

Forging a Productive and Child-Friendly Society

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Summary

Developing effective policies that lead to productive and child-friendly societies requires an understanding of how various factors such as health, socio-economic background and education influence individuals' lives from birth. Recognising that challenges such as delayed transitions to stable employment, housing and family life are interlinked allows policymakers to design interventions that address root causes and provide sustainable support. For example, access to affordable childcare leads to better child development, while also improving parents' likelihood of being employed and enhancing their work–life balance. It can also alleviate long-term socio-economic disadvantages for all. By considering these interconnected factors, policymakers can create a comprehensive framework that supports individuals and their families at every stage of their lives, fostering resilient and equitable societies.

Keywords Independence – Housing – Employment – Education – Entrepreneurship – Equality – Well-being

Introduction

Taking a life-course perspective, this contribution provides insights into the latest evidence on concrete policies that contribute to achieving productive and child-friendly societies. It focuses on three main recommendations: (1) young people should have stable, productive and independent lives at an early age; (2) governments should provide public services and infrastructure to enable the working-age population to thrive; and (3) authorities should invest in human capital from preschool age onwards.

Ensuring young people have a stable, productive and independent life at an early age

In general, young people today are taking longer than previous generations to leave home, find stable employment, live with a partner and possibly have children. This is a multidimensional issue with multiple interrelated causes, such as educational attainment, migration background, labour market integration, access to housing¹ and psychological independence.²

Promoting independence in young adulthood is a challenge for most European countries to varying degrees, and an urgent necessity in the context of labour and skills shortages. Despite significant reductions in unemployment rates and the percentage of young people not in employment, education or training over the past decade, many jobs remain poorly paid, while the cost of living remains high. This combination makes it difficult for young people to achieve a decent and stable life.

Access to housing is particularly challenging today and is associated with a higher likelihood of young people feeling excluded from society.³ Young people see access to housing as an important step towards autonomy, security and stability, and as a means of socialisation.⁴ Research also suggests that while living with parents

¹ A. F. Castro Torres and C. R. Ramos, 'Social Classes and Transition to Adulthood in Spain', *Perspectives Demographiques* 34 (2024).

² A. Berrington et al., *Becoming an Adult in Europe. It's Time to Provide More Cross-Sectorial Support to Young People*, Population Europe, Population & Policy Compact 13 (Berlin, 2017).

³ Eurofound, *Becoming Adults: Young People in a Post-Pandemic World* (Luxembourg, 2024).

⁴ M. Pape, *Social and Youth Housing in the EU*, European Parliamentary Research Service, Briefing PE 757.653 (February 2024).

for a short period of time can be helpful in terms of saving money and promoting career development, it can also be as detrimental to future employment prospects as being long-term unemployed.⁵

In addition, transitions to housing independence are becoming increasingly non-linear. Once young adults leave the parental home, they are more likely to return during young adulthood than they were in the past, a phenomenon known as boomerang children.⁶ Economic and mental health issues are the main reasons for this trend.

Therefore, creating stable and sustainable policies and subsidies to promote housing independence among young people should be a priority for European countries. Social housing and social rent programmes for young people are most often organised by regional governments and municipalities, but these programmes can receive funds from the EU.⁷ It is important (1) to promote more dialogue on the issue between EU institutions, national and local government bodies; (2) that the duration of any benefit provided is stable and long enough to avoid homelessness or a return to the parental home; and (3) that the age groups covered by any benefit reflect the realities of different countries. According to the latest available data from Eurostat, the average age of leaving the parental home in the EU ranges from 31.8 years in Croatia to 21.3 years in Finland.

Achieving financial independence is crucial for young people to lead stable, productive and independent lives from an early age. The labour market remains largely insecure for the younger generation.⁸ Younger workers are more likely to be employed on non-standard, flexible contracts than in permanent, open-ended employment relationships.⁹ It is important to incentivise employers to value and attract more young people by offering attractive salaries and job stability, flexible working conditions and a work–life balance.

There is strong evidence to support these recommendations. For example, the results of a survey of around one million students and young professionals conducted each year by Universum Communications Sweden AB and summarised in its *World's Most Attractive Employers* reports,¹⁰ found that attributes such as work–life balance and flexible working conditions have become significantly more important to young professionals, particularly in fields such as engineering and information technology. It is not just about job characteristics but about what individuals consider to be a good life.¹¹

The promotion of hybrid and flexible forms of employment and entrepreneurship should be pursued, but without compromising job stability and security. Studies examining the consequences of working from home during and after the Covid-19 pandemic tend to suggest negative outcomes for workers if the well-being and career progression of individuals are not considered.

For example, Kasperska et al.¹² found that employees working from home were less likely to receive promotions, pay increases or access to training opportunities than those working in the office. Interestingly, they found that these disadvantages were particularly true for men and women without children, but not for mothers. A survey among human resources managers and employees conducted by Eurofound in 2023 found that those

⁵ A. Saydam and K. Raley, 'Slow to Launch: Young Men's Parental Coresidence and Employment Outcomes', *Journal of Marriage and Family* 86/4 (2024).

⁶ J. Stone, A. Berrington and J. Falkingham, 'Gender, Turning Points and Boomerangs: Returning Home in Young Adulthood in Great Britain', *Demography* 51/1 (2013).

⁷ Pape, *Social and Youth Housing in the EU*.

⁸ Eurofound, *Becoming Adults*.

⁹ L. Rouvroye et al., 'Employers' Views on Flexible Employment Contracts for Younger Workers: Benefits, Downsides and Societal Outlook', *Economic and Industrial Democracy* 43/4 (2022).

¹⁰ Universum, *World's Most Attractive Employers: Top Trends and Aspirations for 2024*.

¹¹ J. Erola, M. C. Mills and H. Solga, *Beyond Education and Training – How Can We Adapt to Future Needs of Local Labour Markets?*, Population Europe, Population & Policy Brief 42 (Berlin, 2023).

¹² A. Kasperska, A. Matysiak and E. Cukrowska-Torzewska, 'Managerial (Dis)Preferences Towards Employees Working From Home: Post-Pandemic Experimental Evidence', *PLOS ONE* 19/5 (2024).

who regularly work from home tend to work longer hours than required by their employment contract.¹³ In addition, working from home in isolation is a risk factor for young people’s mental health. Supporting young workers to prevent stress, isolation and anxiety is important in this context.¹⁴

In terms of entrepreneurship, young adults are much less likely to be self-employed than adults overall. According to a joint publication by the OECD and the European Commission, there are many reasons for this, including a lack of or limited skills, financial resources and credit history; experience in the labour market to start a business, and access to business networks. More public support is needed to increase the number of young people who want to start their own successful business in Europe, particularly in terms of access to finance, training and mentoring opportunities.¹⁵ Greater simplification of procedures and guidance on how to start and develop a business could also increase young people’s participation in entrepreneurship.

Providing public services and infrastructure for the working-age population to thrive

The impact of having children on adults’ careers—also known as the child penalty—has been extensively studied in recent decades. There is clear evidence that, in most countries, men and women tend to have similar career trajectories before parenthood, but these change significantly after they become parents.¹⁶ Mothers also tend to be paid less than childless women, which is known as the motherhood wage gap or motherhood wage penalty. In Europe, the pay gap is smallest in the Nordic countries, Belgium and France, due to public policies promoting gender equality and work–life balance; it is largest in Central and Eastern European and Anglo-Saxon countries.¹⁷

A recent study suggests that family policies should be seen as life-course policies: without them, mothers’ poverty risks increase over time. Leave policies, childcare policies and child-benefit policies play different roles at different stages of the life course, and all are necessary to promote positive outcomes for children and their working-age parents.¹⁸

Governments and businesses are already well aware of labour shortages, a situation that is set to worsen as the baby-boomer generation begins to retire. Ensuring that having children does not disadvantage women in their careers is important not only from a gender-equality perspective, but also to ensure Europe’s competitiveness and a strong and sufficient labour force. There is a large gap between the hours women say they want to work and the reality of the labour market. Both governments and employers need to make it easier for women to participate in the labour force and to work as many hours as they want. To this end, tax incentives (and the removal of tax disincentives) are crucial. In Germany, for example, current tax rules mean that working more is not always financially worthwhile for many women.¹⁹

In addition, promoting the use of parental leave by fathers and a generally greater involvement of men in care and family life is essential to support women’s working lives. For example, an interesting study using longitudinal data from the Millennium Cohort Study in the UK shows that fathers’ involvement in childcare

¹³ Eurofound, *Right to Disconnect: Implementation and Impact at Company Level* (Luxembourg, 2023).

¹⁴ D. Vono de Vilhena et al., *Towards a Brighter Future for Younger People: Lessons Learned From the Berlin Demography Days 2022*, Population Europe, Population & Policy Brief no. 36 (Berlin, 2022).

¹⁵ OECD and European Commission, *Policy Brief on Recent Developments in Youth Entrepreneurship*, OECD SME and Entrepreneurship Papers, no. 19 (Paris, 2020).

¹⁶ H. Kleven, C. Landais and G. Leite-Mariante, *The Child Penalty Atlas*, National Bureau of Economic Research, Working Paper no. 31649 (2023).

¹⁷ E. Cukrowska-Torzewska and A. Matysiak, ‘The Motherhood Wage Penalty: A Meta-Analysis’, *Social Science Research* 88–9 (2020).

¹⁸ H. Zagel and W. Van Lancker, ‘Family Policies’ Long-Term Effects on Poverty: A Comparative Analysis of Single and Partnered Mothers’, *Journal of European Social Policy* 32/2 (2022).

¹⁹ M. Fratzscher, ‘Frauen brauchen endlich bessere Rahmenbedingungen’, *DIW Berlin*, 19 July 2024.

has a positive impact on mothers' return to work both at nine months and at three years after childbirth. In some cases, this involvement is more influential than the mother's occupational class or the number of hours that the father works.²⁰ In terms of concrete policies, one of the most effective options for maintaining and/or increasing mothers' participation in paid work seems to be the introduction of non-transferable paternity leave policies.²¹

Universal child benefits are another tool that can be used to support the working-age population. Their provision is considered a 'foundational policy for child and social development' and their impact on providing economic stability to families, supporting child development and reducing child poverty has been well documented.²² They involve the provision of universal child or family allowances on a regular basis, as a cash or tax transfer, to the primary carer for dependent children for at least 10 years.²³

Finally, health and well-being matter. Investment in healthcare and access to housing are important ways of ensuring the productivity of working-age citizens. Europe is facing the ageing of its population, and voices in the European Commission are already calling for a positive approach to demographic change. Embracing the concept of 'longevity societies' invites us to reap the benefits of longer lives by changing the way we age. Specifically, it means shifting our health focus to delaying the negative effects of ageing,²⁴ which means investing in preventative health systems.

With regard to housing, studies show that adequate housing is not only fundamental for social justice, but also essential for most people for a variety of reasons, from preventing health problems related to poor living conditions, such as infectious, respiratory or chronic diseases and mental health conditions,²⁵ to taking major further steps in life, such as having a first child.²⁶

Increasing and improving human capital investment in children and adolescents

Disparities in learning and achievement are often established before children begin formal schooling, and are strongly associated with children's socio-economic status. These early inequalities tend to persist if not properly addressed and are difficult to overcome throughout an individual's educational pathway.²⁷ Increasing the supply of and facilitating access to high-quality preschool education is a recommendation often mentioned in European policy frameworks, such as the European Pillar of Social Rights and the European Child Guarantee, and many member states are currently investing in this area.

It is also important to note that the availability of preschool education is key to allowing mothers to re-enter the labour market. For example, a report by the European Commission's Joint Research Centre²⁸ suggests

²⁰ J. B. Henry et al., 'Fatherhood Matters: An Integrative Review of Fatherhood Intervention Research', *The Journal of School Nursing* 36/1 (2020).

²¹ G. Eydal and T. Rostgaard, 'Childcare by Fathers in the Context of Active Father-Oriented Policies', in M. Daly et al. (eds.), *The International Handbook of Family Policy: A Life Course Perspective* (Oxford: Oxford University Press, 2022); A. Dunatchik and B. Özcan, 'Reducing Mommy Penalties With Daddy Quotas', *Journal of European Social Policy* 31/2 (2021).

²² ILO, UNICEF and Learning for Well-Being Institute, *The Promise of Universal Child Benefits: The Foundational Policy for Development* (Geneva, 2024), 1.

²³ Overseas Development Institute and UNICEF, *Universal Child Benefits: Policy Issues and Options* (London, 2020).

²⁴ A. J. Scott, 'The Longevity Society', *The Lancet Healthy Longevity* 2/12 (2021).

²⁵ J. Krieger and D. L. Higgins, 'Housing and Health: Time Again for Public Health Action', *American Journal of Public Health* 92/5 (2022); WHO, *WHO Housing and Health Guidelines* (Geneva, 2019).

²⁶ M. Bujard and M. Scheller, 'Impact of Regional Factors on Cohort Fertility: New Estimations at the District Level in Germany', *Comparative Population Studies*, 42 (2017); L. Mencarini, *Is It All About Happiness? The Latest Evidence on Wellbeing and Childbearing Decisions in Europe*, Population Europe, Population & Policy Compact 22 (Berlin, 2019).

²⁷ L. Panico and L. Washbrook, *What Will Narrow Inequalities in Child Development Before School Entry?*, Population Europe, Policy Brief no. 38 (Berlin, 2022).

²⁸ E. Narazani et al., *The Impact of Alternative Childcare Policies on Mothers' Employment for Selected EU Countries*, European Commission Joint Research Centre Working Papers on Taxation and Structural Reforms no. 08/2022 (Seville, 2022).

that increasing the coverage of early childhood education and care to 50% for children under three could significantly increase the female labour supply. The study estimates that this change would lead to an increase in the labour supply ranging from 2% in Portugal to 32% in Hungary.

Although early childhood education and care generally benefits children’s long-term learning outcomes, very recent research looking at the Nordic countries has found that it does not compensate for the performance of children with a low socio-economic status.²⁹ According to the European Commission’s *Education and Training Monitor 2022 Comparative Report*, ‘young people from disadvantaged socio-economic backgrounds are almost six times more likely to underachieve at age 15 than those from advantaged socioeconomic backgrounds, suggesting a strong intergenerational transmission of educational disadvantage’.³⁰ This implies that tackling disparities in school performance should not only be better addressed in the early years, but should continue throughout primary and secondary education.

In addition, raising the minimum age of school-leaving to when pupils earn a secondary degree is a necessary step to reduce the share of early leavers from education and training. The EU target is to reduce the number of early school leavers in Europe to below 9% by 2030,³¹ which many member states have already achieved; however, 11 countries are still lagging behind according to the latest Eurostat data.³²

The teaching of social and emotional skills in schools should also be promoted because of its positive impact on children in the short and long term. A study by Sorrenti et al.³³ examined the causal impact of socio-emotional skills training implemented in a number of schools in Switzerland in 2005 on the educational attainment of the children exposed to the training. This intervention, the Promotion of Alternative Thinking Strategies, consisted of weekly lessons and homework that were added to the curriculum in primary schools.

The results indicated, for example, that four years after taking part in the intervention, children were 4.4 percentage points more likely to be enrolled in academic secondary school (*Gymnasium*). As these children grew older, the researchers found that the positive effects of participating in this socio-emotional training continued: they were 7.1 percentage points more likely to complete academic secondary school than those who did not participate in the intervention. Finally, 15 years after taking part in the intervention, individuals were 6.5 percentage points more likely to be attending or have completed university.

Finally, it is important to emphasise the need to design policies that do not penalise under-resourced pupils and at the same time allow mothers to work full-time. This includes insisting on full-time schooling, providing affordable school meals, offering help with homework, organising extracurricular activities during school hours and reducing the length of school holidays.

²⁹ M. Laaninen, N. Kulic and J. Erola, ‘Age of Entry Into Early Childhood Education and Care, Literacy and Reduction of Educational Inequality in Nordic Countries’, *European Societies* 1–30 (2024).

³⁰ European Commission, Directorate-General for Education, Youth, Sport and Culture, *Education and Training Monitor 2022 Comparative Report* (Luxembourg, 2022), 4.

³¹ A. Bertolotti, *Forecasting Progress Towards the EU-Level Targets of the European Education Area* (Luxembourg, 2023).

³² Eurostat, ‘Early Leavers From Education and Training’ (May 2024).

³³ G. Sorrenti et al., ‘The Causal Impact of Socio-Emotional Skills Training on Educational Success’, *The Review of Economic Studies* (2024).

	Programme 1	Programme 2	Programme 3
	Ensuring young people have a stable, productive and independent life at an early age	Providing public services and infrastructure for the working-age population to thrive	Increasing and improving human capital investment in children and adolescents
Project 1	Create stable and sustainable policies and subsidies to promote residential independence among young people.	Ensure that childbearing does not penalise women in the labour market. To this end, regulations are needed that promote work–life balance, the use of parental leave by fathers, and the greater involvement of men in care and family life.	Increase the supply of and facilitate access to high-quality preschool education. This can be done for example, by incentivising companies to build nurseries; increasing the number of hours children are allowed to attend formal childcare; and ensuring an adequate number of teachers, up-to-date pedagogical practices and appropriate age-specific settings.
Project 2	Incentivise companies to attract more young people by offering attractive salaries, flexible working conditions and a work–life balance.	Expand universal child benefits and additional financial support to ensure adequate family income.	Disparities in school performance at the primary and secondary levels should be tackled by supporting under-resourced pupils and disadvantaged schools. Raise the minimum age for school-leaving to when pupils earn a secondary degree. Moreover, social and emotional learning should be also promoted.
Project 3	Encourage hybrid and flexible forms of employment and entrepreneurship without compromising on job stability and security.	Invest in healthcare and access to housing to ensure the well-being and productivity of the population.	Design policies that do not penalise under-resourced pupils and at the same time allow mothers to pursue full-time work. This includes insisting on full-time schooling, offering affordable school meals, providing help with homework, organising extra-curricular activities within school hours and reducing the length of school holidays.

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