

Current Developments and Future Trends at the European Labour Markets

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Key characteristics of EU labour markets



- Key characteristics
- Challenges
- Vulnerability and vulnerable groups
- Examples of inclusion tools
- Outlook: strategies and approaches for integrating vulnerable groups

Key challenges

- **Ageing population**
 - increasing demand for care, longer working lives
- **Economic restructuring and structural labour market changes – twin transition** (digitalization and greening the economy)
 - Growing skills gaps and skills shortages
 - Developing digital skills
 - Covid-19 pandemic and uneven impact on some groups on the labour market related changes in participation and types of work (uneven impact on some vulnerable groups)
- **Inflation, rising energy prices – risk of poverty**
- **Ethnic minorities, migration and integration**
 - Refugee and migrant crisis (Syria, Ukraine) – integration of migrants into the labour market
 - Recognition of education, skills, experience
- **Tackling undeclared work**
 - Incentives to formalize the labour market involvement, cross-border support

Trends in EU labour markets



- **People aged 65+** will reach almost 130 million by 2050 in the EU: this is an over 43% increase in comparison to 2019 (90.5 million of 65+).
- Among workers, those aged 50-64 are highly exposed to **long-term unemployment** thus to discouragement and exit from the labour force. As a result, their employment rate in EU-27 is only around 59%.
- **Decrease of overall population:** Over a 35- year -time period between 1950 and 1985, the population of Europe grew by approx. 159 million. But in the following 35-year period (1985-2020) it was estimated to have only increased by 35 million. It will start decreasing as of 2030.
- After six consecutive years of decrease, the **EU unemployment rate increased** in June 2021 reaching 7.7 % in the Euro area and 6.9 % in EU-27 in July 2021, in spite of the job-retaining measures all over Europe to mitigate the effects of the pandemic.
- The **youth unemployment rate increased** from 15.0 % in 2019 to 16.8 %.



- A multifaceted approach is needed to ensure the **labour market integration of both young, especially new entrants, and senior workers, also tackling skills mismatches and the need for skills updating**

Labour market from a perspective of integrating vulnerable groups



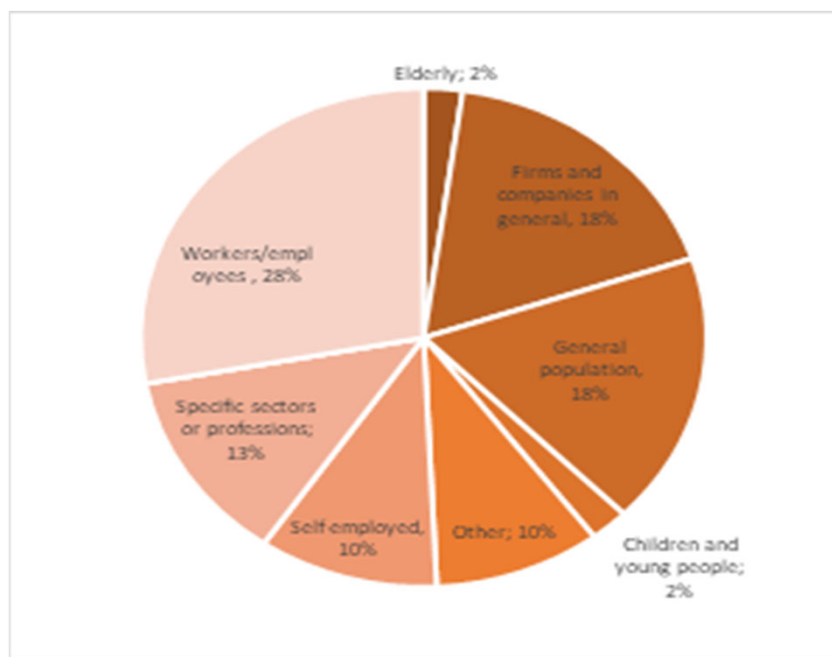
Understanding vulnerability

- Groups within our societies facing higher risk of poverty and social exclusion compared to the general population (EC 2010)
- In terms of **exposure, capacity and potentiality**: the prescriptive and normative response to vulnerability is to reduce exposure, enhance coping capacity, strengthen recovery potential and bolster damage control (i.e. minimise destructive consequences) via private and public means (Watts and Bohle, 1993)
- **Social vulnerability** refers to the inability of people, organisations, and societies to withstand adverse impacts from multiple stressors to which they are exposed. These impacts are partly due to characteristics inherent in social interactions, institutions, and systems of cultural values. The capacity of individuals, communities and systems to survive, adapt, transform, and grow in the face of stress and shocks increases when conditions require it (Pelling, 2003)
- **Workers are vulnerable in that their participation in the labour market leaves their well-being at risk.**

Vulnerable groups at the labour market



Figure: Policy structure of national Covid-19 policies vis-à-vis particular vulnerable groups, 50 countries



Source: Kahanec et al. 2020, CELSI COPREQ database

Definition based on LM segments

- Women
- Elderly
- Migrants
- Young people
- People with disabilities/health issues
- Ethnic minorities facing barriers in the labour market

Definition of vulnerable groups from the perspective of labour market precarity

- self-employed
- People with several small-size contracts (especially when COVID-19 measures target a different structure of labour market participation)
- Long-term unemployed
- NEETS

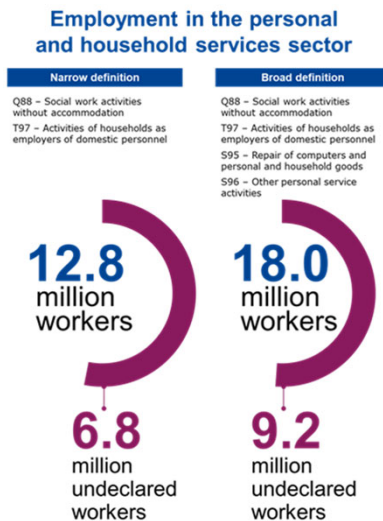
Examples of integration

➤ Persons with disability and/or after chronic disease

44 million people in the EU-28 had basic activity difficulties and 35 million people (2011) had a disability in employment (2011); in 2012, 42 million people in the EU-27 were disabled (Eurostat)

Sheltered workplaces and social enterprises vs. direct labour market integration

➤ Tackling undeclared work in personal and household services



From 18 million workers in social work activities, activities of domestic personnel and services provided to the household, 9.2 millions are undeclared workers (ELA 2022)

Social voucher systems (Belgium, Italy, France) to formalize their employment

Labour market integration of persons with disabilities and chronic diseases – current knowledge



- **Basic activity difficulty:** difficulty in seeing, hearing, walking or communicating
- **Disability in employment:** Persons limited in the work they can do because of a long-standing health problem and/or a basic activity difficulty
- **Chronic diseases affecting the working population:**
 - cardiovascular diseases (23% of deaths globally)
 - cancers
 - musculoskeletal diseases (60% of permanent work incapacity, 50% of work absence above 3 days),
 - mental conditions,
 - chronic respiratory diseases,
 - diabetes

- Policy frameworks
- Stakeholder roles in a multi-level governance perspective



Source: Shutterstock

- What **partnerships** can be harnessed to facilitate labour market integration of people with disabilities?
- How could the role of **social partners** (trade unions and employers' associations) be enhanced in labour market integration of people with disabilities and people returning to work after or with chronic diseases?
- What examples of **cooperation** between different levels of implementation and practice, knowledge sharing and policy making can serve as **inspiration** across different country contexts?

EU-level:

- European Disability Strategy (2010 – 2020)
- European platform against poverty and social exclusion (Flagship initiative of the Europe 2020 strategy)
- EU Strategic Framework on Health and Safety at Work (2014-2020)
- Potential role of EU-level social dialogue?

National level:

- National disability policies
- Measures for work re-integration of persons with chronic diseases integrated into disability policies – evidence from 9 European countries
- Link between long-term sickness absence and entry to disability benefit system

Policy frameworks – a comparative perspective

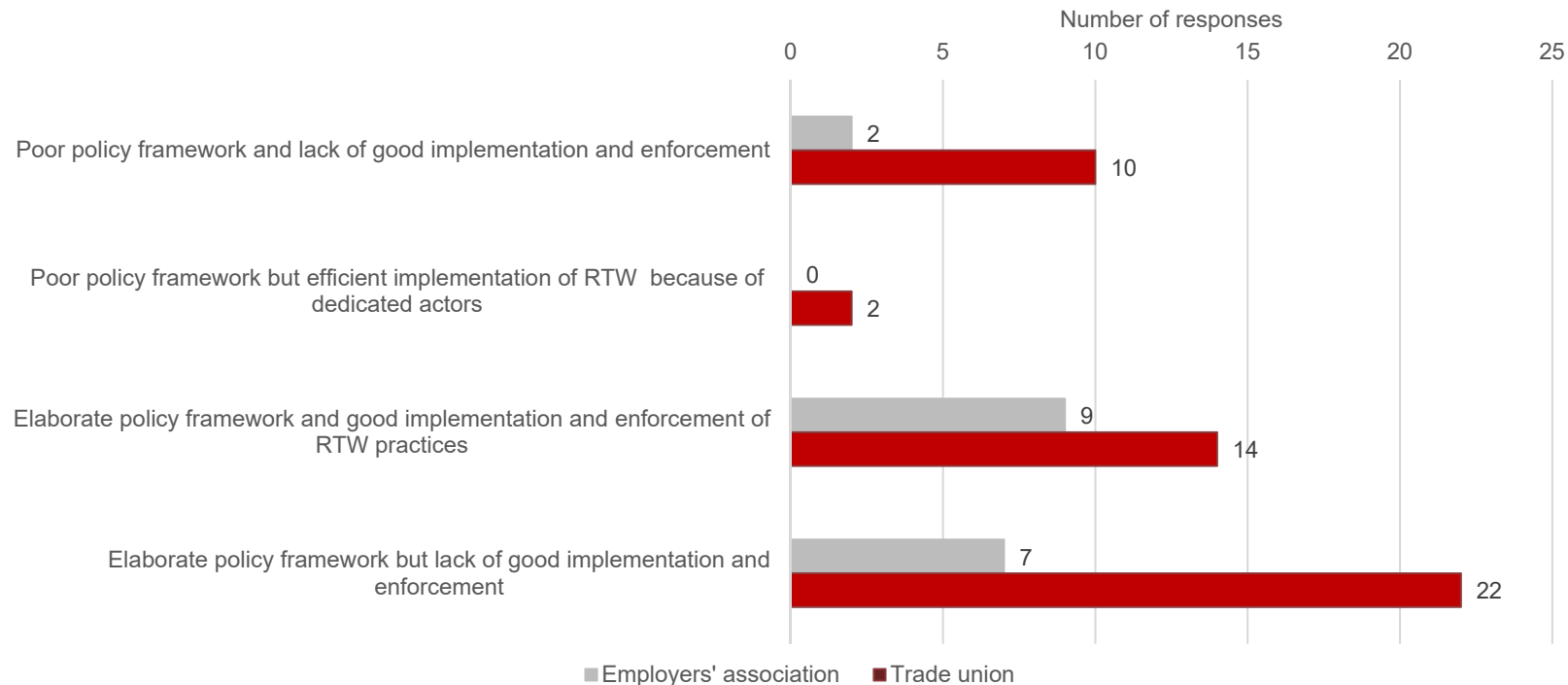
Country clusters	Comprehensive approach (AT, DK, FI, DE, NL, NO, SE)	Selective approach (BE, FR, IT, LU, UK)	Ad hoc approach (BG, EE, IE, ES, LT, HU, PT, RO)	Limited approach (CZ, GR, HR, CY, LV, MT, PL, SI, SK)
Policy characteristics	Inclusive integration system, focus on prevention and early intervention. Effective coordination of multidisciplinary teams, case-management approaches	Well developed policy and stakeholder roles, some interventions and benefits are conditioned by the disabled status, limited stakeholder coordination in work integration	Targeting workers with disabilities, lacking coordinated approach, limited institutional support for work integration	Measures target only persons with a formally recognized status of disability, limited framework for work integration, success at the discretion of individual employers
Motivation factors for work integration	Broad variety of such incentives: part-time jobs, jobs with flexible arrangements etc.	Limited financial support to incentivise employers to adapt workplace and integrate employees. Incentives exist in some countries for workers to integrate to work early after chronic disease.	Financial support for employers to reintegrate employees with reduced work capacity (due to disability or occupational condition). No incentives for the workers.	Financial support to employers employing people with disabilities

Source: adaptation from EU-OSHA (2018), Rehabilitation and Return to Work: Analysis Report on EU Policies, Strategies and Programmes, Office for Official Publications of the European Communities, Luxembourg.

Social partners' views on national policy frameworks for integration



Paradox: the majority of social partners find national policy frameworks elaborate, gaps identified in their enforcement and implementation practice



Source: Akgüç et al. (2021), REWIR Social partner survey in EU-25 (N=83). RTW = Return to Work after (chronic) disease.

Integration in most different cases (NO vs. SK)



Criteria	Norway	Slovakia
Target groups of PwDs, with the right to occupational rehabilitation and support of return to work	Inclusive approach; different subgroups of persons with disabilities; striving for everyone's participation in the labour market	Policies and measures mainly relate to PwDs with the formally recognised status of seriously disabled persons, resp. disability pensioner
Overall approach to labour market integration of persons with disabilities	Central policies and measures are not directive; they define priority areas and delegate powers to employers; they frame cooperation but leave room for actors to implementation	Policies and measures in Slovakia are centralised and rather directive, partly motivating (financially, through fines)
Intermediate level of integration - sheltered employment	Does not exist; integration into the primary labour market is preferred; therapy, support, mentoring in the workplace are integral parts of it	Sheltered workshops and social enterprises are the main measures within the Slovak PwDs labour integration policy; integration into the open labour market is not systematically set
Specific central programs to support labour integration	Exist in the form of strategic long-term umbrella projects	Strategic only specific measures (e.g. social enterprises), otherwise ad-hoc, project-based and upon the willingness of particular people

Integration in most different cases (NO vs. SK)



Criteria	Norway	Slovakia
Approach in state policy to labour integration	Philosophy of “First work, then integration”; Gradual return to work after chronic illness with therapeutic support	Philosophy of “First preparation for integration, then work” There is a lack of a progressive and planned approach to work integration. It is more or less in the goodwill of employers
Employers’ responsibilities	Broad and formally granted powers, employers are full-fledged partners in all phases of integration into work	The law imposes obligations on employers; the obligations apply only to persons with formally granted PwD status; Employers perceive that they are being pushed into the employment of PwD under the threat of fines
Trade Unions’ role	Active, at the tripartite level and also in the implementation (first place, then train)	At the tripartite level the issue of labour market integration of PwDs is not solved at the tripartite level; at the company level only as ad hoc issues (first train, then place)
Motivation factors for labour market integration	A wide range of motivation factors: flexible work opportunities, part- time work, long-term possibility to receive sickness benefits or disability pensions at the same time while employed	Financial support for employers

Source: CELSI Project “I want to work, who can help me?” <https://celsi.sk/en/projects/detail/99/>

France: Universal Service Employment Voucher measure



What is CESU?

- A simple system launched in 2006 and designed by *Unions for the collection of National Social Security and Family Benefit Contributions (URSSAF)* to **facilitate the legal recognition and payment of domestic workers by households.**
- An average of 595 081 declared employees each month
- 1 910 502 employers using it
- More than 19 million declarations (85% online).

Services covered by the CESU:

In the household:

- Domestic work (cleaning, laundry, ironing), after-school help, odd jobs (repair and maintenance), baby-sitting, assistance to vulnerable people, preparation of meals.

Outside of the premises of the household:

- Shopping, collection, cleaning and delivery of laundry, transporting persons having difficulties with mobility

Outcomes of the measure

Involved: The Ministry of the Economy and Finances, the CESU National Centre (a service of URSSAF): in charge of the daily management of the CESU (declaration of employees, payment of social contributions. . .), private companies running employee benefit voucher (pre-financed CESU)

Benefits for the employer

- No need to prepare a pay slip
- No calculation of contributions and paid holidays
- **Declaration in a few clics**
- The employee is covered in case of accident at work
- Simplified hiring procedures
- **Exemption from employer contributions**
- **A 50% tax credit** applied to the expenses incurred.
- The easy management of withholding taxes

Benefits for the employee

- A guarantee of **social rights**
- Social and financial **protection in case of accident at work**
- A guarantee to **be declared and to increase one's retirement capital**
- Simplification of **withholding taxes for the wages**

Source: ELA (2022)

Main lessons learnt

Key conditions for success

- Simplicity of the CESU declaration;
- The amount to be paid for the employment of a home worker is lower than the net salary, thanks to the tax credit from which the individual employer benefits (subsidizing the worker)

Transferability

- The possibility to transfer the practice depends on the impact of tax and social exemptions on the cost of labour for home-based employers. Tax incentive measures may be needed.

More info on voucher systems for subsidized employment in the personal and household services sector: https://www.ela.europa.eu/sites/default/files/2022-03/UDW_Study_report_on_PHS_2022.pdf

Conclusions: Labour market integration in context

- Demographic change, population ageing, increasing share of population with some form of vulnerability



Major societal challenges, impact on labour markets in Europe

- Europe-wide priorities: extending working lives, integration of vulnerable persons into the labour market – including inactive persons due to chronic disease or disability

European Pillar of Social Rights:
Vulnerable groups (e.g, PwDs) have the right to... services that enable them to participate in the labour market ..., and a work environment adapted to their needs



Little research/knowledge on labour market integration of the and vulnerable, work counselling, best practices from the field, international comparisons

Strategies for addressing future challenges

- Active ageing and high labour market participation belong to key priorities of EU-level policies
- Lacking coherent integration framework at the EU level
- Policy framework across diverse EU members states do not fully respond to these priorities (e.g. by integrating vulnerable groups into the labour market)
- Challenges for policy making: social entrepreneurship?
- Challenges for stakeholder coordination: implementing innovative policy tools? Under what conditions?
- **Efficient policy frameworks** needed – facilitate mutual learning
- **Stakeholder interaction**

Despite different policy frameworks, a potential for stakeholder cooperation



Policy level

Stakeholder facilitation

Workplace level

Thank you for your attention!

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