

# A CREATIVE APPROACH TO SHORTAGES IN THE LABOUR MARKET

## AN INVENTORY OF INNOVATING PRACTICES

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### 1. Abstract

The Flemish labour market is confronted with surging tension. An increasing number of companies and sectors are faced with a growing number of hard-to-fill vacancies, and the situation is becoming problematic. After all, in times of need to increase the employment rate, hard-to-fill vacancies and longer vacancy filling periods are the most direct starting points to enhance economic growth. Given the coinciding processes of dejuvenation and ageing, the current tension on the market is not expected to pass over soon. An additional problem according to companies is the fact that the shortages seem to take the form of acute problems ever more often.

Resolving these acute hard to fill vacancies using the 'normal' instruments does not seem at all obvious. This study outlines innovating strategies to solve the problem of acute hard-to-fill vacancies. It focuses specifically on verifying what works and what doesn't, with an eye to improving and optimising both business company strategies and supportive policies. The definition of the concept 'acute hard to fill vacancies' was based on vacancies at the company level: vacancies that employers have labelled as being hard-to-fill. The study combines exploratory and evaluation research. 12 case studies were conducted: six cases at a company level and six cross-business cases whereby public and private intermediaries developed strategies to solve acute hard to fill vacancies (meso cases).

First of all, the study provided a definition of 'acute' hard to fill vacancies by distinguishing two variants: (1) bottlenecks arising from the fact that the vacancy remains unfilled, but that do not cause immediate harm to the company; and (2) bottlenecks caused by vacancies whose immediate filling is required for continuation of services or a company's continuity, etc.

Innovating strategies -from a business perspective- were found for positions that do not require experience, diplomas or specific skills, and for technical positions and positions that require a higher education. The first position type underlined the importance of 'tailored' referral of the target group. For technical positions, the combination of lowering the recruitment requirements and linking to in-house training programmes proved particularly successful. Finally, in the case of higher education positions, particularly the 'pool concepts' appeared to contribute to quick filling of the vacancies.

The meso cases offered some key starting points for regular policy-making. Their clear added value to quickly and effectively resolving hard to fill vacancies is ascribed to three interconnected factors: 'demand-orientation', 'output-orientation' and 'operational efficiency'. The study concludes that (1) there are plenty of strategies capable of remedying (acute) bottlenecks within a relatively brief period without the need for extensive structural programmes, e.g. via education; (2) targeted referral is required; (3) cooperation and networking are key aspects; (4) the Regional Socio-economic Consultancy Committees (RESOCs), Socio-economic Regional Councils (SERRs) and sector organisations fulfil an important supportive role; (5) the offer could be expanded by monitoring the search behaviour of jobseekers and labour migration; and (6) there is a need of demand-oriented training programmes.

#### **Key words:**

Acute hard-to-fill vacancies, vacancy referrals, labour market policy, business strategy.

### 2. Objectives

The objective of the study may be summarised as verifying what works and what doesn't in dealing with acute hard-to-fill vacancies, with a view to improving and optimising both business company strategies and the supporting policy. It focused on the following questions:

- "Which innovating strategies do companies use to solve the problem of acute hard-to-fill vacancies?"
- "Which innovating strategies are being developed by both private and public or semi-public intermediaries in order to remedy acute shortage? Do these strategies warrant quick and effective filling of a vacancy?"
- "Which gaps in the regular offer do the cases address via the applied strategies and which lessons can be learnt with respect to dealing with acute hard to fill vacancies?"

### Clarification of key concepts

This study defines **acute hard to fill vacancies** as follows: (1) they involve a large number of vacancies in proportion to the total number of job vacancies in the company; (2) the managing director perceives filling them, or rather - the impossibility to fill them, as an acute problem.

**VDAB**: the Flemish Service for Employment and Vocational Training, i.e. the Flemish Public Employment Service.

**RESOC**: Regional Socio-economic Consultancy Committee

**Sector covenants** are collaboration agreements between sectors and the Government of Flanders addressing actual themes, e.g. increasing diversity at the work floor, improved synchronisation of education and labour market, and promoting lifelong learning.

**Sector organisations** are jointly controlled organisations financed by contributions from the sector. Sector organisations may work for one or more joint committees and they can be committed to either blue or white-collar employees, or both (De Rick & Vermaut, 2009).

**SERR**: Socio-economic Regional Council

## 3. Methods and data

This study combined exploratory and evaluative research to gain an insight into possible strategies on the one hand, and checking their success on the other. Twelve case studies were conducted: six at a company level (company cases) and six cross-business strategies (meso cases). A large variety between cases was targeted in line with the exploratory character of the research. The selection of company cases explicitly focused on companies that were coping with acute bottlenecks and were seeking media attention to discuss and solve these problems. The cases at a meso-level served to check which cross-business strategies were developed to remedy acute bottlenecks. Identification of the factors enabling quick and effective filling of vacancies took a central position in this respect.

### Methodological explanation

**Table 1.1** The selected cases

<b>Intermediaries (meso cases)</b>	<b>Hard-to-fill vacancy</b>
Express Medical	Care-giving staff
Fruitcel Limburg	Fruit picker
GRAFOC	Trade finisher
RESOC Louvain	Maintenance staff
Manpower Logistic Academy	Forklift truck driver
COMOKRA	Mobile crane operator
<b>Business organisations</b>	
Thermote & Vanhalst	Various engineering positions
The Brussels Airport Company	Various positions
Optibel	Cleaner
Smet Boring	Various engineering positions
Familiehulp	Cleaner
Imelda Hospital and ZNA	Care-giving staff

## 4. Findings

### 4.1 Positions that don't require experience, a diploma or specific skills

A large number of cases showed positions that can be filled by jobseekers that don't have a diploma, experience, or specific skills. The main requirements for these jobs included motivation, work ethic and in some cases and excellent physical condition. The key problem with respect to these positions, is not enough influx. Experience shows that the rather 'passive' strategies - from a business point of view - for filling these vacancies such as placing ads, promotion via VDAB, etc., are not successful. A remarkable finding was that companies use direct communication and often highly original methods to get in touch with potential employees, e.g. via job fairs, low-threshold initiatives such as breakfast sessions, etc. Key conditions in this respect are 'tailored' communication with the target group and keeping the thresholds as low as possible.

The cases were unable to provide a clear answer to the question to which degree media strategies can be useful to generate more influx to low-skilled positions. In one specific case they completely failed to produce the desired influx. Media strategies and referral strategies seem to largely depend on the image of the position/company/sector as well as on the attractiveness of the job offer. The latter must have a certain level of attraction. Positions that

combine poor labour circumstances and conditions remain hard to fill. Possible solutions here include 'job migration', limiting unemployment allowances over time, and more options to (be allowed to) offer better labour conditions.

The role of the meso cases - the public and private intermediaries - in the referrals towards these positions mainly consists of providing support to companies that have influx issues by helping to structure that guidance on the basis of their specific knowledge of deprived groups, the local labour market, the sector, etc. These cases focus on a 'tailored' referral approach, i.e. preparation of specific influx actions in accordance with the type of vacancy and hence with the type of target group that must be reached. This implies an analysis of the search behaviour of the potential candidates and use of networks through which the potential target group can be reached.

The study concludes that a generalist approach of hard-to-fill vacancies with not enough influx is not the preferred route and that a resolution tailored to the vacancy, and hence to the target group one aims to reach, is necessary. This applies to the approach of businesses, e.g. via ads, as well as intermediaries. This does not mean, however, that the solution for certain positions must be sought in more adequate referrals only. Despite many actions in the fruit sector, for instance, it proved impossible to find the necessary manpower. In order to fill that type of job it is necessary to enhance the attractiveness of the job (e.g. better pay) and the image of the sector as a whole.

#### **4.2. Technical profiles**

In almost 50% of the cases the search involved a 'technical profile': jobseekers possessing a specific certificate (forklift truck driver, machinist ...) or technological skills, which often implied a completed technical secondary education, or a completed seventh grade in a technological vocational secondary education. With respect to these positions, the lack of influx is much less of a problem than the lack of specific competences or certificates.

Companies use various strategies to fill these vacancies. A first cluster of strategies concentrates on finding jobseekers that possess the required skills. Just as for positions that do not require technical skills, these strategies use several types of direct communication. An important distinction, however, is in the fact that the companies approach technical education students or graduates by offering them traineeships at the company or by arranging job cafes, etc. Although this strategy may provide a solution for individual companies, it does not provide a solution at a cross-business level due to the shortage of people with technical skills in the labour market. After all, the hiring of a technically skilled individual by one company, implies one less opportunity for another person. An additional requirement is that there should be a school training programme for the position in question.

A second cluster of strategies therefore focuses on recruiting jobseekers who have not taken any technical training, but who should have a 'technical aptitude'. Here, the company lowers its recruitment requirements and links this to an in-house training policy. This strategy seems successful but is not obvious. Some of the preconditions include a certain company scale that allows for arrangement of in-house training programmes, a factor that a number of cases appear to lack. It requires extensive flexibility in terms of planning and training moments. Moreover, the instructors in the companies are not always available.

Meso cases strongly respond to this by setting up targeted training routes, either from a consultation with or in cooperation with employers. All these 'training cases' follow the same principles. First of all, the training programmes are highly demand-oriented: the required competences are checked with the employers. This serves as the basis for creating the content of the training programme, which aims at maximum synchronisation with the demand of the employer. Secondly and in connection therewith, one notices the prominent flexibility of the training content. In one case, for instance, the training was adaptable to the demand of the individual company; another case showed how the training content was monitored via a permanent working group and adapted as necessary. And finally, another remarkable element of the training cases is their strong output orientation.

Considerable similarities could also be noted with respect to the set-up methods of the training programmes. The courses all take place within a business environment, which offers the advantage of providing jobseekers an impression of the working circumstances and reducing the transition from the 'training floor' to the 'work floor'. Courses are kept as short as possible to remedy the 'lock in' effect. Strategies to achieve this include: working with minimum competences and limiting class size to enable pupils to get maximum practical experience in the least possible time and to allow for individual mentoring.

#### **4.3 Bachelor's and Master's**

Given the nature of the research, few cases were found that could provide a solution that ensures quick filling of high-skilled vacancies. The study was limited to nursing positions. At a business level, the main strategies focus on ensuring the influx of graduate nurses, a strategy that proved successful for the studied case. Although this may, therefore, be a solution for the hospital in question, at a regional or Flemish level it merely constitutes a shift of the problem. Given that the population of this sector is close to full employment, general referral strategies or media strategies are not highly useful here. The studied meso case endeavours to solve highly acute bottlenecks through a 'pool concept'. Quite remarkably, it manages to let nurses re-enter the labour market or prevents them from leaving the sector by using a highly specific referral mix and by offering duty rosters 'a la carte'. More fundamental structural solutions are, however, outside the reach of intermediaries or companies and must be sought in promoting the influx into education.

## 5. Conclusions and policy implications

### 5.1. Need for targeted referrals

Both the business cases and the meso cases show that companies only seldom turn to public labour market actors, either public or not, to solve their hard-to-fill, or acute hard-to-fill vacancies. Lack of demand orientation of the public employment agency is named as the most important reason, which according to the companies, shows from the low number of suitable referred candidates. Businesses therefore arrange initiatives specifically targeted at the sector or at their company, such as setting up their own vacancy database, addressing various recruitment channels, organising niche job fairs, etc. In their opinion, for labour market actors to play a bigger role in solving hard-to-fill vacancies, they must meet the need for more demand-oriented intervention. The latter is defined as better adaptation of the screening to the company requirements, resulting in larger referral of suitable candidates.

The meso cases respond to this bottleneck by giving screening a -very- important role within their operation. Screening, by the way, that is tuned towards the specific requirements of the sector or the company. The importance of screening in the meso cases is partly inspired by the fact that it always involves vacancies that had to objectifiable requirements attached to them in terms of experience, diploma or attestations. The existing generic approach seems hardly adequate for these profiles: motivation, 'technical affinity', job-specific Dutch, etc., are qualities that are hard to capture. That is why in practically all cases, there is a demand-related contribution to the screening via consultation of companies to provide input for the development of sector-specific tests, the set-up of a competence profile together with companies that can serve as the basis for the screening, the company that takes part in the screening, sector consultants or executives who perform the screening based on their expertise ... Therefore in most cases, the screenings are conducted by 'specialists'. The aim of the 'tailored' screening is to be able to refer only those jobseekers who meet the demanded profile.

Concluding, we can state that sector-specific or even company-specific screenings are required in order to accomplish better targeted referrals. This most certainly applies with respect to positions whose requirements are not readily objectifiable. VDAB sector screenings partially meet the demand for more sector-specific screenings, but they are one-off actions and have a 'curative' nature. Apparently, many companies don't use or have stopped using VDAB for candidate referral. For this reason it is necessary to clearly communicate any screening efforts undertaken by VDAB to companies and sectors.

### 5.2 The importance of cooperation and networking

The meso cases clearly show that solving hard to fill vacancies is a matter of cooperation between various actors: companies, sector organisations, public and private players, etc. The cooperation at a meso level guarantees intensive contacts with employers/employer unions, either formally by way of a permanent consultation structure, or ad hoc or via research, and is thus a precondition to bring about the necessary demand orientation. Secondly, the cooperation can serve to utilize the complementarity of private and public partners. For instance, VDAB is strong from the supply point of view and most certainly also in terms of education. Private players, i.e. sectors and companies are strong from the demand angle. Using that complementarity will enhance efficiency and effectiveness in matching. Finally, cooperation in terms of clustering resources, either financial or otherwise, and instruments can be necessary in order to realise strategies. Government policy has an important role to play in facilitating those types of partnerships.

### 5.3 The role of RESOCs/SERRs and sector organisations

A remarkable aspect within the cases is the role of RESOCs/SERRs and sector organisations. Inspired by sector covenants, certain sector organisations seem to have taken on a 'new' role: instead of passively paying allowances for employee training programmes, they are now actively participating in solving hard to fill vacancies, becoming a supporting and sometimes coordinating player in the process. In doing so, they contribute sector-specific knowledge and for this reason, further stimulation of the sectors via sector covenants seems advisable.

The RESOCs also play an active role in the meso cases, not so much as actors but by providing support and advice to companies in solving hard to fill vacancies, applying their knowledge of deprived groups and (actors in) the local employment market in the process. In this context they sometimes assume the part of operational coordinator. Enhancement of this coordinating role in supporting and mobilising projects and the detection of needs would seem appropriate.

### 5.4 Increasing the labour supply by controlling search behaviour of jobseekers and job migration?

It must be noted that stricter control and stricter referring policies add little to increasing labour supply. After all, activating unwilling jobseekers can also be considered as a strategy to increase labour supply. Both the companies and the meso cases heavily focus their screening efforts on motivation and they make a great effort to select only those jobseekers who are willing to get to work as soon as possible. In this context, jobseekers with an obligation to apply for jobs and those who showed an interest in taking a course but did not intend to get to work immediately, are not included in the selection. Therefore, although a stricter control may contribute in detecting jobseekers who are not willing to work, it won't help to solve the hard to fill vacancies.

Increasing labour supply by opening up the borders does not seem to be the miracle solution either. Although this regulation seems to work in the fruit sector, it is less obvious in other sectors such as the medical branch for reasons of language knowledge and specificity of the training. In addition, the question is justified whether widening the labour market is not simply a convenience solution. One company case claimed that labour migration was the only

solution to find cleaning staff, one meso case on the other hand succeeded in mobilising 80 jobseekers for a maintenance position through 'tailored referrals'.

### **5.5 Demand-oriented training programmes**

Finally, short and highly demand-oriented training programmes proved to be an effective means to quickly solve bottlenecks. Although not impossible, arranging that type of in-house training is not easy and most certainly not obvious for smaller companies. The associated government policy could play an important role in this respect.

*Full reference of study report(s) and or paper(s) and other key publications of the study summarised here*

**De Cuyper, P., Lamberts, M., & Struyven, L. (2008). *Creatief met knelpunten op de arbeidsmarkt. Een inventarisatie van vernieuwende praktijken*. Leuven: HIVA-KULeuven.**

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