

Impact of health and skills on the risk of weak labour market attachment



PATHS2INCLUDE



Motivation

Boosting the labour market attachment of less active groups is crucial for the economy

- People with health limitations experience underemployment and overemployment more often than individuals without health limitations
 - Experiencing working hours constraints (underemployment and overemployment) may increase the probability of withdrawing from the labour market, especially among workers with health limitations
 - The relationship between health and labour market outcomes depends on many factors; education is particularly important
- The study aims to quantify the role of skills used at work in fostering labour market attachment of individuals with health limitations

Method

- Data from EU-LFS Job skills ad hoc module (2022) for 25 European countries (Ireland, Malta, Hungary, and Greece were excluded due to data limitations)
- Focus on **the 25–54 age group**. Older workers are more likely to suffer from health limitations related to ageing
- Indicators of weak labour market attachment:
 - Economic inactivity
 - Unemployment
 - Mismatch between worker's actual and preferred number of work hours (overemployment and underemployment)

Results

ECONOMIC INACTIVITY of persons with health limitations

- The more **digital** skills used at the previous workplace, the lower the probability of economic inactivity
 - Work from home is possible so there are fewer barriers related to commuting, lack of flexibility, or a stressful work environment.
- The more **social** skills used at the previous workplace, the lower the probability of economic inactivity
 - Better social skills help negotiate flexible work arrangements, a prerequisite for starting or continuing work for some persons with health limitations

UNEMPLOYMENT of persons with health limitations

- No significant relationship with skill utilisation at previous workplace

UNDEREMPLOYMENT of persons with health limitations

- The more **manual** skills used, the lower the probability of underemployment
- The more **cognitive** skills used, the higher the probability of underemployment
 - Workers with health limitations may need to work fewer hours than their preferred number to prioritise their health

OVEREMPLOYMENT of persons with health limitations

- The more **cognitive** skills used, the higher the probability of overemployment
 - Workers may be left without the time necessary to accommodate their health limitations, leading to dissatisfaction with the actual hours worked

Policy recommendations

Health-related employment outcomes are moderated by skills even within occupations

These findings suggest that targeted skills development could be a more feasible intervention than a change of occupation, offering policymakers an effective strategy to address labour shortages and support economic growth in ageing populations.

- **Targeted skill development** programs focused on digital and social competencies could improve labour market participation without requiring occupational changes
- **Workplace accommodations** that leverage individuals' existing skills may reduce working hours mismatches
- **Skills-based interventions** may offer more practical solutions than occupational mobility for those with health limitations

→ By emphasizing skills development that enables flexible participation in the labour market, policymakers can simultaneously address workforce shortages and improve economic outcomes for individuals with health limitations.

PATHS2INCLUDE is a 3-year research project funded by Horizon Europe that investigates the multi-dimensional aspects of discrimination, policies that could reduce inequalities and promote social inclusion in European labour markets and risk factors of vulnerability that may arise in the future of work. The research focuses on three key labour-market processes: recruitment; career paths; and early exit from working life, giving particular attention to labour-market participation at the intersection of gender, ethnicity, age, health, disability and care responsibilities.



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