

# Pathways to Inclusion: Towards truly inclusive labour markets



## PATHS2INCLUDE



### What do we mean by inclusive labour markets?

Labour market exclusion does not depend only on individual characteristics, but also on the interplay between personal and contextual factors throughout the life course.

Labour market vulnerability is intended here as the interaction between individual disadvantages and structural conditions such as welfare regimes, labour market regulations, and prevailing social norms.

### Why do they matter?

Inclusive labour markets are not only a moral imperative, but they are also key to productivity, innovation, and long-term growth.

→ By tapping into the full potential of all workers, Europe strengthens both its **competitiveness** and **social cohesion**.

## Key research findings

### Activity vs employment

A key insight is the difference between inactivity (being unavailable for work) and unemployment (looking for a job but not being able to find one):

- **Younger workers** tend to be the most active, but also the least likely to find a job when they look for one.
- **Women** are less likely to be active but when they actively look for job, we found no difference in the chances of obtaining it.
- **Single parents** show higher activation but significantly lower employment probabilities, likely due to caregiving constraints.

The **activation–employment gap**, the difference between the number of people who are enrolled in “activation” measures (such as training, job-search programs etc.) and the number who actually move into employment afterwards, varies across regions.

### Individual level

Several individual characteristics strongly shape labour market opportunities:

- **Health-related limitations** are among the main drivers of exclusion. Individuals with poor health are more likely to be inactive and unemployed, and face greater risks of job insecurity, especially during economic crises.
- **Care responsibilities** significantly reduce labour market attachment, particularly for women.
- **Education** is the strongest protection against exclusion. Higher education and digital skills increased resilience during the shift to remote work, while low-skilled workers faced greater difficulties.
- **Wealth moderates risks**: the negative impact of poor health on labour market participation is much lower among wealthier individuals. Similarly, women in higher wealth quintiles face substantially lower risks of exclusion.

### The interaction with the context

Beyond individual characteristics, context strongly shapes labour market opportunities:

- Individuals in regions with higher economic activity and lower unemployment are more likely to be active and employed, **regardless of their individual characteristics**.
- **Economic diversification** strengthens resilience to shocks.
- Regions with high levels of human capital have more active labour markets, though strong competition can reduce employment opportunities.
- **Even in wealthier regions, risks remain high for individuals in vulnerable situations**. For instance, women aged 25–54 in high-GDP regions have a 39% chance of employment if active, but this drops to 30% with a chronic illness, and to just 9% with significant care responsibilities.

## Policy recommendations

### Pillar 1 – Remove structural barriers to labour market participation

- Support work-life balance and caregiving
- Enhance workplace accommodations for older workers and workers with disabilities
- Reform paternity and parental leave policies to extend the length and eligibility
- Strengthen the enforcement of equal pay and anti-discrimination laws

### Pillar 2 – Create inclusive regional labour markets

- Enhance mobility and territorial connectivity through public transport and housing policies
- Strengthen Active Labour Market Policies and address the activation–employment gap, namely assessing the situation of workers who do not make the transition from activation to employment.

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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