



## WAYS OF USING FOREIGN EXPERIENCE TO SOLVE LABOR SHORTAGE PROBLEMS BY MANAGING MIGRATION PROCESSES

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The world around us is constantly changing. Technological, social and environmental changes have become unpredictable and gradually contributed to the employment situation around the world. Mass events that took place all over the world had a profound impact on life and work in Europe. No one is immune to these inevitable changes, but the labor market, especially across the continent, seems to be experiencing the worst.

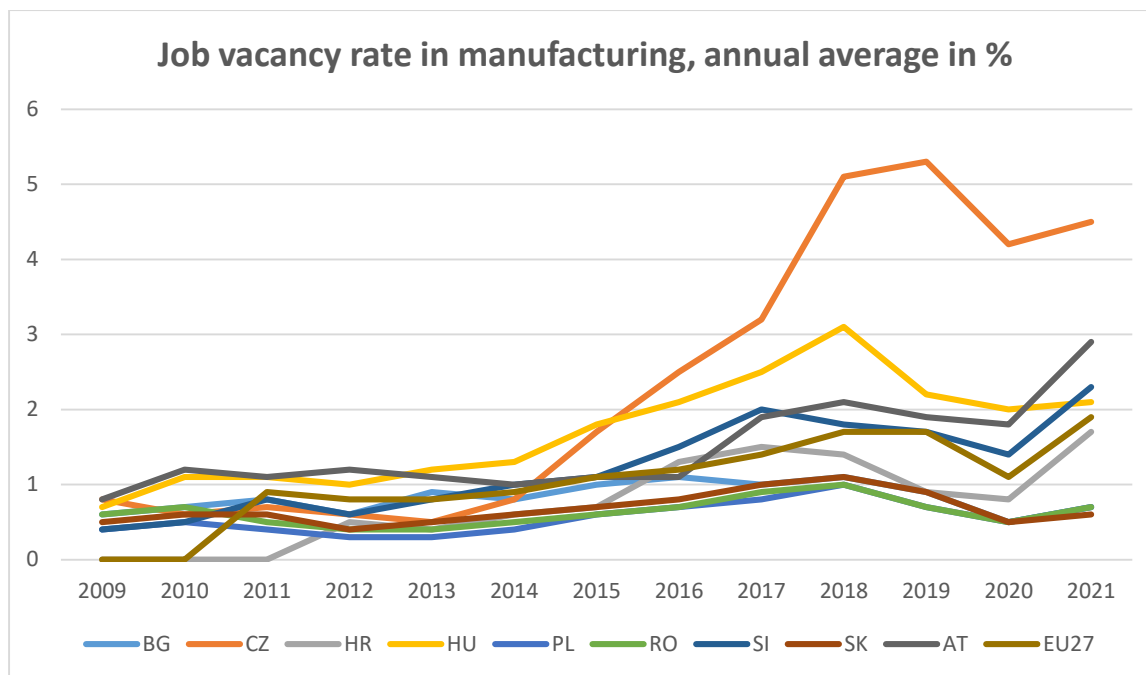
Wars and civil unrest around the world, especially close to Europe, had an impact on the European economy. They have always plagued the rest of Europe with a rising refugee problem and a skills gap. Countries such as France, the UK, Germany and Italy may experience long-term growth or even a slight contraction in the final two quarters of the year. This is not good news for the labor market across the continent.

Spain, Greece and Italy have the highest unemployment rates, with each state at 12.6 percent, 12.3 percent, and 8.1 percent, according to the statistics. Eurostat also said that as of June 2022, the employment rate in the EU economy and the Euro area was 6.0 percent and above. The unemployment rate can be interpreted as an indicator of unused labor capacity from an economic point of view.

This raises the inevitable question: Is there a labor force problem in the EU, including Britain? If so, what is it and can it play a role alongside IT solutions in mitigating the effects of these problems or creating a long-term solution to help the EU move forward?

Labor shortage in Europe. How serious is this challenge? The European labor market was already witnessing a downturn before Covid hit the scene. In 2019, the Eurofund clearly showed that 39% of European manufacturing companies showed increased labor shortages before the pandemic. The pandemic has exacerbated this problem, with the UK reporting a 30% increase in job vacancies since the pandemic. This is not a common occurrence, as it is the first time in British history that the government has recorded more job vacancies than unemployed people.

It becomes ironic when one realizes that there are more jobs than there are unemployed, but recruiters and employers cannot fill those vacancies. The problem is not limited to Britain, as French tire maker Michelin has reported that it will not be able to meet customer demand in 2021 due to labor shortages.



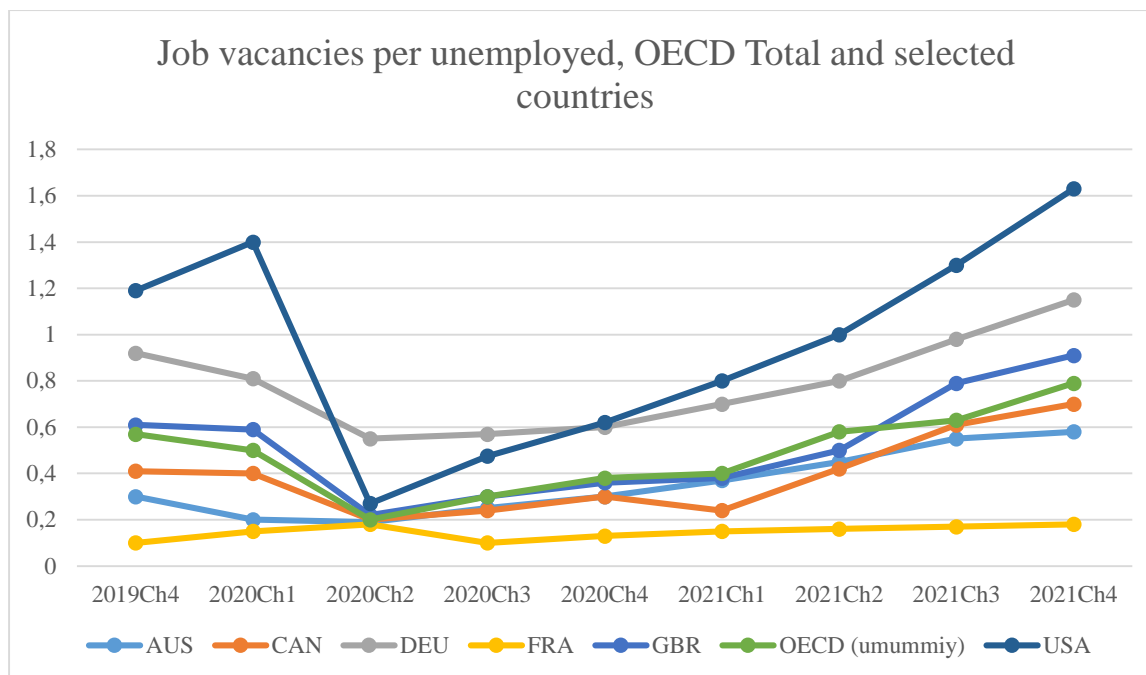
The annual percentage change of vacancies in European countries in 2009-2021 is shown (source: Eurostat)

Although unemployment and labor shortages or job gaps are similar, they are not the same. Unemployment means a situation where a person who is able to work and is ready to work has nothing to do. On the other hand, a labor shortage refers to a problem where there are not enough workers to fill certain roles or the existing workforce does not have the skills to fill the available jobs. The situation in Europe is actually very difficult and if individuals and companies do not implement appropriate solutions, the economic contraction may worsen. Then the question arises, what are the main causes of this problem?

#### **European labor trends and how they affect companies and employment?**

Labor shortages in Europe are occurring for a number of complex reasons, but here are a few areas to provide a framework for better understanding.

The pandemic has had a serious impact on employment. The pandemic has had a major impact on how work is done and the skills needed for employment. The pandemic caused 5 million workers to fall from the workforce in the first half of 2020. It didn't stop there; Due to the nature of the pandemic, non-essential workers are not allowed to work. There were temporary and permanent layoffs as many businesses were inactive. Young people also got the short end of the stick, as they experienced more job losses. They are often dismissed easily because of the position they hold. The impact of the pandemic has also included reduced wages for many as a result of reduced working hours.



The graph above shows the ratio of vacancies per unemployed person in the OECD and selected countries during the pandemic. (source: Eurostat)

Advances in technology and the need for more technicians. It's not scary, but technological advancements make many routine tasks easier. The manufacturing industry is one of the sectors where this trend is likely to prevail. Many industries, including healthcare, are starting to incorporate more technological elements into their daily work. This does not negate the need for skilled labor; Instead, it opens up a job gap that most people won't fill quickly. At the same time, this may lead to an increase in the unemployment rate; it also leaves room for those who can adequately handle these changes, creating a labor shortage.

Demand for IT workers is increasing across the continent. Belgium is in high demand for IT Developers, Functional Analysts, Business Analysts, Data Scientists and Cyber Security Specialists. Roles in artificial intelligence are also open. Countries like Germany are beginning to outsource these positions to candidates outside their own countries, sourcing as far as Eastern Europe for qualified candidates.

Unsatisfactory working conditions. Many people began to leave their previous jobs in the United States. This depends on many reasons, but they are usually related to their job satisfaction and the working conditions provided to them. The relationship between employees and employers plays an important role in how many workers are now in the role, and the pandemic has somehow increased the courage of workers to change jobs when working conditions are not favorable. This includes job mobility or the option to work from home during the pandemic. Other options, such as payment and office management, also play a role. This has always created a hole in some labor markets, and many employers are looking for ways to close that gap. To that end, the answer is to increase wages and other compensation, especially in technology-related industries. Countries such as the Netherlands and Ireland have seen steady growth in wages for workers with technology skills.

Availability of labor without additional skill sets. It's the opposite of what was said before, because many roles need to be filled, but the number of people available to fill them isn't qualified. Many European countries, including the UK, the Netherlands, Belgium, Ireland and

Germany, have experienced an increase in the time to fill jobs. This change was most noticeable in highly skilled industries, where demand exceeded supply. Overall, the turnaround time for these high-demand areas increased by more than a week compared to last year. Looking at individual countries, the Netherlands saw an increase in job vacancies as it eased its efforts to contain COVID-19, which led to fewer candidates and longer lead times to find them. brought Germany is also facing a shortage of qualified candidates as there are not enough candidates to fill more IT projects and positions across the country.

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