



Joint Employment Report 2024

The Joint Employment Report (JER) 2024 monitors the employment and social situation in the EU.¹ For the first time, the JER reports on progress towards the 2030 EU headline and national targets on employment, skills and poverty reduction. While the EU is well on track towards its headline employment target of 78% by 2030, significant progress is still needed to reach the 2030 headline targets on skills (i.e., at least 60% of adults in learning every year) and poverty reduction (i.e., at least 15 million fewer people at risk of poverty or social exclusion, out of which at least 5 million children). The number of people at risk of poverty or social exclusion remained broadly stable in the EU over 2018-2022 as policy action successfully counterbalanced the effect of several crises and shocks. To maintain a strong focus on the implementation of the European Pillar of Social Rights (“the Pillar”), topical issues such as the gender wage gap, algorithmic management and artificial intelligence and housing are discussed in detail.

The report presents for the first time country-specific analysis based on the features of the Social Convergence Framework (SCF), as described in the work of the Employment Committee (EMCO) and Social Protection Committee (SPC)² and discussed in the June 2023 Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council. The analysis provides an overview of potential risks to upward social convergence in the EU, in line with the monitoring of the implementation of the Pillar and Article 148 TFEU. Relying on existing tools (the Social Scoreboard and the agreed JER traffic-light methodology), Member States’ labour market, skills and social situations are screened for potential risks to upward social convergence. Seven Member States are found to require a deeper analysis at a later second stage.

Overall, labour market outcomes were strong on average in 2022 and the first half of 2023, despite large increase in energy prices, still surpassing pre-pandemic levels in many cases. The EU employment rate reached 74.6% in 2022 and rose further to 75.4% in Q2-2023, which is 2.5 pps above the Q4-2019 figure. At the same time, the unemployment and long-term unemployment rates reached their lowest levels at 6.2% and 2.4%, respectively, in 2022 (further down to 6% and 2.1% in Q2-

2023). Differences were nonetheless reported across sectors. Employment decreased in energy-intensive sectors, while the information and communication

75.4% record high employment rate in Q2-2023 (0.7 percentage points higher than one year earlier)

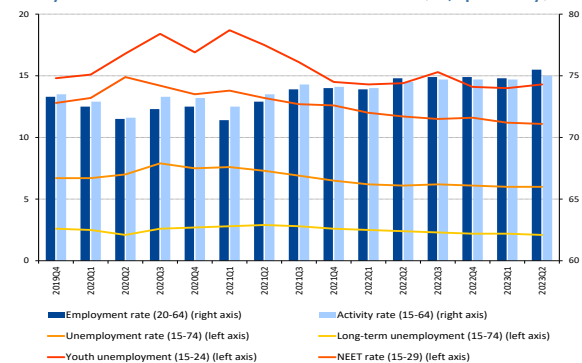
6% record low unemployment rate in Q2-2023 (0.1 percentage points lower than one year earlier)

14.3% youth unemployment rate in Q2-2023 (0.1 percentage points lower than one year earlier)

technology (ICT) sector saw the highest employment growth. Youth unemployment has fallen in the EU since 2020 but, at 14.5% in 2022, is still almost three times higher than for the overall working-age population. Similarly, the share of young people neither in employment nor in education and training (NEETs) has decreased significantly to pre-pandemic levels but, at 11.1% in Q2-2023, is still elevated in the EU and particularly high in some Member States.

Labour market outcomes remain strong

Key labour market indicators in the EU-27 (%), quarterly



Source: Eurostat [lfsi_emp_q], [une_rt_q], [une_ltu_q] and [lfsi_neet_q]. Seasonally adjusted, not calendar adjusted data.

Gender inequalities in the labour market remain widespread and are reflected in both employment and pay gaps. While slightly decreasing, the gender employment gap stays wide, particularly when accounting for the greater share of part-time work among women. The largest part of the gender pay gap in the EU is not linked to objective and measurable characteristics of individuals, suggesting that other factors, including discrimination and non-

¹ The report was adopted by the Council on 11 March 2024, based on a proposal by the Commission released as part of the 2024 European Semester Autumn Package.

² See the Key Messages of the EMCO-SPC joint Working Group on the introduction of a Social Convergence Framework in the European Semester and its Report.

transparent wage structures, are likely to play a role. These pay gaps hamper the economic independence of women during working life, negatively affect their labour market participation and contribute to gender pension gaps with greater poverty risks for women in old age.

Despite continuous efforts, persons with disabilities (PwD) still face significant barriers in the labour market

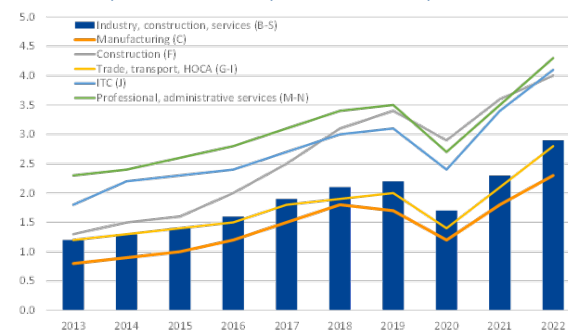
- About **47 million people** (about **17%**) of working-age declared a disability in the EU.
- The employment gap between persons with and without disabilities remains wide at **21.4 pps** (2022)
- At **17.1% in 2022**, the unemployment rate of PwD is high, while the activity rate is low at **60.7%**.

Sizeable labour and skills shortages are present, which may hinder economic growth and slow down the green and digital transitions if not adequately addressed. Labour shortages are widespread across occupations and skills levels. Despite some easing in recent quarters, the job vacancy rate was at 2.7% in Q2-2023 in the EU, well above the average of 1.7% for the period 2013-2019.³ Sizeable shortages were notably reported in 2022 in sectors such as healthcare, STEM (particularly ICT), construction and certain service occupations. Labour shortages in sectors that are key to the green transition have doubled since 2015, while training provision in these sectors remains below average, exacerbating skills shortages. In 2021, more than 60% of EU enterprises that tried to recruit ICT specialists had difficulties in filling such vacancies. Widespread labour shortages are driven by strong labour demand despite the recent slowdown of the economy. At the same time, factors limiting labour supply (such as population ageing and a falling trend in hours worked per employee) may have also played a role, as working conditions did in certain cases. Both labour and skills shortages are also generated by the new job requirements created by the green and digital transformations and the lack of relevant skills in the workforce.

Despite nominal wage increases, real wages fell in almost all Member States in 2022, to various degrees, highlighting the importance of well-balanced wage setting mechanisms. Tight labour market conditions and high inflation have put upward pressure on nominal wages.

Sizeable labour shortages in the EU

Job vacancy rates in the EU by economic activity (% annual data)



Note: NACE 2 activities, B-S (Industry, construction and services (except activities of households as employers and extra-territorial organisations and bodies), C (manufacturing), F (construction), G-I (wholesale and retail trade, transport, accommodation and food services), J (information and communication), M-N (professional, scientific and technical activities). Source: Eurostat [jvs_a_rate_r2].

Nevertheless, nominal wage growth remained below inflation, causing real wages to fall in almost all Member States.⁴ However, because of stronger nominal wage growth and moderating inflation, the decline in real wages slowed down in the first half of 2023. Gradually recovering purchasing power and mitigating further losses is essential to contain the social effects of the increased cost of living especially on low-wage earners. In this context, strong social dialogue and effective collective bargaining, in accordance with national practices, is crucial to achieve an overall wage growth that supports purchasing power, notably of low- and middle-wage earners, while supporting job creation and safeguarding competitiveness.

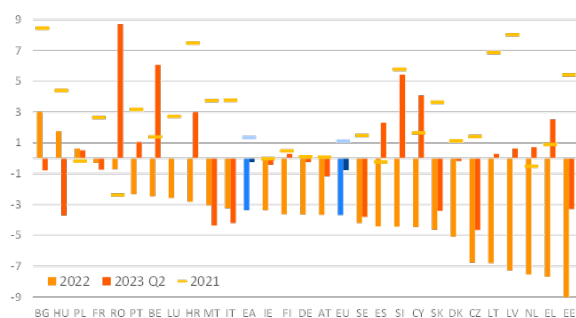
Adequate minimum wages can help protect the purchasing power of low-wage earners and decrease in-work poverty, while strengthening incentives to work. From January 2022 to July 2023, statutory minimum wages increased significantly in nominal terms in all Member States where they are in place, compensating for the impact of high inflation on the purchasing power of minimum-wage earners in half of those Member States. In addition, in Member States without a statutory minimum wage, collectively agreed wages for the lowest paid occupations registered subdued growth, leading to substantial losses in real terms. Mitigating the effects of high inflation is particularly important with regard to low-wage earners, who are disproportionately hit by still elevated prices. The transposition of the Directive on adequate minimum wages will be crucial to help protect the purchasing power of low-wage earners and prevent increases of in-work poverty, and strengthening incentives to work, with social partners playing a key role in its implementation including through collective bargaining.

³ European Commission, *Employment and Social Developments in Europe, Annual Review 2023*, Publications Office of the European Union, 2023.

⁴ For recent wage developments, see European Commission, *Labour market and wage developments in Europe: annual review 2023*, Publications Office of the European Union, 2023.

Real wages decreased in 2022 and continue falling though at a slower pace

Real gross wages and salaries per employee (annual % change; 2021, 2022 and Q2-2023)



Source: European Commission, AMECO database, Nominal gross wages and salaries per employee [hwwdw]; deflator: Harmonised index of consumer prices [zcpih]. For Q2-2023: EMPL calculations based on Eurostat data, Wages and salaries [namq_10_gdp], Total employment (domestic concept) [namq_10_a10_e] and Harmonised index of consumer prices [prc_hicp_midx].

Studies on artificial intelligence (AI) point to a potentially strong impact on labour markets, with white-collar workers and creative occupations expected to be more affected compared to past technological developments. According to the OECD Employment Outlook 2023, overall, 26.7% of the workforce in member countries were in jobs at high risk of automation in 2019. Social dialogue and collective bargaining are crucial in such context to ensure a participatory approach to managing change due to technological developments, addressing potential concerns, while fostering workers' adaptation (including via skills provision). Overall, while AI and machine learning models, especially those based on generative pre-trained transformers (such as ChatGPT), bring great opportunities, they may have a strong impact on white-collar workers in the future, and even affect creative occupations. The rapid advancements in these technologies necessitate vigilant oversight to harness their benefits while anticipating potential negative impacts and crafting adequate and timely policy responses, including concerning labour markets and workers' adequate participation from the productivity gains generated by AI.

Algorithmic management (AM) becomes more and more widespread

Its primary focus is the coordination and management of labour input, including performance evaluation.

AM is expected to enhance efficiency in the platform economy by assessing multiple factors in real-time.

It might lead to heightened surveillance and assessment exposure of workers; risks of data breaches; curtailing workers' autonomy.

With a majority of workers in the EU already using digital tools at work, significant further efforts are needed to improve the digital skills of the population.

In 2021, between 60 and 70% of workers in the EU used digital tools at work that required basic or moderate levels of digital skills.⁵ Yet, only 53.9% of adults had at least basic digital skills in the EU with great differences between Member States and across population groups. In 2021, young people were more than twice as likely as older people to have at least basic digital skills, with rates being particularly low among the low-qualified, the unemployed and inactive. Low levels of digital skills in wide segments of the population, and stark differences in opportunities to develop such skills, bear the risk of creating important divides in the context of increasingly digitalised economies and societies. To close the digital divide, targeted skills programmes are needed for the population at large, complemented by targeted training, tailored to the skills profiles and labour market situations of specific groups, and with companies playing a role in training provision too.

Sustained action is needed to further develop the skills of the workforce to support competitiveness, promote quality employment and preserve the EU social model, including in view of the green and digital transitions. Also in light of the widespread labour and skills shortages, well-functioning and effective education and training systems are key to providing young people with labour market relevant skills, while a high participation in adult learning is paramount to ensuring that the skills of the workforce are constantly updated. As low-qualified adults tend to participate in training significantly less than the medium- and high-qualified in all Member States, policy attention needs to be paid to increasing their participation rates. Adult learning is also more frequent in urban than in rural areas. The European Year of Skills, building upon the 2020 European Skills Agenda, aims to promote a shift in mindset towards up- and re-skilling throughout life, helping people to get the right skills for quality jobs and take advantage of the many opportunities offered by the green and digital transformations.⁶

As concerns education, reading competence has deteriorated across the EU, while sizeable teacher shortages put the provision of quality education at risk.

Almost a quarter of all fourth-grade pupils underachieve in reading, with a downward trend observed in practically all participating Member States over 2016-2021 and socio-economic status remaining a strong predictor of performance. While the share of young people with at most a lower secondary degree that left education or training prematurely fell slightly, considerable variations across

⁵ Cedefop, *Setting Europe on course for a human digital transition: new evidence from Cedefop's second European skills and jobs survey*. Publications Office of the European Union. Cedefop reference series; No 123, 2022.

⁶ Communication of the European Commission on a European Skills Agenda for sustainable competitiveness, social fairness and resilience, COM(2020)274 final; Proposal for a Decision of the European Parliament and of the Council on a European Year of Skills.

Member States, gender and migration backgrounds remain. At the same time, most Member States experience difficulties to fill teaching positions in all sectors of compulsory education, in particular in STEM subjects, as well as to attract enough teacher students and retain novice teachers in the profession. The attractiveness of the teaching profession depends on a range of factors, including pay and working conditions. Increasing the attractiveness of the teaching profession is key to keeping the EU on track towards its education targets, and to meet the growing demand for skills, including against the background of the green and digital transformations.

Social protection systems play a key role in Member States in terms of ensuring social cohesion, income security and macroeconomic stabilisation and need to be made fit for the challenges of the future. Social protection systems have proved their effectiveness in supporting socio-economic resilience, in particular during the COVID-19 and energy crises, preventing a significant rise in the number of persons at risk of poverty or social exclusion. Yet, their capacity to remain adequate and fiscally sustainable is under growing pressure due to population ageing, the changing world of work and the green and digital transitions. These developments will have implications for the design and scope of social

protection systems and their financing. This implies the need for higher participation rates in quality jobs across population groups, longer working lives, adequate responses to in-work poverty, social protection coverage for non-standard forms of employment, better organised, available and efficient social protection services, including care, and adapting social protections systems to the new realities brought forward by the adaptation to climate change and green and digital technologies. Well-designed social policies at different stages of a person's life cycle can lead to 'double dividends', reducing future public spending on income replacement thanks to employment, well-being and health gains, and supporting inclusive economic growth while enlarging the tax base.

Housing cost represents a high share of disposable income, especially for those at risk of poverty

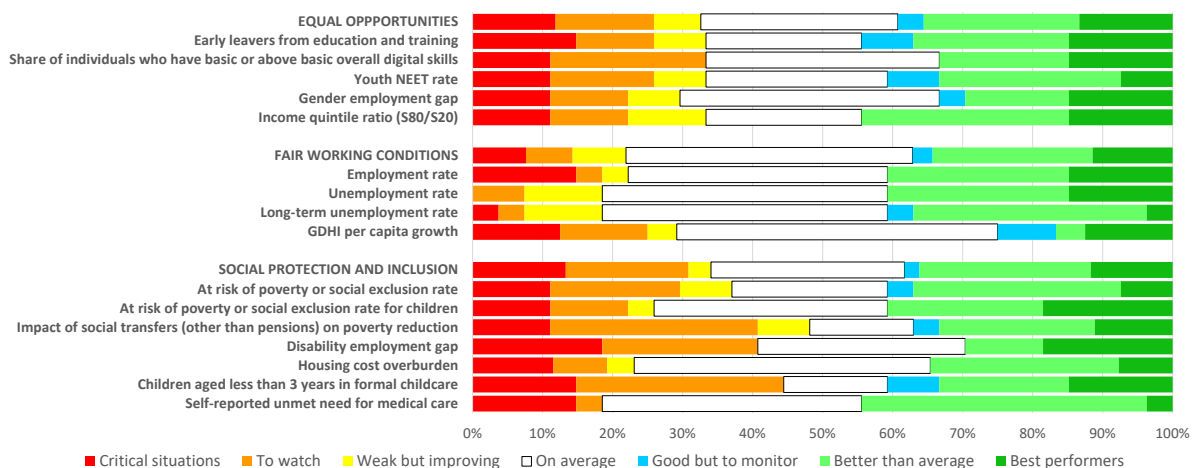
Housing costs are commitments that are impossible to forgo without **seriously endangering quality of life or risking financial hardship**.

In 2022, almost **one in ten persons** in the EU lived in a household where total housing costs represented **more than 40% of total disposable income**

The share of persons at risk of poverty (ARCP) overburdened with housing costs was **34.2%** (2022) in the EU.

The analysis in the JER 2024, including the stronger country focus based on the features of the SCF, is supported by the Social Scoreboard. The Scoreboard includes indicators related to the three chapters of the Pillar, on key policy dimensions like adult learning, employment and the risk of poverty or social exclusion. The headline indicators used in the JER 2024 allow an accurate identification of key employment, skills and social challenges in the EU and in the Member States and a close monitoring of upward social convergence. The outcome of the Social Scoreboard analysis is summarised below.

Employment, skills and social challenges across Member States by headline indicators of the Social Scoreboard



Notes: 1) Data for the indicator on adults' participation in learning is not yet available. 2) Data is missing for some indicators for some countries – see Table 1.4.1 in section 1.4 of the report. Legends for all indicators are presented in the Annex.