The Europe We Want

Creating Futureproof Labour Markets that Work for All
The HR services industry’s vision for the 2024-2029 European political agenda: a new social contract, skills to empower and appropriate regulation in times of digitalisation.

EXECUTIVE SUMMARY

Economic analysis of the European Commission of Q2/2023 shows that European economies and labour markets have been resilient despite a challenging economic context. European economies are expected to grow between 1% and 1.6% in 2024.1

At the same time, labour markets have shown remarkable resilience to a challenging economic environment, featuring a record low unemployment rate (5.9% in May 2023)2 and a high labour market participation rate (75% in July 2023)3.

Yet, challenges still lie ahead in creating futureproof labour markets that work for all. The World Employment Confederation-Europe advocates putting Social Justice4 at the centre of the next political mandate of the European institutions in order to strike a balance between an enabling economic environment for companies and access to social protection for workers. This needs to include a focus on decent work, social protection for all and effective skills policies.

Social Justice in Europe needs to be based on a new social contract, which enables an economy and labour market that protects every person, provides skills that empower and set appropriate regulation in times of digitalisation. In October 2023, the Granada European Summit rightly put a focus for the coming years on ensuring fundamental rights, democracy and the rule of law. In the area of employment and social affairs, the emphasis was laid on competitiveness, skills and leaving no one behind.

The World Employment Confederation-Europe fully supports those strategic priorities. Responding to the needs of workers and companies in Europe, EU policymakers should focus on unlocking the potential of a diverse workforce. This needs to include talent planning in the age of AI, policies to address the missing workforce and attract talent to the labour markets and a focus on creating better and fairer career opportunities for every worker.

1 See also: Spring 2023 Economic Forecast (europa.eu)
2 Eurostat data
3 For more information: https://tradingeconomics.com/european-union/labor-force-participation-rate
4 Social Justice, as also defined and used in the ILO context, is linked to the ambition that all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, economic security and equal opportunity.
Private employment agencies placed 12.4 million people in labour markets in Europe, out of which 11.2 million through temporary agency work and 1.2 million through direct recruitment\(^5\). The private employment services industry enables more inclusive and resilient labour markets through a broad range of HR services, including agency work, direct recruitment and career management.

For the agency work sector in the European Union, the EU Directive on temporary agency work, as well as some other directives, provide the appropriate framework for regulation.

More than 15 years after the adoption of the Directive, the World Employment Confederation-Europe is convinced that, when assessed honestly and fairly, its main principles remain essential. These include the need to ensure appropriate regulation and to avoid unjustified restrictions on temporary agency work, as well as the principle of equal treatment and equal pay.

Progress is needed in ensuring compliance and enforcement in terms of conducting a fitness check of agency work regulation at the national level and removing unjustified restrictions. Furthermore, enforcement needs to look at equal treatment and pay, especially in cross-border situations.

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**A New Social Contract that Protects All**

The World Employment Confederation-Europe strongly believes in the essential value of diverse forms of work combined with effective social safety nets that provide social protection for all. This is the embodiment of Social Justice at the European level. As people are changing jobs, positions, and their employment status (as workers or self-employed) more frequently, there is an essential need to ensure the transferability and portability of rights to create stability and security in times of uncertainty and volatility. A new social contract should enable the economy while at the same time empowering and protecting everyone.

The Strategic Foresight Report published by the European Commission in 2023 highlighted some of these key elements for a strategic agenda with a focus on the demand for future skills, the quest for net zero emissions and well-being and the risk of eroding social cohesion.

A new social contract that protects people is important in a political environment described as “Brittle, Anxious, Non-linear and Incomprehensible”. It is instrumental to protecting all and reinforcing trust and confidence. A new social contract needs to look at intergenerational fairness, which becomes increasingly salient.

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\(^5\) Economic Report 2023, World Employment Confederation
The social contract of the past decades is not fully fit for the new socio-economic and societal realities. The implications of longer working lives will be profound for individuals, businesses, communities and governments.

European policies to empower and protect all should be closely linked to the UN sustainable development goals, especially SDG 8, which focuses on decent work and economic growth and SDG 4, which focuses on quality education and training.

From an HR services perspective, there are three areas of specific interest and importance which the new European Commission and Parliament should take up.

**Enable access to social protection for all.** An increasing number of workers want to have a choice and value to work via diverse forms of work, as directly employed workers, as agency workers in a triangular work relationship or as self-employed in a certain period of their life.

The World Employment Confederation-Europe calls for better valuing diverse forms of work and combining them with access to social protection for all. National social protection schemes should build on and combine elements of mandatory and voluntary contributions to social protection schemes. Complementary social benefits schemes, as they exist, for example, in the agency work industry via bipartite funds, should be better valued and encouraged if they match with national labour market traditions and needs.

**Ensure the transferability and portability of social protection.** While social protection schemes are mostly a national competence and should remain so, the EU Council Recommendation on Access to Social Protection provides valuable guidance on appropriate and modern social protection schemes.

The EU institutions should guide Member States in reforming social protection systems, ensuring social protection and benefits are becoming transferable and portable. The EU Council Recommendation on Access to Social Protection sets the right policy priorities in this area, while the next European Commission should continue the dialogue with EU Member States and promote labour market reforms that enable access to social protection for all and the transferability and portability of rights.

**Value and promote the diversity of labour contracts as an instrument to meet workers and employers’ needs.** A diversity of labour contracts, including open-ended contracts, part-time contracts, fixed-term contracts and specific agency work contracts, are best suited to meet the needs of modern, inclusive and futureproof labour markets.

When discussing a new social contract for Europe and designing employment and labour law policies, the next European Commission and the new European Parliament should be guided by the benefits and value of the diversity of labour contracts and forms of work. EU policies should ensure a fair level-playing field between diverse forms of work and labour contracts and work towards the removal of unjustified discrimination of certain forms of work.
Skills to Empower All in The Labour Market

In the context of digital and green transitions, skills and qualifications are the new currency to succeed in labour markets. Economic analysis and evidence in the HR services industry confirm the massive, transformative power that those transitions will have on labour markets in Europe. Demand for green talent will soon outpace supply. The share of green talent increased from 9.6% in 2015 to 13.3% in 2021 (growth rate of 38.5%). Thanks to its unique expertise and network, the HR services industry will play an instrumental role in equipping people with the right skills based on a demand-driven approach.

From an HR services perspective, there are five areas of specific interest and importance which the new European Commission and Parliament should take up.

Urgently address skills and labour shortages in Europe, including a focus on legal migration. Labour and skills shortages have been among the number one concerns of European employers. Labour shortages are often caused by mismatches between labour demand and supply, but the demographic ageing of European societies is accelerating the challenge.

Labour and skills shortages must be addressed based on a policy mix including increasing labour market participation, looking at all age groups, and creating an agenda that focuses on the investment in skills and qualifications with a particular focus on skills for the digital age, and targeted demand-driven legal migration policies. Attracting workers from third countries will become increasingly important as Europe is facing an ageing society and subsequent labour shortages.

Ensure fair labour mobility, the posting of workers and demand-driven legal migration. The EU Directive on the Posting of Workers (and the Posting of Workers Enforcement Directive) continues to provide the most appropriate framework for the cross-border provision of (agency work) services.

These Directives strike the right balance between unlocking the economic and social benefits of the European Single Market and ensuring the protection of workers and offering security.

The focus should be on fostering dialogue and information exchange and working towards better compliance and enforcement of these instruments. It should be recognised and valued that most agency workers who work in other EU Member States do so based on the fundamental freedoms of the EU Single Market.

The HR services industry is committed to enhancing job quality and legal compliance for mobile and migrant workers, contributing to a better balance between economic and social needs. Looking at attracting workers from third countries, the World Employment Confederation-Europe has been welcoming plans to foster legal migration, such as the initiative for an EU Talent Pool, which needs to build on the role of the HR services industry in labour market matching, develop partnerships between employers and public authorities and allow for simplified procedures for labour market tests. An EU Talent Pool not involving employers and HR services risks not delivering the desired labour market outcomes. Legal migration needs to follow a demand-driven approach and ensure compliance with rules and the protection of migrant workers.
Labour Mobility in Europe

Based on EU sources published in 2021, there are 17.9 million EU movers, of which 9.9 million are Active Movers (including employed, self-employed and jobseekers).

Over 50% of all movers of working age came from Romania, Poland, Italy, Portugal and Bulgaria.

26% of all EU movers of working age reside in Germany, and 28% in Spain, Italy or France.

The number of cross-border workers amounts to 1.5 million.

Design skills policies that equip workers in diverse forms of work with the right skills to succeed. To tackle skills and labour shortages, there is a need to equip workers in diverse forms of work with the right skills. Innovative training and upskilling solutions must be fostered, including apprenticeship schemes, dual learning and a skills-based hiring approach. Bipartite training funds and new strategies to equip workers with digital skills and competence to use artificial intelligence at the workplace are important to ensure continuous learning and upskilling.

An agenda for equipping workers with the right skills requires action at several levels, including the national and local levels to address specific needs, the European level for benchmarking and mutual learning, and the international level, for example, in the context of the OECD for strengthening international collaboration.

The European Commission’s initiative on individual learning accounts should be followed up during the next political mandate, ensuring that workers have access to the skills and training required, especially in the context of the digital and green transition.

Focus needs to be laid on access to funding for skills and training initiatives driven by social partners while recognising that the primary competence for skills and training policies is rightly allocated at the national (and often regional) level.

Cooperation between public and private employment services should be an integral element of effective skills and training policies. At the same time, partnerships between employment services also play a vital role in ensuring more dynamic, resilient and inclusive labour markets in Europe. At the European level, the European Network of Public Employment Services and the annual European Semester process are important forums and policies to discuss skills, active labour market policies and the role of employment services in reaching inclusive labour markets.

Value and promote social dialogue-driven and bipartite forms of providing access to skills and training. Social innovation understood as developing new forms of working, learning and social protection, is at the heart of the HR services industry. As demonstrated by a European research project, sectoral social partners have been pioneering in setting up, financing and developing innovative models for training, increasingly including a digital component. These practices should be valued at EU level through awareness raising, strengthening sectoral social dialogue at the European and national levels and by providing appropriate and effective access to funding for European and national sectoral social partners.
Strengthen career guidance and transition support in labour markets. Career management companies and the HR services industry are vital in offering career guidance and transition support in the labour market. Career guidance, outplacement and transition support are becoming increasingly important in the context of the digital and green transitions, which European economies and labour markets will have to manage in the coming years.

The World Employment Confederation-Europe, therefore, calls for effective career guidance and transition support through career management and private employment services. Such a policy is essential to enable labour market transitions and prevent periods of unemployment. It will also lead to socially responsible restructuring processes. This contributes to better labour market outcomes. Protecting people rather than jobs should be the guiding principle based on a new social contract for Europe.

Fair and appropriate regulation in times of digitalisation

The World Employment Confederation-Europe strongly believes in the value of fair and appropriate labour market regulation, especially in times of economic transformation and digitalisation. Appropriate regulation needs to value and enable diverse forms of work, ensure decent working conditions and social protection for all and allow companies to meet their business needs. Appropriate regulation in times of digitalisation is a shared responsibility of EU policymakers, national governments, parliament, and social partners. At the same time, the European Union should consider striving for economic and social convergence. Digitalisation also means an increasing move to hybrid work and a hybrid workforce.

From an HR services perspective, there are three areas of specific interest and importance that the new European Commission and Parliament should take up.

Implement existing European standards for the use of Artificial Intelligence in employment. An important dossier at the EU level between 2019 and 2023 has been to negotiate and agree on an EU Act on Artificial Intelligence, which is the first international standard on Artificial Intelligence. In addition, the EU General Data Protection Regulation (GDPR) defines essential guiding principles in the digital age.

While the AI Act mainly focuses on products and services, there is increasing evidence of the relevance of artificial intelligence in employment and labour markets. The World Employment Confederation-Europe believes that artificial intelligence needs to be based
on a human-centric approach. AI systems used in the recruitment and employment industry should be beneficial for individuals and society as a whole and be based on fairness, non-discrimination, diversity, inclusiveness and privacy.

European policies and standards for digitalisation and artificial intelligence should be embedded in a policy guided by the UN Sustainable Development Goal 8 on fair and protective employment.

Unlock the potential of a diverse workforce in the digital age. This should include talent planning in the age of AI, policies to address the missing workforce and attract talent to the labour markets and a focus on the jobs we want, implying creating better and fairer career opportunities for every worker.

Establish a level-playing field for digital labour platforms based on the correct classification of labour suppliers. The HR services industry welcomes the progress made between 2019 and 2024 to agree on an EU Directive on platform work. Digital labour platforms are not a new form of work but a way to organise work and provide services. The World Employment Confederation-Europe welcomes the focus on the correct classification of people performing platform work based on a legal presumption and the emphasis on transparency and human oversight of automated decision-making. From 2024 to 2029, the European Commission should work with the Member States to implement the new rules, ensure a fair level-playing field, and protect people performing platform work.

The HR Services Industry Contributes to Creating Labour Markets that Work for All

The HR services industry is committed to supporting the European Union in delivering its employment targets. But we also know that we cannot do this alone. In partnership with public employment services, social partners and policymakers at both European and national levels, we can contribute to shaping employment and social policies and offer fair and decent employment and working conditions. For the past five years, the World Employment Confederation-Europe and UNI-Europe, as EU Sectoral Social Partners for the Temporary Agency Work sector, adopted joint recommendations on topics such as the impact of the COVID-19 pandemic, skilling and the importance of social dialogue. This close collaboration is instrumental in driving social innovation and social justice.