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PART 3/4

# COMMISSION STAFF WORKING DOCUMENT

# EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE 2024
## Chapter 2

CHAPTER 2

# Social convergence in the EU: taking stock

## 1. INTRODUCTION ([1])

**Fostering economic and social convergence is a key objective of European integration.** This reflects the expectation that, as a result of European integration, economic prosperity and social progress should be shared across all Member States, regions and citizens. Reducing differences between the best- and worst-performing regions ([2]) was outlined as a priority as early as the founding Treaty of Rome in 1957. ([3]) Since the 1950s, enhancing convergence has been a major objective of the EU Funds policies. It was also explicitly set out in the 1992 Maastricht Treaty on European Union (TEU), which called on the Member States 'to achieve the strengthening and the convergence of their economies'. Article 3 of the TEU states that the EU 'shall promote economic, social and territorial cohesion, and solidarity among Member States'.

**Decreasing economic disparity can lead to social convergence, but not always.** The theory of economic convergence states that the gap in income per capita between poorer and wealthier economies is expected to diminish over time, as the former typically experience more rapid growth rates. ([4]) Within this, upward economic convergence implies both an improvement in performance on average and a reduction of disparities across entities (countries or regions). Historically, it has been assumed that social progress was the logical outcome of economic growth. ([5]) Such an assumption implied that the achievement of upward economic convergence would also lead to upward social convergence, defined as a decline in disparities in social indicators (for instance employment, skills and people at risk of poverty and social exclusion) accompanied by improvements on average. More recently, the empirical literature has found mixed evidence on the relationship between economic and social convergence, pointing to the fact that the is no strong link between the two. ([6])

([1]) This chapter was written by Jakub Caisl, Anna Lalova, Erik Paessler and Markus Sommersguter, with contributions from Argyrios Pisiotis, and Vanda Almeida, Carlotta Balestra, Luiz Hermida and Sebastian Königs from the OECD.

([2]) This categorisation of regions is based on the beta convergence estimations at regional level. That is different from the regional categorisation in cohesion policy, where less developed regions are those where GDP/per capita in PPS is less than 75% of the EU27 average (between 75% and 100% for transition regions and above 100% for more developed regions).

([3]) At least since the Single European Act (1986), convergence has been considered the fundamental economic mechanism and precondition for achieving socio-economic cohesion in the Union ( (Alcidi et al., 2018); (LSE Enterprise, 2011)).

([4]) The theory of convergence was pioneered by economists R. Solow and Trevor Swan ( (Swan, 1956); (Solow, 1956)).

([5]) The assumption of the neoclassical growth model that higher GDP per capita denotes better living standards persisted even after the American economist Easterlin observed that after a certain level of income has been attained, people's average perception of their living conditions no longer appears to grow with higher income ( (Easterlin, 1974); (Hacké and Axisa, 2019); (Talmon-Gros, 2014); (Barro et al., 1991)).

([6]) (Eurofound, 2018)

**Since 2017, the EU has reinforced its efforts to strengthen upward social convergence and well-being.** The European Pillar of Social Rights is the EU's compass to foster upward convergence, setting out 20 principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The action plan for the implementation of the European Pillar of Social Rights Action Plan was adopted in 2021 and contained more than 75 actions, 74 of which have already been adopted. Notably, the action plan includes three EU 2030 headline targets for employment, skills, and poverty reduction ([7]) that aim to foster upward convergence in the EU. Monitoring social convergence has recently become a more prominent element of the EU's multilateral surveillance framework, the European Semester for economic and social policy coordination, following the development of a Social Convergence Framework that allows for country-specific analyses of Member States' social and labour market policies (see section 5. of this chapter).

**Upward convergence and catching-up trends have been significant in the EU.** Evidence across Member States and regions points to long-term converging trends in living standards. Greece and Spain caught up, with the 12 founding members of the euro area by 2007. Similarly, central and eastern European countries have converged with the EU-15 ([8]) on citizens' welfare since the 2004, 2007 and 2013 enlargements. Research has also provided support for post-accession convergence, showing that the new EU Member States exhibited higher growth rates compared to the EU-15. In most cases, institutional reforms and integration into the EU market have been identified as the major drivers behind the 'catching-up'. However, the same studies noted that convergence is not uniform, with certain regions in central and eastern European Member States benefiting more than others, leading to disparities within, as well as between, countries. ([9])

**This chapter provides a longer-term analysis of socio-economic convergence between and within Member States.** It describes methodological approaches (see part A2.1 of the Technical annex) used in relevant literature to identify convergence trends. It then examines national and regional (NUTS 2 level) convergence in socioeconomic outcomes at EU level and assesses whether disparities across Member States and regions have increased or decreased over the last decade. It focuses on within-country variations in socioeconomic convergence, before taking a closer look at convergence in labour market outcomes from a gender-equality perspective as various EU level initiatives have been targeting gender disparities in the labour market over the past years. Finally, it presents a brief overview of EU initiatives supporting convergence including the European Pillar of Social Rights and the new Social Convergence Framework. Compared to previous analytical outputs, notably ESDE reports dedicated to this topic, the 9th Cohesion report, and Eurofound's work on convergence, ([10]) the chapter considers more recent developments (to 2023) and looks at additional labour market and social outcome indicators previously not considered. ([11])

## 2. ANALYSIS OF SOCIOECONOMIC CONVERGENCE AT EU LEVEL

**This section provides a brief assessment of convergence in key socioeconomic outcomes, examining selected headline indicators of the EU Social Scoreboard. ([12])** It analyses convergence in economic performance and living standards, labour market outcomes, skills supply, and social outcomes. To assess convergence across countries and regions (at NUTS 2 level) over time, it relies on methodological approaches centred on reduction in national and regional disparities, defined as sigma convergence, and catching-up of worse performers, defined as beta convergence (see part A2.1 and A2.2. of the Technical annex). ([13]) For each indicator, the analysis looks at convergence across all Member States and, where data allow ([14]), across all sub-national regions. ([15]) Unless regional results

([7]) By 2030: an employment rate of at least 78% of the population aged 20-54; at least 60% of all adults to participate in learning every year; at least 15 million fewer people at risk of poverty or social exclusion.

([8]) Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden, United Kingdom (UK).

([9]) (European Commission, 2017); (Eurofound, 2021b); (Eurofound, 2021a); (Eurofound, 2023a); (Eurfound and EEA, 2023); (Alcidi et al., 2018); (Rapacki and Prochniak, 2009); (Campos, Coricelli and Franceschi, 2021). This outcome is substantiated by the observed decrease in the coefficient of variation in real GDP per capita for the group of seven Member States that joined the euro area in 2007 or later, from 0.38 in 2000 to 0.13 in 2015 (European Commission, 2017).

([10]) (European Commission, 2018); (European Commission, 2024b); (Eurofound, 2018); (Eurofound, 2023a).

([11]) Adult participation in learning rate, Tertiary education attainment rate, At risk of poverty or social exclusion (AROPE) for children, Housing cost overburden rate, Healthy life years at 65.

([12]) Latest version of the Social Scoreboard can be found here.

([13]) The methodology, as developed by the Eurofound and used in this report, focuses on analysis at the level of territorial unit (country, region) with no weighting for the territorial unit. The reason for that is to avoid compromising the evolution in variation of outcomes for those units.

([14]) Regional level data cover employment and unemployment rates, people not in employment, education or training (NEETs), GDP per capita, adult participation in learning, and tertiary education attainment. Regional data are not readily available for other indicators covered at national level.

differ significantly from national results at EU level, tables and charts with regional results are presented in part A1.2 of the Technical annex. The analysis covers developments since 2007, ([16]) primarily 2014-2023 because 2014 marked the end of the period most directly affected by the 2008 financial crisis and the associated, well-documented setbacks to convergence in the EU. ([17])

## 2.1. Convergence of economic outcomes and living standards

**Over the last decade, GDP per capita increased at a faster pace than in previous years.** GDP per capita in Purchasing Power Standard (PPS) grew from EUR 26 632 to EUR 35 616 between 2014 and 2022 (Chart 2.1)([18]), with the impacts of the COVID-19 pandemic proving temporary and limited. In 2022, the top three countries in the EU had GDP levels above EUR 46 000 per capita, while the bottom three had GDP per capita levels below EUR 24 000. In terms of regional disparities, GDP has tended to be lower in eastern and southern regions (less than 80% and around 85% of EU average GDP per capita, respectively) compared to northern and western regions (around 120%).

**Growth in real household incomes reflected improved standards of living.** Real gross domestic household income (GDHI) rose by 11.8%, from EUR 15 450 per capita in 2014 to EUR 17 283 per capita in 2022 (Chart 2.1). This was accompanied by growth in net wealth over the period (Box 2.1). The impact of the COVID-19 pandemic on income growth was limited, largely due to automatic stabilisers and the income support measures adopted in the Member States. Still, cross-country variation of GDHI per capita remained substantial in 2022, ranging from EUR 9 300 to EUR 35 300.

**These improvements in GDP per capita have resulted in some convergence of economic gains across Member States and regions.** Over the long-term, cross-country variation in GDHI has decreased, pointing to convergence across Member States, while both national and regional variation of GDP per capita remained rather stable (Chart 2.1).([19]) However, after 2014, GDP per capita variation decreased in relative terms (i.e. adjusted for average EU GDP growth), but not strongly enough to create convergence in absolute differences across Member States (i.e. not adjusted for changes in EU GDP average). Chart 2.1 and Chart A1.1 in Technical annex). As such, the results of the two measurements lead to rather ambiguous convergence results. Differences increased after 2020, suggesting uneven impacts of the COVID-19 pandemic and subsequent inflationary pressures on economic growth. Convergence trends in GDP per capita measured in EUR and in purchasing power standard (PPS) are the same, with slightly different magnitude.

**Strong GDP per capita and household income growth in central and eastern European countries tend to support upward convergence at EU level.** Some Eastern countries and regions that started at lower GDP per capita and household income levels experienced strong increases since 2014, supporting a mild catching-up effect in both GDP and household income (Table 2.1). For example, Bulgaria, Croatia, Poland, and Romania caught up in terms of GDP while Croatia, Hungary, Latvia and Lithuania caught up in terms of household income. Conversely, stagnation or decline in some southern regions and countries posed a challenge to upward convergence, especially for household income. These contrasting trends reflect underlying differences in productivity growth and investment dynamics, with eastern regions often registering high increases in productivity and investment, unlike many southern regions. They also reflect disproportionate impacts of economic shocks and other persisting structural challenges, notably quality of institutions and smooth functioning of the labour market. ([20])

([15]) Nomenclature of territorial units for statistics (NUTS) 2.

([16]) When data start to become available on a more systematic basis across indicators.

([17]) (Eurofound, 2018).

([18]) GDP per capita grew from EUR 26 630 to EUR 35 620 between 2014 and 2022. Convergence estimations of GDP as measured in per capita EUR, PPS and chain linked volumes follow similar patterns.

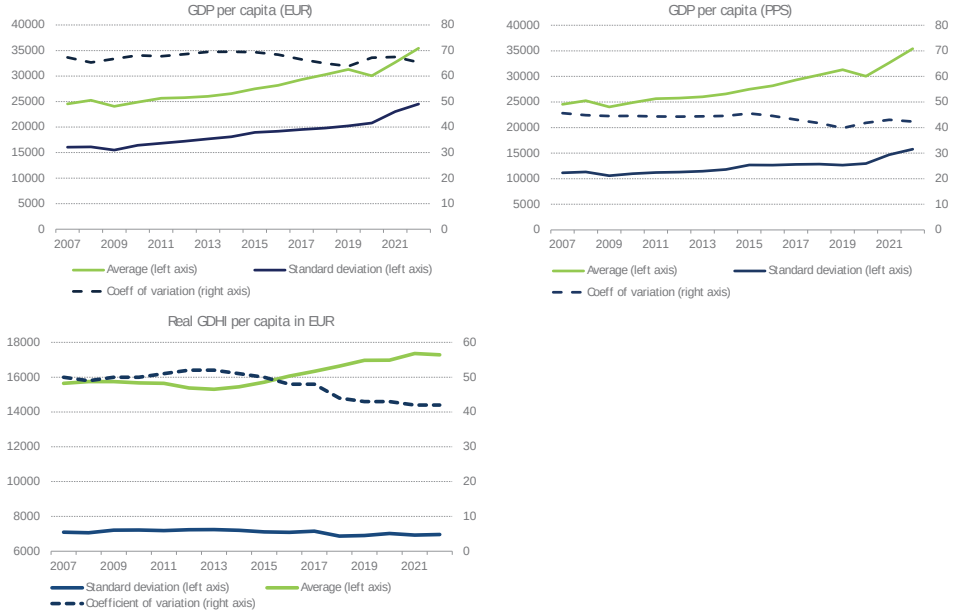
([19]) (European Commission, 2024b) shows rather stable trend of convergence, considering longer time period since 1995.

([20]) Quality of institutions, the European Quality of Government Index captures citizens' perceptions and experiences of various public services (education, healthcare, law enforcement). A high-quality government is defined as one that combines high impartiality, good public service delivery and low corruption; Smooth functioning of the labour market; (European Commission, 2024b).

Chart 2.1

## Convergence patterns of economic gains vary across the Member States

GDP per capita (EUR and PPS) and real GDHI per capita (EUR), and cross-country variation (measured by standard deviation and coefficient of variation, hence adjusted by average EU GDP), 2007-2022, EU-27




*Note:* GDHI data missing for Malta and Romania. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation. EU average levels are weighted values.

*Source:* DG EMPL calculations based on Eurostat datasets nama_10_pc, GDHI DG EMPL calculations

Click here to download chart.

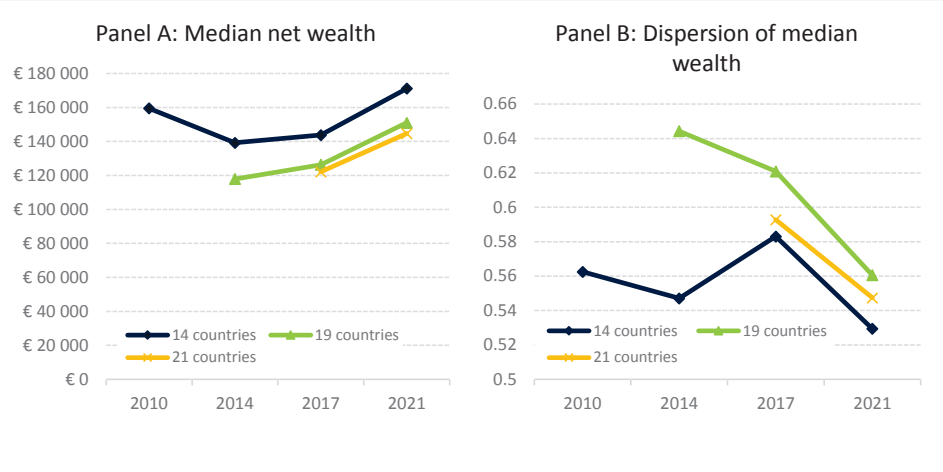
## Box 2.1: Convergence in national wealth levels and distribution

**Median net wealth was stable for most of the 2010s with disparities between countries declining** (Chart 1). Between 2010 and 2017, there were only mild changes in median wealth across the 14 eurozone countries that participated in the Household Finance and Consumption Survey (HFCS), ([1]) accompanied by oscillating variation in wealth levels across countries. Higher saving rates and higher prices of certain assets (notably real estate) triggered throughout the COVID-19 pandemic resulted in an increase in net wealth in every country in the euro area, except for Finland. ([2]) That increase coincided with a drop in wealth disparity between countries. No post-COVID-19 household-level data on wealth are available to assess the durability of the changes during the pandemic.

Chart 1

Median wealth has increased on average in the euro area, with countries converging upwards

Average and standard deviation of median net wealth, 2010 – 2021, euro area




*Notes:* Median household net wealth in 2021 EUR purchasing power standard (PPS). Dispersion measured as standard deviation of log-transformed median wealth by country. Dark blue line includes the 14 countries participating in both wave 1 and wave 4 of the HFCS: Belgium, Germany, crGreece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovakia, Finland. Light green line also includes Estonia, Ireland, Latvia, Hungary, Slovenia. Yellow line, includes Croatia and Lithuania, in addition to the 19 countries already listed above. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* OECD calculations based on the Eurosystem Household Finance and Consumption Survey (HFCS), https://www.ecb.europa.eu/stats/ecb_surveys/hfcs/html/index.en.html.

**Since 2014, net wealth grew for all income quintiles, benefitting mostly top earners.** Increases in household net wealth were relatively modest between 2014 and 2017, with median wealth among the top fifth of earners (top quintile) recording the largest growth (15%). Between 2017 and 2021, median household net wealth grew over 20% for all income quintiles. In absolute terms, the top income quintile still benefitted most from this growth, increasing their net wealth by EUR 50,000 (PPS) between 2017 and 2021 (Chart 2).

([1]) HFCS data have some limitations in capturing the concentration of wealth at the very top of the wealth distribution due to difficulties in covering the wealthiest individuals in a survey and due to underreporting of wealth at the top.

([2]) For the purposes of this analysis, "euro area" here refers to the group of countries represented in the HFCS, i.e. including Hungary in wave 2 and Croatia in wave 3 (joined the eurozone in 2023). Figure 1 note contains a full list of countries included in each time series.

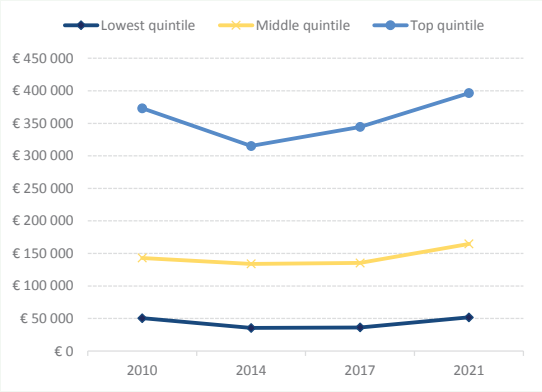
*(Continued on the next page)*

*Box (continued)*

Chart 2

Median net wealth grew across the income distribution between 2010 and 2021

Median household net wealth by income quintile, euro area average, 2021 USD PPP, 14 EU countries




*Note:* Median household net wealth in 2021 EUR PPS. Median household net wealth calculated for: people in the bottom fifth of income earners (lowest quintile); people in the middle fifth of income earners (middle quintile); people in the top fifth of income earners (top quintile).

*Source:* OECD calculations based on the HFCS, https://www.ecb.europa.eu/stats/ecb_surveys/hfcs/html/index.en.html

**Wealth concentration increased after the financial crisis but decreased during COVID-19.** The distribution of wealth became more unequal between 2010 and 2017 (Chart 3), with an increase in the share of wealth held by the top 10% at the expense of the bottom 50%. Eleven of the 14 countries with data available since 2010 saw the wealth share held by the top 10% increase between 2014 and 2017 (from 48% to 50%). ([3]) At the same time, variation in wealth concentration across countries decreased until 2017 (Chart 3), as wealth in less unequal countries became more concentrated. Breaking the previous trend, during the COVID-19 pandemic there was a decrease in the wealth share of the top 10%, accompanied by a rising share of wealth held by the bottom 50%. ([4])

([3]) The increase in concentration of wealth between 2014 and 2017 is also apparent for the broader group of 19 countries for which data are available since 2014, although the patterns are weaker.

([4]) In general, this was due to lower debt levels and higher housing prices, both of which favour the bottom and middle of the distribution. Financial asset prices were also lower in 2020 than in 2017 for most countries but grew in 2021.

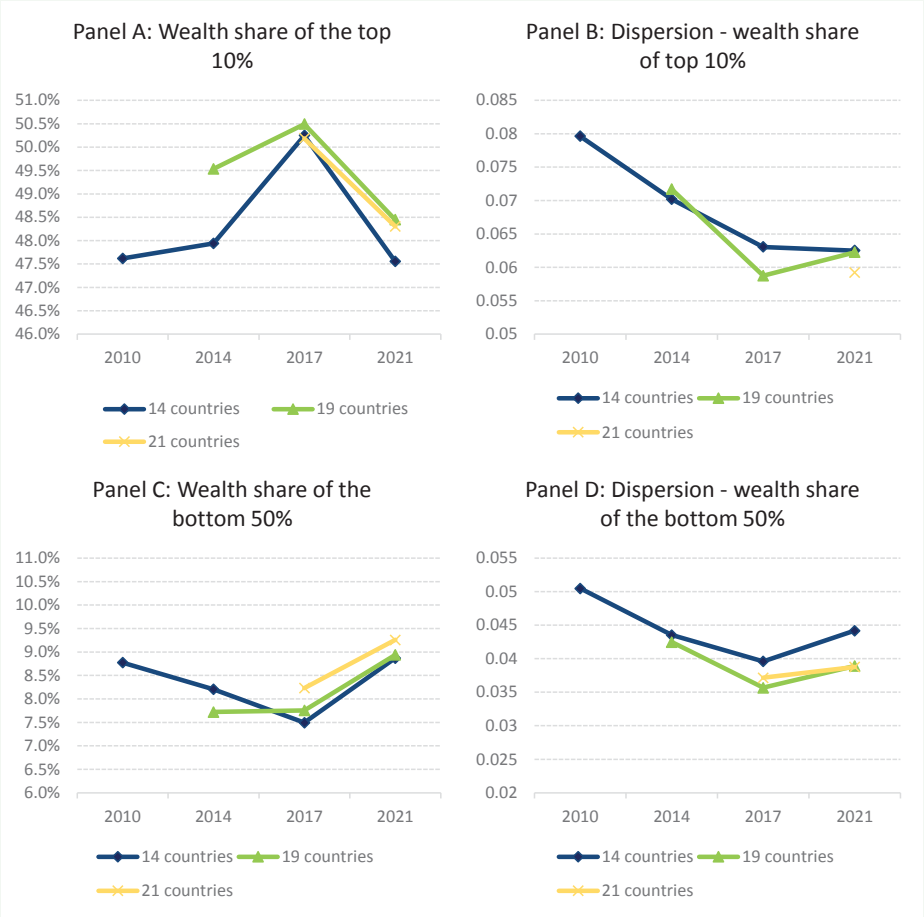
*(Continued on the next page)*

*Box (continued)*

Chart 3

Wealth concentration increased after the financial crisis but decreased during COVID-19

Average and standard deviation of wealth share of top 10% and bottom 50%, 2010-2021




*Note:* Dispersion measured as standard deviation of wealth share by country. See Figure 1 note for more information. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* OECD calculations based on the HFCS.

**The increasing concentration of wealth during the 2010s continued the longer-term increases in wealth inequalities in the EU. ([5])** In all the countries, the concentration of wealth has increased significantly since 1995, although following different patterns (Chart 4). In most of the selected countries, the wealth share held by the top 1% has increased significantly, resulting in a higher concentration of wealth at the very top. This typically came at the expense of the bottom 50% of the distribution, except in Poland and Austria, where it was at the expense of the middle class instead.

([5]) Longer-term data series were taken from the World Inequality Database. They are not entirely comparable to data collected by the European Central Bank presented elsewhere in this box, but allow for the study of the evolution of wealth concentration over a longer time period. Only those countries for which the World Inequality Database long-term data are known to be of good quality were selected for analysis.

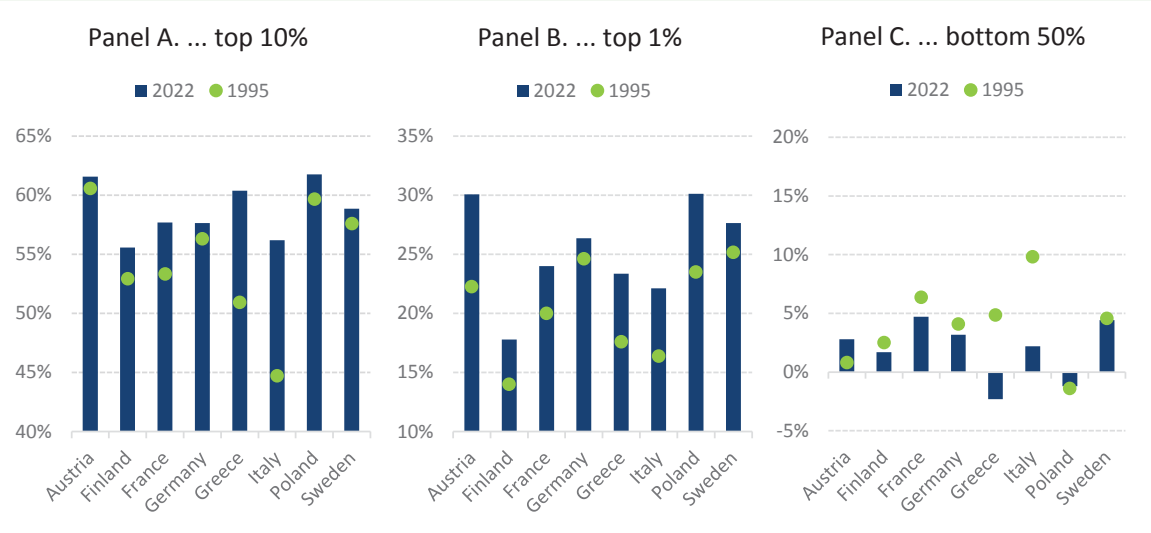
*(Continued on the next page)*

*Box (continued)*

Chart 4

Wealth concentration increased over the long-term in many EU countries in 1995 and 2022

Share of net wealth held by the…




*Note:* Net household wealth is the sum of financial assets (e.g. equity or bonds) and non-financial assets (e.g. housing or land) owned by individuals, net of their debts. Wealth inequality is measured using the distribution of net household wealth among adults (equal-split series). Population comprises individuals over age 20.

*Source:* World Inequality Database, data on 1 March 2024.

## 2.2. Convergence of labour market outcomes and skills supply

**Since 2014, the labour market has performed strongly but sizeable differences persist across countries and regions (**Figure 2.1**).** Following a downturn between 2008 and 2013 due to the economic and financial crisis, ([21]) the EU employment rate increased from 67.6 % in 2014 to 75.3 % in 2023 (Chart 2.2). Unemployment started to decline in 2014 (11 %) and fell to 6.1% in 2023 ([22]). Outcomes for young people, aged 15-24, followed a similar pattern, with the youth unemployment rate steadily decreasing from 24.1 % in 2014 to 14.5 % in 2023, and the NEET rate declining from 16% in 2014 to 11.2% in 2023. The employment rate of older workers (aged 55-64) improved from 49.7% to 63.9% during the same period. As regards cross-country variation, in 2023, five Member States had already reached or exceeded their national employment rate targets. ([23]) Employment rates varied from 66% in some southern Member States to around 80% in most northern and western Member States. Unemployment of people aged 15-74 ranged from 2.6 % to 12%, while unemployment rates for young people aged 15-24 ranged from 6% to almost 29%. NEET rates ranged from almost 5% to 19%.

**Over the last decade, labour market outcomes have displayed broad upward convergence.** Since 2014, improvements in employment, unemployment (including among young people) and NEET rates were accompanied by decreasing national and regional variation (Chart 2.2), leading to upward convergence in labour market outcomes. Employment rates of older people converged upwards as well (Chart A1.2 in Technical annex). Convergence in real wages differs according to the type of measurement: absolute differences in wages have largely remained stable since 2007 (Chart 2.3), but relative differences across countries have decreased, showing upward convergence. ([24])

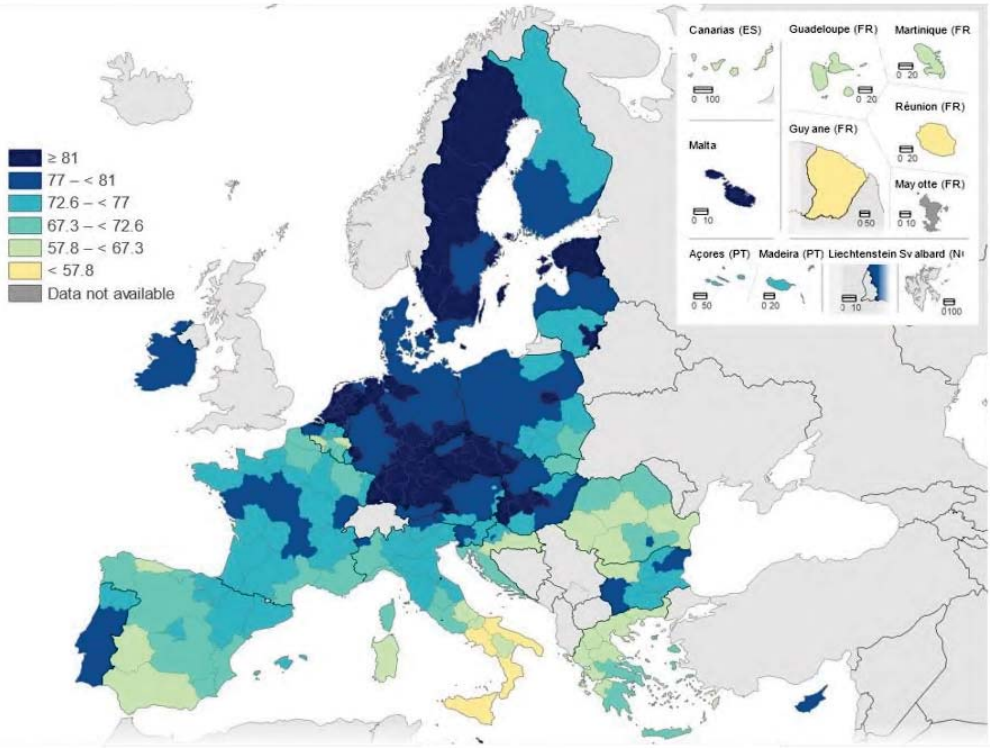
([21]) Eurostat dataset used to monitor the EU 2030 employment target (lfsi_emp_a) is limited to 2009-2022. A historical dataset for employment rates is used to show earlier data points (lfsa_ergan). The historical data shows that the employment rate in 2008 was 69.5%, decreasing to 75.3% in 2023.

([22]) For the overview of general unemployment rate trends in the text the Eurostat data code une_rt_a is used.

([23]) The national targets are available here.

([24]) The difference in the two measures is that changes in the coefficient of variation might be led by changes in the average level of the indicator, suggesting upward convergence across countries, rather than changes in the standard variation which would point to a convergence of wage distribution.

Figure 2.1
Differences in employment rates across EU regions remain sizable
Employment rate (% of people aged 20-64) by NUTS2 regions, 2023




*Source:* Eurostat, [lfst_r_lfe2emprtn], IMAGE Interactive map generator
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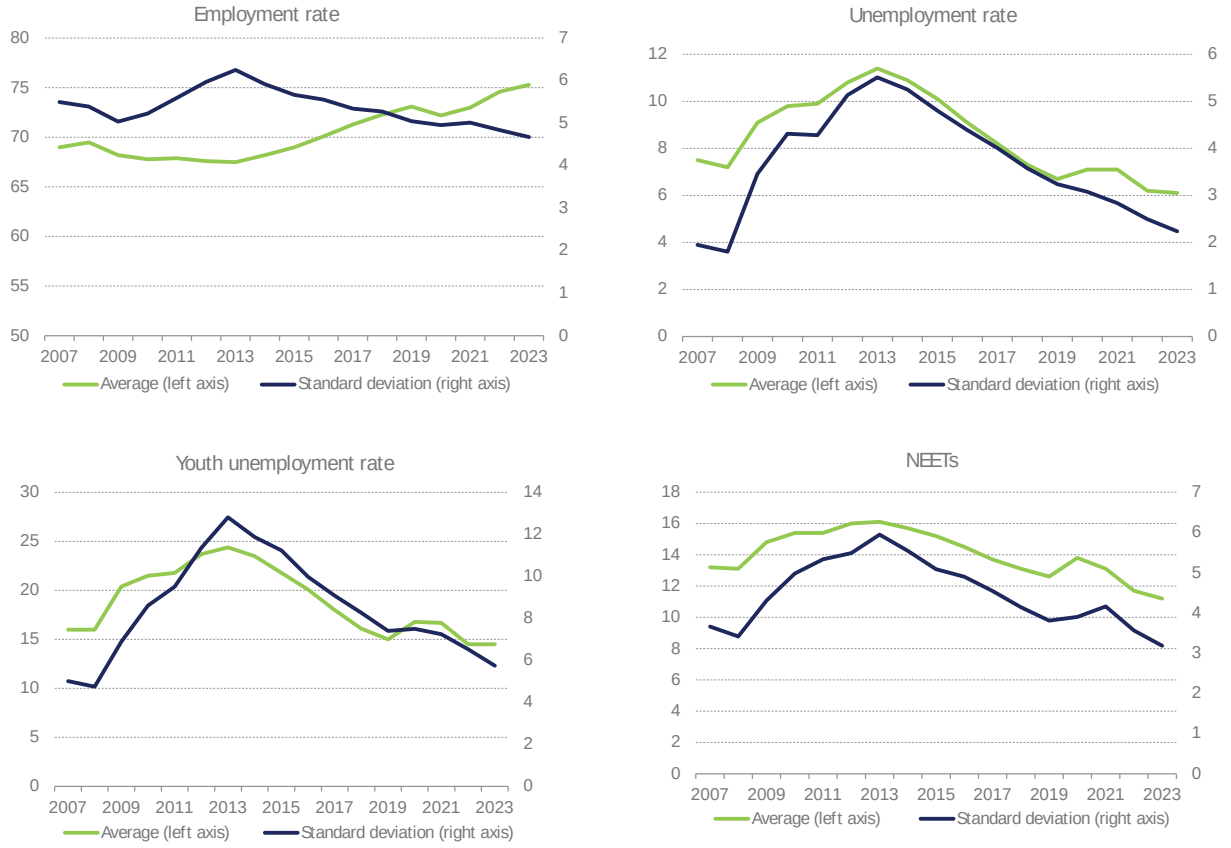
**Convergence of labour market outcomes was only temporarily interrupted by the COVID-19 pandemic.** In 2021, the labour market had already bounced back due to short-time work schemes and other exceptional support measures. This was a much quicker recovery than after the 2008 financial crisis, which led to a divergence of labour market outcomes until 2014. Since then, the average performance of countries and regions has improved with national and regional differences beginning to narrow (Chart 2.2). While improvements in employment were quickly evident, reductions in (youth) unemployment and NEET rates took longer to materialise, reaching pre-2008 values only in 2018. Overall, the impact of the 2008 financial crisis on disparities in regional overall employment rates was more severe and protracted than at national level, with regional differences remaining above 2007 levels in 2022 (Chart A1.2 in Technical annex).

Chart 2.2

## Labour market outcomes have improved since 2014, accompanied by convergence

Employment rate (% of population aged 20-64), unemployment rate (% of population in the labour force aged 15-74), youth unemployment rate (% of labour force aged 15-24), young people neither in employment nor in education and training (NEET) (% of population aged 15-29), and their cross-country variation (measured by standard deviation), 2007-2023, EU-27




*Note:* Estimations based on employment rate of age group 20-64, unemployment rate of age group 15-74, and youth unemployment rate of age group 15-24. EU average levels are weighted values. Indicators differ from the Social Scoreboard main indicators in terms of EU average levels. Indicators were selected to allow visualisation of a wider time period before 2009. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

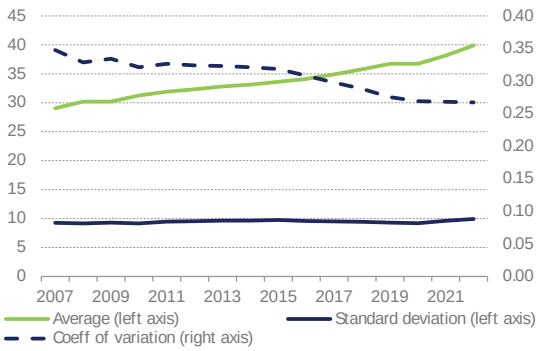
*Source:* DG EMPL calculations based on EU Labour Force Survey (EU-LFS) datasets lfsa_ergan, lfsa_urgan, edat_lfse_20

Click here to download chart.

Chart 2.3

## Cross-country differences in real wages decreased in the longer term

Real compensation per employee (PPS) and cross-country variation (measured by standard deviation and coefficient of variation), 2021-2022, EU-27




*Note:* Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* Annual macroeconomic database of the European Commission Directorate-General for Economic and Financial Affairs (AMECO).

Click here to download chart.

**Cross-country and regional variations in labour market performance are linked to a number of factors, including differences in human capital development.** Participation in learning is one of the factors linked to employability, adoption of advanced technologies, ([25]) and production of high-value goods. Widening gaps in skill development suggest increasing variation in the supply of skilled workers. In the last decade, labour and skills shortages increased in the EU, driven by demographic changes, substantial job growth due to the green and digital transitions, as well as changing skill requirements, and poor working conditions. ([26]) This may exert pressure on the labour market, creating more potential for employment in lagging regions, and consequently catching up in labour market outcomes.

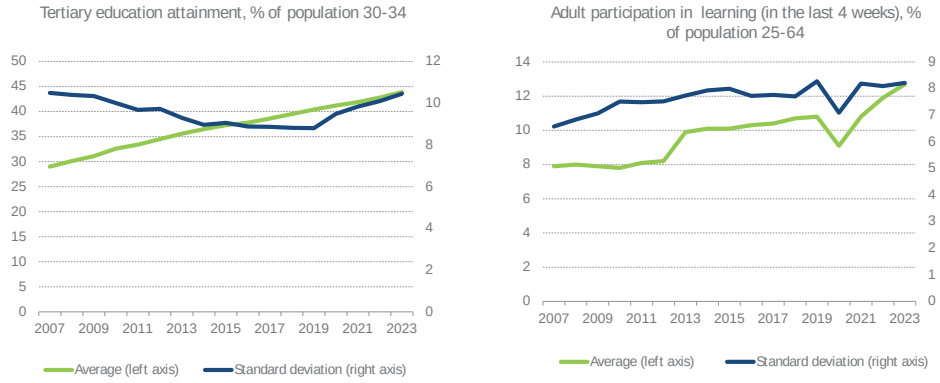
([25]) (World Bank, 2018).

([26]) (European Commission, 2024b).

Chart 2.4

## Increasing disparities in skills supply create further risks for the labour market

Tertiary education attainment and adult participation in learning (last 4 weeks) (% of population aged 30-34), and cross-country variation (measured by standard deviation), 2007-2023, EU-27




*Note:* Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation. EU average levels are weighted values.

*Source:* DG EMPL calculations based on Eurostat datasets trng_lfse_01, edat_lfse_03.

Click here to download chart.

**Tertiary education attainment has grown considerably, although disparities between countries are stable in the long term.** The share of population aged 30-34 attaining tertiary education in the EU grew considerably, from 29% in 2007, to 36.5 % in 2014, and 43.9 % in 2023 (Chart 2.4) ([27]). After declining until 2013 and stabilising between 2014 and 2019, disparities started to increase again in 2020. Member States in central and eastern Europe perform below the EU average, while those in north and western Europe rank highest, with overall EU rates varying from 22.8% to 66% in 2023. The convergence after the 2008 financial crisis may be partly linked to the resilience of employment in some high-skilled occupational groups. ([28]) Growing job insecurity during that period led to an increasing demand for higher education as an alternative to employment. ([29])

**Regional variation in tertiary education attainment increased, contrasting with stability in national disparities.** Regional disparities did not change much between 2007 and 2015 but have since started to grow steadily (Chart 2.5). In 2023, tertiary education attainment exceeded 50% in approximately 50 regions covering more than half of the Member States (while it ranged from 28% to 48% in the majority of EU NUTS2 regions, Figure 2.2). These were often the capital regions of these countries, whose exceptionally high shares of tertiary graduates contributed to high variation across regions. Having tertiary education was also considerably more common in regions with a higher rather than lower GDP per capita (12 pp difference). ([30]) By contrast, about four in five regions in Bulgaria, Czechia, Portugal and Romania had tertiary education attainment below 30%. The persistence of regional differences in tertiary education attainment raises concerns about potential talent development traps in regions lacking a qualified workforce capable of enhancing productivity. This is an important challenge to balance regional development, as highlighted in the European Commission's recent Communication on Harnessing Talent in Europe's Regions. ([31])

([27]) In order to ensure consistency across the analysis, the figures refer to the Social scoreboard indicator tertiary education attainment as % of population aged 30-34, and not the EU target indicator, which considers the age bracket 25-34. Trends in standard deviations of the indicator follow similar pattern for both of the age brackets.

([28]) (European Centre for the Development of Vocational Training (Cedefop), 2011).

([29]) (Kärkkäinen, 2010), (Douglas, 2010).

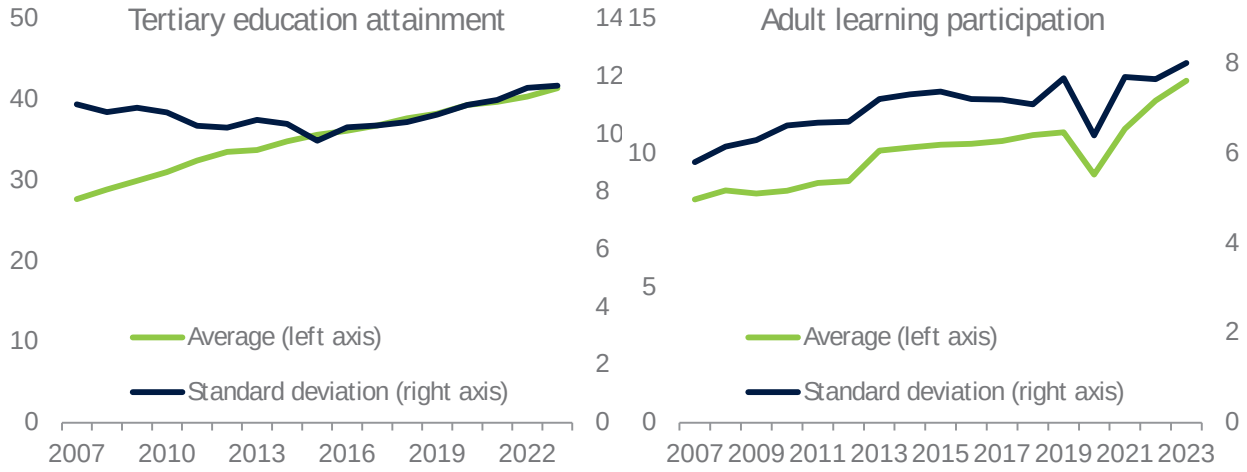
([30]) (European Commission, 2024b).

([31]) Read Communication press release here.

Chart 2.5

Growing disparities in skill supply pose challenges to regional development

Tertiary education attainment and adult participation in learning (last 4 weeks) (% of population aged 30-34), and cross-regional variation (measured by standard deviation), 2007-2023, EU-NUTS2




*Note:* Standard deviation is a measure of cross-regional variation, the higher the standard deviation, the higher the cross-regional variation.

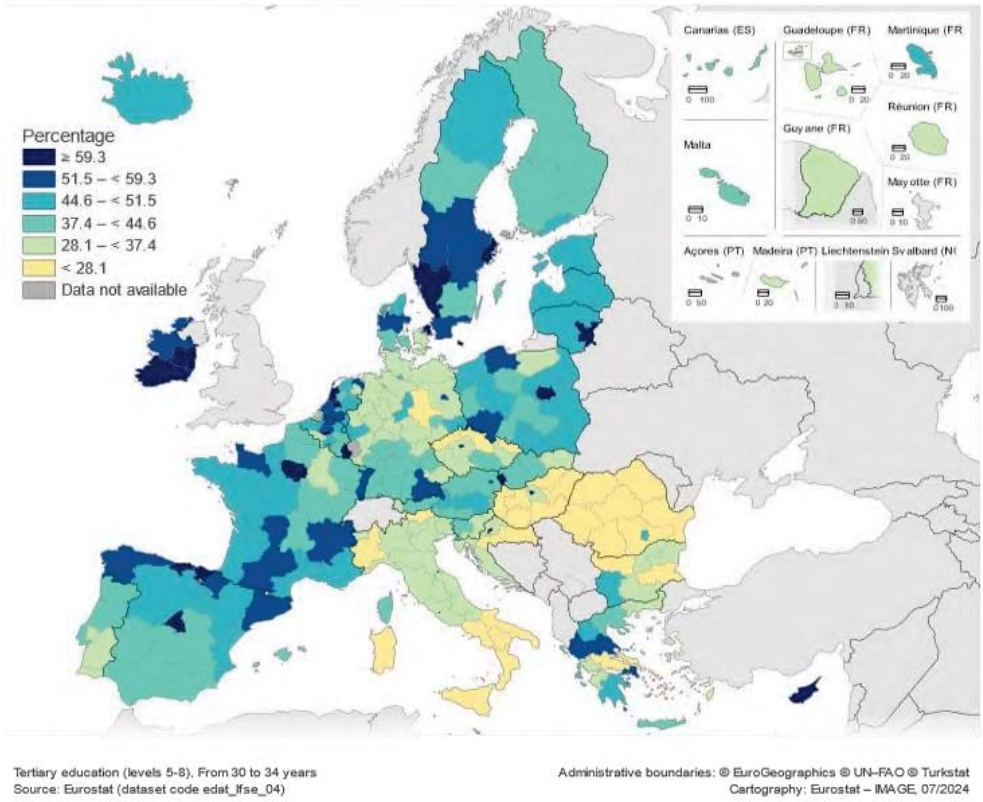
*Source:* DG EMPL calculations based on Eurostat datasets edat_lfse_04, trng_lfse_04.

Click here to download chart.

Figure 2.2

Regional variation in tertiary education attainment ranged from 28-48% in most NUTS2 regions

Tertiary educational attainment, 2023 (% of people aged 30-34), NUTS 2 regions




*Note:* Tertiary educational attainment (% of people aged 30-34) by NUTS2 regions, 2023.

*Source:* Eurostat, edat_lfse_04 IMAGE Interactive map generator.

Click here to download figure.

**While participation in adult learning improved somewhat at the EU level, disparities increased including in relation to the development of basic digital skills.** The indicator for adult learning participation (over the last four weeks) stood at 7.9% in 2007, increasing to 10.1% in 2014, and 12.8% in 2023. ([32]) However, differences in national (and regional) participation rates widened, ranging from 1.4%

([32]) Analysis refers to the European Pillar of Social Rights Social Scoreboard indicator of adult participation in learning in the past 4 weeks (LFS) and not to the adult participation in learning in the last 12 months (Adult Education Survey (AES)) indicator that

to 38.8% in 2023 (Chart 2.4). Adult participation rates tended to be higher in northern and western EU regions and in regions with higher GDP per capita (around 14% for both) compared to eastern EU and regions with lower GDP per capita (around 8% for both). Evidence points to slightly increasing cross-country disparities between Member States in the development of basic digital skills. ([33]) This is particularly important in the context of growing digitalisation and digital intensity of jobs and the existing gender gaps. ([34]) There was some increase in the share of people with basic or above-basic digital skills (from 53.9% in 2021 to 55.6 in 2023). However, differences across countries are sizeable, ranging from 28% to 83%.

**On average, countries and regions with poorly performing labour markets and lower participation in adult learning have somewhat caught up with those with better outcomes (**Table 2.1**).** In 2014-2023, Greece, Spain and Croatia experienced more rapid improvements in employment than other Member States, and several countries also experienced quick reductions in unemployment, including among young people (Greece, Spain, Croatia, Italy, Cyprus, Portugal) and NEET rates (Bulgaria, Greece, Spain, Croatia, Italy). For youth unemployment rate, the catching-up during the 2014-2023 period was not strong enough to compensate for the lack of convergence between 2007 and 2014, and thus there was no catching-up effect over the whole 2007-2023 period. Catching-up in adult learning participation and tertiary attainment was more rapid during the financial crisis than in other periods. While this catching-up continued during 2014-2023 for adult learning (notably due to improvements in Hungary, Poland, Romania, and Slovakia), there is no significant evidence of catching-up in tertiary attainment levels. The regional catch-up effects between 2007 and 2023 are broadly comparable with those observed at national level (Table A1.1 in Annex), albeit of weaker magnitude in some cases (employment and unemployment rates).

monitors the EU 2030 adult learning target. Unlike the EU 2030 adult learning target, the LFS indicator referring to the past 4 weeks provides more data points, enabling analysis of cross-country variations over time.

([33]) The digital skills indicator in the Social Scoreboard has been revised: the new indicator includes two reference points, 2021 and 2023.

([34]) In 2023, more women, aged 16-44, had at least basic digital skills than men in the same age groups. Among the older people aged 45 or over, the trend is reverse (based on Eurostat indicator isoc_sk_dssk_i21 and Eurostat Statistics Explained article).

Table 2.1
Prominent catching-up of worst performing countries, especially between 2014-2023
Beta-convergence patterns and regression coefficients at national level, by indicator, 2007-2023

| | Time period | |
|---|---|---|
| **Indicator** | **2007-2014** | **2014-2023** |
| GDP per capita | Catching up (-0.02) | Catching up (-0.02) |
| GDHI | Catching up (-0.01) | Catching up (-0.02) |
| Employment rate, % of population aged 20-64 | No robust evidence of catching up | Catching up (-0.05) |
| Unemployment rate, % of labour force aged 15-74 | No robust evidence of catching up | Catching up (-0.04) |
| Youth unemployment rate, % of labour force aged 15-24 | No robust evidence of catching up | Catching up (-0.04) |
| NEET rate, % of population aged 15-29 | No robust evidence of catching up | Catching up (-0.04) |
| AROPE rate, % of population | Catching up (-0.04) | Catching up (-0.04) |
| AROPE rate of children, % of population aged 0-17 | Catching up (-0.03) | Catching up (-0.03) |
| Housing cost overburden, % of population | Catching up (-0.04) | Catching up (-0.05) |
| Healthy life years at age 65: women, years | No robust evidence of catching up | Catching up (-0.03) |
| Healthy life years at age 65: men, years | No robust evidence of convergence | No robust evidence of convergence |
| Adult participation in learning (in the last 4 weeks), % of population 25-64 | Catching up (-0.06) | Catching up (-0.03) |
| Tertiary education attainment, % of population aged 30-34 | Catching up (-0.06) | No robust evidence of catching up |

*Note:* Statistically significant logarithmic regressions coefficients in green, with coefficient in brackets. *AROPE rate estimations correspond to 2007-2014 and 2015-2023 time periods, in order to capture definition and recalculations of the old (pre-2014) and new (since 2015) indicator. Healthy life years indicator is available until 2022. 2014-2022 estimates shown for GDP per capita, GDHI, and healthy life years (men and women).

*Source:* DG EMPL calculations based on Eurostat data. The full list of indicators is available in chart notes across section 2.

Click here to download table.

## 2.3. Developments in convergence of social outcomes

**Since 2015, the AROPE rate has declined for both adults and children, accompanied by convergence across countries.** The AROPE rate decreased from 24% in 2015 to 21.4% in 2023 (with decreases halting since 2019) for the population as a whole, and from 27.4% to 24.8% for children (aged 0-17) (Chart 2.6). ([35]) This development occurred despite the shocks and impacts of the COVID-19 pandemic, the energy crisis and geopolitical shocks demonstrating the effectiveness of the exceptional support measures Member States and EU put in place to mitigate the impact of these crises. Since 2015, declines have been apparent across all components of the AROPE rate: severe material and social deprivation (SMSD) rate, monetary poverty and low work intensity. The highest declines were recorded in

([35]) The definition of the AROPE indicator was revised in 2021. The new definition includes reference points since 2015 and not before that. Using the old AROPE definition, between 2007-2014 AROPE remained around 24.5% for the general population and decreased from 26.5% to 24.7% for children. In accordance with official Eurostat definitions (see here), in order to calculate the share of people who are at risk of poverty or social exclusion three separate measures are combined covering those persons who are in at least one of the following three situations:

(1) persons who are at risk of poverty, in other words, with an equivalised disposable income that is below the at-risk-of-poverty threshold.

(2) persons who suffer from severe material and social deprivation, in other words, those who cannot afford at least seven out of thirteen deprivation items (six related to the individual and seven related to the household) that are considered by most people to be desirable or even necessary to lead an adequate quality of life.

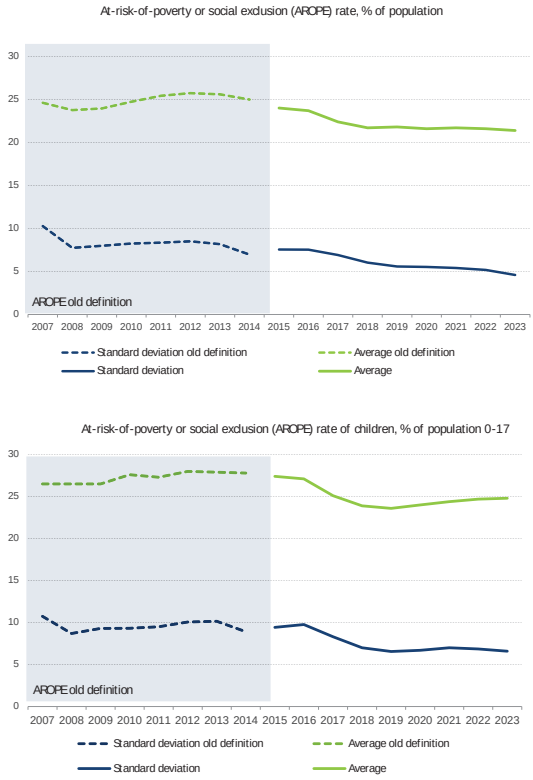
(3) persons (aged less than 65 years) living in a household with very low work intensity.

the SMSD rate (-2.9 pp). The improvement in aggregate EU performance since 2015 was accompanied by convergence in the AROPE rate and its components across Member States, for both adults and children. The magnitude of the cross-country gaps in the AROPE rate for adults and children remained sizeable. In 2023, national AROPE rates ranged from approximately 12% to 32% (10.7% to 39% for children). Regional trends and convergence in adult AROPE rates broadly followed national developments, with mild declines in poverty and social exclusion accompanied by slow convergence since 2015.

Chart 2.6

Differences in social outcomes have declined across countries

AROPE rate (% of population and % of population aged 0-17), housing cost overburden rate (% of population), and cross-country variation (measured by standard deviation), 2007-2023, EU-27




*Note:* AROPE indicator modified in 2021 for new EU 2030 target (see here). Revised indicator is coupled with previous definition for longer timeframe. EU average levels are weighted values. Housing cost overburden rate: estimates provided for 2007-2009, due to lack of weighted estimations in Eurostat database. Income data from EU-SILC refer to year prior to data collection year.
Croatia and Germany are omitted in the calculations of the housing cost overburden variations, due to missing values in 2007, 2008 and 2009.

*Source:* DG EMPL calculations based on EU-SILC datasets ilc_peps01, ilc_pecs01, ilc_lvho07a.

Click here to download chart.

**Countries and regions with high AROPE rates saw bigger average reductions than those with low AROPE rates (**Table 2.1**).** Some central, eastern and southern European countries that recorded the highest AROPE rates in 2015 (Bulgaria, Hungary, Romania, Greece, Latvia, Lithuania, Spain), including for children (Bulgaria, Hungary, Romania, Greece, Lithuania, Italy), showed a pattern of catching up with the better performing Member States by 2023. Pronounced catching-up of some eastern, northern and central European countries (Bulgaria, Hungary, Italy, Latvia, Lithuania,) was also evident in the SMSD rate. This catching-up effect could also be identified at regional level, albeit somewhat weaker than at national level.

**In the last couple of years, poverty and social exclusion risks did not increase and differences between Member State indicators have remained stable.** Amid unprecedented support during the COVID-19 pandemic, AROPE rates at EU level remained stable since 2020, as did their variation by country. This is in contrast to the 2008 financial crisis, which led to increases in poverty and social exclusion at EU level with increasing differences between countries from 2008 until 2013.

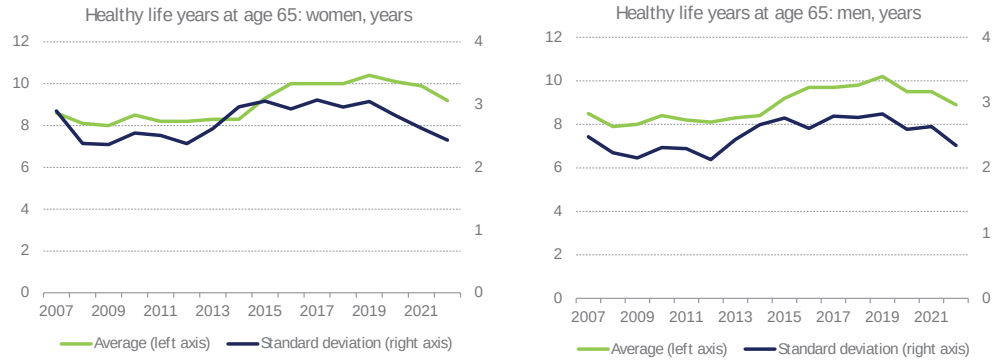
**Health outcomes of the EU population remained stable at EU level, with no robust pattern of convergence or divergence across Member States since 2014.** On average, between 2014 and 2022, both women and men in the EU could expect around nine additional healthy life years at the age of 65, with a slightly higher value for women than men (Chart 2.7). The COVID-19 pandemic led to an overall decrease of life expectancy. In 2022, the average number of healthy life years that a man aged 65 is expected to live ranged from 4 to 13.5 across the Member States. For women aged 65, that range was

3.8 to 14.3. While cross-country variations remained stable, there was a catching-up process between 2007 and 2022 (Table 2.1).

Chart 2.7

Variations in health outcome measures have remained stable

Healthy life years at age 65 for women and men, and cross-country variation (measured by standard deviation), 2007-2022, EU-27




*Note:* Latest data point is 2022 Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation. EU average levels are weighted values.

*Source:* DG EMPL calculations based on EU-SILC dataset hlth_hlye.

Click here to download chart.

# 3. Convergence in socioeconomic outcomes within Member States

**Understanding patterns of regional convergence within countries can better clarify trends in socioeconomic outcomes.** Convergence at EU level (across countries or regions as analysed in section 2) does not necessarily imply regional convergence within countries, for example when capital and metropolitan regions strongly outperform rural and peripheral regions within a country. It is important to look beyond convergence at EU level to capture potential challenges to territorial and social cohesion within specific Member States. This section provides regional convergence analysis within each of the 19 Member States with more than four NUTS2 regions. ([36]) It focuses on the indicators analysed in section 2 for which regional data are available (GDP per capita, (un)employment and NEET rates, tertiary and adult education rates, and AROPE rates), covering 2007 to 2022. It also provides an in-depth look at within-country convergence in median incomes across very small territorial units (NUTS3 regions) based on unique administrative data collected in eight Member States (Box 2.2(European Commission, ) (Cedefop, )).

**Upward divergence in economic performance at EU level was observed within most EU Member States.** Sixteen of the 19 Member States analysed saw their national GDP per capita increase since 2007 amid growing regional disparities (Table 2.2). The growth in regional disparities was particularly strong (more than 50%) in Denmark and several central and eastern European countries (Bulgaria, Czechia, Poland, Romania). In central and eastern Member States, divergence partly resulted from capital regions outperforming other regions. ([37]) This was not always the case in other countries, e.g.: increases in regional variation in France were linked to particularly sluggish growth in regions with low levels of GDP per capita. Only Portugal experienced upward convergence in GDP per capita, but this was largely due to low growth in some developed, previously dynamic, regions. ([38])

**Convergence patterns in labour market outcomes varied from country to country.** Employment rates grew in most Member States since 2007, sometimes accompanied by regional convergence and sometimes by divergence (notably in Romania). Similarly, regional NEET rates converged in some countries and diverged in others, while average national rates largely declined. Concerningly, Denmark, France, and Romania all saw strong regional divergence in NEET rates. Within-country developments in unemployment rates are more reassuring, with 10 of the 18 countries experiencing upward convergence, notably Bulgaria, Czechia, Germany, and Portugal. Overall, within-country variation in labour market outcomes was highly sensitive to specific national and regional factors, but a detailed analysis is beyond the scope of this report.

([36]) Four regions was considered the lowest number reasonable to perform robust convergence analysis.

([37]) (Eurofound, 2021b); (Alcidi et al., 2018)

([38]) (European Commission, 2024b)

**Most countries experienced growth in tertiary education attainment accompanied by regional divergence.** This was the case for 16 of the 18 countries analysed. In several eastern and central European Member States (Czechia, Hungary, Poland, Romania) and Portugal, regional differences grew particularly strongly. These developments stemmed from sharp increases in tertiary education attainment in capital regions, reflecting a combination of factors including the concentration of universities, high demand for tertiary-educated workers and associated wage premiums. By contrast, a lack of tertiary education opportunities and an outflow of highly qualified workforce posed challenges for some less urban regions, contributing to (risks of) talent development traps as outlined in the European Commission's Communication on harnessing talent in Europe's regions. Only Finland saw regional differences in tertiary education attainment fall, though this was accompanied by a mild decline in attainment at national level.

Table 2.2

Convergence patterns in socio-economic outcomes vary by Member State

Within-country convergence/divergence across NUTS 2 regions, 2007-2022

| | Economic performance | Labour market | | | Education | | Poverty |
|---|---|---|---|---|---|---|---|
| | *GDP per capita (EUR)** | *Employment rate* | *Unemploy-ment rate* | *NEET rate* | *Tertiary education* | *Adult education* | *AROPE*** |
| AT | ▶ | ▶ | ▶ | – | ▶ | ✕ | |
| BE | ▶ | ▶ | ▶ | ▶ | ▶ | ▶ | |
| BG | ✕ | ▶ | ✓ | – | ▶ | ▶ | ▶ |
| CZ | ✕ | ▶ | ✓ | ▶ | ✕ | ✕ | ▶ |
| DE | ▶ | ▶ | ✓ | ▶ | ▶ | ▶ | |
| DK | ✕ | ▶ | ▶ | ✕ | ▶ | – | ▶ |
| EL | ▶ | – | ▶ | ▶ | ▶ | ✕ | |
| ES | ▶ | ▶ | ▶ | ▶ | – | ▶ | – |
| FI | – | ▶ | ✓ | – | ▶ | ▶ | ▶ |
| FR | ▶ | – | ▶ | ✕ | ▶ | ✕ | |
| HR | ✕ | | | | | | |
| HU | ▶ | ▶ | ▶ | – | ✕ | ▶ | – |
| IT | ▶ | ▶ | ▶ | ▶ | ▶ | ✕ | – |
| NL | ▶ | ▶ | ▶ | ▶ | ▶ | ▶ | |
| PL | ✕ | ▶ | ▶ | ▶ | ✕ | ✕ | |
| PT | ▶ | – | ✓ | ▶ | ✕ | ✕ | |
| RO | ✕ | ✕ | ▶ | ✕ | ✕ | ✕ | – |
| SE | ▶ | ▶ | ✕ | ▶ | ▶ | ✕ | – |
| SK | ▶ | ▶ | ▶ | ▶ | ▶ | ▶ | ✕ |

Table covers following developments between 2007 and 2022

✕ Standard deviation increase by 50+ %
▶ 10 to 50%
– -10 to 10%
▶ -50 to -10%
✓ Standard deviation decrease by 50+ %

Deterioration in national average
No substantial change to national average
Improvement in national average

Blank cells imply data are not available

*Note:* Only Member States with more than four NUTS2 regions are covered. Substantial change in national outcome average over time is defined either as 5% (GDP per capita) or 0.5pp (other indicators). * Developments for 2007-2021, due to data availability ** Developments for 2015-2022, due to data availability

*Source:* Analysis covers the same indicators (for the same age groups) as section 2.

Click here to download table.

**More than half of the Member States experienced upward divergence in adult education participation, reflecting similar developments at EU level.** The growth in regional differences was particularly strong in Austria, Czechia, Greece, France, Italy, Poland, Portugal, Romania, and Sweden. However, considerable increases in regional variation often reflected the initial situation in 2007 when adult learning participation was very low in many countries, irrespective of the region. Although some countries saw regional variation more than double, it remained relatively modest in most countries in 2022. Three countries (Finland, the Netherlands, and Spain) saw upward convergence in adult education participation.

**National declines in social exclusion and poverty risks were typically accompanied by stable or declining regional differences.** The evidence of within-country variation in AROPE rates is more tentative due to severe data limitations and changes in the AROPE definition over time, allowing analysis in just 10 Member States between 2015 and 2022. In most of these countries, national AROPE rates declined since 2015 and regional differences either declined (Czechia, Denmark, Finland) or remained stable (Hungary, Italy, Romania, Spain, and Sweden). Regional variation grew in Slovakia and Bulgaria alone during this period.

## Box 2.2: Convergence in median incomes across small regions (NUTS 3) within selected Member States

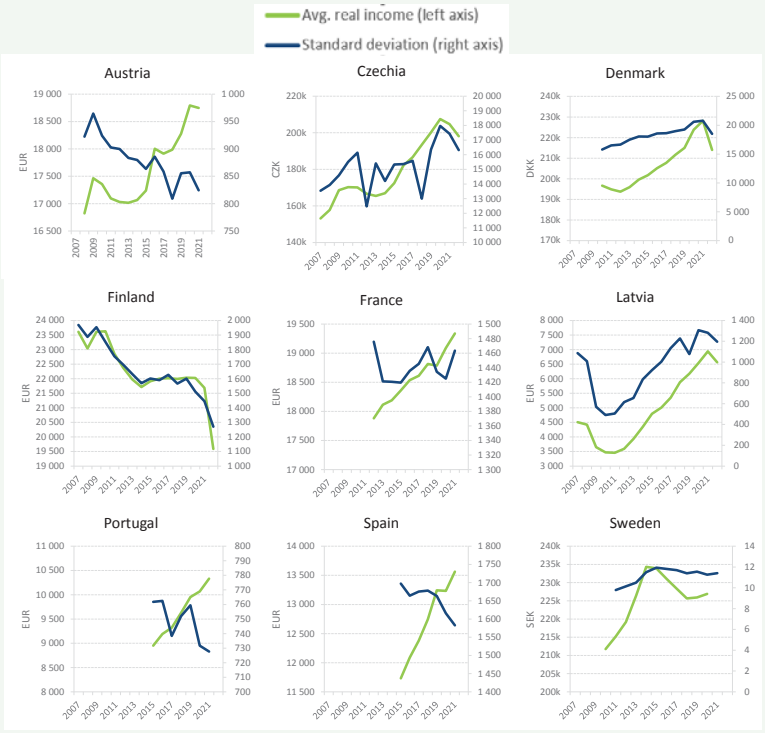
**This box provides an in-depth look at developments in incomes in small regions within nine EU Member States (1)** with sufficiently detailed income data from administrative sources over longer periods of time (typically 2007-2022). (2) Compared to the rest of the analysis presented in this chapter, this provides a more granular analysis of geographical disparities in incomes for a large number of NUTS3 regional units. The limitation of these administrative data is that they are not fully harmonised, preventing inter-country comparison of specific results. Following other analyses of this data, (3) regions are compared in terms of median incomes that approximate the earnings of a typical person living in a given region.

**Regional median incomes, averaged across small regions, have risen in real terms in almost all of the countries analysed** (Chart 1). Annual increases range from 0.7% in Sweden between 2011 and 2021 to 2.8% in Latvia between 2007 and 2022. Regional median incomes declined only in Finland, by 1.1% per year on average. Most of this decline occurred in the aftermath of the 2007-2008 financial crisis and in 2022, following Russia's war of aggression against Ukraine and the associated sharp increase in prices. (4)

Chart 1

Regional median incomes increased, while regional disparities declined in some countries and rose in others

Average (left axis) and standard deviation (right axis) of regional median real disposable incomes, 2007-2022




*Note:* Different start and end periods across countries reflect differences in data availability. Averages of regional median incomes in a country are not population-weighted. Nominal regional median incomes deflated bu national CPI. Standard deviation is a measre of cross-region (within-country) variation, the higher the standard deviation, the higher the cross-region variation.

*Source:* For nominal median incomes: administrative data provided bu national authorities; for CPI: OECD (2024)

**Absolute differences in regional median incomes declined in some countries but grew in others** (Chart 1). Five countries experienced a decrease in absolute income disparities, i.e. convergence (Austria, Finland, France, Portugal, Spain), while the other four showed a rise in income disparities, i.e. divergence (Czechia, Denmark, Latvia, Sweden). In Czechia and Finland, the magnitudes of the changes were particularly large, with standard deviation increasing by 20% between 2007 and 2022 in Czechia and decreasing by 36% between 2007 and 2022 in Finland.

(1) This section presents preliminary findings from OECD analysis of variation in incomes across small regions over time.

(2) The administrative data on incomes collected by the OECD provides uniquely granular data across small (NUTS 3) regions. While the data are more granular and timelier than survey data on incomes, they are less harmonised across countries. The analysis thus focuses on within-country regional convergence patterns without attempting to provide cross-country comparisons. Administrative data on incomes within small regions cover nine Member States: Austria, Czechia. Denmark, Finland, France, Latvia, Portugal, Spain, Sweden. The same analysis was done with GDP per capita, as a robustness check, and results were broadly the same.

(3) (European Commission, 2021a), (Königs, S. et al., (Forthcoming)).

(4) Nominal incomes increased in Finland over the period, decreasing only in 2022. The decrease in real incomes is therefore purely the result of an increase in the Consumer Price Index (CPI).

*(Continued on the next page)*

*Box (continued)*

**A stronger picture of convergence emerges when focusing on relative differences in median incomes across regions.** ([5]) Regional median incomes converged in seven of the nine countries analysed, with Denmark and Sweden the exceptions. For Czechia and Latvia, the convergence patterns differ depending on whether absolute or relative measures are used: absolute income dispersion increased, but to a lesser extent than the cross-regional average of median incomes, implying a decline in relative income dispersion.

**Regional income convergence closely relates to differences in income growth between metropolitan (generally higher-income) and non-metropolitan (generally lower-income) regions.** In countries where regional incomes converged over time, metropolitan regions experienced slower median income growth (on average) than non-metropolitan regions. In Austria, median income growth was comparatively slow in the major metropolitan regions of Graz, Innsbruck, Linz-Wels, Salzburg und Umgebung, and Vienna. Similarly, Portugal experienced slow growth in the Área Metropolitana de Lisboa, and Spain saw slow median income growth in Madrid. ([6]) In countries where regional incomes diverged, the opposite pattern often emerged. In Denmark, median regional income growth was highest in the City of Copenhagen and lowest in the non-metropolitan regions of Bornholm and Fyn. In Sweden, Stockholm was among the regions with the highest median income growth, while income growth was lowest in the non-metropolitan regions of Södermanland and Kronoberg.

**Since 2014, median incomes in low-income regions have tended to catch up with high income regions in some countries but not others** (Table 1). The strongest catch-up effects were recorded in Spain and Portugal, followed by Austria, Finland and France. Other countries showed no significant evidence of catching up. In a few countries, notably Latvia and Denmark, the number of observations is very small, reflecting the small number of regions, which may account for the lack of significant results. Despite these limitations, the analysis provides broad evidence in favour of a catching-up process of the lowest-income regions during the recovery from the 2007-2008 crisis, the COVID-19 pandemic, and the subsequent period.

Table 1

Low-income regions are catching up with high income regions in some countries, but not others

Beta convergence patterns and regression coefficients for regional median incomes, by country

| Country (time period) | Convergence pattern (beta convergence coefficient) |
|---|---|
| Austria (2014-2021) | Catching up (-0.02) |
| Czechia (2014-2022) | No robust evidence of catching-up |
| Denmark (2014-2022) | No robust evidence of catching up |
| France (2014-2021) | Catching up (-0.01) |
| Finland (2014-2022) | Catching up (-0.01) |
| Latvia (2014-2022) | No robust evidence of catching up |
| Portugal (2015-2022) | Catching up (-0.03) |
| Spain (2015-2021) | Catching up (-0.04) |
| Sweden (2014-2021) | no robust evidence of catching up |

*Note:* Statistically significant logarithmic regressions coefficient in green, with coefficient in brackets. Initial period is 2014 for all countries except Portugal and Spain (lack of data for 2014). Final period is the latest year for which data are available, i.e. between 2020 and 2022. Nominal regional median incomes are deflated by national CPI. Observations are unweighted.

*Source:* For nominal median incomes: administrative data provided by national authorities; for CPI: OECD statistics available at https://stats.oecd.org/.

([5]) Measured by coefficient of variation.

([6]) In Finland, where median incomes declined in real terms over the period, the decline was comparatively strong for all three metropolitan regions (Helsinki-Uusimaa, Pirkanmaa and Southwest Finland).

## 4. CONVERGENCE IN LABOUR MARKET OUTCOMES AND RELATED ATTITUDES THROUGH A GENDER LENS

**Inclusive labour markets are an important aspect of upward social convergence in the EU.** Nevertheless, some individual characteristics are associated with considerable differences in labour

market outcomes that can challenge convergence within and between Member States. Past analysis shows gaps in labour market outcomes for women, people with lower education, a migrant background, or disabilities, and younger and older people. ([39]) This section compares the evolution of outcomes for women and men, reflecting the fact that while women account for almost half of the EU workforce, considerable gender gaps persist in the labour market and vary substantially between Member States.

**The EU is committed to achieving equal rights for women and men.** That commitment is outlined in the European Pillar of Social Rights, its Action Plan (with the ambition to halve the gender employment gap by 2030), and the EU Gender Equality Strategy 2020-2025. The Strategy outlines several key objectives to achieve more equal labour market outcomes, including closing gender gaps in the labour market, achieving equal participation across different sectors of the economy, ([40]) addressing the gender pay and pension gaps, closing the gender care gap, and challenging gender stereotypes. These objectives are important not only to ensure the fundamental rights of EU citizens, but to support long-term economic growth, address the ongoing decline in the working age population, and mitigate challenges linked to rising labour shortages, as highlighted in the recently adopted EU action plan on labour and skill shortages. ([41]) For example, EU-level estimates from 2017 show that, by 2050, improvements in gender equality could generate an increase in GDP per capita of between 6.1% and 9.6%, and an increase in employment of 10.5 million. This is of a similar magnitude to more recent estimates of potential improvements in women's labour force participation rates, which could increase the number of people in the labour force in the EU by up to 17 million, helping to address labour shortages. ([42])

## 4.1. Eliminating gender gaps in paid and unpaid work

**The EU labour market has seen a steady reduction in gender inequalities since the 1990s, but the pace of change slowed down over the last decade.** Focusing on key gender equality indicators from the Social Scoreboard, the gender employment gap for people aged 20-64 narrowed to 10.2 pp in 2023, at the same time as the employment rate of women topped 70% for the first time ever. However, the progress slowed down since 2012 (Chart 2.8). This was accompanied by a gradual reduction in gender inequalities in pay, with the gender gap in hourly pay declining from 15.8% in 2010 to 12.7% in 2022. Overall, European Institute for Gender Equality (EIGE)'s Gender Equality Index shows some progress within the domain of work over the last decade, albeit with considerable room for improvement. ([43])

**Despite recent improvements in gender equality in the labour market, convergence across Member States has improved only slightly since 2012, with sizeable disparities remaining.** In 2023, the gender employment gap ranged from nearly 0 pp to almost 20 pp across the Member States. Similar variation was observed in the gender pay gap. Variation in the gender employment gap between countries decreased considerably between 2002 and 2012 but has since remained relatively stable (Chart 2.8). Cross-country differences in pay gaps declined slightly since 2010. Countries with large gender employment or pay gaps do not show robust patterns of catching-up with better performers over time. Evidence for broader convergence towards gender equality in the world of work is also limited, although EU countries converge towards more gender-equal states when certain additional outcomes are considered (notably representation of women and men in decision-making positions). ([44])

([39])

([40]) For example, the Council Recommendation on a European framework to attract and retain research, innovation and entrepreneurial talents in Europe aims at addressing persisting inequalities in research careers, notably those based on gender, sexual orientation, age, ethnic, national or social origin, and disability. It also introduces a new European Charter for Researchers that emphasises gender equality as a key principle, explicitly adopting an intersectional approach.

([41]) (Cuberes and Teignier, 2016); (EIGE, 2017); (Eurofound, b). See action plan on labour and skill shortages here.

([42]) (EIGE, 2017)

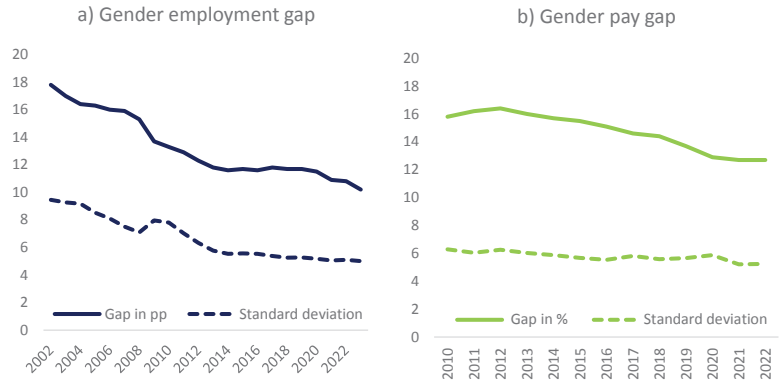
([43]) (EIGE, 2023)

([44]) (EIGE, 2023), (Eurofound and EIGE, 2021).

Chart 2.8

Recent declines in gender employment and pay gaps were accompanied by some convergence

Gender employment and pay gaps and cross-country variation (standard deviation), 2002-2022, EU-27




*Note:* Gender employment gap calculated for population aged 20-64. Significant breaks in the EU-LFS employment time series due to revisions of the survey over time, notably in 2005 and 2021. For cross-country variation in gender pay gap over the period 2010-2021: Greece and Croatia omitted due to missing data for several years. Information on gender pay gap for Ireland in 2021 missing. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* DG EMPL calculations based on EU-LFS datasets lfsa_ergan & sdg_05_20.

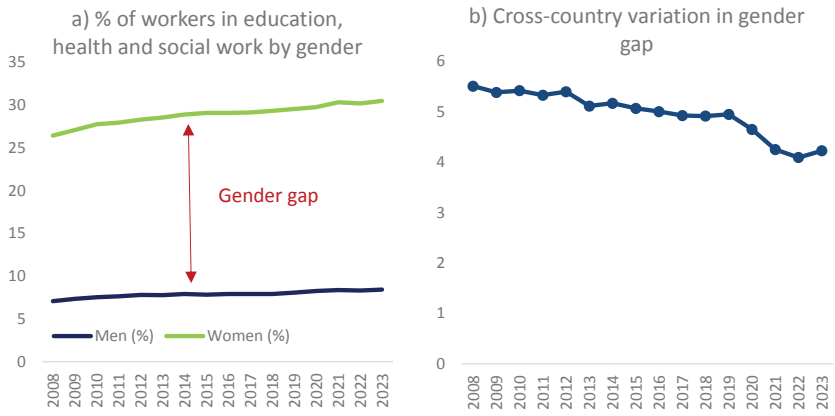
Click here to download chart.

**Further progress towards equality will depend in part on addressing two long-standing challenges: gender segregation and gender differences in the career trajectories of parents. ([45])** Evidence suggests that much of the observed gender gaps in employment and earnings emerge with parenthood and are closely linked to unequal division of unpaid work, limited access to formal childcare services for very young children (see Chapter 3), father's low take-up of family leaves and, in some Member States, high taxation of second earners. ([46]) Gender segregation of certain sectors of economic activity and occupations are among the key factors contributing to the gender pay gap (women tend to be overrepresented in jobs with lower salaries) ([47]) and exacerbating labour shortages. ([48])

Chart 2.9

Slow but steady rise in gender segregation in education, health and social work sectors

Proportion of employment in education, human health and social work activities by gender, and cross-country variation in gender gap (standard deviation), 2008-2023, EU-27




*Note:* Break in the EU-LFS employment time series due to survey revisions in 2021. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* DG EMPL calculations based on EU-LFS dataset lfsa_egan2

Click here to download chart.

**Gender segregation of work by occupation and sector of economic activity has changed very little over time. ([49])** Recent research showed limited change in existing aggregate measures of gender segregation over the last two decades in the EU. ([50]) This can be illustrated by an analysis of the proportion of women and men employed in education, human health and social work activities, an indicator which the EIGE's Gender Equality Index uses as a proxy for gender segregation of the EU

([45]) (Bertrand, 2020)

([46]) (Bettio, 2017); (Kleven, Landais and Soegard, 2019b); (Kleven et al., 2019a); (Goldin, 2021); (Eurofound, a)

([47]) (European Commission, 2022d); (European Commission, 2022g); (Goldin, 2014); (EIGE, 2018)

([48])

([49]) (EIGE, 2023); (EIGE, 2018); (European Commission, 2023a)

([50]) (European Commission, 2023a); (Eurofound and European Commission Joint Research Centre, 2021)

labour market. Around 30% of all employed women in the EU worked in education, human health and social work activities in 2022, compared to only 8% of all men, resulting in a gender gap of about 22 pp (Chart 2.9). This gap increased since 2008, when it stood at about 19 pp. Over the same period, the variation in gender segregation in education and health activities across countries decreased (Chart 2.9). In other words, the EU Member States converged, but towards a somewhat more unequal outcome.

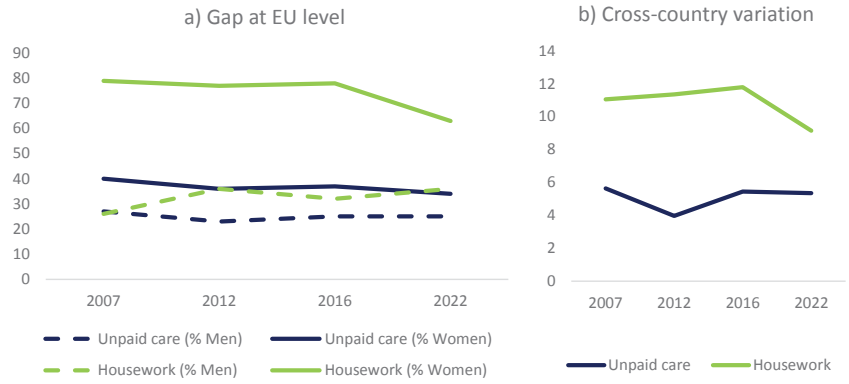
**Involvement of women in unpaid care has dropped somewhat since 2007, but women remain considerably more engaged in unpaid care than men**. In 2022, one in four men in the EU were involved daily in unpaid care, and around one in three in housework (Chart 2.10). For women, the corresponding shares were 34% and 63%, respectively. The proportion of men involved in unpaid care remained relatively stable since 2007. Female involvement in unpaid care dropped slightly (by about 6 pp), reflecting the increased availability of formal childcare (see Chapter 3). The share of women doing housework on a daily basis dropped by 16 pp over the same period (notably since 2016), while the involvement of men increased by 10 pp.

**The evidence of convergence in gender gaps in unpaid work is mixed over time and varies considerably between Member States.** In several countries, the share of women involved daily in unpaid care is at least 15 pp higher than men, while in others there is little difference. Although the magnitude of cross-country differences has remained similar since 2007 (Chart 2.10), some evidence points towards countries with larger gaps catching-up with those with smaller gaps. The gender gap in housework varies between 12 pp and 44 pp across countries. The gap has converged since 2016, but there is no evidence of catching-up by countries with the largest gaps.

Chart 2.10

Limited upward convergence in gender gaps in unpaid work

Daily involvement in unpaid care and housework by gender, and cross-country variation in gender gaps (standard deviation), 2007-2022, EU-27




*Note:* Involvement in unpaid care defined as 'People caring for and educating their children or grandchildren, elderly or people with disabilities, every day (%, 18-74 population)'. Involvement in housework defined as 'People doing cooking and/or housework, every day (%, 18-74 population)'. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* DG EMPL calculations based on EIGE's Gender Statistics Database

Click here to download chart.

**Gender segregation in the labour market and unequal division of unpaid work are firmly rooted in persistent stereotypes about gender-specific skills and household roles. ([51])** Challenging such stereotypes is crucial to promote gender equality in the labour market. This is a key objective of the gender equality policy outlined in the EU Gender Equality Strategy 2020-2025. ([52]) The remainder of this section explores trends and convergence in attitudes towards the involvement of women and men in paid and unpaid work based on data collected in the European Values Survey between 1990 and 2017 for the 20 Member States, for which data are consistently available over such a long-time span. ([53])

## 4.2. Attitudes to women's work and sharing unpaid work

**Increasingly positive attitudes to women's involvement in paid work are consistent with long-term reductions in the gender employment gap.** The share of people who do not believe that children suffer when mothers are in paid work increased from less than 40% in 1990 to more than 60% in 2017, with similar proportions among women and men. A comparable increase applies to the share of people who do not consider women to be primarily interested in home and children rather than paid work (Chart 2.11). The proportion of people who oppose preferential access to jobs for men in times of scarcity also

([51]) (Bertrand, 2020); (EIGE, 2023); (EIGE, 2018)

([52]) See EU Gender Equality Strategy 2020-2025 here.

([53]) The analysis builds on previous research on attitudes in this area, covering earlier developments in the EU context ( (Knight and Brinton, 2017); (Grunow, Begall and Buchler, 2018); (Brinton and Lee, 2016); (Scarborough, Sin and Risman, 2019))

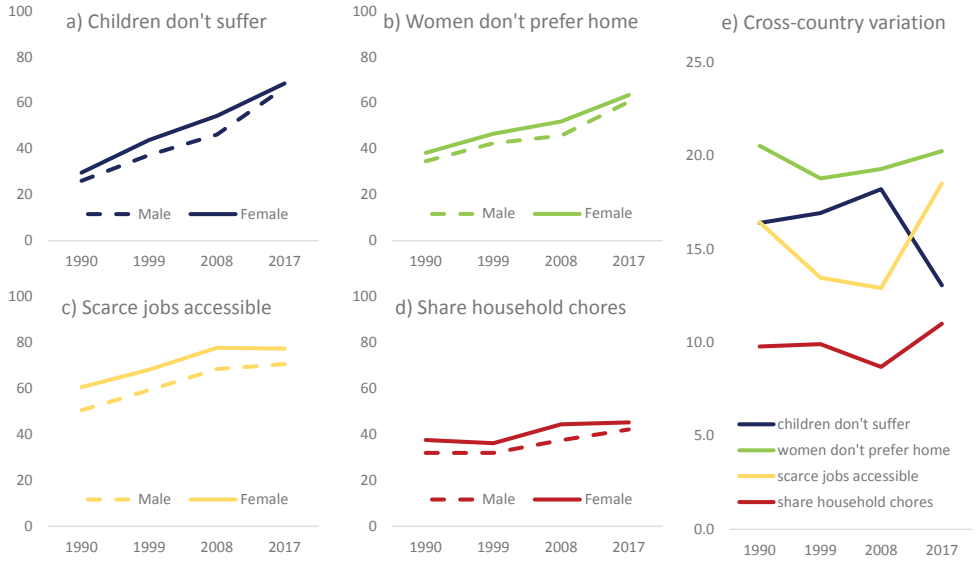
increased considerably over the same period, reaching around 75% in 2017 compared to about 55% in 1990.

**Limited changes in attitudes towards equal sharing of unpaid work pose a challenge to equitable sharing of housework and unpaid care within households.** Just over 40% of the EU population believes that sharing household chores is important for a successful marriage or partnership, a minor improvement since 1990 (Chart 2.11). ([54]) Nevertheless, research shows that sizeable shares of the population hold dual beliefs about women's roles in society, supporting active roles for women in the labour market while also considering women the primary providers of unpaid work in the household. ([55]) This belief in women's role in the household is a persistent challenge to achieving higher employment rates of women.

Chart 2.11

Attitudes supporting gender equality in the labour market are more widespread

Proportion of population holding attitudes supportive of gender equality (%) and cross-country variation (standard deviation), 1990-2017, EU




*Note:* Chart shows the following attitudes: a) Children don't suffer – share of people disagreeing with the statement 'When a mother works for pay, the children suffer'; b) Women don't prefer home – share of people disagreeing with the statement 'A job is alright but what most women really want is a home and children'; c) Scarce jobs accessible - share of people disagreeing with the statement 'When jobs are scarce, men have more right to a job than women'; and d) Share household chores – share of people agreeing that sharing household chores is important for marriage or partnership. Data on children don't suffer missing for Austria in 1999 and data for women don't prefer home missing for Austria in 1999 and Sweden in 1990. Standard deviation is a measure of cross-country variation, the higher the standard deviation, the higher the cross-country variation.

*Source:* DG EMPL calculations based on European Values Survey data.

Click here to download chart.

**Persistent disparities in attitudes between countries complicate convergence towards more gender equal labour market outcomes.** Country variation in attitudes to sharing housework and reserving jobs for men in times of scarcity has increased since 1990 (Chart 2.11). This is also the case for variation in attitudes to working motherhood and well-being of children, although cross-country differences dropped sharply after 2008. Cross-country variation in beliefs about women preferring home and children over paid work remain unchanged.

**Attitudes supporting gender equality** have become more common in the EU since 1990, but differences remain significant. Over 80% of the population of northern Member States agrees that working motherhood is not harmful for children, that women do not prefer children and home over paid work, and that jobs should not be reserved for men in times of scarcity (Chart 2.12). The prevalence of beliefs supporting equality remains lowest in central and eastern Member States, typically ranging from 30% to 60%, which may be linked to the larger gender employment gaps typically observed in some of these countries. By contrast, considering sharing household chores as important is more common in eastern Member States than elsewhere and has become more prominent over the years (from 40% of eastern EU population in 1990 to around 60% in 2017). These finding comes with caveats: firstly, these attitudes only concern housework and not unpaid childcare; and secondly, they do not indicate whether sharing of household chores should be equal between partners. This may be of particular concern in

([54]) Attitudes towards other types of unpaid work (such as childcare) and its sharing by women and men have not been tracked consistently over time.

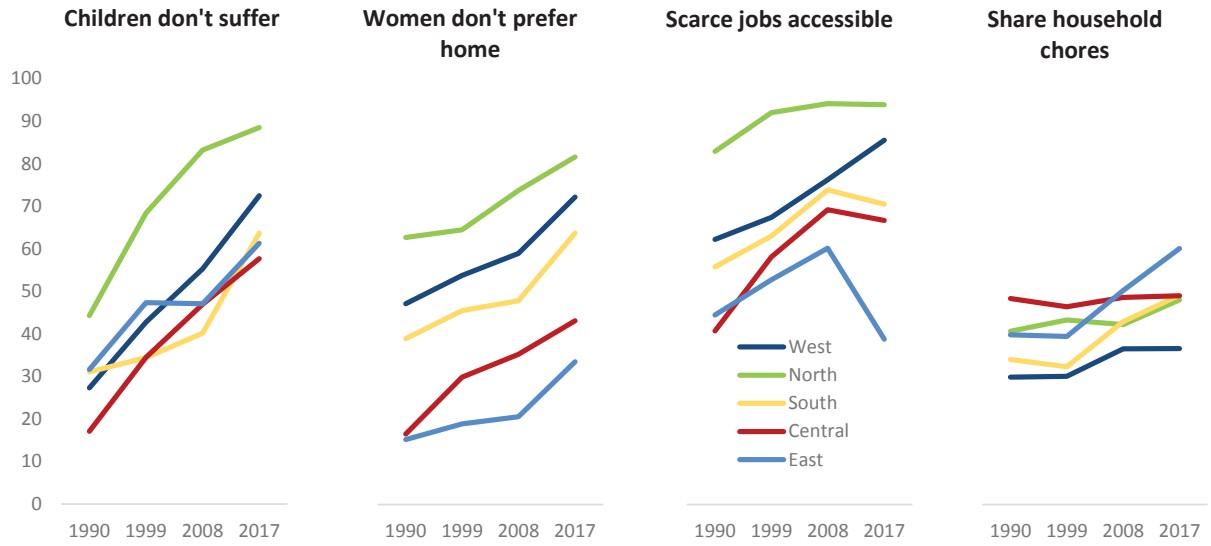
([55]) (Knight and Brinton, 2017); (Grunow, Begall and Buchler, 2018); (Brinton and Lee, 2016); (Scarborough, Sin and Risman, 2019)

eastern Member States, where beliefs indicating that women prefer taking care of children and staying at home over paid work are common.

Chart 2.12

Considerable and persistent variation in attitudes across the EU

Proportion of population holding attitudes supporting gender equality (%) by country clusters, 1990-2017




*Note:* Chart shows the following country clusters: west (Austria, Germany, France, the Netherlands); north (Denmark, Estonia, Finland, Sweden); south (Spain, Italy, Portugal); central (Czechia, Hungary, Poland, Slovenia, Slovakia); and east (Bulgaria, Lithuania, Latvia, Romania). Data on 'children don't suffer' missing for Austria in 1999, and data for 'women don't prefer home' missing for Austria in 1999 and Sweden in 1990.

*Source:* DG EMPL calculations based on European Values Survey data

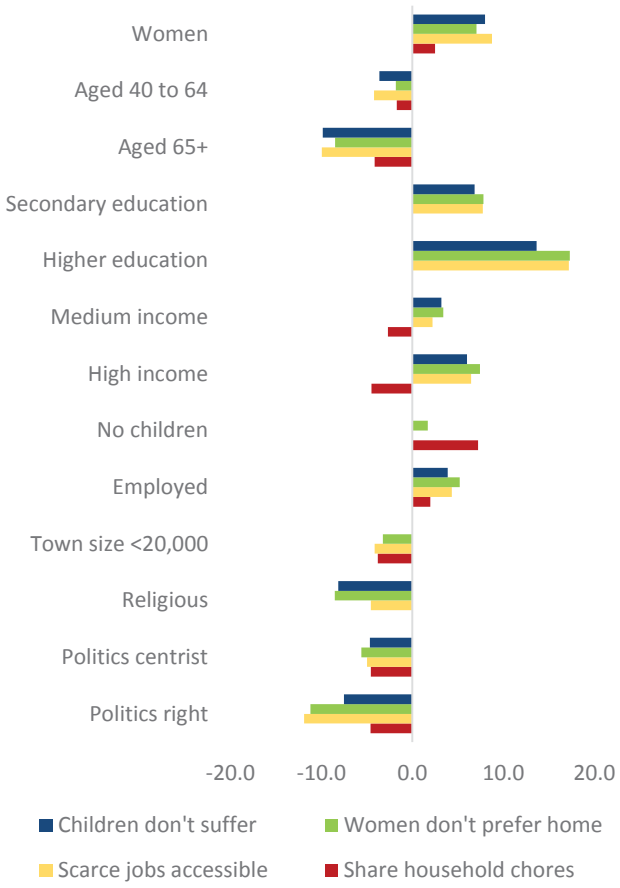
Click here to download chart.

**Women and people with higher educational attainment (or incomes) are more likely to support gender equality in the labour market.** Over the 1990-2017 period, women in the EU were around 8 pp more likely than men to reject the stereotypes that working motherhood harms children, that women prefer family over paid work and that men have a preferential right to scarce jobs (Chart 2.13). These views were also more common among people with higher educational attainment or (to a lesser extent) higher incomes. For example, those holding tertiary qualifications were around 13-17 pp more likely to report these attitudes than those without upper secondary or tertiary qualifications. At the same time, people who are aged 65+, are religious, or have more traditional voting preferences are more likely to think that working motherhood harms children, and that paid work is valued differently by women and men (Chart 2.13). The differences in attitudes across population groups showed little change over the 1990-2017 period.

Chart 2.13

Attitudes towards women's position in the labour market vary between population groups

Marginal change in probability of holding a given attitude (pp) by population group, 1990-2017, EU




*Note:* Probability differences reported against the following comparison groups: gender (men); age (20-39); educational attainment (finished education by 15 years of age); income (lowest income tercile); children (having at least one child); employment status (not in employment); town size (town of 500 000 inhabitants or more); religion (non-religious); political preferences (left-wing). Only statistically significant results (p-value<0.1) reported. Data on children don't suffer missing for Austria in 1999; data for women don't prefer home missing for Austria in 1999 and Sweden in 1990.

*Source:* DG EMPL calculations based on European Values Survey data.

Click here to download chart.

# 5. EU INITIATIVES TO SUPPORT SOCIAL CONVERGENCE

**The EU supports social convergence through its cohesion policy.** Since the 1950s, the main vehicle to foster territorial, economic and social convergence among Member States is European cohesion policy, delivered and implemented through the cohesion policy funds, including the European Development Fund, the Cohesion Fund, the European Social Fund+ and Just Transition Fund. It aims to correct imbalances between countries and regions while delivering on the Union's political priorities, especially the green and digital transitions. Although the funds support all Member States and regions, a large share is concentrated on less developed countries and regions to foster their catching-up and reduce economic, social and territorial disparities in the EU, encouraging territorial cooperation and addressing needs of outermost regions. More recent funding instruments, such as the Recovery and Resilience Facility (RRF) which provides EUR 648 billion to Member States (in 2022 prices) for implementing reforms and investments to make their their economies and societies more sustainable, resilient and prepared for the green and digital transitions, also contribute to promoting social convergence. ([56])

**Several initiatives launched within the European Pillar of Social Rights aim to reduce disparities among Member States and regions.** Proclaimed in Gothenburg in 2017, the European Pillar of Social Rights outlines 20 key principles necessary to progress towards a strong social Europe. To strengthen the implementation of the Pillar, the European Pillar of Social Rights Action Plan was adopted in 2021, containing more than 70 legislative and non-legislative actions to promote convergence of socio-

([56]) Please see Recovery and Resilience Facility (2020-2024) – mid-term evaluation (europa.eu).

economic outcomes in the Member States and proposing concrete targets. ([57]) Key policy initiatives supporting social convergence include the Directive on a framework for adequate minimum wages in the EU, the Recommendation on adequate minimum income, the European Skills Agenda, the reinforced Youth Guarantee, the Aim, Learn, Master, Achieve (ALMA) initiative and the Communication on Harnessing Talent in Europe's Regions. Alongside policy action at government level, social partners play a crucial role in these and other initiatives related to social investment and thus foster upward social convergence (Box 2.3).

**Over the last year, the EU has committed to initiatives that deepen analyses and policies supporting social convergence.** On 16 April 2024, signatories of the La Hulpe Declaration reaffirmed the importance of social investment for upward convergence in working and living conditions by reaping the full potential of skills, labour market and social policies for economic growth, productivity, and competitiveness. ([58]) The European Commission strengthened its analysis of employment, social and skills developments in the Member States by applying the principles of the Social Convergence Framework ([59]) to assess potential risks and identify policies that foster social convergence in each Member State. The Framework was applied for the first time in the 2024 European Semester, notably in the Joint Employment Report (JER), on a pilot basis ([60]) and, through this, the Commission monitors progress on the implementation of the principles of the European Pillar of Social Rights. ([61])

([57]) An employment rate of 78% among the population aged 20-64, a 60% target for adults in training every year, and a reduction of at least 15 million in the population at risk of poverty or social exclusion (including at least five million children).

([58]) In April 2024, the European Commission, the European Parliament, civil society, social partners and 25 Member States signed the La Hulpe Declaration, reconfirming the European Pillar of Social Rights as the EU's joint compass for a strong social Europe. The Declaration can be found here.

([59]) The Social Convergence Framework was developed following discussions in the Employment and Social Affairs Council (EPSCO) and work in the Employment Committee (EMCO) and Social Protection Committee (SPC) throughout 2022 and 2023. See EMCO-SPC Key Messages, based on the Report of the EMCO-SPC Working Group on the introduction of a Social Convergence Framework in the European Semester. This relative standing is expressed in terms of standard deviations from the mean of both the absolute level of the indicator value and its change compared to the previous year. See JER 2024 Annex 4 for more technical details, and Annex 9 for the Social Scoreboard tables supporting the Social Convergence Framework.

([60]) (European Commission, 2023h)

([61]) (European Commission, 2024). Recital 8 of Regulation (EU) 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance indicates that 'As part of its integrated analysis of employment and social developments in the context of the European Semester, the Commission assesses risks to upward social convergence in Member States and monitors progress on the implementation of the principles of the European Pillar of Social Rights on the basis of the Social Scoreboard and of the principles of the Social Convergence Framework'. On these grounds, Article 3 refers to 'The surveillance of the implementation by the Commission includes the progress in implementing the principles of the European Pillar of Social Rights and its headline targets, via the social scoreboard and a framework to identify risks to social convergence'.

## Box 2.3: Social partners' role in promoting upward social convergence

**Social partners play a key role in supporting social investment and convergence, including through collective bargaining.** Social dialogue results in more informed decision-making in policy development and can lead to more effective and sustainable solutions that benefit employers and workers. Through collective bargaining, social partners can support living standards and improve social outcomes.

**Eurofound's "industrial democracy" index indicates the rights of employees and employers to participate in governing the employment relationship, and countries with a higher score on the index fare better in economic and social terms. ([1])** Furthermore, an ILO study investigating convergence of the EU28 in the period 2000-2016 found that high collective bargaining coverage not only relates to higher social and economic outcomes but also to a more equal distribution of those outcomes. ([2])

**The last decade has seen no clear link between the speed of real wage convergence and collective bargaining coverage in the EU.** This reflects that real wage convergence was driven by large productivity gains in eastern European countries, which tend to have lower collective bargaining coverage.

**Strengthening and tailoring collective bargaining settings can nevertheless be an important lever for upward convergence by raising real wages and contributing to fairer sharing of productivity gains.** It enhances the bargaining power of those workers covered and a fall in collective bargaining coverage rates is associated with a drop in the relative pay of those covered. ([3]) Trade unions might support real wage convergence by indirectly improving productivity in the economy through their influence on local working conditions, training and re-training opportunities, leverage of other labour market institutions (such as unemployment benefits and active labour market policies) and their role in wage coordination. ([4]) Shoring up and promoting social dialogue can serve as a crucial catalyst for accelerating the catching-up process of eastern European countries. In this context, at the end of 2022, Romania adopted a law to promote collective bargaining as well as collective agreement coverage to empower trade unions to enhance wages. ([5]) This favours the catching-up process of a comparatively low-performing country and thus upward convergence.

**In addition, social partners promote diverse strategies for skills development and training and reinforcing social investment and enhancing economic and social convergence as well as the fair green transition.** For example, a joint project among EU social partners in the textile, clothing, leather and footwear sector identified actions and tools to assess skills needs and respond to those needs through training and re/upskilling initiatives. ([6]) In the SAWYER project, the social partners of the furniture sector take a holistic approach to meeting skills needs in the pursuit of transformation towards a circular economy. ([7]) IndustriALL Europe launched the Digital Youth Academy, a programme aimed at young trade unionists that focuses on the green transition and the future of trade unions. ([8])

**To develop targeted policy responses to the COVID-19 pandemic, the energy crisis and inflation, trade unions and employers' organisations were involved in 41% and 45% out of 1 706 legislative acts, respectively, in recent years. ([9])** To manage the COVID-19 pandemic, across Europe, trade unions negotiated with employers and governments on adequate short-term work models. ([10]) The resulting job retention schemes led to a much more moderate shock of COVID-19 on the economy and labour markets compared to the impact of the economic crisis in 2008. ([11])

**Despite the positive impact of social dialogue, some challenges persist, and others may emerge.** While there is a trend towards increasing membership of women in trade unions, the overall membership of trade unions is decreasing. Further, the estimated average share of workers covered by collective agreements in the EU dropped by 10 pp between 2000 and 2019 (from 66% to 56%). ([12]) Current transformations such as the green and digital transitions as well as new forms of work (e.g. platform work) underline the need for robust and inclusive social dialogue models to foster an effective and fair transition that facilitates upward convergence within and between Member States and leaves no one behind. By requiring Member States to spend parts of their ESF+ funds on supporting capacity-building of social partners and/or NGOs, the EU is committing to continue the promotion of social partners to

([1]) See Industrial democracy still in vogue | European Foundation for the Improvement of Living and Working Conditions (europa.eu)
([2]) (Vaughan-Whitehead, Daniel (Ed.), 2019)
([3]) (Zwysen and Drahokoupil, 2023)
([4]) (OECD, 2018)
([5]) (European Commission, 2023)
([6]) Skills4Smart TCLF Industries 2030 available here.
([7]) SAWYER – Holistic approach for the identification of Skills and safety needs towards a growing sustainability & circularity of furniture sector available here.
([8]) IndustriAll Europe - Digital Youth Academy available here.
([9]) Based on the information from the Eurofound EU PolicyWatch database.
([10]) See Covid-19 Briefing Short Time Work Measures 27 November here.
([11]) (Eurofound, 2024a)
([12]) (European Commission, 2023)

*(Continued on the next page)*

*Box (continued)*

strengthen the European model of sustainable and inclusive social welfare. ([13]) In addition, the Directive on adequate minimum wages ([14]) is similarly supportive of social partners' capacity-building, promoting an institutional framework that fosters a strong social dialogue in wage-setting and collective bargaining coverage.

**In 2023, the Commission presented a new initiative to empower social dialogue to adapt to the changing world of work and new trends on labour markets.** A Council Recommendation on strengthening social dialogue in the European Union ([15]) seeks to support Member States in promoting social dialogue and collective bargaining at national level. This can help to enhance the representation of workers, including those categories of workers at risk of being left behind in some Member States. Furthermore, in the Commission's recently adopted action plan for labour and skill shortages, social partners have committed to addressing poor working conditions through collective bargaining in sectors characterised by inadequate working conditions.

([13]) Regulation (EU) 2021/1057 requires Member States to whom a country specific recommendation on social dialogue has been addressed to spend at least 0.25% of the ESF+ funds on supporting the capacity-building of social partners and/or NGOs, while all other Member States must allocate an appropriate amount of ESF+ resources to this area.

([14]) See Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union here.

([15]) See Council Recommendation of 12 June 2023 on strengthening social dialogue in the European Union (europa.eu) here.

# 6. CONCLUSIONS

**Social and economic convergence is a long-standing objective of the EU, drawing on the goal of economic prosperity and social progress for all citizens.** Since the 1950s, socio-economic convergence is a major objective of EU cohesion policy, gaining importance during the EU enlargements in 2004 and the 2008 financial crisis, which had disproportionate impacts on certain Member States, regions and population groups. Accordingly, the notion of upward social convergence (i.e., a change in social outcomes towards a desirable policy target accompanied by reduced disparities within the Union) was placed at the heart of the European Pillar of Social Rights. The 2021 action plan to implement the pillar directly links the targets and actions needed to implement the Pillar's principles to 'fostering 'upward convergence and well-being' in the EU.

**Labour market outcomes have contributed to upward convergence across the EU in the latter half of the period covered by this report (2007-2022).** The post-2014 period saw sustained improvements in employment, (youth) unemployment and NEET rates, accompanied by reduced cross-country disparities and catching-up of worse performing labour markets with better performing ones. These developments gradually erased the negative labour market impacts of the 2008 financial crisis. There were also gradual improvements in skill supply (measured by tertiary education attainment and adult learning participation) at EU level between 2007 and 2022, but these did not translate into sustained reductions in disparities between countries.

**Positive labour market developments are often associated with upward convergence in living standards.** Both GDP and real GDHI per capita have increased since 2007 at EU level, although this translated into reduced disparities across countries only in terms of household income. The prevalence of poverty risks, social exclusion, or housing cost overburden have declined since 2007, as have the differences in national prevalence rates. For each of these outcomes, poorly performing countries saw larger improvements, on average, than better performers, leading to a catching-up effect across the Member States.

**Converging outcomes at EU level do not always lead to regional convergence within Member States.** Tertiary education attainment diverged in almost all countries between 2007 and 2022 because of sharper increases in capital regions than in rural or peripheral regions. This contributed to talent development traps in regions with persistently low shares of university and higher-education graduates. Developments in labour market outcomes varied by Member State, converging in some but diverging in others. In-depth analysis of income data within several Member States shows that regional median incomes increased in all of these countries, but regional income disparities fell only in about half. Regional GDP per capita diverged within most Member States, reflecting a similar trend at EU level.

**Gender gaps in employment and pay are narrowing and converging, but the pace of progress has slowed.** Further progress in achieving gender equality is impeded by persistent gender segregation of the EU labour market and by different career trajectories of parents. Member States have made little progress in reducing gender segregation in their labour markets over the last decade. Women remain more

involved than men in housework and unpaid caregiving, with limited improvements at EU level and few signs of convergence across Member States. Such inequalities stem form entrenched stereotypes that foster gender differences in involvement in paid and unpaid work and contribute significantly to existing gender employment and pay gaps.

**Progress towards gender equality is bolstered by increasingly positive attitudes towards women's paid work.** The majority of the EU population believes that children are not negatively affected by mothers working and that women are not primarily interested in housework and taking care of children rather than paid work, which were still minority opinions in 1990. However, less than half of the EU population considers sharing household chores important and women are often regarded as the primary providers of unpaid care work. The prevalence of beliefs supporting gender equality in the world of work varies considerably across countries and population groups and these disparities have persisted over time.