



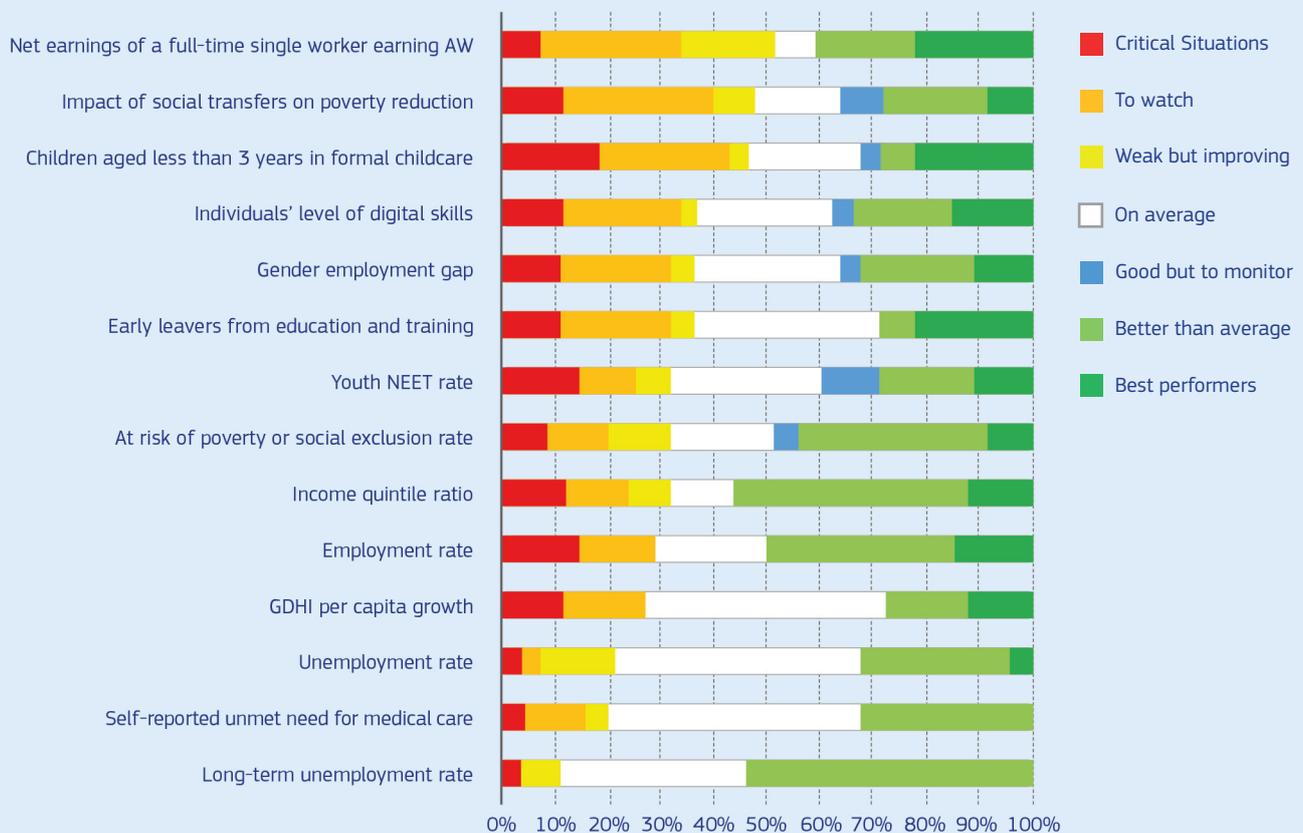
# JOINT EMPLOYMENT REPORT

# 2020

**Europe is making progress in delivering on the European Pillar of Social Rights.** According to the Social Scoreboard accompanying the Pillar, labour market and social trends in the EU continue to be positive for 9 out of the 14 headline indicators. However, challenges remain. All Member States, with the exception of the Netherlands, have at least one indicator significantly below average (or with an important negative trend).

## The Social Scoreboard points to positive labour market and social trends, but challenges remain

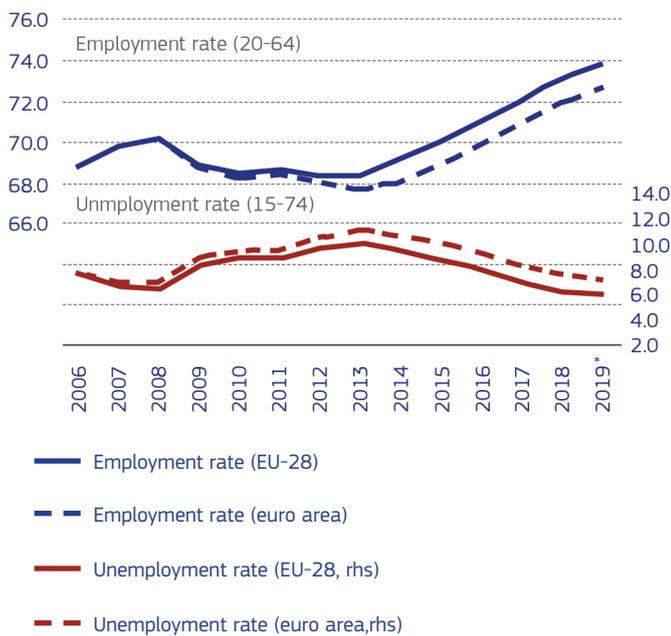
Assessment of Social Scoreboard's headline indicators, November 2019



Source: Commission services on Eurostat, OECD data

**Employment continues to increase, though at a slower pace than in past years.** In the third quarter of 2019, 241.5 million of people were in employment in the EU, the highest level ever reached. Older and high-skilled workers continue to be the main drivers of employment growth. At the same time, unemployment reached a record low at 6.3% in the third quarter of 2019. Due to the economic slowdown, employment growth is expected to be more muted in the remaining quarter of 2019 and in 2020.

## Labour market performance is the best ever recorded



\*average of Q1 and Q2, seasonally adjusted.

Source: Eurostat, LFS

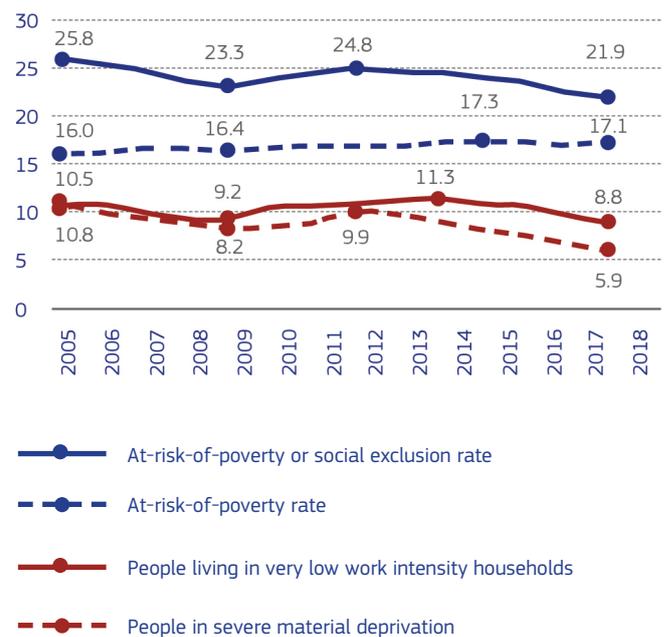
**241.5 million**  
employed people in the third quarter of 2019

**+ 17 million**  
additional people in employment compared to the lowest point in mid-2013

**The number of people who are at risk of poverty or social exclusion continued to decline** for a sixth consecutive year in 2018, thanks to a decline in people living in low work intensity households and of those living in severe material deprivation. However, the share of people at risk of poverty (a relative poverty indicator) remained

broadly stable compared to 2017. Some groups, notably children and people with disabilities, face a substantially higher risk of poverty or social exclusion. Income inequality slightly increased overall and remains at a high level compared to the pre-crisis period. With few exceptions, Member States with the highest levels of income inequality have seen a further increase in 2018.

## The at-risk-of-poverty or social exclusion rate declines



Source: Eurostat, SILC

**Gender gaps in employment and pay rates are substantial and stable.** Large disparities across Member States persist. Parenthood and caring responsibilities, coupled with limited access to childcare and other (care) services, and monetary disincentives to labour market participation, are the main drivers of lower employment rates for women. Pay gaps occur in spite of women having on average higher qualification levels than men. They often translate into pension gaps later in life. Concrete measures to tackle the gender pay gap, mostly related to pay transparency, are only in place in a limited number of countries.

**11.6pp**  
employment gender gap in 2018, almost stable since 2013

**16.2%**  
gender pay gap for women in 2017

## Gender inequalities remain substantial (2018)

Gender employment gap, 2018



Source: Eurostat, LFS

## Wage growth gained pace, but remains overall moderate.

While in 2018 (and 2019) real wages caught up with productivity developments, over the previous four years they increased slightly below productivity growth in most Member States. Wage growth has been generally faster (and above productivity growth) in Central and Eastern European countries, contributing to upward convergence within the EU. Yet in many of them the net earnings level of a worker earning the average wage (corrected for purchasing power differences) is still well below the EU average according to the Social Scoreboard.

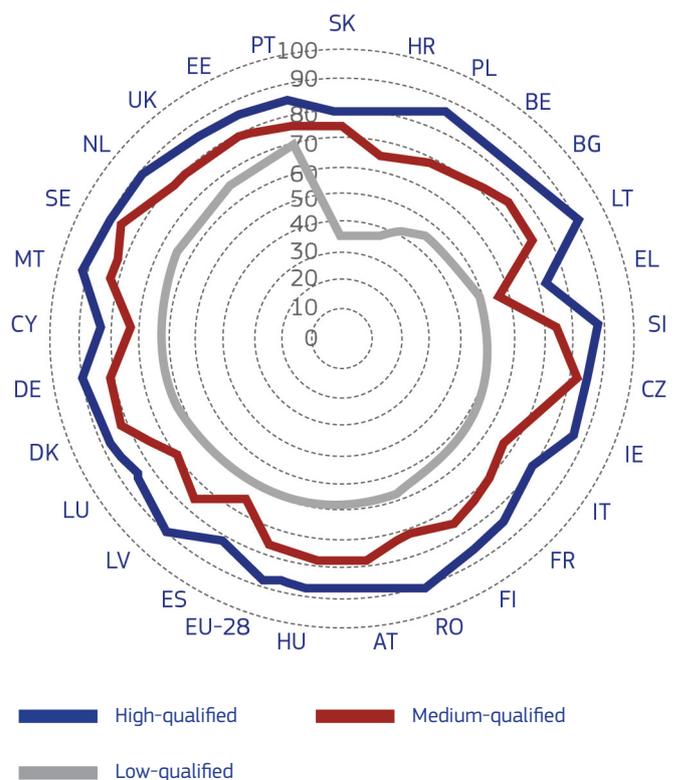
**In-work poverty remains at high levels overall and in many Member States.** It is significantly higher for households with people working part-time or on temporary contracts.

**9.5%** workers at risk of poverty in the EU

**Education, training and skills substantially influence people's job prospects.** On average in the EU, the employment rate is 56.1% for those who have not completed upper secondary school, 73.4% for those with medium-level qualifications and 84.5% for those with tertiary qualifications. The participation of adults in learning activities has increased only to a limited extent in the last decade. It remains particularly low (below 5%) for low-skilled adults.

## Employment rates by educational attainment in 2018

(percentage points, persons aged 20 – 64)

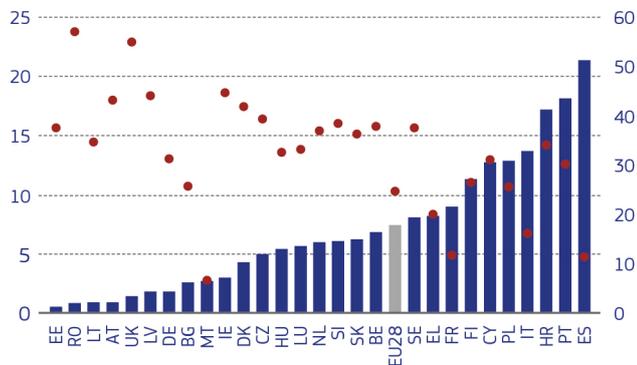


Source: Eurostat.

**11.1%** of 25-to 64-year-olds participated in **adult learning** in 2018, but only **4.3%** among the low-skilled.

**Temporary employment differs significantly across Member States,** despite being relatively stable over recent years on average at around 14%. Challenges remain to ensure that involuntary temporary contracts are stepping-stones towards open-ended employment, avoiding “revolving doors” between unemployment and precarious jobs.

## Temporary contracts are often not a “stepping stone”

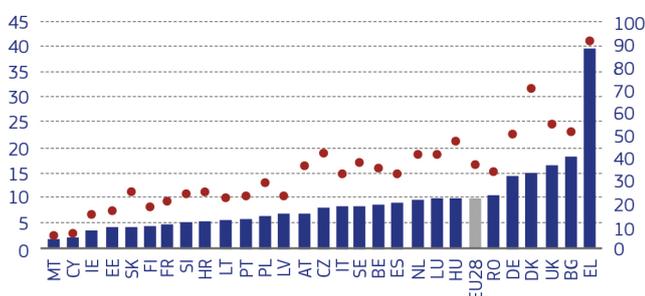


- Share of involuntary temporary employees (2018, left axis)
- Transition rate from temporary to permanent jobs (3-yrs avg., right axis)

Source: Eurostat, Labour Force Survey.

**Housing costs are excessively high for a large (though declining) share of households.** One European in ten is overburdened by housing costs. Not surprisingly, lowest income households and people living in cities are more affected. Severe housing deprivation is stable overall, but decreasing in some in Central and Eastern European Member States. Despite these improvements, a significant share of households in those countries suffer from poor housing conditions. Homelessness, the most extreme form of housing exclusion, increased over the last decade in most Member States.

## Housing cost overburden is a challenge in several Member States



Share of the population living in a household where housing costs represent more than 40% of the disposable household income, 2018

- Total (left axis)
- Among those at-risk-of-poverty (right axis)

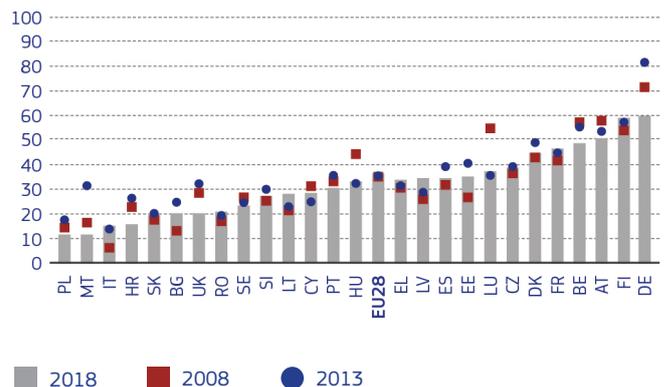
Source: Eurostat, SILC.

## 1 out of 10

Europeans are overburdened by housing costs

**Social protection systems are being modernised,** with a number of Member States expanding their coverage and improving their adequacy. There are, however, still difficulties faced by several groups (notably self-employed and non-standard workers) who often have limited access to social protection. On average, only around one third of short-term unemployed are covered by unemployment benefits. While minimum income schemes are currently in place in all Member States, their adequacy still varies considerably.

## Coverage of unemployment benefits for the short term unemployed (<12 months)



Source: DG EMPL calculations based on Eurostat data

**32.9%** of short-term unemployed (<12 months) are covered by unemployment benefits

**Demographic change presents pension, healthcare and long-term care with a clear need to adapt.** The working age population is already declining on average in the EU and is set to decline further. In 11 Member States it will go down by more than 3% in the next 5 years. At the same time, the old age dependency ratio is projected to increase strongly, prompting Member States to take action to modernise their pension, healthcare and long-term care systems, to preserve their adequacy and sustainability, while ensuring access to good quality services.

**From 3 in 2018 to 2 in 2050**  
working adults supporting one retired person