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Employment and Job Creation in Belgium, France, and Luxembourg:

Analysis, vulnerable groups and solutions.

FINAL REPORT

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Preface

This report presents the results of a research project conducted on the topic of employment (and also unemployment and underemployment) and job creation in Europe in general, with a specific focus on the three countries in which the Degroof Petercam Foundation (DPF) is active.

The Foundation selects and supports innovative employment solutions that focus on developing skills, contributing to the creation of jobs, and offering help for people to find a job. This study offers in-depth knowledge on the reality of the labor markets in which the Foundation is active, including a map of current solutions and main take-aways, and can be a powerful tool to use to increase its impact. For Esade as an academic institution, this study is aligned with its mission to generate new knowledge through research and to contribute to social debate on topics that are of relevance to our main stakeholders, including students, private, social, and public sector actors. The Degroof Petercam Foundation and Esade joined forces to carry out this project together almost two years ago – to develop new insights on un- and underemployment, which are important problems facing our societies.

The intention of both the Degroof Petercam Foundation and Esade is that this report will help the decision-making processes of any institution that works in the area of employment for vulnerable groups, and thatit will also help to identify new trends and inspirational initiatives that are having an impact. And, in the end, the report aims to help all people who currently have trouble finding a job, or finding one that offers decent conditions.

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Introduccion

Employment is a key factor of social inclusion as a means of economic security, but also through the provision of stability and social protection. However, there are many circumstances that mediate between individuals and their capacity to integrate into the labor market. This project was conducted to help the Degroof Petercam Foundation in their decision-making process, to get involved in employment initiatives in an effective, evidence-based manner in the three countries where it is active, namely Belgium, France and Luxembourg.

In a context where more and more people are faced with strong barriers to enter the labor market and a growing inherent insecurity, it is of utmost importance to base decisions on evidence. To do so, this report provides the reader with a diagnosis, derived from multiple sources, of the trends and structure of employment, unemployment, and underemployment that considers the broader European context, with a particular focus on what has occurred from the end of the 2000s until the period just prior to Covid.

The research will pay special attention to elements that have a close effect on (un/under) employment and job creation (national/regional cultures and attitudes, regulations, public policies, and private initiatives), particularly in Belgium and France, the countries most affected by these issues.

The report is structured as follows. Firstly, it presents the results of a diagnosis of the context and trends of the European labor market over the past 10 to 20 years. Based on this context, it dives into the identification of vulnerable groups in relation to their involvement in the labor market for each of the above-mentioned countries (Section 2). With this diagnosis in mind, Section 3 analyses the public policies regarding the challenges around employment in these countries and gives a non-exhaustive overview of private initiatives towards improving the quality of employment. The aim of this section is to provide a context of the opportunities and roadblocks for employment programs. Based on these analysis, Section 4 summarises the main take-aways.

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Executive summary

Successful integration into the labor markets is a key factor in the successful implementation of social inclusion. In Europe, indicators of activity and employment have been improving since the 2008-2012 crisis, up until the COVID-19 pandemic. However, the overall trends are heterogenous when looking at different population groups that either have a harder time accessing the labor market or, when they do, have difficulties securing good quality employment. Moreover, the changes in technology and skills demands in the labor market are generating further gaps among the population, which need to be addressed to avoid leaving more people outside of it.

Before the 2020 COVID crisis, Belgium, France and Luxembourg, the countries focused on in this report, were slightly below the EU28 in terms of activity. Belgium presented the biggest difference from the EU average, with a gap of five percentage points (5pp). These rates vary by group: whereas the gender activity gap in Europe is 6pp, in the three countries under analysis the gap is smaller (between 3pp and 4pp), which is mainly explained by higher levels of male inactivity. Young people are also more inactive than other age groups, particularly in Belgium and France. Finally, people with a migrant background have displayed difficulties integrating into labor markets in Europe as well, especially those from non-European countries: In France and Belgium only around 50% of recent non-European immigrants are active in the labor market, as opposed to recent EU immigrants, whose activity rate is around 80%.

Unemployment rates have also been in clear decline since the recession, a trend that can be seen all over Europe. France, however, still presents rates well above the EU average (around two percentage points in 2019). The gender differences in this rate are not significant in the countries under study, but age, migrant status and educational attainment are. Youth unemployment is three times higher than in other age groups in all countries, and people born in non-EU countries have double the unemployment rates of those born in the EU.

The length of the unemployment spells reflects another aspect of this problem; they are especially large in Belgium and France. In Belgium, almost 50% of the total of people in unemployment remain in this status for longer than 12 months. This is a problem among older workers, who are five to ten percentage points more likely to be in long-term unemployment.

Once in employment it is important to analyse its quality. In this matter, underemployment, expressed in part-time or temporary work, can reflect this dimension. Temporary employment primarily affects young people, who are more than four times more likely than other age groups to work part-time, and part-time is again more prevalent among women. In fact, over 34% of women in Europe are working part-time because of family-related responsibilities, while only 16% of males report this same situation.

Finally, within all of these groups, the low-skilled are the ones most affected, with the lowest level of stable labor force participation rates over time.

In this context, active labor market policies are some of the main instruments used by governments to improve these situations through different types of interventions. They tend to take the form of general employment services, hiring incentives, training or subsidies. Overall, the featured countries spend between 0.619% and 0.849% of their GDPs on these kinds of policies, with Belgium at the top, followed by France and Luxembourg. However, they distribute these funds differently: Belgium prioritizes the funding of general labor market services, France focuses more on training and Luxembourg strongly favors employment incentives.

When analysing the target audience of these interventions to verify whether the vulnerable groups detected above were being served, we find that this information is difficult to access and verify, with most public information suggesting that policies are not targeting particular profiles. This is also pointed out by private actors in the field: given the relevance of labor market integration, many social enterprises, NGOs and foundations work in this particular dimension in partnership with governments, or by carrying out their own programs.

In revising public and private programs there **are five main take-aways that apply specifically to Belgium and France´s job markets**. Luxembourg performs relatively well in most of the general job market indicators for all groups of population. Therefore, even though its main labor market policies are analysed, no vulnerable groups were identified, so no take-aways were drawn from the analysis. Thus, the first take-away is that there is a **prevalence of programs targeted at youth**, consistent with them being among the most vulnerable cohorts identified in all labor market indicators. This is true for both the public and private interventions reviewed. However, a second take-away should be the **lack of programs specifically targeting the other vulnerable groups**, especially women and people with a migrant background. Following this issue, many private organizations have chosen to focus on the needs and challenges of some of these specific **more vulnerable groups, as they find that they often need more individualized approaches and expertise.**

The fourth take-away regarding the types of intervention is that there is a **prevalence of training programs**, which is consistent with the diagnosis of low skills being one of the barriers to integration into labor markets. Moreover, many of these interventions are paired with counselling and job placement services to reinforce their effectiveness. Finally, one of the most important limitations found in this analysis is the consistent **lack of public information on the effectiveness of the different types of active labor market programs reviewed.** There is limited information on the program´s beneficiaries and ultimate outcomes after participating, and much less any study estimating the causal impact of these interventions. Private initiatives, however, seem to be strengthening their data gathering efforts, and often publish this information in year reports and publications.

Some recommendations stand out from this analysis. Now more than ever, ensuring an effective use of resources that reach the people most in need is of crucial importance. To achieve this, programs need to be based on the evidence and learnings of their own

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and of past interventions, which in turn require that programs gather data and perform evaluations that estimate the effects of these policies. Past efforts like these have allowed four generalizations on the potential effects of active labor policies (Yeyati et al., 2019 & Card, Kluve & Weber, 2017). First, it is important to consider that the effects of labor policies show in the long run, which should be taken into account when analysing their results. Second, impacts in employability vary by type of program, with larger average gains for programs that emphasize human capital accumulation. Third, there are heterogeneous effects on different kinds of participants in these programs: women and participants who re-enter from long-term unemployment have larger gains than other groups and, finally, the economic cycle will influence the results, which can be larger during recessions.

These findings should be considered when implementing any employment program, not only for design of the specific strategy and target audience, but to ensure that the implementation itself generates the information that will allow the program to adjust and improve over time.

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Glossary

Activity rate: is the percentage of active persons among the total population, being active persons that are employed and those that are unemployed but not economically inactive, such as students or pensioners.

Employment rate: is the percentage of employed persons across the working-age population, the latter being the segment of the population between 16 and 64 years old.

Gender pay gap: refers to the difference in average wages between men and women. The unadjusted gender pay gap is calculated as the difference between the average gross hourly earnings of male and female paid employees as a percentage of average gross hourly earnings of male paid employees.

Inactivity rate: is the proportion of people outside the labor force (i.e., economically inactive persons) in the total population of the same age group.

Long-term unemployment: refers to the number of people who are out of work and have been actively seeking employment for at least a year.

Market and non-market services: the former involve remuneration and profit to those who perform in the market, while the latter refers to self-consumption services.

NEET: the indicator for young people neither in employment nor in education and training corresponds to the percentage of the population of a given age group and sex who are not employed and not involved in further education or training.

Unemployment rate: is the percentage of unemployed people of the total labor force.

1. Unemployment and job creation in the European Union, Belgium, France and Luxembourg

This section provides an overview of the main trends in employment, unemployment, and underemployment in the European Union in the last 10 to 15 years. It identifies the main characteristics of the European labor market and their evolution, for the whole of the Union but also for Belgium, France and Luxembourg, the three countries that are the focus of this study.
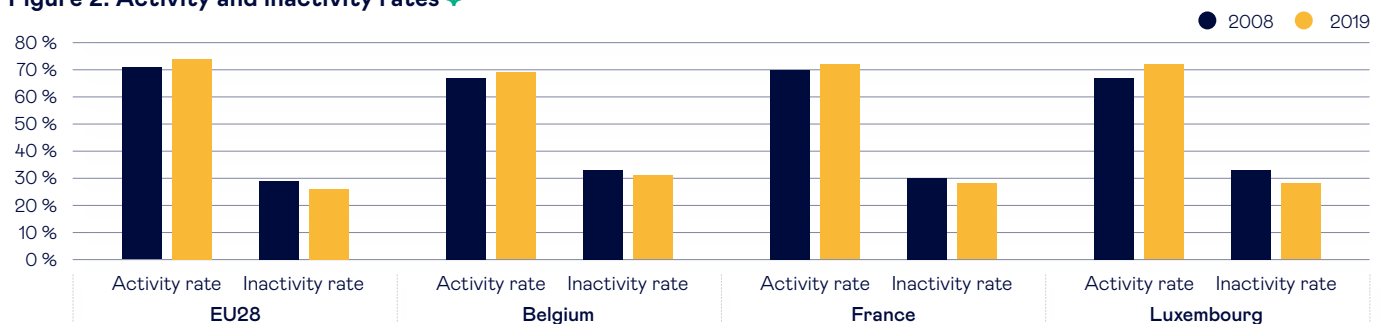
Trends in employment

EMPLOYMENT AND ACTIVITY RATES

Activity and employment rates reflect the level of participation in the labor market and whether the active participants are employed. In the period between 2005 and 2020, the EU employment rate increased by 5.6 pp, from 66.8% to 72.4%. As we can see in Figure 1, activity rates also increased, but at a slower pace. However, different countries and diverse population groups have experienced very contrasting labor market outcomes over recent years.

Figure 1: Evolution of employment and activity rates ↓

Employment rate
(% population aged 15-64)

Activity rate
(% population aged 15-64)

Source: Eurostat
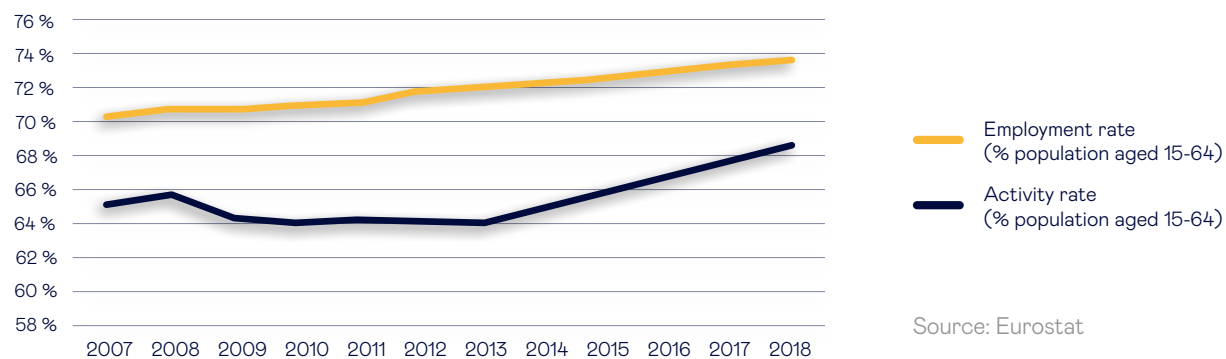
When concentrating on the countries that are the focus of this report, we can observe that the activity rates are below the EU average, with five percentage points in Belgium and around two percentage points in France and Luxembourg. The ten-year trend, however, is growing in all three cases (Figure 2). This figure also reflects how the inactivity rates have decreased slightly.

**Figure 2: Activity and inactivity rates ↓**

● 2008 ● 2019

Source: Eurostat

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As mentioned above, the employment, activity and inactivity rates vary strongly across EU regions and population groups. As we can see in the graphs in Figure 3, it is among the younger age groups and females where there are greater margins to raise participation.

Figure 3: Labor market status by gender (left) and percentage of people inactive by age (right) in 2019 ↓
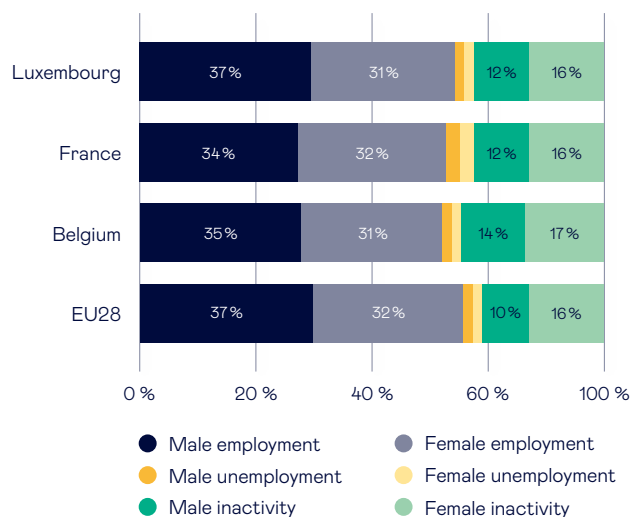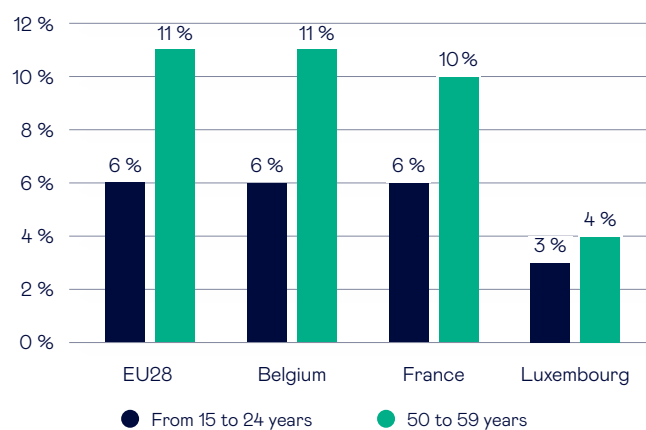

Source: Eurostat
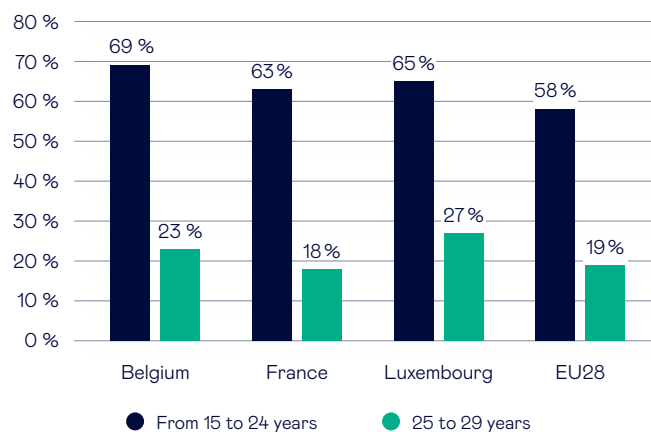
Source: Eurostat

Furthermore, for the younger population in particular, when inactive, it is important to analyse their neither-in-employment-nor-in-education-and-training rates (NEETs). Figure 4 presents data on this for 2019 in the EU28 and in the three countries that this report focuses on. We see that the rate is higher for young people between 25 and 29 years old than for the previous age category. This is around the time where most students will have finished a degree and should be in their first place of employment.

Figure 4: Young people neither in employment nor in education and training in 2019 ↓
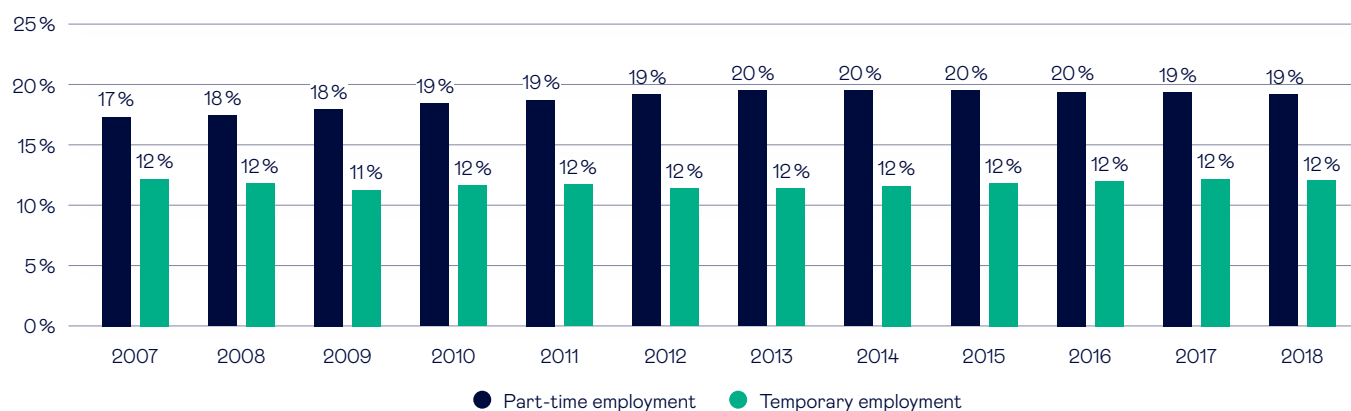

Source: Eurostat

TIME AT WORK

In analyzing employment, it is important to consider its quality, reflected by the duration and type of contracts.

Regarding the duration of contracts, temporary employment as a proportion of total employment has remained broadly stable in the last years (Figure 5), but the majority of temporary employees in the EU continue to be in temporary work involuntarily.

With respect to the types of contract, part-time work as a proportion of total employment increased after 2008 and has remained stable in recent years. As for the hours worked, these have grown modestly in recent years, but have not yet reached 2008 levels.

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Figure 5. Part-time and temporary employment (% of total employment) ↓
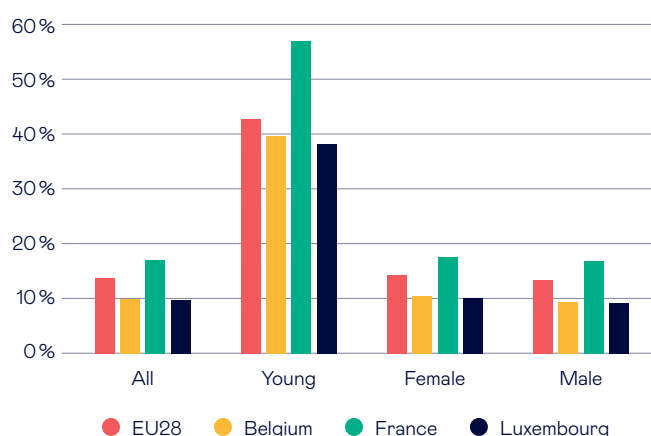

Source: Eurostat

In reviewing these indicators for the featured countries, we can appreciate that although the percentage of temporary employees in Europe has remained quite stable over time at around 13%, this percentage is higher for France and lower for Belgium and Luxemburg. In these countries, although temporary employment is a bit higher for women, the group that experiences more temporary employment are young adults, with temporary employment rates of around 40% in Belgium and Luxembourg, and of almost 60% in France (Figure 6). In France and Belgium (there is no reliable data for Luxembourg), temporality is an involuntary choice, as the main reason for being in a short-term contract is not being able to find a permanent job, especially in Belgium, where the people in that situation amount to 70% of temporary employees.

Part-time employment, on the other hand, is around 20% in the EU28, but higher for Belgium, where a quarter of employees are on a part-time contract; this is slightly lower for France and Luxembourg. As reflected in Figure 7, part-time employment also affects women and young people, with around 30% of the female labor force working part-time in France and Luxembourg and around 40% in Belgium; for young people, the figure is 23% in France and Luxembourg and almost 40% in Belgium.

The gender gap in part-time employment is also reflected in the reasons for adopting that employment scheme. In all countries, women declare being in part-time employment for family or caring reasons twice as much as men. Finally, in France, more than 40% of men and almost 40% of women declare that they are in part-time work due to not being able to find a full-time job.
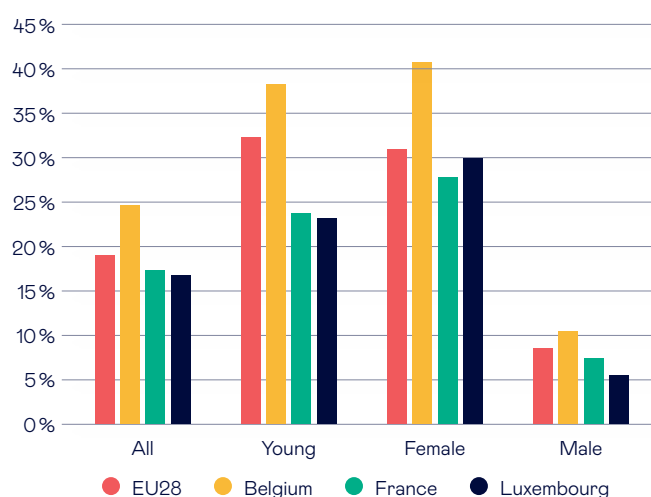
Figure 6.

Temporary employees as a % of total employees in 2019 ↓

Source: Eurostat

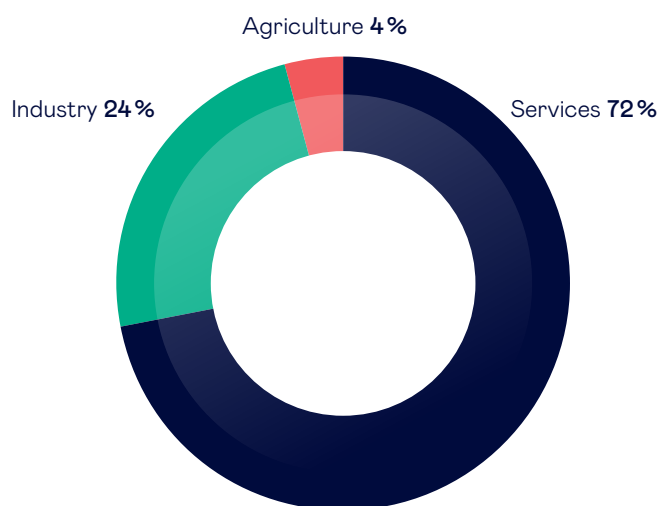**Figure 7.**

Part-time employment in 2019 ↓

Source: Eurostat

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SECTORS

Figure 8.

Employment by sector (% of total employment) ↓

Agriculture **4%**

Industry **24%**

Services **72%**

Source: Eurostat 2018

For years, all countries in the EU have experienced a sustained shift in employment - from agriculture and manufacturing towards services - which now represent 72% of all employment, followed by industry at 24% and agriculture at only 4% (Figure 8).

The services sector has some particularities. It registers higher levels of temporary employment and is also the largest provider of jobs for women in many regions.

As reflected in Figure 9, almost 80% of the activities in the countries of study come from either market or non-market services. In that figure we can also appreciate how, even though manufacturing employment has been decreasing over the past decades, France and Belgium still concentrate more than 10% of their economic activity in that sector, whereas the percentage is four times smaller for Luxembourg.

Figure 9. Employment by economic activity in 2019 ↓

Source: Eurostat

● EU28　● Belgium　● France　● Luxembourg
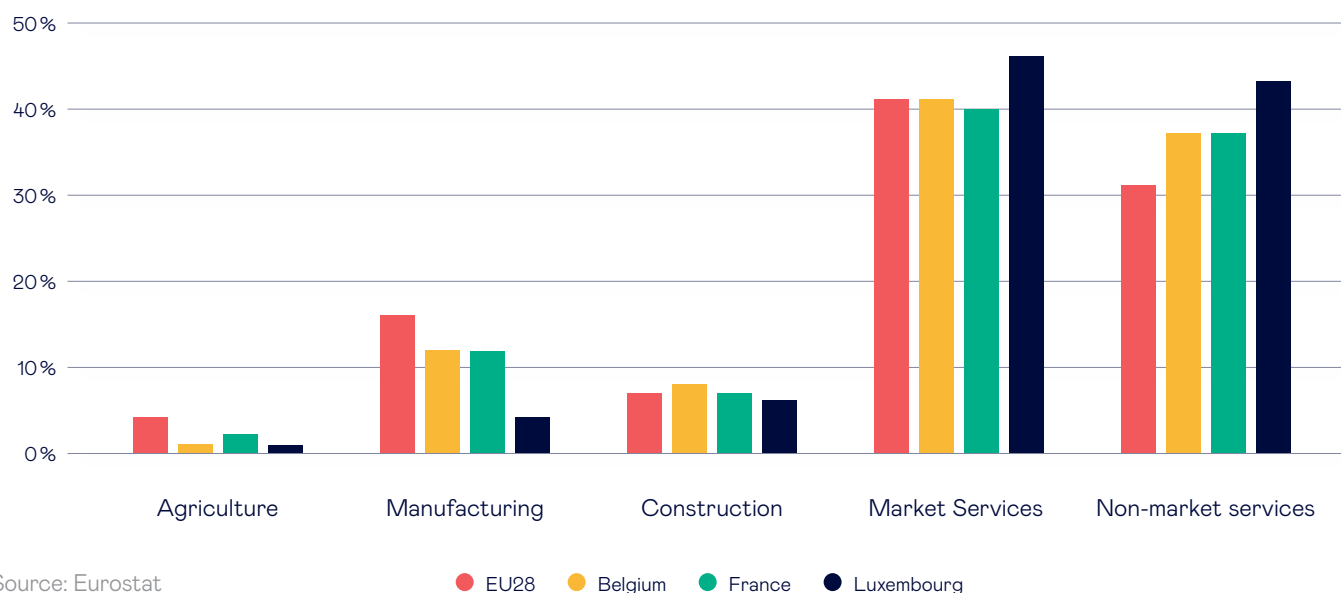
A closer look into the sectors that are creating jobs in the past five years reveals that the patterns in these three countries are quite different, although there are sectors that have been growing in all three, like accommodation and food services, and others that that have been decreasing, like wholesale and the retail trade (Table 1).

In terms of growth, it is worth mentioning that some of the sectors that have grown in the past five years, such as real estate activities (Belgium and Luxembourg), or information and communication, or professional, scientific and technical activities (France), are also associated with higher wages than other type of activities.

Table 1. Where were the jobs created in the past 5 years? ↓

Country	More jobs	Less jobs
Belgium	Real estate activities	Activities of households as employers
	Accommodation and food service activities	Financial and insurance activities
	Electricity, gas and water supply	Manufacturing
	Transportation and storage	Public administration and defense
	Administrative and support service activities	Wholesale and retail trade
France	Information and communication	Real estate activities
	Professional, scientific and technical activities	Mining and quarrying
	Accommodation and food service activities	Agriculture, forestry and fishing
	Arts, entertainment and recreation	Transportation and storage
	Electricity, gas and water supply	Wholesale and retail trade
Luxembourg	Other service activities	Manufacturing
	Accommodation and food service activities	Financial and insurance activities
	Real estate activities	Activities of households as employers
	Administrative and support service activities	Electricity, gas and water supply
	Construction	Wholesale and retail trade

Source: Eurostat, 2019

SKILLS

The skills match between the population and the labor force demand reflect how well people are able to integrate into the labor market and how this defines the growth potential for the entire economy. As reflected in the table below, most employees are in the medium-skilled category. However, over the past ten years the high-skilled jobs have grown the most, by 4%, almost reaching the same market share as the medium-skilled jobs. This trend reflects the need for the development of new skills to be able to compete and integrate in a more demanding labor market. It is important to note that there is also a gender gap in this area, since women tend to be highly represented in certain low and medium-skill occupations.

**Table 2. Percentage of employees by skill level in 2008 and 2019** ↓

	2008	2019	2008–2019
High–skilled	39%	42%	↑4
Medium–skilled	48%	45%	↓2
Low–skilled	14%	12%	↓1

Source: ILO modelled estimates

ENTREPRENEURSHIP

The Global Entrepreneurship Monitor (GEM) implements the National Experts Survey (NES) to entrepreneurship experts of different countries that aim to understand the reasons that enhance or hinder new business creation. Figure 10 summarizes the latest results for Belgium, France and Luxembourg.

Figure 10. Entrepreneurial framework conditions ↓
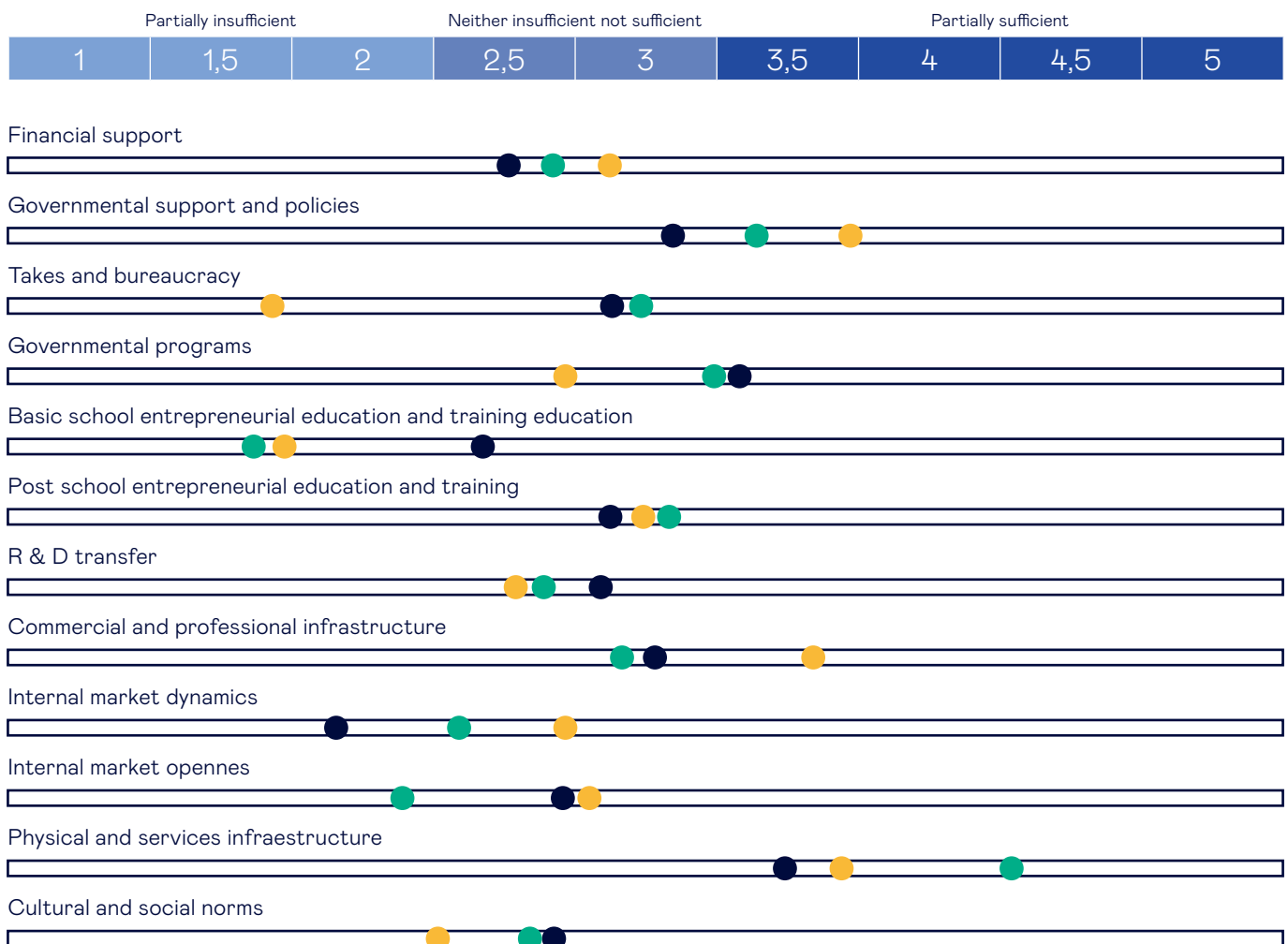
Source: Global Entrepreneurship Monitor   ● Belgium 2015   ● France 2018   ● Luxembourg 2019

The experts were presented with 56 items that were then collapsed into the 12 main conditions for entrepreneurship. Most experts agreed on expressing rather negative (or neutral) opinions about the countries´ frameworks for entrepreneurship. As seen on the graph, in Belgium there seems to be higher levels of taxes and bureaucracy relative to the other two countries. It is also interesting that France and Belgium experts declared having insufficient training in entrepreneurial activity in basic schools relative to Luxembourg, a difference that does not persist in post-school training.

When focusing on the participation in entrepreneurial activity by gender, we see in Figure 11 the gender gap in the activity, reflected by the answers of men and women to different questions: the feasibility for them to become self-employed within the next

five years, the propensity to taking risks and start a new business rather than work for someone else and the access to training/ money to start a business. In all countries, the gender gap in training and financial access to start a business is considerably high, especially in the case of Luxembourg, where the gap in training is almost 20 percentage points.

Figure 11. Gender gap in entrepreneurial activity ↓
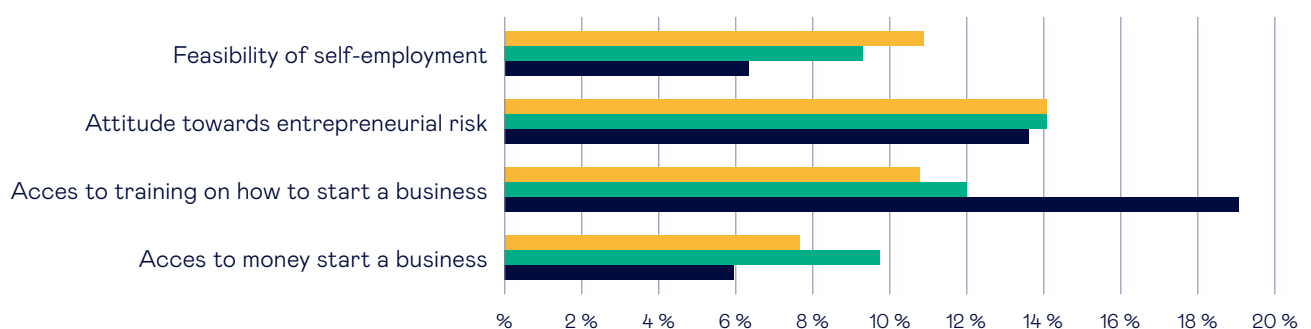

Source: OECD data for 2012-2013 (last year available)

● Belgium   ● France   ● Luxembourg

Trends in unemployment

UNEMPLOYMENT RATE

Unemployment rates have fallen in all EU Member States since 2008, and in several of them they have reached or are very close to the structural unemployment rate and have remained stable, with a small increase in 2020 related to the COVID-19 pandemic.

Figure 12: Unemployment ↓

Unemployment rate   Youth Unemployment rate

Source: Eurostat
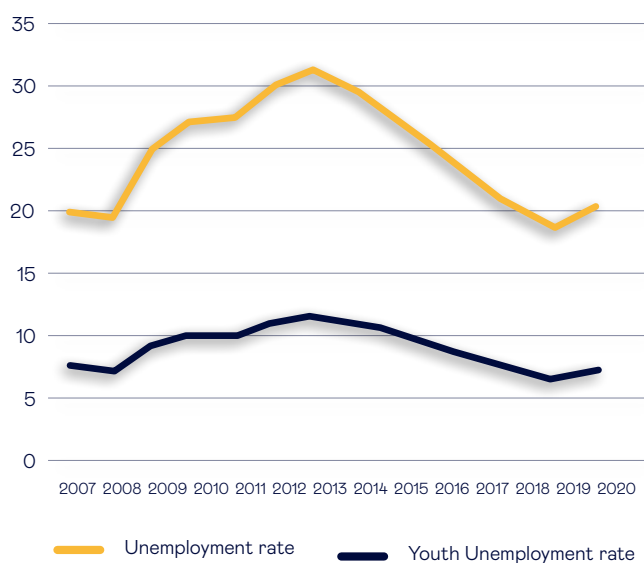
However, unemployment among young people is on average two to three times higher than that of adults. This difference has been declining over time, and in 2019 it fell below pre-crisis levels, but increased again in 2020.

Another important feature of unemployment is its length. In particular, the longer time in unemployment, the more difficult it is to find a job afterwards. In line with this, looking at long-term unemployment rates - unemployment of those who have been looking for employment for at least a year - is essential.

Long-term unemployment rates in all countries have been decreasing to their pre-crisis level, but they were persistently high even before the global economic recession. As we can see in Figure 13, this share is greater than the EU average for Belgium and France, but not for Luxembourg. Moreover, the risk of long-term unemployment is higher for women and for low-skilled and older people.

Figure 13: Long-term unemployment in 2019 (% of total unemployment) ↓
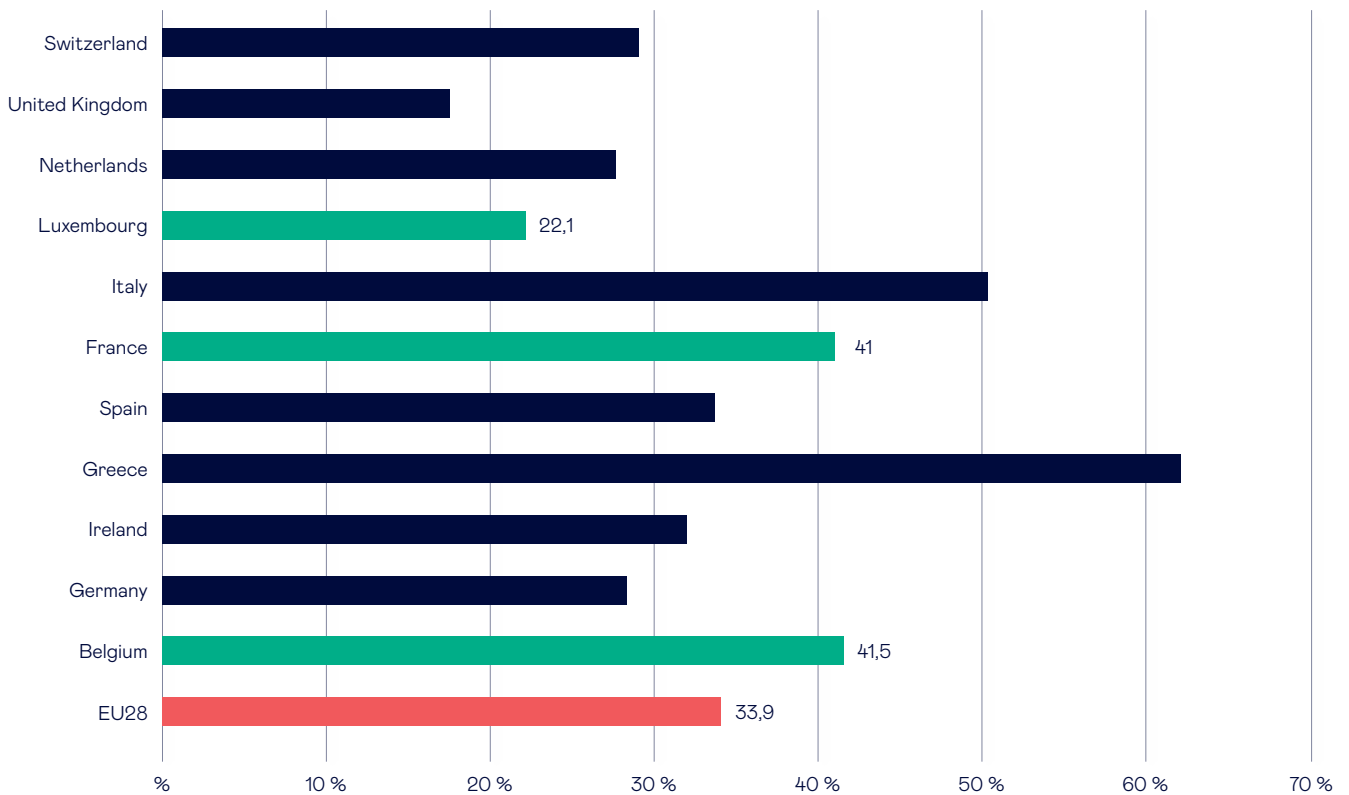
Source: ILO

The graphs in Figure 14 show the distribution of unemployment according to the number of months that the workers have been in this situation. As we can see, long-term unemployment is very high and represents a labor market problem both in the case of Belgium and France, but especially in the former, where it represents almost 50% of total unemployment. Luxembourg, however, seems to be rather good at managing the transitions from unemployment to employment.

Figure 14: Temporality of unemployment ↓
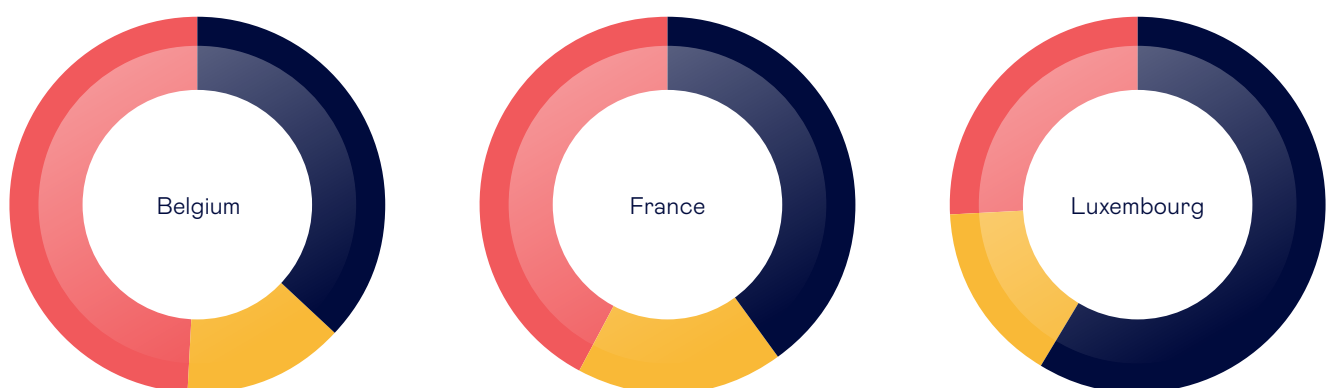
Source: ILO 2019   ● Less than 6 months   ● 6 months to less than 12 months   ● 12 months or more
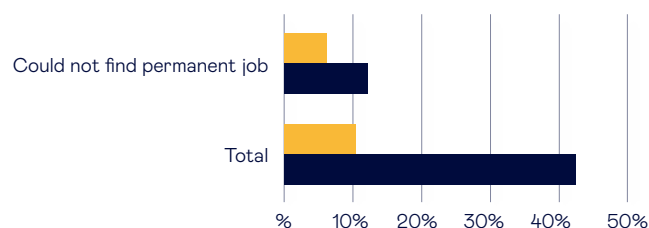
Trends in underemployment

YOUTH UNDEREMPLOYMENT

In many high-income countries, young individuals mainly participate in temporary and part-time job arrangements because of the lack of permanent or full-time job opportunities. As reflected by Figure 15, young people are more than four times as much involved in temporary employment, and around a quarter of them are there because of the impossibility of finding a permanent job (Figure 15).

Underemployment can also be represented by part-time employment shares. In this matter, women are more likely to be in this category. In fact, over 34% of women in Europe are working part-time because of family-related responsibilities. By contrast, only 16% of men indicate such a reason for working part-time.
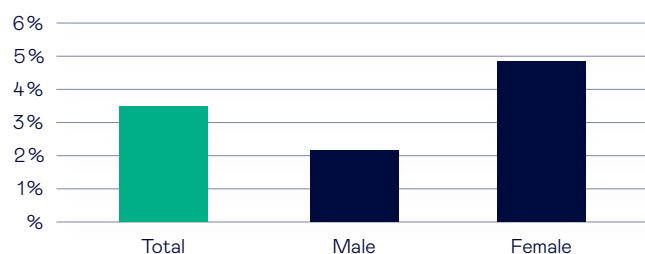
Figure 15: Percentage of temporary employees by reason in 2019 ↓

Source: ILO
● From 25 to 64 years ● From 15 to 24 years

**Figure 16: Underemployment rate in 2018 ↓**

Source: Eurostat

QUALITY OF EMPLOYMENT

One of the key indicators of employment is the quality of it. Quality can be measured in several ways, one of which is job tenure, since it captures the stability of the labor market. In the EU and in Belgium and France, almost 50% of the people employed have been in the same job for 10 or more years, whereas in Luxembourg it is only the case for 36% of the labor force. Another of the key measures of job quality is the number of hours worked. In the EU and in the three countries under study, the number of weekly hours worked is regulated (35 in France and 40 in Belgium and Luxembourg). However, Belgium has unusual levels of low working hours (almost 25% of the labor force works less than 35 hours per week) and France presents quite high numbers for workers working more than 45 hours per week.
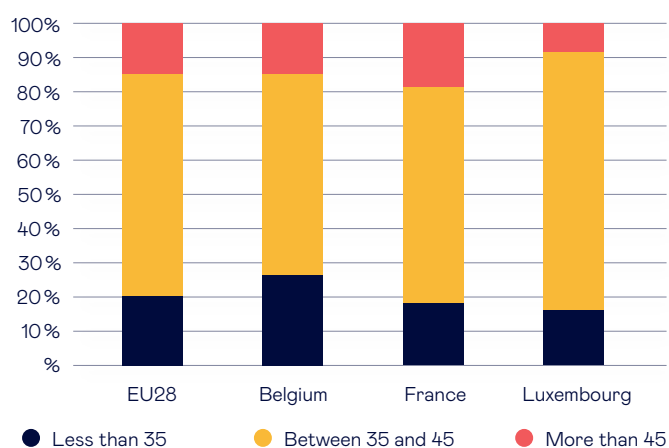
Figure 17: Job tenure in 2019 ↓
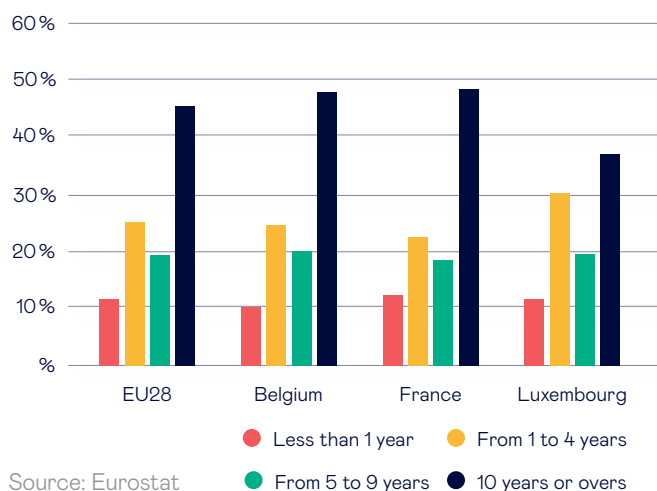
Source: Eurostat
● Less than 1 year ● From 1 to 4 years
● From 5 to 9 years ● 10 years or overs

Figure 18: Weekly working hours in 2019 ↓

Source: ILO
● Less than 35 ● Between 35 and 45 ● More than 45

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EARNINGS AND SOCIAL EXCLUSION

On top of the usual labor market outcomes, it is important to look at poverty and social exclusion. Since labor income is the prime source of income of many families all over the world, looking at income distribution and its implications is of vital importance. In this context, it is estimated that over 14% of the workers in Europe are informal, and therefore not covered by national social security schemes. Informality mostly affects self-employed workers, young people and workers with a lower educational level. Table 3 displays three indicators used to measure this dimension. The at-risk-of-poverty rates, reflecting poverty in terms of income, have remained rather stable over recent years, whereas severe material deprivation decreased after the 2008-2013 recession.
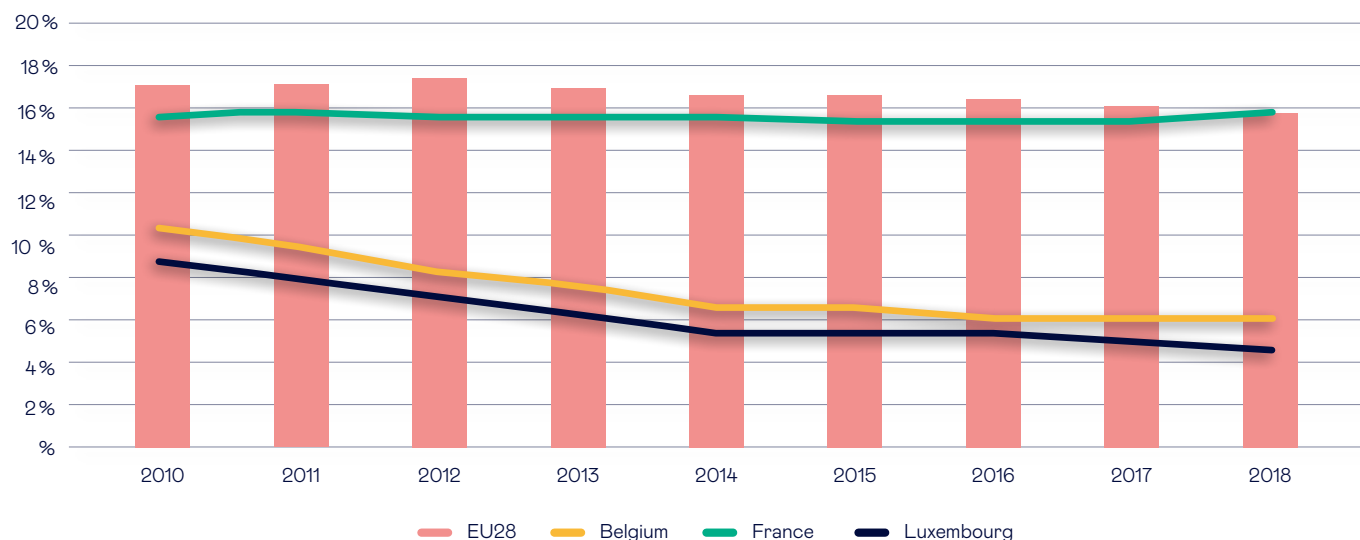
Table 3. Social exclusion. ↓

Country	2010	2011	2012	2013	2014	2015	2016	2017
At–risk–of–poverty or social exclusion	23,6	24,5	25,4	25,5	25,4	24,7	24,2	23
At–risl–of–poverty	15,3	16	16,4	16,5	17,1	17,1	17	16,5
Severe material deprivation	8,4	8,9	10	10	9,2	8,4	7,8	6,8

Source: Eurostat

According to these indicators, some workers struggle more than others. Self-employed workers have a higher risk of poverty, but they do not have a significantly higher risk of material deprivation than standard workers. However, the self-employed are a heterogeneous group, with the solo self-employed facing a much higher risk of material deprivation and poverty than the self-employed with employees.

All in all, the analysis undertaken shows several key structural issues in the three labor markets of the countries of focus and in Europe as a whole. Firstly, there is a big **gender gap in the labor market**, not only in terms of pay but also in other aspects, such as the type of contract or the inactivity levels. In terms of earnings, Figure 19 shows how the median for the EU is around 16%, closer to France, while Belgium and Luxembourg display lower and declining rates.

**Figure 19: Gender pay gap (unadjusted) in 2010-2018** ↓

Source: Eurostat

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Some of the explanations for these gaps are that women mostly work in the services sector, where a big bulk of the occupations are low or medium-skilled, and they are also not very well represented in managerial positions. Consequently, they earn less, particularly in France. Also, they have higher part-time employment rates, mostly due to work-life balance problems, but also because they cannot find a full-time job (again, especially in France). Finally, they are self-employed to a lesser extent and engage less in entrepreneurial activity, and when they do it, they do it out of necessity more than for opportunity reasons.

Another group that has not been helped by the better economic cycle is young adults, especially the NEETs. **Young people are more often unemployed and have higher levels of inactivity**, especially in Luxembourg. Moreover, they are the ones with higher rates of involuntary temporary employment. In most cases, it is because they could not find a permanent job, especially in Belgium. They are also more often part-time employed in that country and present higher rates of informal employment than the average worker, which prevents them from being covered by social security.

Figure 20: Active recent immigrants as a % of total recent immigrants ↓

Source: Eurostat

● Non-EU28   ● EU28
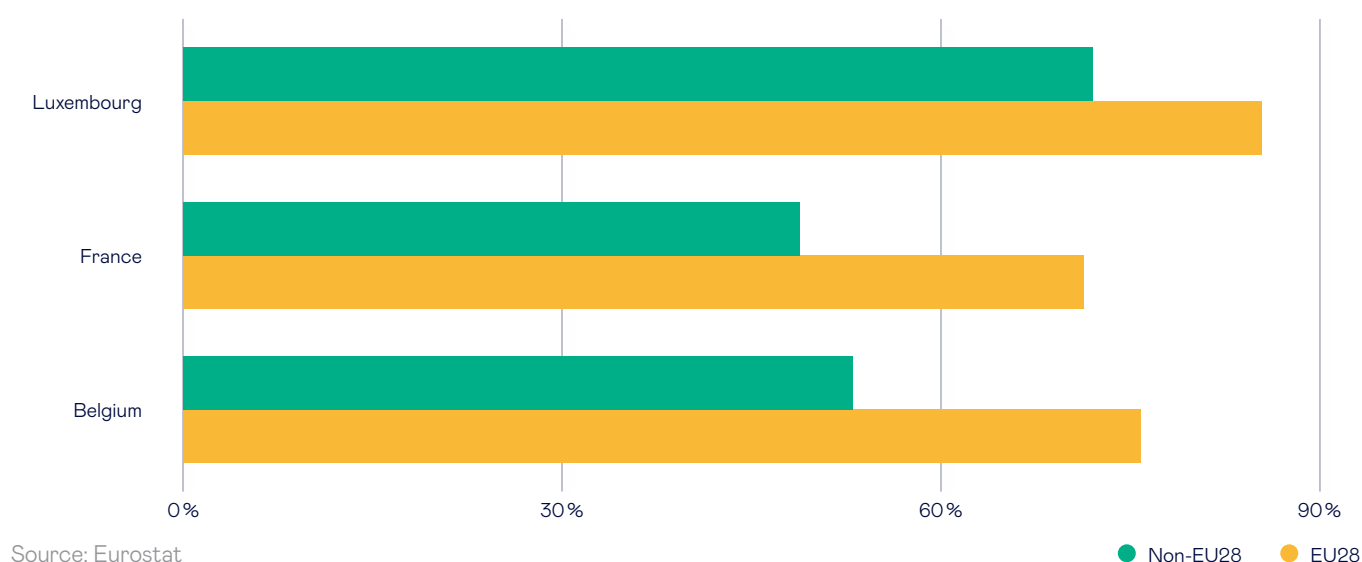
An additional conclusion that has emerged from the analysis is that **transitions in the labor market are becoming more complicated, especially for the older, the low-skilled, and for non-EU immigrants**. In the case of this last group, they present higher unemployment rates and inactivity rates (neither working not seeking for employment), showing the difficulty of many countries in incorporating non-nationals (or EU immigrants) in the labor market.

As displayed in Figure 20, non-EU immigrants have lower activity rates in all three countries than EU immigrants, with the difference being larger for Belgium and France, countries with higher levels of immigration.

In conclusion, the labor markets are polarizing (more high- and low-skilled workers), putting medium-skilled workers at higher risk of unemployment. Also, the manufacturing sector in Belgium and France is shrinking. This sector employs a large proportion of relatively old people who, in the case of job loss, have a higher probability to remain unemployed for a longer period, due to the mismatch of their skills and the job vacancies available. Additionally, some of the manufacturing jobs and the elementary occupations are at high risk of automation, and present high levels of unemployment. This fact can exacerbate the problem of structural long-term unemployment, especially in the case of Belgium.

Belgium

- Activity rates are 5pp below the EU average but growing in the past years.
- it is among the **younger age groups and females** where there are greater margins to raise participation
- **Part-time employment presents higher levels** than in the other countries, for all population groups.
- Manufacturing has been decreasing but 10% of employment still comes from there.
- The level of **taxes and bureaucracy is high and hinders entrepreneurship.** There is also insufficient training in entrepreneurial activity in school.
- Unemployment rates have been falling over recent years, but long-term unemployment has remained higher than the EU average.
- Belgium has unusual levels of **low working hours** (almost 25% of the labor force works less than 35 hours per week).
- **Low activity rates for non-EU immigrants.**

France

- Activity rates are 2pp below the EU average, but have grown in recent years.
- It is among the younger age groups and females where there are greater margins to raise participation.
- **Temporary employment** has remained stable but high for all population groups.
- Manufacturing has been decreasing, but 10% of employment still comes from there.
- There is insufficient training in entrepreneurial activity in school.
- Unemployment rates have been falling over recent years, but **long-term unemployment** has remained higher than the EU average.
- France presents quite high numbers for workers working more than 45 hours per week
- The **gender pay gap** is higher than the EU average.
- **Low activity rates for non-EU immigrants.**

Luxembourg

- Activity rates are 2pp below the EU average but have grown in recent years.
- It is among the younger age groups and females where there are greater margins to raise participation.
- The **NEET rate is below the EU average.**
- Manufacturing has been decreasing and has almost disappeared.
- There is **good access to training for entrepreneurial activity.**
- Unemployment rates have been falling over recent years, and also, **long-term unemployment is lower than the EU average.**
- **Transitions from unemployment to employment are well managed.**
- There is **more job rotation** in Luxembourg than in the rest of the countries.

# 2. Identification of vulnerable populations in featured countries

Building on the take-aways of the general labor market context presented above, this section will focus on five groups: young adults, women, seniors, people with a migrant background and people with lower skills and specific roadblocks to quality employment.

It is important to note that this section will closely investigate only France and Belgium and not Luxembourg. The reason for this lies in the fact that Luxembourg does not present, relative to the other two countries, major problems in the labor market for any particular group. Also, the small size of the country makes the data breakdown particularly complicated for availability issues.

Group 1: Young adults

Youth, according to the International Labor Organization (ILO), includes all young individuals between the age of 15 and 29. In this age bracket, the two main labor market problems are unemployment and the NEET (neither in education, employment, or training) rate. Figure 12 shows the labor market outcomes of young adults in Belgium and France. Interestingly, in Belgium, the number of unemployed young people has decreased over time, while the number of NEETs has increased, as opposed to France, where both have remained quite stable and high.

Figure 21: Young adults in Belgium and France ↓

Source: Eurostat 2018
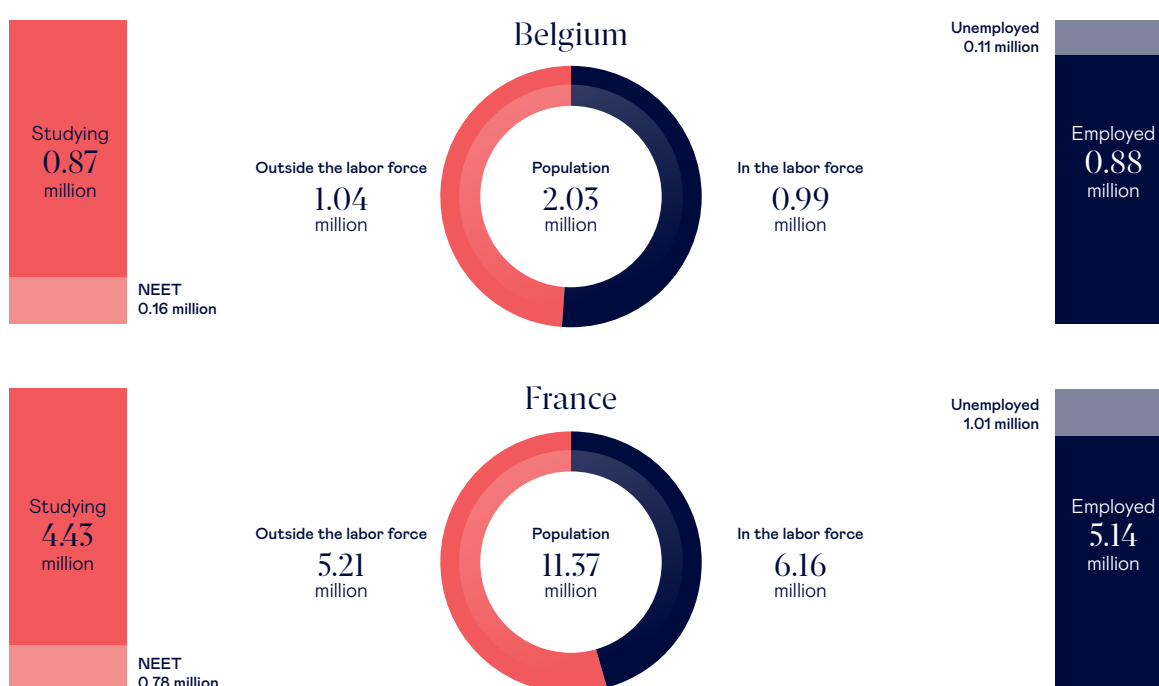
Unemployment is higher for younger people, as mentioned in Figure 12, and this is relatively expected, since they have worse arrangements (temporary and part-time jobs), but it is also because of the more frequent changes of jobs - people seeking better opportunities to increase their skill levels.

However, there are differences between groups of young adults, and some of them are more vulnerable than others depending on the country they live in. More precisely, in both countries, young women are less unemployed than their male counterparts (Figure 22).

Figure 22: Unemployment by gender in youth ↓
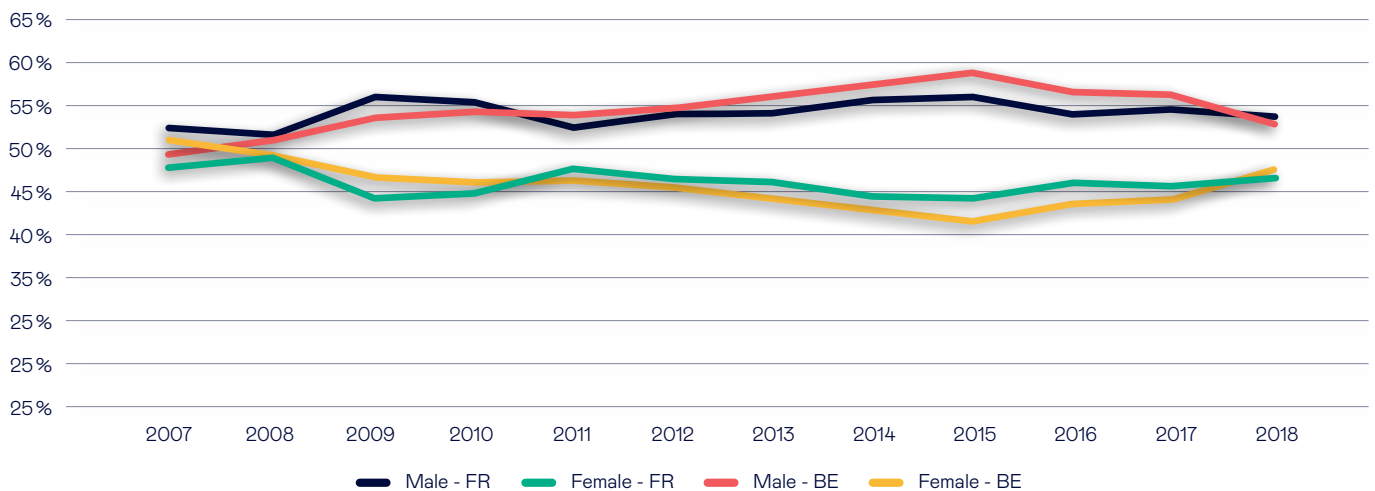
Source: Eurostat

A closer look at unemployment reveals that a third of the young working-age population in Belgium stay in unemployment for more than a year (the figure is a quarter in France). As we can see in the figures below, in Belgium almost 60% of the long-term unemployed youth are male, while in France the larger group is represented by women aged 25 to 29, followed by younger women, and then males 25 to 29.

Figure 23: Long-term unemployment by gender and age groups ↓

Source: Eurostat 2018

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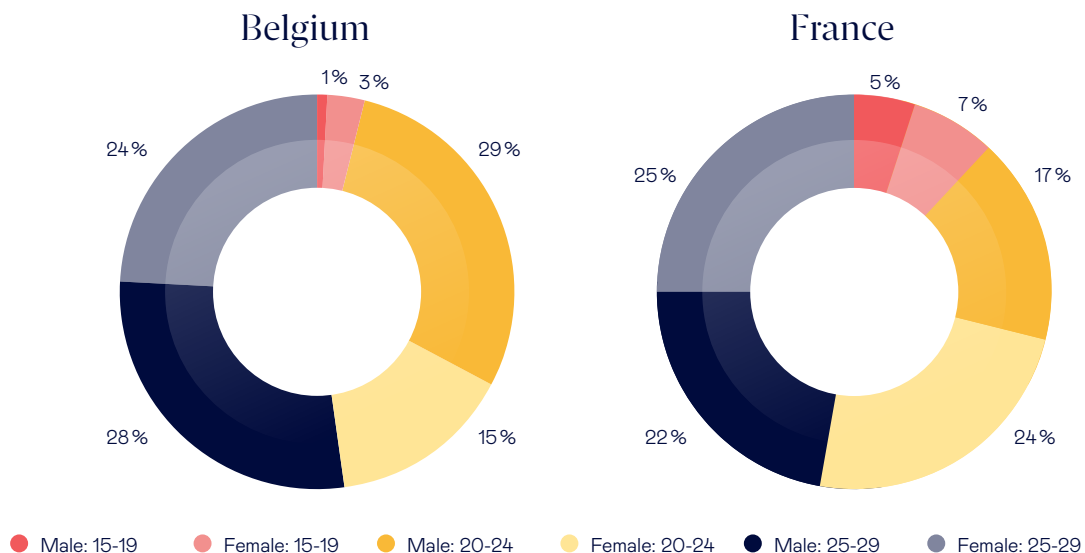
Moreover, it is also important to note that the unemployed are mainly an urban problem, and that the biggest share of the long-term unemployed in Belgium are from outside the EU28, whereas the EU citizens (excluding Belgium) present the lowest shares. That same figure in France looks strikingly different: the biggest share of the long-term unemployed are from other EU28 countries, whereas the non-EU citizens present the lowest shares. Finally, in both countries, the lower the level of skills, the higher the unemployment levels.

The NEET rates are the second big problem that young people face in the labor market. According to ILO (2020), the main causes of being a NEET are failure to secure employment in the past, being disheartened and believing that there are no suitable jobs for them, not knowing how or where to 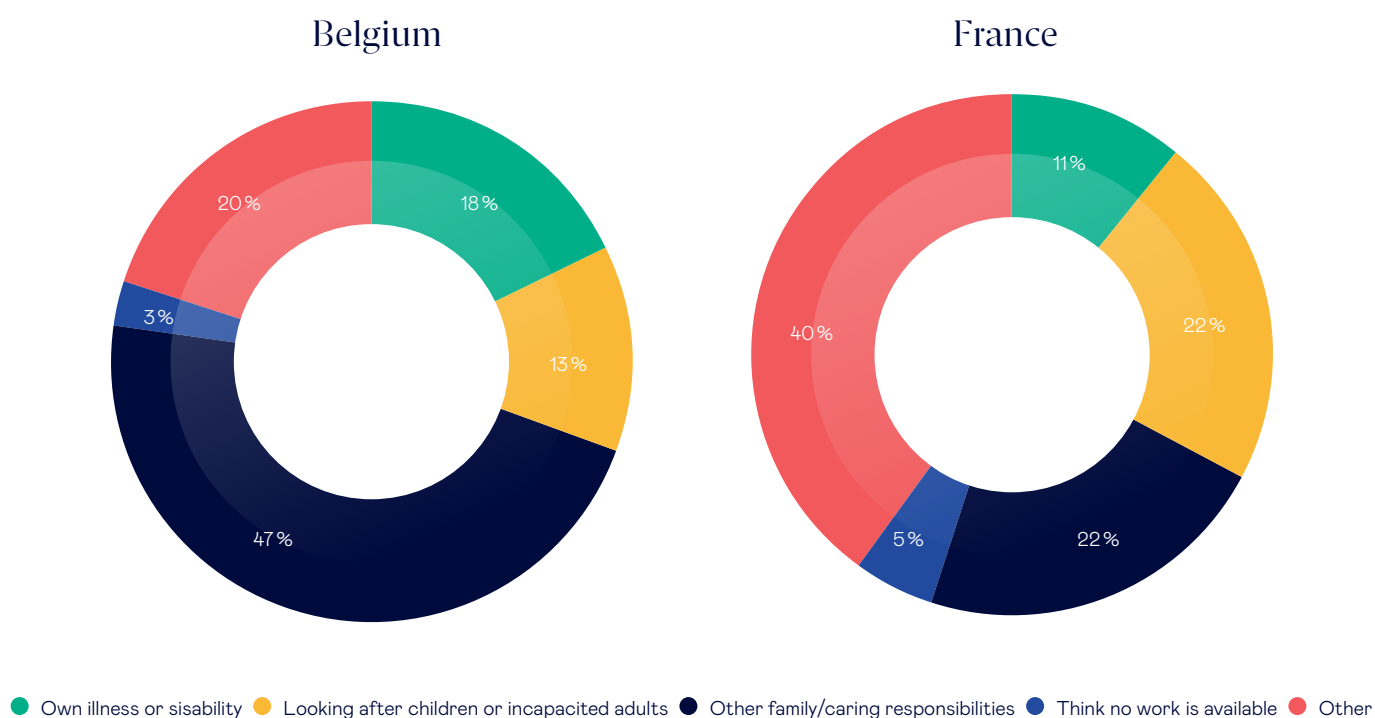look for jobs, waiting for an opportunity that matches their aspirations and/or having an illness, disability, or family responsibilities.

Belgium and France both had higher NEET female rates before the financial crisis in 2008, and since then the gender gap has closed. This pattern is also seen regarding rural and urban NEETs: the NEET rate was higher in cities, whereas since the end of the financial crisis, the NEET rate has increased in rural areas. Also, in both countries, the main reason that NEETs give for being inactive is family or caring responsibilities (60% of the NEETs declare this in Belgium and 44% of them in France). It is also remarkable that 3% of NEETs in Belgium and 5% of NEETs in France think that there is no available job for them (Figure 24).

Figure 24: Reasons for inactivity ↓

Belgium

France

● Own illness or sisability ● Looking after children or incapacited adults ● Other family/caring responsibilities ● Think no work is available ● Other

Source: Eurostat 2019

As shown in Figure 25, in both countries, the NEET rate is higher for lower levels of education (less than lower secondary education), but it is also quite high for upper secondary education. The rates are much lower for people with tertiary education. This is also linked with the fact that tertiary education opens the door to jobs of better quality and there is less risk from automation. Also, the NEETs with lower education level are predominantly older, meaning they are very likely school dropouts.

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Figure 25: NEET rates by level of education ↓

Belgium

Year	Less than primary	Upper secondary	Tertiary
2019	14,9%	11,7%	7,9%
2018	14,6%	12,3%	8,1%
2017	15,8%	12,4%	8,4%
2016	16,0%	13,0%	8,7%
2015	18,7%	14,0%	9,2%
2014	17,8%	14,3%	8,6%

France

Year	Less than primary	Upper secondary	Tertiary
2019	15,3%	13,9%	8,7%
2018	15,9%	14,6%	9,0%
2017	16,0%	15,3%	8,4%
2016	16,5%	15,7%	9,1%
2015	16,9%	15,6%	10,3%
2014	16,6%	15,1%	9,2%

● Less than primary, primary and lower secondary eduction ● Upper secondary and post-secondary non-tertiary education ● Tertiary education

Source: Eurostat 2019

In conclusion, in the group of young adults, it is possible to identify the most vulnerable sub-groups by country. These are:

Belgium

- (Long-term) unemployed males
- Urban youth
- Non-EU citizens
- Low-skilled and in elementary occupations
- NEETs in their twenties
- NEETs with family responsibilities

France

- Unemployed males
- Long-term unemployed women
- Urban youth
- EU citizens
- Low-skilled and in elementary occupations
- NEETs in their twenties
- NEETs in rural areas
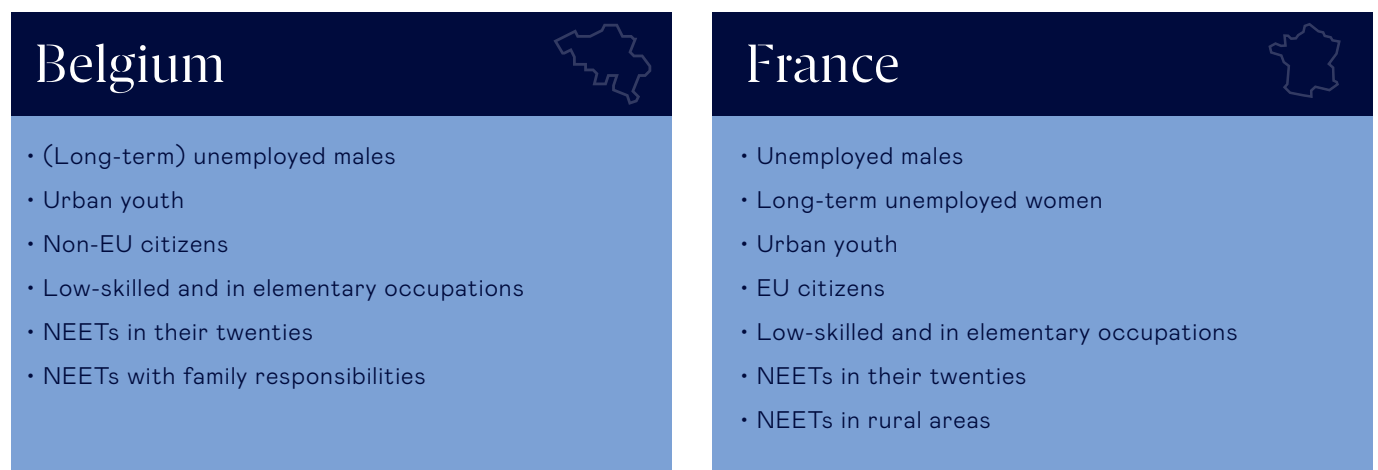
Group 2: Women

Figure 26: Women in the labor market, 2019 ↓

Belgium

Outside the labor force
1.28 million

Population
3.64 million

In the labor force
2.36 million

Unemployed 0.12 million

Employed
2.24 million

France

Outside the labor force
6.63 million

Population
20.84 million

In the labor force
14.21 million

Unemployed 1.20 million

Employed
13.01 million

Source: Eurostat 2018

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The biggest issues with women are unemployment and inactivity, especially if involuntary. The number of unemployed females has remained quite stable over time and the number of inactive females has slightly decreased.

Before the financial crisis, women faced higher unemployment rates than men. When the economy recovered, around 2012, the gap turned negative, which means that the unemployment rates of women are lower than those of men for both countries. Although the gap is still generally negative, it has increased again in the past five years (Figure 27). That means that the unemployment gap reacts to economic cycles, but the moment the economy recovers it appears again, showing that it is a structural problem.
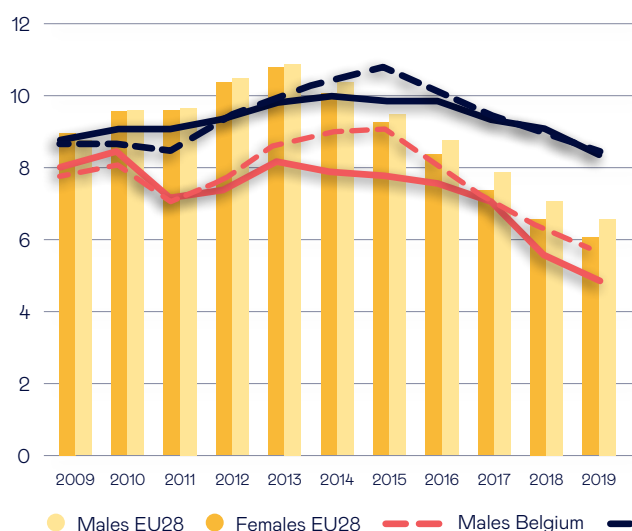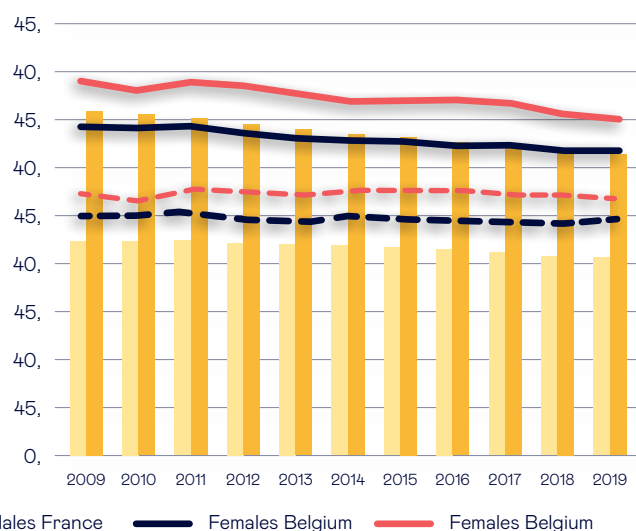
Figure 27. Unemployment rates by gender↓

**Figure 28: Inactivity rates by gender↓**

Source: Eurostat

Labor force participation has increased, especially since the end of the financial crisis, as we can see in the slight decline on the inactivity rates in Figure 28, although Belgium´s rates for women remain higher than the EU average. At the regional level, almost all regions have closed the gender labor force participation gap apart from the two capital cities (Brussels and Paris), where there are still higher levels of inactivity among women.

There are two dimensions that determine these movements. On one side, age has determined labor force participation. Younger women have decreased their participation, as opposed to older women, who have increased theirs (Figure 29). The biggest increase in participation rates is among the age group of 55 to 64. However, looking at the unemployment rates by age reveals that the unemployment gap mentioned above is mostly due to the drop in unemployment for women between 15 and 25, whereas for those women between 55 to 74, the gap has still remained relatively positive over the past five years for both countries.

**Figure 29: Labor force participation for women by age↓**
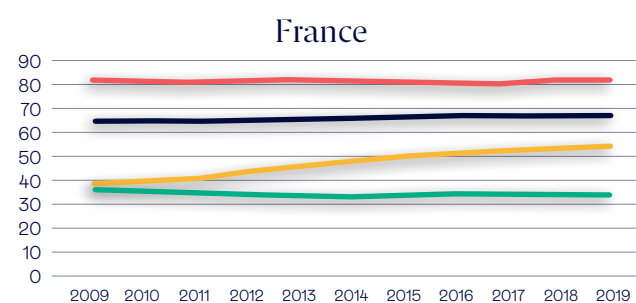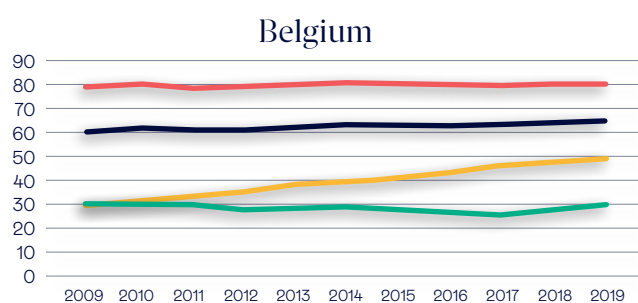
Source: Eurostat

On the other hand, the levels of education have also determined participation rates in the last ten years. Women with lower levels of education have decreased their participation rates considerably, especially in France, where the drop is more than 15% (Figure 30).

Figure 30: Female labor force participation variation by levels of education (2009-2019) ↓

Belgium

France
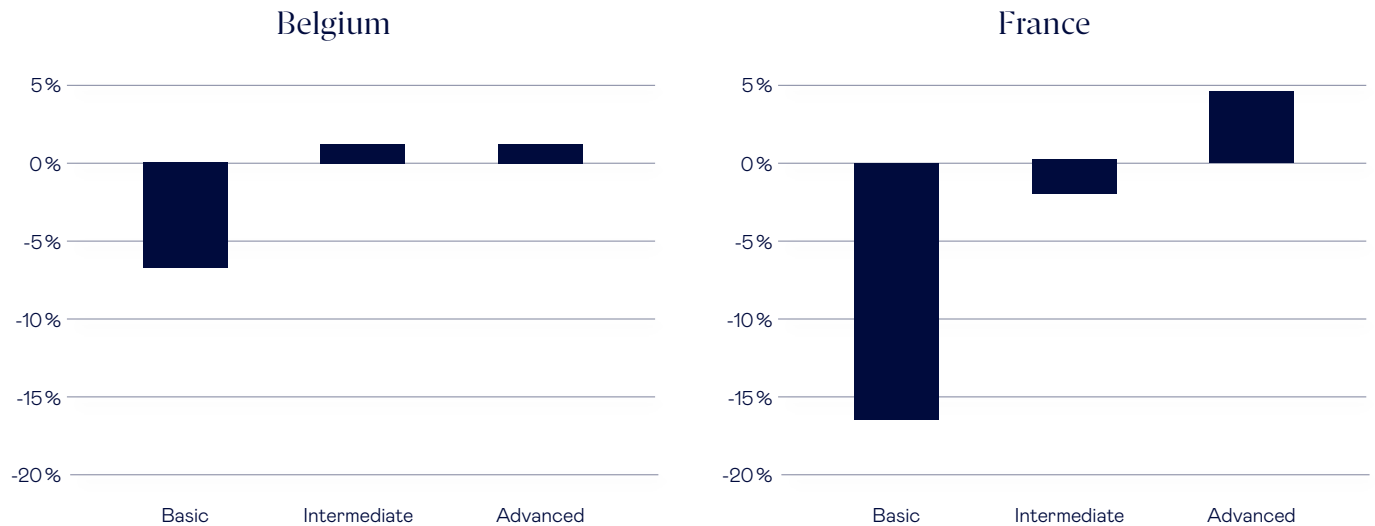
Source: Eurostat

A subgroup that has also performed distinctively is migrant women. Unemployment rates for this subgroup can present up to 15 percentage points difference between natives and non-EU28 migrants, especially for Belgium, even though the gap has dropped significantly (Figure 31).

Figure 31: Unemployement rates by origin ↓

Belgium

France

Source: Eurostat   ━ EU28   ━ Non-EU28   ━ Natives

Another important pattern for women is related to the quality of employment. In this sense, the figures for women in part-time employment are four times more than men in Belgium and France, where these rates for women were 10.5% and 7.5% in 2019. When inquiring about the reason why, the gender differences are most evident. In Belgium the main reason for men is not clear, while in France this is because of the impossibility in finding a full-time job. However, for women in both countries, the main reasons for this are family and caring responsibilities (Figure 32). Additionally, women are not only more in part-time work but also face more difficulties when starting a business as entrepreneurs, and some of them do it more out of necessity than out of opportunity.

Figure 32: Reasons for part-time employment ↓

Belgium

MALES

FEMALES

France

MALES

FEMALES

- ● Could not find a full-time job
- ● Own illness of disability
- ● Family or caring responsibilities
- ● In education or training
- ● Other
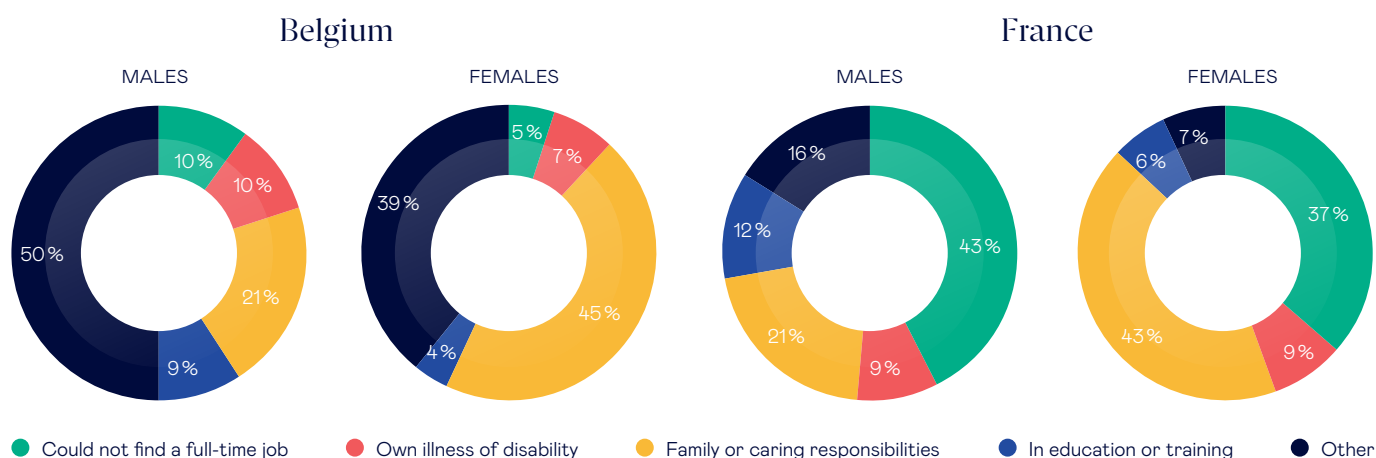
Source: Eurostat 2019

Figure 33: The unadjusted pay gap ↓

Belgium (2018)

France (2014)
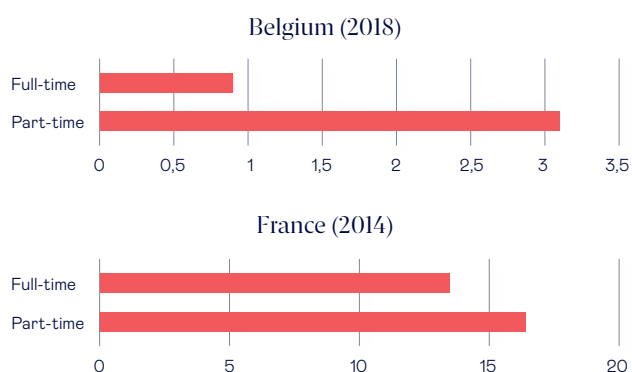
Finally, as mentioned before, the gender pay gap is positive for both countries, although it has decreased over time. A part of it can be explained by the higher participation of women in part-time employment. As we can see in the figures below, in Belgium the gender gap for those in part-time work is three times the one for full-time employment. In France, where the gaps are larger, this difference exists but is smaller.

In conclusion, in the group of women, it is possible to identify the most vulnerable sub-groups by country. These are:

Belgium

In terms of gender gap:
- Women between 55 and 74 years old (more unemployed or inactive)
- With low levels of education
- Inactive in the region of Brussels
- In part-time employment (especially women older than 55)

In terms of female labor market outcomes:
- Unemployed young and less educated (although they present shorter unemployment spells)
- Non-EU immigrants (unemployed or inactive)
- Long-term unemployed older women in the services sector
- Involuntary temporal and part-time workers
- Potential entrepreneurs

France

In terms of gender gap:
- Women between 25 and 54 years old (more unemployed or inactive)
- With low levels of education
- More inactive around the area of Paris
- In part-time employment (especially women older than 45)

In terms of female outcomes:
- Unemployed young and less educated (although they present shorter unemployment spells)
- Women older than 25
- Non-EU immigrants (unemployed or inactive)
- Long-term unemployed older women in the services sector
- Involuntary temporal and part-time workers
- Potential entrepreneurs

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Group 3: Seniors

Populations are growing older and retirement ages increase. Seniors account for 31% of the potential labor force in both the analysed countries. Their role is particularly important, since the population is projected to be older in the upcoming years and, as a consequence, many governments are planning on increasing the retirement age, or they have done it already.

Seniors have historically participated less in the labor market. However, the gap between them and the rest of the working-age adults has lowered over recent years, as we can see in both countries, where seniors' participation rates in the labor market have increased significantly - more than in any other age group. Even so, their participation rates are below those people in the 25 to 29 age group.

Figure 34: Labor force participation rates by age ↓

Source: Eurostat

From 15 to 24 years   From 25 to 49 years   From 50 to 64 years
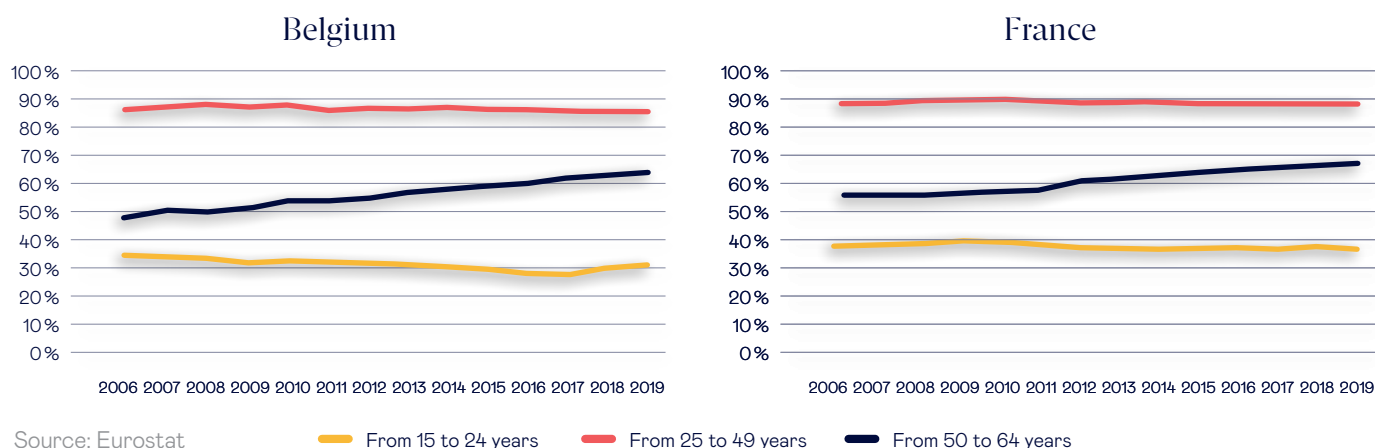
The participation rates have increased for all seniors, but especially for women and highly skilled individuals. This is because those who do participate in the labor markets as employed workers do so in highly skilled occupations, such as professionals, managers and service and sales workers.

Transitions for this group are more difficult, since they are unemployed for longer spells in both countries (Figure 35). As we can see, the share of older adults in long-term unemployment are five to ten percentage points higher in Belgium and France. The problem is more pronounced in Belgium, even though the rates have been declining.

Figure 35: Long-term unemployed shares by age ↓

Source: Eurostat

From 25 to 49 years   From 50 to 64 years

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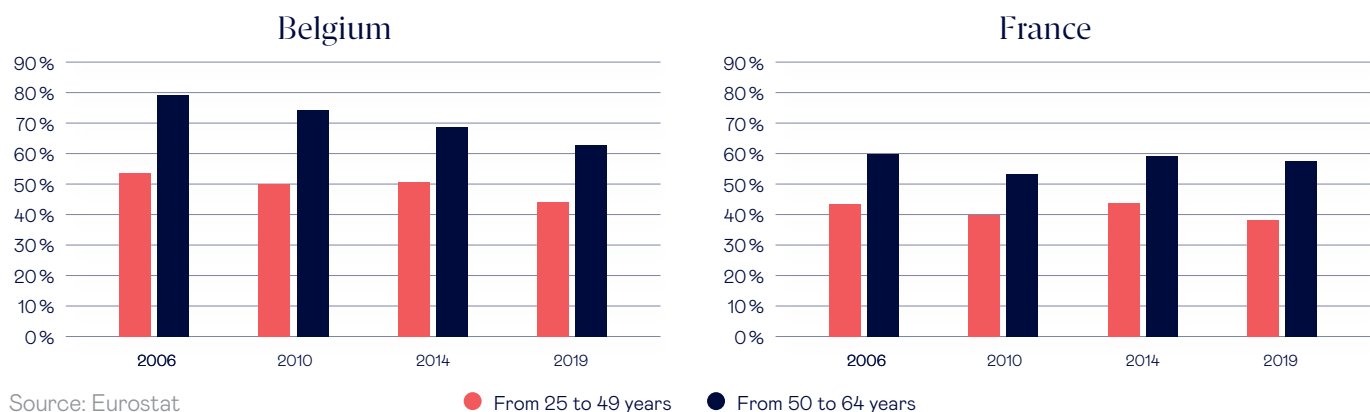
These spells in unemployment reinforce the lack of skills in this age segment, which in time affects the skills mismatch between the unemployed and the employers. Even so, there is information suggesting that older people participate less than other age groups in adult education and training (Figure 36). In 2019, only 15% of older workers in France and less than 5% in Belgium reported participating in these activities. In Belgium, most do not engage because of health/age reasons, family or scheduling, whereas in France, the main reasons are lack of support from employers, public services or scheduling problems.

Figure 36: Participation rates in education and training ↓

Source: Eurostat

● From 25 to 49 years   ● From 50 to 74 years
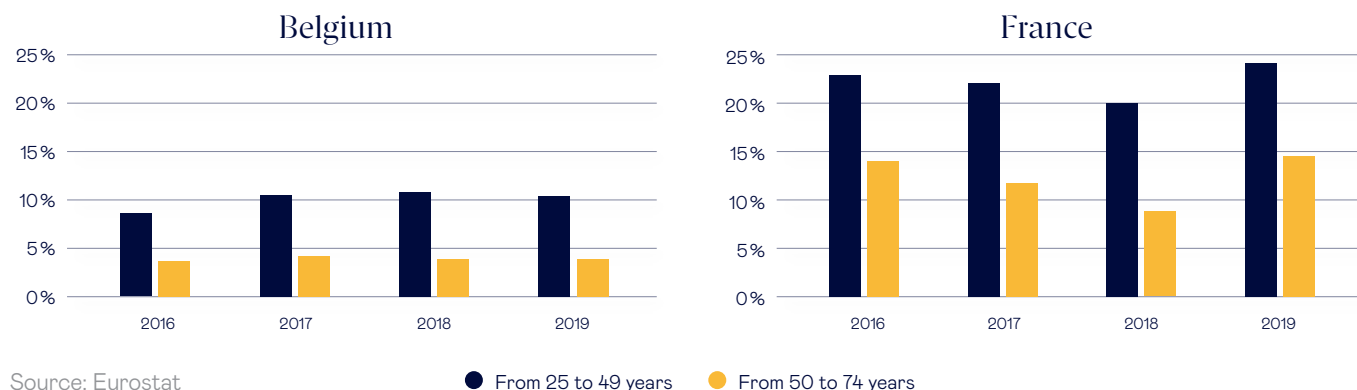
In conclusion, in the group of senior people, it is possible to identify the most vulnerable sub-groups by country. These are:

Belgium

· Women
· With low levels of education and not in education and training
· Self-employed in low-skilled occupations such as services and sales workers
· Immigrants in unemployment

France

· Unemployed women
· With low levels of education and not in education and training
· Self-employed in low-skilled occupations such as services and sales workers
· Immigrants in unemployment

Group 4: Immigration

The working-age population in both analysed countries is composed of a large share of immigrants. In the case of Belgium, this amounts to 21%, and in the case of France this is 14%. This group in particular engages less in labor markets, especially women and especially those from non-EU28 countries. As we can see in Figure 37, the gap between non-EU women and the rest is 30 percentage points in Belgium and around 20 in France, as opposed to EU immigrants, who are equivalent to natives in their participation rates.

Figure 37: Activity rates by gender and origin ↓

Source: Eurostat

◆ EU28   ● Non-EU28   ■ Natives
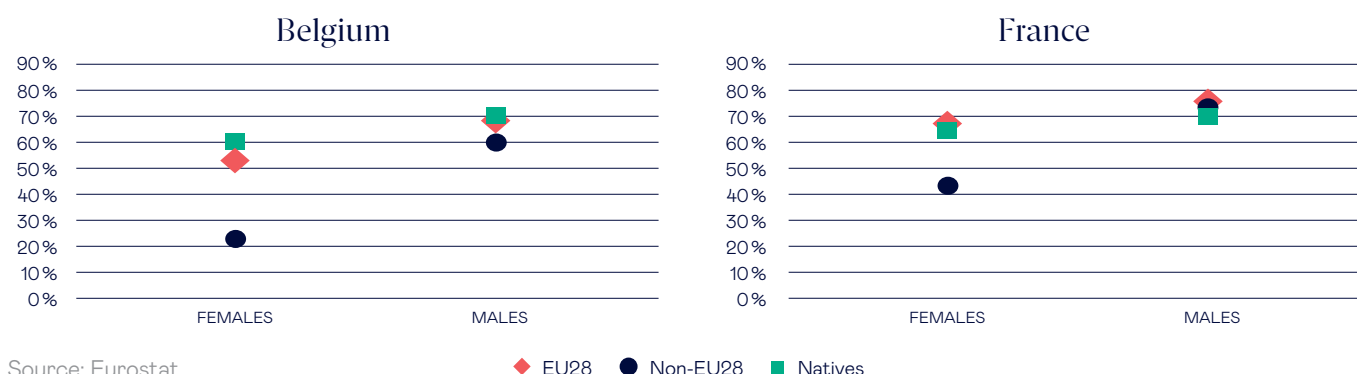
The gap for immigrants is also differentiated by age, with older people, and especially immigrants, having lower rates.

For those active in the labor market, the employment rates for non-EU migrants have been consistently lower for Belgium and France, with differences of more than 10 percentage points, especially in Belgium.

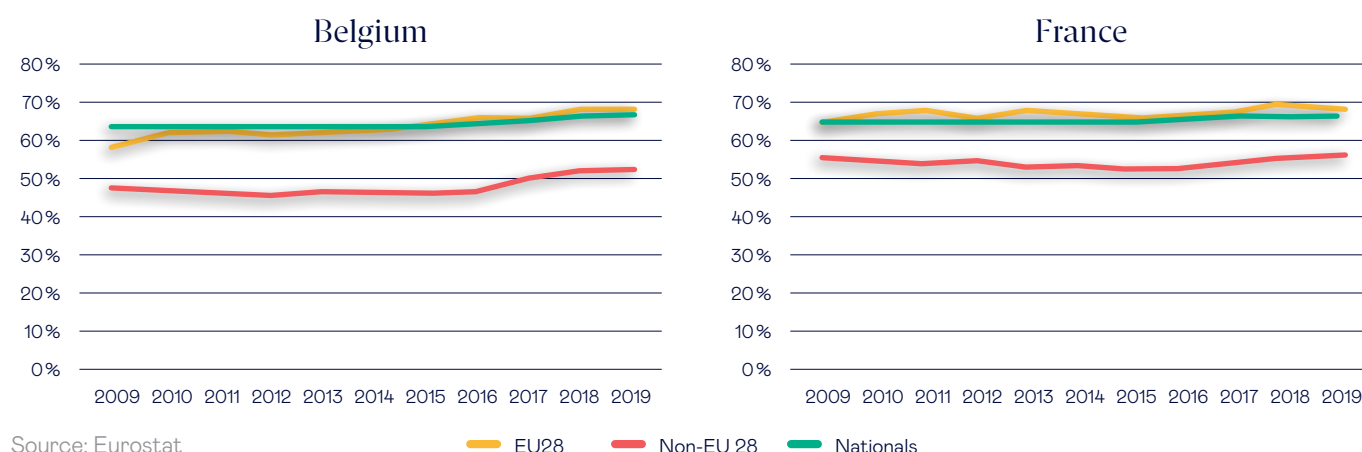**Figure 38: Employment rates by origin ↓**

Source: Eurostat   ━ EU28   ━ Non-EU 28   ━ Nationals

As seen before, immigrants in older cohorts experience higher levels of unemployment for both genders. That is true for all ages, especially for non-EU ones. However, there are no gender differences among the oldest cohort, since in this segment, both men and women experience very high long-term unemployment rates, of about 70%.

In conclusion, in this subgroup the most vulnerable are:

In Belgium and France

· Non-EU immigrants
· Women and older individuals especially
· Low-skilled

Group 5: Skills

The demand for high-skilled workers in Europe as a whole has increased over the past 15 years. On top of this, in the next 10 years, the demand for technological, social and emotional skills is projected to grow faster than that of other types of skills. Examples of this are advanced IT skills or programming and scientific R&D.

One important trigger of the upcoming changes in the demand for skills is automation, which shifts the needs of many firms towards some specific skills and not others. The majority of the low-skilled occupations are going to be highly affected by automation, like cleaners and helpers, or food preparation assistants, while others, like sales workers, are going to be highly transformed. The least affected occupations will be the high-skilled ones.

As mentioned in previous sections, labor force participation is lower for women than it is for men. The gender gap in participation is largest in the low skilled group for both countries (Figure 39). However, the rates of participation of low-skilled women have experienced the fastest growth in the past fifteen years.

Figure 39: Participation in labor force by skills and gender, 2019 ↓

Belgium

France

Source: Eurostat 2019

● Females ● Males ● All

Another important feature of the low-skilled workers is that they experience higher unemployment rates. In the graph below, we can see unemployment by occupation, where service and sales workers, elementary occupations and clerical support stand out in both analysed countries.

However, in terms of underemployment (working part-time involuntarily), intermediate levels of education present higher rates since after the financial crisis in Belgium just as in France.

Figure 40: Unemployment rates by occupation ↓

Belgium

France

Source: Eurostat 2019
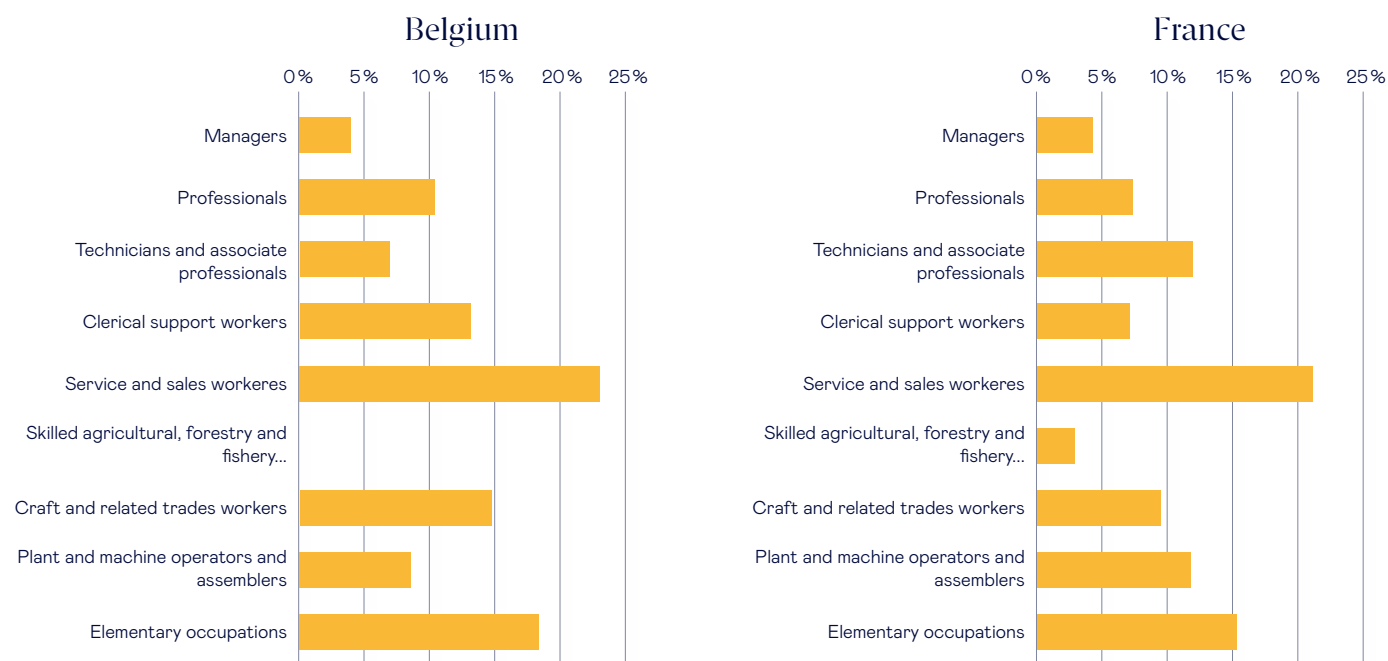
Finally, it is important to take into account that automation is expected to affect job creation and demand, especially in low-skilled jobs. As reflected by the figure below, the most affected will be the people in jobs that require lower skills, such as food preparation, assemblers, cleaners, and helpers and drivers.

Figure 41: Sectors potentially affected by automatition ↓

Least affected   Highly transformed   Most affected

- Health professionals
- Hospiality, retail and other services managers
- Administrative and commercial managers
- Chief executives, senior officials and legislator
- Teaching professionals
- Sales workers
- Customer services clerks
- Health associate professionals
- Information and communications technician
- Personal care workers
- Food preparation assistants
- Assemblers
- Cleaners and helpers
- Labourers in mining, construction, manufacturing and transport
- Drivers and mobile plant operators

30%   40%   50%   60%   70%

Source: European Commission (2019)

In conclusion, in this subgroup, the most affected are:

In Belgium and France

· Women
· Workers in sales and elementary occupations
· People intermediately educated in involuntary part-time employment

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3. | Mapping of Public and Private Solutions

Once the most vulnerable groups in each country have been identified, it is important to see whether they are the target, or at least being covered by any type of funding. To do so, this section analyses all labor market policies at the European level, as well as at the country level, both public and private.

At the European level, the European Union aims to provide an integrated framework for employment policy that leads to sustainable and inclusive growth. As part of its approach, it sets broad policy priorities for the Member States around four of the guidelines included in the Growth Strategy. These are[1]:

Guideline 5: **Boosting demand for labor**, and in particular guidance on job creation, labor taxation and wage-setting.

Guideline 6: **Enhancing labor supply and improving access to employment, skills and competences**, by addressing structural weaknesses in education and training systems, and by tackling youth and long-term unemployment.

Guideline 7: **Enhancing the functioning of labor markets and the effectiveness of social dialogue**, with a specific focus on reducing labor market segmentation and improving active labor market measures and labor market mobility.

Guideline 8: **Promoting equal opportunities for all**, fostering social inclusion and combatting poverty.

To achieve this, the European Union has specific funds and flagship initiatives, such as the Agenda for New Skills and Jobs, and the funding provided through Next Generation EU, the European Social Fund and the Youth Employment Initiative. Moreover, through the European Semester Reports, the European Union follows the advances towards the Country Specific Recommendations made for every country. For the ones under analysis, the recommendations related to labor markets are:

Belgium

- To remove disincentives to work and strengthen the effectiveness of active labor market policies, in particular for the low-skilled, older workers and people with a migrant background. To improve the performance and inclusiveness of the education and training systems, and address skills mismatches.

- Limited Progress

France

- To foster labor market integration for all job seekers and ensure equal opportunities, with a particular focus on vulnerable groups, including people with an immigrant background, and to address skills shortages and mismatches

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- Limited Progress has been made in fostering integration in the labor market and ensuring equal opportunities

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- Some Progress has been made in addressing skills shortages and mismatches

Luxembourg

- To Increase the employment rate of older workers by enhancing their employment opportunities and employability. To improve the long-term sustainability of the pension system, including by further limiting early retirement.

- Limited Progress

[1]Source: https://ec.europa.eu/social/main.jsp?catId=101&intPageId=3427

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To analyse employment interventions in each country, this section focuses on the Active Labor Market Policies, (ALMP). These are the interventions aimed at improving the beneficiaries' prospect of finding gainful employment, as opposed to passive policies, which focus on unemployment or retirement benefits. Among the ALMP, the focus will be on those that focus more directly on employability issues, leaving out direct job creation. These, according to the Eurostat Labor Statistics definitions, are[2]:

- **Labor market services:** All services and activities undertaken by the Public Employment Services (national and local): information services, case management, administration of programs and support.

- **Employment incentives:** Measures that facilitate the recruitment of unemployed persons and other target groups. Employment incentives refer to subsidies for open market jobs which might exist or might be created without the public subsidy, and which will hopefully be sustainable. The jobs that may be subsidized are usually in the private sector, but public or non-profit sector are eligible too.

- **Training:** Measures that aim to improve the employability of target groups through training, e.g., short courses, advice in start-up initiatives, workplace training, apprenticeships.

- **Sheltered and supported employment and rehabilitation:** This covers measures that aim to promote the labor market integration of persons with reduced working capacity through sheltered or supported employment, or through rehabilitation. Persons with reduced working capacity refers primarily to those registered as disabled, according to national definitions.

- **Start-up incentives:** This covers measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed. Assistance may take the form of direct cash benefits or indirect support, including loans, provision of facilities, business advice, etc.

These different kinds of policies are implemented mainly by either central or local governments, but they can also be put forward by private actors. This section provides a brief analysis of these policies, how they work and who they target, differentiating between the government and private implementations.

Government Active Employment Policies

Public employment services (PES) are the governmental agencies that connect jobseekers with possible jobs. Each country organizes its responsibilities in a different manner and at different government levels, but generally they oversee the processes of helping to match jobs supply and demand, placement, training and other active support.

As we can see below, the governments of our countries of focus spend between 0.619% and 0.849% of their GDP on these kinds of policies, with Belgium at the top, followed by France (0.642%) and Luxembourg. However, they distribute these funds differently: While Belgium prioritizes funding general labor market services and employment incentives, France focuses more on training, followed by services, while Luxembourg strongly favors employment incentives. Also, France is the only country addressing start-up incentives (Figure 42).

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[2] Source: Eurostat Labour Market policy statistics methodology, 2018.

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The information on the participation rates (as a percentage of the population) reflects how these funds translate into participation. Belgium has the highest rate of participation in labor market services, which coincides with the funding. France has more participants in these services, followed by training and employment incentives, and finally, Luxembourg has a very high participation rate in employment incentives.

Even though it is hard to specify the specific audiences that these policies are targeting, the European Union repository classifies them according to general population groups. Through this classification, **in each of these countries, most policies are targeting the general unemployed population** much more than other groups that have been identified above as vulnerable, such as older or younger groups (the latter being the next most prominent group) or people with a migrant background or long-term unemployed.

Figure 42: Expenditure as % of GDP by type and country (2018) ↓

Source: Eurostat 2018

● Belgium ● France ● Luxembourg
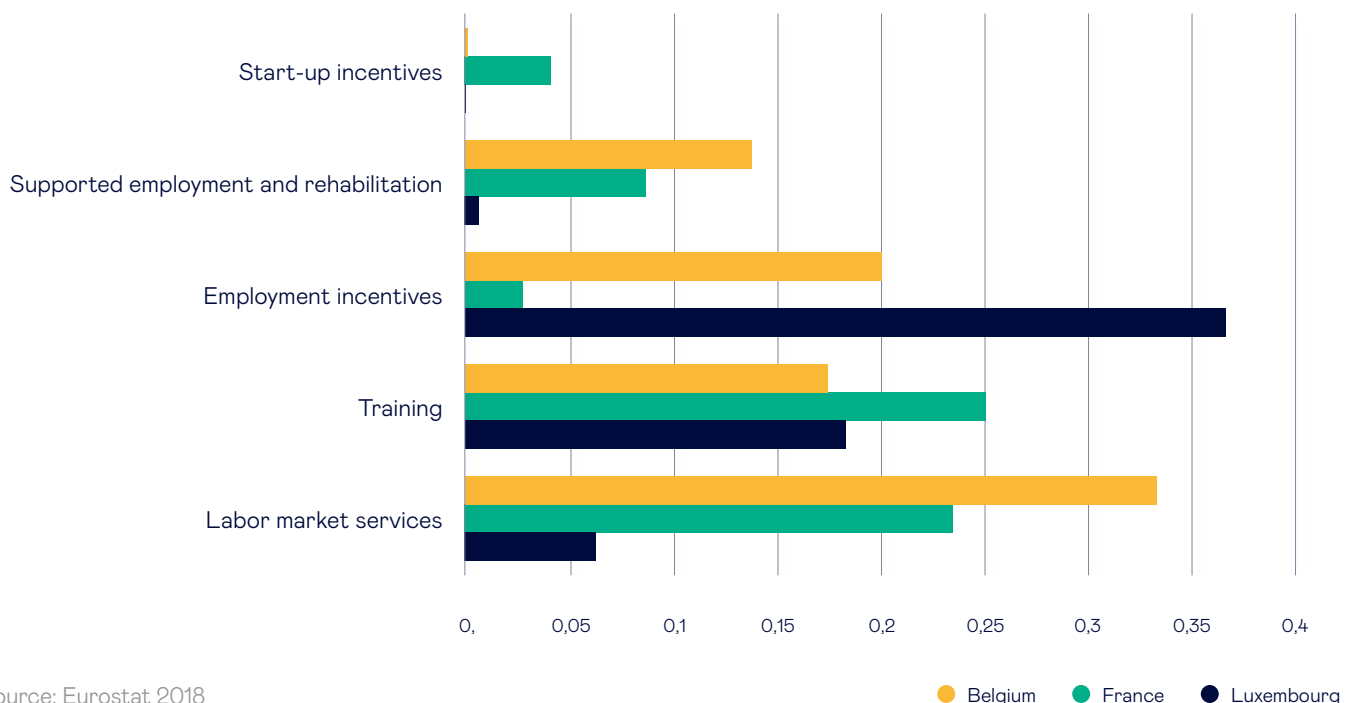
Even though, as we saw before, most policies are not targeting specific audiences, it is important to learn whether these vulnerable groups identified above are accessing and participating in these policies anyway. However, there are also some limitations in analysing the specific characteristics of the participants, since the information gathered by Eurostat depends on the capacities of each agency at the PES, and they can often be unreliable. Despite this, there are some common characteristics that are worth pointing out:

In general, women make up for less than half of the total participants of these policies, which, given that they can have greater problems in becoming active or employed, is a clear mismatch.

Youth participates very differently according to the type of program, and in very small amounts in Belgium, especially.

There are no official figures about the country of origin or skill level of the participants of these policies.

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To provide a more detailed review of these policies, we performed a qualitative review of public information about employment policies in all three countries, through information on PES websites, EU reports and academic publications. We reviewed 38 policies analysing the problem they are targeting, the type of intervention and the target group. The policies found can be classified as follows:

Table 4. Public Active Employment Policies review

Dimensions	Description	Examples
Type of intervention	Based on the EU classification, they can be Counselling, Training, Subsidies and Auditing	Among the most common are the **counselling services** of the PES. In Belgium (Flanders), for example, there are some innovations on this matter, using statistical profiling through data-mining techniques, to individualize guidance and the type of action required. **Training programs** are also very common. In France, where they are most frequent, *Actions de formation en situation de travail* (AFEST) stands out, which includes formal and informal training for the employed. In Belgium, they started implementing different individual learning accounts to subsidize training, such as *Chèque-Formation* Subsidies for training in small companies (Wallonia) and the individual accounts announced for lifelong learning in Flanders. Outside the classification, we found some **anti-discrimination interventions**, such as mystery calls and different protocols. Another **innovation** is the geographical targeting of territories with high long-term unemployment rates, such as the *Emplois Franc* scheme in France.
Target group	Based on description of eligibility. They include Youth, Older people, Disadvantaged, Unemployed, Long-term unemployed and Employed.	Youth initiatives are the most frequent in all countries. They are mostly related to the Youth Guarantee initiatives funded by the EU, which target youth unemployment, inactivity and NEETs. They differ in their approach and type of intervention, but usually entail some combination of training and counselling.

Source: authors based on publicly available information

Overall, the most frequent type of programs seemed to be those targeting youth and focusing on a mixture of counselling and training. It stands out that there are plenty of programs targeting youth, mostly linked to EU funding of the Youth Guarantee and, therefore, with more detailed information available. All three countries have different approaches and intervention designs to target youth unemployment and NEETs, based around counselling and training.

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There are also a wide array of interventions focused on training the unemployed or the employed population, in an effort to guarantee people access to different sorts of skills. This is coherent with the finding in the previous section of the limitations of the low-skilled population to integrate into the labor market.

It stands out that the review did not find any mention of policies specifically targeting the immigrant background population in any of the countries. This might be because of a possible reluctance to formally target groups by citizenship or ethnic group in many countries in the EU, or because this population is being streamlined through the general services.

Finally, the publicly available information reviewed on these policies in most cases failed to present evidence on the outputs and outcomes of these policies. On the outputs, it was not usual to find information and specifics on funding, or the amounts and characteristics of beneficiaries. Moreover, it was much rarer to find actual evidence on the outcomes and effects that these policies create. In this matter, we found that France was the country with more impact evaluations carried out.

Private sector employment initiatives

Even though PES is the main actor implementing employment policies, it is usually intervening through collaboration, or through private or social organizations that can carry out specific activities. Moreover, some of these organizations carry out their own programs, independently of governments. This is a growing tendency, since PES has limited human and financial resources, which can be insufficient to actively reach jobseekers and fulfil their expectations, especially when they are in need of individual assistance. On top of this, the rapid technological changes and their effects on the world of work call for specific and more advanced training, which governments are not always able to deliver.

These circumstances are turning the PES "from a monopoly to a multi-sector system" that calls for an increasing number of partnerships to address the labor market problems, as one study presents it[3]. It is therefore important to review what the private and social sectors are doing in these matters, and to gather their input on the strengths and limitations of different approaches to integration of vulnerable groups in the world of work.

The revision carried out for this matter included 43 institutions and gathered information on their type of organization, the problem they target, their target audience, the type of intervention and their reach. Moreover, given the lack of information on the products and effects of public programs, we reviewed the availability of this type of information on these initiatives as well.

This review was carried out on the basis of a preliminary identification of organizations by the Degroof Petercam Foundation. Based on this first list, there were further reviews of the sector and all public available information. In the second stage, a round of interviews with specific organizations was carried out, to learn more about their specific innovative approaches and their opinions on the difficulties and opportunities of the employment programs available. It is important to note that given the qualitative nature of this review, it was not exhaustive, nor did it have access to complete information, given that it only relied on information publicly available through websites.

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[3] Source: Leroy and Struyven (2014) & PES partnership management, European Network of Public Employment Services (2020), https://ec.europa.eu/info/sites/info/files/european-semester_thematic-factsheet_public-employment-services_en_0.pdf

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Table 5. Highlights of private interventions

Dimensions	Description	Examples
Type of intervention	Based on the EU classification they can be Counselling, Training, Subsidies and Auditing	**Counselling and training** are the most prevalent types of intervention in the private sector as well. The organizations that were consulted pointed out the need for better and smarter communication in these instances to reach the right audiences, but also to help them navigate the public services, especially for immigrants. The need for more individualized services was also pointed out. These would need to be based on evidence and tailored approaches to specific needs. • The **Bob Emploi** app presents an innovative approach on this matter. It looks for data on the effectiveness of approaches and programs to be able to incorporate them in their individualized advice on their app. • **Simplon** tries to break the stereotypes of people working in digital industries and performs a review of the demand for jobs before the offering of courses.
Target group	Based on descriptions of eligibility. They include Youth, Older people, Disadvantaged, Unemployed, Long-term unemployed and Employed.	**Youth** is still the most frequently targeted group. In the private and social sectors, entrepreneurs are the second most frequently targeted group, which is not usually attended to by the PES in the public sector. Other than that, they are followed by the general unemployed population, and women and people with an immigrant background. Many organizations pointed out the need for more active engagement strategies to reach vulnerable populations, since they identify that many groups cannot access - or have some mistrust in - the PES. In this aspect, both Simplon and Duo for a Job actively reach out to social organizations around their target communities. It was also pointed out that many vulnerable groups have specific roadblocks in their access to labor markets that should be specifically addressed. For example, for **youth** they point out more career orientation and the need to overcome stereotypical employment matches. For **migrant populations**, it is important to intervene in coordination with other social services that might act as roadblocks for integration, as well as to help them develop networks and informal cultural guidance. For the **long-term unemployed**, the Territories Zèro Chomeur de Longue Durée organization points out that efforts are not always needed on employability, and there should be an understanding about the positions available and the recognition of abilities and interests beyond formal education.
Type of institution	Based on their own description or presentation.	Most are non-profits, foundations or social enterprises.
Reach	Number of participants in the program by year and funding.	Most have no public information about funding and the majority reach fewer than 1000 people, with half of those reaching fewer than 500 people per year. On this point, many organizations mention the need for stable funding to be a priority in order to provide the specialized services that they offer, and the problems of project-based funding, as opposed to the funding of a permanent service.

Source: authors, based on publicly available information

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Other than the perceptions on the needs and challenges of the unemployed population and specific groups, these organizations offered some perspectives on the public active labor market programs. Generally, they agree that because of the size of their operations they cannot always provide a specific individualized approach for those furthest from employment, often making them hard to navigate by these specific groups. Moreover, these most vulnerable populations are not always registered as unemployed, which puts them outside of the usual scope of work of the PES.

In the private and social sector work we find more evidence of outputs and outcomes of each initiative. This might be due to their incentives for transparency and feedback when fundraising. On interviews, many of them manifested implementing dashboard and data gathering operations regularly in order to help them manage their programs and learn from their outcomes. For example, **Duo for a Job, Simplon** and **Bob Emploi** gather information at all stages of their intervention for monitoring, evaluation and accountability, while **Territories Zero Chômeur** de Longue Duree implements a census of the long-term unemployed and a need assessment in participating territories as the basic input for their intervention. Moreover, **Transfer iod** has published evaluations of their approach. However, most of the information available on public websites still focuses on immediate outputs rather than outcomes.

4. | Main take-aways and conclusions

The information reviewed above points out that the most vulnerable groups identified in respect to their inclusion in the labor markets in these countries are low-skilled young people, people with an immigrant background, senior or low-skilled women and people in long-term unemployment. These groups are more often in inactivity, unemployment or underemployment, especially in Belgium and France. In fact, from sections 1 and 2 we can conclude that the three countries have some problems in common, like young unemployment, and some others that are very specific. We summarize them in the following tables.

Belgium

- **Part-time employment presents higher levels** than in the other countries, for all population groups.

- The level of **taxes and bureaucracy is high and hinders entrepreneurship.** There is also insufficient training in entrepreneurial activity in school.

- Unemployment rates have been falling over recent years but long-term unemployment has remained higher than the EU average.

- The **youth present higher unemployment levels,** especially for males in urban areas from non-EU origin and the low-skilled.

- The **NEETs rate is high** and affects youth in their twenties with family responsibilities.

- There is a **gender gap in unemployment, part-time employment and/or inactivity for older women and immigrants, and low-skilled people.**

France

- **Temporary employment** has remained stable but high for all population groups.

- Unemployment rates have been falling over recent years, **but long-term unemployment** has remained higher than the EU average.

- France presents quite high numbers for workers working more than 45 hours per week.

- **Low activity rates for non-EU immigrants.**

- The **youth present higher unemployment levels,** especially for males in urban areas from EU origin and the low-skilled.

- Long-term unemployment is a bigger problem for females.

- The NEETs rate is high and affects youth in their twenties in rural areas.

- The **gender pay gap** is higher than the EU average.

- There is a **generalised gender gap problem in terms of unemployment, inactivity and/or part-time employment,** regardless of age.

Luxembourg

- Activity rates are 2pp below the EU average but have been growing in recent years.

- It is among the younger age groups and females where there are greater margins to raise participation.

- The **NEET rate is below the EU average.**

- Manufacturing has been decreasing and has almost disappeared.

- There is **good access to training for entrepreneurial activity.**

- Unemployment rates have been falling over recent years, while **long-term unemployment is also lower than the EU average.**

- **Transitions from unemployment to employment are well managed.**

- There is more job rotation in Luxembourg than in the rest of the countries.

The revision of initiatives in the public and private spheres has tried to uncover what have been the answers to these situations in each country, whether they are reaching all of these groups, and how. All in all, we reach five main conclusions.

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Figure 43. Main take-aways

1	Prevalence of programs targeted at youth, consistent with them being among the vulnerable cohorts identified.
2	Under-representation of programs targeting women and people with an immigrant background, which are among the most vulnerable groups identified.
3	Public and private interventions coincide with counselling and training as the most frequent ones, consistent with the diagnosis of low skills being one of the barriers for integration into labor markets. The low-skilled are well targeted, but more could be done in tailoring better the skills needed for the future job market.
4	More individualized approaches are necessary for some of these vulnerable groups.
5	The lack of public information on the effectiveness of the different types of ALMP reviewed is consistent, although private initiatives seem to be strengthening their data gathering efforts.

First of all, we find a clear **prevalence of programs targeted at youth**, which is consistent with the diagnosis presented above, pointing them out as one of the most vulnerable groups. Young adults are more often in unemployment and when they are employed, they have higher rates of part-time or temporary schemes.

Two specific groups of vulnerable populations seem to be under-represented in the policies reviewed. On the one hand, **women are not mentioned as a specific target in many policies**, although they would certainly benefit from the general services provided. However, the circumstances that cause their vulnerability in the labor market (lower wages, part time work, lower entrepreneurship) might be different to those of men and are generally related to care work, traditional gender roles and structural economic disincentives to labor-force participation for second earners (European Commission, 2017). On the other hand, **people with an immigrant background are consistently among the most disadvantaged members of the population in terms of their participation in labor markets,** but are not among the listed target groups in most public employment policies. This is an important gap that some of the private organizations reviewed are trying to fill. As with women, the roadblocks to the integration to the world of work can be different than those relating to the general public, like language or cultural barriers, recognitions of skills and/or education and lack of networks available. Many organizations are focusing on this with specific approaches and know-how that often entail an individualized approach and a more active outreach to further from work populations.

As for the types of programs, public and private interventions coincide with **counselling and training as the most frequent**. This is also consistent with the diagnosis of low skills being one of the barriers to integration into labor markets, given their higher unemployment and inactivity rates. However, this kind of intervention can take very different forms, and more information would be needed to properly differentiate between approaches.

The **lack of public information on the effectiveness of the different types of ALMP** reviewed is the main take-away from this review. This kind of information would allow for more accountability between actors and a more open learning process between the public and private spheres. Given the current economic situation induced by the COVID-19 pandemic, the importance of efficient and effective ALMP has been focused on in order to counteract the negative impact on people's jobs and incomes. In particular, since this crisis risks affecting the most vulnerable groups, who are marginally attached to the labor market and face

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major or multiple employment obstacles, such as their access to PES, this increases their risk (OECD, 2020). In this context, an OECD survey found that around two-thirds (65%) of countries increased their budget for public employment services and administration over the course of 2020 and just over half (53%) of countries plan increases in 2021 beyond the 2020 level. They also report having reallocated and trained staff to increase PES capacity (OECD, 2021).

EVIDENCE AND RECOMMENDATIONS FROM ACADEMIA

Now more than ever, reaching a better match between jobs and workers is essential for ensuring an effective use of resources that reach the people in need and thus avoid further detachment from the world of work. Many institutions are putting forward recommendations to increase the learning capacity of the employment programs to make sure that they are reaching those in need and that the programs are the most effective. In this way, the cases reviewed in this document could greatly benefit from the incorporation of monitoring and evaluation systems that:

i) help them manage the programs,
ii) allow for more transparency and publicity of the specific interventions, and
iii) allow for the evaluation of programs.

This last point stands out as a necessity, since there was a consistent lack of public information regarding the effects of most of these policies. This means that there are few studies that share evidence on the results in employment that can be attributed to the participation in these policies. In this sense, the best practices on these issues are randomized controlled evaluations that can provide causal interpretations of the results (OECD, 2020). If more of these policies could generate and share evidence, they could be incorporated as learning in their own work, as in that of other spheres and organizations. For example, many of the private and social organizations interviewed mentioned that they would benefit if they had more information on the effectiveness, quality and results of the programs and training offered by the government. Likewise, government could learn a great deal from the experience and results obtained by private organizations that usually work on smaller scales and have more flexibility in the design of their approaches.

Large studies are being carried out to put together all individual evaluations of ALMP and to be able to provide widespread evidence that can inform decision making in the public and private spheres. These can help guide what are the main dimensions to take into account for a successful intervention, and what effects could be expected from different designs. There are four main dimensions worth taking into account that result from the largest and most impactful studies (Yeyati et al., 2019 & Card, Kluve & Weber, 2017). These are: i) the effects, which are usually in the long run; ii) the type of program matters; iii) different types of participants will encounter different results; and iv) the economic cycles are partly determinant of the effects.

The effects of ALMP are in the long term
One of these reviews finds that a third of the studies are found to be positive and statistically significant at conventional levels (Yeyati et al., 2019). This is important to note, since in the short term, the average impact of these programs is close to zero, but becomes more positive 2-3 years after completion of the program. A second study found that the effects found are relatively small, but can vary from between one and three percentage points (pps in the short term to between 5 and 12 pps in the long term (Card, Kluve & Weber, 2017).

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The type of program matters

Impacts vary by type of program, with larger average gains for programs that emphasize human capital accumulation, whereas training has larger average effects in the medium and longer terms. On the other hand, public sector employment subsidies tend to have small or even negative average impacts on all horizons (Yeyati et al., 2019 & Card, Kluve & Weber, 2017).

Training and up- and re-skilling programs are especially important, since the recovery efforts could become an opportunity to generate transitions that respond to changes in the demand for skills brought by automation, digitalization and structural changes. Specifically, training programs have been found to be particularly effective during past downturns (OECD, 2021b). Moreover, programs aimed at building human capital show significant positive impact (Yeyati et al., 2019)

Types of participant matter

There is systematic heterogeneity across participant groups, with larger impacts for females and participants who re-enter from long term unemployment and smaller average effects for older workers and youths (Card, Kluve & Weber, 2017). This research also finds evidence that certain programs work better for specific subgroups of participants, such as job search assistance programs, which appear to be relatively more successful for disadvantaged participants, whereas training and private sector employment subsidies tend to have larger average effects for the long-term unemployed. This is consistent with the experience related by the organizations interviewed, which consistently point out that different groups will need a specific, more individualized approach. For this matter, an innovative approach that has been implemented in several countries, including different regions in Belgium, can be of interest. This is the different methods of statistical profiling that consist of tools that can be used to tailor services more closely to individual needs, based on algorithms that review data for past similar jobseekers. This could ensure that more costly, intensive services are targeted at jobseekers most at risk and thereby make the efficient use of resources (OECD, 2019).

Economic cycle matters

Active labor market programs are more likely to show positive impacts in or after a recession, according to both studies summarizing the impact evaluations (Card, Kluve & Weber, 2017 & Yeyati et al., 2019).

Finally, it is important to consider the funding for these interventions. First of all, it is evident that the funding for public and private programs will differ. Private programs that are structured as services encounter difficulties in having steady funding that can cover their costs in a non-project-based structure. They usually differ among themselves, some being more intensive because of the training necessary or because they are reaching out to further from work people who will need more intensive work. The usual criteria for project-based funding requires programs to adapt to the funding instead of adapting to the learning of their own experience.

It is also important that private and public funding offer the social sector enough funds to also cover the efforts for data gathering and analysis. These are activities that require time, know-how and funding, but that can be crucial to determine the effectiveness of a program and generate learning that can benefit all.

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The Degroof Petercam Foundation (DPF) was created in 2008 as a public utility foundation and is now one of the ten largest Belgian foundations.

It selects and supports innovative employment solutions. The solutions focus on developing skills for the future, contributing to the creation of future jobs by making entrepreneurship more attractive, and offering help to people who find it more challenging to get a job.

Vision: "We believe in a sustainable, inclusive society in which all people have a chance to thrive through a quality job".

Mission: "We support social entrepreneurs and innovators scaling their solutions for employment".