

# INCLUSIVE LABOUR MARKETS

Building pathway approaches  
to quality employment

JANUARY 2017





# INTRODUCTION

## Setting the context

Over the past decades, the European Union has strived to ensure *full employment*, meaning a situation where all those able and willing to work can find a position in a relatively short time. However, this numerical ambition has often not been complemented with adequate standards regarding quality – both of the job placements proposed, as well as of the support provided to job seekers and the unemployed.

Full employment has often been presented as a silver bullet solution to poverty and social exclusion, and this has resulted in a situation where increased pressure has been placed on the individual to find any job. This rhetoric has been extremely damaging to individuals, their families, and the wider labour market. It has created unfair demands on unemployed people, who, additionally, appear to be blamed for their situation by services and public discourse. While a jobseeker is expected to be highly skilled and mobile, ready and willing to accept any job in any conditions, too little emphasis has been placed on the demand side - on business and government - to ensure that labour markets offer quality, sustainable jobs that are inclusive and accommodating to workers with differing personal circumstances.

There is a widespread trend of negative activation in the European Union. There is tighter eligibility for social protection, as well as ‘conditionality’ (such as community work or work experience or other work in exchange for benefits) and ‘sanctions’ (reducing or withdrawing financial support, often for long periods). People are not receiving personalised assistance and holistic support towards finding a job, and the proposed employment is often of such poor quality that it does no more than transfer people from the category ‘unemployed’ to the category ‘working poor’, with perhaps less social stigma (though perhaps not), and does not confront problems caused by poverty and imbalance in work and family life.

Governments have paid little serious policy attention to the impact of the tsunami of labour market developments. These changes are due to accelerated globalisation and technological change, restrictions on collective bargaining, and the loss of ‘good’ jobs as a consequence of austerity policies, both directly (in cutting public sector jobs, e.g. one million fewer public sector jobs in the UK) and indirectly (through loose monetary policy, tight public spending, and loss of political attention to inequality and regional imbalance). Those countries with bail-out arrangements in place have experienced a strong negative impact on decent employment relations. These changes have brought not only economic and social consequences, but are increasingly fuelling political change.

The full-employment focus has neglected the economic and social impact of flexible labour agreements, which are a positive offer for some workers, but for many mean only a loss of rights and security. Most poor people and, increasingly, many people on middle incomes, encounter shorter and more insecure contracts; forced or bogus self-employment; agency work; inadequate numbers of hours or long hours, some unpaid; unpaid internships; reduced employment protection; easier dismissal; less compensation; and less recourse (for workers who have been made redundant).

A recent report from the International Labour Organisation<sup>1</sup> has distinguished four types of non-standard employment: temporary, part-time, on-call, and multi-party employment relationships, and disguised employment / self-employment. Such workers are much less likely to have good working conditions, good pay, secure hours, sickness and holiday pay and access to unemployment benefit, pensions or training, as well as lacking adequate social protection coverage. Despite past assumptions that such work was merely a

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<sup>1</sup> *Non-standard employment around the world: Understanding challenges, shaping prospects*, International Labour Office – Geneva: ILO. 2016, [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_534326.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf)

starting point for some young workers, it is now clear that flexibilisation, as it has been implemented, is increasing the risk of labour market segregation, cutting social mobility and transferring the burden of income support, especially for families, sickness and old age, onto these insecure workers and the general taxpayer, especially where businesses are also using increasingly inventive methods of avoiding employer taxes and contributions. This is not economically, socially, or politically sustainable.

EAPN has repeatedly denounced these recent trends in public discourse and policy making. When jobs in general are lacking, and quality jobs are especially hard to come by, it is more important than ever to take a critical look at the functioning of European labour markets, and find ways to make them a more inclusive place. In this paper, EAPN sets out its view on inclusive labour markets, highlighting what elements ensure that they are non-discriminatory and that they pro-actively welcome excluded groups, providing quality and sustainable employment and adequate social protection for all.

### ***What do we mean by inclusive labour markets?***

The *labour market* is a conventional expression, which refers to the place where those offering employment (demand) and those seeking it (supply) interact.

In October 2008, the European Union put forward a *Recommendation for the Active Inclusion of Those Furthest from the Labour Market*<sup>2</sup>. This Recommendation urges Member States to draw up and implement an integrated, comprehensive strategy, based on three mutually reinforcing strands: adequate income support, access to quality services, and inclusive labour markets. The actions should holistically support those who can work into quality employment, while equally promoting social participation and dignified lives for those who cannot work.

The third of the three mutually reinforcing pillars of the Active Inclusion Strategy, “Inclusive labour markets”, is aimed at encouraging the provision of pathway, personalised approaches for people able and willing to work, so that anyone can be adequately supported in accessing decent, sustainable employment. Such a strategy should temper aggressive activation programmes that emphasise “work first” approaches, and operate mainly through increased sanctions and conditionality for benefits, offering low-quality, precarious jobs, with little regard to people’s complex personal situations and individual barriers to employment and to social participation.

#### **The Active Inclusion Recommendation urges Member States to implement inclusive labour markets through the following:**

*Adopt arrangements covering persons whose condition renders them fit for work to ensure they receive effective help to enter or re-enter and stay in employment that corresponds to their work capacity.*

- (i) Promote the following common principles in the context of active inclusion strategies:*
- address the needs of people excluded from the labour market in order to facilitate their progressive reintegration into society and into the labour market and to enhance their employability,*
  - take the necessary measures to promote inclusive labour markets in order to ensure access to employment is an opportunity open for all,*

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<sup>2</sup> Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market (notified under document number C(2008) 5737), <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32008H0867>

- *promote quality jobs, including pay and benefits, working conditions, health and safety, access to lifelong learning and career prospects, in particular with a view to preventing in-work poverty,*
- *tackle labour market segmentation by promoting job retention and advancement.*

*(ii) Implement these principles through the following practical guidelines:*

- *expand and improve investment in human capital through inclusive education and training policies, including effective lifelong strategies; adapt education and training systems in response to new competence requirements, and the need for digital skills,*
- *active and preventive labour market measures, including tailored, personalised, responsive services and support involving early identification of needs, job-search assistance, guidance and training, and motivation to seek a job actively,*
- *continually review the incentives and disincentives resulting from tax and benefit systems, including the management and conditionality of benefits and a significant reduction in high marginal effective tax rates, in particular for those with low incomes, while ensuring adequate levels of social protection,*
- *provide support for the social economy and sheltered employment as a vital source of entry jobs for disadvantaged people, promote financial inclusion and microloans, financial incentives for employers to recruit, the development of new sources of jobs in services, particularly at local level, and raise awareness of labour market inclusiveness,*
- *promote adaptability and provide in-work support and a supportive environment, including attention to health and well-being, non-discrimination and the application of labour law in conjunction with social dialogue.*

## ***Why a position paper on inclusive labour markets in the European Union?***

The paper contributes to the now pressing policy issue of how to better foster quality employment for those able to work, and how to better support people into accessing decent, stable employment. This is a particularly relevant discussion, at a time when the employment and poverty-reduction targets of Europe 2020 seem to be at odds. The employment objective of the Strategy is too often approached as a play on statistics, with many Governments trying for too long to meet the numbers without addressing the impact on quality of work and employment, on the economy overall, on societies, and on people's lives. Gender discrimination, unhealthy or stressful physical environments, increased work intensity, irregular working schedules, work during alleged free-time, and concentration at the lower end of the income distribution are key aspects that characterize bad quality of work throughout Europe.<sup>3</sup>

Although several important steps have been taken to raise visibility and mutual learning to promote the Active Inclusion Recommendation, there is still no coherent roadmap to ensure effective implementation at EU and national levels. There is a lack of rigorous assessment of the real impact of increased conditionality and sanctions on people experiencing poverty and social inclusion. Boosting the employment rate of specific groups takes priority over providing inclusive labour markets and personalised support for all, and serious concerns are being raised about the creaming effect, which targets those closest to the labour market, as well as about the quality of jobs proposed. Moreover, what is clearly missing is an approach which tackles both the supply and demands sides, rather than relying mainly on activation and conditionality.

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<sup>3</sup> According to the recent EUROFOUND 6<sup>th</sup> European Working Conditions Survey. November 2016

Initiatives targeting young people, such as the *Youth Guarantee* (2013)<sup>4</sup>, are important contributions to ensuring inclusive labour markets for specific groups. While implementation reports are presented as positive, these proposals fall short of implementing integrated Active Inclusion approaches. As it focuses almost exclusively on employment and education, the approach does not include supporting services, nor access to adequate social protection. Moreover, the quality of the offers of employment or training is not suitably monitored in the evaluation of the implementation. There are no safeguards against negative activation practices, and ownership and engagement of young people themselves could be reinforced. EAPN expects these elements to be better addressed in further revisions of these strategies.

The recent *Recommendation on the Integration of the Long-Term Unemployed into the Labour Market*<sup>5</sup> puts forward some very positive proposals, emphasising an individualised, pathway approach for job seekers, including a holistic package of services and comprehensive support. It is a very welcome step in the right direction, which EAPN hopes will bring a positive shift in practices on the ground, and contribute to better support to the meaningful social and professional inclusion of those who have been out of employment for a long time.

However, a number of crucial elements are missing from the proposal, which would address the malfunctioning of modern labour markets. These include adequate income support and an end to punitive activation practices. Both of these measures put a necessary floor under potential labour market exploitation and are a driver of higher quality jobs, which will pay off in higher productivity and lower recruitment and retention costs. A comprehensive approach covering the demand as well as the supply side is also missing.

More encouraging perspectives are included in the proposal of a *European Pillar of Social Rights*<sup>6</sup>, a very comprehensive initiative put forward by the European Commission in March 2016. The rights-based approach is very welcome, and a number of significant aspects relating to inclusive labour markets are covered by the initiative. It is, however, to be seen how these will be operationalised and implemented, in a way that would make a real difference.

## ***How was this paper developed?***

EAPN has been actively engaged in the European Employment Strategy ever since its adoption in 1997. The present position paper builds on extensive work done by EAPN members on the quality of work and employment and in support of living wages, previous EAPN publications, and EAPN's positioning and responses to recent European initiatives such as the Long Term Unemployment Recommendation, and the European Pillar of Social Rights (see non-exhaustive list of activities and publications at the end of the paper). Many EAPN National Networks are very active in working with these subjects, holding working groups on employment, and national surveys.

Furthermore, the paper builds on in-depth discussions held in EAPN's EU Inclusion Strategies Group, including a dedicated session in October 2016, as well as conclusions from the European Meetings of People Experiencing Poverty. It incorporates views, stories, and recommendations building on our national members' work on the ground, supporting directly those furthest from the labour market, and actively engaging with policies shaping the interaction between people experiencing poverty and the world of work.

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<sup>4</sup> See all information about this initiative, including the implementation report of 2016, here: <http://ec.europa.eu/social/main.jsp?catId=1079>

<sup>5</sup> Council recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market, [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016H0220\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32016H0220(01))

<sup>6</sup> See all details about the European Commission initiative *Towards a European Pillar of Social Rights* here: [http://ec.europa.eu/priorities/deeper-and-fairer-economic-and-monetary-union/towards-european-pillar-social-rights\\_en](http://ec.europa.eu/priorities/deeper-and-fairer-economic-and-monetary-union/towards-european-pillar-social-rights_en)

It strives to bring to the forefront the perspective of people facing real hardship and exclusion on the ground, in their journey towards decent, inclusive employment in Europe.

This paper sets out our understanding of inclusive labour markets, detailing the elements needed to make them a reality for both the supply and the demand side, and puts forward the perspective of our members, including people experiencing poverty and social exclusion in Europe and the civil society organisations that represent them. Finally, it aims to put forward specific recommendations to guarantee targeted efforts to support specific groups into quality, sustainable employment, thus promoting pathways to inclusion. An inclusive labour market in the EU is a goal that requires an all-level active engagement of the relevant stakeholders – national and sub-national levels of government, businesses, workers and their trade union representatives, job seekers and other people experiencing poverty and their civil society organisations, and contributors from other relevant expert organisations.

## KEY PRINCIPLES OF INCLUSIVE LABOUR MARKETS

By definition, the labour market is the place where supply and demand meet, so an integrated approach to render labour markets more inclusive should encompass elements pertaining to both dimensions. In this section, EAPN outlines what are the most important elements that constitute inclusive labour markets, from the perspective of people experiencing poverty and social exclusion, as well as the most significant obstacles encountered by different key groups of people when trying to access employment, and how to overcome them.

On the **supply side**, support to the long-term unemployed is often (if not exclusively) conceived as active labour market measures, whereas the obstacles faced by people can be multiple, complex, and referring to other dimensions of one's life. This is the primary justification for a fully integrated approach to Active Inclusion, combining the three mutually reinforcing strands:

- Adequate income support, allowing for a life in dignity, during the job search and during periods of unemployment or inactivity, or before retirement.
- Personalized, pathway, integrated support to access quality and sustainable jobs.
- Access to quality and affordable services, such as education and training, healthcare, affordable housing, counselling for indebtedness, childcare, transport etc.

On the **demand side**, three areas must be addressed:

- Job creation – including jobs that excluded people can access, for example through investment in the social economy, as well as training and apprenticeship programmes, and entry level jobs.
- Quality and sustainable jobs, including wages, stability of contracts, working conditions, employment rights, social protection.
- Comprehensive tackling of discrimination on all grounds, and pro-active, supportive measures for different individuals with different personal circumstances.

### *Supply Side*

#### *1. Adequate income support*

Adequate social protection is an essential component of people's engagement with the labour market. Access to adequate minimum income or other financial support (such as unemployment benefits or other types of social welfare) is a key pre-requisite for job-seeking. We distinguish between several types of income support:

- benefits during sick leave and other types of leave, social security contributions, including for pensions;
- top-ups and tax credits for low-income workers (which, while they improve standard of living and take home pay, also encourage a culture of low wages among employers);
- unemployment benefits and other forms of financial assistance available when looking for a job;
- social protection for those unable to work (disability benefits, minimum income schemes etc).

Regarding social protection benefits available to people when looking for a job, such income support needs to feature appropriate coverage (not marred by excessively tight eligibility criteria), duration, and levels to allow for a life in dignity. Most active labour market policies, conversely, feature the lowering of unemployment benefits and reduction in coverage - the overarching priority remains to get people 'off



welfare', often a short-term solution and a 'revolving door' between poor jobs and poor benefits. Additionally, income support seems to be primarily perceived as a 'get-back-to-work' tool, rather than a human right, with a damaging emphasis on employment-linked conditionality and negative sanctions, which can drive people to food-banks and further into debt, seriously affect their mental and physical health, and put unbearable stress on family and friendship networks. On the neoclassical theory of supply side, the "make work pay" paradigm considers individual labour supply decisions as the result of a trade-off between income and leisure; therefore, there is a "moral hazard" in social protection policies, such as unemployment benefits and minimum income, as they may reduce active job search by the beneficiaries. Much of the punitive approach is defended on the basis of a presumed link between generous social protection and disincentives to work.

In **Portugal**, the Social Insertion Income (SII) is the measure which theoretically better reflects the Active Inclusion Strategy, though EAPN PT highlights that this measure has significant gaps in all the 3 dimensions of the Strategy - see our national report prepared in the framework of the EMIN project<sup>7</sup> in 2014. One of our conclusions was the necessity to increase the value of the SII, in order to guarantee a decent life and allow social inclusion. With the successive cuts on this provision, the amount is clearly inadequate to ensure that beneficiaries meet their basic needs. In fact, a recipient of the SII who lives alone and does not have access to social housing has to choose whether to use their income to pay the rent and depend totally on charity and individual and/or institutional support for their daily survival, or to remain homeless and use the provision to meet basic daily needs.

*"Even if I want to go to the grocery ... get some goods and pay for them... I can't. I have to ask... and God knows how it costs me... I have to ask to the owner to let me pay later... so I can have something to eat at night. From the €178, I pay €150 for rent and the rest I spend it depending on what comes first. That means, if the water bill is €10, I have to pay it otherwise I won't have water. If the electricity bill is €7 or €7.5, I have to pay.... But I don't pay.... So they cut the electricity. So how do I manage to survive? I go to my mother's place, she gives me a small help. I watch TV there, but when I get home at night... without electricity.... I feel ashamed to ask people who probably have less than I do." (beneficiary of SII interviewed in the framework of the EMIN project in Portugal)*

A typical unemployment (insurance) benefit system gradually declines as unemployment persists. In many countries, unemployment benefits are limited to 6 months, followed by 'unemployment assistance', which is equivalent to minimum income or lower. During the crisis and its aftermath, austerity measures have significantly eroded these rights – including reducing eligibility and coverage, and reducing the duration as well as the amount. There are also periods when a person is moved from one system to the other, i.e. from contributive to non-contributive benefits, during which people are not covered by any kind of income support, and complicated bureaucratic procedures and delays leave people without any resources. In many countries, the inability to complement benefits (whether unemployment, disability etc) with income from part-time work means that many people are condemned to poverty, as only a combination of the two would ensure an adequate level of income, providing a real route out of hardship and towards dignified living. This also means that some people are forced to find additional income on the black market, so as not to lose their benefits, and skills, competences, expertise and experience acquired through undeclared work can't be

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<sup>7</sup> See full details on the European Minimum Income Network (EMIN) here: <https://emin-eu.net/>. See also EAPN Portugal, EMIN Project: national report "Adequate Minimum Income: -building consensus", 2014. Available at [www.eminnetwork.files.wordpress.com/2013/04/emin-portugal-2014-en.pdf](http://www.eminnetwork.files.wordpress.com/2013/04/emin-portugal-2014-en.pdf)

valued in a job-seeking context on the open labour market, which makes it even more difficult for people to find regular jobs.

In **Spain**, the minimum contribution period for Social Security that enables people to be eligible for unemployment insurance is 360 working days, in a full-time job. After a two-year maximum period (depending on previous contribution time), during which income is progressively reduced to less than half, long-term jobseekers in charge of a family can apply for the PREPARA benefit (non- contributory), which includes an Activation Contract and only lasts for 6 months. It is remarkable that there are some jobs or “regimes”, such as domestic workers or self-employed workers, who cannot qualify for this benefit under any circumstances, although they must pay their Social Security quotas all the same.

EAPN strongly supports the *1992 Council Recommendation*<sup>8</sup>, which explicitly says that “Persons residing in the European Union (EU) should have access to sufficient resources and assistance to live in a manner compatible with human dignity.” This view has been clearly expressed in the 2000 Charter of Fundamental Rights, Title IV, article 34 “Social Security and Social Assistance”. This has been further reinforced by the Active Inclusion Recommendation of 2008, which features adequate income support as one of the three mutually reinforcing pillars of a comprehensive approach to reach those furthest from the labour market. The review of the implementation of the Recommendation - part of the Social Investment Package - highlights minimum income as a key tool to fight poverty and social exclusion, particularly in times of crisis, while underlining the low coverage of the benefit, and the fact that the most disadvantaged may not be reached by the measures.

The proposed European Pillar of Social Rights highlights the low coverage and duration of unemployment benefits as a cause for concern, while it also points to the inadequacy, low coverage, and non-take-up of minimum income. It underlines that income security insufficiently covers those who exhaust their unemployment benefits, and provisions are insufficient to lift those without any resources out of poverty. However, the same proposals (on unemployment benefits, minimum income, and integrated services and benefits) strongly highlight the need to reduce disincentives to work and, in so doing, link eligibility and coverage to specific job-seeking requirements – which, potentially, opens the door to very negative, punitive activation practices and inadequate welfare benefits. This undermines people’s fundamental right to an adequate income and a dignified life.

Similarly, while the *Annual Growth Survey 2017*<sup>9</sup> contains some positive language around the coverage and adequacy of income support, including in periods of labour market transition, the parallel rhetoric of ‘work incentives’ could undermine the former and lead to more negative, punitive activation in practice. Additionally, while the *Joint Employment Report*<sup>10</sup> clearly mentions the need for integrated Active Inclusion strategies (including income support), the link between income support, access to quality services, and providing active labour market policies remains tenuous, and Active Inclusion may be wrongly understood as using benefits and services as a lever to push people into any job. EAPN suggests that positive incentives, which are seen as appropriate and effective for other groups in society, are trialled also for the least advantaged.

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<sup>8</sup> Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Ac10609>

<sup>9</sup> 2017 European Semester: Annual Growth Survey, [https://ec.europa.eu/info/publications/2017-european-semester-annual-growth-survey\\_en](https://ec.europa.eu/info/publications/2017-european-semester-annual-growth-survey_en)

<sup>10</sup> 2017 European Semester: Draft Joint Employment Report, [https://ec.europa.eu/info/publications/2017-european-semester-draft-joint-employment-report\\_en](https://ec.europa.eu/info/publications/2017-european-semester-draft-joint-employment-report_en)

## 2. Personalized, integrated support

Most people want to work, to contribute and to feel useful. Despite the linguistic shift to a ‘customer’ focused approach in many countries, once engaging with job-seeking services, people often feel disempowered, discouraged, disrespected, and presumed guilty of slacking and of wanting to cheat the system. Not having a job is treated as the unemployed person’s fault, despite a job-scarce context and declining quality of work. Subsequently, there is increased pressure placed on job seekers as having the sole responsibility of getting themselves employed, particularly in countries with very high unemployment rates. This must change.

The baseline for ethical policy-making in employment as in any other field, is respect for human dignity, as enshrined in the EU Treaty, the Universal Declaration of Human Rights, and made legally binding under the Lisbon Treaty through the EU Charter of Fundamental Rights. Respect for human dignity should prevent policy approaches that treat people from an instrumentalist perspective, only for their usefulness for the economy. An effective social activation strategy should focus on people’s individual needs, desires and capabilities. This approach would recognize and deal with the interaction of multiple dimensions of disadvantage and a person’s changing needs throughout their lives. Specific obstacles faced by women and certain groups will need to be specifically addressed. Such groups include, among others, migrants and ethnic minorities including Roma; lone parents; people with disabilities or health difficulties, people who are homeless and insecurely housed, as well as those who suffer long-term unemployment and poverty more generally.

The main trend in the unemployment insurance has been towards tightening of the access and conditionality of benefits, and this approach should be completely reversed. Restrictions in eligibility conditions, such as for instance age, family income, prior work intensity in the period preceding application etc, should no longer be used as a barrier to access to this right. An exclusive or main focus on the follow-up of job search activity, such as the obligation to report weekly or monthly to the Public Employment Service, to apply to a minimum number of jobs per week, or to undergo further training is not efficient, particularly in countries with high unemployment rates, as the jobs are simply not there. Finally, the compulsory participation in activation programmes should be demoted to a voluntary participation, as access to adequate resources for a life in dignity is a human right, and not an activation tool. What is actually effective in supporting people towards employment is a comprehensive, positive approach, enabling people to build confidence and find adequate, quality employment, which is a sound medium- and long-term investment in people, the labour market, and societies more broadly.

In a negative development in the **Netherlands**, the Participation Law requires a “socially useful” contribution to the community in return for receiving social benefits. Municipalities may decide what this contribution looks like and how many hours a person has to contribute. For example, in Amsterdam, a receiver of social benefits does not have to contribute, while in Rotterdam a person needs to work 24 hours. The municipality may lower the income support if a person refuses to give a contribution, and it also determines the amount of the reduction and duration. Fortunately, twenty municipalities in the Netherlands do not follow this policy of contribution. For example, the Amsterdam city councilor for Social Affairs stated he didn’t want to spend money on an enforcement system that clearly did not help people back to work. People need to pay for public transport and other costs to get to the job centres, and if they arrive too late, they get a fine or a reduction in income support, which leads people to fall below the poverty line.

Unlike these punitive, employment-only approaches, a ‘social activation’ perspective can be the most effective first step for engaging with the most excluded groups with the most serious problems, and who are furthest away from the job market. People often face complex obstacles, which are not all employment related. These may involve household composition, health status, housing, indebtedness, discrimination,

poverty, overall state of mind, skills level (including literacy and numerical skills), past employment experience, geographical location etc. A first step is a thorough needs assessment, rooted in each individual's personal circumstances, and the development of an integrated, personalised pathway to employment, with full ownership and involvement of the beneficiary.

In **Portugal**, unfortunately, the priority is the reduction of long-term unemployment and youth unemployment, with the fight against discrimination and the promotion of equality in the labour market seen as secondary. To counter the trend, EAPN Portugal, through an existing protocol with IEFP (the national entity for employment issues) developed the **Click project**<sup>11</sup>, aimed at the employability of vulnerable target groups and the employers' Social Responsibility. It is a mediation project in job offer and demand, developing a complementary tool to Public Employment Services through sessions that promote the development of soft skills, while also raising awareness and building capacity with employers. During the last 3 years (2014-2016) of implementation, this project has shown, in practice, the crucial importance of empowerment and personalized approaches, as a participant testifies:

*«It was a “breath of fresh air” in my active job search process. I learned to value myself through the CV and cover letter, as well as to better prepare an interview. I have identified personal aspects that influence the job search and learned to work on them. I particularly liked the themes presented, the way they worked and the personal focus that the project gave to each of the participants and the group. Apart from motivation, this project taught me to see where I can go and how to get there.»* (participant in the Click Project).

The *Long Term Unemployment Recommendation* makes very positive proposals about integrated, tailored support for those who have been out of a job for a long time, which is a very welcome development. Unfortunately, the approach is not generalised to all job seekers, and it is not backed by the necessary funding or redlining of social investment in such measures, which leaves little breathing room for Governments under strict budget consolidation regulations. Principle 4 of the preliminary European Pillar of Social Rights (Active support to employment) misses the opportunity to focus on more than youth and the long-term unemployed and does not sufficiently emphasize personalized, tailored approaches, with flanking services & income support, as part of Active Inclusion integrated strategies. Encouragingly, the Joint Employment Report 2017 demonstrates clear support for integrated, individualised activation approaches, with full involvement of the beneficiary, and improving the capacity and training of Public Employment Services in that direction, highlighting that lack of resources is hindering their positive impact.

The evaluation and monitoring of active labour market policies and support to the unemployed is too often based on achieving numerical targets of people into any job, and not on the quality of the support or the longer term impact on the individual (employment or social). Some services provided especially by for-profit agencies are paid based on achieving these targets. A sustainable and effective support strategy is one that works with, not against, the job-seeker, resulting in a job search plan that respects the client's preferences, wishes and priorities. For this reason, Public Employment Services need to serve not only as job-placing agencies, but to work in cooperation with both potential employers and service providers, NGOs, trade unions, and public authorities, to provide integrated services and personalized support towards social and professional inclusion. Currently, most employment services are understaffed and under-trained, which leads to expedite procedures and one-size-fits-all approaches.

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<sup>11</sup> For more information on the Click project, see here: <http://click.eapn.pt/> (available in Portuguese only). See also: PAIVA, Júlio; PINTO, Liliana; MONTEIRO, Alcides; AUGUSTO, Nuno, *Empregabilidade na Economia Social: o papel das políticas ativas de emprego*, EAPN Portugal, Porto, 2015. Available at <http://www.eapn.pt/publicacao/203/cadernos-21-empregabilidade-na-economia-social-o-papel-das-politicas-ativas-de-emprego> (in Portuguese only).



### 3. Universal access to quality, affordable services

The European Commission's proposal of a European Pillar of Social Rights deems access to services a right, which should be guaranteed as such. EAPN distinguishes between two types of services: essential, and flanking services. The former are all basic services which people need and have a right to, regardless of employment status, in order to have a dignified life, and which also provide the necessary foundation to look for work (such as access to housing, energy, general education, health, childcare). Flanking services, which are specifically supportive of someone's (re)integration in the labour market, have a specific focus on advice/counselling, training and vocational education, transport etc. A labour market is inclusive if employment quality is ensured, and transitions are supported by adequate social protection and support services of both types.

Training and skills upgrading is an essential component in ensuring better access to employment opportunities, but it must focus on more than current occupational needs in the labour market. It must provide transferable skills and competences, including comprehensive support for personal and social development, enabling further social as well as labour market integration and participation in communities. Recognition of existing competences is also vital, including non-formal skills, rather than a rigid focus on formal qualifications, which many excluded people have not been able to acquire. Equally, professional training as part of active labour market policies should be meaningful and actually equip people with the needed skills to access quality employment, rather than just a formal condition to receive benefits.

Many people returning to work after a long time, especially women after maternity leave or fathers taking parental leave, older workers, or workers with health/disability issues, require specific adaptations to the working environment and conditions. Financial support and expert guidance can be provided to employers, together with follow-up support for the development of adapted contracts and conditions, including training and personalized coaching. For parents, especially single parents, and for women who are most often the main carer, a supportive environment is needed for a proper balance between private and professional life. This includes tackling the gender pay gap, encouraging internal flexibilization of working hours and possibility of home working, and guaranteeing affordable access to high-quality care facilities. Good support services, including care services, should be equally granted to unemployed parents and carers, whose children and other dependents are equally entitled to a decent life and opportunities for development.

EAPN cautiously welcomes one-stop-shops, where people get access to a range of services at the same place, as an attempt to simplify red tape and complications for those in need, and provide more effective coordination between the services, while also reducing associated transport and other costs. Such integration, however, needs to focus on and incorporate the perspective of the beneficiary, placing the emphasis on the quality of service provided, and how much it responds to individual needs. The focus should be on providing the best accompaniment and support to each person seeking it, rather than merely simplifying delivery.

While the *Long Term Unemployment Recommendation* clearly refers to the need of providing integrated, quality services to beneficiaries, a similar emphasis is lacking, for example, in the Youth Guarantee. Principle 11 of the proposed European Pillar on Social Rights (*Integrated benefits and services*) looks at one-stop shops from a sustainability angle, mentioning aligning eligibility & coverage, and that better service integration can improve the cost-effectiveness of social protection. Conversely, quality should be core to the domain, incorporating full user participation, which is key to a person-centred provision of (integrated) services that are tailor-made to the specific needs of each person. The provision of integrated benefits & services should be regarded as a right, not a strategy to push people into work at any cost. Principle 20 (*Access to essential services*) misses references to social services, counselling & support services, addiction, over-indebtedness etc, but also to the right to water and energy and quality, transparent financial services. The Annual Growth Survey 2017 supports universal access to health and care services, as well as housing, but it also worryingly mentions expanding privatisation and liberalisation of services to promote the internal market.

Recent measures dictated by budget and fiscal consolidation concerns have resulted in severe cuts to the provision of public services, which translate into both a drop in quality, as well as availability, accessibility, and affordability of these services, particularly for groups already in a disadvantaged situation. Reduced public investment in universal service delivery has also led to subcontracting of private companies, whose performance is often not monitored in terms of the real quality of services provided, and is rather guided by a profit-making logic. At the same time, many civil society organisations provide much-needed complementary services and must be adequately resourced and supported to bridge the gap towards those furthest from the labour market.

## **Demand Side**

### **1. Job creation**

The economic and financial crisis brought about massive job losses, against the additional backdrop of recent trends like globalisation and digitalisation, which only amplified the phenomenon. This has particularly hit sectors which employed lower qualified workers, or industries that are deteriorating faced with these global changes, where companies have transferred production to lower wage economies either within Europe, or more often in the developing world, leading to social dumping. Governments have not pursued a logic of public social investment in job creation, relying rather on the market providing these solutions once the economy recovered. This has resulted also in a profound segmentation of the labour market, with many new jobs created being precarious, low-paid, with poor working conditions, or inaccessible to those furthest from the labour market. The recent upsurge in the arrival of refugees to European countries has put additional pressure on the demand side to deliver jobs that people can access, but which are also sustainable, secure, providing decent wages, quality working conditions, as well as adequate employment protection and rights.

Particularly in countries with high unemployment rates and/or very diversified unemployed groups in terms of gender, age, ethnic composition, education, income level, vulnerability factors, geographic location (rural-urban, deprived-developed, etc), a complete sociodemographic assessment of the population is needed. With this information in hand, there could be a closer targeting of job creation schemes at particularly disadvantaged groups and regions, and better addressing of the groups in greatest need of integration into the labour market. At the same time, a detailed survey of the economic sectorial composition, entrepreneurial dimensions, and work creation potentiality is necessary, to intervene in both sides of the market, to define policy priorities, and to generate reasonable expectations. Social investment in job creation in disadvantaged areas would also bring much-needed services to communities, though this carries the risk of the jobs being temporary in nature. Employers play a key role in pro-actively reaching out and providing workplaces which would benefit both disadvantaged regions and communities, thus improving their overall social cohesion, as well as economic potential.

In **Spain**, due to a stagnation of the Services Sector in offering more jobs, the employment creation rate has been growing below the GDP rate, and the new jobs tend to be of very poor quality (temporary, involuntary part-time, seasonal).<sup>12</sup> Consequently, EAPN Spain believes that it is crucial to manage key information, supported on statistical data, in order to promote new job fields with public funding, and not to overspend scarce resources by means of too generic policies in sectors that cannot grow any further (a deadweight

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<sup>12</sup> Data from the Active Population Survey, Spain, July 2016.

effect), as suggested by the EEPO Review (2014).<sup>13</sup> Employers are granted several economic incentives and tax discounts if they hire workers, even if they do not commit to long-term or full-time jobs.

Subsidised employment could be a solution, but its sustainability needs to be assessed, as it may end up being precarious and be terminated once subsidies are withdrawn, so it is important to invest in those sectors that show durable potential. Concerns are also raised that this too often gives cash benefits to the employer, without any follow-up or monitoring of whether they actually ensure sustainable, quality jobs. Direct social investment in job creation might be more effective use of public money, particularly in areas of urgent social need.

Social economy and third-sector initiatives, particularly Work Integration Social Enterprises (WISEs), have great potential, if adequately supported, to facilitate the entry of excluded groups into the labour market. This can work as an intermediate step, to prepare those who have been away from employment for a long time to re-enter the open labour market, as well as providing permanent employment for workers with specific needs, such as a health issue or disability. WISEs have proven to be very successful instruments for supporting excluded groups into work, particularly in areas of new social and sustainable services. Their potential needs to be thoroughly explored and adequately resourced. The collaborative economy, as well as the emerging green/circular economy, also offer great potential for quality, sustainable job creation. Care must be taken to ensure that new forms of employment aimed at the integration of disadvantaged people in the labour market are fully covered by labour laws and adequate social protection systems, as well as trade union representation.

In the **Netherlands**, the Participation Law was passed to ensure that more people with disabilities or furthest away from the labour market find jobs with a regular employer. Employers have agreed that, until 2026, 125.000 extra will be created for people with occupational disabilities. These are 100.000 jobs in companies and 25.000 jobs in the public sector. The new law requires employers with more than 25 employees (or 40 575 salaried hours) to have a certain percentage of people with an illness or disability as part of the workforce. If employers cannot deliver the required number of jobs, they will be fined by the Ministry as of 2017 by €5.000 per work placement that's not filled. This is a potentially positive development, but it remains to be seen whether and how implementation will be done.

Start-ups are necessary to renew the economic basis and thus to overcome structural problems, always considering the quality of the new firms. Many failures have been reported during the last years, but successful experiences (particularly in the IT sector, and/or with support resources) show that, under certain circumstances, they may be sustained in time.<sup>14</sup> Care must be taken that people are not pushed into entrepreneurship when they are neither ready for it, nor supported by adequate training and resources, so that they don't end up in further debt and poverty. Equally, self-employment should not be regarded as second rate employment, but for that the legislation should be revised in the sense of upgrading it to salaried worker-levels. This is particularly important regarding social security and protection, as highlighted in the

<sup>13</sup> The objective of the EEPO Review was to map the detailed design of hiring subsidies across 33 countries and identify good and effective practices. It looked at the use of hiring subsidies in the EU; examples of interesting practices and practices in need of improvement; results of evaluation reports and academic studies testing the effectiveness of existing hiring subsidies over time. The Review focused on 'hiring subsidies' aimed at facilitating the creation of new jobs for unemployed persons – through job creation and improving employability. It did not aim to cover measures for maintaining existing jobs, nor direct job creation such as public works measures.

<sup>14</sup> Thematic Event of the Mutual Learning Programme 2014, "Job creation incentives: how to better integrate policies to create sustainable jobs". "Supporting start-up activities" by Dr. Udo Brix.

European Pillar of Social Rights proposal. Dependent self-employment (“fake” self-employment) is a growing problem in some industries and countries, but it is possible that once the working conditions are homogenised with the salaried workers, this could act as a disincentive for this practice. Another important matter is that start-ups and self-employment are not the panacea for combatting unemployment, and this applies particularly to people in vulnerable situations.

There is currently very little emphasis placed on social investment in job creation at the European level, as it is expected that the economic recovery will automatically lead to jobs being created by the market, and the specific concerns of those furthest from the labour market in accessing these jobs don’t seem to be prioritised. Job creation is not mentioned at all in the preliminary outline of the European Pillar of Social Rights. Initiatives like the Youth Guarantee and the Recommendation on Long-Term Unemployment are heavily focused on the supply side. Welcome support for the creation of quality jobs is expressed, however, in the Annual Growth Survey 2017 (under *Pursuing Structural Reforms*).

Once in work, strategies also need to be in place to ensure progression and transition to better employment, and maintaining people’s position in decent jobs. This means focusing on groups that are most vulnerable to losing their jobs, through redundancy or restructuring, or those in precarious, insecure or temporary employment. A more progressive and less punitive approach must also be employed to support people currently working in the informal labour market, which is often a survival strategy and the only possibility of a decent income for specific excluded groups. Employers who take advantage of the undeclared labour force, and not workers who are trying to make ends meet, should be penalised.

## **2. Job quality and access to suitable jobs**

A labour market is inclusive if those furthest from it are effectively supported to access quality, sustainable jobs.

EAPN believes that there are 10 key principles underpinning the concept of quality work, insofar as a quality job should:

- 1. Provide adequate / living wages.** This needs to build on a positive hierarchy, which includes adequate minimum income as reference point (at least at the level of the poverty line). Poverty traps must be avoided and transitions supported.
- 2. Provide a sustainable contract and adequate employment rights,** ensuring protection against arbitrary dismissal and adequate severance pay, to fight the increased precariousness and segmentation of the labour market.
- 3. Entitle the worker to appropriate social security protection,** such as health insurance, paid holidays, unemployment benefits, pension rights, etc, and provide for the cross-border portability of these rights.
- 4. Ensure quality working conditions and working environment.** This includes the implementation of health and safety provisions, adapted working environments for key groups, reasonable working time and shift arrangements - particularly regarding low-skilled jobs.
- 5. Allow for the reconciliation of private and professional life,** including by providing opportunities for flexible working time arrangements.
- 6. Respect the right to participate in collective bargaining and social dialogue,** for workers to have a say in changes of policy and practice that affect them, and to ensure meaningful participation and transparency in governance.



**7. Protect the worker against discrimination on all grounds**, both in obtaining a job as well as at the work place, fighting against the ethnic and gender pay gap and other inequalities.

**8. Guarantee access to training and personal development**, building upon and valorising existing skills, and providing workers with opportunities to further develop their personal and professional competences, as well as soft skills.

**9. Allow for progression in work** and feature opportunities for advancement.

**10. Nurture job satisfaction**, as an essential component of people's wellbeing.

EAPN holds these principles as valid for any kind of job, regardless of the type of contractual arrangement, as well as for protected or intermediate labour market workshops, social economy and work integration social enterprises (WISEs), and for all sectors of activity.

8% of people in work already suffered from in-work poverty before the financial crisis, and this has now grown to 9.6%, highlighting a growing threat. Although some welcome new measures are being advanced to tackle in-work poverty, these are often understood as tax credits or top-up schemes, rather than improving minimum wage levels and working conditions. Often, employment proposed to job seekers comes with a hidden poverty trap, where the wages paid are inferior to the benefits received, coupled with a loss of support services such as transport, childcare, rent support etc. This puts particular strain on women, who face more discrimination, particularly those in charge of lone-parent families.<sup>15</sup>

Quality in jobs has often been defined as improving working conditions and health and safety at work, without taking into account crucial elements for combating in-work poverty, such as living wages and improved employment security. Statutory minimum wages should be living wages, linked to inflation & the cost of living, above the poverty line, based on reference budgets, and in a positive hierarchy with adequate minimum income. A living wage must take into account not just hourly rates, but also number of hours worked, and the weekly take-home pay. Earnings gaps (gender, ethnic etc) and the wage share in relation to higher salaries, GDP and profits, need closing, if work is to ensure dignified living, boost consumption and demand, and strengthen the tax base. Trade unions play a crucial role by building on the basis offered by statutory minimum wages through collective bargaining.

In the **United Kingdom / Scotland**, an initiative of the Poverty Alliance, in partnership with Living Wage Foundation, and funded by the Scottish Government, aims to establish a *Living Wage*, defined as an hourly rate, set independently and updated annually. The hourly rate is calculated according to the basic cost of living in the UK, and employers choose to pay the Living Wage on a voluntary basis. Living Wage Accreditation enables employers to be recognised for paying their staff a fair, decent wage. On becoming accredited, employers are awarded the Living Wage Employer Mark, which is a fairtrade mark for responsible pay. See more details, including concrete success stories of Living Wage employers in Scotland, [here](#).

Defending employment is often used as a reason for compromising on pay, employment security and other dimensions of quality of work. But poor quality work is now the major cause of poverty even in some rich

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<sup>15</sup> Women who are the main earner in the household are much more likely to have difficulty in making ends meet than the EU28 average. Single parents, in particular single mothers, are even more likely to have difficulties, with a 43% of AROPE rate.

countries. In the United Kingdom, an Institute of Fiscal Studies report<sup>16</sup> recently highlighted that 2/3rds of poor families in the country have at least one parent in work. In many poorer ones, the prevalence of child labour shows that there is no floor under work situations that is not put there by trade union actions and government intervention. The importance of trade unions can't be underestimated in this context, as countries with strong workers' representation and social dialogue have been shown to be those with the best employment rights, and there is an obvious correlation between attacks on trade unions and declining quality of work.

Job quality seems to be declining due to changes in the labour market and employers' adjusting their offer to put more costs, risks and insecurity on workers, all tax-payers and consumers. This trend is unsustainable, not least fiscally and socially. Recent work patterns also include declining working conditions, particularly in what concerns long hours which are not compensated by time off in lieu or adequate pay, as well as increased pressure put on workers to be competitive and productive, which often results in situations of physical exhaustion, burn-out, or even mental health problems. Due to precariousness and low-pay, some people need to work several jobs in order to make ends meet, with severe repercussion on their state of health and wellbeing, as well as those of their families and communities. Additionally, other trends such as an increased privatisation of service provision, globalisation and delocalisation, and new ways of working put additional pressure on the concept of job quality.

In the **Netherlands**, the employment protection for permanent jobs is high, compared to other Western countries. Permanent jobs are attractive to employees, as wages rise relatively strongly if they stay longer with the same employer. But the number of workers with flexible contracts rose from 15% in 2004 to over 30% in 2016. Permanent jobs are lost under an increasing trend of flexible contacts. The rapid flexibilisation of the Dutch labor market leads to a lower income for workers, and hence to poverty and exclusion.

Public Employment Services in many Member States have an operational definition of what constitutes a "suitable" job, which may include such elements as dispositions regarding the beneficiary profile and qualification levels (compared to what the job offers ask for), wages (comparison between the last wage and the wage proposed by the job offer), health, distance between workplace and home, adequacy to physical abilities, and moral adequacy to the beneficiary profile. However, the definition of a "suitable job" is also prone to differing interpretations by the services and beneficiaries, which can result in negative consequences for the job seeker – either they are pushed to accept any job, or sanctions for refusing a job offer can be imposed. The adoption of a definition of quality of work and employment, even in the form of minimum standards, is not sufficient to change the current situation.

Job quality is a regrettably missing dimension in both the Youth Guarantee and the Recommendation on Long-Term Unemployment. More positive proposals are formulated in the preliminary outline of the European Pillar of Social Rights, which explicitly backs adequate wages that provide for a decent standard of living, provisions on work-life balance, health and safety at work. It will remain to be seen how these will be enforced in practice. The Annual Growth Survey also includes explicit references in support of quality jobs, reducing precariousness and supporting transitions. However, in the absence of clear, common criteria on how quality is to be measured, this aspect is currently insufficiently monitored and mainstreamed in the European Semester.

Work must ensure a route out of poverty and represent a progressive step on the road to greater personal and professional development, as well as a pathway to integration in society. This means implementing much stricter criteria of what constitutes a reasonable offer of quality work, guaranteeing social standards at EU and national levels, and encompassing decent wages, job security, real working time flexibility to allow for a

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<sup>16</sup> **Institute for Fiscal Studies**, *Living Standards, Poverty and Inequality in the UK: 2015*, <https://www.ifs.org.uk/publications/7880>

proper work-life balance, as well as high levels of social protection and access to relevant services. The approach needs to be flexible and recognize changing needs as a person builds confidence, or experiences significant changes or difficulties in their personal or family situation, in their health situation in the state of their disabilities, or in relation to difficulties over legal restrictions on migration, income difficulties, work difficulties etc.

### ***3. Tackling discrimination and pro-active support in both accessing employment and on the job***

Discrimination in accessing a job is still widespread. Two European Community Directives, the Racial Equality Directive and the Employment Framework Directive, define a set of principles that offer everyone in the EU a common minimum level of legal protection against discrimination on grounds of race and ethnic origin, religion or belief, disability, age or sexual orientation, primarily in the workplace. This comes in addition to the numerous laws adopted in the past 30 years to fight gender discrimination and to allow for equal treatment between women and men in the workplace. However, more investment must be made to counter discrimination and pro-actively promote diversity in the labour market. If employment is to be inclusive, employers need to not only fully implement anti-discrimination and equality principles in both access to jobs and while in work, but also offer pro-active support for the meaningful integration of diverse categories of workers.

While more women have entered the labour market in recent years, gender inequalities are still prevalent. Women are still the main providers of care in the domestic sphere. Gender-mixed occupations are the exception more than the rule, and women are still concentrated in a specific set of low-paid occupations, considered low-skilled. A comprehensive re-valorisation of skill levels in these jobs is vital, if equal pay is to be made a reality. There are many inequalities between men and women at work, and these take many forms: the gender pay and pension gap, the overrepresentation of women in part-time work, the glass ceiling, gender discrimination, differences in working conditions and access to training and career progression. All these need to be addressed, and flexible working time arrangements put in place for both parents, with an aim to reach an egalitarian distribution of both responsibilities and income, in the workplace as well as in caring and domestic duties.

Throughout the European Union, migrants and ethnic minorities, including the Roma, face a greater risk of social exclusion than the rest of the population, especially with respect to accessing employment, education, health, and social services. Within the migrant population, some groups are particularly at risk and thus require tailored integration measures. This is especially the case for third-country nationals, refugees and beneficiaries of international protection, low-skilled immigrants, and irregular immigrants. Women immigrants and refugees face greater barriers to labour insertion than men, because of traditional gender roles, their position as dependents in family reunification situations, and the scarcity of affordable and accessible care services. The lack of language skills in many cases perpetuates women's isolation and social exclusion, impedes the knowledge of their rights, reduces access to public services and also affects the integration of children in the host country.<sup>17</sup>

Both the gender and ethnic pay and pension gap needs to be tackled. Governments should be ensuring implementation of current and new EU legal instruments in this field, and strategies must be drawn up, together with stakeholders, focusing on the specific difficulties that each of these groups face in both accessing the workplace and progressing within the labour market. Many other groups see their access to the labour market and to social participation blocked because of their particular, vulnerable situation, such as those suffering from long-term sickness or disability, people experiencing poverty, or those having had substance or alcohol misuse problems in the past. Being unemployed while aged over 45 is often an obstacle

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<sup>17</sup> EUROSTAT Social Inclusion and Employment Statistics show negative differential rates for non EU individuals, with regard the EU born citizens.

to re-entering the labour market. People are considered too old to work, but too young for retirement. People with low qualifications are particularly affected by this. This is also important since demographic ageing is a reality, and Member States want to raise the retirement age, but the labour market is not prepared for this.

In **Portugal**, during the National Forum of People Experiencing Poverty, some members described current situations of discrimination, related mainly to age and disability. These examples show how difficult it is for these people to re-enter into the labour market.

*"In 2008, I was unemployed because of a health problem. Later, I had many difficulties in being included in the labour market due to my age and lack of studies."*

*"I went to a meeting at the employment centre and the responsible asked me how old I was (61 at the time, I replied) and he told me that I had to wait for retirement because I was too old to work."*

*"People with disabilities, aged 20 or more, although they can perfectly work, here comes the prejudice, they always have problems to find a job."*

(Testimonies of members of the EAPN Local Citizens' Council)

In our members' analysis, effectively tackling discrimination does not seem to be a priority for governments, as reflected in their National Reform Programmes. Employers and Public Employment Services staff must receive adequate anti-discrimination training, to ensure that no worker or jobseeker is discriminated on any grounds covered by national and European legislation, including socio-economic background. The long-term unemployed from specific discriminated target groups are at particular risk. Moreover, employers must be encouraged or persuaded to make more pro-active efforts to reach out to disadvantaged groups, as a longer-term investment in Corporate Social Responsibility, and their contribution to more socially cohesive communities. NGOs and specific government agencies are often key to building this link and approach with employers.

#### **Protected work and Special Job Centres – Fundación ONCE – EAPN Spain**

"Protected work" is in the framework of the Special Job Centres (SJC), which provide persons with disabilities with paid work and the necessary support services, as well as encouragement for their inclusion in the ordinary employment system. SJC's employment policies are aimed at improving the quality of employment and dignifying working conditions, actively combating discrimination. The initiative is partly funded by the European Social Fund. Between 2009-2011, the employment of people in the SJC increased by 16.42%, while the rest of the labour market suffered from a notable deterioration. Currently, with more than 70,000 workers, including people with and without disabilities, and an annual salary expenditure of around 900 million euros, the 2,400 SJCs are among the largest employers in the country.

Comparing the financial aid that they receive with the returns they offer in terms of taxes and social spending savings, the conclusion is that Special Job Centres are net contributors to the state coffers, as they return 1.44 euros for every euro they receive from public money.<sup>18</sup>

<sup>18</sup> These calculations do not include wages paid by the SJC and their impact on economic activity, or the savings that their activity can generate in terms of unemployment benefits. Fundación ONCE (2013) , "Presente y futuro de los Centros Especiales de Empleo", [http://www.fundaciononce.es/sites/default/files/docs/PFCEEresumenCD\\_2.PDF](http://www.fundaciononce.es/sites/default/files/docs/PFCEEresumenCD_2.PDF)





74% of people with disabilities are currently unable to find a job in Spain. The at risk of poverty rate is more than 3 out of 10 for this group (28,6%). Of the overall contracts signed in 2014, only 0.43% were for workers with disabilities. The wages that workers with disabilities are paid are also 10,000 euros less annually, on average, in comparison with people without disabilities. To raise awareness about this issue, the ONCE Foundation launched a campaign called “Don’t limit me” (*No seas mi límite*), in 2016.

In the **Netherlands**, a national example of a project to help people furthest from the labour market, like the long term unemployed with mental health problems or addiction, is the Participation Market, held every year in Amsterdam. It is not only interesting for providers and organisations to present their activities and for visitors to find opportunities, but also for policy makers to inform themselves about the various offerings and the latest developments in the social domain. For example, there is a *meet and greet*, where visitors can have informal talks with companies that are open to workers with an employment disability. CV doctors help visitors with writing their CV and *Dress for Success* helps people choose and lends the right clothes for job interviews (if the person succeeds and gets the job, they may keep the clothes). There are also tours through the district, visiting social firms and businesses nearby.

## KEY VALUES: PARTICIPATION, EMPOWERMENT, AND OWNERSHIP

The most effective strategies to promote sustainable, inclusive labour markets, as well as social participation, will involve a wide range of networking with all relevant actors and at all levels. Clearly this must include the traditional actors on the labour market – employers, job placement agencies, Public Employment Services, trade unions, service providers (housing, education and training, healthcare), but most importantly, job seekers themselves, particularly people experiencing poverty and social exclusion and their civil society organisations. An integrated plan and approach involving joined up planning and delivery between all these actors is essential. Renewed commitments to good governance in the Europe 2020 Strategy and the European Semester continually confirm the importance of the active participation of all stakeholders in the governance process, although it is currently not sufficiently implemented.<sup>19</sup>

Trade unions represent key players and collective bargaining and social dialogue mechanisms need to be supported and strengthened, in order to give workers an equal voice and representation in issues that directly affect them. However, as highlighted throughout this paper, interaction with the labour market does not only occur from the perspective of the workers, but also that of the unemployed. These are sometimes not covered by trade union membership once out of a job, which highlights the key role played by unemployed workers' centres, as well as civil society organisations working directly on the ground with groups furthest from the labour market. An integrated Active Inclusion approach will only be successful if the people most affected are directly engaged in the process of developing the measures, and particularly in the implementation, monitoring and evaluation. As key actors on the ground, NGOs are in a unique position to develop outreach programmes, reaching even the groups furthest from the labour market. Social NGOs also provide a wealth of expertise collected from direct experience working with stakeholders, as well as an opportunity for involving people themselves in the design, and implementation of policies that affect them. The EU and Member States need to value the participation of NGOs and ensure it is adequately resourced, including through Structural Funds. However, this must not replace the crucial role of NGOs in advocacy and in engaging in wider and more integrated measures to address poverty, social exclusion and inequality.

In the **Netherlands**, the need of hearing the voice of 'experts by experience'<sup>20</sup> in health care and welfare is increasingly recognised. In psychiatric and addiction care, for example, there are more and more paid jobs for experts by experience, both to develop policy, as well as to support clients. Also in welfare, the number of working experts by experience is growing. EAPN NL received a subsidy from the Ministry of Social Affairs to investigate the added value the work of experts by experience can bring to municipalities, according to policy and performance. This afforded the opportunity to complete an inventory of what is going well and what needs to change in terms of participation from people in poverty situations, with concrete recommendations for improvement.

Aside broader civic and political engagement in defining the measures and policies that regulate labour markets and social protection systems, another key dimension of participation is the ownership of one's own inclusion strategy, when interacting with Public Employment Services or other services. Any inclusion approach needs to go through the empowerment of the beneficiary, if it is to be successful, restore

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<sup>19</sup> See EAPN's assessment of the 2016 National Reform Programmes *What Progress For Social Europe?* here: <http://www.eapn.eu/15775-2/>

<sup>20</sup> *Expert by experience* is a term recognising that people who live(d) in poverty and/or social exclusion, and who had the opportunity to reflect on that experience with their peers, have valuable knowledge and a unique expertise to contribute to the discussion about how to tackle these phenomena. In some countries, such as Belgium or the Netherlands, this expertise is used professionally and backed by relevant training.

confidence, and pave the way towards better social and professional integration. The relationship between the social professional and the beneficiary of any social measure should be based on mutual trust, and the process of inclusion of the beneficiaries must be based on negotiation and common identification of solutions. Thus, this close assistance should be multidisciplinary and a promoter of effective processes of the beneficiaries' participation in defining their integration plans, as well as combat several examples of compulsory activation. Putting individual rights and needs at the centre also means putting participation and empowerment of people experiencing poverty and social exclusion at the centre of any personal inclusion strategy. Participation should go beyond individual consultation, to collective empowerment and action, and supporting unemployed people as a group to assert and fight for their rights. Unemployed workers' centres are a crucial example of this.

*"Sometimes we go to IEFP (Institute for Employment and Vocational Training), in order to request a job, or get some proposals, some solutions, and we are faced with a lack of information. As we usually say: they only answer the questions we ask. They don't present any solutions. And this would be useful for us, but also for companies. Because companies sometimes are not aware of the existence of specific measures they can use to hire staff. We go to employment centres and nobody provides information". (testimony of a member of The EAPN Local Citizens' Council in Portugal).*

## CONCLUSIONS AND RECOMMENDATIONS – INCLUSIVE LABOUR MARKETS THAT DELIVER INTEGRATED ACTIVE INCLUSION APPROACHES

The most important question is, what is the underlying principle in designing active labour market policies: reducing the perceived burden on public finances by artificially decreasing so-called welfare-dependency? Reaching the Europe 2020 numerical employment target by placing people into any job according to the Eurostat definition of “one hour worked in the week of reference”? Taking people off the unemployed statistics by placing them in training or community work with no sustainability or quality? Or making a real social and economic difference, by supporting quality job creation and pro-active approaches, and empowering and supporting people into good, sustainable employment, through inclusive labour markets, as part of an integrated Active Inclusion strategy?

Inclusive labour markets must mean implementing supportive pathway approaches to inclusion in the labour market and society, especially for those who have the hardest time reaching it and protecting the living standards in and outside work. Efforts to achieve the 75% employment target of the Europe 2020 Strategy must be rooted in an inclusive vision on employment, underpinned by a commitment to invest in quality and sustainable jobs, to end discrimination, and to support people through personalised, integrated services and adequate social protection (including minimum income). The poverty-reduction target will only be undermined by pursuing negative activation practices and condoning low-quality employment.

In their annual seminar held in Avilés, Asturias, in November 2016, **EAPN Spain** concluded that, in addition to national structural economic problems, automatization, robotization and business relocation are global trends that endanger the availability of more quality jobs.



According to these facts, we may be facing a paradigm change, not a cycle change, with respect to employment. Decent jobs, in particular employment for low-skilled and vulnerable people, should also be demanded and defended in economic terms. Not in terms of neoliberal economic productivity, but in relation to their return to the welfare state balance. Social Activation, including “protected work” and WISE initiatives among others, is needed within this framework of scarce labour, rapid polarisation of jobs in a new elite of creative and skilled workers with very high income, and increasing risk of in-work poverty.

EAPN believes in approaches that start from people and are aimed at supporting them into better lives, free of poverty and social exclusion. Inclusive labour markets need to be underpinned by frameworks which:

- Are aimed primarily at the social inclusion and social participation of all individuals, at contributing to their overall wellbeing and dignity, and which are rooted in a positive vision that people who can, want to work, to contribute and to feel useful;
- Feature personalised, pathway approaches, that start from individual circumstances, combat discrimination, and provide integrated, holistic approaches, based on Active Inclusion, responding to complex needs which are not all employment-related;



- Have at their core a commitment to quality jobs and employment, and support both public and private efforts towards the creation of such jobs, as well as the constant improvement of existing workplaces;
- Are designed in full cooperation and partnership with the beneficiaries, ensuring ownership of the insertion plan, and with all relevant stakeholders, particularly non-governmental organisations working with such beneficiaries.

Such frameworks, based on the above principles, should be backed by political will and adequate financial resources (for example, through prioritisation in Structural Funds) and should be clearly supported within the European Semester, by documents such as the Country Reports and the Country-Specific Recommendations.

### *Recommendations for the EU level*

- Mainstream the **full implementation of Active Inclusion principles into the Europe 2020 Strategy**, and monitor it through explicit integration in the European Semester processes.
- Ensure that the **European Pillar of Social Rights actively supports quality, inclusive labour markets**, through new legal frameworks and effective benchmarking, defending employment and social rights and social standards.
- Devise a **European definition of quality of work, with clear indicators**, and fully integrate it in the European Performance Monitor and the Joint Assessment Framework.
- Introduce **sub-targets for the employment target of Europe 2020 Strategy**, to ensure that those furthest from the labour market are reached, and that the overall objective is not met while endangering the poverty target of the same Strategy.
- Conduct **thematic peer reviews in the framework of mutual learning** and support the exchange, follow-up and mainstreaming of best practices regarding the implementation of the inclusive labour markets pillar of the Active Inclusion Strategy.
- **Adopt and implement a strengthened Anti-Discrimination Directive**, to cover all discrimination grounds, including socio-economic status.
- Invest in inclusive labour markets also from the demand side, ensuring that quality jobs are created through, for example, the European Fund for Strategic Investment and Structural Funds, and that pro-active strategies are in place to increase access to these jobs for excluded groups.
- **Ensure that relevant stakeholders, including civil society organisations, are equal partners** in the design, implementation, and delivery of policies associated to the implementation of the Europe 2020 Strategy, the European Pillar of Social Rights, and other similar initiatives, and support this partnership with clear guidelines and adequate resources.

## *Recommendations for the national level*

- Ensure **access to resources to lead dignified lives for all, throughout the lifecycle**, including adequate unemployment insurance, minimum income schemes, and other income support, as a human right and not as a lever to push people into jobs through punitive conditionality.
- **Build the capacity of Public Employment Services**, as well as welfare offices, to deal with complex and delicate personal situations, promoting personalised, pathway approaches based on individual needs assessment.
- **Increase the investment in the provision of essential flanking services**, such as childcare and care for other dependents, care provisions, ensuring affordability, quality, and equal coverage, and promote better integration across services including training and education.
- **Step up public social investment in quality and sustainable job creation**, rather than relying on the market to supply them, and ensure they are accessible to disadvantaged groups.
- **Set in place comprehensive criteria for job quality**, in accordance with European and international standards, and make them enforceable in active labour market policies, and establish **positive hierarchies between minimum income** (set at least at the level of the poverty line, and observing the reference budgets methodology), **unemployment benefits**, and **minimum wage**, to ensure that everybody has access to a life in dignity; don't decouple wages from inflation in an effort to link them to productivity.
- **Combat discrimination by employers and by society at large** by implementing anti-discrimination legislation and promoting pro-active measures to foster diversity, and monitor enforcement to ensure compliance.
- **Set up mechanisms for regular consultation and structured dialogue** with job seekers, the unemployed, people experiencing poverty, and the organisations representing them, linked to the European Semester processes, but not only.

EAPN is ready, willing and able to contribute to the development and implementation of inclusive labour markets strategy and policy, with a particular emphasis on the inclusion of disadvantaged people and those living in poverty and social exclusion.

## FURTHER READING: LIST OF EAPN PUBLICATIONS

- EAPN booklet on ensuring access for all to affordable, quality housing and public health services - <http://www.eapn.eu/nobody-left-behind-eapn-booklet-on-services/>
- EAPN Response to the Annual Growth Survey Package 2016 - <http://www.eapn.eu/wp-content/uploads/2016/12/EAPN-2016-EAPN-response-to-the-AGS-JER-2017-web-947.pdf>
- EAPN assessment of the NRPs 2016 - [http://www.eapn.eu/wp-content/uploads/2016/10/EAPN-2016\\_NRP\\_Report\\_EAPN-623.pdf](http://www.eapn.eu/wp-content/uploads/2016/10/EAPN-2016_NRP_Report_EAPN-623.pdf)
- EAPN reaction to the EC consultation on long-term unemployment – response and position - <http://www.eapn.eu/last-chance-for-social-europe-eapn-statement-on-european-pillar-of-social-rights/>
- EAPN assessment of the NRPs 2015 (Chapter 4, p.38) - <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2015-EAPN-NRP-Report-web.pdf>
- EAPN reaction to the EC consultation on long-term unemployment – response and position - <http://www.eapn.eu/eapns-response-to-the-long-term-unemployment-proposal-for-recommendation-of-the-commission/>
- EAPN Proposals on New Commission Integrated Guidelines: Economic and Employment - <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2015-EAPN-position-integrated-guidelines.pdf>
- EAPN Input to the Mid-Term Review of Europe 2020 Strategy - <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2014-EAPN-Position-Mid-Term-Review.pdf>
- EAPN 10 arguments in support of Active Inclusion - <http://www.eapn.eu/wp-content/uploads/2016/03/2014-10-Arguments-to-support-Active-Inclusion.pdf>
- EAPN assessment of the NRPs 2014 (Chapter 3, p.31) - <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2014-EAPN-NRP-Report.pdf>
- EAPN position on Youth Poverty and Social Exclusion (Chapter 4, p.17) - <http://www.eapn.eu/youth-poverty-and-social-exclusion-in-europe-issues-causes-solutions-and-what-the-eu-can-do/>
- EAPN Explainer on Quality Work and Employment - <http://www.eapn.eu/eapn-s-explainer-on-quality-of-work-and-employment-is-out/>
- EAPN Report on the Troika and emergency assistance programmes (Chapter 3, p. 26; Chapter 5, p.33) <http://www.eapn.eu/new-eapn-report-on-troika-programmes-and-impact-lifeboat-or-life-sentence/>
- EAPN position on In-Work Poverty - <http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2013-EAPN-in-work-poverty-position-paper-web.pdf>
- EAPN assessment of the NRPs 2013 (Chapter 3, p.27) - <http://www.eapn.eu/eapn-publishes-widening-the-gap-eapn-assessment-of-the-national-reform-programmes-2013/>
- EAPN assessment of the NRPs 2012 (Chapter 3, p.44) - <http://www.eapn.eu/eapn-publishes-full-assessment-of-nrps-and-nrs-an-eu-worth-defending-beyond-austerity-to-social-investment-and-inclusive-growth/>
- EAPN 10 Principles on Quality Work - <http://www.eapn.eu/quality-work-for-quality-life-eapn-s-10-principles/>
- EAPN Video: Pathways to Work - <http://www.eapn.eu/pathways-to-work-unlocking-a-door-to-active-inclusion/>
- EAPN assessment of the NRPs 2011 (Chapter 3, p.31) - <http://www.eapn.eu/eapn-report-deliver-inclusive-growth-put-the-heart-back-in-europe/>

- EAPN Book: Active Inclusion: Making It Happen! (Chapter 4, p.41) - <http://www.eapn.eu/active-inclusion-making-it-happen/>

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**See EAPN publications and activities on [www.eapn.eu](http://www.eapn.eu)**

**The European Anti-Poverty Network (EAPN) is an independent network of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.**



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