

Living and working in Europe



Living and working in Europe 2019



When citing this report, please use the following wording:

Eurofound (2020), *Living and working in Europe 2019*, Publications Office of the European Union, Luxembourg.

Author: Helen Burke

Luxembourg: Publications Office of the European Union

Print: ISBN 978-92-897-2071-7 ISSN 2363-0299 doi:10.2806/711349 TJ-AM-20-001-EN-C

Web: ISBN 978-92-897-2070-5 ISSN 2363-0302 doi:10.2806/503351 TJ-AM-20-001-EN-N

This report and any associated materials are available online at eurofound.link/ef20003

© European Foundation for the Improvement of Living and Working Conditions, 2020

Reproduction is authorised provided the source is acknowledged.

For any use or reproduction of photos or other material that is not under the Eurofound copyright, permission must be sought directly from the copyright holders.

Cover image: Benny Marty/Shutterstock. **Other images:** pp. 2, 7, 47, 51, 56, 59, 60 © CB Media, Eurofound 2019; pp. 12, 26, 42 © EUP-Images, Eurofound 2019; p. 41 © European Social Network 2019; p. 25 © Romania2019.eu; p. 31 © EU2019FI.

Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.

This report presents the results of research conducted prior to the outbreak of COVID-19 in Europe in February 2020. For this reason, the results do not take account of the outbreak.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

Email: information@eurofound.europa.eu

Web: www.eurofound.europa.eu

Country codes

AT	Austria	FI	Finland	NL	Netherlands
BE	Belgium	FR	France	PL	Poland
BG	Bulgaria	HR	Croatia	PT	Portugal
CY	Cyprus	HU	Hungary	RO	Romania
CZ	Czechia	IE	Ireland	SE	Sweden
DE	Germany	IT	Italy	SI	Slovenia
DK	Denmark	LU	Luxembourg	SK	Slovakia
EE	Estonia	LT	Lithuania		
EL	Greece	LV	Latvia	UK	United Kingdom
ES	Spain	MT	Malta		

Contents

	Foreword	1
1	Employment and labour markets	3
	How did employment fare in 2019?	4
	Upward convergence but uneven performance	4
	Restructuring job gains outweighed job losses	4
	Has economic change driven regions apart?	8
	Delving into employment patterns	8
	Regional employment shifts	10
	Quality of life in Europe's capital cities	12
	Connecting with EU priorities: Supporting regions in the transition	15
	Do labour markets trap workers in poor-quality jobs?	16
	The case for non-standard contracts	16
	Detecting signs of labour market segmentation	17
	Is there a place for casual work?	18
	Connecting with EU priorities: Secure and adaptable employment	19
	What if you don't want a typical job?	20
	Platform work: Variations on a theme	20
	Connecting with EU priorities: Platform work	22
	Do cooperatives offer good employment?	22
	Connecting with EU priorities: Job creation	23
	Funding female entrepreneurs	24
	Connecting with EU priorities: Gender equality	25
	Eurofound and the EU Presidencies	25
2	Working conditions	27
	Are Member States in step on job quality?	28
	Working conditions converging across Member States	28
	Trends revealed by detailed analysis	29
	Promoting upward convergence	30
	What has been the health impact of unstable work?	32
	Demands and resources at work	32
	Gender angle on job demands and job resources	36
	What were the trends in income and wages?	37
	Room for improvement	37
	Increase in minimum wages	37
	Mechanisms for setting minimum wages	40
	Connecting with EU priorities: Minimum wages	41

3	Quality of life	43
	How do we build trust in our institutions?	44
	Trends in trust over a decade	44
	What drives trust?	45
	What is the relevance of insecurity?	46
	Are education systems fit for the future?	48
	Different systems in the EU	48
	Comparing performance across Member States	48
	Rating the quality of education	50
	Connecting with EU priorities: Education, training and skills	51
	Who is there for young people under pressure?	52
	Well-being at risk	52
	Services providing support	53
	Connecting with EU priorities: Youth Guarantee	56
	Living alone or with a partner – How does it differ in older age?	57
	Quality of life of people living alone	57
	Quality of life of retired couples	58
	Challenges of solo living	58
	Connecting with EU priorities: Demographic challenge	59
4	Looking ahead	61
	Projects in the pipeline for 2020	62
	COVID-19	62
	Working conditions and sustainable work	62
	Industrial relations	62
	Labour market change	63
	Quality of life and public services	63
	The digital age: Opportunities and challenges for work and employment	63
	Monitoring convergence in the European Union	63

Foreword

This yearbook provides a snapshot of what Eurofound learned and shared about the lives and work of Europeans in 2019. When that research was undertaken and its findings written up, Europe was prospering. Employment had hit an all-time high, and other employment indicators were likewise on a positive trajectory. Our studies indicated that incomes were rising, more people trusted their national and EU institutions, and life satisfaction had picked up.

But no one was claiming the EU was perfect. As this very document describes, labour markets have been kinder to some workers than to others, digitalisation might bring workers as much misery as liberty, and the helping hand of the state is not reaching all vulnerable groups – and all this in the shadow of the possible devastation of climate change. On a positive front, however, an energetic new Commission had launched the European Green Deal as a plan to sustain the economy and confront the climate challenge simultaneously, and it had committed to the European Pillar of Social Rights to strengthen the social rights of citizens.

That all seems light years away now. We live in suspended animation as the Coronavirus (COVID-19) pandemic grips our lives, and our time unfolds down unforeseeable paths. Working and living are suddenly what they never were before. For the people who have been laid off or furloughed, work has disappeared. For others, work and life have merged as everything now happens at home. For a third group, the key workers, there is very little else but work.

What happens next is largely unknown but it seems certain that deep recession lies in store and with it plummeting government finances, soaring unemployment and people mustering their resilience to face the shockwaves once again. The work ahead for policymakers is immense.

Eurofound is already marshalling its assets and applying its resources to gather the facts and conduct the analyses to provide the evidence of what this event has done to Europeans and how it will affect them for some time to come. It will also give input on what it has learnt about the policy, measures and interventions that work in crises. This Agency will work with policymakers in their endeavours to put the Union back on its feet again. There is still much to be done.

Juan Menéndez-Valdés

Executive Director

Maria Jepsen

Deputy Director



1

Employment and labour markets

How did employment fare in 2019?

The EU labour market continued to perform well in 2019, with employment growing for the sixth consecutive year. The employment rate again reached a record high – 73.9% among 20–64-year-olds – in the second quarter of the year. Had this trend continued at the same pace into the present year, the EU might have reached the target employment rate of 75% by 2020 set by the Europe 2020 growth strategy. However, the COVID-19 shutdowns have scuppered all prospects of reaching that goal, and at this stage, it is difficult to see when it might once again be within sight.

Strong job creation over the year cut unemployment further, down to 6.2% in December 2019 from 6.6% a year earlier (among the wider 15–74 years age group), the lowest rate recorded in the EU since Eurostat launched its EU monthly unemployment series in January 2000. But the downward trend was not uniform across the Member States. While the rate fell in 21 countries and remained stable in one (Denmark), it increased marginally in Cyprus, Lithuania, Luxembourg, Slovenia, Portugal and Sweden, by 0.2–0.4 percentage points. And while Greece and Spain continued to grapple with unemployment rates well above the EU average – 16.6% and 13.7%, respectively – Greece, nevertheless, saw the biggest reduction over the year, with a drop from 18.5% to 16.6%.

Member States converged upwards in all the key employment indicators between 2000 and 2017: activity, employment, unemployment, long-term unemployment and NEET rates.

The population of long-term unemployed continued to decline too: it accounted for 2.5% of the active population by year end, the same rate as the pre-crisis minimum of 2008. And youth unemployment (among 15–24-year-olds) fell to 14.1% in December 2019, down from 14.6% in the same month in 2018. Still, the high rates in three countries persisted: Greece (35.6%), Spain (30.0%) and Italy (28.9%). In all, 3.2 million young people were unemployed, a figure that expands to 5.5 million if we count all young people who were not in employment, education or training

(NEET). Nevertheless, the NEET rate was at an all-time low at 10.2%.

Upward convergence but uneven performance

Eurofound's ongoing analysis of EU convergence also delivered a largely positive message on developments in employment over the longer term, finding that Member States converged upwards in all the key employment indicators between 2000 and 2017: activity, employment, unemployment, long-term unemployment and NEET rates. In other words, the EU average on all these indicators improved over the 17 years, while differences between Member States on each indicator decreased.

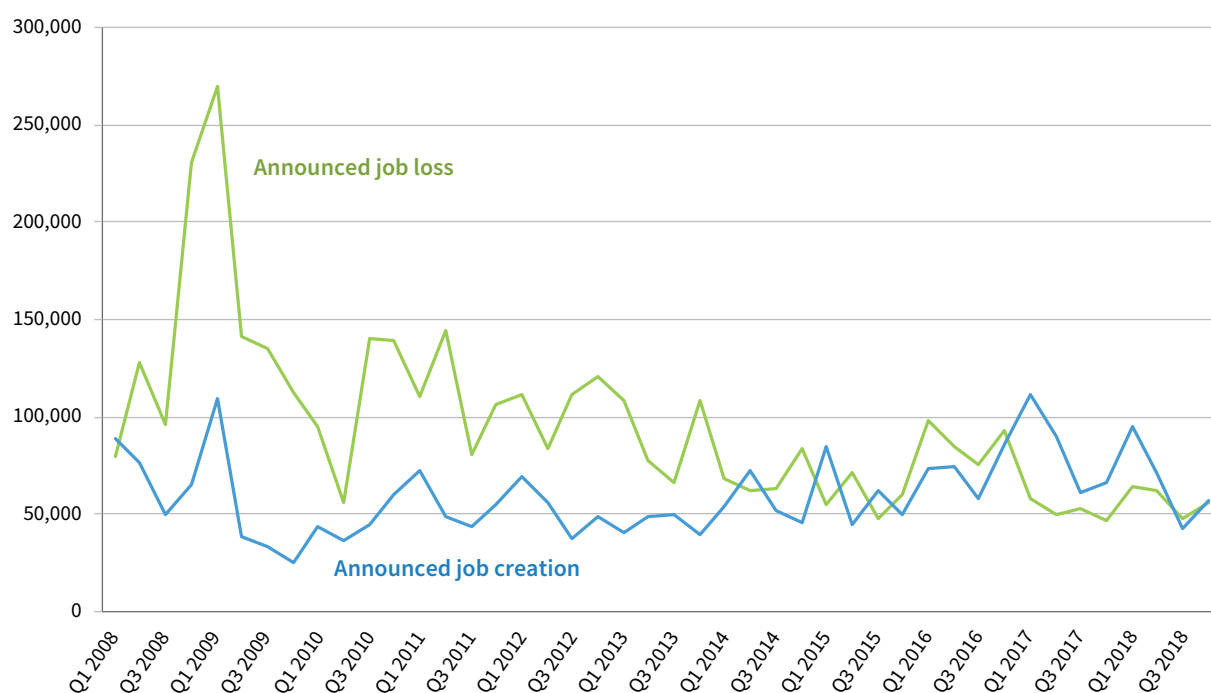
All these indicators apart from the activity rate were sensitive to the disruptive effects of the economic crisis over the years 2008–2012, when the pattern of upward convergence changed to one of downward divergence, reversing the positive trends and widening disparities among Member States. With the recovery, starting roughly in 2013, upward convergence resumed. In terms of the activity rate, the long-term structural upward convergence remained undented by the economic crisis.

Beneath the surface of EU averages, however, the performance of Member States was noticeably mixed. While central and eastern European Member States certainly caught up with their western and northern European counterparts, the southern European countries, already characterised by weak labour markets, lost ground. Cyprus, Greece, Italy and Spain experienced a dramatic deterioration in employment rates and a rise in unemployment.

Restructuring job gains outweighed job losses

The favourable employment climate reflected in official statistics for the EU as a whole was replicated in Eurofound's European Restructuring Monitor (ERM), which records cases of large-scale company restructuring (generally involving at least 100 announced job losses or gains) reported in national media. This shows that since 2014 more jobs had been created in restructurings than destroyed (Figure 1). The latest data, for 2018, record 738 cases of job creation (with 265,276 new jobs announced) and 469 cases of job loss (with 229,493 job destruction announcements).

Figure 1: Announced job losses and gains, EU27 and the UK, 2008–2018



Source: Eurofound, ERM

Sectoral gains and losses

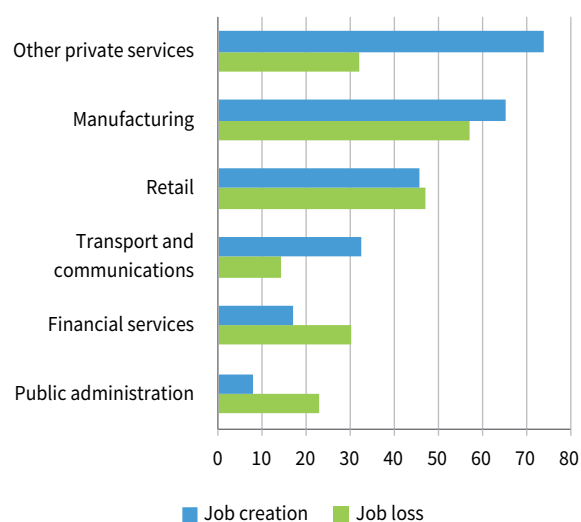
The patterns at sector level reflect an economy transformed by the shift to services and digitalisation. Over 70% of the EU workforce now works in services, and the sector accounts for around 90% of net job creation. So there is little surprise that, as Figure 2 shows, the category labelled ‘other private services’ announced the highest total number of jobs created in 2018. This is a broad sector encompassing activities including information and communications technology (ICT), business support, real estate, and hotels and restaurants.

Employment in financial services, which was initially hit by the 2008 financial crisis, has come under pressure again recently as the sector is transformed by digitalisation. Hence announced job losses here were greater than jobs gained. Restructuring in this sector largely takes the form of ‘creative destruction’, with older job types making way for newer profiles with an emphasis on digital skills.

The large number of job losses shown in manufacturing is due in part to the size threshold for inclusion in the ERM database. This is a sector with predominantly large workplaces where wide-scale collective dismissals take place; as a result, it is overrepresented in the ERM dataset. What could be seen as surprising, though, is

that this sector – where employment is in long-term decline in most developed economies – recorded such significant job gains during 2018. This is consistent with a revival in EU manufacturing headcount, which saw nearly two million new jobs created since 2013.

Figure 2: Announced job losses and gains in sectors (in thousands), EU27 and the UK, 2018



Source: Eurofound, ERM

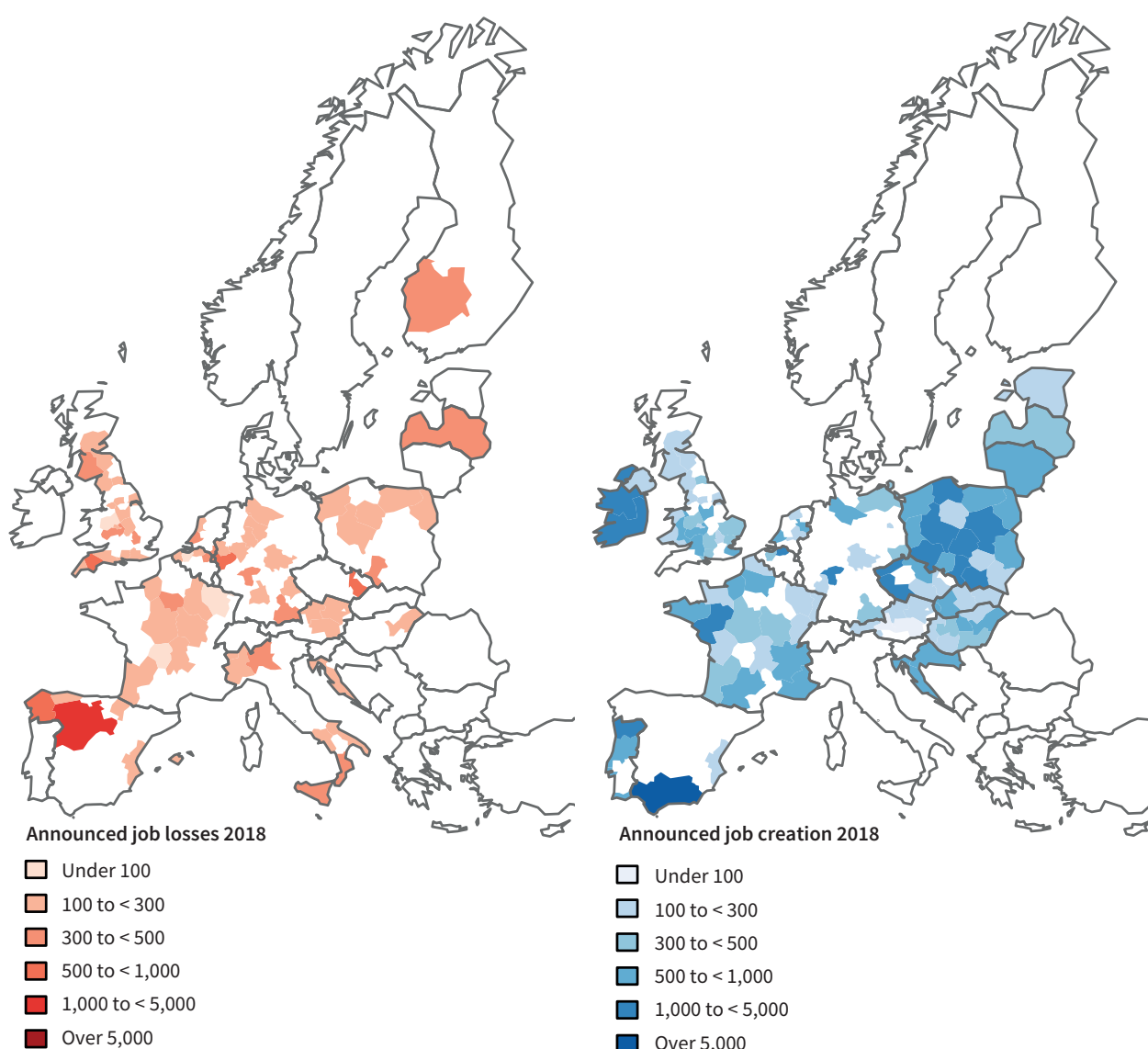
Country and regional developments

France, Germany, Poland and the United Kingdom reported the highest number of restructuring cases in 2018. France had the largest number of announced job gains, at close to 64,000. Czechia, Ireland and Poland were all notable in having a much greater number of job gains than job losses, with a 3:1 ratio in announced large-scale restructuring in each. The United Kingdom had the largest volume of announced job losses – nearly 74,000 – but also had countervailing job gains of nearly 61,000 jobs in predominantly business-expansion cases.

For a regional perspective, Figure 3 shows the distribution of restructuring cases across EU regions, classified by Eurostat's NUTS system.¹ In terms of job loss, the Spanish region of Castilla y León was one of the most affected regions, with four cases of job loss – two in the manufacturing sector and two in construction – accounting for the loss of 1,900 jobs. Spain also stands out for the volume of new jobs, with 10,000 new positions created by electricity firm Endesa for broadband infrastructure development in Andalucía.

The maps serve to illustrate how very variable employment change is across regions in a single year.

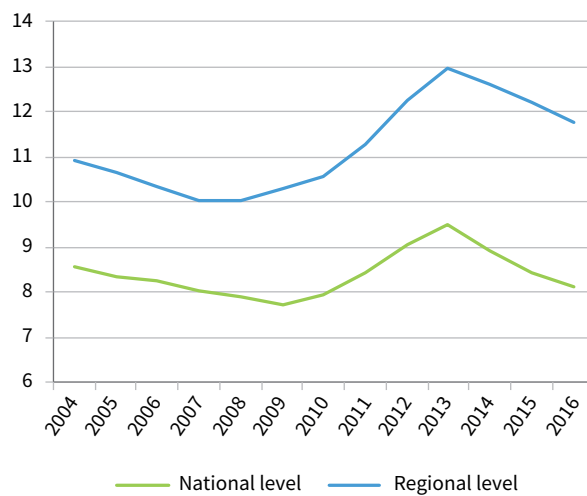
Figure 3: Announced job losses and gains, by NUTS 2 region, EU27 and the UK, 2018



Source: Eurofound, ERM

¹ NUTS stands for 'nomenclature des unités territoriales statistiques', translated as 'nomenclature of territorial units for statistics'.

Figure 4: Convergence patterns in the employment rate at national and regional levels, EU27 and the UK, 2004–2016



Note: The chart shows the trend in the coefficient of variation; a reduction in the value signifies convergence while an increase signifies divergence.

Source: EU-LFS, Eurofound calculations

Eurofound's convergence analysis for 2000–2017 found that while EU regions, like EU countries, have been converging, disparities across them were higher – as indicated in Figure 4 by one measure of dispersion, the coefficient of variation. The research found that increasing disparities triggered by the economic crisis were more pronounced and started earlier at the regional level than at the national level.

Moreover, the reduction of disparities that began in 2013 was slightly less pronounced at the regional level. The next section looks in more detail at employment developments across the EU regions and the quality of jobs created in the wave of employment growth after 2013.

Read more

Report: *European Jobs Monitor 2019: Shifts in the employment structure at regional level* eurofound.link/ef19036

Report: *Restructuring trends: 2018 in review* eurofound.link/ef19035

Report: *Upward convergence in employment and socioeconomic factors* eurofound.link/ef18042



Has economic change driven regions apart?

Fissures between capital cities and the regions outside them seem to be deepening. European capitals account for a growing share of national economic output: the metropolitan areas of London, Paris and Stockholm, for example, are responsible for at least 30% of national GDP. This split between the capital and everywhere else is reproduced in employment figures. Between 2002 and 2017, employment grew by 19% in capital cities compared to 10–12% in regions outside the capital. Not only that, if we recognise pay as a proxy for job quality, capital cities also have more high-quality jobs than other regions in the same country.

Delving into employment patterns

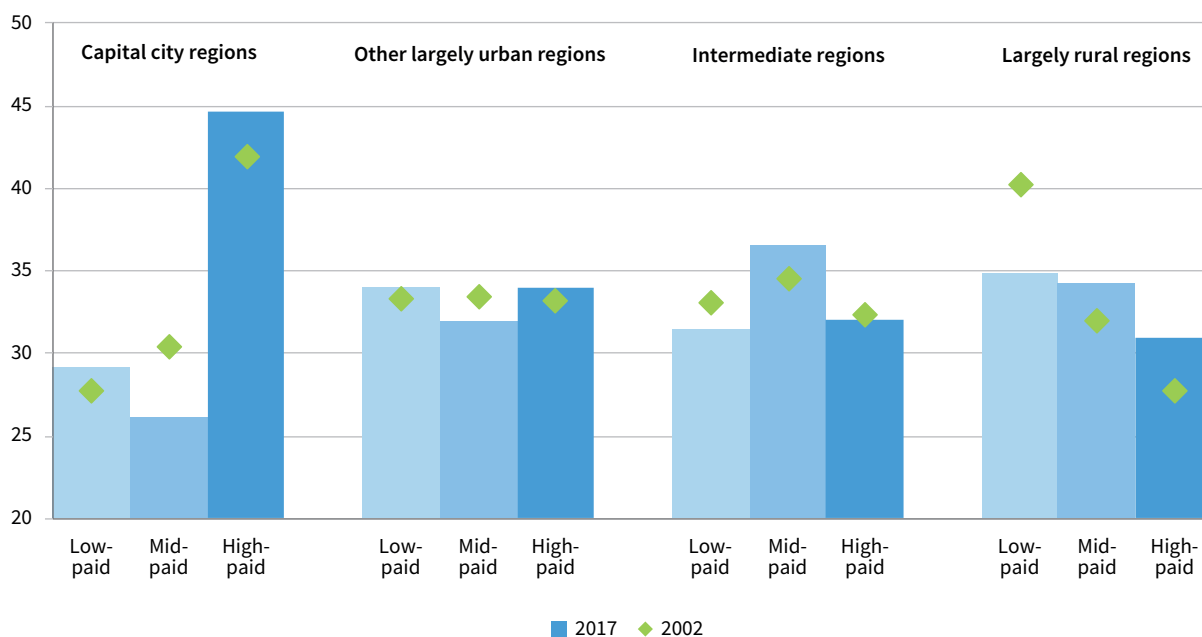
As Figure 5 shows, close to half the jobs in capital city regions are high-paid jobs – generally high-skilled work with job security and good working conditions. The comparable proportions of such jobs in other regions range from 30% to 35%. And the share of high-paid

employment in capital cities is rising. But the share of low-paid jobs is also increasing: these are less-skilled and often precarious jobs in sectors such as retail, hotels and restaurants, and personal care – in many cases, dependent on the spending of the higher-earning city denizens.

At the opposite end of the spectrum, ‘largely rural regions’ have also seen a significant rise in the share of high-paid jobs, but this is as much a result of a decline in low-paid employment, mainly in agriculture, as an increase in private services employment. Since 2011, these areas have also experienced growth in manufacturing employment, although low-paid jobs continue to predominate somewhat.

In the category of ‘other largely urban regions’, employment is more evenly spread across high-paid, mid-paid and low-paid employment. This is also the case in ‘intermediate regions’, which are characterised by a mix of urban and rural populations, although there has been a shift towards mid-paid employment here.

Figure 5: Employment structures across region types (%), EU27 and the UK, 2002 and 2017



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

Box 1: How regions are classified

This analysis of regional employment uses data from eight Member States and the United Kingdom. The four urbanisation categories are based on Eurostat's three-level NUTS classification of EU and UK regions. Each category contains a combination of NUTS 1 regions (in the case of Germany and the United Kingdom) and NUTS 2 regions (for the remaining seven countries – Belgium, Czechia, France, Italy, Poland, Spain and Sweden).

These regions are categorised based on the share of the population living in urban, rural and intermediate NUTS 3 regions. For example, if a NUTS 2 region comprises NUTS 3 regions where the urban regions account for 40% of the population, the intermediate regions for 35% and the rural regions for 25%, the region is classified as 'other largely urban region'. A final step distinguishes capital city regions as a separate category.

Some examples for illustration:

- Other largely urban regions: Saarland (Germany); País Vasco (Spain); East Midlands (United Kingdom)
- Intermediate regions: Toscana (Italy); Střední Morava (Czechia); East Flanders (Belgium)
- Largely rural regions: Bretagne (France); Podlaskie (Poland); Småland med öarna (Sweden)

Urban–rural divide

This diversity of employment patterns at different levels of urbanisation underlines how national-level patterns conceal large differences between regions. In general, urban regions, especially capital cities, are faring much better than rural regions, and the variation extends beyond employment. For instance, Eurofound's analysis of quality of life in rural Europe shows that in Bulgaria, Croatia and Romania, 40% of rural residents report financial hardship, while the share of urban residents reporting the same was lower by 10 percentage points or more. It also found a 10-percentage-point gap in third-level educational attainment between rural dwellers (22%) and urban dwellers (31%). So while upward convergence of Member States is evident in a host of indicators over the past two decades, albeit stalled for a period during the Great Recession, dynamics measured at national level have eclipsed divergence at regional level.

The contrasting trajectories of regions have not gone unrecognised at EU level. Concern is increasingly voiced about the regions being left behind while metropolitan centres monopolise the economic gains, and the political consequences of these developments.

Geographical spread of employment types

The employment patterns described in Box 2 have their basis in how labour is distributed across sectors and occupations in the regions. The higher proportion of mid-paid jobs in intermediate and largely rural regions, for instance, reflects the concentration of skilled manufacturing jobs, which tend towards the middle of the pay distribution, in these regions. The locus of manufacturing activity has shifted away from urban centres over time, and the manufacturing share of employment has eroded much more slowly in less densely populated regions over the last decade.

Box 2: Analysing the employment structure: Key concepts

Eurofound's study of how employment is structured according to pay and how this evolves over time involves allocating all jobs on the basis of pay to quantiles – categories containing the same proportion of jobs. The analysis described here uses terciles: low-paid, mid-paid and high-paid jobs. It then maps how employment shifts across the terciles over time.

When jobs in a labour market are assigned to pay quantiles, four broad patterns are apparent:

- Upgraded: Employment is skewed towards high-paid jobs and is lowest in low-paid jobs
- Polarised: Employment is concentrated in both high-paid and low-paid jobs, with less in mid-paid jobs
- Downgraded: Employment is skewed towards low-paid jobs and is lowest in high-paid jobs
- Middle-biased: Employment is concentrated in mid-paid jobs, with less in low-paid and high-paid jobs

The most urbanised areas, having undergone deindustrialisation, have shifted to service activities. The service sector accounts for as much as 85–90% of employment in some highly urbanised regions. Capital city regions especially, but also other largely urban regions, have much larger shares of workers in faster-growing, knowledge-intensive services, where jobs are well-paid, in the top tercile of employment. Employment in professional, scientific and technical services, for example, grew by 2.1 percentage points (from 7.9% to 10%) between 2008 and 2017 in capital city regions, but by 1 percentage point or less in other region types. Financial services employment – another well-paid sector – is also concentrated in capital city regions, although it has fallen modestly in the same period.

Regional employment shifts

Looking at developments over the past 15 years shows that the EU regions are becoming more dissimilar in their employment structures, as a result of very different trends. Figures 6 and 7 help to illustrate this point. They show how the regions of eight EU countries and the United Kingdom were distributed in 2002 and 2017 across quadrants that reflect the four employment structures: upgraded, polarised, downgraded and middle-biased (see Box 1 for an explanation). Each country code in lowercase text represents a region of that country; the capitalised boxed codes represent the capital city regions. The average EU employment structure is represented by the origin, where the two axes intersect. The nine countries examined are Belgium, Czechia, France, Germany, Italy, Poland, Spain, Sweden and the United Kingdom.

More polarisation within regions

Overall, comparing 2002 and 2017, the number of regions with polarised employment structures has increased. Regions with middle-biased employment structures have also risen in number, meaning that mid-paid employment became more significant in the diversity of regional labour markets.

Employment in most of the Polish regions has undergone a marked process of upgrading: some are now characterised by an upgraded employment structure, whereas in 2002 almost all were in the downgraded quadrant. Most of the Italian and Spanish

regions have downgraded structures, a situation that has changed little since 2002; in fact, employment in many regions became even more downgraded. All four patterns are represented across the regions of France, and these regions are generally very close to the European average. The employment structures of many Czech and German regions have become middle-biased (where France dominated 15 years earlier), while many UK regions are polarised. Finally, the Belgian and Swedish regions are generally upgraded, as they were 15 years earlier.

Looking at capital city regions, several of these have tended to expand their share of low-paid employment, while remaining distinctively upgraded compared to other regions. The most remarkable has been the Polish capital city region, Mazowieckie, which moved towards a rather polarised but upgraded structure from a polarised and downgraded structure 15 years earlier. Lazio, Italy's capital city region, is quite striking, too, but for the opposite reason: from a position very close to the EU average, its relative share of low-paid jobs expanded, and it moved into the downgraded quadrant.

In contrast, Madrid's share of high-paid jobs expanded and thus its employment structure upgraded, but the relative share of low-paid jobs also expanded and therefore the region experienced some polarisation. Brussels and London also moved towards the polarised quadrant, while the capital city regions of Czechia, France, Germany and Sweden remained very high in the upgraded quadrant and very distant from the other regions.

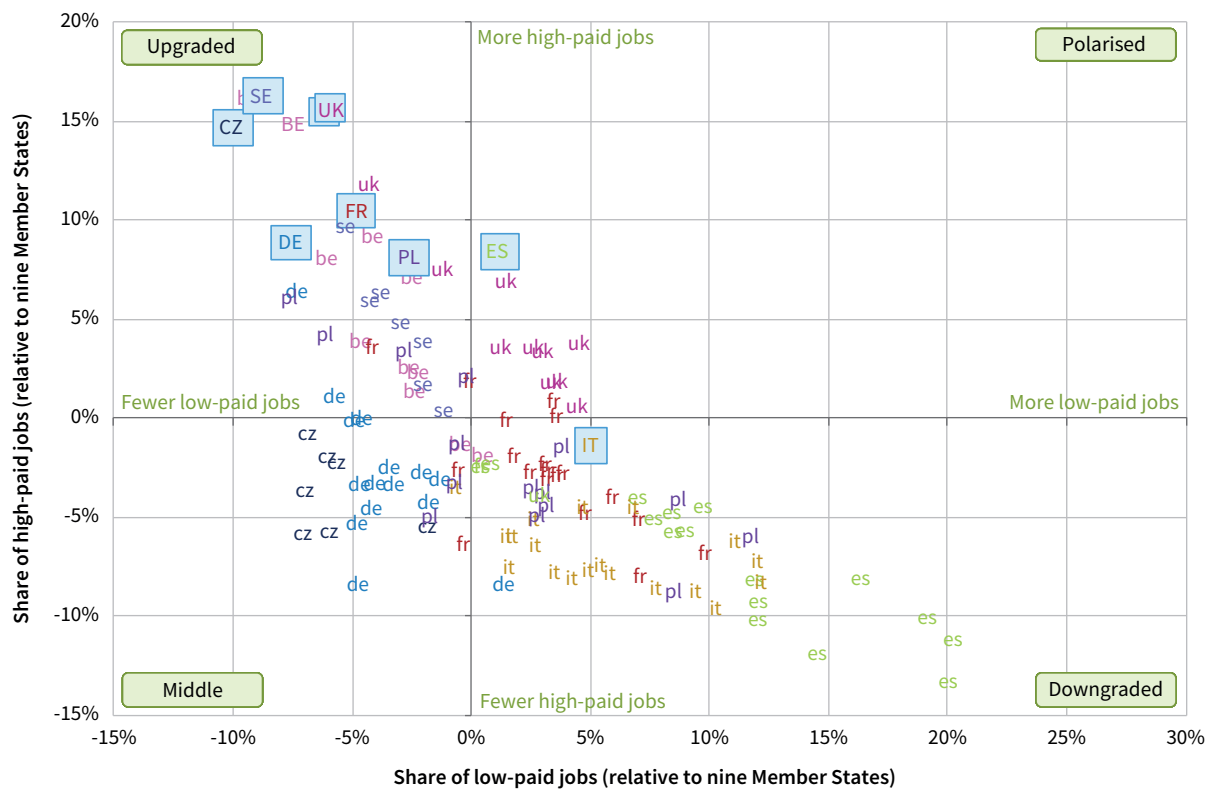
More diverse employment structures

Figure 6 and 7 show that while EU regions were already diverse in 2002, the diversity of employment structures is becoming wider and qualitatively different. Rather than the high-paid jobs being concentrated in some regions and the low-paid jobs in others, there is growing diversity, with some regions having a concentration of the high-paid jobs, others having a concentration of the low-paid, while a third group has a more polarised pattern, and a fourth exhibits a more middle-biased pattern. The figures also demonstrate the clustering of capital cities and their increasing separation from other regions in the same country. The growing agglomeration of economic activity in big cities is tending to intensify regional diversity in employment structures within countries.

Figure 6: Polarisation and upgrading in regions compared to average in nine countries, 2002



Figure 7: Polarisation and upgrading in regions compared to average in nine countries, 2017



Source for Figures 6 and 7: EU-LFS and SES, Eurofound calculations

Event: Future of Manufacturing in Europe

On 11 April 2019, Eurofound held a one-day conference, *The Future of Manufacturing in Europe*, marking the culmination of a four-year pilot project that explored the future adoption of some key game-changing technologies and how this can be promoted across the EU. The project was originally proposed by the European Parliament and delegated to Eurofound by the European Commission's Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW).

With contributions from leading thinkers on the future of manufacturing, the event brought together industry experts, representatives of national and regional public authorities, social partners, academics and EU institutions to discuss how best to shape technological developments to promote economic growth and improve working conditions.



Report: *The future of manufacturing in Europe* eurofound.link/fomeef18002

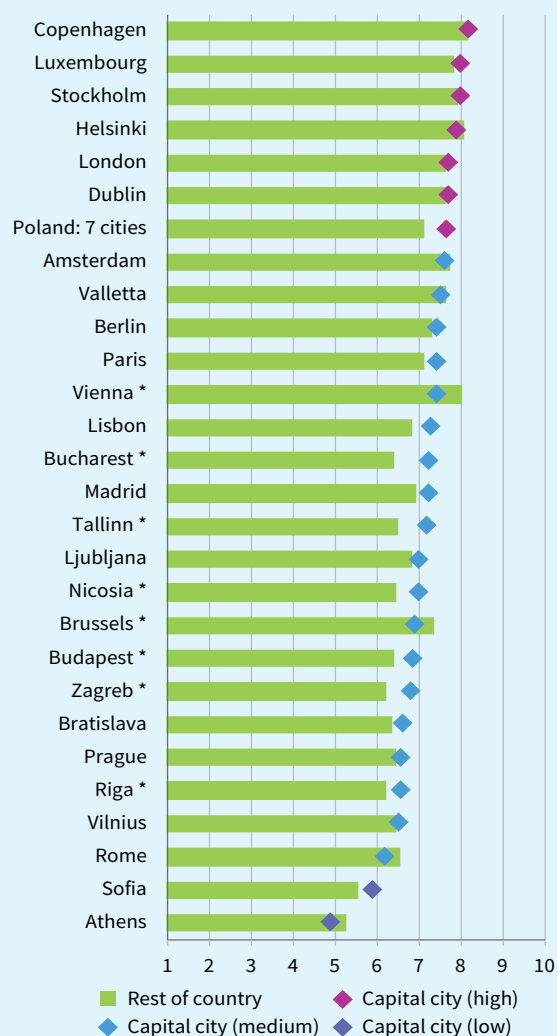
Quality of life in Europe's capital cities

The employment advantages of capital cities are paralleled in many dimensions of quality of life. As Figure 8 shows, for instance, residents of capital cities in most countries score higher on life satisfaction on average than people living outside the capitals.

However, Figure 8 also indicates that well-being in most capital cities is closer to the national level than to that of capital cities of other countries. Conversely, there are large differences in life satisfaction across countries and capital cities. These findings are somewhat at odds with the suggestion above that capital cities have detached from their national contexts while becoming more like each other and independently determining the living conditions of their residents. The statistics shown here imply that national context continues to play an important role in regional variability.

These data come from Eurofound's European Quality of Life Survey (EQLS), which has also found that, in general, capital city residents are more resilient than residents of the rest of the country. In the aftermath of the Great Recession, more attention has been given to developing mechanisms that fortify the resilience of citizens, to improve their ability to cope when hardship inevitably strikes again. What, then, makes the capital city population more resilient?

Figure 8: Average life satisfaction in capital cities of Member States and the UK compared with the rest of the country, 2016

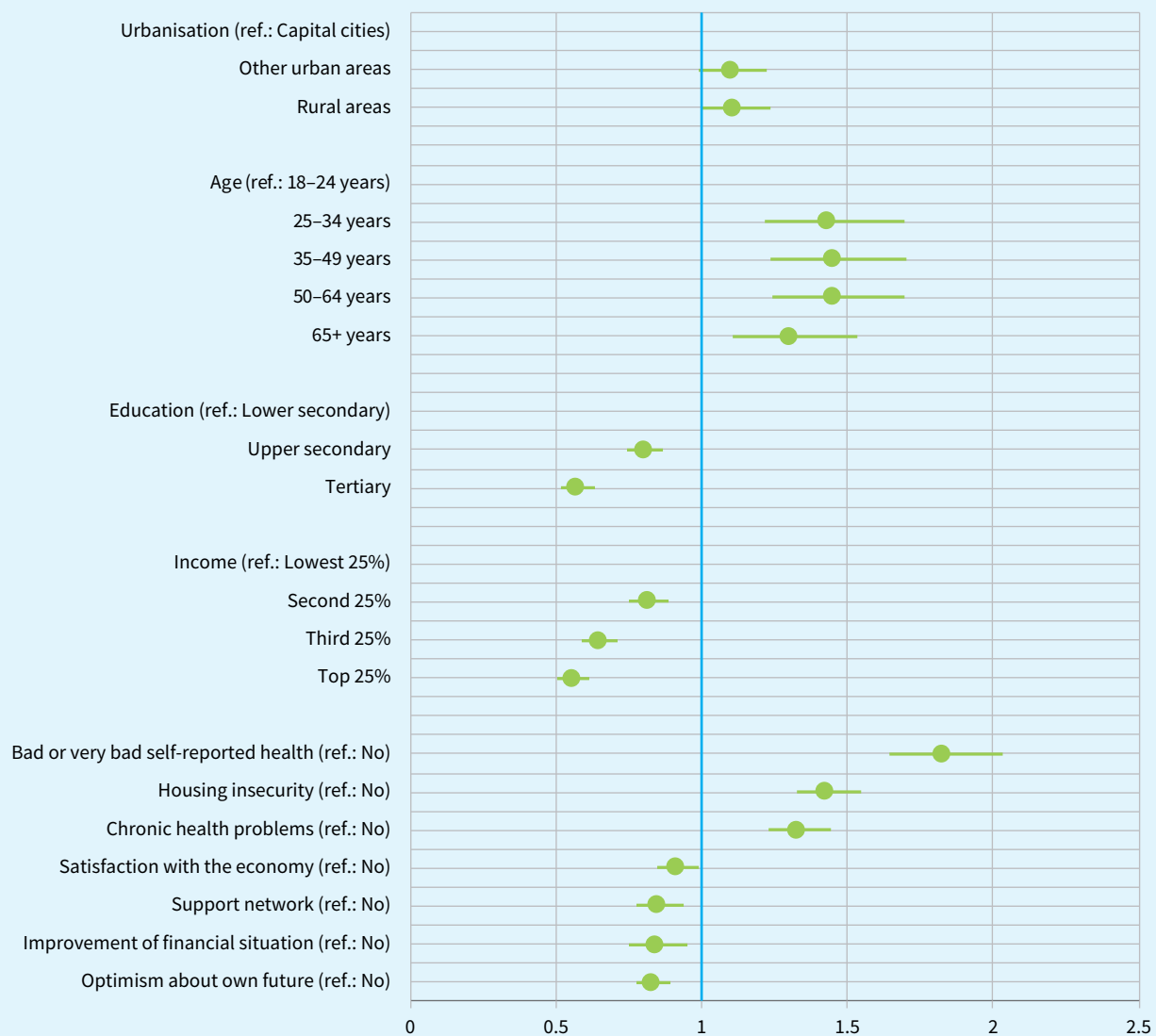


* The difference between the capital city and the rest of the country is statistically significant at $p < 0.05$.

Note: Life satisfaction is measured on a 1–10 scale, where 1 equals very dissatisfied and 10 equals very satisfied. For Poland, a sample was pooled from the country's seven largest cities, since the sample achieved in Warsaw alone was too small.

Source: EQLS 2016

Figure 9: Contribution of different factors to low resilience



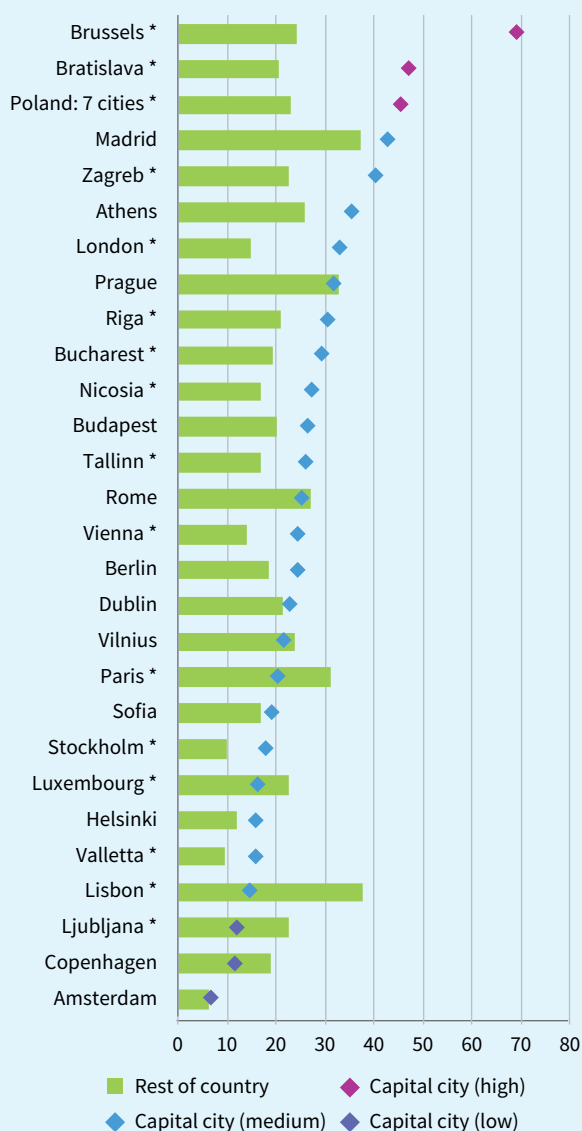
Note: The chart shows the results of a logistic regression analysis, which are expressed as odds ratios. For each variable, the analysis selects one category of responses – the reference category – and calculates how other response categories compare to it. For instance, respondents with tertiary education are half as likely (odds ratio of 0.57) as respondents with lower secondary education (the reference category) to report low resilience.

Source: EQLS 2016

Figure 9 shows the influence of different factors on low resilience. Some characteristics of city populations – such as a younger age profile and higher educational attainment – decrease the odds of an individual reporting low resilience. Others, such as housing insecurity, compromise people’s ability to cope with

problems and contribute to low resilience. The findings suggest that some other latent factor, possibly related to opportunities for economic advancement and improving one’s living standards, could underlie the extra resilience that capital cities provide.

Figure 10: Proportion of people experiencing housing insecurity in Member States and UK capital cities compared to the rest of the country (%), 2016



* The difference between the capital city and the rest of the country is statistically significant at $p < 0.05$.

Note: For Poland, a sample was pooled from the country's seven largest cities, since the sample achieved in Warsaw alone was too small.

Source: EQLS 2016

Capital cities do not outperform in all areas, however. As noted on page 12, they are plagued with the problem of housing insecurity, a result of escalating housing prices and the diminishing affordability of accommodation. Figure 10 shows the rate of housing insecurity in cities compared with the rest of the country. Among the factors affecting the cost and availability is a growing volume of institutional capital, both domestic and international, moving into the residential sector.

Connecting with EU priorities: Supporting regions in the transition

Eurofound's research on employment and social developments across the EU regions feeds into the renewed EU policy emphasis on regional development and the commitment to ensure no region is left behind in the transition to carbon neutrality. The European Jobs Monitor report for 2019, *Shifts in the employment structure at regional level*, provides evidence on how high-paid, mid-paid and low-paid jobs are distributed differently in the EU regions and how the balance has changed over time. Two policy briefs – *Is rural Europe being left behind?* and *What makes capital cities the best places to live?* – shed light on the urban–rural divide and look at the often-contrasting experiences of rural and capital city populations in different aspects of quality of life. In 2020, Eurofound will continue this work with an examination of the convergence patterns of the EU regions, looking at the geographical evolution of social imbalances.

Read more

Report: *European Jobs Monitor 2019: Shifts in the employment structure at regional level*

eurofound.link/ef19036

Policy brief: *What makes capital cities the best places to live?*

eurofound.link/ef18025

Policy brief: *Is rural Europe being left behind?*

eurofound.link/ef18024



Do labour markets trap workers in poor-quality jobs?

Record low unemployment (up to the outbreak of the COVID-19 pandemic) and rising concern about inequality created more space for considering issues to do with the quality of employment. One unwelcome sign in a labour market is evidence of segmentation. In such a labour market, workers in one segment have permanent, full-time jobs and enjoy decent pay and working conditions – often described as ‘standard’ employment. Those in a second segment are employed on non-standard contracts – typically temporary contracts – and these jobs tend to be associated with low pay, poor job security and less favourable working conditions. Moreover, workers tend to become trapped in the second, undesirable segment and, instead of progressing into good jobs, move from one precarious job to another or, worse, into and out of spells of unemployment. In order to fully capture this exclusionary type of labour market, Eurofound argues that segments including the unemployed and the inactive population need to be recognised too.

The case for non-standard contracts

Standard employment still makes up the bulk of the labour market: around 6 in 10 European workers have permanent, full-time jobs. The proportion of non-standard contracts, however, has been edging up since employment protection legislation was relaxed in the 1980s to ease the use of temporary contracts. The aim was to give employers more flexibility in adjusting labour to demand, which, it was hoped, would help to drive economic growth and reduce unemployment. Some argue that, although the reforms created more jobs, these jobs were more precarious and thus exacerbated labour market segmentation. Eurostat data show that from 2002 to 2018, the share of temporary employees in the EU workforce rose from 12.4% to 14.1%. Part-time employment, another mechanism for achieving flexibility, rose from 14.9% to 18.5% of jobs in the same period.

In some Member States, much more employment operates through these non-standard contracts than in others. For example, in 2018, temporary contracts were a significant presence in the labour markets of Spain (26.9%), Poland (24.3%) and Portugal (22.0%), while they were marginal in Romania (1.1%), Lithuania (1.6%) and Latvia (2.7%).

Non-standard employment statuses, though, are not all about employer gains: they can also be seen as responding to workers’ own needs for flexibility, allowing them to adapt their work to their personal and family circumstances. There is also a growing desire, especially in the millennial generation, for more independence in combining work with other aspects of one’s life. From this perspective, these types of employment relationships may be viewed as ‘win-win’ situations.

Nevertheless, there is concern about the mix of statuses in the labour market, where workers doing the same work or responding to the same job profile, in the same sector, company or even workplace, are employed under very different terms and conditions.

Lack of alternative options

The degree to which workers are involuntarily part-time or temporary – meaning they would prefer to be full-time or permanent but have been unable to secure such work – is significant in the analysis of labour market segmentation, because it indicates that standard employment is beyond the reach of some workers. In 2018, just over half of temporary employees (52.8%) and just over a quarter of part-time employees (27.2%) were in that status involuntarily.

In 2018, just over half of temporary employees (52.8%) and just over a quarter of part-time employees (27.2%) were in that status involuntarily.

The Member States differ substantially on these indicators. The prevalence of involuntary temporary work, for instance, ranges from 10% in Austria and 13.6% in Germany to more than 92.8% in Cyprus and 86.6% in Croatia. As for involuntary part-time work, the gap between the country with the lowest rate (Estonia, 5.8%) and that with the highest rate (Greece, 70.1%) reached over 64 percentage points in 2018. While Member States have converged upward over the past two decades in most employment indicators analysed by Eurofound, either consistently or at least in times of economic expansion, in these two indicators they have diverged.

Transition to higher and lower statuses

It is often argued in defence of temporary jobs that they provide a stepping stone into employment and open up opportunities to move on to more advantageous contracts. The argument stands up if workers do indeed transition into permanent jobs. If the rate is low, however, it suggests that a barrier exists between the two statuses; for that reason, the transition rate from temporary to permanent employment is typically examined for evidence as to whether or not segmentation exists in a particular labour market. In 2018, according to Eurostat data, a quarter of temporary employees had transitioned to permanent jobs over three years. Member States are converging on this indicator but in a downward direction.

Detecting signs of labour market segmentation

Symptoms of labour market segmentation are more evident in some Member States than in others. To get a more robust picture of employment transitions and dual labour markets, Eurofound conducted a detailed study into the labour markets of France, Germany, Spain and the United Kingdom. Standard, open-ended contracts are the most common types of contracts in all four countries. Germany and the United Kingdom have a lower incidence of non-standard employment, although low-income, open-ended part-time jobs are significant in Germany, and self-employment is important in the United Kingdom. Non-standard statuses are more prevalent in France and Spain.

The study was exploratory, based on the use of various national longitudinal datasets that spanned different time periods. The datasets are not directly comparable, so the findings of the study are illustrative but cannot be generalised. The study examined the proportion of people moving from one status to another over a two-year period (for instance, if half of employees with temporary contracts in 2016 hold a permanent contract in 2017, the transition rate is 0.5, meaning 50%). Here, we outline just a few of the findings.

Starting with the transition rate from temporary to permanent employment, the study found that the United Kingdom has the highest transition rate of the four, followed by Germany; Spain and France have much lower rates (Figure 11).

While the transition from temporary to permanent employment records a positive move, the reverse is true of the move from temporary status to unemployment. The high incidence of the latter is evidence of poor labour market functioning, and the study found this transition to be higher in Spain and France than in Germany and the United Kingdom (Figure 12).

Transitions from unemployment are also relevant. In this regard, workers in Germany have better prospects,

Figure 11: Transition rate (%) from temporary to permanent employment in four Member States

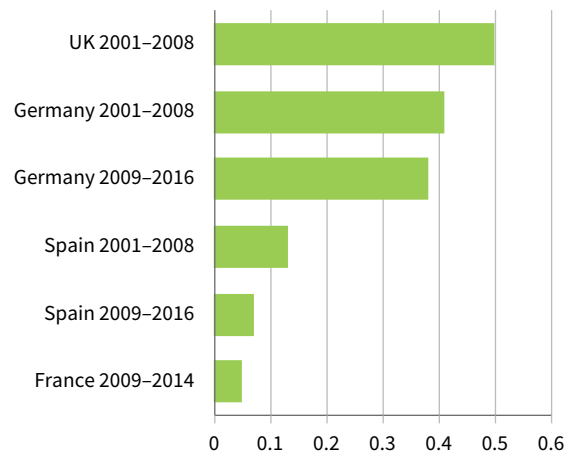


Figure 12: Transition rate (%) from temporary employment to unemployment in four Member States

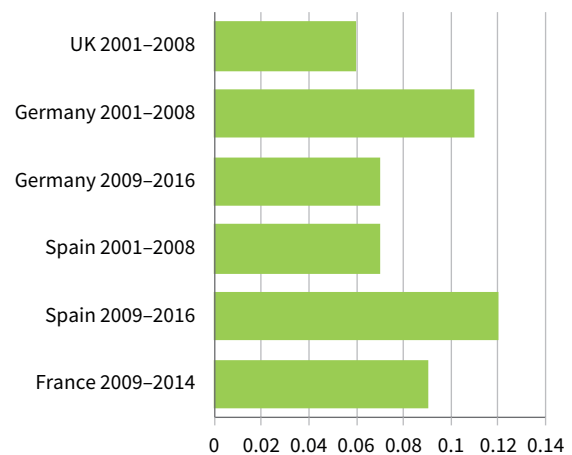


Figure 13: Transition rate (%) from unemployment to employment in four Member States



with high transition rates into both temporary and permanent employment. There and in the United Kingdom, workers transitioning from unemployment tend to move into permanent contracts, whereas in France and Spain they more often move into temporary employment (Figure 13).

Overall, the analysis shows that France and Spain exhibit high levels of stability in unemployment and temporary employment, indicating difficulties in moving out of these states. This contrasts with Germany and the United Kingdom, where stability in each of these states is lower, thus pointing to greater upward mobility.

Dynamism and mobility in labour markets

The analysis went further with three of the countries – Germany, Spain and the United Kingdom (the relevant data were not available for France) – classifying workers into groups depending on how their career trajectories developed over two years in the period between 2009 and 2016. This enabled the study to identify upward and downward mobility in each country's labour market. While in all three, most employees remain in the same status, mobility patterns are quite dissimilar.

- While Germany's labour market has a relatively low rate of transitions, upward mobility – going from a poor status to a better status – is high, and downward mobility is relatively low. Examining the ease with which workers can establish a standard career – one where the individual is in permanent, full-time, well-paid employment – the analysis shows this to be most attainable in Germany.
- The United Kingdom has the most mobile labour market: upward mobility is intense but so is downward mobility, illustrated by the significant loss of even the best-quality jobs during the economic crisis. This makes a standard career harder to attain than in Germany but not as elusive as in Spain.
- Spain shows the most evidence of segmentation. Its labour market has the lowest levels of upward mobility, with movement mostly taking place among workers who are already at the top of the labour market. Workers are at a relatively high risk of downward mobility, mainly those at the bottom of the labour market structure, among them temporary employees transitioning into unemployment. Moving out of unemployment is much less likely, and a standard career seems to be difficult to secure in this labour market.

Is there a place for casual work?

Casual workers are indispensable to the economy, as they constitute a flexible and highly adaptable workforce who provide labour when the demand for it is short-lived, sporadic or variable. Yet, because the work is overwhelmingly low-skilled and the employer's commitment fleeting, their pay and working conditions are among the most inferior. The aim of the European Pillar of Social Rights for a fair and inclusive labour market may be most difficult to realise among this group, and Eurofound's accumulating research on employment relationships has found little sign of casual work closing the gap with standard employment.

Casual work is any arrangement where work is irregular or intermittent, and neither the worker nor the employer expects employment to be continuous. But definitions of casual work vary across Member States, and national labour laws approach regulation differently: most of the Member States examined by Eurofound do not refer to casual work as such.

Most casual workers are vulnerable

The types of workers employed on a casual basis and businesses employing them vary too. In the Netherlands, for example, 55% of all employers in the hospitality sector employ workers on flexible contracts (one type of casual contract in that country). At the same time, it has a high proportion of casual workers in healthcare and education. There is evidence of casual work becoming more common at the higher end of the labour market, among technicians and professionals, where it is less of a concern. When work is well-paid, even under casual arrangements, the individual has control over key aspects such as schedule, tasks and pay. But most casual work continues to exist at the lower end of the labour market, in low-skilled service jobs.

Even if casual workers are entitled to the same pay and benefits as workers on standard contracts, as in France, short working hours means that income overall is low, while the on-demand character means that the availability of work is unpredictable. Depending on the Member State, social security benefits may or may not be available. In Germany, workers have to reach a minimum income threshold before they are eligible; in Romania, they have to opt in; in the Netherlands, they are fully covered. Job security by the very definition of casual work is practically non-existent. Other features associated with decent work – training, autonomy, career progression – hardly arise.

Questionable advantages for workers

While the benefits of casual hiring for employers are indisputable, the defence made on behalf of workers often does not stand up in practice. It might offer the flexibility workers need to combine work and care, for instance. But this line of argument assumes that workers can choose their working hours to fit around their care commitments; this is not a common feature of these contracts, which depend rather on the employer's offer of work. The 'stepping stone' argument is also deployed, but we have already noted that the evidence does not bear that up. The main reason why workers take up such work remains the lack of a permanent alternative.

Given that in many countries casual contracts are exempt from social security charges and other contributions, employers may use them as much to contain costs as for workforce management. A 'standardisation' of casual work is apparent in some sectors and sizes of firm where casual contracts are crowding out standard contracts, even though the latter would have been appropriate. This substitution has been seen especially in small and medium-sized enterprises (SMEs) with fewer than 10 employees. The large proportion of casual workers who work full-time (35+ hours per week) provides further evidence of standardisation.

Growth in casual contracts


Stronger business confidence in recent years does not appear to be orienting employers to reduce their use of casual workers. In fact, the data available to Eurofound researchers indicate a substantial increase during the last two decades, except in countries where regulations have been adopted aiming at curbing the trend. For instance, the number of casual-type contracts as defined in Dutch labour law doubled between 2004 and 2017; such contracts also doubled in Czechia between 2010 and 2016. In Italy, on the other hand, 'autonomous collaborations', which were once used extensively by employers to hire workers on a self-employed basis for intermittent employment relationships, have shrunk in recent years. The reason, in part, is legislative changes that have made it more difficult for employers to resort to atypical contracts in order to mask stable, regular and ongoing employment relationships.


EU efforts to lead in this area will be complicated by the different approaches to regulation across Europe. But the evidence on casual forms of work underlines the necessity to strengthen regulatory frameworks so that businesses' need for flexibility is balanced with the protection of workers. Establishing conceptual and legal clarity on casual work is an important step towards preventing the blurring of boundaries, which tends to lead to abuse of these arrangements.


Connecting with EU priorities: Secure and adaptable employment

The European Pillar of Social Rights has committed the EU to rectifying the employment situation of workers in precarious, low-security employment. It expresses the desire at EU level to make standard employment more accessible in the statement that the 'transition towards open-ended forms of employment shall be fostered'. Eurofound has built a repository of research dedicated to exploring segmentation in EU labour markets and the normalisation of precariousness. This work also highlights the characteristics and working conditions of more irregular and less secure types of employment, including, most recently, studies on casual work, platform work and work on demand.

Read more

Report: *Labour market segmentation: Piloting new empirical and policy analyses*  eurofound.link/ef19033

Report: *Casual work: Characteristics and implications*  eurofound.link/ef18044

Report: *Work on demand: Recurrence, effects and challenges*  eurofound.link/ef18048

What if you don't want a typical job?

A growing body of workers is looking for more autonomy in their working lives, to have the freedom to combine work with other pursuits in the manner they choose, to be part of a workplace whose values align more closely with theirs, or to earn their living independently. Motivated by self-determination, these workers place less value on certainty and security. Three areas recently explored by Eurofound research offer possibilities for those who wish to have more control over their working lives than the average employee.

First is platform work, which holds out the possibility of more flexible working, enabling workers to choose when to work and how much to do, without being bound to an employer. Platforms can be an effective tool to make freelancers and self-employed workers more visible to potential clients. But can you believe the hype?

Experience of the platform economy so far suggests that a big factor determining job quality is who (or what) is responsible for matching worker to client.

Then there are cooperatives, which, though somewhat marginal in the business world, involve their worker-members in the running of the enterprise and give them a real say when hard decisions need to be made.

Thirdly, entrepreneurship provides a path for people who are game to take risks to see their ideas become a business reality, but it seems that the potential of women entrepreneurs is being stymied by investors locked into gender stereotypes.

Platform work: Variations on a theme

Platform work looks likely to be the next revolution in work. A sizeable chunk of the future generation of workers might earn their living by completing atomised tasks instead of occupying a job, turning to an internet platform for direction in their work instead of a manager or a team. What are the prospects that workers will be winners or losers in this new dawn?

A basic description of platform work – the matching of supply and demand for paid labour through an online platform – covers a myriad of possible forms, which confounds attempts to definitively declare it either a good or bad thing. In truth, it straddles both camps.

Experience of the platform economy so far suggests that a big factor determining job quality is who (or what) is responsible for matching worker to client. If this is the platform, rather than the worker or the client, chances are high that working conditions are compromised. The level of skills required is another key factor – like the traditional economy, low-skilled work typically means low pay, poor working time arrangements and little security.

Table 1 describes just five of the many variations in platform work; but these five are among the most common, covering more than 50% of platforms and almost 60% of platform workers in Europe in 2017.

When the platform calls the shots

Unfortunately, the most problematic type of platform work is also the most widespread in Europe: the first in Table 1, what Eurofound terms 'on-location platform-determined routine work'. This form is characterised by platforms that assign low-skilled tasks to workers, who perform the tasks in person. It has received much bad

Table 1: Five common types of platform work

Name	Description	Example
On-location platform-determined routine work	The platform assigns tasks to workers, which are performed in person.	Ride-hailing services such as Uber
On-location client-determined moderately skilled work	Clients choose workers for tasks, which are performed in person.	Household task service platforms such as Oferia
On-location worker-initiated moderately skilled work	Workers choose tasks and perform them in person.	Household task service platforms such as ListMinut
Online moderately skilled click-work	The platform assigns tasks to workers, which are performed online.	Professional services platforms such as Figure Eight
Online contestant specialist work	Workers perform part or all of a task online in a competition, then the client selects a winner.	Professional services platforms such as 99designs

press in recent years because of controversies surrounding the treatment of workers by ride services such as Uber and food-delivery services such as Deliveroo. More than 30% of platforms and platform workers were involved in this type of platform work in 2017.

One of the main problems with it is the disputed classification of workers' employment status: whether they are employees or self-employed. Proper classification is a key issue, as it defines workers' rights, responsibilities and entitlements as regards social protection, working time, earnings, health and safety, and representation, among other things. Workers whose employment and working conditions are controlled by the platform have been found by courts in several countries to have been misclassified as self-employed, especially where the work involves discrete, low-skilled tasks. As yet, no Member State has clear regulations that resolve the employment status of platform workers.

Autonomy can be elusive

In theory, the task-based nature of platform work should mean that workers are able to pick and choose when to work and what to do, which makes it an attractive option for those whom standard working hours do not suit, as well as for people looking for flexibility.

In practice, however, this flexibility tends to be available only in the types of platform work where the skill requirements are higher and where the platform has less influence in the work organisation. For workers closely managed by the platform, working time can be unpredictable and outside their control; they may be required to be available at unsocial hours and at short notice. They may be monitored by the platform's technology, with potentially punitive effects if the platform's instructions are not followed – such as not being allocated the most rewarding tasks.

Earnings vary but prospects poor

Earnings tend to compare well to the traditional economy in the types of platform work where either the worker or the client is the decision-maker. In these cases, workers have a high degree of discretion in setting the fee per task, and the unpaid working time dedicated to searching and bidding for tasks is not substantial. It's a different story for low-skilled online micro-tasks, where competition from workers around the world tends to push down rates. These workers also

spend a lot of unpaid time securing tasks. For workers who participate in online contests, earnings are highly unpredictable. In any type of platform work, however, income levels can never be guaranteed. And if the number of tasks on offer does not amount to a full-time job or if the fee per task is very low, earnings could be limited.

If the number of tasks on offer does not amount to a full-time job or if the fee per task is very low, earnings could be limited.

Prospects for career development are almost non-existent across the board. There are no real opportunities for advancement or for the development of occupational skills due to the lack of structures in the work organisation.

Playing the ratings game

With client ratings of workers' performance, the platform economy has introduced a new factor determining how much work a worker might get. In the types of platform work where the client selects the worker on the basis of their offer, there is anecdotal evidence that clients are reluctant to choose workers with few or lower ratings. While ratings may help clients to pick the best performers, the criteria on which ratings are based may not be transparent. This makes it difficult for workers to work out how to provide their services most effectively to receive high ratings and to challenge ratings they deem unfair. In addition, ratings are not transferable between platforms.

Regulation is a must

Mention of regulation may draw protest based on the fear that this budding source of job creation and economic growth may be shut down before it has had a chance to even get going. But given the high potential for platform work to expand and the dominance of publicly quoted tech firms in the area, legislative intervention is essential to tilt the balance of risk and responsibility more fairly for workers. Otherwise, platform work is little more than casual work repackaged for the digital age, with new avenues for exploitation, offering unpredictable and intermittent work, under shady contractual arrangements.

Connecting with EU priorities: Platform work

Eurofound has laid the groundwork for the discussion of platform work in the EU. Over several studies, it has described the many forms that platform work takes, the implications for the labour market, and the benefits and pitfalls for workers. These have highlighted the vexed issue of employment status – when should platform workers be classified as employees and when are they genuinely self-employed? The EU aims to make progress on this and other contentious aspects of platform work – working conditions and access to social protection, for instance – in 2020; Eurofound’s research should prove to be indispensable for setting priorities and identifying possible solutions.

Read more

Eurofound: *Platform economy repository* eurofound.link/platforminitiatives

Policy brief: *Platform work: Maximising the potential while safeguarding standards?* eurofound.link/ef19045

Report: *Employment and working conditions of selected types of platform work* eurofound.link/ef18001

Do cooperatives offer good employment?

Cooperatives, a long-established form of collective ownership and democratic decision-making in business, continue to have a role in the digital age. Their persistence is proof that they have been able to respond to structural transformation and to develop innovative solutions to economic and social challenges. Cooperative employees who are also members are in the rare position of sharing in all the decision-making that running a business involves.

Currently, there are an estimated 130,000 cooperative enterprises in the Member States, which amounts to about 0.5% of businesses. They employ approximately 4.4 million workers, or around 2.5% of all employees. However, they play a much bigger role in some countries than in others: for example, cooperatives in France and Italy employ over one million people.

Employment has been resilient

Cooperatives have their roots in an ideology of self-organisation for mutual benefit dating back to the 1800s. How resilient is employment in this very traditional business form in the modern economy and how does job quality rate within them? A Eurofound project that conducted case studies of 20 cooperatives and social enterprises (another type of values-based business organisation) can help to answer these questions. These businesses are based in four EU Member States (Italy, Poland, Spain and Sweden) and the United Kingdom.

Of the 20, 15 have maintained or increased their employment levels over the period studied. Ten were able to provide comparisons with their employment levels prior to the 2008 financial crisis; of these, six reported that they had maintained or increased

employment, and four reported that employment had fallen.

But if cooperatives were able to navigate the financial crisis effectively, it was in some cases due to their ability, with their workers’ consent, to be more flexible in terms of reducing hours and wages. In five of the cooperatives studied, workers opted to take pay cuts rather than accept any redundancies. In another, after debating options, the workers voted for voluntary and compulsory redundancies rather than wage cuts, which resulted in 30 people losing their jobs.

At the same time, it does not appear that cooperatives are aiming to restructure for headcount flexibility. The jobs that these cooperatives created have mostly been permanent and full-time. Few hired self-employed workers (six), volunteers (three) or crowd workers (one).

Workers satisfied with working conditions

Job quality seems to be good, based on the responses of the workers interviewed. Work–life balance is a priority for the organisations, and the workers either felt that they had control over their working patterns or that the flexibility afforded to them enabled them to achieve a good fit between work and home. Employees in one cooperative said that having the latitude to determine their working time meant they did not need to reduce their hours and work part time.

As might be expected, given the historical mission of cooperatives, workers felt that they had a lot of autonomy over tasks. They also generally reported having sufficient skills for their jobs; only in one did workers indicate that training and skills development was limited. Internal promotion was common, but despite there being an emphasis on career development, opportunities could be limited due to long job tenure and the resulting low turnover of staff.

Pay comparable to similar jobs

The suspicion that cooperatives are frugal in matters of pay might deter prospective employees, but the interviewees for the most part believed their remuneration compared well to that offered in similar enterprises or other mainstream businesses in the same sector. Not in Italy, though, where most felt that they were not paid appropriately and that their pay was worse than they would receive in comparable organisations. Some of the Italian interviewees, however, did accept that a lower wage was the price for the advantages of working for a non-profit organisation.

In a strong economy with tightening labour markets, these organisations have had to increase their pay offerings to new recruits, but this creates pay differentials with existing workers.

Some organisations had recently experienced recruitment difficulties that had forced them to revise pay levels for particular occupations. This highlighted a tension for managers: in a strong economy with

tightening labour markets, these organisations have had to increase their pay offerings to new recruits, but this creates pay differentials with existing workers.

The interviewees felt that their organisations were managed well, with a transparent approach to decision-making and governance. For some of the cooperatives, worker participation and communication are part of an effective management system that promotes shared understanding of, and agreement with, the strategic direction of the organisation. This transparency results in higher levels of worker buy-in to the organisation.

High-performance practices

Many mainstream businesses are trying to build that buy-in amongst their staff through human resource practices such as job security, mutual gains, effective communication structures, employee engagement, skills utilisation and greater autonomy, and investing in workforce skills. Research into organisations that have adopted these practices has found that employees are more prepared to 'go the extra mile' in their jobs, and that their business performance is better. In mainstream businesses, these practices tend to be much more common in large organisations. However, they are apparent, and indeed appear to be inherent, in cooperatives and social enterprises, which are for the most part small and medium-sized enterprises.

Connecting with EU priorities: Job creation

In the transition to a green and digital future, the EU remains committed to a social market economy with high employment and high job quality. This will be a challenge, but Eurofound's research indicates that digitalisation and decarbonisation can be compatible with the goal of an economy that works for everyone. Eurofound's study on the future of manufacturing in Europe found that implementing the Paris Climate Agreement in full and taking the lead in the commercial adoption of emerging technologies would create more jobs. These jobs are also likely to be 'better', requiring new and higher skills and reducing the number of arduous jobs in the economy. Eurofound's European Monitoring Centre on Change, which monitors the impact of company restructuring on jobs and how the structure employment is changing in terms of pay and job quality, will provide a wealth of evidence over the coming years on how employment is evolving.

Read more

Topic: *Job creation*  eurofound.link/jobcreation

Observatory: *European Monitoring Centre on Change*  eurofound.link/emcc

Publication: *The future of manufacturing in Europe*  eurofound.link/fomeef18002

Funding female entrepreneurs

Just 5% of global venture capital deals in 2016 were struck with start-ups founded by women only. The statistic underscores the immense disadvantage of female entrepreneurs when it comes to financing. It's not that women are unable or unwilling to secure external capital – research has found that there are many 'fundable women' with skills and experience who have not been able to attract capital for start-ups. Research has also found that female entrepreneurs are more likely to receive later-stage funding than early-stage funding. Start-up businesses with high growth potential are dependent on funding from private sources, but the male culture of private finance has tended to exclude women: venture capital, private equity and angel investors are mostly men, who are more likely to invest in male-run enterprises.

Private investors in women-led start-ups

In the last few years, some private funds have come to recognise the gap in the market for investing in women-led enterprises: these are enterprises founded or co-founded by women, with a female CEO or with a gender-diverse management team.

Eurofound's research identified 11 private investment funds in Europe targeting female entrepreneurs operating in 6 Member States – Belgium, Czechia, the Netherlands, Poland, Spain and Sweden – as well as the United Kingdom. Here are some of the findings.

- With two exceptions, all funds were set up in the last five years, with five established in 2018. This suggests that the funds were created by investors seeking more opportunities in a buoyant economic environment.
- Data on the size of the funds and investment amounts raised are hard to come by. Information on the four funds that did publish such data (based in Czechia, Poland, Spain and the United Kingdom) suggests that they target €95 million in total for investments in female-run enterprises.
- Four are run by teams of entirely female fund managers; another four have mixed teams but with a high proportion of women (between 50% and 80%).
- It has been said that female entrepreneurs tend to operate in specific sectors, and this may explain their difficulty in attracting capital. Most of the funds examined cover all sectors, although there is a pronounced bias towards sectors with a strong technological focus such as ICT, e-commerce, digital publishing, financial technology, health technology and education technology. Investments in renewable energy and fashion and design are also favoured.
- Four of the funds sought public support; for instance, the Polish fund obtained support through the Polish Development Fund. Others, such as the Belgian, Czech and Dutch funds, had access to EU support through the European Investment Fund programmes or the Competitiveness and Innovation Framework Programme. This finding suggests that public and EU policies promoting gender equality and economic growth have supported the creation of funds with a gender focus.

Other sources of investment

The study also identified private funds that did not publicly state any gender-related criteria for their investments that have nevertheless provided investment capital to many female entrepreneurs. One such fund in France was reported to devote 28% of its investment capital to women-led start-ups.

The study also looked into the public funding of female entrepreneurs and identified 36 financial support schemes in 16 Member States. Italy has the largest number of such schemes, followed by Bulgaria, Ireland, France, Lithuania, Spain and Sweden. The state investment in some of these programmes is estimated to be more than €300 million. Many countries provide grant and award schemes, as well as credit schemes. Investment funding and business angel investments are also provided by state organisations or in partnership with other organisations.

Connecting with EU priorities: Gender equality

Eurofound's study on funding female entrepreneurship is just a small part of the Agency's contribution to EU endeavours to tackle gender inequality. The theme is mainstreamed in our work, meaning the gender dimension is consistently examined in our research on employment, working conditions and quality of life. The Agency has also published dedicated reports on different dimensions of the topic, for instance on gender equality at work, the gender employment gap and the working conditions of female managers. This work will support the aims of the new European Gender Equality Strategy to close the pensions gap, to promote women's access to the labour market and to break the glass ceiling. Of immediate relevance to the strategy's objective of implementing binding pay transparency measures is Eurofound's 2018 report *Pay transparency in Europe*, which will be complemented in the coming year by new findings on the costs of implementing gender pay transparency measures.

Read more

Topic: Gender equality

eurofound.link/emcc

Report: Gender equality at work

eurofound.link/ef19003

Report: Female entrepreneurship: Public and private funding

eurofound.link/ef19031

Report: Pay transparency in Europe: First experiences with gender pay reports and audits in four Member States

eurofound.link/ef18004

Report: The gender employment gap: Challenges and solutions

eurofound.link/ef1638

Policy brief: Women in management: Underrepresented and overstretched?

eurofound.link/ef18018

Eurofound and the EU Presidencies

Eurofound continued its support for and collaboration with the Presidencies of the EU in 2019 through its contributions to conferences and other gatherings.

This kicked off with the conference *Labour mobility: A key element in ensuring labour market balance*, which took place on 2–3 April in Bucharest, under the Romanian Presidency. Isabella Biletta, Research Manager, delivered a presentation on the posting of workers, a topic of keen interest in the debate on labour mobility in the EU.

This was followed on 4–5 April by a contribution to the informal meeting of the Employment Committee (EMCO) in Bucharest. The Agency provided input on the implications for working conditions and the labour market of new forms of employment, and on the intra-EU mobility of central and eastern European workers.

On 9 April, Deputy Director Erika Mezger presented at a high-level conference on occupational health and safety in the new world of work in Bucharest. The aim of the conference was to facilitate the exchange of information and good practices developed by key players in the field.

On 10 April, Executive Director Juan Menéndez-Valdés attended the informal meeting of the Employment and Social Affairs Council (EPSCO), where he presented the findings of Eurofound research on boosting women's labour market participation.

The EU Presidency transferred to Finland in July, and on 3 July, Barbara Gerstenberger, Head of the Working Life Unit, participated in the high-level conference *Sustainable growth: Skills and smart work organisation in the digital era*, organised in connection with the informal meeting of competitiveness ministers.

On 16 September, Eurofound's Chief Researcher Donald Storrie presented findings on the future of manufacturing and employment in Europe to Member State representatives at the EMCO meeting organised by the Finnish Presidency.

The Agency prepared a background paper on the role of health and care services in improving well-being and economic performance for a conference on the 'economy of well-being', which took place on 18 September. Tadas Leončikas, Research Manager, took part in the panel discussion and in the informal meeting of the Social Protection Committee (SPC) that followed.

On 18 October, Eurofound presented at the EU Presidency conference *Future forms of work and national labour inspectorates* in Helsinki on trends in contracting work and the challenges presented by new forms of work to the enforcement of occupational health and safety.





2

Working conditions

Are Member States in step on job quality?

The European Pillar of Social Rights has put working conditions at front and centre of EU social policy. Chapter II lays out the principles guiding Member States to simultaneously converge and improve their working conditions, among them commitments to work-life balance, fair wages and secure employment. Progressive legislation and the favourable economic climate up to 2020 helped to improve the experience of work for many workers. National labour law across the EU, for instance, has expanded parental leave, while the tight labour market has compelled employers to make their job offerings more attractive to existing and potential employees. At the same time, mega-trends such as globalisation and the digital revolution, as well as emergent forms of employment, have been having different impacts on Member States, which could precipitate divergence.

Evidence from Eurofound's European Working Conditions Survey (EWCS) tells us that the terms and conditions of work have certainly advanced over several years, but the survey has also detected relapses on specific aspects, such as increased exposure to chemical risks and rising intensity of work. What are the patterns if we look through the lens of convergence? Have Member States with lower workplace standards, lower pay and less job security caught up with those in the vanguard?

Working conditions converging across Member States

One of the main statistical measures of convergence – beta-convergence – is used to indicate whether the poorest-performing countries catch up with the best-performers. Based on this measure, Member States have indeed converged in all of Eurofound's seven dimensions of working conditions over several years (1995–2015 for some, 2005–2015 for others). In six – the exception is Prospects – that convergence was upward, so on average working conditions in the EU have improved.

However, not all Member States improved in all dimensions, as Table 2 shows. The dimension in which most have fallen behind is Skills and discretion, where 13 Member States, as well as the United Kingdom, showed no progress; on Earnings, just one is lagging behind and on Physical environment, just two. At the same time, this sluggishness should not be overstated: in most dimensions, the countries that failed to improve did so by a small margin. So it may be more realistic, if not mathematically accurate, to talk about stagnation rather than deterioration in the relevant dimension of job quality in these countries.

Measuring working conditions in seven dimensions

Eurofound captures the complexity of working conditions by defining seven dimensions of job quality based on its ongoing analysis of data gathered by the EWCS:

- **physical environment:** the degree to which workers are exposed to physical risks at work
- **social environment:** the extent to which workers experience both supportive social relationships and adverse social behaviour
- **working time quality:** the duration, scheduling and flexibility of working time arrangements
- **work intensity:** the level of time, workload and emotional demands that put pressure on workers
- **skills and discretion:** the opportunities for workers to exercise autonomy, apply their skills, participate in the organisation and develop professionally
- **prospects:** the degree of job security and opportunities to progress in one's career
- **earnings:** the income from work

Table 2: Countries with declining performance on six dimensions of working conditions

Dimension	Countries
Physical environment	Denmark, Poland
Social environment	Austria, Czechia, Denmark, Germany, Greece, Latvia, Netherlands, Poland, Slovakia, Slovenia, Sweden, United Kingdom
Working time quality	Denmark, Finland, France, Ireland, Luxembourg, Malta, Netherlands, Spain, United Kingdom
Work intensity	Bulgaria, Croatia, Cyprus, France, Greece, Hungary, Ireland, Lithuania, Luxembourg, Poland, Romania, United Kingdom
Skills and discretion	Bulgaria, Croatia, Cyprus, Czechia, Denmark, Germany, Greece, Hungary, Italy, Latvia, Netherlands, Portugal, Sweden, United Kingdom
Earnings	Bulgaria

Job prospects on downward course

The trend for the Prospects dimension is one of downward convergence, meaning that while Member States are becoming more alike in respect of how workers assess their job prospects, things have

become more difficult for them. This was the case in 24 Member States and the United Kingdom; the exceptions were Germany, Lithuania and Malta, where job prospects were seen to improve for workers. In addition, Member States are converging fastest on this dimension.

Table 3: Countries with declining performance on Prospects dimension

Prospects	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom
-----------	---

Trends revealed by detailed analysis

The 7 dimensions of working conditions comprise 21 subdimensions, which are listed in Figure 14 (overleaf). The figure shows the speed of convergence for each – all are negative values, which signifies convergence, meaning that the Member States increasingly share the same trends in respect of each subdimension. The chart also shows the EU average annual growth rates in the subdimensions: positive values signify that convergence is upward, while negative values indicate a downward trend.

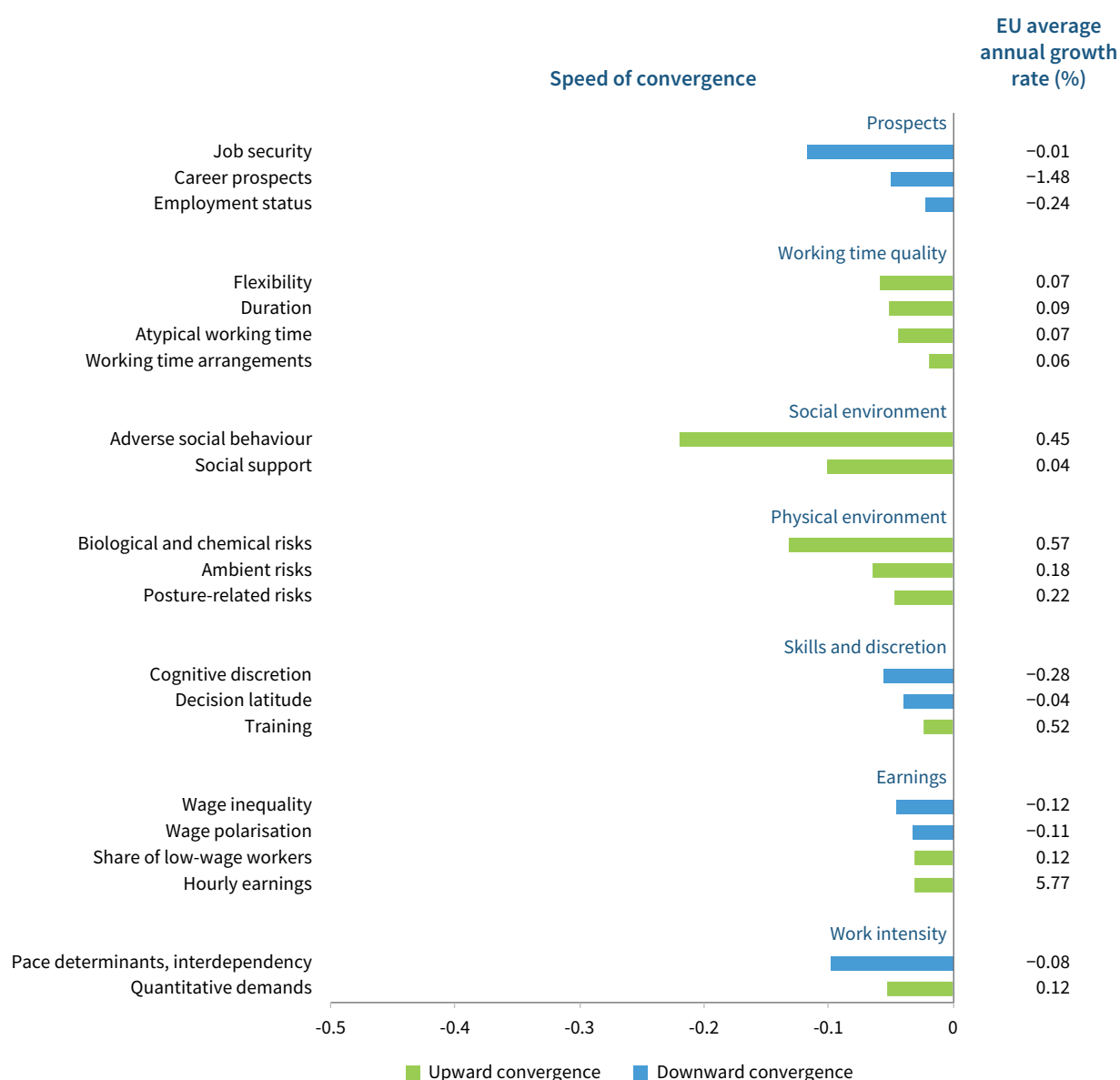
The subdimensions of Prospects all have a downward trend, meaning that fewer people feel they are unlikely to lose their job (Job security), that their job offers good prospects for advancement (Career prospects) and have standard employment contracts (Employment status) than in 2005. The result is consistent with the labour market developments described in Chapter 1, such as the increased prevalence of non-standard employment.

For three dimensions – Working time quality, Social environment and Physical environment – there is upward convergence in all subdimensions. This implies that fewer Europeans are exposed to all types of physical risks at work, more are benefiting from flexible and regular working time, and more are experiencing supportive work environments with less bullying and harassment.

Regarding Skills and discretion, downward convergence in two subdimensions indicates declines in the use of cognitive skills and scope for independent decision-making (Decision latitude). This decline in autonomy is echoed in the downward convergence on Pace determinants and interdependency, signalling a slight shift in control over the pace of work away from workers.

Hourly earnings is one of the few subdimensions where all Member States showed improvement; however, in several countries, Wage inequality has increased somewhat, as has the degree to which wages are concentrating in the high and low ends of the wage spectrum (Wage polarisation).

Figure 14: Convergence patterns in the subdimensions of working conditions



It is worth restating, though, that most of the countries failing to improve working conditions in the different dimensions show stagnation or very small decreases, rather than major declines.

Promoting upward convergence

What might help to spur upward convergence in working conditions? All Member States have policies to improve job quality, many of which are EU driven, but no country is making headway across the board. The one-time assumption that upward economic convergence would translate automatically into upward social convergence was roundly disproved by the Great Recession, which suggests concerted policy effort is needed if countries are to converge upwards.

The 2019 Directive on Transparent and predictable working conditions, which is one of the Commission's actions to implement the European Pillar of Social Rights, could have an impact. This is the first EU-level legislative move to explicitly address the risks for workers with variable hours across the range of on-call, on-demand, zero-hours and other such contracts. The directive requires employers to provide specific information to employees with unpredictable work patterns on the reference hours and days within which they may be required to work, the minimum period of advance notice they will receive before the start of work, and the number of guaranteed paid hours. It also bans exclusivity clauses, which tie workers to a single employer, and gives them the right to receive at no cost the mandatory training that the employer has a duty to provide.

The Directive on Transparent and predictable working conditions is the first EU-level legislative move to explicitly address the risks for workers with variable hours across the range of on-call, on-demand, zero-hours and other such contracts.

The European Commission estimates that 200 million workers across the EU will benefit from the new

directive. Of these, 2–3 million non-standard workers will be covered, as will 8–16 million new workers, and the work–life balance and health of 4–7 million workers will also be improved.

If implemented fully, monitored and enforced, the directive should have an impact on the Prospects dimension, providing more clarity and stability for workers in precarious employment, making their employment status more transparent and improving the predictability of their working hours. This could steer the trajectory of convergence upward in these aspects of working conditions, but it rests with individual Member States, supported by the EU, to deliver.

Event: Economic and social convergence in the EU – Making it happen

On 29 September 2019, Eurofound joined forces with the European Commission’s Directorate General for Economic and Financial Affairs (DG ECFIN) in a joint seminar to present the latest trends on economic and social convergence in the EU.



Two key panel sessions highlighted the links between economic and social convergence and explored ways to strengthen these links, with a particular emphasis on the design of economic reforms and the implementation of the European Pillar of Social Rights.

The half-day seminar brought together representatives from the European institutions, social partners, national governments, civil society and academic experts and provided an opportunity for debate and discussion.

Read more

Report: *Upward convergence in working conditions*

 eurofound.link/ef19049

What has been the health impact of unstable work?

Non-standard types of employment come in for criticism on the basis of the poorer working conditions generally associated with them and the impact this has on workers. Low pay, obviously, can mean lower living standards and less access to certain social resources, but other possible aspects of a job, such as the lack of autonomy or repetitive tasks, make work unrewarding. So it is worthwhile asking what impact working at the margins of the labour market has on a worker's health. Europeans are exhorted to prepare to work longer over the course of their lives to offset the decline in the working population. But working life can only be extended if work is sustainable and workers are sufficiently healthy to work until later in life.

Demands and resources at work

Working conditions significantly influence one's health: they can impair it and they can boost it. Researchers in the area talk about demands and resources in the workplace. Demands are the aspects of the job that require effort, and research has established that high demands tend to increase exhaustion, which leads to poorer health outcomes. But resources can offset the effect of demands; resources are also motivational in their own right, enhancing engagement and leading to better well-being.

Are workers who work variable and irregular hours more at risk of ill-health than those with regular and predictable hours? Does the type of contract you have make a difference? Categorising workers on the basis of contract type, work pattern and so on, and then comparing how they score in terms of demands and resources can reveal whether workers with less favourable status in the labour market share the same health risks as their counterparts with more advantageous arrangements.

In this section, we look at the link between contract type, job security and working time on the one hand and demands and resources on the other. Five demands on workers are examined:

- physical risks: ambient, biochemical and posture-related risks
- work intensity: working at very high speed or to tight deadlines
- work extensity: weekly working hours and long working days
- emotional demands: handling angry clients and emotionally disturbing situations
- social demands: harassment and discrimination

And three resources:

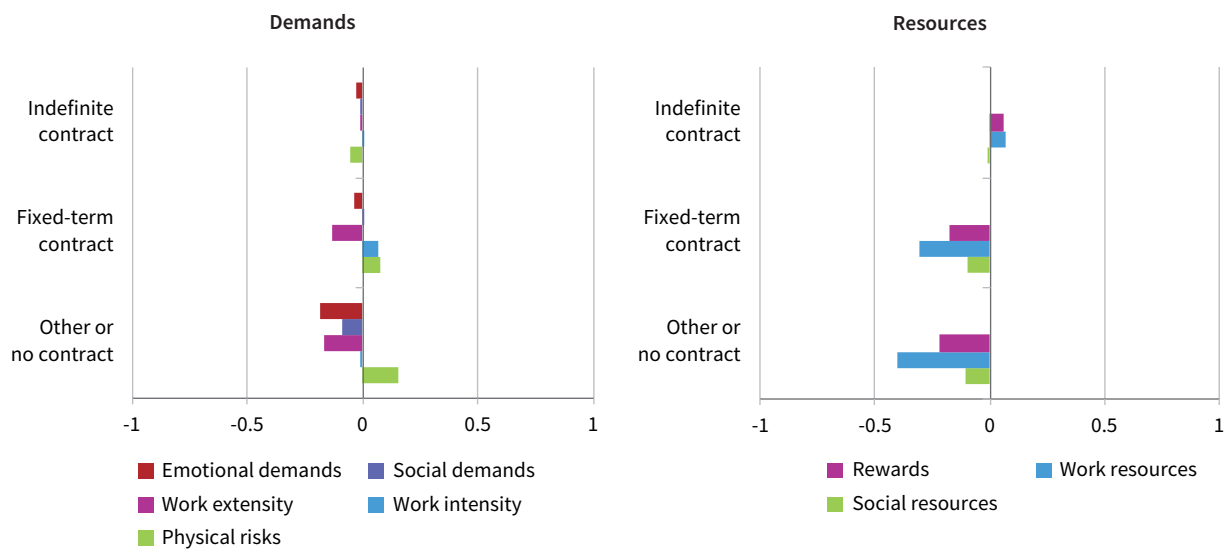
- social resources: support from colleagues and supervisors, recognition and fairness
- work resources: control over the job, use of skills and participation
- rewards: fair pay, career prospects and job security

The analysis also highlights where contract type, job security and working time were found to be linked to various health outcomes: self-rated general health, number of health symptoms reported, sickness absence, presenteeism (showing up at work even when sick), sleep quality and well-being. The data come from the 2015 EWCS, and the results of the analysis are presented in Figures 15–19. In the charts, 0 represents the average score for all workers; bars to the right of 0 indicate scores above the average, while bars to the left indicate scores below the average.

Employment contract

As Figure 15 demonstrates, employees with fixed-term contracts experience greater work intensity and are more exposed to physical risks than employees with indefinite (or permanent) contracts, although the differences are relatively small. At the same time, they have less access to any of the various resources that might counteract the effect of the demands. The jobs of workers with contracts outside the standard dichotomy of permanent or fixed-term and of those with no contract at all – the category of 'Other or no contract' – offer even less in the way of resources and entail more physical risks.

Figure 15: Job demands and resources by employment contract



Notes: Figures 15–19 represent standardised scores; mean=0, standard deviation=1. Groups with a negative score are below the total average, while those with a positive score are above the average.

Job security

Around 10% of employees responding to the EWCS feel that they might lose their jobs in the coming six months. Employees who report their job as insecure also report having more demands than those who feel their job is secure, especially relating to harassment and discrimination (social demands), work intensity and physical risk (Figure 16). They also have much fewer

resources, which means fewer possibilities to participate, less support from supervisors and colleagues, less control over their work and less skill variety in their jobs.

Employees with insecure jobs also report less engagement with their work, higher levels of exhaustion at the end of the working day and lower well-being.

Figure 16: Job demands, job resources and health outcomes by job insecurity

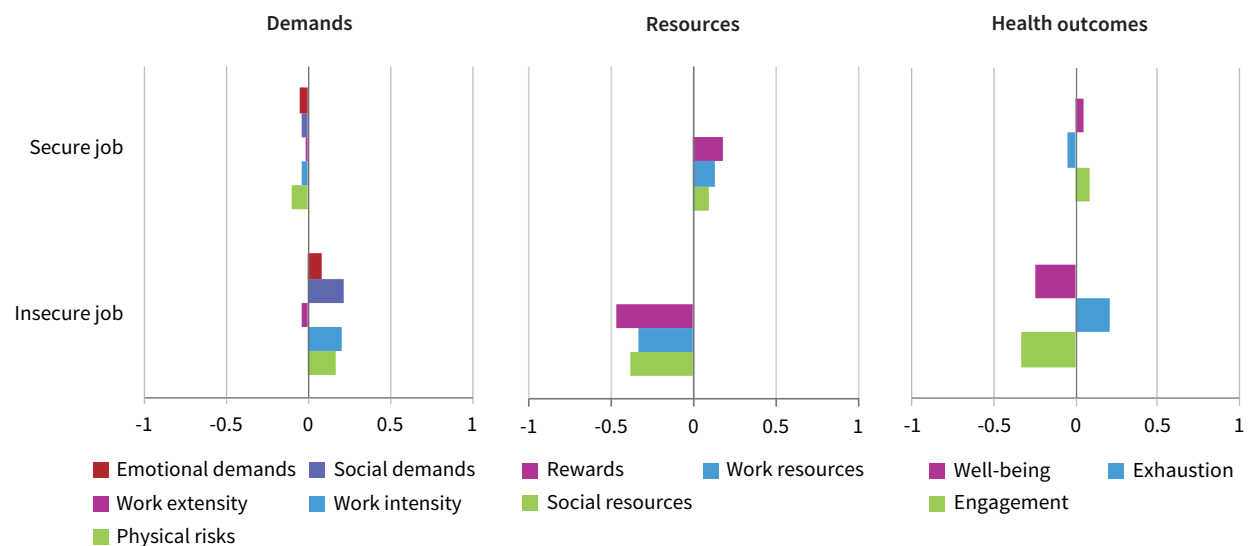
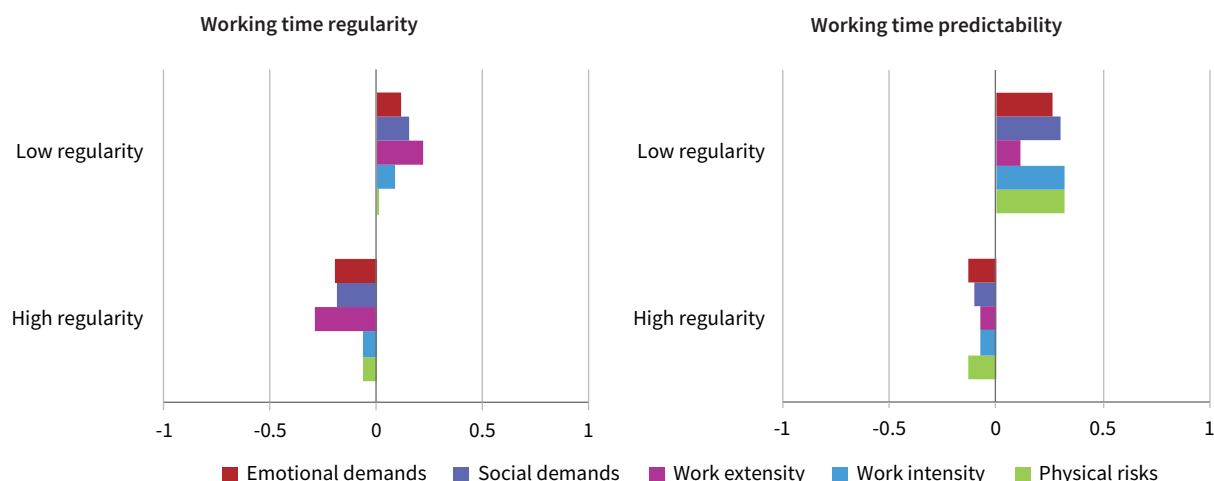


Figure 17: Links between demands and regularity and predictability of working time



Working time

A previous Eurofound study showed that having control over working time and having regular working hours have a positive impact on workers' well-being. As Figure 17 shows, the demands experienced by employees whose working time is irregular or unpredictable are significantly higher than those with regular or predictable working time.

As for resources, the differences between employees with regular and irregular hours are small in size (Figure 18). Employees with less predictable hours report slightly fewer resources than those whose hours are predictable. In other words, they assess their career prospects as lower, their wages as more unfair and their job as more insecure than do workers with greater working time predictability.

Figure 18: Links between resources and regularity and predictability of working time

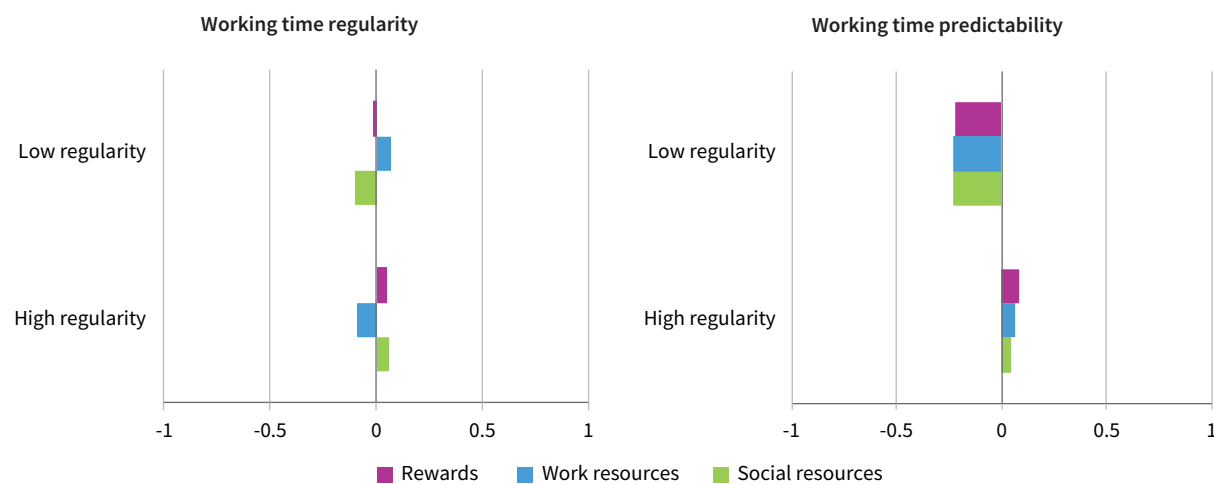
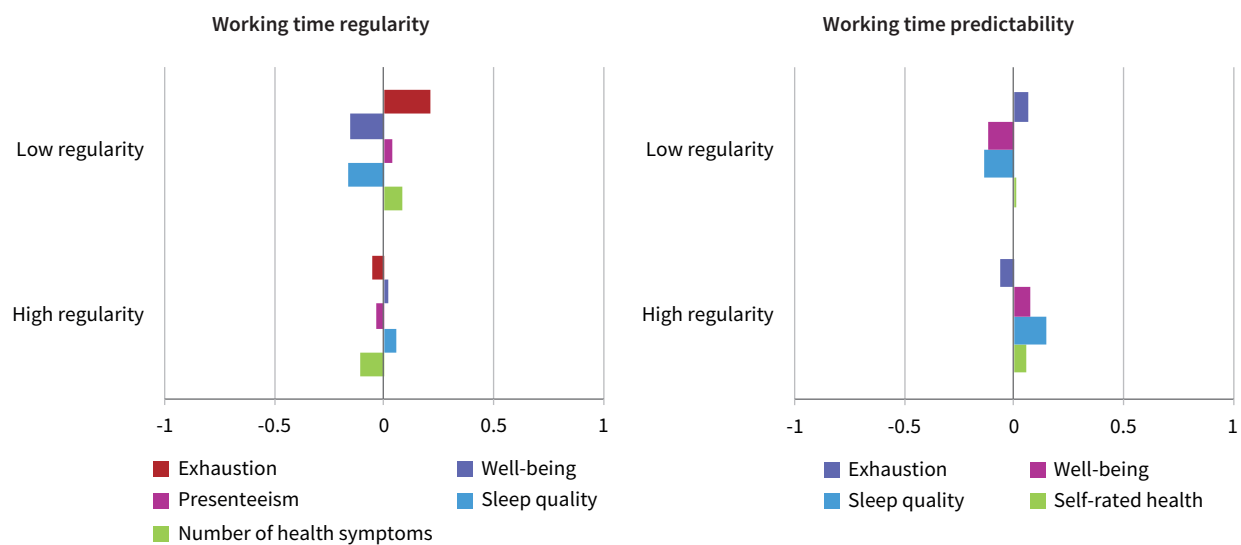


Figure 19: Links between health outcomes and regularity and predictability of working time



Irregular and unpredictable working time arrangements are slightly but significantly related to increased exhaustion (see Figure 19). Irregular working time is also related to poorer subjective well-being, more presenteeism, poorer sleep quality and a slightly higher number of health problems, although the statistical associations are weak. The differences with regard to self-rated general health or sickness absence are very small.

High levels of predictability are related to slightly better self-rated general health and fewer health symptoms, and differences regarding sickness absence are weaker once again. This could be due to the healthy worker selection effect, as well as to differences in job characteristics and in job motivation. In contrast, the associations between unpredictable working hours and poorer health, poorer well-being and poorer sleep quality are rather uniform and unequivocal, even if the effect sizes are very small.

Considering the results

These results back up assertions that the working conditions experienced in unstable jobs are making work unsustainable for those who hold them. Workers who are uncertain about the continuity of their job are of particular concern, as this group reports lower levels of job resources and more demands as well as less engagement, more exhaustion and poorer well-being. Workers with non-standard contracts likewise are at a disadvantage, as are those who work irregular or unpredictable hours, although the associations tend to be weaker.

The results add further weight to arguments in favour of redesigning work to limit high levels of job demands. But because demands are inherent to jobs, a complementary strand of policy needs to take account of the ameliorative effect of resources. This would necessitate promoting more supportive work environments and decent pay, as well as placing more emphasis on the motivational aspects of work.



Gender angle on job demands and job resources

Are the associations between job demands and job resources, on the one hand, and health and well-being, on the other, different for female and male workers? Research has found, for example, that work intensity and physical risks have differential effects on the physical health of women and men. Whereas high work intensity is more harmful for men, physical risks damage women's physical health to a greater degree.

Table 4: Gender differences in exposure to job demands and access to resources

Dimension	How women differ from men
Emotional demands	↑↑
Social demands	↑
Physical risks	↓
Work intensity	↓
Work extensity	↓↓
Resources	
Social resources	None
Rewards	None
Work resources	None

Note: An upward-pointing arrow indicates that women are more exposed than men to a particular type of demand, a downward-pointing arrow indicates less exposure. A double arrow indicates particularly strong differences.

Given this variation among female and male employees, Eurofound examined response patterns to job demands and job resources and found no gender-specific differences. From an occupational health perspective, this implies that improving working conditions will have equally positive effects for women and men. In other words, men and women fare equally well under similar working conditions. So policy to reduce demands and improve resources at work should target women and men equally.

Although associations between demands, resources and various health indicators are similar, the extent of exposure to the different variables differs among women and men (Table 4). Female employees tend to be confronted more with social demands (harassment and discrimination) and emotional demands (handling angry people and being in emotionally disturbing situations). In contrast, conventional stressors such as exposure to physical risks and high work extensity (long working days and weekly working hours) are more frequent among men.

These results primarily reflect the unequal presence of men and women in different sectors. In general, construction, transport, industry and agriculture are male-dominated sectors and associated with higher levels of physical risk, work intensity and work extensity. With the exception of the Baltic countries, women's jobs are typically in the health and social services, retail and hospitality sectors, where emotional demands are high.

Read more

Report: *Working conditions and workers' health*

 eurofound.link/ef18041

What were the trends in income and wages?

Employment in the EU is upgrading, as employment has consistently grown fastest in high-paid jobs, going back at least two decades – a result of the shift to a high-skilled services economy. This upgrading, however, does not mean that wages have become any less of a contested arena.

Room for improvement

Eurofound's convergence analysis has highlighted two measures of Europeans' financial security that have failed to pick up despite the EU's improved economic performance: net earnings and income inequality.

Downward trend in net earnings

Workers' wages have grown only moderately over the last decade. The Commission's *Joint Employment Report*, reviewing delivery on the European Pillar of Social Rights as reflected in the Social Scoreboard indicators, noted that, at the end of 2019, the net earnings of a worker on an average wage was the indicator presenting the most challenges for Member States. This important indicator of workers' financial well-being measures disposable earnings from work after taxes and other deductions. Eurofound's own analysis of convergence on this indicator found that for the EU as a whole it decreased in the years 2008 to 2016.

Performance in over half the Member States was negative. The largest declines occurred in Slovakia, Lithuania and Latvia. From 2013, however, these Member States recorded significant increases, and in 2016, recorded gains above the EU average. Among the Member States that recorded rises over the 10-year period, Romania performed particularly strongly, with little fluctuation in that time. Variability between Member States decreased in that period, which means their performance converged, but the drop in level signifies a downward direction.

Rise in income inequality

Income inequality is somewhat higher now than in 2008. The ratio of the income of the top 20% of earners to that of the bottom 20% (the Scoreboard's measure of income inequality) was 4.9 in 2018 compared to 4.8 in 2008. It rose sharply in the aftermath of the Great Recession and began to fall only with the recovery in 2015.

Member States have diverged over the 10-year period, with income inequality increasing in half. The biggest increases occurred in Lithuania (from 6.1 to 7.3) and Bulgaria (from 6.5 to 7.6); Luxembourg, too, saw a large

increase (from 4.1 to 5). On the other hand, there were reductions in Poland (from 5.1 to 4.2) and Portugal (from 6.1 to 5.2).

Increase in minimum wages

Most Member States have come around to the case for a legally binding wage floor: 21 now have a statutory minimum wage, as does the United Kingdom, to protect low-wage workers and to reduce wage inequalities. The Pillar includes a commitment to adequate minimum wages to ensure a decent standard of living for workers. No national minimum wage is currently sufficient to achieve that goal – hence the growing interest in living wages – but the Commission's investigation into fair minimum wages may lead to a more ambitious policy on this front.

Minimum wage workers in nearly all Member States saw pay increments in 2019, in a climate of rising employment and economic buoyancy, as well as more public and political support for boosting the income of the lowest paid. The largest increases in statutory minimum wages were agreed in Spain (22%), Greece (11%) and Bulgaria (10%). For Greece, this was the first rise in seven years; the minimum wage had been frozen for the duration of its financial assistance programme, which ended in 2018.

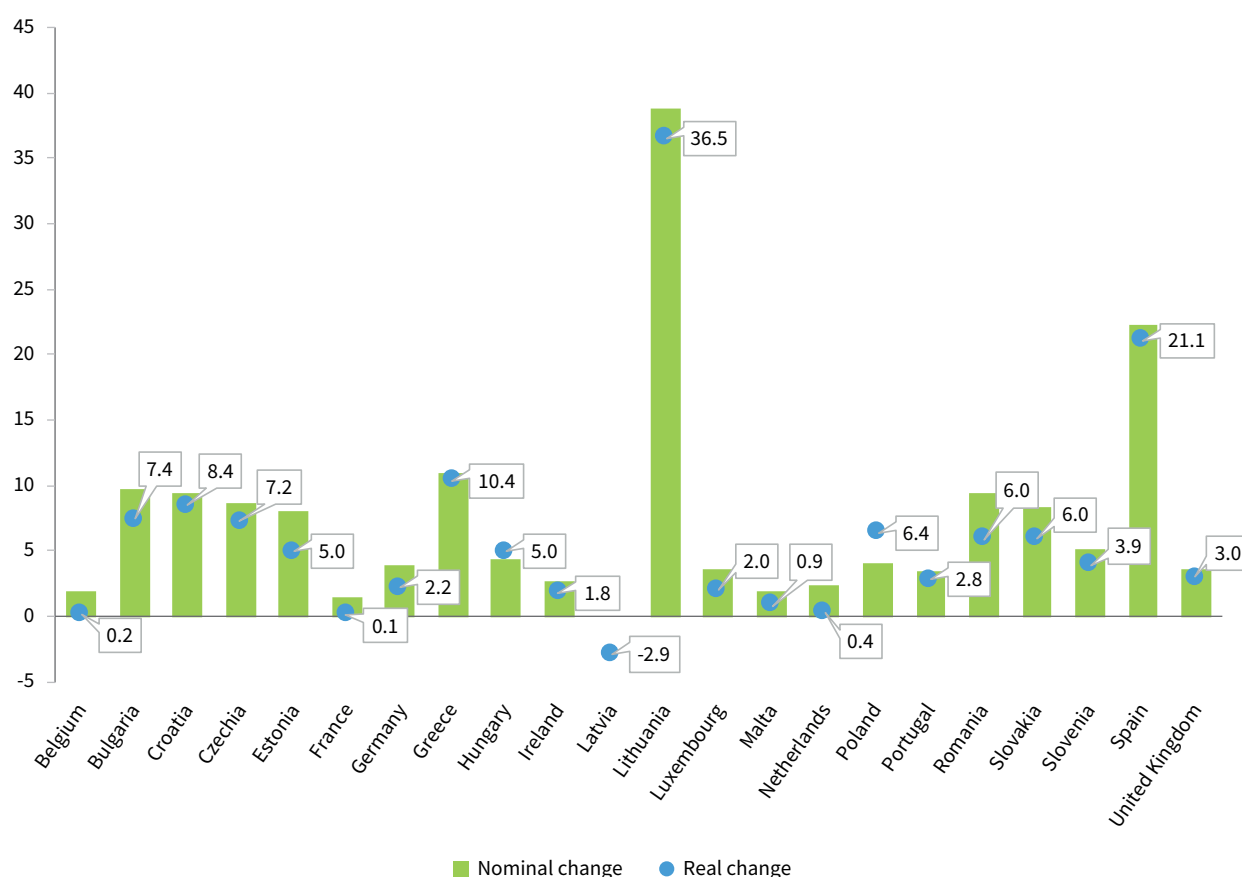
Substantial increases, of 7–9%, were seen in many eastern European Member States – Croatia, Czechia, Estonia, Hungary, Romania, Slovakia and Poland – where rates are lower (at around €500 or less per month). The lowest increases were adopted in Malta (1.9%), Portugal (3.5%) and Slovenia (5.2%). Latvia was the only country not to change its rate, as the existing rate is based on a three-year agreement made in 2017.

These developments are significant for large numbers of Europeans: the median proportion of EU workers on minimum wage rates was 7% in 2016, and the figure is closer to 10% in Portugal, Germany, Luxembourg, Poland and the United Kingdom. Rises may also have ripple effects on the pay of other low-paid workers, as pay rates within collective agreements are often adapted in line with changes in the minimum wage rate.

In real terms

But these raises may count for little if inflation pushes up the price of goods and services to a greater extent. The modest increase of 2% in the Belgian minimum wage, for example, was almost completely offset by consumer price developments, leading to an increase in real terms of only 0.16%. Similarly, the absence of any

Figure 20: Nominal and real increases in statutory minimum wages (%), Member States and the UK, 2018–2019



Notes: Countries listed are the 21 Member States that have a statutory minimum wage and the United Kingdom. Nominal changes in euro terms. Real change in national currency terms is based on the HICP annual rate of change in the respective country for January 2019 compared to January 2018, as provided by Eurostat.

Source: Eurofound calculations based on national regulations, as reported by the Network of Eurofound Correspondents

increase in Latvia represented an overall real decrease of 2.9%, leaving workers on the minimum wage worse off than a year previously. Figure 20 compares wage increases in nominal terms and in real terms as recorded by each country's Harmonised Index of Consumer Prices (HICP). It indicates a striking increase in Lithuania's minimum wage, but as this was largely due to a shift in taxation, in real terms workers received an increase of 7.5%.

Developments over time

Taking a longer view and taking account of the purchasing power of wages shows that between 2010 and 2019, those countries that started with a low minimum wage have gained the most. In Romania, Bulgaria and Lithuania, for example, minimum wages

more than doubled in real terms – by 180%, 114% and 104%, respectively. Other central and eastern European countries – Czechia, Estonia, Latvia, Hungary, Poland and Slovakia – also gained substantially, with real increases of more than 40%. Countries where the minimum wage was already high saw, at best, modest real increases in this period, averaging 3%. Luxembourg stands out with a real increase of 6%.

Minimum wage workers in Greece experienced the largest decline: between 2010 and 2019, the minimum wage in real terms fell by 16%. Belgium is the only other country where the real value of the minimum wage decreased in the nine-year period, but by a much smaller margin of 3%. All other countries managed to at least offset the effects of inflation.

Have minimum wages been converging?

These faster rates of increase in the Member States that acceded after 2004 suggests that they are converging towards the EU average. Public support in those Member States for EU membership was based on the expectation that their living standards would improve and converge with those of the existing Member States. Convergence in pay is a key gauge of progress in living standards, and Eurofound's convergence analysis of national minimum wages – as measured in purchasing power standards (PPS, which eliminates the effect of price differences) – confirms steady upward convergence since 2000. In fact, based on this measure, Poland almost closed the gap entirely with the median of minimum wages in the EU in 2017.

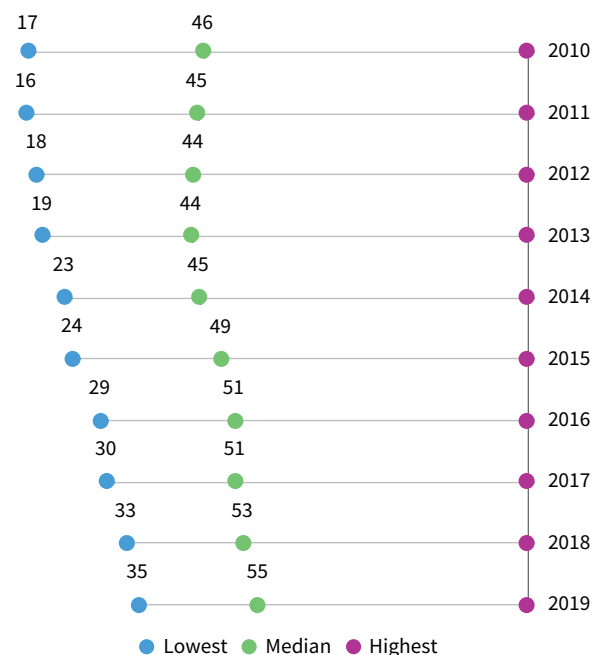
Figure 21 shows the distance between the lowest, median and highest minimum wages in the EU between 2010 and 2019. In 2010, the purchasing power of the lowest minimum wage (Bulgaria) was 17% of that of the highest (Luxembourg). After a slight increase in the gap in 2011, this distance has since constantly narrowed so that in 2019 workers in the lowest minimum wage country now receive 35% of the highest minimum wage.

How much pay do workers take home?

To judge the impact of minimum wages on living standards, account also needs to be taken of the size of deductions in the form of income tax and social security contributions. How much do employees actually take home? There are big differences in the net values of minimum wages across Member States, as Figure 22 illustrates; the differences between gross and net payments range from 4.3% in Belgium to 39.5% in Lithuania.

Overall, countries with low nominal minimum wages tend to have higher social security contributions and taxes: in the 10 countries with the lowest rates, deductions are 22% on average. Meanwhile, the 10 countries with the highest rates deduct 13% on average.

Figure 21: Distance from the lowest and median minimum wages to the highest minimum wage in the EU and the UK (%), 2010–2019



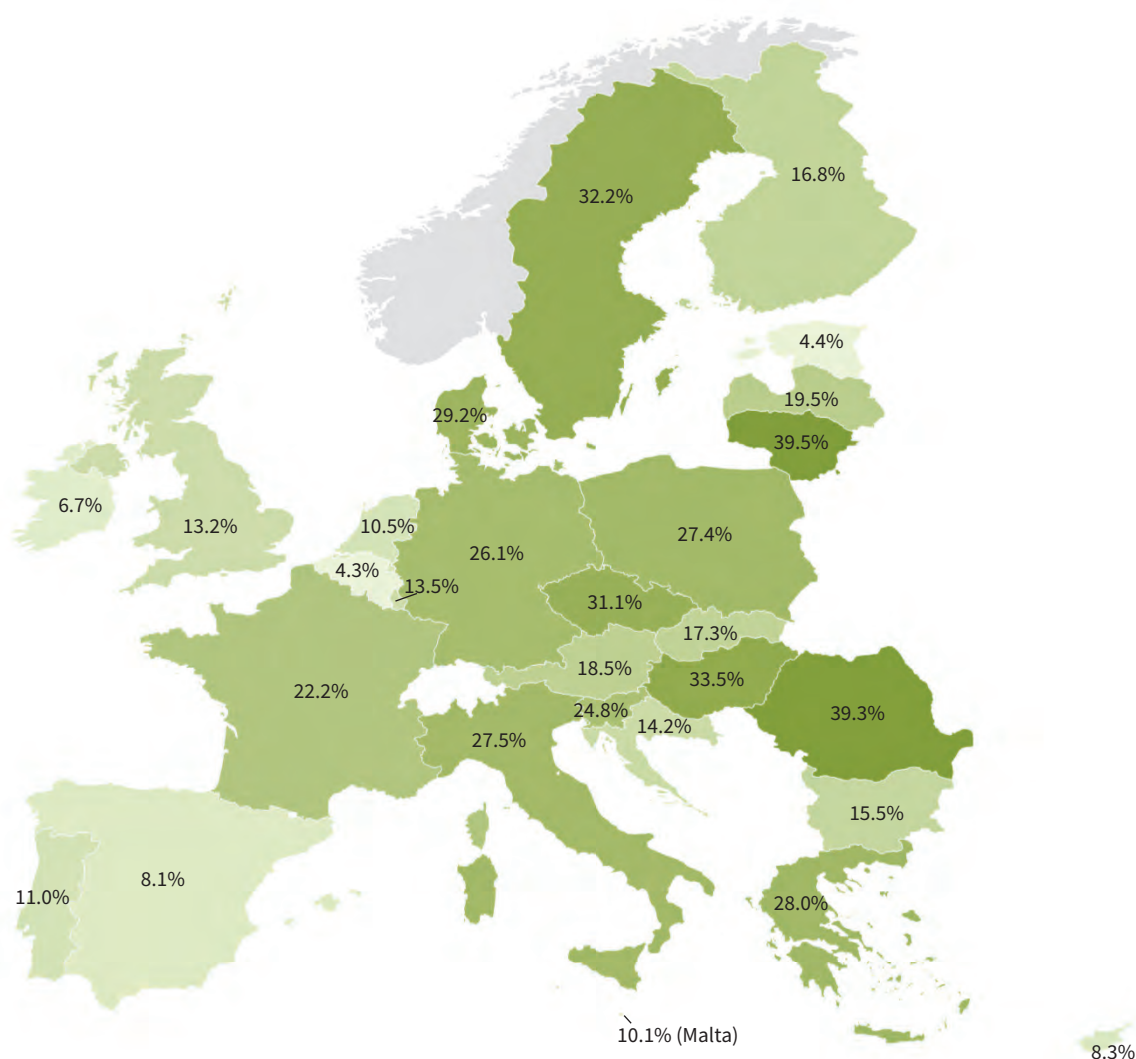
Note: Minimum wages measured in PPS.

Source: Eurofound calculations based on Eurostat [earn_mw_cur]

Gender gap in minimum wages

Women are overrepresented among the minimum wage earners in the EU: while they constitute 48% of employees, they make up 58% of workers earning in and around the minimum wage, and 62% of workers earning substantially less than the minimum wage. The gap is reproduced to a greater or lesser extent in nearly all Member States; Bulgaria and Estonia are the only two countries where women and men are represented more or less equally among minimum wage earners. The degree of women's overrepresentation among those earning the minimum wage or substantially less is highest in Czechia, the Netherlands, Malta and Slovakia.

Figure 22: Percentage difference in gross and net minimum wage, Member States and the UK, 2018–2019



Note: To allow for comparability, the percentages refer to individuals with no other income, who have no children, who are not married and who are living in the capital region of their country. Percentages for countries that do not have a statutory minimum wage in place refer to comparable collective agreements.

Source: Network of Eurofound Correspondents

Mechanisms for setting minimum wages

Twenty-one Member States have set statutory minimum wages for employees, and each has its own approach to determining the level. The procedures are complex, and the mechanisms need to be flexible to apply corrections in response to economic or social developments. Decisions are often swayed by political exigencies.

Six countries apply fixed formulas, although purely formula-based approaches have been criticised for being too rigid or too slow to react in times of economic crisis. Five countries are required by national legislation to refer to economic and social factors to come to a decision. Other countries use relative targets linked to the average or median level of actual wages, and others again combine approaches. Another five use none of these approaches. Table 5 identifies which approach is used in each country.

The involvement of the social partners in setting up the mechanisms for determining the minimum wage and adapting the rate is key, as purely technocratic solutions or unilaterally defined rates can be seen as undemocratic.

Nevertheless, political influence can curb the input of the social partners, and this was apparent in several Member States in the determination of the 2019 increases. For instance, in France, where inflation and wage developments are used as a setting mechanism, the prime minister responded to demands from the *gilets jaunes* (yellow vests) protest movement by announcing a new minimum wage level ahead of standard formal consultations with the social partners and the tripartite expert committee. The governments of Slovenia and Spain adopted proposals from

non-governmental parties (the left-wing eco-socialist party Levica and the left-wing populist party Podemos, respectively) that gained support among voters because of their strong pre-election focus on substantially increasing the rate.

This degree of ad hoc political intervention suggests that some Member States are not yet in step with the European Pillar of Social Rights principle that ‘all wages shall be set in a transparent and predictable way according to national practices and respecting the autonomy of the social partners’, echoing earlier recommendations of the Commission. At the same time, many countries are attempting to establish mechanisms to comply with this stipulation. The Commission measures predictability and transparency using an indicator for the ‘stringency’ of the minimum wage-setting process in each Member State. This is based on the degree of government discretion, the frequency of updates, the number of criteria, and whether the process of updating is predictable according to a set calendar. According to this indicator, the decision framework for the minimum wage is most stringent in France, Greece, Ireland, Poland and Slovenia, and most flexible in Bulgaria, Estonia, Lithuania and Romania.

Eurofound has found that countries that have involved the social partners in the process to set rates have also gathered evidence on the social impact of minimum wages in order to inform the process. Where such participative processes are absent and where rates are set more arbitrarily, the amount and depth of policy-related research tends to be much less, and evidence on the social impacts of previous changes in rates is limited.

Table 5: Approaches to minimum wage-setting in Member States and the UK

Formula	Belgium France Germany Luxembourg Malta Netherlands
Specified factors to be observed	Greece Ireland Portugal Romania Slovenia
Specified factors + relative target	Croatia United Kingdom
Relative target	Czechia Lithuania
Formula + relative target	Estonia Poland
None	Bulgaria Hungary Latvia Slovakia Spain

Connecting with EU priorities: Minimum wages

One of the new Commission’s first actions to implement the Pillar’s commitment to adequate minimum wages was to launch a consultation with the social partners on ensuring fair minimum wages, informed in part by facts and figures gathered by Eurofound. Minimum wages is a topic where the Agency has a well-established track record. In addition to annual reporting on adjustments to statutory minimum wages in Member States, Eurofound reports on collectively agreed minimum rates in countries without a statutory system and on debates about changes to systems of minimum wage-setting. Eurofound has also researched the scope for establishing a European approach to minimum wage-setting and explored the concept and practice of a living wage.

Read more

Blog: *Fears and hopes around future minimum wages* eurofound.link/ef20039

Report: *Minimum wages in 2019 – Annual review* eurofound.link/ef19028

Report: *Concept and practice of a living wage* eurofound.link/ef18064



3

Quality of life

How do we build trust in our institutions?

Public trust in the institutions that support the workings of the state is one aspect of society that deteriorated significantly during the economic crisis of 2008–2012. Mass unemployment and severe budget cuts in some countries coloured people’s perception of institutional performance, feeding disillusion towards mainstream politics and ‘business as usual’. Declining trust is something that policymakers ignore at their peril, as it reflects an erosion of confidence in the legitimacy of political structures. Yet, Eurofound’s analysis of Europe-wide data suggests that the formula for understanding trust in societal institutions is not as simple as ‘bad economy ergo low trust’. And if that is the case, it lies within the power of governments to sustain trust even when the economy is depressed.

Trends in trust over a decade

Across the EU, there is a geographical variation in people’s trust in their national institutions: levels tend to be lower towards the east and higher towards the north.

Figure 23 shows average trust in five national institutions – the national parliament, the national government, the legal system, the police and the news media – measured on a scale of 1–10 at three points in time over the past two decades by the European Quality of Life Survey (EQLS).

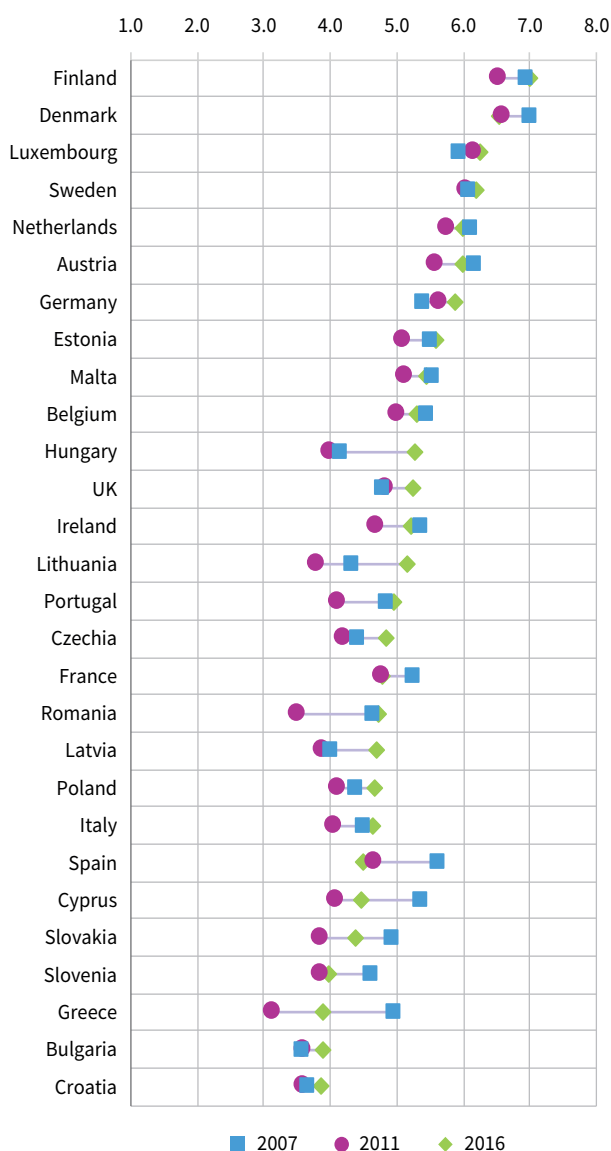
The lowest point for most countries is 2011, when Europe was in the midst of the Great Recession. The countries worst affected by the economic downturn – such as Greece and Spain – saw some of the biggest declines from 2007 levels.

These downturns are largely attributable to falling in trust in the political institutions: the government and the parliament. Falls in trust in the legal system and the police were more moderate; trust in the media was also less volatile.

In several other countries – Bulgaria, Croatia, Germany, Luxembourg, Sweden and the United Kingdom – trust either increased or did not change.

The increased averages for 2016 suggest that the declines during the economic crisis years were temporary. In fact, for the EU as a whole and in several EU countries, trust in national institutions was higher in 2016 than in pre-crisis 2007. Some of the biggest changes occurred among countries with relatively low levels of trust in institutions in 2011 – Hungary, Lithuania and Romania all increased by over 1 point –

Figure 23: Ratings on trust in institutions, EU27 and the UK, 2007, 2011 and 2016



Note: Trust in institutions is measured on a 1–10 scale, where 1 equals no trust at all and 10 equals complete trust.
Source: EQLS 2007, 2011, 2016

meaning that these countries reduced the gap with countries characterised by higher trust levels.

The data suggest modest upward convergence on trust in institutions: average trust of the EU population in national institutions in 2016 was above the 2007 level; the least trusting country and the most trusting country had higher ratings than was the case before the economic crisis; and the overall variation across the

Member States has decreased somewhat, meaning EU countries were more similar in 2016 than in 2007.

The recovery of trust to pre-crisis levels is not a reason for complacency: on average, only around 30% of citizens trust national political institutions, and the proportion of those who tend not to trust these institutions has grown since the early 2000s. Moreover, recovery in trust does not apply to all Member States. During the entire period from 2007 to 2016, seven countries recorded a statistically significant decline in public trust of their institutions: Cyprus, Denmark, France, Greece, Slovakia, Slovenia and Spain. The most significant drop was recorded in Spain, with confidence decreasing considerably during the crisis years and no improvement reported in the subsequent period. Greece also saw a major decline despite the significant improvement between 2011 and 2016.

What drives trust?

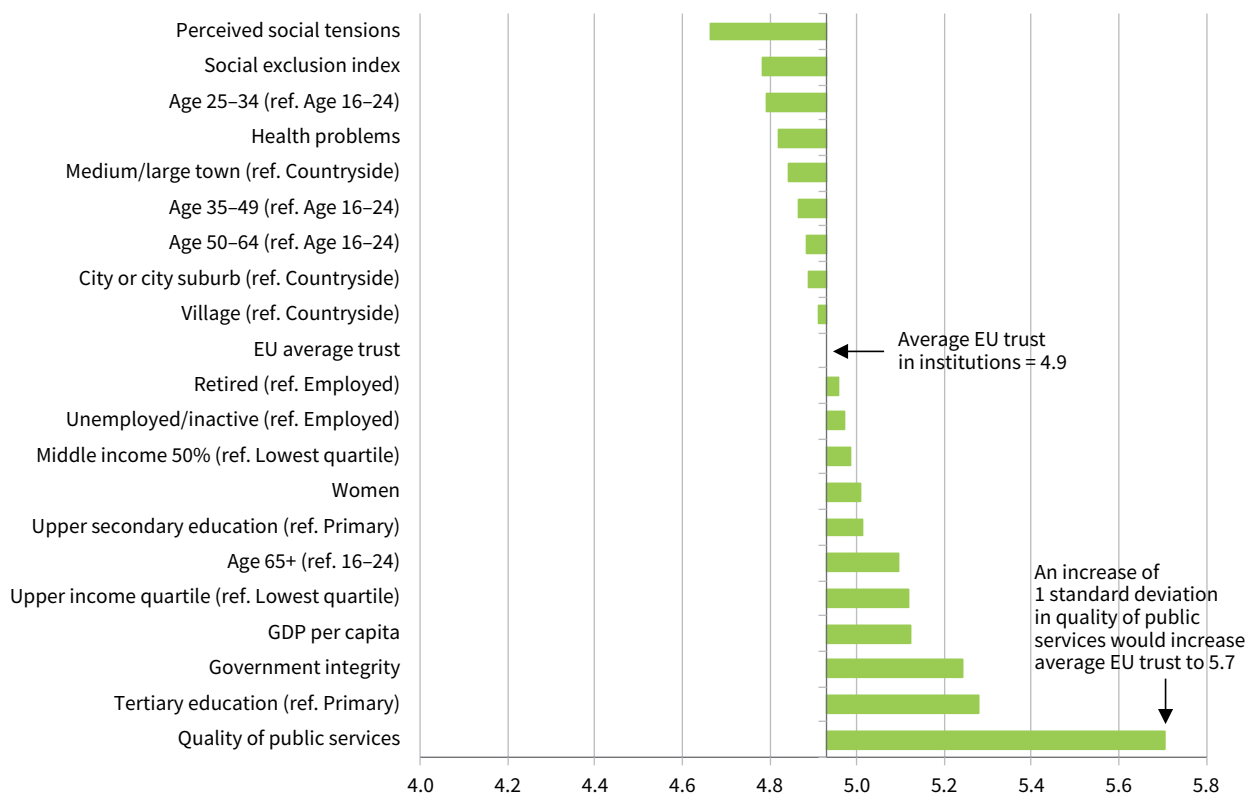
The fluctuation of trust in parallel with the business cycle, and other research findings indicating less trust among disadvantaged populations, suggest that economic well-being is likely to be the main factor determining people's responses when asked to score their level of trust in government, the legal system and so on. However, research by Eurofound has consistently found that out of several factors analysed – including

individual sociodemographic characteristics and macro-level factors – people's perception of the quality of public services is the most powerful determinant of their trust in national institutions: the better a population rates the quality of services such as healthcare, childcare and transport, the higher it rates parliament, the police and so on.

Research by Eurofound has consistently found that ... people's perception of the quality of public services is the most powerful determinant of their trust in national institutions.

As Figure 24 indicates, the positive effect of good public services on trust exceeds that of higher income or higher national GDP and any other factor by a large margin. In other words, public services emerge as an important medium through which individuals experience how the economy or state functions. The analysis also found that income inequality and public spending cuts have no effect. Some countries that undertook austerity measures during the economic crisis – such as Germany and Ireland, as well as the

Figure 24: Effect of various individual and macro-level factors on trust in institutions



Note: Bar values show the effect on average trust if the variable is increased by one standard deviation. Categorical variables have a reference category (ref.); for these, the chart shows how other response categories compare to the reference category.

Source: Pooled data of EQLS 2007, 2011 and 2016

United Kingdom – managed to do so without this reflecting a decline in trust in institutions.

Among the macro-level variables, government integrity, as measured by the Corruption Perceptions Index (CPI), also has a significant positive effect on trust in institutions.

The second most powerful determinant is an individual factor – education: higher educational attainment is associated with a higher degree of trust. For example, all else being equal, having a tertiary education increases trust in institutions by 0.35 points (on a scale of 1–10), compared to having just a primary education.

On the other side, poor social cohesion is associated with low trust in institutions. The factor that reduces trust most is perception of social tension between different groups: the poor and the rich, workers and employers, men and women, old and young, different racial and ethnic groups, and different religious groups.

What is the relevance of insecurity?

Increasing attention is being paid to how people's trust in their national institutions is undermined by different forms of insecurity – economic, employment, housing and so on. For instance, in the EU, people who feel unsafe when walking alone after dark rate their trust

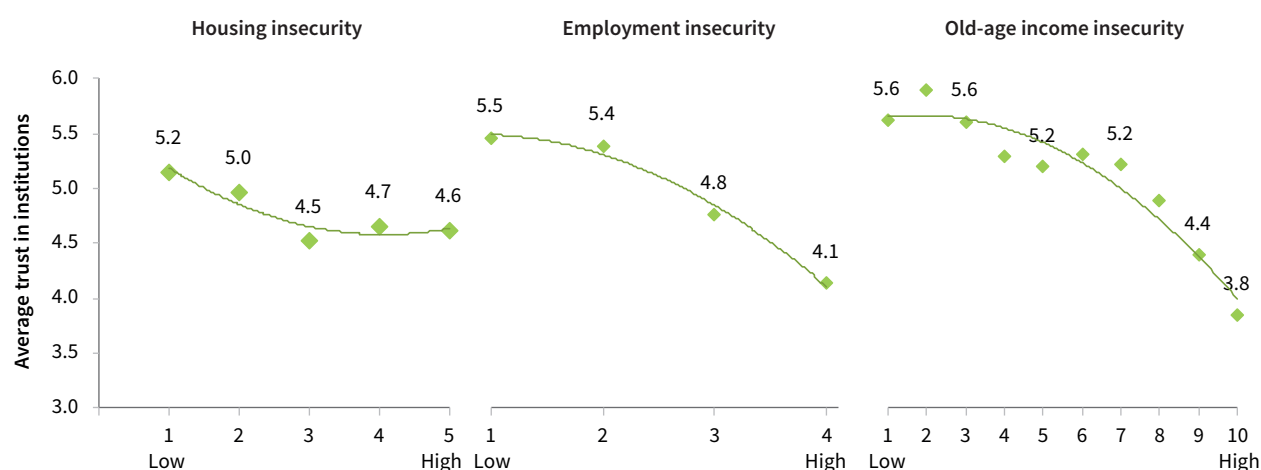
in government lower (4.0) on average than those who do not (4.5). They also have less trust in the police (6.1 compared to 6.4). People who feel unsafe when home alone at night have even less trust in the police (scoring 5.9 compared to 6.4 among those who do not feel unsafe).

The degree to which insecurity corrodes trust depends on the source of insecurity. If it relates to housing, trust in institutions declines as this indicator rises, but, as Figure 25 illustrates, there is a relatively small gap in trust levels between those who report absolute security (trust score of 5.2), minor insecurity (trust score of 5.0) and higher levels of insecurity (trust scores of 4.5–4.7).

With employment insecurity, there is a much bigger drop between those who are completely secure (5.5) and those who are very insecure (4.1). A threshold is more evident in the case of insecurity related to one's income in old age: beyond point 7 on a scale of 1 to 10, trust declines sharply.

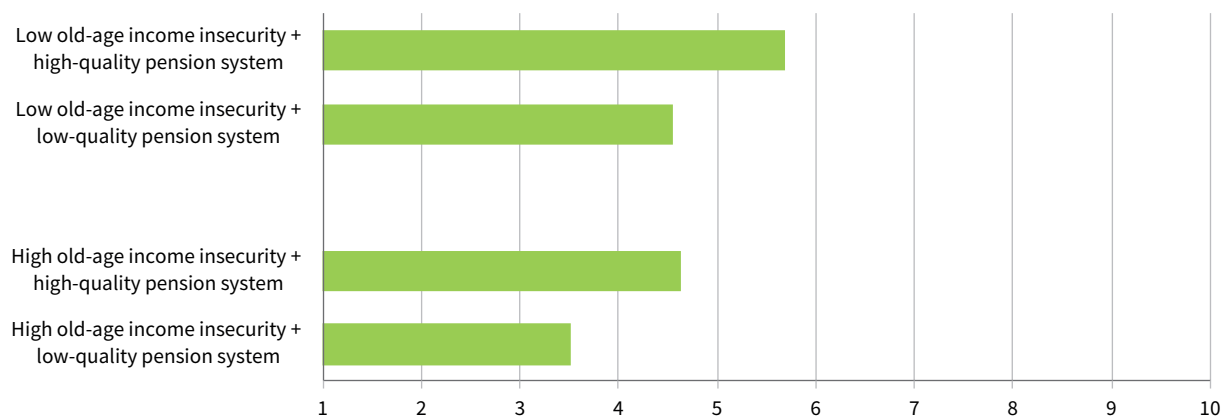
High-quality social protection measures (or public services in a broad sense) can bolster overall trust in institutions. For instance, a substantial part of the population has a high degree of old-age income insecurity, which, as noted, is linked to lower trust in institutions. However, if they have confidence in the quality of the state pension system, their overall trust in institutions is considerably higher – see Figure 26.

Figure 25: How three sources of insecurity relate to level of trust in institutions



Notes: Housing insecurity refers to the likelihood of having to leave one's accommodation in the next six months and is measured on a 1–5 scale, where 1 represents the lowest level of insecurity, while 5 represents the highest level of insecurity. Employment insecurity combines the likelihood of losing one's job in the next six months and likelihood of finding a similar one: 1 represents the lowest level of insecurity and 4 represents the highest level. Old-age income insecurity is measured on a 1–10 scale, where 1 represents no worry about income in old age and 10 represents extreme worry.

Figure 26: Scores on trust in institutions by level of old-age income insecurity and perceived quality of pension system



Note: Trust in institutions is measured on a 1–10 scale, where 1 equals no trust at all and 10 equals complete trust.
Source: EQLS 2016

It appears that a certain degree of security not only contributes to one's well-being but also provides a foundation from which citizens can engage with institutions and participate in civic life. It could also be argued that having a certain level of resources and security makes change, as well as the risks that could

ensue, more palatable. This is not to suggest that every uncertainty has to be removed, nor that public calls for more security have to be dismissed. But by acknowledging that security can be a resource rather than merely a cost for society, the debate on the European social model could be revitalised.

Read more

Report: *Societal change and trust in institutions* eurofound.link/ef18036

Report: *Challenges and prospects in the EU: Quality of life and public services* eurofound.link/ef19039



Are education systems fit for the future?

Headline statistics on educational achievement in the EU are good. Early school-leaving fell to a rate of 10.6% in 2018, down 2.1 percentage points since 2012, meaning that the Europe 2020 target of 10% by 2020 is in sight. The target for tertiary attainment – 40% of 30–34-year-olds completing tertiary level – has been surpassed, reaching 40.5% in 2018. These are important milestones in building a highly qualified workforce to meet increasing demand for skills in the economy. National education systems are a cornerstone to maintaining Europe's status as an advanced global economy in a fast-changing world.

Different systems in the EU

While the EU as a whole is meeting its educational objectives, attainment across the Member States is variable. Patterns do not necessarily reproduce the usual north–south, east–west divide. Spain, for instance, has twice the proportion of graduates in its population as Italy (33% compared to 17%); the share of third-level graduates in Bulgaria is 10 percentage points higher than in Romania (25% compared to 15%). Many factors underlie the differences in the educational attainment of populations. One such factor is the educational system, which each Member State has shaped according to its history, culture and aspirations.

The European Commission's Eurydice Network provides a useful classification of the educational systems of the Member States based on the way they organise primary and lower secondary education (corresponding to levels 1 and 2, respectively, of the International Standard Classification of Education (ISCED)). On this basis, Member States can be grouped into four categories (Table 6).

- **Single structure:** One structure from the beginning to the end of compulsory schooling, with no transition between primary and lower secondary education, and with general education provided in common for all pupils.
- **Common core curriculum:** After successful completion of primary education, all students progress to lower secondary level, where they follow the same general common core curriculum.
- **Mixed:** Common core and single structure coexist.
- **Differentiated branches:** After successful completion of primary education, students follow distinct education pathways, either at the beginning of or during lower secondary education. In some countries, students follow different tracks in vocational, technical or general education. In others, they are enrolled in different types of general education.

Table 6: Classification of Member States and the UK by school system

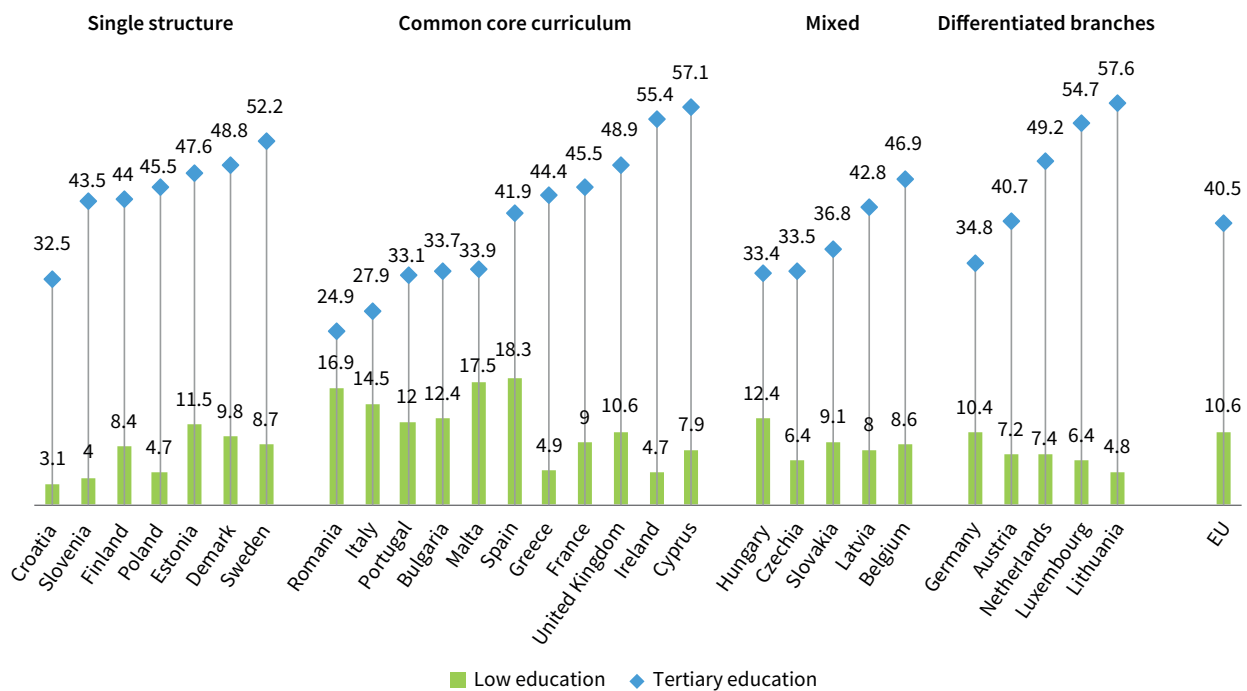
Type	Countries
Single structure	Croatia Denmark Estonia Finland Poland Slovenia Sweden
Common core curriculum	Belgium Bulgaria Cyprus France Greece Ireland Italy Malta Portugal Romania Spain United Kingdom
Mixed	Czechia Hungary Latvia Slovakia
Differentiated branches	Austria Germany Lithuania Luxembourg Netherlands

Source: European Commission, EACEA and Eurydice (2018), 'The structure of the European education systems 2018/19: Schematic diagrams'.

Comparing performance across Member States

How do educational outcomes vary across the four systems? When we compare early school-leaving rates – that is, the percentage of students who leave education before completing upper secondary level – the differentiated branches and single-structure systems come out best, both with an average rate of 7.2%. The problem is most acute among countries with a common core curriculum system, where the percentage of young people with low educational attainment was as high as 18.3% in Spain in 2018, followed by Malta (17.5%) and Romania (16.9%) (Figure 27).

Figure 27: High and low educational attainment (%), Member States and the UK, 2018



Source: EU-LFS [t2020_40] and [t2020_41]

The high drop-out rate of students in common core curriculum systems could be due in part to the lack of opportunities for students who are not following academic curricula. Vocational content in education is lowest in countries with these systems. Training also tends not to be occupation-specific, so the vocational credentials of students emerging from these systems are valued less than general academic credentials. Employers tend to regard them as low achievers and prefer to hire workers from the more academically oriented tracks.

Tertiary achievement is also better on average in the differentiated branches and single-structure systems – the percentages of graduates among 30–34-year-olds is highest in the differentiated branches group, at 47%, but the single-structure group also has a high average, at 45%.

What is the right approach?

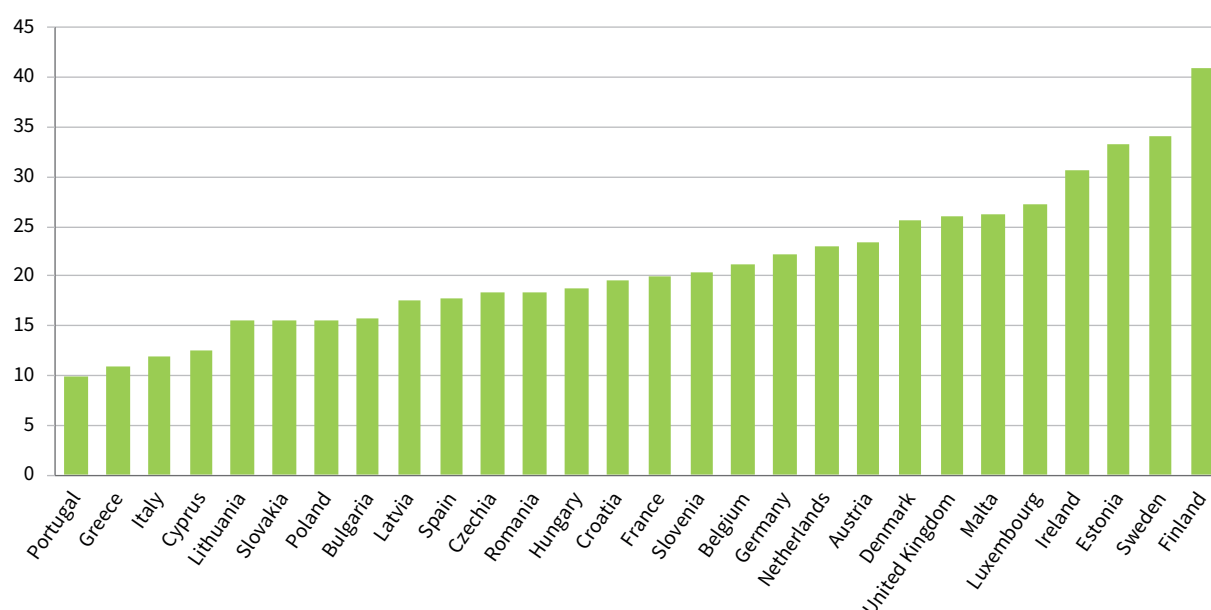
These averages suggest that systems with a common core curriculum and mixed systems may not be fit to meet the challenges of 21st century societies. If we single out individual countries, however, the conclusion is not so cut and dried. Ireland, for instance, has a common core curriculum system; but it also has the third lowest early school-leaver rate and the third-highest proportion of third-level graduates. Estonia, with a single structure system, has an early school-leaving rate above the EU average.

Education systems are deeply rooted in their societies, shaped by history, social structures and institutions. Bald indicators may not be reflective of a country's success. For instance, the shares of 30–34-year-olds with tertiary education are much lower in Austria and Germany than other countries in the differentiated branches group. This does not appear to have a detrimental impact on the economic performance of these countries, however. Their approach – to place students on specific tracks early in education and use a dual apprenticeship model that combines work experience in companies with schooling – suits the structure of their economies. The vocational track equips students with standardised, specialised skills, which are sought after by employers to the same extent as more academic leaving certificates, though for different positions. Both countries have consistently had the lowest unemployment rates in the EU, even during the economic crisis.

Nor does achieving high levels of tertiary education guarantee exceptional success. The two highest performers on tertiary education, Lithuania and Cyprus, rank poorly on advanced skills and development as measured by the Digital Economy and Society Index (DESI) (Figure 28).

Nevertheless, in general, achieving the highest possible general level of education for the majority of the population pays off by creating a highly skilled and adaptable workforce. The countries with the highest scores in advanced skills and development – Finland, Sweden, Estonia and Ireland – also have high tertiary attainment rates.

Figure 28: Member States and the UK ranked by scores on advanced skills and development (%)



Source: DESI 2019, European Commission

Rating the quality of education

People's own perceptions of the quality of their country's education system match objective assessments of achievement. When asked to rate the quality of their country's education system, respondents from the single structure and differentiated branches gave the highest average ratings – 7.1 on a 1–10 scale. Individually, Finland (8.2), Malta (7.8) and Denmark (7.7) are the countries with the highest ratings, while Italy (6.2), Bulgaria and Greece (both 5.8) come in at the low end.

Figure 29: Average scores of Member States on quality of the education system

Single structure		Common core		Mixed		Differentiated branches	
Average	7.1	Average	6.6	Average	6.4	Average	7.1
Finland	8.2	Malta	7.8	Czechia	6.9	Austria	7.4
Denmark	7.7	Belgium	7.3	Hungary	6.4	Netherlands	7.3
Estonia	7.2	Ireland	7.3	Latvia	6.2	Luxembourg	7.1
Sweden	7.1	UK	7.0	Slovakia	6.1	Germany	6.9
Poland	6.8	France	6.8			Lithuania	6.7
Slovenia	6.6	Spain	6.7				
Croatia	6.2	Portugal	6.5				
		Cyprus	6.3				
		Romania	6.2				
		Italy	6.2				
		Bulgaria	5.8				
		Greece	5.8				

Note: Quality of the education system is scored on a 1–10 scale.

Source: EQLS 2016

Connecting with EU priorities: Education, training and skills

The European Commission has emphasised that national education and training systems must play a key role in equipping young people with the skills for a green and digital future, so they must adapt to provide inclusive, high-quality education and training from an early age. Eurofound's EQLS gathers data not only on respondents' educational attainment but also on how they rank the quality of education in their country in terms of facilities, expertise of educators and curriculum. Analysis of this data provides evidence on access to education and training systems across the EU and users' assessment of the quality of those services over time.

Read more

[Report: Challenges and prospects in the EU: Quality of life and public services](#)

eurofound.link/ef19039

[Report: European Quality of Life Survey 2016: Quality of life, quality of public services, and quality of society](#)

eurofound.link/ef1733



Who is there for young people under pressure?

Well-being at risk

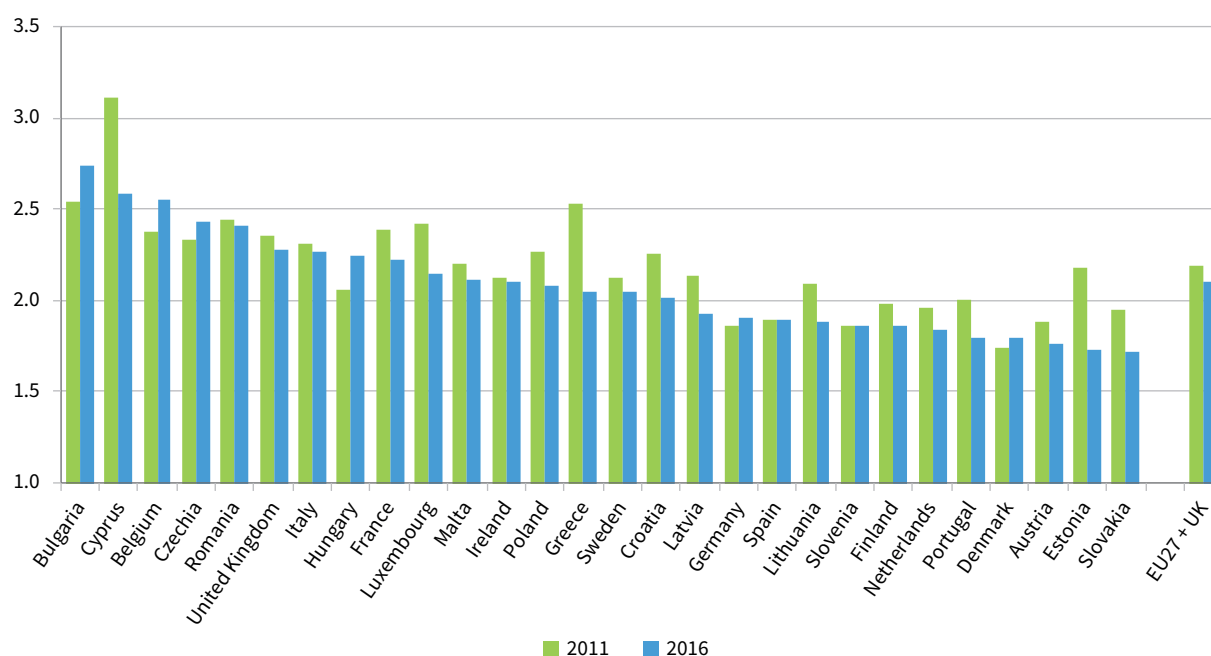
A skim through a handful of statistics tells us that, despite the improving economy and rising youth employment, the reality is that many young people in Europe today continue to struggle with issues of health and social integration. Among 18–24-year-olds, the risk of poverty and social exclusion (as monitored by Eurostat's AROPE indicator) actually rose slightly between 2011 and 2016: from 30% to 31%. Similarly, EQLS data show that young people's perception of being socially excluded fell only marginally in most Member States in the same period (Figure 30).

The extent of these challenges varies across the Member States. For instance, half of young people in Greece are at risk of poverty and social exclusion: this may be related to the economic upheaval that country has undergone, but the prevalence in Denmark (45%) is almost as high. On the other hand, the figure is as low as

17% in Czechia and Malta. As Figure 30 illustrates, perceived social exclusion tends to be lower than the EU average in northern and western European countries.

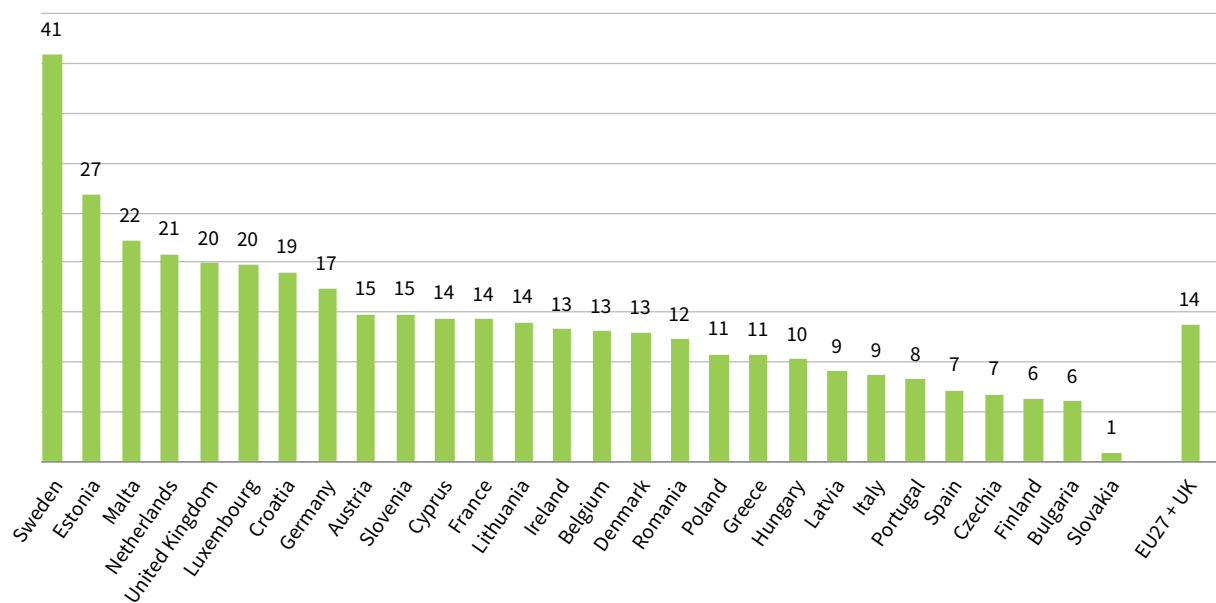
The proportion of young people at risk of depression, however, appears to be on a downward trend. Across the EU, according to the EQLS, this was lower in 2016 (14%) than in 2007 (16%), although a rise to 19% was recorded in 2011, in the midst of the economic slump when youth unemployment was escalating. Here, too, differences across countries are stark (Figure 31). Sweden stands out in terms of the prevalence of this risk. It is also the only country where young adults are less likely than older citizens to report optimism about their future. Next to Sweden are Estonia, Malta, the Netherlands, the United Kingdom and Luxembourg, where one-fifth or more of young people are at risk of depression.

Figure 30: Ratings of young people on a social exclusion index, Member States and the UK, 2011 and 2016



Note: Social exclusion is measured on a 1–5 scale.
Source: EQLS 2016

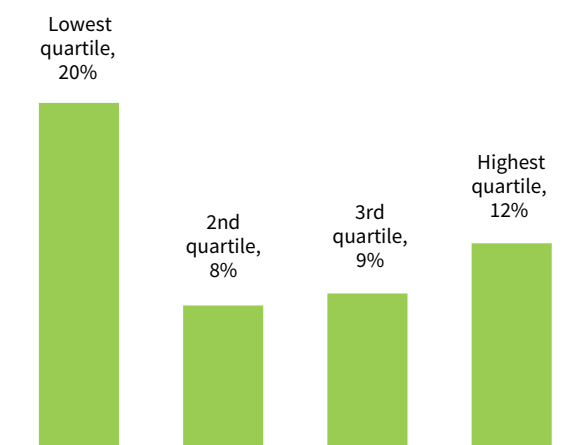
Figure 31: Proportion of young people at risk of depression (%), Member States and the UK, 2016



Source: EQLS 2016

This finding suggests that a country's good economic performance is not enough to guarantee the psychological well-being of its young adults. However, the socioeconomic status of the household is a significant determinant of mental health: young people living in households in the lowest income quartile are much more likely to be at risk of depression than those whose household is in the higher quartiles (Figure 32).

Figure 32: Proportion of young people at risk of depression by income quartile (%), EU27 and the UK, 2016



Source: EQLS 2016

Services providing support

There is clearly a need for services to support young people through difficult circumstances. All the Member States provide help to address common social and health issues encountered by young people through their public health systems. But there are gaps in state provision, and, in many cases, statutory health and social services do not address issues in ways specifically designed for young people. For instance, in Estonia, pregnant teenagers have had to use services – including lectures on pregnancy, motherhood and childcare – alongside adult women because mainstream services were the only services available to them. This situation was often uncomfortable for teenagers, so Caritas Eesti, a non-governmental organisation (NGO), was established to offer free services targeting this group. A number of NGOs exists across Europe to deal with the specific social and health needs of young people, covering issues such as teenage pregnancy, crime, bullying, homelessness, health and drug abuse.

Out of 151 service providers for young people across the 27 Member States and the United Kingdom that responded to a survey from Eurofound, three-quarters were NGOs, while a further 14% were public service providers. Half of these organisations provide services to a specific target group, the most common being young people experiencing or at risk of poverty and social exclusion (27%) or homelessness (21%) or dealing with mental health problems (18%). Most of the organisations work in cooperation with local and other authorities, educational institutions and other NGOs to provide the specialised support needed.

What frustrates service provision?

Providers of these services struggle to make their services accessible to their target groups. The biggest problem, by a large margin, is funding, with over half the organisations saying that this is a major difficulty for them (Table 7). Most of these (62%) said, in addition, that they had found it necessary to take steps to secure additional funding. Many initiatives rely heavily on public funding, either directly or indirectly through benefits and allowances.

The biggest problem, by a large margin, is funding, with over half the organisations saying that this is a major difficulty for them.

Low or tenuous funding means that doubt hangs over the sustainability of services and restricts their impact. The lower the funding, the more limited the activities that an organisation can undertake – in many cases, they may be funded just for specific projects or they may be restricted to awareness-raising rather than the provision of practical support. For instance, a service providing help to young people with eating disorders needs to employ medical and psychological professionals to give guidance and advice.

A quarter of organisations struggle to meet demand, which confirms that they are responding to a clear need. Operational issues also pose a challenge – one respondent commented on the problem of

recruiting and retaining staff with the right skills and qualifications:

The main challenge is the pay in the field of youth work. The salaries are too low, and the expectations are too high. Youth workers are expected to work around the clock; it's not a normal 8–5 job. Because of this, people tend to go to more secure jobs with normal office hours, less work and higher pay.

Connecting with target groups

Are these services reaching their target groups? The very vulnerabilities of young people are often a barrier in themselves. For example, one of the most typical ways young people are introduced to services is through their peer network. But young people who are socially excluded tend to lack strong social ties with peers. This puts them at a double disadvantage: not having the necessary means to access support and not being encouraged by peers to make use of services.

The very vulnerabilities of young people are often a barrier in themselves.

Organisations typically use a mix of approaches to deliver their services. Face-to-face contact is the most important channel, and service providers rely in large part on young people being able to visit their premises or to attend the events they hold in public spaces, youth centres or educational settings. However, young people who cannot travel to a service location may go

Table 7: Difficulties faced by service providers

	Average rating	7+ rating (%)
Securing financial resources, in terms of the necessary amount at the right time	6	54
Administrative burden or bureaucracy associated with operation	5	28
Being unable to meet a large demand for the service with existing time and resources	5	25
Need to improve management capacity (e.g. strategic planning, communication, partnership building)	4	26
Recruiting staff with the right skills or qualifications	4	22
Referral of young people outside the target group due to lack of specific services in the area	4	20
Reaching the target group	4	22
Keeping in touch with clients after they leave the service	4	26
Stigma associated with using the service	3	14
Reaching a specific group of young people within the target group	3	15
Retaining young people (avoiding dropouts)	3	16
Retaining staff	3	11

Note: Difficulties were rated on a scale from 0 (not an issue) to 10 (a very serious issue). As multiple options could be selected, the sum exceeds 100%.

unsupported, and organisations do have concerns that potential service users might have difficulty with access. Among the main groups identified by the organisations surveyed as having problems with access were young people living with disability or living in a rural area (Table 8).

Table 8: Target groups with problems accessing services

Young people who ...	%
lack internet access	26
have physical or intellectual disabilities	25
live in rural areas	24
are homeless	18
left school early or are not currently in school	16
belong to an ethnic minority group	13
are in care	13
are immigrants or refugees	10
have a specific religion	8
experienced family conflict or rejection	7
are LGBTQI	4

Note: Respondents were able to select multiple options.

For young people with physical or intellectual disabilities, not only is limited mobility often a problem, certain conditions (such as hearing impairment or intellectual disabilities) may not be catered for by the organisation. For people with an intellectual disability, their dependence on carers can be a decisive factor in establishing contact and accessing services.

Distance and lack of transport are particular barriers for young people living in rural areas. Data from the EQLS indicate that 24% of young people in rural areas have problems in accessing health services due to distance, compared to 13% based in urban areas – this figure is closer to 40% in the case of some Member States, including Cyprus, Greece and Lithuania.

These young people require alternative routes to access services, and the internet plays an important role here. Many organisations have made significant efforts to make their services available online, recognising that this is the main source of information for young people; 59% of the organisations have web- or app-based services. The anonymity granted by online services also encourages contact from young people reluctant to engage face to face. However, not all young people have internet access – they may not be digitally literate, or digital devices and internet connectivity might simply be unaffordable – and this is largest group that organisations believe they are failing to connect with.

The anonymity granted by online services also encourages contact from young people reluctant to engage face to face.

Strategies to improve access

Of course, service providers have put in place various strategies to improve access, such as adapting their delivery methods and engaging in promotion and outreach activities. Another strategy that yields benefits is to involve existing clients in their activities. Organisations most often involve users in assessing the needs of the target group so that their services match people's actual needs. One Croatian respondent remarked:

Before starting a new cycle of workshops, we ask young people about their needs and wants regarding our workshops. At the end of our cycle we always carry out an oral and written evaluation with the users.

Users are also involved in monitoring, evaluation, promotion and outreach. Over half the organisations reported that involving users increased awareness of their services, 41% noted an increase in use of their service, while 25% felt it helped to reduce any stigma associated with the service.

Read more

Report: *Inequalities in the access of young people to information and support services*

 eurofound.link/ef19041

Connecting with EU priorities: Youth Guarantee

Soaring youth unemployment during the economic crisis and the long-term repercussions for society was the stimulus behind the creation of the Youth Guarantee – an EU initiative to guarantee that all young people would receive a decent offer of work or education within four months of leaving school or becoming unemployed. The Commission plans to turn the Youth Guarantee into a permanent instrument to fight youth unemployment and to support young people in developing skills and gaining work experience. Eurofound has almost a decade of findings to support this effort, beginning with the 2012 report that highlighted the growing population of NEETs – young people not in employment, education or training – and the adverse consequences of this, including an estimated annual loss of €153 billion to the EU. This and subsequent research contributed to the development of the Youth Guarantee. An update to the findings will be published in 2021.

Eurofound has also researched the country-specific policy approaches taken to address long-term youth unemployment, which range from preventive and reintegrative approaches to structural reforms that aim to remove barriers to young people's labour market access.

Read more

Report: *NEETs – Young people not in employment, education or training: Characteristics, costs and policy responses in Europe*

 eurofound.link/ef1254

Eurofound topic: *NEETs* eurofound.link/neets

 eurofound.link/neets

Report: *Long-term unemployed youth: Characteristics and policy responses*

 eurofound.link/ef1729



Living alone or with a partner – How does it differ in older age?

Quality of life of people living alone

More people are living alone: in 2017, one-third of households in the EU were single-person households, a 2-percentage-point increase since 2007. And, although the profiles of single-person households vary considerably across countries, living alone on the whole tends to be unfavourable for quality of life. Poverty, for one thing, is more of a risk because the household costs are not shared and because there is just one source of income. In all EU countries, more single-person households are at risk of poverty than multi-person households. But they differ widely in this respect. In Latvia and Estonia, over half of single-person households are at risk of poverty, whereas in Greece, Spain and Hungary, the difference compared to multi-person households is small.

Living alone is often not a choice but the result of the death of a partner. The age profile of single-person households is older, the average age ranging from 66 in Croatia and 65 in Bulgaria at the higher end to 52 in the Netherlands and 53 in Germany at the lower end. Women are more likely than men to live alone: 42% of women compared to just 24% of men. In fact, widowed women aged 65 and over account for the largest proportion of single-person households, especially in Croatia (where they represent 41%) and Bulgaria and Romania (representing 38%), but also in most southern and eastern European Member States. Older widowed men make up just 10% of single-person households in these countries.

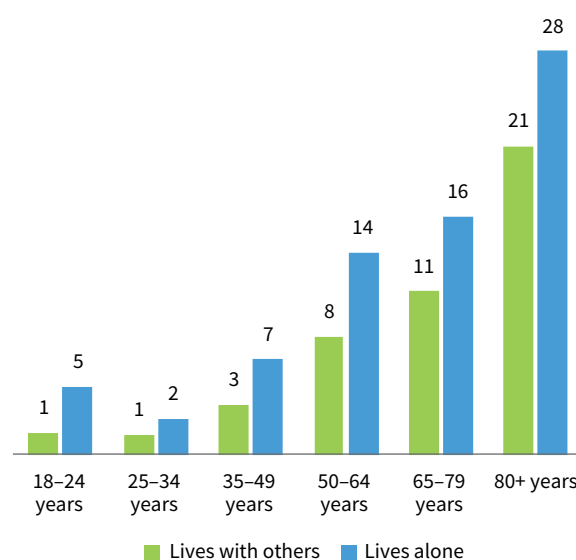
This mounting older population living alone is something policymakers need to be alert to, given the risks associated with this status.

This mounting older population living alone is something policymakers need to be alert to, given the risks associated with this status. For instance, older women living alone in countries where they have much lower pensions on average than men contribute substantially to the higher average risk of poverty of single-person households. The European Commission estimates the gender pension gap in the EU to be 35.7%, due to women's salaries being lower than men's and their shorter working lives because of caring responsibilities.

Health and well-being

Financial precariousness is not the only concern around single-person households. Older people living alone are more likely to judge their health as bad or very bad than those in the same age group who live with others. As Figure 33 shows, the difference in health between people living alone and people who live with others is greater for age groups over 50.

Figure 33: Proportion of people reporting poor health (%), by age group and household type, EU27 and the UK, 2016



Source: EQLS 2016

Nearly one-fifth of people aged over 65 and living alone report loneliness compared to one-twentieth of the same age group who live with others. They score lower on mental health on average, and social exclusion too (Table 9). For many people, these results may reflect lower well-being following a bereavement.

Table 9: Well-being of older people compared by household type

	Lives with others	Lives alone
Social exclusion index (scale 1–5)	2.0	2.2
Mental well-being (scale 0–100)	63	59
Loneliness	5%	18%

Source: EQLS 2016

Quality of life of retired couples

Although an increase in single-person households has been the defining trend in Europe, research in the Nordic countries suggests that as societies continue to age, the joint survival rate of partners increases. This means that in the future fewer older people will live alone and that retired couples will be among the most common household types. The evidence suggests that living with a partner in older age may provide more support and better inclusion in society, as illustrated by findings on the health and well-being of retired couples drawn from the EQLS 2016.

Household size

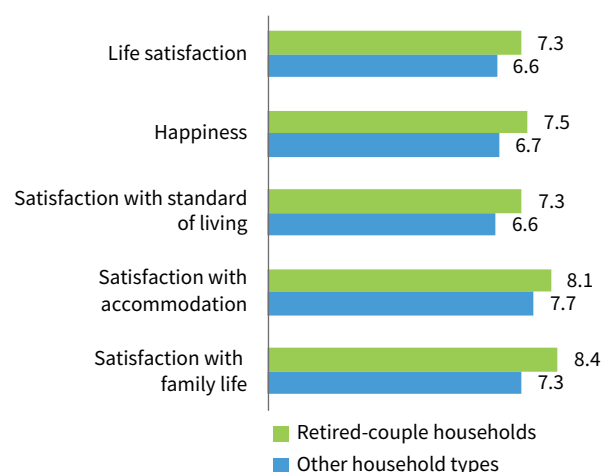
In 2017, some 9% of all households comprised a couple living by themselves where both were retired, an increase of 1 percentage point since 2007. There has been a more rapid increase in the proportion of these households in some countries, especially Belgium, Ireland and Luxembourg, which all recorded increases of 3 percentage points. At the same time, the proportion of retired couples has decreased in a few countries, such as Hungary (–3 percentage points) and Slovakia (–2).

Well-being

Across the EU as a whole, retired people who live with only their partner are happier and more satisfied with their lives than retired people living alone or living with others, as illustrated by Figure 34. When life satisfaction at Member State level was examined, retired people living in a couple in Denmark, Germany and Greece experienced markedly higher levels than single retired people. However, in Croatia, Estonia, Latvia and Slovenia, no such positive difference in life satisfaction was seen.

This group is also more likely to be optimistic about the future, to experience less social exclusion and to enjoy better mental well-being. There are also significant differences based on income: a lower proportion of

Figure 34: Well-being and satisfaction scores, by household type, EU27 and the UK, 2016



Note: All indicators are measured on a 1–10 scale.
Source: EQLS 2016

retired people in couple-only households are in the lowest income quartile (17%) compared to those in other household types (31%). On only one measure of well-being did retired couples lag other household types: 49% were optimistic about their children's future compared with 54% of other household types.

Challenges of solo living

These findings highlight the poorer quality of life of older people living alone compared to those living as a couple. Financial insecurity and lower levels of well-being in this group are a signal to policymakers for action, but so too is the fact that they have less access to informal care and family support. Regardless, many wish to continue to live independently, and in some countries, efforts have been made to enable them to do so. Support is most often provided by NGOs and self-organised entities, although government-supported schemes also exist, many of which are community-based. Their aims include reducing loneliness and enabling solo living by adapting the home or providing co-living.

Older women living on their own need to be targeted specifically, because they are a sizeable group that has a high likelihood of inadequate income. Women in a couple often benefit from their partners' pension and from the survivor pension if their partner dies. But women who are divorced or have never been married who receive little or no survivor pension are particularly vulnerable due to reduced pension entitlements in their own right.

Older women living on their own need to be targeted specifically, because they are a sizeable group that has a high likelihood of inadequate income.

Connecting with EU priorities: Demographic challenge

Later in 2020, the European Commission plans to publish a report on demographic change as well as presenting a Green Paper on Ageing, aimed at launching a debate on issues including long-term care, sustainable pension systems and active ageing. Eurofound has a long track record of research on the older population and the demographic challenge. Several studies have addressed the employment and working conditions of older people – for example, in terms of labour market integration, work after retirement and partial retirement schemes. Research into inequalities based on age is mainstreamed in the Agency’s work and addressed, for instance, in studies of age differences in quality of life, social insecurities and non-take-up of social benefits.

Read more

Policy brief: *Social insecurities and resilience*

 eurofound.link/ef18019

Report: *Household composition and well-being*

 eurofound.link/ef19040





4

Looking ahead

Projects in the pipeline for 2020

Eurofound's planned activities for 2020 have changed course somewhat to respond to the COVID-19 pandemic. The Agency is refocusing its resources to provide stakeholders with up-to-date evidence on the impact of this crisis on the lives and work of Europeans. Where feasible and relevant, research that has been planned will be adjusted to take account of the pandemic. Additional projects addressing the crisis directly have also been added to the pipeline for the year.

Eurofound's work for the 2017–2020 programming period is organised around six strategic areas of intervention:

- Working conditions and sustainable work
- Industrial relations
- Labour market change
- Quality of life and public services
- The digital age: Opportunities and challenges for work and employment
- Monitoring convergence in the European Union

This section highlights some of the outputs from these strategic areas, including projects initiated as a result of COVID-19.

COVID-19

Work on this topic will attempt to capture the impact of COVID-19 on people living and working in Europe. Already in April 2020, the Agency conducted an electronic survey of people across the Member States to ascertain the immediate consequences for their employment and well-being, the results of which are available:

Living, working and COVID-19: First findings – April 2020

 eurofound.link/ef20058

Respondents will be followed up at intervals during the summer to record how their situations are evolving as the national-level lockdowns are lifted. A full report on the findings from these surveys will be published in the autumn.

A second report will focus on monitoring the employment impact of the spread of the virus and will look at how policies are addressing issues related to physical absences from the workplace, from the perspectives of both business continuity and the health and wages of employees. It will also examine how effectively social insurance systems, such as sickness benefit, and other support systems are coping with the various types of workplace absences.

Working conditions and sustainable work

A key 2020 output from research in this area will be a flagship report addressing the question of how working conditions can be improved to make work more sustainable over the life course, a question that has been the guiding principle for all studies emanating from European Working Conditions Survey (EWCS) 2015 data. The flagship will include an investigation of whether trends in working conditions are the same for all workers or whether inequalities between different groups of workers are increasing. This will be a reference publication for policymakers on the factors that allow more workers to join the labour market and stay in employment longer.

A study of gender equality at work already published highlights differences in men's and women's working conditions and job quality. This finds that even in aspects of working conditions that have improved over the last 5 to 10 years, the reduction in gender gaps remains limited. The study provides valuable evidence for European and national strategies aimed at achieving job quality for all.

Industrial relations

The Industrial relations flagship report will describe the trends in industrial relations and the challenges facing key actors at European, national and company levels. It will report on new data from the 2019 European Company Survey (ECS) on social dialogue in European establishments. It will also consider the strengths and weaknesses of European social dialogue, including the linkages with national social dialogue and the capacity constraints of the actors. The study will also include a comparative chapter on national industrial relations systems.

Working life in Member States is under enormous pressure due to the rapid spread of COVID-19 and the precautionary measures taken by government to counteract it. Based on research from the Network of Eurofound Correspondents, Eurofound will look at the initial reactions of European institutions and some responses by EU social partners to those challenges.

Other research will examine social dialogue in multinational companies and how it links to national and EU levels, with the aim of better understanding the cooperation mechanisms used in decision-making and implementation. And the yearly update to social partner participation in the European Semester continues.

Labour market change

Results of the 2019 ECS, conducted jointly with Cedefop, will be published in the autumn, with findings relevant to initiatives arising from the New Skills Agenda for Europe, as well as EU industrial policy. The survey has collected data on workplace practices across EU companies with regard to work organisation, human resource management, skills use, skills strategies, digitalisation, direct employee participation and social dialogue. Analysis of the data aims to pinpoint those practices that enable workers to make full use of their abilities while also yielding optimal performance for companies. In light of COVID-19, Eurofound plans to carry out follow-up interviews to map the challenges reported by companies and the measures they have introduced.

The flagship report on labour market change was published in the spring of 2020, examining trends and policy developments in the flexibilisation of employment in the EU over 2008–2018. The report provides some conclusions on the types of labour market policy interventions that contribute to the better functioning and inclusivity of labour markets in the EU. The issues and policy responses highlighted in the report take on added significance in the context of the COVID-19 crisis.

The European Restructuring Monitor will adjust its focus to include monitoring of the impact of COVID-19 on the employment effects of large-scale restructuring events in Europe, while the ERM support instruments database will add a specific focus on COVID-19 measures aimed at averting a new recession. The bi-annual European Job Monitor report will this year investigate shifts in the employment structure from the perspectives of gender and age, feeding into EU policymaking on the priority areas of gender equality and demographic change.

Quality of life and public services

Public services across the EU have continued to feel the financial consequences of the economic crisis, and the COVID-19 pandemic will further strain their ability to support European societies in the face of challenges. Eurofound's research on public services supports the EU's endeavours to foster social inclusion and combat poverty, as identified by the European Pillar of Social Rights, as well as the Sustainable Development Goals.

In spring 2020, Eurofound published two reports on public services. The first looks at the main causes, triggers and consequences of household over-indebtedness and the cost of this to society. It also examines two policy responses: debt advisory services and debt settlement procedures. The second report is a study of the use of digital technologies in social services and the policies that promote digital transformation. A further report on access to childcare, health care and long-term care will be published later in the year.

The digital age: Opportunities and challenges for work and employment

Eurofound continues to build on its role as a key source of evidence on the platform economy. Over 2020, the Agency will expand its online platform economy repository, which gathers research and policy publications, as well as articles, reports on court cases and expert analyses, in a single location. This work will be extended with a scenario analysis of how platform work in the EU might develop by 2030. The project aims to identify favourable and unfavourable scenarios, as well as exploring potential policy interventions to promote the former and avert the latter.

The COVID-19 pandemic has highlighted the precarious situation of platform workers. Eurofound plans to track new developments in this area, including the increased demand for some types of platform work and associated risks for platform workers, as well as the decrease in demand for other types of platform work. Research activity will also be directed to look at the effects of the rise in working from home, building on Eurofound's recent work on telework and ICT-based mobile work (TICTM) and work-life balance.

Eurofound has already in 2020 published a study of eight game-changing technologies – including advanced robotics and electric vehicles – that could transform the manufacturing and services sectors. It explores the means by which they might be adopted and how they might affect the labour market.

Monitoring convergence in the European Union

The cornerstone of EU social policy initiatives, the European Pillar of Social Rights, commits the Member States to achieving upward convergence of living and working conditions. In light of the COVID-19 crisis, the European Commission has renewed its policy pledge to cohesion and convergence. In 2020, Eurofound's work in the EU will continue with studies monitoring convergence in living conditions and in social protection. In addition, a study on regional convergence and inequalities will be initiated, which will be relevant to the ongoing debate on European Structural and Investment Funds.

The research activity is organised along three main strands. First, it monitors the latest converging and diverging trends and the performance of Member States. Then it examines the potential drivers of these trends, including the influence of institutional and macro- and micro-level factors. Finally, it produces evidence to feed the debate regarding initiatives and options to foster economic and social convergence at the European level.

Getting in touch with the EU

In person

All over the European Union there are hundreds of Europe Direct information centres. You can find the address of the centre nearest you at: <http://europa.eu/contact>

On the phone or by email

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls)
- at the following standard number: +32 22999696
- by email via: <http://europa.eu/contact>

Finding information about the EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at: <http://europa.eu>

EU publications

You can download or order free and priced EU publications from the EU Bookshop at: <http://publications.europa.eu/eubookshop>. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see <http://europa.eu/contact>).

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex at: <http://eur-lex.europa.eu>

Open data from the EU

The EU Open Data Portal (<http://data.europa.eu/euodp>) provides access to datasets from the EU. Data can be downloaded and reused for free, both for commercial and non-commercial purposes.

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.

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

Wyattville Road
Loughlinstown
Dublin D18 KP65
Ireland
Tel.: (353-1) 204 31 00
Fax: (353-1) 282 64 56
information@eurofound.europa.eu
www.eurofound.europa.eu

