

Eurofound
yearbook 2014
**Living and working
in Europe**

2014



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Eurofound (2015), *Eurofound yearbook 2014: Living and working in Europe*, Publications Office of the European Union, Luxembourg.

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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.

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Telephone (+353 1) 204 31 00

Email: information@eurofound.europa.eu

Web: www.eurofound.europa.eu

Luxembourg: Publications Office of the European Union, 2015

ISBN 978-92-897-1369-6

ISSN 2363-0302

doi: 10.2806/182404

Printed in Luxembourg

Explanation of country codes

EU12 – the 12 Member States that joined between 2004 and 2007: Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

EU15 – the 15 Member States prior to the accession of 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom (UK).

Foreword

Eurofound's work in 2014 reflected the concerns of a region still grappling with the consequences of the economic crisis. Europe's economy grew modestly and unemployment edged downwards over the course of the year, evidence that the worst of the crisis had passed. Nevertheless, the failure of the recovery to gain momentum dampened confidence, and the social and economic disparities between Member States showed little sign of narrowing.

The process of electing a new European Parliament served to reveal the extent of European citizens' disillusion with their own governments and the EU institutions. Economic underperformance and its social fallout are unravelling the relationship between citizens and the EU, allowing anti-European movements to enter the breach and gain a stronger political foothold. New European Commission President Jean-Claude Juncker acknowledged the possibility of irreparable damage to citizens' support for the EU when, addressing the European Parliament, he described his new executive as a 'last-chance Commission' and set it the task of winning back citizens' trust. His stated number one aim is to return Europe to growth and to get people back to work.

Eurofound in 2014 expanded its evidence base on the repercussions of the crisis on the living and working conditions of Europeans, and offered guidance on viable options available to policymakers in their efforts to turn Europe around.

The Agency produced new knowledge in some of the areas of most immediate concern to Europeans and in fields crucial to their long-term prosperity. Its reporting of recent employment trends highlighted where in the economy most job creation and job loss has occurred and suggested where investment in future growth is best directed.

Extreme levels of youth unemployment continue to cause disquiet among the public and policymakers alike. Eurofound took a detailed look at young people's path from school into work to provide a better understanding of the dynamics of the transition and to offer insights on where interventions could be made to improve their success.

The disproportionate impact of the crisis on society's more disadvantaged populations is a message that rang clearly from Eurofound's work on quality of life.

Research centred on families with children drew attention to the greater challenges faced by lone-parent and jobless families.

Eurofound continued to pursue the theme of quality of work and to determine the working conditions that can best develop a skilled and capable workforce, drawn from all parts of society, one that can perform in a post-industrial and global economy and contribute to delivering Europe's economic objectives. Eurofound's collaboration with sister agency EU-OSHA highlighted the extent of psychosocial risk at work, how psychosocial factors harm workers and business, and how best to tackle them.

Through the concept of sustainable work, Eurofound links the theme of quality of work to that of demographic ageing and the societal need for more people to be in work and to work for longer over the life course. This is a research area that cuts across many aspects of the Agency's work, and within the compass of this theme, we examined approaches to keeping older people and people with chronic illness in work.

Social dialogue is a key structure for improving working conditions, but social partnership has been dealt a blow by the crisis. Eurofound focused its industrial relations coverage on recording developments in the social partner landscape in the context of economic crisis while at the same time organising and hosting conferences to explore the role of social dialogue in the Europe of the future, these activities forming a solid groundwork for the re-launch of social dialogue at EU level in 2015.

This body of work paints a dynamic picture of living and working in Europe in 2014. It helps to define and address some of Europe's most critical questions and will be a significant input to support the work of policymakers as they make a new start.

Juan Menéndez-Valdés

Director
Eurofound

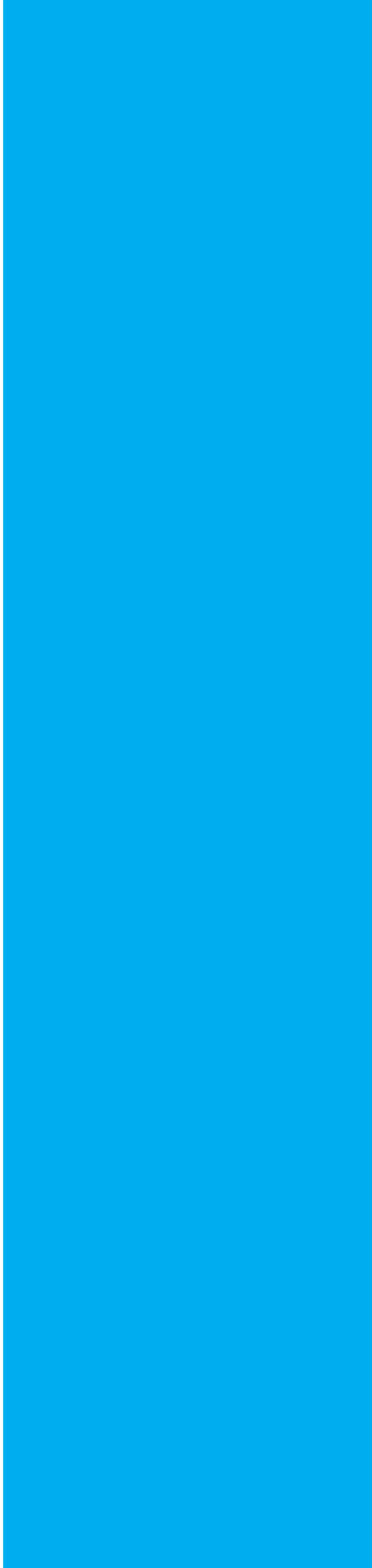
Erika Mezger

Deputy Director
Eurofound



Living and working in Europe 2014

Foreword	3
1 Employment in Europe 2014	7
Slow road to recovery	8
A fitter or a lesser public sector?	14
Worker mobility picks up	18
Tackling the exclusion of young people	23
Sources	31
2 Win–win work practices	33
Better workplaces for better business	34
Practices leading to win–win outcomes	37
Five types of establishments	41
Source	43
3 Working towards sustainable work	45
Measuring job quality	47
Least favourable sectors and occupations	48
Psychosocial risks at work	54
Social dialogue under fire	57
Sources	62
4 Quality of life, citizens and public services	65
New barriers to healthcare	66
Spotlight on older people	69
Fate of families in the crisis	72
Sources	75
5 Eurofound’s key messages	77



Employment in Europe 2014

Unemployment is inching downwards in the European Union: figures from the EU Labour Force Survey (EU-LFS) show that it had dipped just below 10% by the end of 2014. The performance of individual Member State labour markets, however, continued to vary wildly: Austria and Germany recorded unemployment rates

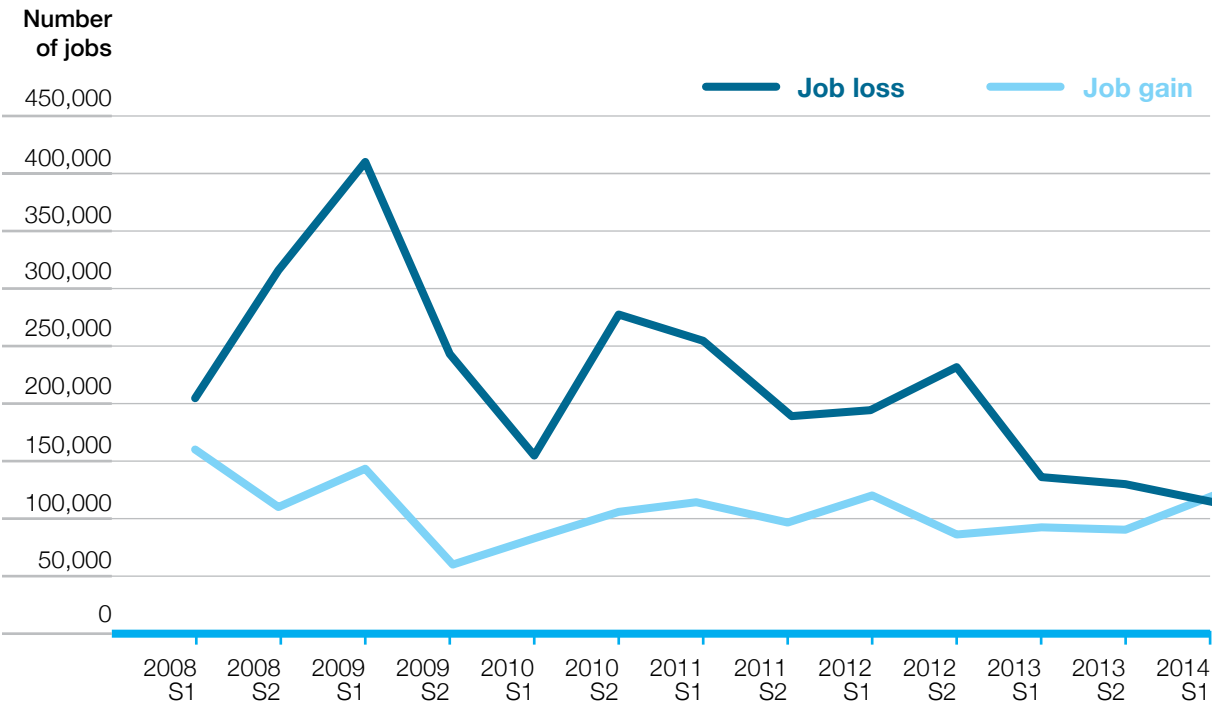
of less than 5%, while others continued to struggle with crushing levels of joblessness, especially Greece (25.8%), Spain (23.7%), Cyprus (16.4%) and Hungary (16.4%). Long-term unemployment continued to rise, with half of Europe's unemployed having been out of work for more than a year.

Slow road to recovery

The 2014 annual report from Eurofound's European Restructuring Monitor (ERM) reflects falling unemployment in the EU, showing a steady decline in the job destruction recorded since the second half of 2012 (Figure 1). The ERM records restructurings involving the loss or creation of 100 jobs or more announced in national media across Europe. In the

first six months of 2014, announced job gains and job losses balanced each other out for the first time since the global financial crisis struck. The convergence is due mainly to a steady decline in job loss since the second half of 2012.

Figure 1: Announced restructuring job loss and job gain by semester, 2008–2014



Note: S = semester
Source: ERM 2013–2014

The amount of restructuring job loss due to bankruptcy or closure recorded in the ERM has been rising since the crisis – it now accounts for 23% compared with 15% pre-crisis; this may indicate rising credit constraints for troubled companies. Fewer jobs are being lost to offshoring, outsourcing or relocation: such cases represent a modest

4% of ERM job loss post-crisis, compared with 9% pre-crisis, but there is some evidence of an increase since 2012. Similarly, a small rise in the recent share of job loss attributable to mergers and acquisitions suggests that corporate merger activity may be strengthening after a lull during the crisis.

Changing labour force composition

The quantitative transformations of the European labour markets since the crisis have had significant qualitative impacts on the labour force. Job loss among men has been much greater than that among women, accelerating the narrowing of the gender gap in employment. The age profile of the labour force has risen: employment has

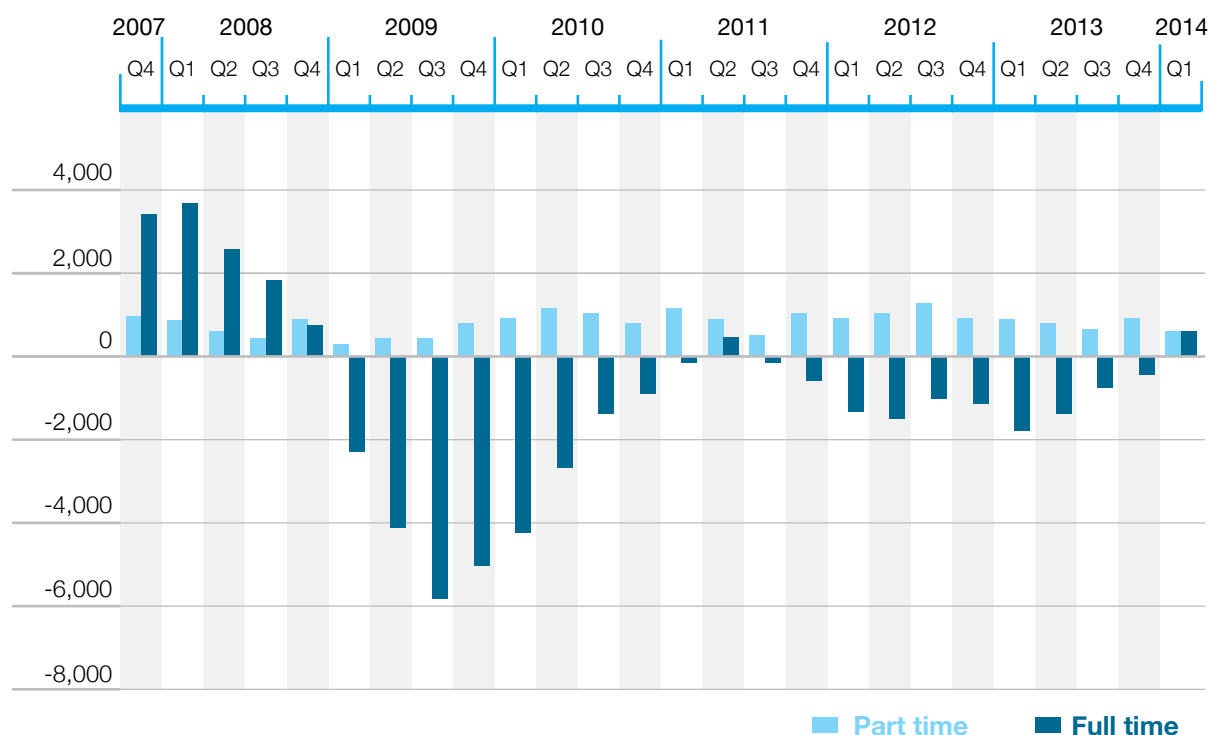
grown among workers aged 45 and over, while it has contracted among workers under 45. The crisis has also raised the educational profile of workers, as job losses were concentrated among those with medium and low levels of educational attainment, and new jobs are more likely to demand higher-skilled candidates.

Rise in part-time employment

A striking change in the employment landscape since the crisis has been a fall in full-time permanent jobs, even in the public sector: new jobs are more likely to be part

time. Part-time employment has increased by more than 10% since the crisis began, in the same period as full-time employment decreased by 5% (Figure 2).

Figure 2: Quarterly part-time and full-time employment growth (in thousands), year on year, 2007–2014



Note: Q = quarter
Source: EU-LFS

While the availability of part-time work improves the labour market by offering more options for workers to combine work with family responsibilities, the rise in part-time employment has negative implications for job quality when

it offers lower pay and fewer entitlements. It also implies that real labour inputs (in full-time equivalent terms) have declined by even more than the overall figure for net job loss in the EU since 2008 – six million – suggests.

Sectoral shifts

Eurofound's European Jobs Monitor (EJM) annual report for 2014 provides further insights into employment change at sector level from mid-2011 to mid-2013, using data from the EU-LFS. It shows that manufacturing and construction continue to be the big losers, each losing

over one million jobs in the period. By 2013, there were 3.5 million fewer construction jobs (a decline close to 20%) and 4.8 million fewer manufacturing jobs (a 13% decline) than in 2008.



Manufacturing

The destruction of manufacturing employment eased somewhat after 2010, having peaked in 2008–2009. Within this sector, employment losses have been most severe in basic, low-tech subsectors such as basic metals, textiles, clothing and leather, and wood, paper and printing. Subsectors including machinery, food and beverages, and pharmaceuticals suffered more modest employment declines.



Construction

Construction has continued to show sharp net job loss since 2008 (relatively higher than manufacturing), despite the cyclical nature of this sector. Even the stimulus-led growth between 2009 and 2011 was insufficient to boost employment. Employment declines in construction have tended to be concentrated in specific countries including the Baltic states, Bulgaria, Ireland and Spain – countries that experienced a disastrous boom–bust cycle.



Services

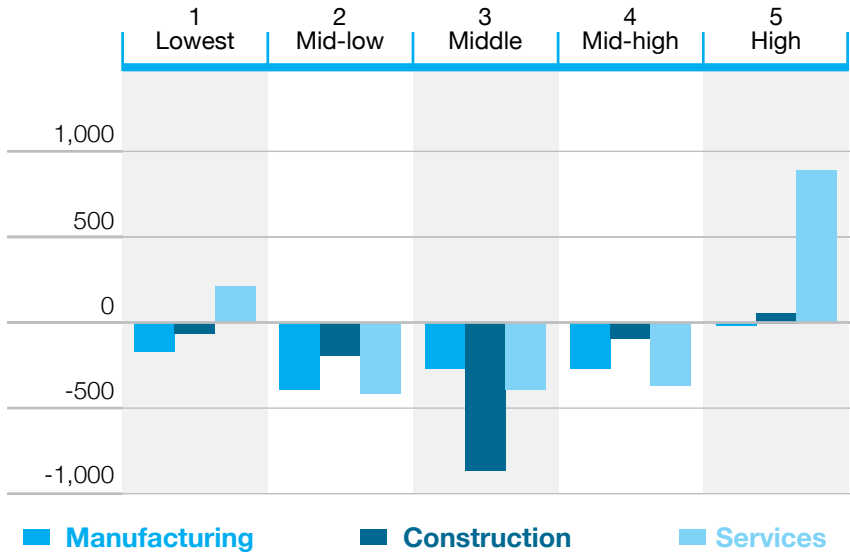
Employment in services continued to grow both during and after the financial crisis. This growth has been very much concentrated in well-paid jobs, where nearly one million net new jobs were created during 2011–2013. There has also been some modest growth in the lowest-paying service jobs, but a decline in each of the middle quintiles.

The services sector accounts for more than two-thirds of employment in Europe, and its share of overall employment is growing as manufacturing and the primary sector (agriculture and extractive industries) contract. In only three countries is service sector employment less than 60% of total employment: Poland (57%) and Romania (42%), because of their large agriculture sectors, and the Czech Republic (59%), due to its large manufacturing base.

Figure 3 shows employment change in manufacturing and construction (the services sector is also included). Total EU employment in these sectors is divided into five groups of equal size (quintiles) based on pay: quintile 1 contains the lowest-paying jobs while quintile 5 contains the highest-paying. As the figure illustrates, manufacturing

and construction are together responsible for the greater part of the continuing concentration of net employment decline in quintiles 2 and 3 (the middle-paying and mid-low-paying jobs). The low level of gains or losses in the top and bottom quintiles for these two sectors reflects their low share of employment in these quintiles.

Figure 3: Employment change (in thousands) in broad sectors by wage quintile, 2011–2013



Source: EU-LFS, Structure of Earnings Survey (SES) (Eurofound calculations)

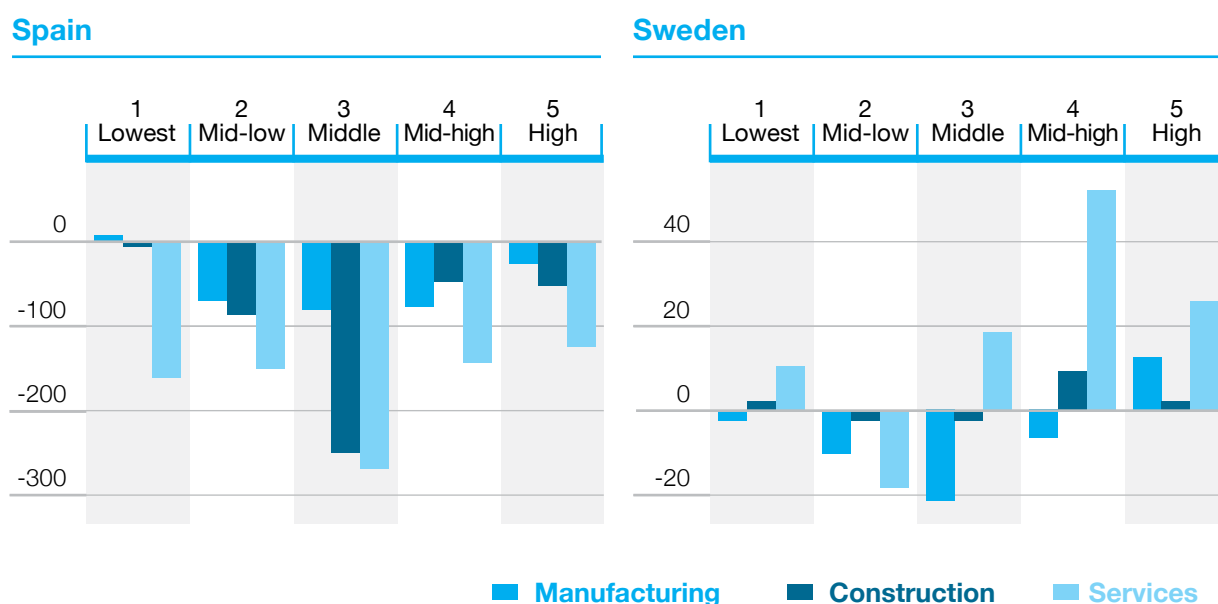


Individual country trends

This aggregate EU picture masks dissimilar patterns at country level. In Spain, for instance, service sector employment declined more than manufacturing and construction employment in each of the five quintiles (Figure 4). Even though Spain's employment crisis has been particularly

severe, this is still unusual. It is partly explained by public sector job losses, which accounted for around one-half of net job destruction in the top three quintiles. Another factor is a delayed impact on services of the earlier severe declines in construction and manufacturing.

Figure 4: Employment change (in thousands) by wage quintile, Spain and Sweden, 2011–2013



Source: EU-LFS, SES (Eurofound calculations)

In Sweden, by contrast, the labour market has weathered the crisis better than most other countries. Here, as elsewhere, services have contributed most to net employment growth; this has been most evident in the top three quintiles. Manufacturing employment has declined mainly in the

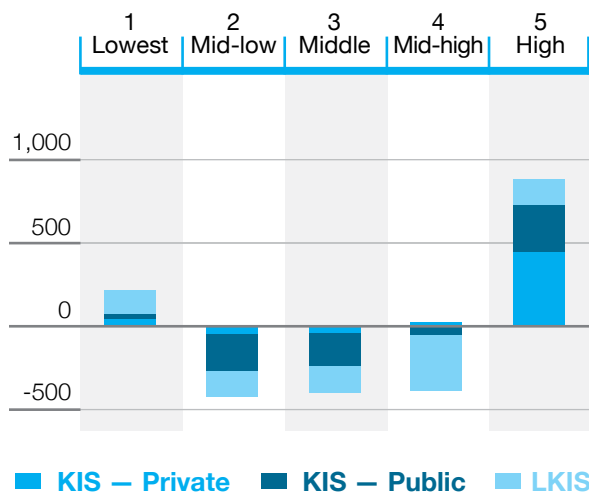
middle quintiles, though there has been some countervailing growth in the top quintile. Construction has recorded employment gains, concentrated in the mid–high-paying quintile (quintile 4).

Service sector developments

While public sector services – specifically health and education – were responsible for most new employment at the peak of the crisis in 2008–2010, spending cuts subsequently curbed job growth in the public sector. As

Figure 5 illustrates, public knowledge-intensive services – health, education and public administration – added no employment overall between 2011 and 2013. Any gains in top-quintile jobs were offset by losses in middle-quintile jobs.

Figure 5: Employment change (in thousands) by wage quintile and service sector grouping, 2011–2013



Private knowledge-intensive services, comprising a broad range of activities including media, IT, consulting, advertising, financial services, legal services and accounting, created the majority of growth in top-paying jobs.

Less knowledge-intensive service sectors, such as retail, accommodation and catering, suffered employment declines overall, although they did record an increase in top-quintile employment. The only sector to record net employment growth of more than one million jobs since 2008 is one of these sectors – residential care and social work activities.

Note: Data for 26 Member States; Germany and the Netherlands excluded due to data breaks. KIS – private = private knowledge-intensive services; KIS – public = public knowledge-intensive services; LKIS = less knowledge-intensive services. Source: EU-LFS, SES (Eurofound calculations)



Retail

Retail has been undergoing intensive restructuring activity since 2008, with substantial job loss and job creation as consumption patterns shift away from established supermarket chains to mass discount retailers. The changing market has seen the collapse of some major established retailers such as Woolworths, Arcandor and Dayli and the rapid rise of groups such as Aldi, Lidl and Ikea. EU-LFS data show that the overall employment outcome of the mutation of the retail sector has been a net loss of some one million retail jobs (just over 3% of sector employment) since 2008.

Policy message

Eurofound’s monitoring of the labour market shows that knowledge-intensive services have been a major job creator in recent years; however, this cannot continue indefinitely. The potential for a job-rich recovery might lie to a significant extent in low-end personal service jobs, demand for which is rising as the population ages. However, these jobs are by and large at the lowest end of the pay spectrum, so job growth here may increase income inequality unless it is accompanied by wage growth. Jobs

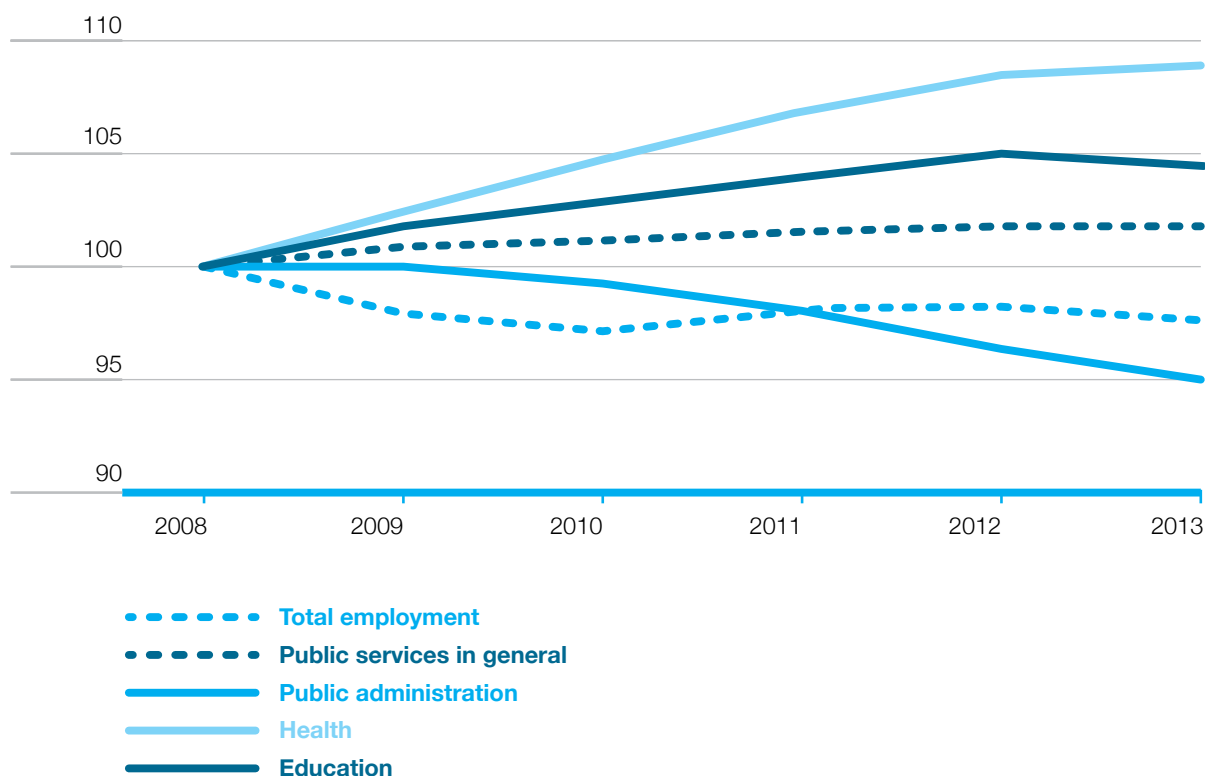
lost in the structural transformation of traditional manufacturing sectors are unlikely to be recovered, but a focus on advanced manufacturing, centred on STEM skills – science, technology, engineering and maths – might provide the high value-added employment growth Europe seeks. It would also restore a manufacturing base which in itself is important to rebalancing economic activity. Whether it is sustainable in light of global competition remains to be seen.

A fitter or a lesser public sector?

The public sector cushioned the macroeconomic shock of the initial years of the recession, 2008–2010, by expanding employment while private sector employment as a whole fell. Employment in the sector has increased by around 4% (over 2.5 million jobs) since 2008 while total employment in the EU has declined by 2.6% in the same period. Nearly all this gain has occurred in the health sector, especially, and in education.

Since 2010, however, the trend has changed. Acute public debt problems in many Member States have caused governments to cut public spending and restructure the public sector workforce. The employment increases in health and education have flattened in the past two years, with a net decline in education sector employment in 2012–2013 (Figure 6).

Figure 6: Employment levels in the public sector, EU, 2008–2013



Note: 2008 = 100

Source: EU-LFS (Eurofound calculations)

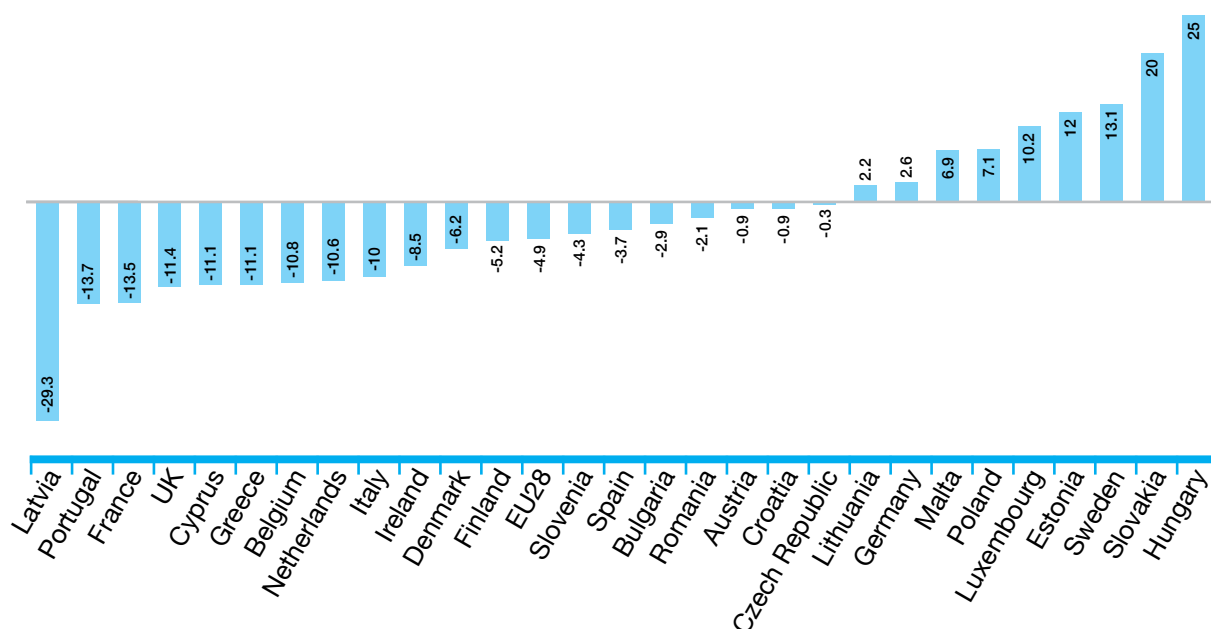
Public administration

Restructuring in the part of the public sector responsible for the core functions of government – the public administration – has been severe. Roughly 800,000 net jobs (a 5% cut) were lost in the period 2008–2013, a faster contraction than that of the workforce overall in this period.

Nineteen of the 28 Member States have reduced employment in public administration, with the sharpest decline in Latvia, where 29% of public administration jobs have

been lost (Figure 7). Other countries with large declines include France (-13.5%), where the government instituted a policy of non-replacement of one in every two retiring public servants, the UK (-11.4%) and most of the countries under sovereign debt financing pressures. By contrast, in the public administrations of Hungary and Slovakia employment has increased substantially since 2008.

Figure 7: Public administration employment gains and losses in Member States, 2008–2013



Note: Croatia's inclusion in the figure reflects its accession to the EU in 2013. Given that some of the research evidence in this yearbook dates from before that, Croatia is not included in every figure, with the result that some averages relate to the EU27 rather than the EU28.

Source: EU-LFS (Eurofound calculations)

Pay cuts or job cuts?

Governments in the countries worst affected by the crisis – Ireland, Portugal and Spain – more often resorted to pay reductions or freezes to control the public sector pay bill, and staff cuts were relatively low, according to a

survey of senior public service executives (the European Commission-funded COCOPS project). By contrast, layoffs were favoured over pay restraint in Denmark, Finland and Sweden.

Changing demographic profile

The shake-out of public sector employment has altered the sector's demographic profile. It has become more female as a result of divergent employment developments in different subsectors. Public administration, where just over half the workforce is male, has borne the brunt of job cuts. By contrast, employment has grown in the education and health sectors, which are overwhelmingly female (over 70%).

It is also becoming older. Hiring freezes have slowed the intake of younger staff so that more than one-third of public sector employees are over 50 years old. Workforce ageing has been most rapid in public administration and health, with rises of 5 percentage points in the proportion of staff aged over 50 since 2008.

Long-term effects of cutbacks

Much of the research on recent public sector restructuring carried out by Eurofound finds that the process was generally flawed: decisions were not well prepared, processes were carried out quickly and often not transparently, and consultation with the social partners was limited. An assessment of the impact of the changes on public sector employees, based on the COCOPS survey, is quite negative. When questioned on 16 aspects of internal performance, 2 of the lowest scores were related to staff

motivation and the attractiveness of the public sector as an employer. Assessments were particularly negative for these dimensions in France, Italy, Spain and the UK.

There is some indication that many who have left the public sector are quite highly skilled. Moreover, the erosion of various employee rights and benefits may have made the public sector a less attractive employer. Both these trends can be expected to increase the skills shortage in the public sector.

Policy message

The overall picture that has emerged is of an ageing public service that is reducing the scope of its activities and losing some of its former attractiveness as an employer, and one where skills shortages could be an ongoing problem. Its workplaces are just as likely to be undergoing intensive organisational change as those in the private sector, and reforms are more likely to be assessed negatively than positively both in terms of employees' overall job satisfaction and the perceived effectiveness of the reforms in improving the delivery of public services. There is, nevertheless, an opportunity to increase efficiency by embracing the

potential of information and communication technology (ICT) for the provision of public administration services, which has already begun to have a significant impact in many Member States.

Any future economic upswing is unlikely to entail a substantial growth in public sector employment. Outsourcing of jobs and functions in health and care and education to the private sector is increasing, and this trend is likely to continue and spread.

Event – From active inclusion to social investment

By stressing the concept of inclusiveness in its growth objective, the EU growth strategy Europe 2020 held out the promise that greater effort would be made to integrate into the labour market people who have been typically excluded from it – those with disabilities, migrants and people with few skills.

Prior to Europe 2020, the European Commission in 2008 had issued a Recommendation to Member States on establishing a strategy for the social and economic inclusion of these marginalised groups. This 'active inclusion' strategy aims to support those who are able to work to find work; for those unable to work, it supports them to live in dignity and to participate in society. Active inclusion is based on three pillars: adequate income support, inclusive labour markets and access to quality support services. To date, however, the active inclusion strategy has been implemented weakly, even though unemployment and poverty have been rising.

In June 2014, a conference organised jointly by Eurofound and the European Economic and Social Committee (EESC), looked at how to step up active inclusion. Participants debated how it can be mainstreamed, the potential contribution of the social partners and how it relates to other European strategies.

One of the conclusions from the conference was that active inclusion is seen as an EU concept that has not been owned at national level and that it should therefore be made an explicit priority in the Europe 2020 strategy, with work programmes and indicators to monitor progress.



Worker mobility picks up

The movement of EU workers across borders is on the rise after a sharp fall during the recession. From an EU perspective, this is a welcome development; the EU has long promoted the mobility of EU workers as a means of increasing the dynamism of European labour markets and tackling imbalances, thereby increasing employment across the region. Many European countries are experiencing labour shortages, even in labour markets where unemployment overall is relatively high. For instance, Eurofound's 2013 European Company Survey found that nearly 40% of companies have difficulty finding staff with the right skills.

The topic is on the agenda of the new European Commission, which has included a labour mobility package in its 2015 work programme, with the aim of supporting mobility and tackling impediments to it. Bolstering mobility is a significant challenge: movement both across and within the Member States has always been low, even during the pre-crisis boom, and intra-EU mobility has to date played only a limited role in addressing labour mismatches within the EU.

In addition to a generalised reluctance among EU nationals to move between countries, the Commission is up against rising resistance to inward migration among politicians and the public in receiving countries. The often-aired fears on immigration that used to be directed mainly towards non-EU immigrants – that they are abusing the welfare system, taking scarce jobs from native workers, and enabling employers to undercut local pay rates – are increasingly focused on intra-EU mobility in the public debate.

Evidence from research is that EU migrant workers are more likely to be economically active than nationals. The employment rate of EU migrant workers is consistently higher than that of nationals – 66% and 64.5% respectively in 2012, according to Eurostat data. The 2013 Communication *Free movement of EU citizens and their families: Five actions to make a difference* notes that in most Member States EU migrant workers are net contributors to the welfare system, paying more in tax and social security contributions than they receive in benefits.

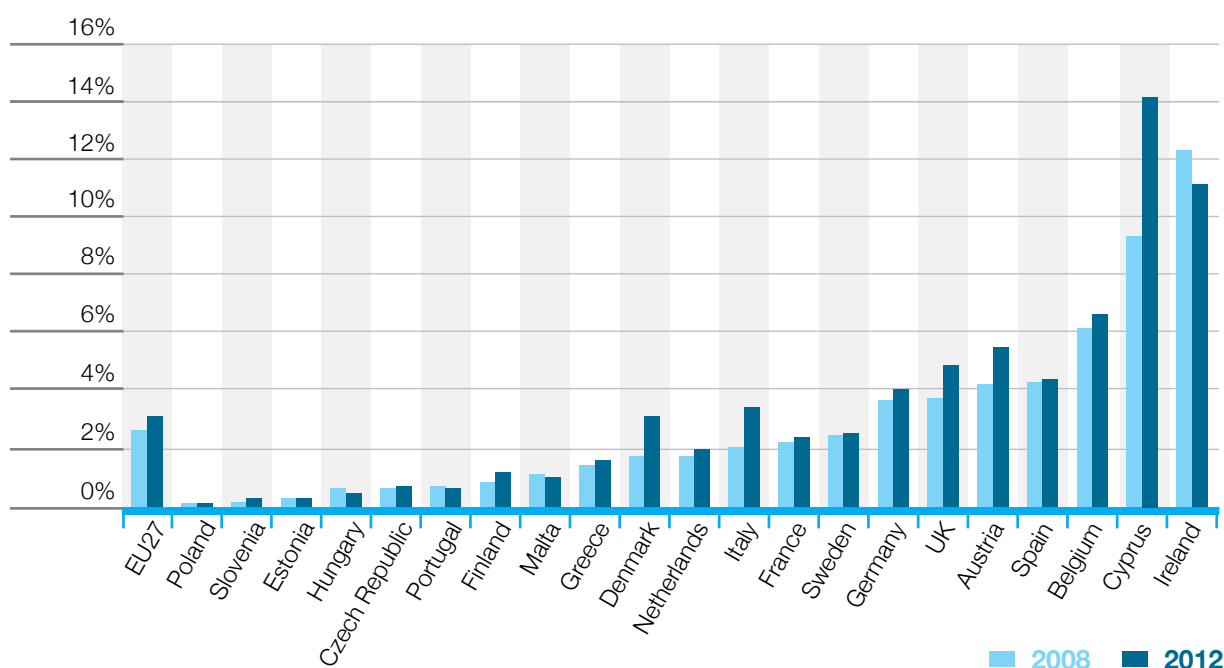


Trends in mobility since the crisis

Worker mobility fell sharply with the crisis, but there is evidence of a rebound since 2011. Migrant EU workers made up just 3% of the total working population, 6.6 million people, in the EU in 2012. Their distribution across Member States is quite uneven, as Figure 8 shows. Two small countries, Cyprus and Ireland, have the highest share relative to their total employment. In the case of Ireland, there is a decrease between 2008 and 2012, but the

opposite is true for Cyprus, where the crisis hit the country later, at the end of 2012. The increase in the share of EU migrants in Italy may be due to the lifting of restrictions on nationals from Bulgaria and Romania in January 2012 and the consequent regularisation of many of these nationals who were already living in the country. Eastern European countries have the lowest share of EU migrant workers.

Figure 8: EU nationals working in another Member State as a percentage of total employment, 2008–2012

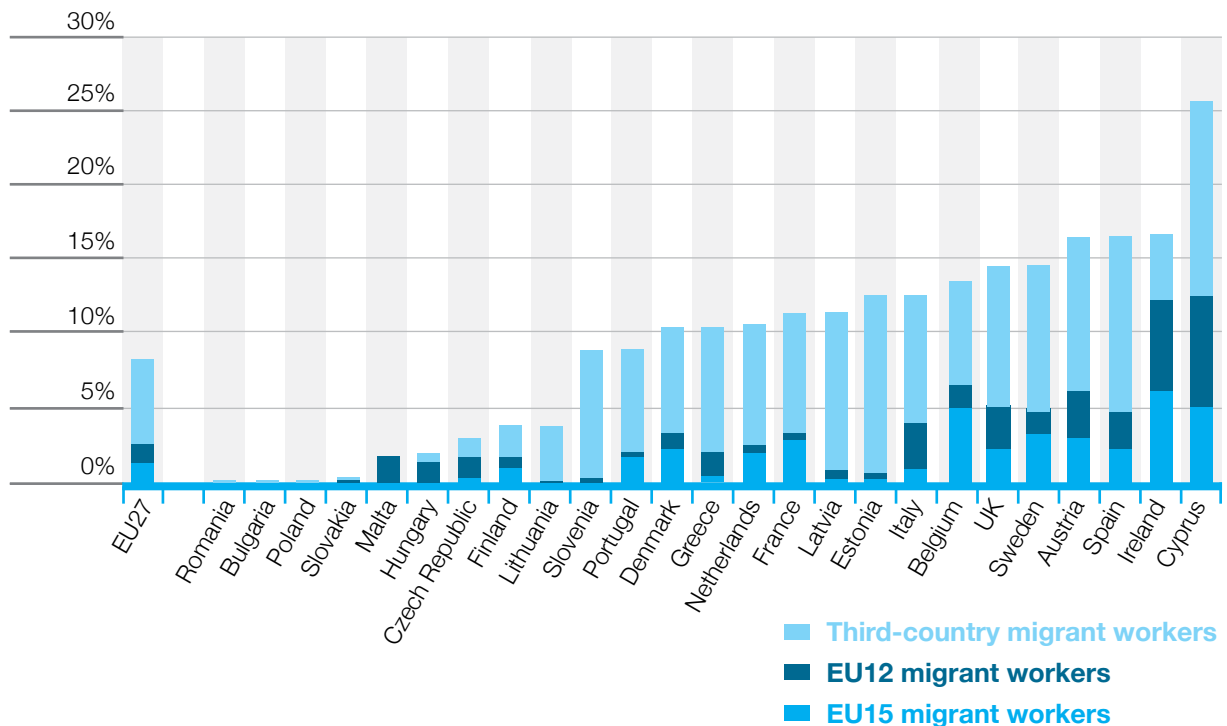


Note: Luxembourg is omitted from the figure due to the high concentration of EU migrant workers in the country; the share of migrant EU workers in total employment in Luxembourg was 45% in 2008 and 46% in 2012.
Source: EU-LFS (Eurofound calculations)

The employment of third-country nationals has fallen since 2008, from 8.9 million to 8.6 million in 2012. While they continue to constitute a larger proportion (4%) of the workforce in EU Member States than EU migrant workers, the gap is narrowing (Figure 9). Countries in which the share of EU migrants is comparatively high (at more than 40%

of the total migrant working population) include Belgium, Cyprus, Ireland and Luxembourg. Only in Luxembourg do migrant workers from the EU15 (the 15 Member States prior to 2004) represent a higher share (41%) than all other categories of foreign-born workers.

Figure 9: Share of EU15, EU12 and non-EU migrants in total employment in EU Member States, 2011



Note: German data omitted as a breakdown of migrant workers is not available; Luxembourg data omitted – EU15 migrant workers have a higher share (41%) than all other categories of foreign-born workers (2.4% for EU12 migrant workers and 7.8% for third-country nationals); for the Baltic states, a large share of third-country workers are ethnic Russians rather than migrant workers per se.
Source: EU-LFS (Eurofound calculations)

Direction of flow

The dominant migration flow is unchanged despite the crisis, from eastern European Member States westwards. But there has been a rise in outflows of nationals from southern European countries and Ireland as a consequence of rising unemployment internally. The number of Spanish and Greek

nationals migrating more than doubled over 2007–2011; the increase in outflows of Irish nationals peaked in 2010 and declined the following year. Germany and the UK are the main destination EU countries for these workers, as they are for eastern European workers.

Consequences for sending countries

The size of migration outflows from eastern European countries since accession to the EU, alongside reduced fertility rates, has caused substantial population loss in those countries. The most dramatic cases are those of Bulgaria, Latvia and Lithuania, where between 2002 and 2012 the

total population fell by 7.1%, 13% and 13.6% respectively. Young people are more likely to leave, meaning these societies are losing much of the dynamism their younger generation brings to the social mix. This trend could also lead ultimately to an increase in dependency ratios.

Demographic profile of EU migrants



Gender

Women make up a larger share of migrant workers than they do of the average female share of employment. They comprise 50% of EU12 migrant workers and 47% of EU15 migrant workers, compared with 45% in the native-born workforce.



Age

EU12 migrant workers are generally younger than native-born workers and migrant workers from the EU15 countries, being overrepresented in the 25–34 age group.



Education

EU12 migrant workers are more likely to have a medium level of educational attainment, while EU15 migrant workers are more likely to have completed higher education. Post-crisis, the educational attainment of EU migrant workers has risen significantly: in 2013, 41% had completed third-level education, compared to 27% in 2007–2008. This is partly due to changes in demand for labour – for instance, the sharp decrease in demand in construction, which employs many medium-skilled migrants – and partly as a result of general educational upskilling.



Occupation

Partly due to their youth and medium educational level, EU12 workers are more likely to be engaged in lower-skilled white- and blue-collar occupations. By contrast, half of EU15 migrant workers are employed in high-skilled white-collar occupations.

Policy message

Across the EU, national policy measures to attract workers from other Member States are few. Bilateral agreements between countries aimed at tackling specific labour needs in one of the signatory countries are also limited. Even countries with labour shortages that cannot be solved locally are not taking full advantage of the EU principle of free movement to address such imbalances. Active labour market policies that provide financial incentives encouraging EU job-seekers to move for work could play a role; enhanced cooperation between national employment

services would assist job-matching across borders. Given that lack of language proficiency is one of the major barriers to mobility, improving access to language training might also help to boost numbers interested in migration. Moving country would be easier for workers if their qualifications were recognised across the whole Union. The European Qualifications Framework (EQF) was meant to address this problem by making qualifications from anywhere in the EU transparent to employers. The EQF, however, is yet to be fully implemented.

Event – Posting of workers

Posting of workers in Europe arises from the transnational provision of services. The Posting of Workers Directive (96/71/EC) defines a posted worker as 'a worker who, for a limited period, carries out his work in the territory of a Member State other than the state in which he normally works'. The directive aims at ensuring the freedom of businesses to provide services in another Member State while guaranteeing that posted workers enjoy the same rights and working conditions as workers from the host country. The directive also seeks to prevent 'social dumping', where foreign businesses take advantage of their lower labour standards to undercut local enterprises.

Eurofound held a joint national-level seminar with the Lithuanian Ministry of Social Security and Labour on the topic of posting of workers in November 2014 in Vilnius. The objective was to look into developments in the field, especially the Posting of Workers Enforcement Directive (2014/67/EU).

The seminar brought together participants from Denmark, Estonia, Finland, Latvia, Lithuania and Sweden to examine the evolution of the directives and the challenges associated with their enforcement, as well as the reality of the living and working conditions of posted workers. This was the third in a series of national-level seminars held by Eurofound on themes relevant to specific clusters of countries.



Tackling the exclusion of young people

The momentum behind the EU's efforts to tackle youth unemployment seemed to falter in 2014. The sense of urgency that had in 2013 mobilised European leaders to adopt the Youth Guarantee and to commit €45 billion in funding showed signs of flagging. The Youth Employment Initiative (YEI) front-loaded €6 billion of this funding for

spending in 2014–2015 to support rapid implementation of Youth Guarantee measures in regions where youth unemployment was running over 25%. Yet by mid-2014, of 20 Member States that were eligible under the YEI, only France and Italy had had their operational programmes approved by the Commission.

Youth Guarantee

'The Youth Guarantee is a new approach to tackling youth unemployment which ensures that all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed. The good-quality offer should be for a job, apprenticeship, traineeship, or continued education and be adapted to each individual need and situation.'

European Commission Youth Guarantee home page



The new Commission, however, has given fresh impetus to the EU youth agenda. By the end of 2014, 85% of the YEI had been programmed, and roll-out of the Youth Guarantee had started in all Member States. The slow progress is no doubt partly related to the significant structural reforms envisaged, requiring overhauls of education systems and public employment services, which the Commission noted could not be delivered overnight.

The sluggishness is certainly not a response to improvement in the labour market for young people. The EU youth unemployment rate began edging slowly downward only in 2014. Still, more than one in five of those in the labour market cannot find a job; in Spain and Greece, it is a staggering one in two, while in Croatia and Italy, it is not much better. The number of 15–24-year-olds not in employment, education or training (NEET) remains at 7.5 million across the region, costing the EU economy an estimated €162 billion in 2012, 1.26% of GDP, arising from benefit payments and lost earnings and taxes.



Transitions from education into employment

Essential as these headline figures are for monitoring the level of youth unemployment and inactivity, they say little about the dynamics of young people's first entry to the labour market. They shed no light on the process of going from education into work, such as the amount of time it takes on average to find a first job and the job security of young workers once they attain employment.

This is why Eurofound undertook a project to look more closely into young people's transitions from education into work. These transitions are not necessarily linear; in fact, modern youth transitions tend to be complex and protracted, with young people moving frequently in and out of the labour force, changing status between permanent and temporary, full-time and part-time employment. The recent economic turbulence has added to the complexity. And there are country-specific patterns; in general, countries in which the educational system integrates vocational training are also those in which young people have the smoothest and most successful transitions.

Eurofound selected a number of aspects to examine young people's transition from formal education to work, to see what more these might tell us about those who get jobs and those who don't. The research looked at a range of statistics, including the following:

- the proportion of students who combine work and education;
- the length of time between leaving education and starting work;
- status one year after leaving education;
- type of contract held by those in work at that point.

The data for the analysis were taken from the 2009 EU-LFS ad-hoc module on youth entry to the labour market.

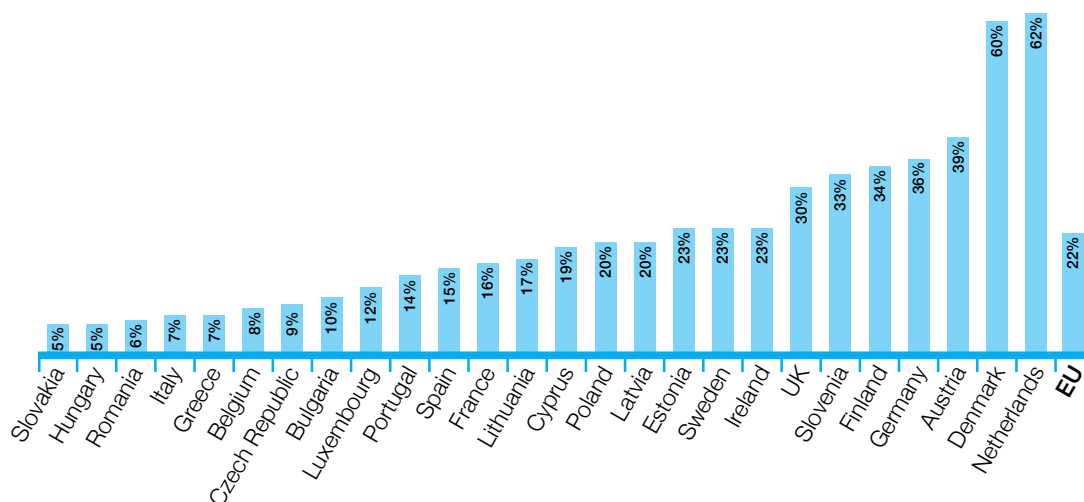


Combining work and education

Early experience of work is linked to success in securing employment, and the smoothest transitions are experienced by students emerging from educational systems that integrate a substantial amount of vocational training, where employers are involved in designing the curriculum. Figure 10 shows the proportion of EU students who

combined education and work in 2009; the EU average is 22%. In Austria and Germany (countries renowned for dual educational systems, which blend apprenticeships with formal education), the proportions are 39% and 36% respectively; Denmark and the Netherlands have levels in the region of 60%.

Figure 10: Percentage of students who combine work and education, by Member State, 2009



Note: No data available for Malta.

Source: EU-LFS

Despite the advantage of early labour market experience, the proportion of students combining work and education is particularly low, 10% or less, in Belgium, Greece and Italy, and in a number of eastern European countries – Bulgaria, the Czech Republic, Hungary, Romania and Slovakia.

While integrating work experience with education is important, it should not be so extensive that classroom learning suffers. In Europe, those students combining work and education work slightly more than 25 hours per week on

average. In countries that have a high proportion of students who work, the average worked hours tend to be below the EU average; Austria and Germany are exceptions, at 27 and 29 hours respectively. Conversely, the countries with a lower proportion of students combining education and work tend to have a higher average number of worked hours; these include Bulgaria, Hungary, Romania, Lithuania and Slovakia, all of which record 35 or more hours worked per week by students – a high level, leaving very little time for the academic side of learning.

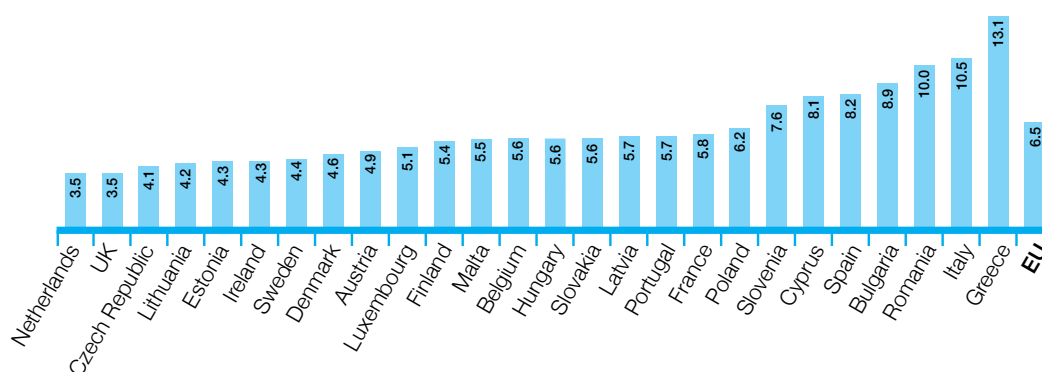
Finding the first job

The shorter the gap between school and work, the more favourable is the labour market for those leaving education, and the lower the risk of a young person becoming NEET. Indeed, the Youth Guarantee aims to ensure that no young person is inactive for more than four months.

The average transition time for the EU as a whole was 6.5 months in 2009 (Figure 11). The figure varies from five months or less in Austria, the Czech Republic, Denmark,

Estonia, Ireland, Lithuania, the Netherlands, Sweden and the UK, to eight months or more in Bulgaria, Cyprus, Greece, Italy, Romania and Spain. As expected, and with the exception of Slovenia, the countries with a higher proportion of students who combine school and work are also those with a shorter average interval between finishing education and starting a first job. In effect, when they leave education, many walk into a job.

Figure 11: Average interval in months between leaving education and starting one's first job, by Member State, 2009



Note: No data available for Germany.

Source: EU-LFS

The delay between leaving education and starting work decreases as the level of education increases. At European level, the delay for students with just a lower secondary

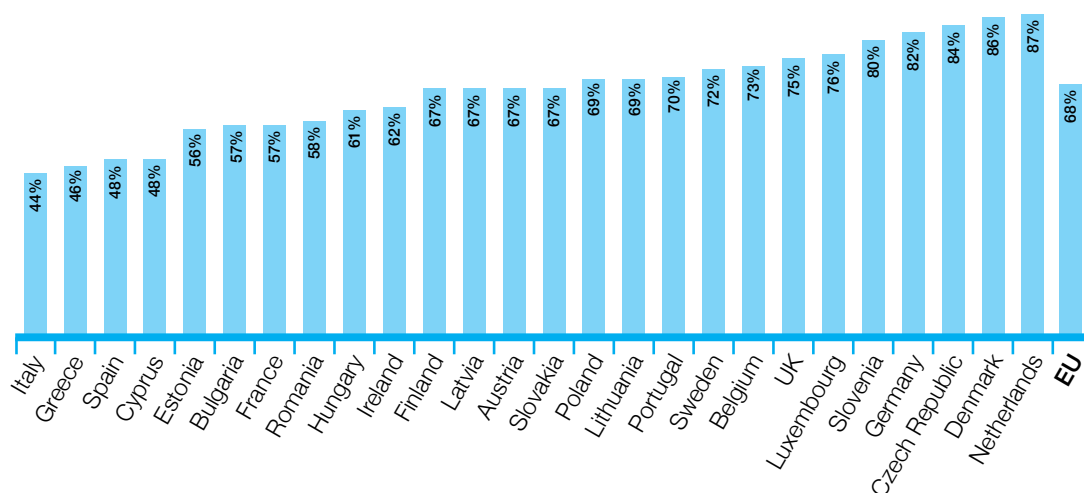
education is, on average, almost 10 months, while for those with an upper secondary education it's 7 months, and for those with tertiary education, it's about 5 months.

Labour market status after education

The proportion of young people in work one year after leaving education is a key indicator for understanding the rate of successful transitions among young people who have finished education. In 2009, as Figure 12 shows, this was 68% on average in the EU. In the Czech Republic, Denmark, Germany and the Netherlands, the figure is 82%

or more. In the southern European cluster of Greece, Italy and Spain, fewer than 50% of young people have jobs one year after leaving education. The proportions for Finland, Austria and Cyprus are below the EU average, but these are likely to be influenced by the requirement to do military service after graduation.

Figure 12: Percentage of young people in employment one year after leaving education, by Member State, 2009



Note: No data available for Malta.

Source: EU-LFS

As might be expected, the proportion of young people who are employed a year after leaving education increases with educational level. In 2009, about one-third of those who left education with a lower-secondary education found employment within a year. This proportion increases to 65%

of those who completed upper-secondary education. The proportion of young people who are employed one year after graduation is clearly and positively associated with the proportion of students combining work and education: Eurofound discovered a correlation rate of 65%.

Type of contract held after leaving education

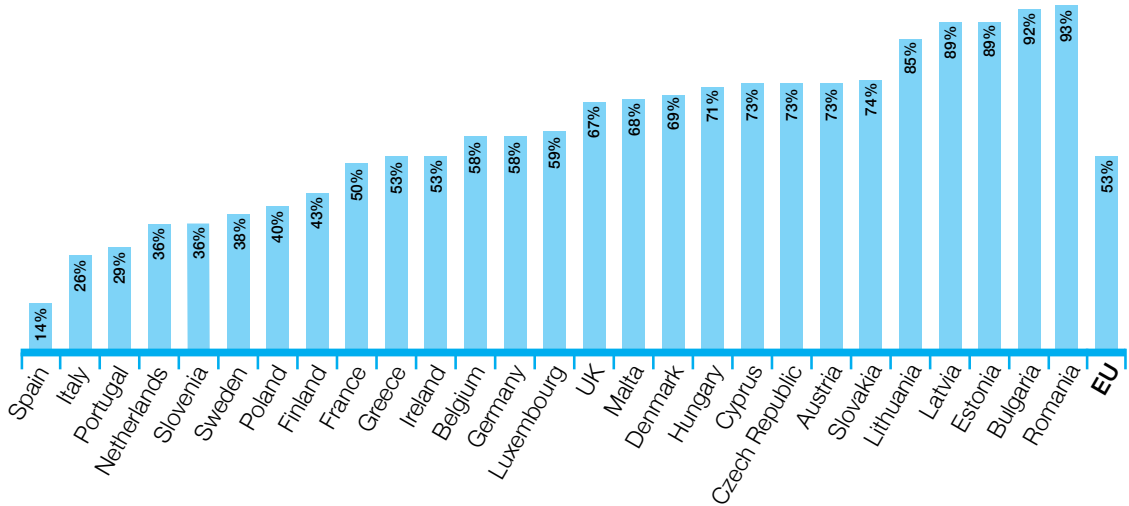
A full-time, permanent employment contract provides job security and a steady income, but young people are more likely to have less secure temporary or part-time contracts than other age groups. While some may choose to be part time or temporary (described below as ‘voluntary’), many who have such contracts wish to be full time or permanent or both (in which case their contract is described as ‘non-voluntary’).

Eurofound’s analysis found that in 2009 some 53% of young people who were employed one year after they had graduated held a permanent and full-time contract, 16% had full-time work with a voluntary temporary contract, while

14% had full-time work with a non-voluntary temporary contract. Around 4% had a part-time, temporary contract where both aspects were non-voluntary.

The Baltic states, and several other eastern European countries, were among those with the highest proportion of permanent, full-time contracts among first-time job-holders – over 70% (see Figure 13). Conversely, in the Mediterranean group of Italy, Portugal and Spain, fewer than 30% of school-leavers were in permanent, full-time employment (as low as 14% in Spain).

Figure 13: Percentage of new labour market entrants with permanent full-time jobs, by Member State, 2009



Source: EU-LFS

Turning to temporary and part-time contracts, the research found that Italy, Portugal and Spain, along with Poland and Slovenia, also had over half of all school-leavers working on a temporary, full-time, often non-voluntary, contract. Denmark, Finland, Ireland, the Netherlands, Sweden and the UK had the highest proportion of school-leavers working on part-time contracts.

Greece, Portugal, Spain and Sweden had the highest proportion of school-leavers in probably the most undesirable situation: non-voluntary part-time jobs with non-voluntary temporary contracts. In Spain, the figure was 16%; the rates in the other three countries were between 7% and 9%. In Greece and Spain, therefore, not only is the entrance rate of the newly graduated into employment very low, but the type of contract held by those who succeed is often temporary and non-voluntary.

Job security and risk of unemployment

Further analysis on how well first-time job-holders managed to hold on to those jobs found that as employment becomes less standard (having a status other than full-time, permanent employment), the probability of leaving employment increases. A common argument in defence of temporary contracts is that they ease access to permanent employment; however, Eurofound's analysis found that just 23% of temporary employees moved into permanent employment in the year from 2008 to 2009.

The analysis also highlighted that the probability of becoming unemployed is much higher among those young workers with previous experience of unemployment. This suggests that avoiding episodes of unemployment is very important for young people for their future success in the labour market.

Country clusters

When these findings are taken together, groupings of countries with similar patterns emerge. One grouping comprises Austria, Germany, the Netherlands and the Scandinavian Member States, where school-to-work transitions are fast and a high proportion of young people have jobs one year after graduation. This success in transition rates may be explained by the high proportion of students graduating from educational systems that integrate vocational training with classroom instruction. Nevertheless, there are dissimilarities among these countries – in particular, the low level of permanent, full-time contracts in Finland, the Netherlands and Sweden.

The group of countries with the least favourable school-to-work transitions is the Mediterranean group of Greece, Italy, Spain and Portugal. These countries have the highest levels of youth unemployment in the EU (their performance in this respect was poor even before the crisis). Although they are not uniform on specific indicators, overall, these countries are characterised by longer delays before finding a job, a limited combining of work with education, low proportions of school-leavers employed one year after graduation and a scarcity of permanent, full-time contracts. Transitions in eastern European Member States are similarly problematic, but in their favour, the percentage of young workers on secure job contracts is high.

Policy message

Understanding better the dynamics of young people's move from education into work sheds light on the important contributors to successful transitions. These factors appear to be the experience of work in the course of education, short transitions from school into work and standard employment contracts after leaving education. These findings underscore the potential of the Youth Guarantee in tackling youth unemployment. If implemented as anticipated, structural changes made under the scheme will prepare young people for the labour market while they are still in education, and afterwards will provide

tailored support services to integrate them into the world of work. High unemployment among young people is not new (it was on the EU agenda even before the crash), but the economic crisis has taken it to extraordinary levels. The Youth Guarantee is ambitious, demanding significant structural change, but should it yield success, it would be a major tool in tackling youth unemployment beyond the current crisis.



Social inclusion of young people

With so much focus on the labour market inclusion of young people, there is a tendency to forget that unemployment has repercussions beyond the work sphere and that social exclusion is also on the rise among young people.

Young people are the age group most at risk of poverty and social exclusion, according to Eurostat: 28% of those aged 15–29 were at risk of poverty or social exclusion in 2011. The contrast with people aged 65 and older is particularly stark. Across the EU, the gap between the two groups widened from 3 percentage points in 2008 to 8 percentage points in 2011.

Data from Eurofound's European Quality of Life Survey (EQLS) show that 22% of young people aged 18–29 experienced serious deprivation in 2011; the figure rose to 41% among the unemployed. The young unemployed or inactive also are more likely to express feelings of being excluded from society, scoring 2.5 out of 5.0 on an index of perceived social exclusion, compared with students of the same age, who scored 2.1. Unemployment is a key barrier to independence: over two-thirds of unemployed young people live with their parents.

Alongside measures that help to integrate young people into the labour market, steps need to be taken to address the broader consequences of lack of employment on young people's living conditions and levels of engagement in society.

Young people who are unemployed or inactive are much less likely to participate in social, community or political activities. Yet participation is a key means of combating social exclusion. Participation is more than the provision of services and support; it involves empowering young people and enabling them to exercise decision-making on their future path, including at the level of policy design and implementation.

Eurofound's work programme for 2014 included a project to investigate the consequences of long-term youth unemployment and to identify initiatives to support the social inclusion of young people by increasing their participation. The initiatives identified by this project broadly aim to: reduce social and economic inequalities; increase a sense of belonging and acceptance; enhance knowledge, skills and understanding; and help young people to feel in control of their lives. The more successful measures are those that operate on multiple levels and offer more sophisticated forms of personalisation.

Eurofound's policy brief *Social situation of young people in Europe* formulates a number of pointers for policy development aimed at young people at risk of exclusion. It focuses particularly on living arrangements, perceptions of social exclusion, relationships, sources of support, and participation in society and social activities.

The Agency launched the policy brief in March 2014 at an event organised in cooperation with the National Youth Council of Ireland and attended by the Irish Minister of State for European Affairs, Paschal Donohoe.

Sources

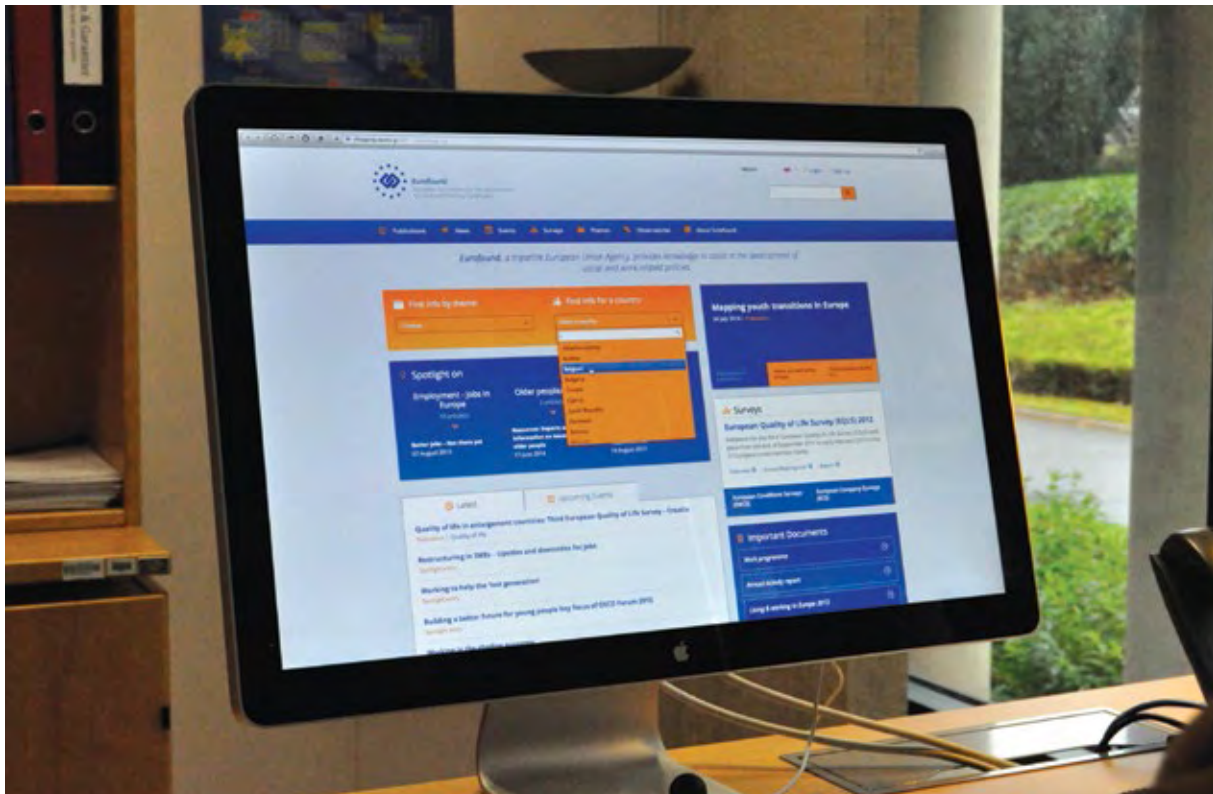
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Win–win work practices

The EU path to growth rests heavily on business innovation that drives economic activity and generates jobs. Business’s ability to deliver, innovate and compete is the outcome of many factors, and few would deny that human capital is a core asset enabling companies to succeed in the global economy of the 21st century. Practices within the workplace may unleash the potential of that capital or may stifle it; either way, they directly affect a company’s capacity to innovate and its performance.

Eurofound research on companies sets out to establish the workplace practices that, individually and in combination, benefit both workers and the organisations they work for. It uses the data gathered by Eurofound’s European Company Survey (ECS), an exceptional source of information on company practices and policies. The third wave of the ECS was conducted in 2013 and involved interviews with human resource managers and, where available, employee representatives in 24,000 establishments across Europe. Fieldwork took place as Europe began its slow recovery from the biggest global economic crisis since the Great Depression of the 1930s. For many companies, therefore, the crisis is likely to have had a major influence on the experiences they report.

Better workplaces for better business

'Win-win arrangements', from Eurofound's perspective, are configurations of workplace practices associated with both good economic performance on the part of the company and high levels of well-being among the employees. Eurofound has analysed ECS data to assess the extent to which various workplace practices are associated with benefits for companies, for workers or for both. Workplace

practices that lead to high scores on both economic performance and employee well-being are deemed to deliver a win on both sides of the employment relationship. A majority of establishments report good outcomes in these two domains, but results often vary according to company size, sector and country, pointing up specific areas where improvements can be made.

Workplace well-being

Workplace well-being is assessed by examining two aspects of the workplace: work climate and level of staff problems (sickness absence, staff turnover and low

motivation). Responses on work climate were sought from both managers and employee representatives, while managers alone answered questions on staff problems.

Work climate

Most respondents (84% of managers and 67% of employee representatives) reported the work climate to be good or very good. It tends to be better in smaller companies. Sectoral differences are quite pronounced, with a good work climate reported in over 60% of establishments in financial services and the commerce and hospitality sector, but in only 45% in the transport sector.

Large differences between countries are evident: a good work climate was reported in over 80% of establishments in Bulgaria and Romania and in fewer than 50% of establishments in France, Hungary, Portugal, Spain and the UK.

Staff problems

High levels of sickness absence were reported in 13% of establishments, employee retention is a problem in 10%, and 17% have poor employee motivation. These problems are less prevalent in smaller establishments than in larger ones. Sectoral differences are small and, although country differences are more pronounced, they do not show a clear pattern.



Company performance

Performance is measured using responses from managers – firstly, on the establishment's current financial situation and, secondly, on changes in its performance in terms of changes in its financial situation, labour productivity and production volume in the three years preceding the survey.

Current financial situation

Most establishments, 62%, rated their financial situation as good or very good, while just 9% rated it as bad or very bad. Performance is slightly better in larger establishments than in smaller ones.

Changes in performance

In the three years preceding the survey, the financial situation had deteriorated in 29% of establishments and improved in 29%. Labour productivity had increased in 43% and decreased in 15%, while production volume had increased in 44% and decreased in 22%.

Differences between sectors and countries reflect the impact of the crisis, with a deteriorating financial situation and productivity being most often reported in the construction sector, and in Cyprus, Greece, Italy, Portugal and Spain. Good performance, meanwhile, is most often reported by establishments in financial services and, at country level, in Austria, Estonia, Sweden and the UK.

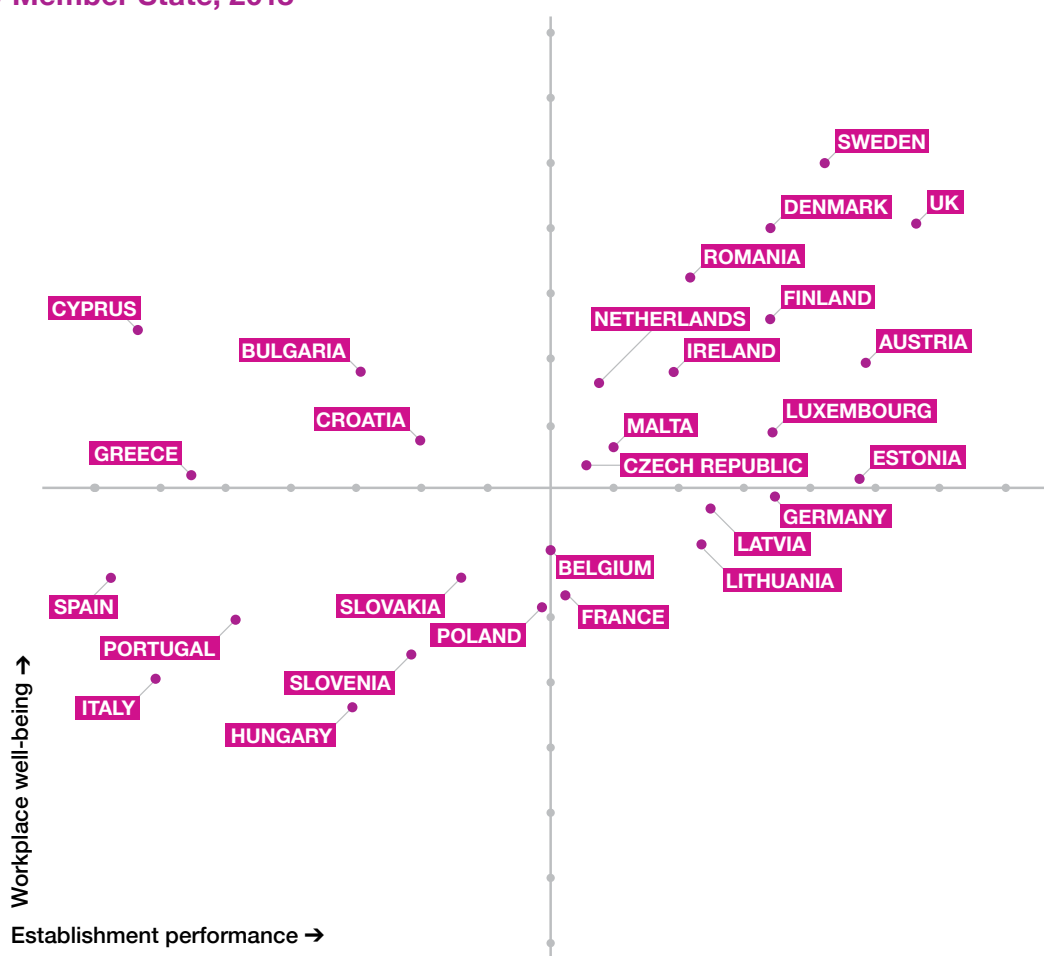


Well-being and performance by country

Two composite indices, one of workplace well-being and one of establishment performance, were constructed using the indicators described above. Looking at establishment scores on these indexes confirms that workplace well-being and establishment performance are associated: establishments scoring high on one index are likely to also score high on the other.

This is illustrated in Figure 14, which plots workplace well-being and establishment performance in each of the Member States. Countries in which establishments perform better are also more likely to report better workplace well-being. The figure also shows that overall differences between countries are larger with regard to establishment performance than with regard to workplace well-being.

Figure 14: Workplace well-being and establishment performance by Member State, 2013



Note: The figure shows standardised distances, that are comparable between the vertical and horizontal axes. The distances are based on z-scores which differ between $-.33$ (Hungary) and $.50$ (Sweden) for workplace well-being and between $-.61$ (Spain) and $.50$ (United Kingdom) for establishment performance. Source: ECS 2013

Sweden, the UK and Denmark score highest on both dimensions. Countries with the least favourable outcomes are mainly those that bore the brunt of the recession and whose recovery is sluggish: Italy, Spain, Portugal, Greece and Hungary. Lithuania and, to a lesser extent, Latvia score

above average on establishment performance, but below average on workplace well-being. For Cyprus and Bulgaria, it's the reverse – above-average scores on well-being and below-average scores on performance.

Practices leading to win-win outcomes

The ECS documents the main workplace practices in the areas of work organisation, human resource management, direct employee participation (involvement in organisational decision-making) and indirect employee participation (social dialogue). To see which combinations of practices can be considered to be win-win arrangements – which may contribute to the Europe 2020 objective of ‘smart’ growth – Eurofound assessed their association with workplace well-being and establishment performance.

To get an idea of the results, only human resource management practices are considered here; these relate to training, working time flexibility and variable pay. Different types of establishments are identified based on how they approach each practice. Then each establishment type is scored in relation to the two outcome criteria – workplace well-being and company performance – to identify which practices benefit workers and companies alike.



Employee training

Provision of employee training is part of any company strategy that aims to be innovative and competitive in the global market. It enables workers to enhance and broaden their skills, thereby improving their performance and productivity; it also increases their employability inside and outside the organisation. On the basis of two criteria – provision of time off for training and provision of training on the job – four types of establishments were distinguished.

Selective (63% of all establishments)

Provide both on-the-job training and paid time off for training, but do so for only a limited number of employees.

Encompassing (21%)

Provide both types of training to the majority of employees.

No training (10%)

Provide virtually no training of any kind.

On-the-job only (5%)

Provide on-the-job training only to almost all employees, while not providing paid time off for training at all or providing it to a limited number of employees only.

Scores on well-being and performance

Assessing the different establishment types according to our outcome criteria shows that the broader the range of training options and the wider their coverage, the higher

the scores for both workplace well-being and establishment performance; the effect is greatest for establishment performance.



Reading the graphs

Each circle represents a type of establishment, and the size of a circle indicates the proportion of all establishments belonging to that type. The horizontal and vertical axes represent z-scores (standardised units); zero values represent the average scores for all establishments. Circles in the top right quadrant represent types of establishment that score above average on both workplace well-being and establishment performance, while circles in the bottom left score below average on both criteria.

Working time flexibility

Flexible working time arrangements give employees greater control of their work–life balance. Greater access to part-time work and flexible hours, for example, has been especially beneficial to working parents, enabling them to work while meeting family responsibilities. Flexibility has also been driven by business seeking to adapt to market demand. The ECS measures three dimensions of working time flexibility: the extent to which employees can decide their own starting and finishing times; whether it is possible to accumulate overtime (to be taken as leave at a later date); and the extent to which part-time work is used. Three types of establishments were distinguished based on these criteria.

Limited (44%)

Do not allow their employees to determine their own starting and finishing times nor to accumulate overtime; a substantial number have no part-time employees.

Selective (35%)

Make various flexible working time arrangements available, but usually only to some employees. Part-time work is relatively common.

Encompassing (20%)

Have a broad range of flexible working time arrangements that usually are available to most or all employees; they also have a relatively high prevalence of part-time work.

Scores on well-being and performance

Establishments defined as Encompassing have the highest scores for both workplace well-being and establishment performance. Establishments of the Selective type, offering these schemes to a selected number of employees only,

score higher in terms of performance than do establishments of the Limited type; however, these two types do not differ much in terms of workplace well-being.



Variable pay

Variable pay is a general term for different components of pay that supplement basic pay and may vary in their amount over time. They include performance-related pay, profit-sharing and employee share ownership. Variable pay schemes are typically used as a means to stimulate extra effort, reward good performance or attract high-performing employees, but they may also be used to achieve greater wage flexibility by more closely linking wage bills to productivity. Three types of establishments were distinguished in terms of their practices with regard to variable pay schemes.

Limited (46%)

Do not offer any variable pay schemes.

Moderate (44%)

Offer a restricted range of variable pay schemes, focusing mainly on performance-related pay.

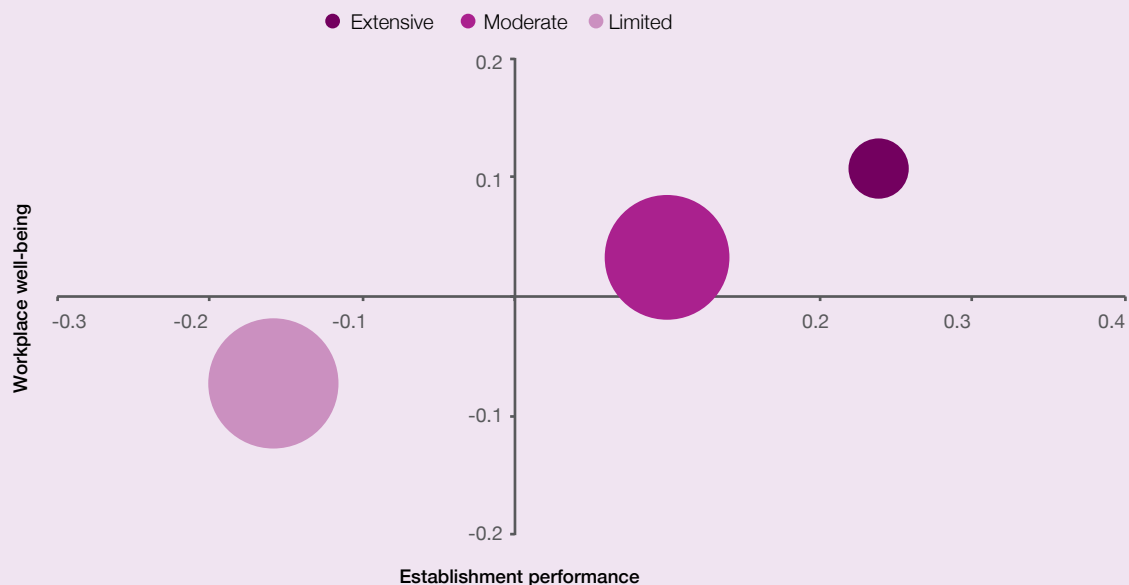
Extensive (10%)

Offer a broad range of variable pay schemes but represent only a small minority of establishments. Almost all establishments of this type have profit-sharing schemes.

Scores on well-being and performance

As the breadth of variable pay schemes increases so do the scores for both workplace well-being and establishment performance. Establishments of the Limited type have below-average well-being and performance whereas

establishments of both the Moderate and the Extensive type score above average, with establishments of the Extensive type clearly showing the best results.



Five types of establishments

Having traced the different approaches to workplace practices in establishments, the analysis went on to group them according to how they combined these practices. Overall,

five groups of establishments were distinguished on the basis of their practices in the areas of work organisation, human resource management and employee participation.



8%

Interactive & involving

Joint decision-making on daily tasks, a moderately structured internal organisation, limited investment in human resource management but extensive practices for direct participation.



18%

Passive management

Top-down decision-making on daily tasks, a moderately structured internal organisation, hardly any human resource management, and little direct or indirect participation.



20%

Top-down & internally oriented

Top-down decision-making on daily tasks, little collaboration and outsourcing, highly structured internal organisation, moderate investment in human resource management, and moderately supported direct and indirect participation



30%

Systematic & involving

Top-down decision-making on daily tasks, highly structured internal organisation, substantial investment in human resource management, and extensive practices for direct and indirect participation in organisational decision-making.



25%

Externally oriented

High levels of collaboration and outsourcing, top-down decision-making on daily tasks, a moderately structured internal organisation, moderate investment in human resource management, and little direct or indirect participation.

Scores on well-being and performance

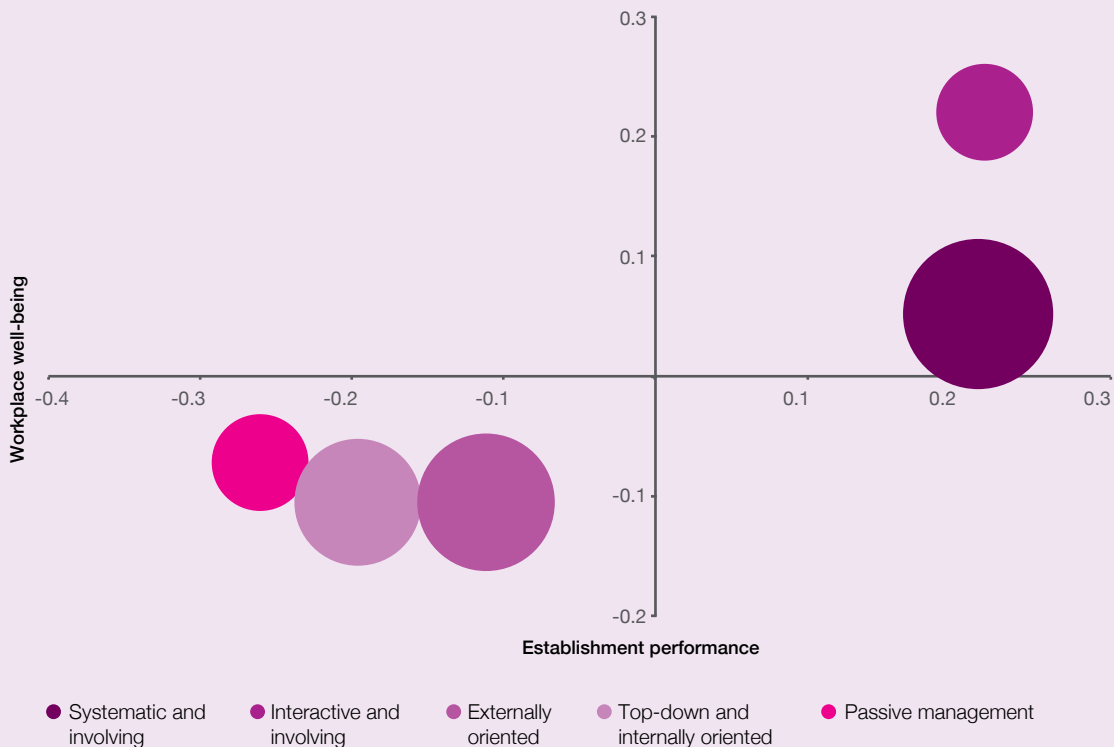
Which types score best on workplace well-being and establishment performance? As the figure shows, establishments in the 'Systematic and involving' and 'Interactive and involving' groups score similarly and highest on establishment performance. However, the 'Interactive and involving' establishments have substantially higher scores for workplace well-being.

Establishments of the other three types have lower-than-average scores on both indices. Those in the 'Passive management' and 'Top-down and internally-oriented' groups score lowest on establishment performance, while 'Top-down and internally-oriented' and 'Externally oriented' establishments score lowest on workplace well-being. Although the 'Passive management' group has a slightly below-average value for workplace well-being, it does not differ significantly from the 'Systematic and involving' group in this regard.

It is interesting that positive outcomes on performance and well-being were found in two types of establishments that are fundamentally different. What establishments in the 'Systematic and involving' and 'Interactive and involving' groups have in common, however, is that both provide a

favourable environment for direct employee participation in organisational decision-making and engage in it to a considerable extent. This may indicate that at least part of the explanation for the positive associations with establishment performance and workplace well-being may lie in these direct employee involvement practices. This implication is further supported by the relatively poor performance of establishments in the 'Passive management' group, which have the least favourable practices with regard to direct employee involvement.

The significantly better scores for workplace well-being of 'Interactive and involving' establishments compared with establishments in the 'Systematic and involving' group seem to be related mainly to differences in the approach taken to decision-making on daily tasks, which is a joint approach in many establishments in the 'Interactive and involving' group and a top-down approach in most establishments in the 'Systematic and involving' group. Thus, while high levels of direct and indirect participation are clearly associated with substantially better performance, only when they are coupled with broader participatory structures of decision-making do they correspond with substantially higher scores for workplace well-being.



Policy message

ECS findings show that specific workplace practices are indeed linked to better outcomes in terms of workplace well-being and establishment performance. Direct employee participation seems to be of particular importance. Yet just over half of establishments have a large number of instruments in place to enable direct participation, a high level of employee involvement and positive attitudes on the part of management towards employee participation. Achieving win-win outcomes is not guaranteed even when favourable practices are in place. Differences between and within countries in terms of the incidence of the establishment types and the practices underpinning them suggest that institu-

tions and context do matter. Nevertheless, implementing the bundles of practices that lead to better results for both companies and workers has the potential to contribute to meeting the objectives of EU initiatives such as Europe 2020. Policymakers and companies may also want to look closely into characteristics of these types of practices with a view to facilitating the framing conditions for companies. Policy learning should be encouraged, and should include sectoral initiatives involving social partners, and awareness-raising campaigns targeted at managers and workers. EU-level policies can have significant added value, particularly in terms of helping to share information and best practice.

Source

Eurofound (2015), *Third European Company Survey – Overview report: Workplace practices – Patterns, performance and well-being*, Publications Office of the European Union, Luxembourg.





Working towards sustainable work

The core idea of sustainable work is improving the quality of work over the course of people's lives so that the way they work now does not compromise their capacity to work in the future. It is an end in itself, enhancing the well-being of the people of Europe; but it must also become a priority in light of the Europe 2020 objective of a high level of participation of Europeans of working age in employment.

At present, employment rates are relatively low among women and older workers. Women typically exit the labour market when the demands of work and family life are incompatible, unless measures are in place that enable them to reconcile both domains. Older workers leave for several reasons – their mental or physical health is no longer up to the demands of the job, they no longer have the skills, they have lost motivation or they can afford to leave. However, the working age population is shrinking while the post-retirement age population expands, creating an imbalance that could threaten the ability of states to finance social protection systems. Such a crisis could be averted by increasing labour force participation: making work sustainable over the life course can make a difference here.

The goal of sustainable work is twofold: to ensure that those who are outside the labour force can enter it, and that those within the labour force are able and motivated to stay. To reach this goal demands that the broad institutional framework supports people's availability for work by considering their individual characteristics and circumstances at different stages of life; it also requires that childcare and elder care services are accessible, that social protection systems are oriented towards making work pay and take new social risks into account, and that educational systems equip each generation with skills that the labour market needs.

Within the work domain, it means that working conditions must be such that workers' skills, health and sense of purpose at work are maintained over the course of their working lives. Eurofound's research has shown that one-fifth of workers are in jobs of poor quality, putting their health and well-being at risk and possibly sentencing them to an early exit from the workforce.



Event – Foundation Seminar Series on sustainable work

The Foundation Seminar Series (FSS) is an annual exercise organised by Eurofound, bringing together representatives of unions, employer organisations and governments from across Member States to exchange knowledge, experiences and practices on prominent issues related to employment, quality of work and working conditions. The 2014 FSS focused on how to make work sustainable over the life course.

The first session in May prepared the ground by establishing a common understanding of sustainable work and exploring approaches to making it a reality. Within this framework, participants at the second session in November presented and debated the policies and practices that have been put in place in their countries that aim to make work sustainable. While the discussion examined actions taken at national level, the real focus was the company level as this is where policies are implemented and specific practices applied.

Measuring job quality

Working conditions differ across jobs; hence, so too does job quality. Levels of physical and psychosocial risk vary, as do the resources available to the worker for dealing with the demands of the job, such as opportunities for skills development and latitude for decision-making. Exposure of workers to poor working conditions, to a combination of high levels of risk and low levels of job resources, has been shown to harm health and well-being, which in turn may diminish workers' ability to remain in employment until a later age.

Eurofound measures job quality using a set of four indices it has developed based on the characteristics of work that have a proven positive or negative causal relationship with well-being.

Earnings captures monetary reward in terms of monthly pay.

Prospects measures the continuity and enhancement of employment. Key features include job security and prospects for advancement in the job.

Working time quality assesses whether the job allows for a good balance between working life and private life. It measures several aspects of working time, including amount of hours worked, working atypical hours and flexibility in changing working time.

Intrinsic job quality captures a broad range of aspects of the content of the work and the working environment: whether the job enables the development of skills and allows for decision-making, whether the social environment is supportive and fosters good social relationships, the level of physical and psychological risk, and the intensity of work.

These characteristics of work and employment are measured at the level of the job, but in aiming for good and sustainable work, it is important to bear in mind the significance of other levels: the characteristics and preferences of workers, the role of company practices – especially work organisation and human resource practices – and the labour market and how it is regulated.



Least favourable sectors and occupations

Recent projects undertaken by Eurofound aim to identify the occupations and economic sectors in the EU in which working conditions are least favourable and therefore least likely to be sustainable over a life course. This understanding can contribute to assessing priorities for improving working conditions. The research is based on data from

Eurofound's European Working Conditions Survey (EWCS) 2010, a comprehensive survey of workers across Europe on subjects including employment status, working time, work organisation, learning and training, physical and psychosocial risk factors, work-life balance, worker participation, earnings and well-being at work.

Sectors ranked by job quality

A sectoral perspective is especially useful in examining working conditions as action can be taken by stakeholders at this level – whether they be European, national or local – to promote good practices and quality of work.

To investigate job quality in different economic sectors, 33 sectors were defined based on the European sectoral social dialogue committees; where there was no corresponding committee, the NACE classification was used.

Sectors were scored on the basis of responses by workers in each sector to questions on the four job quality indices. Sectors were then ranked according to their scores on each index. A low ranking on one index might be compensated for by a higher ranking on another – for example, a job with low pay might offer a high level of intrinsic reward. However, sectors that rank low on all four indices offer no compensating features and so were designated as the most unfavourable to work in.

According to Eurofound's analysis, 7 sectors rank low on all four indicators, indicating predominantly low-quality jobs, while 10 emerge as having predominantly high-quality jobs. The remaining 16 sectors score relatively well on one or more dimensions but score relatively poorly on others.

This initial distinction does not take into account the fact that sectors differ in terms of the characteristics of their workers: whether they are male- or female-dominated, average workplace size, the age and education of workers, and the relative size of the sectors in different European countries. All of these factors are likely to influence the sector average for each of the job quality indicators.

When the composition of the workforce in terms of gender, age, education, workplace size and country is controlled for, slightly different results emerge. The following sectors score better on all job quality indicators:

- chemical industry;
- utilities supply;
- banking;
- insurance;
- real estate activities;
- legal and accounting activities;
- financial services.

Computer programming, media and communications, public administration and professional activities have dropped out of this group – their favourable scores are particularly closely correlated with the level of education of the workers in these sectors. The chemical industry has entered the group: workers in this sector score relatively well on the job quality indicators compared to other workers with similar characteristics.

Meanwhile, these sectors now score poorly on all indicators:

- administrative services;
- the agro-food industry;
- food and beverage services;
- textiles and clothing;
- transport and storage;
- construction.

This implies that the relatively low scores that were initially found for accommodation, retail and manufacturing can largely be explained by the differences in gender, age, education, workplace size and country. The construction and transport and storage sectors have moved into the lowest-ranking group.

Lowest job quality	Mixed on different dimensions
Accommodation	Activities of households
Administrative and support services	Agriculture
Agro-food industry	Arts, entertainment and recreation
Food and beverage services	Chemical industry
Manufacturing	Construction
Retail	Education
Textiles and clothing	Furniture
Highest job quality	Human health activities
Banking	Industrial cleaning
Computer programming	Metal industry
Financial services	Other service activities
Insurance	Residential care activities
Legal and accounting activities	Sales of motor vehicles
Media and communications	Social work activities
Professional activities	Transport and storage
Public administration	Wholesale
Real estate activities	
Utilities supply	

Impact of poor job quality

When a sector is classified as having poor job quality, it means a significant proportion of its workers are faced with multiple disadvantages, including low pay, relatively high levels of exposure to both physical and psychosocial risks, irregular working time arrangements, little or no control over working time, high work intensity and few prospects for career improvement.

In terms of health and well-being, workers in sectors with poor job quality are approximately twice as likely to report negative outcomes for health and well-being as workers in sectors where job quality is good. They are also about half as likely to report the ability to do their job when they are 60 as workers in sectors with good job quality.

Occupations ranked by job quality

To investigate variation in job quality across different occupations, a similar ranking as done for sectors was carried out for 38 occupations. The analysis used the International Standard Classification of Occupations (ISCO-08), which classifies occupations according to skill level and specialisation.

Twelve occupations scored poorly on all four dimensions of job quality, designating them as unfavourable occupations; 36% of all occupations in the EU are in this group. Eight ranked highly; these account for 29% of occupations. The remainder are occupations that have various mixes of favourable and unfavourable working conditions, which account for 35% of jobs.

It is notable that the occupations with the most favourable job quality are those requiring greater levels of skill, such as managers and professionals, while several of the occupations with the poorest job quality require mid-level and low-level skills.

Eurofound is building on this work with a research project addressing policies to improve working conditions and quality of work in these occupations, due for publication in 2015.

Managers	Service and sales workers
Chief executives, senior officials and legislators	Personal service workers
Administrative and commercial managers	Sales workers
Production and specialised services managers	Personal care workers
Hospitality, retail and other services managers	Protective services workers
Professionals	Skilled agricultural, forestry and fishery workers
Science and engineering professionals	Market-oriented skilled agricultural workers
Health professionals	Market-oriented skilled forestry, fishery and hunting workers
Teaching professionals	Craft and related trades workers
Business and administration professionals	Building and related trades workers, excluding electricians
Information and communications technology professionals	Metal, machinery and related trades workers
Legal, social and cultural professionals	Handicraft and printing workers
Technicians and associate professionals	Electrical and electronic trades workers
Science and engineering associate professionals	Food processing, wood working, garment, etc. workers
Health associate professionals	Plant and machine operators, and assemblers
Business and administration associate professionals	Stationary plant and machine operators
Legal, social, cultural and related associate professionals	Assemblers
Information and communications technicians	Drivers and mobile plant operators
Clerical support workers	Elementary occupations
General and keyboard clerks	Cleaners and helpers
Customer services clerks	Agricultural, forestry and fishery labourers
Numerical and material recording clerks	Labourers in mining, construction, manufacturing and transport
Other clerical support workers	Food preparation assistants
	Refuse workers and other elementary workers

Good in quality Poor in quality

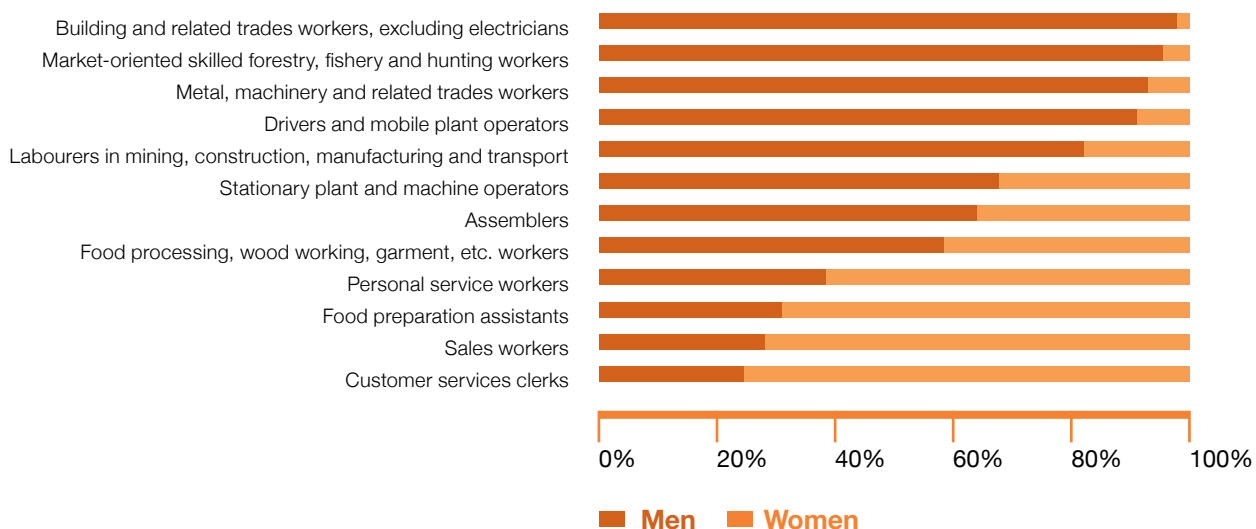
Characteristics of workers in the least favourable occupations

Gender

Occupations with unfavourable working conditions are in general very segregated (Figure 15). Four of the occupations scoring most unfavourably on all the dimensions of job quality – building and related trades workers, market-oriented skilled forestry, fishery and hunting workers, metal, machinery and related trades workers, and drivers and mobile plant operators – are overwhelmingly male-dominated. Three others – food preparation, sales workers and customer services clerks – are dominated by women.

machinery and related trades workers, and drivers and mobile plant operators – are overwhelmingly male-dominated. Three others – food preparation, sales workers and customer services clerks – are dominated by women.

Figure 15: Gender breakdown in unfavourable occupations



Source: EWCS 2010

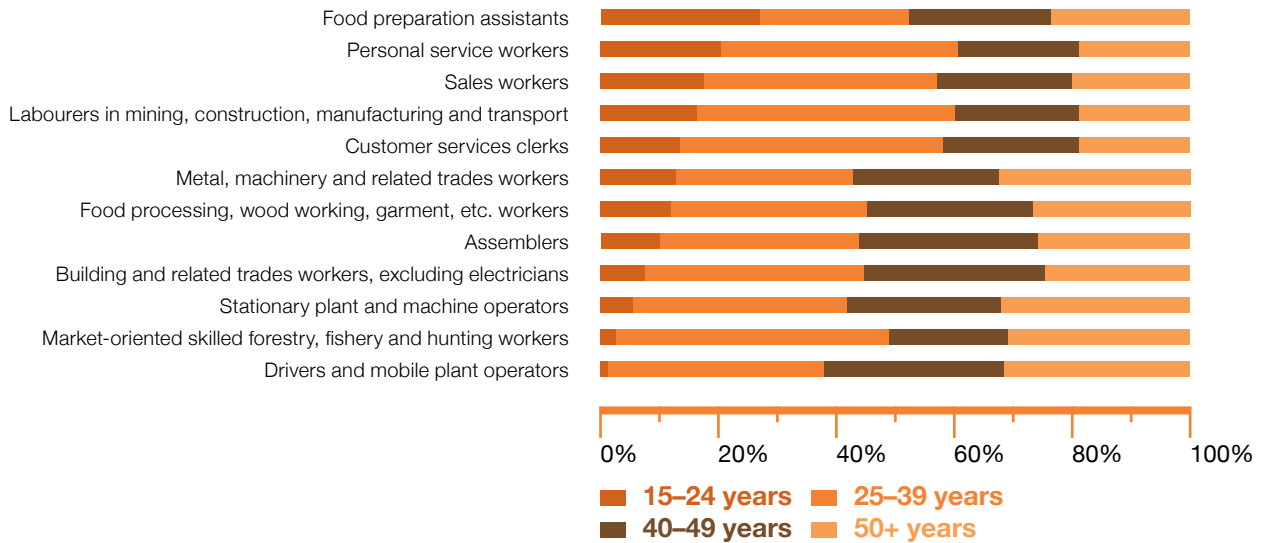


Age

A considerably larger share of young workers work in occupations with multiple disadvantages (Figure 16). More than half of workers in occupations with poor job quality are younger than 40, compared to 42% in occupations with mixed conditions, and 46% in occupations with favourable conditions. The largest age group employed

as food preparation assistants is aged 15–24 years, where they comprise 28% of the workforce, and a similarly high proportion of personal service workers, 22%, are also in this age group. This can be explained both by these being ‘entry-level’ jobs and by the exit of older workers who find the working conditions difficult to sustain.

Figure 16: Age breakdown in unfavourable occupations



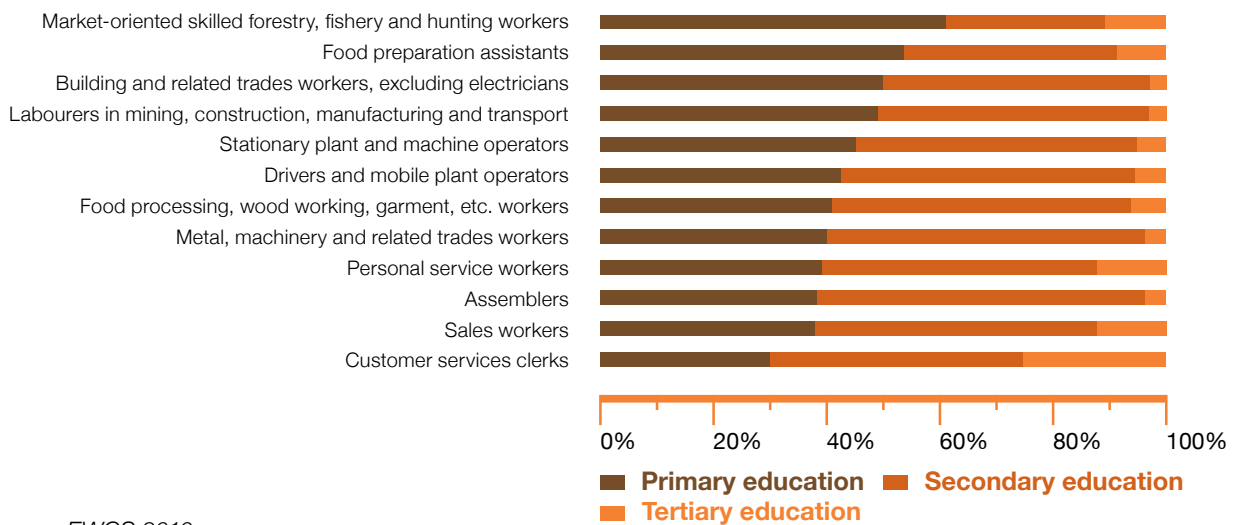
Source: EWCS 2010

Education

Workers with lower educational levels dominate in occupations with multiple disadvantages (Figure 17). In 11 of the 12 occupations where job quality is poor, around 90%

of workers or more have an education no higher than secondary level (the exception is customer service clerks, for whom the figure is below 80%).

Figure 17: Educational breakdown in unfavourable occupations



Source: EWCS 2010

Policy message

Specific attention needs to be paid to the fact that a large number of workers are in poor-quality jobs. Governments, social partners and individual employers need to contribute to better job quality by tackling unfavourable working conditions. Accumulated research evidence from Eurofound and others shows that working conditions associated with good worker health and well-being are also associated

with greater motivation, creativity and commitment, and less absenteeism, ultimately supporting organisations' productivity. Moreover, providing the working conditions that promote greater participation and longer working lives supports the viability of economies and societies in the long term.

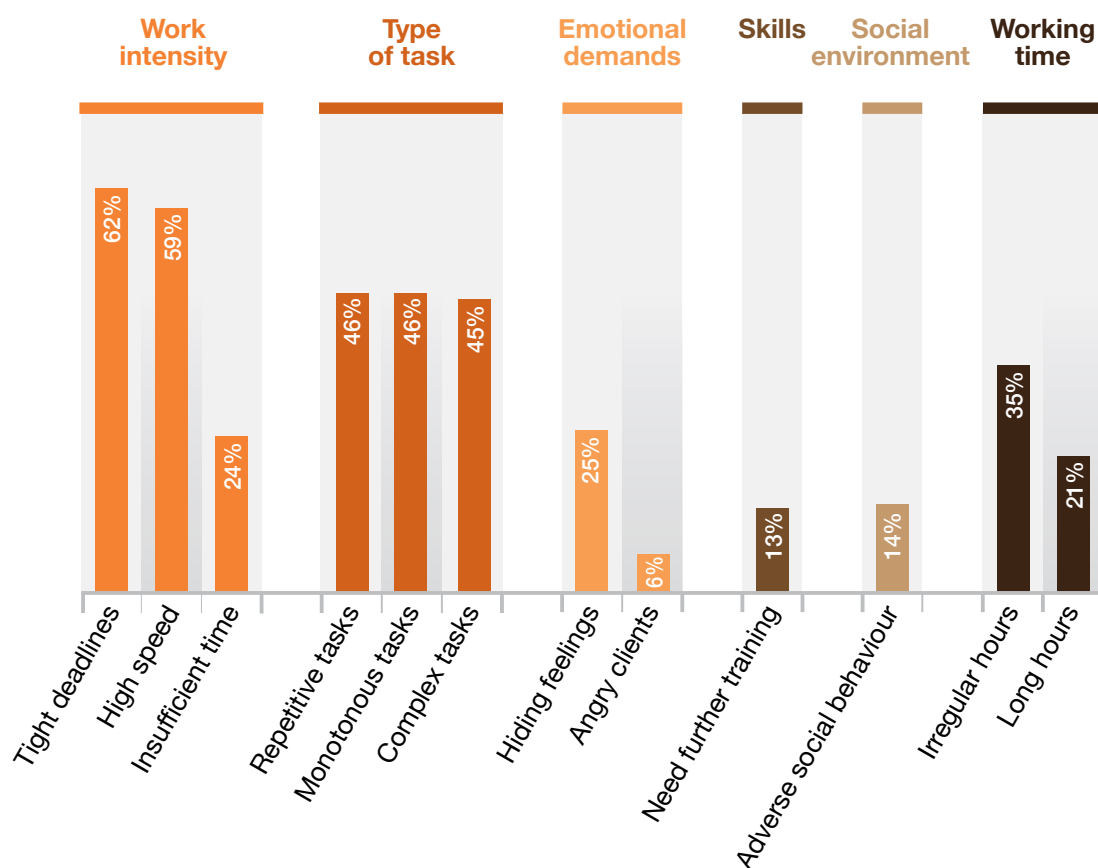


Psychosocial risks at work

Work places a variety of mental and social demands on workers. These psychosocial demands arise from specific working conditions – the way work is organised, the working time arrangements, the social relationships, the content of the job and the workload. The recognition that these factors have an impact on the health and well-being of workers has grown in recent years. In 2014, Eurofound and sister agency EU-OSHA collaborated on a joint project on psychosocial risks in European workplaces, as part of EU-OSHA's Healthy Workplaces Manage Stress campaign.

The adverse effects of psychosocial risk factors are numerous: they may increase stress, reduce job satisfaction, cause musculoskeletal and sleep disorders, damage one's physical or mental health, and contribute to cardiovascular disease. Furthermore, research has shown that exposure to multiple risk factors may have a greater negative effect, particularly when people are working under pressure, than would the sum of the effects of individual risk factors. The exposure of workers to some of the most common or most serious risk factors is summarised in Figure 18. It shows a high degree of variation in the prevalence of different types of risk.

Figure 18: Prevalence of psychosocial risk in Europe



Source: EWCS 2010



Work intensity

Work intensity is the most prevalent psychosocial risk in European workplaces. The term refers to the demand placed on a worker by volume of work and the speed required to carry it out. In this study, it was measured using three variables: working at very high speed, working to tight deadlines, and not having time to get the job done. Well over half of workers are exposed to the first two of these risk factors: 62% work to tight deadlines, while 59% work at high speed. Nearly a quarter have difficulty getting the job done in time.

Type of task

The content of a job can put well-being at risk: repetitive and monotonous tasks can cause boredom and lead to demotivation; complex tasks can increase stress unless workers have the required skills and the job is designed to enable them to cope. Close to half of European workers experience these risk factors, and they are equally prevalent across workplaces as a whole.

When prevalence is broken down by occupation, complex tasks are, unsurprisingly, a more common risk at higher levels of the occupational structure, among managers, professionals and technicians, while monotonous and repetitive tasks are prevalent among workers in the plant and machine operators category and workers in elementary occupations.

Emotional demands

Jobs that involve contact with people both inside and outside the organisation, such as clients, patients and customers, often place emotional demands on workers when they have to deal with conflict or hide their feelings (such as concealing compassion or frustration). A quarter of workers report that they have to hide their feelings, while a much smaller proportion have to deal with angry clients. Emotionally demanding work is typically found in occupations in education, health and other services.

Skills

Lack of necessary skills for the job can be a problem, but it is less prevalent in the workforce as a whole than not being able to use one's skills at work. However, large proportions of workers in higher-skilled occupations – those in the managers, professionals and technicians categories – report that they need further training. Skills mismatches are also more common among workers in service sectors, such as financial services, education and health. These occupations and sectors are more affected by changes in process and technologies and the work is more complex, which may explain the prevalence of skills mismatches.

Social environment

Adverse social behaviour includes verbal abuse, threatening and humiliating behaviour, physical violence, bullying and harassment, and sexual harassment. Overall, the percentage of EU workers reporting any of these adverse social behaviours in the month before the survey is 14%. Levels of exposure are different for each of the component behaviours, however. Verbal abuse is quite prevalent in the workplace, with 11% of workers reporting having experienced it. Humiliating or threatening behaviour occurs less frequently, among 5% of workers. Unwanted sexual attention is the least prevalent, being reported by just 2%.

Working time

The health consequences of long working hours, shift work and night work, and lack of rest are well known. Legislation limits working time duration and requires minimum rest periods. Unfavourable working time arrangements can also pose an obstacle to workers in keeping a suitable work–life balance. In Europe, 35% of workers indicated that their working time changes regularly, while 21% work longer than 48 hours on average each week.

Link between risk factors and poor well-being

Further analysis considered the relationship between these risk factors and several aspects of lesser well-being: poor health, sleeping problems, musculoskeletal disorders, work-related stress, absenteeism, perceived inability to do the job at 60, and dissatisfaction with working conditions. The risk factor that in the short term had the strongest association with all these outcomes was adverse social behaviour. Those who have experienced it are more than twice as likely to report sleeping problems, dissatisfaction with working conditions, and that work has had a negative effect on their health.

A number of risk factors substantially increased the risk of work-related stress, especially having to hide one's feelings and high work intensity. Workers reporting either of these risks are almost three times more likely to report work-related stress than workers not exposed to these risks. However, when high work intensity is combined with high levels of autonomy, workers are less likely to experience stress. This indicates that there is potential to alleviate the negative effects of work intensity if workers are given more control over their work. Other factors that put workers at particularly high risk of work-related stress are dealing with angry clients, needing more training to cope with duties, adverse social behaviour and long working hours.

Policy message

Most workers are likely to experience some form of risk in the course of their work; many are exposed to several risks simultaneously, which is likely to amplify the negative outcomes. Preventing and reducing exposure to risk clearly is one approach to protecting workers. Boosting favourable working conditions is another, when risk cannot be eliminated. Task rotation could reduce the monotony and repetitiveness of tasks. Improving the autonomy of workers could enable them to cope better with work pressures.

More training would increase workers' capacity to deal with demands, enhance their employability and reduce job insecurity. This study also found that good work-life balance and having a feeling of work well done reduced the likelihood of adverse outcomes. Facilitating flexible working time arrangements and building intrinsic reward into work could, therefore, strengthen the resilience of workers faced with challenging working conditions.

Social dialogue under fire

The crisis struck a blow to social dialogue as established processes broke down in the face of reduced demand for labour in the private sector and austerity-driven cutbacks in the public sector. Despite such setbacks, social dialogue is the major mechanism through which change in the workplace is achieved, where the interests and goals of workers and employers can be expressed, and where solutions to issues of mutual concern are negotiated.

The new Commission regards social dialogue as a way of designing and implementing labour market reforms at EU level, aimed at boosting competitiveness. In his opening

statement to the European Parliament plenary session in July 2014, Commission President Jean-Claude Juncker remarked that the functioning of the social market economy rested on social dialogue and undertook to restart discussion between the social partners at EU level. Later in the year, Marianne Thyssen, the Commissioner for Employment, Social Affairs, Skills and Labour Mobility, announced the Commission's intention to 'get social dialogue started again in order to strengthen employment, speed up structural reform and unleash Europe's growth potential'.



Event – Revitalising social dialogue

In June 2014 in cooperation with the Greek EU Presidency, Eurofound organised a high-level conference, 'Social dialogue as a driver in shaping and improving employment and working conditions in the EU'. The conference brought together representatives of government ministries, national and European social partner organisations, the European Commission, international organisations, as well as experts and academic contributors to draw lessons from the crisis and examine the future of social dialogue in the EU.

The Nobel Prize-winning economist Sir Christopher Pissarides delivered the keynote address, in which he remarked that social dialogue is a necessary mechanism to counteract the increasingly uneven distribution of wealth arising from the digital revolution and globalisation: 'Agreements about wages and working conditions based on dialogue between organised labour and organised employers are likely to have a better outcome for distribution than atomistic capitalism.'

Social dialogue showed resilience in the initial two years of the recession and helped a number of Member States to weather the storm. However, as the crisis progressed, social partnership weakened and in many cases broke down. Based on information from national experts, Eurofound categorised the effect of the crisis on industrial relations in four Member States as 'very severe'. These are also the countries that have had to implement the most sweeping debt-reduction measures – Spain, Greece, Ireland and Portugal. Nevertheless, there is also a significant grouping of countries in which the impact was categorised as 'severe'.

The picture is not altogether negative. In some countries, maintaining employment became a joint priority, with both sides having to modify their stance – the unions in relation to pay and employers in relation to deregulation – rather than adhering to their usual policy positions. In Germany, for example, there is evidence of increased cooperation between the social partners, which has been attributed to the strength of the German industrial relations system as a whole.

Event – New perspectives on industrial relations

Later in the year, Eurofound hosted a large gathering of industrial relations experts and academics for the 2014 Industrial Relations in Europe Conference (IREC), 'The future of the European Social Model – New perspectives for industrial relations, social and employment policy in Europe?' More than 80 papers were presented over three days, and participants debated a wide range of topics in

parallel workshops, including transnational restructuring and social dumping, the social inclusion of migrant and vulnerable workers, and the representativeness of the social partners.



Unilateral decision-making

Overall, the state seems to have moved to the forefront as a major industrial relations actor in many Member States. There has been a tendency for governments to decide and implement interventions very quickly, often without

following established procedures for consultation with the social partners. Government unilateralism has been most marked in public sector restructuring and pay cuts and freezes.

Impact on social partners

The ongoing decline in trade union density seems to have slowed since 2008, with some evidence of an increase in membership for some unions. This may have been due to their increased visibility and importance because of the crisis. New social movements have emerged in a number of countries, particularly those under the most severe financial pressure, such as Greece, Spain, Portugal and Slovenia. In Greece, many business-level agreements are now being drawn up by informal associations of workers, while new protest movements have surfaced in Portugal and Spain.

On the employers' side, the picture is a mix of increases in employer body membership in some countries (Cyprus, for example) and a decline in others (such as Germany and Lithuania). The newest data from the European Company Survey (ECS) show that in 2013 a quarter of companies belonged to an employer organisation that was involved in collective bargaining. Such memberships cover 4 out of 10 employees in the EU, as bigger companies tend to be more often represented.

Decentralisation of collective bargaining

According to the ECS, 60% of employees in private sector establishments with 10 employees or more are covered by a collective wage agreement made at the company, regional, sectoral or occupational level (or any combination of these levels where multiple interlinked agreements might be in place). The figure rises to 70% when national cross-sector agreements (such as in Italy, Finland or Spain) are considered.

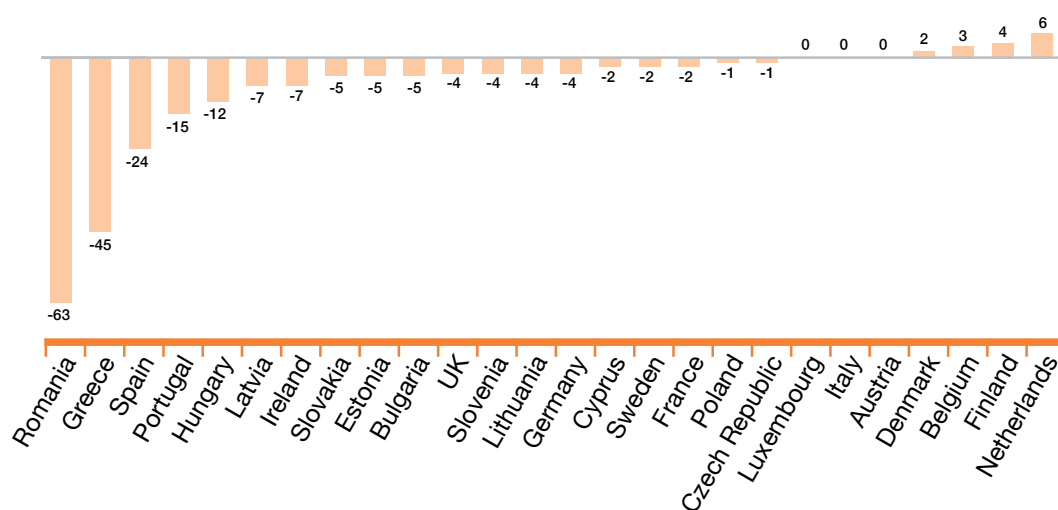
Decentralisation of collective bargaining has accelerated in the wake of the crisis. Most countries have experienced it to some degree, bargaining moving from national to industry level and company level, or from industry level to company level, although the predominant level of bargaining in most cases has not changed. In some Member States, decentralisation is being achieved by allowing lower-level agreements to take precedence over higher-level agreements. The introduction or increased use of opt-out clauses and opening clauses also contributes to this trend of decentralisation. (Opt-out clauses permit derogation under certain conditions from the wage standards specified in the sector or cross-sector agreement, while opening

clauses provide scope for further negotiation on aspects of wages at company level.) In general, there is more flexibility at company level in implementing sectoral agreements.

Other developments in industrial relations processes are:

- a drop in the overall volume of bargaining because some social partners cannot agree terms – in Portugal, for instance, the number of collective agreements concluded fell from 48 in 2006 to 17 in 2012;
- a decrease in the use of extension mechanisms to ensure coverage of an agreement across a whole sector;
- shorter agreements, which are thought to be more suited to the changing economic climate and uncertain times;
- curbs on provisions allowing collective agreements to automatically remain in force once they have expired.

Figure 19: Percentage point change in proportion of employees covered by a collective agreement in EU Member States between 2008 and 2013



Note: The ICTWSS database has no data for Croatia for 2013 or for Malta for 2008.
Source: ICTWSS database

What's driving decentralisation?

Decentralisation of bargaining has been defended as a means of enabling greater flexibility in wage-setting, particularly at company level. A number of country-specific recommendations issued from the European Semester have urged Member States to reform wage-setting systems so that they support competitiveness. In light of such developments, Eurofound conducted research to examine how strongly different wage-setting regimes are associated with the linking of pay and productivity outcomes. Examining trends in labour costs between 1998 and 2012 across Member States, no clear link was evident between the

wage bargaining regime and growth of unit labour costs. Different regimes can produce similar outcomes and similar regimes can produce different outcomes in terms of linking pay to productivity.

Eurofound maintains a database on collectively agreed pay developments and bargaining systems within the EU. This database is available online at www.eurofound.europa.eu/observatories/eurwork/collective-wage-bargaining/context.

Industrial action

While labour was largely quiet up to 2008, the years of crisis were marked by an increase in industrial action. Almost 1 in 10 private sector establishments in the EU experienced a strike lasting a day or more between 2008 and 2013,

according to the ECS. A 'softer' form of industrial action, such as a refusal to do overtime, a work-to-rule or a strike of less than a day, took place in 6%–7% of establishments.

Policy message

Industrial relations across Europe have been weakened by the crisis. Nevertheless, social dialogue worked better in some countries than in others, suggesting that some systems might be better suited to dealing with sudden shocks in the economy. The industrial relations systems of the Nordic and western European countries contain more potential flexibility in terms of the actors and the processes, enabling them to adapt more readily to changes in the economic environment. Furthermore, these countries have more solid linkages between bargaining levels and, overall, a less adversarial industrial relations climate and culture. However, in countries where industrial relations were most affected – Ireland, Portugal, Spain and Greece – the scale of the economic adjustments may have overwhelmed

the social partners, giving them relatively little room for manoeuvre. Once economic recovery is more certain, social partners might look to reconstituting social dialogue to make it more resilient to future shocks, as well as more adaptable to economic and social goals.

Decentralisation of collective bargaining has accelerated, motivated by the goal of enabling greater flexibility in wage-setting, particularly at company level. However, Eurofound found no clear link between the wage bargaining regime of Member States and growth of labour costs. As discussed earlier, different regimes can produce similar outcomes and similar regimes can produce different outcomes in terms of linking pay to productivity.

A hypothetical minimum wage

Eurofound's research on pay also examined the potential impact of a hypothetical minimum wage, coordinated across the EU. The analysis looked at what proportion of workers in each country would be affected should each Member State's minimum wage be set at a threshold of 60% of its median wage.

The research found that a coordinated minimum wage would result in an increase in minimum wages in most Member States. The country that would feel the biggest impact – in terms of the numbers of workers who would see an increase – was Germany, followed closely by Lithuania. These two countries had a high proportion of workers (almost one in four) below the threshold. Institutional

disruption would be greatest in countries with collectively agreed sector-specific minimum wages because it would either involve a shift towards a kind of second-level statutory model (underlying the collectively agreed system) or require a commitment to reaching the EU target from all the partners involved, at all levels. In this context, Germany, again, would be most affected.

(In July 2014, the German parliament approved the country's first national minimum wage of €8.50 per hour, which came into effect on 1 January 2015.)



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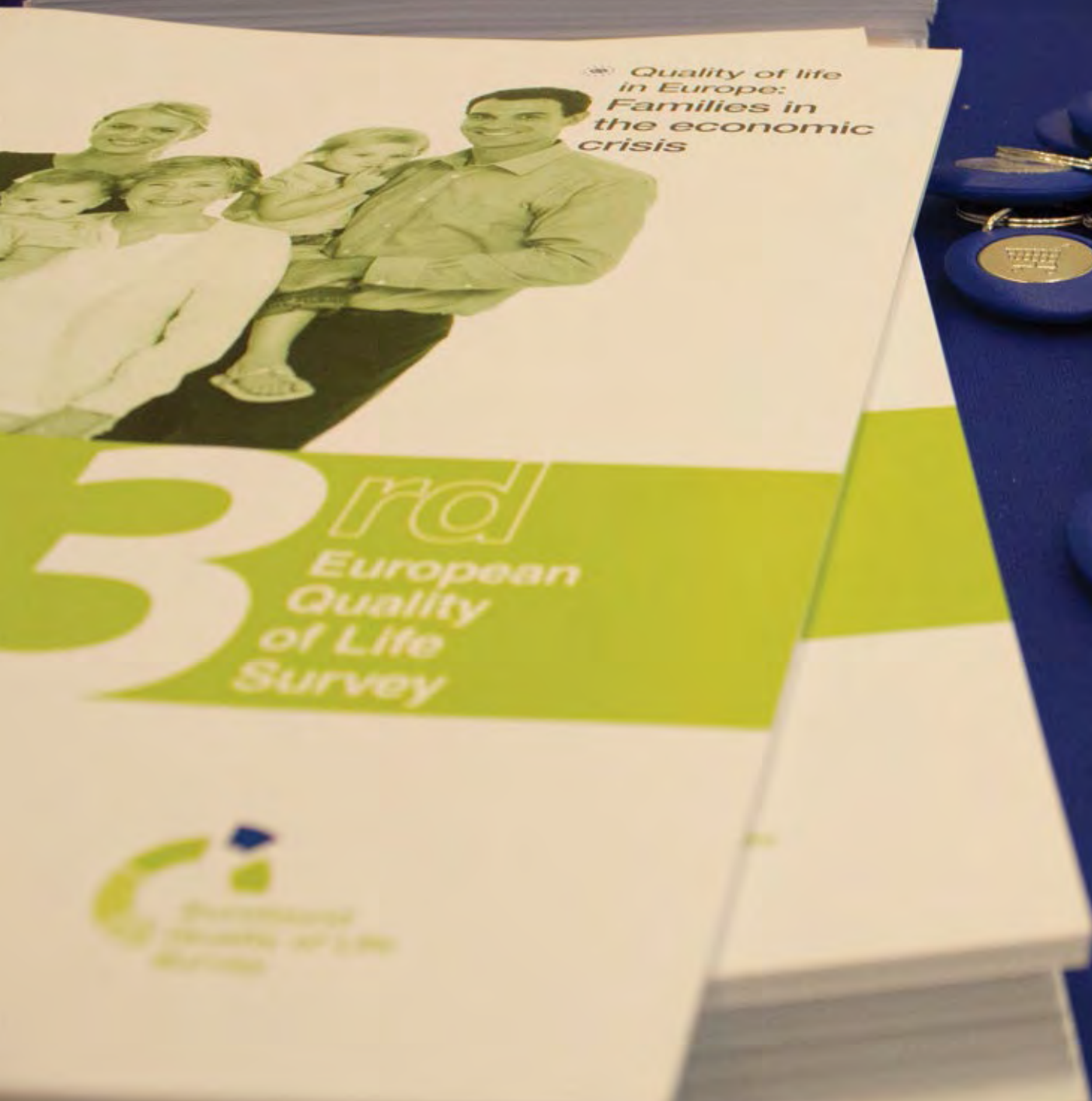
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Eurofound



Quality of life in Europe: Families in the economic crisis

3rd European Quality of Life Survey





Quality of life, citizens and public services

Social policy in the European Union emphasises social investment that builds people's capacities to deal with societal setbacks and targets their integration into the labour market and society. Provision of high-quality public services plays a central role in social investment. Having access to education, healthcare, good housing and other public services are important in promoting quality of life and necessary conditions for citizens to be able to participate fully in society.

It has been a challenge to governments to continue to invest in public services in recent years since the main theme in public spending has been one of retrenchment. Ironically, as governments have less spending power, citizens have turned more to public services to meet their needs as private services have become less affordable.

New barriers to healthcare

Healthcare absorbs a large chunk of public finances and so is a prominent target for potential cuts once public budgets are squeezed. The need for discipline in healthcare spending has been reinforced by the European Semester country-specific recommendations, which have emphasised efficiency, reduction of pharmaceutical expenditure and a shift from hospital to outpatient or community care. Systems where healthcare is financed predominantly by health insurance contributions from employees and employers have suffered, too; contributions have dropped as a consequence of reduced wages and falling employment rates.

Access to healthcare needs to be maintained, nevertheless, even when the financial freedom of government is reduced. Health and poverty can coexist in a vicious circle where ill-health prevents a person from working, leading to a fall in living standards, which then reinforces ill-health. If others depend on that person, they too are dragged into the poverty trap.

Findings on access to healthcare from Eurofound's 2011 EQLS indicate that Europeans as a whole had not perceived a decline at that point. This was true even of countries hit hard by the crisis; in fact, respondents in Italy, Portugal and Spain reported that access had improved since 2007. The most notable exception was Greece, where access became considerably more difficult. For instance, the proportion of Greeks having difficulty with the cost of services rose from 45% to 64% between 2007 and 2011.

Almost all EU Member States have cut public expenditure on healthcare since 2007; Eurofound sought to identify where access has been reduced as a consequence. The research was based on case studies from nine Member States (Greece, Hungary, Ireland, Latvia, Luxembourg, Portugal, Romania, Slovenia and Sweden), all of which have reduced resources in their healthcare sectors. The work did not aim to be representative, but rather to illustrate how budget-balancing measures have affected specific public healthcare services and access to them. It found that – even where a country's healthcare services had experienced hardly any cuts – it was still possible to identify impacts on access. The research also examined measures to mitigate or reduce negative effects.

The evidence suggests that governments have targeted specific services, rather than slashing provision across the board, and it is in these areas that the impact of cut-backs is most evident. Unsurprisingly, services that are seen as being easier to cut – those perceived as being at the margins of the healthcare system – have tended to suffer more. For instance, support services for population groups in vulnerable situations, such as health mediators for migrants in Portugal and social workers employed by community healthcare centres in Slovenia, have had their funding reduced. Both services help people who have difficulties finding their way through the healthcare system, and curtailment adds to the disadvantage of these groups.



Falling provision

Spending restraint has also taken the form of budget caps and delays in paying healthcare providers. In some Member States (Belgium, Bulgaria, Latvia and Luxembourg), maximum budgets were established for healthcare providers, limiting reimbursements for services provided above the threshold.

Staffing levels have been reduced and limits have been placed on hiring new staff. For example, in Spain, a 10% replacement rate of public health employees was set by law in January 2012; by January 2014, the proportion of public health employees had declined by 5.6% – from 505,185 to 476,689.

Cutbacks have been implemented even in cases where demand is rising. In Ireland, funding decreased for home care (including home help, nursing and physiotherapy) particularly, with hours of service provision falling from 13 million in 2008 to 9 million in 2013, while the number of people receiving home care increased from 9,000 to 11,000.

Reduced provision has increased waiting times for services. After years of steady reduction, average waiting times for some surgical operations in England, Ireland, Portugal and

Spain have shown a small increase. In Greece, cancer patients face extended waiting times to access the appropriate therapies, particularly the more expensive treatments.

Funding pressure has accelerated the long-term rationalisation of services. Health authorities have taken the opportunity to consolidate facilities, closing smaller, less efficient service providers. In several countries, smaller public hospitals, mostly in rural areas, have been closed. For example, in Romania, 67 public hospitals in rural areas (about 15% of the country's public hospitals) were closed in April 2011. Such moves particularly affect people with limited mobility or who cannot afford the cost of travelling further afield.

In countries with social health insurance systems, coverage has shrunk and certain services have been removed from benefits packages. Meanwhile, out-of-pocket payments by clients have increased. The share of healthcare costs which patients need to pay up front for treatments has climbed in many countries and for several types of services. Where service users are required to pay part of the cost of services by means of copayments, these copayments have increased and enforcement of copayments has become more stringent.

Reduced ability to pay

The effects of the crisis on the demand side have also complicated access to healthcare. Loss of employment or cuts to pay and working time have reduced household income; meanwhile, some households are overburdened by debt. Households are less able to cover copayments or to make up-front payments in systems where reimbursement applies. A survey in the Netherlands, for example, found that the proportion of GPs reporting that they encounter patients several times a day who do not follow their advice for referral to specialists or further medical tests because of costs increased from 9% in 2013 to 15% in 2014.

Where social health insurance systems operate, unemployment may have led to a loss of insurance coverage for certain groups not entitled to free insurance under exemption rules. In countries where insurance coverage is triggered by receipt of certain social benefits, loss of these benefits has also left people uninsured. Households covered by private insurance may either have cancelled their policies and switched to the public system, increasing the pressure there, or opted for cheaper packages.

There are also new groups of people in difficulty, whose income has fallen but still remains just above the threshold that would entitle them to free insurance coverage or copayment exemptions.

Rising demand

The crisis has had a negative effect on the health of certain groups in the population, increasing the need for healthcare even as provision has reduced. More people are experiencing mental health problems, including mood disorders, anxiety and alcohol-related problems, as a result of job loss and income insecurity. Major depression has been associated with mortgage repayment difficulties, evictions and unemployment.

Health systems may be shielded from rising demand to some extent as some people – because of changed circumstances – now qualify for free health coverage but are unaware of their eligibility. In the Netherlands, for instance, an estimated 10% of those eligible for the healthcare subsidy in 2006 had not taken advantage of it by 2008; among those who were not eligible in 2006 but had become entitled by 2008, some 41% had not availed of it.

Lessening the impact

Reduced funding has added an impetus to longer-term strategies to reduce reliance on inpatient care and emergency care, which are expensive, and to develop more cost-effective outpatient care. This strategy may have enabled health authorities to maintain provision while reducing spending. Health authorities have also taken steps to maintain access. Some have supported increased take-up of exemptions to copayments or have added exemptions. Priority has been given to the most urgent health conditions and services, such as replacing a small hospital in a remote area with an emergency service unit.

Service providers, too, have adopted strategies to maintain access, such as by economising on energy consumption and food. They have also innovated in ways of providing services. To address the increased demand for mental healthcare, for example, they have introduced group sessions to replace one-to-one consultations that had been stopped. ICT has been used to provide self-help, information and distant diagnoses of images sent by local GPs in remote areas to specialists in hospitals. Providers have also been lenient in enforcing copayments for people in vulnerable situations.

Policy message

When governments undertake cutbacks to public services, they may find themselves reacting to problems after reforms are implemented; better, then, that governments plan on maintaining access by integrating mitigating measures into cost-cutting policies. And putting alternative cost-saving services in place merits the same attention as curtailing big-budget provision. In the case of healthcare, for instance, reductions in inpatient care have not always been accompanied by investment in outpatient care as a substitute. Policymakers must also be alert to unexpected

or indirect consequences. Simple cost-cutting solutions may actually incur higher costs. There is evidence, for instance, of increased reliance on emergency care for non-emergency needs because it is cheaper and more accessible. The crisis has caused tangible reductions in access to healthcare – especially for more disadvantaged groups. While the budgetary pressure will never disappear altogether, once financial constraints loosen, cutbacks will need to be reassessed.

Spotlight on older people

Stay in employment or leave?

The crisis has been more sparing of older people overall than of other age groups. Older workers have been least affected by job loss; in fact, they have remained in the labour force at surprisingly high levels in comparison to previous recessions. The 55–64 age group stands out – 50% of this age group was employed in 2013, compared to 46% in 2008. Rising employment among older workers may in part be a result of policy reforms that have removed incentives for early retirement; it may also be related to their greater security of tenure at work. Given that the employment level of those aged under 45 has been shrinking, one consequence is that workforce ageing has significantly outstripped population ageing.

Nevertheless, the percentage of people aged 50–64 years at work in the EU is 60%, well below the rate for those aged 25–49 years (77%) and well short of the Europe 2020 total employment target of 75%. The beginning of one's fifties is a critical time in a working life, when people take decisions regarding their career, their health and their goals for the rest of their life; many drop out regardless of the state's disincentives for early retirement. The employment statistics illustrate this: 75% of people aged 50–54 years are employed, but the figure drops to 65% in the 55–59 age group. It is critical that employment levels do not fall among workers in their fifties to this extent, in order to maintain a balance between workers and non-workers in the population and so manage the ageing of society.

Part of the reason that employment falls in this group is that once they have lost a job, older workers find it much more difficult to secure a new one; unemployment becomes a step out of the labour market. As touched on in the earlier discussion on sustainable work, policymakers, social partners and workers themselves need to work much more actively to maintain the employability of workers over their entire lives and to change often negative attitudes of employers towards hiring workers in their later years.

In addition, any strategy must also deal with the fact that some people choose to leave the labour market. While raising the pension age and restricting early retirement have made early exits less attractive, it must be acknowledged that ageing has an impact: many older workers find that some aspects of the job no longer correspond to their abilities. The fifth EWCS found that the percentage of workers who feel that their health is at risk because of work peaks in the 50–54 age group; the trend is similar for those who consider that work affects their health negatively; and one-third of workers aged 50–54 feel unable or disinclined to continue in the job to age 60.

Working time preferences

Another way to keep older workers in the labour force is to bring working conditions more into line with their needs, abilities and aspirations. One of the chief areas where adaptation could be made is working time. With the passage of time, many workers expect to dedicate less of their time to work than they did when they were in the core age group of 30–49 years. The EQLS collects data on the working time preferences of older workers. The findings show that, while the length of their working week is similar to that of everyone else – 40 hours on average – when asked about their ideal working hours, they would, on the whole, prefer to work less. This is true of all Member States, without exception, even after taking into account people's financial needs.

On average, across the EU, older people would like to work 35 hours per week. Older workers in Greece, Poland, Portugal and the UK wish for the biggest reductions: in these countries, they would prefer to work at least seven fewer hours per week than currently. In three of these

countries – Greece, Poland and Portugal – older people work long hours (between 45 and 48 hours per week), so their ideal working time is still more than the actual average working time in some Member States. In the UK, while actual working hours are among the lowest (36 hours), the preferred working hours of older people in employment are also low (29 hours).

For people aged 50 and over who work exceptionally long hours (58 per week), there is a large mismatch between their current and preferred hours: this group wishes to reduce their working week by more than 20 hours.

Not all older workers would like to cut their working hours, however. A notable minority, 11% on average, would like to work more. The countries where this preference is most prevalent are Romania (27%), Latvia (19%), Ireland (17%) and Lithuania (17%).

Job satisfaction and working hours

Job satisfaction is more common among older people who are happy with their working hours: just 5% is dissatisfied with their job. In contrast, among people who would prefer to work either more hours or fewer, about twice this pro-

portion is dissatisfied with their jobs – 10% for those who would prefer to work more hours and 9% for those who would prefer to work fewer. Job satisfaction is particularly low among those with exceptionally long working hours.

Policy message

Job satisfaction is a key component of longer working lives. For many older workers, one element contributing to greater satisfaction is to work fewer hours. If the only option is to work full time, they may opt not to work at all. However, preferences with regard to working hours differ greatly among this group; some wish to work longer than

they currently do. These differences in working time preferences lead to a conclusion that could apply to workers at any stage in their lives: approaches to working time adaptation must be more individualised, and matches between the needs of employer and employee should ideally be tailor-made.

Well-being of people aged 50–64

Despite the relative protection of 50–64-year-olds from the harshest effects of the economic shock, they score lowest on a number of well-being indicators measured by the EQLS in 2011. Their life satisfaction and happiness are lowest among all age groups, and the gap is growing. Comparing the three waves of the EQLS (from 2003, 2007 and 2011), it becomes apparent that life satisfaction has been rising since 2003 for all age groups except those aged 50–64.

It also shows that satisfaction with family life has dropped in all age groups since 2003 (apart from 18–24-year-olds) with the largest drop occurring in the 50–64 age group. Increases in the pension age may explain this drop in satisfaction with family life: older people are increasingly obliged to prolong their working lives and spend less time with their families.



Access to healthcare for retirees

Retired older people have felt the sharp edge of the crisis in one way at least – in reduced access to healthcare. Cuts in healthcare services are always likely to have a disproportionate impact on older people as they have greater healthcare needs than younger people.

Eurofound's case study research on the impact of cutbacks on access to healthcare show the various ways older people have been affected. Pension reductions in some countries have reduced disposable income and simply made it more difficult to pay for healthcare. Increased copayments are also a strain and may deter older people from seeking services.

Access has also been reduced through cuts and changes to the services that older people rely on. In Ireland, for instance, more elderly people are getting fewer hours of home care; it was also reported that it has become harder for all nursing home residents to access services because of moratoriums on replacing staff who have left.

The failure to maintain sufficient nursing home places has had repercussions on the acute hospital system as it has delayed discharges of older people from hospitals, so tying up hospital beds.

Some older people are finding that their retirement pensions have become a more important source of income for households hit by unemployment and reduced income. There is evidence from Latvia that families have kept older relatives at home rather than in a nursing home so that their pension could be an extra source of household income. In some cases, old people have left nursing homes and returned home to support their relatives with their pensions. These developments could partly explain the decrease in the number of people on nursing home waiting lists and in the number of nursing home clients. This also seems to be the case in Hungary, where the number of clients in care homes decreased slightly in 2008 (down to 49,894 from 50,903 in 2007).

Fate of families in the crisis

In the majority of EU countries, children are at greater risk of poverty and social exclusion than the population as a whole. If they grow up in households where financial insecurity keeps living standards low and diminishes quality of life, their life chances can be particularly compromised. To understand how the crisis has affected the households in which children grow up, Eurofound looked at different

types of families with children to uncover how they had fared under difficult economic circumstances in 2011. This research focused on comparing the differential impact of unemployment and cutbacks in public spending on lone-parent families and families where two parents are present (couple families).

Event – Families in the crisis

The Agency presented some of the results of its work on families at an EU Presidency conference in April, 'Families in the crisis: Finding work–life balance in difficult economic context', jointly organised by the Confederation of Family Organisations in the European Union (COFACE) and its Greek member organisation KMOP.

Prominent themes at the event included the particular challenges facing lone parents, the greater difficulties encountered by jobless families since the economic crisis struck, and the increasing conflict parents experience in seeking to balance their working life with their family life.



Employment situation

Roughly 60% of lone parents are working, of whom around two-thirds work full time and one-third work part time. Of those not working, half classify themselves as unemployed, while the remainder mostly identify themselves as home-makers. In comparison, in 94% of couples with children, at least one parent is in paid work. The most common setup is of both parents working full time (37%), followed by one parent working full time (33%), and finally by one parent working full time and one part time (23%).

An overwhelming majority of lone mothers (who constitute 88% of lone parents) currently not in paid work would prefer to work if they were able to choose their working hours. The same is true of mothers in couples. Most mothers in full-time work would prefer to work less, regardless of household status. The situation is different for mothers who work part time: most single mothers would like to increase their working hours, while most mothers in couples are happy with their working hours.

Work–life balance

For all types of families with children, conflicts of work and family have increased since 2007. Lone parents working full time are the most likely to experience work–life conflict, and the increase for these parents is far greater (an increase of 10 percentage points of those reporting ‘severe conflict’) than for parents in couples (3 percentage points).

Interestingly, in single-earner couple families, the working partner experiences a high degree of work–life conflict

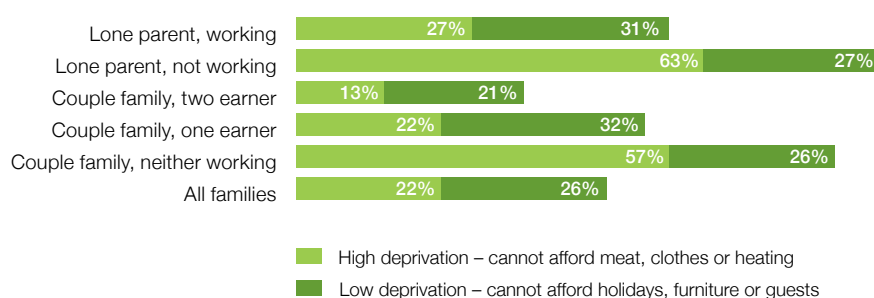
regardless of whether they work part time or full time. This may be explained by their being the only partner who needs to balance their work and family life. In addition, almost 75% of single earners, whether working full time or part time, would prefer their partner to work. On the other hand, in dual-earner families, a parent working part time is significantly less likely to experience such conflict than a parent working full time, who, in turn, reports less conflict than workers in single-earner families.

Deprivation levels

A household is considered highly deprived if it cannot afford one of the following items: a meal with meat or fish every second day; new clothes; or keeping the home adequately warm. A household with a low level of deprivation can afford all these three items, but cannot afford one of the following: having people around for a drink or meal once a month; a week’s annual holiday away from home (not staying with relatives); or replacing worn-out furniture.

Jobless lone-parent households are the most likely to face a high level of deprivation, followed by jobless couple families (Figure 20). The rate of jobless families facing a high level of deprivation increased significantly between 2007 and 2011 – by 19 percentage points for jobless lone parents and by 18 percentage points for jobless couples. For other types of families, the proportion dealing with high levels of deprivation increased only slightly. The proportion of families that are not deprived of any item has decreased (by 8 percentage points overall).

Figure 20: Extent of deprivation in different types of family



Source: EQLS 2011

Household debt

Overall, more families ran into arrears in 2011 than in 2007: families in general were more likely to have difficulty paying for accommodation (rent or mortgage) and utility bills (Table 1). Naturally, jobless families are most at risk of falling into arrears, but over 20% of working lone parents

and single-earner couple families were unable to pay for utilities in 2011. Informal loans from friends and families are one of the ways for families to cover their debts, but many (especially those with no-one working) find it hard to pay these loans back.

Table 1: Household arrears in families, 2011

	No arrears %	Rent or mortgage arrears %	Utility bill arrears %	Consumer loan arrears %	Informal loan arrears %	Arrears in all areas %
Lone parent, working	71	17	21	15	12	6
Lone parent, not working	46	29	42	20	18	7
Couple family, two earner	82	11	14	11	8	6
Couple family, one earner	74	16	21	14	10	6
Couple family, neither working	46	31	39	26	20	8
All parents	75	15	19	13	10	6

Source: EQLS 2011



Subjective well-being

Employment plays a key role in subjective well-being. Jobless lone parents have the lowest ratings for life satisfaction and for happiness (Table 2). Parents in a couple where neither is working also have particularly low ratings for life satisfaction. Parents in a single-earner household have lower ratings of subjective well-being than parents in

dual-earner households. While ratings for life satisfaction and happiness have not changed significantly in the overall EU population since 2007, parents in jobless households experienced a statistically significant decrease in life satisfaction and happiness during this time.

Table 2: Life satisfaction and happiness in families, 2011

	Life satisfaction	Happiness
Lone parent, working	6.7	7.1
Lone parent, not working	5.5	6.3
Couple parent, both working	7.6	7.9
Couple parents, one working	if respondent works	7.2
	if respondent's partner works	7.2
Couple parents, neither working	6.4	7.1
All parents	7.2	7.7

Note: Scale of 1–10, where 1 means very dissatisfied and 10 means very satisfied.

Policy message

Families in which nobody works face high levels of deprivation and reduced quality of life; the numbers of these families have risen since the crisis. Targeted actions in the areas of childcare, education, training, active labour market policies and housing support, as set out in the Social Investment Package, are needed to enable parents in these households to work. In both lone-parent and couple families, the majority of non-working mothers

would work if they could choose their hours. An integrated set of leave, care and workplace support for parents of young children would help families to combine work with care commitments. As parenting is crucial in children's development, policymakers have many reasons to want to help parents find a better work–life balance.

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Eurofound's key messages

Eurofound's mission is to provide knowledge to assist in the development of social and work-related policies. This mission generates a comprehensive body of work each year, the detail of which shows the many facets of living

and working in Europe. The key policy messages from the Agency's work in 2014, as outlined in the preceding chapters, are distilled here.



Employment – Jobs in Europe



The gradual erosion of manufacturing in Europe for over two decades has meant a declining number of jobs in the middle wage stratum. The best-paid jobs have increased almost everywhere, and although the picture is less consistent across Member States, there has also been a significant increase in the worst-paying jobs. So we see an ongoing polarisation of the employment structure. What this means for the future of Europe remains to be seen.

Eurofound's monitoring of the labour market shows that knowledge-intensive services have been a major job creator in recent years, but will not continue indefinitely. The potential for a job-rich recovery might lie to a significant extent in low-end personal service jobs, demand for which is rising as the population ages. However, these jobs are by and large at the lowest end of the pay spectrum, so job growth here may increase income inequality unless it is accompanied by wage growth in these occupations. Jobs lost in the structural transformation of traditional manufacturing sectors are unlikely to be recovered, but a focus on advanced manufacturing, centred on STEM skills – science, technology, engineering and maths – might provide the high value-added employment growth that Europe seeks. As Europe rebuilds after the crisis, there is an opportunity not just to create jobs but to create the conditions for the future employment landscape of the region and make decisions on where to invest effort and funding.

Mobility and migration



Geographical mobility plays a part in European integration and is considered an effective way of reducing discrepancies between supply and demand in European labour markets. Across the EU, national policy measures to attract workers from other Member States are few. Bilateral agreements between countries to tackle specific labour needs in one of the signatory countries are also limited. Even countries with labour shortages that cannot be solved locally are not taking full advantage of the EU principle of free movement to address such imbalances. Active labour market policies that provide financial incentives encouraging EU job-seekers to move for work have a role, and enhanced cooperation between national employment services would assist job-matching across borders. Given that lack of language proficiency is one of the major barriers to mobility, improving access to language training might also help to boost numbers interested in migration. Moving country would also be easier for workers if their qualifications were recognised across the whole Union. The European Qualifications Framework (EQF) was meant to address this problem by making qualifications from anywhere in the EU transparent to employers. The EQF, however, is yet to be fully implemented.

Youth in Europe



Understanding better the dynamics of young people's move from education into work sheds light on what is important to achieving successful transitions. Key factors appear to be the experience of work in the course of education, rapid transitions from school into work and standard employment contracts after leaving education. These findings underscore the potential of the Youth Guarantee in tackling youth unemployment. If implemented as anticipated, structural changes made under the scheme will prepare young people for the labour market while they are still in education, and after they finish will provide tailored support services to integrate them into the world of work. High unemployment among young people is not new – it was on the EU agenda even before the crash – but the economic crisis has taken it to an entirely new level. The Youth Guarantee is ambitious, demanding significant structural change, but should it yield success, it could be a major tool in tackling youth unemployment even after the current crisis.

Win-win practices



ECS findings show that specific workplace practices are indeed linked to better outcomes in terms of workplace well-being and establishment performance. Direct employee participation seems to be of particular importance. Yet just over half of establishments have a large number of instruments in place to enable direct participation, a high level of employee involvement, as well as positive management attitudes towards employee participation. Achieving win-win outcomes is not guaranteed even when favourable practices are in place. Differences between and within countries in terms of the incidence of the establishment types and the practices underpinning them suggest that institutions and context do matter.

Nevertheless, implementing the bundles of practices that lead to better results for both companies and workers has the potential to contribute to meeting the objectives of such EU initiatives as Europe 2020. Policymakers and companies may also want to look closely into the characteristics of these types of practices with a view to facilitating the framing conditions for companies. Policy learning should be encouraged, and should include sectoral initiatives involving social partners, and awareness-raising campaigns targeted at managers and workers. EU-level policies can have significant added value, particularly in terms of helping to share information and best practice.

Sustainable work – The future of working life in Europe



Poor quality of work is damaging to people and limits their ability to remain in work to a later age. Yet a large number of workers are in poor-quality jobs. Steps need to be taken by governments, social partners and individual employers to contribute to better job quality by tackling unfavourable working conditions and poor job quality. Better working conditions deliver benefits to all. Eurofound and other researchers have produced firm evidence that working conditions associated with positive worker health and well-being are also associated with higher levels of worker motivation, creativity and commitment, and lower absenteeism, ultimately supporting business productivity. Moreover, providing the working conditions that promote greater participation and longer working lives supports the viability of national economies in the long term.

Sustainable work is not only about improving the job, however; it also demands that individual circumstances do not prevent participation. A person's availability for work is amplified when the requisite institutional supports are in place, including a formal care infrastructure, effective employment support services, and education and training systems that centre on the skills the labour market seeks.

Quality of life, citizens and public services



Access to high-quality public services is a necessary condition for citizens to be able to participate fully in society. When governments undertake cutbacks to public services, they may find themselves reacting to problems after reforms are implemented; better, then, to plan on maintaining access by integrating mitigating measures into cost-cutting policies. And putting alternative cost-saving services in place merits the same attention as curtailing big-budget provision. In the case of healthcare, reductions in inpatient care have not always been accompanied by investment in outpatient care as a substitute. Policymakers must also be alert to unexpected or indirect consequences. Simple cost-cutting solutions may actually incur higher costs. There is evidence, for instance, of increased use of emergency care for non-emergency needs because it is cheaper and hence more accessible for citizens. The crisis has in some cases caused tangible reductions in access to healthcare, and especially for more disadvantaged groups. While the budgetary pressure will never disappear altogether, once financial constraints loosen, cutbacks will need to be reassessed.

Older people



Reducing early exit from the labour force is not just a matter of increasing the pension age and prohibiting early retirement. A parallel route should aim to bring working conditions more in line with the needs and aspirations of older workers. Job satisfaction is a key component of longer working lives. For many older workers, one element contributing to greater job satisfaction is to work fewer hours. If the only option is to work full time, older workers may opt not to work at all. However, preferences with regard to working hours vary considerably among older workers; some wish to work longer than they currently do. This suggests that approaches to working time adaptation must be more individualised, and matches between the needs of employer and employee are ideally tailor-made.

Social cohesion



Families in which nobody works face high levels of deprivation and reduced quality of life; the numbers of these families have risen since the crisis. Targeted actions in the areas of childcare, education, training, active labour market policies and housing support, as set out in the Social Investment Package, are needed to enable parents in these households to work. The majority of mothers who don't currently work, in both lone-parent and couple families, would opt to work if they could choose their working hours. An integrated set of leave, care and workplace support for parents of young children would help families combine work with care commitments. As good parenting is crucial in children's development, policymakers have many reasons to want to help parents find a better work–life balance.

Social dialogue in Europe



Industrial relations across Europe have been weakened by the crisis. Nevertheless, social dialogue worked better in some countries than in others, suggesting that some systems might be better suited to dealing with sudden shocks in the economy. The industrial relations systems of the Nordic and western European countries contain more potential flexibility in terms of the actors and the processes, enabling them to adapt more readily to changes in the economic environment. Furthermore, these countries have more solid linkages between bargaining levels and, overall, a less adversarial industrial relations climate and culture. However, in countries where industrial relations have been most affected – Ireland, Portugal, Spain and Greece – the scale of the economic adjustments may have overwhelmed the social partners, giving them relatively little room for manoeuvre. Once economic recovery is more certain, social partners might look to reconstituting social dialogue to make it more resilient to future shocks, as well as more adaptable to economic and social goals.

Decentralisation of collective bargaining has accelerated, motivated by the goal of enabling greater flexibility in wage-setting, particularly at company level. However, no clear link has been found between the wage bargaining regime and growth of labour costs. Different regimes can produce similar outcomes and similar regimes can produce different outcomes in terms of linking pay to productivity.

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What does Eurofound do for you?

- We benchmark good practice in industrial relations, living and working conditions, employment and competitiveness
- We make key actors aware of challenges and solutions
- We support policymaking by monitoring the latest developments in living and working conditions

Eurofound, a tripartite European Union Agency, provides knowledge to assist in the development of social and work-related policies.



European Foundation for the Improvement of Living and Working Conditions – Eurofound

Wyattville Road

Loughlinstown

Dublin 18

Ireland

Tel.: (353-1) 204 31 00

Fax: (353-1) 282 64 56

information@eurofound.europa.eu

www.eurofound.europa.eu



Publications Office