Session 1: Employment and working conditions

Converging economies, diverging societies? Upward convergence in the EU

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Background

The Treaty on the Functioning of the European Union declares that the EU and Member States ‘shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained’. The Member States have agreed to closely coordinate policies that lead towards this goal. In line with this, the European employment strategy (EES) establishes a set of common objectives and targets for employment policy, the aim being the creation of more and better jobs throughout the EU as set out in the Europe 2020 strategy.

This paper provides brief background information on a number of topics foreseen for discussion in Session 1 ‘Employment and working conditions’: employment and unemployment rates; physical risks in the workplace; working time quality; and skills and discretion. Data derive from Eurostat and Eurofound’s European Working Conditions Survey.

Relevant data on employment and working conditions

In 2015, employment rates in the EU reached 70% for the first time since 2008; most Member States showed improvements in 2016 as well. But the labour market impact of the recession still lingers to varying degrees among the Member States and some social groups. Unemployment rates differ widely: in August 2017, Germany’s seasonally adjusted unemployment rate stood at 3.6% compared with Greece’s 21.2%. As Figures A1 to A4 in the Annex show, the upward convergence up to 2008 that was observed for the employment and unemployment rates reversed during the crisis, because the impact of the recession on labour markets was very different between Member States. Since 2013, the upturn has led to renewed convergence of employment rates, but despite a decline in EU averages, no such convergence can yet be seen for the unemployment rate.

Better jobs are defined not only by the quality of the contractual relationship. The quality of the job itself, in its various dimensions, also permits a differentiation between ‘good’ and ‘bad’ jobs. As Figures A5 to A11 show, there is no overall trend for upward convergence towards better job quality in the EU. The clearest positive development, in terms of overall improvement among Member States with less favourable conditions, is working time quality – an area more subject to formal policies and collective bargaining at the local, national and European level. Even for physical risks (the dimension of job quality most tightly regulated through European-level legislation), some Member States show worsening results, with scores already below the EU average. With regard to skills and discretion, a dimension largely influenced by company-level policies, most countries did not see much change over the past decade; however, some countries show pronounced upward trends – among them Spain and Ireland – while others are characterised by downward developments.

It is widely believed that the world of work will undergo profound changes in the coming decade. The challenges of environmental sustainability, demographic ageing and globalisation have been apparent for some time. More recently, digitalisation is increasingly seen as a major driver of possible future developments in the world of work. There are many ways in which digitalisation may impact both positively and negatively on employment and on working conditions. It is widely believed, however, that benefits are likely to be unequally distributed among groups of workers, leading to inequalities with regard to employment opportunities and quality of jobs within and between Member States.

Job quality: Physical environment

The physical environment index comprises indicators related to specific physical hazards including biological and chemical risks, ambient risks and posture-related risks.1

There are no clear overall trends in convergence or divergence, but country clusters do display some discernible trends (Figure A5 in the Annex). Some have on average high levels but went down over the period 2005–2015 (Denmark, Austria and Luxembourg) or grew below-average (Germany, Belgium). Some had high averages and still grew beyond average (Netherlands, UK, Ireland, Czech Republic); another group had low averages and still decreased (Lithuania, Slovenia, France and Poland) and some had low averages overall but developed better than the average (Portugal, Spain, Malta, Greece, Cyprus, Finland, Bulgaria, Hungary, Romania, Slovakia).

Job quality: Working time quality

The working time quality index comprises four elements: duration (long vs short hours), atypical working time (weekend, shift and night work), working time arrangements (who sets these arrangements and how much advance notice workers have of changes) and working time flexibility (possibility to take an hour off for personal matters; working in free time to meet work demands).

1 The job quality indices were constructed in the analysis of data from Eurofound’s sixth European Working Conditions Survey, conducted in 2015.
Broadly, countries fall into one of three groups: those that have seen broadly positive developments over a 15-year period (eight countries), those that have seen a slightly negative development (six countries), and those in which there has been no change (14 countries). See Figures A6–A8 in the Annex.

**Job quality: Skills and discretion**

The skills and discretion index measures the skills required in the job. It also studies the opportunities workers may have to understand and influence the way work is performed, as well as the possibilities available to develop their job-related skills through formal or on-the-job training.

On average in the EU there has been a small positive development with more pronounced upward trends in some countries (Belgium, Estonia, France, Ireland, Spain, Slovenia, Lithuania, Luxembourg, UK – Figure A9). In others, there have been downward developments (Hungary, Cyprus, Greece, Latvia, Portugal, Sweden – Figure A10) while the third group demonstrates no change (Austria, Bulgaria, Finland, Denmark, Germany, Lithuania, Romania, Malta – Figure A11).

**Annex: Figures**

**Figure A1: Coefficient of variation of the employment rates for euro zone and EU, 2005–2016**

![Graph showing coefficient of variation of employment rates](image)

**Note:** Figures are for the population aged 20–64 years.

**Source:** Eurofound calculations based on Eurostat data
Figure A2: Employment rates for euro zone and EU, 2005–2016 (unweighted averages)

Note: Figures are for the population aged 20–64 years. 
Source: Eurofound calculations based on Eurostat data

Figure A3 Coefficient of variation of unemployment rates for euro zone and EU, 2005–2016

Note: Figures are for the percentage of the active population aged 15–74. 
Source: Eurofound calculations based on Eurostat data
Figure A4: Unemployment rates for euro zone and EU, 2005–2016 (unweighted averages)

Note: Figures are for percentages of the active population aged 15–74.
Source: Eurofound calculations based on Eurostat data

Figure A5: Physical environment index: development, 2000–2015

Note: Since the figure compares developments from 2000 to 2015, Croatia (which joined the EU in 2013), is not included.
Source: European Working Conditions Survey
Figure A6: Working time quality – positive developments, 2005–2015

Figure A7: Working time quality – negative developments, 2005–2015

Source: European Working Conditions Survey
Figure A8: Working time quality – no change, 2005–2015

Source: European Working Conditions Survey

Figure A9: Skills and discretion – positive developments, 2005–2015

Source: European Working Conditions Survey
Figure A10: Skills and discretion – negative developments, 2005–2015

Source: European Working Conditions Survey

Figure A11: Skills and discretion – no change, 2005–2015

Source: European Working Conditions Survey
Some key questions

- What are the main issues preventing labour markets in Member States from becoming better functioning and more inclusive?
- What EU frameworks can facilitate labour market reform that guarantees employment security and economic flexibility?
- What are the most efficient tools for achieving upward convergence in job quality, especially in dimensions that are largely the prerogative of companies (such as skills and discretion or the social environment in the workplace)? What is the responsibility of different actors at different levels, including the social partners? Is the framework agreement on active ageing signed by the EU-level social partners in March 2017 an example to build on?
- What aspects of the ongoing changes in the world of work will require radically new types and greater intensity of intervention at EU and Member State level?
- How can the European Pillar of Social Rights contribute to the issues identified in the discussion? Can the proposal to decouple social protection from type of employment solve the problems associated with non-standard employment?
- How well do the indicators in the social scoreboard of the proposed Social Pillar measure the relevant aspects of employment and working conditions? What other indicators should be proposed?