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► **Fair employment for social justice**

Background paper prepared by the International Labour Office at the request of the Cyprus' Presidency of the Council of the European Union for the informal meeting of employment ministers - Lefkosia, Cyprus, 12-13 February 2026

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► Introduction

Fair employment is a cornerstone of social justice in the world of work, influencing how rights are realised and how labour markets respond to demographic and digital change. Although there is no single, universally accepted definition of social justice, it broadly refers to fairness, equality, empowerment, and the capacity of all individuals to live in dignity. The ILO's vision for advancing social justice is built upon four pillars:

1. Fundamental **human rights** and capabilities, ensuring fundamental freedoms and entitlements,
2. **Equal access** to opportunities, removing barriers to participation in education, training and the world of work,
3. **Fair distribution** of economic growth benefits, and
4. **Fair transitions**, involving strong institutions to manage major societal shifts, including environmental, digital, and demographic transitions.¹

These four components resonate with the 20 principles of the European Pillar of Social Rights (EPSR)² which seeks to strengthen the EU's social dimension by promoting fairness, inclusion and equal opportunities.

Against this backdrop, the paper examines normative foundations for social justice, reflects on integrated policy approaches to labour rights and adaptable labour markets, policy responses to manage the demographic and digital transitions placing social dialogue and strong institutions at the centre. It draws on selected experiences from within and beyond the EU to inform reflection on future policy options.

¹ ILO. 2023. "Advancing Social Justice." In International Labour Conference, 111th Session, 2023, edited by Report of the Director-General. Report I(A). ILO. And ILO. 2025. The State of Social Justice. <https://doi.org/10.54394/ASWD9537>.

² European Commission. 2017. "European Pillar of Social Rights." https://employment-social-affairs.ec.europa.eu/policies-and-activities/european-pillar-social-rights-building-fairer-and-more-inclusive-european-union_en.

1. Normative frameworks: the foundation for Social Justice in the world of work

Fundamental human rights and capabilities form the foundation of social justice in the world of work. **Labour rights are a core component of this framework and are articulated through international labour standards**, which provide shared principles to guide national legislation, institutional arrangements and policy development in pursuit of decent work for all. Beyond guaranteeing rights at work, these normative frameworks also shape expectations about fair outcomes, including the distribution of income from work and the principle that employment should provide a decent and predictable livelihood. In this context, issues such as the evolution of labour income shares and the role of minimum wages are integral to the normative foundations of social justice, alongside respect for fundamental rights.³

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) reiterate the centrality of labour rights to human rights. Indeed, the SDGs, which promote universal respect for human rights and human dignity, equal opportunity, and shared prosperity, include a goal devoted specifically to achieving sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.⁴

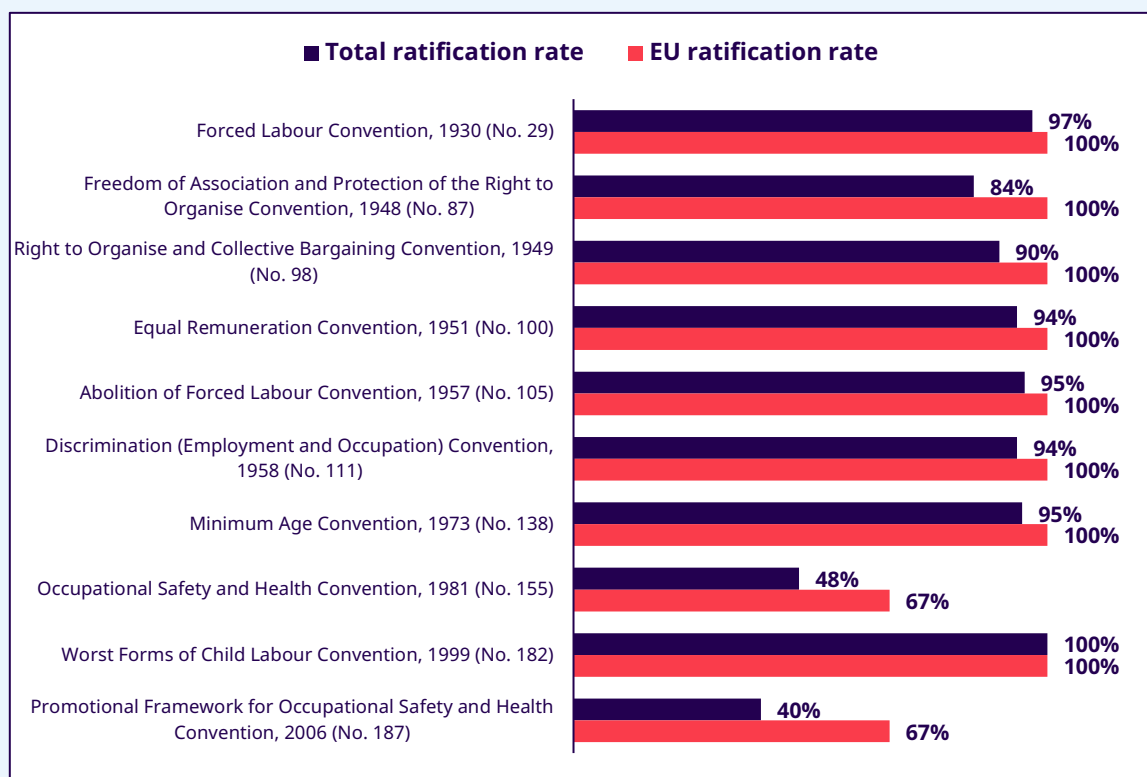
Fundamental Principles and Rights at Work are essential enabling rights in the world of work that allow for the realization of other rights and entitlements.⁵ They are: freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labour; the abolition of child labour; the elimination of discrimination at work; and a safe and healthy work environment. Of the 192 ILO Conventions adopted to date, 10 are considered Fundamental given that they deal with these Fundamental Principles and Rights at Work. ILO Member States are expected to comply with the Fundamental Conventions regardless of their ratification status, although ratification conveys a strong message of commitment. The EU has a solid record of ratification of ILO Fundamental Conventions. Indeed, ratification rates among EU Member States are equal or higher than those of the rest of the world for all 10 Fundamental Conventions (see Figure 1). What is more, ratification within the EU is universal for all Fundamental Conventions except for the Occupational Safety and Health Convention (No. 155) and the Promotional Framework for Occupational Safety and Health Convention (No. 187).⁶

³ ILO. 2025. The State of Social Justice. <https://doi.org/10.54394/ASWD9537>.

⁴ ILO. 2025. The State of Social Justice. <https://doi.org/10.54394/ASWD9537>.

⁵ ILO. 2025. The State of Social Justice. <https://doi.org/10.54394/ASWD9537>.

⁶ ILO. 2022. "ILO Declaration on Fundamental Principles and Rights at Work and Its Follow-Up." Adopted at the 86th Session of the International Labour Conference (1998) and Amended at the 110th Session (2022).

► **Figure 1. Total and EU ratification rates of ILO Fundamental Conventions (2025)**

Source: ILO. 2012. "NORMLEX, Information System on International Labour Standards." https://normlex.ilo.org/dyn/nrmlx_en/. Accessed on January 2, 2026.

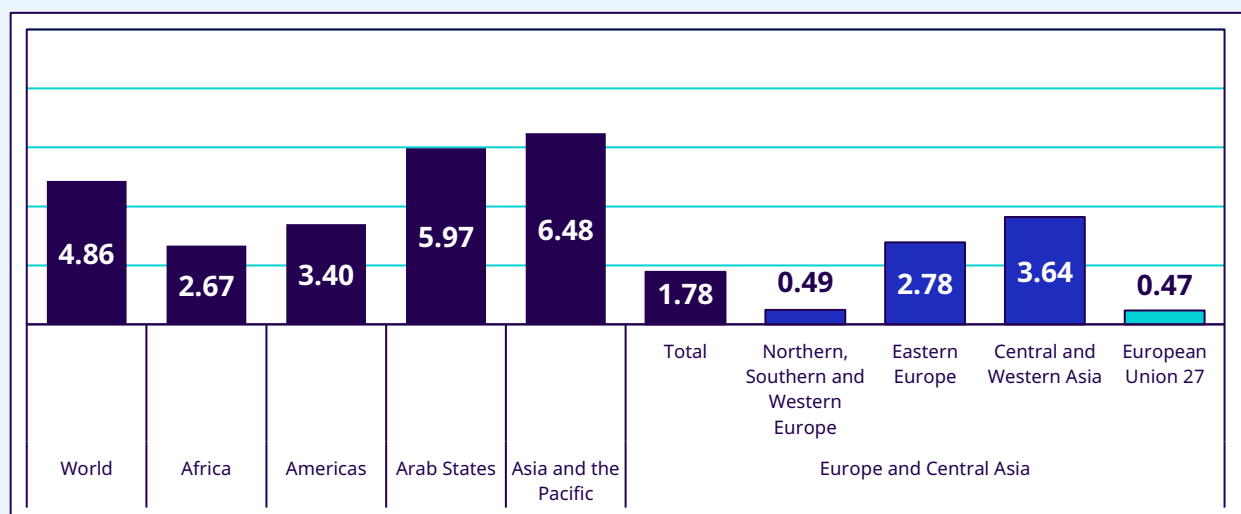
Beyond the Fundamental Conventions, a wide range of other ILO instruments contribute to the advancement of social justice in the world of work. Here too, the EU demonstrates a strong normative commitment, reflected in its high ratification rate. On average, EU Member States have ratified 83 ILO Conventions, compared to an average of 39 ratifications globally, underscoring the depth of their formal commitment to international labour standards.⁷

At the same time, ratification alone is not sufficient to ensure effective protection of labour rights in practice. This is reflected in SDG indicator 8.8.2, which measures compliance with freedom of association and collective bargaining rights on a scale from 0 (full compliance) to 10 (worst performance). In 2023, the global average score stood at 4.9, while the EU recorded a significantly stronger performance with a score of 0.5, making it the region with the highest level of compliance according to this indicator (see Figure 2). While compliance with labour rights has deteriorated globally since 2015, the EU has registered improvements over the same period.⁸

⁷ ILO. 2012. "NORMLEX, Information System on International Labour Standards." https://normlex.ilo.org/dyn/nrmlx_en/. Accessed on January 2, 2026.

⁸ ILO. 2026. "ILOSTAT." <https://ilostat.ilo.org>. Accessed on January 2, 2026.

► Figure 2. SDG indicator 8.8.2 – Global and regional scores (2023)



Source: ILO. 2026. "ILOSTAT." <https://ilostat.ilo.org>. Accessed on January 2, 2026. ILO calculations based on information from ILO textual sources.

Note: SDG indicator 8.8.2 seeks to measure the level of national compliance with fundamental labour rights (freedom of association and collective bargaining) based on six ILO supervisory body textual sources and on national legislation. National law is not enacted for the purpose of generating a statistical indicator of compliance with fundamental rights, nor were any of the ILO textual sources created for this purpose. Indicator 8.8.2 is compiled from these sources, and its use does not constitute a waiver of the respective ILO Constituents' divergent points of view on the sources' conclusions. Reporting obligations of an ILO Member State to the ILO's supervisory system and thus ILO textual sources are different for ratifying and non-ratifying ILO Member States. Global and regional scores are based on weighted averages by ILO labour force estimates.

This is consistent with EU's own development of institutional and policy frameworks and legislative instruments that are closely aligned with international labour standards and that advance the objectives of fair employment and social justice.

EU Member States have operationalised these commitments through a range of regulatory and policy instruments. Measures to promote pay equity, for instance, combine transparency requirements with corrective obligations and sanctions⁹, while policies addressing undeclared work have used fiscal and regulatory tools to encourage the formalisation of employment relationships¹⁰. Together, such approaches illustrate how international labour standards are translated into national practice through context-specific policy design.

While strong normative frameworks are essential, social justice also depends on **whether work delivers fair and adequate income outcomes**. A key indicator in this respect is the evolution of **labour income shares**, which provides insight into how the gains from economic growth are distributed between labour and capital.

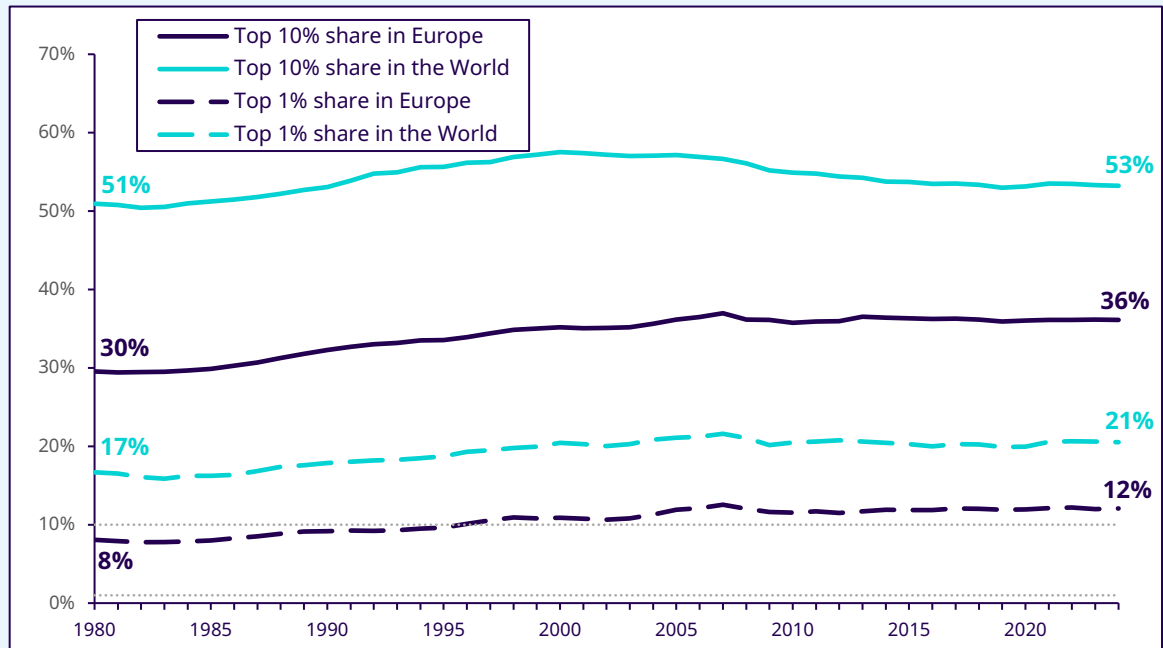
Over recent decades, income concentration has increased in Europe, though to a lesser extent than in other high-income regions. The share of total income accruing to the top 10 per cent of the population in Europe rose from around 30 per cent in 1980 to 36 per cent in 2024, while the share of the top 1 per cent increased from 8 per cent to 12 per cent over the same period. Despite remaining comparatively moderate by international comparison, these trends point to persistent distributional challenges¹¹(see Figure 3) and raise important questions for social justice and the role of labour institutions in shaping income outcomes.¹²

⁹ E.g. France ; Ministère du Travail et des Solidarités. 2024. La Représentation Équilibrée Des Femmes et Des Hommes Dans Les Postes de Direction Des Grandes Entreprises. March 5. <https://travail-emploi.gouv.fr/la-representation-equilibree-des-femmes-et-des-hommes-dans-les-postes-de-direction-des-grandes-entreprises>

¹⁰ E.g. Sweden, European Commission. 2019. "Tax Relief for Domestic Service Work (ROT and RUT)." In European Platform Undeclared Work. Preprint, September.

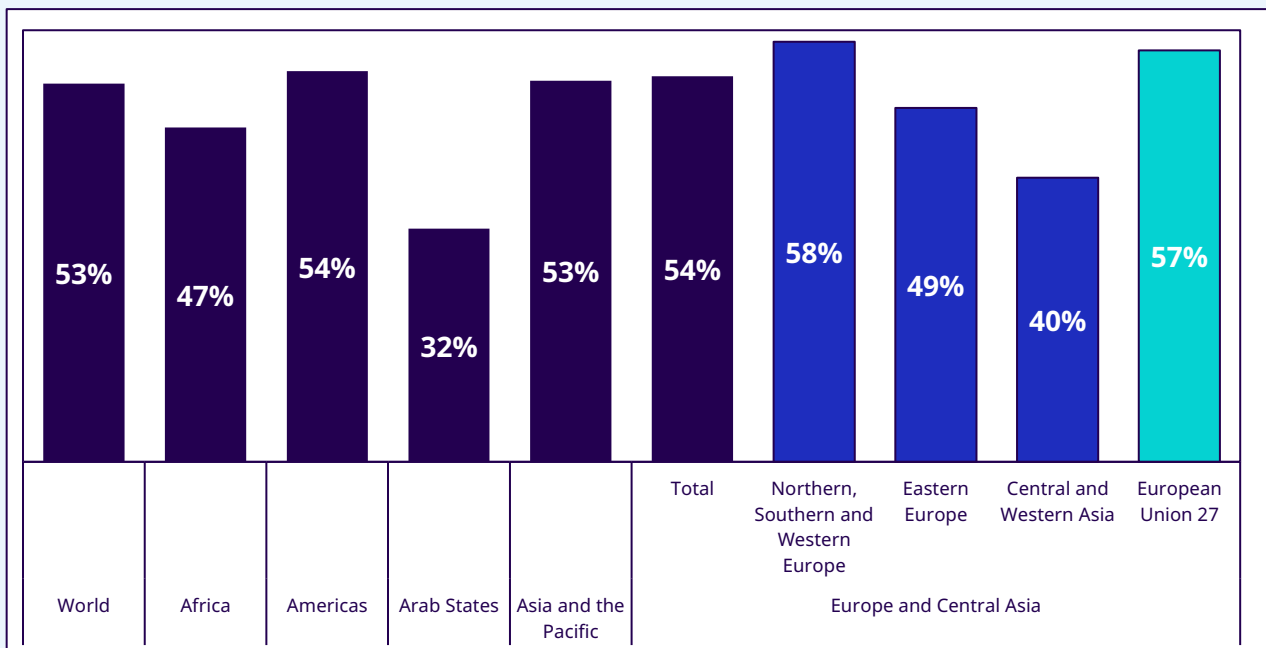
¹¹ with the top 10 per cent capturing around 53 per cent of total income and the top 1 per cent around 21 per cent in 2024

¹² ILO. 2025. The State of Social Justice. <https://doi.org/10.54394/ASWD9537>.

► **Figure 3. Share of pre-tax national income held by the top 10 and 1 per cent in Europe and the world (1980-2024)**

Source: World Inequality Lab. 2025. "World Inequality Database." <https://wid.world/>. Accessed on January 2, 2026.

In 2025, the labour income share reached around 57 per cent in the EU, compared to approximately 53 per cent at global level, indicating that a larger share of GDP accrues to labour in the EU than elsewhere (see Figure 4).

► **Figure 4. Global and regional labour income shares as a percentage of GDP (2025)**

Source: ILO. 2026. "ILOSTAT." ILO modelled estimates, November 2025. <https://ilostat ilo.org>. Accessed on January 2, 2026.

With regard to in-work poverty—that is, poverty among the employed, reflecting inadequate labour income levels—Europe also performs relatively well compared to other regions of the world, although significant progress is still needed to achieve decent work and social justice. While working poverty—defined as employment with earnings below USD 2.15 per day—is virtually non-existent in the EU¹³, nearly one in twelve workers in 2024 were nevertheless at risk of poverty, defined as earning less than 60 per cent of the median equivalised disposable income after social transfers. This risk is particularly pronounced among low-skilled, temporary, and part-time workers, as well as single parents.¹⁴ These figures underline that advancing social justice requires policies that strengthen labour income.

In this context, **minimum wages** can play an important role as a normative instrument in strengthening labour income and supporting the principle that work should provide a decent standard of living. Statutory or negotiated minimum wages are very important tools for advancing social justice, as they help prevent low pay and wage inequality and contribute to a more equitable distribution of market income. In recent years, partly due to the absence or inadequacy of minimum wage systems in many countries, increased attention has been directed towards the concept of “living wages,” with the aim of ensuring that workers earn sufficient income to afford a decent standard of living.¹⁵

The **ILO Minimum Wage Fixing Convention**, 1970 (no. 131) provides that a minimum wage should combine the needs of workers and their families with economic factors, including productivity levels. To date, the Convention has been ratified by 11 EU Member States.¹⁶ Importantly, at EU level, the Directive on Adequate Minimum Wages seeks to improve the adequacy of minimum wages either through legislation or collective bargaining. Its impact, however, depends on effective design and implementation across diverse national contexts. Challenges to the effectiveness of minimum wage settings and implementation include the legal exclusion of certain sectors – such as seasonal work in agriculture, atypical employment, and undeclared work – as well as shortcomings in enforcing applicable legislation.¹⁷ Extending social dialogue to currently excluded sectors and strengthening of labour inspection systems would contribute to overcoming these challenges.

Taken together, these elements underline that social justice in the world of work rests not only on the recognition of rights, but also on normative frameworks that ensure fair income outcomes and uphold the principle that work should provide a decent living.

2. Integrated policy approaches towards labour rights and adaptable labour markets

Achieving decent work and social justice while maintaining adaptable labour markets depends on integrated policy approaches that support fair competition and effective labour market functioning. This section examines the policy instruments and governance arrangements that translate shared principles into practice, with a focus on policy coherence across domains, the role of effective active labour market policies, including social protection, and the protection of workers in non-standard forms of employment.

Fair employment in a rapidly changing world of work requires a high degree of **policy coherence** across domains that are often treated in isolation. The ILO has consistently emphasised that labour law, social protection, skills policies and employment services are most effective when designed as mutually reinforcing elements of an

¹³ Gammarano, Rosina. 2025. “Those Left behind: The Forgotten in the Fight against Global Poverty.” ILOSTAT Blog, October 17. <https://ilostat.ilo.org/those-left-behind-the-forgotten-in-the-fight-against-global-poverty/>.

¹⁴ European Commission. 2025. “Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Quality Jobs Roadmap.” COM(2025) 944 Final (Brussels). https://employment-social-affairs.ec.europa.eu/document/download/82975aa7-bdd6-4a64-b3e3-82433901f8f7_en?filename=Quality-Jobs-Roadmap_Communication_2025.pdf.

¹⁵ In 2024 global agreement on this concept was reached at the ILO by its tripartite constituents

¹⁶ Belgium, Bulgaria, France, Latvia, Lithuania, Malta, the Netherlands, Portugal, Romania, Slovenia, Spain

¹⁷ ILO. 2025. The State of Social Justice. <https://doi.org/10.54394/ASWD9537>.

integrated policy framework.¹⁸ Coherent approaches are particularly important to protect workers while enabling labour market transitions in the context of structural, digital and demographic change. Safeguards during job-to-job transitions — including adequate income security, effective unemployment benefits and well-designed activation policies — are central to preventing temporary disruptions from becoming long-term exclusion, in line with the principles set out in the Social Protection Floors Recommendation, 2012 (No. 202).

At the same time, activation measures should be closely linked to skills development and access to quality employment, consistent with the objectives of the ILO Decent Work Agenda. Fragmented or uncoordinated reforms risk weakening protections unintentionally, shifting risks onto individuals and undermining trust in labour market institutions. Integrated policy approaches are therefore essential to ensuring that labour market adaptability goes hand in hand with fairness and social justice.

At EU level, a limited number of overarching frameworks support greater coherence across employment, social and economic policies. The European Pillar of Social Rights provides a shared reference for aligning labour market, social protection and skills policies, while EU coordination processes, including the European Semester, promote more integrated approaches across policy domains. EU funding instruments, notably the European Social Fund Plus, further support the practical alignment of activation, skills development and social inclusion measures. Continued attention to coherence in policy design, implementation and resourcing is needed to ensure that these frameworks deliver tangible improvements in labour market outcomes.

Within integrated policy approaches for labour rights and adaptable labour markets, active labour market policies (ALMPs) play a central role in translating principles into practice. By supporting unemployed persons and vulnerable groups in accessing quality employment opportunities, ALMPs contribute to social justice while facilitating labour market transitions. An illustrative example of a successful integrated labour market policy framework is the EU Youth Guarantee. This framework brings together a wide range of ALMP instruments to support young people's labour market integration. It combines employment intermediation services, such as early identification, profiling, and personalised counselling, with training and skills development programmes to address skills mismatches. The framework also promotes work-based learning through apprenticeships and traineeships, includes public employment programmes and employment subsidies to incentivise hiring, and provides support for entrepreneurship and self-employment.

By bringing together these complementary measures, the Youth Guarantee provides tailored pathways into employment, education or training, particularly for young people facing barriers to labour market entry. In light of the experience gained and the results achieved, it may be timely to reflect on whether similar integrated approaches could be adapted to support other underrepresented groups in the labour market.

The Youth Employment Guarantee has also informed youth employment policies and practices outside the EU, including in the Western Balkans and in the MENA region, where the EU, the ILO and partners support initiatives that strengthen outreach, activation and service delivery for young people not in employment, education or training (NEET).¹⁹

Comparable approaches in the area of training and skills development, can also be found in, for instance, Brazil, where the so-called S-system, under the responsibility of the Ministry of Labour, provides training to a range of categories of workers, including young persons funded through employer payroll levies of between 1 and 2.5 per cent, collected through the social security system.²⁰ In Canada, the Sectoral Workforce Solutions Program offers employers-led training tailored to the needs of specific sectors, such as construction or healthcare, with a particular focus on under-represented groups including women, migrants and indigenous peoples²¹.

Beyond targeted initiatives such as the Youth Guarantee, **employment intermediation services are likely to play an increasingly important role in improving the labour market integration of under-represented groups.** By matching jobseekers with suitable vacancies, providing guidance and counselling, and facilitating contacts with

¹⁸ E.g. as reflected in the Employment Policy Convention, 1964 (No. 122), which calls for coordinated action across economic and social policies to promote full, productive and freely chosen employment. All EU Member States except Malta.

¹⁹ [EU-ILO Technical Assistance Facility on the implementation of the Youth Guarantee in the Western Balkans: Innovation in youth employment policy through the Youth Guarantee \(phase III\) | International Labour Organization](#), and [Empowering Youth NEETs in the Southern Mediterranean Region | International Labour Organization](#)

²⁰ https://unevoc.unesco.org/countryprofiles/docs/UNESCO_Funding-of-Training_Brazil-SENAI.pdf

²¹ [About the Sectoral Workforce Solutions Program - Canada.ca](#)

employers, these services act as a key interface between labour supply and labour demand. When well-resourced and closely linked to skills development and social support, employment intermediation services can help ensure that integrated policy approaches translate into effective and inclusive labour market outcomes.

Against the backdrop of shrinking workforces and acute labour shortages, employment intermediation services are expected to gain prominence in mobilising untapped labour supply. Enhanced outreach to under-represented groups, alongside support well governed legal migration pathways, can help address labour shortages.

Effective employment intermediation depends on the capacity and quality of the institutions delivering these services. Strengthening public employment services (PES) remains essential to ensure equitable access to employment support, personalised guidance and effective matching between jobseekers and employers, particularly for under-represented and vulnerable groups. At the same time, where private employment services operate, their contribution should complement public systems and be framed by clear regulatory and oversight arrangements. In this respect, the ILO Private Employment Agencies Convention, 1997 (No. 181)²², provides an international reference point for ensuring that private employment services operate in a manner consistent with the protection of workers' rights and fair labour market outcomes. Well-functioning and well-coordinated employment services are therefore a key pillar of integrated labour market approaches that combine efficiency, fairness and social justice.²³

At EU level, cooperation frameworks support the capacity of employment intermediation services to contribute to fair and inclusive labour markets. In particular, EU-level cooperation among public employment services, including through the PES Network, helps strengthen delivery, outreach and performance. Instruments such as EURES further support job matching in response to labour shortages, while promoting fair mobility. Ensuring that these frameworks can deliver effectively will require sustained institutional capacity and adequate resourcing.

Alongside employment intermediation services, **targeted support for self-employment and entrepreneurship** can also contribute to inclusive labour market strategies by creating additional pathways into work. Within the EU, a range of instruments support entrepreneurship and self-employment as part of broader activation and labour market policies. Comparable approaches can also be observed outside the EU, where initiatives such as the United States' Small Business Innovation Research (SBIR) programme support early-stage technology ventures in commercialising new ideas, illustrating how public support can help translate innovation into scalable economic activity.²⁴ These experiences point to the potential role of entrepreneurship support within integrated policy approaches.

Passive labour market policies complement active measures by providing income security during periods of labour market transition. Embedded within broader social protection systems, these instruments include unemployment benefits and minimum income schemes that safeguard basic living standards, as well as income protection in cases of sickness or disability. At EU level, they are anchored in the European Pillar of Social Rights, which provides a common normative framework for adequate income support across the life course, and are further supported by EU guidance encouraging the development of effective minimum income schemes at national level, including through the Council Recommendation on minimum income.²⁵

While passive labour market policies play a critical role in providing income security during periods of unemployment and labour market transition, they form only one component of **wider social protection systems**. Broader social protection arrangements — including income support across the life course and access to essential services — are vital to addressing social risks that extend beyond labour market status. A comprehensive approach to social protection therefore underpins fair and adaptable labour markets by strengthening resilience, supporting participation and promoting social justice.

²² Ratified by 13 EU Member States: Belgium, Bulgaria, Czechia, Finland, France, Hungary, Italy, Lithuania; the Netherlands, Poland, Portugal, Slovakia, Spain

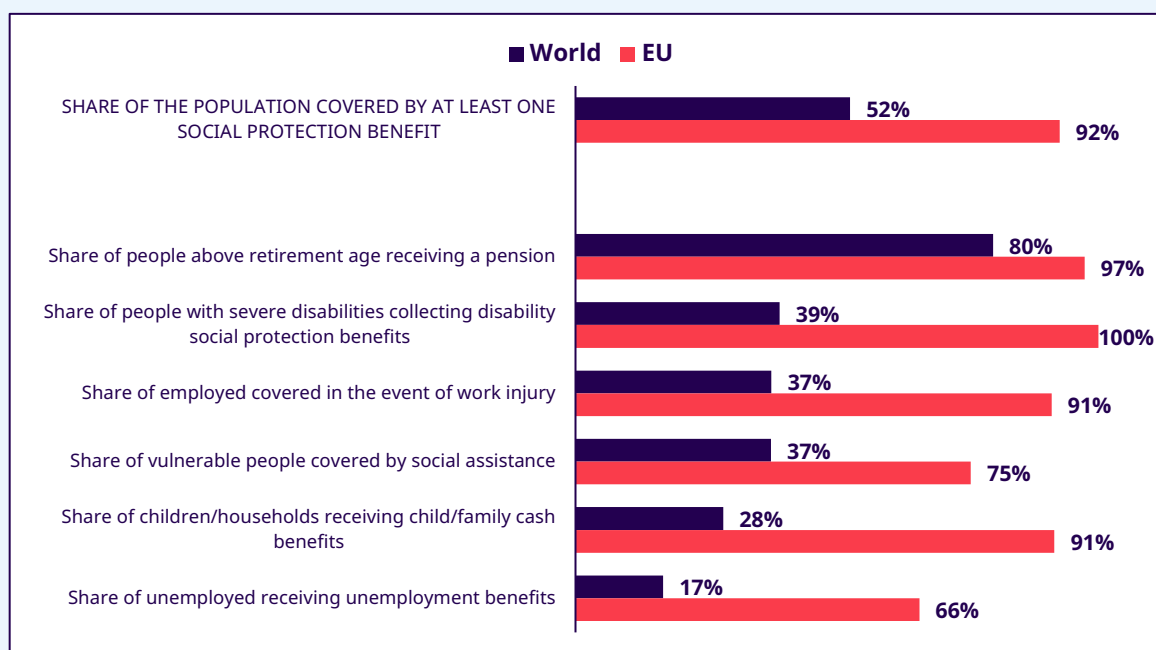
²³ Gobbi, Maria Sabrina de, Stefan Kühn, Guido Heins, and Ziyodakhon Malikova. 2025. Demographic Change in Europe and Central Asia: Addressing the Issue of a Shrinking and Ageing Labour Force. ILO. <https://doi.org/10.54394/UTFG0314>.

²⁴ [About | SBIR](#)

²⁵ European Commission. n.d. "Minimum Income." Employment, Social Affairs and Inclusion. Accessed January 5, 2026. https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/addressing-poverty-and-supporting-social-inclusion/active-inclusion/minimum-income_en.

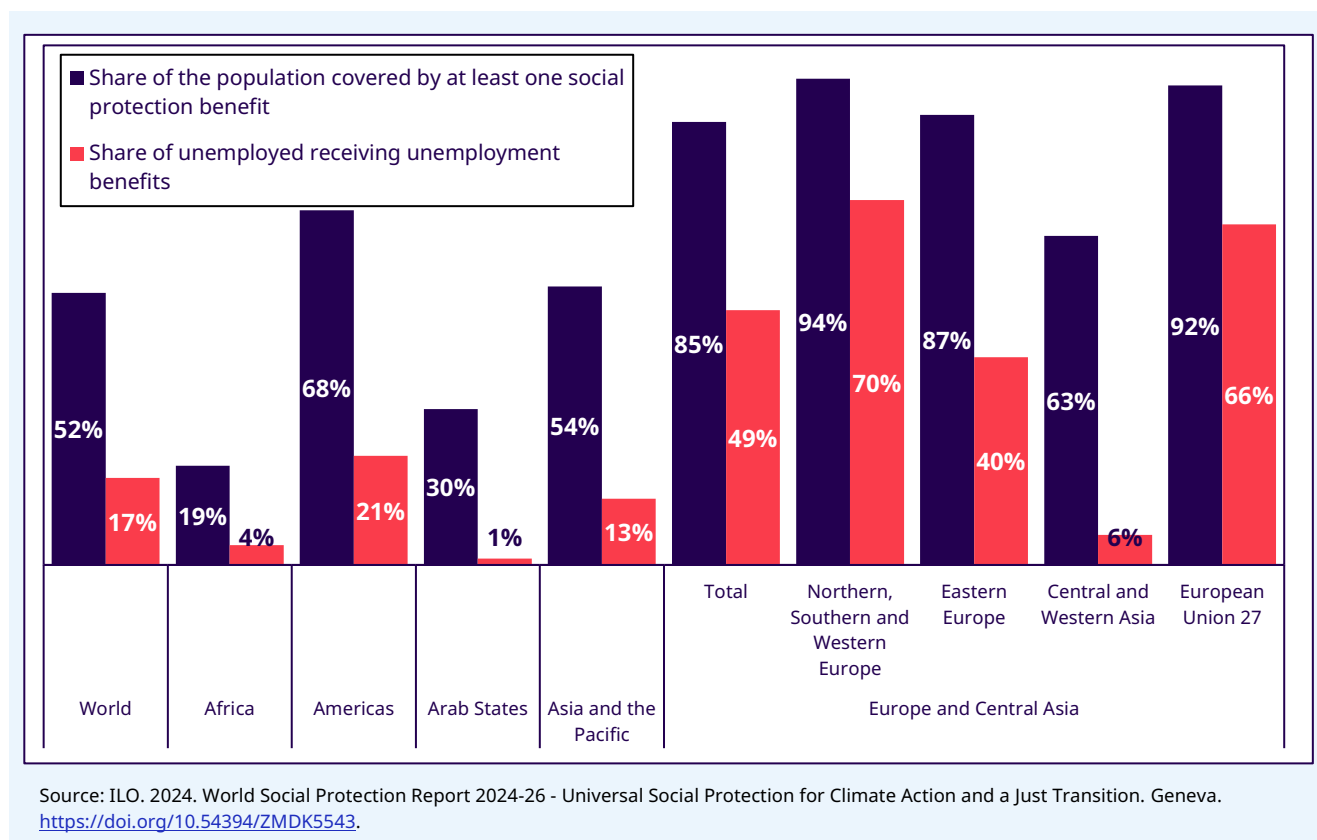
Social protection coverage in the EU is substantially higher than in most other regions of the world, reflecting the strength of its social protection systems. In 2023, 92 per cent of the EU population received at least one social protection benefit, compared to 52 per cent globally. Within the EU, social protection coverage is close to universal for several major social risks, including disability, old age, and employment injury, and is also high for families with children. Coverage remains lower for social assistance, with around three quarters of vulnerable individuals receiving support. However, important gaps remain, notably in relation to unemployment protection. In the EU, 66 per cent of unemployed persons received unemployment benefits in 2023 — a considerably higher share than the global average of 17 per cent, yet still short of universal coverage. Although unemployment benefits in Europe reach a significantly larger share of unemployed persons than in other regions, important gaps remain, and further progress is needed to move towards universal coverage and strengthen social justice (see Figure 6).

► **Figure 5. Global and EU social protection coverage rates by contingency (2023)**



Source: ILO. 2024. World Social Protection Report 2024-26 - Universal Social Protection for Climate Action and a Just Transition. Geneva. <https://doi.org/10.54394/ZMDK5543>.

► Figure 6. Global and regional social protection and unemployment benefits coverage (2023)



Beyond income security during transitions, integrated labour market approaches must also address the diversity of employment relationships and ensure that **labour rights are effectively protected across all forms of work**.

Social justice in employment requires **that labour rights are upheld for workers in non-standard forms of employment**²⁶, including those subject to algorithmic management. At EU level, labour legislation provides a framework for protecting such workers, notably through Directives implementing the Framework Agreements on part-time and fixed-term work and the recent Directive on Platform Work. Building on this foundation, efforts to strengthen protections in practice remain relevant, including by reducing employment misclassification, clarifying responsibilities in complex or multi-party employment relationships, and adapting social security systems to ensure adequate coverage. Measures that enhance income predictability, such as guaranteed hours and the improvement of the portability of rights and benefits across jobs and over time, can further contribute to fair and inclusive labour market outcomes.²⁷

Additional policy measures may be warranted to address the impacts of algorithmic management, including work intensification, excessive monitoring and associated psychosocial risks.²⁸

Overall, integrated policy approaches remain essential to ensuring that adaptable labour markets deliver fair and inclusive outcomes. More reflection is needed on how integrated policy approaches can be further strengthened to respond to evolving labour markets while safeguarding fairness and social justice.

²⁶ EUROFOUND. 2024. "Non-Standard Employment." <https://www.eurofound.europa.eu/en/topics/non-standard-employment>.

²⁷ ILO: Non-standard forms of employment, a feature of the contemporary world of work

²⁸ The Algorithmic Management of work and its implications in different contexts | International Labour Organization

3. Labour policies for demographic and digital transitions

Demographic and digital transitions are reshaping labour markets across Europe, presenting both challenges and opportunities for social justice. Population decline and ageing are contributing to a shrinking labour force, evolving migration patterns and increasing pressures on the sustainability of social security systems. These trends are particularly pronounced in Europe: while the global labour force expanded substantially between 1990 and 2025, labour force growth in the EU was markedly more limited, and the contraction of the youth labour force was significantly sharper than at global level.

In parallel, digital transformation — including the rapid deployment of artificial intelligence and other technologies — is driving significant changes in skills demand and employment structures, while also offering opportunities for more efficient resource allocation and improved labour market outcomes. In this context, **inclusive labour policies play a critical role in shaping transitions for all in a productive manner**. While these policies are closely related to active and passive labour market measures, they are distinct in that they address structural participation gaps and long-term inclusion rather than short-term labour market transitions. Priority should be given to labour market policies that expand participation among under-represented groups — **including women, young people, older workers, persons with disabilities, migrants and refugees** — as highlighted in the EU Demography Toolbox. By broadening labour market participation, inclusive approaches help alleviate labour shortages and contribute to the sustainability of social protection systems, while supporting social justice objectives.

In this context, addressing persistent participation gaps among specific groups is essential to expanding labour market inclusion, starting with women. Increasing **women's participation in the labour market** requires targeted measures that address structural barriers, particularly the unequal distribution of care responsibilities. Care-related inactivity remains a major constraint on women's labour market participation across regions: in the EU, around 11 per cent of women outside the labour force cite care responsibilities as the main reason, compared to 1 per cent of men, while globally the corresponding figures rise to 36 per cent for women and 6 per cent for men. Policy responses that invest in accessible and affordable care services — notably early childhood care and education — alongside well-designed parental and childcare leave, have demonstrated positive effects. Experience in several EU Member States²⁹ shows that sustained investment in care infrastructure, at levels of around 1 per cent of GDP, is associated with markedly lower rates of care-related inactivity among women. In addition, flexible working-time arrangements remain important, as women continue to account for the large majority of those reducing working hours to reconcile employment with childcare responsibilities.³⁰ These issues are likely to be relevant to the forthcoming EU Gender Equality Strategy, offering an opportunity to further reflect on policies that address care-related barriers to women's labour market participation.

Beyond gender gaps, labour market inclusion also requires targeted action to address the persistent participation barriers faced **by persons with disabilities**. Employment participation among persons with disabilities remains significantly lower than among persons without disabilities, pointing to a substantial inclusion challenge. In the EU, around 54 per cent of working-age persons without disabilities are employed, compared to only 12 per cent of persons with disabilities, resulting in an employment gap of approximately 42 percentage points. While similar gaps exist globally, they are less pronounced outside the EU, where employment rates are around 57 per cent for persons without disabilities and 29 per cent for persons with disabilities.³¹ These disparities highlight structural barriers to labour market access, including workplace accessibility, skills mismatches and persistent prejudice. At the same time, digitalisation, technological innovation and the expansion of telework offer new opportunities to support inclusion, provided that appropriate conditions are in place.³² Policy efforts to raise employer awareness of workplace adaptation solutions, strengthen skills and education pathways, and address discriminatory practices

²⁹ For example, Bulgaria, Latvia and Sweden are examples of countries where less than 10 per cent of women are not participating in the labour force because of caregiving.

³⁰ EU Labour Force Survey (EU-LFS) module on reconciliation between work and family life implemented in 2018.

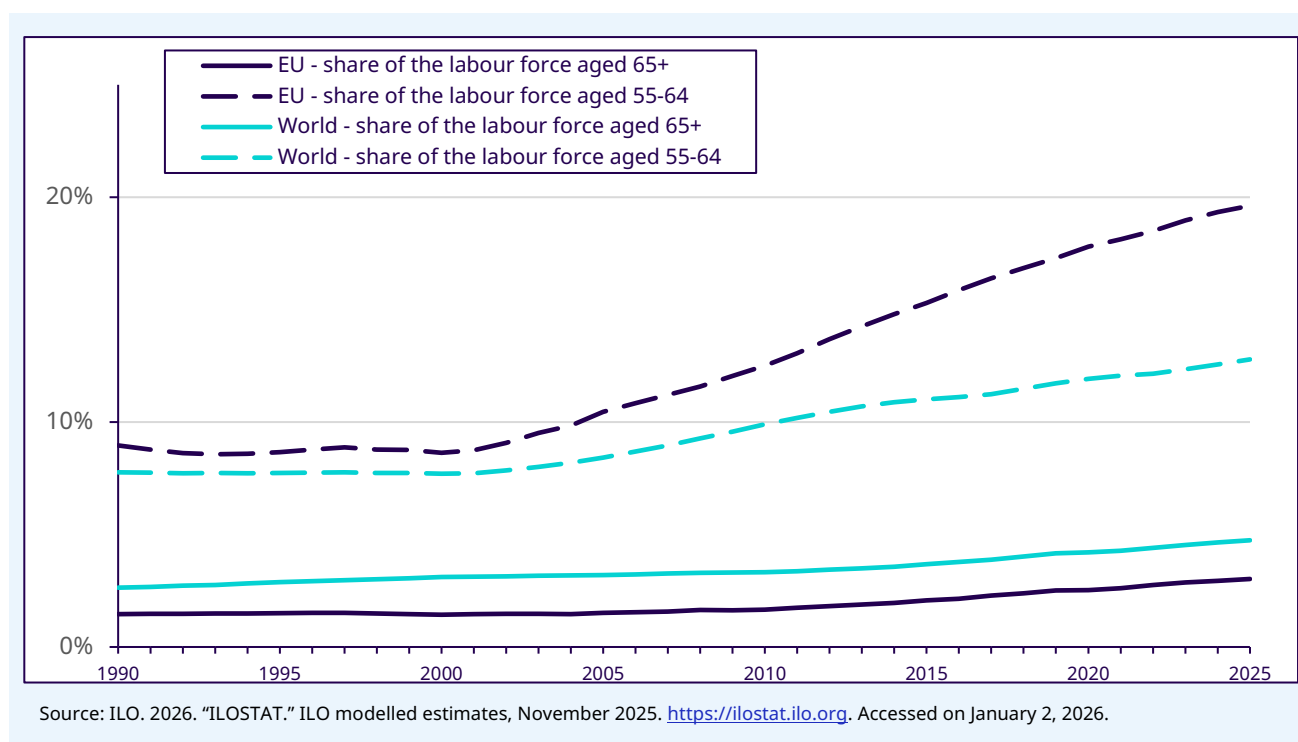
³¹ Unweighted averages based on data for 26 EU countries and 90 non-EU countries. ILOSTAT, ILO Harmonized Microdata Repository.

³² Ananian, Sévane, and Giulia Dellaferrera. 2024. *A Study on the Employment and Wage Outcomes of People with Disabilities*. Edited by ILO Working Paper 124. ILO. <https://doi.org/10.54394/YRCN8597>.

can play a key role in narrowing participation gaps. In this setting, the EU framework for the rights of persons with disabilities, including the implementation and upcoming enhanced Strategy for the Rights of Persons with Disabilities 2021–2030, provides an important reference for promoting labour market inclusion alongside decent working and living conditions.³³

In addition to addressing barriers faced by women and persons with disabilities, demographic change increasingly calls for policies that support the sustained and **inclusive participation of older workers in the labour market**. Older workers account for a growing share of employment across all regions, with this trend particularly pronounced in the EU. Between 1990 and 2025, the share of the EU labour force aged 55 to 64 more than doubled, rising from 9 per cent to nearly 20 per cent, while the share aged 65 and above also increased, albeit from a lower base. Although similar ageing trends are observed globally, the pace of change is faster in the EU (see Figure 7). Extending working lives can help mitigate labour shortages and support the sustainability of social protection systems, but this requires labour policies that reflect the needs and capacities of older workers. Flexible working arrangements, lifelong learning opportunities, and age-friendly working conditions are therefore essential to enable longer and healthier working lives³⁴. These priorities are reflected in EU policy orientations on active ageing and lifelong learning, as well as in the European Pillar of Social Rights, which emphasises the right to fair working conditions and access to training across the life course.

► **Figure 7. Share of older workers in the global and EU labour force (1990–2025)**



Alongside measures to support participation across age and ability, **migration and labour mobility** also play an increasingly important role in addressing labour shortages and shaping inclusive labour markets.

Migrants already represent a significant share of the EU labour force, with foreign-born persons accounting for just under 15 per cent of the working-age population in Member States, compared to around 8 per cent in non-EU countries.³⁵ Well-designed migration policies can therefore contribute to addressing labour shortages, provided they balance economic needs with effective labour market inclusion. Key policy priorities include improving skills

³³ European Commission. n.d. "Union of Equality: Strategy for the Rights of Persons with Disabilities 2021–2030." 2021. Accessed January 5, 2026. https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/disability/union-equality-strategy-rights-persons-disabilities-2021-2030_en.

³⁴ UNECE. 2025. "Unlocking the Potential of an Ageing Workforce." *Unlocking the Potential of an Ageing Workforce* No. 30 (Unlocking the Potential of an Ageing Workforce).

³⁵ Weighted averages based on data for 26 EU countries and 109 non-EU countries. ILOSTAT, International Labour Migration Statistics (ILMS).

recognition, facilitating access to employment, and ensuring adequate social protection for migrant workers. At EU level, forthcoming initiatives under the upcoming Fair Labour Mobility Package, including the proposed European Social Security Passport, represent important steps to address these challenges. These efforts should align with international principles such as the ILO Fair Migration Agenda, which emphasises fair recruitment, equal treatment and respect for migrant workers' labour rights throughout the migration cycle, as well as the role of social dialogue and cooperation with countries of origin.³⁶ Concrete examples of efforts to promote fair migration include EU-funded programmes implemented by the ILO. For instance, an initiative in Egypt, Morocco and Tunisia supports regular and sustainable labour mobility pathways between these countries and EU Member States, contributing to the creation of decent work opportunities.³⁷

Beyond measures to expand participation across specific groups, **skills development and training policies** play a **central role in enabling inclusive labour market transitions** in the context of the digital and green transformation. Such policies are increasingly central to labour market inclusion, adaptability and social justice, particularly in the context of rapid digital and green transitions. Lifelong learning has become essential to ensure that workers can enter, remain and progress in the labour market, while also supporting respect for labour rights and sustainable employment outcomes. This is especially relevant for under-represented groups who are outside the labour market or whose skills have become obsolete, notably in relation to digital competencies.

At EU level, the Union of Skills and the recent proposal for a Council Recommendation on Human Capital³⁸ highlight the importance for EU Member States to strengthen education, training and skills systems to support key economic sectors and facilitate adjustment to the green and digital transitions. In this context, targeted skills policies can also function as inclusive labour market measures when they are designed to address structural participation gaps, rather than solely productivity objectives.

While younger workers tend to enter the labour market with stronger digital skills, they often require targeted support to manage school-to-work transitions and access quality employment. By contrast, women, persons with disabilities and older workers face greater challenges in acquiring and updating digital skills, reflecting career interruptions, accessibility barriers and age-related gaps in training opportunities. Addressing these disparities requires tailored approaches, including flexible learning pathways and accessible training delivery.

Countries outside the EU are grappling with similar challenges arising from digital and green transitions and are experimenting with policy responses that may offer useful insights. In Australia, for example, a workforce initiative supports transitions towards renewable energy sectors by providing structured career pathways, training frameworks and a digital skills passport for workers moving into solar, wind and battery projects.³⁹ In Canada, intergenerational approaches have been used to support digital inclusion, with technology students providing digital training and support to older workers.⁴⁰ These examples illustrate how targeted and innovative skills initiatives can help address uneven transition impacts and support inclusive labour market outcomes.

Overall, inclusive labour market policies are essential to ensuring that demographic and digital transitions strengthen, rather than undermine, social justice by expanding participation, supporting fair transitions and sharing the benefits of change more broadly.

4. Social dialogue and strong institutions for social justice and effective labour market policies

Strong and adaptable labour market institutions are essential for managing change and delivering fair outcomes in the context of economic, demographic and technological transformation. Social dialogue, including collective bargaining, plays a central role in shaping and implementing labour market rules, facilitating adjustment and

³⁶ [Fair migration agenda](#).

³⁷ [Towards a Holistic Approach to Labour Migration Governance and Labour Mobility in North Africa | International Labour Organization](#)

³⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0959&qid=1764580773815>

³⁹ [New program to boost clean energy workforce skills and career pathways | energy.gov.au](#)

⁴⁰ [Cyber-Seniors - Cyber-Seniors Inc.](#)

supporting reform in a way that promotes trust and social justice. By providing a structured space for negotiation and cooperation among governments, employers and workers, social dialogue can help manage transitions while reducing the risk of social tension. At the same time, the coverage and effectiveness of social dialogue arrangements vary significantly across countries, both within the EU and beyond, influencing the capacity of labour market institutions to respond to change.

Recent EU initiatives underline the importance attached to **social dialogue** as a tool for managing change and promoting fair outcomes. The Pact for European Social Dialogue reflects a strengthened commitment to reinforcing the role of social partners in shaping labour market reforms and guiding transitions in a consensual and inclusive manner. Experience at both EU and national level illustrates **how social dialogue can help address sensitive labour market issues and support adjustment**. At EU level, directives on part-time and fixed-term work demonstrate how social dialogue has been used to establish common rules for non-standard forms of employment, helping to manage issues that have been politically and socially sensitive. At national level, social dialogue has also played a key role in managing demographic change such as raising the statutory retirement age⁴¹ a very sensitive political issue.

More broadly, national experiences and good practices on how social dialogue can contribute to inclusive responses to digitalisation and the green transition have been shared by governments, employers and workers in international fora, including a recent ILO regional meeting.⁴² These exchanges highlight the value of social dialogue in anticipating change, shaping balanced solutions and building trust during periods of transformation.

Within this broader framework of social dialogue, **collective bargaining plays a particularly important role in shaping fair employment outcomes and managing labour market change**. Collective bargaining coverage in the EU remains comparatively high, reflecting the strength of social dialogue institutions in many Member States. On average, around 53 per cent of workers in the EU are covered by collective bargaining agreements, with a median coverage rate of approximately 47 per cent, compared to average and median rates of around 27 per cent and 21 per cent respectively in non-EU countries.⁴³ While trade union density is also higher in the EU than elsewhere — averaging around 25 per cent — the gap with other regions is less pronounced.⁴⁴

Research shows that collective bargaining contributes to more equitable wage distributions and improved working conditions⁴⁵, a consideration of particular relevance in the EU context, where collective bargaining remains more widespread than in most other regions. Indeed, a majority of the countries with the highest collective bargaining coverage globally are EU Member States, many of which rely on collective bargaining as the primary mechanism for wage-setting. In this context, the EU Directive on Adequate Minimum Wage's requirement for Member States with collective bargaining coverage below 80 per cent to establish action plans to promote collective bargaining is a significant step towards strengthening fair employment and advancing social justice.

Beyond the EU context, **international experience also shows how collective bargaining can be used to address labour market impacts** arising from technological change, digitalisation and the use of artificial intelligence. In the United States, a collective bargaining agreement reached by the Las Vegas Culinary Workers with major casino employers includes provisions requiring union involvement in the implementation of AI technologies, as well as safeguards for workers affected by automation, such as severance pay, recall rights and continued benefits.⁴⁶ In Australia, a public sector collective agreement provides mechanisms for workers to raise concerns about the ethical use of algorithms and strengthens oversight of automated decision-making systems in public services.⁴⁷ The Republic of Korea provides an illustrative example, where collective bargaining has been used to manage the transition from internal combustion engines to electric vehicles by addressing issues such as job security, skills development and the location of new production activities.

⁴¹ E.g. in Denmark agreement through social dialogue on raising the statutory retirement age to 69. See Gobbi, Maria Sabrina de, Stefan Kühn, Guido Heins, and Ziyodakhon Malikova. 2025. *Demographic Change in Europe and Central Asia: Addressing the Issue of a Shrinking and Ageing Labour Force*. ILO. <https://doi.org/10.54394/UTFG0314>.

⁴² [Regional meetings highlight social dialogue is essential for just transitions in Europe and Central Asia | International Labour Organization](#)

⁴³ Unweighted averages and median based on data for 27 EU countries and 65 non-EU countries. ILOSTAT, ILO Industrial Relations Data (IRData).

⁴⁴ Unweighted averages and median based on data for 27 EU countries and 107 non-EU countries. ILOSTAT, ILO Industrial Relations Data (IRData).

⁴⁵ ILO. 2025. *The State of Social Justice*. <https://doi.org/10.54394/ASWD9537>.

⁴⁶ [Navigating Labor's Response to AI | Insight | Baker McKenzie](#)

⁴⁷ [The AI Boss: Building Union Power to Protect Workers From Artificial Intelligence and Algorithmic Management](#)

Effective social dialogue depends not only on formal structures, but also on the **capacity of social partners** to engage meaningfully in complex policy discussions. Capacity-building for employers' and workers' organisations — including access to information, analytical tools and technical expertise — is therefore essential to enable informed participation in debates on digitalisation, demographic change and labour market reform. Strengthening the institutional and representational capacity of social partners can enhance the quality of dialogue, support evidence-based negotiation and ensure that social dialogue remains a credible and effective mechanism for promoting social justice and well-functioning labour markets.

Alongside strong social dialogue and collective bargaining, **effective enforcement is essential to ensure that labour rights are respected in practice**. The effectiveness of labour market policies ultimately depends on their enforcement. Well-functioning and adequately resourced labour inspection systems are central to safeguarding labour rights, ensuring compliance with legislation and collective agreements, and maintaining fair competition between firms. This role is reflected in the ILO Labour Inspection Convention, 1947 (No. 81), which establishes labour inspection as a core function of the State in securing the application of labour standards and has been ratified by all EU Member States. Strong labour inspectorates are particularly important in addressing undeclared work, labour exploitation and non-compliance in complex or fragmented employment relationships, including in sectors with a high incidence of non-standard or cross-border work. Adequate staffing, training and resources, together with effective coordination among enforcement authorities, are therefore essential to ensure that labour market rules translate into real protections for workers and credible obligations for employers.

Taken together, strong social dialogue, effective collective bargaining and robust enforcement institutions are essential to managing labour market change in a way that promotes fairness, trust and social justice.

► Conclusion

Fair employment is both a cornerstone and a driver of social justice in the EU. Grounded in strong international and European normative frameworks, the EU has developed an extensive set of policies and initiatives that promote labour rights, inclusive labour markets, and social protection, while maintaining economic adaptability. Yet, challenges related to persistent inequalities, implementation gaps, and the rapid pace of demographic and digital transitions undermine the attainment of fair employment. Ensuring that all workers benefit from quality employment, adequate incomes and effective protection requires continued commitment to enforcement, policy coherence and investment in people's capabilities across the life course.

Looking ahead, strengthening social dialogue and institutional capacity will be decisive in shaping fair and inclusive responses to ongoing transformation. Social partners have a central role to play in guiding labour market adjustment, from wage-setting and skills development to the governance of digitalisation, automation and new forms of work. At the same time, effective income distribution mechanisms and policies that strengthen labour income will remain essential to reducing inequality and reinforcing social cohesion. While Europe's social protection coverage remains among the highest globally, further progress is needed to ensure comprehensive protection across all contingencies, including unemployment, disability and old age. By reinforcing social dialogue, extending protections to all forms of employment, strengthening labour income and pursuing integrated policy approaches that leave no one behind, the EU and its Member States can foster resilient labour markets that support competitiveness while advancing social justice.