

2010 YEARBOOK



Living and working in Europe



Eurofound



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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) was set up to contribute to the planning and design of better living and working conditions in Europe.

Established in 1975 by the Council, it is situated in Dublin, Ireland.

FOREWORD

We are delighted to present our second annual Yearbook on Living and working in Europe 2010 – a bird's-eye view of what Eurofound presented by way of policy-oriented research in 2010. While we do not claim to present all of our work during the last year here, the Yearbook does convey the main findings of some of our key currents of research – in particular, results and analysis from our three pan-European surveys on company practices, working conditions and quality of life. All our surveys now enable us to paint some pictures of trends over time, crucial for understanding how Europe is developing and the changing challenges it is encountering. Not least among these challenges is the creation of a truly multicultural European society, a task being undertaken daily by both majority and minority communities. As detailed in last year's publication, European governments and social partners are still dealing with the effects of the economic crisis; in many countries, short-time working schemes were extended or

Juan Menéndez-Valdés
Director

introduced as one response. Eurofound's Yearbook also outlines how such responses to the crisis may also provide an opportunity, highlighting ways of adapting such schemes to combine both greater flexibility and greater security. Such adaptation can only take place with the cooperation of the social partners: the Yearbook 2010 looks at how both trade unions and employer organisations are adapting to meet the challenges of changing times.

We invite you to familiarise yourself with some of these key findings from 2010, and trust that they will whet your appetite to visit us at www.eurofound.europa.eu, to learn more about our work.

Erika Mezger
Deputy Director



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RESTRUCTURING
IN 2010

RESTRUCTURING IN 2010

Europeans continued to feel the ongoing impact of the recession on their employment, working conditions and the quality of their lives in 2010. Public sector employment suffered in the face of budgetary concerns in Member States, while job gains rose overall, and job losses fluctuated. Manufacturing continued to suffer, being the greatest loser in terms of job losses after the public sector. Restructuring continued in financial services; Eurofound research analysed the impact of the crisis upon the sector, and its possible future development.



How does the ERM get its data?

The European Restructuring Monitor (ERM) monitors companies' media announcements of restructuring, and attendant job loss and creation, across the EU27 and Norway. Data collection takes account of all announcements involving the reduction or creation of at least 100 jobs, or affecting 10% of the workforce in sites employing 250 or more workers. A key advantage of this approach is that it captures announcements early in the dismissals process. Updated on a daily basis, the ERM database can be accessed for more details of individual cases at www.eurofound.europa.eu/emcc/erm/index.htm

Eurofound's research findings published in 2010 continued to reflect the ongoing impact of the recession on both the economy and society. At the end of 2010, a tumultuous year saw concerns regarding the health of the euro system dominating the EU policy agenda, and – aligned with this – the deficits of some Member State governments. Rising public deficits prompted major spending cuts in many Member States, with a knock-on effect on state sector employment, which had largely escaped the job losses suffered in private sector companies in 2008 and 2009.

Public sector employment coming under pressure

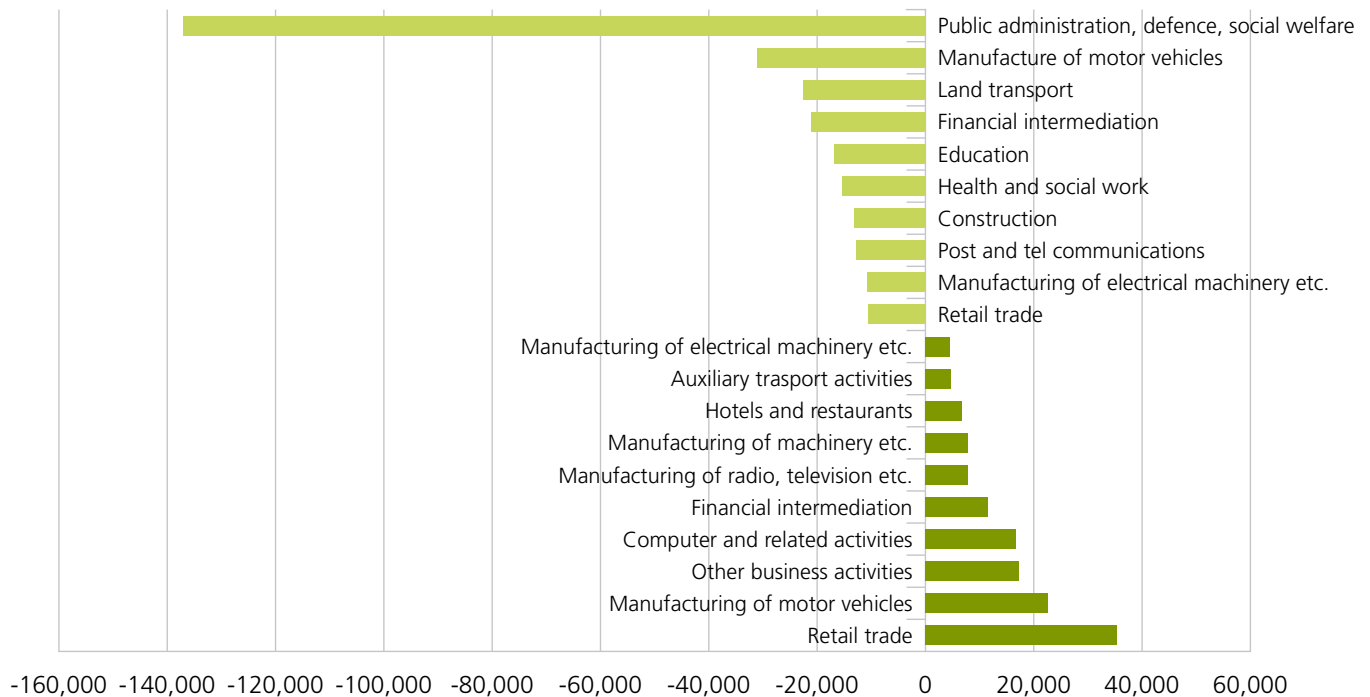
Reflecting the changing position of once-secure public-sector employment, public administration, defence and social welfare saw the largest number of announced job losses – nearly 140,000 over the course of the year. The single biggest case was that of the Romanian public administration. As part of an austerity programme to rebalance its finances, the Romanian government foresees extensive job losses in the country's public administration, as well as wage cuts of 25% for public-sector workers. At the end of 2010, over 60,000 job losses had been announced in the public sector, most notably the dismissal of 50,000 staff in the Ministry of Administration and Internal Affairs in August.

Jobs continued to be lost, though at nothing like the pace of 2008–2009. Rather, the number of announced job losses, as documented by Eurofound's European Restructuring Monitor, fluctuated. While the number of restructuring cases resulting in job loss fell throughout the year, it rose markedly in the final quarter. Meanwhile, the number of cases of new job announcements rose slowly over the 12 months.

Romania was not the only country to see jobs lost in the public sector. In autumn, the Czech government announced that it would eliminate between 3,500 and 5,600 jobs, in order to boost performance and bring more effective public service delivery. In the UK, Birmingham City Council towards the end of the year announced 3,700 job losses, through redundancies and early retirement, as part of a plan to reduce its workforce by one third over the next four years. And in the Netherlands, the local government of Rotterdam announced that it would cut 1,000 jobs (out of a total of 14,000) over the coming years. Even the defence forces are not immune to restructuring. The Polish Army announced a major restructuring plan, envisaging the loss of 2,400 jobs by the end of the year.

Union responses to public sector job cuts

The proposed job cuts in Romania's public administration have not been welcomed. Romania's national trade union confederations launched a series of demonstrations, and joined forces to lodge a complaint against the government with the International Labour Organization (ILO), claiming that the austerity measures violate the ILO Protection of Wages Convention. And across Europe, public sector trade unions have responded to the news of job losses by staging mass rallies in their respective Member States, culminating in a protest involving 100,000 workers in Brussels on 29 September 2010, organised by the European Trade Union Confederation.

Figure 1: Announced job gains and job losses for top sectors, 2010

Source: ERM

Spotlight on postal sector liberalisation

Reform of Europe's postal market began in the early 1990s, as part of efforts to create a European single market. The reforms sought to open up national monopolies to make postal services cheaper and more efficient, and to enable them to respond to the rise in electronic alternatives to mail. The Member States of the EU15, with the exception of Greece and Luxembourg, were obliged to complete liberalisation of the postal sector by 31 December 2010, abolishing all legal monopolies on postal services. For the remaining Member States, the deadline is the end of 2012. In anticipation of the 2010 deadline, significant reorganisation of national postal services took place in Member States: as the sector is labour intensive, liberalisation has resulted in job losses (which have been compensated for, to an extent, by recruitment in the new competitors). In December 2009, Irish state postal company An Post announced 1,300 redundancies out of its total workforce of 10,000, over three years. In Sweden and Denmark, Post Norden – the merged national postal organisation for both countries – announced in February 2010 its plans to cut between 1,000 and 2,000 jobs over the course of the year to streamline the organisation. In both cases, falls in postal volumes were also cited as reasons for the job losses. However, the shift towards more casual contractual relationships and lower wages in the emerging competitor companies has led to pressure on the pay and working conditions of employees in the former monopoly companies, as well as giving rise to industrial disputes.

Patterns of job loss and gain – the European Jobs Monitor

Five million jobs have been lost in the EU27 over the course of the Great Recession – following a period in which over 20 million net new jobs were created. Previous Eurofound research from 2008 confirmed that the majority of new jobs in the decade preceding the recession were created in higher-paying jobs. Relatively few middle-paying jobs were created, more new jobs appearing at the bottom of the wage spectrum. Recent analysis in Eurofound's European Jobs Monitor, to be published in 2011, looked at the patterns of job loss and gain over the course of the crisis.

It found that growth continued in higher-paying employment over 2008–2010, especially in the predominantly publicly funded sectors of education and health. Job losses were concentrated in low-to-medium and medium-paying jobs – in particular, in construction and manufacturing. The phenomenon of the 'shrinking middle' in the labour market appears to have become more marked during the recession; this is associated in particular with a sharp drop in employment for men, especially younger manual workers. (See Shifts in the job structure in Europe during the Great Recession).

Job losses and gains

After the public sector, manufacturing saw the greatest job losses – specifically in motor vehicle manufacturing, with over 30,000 job losses being announced in 2010. In one notable case, a sharp fall in sales led the Opel assembly plant in Antwerp, Belgium, to announce over 2,000 job losses. The redundancies in Belgium are part of a large restructuring plan on the part of the company, aimed at eliminating over 8,000 jobs in Europe and scaling back capacity.

Unions reacted to the announcement by blockading the plant and threatening to prevent all new cars from leaving the plant until General Motors – the plant's owners – agreed on an acceptable social plan for the redundant workers. Management stated that the company intends to provide affected workers with training programmes and attempts will be made to find a new investor for the site. However, the plant eventually closed in December 2010.

Although employment in car manufacturing is relatively small in Europe (1% of the total employment in the EU27), it is the linkages between the sector and other parts of the economy – the steel industry, transport, financing, sales, insurance and maintenance – that make the sector especially signifi-

cant: nearly 5% of jobs in the EU are directly or indirectly dependent on the car industry.

At the same time as jobs were being lost, motor vehicle manufacturing saw some significant job gains – in stark contrast to the job losses that occurred as the economic crisis first took hold. Firms took advantage of increased demand, including from various scrappage incentive schemes. For instance, substantial gains were announced in the car manufacturing sector in the Czech Republic, with Škoda Auto, the largest Czech car manufacturer, announcing plans to employ 1,000 agency workers.

Restructuring in the financial services also continued during 2010. In 2009, Bank BPH in Poland had cut around 930 jobs; in 2010, it announced a further 1,500 redundancies, to be implemented by the end of the year. Another company shedding jobs was French banking group Société Générale, which in 2010 announced that it would cut 900 positions across its 3,000 retail branches nationwide over the coming three years; retiring employees, the bank said, would not be replaced. (However, it also plans to recruit 1,200 employees across its network by 2012.)

The biggest winner in terms of job creation was the retail sector – perhaps surprisingly, given stagnant

or contracting disposable income for many European citizens. Over 35,000 new jobs were announced in the sector over the course of the year. For instance, at the start of the year, supermarket chain ASDA announced 6,000 new jobs in the UK with the expansion of 10 of its stores, and the creation of 10 new stores. The retail sector is very important to the overall European economy, employing over 14 % of the workforce, and offering an entry point into the labour market for many young people, or those with low skills levels. While it has seen significant job losses since 2008, the sector is very competitive, with the lower-cost chains responding to the fall in purchasing power by expanding their businesses (at the expense of other retail groups). The UK supermarket chain Iceland had left the Irish market five years ago, due to a fall in demand for frozen foods and bargain goods. However, following the successful expansion of many discount chains (such as Lidl and Aldi) over the course of the recession, it is re-entering the country, with the announcement of over 2,000 new jobs over the next four years with the opening of 40 new stores and 15 discount stores.



TURNING CRISIS INTO OPPORTUNITY?

The widespread implementation and extension of publicly funded short-time working schemes – it is widely agreed – played a key role in minimising the job losses that would otherwise have hit Europe’s manufacturing sector in the wake of economic downturn. However, Eurofound research also highlighted the potential that such schemes have for realising the principle of ‘flexicurity’ (see sidebar).

As the Eurofound *Yearbook 2009* showed, a key response by European countries to the recession was a coordinated programme of short-time working and temporary layoffs in those industries particularly affected by the crisis, such as Europe’s car manufacturing sector and its related subsectors. Such schemes have been seen as vital in mitigating some of the worst effects of the recession. The ERM report for 2010, *Extending flexicurity – The potential of*

short-time working schemes, went beyond describing these reduced-time working schemes to look at how they might point the way to a more flexible and responsive set of policies for employment, income and social protection, and address some of the structural problems that the EU currently faces.

Some countries introduced such measures for the first time during the recession. In others, such schemes existed prior to the crisis (in Germany, for nearly a century), but were extended and adapted to match the new circumstances. A key move made in some countries was to enlarge the categories of employers and employees allowed to avail of the schemes; income support was also increased, and the period in which benefits could be paid was extended; payment of support was made conditional upon participation in

training, or training was incentivised by being linked to increased payments.

For more than a decade, governments, trade unions and employer organisations across Europe have been debating the merits of the so-called ‘flexicurity’ approach, which seeks to combine flexibility and security – for both workers and employers. This has often been perceived as combining greater flexibility for employers (to enable them to better respond to market demands) with income and employment security for employees. However, Eurofound research has also underlined the fact that workers themselves are seeking greater flexibility, while the extension of short-time working schemes across Europe has been driven in large part by the need for employers to have the security of a workforce in place and be capable of resuming production once business conditions improve.

Examples of measures across Europe

Across Europe, a variety of flexicurity-type measures have been implemented; some of these were crisis-related; others have been in place for some time. While flexicurity measures are normally implemented under national frameworks, Eurofound has a number of examples of measures at company and sectoral level.

In Belgium, France and Germany, employers have created so-called ‘employers’ pools’. Usually representing not more than five employers, these companies hire workers and make them available to the companies in the pool. Workers are only recruited if the member companies can guarantee

a full workload for them, and are rotated between the companies in the pool on a seasonal, weekly, daily or half-daily basis, depending on company needs and arrangements. Currently in France, around 13,000 workers are employed in about 400 employers’ pools.

A Romanian initiative that combines flexibility and security is the ‘Builders’ Social House’ scheme (Casa Socială a Constructorilor). Rather than being a state-organised measure, this is based upon collective agreements in the construction industry. It ensures that in times of bad weather, when construction work cannot proceed workers

What is flexicurity?

The flexicurity model, first implemented in Denmark in the 1990s, was originally a combination of easier hiring and firing (flexibility for employers) and high levels of benefits for the unemployed (security for the employees); it has since evolved to take a broader view, including such measures as skills development in its arena. The European Commission describes flexicurity as an optimal balance between labour market flexibility, and security for employees. Flexicurity implies a shift in emphasis, from protecting specific jobs, to protecting the employability of the workforce.

In practice, the Commission sees this as a four-pronged approach, involving active labour market policies to

assist people back into the workforce, contractual arrangements that are both flexible and reliable, social security systems that provide adequate protection to those in need, and lifelong learning strategies that enable the workforce to maintain and upgrade its skills. The successful implementation of these four elements, in turn, depends upon an engaged and vigorous process of social dialogue. The hope of policymakers is that flexicurity can be a means whereby employees and companies can cooperate to better adapt to the insecurity of today's global marketplace.

The rights and responsibilities inherent in the concept tie in with a key element of the European social model – that, in hard times, the costs of adaptation be shared throughout society. Short-time working schemes and temporary layoffs that are publicly subsidised, are a good example of how the costs of labour market adjustment can be more widely shared, with a view to boosting the common good: companies reduce their output to match market fluctuations; workers' incomes are protected through public funding, but they may be required to engage in training, both

to boost the overall level of skills in the company and their own employability; and governments and taxpayers partly subsidise the financial costs, which both minimises job losses and keeps aggregate spending power in the economy sufficiently high to prevent further economic contraction.

A further key element of these schemes is the extent to which social partners and government have achieved consensus on short-time working schemes – and in a time of crisis, moreover. (The majority of schemes in Europe are

financed by unemployment funds, and administered by a tripartite agreement between governments and social partners.) The report suggested that this consensus could be harnessed to angle these schemes towards a more active policy orientation – so that they would embody, essentially, an extension of the flexicurity concept. Moreover, it argued that this same process could be used to generate new skills for the jobs that Europe needs to create if it is to reach the goal of smart, sustainable and inclusive growth as set out in the Europe 2020 agenda.

still receive 75% of their monthly income, for up to three months. The scheme is funded by member companies and by beneficiaries of investments in construction.

In Austria, the 'training leave scheme' aims to broaden the skills base of the Austrian workforce; workers can take paid leave to engage in training given by an external provider. In response to the crisis, the scheme was extended, and its title changed to 'training leave plus', the provisions of the scheme being made more generous. For at least 20 hours per week, for up to 12 months, participants receive a publicly funded allowance, roughly equivalent to just over half of their net salary. For the duration of the crisis, training costs are to be shared equally between the employer and the regional

government. Uptake of the scheme rose considerably in 2008, an increase attributed to the changed eligibility criteria and the increased payments.

The steel manufacturer ArcelorMittal, in its Romanian subsidiaries, introduced a scheme based on job rotation as a response to the crisis. Permanent halts in some operations meant that jobs would have to be lost; however, employees facing redundancy who wanted to stay in the company were offered the chance to have their skills reassessed, and were encouraged to retrain and take vacant positions elsewhere in the company.

MAKING SCHEMES WORK – THE CHALLENGES

Short-time working, if it is combined with a more active labour market approach, can facilitate a firm's internal restructuring during a downturn; it also means that when workers are 'underemployed', their time can be invested in acquiring the skills that will be required in a future upturn and which also makes them more employable in the labour market, should they ultimately be made redundant. It is clear that short-time working has had an impact on unemployment figures: those countries in which it was broadly implemented suffered much less of a decline in employment (for a given drop in GDP) than did countries where it was not. Interestingly, it would appear that the key reason for companies to use short-time working and temporary layoffs was that they wanted to ensure that they held onto their workforce, in order to be prepared for a future upturn. This applies not just to highly skilled workers as might be expected, but also workers with little in the way of formal qualifications, who nevertheless have substantial experience in the firm and make a vital contribution to its operations.

However, short-time working schemes are complex to administer. Moreover, there can be a substantial delay between a company's applying for funding for

a scheme and its getting reimbursed. The training element that was included in many short-time working schemes is crucial to ensuring that they can contribute to employment growth and overall skills development generally; moreover, social partners are in agreement on the value of training – both to foster firms' competitiveness and to make workers more employable. However, as the ERM report makes clear, the uptake of training has been limited over the course of the crisis and often its quality has not been ideal. A key issue is that in short-time working schemes the costs of training are rarely subsidised, which makes financing problematic. Moreover, the capacity to provide training may be limited, particularly in SMEs, and training programmes may not be flexible enough to mesh successfully with the reduced working schedules.

Right now, the report argues, it is the lack of comprehensive and adequate training that prevents these schemes from fulfilling their potential in addressing the challenges of modern labour markets. It also argues that training should not be solely specific to the needs of the employee's current position or their company: rather, it should include more general skills to

boost the employee's overall employability. Making it more modular would also make it more flexible and better adapted to working schedules.

Given the knife edge that flexicurity measures try to walk between greater flexibility in the labour market, and high levels of security in employment, it is perhaps inevitable that social partners representing both sides will view it differently. However, the involvement of both sides is vital for ensuring that flexicurity measures are implemented and do succeed in aiding competitiveness while protecting workers: experience indicates that a tripartite approach with commitment from government, unions and employers is an important factor in ensuring a scheme's success. The involvement of the social partners also means that they can spread information about the scheme among their members, making it more likely that employers and employees will be willing to engage with it. It would seem that the crisis has sparked substantial consensus between traditionally opposing parties that such measures as short-time working and temporary layoff are valuable, in the short term, for saving jobs while relieving employer's costs and so safeguarding companies' competitiveness.



Benefits of the schemes

There are a number of further advantages to short-time working and temporary layoff: besides retaining their jobs and incomes, workers also avoid spells of unemployment, which is good both for their self-esteem and their future employability. Although public funds are involved, such schemes are less expensive than unemployment benefits: in short-time working schemes, the company normally is still paying for at least some of the worker's time, while public payments to workers on temporary layoff, are, of course, temporary. The positive effects may extend beyond the company and workers concerned: if workers in a company were to be dismissed, it would have repercussions along the value and supply chains. Hence, such schemes may save jobs in other companies as well as the one in which the scheme is implemented.

Furthermore, by maintaining workers' jobs, incomes and hence their consumer confidence, it is likely that consumer spending will not be as compromised as it might be in a situation of more extensive unemployment.

What experience has also shown is that such schemes worked best when they were already in existence prior to the crisis: the employer, employees, staff representatives, employer organisations, government and public employment services were already familiar with how the measures operated. This made for greater effectiveness; it also meant that there was broader acceptance of the measure among all those parties whose input was required to make it work, and a higher level of take-up.

Given its apparent advantages, why wouldn't companies avail of public funds to ease pressure while saving

jobs? One key reason is that the application process is onerous, as are the ongoing administrative requirements attached to receiving funding. This is particularly the case for SMEs, which are less likely to have the sort of in-house resources needed for such a task. In light of the particular difficulties faced by SMEs, and the fact that together they are Europe's primary employers, many countries have put in place special measures to assist them. For instance, France provides higher levels of wage compensation support to SMEs than to large businesses. In Italy, smaller contributions are required of small companies than larger ones, and in Germany, relaxation of the rules regarding the proportion and number of staff affected lead to a considerable increase in the uptake of the measures among small firms.



Spotlight on the financial services sector

The recent financial crisis has brought to light the serious challenges that the European financial services sector is facing. What are the prospects of a viable, more resilient financial industry emerging from the crisis? As part of its work on industrial change, Eurofound in 2010 examined economic trends in the banking and insurance industries, business models applied in different segments of the sector and the debate regarding regulation of the financial markets, both to assess the current state of play and make some projections of what may happen in the future.

The financial crisis is the most important driver of change impacting on the banking and insurance industry today, with the result that prospects for the

sector are moderate, at best, in the medium term. This is the conclusion of the study's overview report *Financial services: challenges and prospects*, which looked at the impact of globalisation on the sector. The sector is expected to face comprehensive re-regulation, greater influence by governments, and come under increased pressure from investors, meaning that market growth will remain limited. On a more positive note, throughout 2009 and 2010 – as the report indicates – the health of the financial system improved. Although risks to financial stability still persist, the global economy is growing. The ongoing de-leveraging (paying off of debts) in the banking sector has helped reduce the sector's vulnerability to shocks. And with a rise in asset prices, large parts of the banking sector have returned to profitability. However, this

return to profitability was at the expense of substantial job cuts: in 2009, around 10% of jobs in the state-owned banks examined in the report were cut, while around 5% were lost in the privately owned banks. The case studies that accompany the report give a more detailed picture of how restructuring impacted on employment.

A majority of companies revised their remuneration systems for managers and investment brokers. Overall, bonuses have shrunk and payments were deferred by between three and five years. A large proportion of bonuses is now awarded in the form of company shares; the effect of these changes on investment behaviour and risk appetite still remains to be seen.

'The past is the future'

The report outlined three possible alternative directions that the European financial sector might follow.

This scenario assumes that the key players in the sector prevent any major reform of the financial system taking place. Consensus opinion generally interprets the crisis as the result of unfavourable circumstances rather than a systemic default and holds that a further financial crisis can be avoided with only minor regulatory adjustments. Faced with the growing strength of 'liberal' banks, 'state-owned' banks will be under stress and governments will try to reduce their involvement in such institutions.

'A new world order for financial markets – the end of the golden age'

In this scenario, the G20 governments agree on a fundamental reform of the world financial system. The reform includes higher and risk-based equity ratios, the separation of investment banking from retail and commercial banking and efficient monitoring. Implementing these rules reduces the competitive advantages of liberal banks and puts the 'sustainable' and 'state-owned companies' in a better position. Higher equity ratios will be the key to this type of adaptation, which will require a long and difficult transition period.

'Divided economies – a worst-case scenario'

This scenario assumes that the financial crisis cannot be kept under control. Rising default rates and overburdened public budgets will force some governments in the euro zone to cut liabilities by between 20% and 30% and to liquidate a series of banks. Austerity programmes in European countries will be an additional burden on the real economies and rising inflation in the US and the UK will create further imbalances. The scenario foresees the international regulation of financial markets failing, hence a strongly profit-oriented and growth-oriented group of managers and professionals will continue to engage in short-term speculation and arbitrage, supported by some countries offering liberal financial markets. This approach will be opposed by some sections of society, which will start developing local network-based economies. A fundamental critique of globalised economies will lead to new approaches based on 'micro-organisms' rather than macro-institutions.

All scenarios see a further reduction of employment in the financial sector. This will be most severe in the third, 'divided economies' scenario. However, the pressure to achieve cost savings will be strong in all forecasts, while information and communication technologies will provide scope for continuous productivity increases.

For more on Eurofound's work on the financial sector, go to <http://www.eurofound.europa.eu/emcc/content/source/eu10001a.htm>

The report looks in detail at companies from the perspective of their business models:

- One group of 'liberal' banks, investment funds and other financial intermediaries – although having to adapt their business operations, continue to operate a profit-oriented strategy, pressing for only minor changes in the regulatory framework.
- A second group of banks that came under state control during the financial crisis now face profound restructuring. They have to adapt to substantial losses in trading books as well as the reorientation of business strategies towards their core retail and commercial business.
- A third group is described as 'sustainable', including institutions following long-term business strategies with less debt and less ambitious profit targets. Not being especially active in new financial markets, this group experienced only minor losses from asset write-downs. Parts of the savings banks and cooperative banks belong to this group, as do the newly emerging 'ethical' banks and most of the insurance companies.





7231191
CEMBALO
NASSAU

The background of the page is a blue-tinted photograph of an industrial port. A large white and blue ship is docked at a pier, with several tall cranes and industrial structures visible. The water in the foreground is dark blue with gentle ripples. The overall scene is industrial and maritime.

21/

EUROPE'S
COMPANIES
IN CLOSE-UP

EUROPE'S COMPANIES IN CLOSE-UP

Eurofound's second survey of companies in Europe looked in detail at the working practices of companies – including different forms of working time and contractual flexibility, teamwork, and variable forms of pay. It also studied how social dialogue and employee representation happens on the ground in European companies, and what difference this makes to how companies function. The European Company Survey (ECS) was conducted in 30 countries in 2009: the 27 EU Member States and three countries that are candidates for membership – Croatia, the Former Yugoslav Republic of Macedonia and Turkey. The survey interviewed human resources managers and – where available – employee representatives in over 27,000 establishments with 10 employees or more. The findings of the survey are outlined in the report *European Company Survey 2009*, available at www.eurofound.europa.eu/surveys/ecs/2009/index.htm, where full details of the survey can also be found.





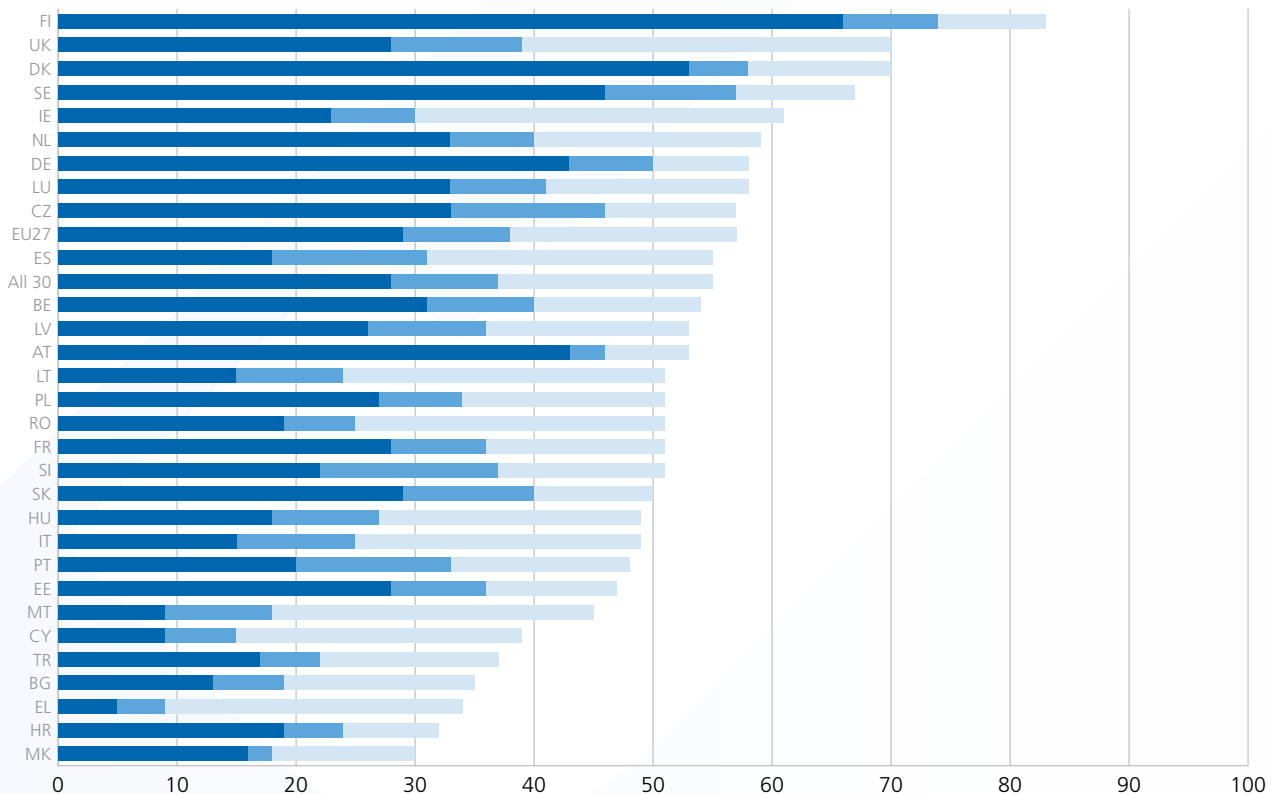
WORKING TIME FLEXIBILITY ON THE RISE

Comparison of Eurofound's European Company Survey (ECS 2009) with the first wave of the survey (from 2004) found that growing numbers of workplaces in Europe are putting flexible working time arrangements in place. At one end of the spectrum, there are basic flexitime schemes that allow employees to vary the times they come to work and leave at the end of the day. At the other, many companies have combined such flexitime schemes with 'working time

accounts'; in these accounts, employees can vary the length of the working day or working week. Hours worked over the specified number can be banked as 'credit' hours, while a shortfall in the number of hours worked will show up as a 'debit' in the employee's account. Such flexitime schemes, in which hours can be banked, are frequently seen as a type of flexibility that can meet the interests of both employers and employees. For employers, such schemes create greater

flexibility in managing workload variations, enabling them to react flexibly to changing market conditions. Meanwhile, employees can gain by having greater 'time sovereignty', and more scope for a better work-life balance. The most sophisticated working time accounts allow employees to bank time on a long-term basis, in order to facilitate, for instance, early retirement.

Figure 2: Flexible working time arrangements, by country and flexibility scope (%)



Source: ECS 2009

% of establishments

- Possibility to use accumulated hours including for full days off
- Possibility to accumulate hours, but not for taking full days off
- Possibility to vary start and end of daily work, but no accumulation of hours

When compared with figures for 2004, the level of coverage has risen from 48% to 57%, for companies who allow some variation in start and end times on a daily basis. (These figures apply to the 21 countries surveyed in the first wave of the survey). On average, a little under 40% of establishments have set up working time accounts for their employees. And around 29% of all establishments offer flexitime schemes with enough flexibility to enable employees to take off whole days, using accumulated hours. The proportion of such establishments has also increased since 2004.

Not all countries make equal use of flexi-time schemes, however. They are most commonly used in Finland, where over 80% of establishments

have some type of scheme. They are also widespread in the UK, Denmark and Sweden. By contrast, only 30% of establishments in the Former Yugoslav Republic of Macedonia do so and around 35% in Bulgaria and Greece. There is also a qualitative difference in the types of flexitime applied. In the Nordic countries, Austria and Germany, flexitime schemes are generally much more flexible, allowing employees to bank hours and take whole days off. In Hungary, Ireland, Lithuania, the UK and most of southern Europe, this kind of accumulation of hours is generally not possible.

Companies in all sectors have introduced flexible working schemes, even in such sectors as hospitality and catering, where it is important that

staff be available for clients at specified times. However, it is most widespread in such sectors as real estate and financial services, and least likely to be found in construction and education. While flexible working is most common in large establishments, substantial numbers of smaller establishments also have implemented flexitime schemes, including the more complex forms that involve the banking of hours. Given that considerable effort is involved in setting up and administering these schemes, and that the overhead is proportionately greater in a small company, it would appear that employers clearly feel that the benefits of introducing such schemes outweigh the costs. Long-term working time accounts are however only rarely introduced in small operations.





Part-time work, a mixed bag

Part-time work is one of the most widely used forms of non-standard working patterns in Europe. While many people see part-time work as a way for them to better balance their personal and working lives, whether it does so in reality does depend to a large extent on the basis on which a part-time job is offered and how such work is structured in an organisation.

The extent to which companies offer part-time work varies enormously across Europe. In the Netherlands, over 90% of companies have part-time workers. While the Netherlands leads the field, part-time work is also common in Belgium, Germany, the UK and Sweden, but least common in the countries of south-eastern Europe. Europeans are most likely to work part time in services sectors, especially in hotels and restaurants, education, and health and social work. These are also, as it happens, the sectors that have the highest proportions of female employees; part-time work is overwhelmingly a female phenomenon.

Part-time work normally takes the form of shorter days in a standard five-day working week. However, nearly half of all establishments that employ part-time workers allow them to work on other rotations – for example, working some full days and taking other days off. While these forms of part-time work can be readily adapted to the needs of employees, one form of part-time work that is still relatively common is flexible working hours that are fixed only a few days, or in some cases a few hours in advance. While this option gives the greatest flexibility to employers, it is the least employee-friendly setup, as it makes planning family and personal responsibilities difficult.

Some people work on a very part time basis – fewer than 15 hours a week. These ‘marginal’ part-time jobs tend to be very low paid and require greater flexibility on the part of employees. In a number of countries (Malta, the Netherlands, Ireland, the UK and Germany), some or all part-time staff are employed on such a basis in more than 40% of establishments – mostly

in the education sector, in hotels and restaurants and in other services, such as personal services. (For more on this, see the Eurofound report *Flexible forms of work: ‘very atypical’ contractual arrangements*.)

Career prospects for part-time workers generally not good

Generally, establishments across Europe do not employ part-time workers in highly qualified positions or in supervisory roles. Three quarters of European companies do not have any part-time workers in positions that demand high levels of qualifications or managerial experience. However, in the Netherlands, where a strong tradition of part-time work exists, it is common: nearly a half of Dutch establishments have part-time workers in such roles, the highest rate in the EU.



STANDARD WORKING HOURS PERSIST

Comparing findings of the ECS 2009 with its earlier wave in 2004 indicates that non-standard working hours (working at night or at weekends) do not appear to have become any more common than they were five years previously. (Eurofound's European Working Conditions Survey has also found the same pattern, when comparing the

evolution of non-standard working hours over a 20-year period; see page 32) Perhaps not surprisingly, non-standard hours are most commonly required in the hotels and restaurants sector, and in the fields of health and social work. Working at night is most common in Turkey, where staff in 36% of establishments does so. Turkish companies are

also the most likely to have employees working on Saturdays, with nearly three quarters of establishments being open on Saturdays. Among the EU Member States, working on Saturdays (and Sundays) is most common in Latvia, the UK, Malta and Ireland.

NEW WAYS OF WORKING?

Bringing greater flexibility into the workplace

In the face of growing competition, European companies are increasingly seeking to become more flexible. There are three key ways through which companies can achieve this. They can employ workers in autonomous teams, the members of which can decide among themselves how they organise their work and be more engaged in solving problems. They may provide further training, to further and widen employees' skills levels so that they can take on different tasks. Or they may

make the workforce more flexible by employing people on different contractual bases, which makes the recruitment and the letting go of staff easier and so helps the organisation respond to market demands; such contractual forms include fixed-term contracts, temporary agency employment and workers hired on a freelance basis.

So-called 'autonomous teamwork' is a significant element in the organisation of work in only a relatively small proportion of companies across Europe. However, in Denmark, Sweden and the Netherlands, they are the main form of

teamwork in between 40% and 50% of organisations. In Greece, Cyprus and Italy, by contrast, such teams are the main form of teamwork in only 10% to 15% of companies. Autonomous teamworking is also more concentrated in certain sectors: it is most common in education, where it is practised in nearly 40% of establishments. And in health and social work, nearly 35% of establishments practise it. Moreover, autonomous teamwork is more likely to be practised in organisations where a substantial proportion of the workforce has a high level of skills.

Fixed-term contracts

Having staff on more flexible contracts has become a more common feature of the European workplace, although not equally across the continent. In the Netherlands and Poland, more than 70% of establishments use fixed-term employment contracts, whereas in Cyprus, Austria and Malta, only about 20% do so. They represent a minority form of contract in most organisations: in more than half the companies surveyed, those on fixed-term contracts represent less than 20% of the total workforce. However, in a minority of companies, fixed-term contracts are the main form of employment. In around 8% of companies, 80% or more of the employees work on such contracts. Such companies are more prevalent in a number of countries – the UK, for instance, where over 25% of companies have 80% or more of their employees on fixed term contracts

and Turkey, with 22%. This level of fixed-term contract work is concentrated in a few sectors, including hotels and restaurants and construction – both characterised by substantial seasonal variations in the workload.

A problem with fixed-term contracts is that they are by their nature insecure, although they may also represent a gateway to more long-term employment opportunities. In more than 50% of European companies, most or all of those employees holding fixed-term contracts were offered a further contract in the same company. This was most likely to happen in the financial services sector.

Temporary agency work

Temporary agency employment is becoming more common in the EU, but its use varies considerably between countries: in Belgium, nearly 60%

of companies employ workers from temporary employment agencies; by contrast, in Poland only around 3% do so. However, the recession seems to have had an impact on temporary agency employment. In early 2009, around 20% of companies said that they had employed temporary agency workers in the previous 12 months, but were not employing any at that moment. Establishments that had ceased to employ temporary agency workers at the time of the interview tended to be small in size, with fewer than 20 employees, larger firms rarely abandoning their use of this form of contract. (It should be noted that seasonal variations could also be a factor in this observed difference.)

Figure 3: Establishments with staff on fixed-term contracts in last 12 months, by country (%)

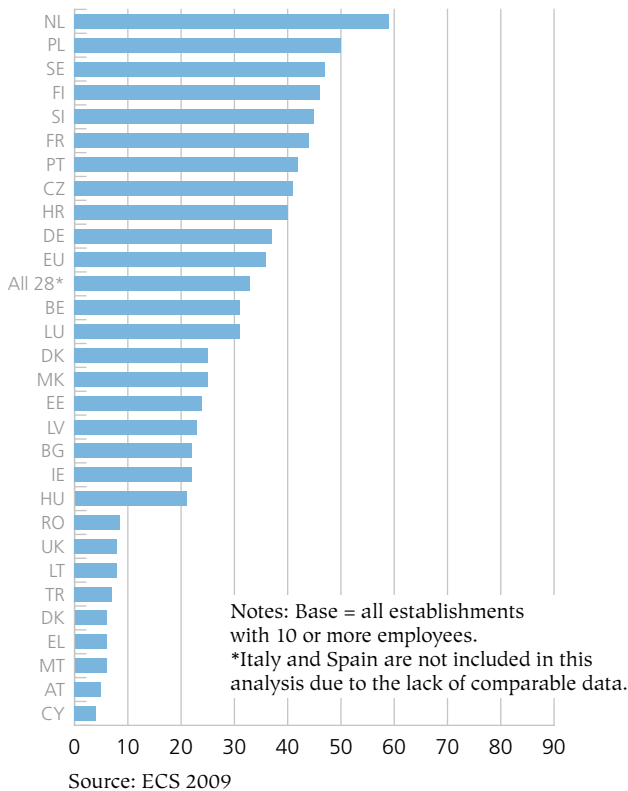
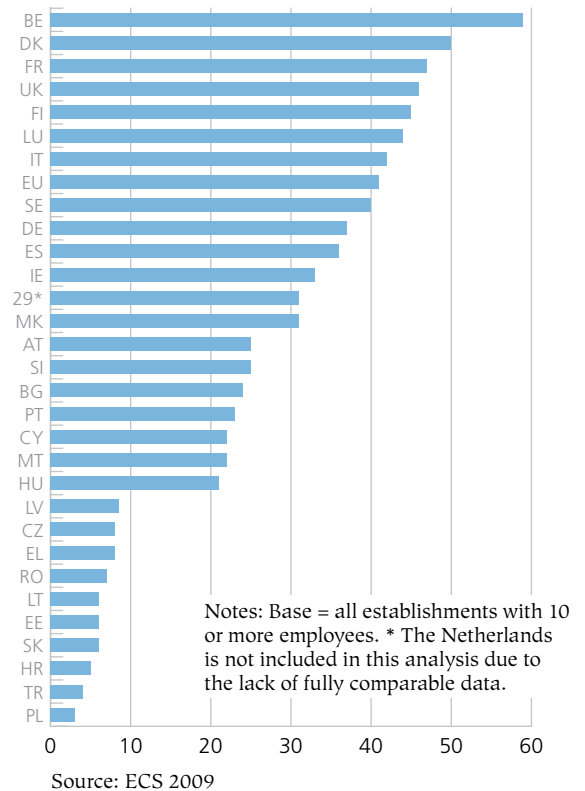


Figure 4: Establishments with temporary agency workers in last 12 months, by country, 2009 (%)





VARIABLE FORMS OF PAY

On top of an employee's basic salary, companies may make further payments, often as an incentive to encourage better performance. The extent of performance-related pay differs markedly across Europe. It should be borne in mind that the survey data presented here stem from the early stages of the economic crisis; the picture may have changed since. In the Czech Republic, nearly 70% of companies make payments dependent on an individual's performance; in Sweden and Latvia, by contrast, only around 15% of companies do so. Companies that reward individual performance are also more likely to have mechanisms for rewarding team performance. And, as might be expected, financial rewards for

team performance are more common – nearly twice as much – in companies that consider teamwork an important element of their operations. Paying employees more for better performance also seems to be associated with higher skilled jobs: the more highly skilled positions there are in a company, the more likely it is that performance will be rewarded monetarily. The survey finds a positive correlation between the existence of performance-related pay schemes and improved labour productivity. Moreover, there is also a correlation between companies' good financial performance and having implemented performance-related pay. Such findings

present a strong case for performance-related pay being implemented, where possible, in European companies.

Another approach that companies may take is financial participation – giving employees a financial stake in the company's performance, through profit-sharing or share-ownership schemes. Interestingly, the survey found that the existence of some form of employee representation makes it more likely that a profit-sharing scheme will be in place. An average of around 20% of private companies with an employee representation mechanism have a profit-sharing scheme, while only 10% of companies without such representation have one.

Key findings

The most common way of deciding pay in Europe is through collective bargaining: two out of three workers are covered by a collective wage agreement that is set within the company, or at a higher level (for instance, the sector in which the company operates). This figure is much higher in Italy, Finland, Spain, Slovenia and Sweden – around 90% or more. Coverage in the Baltic States is at or less than 30% – below 20% in the case of Latvia.

Most employee representative bodies have access to the resources they need to fulfil their mandate: 85% receive information on the financial, economic and employment situation of the establishment at least once a year. Around 72% receive training on a regular basis, while a similar proportion feel that they have adequate paid time off to carry out their representative duties. However, quite often, the role of employee representatives is limited to dealing with health and safety issues, or is organised in an informal manner.

Moreover, where there is employee representation, the schemes tend to involve more of the workforce.

However, employee representatives do not seem to play a major role in the way in which these schemes are administered. In only a minority (38%) of private companies with a performance-related pay scheme were employee representatives involved in discussions on whether to introduce it. Meanwhile, in 26% of establishments, employee representatives had no involvement in the set-up of the scheme. While they may not be extensively involved in setting them up, employee representatives are broadly supportive of performance-related pay schemes, over half supporting them. Only a small minority of around 9% are opposed to their introduction. However, in those companies that do not have such schemes, the level of opposition is much higher, with 28% saying they would oppose its introduction. This should not come as a surprise: some establishments don't have performance-related pay schemes in place precisely because their introduction was opposed by the employee representation.

For 63% of managers surveyed, boosting staff motivation was the key reason for introducing profit-sharing schemes. Other key reasons cited were encouraging employees to be more involved in improving both work processes and final products, and increasing work productivity as part of this. Using profit sharing

as a sort of automatic mechanism for reducing wage costs when sales and orders have fallen is not, in fact, one of the main reasons for introducing these schemes. However, national differences are striking. In a number of countries, more than 20% of establishments cited it as an important motive; Ireland was the leader in this regard, with 27% of establishments indicating this.

Share-ownership schemes are much less widespread in the EU than are profit-sharing schemes. While around 14% of all private companies across Europe have set up profit sharing, only 5% offer share ownership. In Denmark, where it is most common, 13% of private companies offer some kind of share-ownership scheme. By contrast, in the Czech Republic, Slovakia, Austria and Greece, 2% or fewer of private companies offer it. These national differences are most likely the result of differences in the legal framework, including tax legislation, as well as the attitudes of social partners.

It is in the largest companies that share ownership is most common. Many of the smallest companies, it must be remembered, are family-owned businesses, for which such schemes would not be appropriate. Moreover, it is inherently easier to engage with and motivate employees in a small organisation. Finally, administering a share-ownership scheme entails considerable overheads, which are more readily borne

if a large number of people avail of a scheme. The same applies to the other forms of variable pay already discussed: it is also the bigger companies that are more likely to have performance-related and profit-sharing schemes in place. Moreover, both these forms of pay (as well as share ownership) are most common in the financial services sector. (In the case of profit sharing this is perhaps not surprising, given the traditional role of commission-related payments in the selling of financial products.) Companies that have a large foreign stake in their ownership also are more likely to make use of performance-related payments and share-ownership schemes than companies that are solely in domestic ownership.

How the current crisis affects attitudes towards share ownership remains to be seen. Banking troubles, which make the raising of capital more difficult, might attract managers to implement or extend schemes. However, the shocks suffered by equity markets have made share ownership a more risky proposition for employees. Moreover, share-ownership schemes blur the distinction between employers and employees. Where management is seeking to cut jobs as part of company restructuring, this will be made more difficult if a majority or even all of the affected employees are also, in effect, owners of the enterprise.

A third of representatives receive only infrequent updates on the economic and financial condition of the company, at most once a year, while some 17% are not entitled to take any paid time off to carry out their role.

The strong institutional implementation of workplace social dialogue is far more common in northern European countries than in the South. In many of the countries of southern Europe, the implementation is less developed and is likely to be more confrontational in tone.



WORKPLACE SOCIAL DIALOGUE

Social dialogue is the involvement of employee representatives in decisions regarding such issues as working conditions, the employment relationship and work organisation at the workplace. This involvement may be limited to simply being informed of workplace developments by management, or it may extend to consultation, negotiation or even joint participation in decision-making. A great variety of institutional structures exists across the EU in terms of how employee interests are represented. They may take the form of a works council, or a trade union. Trade unions represent their signed up members; works councils, in contrast,

normally represent all the employees at an establishment. In a range of countries both bodies are present in an establishment, the trade union actively negotiating with management over pay and working conditions, and the works council participating in information and consultation procedures. And representatives on a works council may often themselves be members of the local trade union.

Across Europe, about 37% of establishments have some form of representation covering more than 60% of the workforce. However, this varies enormously: in Sweden, and Denmark,

more than 70% of establishments have some form of representation; in Greece and Portugal, it is just over 10%. Employees in larger organisations are much more likely to be represented. In small companies, around 30% of employees are likely to be covered; in large establishments, by contrast, the figure is around 90%. Those working in the public services (in education, in particular) are much more likely to be represented than employees in private sector services companies. And where an establishment is a subsidiary of a larger organisation, or is foreign owned, it is more likely the employees will enjoy representation.



Impact of employee representatives

But how much power do employee representatives actually have? Overall, representatives in companies feel they have considerable influence in terms of health and safety issues, and to a lesser extent in working time regulations and individual disciplinary problems. However, when it comes to strategic matters such as structural change, career management and personnel planning, they feel their influence to be more limited. Representatives in Romania, Germany and Denmark feel they have the greatest influence in strategic matters (although

it is modest); those in Croatia, Portugal and Slovenia feel they have the least. Interestingly, it is the representatives in either the smallest companies (with between 10 and 20 employees) and the largest companies (with more than 500 employees) who feel that they have the greatest influence in strategic matters. This makes sense: in small companies, it is easier for employee representatives to reach management, while representatives in larger companies are likely to be better resourced and hence able to carry out their role.

Representatives also feel that they have the most strategic influence when they get the necessary information, have adequate time to carry out their representation role and receive training to assist them in doing so. These resources of information, time and training are also more likely to be in place where there is greater trade union density and/or a channel for the works council to make its voice heard. Furthermore, the more cooperative the culture is judged to be, the greater the influence representatives feel they have on strategic decisions.

Management view of the role of social dialogue

European managers are generally quite positive about the effect of social dialogue at the workplace. In those companies that have an employee representation in place, 70% of managers say that the representative helps in a constructive manner to find ways to improve workplace performance. This same proportion also feels that consulting representatives in important decisions results in better commitment on the part of staff in putting changes into effect. Only 30% of management feel that involving employee representatives leads to considerable delays in important management decisions.

It is the managers in the UK, Romania and Ireland who are most convinced of the value of employee representative involvement in decision-making, where nearly 90% feel it's desirable; by contrast, their counterparts in Italy, Poland, Estonia and Turkey are the least convinced, with fewer than 60% deeming such involvement helpful.

However, although management may have a positive take on employee representative involvement, a substantial majority (60%) still would prefer to negotiate directly with employees on an individual basis, particularly managers in smaller companies.







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LOOKING AT
WORKING LIFE

LOOKING AT WORKING LIFE

The European Working Conditions Survey (EWCS) is Eurofound's longest-running survey. The survey covers such themes as employment status, working time, work organisation, training, physical and psychosocial risks, health and safety, worker participation, work-life balance, and pay. Eurofound ran the fifth wave of its EWCS in 2010. In addition to giving a snapshot of the state of European working conditions in 2010, the compiling of data going back to 1991 allows a picture to be drawn of how working life has changed over the past 20 years. To explore the survey's findings in greater depth, visit the survey's home page at www.eurofound.europa.eu/surveys/ewcs/2010/index.htm



A BIGGER, MORE DIVERSE WORKFORCE

Between 1990 and 2010, the accession of 15 more Member States to the EU, and the entry of more women into the workforce, meant that the numbers of people in employment in the EU rose from around 150 million workers to around 235 million². While the employment rate for men remained at over 75% during this period, for women it rose from 50% to around 63%. Meanwhile, the proportion of older people in work (those aged between 50 and 64 years) rose from around 49% in 2000 to more

than 56% in 2009. As more women entered the workforce, so more women rose to supervisory positions. In 1991, as the EWCS makes clear, 26% of all supervisors in the then 12 EU Member States were women; in 2010, they comprised 33% of all supervisors in the expanded EU27. However, while more women may be supervisors, it is more likely that they will be managing other women: in 2010, nearly half of all working women said they had a female boss, as against only 12% of men.



SERVICES CONTINUE TO GROW IN IMPORTANCE

The last decade has seen a continuation of a long-term trend – a gradual decrease in the proportion of workers in agriculture and manufacturing, and a

slight increase in those working in services. Gender segregation in employment has persisted: women are the majority in the services sector, especially in

education, health and social work, and public administration. By contrast, men form the bulk of the workforce in manufacturing and construction.

GREATER FLEXIBILITY IN EMPLOYMENT STATUS

While the traditional open-ended ‘permanent’ contract is still the most common form of employment contract, held by around 80% of employees, the

proportion of workers on temporary contracts has risen markedly in the past 20 years. In 1991, 10% of employees in the EU12 were on a fixed-term contract,

according to the Labour Force Survey; in 2007, this had risen to 14%, before dropping slightly in 2010. (For a closer look at fixed-term contracts, see p. 23).

WORKERS FEELING INSECURE

Against the background of the economic crisis: workers were generally not confident that they could find another job if they were to lose their current position: only around a third of permanent staff (and a quarter of temporary staff) felt that they could easily find a new job. Moreover, those workers on

temporary contracts also felt less secure in their jobs than their counterparts on permanent contracts. In 2010, 10% of workers on permanent contracts felt that they might lose their job in the next six months; by contrast, 35% of those on fixed-term contracts (and 43% of temporary agency workers) felt this

way. And the kind of job you do makes a difference to how secure you feel: manual workers (especially if they are less skilled) feel less secure in their jobs than clerical workers, and feel less confident about finding another job if the need arises.

² EWCS data are supplemented here with data from Eurostat’s Labour Force Survey (LFS).

WORKING TIME FALLING – ON AVERAGE

The average working week in Europe is getting shorter. In the then 12 Member States of the EU in 1991 the working week lasted 40.5 hours; in 2010 in the same countries, it had fallen to 36.4 hours. There are four key reasons why working time has fallen. First, the proportion of the workforce working long hours – more than 48 a week – has fallen. Secondly, more people now work part-time with shorter weeks (fewer than 20 hours per week), the figure nearly doubling in the EU12 over two decades. Third, collectively agreed working time has come down in many countries and sectors. Finally, as discussed earlier, many companies have reduced working hours in response to falling demand.

Long hours, short hours

Working long hours has been, and remains, mostly a male phenomenon: 18% of men in the EU27 work more than 48 hours per week, as against 8% of women. People who are self-employed

also work longer hours, though this proportion has been declining since 2000. Long hours remain more common in manufacturing than in services, though – again – both show a similar decline. Working shorter hours is primarily a female phenomenon: 20% of working women work fewer than 20 hours per week, while only 7% of men do so. How common or otherwise such a shorter working week is varies greatly between countries, reflecting both cultural differences with regard to part-time work, as well as the availability of support services, care services, and the timing of school hours.

'Standard' working hours still the norm

Despite widely predicted moves towards a 24-hour society, European working hours have, overall, remained quite standard. In 2010, 67% of workers worked the same number of hours every week, and 58% the same hours every

day – essentially unchanged since 2000. While 30% of the workforce worked at least one Sunday in each month in 1995, in 2010 that figure had dropped slightly to 27% in the same Member States.





DEVELOPING IN THE JOB

While European policy seeks to increase the number of jobs, it also seeks to make more use of the skills and expertise of workers in order to boost productivity and create more satisfying jobs, by creating the conditions that foster the acquisition of skills and encourage greater worker autonomy. Both training, and the way in which work is organised, can play an important role in this.

More workers undertaking training, but not all

The survey found that in 2010, training paid for by employers was at its highest level since 1995 (for the EU15). However, not all workers receive equal access to training. Older workers receive less than younger workers, although the difference between the two groups has eased somewhat over the last 15 years. Permanent employees benefit much more from employer-paid training than do those employed on other arrangements. In 2010, 39% of permanent staff availed of training paid for by their employer, compared with only 26% of

other staff. (Moreover, this disparity had increased over the previous decade: the 14 percentage point gap in 2010 had only been a seven point gap in 2000.) And the kind of job you do makes a big difference. Highly skilled clerical workers did best in terms of training in 2010, more such workers receiving employer-paid training than their lower-skilled clerical colleagues. And manual workers received even less.

However, as with the fall in working time, the impact of the recession may go some way towards explaining at least part of this rise in training. As described earlier in this *Yearbook*, many of the short-time working schemes implemented since 2008 included training in some form during the hours no longer worked. In addition, it is likely that anxiety over job security may have prompted more employees to undertake training themselves. Between 2005 and 2010, the proportion of employees who had paid for training themselves rose by a third.

Making one's own decisions – autonomy at work

Promoting greater autonomy – enabling workers to make decisions about how they respond to demands encountered in the course of their work – can make these demands more amenable. The survey measured autonomy by looking at how readily people were able to change key aspects of their work: its speed, the method they use, and the order of tasks. There have been some slight changes – and in different directions – over the past 10 years. Not surprisingly, however, different types of workers enjoy different degrees of autonomy. Lower-skilled manual workers have the least autonomy of any group of workers.

PROTECTING HEALTH AND PROMOTING WELL-BEING

Work intensity

Experiencing greater work intensity – for instance, working at high speed or working to tight deadlines – has a strong negative impact on workers’ well-being, especially where they have little autonomy or support from colleagues.

The more factors workers have that set their pace of work – so-called ‘paced determinants’ (such as having to keep up with the work done by colleagues; meeting demands from clients, patients or members of the public; meeting production or performance targets; keeping up with the speed set by a machine; and having to meet the direct demands of a boss) – the greater the demands that are being put upon them;

and hence the greater the potential for work to have a significant, and negative, impact on their health. Over the past 20 years, work intensity has increased in most European countries. The graph illustrates the generally rising trend for the proportions of workers who work to tight deadlines (the picture is almost identical for workers who work at speed). However, the increase appears to have at least stabilised at this high level since 2005.

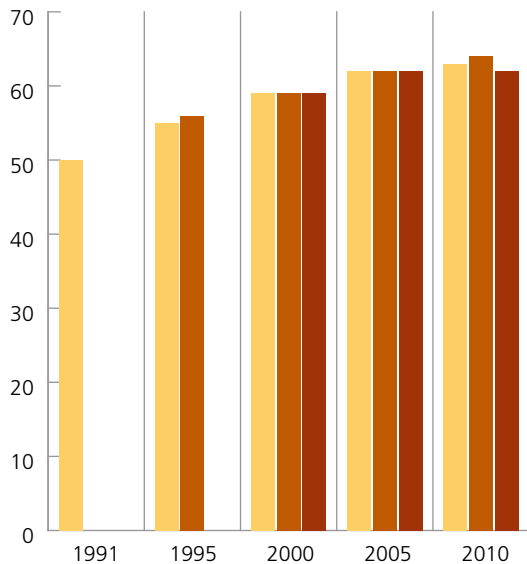
For most workers (67%), the pace of work is set by direct demands from people – for example, interacting with a client.

By contrast, only 18% of European workers have their pace of work set by the automatic speed of a machine.

This figure has been falling for the past 15 years, reflecting the ongoing vshift in employment from manufacturing to services.



Figure 5: Working to tight deadlines 1991–2010, EU12, EU15 and EU27, (%)

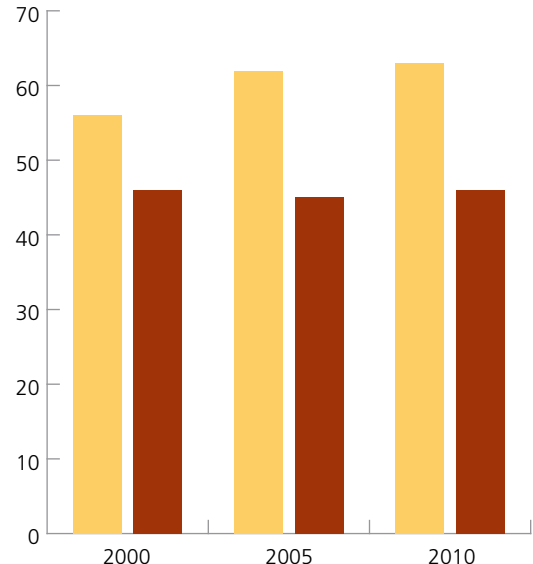


Source: EWCS 2010

■ EU12 ■ EU15 ■ EU27

Note: Percentages are of workers who work to tight deadlines at least a quarter of their working time

Figure 6: Trends in physical demands of work 2000–2010, EU27 (%)



Source: EWCS 2010

■ Repetitive hand/arm movements
■ Tiring/painful positions

Note: Figures are for those who said they experienced these hazards at least a quarter of their working time.

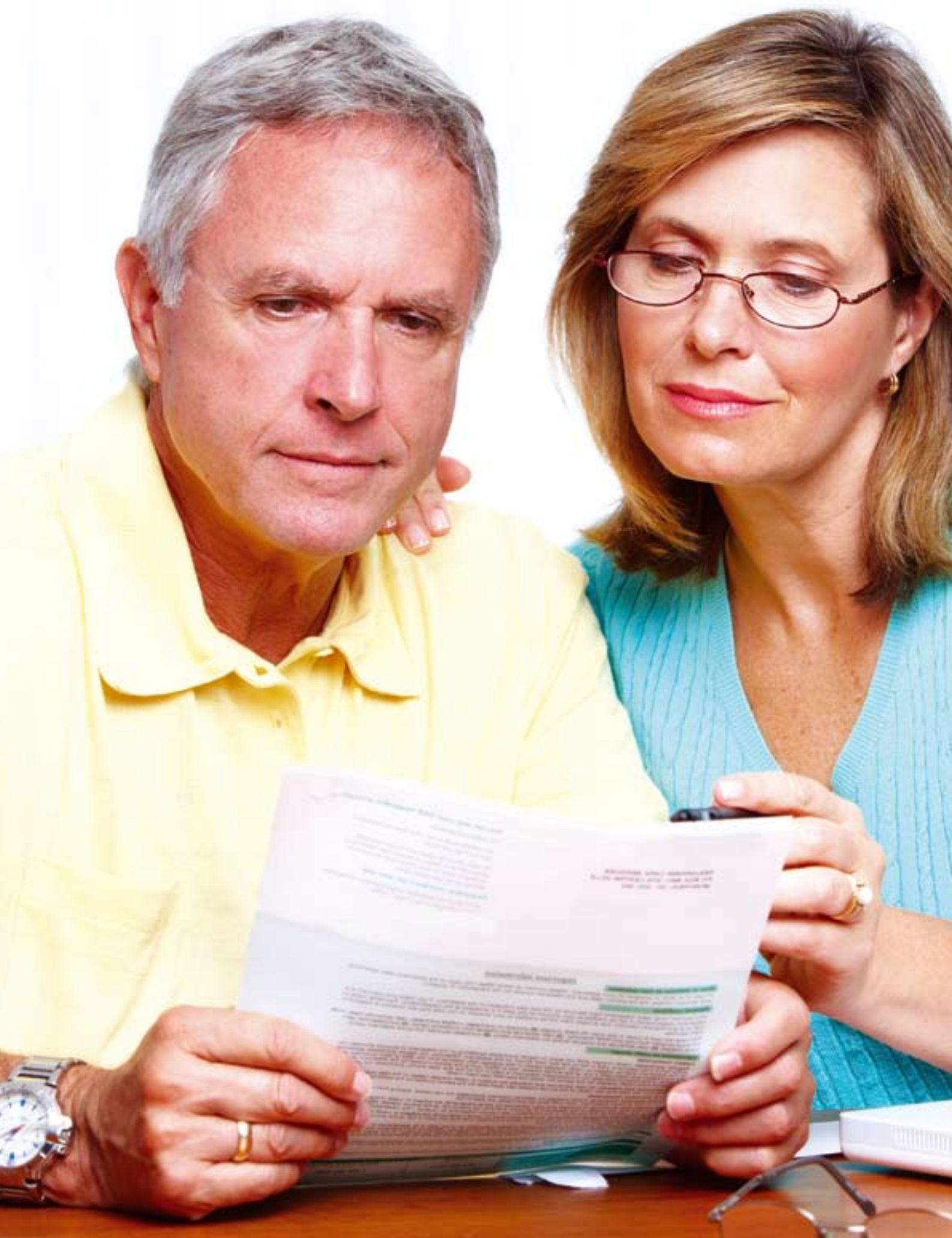
Physical hazards as persistent as ever

European workers remain as exposed to physical hazards as they did 20 years ago, reflecting the fact that many jobs in Europe still involve physical labour. For instance, 33% of workers carry heavy loads at least a quarter of their working time, a figure unchanged since 2000. Nor are physical hazards confined solely to manual workers: nearly half of all people work in tiring or painful positions at least a quarter of

their working time. Notably, repetitive hand or arm movements are a feature of work for more Europeans than was the case 10 years ago. (Other Eurofound research has highlighted that work-related musculoskeletal disorders are the most common occupational illness in the EU; however, it would appear that musculoskeletal disorders directly linked to strenuous working conditions are on the decline, while those related to stress and work overload are increasing.)

Men and women are exposed to physical hazards to different degrees, and also to different types of hazards, reflecting in part the fact that men and women do a considerable extent of work in different sectors and occupations. For instance, 42% of men regularly carry heavy loads as part of their work, compared with 24% of women. In contrast, 13% of women, but only 5% of men, lift or move people as part of their work.





WHEN I'M 64? REMAINING IN WORK FOR LONGER

The extent to which work and jobs are 'sustainable' depends upon whether working time permits other responsibilities to be met, whether your skills are being upgraded to ensure that you remain employable, how much latitude you have to help you deal with

work demands, and to what extent your working conditions protect your health on a long-term basis. Around 60% of European workers feel that they would be able to do their current job at the age of 60 – a slight increase since 2000. Not surprisingly, workers

in different occupations feel differently: nearly three quarters of highly skilled clerical workers feel that they could keep working until 60, as against less than half of lower-skilled manual workers.

Looking at surveys

Eurofound has developed three pan-European surveys, which offer a unique source of comparative information on how people live and work. The European Working Conditions Survey (EWCS) is the longest running survey, collecting information about the quality of work and employment since 1991. The European Quality of Life Survey (EQLS) provides a comprehensive portrait of living conditions in European countries. Given the growing interest in the quality of life of European citizens, the EQLS is increasingly important for Eurofound's contribution to the political debate. The European Company Survey (ECS) gives an overview of workplace practices and how they are negotiated in European establishments, seeking the views of both managers and employee representatives. Detailed analysis of the survey data allows Eurofound to identify new and emerging trends, as well as to gain deeper insight in the issues central to European policy. The results provide a strong basis for policy makers to identify opportunities for improvement and to develop forward-looking perspectives. The surveys are a key element in Eurofound's mission to provide high-quality information and advice for EU and national level policymakers, social partners, researchers and European citizens. The three Eurofound surveys share the following features: representative samples providing reliable comparative data at EU level; standardised questionnaires that enhance cross-country comparability; and multiple waves, which allow Eurofound to analyse changes over time.



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INDUSTRIAL
RELATIONS –
FOCUS ON THE
SOCIAL PARTNERS

INDUSTRIAL RELATIONS – FOCUS ON THE SOCIAL PARTNERS

A key element of Eurofound's work is mapping developments in industrial relations across Europe, the social dialogue between trade unions, employer bodies and governments being a cornerstone of the European social model. As well as the research conducted as part of the ECS to determine how social dialogue functions at the company level, Eurofound research published in 2010 also looked at specific challenges and circumstances for the two sides of industry.





Social dialogue in the crisis

Despite some signs of timid recovery in 2010, most EU Member States reaffirmed the need for austerity measures to continue. While social partners have generally been involved in formulating these measures, the crisis has made reaching agreement especially difficult in some cases. Furthermore, traditional industrial relations systems have been shaken since the start of the crisis, as the collapse of national tripartite partnerships in Ireland and Spain demonstrate. And in 2010, this trend appeared to spread to other national industrial relations systems – in Portugal, for example. Social dialogue has helped in the response to the crisis, as was again shown in 2010 – both in the extension and creation of short-time working schemes (see p. xxx) and in negotiating lower wage increases. Over the course of the year, industrial relations' systems continued to demonstrate their flexibility in the face of challenges. Nevertheless, if they are to function successfully, industrial relations systems need actors. In 2010, social partner organisations continued to evolve, as the findings reported here demonstrate.

TRADE UNION STRATEGIES TO RECRUIT NEW GROUPS OF WORKERS

In recent years, the difficulties faced by trade unions in maintaining their membership base have sparked fierce debate. The fall in union membership and the resulting reduction in collective bargaining coverage are seen as clear signs of the weakening of the role of trade unions and industrial relations in today's Europe. Interestingly, the debate on declining trade union membership and how to address it is most lively in countries where density is greatest – as in the Nordic countries. It seems that the recent decline in union membership is considered a threat to the national models of industrial relations in these countries.

Membership is central to trade unions: it is crucial for ensuring that people are available to engage in trade union activities, for funding union tasks, and for gaining formal recognition as representative organisations. Not least, membership numbers are a crucial component of organisational strength: in situations

where industrial disputes arise, the number of members is a fundamental element of trade union bargaining power, since it can lend credibility to threats to withhold labour.

However, the make-up of European industry has changed: the traditional union strongholds of manufacturing have been severely affected by down-sizing, with most job creation taking place in sectors that are much less organised in union terms. Meanwhile, public sector reform – and the outsourcing of previously state-provided services – has led to significant reductions in employment in the sector, which traditionally had high unionisation rates. In the private sector, employment relations have become increasingly individualised, and the globalisation of operations has weakened traditional industrial relations – not least because of the threat of offshoring. And particular categories of workers are much less likely to belong to unions: young workers are

the most difficult group of workers to organise into unions; workers in SMEs are much less unionised than those in larger companies; and workers on temporary contracts and other atypical work arrangements are also more difficult to unionise. Of course, these factors may combine: young workers are often employed in the private service sectors which have low rates of union presence and on non-standard employment contracts. Similarly, migrant workers have lower than average rates of unionisation, in part because they are often concentrated in sectors that have lower rates of unionisation, and are often employed on atypical contracts.

Against this background of change, as the Eurofound report *Trade union strategies to recruit new groups of workers* makes clear, trade unions are targeting new groups of members in order to boost their numbers. They have launched a number of initiatives to boost membership levels and

demonstrate their relevance to groups of workers who may not have previously considered joining a union. For instance, some unions are granting an internal voice to specific union groups: they have set up specific departments for women in Austria, Belgium and Greece. In Denmark, the unionisation rate of migrant workers in the construction sector is far lower than for that of Danish workers; this has resulted in migrant workers being identified as a key target for organising.

With a view to increasing the membership of younger workers, the Bulgarian trade union confederation CITUB set up an NGO, which has established expert networks on youth and labour issues, as well as networks of young trade unionists to strengthen their skills and position. Another common strategy is to involve young people still in formal education, by visiting vocational schools or universities. For instance, trade unions in Denmark have special programmes to recruit new members among apprentices and trainees in technical schools.

Trade unions can also use internal networks to boost their capacity. In Belgium, going back to the late 1980s, trade unions have established networks of contact persons in SMEs to better involve workers in small workplaces in union activities.

Trade unions have also sought to simply make union membership more attractive, reducing entry fees in Finland, for instance. In Luxembourg, trade unions offer a range of services to

their members, including health plans, insurance cover and tax advice. The General Workers' Union in Malta provides special services to its members, including health plans and discounts. In the Netherlands, trade unions have offered membership-related health and disability coverage, as well as pension schemes, to construction workers who had left the union because they had entered self-employment, following company reorganisation.

Meanwhile, other unions have rebranded how their services are delivered. Targeting a younger, more computer-literate membership, De Unie in the Netherlands (the general union for professionals and managers) started in 2006 offering limited membership at a greatly discounted fee, for limited internet-based services. This form of membership includes access to information and assistance on labour issues, as well as training and career development (also at discounted rates).

Interestingly, what the study also reveals is evidence of an evolution in how trade unions view themselves. Making the benefits of collective representation and bargaining widely available as a 'public good' has been a traditional goal of union activity; however, in practice, this has often led to a 'free-rider' situation, where unpaid, unsigned workers are able to avail of the same benefits as fully paid-up union members. In turn, this makes the costs of membership less attractive to those who have paid union dues. In some cases, trade unions have tried to deal

with this by limiting consultations to members rather than employees and by reserving certain gains to members. In Germany, IG Metall in the North-Rhine Westphalia region launched a comprehensive strategy to support membership, one based essentially on linking trade union actions to members. For instance, decisions on agreements on opting out from sectoral accords were taken by consulting members only, rather than all employees. The union also tried to include in agreements, particularly in case of opt-outs, special benefits for members.



LONG-TERM DEVELOPMENTS IN EMPLOYER ORGANISATIONS

Transformations in industry were affecting affected employer organisations even before the onset of the crisis, as the report *Developments in social partner organisations – employer organisations* makes clear.

In the EU15, where employer organisations are long established, there is a long-term trend towards consolidation and merging, with the aim of strengthening and rationalising the voice of employers. This has generally taken the form of the merger of associations with narrower membership domains to

create general cross-industry national peak employer organisations (NPEOs), or of separate trade associations and employer organisations to create ‘dual’ NPEOs.

Much of this consolidation had taken place by 2000; hence, overall there is now considerable stability, with few future mergers of NPEOs foreseen. The situation is somewhat different in the Member States in central and eastern Europe that joined during or after 2004. Here, employer organisations have really existed for only around 20 years; since

the accession of these Member States to the EU, some consolidation has taken place. For instance, recent mergers are evident in Bulgaria, and there are signs of rationalisation taking place in Romania’s complex NPEO structure. However, the situation is still in flux in a number of countries, reflecting ongoing economic restructuring and employers’ changing perceptions of how best their interests should be represented at peak level. The period since 2003 has seen the creation of new NPEOs in Poland, Romania and Slovenia.



While NPEOs' collective bargaining and representative role has changed little over the past decade, many have increased their focus on service provision, altering the type of services they provide to affiliates and the extent of provision, with the aim of better meeting employers' needs in a changing environment. Commonly provided services include lobbying, advice and consultancy, information and analysis, training and education, contacts, networking and assistance with foreign trade. They may also extend to offering financing or credit facilities, management and legal advice.

Recent changes in the structure of sectoral employer organisations (SEOs) largely reflect the decline in traditional manufacturing, and a growth of services and high-technology industries. In some countries, change has also resulted from privatisation of formerly public services and an increasing role for social, or non-profit enterprises. In many countries, SEOs have merged to form larger organisations, sometimes as a response to the shrinking of manufacturing in the economy. In some cases this has resulted in the creation of 'super' SEOs, covering a number of related sectors. However, alongside these mergers, which result in

fewer SEOs, new ones are being created in new or growing sectors, such as information technology and consultancy, or in newly deregulated or privatised formerly public sectors – postal services and electricity, for instance.

A key element for SEOs is their direct engagement in sectoral collective bargaining. Alternatively, where company-level bargaining is the main form used, SEOs in many cases provide support to their member companies in that bargaining process. In many countries, bargaining has become more decentralised, driven by companies' desire for greater flexibility. Most commonly, SEOs have responded to this by allowing greater scope for company-level flexibility in sectoral agreements, surrendering part of their bargaining authority as the price for remaining relevant and avoiding membership losses.

The report also looked at whether organisations are emerging that group employers on lines other than the traditional categories of sector, geography or company type. It appears that specific organisations for women entrepreneurs and business owners, and for people of recent immigrant origin have become more common in

many countries. However, there is no evidence that these organisations act as employer organisations or deal extensively with employment matters. In terms of employment issues, the most relevant 'non-traditional' organisations are those that group employers around a commitment to corporate social responsibility, and that have been created to focus employers' concerns on specific equality and diversity issues. Another common factor – the nationality of company ownership – is the basis for business organisations that in several countries represent foreign investors and have a significant influence on employment and industrial relations issues.

Employer organisations appear to have largely maintained or even increased their membership levels, by adapting to their members' changing needs where necessary.² However, there is one area where change has been slow – that is in terms of the general underrepresentation of women and people of ethnic minority origin in the leadership of employer organisations. In light of the paucity of women in higher positions, in a few countries gender quotas on company boards are being introduced.

(2) Again, a caveat is required here: data from the report, published in 2010 but reflecting the situation prior to that, may not reflect the impact of the crisis upon membership levels.

Eurofound's European network

Eurofound's observatories – the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM), which is itself one of the main activities of the European Monitoring Centre on Change (EMCC) – monitor developments and trends in the fields of working conditions, industrial relations and company restructuring. The observatories are based on the work of a network of experts at national and European level who describe, compare and place in context information and research findings on working life. The Network of European Observatories (NEO) is the framework within which this work is planned and coordinated. The observatories each publish an annual review on their field of research on their dedicated websites, as well as a range of information updates, comparative analytical reports, survey data reports and factsheets on company restructuring.







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HOW WE LIVE
TODAY – QUALITY OF
LIFE IN EUROPE

HOW WE LIVE TODAY – QUALITY OF LIFE IN EUROPE

Eurofound's European Quality of Life survey (EQLS), carried out every four years, examines such issues as employment, income, education, housing, family, health, work-life balance, life satisfaction and how people see their societies. It offers a wide-ranging view of differences and commonalities in people's lives across the EU27, as well as Norway and the candidate countries of Turkey, the former Yugoslav Republic of Macedonia and Croatia (the CC3). Fieldwork for the third wave of the survey will take place in late 2011.





LOOKING AT HOW WE LIVE

Improving the quality of people's lives and of society becomes increasingly challenging in a union that brings together 27 different countries. It means promoting social cohesion in societies that are becoming more diverse internally. In addition, the economic crisis makes even more urgent the goal of ensuring that European societies do not become divided between those that have been immediately affected by the downturn and those that have not.

How we feel about our lives depends on many factors. Some of them are objective: how much we earn and the standard of living we have as a result of that. However, a range of other factors plays a huge role. Eurofound's European Quality of Life Survey (EQLS), last conducted in 2007, asked people how they felt about their lives, and compared those answers with the answers they gave to a wide range of other questions, on such matters as housing, where they lived, their family situation and their employment, to name but a few. In-depth analysis of the findings allowed Eurofound to find out what mattered most in making people feel satisfied with their lives, or conversely, what was most likely to undermine their satisfaction with their lives.

Countries have traditionally been concerned with their economic development, as measured by gross domestic product (GDP). However, interest is rapidly growing to find ways to measure

quality of life that go beyond these traditional economic indicators. Economic difficulties challenge many citizens, of course. However, the profound changes experienced in European societies – such as globalisation, the ageing of the population, a shift from traditional manufacturing work to more technology-based services, and strained public services – can have a negative emotional impact, even where standard economic indicators might indicate that things are improving. A growing gap emerges between the picture painted by statistics and people's own perceptions of their living conditions, one that can be addressed by policy decisions that better reflect the reality of European citizens' lives.

How do Europeans live?

Living as a couple with children and other household members is considerably more common among people in the Member States that joined in 2004 and 2007 (NMS) and the candidate countries (CC3) than in the EU15, making households larger in these countries. For instance, while the average size of a household in Denmark is 2.5 people, in Turkey it is 4.2 people. For people in their middle years (between the ages of 35 and 49), the most common living arrangement is living in a couple. And this applies quite generally – above 60% in the EU15 and over 70% in the NMS and the CC3.

Elderly people – those aged over 65 years, – are more likely to live alone, or as part of a couple without children. While generally most men in this age group live with a partner, women's longer life expectancy means that older women are more likely to live alone. This raises particular questions for care services and how they address the needs of this particular group. And future projections that point to an increase in the population of elderly people also points to more demands being placed upon informal, family carers (principally women).

However, among younger people (those aged between 18 and 34 years), and older people (those over 65 years of age), there is much more variety in how households are composed.

Combining work and family

Demographic change and labour market developments are shaping the work and family life of Europeans, with far-reaching consequences for the future. People have fewer children now, are living longer, and are more likely to move from place to place and country to country. Women now commonly work outside the home, which has triggered changes in how men and women in families see their roles. Meanwhile, in the workplace, jobs are more uncertain as restructuring and industrial change creates greater instability – not to mention the impact of the recession; in addition, working practices have become more flexible and less predictable than they may have been in previous years.

European policies stress the importance of reconciling working life and family life in order to enable more people – especially women – to feel they don't have to choose between having children and going out to work. By raising the numbers of people in employment, the reasoning goes, economic growth will be facilitated, while the birth rate will rise and counteract at least to some extent the ageing of the population that is underway.

Although women have moved into the workforce en masse throughout Europe, traditional family models with a male breadwinner and a woman working full time in the home are still common in many countries. In Turkey, in only 4% of couples do both partners work outside the home; by contrast, in Sweden, 57% of couples do so. Both partners are much more likely to be in employment when they have no children, or only one child. Not surprisingly, it would seem that where childcare facilities are readily available, both partners work. In the Benelux countries and France, for example, where childcare is available from the age of two months, as many as two thirds of all couples with infants are both in employment. However, single mothers are in quite a unique position. In all countries, they are more likely to be unemployed and economically inactive than mothers who have a partner.

How satisfied are we with our lives?

There are clear differences in terms of the life satisfaction of Europeans in different groups of countries. People in the EU15 are the most satisfied, those in the CC3 are the least satisfied, while citizens in the NMS come in the middle

– not that there is anything inherently more satisfying about the countries of the EU15, it should be stressed. The differences between the ratings that citizens give are almost entirely due to differences in the circumstances they experience – in terms of employment, income, age, level of health, the extent of available social support and the quality of social services and civic institutions.

While money may not be able to buy happiness, having an adequate material standard of living is the single most important element for a feeling of life satisfaction. Someone who is deprived of what are commonly felt to be basic essentials will feel much less satisfied with their lives. Some things may mitigate this: for those who are experiencing material deprivation, being able to raise a substantial sum of money from someone in an emergency means that the impact on their sense of well-being is lessened. And good-quality public services can also go some way to boosting a feeling of overall life satisfaction for those experiencing deprivation.

Measuring deprivation – the six essentials

The EQLS measured deprivation by asking people if they were able to afford all the items on a list of six basic goods⁴, if they wanted them: keeping one's home warm enough, taking an annual week's holiday away from home, replacing worn out furniture, eating a meal with meat, chicken or fish every second day, buying new, rather than second-hand clothes, and entertaining family or friends at home once a month.

⁴ This scale is adapted from one originally developed by Eurostat



Good health is the second most important factor in feeling satisfied with one's life: people suffering ill-health are much less satisfied than those whose health is good. Unemployment, low incomes, and low levels of education also mean that people will feel less satisfied. This does not necessarily mean, however, that people automatically feel better about their lives as their incomes rise. Income matters most in shaping how people feel when basic needs are not being met. Once those needs are met, people may feel more satisfied as their income rises, but that level of satisfaction won't rise as much.

Naturally, work plays a role in shaping how people feel. While people who are unemployed may be less satisfied than those with jobs, people who have retired are more satisfied (even after such factors as income and social support have been controlled for). This suggests that the stress of work, and

the challenge of combining work and family life, undermine people's well-being significantly. Not surprisingly, the quality of one's job matters: people in professional and managerial occupations were slightly more content with their lives overall.

People with low levels of education are less satisfied – mainly because a person's level of education is important in determining the type of job they can get, the income they can receive, and the resulting standard of living. However, in the NMS, having a low level of education appears to directly affect how people feel about their lives. Again, the relationship doesn't automatically work the other way: having a high level of education does not appear to make people happier about their lives.

Eurofound research shows that living in a couple is a more satisfactory arrangement for most people. Partnered men and women are about twice as satisfied

with their lives as people living alone, and couples with children are even more so. People who are divorced, widowed or separated are less happy: in fact, those who are divorced or separated are less happy than those whose partner has died. And people raising children on their own are the least satisfied of all. For most people, understandably, having the support of family and friends is important in contributing to a feeling of well-being.

The findings suggest that in order to improve people's feelings of well-being and overall quality of life, it is most important to focus on improving the material circumstances of those who are most disadvantaged, rather than raising the average standard of living (although this goal remains important in the poor countries of the CC3). This means that it is vital to continue to address inequalities in living standards, in particular poverty.

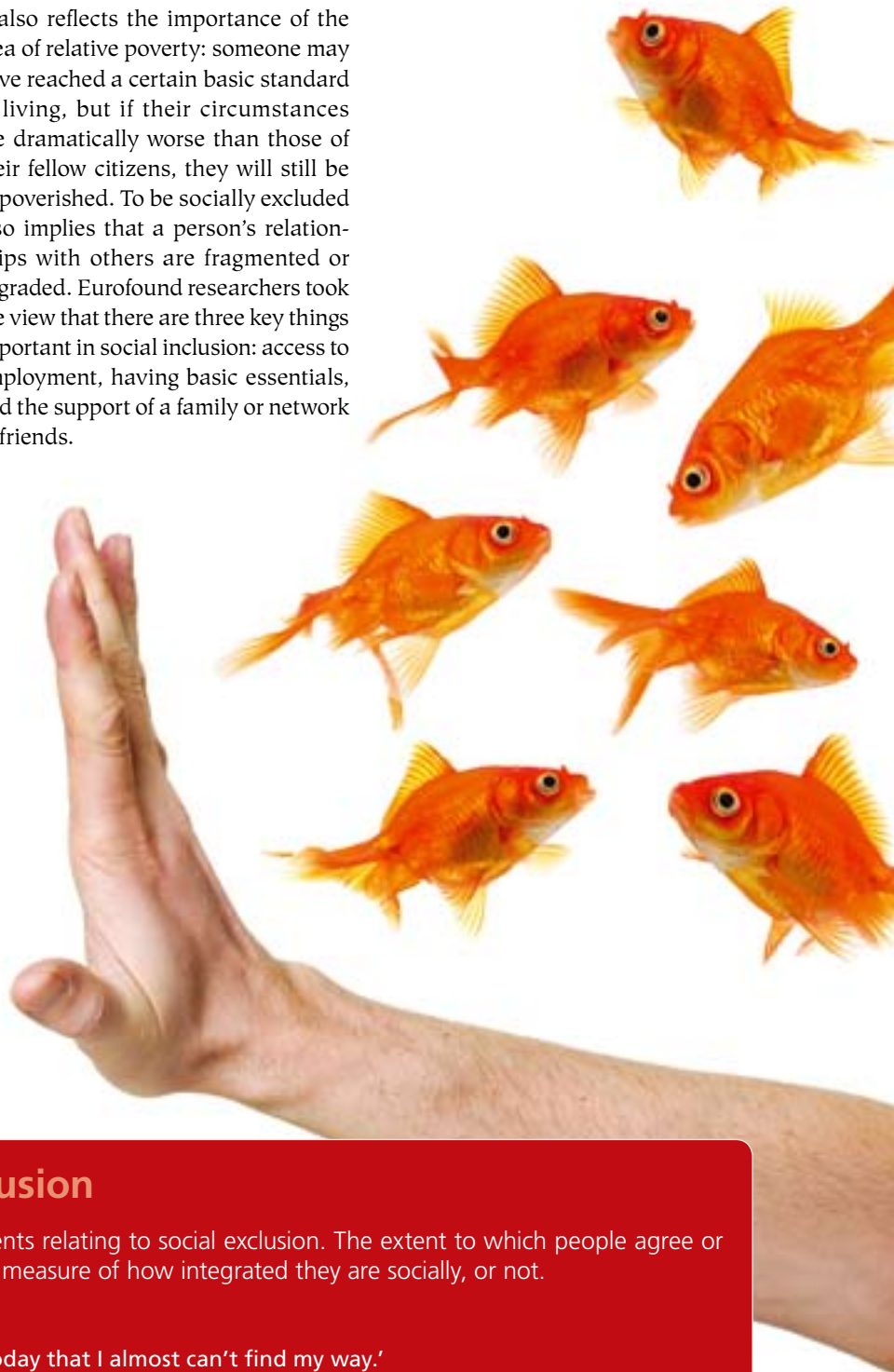


Social exclusion

A consequence of the EU's enlargement to 27 Member States was the accession of a number of countries with lower living standards than in the already existing 15 Member States. Many of these countries and the three candidate countries at the time of the survey have higher rates of unemployment, higher levels of poverty and a poorer social welfare infrastructure. Such stark differences in living conditions make the goal of cohesion across the Union that much harder to realise.

While the material hardships this leads to are extremely important, social policy increasingly views an even more profound problem to be the social exclusion that often accompanies poverty.

Social exclusion is an issue of 'impoverished lives and not just depleted wallets' (as it has been described by Amartya Sen). The concept implies that a person is at risk, and more vulnerable. It also reflects the importance of the idea of relative poverty: someone may have reached a certain basic standard of living, but if their circumstances are dramatically worse than those of their fellow citizens, they will still be impoverished. To be socially excluded also implies that a person's relationships with others are fragmented or degraded. Eurofound researchers took the view that there are three key things important in social inclusion: access to employment, having basic essentials, and the support of a family or network of friends.



Measuring social exclusion

The EQLS contains a series of statements relating to social exclusion. The extent to which people agree or disagree with them can be taken as a measure of how integrated they are socially, or not.

- 'I feel left out of society.'
- 'Life has become so complicated today that I almost can't find my way.'
- 'I don't feel that the value of what I do is recognised by others.'
- 'Some people look down on me because of my job situation or income.'

Overall, a large majority (86%) of European citizens feel themselves to be socially well integrated. However, a considerable percentage – 14% – feel excluded to some extent, and 2% feel very excluded. People in poorer countries (as measured by GDP per capita) are more likely to feel excluded. However, there is considerable variation. For instance, the Scandinavian countries have a similar GDP per capita as Austria, Belgium and France; however, fewer of their citizens feel socially excluded. A country's rate of unemployment and income poverty also have a bearing, although some countries appear to be better at maintaining social integration in the face of higher unemployment. A feeling of social exclusion appears to be most prevalent in the CC3, followed by the NMS. (The social and economic upheavals of recent decades in these countries may well play a key role in shaping this experience.)

People who are experiencing material deprivation are more likely to feel excluded (as are those who are unemployed). Interestingly, although the extent of deprivation is much greater in the CC3, it is in these countries that deprivation seems to have the least

impact on feeling excluded. It may be precisely because deprivation is more common that people suffering from it feel less excluded from their fellow citizens.

Not surprisingly, perhaps, the kind of domestic situation plays a role in how people feel. Couples, and couples with children, are less likely to feel excluded than people living alone, or single parents (who fare the worst). Furthermore, where citizens are suffering deprivation, this can be ameliorated by adequate social support. The EQLS looked at the extent, and kind, of support that people may receive from friends and family. It found that – generally – citizens in the EU15 are much more likely to call on their family members for urgently needed financial support: 70% of citizens in these countries would turn to family members, while in Bulgaria and Latvia, for instance, only 42% and 48% would. However, a significant minority of Europeans have no one to turn to when financial assistance is needed. In Portugal, 30% of people say would they have no source of financial support, followed closely by people in Hungary, where 29% say the same, and Bulgaria (23%).

Of course, money is not the only way people help one another out. Even more common is having someone to turn to if you need to talk about something. In Spain and Malta, 74% of people said they would turn to a family member, as against 52% in France and the Czech Republic. Again, a minority of people – smaller in this case – say they have no one to turn to, with the following countries having the largest proportions of citizens saying that they are, essentially, alone: 10% in Luxembourg, 9% in Estonia and 8% in France.

Eurofound's *Yearbook 2009 – Living and working in Europe* outlined how Europeans felt that a certain deterioration in the quality of their society – for instance, suffering a loss of trust in their political institutions. A good quality of society is a key element in the European social model; Eurofound's research on quality of life can contribute to monitoring it's evolution over time. Findings from the third EQLS, fieldwork for which begins in late 2011, will shed more light on how the quality of European societies is faring.





Mental health

The EQLS also sought to assess, generally, how well people felt mentally. The extent of psychological well-being varies considerably across Europe. On a score of 100, Turkey ranks lowest with an average rating of 46, while people in Norway appear to enjoy the best mental health, giving themselves a rating of nearly 70. The 10 countries that come

at the bottom of the ranking are all in the NMS and CC3. This suggests that mental well-being is related to a country's economic situation, and this would appear to be the case. The graph below shows that there is a relationship between a country's GDP per capita and the level of its citizens' mental well-being. However, the pattern shown in

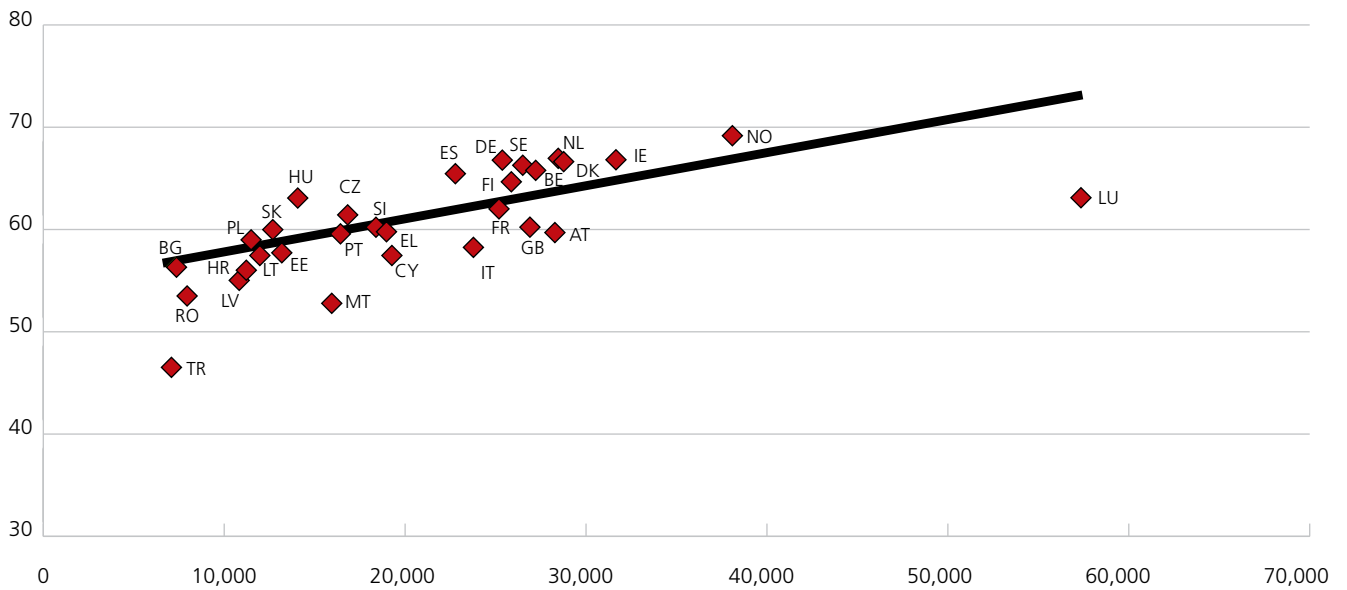
the graph reflects not just the GDP of the countries concerned but also a number of factors related to its wealth – such as its level of social and institutional development. For example, countries with higher levels of per capita GDP tend to spend more on healthcare and have better developed social welfare systems.

Measuring mental health

The World Health Organization (WHO) index of mental well-being, the 'WHO-5', combines answers from five questions to form an index of mental health. Although the questions may seem quite general, they have in fact been found to be a good screening instrument for detecting depression in the general population, and hence a useful gauge of general mental health. The survey asked people whether the following statements applied to how they had been feeling all, most, some or none of the time over the previous two weeks:

- 'I have felt cheerful and in good spirits';
- 'I have felt calm and relaxed';
- 'I have felt active and vigorous';
- 'I woke up feeling fresh and rested';
- 'My daily life has been filled with things that interest me'.

Figure 7: Average WHO-5 mental well-being score, by country and GDP per capita (in PPS in euro), 2005



Within countries as well, income appears to relate to mental well-being, with those at the top of the income scale feeling better on a day-to-day basis than those at the bottom. Interestingly, there is less disparity in terms of how people feel in wealthier countries than

in poorer ones: the psychological benefits of greater national wealth appear to be dispersed more evenly. Moreover, those lower down the income scale in wealthier countries still often feel better than those higher up the scale in poorer countries: for instance, people in the

bottom income quartile in the EU15 countries still score better in terms of mental health than people in the middle income quartile in the NMS, and in the top income quartile in the CC3.





INTEGRATION IN EUROPE'S CITIES

ACHIEVING INTEGRATION IN EUROPE'S CITIES

European network of cities for local integration policies for migrants (CLIP) is a network of 31 European cities working together to support the social and economic integration of migrants. The network enables local authorities to learn from each other and create more effective integration policies. Previously, the network had focused on the issues of housing, equality and diversity policies in municipal employment and city administrations' provision of services. This year, the *Yearbook* looks at what was learned in terms of cities' intercultural policies and intergroup relations. The final module will look at ethnic entrepreneurship.

For more, go to www.eurofound.europa.eu/areas/populationandsociety/clip.htm



MEETING THE CHALLENGE OF DIVERSITY

In recent decades, Europe's cities have become increasingly diverse in ethnic, cultural and religious terms. However, this growing cultural richness can also challenge the ability of municipalities to maintain constructive relationships between different groups. Indeed, updated findings for Eurofound's European Quality of Life Survey (EQLS) from 2009 point to a perception across the Union that relationships between ethnic groups have deteriorated.

Published in 2010 as part of the CLIP project, the report *Intercultural policies in European cities* outlines how more than 30 cities across Europe are seeking to improve mutual understanding and bridge differences between the various ethnic and religious groups that make up their populations. It placed a particular focus on the place of Muslim communities in European cities, Islam being the largest 'new' religion in these cities.

The researchers discussed the issues with 700 individuals in the 31 cities in the CLIP network – including city officials, representatives of migrant organisations, religious representatives and with NGOs, welfare organisations and social partners. Around 40% of the interviewees were migrants or members of migrant or ethnic minority organisations.

So how do different groups coexist in Europe's cities? Overall, the picture drawn by the CLIP study was mixed. Groups appear to get along



peacefully, albeit with limited cooperation. Relations appear to be pragmatic and friendly in nature. Moreover, a growing framework of anti-discrimination policies and measures is being put in place. Happily, most of the cities in the project saw little evidence of any substantial radicalisation of their young people, whether of young Muslim men embracing totalitarian versions of Islam, or their counterparts in the majority population towards ultra-nationalist, racist ideologies. However, some cities, such as Amsterdam (see page 64) have taken a pro-active approach to forestall the emergence of such extremism.

That being said, migrants are little involved in determining intercultural policy in the cities they reside in. There are very few migrants in elected positions, for instance; in some cities, there are none. A key reason for this

is the lack – in many countries – of voting rights for foreign nationals. Since representation of migrants and minorities in city councils is so limited, most articulation of migrants' interests at the local takes place in consultative bodies. Furthermore, 'intercultural competence' – being skilled in communicating across different cultural boundaries – appears to be in short supply among members of both minority and majority communities. And in many cities there is a widespread perception of discrimination against migrant communities in such matters as employment, education and housing. The findings from the EQLS that citizens perceive ethnic tensions to be rising would appear to cohere with CLIP research in some cities.

A key element of discrimination is in the housing market: migrants have more difficulties in finding high-quality,

affordable housing in a non-segregated area. City officials and migrant representatives in many of the cities emphasised that the presence of segregated, disadvantaged neighbourhoods can negatively affect relations between different social groups. Migrants – in particular, Muslims – also face discrimination in the job market, whether they are applying for a job, an apprenticeship or even an internship.

In many cities, there are higher rates of unemployment among migrants than among the native population, while many migrants work in low-paid jobs. (While true for most migrant groups, it seems to be especially the case for Muslims.) The reasons cited for this include a lower level of education among migrants, lack of ability in the host country's language, problems in gaining recognition of qualifications gained abroad, and discrimination in employment and in education. Lack of employment can then translate into poverty, which creates further difficulties for integration and participation; the ongoing economic difficulties in Europe are likely to only further deepen this problem.

Many migrant representatives express concern about discrimination in the education system. Although such measures as pre-school education, communication with migrant parents and language tuition have been introduced in most CLIP cities, many believe that schools are not doing enough to combat discrimination or overcome educational

inequality. Given the importance of education in providing access to better-quality jobs, this education gap is of great concern.

Fostering better relations

Most migrant organisations have very limited resources. Most cities in the CLIP network support migrant organisations either through direct funding, or by providing either space or rent allowances to rent space. Most commonly, city authorities fund the organisations directly for such activities as cultural festivals, caring for elderly people, supporting students or language training. Some cities promote the collective use of buildings to encourage informal meetings and cooperation between different groups. In Amsterdam, for instance, a large premises houses 25 migrant organisations; it also has a large space that can be rented by external organisations at relatively little expense.

While funding and empowerment of migrant organisations are important, and policies are implemented by most of the cities, recognition is also crucial. The city case studies indicate that most migrant associations would like to be better recognised by the cities in which they operate. One way for cities to implement such a policy is to form a consultative body of migrant organisations, which advises the city council in terms of local policy. Such a step officially recognises the existence of migrant groups and grants them a

role (the actual power that these bodies yield, however, has been the subject of discussion).

Intercultural competency building

Intercultural competency – understanding different cultures, being able to navigate between different cultures and being alert to sensitivity when communicating with people from different backgrounds – can help reduce cultural misunderstandings and improve relations. Several cities in the network strive to raise the intercultural competency of their residents, through a number of approaches. These include:

- intercultural training of administrative staff;
- projects for intercultural education;
- programmes to boost migrants' language skills.

In over a third of the cities, authorities offer intercultural and diversity training courses to frontline staff who deal with clients, or to senior managers with human resources responsibilities, to inform them of the needs of people from ethnic or religious minorities





Boosting language skills

Language is a key element in integration in a host country, most crucially in the education system and labour market. Hence, most of the cities in the network offer courses in the host country's language to migrants. In addition, cities view migrants' improvement of skills in their own language as beneficial – both for cultural self-esteem and as a boost for the collective linguistic competencies of the city. In some cities, language courses are offered in combination with childcare, a move much appreciated by mothers.

Improving relations with police

The cities in the CLIP network have approached the issue of improving relations between police and migrant groups in a number of ways: introducing training programmes in intercultural awareness for police officers, launching information campaigns for migrant residents to inform them about the police forces' work, and institutionalising dialogue and cooperation

between police and migrant organisations. Improving the intercultural awareness of the police force is a vital element in reducing misunderstandings, which can provoke tensions; it also aids police officers in preventing and defusing situations of conflict more effectively. Since communication is another vital element of police work, some cities have introduced courses in migrants' languages for officers.

Religion

The entry of 'new' religions into European cities, while offering the potential for further cultural enrichment, has in many cases inspired anxiety and given rise to intercultural conflict. Since the Muslim community is the largest minority religious community in Europe, most of the policies undertaken in European cities to boost intercultural dialogue deal with this group. Religious buildings – specifically, mosques – are the most concrete symbol of a religion's presence. Moreover, they provide a vital physical space for religious practice and for a community to come together. Some

cities, such as Frankfurt, Turin and Stuttgart, actively support the building or maintenance of religious buildings, through providing land, information or political support. The issue of religious buildings seems to be the biggest challenge for city authorities. In 17 cities, interviewees said that the planning and construction of religious venues is an issue for intergroup relations, in particular when the building is a mosque. Another aspect of religious buildings is the response of the majority community to their construction. In Frankfurt, a conflict arose over the construction of a new mosque; city officials organised meetings with residents and representatives of the mosque to respond to concerns.

EXAMPLES OF CITY INITIATIVES



The Life Library

/Malmö

The Malmö Central Library has developed a project to establish connections between individuals. In its 'Life Library', members of the public can 'borrow' a person – rather than a book – for 45 minutes to learn more about that person's life and particular experience. The person 'on loan' changes weekly, the subjects coming from a range of diverse backgrounds. This popular project has engaged the participation of both minority and majority groups.



Combating radicalisation

/Amsterdam

A project in Frankfurt, 'Police and migrants engage in dialogue', aims to defuse tensions between the city's police and its migrant residents by giving both parties the chance to learn more about each other. In other cities, Amsterdam for example, migrant and religious organisations have taken the initiative in inviting police officers to visit their communities. A group, Young Muslims in Amsterdam, began inviting police representatives to attend its programmes as an attempt to address what members of the group perceived as police targeting.



Bringing children together

/Athens

Cities can encourage migrant participation in majority organisations. For instance, the city of Athens encourages migrant children to join the Greek Scout movement (currently with 2,500 registered members in the city). This scheme runs in collaboration with the city's Intercultural Centre of the Migrant Services Department, which covers the children's expenses for registration, uniforms and participation in activities. The programme will last for seven years, and seeks to enable 500 migrant children aged between 7 and 12 years to join the movement.





Mediating in conflicts

/Barcelona

Some cities use mediation services to help resolve intercultural conflicts. The Mediation Service in L'Hospitalet, supported by the Barcelona Provincial Council, consists of 12 members who intervene in neighbourhood conflicts, complaints concerning the use of public space, and disputes over employment.



Improving relations with police

/Frankfurt and Amsterdam

A project in Frankfurt, 'Police and migrants engage in dialogue', aims to defuse tensions between the city's police and its migrant residents by giving both parties the chance to learn more about each other. In other cities, Amsterdam for example, migrant and religious organisations have taken the initiative in inviting police officers to visit their communities. A group, Young Muslims in Amsterdam, began inviting police representatives to attend its programmes as an attempt to address what members of the group perceived as police targeting.



Integration in Kirklees

/Amsterdam

The Kirklees Faith Forum, in Scotland, encourages all faith communities in the locality to work together in addressing discrimination. The Forum offers 'faith meals', where a 'menu' of topics is put forward for people from all faiths to discuss over an inexpensive supper. In addition, in the 'Tea for Two' project, neighbours from different ethnic groups are encouraged to visit each other's homes for tea in an attempt to break down cultural barriers. Also, seven religious communities established interfaith centres at their places of worship, bringing together Buddhist, Sikh, Hindu, Muslim and Christian practitioners. Among other functions, the centres host visits by schoolchildren, who come to learn about particular religious practices. Despite initial misgivings on the part of some parents, the project has received generally positive feedback from both children and schools. Furthermore, different religious communities are becoming more aware of each other and are beginning to create further partnerships.

EUROFOUND EVENTS



A key element of Eurofound's work in communicating its research findings is through presentations and face-to-face discussion. Eurofound regularly presents its work to its key stakeholders – such as the European institutions and social partners. It also (co-)organises events across Europe, frequently in partnership with the countries hosting the rotating Presidency of the EU.

➤ In July, Eurofound participated in the Irish leg of the European Commission's 'Circus' campaign, aimed at highlighting the benefits that Social Europe delivers to the citizen. Eurofound contributed information and findings to the travelling campaign, which appeared in around 20 European cities in 2010, the European Year for Combating Poverty and Social Exclusion.

➤ In September 2010, Eurofound hosted a conference in Brussels ('Economic growth for better quality of life in Europe') together with the European Policy Centre. It presented data that highlighted the impact of the economic downturn on quality of life.

➤ Also in September, Eurofound jointly hosted a conference on the issue of undeclared work (work that, while not illegal, is not declared to the authorities for tax, social security or labour law purposes), together with the Bulgarian government, in Sofia. Eurofound research on the topic identified two broad policy approaches: a focus on deterrence (by improving detection or increasing penalties), and encouraging compliance by, for instance, enabling the legitimisation of previously undeclared work. At the conference, Eurofound presented its findings in greater detail, along with concrete examples of measures at the national level to tackle undeclared work, from its knowledge base of case studies.

➤ In November, in Brussels, Eurofound launched the first findings of its fifth European Working Conditions Survey at a conference it jointly hosted with the Belgian EU presidency. At the conference, 'Working longer through better working conditions, new modes of work and career organisation', high-level policymakers came together to debate the future of working conditions in Europe. The discussions are extensively covered in Issue 9 of Eurofound's magazine *Foundation Focus – Work and health: A difficult relationship?*

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Eurofound provides social partners, governments and EU decision makers with relevant, timely and unbiased research results so that the lives of European citizens can be improved.

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

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