Foreword

The EU and its citizens faced enormous challenges in 2012 as the limited economic recovery of the previous year stalled, GDP fell and unemployment began to grow again. Governments in many Member States were caught between the need to cut spending to control public debt and at the same time provide more support to citizens, including both growing numbers of unemployed people and ageing populations. The European Year for Active Ageing and Solidarity between Generations 2012 sought to promote active ageing in three areas – employment, participation in society and independent living – to address Europe's demographic issue.

At the same time, economic problems dominated. Overall unemployment reached 11% in December with youth unemployment at 23%. The poor labour market of recent years has had a particular impact on young people and the widespread phenomenon of young people not in employment, education or training (NEETs) has been recognised as a serious problem for the individuals, their states and Europe as a whole.

As this yearbook on Living and working in Europe 2012 describes, one of the starkest findings was the divergence between and within countries. Some Member States have suffered greatly while others have not. Higher-paid jobs have been much more resilient than low to mid-paid jobs and have grown. Groups that were already vulnerable are suffering more in the crisis and countries are diverging on quality of life measures. In some countries a substantial number of people report great difficulty in making ends meet and the countries most affected by the economic crisis have seen falling trust in public institutions, particularly national governments. Citizens report more tension between rich and poor and between racial groups.

As the EU responds to the crisis and to growing divisions within Europe, Eurofound continues to work to inform, monitor and support the policymaking response.

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The economic outlook for the EU as a whole at the end of 2012 gave little cause for cheer. EU GDP fell, and the eurozone economy slipped deeper into recession in the last three months of 2012 after its largest economies contracted substantially. It was the first full year in the 17-country region when no quarter produced growth. Unemployment continued to rise, and although the European Central Bank predicts the euro zone will pick up in 2013, the prospects for recovery in labour markets in the near term are not encouraging. The intensification of social unrest, already nascent in some Member States, has become a real prospect as unemployment escalates to alarming levels. Finding new sources for jobs and investing in job creation in the EU is urgent if social stability is to be maintained. However, the picture is not uniform across Member States or economic sectors, and divergent patterns emerge when the statistics are probed more deeply.

The EU unemployment rate reached 11% in December 2012, an increase of 1 percentage point on December 2011. In the same period, youth unemployment rose from 22% to 23%. The modest revival in employment evident in 2010–2011 withered in the 12 months that followed. Any recovery in employment is dependent on a recovery of the economic environment, and this has stalled. The capacities of governments or the EU to stimulate recovery are limited by high levels of indebtedness in the public and private sectors and historically low interest rates. Unresolved sovereign debt issues haunt projections about future growth and stifle optimism about an end being in sight.

Austerity programmes have started to put a brake on employment growth in the few sectors that continued to grow and maintain employment in several Member States during the recession – predominantly state-funded sectors, notably health and education. The decline in private sector employment at the start of the recession, however, has stabilised somewhat in the last two years.
Member State variation

The aggregate deterioration in employment at EU level belies considerable divergence across Member States, especially between ‘core’ and ‘peripheral’ euro zone countries. In December 2012, unemployment stood at 27% in Greece and 26% in Spain. But labour markets in Austria and Luxembourg have been largely unaffected by the crisis, and unemployment barely ever rose above 5% in either. Other countries, such as Sweden, Finland and Germany, have recovered successfully. In fact, in the 2010–2012 period, more countries experienced employment increases than employment declines, although in most growth has been modest (see Figure 1). In absolute terms, the main sources of employment growth in the most recent two years have been Germany (+1.04 million), Poland (+0.38 million) and the United Kingdom (+0.28 million).

The Baltic states, and especially Estonia, experienced a particularly severe recession, but an upturn in employment has been evident in the past year. Employment has continued to decline, however, in those euro zone countries with the most troubled economies – Greece, Ireland, Portugal and Spain – along with Slovenia. The impact of the financial crisis and the 2008–2009 recession has been amplified for these countries during the subsequent euro zone crisis and associated retrenchment of public finances. Notably, the bulk of recent employment declines in Greece, Portugal and Slovenia have occurred in the last two years. The paralysis in the peripheral euro zone countries is a problem for the whole of Europe. With forecasts for Europe being downgraded, the danger remains that problems in the periphery may be spilling over to the core.

The substantial fall in employment in Denmark during the recession and to a lesser extent in the 2010–2012 period is a predictable outcome of the flexicurity approach adopted in this country. In response to the economic contraction, Danish employers have favoured job cuts over other options such as short-time working, but a recovery in employment would be expected when growth resumes.

![Figure 1: Employment shifts by Member State, 2008–2012](image)

Note: Sorted by total % employment decline. Bulgaria, Cyprus, the Czech Republic, Latvia and Slovakia were omitted due to a break in the series.

Source: EU Labour Force Survey (Eurofound calculations)
Sectoral variation

Eurofound’s European Restructuring Monitor (ERM) captures the employment impacts of large-scale restructurings announced in the media and provides insights on sectoral developments in the labour market. For 2012, the monitor recorded falls in restructuring job loss from the highs at the start of the economic crisis, but it continued to register more cases of job loss than job gain.

As in previous years, the manufacturing sector was a major source of job loss, accounting for 36% of announced job losses in the first half of 2012, reversing the slowdown in job cuts in 2011 (see Figure 2). However, some manufacturing subsectors showed resilience, and over a third of new jobs announced in the ERM were in manufacturing, mostly in higher-tech sectors – computers, electronics and communication equipment as well as the automotive industry. Job losses in the automotive subsector fell to 30,000 in 2011–2012, compared with highs of 80,000 in both 2008 and 2009. Announced job creation in the sector was over twice as high during the same period, with most of these gains in central and eastern Europe. This relatively hopeful state of affairs is unlikely to persist, given declining sales volumes and reported overcapacity. Some European carmakers have survived and prospered through the downturn; others are restructuring, having been confronted with flagging demand in domestic markets.

The 10 largest individual cases of announced job cuts in the ERM in the 12 months from the end of 2011 are shown in Table 1. At the top is the loss of 30,000 jobs in the Greek

Figure 2: Announced job loss and job gain by broad sector, 2010–2012 (%)

Note: 2012 data are for Q1 and Q2 only.
Source: European Restructuring Monitor
Where the jobs are: the green economy?

The shift towards a low-carbon economy holds out the prospect of a surge in new jobs as businesses transform their practices to meet demands for reduced emissions, increased energy efficiency and new green products and services. It has been suggested that greening may contribute to an overall net employment gain of up to 1.5% by 2020, with most impact in construction, textiles, logistics and trade, transport and possibly the furniture sector. In the short term, greening is likely to increase the demand for highly skilled workers and decrease or have no impact on the demand for medium-skilled and low-skilled workers.

Evidence on the transition so far, gathered from case studies conducted by Eurofound, suggests that the greening of business has redistributed jobs across sectors without actually increasing absolute employment levels. The economic crisis has slowed the pace of change across industry as public support for greening is cut. In addition, companies are finding it hard to balance the transition to green practices alongside the slump in demand.
public service, arising as a direct result of commitments by the Greek government to the EU, the ECB and the IMF (“the troika”) following the first Greek bailout in 2010.

It is one of three cases of job reductions in public administrations that appears in the top 10. Yet, while the proportion of job losses in public administration rose sharply in 2010–2011, most recent data for the first two quarters of 2012 showed a decline (see Figure 2).

The retail sector’s share of announced new jobs increased in 2012 to account for around a quarter of the total. The largest announced job gains were in service sector multinationals operating in retail, hotels and catering. UK supermarket chains Asda, Morrisons and Sainsbury’s each announced the creation of at least 5,000 jobs in their UK operations.

Some of the main sources of job creation in the combined category of ‘other private services’ were in IT and information services and in professional services such as legal, accounting and management services. These are activities that have shown strong structural employment growth, as demonstrated by their continued expansion before, during and after the 2008–2009 recession. Some large job creation cases in this area in 2012 involved large international consultancy firms, often in their French operations. For example, both Accenture and Deloitte announced the creation of over 1,000 jobs in France in 2011.

Rising job losses in the renewable energy (solar and wind) manufacturing sector have been apparent in the ERM in recent years and became very prominent in 2012, particularly in Germany, Spain and Denmark. Difficulties in the renewables sector in Europe have been attributed to a scaling back of subsidy regimes and declining prices based on the rapid mobilisation of China and Taiwan in both solar equipment and wind turbine production. The production in the sector has clearly shifted to developing economies so that job growth in the sector in Europe is less likely to be in manufacturing and more likely to be in R&D, installation and maintenance. This area potentially offers new employment opportunities for those who continue to lose their jobs in the construction sector.

Table 1: Top cases of announced job loss and announced job gain 2012

<table>
<thead>
<tr>
<th>Company/organisation</th>
<th>Job loss</th>
<th>Sector</th>
<th>Country</th>
<th>Company/organisation</th>
<th>Job loss</th>
<th>Sector</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greek public service</td>
<td>30,000</td>
<td>Public administration</td>
<td>Greece</td>
<td>Hilton Worldwide</td>
<td>8,500</td>
<td>Hotels</td>
<td>EU</td>
</tr>
<tr>
<td>Nokia Siemens Networks</td>
<td>17,000</td>
<td>Manufacturing</td>
<td>EU</td>
<td>Morrisons (supermarket chain)</td>
<td>7,000</td>
<td>Retail</td>
<td>UK</td>
</tr>
<tr>
<td>Schlecker (drugstore chain)</td>
<td>11,750</td>
<td>Retail</td>
<td>Germany</td>
<td>Subway (fast food outlets)</td>
<td>6,000</td>
<td>Restaurants</td>
<td>UK/Ireland</td>
</tr>
<tr>
<td>E.On (energy company)</td>
<td>11,000</td>
<td>Utilities</td>
<td>EU</td>
<td>Sainsbury’s (supermarket chain)</td>
<td>6,000</td>
<td>Retail</td>
<td>UK</td>
</tr>
<tr>
<td>Nokia (mobile phone manufacturer)</td>
<td>10,000</td>
<td>Manufacturing</td>
<td>EU</td>
<td>EADS (aerospace)</td>
<td>5,500</td>
<td>Manufacturing</td>
<td>EU</td>
</tr>
<tr>
<td>Czech public service</td>
<td>8,000</td>
<td>Public administration</td>
<td>Czech Republic</td>
<td>Polish police force</td>
<td>5,100</td>
<td>Public administration</td>
<td>Poland</td>
</tr>
<tr>
<td>Hewlett-Packard</td>
<td>8,000</td>
<td>IT services</td>
<td>EU</td>
<td>EDF</td>
<td>5,000</td>
<td>Utilities</td>
<td>France</td>
</tr>
<tr>
<td>AstraZeneca (pharmaceuticals)</td>
<td>7,300</td>
<td>Manufacturing</td>
<td>EU</td>
<td>ASDA (retailer)</td>
<td>5,000</td>
<td>Retail</td>
<td>UK</td>
</tr>
<tr>
<td>Uniociedit</td>
<td>7,290</td>
<td>Financial services</td>
<td>EU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungarian public service</td>
<td>6,719</td>
<td>Public administration</td>
<td>Hungary</td>
<td></td>
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</tr>
</tbody>
</table>
Employment shifts

The employment structure of the EU is being transformed by the current economic transition. The destruction of employment has been strongly polarising in terms of the distribution of jobs when considering wages. It has led to the elimination of mid-paying and mid-low-paying jobs and a shift towards high-skilled, white-collar employment. This contraction in the middle was accentuated in particular during the peak of the financial crisis (2008–2010) primarily as a result of huge falls in employment in construction and manufacturing. The strongest relative growth in this period was in higher-paying jobs, mostly in publicly funded services (health, education and public administration). While this pattern of polarisation continued in 2011–2012, the easing of the recession seems to have moderated the decline in the middle and accentuated the expansion of high-paid jobs (see Figure 3).

**Figure 3: Employment change by wage quintile, 2008 Q2–2010 Q2 and 2011 Q2–2012 Q2 (% per year)**

Health and social care is expected to be a rich source of jobs into the future as the population ages and demand for support services rises. The sector is highly labour intensive, and employment has continued to grow even during the economic crisis. ‘White jobs’, as they are known, currently account for almost one-tenth of jobs in the EU. The employment profile is very broad, including staff in hospitals, medical, veterinary and dentistry facilities, eldercare and childcare. Investing in skills is crucial as new technologies and innovative treatments are introduced and care becomes more complex.

However, the sector has problems with retaining staff and attracting new recruits in certain areas because of issues such as low pay, lack of career progression and demanding working conditions (for example, long hours and shift work). Measures to tackle these barriers include provision of continuous professional development training, professionalising services and widening the career development opportunities of existing employees.
Where the jobs are: Born global enterprises?

Young enterprises that internationalise quickly after start-up and focus intensively on multiple foreign markets – known as ‘born globals’ – are thought to have high job creation potential thanks to their innovation capacity, strong growth orientation and requirement for staff to work in several markets. Although research on born globals is scant, available data indicate that 22% of born global start-ups employ 10 or more staff, compared with a rate of 12% among all start-ups in general.

When asked about future employment plans, born globals estimate higher staff numbers in five years than young enterprises in general. There is some evidence that these firms create better jobs in terms of autonomy, flexibility and pay; and there are also anecdotal indications that jobs in born globals are more stable. Entrepreneurs and staff in born globals tend to be highly skilled and educated, particularly in their knowledge of technology and languages. Furthermore, born globals often outsource certain functions of the production process, which creates jobs in other companies.

Further reading

- ERM report 2012 – After restructuring: Labour markets, working conditions and life satisfaction
- Employment polarisation and job quality in the crisis: European Jobs Monitor 2013
- Greening of industries in the EU: Anticipating and managing the effects on quantity and quality of jobs
- Born global: The potential of job creation in new international businesses
- Foundation Focus: Job creation, job preservation or job loss? The future of Europe’s labour market
How has work been affected?

The Europe 2020 flagship initiative ‘Agenda for new skills and jobs’ identifies better job quality and working conditions as a priority in achieving the strategy’s employment rate target of 75% by 2020. It states that high levels of job quality in the EU are associated with high participation and labour productivity. The unemployment crisis and the competitive pressures on employers are such that a backslide in working conditions may be seen by some as an acceptable price for the preservation and creation of jobs. It may also be tempting to attribute difficulty in creating jobs to regulation and legislation that protects working conditions. The Commission, however, rejects a trade-off between quantity and quality of jobs and affirms that a good working environment enhances the potential of the workforce, fostering innovation and efficiency. Improving working conditions is also a prerequisite to preventing early exits from the workforce.

Eurofound’s European Working Conditions Survey (EWCS) provides a multi-faceted picture of working conditions in the EU at this crucial time. It enables an evaluation to be made of whether working environments are transforming to meet the needs of smart, sustainable and inclusive growth. Are new forms of work organisation that will drive and sustain the future economy taking root in the workplace? Or is there evidence of a deterioration in working conditions in response to sluggish demand? Fieldwork for the fifth wave of the survey took place from January to June 2010, as the effects of the recession unfolded upon European societies. Data collected during that period provides a detailed picture of the state of working conditions in the early aftershock of recession as Europe struggled with debt crises, of changes in working conditions since the last survey in 2005, when the economy was expanding, and of the trends in workplace configuration as the structure of Europe’s economic activity shifts in response to globalisation.
Job security

As much as job quality is a priority of the ‘Agenda for new skills and jobs’, so too is the reform of labour markets to make them more flexible and responsive to global dynamics. The Commission recognises employers’ need to adjust their workforces as demand for labour fluctuates. Temporary and part-time contracts are one of the tools that enable employers to achieve this flexibility. If employers increasingly favour these types of contract over indefinite contracts, however, flexibility will be achieved at the expense of job security. Job security affects workers’ well-being. Eurofound’s European Quality of Life Survey (also published in 2012) found that people on a fixed-term contract of less than 12 months have lower life satisfaction than those on an indefinite contract or a longer fixed-term contract.

According to the fifth EWCS, most workers are employed on an indefinite contract, which in principle gives workers a higher degree of security in the labour market. Fixed-term arrangements account for 12% of contracts, while just 1% are temporary agency contracts; these figures are in line with EU Labour Force Survey (LFS) data. Nevertheless, the Netherlands, Poland, Portugal and Spain have a ratio of fixed-term contracts well above the EU average. Almost a quarter of employees on a fixed-term contract or no contract in 2010 were previously on an indefinite contract. Workers under the age of 25 are considerably more disadvantaged in their contractual arrangements: 42% were temporary employees in 2010 according to the LFS, compared with 11% of workers aged 25 and over. The LFS does not include data on employment under temporary agency contracts, but the EWCS found that the proportion of the under-25 age group hired on this type of contract is almost double that of other age groups.

Part-time work has increased according to the EWCS. Almost one-fifth (19%) of workers work part time, compared with 17% in 2005, figures that are consistent with LFS data. The proportion is substantially higher in certain countries: half of workers in the Netherlands work part time, while the numbers in Austria, Belgium, Denmark, Germany, Ireland, Sweden and the UK are also well above the EU as a whole. Part-time working remains strongly the preserve of women, with around one-third of women in employment working on this basis. Part-time work is not always the preferred option of workers: 37% of part-time workers and 45% of workers on short part-time (fewer than 20 hours per week) would like to work more hours.

What do workers want?

According to the EWCS the aspects of work that most contribute to satisfaction with working conditions are:

- having a good fit between working hours and family and social commitments;
- feeling well-paid for their work;
- good career prospects;
- good leadership.

A worker’s occupation and the sector they work in have a limited effect on satisfaction. While satisfaction with working conditions does not necessarily equate to having good working conditions, it is a useful yardstick.

The factors that have the biggest negative impact on satisfaction with working conditions are:

- feeling one’s health to be at risk;
- bullying or verbal abuse;
- feeling at risk of losing one’s job.
Job quality

Quality of work came to the fore among EU policy objectives with the Lisbon Strategy and its concept of ‘more and better jobs’. It remains a preoccupation of policymakers. A number of different and legitimate perspectives exist on how to assess job quality and how to identify the important features of jobs and employment to include in any assessment.

To measure the quality of jobs, Eurofound constructed four indices of job quality from self-reported features of jobs collected by the EWCS. These indices assess job quality on the basis of:

- earnings;
- prospects – job security and career progression prospects;
- intrinsic job quality – the skills required and the level of autonomy afforded to the job, the social environment in which workers are situated, the physical environment, and the intensity of the work;
- working time quality – job features that are generally conducive to a good work–life balance.

Eurofound defines job quality from the perspective of workers, using factors with clearly demonstrated relationships to well-being. This approach attempts to isolate the properties of the job from other pertinent factors: both the situation of the worker holding the job, and factors beyond the job such as the state of the labour market, industrial relations and social protection systems.

Investigation of variation in the indices across socio-economic groups yielded some interesting results. For example, high values on all indices corresponded to a higher level of education among job-holders, even working time quality, which might not necessarily be expected to be associated with education. The gap between men’s and women’s earnings, found in countless other sources, is not mirrored by similar gaps in the other elements of job quality.

With respect to intrinsic job quality and working time quality, the indices are somewhat higher for women than for men.

Earnings, intrinsic job quality and working time quality all increase with age, while prospects has no clear relationship with age.

Levels vary across industries: people working in the information and communication sector or in finance and insurance are ranked highest on most indices. Workers employed on indefinite contracts have relatively high values on most of the indicators, while employees with fixed-term or temporary contracts have lower job quality on all dimensions.
Job quality clusters

When actual jobs across the EU were measured according to these indices, they clustered in four categories of job quality:

Cluster 4: Low-quality jobs
- Rank lowest on earnings, intrinsic job quality and prospects but better on working time quality than cluster 3.

Cluster 3: Poorly balanced jobs
- Have the second-highest level of earnings, but rank third in terms of intrinsic job quality and prospects and lowest on working time quality.

Cluster 2: Well-balanced good jobs
- Have the highest level of working time quality and the second-highest levels of intrinsic job quality and prospects; they score slightly lower than Cluster 3 in terms of earnings.

Cluster 1: High-paid good jobs
- Score highest in terms of earnings, intrinsic job quality and prospects, but lower than Cluster 2 on working time quality.

Eastern European countries are dominated by jobs in Clusters 3 and 4; Nordic countries are dominated by Clusters 1 and 2. The analysis clearly pointed to a general negative relationship between economic development and the proportions of poor-quality jobs.

Figure 4: Low-quality jobs by Member State (%)

Source: European Working Conditions Survey

The clusters were subsequently compared on measures of well-being to identify which cluster contained the jobs that posed most risk to workers’ well-being; this was found to be Cluster 4. These types of jobs occurred disproportionately in smaller organisations, with fewer than five employees. The findings also indicated that the private sector has the largest proportion of jobs at risk at almost 25%. The private sector is followed by the non-profit sector, the joint private-public sector and the public sector in that order.
Sustainable work

Extending working lives – more years in work and fewer years in retirement – is key to increasing participation in the workforce and relieving pressure on social protection systems in the future. If longer working lives are to become a reality, work has to be sustainable over a lifetime. This requires the adaptation of working conditions to the needs of workers: that lifelong learning becomes a reality, that health and well-being are safeguarded, and that workers can achieve a satisfactory work–life balance. Given, as demonstrated above, that 20% of jobs can be classified as low quality in terms of workers’ well-being and a further 29% rate poorly, this suggests that improvements in working conditions are not advancing a sufficient pace to encourage workers to stay in work as older age approaches. Low-quality work is not sustainable, but the mixed progress reflected in the EWCS over two decades suggests that eliminating it is a monumental challenge.

Risk in the workplace

Levels of exposure to physical risks in the workplace have not diminished much since 1991. Exposure to repetitive hand or arm movements is by far the most widespread risk, with 63% of workers reporting this risk; this is closely followed by tiring or painful positions, reported by 46%. Both these risks have increased slightly in prevalence since 2005.

Exposure to posture-related and ambient risks (noise, temperature extremes) is greatest in the construction sector, but also relatively high in agriculture and industry. Exposure to biological and chemical risks is most prevalent in the health sector. In terms of occupation, craft and related trades workers, skilled agricultural workers, plant and machine operators, and workers in elementary occupations show the highest levels of risk exposure. Not much has changed between 2000 and 2010 in the average level of exposure to physical risks in sectors or occupations. The gap in physical risk exposure levels between manual and clerical professions is still wide.

Work has also become more intense over the past two decades: 62% of workers report working to tight deadlines and 59% report working at high speed. The proportion of workers whose pace of work is determined by three or more external factors (such as the speed of a machine, client demands or a manager) has increased over the past 20 years.

Work–life balance

Overall, 18% of workers indicate that their work schedule does not fit well with their family or social commitments. Men tend to have more problems with their work–life balance than women, particularly in the middle of their working career; nearly a quarter of men aged 35–49 responding to the EWCS reported this difficulty. Exploring the issue further, however, the European Quality of Life Survey found that for the same working hours, women report more difficulties reconciling work with other commitments than men. It suggests that women’s greater engagement in unpaid work at home presents difficulties in achieving a balance. Workers with children (particularly where both partners work) express more problems with work–life balance, men more so than women. Work–life balance problems are less common among workers over the age of 50.

Several working time features are significant in determining whether workers are satisfied with the fit between working and private life. Freedom to take time off during working hours at short notice for private reasons has a very strong positive effect; having this type of flexibility nearly triples the likelihood of having a good work–life balance. Other significant contributors to good balance are working part-time, being able to determine one’s working hours and having flexitime, and regularity of working hours (working the same hours every day and having fixed starting and finishing times). By contrast, working long hours halves the chance of having a good fit between working and private life.
Lifelong learning

Over one-third (37%) of workers received training paid for by their employer in the year prior to the survey; this is a substantial improvement on the figure of 29% in 2005. Men in the 35–44 years age bracket most often had employer-paid training, with lower proportions of younger workers (under 25) and older workers (50 or over) receiving such training. Having a job that involves learning new things is relatively common, with 68% of workers reporting this as a dimension of their work. However, the percentage of workers who learn new things declines by 10 percentage points between the 45–49 and the 60+ age groups.

![Figure 5: Learning at work, by age group (%)](image)

Source: European Working Conditions Survey

Staying in work

In general, fewer older workers experience stressful working conditions than younger workers. The prevalence of night work and shift work slowly decrease with age, for both women and men, as does intense work – working at a very high speed or to tight deadlines, or not having enough time to get the work done. Indicators showing the ability to reconcile working and non-working time – regularity of work schedule, work–life balance, freedom to take short periods off to take care of personal matters – all rise with age.

Nevertheless, factors remain that might hasten the departure of older workers from the workforce. A belief that work is possibly harming one’s well-being is one of them. Exposure to physical risk, for example, shows few marked differences across the age groups. In the past, workers tended to switch out of more physically demanding jobs as they aged, but it appears that access to this protective mechanism is diminishing. The percentage of workers who believe that their health is at risk because of work or that work harms their health rises with age, peaking in the early 50s. This a critical time in a working life since it is a period when many decisions are taken regarding professional mobility and potential early retirement. The percentages fall from the mid-50s – this does not necessarily mean that workers become more confident about health risks; it could indicate that workers who felt their health is at risk have left the workforce.

Poor career prospects from middle age onwards may also prompt early exits from the workforce, and employees become more doubtful of advancement from their mid-thirties. When they enter their 40s, 64% of women and 56% of men believe that they have no good prospects for career advancement; when they enter their 50s, this rises to 75% and 66% respectively.

Overall, one-third of workers aged 50 to 54 do not think that they will be able to do the same job until the age of 60. The proportion is considerably higher for low- and mid-skilled workers, particularly among women: 55% of women working in mid-skilled manual occupations and 54% in low-skilled jobs think they will be unable to do the same job at 60.
Work organisation

Innovation in work organisation and how it might contribute simultaneously to improving job quality and company performance is a subject of debate among policymakers, managers and experts. The ‘smart growth’ of Europe 2020 is based on competitive strategies that entail continuous development of knowledge and innovation, and a commitment to increasing competitiveness through higher productivity. Improving the quality of employment through advancing workplace practices relates closely to these aims.

New models of work organisation place a premium on the skills and knowledge of the workforce and offer more challenging and rewarding jobs. This means using work practices that emphasise flatter, less hierarchical structures. Innovative work organisation is characterised by autonomous team-working and decentralisation of problem-solving and decision-making across teams. Learning and the development of new skills is stressed and use of ICT is ubiquitous. Work practices often involve job rotation (where employees shift between different tasks regularly) and multiskilling (developing multiple skills). These innovations are thought to improve the productivity of workers by, among other things, increasing job satisfaction, improving motivation and reducing sickness absence, which in turn leads to improved company performance and increases in overall profitability. At the same time, these new practices may have equivocal effects — improved skills on the one hand, but higher work intensity on the other.

The EWCS examines several of these work practices and provides some indications of the spread of innovation in the workplace. And it concludes that, in general, innovative workplace practices are associated with higher commitment and learning but often also with exposure to strenuous working conditions.

Use of technology

The use of technology is increasing. The proportion of workers reporting using a computer ‘almost all the time’ or ‘most of the time’ at work more than doubled from 14% in 1991 to 31% in 2010.

Autonomy

About half of the EU workforce has a high level of procedural autonomy, defined as ability to control the methods, speed and order of their work. However, 37% are not able to choose their method of work, 34% cannot change the order of their tasks, and 30% cannot change the speed of their work — change in these indicators is marginal since 2005. At the same time, there are some improvements: having no say in one’s working partners has dropped from 64% in 2005 to 60% in 2010, and not being able to take a break when one wishes fell from 36% to 33%.

Levels of procedural autonomy differ greatly across occupations: managers and professionals have the most, while plant and machine operators have the least (Figure 6).

Figure 6: Procedural autonomy by occupation and gender (%)

Source: European Working Conditions Survey
Task rotation

Around half of employees working in organisations with 10 or more employees participate in task rotation. However, approaches to task rotation vary considerably. The most common type (practised by 30% of employees) is multiskilling task rotation, where management decides the division of tasks. Autonomous multiskilling task rotation, where the employees make this decision, is associated with higher performance for companies and higher motivation among workers; this ‘innovative practice’ is practised by 10% of employees. A further 8% of workers operate in task rotation schemes controlled by management with no multiskilling.

Analysing the associations between task rotation and different aspects of working conditions, researchers found that multiskilling in general and autonomous multiskilling in particular are associated with more learning, creativity and commitment. Task rotation involving the same skill set and controlled by management is associated with a high level of monotonous tasks and a lower-than-average level of task variety. Workers involved in management-controlled task rotation schemes report a higher exposure to tiring or painful working positions and to carrying heavy loads than workers participating in autonomous task rotation schemes and workers not involved in task rotation schemes.

Teamwork

One-fifth of employees work in self-managed teams where the team can select its leader, the timetable of work and the division of tasks; a further 20% work in teams with at least one of these elements of autonomy; 27% of employees work in teams where the division of tasks, the timetable of work and the team leader are decided outside the team; 32% of employees do not work in a team.

Teamworking with some degree of autonomy is most common in the health sector, where 55% of employees work under this type of arrangement. It is relatively common too in education (49%), but least common in transport (22%) and wholesale and retail (34%) (Figure 7).

The EWCS found a higher incidence of tiring positions and carrying heavy loads associated with teamwork. As the autonomy of the team increases, however, the exposure to strenuous postures decreases. Workers involved in autonomous teams have a greater sense of work well done, higher commitment and increased learning.

Figure 7: Teamwork by sector (%)
Working conditions in retail

The retail sector has been transformed in the past two decades. Its structure has shifted in favour of large retailers, and self-employment declined by 11% in the first decade of this century. Longer working days and Sunday opening have recast working conditions. The number of part-time jobs (many held by women) and non-permanent contracts has increased substantially. These changes have affected career patterns and introduced new risks, especially psychosocial risks, to employees’ health. Company recruitment policies mean that opportunities to move from low-skilled part-time positions to skilled full-time positions are limited. A rise in working at unsocial hours has also increased work–life imbalances.

Meanwhile, pay is generally below the average for the overall economy. This generates skills shortages in the sector, as low pay discourages high-skilled workers from remaining.

Government and social partner initiatives have sought to redesign professional profiles according to technological change, especially in initial training. However, new career paths need to be designed in order to fill skills gaps and overcome the dual labour market of a low-skilled shop-floor workforce and high-skilled technicians and professionals. More action is also needed to establish more balanced employment in the sector.
Flexicurity remains central to the EU strategy of reforming labour markets so that they are more adaptable and flexible in a globalising economy. Combining labour flexibility with adequate employment security, flexicurity reconciles the interests of both employers and employees and unites two basic EU goals – increased competitiveness and social protection. The flexicurity model of labour regulation and welfare support offers greater ease to employers to adjust their labour needs, but also generous support for displaced workers.

Flexicurity was first implemented in the 1990s at a time of economic expansion, to tackle the lack of labour supply. But does the concept bear up at present when European economies are struggling – can it respond to a lack of demand for labour? How can it be applied to keep as many workers as possible in employment while at the same time enabling people outside the labour market to get into employment? The European Commission has continued to support flexicurity throughout the crisis as a tool on the path to recovery. The first key priority of the ‘Agenda for new skills and jobs’ is the renewal of momentum behind the implementation of flexicurity. It calls upon the European social partners to work on defining and implementing ‘the second phase of the flexicurity agenda’ together with the European Commission.

Recent assessments of crisis-related measures show that the combination of social dialogue and state intervention has often helped to accelerate recovery. Some Member States – Germany and France, for instance – have been relatively successful in forestalling the worst effects of the recession by implementing flexicurity through, for example, extending short-term working schemes and fostering job security.

The term ‘flexicurity’ is currently contested by the trade unions as they feel it focuses too much on flexibility and too little on security. However, debate on the key elements of the concept – such as the protection of workers, employability and the facilitation of transitions that increase security in employment – will continue, although not necessarily using the term.
Flexicurity in practice

To cast light on how flexicurity is being realised in Member States, Eurofound examined around 230 public and social-partner-based initiatives across the EU that combine at least one element each of flexibility and security. The vast majority are not explicitly labelled flexicurity, which leads to a lack of visibility of flexicurity and makes its implementation hard to assess. The research clearly shows, however, that flexicurity is being implemented in the Member States, indicating its relevance during economic contraction as much as expansion. Of the measures for which information was available, more than half were either implemented as a recession instrument or have been amended to better suit the changing socioeconomic dynamics in the crisis climate. And among the measures that have not been implemented directly because of the recession, a considerable number have been used more frequently in the crisis compared to previously.

The study confirmed the effectiveness of measures involving governments and social partners, but social partner involvement could be confirmed in just under half the measures. In the overwhelming majority of these, social partners played an active role in negotiating the design and implementation of the measures through collective agreements. In fewer cases they also actively contributed to the funding, implementation, administration and evaluation. The study suggested there was scope for improving the involvement of social partners, particularly in the central and eastern European and Anglo-Saxon countries.

Flexicurity principles

The most widespread flexicurity principle followed was the creation of new and retention of existing jobs; this was followed by the fostering of job transitions (between jobs, into employment and internally). More than half of the measures followed one of these objectives, and about 40% of all measures aimed at both objectives. Almost half of the analysed measures addressed lifelong learning, the provision of flexible and reliable contractual agreements, and fostering equality. In contrast to this, the objectives of creating better jobs and fostering social protection were a lot less evident among the instruments.

Flexicurity is often criticised for doing little for groups that are disadvantaged in the labour market. Measures were identified, however, that targeted these groups, including women, employees with care responsibilities, lone parents, people with disabilities or chronic illness, the long-term unemployed, migrants, low-skilled workers, older workers and young people not in education, employment or training (NEETs, see Chapter 3). These were often measures that offered a cost advantage to the employer when recruiting, retaining or training an employee from the target group. The most frequent measures targeted at older employees, for example, offered cost saving incentives to the employer, while enhancing the employability of older employees through subsidies for employment, job rotation or training possibilities. Measures targeted mainly at young employees and NEETs were seen in a high number of apprenticeship programmes widely offered in many Member States.

The study concluded that the dual focus of flexicurity on workers both inside and outside the labour market is important, particularly at present when labour demand is weak. The recent stronger emphasis on the retention of workers in the labour market, together with the finding that several of the analysed instruments provide support for maintaining jobs during temporary hardships, pinpoints a kind of paradigm shift of flexicurity towards an increased relevance of internal flexicurity. The objectives of creating better jobs and fostering social protection, however, could receive more attention in future flexicurity debates.
Pay

Trends in wage-setting

Pressure has increased on workers’ wages in most EU countries in the current climate of economic crisis. Most recent statistics from the 13 countries covered in Eurofound’s review Pay developments – 2011 demonstrate that a pattern of wage stagnation persists. Average collectively agreed nominal pay increases in 2011 did not differ considerably from those in 2010. Belgium showed the highest growth in nominal pay increases (from 0.6% to 2.6%), while the greatest reductions were seen in Portugal (from 2.4% to 1.5%) and Malta (from 2.5% to 0.5%). The Czech Republic, Italy and Sweden also experienced reduced pay increases, whereas Austria, France, Germany, the Netherlands, Slovakia, Spain and the UK registered slightly higher average agreed pay increases than in 2010. However, nominal increases did not mean pay rises in real terms in the majority of countries. When taking inflation into account, most of the increases agreed for 2011 in the 13 countries did not compensate for rising prices. Agreed pay in real terms grew only in Sweden and in the Czech Republic.

All the evidence points to a continuation of this trend in wage-setting. Euro zone governments, in signing up to the Euro Plus Pact of 2011, agreed that wages and collective bargaining systems would be one of the main instruments for the European coordination of economic policy and that wage increases should be in line with increases in labour productivity. The pact also suggests that wage settlements in the public sector support competitiveness efforts in the private sector.

Despite the pressure on wages, Eurofound research into the first phase of the crisis (2008–2010) found that wage cuts were a last resort for employers. Cutting (mainly non-core) employment and reducing working hours or overtime were preferred; the choice of strategy depended on economic sector, occupational group and the importance of collective bargaining. Wage developments were characterised by deceleration and, to a lesser extent, freezing. Where wage cuts occurred, they mainly affected the variable parts of pay (for example, compensation for overtime and bonus payments). An exception was the Baltic states, where wage cuts occurred much more than in any other country.
Eurofound also investigated the extent to which workers experienced wage cuts and reduced job security as a result of the crisis. Figure 8 below presents the distribution of these effects on the EU Member States and Norway, showing which scenario was most common in each country. Experiences were uneven across the working population. In the main, there was no change in job security or wages. This was not the case, however, for Lithuania, Latvia, Estonia and Ireland. Wage cuts were the most frequent response in Latvia and Lithuania, and the combination of wage cuts and reduced job security were relatively common in the three Baltic states.

Further analysis showed that older workers were more likely to have their pay reduced, while younger workers were more likely to experience reduced job security. Men were more likely to be vulnerable to wage cuts, less job security or both because of their overrepresentation in sectors that were hit by the crisis – manufacturing and construction. When industry and occupation were controlled for, this gender effect disappeared. Non-natives had a slightly greater chance of being subject to wage cuts and a much greater chance of facing job insecurity than natives.

**Figure 8: Consequences of the crisis on wages and job security (%)**

Source: European Working Conditions Survey
Bargaining and trade-offs

Has there been any trade-off between wage cuts and freezes and improvements in working conditions – such as job security guarantees, enhanced access to training and career development, or reduced working hours or overtime – during the crisis? Or, alternatively, have working conditions deteriorated alongside wage cuts and freezes?

Eurofound’s investigation of this question found that concession bargaining on wages at company level mostly only applied when jobs were directly in danger. In these high-risk situations, pay cuts are a kind of last-resort strategy and as such are not a matter of trade-off. Jobs are directly in danger and have to be saved by drastic reductions in labour costs. It is only at higher-level tripartite consultations that the question of trade-offs is tackled: wage cuts or freezes are “traded” for state investments, income measures or new employment policies.

Handling of the crisis through social dialogue seems not to have delivered many instruments and solutions. Most of the social dialogue, especially at company level, has focused on direct trading of wage concessions in return for saving jobs. This is the application of a direct and hard form of flexicurity, that is, flexibility on wages or working time in order to save jobs. Approaches that included issues of employability or job quality are rare. Only higher-level concertation seems to tackle these growing ‘imbalances’, albeit inconsistently.

The overall conclusion to be drawn is that limited attention is paid in the current social dialogue to balancing the current crisis-induced wage measures with investment in measures to reach longer-term goals of quality of work and employability. Direct handling of the crisis seems to have taken up all the energy put into social dialogue in the period between 2008 and 2010. Policy innovations that combine ways to tackle the crisis with long-term strategies of inclusive growth appear, to a large extent, to be lacking.
There has been a marked trend towards a diversification, decentralisation and individualisation of working time patterns, driven both by companies’ requirements for greater adaptability to market constraints but also by significant changes in the gender division of labour.

Working time has fallen over the past two decades. The average working time in the 12 Member States that comprised the EU in 1991 was 40.5 hours a week; in 2010 it was 37.5 hours a week in the EU27. Saturday and Sunday work is slowly declining, as is night work. A majority of workers (57%) are satisfied to work the same number of hours as they do currently, but nearly a third would like to work less. According to the European Quality of Life Survey (EQLS), both men and women are most satisfied with their life when they work between 21 and 34 hours per week, which is less than the average weekly working hours. Men are least satisfied if working very short hours of 20 per week or less, while women are the least satisfied when working the longest hours of 48 or more.

Average weekly working time varies considerably across countries (Figure 9). Apart from Greece, the EU countries with the highest weekly working times are in central and eastern Europe. While the number of people working long hours (more than 48 per week) has decreased, more than 20% of workers work long hours in Bulgaria, Croatia, the Czech Republic, Greece and Slovakia.

**Figure 9: Average weekly working hours of employees in EU Member States, 2010**

Source: European Working Conditions Survey
Women’s working time

Achieving Europe’s employment target is dependent upon the further integration of women into the labour market. This in turn depends on policies that favour an increase in the female labour supply and that adapt work–life balance arrangements across the life course. The gender gap in weekly working time remains important, with men in the EU27 working on average 40.2 hours and women 35.4 hours per week. Long hours are chiefly worked by men. With the exception of a few countries, the higher the employment rates of women, the shorter the average weekly working time. This is partly due to a high proportion of female part-timers and more generally to the type of working time and gender regime prevailing in a specific country.

The variation in women’s working time across the life course is larger in Denmark, Estonia, Finland, Ireland, the Netherlands, Norway and Sweden, as is the gender gap in working time. However, Denmark, the Netherlands, Norway and Sweden maintain a high share of women in the labour market even during parenthood.

Adjusting to the crisis

As noted already, employers during the crisis have tended to respond to decline in demand by adjusting the number of hours worked or adjusting the number of employees. Institutional factors in the different European countries had a role in determining the choice of approach. Cutting jobs has been the preferred approach in most Member States. Opting for short-time working, however, has advantages: it avoids the distress of dismissals and retains skilled workers for when the upturn takes place, thereby avoiding the cost of recruitment and loss of firm-specific knowledge. Significantly, the success of short-time working schemes has depended on agreements between governments and social partners.

In the two years from the start of 2008 to 2010, total hours worked in the 17 euro zone Member States fell by 3.6%, more as a result of declining employment levels (-2.6%) than cuts in average hours worked (-1%). In most countries, the adjustment in total hours worked took place mainly through a reduction in employment levels. In Germany and Austria, however, the decline in total hours worked resulted exclusively from a cut in average hours worked, which allowed these countries to increase employment in the period. This reflects high levels of internal flexibility in their companies, probably due to the adoption of working time accounts, a strong culture of negotiated working time flexibility, as well as publicly subsidised and widely used short-time working schemes. On the other hand, Spain adjusted total hours exclusively through headcount reduction, and average hours worked actually increased.

Economic recovery was weak from the first quarter of 2010 to the first quarter of 2012. This led to increases in total hours worked only in 11 Member States, which were achieved mainly by headcount gains. In Austria, although average hours worked continued to decline, headcount increased strongly in response to economic growth. In Germany, where the recovery was comparatively robust, average hours worked rose more or less in tandem with headcount increases. Spain, meanwhile, had modest growth from Q1 2010 to Q1 2012, but employment continued to be shed against a background of ongoing increases in working hours for those in employment.

Further reading

- Fifth European Working Conditions Survey – Overview report
- Working conditions in the retail sector
- Trends in job quality in Europe
- Sustainable work and the ageing workforce
- The second phase of flexicurity: An analysis of practices and policies in the Member States
- Pay developments – 2011
- Wages and working conditions in the crisis
- Working time and work–life balance in a life course perspective
- ERM report 2012 – After restructuring: labour markets, working conditions and life satisfaction
How have workers been affected?

Different groups of workers have been disparately affected by Europe’s economic problems. Some of these groups face considerable challenges in the labour market – in finding work, in finding secure work, in finding work that makes good use of their skills. The labour market challenges that these groups present are not new for the most part, but have been exacerbated by economic uncertainty. The crisis in youth employment is the most conspicuous and urgent, but addressing barriers to integrating young people into the labour market has been on the EU agenda for over a decade. Workers from disadvantaged social groups – those with a minority or migration background, a limited education or a chronic illness – are more vulnerable to job loss and less likely to find new work. Mobile workers play a special role in addressing geographical skills mismatches, but migration presents risks such as reduced job security and deskilling. With older workers the challenge is to maintain them in the workforce for longer; this continues to be a core requirement for growth and sustainable pension systems. An inclusive labour market must be shaped to provide for the needs of these different workers.
Young workers

The unemployment rate among young workers (under 25 years) has climbed relentlessly since 2008, reaching 23% in December 2012. Over 5.8 million young people are unemployed, 1.7 million more than in 2007. The divergent patterns in overall unemployment across Member States are duplicated in the youth unemployment rates. At the end of 2012, youth unemployment was lowest in Germany (8%), Austria (9%) and the Netherlands (10%). By contrast, over half (58%) of young people in Greece were unemployed, overtaking the rate in Spain (56%). Rates were also striking in Portugal (38%), Italy (37%), Slovakia (36%), Latvia (32%) and Ireland (30%).

Education has traditionally been a shield from unemployment; people with at least upper secondary education are in general much less likely to be unemployed. However, since the onset of the crisis, the youth unemployment rate has increased dramatically among the most educated category of young people, rising from 11% in 2007 to 16% in 2011. But there are huge differences across Member States. Figures from 2011 show particularly high rates of unemployment among young people with tertiary education in Greece (49%), Spain (35%), Romania (29%), Portugal (29%) and Italy (27%). Nevertheless, tertiary education still appears to have a protective effect in a number of Member States – in the Netherlands especially, but also the Czech Republic, France, Spain and the United Kingdom.

Younger workers are almost always excluded from the best-paying jobs. In the EU as a whole from mid-2011 to mid-2012, just 1% of net jobs created in the top two pay quintiles was taken by workers under 30 years old; 93% went to workers aged 30–64, and remarkably 6% were taken by workers aged 65 and over.

A gender gap is apparent, too. Unemployment rates have tended historically to be higher among women but rates converged in the early 2000s. In 2011, youth unemployment grew across both genders, but the rate among young men outstripped that of young women, reflecting the bigger impact of the recession on the male-dominated sectors of construction and manufacturing.

Nearly one-third of unemployed young workers are long-term unemployed. Rates are particularly high in Bulgaria, Greece, Ireland, Italy, Romania and Slovakia; in all these countries 40% or more of jobless young people have been out of work for 12 months or more. Young people are particularly vulnerable to the consequences of long-term unemployment, which significantly increases the risk of discouragement and lasting exclusion from the labour market and society. Loss of work experience early on in life, with its implied loss of human capital, is likely to have scarring effects on future labour force participation and earnings. It may permanently set back future earnings even if the person does not become unemployed again.

When they do find work, young workers often continue to experience disadvantages. Their employment is often unstable. While it is common for young people to enter the labour market on a temporary contract, it leaves them more vulnerable to dismissal if layoffs are instigated. The proportion of young people in temporary employment has been rising since the start of the decade, and after a dip in 2008 and 2009, reached a striking 42% in 2011. Research by Eurostat found that in several Member States, a very high share of young people reported being in temporary work because they could not find a permanent job, implying that a limited number of permanent jobs are available to young people in these countries.
While the figures for youth unemployment are discouraging, the situation appears even less promising if an alternative indicator is examined – the NEET rate, or the rate of young people not in employment, education or training. The use of the NEET measure is increasing as it is thought to be a better indicator of labour market and social vulnerability. Many regard the youth unemployment rate as deficient as it records only those who are actively looking for work; it takes no account of young people who are discouraged and have given up looking for work, who have disabilities or health problems, or who are unavailable because of caring responsibilities. The NEET indicator adds these individuals to the analysis, drawing attention to the multifaceted nature of young people’s problems and disadvantages.

It enables policies to be developed for a larger group of young people outside the labour market, integrating particular subgroups such as young mothers and those with disabilities into the framework.

The population of NEETs can be split into two almost equally sized groups: just under half are unemployed and the remainder are classified as inactive. The inactive proportion has remained stable at around 6% of 15–24 year-olds over the last 10 years and seems to be less sensitive to business cycles. Almost 39% of inactive NEETs are discouraged workers who do not seek a job as they believe that there is no work available, while 20% are unavailable for work due to family responsibilities.
Risk Factors

**Education**
Young people with a low level of education are three times more likely to become NEET compared to others.

**Immigration**
Young people with an immigration background are 70% more likely to become NEET compared to nationals.

**Disability**
Those declaring some kind of disability are 40% more likely to be NEET compared to others.

**Divorce**
Young people whose parents are divorced are 30% more likely to become NEET.

**Unemployment**
Having parents who experienced unemployment increases the probability of being NEET by 17%.

**Household Income**
Young people with a low household income are more likely to become NEET than others.

**Location**
A young person living in a remote area is 1.5 times more likely to become a NEET.

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### Cost of inaction

A conservative estimate by Eurofound of the cost of NEETs to the EU put the figure at €153 billion (1.2% of GDP) in 2011. Based on this finding, the Commission, in setting forth its Youth Employment Package in December 2012, asserted that the costs of implementing a youth guarantee would be outweighed by the long-term savings made through reducing unemployment, economic inactivity and lost productivity. The package includes a proposal to Member States to establish such a youth guarantee, whereby young people receive a quality offer of employment, continuing education, an apprenticeship or a traineeship within four months of leaving school or a job. The International Labour Organization estimated the cost of implementing a youth guarantee in the euro zone at €21 billion, which the organisation considers a modest figure when compared to the expected benefits. The Commission subsequently set out plans for a Youth Employment Initiative, where €6 billion of the multiannual financial framework (MFF), agreed in February 2013, will be channelled to support the youth guarantee, amongst other measures. Most of the funding is to be targeted at regions with a youth unemployment rate over 25%.

Given the constraints on many Member State budgets, it is critical that any investment in labour force integration initiatives is spent effectively, and the question ‘What works?’ is becoming central to the discussion around tackling youth unemployment. EU Member States have been actively engaged in designing and implementing policy measures to increase the employability and employment participation of young people. These initiatives intervene at different stages of a young person’s pathway from education to employment, with the aim of:

- preventing early school-leaving;
- reintegrating early school-leavers;
- facilitating the transition from school to work;
- increasing the employability of young people;
- removing practical and logistical barriers faced by young people with more complex needs.

Questions remain about how effective these measures are, however, as rigorous evaluations are lacking in most EU countries.

The growing NEET population has a significant social cost in addition to a financial cost, as these young people are more likely to ‘drop out’ and disengage from participation in society; this topic is explored in Chapter 4.
What works: 10 pointers

Having examined 25 policies for tackling youth unemployment across a number of Member States, Eurofound research has distilled 10 insights for designing effective programmes:

- Successful programmes specify the target group and find innovative ways to reach them.
- Young people vary in their level of labour market readiness, so policies have to cater for a range of needs, from minor to complex.
- Policy delivery relies on appropriate personnel, who need to be trained and supported.
- Young people should be set on a long-term sustainable pathway, rather than given low-quality quick fixes.
- Successful policies offer good quality career advice and comprehensive holistic guidance.
- Youth employment measures should focus on the client, not the provider.
- Inter-agency collaboration and involvement of all stakeholders can be a cost-effective way to implement policies.
- Measures that aim to increase the employability of young people should focus on labour market needs and ensure a buy-in of employers and their representatives.
- Youth unemployment requires flexible responses, which have to be adapted to economic cycles, whereas social exclusion is a structural issue and has to be addressed consistently.
- Robust monitoring and evaluation should be used to inform policy development.
Older workers

The crisis in youth employment has edged issues concerning older workers out of the spotlight. And, indeed, older workers have least felt the repercussions of the economic slump. Nevertheless, demographic ageing remains a structural weakness, which might impede growth within the EU. As the population of people over 65 grows and the working age population simultaneously declines, the sustainability of social protection systems is increasingly threatened by the prospect that demand will soar as the cohort of retirees expands, while the number of contributors shrinks. There is a broad consensus at political level that the key to relieving future financial pressure on social protection systems is longer working lives.

In addition to the economic benefit of increased participation of older workers, the value of a mixed-age workforce is increasingly recognised and is evident in efforts to ensure intergenerational cohesion and knowledge transfer within companies. The suggestion that reducing the participation of older workers would open up vacancies for younger workers is not backed up by reliable evidence. Such evidence that exists, in fact, suggests the opposite: a positive correlation between the higher participation of both older and younger workers in the labour force.

Just under half of people aged 55–64 years were working in 2011, compared with 78% of workers in the core age group of 25–49 years. Only three out of 10 from the ‘pre-retirement’ cohort (aged 60–64 years) were in work. However, the labour market participation rate of older workers is rising steadily in the EU, with an increase from 37% in 2000 to 47% in 2011. The overall rate of participation obscures considerable differences between Member States, with rates ranging from 32% participation in Malta to 72% in Sweden. Different statutory retirement ages in Member States contribute to this variability, but even for the 55–59 years age group, participation ranges from 44% in Slovenia to 82% in Sweden, higher than the EU core-age participation rate (61%).

Figure 10: Labour force participation of older workers in the EU, 2010 (%)
In the aggregate, older workers in the workforce appear to be doing well. They have good job security, with just 7% on temporary contracts. They were less affected by the economic crisis than younger age groups, and the workforce age profile has increased since 2007. In the 12 months from mid-2011 to mid-2012, one-third of jobs created in the top two pay quintiles that required third-level education went to 50–64 year-olds, while 6% went to workers aged 65 and over. There has also been a narrowing of the gender gap in older-age employment as increasing numbers of older women are remaining in the workforce. Older workers may be more vulnerable to job loss, however, if poor economic conditions persist and governments respond to public debt crises by implementing job cuts in the public sector, where older workers are overrepresented.

Where older workers tend to lose out is in relation to career development. Changes in the content of jobs over time require that workers acquire new skills continuously, and an emphasis has been placed on lifelong learning as one of the key means of achieving several of the EU’s policy goals for growth. As noted in Chapter 2, older workers have fewer learning opportunities than their younger counterparts. Younger workers report most often that they learn new things in the course of their work (71%), while the proportion of workers aged 50 and over reporting the same is substantially lower (63%). Fewer older workers receive employer-paid training: 30% compared with 33% of workers under 30 and 36% of workers aged 30–39 years.

Keeping older people in work

The adaptation of working conditions to the needs of workers so that work is sustainable over the life course, as discussed in Chapter 2, is fundamental to achieving longer working lives. Reform of public policy on pensions and retirement is needed too. Since 2000, shifts in public policy have become increasingly evident as governments seek to extend working lives. The rise in employment rates of older workers over the last decade indicates that policy commitments have met with some success. Different Member States are at different stages of developing policies. In some, general budgetary motives in response to the crisis have been a major determinant of changes in policy affecting older workers.

Early retirement is increasingly falling out of favour in all Member States, and policy is tending instead to emphasise various transitions to retirement. Incentives are more and more geared to extending working lives (for example, bonuses for deferred pensions) and to penalising early withdrawal from the labour market. The Belgian government, for instance, reformed the pre-pension benefit, increasing the age of entitlement from 58 to 60 and the required years of economic activity from 20 to 30 years. In the Netherlands, the tax treatment of early retirement payments has made early retirement schemes less attractive. Hungary, the Netherlands and the UK reward employees who postpone retirement with additional pension accruals for each year worked beyond the retirement age (in the Netherlands, up to the age of 70).

Several Member States have increased retirement age or are planning to do so. The UK, for instance, has abolished the default retirement age of 65. Pension reform is changing the benefits pensioners receive and the contributions required from employees and employers. Some countries have linked benefit levels to life expectancy (Sweden) or pension age (Denmark). More focus is being placed on increasing the employability of older workers through skill development, and incentives are being made for employees and employers to make lifelong learning a reality.

Policy changes have affected age management at company level too. Employers are favouring downshifting measures, which provide a smoother transition to retirement, over early retirement. These include working time flexibility arrangements and gradual or phased retirement schemes. There is a new emphasis on intergenerational knowledge transfer through succession planning, involving older employees in training, and recording of the often tacit knowledge accumulated during their career. There is some evidence, however, that companies did revert to early retirement during the recent recession when headcount reductions became inescapable.
Age management in action

Vienna General Hospital, Austria

In Vienna General Hospital, age management of qualified nursing staff is of particular concern. Nursing is a profession with a high level of physical and psychosocial risk. Difficult working conditions reduce the likelihood of nurses staying in the profession until standard pension age, with the resulting loss in professional knowledge. Starting about a decade ago, the hospital developed several age management instruments, with the aim of increasing job satisfaction and motivation to discourage exit before retirement age. One project developed an age-adequate career model targeted at the nursing workforce. Another, the productive ageing programme, consists of several measures targeted at improving occupational health.

MOL Group, Hungary

MOL Group is an oil and gas company that has a strong focus on knowledge management to ensure that the right skill sets are maintained within the organisation. In training and development programmes, MOL pays specific attention to workers with longer tenure in order to draw on their accumulated know-how. The company has established several human development programmes, the aim of which is to transfer this knowledge to a new generation of workers. MOL incentivises older employees (above 50 years) to participate in human development programmes as mentors and supervisors to facilitate orderly transition as the company integrates a younger generation.

Kiruna Regional Administration, Sweden

Kiruna Regional Administration is responsible for a range of public services in Kiruna county. Recognising that high levels of retirement are likely to cause difficulties maintaining a workforce with even the most common competencies (such as teachers and social workers), it aims to provide incentives to prolong working lives as long as possible. It takes an individualised approach to age management, focussing on customisation of working times and working tasks. Task customisation aims to find individual solutions that are suited to the strengths and weaknesses of older workers.

However, even with an organisational culture valuing older workers and age management policy in place, older workers were still offered early retirement during restructuring in 2010 in order to avoid having to make restructuring layoffs among the youngest members of the labour force.

Proniks, Latvia

Proniks is a small manufacturing company that produces specialised clothing. It requires highly skilled staff in its production process. However, Latvia lacks any professional schools to train the necessary workforce. As a result, Proniks has adopted a proactive HR strategy that is specifically oriented towards hiring and retaining older, highly qualified and experienced individuals. Its age management policy aims to ensure that all employees continue to work in the company as long as they are able or willing to work. This system gives employees the freedom to decide when and how to work as long as the work gets done in time and according to specified standards. A change in the State Pension Law in 2009 meant that pensioners could only receive 30% of their salary if they continued to work, prompting all five pensioners who worked for Proniks to quit. Two more employees took early retirement when the government announced that the early retirement option would be halted at the end of 2011.
Working after retirement

The employment rate among 65- to 69-year-olds increased from 8.8% in 2005 to 10.5% in 2011 – a remarkable development, especially in a time of economic crisis. Investigating the phenomenon of work after retirement, Eurofound found that most retirees work not because they need the income but because work is a way to stay socially integrated, to contribute to society or to achieve self-actualisation. However, a sizeable minority – one-fifth – work because of financial need. And working retirees in general appreciate the additional income, which on average provides over half their total income. Many retirees who do not work would like to do so but cannot find suitable work – evidently, disadvantage in the labour market pre-retirement continues post-retirement.

The greater availability of part-time work options has created more possibilities for retirees to continue working with the decreased intensity they seek. It enables many retirees to stay in paid work to the extent they wish, combining it with leisure, informal care or volunteering activities. Many retirees continue in the same field as they did prior to retirement, but in a different capacity. Training roles are popular, enabling retirees to transfer their knowledge to support the next generation of workers.

If options for retirees are facilitated, work after retirement can help their quality of life, and the long-term sustainability of social protection systems. The research cautions policymakers, however, that they should proceed with care, as promoting work after retirement could be seen as eroding the right to enjoy retirement. It may also risk marginalising those who might not be in a position to work or who contribute to society through caring or volunteering. The research also emphasises that states need to build adequate pension systems so that retirees are not forced to work. Nevertheless, considering that millions of Europeans are already working after retirement, it suggests that governments need to improve the institutional framework so that these workers are extended the same rights and protections as other workers.

Job losers

Understanding which workers are most at risk of losing their jobs and which workers find a new one provides solid evidence on job and employment security in policy debates. Eurofound undertook an investigation based on Eurobarometer data to discover the characteristics of workers who lost their jobs due to the crisis at the onset of the recession. The analysis found that groups commonly viewed as disadvantaged – workers with a low level of education, with a migration or minority background or with a chronic illness – had a greater likelihood of displacement and a lower likelihood of finding new employment.

Professional status and tenure were key determinants. Unskilled blue-collar workers were three times more likely to lose their jobs than professionals; they also had the lowest re-employment rates. Long tenure protected against job loss. This protective effect is commonly attributed to the accumulation of job-specific capital that is of value to the employer and makes such workers less likely to be selected for dismissal. However, if workers with long tenure did lose their job, they had significantly lower chances of getting a new job. It is assumed that these workers hold out for the wages and working conditions associated with long tenure, but these are difficult to attain in the external labour market.

These results have relevance for the flexicurity debate. The external flexicurity model envisages easing the lay-off of employees for employers but easy rehiring in turn. The results here indicate that many of the employees that are most likely to be let go are those that are least likely to be subsequently hired. This suggests that at the onset of the recession and on average throughout the EU, flexicurity was not sufficiently developed to correct the negative consequences of job loss.
Mobility

Free movement of workers across the EU is one of the key factors for smart and sustainable growth emphasised by the Europe 2020 strategy and its flagship initiatives ‘An agenda for new skills and jobs’ and ‘Youth on the move’. The Commission believes that the EU is not capitalising on the potential of intra-EU mobility to meet labour market needs. It has set out actions for itself and Member States to enhance geographical mobility as part of a strategy to match the labour skills supply to the needs of employers. However, the expiry of transitional provisions for Romania and Bulgaria at the end of 2013 and the debates sparked in some Member States by the resulting freedom of their workers to take up employment within all EU Member States indicate that the mobility agenda is not uncontested.

It would seem reasonable to assume that the economic crisis has set back intra-EU mobility, given the widespread contraction of labour markets and the probability that employers would favour native workers. However, while mobility within the EU remains low, the recession appears to have prompted more EU-born workers to take up work in another EU country. While the number of migrant workers born outside the EU has declined marginally since 2008, the number of EU-born migrant workers has increased (by some half a million since 2008, or 10%). However, the rate of increase slowed sharply in 2011–2012 as growth faltered. Analysis of where EU-born migrant workers are being employed shows that net new employment of these workers occurred only in the top two pay quintiles in the past year in the EU as a whole, though some Member States continued to experience relatively strong growth in low-paid non-national employment (for example, Belgium and Italy).

Migration from central and eastern European Member States to other EU states was a characteristic of the employment boom before 2008 and contributed to a better allocation of labour across the EU. It was widely assumed that the crisis would trigger a mass return of these migrants to their home countries, but this has not been evident. Instead, many emigrants either adopted a wait-and-see strategy, staying in the host countries, or migrated onward. One of the most important factors deterring return migration was the greater possibility of finding a job and earning more money abroad than at home, despite the adverse economic conditions. At most, the economic crisis accelerated foreseen returns, acting as a strong supplementary factor to personal or family reasons for those who had always intended returning home.

In Poland and Romania, the most prominent impacts were the freezing of emigration, a growth in the rate of return that would have probably happened later anyway, and an increase of circularity (where migrants return to the host country repeatedly for short periods). This was followed by another rise in emigration. Most returns were for family reasons or because the person had achieved their emigration goal. In Latvia, emigration increased; return migration, which had accelerated in 2006 and 2007 when there was rapid economic growth and substantial wage increases in many sectors, fell.

Research turned up an important cause for concern – the problem of ‘brain waste’ among mobile workers from central and eastern Europe. Many of these emigrants are employed in low-skilled manual jobs abroad, below their qualification level. These workers found it difficult to secure employment in their profession after their return. This was particularly true for young people without work experience relevant to their qualification. For these workers, emigration created a gap in their careers.

The de-skilling phenomenon squanders worker potential in both receiving and sending countries. It is a potential pitfall of intra-EU mobility and one which policymakers need to pay particular attention to, as it defeats precisely the intention of promoting mobility and underlines the need for a better management of these migrant workers’ potential and skills.
Further reading

- NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe
- Effectiveness of policy measures to increase the employment participation of young people
- Employment trends and policies for older workers in the recession
- ERM report 2012 – After restructuring: labour markets, working conditions and life satisfaction
- Income from work after retirement in the EU
- Labour mobility within the EU: The impact of return migration
How has life been affected?

The economic crisis has put Member States in the paradoxical position of having to cut spending to tackle public debt while at the same time having to increase welfare spending to support growing numbers of people in need of assistance. Notwithstanding the challenge of greater demand on welfare systems, some Member States have cut back welfare programmes in the push for austerity. The demand for budgetary discipline raises questions over the sustainability of European social welfare systems and the European social model. While the European Commission continues to insist upon tight fiscal control, it also emphasises that effective social protection systems are fundamental to achieving the goals of the Europe 2020 strategy. One of the headline targets of this strategy is to lift 20 million people out of poverty by 2020. However, this target is becoming increasingly elusive as almost a quarter of the EU population is currently at risk of poverty and social exclusion, and the size of this cohort is rising in 18 out of 26 EU Member States. On top of current strains on social protection systems, Member States also have to contend with the longer-term challenge of demographic ageing and its potentially devastating effect on these systems.

In February 2013, the Commission released its Social Investment Package for Growth and Cohesion to address rising levels of deprivation and marginalisation in the EU. It calls on Member States to focus more on social investment to develop people’s capacity to deal with life’s risks, to improve the opportunities available to them and to support their participation in society and the labour market. It provides guidance to Member States on how to achieve better outcomes with their social budgets. The underlying message is that the cost of not doing anything in this ‘real social emergency’, as President Barroso has put it – prolonged economic stagnation alongside social disintegration – could in the long run dwarf the cost of social investment now.

Growing social fractures are evident from Eurofound’s third European Quality of Life Survey (EQLS). Published in the autumn of 2012, it captures Europeans’ living conditions and social circumstances in the present hard times. It provides detailed analysis of living standards and deprivation, social exclusion, subjective well-being and the quality of society. The picture it paints illustrates the challenges facing governments in supporting their citizens in the context of a profound economic setback. Two themes recur: first is the greater impact of the crisis on the most vulnerable groups in society, and second is the divergence from the core both of countries suffering debt crises and of eastern European countries.
Well-being

Measures of well-being such as life satisfaction, optimism and happiness indicate the extent to which a society is meeting expectations and needs of individuals. Despite the economic bleakness, life satisfaction, which encapsulates how people evaluate their life as a whole, remains relatively high for the EU as a whole (see Figure 11). On a scale of one to 10, the EU average is 7.1 with little change from 2007. While life satisfaction has dropped noticeably in many of the countries with the highest satisfaction ratings in 2007, it still remains high in these countries. Life satisfaction is lowest in Bulgaria, Hungary and Greece (scores ranging from 5.5 to 6.2), yet in many low-scoring countries, there is an upward trend since 2007, where scores have risen despite the economic slide. Exceptions to this are Estonia, Greece and Slovakia, each with a drop from an already low level; at the higher end, the exception is Spain with a slight but significant increase despite the acceleration of its economic problems.

Figure 11: Life satisfaction rating by EU Member State, 2007 and 2011

Note: * indicates a significant change in life satisfaction

Source: European Quality of Life Survey
Optimism, another indicator of well-being, is strongly influenced by current life circumstances. Half of all Europeans are optimistic about the future. Greece, Slovakia and Portugal have the smallest proportion of optimistic people (less than 30% in all three and only 20% in Greece). Conversely, 84% of people in Denmark and 85% in Sweden are optimistic about the future. Optimism has declined in nearly all EU countries over the last four years, dramatically so in Greece and to a lesser extent in Slovakia and Slovenia. The EQLS found a positive correlation between the proportion of people feeling optimistic about the future and average satisfaction with the economic situation in the country and with trust in government. This suggests that feeling optimistic about the future may in part be driven by the perception of the current political and economic developments in the country, besides other factors such as social circumstances and personality.

Well-being is negatively affected by disadvantage and vulnerability. In general, the easier it is for people to make ends meet, the more satisfied they are with their life, and groups that struggle in this respect report the lowest level of life satisfaction. Among demographic groupings, the lowest scores on life satisfaction occur among the unemployed (5.9 out of 10) and those unable to work (5.7). Likewise with optimism: the lowest levels of optimism are found among unemployed people (46%) and those who are unable to work (43%).

Older eastern Europeans are experiencing atypically low levels of life satisfaction compared with older people in the EU as a whole. In general, life satisfaction in the EU starts to decline around age 25, bottoming out between the ages of 45 and 60, after which it gradually increases again, peaking once more at around 70. But in many eastern European Member States (especially in Bulgaria, Lithuania and Romania), the life satisfaction of those aged 65 or over is significantly below the average life satisfaction in the country. This lower level of life satisfaction is interpreted as reflecting the continuing material deprivation experienced by older groups following the transition to the new economic conditions, which has been deepened by the economic crisis.
Focus: Out of work and on the edge

The findings from the EQLS repeatedly draw attention to the importance of work, both to a person’s material circumstances and their sense of well-being. People who are not in work, either because they cannot find work or because of illness or disability, consistently score low on indicators of financial security and quality of life. Households where at least one person is unemployed and where no-one else is in employment are by far the most likely to have difficulties getting enough money to live on; 80% report trouble making ends meet. For households with someone who is long-term unemployed, the proportion is particularly high (84%).

After bad health, unemployment is the strongest determinant of reduced life satisfaction. Just 46% of unemployed people and 43% of people unable to work express optimism about their future. These two groups also experience very low satisfaction with their social life; people unable to work score 5.4 on this indicator (on a scale of one to 10), while people who are unemployed score 6.8.

Lack of employment has a notable impact on a person’s perception of their sense of being socially integrated. Feeling socially excluded is highest among people not in work and is especially high among the long-term unemployed and those unable to work. People who are unemployed perceive tensions between rich and poor to a greater degree and have lower levels of trust in people and institutions.

Being out of work is also associated with poorer mental health. On the mental health index used by the EQLS, people at work score 65 (on a scale from one to 100) – one of the highest-scoring groups; people unable to work due to long-term illness or disability have the lowest score, at 44. Unemployment, too, is associated with a lower score on the index, and the data show this applies more to unemployment has lasted for longer than 12 months (a mean score of 58) than it does for shorter periods of unemployment (a mean score of 62). Living in a household with at least one person unemployed and nobody at work is also negatively associated with mental health.
Living standards

The crisis has dealt a blow to the financial security of Europeans, and several indicators from the EQLS demonstrate a fall in living standards for large sections of the EU population, especially among the more vulnerable groups. More than one-third (35%) of Europeans report that their household’s financial situation has worsened in the past 12 months. This is true in particular for households in the lowest income quartile, with 45% having experienced a worsening of their income, compared with 25% among households with incomes in the highest quartile.

In almost all Member States, the proportion of people who reported difficulty making ends meet in 2011 is higher than in 2007. Increases were well over 10% in eight Member States – Estonia, France, Greece, Ireland, Slovakia, Slovenia, Spain and the UK.

Particularly high rates on this indicator are found in low-income households, single-parent households and households where at least one member is unemployed and nobody else is in employment. Nearly three-quarters of households in the lowest income quartile have difficulties making ends meet, but even among households in the highest income quartile, around one-fifth report difficulties. This suggests that over-indebtedness plays a large role in the financial problems of higher-income households. Household debt has escalated over the past few years; 18% of people are in arrears in paying utility bills, mortgages or rent, or consumer loans. Some households that were not previously at risk of poverty are abruptly finding their finances out of control as a result of debt.

Figure 13: Difficulty making ends meet (%)

Note: Responses range from ‘some’ difficulties to ‘great’ difficulties.

Source: European Quality of Life Survey
Help with household debt

Over-indebtedness is an increasing cause of poverty in the EU. Households that made long-term financial commitments in better times are now often unable to service their debts. Poor households in particular may take out small, easily accessible loans to service payments, finance emergency home repairs and pay for goods. Such loans often come with high interest rates or encourage consumers to buy products they cannot afford. Missed payments can easily spiral out of control as interest payments, fines and administrative costs accumulate.

Management of over-indebtedness is a critical element in the reduction of poverty. Both for households new to debt problems and those living in chronic poverty, debt advisory services can help to get their finances – and often their lives – back on track. Demand for support services has increased in recent years in the face of reduced resources. Research by Eurofound into debt advisory services concluded that, to improve provision, services should offer tailored approaches that at the same time leave households in control as much as possible. It also underlined the need to build relationships of trust between all the stakeholders. There is a need for policymakers to implement measures to enable households to get timely access to such services and to remove barriers to accessing help. In addition, a sound, integrated institutional framework is necessary to enhance the effectiveness of debt advisory services.

Living conditions – the Roma

Roma communities across Europe typically live in poor housing, well below the standards of the majority community. Overcrowding is common, especially after relocations through forced evictions. The situation appears to be most severe in Slovakia and Hungary, where Roma live on average with two persons to a room. Lack of access to basic sanitation – such as an indoor toilet, bath or shower – is also a problem, with 62% of Roma not having access; this compares with 3% of the population of the EU as a whole. Roma also disproportionately experience housing discrimination, lack of access to mortgages and loans, high housing costs, insecurity of tenure and eviction.

Most Roma in cities tend to live segregated from the rest of society. This can be a coping strategy that uses communal ties and networks to fill a void in the provision of essential services. However, segregation isolates the Roma from health-care services, employment, education and contact with the rest of society, thereby increasing their vulnerability. Poor quality housing has an impact on the health of Roma. They have an increased risk of poor general health and mental illness, as well as being at higher risk of domestic accidents and drug-related problems. Lack of a permanent address can also create problems accessing health-care services.

Social cohesion

Social cohesion is a key element of European social policy. A strong, resilient society both delivers a better quality of life, and is better placed to absorb the strains that economic crisis has placed upon the social fabric. So it is timely that this, the European Year of Citizens 2013, aims to encourage Europeans to explore their citizenship of the EU.

Integral to active citizenship is a sense of belonging and a strong bedrock of social capital, for which trust in public institutions and other people, as well as civic participation, are essential. This is particularly important among young people, who in terms of unemployment and potential exclusion are bearing the brunt of the crisis.

Trust

Trust in public institutions reflects quality of governance, and its absence may result in a lack of public endorsement of policy initiatives, tax contributions, participation in and fair use of public services, and of the overall democratic legitimacy of a system. The prolonged economic slump and the apparent inability of political institutions at national and EU level to resolve it have dented public confidence in political leadership, and this is reflected in measures of trust. Trust in the representative political institutions at national level – the government and parliament – is low in most countries, as well as in the EU as a whole, with a score of 4.1 for parliament and 4.0 for government on a scale of one to 10. Countries where the economic crisis has had less of an impact have the highest trust in national political institutions: Denmark (6.1 for parliament and 5.7 for government), Finland (5.8 and 6.1), Luxembourg (5.8 and 6.5) and Sweden (6.3 and 6.0). The countries with lowest scores were Greece (2.3 for parliament and 2.1 for government), Romania (2.4 and 2.5) and Latvia (2.7 and 3.0).
Figure 14: Trust in government

Public institutions are trusted less in 2011 than they were in 2007. Trust in the government has fallen most, from an EU average of 4.6 in 2007 to 4.0 in 2011. The biggest drops occurred in Greece, Cyprus, Romania, Spain and Slovakia. Only in Bulgaria, Luxembourg and Sweden has it increased.

Source: European Quality of Life Survey
Participation

One in four Europeans, on average, participates in the social activities of clubs or associations at least once a month. The proportion is highest in Sweden, Denmark and the Netherlands and lowest in Bulgaria, Romania and Latvia. Income inequality has an effect on participation: every third person in the highest income quartile participates in social activities at least once a month, while only one-fifth do so in the lowest income quartile. Among those who never participate, 68% are in the lowest income quartile. This low rate of participation may reflect barriers such as lack of infrastructure, inaccessibility of communities and networks, and lack of material or time resources as much as attitudes towards participation.

One-third of Europeans carried out some type of unpaid voluntary work in the past year. A total of 17% of respondents do it regularly – every week or every month. The highest proportions of both regular volunteers and volunteers overall are found in Austria, Sweden and Ireland. The smallest proportions of volunteers overall are in Bulgaria, Hungary and Poland.

On average, a quarter of Europeans expressed their civic or political concerns at least once in the previous year. The highest rates of attendance at protest or demonstration in the year of survey (2011) were in Greece (14%), France (14%), Cyprus (12%) and Spain (11%). Attending a meeting of a trade union or a political party and contacting a politician or a public official is most common in Sweden (respectively, 20% and 16%), Denmark (18% and 11%) and Luxembourg (15% and 14%). Signing petitions is relatively widespread among people in Sweden (40%), the UK (29%), France (28%) and the Netherlands (28%). However, proportionally more people appear to participate directly rather than signing petitions in Cyprus, Greece, and Bulgaria and Spain.

Figure 15: Do you get involved?
Have you done any of these in the last year? (%)

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed a petition, including an email or online petition</td>
<td>15</td>
</tr>
<tr>
<td>Attended a meeting of a trade union, a political party or political action group</td>
<td>10</td>
</tr>
<tr>
<td>Contacted a politician or public official</td>
<td>5</td>
</tr>
<tr>
<td>Attended a protest or demonstration</td>
<td>0</td>
</tr>
</tbody>
</table>
NEETs – participation and disengagement

The consequences of young people being NEET affect the social fabric. Exclusion from the means to make a living or to acquire the skills that provide a way into employment may give rise to general disaffection with and resentment against society and the governments that represent it. This can lead to situations where these young people may opt out of participation in civil society or may engage at the extremes of the political spectrum.

NEETs aged 15–29 years have a much lower level of trust than their non-NEET counterparts; the levels of institutional and interpersonal trust among NEETs are on average 0.6 points lower than non-NEETs (Table 2). The lowest levels of trust are felt towards politicians and political parties for both populations and are sizeably lower compared to other dimensions of trust.

### Table 2: Trust among NEETs and non-NEET young people (scale of 1–10)

<table>
<thead>
<tr>
<th></th>
<th>Non-NEET</th>
<th>NEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal trust</td>
<td>5</td>
<td>4.4</td>
</tr>
<tr>
<td>Most people can be trusted</td>
<td>4.9</td>
<td>4.4</td>
</tr>
<tr>
<td>Most people try to be fair</td>
<td>5.5</td>
<td>4.8</td>
</tr>
<tr>
<td>Most people are helpful</td>
<td>4.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Institutional trust</td>
<td>4.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Trust in national parliament</td>
<td>4.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Trust in politicians</td>
<td>3.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Trust in political parties</td>
<td>3.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Trust in the legal system</td>
<td>5.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Trust in the police</td>
<td>5.7</td>
<td>5.2</td>
</tr>
</tbody>
</table>

*Source: European Social Survey, Eurofound elaboration*

Further analysis finds that the lower level of interpersonal and institutional trust among NEETs is driven by the sub-group who are unemployed, who indicate the lowest level of interpersonal trust (4.4) and institutional trust (4.1), rather than NEETs who are unavailable for work.

Social participation is a training ground for democracy and is a sign of the self-organising capacity of a community: lack of it reduces social capital and, if it persists, loosens social cohesion. Young people in general show a much lower level of political engagement than other age categories, but NEETs present an even lower level again. Among NEETs, 65% say they are likely to vote, compared to 75% for non-NEETs. The lowest rate is among NEETs who are unemployed, 63% of whom are likely to vote.

While involvement with a political party is low for both groups, non-NEET young people are more than twice as likely to have some involvement with a political party as NEETs. The proportion of young people who participate in a political party reaches almost 4% among young workers and almost 3% among students. Conversely, only 1% of young unemployed people are involved with a political party.

### Table 3: Political interest among NEETs and non-NEET young people (%)

<table>
<thead>
<tr>
<th></th>
<th>Non-NEET</th>
<th>NEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would vote tomorrow</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Interested in politics</td>
<td>40</td>
<td>29</td>
</tr>
<tr>
<td>Discusses politics</td>
<td>65</td>
<td>53</td>
</tr>
<tr>
<td>Involved with a political party</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

*Source: European Values Study, Eurofound elaboration*

At the level of country clusters,* interesting differences emerge. In continental and eastern European countries, unemployed NEETs tend to be less likely to vote and to discuss politics less. In Mediterranean countries, however, unemployment seems to acquire a political association, as these young unemployed people are more likely to be interested in politics and to talk about politics than their employed counterparts. Conversely, in the eastern European and continental countries, being NEET and being unemployed seem to lead to a disengagement from and apathy towards politics.

Non-NEETs have a much higher participation rate in social organisations and clubs than NEETs: 46% against 27%. Very low participation rates are recorded for young people who cannot work because of family responsibilities (19%) and those who are unemployed (25%).

* Five country clusters were used in this analysis: Continental: Austria, Belgium, France, Germany, Luxembourg and the Netherlands Eastern European: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia English-speaking: Ireland and the United Kingdom Mediterranean: Cyprus, Greece, Italy, Malta, Portugal and Spain Nordic: Denmark, Finland and Sweden
Social tensions

Economic crisis affects social relations, potentially creating antagonisms between different social groups. Measuring how people perceive tensions between social groups can signal where the threats to social cohesion exist. While in general the perception of tensions reflects the social climate, the perception of tensions between rich and poor is more closely related to the socioeconomic status of individuals. The countries with the highest proportions of people perceiving a lot of tension in this group are Hungary (71%) and Lithuania (60%), followed by France (55%) and Greece (52%). High percentages are found among eastern European Member States as a whole, where the percentage of people who see a lot of tension is over 30% in all except Bulgaria (24%). Hungary also had the highest figure for this type of tension in previous EQLS rounds, and it has not decreased. A similar pattern can be seen in France. Recent developments may have been more important in the case of Greece rather than long-seated attitudes, where there has been an intensification of social and political debate against the background of the country’s economic crisis.

There has been a notable increase in perceptions of tension between the rich and poor, rising from 30% in 2007 to 36% in 2011. This in part reflects the economic difficulties of many countries, but also reflects a global trend of growing income inequalities. The increase was dramatic in Cyprus (an increase of 29 percentage points) and considerable in Greece (by 16 percentage points), the UK (by 15), Malta (by 14) and Lithuania (by 13).

Figure 16: Tension between different social groups (%)
Perceived tension between different racial and ethnic groups reflects views on immigration. The highest figures for perceptions of a lot of racial and ethnic tensions occur in countries known to face a challenge in integrating the Roma community, including the Czech Republic (68%) and Hungary (60%). This finding is a new development in the most recent round of the EQLS, and it signals that integration policies in these countries have not brought visible results in terms of social cohesion.

Since 2007, the perception of racial and ethnic tensions rose most in Cyprus (by 24 percentage points), the Czech Republic (by 15 percentage points), Greece (by 11 percentage points) and Hungary (by 9 percentage points); it dropped most in Italy (by 16 percentage points).
Social exclusion

The perceptions of people about their connectedness to society and their acceptance, or lack thereof, are a part of social context. A majority of people in European societies see themselves as being integrated (Table 4).

Table 4: Perceptions of social exclusion (%)

<table>
<thead>
<tr>
<th>Perception</th>
<th>Agree and strongly agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree and strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel left out of society</td>
<td>10.5</td>
<td>11.0</td>
<td>78.5</td>
</tr>
<tr>
<td>Life has become so complicated today that I almost can’t find my way</td>
<td>20.7</td>
<td>16.8</td>
<td>62.5</td>
</tr>
<tr>
<td>I feel that the value of what I do is not recognised by others</td>
<td>21.2</td>
<td>20.1</td>
<td>58.8</td>
</tr>
<tr>
<td>Some people look down on me because of my job situation or income</td>
<td>15.1</td>
<td>12.1</td>
<td>72.8</td>
</tr>
</tbody>
</table>

Source: European Quality of Life Survey

On an index of perceived social exclusion, where a value of 5 is the maximum exclusion, the average for the EU is 2.2, the same as 2007. Among Member States, perceived social exclusion is lowest among people in Denmark (1.6), Germany (1.8), Austria (1.9) and Sweden (1.9), and highest in Cyprus (3.0), Bulgaria (2.7), the Czech Republic (2.5) and Greece (2.5). While sense of social exclusion has remained unchanged in the EU as a whole since 2007, there has been change at country level. The biggest increases have occurred in Cyprus, Sweden and Malta – by 0.7, 0.4 and 0.3 points respectively – while perceived social exclusion decreased most in Austria and Bulgaria – by 0.3 points.

Older people in the eastern European Member States seem to be at a long-term disadvantage: in the current and all previous waves of the EQLS, they experience greater social exclusion than the rest of society.
Public services

Public services play an essential part in meeting the needs of society. High-quality public services and ease of access to them enhance quality of life and are essential to inclusive growth. When asked about the quality of their public services, Europeans are generally more satisfied with public transport, the education system, health services and childcare services than they are with their long-term care services and social housing (Figure 18). State pension systems score particularly low.

A large variation exists between subgroups of the population in how they perceive the quality of public services. High-income earners are relatively satisfied with health, education and pension systems, while people living in low-income households experience a lower quality in these services. In contrast, public long-term and childcare services are better regarded by low-income earners.

Over the past four years, perceptions of the quality of services have remained constant, with some increases in ratings for public transport and health services. Overall, the quality of public services is rated lower by people who do not use these services than by those who do. Ratings provided by people who have actual experience with the service are likely to better reflect the current quality of the services. However, ratings by non-users can still be meaningful as they may reflect, for example, indirect experiences that people have had, and the perceived low quality may be a reason for not using the service.

Figure 18: Perceived quality of public services (scale 1–10)

Source: European Quality of Life Survey
Access

Alongside quality of public services is the issue of the ease with which people can access these services. Figure 15 shows the problems that people most face when seeking access to health services. The most common difficulty is the waiting time to see a doctor on the day of an appointment – 42% of people contend with this issue – closely followed by delay in getting an appointment (39%).

The highest proportions of people encountering all five problems are found in Greece and Italy. People in Malta relatively often report difficulties of access to doctors because of waiting times and cost. In Poland, problems with delays in getting an appointment are relatively common, as is finding time in the Czech Republic, and distance to a doctor’s office or medical centre in Slovakia. Waiting time is least problematic in Sweden, Denmark and Finland, while delay in getting an appointment is least common in the Netherlands, Ireland and Belgium. The cost of seeing a doctor is the least common problem in the UK, Denmark and Spain. In Luxembourg, Sweden and France, distance is unlikely to make it difficult for most people to see a doctor.

For both long-term care and childcare, the big problems of access are cost and availability. Perceived poor quality is also a concern, especially with regard to access to long-term care. Distance and opening hours and quality are more often reported to make access to long-term care difficult than they are for childcare.

Many people experience problems with access to public transport, even in the most affluent Member States. One-fifth of services users find access difficult; older people and people living in rural areas are most likely to encounter such difficulties.

Figure 19: Reasons for difficulty accessing a doctor (%)
Figure 20: Reasons for difficulty in accessing long-term care and childcare (%)

Further reading

- Third European Quality of Life Survey – Quality of life in Europe: Impacts of the crisis
- Household debt advisory services in the European Union
- Living conditions of the Roma: Substandard housing and health
- NEETs - Young people not in employment, education or training: Characteristics, costs and policy responses in Europe

Source: European Quality of Life Survey
Where does Eurofound come in?

This review of living and working in Europe in 2012 depicts a region experiencing fracture across economic, geographic and social boundaries – between core and peripheral states in the EU, between insiders and outsiders in the labour market, between workers with good jobs and workers with poor jobs in the workplace, between haves and have-nots in society. This current course of division weakens the European Union, and only by reversing it can the goal of deeper integration to address the crisis of the last four years be achieved. The EU has responded to this crisis with a multi-faceted policy drive – one that Eurofound works to inform, monitor and support at policymaking level.
The Europe 2020 strategy sets out the EU’s plan of action for recovery, presenting an umbrella of flagship initiatives to guide the EU back to growth. Initiatives in the employment and social policy field are directed on the one hand towards creating employment and on the other towards empowering people, especially those in disadvantaged socioeconomic groups, to access that employment. The ‘Agenda for new skills and jobs’ initiative aims to tackle the unemployment crisis by stepping up labour market reform, equipping people with the right skills for the labour market, improving the conditions for job creation and enhancing job quality and working conditions. ‘An industrial policy for the globalisation era’ and its 2012 update ‘A stronger European industry for growth and economic recovery’ focus on improving competitiveness and industrial performance. The employment package launched in April 2012 sets out guidance in the context of these initiatives on boosting job creation, labour market reform, mobility and investing in skills.

‘Youth on the move’ strives to improve the education and employability of young people in Europe. It includes the ‘Youth opportunities initiative’, which seeks to equip early school-leavers with in-demand skills and to enable graduates to get their first work experience. The youth employment package of December 2012 follows up on the employment package and includes plans to develop quality traineeships and promote apprenticeships. Its proposal for a youth guarantee was adopted by the EU Council in February 2013.

The flagship initiative ‘European platform against poverty and social exclusion’ includes actions that aim to improve access to work, social security, essential services (such as healthcare and housing) and education, as well as promoting better use of EU funds to support social inclusion and combat discrimination. Its goals are supported by the social investment package ‘Towards social investment for growth and cohesion’, which seeks to empower people to participate fully in work and social life.

Eurofound’s work aims to contribute to the development and effective implementation of the social and employment policies that advance the aims of Europe 2020. It provides facts and figures, highlights trends, and analyses policies and practices on work and quality of life as a basis for sound decision-making at European level. It will continue this work into 2013 and beyond with its work programme for the coming four years.

Strategic objective 2013–2016

Eurofound’s strategic objective for the next four years is to provide high-quality, timely and policy-relevant knowledge as input to better informed policies in four priority areas:

- Increasing labour market participation and combating unemployment by creating jobs, improving labour market functioning and promoting integration.
- Improving working conditions and making work sustainable throughout the life course.
- Developing industrial relations to ensure equitable and productive solutions in a changing policy context.
- Improving standards of living and promoting social cohesion in the face of economic disparities and social inequalities.
**Labour markets**

Eurofound’s ongoing monitoring and analysis of employment change is an input to the development and implementation of employment policy. The European Monitoring Centre on Change (EMCC) follows developments in labour markets closely. It records and analyses company restructurings and policy initiatives to support restructuring. Work by the EMCC enables conclusions to be drawn on structural and cyclical change and yields insights into the evolution of the labour market. Evaluations at Member State and sector level complement and develop these analyses, allowing observation of divergent patterns of employment growth and decline within the EU.

The theme of job creation is prominent in Eurofound’s work programme. Ongoing research examines sectors that show potential for job creation and provides pointers on how to best support economic activity leading to expansion of employment. The assessment of policies, regulatory frameworks and practices that preserve jobs and stimulate job creation enables performance across Member States to be compared and goes some distance towards answering ‘what works’. Eurofound also tracks instruments for restructuring in Member States, which provides a basis for examining ways to safeguard employment in restructuring situations. Another thread of Eurofound’s work on employment is directed towards analysing Member States’ reforms to improve the functioning of labour markets. This work feeds into the implementation of the second phase of the flexicurity agenda at the Member State level.

Eurofound’s study of mobility in Europe examines the main patterns of migration and the impact of economic shifts on migration flows. Work on mobility in 2012 highlighted the potential downsides of migration and return migration in particular: the deskilling of mobile workers who take up work below their qualification level. In relation to demographic change, the Agency evaluates progress on increasing participation of older workers in the labour force; assessment of policies at Member State and company level draws together a diversity of approaches to extending working lives and provides evidence on where next to take this endeavour.

The Agency continues to enquire into the integration of vulnerable groups into the labour market. Its recent focus on the participation of NEETs and young people with disabilities in the labour market adds to our understanding of how to support successful transitions from education into work. Projects on the transition of young people into the labour market and their inclusion in society feed into ‘Youth on the move’, as does the Agency’s research into mobility in the EU, while work on NEETs, in particular, provided an input to the youth employment package.

**Working conditions**

Eurofound’s undertakings in the area of working conditions take forward the ‘Agenda for new skills and jobs’ and its objective to improve the quality of jobs and achieve better working conditions for workers. Eurofound’s surveys, the European Working Conditions Survey (EWCS) and the European Company Survey (ECS), along with its observatories, provide data to measure developments and trends in working conditions across European countries on a harmonised basis. The research produced by Eurofound offers insights into the determinants of good and inferior working conditions, identifies groups whose well-being is at risk at work, and highlights areas where progress is being made. It also examines how working conditions are influenced and shaped through legislation, social dialogue and workplace policies and practices.

The EWCS provides a basis for Eurofound’s research on the sustainability of work over the lifetime and whether working conditions are transforming to support efforts to extend working lives, a necessity if the 2020 employment target is to be achieved. Related to this is research into job quality and the construction of indices that allow the objective measure of job quality. Research on innovation in work organisation illuminates the debate around new sources of productivity in the global economy and progress towards smart and sustainable working environments. It sharpens our understanding of the win–win arrangements under which good working conditions produce high levels of satisfaction and motivation among workers on the one hand and improved productivity and company performance on the other.
Social dialogue

The role of social dialogue and the involvement of social partners in shaping employment and social policies and determining working conditions is an integral part of Eurofound’s activities. Eurofound’s work supports and strengthens social dialogue, advancing the goals of the ‘Agenda for new skills and jobs’.

Eurofound conducts ongoing monitoring of developments in industrial relations, in particular collective bargaining levels, changes in the organisation and role of social partners, and industrial action. At European level, it charts trends in European social policy, employment legislation and social dialogue. The European Company Survey provides rich data on how social dialogue functions in practice – what forms of representation exist and how well they function, and the factors that influence social dialogue mechanisms at company level. This work provides insights into legislative support for social dialogue and approaches to intervention. In 2012, Eurofound investigated the role that social dialogue played in cushioning the effects of the crisis in Member States, the relationship between governments and social partners, and the outcomes of social dialogue in terms of measures negotiated.

Eurofound’s representativeness studies provide basic information needed for the setting up and functioning of sectoral social dialogue committees at European level and to ensure the continued representativeness of existing committees. They serve as an important tool for the Commission to monitor the participation of organisations in social dialogue, and their legitimacy to do so with the rights to consultation, to initiate social dialogue, and to reach and implement agreements.

Quality of life

Europe 2020 has set forward a growth model for Europe that is inclusive as well as smart and sustainable. Eurofound’s work on living conditions and quality of life feeds into policies directed towards achieving a high level of social cohesion. It provides evidence and analysis on living standards, health inequalities, and quality of and access to public services. It examines how material setbacks affect social well-being, trust and participation, and social exclusion. Its work on inequalities, working poor and active inclusion measures is guided by the objectives of the ‘European platform against poverty and social exclusion’ and supports the goals of the social investment package.

The European Quality of Life Survey (EQLS) is a key source of data on living conditions, quality of life and quality of society. It provides data both on the objective circumstances of people’s lives – such as employment, income, education and housing – as well as subjective assessments, such as people’s levels of happiness, how satisfied they are with their lives, and how they perceive the quality of their societies. By bringing together objective and subjective indicators, the EQLS helps to identify the things that matter most to people’s lives. The survey tracks key trends in the quality of people’s lives over time. Over the years, the EQLS has developed into a valuable set of indicators, which complements traditional indicators of economic growth and living standards such as GDP or income.
Sources

The following is the full list of Eurofound publications from which this review has been compiled, along with links to their location on the Eurofound website:

∞ ERM report 2012 – After restructuring: Labour markets, working conditions and life satisfaction
http://www.eurofound.europa.eu/publications/htmlfiles/ef1261.htm

∞ Employment polarisation and job quality in the crisis: European Jobs Monitor 2013
http://www.eurofound.europa.eu/publications/htmlfiles/ef1304.htm

∞ Greening of industries in the EU: Anticipating and managing the effects on quantity and quality of jobs
http://www.eurofound.europa.eu/publications/htmlfiles/ef1248.htm

∞ Born global: The potential of job creation in new international businesses
http://www.eurofound.europa.eu/publications/htmlfiles/ef1265.htm

∞ Foundation Focus: Job creation, job preservation or job loss? The future of Europe’s labour market
http://www.eurofound.europa.eu/publications/htmlfiles/ef1277.htm

∞ Fifth European Working Conditions Survey – Overview report
http://www.eurofound.europa.eu/publications/htmlfiles/ef1182.htm

∞ Trends in job quality in Europe
http://www.eurofound.europa.eu/publications/htmlfiles/ef1228.htm

∞ Sustainable work and the ageing workforce
http://www.eurofound.europa.eu/publications/htmlfiles/ef1266.htm

∞ Working conditions in the retail sector
http://www.eurofound.europa.eu/ewco/studies/tn1109058s/index.htm

∞ Working time and work–life balance in a life course perspective
http://www.eurofound.europa.eu/publications/htmlfiles/ef1273.htm

∞ Wages and working conditions in the crisis
http://www.eurofound.europa.eu/ewco/studies/tn1203015s/index.htm

∞ Pay developments – 2011
http://www.eurofound.europa.eu/eiro/annualreports.htm

∞ The second phase of flexicurity: an analysis of practices and policies in the Member States
http://www.eurofound.europa.eu/publications/htmlfiles/ef1183.htm

∞ NEETs - Young people not in employment, education or training: Characteristics, costs and policy responses in Europe
http://www.eurofound.europa.eu/publications/htmlfiles/ef1254.htm

∞ Effectiveness of policy measures to increase the employment participation of young people
http://www.eurofound.europa.eu/publications/htmlfiles/ef1260.htm

∞ Employment trends and policies for older workers in the recession
http://www.eurofound.europa.eu/publications/htmlfiles/ef1235.htm

∞ Income from work after retirement in the EU

∞ Labour mobility within the EU: The impact of return migration
http://www.eurofound.europa.eu/publications/htmlfiles/ef1243.htm

∞ Third European Quality of Life Survey - Quality of life in Europe: Impacts of the crisis
http://www.eurofound.europa.eu/publications/htmlfiles/ef1264.htm

∞ Household debt advisory services in the European Union
http://www.eurofound.europa.eu/publications/htmlfiles/ef1189.htm

∞ Living conditions of the Roma: Substandard housing and health
http://www.eurofound.europa.eu/publications/htmlfiles/ef1202.htm
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What does Eurofound do for you?

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

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