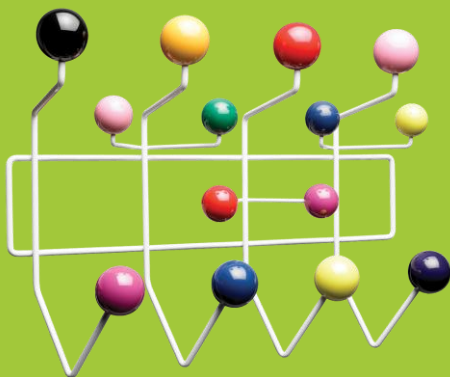


# Integration and inclusion of vulnerable groups on the labour market in Europe.

EZA-HIVA-research project 2015-2016

Miet Lamberts



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- The EU social partners framework agreement on inclusive labour markets;

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# GENERAL INTRODUCTION

# An interesting EZA research project!

- The most important cross-section theme in the EZA training programme 2015/2016 is the Europe 2020 strategy on **integration and inclusion of vulnerable groups on the labour market**.
- EZA is supporting the seminars with a research project with HIVA (Research institute for Work and Society of the Catholic University of Leuven/Belgium).
  - The EZA/HIVA project will focus on a set of specific vulnerable groups, with the accent on the (re-)integration of minority groups and persons with ‘non-standard ‘ characteristics on the labour market/in organisations.
  - The report is meant to provide more in depth insights on how different member states try to lower the labour market thresholds for specific groups and on how workers organisations are playing (or can play) a role in this process.

# Starting point: the EU-policy on inclusive labour markets

- Fact:
  - Different *vulnerable groups* on the European labour markets:
    - **Lower activity rate/higher unemployment rate** than the country average;
    - and/or, when in employment, higher risks of **precarious work**;
    - *segregation* at both the sectoral and occupational levels ('glass ceilings' and 'glass walls').
- An inclusive labour market ...
  - ... allows and encourages ***all people of working age*** to participate in paid work, especially vulnerable and disadvantaged people.

# EU-policy on inclusive labour markets (2)

- Europe 2020 strategy-targets, directly linked to inclusive labour markets:
  1. “By the year 2020, 75% of the 20-64 year-olds to be employed”  
→ generalised participation on the EU-labour market
  2. “At least 20 million fewer people in or at risk of poverty and social exclusion”  
→ work is the most effective way for combating poverty and social isolation

# EU-policy on inclusive labour markets (3)

- The European 2020 strategy:
  - promotes *inclusive labour markets* in order to:
    - maximize the full potential of Europe's labour force,
    - take into account demographic evolutions
    - preempt the growing diversity amongst the larger society.
    - sustain social protection systems
  - promoting inclusive labour markets means:
    - making it easier for people to join (or re-join) the workforce
    - removing disincentives to work

# EU-policy on inclusive labour markets (4)

- promoting inclusive labour markets means (2):
  - promoting quality jobs and preventing in-work poverty, focusing on:
    - pay and benefits
    - working conditions
    - occupational health and safety
    - lifelong learning
    - career prospects
  - helping people stay in work and advance in their careers
- achieving an inclusive labour market is:
  - a multi-faceted challenge
  - a key concern for public authorities, employers and employees (and their representatives), intermediate organisations,.....



# EU-policy on inclusive labour markets (5)

- Challenges: next to demographical changes, globalization and migration, pressure on natural resources,...
  - ... Financial and economical crisis:
    - growing risks of poverty and social and labour market exclusion in many countries
    - divergences within and between Member States are also increasing.
- Negative social and economic consequences/costs
- EU ‘Social investment Package’ 2013 as a response to the crisis:
- urges governments “to speed up their implementation of **the Commission recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market**”

# EU-policy on inclusive labour markets (6)

- “All member states should organise and implement *integrated active inclusion policies*”
  - adopting *arrangements* for all persons *fit for work*, to ensure they receive effective *help*
    - to *enter or re-enter in employment*;
    - to *stay in employment*.
  - in accordance with the following common *principles* and *guidelines*:
    - **Common *principles*** :
      - address the *needs of people* excluded from the labour market
        - » to facilitate their (progressive) (re)integration;
        - » to enhance their employability.

# EU-policy on inclusive labour markets (7)

- “All member states should organise and implement *integrated active inclusion policies*” (2)
  - in accordance with the following common principles and guidelines:
    - *Common principles* (2):
      - ensure access to employment is an opportunity open *for all*;
      - promote *quality jobs* (pay and benefits, working conditions, health and safety, access to lifelong learning and career prospects), in particular with a view to preventing in-work poverty;
      - tackle labour market segmentation, also by promoting *job retention and advancement*.

# EU-policy on inclusive labour markets (8)

- Implement these principles through the following *practical guidelines*:
  - inclusive education and training policies:
    - » expand/improve investment in human capital policies, including effective lifelong strategies;
    - » adapt education and training systems in response to new competence requirements.
  - active and preventive labour market measures, including tailored, personalised, responsive services and support involving:
    - » early identification of needs;
    - » job-search assistance;
    - » guidance and training;
    - » and motivation to seek a job actively.

# EU-policy on inclusive labour markets (9)

- Implement these principles through the following *practical guidelines* (2):
  - review the incentives and disincentives resulting from tax and benefit systems,
    - » the management and conditionality of benefits;
    - » while ensuring adequate levels of social protection.
  - *provide* (financial) support and raise awareness of labour market inclusiveness
  - promote adaptability and provide in-work support/a supportive environment, including attention to
    - » health and well-being;
    - » non-discrimination;
    - » the application of labour law in conjunction with social dialogue

# EU-policy on inclusive labour markets (10)

- The Recommendation called on MS to support access and return to employment through **Active Labour Market Policies (ALMP)**.
- Active Labour Market Policies (ALMPs)
  - Government programmes
  - Active labour market policies (ALMP) aim:
    - to increase employment opportunities for job seekers
    - to improve balance between jobs available and qualified employees.
    - while ensuring quality jobs, promoting job retention and enabling advancement.
  - Three main categories of ALMP:
    - Personalised support and guidance (PES) (that meet the needs of those furthest from employment),
    - Learning and Training schemes, lifelong learning
    - Employment subsidies

(Source: Commission recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market)

# EU-policy on inclusive labour markets (11)

- ALMPs
  - Avoiding that unemployment turns to be of long-term duration: facilitating outflows from unemployment
  - “Countries with the lowest level of long-term unemployment (DK, LU, FI, NL, AT) are among those where the level of participation in ALMP is the highest.”
  - To reduce the risk of long-term unemployment: important to adapt the mix of activation measures and their institutional setting to the *situation and the groups* targeted.
- Role of trade unions:
  - A number of authors (Boix 1998; Esping Andersen, 1990; Huo, Nelson et al. 2008) have argued that “**countries with stronger trade unions have more developed ALMP**”.

# EU-policy on inclusive labour markets (12)

- But:
  - **Labour markets are not yet inclusive** (differences within and between Member States);
  - the EU member states which are most successful (for people in poverty/distant from the labour market): countries with policy characteristics comparable to the active inclusion principles;
  - more efforts on ALMPs are necessary:
    - ALMPs account for only a small share of MS' Gross Domestic Product (GDP) in the EU-27, especially in eastern Member States.
    - There has been no significant rise in funding for ALMPs in recent years.



# EU-policy on inclusive labour markets (13)

- Follow up of the 2008-Recommendation (in 2013) (2)
  - More efforts on ALMP's are necessary (2)
    - Targeting ALMP's:
      - the degree to which ALMPs target those who are furthest from the labour market varies substantially between MS.
        - » Some Member States (BE, DE, AT, FI, LU, PL, SI) specifically target these recipients by means of separate programmes.
  - As a response to the economic crisis, most governments recognise the need to step up efforts to develop measures tailored to specific vulnerable groups

# EU Social partners framework agreement

- Achieving an inclusive labour market is:
  - a multi-faceted challenge (**various measures, actions and/or negotiations at all levels**)
  - a key concern for public authorities, **employers and employees (and their representatives)**, intermediate organisations,.....
- The social partners:  
Autonomous framework agreement on inclusive labour markets  
(ETUC, BUSINESSEUROPE, UEAPME and CEEP, 25 March 2010):
  - *access, return, retention and development* on the labour market
  - to achieving *full integration* of individuals on the labour market.
    - (1) for those persons who encounter difficulties in entering, returning to or integrating into the labour market and
    - (2) for those who are at risk of losing their job.

# EU Social partners framework agreement (2)

- The social partners:  
Autonomous framework agreement on inclusive labour markets (2):
  - to achieving *full integration* of individuals on the labour market
    - active inclusion depends
      - (1) on the way the labour market and society are organized
      - (2) on the capacities, talents and motivation of individuals and organisations.
  - provide an *action-oriented framework* for workers, employers and their representatives
    - to identify *obstacles* to inclusive labour markets and *solutions*
  - increase the *awareness, understanding and knowledge* of employers, workers and their representatives of the benefits of inclusive labour markets.
    - The European social partners recognise that they have a responsibility to deepen their reflections and engage themselves to find **solutions** and **mobilise their members**.

# EU Social partners framework agreement (3)

- MS should design and implement comprehensive policies to promote inclusive labour markets and **social partners** must be **involved** at the appropriate level
- Specific measures include (for example):
  - Organise awareness-raising campaigns/action plans to *improve the image of a sector/occupation(s)*;
  - Organise awareness-raising campaigns/design tools to promote the *diversity of the workforce*;
  - Disseminate *information* about availability of jobs and training schemes;
  - Cooperate with the “third sector” to *support* those who encounter particular difficulties;
  - Cooperate with *education and training systems* in order to better match the needs of the individual and those of the labour market, promoting vocational education and training and measures to ease the transition between education and the labour market;

# EU Social partners framework agreement (4)

- Specific measures include (2):
  - Implement *specific and effective recruitment methods* as well as ensure the *right working conditions* to welcome and support new entrants in the enterprise;
  - Introduce *individual competence development plans*;
  - Improve *transparency and transferability*, both for the worker and for the organisation, in order to facilitate geographical and occupational *mobility* and to increase the efficiency of labour markets:
    - By promoting the development of means of recognition and validation of competences,
    - By improving the transferability of qualifications to ensure transitions to employment.
  - Promote more and better apprenticeship and traineeship contracts
  - ...

# Conclusion

- Member States which are most successful adopt
  - a comprehensive and integrated “active inclusion” approach
  - in which *employment activation measures*, *income support policies* and *high quality public services* all play an important role and are mutually reinforcing
- But:
  - Europe faces a major financial and economical employment crisis since 2008
  - The most vulnerable on the labour market are the most important victims
  - Can labour market initiatives deliver enough answers to the core of the problem ?
- Achieving an inclusive labour market is:
  - a multi-faceted challenge
  - a key concern for public authorities, employers and employees (and their representatives), intermediate organisations,.....

# VULNERABLE GROUPS, WITH FOCUS ON YOUTH UNEMPLOYMENT

# Vulnerable groups

- Different vulnerable groups on the European labour markets:
  - Lower activity rate/higher unemployment rate than the country average;
  - and/or, when in employment, higher risks of precarious work.
- The EZA/HIVA report focuses on the labour market situation of different vulnerable groups, with focus on
  - Young and older people
  - Women
  - People with disabilities/chronic diseases
  - Migrants and ethnic minorities
  - Low skilled



# Youth

- When active on the labour market, a higher unemployment risk
  - The youth (15-24) unemployment rate:
    - 23.4% in 2013
    - more than *twice as high* as the 25+ unemployment rate (9.5%)
  - Big differences between MS:
    - a gap of nearly 50 percentage points between Germany (with the lowest rate of youth unemployment (7.8%) in July 2014) and Spain (with the highest rate, Spain (53.8%) in July 2014). Spain is followed by other Southern European countries.

## Youth (15-24) unemployment rate

|                       | Youth unemployment rate |      |      |         | Youth unemployment ratio |      |      |
|-----------------------|-------------------------|------|------|---------|--------------------------|------|------|
|                       | 2011                    | 2012 | 2013 | 2013Q4* | 2011                     | 2012 | 2013 |
| <b>EU-28</b>          | 21.4                    | 23.0 | 23.4 | 23.1    | 9.1                      | 9.7  | 9.8  |
| <b>Euro area</b>      | 20.8                    | 23.1 | 24.0 | 23.8    | 8.7                      | 9.5  | 9.8  |
| <b>Belgium</b>        | 18.7                    | 19.8 | 23.7 | 23.9    | 6.0                      | 6.2  | 7.3  |
| <b>Bulgaria</b>       | 25.0                    | 28.1 | 28.4 | 28.1    | 7.4                      | 8.5  | 8.4  |
| <b>Czech Republic</b> | 18.1                    | 19.5 | 18.9 | 18.9    | 5.4                      | 6.1  | 6.0  |
| <b>Denmark</b>        | 14.3                    | 14.0 | 13.0 | 12.8    | 9.6                      | 9.1  | 8.1  |
| <b>Germany</b>        | 8.6                     | 8.1  | 7.9  | 7.9     | 4.5                      | 4.1  | 4.0  |
| <b>Estonia</b>        | 22.4                    | 20.9 | 18.7 | 19.1    | 9.1                      | 8.7  | 7.4  |
| <b>Ireland</b>        | 29.1                    | 30.4 | 26.8 | 25.5    | 12.1                     | 12.3 | 10.6 |
| <b>Greece</b>         | 44.4                    | 55.3 | 58.3 | 57.3    | 13.0                     | 16.1 | 16.6 |
| <b>Spain</b>          | 46.2                    | 52.9 | 55.5 | 54.9    | 19.0                     | 20.6 | 20.8 |
| <b>France</b>         | 22.6                    | 24.4 | 24.8 | 23.7    | 8.4                      | 8.9  | 9.0  |
| <b>Croatia</b>        | 36.1                    | 43.0 | 49.7 | 48.6    | 11.3                     | 12.7 | 14.4 |
| <b>Italy</b>          | 29.1                    | 35.3 | 40.0 | 41.8    | 8.0                      | 10.1 | 10.9 |
| <b>Cyprus</b>         | 22.4                    | 27.8 | 38.9 | 40.8    | 8.7                      | 10.8 | 15.0 |
| <b>Latvia</b>         | 31.0                    | 28.5 | 23.2 | 23.9    | 11.6                     | 11.5 | 9.1  |
| <b>Lithuania</b>      | 32.6                    | 26.7 | 21.9 | 20.6    | 9.2                      | 7.8  | 6.9  |
| <b>Luxembourg</b>     | 16.4                    | 18.0 | 17.4 | 17.2    | 4.2                      | 5.0  | 4.0  |
| <b>Hungary</b>        | 26.1                    | 28.1 | 27.2 | 24.8    | 6.4                      | 7.3  | 7.4  |
| <b>Malta</b>          | 13.8                    | 14.2 | 13.5 | 13.5    | 7.1                      | 7.2  | 7.0  |
| <b>Netherlands</b>    | 7.6                     | 9.5  | 11.0 | 11.4    | 5.3                      | 6.6  | 7.7  |
| <b>Austria</b>        | 8.3                     | 8.7  | 9.2  | 9.9     | 5.0                      | 5.2  | 5.4  |
| <b>Poland</b>         | 25.8                    | 26.5 | 27.3 | 27.2    | 8.6                      | 8.9  | 9.1  |
| <b>Portugal</b>       | 30.1                    | 37.7 | 37.7 | 34.8    | 11.7                     | 14.3 | 13.5 |
| <b>Romania</b>        | 23.7                    | 22.7 | 23.6 | .       | 7.4                      | 7.0  | 7.3  |
| <b>Slovenia</b>       | 15.7                    | 20.6 | 21.6 | 19.9    | 5.9                      | 7.1  | 7.3  |
| <b>Slovakia</b>       | 33.7                    | 34.0 | 33.7 | 33.5    | 10.1                     | 10.4 | 10.4 |
| <b>Finland</b>        | 20.1                    | 19.0 | 19.9 | 20.0    | 10.1                     | 9.8  | 10.3 |
| <b>Sweden</b>         | 22.8                    | 23.7 | 23.4 | 22.6    | 12.1                     | 12.4 | 12.8 |
| <b>United Kingdom</b> | 21.1                    | 21.0 | 20.5 | 19.7    | 12.4                     | 12.4 | 12.0 |

: data not available

\* The quarterly youth unemployment rate is seasonally adjusted.

# Unemployment rate

|                       | Male |      | Female |      | < 25 years | 25-74 years |
|-----------------------|------|------|--------|------|------------|-------------|
|                       | 2007 | 2013 | 2007   | 2012 | 2013       | 2013        |
| <b>EU-28</b>          | 6.6  | 10.8 | 7.9    | 10.9 | 23.4       | 9.5         |
| <b>Euro area</b>      | 6.7  | 11.9 | 8.6    | 12.1 | 24.0       | 10.7        |
| <b>Belgium</b>        | 6.7  | 8.7  | 8.5    | 8.2  | 23.7       | 7.1         |
| <b>Bulgaria</b>       | 6.5  | 13.9 | 7.4    | 11.8 | 28.4       | 11.8        |
| <b>Czech Republic</b> | 4.2  | 5.9  | 6.7    | 8.3  | 18.9       | 6.1         |
| <b>Denmark</b>        | 3.4  | 6.7  | 4.2    | 7.3  | 13.0       | 5.9         |
| <b>Germany</b>        | 6.6  | 5.6  | 8.8    | 5.0  | 7.9        | 5.0         |
| <b>Estonia</b>        | 5.4  | 9.1  | 3.8    | 8.2  | 18.7       | 7.6         |
| <b>Ireland</b>        | 5.0  | 15.0 | 4.3    | 10.7 | 26.8       | 11.6        |
| <b>Greece</b>         | 5.2  | 24.3 | 12.8   | 31.3 | 58.3       | 25.3        |
| <b>Spain</b>          | 6.4  | 25.6 | 10.7   | 26.7 | 55.5       | 23.8        |
| <b>France</b>         | 7.6  | 10.4 | 8.5    | 10.2 | 24.8       | 8.8         |
| <b>Croatia</b>        | 8.4  | 17.8 | 11.2   | 16.6 | 49.7       | 14.1        |
| <b>Italy</b>          | 4.9  | 11.5 | 7.9    | 13.1 | 40.0       | 10.3        |
| <b>Cyprus</b>         | 3.4  | 16.6 | 4.6    | 15.2 | 38.9       | 13.6        |
| <b>Latvia</b>         | 6.5  | 12.6 | 5.6    | 11.1 | 23.2       | 10.7        |
| <b>Lithuania</b>      | 4.2  | 13.1 | 4.3    | 10.5 | 21.9       | 10.9        |
| <b>Luxembourg</b>     | 3.4  | 5.4  | 5.1    | 6.4  | 17.4       | 5.0         |
| <b>Hungary</b>        | 7.1  | 10.2 | 7.7    | 10.2 | 27.2       | 8.9         |
| <b>Malta</b>          | 5.9  | 6.6  | 7.6    | 6.4  | 13.5       | 5.2         |
| <b>Netherlands</b>    | 3.1  | 7.1  | 4.1    | 6.3  | 11.0       | 5.9         |
| <b>Austria</b>        | 3.9  | 4.9  | 5.0    | 4.9  | 9.2        | 4.3         |
| <b>Poland</b>         | 9.0  | 9.7  | 10.3   | 11.1 | 27.3       | 8.8         |
| <b>Portugal</b>       | 8.0  | 16.4 | 10.0   | 16.6 | 37.7       | 14.8        |
| <b>Romania</b>        | 7.2  | 7.9  | 5.4    | 6.6  | 23.6       | 5.9         |
| <b>Slovenia</b>       | 4.0  | 9.5  | 5.9    | 10.9 | 21.6       | 9.2         |
| <b>Slovakia</b>       | 10.0 | 14.0 | 12.8   | 14.5 | 33.7       | 12.5        |
| <b>Finland</b>        | 6.5  | 8.8  | 7.2    | 7.5  | 19.9       | 6.5         |
| <b>Sweden</b>         | 5.9  | 8.2  | 6.5    | 7.8  | 23.4       | 5.7         |
| <b>United Kingdom</b> | 5.6  | 8.0  | 5.0    | 7.0  | 20.5       | 5.4         |
| <b>Iceland</b>        | 2.3  | 5.7  | 2.3    | 5.1  | 10.7       | 4.3         |
| <b>Norway</b>         | 2.6  | 3.7  | 2.5    | 3.3  | 9.1        | 2.6         |
| <b>Turkey</b>         | 8.7  | 7.9  | 9.1    | 10.5 | 17.0       | 7.1         |
| <b>United States</b>  | 4.7  | 7.6  | 4.5    | 7.1  | 15.5       | 6.1         |
| <b>Japan</b>          | 3.9  | 4.3  | 3.7    | 3.7  | 6.8        | 3.8         |

# Youth

- When in employment, increasing proportion involuntary in non-standard jobs:
  - 42.7% of youth employees were on temporary contracts in 2013 compared to 13.8% of the overall working age population
  - 31.9% had part-time jobs, compared to 19.6% of workers overall
  - In times of crisis,
    - Young graduates start in jobs below their qualifications  
→ “false start”: hard to catch up (signal for “lower ambitions”)
    - Organisations provide less training opportunities for their employees

# Youth

- Economical crisis:
  - In the last four years, the overall employment rates for young people fell three times as much as for adults.
  - the proportion of the population in education has increased
    - young people remain in education longer before joining the labour market,
    - or return to education
- But still:
  - lack of progress in reducing early school leaving
  - lack of progress in reducing failure to complete third level education.
  - 7.5 million young Europeans between 15-24 are not in employment, education or training (NEET): a worryingly high proportion of almost 13%

# Youth

- Causes
  - Early school leaving
    - characterized by a gradual distancing from the educational establishment
    - It also links back to the issues surrounding young people who are failing or are socially marginalized.
  - Education-labour market transition
    - Skill mismatch: competences and qualifications vs. labour markets needs
    - Over or under educated, but often under skilled
  - Lack of experience vs experienced unemployed people in a wide labour market
    - “When they have a choice, employers prefer employees who are immediately employable”

# Youth

- Economical crisis:
  - significant increase in youth unemployment:  
**Consequences: a lost generation?**
  - Youth unemployment and its **scarring effects**
    - Lower (life) satisfaction rates and lower psychological well being
    - Higher risks long term unemployment and inactivity:
      - During selection procedures: long term unemployment as “a signal of less suitable” (statistical discrimination)
      - Skills obsolescence
      - “Use it or lose it”

# Youth

- Youth unemployment and its **scarring effects**
  - Lower wages, lower job quality:
    - Young graduates start in jobs below their qualifications  
→ “false start”: hard to catch up (signal for “lower ambitions”)
    - Locking in effect: less available for job searching, adaptation, demotivation, risk aversion, less relevant experience
- Scarring effects are bigger for being unemployed at career start than for being unemployed in later career phases (Bell & Blanchflower, 2011)



# Youth

- Actions on different levels and by different actors are necessary and possible
  - EU Level: The Youth Guarantee (April 2013)
    - All MS: job, continued education, an apprenticeship/traineeship within four months of leaving formal education or becoming unemployed.
    - EU-level tools to help MS: European Alliance for Apprenticeships, the Quality Framework for Traineeships, EURES and 'your first EURES job' initiative, helping firms to recruit young people.
    - in close partnership with the social partners and the relevant stakeholders.

# Youth

- Actions on different levels and by different actors are necessary and possible
  - Government and other public institutions and programs:
    - Interventions (creative and innovative) to avoid early school leaving
    - Campaigns to raise public awareness/sharing information,
    - Campaigns towards sectors and organisations to tackle discrimination, to promote diversity, to promote lifelong learning
    - Adapting educational system to economic and social challenges of the future
    - Investment in and partnerships between education and employment institutions
    - Dual learning/dual educational systems (apprenticeships)
    - ALMP with focus on young people
      - Experience/apprenticeships
      - Financial support/compensations,... and other support
      - Early intervention and activation
      - But take into account:
        - » avoiding scarring by taking on lower quality jobs in the beginning of the job search
        - » Avoiding scarring of being long term unemployed: looking for alternatives
  - develop measures tailored to specific vulnerable young groups

# youth

Improving youth labour market outcomes requires an in-depth understanding of employment and labour market issues that are country specific.

Analysis of youth labour markets, with particular emphasis on the issues that characterize youth transitions to decent work, is crucial for determining country-specific needs and for shaping policies and programmatic interventions.

Initiatives should be based on a partnership between civil society, public authorities, educational and training bodies, the social partners and businesses.

THANK YOU