



**SYNCLUSIVE**

Project: System approach to close the employment gap and create a more inclusive labour market for vulnerable groups  
(Project number 101094526)

## Report state-of-the-art Living Labs (D1.1)

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## Abbreviations

Abbreviation	Explanation
AI	Artificial Intelligence
ALMP	Active labour market program
ANQEP	National Agency for Qualification and professional teaching
CCAT	Community Coalition Action Theory
CEDEFOP	European Centre for the Development of Vocational Training
CEEP	European Centre of Employers and Enterprises providing Public Service
CGTP	General Confederation of Portuguese workers
CRAS	The Civil Registration and Administrative Services General Directorate
CSO	Civil Society Organisation
CSRs	Country-specific recommendations
EAPN	The European Anti-Poverty Network
EASE	Effective Active Support to Employment
EC	European Commission
ELA	European Labour Authority
EMCDDA	European Monitoring Centre of Drugs and Drug Addiction
EMCO	The Employment Committee
EPC	European Policy Centre
ESF+	The European Social Fund+
ETUC	European Trade Union Confederation
EU	European Union
EU-LFS	European Union Labour Force Survey
FRA	European Union Agency for Fundamental Rights
GDP	Gross Domestic Product
IAPMEI	Agency for Competitive and Innovative
IEFP	Institute of Employment and Professional Training
ILO	International Labour Organisation
IPBEJA	Polytechnical Institute of Beja
IPS	Individual Placement and Support
JAF	Joint Assessment Framework
JOBS	Job Search intervention
LL	Living Lab
LLL	Lifelong Learning
MLSP	Ministry of Labour and Social Policy
MS	Member State
NEA	National Employment Agency
NEET	Not in Education, Employment, or Training
NGO	Non-Governmental Organisation
NRSF	National Roma Strategic Framework
OECD	The Organisation for Economic Co-operation and Development
OSH	Occupational Safety and Health
PACT	Alentejo Park of Science and Technology
PES	Public Employment Services
PLMP	Passive Labour Market Program
PROM	Patient-Reported Outcome Measure
REO	Regional Employment Office

RRF	Recovery and Resilience Facility
SAA	Social Assistance Agency
SDG	Sustainable Development Goal
SECLE	Service Centre for Continuous Learning and Employment (Finland)
SME	Small and Medium-sized Enterprise
SPC	Social Protection Committee
STWS	Short Term Work Schemes
SUWI act	Work and Income Implementation Organisation Structure Act
SYNCLUSIVE	System approach to close the employment gap and create a more inclusive labour market for vulnerable groups
SZW	Ministry of Social Affairs and Employment
UEAPME	European Association of Craft, Small and Medium-sized Enterprises
UWV	Netherlands Employee Insurance Agency
WAPES	World Association of Public Employment Services

## Abstract

The Synclusive project aims to enhance labour market inclusion for vulnerable groups in the European Union. It is a system-oriented approach using a regional coalition of stakeholders. This report presents current insights and research on labour market inclusion of vulnerable groups in Europe and the four research countries (Bulgaria, Finland, the Netherlands, and Portugal). These insights will be the context for developing the system-oriented approach with tailor-made interventions. The report draws from desk and interview research at the EU and national levels. The desk research encompassed scientific literature, regulations, policy documents, and reports from various organisations. Interviews were conducted among EU-level and national stakeholders in the field of employment of vulnerable groups. We discuss the main vulnerable groups, current challenges, key stakeholders, goals, standards, and indicators for the inclusion of vulnerable groups, and the prominent inclusion strategies. We do so at the EU and national/regional levels separately. Despite overall high employment rates in the EU, vulnerable groups like those with disabilities, long-term unemployment, and school dropouts face disparities in labour market access. EU initiatives target reducing discrimination and social exclusion. However, policy alignment and implementation vary among Member States, presenting a challenge. Common issues persist, but each country has unique concerns. Bridging skill gaps, social barriers, combating prejudice and discrimination, and promoting lifelong learning are crucial. Employers are pivotal in fostering social inclusion by supporting the development and mobility of vulnerable job seekers. This requires inclusive labour market policies and collaborative efforts between academia, employers, policymakers, and stakeholders. Such means aim to create equal opportunities and thriving workplaces for vulnerable individuals.

## Executive summary

### Introduction and objectives

The Synclusive project aims to enhance labour market inclusion for vulnerable groups in the European Union (EU). Vulnerable groups face challenges due to low education, disabilities and health problems, and discrimination based on age, gender, or ethnicity. Existing EU and national level policies and strategies have been implemented to combat these issues, but obstacles persist. The project employs a system-oriented "ENGINE approach", targeting various vulnerable groups and regional stakeholders with tailor-made interventions to stimulate labour market inclusion of vulnerable people by fostering mobility and the inflow of vulnerable groups. The idea of doing this with a regional coalition of stakeholders where the local government and employers, supported by training organisations and other third-sector organisations, is the second unique characteristic of the Synclusive project. This report presents current insights and research on labour market inclusion of vulnerable groups in Europe and the four research countries (Bulgaria, Finland, the Netherlands, and Portugal). These insights include current challenges, barriers, and opportunities for the inclusion of vulnerable groups, which will be the context for developing tailor-made interventions as part of the ENGINE approach.

### Methodology

The report draws from desk and interview research at EU and national levels. The desk research encompassed scientific literature, regulations, policy documents, and reports from various organisations. Interviews were conducted among EU and national stakeholders in the field of employment of vulnerable groups. EU-level informants included representatives from EU institutions and civil society organizations. National informants represented various public and private organisations.

### Challenges

In the context of the EU-level insights, three general themes of challenges were highlighted, each accompanied by a range of challenges. These challenges can be broadly categorised into the following main groups: global trends and threats, socio-economic phenomena influenced by these trends, and policy, regulation, and institutional gaps that further amplify socio-economic issues. It's worth noting that the analytical frameworks within the EU have evolved to become increasingly multidimensional, recognising the intricate interconnectedness of various aspects of social life. Key issues such as the 2008 financial crisis, the COVID-19 pandemic, Russia's War in Ukraine, the Twin Transitions, and demographic trends (such as ageing and the diminish of the EU population), are among the several key issues identified. Regarding specific challenges related to policy, regulation and institutional gaps in the labour market dynamics, several have been identified: Gaps in the implementation of laws and regulations; Insufficient or unsatisfactory results of policies and strategies, especially for the employment of vulnerable groups; One-sided or biased policy focus; Unsuitable design of policies; Policies under construction or to be developed; Poor involvement of Stakeholders; Lack of support to good practices; Financial Constraints; Capacity Constraints; and Gaps in monitoring and evaluation. These challenges underscore the need for better coordination, resource allocation, and data collection to improve the effectiveness of labour market policies in the European Union.

### Vulnerable groups

The research identified various vulnerable groups in the EU, as well as the factors which contribute to their vulnerability. These were consistent throughout the partner countries. These groups include women, young and older people, people with health problems and disabilities, ethnic and racial minorities, migrants, people with disadvantaged backgrounds and individuals with low education

and/or skills. These vulnerabilities manifest in various ways in the labour market, from discrimination and unequal treatment, lack of skills and/or experience, precarious employment and poor-quality jobs to other challenges finding employment.

### Goals, standards, and indicators

There is an EU commitment to promote the inclusion of vulnerable groups in the labour market through various policy initiatives and strategies. These initiatives address issues such as unemployment, discrimination, and social exclusion. Key goals and initiatives include increased labour market participation, reducing poverty and social exclusion, promoting skills development and lifelong learning, improving working conditions and quality jobs, ensuring equal treatment and non-discrimination, and engaging social and stakeholder dialogue. These frameworks and initiatives aim to promote social inclusion, economic growth, and job creation while addressing the needs of vulnerable groups in the labour market. They also encourage cooperation and coordination among Member States and relevant stakeholders to achieve these objectives. Nevertheless, there is variability in the alignment and implementation of EU standards across Member States and regions, with some being more proactive than others due to factors like resource constraints and policy priorities. Various standards are related to labour inclusion policies, specifying guidelines and recommendations for Member States. These standards cover many areas, from equal pay and work-life balance to skills development and social services. They also emphasise the need for inclusive and tailored approaches, focusing on accessibility, quality jobs, and social incentives and services. Furthermore, there are standards for upskilling, apprenticeships, and traineeships, including criteria for assessing good practices in upskilling low-skilled individuals. Overall, there's a commitment to promote inclusive labour markets and outlines various standards and directives to achieve this goal.

The EU has established indicators throughout the years to evaluate the labour inclusion of vulnerable groups in its member states. These indicators help assess the effectiveness of policies promoting employment inclusion and social cohesion, especially concerning the Sustainable Development Goals (SDGs). The SDGs, adopted by the United Nations in 2015, serve as a framework for these indicators, focusing on economic growth, employment, and decent work for all. The European Union uses a set of indicators developed by EUROSTAT to measure progress toward SDG 8, which includes various aspects such as economic growth, employment rates, unemployment rates, and decent work conditions. The European Union Labour Force Survey (EU-LFS) is crucial role in collecting labour market data, offering insights into employment and unemployment trends across EU member states. The survey covers various socio-demographic factors, including age, gender, education, and employment status, ensuring uniformity and comparability of data. There's also a joint assessment framework (JAF) devised by the European Commission, the Employment Committee, and the Social Protection Committee to track progress in implementing employment guidelines, using indicators like employment rates, education levels, employment growth, and pay gaps.

### Inclusion strategies

Besides the previously mentioned goals, standards and indicators, there are also specific inclusion strategies in the context of European labour market policies. These strategies are categorised based on various dimensions, such as level of dissemination, level of intervention, policy goals, and the vulnerable groups they target. There is a specific focus on policy-level strategies recommended by the European Union Employment Guidelines, which address areas like increasing labour demand, improving access to employment, enhancing labour market functionality, and promoting equal opportunities and social inclusion for all. The preventive policy approach focuses on preventing a high percentage of low-skilled adults and supporting their participation in the labour market, leading to better living conditions. The EU also has active labour market policies (ALMPs) aimed at improving the functioning of the labour market and assisting various groups, such as low-skilled or long-term unemployed individuals. ALMPs are divided into four categories: training programs, incentive schemes, direct employment programs, and job search services. Certain ALMPs focus on specific



groups, such as young or disabled unemployed individuals. Overall, there's a need for comprehensive and effective strategies to promote inclusion in the labour market, both at the individual and employer levels.

### Stakeholders

There are various stakeholders involved in promoting labour market inclusion for vulnerable groups. At the EU level, the European Parliament, the Council, and the Commission collaborate to establish employment policy guidelines. Committees such as the Employment Committee and the Social Protection Committee, along with Council preparatory groups, play roles in coordinating economic and social policies and monitoring policy implementation in Member States. National authorities are responsible for creating, implementing, monitoring, and evaluating national strategic frameworks and local action plans, following EU and international standards. They also set national targets and assess results. The National Public Employment Service (PES) is a key stakeholder, offering personalised assistance for training, job transfers, and job searches. They bridge the gap between education and labour market participation. PES collaborates with a wide range of organisations, including non-governmental organisations, public and private education providers, small and medium-sized enterprises (SMEs), social enterprises, local governments, social support service providers, employer organisations, labour unions, local communities, private employment agencies, and temporary work agencies.

### Four living labs

The Living Labs, which are a part of the Synclusive project, Bulgaria, Finland, the Netherlands, and Portugal, have differences and similarities regarding their labour market, which are briefly addressed below.

The Bulgarian labour market at the beginning of 2020 had several strengths, including increased employment, low unemployment, and improved workforce quality. The pandemic posed challenges but did not significantly disrupt the labour market, with Bulgaria maintaining a lower unemployment rate compared to other European countries. However, it also revealed its labour market weaknesses. Vulnerable individuals, facing barriers related to skills, health, or family responsibilities, struggled to enter the labour market. Bulgaria's Employment Strategy for 2021-2030 focuses on addressing these challenges, especially the structural mismatches between the education and qualifications of the workforce and employer demands. The labour market is expected to have an oversupply of workers with tertiary and primary education and a shortage of workers with secondary education.

In Finland, vulnerable labour market groups face challenges such as poor health, lower education, immigrant backgrounds, older age, and unstable work histories. These challenges are often associated with long-term unemployment. The main obstacles include individual vulnerabilities, difficulties for employers in accessing support for hiring vulnerable individuals, and a fragmented service structure. Various stakeholders share the goal of increasing labour market participation and inclusiveness, but they may have different strategies. Health plays a significant role in employment, with work ability assessments used to determine support needs. However, there has been a lack of support for employers dealing with job seekers' work ability challenges. Positive employment outcomes have been observed when focusing on improving job search skills and supporting job seekers and employers.

In the Dutch labour market, vulnerable groups include those with minority backgrounds, young and older individuals with low education levels, limited work experience, and disabilities. Support is organised regionally, mainly by municipalities and UWV. The Employer Service Point aids employers in hiring from vulnerable groups but lacks strategic partnerships. Continuous support and short, tailored training programs are needed, requiring collaboration between stakeholders. Stakeholders aim to create a more inclusive labour market, as outlined in the Jobs Agreement, but specific goals for employee development are yet to be set. While various tools and facilities exist to support

vulnerable individuals in the labour market, their evidence base is limited. Many of these support options are underutilised, despite their potential value for promoting the inclusion of vulnerable groups.

Portugal's labour market policy involves collaboration between public and private employment services focusing on reducing unemployment through vocational training and job placement assistance. Attention is given to youth and long-term unemployment through digital services and training resources. The government provides unemployment benefits tied to previous earnings to balance competitiveness and inclusivity. Vulnerabilities in Portugal's labour market affect youth, individuals with disabilities, immigrants, and refugees. In the southern regions of Alentejo and Algarve, low wages in tourism and agriculture sectors are problematic. High tax rates on companies lead to low salaries and temporary contracts for young workers. Better coordination among public institutions is needed for inclusive support. Various programs address youth unemployment, including reduced social security contributions for employers hiring young individuals, internships, youth employment teams, and entrepreneurship support. Quotas exist for employing individuals with disabilities but not for other demographics.

### Conclusion

In conclusion, addressing the employment and learning challenges of vulnerable groups, including individuals with disabilities, long-term unemployed, and school dropouts, requires a comprehensive approach. While there is a significant disparity in their employment rates compared to the overall population, hiring vulnerable workers can benefit both individuals and organisations. However, there are obstacles such as social barriers, employer prejudice, and workplace accessibility issues that hinder their employment prospects. Additionally, barriers to participation in adult learning, including financial constraints and lack of support, need to be addressed. The concept of lifelong learning should be expanded to encompass broader societal concerns and include the perspectives of vulnerable groups and an inclusive strategy to involve employers. By adopting inclusive labour market policies, providing tailored support, promoting a more comprehensive understanding of social exclusion and lifelong learning, and stimulating employers to become more inclusive can be created more equal opportunities and foster thriving workplaces for vulnerable individuals. This should be done through research (including action research) and collaboration between academia, employers, policymakers, employment services and other stakeholders in societies.

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# 1 Introduction and objectives

## Background

Better labour market inclusion of vulnerable groups has been a commonly accepted goal in the European Union and its member states for a long time (e.g., The European Pillar of Social Rights Action Plan, The European Employment Strategy, The EU Disability Strategy). Many different EU level, national and regional policies and strategies have been implemented to increase employment and decrease the discrimination and marginalization of vulnerable groups (Ernst et al., 2022). These groups are often characterized by low education, weak work experience, health difficulties and disabilities as well as inequalities based on age, gender, or ethnicity (e.g., Cedefop, 2020c; Eurofound, 2021ab; European Commission, 2020a).

Promoting labour market inclusion of vulnerable groups is complex and has various challenges. The inclusion of vulnerable groups has been challenged by an increase in inequality, discrimination, poverty and social exclusion, and a polarisation of skills needed in the labour market (e.g., Burgess et al., 2013; Cedefop 2020c; Eurofound, 2020). The introduction of new technologies, in turn, has affected employment possibilities of those having low education and digital skills (e.g., Graetz & Michaels, 2018). The COVID-19 pandemic has also widened the gap in inclusion by causing loss of jobs and deteriorating the quality of education and training (Cedefop, 2020c; OECD, 2021). It has also been recognized that limited collaboration between regional stakeholders promoting the inclusion of vulnerable groups hampers inclusion (EAPN, 2020; Eurofound, 2023b; Oivo & Kerätär, 2018). Moreover, ownership by employers has been seen as too limited to create ‘traction’ in the labour market (e.g., Van Dijk & Edzes, 2016). Many employers do not probably feel that the employment of vulnerable groups is something they should be responsible for, nor do they have the tools to promote an inclusive workplace (Mor Barak & Daya, 2014). In addition, inclusion of vulnerable groups in the labour market has usually been supported via top-down delivered programs using less tailored, evidence-based, and client-oriented interventions (Ernst et al., 2022; Eurofound, 2021b; Malmberg-Heimonen et al., 2019). Evidence for the effectiveness of these programs is limited because they are very context-specific and vary according to national legislation, culture, social security, stakeholders, and vulnerable groups (Ernst et al., 2022).

## Objectives

The primary aim of the Synclusive project is to improve the labour market inclusion of vulnerable groups. Synclusive focusses on jobseekers who are outside the labour market and have an unequal chance to find work. It also includes employees who are inside the labour market but are vulnerable to losing their jobs and have an unequal chance to develop themselves and get promotion. The vision of Synclusive is that by stimulating upward or sideward mobility of current employees an inflow for jobseekers in the labour market can be created. To achieve this, a system-oriented approach is required, in which regional stakeholders – including municipalities, employers, civil societies, (vocational) educational and coaching institutes and communities – closely collaborate. As the labour market mobility occurs most often within a region by fitting regional employers to employees and jobseekers, the available regional infrastructure will be used. In addition, it is important to remove obstacles in the actions and cooperation.

In the Synclusive project, we use the “ENGINE approach”, in which tailor-made interventions are consecutively implemented for different vulnerable target groups and regional stakeholders. The interventions may, for instance, consist of coaching job seekers, training employers to develop the talents of their personnel, measures to mitigate discrimination in recruitment procedures, and measures the develop cooperation between local stakeholders. Altogether, the project aims to develop, implement, and evaluate such an innovative, integral, interdisciplinary system approach to promote the inflow and further development of vulnerable groups in the labour market. The project

will be conducted in four different Living Labs in four different European countries (Bulgaria, Finland, the Netherlands, and Portugal), from which research and policy implications can be distilled for policies at the regional, national and EU level.

### Report structure

The goal of this report is to present current insights and research on inclusive labour market for vulnerable groups in Europe and in four research countries (i.e., Bulgaria, Finland, the Netherlands, and Portugal). These insights include current challenges, barriers, and opportunities for inclusion of vulnerable groups, which will be the basis for developing the tailor-made interventions that are part of the ENGINE. The report introduces 1) the main vulnerable groups; 2) the stakeholders involved in including vulnerable groups in the labour market; 3) the current labour market challenges; 4) the goals, standards and indicators associated with the inclusion of vulnerable groups; and 5) the main inclusion strategies promoting employment of vulnerable groups. We do so at the EU and national/regional levels, separately.

Chapter 3 presents the findings of EU-level policy documents, research literature and interviews from EU level stakeholders and experts. Chapters 4–7 focus on labour market inclusion of vulnerable groups in four countries representing legal, politically, societally, and culturally different context. Chapter 8 compares the similarities and differences between the four countries in terms of inclusion of vulnerable groups.

## 2 Methodology

### 2.1 Research questions

The research questions in the focus of this report, as well as the used data-collection methods are specified in Table 1 below under the five main topics of the research: challenges, vulnerabilities, goals, standards and indicators, inclusion strategies, and stakeholders.

Table 1. Research questions by topic.

	EU level		Living Lab level	
	Desk research	Interviews	Desk research	Interviews
<b>1. CHALLENGES:</b>				
1.1. What are the main issues associated with the inclusion of vulnerable groups in the labour market? What are the major challenges in the EU on this topic?				
1.2. What are the specific challenges identified in Bulgaria, Finland, the Netherlands, and Portugal?				
<b>2. VULNERABILITY IN FOCUS:</b>				
2.1. Which are the vulnerable groups and factors of vulnerability in focus in the EU? How are the target groups of the four Living Labs positioned in related documents at the EU level?				
2.2. What are the specific groups recognized at the national level and at the regional level?				
<b>3. GOALS, STANDARDS, INDICATORS:</b>				
3.1. What are the current EU goals regarding the inclusion of vulnerable groups in the labour market?				
3.2. What are the country- and local-specific goals?				
3.3. What kind of standards and indicators have been set and employed at the EU level?				
3.4. What are the standards and indicators considered in the relevant policies at the national and regional level concerning the four Living Labs? Are there different standards and indicators employed at national and regional/local levels?				
<b>4. INCLUSION STRATEGIES:</b>				
4.1. What are the existing inclusion strategies across the EU and are there any new trends and approaches?				
4.2. What kind of achievements/good examples do exist across the EU?				
4.3. What are the existing inclusion strategies in the countries and regions of the four Living Labs?				
4.4. Are there any achievements and good examples in the four LLs?				
<b>5. STAKEHOLDERS:</b>				
5.1. Which stakeholders are formally recognized as having roles in the labour market inclusion of vulnerable groups at the EU level and in each Living Lab?				
5.2. How are the stakeholders' actual roles assessed (by themselves and by other stakeholders)?				
5.3. Are there other stakeholders that play roles but are not formally recognized? How are their actual roles perceived?				
5.4. What are the formal and informal relations and power balances between all these actors? Do they have potential powers not activated yet? What are their strengths and weaknesses?				



## 2.2 Data collection

The report is based on both desk and interview research conducted at the EU and national levels. The desk research utilized scientific literature, national and regional regulations and policy documents, analyses and reports from government bodies, employer and municipal organizations, universities and research institutes, non-governmental organizations, think tanks, and trade unions. In addition, reports on good practices, publications in the media and the websites of relevant institutions and organizations were used. The lists of documents were prepared separately for the EU and national levels, in three consecutive phases:

1. Preliminary lists were elaborated before the start of the examination of documents, based on the previous knowledge of the researchers and complemented through online research of the websites of relevant institutions and organizations.
2. Working lists of documents were upgraded during the entire process of document collection and examination. This was done through 1) an online search with keywords and phrases (e.g., employment; employment regulation; employment strategy/strategies; vulnerability; vulnerable group/groups; the names of the specific target groups of each living lab), 2) an examination of references in already identified documents, and 3) using the recommendations by the interviewed informants.
3. Final lists were gathered after the completion of the desk research and after gathering feedback from all respondents and project partners. Documents which did not contain information on at least one of the enlisted research questions were excluded from the lists.

The main research attention was focused on documents issued in the last five years (since 2019). If relevant, also older documents were reviewed. Over 400 documents were examined during the preliminary screening. More than 150 documents were reviewed and analysed at the EU level, 40 in Bulgaria, 34 in Finland, 40 in the Netherlands, and 31 in Portugal.

The interviewees were recruited from EU-level and national institutions and organizations active in the field of employment. The goal was to interview 10 to 12 key informants at the EU level and 8 to 10 informants nationally. The contact details of potential participants were found from organizations' web pages and research partners' previous contacts, and in some cases, they were recommended by other interviewees. Each participant received a written invitation including a research brief and consent to participate in the interview study. The participation was voluntary, and the participants had a right to decline from participating. All respondents expressed their consent to participate prior to the interview either in written form or orally in the beginning of the interview. The individual interviews were conducted in-person, online or by phone, depending on the respondents' availability. One interview took about 60 minutes. All interviews were audio recorded.

Each partner collecting and storing the research data including personal data followed the EU and national legislation regarding the study ethics and data management. The templates for research briefs and agreement forms were introduced, and each partner modified the templates according to EU and their national legislations.

## 2.3 Participants

In this study, we interviewed policymakers and other stakeholders at the EU and national level. The EU level informants represented EU level institutions (3 participants) and Civil Society Organisations (CSO) (8 participants).



The national informants represented the following organizations:

- Bulgaria: 8 interviews were conducted with representatives of National level public bodies (2 interviewees) and members of CSO (6 interviewees).
- Finland: 8 interviews were conducted with the representatives of the following institutions: Ministry of Economic Affairs and Employment, Ministry of Social Affairs and Health, Local Government and County Employers KT, Employment Industry Finland, Association of Finnish Municipalities, The Finnish National Organisation of the Unemployed, Finnish Institute for Health and Welfare, and Finnish Institute of Occupational Health.
- The Netherlands: 18 interviews were conducted with representatives of the municipality (path counsellors, account managers), regional bodies involved in the mediation of the long-term unemployed (apprenticeship desk, employer service point), trainers (Secondary vocational education, regional training centre), interest groups, social partners (Netherlands Trade Union Confederation, employer association), national authorities (Foundation for Cooperation on Vocational Education, Training and the Labour Market, Netherlands Employees Insurance Agency (UWV), Ministry of Social Affairs and Employment) and employers.
- Portugal: 13 interviews were conducted with the representatives of the organizations: IEPF (Institute of Employment and Professional Training); IAPMEI (Agency for Competitive and Innovative); ANQEP (National Agency for Qualification and professional teaching); Rede do Empresário (a digital platform for companies and institutions which offer various services for various needs); PACT (Alentejo Park of Science and Technology); IPBEJA (Polytechnical Institute of Beja); CGTP (General Confederation of Portuguese workers); and the EMCDDA (European monitoring centre of drugs and drug addiction) which is located in Lisbon. These organizations represent both public and private entities.

More interviewees were involved in the Netherlands and Portugal compared to Bulgaria and Finland. In the Netherlands and Portugal, the interviews covered questions for both national (i.e., task 1.2) and regional/local (i.e., task 1.3) stakeholders. The interviews in Bulgaria and Finland only covered national stakeholders.

## 2.4 Data analysis

In the desk research, the source and the content of each document were briefly described based on the research questions (Table 1). The document description includes the title of the document; author(s); year of publication; type (regulation, policy document, scientific book/article, analysis/report/survey, media publication); format: (pdf, html, etc.); the source or link; overall description of the content; research topic(s) concerned; a detailed description of topics of interest. The interviewees provided written summaries of the main outcomes of each interview. The summaries were provided in English, and they summarised the interviewees' answers to all the discussed topics, excluding topics out of the research scope. The results of the desk research and interviews were triangulated and combined for each research topic. The local research teams from the four countries summarised the findings for the regional context (Chapters 4-7). To compare findings across the four countries, a matrix was developed that compared the countries for all five research topics. From this matrix, commonalities and differences between countries were distilled (Chapter 8).

## 3 EU-level insights

### 3.1 Challenges

There are three broad types of challenges identified in the policy, analytical and law documents reviewed at the EU level, as well as in the answers provided by representatives of EU-level key stakeholders: global trends and threats; socio-economic phenomena and developments, caused or influenced by the global trends and threats; and policy, regulation and institutional gaps seen as additional hurdles to address or even amplifiers of the socio-economic challenges. It should also be noted that the mutual connections by diverse aspects of social life are more extensively researched, and hence, considered. As a result, in the EU policy framework labour inclusion challenges cannot be separated from the social challenges.

#### 3.1.1 Global trends and threats

##### Financial crisis

The financial crisis of 2008 is still mentioned, although rarely, in the reviewed documents. There are several reasons for this. First, it challenges the very basic principles of the Union by underscoring the close interdependence of the Member States' economies and labour markets (Council of the EU, 2018). Second, it has deep and large-scale consequences. For example, from youth and long-term unemployment to the risk of poverty (European Commission, 2018), which have not been totally overcome. For instance, in 2023, the European Parliament concluded that the real wage levels are still below the crisis in many Member States (European Parliament, 2023). Third, the recovery from the crisis has brought labour shortages. "In the aftermath of the global financial crisis shortages began to appear in sectors such as information and communications, construction, manufacturing and healthcare." (Eurofound, 2022, p.11).

##### COVID-19

COVID-19 was mentioned in many law, policy and analytical documents reviewed, regarding the topics of employment and inclusion. Several direct and current effects of the pandemic were outlined:

- **Economic shock, contraction of the EU economy and loss of jobs** (ETUC, 2020). It hit disproportionately sectors, such as tourism, travel, indoor dining, art and entertainment, non-essential retail and wholesale. As the proportions of young people working in these sectors are substantial, they also suffered from the loss of jobs (Eurofound, 2021a).
- **Increased demand and reduced supply of social services, causing exceptional overload for the social workers.** The vulnerable groups which were mostly impacted by the pandemic were homeless, the elderly, children and young people, and persons with disabilities... "For persons with disabilities, the main impacts were triggered by the discontinuity in services and lack of alternative options that were available in terms of everyday care, activities, and jobs." (European Commission, 2022c, p.135).
- **Decreased supply and deteriorated quality of education and training.** "Face-to-face and in-firm training had to be suspended, and courses moved online." (European Commission, 2022b, p.13).
- **Postponed implementation or abandoning of policy measures.** For instance, the outbreak of the pandemic has seriously interrupted implementation of the Framework agreement on

active ageing and an inter-generational approach causing delays or abandoning of already planned activities (BusinessEurope, CEEP, UEAPME, ETUC, 2021).

Some of the identified effects of the pandemic are indirect and expected to become a larger problem in the future. Such effect is the loss of skills following the loss of jobs (European Commission, 2021a). This effect may also vary by sociodemographic groups: "...The impact of the pandemic on education has also damaged young people's opportunities to accumulate formal human capital and skills. The decisions to close schools, training centres and universities had tremendous repercussions for the productivity and work-life balance of parents, as well as for students and their learning... The insecurity caused by periods of unemployment can have lasting consequences for young people's professional development, prospects, and broader life decisions." (Eurofound, 2021a, p.2,20). Another effect with expected future development is **exacerbation of existing inequalities in employment and skill acquisition**. In 2020, the European Commission (2020b) concluded that the pandemic has accentuated the existing digital skills gap and new inequalities have emerged regarding to regarding to education and training, as many people do not have the required level of digital skills or are in workplaces or schools lagging behind in digitalisation. In 2022, they expressed expectation "that the negative employment consequences of COVID-19 for more vulnerable groups could become more long-standing." (European Commission, 2022b, p.1).

Some of the expected effects of the pandemic are hardly to be envisaged in detail, as being more general, but they are not always negative: it fostered digitalisation in the work patterns, as almost 4 in 10 employees started teleworking during the containment measures; it transformed the economy by changes in consumer behaviour; and it highlighted policy gaps and needs of policy change regarding the provision of social services for vulnerable groups (European Commission, 2020b, 2021a, 2022c).

#### Russia's war in Ukraine

Being a relatively new threat, the war in Ukraine was present only in the part of documents seldomly commented by the interviewees. Still, its major effects were identified. At first, millions of people were displaced and pushed by the war to the EU countries, needing labour market and social integration (European Commission, 2022d). According to a survey conducted by FRA, the main barriers to employment of Ukrainians are the language barrier, caring and family obligations and non-recognition of skills, as well as the fact that only temporary or undeclared work is available. (Eurofound and the European Union Agency for Fundamental Rights, 2023). The EU experienced huge inflationary wave following the peak of the energy prices. Again, inequalities are exacerbated, and vulnerable groups disproportionately hit: "The acceleration of inflation observed after the first half of 2021 and further in 2022, due to Russia's war of aggression against Ukraine, has led to a decline in real wages, especially among low-wage earners" (European Commission, 2022d, p.8). A great number of businesses were forced to shrink or close, with respective consequences for the labour market. This trend concerns the different sectors unevenly: "...The war in Ukraine has not left all businesses unscathed. Rising energy costs have forced companies in some sectors to cut jobs. The energy-intensive basic metals manufacturing sector has especially suffered" (Eurofound, 2023a, p.11).

#### "The twin transitions"

The green and the digital transition have been perceived as challenges. Both trends can have positive as well as negative impacts, including on labour-related topics "... If well regulated, the new digital economy, including artificial intelligence (AI), has the potential to benefit society as a whole by improving quality of life and working conditions and both preserving employment and creating new

quality employment opportunities, while fostering prosperity and facilitating the transition to a more sustainable, robust and resilient economy.” (European Parliament, 2023, Preamble, K).

The green and the digital transition have some very similar consequences. They are restructuring of the economy, in a way that some sectors and jobs will be declining, and others will be developing or emerging (European Commission, 2021a). They reveal the need for new skills and lead to other labour shortages. The European Commission (2022d) emphasised the need for upskilling and reskilling of the workforce in support to job transitions and to address already important labour and skills shortages, including in the green economy. They emphasise the need for reassessment of values. “There are very important questions regarding the impacts in social cohesion, such as what jobs exist, and which are the consequences. The digital transformation destroys and creates jobs, now what exactly are these jobs, and what are the consequences of them?” (Representative of institution at EU level).

Much more attention is paid to the digital than to the green transition. Digitalisation is seen as having several implications connected to the labour market. It brings changes in the patterns and standards of work, requiring flexible digital skills (Cedefop, 2020c). However, it also contributes to the erosion of labour rights and worsening of working conditions. It helps avoiding social security payments through bogus self-employment, especially in the case of digital work platforms (ETUC, 2019). It blurs boundaries of the working hours and worsens work-life balance through teleworking (European Commission, 2021c). It leads to deprivation of workers of managerial support through AI and use of algorithmic management (Eurofound, 2023a). It increases the risk of bias, lack of transparency and discrimination in recruitment, remuneration and career opportunities through automated decision-making solutions (European Commission, 2021c). And it also increases psychological risks at work due to amplified cognitive load and work intensity (Eurofound, 2023a).

## Demographic trends

A relatively small number of sources commented on demographic challenges, although they were mentioned by many as “structural, but no less urgent” (Eurofound, 2022). Four demographic processes were identified as challenges: the demographic ageing of the EU population, the simultaneous process of shrinking of population, **migration from third countries** and intra-union **migration**.

Among these, the ageing and shrinking of the EU population take the major portion of the attention. That is mainly because, they occur at accelerating pace. According to the Eurostat, the number of people aged 65 years or more, will reach almost 130 million by 2050 in the EU. This is an increase of over 43% in comparison with the 2019 numbers (90.5 million). Europe is not only getting older, but also shrinking in numbers (BusinessEurope, CEEP, UEAPME, ETUC, 2021). Second, they put the pension systems at risk and cause labour shortages (Eurofound, 2023a).

Intra-**union migration** is rarely discussed. It relates to the processes of ageing and occurrence of labour shortages, which are uneven across the EU: “During this period, labour shortages became particularly severe in eastern Europe, a region where strong economic growth in the aftermath of the global financial crisis was accompanied by high levels of emigration to western Europe and an ageing population, significantly reducing labour supply” (Eurofound, 2022).

**Migration from third countries**, in turn, was more broadly and ambiguously commented. On the one hand, it is seen as a cure of the ageing, shrinking and labour shortages. The European Commission (2020b) called for better attracting and keeping talent through legal migration, to respond to the twin transitions and to the demographic change. On the other hand, it is identified as a challenge, as it requires substantial financial, human and policy resources to bring positives and not additional vulnerabilities. The Commission also underlined: 1) the need of better matching and clear procedures in channelling legal migration towards regions and occupations experiencing skills

shortages; and 2) the need of further efforts to increase the qualification levels and the skills of third country migrants already residing in the EU to enhance their long-term inclusion into the labour market (ibid).

### 3.1.2 Socio-economic phenomena and developments

#### Poverty, **inflation**, and real wages

These mutually connected phenomena stand firmly in the focus of the labour market narratives, not only from a human perspective, but also because they represent EU values, such as social cohesion; and because of their importance for the overall economic growth, and hence, the common wellbeing: “Economic and social progress are intertwined, and the establishment of a European Pillar of Social Rights should be part of wider efforts to build a more inclusive and sustainable growth model by improving Europe’s competitiveness and making it a better place to invest, create jobs and foster social cohesion.” (European Commission, 2018).

The inflation, which went to the edge of the definition of hyperinflation, and the resulting substantial drop in real wages, following the COVID-19 crisis and the Russian invasion of Ukraine, are also a point of great concern because they undermine the effects of long-lasting policy efforts in the field of introduction of minimum wages. According to Eurofound (2023a), inflation wiped out the minimum wage hikes in two-thirds of Member States. Similarly, the poverty, including the in-work poverty, remains a challenge for many Member states (European Parliament, 2023).

#### **Participation in the labour market and labour shortages**

The compound of the abovementioned global trends and threats caused fast changes in the EU labour market. While seven years ago, the sources were concerned about the unemployment (Council of the EU, 2016a), only three years afterwards, just before the outbreak of the pandemic, underemployment was discussed (ETUC, 2019). In 2021, it was registered that “After six consecutive years of decrease, the EU unemployment rate increased in June 2021 reaching 7.7% in the Euro area and 6.9% in EU–27 in July 2021” (BusinessEurope, CEEP, UEAPME, ETUC 2021, p.4), only to conclude one year later that “After a robust recovery in 2021 and the first half of 2022, EU labour markets are facing uncertainties related to the impact of Russia’s war of aggression against Ukraine and strong inflationary pressures.” (European Commission, 2022d, p.6).

The labour market processes, however, long ago are not explained in terms of employment and unemployment only. The concept mostly used in the last decade is the participation in the labour market. In 2018, the European Commission underlined that the employment and social challenges facing Europe result from a modest growth, which is caused by untapped potential in terms of participation in employment and productivity.” The traditional way to measure participation is to account for inactivity, as the unemployed and the inactive together are those who do not participate in productivity. Although the inactivity rate in the EU decreased since 2016, it is still perceived as a significant challenge: “An important labour market phenomenon is inactivity, rather high across the EU. According to Eurostat in 2021, around 1 in 4 people (26.4%) in the EU aged 15–64 was outside the labour force, corresponding to 74.4 million people.” (BusinessEurope, 2023, p.1). Inactivity is also projected to raise in the future because of the processes of ageing and shrinking of population by 35 million people by 2050, due to many baby boomers reaching retirement age in the coming years and decades (ibid).

However, the inactive people represent a very diverse group, and not all subgroups within it could be activated. On the other hand, not only unemployed people might be willing to work. The concept of the labour market slack is developed to better represent the unmet demand for employment, and it



encompasses four very different categories of population: unemployed persons; persons available to work but not seeking employment; persons seeking work but not immediately available; and part-time workers who would like to work more (underemployed). In addition, employed but not working emerged as a new category of labour market slack during the Covid-induced closures. This phenomenon can be repeated if, for some reason, short-term work schemes (STWS) were to be introduced (ibid). The most recent trends in the labour market slack are not less alarming than unemployment and inactivity alone. It tends to be more than twice as large as the unemployment, tends to grow more than the unemployment and recede slower (ibid).

Simultaneously, a matter of concern is also the opposite phenomena: the unmet demand for labour, or labour shortages. Eurofound (2023b) alarmed that by the third quarter of 2022, the average EU vacancy rate had reached historic highs of close to 3%, with nearly a third of EU employers reporting that these shortages are a factor limiting production and service delivery. The analysts explain the current labour shortages both with the global trends such as digitalisation, the green transition or ageing, and with the low participation in the labour market due to factors like low wages, challenging working conditions, and underinvestment in public systems and infrastructure (ibid).

Neither the unmet demand for labour nor the unmet demand for employment are new for the EU economy; however, the simultaneous presence of both is worrying the analysts and the policymakers. They found the simultaneous presence of labour market slack and labour market shortages as an indicator of structural problems in European labour markets, stemming from a mismatch between the supply of and demand for labour" (Eurofound, 2022. p.11).

### **Education, training, and life-long learning**

The challenges connected with education, training, and life-long learning (LLL) were intensively discussed both by the respondents of the in-depth interviews and in the documents reviewed. Generally, they were seen through two main perspectives. The perspective of the access to (quality) **education, training and LLL of specific (vulnerable) groups**, which is predominantly individual and concerns the personal employment and general life prospects (commented further in this report): "it is necessary that the education systems don't leave people out, as they are key to prepare youth for their future lives" (representative of institution at EU level). The perspective of the **education, training and LLL of the population, which** is predominantly social and tied with economic and policy goals: "The current socio-economic and geopolitical situation is further emphasizing the need for upskilling and reskilling of the workforce in support to job transitions and to address already important labour and skills shortages, including in the green economy" (European Commission, 2022d, p.13).

From this second perspective, several issues are commented by the sources as raising concerns:

- **Level of education:** About the same number of adult Europeans (around 21%) only obtained a lower secondary education level at most (European Commission, 2023). As a specific aspect of this issue is the share of early school leavers: "... Is concerned about the high number of early school leavers, as they are at risk of becoming unemployed and fuelling the cycle of generational poverty given that, in 2021, 11.4 % of young men and 7.9 % of young women in the EU left education or training early." (European Parliament, 2023, par. 30);
- **Basic skills:** According OECD PIAAC and PISA surveys, large proportions of adults performed at the lowest level of proficiency in literacy, numeracy and problem-solving in technology-rich environments; and of 15-year-olds, 17.8% underachieve in reading, 22.1% in maths, and 16.6% in science (Council of the EU, 2016b);
- **Digital skills:** "Low levels of digital skills are detrimental to employability and productivity growth and create bottlenecks to the digital transition and to potential growth." (European Commission, 2022d, pp. 12-13);

- Skill shortages and skill mismatch: “In the ICT sector, the main driver of shortages relates to a lack of foresight and poor matching of skills supply and demand. The low representation of women is an additional contributing factor.” (Eurofound, 2023b, p.3);
- The low-skilled. “Efforts to increase educational attainment, qualification and skill levels of low qualified are particularly important to make them employable in the labour market.” (Cedefop, 2023, par. 14);
- **Participation in LLL:** “... the Education and Training 2020 (ET2020) adult learning benchmark has been stagnant in the Union for the last decade: in 2017, 10.9% of adults had recently undertaken some form of learning activity, against the 2020 benchmark of 15%.” (Council of the EU, 2019, p.2).

## Quality of jobs

The concepts and indicators to measure job quality are commented further in this report. As challenges, the sources discuss several aspects of the job characteristics. Besides with in-work poverty, low wages relate to job loss, especially for the lowest job–wage quintile and the low-paid female workers (Eurofound, 2022). The general level of skills and **qualifications** worsens, as EU labour markets are facing an increasing share of low-paid and low-skilled occupations (European Commission, 2021c). According to representatives of institutions at EU level, the **working conditions** are among the main challenges in the labour market: “The main issues are the economic growth (which is the main engine) and social impact/job quality. In some countries, there are issues of emergency and precarious jobs...”. Social security is put at risk in non-standard jobs such as platform or ‘gig’ work where young people are overrepresented (Council of the EU, 2020b). Labour market **segmentation**, with a “low-quality work” segment is formed where specific groups are trapped, without access to quality jobs (ETUC, 2019). And the work-life balance is at stake as well: “There is also the question around flexibility of time and place, which is the common practice since Covid. Some people must be on site to work, but how do we manage time flexibility? Work-life balance - how does it have an impact on workers?” (Representative of CSO at EU level). Regarding the effects of digitalisation on the social security, the European Commission (2022d, p.10) identified only negative effects of telework and platform work on the fair working conditions.

The quality of jobs is seen as having influence in two main directions: on the physical and mental health of people and, on the labour shortages and skill mismatches. According to analysis of Eurofound, nearly one-third of workers had jobs in which the negative aspects of their working conditions outweighed the positive aspects. Workers with such jobs reported that their health and safety was at risk because of work, that they suffered from health problems and that their work–life balance was poor (2023a). Another Eurofound (2022) analysis paid attention to the struggle of employers of low-paid service jobs to fill vacancies. It connects the non-recovery of employment in low-paid jobs in 2021, or the so-called “great resignation”, with the hypothesis that workers who lost low-paid service jobs decided not to return to those jobs after lockdowns eased. This could have occurred because of disappointment with the quality of such jobs, or because tight labour markets may have offered alternative possibilities to obtain better-quality jobs.

Technological development and digitalisation are seen as having ambiguous effects on the working conditions, and on employees’ health, respectively. They could reduce physical risks of work and extend human abilities; but also, could add to cognitive load and intensify work, increasing psychosocial risks (Eurofound, 2023a). Regarding the effects of digitalisation on the social security, the European Commission (2022d) identified only negative effects of telework and platform work on the fair working conditions.

### 3.1.3 Policy, regulation, and institutional gaps

These types of challenges were far more frequently raised by the side of the analysts and representatives of CSOs and NGOs at the EU level, both in written documents and statements given in interviews than by the side of policymakers and representatives of institutions. This is not surprising as the first group deals with the policy and institutional frameworks designed and built by the second group.

#### Gaps in the implementation of laws and regulations

This category of gaps is rare and concerns two types of cases. The first type is at place when EU **legislation is not fully enforced**, and this results in deprivation of rights. For instance, such type of challenge represents the untackled discrimination in employment relationships. (European Parliament and Council of the EU 2014a, p.2). The second type represents the cases in which a core **EU policy does not have legislative power**. Examples are the European Pillar of Social Rights” (EPC, 2022) and the recommendations given to the member states within the European Semester (European Parliament, 2023). The specific topics concerned include:

- The implementation of the **Job Integration Agreement** varies in terms of availability of plans for services beyond the typical employment –related ones; presence of single contact points; in-depth assessment when a person becomes long-term unemployed, etc (European Commission, 2019)
- According to the European Commission many workers are not protected by adequate minimum wages in the EU and minimum wages have decreased in real terms in almost all Member States. Moreover, almost one in ten employed persons are at risk of poverty. (European Commission, 2022d);
- The **balance between social protection and employment stimuli** raised concerns: “Having a look at the social protection schemes, it is important to see whether unemployment benefits, for example, disincentivise people to return to the labour market.” (Representative of CSO at EU level);
- The need for unified rules and procedures was identified: “Another challenge I think is common to many practitioners is that each member state has its own rules and that is very confusing for migrants and especially vulnerable groups who often aren’t equipped with the right information or documents needed for migration. There are different benefits as well... Having a harmonised system across EU member states would be the most important for people who lack documents and cannot provide their degree certificates, etc. And recognition of skills and qualifications is another challenge due to the discrepancies among EU member states.” (Representative of CSO at EU level);

The latter challenge brings attention to the issue of the different contexts in each member state. The unique contexts across regions (e.g., in legislation, social security, culture, specific vulnerable groups that are most affected) should be considered when generalising local findings to the (inter)national level.

#### Insufficient or unsatisfactory results of policies and strategies

Many statements in this category cite a specific vulnerable group whose situation in terms of employment, education and other rights improved insufficiently or did not improve at all. The reasons are sought in several directions:

- **Insufficient attention or focus:** “Informal markets are always very challenging to overcome... It’s hard for us to make a difference in this area where many migrants and vulnerable groups



have the risk of being exploited and working in dire conditions. So, I think that is a challenge which is often mentioned through wording such as ethical recruitment or fair employment, but within our work we often kind of think that since we're working on legal migration and legal terms, it's not something that is too often addressed to the extent of other challenges." (Representative of CSO at EU level);

- **Insufficient effectiveness:** "While present policies seek to address some of the underlying drivers of shortage, they appear to be falling short of having an impact on aggregate trends in the labour market... While some interventions are effective in integrating their target group into shortage sectors, the scale of the measures may be too small or their links with the broader supporting policy framework insufficient to register a more significant impact at aggregate level." (Eurofound, 2023b);
- **Insufficient outreach:** "However, in many countries, those furthest from the labour market are still underrepresented among the clients of PES and have relatively low access to active measures and services." (European Commission, 2022b).

### One-sided or biased policy focus

EU employment policies are accused of underestimation of the complexity of the labour market; bias in favour of the demand side; and "over-policing", that cause several consequences:

- Over-focusing on employment at the expense of other labour market indicators: "The vast majority of CSRs [country-specific recommendations] concentrate only on the supply side (e.g., activating people, untap employment potential "of key groups facing obstacles in accessing employment", etc.), but fewer MSs [member states] received CSRs to include specific groups into the labor market. In CSRs, there is lack of reference to combating in-work poverty, achieving quality of jobs and job-creation." (EAPN, 2019a, p.5);
- Over-focusing on employment at the expense of people's wellbeing: "The very first thing is the focus on employment rate rather than decent income. The policies in general aim to decrease unemployment rates, as a basic indicator, and the indicator is used as a sign of success of certain policies. But in the end, it's not an indicator that should exist for the labour market or the inclusion of people in the labour market. So, the over-focusing on quantitative indicators that are blind to working conditions, income level, and the fact that people should not be working for the sake of working, but to be able to afford their bills - I think that's the very first limit to our advocacy." (Representative of CSO at EU level);
- Over-focusing on the role of **education** for employment at the expense of social inclusion: "However, education is routinely seen primarily as a labour market tool in the implementation of the Europe 2020 Strategy through the Semester, with only limited attention paid to inclusiveness and quality, or beyond its narrow focus on employment." (EAPN, 2020, p.9);
- **Over-focusing on skills mismatch at the expense of working conditions:** "An overemphasis on skills mismatch overlooks the points raised by trade unions contending that low wage standards, contract precariousness and a lack of adequate social floors are frequently the main reason for mismatch between demand and offer." (EPC, 2022, p.8);
- Blaming individuals for being unemployed: "The narrative around the shortage of labour makes it an individual responsibility not to work, because there is a shortage in some industries or sectors. That makes it even harder for unemployed people, or people who are working in poverty, to defend their right to a decent income or quality working conditions. I think that is the third most important challenge - unemployment is not the addition of individual choices, but a collective and political choice of investment, value and paying work." (Representative of CSO at EU level);
- Disregarding the individual's right of choice: "And another thing is the idea that workers are interchangeable from one industry to the others: they are not inanimate tools that can be

moved from one factory to another. They have components around family, support systems, etc. that make it impossible to assume that numbers are just numbers. Finally, what is often overlooked is the mistrust between people who are requesting support and integration towards administration, which they see as controlling and over-policing their choice of behaviour. There is a clear mistrust in the process.” (Representative of CSO at EU level);

- **Overlooking the complexity of transition to employment:** “Another issue is how difficult it is to move from being unemployed to being employed. To just try to address the shortage of labour doesn’t really tackle the safety net that long term unemployed people had to create around themselves to survive daily. Just bringing offers or demands of labour to unemployed offices is not going to solve the shortage of labour or unemployment, and policymakers find that difficult to understand.” (Representative of CSO at EU level).

### Unsuitable design of policies

The examples cited below do not represent a trial to evaluate the concerned policies, but just illustrate the thesis of the authors/speakers and why/how a specific policy does not work as desired. They also do not exhaust all policies with the respective gaps.

- **The design of policies does not correspond to their initial aim:** “Member states need to re-organise the delivery of care in a way that supports the early development of children, protects families from falling into poverty and reinforces gender equality in the labour market.” (EPC, 2022, p.11);
- **Policies do not include measures for their effective enforcement:** Main challenges in relation to workplace discrimination, for example, include challenges with enforcement linked to: unwillingness to make complaints/bring discrimination cases (due to fear of negative employment/career impact, lack of financial and practical support to bring cases, etc.); difficulties in demonstrating discrimination (for example, accessing evidence); limited restitution (low financial sanctions or lack of access to/challenges related to reinstatement in cases of discrimination claims linked to dismissals); low capacity among agencies responsible for enforcement; low capacity among social partners to implement measures and support discrimination cases (increasingly since the implementation of austerity measures); shortcomings in the implementation of legislation and policies to tackle discrimination (Eurofound, 2020);
- Policies do not address their target groups well enough: “The policies that have targeted people with disabilities have focused mainly on protecting their health, which in practice has resulted in their labour market participation being temporarily constrained...Targeting of disability types In their health responses to the COVID-19 pandemic, Member States have adopted tailored approaches according to health profiles and types of vulnerabilities; however, only on rare occasions has this been observed in employment-related policy responses.” (Eurofound, 2021b, p.59);
- Policies exclude or discriminate some groups: “many speakers revealed the lack of continuity in employment policies between age groups. ...the current 'European Year of Skills' contributes to this objective, encouraging Member states, private stakeholders, and employers to invest in learning. However, AGE warns that today's learning and education provision is restricted to adults of "working age", explicitly excluding many older people. In a context where more and more people continue to work beyond retirement age, this restriction seems unjustified and obsolete.” (AGE Platform, 2023);
- **Policies are hampered by administrative barriers:** “There are a lot of administrative barriers for migrants, and especially vulnerable groups, to arrive in Europe. So especially those who are not able to provide proper documentation regarding their visa, work experience or their degrees cannot be certified, it can take a long time in the administrative process. There is little

awareness about the opportunities to move to Europe based on work and some pathways are more visible than others. For example, the Blue Card is well known to many people, but each member state has different special visas for high skilled, middle paid, or low paid workers and sectors, so I think these administrative barriers and lack of information can be a challenge.” (Representative of CSO at EU level);

- Policies are unjust: “And also, as I mentioned, another major challenge is poverty among immigrants in old age because pension systems are not very favourable for immigrant older workers. At least in Denmark, most pensioners live above the poverty line, except for ethnic minorities, because they get a much lower pension compared to Danes. To get a full pension, you must have been living in Denmark for 40 years. Otherwise, you only get a half pension. It is more or less the same in countries with occupational pension systems. If you arrived in Germany, for instance, at the age of forty, you don’t really receive a pension. So that’s really a major challenge in relation to poverty.” (Representative of CSO at EU level).

### Policies “under construction” or “to be developed”

According to the phase of development, the needed but still incomplete policies could be divided in four groups:

- **Envisaged policies that still are not enforced**, as the EU directive on platform work seeks to increase the transparency of algorithmic management and its application in online platforms (Eurofound, 2023a);
- **Existing policies that need to be (further) diversified**: “The biggest challenge is the change of paradigm or thinking of what should be in inclusion, in the sense of reaching out to these inactive populations... So, I would say that the first challenge would be reaching out to these people with effective communication. They are a very diverse group. So, you need to have targeted measures and approaches to different subcategories.” (Representative of CSO at EU level)
- **Existing policies that need to be (further) extended**: “Also, the second challenge would be undermining that sometimes these people need a little more support or preparation for the next activation measures... Before proposing any labour market related programmes like training, retraining, upskilling, reskilling, there is the motivation part for people who have been unemployed for a long time or have low skills... And for these groups to enter the labour market, we believe that the support after taking up employment is important. Because sometimes, retention or maintaining employment is a challenge.” (Representative of CSO at EU level);
- **Existing policies that need to be more extensively applied**: “Another thing we see, especially in the inclusion of migrants, is that diversity training is still needed - in the private sector and in some company contexts. So even if there are policies for gender diversity, diversity based on ethnicity and race... - they haven't had someone working with them in their environment. So, in this case, we see that companies and migrants both come to the implementers, asking for more diversity training. I think that is one of the most important things that are discussed in our projects.” (Representative of CSO at EU level).

### Poor involvement of stakeholders

The roles of the different stakeholders will be commented on further in this report. The importance of their inclusion is repeated in almost every policy document; however, out of the policy-making sources, many voices call for better cooperation and dialogue. Gaps are seen in different levels:

- **Among the implementing institutions**: “Another challenge would be the fragmented organisations working separately, not cooperating. For example, social security or social

services need to do something, including financial support. They do not stay in contact with the employment services, so this is something that can be problematic. We really need to have good cooperation between actors.” (Representative of CSO at EU level);

- Between policymakers and analysts: “In some cases, in addition, the knowledge base and collaboration are insufficient to regularly update and forecast future labour and skills needs, and connections with education and vocational training infrastructure are poor.” (Eurofound, 2023b);
- Between policymakers **and representatives of stakeholder groups**: “Also, different stakeholders are not taken into consideration when we take decisions, when policymakers take decisions on inclusion of vulnerable groups in the labour market. It’s all decided at the public level... Civil society organisations are usually not consulted or consulted in a very limited way. This also means that the policies that come out on the table are different from what these people need.” (Representative of CSO at EU level).

### Lack of support to good practices

A whole chapter of the current report is dedicated to strategies for the inclusion of vulnerable groups in the labour market. Still, it’s worth noting here that it is identified as a challenge that some existing good practices do not receive (sufficient) popularisation and political support. Some examples of not supported good practices are:

- The social enterprises: “When we talk about really vulnerable people accessing the labour market, on the other hand, if I really speak from the perspective of work integration, social enterprises and their activity to include these people in the labour market lack actually recognition, but also kind of legal frameworks that recognize them as really efficient partners in including these people.” (Representative of CSO at EU level);
- Career management and mid-career assessment: “In addition to lifelong learning, we believe it is important to focus our attention on giving people the opportunity to change careers through learning a different type of work. This is the learning approach, but it’s also why I think it’s important to focus on career management. In France, I know there is a mandatory mid-career assessment around 45, but it’s never actually done. This is something that should be available - to reassess your goals every 10 years, and to see if you can find other opportunities and rethink your life.” (Representative of CSO at EU level);
- People-centred approach: “In that first policy area of supporting all the workers in the labour market, it’s also important to have a people-centred approach. In Italy, there is a programme - I don’t know if it’s still funded by the EU - it’s called the Guarantee for Labor or something like this. The idea is to connect the services around people who are unemployed, to be people-centred, to be able to match the labour market demands with people’s competences, and to make sure they have the right opportunities around them.” (Representative of CSO at EU level).

### Financial constraints

There could be different reasons for the financial constraints to be in place, but the result is always the prevention of policies or good practices to be completely realised. In the case of social enterprises, for example, **administrative barriers** are blamed for preventing the access to funding: “For instance, there are SMEs, NGOs, but the criteria to be recognized as a social enterprise are so high that they do not declare themselves as social enterprises. They stay as NGOs. But NGOs don’t have access to benefits that social enterprises do. There are mismatches and incoherences within the system, where enterprises have the right but can’t really get this money.” (Representative of CSO at EU level). In a second type of cases, the EU financial rules contradict the necessity to spend money

on EU policies: “Spending on ALMPs [active labour market policies] is especially important during economic downturns, yet the evidence from Member States is that they were cut as part of austerity drives to reduce fiscal deficits and adhere to EU Economic Governance. This represents a critical tension in the European model: where economic freedoms meet social rights.” (ETUC, 2019). EU institutions, in their turn, also blame **the member states that their decisions on allocation of money** prevent policy implementation: “Qualitative information suggests that in some Member States costs associated with the implementation of the Recommendation appear limited as they are mostly associated with changes in internal procedures, guidelines and processes, and/or certain elements were already in place. In Member States that implemented new actions, policy makers and practitioners had the view that costs are not excessively high in relation to the perceived benefit. Nevertheless, findings also show that, especially at regional and local level, resource constraints are a barrier to implementation.” (European Commission, 2019, p.10).

### Capacity constraints

The capacity constraints, in almost all the cases, are connected with the financial constraints, as the additional and/or better qualified personnel require more expenses. The most discussed topic connected with this category of gaps is **the situation in the social services** across EU: “On the other hand, there is a lack of understanding of the conditions of social workers: there is not enough of a workforce, they are working in underfunded administrations with too many files to follow up. That creates mistrust between two entities that should work together.” (Representative of CSO at EU level).

But although less frequently discussed, the same goes for the enterprises: “Usually they need additional staff, like mentors who follow the person in seeking a job, matching skills, and then following them once the person is in a company. But this is additional staff, meaning an additional cost for the enterprise, and usually they are not supported by public authorities.” (Representative of CSO at EU level).

### Gaps in the monitoring and evaluation

Last, but not least category of gaps is in the field of monitoring and evaluation, where mainly the lack of needed data prevents the achievement of a good-quality process:

“The evaluation showed that there is scope to improve the quality aspect of the monitoring, which has been challenging given the complexity of variables and lack of certain data.” (European Commission, 2019, p.9);

“Despite the increasing emphasis in recent decades on the need for evidence-based policymaking, high quality policy evaluation remains sparse. Around 65% of the evaluated policies covered by this study had only basic or incomplete evidence available to assess impact.” (Eurofound, 2023b, p.4).

## 3.2 Vulnerability

The labour market vulnerability is studied in the academic literature through varying concepts and indicators. According to Saunders (2003, Foreword, p.iv), for instance, vulnerable are those workers whose “participation in the labour market leaves their well-being at risk”.

The analysis of the contexts in which vulnerable groups are mentioned in the reviewed documents and in the statements of the key informants led to the conclusion that vulnerability in the labour market should be understood more broadly. Vulnerable groups in the labour market, according to the sources of the current report are groups who experience inequalities in all aspects of access to



employment and employment implications, including, but not limited to education, training, and long-life learning; employment status; wages; working conditions; social security; work-life balance; physical and mental health; upward mobility.

### 3.2.1 Vulnerable groups in the labour market

The groups that are mentioned as vulnerable across EU level documents and interviews are numerous and often overlapping. Also, when commenting on this issue, the sources assess vulnerability as higher, when there are intersections between any of these groups.

#### Women

The European Commission's report (Eurostat, 2018) on equality between women and men in the labour market highlights the pervasive nature of gender-based vulnerability. The report underlines the importance of identifying and addressing the vulnerabilities faced by women in terms of employment, education, pay gaps, decision-making positions, and gender-based violence. Most of the reviewed documents in which vulnerability is concerned, and more than a half of the interviewees mentioned women as a vulnerable group. However, not all women were perceived as (equally) vulnerable. Young mothers with caring responsibilities were specifically mentioned (BusinessEurope, 2023) as well as parents and other people with caring responsibilities (Council of the EU, 2018), disregarding their gender. Older women, who are the target group of the Bulgarian living lab, were mentioned by a single CSO representative. LGBTIQ people were mentioned as vulnerable group only in a few documents (European Commission, 2021a).

#### Young people

Although there is no universal definition of “young people”, the UN defines “youth” as those persons between the ages of 15 and 24 years, whereas Eurostat sets the age limits between 15 to 29. The young people, or youth, and different subgroups of young people were among the most discussed vulnerable groups. They are groups believed to suffered particularly by the consequences of COVID-19 pandemic (ELA, 2022).

The subgroup of NEETs is those raising most concerns among young people. It has been seen to be particularly common in Bulgaria, Italy, and Romania where its shares are the biggest ones in the EU (BusinessEurope, 2023). A NEET refers to young individuals who are not in employment, education, or training. Accordingly, the term NEET has been used to describe young people who are disconnected from labour markets and educational systems. The currently used definition of NEET given by the Employment Committee (EMCO) characterizes NEET as unemployed or inactive persons (aged 15–24), not in any education and training. Mascherini (2019) explored the European policy framework regarding NEETs and addressed their specific needs to facilitate effective integration into the labour market. According to young NEETs' distance from the labour market and the reasons for their NEET status, they are further divided in seven subgroups (Eurofound, 2021a):

- Re-entrants: Young people who will soon re-enter employment, education, or training.
- Short-term unemployed: Young people who are unemployed, seeking work and available to start working within two weeks, and who have been unemployed for less than a year.
- Long-term unemployed: Young people who are unemployed, seeking work and available to start working within two weeks, and who have been unemployed for more than a year.
- **Unavailable owing to family responsibilities:** Young people who are not seeking work or available to start a new job because of their caring responsibilities of children, incapacitated adults, or other family responsibilities.
- Unavailable owing to illness or disability: Young people who are not seeking employment or are not available to start working within two weeks because of illness or disability.

- Discouraged workers: Young people who have stopped looking for work because they believe that there are no job opportunities for them.
- Other inactive: A statistical residual category, made up of those who did not specify any reason for their NEET status.

Early school leavers are defined by the Council Conclusions of 5 May 2003 on reference levels of European average performance in education and training (Benchmarks), as population aged 18 to 24 with only lower secondary education or less and not in education or training. This group is relatively less frequently mentioned, probably due to its partial overlapping with NEETs and the low-skilled (see below).

Children, or all persons below the age of 18, are also a group partially overlapping with youth. Some policy documents dedicated to children call for a special focus on “children who face an increased risk due to multiple disadvantage such as Roma children, some migrant or ethnic minority children; children with special needs or disabilities; children in alternative care and street children; children of imprisoned parents; as well as children within households at particular risk of poverty, such as single parent or large families” (European Commission, 2013, p.2). Along with the general efforts to prevent social exclusion of children and protect their rights, the policymakers are also concerned that “children growing up in poverty or social exclusion are less likely than their better-off peers to do well in school, enjoy good health and realise their full potential later in life” (ibid, p. 1).

Young adults are defined as people aged 25-34 (Cedefop, 2020c). Among the subgroups of young people, they are less frequently discussed, and regarding specific vulnerabilities.

#### Older people

Older people, or older workers, are mentioned as a vulnerable group in more than a third of the documents reviewed and by half of the interviewees. There is no universally accepted definition of the age limits of older people. However, regarding employment, 50 or 55 years have usually been referred (EPRS, 2014). In terms of skills and employment, the population aged 55-64 is called “older adults” (Cedefop, 2020c, p.13). Older unemployed and inactive adults are also at a high risk of being low-skilled (ibid).

#### People with health problems and **disabilities**

With more than two thirds of the reviewed documents and the same proportion of interviewees recognizing people with disabilities or illnesses (as a self-standing group or their intersections with other groups) was most frequently cited vulnerable group. It is defined as a “complex and heterogeneous” one, due to “the nature and intensity of different physical and mental disabilities; the evolution of their manifestations; and the existence of ‘invisible disabilities’ (physical and psychological conditions that are not immediately apparent or that do not have a clear connection with a disability)” (Eurofound, 2021b, p.4). People with disabilities are not equally disadvantaged, as personal experience of disability depends on factors like age, gender, ethnicity, and migration status.

#### **Ethnic and racial minorities**

Approximately a third of the reviewed documents and interviewees mentioned ethnic and/or racial minorities as vulnerable groups in the labour market. The only specific ethnic group mentioned was Roma, although not always specific ethnicity was commented on. Along with people with disabilities, ethnic minorities, and Roma specifically, suffer the most complex types of vulnerabilities concerning practically all life domains; and therefore, their inclusion is a subject of multi-sectoral policies (European Commission, 2020a). Although the sources hardly compare the levels of vulnerability of the different Roma subgroups, the European Commission (2020a) calls the National Roma strategic frameworks (NRSF) to establish specific goals and targeted measures for Roma women, children, and young people, those with disabilities, elder Roma, EU mobile citizens, stateless Roma and those from non-EU countries (as relevant) and break down indicators by sex and age.

## Migrants

Ethnic/racial minorities and migrants are also examples of partially overlapping groups. Situation of the different groups of migrants, however, raises even greater concerns than those of the minorities, as nearly half of the studied documents and 3 out of 4 interviewed respondents focused on it. One possible explanation is the intensified migration processes in the EU in the last decade, including the war in Ukraine, that pose new and dynamic challenges to the integration policies. Migrants are also a diverse group, each subgroup of which has specific vulnerabilities, including in terms of employment. The subgroups mentioned were:

- Refugees, meaning both people who already received a refugee status and those seeking it, including the most recent wave of Ukrainian refugees;
- Legal migrants, who come in EU on some legal basis, including work permit;
- Undocumented migrants, whose situation is probably the hardest to be addressed: “It’s hard for us to actually make a difference in this area where many migrants and vulnerable groups have the risk of being exploited and working in dire conditions... but within our work we often kind of think that since we’re working on legal migration and legal terms, it’s not something that is too often addressed to the extent of other challenges” (representative of institution at EU level);
- EU citizens with **migration** background, meaning they personally moved to EU or their ancestors did;
- Mobile workers - citizens of one member state working in another.

## People with disadvantaged backgrounds

Approximately one of six documents and interviewees raised concerns that people with disadvantaged backgrounds are vulnerable in the labour market. This notion unites diverse situations worsening people’s educational and employment chances, such as living in households at-risk-of-poverty and social exclusion (AROE households); living in disadvantaged neighbourhoods; living in rural or remote areas; living with single or imprisoned parents. All these circumstances are believed to affect especially children and young people (European Commission, 2013, 2022c).

## Low-skilled

About a quarter of the documents and interviewees stress on the relation between being low-skilled and experiencing vulnerabilities in the labour market. According to Cedefop (2020c), the group of the low-skilled comprises of four subgroups:

- low educated (with only lower secondary education or less);
- medium-high educated (completed upper-secondary education or higher) working in elementary occupations (according ISCO 08-group 9);
- adults with low computer (C1-never used a computer) and low digital skills (C2-with low internet use and those who use the internet more frequently but have below basic digital skills), who have medium-high education and are not employed in a manual job;
- adults with low cognitive skills (low literacy and/or low numeracy), among those which have medium-high education, are not working in an elementary occupation and having already used a computer.

In addition to the low-educated people, the low-skilled also include people with obsolete skills and mismatched, overqualified people. In these groups, women, young people, and migrants are overrepresented (Cedefop, 2017).

In the Netherlands, older employed adults have a relatively high risk of having low literacy (about 40%); they also represent almost 19% of all adults with low literacy in the country (ibid, p. 65). Previous studies have shown that low educated employees have the lowest participation rate in educational



activities during their working careers (e.g., Illeris, 2005; Kalenda et al., 2022). The most important barriers towards further learning constitute of dispositional barriers, which are related to attitudes and self-efficacy of adults towards further learning, institutional barriers covering the educational opportunities and support for potential learner or their lack off, and situational barriers relating to social roles and obligations (e.g., family or civic obligations) or physical or mental state (e.g., health) (see Kalenda et al., 2022). Accordingly, it seems that the greater upward of sideward mobility of low educated employees needs measures aiming at enhancing workplace learning possibilities and employees' self-efficacies for learning. Cabus et al. (2020) conducted a more specific study on the challenges that are faced by vulnerable adults in participating in adult learning activities. They identified several barriers the vulnerable adults are facing, including financial constraints, lack of motivation, limited educational qualifications, and inadequate support systems.

### 3.2.2 Manifestations of vulnerability

#### Inequalities

Inequalities in employment relations result from ineffective enforcement of anti-discrimination policies. They could manifest itself on several occasions:

- Biased recruitment process. Discrimination based on gender is the most prevalent in recruitment (Eurofound, 2020). Both younger and older workers are victims of stereotypes and report the highest levels of discrimination experienced during the process of recruitment; research based on the submission of fictitious CVs to online vacancy or recruitment websites also demonstrates the persistence of discrimination because of race and ethnic origin. Also, discriminatory practices and attitudes in the recruitment process contribute to a disability employment gap (ibid).
- Unequal treatment linked to wages, terms and conditions, and promotion prospects.
- Gender pay gap persists (ETUC, 2019), but there is also ongoing discussion in a number of Member States linked to differential minimum wage rates for younger workers (Eurofound, 2020).
- Race discrimination is evident in employment, experienced through unequal treatment linked to wages and promotion prospects (Eurofound, 2020).
- Temporary contracts continue to be more widespread among young people and women in most Member States (European Commission, 2022c). Young workers lack access to quality employment contracts (Eurofound, 2020).
- **Unsuitable workplace conditions.** The varying interpretations of “reasonable accommodation” at the workplace and “disproportionate burden” on the employer are examples of discrimination against people with disabilities (Eurofound, 2020). Similar issues, however, concern also women in menopause:

“Another topic is having workplaces for old ages. It includes working conditions, so how to adapt a workplace to make sure that, for example, a woman going through menopause can be accompanied by employers and have the same opportunities that someone who is 25 and just started work does.” (Representative of CSO at EU level).

- Unaddressed or improperly addressed cases of harassment and bullying. The experience of workplace harassment based on sexual orientation and gender identity remains unacceptably high and is perceived to be rising in some countries. Racial and ethnic minorities also experience higher levels of bullying and harassment at the hands of co-workers and customers (Eurofound, 2020).

The intentions of employers to hire individuals from vulnerable labour market groups are influenced by various determinants. Hulsegge et al. (2022) investigated these determinants and found that attitudes, intentions, skills, and barriers (e.g., economic factors, type of work) play significant roles in the employment of vulnerable workers. The findings showed that employers' stronger intention, enhanced skills and reduced barriers were positively associated with employing vulnerable workers. However, the impact of these determinants varied based on the size of the organization. Accordingly, small organizations placed more emphasis on intention, multiple barriers, and skills. Burke et al. (2013) also focused on the employer determinant, that is attitudes, and found that the general attitudes among employers towards individuals with disabilities were typically favourable. However, when considering employers' emotional responses and intentions in the workplaces, the results indicated fewer positive results, and found they negatively impacted hiring decisions, provision of accommodations and work performance appraisals.

Continuing the topic of barriers, Højbjerg et al. (2023) provided an overview of the key barriers faced by vulnerable groups by analysing existing literature on employer perceptions. These include discrimination, stigmatization, and prejudice concerning productivity, sickness absence, flexibility, learning and reliability. The authors also highlighted inequality issues such as limited access to education and training, lack of work experience, and insufficient support services as barriers to employment. Consequently, these groups experience inadequate social networks and the scarcity of flexible work arrangements that further complicate the situation for these vulnerable individuals. The authors underlined the interconnectedness of these barriers, emphasizing how they reinforce one another and contribute to a cycle of disadvantage.

#### Unemployment and long-term unemployment

Vulnerability in labour market can also manifest in unemployment and especially long-term unemployment. However, the factors for the unemployment of the specific individuals are very diverse. They could also include many other factors like discrimination, unequal education opportunities, uneven development of regions and skill mismatches.

The vulnerable groups with highest unemployment rate have usually been older workers, NEETs, people with disabilities and people facing discrimination on multiple grounds (European Parliament and Council of the EU, 2021). However, as the most vulnerable to long-term unemployment (longer than 12 months), are defined people with low skills or qualifications, third-country nationals, persons with disabilities and disadvantaged minorities such as the Roma (Council of the EU, 2016a).

The unemployment of young people, and of NEETs specifically, is seen mainly through the real or perceived lack of skills and work experience: "Young people's major problem could be... lack of experience and social network in the labour market in their country of residence... That could make their inclusion challenging. Their qualifications may be insufficient, they may not have had a chance to have a proper education, so that could be a reason why there are such difficulties. During the crisis, one of the difficulties was integrating into a labour market with no shortages, and where demand was quite low." (Representative of institution at EU level).

Unemployment of older workers is explained in two different ways: through skills, and through discrimination:

"With older people, the difficulty could be that their skills could become obsolete, that they have no chance to be retrained, especially with the just transition" (representative of institution at EU level).

"Because of age discrimination, mainly. This is the main factor that puts them in a vulnerable situation. We all have stereotypes on what it means to be old. It's kind of cultural as well" (Representative of CSO at EU level).

Unemployment of **people with disabilities** is also seen as having two main sources - accessibility and discrimination: "For people with disabilities, there are physical obstacles, and increased difficulties due to prejudice." (Representative of institution at EU level). These factors act both in an indirect and direct way: once as worse chances to access education and training and second time in the recruitment process (Eurofound, 2020). From the point of view of employment, people with mental health difficulties and those with intellectual impairments tend to experience the lowest employment rates (ibid). The Netherlands is one of the six EU member states with highest disability employment gaps, along with Hungary, Slovakia, Poland, Ireland, and Belgium (BusinessEurope, 2023).

When it comes to individuals with disabilities, they consistently experience lower employment rates compared to those without disabilities (Geiger et al., 2017; Jones, 2008; OECD, 2010; Waddington & Priestley, 2018). Challenges in finding employment for disabled individuals are often related to social barriers and impairments, such as employer prejudice, workplace accessibility issues, and the inability to work full-time. "

The barriers to employment for the third-**country nationals** are more diverse and encompass legal, cultural, and social issues. There are also differences identified between the various groups of migrants:

"Migrants are vulnerable, partly because of the language barrier... And migrants are also undocumented sometimes... The problem can also be education - that their diplomas are not valid in some countries" (Representative of CSO at EU level).

"There could be a differentiation between migrants and refugees. Labour markets perhaps had already secured a job, and depending on the various regulations of the host country, could even quite comfortably settle down if they had a work permit, visa, etc. With refugees, it's a different story. They didn't come to work, and they had all the disadvantages" (Representative of institution at EU level).

The reasons for **disadvantaged minorities, and Roma** specifically, to be unemployed, are found in discrimination mainly, but also in some cultural factors: "It's also different minorities, like Roma people, which are related to bad stereotypes - in language barriers, different culture, etc. Sometimes in our enterprises we teach people they need to be on time, that they need to be clean. These are obvious things for us, and we realise that's not the case. So, there are even trainings organised for such obvious things for different target groups" (Representative of CSO at EU level).

Unemployment is a phenomenon that is simultaneously a manifestation of vulnerability and a vulnerability factor, and this is best demonstrated by the mutual influence between unemployment and lack of skills. According to the above-cited analysis of Cedefop (2020c), unemployed adults report a higher risk of being low-skilled in all skill dimensions, with the sole exception of digital skills for young adults. Low digital skills seem to be a significant issue for older unemployed adults. Older unemployed adults also report a relatively high risk of having low educational attainment and low numeracy. Low skill is also relatively high among unemployed aged 35 to 54 and particularly in relation to digital skills. Older unemployed adults in Bulgaria and Slovakia are at high risk of low education in their respective countries.

### **Inactivity and discouragement**

As mentioned in the previous chapter, inactivity forms a major proportion of the labour market slack (unmet demand for employment). In all EU countries, the share of women outside the labour force was higher than that of men (BusinessEurope, 2023). This is mainly because women comprise the main share of those who are inactive due to care responsibilities or other family reasons.

People with their own illness or disability are another inactive subgroup with untapped employment potential. Their shares among all inactive persons are greater in Hungary, Slovakia, Poland, Ireland, Belgium, and the Netherlands (ibid). Among the **retired** persons, those who had retired recently, especially in the cases of **early retirement**, are also considered a target group of activation measures. Another group of inactive persons are those discouraged and believing that no work is available. Their shares among all inactive are assessed as being relatively low; however, in Italy, Portugal, Croatia and Latvia discouraged individuals represent approximately 10% of the inactive populations (ibid). Part of the discouraged persons are NEETs, and NEET status is assessed as a particularly common reason for inactivity in Bulgaria, Italy, and Romania (ibid).

The interconnectedness of inactivity and the low-skilled status is also prominent. Among adults out of the labour force, older adults have a very high risk of having low skills in all skill domains considered, especially digital. They have higher risks than the ones registered by the unemployed of the same age in digital skills, literacy, and numeracy. The risk of having low digital skills is also very high among inactive people aged 35 to 54. This subgroup also presents the highest risk of low numeracy. Young adults (25 to 34) out of the labour force show relatively high risks of low skills when compared to the average risks registered by the overall adult population: around one out of three have low education level or low numeracy (Cedefop 2020c). In Denmark and the Netherlands, inactive adults aged 35 to 54 report a relatively high risk of having low digital skills. In all countries, inactive older adults report high risks of low digital skills. In Finland, older inactive adults report almost three times higher risk of having low literacy and 2.5 times higher risk of having low numeracy than the total adult population in the country (ibid).

Generally, the mechanisms by which certain groups are vulnerable to inactivity are like those leading to unemployment. In addition, inadequacy of policies is also blamed: “The idea that your position as a worker is not the consequences of your choices - to do or not do an internship at a young age, to withdraw from the labour market because you have a baby. These are perceived as individual choices when they’re consequences of public policies. Some choices are made more manageable than working” (Representative of CSO at EU level).

### Precarious employment and poor-quality jobs

Precarious work is a concept that partially overlaps with the concept of low-quality jobs (commented in the previous chapter). It stands for employment that satisfies at least one of the following criteria: very low pay; very low intensity working hours; or low job security that encompasses a) temporary contracts, b) jobs with few training and career development opportunities, and c) lack of collective representation and an absence of social protection rights or employment-related benefits (European Parliament, 2020). It also encompasses the so-called involuntary non-standard jobs, such as seasonal, part-time, on-call, day hire, casual or short-term contracts, self-employment, home working and multiple jobs (EU-OSHA, 2017).

Young, female and migrant workers are overrepresented amongst temporary workers, which means that they are more exposed to the psychosocial risks associated with temporary work (ibid).

In all age groups, women face a slightly greater unmet demand for employment, predominantly due to the **underemployed part time** workers. The largest differences between men and women are in the 25–54 age group (Eurofond, 2022). For women, it is about 3.5 times more likely to work **part-time** than men (Eurostat, 2023). At the country level, women recorded the higher share of part-time workers in total employed people aged 15-64 in all EU countries, except Romania and Bulgaria, where the shares of women and men part-time workers were very similar. The Netherlands recorded the highest share of women working part-time, 63% of total employment against 24% for men, and the largest difference between women and men (ibid). For nearly half of the women aged 20–64 working part time, caring and other family obligations are the main reason; while among men, the

respective share is almost 3 times lower (Eurostat, 2019, figure 1). From a different perspective, part time work is seen as a positive way to include women with caring obligations in the labour market, but social security concerns remain: “Some countries have advanced in this direction - part-time work in the Netherlands is much higher than in any other country in Europe. It’s important to support transitions so that people who want to work full-time or move from fixed to open-ended contracts are able to. We have a large share of fixed-term contracts, but the ability to move across different forms of work is much more restricted” (Representative of CSO at EU level). Women also are one of the subgroups among the overqualified, mismatched workers (Cedefop, 2017).

Young workers are recognized as especially vulnerable for several reasons. These include their high employment in sectors and occupations associated with specific **occupational safety and health** (OSH) risks, for example the hotel and restaurant, construction and wholesale and retail trade sectors and occupations such as hairdressers and call-centre workers (ELA 2022, par.3). Young people often work in lower quality jobs, on temporary contracts and for low wages (Eurofound, 2021a). They are also among those who more frequently work on **part time** contracts (ibid). This is associated with the training and probation periods (EU-OSHA 2017). Young people with higher level qualifications often work in **entry level positions** because of their lack of experience and difficulty in gaining work experience, resulting, in some countries, from the continuing effects of the economic crisis (Cedefop, 2017).

The immigrants are identified as a group with multiple vulnerabilities in terms of precarious work. Along with the young people and women, they form part of the mismatched, overqualified people working in roles which do not make use of the qualifications gained in their country of origin and whose qualifications are not recognised in the host country (Cedefop, 2017). They often work in low-paid jobs, and undocumented migrants are among those most frequently implementing undeclared work: “In Italy and part of Spain, in production that cannot pay high wages, the work is done by illegal immigrants” (Representative of CSO at EU level). Immigrants also enjoy less social security than the home populations: “That also goes for instances with immigrants in Denmark; they do not get the same benefits as Danes. That makes them vulnerable in a double sense. All studies show that cutting benefits does not bring people into employment; it pushes some people into the black economy... So they are left without social rights. They are punished in a double sense, so to speak - marginalized in the labour market, and then their benefits are cut.” (Representative of CSO at EU level).

The low-skilled workers are reported to be vulnerable to all aspects of precarious and low-quality jobs. They are more likely to be self-employed than those with medium or high levels of education and are also more likely to be employed under a temporary contract. Workers in low-skilled jobs usually experience **poorer working conditions** compared to people in intermediate and highly skilled ones. They are reportedly less satisfied with their pay and career prospects, receive fewer benefits from extra payments, fringe benefits and performance-related schemes, and are also more likely to be employed in dangerous occupations and report higher accident rates (Cedefop, 2017). Adults with a low level of education are more likely to get trapped in **low-skilled occupations**: adults with low qualifications generally have a higher probability of remaining in low-skilled jobs at any age and job mobility tends to decrease with age (ibid).

### 3.3 Goals, indicators, and standards

Historically, the European Union has shown a commitment to promoting the inclusion of vulnerable groups in the labour market. The EU's objectives in this area have been outlined in various policy initiatives and strategies. These goals generally aim to address issues such as unemployment, discrimination, and marginalization. The EU has prioritized the promotion of equal opportunities, non-discrimination, and social cohesion through policies such as the European Pillar of Social Rights and



the European Disability Strategy. These initiatives strive to ensure that vulnerable groups, including people with disabilities, youth, older workers, women, migrants, and those from (other) disadvantaged backgrounds, have equal access to employment opportunities, fair treatment, and social protection. The EU has also implemented measures to combat discrimination in the workplace and promote diversity and inclusion. This includes legislation such as the EU Equal Treatment Directives, which prohibit discrimination based on various grounds, including gender, age, disability, sexual orientation, and religion or belief.

### 3.3.1 Goals

The Sustainable Development Goals (SDGs) of the United Nations Agenda 2030 are specifically included in the most recent proposal from the European Commission for Horizon Europe as global challenges to be tackled by the program. This idea underlines the necessity for policies and the public sector to promote the formation and growth of sustainable socio-technical regimes, which is in line with a growing body of literature on the directionality of public funding for research and development (R&D). The literature also emphasizes the drawbacks of a technology-centric approach to innovation, as sustainability issues frequently arise because of the continued use of antiquated technologies, methods, and infrastructures. Sustainability demands systemic transformation that goes beyond the acquisition of green innovations. It necessitates reflective governance and a change toward allocating all financial resources to green technologies, while making sustainability a competitive goal (Kastrinos & Weber, 2020).

The EU has set several goals to promote the inclusion of vulnerable people in the labour market. These goals are part of broader EU strategies and initiatives aimed at creating an inclusive and sustainable labour market.

1. **Increased participation in the labour market:** This goal is set both for the EU population as a whole and for the specific vulnerable groups. The main part of this goal is to increase the employment rate of the population aged 20-64. This is one of the three headline targets Commission proposed to be achieved until 2030 by the European Pillar of Social Rights Action Plan, with the quantitative targets of 78% for the EU average, decreasing to a half the gender employment gap and decreasing to 9% the rate of NEETs among young people aged 15–29. The EU Disability Strategy (2021–2030) also aims to increase the employment rate of persons with disabilities by at least 10%. Increased participation in the labour market is also perceived beyond the employment rate, for instance, by preventing “workers become unemployed, inactive or underemployed” (ETUC, 2019), or by “activation of different subgroups of the economically inactive population” (BusinessEurope, 2023, p.1).
2. **Reduction of Poverty and Social Exclusion:** The EU aims to reduce poverty and social exclusion, which are often barriers to labour market participation. The European Pillar of Social Rights Action Plan set a target of lifting at least 15 million people out of the risk of poverty and social exclusion, and at least 5 million of them should be children.
3. **Skills Development and Lifelong Learning:** The EU focuses on promoting skills development and lifelong learning to enhance employability and adaptability. The Upskilling Pathways initiative aims to provide adults with low skills or inadequate qualifications with opportunities to improve their competencies and access better employment prospects. The European Pillar of Social Rights Action Plan sets the targets of 60% of all adults (aged 25–64) participating in training each year and at least 80% of those aged 16-74 having basic digital skills. It also envisages further reduce of early school leaving (among the population aged 18–24) and increase of participation in upper secondary education. According to the most recent Joint Employment Report, the EU aims to equip at least 80% of the population with at least basic digital skills by 2030, for both men and women (European Commission, 2023).

4. **Improving working conditions and creation of quality jobs:** Fair Working Conditions is the second chapter of the European Pillar of Social Rights including principles 5 to 10 – Secure and adaptable employment; Fair wages; Information about employment conditions and protection in case of dismissals; Social dialogue and involvement of workers; Work-life balance; and Healthy, safe and well-adapted work environment and data protection. Creation of quality jobs with fair working conditions also represents indispensable part of the Council decisions on guidelines for the employment policies of the member states.

There are also horizontal principles that are set as standards in all EU policies, but simultaneously are formulated as goals in the inclusion of vulnerable groups in the labour market.

5. **Equal Treatment and Non-Discrimination:** The EU seeks to ensure equal treatment and non-discrimination in the labour market. The EU Equal Treatment Directives prohibits discrimination based on various grounds, including disability, age, gender, ethnicity, and religion, promoting equal opportunities for all individuals. Furthermore, the first chapter of the European Pillar of Social Rights sets the principle of Gender equality in participation in the labour market, terms and conditions of employment, career progression and opportunities and the right to equal pay for work of equal value; and the principle of Equal opportunities regardless of gender, racial or ethnic origin, religion or belief, disability, age, or sexual orientation.
6. **Social Dialogue and Stakeholder Engagement:** The EU emphasizes the importance of social dialogue and engaging with relevant stakeholders, including employers, trade unions, and civil society organizations. By involving these actors, the EU seeks to develop inclusive labour market policies that address the specific needs and challenges faced by vulnerable groups. Both Employment Equality Directive and the Race Equality Directive call on Member States to “take adequate measures to promote dialogue between the social partners, with a view to fostering equal treatment”.

Several specific key initiatives and policy frameworks highlight the EU’s commitment to these goals.

**The European Pillar of Social Rights Action Plan**, which encompasses fundamental rights and values necessary for fair and effective labour markets and welfare systems in 21st century Europe, encourages member states to utilize the European Semester, an established framework to coordinate economic, employment, and social reforms and investments with a focus on people’s well-being. Member States are expected to report on the implementation of the Pillar in their National Reform Programmes. The country-specific recommendations provided through the Annual Sustainable Growth Strategy, based on environmental sustainability, productivity, fairness, and macroeconomic stability, will continue to guide the implementation of Pillar principles at the national level, supported by relevant EU funding.

To enhance monitoring efforts, the Commission proposes revising the Social Scoreboard, a key monitoring tool in the European Semester, to cover the Pillar more comprehensively. Integrating and updating existing indicators (more information in section 3.3.3), alongside the headline targets, will facilitate a more comprehensive assessment of progress towards Pillar principles and the monitoring of policy actions proposed in the Action Plan. The revised Social Scoreboard, aligned with the UN Sustainable Development Goals, will also be employed in the Economic Reform Programme process for enlargement countries, subject to data availability.

The European Employment Strategy sets common goals and guidelines for member states to enhance employment and labour market policies. It promotes inclusive employment by addressing barriers faced by vulnerable groups and emphasizing the importance of equal opportunities, non-discrimination, and social inclusion. It was first introduced in 1997 as a response to the need for a coordinated approach to employment policies within the EU. The main goals of this strategy are the following: Promoting job creation (to foster economic growth and job creation by supporting entrepreneurship, innovation and investment in human capital, with a focus on creating quality jobs with decent wages and working conditions); Enhancing labour market flexibility and adaptability (creating flexible labour markets to respond to changing economic conditions); Combating

unemployment and social exclusion (to reduce unemployment rates, long-term and youth unemployment, and promoting inclusive employment policies); and lastly, promoting gender equality and work-life balance (there's a strong emphasis on gender equality in the labour market and support for reducing gender gaps in employment rates, wages and career progression). The European Employment Strategy, in its whole, acts as a platform for fostering employment, social inclusion, and labour market improvements throughout the European Union. It demonstrates the EU's dedication to promoting sustainable and equitable growth while tackling the difficulties presented by the evolving nature of the labour market.

The European Disability Strategy is a policy framework developed by the European Union to promote the rights and inclusion of persons with disabilities. It outlines the EU's approach to addressing the specific challenges faced by persons with disabilities and aims to ensure their full and effective participation in all aspects of life. The European Disability Strategy comprises a set of objectives and actions to be undertaken by the EU and its member states. It focuses on various areas, including accessibility, non-discrimination, equal opportunities, participation, and support services for persons with disabilities. The key goals of the European Disability Strategy include: Accessibility (promoting accessibility in all areas of life, including the built environment, transportation, information and communication technologies, and public services); Non-Discrimination and Equal Treatment (ensuring that people with disabilities enjoy equal rights and opportunities and are protected from discrimination); Participation and Inclusion (facilitating the active participation and social inclusion of persons with disabilities in all spheres of life, including education, employment, culture, sports, and political decision-making); Equality and Accessibility in Employment (promoting equal opportunities and improving the employment prospects of persons with disabilities); and lastly, Access to Quality Services (ensuring access to high-quality support services, such as healthcare, rehabilitation, personal assistance, and social services, to meet the specific needs of persons with disabilities). The European Disability Strategy also emphasizes the importance of cooperation and collaboration among EU member states, relevant stakeholders, and persons with disabilities themselves. It encourages the exchange of good practices, the sharing of expertise, and the involvement of disability organizations in policy development and implementation. The strategy provides a framework for the EU and its member states to work towards a more inclusive and accessible society for persons with disabilities. It aligns with international frameworks, such as the United Nations Convention on the Rights of Persons with Disabilities and aims to ensure that persons with disabilities enjoy their rights and can fully participate in society on an equal basis with others.

The European Social Fund+ (ESF+) is the European Union's primary financial instrument for investing in human capital, social inclusion, and employment across member states. It is a part of the EU's Cohesion Policy and plays a crucial role in promoting social cohesion, economic growth, and job creation. The ESF+ aims to address the diverse social and economic challenges faced by member states by providing financial support to national, regional, and local initiatives. It focuses on four main priority areas: Employment (supports measures to increase employment opportunities, improve employability, and enhance labour market participation. It invests in initiatives such as vocational training, skills development, job placement services, entrepreneurship support, and lifelong learning programs); Social Inclusion (promotes social inclusion by targeting vulnerable groups and disadvantaged individuals, including persons with disabilities, youth at risk, long-term unemployed individuals, migrants, and ethnic minorities); Education and Skills (investing in education and skills development initiatives to ensure a skilled and adaptable workforce); and lastly, Institutional Capacity and Efficient Public Administration (strengthen the capacity and effectiveness of public administrations, social partners, and civil society organizations). The ESF+ operates through partnership agreements with member states, which outline the strategic priorities and investment plans for utilizing the fund. These agreements are aligned with the EU's broader policy frameworks, such as the European Semester and the European Pillar of Social Rights, to ensure coherence and synergy in achieving social and employment objectives. The fund provides financial support through



grants, investments, and technical assistance, and it encourages collaboration and knowledge-sharing among member states to facilitate the exchange of best practices and lessons learned.

The European Semester is an annual cycle of economic policy coordination and surveillance in the EU. It includes country-specific recommendations (CSRs) provided by the European Commission to member states, addressing various policy areas, including employment and social policies. The CSRs often include specific recommendations to improve the employment situation of vulnerable groups. The revised legislative structure made it possible for faster problem-solving and more frequent monitoring than the old arrangement. Additionally, it made it possible for the European Parliament, national legislatures, social partners, and other important stakeholders to participate more actively at all levels. Member states match their economic and budgetary strategies with the guidelines established at the EU level during the European Semester. Although the European Semester began as primarily an economic exercise, it has developed and now incorporates other pertinent policy domains. The coordination of socioeconomic policy occurs every year from November to July. The European Semester aims to contribute to ensuring convergence, stability, and sound public finances in the EU, foster economic growth, prevent excessive macroeconomic imbalances, monitor de implementation of national recovery and resilience plans, and coordinate and monitor employment and social policies.

**NextGenerationEU** is temporary recovery instrument to support the economic recovery from the coronavirus pandemic and build a greener, more digital, and more resilient future. The centrepiece of NextGenerationEU is the Recovery and Resilience Facility (RRF) – an instrument that offers grants and loans to support reforms and investments in the EU Member States. Part of the NextGenerationEU funds is being used to reinforce several existing EU programmes, incl. Upskill and Reskill – Education and training to support digital skills. The RRF is also crucial for the implementation the REPowerEU plan – the Commission's response to the socio-economic hardships and global energy market disruption caused by Russia's invasion of Ukraine.

### 3.3.2 Standards

It's important to note that the level of alignment and implementation of EU standards can vary among member states and regions. Some countries and regions may be more proactive in integrating these standards into their policies, while others may face challenges in fully adopting or implementing them due to various factors such as resource constraints, capacity limitations, or differing policy priorities. Standards for the equal treatment of people irrespective of racial or ethnic origin, as well as equal treatment in employment and occupation are being defined by Council Directives in the year 2000. These are defined in Council Directive 2000/43/EC and 2000/78/EC, which state (among others) the following essential principles, which shall be applied to all people, as regards to both the public and private sectors, including public bodies (The Council of the European Union, 2023):

- The Employment Guidelines 2000, which were approved by the European Council in Helsinki on December 10 and 11, 1999, emphasize the need to create the right conditions for a labour market that is socially inclusive by developing a set of policies that work together to combat discrimination against groups like racial minorities.
- A significant body of Community law, in particular Council Directive 76/ 207/EEC of 9 February 1976 on the Implementation of the Principle of Equal Treatment for Men and Women regarding Access to Employment, Vocational Training and Promotion, and Working Conditions, firmly establishes the principle of equality between women and men.
- The Universal Declaration of Human Rights, the United Nations Convention on the Elimination of All Forms of Discrimination Against Women, the United Nations Covenants on Civil and Political Rights and on Economic, Social, and Cultural Rights, as well as the European Convention for the Protection of Human Rights and Fundamental Freedoms, all recognize that everyone has

the right to equality before the law and protection against discrimination. Discrimination in the workplace and in occupations is prohibited by International Labour Organization (ILO) Convention No. 111.

- Racial or ethnic discrimination could make it more difficult to achieve the goals of the EC Treaty, including a high rate of employment and social protection, an increase in standard of living and quality of life, and economic and social cohesion and solidarity. Additionally, it might defeat the goal of creating a zone of freedom, security, and justice within the European Union.
- Specific action against discrimination based on racial or ethnic origin should cover areas like education, social protection including social security and healthcare, social advantages, and access to and supply of goods and services to ensure the development of democratic and tolerant societies that allow the participation of all people regardless of racial or ethnic origin.
- As a result, any form of discrimination—direct or indirect—based on race or ethnicity in the context of the directive's application shall be outlawed across the Community.
- Everyone has access to employment and good working conditions, including pay and dismissals;
- Everyone has access to vocational training, advanced vocational training, and retraining at all levels, including practical work experience;
- Workers and employees have access to membership in and involvement in any organization related to their labour or profession, including the benefits offered by such organizations.

Furthermore, the EU labour inclusion policies embed various standards. Most of them are formulated in a descriptive manner, but some also have quantitative elements.

#### General policy standards

The Commission Recommendation (EU) 2021/402 of 4 March 2021 on an effective active support to employment following the COVID-19 crisis (EASE) sets guidelines for EU member states to provide effective active support to employment to promote a job-rich recovery, encourage skills development and support people in their transition to new quality jobs. The requirements to all measures to be undertaken by the member states include **equal opportunities** “regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation” and for all types of territories, “from big cities to rural, coastal or remote areas across the whole EU, including the outermost regions” (p.4, par.18). All EASE measures should also be complemented with the implementation of the CSRs; be based on a mapping of skills needs and shortages across economic sectors and regions; contain a specific focus on the green and digital transitions and on “disadvantaged and under-represented groups on the labour market, in particular young people and women”; be designed, implemented and monitored with the participation of the social partners (p.6, par.3-4).

Member states are required to **develop statistical tools to measure the outcomes** of the policies (European Commission, 2021b).

Several sources pay attention to the adverse effects of the **digital tools and solutions** and insist that they should be inclusive, and not exclusive for the vulnerable groups. ETUC (2020) points on the necessity of such requirement in education and training, and specifically regarding the STEM education of women (2019). The Council of the EU concludes that the gender-related employment impact should be kept in mind and that “for persons with disabilities, new technologies, including the use of artificial intelligence, have great potential provided that they are accessible, affordable, disability-inclusive and do not lead to discriminatory practices” (2020c, p.6, par.10).

Some respondents of the in-depth interviews underlined that not only stakeholders should be consulted and engaged, but this should be done in community level, and with inclusion of representatives of the vulnerable groups themselves:

“The idea that these people are not likely to be engaged or approach institutional actors due to lack of trust, negative past experience, etc., the cooperation with community-level actors like NGOs, civil society organisations, etc., is crucial.” (Representative of institution at EU level).

“It was a very good initiative to involve vulnerable groups themselves. This kind of exercise, planning and design of inclusive projects could be much more successful if they involve the vulnerable groups themselves from the very beginning.” (Representative of institution at EU level).

### Standards for quality of jobs

Directive (EU) 2019/1152 on transparent and predictable working conditions in the European Union introduces minimum rights and updates the rules on the information to be provided to workers concerning their working conditions. Employers must inform workers in writing, and at the latest within a week from the first working day, of the basic elements of the employment relationship (parties, place, nature of activity, start and end date, duration, probation period, pay conditions, duration of normal workday or week), and for supplementary information (paid leave, training entitlement, collective agreements, social security contributions, termination conditions) (European Parliament and Council of the EU, 2019a).

### Employment contract

Employment contracts should meet minimum requirements: probation periods of maximum 6 months; right to refuse a work assignment outside previously defined reference hours and days; right of more predictable and secure working conditions after six months of service; free trainings if the employer is obliged to provide them. EU countries which allow the use of on-demand contracts or similar employment contracts (e.g., gig-economy or zero-hour contracts) must take measures to avoid abusive practices.

CSOs at EU level call for full-time working time, opposed to involuntary part-time or longer-hour work, as well as for standard employment contracts, opposed to bogus self-employment while working for employer, to protect social security and collective bargaining rights (ETUC 2019). They recommend to “aim at extending collective bargaining coverage to atypical workers or including atypical workers in collective bargaining.” (ETUC 2020, p.4).

### Minimum wages

Directive (EU) 2022/2041 on adequate minimum wages in the European Union should apply from 15 November 2024. It establishes a framework for adequacy of statutory minimum wages, promoting collective bargaining on wage-setting and enhancing the effective access of workers to their rights to minimum wage protection. To increase collective bargaining on wage setting, member states, involving social partners, must: promote the building and strengthening of social partners’ capacity to engage in collective bargaining; encourage constructive, meaningful and informed wage negotiations between social partners; act to guarantee the right to collective wage bargaining and prevent workers and trade union representatives suffering any employment discrimination; where the collective bargaining coverage rate is below a threshold of 80%, provide for enabling conditions, either by law or after consulting social partners, and establish an action plan to increase that coverage. Member states with statutory minimum wages shall: use criteria that must include the purchasing power of statutory minimum wages, the general level of wages, their growth rate and distribution and long-term national productivity levels and trends; apply indicative reference values to assess if statutory minimum wages are adequate; update statutory minimum wages every 2 years at least or, for member states which use an automatic indexation mechanism, at least every 4 years; designate one or more consultative bodies to provide advice; involve social partners in setting and updating statutory minimum wages; ensure, with the involvement of social partners, that workers have effective access to existing statutory minimum wage protection by providing effective, proportionate and non-discriminatory controls and field inspections, as well as sufficient resources, training and guidance for enforcement authorities (European Parliament and Council of the EU, 2022).

The directive does not oblige member states to introduce a statutory minimum wage nor does it affect their right to decide on the setting of statutory minimum wages, their level and the access to that protection; but recommends using indicative reference values commonly used at international level

such as 60 % of the gross median wage and 50 % of the gross average wage, and/or indicative reference values used at national level.

### Equal pay

Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms stipulates that the member states should ensure that employers have pay structures ensuring equal pay for equal work or work of equal value and to ensure that analytical tools or methodologies are made available and are easily accessible to support and guide the assessment and comparison of the value of work. The employers should provide to the job applicants information about the initial pay or its range and where applicable, the relevant provisions of the collective agreement applied by the employer in relation to the position. Employers with 50 or more employees shall make easily accessible to their workers the criteria that are used to determine workers' pay, pay levels, and pay progression. Workers shall have the right to request and receive in writing, in a maximum period of two months, information on their individual pay level and the average pay levels, broken down by sex, for categories of workers performing the same work as them or work of equal value to theirs. The employers with 100 or more employees should provide regular information on the gender pay gap in their organisations and conduct joint pay assessments with workers' representatives (European Parliament and Council of the EU, 2023).

### Work-life balance

Directive (EU) 2019/1158 on work-life balance for parents and carers sets out minimum requirements for family-related leaves (paternity, parental and carers' leave) and flexible working arrangements. Fathers or equivalent second parents have the right to take paternity leave of 10 working days on the birth of a child that must be paid at the national sick pay level. The right to paternity leave must not be made subject to a period of work qualification or to a length of service qualification. Each worker has an individual right to 4 months paid parental leave, 2 months of which are non-transferable between the parents. At least 2 months of parental leave per parent need to be paid at an adequate level. EU countries must ensure that workers have the right to request that they take parental leave in a flexible way, such as on a part-time basis, or in alternating periods of leave separated by periods of work. The directive introduces rules for carers, namely workers caring for relatives requiring support due to serious medical reasons. These rules also cover care for a person who lives in the same household as the worker. Each carer is entitled to take 5 working days per year. Workers with children up to a specified age, but at least 8, and carers have the right to request flexible working arrangements for caring purposes. These include the use of remote working arrangements, flexible working schedules, or a reduction in working hours. Employers must deal with these requests within a reasonable period and provide reasons for refusing or postponing such arrangements. Workers are protected from discrimination and dismissal on the grounds that they have applied for, or have taken, family-related leave or flexible working arrangements. Workers who consider that they have been dismissed on the basis that they have exercised such rights should be able to ask the employer to provide duly substantiated grounds for the dismissal. The previous job and the rights acquired or in the process of being acquired before leave by the worker are maintained after the leave (European Parliament and Council of the EU, 2019b).

### **Standards for social incentives and services**

The public services, according to ETUC (2019, pp. 5-6) should be well-financed and using ALMPs. ALMPs should primarily target "those furthest from the labour market".

As the tailor-made and individual-centred approach requires integrated services and coordination between the different service providers, data protection issues should be addressed to allow for an effective and smooth cooperation between different public administrations and services (Council of

the EU, 2020b). The profiling and screening of potential beneficiaries should apply multivariate, gender-sensitive approach (ibid).

The European Commission has also set recommendations for each type of supportive measures to be introduced and implemented by the member states.

**Hiring and transition incentives** should: be targeted; be temporary, with support phasing out gradually over time; embed appropriate safeguards to ensure that the newly created jobs are viable and maintained after the incentives have expired; include a strong training component of labour-market relevance; consider the regional dimension of labour market needs (European Commission, 2021a).

**Support schemes for apprenticeships and paid traineeships** should: target SMEs and sectors facing skill shortages; include a strong training component; be subject to monitoring and evaluation; be linked to the relevant frameworks fostering job quality (ibid).

Support for entrepreneurs should combine financial and non-financial measures and be inclusive and tailored (ibid).

Skills strategies should differentiate by economic sectors and ecosystems; support cooperation between different stakeholders; facilitate cross-sectoral and geographical mobility; be based on skills intelligence, incl. at regional, cross-border and sectoral levels; meet the needs of the labour market; create work-based learning and apprenticeships opportunities; provide entitlements for quality-assured training and career guidance irrespective to the employment status; include recognition and validation of learning and experience gained outside formal education and training (ibid).

Support **by employment services for job transitions** should: comprise counselling, guidance and mentoring, assessment and validation of skills, job-search assistance, entrepreneurship support and referrals to social services when needed; support workers affected by company restructurings; have the necessary operational capacities, incl. for outreach activities (ibid).

Income replacement measures should: include temporary unemployment or short-time working, should guarantee at least 80 % of lost income; and that workers placed in temporary unemployment or short-time working arrangements must be always protected against dismissal during this period (ETUC, 2020).

### Standards for upskilling, **apprenticeships**, and traineeships

Cedefop (2020a) has developed a methodology for the classification of good and promising practices in the field of upskilling of low-skilled. The methodology uses four general criteria, applicable to all policy fields: Effectiveness, Clarity, Consistency and Sustainability; and four specific criteria for upskilling of low-skilled. The specific criteria include: Successful coordination, cooperation, support and improved communication between all organisations involved; Sound and appropriate methodological and didactic approaches to stimulate and involve low-skilled adults also through supportive guidance systems; Flexible structure able to be adapted to different needs of the target group; and Recognition of prior learning and validation of learning outcomes, whether from formal education or nonformal or informal learning. According to this methodology, 11 practices from 9 countries are classified as good. Among them are two practices from Portugal - New opportunities initiative (Iniciativa Novas Oportunidades - NOI) and Qualifica programme, and one from the Netherlands - Language at work (Taal op de werkvloer).

The Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships sets minimal standards for apprenticeship schemes. The learning and working conditions of these schemes should include 1) written agreements to define the rights and obligations of the apprentice, the employer, and where appropriate the vocational education and training institution; 2) learning outcomes agreed by the employers and vocational education and training



institutions and, where appropriate, trade unions, that ensure a balance between job-specific skills, knowledge and key competences for LLL; 3) pedagogical support, meaning mutual and regular feedback between in-company trainers and VET institutions and support for teachers to update their skills, knowledge and competences; 4) workplace component, meaning at least half of the apprenticeship should be carried out in the workplace; 5) pay and/or compensation for the apprenticeship in line with national or sectoral requirements or collective agreements where they exist; 6) social protection, incl. necessary insurance in line with national legislation; and 7) work, health and safety conditions complying with the relevant rules and regulations (Council of the EU, 2018).

The Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships recommends to the member states to ensure that traineeships meet the following standards: 1) written agreement between the trainee and the traineeship provider indicating the educational objectives, the working conditions, whether an allowance or compensation is provided to the trainee, and the rights and obligations of the parties under applicable EU and national law, provider's policies on confidentiality and the ownership of intellectual property rights as well as the duration of the traineeship; 2) learning and training objectives to help trainees acquire practical experience and relevant skills and designation of a supervisor guiding the trainee through the assigned tasks, monitoring and assessing his/her progress; working conditions under applicable EU and national law; 3) reasonable duration that not exceeds six months, except in cases where a longer duration is justified, taking into account national practices; 4) recognition and validation of the knowledge, skills and competences acquired and attestation on the basis of an assessment, through a certificate; 5) transparency regarding the terms and conditions of the traineeship, in particular on whether an allowance and/or compensation and health and accident insurance are applicable, and regarding recruitment policies, incl. The share of trainees recruited in recent years.

### 3.3.3 Indicators

The EU utilizes various indicators to measure and compare the labour inclusion of vulnerable groups across its member states. These indicators help assess the progress and effectiveness of policies and initiatives aimed at promoting employment inclusion and social cohesion. Sustainable development is a cornerstone of European policy and is firmly rooted in the European Treaties. The adoption of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) by the UN General Assembly in 2015 has given global efforts to achieve sustainable development a new impetus. The EU is unwaveringly committed to leading the charge to hasten the realization of the Sustainable Development Goals. EUROSTAT has already developed 8 reports which present the monitorization of the SDGs' development within the EU. The most recent one, from 2023, is based on a set of EU SDGs indicators which were developed with the assistance of various stakeholders. The 17 SDGs form the framework for the indicator set, which consists of around 100 indicators. The monitoring report presents statistical trends for the SDGs in the EU over the past five years (referred to as the "short-term") and, assuming sufficient data are available, over the past 15 years (referred to as the "long-term"). The indicator trends are explained using a set of exact quantitative concepts. The 2023 report already considers the consequences of the COVID-19 pandemic, and the Russian invasion of Ukraine in the late 2022 and early 2023 (EUROSTAT, 2023).

Specifically related to the employment of vulnerable groups is SDG number 8, which is related to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", as published in The Sustainable Development Goals Report 2022.

As defined by SDG 8, dignified employment for all, including women, persons with disabilities, young people, older people, individuals from immigrant backgrounds, and other marginalized groups, is one of the pillars of socioeconomic growth. Work provides opportunities for social connection that are meaningful, which promotes feelings of self-worth, purpose, and social inclusion. Additionally, work

offers the resources needed to maintain respectable living standards and achieve one's life goals. Higher employment rates are a vital precondition for making societies more inclusive by reducing poverty and inequality within and across regions and social groups. The indicators EUROSTAT has considered to measure the EU's progress towards SDG 8, between 2007 and 2022 were divided into three sections: Sustainable economic growth (having as indicators Real GDP, the Investment share of GDP and Material footprint); Employment (having as indicators Employment rate, Long-term unemployment rate, Young people neither in employment nor in education and training and People outside labour force due to caring responsibility); and lastly Decent work (with indicators such as Fatal accidents at work, and In work-at-risk-of-poverty rate). The employment rate was considered in percentage, on the population aged between 20 to 64, and the young people neither in employment nor in education and training are considered between the ages of 15 and 29 (EUROSTAT, 2023).

The indicators on the revised social scoreboard of xxx are divided into three sections: Equal Opportunities, Fair working conditions and social protection and inclusion. These indicators and other relevant indicators by analytical framework can be seen in table 2.

### The European Union Labour Force Survey

The European Union Labour Force Survey (EU-LFS) is a large-scale household survey that provides data on employment and labour market characteristics across the EU. The EU-LFS data is widely used by policymakers, researchers, and analysts to monitor and analyse labour market developments at the national and European level. It helps policymakers assess the impact of labour market policies, formulate employment strategies, and evaluate the effectiveness of social and economic policies.

The survey collects information on various socio-demographic factors, including age, gender, disability status, educational attainment, and employment status. To ensure uniformity and comparability of data throughout EU member states, the survey is based on a standardized methodology. It follows the rules established by Eurostat, the European Union's statistical agency, to uphold high standards of data dependability and quality.

Each quarter, a sample of homes from each participating nation participates in the EU-LFS. The poll gathers data from people aged 15 and older, including employed and unemployed people. The information gathered gives a thorough picture of the dynamics of the labour market, including trends in employment rates, unemployment rates, and other important indicators. This survey helps in monitoring and comparing the employment situation of different groups, including vulnerable populations. The text describes a monitoring system for labour market indicators. It tracks various factors, such as employment by sex, age, and education level, part-time and temporary work, hours worked, unemployment rates, long-term unemployment, labour market slack, and transitions between different job statuses. These transitions include moving from employment to inactivity, transitioning from unemployment to employment, changing contract types, and more, all categorized by sex and age (EUROSTAT, 2023).

### Joint assessment framework

The European Commission, the Employment Committee (EMCO), and the Social Protection Committee (SPC) have devised a joint assessment framework (JAF) to track progress in implementing the employment guidelines initially within the context of the Europe 2020 plan. The JAF is an indicator-based assessment system. It measures the present situation and historical developments in Member States using a number of variables. Eurostat provides most of the indicators used to track and analyse the employment guidelines. The Employment Performance Monitor, which the Council adopts twice yearly, includes a summary of the JAF. The Employment Performance Monitor tracks a range of labour market indicators, including employment rates by age and gender, education levels, overall employment growth, part-time and temporary employment rates, unemployment rates, youth employment, labour productivity, pay gaps, and educational attainment (EUROSTAT, 2023).



## Conclusions

Considering all indicated frameworks and sets of indicators, it's possible to understand those that are transversal and general, as well as more context-specific ones. When evaluating employment and unemployment, there are individual indicators which are always considered, such as: sex, age, educational attainment/obtained skills. Then, there are indicators related to the type of work which is/was performed, part-time, full-time, temporary contracts, fixed-term contracts, as well as the time which the person has been either employed or unemployed. Finally, there is a dimension related to the transition between unemployment and employment, or between jobs or between contracts. These dimensions are always evaluated in the various presented frameworks.

It is important to consider that EU member states are responsible for designing and implementing their own employment and social policies, taking into account their national priorities, legal frameworks, and institutional arrangements. While the EU provides guidelines and recommendations, the actual adoption and integration of these standards and indicators into national policies depend on each country's approach and political will. National governments often adapt EU standards and indicators to their specific circumstances and policy objectives, considering the unique challenges and opportunities within their own territories. They may set their own national targets and indicators to measure and monitor the employment of vulnerable groups, aligning them with EU objectives where relevant. At the regional and local levels, there may be further adaptations and customization of policies to address specific regional or local needs. Regional and local authorities have some autonomy in tailoring policies and interventions to their specific contexts, collaborating with national governments to implement inclusive employment measures and monitor progress.

Table 2. Relevant indicators by analytical framework. (Social scoreboard headline indicators are in bold).

Indicators	EUROSTA T-SDG8	Revised social scoreboard	EU-LFS	JAF
Real GDP per capita	√			
Investment share of GDP	√			
Activity rate		√		
Activity rate by sex and age			√	
Inactive population due to caring responsibilities	√			
Transition from inactivity to employment by sex, age and labour market attachment			√	
Outflows of employment to inactivity by type of inactivity			√	
Unemployment rate		√		
Unemployment rate by sex				√
Youth unemployment rate		√		
Unemployment rate by sex and age			√	
NEET rate	√	√	√	
NEET rate by sex				√
Recent job leavers by sex and age			√	
Long-term unemployment rate	√	√		
Long-term unemployment rate by sex, age and educational attainment			√	
Transitions from employment to unemployment by sex, age and type of contract			√	
Transitions from unemployed to employment by sex, age and degree of urbanization			√	
Transitions from unemployment to employment by sex, age and previous work experience			√	
Transitions from unemployment to employment by sex, age and duration of unemployment			√	

Indicators	EUROSTA T- SDG8	Revised social scoreboard	EU-LFS	JAF
Employment rate by sex			✓	✓
Gender employment gap		✓		✓
Employment rate by age and by educational attainment level			✓	
Employment rate of low skilled people;				✓
Employment rate of non-EU nationals				✓
Employment rate of older workers				✓
Youth employment rate				✓
Disability employment gap		✓		
Overall employment growth				✓
Employment in current job by duration		✓		
Newly employed				✓
Recent job starters by sex and age			✓	
Job-to-job transition by sex and age			✓	
Temporary contracts			✓	
Temporary employees as percentage of the total number of employees				✓
Involuntary temporary employment		✓		✓
Transition rates from temporary to permanent contracts		✓		
Transition from fixed term contracts to permanent contracts by sex and age			✓	
Part-time employment rate			✓	✓
Gender gap in part-time employment		✓		
Transition from part-time work to full-time work by sex and age			✓	
Labour market slack by sex and age			✓	
Index of total actual hours worked in the main job by sex and age group			✓	
Gender pay gap in unadjusted form		✓		✓
Nominal unit labour cost growth				✓
Tax rate on low wage earners – Unemployment trap				✓
Labour productivity per person employed and hour worked				✓
Total absences from work by sex and age group			✓	
Fatal accidents at work	✓	✓		
Children aged less than 3 years on formal childcare		✓		
<b>Early leavers from education and training</b>		✓		✓
Percentage of population with at least upper secondary educational attainment				✓
Tertiary education attainment		✓		✓
<b>Adult participation</b> in learning during the last 12 months		✓		
Participation of low-qualified adults in learning		✓		
Share of unemployed adults with a recent learning experience		✓		
Underachievement in education (including digital skills)		✓		
Gap in underachievement between the bottom and top quarter of the socio-economic index (PISA)		✓		
Individuals' level of digital skills		✓		
In-work at-risk-of-poverty rate	✓	✓		
At-risk of poverty rate of unemployed people				✓
Coverage of unemployment benefits (among short-term unemployed)		✓		
People living in a household with a very low work intensity		✓		
GDHI per capita growth		✓		
<b>Income quintile ratio</b>		✓		
Income share of the bottom 40% earners		✓		

### 3.4 Inclusion strategies

This chapter first introduces some main areas and categorizations of inclusion strategies at the level of European labour market policies. Thereafter, the chapter focuses on some focal and evidence-based inclusion strategies at the employer and individual level acknowledged in the research literature.

#### 3.4.1 Inclusion strategies according to the European Union Employment Guidelines

Categorisation of the strategies for the inclusion of vulnerable groups in the labour market is done through different dimensions. According to the time dimension, they could be currently active, used in the past but not active, and strategies that are desired, planned or currently developing but not in full force yet. Through the level of dissemination, there are strategies that are used in (almost) all or just in some member states. The implementation depends on the availability of targeted EU funding and whether the strategies have legislative power. Depending on the purpose and the approach, the labour market policies could be active or passive (ALMPs and PLMPs). Through the level of intervention, there are strategies directed to the individuals, to the employers, to stakeholders or policymakers, or to the context/environment. The strategies could also be categorised through the policy goals they aim to implement (described in the previous chapter 3.3). In addition, they could be divided according to the vulnerable groups they are targeting.

In this chapter, we first focus on policy level strategies aiming at improving labour market inclusion of different vulnerable groups. The policy level discussion is based on guidelines provided by the Council Decisions 2022/2296 of 21 November 2022 on the Employment Policies of the Member States (the Guidelines). These guidelines focus on boosting the demand for labour (guideline 5); enhancing labour supply and improving access to employment, lifelong acquisition of skills and competences (guideline 6); enhancing the functioning of labour markets and the effectiveness of social dialogue (guideline 7); and promoting equal opportunities for all, fostering social inclusion, and fighting poverty (guideline 8).

##### Strategies **boosting the demand for labour**

The strategies that aim to boost the demand for labour relate to creating of quality jobs, preserving employment and support restructuring processes, taxation, and wage-setting mechanisms.

The **creation of quality jobs** direction should be designed to take advantage of the potential linked to the digital and green transitions (Guidelines 2022, Annex, Guideline 5), and hence, they address challenges created by the twin transitions. It is directly connected with the goals to increase participation in the labour market and decrease social exclusion. More specifically, this direction includes actions that focus on reducing the barriers that the work organizations have in hiring new employees, increasing financial tools for micro, small, and medium-sized enterprises, and social enterprises.

The European Parliament (2023b) called on the Commission to develop a Better Regulation agenda to reduce the regulatory burden for employers, following the principle "one in, one out". Some of the interviewed CSO representatives found a contradiction between the efforts to reduce barriers to business and the policies limiting atypical work contracts: "Governments, member states, are putting barriers to different/diverse forms of work and imposing restrictions on policies regarding flexible forms of employment. If you restrict these services, you take away options to integrate... The more you promote diverse forms of work (part-time work), the more you promote inclusion and integration."

Funding to support the creation and growth of micro, small and medium-sized enterprises could be provided through the Recovery and Resilience Facility, which is the basis of the **NextGenerationEU** temporary recovery instrument (Eurofound, 2021b).

The social enterprises are seen as a possible solution for the territories most affected by the transition to a green economy due to their sectoral specialisation (Guidelines 2022, Annex, Guideline 5, par.1). The social economy is also an important tool for the integration of **people with disabilities** because it can enhance their employability in mainstream businesses by fostering sustainable job creation, social integration, upskilling and active citizenship (Eurofound, 2021b).

The short-**time work schemes** and **hiring incentives** were long ago used to preserve employment; but following the COVID-19 pandemic they became an important EU-level strategy. It was broadly implemented by the member states thanks to the €100 billion-financial aid provided through the temporary mechanism **Support to mitigate Unemployment Risks in an Emergency (SURE)** (ibid). Moreover, the purpose of these schemes is extended to cover not only preserving jobs but also **transitions** to (new) jobs, in response to the effects of COVID-19, the twin transitions and the war in Ukraine (Guidelines 2022, Annex, Guideline 5).

**Taxation policies**, or more precisely, “shifting taxation away from labour”, also aim both at preventing poverty and social exclusion and at promoting participation in the labour market. Alleviation of taxes is most frequently targeting the second earners in the families, the predominant share of which are women; thereby, as this is a key factor in deciding whether to participate in the labour market (Cedefop, 2017), taxation policies are very important for the goal to promote gender equality. It is also seen as preventing labour market segmentation and benefiting the low earners (European Commission 2,022d). “Postponement but not waiver of employers’ social security contributions, preliminary tax on salaries and value added tax” is also among the recommendations of social partners to mitigate the impact of the crisis following COVID-19 outbreak (ETUC, 2020, p.1).

**Wage-setting mechanisms** aim at preventing poverty and social exclusion, fighting specifically in-work poverty, and targeting “lower- and middle-income groups” (Guidelines 2022, Annex, Guideline 5). Statutory minimum wages and collective bargaining are the main strategies in this direction. However, besides the impact of wage-setting mechanisms on in-work poverty, those on competitiveness and job creation should be also considered (ibid.).

#### Strategies **enhancing labour supply and improving access to employment, lifelong acquisition of skills and competences**

This type of policy strategies could be grouped in five main directions: fostering lifelong learning, skills, and competences; addressing inequalities and structural weaknesses in education and training systems; providing effective, timely and tailor-made assistance to the unemployed and inactive people; removing barriers to participate in the labour market; and tackling gender inequalities.

Fostering lifelong knowledge, skills and competences is a cornerstone strategy in the EU employment and social policies and one of the fields in which several quantitative targets are set. More broadly, it addresses the aim to promote sustainability, productivity, employability, and human capital and to respond to the challenges of the digital and green transitions, demographic change, and Russia’s war of aggression against Ukraine. Upskilling, reskilling and LLL have generally preventive purpose for the societies to address labour market shortages and skill mismatches, “improving the overall resilience of the economy to shocks and making potential adjustments easier”; and for the individuals, to “enable everyone to anticipate and better adapt to labour-market needs” (Guidelines 2022, Annex, Guideline 6). Investing in teachers’ and trainers’ digital competences is one of the strategies hereto (ibid).

The European Skills Agenda is the main framework of skill policies in the EU. It was adopted in 2016 and renewed in 2020. The new Agenda consists of 12 Actions.

- **Action 1** - Pact for Skills, aims at mobilising all partners and existing initiatives, such as the Blueprint for Sectoral Cooperation on Skills, the reinforced European Alliance for Apprenticeships and the Digital Skills and Jobs Coalition.
- **Action 2** - Strengthening skills intelligence, envisages online “real-time” information on skills demand, including at regional and sectoral levels, using big data analysis of job vacancies and making it widely available.
- **Action 3** - EU support for strategic national upskilling, aims at the elaboration of modern and comprehensive national skills strategies and at joining forces with national public employment agencies to realise them. It also includes a more strategic approach to legal migration, oriented towards better attracting and keeping talent.
- **Action 4** - Future-proof vocational education and training (VET) strives to make VET more modern, attractive for all learners, flexible and fit for the digital age and green transition.
- **Action 5** - Rolling out the European Universities initiative and upskilling scientists is dedicated to the building of long-term transnational alliances between higher education institutions throughout Europe and developing a core set of skills for researchers.
- **Action 6** - Skills to support the green and digital transitions, sets the goals to develop a set of core green skills, statistical monitoring of the greening of workplaces, boost digital skills through a Digital Education Action Plan and ICT jump-start training courses.
- **Action 7** - Increasing STEM graduates, fostering entrepreneurial and transversal skills focuses on encouraging young people, especially women, into Science, Technology, Engineering and Maths and on strengthening support for entrepreneurs and the acquisition of transversal skills like cooperation and critical thinking.
- **Action 8** - Skills for life addresses the goal to support adult learning beyond the labour market, on issues such as media literacy, civic competences, and financial, environmental and health literacy.
- **Action 9** - Initiative on individual learning accounts, is directed to the increase of individuals' incentives and motivation to seek training. The individual learning accounts are portable and quality-checked training entitlements that could help stimulate LLL.
- **Action 10** - A European approach to micro-credentials, aims at creation of European standards that should help recognise the results of shorter and more targeted training, including online training.
- **Action 11** - New Europass platform. The platform was completely renewed. It offers online tools and guidance on CV-writing, suggests tailored jobs and learning opportunities, provides information for job seekers, and is available in 29 languages.
- **Action 12** - Improving the enabling framework to unlock investment, identifies the financial means to foster investment in skills (European Commission, 2020b).

Simultaneously, however, they could target specific vulnerable groups.

The Youth Guarantee is a core EU policy for the inclusion of vulnerable youth. It was established with the Council Recommendation of 22 April 2013 and reinforced by the Council Recommendation of 30 October 2020 on A Bridge to Jobs. The target group of the Youth Guarantee are the NEETs. It aims at preventing early school leaving and structural improvement in the school-to-work transition (Council of the EU 2020b). The Guarantee ensures that all young people under 30 years of age receive a good quality offer of **employment, continued education, an apprenticeship**, or a traineeship within a period of four months of becoming unemployed or leaving formal education. The process consists of four phases:



- Mapping - Identifying the target group, available services and skills needs, and enabling prevention through tracking and early warning systems;
- Outreach - Raising awareness and targeting communication through modern, youth-friendly local information channels and specifically trained service providers and complementary strategies such as youth work, young 'ambassadors' and cooperation with partners that are in contact with specific groups of young people;
- Preparation - Using profiling tools to tailor individualised action plans; performing counselling, guidance and mentoring; and assessing, improving and validating other important skills
- Offer - Use well-designed employment incentives, reduction of social security contributions, tax credits or disability benefits, and start-up incentives; offers that promote self-employment for young people should be linked to in-depth training and comprehensive entrepreneurial counselling; diversifying the continued education offer through flexible learning pathways, work-based learning, bridging programmes and second-chance programmes, ensuring the validation of non-formal and informal learning; intensify support to quality apprenticeships; providing continued post-placement support and adjust individualised action plans, using the opportunity of post-placement feedback (ibid).

The **Council Recommendation of 19 December 2016 on Upskilling Pathways: New Opportunities** for Adults, is another main EU strategic document in the field of upskilling, reskilling and LLL. It targets low-skilled adults who are not eligible for support under the Youth Guarantee (Council of the EU 2016b). The Recommendation guides the member states to offer adults with a low level of skills, knowledge and competences, access to upskilling pathways which provide them with the opportunity to acquire a minimum level of literacy, numeracy and digital competence; and/or acquire a wider set of skills, knowledge and competences, relevant for the labour market and active participation in society, by making progress towards a qualification at EQF level 3 or 4. The upskilling pathways consist of three steps: skills assessment; provision of a tailored, flexible and quality learning offer; and validation and recognition of skills acquired (ibid).

Another important strategy direction under Guideline 6 is **addressing inequalities and structural weaknesses in education and training systems**. This direction responds to the goal to foster equal opportunities. It benefits the most the children with a migrant background, vulnerable ethnic minorities such as Roma, children with disabilities and special learning needs, children from poorer and/or socially excluded families (EAPN, 2020), as well as some sub-groups of NEETs (Cedefop, 2021).

For **inclusive education, combating segregation, discrimination and bullying** EAPN (2020, pp.35-36) proposes: appropriate settings and mechanisms for a **broad consultation process**, involving schools, parents and pupils, to identify problems and find solutions together; provide the necessary funding for higher salaries of teachers and other personnel, especially for those working with pupils with special needs or from deprived backgrounds, and for the necessary equipment of schools, incl. computer equipment and internet; increase **personalised attention and support** within mainstream school settings for children with specific needs, including those with disabilities; effective **anti-discrimination and anti-bullying** policies in schools, incl. easily accessible and clearly identified mechanisms for reporting and requesting help and rapid response mechanisms; better train the teachers and introduce in the school curricula lessons and activities aimed at promoting diversity, intercultural understanding, and life skills; reduce socio-economic segregation by defining minimum and maximum quota or schooling zones.

To achieve quality, accessibility, and affordability of formal education systems, EAPN (2020) proposes adequate **financial support** for families and students to afford uniforms, school materials, transport, nutritious and healthy meals; allocating higher per-pupil funding from state budgets and imposing maximum fees to prevent schools to over-charge parents; and school curriculum which adequately incorporates creativity, critical thinking, life skills and personal development.



Flexible and permeable education and training systems are also recommended, to address the needs of the sub-groups of NEETs in long-term search, Unavailable due to family responsibilities and discouraged and disengaged young people: “Flexibility means that learning pathways can adapt to the changing interests and abilities of young people as they progress. Permeability means that young people have the option to progress to programmes at a higher level or to switch to another programme to achieve their long-term career plans. More specifically, flexibility in the delivery of learning opportunities means that young people whose education was interrupted may benefit from an extended period to complete their studies, the possibility to study part-time, or alternative delivery methods (e.g., online)” (Cedefop, 2021, Intervene).

**Providing unemployed and inactive people with effective, timely, coordinated,** and tailor-made assistance is another important direction of Guideline 6 that, as shown above, are integral part of the Youth Guarantee and Upskilling Pathways initiatives, targeting NEETs and low-skilled adults. “Tailoring individualised, holistic action plans” for the young unemployed and inactive Roma is also recommended in the recent policy document regarding this vulnerable group (Council of the EU, 2021b, p.8). All-encompassing and individual, tailored support is found as increasingly used to support job seekers with disabilities (Eurofound, 2021b, p.29). Furthermore, this approach is perceived as effective for the vulnerable groups at all (European Commission, 2022b).

Providing tailor-made solutions means that the approach of the services should be centred on the individual, and this also leads to new organisation of services: “Another one, I think, is a tailor-made approach to people. They really need to start with what you want to do, what you can do, and what you’re capable of, and not imposing. It’s important to see the capabilities of these people and then accompany them through the process and the most efficient one would be a one-stop shop if it’s possible” (Representative of CSO at EU level).

The services that are personalised to address the needs of the jobseekers combine various sets:

- both in-house and outsourced services, incl. mentoring and psycho-social counselling;
- more classic active programmes as training and subsidised employment, and COVID-19 pandemic prompted the use of shorter training courses;
- meetings with counsellors and intensive (group) job-search training;
- provision of direct referrals and free job-matching services for firms, aiming to encourage employers to consider jobseekers who might normally be less employable;
- post-placement counselling and on-the-job training (European Commission, 2022b).

Guideline 6 also points at the need to **remove barriers to and provide incentives** for labour market **participation**. Barriers to employment should be included in the personalised assessment of employability of the long-term unemployed, which is a part of the job-integration agreement they should receive up to 18 months of becoming unemployed (Council of the EU 2016a). The job-integration agreement should also include a single point of contact; combining relevant services provided by different organisations; personalised guidance from employment services and other partners; and clear goals and obligations, such as active steps to finding a job, accepting suitable work and participating in education or training. As optional services are envisaged also: job-search assistance and in-work assistance; validation of non-formal and informal learning; rehabilitation, counselling, and guidance; education or VET; work experience; social support; early childhood education and care; health and long-term care services; debt counselling; housing and transport support.

These optional services hint at the nature of the barriers that might be experienced.

The removal of specific barriers benefits the **people with disabilities**, but targets the employers. These are various measures that include:

- workplace adaptations and assistance in the form of physical and organisational adjustments;

- support for retention and awareness-raising aiming to highlight the benefits of hiring people with disabilities;
- legal instruments, collective agreements and protection against dismissal (such as anti-discrimination legislation), plans and frameworks;
- matching services and placement offers providing the opportunity for an initial contact between employers and jobseekers with disabilities through tailored intermediation;
- capacity building of those who work with and in services for people with disabilities (Eurofound, 2021b).

The last direction of Guideline 6 - tackling the gender employment and pay gaps, addresses the goal to ensure equal treatment and non-discrimination. The gender pay gap is a long-standing issue that recently received response by the pay transparency directive; for its swift implementation, however, the European Parliament calls on member states to assess work of equal value in accordance with objective gender-neutral criteria (European Parliament, 2023b).

Strengthening the labour market participation of women is pursued by fostering equal opportunities and career progression, as well as promoting the reconciliation of work, family and private life, through:

- access to affordable, quality long term care and early childhood education and care services;
- access to suitable family-related leave and flexible working arrangements for parents and other people with caring responsibilities (European Commission, 2022d, p.18-19).

Also, in the view of tackling challenges of the digital transition and the demand for new digital skills, Action 6 of the European Skills Agenda envisages “Supporting EU ICT-Jump-Start trainings to provide short-term intensive training to tackle ICT skills shortages, with a focus on gender-balanced participation”; and Action 7 envisages to “raise the attractiveness of STEM studies and careers, with focused actions to attract girls and women, and by encouraging a cross-disciplinary and innovative teaching and learning approach in schools, VET and higher education”. (European Commission, 2020b, p.12-13).

### Strategies **enhancing the functioning of labour markets and the effectiveness of social dialogue**

There are six directions within this type of strategies: three are oriented to the regulatory framework and the work of the responsible institutions, and three are dedicated to the collaboration with the social partners and the CSOs.

The first direction aims to activate and enable those who can participate in the labour market, especially vulnerable groups and including in disadvantaged regions. The vulnerable groups in focus are “lower-skilled people, persons with disabilities, people with a migrant background, including persons under a temporary protection status, and marginalised Roma people” (Guidelines 2022, Guideline 7, par.2). To achieve this activation, it is recommended to **increase their targeting**, outreach, and coverage and to **better link them with social services, training and income support** for the unemployed, and for these purposes, to enhance the capacity of public employment services (ibid).

BusinessEurope (2023) recommends specific combinations of strategies to be applied for the different sub-groups of inactive people, according to the main reason for inactivity. A summary of the proposed strategies is presented in Figure 1.

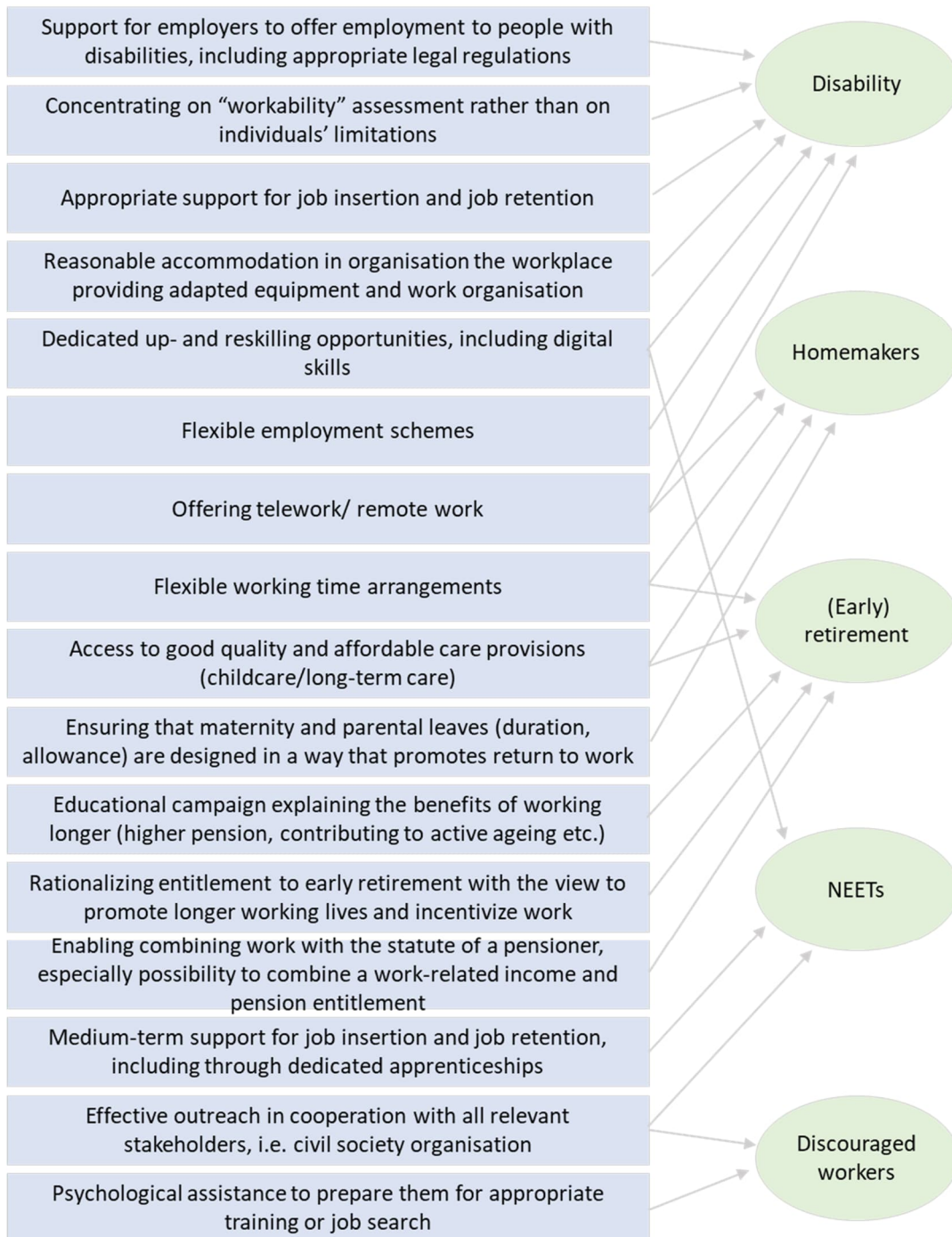


Figure 1. Strategies for activation of the inactive (BusinessEurope, 2023).

The second direction pays attention to the necessity to **remove disincentives to work**. This includes actions such as "striking the right balance between a temporary conditional support and ensuring that income from work is higher than from unemployment benefit" (BusinessEurope, 2023, p.12). These strategies should be accompanied by active labour market policies (Guidelines 2022, Guideline 7, par.3). Similar policies, for instance, are the design and interaction of tax and benefits systems for parents (European Commission, 2013) and the provision of guidance, training, and financial support to people with disabilities for the creation of self-employment opportunities. Besides the creation of jobs and strengthening the skills and motivation for participation in the open labour market, another outcome of such provision is lower attractiveness of/reliance on disability benefits/pensions (Eurofound, 2021).

**Supporting learners' and workers' mobility** is direction aimed at enhancing skills and employability. The European Pillar of Social Rights Action Plan (European Commission, 2021c) envisages the Commission to work with the European Labour Authority (ELA) on the proper implementation and enforcement of EU labour mobility rules, on capacity building for information and labour inspections at national level, and on the protection of mobile workers, including seasonal workers. Public authorities and social partners are also called to cooperate in this field. In 2024, the Commission will evaluate the Authority's performance in relation to its objective and tasks and potentially re-assess the scope of its mandate. The Commission encourages the European Parliament and the Council to conclude negotiations on the revision of social security coordination rules.

The barriers to mobility have been addressed by several CSO representatives during the in-depth interviews. According to their considerations, overcoming these barriers requires efforts far beyond employment policies that concern several other sectors: "If you look at the old Swedish model, they synchronised all types of policies. They tried to concentrate the population in 11-13 growth centres, they used pension savings and built houses so people would have a place to live when they were moving. General economic policies were synchronised with labour market policies, unemployment benefits, pension policies, housing policies, etc.". Enhanced mobility is seen to benefit the unemployed youth (ibid). It is also seen as suitable for vulnerable Roma: "There are very interesting projects for the integration of the Roma community, considering human rights and mobility, which include groups that are potentially generators of more vulnerable groups" (Representative of institution at EU level). Mobility is perceived as crucial especially to those Roma "living in rural and segregated areas with limited job opportunities" (Council of the EU, 2021b, p.9).

Removing barriers to mobility appears important for the third country nationals. In their position on the Employment Guidelines 2020, ETUC (2020, p.4) they recommend "to promote greater mobility between Member States for those who already have a permit and to take steps to regularise migrant workers by ensuring that they have regular jobs, with health and social security coverages". In the most recent context of the war in Ukraine, mobility turned crucial also for the displaced Ukrainian people, as housing arrangements and location affect their employment opportunities (Eurofound, and the European Union Agency for Fundamental Rights 2023).

Guideline 7 outlines three strategy directions in which involvement of social partners and the civil sector have the central point. Working together on fair, transparent, and predictable working **conditions**, balancing rights, and obligations, aims at harnessing the potential while limiting negative effects of the "new work patterns and business models". On the one hand, this includes actions to provide a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context and promote the use of flexible working arrangements such as teleworking. On the other hand, the member states are called to reduce and prevent segmentation within labour markets; prevent employment relationships that lead to precarious working conditions should be prevented, including in the case of platform workers; fight the abuse of atypical contracts; fight undeclared work and bogus self-employment; foster the transition towards open-ended forms of employment; ensure access to effective, impartial dispute resolution and a right to redress, including adequate compensation in cases of unfair dismissal; ensure social protection, an appropriate level of security, and healthy, safe and well-adapted working environments; ensure respect of workers' rights in terms of working time, working conditions, mental health at work and work-life balance (Guidelines 2022, Guideline 7).

For the latter purpose, the European Parliament (2023b) called the European Commission to propose a directive to regulate teleworking conditions across the EU and to complement it by a directive on psychosocial risks and well-being at work, as well as to propose, in consultation with the social partners, a directive on minimum standards and conditions to ensure that all workers can effectively exercise their right to disconnect. Furthermore, the Commission is called to propose a methodology and clear goals in terms of the creation of quality jobs (ibid).



**Creating the appropriate conditions for new forms of work, delivering on their job creation potential, while ensuring they are compliant with existing social rights**, is another strategy in which the role of the social partners is seen as instrumental (Guidelines 2022, Guideline 7). The member states are called to provide guidance on the rights and obligations which apply in the context of atypical contracts and new forms of work, such as work through digital platforms, and to support social partners in reaching out and representing people in atypical and platform work. It is also recommended to provide guidelines or dedicated trainings for labour inspectorates concerning the challenges stemming from new forms of organising work, such as algorithmic management, data surveillance and permanent or semi-permanent telework (ibid). ETUC (2019, p.3) set as their own task to “push for new legislative tools and working to organise platform workers to benefit from collective bargaining, as well as workers’ participation”. Such legislative tools are expected to bring positive effects for the prevention of poverty and social exclusion, benefiting the low-wage earners: “The consequence is that we have multiple initiatives, Council recommendations for directives on minimum wage, recommendations on minimum income platform workers. We don’t know what the effect of all of this is, but we have the impression that things are moving forward” (Representative of CSO at EU level).

Guidelines 7 puts stress on the need to involve social partners in employment, social and economic reforms, and policies for better socioeconomic outcomes, including in times of crisis, as in the case of Russia’s war of aggression against Ukraine and the rising cost of living. For this purpose, the member states are called to support increased capacity of the social partners; foster social dialogue and collective bargaining; and encourage social partners to negotiate and conclude collective agreements in matters relevant to them (ibid).

### Strategies promoting equal opportunities for all, fostering social inclusion and fighting poverty

While Guideline 7 is dedicated to the Social Dialogue and Stakeholder Engagement, Guideline 8 provides recommendations in line with the horizontal principle of Equal Treatment and Non-Discrimination and addresses the Reduction of Poverty and Social Exclusion.

The first strategic direction of Guideline 8 is to promote inclusive labour markets with measures to **fight discrimination, promote equal opportunities** and ensure equal treatment regarding employment, social protection, healthcare, childcare, long-term care, education and access to goods and services, including housing, regardless of gender, racial or ethnic origin, religion or belief, disability, age, or sexual orientation. These measures target all groups “that are under-represented in the labour market” (Guidelines 2022, Guideline 8, par.1).

The European Commission (2021c) encourages companies to put in place mechanisms to combat discriminatory practices in recruitment, selection, and promotion, and promote diversity in the workplace. National-level anti-discrimination policies, in addition to anti-discrimination legislation, can take the form of the following actions:

- Detection, monitoring, reporting and awareness-raising; mapping trends in the experience or perception of discrimination and creating a ‘zero tolerance’ environment;
- Raising awareness of existing rights and ensuring effective enforcement;
- Issuing advice, guidance and good practice and encouraging good practice sharing, including addressing stereotypes;
- Encouraging others to take action (in collective agreements or at company level);
- Taking steps to overcome issues which contribute to unequal treatment in recruitment and employment, such as targeted training measures;
- Recognising achievement through awards and labels (Eurofound 2020)

Measures that could be taken by the social partners:

- Influencing legislation and policy through tripartite decision-making bodies, through bipartite or unilateral policy inputs or through lobbying;
- Collective agreements, especially on the cross-sectoral level;
- Issuing of joint or unilateral guidance/codes of practice, the implementation of joint or unilateral projects, and the gathering and sharing of good practice examples;
- Monitoring of workplace practices and direct support in complaints brought forward (ibid).

To fight discrimination against Roma, for instance, are recommended measures like raise awareness among Roma of their rights; promote access to justice for victims of antigypsyism and discrimination; dismantle and prevent systemic/institutional/structural discrimination experienced by Roma; sensitising school staff, employers, health workers and authorities; regularly collect equality data (data on experiences of discrimination; data from equality bodies on incidents of discrimination) (European Commission 2020a, Annex); promote the dissemination of accurate, clear and evidence-based information and awareness raising campaigns; (ibid); providing access to digital technologies, in particular access to and support for online and distance learning; promoting the reporting of online discriminatory practices in access to and the use of services (ibid).

For the purposes of providing adequate, effective, efficient and sustainable social protection for all; fostering social inclusion and upward social mobility; incentivising labour market participation; supporting social investment, fighting poverty and social exclusion and addressing inequalities, Guideline 8 also recommends **modernising and improving the effectiveness of social protection systems**, through the design of the tax and benefit systems; by **assessing the distributional impact of policies**; and by **complementing universal approaches with targeted ones** (Guidelines 2022, Guideline 8). Guideline 8 calls to address the effects of the twin transitions and of the war in Ukraine on poverty, stressing on energy poverty, and to pay particular attention to the “most vulnerable households affected by the green and digital transitions and by rising energy costs”. The suggested strategy to tackle energy poverty are the temporary income benefits or adapting existing support measures (ibid).

To promote modernisation of individual PES is the core purpose of the PES Network, as modernisation includes staff skills, enhanced quality, data-driven, personalised, and online **services, and use of artificial intelligence** (European Commission, 2021d). During the second half of 2023, the Spanish Presidency will focus on strengthening social protection for the self-employed, modernising the social protection systems and increasing awareness of the impact of teleworking and mobility on social security systems (AGE Platform, 2023). However, a representative of institutions at EU level warned that “the overdigitalization of social services is also ineffective - vulnerable people might not always have the materials or the digital skills. So, an exclusively digital approach may exclude these people.”

Guideline 8 calls for developing and integrating the three strands of active inclusion: adequate income support, inclusive labour markets, and access to quality enabling services. This includes provision of adequate minimum income benefits, as well as targeted provision of social services, to support and encourage people to actively participate in the labour market (Guidelines 2022, Guideline 8, par.3). The social services should be available, affordable, accessible (incl. for people with disabilities) and of good quality, and the member states should ensure that everyone, including children, has access to essential services. Besides the employment services, these should also include: early childhood education and care and out-of-school care; education and training; healthcare and long-term care; housing or housing assistance and inclusive housing renovation (ibid).

Entitlement for benefits for low-wage workers is also recommended, to overcome the barriers to the labour market of beneficiaries of minimum income: “They said they usually don’t have incentives to work, or they lose their minimum income benefits if they start working. This is something that makes it difficult to leave these schemes. There should be something - like in France, I think they can work and still have some benefits. People should not be afraid to step into the labour market”



(Representative of CSO at EU level). According to analysis of BusinessEurope (2023, p.12), in-work benefits (IWB) are one of the most effective policy options; and “well-designed minimum income schemes - conditional, means-tested and including activation component – are crucial to support those in need, while facilitating transition to employment”.

Within the efforts to fight poverty and social exclusion, Guideline 8 calls for paying specific attention to in-work and child poverty, incl. taking necessary measures for the unaccompanied displaced Ukrainian minors by implementing in full the European Child Guarantee; and to offer an adequate level of protection to displaced persons from Ukraine in line with the activation of Council Directive 2001/55/EC on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between member states in receiving such persons and bearing the consequences thereof (Guidelines 2022, Guideline 8; Council of the EU, 2001).

### European Child Guarantee

Disadvantage and exclusion at an early age have an impact on children’s ability to succeed later. It means they are more likely to drop out of school and have fewer chances to find decent jobs later. This often creates a cycle of disadvantage across generations. The European Child Guarantee aims at breaking this cycle. It provides guidance and means for Member States to support children in need, i.e. persons under the age of 18 at risk of poverty or social exclusion. Member states should guarantee:

FREE AND EFFECTIVE ACCESS for children in need to

- early childhood education and care
- education and school-based activities
- at least one healthy meal each school day
- healthcare

EFFECTIVE ACCESS for children in need to

- healthy nutrition
- adequate housing

Member States can draw on EU funding to support their actions under the Child Guarantee, in particular from the European Social Fund Plus (ESF+) and Next Generation EU.

The European Child Guarantee complements the second theme of the Strategy on the Rights of the Child. As it puts Principle 11 of the European Pillar of Social Rights on “Childcare and support to children” into action, the Guarantee is therefore a key deliverable of the European Pillar of Social Rights Action Plan which sets out concrete initiatives to turn the European Pillar of Social Rights into reality.

(European Commission 2021: The EU Strategy on the Rights of the Child and the European Child Guarantee: A new comprehensive EU policy framework to ensure the protection of rights of all children, and secure access to basic services for vulnerable children. Online publication, [https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/rights-child/eu-strategy-rights-child-and-european-child-guarantee\\_en#european-child-guarantee](https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/rights-child/eu-strategy-rights-child-and-european-child-guarantee_en#european-child-guarantee))

The last strategy direction of Guideline 8 aims at securing adequate and sustainable pension systems, to address the challenges of the demographic changes (increased longevity, shrinking and ageing populations), as well as at ensuring equal opportunities for women and men to acquire and accrue pension rights and reducing the gender pension gap. The proposed measures are those that extend working lives and raise the effective retirement age, like facilitating labour market participation of older persons; framing of this participation within active ageing strategies;

constructive dialogue with social partners and other relevant stakeholders; and appropriate phasing in of the reforms (Guidelines 2022, Guideline 8).

It is also recommended to **make available LLL for people in retirement age; to provide flexible** working arrangements and career management; and to remove the mandatory legal age: “It is important to insist on the fact that the legal age of retirement shouldn’t be mandatory... But we also question what makes these people want to continue working? It’s usually the right conditions - flexibility in time that have ensured they are able to have the energy and motivation to keep working, maybe at a slower pace. In addition to lifelong learning, we believe it is important to focus our attention on giving people the opportunity to change careers through learning a different type of work” (Representative of CSO at EU level).

### Effectiveness of the inclusion strategies

A Cedefop analysis (2017) based on an original dataset of policy indicators for 27 Member States over the 2003-13 period groups the countries according to the policy approach addressing low-skilled/qualified adults. The analysed policy approaches include:

- LMP Expenditure (% GDP): Training; Employment incentives; Supported employment/rehabilitation; Direct job creation; Start-up incentives; Income maintenance support
- Education system: Expenditure on education; Lifelong learning
- Markets regulation: Product market regulation; Employment protection legislation (regular); Employment protection legislation (temporary); Unions density; Unions coverage; Minimum wage
- Taxation on second earner
- Work life balance policies: Parental leave (% GDP); Formal childcare (0–2 years).

The countries were grouped into five clusters according to their policies: remedial, liberal, preventive, regulatory and mixed. The **preventive** policy approach prevents a high share of low-skilled adults and supports their labour market participation and living conditions. The high levels of LMP expenditure observed in the remedial policy approach cluster may also counteract the negative effects of being low-skilled. Both mixed policy and regulatory policy clusters show similar negative patterns in the labour market and living conditions of the low-skilled adult population, although the incidence of the low-skilled population across these clusters is very different: skills gaps in employment rates are high, employment rates for low-qualified adults are the lowest, and low-skilled adults are at a high (and increasing) risk of poverty (ibid).

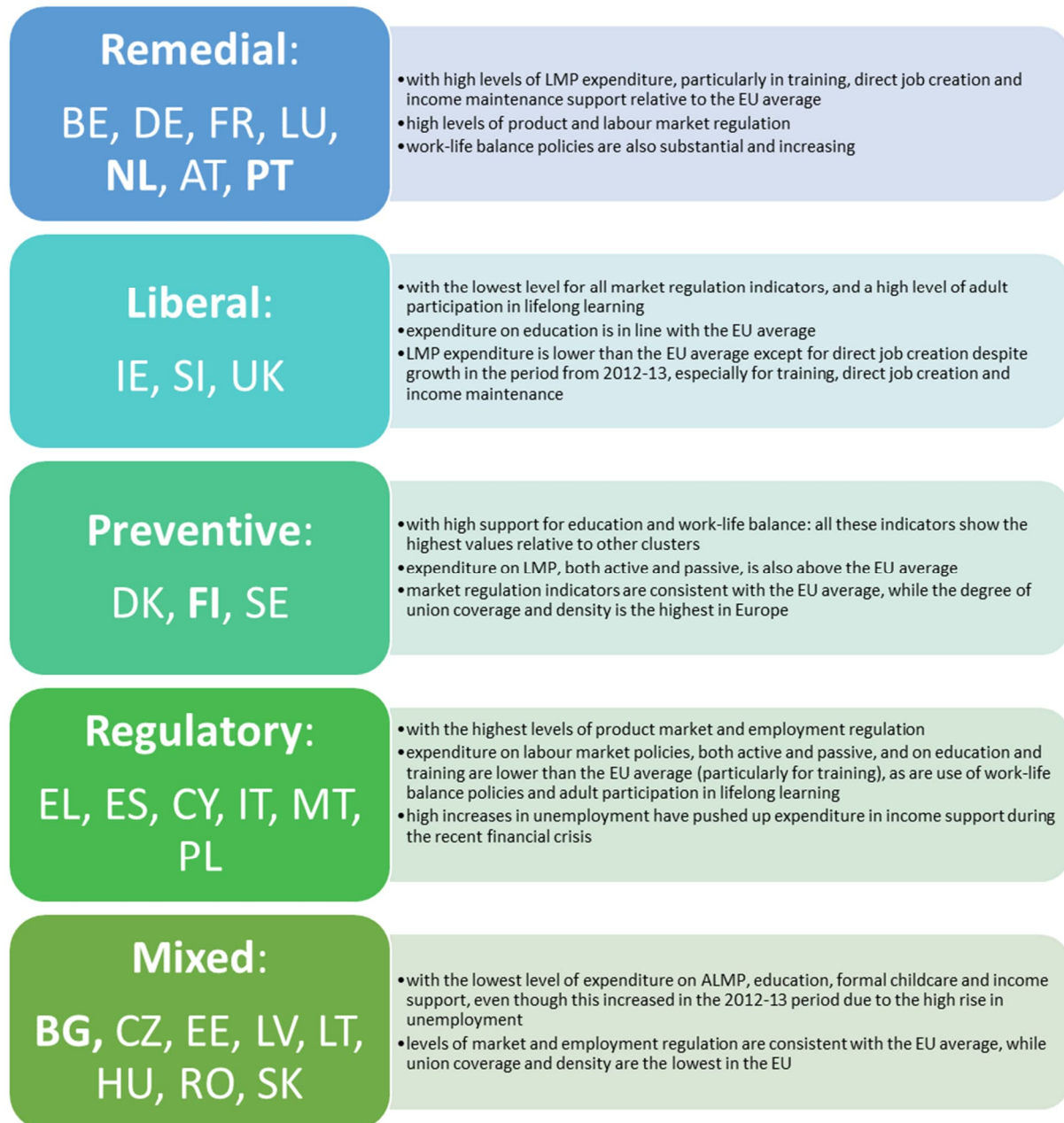


Figure 2. Clusters of countries according to the types of policies (Cedefop, 2017).

The effectiveness of single inclusion strategies is also studied. The information available in the academic literature on this topic is presented below.

### 3.4.2 Research on inclusion strategies

As stated earlier in this chapter, active labour market policies (ALMPs) aim to improve the functioning of the labour market by preserving existing jobs and creating new employment opportunities, encouraging labour market attachment and the reintegration of long-term unemployed and inactive individuals, and facilitating the job-search and job-matching process (Ernst et al., 2022). In the research literature, ALMPs have been classified into four categories (Kluge, 2010, see also Card et al., 2010, 2015, Ernst et al., 2022): 1) training programs encompassing all human capital enhancing measures focusing on general or specific vocational skills, 2) **incentive schemes**, such as wage

subsidies to employers and financial incentives to unemployed, in order to increase employment, 3) direct employment programs focusing on the creation of work or other activities and aiming to keep the unemployed in contact with labour market, and 4) **job search services and sanctions** comprising all measures aiming to increase job search efficiency, such as counselling, job search assistance, and corresponding sanctions in case of noncompliance. Furthermore, many European countries have had specific programs for young unemployed (e.g., training programs, wage subsidies, job search assistance) and for unemployed with mental, physical, or social disabilities (e.g., vocational rehabilitation, sheltered work programs, wage subsidies) (Kluve, 2010). Altogether, the ALMPs seem to consist of programs aiming to promote unemployed persons' fast return to work via job search and work incentives programs and programs aiming to long-term skill development via training or subsidized work (Card et al., 2015; Malmberg-Heimonen et al., 2019).

The ALMPs have usually been operationalized via publicly financed, governmental controlled and top-down delivered programs and interventions (Ernst et al., 2022). Some of the ALMPs have been more research-based with strong theoretical support and effectiveness demonstrated in rigorous study designs, while some measures are more practice-oriented based on policy initiatives (Malmberg-Heimonen et al., 2019).

Previous studies have compared the impacts of different types of ALMPs and reported relatively consistent findings through different study designs (e.g., Card et al., 2010, 2015; Filges et al., 2015; Kluve, 2010; Malmberg-Heimonen et al., 2019). Accordingly, the "work first" style job search assistance interventions and sanction programs have usually produced positive reemployment effects, especially in the short-term, whereas "human capital" style training interventions have had larger long-term impact (Card et al., 2010, 2015). Besides the positive effects, negligible or even negative impact on reemployment have been reported regarding practice-based programs and employment subsidies (Card et al., 2010, 2015; Kluve, 2010; Malmberg-Heimonen et al., 2019). The difference in impacts between the programs has been explained by a locking-in effect (Malmberg-Heimonen et al., 2019). Accordingly, the unemployed persons participating in training or subsidized work seek employment less actively compared to unemployed participating in job search interventions. The studies have also demonstrated that the impacts of ALMPs may vary between groups of unemployed: Job search interventions have appeared to be more successful for younger and older job seekers (vs. middle-aged), short-term unemployed (vs. long-term) and unemployed persons with special vulnerabilities (e.g., high risk of depression), whereas the training and subsidized work programs have had more positive effects among long-term unemployed (see Card et al., 2015; Liu et al., 2014; Malmberg-Heimonen et al., 2019).

A vast majority of the research has focused on individual level interventions. In fact, there have been various experiments searching solutions for unemployment among different vulnerable groups using more participant-oriented, bottom-up perspectives (see Liu et al., 2014; Wanberg, 2010). Despite the increasing interest to employer-level strategies improving labour market participation of vulnerable group, the research on this topic has been scarce and fragmented (Kersten et al., 2023).

### Individual level interventions

At the individual level, rather consistent research findings have been reported regarding job search **interventions**. The effectiveness of theory-based job search interventions has been examined in several experimental or quasi-experimental studies (Liu et al., 2014). A meta-analytic review by Liu and colleagues (2014) showed that the participation in job search interventions will lead to a better chance to obtain employment. More specifically, the odds of finding employment were 2.67 times higher for unemployed persons participating in job search interventions compared to those participants, who did not receive any intervention. However, the job search interventions also varied



in their effectiveness. Effective interventions included two types of components, one focussing on skills needed to find and apply for a job such as teaching job search skills, improving self-presentation and, second, on enhancing motivation and perseverance such as increasing self-efficacy, encouraging proactivity, promoting goal setting, and searching social support. The study by Liu et al. revealed that the job search interventions were effective only when they enhanced both skill development and motivation to apply the job.

An example of a theory-based intervention focussing on both these aspects is JOBS, a job search intervention targeting at obtaining employment (Caplan et al., 1989). The intervention focuses especially on supporting unemployed persons to effectively seek reemployment, find the job and cope with the multiple challenges and stresses of unemployment and job search (Price et al., 2002). By utilizing the peer learning method as pedagogical framework, the JOBS aims to strengthening participants' self-confidence, self-efficacy and problem-solving skills and relies on principles of active learning, coping with setback, looking for social support, and supportive environment for learning (Vuori & Price, 2015). This group-based method is expected to be particularly beneficial to those who are susceptible to or have already begun to experience the negative psychological and emotional effects of unemployment (Vuori & Price, 2015). The program has been implemented successfully in several countries (e.g., the United States, China, Finland, the Netherlands, Ireland, South Korea). The results of several randomized trials have shown the JOBS to produce positive long-term effects on employment, and that the program was especially beneficial for participants at risk of depression (Brenninkmeijer & Blonk, 2011; Malmberg-Heimonen et al., 2019; Vinokur et al., 1995, 2000; Vuori et al., 2002).

Furthermore, preventive career management interventions have also been developed to help young workers to cope with challenges related to career transitions to work life. A meta-analysis by Kluge (2010) demonstrated the utility of job search interventions for younger unemployed. A School-to-Work group intervention is an example of a theory-and evidence-based job search intervention utilizing peer learning. It has been shown to increase probabilities of employment, finding a job that corresponds to job seeker's education and personal career plans, and setting work life related as well as personal financial goals. Moreover, participation in the program lowered psychological distress and depressive symptoms among those who were at risk of psychological disorders at the baseline measurement (Koivisto et al., 2007).

In situations where unemployed persons have severe physical, mental, or social disabilities challenging their employment, other interventions than job search programs have mainly been applied. In recent years, some randomized controlled trials have assessed the effectiveness of individual placement and support (IPS) programs for adults with disabilities (see Bond et al., 2023; Sveinsdottir et al., 2020). IPS programs are based on eight principles (Bond et al., 2023): 1) the aim is to find a regular job in the labour market, 2) instead of length pre-employment preparation, the aim is to find a job soon after the client has expressed the interest, 3) everyone who wants to work is eligible for services regardless of their "readiness" to labour market, 4) services are based on clients' needs and choices, 5) IPS coaches build regular relationship with employers, 6) the other support providers (e.g., mental health treatment teams) are integrated, 7) the personalized benefit counselling is included, and 8) the individual support for clients continues after employment if needed. A meta-analysis of Bond et al. (2023) showed that IPS was effective in helping young adults with serious mental illness to gain and keep competitive jobs. More specifically, 58% of young adults who participated in IPS obtained employment, which was 25% more than in services as usual, and the duration of their employment was also longer compared to the control group. Nevertheless, more research is needed for the different target groups for drawing stronger conclusions on the effectiveness of IPS. At the policy level, a recent analysis of the European Union Statistics on Income and Living Conditions data (van der Zwan & de Beer, 2021) revealed that the stricter employment

protection legislation proved to be beneficial for people with disabilities in the labour market, while other policies targeting this group have had weaker effects.

The perspectives of low-educated employees are often neglected when designing sustainable employability interventions. Moreover, these interventions are more top-down based, thereby neglecting the employees' own initiative and agency (see Hazelzet et al., 2021). Nevertheless, a systematic review by Norwegian Institute of Public Health (Meneses-Echavez et al., 2020) showed that educational programs (i.e., both on- and off-the-job training) resulted in little to no difference for most of the labour market opportunities for unemployed adults or low-wage workers. The RCTs were however mostly carried out in USA during the 1990s. Six Nordic registry-based studies from the 2000s, in turn, showed small positive employment effects for immigrants and sick-listed adults. Moreover, it remained uncertain whether educational programs, compared with programs focusing on on-the-job training, may improve people's employment probability. A study by Cabus and colleagues (2020) emphasized the importance of early education and general skills acquisition for engaging in formal adult learning later in life. Furthermore, financial constraints, perceived costs, employer support, and individual characteristics were significant determinants of participation of adult learning.

However, Tuparevska et al. (2020) found that the concept of lifelong learning, despite its prevalence, has a limited scope. It primarily focuses on specific groups considered at risk of social exclusion and primarily emphasizes their employability. This narrow definition places the responsibility and blame on the individual, diverting attention from addressing the underlying structural factors contributing to social exclusion. The emphasis on individual inadequacies, such as school failure and skills deficiency, detracts attention from broader societal concerns like rising inequality, poverty, unemployment, and precarious employment. Additionally, the authority to define the groups at risk of social exclusion lies predominantly with EU member states, influenced by international and global dynamics. As a result, the perspectives and voices of vulnerable groups are often overlooked or undervalued in the formulation of lifelong learning policies and efforts to address social exclusion. This poses a significant challenge when it comes to promoting the employability inclusion of vulnerable groups. Van Dijk & Edzes, 2016: further address the need for a more inclusive and resilient regional labour market and highlight the needs for labour markets to provide equal opportunities and access to employment for all individuals, regardless of their background or characteristics.

### Employer level **interventions**

Besides individual level interventions, the need for employer - and system level interventions are highlighted (e.g., Van Dijk & Edzes, 2016). At the employer level the focus of interventions to enhance inclusive labour market has been on economic incentives e.g., pay subsidies (Card et al., 2010, 2015). However, such incentives do not necessarily change employers' negative or sceptic attitudes regarding employment of vulnerable groups. Thus, there is a need for new employer-level interventions that aims to affect employers' attitudes and values in an innovative way. Kersten and colleagues (2023) have conducted an extensive literature review on what managers perceived or experienced as effective inclusive HRM strategies.

Important to note at first is that the concept of inclusive organisations and in particular inclusive HRM or other strategies aimed to enhance inclusion is relatively new and popped up in 2000 and 2010 respectively and stems from diversity management (MO Barak, 2000; Shore et al., 2018). Therefore, a scoping review was conducted to grasp ideas and strategies from a broad perspective on diversity and inclusion. Thirty-eight empirical (qualitative and/or quantitative) studies were selected that matched the criteria (Kersten et al., 2023). Close examination of these research articles revealed seven inclusive HRM strategies that may connect to different needs or values of employers. The first is senior



management commitment encompassing policies and practices such as inclusion of disability in the organization's policies and mission statements, strategic plan for normalizing disability, policy of non-discrimination and openly addressing stigma against disability. A second set of strategies focus on recruitment and **selection**. This means, for example, deliberate collaboration with external parties in recruitment, such as vocational rehabilitation agencies (see also Card & Kluve, 2015), and/or internship programs for people with disabilities or participation in job fairs. Thirdly, performance management and development **practices**, such as on-the-job training for people with disabilities or career advancement opportunities based on merit for people with disabilities or including work and disability in all relevant HR policies. Fourthly, job **accommodations and** redesign of work, such as flexible work schedules, locations and leave arrangements, were highlighted. The fifth category refers to **organizational** behaviours that enhance a **supportive** culture. That is, an inclusive culture (e.g., fairness, cooperativeness, empowerment, encouragement) through management support (e.g., inclusive leadership, mentoring systems) or co-worker support (e.g., buddy systems, peer modelling or employee resource groups), and disability (awareness) training. The sixth category refers to external **collaborations** (excl. recruitment), consisting of strategic alliances with experts, collaborations with other organisations, and/or inclusive requirements for subcontractors or suppliers. Finally, the seventh category relates to monitoring **activities** aimed to reflect on the effectiveness of the inclusive strategies. These categories or examples somewhat overlap with the categories used to describe the individual level interventions. It is also clear that all these strategies are not necessarily being used simultaneously in one organization. Follow up research should focus on whether there are clusters of strategies used by organisations and whether these relate to the inclusion of specific minorities. Diversity in organisations has increased over the years and increasingly seen as a positive asset to the organization, in terms of innovation, particularly. However, as Shore et al. (2018) noted, diversity does not necessarily lead to better organizational performance but can be harmful instead when diversity leads to polarization in workforce. It is the inclusion strategy that provides a positive organizational outcome of diversity. It is therefore important to enhance inclusion strategies, to understand under what conditions it is effective for whom and what are the mechanism beneath it.

### 3.5 Stakeholders

The following are the primary stakeholders formally acknowledged and mentioned throughout the analysed documents. All reviewed and previously indicated documents in the report discuss their primary roles and responsibilities.

The European Commission (EC) develops and builds on European policies, strategies, and funding mechanisms and guarantees consistency with the overall policy framework and legislative measures. The Commission creates policies, strategies, and financial instruments and advises on their execution. It provides financial aid and coordinates the communication with other EU bodies. The EC offers them also methodological assistance, coordination measures such as mutual learning or capacity-building by providing analytical and organisational support to the Employment Committee, EC encourages mutual learning and the sharing of best practises among Member States (Council of the EU, 2015, 2020b, 2020c).

Policy collaboration between the European Parliament, the Council, and the Commission serves to develop the guidelines for employment policies. The Employment Committee, the Social Protection Committee, and other Council preparatory bodies involved in the coordination of economic and social policies are responsible for tracking the implementation of relevant policies. The Member States, social partners, and civil society representatives, as well as all national, regional, and local authorities, including parliaments, participate in the social dialogue with the goal of designing and

implementing national employment policies that are consistent with the employment guidelines developed by the EU (Council of the EU, 2018a, 2021a).

In 2015, the EU Council established the **Employment Committee**. The Committee examines the employment situation and policy in EU countries and facilitates information and experience exchanges between EU members and the Commission. It contributes to the Council's work by creating the rules that EU countries must follow in their employment policies. The European Semester is being monitored by the Committee (Council of the EU, 2015).

The European Network of Public Employment Services consists of 32 PES from 30 Member and Partner States, as well as the European Commission. PES and their labour market partners work as a team to provide individualised support for job seekers in different contexts by addressing their unique circumstances. It focuses on building support structures to assist in the integration of people from vulnerable groups. Youth, persons with impairments, and migrants are among them.

The PES Network serves as a policy development advisory organisation at the European level. It advocates for even closer integration of employment service delivery and policymaking. This involves active expert participation in the European Employment Committee (EMCO). As a result, the Network works with a diverse range of stakeholders from across Europe, as well as organisations with a global mandate, such as the World Association of Public Employment Services (WAPES), the International Labour Organisation (ILO), the World Bank, and the Organisation for Economic Cooperation and Development (OECD). The Network also engages with the representatives of both job seekers and employers, European agencies such as regulators, and other Network members (European Parliament and Council of the EU, 2014b).

**National competent authorities** play an important role in enforcing all relevant EU policies and strategies. The Member states should include all stakeholders in the design, execution, monitoring, and assessment of national strategic frameworks and local action plans in compliance with EU and international standards, as well as set national targets and monitor and evaluate the results.

Some of their responsibilities are to create policies that are inclusive, non-discriminatory, and preventative; to improve coordination and strengthen collaborations among the many actors; to encourage policy experimentation with employers, appropriate governmental services, civil society organisations, and social partners; to raise awareness among employers and assist them in increasing quality job offers and on-the-job training possibilities, as well as to encourage the growth of social companies and improve their operating circumstances (European Commission, 2021f).

**The National Public Employment Services** provide inclusive and individualised support for training, job transfer, and seeking employment, as well as translating educational and training provisions into labour-force participation. They also offer assistance and work with civil society, social partners, and educational institutions. PES collaborate closely with non-governmental organisations, public and private education and training providers, municipal and regional governments, social support service providers (e.g., social insurance, housing agencies, health services), employers' organisations, social partners, local stakeholders/communities, private employment agencies, and temporary work agencies. The PES are crucial to the integration of individuals with disabilities into the open job market in most Member States (Eurofound, 2021b). Collaboration between public and private employment services contributes to broader labour-market access. According to a survey performed among World Employment Confederation members in 2022, coordinated efforts of public and commercial employment services are an essential driver of broadening labour market access and activating the inactive workforce (Cedefop, 2019).

SMEs and social enterprises are essential with their specialised experience on the ground and contribution to bringing employees' and companies' perspectives. They collaborate to increase labour-force participation by establishing sustainable jobs, and providing apprenticeships, upskilling, and on-the-job training. They promote social inclusion by giving possibilities to vulnerable

unemployed individuals. Some aim to reintegrate disadvantaged persons into the primary labour market, while others may seek to encourage job seekers to pursue economically sustainable jobs. The nature of the work relationship varies greatly between SMEs (European Commission, 2022b).

Other stakeholders mentioned in the reviewed documents are the European Alliance for Apprenticeships (Provides sharing of knowledge and good practices), Organisations of persons with disabilities, Social Protection Committee, Economic and Financial Committee and Economic Policy Committee, European Social Fund's, Education and/or Employment ministries, Education, and training institutions etc.

Union authorities, particularly Eurostat, the Executive Agency for Education, Audiovisual and Culture (EACEA), and the European Centre for the Development of Vocational Training (Cedefop), might conduct relevant research, expertise, and analysis on inclusion of vulnerable groups. The outcomes of work done under European cooperation in the domains of employment, education, and training could help to expand the knowledge base and mutual learning (Council of the EU, 2016).

Employers In the previous chapter we saw that employment strategies regularly start with the employee. Fewer initiatives appear to have been directed supporting the employer. Employers are key players in ensuring social inclusion in the labour market. They provide work and are the key to stimulate the talents of their employees, stimulate upwards mobility and hire new personnel. However, employers often do not naturally feel the employment of vulnerable groups to be something they should carry responsibility for nor have the tools to mitigate discrimination and promote an inclusive workplace (i.e. a place where individuals of all backgrounds are fairly treated, valued for who they are and included in core decision making (Mor Barak & Daya, 2013)). Employers may find themselves to be responsible for the 'costs or investments' like training but may not receive the benefits since better trained employees may choose to find a better position elsewhere. Support for the employer may come from different stakeholders in the region, like the municipality, acting like a support system for an inclusive regional labour market. Both the employers and municipality may also be supported by other organisations, like regional social security organisations and educational training or coaching organisations. According to a representative of an EU training institution 'Employers play an important role in improving NEETs' experiences and expectations of the world of work and in helping them to make informed career-related decisions. Local-level cooperation between guidance services, employers and other key stakeholders can be used to create opportunities for NEETs to try different occupational areas through work tasters, shadowing, work-based learning and internships. Employers have an essential role in job accessibility and integration of individuals with disabilities, as well as the strict and meaningful implementation of all policies relating to working conditions, gender balance, and non-discrimination.

#### Literature on stakeholder **collaboration** and **coalition formation**

The Community Coalition Action Theory (CCAT) as an innovative concept can give insight into ways on how to stimulate regional collaboration (e.g., Kegler et al., 2010). It has, for example, been used on topics relating to improve health and a healthy lifestyle (see Zadoes & Edwards, 2006). As cooperative alliances comprised of diverse individuals, they provide communities with a valuable platform to pool and harness resources from various origins. By fostering such collaborations, communities can address complex issues that affect community health, benefiting from a wider range of perspectives and more comprehensive solutions. In addition to resource leveraging and expanded access, coalitions offer numerous other advantages that contribute to their value as a collaborative asset for individuals, organizations, and communities. Existing literature indicates that coalitions in health care have an impact on health outcomes, policies, and significant social determinants of health within populations experiencing health inequities (Heitz & Savaiano, 2021).

However, there is less research about coalitions being used to address labour market inclusion. Since community coalition is a structured arrangement where all members can work together on a common goal and objective (Ghaffari et al., 2021), it may be effective in other community topics than health

care. The municipality may be acting as a regional coordinator of the labour market, particularly when it comes to supporting vulnerable individuals like job seekers, employers are particularly important in the stimulation of labour market access. Employers often do not feel the responsibility to solve 'societal' problems (on their own). Therefore, the process of building coalitions is extremely important for labour market inclusion of vulnerable groups.

Zadocs and Edwards (2006) identified six coalition building factors to be associated with coalition effectiveness. Coalitions that enact formal governance procedures, encourage strong leadership, foster active participation of members, cultivate diverse memberships, promote collaboration among member agencies, and facilitate group cohesion were reported to be more effective. Additionally, Tigges et al. (2019), examined the quality and outcomes of research collaborations across different disciplines. Essentially, their research aims to inform researchers and stakeholders about the importance of collaboration in research and offers insights into how collaboration can be assessed and evaluated effectively.

Use and integration of both qualitative and quantitative data is recommended to provide a comprehensive assessment and understanding of coalition development and impact (Granner & Sharpe, 2004). In their review, Granner and Sharpe suggest factor groupings which are relevant to coalition and partnership effectiveness:

- Member characteristics and perceptions, like member benefits, member participation, member satisfaction and commitment, and ownership.
- Organizational or group characteristics and climate, like community context and readiness, group relationships, strong leadership, and communication.
- Organization or group processes, like conflict resolution, clear mission, quality of the action plan, formalized roles and procedures, and resources available.
- Impacts and outcomes, like linkages to the community, empowerment, community capacity, and institutionalization.

How can these coalitions be built? The CCAT theoretical framework as developed by Butterfoss and Kegler (2002) describes three main non-linear stages of development:

1. Formation stage - Involves identifying and recruiting coalition members, selecting leaders, and establishing structures to facilitate collaboration. The focus is on addressing specific community needs, such as supporting vulnerable groups in the labour market. The success of forming a coalition largely depends on the partners' prior experience in working together, with an average timeframe of 12 months. By completing this stage, synergy is more likely to be achieved in the coalition's efforts to meet community needs.
2. Maintenance stage – Revolves around preserving member involvement and generating group cooperation and collaborations with both internal and external resources. It recognizes the significance of obtaining resources and implementing multilevel strategies that are of sufficient duration and intensity to effectively address the targeted issues.
3. Institutionalization stage – The stage that is all about the outcomes of the coalition. At this stage, if resources have been adequately mobilized and the strategies effectively address the ongoing need, the strategies may become institutionalized as a long-term coalition and/or adopted by other community organisations.

The best community coalitions have been vehicles to change, bring people together, expand available resources, focus on concerns of communities, and achieve results better than those that any single group or agency could have achieved alone.

Researchers in the Netherlands have created an additional framework that has been developed on the basis of scientific insights and practical knowledge that can be utilized to both support and evaluate (starting) communities of practice (TNO - [Framework - Learning networks in the social](#)

domain ([leernetwerkeninhetsociaaldomein.nl](http://leernetwerkeninhetsociaaldomein.nl)). The framework comprises several fundamental components:

- The community's context (what defines the network's surroundings?)
- The structure of the learning network (what does the learning network entail?)
- The process of organization (what is involved in organizing a learning network?)
- The synergy (what fosters a shared sense of participation and how can it be encouraged?)
- The outcomes (what are the results for the learning network participants, inter-organizational collaboration, and professionals/families?)
- The articulation of learning insights (how can learning be promoted?)
- The execution of learning insights (how can we ensure the intended implementation of lessons learned?)

### 3.6 Summary of EU-level insights

#### Challenges

The EU level analyses conducted for this report identified three types of challenges affecting labour market integration of vulnerable groups: global trends and threats, socio-economic and policy level challenges, and challenges associated with regulations and institutions. The global trends and threats included the financial crisis of 2008; the COVID-19 pandemic; the Russian Invasion to Ukraine; the digital and the green transitions; and demographic trends, such as shrinking and ageing of the EU population, migration from third countries, and intra-union migration. They cause or influence socio-economic phenomena, among which poverty, inflation and decline of real wages; imbalances in the labour market participation, educational deficits, and poor quality of jobs. The effects of these phenomena are additionally amplified by various gaps in the policy, regulation, and institutional frameworks. Among those are lack of legislative power or ineffective enforcement of EU regulations; diverse implementation at member state level; insufficient or unsatisfactory results of policies and strategies; one-sided or biased policy focus; unsuitable design of policies; not (enough) developed policies; poor involvement of stakeholders; financial and capacity constraints; and lack of support to good practices.

#### Vulnerable groups

Vulnerability manifests in several different forms. Discrimination and stereotypes contribute to unfair recruitment; unequal treatment linked to wages, terms and conditions, and promotion prospects; unsuitable workplace conditions; and harassment and bullying at the workplace. Unemployment and long-term unemployment; inactivity and discouragement; precarious employment and poor quality of jobs hit disproportionately the various vulnerable groups. Among those, the most frequently commented are people with disabilities; women, and especially those with caring obligations; youth, NEETs and early school leavers; older workers; the low-skilled; people with disadvantaged backgrounds; ethnic and racial minorities, and especially Roma; and diverse migrant groups: EU citizens with migration background, refugees, legal and undocumented migrants from third countries, as well as the mobile workers.

#### Inclusion strategies

The EU-level strategies for labour integration of the vulnerable groups are summarised in the Council guidelines for the employment policies of the Member States.



Guideline 5 focuses on boosting the demand for labour by reducing the regulatory burden for employers; promotion of the development of the social economy; and financial support for creation of SMEs and micro-enterprises. It also includes wage-setting mechanisms; taxation policies benefiting the low-earners; short-time work schemes and hiring incentives to support preservation of workplaces and transitions to jobs.

Guideline 6 associates with enhancing labour supply and improving access to employment and lifelong acquisition of skills and competences. The latter includes a great variety of policy strategies that focus on:

- Fostering lifelong knowledge, skills, and competences as an aim to promote sustainability, productivity, employability, and human capital.
- The Youth Guarantee ensuring that all young people under 30 years of age receive a good quality offer of employment, continued education, an apprenticeship, or a traineeship within a period of four months of becoming unemployed or leaving formal education.
- The Council Recommendation on Upskilling Pathways guiding the member states to offer adults with a low level of skills, knowledge and competences access to upskilling pathways which provide them with the opportunity to acquire a minimum level of literacy, numeracy, and digital competence; and/or acquire a wider set of skills, knowledge, and competences.
- Addressing inequalities and structural weaknesses in education and training systems. Providing unemployed and inactive people with effective, timely, coordinated, and tailor-made assistance through integrated and individual-centred services is also recommended, as well as removing barriers to and providing incentives for labour market participation.
- Tackling the gender employment and pay gaps. E.g., strengthening the labour market participation of women is pursued by fostering equal opportunities and career progression, as well as promoting the reconciliation of work, family and private life, through access to affordable, quality long term care and early childhood education and care services and to suitable family-related leave and flexible working arrangements.

Guideline 7 relates to enhancing the functioning of labour markets and the effectiveness of social dialogue. It emphasizes the need to involve social partners in employment, social and economic reforms, and policies. It aims to activate and enable those who can participate in the labour market through enhancing the capacity of PES to increase their targeting, outreach, and coverage and to better link them with social services, training, and income support for the unemployed. It also pays attention to the necessity to remove disincentives to work (e.g., interaction of tax and benefits systems, training, and financial support to people with disabilities for the creation of self-employment opportunities). In addition, supporting learners' and workers' mobility is another direction aimed at enhancing skills and employability. The member states are called to support increased capacity of the social partners; foster social dialogue and collective bargaining; and encourage social partners to negotiate and conclude collective agreements in matters relevant to them. Involvement of social partners and the civil sector has a crucial role in working for fair, transparent, and predictable working conditions, while simultaneously creating the appropriate conditions for new forms of work to create new jobs. For this purpose, the European Parliament called the European Commission to propose a directive to regulate teleworking conditions across the EU and to complement it by a directive on psychosocial risks and well-being at work, as well as to propose, in consultation with the social partners, a directive on minimum standards and conditions to ensure that all workers can effectively exercise their right to disconnect. Furthermore, the Commission is called to propose a methodology and clear goals in terms of the creation of quality jobs. The member states are called to provide guidance on the rights and obligations which apply in the context of atypical contracts and new forms of work, such as work through digital platforms, and to support social partners in reaching out and representing people in atypical and platform work. It is also recommended to provide guidelines or dedicated trainings for labour inspectorates concerning



the challenges stemming from new forms of organising work, such as algorithmic management, data surveillance and permanent or semi-permanent telework.

Guideline 8 focuses on promoting equal opportunities for all by promoting inclusive labour markets with measures to fight discrimination, promote equal opportunities and ensure equal treatment. The strategies include detection, monitoring, reporting, and awareness-raising; mapping trends in the experience or perception of discrimination and creating a 'zero tolerance' environment; issuing advice, guidance and good practice and encouraging good practice sharing; monitoring of workplace practices and direct support. Guideline 8 calls for developing and integrating the three strands of active inclusion: adequate income support, inclusive labour markets, and access to quality enabling services. Income strategies include provision of adequate minimum income benefits, incl. in-work benefits, use of temporary income benefits or adapting existing support measures to address energy poverty. It also recommends modernising and improving the effectiveness of social protection systems, through the design of the tax and benefit systems.

A vast majority of research on inclusion strategies has focused on effectiveness of individual level interventions. Far less have been studied (and implemented) interventions at the employer, service, and policy levels. The studies, which have compared the impact of different types of strategies (i.e., employment programs, training programs, job search services, incentives, and sanctions), have indicated that the interventions aiming to promote unemployed persons' fast re-employment (e.g., job search interventions, individual placement and support models) have been the most effective in terms of employment. The training interventions, in turn, have usually had positive long-term impact, whereas the employment subsidies alone have showed only minor impact or even negative impact.

### Goals, indicators and standards

The EU has set several goals to promote the inclusion of vulnerable people such as increasing the participation in the labour market; reduction of poverty and social exclusion; skills development and lifelong learning; improving working conditions and creation of quality jobs. There are also horizontal principles that are set as standards in all EU policies but are simultaneously formulated as goals. These are the Equal Treatment and Non-Discrimination, Social Dialogue and Stakeholder Engagement.

The EU labour inclusion policies embed various standards. The general requirements for the labour policies include the provision of equal opportunities for all, incl. for all types of territories; inclusion of social partners, all stakeholders, and vulnerable groups themselves in the design, implementation and monitoring of policies. There's also the use of inclusive and accessible digital tools, with a specific focus on the green and digital transitions. Lastly, these policies must be based on a mapping of skills needs and shortages across economic sectors and regions. The member states are also required to develop statistical tools to measure the outcomes of the policies.

In the field of education, training and LLL, there are standards stipulated on a European Framework for Quality and Effective Apprenticeships as well as Council Recommendations on a European Framework for Quality and Effective Apprenticeships. In addition, the Commission has recommended an effective active support to employment following the COVID-19 crisis (Council of the EU, 2018b). This includes support schemes for apprenticeships and paid traineeships, entrepreneurship; hiring and transition incentives; and support by employment services for job transitions.

The research identified four different frameworks to measure the inclusion of vulnerable groups in the labour market. EUROSTAT defines specific indicators for tracking progress toward economic growth, employment, and fair working conditions. These are used to assess the Sustainable Development Goal 8. The revised social scoreboard measures how EU countries score in areas such as equal opportunities and fair work conditions. The European Union Labor Force Survey analysis different aspects of employment, including who is employed, their age, level of education, and others. This information

helps compare different groups in the labour market. Various institutions use these indicators to understand how (and if) employment guidelines are being followed.

### Stakeholders

Several stakeholders advocating for vulnerable groups' labour-market inclusion were recognised. At the EU-level, the European Parliament, the Council, and the Commission work together to establish employment policy guidelines. The Employment Committee, the Social Protection Committee, and other Council preparatory groups are involved in the coordination of economic and social policies, these oversee monitoring policy implementation in the Member states.

All national responsible authorities should be involved in the creation, implementation, monitoring, and evaluation of national strategic frameworks and local action plans in accordance with EU and international standards, as well as in setting national targets, monitoring, and evaluating the results. The National PES is a major stakeholder. They offer inclusive and personalised assistance with training, job transfer, and job search, as well as translating educational and training provisions into labour-market participation. PES works in close collaboration with non-governmental organisations, public and private education and training providers, SMEs and social enterprises, municipal and regional governments, social support service providers, employers' organisations, social partners, local stakeholders/communities, private employment agencies, and temporary work agencies.

## 4 Living Lab Bulgaria

### 4.1 Introduction

#### Economy and demographic trends

The Bulgarian economy marks a steady economic growth in the recent years. Between 2015 and 2019, the unemployment rate was 4.2% and the GDP growth rate was above 3% (Ministry of Labour and Social Policy [MLSP], 2022). By 2020, the inflation levels decreased, and the average wage increased with almost 10%. This marked a period of fast economic growth, increased labour demand and low unemployment rates (MLSP, 2022). Urban areas and older individuals benefited the most from the employment growth, while rural areas and young people benefited the least (OECD, 2022). Bulgaria's demographics between 2013 and 2020 are characterised by high mortality, low fertility, and an ageing population (MLSP, 2022). External migration is another key factor for population decline. All these factors have a direct impact on the labour market and the availability of workforce (MLSP, 2022).

Between 2013 and 2019 **the number of economically active people aged 45 and above increased, whereas the number of economically active people aged 15–44 declined** (MLSP, 2022). Despite the reported decline in the population in the age group of 55–64 years old, economic activity has increased due to longer stays in the labour market. The employed population aged 15–64 increased by 8.5% due to the economic development and improving labour market conditions, followed by the employment rate for the 15-64 age group which increased to 70.1% in 2019. However, because of the pandemic crisis in 2020, the overall employment rate declined to 68.5% (MLSP, 2022). The number of registered job seekers with the National Employment Agency (NEA) increased from 205 000 to 295 000 between February and May in 2020 (OECD, 2022).

According to the Bulgarian National Statistical Institute [NSI](2020) the number of unemployed was at its lowest level since 2013 – from 12.9% to 4% in 2019, being lower than the EU average (7%) (OECD, 2022). However, in 2020, the unemployment rate rose to five percent. The industries most affected by the restricted anti-epidemic measures were hotels, restaurants, manufacturing, administrative and support activities, trade, and repair of vehicles (MLSP, 2022). Nevertheless, most of them recovered relatively quickly in 2021 (MLSP, 2022a). The unemployment rate stabilised at around five percent, and the number of registered job seekers decreased back to its 2019.

The Bulgarian Living Lab will be established in Sofia. Sofia is Bulgaria's capital and its largest and highest populated city. According to CRAS (2023), the registered population in Sofia is 1 538 078; for comparison, the population in Bulgaria is 6 447 710 (NSI, 2022). The people between the ages of 15 and 64 account for 72.1% of the total population (the national average is 68.1%) (Sofia Municipality, 2017). Sofia Municipality is the best-developed municipality in the country and the main driver of the country's economic growth, accounting for nearly 50% of total GDP and having the highest GDP per capita (Sofia Municipality, 2016). Sofia's labour market is characterised by very low unemployment, strong employment, and a declining number of people using the services of the Labour Offices (Sofia Municipality, 2017).

#### Unemployment benefits

The National Employment Agency (NEA) and the Ministry of Labour and Social Policy (MLSP) are the main institutions responsible for the Bulgarian labour market and for developing labour market policies. Their roles and responsibilities are presented in more detail in chapter 4.3. Stakeholders.

NEA is responsible for the registration of unemployed persons and the distribution of unemployment benefits. Only persons who are registered with NEA after losing their jobs are entitled to unemployment benefits. According to the Health Insurance Act, claimants of unemployment benefits

and social assistance are entitled to free health insurance in addition to receiving benefits (Ministry of Health, 2022). The unemployment insurance is a benefit that offers income support to those who have been employed for at least 12 of the preceding 18 months. The benefit duration and amount received are connected to previous employment history. To qualify and to keep receiving the benefits for the maximum duration of up to 12 months, the recipients must follow certain conditions, such as: being available for suitable job opportunities, showing evidence for job search etc. However, jobseekers have the possibility to decline job offers that are too far away from their home, do not match their education or pose a threat to their health (MLSP, 2020;). Unemployed people who do not receive unemployment benefits and the low-income families may apply also for social assistance, family benefits or heating allowance which are not related to their previous contributions but to their income. However, “social assistance payments are too low to alleviate relative poverty” (MLSP, 2023b; OECD, 2022, p.84).

## 4.2 Vulnerability

There are several vulnerable groups being recognised by the Bulgarian law system and by various policy documents: Employment Promotion Act, Employment Strategy, Regional Strategy for the development of Sofia Municipality, Social Assistance Act etc.

The Bulgarian government identifies the same vulnerable categories as the EU, and the National Employment Council defines them each year based on the data collected by the NEA over the previous year. A brief overview based on the data provided by the MLSP and OECD and the interviews conducted during the project is presented below:

The discrepancy between education and labour market expectation causes unrealistic expectations in terms of company standards, income, working conditions (Terziev, 2020). With 17% NEET Bulgaria has one of the highest rates in the EU and more than 42% of them are Roma (MLSP, 2022a; OECD, 2022). The proportion of men and women among NEETs is nearly equal: 52% to 48%. However, in minority ethnic groups, the proportion of women with NEET status is about 3.5 times higher (European Commission, 2019). The unemployment rate for the group of youth under 29 years is 11.2%, they often lack experience, education, and motivation to become part of the workforce (MLSP, 2022a; NEA, 2022). Ageism towards the youth is very prominent among prospective employers who would prefer more experienced workers, consequently a ‘lot of them start working either in the ‘grey economy’, without a contract and social benefits, or for a minimum wage’. (Representative of research institution).

Ageism is an issue and for the people out-of-work in pre-**retirement age (55-64)**. A high percentage of the inactive persons in this group often experience health barriers (Jeleva, 2023; OECD, 2022). Many companies do not want to engage in the training of employees above the age of 50 because they believe it is a ‘pointless investment’ as they are often deemed ‘unable to work’ (representative of CSO). Although, the employment rates of older persons are still higher than the EU average and continue to improve (rising from 45% in 2011 to 64% in 2020, MLSP 2022a), however, they are still lower than the employment rates of ‘prime-aged adults’ (30 to 54 y.o.).

The two biggest ethnic minority groups in Bulgaria are Roma and Turkish. However, Roma has substantially higher rates of unemployment than any other group: 49% of Roma men and 69% of Roma women are unemployed. They are frequently subjected to discrimination for various reasons including ethnicity, poverty, and living in segregated Roma areas (OECD, 2022). According to the interviews, their greatest vulnerability is usually their lower education. Roma children often attend segregated schools and have low attendance rates. Moreover, due to some cultural specifics, a lot of them usually leave school before the age of 13–14, which often makes finding a job ‘more difficult or,

if they do find a job, it is really very low-skilled and very low-paid' (Representative of employment organisation).

Long-term unemployed (longer than 12 months) are perceived as a vulnerable group. Especially, the lack of recent work experience is one of the major employment barriers for this group, moreover, about 24.6% of the inactive persons aged 25-64 have never been employed (compared to 18.3% EU average). Only a small proportion of Bulgaria's unemployed would be willing to work. Almost ten percent (9.4%) of the unemployed are discouraged workers who are not looking for work (OECD, 2022, NEA, 2022). Almost one third (27 %) of this group has been unemployed for at least two years (MLSP, 2022a).

Except for education, the most common reason for inactivity is care and family commitments. This obstacle disproportionately affects women, who account for nearly all of those who identify care and family responsibilities as their primary reason for not seeking employment. This group amounts to 37% of the inactive people who are not in education. Re-entering the workforce may be challenging for those women due to several skill and experience barriers, e.g., lack of recent job experience, low levels of education, history of working in low-skilled positions, etc. (OECD, 2022; MLSP, 2022). – It is also more challenging for single parents and parents of children up to the age of three to combine their professional and family life often due to childcare responsibilities. Often 'there is also a smaller group. It is the working mothers who, once they are out of work, can harder find a job' (Representative of state-level institution). 'Some employers are reluctant to hire single parents because they will be unable to work more often due to sick leave' (Representative of CSO).

In 2021, the number of registered unemployed women is 102 thousand, which is significantly higher than the number of registered unemployed (79 thousand), accounting for 56% of all unemployed in the country. Childcare and domestic work are frequently highlighted as barriers to women's labour market. Women's wages continue to be much lower than men's, they are often employed in lower-paid sectors, less often in managerial positions and are working fewer hours. However, things are slowly changing. While women's pay was about 25% lower than men's in 2000, it is now less than 18% in 2021 (Institute for Market Economics, 2023; Mancheva, 2020).

The second most frequently mentioned reason for inactivity is **illness or disabilities**. The employment rates of these groups are among the lowest. However, only approximately 5% of them are registered as unemployed, which is only 6.5% of all registered unemployed (NEA, 2022). Despite anti-discrimination laws and incentive measures specified in by the Bulgarian legislation when offering jobs and recruiting persons with impaired working ability, people with disabilities remain one of the most vulnerable target groups in the labour market (MLSP, 2022e).

The number of refugees has increased dramatically due to the world conflicts in the last decade (e.g., Syrian, Afghanistan). The latest on, the Ukraine war in 2022 has generated a rapid and exceptional flow of refugees seeking shelter also in Bulgaria (MLSP, 2022d). They are offered food and shelter but are not allowed to start work in the first three months of their stay in Bulgaria, which makes 'difficult to predict the sustainability in the workplace with people with refugee status, for the simple reason that they are constantly having their bags packed and are ready to relocate' (representative of NGO). However, it seems that many of the Ukrainian refugees are trying to settle and are looking for work which suits better their qualifications and salary expectations (Representative of CSO).

Other groups mentioned as vulnerable especially by the Sofia Municipality (2017a) are persons with addictions; victims of domestic violence, and sexual violence; trafficking; persons leaving penitentiary institutions and persons subject to probation; socially disadvantaged families and large families; homeless persons. Sofia Municipality is developing strategies for the social inclusion of those groups, however, nothing is mentioned about their integration into the workforce in Sofia.

The target group of the Bulgarian Living Lab are women over 55 years old. Some of the interviewed stakeholders did not understand why the target group of the Living lab is only women as men over 55



are also considered vulnerable. There are “very few places where there is work available for people over 55, and especially over 60 years of age” (Representative of NGO). There are a lot of refugees who fall into this group as well. Moreover, according to a CSO representative women over 55, who are highly educated cannot be considered as vulnerable as often they may have even more than one workplace due to their qualifications. Contradictory to this statement, another representative of NGO stated that once women over 55 lose their job it is more challenging to go back to the labour market as a lot of employers’ claim they are overqualified for the position being offered. Thus, it is difficult for them to start working in a new company. Furthermore, some of them may have family responsibilities towards their elderly parents or young grandchildren. Their qualifications may become redundant as the job they are qualified for is no longer needed in the labour market. Physical deficits and health issues connected to an older age are also a factor which negatively affects their employment prospects (Jeleva, 2023).

### 4.3 Stakeholders

The most frequently mentioned stakeholders in the interviews and the reviewed documents are:

Ministry of Labour and Social Policy (MLSP) plays a crucial role in the implementation of the National Employment Strategy. It is the institution that develops, coordinates, and implements state policy in the field of employment and training of unemployed and employed people, as well as ensuring the protection of the national labour market. It should keep strengthening its ability to plan, implement, monitor, and evaluate employment and labour market policies in this area. It engages with other institutions and offers thoughts and recommendations on their actions, which will have direct policy effects (MLSP, 2022; OECE, 2022). The MLSP has established a **National Council for the Promotion of Employment**. It is chaired by the Minister of Labour and Social Policy and includes representatives from governmental institutions, employers’ organisations as well as representatives from factory and office workers’ organisations. The Council’s main function is to oversee the state of the labour market, the employment policies, and the National Employment Action Plan.

**National Employment Agency (NEA)** coordinates the development of employment forecasts and analyses of the impact of various policies. The NEA carries out activities to respond to new economic and social needs and to increase its market share as a public intermediary in the labour market. It is working towards Bulgaria's effective integration into the European labour market, the development of employment services and their quality provision in line with the expectations and needs of jobseekers, the unemployed, the employed, students, and employers, and the activation of inactive persons (MLSP, 2022; OECD, 2022).

NEA is not only working with the unemployed but also with inactive people. It has launched several initiatives to increase its engagement with persons in need of assistance. For example, it has established mobile labour offices for inactive persons in rural locations, centres for employment and social assistance, activators and mediators focusing on inactive youth and Roma etc. (European Commission, 2019; NEA, 2022; OECD, 2022).

MLSP together with NEA are the key stakeholders in all national Strategies and Programmes aiding the inclusion of vulnerable groups. MLSP approves and provides methodological guidance in the implementation of the Programme/Strategy. MLSP is responsible for the funds from the budget. Moreover, it coordinates and supervises implementations of different labour market programmes. NEA, on the other hand, allocates funds and controls the implementation of the programmes. The monitoring, promotion and control of the implementation are also NEA’s responsibility.

Regional Employment Offices (REO) work together with NEA and the regional Labour Offices to promote the programmes at the regional level. REO also coordinates the regional institutions and distributes the funds allocated by MLSP. Labour Offices, in turn, provide support directly to the



unemployed persons to inform and advise them about the different Programmes and/or job possibilities and their requirements. They organise vocational guidance, information, training courses and counselling for the registered unemployed. The Labour Offices distribute the funds for transport, accommodation, allowance etc. Depending on the needs of the programmes, they coordinate and monitor the relations between employers and unemployed persons.

Social Assistance Agency (SAA) assists registered persons with vulnerabilities, informs and refers them to the directorates of the Labour Office for registration as unemployed and inclusion in the appropriate programmes.

Regional Directorates of **Education**, together with other types of educational institutions (e.g., schools) are expected to encourage and support inactive youth to re-enter the education system. Educational institutions are also key stakeholders in the work of Roma and Youth mediators (MLSP, 2021).

Employment and Social Assistance Centres are working with the unemployed, where they will be advised jointly by professionals from the NEA and SAA's geographical divisions (MLSP, 2022a).

**Training institutions** collaborate closely with the Labour Offices. They adapt existing and/or develop and offer appropriate training programmes for the unemployed people, organise, and conduct the training.

**Employers and employers' organisations** work together with the Labour Offices in the specific programmes and strategies. They also create workplaces and provide training for the unemployed under the Programmes. They were also considered an essential stakeholder by the interviewees as once a person from a vulnerable group is employed, they could 'overcome their deficits, they will become quality and good workers, who in turn will be loyal to that employer who gave them a chance to start working and get out of their cycle of welfare dependency, social assistance and so on' (representative of governmental institution). Therefore, it is essential for employers to be well prepared "if they do not have an in-house induction training if they do not have an adaptation week or month of the new recruit and put them straight into the deep water, I do not think integration is going to happen (Representative of employment organisation).

Other institutions working towards the labour inclusion of vulnerable groups and frequently mentioned in the reviewed documents were the MLSP Agency for People with Disabilities, General Labour Inspectorate, National Focal Point on Drugs and Drug Addictions, Ministry of Education and Science, Ministry of Culture, Regional and Municipal administration etc. Some additional stakeholders were also identified throughout the interviews, such as: The social partners, trade unions and nationally represented trade union organisations such as the Confederation of Independent Trade Unions of Bulgaria, Confederation of Labour Podkrepa, Center for Interethnic Dialogue and Tolerance Amalipe, various NGOs working with people with disabilities and employers' organisations. When it comes to women over 55 the stakeholders working in their interest most frequently mentioned are the women themselves, the feminist organisations, and Bulgarian Fund for Women.

According to the information gathered during the interviews and the desk research, the most institutions are working well together. However, according to interviewees they must improve communication and determine the objectives of the vulnerable groups they are working for, as well as potential solutions. For example, there is an apparent mismatch between the Labour Offices and the employers:

"Things are not happening there. I mean, the job centres themselves have statistics on the unemployed, they know who the unemployed are. They do some kind of plan or programme for them, [...] but they do not have the resources and the capacity to bring the person in, to profile them, like how to develop to get to the appropriate employer. On the other hand, employers want

ready-made staff. No one wants to invest, and no one has the patience and time to wait for the person to make it to the level they need.” (Representative of CSO).

As stated by the CSO representative all representatives of state authorities, social partners, NGOs, businesses, civil society, and youth organisations should join forces through mutual agreement on problem areas, necessary actions to address them, responsibilities, and opportunities to improve the labour market situation (see also MLSP, 2021). More funding is needed for the non-governmental stakeholders working with vulnerable groups as ‘those who have a clear vision of leadership, of the problem, of the solution have the resources. Every institution that has resources has a vision’ (representative of research institute). The stakeholders should also be sustainable over time, more powerful coalitions of women's lobbies are needed to represent women over 55 and to work for their best interest (Representative of CSO).

#### 4.4 Challenges

Similarly, to the rest of the European countries Bulgaria is facing the same short-term issues **resulting from the pandemic's negative effects** such as the decline in employment and increase in unemployment. The Bulgarian economy's reliance on the international context, global economic activity, and changes in international commerce resulted in an increase in unemployment as economic relations deteriorated, border crossing restrictions were imposed, and demand for goods in the EU decreased. Employment in economic activities that need direct contact with clients and where teleworking is not available has proven to be the most vulnerable to termination. After the removal of restrictions, employment recovery is slower, more limited, and often followed by restructuring (MLSP, 2022, 2022a).

Some of the major long-term challenges Bulgaria is facing are the **declining population and the ageing workforce**. These demographic changes have had and will continue to have a negative influence on the labour market. They determine the progressively shrinking labour supply and the decline of employment. Demographic changes consequently have a long-term detrimental impact on Bulgaria's potential GDP and economic growth (MLSP, 2022, 2022a).

Over the last decade, the Bulgarian economy's **technical stagnation** in terms of employment structure compared to the EU average has not been overcome quickly enough. In the context of the pandemic, the underutilisation of new technologies and the digital economy for high-quality employment have reduced teleworking and forced many businesses to lay off staff who could have been retained (MLSP, 2022). Economic restructuring, the green transition, and new technologies are likely to result in job losses and redundancies, for which training opportunities, job referrals, and a quick transfer to new work will be offered. These processes have a higher positive impact on employment creation, and entrepreneurship encouragement is a key active policy priority (MLSP, 2022).

There is a **deficit of skilled workers with a secondary education and a structural excess of employees with a primary and higher education**. Due to the economy's technological delay, many employees are involved in the following economic activities: manufacturing; trading; car and motorbike maintenance; as well as construction. In these industries, people with secondary **education are in high demand for skilled jobs, which outnumbers the workforce supply**. As a result, some occupations in particular areas designed for people with secondary education are now being filled and are expected to be filled by people with higher education. Hotels and restaurants, administrative and support service activities, education, manufacturing, medical and social work, culture, sport, and entertainment are expected to have the highest deficiency for people with secondary education (MLSP, 2022).

Bulgaria ranks last in the EU in terms of development of **the education and health sectors**. Bulgaria's current employment structure is marked by smaller shares of the education, human health, and social work sectors than the EU average. Insufficient schooling, lack of qualifications, skill shortages, and socioeconomic inequality pose significant barriers to the development of human capital, with possible economic consequences (MLSP, 2022). Education is critical to women's full labour force inclusion. Evidence suggests that when educational attainment rises, the gender gap in the workforce narrows (Institute for Market Economics, 2023).

The high number of NEETs remains an issue, and efforts to identify and reach these young people should be increased. The integration of the long-term unemployed into the labour market is also essential (MLSP, 2022; OECD, 2022). However, identifying and reaching them is a key challenge in the activation effort from its very beginning. Furthermore, many people are unaware of the opportunities offered by institutions mainly due to their unwillingness to participate in the job market. The reality is that institutions frequently lack knowledge to support them, necessitating a non-traditional strategy for identifying, reaching, and engaging them for employment and/or training (MLSP, 2021; OECD, 2022). On the other hand, NEA counsellors work long hours and see their most vulnerable clients less frequently than other customers. Jobseekers who are further away from the employment market are met less frequently (OECD, 2022).

Regional labour market differences are being amplified. The projected contraction in employment will affect all regions, and the observed inequality in salaries will encourage increased internal and external movement of the working population. All of these will contribute to the structural imbalances in regional labour markets, which are marked by lower wage levels and lag behind in socioeconomic growth when compared to Bulgaria's main regions (Sofia-Capital, Plovdiv, Varna, and Burgas) (MLSP, 2022).

**“Unemployment benefits are generous but social assistance is low, limiting its role in alleviating poverty and supporting labour market participation”** (OECD, 2022, p.19). Full unemployment rates are among the highest in the EU and offer enough protection against a sudden loss of employment income for individuals who are eligible for non-reduced rates. However, the majority of the unemployed are eligible only at a reduced rate (e.g., because their contribution records are too short, they are returning claimants, or they resigned their jobs on their own). In these instances, the amount of protection is significantly lower. The proportion of unemployed people claiming unemployment benefits is lower than the EU average, with about 30% receiving only the minimal payment. Benefits for social assistance are among the lowest in the EU and eligibility standards are strict contributing to a low utilisation of social assistance (OECD, 2022).

One-third of Bulgarians are at risk of poverty or social exclusion. The high likelihood of poverty is caused by a combination of low employment rates, low salary levels, and restricted social assistance. Despite the labour-market development over the last decade, there are still about 1.2 million working-age persons who are not working and are not actively looking for work. Furthermore, even among those who work, wages are sometimes insufficient to make a comfortable living (OECD, 2022).

The main challenges faced by the individual employees according to the interviews are the motivation to work and the low wages, especially in low-skilled employment. “Young people have expectations of higher incomes than they are offered in jobs. On the other hand, the motivation to get up early, to keep working hours is lacking”. “We see a lot of young people at the moment who prefer to work when they want to, as much as they want to, and prefer to be freelancers, prefer to be on service contracts, or maybe be without contracts, but not be so constrained within the standard employment” (Representatives of state institution).

There are many employers who do not comply with the labour legislation and offer poor working conditions and insufficient wages (representative of employment organisation). “There are very serious discrepancies between the expectations of employers and the abilities of those seeking

work” (representative of CSO). Often there is a stigma towards refugees, who are perceived as “unwilling to work and they are expecting the social system to support them” (representative of CSO). “Employers find it difficult to employ people from the group of refugees and third-country nationals due to the additional problems, sometimes purely administrative. However, due to the continuous efforts of several NGOs and institutions, this is slowly changing” (Representative of CSO).

Another “prejudice among employers is both against the very young, as well as the older workers - “ageism”. It is a common challenge for both the young in the labour market and the elderly. That is to say, when a person reaches the age of 60, he or she is already considered unfit for work” (representative of CSO). As detrimental as each of these factors is, “there should be state policies to support and enable these vulnerable groups to make it in the labour market, because we have a pool of 150,000 and 180,000 people who are neither studying, nor working, nor being educated, but standing idle in space and at the same time we have a labour shortage. So, the state has a big responsibility. Then the employers also have a responsibility, and they should somehow start investing in these people to get the workforce they need” (Representative of CSO).

Most of the challenges mentioned above are encountered by the vulnerable group - women over the age of 55 - who will be the primary focus of the Bulgarian Living Lab. The group's “working capacity” is frequently viewed as decreased, and “employers' reluctance to invest in these individuals puts them in a very risky situation” (Representative of CSO). Those women are often expected to stay at home and care for their families, especially if they are “less educated if they are chronically ill if they live in a village” (Representative of CSO). Until recently “it was almost never considered that someone who was already 55 years old could still retrain, and significantly so, to start some new profession, whereas by now this sort of thing could be quite commonplace” (CSO spokesperson). “Perhaps now we should think about specific policies aimed at creating jobs for people in this age category” (Representative of the CSO).

#### 4.5 Goals, indicators and standards

The main goals of the Bulgarian employment strategy are consistent with the EU goals - equal opportunities and employment for all, fair working conditions and adequate social protection and inclusion.

The Bulgarian government is striving to provide opportunities to increase employment and improve its quality by introducing various measures to activate the potential workforce (inactive people, people with disabilities, pensioners, people not working for personal or family reasons, seasonal workers, etc.); support in balancing personal and professional life, flexible employment, part-time employment, keeping people of retirement age in employment etc. (MLSP, 2022, 2022a). The Labour Code regulates labour relations between employees and employers, as well as other relationships that are directly related to work (MLSP, 2022b).

The Employment Strategy 2021-2030 defines the main goals until 2024 and in the long term until 2030. The priority is the recovery of the economy and reaching the employment levels established in 2019 along with the implementation of measures to improve workforce quality. In the case of restructuring of the pandemic-affected sectors, there is a focus on the acquisition of digital skills and their applicability. The long-term goals are increasing workforce quality through policies tailored to the unique features and needs of both economically inactive and disadvantaged labour market groups, as well as all job seekers. The measures implemented for job seekers will strive to improve employability and ensure long-term employment in the real economy. (MLSP, 2022; OECD, 2022). Economic restructuring, the green transition, and new technologies have a larger positive impact on **generating employment, and entrepreneurship encouragement** is the key objective of active policy in this regard.

Bulgaria's long-term goals of **ensuring social protection and social inclusion**, as well as reducing poverty, are linked to a combination of measures to increase labour market participation, provide quality social services, ensure adequate incomes to prevent intergenerational poverty transmission and promote economic activities with the potential to create new jobs and achieve sustainable economic growth. Efforts will be made to improve the functioning and efficiency of the PES services, and social assistance system, as well as to move away from social benefits and towards social investment in training, skills, and job development. Improved funding for the implementation of social assistance programmes and initiatives is planned to strengthen coordination between the social assistance system and active employment market strategies, as well as to encourage the social reintegration of persons receiving social assistance (MLSP, 2022; OECD, 2022; Sofia Municipality, 2017a).

As a member of the EU Bulgaria follows all employment standards and policies introduced by the Union and discussed in detail in Chapter 3.3 Goals, indicators, and standards.

The Employment Strategy 2021-2030 established several organisations responsible for monitoring and evaluating the objectives set in the Strategy. Data on implemented measures are gathered using procedures that assure comparability with data gathered by EUROSTAT, the International Labour Organisation, and the Organisation for Economic Cooperation and Development. The European Commission's new monitoring tools will also be deployed, including to monitor the implementation of the Recommendation on a reinforced Youth Guarantee and the Recommendation on the integration of long-term jobless into the labour market (MLSP, 2022).

The Employment Agency's administrative statistics are a source of detailed information which allows for ongoing monitoring of the implementation of active initiatives and programmes. Data on participants (people enrolled, employed, terminated participation in the measure or programme, etc.), expenditure (financial resources provided to unemployed persons, employers, etc.), and specific data according to the objectives of the programmes and measures are collected for each of the implemented measures and programmes using uniform indicators. Comprehensive monthly, quarterly, and annual assessments of the impact of active labour market policy foresee collecting information through surveys among participants in the programmes and measures, relevant control groups of unemployed people who did not participate in the programmes and measures, and employers who benefited from preferences when creating new jobs or hiring unemployed people (MLSP, 2022).

## 4.6 Inclusion strategies

According to the National employment plan for 2022, there is a decrease not only in the number of unemployed people in general but of unemployed from all groups subjected to inequalities in the labour market, including unemployed people without qualifications, long-term unemployed people, unemployed people over 50, unemployed youth under 29, unemployed youth under 24, and unemployed people with reduced working capacity (MLSP, 2022a). The priorities outlined in the National Employment Plan are to enhance population economic activity, to "promote employment and reduce unemployment, including among disadvantaged groups in the labour market"; to improve workforce quality with a special emphasis on digital skills acquisition (MLSP, 2023a). Collaboration between the various stakeholders is also essential for the successful labour market integration of the unemployed (MLSP, 2023a).

Apart of the traditional Labour Offices, the Employment Agency offers the service "Mobile Labour Office" in small cities without a labour office. It targets the vulnerable groups in the labour market, including economically inactive people and provides the full range of labour office services with an emphasis on information, registration motivation, and training (MLSP, 2023a). Job fairs, Employer's



Day, and other information events for job seekers are frequently organised. During the information events, direct connections can be established with employers, which helps the unemployed and the inactive persons to overcome any reluctance they may have when working with institutions (MLSP, 2023a).

The labour offices also offer specialised employment mediation through a flexible, personalised, holistic, and integrated approach, which includes: information about the labour legislation, vocational training and counselling ; support for independent job search; motivation for active labour market behaviour; psychological support; individual support from a case manager; inclusion in adult learning; referral to suitable jobs on the primary labour market; inclusion in training and employment programmes and measures under the National Health and Social Security Act etc. The Labour Offices collaborate with various NGOs that facilitate the integration of people with disabilities, including organisations of and for people with disabilities.

### Inclusion programmes

The Bulgarian Ministry of Labour and Social Policy, in collaboration with the National Employment Agency, has developed several policies, strategies and laws targeting vulnerable groups. All programmes include a definition of the vulnerable group, target group and scope of the programme, goals, indicators, principles, and sample activities as well as the main stakeholders, which can lead to the successful implementation of the programme. Some of the inclusion programmes are:

**Activation of Inactive Persons National Programme** aims at activation and inclusion in the labour market of the inactive, discouraged persons who are not registered as unemployed. This is achieved through individual and group services which work on their activation by considering the unique characteristics of everyone from the target groups. The availability of accessible, high-quality, and efficient intermediary services is essential for including vulnerable groups in the labour market. The strategy offers the possibility to deliver services tailored to people's specific needs, increasing their incentive to engage in active labour market action. It combines various tools and services to encourage people to register and use the services of labour offices and private employment mediators, as well as to provide specialised individual and integrated services to the registered unemployed, such as psychological support, motivation for active labour market behaviour, and referral to appropriate services provided by specially trained specialists - mediators, psychologists, and case managers. Case managers will assist those in need of comprehensive support to overcome employment barriers not only in the employment system, but also in the education, health, and social systems, while labour consultants will encourage those registered with job centres to be active in the labour market by providing knowledge and practical skills for job search.

The activities are aimed at unemployed persons who are poorly educated and unqualified, not engaged in the labour market due to low or no employability and believe they will never be able to find work. Other vulnerable groups and ethnic minorities such as Roma are also part of the programme (MLSP, 2021). Mediators are an integral part of the Programme. The Roma mediators are registered unemployed persons, self-identified as Roma, with at least secondary education, who are acting as labour intermediaries. Their primary task is to identify and connect with unemployed persons from the Roma community and to motivate them to become active participants in the labour market, e.g., to look for a job and to work, to study, including education, to register in the labour offices (European Commission, 2019; MLSP, 2021; NEA, 2022; OECD 2022). According to an evaluation conducted by the OECD 'Roma mediators are a promising initiative but more needs to be done to include Roma in the labour market' (OECD, 2022, p.16).

Youth mediators are persons below 35 years with higher education, good communication skills, knowledge of the legislative framework in the field of employment, education, adult education, social assistance, etc., as well as knowledge of programmes and incentives offered by the NEA. They are expected to identify groups of young people up to 29 years (incl.) who are not working, not

studying, and not registered in the Labour Office, and to assist them in establishing active links between them and the institutions part of the Programme (MLSP, 2021; OECD, 2022).

Programme for Training and Employment of Long-Term Unemployed Persons includes training based on the needs and qualities of the target groups - young people up to the age of 29, persons who are subject to monthly social assistance, persons over 50 years of age (MLSP, 2022j).

**National Programme for Employment and Training of People with Permanent Disabilities** advocates that people with disabilities must be given the opportunity to exercise their human rights, as well as equal possibilities for productive and gainful employment (MLSP, 2022e).

**National Retirement Assistance Programme's** main target group are unemployed persons who lack the required age and job experience to qualify for a retirement pension. They are aged 58, have a registration in the NEA and are actively searching for work. One suggestion of the programme is for individuals from the group with high educational status and qualifications to be appointed as consultants to assist employers and to pass on knowledge to future generations (MLSP, 2022f).

Some of the programmes for youth aimed at unemployed persons under 29 years of age are: Career Start Programme, where the employers who participate in the programme are mainly in the public administration (MLSP, 2022g); and Programme for Ensuring Employment of Young People in the Field of Culture, with the main objective to find employment for youth with cultural backgrounds in music, arts, design, dance, theatre, film etc. as the COVID-19 crisis response measures on the employment market had the greatest impact on young people and cultural institutions (MLSP, 2022h).

Refugee Employment and Training Programme encourages the successful integration and employment of refugees on the Bulgarian labour market through their inclusion in training and employment. It also aims to increase the capacity of transit, registration, and reception centres under the Asylum and Refugee Act and local governments to work with refugees, particularly considering the increased number of citizens arriving from Ukraine (MLPS, 2022d).

Project "Delivering digital skills training and creating an adult learning platform" was launched in 2023. Its main objective is to improve access and give additional opportunities for learning with digital technology. The development and implementation of a virtual online learning platform would enable flexible and accessible forms of learning such as online distance learning courses and self-directed learning e-resources. Before 2026, the project aims to establish 760 operational digital clubs with access to the learning platform; approximately 500 000 unemployed and employed individuals to receive basic and/or intermediate digital skills training; approximately 100,000 unemployed and employed individuals to validate their knowledge of fundamental and/or intermediate digital abilities (MLSP, 2023a).

Employers are encouraged to offer employment opportunities, accessibility, and job adaptations to meet the special requirements of people with disabilities. Employers are informed by the Labour Offices about the benefits of hiring a person with disabilities and about the social impact of establishing and modifying jobs for people with disabilities (MLSP, 2023a). Article 55 of the Employment Promotion Act guarantees state benefits to employers who hire people from vulnerable groups referred by the NEA, such as unemployed persons who have served a custodial sentence, unemployed persons over the age of 55 and below the age of 29, long-term unemployed persons, who have continuously maintained registration for at least 12 months, unemployed persons with primary or secondary education but no qualifications, unemployed persons with disabilities, single parents etc. The employers are eligible for the benefit for the duration of the employment of the vulnerable person, however, no longer than 12 months (MLSP, 2022c; NEA, 2022). Several active measures are aimed directly at the newly employed persons from the vulnerable groups to simulate them to remain in employment, e.g., coverage of daily transport cost from and to work, allowance for persons employed in a locality more than 50km away from their residence (MLSP, 2022c).

Employers may apply to the NEA under Article 63 of the National Employment Act for the organisation of training for the acquisition of professional qualifications of unemployed persons in professions in demand. They have the obligation to provide employment to the trained persons for a minimum of six months in a workplace corresponding to the acquired qualification. Employers may choose unemployed individuals for training and the training institution. The expenses of training jobseekers will be paid from the state budget for active labour market policy (MLSP, 2022c, 2023a).

**'Reforming Existing and Designing New Measures for Activating Inactive Persons and including them in the Labour Market in Bulgaria'** is a recent project in which the OECD and the European Commission will assist Bulgarian authorities, particularly NEA, in stimulating the integration of inactive people into the employment market. The expected results are greater activity of existing measures to encourage inactive people to become active, developing a complete mapping of the number and type of the inactive population, as well as the reasons for inactivity. Learning more about the country's inactive population and their challenges, will help to find better ways to enhance policies and institutions to address inactivity and unemployment. NEA is expected to develop an action plan to increase its capacity to undertake active labour market policies aimed at activating inactive people (MLSP, 2022a).

Some of the interviewees suggested individual strategies such as vocational guidance organised specifically for persons from vulnerable groups, development of their motivation for work, which helps their integration into the labour market and vocational training in various professions.

Invest Sofia (2023) together with Sofia municipality created the platform Jobs in Sofia. The platform is available in Ukrainian, Russian, English, and Bulgarian. Users can quickly construct a personal profile and professional résumé by describing their education, talents, previous professional experience, and language abilities. They can also upload a CV, credentials and certifications, a video presentation etc. and apply to employment openings posted by companies.

## 4.7 Summary

At the start of 2020, the Bulgarian labour market is characterised by increased employment, low unemployment, and improved workforce quality, which are the result of a stable economic environment, fiscal sustainability, increased spending on education and training, the implementation of active employment policy programs and measures, digitisation, the built capacity and accumulated experience of competent institutions, and the and the sustainable regulatory framework, the support of European institutions and funds (MLSP, 2022). Despite the state of emergency and the pandemic, the labour market has retained some strengths, such as a lower unemployment rate in comparison to other European countries, the provision of rapid transitions of some of the redundant persons to other jobs, the preservation of a large number of jobs at risk of closure through the provision of funds to businesses to finance a larger portion of staff salaries, and other financial incentives, loans, and grants. Teleworking is one of the most recent examples of new forms of employment (MLSP, 2022).

However, a high number of labour market flaws became obvious in the short time after the pandemic began. The Bulgarian economy's reliance on the international context, global economic activity, and changes in international commerce resulted in increased unemployment as economic relations deteriorated, border crossing restrictions were imposed, and demand for goods in the EU decreased. Employment in economic activities that need direct contact with clients and where teleworking is not available has proven to be the most vulnerable to termination in timeframes that do not allow for alternative mitigating strategies. Other factors, such as inter-company and credit indebtedness, the need to incur significant costs, and, in the case of discontinued operations due to restrictive measures, have determined the undertaken staff reductions undertaken, which have

increased unemployment among employees with higher education and qualifications. In the context of the pandemic, the underutilization of new technology and the digital economy for high-quality employment have curtailed teleworking and pushed many firms to lay off employees who could have been kept (MLSP, 2022). There is also a high number of vulnerable individuals, who are striving to enter the labour market. The most common employment barriers before the vulnerable groups are skills and experience barriers (lack of skills and experience, low education); health-related barriers (chronic health problems, physical or psychological disabilities), family-related barriers (care responsibilities either for a young or disabled child or an older family).

The Bulgarian Employment Strategy 2021-2030 (2022) envisages a further restructuring of employment by educational characteristics as a result of several factors, including demographic processes related to the decline and ageing of the working-age population; an overall change in the educational structure of the population, resulting in a higher supply of labour with higher education; a change in employers' needs, attitudes, and expectations, resulting in an increasing demand for staff with higher education, and so on. Addressing the needs of the vulnerable groups in Bulgaria is among the priorities mentioned in the reviewed literature and policy documents. According to the estimates, the labour market will be typified by structural mismatches between employee education/qualification and educational and qualification criteria for filling employment. There will be an overabundance of workers with tertiary and primary education and a scarcity of workers with secondary education.

## 5 Living lab Finland

### 5.1 Introduction

Finland is a welfare society strongly built on work, entrepreneurship and guarantee of public income security and services for all its 5.5 million citizens. Aging population, low birth rate, and a labour shortage, however, challenge the base of welfare society. Thus, increasing the employment rate, which has lately been about 74 percent, and inclusion of all potential employees into the labour market are widely emphasized by many politics, economists, and social scientists. The newly appointed Prime Minister Orpo's Government has set a long-term goal of employment rate of 80 by 2031. In 2023-2027 the goal is to increase employment in total by 100,000 workers. To reach these goals the government aims to implement several reforms which strive for improving incentives to work, making the social security system simpler, streamlining employment processes, improving work and family integration, supporting well-being at work, and continuing the ongoing reform of employment services (Finnish Government, 2023).

Finland has implemented active labour market policies since the mass unemployment in early 1990's. Thereafter, the unemployment policies have changed with changing governments. During the years the Ministry of Economic Affairs and Employment, the Ministry of Social Affairs and Health and the Ministry of Education and Culture have implemented the decided policies for the long-term unemployed and other vulnerable groups with work ability challenges. The operating culture, goals, and measures between these administrative sectors have, however, been somewhat different, which have affected the services in this area (Oivo & Kerätär, 2018; Saikku et al., 2023). In the last few years, the collaboration between the ministries have however increased, for example due to the national Work Ability Program (Aho et al., 2021, 2023). Moreover, it has been tried to strengthen the participation of the educational sector in the employment policy.

The latest labour market policy reforms

The latest policy reform stated by the Prime Minister Marin's Government (2019-2023) strengthened the role of local governments as an organizer of public TE Services. [The public employment services are called in Finland TE Services]. It started as a pilot with 118 municipalities and will become a permanent arrangement nationwide in 2025 ([Local government pilots on employment - Ministry of Economic Affairs and Employment \(tem.fi\)](#)). In this reform, unemployed jobseekers and jobseekers who are not entitled to earnings-related unemployment allowance are transferred to municipal TE services. The target group also includes all jobseekers under the age of 30 and all unemployed immigrants and foreign-language speakers. The purpose of this reform is to improve employment of the long-term unemployed and those in a vulnerable position in the labour market. Moreover, the goal is to transfer the TE Services closer to clients and increase the customer-orientation of services by integrating employment, education, and social and health services more closely together. Instead of a strict service model, the municipalities are allowed to develop the services based on the needs of jobseekers and employers in their region.

Besides the municipal reform, a new "Nordic labour market service model" was implemented in 2022 to all TE Services in Finland ([Nordic labour market service model - Ministry of Economic Affairs and Employment \(tem.fi\)](#)). The goal of this reform is to improve the assessment of jobseekers' service needs, give more intensive support for job search especially during the first three months of unemployment, and support unemployed persons' own activity for job search. In addition, a new E-service called "Job Market" ([Job Market Finland \(tyomarkkinatori.fi\)](#)) is released. In this E-service both job seekers and employers can meet on the same digital platform to either seek or offer jobs.



## Unemployment benefits

In Finland, the basic income for unemployed jobseekers is secured through unemployment allowance or labour market subsidy. Unemployed jobseekers may receive either basic unemployment allowance from the Social Insurance Institution (Kela) or earnings-related unemployment allowance from an unemployment fund. The unemployed person needs to be a member of an unemployment fund to receive earnings-related allowance. The duration of the unemployment allowance depends on the person's employment history. If an unemployed person has received unemployment allowance for the maximum period or does not meet the work requirement, he/she may receive labour market subsidy. Payment of unemployment allowance starts after the person has been registered as an unemployed jobseeker at the public TE Services ([Unemployment - Ministry of Social Affairs and Health stm.fi](https://www.te.fi)).

## 5.2 Vulnerability

In Finland, there is about 278,000 unemployed persons, and the unemployment rate is about seven percent. 33 percent of unemployed have been unemployed at least 12 months (i.e., long-term unemployed). In addition, 15 percent of all the unemployed are foreign born population (Employment Bulletin, 2023). A share of chronically unemployed has been estimated to be 3-4 percent (Aho & Mäkiäho, 2016).

A review by OECD (2021) sums up the characteristics of Finnish labour force and unemployment and refers to the national documents in this field. The review identifies several unemployed groups in Finland. Accordingly, the two largest groups consist of the unemployed living in rural areas and looking no longer for work (26%), and the unemployed who have been in unstable employment but have limited employment barriers (20%). A smaller group is skilled retirees having high skills but limited incentives to work due to their good financial situation (12%). The next group of the unemployed are the urban jobseekers (11%) who are mostly older, single, and childless men (74%). This group has health deficiencies, long unemployment spells, lack of recent work experience and a low-income level yet with high benefit receipt. Among women there exists a group of unemployed with major care responsibilities (10%). In addition, two groups of unemployed with a low educational level were recognized: the young (20–24 years; 9%) and the prime-aged (25–54 years; 8%) individuals. The smallest group was the unemployed having significant non-labour incomes (4%).

### **Special characteristics of unemployed groups**

The OECD's report (2021) and the stakeholders' interviews revealed several subgroups among unemployed persons in the Finnish labour market. Besides the special characteristics of different groups, the research reports (OECD, 2021; Saikku et al., 2023) and informants stated that the most vulnerable groups are, in fact, those who have simultaneously more than one barrier to employment (e.g., lack of education, mental health problems and young age or problems with physical work ability and older age).

Many interviewees referred to the OECD's report (2021) according to which unemployed in Finland tend to have many health-related challenges. Especially, the mental health problems were emphasised. Research by Harkko et al. (2018) supported this by showing that unemployment was consistently associated with an increased risk of disability due to common mental disorders, such as depression, generalised anxiety disorder, social anxiety disorder, among young people. However, the interviewees pointed out that the unemployed persons with low work ability are not a heterogeneous group. Thus, not all of them with health problems do constitute a major employment challenge as they have other strengths (i.e., high education and skills valued in the labour market).

Almost all interviewees mentioned unemployed persons with low **education and/or lack of skills** as vulnerable in the labour market. The same group was also recognized in the OECD's (2021) report. This group has, for example, outdated education or education that is not in demand in the labour market. A special concern was associated with young people who have dropped out of education. The interviewees assumed that one reason for this might be learning difficulties which have not been recognized early enough.

The older age was also seen as risk factor for vulnerability in the labour market. Half of the interviewees mentioned that aging itself is a risk, despite person's good work ability, health, or skills. According to the interviewees, the work effort of older workers is not necessarily appreciated enough in the Finnish working life. One reason that was mentioned is that some older workers may have an outdated education. Based on the national surveys, another important hinder is the age discrimination existing in recruitment and at workplaces (Statistics Finland, 2018). It has also been acknowledged that if older employees lose their jobs, it is difficult to them to get re-employed (Kurvinen et al., 2016). To improve the labour market position of older (55+) workers, Prime Minister Marin's government restricted older workers' possibilities to receive longer unemployment benefits if they become laid off. During the years many work organizations and companies were used this benefit as justification to lay off older workers particularly.

Moreover, the migrant background was seen as an important characteristic of vulnerability by almost every interviewee. In research, employers' attitudes and migrants' lower education and work experience as well as poorer language skill were mentioned as main barriers to employment (Rask et al., 2016). However, background of migrants was not considered as a specific factor of vulnerability. In the interviews, women with migrant background were regarded as a vulnerable as they often have childcare responsibilities and stay thus longer at home. [In Finland, there is a law that allows a caregiver to receive child home care allowance if the child is under 3 years of age and does not attend municipal early childhood education.] Nevertheless, many interviewees also emphasized that the group of migrants is very heterogeneous, and not all people with a foreign background have employment challenges.

Finally, some of the interviewees mentioned that people who end up unemployed from an unstable **career situation** (e.g., fragmented work history) or from outside the labour market are in a vulnerable position in the labour market (see also Aho & Mäkiäho, 2016). The latter group includes, for example, those who have been on long term family leave (mainly women) or those who have been released from prison.

"Of course, there are also regional differences – questions related to matching supply and demand that have nothing to do with the characteristics, competence or work ability of the people involved, but which can still cause prolonged unemployment. Neither would I downplay issues related to debt that are linked with matters such as benefits and social security. These pose a very big challenge to a surprisingly large part of the population." (Expert, ministry)

### 5.3 Stakeholders

Several stakeholders were recognized to have an important role in labour market inclusion of vulnerable groups in Finland. The stakeholders were discussed more thoroughly at interviews, whereas in the national documents the stakeholders were mentioned more generally (e.g., ministries, municipalities, TE services, health care services, educational services, employers).

At the state level, the role of the Ministry of Economic Affairs and Employment, the Ministry of Social Affairs and Health, and the Social Insurance Institution (Kela) were underlined. Labour market organizations such as trade unions and employers' associations were recognized to influence labour laws and terms and conditions of employment. At the regional or local level, public municipal TE

services were regarded as the most essential actor what comes to the vulnerable groups particularly. In addition, the wellbeing services counties, and their specialists for supporting work ability and health of unemployed (i.e., work ability coordinators, job coaches) were emphasized.

Furthermore, the role of third sector organizations in executing the services, such as income assisted jobs, apprenticeships, and rehabilitative work, and offering peer support for the vulnerable groups, emerged in many interviews. In this connection, the actors such as local unemployed' associations and organizations for the disabled were often recognized. Some informants also specified the role of work organizations, enterprises, and employers as important stakeholders. In addition, the role of research organizations producing updated research- and register-based information for policy makers, such as the Finnish Institute for Health and Welfare, the Finnish Institute of Occupational Health, and the Finnish Centre for Pensions were mentioned.

“Workplaces are very important. And the authorities, of course, such as municipalities’ TE services, wellbeing services counties and ministries... We do also need other parties, like non-governmental organizations. Near communities, people close to the long-term unemployed and the person’s social relationships. They should not be forgotten.” (Researcher, research institute)

“Associations do a lot of work that targets especially the long-term unemployed. We should use public funds (wage subsidy or work trial) for this kind of employment.” (Representative of an organization of the unemployed)

The interviews also included information on stakeholders who could have a more significant role than their present one in promoting the labour market participation of vulnerable groups. The interviewees, for example, mentioned that more collaboration should take place between different actors, that is the employment, social and healthcare, education, and rehabilitation sector. In the education sector both the Ministry of Education and Culture and the Service Centre for Continuous Learning and Employment's (SECLE) were mentioned as important stakeholders. However, only some informants mentioned the role of educational institutions in supporting the unemployed persons.

“We need to involve employment measures, rehabilitation, education as well as social welfare and healthcare. We have done so much work to integrate social welfare, health care and employment. But I feel that education is still not included in this same package.” (Expert, research institute)

The results showed that more discussions were called for with municipal policy makers and national non-governmental organization such as the Finnish National Organisation of the Unemployed and the Finnish Disability Forum as well as with social care and rehabilitative services. There were also a few comments about private employment agencies and a state-owned company Työkanava Ltd offering employment service for jobseekers with impaired capacity to work. The funding of Työkanava comes from Finland’s sustainable growth programme. According to the informants, both private employment agencies and Työkanava could be utilized more in helping vulnerable groups to find employment. The organizations offering occupational health services were also seen to have possibilities for a greater role in helping the transition from unemployment to employment in workplaces. In addition, the informants mentioned that the actors of different research and development projects could co-operate more with each other and with other actors.

## 5.4 Challenges

A report by OECD’s (2021) introduces the main employment challenges in Finland and divides them into three categories. The first category (45 %) focuses on individual characteristics of unemployed persons. These are barriers such as poor health and work ability, lack of skills and work experience,

and care responsibilities. The second category (30 %) includes barriers relating to taxes, social benefits or significant incomes that do not depend on individual's own work effort. The third (28 %) category represents barriers related to job opportunities and unsuccessful job search. That is, limited availability of jobs in rural areas, lower-productivity jobs, and jobs without the requirement of strong Finnish language skills. Similar employment barriers have been reported in other Nordic Countries (The Nordic Council of Ministers, 2023). Moreover, almost 70 percent of the unemployed face two or more barriers at the same time, and among the long-term unemployed the number rises to 87 percent. Many of these barriers are also inter-related (OECD, 2021).

Based on the Finnish stakeholders' interviews, we divided the employment challenges of vulnerable people into four categories: 1) individual level, 2) employer level, 3) service level, and 4) society and policy level challenges.

#### Individual level challenges

Challenges related to the poorer health and work ability of unemployed persons were mentioned by all informants. The interviewees described that the situation is complicated by poorer availability of social and health services. Health check-ups, for example, are not available for all unemployed, although their importance is emphasized by the research (e.g., Saikku et al., 2022). According to the interviewees, many unemployed would also need mental health and rehabilitation services. A study by Oivo and Kerätär (2018), in turn, highlighted that the long-term unemployed with health and work ability problems are seldom examined as individually and multi-professionally as they should. Therefore, the unemployed might be left without the rehabilitative services and the benefits they need. However, a research-evidence on the impact of health checkups to employment is controversial: An intervention study by Romppainen et al. (2014) did not show any beneficial effects of health check-ups and on-demand health services on re-employment.

Second, individual-level challenges regarding outdated or insufficient skills and education of unemployed were recognized in several interviews. Moreover, in many cases unemployed persons and job offers do not match. The unemployed either do not have the education and skills suitable for the available jobs or the available jobs are in different regions than the unemployed (Larja & Peltonen, 2023).

"If we look at the risk factors of long-term unemployment and you are over 55 years of age with an outdated education and maybe an immigrant background on top of that, then you really don't need any disability or illness. Your likelihood of being employed is already close to zero." (Expert, employer organization)

Third, some interviewees suggested that not all unemployed are motivated to seek employment, mostly due to social security benefits which were regarded as too generous or too complicated to be combined with part-time employment. A previous Finnish study among long-term unemployed did however reveal that out of 318 study participants about one third reported that they were employed during a three-year follow-up, one third were still searching for a job and one third reported that they had not been searching for vacancies during lately (in the past month). Passive baseline job seeking, and female gender with care responsibilities were predictive of being a passive jobseeker three years later, whereas high-level vocational education predicted higher-quality re-employment. Long duration of unemployment and high baseline level of psychological distress were predictive of a perceived need for adjustment in the new job (Vesalainen & Vuori, 1999).

#### Employer level challenges

In the stakeholders' interviews employers' attitudes and prejudices towards long-term unemployed were mentioned as important challenges for labour market inclusion of vulnerable groups. The interviewees considered that it might be easier and less risky for employers to hire a person who is transferring directly from another job. It was described that employers might be afraid, for example,

that someone who has been unemployed for a long time will get sick often, and the employer will have to pay the full salary. [According to the Contracts of Employment Act, an employer must pay for an employee a full salary during the first ten days of the sick leave.] Employers' attitudes towards older workers and migrants were also seen as a challenge (see above). In the interviews, employers' lack of knowledge and insufficient support received when employing the long-term unemployed were highlighted as challenges. Many of the interviewees said that the employment services do not have enough services for employers. In addition, those who find it more difficult to find employment often need personal support even when they have started at workplace. This is a challenge, for example, in situations where the employer is a staffing company.

"Employers' attitudes when you have been unemployed for a long time ... well, they are quite challenging... There's of course employers' fear of illness and possible related costs. As workplaces recruit to meet a need, they can be reluctant to take the risk of the new employee being constantly on sick leave." (Representative of an employer and sector association)

### Service level challenges

Several service-related challenges were brought up in the interviews. As mentioned earlier difficulties with obtaining the health and rehabilitation services were recognized. The studies indicate, for example, that the unemployed are not directed to vocational rehabilitation focusing on re-employment very effectively (Haapakoski et al., 2020; Vuorento et al., 2023). Furthermore, the interviewees called for easily accessible low-threshold services which could be received quickly after becoming unemployed. The interviewees also talked about the fragmentation of services between service providers. It was considered that the different service sectors and administrative branches mainly rely on their own solutions (e.g., solutions related to education or health). Consequently, it was seen that separate "service paths" exist in which every service provider produces its own separate piece of services for the unemployed. Meanwhile the unemployed persons may disappear into the "system", or the system forms an incentive trap for them (e.g., receiving a part-time job may cause pause and/or cut in social benefits which jeopardize livelihood despite of job). The service system was also perceived to be not user-oriented enough. The informants emphasized that the services and solutions should be based more on individual needs. Many of these challenges related to service systems were also introduced in national reports and research (Oivo & Kerätär, 2018; Saikku et al., 2023).

"As unemployment becomes prolonged, returning to work will also become more complicated. That is why we need to quickly reach this target group with services. And that requires low-threshold services and recognition of client needs. It is also important that TE services recognize factors like the need for health services. I feel that services for people looking to find employment can be quite fragmented and provided by various operators." (Expert, ministry)

### Society and policy level challenges

In the interviews, deficiencies in the cooperation between the ministries and between the other relevant stakeholders (e.g., associations, companies, educational institutions) mainly responsible for the issues of inclusion in working life were brought up (see chapter Stakeholders, in more detail). According to the interviewees, the challenges of the service system, the benefit system and the labour market should be tackled together. Barriers to employment may be related to benefits and social security issues. The problem was seen to be that accepting a job would not improve livelihoods or matching salary and benefits is complicated. One interviewee brought up a study, according to which 35 percent of the long-term unemployed was in debt recovery procedure (Oivo & Kerätär, 2018). Some interviewees also emphasized the importance of individual service, sufficient time of professional to focus on the person's situation, and long-term support. Furthermore, in the interviews, the effort to encourage those in a vulnerable position to find employment as



entrepreneurs was criticized. The interviewees felt that Finland is drifting into "forced entrepreneurship", which is caused by the dysfunction of the labour market.

"We need to be able to simultaneously look at the system of services and system of benefits. Even if we had a completely fine-tuned system of services, that would not necessarily solve the problems. If questions of income, benefits, fitting together salary and benefits and the opportunities for engaging in part-time work are not aligned with the goal, we will not achieve the connection with the labour market that we aim for." (Expert, ministry)

## 5.5 Goals, indicators and standards

According to the national stakeholders' interviews and reports, the main goal of all actors is to increase the labour market participation and employment rate of all vulnerable groups (e.g., Aho et al., 2022; Normia-Ahlsten & Riisalo-Mäntynen, 2023; OECD, 2021). Depending on the interviewed stakeholder, different views and measures regarding this general goal were expressed. The actors in the social and health care sector concentrated more on goals promoting health and work ability of unemployed, whereas the representatives of employer associations, employment agencies and the Ministry of Economic Affairs and Employment focused more on employment of unemployed workers. The representatives of the unemployed's associations, in turn, highlighted goals such as maintaining work ability, employability, participation in education and involvement in society besides employment. The goal that the representatives of research institutes mentioned related to promoting individuals' possibilities to participate in work life by supporting their health, work ability and well-being. At the employer level, the development of public employment services was seen as an important goal. Accordingly, more support for employers was called for building inclusive workplaces for vulnerable groups especially. The national evaluation reports on Work Ability Program emphasized that the goal should be to facilitate the finding and offering work for workers with partial work ability easier and more beneficial for employers (Keyriläinen & Lappalainen, 2023; Saikku et al., 2023). To sum up, many interviewees saw that although the goals are somewhat different between the relevant actors and stakeholders, the goals are not mutually exclusive. Consequently, more coordination and cooperation are called for.

"As a rule, I believe that everyone aims better employment. However, previously in the health care sector, for example, there was this idea that matters related to employment are not within their scope, that they belong to other branches of administration... However, there must be shared overall goals in place so that each party can identify their own objectives that support the shared goal." (Expert, research and development institute)

According to the informants, the main indicators or standards relate to employment, i.e., whether the unemployed have found employment after the treatment or intervention of/under concern. Some interviewees saw that it would be important to assess also other indicators than employment. For instance, well-being and work ability indicators and participation in education were mentioned. Another criticism against the applied indicators was that they were often used in a relatively short follow-up time. It was seen that there is a lack of information about what will happen to those unemployed who participate in interventions or receive services in the long-term (cf., Malmberg-Heimonen et al., 2019).

"Of course, employment is considered when talking about employment measures, but we need to use more comprehensive indicators of well-being more systematically. For example, it is not realistic to expect to find employment immediately after carrying out some measure that is intended to simply assess someone's situation." (Expert, ministry)

"For example, if the result of a work trial is that the person will start studies, I think that is a very good result." (Representative of an organization of the unemployed)

## 5.6 Inclusion strategies

OECD (2021) has suggested three main actions for Finland to be targeted in terms of increasing employment. First, more support for the actual job search process should be given to those unemployed groups that are ready to work. This means that TE Services should focus more on resources for those who are ready to start working. Second, those unemployed who have a high competence level, i.e., skilled retirees, should be mobilized and encouraged to return to work. Third, OECD encourages tailored interventions towards the most important barriers of each unemployed group. Therefore, it is important to recognize the challenges that are the most important for each group. Consequently, for some groups, the educational and for others the health barriers should be tackled. Moreover, the interviews conducted in this study as well as the national reports and research documents revealed many different inclusion strategies at several levels, which are introduced next.

### Individual level strategies

The interviewees listed a few inclusion strategies and interventions for unemployed persons that they found particularly good for re-employment. For example, the evidence-based JOBS<sup>®</sup> training (Price et al., 2002), which helps unemployed persons to cope with the multiple challenges and stresses of unemployment and job search, and to find re-employment, was mentioned. The JOBS program has been studied extensively and proved to lead to a better chance to obtain employment (see a meta-analytic review by Liu et al., 2014; a summary of international studies by Vuori & Price, 2015). The program was implemented nationwide in Finland in the public TE Services in the 1990s. Now, the program (nowadays called Taite) is implemented as a part of Sustainable Growth Programme for Finland ([Sustainable Growth Programme for Finland – expansion of the Work Ability Programme \(RRP\) | Finnish Institute of Occupational Health \(tli.fi\)](#)).

According to interviewees, positive results have also been obtained from interventions that are based on individualized and combined support. An example of this kind of service is the IPS (Individual Placement and Support) model. It is based on fast job search and the long-term support for the employee provided by the job coach (Bond et al., 2023). These characteristics were the main strengths of IPS compared to other services (Harkko et al., 2018). The principles of IPS have also been applied in Quality-based job coaching for promoting employment of disabled people in the Work Ability Programme (Saikku et al 2023; Normia-Ahlsten & Riisalo-Mäntynen, 2023). The Quality-based job coaching has proven to have reasonably good employment results (Normia-Ahlsten & Riisalo-Mäntynen 2023). The interest regarding the IPS model is growing and therefore the model will be evaluated in Finland as a part of the IPS development project funded by the Ministry of Social Affairs and Health. The study will be completed in 2029.

“Interventions related to individualized service, which provides the opportunity to connect different services... Finally, I would also mention the IPS model and job coaching.” (Expert, research and development institute)

FIOH has developed a Patient-Reported Outcome Measure (PROM) “The Abilitator”<sup>®</sup> which is a digital self-report questionnaire producing individual feedback and suggestions for actions for maintaining or improving work ability ([The Abilitator | Finnish Institute of Occupational Health \(tli.fi\)](#)). It is described to be a “resource-oriented work ability mapping tool” for those general work ability-related aspects that should be considered when building one’s path towards employment. Moreover, the Abilitator helps the unemployed persons to identify their strengths and challenges regarding work ability. By producing valuable information about the clients, it also helps the service professionals to propose the most effective ways to support the transition to working life (Wikström et al., 2020, Huhta & Unkila, 2019; Okulov & Honkasalo, 2019). The Abilitator has been shown to be a

valid and reliable PROM (Savinainen et al., 2020; Wikström et al., 2020, 2021). The Abilitator is available in several languages free of charge.

The individual strategies can also be targeted at professionals supporting employment of vulnerable groups. In Finland, positive results have been achieved from a program in which professionals' skills were improved regarding work ability and employment support, especially as a part of a work ability coordinator training (Nevala et al., 2022). The knowledge and competence of the professionals who participated in the training increased statistically significantly during the training.

Nevertheless, some informants perceived as a problem that the employment measures are also targeted at people for whom they are not the right services. Accordingly, unemployed who are hardly able to work should be "extirpated" from the unemployment register and directed to other services. On the other hand, it was also claimed that to avoid fines, municipalities have directed unemployed to rehabilitative work activities, although they would have had possibilities to find a job.

### Employer level strategies

The interviewees also mentioned some employer level methods and interventions, which has produced particularly good results regarding the employment of vulnerable groups. First, according to the interviewees, the highest employment rates regarding all unemployed have been achieved from activities where employment has been organized in private sector companies and especially through pay subsidy or apprenticeships. Pay subsidy has been a method of supporting employment in Finland for a long time. It can be granted to a worker when she/he is employed either in the public sector or companies. It has been shown that pay subsidy helps vulnerable people to find a job as they bring a part of their salary with them and reduces the risk of long-term unemployment (Asplund et al., 2018). To avoid the "revolving door phenomenon" related to pay subsidy, some municipalities have combined education or apprenticeship contract into it (Shemeikka et al., 2017). This procedure has resulted in better employment. In addition, some informants pointed out that good results were received when a person with pay subsidy was placed in a company through an association of unemployed or through an another "training workplace", where the unemployed can first "practice working".

"Employment in the private sector, in private companies, especially in the form of apprenticeship training – that is where we see the highest employment rates." (Expert, ministry)

Moreover, both the interviewees and the national reports (e.g., Saikku et al., 2023) highlighted the importance of job coach also for employers. The job coach can assist with recruitment and offer support for both the employee and the employer (Juvonen-Posti et al., 2023). The interviewees also emphasized that professional skill trainings which have been tailored in cooperation with employers and TE Services have produced good results. Accordingly, the training meets the requirements of the employer, and the jobseeker will be more likely to be employed after the training in this workplace (Aho et al., 2018).

"Job coaching is one individual service which has [promoted employment], because it is so flexible that it can support not only the jobseeker but the employer too." (Expert, employer organization)

### Service level strategies

In the interviews the stakeholders also considered the inclusion strategies from the service-sector's perspective. Consequently, they emphasized that measures which have produced particularly good results were based on a close multidisciplinary cooperation between different service providers. For example, in the Work Ability Program, the multi-professional work ability support teams that brings together different professionals, were established. The program also developed a "customer

manager model" in which the customer has a person who coordinates the services. The results of the program showed that by developing professional competences such as career guidance, the unemployed will more likely to receive the services they need (Vuorento et al., 2023).

"Multidisciplinary service. Similarly, to services being close and in one place instead of kilometres away. This provides the first contact that can then steer the person towards the correct services."  
(Expert, public sector interest organization)

In Finland, the national social insurance institution (Kela) offers vocational rehabilitation services which aims to individually support the rehabilitated person to enter and stay in working life. As a part of this service, Kela's job coaches offer support to the rehabilitated person, the employer, and the work community throughout the rehabilitation process. (Haapakoski et al., 2020). The service has had a favourable effect on the employment of the rehabilitated persons (Reiterä et al., 2019).

### Society and policy level strategies

In the Introduction, the TE Service reforms, in which the employment services of the most vulnerable groups were transferred to municipalities and the aim of more intensive and individual support for unemployed, were introduced. The effects of the pilot phases of this reform have been assessed nationally (Aho et al., 2022, 2023). The results revealed that the pilots did not have significant effects on the labour market, the supply of labour services, or the municipal economy. In fact, the pilots showed a few operational challenges in the employment services. The reasons that were mentioned behind this were a lack of personnel and their professional training possibilities, a lack of cooperation with the health and social services, and a lack of cooperation between the pilots and other public TE services (see also Juvonen-Posti et al., 2020). However, the pilots were seen to be on the right track in changing operational models and improving the regional cooperation. For example, positive results on implementing the "individual case manager model" were observed.

Over the years the Finnish governments have launched other extensive programs to promote the employment of vulnerable groups. For instance, OTE key project (2015-2018) and the Work Ability Program (2020-2023) have been established by The Ministry of Social Affairs and Health. The first program aimed at promoting employment of disabled people and the latter one supporting employment of those with partial work ability. Traditionally, the employment of disabled and those partially able to work have been seen in Finland primarily as an issue of social and health policy. During the last decade it has also been entering labour market policy. A report on the OTE project assessed the increase in the employment of the partially able-bodied and positive change in attitudes towards them (Mattila-Wiro & Tiainen, 2019). A Study assessing the Work Ability Program (Saikku et al., 2023) showed that during the program new effective services for the target group were found, as well as good models of strategic planning and coordination with different services providers both regionally and nationally. The Work Ability Program has been expanded for 2022-2023 with funding of EU's Sustainable Growth Program. The aim is to distribute the measures specified in the previous program to all well-being service counties, and in this way increase employment rate and skill level of service professionals.

The Ministry of Economic Affairs and Employment, in turn, is coordinating an ongoing project associated with social entrepreneurship and a community economy perspective. The aim is to better understand the role and potential of social economy actors and to improve their support. The European Social Fund has granted a funding until the end of 2027 for a national coordination project in which this theme is attempted to be mainstreamed and regionalized. In this connection, the Centre of Expertise which provide guidance, advice, and networks to promote the employment of people with disabilities and strengthen the role of social enterprises in this work ([Yhteiskunnallisten yrittysten osaamiskeskus - Hyvän mahdollistaja \(yyo.fi\)](https://www.yhteiskunnallisten-yrittysten-osaamiskeskus-hyvän-mahdollistaja.yyo.fi)).

It is also worth mentioning that Finland carried a national level basic income experiment in 2017-2018 (Kangas et al., 2020). Its objective was to assess the effects of basic income on employment, income on a whole, use of social benefits, and general well-being. The target group was the unemployed, aged 25–58 years, receiving benefits from national social security system (Kela). The treatment group (n = 2000) got unconditional basic income (560 euros/month) and the possibility to receive unemployment benefits from Kela, whereas the control group (n = 2000) received only the unemployment benefit. During the two years of the experiment employment (i.e., total days worked) increased statistically significantly ( $p = 0.02$ ). However, the six-day increase could not be considered significant in terms of the treatment group's income level. In fact, greater improvements were reported in treatment group's well-being, inclusion, and autonomy than in the employment.

## 5.7 Summary

In Finland vulnerable groups in the labour market have been characterized by poorer health, lower education, immigrant background, older age, and unstable working careers (e.g., lack of work experience). These interrelated characteristics are also associated with the long-term unemployed, the target group of Finnish Living Lab. The biggest challenges for vulnerable groups to enter the labour market consisted of many different factors. At the individual level, the challenges related mainly to the above-mentioned vulnerabilities. At the employer level, challenges in receiving support from the service providers to the employment of vulnerable people seemed to be relevant. The main challenges in the service level were associated with fragmented service structure, in which each service provider produces one piece of the service for unemployed. Furthermore, the cooperation between the various stakeholders mainly responsible for promoting employment did not seem smooth enough.

The roles of several different stakeholders were described, and their common goal was to increase labour market participation, inclusiveness, and the employment rate. However, depending on the stakeholders, different views and measures were presented to achieve the goals. Very often these goals have been tried to achieve and the employment barriers to tackle with the help of different national or regional programs, reforms, and projects. In the latest reform the public employment services for vulnerable groups have been transferred from state to municipalities.

In the employment of vulnerable groups and long-term unemployed in Finland, the health aspect has been emphasized. For example, work ability examinations have very often been applied for determining the status of the long-term unemployed and their need for support. However, there has been a lack of support for employers to organize the support for employees who have challenges in work ability. Although this issue has been under serious development during the past years, the health aspect of work ability still plays a notable role in the general thinking about vulnerable people and employment.

OECD (2021) has encouraged Finland to use tailored interventions to tackle the specific barriers of long-term unemployment. For some of the unemployed this, of course, means health and vocational rehabilitation services. However, there is also a group of unemployed people who are motivated, who have work skills and who could find a job with job search support. Correspondingly, the OECD emphasizes the importance of two other work ability related aspects, competence, and motivation, to be considered when the inclusion strategies are chosen.

Currently, much effort is being undertaken to reinforce the status of competence in efforts to develop the workforce, also among the long-term unemployed. Moreover, positive employment results have been reported for measures that promote fast job search for the unemployed by improving job searching skills and activities, and by offering support for employment to both unemployed persons and employers. These recommendations could perhaps be taken up in the Synclusive project.



## 6 Living lab the Netherlands

### 6.1 Introduction

#### Dutch context

The legal framework about reintegration, interaction between employer and jobseeker services and training in the Netherlands are the Participation Act and the SUWI Act (Work and Income Implementation Organization Structure Act). These two laws stipulate that municipalities and UWV jointly carry out tasks for employers and job seekers within 35 labour market regions.

These laws stipulate that municipalities and the Netherlands Employee Insurance Agency/social security administration (UWV) must promote the integration into work of people to whom they provide benefits to and who are therefore registered with the UWV as job seekers. Municipalities are also responsible for the reintegration of people without benefits who have registered themselves as job seekers.

A large proportion of the people who are registered as job seekers are at a distance from the labour market. The registered can be divided into job seekers without and those with an occupational disability. In the first group, the distance to the labour market is not only caused by factors such as age, long-term (more than one year) unemployment, outdated experience, and insufficient professional qualifications but also, for example, by domestic problems, an addiction and/or problematic debts.

At both municipalities and UWV, two organisational units play an important role in the reintegration of job seekers, namely employer services and job seeker services. Although it can differ per region, the municipalities and UWV most often have access to the same support tools and subsidies for employers. However, they still differ to some extent in the way they deploy it and the criteria they use. With the increasing collaboration, these differences are expected to further diminish. Both the municipality and UWV are responsible for supporting job seekers who are covered by the Participation Act, but the exact target groups differ. The municipality is responsible for people on social assistance benefits under the Benefits for Older Unemployed Act, the Income Provision Act for the elderly and partially disabled, the General Surviving Dependents Act and for people not entitled to benefits. UWV is responsible for people entitled to sickness benefits, unemployment benefits, incapacity insurance, and the people from the Young Disabled benefits.

The jobseeker service has the task of supporting jobseekers in removing obstacles to finding and guiding them to work. For example, job seekers who are not 'fit for work' due to personal problems such as addiction and problematic debts are supported in solving them. To this end, the jobseeker service works with mental health care and debt counselling services. Job seekers for whom a lack of relevant experience or education hinders their participation in the labour process are supported with training, courses, education and/or work experience placements. This requires close cooperation with regional training institutions. The employer services support employers in filling vacancies by supplying suitable job seekers for those vacancies in collaboration with the job seeker services. If a vacancy is not automatically ideal for a job seeker, the employer services support employers in adopting the position. If necessary, tools and facilities are used for the labour integration of job seekers (see Figure 3 below).

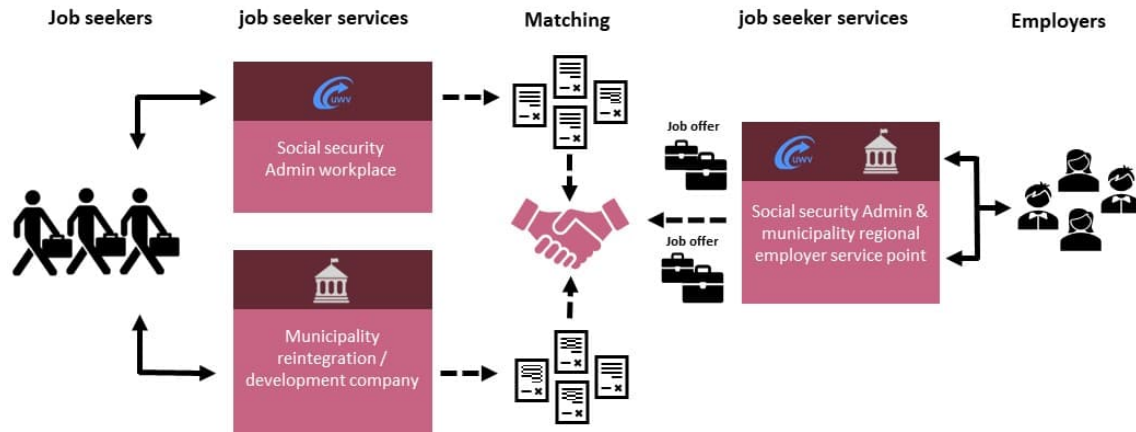


Figure 3. Regional employer services as intermediary in between the job seeker services and employers.

## 6.2 Vulnerability

In the Netherlands, there are about 350,000 unemployed people in the second quarter of 2023, which is about 3.5% of the working population (Statistics Netherlands, 2022). In total, 47,000 are unemployed for longer than 12 months. The unemployment rates are historically low and there are shortages in the labour market, but there are still groups that cannot find work.

The Dutch Social Planning Agency indicates that people with a non-western ethnic background, young people (25 years), older people (>55 years), those with a low educational level and those with a disability are most vulnerable in the Dutch labour market (Dutch Social Planning Agency, 2018). They more often work in flexible contracts, lose their jobs, and have more difficulty finding a job.

The vulnerable groups mentioned by the Dutch Social Planning Agency were all recognised by the interviewees. The people with a minority background were according to interviewees most vulnerable when they were new foreigners and refugees. Regarding those with a low educational level, those without a basic qualification or recent work experience (often young people and mothers) are also particularly vulnerable. The interviewees also mentioned that people with multiple problems are vulnerable and experience large difficulties in finding sustainable work. They often have a combination of psychological and physical complaints, and issues with, for example, housing, debts, and addiction.

## 6.3 Stakeholders

At the national level, the Ministry of Social Affairs and Employment is an important stakeholder that stipulates laws, policies, and subsidies. Employee Insurance Agency and labour market organisations, such as trade unions and employers' associations, influence labour laws and policies. The actual implementation of these laws and policies lies at the regional level.

The municipality and UWW have their own specific target groups to guide to work (see introduction) for which they use account managers and job coaches to support job seekers in finding work. Within the municipality of Amersfoort, this is organised in different teams: 1) re-integration with job seeker counsellors, recruiters and advisors supporting job seekers; 2) work, income, and care in which the learn-work counter (see below), Employer Service Point (see below) and Youth counter is organised;

and 3) the Regional Reporting and Coordination Point for School Leavers. As staff is limited, the municipality also works together with job coach organisations to support the job seekers.

Regarding employer services, the municipality and UWV had joint service for a few years. This is organised in the so-called employer service point. The Employer Service Point provides information about the labour market and supports an employer who wants to hire someone from a vulnerable group. This can be financial support for hiring vulnerable groups, support for finding vulnerable job seekers and support at the workplace for guiding vulnerable groups, colleagues, and managers. In Amersfoort, they do this in close collaboration with different regional stakeholders that participate in regularly joined meetings. UWV, the municipality, trade unions, secondary vocational education, and employers' organisations participate (Employer Service Point Amersfoort, 2022). They discuss relevant labour market information and bottlenecks for finding work. To achieve better cooperation and new initiatives so that everyone can participate in society to the best of their ability, preferably with regular work.

Within the municipality there is also an independent advice point (the learn-work counter; 'Leerwerkloket'), co-financed by the Ministry of Social Affairs and Employment. It has knowledge of education and the labour market. This is a collaboration between UWV, municipalities, education and employers that supports employers with stimulating life-long learning and helps to educate and re-educate their personnel. The learn-work counter has many links with both public and private education/training organisations for job seekers as well as for employees.

In 2022 a study by the Dutch Labour Inspection shows that 95 percent of the account managers indicated that collaboration and integrated services in the social domain are crucial (Dutch Labor Inspectorate Ministry of Social Affairs and Employment, 2022b). About 55% of the account managers indicate that parties in the social domain are well able to find each other, while 20% say that this is not the case. Most interviewees believe the current cooperation in the Amersfoort labour market region is good. There has been good cooperation between the municipality, the learning and working desk, UWV and the employer service point for a long time.

Employers are key stakeholders as they offer the workplace to the job seeker and oversee the talent development of their own employees. In the 2013 social agreement, the government and social partners agreed that, in the Netherlands, an additional 125,000 jobs should come with regular employers for people with disabilities. This agreement was laid down in the Jobs Agreement Act (Government of the Netherlands, 2020). With this, there is a quota for employers to hire people from vulnerable groups. However, only about 20% of the employers in the Netherlands have employees from vulnerable groups. Contact and communication between Employer Service Points and employers often takes place on an ad hoc basis. Structural collaboration is lacking. Employer Service Points find it difficult to proactively respond to the needs of employers (Stavenuiter et al., 2020). The Employer Service Point Amersfoort wants to develop more strategic partnerships with employers, in which they work together to achieve a shared social goal: the sustainable placement of people from vulnerable groups.

Interviewees mentioned that employers and (private) trainers are increasingly finding each other but the municipality is not always involved. According to the public trainers themselves and professionals from the social domain, private trainers are more agile and can meet employers' needs for tailor-made solutions more quickly. This contrasts with public educators willing to develop more tailor-made training or education but are hindered by the legal obligations and financing of education.

There are a few good examples in the region of employers who know how to place and retain vulnerable target groups and work with a social mission. Interviewees hoped that more employers would get intrinsic motivation to hire vulnerable groups. One account manager explains this: "A progressive director is needed, someone who is concerned about other target groups and sees added value in fulfilling the social function."

## 6.4 Challenges

Challenges arise in several areas that influence the influx and retention of vulnerable groups in the labour market. There are obstacles at the individual level, at the employer level, at the service level (e.g., agencies that guide the target group to and into work), and at the policy level (i.e., legislation, regulations, and government policy). Interviewees mentioned that fragmentation, bureaucracy, and the tangle of financial flows prevent regional cooperation and being 'one face' towards the job seeker or employees.

Laws and regulations regarding participation are divided into different laws with different paradigms/views of humanity. This is mainly a problem for households with issues in various areas (multi-problems) (National Government/National Finance Department; 2020). Laws also do not always offer (equally) scope for customisation when tackling the problems. A solution would be to have one law in the social domain, with sufficient open standards to provide customisation, but also with a link with other domains where necessary (National Government/National Finance Department, 2020).

In 2022, a study was performed among job seekers and account managers from municipalities about barriers for job seekers with a Participation Act benefit (Dutch Labor Inspectorate Ministry of Social Affairs and Employment, 2022b). Job seekers themselves most often mention their physical (56%) and mental health (41%), and account managers also mentioned the capacities of clients related to health and education as the largest bottleneck. The interviewees also describe that job seekers often must deal with multiple problems, which makes it more difficult to mediate the target group for work and to retain them by the employer. An account manager of the municipality said it like: "The most vulnerable with multiple problems, both young people and the elderly, where there are also many other issues in the field of care. These multi-problems must first be (partially) solved before you can get to work." This concerns, for example, financial problems, psychological or physical complaints or problems in the private sphere. Besides physical and mental problems, the 2022 paper also described that 20-25% of the job seekers mentioned lack of driving licence, lack of work experience, difficulty with the Dutch language, and limited number of hours they can work as a barrier for work. Interviewees also mentioned that proficiency in the Dutch language and no or limited (starting) qualifications are the main barriers. To be able to start work, a preliminary process, training, adjustments in the work and/or good guidance (for a longer period) is therefore necessary.

These barriers and multiple problems among job seekers ask for investments from employers. The target group requires guidance from existing managers and employees. According to professionals in the social domain, not all employers are prepared to make the time and resources available to realize this or are not concerned with the learning culture of their organization. Employers mainly focus on the short term and are first and foremost entrepreneurs [...], who are busy with their business. Interviewees mentioned that it helps when the municipality relieves employers by supervision or job coaching from clients, but that the capacity to do so is often limited (Dutch Labor Inspectorate Ministry of Social Affairs and Employment, 2022b). An added bottleneck here is that municipalities often work output-driven, focusing on work and less on participation or sustainable placement. Aftercare is therefore limited according to interviewees. Employers also suffer from bureaucracy associated with the arrangements that make it financially feasible. Other factors that influence the employer's motivation to work with this target group are insufficient knowledge or prejudices about the target group, seeing limited options for adapting to work or clinging to CVs and diplomas. One employer indicates that employers (in tight sectors) are sometimes limited in the extent that they can adjust the work organization and division of tasks. For example, employers, are bound by legal requirements in the health care sector that employees need specific education and registrations before they can help patients.

As indicated before, the municipalities and UWV often work independently. They are seen as two entities rather than one regional employer service (Dutch Labor Inspectorate Ministry of Social Affairs and Employment, 2022a). As a result, employers do not know when to cooperate with whom, and what services they can expect from whom. A lot can be gained by seeking more structural collaboration between the Municipality (Employer Service Points) and UWV.

When it comes to training and development, interviewees argued that both employees and the employer themselves are not doing enough or do not see the added value of lifelong learning. Their assessment is that many employers fear that their investment will be lost if trained employees switch to another employer. They also see that many practically trained employees regard initial education as an endpoint and are not concerned with their career opportunities and development. In addition, practical training and partial certificates are becoming more common, but not yet everywhere. Trainers indicated that they cannot always respond sufficiently (partly due to current government policy and financing of education) to the training needs of employees and job seekers, which affects entry and advancement opportunities.

## 6.5 Goals, indicators and standards

### National level

One of the goals of improving inclusive labour market opportunities for vulnerable groups is by enforcing collaboration in so-called 'labour market regions' (SUWI Act; Dutch Labor Inspectorate Ministry of Social Affairs and Employment, 2022a). This is about the collaboration between municipalities and UWV within these regions. In recent years, many of the labour market regions have worked hard to intensify regional cooperation, often with a subsidy from the government. Cooperation in the labour market regions is improving but remains fragile: cooperation is not always effective; local orientation of municipalities; cooperation in one regional employer service point more effective, harmonization of instruments and facilities partly achieved (Dutch Labor Inspectorate Ministry of Social Affairs and Employment, 2022a).

In the so-called Jobs Agreement, the government and social partners have set out the intention to create 125,000 additional jobs for workers with disabilities by 2026. In 2021, there have been created 72,809 new jobs while the aim was 80,000 (letter House of Representatives, 2022), and still half of the people with a disability still have no job (Netherlands Employees Insurance Agency, 2021). The Dutch ministry, UWV and municipalities aim to catch up and increase the number of vulnerable people with a job, preferably with a fixed and paid contract.

### Regional level

Amersfoort is the central city of the labour market region, also called Amersfoort. Concerning the topic of an inclusive labour market, each region is governed by a central city which connects national and regional policy. The city of Amersfoort has been a partner in research with a focus on inclusion for about seven years. They 'embrace' science to better their performance of re-integration services. First, their focus was on guiding individuals to work based on a better understanding of (how to use) the principles of behavioural modification (Boermans & Blonk, 2019). Through this focus on science and cooperating with scientists, Amersfoort understands that an inclusive labour market is not built on a scientific-based guidance of unemployed individuals alone but should also include enhancing inclusive organizational behaviour of employers in the region. However, how to enhance inclusive organizational behaviour is still a largely uncovered research area (Kersten et al., 2023). Amersfoort participates in and spurs important research projects such as Community of Practice Weighed Customization and Social Services Innovation using Evidence-Based Selection Guides. These developments are the result of long-term research projects at TNO and the foundation of the current



proposal SYNCLUSIVE. As a reliable partner in research and attuned to the agenda of the labour market region, Amersfoort accepted the invitation to participate in SYNCLUSIVE. We may conclude here that the participation of Amersfoort is not just something that happened by coincidence but is the result of long-term cooperation, building on trust and open and genuine relationships, translating science into practice and practice into science in a constant dialogue.

The Employer Service Point of Amersfoort sets each year goals related to the inclusion of vulnerable groups in the labour market. The goals for 2023 were (Employer Service Point Amersfoort, 2022):

1. Guide 657 vulnerable job seekers to work from different target groups in 2023.
2. A clear and accessible counter for both employers and job seekers.
3. Responding to the connection between education, labour market and economy to achieve a future-proof labour market.
4. Guiding our residents who are distanced from the labour market towards sustainable work;
5. Advising employers on personnel issues.
6. Having up-to-date knowledge about the labour market and the broader social domain;
7. Knowledge about financial arrangements regarding the placement of residents.
8. Stronger cooperation in the labour market region so that more residents will enter the labour market.
9. The WSP is committed to preventing discrimination. We do this from an integrated vision of diversity and inclusion within the employer system. The WSP focuses on targeted actions towards employers and their own staff.

## 6.6 Inclusion strategies

Municipalities and UWV can use instruments and facilities to promote the employment of people at a distance from the labour market, particularly people with an occupational disability. These help to bridge the gap between job seekers and the labour market, for example by meeting the employer's needs in a productivity deficit and/or the costs of, for example, guidance, training, and adaptation of the workplace.

Municipal instruments and facilities are partly laid down nationally and partly in local bylaws. Those of the UWV are determined nationally. Examples of such instruments and facilities are the wage cost subsidy (municipalities) and wage dispensation (UWV) that reduce the salary costs for the employer, a trial placement (placement with an employer while retaining benefits), job coaching, financing of training and adjusting a workplace. In addition to the instruments and provisions of municipalities and the UWV, there are several tax instruments – the low-income benefit and the wage cost benefit – that offer employers an allowance for hiring employees with low wages and for hiring people who find it difficult to work.

The legal framework, which, in addition to the SUWI Act, consists of the SUWI Decree and Regulations, sets several requirements for the organisation and design of employer services and the package of services to be offered.

- Regional employer service point (to be set up jointly by the municipality and UWV).
- Basic package of services (matching registered job seekers and vacancies, informing employers, advising employers, etc.).

In the report 'Towards an inclusive society' published by the Inspectorate of National Finances (2020), 27 policy measures are described to increase participation or to cut finances on the participation policy in case this is needed. These measures can be taken separately or they can be grouped into several packages: in six variations (Inspectorate of National Finances, 2020). Increasing

the labour market participation (one important area of ‘participation’) is an important part of this ‘agenda’ (see also ‘challenges’). These measures come down to improving:

- Support of job seekers (by municipality and UWV).
- Improving collaboration within the labour market regions (Programme ‘Perspective on work’).
- Streamlining/improving employer services, e.g., one counter per labour market region.
- Making the transition to work more rewarding and reduce the need for assistance. To reduce the poverty trap, the gap between income from work and benefits should be widened (several measures are suggested).

In addition, there are specific arrangements to facilitate lifelong learning and an inclusive labour market. One example is the STAP (Stimulant Labour Market Position) scheme, in which anyone can apply for 1,000 euros per year for training or courses to develop and strengthen their position in the labour market (Haanstra et al., 2020). This scheme will probably end in 2024.

According to the interviewees, there are various starting points to improve the inflow and progression of vulnerable target groups. To motivate employers to work with vulnerable target groups, it helps to share good examples and success stories with each other (e.g., in networking meetings with employers). This allows employers to learn from each other and provides insight into what works well, how you can approach this and what benefits there are from working with the target group. For example, examples can provide insight into how you can use job coaching or adjust jobs to make them more accessible. Information reduces or removes possible prejudices or teaches the employer how to deal with the target group. Moreover, professionals in the social domain stressed in the interviews that employers sometimes do not have a realistic picture of the target group: due to the many multi-problems, more than practical adjustments to the work are needed. Jobs really need to be adjusted and more guidance is needed. A literature study (Andriessen et al., 2020) also highlighted the importance that work must be made suitable for vulnerable job seekers. They describe several effective ways this can be done:

1. Changes in the task demands, task execution and employee’s working environment. Common adjustments are fewer working hours, working from home, working at a slower pace and more autonomy in planning work tasks. For such work adjustment, it is important to think in the possibilities and not the limitations of the employees: the principle of working according to ability.
2. Job carving in which all tasks of a certain function are mapped out allowing vulnerable people to do certain tasks of a function and not all.
3. Inclusive redesign of work involves investigating, in consultation with the departments involved, which tasks could be rearranged and under what conditions that should happen. New functions and workplaces are created for vulnerable groups.
4. Technology or IT can help vulnerable people by guiding them with their work (e.g., with visual support) or to taking over certain tasks that they are not able to do (e.g., taking over physically demanding tasks).
5. Stacking jobs is a method of creating new work with multiple employers in a city, region, or business park. A candidate can have multiple jobs.

An important factor is the intrinsic motivation of employers to work with the target group. An account manager of the municipality says to increase intrinsic motivation it is important to share successes, success stories and good examples. Interviewees also see opportunities to better support employers with subsidy options and external job coaching (e.g., by the municipality, employer service point or apprenticeship desk).

Regarding the development of current employees, many interviewees indicate that considering the current tightness of the labour market in which there is a shortage of workers in every occupation,

employers are focused on retaining employees and less on the development and training of their employees. It also indicates that training of low-educated employees is not yet a priority for employers. The Dutch Working Conditions Survey (2022) also showed that those with a low educational level less often have followed a course or training in the past two years than highly educated employees (37% vs. 60%) (van den Heuvel et al., 2022). This is especially the case in SMEs. It will help, according to professionals from the social domain as well as employers and the Foundation for Cooperation on Vocational Education, Training and the Labour Market, if education and employers work together to make practical declarations and partial certificates possible. According to the trainers, the design and financing of training programs improve if several employers from the same industry or sector together with training institutes arrange training opportunities for their employees. Almost all interviewees indicate that it is important to go off the beaten track and “make customization possible”. For example, by being able to follow a training course while retaining benefits or being exempt from the obligation to apply for a job.

## 6.7 Summary

The main vulnerable groups in the Dutch labour market are people with a minority background, young people, older people, those with a low educational level, those with little recent or relevant work experience and those with a disability. These characteristics often occur within the same persons. People with multiple problems related to work but also non-related factors, such as debts and issues in housing, are most vulnerable and need support from various stakeholders.

Support for job seekers, employees and employers is organized at the regional level, in which the municipalities and UWV have a central role. Support for employers is organized in The Employer Service Point which provides information about the labour market, educational opportunities and offers support to employers who want to hire someone from a vulnerable group. They work together with trade unions, secondary vocational education, and employers’ organisations. The Employer Service Point has many good relationships with employer, but it lacks strategic partnerships with employers, in which they work together to achieve a shared social goal. Within the municipalities and UWV, there are people supporting employers with hiring vulnerable job seekers or with training opportunities for current employees, but this is done next to each other. Employers need to be better supported in guiding vulnerable job seekers, e.g., with job coaching, not only at the beginning. Training and education programs need to be short (leading to partial certificates) and tailor-made, which need out-of-the-box thinking (e.g., finding ways to give workers modular and short training instead of multiple-year education for which there is no direct finance from the central government). Close collaboration between the municipality, UWV, employers and educational institutes is needed to make this work.

All stakeholders strive for a more inclusive labour market. How this should be done, and the specific goals may differ a bit, but both the government and social partners have the same intention, which has been written down in the Jobs Agreement, to create more jobs for vulnerable groups. There are not yet goals regarding the development and training of vulnerable employees.

In the Netherlands, there are a lot of instruments and facilities to promote the employment of people at a distance from the labour market, the evidence base for particular work adaptations and subsidies is present. They are focused on supporting job seekers and supporting employers. For vulnerable employees, there are also options available for support and subsidies regarding training and development. Many support options are not familiar to employers or employees, but they can be of great value for the ENGINE and inclusion of vulnerable groups in the labour market.

## 7 Living lab Portugal

### 7.1 Introduction

In recent decades, the Portuguese economy has undergone significant and profound transformations. These changes began after the democratic revolution in 1974 and continued with Portugal's accession to the European Union in 1986 (Reis, 2004). The economy has shifted away from its historical agrarian roots, with agriculture contributing less than 4% to the total wealth produced since the year 2000 (Reis, 2013). Nevertheless, agriculture still employs nearly 10% of the country's workforce. Consequently, Portugal has now evolved into a predominantly service-based economy, where manufacturing accounts for just 18% of production and 19% of employment (Fundação Calouste Gulbenkian, 2017). These characteristics are shared with many other industrialized economies that have advanced in terms of production structures, labour markets, consumption patterns, and social dynamics.

To provide further context, when comparing Portugal's economic structure to that of the European Union (EU), several notable differences emerge. The EU exhibits a higher proportion in the tertiary sector (70.1% compared to Portugal's 66.9%), a slightly more pronounced industrial activity (19.3% compared to 18.2%), and reduced reliance on agriculture (2.3% in the EU compared to 3.9% in Portugal). The most significant disparities are found in the construction sector (5.4% in the EU versus 7.8% in Portugal), particularly within the services sector (European Commission, 2023). Within the services sector, it is possible to differentiate between non-market services, primarily encompassing public administration services, and economic services. This distinction reveals that the overall level of tertiarization of the economy holds different implications for these subsets.

In Portugal, the service economy is strongly influenced by the development of collective services with a public or social nature, constituting 27.2% of the economy, compared to 21.7% in the EU. Conversely, the European Union places greater emphasis on the economic services sub-sector, accounting for 48.4% in the EU compared to 39.7% in Portugal. Notably, the growth of services in Portugal since the early 1980s (23% compared to 17% in the EU) is primarily attributed to the expansion of collective services, which grew by 36% in Portugal but only 5% in the EU. In contrast, economic services experienced a 15% growth in Portugal, compared to 24% in the EU (European Commission, 2023).

Regarding the labour market, Portugal's unemployment rate has reached its lowest point in the past two decades, standing at 6% since 2022. In comparison, the EU's unemployment rate decreased to 6.5%, according to EUROSTAT (PO ISE, 2023). Gender-wise, the unemployment rates are similar, with 5.5% for men and 6.5% for women. It's worth noting that the highest unemployment rate was recorded in 2013 at 17.1%, and it has steadily declined since then (Instituto Nacional de Estatística, 2023). The current unemployment rate is still influenced by the aftermath of the COVID-19 pandemic and recent events such as the Ukrainian war and inflation. However, the European Commission predicts a growth of 0.7% in the Portuguese GDP, by the end of 2023 (Portuguese Republic, 2023).

Evolution of active labour market policies in Portugal has been influenced by international organizations like the OECD and European institutions. This trajectory began with the European Employment Strategy (EEA) in 1997, tailored to the European socio-economic context, considering Portugal's political and financial dependence on the EU and EU funds. Over time, various governmental ideological tendencies have left their mark on employment and employability policies. Starting from 2002, amidst economic and unemployment challenges, employment policies aimed to reintegrate unemployed individuals into the labour market (Valadas, 2012). Consequently, target groups for these policies changed over the years, including youth, long-term unemployed, older individuals, women,

immigrants, and disabled individuals. Active employment measures such as internships, training courses, entrepreneurship support, and others were implemented (IEFP, 2023).

In Portugal, social benefits for the unemployed include unemployment subsidies, social unemployment subsidies, subsequent subsidies for the unemployment subsidy, and partial unemployment subsidies. Eligibility for these subsidies is based on specific criteria and can be requested through the Portuguese Social Security system. Typically, these benefits are available to individuals who have been laid off (not applicable if an employee voluntarily resigns) or haven't received payment for a specified period. During the period an unemployed individual receives these subsidies, they receive a monthly allowance equal to 75% of their previous job's net income, for a duration ranging from 150 to 540 days, depending on their previous employment history and age. To access these subsidies, unemployed individuals must be registered at the employment centre (IEFP) and actively seek new employment or participate in mandatory training courses (Centeno & Novo, 2008).

## 7.2 Vulnerability

The 2020 Portuguese operational programme for social inclusion and employment identifies 9 main vulnerable groups: people with disabilities and incapacities, immigrants, refugees, young people (children and young adults up to 29 years old), women, older people, long term unemployed, homeless people, and ex-inmates (Observatório Nacional, 2022).

The vulnerabilities identified by stakeholders in the interviews conducted in the scope of the project were generally similar, although there were also some differences depending on the specific region in Portugal. For example, people living in Alentejo and Algarve, which are southern regions of Portugal, faced different employment issues compared to those in Lisbon, the capital city. As most universities and companies are in the metropolitan cities, especially Lisbon and Porto, the education possibilities and job offer is much larger than in other parts of the country. Alentejo and Algarve have many rural regions, with higher poverty indicators, where many are low educated. As one of the interviewees stated: "Sometimes, it's even hard to motivate young people to finish their studies. Many families, and older habitants, don't even believe having an education is worth it.". The report for School Results of the General Direction of Statistics of Education and Science indicates that although school success is improving, there were still 33% of students that didn't conclude their high school studies in the three years they're supposed to, between the years of 2018-2020. The report also indicates that the school abandonment in Algarve is very serious, which is also related to the poverty levels of the region. Alentejo, together with Algarve, is also one of the regions where students have less school success (DGEEC, 2023).

Representatives of IEFP, a public institute covering the entire national territory, believed that youth (aged between 16-24) were the most vulnerable group in Portugal. The national institute of statistics indicated in 2022 that the unemployment rate of young people was 19,9%, which means 72.000. For reference, in 2012, there were 172.000 unemployed young people, the maximum ever recorded. In the second trimester of 2023, the number went down to 17,2% (Banco de Portugal, 2023). A key reason for this vulnerability, as indicated by the stakeholders, was the lack of experience among young individuals and, in some cases, their low qualifications. Besides youth, other vulnerable groups included individuals with disabilities, as well as minority groups such as migrants and refugees. These were opinions unanimously shared by all interviewees.

Portuguese law defines a person with disability as a "Person with disability is the one which, by motives of loss or anomaly, congenital or acquired, of functions or body structures, including psychological functions, presents specific difficulties susceptible to, in conjugation with the surrounding factors, limits or makes difficult the activity and participation in conditions of equality with other people."



(Portuguese Republic, 2009). In 2019, a system of quotas for the employment of people with disabilities with an incapacity degree of 60% or more became mandatory for Portuguese companies (Portuguese Republic, 2019). Between 2011 and 2021, the registered unemployment of people with disabilities augmented 63.1% in women and 9.8% in men. Research shows that between those 10 years, the registered unemployment of people with disabilities rose 30,5% in total, while the national unemployment rates became lower throughout the country. In general, there was an improvement between 2016 and 2019, however, with the pandemic crises the numbers rose steeply. In 2021, the unemployment values for people with disability were as never before. In Portugal, the families with women with disabilities are the group which faces the higher risk of poverty or social exclusion (ODDH, 2021).

When a refugee arrives in Portugal, they have an 18-month welcoming programme. Unfortunately, research shows that after those 18 months, most people conclude the programme without having a job or show any motivation to actively look for work, as stated in the Statistical Asylum Report of 2023. In 2022, the number of refugees which completed the 18-month programme, and had no job, was 25.5% of the total of 420 refugees at that stage. In 2021, it was 37.4% and in 2020, 41.4%. One of the greatest difficulties for integration is the Portuguese language, as the participants don't come to understand it or speak it after the programme. Another issue housing, although the number of refugees without housing did decrease from 2020, 41%, to 2022, 11,5%. What happens at the end of this programme is, many times, refugees are then directed to social supports. In 2022, 78,8% were forwarded to social supports, with only 14.6% of people being considered as autonomous to live and work in Portugal. The research shows that 18 months is insufficient time for adaptation (Oliveira, 2023). Regarding the Ukrainian refugees from Russia's war on Ukraine, there were, in 2022, already 8.000 refugees which came to own houses in Portugal, and over 50.000 refugees entered the country so far, in 2023. Most of these refugees are women (about 30.000), which are accompanied by their children. Since most of the Ukrainian refugees are highly educated, their integration seems to be easier than migrants/refugees which come from other areas of the globe (Cordeiro, 2022).

In addition to these shared views, some interviewees from various organizations related to Portuguese employment also considered long-term unemployed individuals and older citizens (aged 55 and above) to be among the most vulnerable groups. In Algarve, where the tourism sector employed a substantial portion of the population compared to other regions, low qualifications were typically not a concern. However, the very low salaries offered in the tourism industry became a significant issue. Many migrant workers found employment in sectors like restaurants, primarily because they did not require specific prior experience. However, these jobs were demanding, with long working hours and often came with underpayment due to the absence of formal employment contracts.

### 7.3 Stakeholders

Various stakeholders were identified during the research, and interviews were conducted to collaborators and leaders of following entities. IEFP (Institute of Employment and Professional Training), which is a dependency of the ministry of labour, solidarity, and social security, and is the public service for national employment. It has as its mission to promote the creation and quality of employment and fight unemployment, through active employment policies. IAPMEI (Agency for competitiveness and innovation), is a public institution that supports micro, small and medium-sized companies of the industrial, commercial, services and building sectors. It promotes company's growth through various initiatives of growth and internationalization. ANQEP (National Agency for qualification and professional training), is a public institution with national scope integrated in the indirect administration of the state, being a part of the ministries of education, labour, solidarity, and social security, as well of the ministry of economy. Its purpose is to contribute to improve the qualification levels of young people in Portugal, in a way that it's relevant for the labour market. The

Ministry of state and the Ministry of Finances, which are integrated in the direct administration of the Portuguese state, which supports the government in coordination and management of the country's expenses. Rede do Empresário is a private organization specialized in strategic enterprise management, which is formed by a group of enterprises and specialized institutions, ranging from the sectors of services, education and training and industry. PACT (Alentejo Park of Science and Technology), is a startup hub with a large enterprise partner network, which aims to support the creation and development of companies in Alentejo, creating jobs and fostering collaboration between companies; IPBEJA (Politechnical Institute of Beja) is a university in Alentejo which places a big emphasis on the labour market integration of their students, with a specific platform; CGTP (General Confederation of Portuguese workers) is the national syndicate for Portuguese workers, it is an independent institution from the Portuguese government and is a part of the European Confederation of Syndicates. It contains over 110 national syndicates, including all sectors of the labour market, from industry to financial to health to the armed forces. EMCDDA (European monitoring centre of drugs and drug addiction) is in Lisbon, Portugal, and its work contributes to national policies to protect Europe's citizens. Collaborators from the human resources of EMCDDA were interviewed, to better understand the challenges of the Portuguese job market, also in relation with the European panorama.

Of the indicated Stakeholders, the ministry of labour, solidarity, and social security, IEFP, ANQEP, and startup incubators (such as PACT), are the most essential institutions to combat unemployment in the country, as stated by the Portuguese ministry Ana Godinho, in 2021. The current ministry of economy stated earlier in 2023 that the creation of more enterprises is necessary to combat the unemployment, and boost the economy of the country, stating the importance of human resources and requalifying employees, with the help of organizations such as IAPMEI (Portuguese Republic, 2022). IEFP, ANQEP and IAPMEI are recognized public entities which highly contribute to the integration of vulnerable people in the labour market, through various active employment policies. This importance is also recognised by those who work in these institutions and between entities, as there are many policies which require the collaboration of all three entities (Cedefop, 2021). The rest of the indicated stakeholders also have a role in the integration of some type of vulnerable people in the labour market, or aid in the creation of enterprises and job positions, although not usually mentioned in official statistics or state documents. All of the interviewed collaborators view their work as essential and as contributing to society as a whole, whether it be by helping companies to grow (for example, Rede do Empresário or PACT) or by ensuring that workers are given appropriate support and equality is ensured (such as CGTP), or even by providing good quality education to young people, to boost their employment opportunities (such as IPBeja).

Regarding their strengths and weaknesses, and the influence these stakeholders have, it's undeniable that the institutions related to the government ministries have the higher influence, especially those related to the ministry of labour, solidarity and social security, and the ministry of state and economy. However, that is also their weakness, as they are dependent on the budget the state allows them to spend and can only enforce the policies which have been approved by the government, and the funds they've been allowed to spend. When it comes to private organizations, this is not the case, as they have more freedom to do as they please and put in place the measures they find more adequate for their trainees or employees, within the scope of the law.

## 7.4 Challenges

The interviewed stakeholders indicated various challenges when considering the Portuguese labour market, particularly the employment of young people. One of the most significant challenges is the lack of work experience that young people have. This, together with low qualifications, make young people very hard to integrate into the labour market. Young people who have completed regular

education (up to the 12<sup>th</sup> grade), even if they also have some professional training done in professional schools, it is not enough to ensure their integration into the labour market.

“A lot of young people have difficulties having what we would call “school success”, which relates to finishing school up to the 12th grade with good grades. Many times, young people are extremely unmotivated to finish their studies.” (Economist, working on CGTP, the Portuguese union of workers syndicates)

This is in accordance with what was briefly mentioned in the previous section regarding the Portuguese context, as it related to school success. In Portugal, the percentage of adults that didn't finish high school is believed to be about 47.8%, almost double the European average (21.6%). While most young adults (25–34), 75.2%, have completed, at least, high school, not even half of the older adults (35–64) have completed high school (only 46.5%). This means there is an inter-generational gap of 29%, the biggest difference of all EU member states, where the average is of 7.9% (Fundação José Neves, 2021). Consequently, in many rural areas of Portugal, older adults don't motivate their children to study, as they haven't studied up to high school themselves.

Although the amount of young people (18–24) who stopped studying without finishing high school has diminished throughout the years, in 2022 there were still 6% of students that didn't finish high school. 7.9 being male and 39% being female. The highest rate was in 1992, where 50% of young people didn't finish high school, and the numbers have been dropping ever since. This was due to the education policies which were very reinforced since 2005. However, this still means over 50.000 young people did not complete high school in 2022 (Fundação José Neves, 2023).

There also seems to be, in general, a mismatch between skills and what the labour market requires presently. On the other side of the spectrum, there are also many young people who are extremely qualified, but lack work experience, which hinders their integration into the labour market.

“What actually happens a lot is that there are young people who are already too qualified for the job that they're doing, they're considered overqualified (...) If the companies already have overqualified workers, why should they hire a lower educated employee? And if they're already over-qualified, they also won't do more courses or get even higher qualifications, if they see no possibility for mobility in their current job.” (Ministry of the state and economy)

The average salary of young graduates has diminished for 17% between 2010 and 2018. Even so, higher education ensures better pay, as Portuguese graduates earn, in average, 750€ more than those which have only completed high school. However, as of 2021, although the Portuguese are more qualified, 19.4% of young people who had recently graduated from university are unemployed, and 15% of them are working in jobs which required less qualifications than those they have (Fundação José Neves, 2021). Due to the COVID-19 pandemic, the most penalized jobs were the young people's, the less qualified workers, and some specific sectors such as tourism, food industry, agriculture, and administration services. The pandemic revealed that education does protect employment, and that young people are more vulnerable in times of crises, due to their less professional experience and less stable contracts (Fundação José Neves, 2023).

Another issue, as appointed by the interviewees is the Portugal's own economy, and tax rates. As an economy with essentially small and medium-sized companies, and very high tax rates, companies are obligated to pay almost the same value they pay their workers, in tax, to the state. This results in low salaries, as most companies can't afford to pay high wages, since they are required to double this amount to ensure they can pay the required tax.

“Most companies which are given tax benefits, are bigger companies, and there aren't many in Portugal. Small and medium-sized companies should have easier access to these programmes and benefits, for them to be able to keep their employees, instead of just giving them temporary contracts.” (IEFP collaborator)

In 2022, the tax load in Portugal reached 36.4% of the GDP, the highest it's ever been, the tax value raised 14.9% in nominal terms, going up to 87,1 million euros. The average of the European union is 40% (INE, 2023). In Portugal, most companies are charged with 21% tax over their income, if they're of commercial, industrial or agricultural nature, then, companies have to pay tax over their sales, which is 23% for the whole national territory; afterwards, they also have to pay the social security value of their employees (11% is due to the worker, and 23.75% is due to the company). Other than these, companies may also be required to pay taxes over their buildings or cars, if they own them (AMA, 2023).

Young people, especially if they are highly qualified, will consider looking for work in another country, where they can get higher salaries, and their qualifications are adequately rewarded. Another issue that was addressed during the interviews is the fact that young people are those with the greatest number of temporary contracts (although it's also starting to happen to older people in the labour market). The salaries of workers with temporary contracts are estimated to be 30% lower than those of workers with long-term contracts, even when comparing workers with the same age and qualifications. For less qualified workers, the differences are even greater.

According to the research conducted by the observatory of emigration, Portugal is the eighth country with the highest emigration rate in the world (5<sup>th</sup> of Europe), with about 25% of the population living outside the country. On the last decade (2010-2020), 742 thousand people emigrated, 653 thousand which were in active age, and 194 thousand were graduates (about 10% of the graduated active population). About 20.000 Portuguese graduates (about 37% of the total of 50.000), are emigrating yearly. This tendency seems to be even greater for young people under 25 years old, when questioned, about 48% of people is about to or thinking of leaving the country, especially for the possibility of better work, wages, and tax regimes. There are many problems associated with this emigration, as people in active age leave, there is a loss of tax and social security payments, which is about 60% of the tax revenue of 2021, also, many people leave in the age where they start a family, reducing the natality rates in Portugal (Observatório da Emigração, 2022).

In Alentejo, specifically, there are many immigrant workers, which have been subjected to exploitation situations, namely in the agricultural sector, as well as seasonal workers, one of the most important for the economy of this region. In Algarve, a similar situation is true regarding the tourism sector, which requires many more workers during the high-summer season, than during the winter.

"In Alentejo, in particular, the female public has some capacity for integration in the labour market, but, for example, in the restaurant area, in relation to working hours, this is a factor that makes integration in the market difficult. It is necessary to have availability to work until 10 to 11 pm at night, or to have a busy lunch hour, making it difficult to look after children." (EU funded project management, PACT, Alentejo)

There are many cases of exploitation of immigrants in the agricultural sector of Alentejo, in 2023, 32 investigations were in place nationally, with special incidence in Alentejo. About 70% of the victims of trafficking are for labour exploitation. These are organized crime entities which charge large amounts of money to immigrants for work contracts and, in theory, to aid them with their legalization (Miranda, 2023).

The interviewees also recognized the lack of articulation and interconnection between the different public institutions to boost existing support for unemployed, whether they are youth or not. These institutions are scattered and do not join efforts, which seems to be the main difficulty. It is of consensus that it isn't exactly more support that is needed, but rather a greater interconnection. Addressing these factors seems to require a comprehensive approach involving the government, employers, educational institutions, and community organizations.

## 7.5 Goals, indicators and standards

Regarding the goals, indicators, and standards for employment in Portugal, there are many similarities between the country's objectives and the EU, since they're directly retrieved from the EU's programmes.

It is indicated in Portuguese law (Ministério da Solidariedade, Emprego e Segurança Social, 2015) that there are 15 main goals for the labour market policies:

1. Improve the organization of the labour market, contributing to the quantitative and qualitative adjustment between the offer and the search for jobs;
2. Promote the professional qualification or reconversion, qualifying professional experience and continual improvement of knowledge, contributing for the competitiveness of companies and economy;
3. Support entrepreneurship and creation and maintenance of job positions;
4. Reduce the regional asymmetries of employment and qualification of workers, in the context of an integrated development in the national territory;
5. Promote the insertion of an active life of young people with adequate levels of education and professional qualifications;
6. Promote the permanence of older workers in the labour market;
7. Promote the socio-professional insertion of people with disabilities and other vulnerable groups in the labour market, especially those affected by poverty and social exclusion;
8. Promote the integration of vulnerable groups in activities directed to the social needs which are unmet by the normal functioning of the market, through social employment market and social economy institutions;
9. Act preventively on the unemployment, in particular avoiding the passage to long-term unemployment;
10. Promote the adaptability of the workers facing organizational transformation, technological and work processes of companies and establishments;
11. Facilitate the professional and geographical mobility of workers in national territories, in other member states of the EU and tertiary countries;
12. Promote the conciliation of the professional and personal and familiar life;
13. Promote gender equality in access and conditions in the labour market;
14. Promote the quality of work, especially the respect of legislation and collective regulations of work;
15. Ensure the efficacy of social protection in situations of unemployment, stimulating the active job search.

IEFP generates monthly statistics, per council, regarding the registered unemployment in Portugal, for people over 16 years old. Firstly, the report considers the situation of the unemployed regarding their gender (male or female), time they've been registered in the unemployment centre (less or over a year), and situation regarding job search (either looking for their first job or looking for a new job). Secondly, the report considers the age group of the unemployed (below 25 years old, between 25–34 years old, between 35–54 years old, and over 55 years old). Thirdly, it considers the levels of education of the unemployed (below primary school, primary school, lower secondary school, upper secondary school, high school, or university level). Fourthly, the report considers the people that were able to get a job at the end of the month's report and does a comparison between the people registered and those who have been employed. Lastly, the report indicates the reasons why people have registered in the unemployment centres, were they: long-term unemployed, dismissed, resigned, laid-off, end of non-permanent contract, freelance worker or they had other reasons (IEFP, 2023).



The National Institute of Statistics also considers the indicators from Europe 2020: the rate of employment of people between 20 to 64 years old, the rate of school abandonment, and the amount of people in the university. Portugal has set determined values for these rates, specifically 75% or more for the first indicator, less than 10% for the second indicator, and a minimum of 40% for the third indicator. In 2020, the values were 76.1%, 10.6% and 3.2% respectively (INE, 2020).

The national goals defined by Portugal in May 2023 in terms of values for employment, in the scope of the European Pillar of Social Rights, to reach until 2030, are as follows (Ministério do Trabalho, Solidariedade e Segurança Social, 2023):

- Rise the employment rate of the population between 20 and 64 years old to, at least, 80% (the EU goal is 78%).
  - The unemployment rate in Portugal, 6%, in 2023, was slightly less than the EU average, 6,2%.
  - The long-term unemployment rate in Portugal, in 2023, 2.7% was slightly higher than the EU average, 2.4%.
  - The gross income of families was slightly higher than the EU average (110.1 vs. 109.5).
- Rise the annual participation rate of adults in education and training to, at least, 60% (same as the EU goal).
  - The participation rate in 2016 (the most recent information) pointed to an annual rate of adult participation in education and training of 38%, slightly higher than the EU average (37.4%).
  - In 2022, the school dropout rate was of 6% in Portugal, lower than the EU average of 9.6%.
  - In 2022, the proportion of individuals with digital competences of basic level or above was slightly higher in Portugal, 55.31%, than the EU average, 53.92%.
  - The rate of young people not employed but in training in 2022 was of 8.4%, below the EU average of 11.7%.
- Reduce the population at risk of poverty or social exclusion to, at least, 764 thousand people, which a minimum of 167 thousand are children (the total EU goal are 15 million people).
  - The poverty rate in 2022 in Portugal was of 19.4%, indicating a reduction of 306 thousand people in risk of poverty or social exclusion compared to the previous year.
  - 5.3% of the population was in severe material and social deprivation in 2022.
  - The poverty risk rate (relative to the income of 2021) was of 16.4%.
  - The very reduced labour intensity per capita was of 4.6%.

The values related to poverty risk in the EU for 2022 were not yet published, so the comparison could only be made with the results from 2021.

The National Institute of Statistics presented the previous information using the same indicators that are established in the European Pillar of Social Rights, although adapted to the necessities of the country. They were divided into three main sections, which have main indicators and secondary indicators.

The first section is “Equality of Opportunity”, and the main indicators are: Rate of education and training abandonment; individuals with digital competencies of basic level or above, rate of young people not employed nor in education or training (NEET – 15–29); disparity in the labour market between men and women (20–64); inequality in the distribution of wealth. The second indicators for these sections are: participating adults in training throughout life in the last 3 months (25–64); rate of

graduates from the university (30–34); disparity in part-time jobs between men and women (20–64) and wage disparity between men and women (%).

The second section is “Fair work conditions”, and the main indicators are: employment rate (20–64); unemployment rate (15–74); long-term unemployment rate (15–74) and gross income for families per capita. The secondary indicators are the following: activity rate (15–64); young unemployment rate (15–24); duration of employment in the current job (less than 12 months); transition rate from non-permanent contracts to permanent contracts; poverty rate on the job (18 plus years old).

The third section is named “Protection and social inclusion”, and the main indicator regarding employment is related to disparities between men and women with disabilities in the labour market. All the other main and secondary indicators are directly related to poverty, but not exactly related to employment (INE, 2020).

## 7.6 Inclusion strategies

There are a set of specific programs of active employment policies for young people to combat the high rate of youth unemployment in Portugal, in addition to positive differentiation mechanisms for young people in the other programmes.

Measures currently in place include the following:

**1. Reduction of Social Security Contributions:** This initiative provides incentives for hiring young individuals seeking their first job. Employers receive a temporary 50% reduction in social security contributions, for a period of five years, when hiring young people seeking their first job. This benefit is specifically aimed at individuals up to 30 years old, who have never worked under an open-ended employment contract. It is one of the most financially impactful measures to combat youth unemployment (Segurança Social, 2017).

**2. ATIVAR.PT Internships:** These internships, which last for nine months without extension, aim to facilitate the entry of young people into the job market or provide professional retraining for unemployed youth. These internships are targeted at individuals between the ages of 18 and 30. Participants receive a monthly scholarship ranging from 625,00 to 1.201,00 euros, depending on their qualification level. The participation rate falls between 65% and 80%. The participants must apply for these internships, and enterprises will receive financial benefits if they hire the interns for a contract of 12 months or more. Both companies and possible interns must apply for the programme (IEFP, 2023).

**3. Active Youth Employment:** This program involves teams of young people, consisting of 2 or 3 individuals facing disadvantages in terms of qualifications and employability, along with 1 qualified young person. The goal is to enhance their socio-professional integration. The experiences occur within a 6-month project framework, which includes an insertion plan for each type of participant. Eligible participants are young people aged 18 to 29, registered as unemployed at the National Employment Institute (IEFP), who fall into one of the following categories: those without compulsory education who are particularly disadvantaged in the labour market, or those holding qualifications of level 6 or higher from the National Qualifications Framework (QNQ), equivalent to, at least, a bachelor's degree (IEFP, 2023).

**4. Wage XXI:** This program supports the creation and development of new business projects by young people seeking their first job and registered in the IEFP, in all Portuguese territory. It offers various forms of support, including financial assistance for eligible investments in business creation, support for self-employment, specialized mentoring, and consultancy in entrepreneurship, as well as the

option to utilize incubators and access complementary activities such as teaching materials, bootcamps, and seminars (IEFP, 2023).

5. Sustainable Employment Commitment: Designed to encourage the permanent hiring of unemployed individuals registered with the IEFP, this program provides financial support to employers in the amount of 5.765,00 euros (12 IAS) in conjunction with financial aid for social security contributions during the first year of employment contracts. The level of support increases by 25% when signing a contract with a young person aged 35 or younger (IEFP, 2023).

When it comes to other vulnerable groups, companies are subject to specific quotas for employing individuals with disabilities, for example, which they must adhere to. Companies with a workforce of over 250 employees must ensure they hire a minimum of 2% of people with disabilities (with a disability severity of 60% or more) (Assembleia da República, 2019). For companies with 100 to 250 workers, the requirement is a minimum of 1%. Companies employing 75 to 100 workers will only be subject a similar law starting in 2024. It's important to note that small and medium-sized companies are exempt from these regulations. Conversely, there are no similar regulations concerning the percentage of women or older citizens in the workforce, for example. Additionally, numerous measures are in place to support the integration of war refugees, including recent efforts to assist Ukrainian refugees.

There are also programmes for companies and entrepreneurs, with the objective of reinforce and dynamize the national entrepreneurship ecosystem by IAPMEI and the Portuguese state (IAPMEI, 2021):

1. The startup voucher: Destined to the development of projects in the concept phase, it attributes various technical and financial tools for the creation of innovative companies for entrepreneurs between 18 to 35 years old.
2. **Incubation Voucher:** Support for companies with less than a year in the fields of entrepreneurship, through the hiring of incubation services by certified entities. The benefits include management services, marketing, law support, digitalization support, protection of intellectual property and support for funding applications.
3. Line AND Startup: Funding support for startup and micro-companies with less than 4 years and a minimum of 15% of own capital.
4. KEEP – Key Employee Engagement Program: Tax incentive to support the keeping of workers from technological companies with less than 6 years.
5. Qualifica Indústria Programme: Total of 150-million-euro support from the Portuguese state to promote the internalization and the training of workers by the small and medium-sized companies. Companies may apply for these benefits from October 2023. This programme's objective is to transform the moments in which a company is not producing into training and qualification moments, aiding the certificated training in work context, to promote the requalification of human resources and preserve jobs and productive capacity (IEFP, 2023).

## 7.7 Summary

Portugal's labour market policy involves a collaboration between public and private employment services, bringing together the government, employers' associations, and labour unions. They employ active policies like vocational training and job placement assistance to improve employability and reduce unemployment. Special attention is given to addressing youth and long-term unemployment through digitalized services, job listings, and training resources. The government also provides unemployment benefits tied to previous earnings, striking a balance between economic competitiveness and social inclusivity.

Vulnerabilities in Portugal's labour market are generally consistent, though regions like Alentejo and Algarve face unique employment challenges. Youth, individuals with disabilities, immigrants, and refugees are particularly vulnerable. The youth mainly due to lack of experience or qualifications. Older citizens and the long-term unemployed are also at risk. In the southern regions of Alentejo and Algarve, low wages, especially in the tourism and agriculture sectors, are problematic.

Portugal's youth unemployment rate is higher than the EU average, although the country's current unemployment rate is slightly lower (at 6%) than the EU average (at 6.5%), and there seems to be a disconnection between skills and labour market demands. High tax rates on companies result in low salaries, and temporary contracts for young workers pay significantly less than long-term ones. Inclusion and support for vulnerable groups require better coordination among public institutions.

Various programs target youth unemployment in Portugal, such as reduced social security contributions for employers hiring young individuals. Internships, youth employment teams, and entrepreneurship support programs are also in place. Quotas exist for employing individuals with disabilities, but not for other demographics.

## 8 Comparison between living labs

### Labour market policies

EU member states have traditionally been grouped into five clusters according to their labour market policies (see a Cedefop analysis, 2017). Both the Netherlands and Portugal have been included in the “Remedial” cluster. Accordingly, the countries’ expenditure on active labour market policies, such as training, direct job creation, and work-life balances, are high. In addition, the labour market regulation is among the highest in the EU. Special attention has been paid to supporting entrepreneurship and employers’ services. Finland, in turn, belongs to the “**Preventive**” cluster together with the other Nordic countries. In Finland, education and work-life balance are also highly supported, and the expenditure of labour market policies is above the EU average. The policies are active (e.g., training, rehabilitation, supported employment) and passive (e.g., income maintenance support). The market regulations are consistent with the EU average. Most of the employees belong to trade unions, and labour market organisations representing employers and employees negotiate the salaries. Bulgaria is an example of a country representing the “Mixed” cluster. This cluster is characterised by low expenditure on active labour market policies, formal childcare services, and income support. The market and employment regulations are consistent with the EU average, while union coverage and density are the lowest in the EU. The wage setting appears to be relatively flexible, and wages are negotiated mainly at the company level. Despite of the COVID-19 pandemic, the Bulgarian and Dutch labour markets are characterised by steady economic growth, shortage of staff and falling unemployment. The current unemployment rate is the highest in Finland (7.3%) compared to the Netherlands (3.6%), Bulgaria (4.5%), and Portugal (6.2%) (Eurostat, 08/2023).

### Vulnerability

The characteristics of vulnerable groups are to a large extent similar in the four countries. In each country, younger or older age, low education, lack of qualifications and work experience, refugee or migrant background, female gender associated with care responsibilities, and people with disabilities and (mental) health problems were seen as vulnerable groups in the labour market. In addition, the most severe challenges associated with exclusion were homelessness, addictions, and prison background. In each country, the employment possibilities seem to differ between the regions, being the poorest in the rural areas. All these vulnerable groups were also mentioned in EU-level policy documents. It is also characteristic of vulnerabilities that they seem to cumulate, so that many unemployed persons have multiple challenges at the same time.

Some country-specific characteristics of vulnerabilities were also recognized. In Bulgaria, the two biggest ethnic minorities, Roma and Turkish, as well as NEETs have considerable difficulties in entering the labour market. In Finland, long-term unemployed living in rural areas and unemployed persons with mental health problems were seen the most vulnerable groups. In the Netherlands and in Portugal, the most vulnerable group is characterized by young (or older age), low education, lack of work experience, and disabilities. In Portugal, particularly, the most vulnerable groups seem to vary by sector. For instance, the tourism sector employs a substantial number of vulnerable workers. Low education and lack of qualifications have not been seen as significant obstacles in this sector.

### Challenges

Countries face somewhat similar challenges at the service and policy levels. There is bureaucracy in the employment services and their implementation. The services are often fragmented and not enough user oriented. Moreover, the cooperation between different stakeholders is insufficient. All these challenges were in line with those recognised in the EU-level policy documents. Discrimination



towards vulnerable groups is common in all countries, especially regarding young or older age and migrant status. In each country, unemployed people usually have multiple problems and thus many of them would need personal support before they can find employment. At the employer level, prejudices, and insufficient support, especially, from municipalities and job coaches were recognised as challenges in both Finland and the Netherlands. Bulgaria and Portugal experience some specific challenges. In Bulgaria, there is underutilisation of new technologies, a deficit of skilled workers with secondary education, and a high number of NEETs. In Portugal, young people face the challenge of a mismatch between their skills and employers' requirements. Accordingly, young people are often well-educated but lack work experience or are seen as overqualified.

### Goal, standards, and indicators

The overall goal to increase the employment rate and labour market inclusion of vulnerable groups has been recognised in each country in line with the EU-level policy documents. However, in Bulgaria and Portugal, the employment goals such as equal opportunities and employment, fair working conditions, social protection and inclusion are retrieved more directly from EU-level strategies. In these two countries there also are specific goals, for example, on improving educational level and digital skills, encouraging and facilitating entrepreneurship, improving social services, and reducing poverty. In each country, a goal focusing on developing the cooperation between different stakeholders and service providers at the employment services were mentioned. In the Netherlands, the goal on improving the effectiveness of the collaboration between different stakeholders was the most evident. In Finland, the goals and indicators of different stakeholders seem to vary. Besides higher employment rates, the objectives such as maintaining work ability, employability, participation in education, and involvement in society were emphasised. This was, in fact, in line with the specific goals and indicators presented in Bulgaria and Portugal. Furthermore, the development of employers' services (e.g., job coaching) was mentioned in Bulgaria and Finland as an important future goal of labour market inclusion. In Bulgaria, the specific goal is to move away from social benefits towards social investments in training and job development.

### Inclusion strategies

In each of the four countries, various national programs are implemented to increase labour market participation of vulnerable groups. The programs are usually target-group specific, focusing on unemployed having difficulties in entering labour market due to younger or older age, low education, refugee or migrant background or health-related challenges. Nevertheless, it is not always clear how effective all programs have been and how well they have reached their goals. The programs are also often fixed term and extended or replaced by new programs.

In each country, the national programs aim to develop the collaboration between (regional) stakeholders and professionals (e.g., municipal employment agencies, employers, training institutions, and job coaches). In all countries, subsidies for employers are used to promote inclusion. The subsidies are paid for public or private organisations hiring long-term unemployed or persons with a vulnerable labour market position. In Bulgaria, Finland and the Netherlands, the employers are also supported by organising employer-specific or work context-based training for vulnerable persons. In Portugal, there are similar programs, but they are specific to some vulnerable groups only, such as young people. At the individual level, most inclusion strategies have related to training as a general skill development or specific internship at workplaces as well as individual support, which corresponds to the Council's Guidelines 6 and 7.

Some salient differences exist in the inclusion strategies between the countries. In Bulgaria, the inclusion strategies are mainly based on programs launched by the state, and the methods have been training, vocational guidance and individual support for vulnerable people based on their needs

and abilities. In Finland, besides the national programs, some individual interventions have been implemented focusing especially on strengths, job searching skills, and individual support. At the individual level, the measures in the Netherlands and Finland resemble each other. In the Netherlands, more professional support is targeted at employers (e.g., job coaching, job adjustment) than in the other three countries. In Portugal, the entrepreneurship and establishing of companies are especially supported, and their programs focus on young unemployed persons. Contrary to other countries, the Portuguese companies are obliged to hire a certain amount of vulnerable people. In Portugal, there is a specific program and vouchers for supporting self-employment among young persons, which was not reported in other countries but is especially in line with the Council's Guideline 5.

## Stakeholders

In each country, the main national stakeholders are the labour/employment ministries and social service agencies. However, in Finland, the policies regarding employment and social affairs are not located in the same ministry as it is the case in other three countries. In all countries, employers, and employers' organizations as well as regional educational institutions were seen as important stakeholders for the inclusion of vulnerable groups. There are either local or regional, private and/or public employment agencies whose roles vary by country. All these stakeholders were also regarded as important national stakeholders in the EU-level policy documents.

Bulgaria has national employment authorities who coordinate and implement the national labour and employment policies. In Finland, the Ministry of Economic Affairs and Employment coordinates the policy implementation. This is done by the Ministry of Social Affairs and Employment in the Netherlands. Bulgaria is the only country which has a national council for the promotion of employment that represents all stakeholders simultaneously and creates the national employment action plan. In Portugal, the employment authorities are in regions and in Bulgaria the regional employment offices coordinate the work of the regional institutions such as labour offices, educational institutions etc. In Finland, the employment services for vulnerable groups, such as long-term unemployed, are in municipalities, whereas the state authorities take care of regular unemployed persons in regional/local bases. However, the employment services for all unemployed will be transferred to municipalities in 2025. Local level employment offices in municipalities are essential in Finland, Bulgaria, and the Netherlands, whereas in Portugal their role is limited.

Stakeholders that are specialized in offering support for employers are typical in the Netherlands. For instance, there are special employer service points offering support for both employment of vulnerable groups, and education and re-education of employees. In Finland, employer services are also integrated into employment services offered by the state authorities. In 2025 the employer services will also be transferred to municipalities. In Bulgaria, employers cooperate with local employment services, and in Portugal with the public institute of employment in each national territory. In Portugal, the stakeholders that either help the companies to grow or support the education of young people were seen as important, which was not mentioned in other countries. The third sector organizations have a specific role in offering internships and work trials for vulnerable groups, especially in Finland. In addition, the regional well-being service counties and their work ability coordinators have mentioned in Finland, as their specialists support unemployed with work ability and health problems.

## Summary

To sum up, Bulgaria, Finland, the Netherlands, and Portugal have distinctive labour market characteristics and challenges, but they also share common themes in addressing unemployment, skills development, and inclusivity. Regarding unemployment and economic impact, the Netherlands

and Bulgaria present a lower unemployment rate compared to Portugal and Finland. All four countries identify the same vulnerable groups. Regarding workforce development, Bulgaria addresses structural mismatches in education and qualifications to bolster the workforce; Finland places a significant emphasis on health, work ability assessment and improving job searching skills for sustainable employment; the Netherlands recognizes the need for continuous support and tailored, short-term training programmes, which require close collaboration among stakeholders; and Portugal maintains a balance between economic competitiveness and inclusivity through unemployment benefits and digital services to facilitate workforce development. The service systems of all countries address vulnerabilities and offer support to vulnerable job seekers, striving for a more inclusive labour market. Lastly, each country presents unique challenges, such as the lack of specific data on the proportion of vulnerable groups (Bulgaria), the need for better employer support (Finland), the underutilization of evidence-based tools to support vulnerable individuals (Netherlands), low salaries and high tax rates for employees and employers (Portugal). While all countries encounter shared challenges related to vulnerable groups, skills development, and inclusivity, they tailor their strategies and priorities based on their respective labour market conditions, policies, and objectives.

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