



European Foundation
for the Improvement
of Living and Working
Conditions

The tripartite EU Agency providing knowledge
to assist in the development of better social,
employment and work-related policies

The Hidden Potential Of Europe's Economically Inactive

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Eurofound



Outline of the presentation

- **Policy importance**
- **Share of inactive population**
- **Characteristics** - Overview of social and living conditions of the inactive population –at the individual and household level, differences between the Member States
- **Barriers to labour market participation**
- **Willingness to work**



Policy context/Rationale

1. Proposal for a *Council recommendation* on the integration of the long term unemployed into the labour market – *September 2015*
2. European Commission/OECD/World Bank work on faces of joblessness - exclusion. OECD/EC/WB: Fernandez et al (2016) Faces of joblessness: characterising employment barriers to inform policy. - **But: with unemployed, not always EU28, and limited focus on living conditions**
3. **EC proposal: Towards a European Pillar of Social Rights – March 2016**
4. **Eurofound: inactive, mapping:**
 - the inactive population (characteristics, living conditions, barriers);
 - what Member States are doing to (re-)activate groups of inactive.

Definition of Economic inactivity – EF application

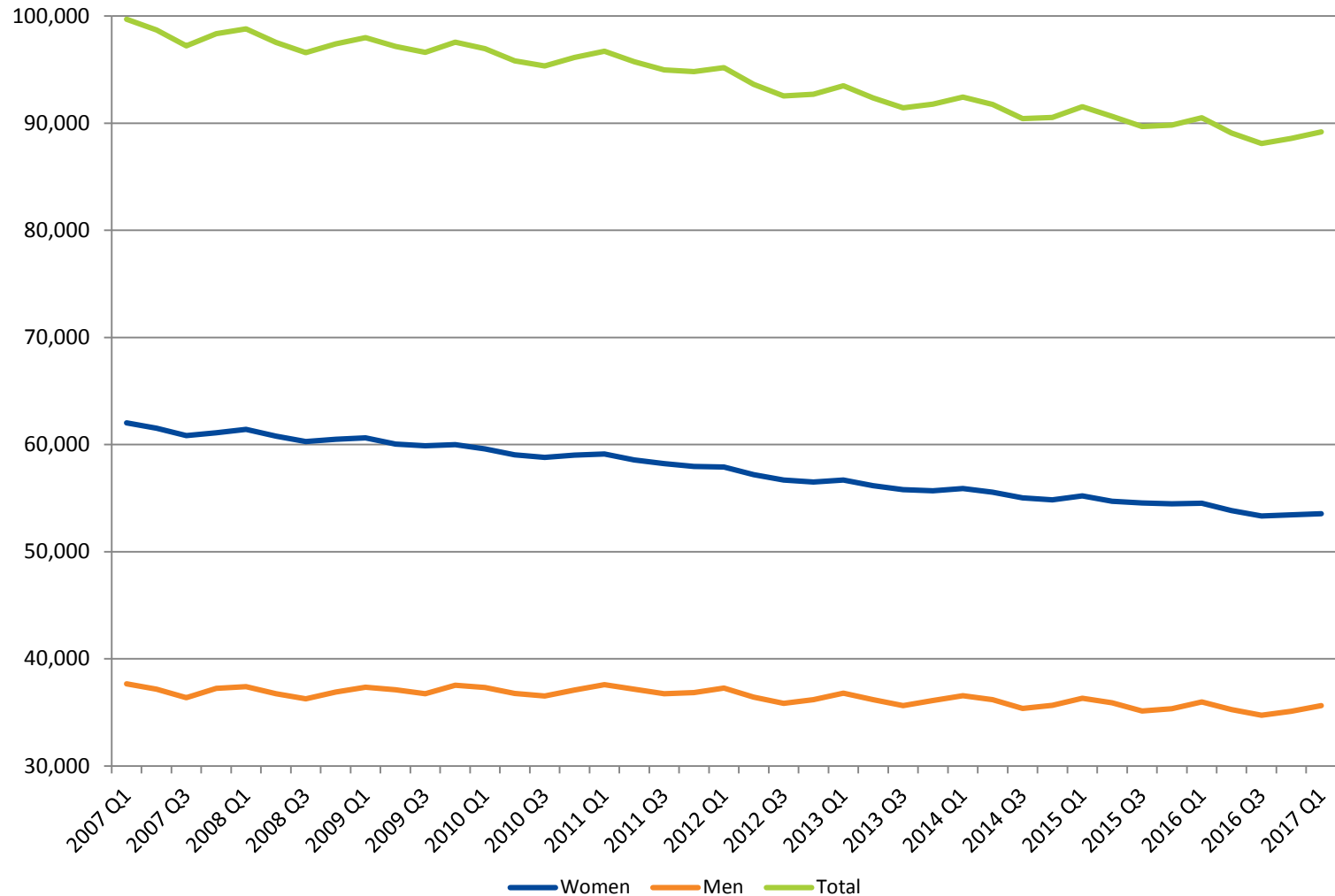
- ILO 2013* statistical definition (*specified by Eurostat, collected with LFS*):
 - Age brackets -15-74 – EF – working age – 18-64
 - not in employment (*worked <1 hour during week of interview*)
 - & (if of working age**) not seek employment (*during last 4 weeks*), OR (if of working age) seeking but unavailable (*within 2 weeks*)
- Furthermore:
 - for SILC & EQLS: self-reported at a time at the moment of the interview status
 - Best suited for an overview of broad characteristic of an individual and the household

*http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf

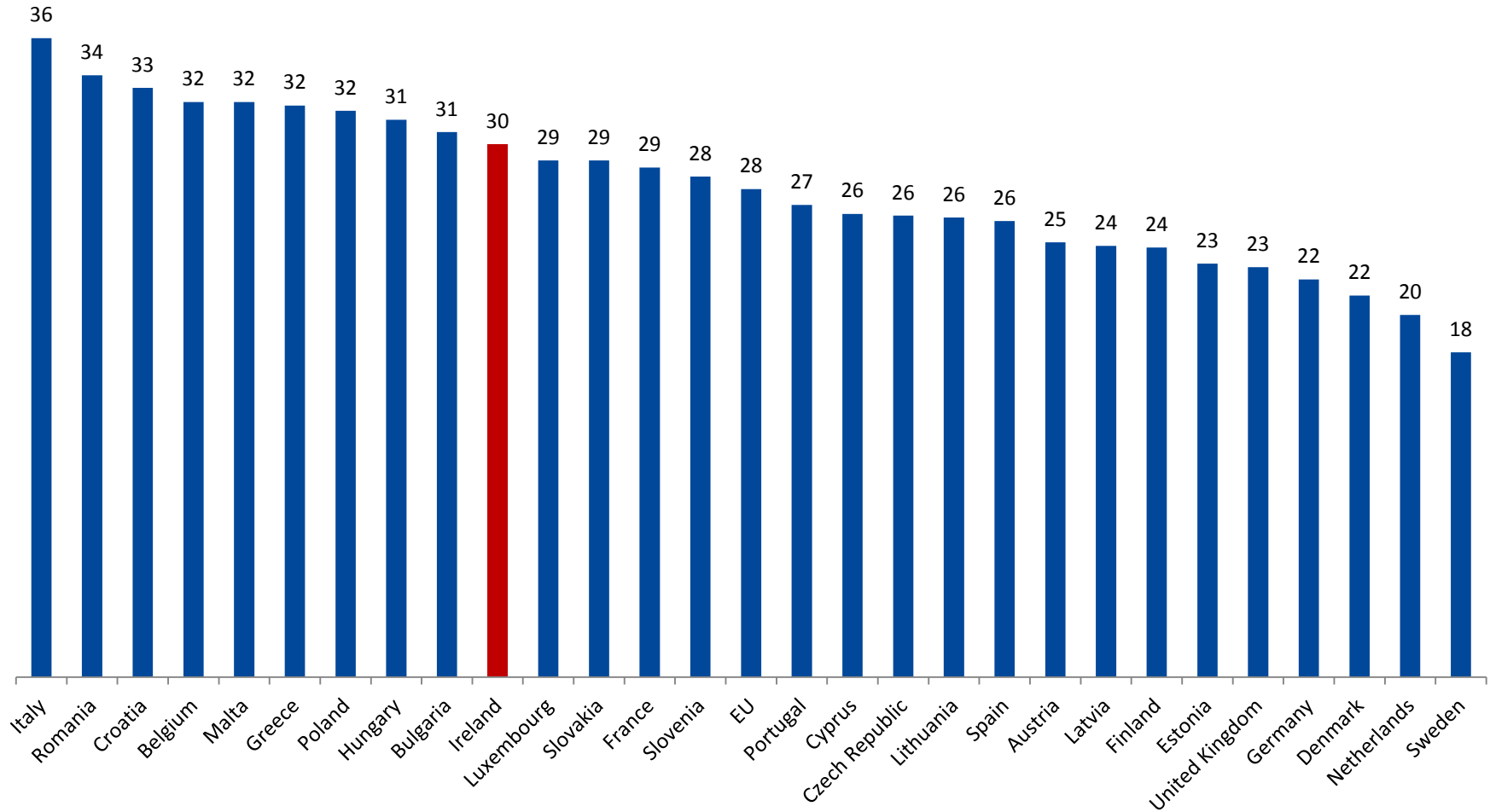
** Eurostat applies 15-74 (and for UK, IT & ES 16-74) here

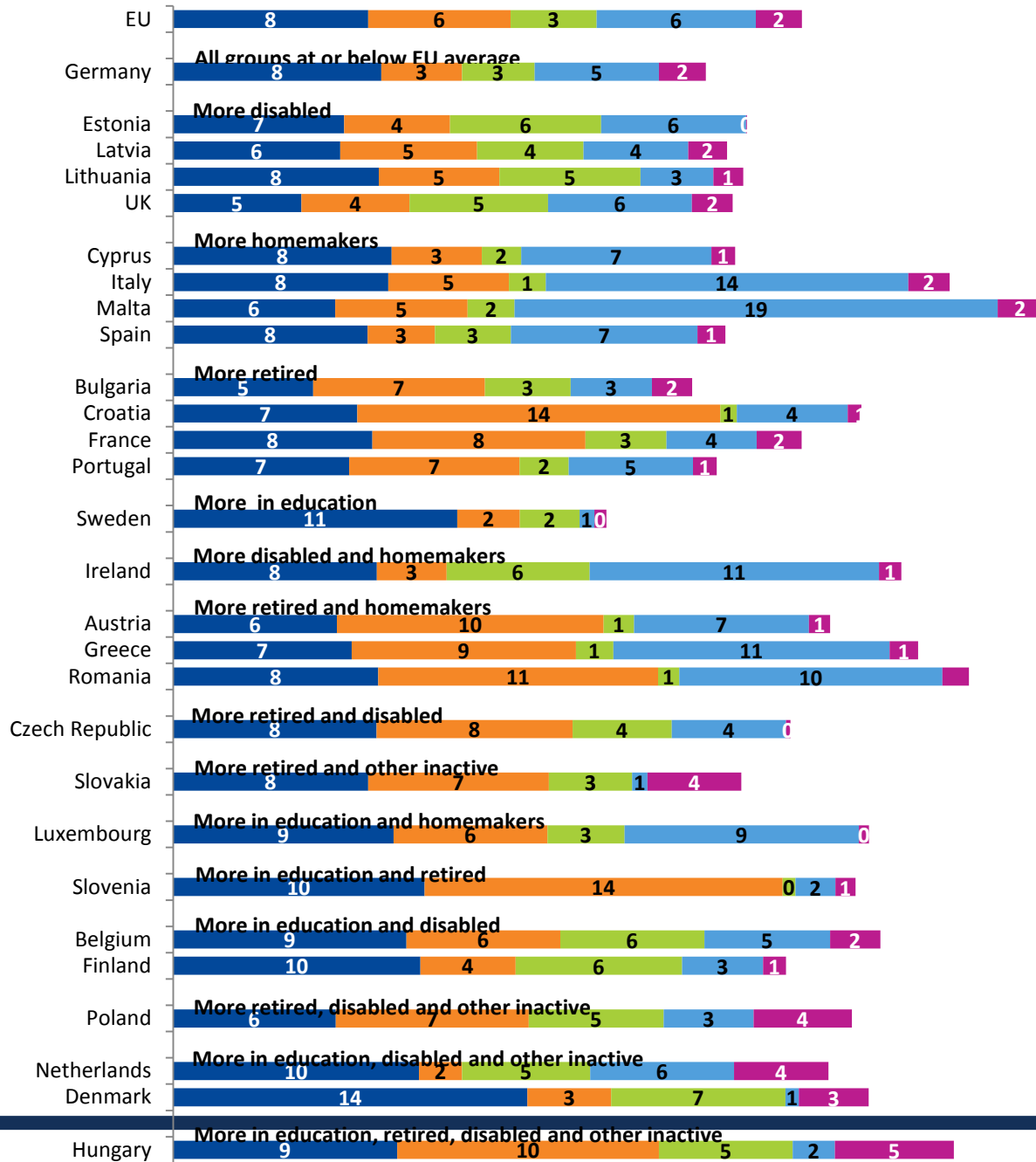
Inactivity: slowly declining (% , EU)

In particular female: age cohorts with higher rates for female (well-below male) moving to next

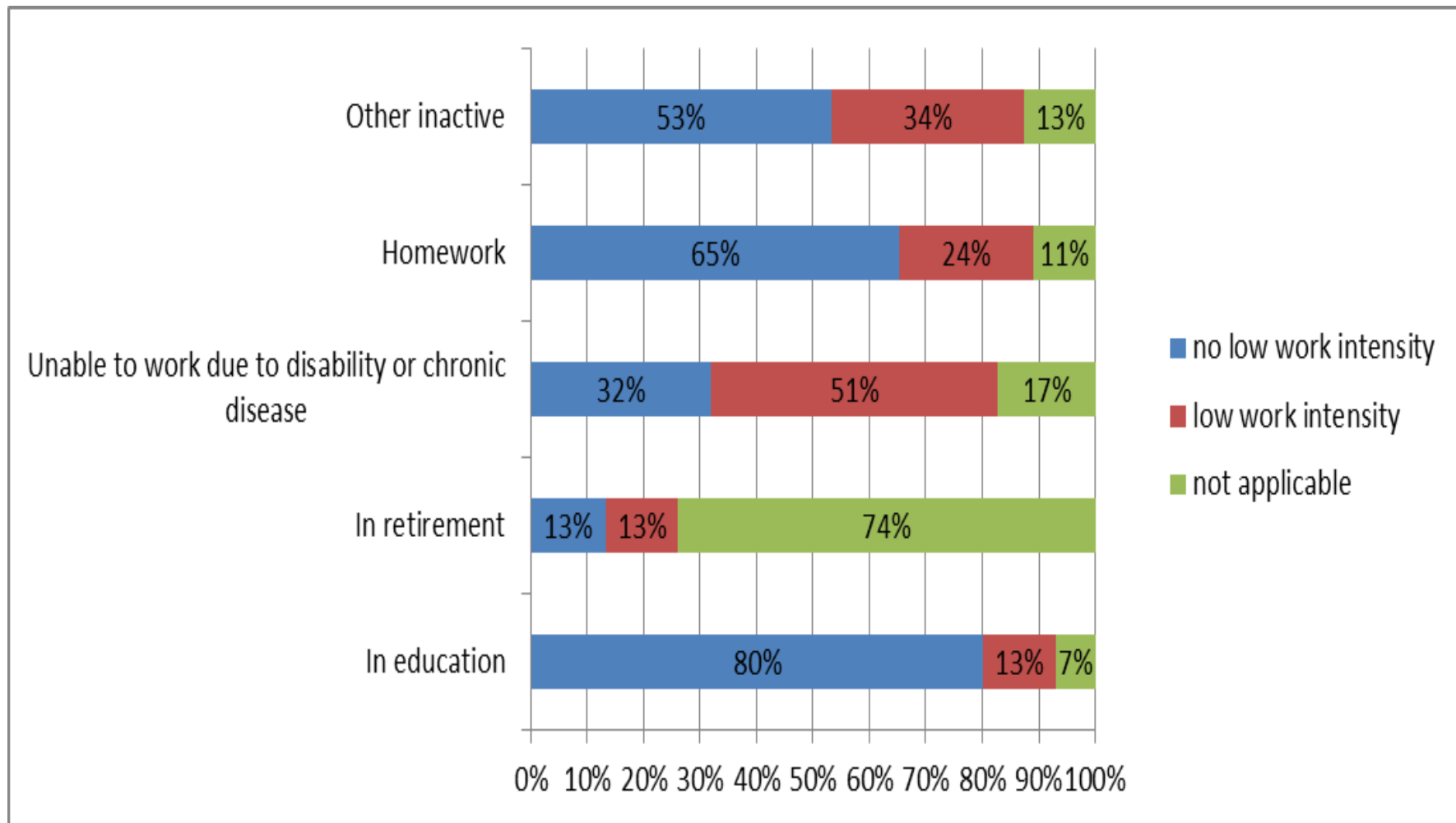


Inactivity rates (%), by Member State



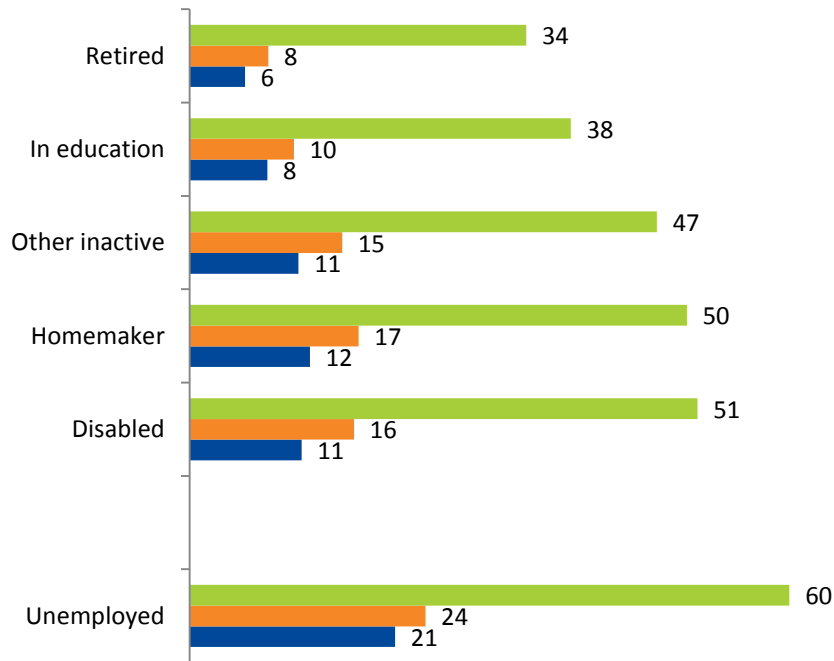


Work intensity of inactive persons' households, aged 16-64, EU , 2014

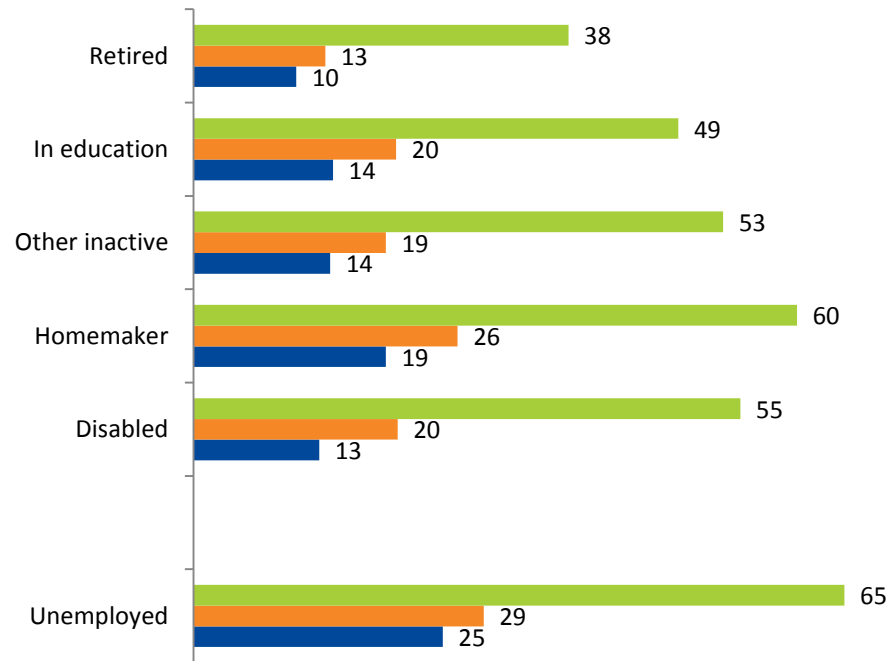


Prevalence of arrears and housing cost burden among unemployed people and inactive groups (%), EU, 2014

All households

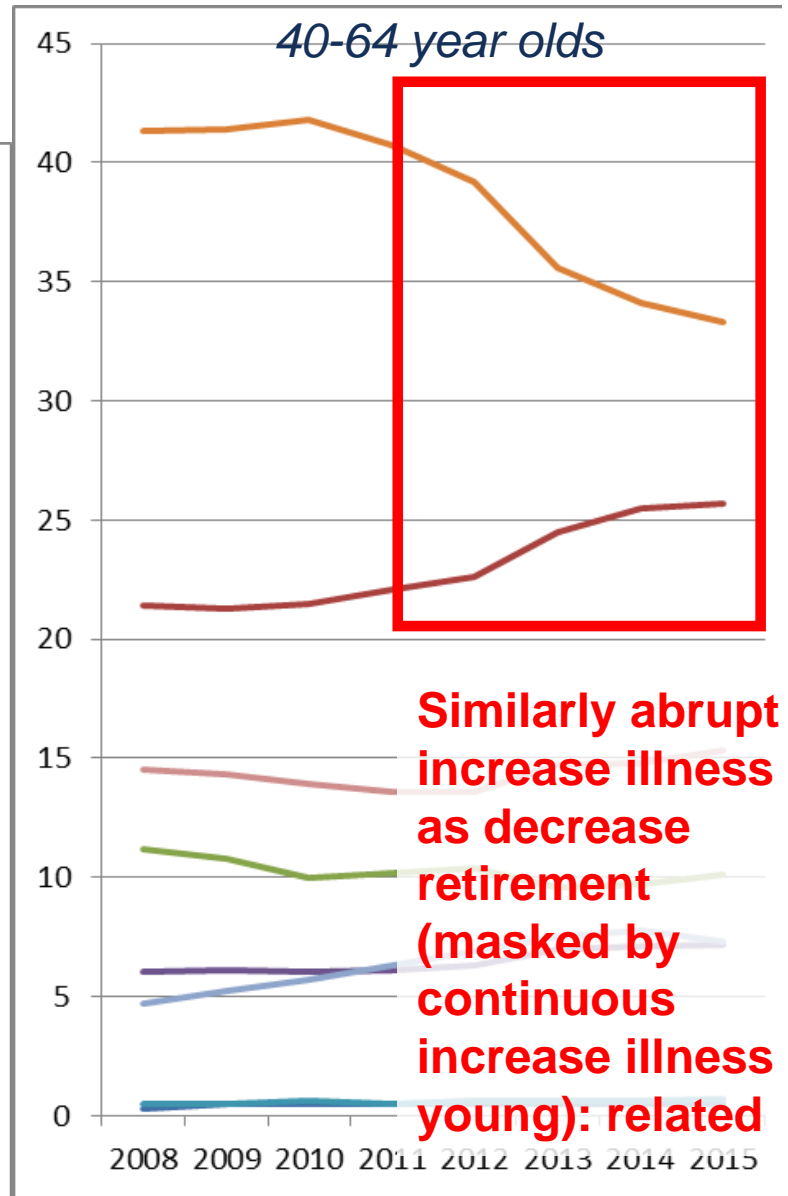
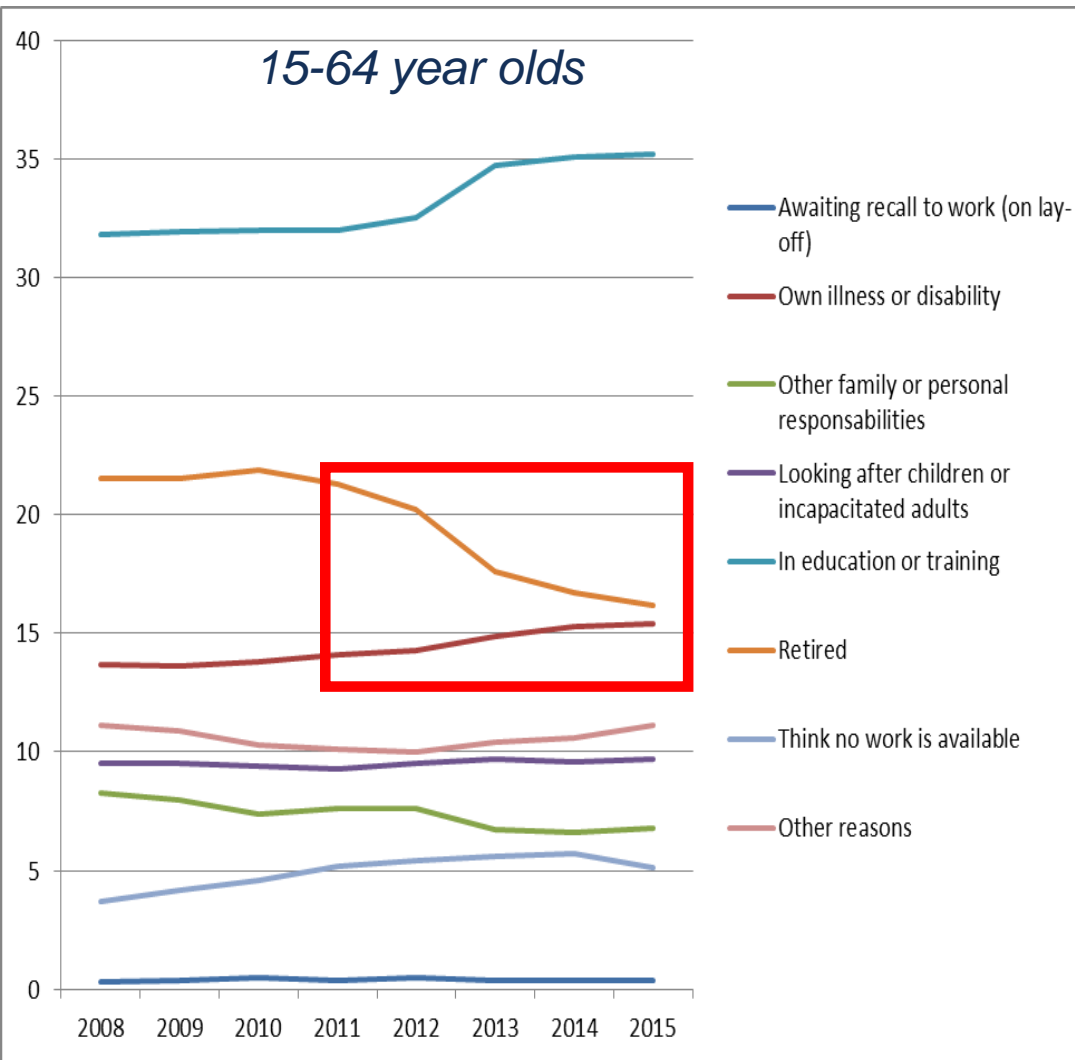


Households with low work intensity

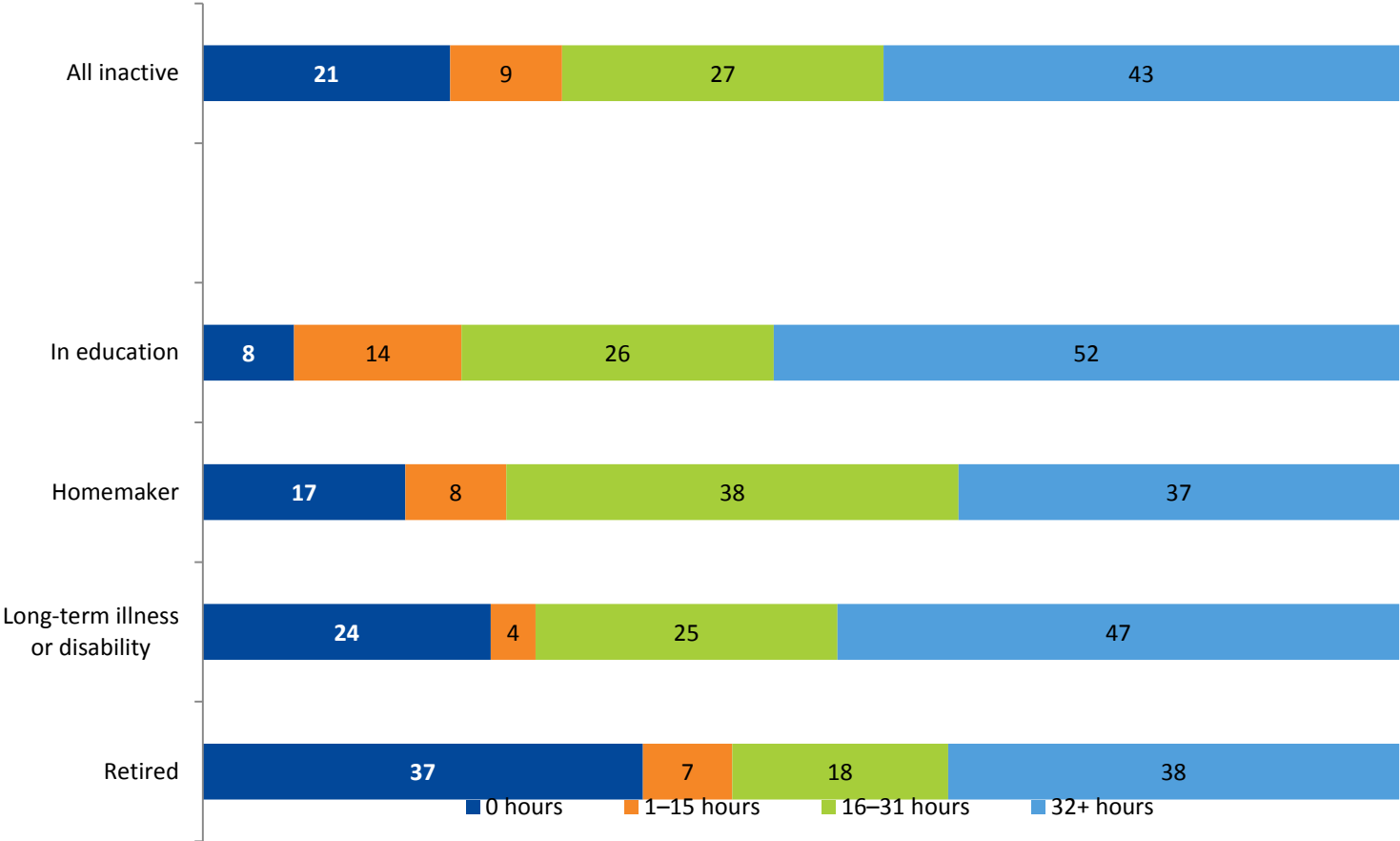


■ Heavy financial burden of housing cost
 ■ Utility arrears
 ■ Mortgage or rent arrears

Reasons for inactivity



Preferred working hours among inactive groups, EU, 18–64 years



National research confirms considerable groups of inactive willing to work

- **Austria:**
 - 51.8% of inactive people with health problems or disabilities as reason for inactivity say that they would like to work (Famira-Mühlberger u. a. 2010, 98)
 - 42% of all *inactive* NEETs (compared to 22.4% of all NEETs) saying that they are not looking for a job, but would like to have a job (Bacher u. a. 2014)
- **Estonia:**
 - 58% of non-working people aged 50 to retirement age would be ready to return to work (TNS and Praxis, 2015)
 - 63% of recipients of incapacity for work pension and not currently working stated they would like to work (Saar Poll OÜ, 2014)
- **France:** 64% of inactive women with at least one child under 3 would like to work. (with allowance 55% - but no evidence for causal relationship) (Maison, 2007; Guillemot et al. 2002),
- **Finland:** 1/5 would like to work at least occasionally (Finnish Centre for Pensions 2010). (65% is pessimistic about finding a job)
- **UK:** the number of economically inactive who 'want to work' has been estimated at 2,298,000 (TUC, 2015).
- **Slovenia:** 22.2% of participants in activation programme were motivated to return to labour market (Evaluation 2014)

Willingness ≠ a given

- **Austria:** 27.6% of non-employed inactive carers (said they would like to have a job if the necessary caring facilities were available (Famira-Mühlberger u. a. 2010, 98)
- **Italy:** 25% of inactive mothers in South would be immediately available for legal, regular employment. 21% would be available with cheaper and effective family support services (Statistical Observatory of Employment Specialists, 2016).
- **Sweden:** about 60% of ill reported that they would work, at least part of their normal working hours, if they could influence their working situation. 16% reported that they would work normal working hours if they could, e.g. influence their working hours or working pace (Social Insurance Agency, 2005)
- **Malta:** 90% of inactive women stated that they would be willing to receive training to become employable.
- **Poland:** 39.6% of inactive would be willing to work if certain of these measures were taken (17.1% among 55+) (Social Diagnosis, 2015): 11.8% part-time work (32% among 55+), 9.2% flexible working time (12.8% among 55+) & 6.9% possibility to do some of the work at home (24.2% among 55+)

| Activation barrier | Measure(s) in EQLS/SILC – NEC complementary information | Potentially required ‘activation measure’ |
|---|---|---|
| Low incentives - financial - overall | - easy to make ends meet (EQLS) - no desire to work more than zero hours , taking into account financial need (EQLS) | Particularly close attention to non-monetary benefits of work |
| Less work available for lower skills (low education or no work experience) | - primary education or less (EQLS) - never had a paid job (EQLS) | Upskilling |
| Lack of work adaptation to specific needs and/or lack of facilitating measures in society | - limitations due to health problem or disability (EQLS) - care commitments (EQLS) - At risk of mental health problems | Workplace or work arrangement adaptation and/or access to care services |
| Lack of material resources, facilitating - employability - job searches | - mobility: owning a car or using public transport (SILC) - job searches: owning a computer (SILC) | Improved services, such transport and access to computers, privately or publicly. |
| Lack of access to information through social networks, and lack of confidence to look for a job because ‘feeling left out’ | - social exclusion (EQLS) | Stimulating local social activities |
| [Other: Limited job opportunities, skill mismatch | | Active job-matching, facilitating transportation, and job creation can help; but beyond the scope of this section.] |

| | Ever had paid job | Low education | Elderly care | Childcare | High social exclusion index | At risk of bad mental health |
|---|-------------------|---------------|--------------|------------|-----------------------------|------------------------------|
| Better than EU average on all 6 barriers | | | | | | |
| Finland | 5% | 10% | 8% | 15% | 18% | 19% |
| Austria | 13% | 1% | 12% | 22% | 11% | 21% |
| Denmark | 15% | 4% | 3% | 13% | 17% | 21% |
| Netherlands | 20% | 6% | 9% | 29% | 14% | 26% |
| Germany | 23% | 5% | 8% | 23% | 15% | 21% |
| EU average | | | | | | |
| EU | 26% | 11% | 13% | 34% | 25% | 28% |
| Worse than EU average on 1 barrier | | | | | | |
| Sweden | 7% | 3% | 1% | 14% | 21% | 33% |
| Latvia | 21% | 0% | 12% | 27% | 23% | 35% |
| Luxembourg | 17% | 8% | 11% | 40% | 18% | 21% |
| Hungary | 28% | 1% | 13% | 30% | 20% | 27% |
| Slovenia | 34% | 2% | 6% | 19% | 16% | 24% |
| Slovakia | 39% | 1% | 12% | 26% | 14% | 25% |
| Worse than EU average on 2 barriers | | | | | | |
| Lithuania | 21% | 0% | 16% | 22% | 20% | 30% |
| Ireland | 22% | 10% | 13% | 45% | 17% | 22% |
| France | 17% | 14% | 11% | 28% | 27% | 25% |
| Czech Republic | 30% | 2% | 8% | 23% | 28% | 22% |
| Worse than EU average on 3 barriers | | | | | | |
| Belgium | 35% | 11% | 12% | 32% | 28% | 24% |
| Estonia | 20% | 6% | 13% | 23% | 33% | 37% |
| Bulgaria | 26% | 1% | 14% | 22% | 40% | 30% |
| Italy | 45% | 10% | 19% | 53% | 23% | 20% |
| Portugal | 40% | 53% | 14% | 29% | 17% | 18% |
| Worse than EU average on 4 barriers | | | | | | |
| UK | 12% | 5% | 16% | 39% | 42% | 46% |
| Romania | 23% | 7% | 13% | 40% | 34% | 40% |
| Poland | 22% | 16% | 13% | 29% | 30% | 33% |
| Croatia | 33% | 21% | 16% | 27% | 27% | 28% |
| Spain | 38% | 22% | 16% | 39% | 11% | 25% |
| Worse than EU average on 5 barriers | | | | | | |
| Cyprus | 43% | 18% | 7% | 46% | 59% | 34% |
| Worse than EU average on 6 barriers | | | | | | |
| Malta | 35% | 24% | 15% | 48% | 25% | 34% |
| Croatia | 53% | 21% | 14% | 48% | 28% | 28% |

Barriers – service providers perspective

- Reaching out/locating inactive population (in most MS)
- High unemployment meaning limited employment opportunities especially for those that have been outside the labour market for a long time, geographical dimension (FI)
- Related to high numbers of regular claimants – lack of internal resources to deal with other cases
- Issues of skills – AT, CR
- Other factors with which service providers cannot deal in straightforward manner such as health (mental health) or care responsibilities (complex needs)
- Lack of motivation on the side of beneficiaries – perception of the service providers (DK)
- Perception of employers - CR

Barriers – service providers perspective

High **heterogeneity** of the group at stake (older people singled out)

Structural dimensions - benefits set-up which is deemed too generous and acts as a trap, leave entitlements (CZ), low wages (CZ), low level of benefits (FR)

Lack of coordination between different service providers – recognition of fragmentation (DK, FI)

Lack of knowledge on the side of service providers, municipalities what works, **robust evidence** (DK, EE)

Non-take up, lack of democratic representation and the voice of inactive in policymaking (FR)

Promising examples

- **Czech Republic** - ‘children’s groups’ (a form of childcare) as an attempt to enhance the work–life balance of women and to help them re-enter the labour market following maternity leave.
- **City of Amsterdam** - ‘perspective jobs’ (*perspectiefbanen*) - 115 long-term inactive people over 2015 and 2016. To minimise the risk of competition, the scheme targeted jobs where shortages were expected – mainly in construction, technical jobs and ICT. Employers get a €8,500 subsidy per year for every person employed under this scheme for a maximum of two years, and a once-off €3,000 ‘bonus’ if the temporary job is turned into a contract of at least six months.
- **Paris** - Convergence - pilot project to test a new support mechanism that coordinates three public social services: employment, housing and health.

Conclusion

More than one in four working age adults in Europe are classified as economically inactive.

They are not included in official employment statistics, are often economically and socially marginalised, and lack the resources to participate fully in society.

This is despite the fact that most of them would like to work in some way or another.

As the economic recovery gains traction in Europe it is important to focus on opportunities for those who find themselves furthest from the labour market.



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Thank you

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