

# Living and working in Europe





# Living and working in Europe 2017



European Foundation  
for the Improvement of  
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## Country codes

AT	Austria	FI	Finland	NL	Netherlands
BE	Belgium	FR	France	PL	Poland
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CZ	Czech Republic	IE	Ireland	SE	Sweden
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DK	Denmark	LU	Luxembourg	SK	Slovakia
EE	Estonia	LT	Lithuania	UK	United Kingdom
EL	Greece	LV	Latvia		
ES	Spain	MT	Malta		

# Foreword

Eurofound's new multiannual work programme was launched in 2017, initiating a series of research and communication activities in the areas that the Agency has identified as critical to progress in the upward convergence of living and working conditions across Europe. These six strategic areas for intervention are:

1. Working conditions and sustainable work
2. Industrial relations
3. Labour market change
4. Quality of life and public services
5. The digital age: Challenges for work and employment
6. Monitoring convergence in the European Union

Labour markets are healthier than they have been in a decade, with more people in work than ever before and the number of people active in the labour market at an all-time high. Unemployment is decreasing across the Member States, and youth unemployment fell dramatically over the course of 2017. While these are undeniable achievements, other dimensions of the employment narrative, highlighted by Eurofound's labour market research, also demand our attention: the fact that there are not enough jobs to meet the demand for work, that too many workers struggle with poverty, and that a large group of people are completely alienated from the labour market, all of which is socially destructive.

The social impact of economic change and political decisions was set out in the first major output of Eurofound's programme – the results of the 2016 European Quality of Life Survey (EQLS). This rich data source describes a Europe that has rallied from the wreckage of the recession. Across many dimensions of quality of life, Europeans are doing at least as well as before the economic crisis, if not better. But as well as heralding good news, the EQLS sends a clear signal that groups within our society are being failed by the economy, the labour market and social policy, that significant social inequalities remain, and that many citizens are anxious about the future.

Sixty years after the signing of the founding treaty, the Rome Declaration in March 2017 marked this anniversary with an assertion from European leaders of their determination to carry the European project

forward. To do so, the EU must address the tensions between progress and stagnation; it must put social Europe first. And the European Pillar of Social Rights, launched at the Gothenburg Social Summit in November, is a recognition of that. Its goal is to redress the imbalance between the social and economic priorities of the EU to achieve the promised 'social triple A' across the Union. The EQLS, along with a range of other outputs from the Agency in the coming period, will provide just the kind of evidence that governments will need for the practical translation of the principles of the Pillar into policies and laws to improve the daily reality of Europe's citizens.

While the Rome Declaration reasserted the conviction that the countries of Europe are better together than apart, Eurofound's research findings bear out the uneven pace of progress across the Member States, and the fact that some are falling behind. They point to disparities, for example, in employment, unemployment and economic inactivity; in household incomes and financial hardship; in the length of working lives; in health and well-being; in the quality of public services; and in social mobility.

We have titled our work programme 'Towards upward convergence' to underscore that convergence of the Member States will be a major theme for Eurofound over the coming four years. Convergence was the focal point of the Agency's flagship Foundation Forum in November, an event that brought together experts, thinkers and social policymakers from across Europe to present and debate different perspectives on the subject. The Forum formulated a list of key messages for policymakers to feed into the Social Summit two days later. Among them were calls for good working conditions for all workers to be the basis of competition, to protect employment as a core social right, to align the EU's economic and social priorities, and to mainstream the principles of the Social Pillar in policies across EU, national and regional levels. There was also a call for Europe to build the tools to preserve convergence in the next economic shock.

Perhaps by the end of this four-year programme, we will look back on 2017 and be able to confirm the resurgence of social Europe, and say that it was indeed a turning point for this Union of citizens and states, of values and rights.

Juan Menéndez-Valdés  
Director  
Eurofound

Erika Mezger  
Deputy Director  
Eurofound



1



# Labour market change

# The tide is rising, are all boats lifting? Employment and labour markets in 2017

The employment recovery is well-established in the European Union, and the trends are positive across the main indicators. More people than ever are participating in the labour market – either employed or looking for work – with the EU activity rate (for 15–64-year-olds) at a record 73.5% in the third quarter of 2017. While this means more job-seekers, unemployment continues to drop steadily, falling from an annual rate of 8.6% in 2016 to 7.7% in 2017, as does long-term unemployment (from 4.5% to 4%).

Employment is at its highest level ever in the EU, rising to 72.3% (among 20–64-year-olds) in the third quarter of 2017, even though economic growth (in terms of GDP) remains moderate. Perennially problematic, youth unemployment has also dropped nearly 2 percentage points over the course of a year (from 18.7% in 2016 to 16.8% in 2017). The latest figures show that 11.5% of young people in 2016 were classified as not in employment, education or training (NEET), down from a peak of 13% in 2013.

Eight million net new jobs were created across the EU between mid-2013 and mid-2016, representing a 3.7% rise in employment. The countries that suffered the worst employment hits during the crisis outstripped this average: Ireland (+7.8%), Greece (+4.7%), Portugal (+4%) and Spain (6.6%).

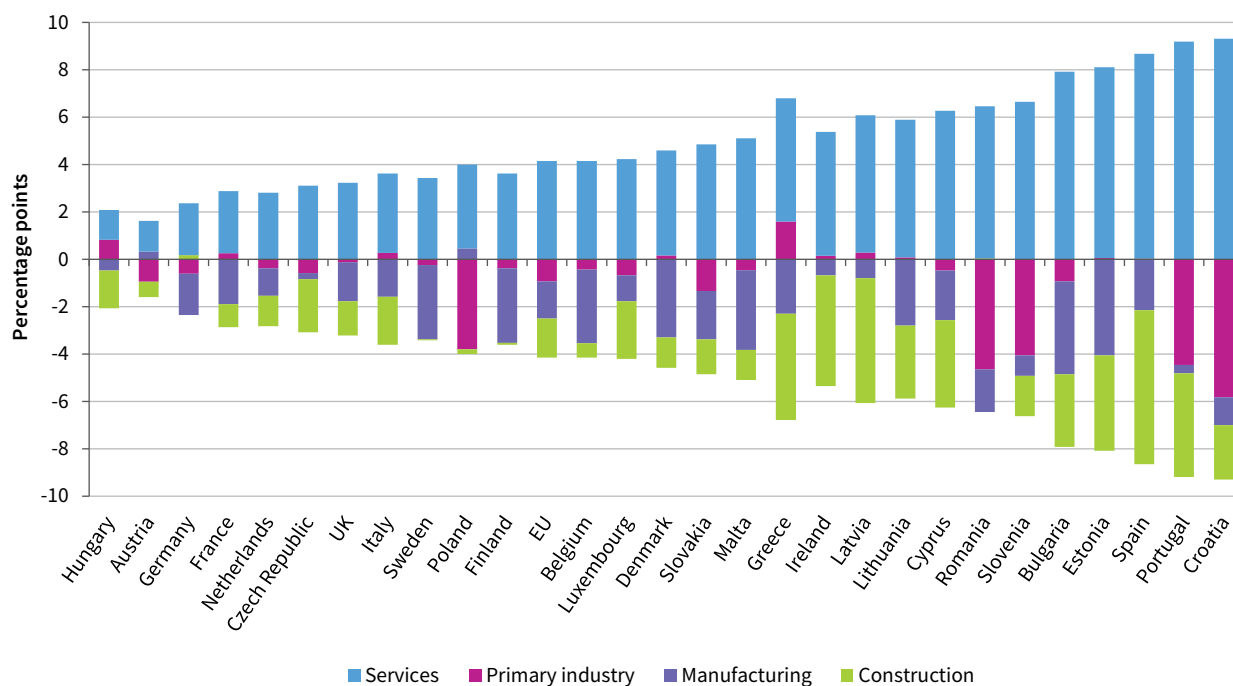
But gains across the Member States continue to be unbalanced. Employment has shifted from south to north, with Germany and the UK accounting for most of the new jobs (net of jobs lost) created in the EU between 2008 and 2016, while most of the jobs lost in Greece and Spain in this period have not yet been recovered. And the crisis has left a legacy of workers increasingly distant from the labour market. Almost half of the EU unemployed, or 9.5 million people, are long-term unemployed and the majority (around 6 million) have been so for more than two years. Nearly half of long-term unemployed young people have been jobless for more than two years. There is a real risk of unemployment becoming entrenched among these workers – the longer they are without work, the harder it will be for them to regain it.

## Changing composition across sectors

While employment has now surpassed the pre-crisis level, the employment landscape has altered over 10 years. The workforce has been significantly reallocated across the broad sectors of manufacturing, construction, services and primary industry (comprising agriculture and mining, mainly). Figures from 2016 show



**Figure 1: Percentage point change in composition of employment, by Member State and broad sector (2008 Q2–2016 Q2)**



Source: European Union Labour Force Survey (Eurofound calculations)

that employment in manufacturing and construction remains very much reduced in most Member States despite three years of employment growth (Figure 1). Conversely, employment in services increased in all Member States, and this sector now accounts for 71% of employment in the EU. The forces driving this transformation are not identical across countries, however. In Croatia, Poland, Portugal, Romania and Slovenia, the services shift is a result of rapidly declining employment in the primary sector, whereas in the Baltic states, Cyprus, Ireland and Spain, it is more a result of drops in manufacturing and construction employment.

## Changing composition of the workforce

The make-up of the workforce has also changed since 2008, as Table 1 demonstrates.

- It is older: the proportion of workers aged 55 and over has risen due to falling youth employment from 2008 to 2013, a reorientation of policy to discourage early retirement and later statutory retirement ages as a result of legislative changes.

- It is more part-time: part-time employment has been increasing steadily, even during the recession, alongside a parallel decline in full-time employment.
- It is more female, mainly as a result of job losses in male-dominated sectors but also associated with the expansion of services and the rising share of part-time work.
- It is more high-skilled and white-collar, reflecting the expansion of the services sector, an increasing share of employment in occupations requiring higher skills, and the replacement of retiring workers by a younger, better-educated cohort.

**Table 1: Statistics on EU labour force composition**

	2016 (%)	Change 2008–2016 (percentage points)
Older worker (55+ years) share of employment	18.6	+4.6
Part-time share of employment	20.5	+2.3
Female employment rate	61.4	+2.5
High-skilled white collar worker share of employment	41.0	+1.8

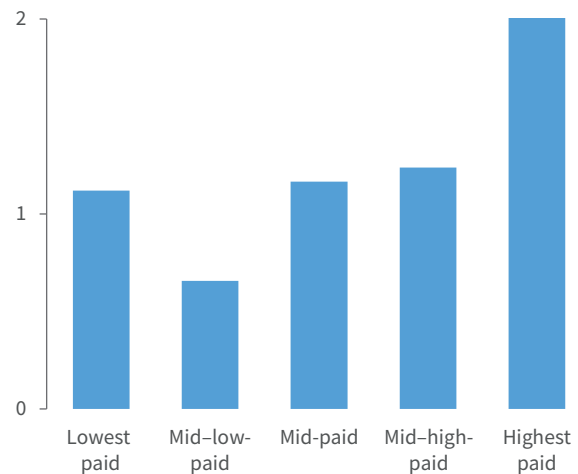
Source: European Union Labour Force Survey (Eurofound calculations)

## Shift towards top-paying jobs

The greater demand for higher-skilled workers is apparent when the growth in employment is broken down according to pay category. This exercise shows that employment has risen most in higher-paid jobs since before the millennium, and during the crisis only the highest-paid jobs saw net employment growth. Since the recovery, as Figure 2 illustrates, employment has increased across all pay categories. It has grown least in the mid-low-paid category, typified by jobs such as agricultural worker and semi-skilled trades worker. But employment growth remains weighted in favour of the highest-paying jobs, such as ICT and health professionals.

Different patterns emerge when the data for individual countries are analysed. For instance, big Member States such as Germany, Poland and the UK as well as Sweden and Portugal conform to the skew towards top-paying jobs (Figure 3a). But most of the new jobs in Hungary, Ireland, Latvia and the Netherlands over the three-year period are in the low-paying categories (Figure 3b).

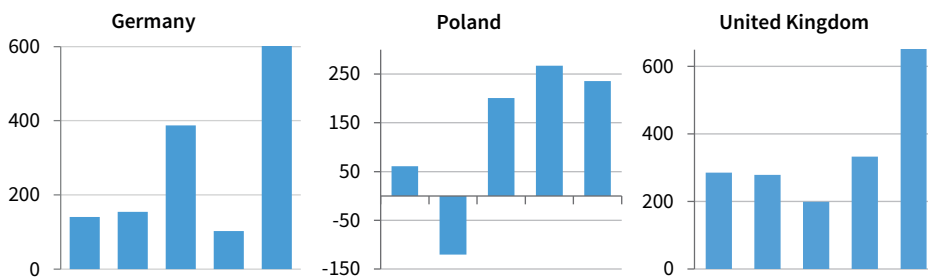
Figure 2: Employment change (% per annum) by job-wage quintile, EU, 2013–2016



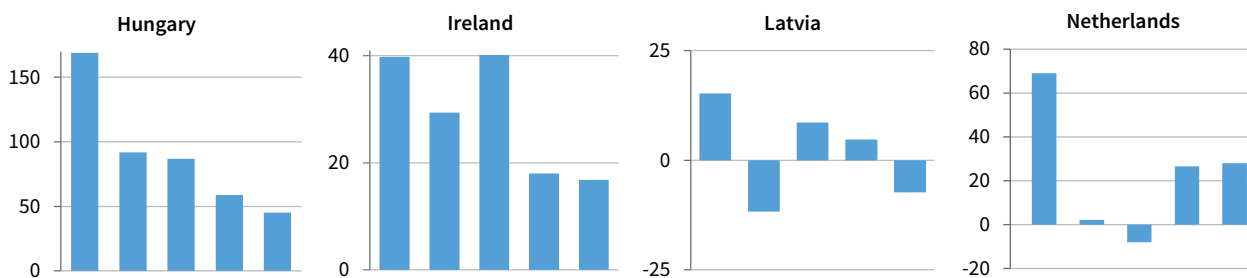
Source: European Union Labour Force Survey and Structure of Earnings Survey (Eurofound calculations)

Figure 3: Employment change (in thousands) by job-wage quintile, selected Member States, 2013 Q2–2016 Q2

(a)



(b)



Source: European Union Labour Force Survey and Structure of Earnings Survey (Eurofound calculations)

### Read more

Labour market change: Occupational change and wage inequality – European Jobs Monitor 2017

[eurofound.link/ef1710](https://eurofound.link/ef1710)

European Jobs Monitor data visualisation

[eurofound.link/ejm](https://eurofound.link/ejm)

# Involuntary part-time: A blight on the labour market

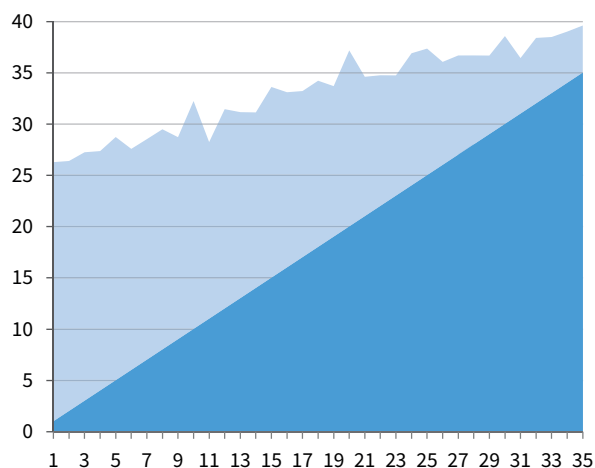
Despite more people being in work than ever before, the EU still does not generate enough work for those seeking it. The 19 million people who are unemployed and actively looking for work are evidence of this, as are the 3 million who have given up looking for work because they think no work is available (the ‘discouraged workers’ – more on this group on p. 14). Then add to that the 10 million people who are working part-time but who want to work full time, a status known as ‘involuntary part-time’.

Part-time work is rising in step with the growth of services in the economy, many subsectors of which require more diversified and flexible working-time arrangements from their workforces than the traditional nine to five. One-fifth of jobs in the EU are now part-time. And while undoubtedly part-time options offer many workers a welcome means of combining work with familial or other commitments, other part-timers want to work full time – around a quarter of part-timers, in fact.

## Full-time jobs prove elusive

When surveyed, two-thirds of this group said they are working part-time because they cannot find a full-time job. Hence, their desired weekly working hours tend to be much closer to full-time working hours than to the average weekly hours of other part-time workers. Figure 4 shows the large gap (in pale blue) between the

**Figure 4: Gap between desired and actual hours of work of involuntary part-timers, EU, 2015**



Source: European Union Labour Force Survey (Eurofound calculations)

usual working hours and the desired working hours of involuntary part-timers. For workers with very short hours, the gap is very large, but it decreases as the actual number of hours worked increases. Those who work fewer than 5 hours per week would like to work between 24 and 28 hours, while those who work 18 hours or more per week would prefer to work 34–40 hours.

Involuntary part-time does not appear to be linked to the prevalence of part-time working in a country: in countries where high proportions of people work part-time, such as Belgium, Germany, the Netherlands, Sweden and the UK, part-time status is more likely to be voluntary. It is associated, however, with poor labour market performance. Involuntary part-time grew most in countries where unemployment increased most since 2008 – Cyprus, Greece and Spain.

## Prevalence in service occupations and sectors

The phenomenon is concentrated in the lower-paid, lower-skilled end of economic activity. Over half of involuntary part-timers (57%) work in lower service occupations, such as sales and service work, a category that accounts for around one-quarter of total employment. Managers, on the other hand, are much less likely to be working part-time, but if they are, it is less likely to be involuntarily. Domestic employment, working for householders, is the sector where workers are most likely to be involuntarily part-time.

While more women than men work part-time, men are more likely to be doing so against their preference. This disproportionately high male share of involuntary part-timers is concentrated in the services sector, especially among those working in retail and the accommodation and food services sectors, both of which are predominantly female-employing sectors.

## Detrimental impacts

A defence of this status may be that involuntary part-timers at least have a foot on the employment ladder, a better position from which to secure a full-time job than unemployment – a similar argument, in fact, to that used to defend temporary jobs. However, alongside temporary workers, this group are losers in a segmented labour market, with low rates of transition to jobs with better hours, security or average pay.

Underemployment may also give rise to the social ills associated with joblessness, such as depression, low self-esteem and alcohol abuse. As the next section highlights, close to a third of this group is also at risk of in-work poverty.

### Read more

Labour market change: Estimating labour market slack in the European Union

[eurofound.link/ef1711](https://eurofound.link/ef1711)



## Visiting Eurofound

On 13 January, Eurofound welcomed Enrique Calvet Chambon, MEP (front row, centre), to its premises in Dublin. The European Parliament's rapporteur on the revision of Eurofound's Founding Regulation, Mr Calvet Chambon met with the Agency's Director, Juan Menéndez-Valdés (front row, left) and Deputy Director Erika Mezger (front row, right), as well as senior staff. In August 2016, the European Commission made a Proposal to revise Eurofound's Founding Regulation in order to align certain provisions of the existing Regulation governing Eurofound with the Common Approach on Decentralised Agencies, as well as to update the objectives and tasks of Eurofound.

# Workers at risk of poverty

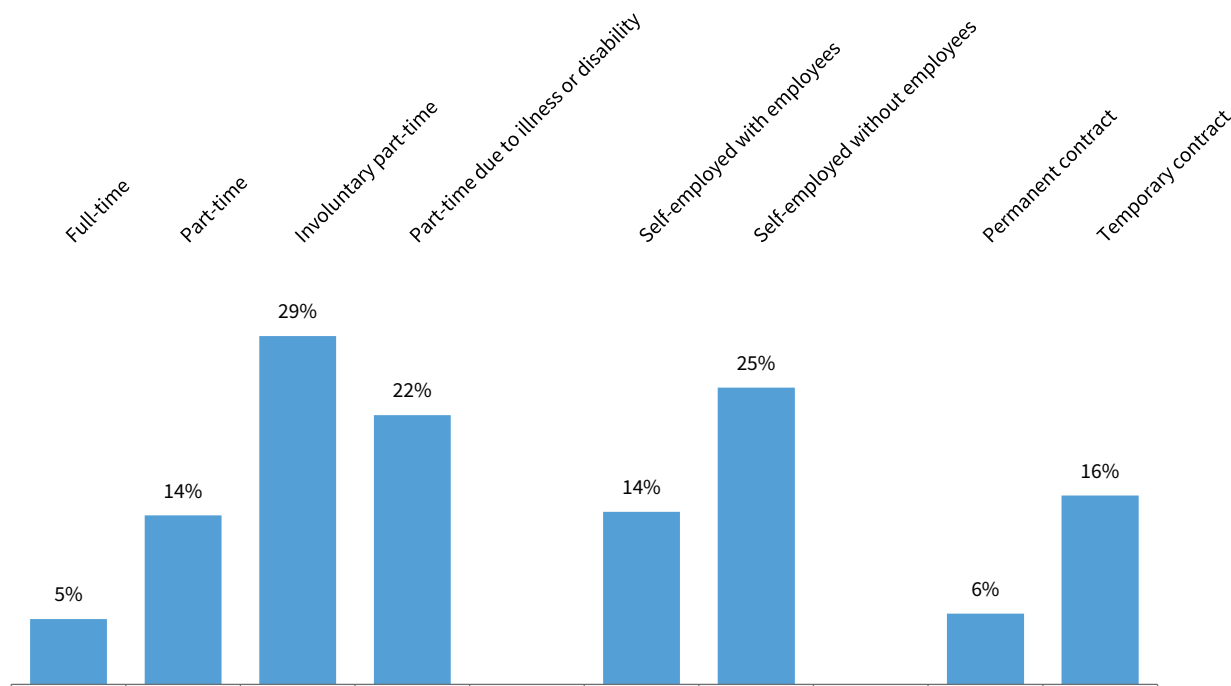
Underemployment puts workers at significant risk of poverty. In fact, as Figure 5 illustrates, involuntary part-timers are the group of workers at highest risk of in-work poverty, followed by self-employed workers who do not have staff. Poverty risk among full-time workers, on the other hand, is low. While work is a significant protection against poverty – most of the 76 million adults at risk of poverty in the EU are not in work – such statistics demonstrate that having work is not in itself a guarantee of financial security. The latest Eurostat figures estimate that 10% of workers are at risk of poverty.

Low pay clearly is implicated in the problem, but it is not usually the sole cause. While most people at risk of in-work poverty are poorly paid, relatively few low-paid workers are among the working poor. The work intensity of the household – the amount of hours worked by the adults in the household – is another important factor; low work intensity drives up the risk of poverty in all EU countries (Figure 6). Hence, the greater prevalence among part-time workers and the self-employed, who are more often underemployed.

The third critical factor is number of dependants in the household. Low pay will have a different impact in a household with two earners where the secondary earner is low-paid, compared with a household with a single low-paid earner and the same number of dependants. In fact, where there is a secondary earner, their income may be sufficient to keep a family above the poverty line, illustrating the importance of being able to pool different sources of income within a household.

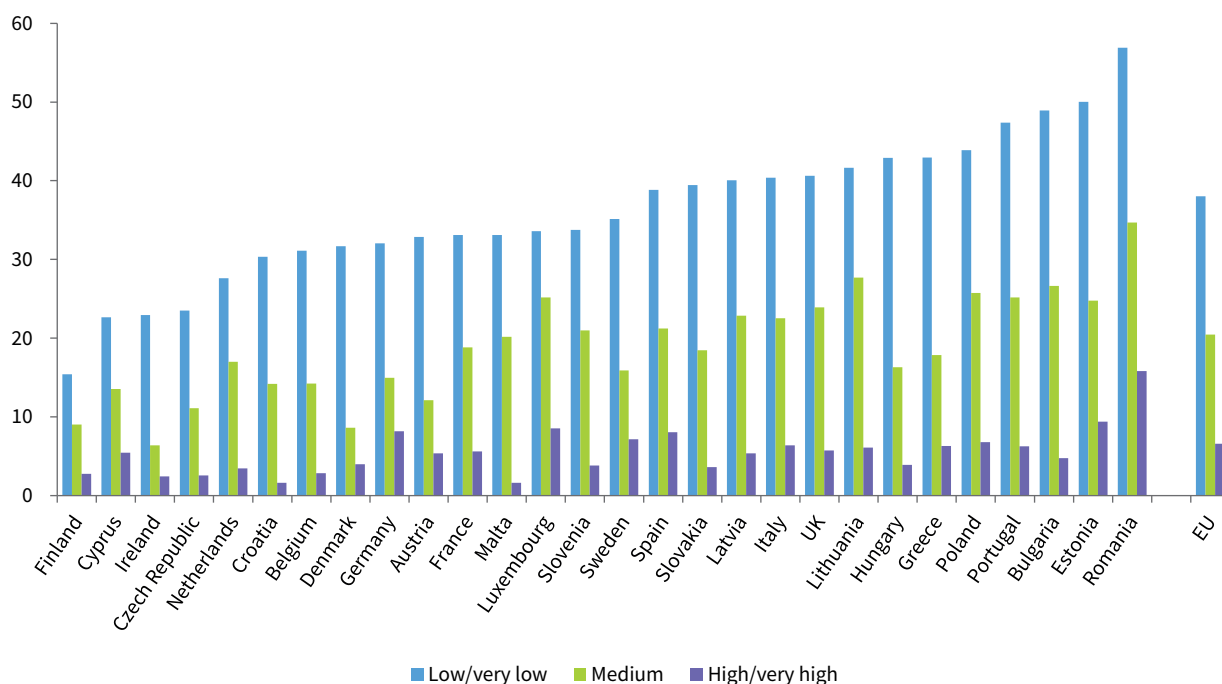
In-work poverty increased during the crisis – 8% of workers were estimated to be at risk in 2007, 2 percentage points lower than in 2014. Depressed wages, cuts in working hours and job losses among earners in a household all exacerbated financial hardship. But the dynamics are complex, which makes it difficult to establish the extent to which workers' living standards have changed. Poverty is a relative concept, and Eurostat calculates risk of poverty using a relative measure based on median income. So as incomes fall, people may be declassified as working poor without ever seeing an improvement in their material circumstances.

**Figure 5: Proportion of workers at risk of in-work poverty, by employment status, EU, 2014**



Source: European Union Statistics on Income and Living Standards, 2014

**Figure 6: Proportion of workers at risk of in-work poverty, by household's work intensity, Member States, 2014**



Source: European Union Statistics on Income and Living Standards, 2014

Addressing in-work poverty has not, to date, been a policy priority for governments, which tend to concentrate on tackling poverty in general and focus on getting people into work. While employment is recognised as a key route out of poverty, attention also needs to be paid to the incomes of workers once they are in work. The complexity of the problem is partially to blame for its neglect, as is the complexity of dealing with it. Standard interventions by the state to raise income from work often prove to be inadequate. For instance, a minimum wage may be sufficient to protect a single person from poverty but not a single earner with a family to support. Redistributive measures may also fall short. Reducing income tax, for instance, may have little impact, as the working poor already pay very little tax. In-work benefits and tax credits generally have a positive impact, but these need to be well-designed – for instance, an in-work benefit to one earner in a household should not discourage a potential second earner from seeking work. In addition, cuts to in-work benefits arising from reduced public spending during the recession limited the ability of such measures to provide redress.

Alongside direct measures to bolster income, policymakers should consider indirect measures – to increase household work intensity, for example. Among these, access to affordable childcare stands out, to enable women, mainly, to go out to work. It must be targeted at the right group, however: workers with young children and lower levels of household work intensity and less stable low-paid jobs. Opportunities for workers to improve their skills to secure better jobs are also important, and training initiatives are implemented widely, but such measures must reach the working poor; often those in the most precarious jobs do not have access. Steps to support the living standards of households can also make a difference. Around half of people classified as in-work poor say that housing cost is a heavy burden, so housing benefits can have an important role in preventing households from sliding into poverty.

### Read more

Quality of life: In-work poverty in the EU

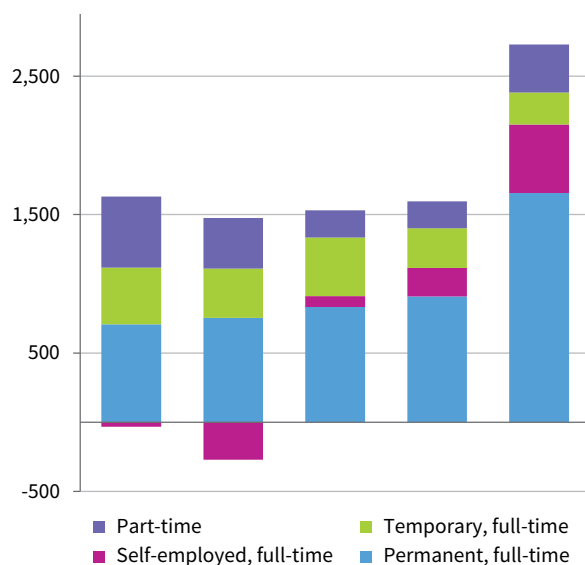
[eurofound.link/ef1725](https://eurofound.link/ef1725)



# The many faces of self-employment

The self-employed without employees is one category of workers flagged as being at increased risk of in-work poverty (see Figure 5 in the previous section). However, one of the most striking features of the self-employed labour force in recent years is that it has grown mostly in higher-paying jobs, especially in the top pay quintile – representing jobs such as professionals in health, education, law, accounting and ICT – while it has declined in lower-paying occupations (Figure 7). This is an alert to recognise the diversity of this group of workers, which encompasses both the enterprising individuals who start new businesses that generate expanding circles of economic activity alongside workers classified officially as self-employed but dependent on one client and eking out a living in precarious circumstances.

**Figure 7: Employment change (in thousands) by job-wage quintile and employment status, EU, 2013–2016**



Source: European Union Labour Force Survey (Eurofound calculations)

Amidst high unemployment and global economic competition, the EU has been more actively promoting self-employment and promoting the conditions to make it a viable prospect. At the very least, it provides another source of employment; more ambitiously, it fosters entrepreneurship, which in turn creates jobs and drives growth. But not all of the 32 million self-employed workers (15% of the working population) are entrepreneurial; in fact, not all want to be self-employed, and not all are prospering.

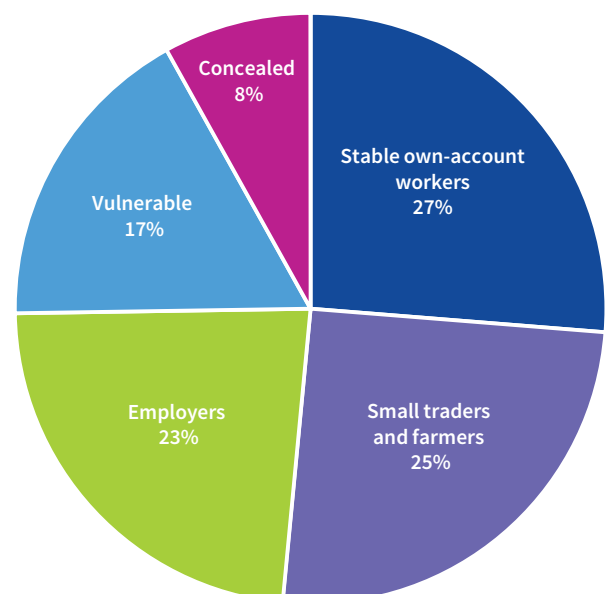
Overall, 60% of self-employed people say that self-employment was a decision based on their own preference, while 20% chose it because they had no alternative for work. However, involuntary self-employment rises to 24% among those without employees, compared to 10% of those with employees. More of the self-employed without employees also report that they would not be financially secure if they fell ill. It is worth noting that the share of this category of self-employed is edging up.

## Diverse groups of self-employed

The dichotomy between those who have or do not have employees gives some indication of the mix of experience within self-employment but fails to capture its real diversity. A more sophisticated analysis of data from the 2015 European Working Conditions Survey (EWCS) clusters the self-employed into five groups according to entrepreneurialism, economic dependence and economic sustainability (Figure 8). This gives more insight into the different circumstances of those who work under the umbrella term ‘self-employment’.

Two of the five clusters, employers and stable own-account workers, comprise about half of the self-employed and are generally doing well. Those classed as stable own-account workers do not employ staff but enjoy the same benefits of self-employment as the employers cluster, such as economic independence and autonomy in their work, and running bigger and economically more viable businesses. These individuals are more likely to be self-employed out of choice.

**Figure 8: Five clusters of self-employment, EU, 2015**



Source: European Union Labour Force Survey (Eurofound calculations)

Workers in the clusters labelled ‘vulnerable’ and ‘concealed’ operate under much more uncertainty and much poorer working conditions. Those in the vulnerable cluster mostly work alone and are more likely to be dependent on one client, with little prospect of finding new clients. The concealed self-employed resemble employees – having co-workers, working five-day weeks and being paid weekly or monthly – but enjoy few of the benefits of being an employee, such as job security and paid leave. These two groups generally lack independence and autonomy over their work, and their earnings are low. Most of them are self-employed for lack of a better alternative. ‘Bogus self-employment’ – discussed further below – is more likely to occur in these groups.

The situation of the fifth cluster, small traders and farmers, is more mixed. They are generally economically independent, and incomes tend to be at the higher end. They work long hours, however, and find it difficult to take time off. For the most part, self-employment was a choice but many describe the responsibility of running a business as burdensome.

## Extending social protection to the self-employed

A big difference between self-employed workers and employees is the difference in access to social protection. In most Member States, the self-employed have less entitlement to benefits such as unemployment benefit, paid sick leave, paid maternity leave and old-age pensions. Denmark, Finland and Sweden are exceptions, providing the self-employed with the same social protection as employees, for the

most part, since most the schemes are universal, although some elements vary in depth of coverage or the amount of benefits received. Other Member States have a separate social protection system for the self-employed; these systems tend not to be as generous or wide-ranging as those for employees. Social protection in another group of Member States has some universal elements, such as healthcare, while other elements are closed to the self-employed or voluntary. Ireland and the UK operate the most parsimonious systems, where social security rights for the self-employed are very limited, mostly complemented by means-tested benefits. Workers who wish to have more generous protection must take out their own private insurance.

There is broad consensus on the need to provide a better social security safety net for self-employed workers, and all EU countries are discussing the revision of social protection rights for the self-employed. Sticking points include how to calculate the contribution based on self-declared income and what social insurance should cover. The argument in favour of schemes covering all workers has been lent more weight by the European Pillar of Social Rights, one principle of which states the right of the self-employed to social protection under comparable conditions to employed workers. The European Commission is currently exploring a possible EU initiative on access to social protection for people in all forms of employment within the framework of the Pillar. As the world of work is transformed by digitisation and as the employee–self-employed divide becomes increasingly porous, the basis for differential treatment of different groups of workers is increasingly untenable.



## Tripartite conference on OSH: Safeguarding vulnerable groups

On 26–27 April, the Maltese Presidency of the Council of the European Union held a conference on the protection of vulnerable workers, with the aim of promoting and raising awareness of risk prevention to enable sustainable employment conditions.

Eurofound research manager Greet Vermeulen addressed the topic of the protection of self-employed workers, highlighting in her presentation the need first to recognise the diversity of self-employed in order to target poor working conditions and precariousness among different types of self-employed. She also underlined the need for improved social protection and action to prevent employers from fraudulently contracting dependent workers as self-employed.

## Bogus self-employment

In theory, the distinction between employee and self-employed is clear-cut: an employee has a labour contract with their employer, while a self-employed person has a commercial relationship with a client. Ambiguous situations arise, however. They usually occur where individuals who are ‘contracted’ to perform work and deliver a product or service in a self-employed capacity find themselves in a subordinate and dependent employment relationship, the same de facto position as an employee. When this occurs with the intention to circumvent regulations, it is ‘bogus’ self-employment. Economic reasons are the main drivers. In the Czech Republic, for instance, employers use bogus self-employment to save labour costs and to have more flexibility in managing their workforce – enabling them to end contracts at no cost. Some employees accept this status because they pay less tax and increase their short-term income. However, bogus self-employment, whether voluntary or not, deprives workers of the various rights associated with employee status such as severance pay in the case of dismissal, access to unemployment benefits, and health and safety protection.

The Member States have taken different approaches to dealing with fraudulent self-employment contracts, as the following three examples illustrate.

**Czech Republic:** The Czech Republic’s Labour Code defines the criteria that qualify a relationship as employment and provides that employment-related working activities can only be performed in the framework of a labour law relationship. It thereby provides a guide for determining what should be regarded as a labour law relationship and what should not, and consequently what could be characterised as bogus self-employment.

**UK:** In the UK, no statutory definition of employment or self-employment exists, but a legal distinction is made between a contract of service (direct employment) and a contract for services (self-employment); each of these comes with a different set of rights and obligations, for both employers and workers. Nevertheless, the main characteristic of the situation in the UK is the absence of certainty regarding the status, as the qualification of a relationship for contracting work can only be fully established by a court decision.

**Spain:** In Spain, a statutory distinction exists between direct employment and self-employment. The two statuses are regulated by distinct rules: the Workers’ Legal Statute (1980) and the Self-employed Workers’ Statute (2007). These demarcate their own scope of action, establishing different sets of rights and using dependence and subordination as the most relevant criteria to distinguish between the two. The Self-employed Workers’ Statute also introduced and legally recognised the status of the ‘economically dependent self-employed worker’ (*trabajador autónomo económicamente dependiente*, TRADE). The most important criterion to establish that a worker falls into this category is when their income from a single client accounts for at least 75% of their total income.

Despite setting legal distinctions between employment and self-employment, each country faces challenges in applying the law to effectively stamp out bogus self-employment. The regulations lack clarity, in the UK especially, but also in the other two countries, which gives rise to legal uncertainty. Hence, implementation is difficult, and enforcement bodies and labour inspectorates have trouble in effectively enforcing the legislation. In all three countries, nearly all stakeholders have called for significant improvements in monitoring and legal powers.

### Read more

Labour market change: Exploring self-employment in the European Union

[eurofound.link/ef1718](https://eurofound.link/ef1718)

Labour market change: Occupational change and wage inequality – European Jobs Monitor 2017

[eurofound.link/ef1710](https://eurofound.link/ef1710)

Working conditions: Fraudulent contracting of work: Bogus self-employment (Czech Republic, Spain and UK)

[eurofound.link/ef17171](https://eurofound.link/ef17171)

# Expanding the European workforce

Around 90 million people of working age in the EU are outside the labour market – just over a quarter of the total working-age population. They are not officially classified as unemployed because, while they are not in paid work, they are either not seeking work or not available for work, or both. It is typically assumed that most of these people are inactive out of choice, as many are students, retirees and homemakers dedicated to domestic activities.

Two subgroups within the inactive population are classified by Eurostat as having some labour market attachment (in other words, some desire to work): those who are seeking work but not immediately available for work and those who are available and want to work but are not seeking it. Combined, they come to about one-fifth of the inactive population. They do not figure in the unemployment statistics, however, and when unemployment was hitting new heights in Europe, they remained below the radar of policymakers. But this is changing as leaders and governments come to recognise the imperative for all citizens to make better use of their productive potential.

## Discouraged workers

The first of these two groups – those who are available for work but not seeking it – is the largest, comprising close to nine million people. The main reason for inactivity – given by around one-third – is that they believe no work is available, hence they are often designated ‘discouraged workers’. The traditional view of discouraged workers is that they are a source of

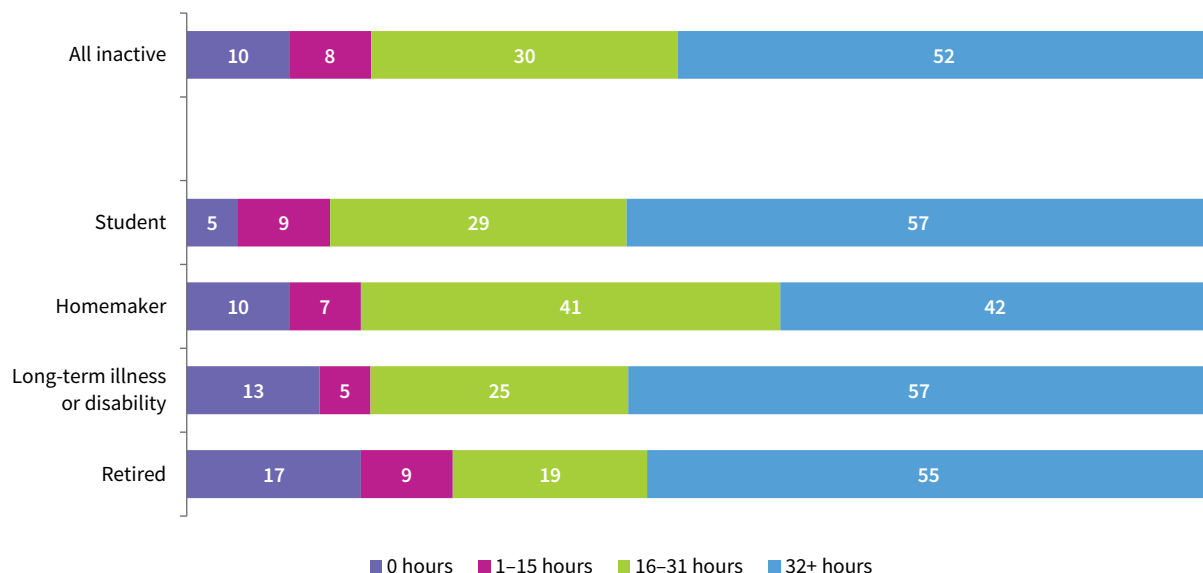
reserve labour easily mobilised as economic conditions improve. However, analysis by Eurofound concluded quite the opposite, finding that their labour market attachment is weak: 41% have not worked in the previous four years and a further 28% have never worked. They tend to have lower educational attainment and also have an older age profile – nearly two-thirds are over 40, which implies that they may be deterred by real or perceived age discrimination or obsolete skills. The research concluded that discouraged workers resemble the long-term unemployed and tend to be less, not more, attached to the labour market than other inactive categories.

## Willingness to work

However, whether one is interested in working depends on the question asked. ‘Willingness to work’ turns out to be semantically flexible when probed, and a jumble of attitudes may underlie it. Even inactive people who express no interest in working in response to specific survey questions may be disposed to work under the right circumstances – if shown a viable path into work or how work arrangements or work spaces might be adjusted to their needs, for instance.

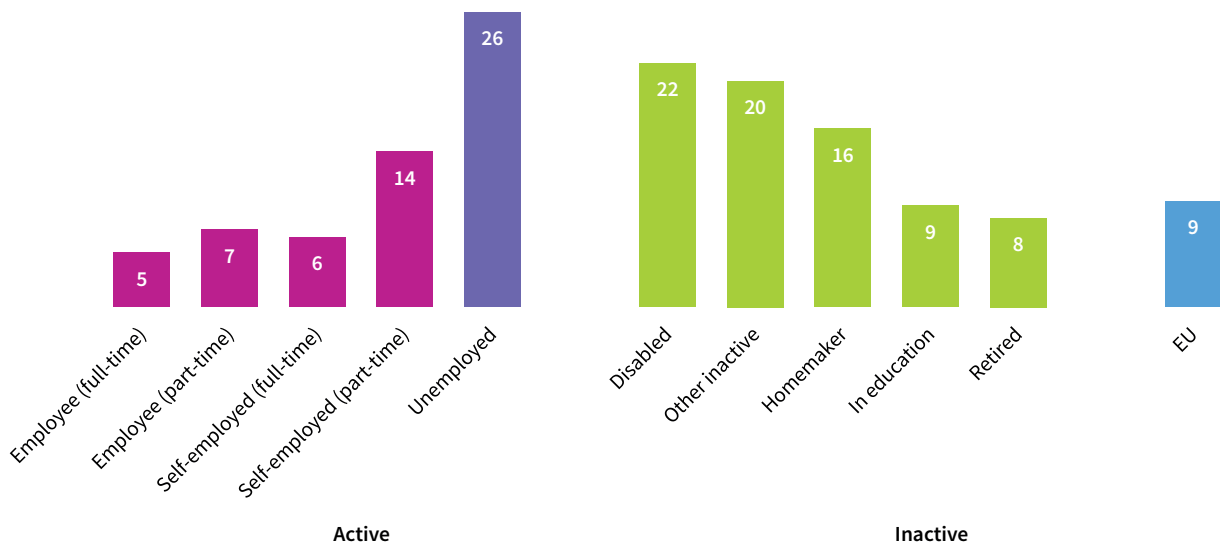
The European Quality of Life Survey (EQLS) does not ask whether the person wants to work but instead asks all respondents how many hours would they like to work if they were free to choose and adds ‘taking into account the need to earn your living’, thereby including the financial incentive to work. In response, 90% indicated in 2016 that they would like to work at least some hours, and over half would like to work full time (Figure 9).

Figure 9: Number of hours different demographic groups would like to work (%), EU, 2016



Source: European Quality of Life Survey, 2016

Figure 10: Rates of severe material deprivation among active and inactive subgroups (%), EU, 2014



Source: European Union Statistics on Income and Living Standards, 2014

This is self-reported data that needs to be interpreted carefully – for instance, what a student means in saying they would like to work over 32 hours per week, effectively full time – but it does show that there is a willingness to work among large sections of the population that have been traditionally ignored in employment policymaking, and that it is feasible to get some back into the labour force.

However, they do face many barriers. One of the big barriers is care responsibilities – 34% care for children, while 13% care for a relative – which keeps homemakers, in particular, from seeking work. Many also lack the skills that employers are looking for; they have little work experience, poor educational attainment or obsolete skills. Physical and mental health problems also discourage job-seeking, as do attitudes – many inactive people feel socially excluded and that no place exists for them in the labour market.

## Does inactivity matter?

Why does this matter? Why should we be concerned to reintegrate inactive people if they themselves are unmotivated to take the steps to find work? For one, relatively large numbers live with the distress of poverty, and paid work would raise the living standards of many. For instance, as Figure 10 shows, rates of severe material deprivation among inactive people, while not as high as among the unemployed, are much higher than among full-time employed and the EU average; rates are highest among inactive disabled people and homemakers.

A second reason, as explored in the section on quality of life in Chapter 4, is that a person's well-being is closely associated with their employment situation: people in work or education have the highest levels of well-being. This fact reinforces the point: retirees as a whole have

lower life satisfaction (scoring 6.9 out of 10) than the EU average (7.1), but well-being exceeds the EU average for those retirees who continue to work (they score 7.2).

There is also the issue of social exclusion, which corrodes society when it is persistent in social groups. People who believe themselves to be outside society are more susceptible to political and social philosophies that resort to blaming marginal groups such as migrants or ethnic minorities for their situation. The adherence to such philosophies at a time when migrant numbers have risen undermines social cohesion. In this context, the rising appeal of populism in labour market blackspots across Europe is a warning signal to policymakers.

And there is a compelling economic reason: it threatens the future prosperity of all. In the words of the European Commission's 2017 *Employment and social developments in Europe* report, 'the EU can no longer afford so many inactive people.' It goes on to note that the impact of the declining working-age population on future growth depends on the success of Member States in bringing inactive people into the labour market. Otherwise employment could stop growing very soon, after 2020, it predicts, meaning that the EU would be dependent on productivity growth for any future growth in GDP (assuming fertility and immigration rates remain constant), and the picture for productivity growth is not promising.

### Read more

Labour market change: Estimating labour market slack in the European Union

[eurofound.link/ef1711](https://eurofound.link/ef1711)

Quality of life: Reactivate – Employment opportunities for economically inactive people

[eurofound.link/ef1728](https://eurofound.link/ef1728)

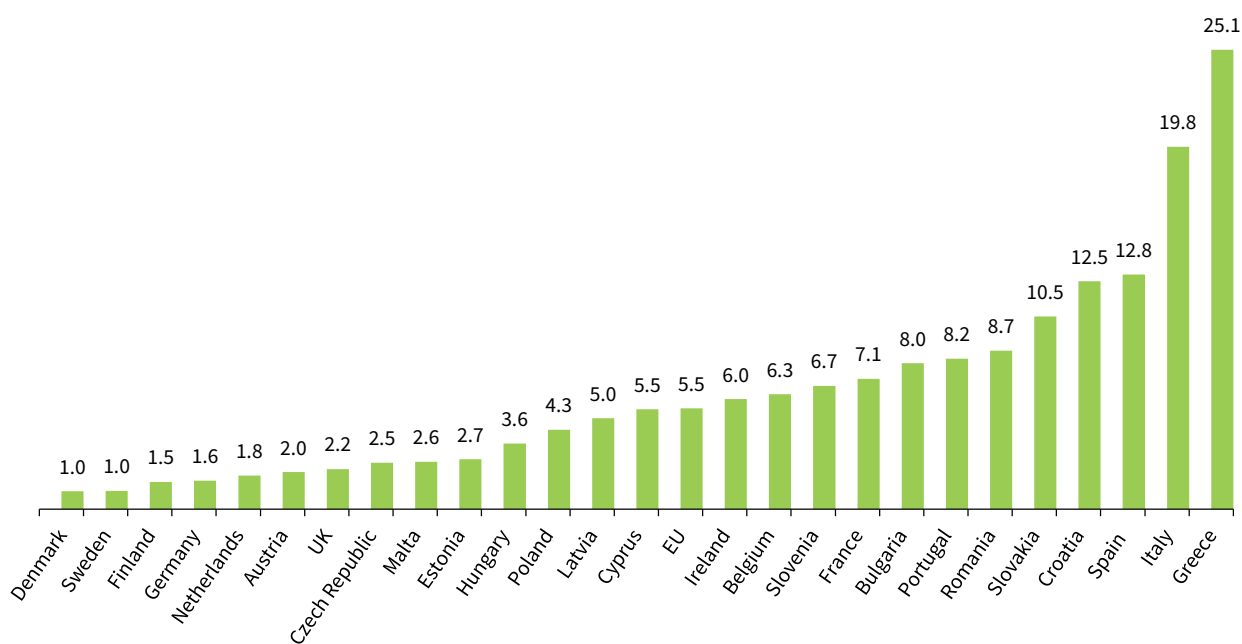
# Long-term youth unemployment: Immediate and lasting damage

While the statistics on youth unemployment are looking much better, the crisis has left a legacy of 1.3 million young people in long-term unemployment. This corresponds to 5.5% of people aged 15–24 years in the EU labour force who have been out of work for more than a year (the definition of long-term unemployment), which is higher than for the rest of the labour force (3.9%). In addition, almost half of the long-term young unemployed have been unemployed for more than two years. Getting these young people into work is an urgent

political issue, given the harm that protracted unemployment does to their well-being and prospects.

The difference in prevalence across Member States is striking. Close to 25% of young workers in Greece are long-term unemployed, as are 20% in Italy and 13% in Croatia and Spain, while long-term unemployment barely occurs among the young in Denmark and Sweden (Figure 11).

Figure 11: Percentage of young people in long-term unemployment, Member States, 2016



Note: 15–24 years age group

Source: European Union Labour Force Survey, 2017

## Poor education a decisive factor

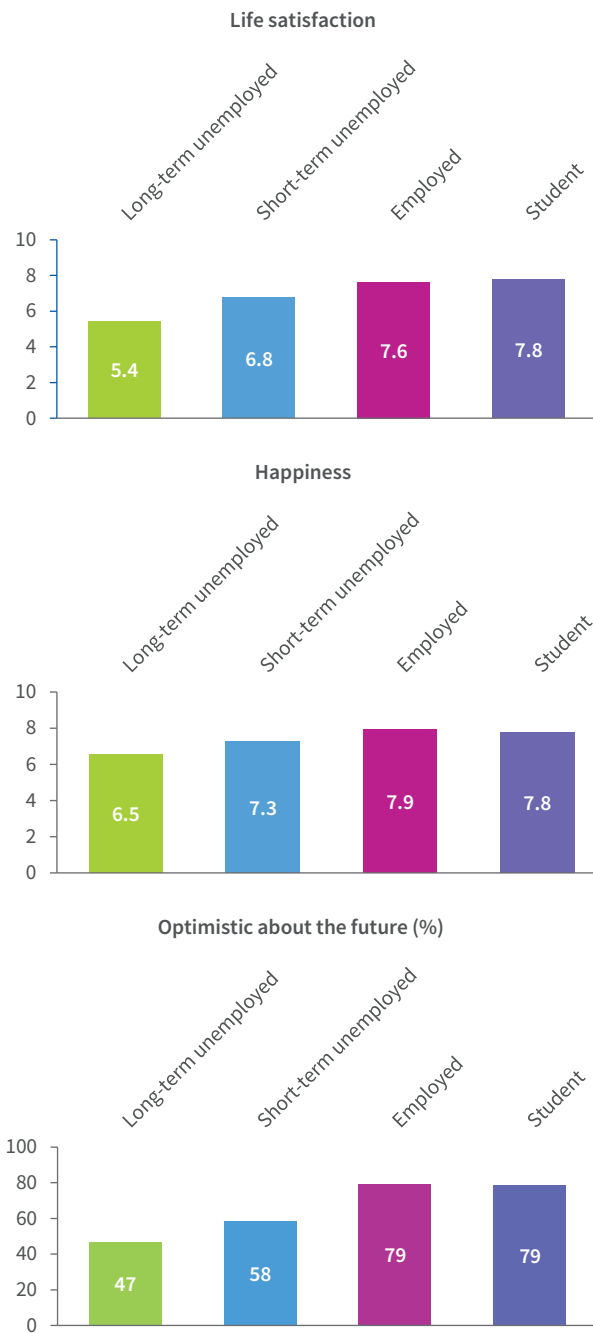
According to Eurofound’s analysis of EU-LFS data, two key factors increase the likelihood of a young person being jobless for a protracted period.

- The first is poor educational attainment, although a good education is less likely to protect young people in Mediterranean countries from becoming long-term unemployed.
- Lack of work experience is also a strong influential factor.

## Damage to well-being

Some findings from the 2016 EQLS illustrate the damaging effect of long-term unemployment on the well-being of the young. These data, in this case for 18–29-year-olds, show that those who are long-term unemployed rate their life satisfaction lower than young people who are employed, in education or short-term unemployed (Figure 12). They are also significantly less happy than other young people and less optimistic about the future. And their scores on all three measures have fallen since 2011.

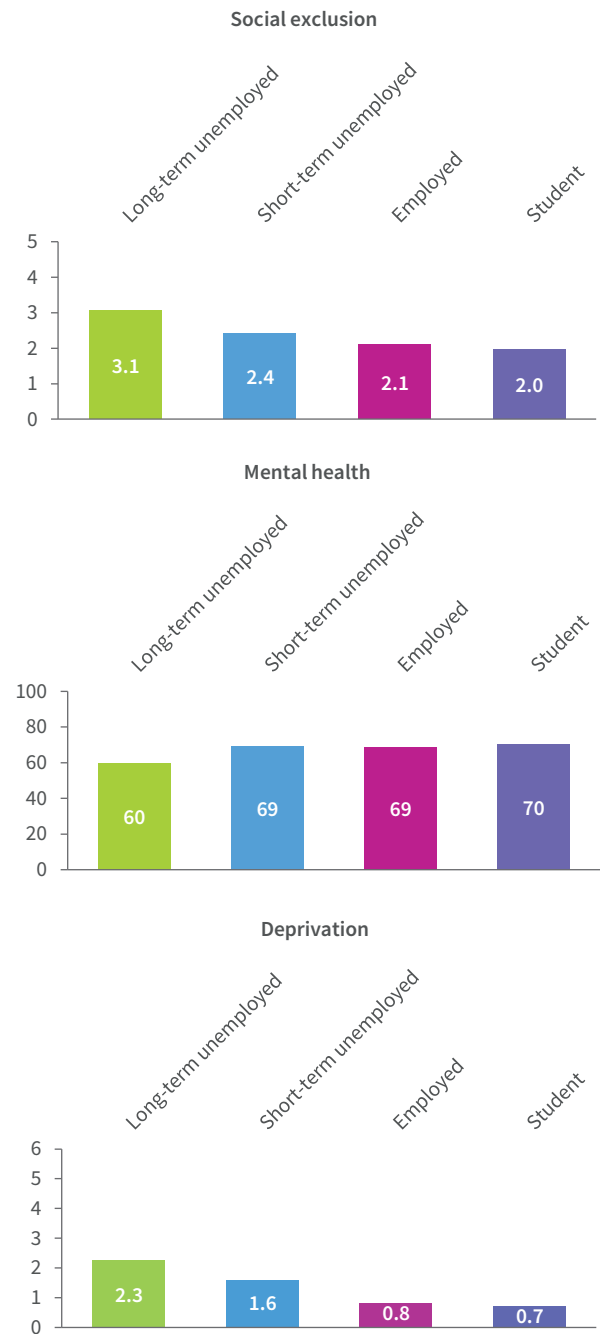
**Figure 12: Long-term unemployed youth: scores on measures of well-being, EU, 2016**



**Note:** 18–29 years age group  
**Source:** European Quality of Life Survey, 2016

Feelings of social exclusion in this age group are also highest among the long-term unemployed (Figure 13). And they have the lowest scores on the World Health Organization’s Mental Well-being Index (WHO-5), an index scored from 1 to 100, where the higher the score, the better one’s mental health.

**Figure 13: Long-term unemployed youth: scores on perceived social exclusion, mental health and deprivation, EU, 2016**



**Note:** 18–29 years age group  
**Source:** European Quality of Life Survey, 2016

This category also suffers greater financial hardship than other young people. For instance, the survey asks whether respondents can afford six items: 1. keeping the house adequately warm; 2. paying for an annual holiday away from home; 3. replacing worn-out furniture; 4. a meal with chicken, fish or meat every second day; 5. buying new clothes; and 6. having family or friends round at least once per month. Based on this measure, long-term unemployed young people are the most deprived of the four groups, being unable to afford 2.3 items.

## Damage to future prospects

A big concern with protracted unemployment among the young is its potential to damage their economic security over their lifetimes. Are there long-term scars that limit their employment prospects, the type of work available to them, and their income? Analysing these dimensions of experience, Eurofound found that the impact on a person's ability to find work tends to disappear over time if they return to employment and have no further spells of long-term unemployment. Similarly, they are more likely to be working in an unskilled job, but this effect tends to reduce with age. However, the results did suggest a strong scarring effect with regard to income. A person who has been long-term unemployed in the previous five years will earn 11% less than someone who hasn't had a spell of long-term unemployment, and while the gap lessens if the person stays in work, this pay penalty persists over time.

## Tailored approach needed

The high level of long-term unemployment among the young in several Member States suggests that this is a target group that has been missed by youth employment policy. The Youth Guarantee, the EU's key initiative to tackle youth unemployment, aimed to provide all young people up to the age of 25 with a good-quality offer of a job, further education or work-focused training within four months of becoming unemployed or leaving formal education. Were these young people not reached by Youth Guarantee programmes, or have these programmes been ineffective in securing employment for them?

Previous research by Eurofound found that programmes funded under the Youth Guarantee often focused on young people who were easy to reach and job-ready – who could take up a job with limited need for training or other supports. This strategy, however, fails to engage many long-term unemployed, who have multiple disadvantages that demand broader support than coaching and help with job searching. This group needs holistic, individualised and young-person-centred approaches that include counselling, mentoring, referral to specialised support, tailor-made training and job placements, as well as flexible and sustained support.

This is the type of approach adopted in Finland and Sweden, where policy interventions are well-developed and Youth Guarantee programmes are functioning well. Both countries have very low rates of long-term youth unemployment, despite their short-term youth unemployment rates being above the EU average. The pay-off from investment in comprehensive work-integration measures is also underlined by a finding from Eurofound's research showing that higher spending on active labour market policy measures – training, job-search assistance, special placement programmes and employer subsidies – is associated with lower levels of long-term youth unemployment.

Long-term unemployed young people undeniably present more challenges for labour market integration, and clearly not all programmes achieve their objective. The next section (p. 20) looks at some common factors that contribute to the success of programmes that aim to bring the people most distant from work back into the workforce.



## Visiting Eurofound

On 11 May, Eurofound welcomed Nicolas Niemtchinow (fifth from left), Special Adviser to the ILO on the Future of Work initiative, to the Agency's premises in Dublin. In Ireland to address the Future of Work conference, Mr Niemtchinow visited Eurofound to deliver a presentation on the initiative to research and communication staff. Also pictured are Deputy Director Erika Mezger (third from left) and other senior staff.



## Preventing abuse of traineeships

Lack of work experience, as Eurofound has found, is one of main reasons that young people end up in the long-term unemployment statistics. But employers are reluctant to hire raw graduates who are still some distance from having the necessary work-related skills to fulfil the responsibilities of a full-time job. Traineeships, by combining education and training with some work experience, can provide that essential half-way house between young job-seekers and employers, and have become an important way into the labour market for young people across Europe. The European Commission is actively promoting traineeship programmes as a political response to persistent high youth unemployment rates – within the national Youth Guarantee initiatives, for instance.

It is essential, however, that the distinction between a traineeship and regular work is clear: requiring trainees to carry out regular work without an educational or formative dimension amounts to fraud. A traineeship that is defined as an education programme including work experience is not covered by labour law and collective bargaining provisions in some countries. So if trainees perform regular work, they will do so without enjoying most of the rights associated with employee status in terms of pay, working time and so on.

Nevertheless, an employer may contest accusations of fraud because the border between work-related training and regular work is blurred, as in many cases trainees are supposed to carry out tasks that are related to a proper employment relationship. Legal uncertainty over what qualifies as a traineeship and what does not is an enabling factor in fraudulent practices. In addition, traineeships are not covered by employment regulations in some countries. More action is needed from governments to ensure that traineeships are well-defined and regulated, and include the specification of the learning content, the distribution of learning and working time, and the length and maximum number of traineeships that an organisation can host and an intern take up.

Enforcement authorities are being aided by the recent development of websites in countries such as Austria and Spain where trainees can report companies engaging in apparently exploitative practices. If it does seem that a company is fraudulently using traineeships, they are reported to the authorities.

### Read more

Labour market change: Long-term unemployed youth: Characteristics and policy responses

[eurofound.link/ef1729](https://eurofound.link/ef1729)

Working conditions: Fraudulent contracting of work: Abusing traineeship status (Austria, Finland, Spain and UK)

[eurofound.link/ef17175](https://eurofound.link/ef17175)

# Increasing employment: Supply side

Even with improving economies and more job opportunities, it is a considerable task to bring people who are distant from the labour market – be they NEET, long-term unemployed, generally economically inactive or specifically a discouraged worker – back into work. Assuming that it is simply a matter of extending employment activation programmes to a wider constituency is an ingredient for failure. The needs of these jobless groups go far beyond assistance with job matching and job searches. They are hard to reach, they have many obstacles to overcome, and they need intensive support.

Nevertheless, the Member States are giving more attention to these labour-market bystanders and putting more efforts into introducing or reintroducing them to the world of work, both by mobilising government bodies and agencies and by enlisting non-governmental organisations (NGOs) that provide relevant services. Eurofound, over several research projects, has documented policies and measures to ‘reactivate’ people who have lost touch with the labour market. While rigorous evaluations of policies are scarce, some pivotal factors for success repeatedly emerge from these studies; they include comprehensiveness, individualisation and employer engagement.

## Comprehensiveness

Willingness to work is just a starting point for reactivation. Multiple deterrents deflect non-participants from the job market, so any response has to be multifaceted. Before the practicalities of getting a job can be addressed, people’s self-confidence and motivation need to be built up and sustained so that they develop the psychological resilience to stay the course. Their trust has to be strengthened, as they may have had previous bad experiences with state institutions.

Then the supports have to be put in place to enable them to get and hold down a job. These groups may have low educational attainment, poor or obsolete skills, or limited work experience, so training and job placement programmes are needed to improve their employability. People for whom care responsibilities prevent them from working need support for childcare. People who live far from training centres or workplaces may need support for transport or accommodation costs. People with disabilities need vocational rehabilitation programmes to help equip them for the world of work. It is only when people are job-ready following such interventions that job search and job assistance programmes should kick in to help people

find and secure suitable jobs. But the need for support might not end there. Individuals who are particularly vulnerable often need counselling and coaching once in a job. People with disabilities will often need to have a workplace adapted to their needs and may also need an assistant.

## Individualisation

The summary in the previous paragraph suggests the wide range of support services that those outside the labour market need, and these will vary depending on the individual. This means that tailored advice and guidance are essential for them to identify and navigate the options available. Individualised assessment and personalised plans are fundamental to establishing the best pathways back into work. Feasible and flexible plans help to avert drop-outs from programmes. So, too, does having dedicated mentors or advisers who can provide ongoing support when confidence lags or the demands appear excessive. A programme in Germany that helps disadvantaged young unemployed to secure sustainable jobs, JA Plus, provides in-depth assessment of participants’ strengths, following by counselling and job placement. It emphasises tailored mentoring in its approach, and support can last up to 21 months. Such individualised support entails high costs but the presumption is that the costs of labour market exclusion are likely to be higher in the long run.

## Employer engagement

All this work on the part of the state, its agencies and NGOs is of limited value, however, if the corresponding buy-in of employers is not forthcoming. And employers are often disinclined to hire people with a poor employment history. Decentralised programmes that engage employers locally tend to have better prospects of success. Ideally, employers are involved early, at the design stage, so that programmes take account of their needs alongside those of the job-seekers. Incentives, such as hiring subsidies and payroll tax reductions (discussed at length in the next section), help with the financial cost of a new employee, but a sustainable job that remains when the incentives ends must be the end-goal. It is wise, therefore, to attach conditions to such financial incentives to prevent abuse – for instance, requiring the employer to retain the employee for a certain length of time.

The difficulties with job placements must be recognised, as illustrated by an evaluation of a programme established by the Municipality of Amsterdam (the *Perspectiefbanen* programme), whose

aim was to place long-term inactive people with employers. This evaluation noted that the municipality found it hard to identify applicants with a realistic chance of success, and it managed to place just 14 of 115 original candidates. The employers involved reported problems such as lack of motivation, negative attitude towards work and not showing up for work. For employers, factors such as motivation, suitability and ability to learn are ultimately more important than incentives.

Doubts persist around the effectiveness of initiatives to reactivate people outside the labour market, and the absence of comprehensive evaluations does nothing to attenuate such doubts. But a remark by the UK charity

Disability Rights stating that the Access to Work programme is ‘the only government disability employment programme that is proven to be effective’ may be taken to provide anecdotal evidence that such programmes can be successful. The charity goes on to criticise the programme for serving just 35,000 people annually in a population of 3.3 million disabled, which if nothing else illustrates the extent to which successful programmes may have to be scaled up to achieve adequate levels of reactivation.

### Read more

Quality of life: Reactivate – Employment opportunities for economically inactive people

[eurofound.link/ef1728](https://eurofound.link/ef1728)

Labour market change: Long-term unemployed youth: Characteristics and policy responses

[eurofound.link/ef1729](https://eurofound.link/ef1729)

## 25th European Social Services Conference: ‘Transforming lives through innovation and technology’



The 25th European Social Services Conference, held on 26–28 June in Valletta and organised by the European Social Network in cooperation with the Maltese Presidency of the Council, addressed the theme ‘Transforming lives through innovation and technology’. Eurofound ran a workshop entitled ‘Work and employment in the digital age – the inclusion of those furthest from the labour market’, which singled out for discussion some innovative initiatives to reintegrate inactive groups into the labour market. The challenges associated with their implementation as well as their outcomes were examined, alongside the perspectives of the service providers and the end-users. Eurofound’s report *Reactivate: Employment opportunities for economically inactive people* provides a detailed analysis of this topic.

# Increasing employment: Demand side

One approach to increasing employment is to equip those who are not in work with the necessary capabilities and social supports to secure a job. The concomitant is that sufficient jobs must be available to absorb these job-seekers; at present, the supply of labour outstrips demand. However, reducing taxes on labour for employers or offering them employment incentives might induce employers to hire more workers.

Labour taxes make up a substantial part of labour costs in all developed countries. The size of labour taxation is typically measured by the 'tax wedge', which is the sum of the taxes and social security contributions paid by both the employer and employee. The tax wedge varies widely among EU countries, from around 50% of the total labour cost of an employee earning the average wage in Austria, Belgium, France, Germany, Hungary and Italy to around 30% or less in Ireland, Malta and the UK.

Since the start of the crisis, European policymakers have urged Member States to reduce non-wage labour costs as a means of boosting employment. Given that such reforms have had to be budget neutral at a time of severe public spending restrictions, the Commission has argued in favour of shifting taxes away from labour to other sources such as property, consumption and resource use. The country-specific recommendations that accompany the European Semester have echoed this argument.

The crucial question is whether reducing the tax wedge has an effect on employment, one that Eurofound set about answering. Researchers analysed 68 studies evaluating policy interventions in 19 European countries that reduced social security contributions or other payroll taxes (or offered hiring subsidies, because these have a functionally equivalent impact). While the results showed that measures have some success, the full picture is complex and provides few easy answers for policymakers.

- Most evaluations (59%) found that reduced labour taxes had a significant positive impact on employment, and in most cases, the effect was strong. Policies that target a specific group are more effective than general or untargeted policies.
- The target groups that are most likely to benefit are the long-term unemployed and those on fixed-term contracts (moving them into permanent employment); female, disabled and low-skilled workers possibly benefit, too, although the evidence is less robust for these groups. Measures targeted at young and older workers do not appear to be effective; neither are measures targeting specific groups of companies.

- Policies based on reducing employer social security contributions were more likely to have strong positive employment impacts than hiring subsidies; similarly, policies that were embedded in a comprehensive package of reform measures were more likely to be successful than standalone measures.
- The positive employment impact seems to last only in the short term and to dissipate over longer time frames.
- Faster GDP growth enhances the probability that measures stimulate employment. This unfortunately implies that successful policy interventions are less likely when they are most needed, in periods of recession and stagnation. It also implies that they may be more effective at times such as the present – with modestly improving output and employment growth.

Such measures may have unintended consequences, however. Deadweight losses (the creation of jobs that would have been created anyway without the incentive), in particular, could be considerable, which means that public funds are wasted. Opportunistic employers might substitute current employees with programme beneficiaries. Policies can be designed to limit such effects, however. Restricting measures to a specific category of beneficiaries is likely to reduce deadweight losses, while substitution can be addressed by tying subsidy payments to maintenance of employment levels. In most cases, employers' obligations persist for a specified period after the benefit has expired and can involve repayment where the employment commitments are not maintained.

There is also the possibility that shifting the tax burden to consumption, for instance, may indirectly affect employment, which will tend to offset some positive gains resulting from employer tax reductions. Such countervailing impacts are not easy to estimate and very few calculations have been made. The question of whether the employment impact justifies the expenditure has yet to be answered.

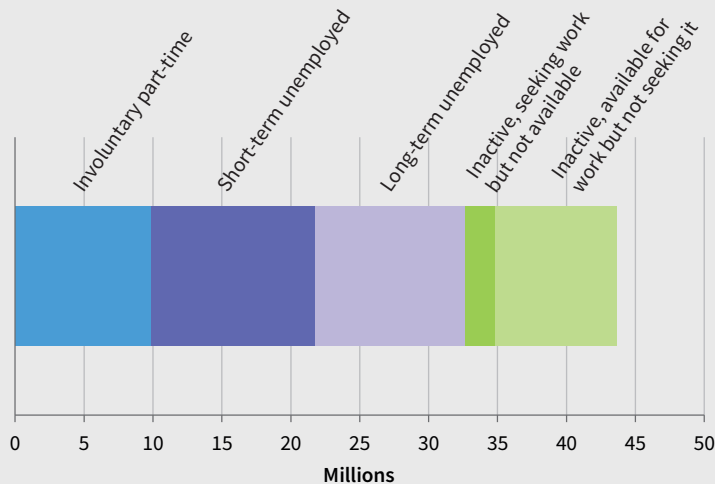
## Read more

Labour market change: Employment effects of reduced non-wage labour costs

 [eurofound.link/ef1648](https://eurofound.link/ef1648)

## Labour market change: Policy message

Employment growth beat expectations in 2017, with more people than ever before employed and active in the labour market. It is important, nevertheless, to look beyond the headline indicators to see what is happening in labour markets and why. Taking account of the numbers of unemployed, involuntary part-timers and inactive who are willing to work – somewhat over 40 million people in all – the supply of labour currently well outstrips demand.



This may change in the medium term, however, if the recovery that began in 2013 is to be sustained as the demographic shift to an older population puts a squeeze on labour supply. This will likely increase the opportunities for the underemployed to work the number of hours they wish to work, and in many cases, have to work. The need to reintegrate the inactive who are willing to work into the labour market will be inescapable. This population can represent particular challenges to active labour market policy, but Europe cannot sustain the current size of the working-age population outside the labour force. Eurofound studies have emphasised the need for governments to invest in specialised and individualised programmes to reorientate inactive people towards work.

The long-term unemployed, the majority of whom have been jobless for more than two years, and discouraged workers (the inactive who believe no work is available for them) are a particular concern. Despite the increasing demand for labour, they are at risk of becoming permanently excluded from the labour market. New thinking is needed on how to reintegrate these groups into employment.



2

# Industrial relations and workplace change

# Social partners at EU level: The European Semester

Many long-established processes within national industrial relations systems broke down with the recession, weakening social dialogue in several Member States. In the aftermath, the European Commission called for social dialogue to be strengthened at EU and national levels, emphasising the role of the social partners in social and employment policymaking.

Since the European Commission launched a ‘New start for social dialogue’ in 2015, it has stressed the necessity for the European and national social partners to be involved in the European Semester as part of the effort to reinforce the social dimension in EU economic governance. From the start, however, the depth of participation of the social partners has varied enormously depending on country. Nowhere is this more the case than in the development of the National Reform Programmes (NRPs) by Member States, which set out national strategies to implement employment and economic policies in line with Commission guidelines.

Social partner organisations in most of the EU Member States are formally involved in the development of the NRPs, but the intensity and effectiveness of that involvement varies a great deal. In some countries with well-established social dialogue institutions and practices, their contribution to the NRP is an integral part of the overarching industrial relations framework and runs smoothly, embedded into day-to-day exchanges. But from the outset, social partners in other countries have complained about the lack of sufficient involvement, stressing the inadequacy and inappropriateness of the procedures in place. They argue that consultation is purely formal, that very limited time is allotted for exchanges, and that they are unable to influence the final version of the NRP.

Reporting on the European Semester 2017 cycle, Eurofound finds that there were no major changes in the institutional structures and practices involved in developing the NRPs compared to previous years. Social partners in France, Ireland, Luxembourg, Portugal and

Slovenia reported some improvements in the coordination of the process. No substantial change took place in Hungary and Romania, where the social partners criticised the failure of government to sufficiently involve them. According to their feedback, they are only informed of the process of NRP development, but they are not invited to make a meaningful contribution.

More time was allotted for consultation in the Czech Republic, Spain, France, Italy, Poland, Slovenia and Slovakia. Nevertheless, the lack of sufficient time for consultation is still an issue, and it has been acknowledged by all parties, both social partners and national authorities in a large number of Member States: Hungary, Ireland, Latvia, Lithuania, Denmark, Estonia, Croatia, Poland, Portugal, Romania and Slovenia.

Social partners’ views were reported to be taken into account in the final version of the NRP in just seven Member States (Bulgaria, Czech Republic, France, Italy, Latvia, Malta and Spain), although national authorities are keener to acknowledge in some way the contributions made. Social partners’ views were annexed to the NRP in Austria, Belgium, France, the Netherlands, Poland, Spain and Sweden.

Consistent with reports from previous years, it is widely acknowledged by both social partners and even the national authorities in most of the Member States that the participation of the social partners and their contributions have a limited influence in the development of the NRP. Malta is the only Member State where all stakeholders agree that the social partners have a significant influence, whereas in Hungary, all parties agree that the social partners have no influence at all.

## Read more

Industrial relations: Involvement of the national social partners in the European Semester 2017: Social dialogue practices

 [eurofound.link/ef18028](https://eurofound.link/ef18028)



# Social dialogue in the Member States

A review by Eurofound of social dialogue at national level in 2016 demonstrates its continuing role in advancing social progress, addressing issues of importance for society at large as well as the people directly involved (Figure 14).

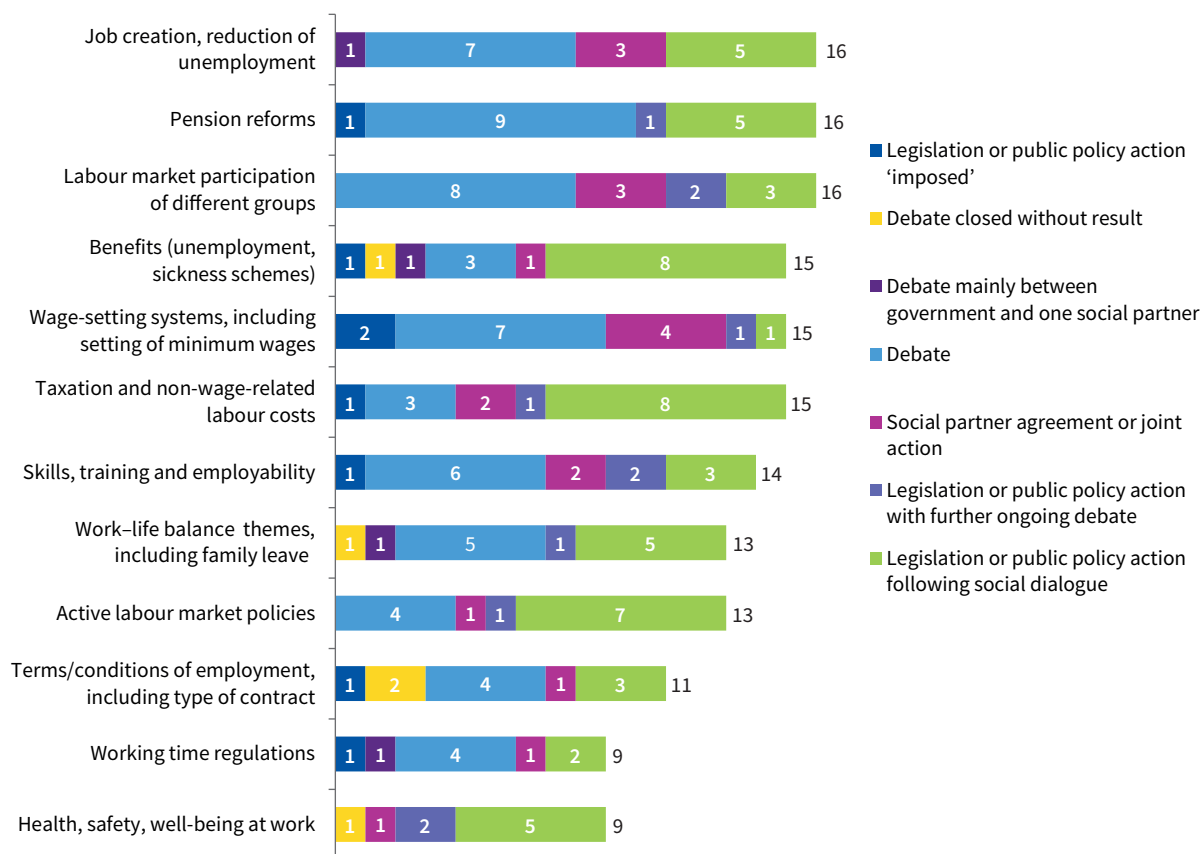
The topics addressed most frequently in national social dialogue included the labour market integration of groups whose participation is a challenge – such as refugees and migrants as well as young workers – along with issues around job creation and pension reforms. Social dialogue also contributed frequently to changes in wage-setting and in the regulation of taxation and non-wage related labour. In a smaller number of countries, it addressed health and well-being at work, working time regulation, and the terms and conditions of employment. Tangible outcomes – in terms of legislation or public policy action – came most often in relation to changes in taxation and non-wage related labour costs, benefits, active labour market policies and

health and well-being at work. This reflects the importance of legislation – as opposed to social partner action alone – in regulating these fields.

Ongoing trilateral debates – between employers, unions and governments – were most prominent in the field of pension reforms, the labour market participation of different groups, working time regulations, and skills training and employability. These debates were ‘works in progress’, where the dialogue had often not yet resulted in concrete measures.

Joint social partner actions or bipartite or tripartite agreements were fairly evenly spread across all of the topical areas in Figure 14: there was an agreement or action in at least one country for each topical area, apart from pension reforms and work–life-balance-related themes. It comes as no surprise that wage-setting, being a core domain of the social partners, was the thematic area in which most agreements or actions were recorded.

**Figure 14: Number of Member States in which a specific topic was addressed in national-level social dialogue in 2016**



Source: EurWORK, Network of Eurofound Correspondents, 2016

**Table 2: Classification of countries by breadth and depth of national social dialogue, 2016**

		Depth		
		Low	Medium	High
Breadth	Low	Germany, Croatia, Ireland, Malta	Bulgaria, Czech Republic, Latvia, Luxembourg, UK	
	Medium	Spain, Hungary, Poland	Cyprus, Romania, Netherlands, Norway, Lithuania	Slovakia, Italy
	High	Slovenia	France, Denmark, Belgium, Greece, Portugal, Estonia, Sweden	Austria, Finland

Source: EurWORK, Network of Eurofound Correspondents, 2016

Eurofound’s review also shows that there are serious challenges to effective and meaningful social dialogue. As Table 2 outlines, in many countries both the breadth (the number of thematic areas to which social dialogue contributed) and depth (impact in terms of concrete outcomes) of social dialogue is limited or somewhat superficial. In only Austria and Finland did social dialogue contribute both to a high number of thematic areas and result in a relatively high number of concrete policy outcomes.

Social dialogue failed or was overruled by government action in a number of countries, including Belgium, Bulgaria, Croatia, Luxembourg, Poland, Romania, Slovenia and Spain – countries with very different industrial relations systems. Such developments underline the importance of efforts to enhance the capacity of the social partners to engage in meaningful social dialogue, and the relevance of their full involvement in such policymaking processes as the European Semester.

**Read more**  
 Industrial relations: Developments in working life in Europe: EurWORK annual review 2016  
[eurofound.link/ef1727](https://eurofound.link/ef1727)

## Visiting Eurofound

A delegation from the Committee for International Social Affairs of Gesamtmetall (the Federation of German Employers’ Associations in the Metal and Electrical Engineering Industries) and CEEMET (the Council of European Employers of the Metal, Engineering and Technology-based Industries) visited Eurofound on 8 and 9 June. Over the course of the visit, Eurofound researchers presented and discussed the findings of the Agency’s research activities in a broad range of areas, including new forms of employment, innovative human resources practices, and industrial relations.



# Comparing industrial relations systems across Europe

The EU encompasses a diversity of industrial relations systems, these having been shaped by different traditions, institutions and practices. These systems are evolving in response to political and economic developments; many were diminished during the crisis as governments chose to act unilaterally. Against this

backdrop, Eurofound has created a tool to systematically monitor and analyse how Europe's industrial relations systems have adapted to post-crisis times. The tool comprises a dashboard of 45 indicators derived from the four key dimensions of industrial relations previously identified by Eurofound (see Box 1).

## Box 1: Four key dimensions of industrial relations

The four key dimensions of industrial relations are listed below, along with some examples of the indicators within each dimension.

### Industrial democracy

- time resources for employee representatives
- trade union density
- employee representation at the workplace
- direct employee influence in decision-making at the workplace

### Industrial competitiveness

- employment rate
- incidence of corruption
- percentage of individuals with a high level of education
- percentage of R&D personnel

### Social justice

- at risk of poverty or social exclusion rate
- early leavers from education and training
- long-term unemployment rate
- Gini coefficient

### Quality of work and employment

- unemployment protection coverage
- subjective workplace well-being
- unsocial working time
- lifelong learning

This dashboard of indicators was applied to the EU Member States on the basis of the classification of industrial relations systems devised by Jelle Visser in 2009 (see Box 2). While the systems have changed in the meantime as a result of developments during the crisis, and the homogeneity of these clusters has been

challenged, the classification provides a framework for analysis that remains relevant. The results illustrate, despite some limitations, how the different national industrial systems have evolved, showing divergent trends across countries and, to some extent, within the different industrial relations clusters.

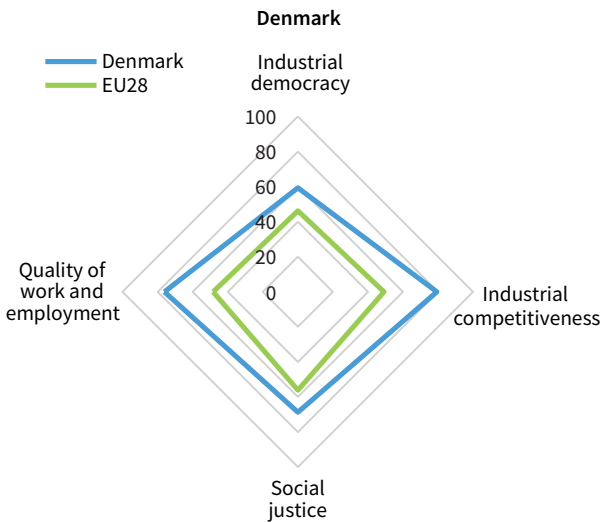
## Box 2: Classification of industrial relations systems

- **Nordic cluster** (Denmark, Finland and Sweden): organised corporatism
- **Centre-west cluster** (Austria, Belgium, Germany, Luxembourg, the Netherlands and Slovenia): social partnership
- **South cluster** (Greece, France, Italy, Portugal and Spain): state-centred
- **West cluster** (Cyprus, Ireland, Malta and the UK): liberal pluralism
- **Centre-east cluster** (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia): transition economies ('mixed model')

A summary of the results follow – for illustration, it includes a radar chart based on the aggregated results on each dimension for just one country in each cluster.

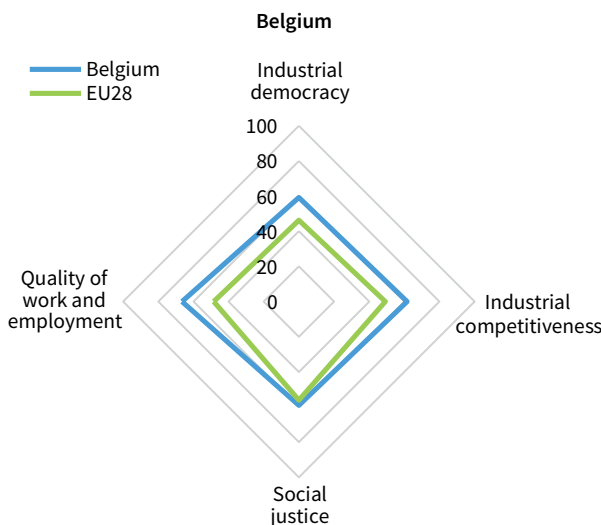
### Nordic cluster

The Nordic countries record higher values than the EU averages in all the dimensions. They also show a high degree of consistency across values in each of the four dimensions. This is even more pronounced in terms of industrial competitiveness and quality of work and employment.



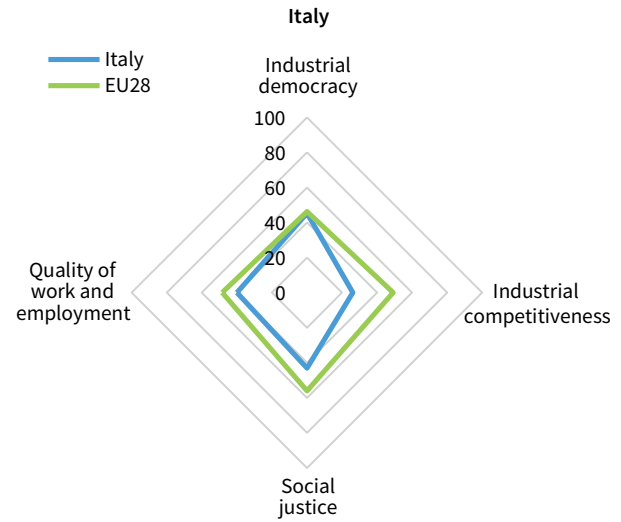
### Centre-west cluster

The Centre-west countries are more heterogeneous. A consolidated social partnership in these countries leads to relatively high scores on industrial democracy, above the EU averages. Performance in industrial competitiveness is also higher than the EU average in most countries, and they achieve better outcomes in terms of social justice and quality of work and employment.



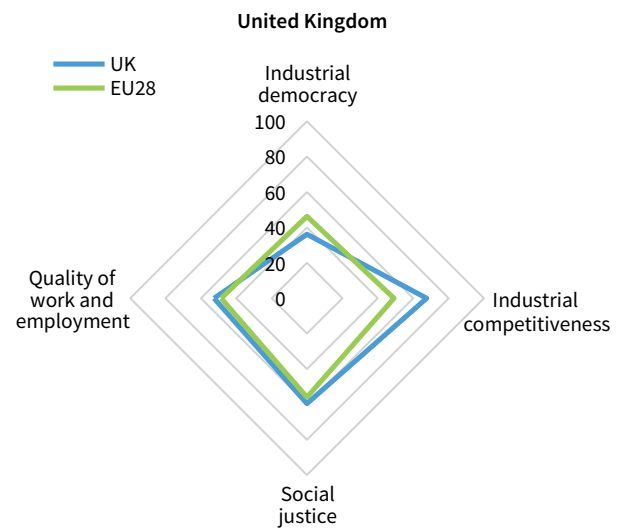
### South cluster

In the South cluster, performance across the four dimensions tends to be worse than the EU averages, with differences more pronounced in the industrial competitiveness and quality of work and employment dimensions. Italy, for instance, is much less competitive than the EU average and it grows at a much slower pace.



### West cluster

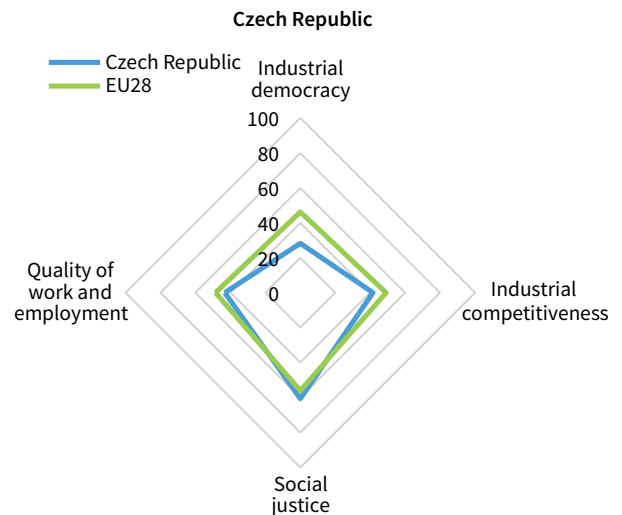
Countries within the West cluster record values close to the EU average in terms of industrial democracy, below the EU average regarding industrial competitiveness, and above the EU average in relation to quality of work and employment and social justice. In the UK, performance on industrial democracy is below the EU average. Values are also lower than the EU averages on several of the quality of work and employment indicators, while a mixed picture of social justice appears.



## Centre-east cluster

In the Centre-east countries, most of the indicators for the four dimensions record values below the EU averages, although some differences occur across these countries. For instance, Croatia and Romania show values close to or above the EU averages for several indicators on industrial democracy. The Czech Republic's performance on several social justice indicators is significantly better than the EU averages, but it performs below the averages on several indicators for industrial competitiveness.

The dashboard should prove to be a valuable tool for comparative research, summarising the complex reality of economic and social relations across the EU. The results can be used to present a snapshot of national similarities and differences, or to explore them more deeply.



### Read more

Industrial relations: Mapping varieties of industrial relations – Eurofound's analytical framework applied

[eurofound.link/ef1755](https://eurofound.link/ef1755)



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# Nurturing innovation at work

Somewhat over half (57%) of companies in the EU encourage their employees to participate in company endeavours outside the immediate responsibilities of their job. Companies do this in various ways, ranging from sharing information and consulting with employees – through staff meetings, staff surveys and suggestion boxes, for instance – to involving them in strategic and planning operations.

As one might expect, such practices increase job satisfaction, leading to increased staff retention, less absenteeism and better motivation – in short, improved well-being in the workplace. Eurofound research based on its European Company Survey (ECS) has found better workplace well-being in companies that promote employee participation than in companies that are less committed to this.

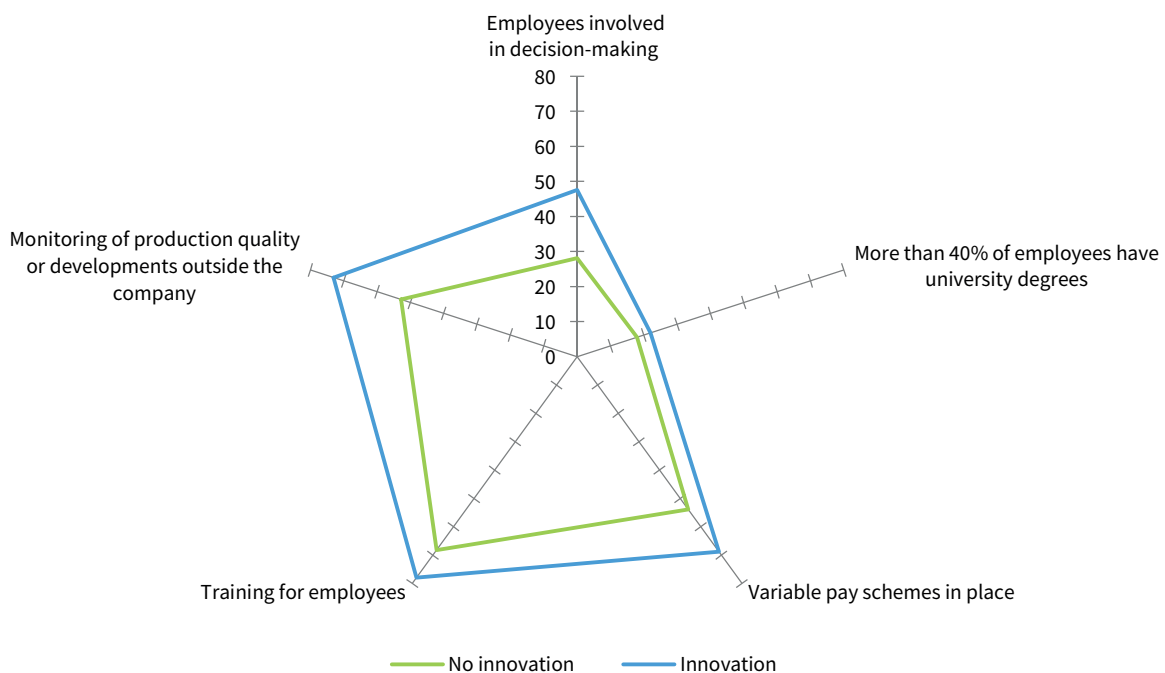
What is less obvious is that such employee participation might have an impact on how innovative a company is – and ECS data confirm this also to be the case. In companies where employees jointly take part in decision-making, the likelihood of innovation rises by 7%. This is a strong argument in favour of systematically involving staff in planning and decision-making, as well as a lesson for the 24% of managers who see involving employees as an obstacle to change. And knowing what other practices might make companies innovative is a good start to boosting innovation.

## Innovative versus non-innovative companies

Innovative companies differ in many ways from those that do not innovate in terms of, for example, size (more big companies innovate than smaller companies), sector (innovation is most common in the broad wholesale, retail and hospitality sector), and workforce (innovative companies tend to have younger employees and a higher proportion of women). The extent of innovation also differs according to the practices that companies implement in their workplaces, some of which are shown in Figure 15; 48% of innovative companies involve employees in decision-making, for instance, compared to 28% of non-innovative companies.

It is these workplace practices that are of particular interest to Eurofound in its project to describe the types of organisational setting that cultivate innovation. In a workplace landscape where technological change is fast and ubiquitous, styles of managing and organising work that were previously valid may not produce the adaptability required to give life to new ideas. The research set out to discover which practices have the most influence on innovative behaviour and also whether several practices implemented as a bundle have an impact. The concept of innovation was

**Figure 15: Percentage of innovative and non-innovative companies engaging in various workplace practices, EU, 2013**



Source: European Company Survey, 2013

broadened beyond innovation in products and services to include innovation in processes and approaches to doing business.

## Drivers of innovation

The single most important driver of innovation that emerged in this research is the practice of monitoring the quality of internal production or external ideas or technological developments; this increases the probability of innovation by 9%. Collaboration with other organisations or outsourcing production is also linked to innovation, as is a certain degree of worker autonomy. Further analysis found that when these and other practices, all related to how a company organises its work, are implemented in bundles and combined with practices that promote employee participation, the probability of innovation is increased further.

The explanation for this impact is thought to lie in the opportunities for learning and knowledge-sharing combined with the scope to act independently that such practices give to employees. Workers absorb new ideas when they are exposed to external developments in their area of expertise and beyond, and when they interact with other organisations. The ability to exercise autonomy motivates people to use their discretionary effort – the effort above and beyond that required by


the job – which makes this knowledge-enriched environment a fertile ground for innovative thinking.

Other practices, such as provision of training, use of incentive pay and employing a high-skills workforce – collectively described as human resource practices – also boost innovation both individually and when implemented collectively along with practices to promote employee participation. Again, these are practices that enhance the knowledge and skills in an organisation, building innovative capacity, while rewarding initiative and workers' ability to act independently.

The role of social dialogue in the fusion of practices should not be discounted. Antagonism between management and employees hinders performance and reduces well-being, creating an environment detrimental to innovative thinking. Trusting relationships, on the other hand, promote joint efforts and an organisational setting that facilitates and supports innovation. The research findings suggest that such a setting includes a well-balanced mix of workplace practices that lead to learning, build motivation, reward initiative and optimise expertise. Employee participation in decision-making seems to be an essential component of this mix.

### Read more

Labour market change: Innovative changes in European companies

 [eurofound.link/ef1707](https://eurofound.link/ef1707)

## Industrial relations: Policy message

Europe remains a continent in which social dialogue matters, but it continues to encounter obstacles. At EU level, the social partners in all Member States formally participate in the European Semester, but it is widely acknowledged by both social partners and national authorities that the participation of the social partners is limited and their contributions have little influence in the development of the National Reform Programmes (NRPs). National authorities must endeavour to involve the social partners more effectively and transparently in the NRPs, with a view to increasing their impact on the content. Improving the level of institutionalisation of the social partners' participation would aid this effort, as would setting up specific social dialogue structures to involve the social partners more effectively in the process where these do not already exist.

National-level social dialogue in a small number of countries is making headway in achieving concrete policy outcomes, including legislation and agreements, but in most countries, the input is more limited. A review of 2016 noted that social dialogue on specific issues failed in a number of countries, and legislation has been imposed against the will of at least one of the social partners. In some countries, tripartite institutions had played a significant role in industrial relations but this was derailed by the crisis; there is an ongoing effort to review how these institutions function and to unblock their role in social dialogue. Overall, it must be concluded that while there is some strengthening of the role of social dialogue within Member States, there is a great deal more scope in most for extending the input of the social partners to employment and social policymaking.



3



# Working conditions and sustainable work

# Sharing caring

It is not news that women take more responsibility for the care of their children than men. According to the 2016 EQLS, 88% of mothers compared to 64% of fathers in the EU care for their children every day. These fathers estimate they give 21 hours a week to the care of their children, while the mothers dedicate 39 hours per week.

This disparity is duplicated among working parents and is one of the reasons why the working lives of women contrast with those of men – in terms of working time arrangements, occupational choices and pay.

Separating the data by Member State suggests that the gender gap in care provision is highly influenced by social and cultural norms. Figure 16 shows the percentage of working men and women caring for children or grandchildren regularly in the Member States, ordered by the size of gap – ranging from no gap in Denmark to a gap of 34 percentage points in Greece.

The need to reconcile work and care may extend over most of the course of a working life if it involves both the care of children and of dependent adults.

**Figure 16: Percentage of working men and women caring for children or grandchildren regularly, by sex and Member State, 2015**



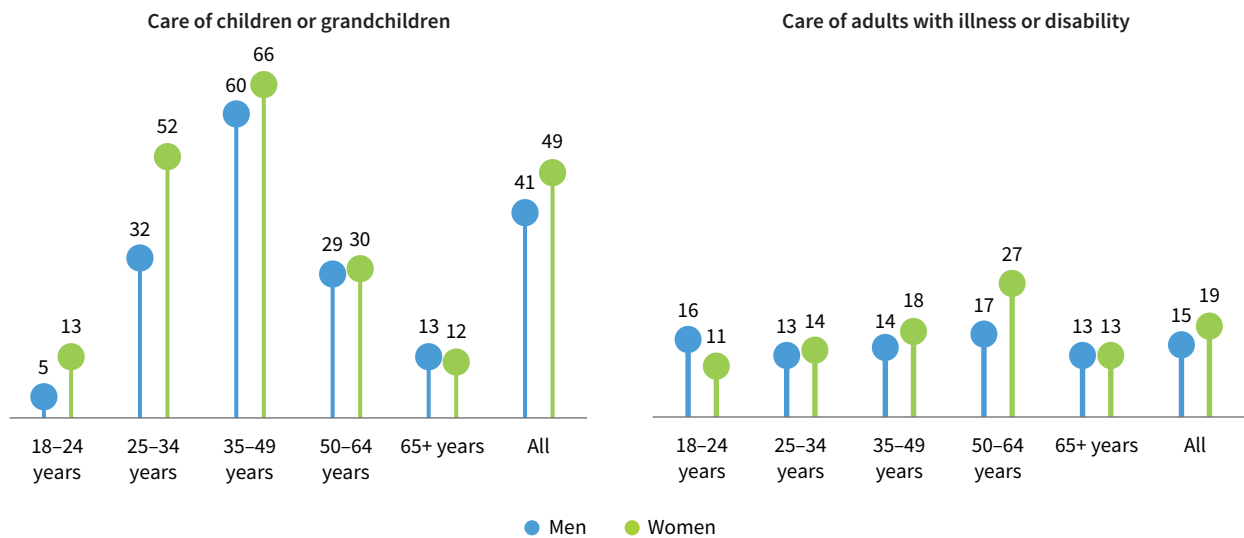
Source: European Working Conditions Survey, 2015



## Visiting Eurofound

Eurofound hosted a delegation from the European Parliament's Committee on Employment and Social Affairs in Dublin on 20–21 February. The delegation included Jean Lambert MEP (Greens/EFA), Joëlle Mélin MEP (ENF), Laura Agea MEP (EFDD), Javi López MEP (S&D), and Lynn Boylan MEP (GUE/ NGL), as well as political advisers and representatives of the European Parliament's Secretariat.

**Figure 17: Percentage of working men and women in different age groups providing care at least once a week, EU, 2016**



Source: European Quality of Life Survey, 2016

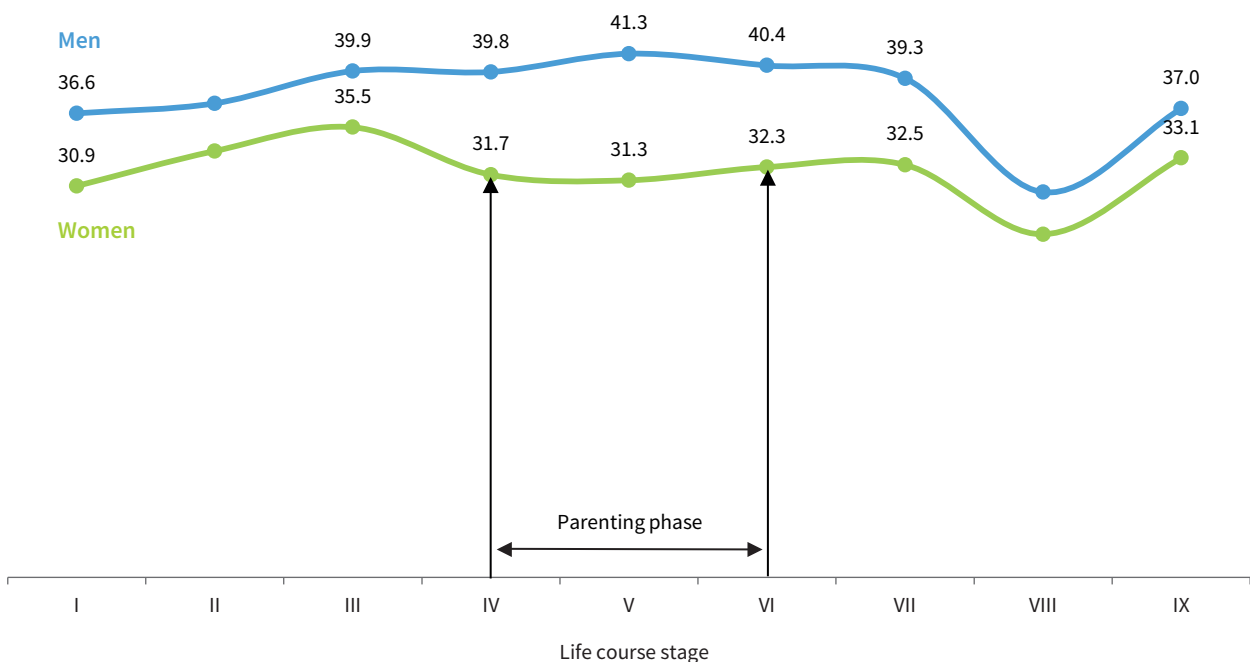
Figure 17 shows the care responsibilities of workers according to age. The gender gap in childcare is wider at younger ages, while for adult care, it is particularly wide in the 50–64 age group, where a striking one-quarter of women in paid work (compared to 17% of men) report providing care at least once a week to an ill or disabled family member or friend.

It comes as no surprise, then, that a higher proportion of working women report difficulties in reconciling work

and care – 40% of women compared with 33% of men. Among those working full time, the proportions are higher and the gap greater – 49% of women and 35% of men.

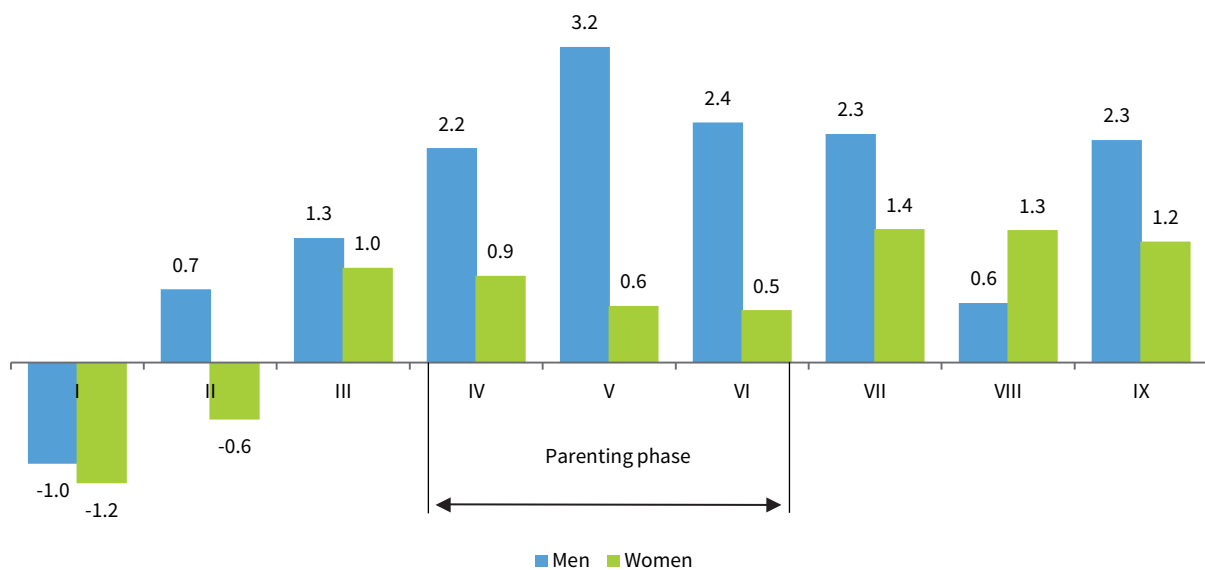
The biggest differences in working time between the sexes are largely related to care responsibilities for children up to the age of 12 (see Figure 18). While the working time of women declines during the parenting phase, the working time of men actually increases slightly.

**Figure 18: Average weekly working time across the life course, by sex, EU, 2015**



Note: IV = in couple with children under 7 years; V = in couple with children aged 7–12 years; VI = in couple with children aged 13–18 years  
 Source: European Working Conditions Survey, 2015

Figure 19: Gap between actual and preferred weekly working time across the life course, by sex, EU, 2015



**Note:** IV = in couple with children under 7 years; V = in couple with children aged 7–12 years; VI = in couple with children aged 13–18 years  
**Source:** European Working Conditions Survey, 2015

However, both men and women would prefer to work less for most of their lives, as Figure 19 illustrates. For men, the gulf between their actual and preferred working time is at its widest during the parenting phase when work–life balance is most challenging: that is, when they are caring for young children. The gap between actual and preferred working time for women during the parenting phase is much smaller, probably because they reduce their working time in order to balance work and care responsibilities.

There are many reasons that fathers are working more hours than they would like. The parenting phase coincides with the time that they are most productive at work, and the pressure to maintain that momentum can make it difficult to cut back. Men may identify with the traditional breadwinner role and social pressure reinforces that norm. There is also the financial pressure on households to consider; a reduction in hours that brings a reduction in income is not an option for many.

Nevertheless, if working time policies took better account of life course stages and allowed for more support and flexibility, they could potentially enable better sharing of care responsibilities and paid work between men and women.

Working arrangements in terms of duration, scheduling and location play a significant role in achieving work–life balance. Implementing them does not place a direct fiscal burden on the state, but it does require efforts from a broad range of actors if they are to be effective. Nevertheless, concerted efforts of this type may be at least as effective as proposals involving social insurance and could be complementary to them. And while in some cases flexible working arrangements may imply costs for companies, they may also enhance productivity.

### Read more

Working conditions: Working time patterns and sustainable work

[eurofound.link/ef1720](https://eurofound.link/ef1720)

Quality of life: European Quality of Life Survey – Quality of life, quality of public services, and quality of society

[eurofound.link/ef1733](https://eurofound.link/ef1733)

Working conditions: Work–life balance and flexible working arrangements in the European Union

[eurofound.link/ef1741](https://eurofound.link/ef1741)

## Informal Employment Committee meeting

Robert Anderson, head of the Social Policies unit, addressed the informal Employment Committee (EMCO) meeting in Malta on 10–11 April 2017, where he outlined the role that support structures can play in helping workers to balance their paid work and family responsibilities. These include workplace policies such as flexible arrangements and reductions of working time as well as state support through extending the availability of childcare.

## Informal meeting of Ministers of Employment, Social Affairs, Family and Gender Equality

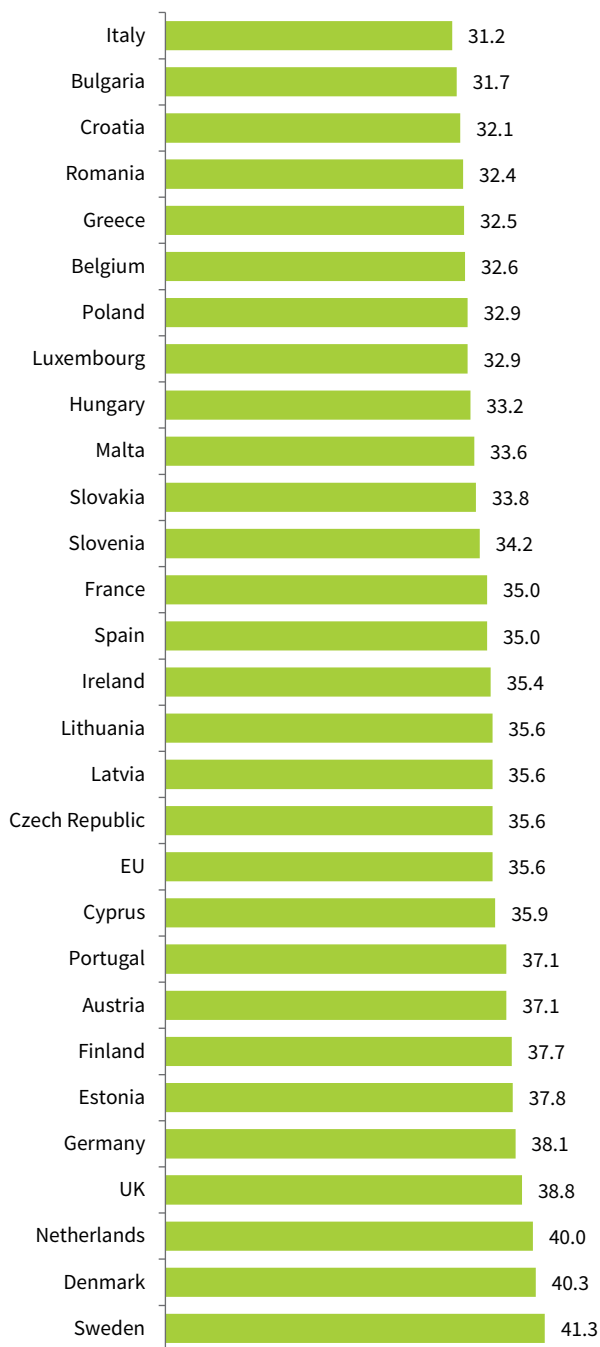
Work–life balance was the theme of the informal meeting of Ministers of Employment, Social Affairs, Family and Gender Equality (EPSCO) held on 19–20 July 2017 in Tallinn under the Estonian EU Presidency. In his contribution to the debate on flexible working arrangements and work–life balance, Eurofound’s Director, Juan Menéndez-Valdés, presented findings by Eurofound on gender gaps in caring responsibilities and working time over the life course, as well as the difference between actual and preferred working time for men and women.



# Job quality affects the length of working lives

Workers in Sweden have the longest expected working lives (41.3 years) in the EU, while those in Italy have the shortest (31.2 years), a difference of 10 years (Figure 20). Why the disparity?

**Figure 20: Expected duration of working life (in years), Member States, 2016**



Source: Eurostat, 2017

This is due to many factors, including economic, social and cultural differences, that interact in complex ways so that the impact any one factor may have is difficult to disentangle. Eurofound, nevertheless, has sought to identify the influence that job quality might have on the duration of working life.

The earlier discussion on increasing labour force participation noted that Member States need to bolster employment as their populations age. One line of action is to bring inactive groups back into the labour force. Another is to extend working lives to reduce the proportion of the population in retirement. The statistics show us that although the employment rate of older workers (aged 55–64 years) has risen steadily over the past 15 years, less than half of this age group is in work.

Eligibility for a pension is the main reason that people aged 50–69 give for leaving work, according to Eurostat data, which indicates the influence that national (and company) policies around retirement have on decisions to exit work. Member States have in recent years acted to increase the age at which workers can access a pension, by raising the legal and effective retirement age and curtailing early retirement. While such measures may help to alleviate pressure on social protection systems, they are not sufficient to support older workers to remain in work. There are undoubtedly some retirees who have the capacity to work but have chosen not to. Cultural factors, such as prevailing attitudes towards working at older ages, exert an influence but job quality plays a role, too. Good working conditions make work more sustainable, meaning they enable workers to build up and regenerate their personal resources so that they are able and motivated to remain in work for longer.

Empirical evidence suggests that sustainable work is built on working conditions that enhance health, well-being, work–life balance, job security and employability. Looking at these five outcomes among the 45–54 age group in the 28 Member States may help to illuminate why the lengths of working lives differ between them. This is the life stage at which the prospect of working beyond age 55 may become undesirable, so the working conditions and the outcomes they result in at this stage are crucial in shaping people’s ability to work until the legal retirement age.

Table 3 shows the scores for Member States on the five key outcomes that make work more sustainable – higher values indicate more sustainable outcomes. Cyprus and Greece, for example, score exceptionally well in measures of health, considering their ranking more broadly. Portugal and Spain, meanwhile, score far worse for employability and work–life balance, respectively, relative to their overall position. The Baltic states all show worrying degrees of below-average health status, work–life balance and job security. The relatively lower rates of job security in the Netherlands and Sweden are notable (compared with their scores in other aspects), while employability is much better for employees in Denmark, Sweden and Finland as well as the Netherlands and the UK.

The general pattern in these sustainable work indicators broadly reflects differences in the average duration of working life. Countries where working life extends close to 40 years (Denmark, Finland, the Netherlands and Sweden) tend to score comparatively better across sustainable work outcomes, whereas countries where working life averages fewer than 34 years (Croatia, Italy, Poland and Slovakia) typically fare worse.

However, the correlation is low. Workers in Estonia, Latvia and Lithuania, for instance, have among the poorest outcomes, but they are likely to remain in the labour market as long as – if not longer than – the average EU employee. Average working lives in Ireland and Latvia are of roughly the same duration (35 years), but there is a vast disparity between the two countries when it comes to sustainable work outcomes. Other

**Table 3: Sustainable work outcomes for employees aged 45–54, by Member State, 2015**

Country	Health	Well-being	Work–life balance	Job security	Employability
Ireland	91.2	74.1	92.5	86.7	34.1
Denmark	80.2	70.9	87.5	92	42.6
Netherlands	76.2	75	88.1	80.7	36.4
Finland	78.7	71.2	86.9	84.3	37.1
Sweden	81.7	67.3	86.1	82	39.6
UK	82.2	63.8	82.9	88.7	41.8
Luxembourg	76.8	67.8	88.1	94.3	21.9
Austria	71	70.5	86.7	93.4	24.3
Czech Republic	84.8	70	89.5	80.1	22.8
Germany	69.1	69.3	84	90	32.4
Belgium	73.4	68.2	87.7	85.4	31.3
Romania	61.9	67.7	91.3	89.7	33.2
Malta	70.4	65.8	83.7	96	29.7
Greece	93.7	67	88.1	80.1	13.9
Bulgaria	80	66.1	82.6	86.5	28.8
France	75.6	64.4	83.5	91.4	29.5
Cyprus	89.8	63.9	86.3	85.5	9.7
Spain	73	73.4	79.2	75.3	25.9
Hungary	76	67.3	81.7	82.4	25.4
Portugal	74.3	71.8	82.2	84.7	10.6
Croatia	76.2	66	84.5	81.8	16.6
Slovakia	66	61.8	88.2	93.5	17.5
Slovenia	69	68.9	84.4	74	22.8
Estonia	49.3	66.4	84.4	81.4	32.2
Lithuania	50.7	68.9	81.7	82.5	26.2
Italy	62.5	63.6	87.7	76.2	20.5
Poland	67.4	63.7	81.6	70.4	26
Latvia	46.5	64.4	83.8	73.6	27.4

Source: *European Working Conditions Survey, 2015*

contextual factors clearly come into play such as social attitudes and norms or policies relating to taxes and benefits. For example, Belgium scores well on sustainable work outcomes but has the fifth-lowest average length of working life. This may be connected with the fact that Belgium has the highest percentage of GDP spent on early retirement, meaning many workers

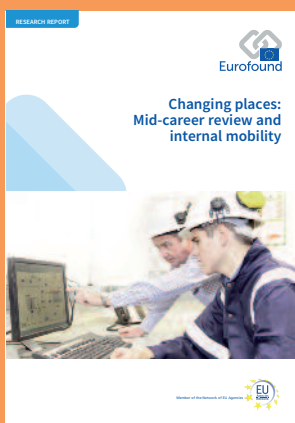
leave the labour market early. So while improving working conditions can contribute to sustainable work and extended working lives, national institutions and norms continue to play an important role in determining who works in older age.

### Read more

Working conditions: Working conditions of workers of different ages

[eurofound.link/ef1747](https://eurofound.link/ef1747)

## Social Partners Lunch Debate: ‘Extending working life – Career and flexible retirement’



Eurofound’s annual Social Partners Lunch Debate on 17 January 2017 looked at ways to enable workers to stay in work until a later retirement age. Participants discussed mid-career review as a means for workers at the peak of their career to map out the subsequent stages of their professional life, as well as various approaches to retirement that enable workers to reduce their working time while remaining active in the labour force.

Peter Scherrer, ETUC Deputy General Secretary, and Maxime Cerutti, BusinessEurope Social Affairs Director, attended the event, offering their thoughts on these options and contributing to the debate.

## Working conditions and sustainable work: Policy message

The results of Eurofound’s research on working time patterns in the EU constitute a strong plea for working time policies that take account of workers’ differing needs over the course of their lives. EWCS data show that the gap between people’s preferred and actual working time is widest when they are parents of young children and towards the end of working life. At the same time, the lack of work–life balance is most pronounced during these two periods. This means that the needs of workers vary over their life course and that the means available to them to achieve a good balance between paid work and personal and family responsibilities may well be inadequate.

Better work–life balance has an implicit societal value that is linked to gender equality and quality of life. It also has an economic dimension, with poor work–life balance hampering participation in the labour market. It has been proven that more attractive working arrangements have the potential to boost labour supply for those who find it difficult to reconcile rigid working arrangements with their family commitments.

Good work–life balance also contributes to a decent and long working life. It is an important factor in making work more sustainable and influencing individuals’ willingness to stay longer in the workforce.





## Visiting Eurofound

On 12 January, Eurofound hosted the Greek Ambassador to Ireland, Mrs Katia Georgiou (centre). Eurofound Director Juan Menéndez-Valdés (second from left) briefed Mrs Georgiou on Eurofound's role in the EU policy debate and the Agency's research agenda for 2017–2010. Also pictured are, from left, Web Administrator Dimitrios Zavaliadis, Eurofound Deputy Director Erika Mezger, Senior Research Manager Stavroula Demetriades.

## Converging economies, diverging societies?

Upward convergence  
in the EU





4

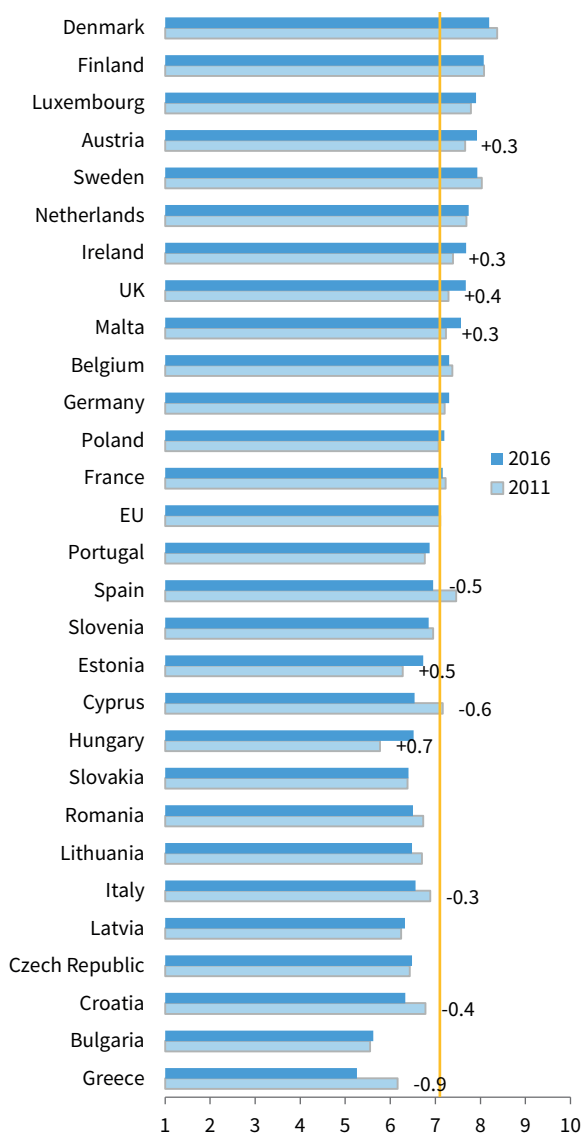
# Quality of life and public services

# The good life? For many, but not all

Three years after Europe began in earnest to turn a corner following the financial crisis and ensuing recession, the sentiment among Europeans as a whole is that life is pretty good. Well-being levels are stable, household finances are on a sounder footing, and attitudes towards other people and institutions are more positive. But the uplift has not been felt universally, nor even nearly so. As always, for those on

the bottom rung of the social ladder, who bore the brunt of the crash, the glow of recovery is most faint. And divides between the Member States, prised wider by the crisis, remain. Some highlights from the 2016 European Quality of Life Survey (EQLS) provide an up-to-date snapshot of these social currents – aggregate improvements, but with countervailing tendencies in different countries and specific social groups.

**Figure 21: Scores for life satisfaction in Member States, 2011–2016**



**Notes:** 1–10 scale; numbers at the end of the bars indicate statistically significant changes in scores since 2011.  
**Source:** European Quality of Life Survey, 2016

## Well-being

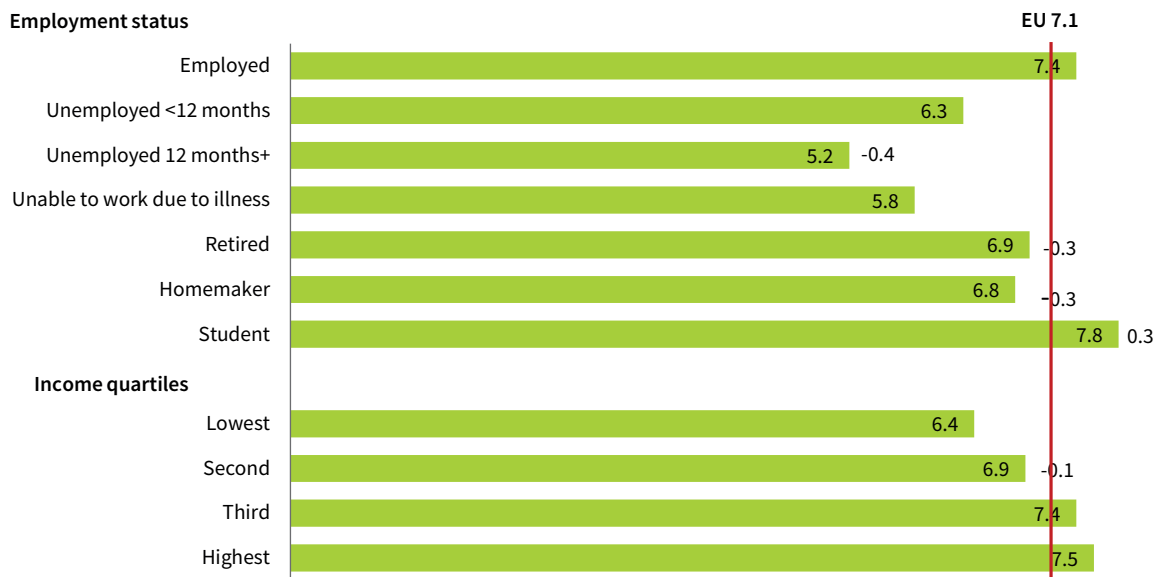
Life satisfaction, which is one of the basic indicators of well-being, has remained at a steady EU average of 7.0–7.1 points (scored out of 10) over the four editions of the EQLS since 2003, but it varies considerably across countries (Figure 21).

Between 2003 and 2007, life satisfaction increased in many eastern European countries in parallel with their entry to the EU and the convergence of their living standards with those of the older EU states in a time of economic growth.

With the downturn, life satisfaction decreased between 2007 and 2011 across many countries, especially those hardest hit by the recession and the cutbacks to social support that ensued. And while the recovery has seen a rebound in some – Austria, Estonia, Hungary, Ireland, Malta and the UK – in most countries, life satisfaction remains unchanged since 2011. Furthermore, this measure has deteriorated further in Greece, especially, but also to a lesser extent in Croatia, Cyprus, Italy and Spain.

The EQLS is a pan-European survey of the objective circumstances of people in Europe and how they feel about their lives. It looks at the many factors that influence people’s quality of life, such as living standards, income, housing, family and health. It also gathers subjective views on topics such as happiness, social exclusion and social tensions. The survey has been run in 2003, 2007, 2011 and 2016.

**Figure 22: Life satisfaction ratings according to employment status and income, EU, 2016**



**Notes:** 1–10 scale; numbers at the end of the bars indicate statistically significant changes in scores since 2011.  
**Source:** European Quality of Life Survey 2016

Levels of life satisfaction are also quite different in different population groups and always lower for those under greater economic strain. One’s employment situation, for instance, has a big impact: Figure 22 shows that people in work or in education have the highest levels of life satisfaction. The poor scores of those who have the weakest job prospects – the long-term unemployed and those unable to work because of ill-health or disability – are striking. In fact, life satisfaction has deteriorated among long-term unemployed since 2011.

Figure 22 also shows that the higher one’s income, the better one’s satisfaction with life. And levels have changed little in the different income groups since 2011 – the only significant change is the drop in life satisfaction among people in the second income quartile.

While life satisfaction is static, optimism has increased among Europeans. In 2016, 64% of people said they were optimistic about the future, compared to 52% in 2011, and this rise is evident in almost all countries. This is not a surprising finding, given that Europe in 2011 was struggling with the severe effects of the economic crisis.

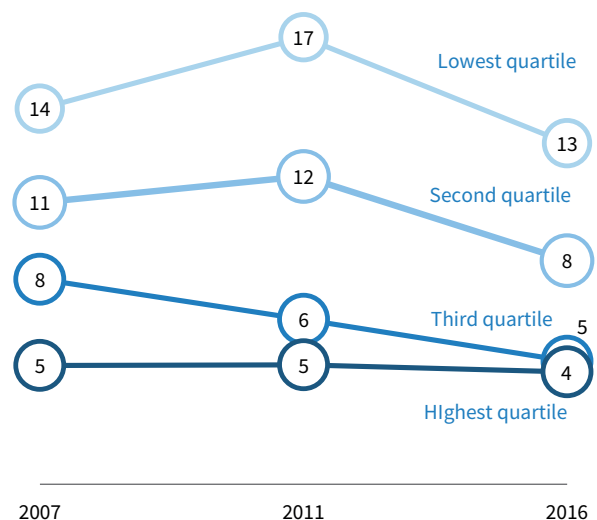
## Health

The health of Europeans has improved. In 2016, 7% of people in the EU reported having bad health, compared with 9% in 2011; it is also an improvement on the pre-crisis figure of 2007 (8%).

There are stark disparities in the health of people in different income brackets (Figure 23). Overall, little has changed for the top (fourth) income quartile – the 25% of people who earn most – with about 1 in 20 reporting

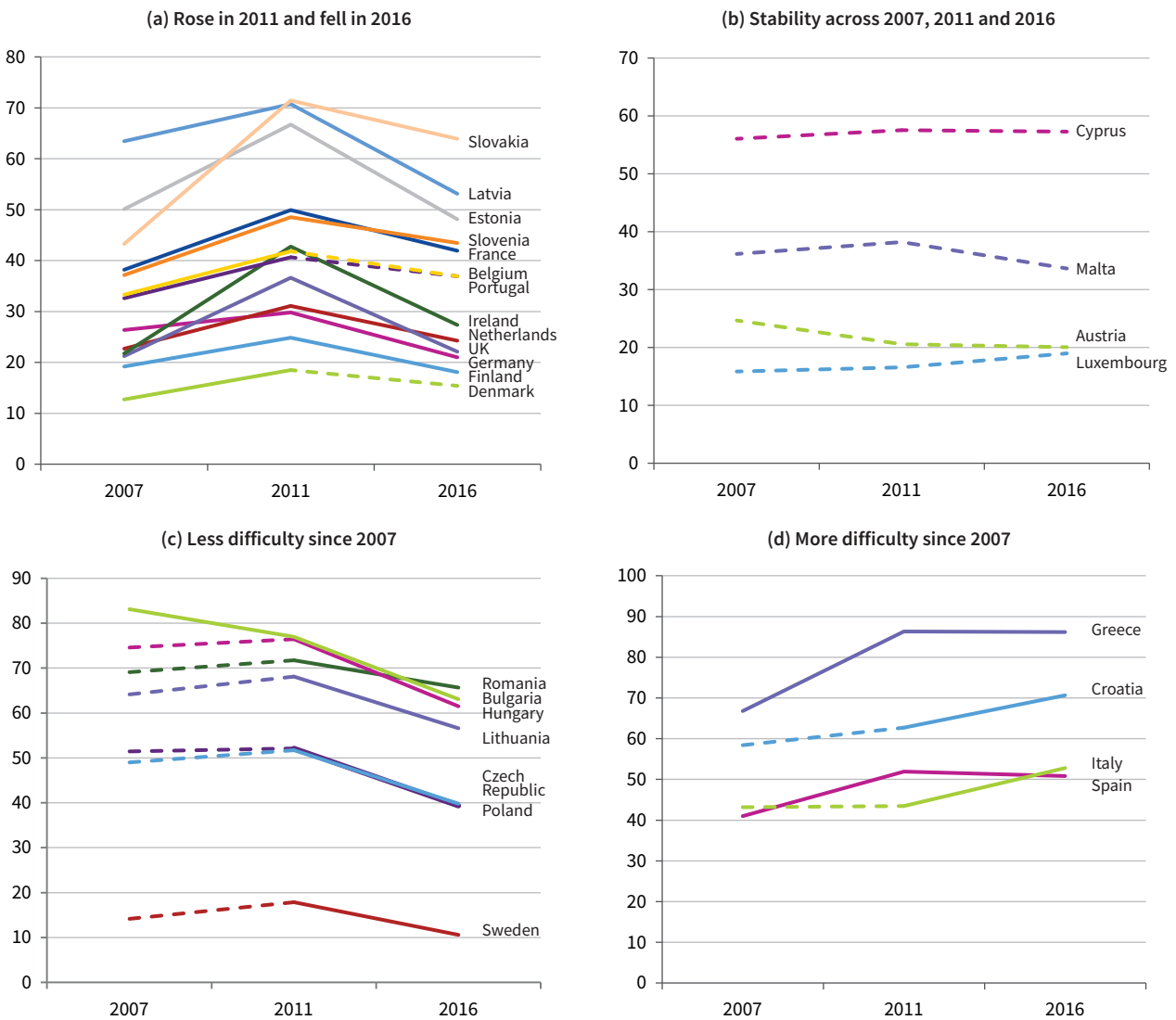
bad health. In the third income quartile, self-reported health has continued to improve over the past decade, including during the crisis. For the bottom income quartile, developments have been more volatile: the proportion of people reporting bad health increased in 2011, but the percentage dropped in 2016 to a point lower than in 2007. The data are more positive in the second-lowest income quartile, where the proportion of people reporting bad health has declined from 11% in 2007 to 8% in 2016.

**Figure 23: Percentage of people reporting bad health, by income quartile, EU, 2007–2016**



**Source:** European Union Labour Force Survey (Eurofound calculations)

**Figure 24: Trends in difficulties in making ends meet (%), Member States, 2007–2016**



**Notes:** A dashed line indicates that the change between two points in time was not statistically significant.  
**Source:** European Quality of Life Survey, 2016

## Living standards

Fewer people are in financial hardship than five years ago. Difficulty in making ends meet, a measure that had escalated in many countries in 2011, had fallen back in those countries by 2016 (Figure 24a). However, there are a few exceptions (Figure 24d): difficulty in making ends meet has risen particularly in Italy (by 9 percentage points) and Croatia (by 8 points). And levels in seven countries (Croatia, France, Greece, Ireland, Italy, Slovakia and Spain) remain higher than before the crisis in 2007. Bulgaria is the only country where the share of people reporting difficulties has consistently declined since the first EQLS, going down from 90% in 2003 to 63% in 2016.

Overall, more than half the population in 11 Member States still say they have difficulties making ends meet, which is marginally down on the 13 Member States in 2011, but still more than the 2007 level.

## A clear course for policy

The EQLS findings provide some encouraging evidence of improving quality of life among Europeans, but not for everyone. To adopt and extend Commission President Jean-Claude Juncker’s choice of metaphor, the wind may be back in Europe’s sails, but many Europeans are adrift on a silent sea. The EQLS results highlight the areas policymakers need to act and the people they must concentrate on as they endeavour to save social Europe. Comprehensive implementation of the Pillar of Social Rights, however, would set a clear course for addressing the gaps in the social policies that would really raise all boats.

### Read more

Quality of life: European Quality of Life Survey – Quality of life, quality of public services, and quality of society  
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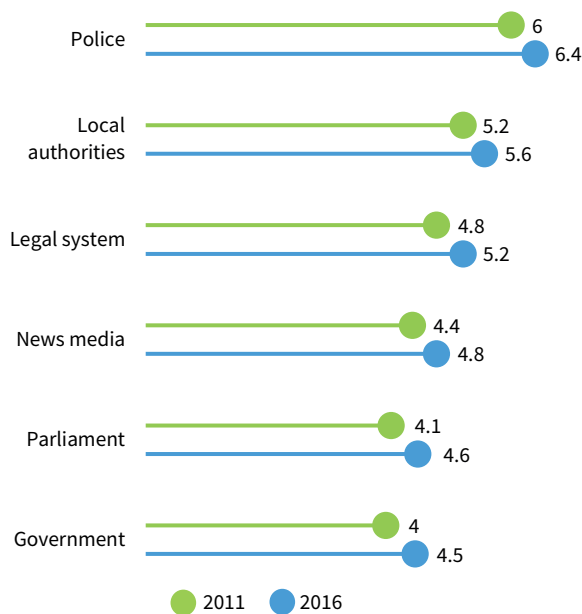
# Quality of society: Trust, inclusion and tensions

People’s lives unfold in the context of society, and the strength of the relationships between people themselves, within their communities, and with the institutions of society have a strong bearing on the quality of people’s lives.

## Trust in institutions

Trust in public institutions tumbled during the crisis, reflecting citizens’ flagging confidence in the ability of the establishment to protect them from the fallout. This weakened public support for policies to deal with the crisis, not to mention raising a spectre of doubt over the overall democratic legitimacy of existing social and political systems.

**Figure 25: Europeans’ average rating of their trust in six institutions, EU, 2016**



Source: *European Quality of Life Survey, 2016*

With the recovery and rising levels of well-being, public trust has climbed in all the institutions that the EQLS asked about in both 2011 and 2016 – police, local or municipal authorities, legal system, news media, parliament and government (Figure 25). The average trust in all six combined, measured on a 1–10 scale, increased from 4.7 in 2011 to 5.2 in 2016, a rise of 0.5 points.

In all countries except Spain, average trust in these institutions is higher in 2016 than in 2011. However, going back further, to 2007, shows that 12 countries have lower trust in institutions than a decade ago.

These increases in average trust were registered across the board among all the main social groups. However, the improvement was less than average for the unemployed (4.5, up 0.2 points since 2011) and the long-term unemployed (4.4, up by 0.3). It was also smaller among students and those aged 65 years and older (0.3), although both these groups have similar and relatively high levels of trust (5.1 in 2011 and 5.4 in 2016).

## Trust in people

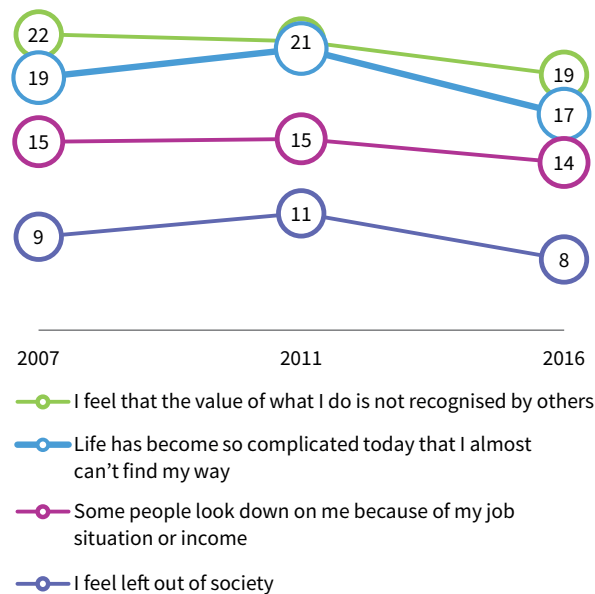
People’s trust in other people is more or less the same as in 2011, with a rating of 5.2 on a 1–10 scale for the EU as a whole, and is largely unchanged across the major social groups. However, trust in people has grown among the youngest age group, 18–24-year-olds (up 0.2 points), and this increase is evident across different levels of education, which presages well for community and social stability.

But trust is uneven across groups, with less-advantaged people expressing less trust than others. The largest change is a drop in the trust level of the long-term unemployed, which has fallen by 0.3 points since 2011. And the trust expressed by people with higher education (5.8) is a whole point higher than the trust of those with basic or lower education (4.8).

## Social exclusion

The EQLS 2016 includes four items that aim to elicit people's views on the extent to which they feel disconnected from society (see Figure 26). Following an increase between 2007 and 2011, these feelings of exclusion are back at lower levels than in 2007.

**Figure 26: Percentage of people expressing feelings of social exclusion, EU, 2016**



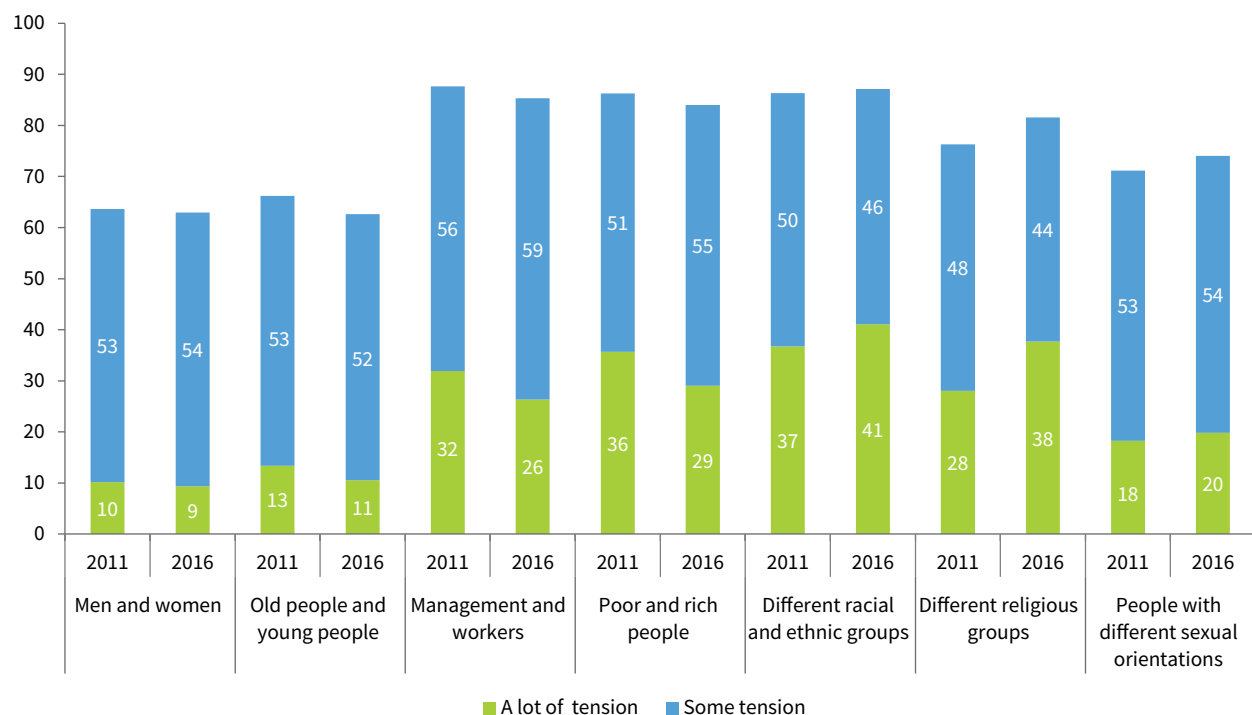
Source: European Quality of Life Survey, 2016

These four items were subsequently used to create an index of social exclusion, measured on a scale of 1 to 5, where 1 is the lowest degree of social exclusion and 5 is the highest. The EU average in 2016 is 2.1, down 0.1 points since 2011. A drop of 0.1 points or more is apparent in 15 countries, most notably in Cyprus and Latvia (both down by 0.5 points) and Estonia (down by 0.4 points). There has been no substantial increase in social exclusion in any country. While these are positive developments, social exclusion remains a concern. The long-term unemployed and people who cannot work express particularly high levels of social exclusion, with scores of 2.8 and 2.7, respectively. In addition, over a quarter of the EU population has scored over the midpoint of 2.5 consistently since 2007.

## Tensions between different groups

Risks to social cohesion and stability can be captured in part by measuring people's perceptions of the amount of tension between different groups. The EQLS measures perceptions of tensions in several groups: men and women; young and old; management and workers; poor and rich; different racial and ethnic groups; different religious groups; and people with different sexual orientations. Figure 27 shows the results of the data collected in 2011 and 2016.

**Figure 27: Percentage of people who perceive tensions among different social groups, EU, 2011 and 2016**



Source: European Quality of Life Survey, 2016



The most striking change since 2011 is the growing perception of tensions between religious groups, from 28% of people perceiving a lot of tension in 2011 to 38% in 2016. The proportion of people who see a lot of tension between racial and ethnic groups also increased, from 37% in 2011 to 41% in 2016.

In Austria, Belgium, France, Germany, Italy, the Netherlands and the UK, the percentage of people reporting a lot of tension between religious groups was higher than the EU average (38%) – possibly not surprising in view of recent events and debates around immigration and the Muslim population. In all but the UK, perception of a lot of tension between religious groups has increased by 10 percentage points or more since 2011 (in the UK, the increase was 5 percentage points).

The highest rates of reported tension between racial and ethnic groups were in Belgium, the Czech Republic, France, Hungary, Italy and the Netherlands, where over 50% of people perceived a lot of tension. In Austria, Estonia, Germany, Italy and Malta, the proportions reporting a lot of tension between racial and ethnic groups increased by 10% or more between 2011 and 2016. Tensions associated with both ethnicity and religion were reported markedly less often in Cyprus in 2016 compared with 2011.

### Read more

Quality of life: European Quality of Life Survey – Quality of life, quality of public services, and quality of society  
[eurofound.link/ef1733](https://eurofound.link/ef1733)

## Visiting Eurofound

Germany's Deputy Head of Mission in Ireland, Josef Reichhardt (third from right), was welcomed to Eurofound on 28 June, where he participated in a roundtable discussion of Eurofound's recent research and its work programme for 2017–2018.

Also pictured, from left, are Monitoring and Evaluation Officer Barbara Schmidt, Eurofound Deputy Director Erika Mezger, Head of Unit Markus Grimmeisen, Eurofound Director Juan Menéndez-Valdés and Head of Unit Barbara Gerstenberger.



# Public services for social good

Good-quality, accessible public services form the cornerstone of fair and progressive societies; they meet fundamental needs (healthcare and social housing, for example) and provide the means to participate more fully in society (public transport, for example). They are also a levelling force, in some cases providing the same resources to all citizens, while in others, discriminating in favour of those whose needs are greatest. However, low standards, lack of availability and barriers to access accentuate inequalities and increase the exclusion of those who are already disadvantaged.

## Quality of public services improves

Since 2007, the EQLS has asked people to rate the quality of five public services in their countries – healthcare, childcare, education, public transport and the state pension system – on a scale of 1 to 10. Comparing the total scores for the five services in 2007 and in 2016, almost all countries show improvements. The biggest jumps occurred in Germany (up from 29 to 34, out of a maximum of 50) and Bulgaria (up from 22 to 27). The only countries where quality fell were Slovakia (down from 30 to 28), Belgium and Sweden (both down from 35 to 34).

## Healthcare: Quality and access

This positive trend is reflected in how people assess the quality of their healthcare services, where the average rating rose from 6.3 out of 10 in 2007 to 6.7 in 2016 for the EU as a whole. Healthcare elicits one of the highest levels of satisfaction of the public services (Figure 28 – in 2016, the EQLS added two more public services to the questionnaire – long-term care and social housing).

The improvement in quality since 2011 is particularly evident in countries where ratings had been low, such as Bulgaria (5.7, up from 4.7), Ireland (5.9, up from 4.9) and Lithuania (6.3, up from 5.2). Unfortunately, the rating of health services in Cyprus (5.1) and Greece (4.6) remains relatively low, while the low rating given by Latvians in 2011 has dropped further in 2016 (4.8, down from 5.0).

Access to healthcare is problematic. People across Europe have considerable difficulties in visiting their GP, for instance (Figure 29). The most frequent issue is the waiting time to see the doctor on the day of the appointment; this is a problem for 42% of Europeans (and 9% say it is very difficult), with particularly high levels in Malta (68%), Greece (64%), Romania (57%), Austria (54%) and Portugal (54%). Getting an

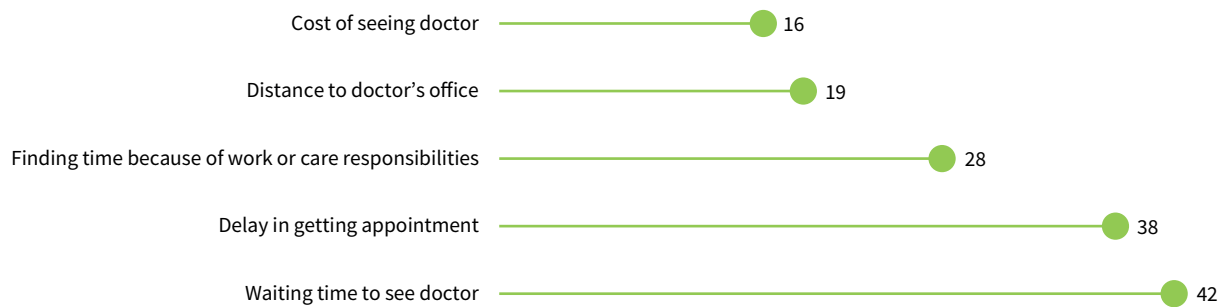
Figure 28: Average EU ratings of seven public services in 2016



Source: European Quality of Life Survey, 2016



**Figure 29: Percentage of people who experience difficulties in accessing a GP, EU, 2016**



Source: *European Quality of Life Survey, 2016*

appointment also poses difficulties: over one-third of people face delays, and one-tenth say it is very difficult. This is particularly an issue in Greece (24%), the UK (24%), Portugal (18%) and Estonia (17%).

## Childcare: Quality and access

Access to good-quality early childcare services, for mothers particularly, is regarded at EU level as an important tool in achieving its goals to combat poverty and to increase employment. Satisfaction with the quality of formal childcare services, like that of other public services, has risen in the EU, with an average rating of 6.7 in 2016, compared with 6.2 in 2011. Quality of childcare is rated highest in Malta (8.0), Finland (7.9), Austria, Luxembourg and Sweden (all 7.7) – the same five also had the highest ratings in 2011. Ratings are lowest in Greece (5.5), Romania (5.9), Italy (6.0), Ireland (6.1), Croatia, Bulgaria and Portugal (all 6.2).

Use of formal childcare services continues to be quite limited in the EU as a whole. To examine usage, the EQLS explores the specific childcare arrangements in place for the youngest child in the household. This analysis shows that only 29% of childcare for the youngest child is provided in a childcare facility (kindergarten, crèche, nursery, playgroup or day-care centre) or through afterschool care. The main source of childcare in the EU is the child's grandparents, used by 36% of households. In 22% of households, another household member, relative, friend or other informal arrangement is used, while just 5% employ a childminder with a formal contract.

Member States deviate enormously from this overall pattern: for example, in Denmark and Sweden, over 80% of families use a formal childcare facility. However, the proportion is below 20% in Croatia, Cyprus, Greece, Ireland, Italy, Malta, Romania and Spain. Family – and particularly grandparents – play a major part in childcare in southern and south-eastern Europe,

providing the main type of childcare in between half and two-thirds of households in Bulgaria, Croatia, Cyprus, Greece, Italy, Malta and Romania.

## Local services

Local services such as banking, recreational areas and recycling facilities also present problems of access for citizens. There is, for example, increasing demand for recycling facilities as environmental protection becomes a higher priority. At present, nearly one-fifth of people in the EU have difficulty accessing recycling facilities. And big differences between countries are evident in this realm, too: small shares of people encounter difficulties in Malta (6%), Sweden (7%), and Lithuania (8%), while shares are especially high in Romania (41%), Bulgaria (34%) and Croatia (30%).

## Public services advance social goals

Member States are responsible for investment in public services, but in its policy mechanisms – including the Social Investment Package of 2013 and the country-specific recommendations of the European Semester – the EU has emphasised the importance of good-quality accessible services in supporting the goals of the EU, such as increasing participation in employment and tackling social exclusion. The European Pillar of Social Rights reinforces the message, with its supporting documents consistently highlighting inequalities in access to welfare services, health and education. The major issue, in many cases, is not the recognition of rights – to adequate activation support, care services or quality education, for example – but ensuring actual take-up of efficient, affordable, sustainable and quality services.

### Read more

Quality of life: European Quality of Life Survey – Quality of life, quality of public services, and quality of society

[eurofound.link/ef1733](https://eurofound.link/ef1733)

# Who cares? The private sector in public health

The idea of a marketplace in the care of the sick and the elderly is anathema to those who believe that human welfare should be the guiding motivation in healthcare. Nevertheless, the private sector is moving inexorably into the sector as the state little by little withdraws. Based on the data available to its correspondents across Europe, Eurofound has found that the number of private for-profit hospitals, as well as the number of beds they provide, has increased in most Member States over the past decade, particularly in Bulgaria and Romania. Non-profit provision fell during this period across the 28, except in Italy and Portugal.

Rising costs associated with new treatments as well as people living longer, often with multiple chronic health conditions, is putting an increasing, and increasingly unsustainable, burden on public healthcare budgets. By introducing competition into the sector, policymakers aim to contain costs while improving quality and efficiency. But national health systems are notoriously complex, and private providers insert themselves into public health in several ways – through outsourcing, public-private partnerships or change of legal status from public to private, for instance. This makes it difficult to assess whether the goals of policymakers are being achieved. Nevertheless, Eurofound has provided some evidence on the impact of privatisation in both the hospital and care homes subsectors, looking specifically at the effects on efficiency, quality and accessibility.

## Private sector in hospital care

### Efficiency gains disputable

One potential area of efficiency gain for private hospitals is in reducing the lengths of stay of patients, which reduces costs per patient. Private hospitals have been shown to have shorter lengths of stay, but it is often because they tend not to offer complex procedures, which entail much longer lengths of stay. However, the way private hospitals are reimbursed can have an impact on this metric. If they are reimbursed on the basis of the number of days a patient occupies a bed, it can incentivise them to increase the length of stay.

The number and complexity of procedures tends to be lower than in public hospitals. By focusing on elective surgery such as hip replacement, orthopaedic care and radiology, private hospitals can standardise care pathways according to best practice. This means a lower risk of complications and enables treatment to be

scheduled. These factors help these operators to achieve higher efficiency than bigger hospitals (usually public ones) that provide more types of treatments. The treatments offered by private hospitals also tend to be more profitable.

But private hospitals can function efficiently only with the support of the public framework. They commonly have to transfer patients to public hospitals when complications arise. Even though they are starting to treat more complex cases, the expansion of private provision is done on the basis of using the accident and emergency departments in public hospitals as a safety net; this reduces risks and costs. Patients are also transferred when the care received at private hospitals does not suit their needs or when affordability issues arise. Private hospitals in Romania, for example, frequently transfer patients to the public system when patients cannot afford unscheduled treatments or prolonged stays.

### Accessibility issues arise

The imbalance between private and public hospitals in the treatments offered has an impact on accessibility. By not treating the more complex and less profitable cases, gains in efficiency are achieved at the expense of accessibility for patients with complications. The absence of services such as accident and emergency departments is an indirect form of ‘cream skimming’ – choosing patients based on characteristics other than their need for care – leaving public hospitals to care for patients with more severe conditions. It has also been found that users from higher socioeconomic classes seem to have better access to private hospitals. In the UK, for instance, private clinics (known as independent sector treatment centres, ISTCs) treat less complex patients compared with the NHS, such as patients with fewer diagnoses, patients exposed to fewer prior procedures and patients less likely to come from deprived residential areas.

### Quality difficult to assess

It is difficult for the researchers to establish a clear relationship between hospital ownership and the quality of care provided due to gaps in the data available from private hospitals. And this is one reason for the lack of evaluations or studies comparing service delivery in public and private hospitals. Data gathered through patient satisfaction surveys usually focus on non-medical aspects of services, such as food and accommodation, and provide inconclusive findings regarding the importance of hospital ownership.

However, unscheduled transfers of complex cases from private to public hospitals may lead patients to feel that their condition worsens due to the delay in receiving care. Public hospitals in Ireland have sometimes been reticent to cooperate with private providers, leading to patients being discharged from private hospitals and then being given an appointment in a public hospital rather than a direct referral and admission. Such problems have been reduced (in some cases) by having agreements between public and private hospitals.

### What future for public hospitals?

Public hospitals continue to be the cornerstones of national health systems, with a critical role in providing the services that the private sector declines to offer. And their role extends beyond treatment – they provide medical education and research services, which is not the case in private hospitals; a public-private partnership hospital in Italy, included in the Eurofound study, is one of the few private university hospitals in the EU. The information available suggests that private providers complement the services provided by the public sector rather than replace them, particularly in areas such as diagnostics and elective surgery. Eurofound’s researchers concluded that having a more structured relationship between public and private hospitals than on-the-spot contracting could reduce the selection of more profitable patients and the referral of unscheduled complex cases to public hospitals. Greater coordination of information on patients and staff is also required.

The public sector must also play the role of overseer in national health systems. As part of that role, it needs to

facilitate the better integration of public and private hospital services, establishing a repository of information, complaints and good practices to which both contribute.

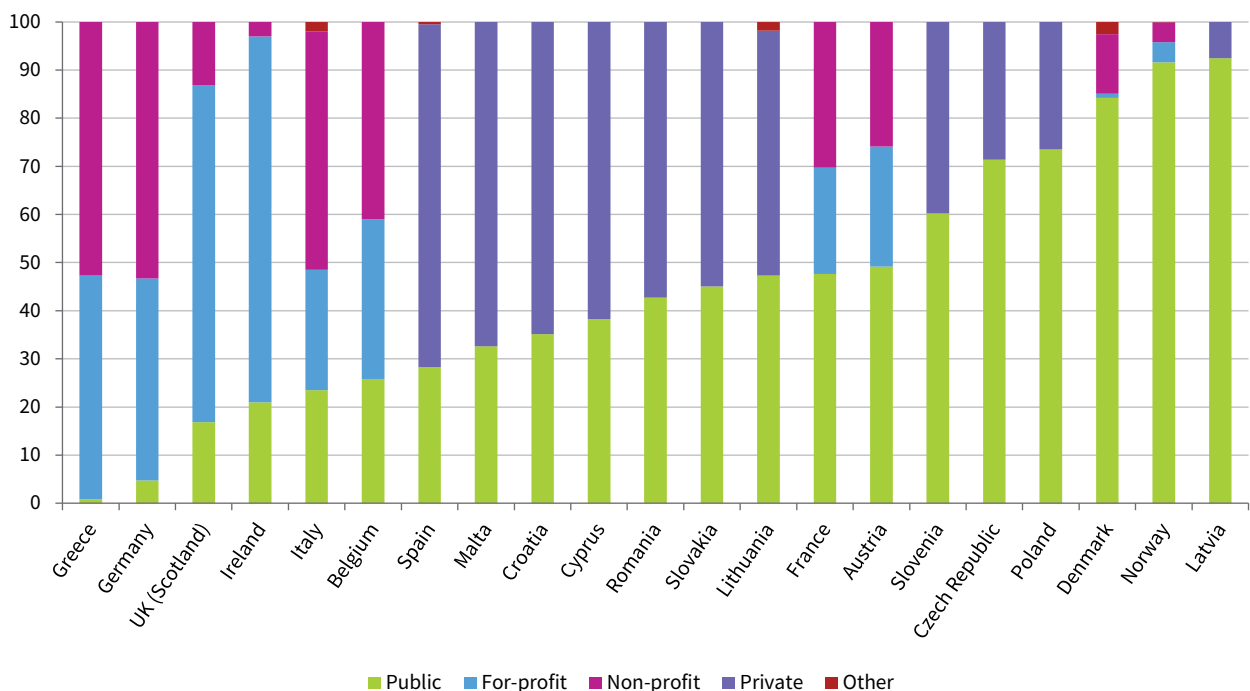
## Private sector in residential care

According to the European Commission’s *2015 Ageing Report*, public spending on long-term care will increase more than spending on pensions or healthcare by 2060. Already the lack of availability of long-term care is an issue across Europe – at the low end, 44% of respondents to the 2011 EQLS in Denmark said that they or someone close to them had difficulties availing of long-term care services; at the high end, the figure reached 86% in Greece and Slovakia.

### Public-private mix

There is a big gap in the market for the provision of residential care, and the Member States, in part acting on recommendations arising from the European Semester, have brought in reforms to ease the entry of different types of providers to the sector to stimulate competition and reduce costs. These reforms include the introduction of mechanisms such as tendering, commissioning, user choice, user fees and vouchers. At present, the mix of public versus private is very variable across the EU, as Figure 30 shows. Less than one-quarter of care homes are public in Greece, Germany, Scotland, Ireland and Italy; in Greece, there are only two public care homes for older people. In Denmark and Latvia, by contrast, more than 90% are public.

Figure 30: Ownership of residential care homes in selected Member States, 2017



Note: ‘Private’ refers to care homes where the information available did not distinguish between for-profit or not-for-profit status.  
Source: Network of Eurofound Correspondents, 2017

There has been a marked growth in private provision in eastern Europe over the past 10 years, especially in Romania, Slovenia and Slovakia, where the number of private care homes has doubled, albeit from a low base. Meanwhile, the number of public care homes is decreasing in Croatia, the Czech Republic, France, Germany, Norway, Slovenia and the UK (Scotland), and growing at a slower pace than private care homes in Cyprus, Lithuania, Romania and Slovakia. Only in Malta and Spain have the number of public care homes increased at a faster pace than private care homes.

### Controlling costs

Despite the opportunities, the home care sector is challenging for private providers. They have to perform a delicate balancing act to contain costs while maintaining quality of care. Cutting costs by decreasing the quality of service is not acceptable to clients and the public at large, but increasing prices may cause them to lose competitiveness. Differences in the cost efficiency of public and private care homes are in part determined by differences in the types of resident. Public care homes often have a higher share of residents with health complications, who are therefore less profitable. In some countries, private care homes control costs by providing fewer specialist medical services such as dementia care, which is a major issue when a high proportion of service users are aged over 80.

Specialised services demand higher numbers of nurses, and differences in staffing levels also contribute significantly to differences in care home costs. In most countries where information about staff-to-resident ratios is available, public care homes employ more staff per resident, driving up their wage bills. Germany is an interesting exception; private care homes manage to contain staff costs because they rarely apply collective agreements and therefore average wages are lower than

in non-profit and public care homes. Consequently, they are able to offer lower prices and thus get most of the contracts and service users. Non-profit providers need to achieve high occupancy rates, with many resorting to cost-cutting in order to survive economically.

### Quality findings inconclusive

Eurofound's researchers came to no unequivocal conclusions about differences in the quality of services depending on ownership, with results differing from country to country. The results nevertheless indicate the aspects of quality that may be affected by changes in the market share of each type of provider. Some aspects in which there were differences between types of provider included: having a single room; hygiene; the residents' choice of food and activities; attitude of staff; nutrition; continuity of care; and preventive health services.

As private provision increases, the costs to users are likely to become a more significant issue. Higher co-payments may be demanded of service users, which may be unaffordable for some. To avoid such an outcome, alternative sources of funding for providers must be sought. This may come in the form of an increase in public subsidies. Or there may be other options: in Belgium and Italy, for instance, long-term care insurance is being discussed as a form of funding. Solutions are urgently needed, however, to avoid deepening of health inequalities.

### Read more

Quality of life: Delivering hospital services – A greater role for the private sector?

[eurofound.link/ef1653](https://eurofound.link/ef1653)

Quality of life: Care homes for older Europeans – Public, private and not-for-profit providers

[eurofound.link/ef1723](https://eurofound.link/ef1723)

## Informal meeting of the Social Protection Committee

Eurofound was invited to present at the informal meeting of the EU Social Protection Committee (SPC) in Tallinn on 18–19 September 2017. The thematic discussions focused on the quality of long-term care services and looked at ways of measuring the effectiveness of community-based long-term care services and how to promote sharing of good practice. The discussions took place in the context of the ongoing debate on the future of the European Union and based on the Commission's *Reflection paper on the social dimension of Europe*. Robert Anderson, Head of Social Policies, presented Eurofound findings on the quality of long-term care services.

## Report launch: Care homes for older Europeans

The report *Care homes for older Europeans: Public, private and not-for-profit providers* was launched on 28 November in Dublin, at an event opened by Jim Daly, Irish Minister of State at the Department of Health with special responsibility for Mental Health and Older People. The launch presented new findings on the extent to which private providers are expanding or replacing the public sector in the delivery of services, and which assess how the private sector compares in terms of efficiency, accessibility and quality.



# Social mobility: Going up? Or down?

The structure of European societies changed dramatically after the Second World War when economies boomed on the back of a shift from industry towards service-oriented activities. New white-collar and professional jobs emerged, dissolving the rigidities of the old class structure. Mass education provided a skilled workforce, meaning that people drawn from all strata of society could, potentially at least, occupy these jobs. Equal opportunities for all became a fundamental principle of democratic societies – backed up by the principles of equal access to education and the jobs market.

It seems, however, that social structures are hardening again. As the modernisation of economies subsides, fewer new jobs are being created at the higher occupational levels, and this is curtailing upwardly mobility. Looking at three generations born in the 20th century, Eurofound researchers found that the most recent of the three was the least mobile and that social background continues to have a profound effect on life chances.

## Mobility across three generations

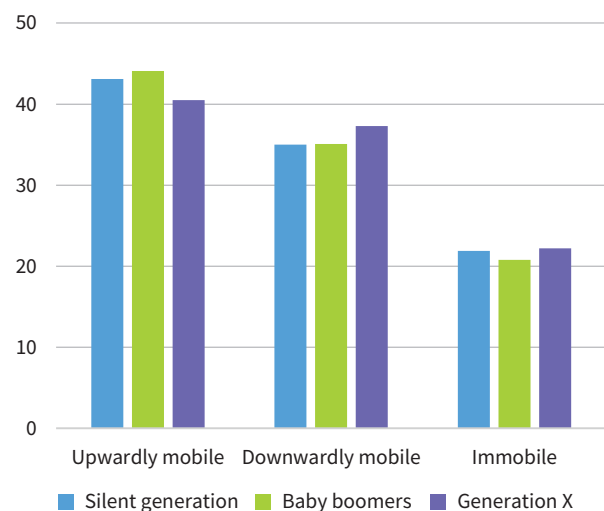
The research examined patterns of intergenerational mobility across occupational classes to establish whether people had moved into a higher or lower occupational class than their parents. The three cohorts examined lived through quite different periods of economic and social change: the silent generation (born 1927–1945), the baby boomers (born 1946–1964) and Generation X (born 1965–1975).

In theory, as low-skilled jobs decrease and higher-skilled and services jobs increase, upward

mobility should be more prevalent than downward mobility, while immobility – staying in the same class – should decline over time as societies become more meritocratic.

The analysis bears out such shifts for the first two cohorts (Figure 31). Upward mobility was greatest for the baby boomers, downward mobility was more or less the same, and immobility fell. However, upward mobility has decreased for Generation X, while downward mobility has increased and immobility has risen somewhat.

**Figure 31: Mobility patterns across three generations**



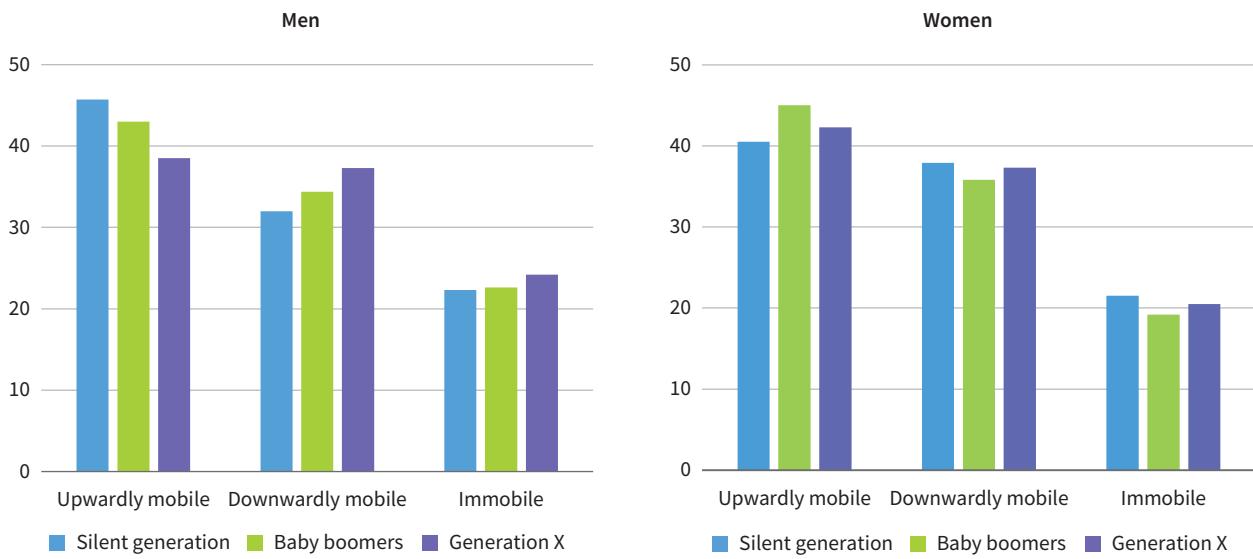
**Source:** *European Social Survey, waves 1–5, 2002–2010 (Eurofound calculations)*



## Visiting Eurofound

Eurofound welcomed French Ambassador to Ireland Stéphane Crouzat (third from right) to its premises on 29 November. Key subjects discussed during the visit were the Agency's work programme for 2017–2020 and its approach to cooperation with national stakeholders. Pictured with the ambassador are French staff within the Agency.

**Figure 32: Mobility patterns across three generations, by sex**



Source: European Social Survey, waves 1–5, 2002–2010 (Eurofound calculations)

These overall trends mask differences in the mobility patterns of men and women, however (Figure 32). Separating the patterns for the sexes shows that from the oldest to the most recent cohort, there was a significant decrease in male upward mobility alongside significant increases in downward mobility and immobility.

Meanwhile, while the female baby boomers had the most favourable mobility trends, Generation X were still more upwardly and less downwardly mobile and less immobile than the silent generation.

These different patterns reflect how women benefited to a greater extent from the changing occupational structure. Most jobs in the growing service economy needed a substantially higher level of education, and women were often better educated and hence better

equipped to work in these occupations. Moreover, as manufacturing has declined, men who in previous generations would have worked in skilled blue collar jobs increasingly slipped down the occupational ranks into semi-skilled and unskilled work.

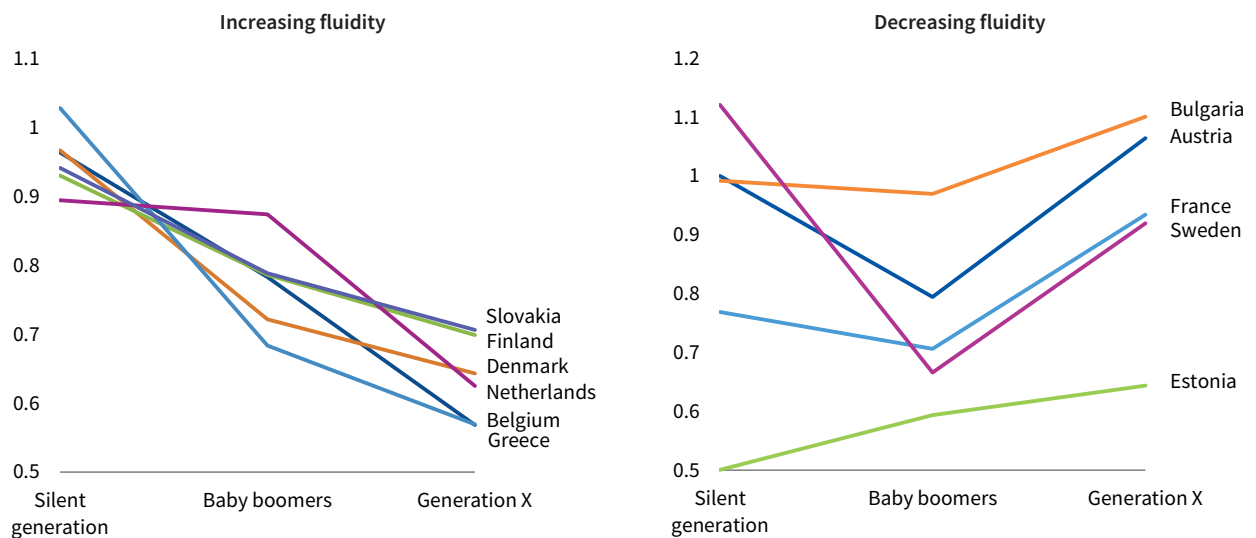
### Social fluidity of Member States

As well as examining these patterns of absolute social mobility, it is important to look too at relative social mobility – the probability that individuals from different social groups end up in other classes regardless of changes in the class structure that happens over time. This is also known as social fluidity and is an indicator of the openness or fairness of a society. The more socially fluid a society, the less important social origin becomes in determining mobility.





**Figure 33: Member States with increasing and decreasing social fluidity patterns**



Source: European Social Survey, waves 1–5, 2002–2010 (Eurofound calculations)

The social fluidity of European societies and its evolution are very different, as Figure 33 illustrates. (The values on the vertical axes are beta values; a decreasing beta value indicates a decrease in the importance of social origin as a factor in people’s social mobility, hence increasing social fluidity.)

- Only in Belgium, Finland, Denmark, Greece, the Netherlands and Slovakia has social fluidity increased across the three cohorts, meaning that social origin has become less important over time.
- In Austria, Bulgaria, France and Sweden, fluidity increased from the silent generation to the baby boomers, but then decreased with Generation X. In Estonia, it decreased across all three generations.
- In the Czech Republic, Germany, Poland and Spain, fluidity increased between the silent generation and the baby boomers, but then stabilised.
- In Hungary, Ireland and the UK, fluidity remained stable across the generations.

As with the combined trends in absolute social mobility, these aggregated social fluidity patterns obscure opposing trends for men and women. In Germany and Spain, for instance, social fluidity for men increased across all three cohorts, but for the women in Generation X it was less than for the baby boomers. In the UK, the seemingly stable level of social fluidity was, in fact, a movement towards decreasing social fluidity for men in Generation X cancelled out by increasing social fluidity – albeit at a slower rate – for women. Across the EU countries as a whole, social fluidity has decreased for men more than for women.

If social mobility is to be improved, social investment must be deployed to boost equality of opportunity for both sexes – through, for instance, improving the quality and coverage of early education, providing compensatory funding for disadvantaged pupils, and enabling better access to healthcare. Specific attention should be given to reversing the decreasing life chances among men born after 1964, whose prospects have significantly deteriorated in many countries.

### Read more

Quality of life: Social mobility in the EU

[eurofound.link/ef1664](https://eurofound.link/ef1664)

## ‘The only way is up? Social mobility and equal opportunities’



On 4 May, in Paris, Eurofound and the OECD Centre for Opportunity and Equality hosted a joint high-level conference ‘The only way is up? Social mobility and equal opportunities’. The event brought together an interdisciplinary group of international experts, policymakers and stakeholders from OECD and EU countries to discuss evidence on the extent of mobility between generations and identify policies supporting upward mobility, particularly of disadvantaged population groups. The event was opened by OECD Chief of Staff and Sherpa to the G20 Gabriela Ramos and Eurofound Director Juan Menéndez-Valdés.

### Quality of life and public services: Policy message

The European Quality of Life Survey is a unique tool for measuring social progress in the EU. Its message from 2017 is that there has been progress on the three key areas of its remit: quality of life, quality of society and quality of public services – though not in all countries and not for all social groups. Optimism is up, satisfaction with living standards has increased and some other quality of life indicators are back to the levels they were at prior to the crisis. Quality of society has also improved in several dimensions, with increased trust in national institutions and a decline in feelings of social exclusion. Ratings for key public services have also increased overall.

Nevertheless, signs of persistent inequalities remain, and people express insecurity over issues such as retaining their accommodation and their income in old age. Disparities in quality of life are apparent among different social groups, varying according to gender, age, employment status and income. Differences are also widespread across Member States. Countries that scored high on most indicators in previous waves also did well in 2016, while countries that scored poorly also continue to do so. All countries show strengths in some area, but multiple disadvantages are still more pronounced in some. While satisfaction with standard of living has converged across the Member States, over 50% of population in 11 countries still report difficulties in making ends meet. From a different angle, Eurofound’s work on the widespread stagnation of social mobility across the EU illustrates that there is some way to go before ‘equal opportunities for all’ is realised.

Policy action is needed to extend the progress experienced by many to groups outside the mainstream, and the Pillar of Social Rights leads the way in that respect. The initiative aims to address the types of inequalities uncovered by the EQLS, and understanding these is critical for implementation of the Pillar. The Social Scoreboard that accompanies the Pillar comprises a list of indicators for monitoring the progress in its implementation. EQLS 2016 has findings that could complement the Social Scoreboard, as well as evaluating progress in implementing the key principles of the Pillar more generally.



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5

# Digital age

# Is telework taking off?

One of the promises held out by the ICT revolution was that anyone who could do their tasks using a computer and a phone would be able to work from home, avoiding the stressful commute and the distractions of the workplace. ‘Telework’ entered the workplace vernacular and progressive employers put the policies in place to implement it. Telework became feasible around the same time as consensus was rising about the desirability of maintaining a work–life balance, and it fitted neatly in the toolbox of measures to help people reconcile the demands of work and home life. But a backlash came as prominent companies such as Yahoo! and IBM had a change of mind and decided to restrict or completely ban staff from teleworking. They argued that it interfered with spontaneous interaction and sharing of ideas between employees, stifling opportunities for development and innovation.

So how much impact has telework had on the world of work? Not much. While take-up has picked up in the past five years, just 3% of workers work regularly from home. A further 5% are highly mobile workers who work from several locations (including home) regularly, while 10% telework occasionally from various locations but with much lower mobility than the highly mobile group.

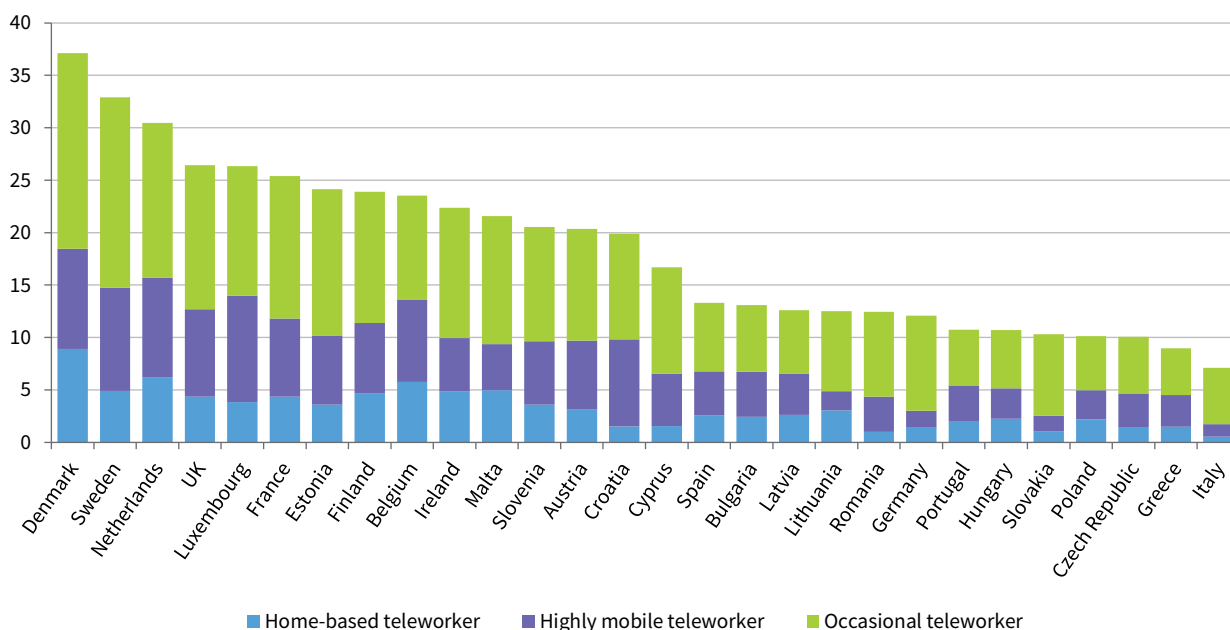
Its reach into the workplace varies markedly across Member States, being more widespread in Scandinavia and much less so in eastern European countries, Greece and Italy (Figure 34). The extent of ICT spread and

internet connectivity as well as the national work culture and economic structure influence its adoption in different countries.

In part, the ability to telework is restricted by the nature of one’s work. It is a viable option for those who can work independently and whose use of ICT is high; hence its greater prevalence among knowledge workers. Teleworkers are often professionals and managers; substantial numbers of clerical workers rank among them, too, while sales representatives are common in the highly mobile group. On the other hand, it is not feasible for many lower-skilled jobs that require a fixed workplace – machine operators or shop assistants, for example. For these reasons, too, telework is less common in manufacturing and retail and more common in ICT, financial services and services in general.

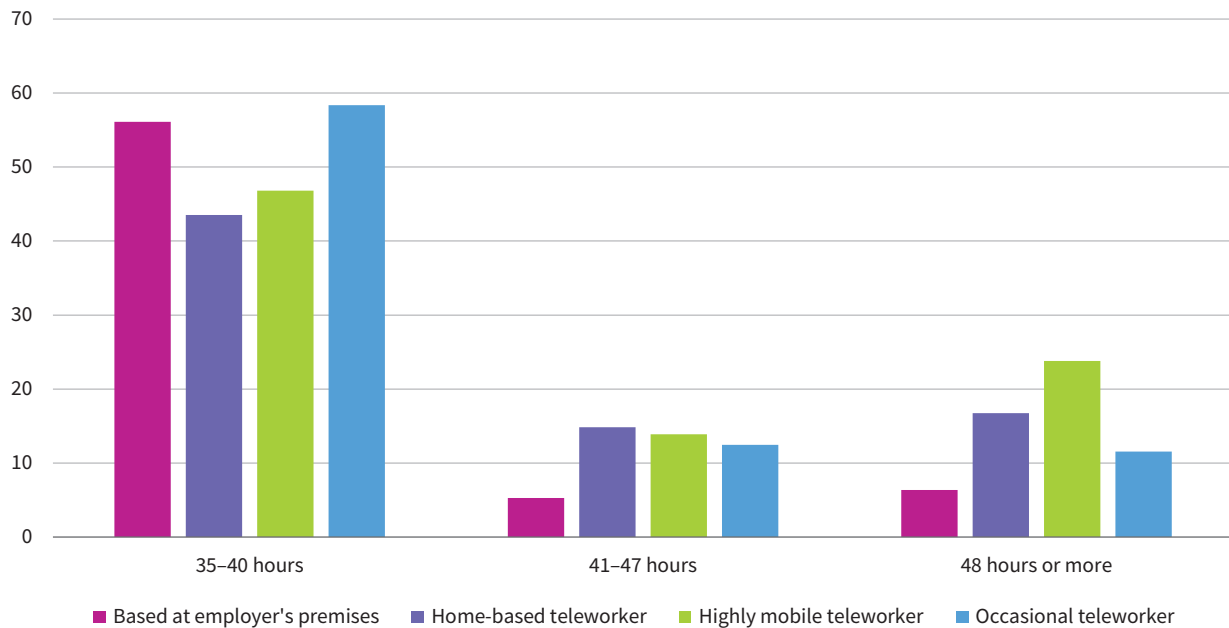
Lack of ICT skills among employees has probably held back the wider adoption of telework, but this is hardly an insurmountable obstacle; it can be tackled by procuring the necessary technology and providing training. A more intractable barrier is managerial resistance, springing from a mistrust of employees’ ability to work efficiently and productively when unsupervised. However, the bulk of the evidence on the productivity of teleworkers suggests that it is higher than that of employees based in the employers’ premises. This better performance is put down to

Figure 34: Rate of teleworking in Member States by type, 2015



Source: European Working Conditions Survey, 2015

**Figure 35: Average weekly hours worked by teleworkers and employees based at employer's premises, EU, 2015**



Source: *European Working Conditions Survey, 2015*

several factors including greater autonomy, fewer interruptions and improved efficiency due to the use of ICT. Another factor is that teleworkers put in longer hours on average.

This finding – that teleworkers work longer hours than office-based workers – is uncovered time and time again by studies. A French study found that teleworkers used the extra time they saved by not commuting to do extra work – hence travel time became working time. Data from the UK Labour Force Study show that teleworkers work more overtime on average than office-based workers (9.8 hours per week compared with 8.4 hours). It also found that 80% of teleworkers’ overtime is unpaid, compared with 60% for other employees. The EWCS confirms, as illustrated in Figure 35, that the freedom to work anytime and anywhere is also the ability to work more. Other studies suggest that much telework supplements traditional office work (unpaid and informally) rather than substituting for it.

Putting in additional working time at home blurs the boundaries between work and home life, raising the question of whether the work–life balance of teleworkers is actually any better than that of workers in the employer’s premises. Respondents to surveys on the issue, and sometimes the same individuals, report both positive and negative impacts on work–life balance. The EWCS findings suggest that regular home-based teleworkers have slightly better work–life balance than those based at their employer’s premises, but that highly mobile workers, many of whom spend time on the road, have difficulty getting the fit right. Overall, it seems that working time becomes more elastic as it becomes interspersed with non-working time. So while there is certainly scope for teleworkers to use their time more efficiently, work and home life tend to meld once teleworkers spread their working day over a longer period.

### Read more

Digital age: Working anytime, anywhere – The effects on the world of work

[eurofound.link/ef1658](https://eurofound.link/ef1658)

Digital age: Automation, digitisation and platforms – Implications for work and employment. Concept paper

[eurofound.link/ef18002](https://eurofound.link/ef18002)

## Future of work

Machines are replacing humans in the performance of tasks, networking technology is dispersing the workforce geographically, and digitalisation is enabling new ways of working and new relationships between employers and workers. Meanwhile, the evolution of the economy and the demands of business are normalising non-standard types of work such as part-time and temporary work. The future of work has become a burning issue among policymakers, social partners and scholars as they seek to anticipate and prepare for the possible shape of work in the digital age.

## ILO conferences

Eurofound enjoys close cooperation with the International Labour Organization (ILO) and in 2017 contributed to a number of conferences stemming from the ILO's Future of Work Centenary Initiative. With this programme, the ILO aims to understand the transformations in the world of work and to respond effectively to it. Its themes encompass many of Eurofound's own fields of research, including quality of work, work organisation, employment relationships and labour force participation.

On 28 March in Madrid, Eurofound Director Juan Menéndez-Valdés participated in a panel discussion on the theme 'Decent work for all' at the ILO's Spanish tripartite conference 'The future of work that we want'. Convened by the ILO and Spain's main social partner organisations, the event's opening address featured ILO Director Guy Ryder as a key speaker.

On 12 May, the Irish ILO conference, hosted by the Irish government in Dublin, brought together experts from the social partners, industry and academia to explore new forms of work – particularly in the context of the digital economy and the impact of technology on employer–employee relationships. Eurofound's Adviser – Industrial Relations, David Foden, presented findings from the Agency's research on the subject.

David Foden also participated in the 10th European Regional Meeting of the ILO in Istanbul on 2–5 October, contributing to a plenary panel debate on 'decent jobs for all', where he shared the results of Eurofound research on working conditions, new forms of employment, fraudulent forms of contracting work and self-employment.

## EU Presidency events



Juan Menéndez-Valdés delivered a keynote speech on new forms of work and their regulation, as well as the implications for the labour market and social security systems at the high-level conference 'Future of work: Making it e-Easy' on 13–14 September organised by the Estonian EU Presidency. The aim of the conference was to provide a vision for developing policies for the changing nature of work that will ensure high employment, decent jobs, adequate social security, and a highly skilled workforce for the productive digital economy.

An informal EMCO meeting, hosted by the Estonian Presidency on 21–22 September, followed up on that conference. Donald Storrie, Chief Researcher at Eurofound, addressed the topic of non-standard forms of employment – part-time employment, temporary employment and self-employment – and the extent to which they are becoming more prevalent in the EU.





## Report launch: Working anytime, anywhere: The effects on the world of work

*Working anytime, anywhere: The effects on the world of work*, a joint report of the ILO and Eurofound, was launched on 15 February 2017. As digital technology extends into every aspect of working life, this research report highlights the opportunities and challenges of telework. The study synthesises research carried out by both organisations in 15 countries, including 10 EU Member States as well as Argentina, Brazil, India, Japan and the United States. The study also provides recommendations on how policy can enable employers and workers to best benefit from the opportunities offered by telework.



### Digital age: Policy message

Technology is steadily displacing humans across jobs and sectors, but public protest has been muted, perhaps because this has not led to employment loss on any grand scale – look to the recession for that. It has caused the loss of specific jobs – semi-skilled routine jobs in manufacturing, especially, but also in services – the number of travel agents in the US has halved since 2000, for instance. But, as Eurofound’s research has highlighted, a job comprises a bundle of tasks, some of which are more easily automated than others. So what is more likely than a massive annihilation of jobs, in the medium term at least, is that routine and repetitive tasks will be automated, while tasks requiring human abilities – problem solving, creativity and social skills – are recombined into new occupations. More jobs in the future could potentially have more variety, be more stimulating and more rewarding. But each new possibility opened by digital innovation seems to raise both opportunities and challenges. Telework, for instance, offers workers greater flexibility to manage their working time, but constant connectivity can pressurise workers to be available around the clock.

The quintessential job of the digital economy, in its current phase at least, is the crowd worker operating task-by-task through a digital platform. It does indeed ‘disrupt’ our traditional understanding of what constitutes a job. It opens new opportunities for employment and offers workers more freedom in when and how they work; in many of its manifestations, it also epitomises poor job quality: low pay, insecurity, lack of a social protection safety net and few of the benefits that employees enjoy. However, crowd employment is still limited and mainly provides supplemental work; few European workers do it as their main job. However, it does signal the paths down which the digital economy could evolve. The emergence of new forms of economic activity underlines that governments and social partners must intervene in digitally driven structural change to employment and labour markets and play a critical role in defining the shape of the future digital economy to defend and balance the interests of both business and workers.



6

# Monitoring convergence in the European Union

# The quest for convergence

As the European Union recoups the losses of the crisis and seeks a sounder footing for future growth, the concept of convergence has taken centre stage in the policy discourse. There has always been the expectation that economic union would lead to balanced development among its Member States. One of the aims of the founding Treaty of Rome was to reduce ‘the differences existing between the various regions and the backwardness of the less favoured regions’.

Convergence was conceived mainly in economic terms, and it was assumed that social convergence would unfold as a corollary. That assumption was not mistaken: EU membership has led to an improvement in living standards across all Member States, although the catch-up process of less-developed new members has varied greatly, both in terms of pace and timing.

Convergence in the EU context, however, does not necessarily mean that the expectation is one of parity between Member States, which would imply faster rates of growth for those at lower levels. Its conceptualisation, as most recently expressed in the Rome Declaration of March 2017, envisages rather that Member States ‘will act together, at different paces and intensity where necessary, while moving in the same direction, as we have done in the past’.

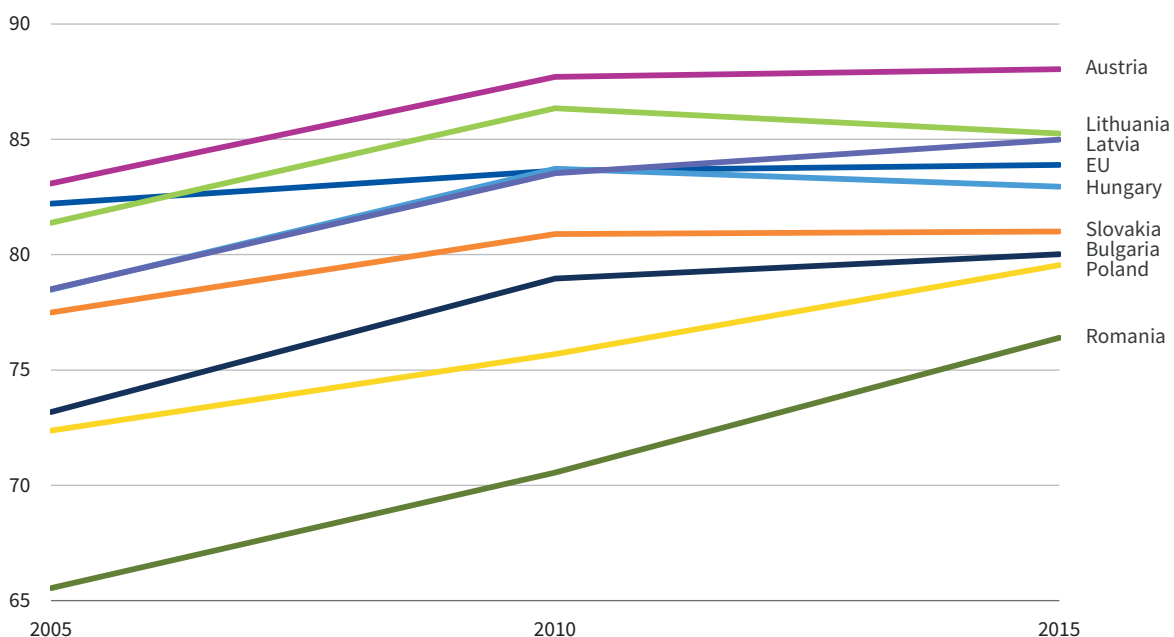
The actual term ‘convergence’ first appeared in the Treaty on European Union (Maastricht Treaty) in 1992 in

relation to the convergence – primarily in terms of monetary and fiscal indicators – required for membership of the Economic and Monetary Union (EMU). The first decade of EMU saw strong real convergence in GDP per capita and narrowing wage inequality as well as widespread convergence in living standards. The severe economic crisis, however, stalled this process of convergence.

## Working conditions

Consistent patterns of convergence are elusive in many facets of living and working in Europe. Evidence from the 2015 EWCS, for instance, shows Member States out of step on improvements in working conditions over 2005–2015, a period taking in the crisis, with different trends on different dimensions of job quality. The clearest sustained upward convergence, in terms of overall improvement among Member States with less favourable conditions, has been in working time quality – an area more subject than others to formal policies and collective bargaining. In eight countries, working time quality improved over a decade, despite the crisis, seven of them eastern European countries that acceded to the EU in 2004 (Figure 36). In France, Ireland, Malta, the Netherlands, Sweden and the UK, working time quality has fallen over the decade; in the remaining Member States, it is unchanged.

Figure 36: Member States with upward convergence in working time quality, 2015



Source: European Working Conditions Survey, 2015

In the area of physical risk (the dimension of job quality most tightly regulated through European-level legislation), a number of countries with poor scores in 2005 (Portugal, Spain, Malta, Greece, Cyprus, Finland, Bulgaria, Hungary, Romania and Slovakia) improved better than average over the decade. In another group of countries with poor scores (Lithuania, Slovenia, France and Poland), physical risk increased further.

As for skills, a dimension largely influenced by company-level policies, most countries did not see much change over the decade. However, a pronounced upward trend is apparent in a few – among them Spain and Ireland – while others, such as Hungary and Latvia, show a downward trend since 2010.

## Quality of life

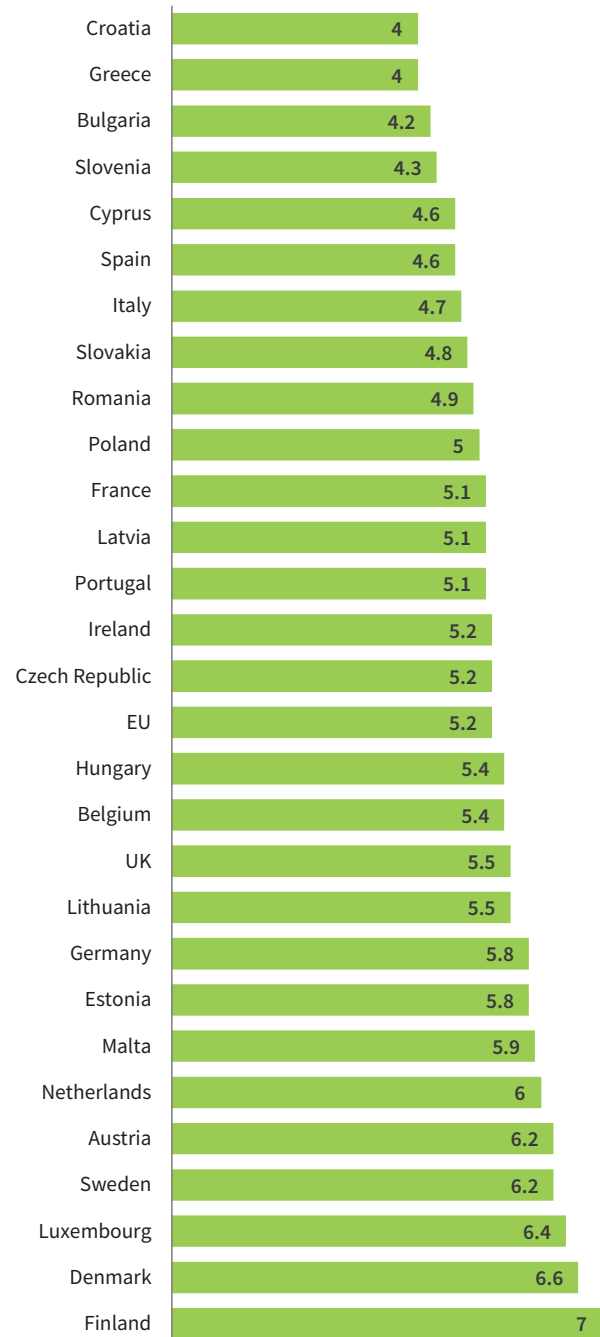
As described in the earlier chapter ‘Quality of life and public services’, convergence in quality of life has been partial at best. Some countries consistently perform well on dimensions of quality of life across the editions of the EQLS, and others consistently rate poorly. The proportion of people who are disadvantaged on multiple dimensions was still more pronounced in 2016 in some societies than in others.

Some convergence can be seen in levels of satisfaction with the standard of living across Member States between 2011 and 2016. However, as noted earlier, there are still 11 countries in which more than half the population report difficulties in making ends meet. Life satisfaction increased between 2011 and 2016 in some EU countries, especially Estonia, Hungary and the UK, but it was unchanged in most, and declined in Greece, Italy and Spain,

The average quality ratings of public services have increased almost across the board since 2011. However, it is not an easy matter to decide whether there has been convergence between countries or not, given the disparities in the provision of services. There are huge differences across Member States in the numbers of people using formal services (such as childcare and long-term care), which underlines the large gaps in the availability of services in some Member States. The cost of using services is still a significant barrier in several Member States, especially in south-east Europe.

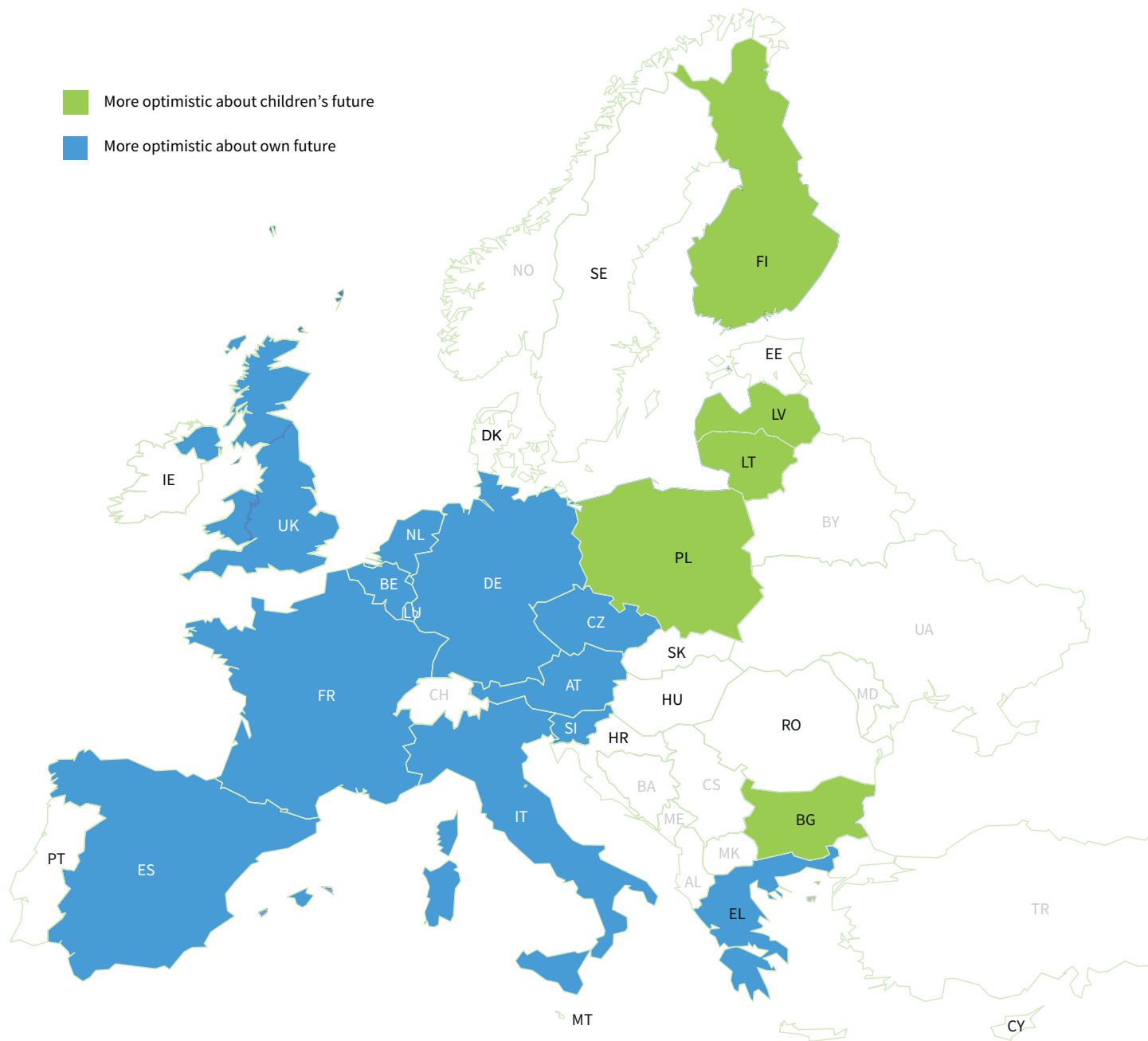
Levels of trust in institutions have become more divergent, and the differences do not follow the usual west–east or north–south split (Figure 37). Countries such as Estonia and Malta are among the top 10 countries in this and other indicators of quality of society.

**Figure 37: Scores on trust in institutions, Member States, 2016**



Source: European Quality of Life Survey, 2016

Figure 38: Comparison of Member States based on optimism about the future, 2016



Source: European Quality of Life Survey, 2016

The question on optimism yields an interesting result (Figure 38). In five countries, people are more optimistic about their children's future than their own future. Four of these are former Eastern Bloc countries, and their optimism for the next generation is possibly due to the improvements in quality of life that they have experienced since joining the EU. In 12 other countries, mostly in western Europe, people are less optimistic about the prospects for future generations than for their own, which may be down to a decrease in living standards in this generation.

### Read more

Converging economies, diverging societies? Upward convergence in the EU – Foundation Forum 2017: Background paper [eurofound.link/ef1748](https://eurofound.link/ef1748)

Converging economies, diverging societies? Upward convergence in the EU - Foundation Forum 2017 - Session 1: Employment and working conditions [eurofound.link/ef17481](https://eurofound.link/ef17481)

Converging economies, diverging societies? Upward convergence in the EU - Foundation Forum 2017 - Session 2: Living conditions [eurofound.link/ef17482](https://eurofound.link/ef17482)

Converging economies, diverging societies? Upward convergence in the EU - Foundation Forum 2017 - Session 3: Convergence and the regional dimension [eurofound.link/ef17483](https://eurofound.link/ef17483)

# Foundation Forum 2017

The concept of convergence as well as convergent and divergent trajectories among Member States were explored at the 2017 Foundation Forum, Eurofound's flagship event. Under the theme 'Converging economies, diverging societies? Upward convergence in the EU', convergence in Europe was debated within the context of Eurofound's multiannual

work programme and its strategic objectives, focusing particularly on convergence in relation to employment and working conditions, living conditions, and disparities between regions.

## Read more

Taking the Forum forward – From Dublin to Gothenburg

[eurofound.link/forumforward](https://eurofound.link/forumforward)



# Income inequality widens across and within Member States

Disparities in household income levels between Member States are considerable, as they are within Member States. Figure 39 represents the distribution of annual household disposable income for the EU as a whole, broken down by Member State, in 2013. It shows the percentage of Europeans of working age found across six income categories (adjusted to take into account differences in price levels across countries). Each bar represents intervals of €1,000, so for example, around 4.5% of Europeans of working age have a household disposable income between €10,000 and €11,000 per year.

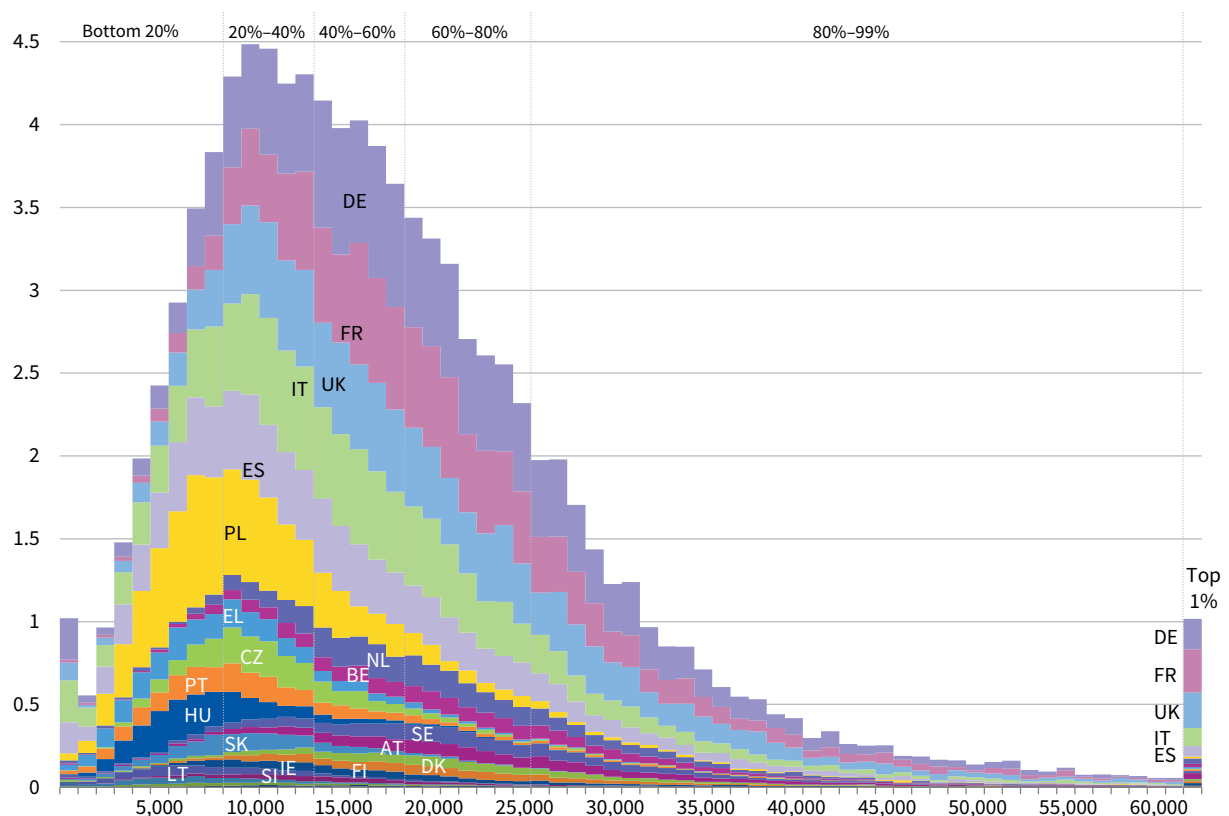
The differences in household disposable income levels between Member States are clearly reflected by the positioning of countries in the graph. Eastern European countries (and Mediterranean countries to a lesser extent) are much more present in the bottom quintile, corresponding to income levels below €9,000, while EU15 countries account for almost all the people found in the top quintile, corresponding to income levels above €25,000.

But there is also a significant degree of overlap in the distribution of income within Member States. For instance, the countries that dominate the top quintile also have a significant population share in the lowest income quintile. This implies that income disparities *within* countries are larger than income disparities *between* countries in the EU.

## Patterns of convergence and divergence

Income inequalities in the EU declined from 2003 up to the Great Recession, mostly as a result of convergence in income levels between Member States. This convergence was largely a catch-up by low-income countries, particularly in eastern Europe; apart from Spain, Mediterranean countries failed to converge. In most high-income countries, income levels remained stable or even declined (notably in the UK) until 2008. After 2008, Mediterranean countries saw a decline in income levels while in most eastern European countries they continued to grow but at a much lower rate.

Figure 39: Distribution (%) of household disposable income by quintile, Member States, 2013



Source: European Union Statistics on Income and Living Standards, 2014



EU-wide income inequalities increased as a result of an expansion of inequalities within countries and a halt to the process of income convergence between countries. The biggest expansion of inequalities took place between 2009 and 2010, with more moderate developments since then. This seems linked to large drops in low-paid employment after 2008, a development that affected many countries but to different extents, and therefore contributed to a between-country divergence.

Household disposable income inequalities expanded in two-thirds of Member States between 2008 and 2013 – not only in peripheral countries that were hit severely by the recession but also in some traditionally more egalitarian countries in the European core such as Germany and Sweden. However, the increases have been quite moderate, rising above 10% in only seven countries (Cyprus, Hungary, Estonia, Denmark, Slovenia, Spain and Ireland). In contrast, household

disposable income inequalities fell in one-third of Member States over the same period (Luxembourg, Latvia, Lithuania, Poland, the UK, France, the Netherlands and Portugal).

There is evidence that European welfare states partially cushioned the effect of drops in earnings as inequalities in household market income (income before taxes and transfers) rose to a greater extent than household disposable income (income after taxes and transfers). While inequalities in household market income grew by almost 3% between 2009 and 2014 (income referring to 2008 and 2013 respectively), inequalities in household disposable income rose by less than 2%. Nevertheless, recent developments suggest a certain deterioration in the capacity of welfare states to counterbalance growing market inequalities.

### Read more

Labour market change: Income inequalities and employment patterns in Europe before and after the Great Recession

[eurofound.link/ef1663](https://eurofound.link/ef1663)

## Informal EPSCO, ‘Making work pay’

Eurofound research findings were presented to the informal EU Social Affairs and Employment Ministers (EPSCO) meeting in Valetta, Malta on 3–4 April, the theme of which was ‘Making work pay’. Commissioner Marianne Thyssen opened the meeting by highlighting that inequalities undermine people’s faith in a just society, and that efforts must be geared towards ensuring that everyone can put their talents to work. Eurofound Director Juan Menéndez-Valdés addressed the gathering on the subject of income inequalities both within and between the Member States, showing that income disparities within countries are larger than income disparities between countries in the EU.



## Monitoring convergence in the European Union: Policy message

The role of the European Union in promoting convergence of social outcomes within Member States is not immediately obvious, as social policy is the responsibility of national governments. But EU policymakers have recognised that a 'deeper and fairer union' requires convergence in more than just the economic indicators, and that the EU must deliver on the promise of high employment and social progress before any further deepening of the integration process. The proclamation of the European Pillar of Social Rights must be seen in light of this development. The aim of the Social Pillar is to give guidance on the support of people's rights regarding employment, working conditions and social protection, serving as a compass for the future development of Social Europe.

The Foundation Forum produced 12 key messages proposing critical components for the process of upward convergence. These later fed into the Gothenburg Social Summit for Fair Jobs and Growth where the Pillar of Social Rights was proclaimed.

1. To mainstream the principles included in the European Pillar of Social Rights in policy implementation at different levels (EU, national, regional actors).
2. To establish a limited number of clear priorities for action; this could include social protection for all workers regardless of their formal status, non-segmented labour markets, quality unemployment protection, activation measures, living wages.
3. To establish the necessary tools to ensure Europe is ready to preserve social convergence in the next economic crisis. Economic and social priorities must be integrated in the framework of EMU.
4. To level the playing field in working conditions.
5. To protect employment as a core social right by improving employability and guaranteeing access and transitions to good jobs and employment trajectories.
6. To base competition on good working conditions that ensures workers' engagement and optimal performance.
7. To encourage companies to play a socially responsible role in adapting to changes in the world of work.
8. To empower social partners to enable them to find solutions through collective negotiations.
9. To align the social and economic dimensions of convergence and invest in long-term strategies for education and care, health and housing.
10. To consider complementing indicators beyond the current Social Scoreboard to other measures, such as quality of life, and policy/input indicators going beyond outcomes.
11. To align the use of the Structural Funds with the principles of the European Pillar of Social Rights, and focus funding on activities which have been positively evaluated and demonstrate added value.
12. To support regional initiatives that develop regional partnerships (firms, social partners, civic society, local administration) to build collective capacities and avoid duplication.



## Visiting Eurofound

On 17 May, Eurofound welcomed Irish participants from the Our Voices project to its offices in Dublin. Our Voices provides citizens with a forum to discuss furthering social inclusion in Europe. The participants included volunteers from All Together in Dignity Ireland and members of the North-west Inner City Training and Development Project. The visit was an opportunity for the participants to learn about the role of an EU agency and to discover more about its work.



## Visiting Eurofound



Completing Eurofound's programme of visits from the European diplomatic community in Ireland for 2017, the Agency welcomed a delegation from the Benelux group of countries on 5 December. Researchers presented an overview of Eurofound's activities and described initiatives for cooperation at national level.

Pictured from left to right are Wemmechien Hofman, Senior Economic Officer, Embassy of the Netherlands to Ireland;

Bernadette Scheid, Deputy Head of Mission Embassy of Belgium to Ireland; Peter Kok, Ambassador of the Netherlands to Ireland; Pierre-Emmanuel De Bauw, Ambassador of Belgium to Ireland; Ivan J. Healy, Honorary Consul of Luxembourg to Ireland; Eurofound Deputy Director Erika Mezger; and Eurofound Director Juan Menéndez-Valdés.



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# Looking forward

This was the first year of Eurofound's four-year work programme *Towards upward convergence 2017–2020*. It was also the year the European Pillar of Social Rights was proclaimed, a milestone in EU history that provides concrete proof of the EU's commitment to citizens' social rights within a deeper and fairer economic and monetary union. Eurofound's research and communication for 2018 will contribute to the reservoir of knowledge that Member States will need to put the Social Pillar into action in all of its three chapters – equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. This work is organised along 10 topical activities:

- Working conditions and sustainable work
- Social dialogue
- Reporting on working life developments
- Well-functioning and inclusive labour markets
- Monitoring structural change and managing restructuring
- Innovation and job creation in companies
- Quality of life and quality of society
- Public services
- The digital age: Opportunities and challenges for work and employment
- Monitoring convergence in the European Union

The main outputs from each of these activities in 2018 are described below.

## Working conditions and sustainable work

Using data from the 2015 EWCS and the 2016 EQLS, Eurofound is conducting a study on the challenges of reconciling work and family life for both workers and non-workers. This will feed into the discourse around the topic at EU level, prompted by the Commission's proposal for a work–life balance directive to enable more women to participate in the labour market and to encourage a better sharing of caring responsibilities between men and women.

Eurofound continues to examine emerging forms of employment that change the traditional relationship between employers and employees. Research into casual work, with a specific focus on zero-hour and very-short-hour contracts, and the risks and opportunities associated with it will be published in 2018.

Understanding the conditions experienced by workers outside the EU is increasingly relevant in a globalised economy, and Eurofound will publish a joint report with the ILO analysing working conditions in a number of non-EU countries. Another study (with EU-OSHA) looks at the associations between working conditions and the physical and mental health of workers.

## Social dialogue

As the EU urges greater involvement of the social partners in EU policymaking and better functioning at national level, Eurofound has launched a study to examine the linkages between European social dialogue and the national levels, focusing particularly on better understanding of the cooperation mechanisms used in decision-making and implementation in multinational companies. The evidence provided will point actors in social dialogue to areas and processes where better linkages between different levels of social dialogue could render social dialogue more efficient.

## Reporting on working life developments

In 2018, Eurofound expects to consolidate its role as the portal of reference on working conditions and industrial relations for EU and national policymakers, providing continually updated comparative information on actors and institutions, topics discussed and outcomes achieved. It continues to provide systematic and comparable data on national industrial relations systems and developments in working conditions. This includes updating of the working life country profiles, which provide background information on industrial relations systems with an overview of main features, actors and issues for each Member State.

## Well-functioning and inclusive labour markets

As detailed earlier in this report, a considerable number of workers live in poverty. Perhaps it is time for a living wage to supersede the minimum wage. The concept of a living wage has been developed as a way to provide workers with an adequate income to maintain a decent standard of living. Eurofound is currently conducting a study on the living wage, to explore how it is calculated in different countries and regions in Europe.

## Monitoring structural change and managing restructuring

The Agency will publish its latest findings from the European Restructuring Monitor, the only available European data source mapping large-scale restructuring activity. The data collected complements the annual analysis of labour market and restructuring trends based on the EU-LFS. Using data from the 2015 European Working Conditions Survey, Eurofound will investigate the associations between restructuring and working conditions. This will be supplemented by qualitative research on company initiatives addressing those who remain in the firm after restructuring.

## Innovation and job creation in companies

Following the job loss of the crisis years, decision-makers seek to understand the policy mechanisms that support job creation. Eurofound will publish findings from a project examining publicly funded initiatives in Member States that are designed to foster innovation and that also have employment effects through, for example, job retention, new hiring, skill development or improved working conditions. Such information is essential for the design and implementation of targeted and effective public support for job creation, particularly in a time of public budget restrictions.

## Quality of life and quality of society

The European Quality of Life Survey is a unique, pan-European source of information about the lives of citizens. As the EU plots a course towards upward convergence in living standards of Europeans, the EQLS will publish reports on important facets of quality of life: social cohesion and trust in national institutions. The survey data will also be used to inform a series of policy briefs on the themes of social insecurity and resilience; living conditions of people with chronic illness and disabilities; the changing face of life in rural Europe; and intergenerational differences in well-being. An overview of the key dimensions of quality of life in the EU candidate countries will also be published.

## Public services

Good-quality, accessible public services can perform an equalising function in society, raising the quality of life and living standards of people lower on the social ladder. In 2018, Eurofound will publish a study on access to and quality of social services in the EU Member States based on the 2016 EQLS and other

sources. The findings will identify factors that influence quality of social services in general and how they differ for different societal groups. The analysis will examine developments over time in access to and quality of services, with specific attention to social inequalities.

## Digital age: Opportunities and challenges for work and employment

Long-held understandings of employment and work are being eroded as digital technology extends into all aspects of working life. The implications for the labour market need to be understood to inform decisions about the need for and direction of policy intervention. Current research by Eurofound on crowd employment – task-based employment where a digital platform mediates the relationship between worker and client – is exploring the working and employment conditions associated with this new form of employment as well as its scale and scope in Europe. An online resource is being established to enable access to various types of information on crowd employment that Eurofound has compiled.

## Monitoring convergence in the European Union

Eurofound aims to become a point of reference in the growing debate on convergence in the EU and will provide ongoing up-to-date information and evidence on Member States' convergence trends and performances. The Agency will publish the conceptual framework for its work on convergence as well as a set of indicators for monitoring progress. A study to monitor convergence in employment and socioeconomic circumstances has started, as has the development of an interactive web repository on convergence to give EU and national policymakers as well as scholars and citizens access to this information.

## Consolidated annual activity report

Eurofound's *Consolidated annual activity report* is published alongside *Living and working in Europe 2017*. It describes Eurofound's activities, particularly its research and information and communication programmes as well as its policy achievements, in relation to the objectives set in the 2017 work programme. It also provides details on Eurofound's performance as evidenced by its key performance indicators, which give a balanced view on the different aspects of the Agency's achievements.





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# Eurofound's brief

## What does Eurofound do for you?

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

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

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