Working conditions in the European Union: Employment security and employability

Executive summary

Introduction

The fourth European Working Conditions Survey (EWCS) conducted in 2005 by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) addresses topics that figure high on the European Union’s employment policy agenda. The overall aim of the EWCS is to provide an overview of the state of working conditions throughout Europe, and an indication of the extent and type of changes affecting the workforce and the quality of work. Following the 2005 survey, Eurofound carried out further in-depth analysis of its findings on key themes relating to working conditions in the EU. One of the themes explored was employment security and employability (flexicurity) and its far-reaching implications for society and the labour market as a whole. The research used four indicators to examine flexicurity: objective job insecurity, subjective job insecurity, employability, and vulnerability. This leaflet summarises the main challenges posed by flexicurity and presents a snapshot of the main results of the research.

Key findings

Job insecurity

Individual objective job insecurity decreases as the level of education and age increase, with no difference between men and women in this respect. However, it is important to note that the EWCS covers working individuals only: the women who participated in the survey are selected because they are economically active and are more capable of taking on jobs with respect to abilities valued by the labour market than the average woman in the population.

Subjective job insecurity was measured by asking workers directly about their perceptions of the stability of their current employment relationship. While there were no differences by gender in the level of the subjective job insecurity indicator, it was shown to decrease with increasing education, with age and with greater income.

Employability

On-the-job employability increases with workers’ level of education and job tenure up to about 20 years, then it declines. Hence, better educated individuals accumulate a higher level of employability in the workplace. However, the level of employability that an individual is able to accumulate in the workplace decreases when the level of experience rises and when tenure crosses the 20-year threshold. In other words, what a worker can learn on the job reaches a maximum after spending a significantly long period of time working within the same company.

In general, average employability is lower for female workers. While the ‘formal training’ element of employability is higher for women, the other two factors – learning and task rotation – are higher for men. Both factors decrease with age, while learning is highest among workers aged 30–49 years.

Policy context

In the current European debate on labour market and employment policies, the concept of flexicurity – generally perceived as a balance between the flexibility and security needs of employers and employees – has moved centre-stage. The novelty of the flexicurity approach is the juxtaposition of two such apparently contrary targets. The flexicurity model aims to overcome the simple trade-off between flexibility and security through the adoption of measures that take into account these two objectives at the same time.

The flexibility strategy needs to take into account the different legal and institutional frameworks, as well as the political and industrial relations systems, which characterise each country. Flexicurity may be considered as an incremental policy learning strategy, where national and local stakeholders experiment step by step with different policy measures in terms of their impacts. For this purpose, it is important to look at employers’ flexibility needs, on the one hand, and the rights of workers to decent work and a guarantee of employability, on the other. Several components of flexicurity have already been implemented in many EU countries.
Vulnerability

About 60% of the individuals surveyed scored ‘zero’ in the rating for vulnerability (defined as the potential inability of people to withstand income losses associated with particular events, such as job loss, sickness, workplace injuries, occupational diseases or even maternity). Several shortcomings hinder the vulnerability indicator – the most vulnerable persons are also the most difficult persons to involve in a survey, even in a very accurate one. Some evidence reveals a sample selection of respondents towards less vulnerable individuals: this causes a downward bias in relation to the average vulnerability measured as part of the EWCS.

However, the indicator displays reasonable patterns by country and by individual characteristics. A trade-off between the share of vulnerable people and the extent to which they are vulnerable seems to emerge at the country level. As expected, low-educated individuals appear to be the most vulnerable group in this respect.

Overall, the research shows a possible clustering of ‘negative’ features for the same individual – high job insecurity and vulnerability, low employability. For example, jobs that score high in terms of the objective job insecurity indicator are also jobs that score poorly in terms of employability. This clustering of negative features is stronger for women and young workers.

Employment contract

Workers on fixed-term employment contracts or those with no contract tend to report lower levels of job satisfaction compared with workers holding an open-ended or indefinite employment contract. Self-employed and temporary agency workers report, on average, the same level of job satisfaction as permanent workers.

Somewhat surprisingly, workers who do not have an employment contract and those in temporary agency jobs report less health problems than workers on indefinite employment contracts. One explanation could be the ‘lower work attachment’: high turnover and short periods of work reduce the temporal exposure and the perception of health risks associated with a specific job. On the other hand, with regard to health, it should not be forgotten that the time factor is a key element: health problems can develop later, after the job contract is over. Another possible explanation may be that these workers are younger and therefore tend to be less subject to health problems.

Gender discrimination

Finally, the study examines gender discrimination in the labour market in terms of employability and wages. The research finds that employability is lower for female workers. In relation to the elements that contribute to creating the employability gap, the findings show that while women accumulate less employability in terms of learning and task rotation, no such difference can be observed in relation to access to training between men and women.

It is also apparent that gender wage discrimination emerges in the data: women are mainly concentrated in the lower part of the wage distribution, while their male counterparts are mainly concentrated in the upper part. The research considers whether these differences are due to the different types of jobs held by men and women. However, wage discrimination is still evident even after taking into account observable differences in individual and job characteristics.

Conclusions

The findings reveal a remarkable variability across countries in terms of legal, institutional and political frameworks and highlight national differences regarding the indicators that have been taken into consideration in promoting flexicurity: job insecurity, employability and vulnerability. This means that Member States have not only to begin addressing these issues from different points, but they must also address different problems associated with these factors.

Temporary employment contracts are seen to have two potentially opposite effects. On the one hand, higher flexibility – lower hiring and firing costs – can generate more suitable matches between companies and workers and thus higher efficiency in the economy. On the other hand, a higher staff turnover decreases the incentive to invest in human capital, both from the company’s and the worker’s point of view, thereby decreasing productivity. The analysis shows a negative correlation between objective job insecurity and employability: higher insecurity is linked to lower employability. On the other hand, lifelong learning participation rates are positively related to employability: on-the-job employability is higher in countries where participation in lifelong learning programmes is higher.

The opportunity to reconcile working time with family duties and recreational or social activities has positive implications for the care of children, as well as for encouraging entry into the labour market and enabling people to remain at work. However, the research shows that, when objective job insecurity is high, it is also more difficult to reconcile work and private life, as measured by the combination insecurity factor.

Finally, it is important to remember that building trust is a pre-requisite as well as a by-product of successful flexicurity approaches. As this analysis has shown, some countries display a high level of perceived job insecurity. Such a feeling of insecurity is often associated with a widespread dissatisfaction with the society in which one lives and with democracy. Where these negative expectations are dominant, they could seriously undermine the trust of people in future years and therefore their willingness to accept any kind of reform measures.

Further information


The fourth European Working Conditions Survey report and secondary analysis of survey data are available on the European Working Conditions Observatory website: http://www.eurofound.europa.eu/ewco/surveys/

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