

Adaptive Labor Markets

Sustainable Governance Indicators 2024



Indicator

Policies Targeting an Adaptive Labor Market

Question

To what extent do existing labor market institutions support or hinder the transition to an adaptive labor market?

30 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = Labor market institutions are fully aligned with the goal of an adaptable labor market.
- 8-6 = Labor market institutions are largely aligned with the goal of an adaptable labor market.
- 5-3 = Labor market institutions are only somewhat aligned with the goal of an adaptable labor market.
- 2-1 = Labor market institutions are not at all aligned with the goal of an adaptable labor market.

Denmark

Score 9

The Danish labor market has proven to be adaptive. Unemployment rates, including long-term unemployment, have consistently been among the lowest in the EU. Unemployment spells are generally short, and the levels of job inflows and outflows are typically high.

These features are generally attributed to the so-called flexicurity model, which comprises flexible hiring and firing rules for employers, a generous social safety net, and active labor market policies focused on returning the unemployed to work. There has been a long list of reforms over the years adapting the system to developments in the labor market (Andersen (2023)). The unemployment benefit cannot exceed 90% of the previous wage and is capped, making the compensation rate higher for low-income groups than for high-income groups. The average compensation rate is about 60% for a skilled average worker during the first three months of unemployment, after which it declines (Ministry of Employment 2021). Unemployment insurance is voluntary and tied to insurance contributions. Those who are not insured must resort to social assistance.

The Danish labor market offers extensive opportunities for acquiring job-relevant education. It is required that the unemployed actively apply for jobs or participate in educational programs. Failure to meet these requirements results in a sanction (Kreiner and Svarer 2022). Educational activities are typically determined through negotiations among labor unions, employer associations and the state in tripartite agreements. The most recent of these agreements emphasizes the need to develop skills related to the green transition and increasing IT demands.

Projections indicate that the labor force will remain roughly constant over the next couple of decades, raising concerns about a labor shortage, particularly within the public sector due to increasing needs from an aging population. Meanwhile, there is ongoing debate about how the labor market will be impacted by AI and robotics. Mismatch problems between demand and supply – in terms of both quantity and quality (qualifications) – are likely to develop.

The government has proposed various initiatives intended to influence educational choices, including IT skills, and to facilitate reeducation for sector shifts. The recent tripartite agreement also notes that university education will become available to students without a conventional educational background, such as a high school diploma (Trepartsaftale 2023). Additionally, following a cross-party reform compromise passed in 2023, 10% of master's degree programs at Danish universities will be restructured from two years to one year and three months (i.e., 120 to 75 ECTS). Furthermore, the reform incorporated a more direct focus on labor market demands by introducing new part-time master's programs that expect students to combine employment and studies.

Labor immigration has been a contested issue in Denmark, but views have recently changed. Migrant workers have contributed significantly to the increase in employment in recent years. Initiatives have been launched to recruit workers from outside the EU for so-called welfare professions and in crafts. There is a concern that the country may be facing a labor shortage.

Citation:

Andersen, T.M. 2023. "The Danish Labor Market 2000-2022." IZA World of Labor 2023:404. <https://wol.iza.org/articles/the-danish-labor-market/long>

Kreiner, Claus Thustrup and Michael Svarer. 2022. "Danish Flexicurity." *Journal of Economic Perspectives* 36 (4): 81–102.

Ministry of Employment. 2021. *Balancer i dagpengesystemet*. København.

Trepartsaftale. 2023. *Trepartsaftale om langsigtede investeringer i voksen-, efter- og videreuddannelse*, September 2023 <https://www.uvm.dk/aktuelt/nyheder/uvm/2023/sep/230912-ny-trepartsaftale-langsigtede-investeringer-i-voksen-efter-og-videreuddannelse>

Norway

Score 9

Responsibility for full employment for all individuals with a willingness and capacity to work lies within the Norwegian Labor and Welfare Administration (NAV), which operates employment offices in all local authorities (Ministry of Labour and Social Inclusion, 2008). NAV also administers social security rights for the population and is responsible for all active labor market measures. Employment policies are guided by three objectives: full employment, high levels of job mobility and efficient assistance for individuals facing difficulties in obtaining or maintaining employment due to skill or health challenges.

For the past decade, welfare state employment policies have been quite successful. Total employment rates are high, the level of unemployment is low, and mobility rates are also high. On average, 15% of the workforce changes jobs every year. However, the number of vacant jobs has remained higher than the number of unemployed, indicating a structural skills gap. To help companies and workers manage short-term losses in demand for their products, there is a lay-off scheme that is partly employer-funded and partly state-funded, providing income security for employees. This program was extensively used during the pandemic in the 2020 – 2021 period.

Generally, responsibility for providing a workforce with the necessary skills for the economy lies within the state education system. However, a widespread shortage of key personnel in many occupations incentivizes companies to invest in lifelong learning programs and the skills upgrading of their employees. Furthermore, there are state incentives for the education system and universities to offer more programs and courses for older segments of the workforce.

Citation:

Ministry of Labour and Social Inclusion. 2008. "Areas of Responsibility and Policy Instruments." <https://www.regjeringen.no/en/topics/labour/labour-market-and-employment/innsikt/den-norske-arbeidsmarknaden/institusjoner-og-organisering/areas-of-responsibility-and-policy-instr/id86901/>

Statistics Norway. 2024. "Labour force survey." <https://www.ssb.no/en/arbeid-og-lonn/sysselsetting/statistikk/arbeidskraftundersokelsen>

Norwegian Labour Inspection Authority. n.d. "Temporary lay-off." <https://www.arbeidstilsynet.no/en/working-conditions/temporary-lay-off/>

Switzerland

Score 9

In Switzerland, developing skills throughout working life may happen by way of vocational training, professional education, continuing education and training, universities of applied sciences, and general university training (see SERI 2022). In international comparison, there are arguably two outstanding elements of the system of opportunities to develop skills in Switzerland: a) Switzerland is a prominent case of strong reliance on vocational training. About two-thirds of all school leavers start vocational training, in the form of basic training within enterprises that is accompanied by study within public vocational training schools. b) The educational system is highly permeable: After vocational training, a frequently utilized route to higher qualification at the tertiary level is via vocational education either at universities of applied sciences or at universities. The fields most frequently studied at professional education institutions are nursing, business management and social pedagogy (data of 2020).

The universities of applied sciences were introduced in 1997. A typical route to universities of applied sciences is via vocational training which is combined with a

vocational baccalaureate (either in parallel or after vocational training), the latter being the criterion for acceptance at the universities of applied sciences. In 2019, entrants at universities of applied sciences made up 1.8% of the cohort aged 20 to 29, as compared to 2.0% at universities (Emmenegger et al. 2023: 365). This indicates that the route to tertiary degrees via universities of applied sciences is almost as important as the traditional route via general universities. There is also some permeability between professional education institutions and universities of applied sciences, and between the latter and universities. Hence, while in countries such as Germany, upskilling in the knowledge economy relies very heavily on the expansion of general universities, the Swiss pathway is marked by the strong expansion of both general universities and universities of applied science. Having said this, the total share of people holding tertiary education degrees in Switzerland (45% of the population between 25 and 64) is still lower than in neighboring Austria (50%) and Germany (51%) – but higher than in Italy (43%) or France (41%) (OECD 2023).

High-quality vocational education and opportunities for closely related upskilling depend strongly on employers' willingness to invest in education. In the literature, it is frequently argued that in coordinated market economies based on high-quality industrial production such as Switzerland, employers have strong incentives to support vocational education (Hall/Soskice 2001). A second argument for the peculiarities of the Swiss system of upskilling points to weak trade unions and the strong role played by employers in defining vocational training curricula, making upskilling after vocational training an attractive option (Emmenegger et al. 2023).

The employment agencies (Regional Arbeitsvermittlungszentren) are organized in a decentralized way. Their efficiency varies by region, but can be judged as being at least sufficient. Hence, they facilitate worker mobility across firms, industries and regions. There is no explicit attempt to facilitate worker mobility to other countries. However, Switzerland is seeking formal membership or association with the European Network of Public Employment Services (SECO 2023) – which is dependent on Switzerland's future relations with the EU. Two major problems within the system of employment agencies are the strong variation in efficiency across regions and the lack of sufficient coordination with other public institutions (such as social assistance and social security agencies). There have been attempts to improve this interinstitutional cooperation (Federal Council 2013; Bonoli & Fossati 2022; Interinstitutionelle Zusammenarbeit 2023).

Short-time work programs are an established practice in Switzerland. The scheme was extensively applied during the recent pandemic, based on corporatist tripartite policy development by employers, the state and trade unions (Armingeon & Sager 2022).

Citation:

Armingeon, Klaus, and Fritz Sager. 2022. "Muting Science: Input Overload Versus Scientific Advice in Swiss Policy Making During the Covid-19 Pandemic." *The Political Quarterly* 93(3): 424-432.

Bonoli, Giuliano, and Flavia Fossati. 2022. "Les politiques sociales." In **Handbuch der Schweizer Politik**, eds.

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Emmenegger, Patrick, Scherwin M. Bajka, and Cecilia Ivardi. 2023. "How Coordinated Capitalism Adapts to the Knowledge Economy: Different Upskilling Strategies in Germany and Switzerland." *Swiss Political Science Review* 29(4): 355-378.

Federal Council. 2023. *Wirksamkeit und Effizienz der öffentlichen Arbeitsvermittlung. Bericht in Erfüllung des Postulates 13.3361 der Kommission für Wirtschaft und Abgaben NR vom 22. April 2013.* Bern: Federal Council.

Hall, Peter A., and David Soskice, eds. 2001. *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage.* Oxford: Oxford University Press.

Interinstitutionelle Zusammenarbeit (Interinstitutional co-operation): <https://www.iiz.ch/de/ueber-uns>

OECD. 2023. "Adult Education Level (Indicator)." doi: 10.1787/36bce3fe-en.

SECO (State Secretariate for Economy). 2018. "Die Wirkung von." *Arbeitsmarktlichen Massnahmen.* 2018. "Eine Analyse bisheriger Evaluationen." SECO Publikation, Arbeitsmarktpolitik No 54. https://www.seco.admin.ch/seco/de/home/Publikationen_Dienstleistungen/Publikationen_und_Formulare/Arbeit/Arbeitsmarkt/Informationen_Arbeitsmarktforschung/wirkung-arbeitsmarktlichen-massnahmen.html

SECO (State Secretariate for Economy). 2023. "<https://www.arbeit.swiss/secoalv/en/home/menue/institutionen-medien/internationale-kooperation.html>".

State Secretariate for Education, Research and Innovation (SERI). 2022. *Vocational and Professional Education and Training in Switzerland. Facts and Figures 2022.* Bern: SERI.

Austria

Score 8

The Austrian labor market's development over the past 15 years has been characterized by a substantial increase in labor supply and influenced by cyclical economic factors. Although the total hours worked did not rise, the number of employees did increase. Unemployment levels have fluctuated in accordance with economic trends. Despite a relatively developed active labor market policy, unemployment has increasingly concentrated on certain groups over time.

The overall number of employees in 2022 was 3.9 million, higher than ever in Austrian postwar history, with a 15.5% increase over 2008. Over the past 15 years, the labor supply increased more than labor demand, with certain groups specifically affected by this development. The share of long-term unemployed people increased from 21% in 2008 to 39% in 2022.

Politically, measures concerning active labor market policies, including the creation and maintenance of an adaptable labor market, have faced minimal contestation between different parties and social partners. All relevant actors have strongly supported a broad and inclusive set of measures, including qualification and support (see AMS 2022; BMAW 2022). Active labor market policies have been continuously expanded since the 1990s. Regarding public expenditures in this field, Austria has ranked No. 5 among OECD countries (see BMAW 2022).

Short-time work schemes have played a significant role in recent Austrian labor policy. They have had a notably positive impact on the employment rate during the COVID-19 pandemic (see BMAW 2022).

However, the Austrian Court of Audit noted the exceptional generosity of the various programs and highlighted the tremendous costs and the considerable danger of misuse by employers (Rechnungshof 2022).

In late 2023, the Chamber of Labor harshly criticized the government for wide-ranging cuts in active labor market policy. The reduction of about one-fifth of the resources previously devoted to this field was considered to obstruct the necessary steps in qualifying the Austrian workforce to meet new challenges, such as social-ecological transformation, digitalization and artificial intelligence.

The Austrian industry benefits from a robust apprenticeship system that provides comprehensive vocational training for low-educated workers, both on and off the job. This extensive vocational system enables workers to remain flexible throughout their careers. The apprenticeship system should be systematically reformed to integrate new occupations.

Citation:

Fink, M. 2023. "Arbeitslosigkeit, Unterbeschäftigung und Arbeitsmarktpolitik." In A. Buxbaum, U. Filipič, S. Pirklbauer, N. Soukup, and N. Wagner, eds., *Soziale Lage und Sozialpolitik in Österreich 2023: Entwicklungen und Perspektiven*, 25-39. Wien: ÖGB-Verlag. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-86874-5>

BMAW. 2022. *Aktive Arbeitsmarktpolitik in Österreich 2014 bis 2022. Dokumentation*. Wien. Bundesministerium für Arbeit und Wirtschaft. "Online verfügbar unter." https://www.bmaw.gv.at/dam/jcr:2a6dff0d-f5f4-456d-99c9-07d9c2baf353/Final_Aktive%20AMP%20in%20%C3%96sterreich%202014%20-%202022_Dokumentation.pdf

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https://www.ots.at/presseaussendung/OTS_20230915_OTS0142/baustellen-in-der-arbeitsmarktpolitik-arbeiterkammer-kritisiert-minister-kochers-kuerzungswahn

<https://www.oecd.org/employment-outlook/2022/#country-notes>

https://eures.europa.eu/living-and-working/labour-market-information/labour-market-information-austria_en

Estonia

Score 8

In 2022 – 2023, Estonia made substantial changes to the regulatory framework governing labor market policies. A new Labor Market Measures Act, effective in 2024, provides general principles for measures implemented through public employment services. The detailed description of services is defined in the Employment Program (EP), which is a government decree. This arrangement allows for greater flexibility in adapting labor market measures to specific labor market situations and target groups.

The latest EP (2024 – 2029) lasts longer than the previous three-year EPs, and is aligned with the state budget planning process and EU funding mechanisms. The biggest changes concern labor market training. The Unemployment Insurance Fund (UIF) will primarily fund training courses that prepare workers for regions with a labor shortage. The areas and professions are defined based on reports on workforce needs (OSKA Reports), sectoral development plans and labor market statistics. Training courses will be longer and must end with an evaluation of learning outcomes. It is hoped that these measures will facilitate improved employability and upskilling of service users. Employed, unemployed and inactive persons are all eligible for UIF-funded training; however, employed persons must have at least 12 months of contributions to the UIF.

Estonia's upskilling policies are quite statist, with employers not playing a central role. The organization of training is voluntary. Although employers must provide paid leave for employees in graduate studies, they can also receive subsidies from the UIF to cover training for individuals with lower employability, including young workers.

The Estonian Public Employment Service (PES) does not make a special effort to promote worker mobility across industries or borders. Immigration policy is strict and only a limited number of work permits are granted to foreign workers each year. Priority is given to high-skilled professionals; for example, IT specialists are excluded from the immigration quota. In 2022, the number of recipients of first-time temporary residence permits for employment purposes increased by 9% compared to 2021. The number of residence permits issued for the employment of top specialists increased by 14%, and the number of residence permits issued for employment in startups increased by 82% (EMN 2023). The number of short-term seasonal workers, in contrast, decreased by 46% compared to 2021 due to the war in Ukraine and the changed geopolitical situation with the country's eastern neighbors.

There are some profession-specific government programs designed to encourage young professionals, such as teachers and doctors, to move to remote regions. The brown industry-dominated northeast of the country deserves special attention because of the challenges in making a green and fair transition. To facilitate a transition to a green economy, a special EU-funded just transition program is being executed in the northeast region. However, retraining the workforce is given less prominence in the program instruments than the creation of new firms and investment in existing companies (Ministry of Finance 2024).

Citation:

EMN. 2023. "Migration Statistics, 2018–2022." <https://www.emn.ee/wp-content/uploads/2023/08/migration-statistics-2023-eng-uus.pdf>

Ministry of Finance. 2024. "Ida-Virumaa õiglase üleminek." <https://www.fin.ee/ida-virumaa#ulevaade>

Finland

Score 8

Over the last decade, Finland has maintained a robust labor market with high participation and employment rates. In 2022, these were respectively 79.3% and 73.8%, surpassing the corresponding figures in many OECD countries. Despite a relatively strong recovery in employment following the pandemic, the unemployment rate stood at 6.9% in 2022, which is comparatively high within the OECD. Notably, about one in four unemployed individuals in 2021 had remained jobless for over a year, and 6.8% of the labor force not actively seeking work indicated that they would accept job offers.

Existing policies and regulations encourage and empower people to develop their skills throughout their working life in response to changing labor market demands. However, there is no special emphasis on incentivizing employers to anticipate sustainability challenges in the labor market and invest in upskilling or reskilling their workforces. The unemployment program has long been applied to short-term layoffs, allowing firms to absorb short-term economic shocks by implementing short-time work schemes. Prime Minister Orpo's government has proposed a discontinuation of the adult education allowance, thus weakening financial incentives for reskilling or professional reorientation for adults with degrees.

Ongoing reforms aim to improve active labor market policy (ALMP) measures by focusing on job-search obligations, expanding support and shifting responsibilities to municipalities. The country's significant ALMP spending, particularly on training (0.36% of GDP), seeks to foster adult learning, address labor shortages and facilitate labor market transitions. According to OECD (2023), evaluating the effectiveness of these programs, specifically labor market training (LMT) and self-motivated education with unemployment benefits (SMT), is crucial.

Services provided by employment agencies facilitate worker mobility across firms, industries and regions through upskilling and reskilling training. However, there are no policies to support mobility across countries. Employment office authorities develop integrated action plans jointly with claimants. The intensity and content of these plans vary based on individual needs. In principle, the measures include several components such as labor market training, self-motivated studies, part-time work, preparatory work training, on-the-job training, integration measures for immigrants and various types of rehabilitative work activities.

Citation:

OECD. 2023. *Evaluation of Active Labour Market Policies in Finland, Connecting People with Jobs*. Paris: OECD Publishing. <https://doi.org/10.1787/115b186e-en>

Kantola, Anu and Kananen, Johannes. 2013. "Seize the Moment: Financial Crises and the Making of the Finnish Competition State." *New Political Economy* 18(6): 811-826.

Germany

Score 8

Germany's labor market increasingly faces shortages across all sectors and qualification levels. In this setting, employers have a growing self-interest in retaining and developing the skills of their workforce. Moreover, Germany has a tradition of long and stable employment where employees tend to stay with their employers for extended periods. The average duration of employment with a given company is 11.2 years (2020) and has not substantially changed from the levels in the 1990s (iwd, 2022). This environment encourages employers to invest in their workforce's skills.

However, participation in training measures is only at 8% (the survey asks about participation in a measure in the past four weeks), which is clearly below the EU average of 12% with much higher numbers in Scandinavia (Destatis, 2023). Regulation on paid leave for external training measures is the responsibility of the federal states. In 14 of the 16 states, there is a legal claim for this type of paid leave amounting, in most cases, to 5 days per year (DGB, 2022).

Employers and employees alike must be incentivized to invest in their skills. Germany faces an issue due to high marginal tax rates (see "Policies Targeting Adequate Tax Revenue"), which not only disincentivize longer working hours but also higher skill-related salaries. Moreover, Germany's labor market is heavily regulated with high hurdles for dismissals. On one hand, this provides job security; on the other hand, it can reduce incentives for demotivated workers to invest in their skills.

Germany leads the countries with a particularly generous and established short-time work scheme system. The German system provided a template for many other industrial countries, especially during the COVID-19 pandemic. In severe crises like the pandemic, the support is intensified.

The mission of the Federal Agency for Labor (Bundesagentur für Arbeit: BA) is to support worker mobility across firms, industries, regions, and countries. Current evaluations of the BA's effectiveness are lacking. Although high employment growth in recent years suggests effective mobility, it is unclear whether the BA has played a significant role in this success.

Citation:

Destatis. 2023. "Weiterbildung: Teilnahmequote in Deutschland mit 8 % unter dem EU-Durchschnitt, Zahl der Woche Nr. 42 vom 17. Oktober 2023."

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Iwd. 2022. "Betriebszugehörigkeit: Lange im Betrieb." Informationsdienst des Instituts der deutschen Wirtschaft, February 17.

Slovenia

Score 8

The unemployment rate remained low in 2022 and 2023. Data from the Slovenian Statistical Office for the third quarter of 2023 show the rate was 3.9% and is expected to remain at this level or even lower in 2024 and 2025. Among young people, it was 8.4%. Among those aged 50 – 64 years, 2.9% were unemployed. By gender, slightly more women than men were unemployed, at 4.0% and 3.7%, respectively.

The Employment Service of Slovenia reported on registered unemployment in December 2023: 20% of all registered unemployed were young people, 37.5% were over 50, 43% were long-term unemployed, and 48.6% were women.

Active employment policy in Slovenia is diverse. This policy includes a range of measures in the labor market aimed at increasing employment, reducing unemployment, improving the employability of individuals in the labor market, and enhancing the competitiveness and flexibility of employers. Measures under this policy encompass education and training programs.

Under the Labour Market Regulation Act, the ministry can implement additional measures for unemployment benefits in response to significant labor market discrepancies or during times of crisis. These measures aim to maintain a higher number of jobs and prevent transitions to open unemployment, or to facilitate education and training for employment with a new employer.

During the COVID-19 pandemic, the government under Prime Minister Janša supported the labor market and various economic sectors. Similarly, the government under Prime Minister Golob introduced measures in early 2023 to address the energy crisis, such as short-time work, which helped employers manage the crisis and retain employees. Full-time employees worked 5 – 20 hours less per week under this measure and were considered to be temporarily waiting for work. Compensation for the reduced working hours was set at 80% of the base salary.

The legislation defines various forms of work adapted to actual life circumstances, such as part-time work and remote work, though full-time positions still prevail. Despite underdeveloped regulations and experience, remote work has become widespread in the post-pandemic period, particularly in government administration, public service, and public organizations.

Citation:

Statistični urad Republike Slovenije. 2024. <https://pxweb.stat.si/SiStatData/pxweb/sl/Data/-/0762003S.px>

Statistični urad Republike Slovenije. 2024. <https://www.stat.si/StatWeb/News/Index/10717>

Zavod Republike Slovenije za zaposlovanje. 2024. "Trg dela v številkah." <https://www.ess.gov.si/partnerji/trg-dela/trg-dela-v-stevilkah/>

Sweden

Score 8

The purpose of Swedish labor market policy is threefold. It aims to provide work opportunities for citizens, supply labor to employers, and assist those struggling to find employment.

“Despite earlier predictions that unemployment would decrease to 6.7% in 2023 (Konjunkturinstitutet 2021), it remained relatively high at 8.5% (SCB 2024a). Nonetheless, the percentages of full-time employment and the employment of people born outside Sweden have increased significantly (SCB 2024b). Both part-time employment and the employment of people born outside Sweden have been problematic issues in the past“.

In the aftermath of the pandemic, professions in IT, education, and social work show more potential for mobility, while employees in transportation, manufacturing, and maintenance services have more constrained mobility opportunities (Arbetsförmedlingen, 2022).

In order to promote lifelong learning and professional mobility, the government announced a “transformation package” [omställningspaket] with, among other provisions, subsidies for mid-career individuals who choose to return to school or change careers (Government Offices of Sweden, 2022). According to recent EU data, Sweden is the “top performer” in the EU, with more than a third of adults participating in lifelong learning schemes in 2021 (Eurostat 2023).

Citation:

Arbetsförmedlingen. 2022. Yrkesmobilitet på den svenska arbetsmarknaden: en analys av olika yrkesgruppers förutsättningar för rörlighet. <https://arbetsformedlingen.se/download/18.3f29801717d5618f8df6231/1642161909624/ykesmobilitet-pa-den-svenska-arbetsmarknaden.pdf>

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Australia

Score 7

The Australian government envisions a dynamic labor market providing good jobs (well-paid, safe, and secure) and responsive to a changing economy. Due to technology and policy settings, the current Australian labor market is more flexible than in the past. The government has identified several forces of change shaping labor market conditions: population aging, rising demand for quality care and support services, expanded use of digital technologies, climate change and the economic transformation it demands, and geopolitical risks. While policies have been developed to address these challenges, the government acknowledges that current labor market institutions are not fully aligned with the changing context's requirements (Australian Government 2023). For example, there are critical workforce shortages in care and support services, and particular challenges facing regional labor markets. Immigration of workers with critical skills has been an important aspect of labor market management, disrupted during the pandemic when the country closed its international borders. The economy is still recovering and realigning post-COVID, resulting in critical shortages in industries that rely heavily on immigrant workers (Read 2023).

An important feature of the Australian labor market is its minimum wages, which are set by an independent statutory authority, the Fair Work Commission. The national minimum wage is approximately 45% of the median full-time wage. More importantly, many industry- and occupation-specific minimum wages can be substantially higher than the national minimum wage. Minimum wages have been growing faster than average wages in recent years. For example, in July 2023, the minimum wage was increased by 8.6% to AUD 23.23 per hour, compared with average annual wage growth of 3.9%. Higher growth in minimum wages might constrain employment, although there is little evidence of this; as recently as December 2023, the unemployment rate remained below 4%

There are no broad-based government policies that explicitly seek to impact on reskilling or upskilling of workers. However, the country's public programs and subsidies for education and training arguably have a positive impact. Immigration policy arguably adversely impacts firm incentives to invest in domestic worker training, as they can obtain workers with requisite skills via sponsoring immigrants through temporary and permanent skilled migration programs.

The existing institutional and regulatory environment does not help firms absorb short-term economic shocks through short-time work schemes, but at the same time there are few impediments to firms using these schemes. Employment agencies in Australia generally help facilitate worker mobility, but their impact is not large.

Citation:

Australian Government. 2023. "Skills Shortage Update." <https://www.jobsandskills.gov.au/publications/skills-shortage-quarterly-march-2023><https://www.dewr.gov.au/skills-and-training/announcements/labour-market-update>

Read, M. 2023. "Skilled migration only for jobs paying more than \$90k, unions urge ALP." *Financial Review* January 10. <https://www.afr.com/politics/federal/unions-urge-labor-to-require-foreign-workers-earn-more-than-90k-20230110-p5cblr>

Canada

Score 7

There are important connections in Canada between labor adjustment policies and immigration, and between the tax system and welfare payments, such as educational tax credits and employment insurance programs, which provide income support for workers transitioning between jobs. Initiatives like increased federal infrastructure and skills training investments aim to address skills shortages and better align labor supply with demand. Provincial nominee programs help employers recruit global talent to meet localized skills demands more efficiently. This allows individuals more latitude to receive training and education and enables job seekers to pursue better matches with labor market needs.

Economists and others argue many barriers still exist. Overly strict employment regulations around termination make employers reluctant to take risks by hiring workers they may need to lay off. Occupational licensing restrictions reduce labor market flexibility and mobility between provincially regulated occupations. Additionally, limited mid-career education and training funding makes it harder for older workers to retool for new jobs (Ghadi et al. 2023).

Citation:

Ghadi, Needal, Charles Gyan, Daniel Kikulwe, Christine Massing, and Crystal J. Giesbrecht. 2023. "Labour Market Integration of Newcomers to Canada: The Perspectives of Newcomers in a Smaller Urban Centre." *International Migration* 61 (6): 133–54. <https://doi.org/10.1111/imig.13151>

Czechia

Score 7

The unemployment rate in Czechia has been the lowest in the European Union in recent years, but regional and gender disparities persist. As of September 2023, women comprised 55.8% of total job seekers. Youth unemployment among 15-24-year-olds has decreased compared to the pandemic years, yet remains higher than the national average, albeit low by international standards (6.8% in 2022). Long-term unemployment is a persistent issue, predominantly affecting older and unqualified former workers in regions that were once dependent on older industries.

A major labor market challenge is the continuous labor shortage, estimated at approximately 300,000 against an employed labor force of 5.3 million. This shortage coincides with regional unemployment disparities and a skills mismatch for impending economic changes. Employers' organizations advocate for immigration to address the labor shortage, a step conflicting with anti-immigration rhetoric from certain political factions. Despite this, flexibility has largely been achieved through

the recruitment of foreign workers, who constituted 23% of the registered labor force in 2022, bolstered by the arrival of refugees from Ukraine. While some foreign workers came independently seeking employment, many are recruited by employment agencies that supply labor across the economy, including routine manual work in the manufacturing industry. Although a legal framework regulates these agencies' activities, they often offer lower pay and worse conditions compared to regular Czech employees working alongside them.

Maximizing the use of existing resources – which would not fully address the current gaps – requires better transport, housing in areas of labor shortages, and, above all, adequate childcare facilities. These needs clash with policies that restrict public spending and a 1990s decision to support parents staying at home with young children rather than working.

Czech economic development has heavily depended on relatively routine work within branches of multinational companies, particularly in the motor-vehicle industry. These companies are attracted by lower wages than those in Western Europe and primarily produce for export. Higher pay for more skilled work in Western Europe makes it difficult to develop more demanding activities in Czechia. Technological advancements and the shift to electric vehicles indicate either a reduction in employment in Czechia or the emergence of new products with changed skill requirements. This long-term threat has not been a primary concern for employees, who are most aware of the continuing labor shortage; for multinational companies, which have tended to keep the most modern products at their home bases; or for the government.

Lithuania

Score 7

In Lithuania, labor market institutions align largely with the goal of an adaptable labor market. The most recent labor market reform occurred with the revision of the Labor Code in 2016, which made hiring and firing practices more flexible. However, both before and after the reform, the Lithuanian economy has demonstrated flexibility in adapting to external shocks such as the COVID-19 pandemic.

This flexibility results from the adaptability of companies rather than from the use of active labor market policies. There is a mismatch between the high demand for labor and restrictive immigration policies, which is frequently criticized by business associations. According to Eurostat, the unemployment rate in Lithuania in November 2023 was 6.5%, above the EU average of 5.9%. In its 2023 report on Lithuania, the European Commission noted the presence of skills mismatches, as well as the fact that tightness in the labor market – measured as the ratio of job vacancies to the number of unemployed people – had reached the highest level in the last 15 years. According to the Lithuanian Public Employment Service in December 2023, employers registered 8,400 available positions. Despite the influx of refugees from

Belarus and Ukraine and active policies assisting their employment, there was a demand for employees in transport, construction and other service sectors.

The Lithuanian Public Employment Service acts as an intermediary between employers and employees. In December 2023, the Lithuanian Public Employment Service provided job offers to 12,300 individuals (while there were 1.45 million insured participants in the labor market). It also offers subsidies for training and educational programs. However, employers usually provide their own training services tailored to their particular needs.

In its 2023 report on Lithuania, the OECD recommended creating a framework to attract, develop, upgrade and retain skills that align more closely with labor market needs by strengthening firm-based learning, better balancing the attractiveness of firm-based and school-based learning, and benefiting from international firms' experiences with apprenticeship systems.

Citation:

Kuokštis, V., and R. Vilpišauskas. 2022. "Economic Adaptability in the Absence of Democratic Corporatism: Explaining Lithuania's Export Performance." *Politologija* 108 (4): 116-157. <https://doi.org/10.15388/Polit.2022.108.4>

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DOI: <https://doi.org/10.1787/910abee8-en>

Spain

Score 7

One of the RRP goals is to create "new policies for a dynamic, resilient, and inclusive labor market." Following this plan, the Spanish Strategy of Active Support to Employment 2021–2024 was approved, and in April 2022, a labor reform came into effect. The reform introduced stricter restrictions on temporary contracts, reducing temporary employment in the private sector, while increasing flexibility in employment contracts. This enables companies to efficiently mobilize and demobilize labor in response to fluctuations in the demand for their products and services.

During periods of short-term economic shocks, companies have the flexibility to suspend labor contracts or reduce working days, helping them navigate crises without costly redundancies. In cases where the challenges faced by a company are not linked to a temporary downturn in the business cycle but are caused by a more enduring shift in demand, a training plan for the affected workers must be formulated.

Law 3/2023, enacted on February 28, aims to transform the decentralized Servicio Público de Empleo Estatal (SEPE) into a state agency to enhance speed, agility, and flexibility in active labor policy. The law prioritizes job training, offering two types

of training contracts: alternation training, which combines paid work with training, and training for professional practice suitable to the level of studies.

Coordination and planning of employment policy between the Spanish Employment Agency and the public employment services of the autonomous communities is a priority. Local corporations, other public entities, and private entities involved in employment policy implementation will collaborate with the Spanish Employment Agency. The law also aims to improve the effectiveness of public employment services through continuous evaluation. The Civil Service Law adopted in December 2023 reinforces transparency and agility in selection processes and performance evaluation.

Citation:

Law 3/2023 of 28 February

United Kingdom

Score 7

Although the UK is known for having a flexible labor market, high employment rates, and low unemployment rates, a new challenge since the pandemic has been the rise in economic inactivity, reversing the trend of the previous decade. The most recent estimates from the Office for National Statistics show the inactivity rate is around 21%, with a markedly higher rate of 27% for the 50-64-year-old cohort. One of the main causes of the recent increase is a significant rise in long-term sickness, up by 474,000 since 2020.

The long-standing problem in the UK labor market is skills shortages. Despite numerous initiatives over the decades, UK employers continue to face skills gaps. The explanations are complex, but a report by the Institute for Fiscal Studies (IFS) finds that public funding for skills has fallen by 31% since its peak 30 years ago. The IFS also highlights the lack of coherent and consistent policies on skills, noting that “few areas of public policy have experienced as much turbulence and churn over the past two decades. Any future reforms must be weighed against the risk of adding to the policy instability and inconsistency which have plagued the sector.”

Following EU enlargement in 2004, the number of mobile workers from Poland, Lithuania, and other Central and Eastern European countries greatly exceeded projections. This flow reversed somewhat due to Brexit and the pandemic, although immigration from Commonwealth countries and, more recently, from Hong Kong and Ukraine has led to a higher net migration rate. The overall impact on the labor market has been mixed, as inward migration was often driven by humanitarian needs rather than economic factors.

A furlough scheme implemented early in the pandemic succeeded in stabilizing employment, which soon bounced back. However, vacancies reached record highs, exceeding unemployment rates from mid-2022 before falling somewhat in 2023.

The national minimum wage, now called the “living wage,” has been rising faster than average earnings or inflation since its introduction by the New Labour government in 1999. It is credited with reducing in-work poverty for the lowest-paid workers, although challenges remain, particularly in areas with high housing and transport costs. The most recent rise, announced in November 2023 for 2024, ensures that those on the living wage will again see relative gains compared to average earnings. An analysis of 20 years of the minimum wage by the Low Pay Commission, the statutory body responsible for recommending the minimum wage to the government, mentions several positive outcomes and states that it has not “found any strong evidence of negative effects.”

Citation:

https://assets.publishing.service.gov.uk/media/5c9e0e72e5274a527faae38a/20_years_of_the_National_Minimum_Wage_-_a_history_of_the_UK_minimum_wage_and_its_effects.pdf

<https://ifs.org.uk/news/adult-skills-spending-down-third-early-2000s-its-about-much-more-funding-levels>

United States

Score 7

The federal government has some capacity to shape the adaptability of the U.S. labor market to sustainability, but it is ultimately limited by the system of federalism. Nonetheless, some initiatives are worthy of comment. One is “Tech Hire” (Gertner 2015). This was a \$150 million program established by the Obama administration aimed at transitioning blue-collar manual workers to coding and other tech career paths, reducing reliance on polluting heavy industry as a source of blue-collar employment (Eyster et al. 2016). The Tech Hire program allocated grants to various initiatives, such as coding “boot camps” – intensive courses over a few months – to train individuals how to make computer code (Brock 2019).

Labor market policies are significantly shaped by labor law in the 50 different U.S. states. Some states, for example, have “right-to-work” laws under the 1947 Taft-Hartley Act. These laws allow beneficiaries of union-negotiated contracts to refuse to pay toward the union that negotiates those contracts, facilitating a free rider effect that diminishes private sector union membership.

It is notable that while public sector union density remains at about 1 in 3 public sector workers – similar to the levels reached during the heyday of American union density (peak density was about 35% of the non-farm workforce in 1954) – private sector density today is about 1 in 18.

Defenders of a flexible labor market, however, would praise such schemes for reducing the power of unions, who are associated with greater labor market rigidity (which is not always a bad thing) (Moody 2014).

Local governments can hinder labor market adaptability through their licensing practices (Kleiner 2000). For example, some localities impose rigid licensing rules on who can be certified as a taxi driver, hairstylist, or interior designer, which inhibits people's ability to switch careers (Gelhorn 1976).

Citation:

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Belgium

Score 6

The Belgian labor market is often described as rigid, partly due to its neo-corporatist structure. The tradition of social dialogue, strong labor market institutions, and a generous social model contribute to a notable lack of flexibility, according to employers' associations. The OECD, in its 2023 recommendations, criticizes the wage-setting mechanism, asserting that while it reduces wage inequality, it may impede job reallocation. The OECD advocates for using sector-level agreements to align wages more effectively with productivity at the firm level (OECD 2023). The European Semester points to low labor market participation and regional disparities as ongoing structural challenges (European Commission 2023). According to Eurostat data, Belgium's unemployment and labor market slack figures are below European averages, while employment rates lag behind at around 72%.

The previous right-wing government implemented measures aimed at stimulating labor market participation. These measures included gradually increasing the retirement age, restricting access to unemployment benefits, and reducing labor costs. Studies at the time, such as those by Bodart, Dejemeppe, and Fontenay (2019), suggested that the impact of these measures was relatively modest. Additionally, the efficacy of these reforms might be diminished, as unemployment insurance reforms tend to correlate with an increase in the number of individuals receiving disability benefits, as evidenced by De Brouwer and Tojerow (2023).

The advent of the COVID-19 crisis prompted a shift in the government's approach, leading to the implementation of measures designed to safeguard specific job categories. Workers were given government allowances or temporary unemployment benefits, similar to measures used during the 2008 crisis, which appeared effective both times. These actions demonstrate the state's capacity to preserve the labor market from short- to medium-term economic shocks.

The current government, formed at the end of 2020, articulated in its government agreement the ambition to achieve an employment rate of 80% without explicitly

outlining specific reforms. The agreement underscored a commitment to ongoing training initiatives, particularly through tax breaks for companies investing in employee training. Belgium's performance is mixed in this regard: on one hand, it consistently performs decently in continuing vocational training (which is a legal obligation), with 50.7% of employees reporting that their employer contributes to financing some training. However, only 10% of the adult population reports having participated in a continuing education program over the last four weeks, which is close to the EU average but significantly lower than figures in Sweden (34.7%), the Netherlands (26.6%), or Slovenia (18.9%). The European Semester stresses that current adult learning incentives may not effectively reach those who need upskilling the most, such as less-educated individuals and older workers (European Commission 2023).

Citation:

<https://www.lalibre.be/belgique/politique-belge/2023/09/30/pieter-timmermans-ce-quon-a-gagne-en-reformant-les-pensions-de-2010-a-2019-a-ete-largement-neutralise-par-tout-ce-qui-a-ete-decide-par-la-vivaldi-HGZEWS7MPFHLLMMR2VWHR YXWUQ/>

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European Commission. 2023. "2023 European Semester: Country Report – Belgium." Brussels. Available at: https://economy-finance.ec.europa.eu/publications/2023-european-semester-country-reports_en#details

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De Brouwer, O., and Tojerow, I. 2023. "The Growth of Disability Insurance in Belgium: Determinants and Policy Implications." *IZA Discussion Paper No. 16376*. <http://dx.doi.org/10.2139/ssrn.4541358>

Eurostata – Participants in continuous vocational training (CVT) courses by sex and size class – % of persons employed in all enterprises: https://ec.europa.eu/eurostat/databrowser/view/trng_cvt_12s/default/table?lang=en

Participation rate in education and training (last 4 weeks): https://ec.europa.eu/eurostat/databrowser/view/TRNG_LFSE_01__custom_4665066/bookmark/table?lang=en&bookmarkId=d88f7aa3-5cfa-4bfa-a913-3e92a647ee06

Data on the unemployment and employment rate in Belgium:

<https://ec.europa.eu/eurostat/cache/recovery-dashboard/>

France

Score 6

France has been characterized as a rigid labor market (Fougère and Kramarz 1997). Since 2017, the Macron administration has developed various policies aimed at making regulations more flexible, increasing professional mobility and creating a more fluid labor market. In this perspective, plans for professional training, both at the point of labor market entry and across a professional career, have focused on the development of professional skills. Adaptation plans have been made mandatory in case of major layoffs. A reform of the employment agency, renamed France Emploi in January 2024, is designed to place unemployed people in work more efficiently. Public benefit programs for unemployed recipients have been partially reduced to incentivize a return to work. However, the lack of resources has undermined the implementation of individual-level support. Focus is often placed on maintaining strict oversight of unemployed individuals rather than on making reintegration possible.

After the outbreak of the COVID-19 crisis, the danger of an economic breakdown and massive rise in unemployment led the government to substantially expand the existing – and modest – short-time work schemes. Together with massive and rapid support for businesses (tax cuts, financial aid, etc.), the measures successfully contributed to containing the development of mass unemployment. At the peak of the crisis, up to 8.4 million people working in 1.2 million companies participated in these short-time work schemes (UNEDIC 2022).

These policies have shown ambiguous overall results over time. The overall situation today is better than in 2016, before the Macron era. The employment rate has increased, the unemployment rate fell from 10.4% to 7.4% (2022), the youth unemployment rate fell from 24.5% to 17.3%, and the rate of involuntary part-time work has decreased. Nonetheless, France is still ranked in the lowest group of countries with regard to performance in this area (e.g., 26th out of 30 countries with regard to the unemployment rate).

Citation:

UNEDIC. 2022. “Activité partielle 2020-2021. Etat des lieux et perspectives.” Retrieved 5 February from https://www.unedic.org/storage/uploads/2023/07/24/ActiviteC3A920partielle20C3A9tat20des20lieux20et20perspectives_uid_64be79b2c0012.pdf

Fougère, D., and F. Kramartz. 1997. “Le marché du travail en France.” *Economie et statistiques* 301-302: 51-60.

Hungary

Score 6

Hungary has a flexible labor market, and the unemployed are urged to take up jobs quickly, as unemployment benefits are low and short-term. Consequently, the employment rate, which is above 80%, is higher than the EU average. Incentives to be mobile are therefore high. More than 30% of employees work in the public sector, the highest such figure among International Labor Organization (ILO) countries (ILO 2022). This is in part due to public work programs designed to quickly reintegrate people into the labor market after unemployment. In this system, also called a “workfare regime” (Szombati 2021), incentives are relatively low, and push factors are rather high. Act LXXVII of 2013 on Adult Education regulates lifelong learning, aiming to establish vocational training programs for groups disadvantaged in the labor market, especially low-skilled adults, to improve their employability. In 2018, a new law colloquially dubbed the “Slave Law” extended the cap on annual overtime from 250 to 400 hours, provoking protests and international criticism (Karasz and Kingsley 2018). In 2019 and 2020, significant changes were introduced to adult training (VET Act Act LXXX of 2019) (European Commission 2023), lifting adult training out of the public education system. The pandemic created several hurdles to implementing the new program, and the transitional period is ongoing.

The aim is to finance all adult training fully or partly through government or EU funds. To date, the numbers are not entirely encouraging. Tax rebate instruments are

available, and training grants for young parents are embedded in Hungarian family policy. However, the number of Hungarians using the programs is suboptimal; the country ranks in the lower third in the OECD comparison. In the EU comparison, the ratio of people aged 25 to 64 participating in adult training was 5.9% in 2021, compared to the 10.8% EU average (European Commission 2003a:63). Another issue is specific skills in the green transition. Labor shortages were reported in 31 occupations in this area (European Commission 2023a:14). During the pandemic, in 2020 and 2021, Hungary assisted companies by providing and extending wage cost subsidies by 90%. Wage subsidies for workers were provided, but were phased out after the pandemic. Several other instruments were also extended with the aim of stabilizing the labor market (NFSZ:4). Only public work schemes were reduced due to lockdowns. The programs reached around 360,000 persons in 2021, approximately 3% of the population, while programs addressing wages covered around 260,000 persons.

Citation:

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Ireland

Score 6

Policies and regulations in Ireland could better encourage and empower individuals to develop their skills throughout their working lives in response to changing labor market demands. Current policies weakly incentivize employer engagement and full employment limits uptake on some skills shortage initiatives. The National Skills Strategy (2025) established the National Skills Council and nine Regional Skills Fora, along with related governance arrangements. National responses are managed through SOLAS, the national training agency, and programs like Springboard, which offers third-level upskilling opportunities focused on skills shortages in sectors such as data and IT. However, the OECD (2023) has identified governance arrangements as complex and highlighted concerns about gaps in lifelong learning and skills imbalances across different sectors. While policies and regulations have helped firms absorb short-term economic shocks through short-time work schemes and employment or wage subsidies, as demonstrated during the pandemic, more is needed for a just transition. Ireland lacks a national employment service, and the targeted public employment service primarily focuses on social welfare recipients. Most workers and job seekers rely on private employment agencies, often sector-

specific, to enhance their mobility across firms, industries, regions and countries. Additionally, there is little adult career guidance beyond educational guidance.

Recent research commissioned by Skillnet Ireland (Siedschlag et al. 2022) found that developing new skills within the enterprise workforce is a top policy challenge for climate action. The research also noted that the demand for digital skills in Ireland's enterprise sector is not being sufficiently met. It proposed that tailored training programs are necessary for each sector and enterprise group.

Citation:

OECD. 2023. *OECD Skills Strategy Ireland: Assessment and Recommendations*. Paris: OECD Publishing. <https://doi.org/10.1787/d7b8b40b-en>

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Japan

Score 6

Japan has one of the lowest unemployment rates in the OECD (2.74% in 2022) and has one of the highest participation rates for men of working age. In recent years, the participation rate of women has increased rapidly, with Japan overtaking most countries in the G7. Moreover, Japan has mobilized an increasing number of elderly workers. This has helped keep the labor force stable, despite the fact that the Japanese working population has fallen by around 11% since 2000. The effects of the COVID-19 pandemic on the labor market were relatively mild. This suggests that employers and workers have overall adapted well to population aging and a shrinking workforce. The government has made it financially attractive for women to postpone retirement beyond 65. However, similar gains in worker mobilization seem unlikely without more migration – which has increased noticeably in recent years, but still remains comparatively limited.

Large Japanese companies generally recruit new employees from among fresh university graduates on an annual basis in spring, which does not encourage flexibility. Although many firms abandoned life-long employment and seniority wage systems during the period of economic stagnation in the 1990s, they are still common in big corporations.

A key concern regarding adaptability remains the dual labor market where so-called regular workers, especially in large firms, enjoy wide-reaching and continuous on-the-job training. Non-regular workers, including the large number of part-time workers who are often employed on a different contractual basis than regular workers, are usually excluded from training and upskilling. Hence, opportunities for non-regular workers to improve their skill levels and thus address labor shortages in certain sectors are limited. Wage profiles for the two groups of workers continue to differ considerably, which means the vast majority of non-regular workers remain in low-paying jobs throughout their working lives. Until recently, Japanese governments committed comparatively few resources to job training and placement.

Instead, commercial personnel agencies play a major role in recruiting workers and facilitating mid-career job changes. However, the 2018 Guidelines for Promoting Job Change and Re-employment Regardless of Age introduced basic principles for companies hiring people who change jobs. Meanwhile, a subsidy program for firms that establish pay schemes based on competence rather than seniority was also introduced in 2018. In 2020, it became obligatory for large companies to disclose their quotas for mid-career hires. These regulations have led to a gradual increase in the number of people who change jobs at the mid-career level. Corporations are also taking steps to make the very formalized hiring system for new recruits more fluid and flexible. This system makes it difficult for graduates who start in low-paying or non-regular positions to move into better jobs later, as these are typically reserved for graduates who succeed in the hiring process before graduation.

Citation:

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Nishimura, Itaru. 2020. "Wages in Japan Part III: Wages and Forms of Employment." *Japan Labor Issues* 4 (25): 22-25.

OECD. 2021. "Creating Responsive Adult Learning Opportunities in Japan, Getting Skills Right." Paris: OECD Publishing. <https://www.oecd-ilibrary.org/sites/0ea11b94-en/index.html?itemId=/content/component/0ea11b94-en>

Latvia

Score 6

In 2022, 61.8% of the population was of working age. The unemployment rate was 6.9% and has been steadily decreasing since 2015, when it was 9.9%. At the same time, the labor force is continuously aging and concentrating in urban areas. Sixty-eight percent of the population lives in urban areas where economic activity is concentrated and access to public services is better. Of the 1.3 million residents in the labor market, 55.4% are employees; the rest hold other labor statuses, such as employers, self-employed individuals, and part-time workers.

The government has prioritized the adaptability of the labor market and increased productivity. The "Growth and Employment" primary planning documents for the investment of EU funds include issues related to labor market adaptability. Latvia has developed a vast network of training courses for re-qualifying labor staff, supported by EU funding of €45 million. Between 2017 and 2023, it was expected to provide training for about 68,000 people over the age of 17 with no upper age limit, ensuring their integration into the labor market. This intensive and comprehensive training program complements the State Unemployment Agency's regular training for unemployed individuals. The extensive training network addresses both current labor market needs and future demands, such as digital skills and ICT skills. However, no ex post evaluation has been conducted yet to assess the effectiveness of the training.

Citation:

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Netherlands

Score 6

By conventional standards, the Dutch labor market is doing fine. In late 2023, 73.1% of the 15- to 75-year-old population had a paid job; 5.4 million (56.7%) people were working on the basis of fixed contracts, 2.7 million (27.8%) had a flexible contract, and 1.2 million (12.4%) were self-employed. These data show that the Dutch labor market is two-tiered, in that it separates (typically relatively older) “insiders” with significant job security and (older and younger) “outsiders” who are often “independent workers” lacking unemployment protections and having little to no job security. The OECD considers the Netherlands to be an outlier in Europe in terms of work flexibilization. The overall unemployment rate stood at 3.7%, while the youth unemployment rate was 8.8%. Both figures ranked easily in the top 10 among the OECD countries. In 2022 – 2023, 38% of companies indicated that labor shortages were the main obstacle to more production or operations. According to the Central Bureau of Statistics, growing labor shortages are due to the aging of the workforce; a preference for part-time work, especially among women; fast economic growth since COVID-19 crisis due to the sustainability transition and a severe housing shortage; a disconnect between labor supply and demand in terms of occupation, education and skills; and increased work pressure resulting in more sick leave (at 5.6%, of workers taking leave the highest level ever measured).

In 2022, half a million part-timers indicated they would like to work more hours, and would be readily available to do so. Enabling part-timers to work more hours is therefore often considered an obvious way to reduce staff shortages. The Flexible Working Act (formerly the Working Hours Adjustment Act) already allows employees to ask the employer to allow them to work more or fewer hours. This act stipulates that the employer must grant the employee’s request unless compelling business or service interests oppose it.

Ever since the 2018 advice of the Borstlap Commission, the government has paid lip service to the importance of lifelong development. The Rutte III coalition agreement included the goal of achieving a breakthrough in the field of lifelong learning. The government launched some programs in addition to the instruments developed by the business community. A personal lifelong learning budget (PLLB) became part of all

collective bargaining agreements. The Rutte IV cabinet continued this policy, creating a budget for training subsidies along with a scheme aimed at strengthening the learning culture in small and medium-sized enterprises. Unfortunately, monitoring and evaluation results of all these schemes show disappointing results.

Private employment agencies are not very helpful in realizing public goals like the shift from flexible to fixed-contract jobs, or from lower-skilled to the higher-skilled jobs needed for the sustainability transition. A 2020 Graydon study found that private employment agencies will facilitate job seekers' preference for employability over job security. Job placement organizations are increasingly shifting toward segmentation, which allows them to specialize in specific markets or job groups. This impedes rather than facilitates worker mobility across firms, industries or economic sectors. An important manifestation of such segmentation in private employment agencies is the way they specialize in different types of labor immigration to help fight labor shortages. In 2019, job placement agencies handled almost 260,000 labor migrants from EU/EFTA countries (mostly Poles, Romanians and Bulgarians) for low-skilled jobs in logistics, horticulture and the food industry (like meat-packaging, etc.). The number of highly skilled expats has grown from 7,760 in 2014 to 26,000 in 2023. Partially attracted by significant tax benefits, these workers have come from India, China and the United States to make up for the lack of technically and scientifically trained workers in the microchip industry (ASML) and the pharmaceutical sector and at universities.

In mid-February 2023, the Dutch Labor Inspectorate published an investigation into the functioning of the work and income system. The main conclusion: Vulnerable job seekers receive insufficient support; priority is given mainly to those already within the labor market. Unfortunately, the conclusions drawn by the Labor Inspectorate are not at all new. The same conclusions were drawn in 2008.

Citation:

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BRON: REKENKAMER23 MEI 2023

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Artikel 06 maart 2023

New Zealand

Score 6 Labor market institutions generally support, rather than hinder, the transition to an adaptive labor market.

Most fundamentally, New Zealand's employment laws include provisions that allow flexibility in work arrangements, such as part-time work, temporary contracts and flexible hours. New Zealand also offers social safety nets and unemployment support systems to assist individuals during job transitions.

New Zealand does not have a nationwide short-time work scheme like those seen in other OECD countries. However, during economic downturns or crises, governments have implemented various temporary measures to support employment and businesses, such as wage subsidy schemes or tax relief schemes.

Government agencies collect labor market data to assess trends, skills gaps and employment needs, aiding in informed policy decisions and targeted interventions. The government has also initiated programs to upskill and reskill the workforce to meet the evolving demands of industries. For example, the Labour-Green budget in 2023 committed \$27 million to growing New Zealand's digital workforce and increasing women's participation in the technology sector.

Challenges persist in fully transitioning to an adaptive labor market. Despite efforts in education and training, many sectors of the New Zealand economy and public services suffer from a shortage of skilled workers. Examples include freight and logistics (New Zealand Herald 2023), manufacturing and engineering (Tilo 2022), and healthcare (Hewett 2023).

It is likely that the mismatch between available skills and industry needs will persist under the recently elected National-led government. While the coalition under Luxon has announced a new visa policy to attract skilled tech workers, it has been criticized for its plans to scrap workforce development councils and de-establish Te Pūkenga, New Zealand's largest vocational education provider (Gerritsen 2023).

Citation:

Gerritsen, J. 2023. "Industry leaders worried at National Party plan to scrap Workforce Development Councils." RNZ, 8 September. <https://www.rnz.co.nz/news/national/497541/industry-leaders-worried-at-national-party-plan-to-scrap-workforce-development-councils>

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Poland

Score 6

The Polish labor market shifted to being employee-centered despite the 2022 economic crisis, achieving a record-low unemployment rate of around 5% (Polish statistics) or approximately 3% (Eurostat). This figure is the third-lowest in the EU. Since 2018, Poland has exceeded the national employment rate target for the 20 – 64 age group, set in the Europe 2020 strategy at 71%. However, the employment rate for senior citizens in Poland (8.9%) remains lower than the EU average of 10% in 2022. The overall situation in the labor market has resulted in a shortage of skilled workers across sectors, and is indicative of positive economic development.

Since 2004, Poland's law has promoted various aspects of employment as outlined in the annual National Action Plans. For 2023, the plan included vocational activation programs including internships, training, intervention work, public works, equipment reimbursement and one-time funding for startups.

The primary support mechanisms include intervention works and public works, which focus on unemployed manual workers. However, reports from regional employment centers indicate that fewer than 50 people participate in training programs each month. A significant challenge is the minimal involvement of occupationally inactive individuals. Additionally, the connection between health insurance and unemployment status diminishes interest in activation measures.

Employers must provide employee training, and training funds are employer-financed. Temporary employment agencies collaborate with large enterprises to meet short-term worker demand. Institutions involved in worker adaptation programs include public employment services, the Volunteer Labor Corps, employment agencies, counseling services, vocational guidance services and social dialogue institutions.

The war in Ukraine has caused an influx of over 2 million foreigners into the Polish labor market annually. Despite this, there is a lack of activities supporting their integration. The number of Ukrainian immigrants in Poland is decreasing, with less than 20% choosing to stay and work (under 700,000 in total) (Polska Agencja Rozwoju Przedsiębiorczości 2023).

Citation:

Polska Agencja Rozwoju Przedsiębiorczości. 2023. "Rynek pracy, edukacja, kompetencje. Aktualne trendy i wyniki badań (wrzesień 2023)." <https://www.parp.gov.pl/component/publications/publication/rynek-pracy-edukacja-kompetencje-aktualne-trendy-i-wyniki-badan-wrzesien-2023>

Portugal

Score 6

Portugal has achieved a consistently low unemployment rate in recent years, remaining below 10% even during the pandemic, with a rate of 6.1% in 2022 (PORDATA, 2023). Policies such as the simplified layoff scheme have contributed to this stability by helping companies manage short-term economic impacts. Furthermore, recent initiatives have been introduced to address contemporary needs and modernize the economic landscape.

Notably, the 2023 launch of the Green Skills & Jobs program aims to foster job creation in the context of accelerating the transition to energy efficiency. Additionally, the “Check-Training + Digital” measure supports workers’ development in digital skills through a €750 grant (IEFP, 2023). These programs are designed to promote employment retention, career advancement, skill enhancement, and preparedness for the digital transition across various sectors.

However, there is growing concern about structural unemployment in the near future. A misalignment is evident between company offerings and job market demands, particularly in light of rapid technological advances, including artificial intelligence. The disparity between current educational curricula and the evolving requirements of the workforce is apparent, with the level of workforce training deemed insufficient (Fundação José Neves 2023). From a business perspective, 48% of companies exhibit low digitalization, with less qualified workers and women underrepresented in digitally focused professions.

Recognizing that digitalization can enhance workers’ wages and boost company and national productivity, a funding initiative was launched in 2023 to support the digitalization of manufacturing and extractive industries. This initiative is backed by €60 million from the Recovery and Resilience Plan (RRP) (ECO, 2023). Additionally, the “Digital Commerce Accelerators” project was introduced to facilitate the digital transition of micro, small, and medium-sized commercial enterprises, accompanied by financial incentives for digitalizing business models. These efforts aim to adapt the Portuguese economy to the digital age, enhancing competitiveness and employment prospects.

Overall, Portugal’s labor market institutions are making strides in adapting to a changing economy; however, they face challenges in aligning workforce skills with evolving market demands and technological advancements.

Citation:

PORDATA. 2023. “Taxa de desemprego: total e por sexo (%).”
[https://www.pordata.pt/portugal/taxa+de+desemprego+total+e+por+sexo+\(percentagem\)-550](https://www.pordata.pt/portugal/taxa+de+desemprego+total+e+por+sexo+(percentagem)-550)

Fundação José Neves. 2023. “Estado da Nação: Educação, Emprego e Competências em Portugal.”
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Israel

Score 5

The main body responsible for vocational training is the Ministry of Labor. One of the ministry's official goals is to provide training for people over the age of 18 to reduce socioeconomic inequalities and improve productivity. Until recently, the budget for and scope of vocational training, which had always low by international standards, was declining over time. However, following the COVID-19 pandemic, it has increased significantly (Adva 2024). Nevertheless, over the years, vocational training has become a policy targeted at the lower classes rather than a tool to develop human capital.

Employees are not expected or encouraged to develop their skills during their careers. This is problematic due to the growing shortage of industrial workers in general and high-tech workers in particular. In addition to the Ministry of Labor, other ministries promoting vocational training include the Ministry of Education and the Ministry of Defense, which provides much of the practical training for prospective tech sector workers.

There is no comprehensive policy with specific roadmaps and goals for different sectors, resulting in loose coordination among organizations (State Comptroller 2021). Moreover, no single coordinating body is responsible for overseeing vocational training and ensuring it meets its goals. Most training is conducted by private organizations and, until recently, no entity matched existing training programs to industry needs. Many training programs are financed by vouchers provided to trainees. Furthermore, there is little oversight of the types of training these vouchers support and their usefulness for the economy or individuals. The main stakeholders are not involved in the vocational training process (State Comptroller 2021).

The existing situation does not facilitate mobility nor does it provide tools for employees to handle economic shocks. This was evident during the COVID-19 crisis. The vocational training policy also does not facilitate worker mobilization. There are no short-time work schemes to mitigate economic shocks. During the COVID-19 pandemic and the current war with Hamas, the government allowed employers to furlough employees, who were then able to claim unemployment benefits (Debowy et al. 2022). As a result, it appears that more working hours were lost and more employees were detached from their current workplaces.

Citation:

Adva Center. 2024. "Government investment in professional training (Hebrew)." <https://adva.org/he/vocational-training-budget/>

Debowy, M., Epstein, G., and Weiss, A. 2022. "The Israeli Labor Market in the Wake of Covid-19: An Overview." In *State of the Nation Report: Society, Economy and Policy 2021*, eds. Taub Center.

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Italy

Score 5

The first Conte government approved the *Reddito di Cittadinanza* law, guaranteeing a basic income to approximately two million people and providing procedures to help these individuals find jobs. The Draghi government slightly redesigned the minimum requirements for receiving this basic income, reducing the number of beneficiaries. However, the law's effectiveness in retraining the unemployed and helping them find jobs has been minimal.

The new Meloni government has drastically changed the Basic Income Law, making a key distinction between employable and unemployable individuals for entitlement to what is now called "income for inclusion." The law also provides for retraining programs and imposes more restrictive rules regarding job offers. Additionally, Meloni's reform offers financial incentives for those who employ recipients of the income for inclusion as well as NEETs (Not in Education, Employment, or Training). The effects of this reform can only be assessed in the coming years, but many observers doubt it will have the expected positive impact on worker activation.

The system of employment agencies in Italy, both public and private, remains inefficient in facilitating worker mobility.

Citation:

- <https://lavoce.info/archives/102081/boom-degli-occupati-ma-non-e-tutto-oro-quel-che-luccica/>

- <https://lavoce.info/archives/98492/politiche-attive-del-lavoro-il-punto-sul-programma-gol/>

- <https://lavoce.info/archives/100807/politiche-attive-per-gli-occupabili-lezione-inglese-sugli-errori-da-evitare/>

Slovakia

Score 5

Several reports have investigated the effectiveness of labor market policies and regulations in Slovakia. The most recent is the Value for Money Unit report, approved by the government in 2020 (Ministry of Finance, 2020: 30-32). The report states: "Slovakia's spending on active labor market policies (ALMP) is relatively lower than in most EU countries, and the effectiveness and efficiency of certain tools are lower compared to experience from other EU countries. Slovakia spends considerably less on demand-side (education and training) programs than the EU

average of over 40%. Better targeting of ALMPs could increase the number of unemployed candidates successfully placed in the labor market by nearly one-half.”

A recent academic study (Pisár and Mertinková, 2022: 96) offers a similar perspective: “Slovakia is the country with the 6th lowest funding of policy instruments (0.22% of GDP for active instruments; 0.55% of GDP in total). The funding structure of the instruments is 40.14% for active instruments and 59.86% for passive instruments, which does not meet European guidelines. Slovakia should direct its public spending from employment incentives to education support, as the effectiveness of employment support tools is highly debatable.”

Policies and regulations do not sufficiently incentivize employers to anticipate sustainability challenges in the labor market and invest in upskilling or reskilling their workforce. This was especially true during the pre-pandemic period when the labor market was not stressed by a lack of vacancies, and many companies had problems finding the needed workforce. Worker mobility across firms, industries, regions, and countries is supported by government schemes and employers, with the mobility benefit provided under the employment services law 5/2004 being the most visible tool.

The period following the publication of this report coincided with the COVID-19 crisis. During this time, the government focused on short-term measures to mitigate the economic shocks caused by the pandemic. Direct state instruments to support employment, particularly the compensation for part of employees’ salaries and short-time work schemes, increased the probability of employment retention.

Citation:

Pisár, P., and Mertinková, A. 2022. “Are Employment Policies Set Up Effectively? Case Study of Selected EU Countries and Slovakia.” *Transylvanian Review of Administrative Sciences* Special issue: 87-105.

Kišš, Š., Hronček, P., Mach, J., Nežinský, E., Sivák, T., Slobodníková, S., and Štefánik, M. 2017. *Spending Review of Labour Market and Social Policies: Final Report*. Bratislava: Ministry of Finance.

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Greece

Score 4

In 2022, Greece’s unemployment rate fell to 7.5%, a significant improvement from 16.4% in 2013. Despite this progress, Greece still has the second-highest unemployment rate in the EU, after Spain. However, the country’s promising economic growth prospects provide hope for further reductions in unemployment.

There are, however, troubling aspects of the unemployment profile. Greece ranks the worst among OECD countries for long-term unemployment (OECD 2022). The highest unemployment rates are observed among women, young people aged 15 to 24, individuals in the Thessaly region, and those with only a few years of elementary education (Eures 2023).

Youth unemployment is particularly alarming, with 31% of individuals aged 15-24 out of work – the highest rate in the OECD (2022). The gender employment gap is also the worst in the OECD, with only 56% of women aged 20-64 participating in the labor force, compared to the EU average of 69% (Eurostat 2023).

Greece's overall employment rate is relatively low, with only 66% of the population participating in the labor market, compared to the EU average of 75% (Eurostat 2022a). Part-time work is rare and often involuntary, while temporary work is uncommon. Policies promoting short-term employment to help firms adapt to temporary shocks are underdeveloped and likely unpopular, given that around 11% of workers are at risk of poverty or social exclusion, compared to the EU average of 9% (Eurostat 2022b).

The largest occupational groups in Greece are professionals (22.4% of the workforce) and service providers and salespersons (20.9%) (Eures 2023). Despite high unemployment, there is a skills mismatch, with unskilled and low-skilled labor in industry and the service sector, as well as highly skilled workers in ICT, in high demand. The education system has yet to align with labor market needs, and only 12% of people participate in job-related non-formal education and training programs, far below the EU average of 38% (Eurostat 2016). As a result, policies do not sufficiently encourage skill development in response to changing labor market demands.

Citation:

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and sex – EU-SILC survey," https://ec.europa.eu/eurostat/databrowser/view/ILC_IW01__custom_6420639/default/table?lang=en

Indicator

Policies Targeting an Inclusive Labor Market

Question

To what extent do existing labor market institutions support or hinder the transition to an inclusive labor market?

30 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = Labor market institutions are fully aligned with the goal of an inclusive labor market.
- 8-6 = Labor market institutions are largely aligned with the goal of an inclusive labor market.
- 5-3 = Labor market institutions are only somewhat aligned with the goal of an inclusive labor market.
- 2-1 = Labor market institutions are not at all aligned with the goal of an inclusive labor market.

Denmark

Score 9

There is currently near-full employment in Denmark, and employment levels exceed those before the pandemic. The Ministry of Employment finds that more individuals who have previously experienced long-term unemployment are today able to find jobs. Consequently, groups that have traditionally had difficulties securing stable employment now have better chances of finding a job. A key driver behind the increase in employment is higher employment rates among those aged 60 – 65 and immigrant workers.

The issue of young individuals not being in employment or education remains a significant challenge. Despite policy initiatives aimed at addressing the problem, more than 6% of youth between 15 and 24 years old are neither in education nor employment.

Employment rates among immigrants have also increased. The Economic Council of the Labor Movement (2023) estimates that the labor market participation rate among women with a non-Western background is now 7.4 percentage points higher than prior to the pandemic. The independent Economic Council also agrees that the Danish labor market is close to being at full capacity. The council has warned that the pressure on the labor market could have inflationary effects (Economic Council 2023). While labor market attachments have increased significantly in recent years, a gap of approximately 20 percentage points remains between ethnic Danes and immigrants with a non-Western background. This gap is partly explained by different levels of education between the two groups, but it might also be due to discrimination (Economic Council of the Labor Movement 2023).

Citation:

Economic Council. 2023. "Dansk Økonomi, efterår 2023." <https://dors.dk/vismandsrapporter/dansk-oekonomi-efteraar-2023>

The Economic Council of the Labor Movement. 2023. <https://www.ae.dk/the-economic-council-of-the-labour-movement>

Switzerland

Score 9

Switzerland combines a generous system of unemployment benefits with various active labor market policy (ALMP) measures. The latter were introduced in 1997. They aim at the (re-)integration of workers into the labor market, for example, through improved employment agencies and various courses. There is a strong emphasis on job-search activities, and the system offers incentives for the acceptance of new jobs.

A recent meta-analysis of previous evaluations concluded: "Depending on the form, participants and time of availability, a specific offer can be more or less effective. The fact that both positive and negative evaluation results are available for all types of [active labor market policy], signal[ed] a great heterogeneity in the effect.... The analysis shows, for example, that employment programs, coaching offers and interim earnings score above average in evaluations. In the case of basic programs and specialist courses, on the other hand, every second evaluation shows a negative result" (SECO 2018: iii). Hence, it is more appropriate to distinguish between various ALMP elements rather than drawing a general conclusion about Swiss ALMP as a whole (see in general Kluve 2010).

Even with regard to a single policy element, effects vary by groups of workers. A recent study of ALMP in the Swiss hotel industry found that participation in ALMP measures sends signals to prospective employers. They tend to become skeptical about applications by stronger candidates (such as those seeking a job as receptionist) if they participated in ALMP measures, while low-skilled candidates (such as those applying to be a room cleaner) were evaluated more positively if they had previously taken part in ALMP courses (Liechti et al. 2017).

In its recent Economic Survey, the OECD praised the achievements of Swiss labor market policy, in particular the active labor market strategies and the coordination and evaluation of decentralized actors by federal institutions. It also suggested that active labor market policies be further expanded, in particular via hiring subsidies and job-insertion allowances (OECD 2022: 86 – 88).

Switzerland's economy is close to full employment, and employers seek to attract new workers. Policymakers try to mobilize the working-age population to enter the labor market, thereby reducing reliance as much as possible on foreign labor recruitment. Arguably, the following elements are important in this regard:

- a) Some married couples (especially those with children) pay higher taxes than unmarried couples, as they are taxed jointly. This provides incentives either not to marry, not to enter the labor market or to limit labor market participation (i.e., to engage in part-time work) if the partner's income is sufficient. There are currently several political attempts underway to change this differential tax treatment (NZZ 6 May 2023).
- b) Wage tax is comparatively low in Switzerland (but varies considerably between municipalities and cantons), so the low general tax burden does not reduce the incentive to enter the labor market.
- c) Family policy in Switzerland lags behind the general development in rich European nations (Häusermann/Bürgisser 2022). Given the lack or high cost of childcare facilities, couples have to decide whether one partner (typically the woman) will stay at home looking after the children, or both will take up gainful employment with a large share of the additional income spent on childcare.
- d) Swiss labor market regulations follow to a liberal model that offers comparatively little job security for workers, but also contains some flexible rules. Among these is a high level of flexibility regarding part-time employment. Swiss employment rates are very high, particularly for women, due to a comparatively high share of part-time employment.

Switzerland has a very low youth unemployment rate, which is on par with the general unemployment rate. This is due to the efficient system of vocational training and other aspects of public education, as well as generally excellent labor market conditions. A number of policies and institutions help integrate unemployed young people into the labor market (SECO 2020, SECO n.d.). However, some categories of worker face specific labor market issues: Elderly working immigrants, such as those recruited in the 1950 through 1970s from Southern and Eastern Europe for low-skill jobs, experience precarious socioeconomic situations more often than nationals, and are at higher risk of an early exit from the market due to health issues often related to tough working conditions (Bolzman 2012).

Given the liberal labor market policy, public policies aimed at facilitating a work-life balance (e.g., through remote work) are very limited. It is up to the social partners to find appropriate rules for achieving this balance. During the pandemic, remote work has been generally established, and it has become widely accepted that employees will to some extent work at home if they want to, and if the job allows for such remote work.

Citation:

Claudio Bolzman. 2012. "Democratization of Ageing: Also a Reality for Elderly Immigrants?" *European Journal of Social Work* 15 (1): 97-113. DOI: 10.1080/13691457.2011.562018

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SECO (State Secretariate for Economy). 2020. Bericht. Arbeitslosigkeit 15- bis 24-Jährig. Bern: SECO. Accessed via <https://www.seco.admin.ch/seco/de/home/Arbeit/Arbeitslosenversicherung/arbeitslosigkeit/Jugendarbeitslosigkeit.html>, 2023 12 27.

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Australia

Score 8

Australia has a set of labor market policies in areas such as unemployment, training, and childcare designed to sustain an inclusive and dynamic labor market (Productivity Commission 2023). Means-testing and mutual obligation are important principles in this framework, informed by economic principles that emphasize calibrating incentives. While the overall performance of the labor market, especially low unemployment figures, suggests a high degree of success, policy settings in several areas may not be optimally aligned with the goal of creating an inclusive and dynamic labor market. The cost of childcare is an issue for many families, particularly impacting women. For many second-income earners in a family, there is little financial incentive to enter the labor force given the cost of childcare, additional taxation, and loss of benefits. The significant number of long-term unemployed suggests weaknesses in measures to integrate and support this cohort to re-enter the labor force (Hare 2023).

Despite these weaknesses, Australia is among the OECD countries with the highest employment-population rates, while earnings inequality is relatively low (OECD 2023). Together, these empirical features imply Australia has a policy environment conducive to an inclusive labor market.

Citation:

Productivity Commission. 2023. "5-Year Productivity Inquiry: A More Productive Labour Market (Inquiry Report – Volume 7)." Australian Government Productivity Commission. <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.pc.gov.au%2Finquiries%2Fcompleted%2F5-year-productivity-inquiry-report-volume-7>

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Czechia

Score 8

Czechia's low unemployment rate (2.7% in the third quarter of 2023, according to the ILO, compared with 2.2% in the previous year) suggests a broadly inclusive labor market. While there are regional differences, they are not significant and have declined over time. The highest rates are in areas with a strong reliance on declining traditional industries, especially coal mining – notably Karlovy Vary (3.5%), Ústí nad Labem (4.8%), and the Moravian-Silesian Region (4.0%) – while the lowest were in Plzeň (1.5%) and Vysočina (1.3%). The rate for Prague was 2.4%. Additionally, there is a group that reported a desire to work but did not qualify for the ILO definition of unemployed. If included, this group would add only 1.6 percentage points to the overall unemployment rate.

Areas with high unemployment also had higher numbers of long-term unemployed. Those unemployed for one year or more accounted for 28% of all unemployed. Few of these, among either men or women, were under 30 years of age, suggesting that the causes lie in outdated skills or age-related health problems. The disincentive effect of benefits paid does not appear to be significant. Unemployment benefits provide reasonable protection, but in all cases, they expire before one year, leaving the long-term unemployed dependent on other benefits that provide only a subsistence minimum. They may face foreclosure conditions for unpaid debts, which lead to confiscation of earnings and logically reduce the incentive to find work.

Efforts have been made to provide specific help to the long-term unemployed. A project running from 2019 to 2023, co-financed by the EU, aimed to increase employment levels and limit illegal work. It provides counseling and access to training and short-term employment possibilities. A report on its success has yet to be produced.

Seniors are incentivized to remain employed through tax benefits. Old-age pensions are not taxed up to the volume of 36 times the minimum income, meaning their incomes can be quite high before being taxed. The tax-free allowance for pensioners is the same as for all other workers. Additionally, new legislation in 2023 raised the minimum for early retirement to 40 years of insurance contributions, up from 35 years. Retirement age will also be set annually for people turning 50, based on the development of national life expectancy.

Following an EU directive of August 2019 on work-life balance and transparent working conditions, a new Czech law will take effect on October 1, 2023, with

certain provisions delayed until January 1, 2024. Key modifications include expanded employer information duties, electronic contracting options for labor transactions, rules for remote work, enhanced rights for parent employees, and relaxed formalities for the service of process. Notably, employees can request remote work, and refusal requires a specified reason. Remote work arrangements will require written agreements, with reimbursement rules for expenses incurred. Employers are advised to review and update their labor documentation to comply with the amended requirements.

Employers are required to provide appropriate working conditions for young people, ensuring tasks align with their physical and mental capabilities. Regulations prohibit juvenile workers from engaging in overtime, night work (except for brief educational purposes), or underground work in mining or tunneling. Individuals aged 15 and above who have completed compulsory schooling may be employed. Working hours for young people aged 15-18 are capped at 40 hours per week, with shifts not exceeding 8 hours. Regional branches of the Czech Labor Office oversee decisions regarding the employment of children, ensuring compliance with these regulations.

Citation:

https://eures.europa.eu/living-and-working/labour-market-information/labour-market-information-czechia_en

https://commission.europa.eu/system/files/2023-04/Czechia-CP-2023_EN.pdf

Act No. 281/2023 Coll., on the amendment of the Labor Code (Act No. 262/2006 Coll., as amended) and certain other laws

<https://www.czso.cz/csu/czso/cri/zamestnanost-a-nezamestnanost-podle-vysledku-vsps-3-ctvrtleti-2023>

<https://www.uradprace.cz/web/cz/podpora-zamestnanosti-dlouhodobe-vidovanych-uchazecu-o-zamestnani>

Estonia

Score 8

Recent labor market reforms have focused on enhancing the employability of disabled individuals as a means of expanding the labor supply and controlling social security expenditures. Young people, particularly those not in education, employment or training (NEET), have also been a key focus of active labor market policies. Several measures are available for employers that hire people with reduced work abilities, including wage subsidies, reimbursement of training costs and social insurance contributions by the Unemployment Insurance Fund (UIF), hiring support personnel, and adapting workstations. A special “My First Job” support package is available for employers who hire young people with little or no work experience.

A balanced “stick and carrot” approach is used for job seekers, who are required to actively seek employment, participate in training and fulfill an individual employment plan to avoid losing their benefits (LMMA 2024). Registered unemployed individuals can take mini-jobs (up to 40% of the monthly minimum salary) without losing their unemployment benefits.

The UIF provides modest seed money and consultations to start businesses and coordinates the provision of labor market training. The quality and efficiency of

training courses, however, have been subjects of criticism, prompting the government to revise labor market training provisions and set stricter rules regarding the quality and content of the courses.

The current government, which has been in power since March 2023, shifted responsibility for labor market policy from the Ministry of Social Affairs to the Ministry of Economic Affairs and Communications. This change has further increased the pro-work orientation of employment policy. The nudging approach formerly favored by the Ministry of Social Affairs is no longer on the agenda. The new Labor Market Measures Act (LMMA), passed in February 2023 and effective as of January 2024, clearly reflects this tougher orientation.

Work-life balance, such as through remote work arrangements, is regulated by the adoption of the EU Work-Life Balance Directive in 2021. The incidence of working from home significantly increased during the COVID-19 pandemic. In 2022, about one-third of employees aged 25 to 49 made use of such practices. Families with children, particularly mothers, are particularly prone to do so. Discussion of a possible Right to Disconnect Directive has not taken root in Estonia, but the Employers' Union (ETKL) has called this unnecessary overregulation.

Citation:

Praxis. 2022. "Nudging the unemployment beneficiaries back to work (in Estonian)" <https://www.praxis.ee/en/tood/nudging-unemployment-benefit/>

Praxis. 2022. "Impact of Subsistence Benefits and Debts on Labour Market Activity and Socio-Economic Coping." <https://www.praxis.ee/en/tood/subsistence-benefit-debt/>

Labor Market Measures Act. 2024. <https://www.riigiteataja.ee/en/eli/515112023002/consolide>

Finland

Score 8

A deep depression in the Finnish economy in the 1990s led to a rapid and dramatic increase in unemployment rates. While the employment situation gradually improved after this recession, unemployment again became a serious challenge following the global economic and financial crisis. Unemployment rates partially recovered after the COVID-19 era, but still remain higher than in the early 1990s.

Labor market disparities persist across demographic groups, with higher unemployment rates observed among youth, older individuals, men and those with lower education levels. While Finland allocates 0.86% of GDP to active labor market policies – nearly double the OECD average of 0.45% – challenges include underutilization of public employment services (PES), with only 44% of job seekers contacting PES in 2020.

Finland is known for its tradition of using active labor market policies to address the adverse impacts of economic crises on employment. The Finnish service repertoire for long-term unemployed individuals is geared toward individualized support and tailored to the needs of each claimant (Kangas and Kalliomaa-Puha 2015).

Immigrant claimants participating in activation measures or registered as jobseekers can be required to take a Swedish or Finnish language course. Young people below the age of 25 are obligated to apply for a secondary education study slot if they have not already completed this level of education. The policies and regulations in Finland combine accessible out-of-work benefits with active labor market programs to safeguard workers and improve the possibilities of finding a job.

These policies aim to incentivize groups to enter or reenter employment or increase working hours by addressing barriers to employment. Special policies target the proportion of young people not in employment, education or training. NEETs are not allowed to claim unemployment compensation if they have not completed a secondary degree or if they do not apply for a study place in an educational program leading to a secondary degree.

Policies and regulations that help workers achieve a work-life balance, such as remote work arrangements, are decided at the company level. Family reconciliation policies for families with children are set at the national level.

Citation:

OECD. 2023. Evaluation of Active Labour Market Policies in Finland, Connecting People with Jobs. Paris: OECD Publishing.

Norway

Score 8

Since 2001, Norway's social partners and public sector employers have maintained an Agreement on an Inclusive Labor Market, which is updated every three years. All parties have committed to reducing sickness absenteeism, increasing the participation of individuals with disabilities and/or low skills, and raising the average retirement age. The overall objective is to bolster the economic base for the welfare state by increasing labor force participation from all population segments and reducing dependencies on social security cash transfers.

Efforts to reduce temporary work absences have been largely successful in the private sector but not in the public sector. The average retirement age has increased from 64 to 66 years, while attempts to include more individuals with health or skills challenges have been less successful. The volume of active labor market measures, as an alternative to unemployment cash insurance, has remained relatively constant, providing training and supported employment to 70,000 – 80,000 people annually over the past decade.

In July 2023, a national program was introduced targeting individuals aged 16 – 30 who are not in education or work. These individuals are given the right to counseling and effective assistance to complete their education and secure a stable position in the labor market.

Citation:

Arbeids – og inkluderingsdepartementet. 2023. “Ny ungdomsgaranti i NAV fra 1. juli.” <https://www.regjeringen.no/no/aktuelt/ny-ungdomsgaranti-i-nav-fra-1.-juli/id2988480>

Minister of Labour and Social Affairs. 2019. “The IA Agreement 2019–2024.” https://www.regjeringen.no/en/topics/labour/the-working-environment-and-safety/inkluderende_arbeidsliv/ia-avtalen-20192022/the-ia-agreement-20192022/id2623741

NAV. 2024. “Alderspensjon.” <https://www.nav.no/no/nav-og-samfunn/statistikk/pensjon-statistikk/alderspensjon>

Slovenia

Score 8

In addition to active employment policy measures available to young people, several specific measures target unemployed youth. These measures range from the EU Youth Guarantee to various subsidies for employers who hire young or first-time jobseekers. Examples include employment subsidies, tax relief for employing these individuals, reimbursement of contributions for the first job (including for mothers with a child up to 3 years old), and subsidies for “green jobs” (this measure should be broader, as it is aimed at all people and not a single segment of the population).

Young people can also demonstrate their informally acquired knowledge, experience, or competences through formal assessment procedures to validate their qualifications for specific occupations. Upon completing the assessment, they receive a publicly valid certificate (National Vocational Qualification) or a certificate (Basic Qualification). The Employment Service offers to cover the assessment and certification costs as part of obtaining the National Vocational Qualification.

Citation:

Mlad.si. 2023. “Intervju z Blanko Rihter o zaposlovanju mladih.” <https://www.mlad.si/intervju-z-blanko-rihter-o-zaposlovanju-mladih/>

Statistični urad Republike Slovenije. 2024. <https://www.stat.si/StatWeb/News/Index/10717>

Belgium

Score 7

Belgian workers enjoy favorable working conditions, with average annual earnings per full-time employee ranking among the top 10 in OECD countries, according to the OECD Better Life Index initiative (OECD n.d.). During the recent inflationary crisis, workers’ purchasing power was maintained through a system of automatic wage indexation, which helped avoid an inflationary spiral. Consequently, inflation in Belgium remained in line with the OECD average (OECD 2024).

Belgium is also the only remaining EU member state to offer potentially unlimited unemployment benefits. While previous governments have tightened these benefits and implemented mechanisms aligned with active labor market programs, these measures may not have been sufficiently tailored, as some adverse consequences have been noted (De Brouwer et al. 2023).

A significant weakness of the Belgian labor market is its poor performance in integrating non-native and second-generation migrants. One main issue is the need for extensive linguistic skills: Belgium has three official languages, and a good command of English is also a major requirement in and around Brussels due to the presence of international institutions.

According to Eurostat, Belgium exhibits lower income inequality, reflected in a Gini coefficient below 0.25, and a lower risk of poverty or social exclusion (18.7%) compared to the EU average (around 0.3 and 21.6%, respectively) in 2022. The extensive redistribution and social safety net in Belgium rank the country among the top five OECD performers in terms of the lowest poverty gap after taxes and transfers, redistribution strength, and cash minimum-income benefits (OECD 2023).

Despite these achievements, challenges persist in the labor market performance of women and immigrants. High implicit tax rates on low-wage earners pose barriers for low-skilled second earners, who are typically women. Additionally, the OECD highlights limited participation in lifelong learning among low-educated, low-income groups, and individuals with disabilities, contributing to low employment rates and labor mobility (OECD 2023).

Citation:

- OECD. n.d. "OECD Better Life Index: Belgium." <https://www.oecdbetterlifeindex.org/countries/belgium/>

- OECD. 2024. "Inflation (CPI) (Indicator)." doi: 10.1787/eee82e6e-en

De Brouwer, O., E. Leduc, and I. Tojerow. 2023. "The Consequences of Job Search Monitoring for the Long-Term Unemployed: Disability Instead of Employment?" *Journal of Public Economics* 224: 104,929.

Gini coefficients : https://ec.europa.eu/eurostat/databrowser/view/ilc_di12/default/table?lang=en

Persons at risk of poverty or social exclusion by age and sex:

https://ec.europa.eu/eurostat/databrowser/view/ILC_PEPS01N_custom_9025298/default/table?lang=en

OECD. 2023. "Belgium." In *Economic Policy Reforms 2023: Going for Growth*. Paris: OECD Publishing.

DOI: <https://doi.org/10.1787/b5f1297c-en>

Graph on the public expenditure, as a percentage of GDP, on active and passive labor market policies in 2020:

<https://www.oecd.org/employment/activation.htm>

Canada

Score 7

Canada has anti-discrimination laws and employment equity policies at all levels of government, which have helped reduce overt barriers and increase the representation of women, minorities, and other groups in the workplace. Accessibility legislation has improved workplace accommodations for people with disabilities, while immigration policies aim to facilitate the integration of new immigrants into the labor force.

Minorities and women, however, claim persistent hiring biases and wage gaps still exist against marginalized groups despite these anti-discrimination laws.

Lack of affordable childcare in most jurisdictions limits labor force participation, especially among lower-income women. Quebec is a clear exception, and recent new

federal investments are likely to help improve access to affordable childcare in other provinces.

Finally, temporary foreign worker programs leave migrant workers vulnerable to abuse and workplace violations. The record number of temporary foreign workers who have moved to Canada since the end of the COVID-19 pandemic has become a major source of public debate.

Germany

Score 7

The German welfare state provides a generous level of support through a guaranteed minimum-income citizens' benefit for job-seekers (Bürgergeld). Bürgergeld and financial support for housing costs (Wohngeld) are also available for low-income workers. Income from work is offset against the Bürgergeld and Wohngeld, but not fully. In general, transfer recipients can increase their available income by taking up work. However, there is an ongoing debate about whether the often marginal increase in income is sufficient to create incentives to work. The debate has intensified after significant increases in the level of Bürgergeld due to the semi-automatic inflation indexation of the system. Low-skilled individuals are confronted with effective hourly wages (in terms of additional money compared to non-work) of just a few euros. This may effectively prevent the unemployed from sacrificing their leisure time for a very limited monetary return. Current studies propose reducing the margin by which work income reduces transfers to increase work incentives (ifo and zew, 2023). Other concepts suggest cutting back the generosity of transfers and/or increasing financial sanctions for transfer recipients refusing to take up a job offer (MDR, 2023).

The German labor market policies have always included a wide range of measures: activation and vocational integration, career choice and vocational training, special programs for taking up employment, participation of people with disabilities, and employment-creating measures (see for details GIB, 2020).

Young people receive special attention in all these measures and participate disproportionately in these programs. Moreover, some active labor market policies explicitly target young individuals, such as measures aimed at the beginning of occupational training. This may include special courses to prepare certain groups for their occupational training (GIB, 2020).

Germany has a developed welfare state with extensive regulations on regular and special-purpose unpaid holidays – such as for family tasks, illness, and care – working times, and work safety. Social partners also pay significant attention to continuously adjusting rules to match changing life realities and the possibilities of remote work. This creates a solid foundation for workers to achieve a work-life balance. The very low hours worked per capita – much lower than in most other

OECD countries – also indicate that workers in Germany have ample opportunity to spend their time outside of work.

So far, employers are not legally obliged to accept remote work. However, in many sectors, remote work has become the norm, and competition among companies for qualified workers supports this development. In 2022, 24.2% of workers regularly worked from home, which is double the pre-pandemic level (Destatis, 2024).

Citation:

Destatis. 2024. “Erwerbstätige, die von zu Hause aus arbeiten.” www.destatis.de/DE/Themen/Arbeit/Arbeitsmarkt/Qualitaet-Arbeit/Dimension-3/home-office.html

GIB. 2020. “Arbeitsmarktpolitische Maßnahmen.” G.I.B. Kurzbericht 1/2020: Statistik zum Arbeits- und Ausbildungsmarkt.

Ifo and ZEW. 2023. “Bürgergeld: Mehr Netto vom Brutto erhöht Beschäftigung.” www.zew.de/das-zew/aktuelles/buergergeld-mehr-netto-vom-brutto-erhoeht-beschaeftigung

MDR. 2023. “Union und FDP wollen Bürgergeld-Erhöpfung stoppen.” www.mdr.de/nachrichten/deutschland/politik/buergergeld-haushalt-debatte-finanzierung-100.html

Ireland

Score 7

The NESC (2023) highlights a cohesion challenge between the economy and society in Ireland, where some individuals face unemployment, poverty, weak labor-market attachment, low pay and job precarity, remaining only weakly connected to the enterprise economy. Ireland’s approach to ‘labor market activation’ pressures welfare claimants into sometimes low-paid employment. Despite near full employment, overall labor market participation is low, particularly among people with disabilities, migrants, ethnic minorities and women with children. The labor market is unequal and segregated, highly gendered and racialized, with significant intersectional inequalities affecting women of color, disabled women, migrant women, indigenous Traveller women and other ethnic minority women. Spatial and socioeconomic discrimination, coupled with class, increases the likelihood of experiencing poverty and inequality, even for those in employment. There is a commitment to raising the statutory minimum wage to a living wage, and family working payments are available, yet in-work poverty persists. The INOU (2023) notes young people’s vulnerability to low pay. Light-touch employment regulations combined with the lowest market wages in the OECD result in up to one-third of the workforce being low-paid, with many also facing precarious working conditions.

Policies and regulations in place include comprehensive out-of-work benefits and active labor market programs designed to safeguard workers and improve job prospects. The Commission on Tax and Welfare does not find considerable discouragement of employment; replacement rates are average and not problematic for single entrants. While measures can enhance incentives, issues often pertain more to specific groups (e.g., adults with large families, lone parents unable to access childcare, Travellers facing discrimination) rather than tax-benefit reforms and targeted in-work benefits. There have been policy changes in Apprentice and Trainee

programs, and the youth work experience program (internship) YESS targets NEETs. A range of work-life balance programs exist, and remote work is popular but unevenly facilitated and somewhat controversial with employees.

The livelihoods assessment in Ireland's Climate Change Assessment has noted a weak national understanding of livelihood opportunities, emphasizing the need for a long-term vision and strategic long-term policy (O'Mahony and Torney 2023). The assessment identified various knowledge and policy gaps affecting inclusiveness, including opportunities and capabilities, resilience, decent work, identity, income, equity, just transition and carer roles. It also stressed the need for enabling measures such as education, training, social protection and frontier innovations like universal basic services (UBS), universal basic income (UBI) and a shorter working week, as highlighted by Murphy (2023).

Citation:

NESC. 2023. Is Ireland Thriving? Answers from International Assessments. Report number 32.

INO. 2023. INOU Submission to Low Pay Commission: Subminimum Youth Rates of National Minimum Wage.

Dublin: INOU. https://www.inou.ie/assets/files/pdf/inou_ipc_submission_july_2023.pdf

O'Mahony, T., and D. Torney. 2023. "Transforming Livelihoods." Ireland's Climate Change Assessment 4 (6).

Murphy, M. P. 2023. Creating an Ecosocial Welfare Future: Making It Happen. Bristol: Policy Press.

Latvia

Score 7

Using a structured policy development approach, Latvia has created white papers for medium-term planning purposes. "The White Paper of Social Protection and Labor Market 2021–2027" addresses social protection for all employees, regardless of their labor status. Since 2021, the government has implemented changes to tax laws, including the introduction of a minimum amount of social contributions for employees, applicable regardless of their wages or the number of hours worked. This change negatively affected part-time employees, such as students, mothers with small children, retirees seeking additional earnings, and skilled employees in part-time employment.

Additionally, the tax burden on micro-enterprises has been substantially increased, the patent payment regime for self-employed persons has been abolished, and the tax regime for creative industries (royalty fees) has been revised to include increased social tax contributions. These tax-related amendments limit the inclusive potential of the labor market.

Social enterprises continue to develop and spread across various industries, including health, education, food processing, and technology, reaching 215 enterprises by early 2023. According to the Social Enterprise Law, established social enterprises play a crucial role in integrating labor markets.

The prevalence of remote work has accelerated following the COVID-19 pandemic. Maintaining a work-life balance largely depends on employees' time management

skills and company-level policies, as no national policies govern this area. According to national statistics, 10.5% of employees still work remotely in 2023, with remote work remaining popular in the IT, financial services, and research industries.

Citation:

Labklājības ministrija. 2021. "Socialās aizsardzības un darba tirgus politikas pamatnostādnes 2021.-2027.gadam." <http://polsis.mk.gov.lv/documents/7177>

Kesnere, R. 2021. "Atvieglājumu būs mazāk." <https://www.diena.lv/raksts/latvija/zinas/atvieglajumu-bus-mazak-14254534>

Asere, A. 2023. "Interesting Social Enterprises in Latvia." <https://labsoflatvia.com/en/news/interesting-social-enterprises-in-latvia>

LSM. 2023. "Attālinātais darbs arvien populārs; visvairāk ārpus biroja strādā vecākie speciālisti un vadītāji" https://www.lsm.lv/raksts/zinas/ekonomika/15.08.2023-attalinatais-darbs-arvien-populars-visvairak-arpus-biroja-strada-vecakie-specialisti-un-vaditaji.a520207/?utm_source=lsm&utm_medium=theme&utm_campaign=theme

Lithuania

Score 7

Labor market institutions are largely aligned with the goal of an inclusive labor market. According to the Law on Unemployment Social Insurance, anyone who has paid social insurance contributions for at least one year out of the last two and a half years can register at the Lithuanian Public Employment Service to receive unemployment benefits if they were not offered a suitable job or active labor market policy measures. Unemployment benefits are paid once a month over a period of nine months. The amount is calculated by including a fixed sum, which amounts to 23.27% of the minimum monthly wage, and a variable component, which is calculated as a share of the average monthly insured income. This share starts at 38.79% during the first three months, then declines to 31.03% during the fourth to sixth months, and further decreases to 23.27% during the seventh to ninth months (Lithuanian Ministry of Social Security and Labor, 2024).

Such a method of calculating unemployment benefits is intended to encourage an active search for employment opportunities. However, according to the OECD (2024), financial disincentives to returning to work in Lithuania have been higher than the OECD average. These disincentives are calculated as the percentage of earnings lost to either higher taxes or lower benefits when a job-seeker returns to work after two months of unemployment.

Additionally, the Lithuanian Public Employment Service aims to offer training and jobs for unemployed individuals to facilitate their return to the labor market. Despite these efforts, most labor market participants find jobs on their own, often during their studies. Since most young people who graduate from secondary school seek to enter universities and colleges, the proportion of young people who are not in education, employment or training has been lower than the OECD average.

There are also rules allowing for part-time jobs. Flexible work arrangements, including remote work, are often negotiated between employees and employers.

Citation:

Lithuanian Ministry of Social Security and Labor. "Unemployment social insurance" (in Lithuanian). <https://socmin.lrv.lt/lt/veiklos-sritys/socialinis-draudimas/socialinio-draudimo-ismokos/nedarbo-socialinis-draudimas?lang=lt>

OECD. "Dataset: PTR for Families Claiming Unemployment Benefit." <https://stats.oecd.org/viewhtml.aspx?datasetcode=PTRUB&lang=en>

Netherlands

Score 7

In a context of very low overall unemployment rates (between 3.5% and 3.8%) and significant labor shortages, the urgency of boosting inclusivity in the labor market is relatively less pronounced. As of 2021, 77.1% of women aged 15 to 65 not in school were employed, compared to 86.8% of in this category men. Both Dutch men and women ranked third in the EU in terms of net employment rates. While the average number of hours worked among women increased from nearly 27 hours per week in 2013 to 29.2 hours in 2021, the Netherlands continues to lead Europe with regard to part-time work. Nearly two in 10 employed men and almost seven out of 10 employed women had part-time jobs in 2021. Following the birth of a first child, many women opt to reduce their working hours, influenced partly by personal choice and partly by complex tax policies that make additional work less financially rewarding.

Over the past decade, the employment rate among young workers with a non-Western migration background (aged 15 to 25) has notably risen from 44% in 2011 to 59.5% in 2021, surpassing the growth among young people with a Dutch background. Notably, labor market participation rates increased significantly among young individuals with Turkish (58.9%) and Moroccan (76.7%) backgrounds. However, unemployment rates among young people with a migrant background remained higher in 2021 (15.4%) than was true among this group's native Dutch counterparts (7.5%).

More generally, the labor market for people of all ages with a non-Western migration background is notably noninclusive. Recent research, based on sending 20,000 fictitious cover letters to existing job openings, suggests that labor market discrimination is structurally ingrained and increasing. Efforts to tackle such discriminatory practices through policy or legislation have been largely unsuccessful.

Regarding incentives and policies to encourage labor market entry or increased working hours, particularly for young people not in employment, education or training, the Dutch government has only weak measures in place. The government's Early School Leave policy aims to: 1) reduce the annual number of school dropouts from 26,000 to a maximum of 18,000 by 2026; 2) assist early school leavers in returning to education; and 3) help young people in vulnerable positions transition to further education or find employment.

Currently, the government is developing new legislation to combat youth unemployment, focusing on providing adequate guidance and support to young

people who have not successfully entered the labor market to achieve economic independence. This includes extending the Regional Notification and Coordination (RMC) function to young people aged 23 to 27 without initial qualifications, and enhancing career guidance in secondary vocational education (MBO levels 1 and 2) both during and after training.

Citation:

CBS. 2022. "Emancipatiemonitor 2022." November 29.

Ministerie van OC&W. 2023. Voortgangsrapportage Emancipatie 2022-2023.

Rijksoverheid. n.d. "Aanpak voortijdig schoolverlaten."

De Beleidsonderzoekers. 2021. "Evaluatie Wet flexibel werken."

Onderzoek voor het Ministerie van SZW.

Kennisplatform Inclusief samenleven, De Winter-Koçak et al. January 2023. "De arbeidsmarktpositie van werkenden met een migratieachtergrond: wat is er tot nu toe bekend?"

Nederlands Jeugdinstituut. 2023. "Cijfers over jeugd met een migratieachtergrond."

Lancee, B. 2021. "Ethnic Discrimination in Hiring: Comparing Groups Across Contexts. Results from a Cross-National Field Experiment." *Journal of Ethnic and Migration Studies* 47 (6): 1181-1200.

New Zealand

Score 7

New Zealand's labor market institutions strive to facilitate the transition to an inclusive labor market.

There are legal frameworks in place to prevent workplace discrimination based on factors such as gender, ethnicity, age and disability. The government also invests in training and education programs focused on upskilling and reskilling to enhance employability. More specifically, targeted programs support groups facing employment barriers, such as Māori, Pasifika, people with disabilities and youth.

Despite these efforts, certain challenges persist in achieving full labor market inclusivity. Areas needing further attention include income inequality, disparities in access to quality education and higher unemployment rates among specific demographics. In particular, the labor market is not entirely inclusive for Māori and Pasifika. One indicator is that – compared to the average hourly pay rate of Pākehā (European NZer) men – Māori men earn 16.7% less, Pasifika men 22.9% less, Māori women 23.0% less and Pasifika women 24.0% less (RNZ 2022). One important reason for these pay gaps is that Māori and Pasifika workers are at least 10% less likely than other ethnicities to complete training or find work following the completion of their training (New Zealand Herald 2022).

Citation:

New Zealand Herald. 2022. "Thousands of Māori and Pacific Workers Needed to Fill Skills Gap – Report." November 10. <https://www.nzherald.co.nz/kahu/thousands-of-maori-and-pacific-workers-needed-to-fill-skills-gap-report/IDAJDSHTPREOVFJWQZGR4VKOCI>

RNZ. 2022. “Pay gap: report reveals gender, ethnic disparities.” 6 October. <https://www.rnz.co.nz/news/business/476170/pay-gap-report-reveals-gender-ethnic-disparities>

Portugal

Score 7

The IEFP (Instituto do Emprego e Formação Profissional), Portugal’s national public employment agency, offers various employment support programs for citizens and businesses. Its mission is to improve job creation and quality while reducing unemployment through active employment policies and professional training. These programs cater to diverse groups, including young individuals, those seeking to enhance their professional skills, and those at higher risk of labor market exclusion. To maintain eligibility for certain social benefits, beneficiaries must actively seek employment or engage in training sessions in collaboration with the IEFP.

A key objective of Portugal’s employment policy is to facilitate the entry of young people into the workforce, particularly those with adequate education and professional qualifications. To this end, specific programs like “ATIVAR.PT Internships” and “Active Youth Employment” have been developed, offering distinct approaches to youth employment (IEFP, 2023).

The actual results of these measures are mixed. Portugal has a comparatively low proportion of young people who are not in employment, education, or training (NEET), below the EU average and the EU target of 10% to be achieved by 2030 (Eurostat, 2023). Yet, youth unemployment remains very high – 19% in 2022 – and well above the EU average, unlike general unemployment. Moreover, this high youth unemployment would be even higher if not for elevated levels of emigration. A recent study found Portugal to have one of the highest emigration rates in Europe, particularly among the young, with over a quarter of people born in Portugal and aged between 15 – 39 residing abroad.

Also on a less positive note, Portugal ranks ninth out of 29 OECD countries in terms of financial disincentives for the unemployed to return to work at the national minimum wage. In some cases, accepting a job at the minimum wage could result in a loss of income exceeding 80% due to increased taxes or reduced benefits (OECD, 2023). Additionally, the OECD’s Going for Growth report from 2023 points out that resources allocated to active labor market policies and public employment services in Portugal are relatively low, suggesting a need for enhanced support in these areas.

Finally, in light of the changing work environment, especially post-pandemic, Portugal has updated regulations and rights for workers in hybrid work arrangements – a mix of in-person and remote work. This effort is part of the Decent Work Agenda, which aims to enhance working conditions and balance personal, family, and professional life for workers (Law 13/2023, DR 66/2023).

Citation:

IEFP. 2023. "Apoios." <https://www.iefp.pt/apoios>

Eurostat. 2023. "Young people neither in employment nor in education or training." https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Vis2-young-people-neither-in-employment-nor-in-education-or-training_260523.png

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Observatório da Emigração. 2023. Atlas da Emigração Portuguesa. Editora Mundos Sociais. Retrieved from https://observatorioemigracao.pt/np4/file/9573/Atlas_Emig_Port_EBOOK.pdf

OECD. 2023. "Economic Policy Reforms 2023 – Going for Growth." <https://www.oecd.org/publication/going-for-growth/2023>

Spain

Score 7

According to the OECD, the activation requirements for the unemployed are lower than in most other OECD countries. In December 2023, the government agreed to increase unemployment benefits for the first six months and make them compatible with employment. After the first six months, the subsidies are reduced to incentivize the unemployed to return to the labor market. However, the law was not passed by parliament on January 10, 2024, due to the planned cuts in unemployment benefits for those over 50. It will probably be resubmitted (Royal Decree Law 7/2023 of December 19).

To encourage and empower people to combine accessible out-of-work benefits with active labor market programs, unemployment benefits are compatible with grants and subsidies for attending vocational or on-the-job training or for training placements. In 2022 the Council of Ministers regulated the Minimum Basic Income (IMV) as compatible with income from work or self-employment, as well as grants and subsidies for attending vocational training, to improve the opportunities for social and employment inclusion for those who receive this benefit.

The OECD suggests that Spain's low female labor force participation rate may be attributed to existing tax disincentives for second earners. Unlike many OECD countries that employ individual-based income taxation, Spain offers joint declaration with reductions based on household income composition, which benefits single-income households but creates disincentives for second income earners.

The 2021 labor market law fostered the promotion of training for young people through financial incentives. Law 3/2022 creates an integrated system for vocational education, while the Law 3/2023 of February 28 on Employment implements instruments for active employment policies and a strategic plan for vocational training. Although participation in vocational training remains limited, it is increasing rapidly. Law 3/2023 also aims to promote equality between women and

men in access, permanence, and promotion in employment, as well as the reconciliation of personal, family, and working life. It includes measures aimed at facilitating geographical mobility and promoting recruitment in sectors of activity other than those in which individuals would normally have worked.

Law 10/2021 established a legal framework and guarantees for the extension and standardization of remote work.

Citation:

OECD. 2023. "Financial Disincentive to Return to Work (Indicator)." doi: 10.1787/3ef6e9d7-en

OECD. 2023. "Economic Surveys: Spain 2023." https://read.oecd-ilibrary.org/economics/oecd-economic-surveys-spain-2023_5b50cc51-en#page4

Sweden

Score 7

Despite slightly decreasing inflation from more than 10% at the end of 2022 to 3.5% in November 2023, Sweden experienced a mild recession in 2023, which is expected to end in 2024. The labor market withstood economic pressures, as unemployment rose slightly in 2023; a further modest increase is estimated for 2024 (Konjunkturinstitutet, 2023a).

In the first part of 2023, for the first time in many years, employment rates among people born outside Sweden have significantly increased, although the trend began just before the pandemic. While some of this increase can be attributed to data generation methods, the long-term trend is explained by a stronger labor market (Konjunkturinstitutet, 2023a). The employment rate for people born outside Sweden rose by four percentage points in 2022 alone (Konjunkturinstitutet, 2023b).

Strong incentives for education and comprehensive lifelong learning schemes contribute to a low NEET rate (6.8% in 2022, the second lowest rate in the EU) (Ekonomifakta, 2023). Finally, there is a debate to re-evaluate rules and regulations for working from home, which may further increase integration into the labor market.

Citation:

Ekonomifakta. 2023. "NEET – Utanförskap bland unga." <https://www.ekonomifakta.se/Fakta/Arbetsmarknad/Arbetsloshet/neet-utanforskap-bland-unga/>

Konjunkturinstitutet. 2023a. "Konjunkturläget." <https://www.konj.se/download/18.e8ef5d618c8082c058119f2/1706692715038/Konjunkturlaget-December-2023.pdf>

Konjunkturinstitutet. 2023b. "Utrikes föddas uppåtgående sysselsättning: Hur mycket förklaras av demografi?" <https://www.konj.se/download/18.5bab959718c38c02b1e6ddbe/1702382843572/2023-12-13%20Sysselsättning%20utrikes%20födda.pdf>

United Kingdom

Score 7

Following a review by the Commission on Race and Ethnic Disparities, published in 2021, the government launched its “Inclusive Britain” strategy, which outlines three priorities:

“To ensure that prejudice and discrimination have no place in our society,” with the added emphasis, “No exceptions. No excuses.”

To encourage equality of opportunity and ensure aspiration from all groups.

“Actively foster a sense of inclusion and belonging to the UK and our country’s rich and complex history.”

This rhetoric indicates the UK’s commitment to promoting the inclusion of marginalized groups and ethnic minorities. Policy initiatives across several governments have contributed to a social climate where discrimination, whether in the workplace or elsewhere, is increasingly seen as unacceptable. Most employers now adopt and regularly update diversity and inclusion strategies. There are also equivalent statements on fostering gender equality. However, ethnicity and gender pay gaps persist. Additionally, since the pandemic, the proportion of NEETs (people aged 15-24 neither in education nor employment or training) has edged upward.

A promise to “level up” disadvantaged parts of the United Kingdom was a cornerstone of the Conservative manifesto in 2019. A white paper in 2022 noted that while “talent is spread equally across our country, opportunity is not.” This was followed by an act of Parliament at the end of 2023. Proposals include actions and funding to boost skills, a reduction in the taper rate for Universal Credit from 63% to 55% (improving the incentive to work more, though it remains steep), and a “Lifetime Skills Guarantee” for England, given devolved competences. The act also proposes extending city deals to devolve power and provide substantial funding for Scotland, Wales, and Northern Ireland, although it is unclear how much of this funding is “new” money.

Critics, such as the Institute for Government, fear that the leveling-up agenda is too broad and lacks prioritization, while the National Audit Office doubts that projects will be completed on time.

Citation:

<https://www.gov.uk/government/publications/inclusive-britain-action-plan-government-response-to-the-commission-on-race-and-ethnic-disparities/inclusive-britain-government-response-to-the-commission-on-race-and-ethnic-disparities>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2012to2022>

United States

Score 7

Several key federal statutes foster an inclusive labor market. These include the Civil Rights Act of 1964 (and its successor acts) and the Americans with Disabilities Act of 1990. These laws prohibit discrimination against workers based on race, religion, sex, or disability. The Supreme Court has recently interpreted the Civil Rights Act to extend protections to gay and transgender Americans as well. The Equal Pay Act of 1963 and the Fair Pay Act of 2009 provide women with protection against pay discrimination in the workplace.

The federal government also funds active labor market programs (Bradley 2015). The Workforce Innovation and Opportunity Act of 2014 finances job training, education, and support services (Spaulding 2015). The U.S. Employment Service (USES), a federal agency created in 1933 by Franklin Roosevelt during the New Deal, provides counseling services, job search and placement assistance, and information about job opportunities to the unemployed (Guzda 1983). The aim of the USES is to match prospective employers with prospective employees (Balducchi et al. 1997).

The federal government's tax credit system aims to encourage labor market mobility (Liebman 1998). The Earned Income Tax Credit (EITC) offers increased benefits alongside earned income up to a certain level, rather than immediately diminishing (Hotz and Scholz 2001). The idea behind the EITC is to encourage unemployed individuals to seek employment, even in low-wage jobs, rather than rely on unemployment benefits (Meyer 2010). The child tax credit (CTC) is a federal benefit designed to alleviate some of the pressures of raising children and potentially encourage parents to remain in or enter the workforce (Goldin and Michelmore 2022). The CTC has been shown to reduce injuries and behavioral problems, especially for children of low-income parents (Rostad et al. 2020).

However, most employment law originates from state governments, and there is wide variation in these protections from state to state. Each state administers its own unemployment insurance program, although the federal government provides substantial funding to state governments for baseline provision (Chang 2019). Nonetheless, there is significant variation. In states like Massachusetts, Washington and Minnesota, an unemployed person could receive over \$1,000 per week in unemployment insurance. In Mississippi, Arizona and Louisiana, support could be less than \$300 per week (Hammermesh 2019). States have differing eligibility requirements in addition to the federal government's baseline eligibility requirements (Isaacs 2018).

Citation:

David Bradley. 2015. "The Workforce Innovation and Opportunity Act and the One-Stop Delivery System." Congressional Research Service.

Shayne Spaulding. 2015. "The Workforce Innovation and Opportunity Act and Child Care for Low-Income Parents."

Urban Institute.

Henry Guzda. 1983. "The U.S. Employment Service at 50: It Too Had to Wait Its Turn." *Monthly Labor Review*.

David Balducchi, Terry Johnson, and R. Mark Gritz. 1997. "The Role of the Employment Service." In *Unemployment Insurance in the United States*, eds. C. O'Leary and S. Wadner. Kalamazoo, MI: Upjohn Institute for Employment Research.

Jeffrey Liebman. 1998. "The Impact of the Earned Income Tax Credit on Incentives and Income Distribution." *Tax Policy and Economy*.

Bruce Meyer. 2010. "The Effects of the Earned Income Tax Credit and Recent Reforms." *Tax Policy and the Economy*.

VJ Holtz and JK Scholz. 2001. "The Earned Income Tax Credit." Working Paper 8078. National Bureau of Economic Research.

Whitney Rostad, Joanne Klevens, Katie Ports, and Derek Ford. 2020. "Impact of the United States Federal Child Tax Credit on Childhood Injuries and Behavior Problems." *Children and Youth Services Review*.

Jacob Goldin and Katherine Michelmore. 2022. "Who Benefits from the Child Tax Credit?" *National Tax Journal*.

Daniel Hammermesh. 1979. "Unemployment Insurance and Unemployment in the United States." *Policy Studies*.

Kateline Isaacs. 2018. "Unemployment Insurance: Consequences of Changes in State Unemployment Compensation Laws." Congressional Research Service.

Yu-Ling Chang. 2015. "Unequal Social Protection under the Federalist System." *Journal of Social Policy*.

Austria

Score 6

Out-of-work benefits are easily accessible, and there is an established system designed to allow people to acquire new qualifications and skills and find a job. However, the high share of long-term unemployed people – nearly one-third of all unemployed – points to the limits of this regime.

Critics have further pointed out that a lack of infrastructure in some regions makes it extremely difficult to maintain or re-enter the labor market while also managing family-related responsibilities, which particularly affects women.

Youth unemployment has been a persistent issue. In Austria, approximately 140,000 young people aged 15 – 29 fall into the category of NEETs – those not in education, employment, or training. About half of this group is actively seeking employment rather than simply being inactive. However, by international standards, the proportion of Neets in Austria is quite low (see the 2023 OECD "Education at a Glance" report). Additionally, the percentage of unemployed individuals with disabilities has continuously increased, reaching the highest level on record.

Overall, the ÖVP-led governments since 2017 have been criticized by trade unions for putting increasing pressure on various types of unemployed individuals rather than investing in supportive measures.

Regional imbalances in labor supply and demand play a role. Jobs in the tourism industry in the west often cannot be filled by the unemployed in the east (Vienna). This issue particularly affects young people and individuals with a migration background or refugees, who predominantly settle in Vienna.

Citation:

<https://www.behindertenrat.at/arbeitsmarkt/>

<https://fm4.orf.at/stories/3037633/>

https://www.ots.at/presseaussendung/OTS_20230629_OTS0134/langzeitarbeitslose-menschen-gezielt-unterstuetzen-statt-mehr-druck-ausueben

<https://kurier.at/politik/inland/behinderung-ams-rauch-kocher-arbeitsunfaehigkeit-schulungen/402495039>

<https://kurier.at/wirtschaft/warum-viele-jugendliche-weder-arbeiten-noch-eine-ausbildung-machen/402609971>

<https://www.oecdbetterlifeindex.org/topics/work-life-balance/>

<https://doi.org/10.1787/e13bef63-en>

France

Score 6

Unemployment benefit policies have generally been seen as relatively generous. This issue has often been drawn into the political sphere, with people accusing institutions of providing assistance rather than insurance. Various programs have been set up to facilitate job transitions. President Macron has sought to simplify rules in order to increase flexibility and mobility in the labor market.

On the one hand, the government has enhanced regulations at the company level and given small and medium-sized firms more flexibility in adjusting their workforces. On the other hand, measures have removed barriers to employment, for instance by creating enhanced and strengthened job training schemes, lowering benefit levels for unemployed people, and instituting stricter conditions for out-of-work benefits to encourage quicker returns to employment. These efforts align with reforms to the French Employment Agency (renamed France Travail as of January 2024), which aim to enhance employment placement by improving coordination between various local, state and private actors. Various regulations aim to incentivize employment and increase the number of hours worked. This approach is exemplified by the “employment bonus,” which targets individuals with low salaries and is received as a complement to income. Working hours beyond contracted hours are also defiscalized, and firms have the option to distribute specific yearly bonuses subject to low tax rates (Leite 2020).

Two groups face disproportionate barriers to employment. Among younger people (Berthet et al. 2021), barriers to employment for school leavers are particularly high because of the deep mismatch between the public general schooling and vocational training systems. This is a key contributor to the high unemployment rate among young people. For this reason, the Macron administration has invested substantially in the generalization of vocational training at all levels of education. The number of apprenticeship contracts has risen significantly in recent years, to more than 1 million (October 2023). Yet this policy has mostly benefited individuals with relatively high education levels – for instance, who hold upper secondary qualifications. For young students and workers with lower-level qualifications, apprenticeships are much more difficult to access. The unemployment rate among

young people aged 15 to 24 has dropped from more than 25% (2016) to 17.3% (2022), but this is still one of the highest such unemployment rates within the OECD. Specific policies also seek to reduce school dropout rates, with limited success.

Another group experiencing barriers to saving and to getting back to work is elderly people. Even though the share of people aged 55 to 64 in employment has risen steadily in recent years (56.9% in 2022), it is still below the EU average (62.4%). In November 2023, President Macron set the objective of reaching 65% by 2030. Most of the problems are linked to working conditions and workforce policies within companies. The government has invited labor unions and employers' associations to discuss and agree on measures in line with this objective. He has promised that the agreement struck via this process could be transformed into law. Negotiations were expected to begin in 2024.

The COVID-19 pandemic also presented an opportunity to significantly change the work-life balance for white-collar workers. While the 35-hour workweek institutionalized such change for blue-collar workers, COVID-19 has generalized remote work for many professionals. However, debates are ongoing as to whether this can continue in various firms, as deserted workplaces seem to trigger various issues with regard to labor organization.

Citation:

Berthet, T., Longo, M. E., Bidart, C., Alfonsi, J., and Noël, M. 2021. "Les rapports au travail des jeunes en situation de vulnérabilité." Rapport de l'INJEP. https://injep.fr/wp-content/uploads/2021/03/rapport-2021-04-Travail_Jeunes_vulnerables.pdf

Cour des comptes. 2021. "L'insertion des jeunes sur le marché du travail. Les enjeux structurels pour la France." <https://www.ccomptes.fr/fr/documents/58116>

DGAS. 2022. "L'insertion par l'activité économique."

état des lieux et perspectives. Décembre 2022. Retrieved from https://www.igas.gouv.fr/IMG/pdf/2022-048r_iae.pdf

Leite, MD. 2020. "Les réformes récentes du code du travail au Brésil et en France : une analyse comparée." *Sciences humaines et sociales* 18.

Poland

Score 6

The cost of living in Poland is increasing, forcing workers to seek full-time employment in order to earn the minimum wage. In 2020, only 12% of employed individuals worked part-time. However, recent measures such as a minimum wage increase and the introduction of tax relief have helped boost workers' incomes. Starting January 1, 2023, the minimum wage was PLN 3,490.00 gross, rising to PLN 3,600.00 as of July 1, 2023. As of January 1, 2024, the minimum wage reached PLN 4,240.00 gross. Additionally, eligibility for social insurance provides workers with the opportunity to benefit from social security benefits.

The government has also introduced various incentives for young people. Through the so-called Polish Deal, the state implemented tax relief for young individuals, exempting those under 26 from income tax on earnings from work or commissions. The Young People on Start program was also directed toward this group. Given the

demographic shift, with a rising share of the population reaching retirement age, the state is seeking to encourage young individuals to work. This is a crucial goal as the number of individuals contributing to social security decreases. While young people could benefit from subsidies for training or studies, this often involves an employment contract with a specific company, which can prove burdensome for those unwilling to commit to additional agreements.

Currently, only one in 10 Poles (10.9%) aged 15 – 29 is neither working nor studying. This is the best result in the country's recent history and surpasses the EU average. In 2021, at the onset of the pandemic, this percentage increased to 13.4%, but 2022 brought a significant improvement (Eurostat 2023). The shift was influenced by changes caused by the pandemic, particularly remote learning and work opportunities. Young people were thus able to benefit from education and training without incurring additional costs such as accommodation or commuting.

The work-life balance directive in Poland was introduced through an amendment to the Labor Code in July 2023. The directive includes extended parental leave, with a focus on the child's father, who is now entitled to nine weeks. Additional caregiving leave allowances and regulated remote work opportunities are also intended to help maintain a balance between work and private life.

Citation:

Eurostat. 2023. "Statistics on Young People Neither in Employment Nor in Education or Training." https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Vis2-young-people-neither-in-employment-nor-in-education-or-training_260523.png

Slovakia

Score 6

There is an ongoing discussion in Slovakia about how effectively policies and regulations combine accessible out-of-work benefits with active labor market programs to safeguard workers and improve job prospects. No final consensus has been reached. Few policies and regulations exist to incentivize people to enter employment or increase working hours; most target women with children (the National Action Plan for Employment of Women for the Years 2022–2030 was recently adopted). The proportion of young people not employed, educated, or trained is marginal and is addressed especially by the ongoing educational reform.

The legal system provides sufficient space for employers to help workers achieve a work-life balance. The main instrument is collective contracts signed between the employer and the representatives of employees. These contracts define a concrete set of benefits, including the rules for remote work arrangements. The scope and scale of such benefits differ case by case.

A specific problem in Slovakia is the long-term unemployment of marginalized groups, which governmental policies insufficiently address. According to Kahanec et

al. (2020), almost half of the Roma households in Slovakia declare themselves unemployed (the highest number in the region). Kahanec et al. (2020) state: “The most important ALMP program in relation to Roma integration appears to be public works schemes (Activation Work Programs), since almost half of the unemployed Roma participate in these programs. They focus on jobs in the public sector to help the unemployed maintain basic work-related skills and last between 6 to 18 months, during which a lump-sum benefit is received. Benefits from public works schemes are often the only available income of Roma. However, studies show that these programs do not provide relevant skills for the participants who are unable to escape the unemployment trap and find a job on the open labor market.”

Citation:

Kahanec, M., Kováčová, L., Poláčková, Z., and Sedláková, M. 2020. The Social and Employment Situation of Roma Communities in Slovakia. Brussels: European Parliament.

NÁRODNÝ AKČNÝ PLÁN ZAMESTNANOSTI ŽIEN NA ROKY 2022 – 2030.
https://www.employment.gov.sk/files/sk/ministerstvo/spolocny-sekretariat-vyborov/vybor-rodovu-rovnost/dokumenty-udalosti/nap_zamestnanosti_zien_22-30.pdf

Greece

Score 5

Policies in Greece do not effectively integrate out-of-work benefits with active labor market programs to protect workers and enhance job prospects. Labor market policies remain largely passive, with education and training inadequately aligned with labor market shifts.

However, there has been a policy shift in this area. In January 2024, the parliament passed a new law on vocational education and training. This law restructures the previously fragmented vocational education landscape. Post-secondary vocational training and education schools (IEK) will be more closely aligned with local and sectoral labor market needs. Within secondary education, vocational high schools and training centers are being integrated into new units called “Centers for Vocational Training and Education” (KEEK). These centers will be equipped with laboratories and career offices, and their curricula will better integrate practical work experience with firms. Additional state funding will also support vocational education and training.

There are relatively few disincentives for the unemployed to return to work. Although returning to work may result in higher taxes or lower benefits, these levels are below the OECD average (OECD 2021).

Greece has reformed its public employment service, DYPA, which was established in 2022 as the successor to the outdated OAED agency. DYPA is better organized than its predecessor, providing services that facilitate worker mobility across firms and industries. However, it is still too early to fully assess its efficiency.

Greece has a higher-than-average percentage of youth not in employment, education, or training (NEET) compared to other OECD countries (OECD 2023). This is largely due to the underdeveloped vocational education and training system, which is associated with lower earnings and social status, making it unpopular.

During the COVID-19 crisis, policies and regulations helped workers achieve a better work-life balance through remote work arrangements. However, after the pandemic subsided, work-life balance efficiency declined due to factors such as long commutes in major cities, frequent traffic congestion, and a culture of mistrust between employers and employees regarding commitment to work and actual working hours.

Citation:
OECD. 2021. “Financial disincentives to return to work.” <https://stats.oecd.org/viewhtml.aspx?datasetcode=PTRUB&lang=en>

OECD. 2023. “Youth Not in Employment, Education, or Training (NEET).” <https://data.oecd.org/youthinac/youth-not-in-employment-education-or-training-neet.htm>

The new law on vocational education and training, adopted in January 2024, is Law 5082/2024.

The website of DYPA is <https://www.dypa.gov.gr/>.

Law 4921/2022. 2022. Vol. 4921, sec. 2022.

Israel

Score 5

Israel’s earned income tax credit program aims to encourage unemployed individuals to participate in the labor market. The program provides benefits to low-paid employees who participate more in the labor market. The National Insurance Institution and the Bank of Israel (the central bank) monitor the utilization of the program and its effects on labor market participation. Over the years, the process for receiving income tax credits has been improved and the benefits received have increased, enhancing the program’s effectiveness.

Labor market participation is particularly low among Arab women and ultraorthodox men. For Arab women, various programs, including vocational training, are promoted by non-governmental and governmental agencies. Although the employment rate of Arab women increased to 41% in 2023, it remains low compared to Jewish women. The current programs are insufficient to address gaps in human capital and do not tackle infrastructural barriers, such as the need in Arab villages for effective public transport (Knesset Research Center, 2023).

The government implements various programs, including vocational training, to increase the employment rate of ultraorthodox men. However, despite significant investment in this area, progress remains limited. One of the main reasons for this

lack of progress is that ultraorthodox men can avoid being drafted into the army if they remain in the Yeshiva until age 26. This policy disincentivizes ultraorthodox men from participating in the labor market. Moreover, the government does not mandate the teaching of basic skills, such as mathematics and English, in ultraorthodox schools for boys. Consequently, students in the ultraorthodox school system often lack essential workplace skills (Knesset Research Center, 2022).

Women working in the civil service are eligible to work one hour less if they have children under age five and are employed full time.

In addition, following the COVID-19 pandemic, the civil service issued a directive that allows employees to work remotely several times a week and complete extra hours remotely. While this directive should improve work-life balance, it applies only to workers directly employed by governmental bodies, as a result its effect is limited.

Citation:

Knesset Research Center. 2023. "Information on the implementation of programs to promote the employment of Arab women." https://fs.knesset.gov.il/globaldocs/MMM/cb8b7263-3a99-ec11-8148-00155d082403/2_cb8b7263-3a99-ec11-8148-00155d082403_11_20137.pdf

Knesset Research Center. 2022. "Employment of Ultraorthodox Men." https://fs.knesset.gov.il/globaldocs/MMM/08a5e3e2-3cd1-ec11-8147-005056aac6c3/2_08a5e3e2-3cd1-ec11-8147-005056aac6c3_11_19536.pdf

Italy

Score 5

Italian active labor market policies are weak. Despite having the highest number of NEETs among young people in the EU, second only to Romania, the policies to address this issue remain ineffective. National policies to incentivize hiring appear only partially effective, hindered by a structural mismatch between labor supply and demand that current government policies cannot address.

The NRRP aims to tackle this problem with approximately 124,000 projects expected to contribute to the social and economic development of younger generations. However, the impact of these projects is not yet measurable. As noted in the previous section, institutional arrangements in the labor market in Italy remain weak in improving job-finding opportunities.

Citation:

Ministero del Lavoro. 2023. "Guida agli incentivi." <https://www.lavoro.gov.it/documenti/incentivi-assunzione-set2023.pdf>

iNAPP. 2023. "Rapporto annuale 2023." https://oa.inapp.org/xmlui/bitstream/handle/20.500.12916/4117/INAPP_Rapporto_2023.pdf?sequence=1&isAllowed=y

Japan

Score 5

The gap between regular and non-regular workers in Japan has been a great concern for many years. After a phase of labor market deregulation until about 2007, various governments have taken steps to narrow the gap between both groups, such as by increasing social security coverage and strengthening legal provisions on the principle of “equal pay for equal work.” Whereas previously legal rules often only asked employers “to make a credible effort” to ensure equal treatment, Japanese labor law now entails provisions that make employers partially liable for non-compliance.

This has led to some improvements, but wage gaps remain entrenched, and Japan still has a considerable gender wage gap. Japan has the lowest youth unemployment rate among the OECD countries (10.84% in 2022). Still, the Japanese labor market poses considerable challenges to young people. The practice of simultaneously hiring fresh university graduates discriminates against those who do not attend university or graduate from a foreign university. Working times for regular male employees are still among the world’s highest – which makes it difficult for many men to undertake a share of domestic tasks in households where both the husband and wife work (which is the norm in Japan). This limits the ability of many women to increase their working hours and seek better-paid jobs. Ninety percent of all part-time workers, who rarely move up the career ladder, are women. Prime Minister Abe Shinzō (2012 – 2020) promoted the active labor market participation of women by increasing the number of childcare centers. The current government under Prime Minister Kishida has announced a further expansion, which is supposed to put Japan ahead of Sweden. At the time of writing, legislation entailing JPY 3.6 billion for this purpose was due to be introduced into the Diet.

In recent years, several Japanese governments have also tried to improve the inclusiveness of the labor market by reducing working hours. The 2018 Act on the Arrangement of Related Acts to Promote Work Style Reform limited allowed overtime work to 45 hours per month and 360 hours per year, and introduced penalties for violating the new rules. In 2020, JPY 65 billion was devoted to a three-year plan to promote the advancement of the “employment ice age generation” (people who entered the labor market during the economic stagnation from the early 1990s to the mid-2000s) to regular jobs.

Citation:

OECD. 2021. “Creating Responsive Adult Learning Opportunities in Japan, Getting Skills Right.” <https://www.oecd-ilibrary.org/sites/0ea11b94-en/index.html?itemId=/content/component/0ea11b94-en>

“Japan to boost child care spending to match Sweden.” *Kyodo News*, June 1. <https://english.kyodonews.net/news/2023/06/527c2e8ba284-japan-to-boost-child-care-spending-to-match-sweden.html>

Otsuki, Kensuke, and Shota Asao. 2018. “Act on the Arrangement of Related Acts to Promote Work Style Reform.” *Labor and Employment Law Bulletin* 40, July. https://www.amt-law.com/asset/pdf/bulletins9_pdf/LELB40.pdf

Sim, Walter. 2020. "Japan Takes Steps to Help Those Trapped in 'Employment Ice Age'." The Straits Times January 1. <https://www.straitstimes.com/asia/east-asia/japan-takes-steps-to-help-those-trapped-in-employment-ice-age>

Hungary

Score 4

Ideologically rooted policies pushed by the government hinder the development of an inclusive labor market. This has included a reluctance to address the gender pay gap, anti-migration policies and a lukewarm commitment to integrating Roma more fully into the labor market. Against the background of an aging society, a new program launched in January 2024, the Workplace Generational Transition Program, aims to facilitate the transfer of knowledge and skills from experienced pre-retirement employees to young people beginning their careers. Moreover, since 2021, personal income tax (PIT) for those under 25 has been waived if their salary does not exceed the gross national average income of the preceding year (PwC 2024). In 2023, Hungary adapted its legislation to open the labor market to non-asylum-seeking "guest workers" who can stay and work in Hungary for up to three years, with the chance to resubmit their applications afterward. The gender pay gap in Hungary is severe, and despite improvements in women's employment rates in the 2010s, the COVID-19 pandemic induced a backlash. With regard to the Roma population, average educational attainments that are lower than the national average and a very low rate of white-collar employment make qualification a central issue. As the labor market modernizes and more demanding jobs arise, qualification becomes crucial. Since 2014, the numbers have improved, but the pandemic also induced a backlash here. Still, employment rates among Roma in Hungary are Europe's highest within this population, and the gap with respect to the national average is much lower than in neighboring Slovakia or Romania. This may be rooted in the emphasis on Hungary's state-initiated work programs. However, the problems affecting women in the labor force in the country disproportionately affect female Roma, leading to a high unemployment rate in this population. Discrimination against Roma seeking employment also seems to be growing (FRA 2023: 46). In 2022, Hungary adopted its Social Integration Strategy 2020 – 2030, a follow-up to the EU Roma Strategic Framework 2020 – 2030. It declares that equal access to public services for Roma women is a horizontal concern, but there appears to be no clear interministerial dialogue or stakeholder involvement. Harsh criticism comes from the Roma self-government environment, which accuses political parties in Hungary of serving their own agendas rather than solving the problems (Roma Civil Monitoring 2024).

Citation:

European Union Agency for Fundamental Rights, FRA. 2022. "Roma in 10 European Countries. Main results." https://fra.europa.eu/sites/default/files/fra_uploads/fra-2022-roma-survey-2021-main-results2_en.pdf
Roma Civil Monitoring. 2024. "Hungary." <https://romacivilmonitoring.eu/countries/hungary/>

PwC. 2024. "Hungary - Individual - Deductions." <https://taxsummaries.pwc.com/hungary/individual/deductions>

Indicator

Policies Targeting Labor Market Risks

Question

To what extent do existing labor market institutions support or hinder the mitigation of labor market risks?

30 OECD and EU countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels.

- 10-9 = Labor market institutions are fully aligned with the goal of protecting individuals against labor market risks.
- 8-6 = Labor market institutions are largely aligned with the goal of protecting individuals against labor market risks.
- 5-3 = Labor market institutions are only somewhat aligned with the goal of protecting individuals against labor market risks.
- 2-1 = Labor market institutions are not at all aligned with the goal of protecting individuals against labor market risks.

Denmark

Score 9

The social safety net is relatively tight in Denmark, and the unemployed are either covered by unemployment insurance (voluntary) or social assistance. Kreiner and Svarer (2022) estimate that the net replacement rate is 83% at the lower level of the income distribution for the first three months. After the first two years of unemployment, the net income compensation rate drops to 57% for the lower parts of the income distribution.

Workers in nonstandard jobs may be more exposed, as they are seldom members of an unemployment insurance fund, are not protected against layoff to the same extent as workers covered by collective agreements and often do not contribute to pension schemes.

Citation:

Kreiner, Claus Thustrup and Michael Svarer. 2022. "Danish Flexicurity: Rights and Duties." *Journal of Economic Perspectives* 36 (4): 81-102.

DOI: 10.1257/jep.36.4.81

Germany

Score 9

Social protection in Germany is generally comprehensive. The Bürgergeld minimum-income support is available to all job-seekers, regardless of prior employment, and includes health insurance and access to public services, including the free public education system. Additionally, states and municipalities provide targeted support to low-income households through subsidized public transport and free access to various public services. However, the German pension insurance

system bases pensions on individual contributions. Consequently, workers with extensive part-time employment or marginal employment (geringfügige Beschäftigung) may face low pension entitlements in old age. In these cases, the Bürgergeld system offers basic protection, supplemented by various instruments aimed at bolstering the pensions of workers with limited employment (see “Policies Aimed at Old-Age Poverty” Prevention).

Every worker has the right to join a trade union, but union membership has been declining, dropping from 9.8 million in 1994 to 5.6 million in a DGB trade union in 2022 (Statista, 2024). Interest in trade union membership is particularly low among high-skilled employees in the service sector, whereas the industry and public sectors have higher membership rates. Worker representation, independent of trade union membership, is supported by guaranteed company co-determination.

The Betriebsverfassungsgesetz (Works Constitution Act), effective since 1952, defines comprehensive information, consultation, and co-determination rights for works councils. However, coverage is not universal and is declining, with only 41% of workers employed by companies with a works council (IAB, 2023). Co-determination is more prevalent in older, larger, and industrial companies, and less common in newer, smaller companies in the service sector.

There are no significant restrictions on the portability of pensions or social insurance, as social insurance is not tied to a specific employer or sector. Private pension claims against a former employer are generally portable, with limitations only for very short employment contracts. Typically, after a few years, the non-forfeitability (Unverfallbarkeit) of private pension claims is reached, allowing the worker to transfer the contract to a new employer or receive financial compensation.

Citation:

IAB. 2023. “Tarifbindung und Mitbestimmung: Keine Trendumkehr in Westdeutschland, Stabilisierung in Ostdeutschland.” IAB-Forum, July 20. www.iab-forum.de/tarifbindung-und-mitbestimmung-keine-trendumkehr-in-sicht/

Statista. 2024. “Anzahl der Mitglieder des Deutschen Gewerkschaftsbunds (DGB) von 1994 bis 2022.” <https://de.statista.com/statistik/daten/studie/3266/umfrage/mitgliedszahlen-des-dgb-seit-dem-jahr-1994/>

Norway

Score 9

The Norwegian welfare state protects individuals from four categories of labor market risks:

Unemployment: When one loses their job, a universal state-funded cash unemployment insurance system pays 60% of the former wage for up to 52 weeks for low-income groups and 104 weeks for higher-income groups.

Reduced working capacity: If one is unable to work due to health challenges, the National Social Insurance system provides sickness pay for up to 52 weeks if the

health problems are temporary. If the health issues are permanent, a state-funded disability pension pays 66% of the former wage.

Work-family life squeeze: This occurs when one needs to balance work with caring for their own children or elderly, disabled parents. The system offers generous paid leave and job protection for parents. However, the rights to leave work to care for parents are limited.

Difficulty entering the job market: This risk affects individuals after education or immigration to Norway. There is no general scheme for economic support, only a needs-tested social assistance system at the local level. Various active labor market programs exist for different target groups, and some of these programs provide an attendance allowance.

The qualifying condition for benefits is based on employment, measured by income or time. Thus, rights and benefits are portable, not contingent on the employment contract with a particular employer or linked to union membership.

Citation:

Arbeids – og inkluderingsdepartementet. (n.d.) “Arbeidsmarked og sysselsetting.” <https://www.regjeringen.no/no/tema/arbeidsliv/arbeidsmarked-og-sysselsetting/id935>

Austria

Score 8

A person may claim unemployment benefit (“Arbeitslosengeld”) if he or she loses a job and becomes unemployed. Someone may claim unemployment assistance (“Notstandshilfe”) if he or she has exhausted entitlement to unemployment benefit and remains in a situation of need.

The aim of unemployment benefits is to secure a person’s livelihood while they are looking for work. To be entitled to unemployment benefits, a person must be unemployed, able and willing to work (to accept suitable employment), be at the disposal of the job office, and not have exhausted their entitlement.

The basic amount of unemployment benefit is currently 55% of daily net income. Depending on the amount of income considered, this can be increased to up to 80% through supplementary and family benefits.

Importantly, entitled persons must have a minimum period of insurance. This applies if someone has been covered by unemployment insurance for at least 52 weeks during the last 24 months or 26 weeks within the last 12 months for people under 25 years old.

Individuals earning above the marginal earnings threshold (Geringfügigkeitsgrenze) of €500.91 per month (in 2023) are covered by unemployment insurance. There is no

option for voluntary insurance for employees. However, self-employed persons may join the unemployment insurance system on a voluntary basis.

Workers generally benefit from protection through effective representation by powerful trade unions and the Chamber of Labour. The Austrian trade union movement has addressed increased cross-border mobility by insisting on enforcing labor standards. Unions have primarily pursued this issue through the Austrian social partnership, which fostered a comprehensive regulatory response. However, incidents of noncompliance, especially involving cross-border subcontracting, remain a challenge under the radar of inclusive bargaining institutions. As a nationally bounded enforcement strategy necessarily reaches its limits in transnational labor markets, unions have increasingly complemented their partnership approach with more emphasis on transnational cooperation and initiatives geared toward including mobile workers.

It aligns with Austria's advanced welfare state regime that its population is considerably more concerned about social security issues than people in other European countries. At the same time, Austria has a significantly lower share of people who can imagine working abroad.

Austria's contributory pensions and payments are disbursed internationally. Non-contributory benefits – such as specific supplements that may be paid to pensioners with small pensions and little or no other income – cannot be paid outside Austria. The rate of contributory benefits is linked to the amount of contributions and the final salary before becoming eligible for benefits.

Citation:

<https://ec.europa.eu/social/main.jsp?catId=1101&langId=en&intPageId=4410>

d'Addio, Anna Cristina, and Maria Chiara Cavalleri. 2015. "Labour Mobility and the Portability of Social Rights in the EU." *CESifo Economic Studies* 61 (2): 346-376.

Krings, Torben. 2021. "From 'Protecting Indigenous Workers' towards Protecting Labour Standards?: Austrian Trade Unions and the Transnationalisation of Labour Markets in the EU." *Zeitschrift für Sozialreform* 67 (4): 362-384.

Belgium

Score 8

As mentioned previously the Belgian social welfare system is overall rather generous and extensive. However, the gig economy and its increased importance raise new difficulties for the workers involved and their access to social security. The government following actions by the unions and the concerned workers themselves is trying to legislate on the matter. In October 2022, it adopted new legislation ensuring a presumption of salaried status for delivery drivers of certain platforms and the introduction of an obligation for platforms working with self-employed workers to insure them for work-related accidents. However, these two advances have yet to materialize in concrete achievements. What's more, these advances are meeting with

considerable resistance from the platforms concerned. Deliveroo and Uber Eats, among others, consider that the presumption of salaried status does not apply to them. They have also already gone before the labor court several times, which has so far ruled in their favor each time.

These workers are nonetheless fairly well represented by unions who are at the front battle on these questions. As mentioned previously, unionization rates in Belgium are among the highest in Europe. Nonetheless, the evolution of the labor market makes it sometimes hard for workers to organize. At the same time, unions blame the government of somehow complicating their work by taking steps against them. A recent example of this trend is linked to the decision by Delhaize (a Belgian supermarket group that was created in 1867) to franchise the majority of its stores making collective bargaining more difficult by splitting the workforce. Moreover, when unions acted against this decision, politicians sometimes broke up picket lines with the help of bailiffs, and the courts issued orders banning strikes and even gatherings in the vicinity of the supermarkets concerned.

Citation:

A press article on the overall problem faced by the government with platform companies: <https://www.lecho.be/economie-politique/belgique/general/a-l-aube-du-proces-deliveroo-l-etat-toujours-empetre-face-aux-plateformes-de-livraison/10506265.html>

Uber contre un chauffeur: <https://www.lecho.be/dossier/mobilite/uber-obtient-gain-de-cause-son-chauffeur-n-est-pas-un-salarie/10436529.html>

A press article on the Delhaize case: <https://www.lesoir.be/530986/article/2023-08-13/delhaize-pourquoi-la-strategie-syndicale-se-radicalise>

Finland

Score 8

The constitution of Finland (Chapter 19) dictates that all unemployed persons (and persons seeking employment for the first time) are covered through a social security scheme. There have also been policies to incentivize part-time work for unemployed individuals through income disregard schemes, allowing unemployment benefit claimants monthly earnings of up to €300 without any deduction in the benefit amount (Open Unemployment Fund A-kassa 2023). However, Prime Minister Orpo's government has decided to abolish the so-called income disregard in the unemployment benefit scheme.

Trade union contribution payments are tax deductible in Finland. Collective agreements are binding on all workers, regardless of their union membership. Policies and regulations ensure the full portability of social rights, including social insurance and pensions.

Citation:

Open Unemployment Fund A-kassa. 2023. "Impact of Part-Time Work on Earnings-Related Unemployment Allowance." <https://a-kassa.fi/en/impact-of-part-time-work-on-earnings-related-unemployment-allowance>

OECD. 2023. Evaluation of Active Labour Market Policies in Finland, Connecting People with Jobs. Paris: OECD Publishing. <https://doi.org/10.1787/115b186e-en>

Slovakia

Score 8 Existing policies and regulations provide universal social protection for all workers. Health, social, and unemployment insurance are compulsory for all employed or self-employed individuals.

Labor Law 76/2021 Z. z. stipulates that the employer shall negotiate all relevant aspects of working conditions and sign the collective agreement with trade unions present in the firm or with the council of employers in firms where trade unions do not function. Only in firms where no representative body represents employees can the employer act autonomously.

Citation:

Zákonník práce. 2021. https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2001/311/vyhlasene_znenie.html

Slovenia

Score 8 The OECD's comparative data on financial barriers to returning to work for Slovenia in 2023 shows the result for minimum wage is 87% of earnings, the sixth highest percentage among OECD countries. For the average salary, the result is 67.1%, very close to the OECD average of 69.9%. For 67% of the average wage in Slovenia, the result is 80.1%.

Trade unions in Slovenia continue to be a strong and important player in the institutionalized tripartite social dialogue – the Economic and Social Council. There are some differences between the various governments. Under the Janša government in 2021, the trade unions decided to withdraw from the social dialogue in the council after the government systematically violated the rules for the council's functioning. Conversely, during the Golob government, this step was taken by the employers' organizations, which accused the government of violating the social dialogue and pointed out their unequal position. Although the unionization rate in Slovenia is still around 20%, all employees, not only union members, can benefit from the agreements that unions have reached with employers or the government.

Regarding social security during unemployment, the basis for calculating financial compensation is the average monthly salary received in the eight months before the month of unemployment. For young people under 30 years of age, this period is five months. The duration of financial compensation depends on the employee's age and insurance period, ranging from 2 to 25 months. Compensation decreases from 80% of the base for three months to 60% for the next nine months and 50% after one year. If, at the end of the financial compensation period, an employee has no more than one year to fulfill the minimum requirements for the old-age pension and is still

unemployed, they may be entitled to have their pension and disability insurance contributions paid by the state.

To some extent, the portability of social rights is guaranteed, particularly with pensions. In Slovenia, there is a widow's pension and a family pension, which can be drawn under various conditions. It is also possible to receive a disability pension.

Citation:

Al, Ma., and M.Z. 2021. "Sindikalne centrale se umikajo iz Ekonomsko-socialnega sveta." RTVSLO. <https://www.rtvsl.si/slovenija/sindikalne-centrale-se-umikajo-iz-ekonomsko-socialnega-sveta/580017>

OECD. 2024. "Financial Disincentive to Return to Work." <https://data.oecd.org/benwage/financial-disincentive-to-return-to-work.htm>

M.Z. and K.G. 2023. "Delodajalci začasno izstopajo iz ESS-ja." RTVSLO. <https://www.rtvsl.si/slovenija/delodajalci-zacasno-izstopajo-iz-ess-ja-mesec-gre-za-takticno-blokado-sprememb/675724>

Spain

Score 8

For the first time, Law 2/2023 establishes that all individuals participating in external training or academic internships as part of company, institution, or entity training programs must pay social security contributions, thereby extending existing social insurance schemes to previously excluded categories.

The labor market law of 2021 reinstated the precedence of sectoral agreements over firm-level agreements for wage negotiations. Higher-level agreements take priority over firm-level ones, with specific exceptions in areas such as overtime payment, distribution of working time, and conciliation. The new labor regulation encompasses agreements on more than 12 different items, including criteria to balance the representation of men and women in training contracts, plans for reducing temporary employment, and access to training programs for fixed-term employees, among others. In this context, the reform has the potential to enhance the role of collective bargaining and social dialogue. All workers may benefit from improvements in protection negotiated by the unions with employers.

The lack of a unique personal ID has historically created several problems for the portability of social rights. Moreover, procedures are not uniform across autonomous communities. These regions use different operational tools, request different ID numbers for primary identification, and adopt varying strategies to identify people when the primary ID number does not exist (Muñoz de Bustillo, 2022). Autonomous communities also employ different strategies for undocumented persons. The Organic Law 3/2018, of 5 December, on the Protection of Personal Data and the Guarantee of Digital Rights, includes the right to portability. The OECD suggests enhancing regional transferability of social and housing rights to improve system efficiency and enable individuals to leverage employment opportunities in more distant locations (OECD 2023). Additionally, improving communication with

households eligible for the minimum income guarantee could increase its utilization.

Citation:

Rafael Muñoz de Bustillo. 2022. "The 2022 Spanish Labour Reform." *International Review of Economic Policy* 4 (1): 62-80.

OECD. 2023. "Economic Surveys: Spain 2023." https://read.oecd-ilibrary.org/economics/oecd-economic-surveys-spain-2023_5b50cc51-en#page4

Sweden

Score 8

In Sweden, policies and regulations generally provide robust social protection for workers, aiming to extend existing social insurance schemes to previously excluded worker categories and adapt them to non-standard forms of work. The country's welfare system is comprehensive and inclusive, encompassing various social insurance programs such as unemployment benefits, sickness benefits, parental leave, and healthcare.

Efforts have been made to ensure that workers in non-standard employment arrangements, such as part-time workers, temporary workers, and self-employed individuals, have access to these social protections. Major features of Sweden's social insurance policies include the separation of spouses' income and individual taxation, the expansion of public and private day care centers, and a very generous parental leave program provided to both women and men, which has created much better possibilities to combine a professional career with parenthood (Dufvander and Löfgren, 2020).

The basic difference between the social democratic and green parties, on one hand, and the center-right parties, on the other, is that the former emphasize gender equality, whereas the latter emphasize freedom of choice. Both blocs, however, are fully committed to the overarching goals of family policy and see it as integral to promoting gender equality.

Additionally, reforms have been introduced to address gaps in social protection for workers in non-standard employment, such as the introduction of income-related unemployment benefits for part-time workers (Försäkringskassan, 2024).

Regarding employment protection legislation, Sweden ranks below the average for all OECD countries in terms of temporary contracts. However, concerning employment protection for regular workers, Sweden ranked in the top third of all OECD countries in 2019, the year with the latest available data (OECD 2020).

Sweden has established mechanisms to facilitate the transfer of social insurance benefits and pensions for individuals who move among different jobs, sectors, or countries. Additionally, within the European Union, Sweden adheres to regulations that guarantee the portability of social security benefits for EU citizens working or residing in different member states.

Overall, while Sweden’s policies and regulations provide extensive social protection for workers and strive to address the needs of those in non-standard employment arrangements, there may still be areas for improvement, particularly regarding the effectiveness of measures ensuring the portability of social rights across diverse employment contexts.

Citation:

Duvander, A-Z., and Löfgren, N. 2020. “Sweden Country Note.” In Koslowski, A., Blum, S., Dobrotić, I., Kaufman, G., and Moss, P. eds. “International Review of Leave Policies and Research 2020.” http://www.leavenetwork.org/lp_and_r_reports/

Försäkringskassan. 2024. “Social insurance system.” <https://www.forsakringskassan.se/english/moving-to-working-studying-or-newly-arrived-in-sweden/social-insurance-system>

OECD. 2020. “OECD Employment Outlook, Chapter 3: Recent Trends in Employment Protection Legislation.”

Switzerland

Score 8

Switzerland has a well-developed system of generous unemployment benefits and an active labor market policy. Unemployment benefits are available for traditional employees; the self-employed are not covered by unemployment insurance. Generally, the unemployed are entitled to unemployment benefits if they are unemployed for at least two days, if they are residents of Switzerland (foreigners need to have a valid long-term or basic residence permit), and if they have contributed to the unemployment insurance program for at least 12 months. Students who cannot get a job after finishing their studies can apply for unemployment benefits after a waiting period of 120 days (work.swiss 2023). Unemployment benefits are not extended to undocumented migrants, whose number is difficult to determine, but was estimated between 100,000 and 300,000 in 2005, and who fill the needs of the labor market (Longchamp et al. 2005).

Trade union density in Switzerland is low by international comparison. Due to corporatist integration and the opportunities offered by direct democracy, unions’ political influence may be greater than the density figures suggest. But generally, unions’ power is limited, making them a junior partner in a corporatist system dominated by employers and their organizations (Armingeon 2007, 2011; Mach et al. 2020; Mach/Eichenberger 2022). However, due to the so-called flanking measures of the bilateral agreements with the EU, a large share of jobs are covered by generally applicable collective agreements (erga-omnes-rules) (Oesch 2011). In 2022, about 50% of all jobs were covered by collective agreements, and among these, every second job was covered by a generally applicable collective agreement (FSO 2023). Social rights within Switzerland are strongly portable. Social policy is mainly regulated at the federal level. The most important social insurance programs – unemployment and pensions (1st pillar) – are federal-level systems, although they are implemented at the regional level. The second pension pillar is run by private pension funds, but assets can be shifted between these funds in the event of a change of employer.

Citation:

Armingeon, Klaus. 1997. "Swiss Corporatism in Comparative Perspective." *West European Politics* 20(4): 164-179.

Armingeon, Klaus. 2011. "A Prematurely Announced Death? Swiss Corporatism in Comparative Perspective." In *Switzerland in Europe: Continuity and Change in the Swiss Political Economy*, eds. Christine Trampusch and André Mach. London/New York: Routledge.

FSO (Federal Statistical Office, Bundesamt für Statistik). 2023. "Gesamtarbeitsverträge nach Typ, Grösse und Wirtschaftssektor." <https://www.bfs.admin.ch/bfs/en/home/statistics/work-income.assetdetail.28985683.html>

Claude Longchamp, Monia Aebersold, Bianca Rousselot, Silvia Ratelband-Pally. 2005. *Sans-papiers en Suisse. c'est le marché de l'emploi qui est déterminant, non pas la politique d'asile. Rapport final sur mandat de l'Office fédéral des migrations, Gfs.Bern.*

Mach, André, Frédéric Varone, and Steven Eichenberger. 2020. "Transformations of Swiss Neo-Corporatism: From Pre-Parliamentary Negotiations toward Privileged Pluralism in the Parliamentary Venue." In *The European Social Model under Pressure*, eds. Romana Careja, Patrick Emmenegger, and Nathalie Giger. Wiesbaden: Springer Fachmedien Wiesbaden, 51-68.

Mach, André, and Steven Eichenberg. 2022. "Associations d'intérêts." In *Handbuch der Schweizer Politik*. 7. Auflage., eds. Yannis Papadopoulos, Pascal Sciarini, Adrian Vatter, Silja Häusermann, Patrick Emmenegger, and Flavia Fossati. Zürich: NZZ Libro, 439-464.

Oesch, Daniel. 2011. "Swiss Trade Unions and Industrial Relations After 1990. A History of Decline and Renewal." In *Switzerland in Europe: Continuity and Change in the Swiss Political Economy*, eds. Christine Trampusch and André Mach. London/New York: Routledge, 82-102.

Work.swiss. 2023. "FAQ Arbeitslosenentschädigung." https://www.arbeit.swiss/secoalv/en/home/menue/stellensuchende/arbeitslos-was-tun-faq_arbeitslosenentschaedigung.html

Czechia

Score 7

Existing labor laws in Czechia provide substantial protection to employees by limiting excessive working hours, preventing arbitrary dismissals, and ensuring rights to holidays. However, challenges persist due to the lack of such rights and protections for those outside standard employment contracts and potentially poor enforcement for those with regular employment contracts. The former category includes individuals working under contracts for individual tasks, which encompasses many registered as self-employed. The full extent of such fraudulent forms of self-employment cannot be estimated accurately, but estimates range between 2% and 4% of the labor force. Students and other young people also frequently work under casual contracts with pay levels that start around the subsistence minimum.

A significant amendment to the Czech labor code, incorporating EU directives on work-life balance and transparent working conditions, will take effect on October 1, 2023, with certain provisions delayed until January 1, 2024. These modifications include expanded employer information duties, electronic contracting options for labor transactions, rules for remote work, enhanced rights for parent employees, and relaxed formalities for the service of process. Remote work arrangements will

require rights to breaks during working hours and holidays. However, these changes will not affect work under contracts for specific tasks, provided the employer can prove that it is not effectively an employment contract (i.e., fixed working hours, a defined workplace, a hierarchical relationship with an “employer” able to order changes to work tasks). For many in casual work arrangements, it is extremely difficult to challenge the contract they are offered.

The enforcement of labor law is bolstered by the presence of trade unions, which can, and often do, negotiate collective agreements that improve protections and working conditions. Employers have obligations toward worker representatives, including facilitating their activities and providing leave with compensatory wages. Transnational information access rights are also outlined, requiring certain employers to provide information and consultation through European Works Councils or agreed procedures. Union membership in the Czech Republic stands at around 12% of employees, with ČMKOS being the dominant force. Data from 2022 showed that 45% of all employees were covered by collective bargaining, 52% were not covered, and the remainder were unclear. Pay was 17% higher for those covered, and hours worked were marginally less.

Citation:

Act No. 281/2023 Coll. on the amendment of the Labor Code (Act No. 262/2006 Coll., as amended) and certain other laws.

<https://www.worker-participation.eu/national-industrial-relations/countries/czech-republic>

<https://portal.gov.cz/en/informace/rules-concerning-worker-representation-INF-19>

<https://advokatnidenik.cz/2023/08/28/mohou-se-dohody-o-praci-zmenit-na-svarcystem/>

<https://www.czso.cz/csu/czso/struktura-mezd-zamestnancu-2022>

France

Score 7

Social protection has previously been provided for all workers. New forms of work – especially new independent status for small enterprises (auto-entrepreneurs) – limit such rights (Marzo 2021).

Trade unions have been in decline for decades. Effective representation, however, is regulatorily ensured for all big firms. Smaller firms, especially those with fewer than 50 employees, are not subject to most of these obligations.

Most social rights are portable, especially if workers changing jobs stay in the same sector. The latest development in this area has been the portability of the rights to training. Pension reforms have also served to align rights across the various sectors.

Financial disincentives to return to work have not significantly changed in recent years – they remain relatively high, and above the OECD average.

Citation:

Marzo, C. 2021. “Comparaison britannique des tentatives de protection sociale des travailleurs de plateformes au prisme de la pandémie: vers un nouvel équilibre entre acteurs publics et privés?” *Revue de droit comparé du travail et de la sécurité sociale* 3: 142-163.

Ireland

Score 7

“Pathways to Work (2020-2025)” identifies labor market risks associated with the modern economy, characterized by rapidly transitioning skills, sectors and job types due to digitalization, artificial intelligence and climate transition. The Labour Market Council is hosted by the Department of Social Protection, and there is also a Low Pay Commission. Additionally, the Department of Enterprise and Employment anticipates labor market changes, while the Department of Higher and Further Education, Research, Innovation and Skills oversees SOLAS, the national training agency. However, there is a lack of integration across these bodies. The 2020 Programme for Government includes a commitment to a Just Transition Commissioner. While a limited Just Transition Commission was rolled out in the context of the transition from peat/turf production in the midlands, there is a growing sense that a broader Just Transition Commissioner is necessary. This expanded role would address labor market risks and transitions resulting from climate and emissions policies, including those related to agriculture, which is considered Ireland’s primary transition risk.

Citation:

McGann, M., and M. P. Murphy. 2021. “Introduction: The Dual Tracks of Welfare and Activation Reform-Governance and Conditionality.” *Administration* 69 (2): 1-16.

OECD. 2024. “Benefits in Unemployment, Share of Previous Income (Indicator).” doi:10.1787/0cc0d0e5-en

Lithuania

Score 7

Labor market institutions are primarily focused on protecting individuals from labor market risks. The availability of unemployment benefits depends on the individual’s employment record. Although the requirement is not demanding – to be eligible, an individual must have been employed for at least one year during the last 2.5 years – it may pose a risk for some. The long-term unemployment rate in Lithuania has been higher than the OECD average.

Only a small share of employees are members of trade unions, and it is a dominant practice to negotiate wage and other employment conditions individually. According to the OECD, trade union density was 7.4% in 2019, while employer organization density was 33% in 2016. The portability of social rights is affected by EU-wide regulations (OECD and AIAS 2021).

Citation:

Lithuanian Ministry of Social Security and Labor. “Unemployment social insurance (in Lithuanian).” <https://socmin.lrv.lt/lt/veiklos-sritys/socialinis-draudimas/socialinio-draudimo-ismokos/nedarbo-socialinis-draudimas?lang=lt>

OECD and AIAS. 2021. Institutional Characteristics of Trade Unions, Wage Setting, State.

Intervention and Social Pacts, Lithuania. OECD Publishing, Paris. www.oecd.org/employment/ictwss-database.htm

Netherlands

Score 7

Although government regulations systematically and automatically adjust the pension age based on increasing life expectancy, they only moderately mitigate labor market risks for groups such as those over 66 – 67 years old (depending on the birth year). In 2023, there were over 300,000 workers aged 65 or older (3.3% of all employed), many of whom were gainfully employed or self-employed, including artists, truck drivers and tailors. Although employment agencies offer placements for those over 50 or willing to work past 65, this population faces stubborn discriminatory biases from employers, labor unions (due to pension liabilities in collective labor agreements, CAOs) and the government, with concerns focusing on high wage costs versus perceived lower productivity and creativity. Starting 1 January 2024, the government is gradually phasing out the labor cost tax advantage for employers hiring older workers.

Studies indicate that young disabled individuals are at high risk of long-term financial hardship, particularly due to their vulnerable position in society. Research concludes that the current fragmented policies, relying on self-reliance, social network support and local government responsibilities for integrating state support systems are ineffective and inefficient.

Collective agreements negotiated by labor unions to protect workers’ rights regarding various working conditions still function effectively. However, union influence has weakened in recent years, with fewer than 20% of employees in some sectors remaining union members, and these memberships skewing toward older demographics. This situation means that a small minority of workers (e.g., among metalworkers or teachers) influence sector-wide employment terms. It also results in less representative consultation processes, often focusing on arrangements beneficial to older workers (see also “Effective Civil Society Organizations (Capital and Labor)”). This dynamic is supported by a quasi-contractual incorporation clause in collective bargaining agreements, making these agreements binding for all workers within a sector regardless of union membership.

Most employers accept the incorporation clause due to economies of scale with regard to transaction costs. However, in SMEs and certain sectors, there is a shift toward company-specific agreements in which works councils substitute for labor unions. If this trend persists, labor laws may need revision to enhance works councils’ rights, or to strengthen and institutionalize the legal basis of the incorporation clause.

The portability of social rights depends on international treaties and national conditions. Generally, state pensions (AOW), worker’s disability benefits (WAO), disability insurance for the self-employed (WAZ), benefits under the law on work and income (WIA), benefits under the law on surviving dependents (ANW), and sick leave benefits are unconditionally portable within the EU, EEA and Switzerland, with continued eligibility monitored in these countries. However, benefits like unemployment benefits (WW), surcharges on other benefits (Toeslagenwet) and benefits for disabled youth (Wajong) face portability restrictions unless individual arrangements are made with the relevant benefit agencies.

Citation:

NBA-platform voor accountants en financials, 25 August 2021. Steeds meer werkende 65-plussers.

Ministerie van Sociale Zaken en Werkgelegenheid. n.d. “Arboportaal. Ouderen en werk.”

tax live.nl, Wolters Kluwer, 21 December 2023. Gevolgen stapsgewijze afschaffing loonkostenvoordeel oudere werknemers.

Nationale Ombudsman. 2022. Meedoen zonder beperkingen. De financiële problemen van jongeren met een beperking in de Wajong en Participatiewet. Rapportnummer: 2022/144.

Rijksoverheid. n.d. “Werken met een arbeidsbeperking.”

NRC. 2023. “Vakbonden hebben opnieuw minder leden, maar stakingsacties remmen daling.” Marée, October 31.

Eén Vandaag. 2023. “Waarom aantal leden van vakbond niet uitmaakt bij onderhandelingen, maar hoe representatief ze zijn wél.” January 23.

Rijksoverheid. n.d. “Welke uitkeringen kan ik meenemen als ik ga emigreren?” <https://www.rijksoverheid.nl/onderwerpen/emigreren/vraag-en-antwoord/uitkeringen-meenemen-naar-het-buitenland>

New Zealand

Score 7

New Zealand’s labor market institutions play an important role in mitigating labor market risks.

Employment laws and regulations protect workers’ rights, such as minimum wage laws and health and safety regulations, and establish provisions for fair dismissals. Government agencies gather data that help policymakers anticipate labor market risks and take proactive measures.

New Zealand has social safety nets, including unemployment benefits and welfare support, that serve as a buffer during periods of unemployment or economic instability. Efforts have been made to broaden the coverage of such protection benefits to previously excluded worker categories, such as migrant workers (Harris 2020). The Labour-Green coalition had plans to introduce an income insurance scheme modeled on similar programs in Europe, but the plans were shelved in early 2023. Prime Minister Hipkins said there would need to be “significant improvement” in economic conditions before the scheme could be implemented (Taunton 2023).

While the government has made efforts to mitigate labor market risks, there are areas that require more policy work. In particular, more must be done to adapt regulations and support schemes to accommodate the growing prevalence of nonstandard forms of work, such as among gig economy workers (Pullar-Strecker 2023). There are also concerns that the newly elected National government will roll back the protection of workers' rights. For example, ACT – one of the three coalition parties – has signaled that it wants to change the Employment Relations Act to prevent courts from ruling that a person employed as a contractor could claim the rights of an employee (Stock 2023). Already in December 2023, the new government repealed the Fair Pay Act – legislation passed by Labour in 2022 that would have allowed sector-wide collective employment negotiations (McConnell 2023).

Citation:

Harris, C. 2020. "Migrant workers to receive emergency benefits." Stuff, 20 November. <https://www.stuff.co.nz/business/123455880/migrant-workers-to-receive-emergency-benefits>

McConnell, G. 2023. "Every bill the Government has passed under urgency." Stuff, December 22. <https://www.stuff.co.nz/national/politics/133493748/every-bill-the-government-has-passed-under-urgency>

Pullar-Strecker, T. 2023. "Uber Granted Right to Appeal Drivers' Employment Status." Stuff, June 8. <https://www.stuff.co.nz/business/132269681/uber-granted-right-to-appeal-drivers-employment-status>

Stock, R. 2023. "ACT's contractor plan finds favour with BusinessNZ, but unions say it will worsen inequality." Stuff, June 22. <https://www.stuff.co.nz/business/132389990/acts-contractor-plan-finds-favour-with-businessnz-but-unions-say-it-will-worsen-inequality>

Taunton, E. 2023. "Delay to income insurance scheme a blow for workers, union says." Stuff, February 8. <https://www.stuff.co.nz/business/131177245/delay-to-income-insurance-scheme-a-blow-for-workers-union-says>

Poland

Score 7

Social insurance in Poland includes pensions, disability and sickness benefits, and accident insurance. These cover employees engaged in employment contracts. Individuals conducting business activities independently or employed under a civil law contract (commission agreements) can opt out of sickness insurance and join it voluntarily. Workers employed under a specific task contract are excluded from pension insurance. Their only obligation is to register such a contract with the Social Insurance Institution (Zakład Ubezpieczeń Społecznych, ZUS). In 2023, the topic of social security contributions for specific task contracts appeared in the National Reform Plan, and were the subject of social consultations. Changes to this regulation were unlikely to appear before the first quarter of 2024.

Trade union membership is open to employees, individuals employed under civil law contracts, and the self-employed. Union members always have greater protection, particularly in matters of job termination and individual labor law. Another representative body for employees is the Workers' Council, which serves as an in-house mediator between employers and employees. Unlike trade unions, the Council represents all employees.

In general, social rights and social insurance apply to specific individuals. After meeting risk criteria, recipients receive specific benefits. Family members typically also receive health insurance. In the realm of pension insurance, there is the institution of a family pension, a benefit triggered by the death of a family member. This amounts to 85% of the benefit that the deceased individual would have received. Pension insurance benefits can also be inherited.

Citation:

<https://notesfrompoland.com/2022/06/01/ukrainian-refugees-fill-gaps-in-polish-labour-market-but-risk-getting-stuck-in-low-skilled-jobs/>

Portugal

Score 7

In Portugal, a mandatory social insurance scheme automatically covers all eligible workers. Those not required to join can opt into the voluntary social insurance scheme, which is designed for national citizens of legal age who are fit for work. This scheme is particularly important for social volunteers, scholarship recipients, high-performance athletes, professional interns, and informal caregivers, as it offers them access to social security benefits. The system provides a range of benefits to mitigate various labor market risks, including unemployment, retirement, sickness, and disability.

Moreover, recent legislation has sought to expand the coverage of the Portuguese social security system, such as by criminalizing employers who did not report domestic service personnel, a development that took place in 2023.

For individuals who do not meet specific criteria for certain benefits, such as the minimum number of working years, the solidarity subsystem of social security offers means-tested social benefits. This subsystem is accessible to all national citizens and aims to ensure essential social rights, prevent and eradicate poverty and social exclusion, and provide assistance in situations of personal or family need. It also addresses social or economic imbalances resulting from deficiencies in the contributory social security system.

Additionally, workers and employers have collective representation structures, such as trade unions, to safeguard and promote their interests and rights. In Portugal, the current legal framework permits multiple worker representation structures, operating under principles of autonomy and independence. All workers, regardless of age or role, have the right to establish trade unions at any level to defend and enhance their socio-professional interests.

Citation:

Expresso. 2023. "Novas regras para o trabalho doméstico: saiba como calcular as contribuições sociais e quanto terá de pagar." Expresso, May 12. <https://expresso.pt/economia/trabalho/2023-05-12-Novas-regras-para-o-trabalho-domestico-saiba-como-calculas-contribuicoes-sociais-e-quanto-tera-de-pagar-9ce3906e>

United Kingdom

Score 7

The shift to Universal Credit (UC) as a single mechanism integrating previously fragmented benefits marked a significant change in the UK's approach to social welfare. This transition provoked considerable controversy and encountered several initial difficulties. The transition to UC as the main benefit is now nearly complete, although some individuals can still claim Job Seeker's Allowance or Employment Support Allowance, depending largely on their contribution record. UC includes benefits for the low-paid, those not in employment, and has additional provisions for disabled people and the self-employed. The Scottish government now has increased responsibility for social security concerning disability and has committed to providing more assistance in claiming benefits.

Since the start of the New Labour government in 1997, the UK has adopted an active labor market policy where the employment agency, now called Job Centre Plus (JCP), works with claimants to help them find jobs. JCP offers various forms of support for accessing jobs and requires claimants to attend meetings and agree to a program with a designated work coach. Benefits can be withdrawn if claimants do not adhere to the terms. The JCP provides support tailored to different categories of claimants and has transitioned to online job advertising through the "Find a Job" system. There is no direct union involvement in this process.

From September 2020 to March 2022, the pandemic-related Kickstart scheme provided employment subsidies to create new jobs for 16 to 24-year-olds on Universal Credit who were at risk of long-term unemployment. The scheme subsidized jobs for six months for up to 25 hours per week. An evaluation of the scheme found that it broadly achieved its aims but faced initial problems and was least successful in supporting the least qualified participants and certain ethnic groups.

Citation:

<https://www.jobcentreguide.co.uk/>

<https://www.gov.uk/government/publications/kickstart-scheme-process-evaluation/kickstart-scheme-process-evaluation#reflections-and-recommendations>

<https://www.gov.scot/publications/our-vision-for-social-security/>

Australia

Score 6

There is a strongly held belief among Australian policymakers that the best way to manage risk is to ensure a high level of employment, rather than developing policies to directly protect individuals against labor market risks. A low-unemployment economy benefits workers who would otherwise face high risks of joblessness, including young workers, those with relatively low levels of education, and those in manual jobs. Australian governments have been mostly successful in implementing

this approach (AIHW 2023). However, there remains a significant number of people who receive benefits as part of the JobSeeker program. Although there was a sharp increase in JobSeeker recipients during the pandemic, the number has decreased rapidly since then. However, those on JobSeeker remain on the program for longer than in the past, indicating difficulty in finding work (Ballantyne and Coates 2022).

Australia does not have a national unemployment insurance system, and relatively few workers are protected by unemployment insurance in the event of job loss. A flat-rate unemployment benefit with stringent income and assets tests is the only protection provided by the state. This means most workers have almost no protection against labor market risks. Protections provided by trade unions are confined to a relatively small proportion of the workforce. The portability of social rights is limited to private retirement savings, which are fully portable.

Citation:

AIHW. 2023. "Employment and Income Support Following the COVID-19 Pandemic." <https://www.aihw.gov.au/reports/australias-welfare/australias-welfare-2023-data-insights/contents/employment-income-support-following-pandemic>

Ballantyne, A., and B. Coates. 2022. "When Unemployment Falls, Disadvantaged Workers Benefit Most." *The New Daily* May 11. <https://grattan.edu.au/news/when-unemployment-falls-disadvantaged-workers-benefit-most/>

Canada

Score 6

Overall, Canada has a fairly strong social safety net to mitigate labor market risks relative to many other countries, but it is in need of updating.

Several key supports for workers have existed in Canada for decades, dating back to programs first introduced during the First World War and the Depression of the 1930s. Chief among these is unemployment insurance, which helps replace wages during temporary job loss. Workplace safety standards and workers' compensation rules also help minimize injury and illness risks. Minimum wage laws aim to provide a living wage and address exploitation, while pension plans guard against poverty in retirement.

However, recent changes in the labor force have not been adequately addressed. Unemployment insurance has not adapted to trends of more frequent job transitions, and the self-employed have less access to these protections. Consequently, precarious gig economy jobs typically lack social protections or benefits. The risk of job automation is also not supported by dedicated retraining programs. Additionally, inequities in work benefits continue to exist across income levels.

Estonia

Score 6

Estonia has compulsory unemployment insurance with contributions shared between the employee and the employer. Legislative changes in summer 2023 made the unemployment benefit system more adaptive to the labor market situation. If the unemployment rate increases, the duration of benefits is extended. The adjustment mechanism is automatic, based on labor market statistics, and thus keeps administrative burdens low while providing timely relief to unemployed households.

Besides this improvement, some issues remain or are only partly resolved. Social protection does not cover platform workers, who are in most cases registered in Estonia as self-employed and thus not eligible for unemployment benefits. All self-employed individuals are responsible for paying the social tax, which covers health insurance and old-age pensions, meeting at least a set minimum (€15 monthly in 2022). This can be problematic if the individual's business is not doing well.

Estonia has a very low union density, with only 6% of workers covered by collective agreements – the lowest such rate in Europe (ETUI, 2023). Thus, exercising bargaining power in negotiations with the neoliberal government is quite a challenge. For example, the government opposes the proposed EU Platform Work Directive. According to Minister of Economic Affairs and Information Technology Tiit Riisalo, the directive may risk subjecting most gig workers to work contract regulations that may not be compatible with the platforms' business models (MKM, 2023).

As a member of the EU, Estonia ensures the portability of social rights through EU legislation. Additionally, Estonia has bilateral agreements on pensions with several non-EU countries.

Citation:

ETUI. 2023. "Wages and Collective Bargaining: Fighting the Cost-of-Living Crisis." https://www.etui.org/sites/default/files/2023-03/Benchmarking_3.%20Wages%20and%20collective%20bargaining%20fighting%20the%20cost-of-living%20crisis_2023.pdf

MKM. 2023. "Platvormitöö direktiivi esialgne kokkulepe ei leidnud EL liikmesriikide toetust." <https://www.mkm.ee/uudised/platvormitoo-direktiivi-esialgne-kokkulepe-ei-leidnud-el-liikmesriikide-toetust>

Israel

Score 6

There are various protections against labor market risks, but these are generally limited in scope.

Unemployment benefits are comparatively low in both replacement rate and duration, partly due to a lack of funding following reductions in employers' payments (Koreh 2020). Employees are eligible for unemployment benefits if they have worked for at least 12 out of the last 18 months.

Self-employed workers are not eligible for unemployment benefits. Various attempts to change this situation over the years have failed. Self-employed workers are also not eligible for other benefits such as paid leave, sick days or vacation.

In Israel, a mandatory pension law has been in place since 2018, requiring 18.5% of the value of an employee's salary to be paid into a pension fund. Employees contribute 6% of their salary, while the employer covers the rest. Self-employed workers are also subject to this requirement. This mandatory pension system reflects a privatized scheme, ensuring that all employees have privately managed pension funds (Lurie 2018).

All government employees (including civil servants and local authority workers) are represented by the central labor union. However, this does not include workers in outsourced public services, who are usually not organized and enjoy only basic mandatory work benefits (Paz-Fuchs 2018). In addition, unionization of private sector employees has been increasing in recent years, particularly among workers of high-tech and service provision companies. In 2022, 30% of employees in Israel were members of a labor union (Kolerman 2022).

Citation:

Koreh, Michal. 2019. "The Deficit Crisis in the National Insurance Budget Towards the Year 2027 - Description of the Causes, Analysis of the Consequences and Proposed Solutions." Social Security 108.

Kolerman, Matan. 2022. "The Effect of Labor Unions on Inequality, Employment and Wages." Arlozorov Forum. <https://www.arlozforum.org/post>

Lurie, L. 2018. "Pension Privatization in Israel." In A. Paz-Fuchs, R. Mandelkern, and I. Galnoor, eds., *The Privatization of Israel: The Withdrawal of State Responsibility*, 101–121. Palgrave Macmillan. <https://www.palgrave.com/gp/book/9781137601568#otherversion=9781137582614>

Paz-Fuchs, A. 2018. "Privatization, Outsourcing, and Employment Relations in Israel." In A. Paz-Fuchs, R. Mandelkern, and I. Galnoor, eds., *The Privatization of Israel: The Withdrawal of State Responsibility*, 283–309. New York: Palgrave Macmillan US. https://doi.org/10.1057/978-1-137-58261-4_12

Italy

Score 6

The traditional Italian system for protecting against unemployment risks (Cassa Integrazione Guadagni) was significantly improved and extended in 2015 and 2022 (Law decree of 18 August 2015 n.148 and Budgetary Law of 2022). Consequently, Italy has a well-structured system of unemployment benefits that covers all types of workers who lose their jobs: employees with and without permanent contracts, associates, and agricultural workers.

However, approximately 3 million irregular workers in Italy lack regular employment contracts and, therefore, insurance coverage and protection in the event of dismissal. For these workers, the only protection available is provided by social support programs against poverty (Reddito di Cittadinanza until 2023 and the new

Inclusion Income or the Formation and Labor Support program since 2023) (Law 3 July 2023 n.85).

The portability of pensions is guaranteed by law, but the real problem for the future is that the fragmented careers of the younger generation will result in lower pensions compared to those of current pensioners.

Citation:

- Istituto Nazionale della Previdenza Sociale. 2023. XXI Rapporto annuale. <https://www.inps.it/it/dati-e-bilanci/rapporti-annuali/xxi-rapporto-annuale.html>

Inapp. 2023. "Il sostegno al reddito in caso di sospensione temporanea o disoccupazione involontaria." <https://pubblicazioni.inapp.org/handle/20.500.12916/4085>

Japan

Score 6

In 2020, Japan spent only 0.24% of GDP on unemployment benefits, well below the 0.58% OECD average. Moreover, only a comparatively small share of the unemployed receive benefits, which can be at least partially explained by the fact that many non-regular positions do not qualify workers for benefits. However, the criteria for participation in the unemployment insurance program have been continually relaxed. In 2010, the minimum expected period of employment was reduced from six months to 31 days and the minimum weekly working hours required were lowered from 30 to 20 in 2012. The unemployment insurance payment period in Japan ranges between 90 and 360 days, depending on the duration of insured employment, age and the reasons the employment ended.

Traditionally, Japanese labor policy has emphasized keeping at-risk workers employed to avoid unemployment in the first place. The Employment Adjustment Subsidy and other subsidy programs have been crucial in this approach and have helped employers maintain excess workers during economic downturns by subsidizing wages. The experience of the global financial crisis and the COVID-19 pandemic suggests that this approach has been largely successful as unemployment rates remained well below those of comparable countries. In contrast, Japan has always spent far less on active labor market policies than comparable countries. Japan's Support System for Job Seekers provides some free vocational education and training (VET) programs, as well as allowances for VET participants. Re-employment allowances are also available for recipients of unemployment benefits.

Another major concern of Japanese employment practices has been the treatment of migrant workers. The Technical Intern Training Program, which has facilitated the temporary migration of low-wage workers to Japan mostly from developing countries, has been criticized for allowing abusive employment practices and making it hard for workers to claim rights. The current government has announced that the program will be abolished and replaced with more formalized mechanisms of labor migration. This could improve the legal position of workers.

Due to the traditionally large role of corporate welfare schemes, the limited integration of non-regular workers and migrant workers into these systems means there are still considerable differences between different types of workers. In addition, there has been a large gap in social benefits between workers in large, and small and medium-sized firms. Public schemes do not mitigate these gaps in any way and are considered – as a government council admitted – inadequate, especially with regard to old age, where most pensioners rely to a large extent on corporate lump sum payments and pension benefits in addition to the public pension. Payments for workers outside large firms tend to be much lower and non-regular workers do not usually receive any payment. Japan has improved public pension options for self-employed workers in recent years.

As in other countries, low-wage workers have benefited particularly from wage growth, not least because regional and national minimum wage rates have been raised almost every year above inflation. In October 2023, the minimum wage was raised from JPY 1,072 to JPY 1,113 (€7) per hour for Tokyo. Despite improvements in the situation of non-regular workers, who accounted for 36.7% of all employees in 2022, they face many more risks than regular workers. The safety net still does not cover all non-regular workers, though the Kishida cabinet plans to extend some benefits to those working below 20 hours per week. Furthermore, some trade unions that had previously only accepted regular workers as members began to represent the interests of non-regular workers. Thanks to these changes, the number of involuntary non-regular workers has declined considerably from 3.41 million in 2013 to 2.10 million in 2022.

Citation:

Aoki, Kotaro, Nana Iwamoto, and Taro Yamada. 2023. “Japan’s Labor Movement Is Taking Up the Demands of Part-Time and Temporary Workers.” *Jacobin*, May 9. <https://jacobin.com/2023/05/japan-labor-movement-union-organizing-nonregular-workers-spring-offensive>

“End of Technical Intern Program: Use Reformed System to Improve Working Environment for Foreigners.” *Japan News*, February 10, 2024. <https://japannews.yomiuri.co.jp/editorial/yomiuri-editorial/20240210-168083/>

“Japan weighs jobless benefits for part-timers below 20 hours a week.” *Nikkei Asia*, April 25. <https://asia.nikkei.com/Spotlight/Work/Japan-weighs-jobless-benefits-for-part-timers-below-20-hours-a-week>

“Minimum Wage Increased in Japan from 01 October 2023 – October 02, 2023,” 2023, <https://wageindicator.org/salary/minimum-wage/minimum-wages-news/2023/minimum-wage-increased-in-japan-from-01-october-2023-october-02-2023>

OECD. 2023. “Public unemployment spending (indicator).” doi: 10.1787/55557fd4-en (accessed: 5 December 2023).

OECD. 2023. “Social Spending (Indicator).” doi: 10.1787/7497563b-en

OECD. 2023. “The OECD Tax-Benefit Database. Description of Policy Rules for Japan 2023.” <https://web.archive.org/2023-11-08/500515-TaxBEN-Japan-latest.pdf>

Takahashi, Koji. 2023. “Non-Regular Employment Measures in Japan.” *Japan Labor Issues* 7 (44): <https://www.jil.go.jp/english/jli/documents/2023/044-05.pdf>

Latvia

Score 6 According to OECD (2023) data, Latvia has higher-than-average financial disincentives to return to work, providing 82.5% of earnings when a formerly unemployed person returns to employment.

Unemployment benefits in Latvia are tied to social contributions and the duration of time spent in the labor market. The higher the social tax paid, the higher the unemployment benefit received. This link between social contributions and benefit amounts is crucial for addressing labor market risks, particularly given the low unionization rate.

However, the law caps unemployment benefits at eight months, with a regressive element where benefits decrease every two months. Additionally, there is no benefit for the ninth month of unemployment, encouraging a prompt return to the labor market. Once registered as unemployed, individuals must attend training courses and requalification opportunities provided by the State Unemployment Agency. However, under-reported wages in the labor market negatively affect long-term pensions, training opportunities, and social protection.

Social insurance, including unemployment and pensions, is funded through social tax contributions. Residents can also contribute to private pension schemes, such as third-level schemes operated by banks. These private schemes depend on stock market fluctuations, while contributions to state pension schemes directly rely on social tax payments.

The State Unemployment Agency employs a platform and analytical tools for forecasting labor market changes. Short-term forecasts help plan and deliver training for unemployed individuals, while mid-term forecasts assist in policy design.

Citation:

OECD. 2023. "Financial Disincentive to Return to Work (Indicator)." doi:10.1787/3ef6e9d7-en

Law On State Social Insurance. 1997. <https://likumi.lv/ta/en/en/id/45466-on-state-social-insurance>

NVA. 2023. "Darba tirgus prognozes (in Latvian)." https://www.nva.gov.lv/lv/darba-tirgus-prognozes?utm_source=https%3A%2F%2Fwww.google.com%2F

OECD. 2022. OECD Economic Surveys: Latvia 2022. <https://www.oecd.org/latvia/oecd-economic-surveys-latvia-25222988.htm>

Greece

Score 5 Labor market institutions in Greece are only somewhat aligned with the goal of protecting individuals against labor market risks.

The minimum unemployment benefit, provided for up to 12 months, is very low at just €179 per month. Due to various exemptions, only about 10% of the unemployed

receive this benefit. However, the government plans to increase the benefit to up to €1,300 per month, depending on years of work, and extend its duration to 18 months (Georgakis 2024).

The General Confederation of Greek Workers (GSEE), representing private sector employees and workers, regularly advocates on behalf of the unemployed, ensuring their interests are represented.

Greece's population, including the unemployed, is covered by a public social insurance agency (EFKA) and the National Health System (ESY), modeled after the UK's NHS. Despite bureaucratic hurdles and inefficiencies in the ESY, social rights such as social insurance, health insurance, and pensions are portable. Access to public healthcare and basic social insurance for the unemployed has been guaranteed by law since 2016.

Citation:

Georgakis, El. 2024. "A 'Lifting' of the Unemployment Benefit is Forthcoming." Ta Nea website. <https://www.tanea.gr/2024/01/21/economy/erxetai-liftingk-Ifsto-epidoma-nergias-online/#:~:text=%CE%A3%CF%8D%CE%BC%CF%86%CF%89%CE%BD%CE%B1%20%CE%BC%CE%B5%20%CF%80%CE%BB%CE%B7%CF%81%CE%BF%CF%86%CE%BF%CF%81%CE%AF%CE%B5%CF%82%2C%20%CF%84%CE%BF%20%CE%B5%CF%80%CE%AF%CE%B4%CE%BF%CE%BC%CE%B1,%CE%AD%CF%87%CE%B5%CE%B9%20%CE%B4%CE%B9%CE%B1%CE%BC%CE%BF%CF%81%CF%86%CF%89%CE%B8%CE%B5%CE%AF%20%CF%83%CF%84%CE%B1%20479%20%CE%B5%CF%85%CF%81%CF%8E>

The website of the General Confederation of Greek Workers (GSEE) is <https://gsee.gr/>

Law 4368. 2016. "Providing Access to Public Health Care and Basic Social Insurance for All."

Hungary

Score 4

Labor market oversight and regulation in Hungary are the responsibilities of the Ministry of National Economy, where a state secretariat oversees these functions. Services are provided via the employment fund and the National Employment Service. Social insurance in Hungary is offered to the entire nation. Essential health services for residents of Hungary are provided independently of employment or contributions to the social welfare system. Pension portability is organized in accordance with European standards. Adequate representation through trade unions in Hungary is lacking, as trade unions are fragmented and marginalized, even though company trade unions are widespread and in some sectors have considerable negotiating power (Neumann and Tóth 2018). Some key trade unions, such as the Hungarian Chamber of Commerce and Trade (MKIK), have been co-opted by the government and echo its policy priorities. Overall, social dialogue is weak.

Citation:

Neumann, L., and A. Tóth. 2018. "Hungarian Unions under Political and Economic Pressure." *Rough Waters: European Trade Unions in a Time of Crises*, 127.

United States

Score 3

The social safety net in the United States is relatively sparse, especially when relying solely on the federal baseline (Hacker 2002). Programs such as the Supplemental Nutritional Assistance Program (SNAP, otherwise known as food stamps), Temporary Aid to Needy Families (TANF, a form of means-tested child benefit), and Medicaid (public health insurance for the poor) assist to some extent with managing labor market risks like unemployment. However, there are many gaps in the federal social safety net (Soss and Schram 2007). There is no federal comprehensive paid leave, which negatively affects those facing health issues or parenthood.

For the first four decades of the Social Security Act of 1935, agricultural and domestic service workers were excluded from most of its protections, including unemployment insurance and the state pension (Lieberman and Lapinski 2001). It wasn't until 1972 that Congress amended the legislation to include these groups, who were disproportionately workers of color (Ward 2005). Two-thirds of Black women worked in excluded occupations at the passage of the Social Security Act (Skrenty 1996).

The reliance of the U.S. healthcare system on employer-provided healthcare is a significant barrier to labor market flexibility (Maioni and Marmor 2019). About half of Americans receive their healthcare from their employer or their partner's or parent's employer (Lockhart 2012). Similarly, paid leave policies are not universally mandated by law but depend on individual contracts with employers (Ramanathan 2021). Given the weakness of unions, these contracts are typically crafted to reflect the interests of employers rather than the best interests of employees (Milkman 2019).

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