-go economy of the new normal, labour market transitions and career guidance together with career management are becoming increasingly important.

EU policies that foster responsible and sustainable intermediation and contribute to making labour markets work

For temporary agency work, an appropriate EU regulatory framework is in place based on **Directive 2008/104/EC on temporary agency work**. The Directive recognises the triangular work relationship, establishes the principle of equal treatment for agency workers while allowing for certain derogations, and sets limits to conditions and restrictions for temporary agency work. The World Employment Confederation-Europe fully supports the objectives of the Directive on temporary agency work and calls for action at European and national level to implement and enforce it.

Responsible intermediation is particularly relevant with regards to the use of **online talent platforms** and recruitment apps. At European level, the World Employment Confederation-Europe is actively contributing to the debate on online talent platforms and calls for the application and enforcement of existing EU and national rules and for similar services in a similar way. Diverse forms of work through online talent platforms should be valued as an instrument for inclusive and dynamic labour markets.

The **career management** and career guidance services of the private employment services industry should be valued and used to support transitions, contribute to activation and active labour market policies and to enhance the employability of workers.

Learn more
about responsible
intermediation:
[Agency work in Europe](#)

About the World Employment Confederation-Europe

The World Employment Confederation-Europe is the voice of the private employment services industry at the European level, representing national federations as well as workforce solutions companies from across Europe. Members of the World Employment Confederation-Europe represent a wide range of HR services, including agency work, direct recruitment, career management, Recruitment Process Outsourcing (RPO) and Managed Service Provider (MSP).

The World Employment Confederation-Europe works to broaden recognition of the positive economic and social role which the employment and recruitment industry plays in enabling work, adaptation, security and prosperity. This role involves building networks with relevant stakeholders such as policy makers, social partners and the academic world; setting high recruitment and employment standards and practices; acting as a thought-leader shaping futureproof and competitive labour markets and providing strategic data on employment issues. The World Employment Confederation-Europe is the recognised, EU sectoral social partner for temporary agency work.



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