



EURODIACONIA KEY MESSAGES TO ENSURE AN INCLUSIVE APPROACH TO EMPLOYMENT AND SOCIAL TRENDS IN THE 2018 DRAFT JOINT EMPLOYMENT REPORT

Eurodiaconia is a network of 46 organizations in 32 European countries providing social services and working for social justice. Founded in the Christian tradition we work to ensure that our societies provide opportunities for all people to live in dignity and realize their full potential. Ensuring a social market economy that promotes inclusive growth constitutes a priority for our members and this is demonstrated by their engagement in the provision of work integration and related social services **which often target people with lower employability or requiring specific support to reach employment and social inclusion**, like unemployed persons, young people, migrants, persons with disabilities or persons with mental health issues, among others.

On behalf of our members' experience as providers of services conducive to employment, their direct knowledge of employment reality in Europe and their involvement with the European Semester process, we would like to draw your attention to a number of concerns and share some proposals. We hope that our remarks can help mainstream an inclusive approach to the assessment of employment and social trends in Europe as contained in the forthcoming 2018 Joint Employment Report (JER).

Mainstreaming the role of social services in work inclusion efforts

Labour markets are primarily a space for professional fulfilment. Notwithstanding this, **labour market trends have implications on the rates and depth of poverty, inequalities and the well-being of people**. As providers of social services, Eurodiaconia members have a first-hand understanding of how these interlinkages operate and eventually translate into an increased need of social services that both overcome and prevent the multi-faceted obstacles for work inclusion, which are as diverse and complex as each individual's needs are.

In this regard, **an integrated approach to social services where individual needs are assessed and coordinated around users on a personal basis is key to ensure the effectiveness of work inclusion interventions**. Integration should also be understood as reinforced partnership between service providers and other stakeholders like local authorities, employment services or local communities. The essential role and synergies brought by accompanying social services to achieve, together with work inclusion interventions, sustainable employment outcomes have been already emphasised in key recent initiatives like the 2016 Council Recommendation on the integration of the long-term unemployed¹. This approach is also consistent

¹ [Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market, 2016/C 67/01.](#)





with the principles enshrined in the Recommendation on the active inclusion². In line with these, we encourage the 2018 JER to seize the opportunity to mainstream once again the role played by social services as an essential pillar leading to sustainable job inclusion.

Fighting inequalities at labour market and beyond

Social services are equally key to fight inequalities³. **Inequalities create social, economic and cultural divides which harm cohesion at local, national and global levels.** Inequalities also translate into a waste of productive potential when they represent an obstacle for participation in labour markets or result in suboptimal job matches when these require skills, qualifications and capacities which are below the potential in each individual.

In turn, job markets are an increasing source of inequalities themselves. The poverty risk of individuals remains crucially determined by the labour market participation of household members. However, the last crisis (and the years leading to it) has made low-pay jobs, short-term contracts, bogus self-employment and other odd employment arrangements more prevalent. Such changes explain the greater impact of poverty on in-work households. Together with action on the root causes of inequalities, **Eurodiaconia believes that adequate social services and social protection are key to fill in the gaps created by suboptimal job market outcomes and, more importantly, boost better ones.**

Inequality is also a robust determinant of the pace of medium-term growth and the duration of growth spells⁴. It is, therefore, a mistake to focus on economic growth alone expecting that more equality follows as a result. When such trickle down approach is taken, the resulting growth is usually low and not sustainable. Conversely, the higher inequality is, the higher growth rates need to be to reduce poverty levels. **In light of this, inequalities and, in particular, inequalities in labour markets must be understood and consequently addressed as a root cause of poor and unsustainable economic growth outcomes.** In our view, the 2018 JER is the most suitable space to convey this very important message.

Tapping employment potential through quality social services

Beyond their repairing role, **work inclusion policies and services are in fact the specific type of interventions needed to enhance the likelihood of employment for low-skilled, low-qualification workers or whose skills have become obsolete.** A marginal improvement in skills produced by a training intervention can produce a most significant change at low skill levels. However, access to other services like housing, childcare or rehabilitation is critically relevant to tap employment potential and overcome common obstacles to access labour markets. **In this regard, we would recommend that the JER embraces a broader and holistic approach to active labour market policies that acknowledges and promotes the role played by flanking social services in bringing more people into jobs.**

Mainstreaming such an approach **will ease work inclusion amongst groups of people faced with additional difficulties to become integrated in labour markets**, like women, single parents or young people, among others. Among these, the need to ensure prompt but sustainable work integration of migrants and

² [Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market, 2008/867/EC](#)

³ Eurodiaconia, [The role of social services in fighting inequalities in Europe](#), October 2016.

⁴ J.D. Ostry, A. Berg and C.G. Tsangarides (2014), [Redistribution, inequality and growth](#), IMF Staff Discussion note, SDN/14/02



refugees is most pressing, as recognized by the Action Plan for the Integration of Third Country Nationals⁵. Again, the role of social services in overcoming structural, socioeconomic and cultural challenges for work inclusion is essential. Acknowledging this will avoid the many long-term costs of non-integration, which are in every case higher than the cost of investing in integration policies. To ensure this, new financial means must be mobilised that reinforce social cohesion and avoid any kind of perceived competition for resources between vulnerable groups. In addition, an effective partnership approach is needed to promote connections with education providers, employment services and employers in order to guarantee an integration of quality and sustainable.

Inclusive jobs through the European Pillar of Social Rights

Many of the priority elements underlined above support the fundamental right of everyone to engage in work and pursue a freely chosen or accepted occupation⁶. **Most importantly, many of the elements (and services) required to ensure access to quality jobs are also underpinned by rights themselves. In this regard, the JER 2018 should not miss the opportunity to call for a prompt and effective implementation of the principles enshrined in the European Pillar of Social Rights⁷.** In our view, this is the best way to ensure that efforts towards job creation and labour market participation in Europe are grounded on principles that guarantee quality jobs and inclusive labour markets. To this aim, the social scoreboard should help the assessment of social progress in both Eurozone and non-eurozone countries and feed significantly into the policy guidelines and recommendations defined by the European Semester and any other EU-wide strategic framework.

A social investment framework for more inclusive jobs

Investing in social policies will reap benefits in the form of sustainable, more resilient employment. Social investment is, in this way, instrumental to bringing into reality the principles that ensure adequate and sustainable social protection underpinning job growth in the EU. For this reason, **we encourage the JER to re-emphasise the idea, endorsed by the European Commission⁸ and other international organizations⁹, of 'social policy as a productive factor, which reduces inequality, maximises job creation potential and allows Europe's human capital to thrive'** and to present well-functioning welfare systems as a key foundation to 'boost growth, compete globally, strengthen social cohesion and keep increasing the living standards of its citizens'¹⁰.

However, the call for more social investment will only have a positive impact on jobs and social standards in Europe if it is supported by the right economic governance framework. Beyond the positive, but limited, impact

⁵ For a more detailed position, see Christian Group on Migration, [Comments on the EU Action Plan on the Integration of Third Country Nationals](#), December 2016.

⁶ Article 15 of the Charter of Fundamental Rights of the EU

⁷ [Commission Recommendation of 26.4.2017 on the European Pillar of Social Rights, C\(2017\) 2600 final.](#)

⁸ European Commission 2016, [COM\(2016\) 127 final: Launching a consultation on a European Pillar of Social Rights](#), Strasbourg, pp. 2-3.

⁹ ILO, IMF, OECD and the World Bank, [Income inequality and labour income share in G20 countries: trends, impacts and causes](#), 2015

¹⁰ European Commission, 2016, *ibid.*



of European Structural and Investment Funds (ESIF), the European Fund for Strategic Investments (EFSI) and direct funds, **Eurodiaconia would like to reiterate its call for a wider fiscal space within the existing rules of the Stability and Growth Pact (SGP) as the most effective way to unlock the full potential of social investment outlays to achieve robust and sustainable growth and social inclusion¹¹.**

To this aim, Eurodiaconia believes that the JER 2018 should flag the need for a more systematic promotion of social investment in the European Semester especially through the thematic coordination and the Annual Growth Surveys, Country Reports and Country Specific Recommendations. To do so, the JER could leverage upon existing provisions like the so-called investment clause to the SGP, included in point 2.2 of the European Commission's Communication COM(2015) 12 of 13 January 2015 'Making the best use of the flexibility within the existing rules of the Stability and Growth Pact' grants Member States, based on Article 5 of Regulation 1666/97. From there, in the longer term, a 'Silver Rule' for public social investment in the EU economic governance framework should be established to allow and incentivise Member States to pursue higher levels of public social investment, focused on the fields in which a strong evidence base exists to justify social investment from both a social and an economic perspective. This includes, most notably, early childhood education and care, primary and secondary education, further training and social housing; all of which are key services to promote employability among people.

Social investment within the social sector

Among the more immediate positive effects of social investment, **Eurodiaconia would like to emphasise the job creation potential demonstrated by the social sector.** Social and health services are one of the biggest job creators in Europe today with over 1.3 million new jobs since 2009. In 2016, the number of workers in this sector stood at 23.7 million -roughly above 10% of the total in all sectors¹²- and is expected to continue expanding in light of structural changes like demographic ageing or evolving family patterns calling for better work-life balance. The rise in the overall demand for care is likely to put a strain on the staff shortages that already exist due to tighter public budgets and job patterns in the sector; e.g. low pay levels, high share of part-time arrangements, low status or lack of defined career development paths.

The response given to these issues should be ambitious and comprehensive, in line with the scale of the sector and its essential impact on the well-being of users of social services and their families. Also, the synergies of social services with regard to the employability of users who remain far from labour markets should not be overlooked either. For these reasons, **Eurodiaconia would like the JER 2018 to acknowledge the strategic importance of the social sector and embrace a social investment logic that promotes new job profiles and qualifications for the social sector, in parallel with measures that scale-up and ease successful strategies around recruitment and retention of social services' professionals which are already in place.** Such a fully-fledged approach is needed to unlock the sector's full employment potential whilst focussing more effectively on the needs of people.

Slow but significant improvements in employment figures in Europe should not be an excuse to not address the many challenges and precarious realities still faced by large numbers of Europeans. Therefore, **we urge the JER to act upon these issues and lead the way for a Semester process which is committed to quality employment and social inclusion as a sound path towards a more sustainable and cohesive EU.**

¹¹ Social Platform, CESI and Eurodiaconia, [Towards more public social investment in EU economic governance. Which way forward?](#), Discussion paper, June 2016.

¹² Eurostat, *Labour Force Survey* and *Employment and Social Situation*, [Health and social services from an employment and economic perspective](#), Quarterly Review, Supplement December 2014, Luxembourg, p.4



We thank you in advance for your attention and remain at your disposal if you would like more information on our proposals.

Yours sincerely,



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