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PART 3/4

**COMMISSION STAFF WORKING DOCUMENT**  
**EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE**

**Chapter 2**

# Untapped sources of labour in the EU

## 1. INTRODUCTION<sup>(110)</sup>

**Achieving high levels of employment is at the heart of the EU economic and social model, providing a foundation for both economic growth and social cohesion.** Over the last year, the EU's labour market performed strongly and reached record employment levels and low unemployment. Despite this strong performance a large share of companies and in particular small and medium enterprises (78%) report labour and skills shortages that hold them back in their activities.<sup>(111)</sup>

**Long term trends such as demographic change and changing skills requirements linked to the green and digital transition risk to exacerbate labour and skills shortages.** In particular, the shrinking of the working age population by one million persons every year up to 2050 will lead to significant reductions in labour supply. This can also have negative implications for the EU's competitiveness and growth prospects as well as for the financial stability of the pension and social protection systems in the EU. At the same time, the aging of the EU society implies higher number of people above working age, who are exposed to higher poverty risks.

**In this context, it is crucial to fully tap into the labour market potential of underrepresented groups and ensure their integration in the labour market.** Currently, almost 20% of the EU's working age population is outside the labour market. This notably concerns women, younger and older persons, migrants, and persons with disabilities.

**This analysis focuses on assessing the potential for bringing additional labour supply into the EU labour market.** It starts by examining who belongs to groups underrepresented in the labour market and then looks at how ready these groups are to participate in the labour market, explores what barriers hold them back from participating, and tries to quantify the effects of different barriers on participation wherever EU-level data is available. Additional labour supply could also come from people who are underemployed, that is those who work fewer hours than they would ideally want to, which is briefly explored towards the end of the chapter.

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<sup>(110)</sup> This chapter was written by Jakub Caisl, Argyrios Pisiotis and Kilian de Kruyf Molina with contributions by Miriam Carracedo Marsinach, Anja Puc, and Massimiliano Mascherini and Marielena Krieg from Eurofound.

<sup>(111)</sup> Eurobarometer 'European Year of Skills - Skills shortages, recruitment and retention strategies in small and medium-sized enterprises', September 2023.

## 2. GOING BEYOND THE CURRENT LABOUR FORCE

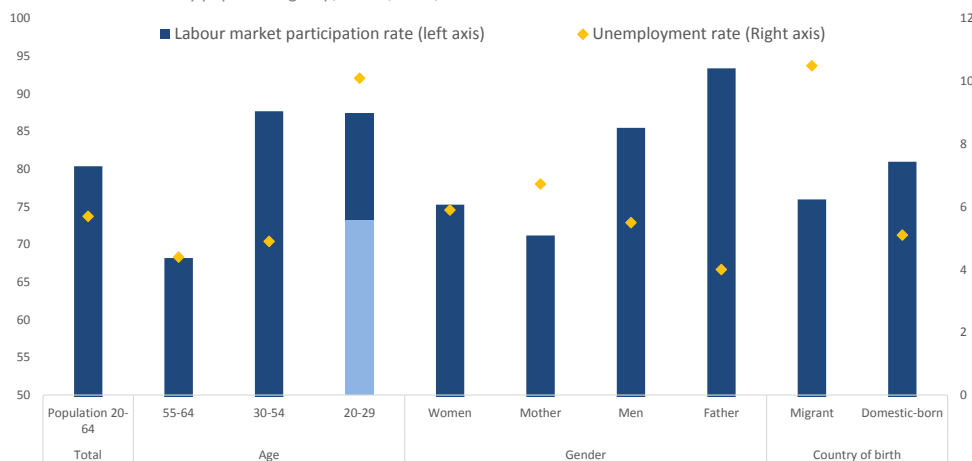
### 2.1. People outside the labour force

**In 2024, there were about 260 million people aged 20 to 64 in the EU, out of which 209 million participate in the labour market.<sup>(112)</sup>** This rate is slightly higher (by about one to two pps) than in the US or China.<sup>(113)</sup> Within the 209 million participating in the labour force, 197 million are employed (three out of four people aged 20 to 64) and 12 million are unemployed, most of whom (7.7 million) experience short spells of unemployment.<sup>(114)</sup> After halving since its 2013 peak at 11.6%, the current unemployment rate is below the natural unemployment rate of 6-7%<sup>(115)</sup> (i.e. the unemployment rate that would exist in an economy operating at its full potential) in the EU. Within the 12 million unemployed, about 4 million experience unemployment for over a year,<sup>(116)</sup> which in turn makes job search more challenging as skillsets and capabilities risk to become outdated over long periods without work. In this sense, the situation of the long-term unemployed often resembles that of people who have been outside the labour market for long periods of time (see section 2.2.).

Chart 2.1

#### Lower labour market participation of women, older persons and migrants

Participation rates in the labour market by population group, EU-27, 2024, %



Note: Statistics for non-students, mothers and fathers are calculated from 2023 EU-LFS microdata. For those aged 20-29, the part of the bar in dark blue represents those who are non-students.

Source: Eurostat [lfsi\_emp\_a]; [lfsa\_argacob]; [une\_rt\_a]; [lfsa\_urgan]; [lfsa\_pgacws] and author's calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**The participation of women, older people aged 55-64, and migrants is lower than average.** Almost one third of older workers and one fourth of women and migrants do not participate in the labour market (Chart 2.1). For the purposes of this analysis, migrants are those individuals residing in the EU who were born outside of the EU, unless explicitly stated otherwise (see [Annex A2.3](#)). Excluding students, almost nine in ten young people (aged 20-29) participate in the labour market, exceeding the average participation of working age population.<sup>(117)</sup> Participation rates of prime-aged individuals, men and

<sup>(112)</sup> According to ILO classification, people can be classified as employed, unemployed and outside the labour force. Employed and unemployed people are considered as participating in the labour market (this term is used interchangeably with the term 'labour force' in this report). People outside the labour market are those that are neither employed nor unemployed.

<sup>(113)</sup> Based on labour force participation rate (for age groups 15-64, as age group 20-64 is not available) modelled estimates published by the ILO, downloaded in June 2025 from ILOSTAT Data Explorer

<sup>(114)</sup> Based on Eurostat [lfsa\_pganws] and [lfsa\_ugad]. Short spells are equal to less than 12 months.

<sup>(115)</sup> See Quarterly Report on the Euro Area (QREA), Vol. 19, No. 1 (2020), Unemployment in the euro area: Why is it so low and when will it start to rise? - Czech National Bank and Will the euro area's robust employment growth continue? - Bank of Finland Bulletin

<sup>(116)</sup> Based on Eurostat [une\_ltu\_a]

<sup>(117)</sup> Almost one in four (24%) people aged 20 to 29 indicate studies as their main activity status. (calculation based on Eurostat EU-LFS microdata)

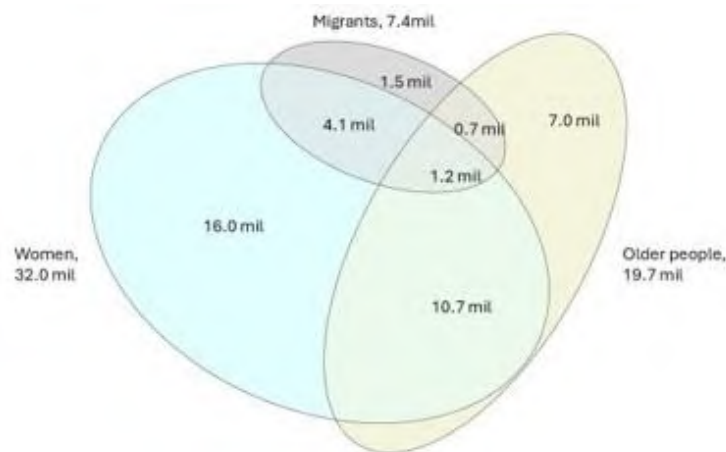
domestic-born<sup>(118)</sup> are also above average. Participation can vary considerably within these groups. For example, only about 70% of women living in households with children below six years of age participate in the labour market, compared to about over 93% of men. Participation also varies considerably by country (Chart 2.3). The participation of other groups not examined in this report- such as Roma, is also much lower than the average.

**Together, women, older persons and migrants account for over 80% of those outside the labour market (compared to about two thirds of the overall population).** Of the 51 million outside the labour market, about 32 million are women, 19.7 million are older persons (aged 55-64), and 7.4 million are migrants. These groups have considerable overlaps – for example, more than half of the older persons (12 million) are women.

Figure 2.1

Women, older persons, and migrants account for 41 out of 51 million people outside the labour market

Outside-the-labour-market population size by population group, EU-27, 2024



Note: Aggregate figures for each group may differ slightly from sums across their components due to rounding issues.

Source: Eurostat [lfsa\_pgacws]

[Click here to download figure.](#)

**Almost 45% of the persons aged 20 to 64 with disabilities do not participate in the EU labour market.** Persons with disabilities are not covered in as comprehensive a way as women, older persons and migrants are in the EU labour market data.<sup>(119)</sup> This chapter therefore covers the labour market participation of persons with disabilities separately in Box 2.1, complementing the limited EU-level data with statistics and qualitative information from other data sources.

**The proportion of working age population participating in the labour market increased over time, from almost 75% in 2013 to 80.4% in 2024** (Chart 2.2). This general trend hides considerable differences in participation of women, older people and migrants. Older people saw the sharpest increase in participation over this period, reflecting a corresponding increase in the employment rate (from 47.9% in 2013 to 65.2% in 2024) of this group. This is linked to improved health and life expectancy of older people, higher educational attainment of successive population cohorts, and policy changes to retirement systems, unemployment and disability insurance schemes. Women also saw a considerable increase in participation (from 69.1% to 75.3%), in line with broadening availability of affordable early childhood education and care, implementation of new work-life balance policies, and growing acceptance of working motherhood (section 2.4.). The proportion of migrants who are part of the labour force also increased slightly over this period, from 73.6% in 2013 to 76% in 2024.

<sup>(118)</sup> For the purposes of this report, domestic-born include both people born in reporting country and people born in other EU Member States living in reporting country. The latter group tends to account for small shares of national populations and have somewhat higher labour market participation than people who were born in reporting countries.

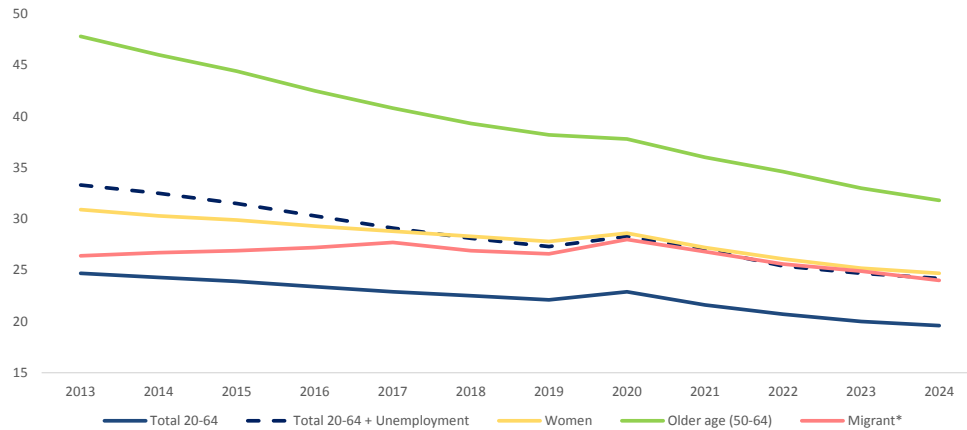
<sup>(119)</sup> The Eurostat EU-LFS has started covering disability status since 2022 (on biennial basis) and it does not focus on particular challenges faced by persons with disabilities when entering the labour market.

**In all Member States, women make up a larger share of persons outside the labour force than men.** (Chart 2.3, panel a). In Finland, Estonia and Lithuania, women account for slightly over a half of all those not participating in the labour market. However, in several other countries they account for more than two thirds (IT, RO, CY, CZ, EL, MT). This variation reflects considerable cross-country differences in factors that are known to affect labour market participation of women (see section 2.4.).

Chart 2.2

### Share of people out of the labour force declined over time, notably among those aged 55-64

Proportion of people outside the labour force by population group, EU-27



*Note:* \*For migrants, there is a data break in the time series in 2021, due to revisions to the EU-LFS data collection undertaken that year. For other population groups, trends are smoothed over time by Eurostat.

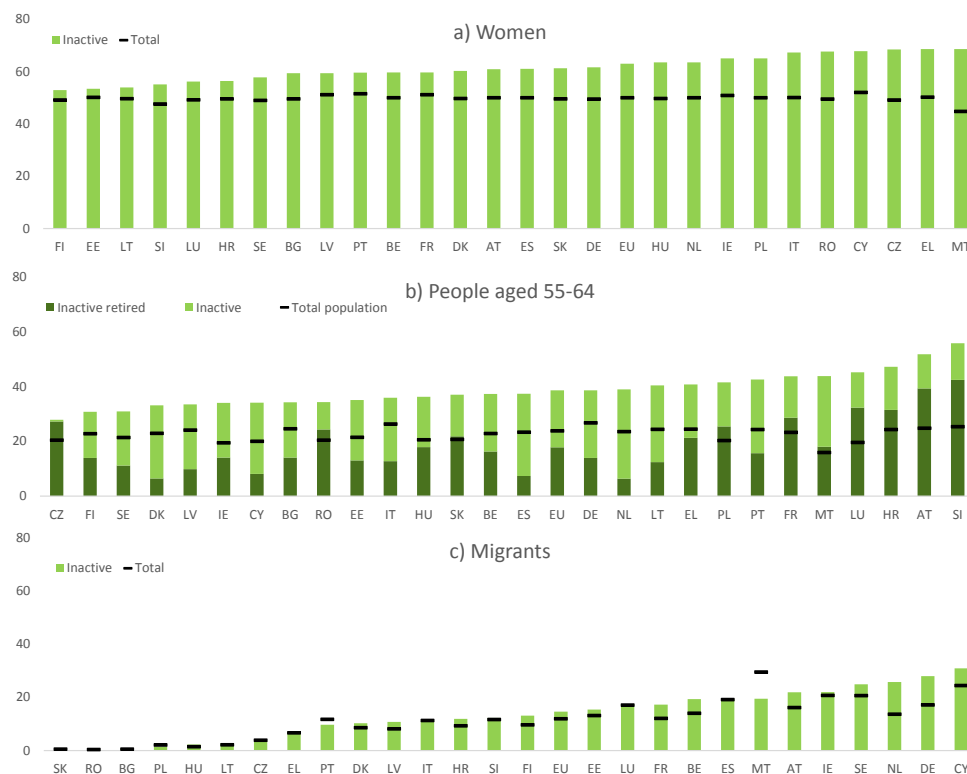
*Source:* Eurostat [lfsa\_argacob] (for migrants) and [lfsi\_emp\_a] (for other groups)

[Click here to download chart.](#)

Chart 2.3

### Women, older persons and migrants account for different proportions of people outside the labour market in different Member States

Proportion of selected population groups among outside-the-labour-market and total population aged 20-64, by Member State, 2024



*Note:* The proportion of retired persons among population outside the labour market is calculated based on 2023 EU-LFS microdata. Data on proportion of migrants in population outside the labour market unreliable for BG and RO, and missing for SK.

*Source:* Eurostat [lfsa\_argacob] (for migrants) and [lfsi\_emp\_a] (for other groups)

[Click here to download chart.](#)

**Older people are more likely to be outside the labour market compared to any other age groups in all Member States, even though the size of this difference varies by country.** (Chart 2.3, panel b).

While in Czechia older people account for less than a third of all people outside of the labour market, in Slovenia they account for over a half. Yet, in both countries people aged 55-64 account for about 20 to 25% of the working age population. This variation is linked to differences in retirement rates and retirement schemes reviewed in section 2.4. and chapter 3. In the four countries where older people account for the highest share of those outside the labour market (over 45% in LU, HR, AT, SI), this is largely due to high shares of retirees (who account for close to or above 30% of non-participants). In other countries, retirees usually account for less than a fifth of people outside of the labour market, except for some countries mostly in Central and Eastern Europe (CZ, RO, SK EL, PL, FR). For intersections of various groups see [Figure 2.1](#).

**The share of migrants among people outside of the labour market varies the most across countries, reflecting large national differences in the share of migrants in overall population** (Chart 2.3, panel c). In several Eastern and Central European countries, migrants are a very small percentage of both the total population and those outside the labour market (SK, RO, BG, PL, HU, LT, CZ). In other countries where migrants account for higher shares of working age population, different patterns can be observed. In a number of countries (DK, LV, HR, FI, EE, FR, BE, AT, IE, SE, NL, DE, CY), migrants account for higher shares of people outside the labour market than the overall population. In contrast, the share of migrants outside the labour force is similar or somewhat less than their share in the total population in Southern Europe (EL, PT, IT, ES, MT), Slovenia, and Luxembourg.

**Higher labour market participation was associated with higher employment.** In 2024, the unemployment rate was low at EU level, amounting to 5.9% of the workforce compared to 11.6% in 2013. Together, the proportion of those outside the labour force and those unemployed in the overall working age population dropped by about 11 pp over this period, from 34% to 23% (Chart 2.2). Overall, the patterns of unemployment and participation differ across population groups. Unemployment rates decrease with age, starting at 10% for people aged 20-29 and dropping to about half that for people aged 55-64 (the opposite is true for the share of population outside the labour market, as discussed above). Differences by gender are limited (less than one pp), even though they increase somewhat when focusing on parents. Differences in unemployment rates between migrants and domestic-born are more pronounced than in the case of staying outside of the labour market, with the unemployment rate of migrants reaching about double that of domestic-born. The correlation between unemployment and inactivity across countries is negligible ([Figure A2.1](#)). This highlights that unemployment and low participation are distinct phenomena, and underlying challenges need to be analysed separately.

### Box 2.1: Labour market participation of persons with disabilities

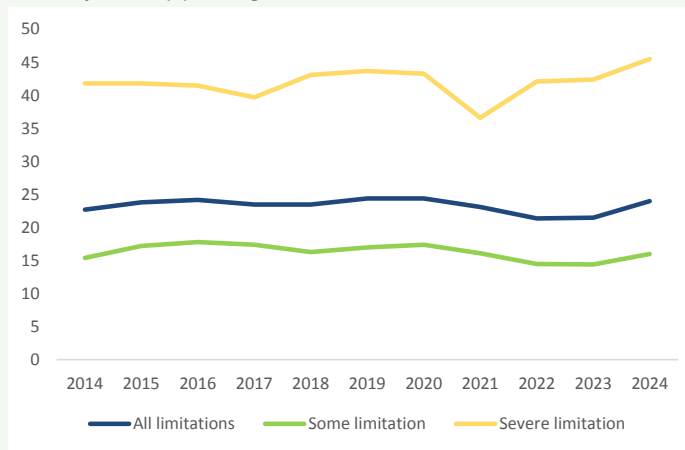
In this report, **persons with disabilities are understood as ‘those who have long-term physical, mental, intellectual or sensory challenges which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others’**, following the definition outlined in the UN Convention on the Rights of Persons with Disabilities. However, this definition is challenging to capture precisely in EU-wide sources of socio-economic data, which usually resort to identifying disability based on one or more survey questions exploring self-perceived limitations in activities due to health problems. This box relies on statistics on persons with disabilities either from EU-SILC or EU-LFS data. EU-SILC offers yearly statistics on disability status of respondents over a long span of time and is used to calculate the difference in employment rates of persons with and without disabilities (also called disability employment gap).<sup>(1)</sup> In addition, EU-LFS is used to measure participation of persons with disabilities in education, training and the labour market, but this data is only available for 2022 and 2024. In both EU-SILC and EU-LFS, persons with disabilities are those who indicate either severe or some (moderate) limitations in physical activities because of health problems.

**About one sixth of the EU population aged 20 to 64 (17%, about 44 million) reported having disabilities in 2024.** Of these, 12.7 pps declared some disability and the remaining 4.4 pps a severe one.<sup>(2)</sup> The share of working age persons with severe disabilities declined by 1.2 pps (about a fifth) over the last decade. In 2013, 21% reported having disabilities, with 15.4% reporting moderate and 5.6% severe disabilities.

Chart 1

#### Disability employment gap increases with severity of disability

Disability employment gap by level of activity limitation, population aged 20-64, EU-27



Note: Disability employment gap is defined as the difference between the employment rates of people with no and those with some or severe limitation in their daily activities, aged 20-64

Source: Eurostat [hlth\_dlm200]

**There is a significant potential to improve the labour market participation of persons with disabilities.** In 2024, just over 56% of persons aged 20 to 64 with disabilities (about 25 million) participated in the labour market compared to about 84% of those without disabilities.<sup>(3)</sup> There were also considerable differences in participation rates by degree of disability – about one third of persons with severe disabilities participated, compared to two thirds of those with moderate ones. Differences of a similar magnitude can be observed in employment rates, with the disability employment gap standing at about 24 pps in 2024, a slight increase compared to 22.7 pps in 2014 (Chart 1).<sup>(4)</sup> Higher national levels of labour market participation of population without disabilities do not necessarily correspond to higher labour market participation of those with disabilities, which points to the fact that persons with disabilities encounter specific challenges to labour market participation that differ from those faced by the rest of the working age population (summarized in [section 2.4](#)).<sup>(5)</sup>

**Challenges in entering the labour market for persons with disabilities are linked to specific barriers (e.g. inaccessible processes and environment), differences in attitudes and environmental factors surrounding them in the world of work.** While possible health challenges (particularly more severe ones) can limit the type of

<sup>(1)</sup> While Eurostat EU-LFS offers more robust statistics on employment, the data on disability was collected only in 2022 and 2024. The European Health Interview Survey (EHIS) offers the most comprehensive data collection on health status and disability but is only carried out once every six years, with the latest wave of data collection carried out in 2019.

<sup>(2)</sup> Based on Eurostat [hlth\_silc\_28]. Individuals report having, some, severe, or no disability. This only presents figures for the population with the citizenship of the reporting country.

<sup>(3)</sup> Based on Eurostat [lfsa\_argaedd]

<sup>(4)</sup> Based on Eurostat [hlth\_dlm200]

<sup>(5)</sup> (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, human european consultancy and Grammenos, S., 2023)

(Continued on the next page)

Box (continued)

work one can undertake,<sup>(6)</sup> it is often the broader economic, environmental, social and cultural barriers that contribute to low participation of persons with disabilities in the labour market according to Oliver (2013).<sup>(7)</sup> These include stereotypes and prejudices; employers' lack of knowledge of respective obligations,<sup>(8)</sup> available support for persons with disabilities (financial support and funds, and different kinds of support in information or recruitment services); lack of accessibility or affordability of transport systems; difficult to access job-related information (including access to job offers); and hiring processes and workplaces that do not accommodate for needs of persons with disabilities. In general, employers tend to overestimate the cost of employing persons with disabilities, both in terms of the need to accommodate for their needs and their productivity, and do not focus on their potential.<sup>(9)</sup> This is particularly often the case in small companies, where human resources services are less developed.<sup>(10)</sup> Additionally, barriers to health access or lack of self-confidence could also play a role.<sup>(11)</sup>

**The above challenges are compounded by existing barriers in education and training opportunities that affect educational attainment of persons with disabilities.** In 2024, at EU level, the share of persons with disabilities aged 25 to 34 who have completed tertiary education was 30% compared to 45.9% of persons without disabilities,<sup>(12)</sup> while the early school leaving and not in education or training (NEET) rates were two to three times as high for persons with disabilities compared to the rest of the population.<sup>(13)</sup> Participation in education and training during the last 12 months for population aged 25 to 64 involved 23% and 30.4% of persons with and without disabilities, respectively.<sup>(14)</sup> Research estimates that around a tenth of the disability employment gap in the EU can be attributed to the disability education gap, with this proportion rising to a fifth when focusing on young people.<sup>(15)</sup> The gaps in labour market participation of persons with and without disabilities are considerably smaller for those with tertiary education (about 15 pps) than for those with lower levels of education attainment (about 20-30 pps depending on the level of education achieved).<sup>(16)</sup>

**The risk of losing disability status and associated benefits when taking on employment may also discourage persons with disabilities from entering the labour market.**<sup>(17)</sup> Depending on the national design of disability benefit schemes, these may be at least partly conditional on being out of employment. Finding employment may therefore lead to losses in overall earnings, especially in cases where employment is low paid (which is not uncommon in these cases), creating a so-called 'benefit trap'. Similarly, certain designs of social protection systems can encourage leaving employment in order to receive disability benefits (see [chapter 3](#) for more detail).

<sup>(6)</sup> These limitations are often very specific to the disability one faces, but unfortunately, this is not well captured in data. Neither Eurostat EU-SILC nor EU-LFS collect regular data on the type of disability respondents face, so they cannot really be used to assess the effects of specific disabilities on employment. Note however that Eurostat EU-SILC 2022 included a specific module on health, to be repeated every three years.

<sup>(7)</sup> (Oliver, 2013), (Barslund et al., forthcoming)

<sup>(8)</sup> Such as the Employment Equality Directive, Legislation - Employment Equality Directive (2000/78/EC) - European Commission

<sup>(9)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024d)

<sup>(10)</sup> (Jasper and Waldhart, 2012), (Kuznetsova and Yalcin, 2017)

<sup>(11)</sup> (World Health Organization, 2011)

<sup>(12)</sup> Based on Eurostat [edat\_ifs\_9920]

<sup>(13)</sup> Based on Eurostat [edat\_ifse\_40] and [edat\_ifse\_39]

<sup>(14)</sup> Based on Eurostat [trng\_ifs\_24]

<sup>(15)</sup> (Albinowski, Magda and Robzczypała, 2024)

<sup>(16)</sup> Based on Eurostat [lfsa\_argaedd]

<sup>(17)</sup> (European Commission, Manoudi, A., Duell, N. and Pavlovaite, I., 2025), (World Health Organization, 2011)

**To address the reasons behind the low participation in the labour market of these specific groups the next section investigates** first their human capital and skills acquisitions, as a factor behind their employability; then section 2.3. explores the willingness and availability to work as, at times, such status results from a choice; and, finally, section 2.4. digs into structural barriers that are either common to all groups or specific to each one of them. While treated separately, willingness to work, human capital and specific barriers do influence and affect each other. For example, and as discussed in what follows, the effort required to overcome some barriers might affect the willingness to enter the labour force. Similarly, low educational attainment affects the level of human capital and hence constitutes an important barrier.

## 2.2. Human capital of people outside of the labour force

**When trying to attract additional people to the labour market, it is important to understand whether their skills can be matched with available job opportunities.** To assess this, this section explores available data from the EU Labour Force Survey on having recent work experience, as this is a

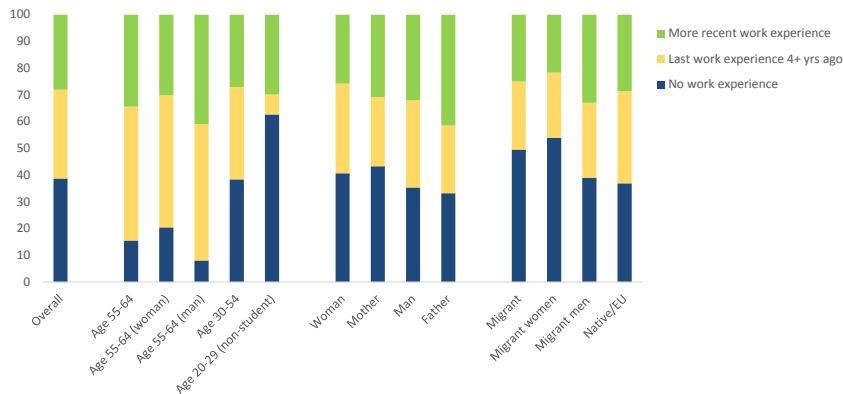
relevant channel of skills acquisition, and on the highest level of achieved formal education. For educational attainment, the analysis includes changes over the last decade. Analysis over the last decade is not possible for work experience due to important revisions of data collection that took place in 2021.

**Almost three out of four people that do not participate in the labour market have either none or no recent work experience, which suggests that they may find entering the labour market more challenging.** Nearly four in ten have never worked before (apart from purely seasonal work), another third last worked four or more years ago (Chart 2.4). This means that out of the 51 million people currently outside the labour force in the EU, only about 14 million have worked over the last four years.<sup>(120)</sup>

Chart 2.4

#### Most people outside the labour market do not have recent working experience

Proportion of people outside of the labour market by work experience and population group, EU-27, 2023



Note: Data on migration status not available in Malta

Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**The lack of work experience is particularly problematic among older persons from which at least some previous employment history is usually expected when looking for jobs.** Out of the almost 20 million people aged 55 to 64 outside of the labour force, around half of them had no work experience in the last four years<sup>(121)</sup> and 15% have never worked. Thus, only about a third (7 million) have recent work experience, a proportion that is only somewhat lower than for those aged 20-29, some of which did not even have the chance to enter the labour market due to their studies. Around 4 in 5 older persons outside the labour force with no work experience at all are women, the majority of which report that this is because of fulfilling domestic tasks.

**Among those who do not participate in the labour market, women and migrants tend to have somewhat less work experience than others.** Around 40% of women outside the labour market have never worked and a further one third did not work in the last four years, compared to 35% and 33% of men respectively (broadly similar proportions can be observed among mothers and fathers).<sup>(122)</sup> This reflects the fact that once they finish their studies, more women than men stay outside the labour market because of family and care responsibilities, structural or cultural factors. Around half of migrants outside the labour market have never worked and a quarter did not work in the last four years, compared to 37% and 34% of domestic-born, respectively. The high share of migrants who have never worked partly reflects their younger age profile compared to domestic-born, which means that they have on average less time to accumulate work experience. Yet, there remain considerable experience gaps even within specific age groups, notably prime-aged workers (almost 50% without working experience among migrants compared to 35% among domestic-born). The lack of work experience is even more pronounced for migrant

<sup>(120)</sup> See: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU\\_Labour\\_Force\\_Survey\\_-\\_new\\_methodology\\_from\\_2021\\_onwards#SE\\_MAIN\\_TT](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_Labour_Force_Survey_-_new_methodology_from_2021_onwards#SE_MAIN_TT)

<sup>(121)</sup> Note that the lack of work experience in the last four years is not due to the fact that some in this group may have already retired.

<sup>(122)</sup> The gender gap in work experience is more pronounced when young students are excluded from the analysis. When young students are excluded from the analysis, 34% of women outside the labour force report having no previous work experience compared to 22% of men.

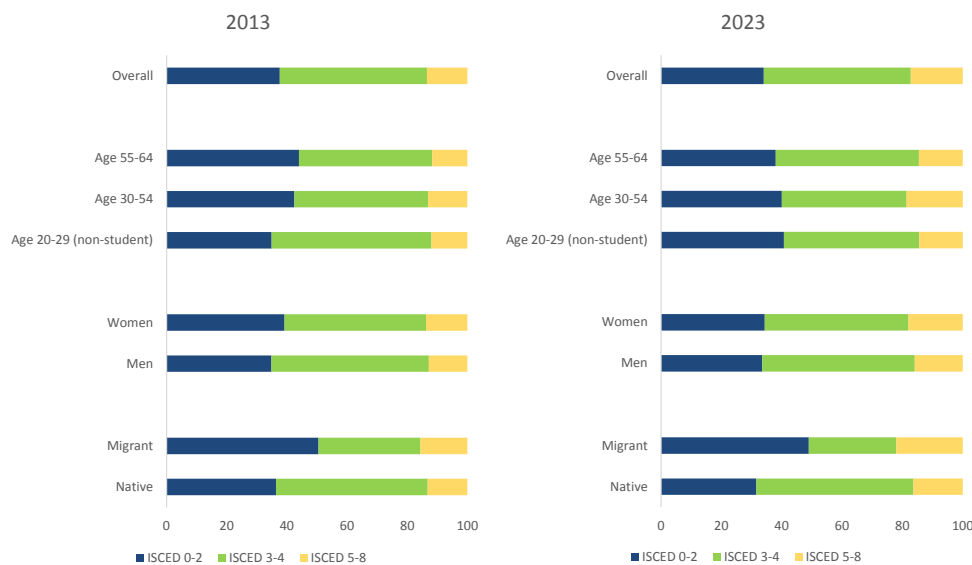
women, over half of which have never worked compared to about 40% of migrant men. Not surprisingly, the highest share of those without work experience is recorded for young people at 63% as they only recently reached working age and previously attended schooling.

**People outside the labour force have considerably lower levels of educational attainment than the overall population, which can make their labour market integration more difficult.** In 2023, over a third of people outside the labour force (about 17 million) achieved at best lower secondary education (Chart 2.5), compared to less than a fifth of the overall working age population.<sup>(123)</sup> Moreover, only 17% of people outside the labour market obtained tertiary qualifications compared to about a third of working age population. While tertiary education attainment improved among people outside the labour market between 2013 and 2023 (from 13.5% to 17.2%), the pace of improvement was considerably slower than among the overall population (from 25.8% to 33.7%). Thus, the gap in tertiary educational attainment between people outside the labour market and the overall population grew over time, from 12.3pps in 2013 to 15.5pps in 2023.

Chart 2.5

### Over a third of people outside the labour market have not completed upper secondary education

Proportion of people outside of the labour market by educational attainment and population group, EU-27



Note: Data for migrants not available in Malta (2013 & 2023) and Germany (2013). Educational attainment statistics do not change substantially for migrants if Germany is also excluded in 2023 for comparability reasons.

Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**The educational attainment of people outside the labour force varies little by gender and age, but migrants have much more polarised educational attainment profiles than domestic-born.** On the one hand, migrants had a higher tertiary education attainment rate (22%) than domestic-born (16%) in 2023 (Chart 2.5). On the other hand, almost half of migrants achieved at most lower secondary education, compared to less than a third of domestic-born. Both these differences increased over time, the first due to a larger increase in tertiary education attainment of migrants, the second due to a sharper decline in low educational attainment of domestic-born. In terms of age, the share of low educated young people outside of the labour market (excluding students) has increased slightly over the last 10 years.

**Taken together, people with no (recent) work experience or low educational attainment account for over 85% of all people outside of the EU labour market.** In other words, out of the 51 million currently not in the world of work, only about 7.5 million have both at least upper secondary education and have worked recently and thus are more readily available to enter the labour market. For the others, the path towards finding employment is likely to be more challenging, which is important to keep into account when thinking about further activation potential in the EU.

<sup>(123)</sup> Based on Eurostat [lfsa\_pgaed]

**Among young people who do not work and have low educational attainment, many do not pursue further studies or vocational training** (these people are often referred to as not in employment, education or training - NEETs). This has important consequences for their labour market attachment in the future, generating long-term economic and social costs (see Box 2.2). Among others, incentivising the integration of NEETs in the labour market would be particularly beneficial to sectors that experience labour shortages or are in urgent need of generational renewal due the high average age of current workers, such as the agri-food sector.

## Box 2.2: NEETs: economic and social costs

**The NEETs<sup>(1)</sup> concept, denoting young people "not in employment, education or training," has gained prominence in recent years for measuring youth disengagement and vulnerability.** It captures young people (aged 20–29) who are unemployed or not participating in the labour market, while at the same time not taking part in education or training. NEETs are a very heterogeneous group, with short spells of unemployment common among some, especially among first job seekers, while others might face multiple disadvantages.<sup>(2)</sup> It is important to highlight that NEET rates are closely linked to economic fluctuations in the business cycle, with economic crises and recessions having a particularly adverse and long-lasting impacts on the labour market prospects of young people.<sup>(3)</sup> Despite a considerable decrease of the last decade, 14.1% of young people aged 20–29 were NEETs in the EU in 2023, corresponding to more than 6.8 million of young people, against 19.2 % in 2011, corresponding to 10.3 million of young people.

**Spending protracted time neither in employment, education nor training has profound negative implications for a young person and has costs to the whole society.** It can lead to serious disadvantages such as poor and unstable employment prospects over the life course, mental and physical health problems, and an increased likelihood of engaging in asocial behaviour.<sup>(4)</sup> The social disconnection and the limited financial resources of NEETs could prevent them from engaging in activities that would ensure their full participation in society, hence possibly leading to alienation and an increased risk of radicalisation. From a societal point of view, higher NEET rates are associated with lower accumulation of human capital for future productivity, inefficiencies in use of talent in the production of goods and services and higher spending on welfare support.

**In order to provide a comparable, yet conservative, estimation of the total societal cost of NEETs for European economies, the Eurofound costing framework<sup>(5)</sup> considers resource and public finance costs.** Resource costs comprise of the losses to the economy linked to NEETs not participating in the labour market, i.e. the difference between their potential and actual economic outputs (including gross employee cash and non-cash income, gross cash benefits or losses from self-employment, pensions from individual private plans and the value of goods produced for own consumption). Public finance costs refer to the additional transfers and benefits a young person in the NEET group receives as compared to a non-NEET counterpart including gross unemployment, sickness and disability benefits as well as education-related allowances. These estimates provide a conservative measure of the total societal costs related to NEETs. For example, they do not cover the higher likelihood of mental and physical health problems among NEETs.

**The annual economic loss of leaving one young person outside the labour market and education in 2023 corresponds to EUR 14,625, of which EUR 13,402 are resource costs and EUR 1,224 public finance costs.** In all countries, resource costs exceed the public finance ones. The latter range from around EUR 5 per NEET per year in Bulgaria, followed by EUR 82 in Romania and EUR 91 in Greece to EUR 2,800 in Ireland, EUR 4,976 in Belgium and around EUR 6,660 in Denmark. These cross-national differences largely reflect national differences in generosity of welfare systems and access to certain benefits (e.g. unemployment), with very low costs implying low levels of support for young people outside of employment and education. Resource losses are the lowest in Bulgaria (EUR 2,520), Romania (EUR 2,778) and the highest in the Netherlands (EUR 27,124), Luxembourg (EUR 25,132), and Belgium (EUR 23,760).

**Considering the entire NEET population, these estimates yield an overall economic loss of around EUR 99.6 billion, corresponding to 0.62% of GDP.** While this is still significant, it represents a substantial reduction in the total cost of NEETs from EUR 111.5 billion or 0.98% of GDP in 2011. The decline was driven by the shrinking size of the cohort of NEETs and growth in GDP. The economic burden in 2023 varies considerably between the Member States and is the highest in Greece (1.15 % of GDP) and Italy (1.1% of GDP). In all other countries, the cost of NEETs is less than 1% of GDP, and is the lowest in Sweden (0.27% of GDP), Luxembourg and Poland (both around 0.3% of GDP).

<sup>(1)</sup> Box written by Massimiliano Mascherini, Marielena Krieg – Eurofound

<sup>(2)</sup> For a full overview on the different categories of NEETs, please see: (Eurofound, 2016)

<sup>(3)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2022)

<sup>(4)</sup> (Mascherini, 2018)

<sup>(5)</sup> The propensity score matching is used to match NEETs with their non-NEETs statistical twin and compute the difference in foregone earnings and welfare transfers. To capture only those NEETs more distant from labour market and education, a young person aged 20–29 in this framework is defined as NEET, if they have been out of employment, education or training for 6 or more non-consecutive months in the past 12 months. Original estimations are converted into current (2023) prices using the harmonised consumer price index available at MS level by Eurostat. The annual unit public finance and resource costs are first calculated at individual level for each Member States and multiplied by the number of NEETs for each MS, before being aggregated to EU totals. See also: [Eurofound \(2012\)](#)

(Continued on the next page)

Box (continued)

Figure 1  
Cost of NEETs is the highest in the South of Europe



### 2.3. Availability to work

**To achieve higher labour market participation, personal preferences of people outside the labour market, notably their availability to work, also matter.** Some people may not consider working again, e.g. because they are retired or because they have long-standing health issues that prevents them from doing so. Others may not be available to work temporarily due to their current circumstances, e.g. because they are caring for children or adults at home. And then there are, on the other hand, those who may not be actively looking for employment but would still like to work.

**Currently, about one fifth of people outside of the labour market want to work (about 10 million), a proportion that did not change much over the last decade** (Chart 2.6). The EU-LFS data allows to explore the availability to work by asking people who are not currently searching for employment whether they would nevertheless like to work. In this survey, around 20% of the underrepresented people indicated to be willing to work, a proportion that does not vary much by gender overall, but differs when looking at parents of young children – over a third of fathers would like to work, compared to less than a quarter of mothers.

**Migrants outside the labour force would like to work more often than domestic-born.** In 2023, over 30% of migrants wanted to work, compared to about 18% of domestic-born, a difference that increased noticeably since 2013 (where corresponding proportions were 27% of migrants compared to 20% of domestic-born). This is at least partly because a lower share of migrants is near retirement age (25% are between 55 to 64 years of age) than domestic-born (42%).<sup>(124)</sup> A considerably higher share of migrant men (37%) would like to work compared to migrant women (28%).

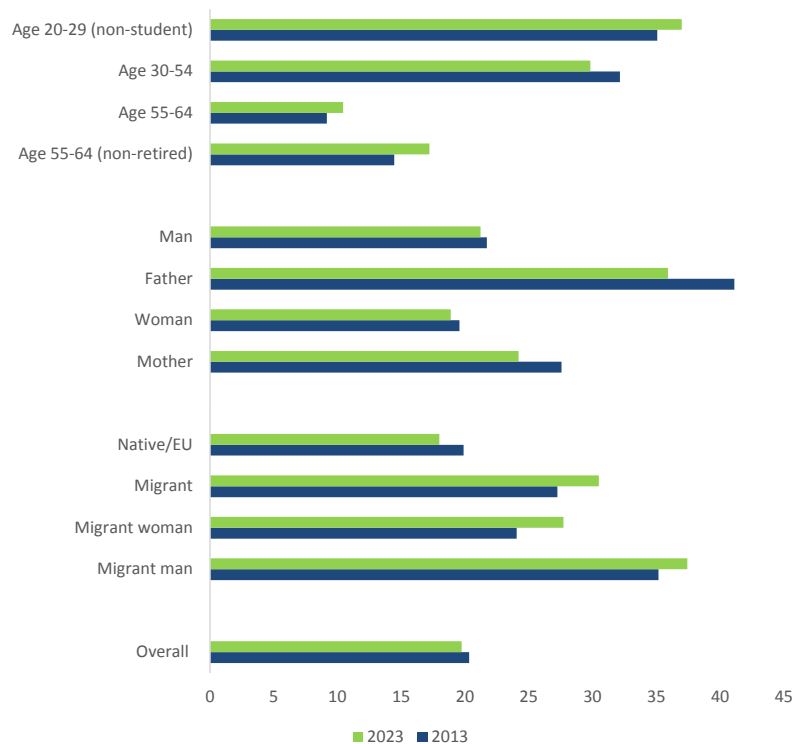
**The proportion of people who want to work even though they are not searching for employment declines with age, especially towards the end of the working life.** About 37% of young people who no longer study would like to work, compared to about 30% of those aged 30-54. The availability to work drops sharply for those over 55, out of which less than 10% would like to work (17% if retirees are excluded), with little variation by gender. This suggests that for people nearing retirement age, re-entering the labour market is often not considered. There was little change to these numbers over time.

<sup>(124)</sup> This is also confirmed via decomposition analysis presented in (European Commission, forthcoming), which, among other, also compares the contribution of individual, household and regional characteristics to the explained activity gap between the domestic-born and migrants.

Chart 2.6

### The proportion of people who are not searching for employment but would like to work is low, especially among older persons

Proportion of people outside of the labour market who would like to work by population group, EU-27



Note: Data on migration status not available in Malta (2013 & 2023) and Germany (2013)

Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**Low availability to work reflects the fact that for many outside the labour force, participation in the labour market is either not a clear priority or is very difficult to achieve, due to specific barriers.** At a first glance, this can be seen from an analysis of self-reported activity status, which provides additional information on people's living situation (Chart 2.7).<sup>(125)</sup> Almost a fifth of those outside the labour force (about 10 million) report they are retired, with a further 15% (about 7.5 million) reporting long-standing health problems that prevent them from working. Attracting these groups to the labour market is challenging because it requires, among other things, improvements in retention of older workers, better prevention of serious health issues, and more opportunities to find work that can be carried out with health issues. A further fourth (13 million) thinks of themselves as primarily fulfilling domestic responsibilities and care work.<sup>(126)</sup> Finally, 17% (8.5 million) considers themselves primarily as students, who are actively preparing for entering the labour market and hence not a target for activation policies. These figures provide first insights into factors affecting labour market participation, which are explored in a more comprehensive way in the next section.

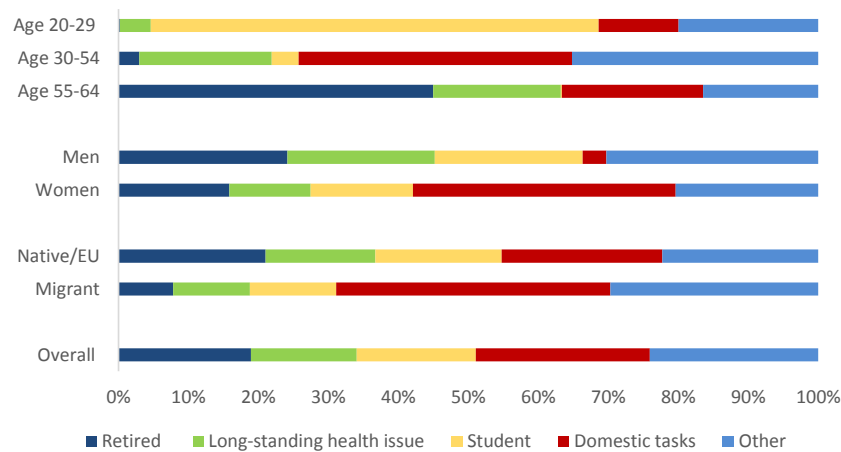
<sup>(125)</sup> Note however that self-reported activity status does not need to correspond to official activity status as defined per ILO conventions by Eurostat, since it is based on own perceptions rather than formal, data-based criteria. Among the 20-64 population classified as inactive according to the ILO definitions, about 2% report they are employed and 15% they are unemployed. In Chart 2.7, these fall under the activity status 'Other'.

<sup>(126)</sup> Note that these statuses are mutually exclusive, i.e. individual can only report one main self-perceived activity status.

Chart 2.7

### Almost one fifth of people outside the labour force are retired, and a further 15% can't work due to health reasons

Share of people outside the labour force by self-reported activity status, 2023, EU-27



Note: Data on migration status not available in Malta (2013 & 2023) and Germany (2013). 'Other' activity status also includes people who are officially classified as out of labour force by Eurostat, but personally perceive themselves as unemployed (around 15% of all people outside of the labour force).

Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

## 2.4. Key factors behind low participation in the labour market

**When trying to participate in the labour market, underrepresented groups can face a broad range of barriers** (see [Table A2.1](#) for summary). These are often interlinked or concurrent, difficult to disentangle, and vary in terms of prevalence due to contextual and temporal factors. Some key obstacles are common to all groups, albeit with different intensity, while context-specific nuances need attention in view of designing effective policies to target challenges faced by each group. Elements that contribute to lower labour market participation include:

- **Low educational attainment** plays an important role in explaining disparities in participation, employment levels and other essential social indicators, such as poverty risk and social exclusion.
- **Moderate and severe disabilities** as well as long-term health challenges are associated with lower participation due to a range of reasons reviewed in Box 2.1.
- While **economic structures** can hinder participation of any socio-demographic group, it particularly impacts women, who struggle to enter male-dominated sectors of occupations, and migrants, who face challenges with qualification recognition in certain specialist jobs.
- **Caring responsibilities and domestic duties** significantly hinder labour market participation especially for women.
- **Discrimination** stems from cultural stereotypes and expectations based on certain individual characteristics, such as gender, ethnic origin, disability or age. Even after overcoming discrimination in recruitment processes, workplace biases can discourage continued labour market participation.
- **Institutional impediments.** Some policies can create financial disincentives to labour market participation, for example, joint taxation of household members and so-called 'benefit traps'.

**Certain barriers are relevant only to certain population groups or even exclusive to one group.** For instance, the institutional and policy factors that shape retirement incentives are relevant almost exclusively for those aged 55-64, although within this cohort they can concern different groups (e.g. women and migrants). Integration challenges, such as language barriers or acquiring work permits, are arguably exclusively faced by migrants. Non-inclusive recruitment processes and inaccessible workplaces are typical barriers for persons with disabilities. Young people face unique challenges with completing their education and then entering the labour market for the first time, without any (or very limited) previous work experience. Challenges faced by certain population groups are discussed in more detail below.

## Women

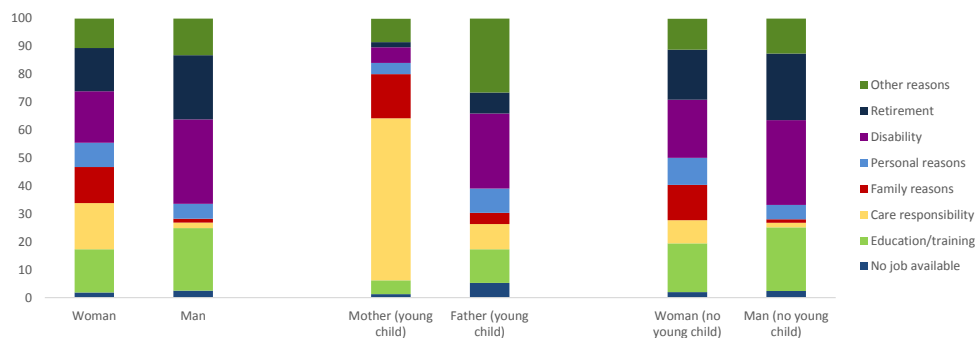
**Taking into account that women are usually responsible for most unpaid work within the household can explain their lower labour market participation** (see section 2.1.). This is closely linked to the fact that they care more often for children and adults (34% women provide daily care compared to 25% of men) and report that they undertake housework every day (63% compared to 36%).<sup>(127)</sup> This has negative implications for their employment.<sup>(128)</sup> About 30% of women outside the labour force indicate that this is because of their family and care responsibilities, compared to less than 5% of their male counterparts (Chart 2.8).

**Long-lasting, negative employment effects of childbirth for women are particularly common, though their magnitude tend to vary considerably across Member States** (Box 2.3). Three quarters of mothers of young children who do not participate in the labour market report that this is due to care responsibilities and family reasons, compared to about 13% of fathers. The difference is much smaller but still considerable among those living in households without young children (21% women compared to 3% of men), highlighting that caring for older children and adults also plays an important role. Lengthy spells outside of the labour force due to childcare responsibilities have important consequences for women's careers - they often see their earnings at least partially reduced, they miss out on accumulating work experience (and associated promotions and salary increases), and may struggle with return to work, for example when their skills and competences are less relevant after several years out of work.<sup>(129)</sup>

Chart 2.8

### Care and family responsibilities hinder labour market participation of women to a larger degree than men

Reason for people being outside of labour force by gender and parenthood status, EU-27, 2023



Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**Women's labour market participation is linked to institutional factors, often rooted in traditional attitudes** (see Chapter 3 for more detail).<sup>(130)</sup> Affordable, high-quality external care services for children and adults can reduce the time women spend on unpaid work and promote their employment, but their availability differs considerably across Member States. While parental leaves protect the employment of parents, they are mostly taken up by women, leading to career breaks and reinforcement of unequal division of unpaid work within families. Working conditions that allow for flexible combination of care responsibilities with work enable more women to enter the labour market, but these are less common in some countries, and segments of the labour market, than in others. Joint taxation of household members still creates disincentives for secondary earners (typically women) to enter the labour market in several Member States.<sup>(131)</sup> Unequal distribution of unpaid work is rooted in traditional perceptions that consider

<sup>(127)</sup> See <https://eige.europa.eu/gender-equality-index/2024/domain/time>

<sup>(128)</sup> (European Institute for Gender Equality, 2025), (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024), (Bettio, 2017)

<sup>(129)</sup> (European Institute for Gender Equality, 2021)

<sup>(130)</sup> (European Institute for Gender Equality, 2025), (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024), (Bettio, 2017)

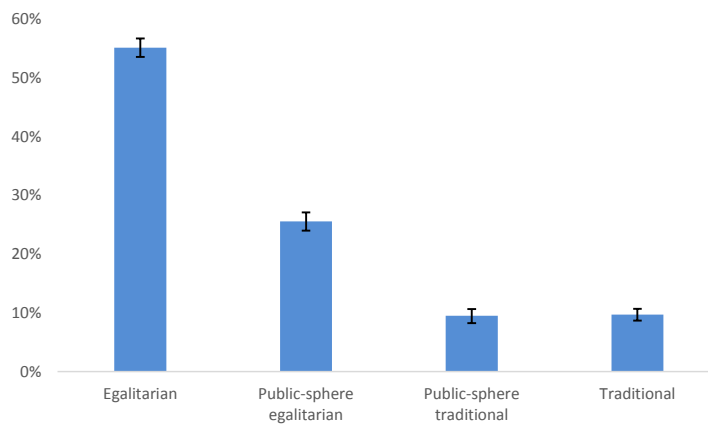
<sup>(131)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023)

women as primary caregivers and men as primary earners within the household.<sup>(132)</sup> Despite some improvements over the last decades, only 55% of the EU population supports equality between women and men in the world of work (Chart 2.9). In addition, only about 4 in 10 people believe that sharing household chores is important within a relationship, a proportion that has hardly changed since the 90s.<sup>(133)</sup>

Chart 2.9

### Nearly half of EU population does not fully support equality between women and men in the world of work

Estimated probability of gender-attitude types among working age population, EU-27



*Note:* Covers 21 EU Member States included in the 2017-2021 wave of the EVS. The error bars give the 95% confidence intervals around estimated values. Egalitarians support flexible gender roles while rejecting essentialist beliefs about innate differences between women and men. Public-sphere egalitarians support gender equality in the public sphere of paid work and politics, while considering mothers' role as crucial for both women's identity and family well-being. Public-sphere traditionalists combine beliefs in male work privilege with limited concerns about negative consequences of working motherhood for family well-being. Traditionalists support male privilege in the labour market and consider women as primarily responsible for unpaid work at home.

*Source:* European Commission: Directorate General for Employment, Social Affairs and Inclusion and Caisl (2024)

[Click here to download chart.](#)

### Women participate less in the labour market also because their pay tends to be lower than men's.

In 2023, women earned 12% less than men per hour of paid work, a slight improvement compared to 2013 (16% less).<sup>(134)</sup> This is relevant for example in families relying on a single income, where the incentive for women to participate in the labour market is on average lower due to their lower earning potential and to the costs associated to caregiving and housework. There is a wealth of literature that identifies key factors behind this pay difference.<sup>(135)</sup> These include distinct employment patterns of women compared to men, where women tend to work in lower paying occupations and sectors of economic activity; concentrate in lower-paying companies; and progress less often into senior positions (such as managers or board members). These patterns are closely linked to the unequal distribution of unpaid work, which results into higher share of women in jobs that are easier to combine with family responsibilities. Other factors behind pay gap include opaque wage structures, undervaluation of women's work, gender differences in wage bargaining attitudes, and various forms of gender stereotyping and discrimination.

**Women's work participation may also be affected by gender segregation in education.** In fact, most economic activities and occupations in the EU labour market are either female- or male-dominated, which is sometimes referred to as gender segregation of the labour market and can often be traced back to segregation in education as women tend to study in different fields than men.<sup>(136)</sup> For example, girls with

<sup>(132)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion and Caisl, 2024), (European Commission: Directorate General for Employment, Social Affairs and Inclusion., 2024), (Begall, Grunow Buchler, 2023), (Knight Brinton, 2017)

<sup>(133)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion., 2024)

<sup>(134)</sup> Based on Eurostat dataset `earn_gr_gpgr2`

<sup>(135)</sup> For recent contributions on gender pay gap in the EU, see (European Commission: Statistical Office of the European Union, Leythienne, D and Pérez-Julián, M, 2022), (Penner 2023), (European Institute for Gender Equality, 2021)

<sup>(136)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023), (European Institute for Gender Equality, 2018)

similar scientific and mathematical achievements to boys still enter STEM studies considerably less often.<sup>(137)</sup>

**Older and migrant women can face additional challenges to labour market participation.** Older women tend to have less work experience than older men (Chart 2.4), which makes entering the labour market more difficult for them. This is largely because working lives of older women were shaped by more traditional family norms that identified men as earners and women as care providers at home.<sup>(138)</sup> For migrant women, caring responsibilities often have an even stronger negative impact on labour market outcomes than for domestic-born women (see below).

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<sup>(137)</sup> (European Institute for Gender Equality, 2018)

<sup>(138)</sup> For discussions how careers of women changed across cohorts, see e.g. (Goldin, 2021)

### Box 2.3: Employment effects of having children for women and men

**New EU-wide estimates<sup>(1)</sup> from academic research show considerable gender differences in employment trajectories of parents.** These estimates draw on a range of data sources (including the Eurostat EU-SILC, the Luxembourg Income Study, national employment surveys and panel data) and statistical techniques to construct employment trends before and after childbirth for women and men.<sup>(2)</sup> While this allows authors to produce novel evidence on consequences of having children for parental careers, it comes with some limitations. Firstly, the comparability of this data across countries, and with usual employment statistics based on the Eurostat EU-LFS, is limited.<sup>(3)</sup> Notably, treatment of parental leaves in employment classification differs across data sources and can lead to some differences in employment trends immediately following childbirth. Secondly, these statistics are usually based on data spanning at least a decade or more, and hence may not fully reflect recent shifts in gender employment patterns that influence careers of parents of young children today. This is important to keep in mind when looking at data from countries that have seen recent increases in women's employment, improvements in early childhood education and care (ECEC) availability and affordability, or changes to parental leave and work-life balance policies.

**Employment trajectories of women following childbirth differ markedly across Member States, with sharp short-term drops in employment particularly common in Central and Eastern Europe** (Chart 1). Sharp employment drops (often by 60% or more compared to pre-childbirth situation<sup>(4)</sup>) among women in the immediate aftermath of childbirth are common in central and eastern Member States, except for Romania and to some extent Bulgaria. This is usually followed by a sharp employment recovery until year three after childbirth, and a slower, more gradual improvements afterwards. This trajectory is rather uncommon in the rest of the EU (except Finland) where the drop in female employment immediately following childbirth is moderate in comparison, often around 20%. Employment of women then either stabilises or keeps slowly deteriorating as in the case of Greece, Ireland, Italy, Luxembourg and Spain, which is a matter of concern. In the US, the employment of women drops by about 20% immediately following childbirth and stabilizes at this level over the long run.

**Childbirth is associated with a long-run reduction in employment for women across all EU Member States, though its extent varies by country.** The lowest employment effects are observed in some Nordic Member States (FI, SE) and Slovenia, where employment of women is at most 10% lower (with no gap at all in Slovenia) ten years after childbirth compared to pre-childbirth situation. In the rest of the EU, employment reductions tend to be close to 20%, though they can reach 40% or more in some countries (EL, IE, IT, LU, ES). In contrast, there appear to be no large effects on male employment. On aggregate, the long-term impacts of childbirth on employment of women and men in the EU seem rather similar to the US, where employment effects for women reach about 20%.

**The differences in employment trajectories of women and men following childbirth reflect a combination of factors.** There are marked differences in time spent on childcare by women and in prevalence of traditional gender attitudes that identify women as primary caregivers.<sup>(5)</sup> The design of parental leaves, availability and affordability of early childhood education and care, and work-life balance policies also vary considerably by country, which can help explain especially some of the sharper employment changes in the years immediately following childbirth.<sup>(6)</sup> The decisions about subsequent childbirths and their timing are also likely to play a role.

<sup>(1)</sup> The data and charts used in this box come from a publicly available database at <https://childpenaltyatlas.org/>. An extensive comparative analysis of this data from a world perspective is carried out in (Kleven, Landais and Leite-Mariante, 2024). Here, the focus is more specifically on discussing national differences within the EU.

<sup>(2)</sup> (Kleven, Landais and Leite-Mariante, 2024)

<sup>(3)</sup> This is not only due to important differences in data collection across data sources, but also because of differences in how parental leaves are treated in employment statistics – some count leaves as employment, others exclude them, and in yet other cases they may or may not be counted as employment depending on perceptions of respondents.

<sup>(4)</sup> Note that employment post-childbirth is compared to the employment two years prior to the birth of the first child. This timeframe has been chosen to also control for potential employment situation adjustments that immediately precede childbirth (such as changes in anticipation of childbirth or longer absences linked to complicated pregnancies).

<sup>(5)</sup> (European Institute for Gender Equality, 2021) (European Commission: Directorate General for Employment, Social Affairs and Inclusion and Caisl, 2024)

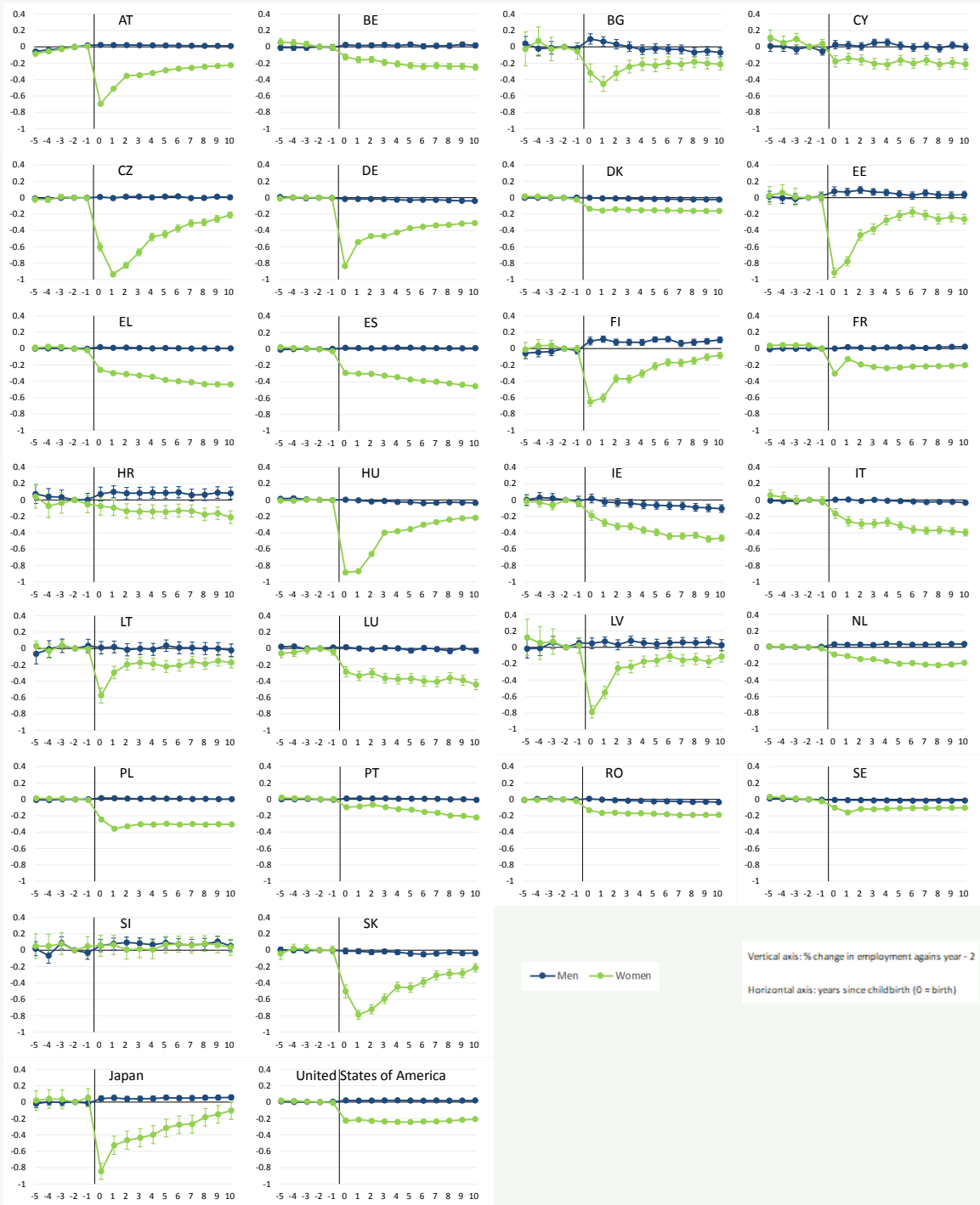
<sup>(6)</sup> (Kleven et al., 2019)

(Continued on the next page)

Box (continued)

**Chart 1**  
**Child employment effects are common among women in the EU, though their magnitude varies by Member State**

Changes in employment relative to two years prior to birth of the first child, by gender and country



Source: <https://childpenaltyatlas.org/event-studies>

## Older people

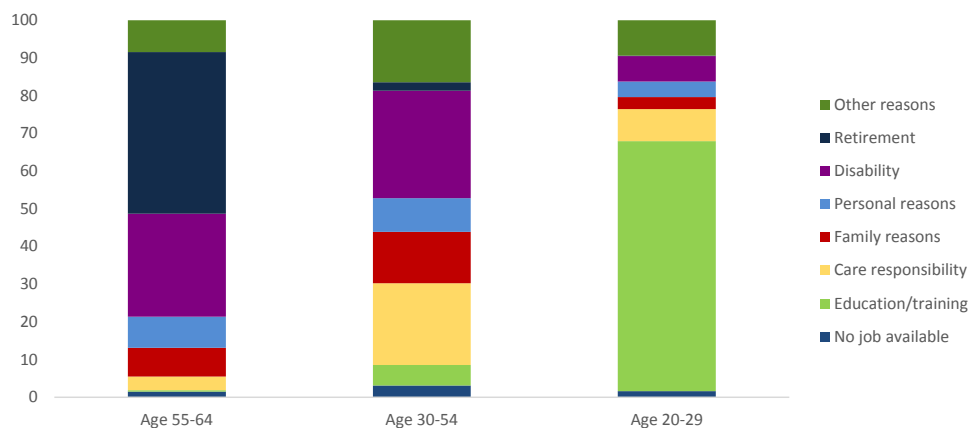
**The lower labour market participation rate of persons aged 55 to 64 (see section 2.1.) is influenced by different factors that are sometimes interlinked.**<sup>(139)</sup> These can be broadly classified into institutional, workplace and socio-demographic factors and are reviewed below. The analysis also benefits from results of EU Labour Force survey, capturing reasons for being outside of the labour market of this age cohort.<sup>(140)</sup>

**Most people aged 55-64 outside of the labour force report that this is either because they are retired (43%) or because they have an illness or a disability (27%)** (Chart 2.10). In practice, these reasons may be difficult to separate because retirement decisions are at least to some degree driven by health or care considerations among older people.<sup>(141)</sup>

Chart 2.10

Retirement and disability account for more than two thirds of labour market non-participation among older persons

Reason for people being outside of labour force by age group, EU-27, 2023



Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**Institutional factors relate primarily to the incentives to retire or prolong working lives through the pension systems and to the accessibility of long-term care services.**<sup>(142)</sup> Pension systems differ from country to country, including in terms of statutory retirement ages, eligibility for early retirement, generosity of benefits and the possibility of working while receiving pension benefits, all factors influencing retirement decisions (see Chapter 3). Design of unemployment and disability insurance schemes can also affect labour market participation of older people. Insufficient availability of long-term care services can exacerbate the need to provide unpaid care for adults at home (e.g. when the health of a partner or parent deteriorates), influencing decisions to leave employment, especially among older women. This issue is particularly relevant in Bulgaria, Cyprus, Greece, Romania, Hungary, and Latvia.<sup>(143)</sup>

**Poor health constitutes a key reason for low participation in the labour market in older age.** People with serious health issues are less likely to stay in employment until statutory retirement age (with some pension schemes allowing to retire early due to health reasons), return to work following health-related leaves, or prolong retirement decisions. For instance, in Finland, muscular-skeletal system difficulties and health disorders linked to depression were reported as the main reasons leading to early retirement in

<sup>(139)</sup> (Eurofound, 2024a), (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024b)

<sup>(140)</sup> This review is largely based on the European Commission's Labour Market and Wage Developments in Europe 2024 report, which includes a chapter on promoting labour force participation and employment of older people in the EU and can be consulted for further details.

<sup>(141)</sup> It is not clear whether in such a case an Eurostat EU-LFS survey respondent would indicate their caring responsibilities or retirement status as the main reason for inactivity.

<sup>(142)</sup> (Eurofound, 2024a), (European Commission: Directorate General for Employment, Social Affairs and Inclusion, )

<sup>(143)</sup> (Eurofound, 2025)

2018. Health issues were identified as a leading cause for premature retirement as well in Czechia, Estonia, Greece and Romania in 2022.<sup>(144)</sup>

**Inadequate working conditions, low workplace flexibility and discrimination may also discourage older people from participating in the labour market.**<sup>(145)</sup> Although older employees can be seen as valuable sources of knowledge and experience, they may experience discrimination based on widespread negative perceptions of their productivity, work attitudes and competences. Recent research indicates that some employers consider older workers as less adaptable, with poorer physical capabilities, limited technological competence and digital skills, as well as less trainable and less flexible.<sup>(146)</sup> Thus, they avoid hiring or retaining older workers because they perceive labour costs to be too high compared to productivity, and because they consider the risk of falling sick or encountering health problems in the future as too high among older workers.<sup>(147)</sup> Research shows that some employers are reluctant to adapt working conditions to the needs of older workers, e.g. by providing workplace flexibility and accommodating for specific needs of older workers, due to the associated costs. This is important as older workers are likely to stay longer in the labour market when the working conditions are supportive of their needs. For example, offering part-time work opportunities may encourage some older people to remain in the labour market, yet this is not a common practice in some EU Member States.<sup>(148)</sup>

**Labour market participation of older people also depends on their educational attainment and skills, the composition of households they live in, and gender.** In some countries, such as Sweden and Czechia, older workers with higher levels of educational attainment tend to stay longer in the labour market than those with lower attainment levels. At the same time, some workers without tertiary or upper secondary education keep working till high ages because of economic reasons.<sup>(149)</sup> Family obligations are more likely to lead to early retirement decisions in countries where more people live in the same household as their parents (e.g. Greece) and access to external long-term or social care services is limited (e.g. Latvia, Lithuania, Bulgaria, Cyprus and Malta).<sup>(150)</sup> Since older women tend to be disproportionately affected by unpaid care responsibilities<sup>(151)</sup> and accumulate less working experience over their working lives (see figure above), they also tend to be more often outside of the labour market than older men.

## Migrants

**The labour-market integration of migrants in the EU is impeded by challenges specific to migrants, in addition to barriers commonly encountered by other underrepresented groups.** Barriers to the integration of migrants are presented here by order of magnitude established considering a) the prevalence in the most recent survey of the obstacles migrants face in their search of employment (Eurostat EU-LFS 2021 ad hoc module on labour market situation of migrants and their immediate descendants); b) the analysis on the human capital of the population outside the EU labour markets reported in section 2.2. and c) findings from the literature based on various sources from national surveys to qualitative reporting and analysis (e.g. reporting by Member State authorities in the European Migration Network, interviews-based research, etc.).

**Lack of proficiency in the main language of the recipient country is a key barrier to labour market participation of migrants.** Migrants report relatively low proficiency levels in the language of the recipient country before migration. In 2021, the share of non-EU-born persons aged 20-64 who reported either having the same mother tongue as that of the host country or language proficiency in this

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<sup>(144)</sup> (Eurofound, 2024b)

<sup>(145)</sup> (Eurofound, 2024b)

<sup>(146)</sup> (Eurofound, 2024b), (European Commission: Directorate General for Employment, Social Affairs and Inclusion, )

<sup>(147)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion, )

<sup>(148)</sup> (European Commission: Directorate General for Employment, Social Affairs and Inclusion, )

<sup>(149)</sup> (Eurofound, 2024b), (Eurofound, 2025)

<sup>(150)</sup> (Eurofound, 2024b)

<sup>(151)</sup> When it comes to daily engagement in childcare and housework, 20% and 67% of women aged 50-64 report this to be the case (respectively), compared to 18% and 37% of men (see <https://eige.europa.eu/gender-equality-index/2024/domain/intersecting-inequalities/age/time>). Data specifically for the age group 55-64 is not available.

language before entering the EU, was (cumulatively) 23.2% for men and 25.6% for women.<sup>(152)</sup> Educational attainment level and young age greatly influence the ability to overcome this barrier, with highly educated and younger migrants tending to learn languages faster.<sup>(153)</sup> In the same year, surveyed migrants declared 'lack of language skills' as the single most prevalent specific obstacle (6.8% of respondents) in their job search.<sup>(154)</sup>

**Language skills generally improve with time spent in the host country.** Of migrants who in 2021 stated that they had no more than intermediate language skills at the time of their arrival, 50% of the beginners and 70% of those with intermediate skills reported having achieved advanced proficiency after at least 5 years of residence.<sup>(155)</sup>

**Low educational attainment is an important factor hindering the labour market integration of migrants - almost half of them do not have qualifications beyond lower secondary level.** Low educational attainment among migrants is more prevalent than among domestic-born people, with over a third of migrants aged 20-64 having at the most lower-secondary education, against less than 20% for domestic-born,<sup>(156)</sup> with variation across Member States. The results of the 2021 survey show how much low education attainment levels are associated with low participation in the labour market. In the survey, whereas 18.2% of migrants with low educational attainment responded that they never sought work/never worked, this share was 10.7% for those with upper secondary education and 9.2% for the tertiary educated. The link between low education attainment and poor employability is further suggested by the 4% of migrant respondents in the same survey who named 'no suitable job available' as a distinct obstacle in their search for employment (although this may also point to structural mismatches between labour supply and demand in a given economic structure).<sup>(157)</sup>

**Migrants may find it challenging to participate in the labour market due to partial or non-recognition of their qualifications in the EU.** In 2023, 11 Member States reported formal difficulties in the recognition of qualifications acquired by migrants largely because of lengthy procedures and strict formal requirements.<sup>(158)</sup> This often obliges highly qualified migrants to access jobs requiring little or no qualifications and thus working below their skill level. In other cases, migrants are unable to provide original diplomas or cannot afford fees for diploma conversion.<sup>(159)</sup> This barrier and its consequence - overqualification, when a person's formal qualifications exceed the requirements of the job performed - are particularly discouraging for highly educated migrants who find their qualifications undervalued.<sup>(160)</sup> Of migrants surveyed in 2021, 4.2% declared having faced this obstacle with the share rising in line with higher skill level (1.3% for low skill level, 3.7% for middle and 8.1% for high skill level).<sup>(161)</sup>

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<sup>(152)</sup> Own calculations based on Eurostat [lfs0\_21lang01]; according to (OECD/European Commission, 2023) indicators, 62% of all foreign-born (non-EU born and EU-born) had at least advanced proficiency in the host-country language, with significant variation across Member States.

<sup>(153)</sup> (Dustmann Fabbri, 2003), (van Tubergen Kalmijn, 2005)

<sup>(154)</sup> Own calculations based on Eurostat [lfs0\_21obst01], 20-64 age bracket; see Annex for visualised detail.

<sup>(155)</sup> For the evolution of the host-country language skills of migrants in general see (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023), Chapter 2 and (OECD/European Commission, 2023), as well as (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2016), Chapter 3 for the language skills of refugees in particular.

<sup>(156)</sup> Calculations based on Eurostat EU-LFS microdata.

<sup>(157)</sup> Own calculations based on Eurostat EU-LFS dataset lfs0\_21obst01, 20-64 age bracket (Eurostat EU-LFS 2021 ad hoc module on labour market situation of migrants and their immediate descendants); see Annex for visualised detail.

<sup>(158)</sup> For a recent analysis of the extent of and reasons for overqualification of migrants in the EU see (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025d)

<sup>(159)</sup> (European Migration Network, 2023), (Project Welar, 2024)

<sup>(160)</sup> According to (OECD/European Commission, 2023), a main reason for the lower employment rates of highly educated migrants is that foreign degrees are devalued in virtually every Member State labour market. Across the EU, employment rates among migrants educated in the host country were 12 percentage points higher compared to their foreign-educated peers in 2020. Despite the better labour market outcomes of migrants with a host country degree, they still lagged behind their domestic-born peers in most Member States in 2020.

<sup>(161)</sup> Own calculations based on Eurostat [lfs0\_21obst01], 20-64 age bracket; see Annex for visualised detail

**Migrants also experience care and other family responsibilities as important impediment to labour market integration.** As noted above, this obstacle affects predominantly women.<sup>(162)</sup> Around 23% of children born in the EU in 2023 had foreign-born mothers.<sup>(163)</sup> According to the OECD, the effect of having children tends to be even more pronounced for migrant women.<sup>(164)</sup> Migrant women may face more barriers in accessing early childhood education and care services, such as lack of institutional knowledge, limited financial resources and language barriers. They also tend to live more often in households with small children (22%) compared to domestic-born mothers (15%).<sup>(165)</sup> Caring and other family responsibilities may be hidden behind the relatively large shares of migrants surveyed in 2021 - especially women- who indicated that they 'never worked/never sought work' and can therefore not name specific obstacles to finding employment. Specifically, at 12.9%, the share of migrants surveyed in 2021 who declared that 'they never sought work or never worked' tops the share of every other response on distinct obstacles. At 18.5%, the share of migrant women who give this response is three times as high as that of men (6.9%).<sup>(166)</sup>

**Migrants in the EU face different types of discrimination in the labour market.** They can be subjected to lawful discriminatory hiring practices, notably in the public sector or due to legally prescribed minimum waiting periods before accessing the labour market imposed by several host countries on asylum seekers.<sup>(167)</sup> In addition to such overt discrimination, migrants subjectively perceive covert discrimination against them (i.e. believe that the actions of others towards them deviate from established expectations and societal norms). A total of 2.2% of migrants surveyed in 2021 reported being discriminated against.<sup>(168)</sup> While this may seem like a very low share, literature suggests that perceived discrimination tends to be under-reported and cautions against underestimation. One reason for underreporting is that persons belonging to a group that is systematically discriminated against might have difficulty recognising discrimination if most of their acquaintances or colleagues belong to the same group.<sup>(169)</sup>

**High administrative burden to obtain legal residency status and the right to work is a key factor for migrants' labour market participation.** Even for those with a confirmed right to work, employers can request multiple requirements, lengthy procedures, and more clarity about documentation, which can be daunting, particularly for low-skilled or older migrants.<sup>(170)</sup> In several Member States, the legal uncertainty linked to the outcome of an asylum application, or to the start date or duration of the right to work, was associated with higher risk of exploitation and undeclared work.<sup>(171)</sup> In 2021, 2% of migrants surveyed declared facing high administrative burden in their search for employment.<sup>(172)</sup> Even though beneficiaries of temporary protection, unlike asylum seekers, have the right to work immediately, 15% of displaced

<sup>(162)</sup> The share of women being outside the labour force because they have to care for relatives with disabilities or children was substantially higher than for men (20-64) in all EU Member States for which data was available in 2023 with the exception of Sweden; see Eurostat [lfsa\_igar]; cf. (Duell Pavlolaite, 2024) (2024), pp. 13-14, 19-23. See also (Fialova Basna, forthcoming).

<sup>(163)</sup> Fertility statistics - Statistics Explained - Eurostat, including definition of foreign born.

<sup>(164)</sup> (OECD, 2023b) notes more generally about OECD countries that, since female migration is often associated with family formation or reunification, the likelihood of childbearing is frequently elevated immediately after arrival. Migrant women also tend to have children at earlier ages, with potential negative consequences for their labour market insertion in host countries.

<sup>(165)</sup> Based on calculations from the Eurostat EU-LFS microdata.

<sup>(166)</sup> The distinct obstacles in the possible responses to the survey were, in order of prevalence: lack of language skills; non-recognition of qualifications; no suitable job available; discrimination due to foreign origin; lack of citizenship or residence permit and (unspecified) other obstacle(s), amounting to a cumulated share of 27.5% of all responses given. In addition, other possible responses available were: no obstacle encountered (largest share at 59.6% of responses; never sought work or never worked (second-largest share at 12.9% of responses); own calculations based on Eurostat [lfsa\_21obst01], 20-64 age bracket; see Annex for visualised detail.

<sup>(167)</sup> The 1951 Geneva Convention on the Rights of Refugees does not prescribe a specific minimum waiting period before asylum seekers can work. It leaves the implementation details to individual countries. Some countries allow asylum seekers to work almost immediately, but many don't. The waiting period is usually about 6 months. For example, in Germany, asylum seekers generally are not allowed to work during the first 9 months. In Netherlands they can apply for a work permit after 6 months, provided their application is still pending. In Belgium and Denmark, they can work without restrictions after 6 months.

<sup>(168)</sup> Own calculations based on Eurostat [lfsa\_21obst01], 20-64 age bracket; see Annex for visualised detail.

<sup>(169)</sup> (Banerjee, 2008), (Kaiser Major, 2006), (Heath Cheung, 2007), (Zschirnt Ruedin, 2016) and (European Commission, forthcoming)

<sup>(170)</sup> (Ruhs Anderson, 2009), (Morissens Sainsbury, 2005) and (Schuster, 2005)

<sup>(171)</sup> Reported by (European Migration Network, 2023) in Austria, Belgium, France, Ireland, Italy and Lithuania, Finland and Greece.

<sup>(172)</sup> Own calculations based on Eurostat [lfsa\_21obst01], 20-64 age bracket; see Annex for visualised detail.

Ukrainians in the EU reported too much bureaucracy in 2022 and 21% reported not knowing which instance to contact.<sup>(173)</sup>

**The integration of migrants in the EU labour market can also be hindered by poor health.** Migrants often face higher health challenges, with only 73.4% of migrants reporting good or very good health, compared to 76.9% of people born in the reporting Member States and 7.1% reporting bad or very bad health versus 5.6% of people born in the reporting Member States.<sup>(174)</sup> Even when adjusted for the (on average) older age of domestic-born populations, this disparity persists.<sup>(175)</sup> Literature associates these poorer health outcomes (as well as low education level and poverty) of a share of migrants with living conditions in the countries of origin ('country-of-origin effects'), while traumatic experiences affecting both physical and mental health are often endemic in the experiences of the displaced-population subgroup of migrants.<sup>(176)</sup>

**Leveraging social networks for information and job searching are crucial for labour market integration, but migrants tend to be at a disadvantage relative to people born in the EU.** The impact of this barrier may be more pronounced for those low-educated, older, or female migrants, as they typically have fewer opportunities to build such networks.<sup>(177)</sup>

**Some migrants may feel discouraged from participating in the labour market.** Although overall discouragement is a barrier to the labour market integration of migrants,<sup>(178)</sup> it is not identified in relevant surveys as a distinct obstacle and may be a composite result of other barriers. It can be induced by long-term unemployment or repeated unemployment spells, or by the cumulated difficulty of overcoming the aforementioned barriers for the non-EU-born.<sup>(179)</sup> Discouragement (whether of migrants or people in other demographic groups) may also be due to low job quality, including job precariousness, low or stagnating wages, the associated risk of the 'poverty trap' and/or the relative balance between the generosity, duration and time-profile of unemployment benefits and expected work income (especially for low-wage workers), as well as the strictness of the enforcement system.<sup>(180)</sup>

## Joint analysis of factors behind low participation

**Drawing on the above review of the factors limiting labour market participation, this section provides a longer-term, quantitative analysis of the effects that some of these factors have on participation.** The influence of these factors on participation is assessed jointly through several logit regression models over the period 2013-2023. It enriches the previous analysis by providing robust estimates of changes in probability of labour market participation due to each of the factors considered, while controlling for the influence of other factors. It also robustly explores the way different factors and individual characteristics can interplay with each other. On the other hand, the analysis is limited by lack of data on a range of factors influencing labour market participation (e.g. institutional settings or total years of work experience), as only factors covered by the EU-LFS data are used (see below).

<sup>(173)</sup> Displaced people from Ukraine are beneficiaries of the Temporary Protection Directive (Council Directive 2001/55/EC), which allows them to work with a minimum of formalities and access education and vocational training, healthcare, and accommodation. See also (Eurofound and the European Union Agency for Fundamental Rights, 2023), (European Migration Network - OECD, 2024) and (OECD, 2023c).

<sup>(174)</sup> Eurostat [hlth\_silc\_23], aged 20-64; on the effects of ill health on activity see (Duell Pavlolaite, 2024), pp. 13-14, 19-23.

<sup>(175)</sup> (OECD/European Commission, 2023)

<sup>(176)</sup> Displaced people, particularly women, face more pronounced health issues due to trauma. For instance, 22% of displaced women in Austria reported bad or very bad health. Among displaced Ukrainians, 15% identified health issues as a barrier to employment. See (OECD/European Commission, 2023) and (Eurofound and the European Union Agency for Fundamental Rights, 2023).

<sup>(177)</sup> (Lancee, 2012), (Aguilera Massey, 2003), (Behtoui, 2008). The (European Migration Network, 2022) identified the lack of social networks in several Member States as an important challenge to labour market and social integration.

<sup>(178)</sup> See (Vandermeerschen 2023), (European Migration Network, 2022), and (OECD/European Commission, 2023). and (Duell Pavlolaite, 2024), pp. 19-23 find that path dependencies (including in Belgium) are a more persistent barrier to the labour market among migrants than among the domestic-born.

<sup>(179)</sup> (Duell Pavlolaite, 2024)

<sup>(180)</sup> See (Duell Pavlolaite, 2024) (Amossé Erhel, 2023) and, regarding the need for fine-tuned control of the unemployed exposed of moral hazard, see (Coquet, 2017); (Salvatori, 2022); and (Thill, Houssemand Pignault, 2020).

The analysis proceeds by addressing the following research questions through distinct regression models:<sup>(181)</sup>

- **What are the differences in labour market participation probability observed for women, older people and migrants?** This basic model includes key individual characteristics to assess participation gaps between the following population groups: age groups (20-29, 30-54, 55-64), gender, and migrant status.
- **To what extent can these participation gaps be explained by observable factors influencing participation?** In addition to demographic characteristics, an extended model includes information on educational attainment (low, medium, high),<sup>(182)</sup> living in household with a child below 6 years of age (parenthood), being in retirement, having an illness/disability that prevents one from working, being a student, and the degree of urbanity (rural, towns & suburbs, cities).
- **How does the influence of these factors differ across specific population groups?** In addition to the variables described above, an interaction model considers combinations of factors that were highlighted as important in section 2.4: the interplay between parenthood and gender, migrant status and gender, and migrant status and having achieved tertiary education.<sup>(183)</sup>

**The analysis confirms that women, older people, and migrants are considerably more likely to be outside the labour force than men, prime-aged individuals and domestic-born, respectively** (Chart 2.11, baseline model). Women are 12pp less likely to be in the labour force than men, older people have 28pp lower probability of being in the labour force than prime age individuals, and migrants are 6pp less likely to be in labour force than domestic-born.<sup>(184)</sup> These figures are broadly similar to the statistics shown in Chart 2.1, highlighting that these participation gaps are independent from each other (for example, low participation of older people or migrants is clearly not due to overrepresentation of women among these groups).

**Results also show that educational attainment, parenthood, ill health and retirement affect labour market participation in important ways** (Chart 2.11, extended model). Having tertiary (secondary) education improves the chances of participating in the labour market by 16pp (10pp) compared to low educational attainment. Parents living with young children (below 6 years of age) have a 6pp lower probability of being in the labour market, although the impacts are quite different for mothers and fathers (see results from model with interactions below). Finally, both retirement and having an illness/disability that prevents one from working tend to be associated with near-zero participation rates, effectively ruling out labour market participation altogether.

**Accounting for these influences on labour market participation explains substantial parts of the observed participation gaps for older people and migrants, but not for women.** Once higher retirement, poor health and lower educational attainment of people aged 55-64 are controlled for in statistical modelling, the participation gap between older and prime-aged workers drops to just 6 pps. Thus, these factors account for most of the lower participation of older people. Accounting for lower educational attainment and higher prevalence of parenthood among migrants explains at most a third of the difference in domestic-born and migrant participation rates, indicating that a sizeable portion of the migrant participation gap is linked to other factors (see section 2.4.). Finally, a 12pp participation gap is estimated between men and women, as in the case of the basic model, hence the interaction model explains almost none of the original gender gap observed in the basic model.

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<sup>(181)</sup> All model specifications described below account for country and time fixed effects by adding country and year dummies.

<sup>(182)</sup> Low attainment is up to lower secondary (ISCED 0-2), medium is below tertiary (ISCED 3-4), high is tertiary (ISCED5-8).

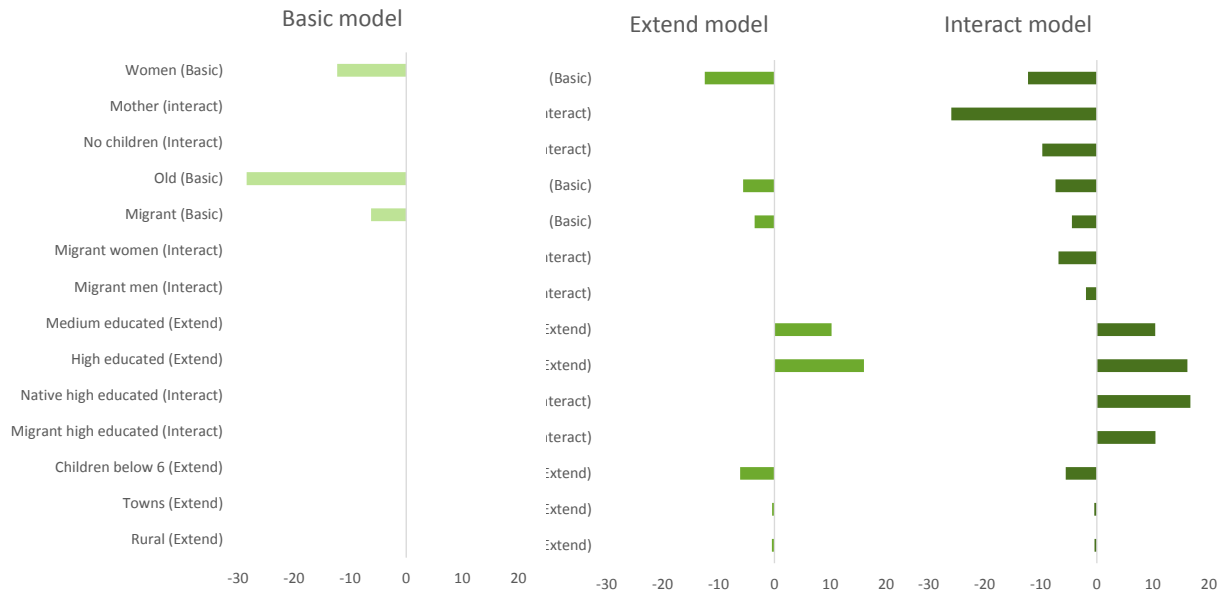
<sup>(183)</sup> Note that a broader list of interactions was tested in preparatory analysis, but only the most important ones were selected to be presented in the report.

<sup>(184)</sup> These and other differences in probabilities reported below are differences in average predicted probabilities per population group.

Chart 2.11

**Educational attainment, parenthood, ill health and retirement account for much of the migrant and old age participation gaps**

Differences in predicted labour market participation probabilities, EU-27, 2013-2023



Note: Data does not cover Germany and Malta, since these countries do not collect data on migrant status systematically throughout the whole 2013-2023 period. The following comparison groups are used in the figure: women (mothers, no young children) compare to men (fathers, no young children); older (55-64) people and compare to prime age individuals (30-54); migrants (men, women, tertiary educated) compare to domestic-born (men, women, tertiary educated); high (ISCED 5-8) and medium educated (ISCED 3-4) compare to low educated (ISCED 0-2), parents with children below 6 compare to people who do not live in households with a child(ren) below 6, and people in towns and rural settings compare to people living in large cities

Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**Parenthood is associated with lower likelihood of labour market participation of women but not of men** (Chart 2.11, interaction model). The participation likelihood is estimated to be 26 pps lower for mothers of young children compared to fathers. This difference only amounts to about 10 pps for people without young children. The large participation differences between mothers and fathers are largely due to a drop in the participation of mothers (by 14 pps compared to women without young children), which are accompanied by slight increases in participation of fathers (by about 3 pps) compared to men without children.

**The lower likelihood of migrants to participate in the labour market is mostly limited to women.** Migrant women are predicted to have a 7 pps lower probability of labour market participation than domestic-born ones, a difference that reaches just 2 pps between migrant and domestic-born men. This partly reflects the fact that some migrants come from countries where involvement of women in the world of paid work is less common than in the EU and may even be actively discouraged.<sup>(185)</sup> It may also result from differences in migration patterns of women and men, e.g. in cases where men primarily migrate for economic reasons whereas women do so to join their husbands/families abroad.

**Higher educational attainment increases likelihood of labour market participation considerably more for domestic-born than for migrants.** Achieving tertiary education increases the participation probability of domestic-born by about 17 pps (compared to low educational attainment), while for migrants it amounts to 10 pps, an effect roughly equal to achieving upper secondary education by domestic-born. This points towards problems with recognition of tertiary qualifications achieved by migrants (notably where these have been achieved in migrants' countries of origin), an important issue highlighted in research on labour market integration of migrants (section 2.4.).

<sup>(185)</sup> See (Stichnoth Yeter, 2016). For a map of gender employment gaps across the world, see <https://childpenaltyatlas.org/?metric=gap>. Unfortunately, Eurostat EU-LFS does not provide robust enough data on country of origin of migrants to estimate shares of migrants coming from different parts of the world.

### 3. REDUCING UNDEREMPLOYMENT

**In addition to attracting more people to the labour market, more hours worked could be achieved by addressing underemployment within the existing workforce.** Involuntary part-time employment - which accounted for 18% of all part-time workers in 2024 - generally includes workers who want to work extra hours and are immediately available to work. In this section, underemployment refers to a broader situation where a part-time worker wants to work additional hours compared to their current workload<sup>(186)</sup> regardless of whether they are immediately available to work or not. Addressing underemployment means supporting such a worker into working their desired hours as opposed to their actual hours. In the EU, 6.5 million people are underemployed. Tackling underemployment harnesses the untapped potential of the labour market, thereby alleviating labour shortages. In addition, supporting those who want to work longer can also lead to improvements in their financial situation due to increased earnings and enhanced career prospects.

**Estimates show that addressing underemployment in the EU can generate additional hours equal to 2.3 million full-time jobs,** which corresponds to an 1.3% increase in total hours worked in 2023. The largest number of full-time job equivalents (FTEs)<sup>(187)</sup> would result from addressing underemployment of women (1.5 million, Chart 2.12), followed by workers without small children (1.4 million) and workers aged 30 to 54 (1.3 million). Note that there are considerable overlaps among these groups. This notwithstanding, sometimes underemployment conceals cases of full-time employment, particularly where incentives to hire part-time are higher than for full-time employment. Recent analysis<sup>(188)</sup> also investigated the prevalence of underemployment in part-time work across different sub-groups, finding that it was more common for migrants, younger workers and men, than for older workers and women.

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<sup>(186)</sup> Identified based on the Eurostat EU-LFS microdata. Note that this is a broader definition than the one used by Eurostat for underemployment. Eurostat defines an underemployed worker as a person working part-time who would like to work additional hours and is immediately available to do so within the next two weeks. Taking a broader definition allows us to take a perspective of underemployment that considers structural and longer-term challenges that constrain working times, such as caring responsibilities, availability of external care solutions, or certain features of the tax-benefit systems. For more information on involuntary part-time work, see EU labour force survey - methodology - Statistics Explained - Eurostat.

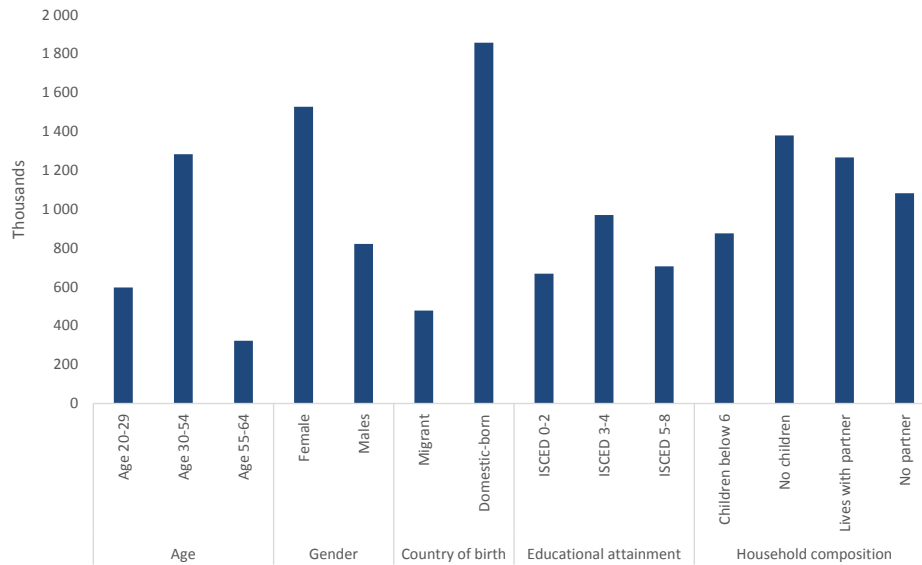
<sup>(187)</sup> The number of additional FTEs is calculated as the difference between the actual hours worked of the underemployed and a 40 hour week.

<sup>(188)</sup> European Commission (2025); employment and social developments in europe-KE0125067ENN (1).pdf

Chart 2.12

**Women, workers with small children and those aged 30 to 54 represent the biggest potential in FTEs**

Additional FTEs resulting from addressing underemployment by demographic characteristic, EU-27, 2023



**Note:** The numbers on the left-hand vertical axis show the total additional FTEs, and the height of the blue bars determines for every group the total number of additional FTE's if underemployment would be eliminated.

**Source:** DG EMPL calculations based on EU-LFS microdata

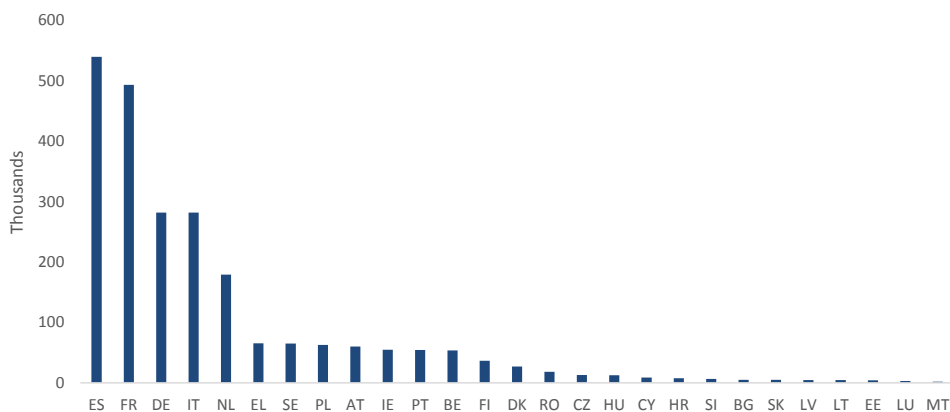
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**Much of the additional working hours generated by addressing underemployment would be concentrated in France, Spain, Italy, Germany and the Netherlands** (Chart 2.13). If all part-time workers who wish to work more hours were to do so, an additional million of FTEs would be generated in France and Spain (about half a million each), and further 560,000 would come from Italy and Germany (around 280,000 each). The Netherlands would also see a high number of additional FTEs (180,000). The high number of underemployed part-time workers in these countries reflects in some countries their comparatively large labour markets, high prevalence of part-time work, and/or specific structure of the economy (with sizeable tourism sectors in FR, ES, IT). In all these countries, part-time work is commonly used by women to balance work and family responsibilities.

Chart 2.13

**France, Spain, Italy, Germany and the Netherlands have the highest additional working hours potential**

Additional FTEs resulting from addressing underemployment by country, EU-27, 2023



**Note:** The additional FTE's that can be generated in every EU Member State are calculated and shown by the left-hand side vertical axis and corresponding blue bars. **Source:** DG EMPL calculations based on EU-LFS microdata

[Click here to download chart.](#)

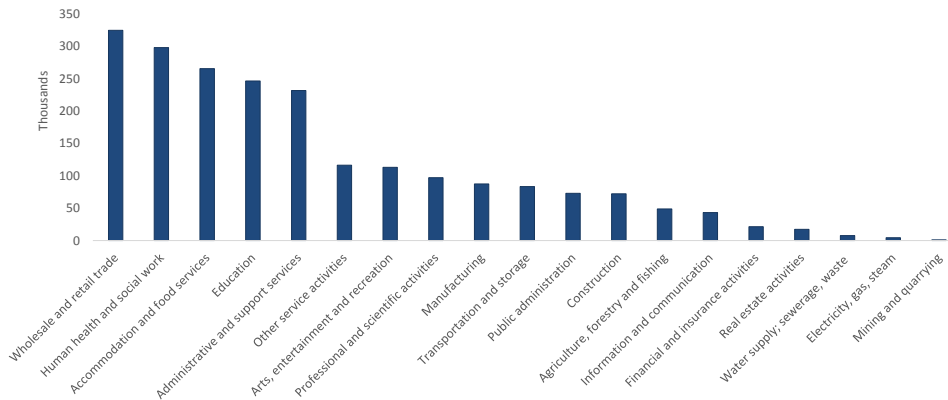
**Over half of the additional FTEs (over 1.3 million) would come from five sectors of economic activity: trade, health, accommodation and food, education and administrative support** (Chart 2.14). These sectors are also affected by labour shortages though to varying degrees. In each of these sectors, the total number of worked hours would increase by 1.3% or more. Particularly large changes (between 250,000 and 320,000 extra FTAs) would occur in accommodation and food services and administrative

support, where frequent part-time work reflects high employer demand for flexible schedules that cover specific peak hours or extended operating times.<sup>(189)</sup> Nearly 300,000 extra FTEs would be generated in health and social work, a sector known to be widely affected by labour shortages. In other sectors, the absolute number of additional FTEs is considerably smaller though it can still amount to a relatively high increase in total working hours (e.g. the 110,000 extra FTEs in arts, entertainment and recreation amount to a 4% increase in working hours in the sector).

Chart 2.14

### The highest additional working hours potential is in certain service sectors

Additional FTE's resulting from addressing underemployment by sector of economic activity, EU-27, 2023



Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**Additional FTEs would originate from the occupations in the service sector.** Out of the 2.3 million of additional FTEs, around 400,000 would come from professions in the category 'Domestic, hotel and office cleaners and helpers', followed by 160,000 from the category 'Shop salespersons'. Childcare and healthcare related occupations could each generate additional 100,000 FTEs; while lower amounts would derive from the hospitality sectors - almost 70,000 from 'Waiters and bartenders' and 60,000 from 'Food workers' (Chart 2.15).

**Every third FTE created by supporting workers in reaching their desired hours would benefit broader occupational groups that include occupations experiencing labour shortages identified in the EU Talent Pool.** Labour shortages are mostly concentrated in the occupational groups 'Domestic, hotel, and office cleaners and helpers', 'Personal care workers in health services' and 'Waiters and bartenders'. The high proportion of additional FTEs in these occupations reflects the weak bargaining position of workers vis-à-vis employers, whose demand for flexible schedules that cover specific time periods (such as peak hours in hospitality business) need not suit worker's preferences.<sup>(190)</sup>

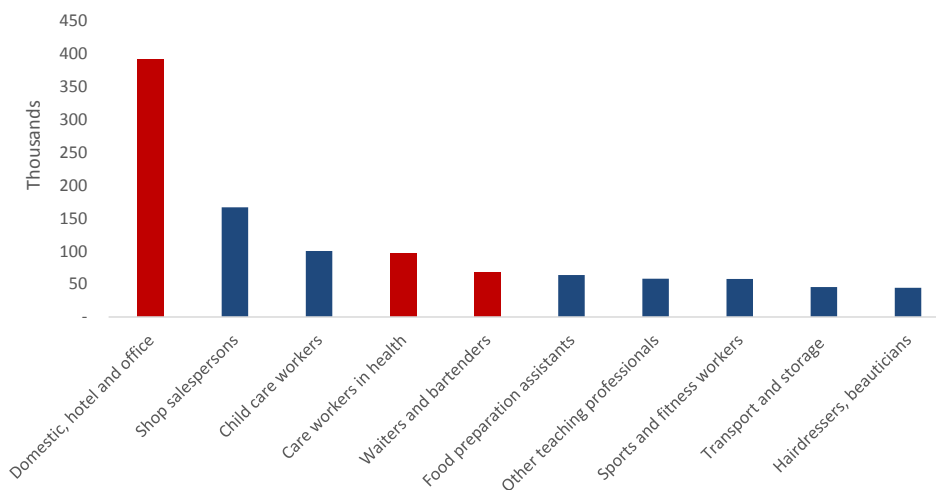
<sup>(189)</sup> (European Commission, 2025b)

<sup>(190)</sup> (European Commission, )

Chart 2.15

### The highest additional working hours potential can be found in the occupations of domestic, hotel and officer cleaners and helpers

Additional FTE's resulting from addressing underemployment by top 10 contributing occupations, EU-27, 2023- labour shortage occupations in red



Note: Additional FTE's for the ten highest contributing ISCO-08, 3 digits occupations in terms of additional FTE's in 2023. In red, occupations experiencing labour shortages.

Source: DG EMPL calculations based on Eurostat EU-LFS microdata

[Click here to download chart.](#)

**Underemployment results from a diverse range of factors.<sup>(191)</sup>** Underemployment can be the result of low labour demand of employers or mismatches between employers' needs and workers' capabilities. For some types of occupations, part-time employment can be common for economic and operational reasons. For example, in the hospitality sector, scheduling arrangements, lower productivity growth and fluctuating demand can reduce the incentives for employers to offer additional hours and hire full-time. It can also be the result of weak bargaining positions of workers due to lack of skills and education that limit their employment opportunities. In some cases, the weak bargaining power is also an outcome of limited trade union coverage of some specific occupations. For certain workers, notably men, part-time work is rarely a preferred working-time arrangement. Women, and to a certain extent older workers, frequently face longer-term constraints that limit their working time (such as caring responsibilities or health issues) while still willing to work longer hours.

## 4. CONCLUSIONS

**In a labour market that faces labour shortages, increasing labour force participation is becoming ever more important.** Most employers in the EU struggle to fill at least some of the positions they are offering, which hampers the innovation potential and competitiveness of the EU economy. These shortages are unlikely to disappear in a future marked by demographic decline accompanied by job creation and new skill needs linked to the green and digital transition. Besides addressing unemployment, increasing labour market participation is essential and it is notably of critical importance for integrating underrepresented population groups better, harnessing their talent and contribute to social inclusion.

**Currently, one in five Europeans of working age (51 million in total) do not participate in the labour market, in addition to the 12 million unemployed.** Thanks to the increasing participation rates particularly of older workers and women, the proportion of people outside the labour force declined significantly over the last decade. In 2013, one in four persons did not participate in the labour market compared to one in five in 2023. At the same time, the participation rate varies considerably between

<sup>(191)</sup> See (European Commission, ) for detailed literature review of factors affecting underemployment.

Member States, with the lowest rates recorded in Italy and Romania and the highest in the Netherlands and Sweden.

**Women, older persons, migrants and persons with disabilities are particularly underrepresented in the labour market.** The share of inactive persons amounts to almost a half among persons with disabilities, one third among older persons and one fourth among women and migrants. Together, women, older persons and migrants account for over 80% of those outside the labour market in the EU (about 41 million).

**In order to attract additional people to the labour market it is important to understand the reasons behind the detachment, which include gaps in education, skills and work experience.** Almost three in four people outside the labour market have either no or no recent work experience, which suggests that they may find entering the labour market challenging. This is compounded by lower educational attainment – with over a third of people outside the labour force having achieved at most lower secondary education, compared to less than a fifth in the overall working age population. The gaps in work experience and educational attainment are particularly pronounced between migrant and domestic-born women. Over a half of migrant women have never taken part in the labour market.

**Overall, supporting people outside the labour market into employment may in some cases be more challenging than doing so for the unemployed,** most of whom only experience short unemployment spells that do not lead to large work experience gaps or outdated skills.

**Other factors that contribute to the underrepresentation in the labour market include poor health, discrimination, accessibility challenges, disincentives resulting from the tax-benefit systems, and unpaid caring responsibilities.** Almost a quarter of people outside the labour market singled out disability as a main reason for non-participation, and further fifth attribute non-participation to care and family responsibilities. Entering employment may result in losing certain income benefits (so called benefit traps) or may be discouraged by high taxes on earnings (e.g. among secondary earners – usually women – where households are taxed jointly).

Certain participation barriers concern mostly women, older persons, migrants, persons with disabilities and young people:

- **Much of the gender gap in labour market participation can be traced back to the disproportionate share of unpaid work, and notably unpaid childcare, undertaken by women.** Many women provide care for other family members and perform housework on daily basis. This has particularly negative consequences for the labour market participation of mothers that extend far beyond the immediate period following childbirth. The severity of these consequences depends on a range of factors, including availability of affordable childcare, design of family related leaves, and the prevalence of traditional norms that identify women as primary caregivers.
- **Early retirement accounts for much of the lower participation of older persons in the labour market, even though this has become less common over time.** The decision to leave the labour market early depends on a range of factors, including poor health; design of the pension systems and the way this affects work incentives; availability of long-term care services where care is needed for other members of the household; willingness of employers to hire or retain older as opposed to younger workers; and the lack of adaptation of working conditions to the specific needs of older persons.
- **Entering the labour market is more challenging for migrants because of gaps in language skills and issues with the recognition of their qualifications.** Relatively few migrants (around one in four) are proficient in the language of the host country prior to their arrival. In surveys, they report lack of language skills as the most common obstacle to participation. Even when they are highly educated, the recognition of their qualifications in the host country is far from certain and often involves lengthy procedures and strict formal requirements. The lack of recognition leads to devaluation of migrants' educational and professional credentials, severely limiting the employment options available to them. This contributes to both overqualification rates among migrants but also explains why their labour market participation is lower than on average.

- **The lack of adaptation of workplace environments, working conditions and hiring process to the needs of persons with disabilities is a major challenge to their participation.** While possible health issues can limit the type of work one can undertake, it is often the broader economic, environmental and social barriers that prevent persons with disabilities from working. For example, many workplaces do not accommodate for the specific needs of persons with disabilities and the same applies to existing hiring processes. In general, employers tend to focus on costs of employing persons with disabilities (e.g. in adapting workplaces or productivity loss) rather than focusing on their potential.
- **Most young people who do not participate in the labour market are still students.** In fact, the participation rate of young people who finished their studies is higher than the EU working population average. Rather than entering the labour market per se, the key challenge for young people is to find employment, with youth unemployment rate of 14.9% exceeding that of both middle-aged and older persons.

**Beyond focusing on increasing labour market participation, additional labour supply (up to 2.3 million of full-time jobs) could result from addressing underemployment.** There are about 6.5 million part-time workers in the EU who want to work longer hours. About a third of the additional working hours gained by supporting these workers in working their desired hours would benefit occupational groups experiencing labour shortages. Unlocking this potential requires addressing a diverse range of factors that affect underemployment, including high demand for part-time work in certain sectors that does not necessarily align with worker preferences, weak bargaining position of less skilled workers in the labour market, longer-term working-time constraints resulting notably from caring responsibilities and health limitations, and differences in acceptability of part-time work by country and population group.