



# **European Network of Public Employment Services**

## **Early intervention and job-to- job transitions: the evolving role of PES**

Thematic Paper

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# Early intervention and job-to-job transitions: the evolving role of PES

Thematic Paper

The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014, amended in 2020. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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## EXECUTIVE SUMMARY

European labour markets are facing major challenges due to the green, demographic, and digital transitions, with developments in technology such as artificial intelligence (AI) likely to reshape jobs. Accordingly, public employment services (PES) are increasingly providing preventive services and upskilling programmes for employees at risk of job loss: most PES (25 out of 31) now reach out to at-risk employed workers or employed workers in vulnerable situations<sup>1</sup>. PES are involved in skills assessment and development, and more than half offer upskilling activities to employed persons.

A Thematic Review Workshop in Lithuania in September 2024 as part of the European Network of Public Employment Services' (PES Network) activities examined innovative preventive services. It focused on: 1) career counselling for more job-to-job transitions; 2) upskilling of employees to prevent job loss; and 3) engaging with and providing services for employers.

**Career counselling for employees is a key building block for preventive services**, with significant developments in recent years. Firstly, career counselling is now provided to adult employees in career centres that previously focused on young people. Secondly, PES are actively promoting career counselling in various environments, ranging from workplaces to more informal settings, with flexibility in channels, timing and location seen as key. Thirdly, while these services often have a branding distinct from PES, they are not necessarily outsourced. More needs to be done to draw **attention to the value of career counselling** to increase take-up among vulnerable employees, including customising information in suitable formats for stakeholders and clients.

Employer counsellors and **services for employers are also evolving**. More than 80% of PES are also increasing the range of services offered to employers. Employer counsellors are taking an active role in providing tailored services based on their human resources (HR) vision. Some PES are now establishing local networks of (large) employers to facilitate job-to-job transitions. HR and skills counselling are increasingly provided by PES, especially for small and medium-sized enterprises (SMEs), to support workforce planning and promote upskilling. Employer counsellors are central to employer buy-in to preventive services, facilitating employee counselling and provision of information by employers. However, significant work is needed to convince employers to invest in training for their employees in a prevention perspective. PES can offer valuable support on HR issues, including showing employers the business case for investing in skills rather than letting workers go. Concrete data on the cost of unfilled vacancies can increase employers' buy-in and the value of participating in counselling activities.

**PES are significantly contributing to financing upskilling activities for employees** at risk of losing their jobs. Training tends to focus on transversal skills and varies in duration and topic. For example, it can include shorter information technology or language courses (with typical duration of a couple of weeks) or longer vocational courses (which can be spread over several months). Upskilling should prepare employees for current and future challenges (e.g. via digital and green skills). Employees from vulnerable backgrounds and SMEs are eligible for significantly higher financial supports, although it remains unclear whether this is sufficient to ensure buy-in from those who most need such support.

In recent years, the PES mandate has evolved to address new challenges in the labour market. **An increasing number of PES now provide services facilitating the emerging area of job-to-job transitions**. Questions on the targeting of such activities include whether services should be provided in a no-threshold or a low-threshold manner,

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<sup>1</sup> European Network of Public Employment Services (2023), [Trends in PES – Assessment report on PES Capacity](#).

to all who are interested or be more targeted, whether employees or solely employers should be addressed, the extent to which employers need to be involved, and the proportion of costs to be borne by the PES (and the State). Another consideration is whether employees should make a nominal financial contribution to ensure their commitment. PES and partners need more information on the likely transformation of the skill content of jobs to design policies tailored appropriately to the needs of vulnerable employees.

**Skills intelligence and skills forecasting** activities can help PES to better understand the future skills needed by employers and employees, as can surveys of employers' skills needs. In-depth analysis of current work-to-work transitions will help PES to establish the most common transferable skills and feed that information into upskilling activities.

As emerging areas for PES, there is **strong interest in developing a business case for preventive services and upskilling programmes**. PES are gathering evidence to demonstrate the added value of these to prevent unemployment. It is useful to look at what works, the most cost-effective services, investment in data analysis, and designing evaluations early. Small-scale pilots can be useful to test new approaches. Although quantitative impact evaluation in prevention is complex, the availability of linked employer-employee administrative databases can facilitate such assessments.

## PREVENTION OF UNEMPLOYMENT: COUNSELLING AND UPSKILLING

### The evolving mandate of PES

PES now cover those at risk of job losses and workers in career transition, closely collaborate with employers to provide upskilling services, and facilitate job-to-job transitions.



### Career counselling



Flexibility in terms of channels, timing and locations (including career centres previously focused on young people) to ensure buy-in of employees.



More needs to be done to show the value of career counselling to increase take-up among vulnerable employees.

### Engaging employers



Tailor-made services packages, counselling and complementary skills planning services are needed.



Use evidence of the financial impact of unfilled vacancies to increase employers' buy-in.

### Upskilling employees



Financial aid to support SMEs in upskilling activities is a key step towards preventing job losses with PES contributing significantly.



Reimbursement of training costs and lost working hours are necessary.

### Targeting preventative services



To understand future employer needs PES can undertake skills intelligence and skills forecasting activities in addition to surveys of employers' skills needs.



Low-threshold services are useful for employees, but some form of 'profiling' is needed.

### Evaluating preventative services



PES can invest in data analysis and evaluation design at the start of programmes to understand what works and why.



Launching small-scale pilots, and learning from their lessons, can be an effective way to increase awareness and buy-in.





## 1. INTRODUCTION AND BACKGROUND

European labour markets are facing major challenges, notably due to technological, green and demographic transitions, the so-called triple transition, which are expected to alter the evolution of the labour market to 2030<sup>2</sup>. New technology developments such as artificial intelligence (AI) are likely to change the content of work in the near future. In a context of economic stagnation, employment rates remain above 75%<sup>3</sup> and labour and skills shortages persist in Europe, especially among small and medium-sized enterprises (SMEs)<sup>4</sup>. Public employment services (PES) are increasingly working with employers, providing preventive services and upskilling programmes to employees at risk of losing their jobs (potentially due to technological changes or greening). Such measures also contribute to alleviating skills shortages.

Workers assumed to be most affected by technological changes are often doing routine (i.e. easily programmable) tasks and have low-to-medium levels of formal education and low digital skills. Given their limited resources, they will likely need support from public institutions to adapt to the current and future needs of the labour market. The European Commission's updated Skills Agenda<sup>5</sup> in 2020 emphasises the need for upskilling and calls for stronger cooperation between different public and private institutions. The recent PES Network Memorandum to the next European Leadership calls for a 'European Decade of Skills' and for exploring a 'right to training for all', highlighting the need for PES, other labour market actors and the education sector to develop new initiatives, improve coordination and establish or strengthen partnerships. It also stresses the need for PES and their partners to provide upskilling and reskilling services<sup>6</sup>.

While new evidence and research shows that European Union (EU) Member States are likely to experience differential trends in the adoption of new technologies based on their initial skills mix and wage levels<sup>7</sup>, all European economies will experience change. Some research shows that overall employment is unlikely to decrease due to technological change, as most workers can move to less routine tasks; nevertheless, some groups might not be able to adapt. Successful adoption of frontier technologies<sup>8</sup> requires complementary investment in workers' skills and restructuring, with larger firms better prepared to recognise and invest effectively in upskilling workers<sup>9</sup>. Some available evidence suggests that adopting the newest (AI-based) technologies leads to a decrease in training for incumbent workers<sup>10</sup>. However, in countries with relatively high public spending on training, employers reduce training to a lesser extent<sup>11</sup>. This points to a clear role for PES

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<sup>2</sup> Council of the European Union (2023), [A social, green and digital transition - Council conclusions](#).

<sup>3</sup> European Commission (2024), [Employment and Social Developments in Europe 2024](#).

<sup>4</sup> European Commission (2024), [Press Release Tackling labour and skills shortages in the EU](#).

<sup>5</sup> European Commission (2020), [European Skills Agenda for sustainable competitiveness, social fairness and resilience](#).

<sup>6</sup> European Network of Public Employment Services (2024), [PES Network Memorandum for the next European leadership](#).

<sup>7</sup> Bachmann, R., M. Gonschor, P. Lewandowski, K. Madon (2024), 'The effects of robots on labour market transitions in Europe', *Structural Change and Economic Dynamics*, 70: 422-441.

<sup>8</sup> Frontier technologies mean solutions which are fully integrated into firms' central IT systems, facilitating largely automated work processes without human intervention. This includes self-controlled production tools, such as smart factories, cyber-physical systems, and Internet of Things.

<sup>9</sup> Arntz, M., S. Genz, T. Gregory, F. Lehmer and U. Zierahn-Weilage (2024), *De-routinisation in the Fourth Industrial Revolution – Firm-Level Evidence*, ZEW Discussion Paper No. 24-005.

<sup>10</sup> Mühlemann, S. (2024), *AI Adoption and Workplace Training*, IZA DP No. 17367.

<sup>11</sup> Brunello, G., D. Rückert, C. Weiss and P. Wruuck (2023), *Advanced digital technologies and investment in employee training: Complements or substitutes?*, EIB Working Papers 2023/01.

in encouraging, facilitating, and supporting upskilling activities by providing career counselling and financial support for employees at risk of losing their jobs.

### 1.1 Evolving PES mandate

When the PES Network was formalised in 2014, few PES had a mandate to put forward ambitious programmes and services<sup>12</sup>. At the time, policies to help workers at risk of unemployment to make job-to-job transitions were not typically PES objectives.

One exception was the German PES where, by law, workers who have received a notice of dismissal or have a fixed-term contract approaching its end are required to register with the PES as jobseekers, at most one month before the end of the employment relationship. Preventing unemployment is thus a focal point for the PES, which adopted the specific (quantitative) target of improving job-to-job transition rates as early as 2008.

In most other PES working with at-risk employees, prevention is not linked to an explicit performance objective. Rather, it emerged in response to the dual threats of job-loss due to technological transformations and skill shortages, as well as longstanding roles and visions of these PES<sup>13</sup>. For instance, the PES of the Belgian Flemish Region (VDAB) has a longstanding vision to be the provider of career services to citizens throughout their lives, thus facilitates job-to-job transitions. Similarly, in Estonia, various employers highlighted the need for preventive measures<sup>14</sup>. More recently, the Netherlands' PES has been looking at prevention via cooperation, based on the assumption that countering the consequences of technological changes requires the creation of high quality jobs through cooperating with social partners to mobilise existing resources and invest in lifelong learning. The Lithuanian PES also recently invested in career guidance to facilitate job-to-job transitions, which may be due to technological changes.

The COVID-19 pandemic accelerated changes, with PES' evolving to offer more preventive services, which have since become a key pillar in a context of growing skills shortages. During the pandemic, PES in many Member States took the lead in coordinating crisis packages for employees (including short-time work), adapting their mandates to include those at risk of job loss. These tasks meant that PES needed to collaborate closely with employers to provide upskilling services to employed jobseekers. PES now provide more services using a range of digital channels, which contribute to their capacity to deliver accessible, round-the-clock services to workers in career transition and who may not have the time or opportunity to work with the PES in person.

It is increasingly acknowledged that PES need to engage with workers at risk of becoming unemployed to help them to upskill and reskill (see Section 4). In 2023, most PES (25 out of 31) reached out to at-risk employed workers or employed workers in vulnerable situations<sup>15</sup>. PES are involved in skills assessment and development, and more than half offer upskilling activities to employed persons (in collaboration with partners). Given current skills and labour shortages, more than 80% of PES are also increasing the range of services offered to employers. Five PES (AT, BE-VDAB, DE, ES, NL) now offer comprehensive counselling and guidance for employers to hire and retain workers. While increasing focus is placed on ensuring access to qualified employees, few PES explicitly

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<sup>12</sup> PES Network publications on this topic date back to : European Commission, M. Csillag and Adamecz, A. (2018), [Early activation and employment promotion](#).

<sup>13</sup> European Commission, M. Csillag and Scharle, Á. (2019), [How do PES act to prevent unemployment in a changing world of work? PES Network Analytical Paper](#).

<sup>14</sup> European Commission (2018), [PES Practices – 'Work and Study' programme for prevention of unemployment](#).

<sup>15</sup> European Network of Public Employment Services (2023), [Trends in PES – Assessment report on PES Capacity](#).

target the prevention of unemployment (DE) or solving challenges linked to structural changes in qualification and skills requirements (AT)<sup>16</sup>.

## 1.2 Structure of this report

This Thematic Paper builds on the PES Thematic Review Workshop of 17-18 September 2024, which took place in Vilnius, Lithuania, with 19 participants from 15 countries<sup>17</sup>, complemented by desk research.

Both the workshop and this paper use a relatively narrow definition of preventive services. Discussions did not include instruments used in cases of group or mass layoffs, as this is a longstanding area of work for the PES Network and requires a specific approach. Additionally, an increasing incidence of job inactivity or job loss due to mental health issues intersects with the structure of sick pay schemes and requires cooperation with the health sector, which in some cases falls outside PES' core mandate. In summary, the Thematic Review Workshop and this Thematic Paper focus on the prevention of job loss (primarily due to technological changes) that occurs regularly and represents the majority of job losses.

Section 2 reviews the approaches to providing career counselling and job search advice to at-risk employees, which is generally the first building block of all service packages. Section 3 looks at the collaboration between employees, employers and the PES, as well as important emerging services for employers. Section 4 tackles central issues in upskilling activities for at-risk employees. Section 5 provides insights into the complex issue of targeting preventive services, the associated issue of labour market intelligence and thresholds that may need to be in place to access services. Finally, Section 6 looks at using evaluations of preventive services to make a business case for these services.

## 2. CAREER COUNSELLING

Career counselling is an important first step in supporting employees (and jobseekers) to rethink their roles (and tasks) with their current employer or to consider occupation changes with a new employer. This service is increasingly offered to all employees, regardless of their registration status with the PES.

### *Raising employers' awareness*

Career counselling presents two practical issues for employers: 1) when it takes place during working hours, and 2) if it takes place on the employer's premises. To overcome common misconceptions, employers need to be made aware that career counselling often does not lead to an employee leaving, but, rather, having a better understanding of their goals, perhaps leading to greater job satisfaction. Employers should, however, accept that career counselling may lead to employees asking for some modifications of their tasks. As noted during the Thematic Review Workshop, this may ultimately lead to higher productivity (or the avoidance of burnout). While there are ways of guaranteeing privacy (e.g. online counselling), supportive employers are likely to be central to removing the stigma of participating in career counselling.

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<sup>16</sup> European Network of Public Employment Services (2023), [Trends in PES – Assessment report on PES Capacity](#).

<sup>17</sup> BE-VDAB, CY, DE, EE, EL, FI, FR, HU, IS, LT, LU, LV, NL, PT, SI.

### **The Talent Platform in the Netherlands**

The Netherlands' PES uses innovative gamification in its lifelong learning and prevention services in the Groningen region. A PES coach accompanies the client through an interactive, real life customer journey taking approximately one hour.

The Talent Platform in Groningen and Regional Work Centre in Amersfoort is comprised of various three-dimensional thematic walls focused on lifelong learning. These walls address the citizen's workplace aspirations and serve as tools for PES professionals to guide citizens towards the next steps in their work and participation through lifelong learning. One of the walls focuses on skills and abilities, posing questions such as:

- What skills do I have and what can I do with them?
- What do I have to learn?
- How do I fit in with the job market, now and in the future?

The customer journey uses different games and tools to work through the thematic walls with interactive information and hands-on activities. This innovative methodology aligns with the PES' ambition to make their services more accessible and help people to feel more 'seen, heard and helped'.

#### *Career counselling for employees: a new service within PES*

Established in 2021, the German PES' new career advice of employees service (*Berufsberatung im Erwerbsleben*) is a low-threshold service offering guidance and promote upskilling possibilities. With 540 consultants (PES employees), the service provided counselling to over 176 000 individuals in 2023. The main topics of discussion are creating career perspectives, encouraging further training opportunities and enhancing more stable employment pathways. PES counsellors work with the employer to ensure that they are open to the further development of their employees. Employers often require convincing of the value of the service and need to be treated sensitively. Offering this service via different channels and formats allows the German PES to reach more clients. Consultants work with organisations that have a connection to vulnerable clients (e.g. migrant associations, non-governmental organisations (NGOs)) and meet people in environments where they feel safe.

#### *Flexibility in channels, timing and location*

Career counselling for employees is a relatively new service and several issues continue to affect take-up. PES use online and more traditional channels to promote these services, while considering characteristics of the target population (e.g. language). Discussions at the Thematic Review Workshop highlighted that career counselling often has a 'brand' separate to that of the PES to engage people with negative views of the PES<sup>18</sup>. Participants highlighted that face-to-face career counselling can be undertaken outside of PES premises, including at cafés, shopping centres and other easy-to-access locations. Online delivery of counselling opens up more possibilities for independent activities, particularly for employed people with time restrictions. Career counselling is often available outside of 'regular' office hours, enabling workers to access the service. Innovative career counselling methods are used in several cases, making it more accessible for those in more vulnerable situations.

#### *Building on data and new IT developments for more informed services*

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<sup>18</sup> For instance: CISOK Centres (HR); Cité des Metiers (BE).

New developments in job matching can provide further information for more informed career counselling. For example, PES increasingly use competence-based job matching<sup>19</sup>, enabling them to update occupational taxonomies and skills requirements. Objective analysis of occupations closeness (instead of relying on expert/theoretical judgement) provides useful insights into the transferability of skills. Previous analyses, based on data provided by VDAB, show that an individual needs to have at least 80% of the competences required for a job to successfully transition to that job<sup>20</sup>. Additionally, the analysis of online portals can provide real-time information on supply and demand by profession and region. Advances in AI can improve the effectiveness of (automatised) matching by processing more textual information, more languages, greater nuance, etc. Finally, some PES (e.g. FR) are considering using AI-based recommender systems that can encourage jobseekers, including those already employed, to apply for a larger range of jobs<sup>21</sup>.

### **Karjeras Centres in Lithuania**

Karjeras are regional career counselling centres, originally piloted in 2019 to provide advice to young people. However, the lack of qualified and motivated employees underlined the need to expand services to employees. The Lithuanian PES partnered with local municipalities (Alytus city municipality in the pilot) and the Youth Affairs Agency to create the Karjeras Centres, with each partner committing their own funds, and the PES providing premises. Currently, there are 14 Karjeras Centres (in larger towns), with 62 career counsellors and 10 activity coordinators. Karjeras Centres have a different, more engaging brand from the PES.

The centres are based on the one-stop-shop principle, connecting employees (registered and non-registered PES customers, as well as jobseekers and young people) to career counselling and to local employers. Karjeras Centres have two main types of services: information and counselling on professional guidance and career development and professional activity related services (employer visits). Career counsellors provide individual and group counselling sessions face-to-face, by phone and online. The main purpose of the individual consultations is self-discovery, which is particularly difficult for adult clients already working. While a significant number of clients are not registered with the PES, career counselling is available to jobseekers, who constitute almost 80% of clients over the age of 30.

Activity coordinators find local employers who are willing to showcase their businesses (and potentially allow their employees to participate in counselling) and organise job shadowing. These local connections are crucial, as the Karjeras Centres aim to orient jobseekers towards positions in the regional labour market to avoid further internal migration. Activity coordinators also organise career days and job fairs to connect with local partners (including employers).

The first five years yielded some important lessons. Firstly, counselling must be done by motivated and competent people. Secondly, marketing campaigns are crucial for finding local partners (e.g. through social and traditional media, Karjeras' website, and word-of-mouth). Thirdly, local employers must be involved proactively. Challenges include the unequal quality of service provision across regions (partly due to the difficulty in finding suitable partners) and follow-up for clients not registered with the PES.

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<sup>19</sup> While BE-VDAB pioneered the approach, a version is now used (at least for some jobseekers) by BE-Forem, FR, MT, SE; EE is currently developing a skills matching algorithm.

<sup>20</sup> Goos, M., E. Rademakers, A. Salomons and B. Willekens (2019), 'Markets for jobs and their task overlap', *Labour Economics*, Vol. 61.

<sup>21</sup> European Commission (2024), PES Practices – Sweden, [AI Job Matching](#).

### **Career vouchers in Belgium – Flanders**

Career counselling is a longstanding part of VDAB's offer. In 2013, career vouchers were introduced for employed citizens. Service guidelines for this offer include a service: (a) very well defined which focuses on career management skills; (b) demand-driven; (c) outsourced to career centres and aims to create a healthy market; and (d) whose quality assurance and market management are overseen by the VDAB.

Employed (or self-employed) citizens living and working in Flanders, with at least seven years of work experience, are entitled to two career vouchers every six years. They pay a nominal fee of EUR 45 for each voucher, which they can use for a first package of four hours plus a second one of three hours of career counselling. Career counselling is provided by (private, for-profit and non-profit) career centres, with citizens typically having access to around eight career coaches within a three kilometre radius of their home. Voucher holders can briefly meet several career coaches before redeeming the voucher and receiving a personal development plan.

Career centres receive EUR 150 EUR/hour from the State (via VDAB). They provide a well-defined service and must comply with conditions set by VDAB. Currently, there are approx. 240 career centres, with around 2300 qualified career coaches. VDAB manages the network of career centres, ensuring quality control (including checking personal development plans), fraud control and complaint management. VDAB also issues and administers career vouchers (e.g. checking citizens' eligibility). From 2025, VDAB will certify career coaches, enhancing its quality assurance system.

To date, about 215 000 individuals have redeemed career vouchers, i.e. about 8.7% of the working population of Flanders has received career counselling. Customer satisfaction surveys show positive results, with increased career satisfaction and job/task crafting and decreased burnout and career inactivity. Challenges include awareness (only about 40% of the working population knows about the career vouchers), the perception/fear that it is difficult to combine career counselling with work, and low participation of vulnerable groups (low-skilled, older workers, persons with a migration background or with disabilities). However, VDAB believes that other instruments should be used to cater for these target groups.

#### **Career guidance: Practical lessons:**

- PES increasingly focus on adult employees: Career guidance is a building block of prevention, equipping employees with information on career options (including upskilling and further training opportunities).
- Flexibility in channels, timing and location ensures employee buy-in, and services can take place within and outside PES premises.
- Employers' cooperation is needed for employee counselling and to provide information (e.g. on labour and skills needs; to allow visits/job shadowing).
- Skills-based matching shows promising results, with new AI-based tools improving matching.
- Awareness-raising needs to take place through multiple channels. NGOs can help to reach out and inform more vulnerable employees (e.g. migrants and refugees, persons with disabilities).



### 3. ENGAGING EMPLOYERS

Engaging employers is an essential part of preventive activities. A key objective is to convince employers to think about job carving (redistributing tasks among employees) or upskilling existing personnel instead of letting them go and hiring new employees from the open labour market.

#### *The case of SMEs*

With some tasks being automated and a shortage of workers skilled to work with new technologies, collaboration with employers is crucial. Labour shortages are most likely to affect SMEs, with most PES observing that SMEs will need (financial) support with upskilling<sup>22</sup>. There are a number of PES who finance the upskilling activities of employers (see the examples of DE, EE and LU in this paper). SMEs, in particular, should be made aware of the benefits of investing in their workforce, while management should be consulted on skills development and helped to identify training needs. As the experiences of PES Germany (among others) show, dedicated account managers and tailored follow-up activities are key to working with SMEs<sup>23</sup>.

#### *Tailored counselling to employers: a growing practice*

Most PES who participated in the Thematic Review Workshop have dedicated employer counsellors<sup>24</sup> whose relationships with employers are the first step towards collaboration. Some PES have moved away from a standard employer service towards working with employers to tailor an offer that reflects their medium- to long-term HR vision. Medium and larger firms tend to have a clear strategic vision, but their hierarchical structure can initially impede cooperation.

Tailored counselling services for employers are an effective and engaging strategy. The German PES developed 'qualification counselling' for SMEs, where specialised consulting staff support employers' planning processes, including upskilling, to fill job vacancies with less qualified existing staff. This programme has reportedly changed the way employers view employee skills, as well as promoting active engagement in upskilling. A similar service has been developed in Austria (Impulse Consultation) to help micro employers and SMEs to solve HR challenges<sup>25</sup> through upskilling and employee retention. Employers can choose from different consultation modules across multiple channels, with all expenses covered by the Austrian PES.

The Netherlands' PES offers a package of 34 solutions for employers to address common issues related to labour market shortages and speed-up job-to-job transitions. The solutions are a collection of practical tips and materials, as well as pointers to (publicly funded) initiatives. To build on the positive impact of the Regional Mobility Teams established during the COVID-19 crisis<sup>26</sup>, from 2025, a Regional Work Centre will be established in each of the 35 labour market regions in the Netherlands, bringing together

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<sup>22</sup> In some countries, the shortage of labour is so severe that even though upskilling programmes cover wages, firms (especially SMEs) are unable to let employees participate in courses during work hours (e.g. MT in 2018).

<sup>23</sup> Workers at small and micro enterprises are far less likely to receive training. Statistics on training participation are difficult to compare, given different methods of enquiry. Eurostat's 2020 continuing vocational training survey reported that 93% of large firms provided training, compared to just 63% of small firms ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics\\_on\\_continuing\\_vocational\\_training\\_in\\_enterprises#What\\_are\\_the\\_characteristics\\_of\\_enterprises\\_providing\\_CVT.3F\\_Analyses\\_by\\_economic\\_activities\\_and\\_size](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_on_continuing_vocational_training_in_enterprises#What_are_the_characteristics_of_enterprises_providing_CVT.3F_Analyses_by_economic_activities_and_size)).

<sup>24</sup> More than 60% of PES have counsellors who exclusively provide services to employers (European Network of Public Employment Services (2023), [Trends in PES – Assessment report on PES Capacity](#)).

<sup>25</sup> See <https://www.ams.at/unternehmen/personal--und-organisationsentwicklung/impulsberatung-fuer-betriebe>.

<sup>26</sup> European Commission (2022), PES Practices – Netherlands, [COVID-19 Regional labour market transition trends](#).

the PES, regional and local municipalities, employers' organisations, unions, training institutions and other relevant stakeholders (including NGOs and social enterprises). As one-stop-shops, these Regional Work Centres will provide information to jobseekers, employees and employers, with an emphasis on smoothing job-to-job transitions, and data exchange between partners to facilitate collaboration<sup>27</sup>.

#### *Raising awareness: the cost of unfilled vacancies*

The Thematic Review Workshop discussed the importance of providing employers with figures on the costs of (unfilled) vacancies compared to the costs of career counselling and upskilling activities to highlight their return on investment and value. These can be worked examples rather than tailored calculations. The costs of vacancies can be substantial: according to some studies, estimates of hiring costs for a middle-skilled worker are equivalent to two months' pay (e.g. in Germany), but are substantially higher for a skilled worker, at four months' pay<sup>28</sup>. The largest costs associated with filling a vacancy are adaptation costs of formal training and initial low productivity (53%), followed by disruption costs (other workers helping the new hire) (26%), and the search and recruitment costs to fill the position suitably (21%)<sup>29</sup>.

#### **Job HUB in Germany - North Rein-Westphalia**

In 2022, the German PES undertook a promising new initiative to cooperate with large employers in the State of North Rein-Westphalia (NRW), which has the highest GDP (and is the most populous) in Germany. The initiative aims to establish direct contact between large employers and exchange HR best practices. A cross-sectoral, largely non-formalised network that concentrates on HR issues, it allows employers to exchange employee profiles (with employees' permission), which can lead to job-to-job transitions, and is particularly useful in the case of group dismissals. It also features cross-sectoral career fairs and joint qualification procedures. The role of the PES employer consultant is to establish the network, mediate between companies and facilitate the exchange of best practices. This low-cost initiative could yield positive results for employees and employers and enhance the profile of the PES. The initiative will be extended to all States of Germany.

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<sup>27</sup> See also the 'CareerFlow' programme in BE-Flanders, [https://kuleuven.limo.libis.be/discovery/fulldisplay?docid=lirias4005480&context=SearchWebhook&vid=32KUL\\_KUL:Lirias&lang=en&search\\_scope=lirias\\_profile&adaptor=SearchWebhook&tab=LIRIAS&query=any,contains,LIRIAS4005480&offset=0](https://kuleuven.limo.libis.be/discovery/fulldisplay?docid=lirias4005480&context=SearchWebhook&vid=32KUL_KUL:Lirias&lang=en&search_scope=lirias_profile&adaptor=SearchWebhook&tab=LIRIAS&query=any,contains,LIRIAS4005480&offset=0).

<sup>28</sup> Muehlemann, S. and H. Pfeifer (2016), 'The structure of hiring costs in Germany', *Industrial Relations*, 55(2), 193-218; Muehlemann, S. and M. Strupler Leiser (2018), 'Hiring costs and labour market tightness', *Labour Economics*, 52, 122-131; Aepli, M. et al. (2024), 'The Impact of Hiring Costs for Skilled Workers on Apprenticeship Training: A Comparative Study', *SSRN Electronic Journal*, 10.2139/ssrn.4793211.

<sup>29</sup> Aepli et al. (2024) show that: (i) hiring costs increase with labour market tightness; and (ii) higher hiring costs are associated with providing more apprenticeship training.



### **Engaging employers: Practical lessons**

- Counselling for employers, especially micro and small enterprises, is essential for raising awareness and ensuring buy-in.
- Tailored services are needed, based on firms' HR vision, rather than pre-set menus offered by PES services.
- Setting up local networks of employers can facilitate job-to-job transitions.
- Concrete, data-based examples of the costs of unfilled vacancies can be used to increase employers' buy-in and convince them of the value of counselling.

## **4. UPSKILLING EMPLOYEES**

Upskilling is the focal point of prevention activities, but PES have only recently begun to offer training activities to employed individuals.

### *Type and range of courses*

The first design issue is the type and range of upskilling courses that can be financed by the PES, as such courses ought not be directly related to employer-specific skills. When launching large-scale programmes, it can be useful to consult social partners and training providers. For example, Estonia's 'Work and Study' programme was based on in-depth work in several sectors by the Estonian Qualifications Authority<sup>30</sup>, together with employers' surveys on specific IT skills needed in the labour market. Further knowledge can be gained by analysing pilot projects. For example, Luxembourg's Skills Bridge pilot project showed that soft skills (interpersonal, transversal skills) can be equally important to digital skills in companies undergoing technological transformation<sup>31</sup>. Several PES provide individuals (or employers) with an unrestricted menu of retraining courses, provided the course is necessary (e.g. for an individual career or for upskilling the workforce) and the skills are general (not employer-specific) (BE-VDAB, DE, FR, NL). In other countries, the PES must approve the choice of training course (BG, HR, PL). In Estonia, for example, the range of courses is restricted and is set by the PES and/or the relevant ministry. Here, the retraining offer addresses specific and well-defined challenges, such as the lack of digital or language skills, or upskilling of workers with lower qualifications.

### *Financial incentives*

The second issue in terms of the design of programmes is the financial incentives attached. A PES Network opinion paper<sup>32</sup> stresses the importance of upskilling those in employment – highlighting that while employers retain a key responsibility, financial support is warranted to incentivise employers' engagement in more preventive approaches. It is difficult to assess the proportion of persons who would have participated in training in the absence of subsidies. Financial arrangements that do not particularly focus on cash-constrained individuals are often less cost-efficient, but may help to avoid stigma or reduce administrative costs. For instance, the subsidy system in the Netherlands was redesigned, as giving tax reductions (instead of direct subsidies) favoured those with financial funds available who were less likely to be in a vulnerable situation.

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<sup>30</sup> European Commission (2018), PES Practices – Estonia, ['Work and Study' programme for prevention of unemployment](#).

<sup>31</sup> European Commission (2021), PES Practices – Luxembourg, [Digital Skills Bridge](#).

<sup>32</sup> European Network of Public Employment Services (2023), [PES Network Opinion paper: A contribution to the European Year of Skills](#).

Financial incentives can be tailored to support individuals with lower formal educational qualifications or those in vulnerable situation, for example by restricting the maximum amount of subsidy available at a relatively low financial value. An alternative route is to explicitly favour people with lower educational qualifications (or more vulnerable people) and differentiate the subsidy rate<sup>33</sup>. Unfortunately, little evidence exists on how well this type of financial incentive works in reaching people who would otherwise not have participated. This is an area that needs further investigation and research.

*Focus on employers or individual workers*

*The last crucial design issue is whether to target and/or approach employers to facilitate upskilling, or whether individual workers should be offered the chance to improve their skills directly (potentially without their employer's knowledge). While the first approach appears beneficial, as employers might be aware of their employees' (future) skills needs, it risks employers focusing on workers already more likely to be trained even in absence of support. Additionally, while it might be relatively straightforward to target retraining towards individuals based on their education, income and other factors, it may be more difficult to perform a 'triage' of employers. By contrast, promoting retraining and reaching out to persons in vulnerable situations, without relying on their employers, might require more effort (and potentially lead to lower take-up rates). Additional support organisations (e.g. NGOs, associations) might be necessary, but not overcome concerns about lacking employers' support for upskilling. For PES long accustomed to providing upskilling opportunities for employees, awareness seems less of an issue. Recent evidence from Germany shows that many employees underestimate the need to upskill, but an information experiment providing individuals with data about automatability of their jobs increased their willingness to take-up training<sup>34</sup>. Those who did not participate in training cited financial constraints, lack of employer support, and time constraints.*

A number of countries offer upskilling possibilities for workers in the form of vouchers<sup>35</sup> or individual training accounts<sup>36</sup>, while other target employees who make direct applications (e.g. EE). PES have historically offered retraining courses to companies undergoing structural reorganisation<sup>37</sup>. Most PES offer preferential training programmes for SMEs, which are assumed not to have the financial and human resources to organise such training internally. In these cases, the PES, the employer, and the employee mutually agree on the training, with the State typically financing 50-80% of training costs, and sometimes part of the lost work hours of trained employees (e.g. AT, EE, DE, PL).

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<sup>33</sup> For instance, financial support for training vouchers in BE-Flanders is more advantageous for lower-qualified persons, and a number of programmes in AT and DE offer a higher subsidy rate for workers over 45.

<sup>34</sup> Lergetporer et al. (2023), *Automatability of Occupations, Workers' Labor-Market Expectations, and Willingness to Train*, IZA DP No. 16687.

<sup>35</sup> For more information on the use of vouchers in PES, please see related PES thematic report on Thematic report on career guidance, skills assessment and ILA

<sup>36</sup> FR: The '*Compte Personnel de Formation*' (CPF) was introduced in 2015 and reformed in 2018. It aims to: (i) reduce inequalities in access to training; (ii) encourage personal autonomy in the take-up and choice of training; and (iii) improve skills. These training accounts are primarily funded by compulsory contributions from employers, with preferential rates for low-skilled people with disabilities or those working in particularly arduous conditions. A training voucher for employees previously existed in Germany, targeting low- and medium-income people (aged 25+) and covering 50% of training course costs (with a cap of EUR 500) for work-related courses. Eligible people could receive a voucher every two years.

<sup>37</sup> Gazier, B. (2020), *The role of PES in supporting structural changes*, European Network of Public Employment Services Thematic Paper, European Commission.

### **New financial support for upskilling employees in Germany**

The German PES offers substantial financial support for upskilling employees, generally for training courses of at least 120 hours. In 2024, the reimbursement rate for training costs for small employers was raised to 100%, compared to 50% and 25% for medium and large employers (respectively). Similarly, the PES offers reimbursement of 70% of lost work hours for small employers, with 50% and 25% reimbursement rates for larger employers.

In 2024, the PES introduced the Skills Development Benefit to encourage upskilling of employees at companies undergoing large structural changes. In principle, at least 10% of employees need to undertake training that lasts at least 120 hours (and cannot comprise employer-specific skills training), with applications required to be submitted by employers. The PES replaces 60% of the lost working time due to participation in training.

Additional individual-level training vouchers are available to employed persons after an individual career counselling session. In addition to support for further vocational training, participants also receive a financial contribution to travel and childcare costs, and, in some cases, a monthly EUR 150 support. After successfully passing a vocational qualification exam, voucher beneficiaries are entitled to a EUR 1 500 bonus.

### **SkillsPlang Luxembourg**

The Luxembourg PES put forward a new proposal for the upskilling of employees recently, which builds on an earlier pilot project, called Digital Skills Bridge. The earlier pilot confirmed the need for similar programmes, but there were some important lessons learned about the delivery and the content of upskilling programmes for the employed. While the SkillsPlang primarily proposes to finance longer-term re-training courses of employees for employers, it also includes an important skills counselling component for employers and employees. The SkillsPlang has three goals:

- to ensure the continued employment of employees through achievable upskilling and reskilling pathways
- to enhance the overall employability of trained employees, and
- to strengthen the competitiveness and resilience of companies by anticipating and developing the skills needed in the market.

In principle, any company operating in Luxembourg can apply for the SkillsPlang, all employees who need upskilling and any general skills courses can be eligible for support. An important point is that the employer needs to work together with an external consultant (certified by the PES). The role of this consultant is to identify the employees in need of upskilling, to draft individual development plans, as well as a training plan for the company (including the choice of courses), and to propose a budget for the upskilling. The fees for consultants are reimbursed by the PES (up to a limit, and as a function of the number of employees who need upskilling), with the reimbursement rates of 75% for small and micro companies, while medium and large companies have significantly lower reimbursement rates. Based on this plan, employers are financed for the upskilling of their employees over a 24-month period, given that the plan proposes to primarily have more intensive courses lasting at least 120 hours. The PES will also finance training costs as well as employees' salary for the training period, again, up to limit and with higher reimbursement rates (up to 50%) for micro and small employers.

### **Upskilling employees: Practical lessons**

- Reimbursement of training costs and lost work hours is necessary to ensure participation of employers in training.
- Micro and small enterprises need higher reimbursement rates to secure their involvement, given that they may have limited HR (and financial) resources.
- Employers must be engaged: complementary skills planning services are useful to ensure buy-in and help them to recognise the added value of support in the short, medium and longer term.
- Upskilling needs to be related to general and transferrable skills (rather than company-specific) to allow for substantive employee upgrading and prepare workers for future challenges (primarily digital and green skills).

## **5. TARGETING OF PREVENTIVE SERVICES**

Broadly speaking, cost-effective public services (including PES) must consider (a) ensuring access to and when necessary prioritising those who most need services and (b) avoiding supplying services to those who would likely have acquired those services themselves. These general principles are challenging for preventive PES services, among others issues given the limited information available on those at risk of losing their jobs. Here, we provide a general overview of some key questions, rather than a comprehensive literature review of this much debated topic.

Several components are worth highlighting. Firstly, even if all individuals (or employers) are aware of possible preventive services, the 'first-come, first-served' principle likely would lead to inefficient solutions, as self-selection may not fully correlate with needs. Secondly, dissemination of information may be unequal, with those in the most vulnerable situations to have the least up-to-date information. Thirdly, those in vulnerable situations might not be fully aware of the benefits of PES services and may not access suitable services.

### **5.1 Forecasting<sup>38</sup>**

When targeting preventive measures, PES should – to the extent possible – build on labour demand and skills forecasting tools, as well as developing an in-depth communication strategy. Several countries<sup>39</sup> use detailed skills surveys (in some cases, purpose-designed) to approximate the types of workers likely to lose their jobs without upskilling initiatives. However, these tools often do not offer sufficiently detailed forecasts to guide day-to-day operations (e.g. they do not disaggregate by local employment offices).

Data analysis should start with the prediction of job losses, which often means occupations at risk of downsizing (in a given region). Most PES use traditional channels of employer surveys, qualitative interviews with stakeholders at regional level, and predictive exercises based on administrative data. An equally important next step is to gather information on occupations and skills in demand, for example by analysing the flow between occupations<sup>40</sup>. A second approach builds on online vacancy and jobseeker databases, which

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<sup>38</sup> See Thematic Review Workshop on skills and labour market intelligence in Athens on 17-18 October 2024.

<sup>39</sup> For instance, in MT, a recent government skills survey aimed to uncover skills gaps, while the PL PES uses its [Occupational Barometer](#) to assess labour demand and skills needs at national, regional and district level.

<sup>40</sup> Institute for Employment Research (DE): the 'merger profession' contains information on which occupation the unemployed person has learned (vocational training), the occupation from which the unemployed person was

are most effective when coupled with a competence-based job matching system<sup>41</sup>. By using information on the skills required (used) in a given occupation, PES can analyse which occupations are close to each other (instead of relying on expert/theoretical judgement), providing further insight into the transferability of skills.

## **5.2 Low-threshold services, no-threshold services, and targeting**

Most PES target their guidance services broadly at those individuals presumed to benefit most from upskilling, based on observable characteristics (e.g. education level, type of employer). This means that eligibility is restricted to those, for instance, working for SMEs, those with no vocational classifications, those with low incomes, older employees, etc. Some of these target groups might receive more significant financial support than others if individuals are assumed to be in more vulnerable situations (or less likely to take up services). By contrast, services in several countries can, in principle, be accessed by all citizens<sup>42</sup>, with better financial conditions used to incentivise those from disadvantaged backgrounds. Dissemination and communication activities to raise awareness of services need to be more widely focused, but may risk a larger deadweight loss.

Upskilling activities are often costly, necessitating a three-way agreement to be signed between the employer, employee, and PES. This implies that information can target people who need the service (i.e. where the PES has relevant information on certain observable characteristics). However, administrative requirements need to be carefully considered to ensure they do not pose a barrier to potential beneficiaries.

No-threshold services, especially in career counselling, are much debated. Several PES have services with no threshold, or only a low threshold, to maximise access by those in vulnerable situations. In some cases, an argument can be made for allowing users to access services anonymously, easing use for people with little trust in public institutions. This approach presents two issues: 1) some individuals, who are not necessarily those most in need, might 'overuse' these services; and 2) anonymity prevents client follow-up, making it impossible to monitor or evaluate the service. Some PES (e.g. VDAB) use low-threshold services that include nominal fees for the targeted population (the active population). It is based on the assumption this helps clients to understand the value of services, as well as creating a commitment that can reinforce the effect of the service. These services can be augmented with specific (free) services for the most vulnerable.

PES do not typically use no-threshold services where the service is either outsourced or there is financial transfer involved between the PES and the client (individual/firm). For those services, very few PES specifically target client groups<sup>43</sup>, with financial support being the main vehicle to encourage the participation of certain types of clients. Relatively little evidence exists on whether and how specific replacement rates work. Broadly, it is widely accepted that certain groups (low-income individuals, persons with few formal education qualifications) can receive training at preferred rates or training can be directed towards those with lower qualification levels by capping the total amount reimbursed. Similarly, micro- and small employers have replacement rates for training that are often close to 100%, while medium and large employers are often reimbursed for training costs at a rate

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made unemployed (origin profession), the occupation in which the unemployed person seeks employment (target occupation), and the occupation in which the person actually takes up employment (employment).

<sup>41</sup> The first step in competency-based job matching is for jobseekers and companies to indicate the formal qualifications they possess (seek) and the range of professional skills they have acquired (through formal/informal learning), as well as their transversal/soft skills. Job matching algorithms then consider these skill requirements when searching for good 'matches'.

<sup>42</sup> For example: employee counselling (DE), the Cité des Métiers (BE and others), career counselling (HR, LT).

<sup>43</sup> EE: Upskilling and training activities in the Work and Study programme are strictly targeted.

of less than 50%<sup>44</sup>. Time loss can be similarly compensated, where hourly (or daily) reimbursement costs are often capped to encourage the upskilling of lower income employees.

#### **Targeting preventive services: Practical lessons**

- Analysing administrative data and collecting information on specific sectoral developments can guide targeting and content of upskilling activities.
- Low-threshold services can be easily accessed by employees in vulnerable situations, but requiring some form of identification is vital for follow-up (i.e. offering continued support and monitoring longer-term results).
- 'First-come, first-served' does not lead to cost-effective solutions and some form of 'profiling' is needed.
- Some nominal financial contribution from the employee can be useful for gaining commitment, e.g. to reduce drop out or missed appointments.

## **6. EVALUATION OF PREVENTIVE MEASURES**

Evaluating preventive programmes for employed people is a new and largely unexplored field. Although such evaluation is more complex than the evaluation of active labour market policies (ALMPs) for unemployed person, it is central to making a business case for preventive actions, given concerns about deadweight loss. Evaluators should take into account several issues when considering their approach.

### *Identifying outcomes and when to measure them*

Firstly, evaluators must identify *what* are the most relevant outcome measures. Preventive measures aim to affect different aspects of person's skills and motivations, ranging from better understanding of their career goals to a tangible increase in (hard) skills (e.g. IT, language skills). An important decision is whether evaluators want to measure immediate outcomes (many of which might be 'soft outcomes')<sup>45</sup>, for example whether the measure leads to the intended change. If the objective is to measure how the intervention affects participants' labour market trajectories, it is useful to understand the mechanisms through which this happened. However, these interventions ultimately target better labour market outcomes for participants, from fewer days on unemployment benefits, increases in wages or job quality, and a more sustainable employment pathway. While some might be subjective outcomes (e.g. job quality), most of these are 'hard' outcomes.

Secondly, *when* should outcomes be measured. The most immediate outcomes likely need to be measured directly after the intervention (or within three months). The standard approach for ALMPs of measuring hard labour market outcomes after six months may not be suitable. If the objective is simply for the individual to avoid (prolonged) unemployment, then it may still be relevant. However, in many countries (e.g. DE) the goal is to increase the sustainability (and quality) of employment. These outcomes need to be measured over a longer period as they may take some time to materialise. Finally, the same outcome

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<sup>44</sup> DE (see box on p. 19).

<sup>45</sup> 'Hard' outcomes are objectively measurable (e.g. test scores, employment status) and directly related to labour market success; 'soft' outcomes relate to the individual's subjective impression (motivation, job satisfaction) and the association with labour market success is less direct.



needs to be measured at two points in time, at least: the period before participation in the intervention, and at a point after participating in the intervention.

#### *Building on available data sources*

Much of what, how (and when) PES are able to measure is closely related to available data. Purpose-made surveys can easily measure 'soft' outcomes, but can be expensive, as they need to be administered to participants (and potentially a control group). The alternative is to use (existing) administrative data, and ideally, linked administrative data, where social security data (on employment relationships) are linked with unemployment registers. In most cases, social security data contain salaries, days and hours worked, and occupation, making them ideal for measuring 'hard outcomes' and certain aspects of job quality. These data are often available for the whole population (or a large sample), typically for a long period, and the main cost is anonymisation and data linkage.

Finally, evaluators must determine whether and how a suitable 'control group' can be found. Several approaches compare outcomes before and after the intervention without a control group, particularly where researchers focus on soft outcomes and use a purpose-designed questionnaire. However, it is not always straightforward to establish that the intervention caused the change in behaviour/outcomes, and not some change that would have occurred in any event. For example, in research on career counselling vouchers, VDAB and KU Leuven asked questions about changes in occupation, employer and sector, along with more nuanced points, such as task content, fit of job content to skills, and relationships to colleagues and superiors etc.<sup>46</sup>. The study found that 45-50% of career counselling participants reported changes in task content, occupation or employer, around 40% reported improved match between job content and skills or values, and more than 60% of respondents reported increased job satisfaction<sup>47</sup>.

During the Thematic Review Workshop, participants mentioned the possibility of using nationwide surveys on work quality and job satisfaction as reference points. They can be useful for measuring differences between those who participate in an intervention and the general population, both before (to measure selection into the intervention) and after (to compare if there were positive changes).

A second approach is to rely on sufficiently detailed datasets, such as linked administrative datasets, where non-participating individuals can be 'matched' to participants based on their observed characteristics. These individuals (employers) resemble participants closely, thus outcomes can mimic what would have happened to participants in the absence of the intervention. Estonia's evaluation of the Work and Study programme tracked individuals who participated in an intervention between 2017-2019 and suitably matched control group individuals for 21 months after the end of the intervention, including their employment probability and earnings<sup>48</sup>. The largest effects were found for employer allowance for change of situation and Estonian language courses (monthly earnings increased by around EUR 100-150)<sup>49</sup>.

While randomised control trials are used for (quantitative) evaluations, there are ethical, practical and (sometimes) legal issues with offering a service to some individuals but not others. To date, such approaches have only been used to promote/communicate preventive programmes, i.e. some individuals get additional information. These

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<sup>46</sup> The choice to respond to the questionnaire may be related to satisfaction with the services.

<sup>47</sup> VDAB (2019), *Monitoringsrapport loopbaanbegeleiding 2019*; Verbruggen, M. and D'Huyvetter, P. (2023), [Actie in je loopbaan! Een studie rond het al dan niet realiseren van loopbaantransities bij aanvragers van de Vlaamse loopbaancheque](#). The questionnaire was administered about four months after participation in the career counselling.

<sup>48</sup> Estonian Unemployment Insurance Fund, Analysis Department (2022), [Unemployment prevention services: use of the services and their impact on labour market performance](#).

<sup>49</sup> 2022: average wages around EUR 1 500; minimum wage EUR 654.

experiments are valuable, as the take-up of upskilling programmes by low-skilled employees remains an issue. A 2018 experiment by the Institute for Employment Research (IAB) in Germany in four local agencies randomised the timing of the first interview with a counsellor for those registering as employees at risk of job loss<sup>50</sup>. The 'intervention group' had an invitation to an interview as close as possible to the time of registering (but no less than one month before the expected job loss date), while the 'control group' had an invitation timed close to the expected job-loss date. The results showed no positive effects of the early invitation on entry to unemployment, time spent in employment and other 'hard' outcomes.

#### Evaluation of preventative measures: Practical lessons

- Linked administrative datasets can be used to evaluate employee services, which allow for counterfactual quantitative evaluation.
- Longer-term follow-up of participants' labour market trajectories is needed to understand the effect of upskilling services.
- Purpose-made surveys of 'soft' outcomes can be used but can be costly to design and implement.
- Randomised control trials have been successfully used to provide information that increases awareness and buy-in, but there can be ethical issues to consider.

## 7. CONCLUSIONS

Growing numbers of PES are taking steps to develop effective solutions to prevent unemployment due to the triple transition (demographic, digital and green). Some tentative lessons can be drawn from these developments.

Career counselling is widely used for those about to lose their jobs and is a first step towards identifying upskilling activities. However, there is little evidence on whether this is a sufficient service on its own. **Suitable communication is needed on the value of career counselling**, as well as customised information on the potential consequences of the triple transition (digital, green and demographic) for stakeholders and clients.

**Financial support for upskilling initiatives is a key step** towards preventing job losses. PES are increasingly offering effective supports, either through vouchers for at-risk individuals or by subsidising company-initiated training. Offering a skills planning service for SMEs, in conjunction with training subsidies, seems a promising way forward.

PES have made progress in working with employers and social partners to raise awareness of **the need for upskilling**. Important issues include showing employers the business case for investing in skills (rather than letting workers go) and convincing employers that PES can offer valuable tailored support on HR issues. Working with employers and social partners also creates an environment conducive to the higher uptake of upskilling. Relatively little is known about the reasons behind the potentially low use of existing upskilling programmes by lower-skilled workers, and whether relatively low-cost

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<sup>50</sup> Homrighausen P. and M. Oberfichtner (2024), *Do Caseworker Meetings Prevent Unemployment? Evidence from a Field Experiment*, IZA DP No. 16923.



information approaches might be effective<sup>51</sup>. While the right instruments might not yet exist in all PES, significant policy experimentation provides useful lessons.

PES might need to make further progress in developing a better understanding of the **likely transformation of the skills content of jobs**. It may be useful for PES to undertake their own skills intelligence and forecasting, in addition to comprehensive surveys of employers' skills needs. While competence-based matching algorithms are in place in more advanced PES, they seldom fully capitalise on the potential of data analysis, for example an in-depth examination of real transition patterns of jobseekers between different occupations/jobs to identify the most easily transferrable skills.

**Evaluation of preventive programmes** is not well developed. Notwithstanding several difficulties in evaluations, the availability of large administrative datasets would provide sound quantitative evidence on immediate effects. Investment in data analysis and early design of evaluations are necessary to better understand what works and which services are cost-effective. While wider societal impacts are not easy to capture, important figures can be recorded. Similarly, for employers, research and stylised cases can emphasise the costs of vacancies vs investing in upskilling. Finally, launching and learning from small-scale pilots are a useful way forward and are effectively used by several PES.

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<sup>51</sup> Lergetporer et al. (2024), *Automatability of Occupations, Workers' Labor-Market Expectations, and Willingness to Train*, IZA DP No. 16687.

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