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PART 4/4

COMMISSION STAFF WORKING DOCUMENT
EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE

Chapter 3

Unlocking Europe's Talent

1. INTRODUCTION ⁽¹⁹⁸⁾

Policies to increase labour force participation focus on overcoming specific barriers for people when entering the labour market. Addressing the challenges highlighted in Chapter 2 through dedicated policies is particularly relevant to increase the labour supply in light of ongoing labour shortages and demographic change. As people outside of the labour market experience lower incomes and those further away from it can suffer from limited access to social protection, these efforts help reduce the risk of poverty and social exclusion. Gaining employment can significantly increase the chances of exiting poverty.⁽¹⁹⁹⁾ At the same time broad labour market participation strengthens the sustainability of social protection systems and social cohesion.

To promote the labour market participation of underrepresented groups, the EU and Member States have committed to a wide range of activation measures. Several of the 75 measures announced in the 2021 European Pillar of Social Rights Action Plan, and adopted since, promote inclusive access to labour markets. Within these, the 2023 Council Recommendation on adequate minimum income supports employment for those furthest away from the labour market. Moreover, bringing people currently underrepresented into the labour force is one of the five key policy areas set out in the EU Action Plan on labour and skills shortages launched in March 2024.

These measures are complemented by up-skilling and reskilling, social dialogue and social inclusion initiatives. The EU Strategy for a Union of Skills adopted in March 2025 aims to strengthen adult and lifelong learning, vocational education and training, and recognition of qualifications and skills. It proposes inter alia an expanded use of micro-credentials, a reinforced Pact for Skills, a review of the Skills Academies, a pilot skills guarantee and a Skills Portability Initiative. Broader policies - including the Council Recommendation on access to affordable and high-quality long-term care⁽²⁰⁰⁾ and the Council

⁽¹⁹⁸⁾ This chapter was written by Eva Schönwald, Kilian de Kruyf Molina, Miriam Carracedo-Marsinach, Rafael Martins Resende and Gaele Debree, with contributions from Anja Puc and the Joint Research Centre (JRC) EUROMOD and RHOMOLO teams, notably Kateryna Bornukova, Hugo Cruces, Klaus Grunberger, Javier Lopez Segovia, Hannes Serruys, Pablo Casas, Tryfonas Christou, Abián García-Rodríguez, Nicholas Lazarou and Simone Salotti.

⁽¹⁹⁹⁾ (Vaalavuo and Sirniö, 2022)

⁽²⁰⁰⁾ (Council of the European Union, 2022/C 476/01)

Recommendation on early childhood education and care⁽²⁰¹⁾ - target factors contributing to non-participation in the labour force, such as care responsibilities, with guidance on accessing affordable, high-quality long-term care and early childhood education and care. Moreover, the Employment Equality Directive provides protection against discrimination in employment based on religion or belief, disability, age or sexual orientation, aiming to ensure fair treatment for all. The Racial Equality Directive⁽²⁰²⁾ set up a framework for equal treatment irrespective of racial or ethnic origin in, among others, employment and occupation. Additional initiatives focus on specific groups, such as the Disability Employment Package,⁽²⁰³⁾ under the Strategy for the Rights of Persons with Disabilities 2021-2030, the Gender Equality Strategy, and, for migrants, the Action Plan on Integration and Inclusion 2021-2027. At the national level, Member States have implemented these initiatives in close collaboration with the Commission and social partners, often within the context of European Social Fund+ programmes, the European Regional Development Fund, the Recovery and Resilience Facility, and the Technical Support Instrument.

Going forward the Commission plans to step up efforts in this direction. A new Action Plan on the implementation of the European Pillar of Social Rights will be presented in the fourth quarter of 2025, aiming to continue fostering equal opportunities and access to labour markets along with social protection and inclusion. Many additional policies considered in this context address issues that are closely related to labour force participation. The first-ever EU Anti-Poverty Strategy, planned for early 2026, will focus on facilitating access to essential services and combatting poverty and social exclusion. In addition, the Commission together with social partners will develop a Quality Jobs Roadmap to enhance job quality and to ensure a just transition for all. To support these initiatives, the role of social partners will be key, as emphasised in the new Pact for European Social Dialogue adopted in March 2025.

Against this background, this chapter provides insights on which policies work to increase the labour force participation of underrepresented groups. It discusses incentives to join the labour force as well as measures to reduce barriers, both on the supply and demand side of the labour market. More specifically, Chapter 3.2. provides an overview of the key policies commonly used to increase labour force participation for the general population, including changes in the tax-benefit systems and investment in skills. This evidence is complemented by novel analysis of selected policies and their impact on some of these groups, namely in in-work benefits, tax rates for full-time employment and measures enhancing educational attainment. Chapter 3.3. discusses policies which are specifically targeting one or more of the underrepresented groups this report focuses on, largely relying on findings from the relevant literature. Policies aimed at increasing employment among underrepresented groups outside the labour force typically target those not already in contact with public employment services (PES) and registered as jobseekers. However, key policies focused on supporting the transition from unemployment to employment, are also discussed, as in many instances they cannot be distinguished from those aimed at activating those outside of the labour market.

2. GENERAL POLICIES TO INCREASE LABOUR FORCE PARTICIPATION

Policies to increase labour force participation can support those outside of the labour force by removing barriers to entry and can also reduce the risk of poverty. These policies can provide incentives to both the supply and demand of labour, through for example adjustments to tax-benefit systems, support to assist these people in their search for employment, including via training, counselling and case management, and measures to address discrimination. At the same time, improving pay and working conditions can enhance work take-up and living conditions. In the context of the European Semester, country-specific recommendations related to challenges to increasing the labour force participation of underrepresented groups through a variety of labour market and skills policies as well as pension reforms are issued.

Active labour market policies (ALMPs) can contribute to increased labour force participation of underrepresented groups. While the interventions from Public Employment Service (PES) are primarily

⁽²⁰¹⁾ (Council of the European Union, 2022/C 4844/01)

⁽²⁰²⁾ <https://eur-lex.europa.eu/eli/dir/2000/43/oj/eng>

⁽²⁰³⁾ Disability Employment Package to improve labour market outcomes for persons with disabilities

targeted to those in search of an occupation, i.e. the unemployed, they have been increasingly designed to also reach out to those further away from the labour market. In this context, more targeted measures have been developed tailored to the needs and challenges of underrepresented groups (as discussed in Box X). However, reaching out to these groups remains a challenge as persons outside the labour force are less likely to be registered with PES. Among various ALMPs, some programmes have proven to be particularly effective for those outside the labour force, such as tailored services to target groups, individual case management, supported employment and employment incentives, all commonly provided by PES.

At the same time, continuous up- and reskilling opportunities can support individuals to keep their skills relevant in the rapidly changing job market. Even in this case, these policies have primarily been designed to support the unemployed, while reaching out to those outside of the labour force would require further efforts. Within these, lifelong learning policies do not only focus on skill gaps but also equip people with the capacity to adapt to future changes in the job market, facilitating transitions to employment. Training policies strive to promote accessibility and inclusivity by ensuring access to education for various groups currently underrepresented in the labour market.

Anti-discrimination policies can improve the labour market opportunities of some underrepresented groups. The Employment Equality Directive⁽²⁰⁴⁾ provides a general framework for equal treatment in employment, focusing on four areas of discrimination, namely religion or belief, disability, age, and sexual orientation. It also puts certain obligations on employers to provide reasonable accommodation, namely adapting workplaces to the needs of specific groups. Demand-side policies targeted at employers such as employment quota schemes can further help reduce discrimination. Measures such as employer counselling can benefit persons from underrepresented groups who face discrimination by raising employer awareness and combatting stereotypes. Information campaigns can for instance challenge negative preconceptions of employers concerning hiring certain groups, such as persons with disabilities.⁽²⁰⁵⁾ Measures such as local campaigns and raising awareness of the benefits of diversity in the workplace can further contribute to improved labour market opportunities and more inclusive workplaces.

Many of the policies that can increase labour force participation can also support unemployed persons in finding employment. Measures that increase the employability are relevant also for those actively seeking work. Particularly the long-term unemployed share many similar needs with persons outside of the labour force. The Council Recommendation on the integration of the long-term unemployed into the labour market recommends, among others, in-depth individual assessments and guidance, further education and training,⁽²⁰⁶⁾ support for housing, transport, child and care services or rehabilitation as well as partnerships with employers and social partners to facilitate the professional reintegration of long-term unemployed, all of which can also support the employability of those currently outside the labour force.

For those already in employment but who would like to work more hours, skills development and care provision can provide opportunities to find full-time work. Underemployment disproportionately affects underrepresented groups such as women, persons with disabilities and migrants. Inclusive policies that focus on skills development could enable individuals to follow their preferences to find full-time work and strengthen their bargaining power. As women account for two thirds of the underemployed workforce, measures such as increasing childcare accessibility and affordability can provide the right conditions for women to increase the number of hours worked. The presence of underemployment and labour shortages in certain sectors, such as services, also implies a mismatch between employers' preferences (demand for more workers with flexible part-time work arrangements) and labour supply, which tends to be affected by low job quality.⁽²⁰⁷⁾ Policies focusing on improving job quality in shortage

⁽²⁰⁴⁾ Directive 2000/78/EC.

⁽²⁰⁵⁾ (European Commission, Fondazione Giacomo Brodolini, Genova, A. & Davern, E., 2022)

⁽²⁰⁶⁾ See e.g. (Wood, 2025) for an evaluation of the effectiveness of four activation programmes (labour market orientation, job search assistance, application and interview training, and human capital development) in the Belgian context.

⁽²⁰⁷⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025d)

occupations can help to address the mismatch. Financial incentives can also encourage part-time workers to increase hours worked.

Taking up employment can increase disposable income and reduce poverty, when leading to jobs with decent pay and fair working conditions. Gaining employment significantly increases the chances of exiting poverty.⁽²⁰⁸⁾ Nevertheless, 8.3% of all employed persons aged 18 to 64 are at risk of poverty.⁽²⁰⁹⁾ To sufficiently incentivise taking up employment and lifting persons out of poverty, decent wages are a necessary precondition. In addition, the loss of benefits when entering the labour force can reduce the incentive to take up employment. Furthermore, persons with disabilities are faced with additional costs of living when a disability persists even when taking up employment. The duration and eligibility of minimum income benefits, benefit tapering, other social assistance and pension policies thus play a role in measures to increase the labour supply. A reduction of taxes and social security contributions can further provide an incentive by increasing disposable income from work. Overall, fair wages and good working conditions can encourage additional labour force participation and also increase retention of workers.

Leveraging policy complementarities can increase the effectiveness of individual policies to support labour force participation. Existing research suggests that ALMPs tend to be more effective in environments with a higher provision of ECEC.⁽²¹⁰⁾ Similarly, ALMP spending tends to be more effective in the context of higher national educational attainment levels.⁽²¹¹⁾

⁽²⁰⁸⁾ (Vaalavuo and Sirniö, 2022)

⁽²⁰⁹⁾ Eurostat [ilc_li04]

⁽²¹⁰⁾ (Hemerijck et al., 2024)

⁽²¹¹⁾ (Plavgo, 2023)

Box 3.1: The role of Public Employment Services (PES) in increasing labour force participation of underrepresented groups

Efforts by PES to target underrepresented groups outside the labour force can increase their participation. Traditionally, PES actions cover the unemployed, namely those actively looking for a job, but not all unemployed are traditionally registered at the PES. Persons outside the labour force are less likely to be in the focus of PES and receiving support, as registering with these services is usually a pre-condition for benefiting from the programmes they offer. In addition, PES usually lack the mandate to reach those outside the labour force. Therefore, reaching out to underrepresented groups remains particularly challenging.⁽¹⁾

PES are increasingly reaching out to vulnerable groups and taking up activities to target those outside the labour market, particularly in light of labour and skills shortages.⁽²⁾ In the wake of the COVID-19 pandemic and the economic recovery, several PES launched new services to enhance the employability of inactive people and set strategies and targets to ease labour market access to the workforce for the most vulnerable groups. As of 2024, around 20% of those who registered with PES were inactive in the preceding 6 months. In Bulgaria, the PES has as general objective to bring the inactive into the labour market. More recently, Poland and Ireland have allowed PES staff to reach out to inactive and vulnerable groups.

This outreach to those further away from the labour market has often been done in collaboration with partners to increase effectiveness. For instance, in Germany, outreach is done on-site and via social media, through high-profile campaigns, such as poster advertising in city centres, public transport, cinemas, or sport stadiums. In Austria, collaboration with trusted community figures and a broad access to on-site counselling and digital outreach are key to activate persons outside the labour force.⁽³⁾ These efforts can additionally be supported by designing minimum income schemes to incorporate activation policies or through cooperation with stakeholders in close contact with the underrepresented population. In France, for example, recipients of the Active Solidarity Income (RSA) are automatically registered with PES and receive personalised support, with specific rights and duties to facilitate access to employment.⁽⁴⁾

Intersecting barriers require targeted support of PES for persons from underrepresented groups. A lack of resources and understaffing could disproportionately disadvantage underrepresented groups as their successful labour market integration requires, on average, additional resources. Strategies that have been introduced by PES in different Member States to cater to the needs for different underrepresented groups include:

- **For women:** Relatively few PES have introduced programmes targeting women to (re-) enter the labour market. Most PES did not formulate specific objectives to reduce gender inequalities.⁽⁵⁾ Nonetheless, reaching out to women outside the labour force and recognising their specific needs such as childcare provision has at times fostered active inclusion of women into PES activities.⁽⁶⁾ The Austrian PES have focused their efforts on targeting vulnerable women with women-only career centres, support for re-entry, specialised counselling and other holistic approaches, namely Neighbours in Vienna. This project is building on support from the local municipality, NGOs, and social workers to assist young mothers holistically by delivering trainings, education, and on-site childcare. In Germany, the ESF+ Plus programme “MY TURN – Women with migration experience get started” has accompanied migrant women with a low level of qualifications on their way to training and employment since 2022.
- **For older workers:** Although PES provide support to unemployed and long-term unemployed, few Member States (Latvia and Croatia) target older workers directly. Available evidence also suggests that older workers participate less in ALMPs and trainings tend to be shorter.⁽⁷⁾ Some countries provide support related to training and qualifications through financial contributions to employers (Ireland, Austria, and Luxembourg). Other countries support transitions to new tasks, jobs, and employers (Finland).⁽⁸⁾ The cooperation between PES and employers is important to increase the labour force participation of older workers. Supported by PES, employers should develop and encourage more inclusive employment, through sensitisation to ageism, commitments, employer incentives, adapted recruitment processes and reasonable accommodation at work. Measures such as local campaigns and awareness raising of benefits of age diversity in firms can further contribute to fighting ageism in the labour market.⁽⁹⁾

⁽¹⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, Institute for Employment Research (IAB), ÖSB Consulting, and ICON INSTITUT, 2020)

⁽²⁾ (ECE, 2025)

⁽³⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024c)

⁽⁴⁾ (European Commission, 2025a)

⁽⁵⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and ICON Institute Public Sector, 2023)

⁽⁶⁾ (European Commission, 2025a)

⁽⁷⁾ (European Commission, 2019)

⁽⁸⁾ (Eurofound, 2025)

⁽⁹⁾ (Age Platform Europe, 2023)

(Continued on the next page)

Box (continued)

- **For migrants:** Overall, PES are transitioning from a primarily administrative role to a more active involvement in recruitment of migrants to address labour and skill shortages. This can include the role as a matchmaker between employers and third-country job seekers.⁽¹⁰⁾ Immediate involvement of PES can enhance integration outcomes of migrants. Experiences in Finland suggest that an early division of support services between migrants who are immediately willing and able to work and those who are not can widen the gap in distance to the labour market between these groups.⁽¹¹⁾ Those not immediately able to work were directed to municipality services, which generally focused less on labour market training making it more difficult for migrants to find their way to employment.⁽¹²⁾ Recent evidence in some Member States illustrates the positive impact of directing newcomers to PES services early. In Sweden, migrants directed immediately to PES have experienced favourable employment outcomes.⁽¹³⁾ Early PES support has also successfully engaged displaced Ukrainians in Estonia and Bulgaria. Additionally, proactively hiring PES counsellors belonging to a minority group can compensate initial disadvantages related to weaker networks and information processing skills, while also reducing the risk of discrimination by PES counsellors.
- **For persons with disabilities:** PES are well placed to support the labour force participation of persons with disabilities and to support a more accessible labour market.⁽¹⁴⁾ Direct support measures include ability testing, coaching, vocational rehabilitation and job trials. Most PES also have specialised caseworkers who connect persons with disabilities to external providers. Lithuania's case management system, for instance, offers vulnerable individuals personalised support and career guidance from caseworkers.⁽¹⁵⁾ Estonia's Workability Reform exemplifies a successful strategy by increasing registration with PES through enhanced NGO partnerships.⁽¹⁶⁾ Collaborating with services offering vocational rehabilitation has proven particularly effective.⁽¹⁷⁾ Moreover, PES can play a key role in raising awareness with information campaigns to shift focus from barriers to competences of persons with disabilities.⁽¹⁸⁾
- **For young people:** Broader PES initiatives such as on-the-job training, skills development, skills assessments, and also programmes facilitating the transition from education to employment for young people to facilitate entry into the labour market and strengthen their labour market attachment. In many cases these programmes have been developed in the context of the Youth Guarantee, for which most European PES are fully in charge, and provide career guidance, counselling and short-term training.

⁽¹⁰⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024a)

⁽¹¹⁾ In Finland, migrants who were not seeking to work at the time of arrival (due to sickness, childcare responsibilities or other reasons) were directed to municipality services instead of PES services.

⁽¹²⁾ (OECD, 2018)

⁽¹³⁾ (OECD, 2018)

⁽¹⁴⁾ These are also supported by the launch of the "Practitioner toolkit on strengthening PES to improve the labour market outcomes of persons with disabilities in 2022.

⁽¹⁵⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Fondazione Giacomo Brodolini, 2022)

⁽¹⁶⁾ The Workability Reform involved partnering with NGOs working in the field of disability rights to help design services and delivery, as well as subcontracting of NGOs to run certain services. (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Fondazione Giacomo Brodolini, 2022)

⁽¹⁷⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Fondazione Giacomo Brodolini, 2022)

⁽¹⁸⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Fondazione Giacomo Brodolini, 2022)

2.1. Tax benefit systems supporting participation in the labour force

The design of the tax benefit system impacts financial incentives for individuals to enter the labour market. Labour force participation is dependent on a complex interplay of factors, including employment opportunities, health, care responsibilities, capacity to work and demand for income. This section focuses on the monetary incentives that can influence whether individuals search work. In a simple model framework, when individuals choose between joining or staying out of the labour force, they make this choice on the basis of their (potential) income from work.⁽²¹²⁾ The disposable income from work is the amount they would be able to keep after deductions for taxes, social security contributions and loss of benefits are taken into account. At equal gross wage, the disposable income can differ due to different tax and benefit rules for different types of households depending on the tax benefit system in place. This

⁽²¹²⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023)

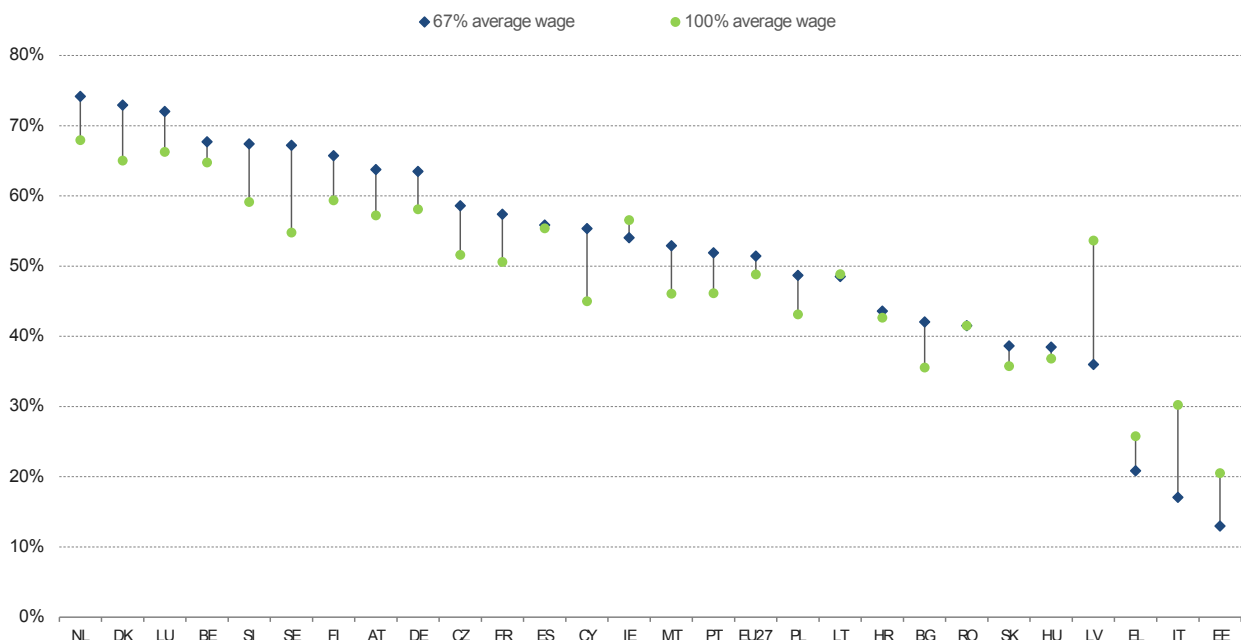
affects particularly households with two adults where taxation and means-tests may in some cases depend on household level income. Consequently, changes in the tax benefit systems which translate into changes in disposable income affect individuals' willingness to work. Labour market participation can thus be encouraged by increasing (financial) incentives to work. The size of the impact of increasing financial incentives on labour force participation rates depends on the design of the policy, its interaction with existing policies but also on the degree to which increased monetary incentives are a strong enough factor to induce persons to join the labour force or increase working hours.

If the net income from work is not, or not notably, higher than net income while being outside the labour market, inactivity traps occur. This can occur where taxes and loss of benefits when taking up employment lead to a relatively lower increase in disposable income. This depends not only on the wage level when taking up employment but also on the household composition. In most Member States, financial incentives to take up employment are lower for those who receive lower wages. However as Chart 3.1 shows, there are significant differences between Member States in inactivity traps for single households, reflecting the design of tax benefit systems, including the phasing out of benefits when taking up employment.

Chart 3.1

Incentives to take up employment differ by Member State and wage level

Inactivity traps across Member States by wage level



Note: Data show percentage of earnings not translating into increased disposable income due to taxes or withdrawn benefits. Comparison shown for a single person household taking up employment at 67% of the average wage or 100% of the average wage

Source: European Commission, DG ECFIN, Tax and benefits database, based on OECD tax/benefit model

[Click here to download chart.](#)

Increasing the financial incentives to work through tax-benefit reforms can be achieved through a variety of approaches involving targeted or non-targeted tax and social security reforms. Decreased taxes on labour and/or social security contributions, particularly when designed in a progressive manner, can provide higher disposable incomes for those who chose to take up work. Targeted decreases in personal income taxes have been shown to have a positive impact on labour supply.⁽²¹³⁾ Not only the amount but also the design of tax-benefit reforms matters for their effectiveness in incentivising labour supply. A rich tax literature on optimal tax theory exists which discusses optimal taxation design.⁽²¹⁴⁾

⁽²¹³⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023)

⁽²¹⁴⁾ For a recent discussion in the context of labour supply responses, see for instance (Keane, 2022)

Benefit design is crucial when considering measures to increase participation. Many benefits which are means-tested are lost when taking up work, reducing the increase in disposable income obtained from taking up employment. The design of benefits with respect to their level but also their phase-out (tapering) to avoid cliff effects is important to incentivise increased labour supply. In addition, minimum income schemes in many cases make recipients eligible for other benefits and services such as housing allowances, health insurance and free childcare. Moving into employment can thus have a cascade effect as access not only to the income scheme but all other benefits may be lost, leading to reduced incentives to take up work.⁽²¹⁵⁾

Demand-side measures focus on incentivising employers to hire persons outside the labour force. A reduction or exemption from social security contributions for employers hiring persons from underrepresented groups is the most common demand-side measure implemented in Member States. In Belgium, an exemption from employer social security contributions is provided for first hires, to encourage start-up employment in particular.⁽²¹⁶⁾ Existing evaluations provide mixed results with respect to the effectiveness of these measures to increase the labour force participation of underrepresented groups and in terms of their cost-effectiveness.⁽²¹⁷⁾

In work benefits

In-work benefits can influence the incentives to work by increasing the disposable income of households with low-income levels. In-work benefits are fiscal incentives provided to low-income individuals who are working, and contingent on work-related eligibility rules. They are aimed at reducing the poverty risk while at the same time encouraging employment. These benefits typically function by boosting employees' net income from working and creating stronger incentives for employment by widening the gap between employment income and non-employment benefits. For households or individuals with earnings below a certain threshold, the income from work is increased through the in-work benefit, which can be either designed as a direct transfer, or as reductions in taxes or social security contributions. In light of persistent labour shortages, they can be a supply-side measure to increase labour force participation. While these benefits do not specifically target the underrepresented groups, they influence their financial incentives to work to different degrees dependent on their household composition and average wage levels.

In-work benefits across EU Member States show significant variation in design, reflecting different policy priorities and contexts. Most studies on in-work benefits find increases of employment rates subsequent to the introduction of the measure. A review of the effectiveness of these policies in Belgium, Italy, Poland and Sweden finds positive effects on employment and also on poverty reduction, although the design matters for the magnitude of the effects.⁽²¹⁸⁾ Another fundamental distinction identified by the literature exists between individual-based and household-based assessment systems. Individual-based systems, such as the Flemish job-bonus, focus on personal earnings and work hours as measures of eligibility, creating direct incentives for labour market participation. Household-based systems, exemplified by the French Prime d'activité, consider total family resources and needs, enabling better poverty targeting but potentially creating complexity in administration and implementation and creating lower incentives particularly for secondary earners. The treatment of working hours represents another key design dimension.⁽²¹⁹⁾ The definition of eligible income and the structure of benefit phase-outs also vary substantially across systems.⁽²²⁰⁾ While not directly comparable, in general household-based

⁽²¹⁵⁾ (ECE, 2025)

⁽²¹⁶⁾ (ECE, 2025)

⁽²¹⁷⁾ (ECE, 2025)

⁽²¹⁸⁾ (Vandelannoote and Verbist, 2017)

⁽²¹⁹⁾ Some countries, such as Ireland, establish strict minimum working hour requirements (16 hours per week), while others use earnings thresholds as proxy measures for labour market attachment. The Belgian system addresses part-time work by recalculating earnings to a full-time equivalent basis, to avoid creating incentives of moving from full-time to part-time employment.

⁽²²⁰⁾ This can involve considering only employment earnings (e.g. in Malta) or incorporating a broader range of income sources in the calculations (e.g. in France). Phase-out designs range from gradual reductions starting at relatively low income levels to sustained benefits up to middle-income thresholds. These choices significantly influence both work incentives and fiscal costs.

schemes tend to be more poverty reducing, while individual-based schemes are easier to administer and tend to have stronger labour supply effects. The analysis below focuses on a hypothetical in-work benefit at the household level for a number of countries.⁽²²¹⁾

The introduction of an in-work benefit can provide sufficient financial incentives for some persons to enter the labour force though there is considerable heterogeneity among Member States. The impact assessment in eight Member States using EUROMOD, the European Commission's microsimulation model, in combination with EUROLAB, a discrete-choice econometric model,⁽²²²⁾ reveals that incentives have a positive impact on employment in all Member States, with the number of persons employed increasing by 0.12% to 0.53%. Households receive an in-work benefit of 20% of their equivalised disposable income up to a certain income threshold, on the condition that they work at least 16 hours per week (Table A.x).⁽²²³⁾ Member States were selected based on multiple criteria, namely having low labour force participation of some of the underrepresented groups assessed, not having an in-work benefit in place and ensuring coverage of different welfare state types. The simulations suggest that the introduction of an in-work benefit would increase the number of persons employed in all countries, with the largest increases registered in Italy (0.53% increase in the number of persons employed) and the smallest increases registered in Cyprus (0.12%) (Chart 3.2). Differences between Member States can be explained, among others, by differences in the existing fiscal (dis-)incentives to work including the design of existing benefits, the income distribution and the composition of households. In some countries, the benefit incentivises part-time employment due to the work requirement of 16 hours per week.⁽²²⁴⁾ Chart 3.2 also shows that the expenditure required per additional 1,000 persons employed varies strongly by country, highlighting the different degrees of cost-effectiveness when increases in the labour supply are considered. However, a fully-fledged cost-effectiveness analysis should consider on the effectiveness side not only the impact on those entering work but also improvements of social outcomes for all benefit recipients, while, on the cost side interactions with the existing tax-benefit systems should be accounted for.

⁽²²¹⁾ For the purpose of this analysis, a household-level and an individual-level IWB have been designed, aiming to make them as similar as possible. The results of the two simulations show stronger labour supply effects for the household-level IWB in most countries modelled (see Table A1.2). This is most likely a consequence of the design, which results from the minimum hours requirement, how the benefit design interacts with the underlying distribution (and on the relevant minimum wage), as well as a smaller benefit amount in the individual design (20% of earnings rather than disposable income). These three design parameters could be adjusted to optimally suit the country specific income distribution and tax-benefit systems when designing a specific IWB. Given the larger labour supply effects for the household-level design in this particular case, the analysis below highlights primarily the household-level IWB results. The full results can be found in the Annex in Table A1.2,

⁽²²²⁾ EUROLAB, the European Commission's discrete choice econometric model, estimates labour supply responses to policy changes. EUROLAB uses EUROMOD in order to simulate the opportunity sets of households. It is a random utility microsimulation model that estimates the behavioural labour supply responses resulting from policy reforms for those who can change their labour supply behaviour.

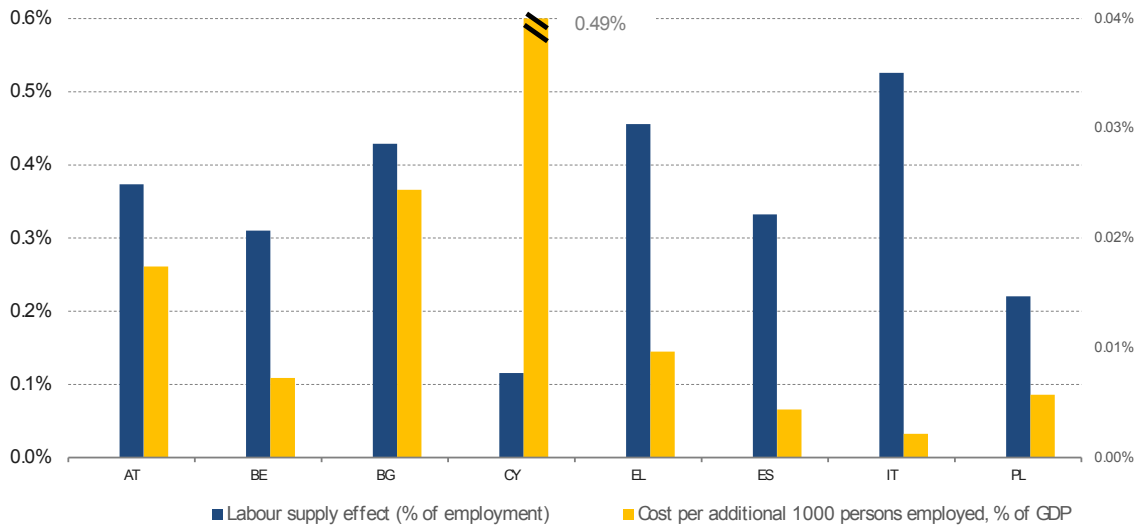
⁽²²³⁾ After the income threshold of 50% of the median equivalised disposable income is reached, the benefit is gradually phased out to avoid cliff effects, depending on Member States' specific minimum wages where applicable. See Table A.x. for more information.

⁽²²⁴⁾ A higher hours threshold or, alternatively, basing the benefit amount on full-time equivalent earnings could potentially reduce the shift to part-time work.

Chart 3.2

The impact of the introduction of an in-work benefit (IWB) on labour supply differs by Member State

Changes in the number of persons employed (in %, left axis) and related aggregate expenditure per 1,000 additional persons employed (% of GDP, right axis) following the introduction of an IWB



Note: results of introducing a household-based IWB scheme in the 8 Member States displayed. Aggregate expenditure includes second round effects of households adjusting their labour supply after the introduction of the IWB

Source: JRC calculations using EUROMOD and EUROLAB

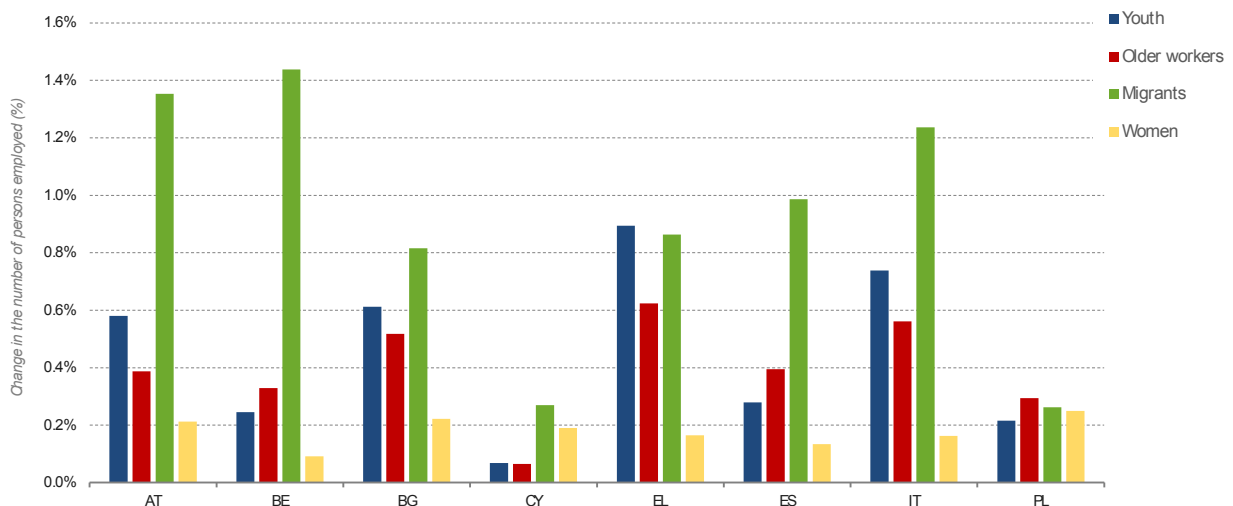
[Click here to download chart.](#)

Migrants and younger people increase their labour supply more strongly following the introduction of an in-work benefit. In almost all countries analysed, employment of migrants increases the most as a result of the in-work benefit (Chart 3.3). Labour supply effects tend to be large for younger people too, but with variations across Member States. Older people's labour supply is less responsive to increased financial incentives via in-work benefits than other underrepresented groups. A reason for this could be that employment incentives should be considered alongside incentives for retirement which are not covered in this analysis.

Chart 3.3

The introduction of an in-work benefit has heterogeneous effects on the labour supply of underrepresented groups

Changes in the number of persons employed (in %) following the introduction of an IWB by target group



Note: Results of introducing a household-based IWB scheme in the 8 Member States displayed. It is assumed that all labour supply changes translate directly into employment, with no role for labour demand.

Source: JRC calculations using EUROMOD and EUROLAB

[Click here to download chart.](#)

Women's employment does not increase strongly as a result of a household-based in-work benefit, which points to the importance of benefit design and to the need to consider additional institutional factors when targeting specific groups. In most Member States assessed, women have the lowest labour supply response across the underrepresented groups analysed. This impact is significantly higher when the benefit is administered at the individual level, and not to the household

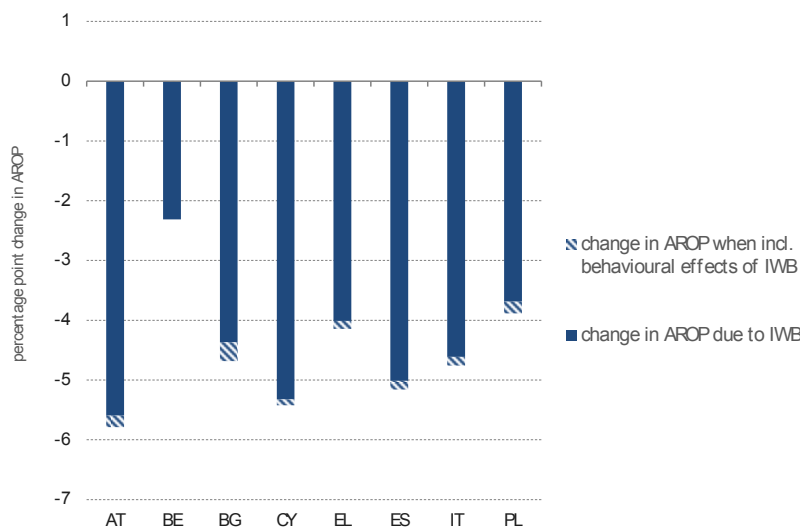
(Table Ax). In fact, household composition effects may emerge where income from other earners in the household leads to reduced eligibility for the benefit in the case of a household-based scheme. As women are often secondary earners (see section 3.1. for more details), this effect is exacerbated. Some of the observed effects for women also stem from other institutional factors, such as the availability and affordability of childcare. While labour supply effects for younger people are high across both in-work benefit schemes, they tend to be even higher under an individual-based scheme (Table A.x annex).

In-work benefits can contribute significantly to alleviating the risk of poverty. For the countries analysed, the introduction of a household-based in-work benefit leads to a reduction in the at-risk of poverty (AROP) rate by 2.31 pp. (Belgium) to 5.6 pp. (Austria). These impacts are even larger when considering delayed effects of households reacting to the introduction of the in-work benefit by increasing their labour supply (Chart 3.4). Comparisons to individual-based in-work benefits show that household-based in-work benefits reduce the AROP rate more strongly than individual-based benefits, as they provide income increases primarily to the first income decile. However, non-take up issues tend to be higher in household-based designs, potentially reducing the poverty alleviating impact of the benefit.

Chart 3.4

The introduction of an in-work benefit contributes to reducing the at-risk of poverty rate

Percentage point change in the AROP rate following the introduction of an in-work benefit scheme by country



Note: Results show first-round effects of introducing the IWB, i.e. the direct impact on households who become eligible for the benefit, and second-round behavioural effects of households increasing their labour supply as a response to the introduction of the IWB

Source: JRC calculations using EUROMOD

[Click here to download chart.](#)

The design of the in-work benefit influences the ability to incentivise specific target groups but also has implications for the distributional impact of the reform. The results highlight the importance of considering the target group when designing an in-work benefit, taking into account country-specific features of the tax-benefit system but also characteristics of the target groups. On the one hand, individual-based schemes may be better in incentivising younger people and women to enter the labour force. These schemes offer advantages in terms of administrative simplicity and immediate delivery through payroll systems while household-based schemes likely require more significant administrative resources and may also face issues of non-take up. On the other hand, household-based schemes have a significantly stronger poverty-reducing impact compared to individual-based schemes. Labour supply effects for older persons and migrants are also stronger under household-based in-work benefits. These results may change depending on the exact design of in-work benefits. Careful consideration of the aims and requirements of an in-work benefit will be required for targeted and effective policy design.

Incentives for part-time workers

Financial incentives implicitly provided by the tax-benefit system do not only play a role for the decision to enter the labour force but also for the number of hours that individuals choose to work. There are many barriers to increasing hours worked, many of which may overlap with barriers to joining the labour force (Chapter 2). The financial incentives provided by the tax benefit system in terms of the

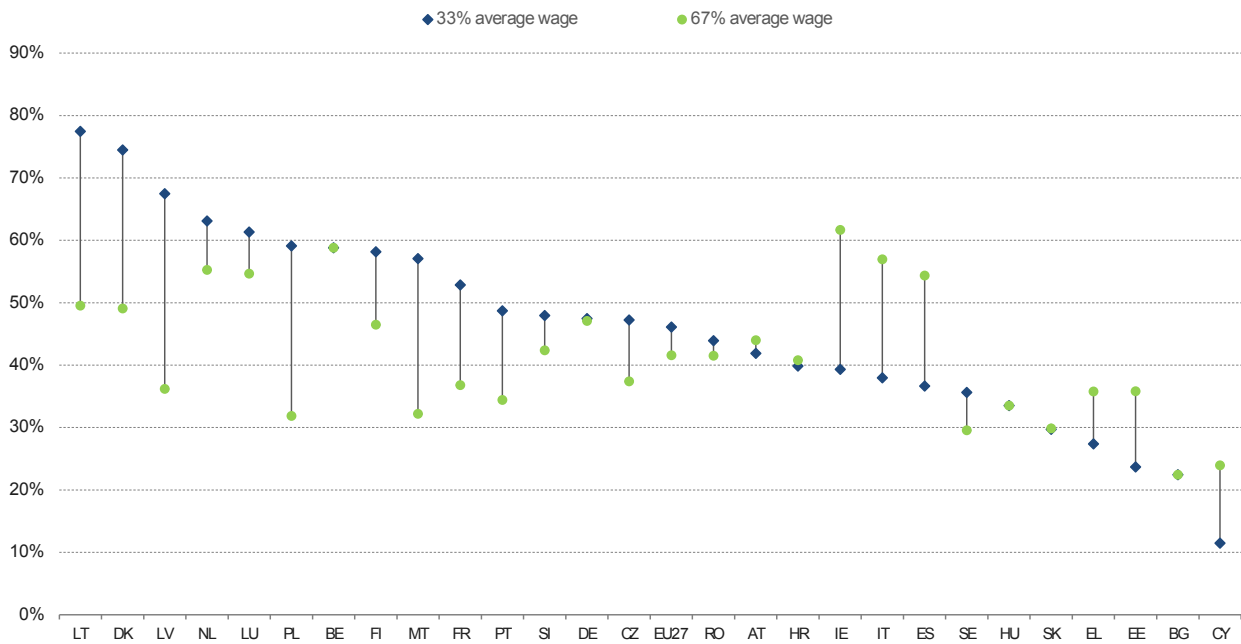
increase in disposable income following an increase in hours worked can be a factor in increasing the total hours worked. High levels of taxation or loss of benefits may imply only little changes in disposable income despite increases in hours, providing in some cases only limited incentives to work more hours.

The proportion of additional income that is ‘taxed away’ when workers increase their earnings (i.e. the low-wage trap) can be substantial, particularly for low-wage earners. In most Member States, the share of additional earnings not translating into increased disposable income is higher for those earnings increasing from 33% of average wage to 67% of average wage compared to those moving from 67% average wage to 100% average wage. (Chart 3.5) Across Member States, the low-wage trap for those earning 33% of the average wage ranges from 11% in Cyprus to up to 77% in Lithuania.

Chart 3.5

In many Member States, taxation provides disincentives for low-wage earners to work more hours

Low-wage trap by Member State and average wage level before wage increase



Low-wage trap when a single household's earnings increase from 33% to 66% of the average wage and from 66% to 100% of the average wage, respectively. Shows the percentage of the increase in earnings which is 'taxed away'.

Source: European Commission, DG ECFIN, Tax and benefits database, based on OECD tax-benefit model

[Click here to download chart.](#)

The increase in disposable income gained from moving to full-time work differs by household composition and the design of the tax-benefit system. The loss of benefits and progressive taxation implies that the additional hours worked of those previously working part-time contribute proportionately less to increased disposable income than the original part-time hours. The analysis below assesses the financial incentives for part-time workers to move to full-time work, by estimating Full-Time Participation Tax Rates (FPTR) (box A.X for methodology). The FPTR captures the effective “tax rate” experienced when transitioning from part-time to full-time work, i.e. the share of the increase in gross employment income gained from moving to full-time work that is “taxed away” due to taxes, social insurance contributions and loss of benefits when earnings increase.⁽²²⁵⁾ The higher the FPTR the higher the disincentive for part-time workers to increase their working hours from a monetary perspective.

The degree of financial incentives to switch from part-time to full-time work differ strongly across Member States, also depending on the wage levels. On average, Bulgaria (20.9%), Estonia (23.8%) and Cyprus (24.6%) have the largest financial incentives to move to full-time work, with over three quarters of the additional employment income translating into disposable income. In contrast, financial incentives for

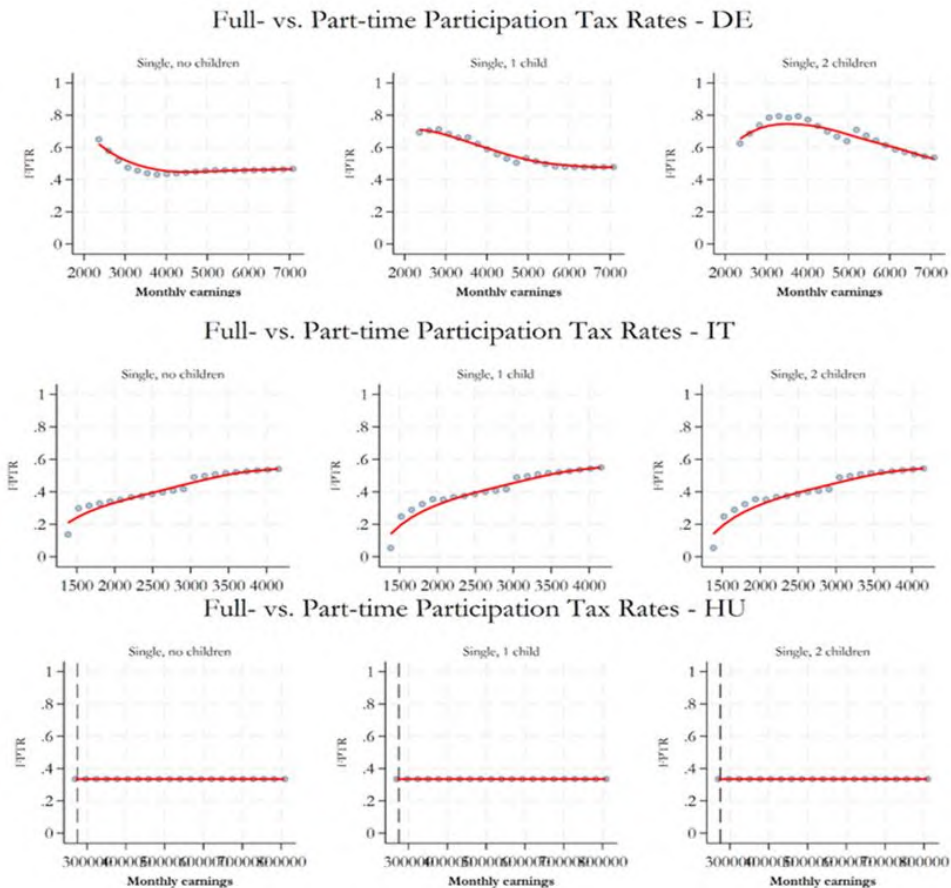
⁽²²⁵⁾ Similar trade-offs apply to persons outside the labour force deciding whether to take up employment. However, the computation of FPTRs for persons outside the labour force relies on more assumptions on the number of hours worked and their wage level. The analysis below thus focuses on the financial incentives to increase hours worked, acknowledging that many of these issues will also apply to situations of transitioning from outside the labour force into employment.

increasing hours worked are lowest in Germany (49.2% of increased earnings do not translate into disposable income), Belgium (46.9%) and Lithuania (45.7%) (Figure x in Box). This masks considerable heterogeneity within countries, depending on the wage level, means-tested benefits and the progressivity of the tax system. In systems with more progressive taxation schedules, such as Italy, taxes for higher wage earners are larger, leading to lower financial incentives to switch to full-time work. In countries without means-tested benefits and flat tax schedules such as Hungary, the full-time participation tax rate is the same across wage levels, leading to equal incentives for workers to increase their hours worked irrespective of their wage levels.

Figure 3.1

Full-time participation tax rates differ between Member States and types of households

FPTR by number of children and monthly earnings for single adult households



Note: Values in national currency; monthly earnings represent gross monthly employment income at full-time employment, ranging from 50% to 150% of national average wage. Dots represent observations from hypothetical data. Red line is a non-linear trend. FPTR is a full-time participation tax rate. This has been calculated for all working individuals of a country, independently of their actual working pattern. Averages are calculated over all working individuals, and with the use of sample weights

Source: JRC calculations using EUROMOD HHoT data

[Click here to download figure.](#)

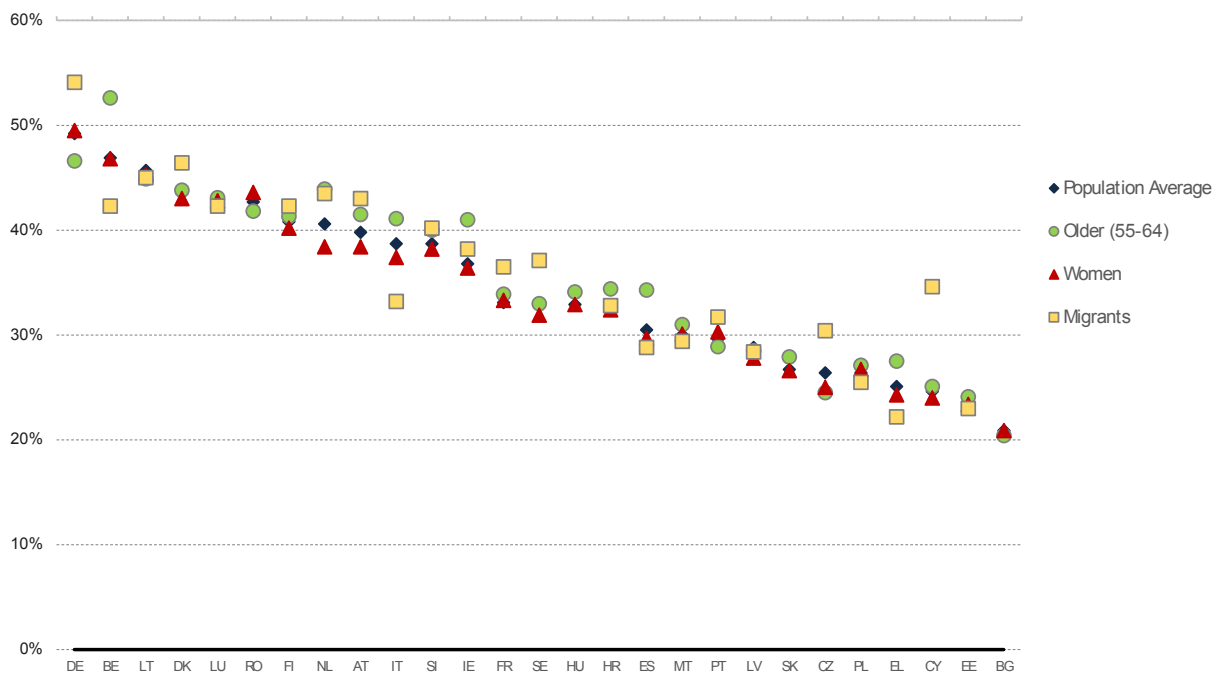
In many countries, financial incentives that would be required for single households to increase their hours worked are very low, particularly for single parents. In Germany, single low-wage earners with children encounter particularly high incentives to move to full-time employment, with in some cases up to 80% of the increase in earnings not translating into increased disposable income. This is likely due to the loss of benefits for those with lower wage levels when switching from part-time to full-time work (Figure 3.1). Coupled with other barriers such as limited access to ECEC, the incentives to work full-time can be very low for single parents in certain contexts. Differences in financial incentives across Member States highlight important implicit incentive effects depending on the original structure of the tax-benefit system and household composition.

Older workers tend to have higher than average full-time participation tax rates, linked to higher wages.⁽²²⁶⁾ Around one in five employed persons (19.7%) over 55 worked part-time in 2024, compared to 17.2% for the total working age population.⁽²²⁷⁾ In countries with progressive tax schedules, the higher wages for older workers lead to a relatively smaller increase in disposable income when moving to full-time work (Chart 3.6). This effect is somewhat more pronounced for older men. This might not necessarily contradict working preferences, as older workers tend to have a preference for part-time employment.⁽²²⁸⁾ On the other hand, young workers, and particularly young women, face much higher incentives to increase hours worked. (see table X, annex X). This contrasts with the lower incentives for full-time work for women aged 35 to 54 in most Member States, for whom household composition (i.e. the presence of children and partners), the interaction with tax and benefit systems ⁽²²⁹⁾, and on average higher wages compared to younger women, lead to higher full-time participation tax rates.

Chart 3.6

Financial disincentives to increase working hours tend to be higher for older workers

Average full-time participation tax rates (FPTR) by underrepresented group



Note: FPTR is a full-time participation tax rate. Average values are reported only when the sub-group earners sample size in EU-SILC is 100 or higher

Source: own calculations using EUROMOD and EU-SILC data

[Click here to download chart.](#)

The implicit financial incentives for migrants to increase hours provided by the tax-benefit system vary by Member State. On average, the incentives for migrants to move to full-time work relative to those of other underrepresented groups do not follow a consistent pattern across Member States. On the one hand, migrants tend to have lower wages on average, which implies that the share of additional gross earnings that translate into increased disposable income is higher compared to persons with higher wage levels mostly due to progressive taxation. This implies relatively larger financial incentives to increase hours worked. On the other hand, migrants tend to have more children than domestic-born workers, which decreases incentives to increase hours worked (reflected in higher FPTRs) due to, among others, loss of means-tested child benefits when increasing hours worked. Given that these factors interplay and

⁽²²⁶⁾ Results in this section are based on EU SILC analysis of FPTRs for any person working less than 30 hours per week. Considerations of preferences for part-time work irrespective of the full-time participation tax rate are not discussed in the context of the analysis.

⁽²²⁷⁾ Eurostat [lfsi_pt_a]

⁽²²⁸⁾ (Albinowski, 2024a), (Eurofound, 2025a)

⁽²²⁹⁾ Joint taxation present in some countries provides lower financial incentives for secondary earners to increase working hours. As more women than men are secondary earners, they tend to be relatively more affected by lower financial incentives of the existing tax-benefit systems. This is not only a barrier to increasing hours worked but also limits incentives to enter the labour force in the first place for secondary earners.

interact with the countries' tax-benefit systems in different ways, no clear pattern emerges at the EU level (figure x in Annex).

2.2. The role of skills in increasing labour force participation

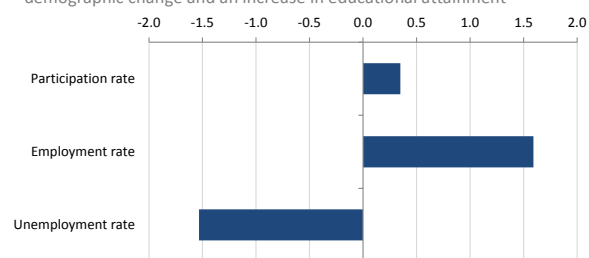
Education plays a key role in explaining patterns of labour force participation. Persons with lower educational attainment also have on average lower labour force participation rates (Chapter 2), higher unemployment rates, a higher risk of in-work poverty and lower adult learning participation.⁽²³⁰⁾ Existing evidence also links increases in human capital to GDP growth.⁽²³¹⁾ In addition, the literature suggests many wider social benefits of higher levels of education, including higher health and better social inclusion. The lower educational attainment of people outside the labour force is common to all underrepresented groups analysed, varying little by gender and age. The analyses below thus focus on the effects of increasing the human capital of all people outside the labour force.

The role of education in increasing employment and growth becomes even more relevant in a context of persistent labour shortages. The analysis below uses the European Commission's Labour Market Model (LMM)⁽²³²⁾ to capture the effects of an increase in the educational attainment of the working-age population in the EU on labour market outcomes and economic growth. Following Eurostat population projections and current trends in educational attainment, a change in the educational composition of the workforce⁽²³³⁾ is introduced into the model to understand the long-run effects on GDP, labour market participation, employment and wages. The model focuses on long-term change and assumes that a more educated population would increase output through higher productivity levels and higher labour force participation.

Chart 3.7

Effect of an increase in educational attainment within the EU population by 2050

Percentage increase in labour market outcomes when incorporating demographic change and an increase in educational attainment



Note: Projections based on scenario where tertiary educational attainment among the EU population increases to 42.6% by 2050 (+9.6pp), while accounting for expected changes in the demographic composition of the working age population.

Source: DG EMPL calculations based on the LMM and EUROPOP population projections.

[Click here to download chart.](#)

demographic change. The simulation results suggest positive effects on employment outcomes (Chart 3.7). Compared to a scenario with constant educational attainment, where the number of persons

Higher average educational attainment in the EU workforce would lead to improved labour market outcomes.

The LMM models a shift towards more tertiary educational attainment within the EU by 2050 and a reduction in the share of lower educated by 6.5pp⁽²³⁴⁾ over the next 25 years would increase the labour force participation and employment rate by 0.35pp and 1.6pp, respectively, compared to a scenario where educational shares are held constant and only demographic change is accounted for.⁽²³⁵⁾ Unemployment is also projected to reduce by 1.5pp.

Increased educational attainment of the workforce has the potential to increase the number of persons in the labour force, thereby counteracting some of the negative effects of

⁽²³⁰⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023)

⁽²³¹⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2009), (European Commission: Directorate General for Economic and Financial Affairs, 2023b)

⁽²³²⁾ DG EMPL's LMM is a general equilibrium model that places a special emphasis on labour market institutions. It captures a detailed picture of the institutional settings in the EU-27, built on a micro foundation explaining optimal behaviour among households and firms.

⁽²³³⁾ Following (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2013), a log-linear projection of the trend in educational attainment within the EU workforce over the last 10 years is applied to receive education projections by 2050.

⁽²³⁴⁾ The educational shock modelled is a shift to an educational structure of 14.5% low-skilled (21%), 42.8% medium-skilled (46.3%) and 42.6% high-skilled (33%), respectively by 2050 (current values in parentheses).

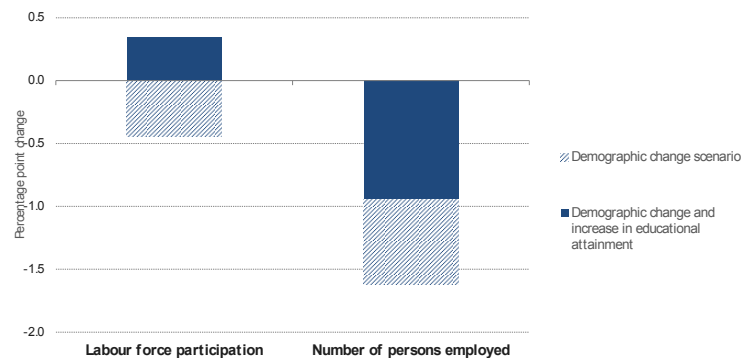
⁽²³⁵⁾ The model incorporates higher participation rates among the higher educated into its calibration in line with existing data. Firms are motivated to invest more in physical capital to complement the higher-educated workers, leading to increases in labour productivity, which in turn induces firms to hire more workers. Current labour market specificities such as persistent labour shortages are not accounted for in this analysis.

employed is expected to shrink by 9.44% by 2050 (corresponding to approximately 18.8 million), the reduction in the workforce could be contained to less than 7% (13.5 million) if educational attainment were to see a significant upward shift. This would reduce the impact of demographic change on the workforce by almost one third (Chart 3.8). With respect to the labour force participation, the educational improvement (of a 10pp increase over 25 years) would be able to more than reverse the decline in labour force participation expected in line with demographic change, and lead to an increase in the labour force participation by 0.35 pp compared to the baseline. Going beyond labour market effects, GDP is expected to decline by only 1.1% in a scenario with increased educational attainment, compared to a 9% decline by 2050 under the current educational composition and accounting for demographic change.

Chart 3.8

Change in EU labour force by 2050 by scenario

Change in the share of persons participation in the labour force (in pp.) and the number of persons in employment (in %) by scenario



Note: Scenarios: (1) only considering demographic change (dotted line), (2) considering demographic change and an upward shift in the educational composition by 10pp. of the working age population.

Source: DG EMPL calculations based on the LMM.

[Click here to download chart.](#)

In the case of young people, internships and traineeships can play a transformative role in enhancing job-specific and general skills and hence improve their employment outcomes. Such opportunities bridge the gap between education and hands-on professional experience, provide networking opportunities to young workers and often represent the first stepping stone in the world of work. Setting up mentoring and/or internship programmes can also facilitate gaining work experience for migrants.⁽²³⁶⁾

Internships can have a positive impact on the probability of employment for participants. In Portugal the internship programme ATIVAT.PT was launched in 2020 with the view to facilitate the integration of young people into the job market and support the professional retraining of unemployed persons through the development of practical experience in the work context.⁽²³⁷⁾ The counterfactual impact evaluation of the programme conducted in the framework of the European Commission-OECD project demonstrates that participation in the internship programme increases the probability of employment by 10pp after the end of the programme, with persistent positive effects of the same magnitude until 24 months after its start. In the short-term, the programme increases the employment probability by about 50pp compared to non-participants.⁽²³⁸⁾ The positive impact is particularly pronounced for lower-educated jobseekers and non-urban residents who tend to participate less often in the programme. However, sustainability of these effects over the medium and long term as well as interaction with other active labour market policies remain to be assessed.

Nevertheless, internships and traineeships can also have negative drawbacks if not well designed. Unpaid internships can exacerbate socioeconomic disparities, poorly structured programmes may lack mentorship and feedback, while employers may use internships to reduce hiring costs by replacing full-time employees.

⁽²³⁶⁾ (Pisarevskaya, 2022)

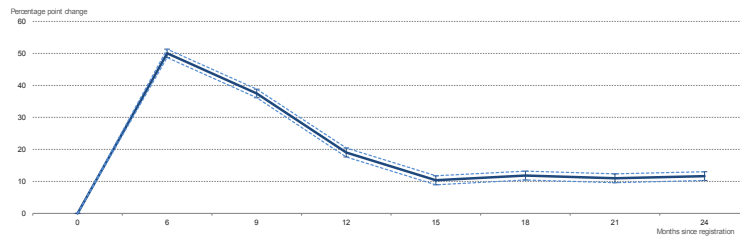
⁽²³⁷⁾ Most participants are young, even if the programme is open to individuals over the age of 35 (only 4% of recorded participants) and 70% have tertiary education.

⁽²³⁸⁾ This increase is an expected outcome as the programme guarantees employment during the internship period. However, non-participants can also find employment through other means during the same time period.

Chart 3.9

Internships in Portugal have strong positive employment impact during and after programme completion

Percentage point change in employment probability



Source: OECD 2024

[Click here to download chart.](#)

3. TARGETED POLICIES TO INCREASE LABOUR FORCE PARTICIPATION OF UNDERREPRESENTED GROUPS

Increasing labour force participation of underrepresented groups requires targeted policy support that addresses group-specific barriers to employment, alongside general policies supporting transitions into employment and improving working conditions and incentives. Many persons from underrepresented groups may belong to more than one group, often experiencing multiple barriers. After discussing general activation policies in section 3.2., this section discusses policies addressing specific underrepresented groups. Many of the policies that address those outside of the labour market mirror or coincide with policies targeting the unemployed, especially the long-term unemployed. Yet, reaching out to those groups that are further away from employment requires more effort, given a variety of factors and barriers such as lack of work experience, health issues, reduced employability and limited social networks.

Tailor-made, accessible and inclusive services can help address specific needs, combining supply- and demand-side policies. Demand-side policies, like employer counselling and awareness campaigns, can benefit underrepresented groups who face discrimination by raising employer awareness and combatting stereotypes. On the other hand, supply-side policies are suitable to deal with individuals facing barriers to education, lacking information and social networks and those experiencing multiple types of exclusion. These policies include dedicated staff support (specialised counsellors and mentoring), financial incentives for employers to hire people at risk of discrimination to enter ALMPs and mentoring.⁽²³⁹⁾ Specifically, providing income support can incentivise underrepresented groups to enter and complete suitable job search and training programmes.

⁽²³⁹⁾ (European Commission, Fondazione Giacomo Brodolini, Genova, A. & Davern, E., 2022) (OECD, 2022), (OECD, 2024a)

Box 3.2: The role of social partners in supporting the participation of underrepresented groups in the labour market

Effective social dialogue at the European or national level can contribute significantly to the successful modernisation of labour market policies, including the support of the activation of underrepresented groups. The role of the social partners in bringing more people to the labour market was reconfirmed at the Val Duchesse Social Partners Summit in early 2024 and the subsequent European Commission's Action Plan to tackle labour and skills shortages. The Action Plan included various commitments from different social partners such as supporting labour force participation and employment by ensuring inclusive and accessible workplaces, as well as diversity, equality, and non-discrimination, providing training, promoting collective bargaining, and fostering entrepreneurship. In order to support workers to adapt to new demands and to re-skill, social partners and trade unions in particular also need to adapt to new modes of organisation and outreach to these groups.

European social partners have developed comprehensive approaches across various sectors to promote gender equality and diversity. The policies are aimed to facilitate the exchange of experience on gender equality through joint projects involving research, public roundtables, and working group meetings, as well as campaigns to raise awareness and share best practices. Moreover, many social partners multiannual work programmes⁽¹⁾ focus on enhancing the attractiveness for women of sectors where their numbers remain low, promoting the role of women, including in operational duties, as well as addressing issues such as violence and harassment and promoting flexible employment models. In 2021, the Women in Rail autonomous agreement between employers and employee representatives was signed to promote the employment of women in the sector. In addition, the 2010 multisectoral guidelines to prevent and tackle third-party violence and harassment related to work were updated in May 2025 to include cyberviolence and underscore the principles of gender equality and anti-discrimination.⁽²⁾

Social dialogue between employers and trade unions is important to implement measures such as reasonable accommodation for persons with disabilities. In Spain, trade unions have developed guidance providing information on reasonable accommodation for workers with disabilities,⁽³⁾ and several agreements regarding adaptation and relocation measures have been signed with employers. Trade unions in Luxembourg encourage companies to integrate workers with disabilities and some have a department for workers with disabilities to represent the trade union.⁽⁴⁾ In Denmark, the Danish disability organisation (DHF) works with employers to increase the employment of persons with disabilities.

To support migrants, some EU Sectoral Social Dialogue Committees address challenges associated with their integration both at the workplace and in society. Work programmes⁽⁵⁾ emphasise the attractiveness of the sectors and the need to address skills gaps or mismatches, particularly in sectors where there is a need for specific skills. Other programmes aim to ensure that recruitment practices align with established guidelines, emphasising fair recruitment processes, including to combat discrimination, the protection of workers' rights, and the promotion of decent working conditions. The European Partnership for Integration, signed in 2017 by the European Commission and social and economic partners and renewed in 2022, fosters the integration of refugees and other migrants in the labour market. Notably, the Partnership has established key principles for labour market integration, adopting a multi-stakeholder approach that prioritises early support and ensures benefits for both refugees and the broader economy and society. Since 2017, various actions supporting labour market integration of migrants have been implemented by social partners also at the MS level,⁽⁶⁾ including training activities, language courses, and support services. In Italy, trade unions and migrant associations promote language, civic education, and professional training in sectors such as, ICT, and mechanical industries. In France, actions to raise awareness of migrant workers' rights in industries where they are commonly employed were undertaken. These programmes also pay attention to local and regional needs.

As regards older workers, some multiannual work programmes of social partners at the EU level encourage upskilling of older workers in particular. This is achieved, for instance, by supporting the collaboration between companies and training centres. At the national level, social dialogue on older workers has been mainly driven by the implementation of the 2017 framework agreement on active ageing⁽⁷⁾ and an inter-generational approach.

⁽¹⁾ For example, in construction, electricity, telecommunications and ICT, commerce, banking and insurance, furniture, gas, maritime transport, road transport, tanning and leather.

⁽²⁾ This was signed by trade unions and employers' organisations from five sectors: HORECA, education, hospitals, local and regional governments, and central government administrations.

⁽³⁾ (European Commission, 2023)

⁽⁴⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and human european consultancy, 2023)

⁽⁵⁾ For example, in the construction, agriculture, catering contract, HORECA, chemical industry and education sectors.

⁽⁶⁾ (Fasani, 2024) A list of various programmes by country can be found through the following link: 22122020_drafting_actions_partnership_en.pdf

⁽⁷⁾ In the framework agreement, social partners define active ageing as "optimising opportunities for workers of all ages to work in good quality, productive and healthy conditions until legal retirement age, based on mutual commitment and motivation of employers and workers." See here for more information.

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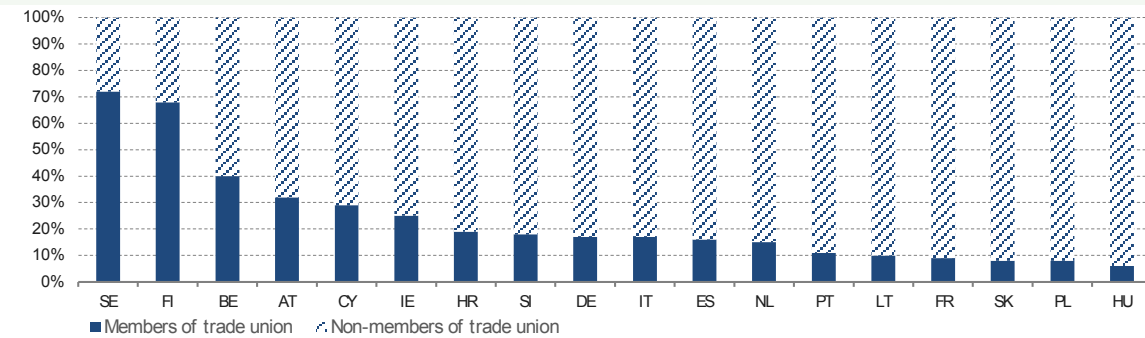
This has led countries to implement measures related to training, flexible work arrangement, and retention schemes.⁽⁸⁾ Although provisions on hiring older workers are rare, social partners continue to monitor demographics developments. In the chemical sector in Germany and Belgium, trade unions and employer organisations jointly manage a demographic fund to which companies contribute per employee. In addition, they promote discussions and exchanges on best practices of actions to attract and retain experienced workers in the sector. Further support includes the development and introduction of new, innovative measures to enable a more sustainable working life, and decent working conditions including ergonomics. Luxembourg's Vision Zero strategy⁽⁹⁾ enhances workplace safety through ergonomic improvements. In Belgium, the Generation Pact helps older night workers transition to less stressful roles, while Spain's Strategy 55+ improves working conditions and safety for older workers. At the European level, EuroCommerce and Uni-Europa's guidelines advocate for ergonomic solutions to attract and retain older workers in the commerce sector.

The declining trade union membership rates weakens the role of trade unions, including when it comes to promoting the integration of underrepresented groups. Lower trade union membership can weaken workers' collective bargaining power and contribute to broader economic inequalities. Union membership and the share of workers covered by collective agreements have been declining, decreasing on average from 21% to 18% between 2012 and 2023 with significant variation across Member States (Chart 1).⁽¹⁰⁾ This is in part due to a growing number of younger workers who decide not to join trade unions, expansion of non-standard forms of employment,⁽¹¹⁾ and decline of industrial sectors with historically high trade union density.⁽¹²⁾ However, from 2020 onwards, there has been an increase in trade union membership rates of approximately 3 percentage points. This may be explained by trade unions facilitating benefit payments and possibly due to the adoption of the minimum wage directive.

Chart 1

Trade union membership rate across Member States

Proportion of workers who are members of trade unions by Member State, 2023



Note: Based on the European Social Survey 2023, the analysis considered individuals aged 20-64 who are not retired and engaged in a paid activity within the 7 days prior to the survey's implementation across member states

Source: DG EMPL calculations based on the European Social Survey 2023

There are marked differences in trade union membership across Member States and underrepresented groups. Analysis of the European Social Survey (ESS) reveals marked differences in membership by age, with older workers on average more likely to be a trade union member (Chart 2). While the likelihood of joining a trade union does not seem to significantly differ by gender or prevalence of disability, migrants are less likely to be members of a trade union than the domestic-born, controlling for other factors such as the type of contract, occupation, sector, education level, company size, country, or age. (Chart 2). This might create a disadvantage for the latter as trade unions would advocate in the interest of their members.

⁽⁸⁾ (Eurofound, 2025)

⁽⁹⁾ Co-signed by the Luxembourg Employers Association

⁽¹⁰⁾ (Eurofound, 2019)

⁽¹¹⁾ (Eurofound, 2022)

⁽¹²⁾ (Schnabel, 2020)

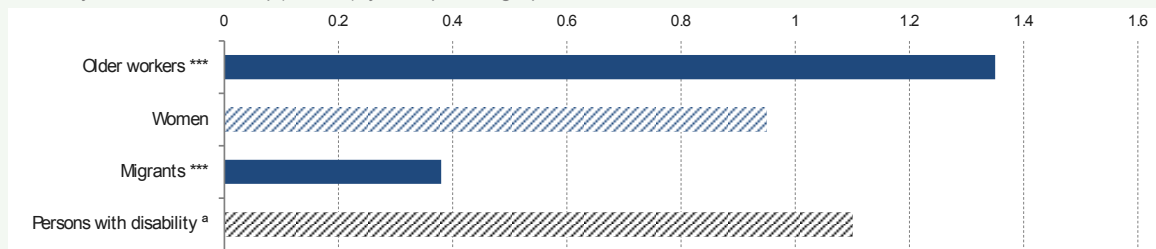
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Box (continued)

Chart 2

Likelihood of trade union membership differs by underrepresented group

Probability of trade union membership (odd ratios) by underrepresented group



Note: 18 Member States included in the analysis due to data availability. Based on a logit regression, odd ratios are reported. Striped bars are used to represent odd ratios that are not statistically significant at the 5% level. Values larger than 1 indicate higher likelihood of joining the trade union based on the given characteristic.

^a The variable used to identify persons with disability is not the GALI (Global Activity Limitation Indicator) but the ESS variable measured by the question "Are you hampered in your daily activities in any way by any longstanding illness, or disability, infirmity or mental health problem?"

Source: DG EMPL calculations based on the European Social Survey 2023.

3.1. Increasing labour force participation of women

Providing affordable, quality care services for children and adults is key to attract more women to the labour market, given that their (full-time) labour market participation is often limited due to care responsibilities. Early childhood education and care (ECEC) services are particularly important, since much of the underrepresentation of women in the labour market stems from lower labour market participation of mothers with young children (see Chapter 2). In the EU, 37.4% of the youngest children (aged 0-2) participated in ECEC in 2023, with considerable variation across countries.⁽²⁴⁰⁾ The use of ECEC increased over the last decade, but so did the differences across EU Member States.⁽²⁴¹⁾ Research shows that increasing ECEC participation to 50% could improve labour market participation of mothers by between 5% to 30%, depending on the Member State where this takes place.⁽²⁴²⁾

Family-related leaves designed to promote equal sharing of unpaid work within households support women's labour market participation. Whereas mothers often take at least several months of family-related leave following childbirth (maternity, parental leave or combination of both), this is still less common among fathers or at least not taken up to the same extent (though hard to quantify, given that data on leave take-up is limited at EU level and often not comparable across countries).⁽²⁴³⁾ This lower take-up among fathers reflects a combination of factors, including short duration of paid leaves for fathers to take following childbirth (paternity leaves) and longer family-related leaves for fathers being perceived as lack of work commitment in some cultures, with implications for their job security and financial rewards. Traditional male-breadwinner norms and gender gaps in pay in favour of men also encourage fathers to earn money through work while minimising involvement in childcare.⁽²⁴⁴⁾ Offering leaves for carers (i.e. workers providing personal care or support to a relative or person living in the same household) is also likely to encourage women to stay in the labour market, given that they tend to spend more time on caring responsibilities for adults than men.⁽²⁴⁵⁾

While flexible working arrangements can help reduce gender gap in labour market participation, they may reinforce other aspects of gender inequality in the labour market. Part-time work often

⁽²⁴⁰⁾ Based on Eurostat dataset ilc_caindform25

⁽²⁴¹⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024b)

⁽²⁴²⁾ (Narazani et al., 2023)

⁽²⁴³⁾ (EIGE, 2025)

⁽²⁴⁴⁾ (EIGE, 2025)

⁽²⁴⁵⁾ (European Commission: Directorate General for Justice and Consumers, 2024)

helps parents reconcile paid work with family responsibilities, and thus can contribute to a higher labour market participation rate amongst them, especially in some Member States such as Netherlands or Germany. However, part-time work tends to be taken up disproportionately by women (almost 3 in 10 employed women in the EU work part-time, compared to about 8% of men),⁽²⁴⁶⁾ who often stay employed part-time long after childbirth, especially where tax-benefit systems do not provide strong incentives to switch back to full-time work (see section 2.1. and section 3.2.1). Thus, lower gender differences in participation rates can be accompanied by higher gender differences in hours worked,⁽²⁴⁷⁾ leaving the impact on total hours worked ambivalent.⁽²⁴⁸⁾ In addition, choosing to work part-time can have long-term negative impacts on future career prospects and earnings, including pensions.⁽²⁴⁹⁾

Tax-benefit systems can create traps for secondary earners - mostly women – that hinder labour market participation.⁽²⁵⁰⁾ Joint family taxation creates disincentives for secondary earners to participate in the labour market, yet this remains either a default (e.g. Belgium, France) or voluntary option (e.g. Germany, Ireland, Luxembourg, Portugal, Spain) in several Member States.⁽²⁵¹⁾ Switching from joint family taxation to individual taxation would boost labour market participation of women, as shown in earlier research on Belgium (+0.21 pp increase in participation) and Spain (+0.64 pp).⁽²⁵²⁾ Other aspects of tax-benefit systems may also discourage participation of second earners (see also section 2.1.), such as when eligibility of certain benefits depends on specific income thresholds.⁽²⁵³⁾

Policies tackling gender stereotypes and discrimination in the labour market can also help women enter the labour market. Various policy measures can help tackle gender stereotypes and discrimination, including for example gender sensitive education materials, teaching practices and career guidance, exposure to role-models in atypical roles (such as women entrepreneurs in STEM fields), or pay transparency measures that help identify pay gaps.

There have been several important EU policy developments that support labour market participation of women. The Action Plan of the European Pillar of Social Rights sets a target to at least halve the gender employment gap by 2030, but the progress has been limited so far (decline from 11.3 pp in 2019 to 10pps in 2024). This makes further improvements in women’s employment critical for reaching the employment target for the entire working age population set at 78%. Notable developments include, among others, the European Care Strategy, which aims to support Member States in providing quality, affordable, and accessible care services, the European Child Guarantee, which aims to guarantee effective, free access of children in need to ECEC., and the Work Life Balance Directive to ensure that families have access to important leave and flexible work arrangements.

Understanding the economic consequences of reducing gender disparities in the labour market is crucial for informing policies that promote inclusive and sustainable economic growth. A growing body of literature highlights the potential macroeconomic benefits of increasing female labour market participation, by boosting GDP through increased productivity due to gender diversity⁽²⁵⁴⁾ or advancement of women into more productive sectors.⁽²⁵⁵⁾ A simulation using the RHOMOLO model (fully detailed in Box A.2 in the Annex), shows the impact of increasing female labour market participation

⁽²⁴⁶⁾ Based on Eurostat dataset [lfsa_eppga].

⁽²⁴⁷⁾ Focusing on total hours worked (converted to full-time job equivalents) shows larger than EU average gender gaps both in Germany and the Netherlands. See <https://eige.europa.eu/gender-equality-index/2024/domain/work/DE> and <https://eige.europa.eu/gender-equality-index/2024/domain/work/NL>

⁽²⁴⁸⁾ Focusing on total hours worked (converted to full-time job equivalents) shows only slightly higher employment rates than EU average in Germany and Netherlands. They are considerably lower than for example in Sweden. See <https://eige.europa.eu/gender-equality-index/2024>

⁽²⁴⁹⁾ (Olivetti, Pan and Petrongolo, 2024), (EIGE, 2020)

⁽²⁵⁰⁾ (EIGE, 2020)

⁽²⁵¹⁾ [https://www.europarl.europa.eu/RegData/etudes/ATAG/2025/767188/EPRS_ATA\(2025\)767188_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2025/767188/EPRS_ATA(2025)767188_EN.pdf), <https://taxsummaries.pwc.com>

⁽²⁵²⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2023)

⁽²⁵³⁾ (EIGE, 2020)

⁽²⁵⁴⁾ (Ostry et al., 2018)

⁽²⁵⁵⁾ (EIGE, 2017)

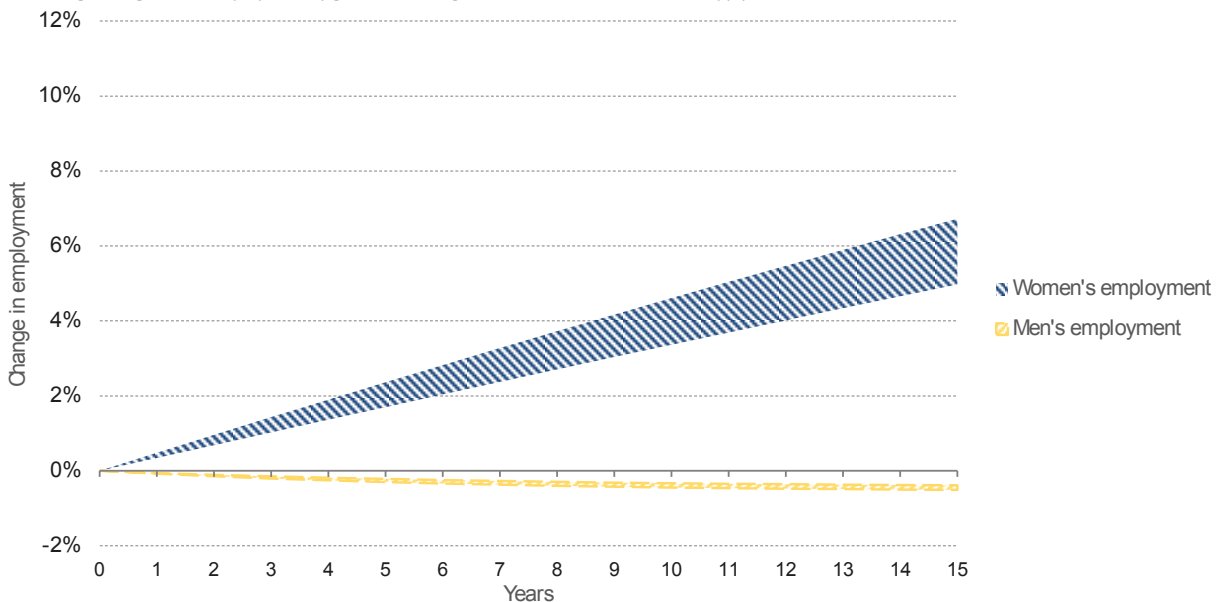
across EU regions. In the analysis below the difference in gender labour force participation gaps between the best-performing Member State (Lithuania) and other Member States is reduced to 40% (slow progress scenario) and 15% (rapid progress scenario) of the original gap, respectively, within 15 years.⁽²⁵⁶⁾

Increasing the labour force participation of women leads to economic growth and increased total employment, with strong employment gains for women amidst minor decreases in employment of men. The increase in labour supply of women results in a net positive effect on employment, with an additional 4 to 5.4 million persons employed, depending on the scenario. Considering the results by gender, women's employment is projected to rise by 5% to 6.7%,⁽²⁵⁷⁾ while the employment of men declines only slightly by less than -0.52% across both scenarios (Chart 3.10). The slight decline in men's employment over time suggests a very limited substitution of men's employment with women's employment or small adjustments in labour market dynamics. As not all women who join the labour force are absorbed directly into employment, the increased labour supply is expected to increase unemployment by 2.4 to 3.4 percentage points in the medium-term (table A.x).⁽²⁵⁸⁾ Unemployment among men is expected to rise by 0.34 to 0.45 pp. depending on the scenario. An increase in labour force participation of women⁽²⁵⁹⁾ is projected to lead to corresponding increases in GDP of 1.2% (slow progress scenario) to 1.7% (rapid progress scenario) in the EU by the time of reaching the targeted labour force participation rates (Chart 3.11).⁽²⁶⁰⁾

Chart 3.10

Positive effects on total employment of increasing the labour force participation of women

Percentage changes in EU employment by gender following an increase in women's labour supply



Note: Developments over 15 years until target values in labour force participation are reached are shown depending on two scenarios. For women's and men's employment, graph shows development following a rapid and slow progress scenario, see Box x for detailed explanation.

Source: JRC calculations using RHOMOLO.

[Click here to download chart.](#)

Women's employment increases between 0.5% and 17.2% across EU Member States depending on the scenario, highlighting heterogeneity across countries. In the rapid progress scenario, where the gender participation gap will be reduced to 15% of its difference to Lithuania, women's employment rises in all Member States, with particularly large increases in Malta (17.22%), Romania (14.03%), Hungary (10.92%), Czechia (10.97%), and Poland (10.16%) (Chart 3.11). The largest gains in absolute terms in the employment of women occur in Germany (1.2 million jobs), Italy (0.95 million jobs), and France (0.56

⁽²⁵⁶⁾ This approach is based on a similar modelling exercise by (EIGE, 2017)

⁽²⁵⁷⁾ This is roughly equivalent to a 4 percentage point increase in the employment rate of women in the EU.

⁽²⁵⁸⁾ The projections consider the labour supply of women to be steadily increased to the target value within 15 years. Thus, longer-term adjustments of the labour market to accommodate the additional labour supply are not considered.

⁽²⁵⁹⁾ The target value differs depending on the original labour force participation rate of the Member State. The exact target values can be found in table A.x in the annex.

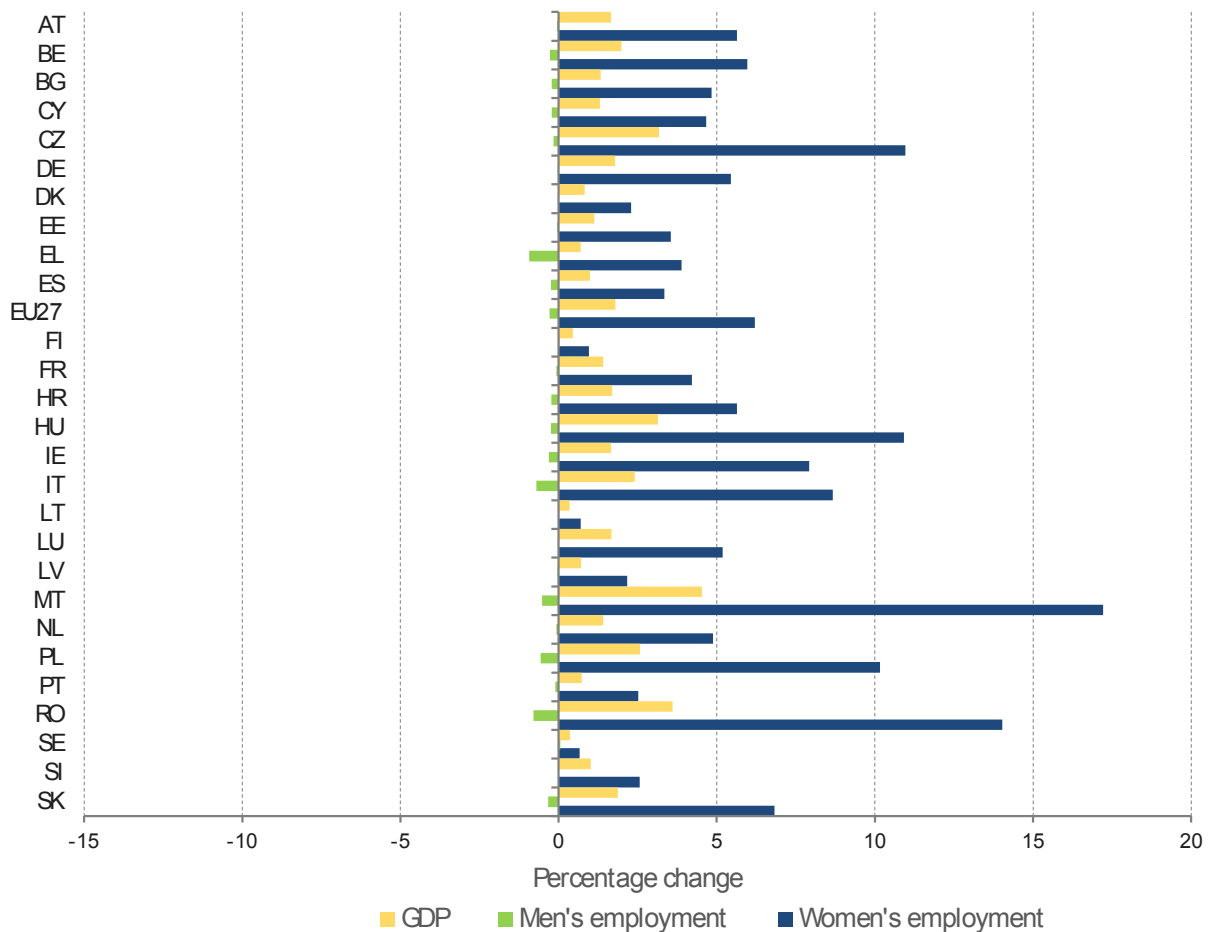
⁽²⁶⁰⁾ The labour force participation rate is simulated to steadily increase over 15 years until the target values are reached.

million jobs). These countries experience the most significant employment gains due to their large labour markets and pre-existing gender participation gaps. Other countries, such as Czechia, Romania, and Spain, also record notable gains in women's employment. While men's employment (green bars) decreases slightly in most countries, the magnitude of the decline is small compared to the increase in the employment of women. In the short run, a higher labour supply is expected to have a dampening effect on real wages in this scenario. This reflects adjustments in the labour market equilibrium as more women enter employment. However, this does not fully account for labour market tightness and existing labour shortages, which may soften the negative wage effects. Complementary measures can facilitate a smooth labour market integration of increased labour supply of women, such as policies aimed at stimulating job creation, enhancing labour demand and supporting wage growth. Additionally, investments in education and skills development, particularly in high-demand sectors, can help align female labour supply with evolving labour market needs, reducing potential displacement effects.

Chart 3.11

Positive employment effects of increased labour supply among women amidst GDP increases

Changes in employment and GDP following an increase in women's labour supply after 15 years, in %



Note: Results for the rapid progress scenario of reducing the participation gap to Lithuania to 15% of its original value

Source: JRC calculations using RHOMOLO

[Click here to download chart.](#)

3.2. Increasing labour force participation of migrants

Even if ALMPs primarily target those actively seeking work, they can also support newly arrived migrants and improve the labour market prospects of those migrants not participating in the labour market. This is the case for counselling and job search assistance, subsidies to employers in the public and private sector, direct employment/job-creation schemes and training.⁽²⁶¹⁾ A Meta-analysis⁽²⁶²⁾

⁽²⁶¹⁾ (European Commission, 2017)

of studies evaluating the effect of ALMPs on migrants' labour market outcomes reveals different degrees of effectiveness of ALMPs for migrants. Subsidised employment in the private sector (e.g., wage subsidies for employers hiring disadvantaged workers, payments to workers accepting jobs below their unemployment benefits, and support for those starting their own business) and, to a more limited extent, job search assistance programmes (e.g., typically provided by PES, including counselling and monitoring of job search efforts) seem to be more effective in improving employment opportunities in the short run. Compared to subsidised public sector employment and training programmes, these ALMPs offer quicker integration, stronger alignment with market demands, and help overcome challenges like bureaucratic delays or discrimination. In the long-run, training programmes such as computer courses or courses providing specific occupational knowledge seem to work relatively better than in the short-run.⁽²⁶³⁾ In particular, language trainings, particularly those with the lowest language skills,⁽²⁶⁴⁾ and the on-the-job dimension of vocational training have been proven to improve access to employment.⁽²⁶⁵⁾

Despite the proven effectiveness of some ALMPs, migrants' participation in these policies remains low. Meta analyses reveal an underrepresentation of migrants in job subsidy programmes, training initiatives and job creation programmes due to lack of awareness of their rights, the availability of such programmes and access restrictions linked to the type of work/residence permit required.⁽²⁶⁶⁾ Some of the barriers identified in Chapter 2, e.g. knowledge of the host country's language and the lack of awareness of its cultural codes can increase the risk of exclusion from social interventions by case workers. This negative access bias to ALMP services may ultimately lead to a Matthew effect,⁽²⁶⁷⁾ whereby those needing public support less, end up benefiting disproportionately relative to those that most need it.

Labour market integration services for migrants are most effective if embedded in a holistic approach. Such an approach includes language, cultural and contextual workplace support, effective procedures to assess migrants' skills and recognise their qualifications and reducing the administrative burden to obtain a long-term work permit. Labour market integration also depends on access to education, housing and healthcare services, as stressed in the Action Plan on Integration and Inclusion 2021-2027. Approaches should also consider intersectionality when designing policies, as persons often belong to multiple underrepresented groups and face intersecting barriers. This could for instance include creating programmes for migrants which are gender sensitive.⁽²⁶⁸⁾ In recent years, several Member States have implemented successful initiatives that focus on delivering holistic and tailored services to migrants (see Box 4):

- **Tailored language training**, providing beginner, intermediate, and advanced courses designed to meet the diverse and evolving needs of different groups of migrants can improve employment outcomes. A Danish case study showed that the improvement in language proficiency of migrants had substantial positive effects on the probability to enter employment.⁽²⁶⁹⁾ Similarly, language support programmes have been shown to increase labour force participation in France,⁽²⁷⁰⁾ while in Germany, the employment probability of beneficiaries of international and temporary protection increased through the Job Turbo Initiative launched in 2023, particularly following the initial phase involving job-related language courses. This initiative tries to guarantee that entry into labour market is not delayed

⁽²⁶²⁾ (Butschek and Walter, 2014). Meta-analysis are systematic reviews that combine results from multiple studies to derive a comprehensive understanding of a particular topic. This meta-analysis covers a sample of 33 studies (a total of 93 estimates) evaluating the effects of ALMPs on immigrants' labour market outcomes, dividing the programmes into four ALMP categories: classroom and on-the-job training (training), subsidised private sector employment (wage subsidies), subsidised public sector employment (public works), and job-search assistance and sanctions (services/sanctions). These are relatively standard categories across the literature.

⁽²⁶³⁾ (Rinne, 2013)

⁽²⁶⁴⁾ (Kiviholma, 2022)

⁽²⁶⁵⁾ (Bilgili, Huddleston and Joki, 2015)

⁽²⁶⁶⁾ (Bonoli and Liechti, 2020a)

⁽²⁶⁷⁾ Matthew effects can be defined as the failure to address the needs of the most disadvantaged groups that is caused by a social bias to access social policies. (Bonoli, 2020b)

⁽²⁶⁸⁾ (Pisarevskaya, 2022)

⁽²⁶⁹⁾ (Clausen et al., 2009)

⁽²⁷⁰⁾ (Lochmann, Rapoport and Speciale, 2019)

due to insufficient language proficiency.⁽²⁷¹⁾ Despite the initial success of this initiative, mostly for men refugees, the recognition of foreign professional qualifications remains a significant challenge.⁽²⁷²⁾ Overall, vocation-specific trainings tend to be most effective in improving labour market integration, particularly if employers are involved.⁽²⁷³⁾ Language training is most effective when embedded into a holistic approach that supports long-term integration. In Lithuania, for example, short-term job search programmes largely based on language learning often failed to address long-term integration, leading to recurrent unemployment.⁽²⁷⁴⁾

- **Promoting the recognition of qualifications** obtained in third countries can foster the labour market participation of migrants. More transparent and comparable qualifications of migrants will result in faster and fairer inclusion into the labour market.⁽²⁷⁵⁾ Bridging courses⁽²⁷⁶⁾ can complement migrants' education and training acquired abroad for such purposes as access to practice in a regulated profession, to certain job opportunities, training or to pursue studies in the host country. However, they are not always available or accessible to migrants.⁽²⁷⁷⁾ Furthermore, the 2023 Commission recommendation on the recognition of qualifications of third-country nationals aims to simplify and expedite the validation of skills and recognition of qualifications of migrants, minimising the bureaucratic burden, providing support during the process and offering full access to user-friendly, complete and up to date information on procedures and related costs. Building on the Recommendation, the Skills Portability Initiative under the Union of Skills will explore whether to propose common rules for simpler procedures for handling the recognition and validation of qualifications and skills. To expedite the recognition of foreign university degrees, Spain enacted reform RD 889/2022 in 2022, reducing processing time from up to two years to an average of four months. This reform has led to a 40% increase in the speed of degree recognition in 2023, addressing a backlog of applications.
- **Simplifying procedures to access the labour market** is key to effectively integrate migrants. The Single-Permit Directive puts in place a single application procedure for a combined EU work and residence permit. It improves the safeguarding of non-EU workers' rights and their protection from labour exploitation. Furthermore, the proposal of the Long-term Residents Directive facilitates the acquisition of a long-term residence status⁽²⁷⁸⁾ and strengthens the rights of EU long-term residents and their family members, including to move and work in other Member States. As part of the Pact on Migration and Asylum⁽²⁷⁹⁾, the Reception Conditions Directive and the Qualification Regulation clarify and strengthen key employment-related rights of applicants and beneficiaries of international protection, respectively.

Institutional policy complementarities reinforce the success of labour market activation strategies.

Having a coordinated and mutually reinforcing set of policies is particularly relevant to the labour market participation of migrants due to the high amount of labour market barriers that they face. Prioritising inclusiveness in policy design across all social policies is considered key for the labour market integration of migrants. Granting inclusive access to childcare services to children with a migrant background is particularly important because it can yield a double benefit: improving both the educational and employment outcomes of migrant children, while also indirectly enhancing the employment prospects of

⁽²⁷¹⁾ (OECD, 2024b)

⁽²⁷²⁾ More information on the interim balance after one year of the Job Turbo initiative can be found through the following link: <https://www.bundesregierung.de/breg-de/aktuelles/faq-jobturbo-2312344> and <https://www.bundesregierung.de/breg-de/aktuelles/bk-rede-zum-jobturbo-2312244>

⁽²⁷³⁾ (Pisarevskaya, 2022)

⁽²⁷⁴⁾ (ECE, 2025)

⁽²⁷⁵⁾ see box 3 in annex for 2 best practices in speeding up the recognition of qualifications

⁽²⁷⁶⁾ Bridging courses can help migrants complement their education acquired abroad.

⁽²⁷⁷⁾ (European Commission & European Website on Integration, 2024)

⁽²⁷⁸⁾ https://enlargement.ec.europa.eu/news/legal-migration-attracting-skills-and-talent-eu-2022-04-27_en

⁽²⁷⁹⁾ https://home-affairs.ec.europa.eu/policies/migration-and-asylum/pact-migration-and-asylum_en

migrant mothers. Additionally, ensuring safeguarding sufficient and equal access to healthcare services and housing are paramount for a successful social and labour market integration of migrants.⁽²⁸⁰⁾

At the EU level, labour market integration of migrants is supported through various policy initiatives. The Action Plan on Integration and Inclusion 2021-2027 aims, among others, to boost employment opportunities by enhancing skills recognition, promoting skills development and participation in high-quality vocational education and training (VET), and facilitating up- and reskilling via expedited validation procedures for non-formal and informal learning. It also seeks to increase the enrolment of migrant children in quality ECEC, support migrant women's participation in the workforce, and foster migrant entrepreneurship by providing easier access to financing, training, and guidance. The mid-term review of the Action Plan⁽²⁸¹⁾ took stock of its implementation, highlighting successful practices, ongoing challenges, and areas requiring further attention in integrating migrants into European labour markets and societies. This is complemented with directives that support broader integration into society, such as the Directive on the status of non-EU nationals who are long-term residents which facilitates the acquisition of a long-term residence status. Moreover, under the Union of Skills, the Skills Portability Initiative (planned for 2026) will include a focus on addressing barriers to the validation of skills and recognition of qualifications of migrants, while the EU Talent Pool, the EU Visa Strategy and the 'Choose Europe' pilot will aim at attracting and retaining talent from abroad.⁽²⁸²⁾ In particular the EU Talent Pool will aim to facilitate the recruitment of jobseekers from non-EU countries in EU-wide shortage occupations, to make international recruitment easier and faster, and to help employers access a wider pool of skills and talent.

⁽²⁸⁰⁾ (OECD, 2023a)

⁽²⁸¹⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025SC0162>

⁽²⁸²⁾ https://commission.europa.eu/topics/eu-competitiveness/union-skills_en

Box 3.3: Selected practices of labour market integration of migrants

“Strong in the workforce” in Germany

The programme “Stark im Beruf – Mütter mit Migrationshintergrund steigen ein” (2015–2022), co-financed by the European Social Fund, was implemented in Germany in 2015 with the aim of integrating migrant mothers into the labour market. Around 80 local support centres across the country provided non-employed migrant mothers with individual assistance including consulting, language courses, coaching and training services. They developed partnerships with local job centres, employment agencies as well as educational providers, businesses, migrant organisations, cultural institutions, and language course providers. The participant’s employability was enhanced through skills assessments, training, and career exploration opportunities. By August 2022, approximately 17,500 mothers were supported in their employment.⁽¹⁾ The findings of this programme are now being used in the implementation of the ESF-funded programme “MY TURN - Frauen mit Migrationserfahrung starten durch (2022–2028)” (Women with migration experience get started). Aiming to improve labour market integration of migrant women, the programme includes initiatives such as digital skills training, language practice, career-family compatibility counselling, and networking with employers for internships and jobs. An optional “Childcare Pilot Office” assists with accessing childcare, crucial for participation, while a network office promotes collaboration among project sponsors and visibility for the programme.⁽²⁾

The fast-track initiative in Sweden

Sweden’s new “Four-Category” system for work permits, implemented in early 2024, replaces the former Fast Track Scheme. In 2015, the fast-track initiative was proposed by the government to coordinate PES policies into a streamlined trajectory for newly arrived migrants that match occupations in which there are labour shortages. To speed up the entry of skilled migrants into occupation with labour shortages, activities were set up that map, validate and bridge the skills of migrants. Language courses run concurrently throughout the process. After 19–21 months of participation, 49% of the participants in the non-regulated professions were in employment while the share for those in regulated professions was 35%. The new “Four-Category” system categorises applications based on profession, education level, industry, and case specifics to accelerate processing times and address backlogs.⁽³⁾ The new model promotes recruitment of highly skilled workers from outside the EU and shortens the processing time for obtaining the needed permit. Initial learnings indicate successful outcomes.⁽⁴⁾ This system change occurred alongside changes in the EU Blue Card policy, easing the process for highly skilled foreigners.

“Duo for a job programme” in Belgium

The Duo for a Job programme in Brussels was launched in 2014 to support labour market integration of jobs seekers. The initial pilot was funded by a 3-year Social Impact Bond and co-financed by the public employment service Actiris and private investors. For six months, senior native mentors help young migrant jobseekers to gain insights in the job market. They help them draft the CVs, prepare for interviews, and expand their social networks by creating connections with people in their field of interest. The evaluation showed positive employment effects of the project, as the employment rate of DUO participants was 28% higher than that of those without mentorship.⁽⁵⁾ The programme illustrates policy measures that are both targeted primarily on migrant jobseekers and secondarily on jobseekers of migrant background and offer tailor-made individualized assistance through the innovative, flexible and diverse support provided by experienced mentors.

“Dispositivo Ampara project” in Spain

This ESF-funded project provides specific support to applicants for international protection and beneficiaries of international and temporary protection with the aim of supporting labour market integration through promoting their autonomy. The needs and skills are initially assessed through a personalized interview. Participants are involved in a pre-training that combines skills development with civic integration. Vocational training opportunities are offered to the applicants as well as information and advice. Throughout the different phases, applicants are financially supported, focusing on the basic needs, childcare, transportation costs, obtaining documentation for qualification recognition and monthly payments for professional training courses. This project started in 2017 and has successfully integrated 90% of the applicants so far.⁽⁶⁾

⁽¹⁾ (BMFSFJ, 2021)

⁽²⁾ More information on the “MyTurn” project can be found here: <https://www.my-turn.info/das-programm>

⁽³⁾ The categories are “Category A” for highly qualified occupations with priority processing within 30 days; “Category B” for roles with unique conditions, like seasonal workers, with varying processing times; “Category C” for non-highly qualified roles that need minimal investigation; and “Category D” for employment in industries defined as demanding by the Swedish Migration Agency.

⁽⁴⁾ Especially for Category A, with sustained dialogue between the Migration Agency and employers to ensure accurate submissions

⁽⁵⁾ (OECD, 2024)

⁽⁶⁾ (European Migration Network, 2023)

3.3. Increasing the labour force participation of persons with disabilities

Person-centred approaches and holistic multifaceted support are found to be effective in improving the transition of persons with disabilities to the labour force and to employment.

Identifying individual needs and offering holistic, combined support particularly to persons with disabilities facing complex barriers, helps develop their capacities and better enables them to work in the open labour market. In Poland, the NGO Association *Otwarte Drzwi* first ensures social activation of persons with disabilities through day support centres where beneficiaries could attend classes to develop social and communication skills. For employment activation, the NGO offers a job coach who accompanies the beneficiary from home to work, practicing independent commuting, supports in workplace and task adaptations and trains co-workers and managers. Other similar practices have been implemented in Czechia, Italy, Malta, Romania and Slovakia.⁽²⁸³⁾ In general, though Member States apply a range of measures to activate and integrate persons with disabilities into the labour market, few evaluations of their impact have been conducted highlighting a lack of quantitative evidence.⁽²⁸⁴⁾

Supported employment and related approaches help persons with disabilities to secure or maintain paid employment.

This includes not only supported employment but also approaches with professional and personal guidance, information, strengthening job search skills, medical and psychological profiling of working possibilities, job identification and placement in cooperation with committed employers, ongoing support that is individualised and provided as needed for both the employee and the employer. Also included is customised employment, which typically involves job carving, creating jobs tailored towards employees' skill sets. All types of supported employment require the role of a job coach or an equivalent position. For some forms of supported employment, such as Individual Placement and Support (IPS) targeting persons with serious mental health issues, strict guidelines exist which need to be adhered to ensure effectiveness. Supported self-employment refers to programs that provide potential entrepreneurs with disabilities with upfront and continuous support (used for example in Sweden, Austria and the Netherlands).⁽²⁸⁵⁾

Provision of accessible mainstream education, training, upskilling and vocational rehabilitation to persons with disabilities are key drivers to increasing their employability and work retention.

Across Europe, various programmes have been developed to enhance learning opportunities for individuals with disabilities. Portugal's Insertion Internships showed a success rate of almost 40%: 34.4% of participants found a job at the internship employer and 2.2% found a job by themselves. This 12-month traineeship programme includes a monthly grant, food allowance and transport for persons with disabilities along with financial and other support for employers. Similarly, the "Croatian programme of employment rehabilitation" encourages people with disabilities, particularly in older ages, to find jobs through vocational rehabilitation, providing a rehabilitation assessment of work capacity, knowledge, skills, work habits, and professional interests.⁽²⁸⁶⁾ The Slovenian pilot project *Early Vocational and Employment Rehabilitation in the Return-to-Work Process 2020-2022* focuses on vocational rehabilitation, based on a comprehensive model promoting collaboration among all stakeholders involved in the return-to-work processes. The evaluation showed that 25 out of 100 total participants were successfully rehabilitated. Initiatives in some Member States also run programmes focusing on young persons with disabilities: in Belgium an NGO provides practical training for school leavers with intellectual disability and in Spain, the *UniDiversidad* programme promotes inclusive higher education.⁽²⁸⁷⁾

In some Member States effective measures were taken to remove benefit traps. These actions aim to increase the attractiveness of employment by mitigating the impact of the loss or reduced benefits and

⁽²⁸³⁾ (World Health Organization, 2011), (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025)

⁽²⁸⁴⁾ (ETUI, 2023), (Eurofound, 2021), (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Waddington, L., 2023)

⁽²⁸⁵⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Empirica, Sozialhelden e.v, Gareis, K., Behrend, S. et al., 2025)

⁽²⁸⁶⁾ (Eurofound, 2025a)

⁽²⁸⁷⁾ (World Health Organization, 2011), (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025)

increased costs associated with taking up employment. Some Member States such as France and Ireland taper benefits of persons with disabilities who enter employment. In nine Member States, persons with disabilities continue to receive basic disability benefits while they are employed. Moreover, in Bulgaria and Cyprus persons with disabilities are compensated for the additional costs they face (such as transport or work equipment).⁽²⁸⁸⁾

While digitalisation and technological advancements could support the activation of persons with disabilities in the labour market, they also pose some risks.⁽²⁸⁹⁾ Voluntary telework has the potential to remove some barriers related to mobility and physical location, along with facilitating a better work-health needs balance.⁽²⁹⁰⁾ Moreover, digitalisation could create new jobs opportunities for some persons with disabilities. However, to fully benefit from technology and not create new barriers, persons with disabilities should be provided with the required digital skills and teleworking infrastructure and other digital tools should be accessibly designed.⁽²⁹¹⁾ The existence of telework opportunities should however not lead to reduced workplace adaptation but rather be provided simultaneously - there is a risk that employers may oblige employees to work from home to avoid adapting the workplace, which may pose a risk of increased social isolation, which may already be high for persons with disabilities.⁽²⁹²⁾ Finally, as persons with disabilities are often employed in low-skilled occupations, they face a greater risk of losing their jobs because of automation. Research suggests that the overall increase in remote opportunities following the COVID-19 pandemic between 2019 and 2023 has not significantly improved employment outcomes for persons with disabilities.⁽²⁹³⁾

While financial incentives for employers such as wage subsidies or reductions in social security, are commonly used in most Member States, evaluations show mixed results with respect to their effectiveness.⁽²⁹⁴⁾ An evaluation of the introduction of a wage subsidy scheme in Spain found that the scheme was ineffective at incentivising transitions to employment for persons with disabilities.⁽²⁹⁵⁾ A Swedish study finds that participants in a wage subsidy programme were less likely to leave the labour market but also less likely to transition into unsubsidised employment.⁽²⁹⁶⁾ In the Netherlands, the Wage Dispensation and Labour Cost Subsidy have been assessed to have increased the employment of persons with disabilities who would otherwise not be employed.⁽²⁹⁷⁾ Reasons behind the limited effectiveness include a low amount of wage subsidy paid or the limited time period subsidised, and employers not seeing subsidies as the decisive factor when hiring persons with disabilities.⁽²⁹⁸⁾ By contrast, some good practices have been identified. In Spain, employers hiring a person with disability on a permanent contract receive a rebate on social security contributions. In Sweden, employers could receive compensation for sick leaves. Financial support can also cover reasonable accommodation measures at work, which should cover 100% of the cost.⁽²⁹⁹⁾

Employment quota schemes can have a positive impact on the employment rate of persons with disabilities if they are appropriately designed. Most Member States apply a quota scheme to certain

⁽²⁸⁸⁾ (World Health Organization, 2011), (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025)

⁽²⁸⁹⁾ (International Labour Organization & Fundación ONCE, 2021)

⁽²⁹⁰⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025), (Eurofound, 2021)

⁽²⁹¹⁾ For instance, deaf people might not be able to follow meetings due to a lack of accurate closed captioning systems.

⁽²⁹²⁾ (World Health Organization, 2011), (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025), (Eurofound, 2021)

⁽²⁹³⁾ (Barslund, forthcoming)

⁽²⁹⁴⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025)

⁽²⁹⁵⁾ (Jiménez-Martín, Juanmartí Mestres and Vall Castelló, 2019)

⁽²⁹⁶⁾ (Angelov and Eliason, 2018)

⁽²⁹⁷⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025)

⁽²⁹⁸⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, Manoudi, A., Duell, N. and Pavlovaite, I., 2025)

⁽²⁹⁹⁾ Including the recruitment stage, job coaches, training or transport.

employers,⁽³⁰⁰⁾ which requires between 2% and 10% of reserved positions for registered or officially recognized persons with disabilities. In Hungary, the quota scheme has been successful in increasing the employment rate of the group covered by the quota from 28.8% in 2011 to 44% in 2021, due to a costly fee in case of non-compliance.⁽³⁰¹⁾ Too low fees, the possibility of substituting the quota partially with other measures⁽³⁰²⁾ and the limited scope of the quota in some countries can decrease the effectiveness of these schemes. In addition, many quota schemes set only quantitative requirements for employers, but do not necessarily foster job quality of persons with disabilities, their career development or employment in high positions.⁽³⁰³⁾

Combatting discrimination remains essential to improve labour market outcomes for persons with disabilities. Reducing stereotypes and unconscious bias amongst employers can help protect the right against labour market discrimination. Negative perceptions held by employers, and the public more widely, represent an attitudinal barrier to persons with disabilities accessing and continuing in the labour market and can be addressed via awareness raising and information campaigns. This can be supported by measures to inform and advise employers on their obligation to guarantee equal access and increase the inclusiveness of work environments.⁽³⁰⁴⁾

Though reasonable accommodation (workplace adaptation)⁽³⁰⁵⁾ is a legal obligation established at EU level in the Employment Equality Directive, awareness challenges remain. Despite all Member States having transposed the Directive in national laws, they only define broadly what is considered reasonable accommodation at work. This should not cover only the onboarding phase and workplace adaptation, but also the recruitment, career development, and retention (when a person develops an impairment or the impairment changes), and can include providing assistive technology, personal assistance, adjusting the workplace, flexible working arrangements and offering teleworking.⁽³⁰⁶⁾ Offering information and logistical support can facilitate employers making reasonable accommodations at work. In most EU countries, a good-practice guide (including checklists, examples of real-life accommodations and case studies) exists regarding reasonable accommodation. Websites and advice services directed at employers are other sources of relevant information. Logistical support schemes are found in most Member States, often through establishing partnerships with public bodies, NGOs, employer organizations, trade unions or even doctors. In Denmark, Cabi's consultants, an independent institution working under the Ministry of Employment, offer advice and guidance to employers and municipal job centres. In Austria, a programme called Service for Businesses, established in 2020, includes comprehensive information and advice on funding, support in the recruiting process and assistance in adapting workplaces.

Other employer-focused measures such as mediation services, as well as individual employers' initiatives, can have positive effects on the employment of persons with disabilities. A programme in Spain,⁽³⁰⁷⁾ involving 100 leading companies, includes guidance, training (74,000 students between 2019 and 2022) and intermediation with employers acting as an employment service (about 12,000 contracts per year). Other programmes such as a job search online platform for persons with disabilities (e.g. in Hungary⁽³⁰⁸⁾) or initiatives that identify tasks and create jobs for persons with disabilities can also help persons with disabilities find employment.⁽³⁰⁹⁾ In Bulgaria, one of the leading metallurgy companies established a subsidiary company for employing persons with disabilities after identifying tasks suitable

⁽³⁰⁰⁾ With a minimum of 15 to 50 employees depending on the country.

⁽³⁰¹⁾ Nine times the minimum wage per year and unfilled position.

⁽³⁰²⁾ Such as acquiring goods or services from sheltered workshops, implementing support programs or making financial donations to associations supporting persons with disabilities, as in Spain.

⁽³⁰³⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion and Waddington, L., 2023)

⁽³⁰⁴⁾ E.g. job adverts should be provided in a format that does not discriminate against applicants with disabilities. (European Commission, Fondazione Giacomo Brodolini, Genova, A. & Davern, E., 2022)

⁽³⁰⁵⁾ Reasonable accommodation can include technical solutions such as assistive devices, but also organisational arrangements such as adjusted working hours.

⁽³⁰⁶⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024e)

⁽³⁰⁷⁾ INSERTA Program and Forum developed by ONCE Foundation.

⁽³⁰⁸⁾ Érték vagy! (You have value!) programme or in Denmark the KLAPjob initiative.

⁽³⁰⁹⁾ The KLAP job project in Denmark has created more than 4,000 jobs for persons with disabilities since 2009.

for persons with disabilities. Moreover, it also offers professional rehabilitation for workers of the primary company who lose their working capacity.

The EU Strategy for the Rights of Persons with Disabilities 2021-2030 outlines that participation in employment is the best way to ensure their economic autonomy and social inclusion. Therefore, reducing the employment gap between persons with and without disabilities is a key objective of the EU. Under this Strategy, the European Commission launched in 2022 the Disability Employment Package,⁽³¹⁰⁾ a flagship initiative to support Member States improving labour market outcomes of persons with disabilities. Furthermore, the EU has reinforced its commitment to full participation of persons with disabilities in the Council conclusions,⁽³¹¹⁾ adopted in December 2024, aiming to promote the inclusion of persons with disabilities in the open labour market.

3.4. Supporting longer working lives among older workers

Older workers represent one of the largest potentials to increase labour market participation further despite considerable improvements over the last decades. Since 2009, the labour force participation of older people (aged 55-64) increased by 21.0 pp, reaching a labour force participation rate of 68.2 % in 2024.⁽³¹²⁾ In a context of demographic change, leading to a shrinking working-age population, as well as labour and skills shortages, policies to further support labour force participation of older people and extension of their working lives are crucial. Without further changes, population ageing could exacerbate labour shortages and represent a considerable challenge to economic growth and the sustainability of living standards.⁽³¹³⁾ A wide range of policy measures have been implemented in this respect by Member States including pension reforms, linked to increases in the retirement age, early retirement reforms and financial incentives. Moreover, measures beyond the pension system encompass workplace policies, training activities, wage subsidies and combatting ageism. To activate and retain older people in the labour market, cooperation is required at all levels, employing a holistic approach that includes all crucial stakeholders such as industry, government, social partners, and educational training institutions.

Over the last two decades, nearly all Member States have increased or have legislation foreseeing to increase⁽³¹⁴⁾ the statutory retirement age, contributing to rising employment rates.⁽³¹⁵⁾ The average statutory retirement age for men stood at 65.2 years in 2022, ranging from 62.8 years in Slovakia to 67 years in Italy, Denmark, Greece, and France. For women, the average statutory retirement age in 2022 stood at 64.4 years, ranging from 60 years in Austria and Poland to 67 years in Italy, Denmark, Greece, and France (chart x Annex). With notable differences across the Member States, the average statutory age is expected to increase to around 67 years by 2070.⁽³¹⁶⁾ Since 2012, rising statutory ages were accompanied by the EU average effective retirement age increasing by 2.1 years, from 59.2 to 61.3 years. Literature suggests that a one-year increase in the statutory retirement age leads to an average postponement of retirement by four to five months.⁽³¹⁷⁾ Pension reforms strongly contributed to the rising employment rate in the EU between 2014 and 2023, especially for highly educated workers. By 2070, the EU employment rate of people aged 55 to 64 is projected to increase further by 10.9 pp (+13 pp for women and +6 pp for men) from 56.9% in 2022, to 67.8%. Greece (+22.3 pp), Italy (+18.2 pp), and Slovenia (+17.3 pp) are expected to see the highest increases in the employment rate by 2070; while only very limited changes are projected in Czechia (+0.0 pp), Lithuania (+0.1 pp) and Latvia (+1.1 pp).⁽³¹⁸⁾

⁽³¹⁰⁾ See Disability Employment Package [here](#)

⁽³¹¹⁾ Council Conclusions 15842/24 on fostering social inclusion of persons with disabilities through employment, reasonable accommodation and rehabilitation. See [here](#)

⁽³¹²⁾ Eurostat [lfsa_argan]

⁽³¹³⁾ (OECD, 2025a)

⁽³¹⁴⁾ With the exception of Luxembourg, Poland and Ireland, comparing statutory retirement ages between 2009 and 2024.

⁽³¹⁵⁾ (OECD, 2025a)

⁽³¹⁶⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2024)

⁽³¹⁷⁾ (Turner and Morgavi, 2020)

⁽³¹⁸⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2023a)

Pension reforms can have positive impacts on labour market participation and employment of older people. Pension reforms strongly contributed to the rising employment rate in the EU in recent years, especially for highly educated workers.⁽³¹⁹⁾ Studies of pension reforms in Germany conclude that increasing the early retirement age for women led to postponement of retirement and higher employment rates.⁽³²⁰⁾ Estimates for Italy point to the same developments but with significant effects on sick leaves and disability. An increasing number of studies suggests that raising the retirement age may however have some harmful effects on workers who occupy blue collar or lower paid jobs or who have pre-existing health issues, affecting their health and increasing the risk of hospitalisation and prevalence of disability.⁽³²¹⁾

Other financial incentives linked to deductions and bonuses for early and late retirement, respectively, can also encourage older workers to remain in the labour force for longer.⁽³²²⁾ These include, among others, increased bonuses or pension benefits for working past the retirement age (Croatia, Denmark, Finland), tax-free payments (Denmark), lump sum or higher monthly pensions (Spain), and reduced pension taxation for post-67 retirement (Sweden).⁽³²³⁾ In Germany, deductions for early retirement have led to an increase in retirement age for women by around 15 months.⁽³²⁴⁾ Currently, 24 Member States apply bonuses for older workers who retire later, while all allow cumulating income from employment with pensions up to certain limits.⁽³²⁵⁾ In addition, arrangements in some Member States relate to phased retirement, allowing reduced working hours prior to statutory retirement.⁽³²⁶⁾ Nevertheless, new data suggests that remaining in the workforce while receiving a pension is more common among certain socio-demographic groups, such as migrants and the self-employed (Box xx). For instance, persons with high educational attainment enter but also leave the labour market later than persons with lower levels of education, and tend to have higher life expectancy. These socioeconomic inequalities may necessitate adjusted retirement pathways for different career profiles to avoid increasing inequalities.⁽³²⁷⁾ Several Member States also allow for earlier retirement for those working in arduous/hazardous jobs albeit with varying deductions.⁽³²⁸⁾ Austria recently announced an upcoming change in early retirement rules to allow care workers to be classified as heavy labourers who can retire at 60 with reduced penalties.⁽³²⁹⁾

Beyond pension reforms, work-related factors such as flexible work arrangements and workplace accommodations also play a significant role in increasing participation in the labour force. To be effective, workplace policies need to take into consideration differences among sectors, industries and occupations and should be implemented in a preventative approach.⁽³³⁰⁾ These include enabling older workers to work from home and to work part-time, with the first mainly applicable to white-collar workers.⁽³³¹⁾ As older workers are more inclined to work part-time,⁽³³²⁾ lack of flexible work arrangements can be a reason to leave the labour market prematurely.⁽³³³⁾ Workplace accommodations that relate to the provision of ergonomic adjustments, for example for the manual handling of loads, ergonomic chairs

⁽³¹⁹⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025b)

⁽³²⁰⁾ (Geyer and Welteke, 2019)

⁽³²¹⁾ (Serrano-Alarcón et al., 2023), (Ardito, 2020)

⁽³²²⁾ (Konle-Seidl, 2017)

⁽³²³⁾ (Eurofound, 2025a)

⁽³²⁴⁾ (Engels, Geyer and Haan, 2017)

⁽³²⁵⁾ E.g. in Slovenia the maximum amount equals 12% of the pension. For more information, see MISSOC database.

⁽³²⁶⁾ For example, in Austria, the part-time model allows reducing older workers' working hours to 40-60% of the collectively agreed time.

⁽³²⁷⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion & Social Protection Committee (SPC), 2024)

⁽³²⁸⁾ (European Commission: Directorate General for Economic and Financial Affairs, 2024), (European Commission, 2024)

⁽³²⁹⁾ <https://www.sozialministerium.gv.at/Services/Neuigkeiten-und-Termine/Archiv-2025/pflegekraefte-schwerarbeitsverordnung.html>

⁽³³⁰⁾ (Chen and Gardiner, 2019)

⁽³³¹⁾ (Chen and Gardiner, 2019)

⁽³³²⁾ (Albinowski, 2024a)

⁽³³³⁾ (Eiffe, Muller and Weber, 2024)

and desks, or adapted computer screens, can as well work as an incentive to prolong working life.⁽³³⁴⁾ Workplace adaptations related to strong workplace health and safety arrangements as well as reduced physical and psychosocial risks can also support extending working lives.⁽³³⁵⁾ Collective bargaining also plays a crucial role in ensuring better working conditions and support older workers in the work place (Box x).

Up- and reskilling as well as targeted career guidance can help maintain productivity and increase labour market participation of older workers.⁽³³⁶⁾ Education and training are found to be among the most effective tools for supporting older workers' employment,⁽³³⁷⁾ with job-related, self-paced, and work integrated trainings found to be particularly effective. However, older persons tend to participate less in training compared to other socio-economic groups.⁽³³⁸⁾ Evidence from Germany suggests that when firms offered special training programmes targeted at older workers, women, and especially those with low wages, were less likely to retire.⁽³³⁹⁾ A counterfactual impact evaluation of five training programmes in Slovenia showed that these programmes have positive employment effects, reduce labour market exits and are particularly beneficial for jobseekers over 50, particularly women.⁽³⁴⁰⁾ Similar evidence was obtained in Finland,⁽³⁴¹⁾ while in Greece training programmes proved to be effective for all groups, albeit with smaller effects for older job seekers. Given that a significant share of older workers are not working right before being eligible for retirement benefits (Box xx), fostering trainings for older persons outside the labour force could help bringing them to employment and in a second step postpone retirement.

A supportive organisational climate and social support are positively connected with older workforce participation.⁽³⁴²⁾ Despite their wealth of experience and ability to provide mentoring to younger colleagues, firms may avoid hiring older workers. When considering the recruitment process, 52% of the EU citizens believe age is the most significant factor that can present a disadvantage for a job candidate, due to various reasons that can relate to wrong perceptions by employers regarding adaptivity, physical capabilities, limited competences as well as the needs for more flexibility and accommodation measures.⁽³⁴³⁾ In particular, employers tend to stereotype older workers regarding their productivity, technologic adaptability, and organisational change.⁽³⁴⁴⁾ Measures such as local campaigns and awareness raising of benefits of age diversity in firms, or the promotion of job mobility for older workers, can further contribute to fighting ageism in the labour market and prolonging working lives.⁽³⁴⁵⁾

An increasing availability of adequate care services is required to further support older workers' participation in the labour market, particularly for older women. Across the EU, not working for personal and family reasons, as well as care responsibilities are among the main drivers of older workers' remaining outside the labour market and early exit from the labour market.⁽³⁴⁶⁾ This often relates to the scarcity of care facilities – such as in Romania, Hungary, and Latvia – and particularly affects women as they on average assume more caregiving responsibilities, often due to social norms and gender attitudes (see also Chapter 2.x).⁽³⁴⁷⁾ In this context, providing suitable and adequate social care infrastructures, including formal child and long-term care services, as well as flexible working arrangement is essential to support older workers with care responsibilities enter or remain in the labour market.

⁽³³⁴⁾ (Strategic Consulting Services, 2023), (Eurofound, 2025a)

⁽³³⁵⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024c)

⁽³³⁶⁾ (OECD, European Commission, 2025)

⁽³³⁷⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024c)

⁽³³⁸⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2025a)

⁽³³⁹⁾ (Berg et al., 2017)

⁽³⁴⁰⁾ (OECD, European Commission, 2025)

⁽³⁴¹⁾ (OECD, 2023a)

⁽³⁴²⁾ (Chen and Gardiner, 2019)

⁽³⁴³⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024c)

⁽³⁴⁴⁾ (Eurofound, 2025a)

⁽³⁴⁵⁾ (Age Platform Europe, 2023), (OECD, 2025a)

⁽³⁴⁶⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024c)

⁽³⁴⁷⁾ (Eiffe, Muller and Weber, 2024)

A broad range of EU policies support the labour force participation and employment of older workers through improving working conditions and providing support to transition into employment. The Demography Toolbox⁽³⁴⁸⁾ includes policy tools geared towards reducing ageism and adapting work practices for older workers, providing tailored assistance, lifelong learning opportunities, and incentives to encourage job search behaviour. Complementary initiatives, like the European Innovation Partnership on Active and Healthy Ageing,⁽³⁴⁹⁾ aim to improve the health and quality of life of older individuals, thereby enabling their continued employment.

⁽³⁴⁸⁾ (European Commission, 2023)

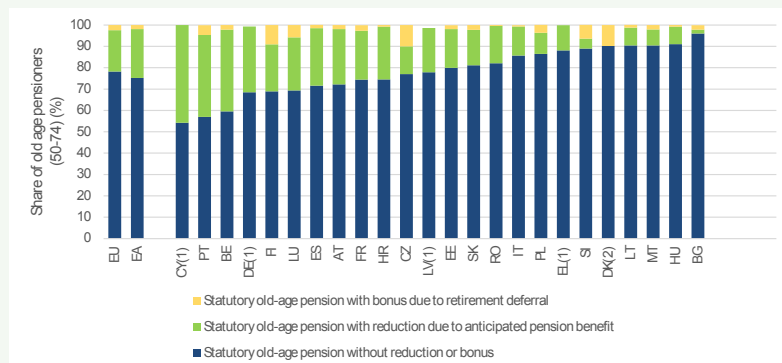
⁽³⁴⁹⁾ <https://digital-strategy.ec.europa.eu/en/policies/eip-aha>

Box 3.4: Transitions from work to retirement

In the context of early retirement restrictions and financial incentives to prolong labour market participation, more than 80% of people retire without pension reductions. Among EU pensioners aged 50 to 74 in 2023,⁽¹⁾ 19.4% had opted for early retirement despite a reduced statutory old age pension. Delayed pensions were less common, with only 2.4% of pensioners having retired after the statutory age and obtained an augmented first pension receipt.⁽²⁾ Among EU Member States⁽³⁾ with a system of bonus or reduction of statutory pensions, the large majority of old age eligible pensioners aged 50 to 74 retired without reduction or bonus (78.2%). Cyprus displays the highest share of early retirement with a reduced pension (45.8%), followed by Portugal (38.3%) and Belgium (38.2%), whereas early retirement with reduction is less prevalent in Bulgaria (1.8%) and Slovenia (4.6%). Postponed retirement is most common in Czechia (10.0%), Denmark (9.8%) and Finland (9.1%) (Chart 1). Early retirement remains more prevalent among women, particularly with caregiving responsibilities, as well as among low-skilled workers and those in physically demanding occupations.⁽⁴⁾

Chart 1

Composition of old age pension recipients aged 50 to 74, by initial statutory old age pension receipt type



Note: Ireland, the Netherlands, and Sweden are excluded since they do not have a system of bonus or reduction of statutory pensions. (1) With bonus: missing data for Cyprus, Germany, Latvia, and Greece due to low reliability. (2) With reduction: missing data for Denmark.

Source: Eurostat [lfs0_23pens04]

In the EU, most older people stop working at the first old age pension receipt they are eligible to, with considerable heterogeneity across countries and groups, reflecting in part different retirement systems.⁽⁵⁾ Almost two thirds (64.7%) of pensioners aged 50 to 74 stopped working after receiving the first old-age pension,⁽⁶⁾ with Slovenia (84.3%), Romania (84.0%), and Bulgaria (79.1%) reporting the highest rates and Ireland (25.3%), Estonia (31.6%) and Cyprus (34.8%) the lowest (Chart A1). A slightly higher share of men stopped working beyond the first pension receipt than women (67.2% and 64.1%, respectively). Moreover, migrants are less likely to stop working upon receiving a pension compared to those born in the EU (58.4% and 65.9%, respectively), and so are self-employed compared to employees (69.5% and 78.4%, respectively) (Chart A2).

Re-entering the labour market after retirement remains a rare occurrence, with less than 5% of pensioners re-entering at least 6 months after receiving their first old age pension. Of these, almost one third returns because of financial necessity (30.2%) and over a quarter returns because they enjoy working or being productive (28.4%). Re-entering was more prevalent among men (4.9%) and highly educated people (6.5%), although reasons remain diverse across groups.

Besides statutory arrangements, reasons for exiting the labour market upon receiving their first pension differ across population groups. Among the 64.7% old age pensioners who stopped working upon the first pension receipt, the majority (76.8%) chose to retire because they reached the eligibility for a pension (Chart 2). Over 6% of the old age pensioners who stopped working upon pension receipt did so because they reached the maximum retirement age (6.3%). Additionally, over 6% of pensioners stopped working due to disability or illness, a share which is higher for migrants (13.2%) and the lower educated (8.9%), the latter usually reporting also higher exposure to

(1) While the interviews were conducted in 2023, pensioners interviewed have not necessarily retired in 2023 but could have retired in any previous year.

(2) Eurostat [lfs0_23pens04]. It excludes Ireland, the Netherlands, and Sweden as they do not have a system of bonus or reduction of statutory pensions.

(3) Pension systems and eligibility conditions differ across Member States. For more detailed information on these differences, see MISSOC database and the Pension Adequacy Benchmarking Framework.

(4) (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2025)

(5) Combining work and pension is allowed in all EU Member States. However, conditions vary across pension schemes and pensioners might be subject to a cut in their benefits when combining both (MISSOC). See MISSOC database for more details

(6) The LFS ad hoc module on pensions asks respondents whether they continued or stopped working when they started to receive an old age pension.

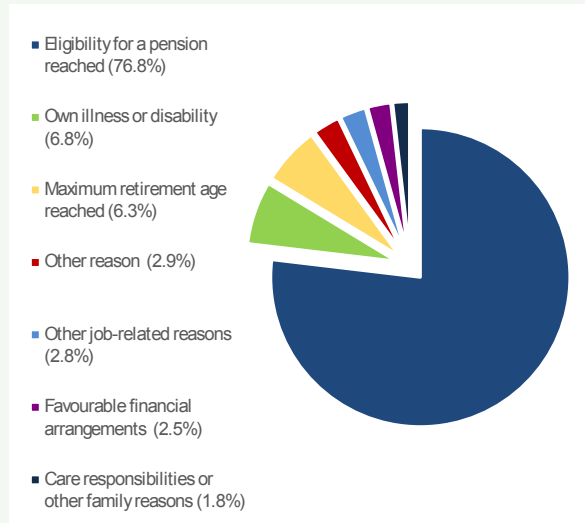
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Box (continued)

health risk factors at work, leading to limiting health conditions.⁽⁷⁾ Although lower-skilled and lower-educated older workers have a higher prevalence of chronic diseases and limiting illnesses than other groups, they are also less likely to benefit from reasonable accommodations at work. The lack of reasonable accommodation faced by lower-educated older workers and those with a limiting illness makes them more vulnerable to unemployment and long-term unemployment, as well as more likely to believe their work to be unsustainable and to exit the labour market rather than reduce their working hours.⁽⁸⁾ Other disparities are found regarding the weight of care responsibilities and family reasons, as it is impacting more women (2.7% against 0.7% for men) and migrants (2.6% against 1.6% for domestic-born) in their decision to stop working (Chart A3).

Chart 2

Main reasons to stop working upon the first old age pension receipt in the EU



Source: Eurostat [lfsa_23pens07]

Low-educated pensioners and migrants are more likely to continue working out of financial necessity.

Among the old age pensioners who continued working after receiving their first old age pension (13.0%), the largest share (36.3%) continued because they enjoy working and being productive. Over a quarter (28.6%) of pensioners cite financial necessity as their main reason to continue working beyond old-age pension receipt (Chart A4). Clear disparities emerge between migrants and those born in the EU, with almost half (45.9%) of migrants reporting working longer out of financial necessity compared to 27% of EU-born. Similar differences are present between pensioners with lower levels of education (35.6% keep working out of financial necessity) compared to those with high levels of education (18.9%). Generally, higher earners and workers in white-collar occupations are more likely to work beyond the statutory retirement age as they benefit from favourable working conditions, possibilities for continued employment, and better health conditions. As a result, they are expected to benefit more from deferred or flexible retirement pathways.⁽⁹⁾ In parallel, the share of women who continue working out of financial necessity is 3.2 pp higher than that of men (Chart 3). In addition, a significantly higher share of pensioners continues to work out of financial necessity in countries such as Estonia, Latvia, and Lithuania (54.9%, 44.2%, and 43.7% respectively), likely related to low pension adequacy.⁽¹⁰⁾ In fact, employment has been the most effective safeguard against poverty and social exclusion in older age groups. In 2023, 10% of employed persons aged 55+ were at risk of poverty and social exclusion, compared to 69% of the unemployed and 19% of retirees.⁽¹¹⁾

⁽⁷⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024)

⁽⁸⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024), (Eurofound, 2019)

⁽⁹⁾ (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2025)

⁽¹⁰⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024)

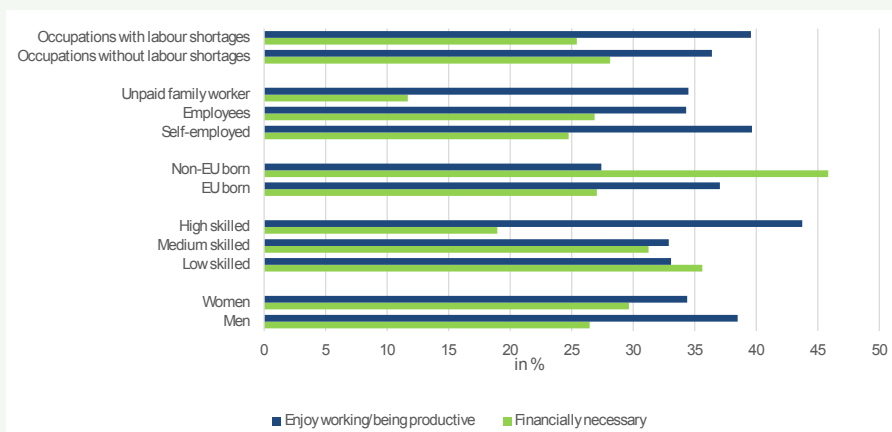
⁽¹¹⁾ (Eurofound, 2025)

(Continued on the next page)

Box (continued)

Chart 3

Main reasons to continue working beyond the first old age pension receipt in the EU



Note: Only the two most cited reasons to continue working are shown, the others being 'Financially attractive', 'Partner/spouse still working', 'Stay socially integrated', 'Other reasons'

Source: EU-LFS 2023

Policies to help older workers re-enter employment after a period of unemployment help prolong working lives. In 2023, 22.4% of EU old age pensioners aged 50 to 74 declared that they were already not working before the first old age pension receipt (Chart A1). In addition to the numerous barriers that older workers are facing in the labour market, including discrimination and a lack of workplace flexibility and accommodations, they face more difficulties and have a lower propensity to re-enter the labour market after a job loss than younger workers.⁽¹²⁾ Therefore, they are more likely to transit from unemployment into long-term unemployment, being outside the labour force, invalidity, retirement or other social welfare schemes.⁽¹³⁾ Although unemployment of older workers stands below that of mid-career workers, they face a higher risk of long-term unemployment once displaced from the labour market.⁽¹⁴⁾ Not working before the first pension receipt is more common for people with lower education (27.9% against 15.6% of high-educated), migrants (29.3% against 21.2% of domestic-born), and people working in labour shortages occupations (22.5% against 14.5% for non-labour shortages occupations) (Chart A2). Women are particularly affected (24.7% against 18.3% for men), with long-term inactive women also representing the biggest inactive group within the non-retired population aged 55 to 68. Over two thirds (67.6%) of women have not been active for one year or more and many of them do not fulfil the requirements for receiving a statutory old age pension, increasing their vulnerability to poverty.⁽¹⁵⁾

⁽¹²⁾ (Mandl et al., 2018)

⁽¹³⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024)

⁽¹⁴⁾ (Eurofound, 2025)

⁽¹⁵⁾ (European Commission: Directorate General for Employment, Social Affairs and Inclusion, 2024)

4. CONCLUSIONS

Labour force participation can be supported through a variety of supply- and demand-side measures with long-lasting positive effects.

- **On the demand side, employer-focused measures to improve support in the workplace and combat discrimination are essential to ensure increased labour supply is matched by labour demand.** Discrimination remains a key barrier for all underrepresented groups assessed. Employer counselling and awareness campaigns can help prevent discrimination against these groups. Demand-side measures that focus on financial incentives for employers to hire persons from underrepresented groups and employment quotas have shown varying effectiveness. Accessible workplace and adequate accommodation at work, including telework opportunities, can facilitate the recruitment and retention of workers for a number of underrepresented groups. Other employer-focused measures such as mediation services and guidance can have positive effects on employment.

- **On the supply side, increasing financial incentives through in-work benefits targeted at workers with low income can support labour force participation particularly of women and young people.** Analysis of in-work benefits suggests potential increases in labour supply by 0.09% to 0.34% in additional persons employed across the eight Member States assessed. This is accompanied by strong poverty reducing effects, decreasing AROP rates by 2.31 pp to 5.6 pp. Results highlight that underrepresented groups respond differently to the in-work benefit. Labour supply effects are the weakest for older workers and women and stronger particularly for migrants. The design of in-work benefits matters for the ability to increase the labour supply of specific target groups, for the administrative burden of its implementation and its effect on reducing poverty.

The design of tax-benefit systems in Member States tend to provide lower financial incentives for some part-time workers to increase their hours worked, particularly for older workers, migrants and low-wage single parent households. Depending on household composition and average wage levels, the increase in disposable income from moving from part-time to full-time work can differ strongly across groups. The results vary depending on each Member States' tax benefit system but tend to provide weaker incentives to increase hours worked for older workers and migrants. In some cases, single parent households with children experience lower incentives to increase hours, as evident through particularly high full-time participation tax rates due to the loss of benefits when increasing hours worked.

Increased educational attainment and training remain key drivers to increase the employment of underrepresented groups. Simulations suggest that significant increases in educational attainment within the EU workforce can help reduce negative employment effects expected due to demographic change by 2050 and can lead to increases in labour force participation by 2050. Going beyond educational attainment, active labour market policies including the provision of accessible and inclusive training and vocational rehabilitation has been shown to be effective at increasing the employability of persons with disabilities, migrants and older workers and also increase their work retention.

On the specific policies that could support participation of each underrepresented group, this chapter finds that:

- **For women:** joint taxation of couples can cause disincentives for women, as they are often the secondary earners. Increasing the labour force participation of women would not only lead to significant employment gains, but also positive knock-on effects on GDP and very limited decreases in men's employment. To enable persons with care responsibilities, who are disproportionately women, to take up employment, the provision of affordable, quality external care services for children and adults is particularly important. Policies tackling gender stereotypes and promoting equal sharing of unpaid work within households can further support women's labour force participation.
- **For older workers:** pension reforms, including changes in statutory retirement age, can increase older workers' participation. Providing flexible work arrangements and work-place accommodations can support their continued employment. In addition, improving the affordability and quality of external care services for children and adults is key to attract older persons to the labour market, as many of them have care responsibilities.
- **For migrants:** simplification and expedition of the recognition of skills and qualifications of migrants obtained in third countries and support during the process can foster their labour market participation. The simplification of procedures to access the labour market via work and residence permits can further increase labour supply. Job search assistance has shown to be effective. Support needs to be tailored to the groups targeted, for instance by embedding language training into cultural and contextual workplace support thus providing holistic support addressing multiple barriers to labour market participation.
- **For persons with disabilities:** benefit traps remain a significant disincentive for this group. Supported employment and employment quotas have shown to be effective in helping persons with disabilities transition into employment. Accessible training provision and inclusive education, combined with other policies mainstreaming accessibility, e.g. in transport and other service provision, can be particularly effective. Providing flexible work arrangements and work-place accommodations is also crucial.

A person-centred, holistic, and multifaceted approach is required to adequately support persons from underrepresented groups and should take into account intersectional barriers to participation. Individuals who belong to more than one underrepresented group often encounter overlapping barriers. Comprehensive, tailor-made policy approaches that consider these intersections can address multiple challenges and help underrepresented groups develop their capacities.

EU initiatives and policies support the labour force participation of underrepresented groups through a wide range of measures. Several measures implemented under the 2021 European Pillar of Social Rights Action Plan promote access to inclusive labour markets through the EU employment target, including the Recommendation on adequate minimum income. The EU Action Plan on labour and skills shortages also focuses on increasing the labour force participation of underrepresented groups. Moreover, the Employment Equality Directive provides protection against discrimination in employment, aiming to ensure fair treatment for persons from underrepresented groups in the workplace. Additional initiatives and policies have been introduced which focus on specific underrepresented groups, such as the Gender Equality Strategy, the Strategy for the Rights of Persons with Disabilities 2021-2030 and its Disability Employment Package⁽³⁵⁰⁾ and, with respect to migrants, the Action Plan on Integration and Inclusion 2021-2027. The Employment Guidelines and country-specific recommendations of the European Semester provide concrete guidance on how labour force participation could be enhanced further. Some of these initiatives are also supported by EU funds such as the European Social Fund Plus, the European Regional Development Fund, the Recovery and Resilience Facility and the Technical Support Instrument. Together, these policies aim to create a supportive environment for underrepresented groups within the EU labour market. To support these initiatives, the role of social partners will be key.

To address demographic changes and persistent labour and skills shortages, increased efforts to bolster labour force participation are essential. The EU, Member States, and social partners have to collaboratively promote employment transitions, access to quality jobs, and equal opportunities, while enhancing social protection standards. Several recent and planned initiatives align with this goal. The recently launched Union of Skills will support up- and reskilling and step up efforts to attract, develop, and retain talent. The new Action Plan for the European Pillar of Social Rights, which will be adopted before the end of 2025, aims to strengthen labour market access and promote equal opportunities. Moreover, the forthcoming Quality Jobs Roadmap will further contribute to fair wages, favourable working conditions, and smooth job transitions. Providing tailored support to overcome the individual barriers faced by different groups remains vital to ensure no one is left behind. Ultimately, thorough policy evaluations, particularly of incentives within Member States' tax-benefit systems, are necessary to eliminate benefit traps and boost net income from employment.

⁽³⁵⁰⁾ Disability Employment Package to improve labour market outcomes for persons with disabilities