

July 2018

## European Semester: Thematic Factsheet – Labour Market and Skills

The thematic factsheets are written by the European Commission. Its aim is to provide cross-country information on economic or social challenges, useful policies to address them, and examples of good practice in core policy areas of the European Semester.

This summary sheet encompasses information about the following sub-topics: active labour market policies, public employment services (PES), skills for the labour market, undeclared work, unemployment benefits, women in the labour market.

More information can be found [here](#).

### 1. Active Labour Market Policies

- Active Labour Market Policies (ALMPs) range from institutional and workplace training offers over indirect employment incentives (job-retainment, job-sharing, recruitment subsidy) to the setting up of sheltered and supported employment or to the provision of direct job creation (public work schemes) and start-up incentives.
- ALMP can also help to direct people into areas that face skills shortages.
- **Long-term unemployment** which stood at 2.6% in the EU in 2008 increased significantly during the period since 2008 and reached 5.1% before declining to 4% in 2016.
- In Bulgaria measures were taken to improve the targeting of ALMPs and better integrate the employment and social services for disadvantaged groups.

### 2. Public Employment Services

- In 2014, over half of Public Employment Services (PES) created pilot projects that help implement the Youth Guarantee, including ones with a strong focus on disadvantaged and vulnerable youth.
- In the same year, over half of PES provided their staff with training on specific aspects of working with young people.
- Two-thirds of PES have engaged in outreach work with young people not in education, employment or training, mostly by working with schools, NGOs and youth organisations.

### 3. Skills for the Labour Market

- **Education systems are not yet fully effective in reducing inequalities.** Socioeconomic background remains one of the main determinants of skills acquisition in schools.
- There are considerable differences in the distribution of skills across EU Member States:
  - those with high shares of medium to top-performing adults and few of low-performers (like the Netherlands, Finland, Sweden and Flanders in Belgium);
  - countries with results not significantly different from the OECD average;
  - countries with relatively few medium to top performers and very high shares of low performers (Spain and Italy).

### 4. Undeclared Work

- **No official definition** of undeclared work exists.

- **In the EU it is understood as** 'any paid activities that are lawful as regards their nature, but are not declared to the public authorities, taking into account the differences in the regulatory systems of the Member States'.
- **The European Platform to enhance cooperation in tackling undeclared work**, established under Decision (EU) 2016/344 of 9 March 2016, **brings together the authorities and organisations that combat undeclared work**, in efforts to tackle the issue more effectively and efficiently.
- Increasingly, policy is shifting from efforts to eradicate the undeclared economy towards moving undeclared work into the declared economy.
- There are **no reliable and harmonised aggregate data on undeclared work at EU level**. However, different methods exist to estimate the size of undeclared work, and that of the shadow economy.
- The **European Economic and Social Committee (EESC)** has recommended adopting a common indirect method to measure the scale, impact and development of undeclared work.

## 5. Unemployment Benefits

- Unemployment benefits are a key feature of all European welfare systems.
- Unemployment benefit systems vary widely across Member States, and operate in context of the wider economic and institutional framework.
- Unemployment benefits can take two different forms:
  - unemployment insurance;
  - unemployment assistance.
- The **design of unemployment benefit systems** needs to strike a balance between the objective of sustaining job-seekers' incomes during unemployment spells and the need to ensure adequate incentives to work.

## 6. Women in the Labour Market

- In all EU countries, women's labour participation is lower than men's.
- The **gender gap in part-time work** remains high.
- **Particular attention** needs to be given to the **labour market participation of vulnerable categories of women**, such as older women, single parents, women with a disability.
- **High out-of-pocket costs for childcare and long-term care services** can result in women with caring responsibilities having an even **greater financial disincentive to work**.
- Formal care services are important tools to remove obstacles to employment.