The employment situation is improving on average in the EU but large differences between countries remain. Relative improvements can also be observed for specific labour market groups such as women and the elderly, whereas other groups – migrant workers and the low qualified, for example – still encounter major difficulties on the labour market. In order to cover quantity of employment as well as quality of employment, the following analysis will focus on developments and country differences in employment and unemployment rates as well as on forms of non-standard employment.

Special emphasis will be placed on outcomes for specific labour market groups such as women, young and old workers, low qualified and migrant workers. Unless specified otherwise, all data points refer to the second quarter in order to make data comparable to the latest data available for 2007. Furthermore, the figures and results presented in the text refer to the labour force aged between 15 and 64 years.

**Themes**

3.1. Employment rates

3.2. Unemployment rates

3.3. Non-standard employment

3.4. Conclusions
On the EU27 average and for most single countries, improvements in both unemployment and employment rates have been observed of late (Figure 1). According to the European Commission (2007b: 27), there was a net increase of around 4 million persons in employment between 2005 and 2006. This expansion was driven somewhat more by women than men but also by an expansion of employment among elderly people (54+). Among young people employment has been further decreasing (3% since 2000); an increasing share of young people remains longer in education. In spite of the one-percentage-point increase between 2005 and 2006, at 64.4% the EU27 annual average employment rate is still a long way from the Lisbon target of 70% by 2010.

Unemployment has been decreasing since 2004 and the yearly EU27 average lies at a low of 8.2% in 2006 – the lowest level ever since unemployment rates for the EU27 were recorded for the first time in 2000. Similarly, long-term unemployment has been further decreasing. The positive developments in employment rates and unemployment rates have to be seen, however, in a context where a large part of employment growth is due to non-standard employment contracts. Figure 1 clearly shows that both part-time and temporary employment have been growing in Europe over the last ten years. While the share of part-time employment in total employment was 15.9% in 1997, it had increased to 18.1% in 2006. Similar trends can be observed for temporary contracts. The share of temporary contracts was 9.8% in 1997; in 2006 the annual average was 14.3%. In fact, the relative growth of these employment forms was substantial, with increases of 18% (part-time) and 25% (fixed-term) since 2000 (European Commission 2007g: 28).

Looking at the EU27 averages of these four indicators in the second quarter of 2007, even stronger increases in employment rates (now 65.3%) and decreases in unemployment rates (now 7%) can be observed. Part-time employment seems to be somewhat decreasing (now 17.7%) while temporary employment remains at a similar level (now 14.4%). The comparability between yearly averages and second-quarter results is of course limited, due to seasonal trends.
The Lisbon target for the overall employment rate has been set at 70%. Since this target can be reached only if labour market groups such as women and the elderly succeed in catching up, specific targets were set for these two groups during the Lisbon and Stockholm European Councils; women in the EU27 are expected to reach an average employment rate of 60% while a target of 50% has been specified for elderly workers. Although the targets in the Lisbon strategy are formulated for the EU as a whole, in a comparative analysis it makes sense to measure the single countries on these goals. Figure 2 shows that women’s employment rates are still way below the target in a number of countries but this is also true of the employment rates of men in some countries. Nevertheless, especially for women, considerable improvements have been taking place. From the second quarter of 2006 to the second quarter of 2007 the average female employment rate increased from 57.3% (EU25) to 58.2% (EU27). In 2007, six countries have an employment rate for women of above 65%. These are the Scandinavian countries – which, due to extensive provision of childcare, have long been leaders in this area – but also the Netherlands (which makes extensive use of part-time employment), Estonia, and the UK. At the other extreme, southern European countries fare especially badly. While Malta has a female employment rate of only 36.8%, the employment rates of Italy and Greece also remain below 50%. In total, about half of the European countries have not yet reached the women-specific 60% target. The outcomes for men are better in general but eight countries remain below the 70% overall target for 2010, these being mainly eastern European countries but also Belgium and France.
In spite of recent strong increases in their employment rates, elderly workers (55-64 years) still have relatively low employment rates in most EU countries. Figure 3 shows that a special focus has to be put on elderly women, whose average employment rate is only 36.3% (up by about 1.5 percentage points compared to the second quarter of 2006) compared to 53.9% for men in the same group. Employment rates for elderly women are above the 50% Stockholm target in only five countries: Sweden, Estonia, Finland, Denmark and Latvia. The employment situation for elderly men looks better but in eight countries – southern and eastern European as well as continental countries – the employment rates of men remain way below the 2010 target. All Scandinavian and English-speaking countries have already reached the overall 2010 goal. In order to keep elderly people in the labour market, not only do their work places and tasks have to be adapted but they also have to be enabled to continuously update their skills. Participation rates of elderly workers in lifelong-learning activities may already give a first hint of why some countries are more successful than others in terms of employment rates among the elderly. The average EU27 participation in lifelong learning was 4.6% among elderly workers in 2006, while shares in Sweden, Denmark and Finland were 26.7 (2005), 21.8 and 13.5 percentage points, respectively (European Commission 2007f: 110). Participation in Latvia (also a good performer concerning employment rates) was very low (1.8%) and figures for Estonia are either unreliable or unavailable (ibid). In the majority of European countries there have been at least slight increases in lifelong-learning participation rates among the elderly; furthermore, many countries have limited the possibilities to make use of early retirement provisions, and they have increased the statutory retirement age and abolished gender differences in this regard. Other factors that may have contributed to increased employment participation of the elderly are tight labour demand – and a resulting change in employer attitudes towards the elderly in some member states – but also recent implementation of anti-age discrimination legislation and age-awareness campaigns (European Commission 2007b: 106). Furthermore, long-term societal labour market trends, such as increasing female participation and improved skill levels, are playing a role (For more extensive information refer to European Commission 2007b: 106-113).
A further group that has to be targeted in order to increase employment rates is those with few qualifications. There is a clear relationship between qualification level and employment rates. On EU27 average people with tertiary education (ISCED 5-6) have an employment rate of 84.1%, those with upper secondary and post-secondary non-tertiary education (ISCED 3-5) 70.5 and those with only pre-primary, primary and lower secondary education (ISCED 0-2) only 48.3% (Figure 4). While employment rates of people with tertiary qualifications exceed 80% in all countries except France and Italy (where the rates are nonetheless close to this figure), the employment rates of people with the lowest educational level (ISCED 0-2) are below 40% in nine countries (Slovakia, Czech Republic, Poland, Lithuania, Hungary, Bulgaria, Estonia, Latvia and Belgium). Slovakia has the lowest employment rate among persons in this low-skills category, with only 14.5%, while employment rates in this group exceed 65% only in Portugal and Denmark. How large is the influence on the overall employment rate of increases in the employment rates among the lowest qualified depends of course crucially on the size of this group in the total population. There is strong variation in this respect between European countries; whereas in 2005 in Austria, the Czech Republic, Denmark, Germany, Slovakia and Sweden more than 80% of the population aged 25-64 had attained at least upper secondary education, in Italy, Poland, Portugal and Spain these shares were below 55%, being especially low in Portugal with only 26% (OECD 2007a).
3.1. Employment Rates
... and non EU25 Migrants, especially women

Migrant workers from non-EU countries are another problem group in relation to employment rates. In spite of some growth over the last couple of years, at 59.6% their EU25 average employment rate remained 6 percentage points below the average of nationals in 2007. By contrast, non-nationals from EU25 countries, with an average employment rate of 68.5%, displayed even higher average employment rates than nationals. From Figure 5 it can be seen that women who are non-EU nationals have, on average, especially low employment rates. Differences are especially strong in some of the countries with the highest overall employment rates of women, notably Finland and the Netherlands but also Sweden and Denmark. Other countries with large differences are Slovenia, France, Germany and, in particular, Belgium. It has to be pointed out, however, that in Denmark, Finland and the Netherlands the gap in participation rates between immigrants and native-born has strongly decreased in recent years (OECD 2007d: 64).

In a number of countries non-EU national women’s employment rates surpass those of nationals. Poland, Romania and Cyprus are the countries where employment rates are most in favour of female non-EU nationals. According to OECD (2007d: 67, 68), recent waves of immigrants have been characterised by higher skill levels than their forerunners. In Belgium, Denmark, Ireland, Luxembourg and Sweden more than 40% of the immigrants employed in 2005 and who had been settled for less than 10 years had tertiary education. What is more, in the 1990s the regions of origin of highly qualified immigrants underwent significant change, particularly in the form of a relative increase in European immigrants with tertiary qualification, accounted for mostly by persons from central and eastern Europe. As to the sectoral spread, immigrant employment is concentrated in the services sector. Immigrants tend to be over-represented in the construction, hotel and restaurant sectors, but also in healthcare and social services. The skilled and unskilled occupations where immigrants are present to a high degree are new information and communication technologies, the health sector and secondary school teachers, but also waiters, domestic care workers and cleaners (compare OECD 2007d: 72, 73).

A fact giving rise to particular concern is that second-generation migrants are still disadvantaged when it comes to employment rates – lower outcomes in this regard apply even in countries with good economic conditions and few labour market problems such as the UK and Denmark (OECD 2007d: 77ff). Insofar as the lower employment outcomes are due in some measure to lower educational attainment, policies that target improvement of educational achievement are of prime importance. Other factors also play a role, however, namely the lack of access to networks, inadequate knowledge and understanding of how the labour market works (application strategies) and discrimination (for a number of examples of how to tackle these negative factors refer to OECD 2007d: 84f).
3.2. Unemployment Rates

Unemployment rates have now been decreasing for three consecutive years. While the EU27 average was 9.1% in 2004, the average unemployment rate decreased to 7% in the second quarter of 2007. Poland and Slovakia have the highest overall unemployment rates with 9.7 and 11.2% respectively, while total unemployment rates are below 4% in the Netherlands, Cyprus, Denmark and Luxembourg (compare Figure 6). A number of countries have more than halved their unemployment rates since the turn of the century, namely Bulgaria, Estonia, Latvia and especially Lithuania. Some countries, meanwhile, are considerably worse off than in 2000, these being Luxembourg, Austria (albeit with still low levels) and Portugal.

The figures presented here are based on survey data which in regard to the unemployment indicator carries clear advantages over administrative data. In the labour force survey data all people are counted as unemployed who were not employed during the reference week of the survey, had actively sought work during the past four weeks and were ready to begin working immediately or within two weeks. This draws a more realistic and comparable picture of unemployment than administrative data which usually understates unemployment because it counts only registered unemployment and thus does not count people participating in specific active labour market policies, those who are no longer registered (because their entitlement to unemployment benefit has run out), as well as those who fail to register in the first place (for example workers in the informal economy who do not have access to benefits).
Figure 6 shows that, while total unemployment is relatively low in the majority of EU countries, young people (15-24 years) have much higher unemployment rates. In fact, youth unemployment is higher than total unemployment in all countries and, on average, it is more than double the total unemployment rate. In some countries, especially Luxembourg, Italy and Sweden, youth unemployment is three times as high as total unemployment. Germany, with its dual education system that eases transitions from school to work, fares best in this regard – the difference being less than one third. It is useful to look also at another indicator in this regard, namely, the youth unemployment to youth population ratio. Looking exclusively at unemployment rates can produce a distorted picture when comparing the youth labour markets of different countries. Youth unemployment rates show the number of unemployed youth as a percentage of the youth labour force (those employed or unemployed but actively looking for a job) and therefore not taking into account the fact that one country may have a smaller youth labour force than another one due to a higher number of youth in education or inactivity (European Commission 2007g: 32).

A look at youth unemployment to population ratios serves to confirm, for the most part, the above results on youth unemployment, although the country rankings are somewhat different. Those countries which have a low youth unemployment rate also tend to have a low ratio (for example NL, DK) and vice versa (PL, SE). On the other hand, some member states with higher than average unemployment rates have lower than average youth unemployment ratios (BG, HU), whereas others with average unemployment rates have higher than average ratios (MT, UK) (European Commission 2007g: 34).
Unemployment rates among women are in most countries somewhat higher than among men. On the EU27 average women have an unemployment rate of 7.8%, while among men the figure is 6.5%. Exceptions in this regard are Estonia, Ireland, Latvia, Luxembourg, Romania and the United Kingdom which have lower female than male unemployment rates. Differences in unemployment rates in favour of men are strongest in southern European countries. In Greece and Spain the differences are 7.8 and 4.4 percentage points, respectively, while they are about 3 percentage points in Malta and Portugal (not shown). Elderly people (55-64 years), on the other hand, are less likely to be unemployed than the total population. Their average unemployment rate is only 5.4%. Yet their employment rates, as has been seen, are also very low, hinting at the fact that elderly people who become unemployed tend to leave the labour force.

High intra-country differences in unemployment rates are also evident if we look at people with different education levels. With the sole exception of Greece, in all countries people with the lowest educational attainment (lower secondary education or less) are more likely to be unemployed than people with upper or post-secondary education and people with tertiary education (Figure 7): unemployment rates for university graduates are on average below 3.8%, while they are 6.9% for people with upper secondary and post-secondary non-tertiary education and 10.8% for people with pre-primary, primary and lower secondary education. Except for five countries (DK, IT; GR, PT, ES), the unemployment rates of people with the lowest educational attainment are at least double (in many countries even triple) the unemployment rates of those with the highest educational attainment. Differences are highest in Hungary and Bulgaria (more than 6 times) and especially the Czech Republic and Slovakia. The country group with especially high unemployment rates of low-qualified people includes Scandinavian (SE, FI), continental (DE) as well as Eastern European (HU, PL, BG, CZ, SK) countries.
Finally, a further risk group in relation to unemployment is constituted by immigrants, and especially citizens of countries outside the EU25. While unemployment rates of other EU25 citizens are on average only 1.7% higher than those of nationals, citizens of countries outside the EU25 have on average twice the unemployment rates of nationals. As is clearly evident from Figure 8, unemployment among women from outside the EU25 is higher than among men, there being only three countries that have the same or lower unemployment rates for either male or female non-EU citizens, namely, Cyprus (women), Italy and Greece (men). On the other hand, unemployment rates of non-EU citizens are at least three times as high as those of nationals in the Netherlands, Denmark, France and Belgium (men and women), as well as in Finland (women) and Austria. The worst-performing country in this regard is Belgium. Again, the Nordic countries that usually perform very well on employment indicators show segregation potential here, as has already been observed in relation to the employment rate indicator.
3.2. Unemployment Rates

In general, there is inadequate proper data for migrant workers. First of all, up-to-date data broken down by nationality is unavailable for some member states and is incomplete for others. Secondly, the variables are considered to be of inferior quality, in particular because the survey coverage of the foreign-born population is usually poorer than that of locals (Hardarson 2006). Thirdly, it would be more policy-relevant to distinguish between people with a migration background and those with no such background, rather than merely looking at their nationality, as is the case at present. Eurostat is currently working on an ad hoc module on the labour situation of migrants and their immediate descendants that will be implemented in the 2008 data collection but will probably not be available before the end of 2009 or the beginning of 2010. Its purpose is to improve the EU-Labour Force Survey coverage of foreign-born persons.

Long-term unemployment (defined as unemployment lasting for at least 12 months) has been decreasing since 2000 but still remains relatively high at, on average, 43.7% (as a percentage of total unemployment) in the second quarter of 2007. The best performers with long-term unemployment below 25% are DK, SP, CY, FIN, SE and the UK, worst performers with long-term unemployment between 50 and 60% are BE, BG, CZ, DE, GR, PL, RO and SK (75%) (not shown). Long-term unemployment is somewhat higher among men than among women and is considerably less widespread among young workers (26.9%) but more common among elderly workers (64.9%). The incidence of long-term unemployment is to some extent related to the overall unemployment rate but is also strongly influenced by labour market policies and institutions. Strict employment protection legislation is often thought to increase long-term unemployment while a high intensity of active labour market policies is seen to contribute to lower long-term unemployment rates either directly or indirectly (OECD 2004, European Commission 2006c: 153-158). Additionally, (long-term) unemployment can be lowered artificially by transferring unemployed people to work-related labour market measures or by transferring them to other benefit systems such as social assistance, invalidity benefits or early retirement schemes (compare Carcillo and Grubb 2006).

The above analysis shows that specific labour market groups, such as the low qualified, young people, and migrants, are particularly affected by unemployment. While older workers have relatively low unemployment rates, their share in long-term unemployment is disproportionately high. High segmentation of unemployment calls for specific labour market measures to target these groups. In this regard, recent strategies to offer earlier and more individualised labour market services are a movement in the right direction.
As seen above, general labour market developments in terms of unemployment rates and employment rates have been favourable during the last couple of years. Non-standard employment forms have played some part in these positive overall developments. In fact, they have been promoted by the European level, as well as by governments of many member states, in order to fight (long-term) unemployment and increase employment rates especially of specific labour market groups. The following are the main forms of contract usually associated with non-standard employment: part-time employment, fixed-term and casual employment, temporary agency work and specific forms of self-employment, for instance dependent self-employment. Non-standard employment contracts are often associated with less job security, fewer training and career possibilities, and lower income, as well as restricted access to fringe and social benefits.

It can be assumed that there have lately been some trade-offs between the labour market improvements and the quality of jobs.

The following analysis will show that non-standard forms of employment are not equally spread over the different labour market segments.
Between the second quarter of 2000 and the second quarter of 2007 part-time employment increased by 1.9% on average and is currently 17.7% (Figure 9). There are major differences in this respect between new and old member states. Part-time employment is much less widespread in the new member states than in the old ones; in none of the 12 new member states (with the sole exception of Malta) does part-time employment exceed 10%, whereas the EU15 average is 20.4%. Part-time employment has traditionally been low also in the southern European member states and this is still the case, although part-time employment expanded considerably in both Spain (+3.8%) and Italy (+4.6%) between the second quarters of 2000 and 2007. Among the new member states, growth has been strong in Slovenia and Malta; while part-time employment in Latvia and Romania fell steeply during this time period. The Netherlands has by far the highest part-time employment rate. This form of work accounts for 46.3% of total employment and has been growing by 5.3% over the last seven years. The Netherlands is also the only country where part-time employment rates of men are relatively high, with 22.7% in total employment (not shown). Apart from the Netherlands, part-time employment rates of men are higher than 10% only in Denmark (12.5%) and Sweden (10.4%). Part-time employment therefore remains a women’s domain. About 40% or more of working women have part-time jobs in Luxembourg, Sweden, Austria, Belgium, the UK, Germany and the Netherlands (74.7%). Female part-time employment rates of around or below 10% are recorded in Greece and all new member states except for Slovenia, Poland and Malta.
There is no clear relationship between the share of female part-time workers and women’s employment rates. The five best performing countries in relation to women’s employment rates include one with very high female part-time employment rates (NL), two with relatively high rates for this category (DK, SE), one with a relatively low rate (FI) and one with a very low rate (EE).

Given that their share in part-time employment is so much greater, the following section will focus primarily on women, while including also a section on migrant workers. The average hours of female part-timers range from 18.1 in Germany to 26 in Sweden (not shown). The EU average is 20 hours. Low part-time hours are problematic not only because of lower monthly incomes but also because in some countries marginal employment of this kind grants no or only restricted access to social security benefits (compare for example Dingeldey 1998). The age profile of part-time employment varies strongly from one country to another.

The EU27 average part-time employment rate is somewhat lower among middle-aged women (25-49) than among young (15-24) and elderly female workers (50-64) (Figure 10). While in some countries (mainly continental ones) part-time employment is used mainly as a means of combining work and care activities in the absence of encompassing childcare facilities, as well as for phased-in early retirement, in other countries (especially the Scandinavian ones) the combination of part-time work and studies is important. The Netherlands has very high part-time employment rates for women in all age groups.
Segmentation is once again observable with regard to educational attainment: the higher the educational level, the lower the part-time employment rates of women. On the EU27 average, the share in part-time employment is 38% for the lowest qualified, 31.7% for those with medium qualifications and 23.7% for those with the highest qualifications (Figure 11). This ranking order holds true for all countries except Austria and Germany where women with upper secondary and women with lower secondary educational levels have about the same part-time employment rates. In six countries (DE, UK, LU, IE, BE, NL), at least every second low-qualified woman works part-time, in the Netherlands the share being 84.5%. The fact that part-time workers are for the most part women with low qualification levels raises serious questions about their ability to earn wages that are sufficiently high to guarantee an adequate income.

Source: Eurostat (2007b, 2nd quarter). Data for BG, EE, LT, MT and LT unreliable, data for Germany provisional.
3.3. Non-standard employment

... and somewhat more often by migrant workers...

Migrant workers (men and women) are somewhat more often found to be working part-time than native-born workers but large country differences can be observed. Part-time employment rates (for 2005) are about equal for foreign-born and native-born workers in Hungary, Portugal, Ireland, Belgium and Sweden (Figure 12). They are lower by about 10 percentage points for foreign-born workers in Luxembourg, the UK and the Netherlands, and are higher by at least a third in Slovakia, Greece, Italy, Spain, Poland, Finland and Denmark. Overall, part-time employment shares of migrant workers can be expected to increase even further if migrant women’s employment rates, which currently are very low, increase and migrant women exhibit trends similar to native-born women in relation to their part-time behaviour.

An important question in promoting part-time employment is whether this form of employment is exercised voluntarily or not. The degree of involuntary part-time employment among women – here defined as those who declare that they work part-time because they are unable to find full-time work – ranges from only 5.8% in the Netherlands – the country with by far the highest part-time employment share – to 66.1% in Bulgaria, the country with the lowest part-time employment share in Europe. In four countries the share of involuntary part-time work is below 10% (NL, SI, UK, LU), while in seven countries (ES, IT, CY, PT, RO, GR, BG) more than a third of women report involuntary part-time employment (not shown). Interestingly, the first group is made up of countries with relatively high female part-time employment rates (except for SI), whereas the latter group is made up of countries with relatively low part-time employment shares.

High country differences in the extent and perception of part-time employment point to the fact that the situation of part-time workers – for instance concerning income (discrimination), social security rights, and the like – varies very considerably between European countries.
Between 2000 and 2007 the share of temporary employment (those who declare themselves as having a fixed-term employment contract or a job which will terminate if certain objective criteria, such as completion of an assignment or return of the employee who was temporarily replaced, are met) increased by 2.2 percentage points on an EU27 average (Figure 13). Over this period temporary employment increased by a quarter or more in Slovakia, Malta, Luxembourg, Ireland, Italy, Sweden, the Netherlands, Slovenia and especially Poland. This last country saw huge increases in temporary employment from a rate of 5.6% in 2000 to a rate of 28.1% in 2007, affecting all age groups, and the youngest one (15-24) most strongly. The labour code of 2002 had lifted some restrictions on the use of fixed-term contracts (no maximum duration nor maximum number of contracts) but only very lax rules were in place until Poland’s accession to the EU in 2004. According to Portet (2005), at the legal level, a number of provisions limit the impact of the new 2004 regulation and employers tend to use strategies to circumvent these new stricter rules. In contrast, some countries have also recorded decreases in temporary employment, the largest such decreases having been observed in Romania, Latvia, the UK and Greece.
There are high country differences in temporary employment with rates ranging from below 5% in Romania, Estonia, and Lithuania to more than 20% in Portugal, Poland and Spain. Country differences in fixed-term employment rates are commonly explained by regulations in force for regular contracts and the relative differences in employment protection legislation between regular and temporary contracts. Stricter rules applicable to permanent contracts may tend to increase the incidence of temporary work and to limit the extent to which temporary contracts will be converted into permanent ones (OECD 2004). Furthermore, fixed-term employment has a strong business cycle component. According to European Commission (2006c: 41), the recent increase in the share of fixed-term employment may largely reflect a cyclical rather than a structural effect.

Temporary employment rates have long been highest in Spain where the liberalisation of fixed-term employment in the 1980s, coupled with strict protection of workers with regular contracts, has led to temporary employment accounting for most employment growth.

For a number of years the Spanish government has been trying to counter these developments by relaxing employment protection legislation on permanent contracts and offering incentives to firms to turn fixed-term contracts into open-ended ones.

The latest reform, negotiated by the social partners and which came into force in July 2006, is aimed at limiting the repeated renewal of employment contracts within the same firm and gives new incentives to firms to create permanent contracts (Castellanos 2006). In fact, the share of temporary employment in total employment in Spain decreased from 34.4% in the second quarter of 2006 to 31.9% in the second quarter of 2007, a development undoubtedly attributable, at least in part, to the reform of 2006.

Except for four countries (LV, LT, HU, PL) women are, in all European Union countries, more likely than men to hold a temporary contract. Differences of more than 50% are evident in Belgium, the Czech Republic, Ireland, Italy, Cyprus, Malta and Finland. Segmentation by educational level is once again evident. On average people with low or medium educational levels have larger shares in temporary employment than those with tertiary education.
In all but four countries (BG, UK, SK, CZ), the older people are, the less likely they are to work on the basis of a temporary contract: at the EU27 level the temporary employment rate for workers between the ages of 15 and 24 is 41% (one percentage point down in comparison to 2007); it is 12.5% for the middle age group and 6.8% among older workers (Figure 14). In seven countries – Portugal, France, Germany, Sweden, Spain, Poland and Slovenia – more than every second young person holds a temporary contract. The important question is whether temporary employment will remain a transitional experience for young people or will turn into a more permanent situation. To give just a few examples, Denmark and especially the United Kingdom are usually mentioned as being among the countries with comparatively high (short-term) upward mobility for temporary workers (OECD 2002; European Commission 2004; Debels 2004), while the function of temporary jobs as a trap is manifest in Spain (Amuedo-Dorantes 2000). In Germany, at least where young employees are concerned, temporary jobs seem to act as stepping stones rather than traps (McGinnity et al. 2005).

Looking at the reasons stated by young people in 2006 for taking up temporary employment, we see that education and training (e.g. apprenticeship contracts) play a major role only in Austria, Germany, Denmark, Italy and Luxembourg. Only in Ireland, the UK, Slovenia and Finland did the majority of young temporary workers not want a permanent contract (not shown). In twelve EU countries at least every second young temporary worker took up temporary employment involuntarily because s/he could not find a permanent job (LV, BG, HU, PL, GR, RO, CZ, BE, PT, CY, ES, SK). Looking at the whole age range (15 and older), the share of temporary workers who could not find a permanent job is even larger; in all countries of the sample more than 40% of respondents stated this as their reason for taking up temporary employment (not shown). In a large majority of countries this share is larger than 60%.
There are also large shares of migrants employed on temporary contract. In all countries (for which data is available) but Austria, the foreign-born were, in 2005, more likely than the native-born to work on the basis of a temporary contract (Figure 15). The shares of foreign-born workers employed on a temporary contract are at least 50% greater in Ireland, the UK, the Czech Republic, Greece, Finland and Spain than the shares of native-born. The reasons for the differences in temporary employment shares between native- and foreign-born can be manifold. Some examples are the following: government policies that issue work permits of limited duration (e.g. BE, CY, HU, LU, SI); a high incidence of seasonal work among migrant workers, especially in agriculture (e.g. AU, IT); temporary agencies may also play an important role in recruiting migrant workers (e.g. UK, SE) (European Foundation for the Improvement of Living and Working Conditions 2007c: 4).
If a broad view is taken of the labour market – one that takes into account employment and unemployment rates but also forms of non-standard employment – and if these indicators are differentiated for a number of labour market groups, no single group of countries fares especially well. Scandinavian countries which usually take the lead in relation to employment rates – especially of (elderly) women but also of the low-qualified (DK, SE) – fare badly when it comes to migrant workers’ employment and unemployment outcomes in relative terms. In this regard, eastern European countries fare better and, with the exception of Poland, they also have relatively low shares of temporary (due in part to what are generally highly flexible labour markets) and part-time employment. On the other hand, these countries fare particularly badly in relation to the employment and unemployment rates of low-qualified individuals. In relation to this latter indicator, Portugal and Greece show relatively good outcomes, whereas southern European countries are known for their low female employment rates and relatively high temporary employment rates (SP, PT). Continental countries are a very heterogeneous group and – as also in the English-speaking countries – single countries are found at both ends of the distribution depending on the indicator: Belgium and France for example are among the countries that fare worst in relation to the labour market situation of non-EU27 migrant workers, whereas the Netherlands is one of the countries with the highest female employment rate and lowest youth unemployment rate. The UK also fares well on employment rates for women, the elderly and low-qualified, while having one of the highest part-time employment rates in Europe.

The above analysis has shown that the latest labour market developments have been positive. Employment rates (albeit, at 65.3%, still far from the 2010 Lisbon goal) have been growing strongly over the last couple of years – with women and the elderly contributing disproportionally to this development. At the same time, unemployment rates declined to a low of 7% in the second quarter of 2007, while long-term unemployment is also decreasing. These improvements have to be seen, however, in the light of strong segmentation in labour market outcomes and growing importance of non-standard forms of employment. Employment rates remain relatively low for certain labour market groups – such as elderly women and migrant women, as well as the low-qualified. The same is true of unemployment rates which are especially high among young workers (for a specific discussion on young workers see Chapter 4) and those with the lowest educational attainment.

What is more, employment expansion is, in large measure, attributable to increases in non-standard employment forms that have received active support from European and national policies. Once again, it is specific labour market groups that are disproportionally encountered in these employment forms. Part-time employment is considerably more common among women, the low-qualified and, in many countries, also among migrant workers. Temporary employment is, in a large majority of cases, exercised involuntarily by young people. Women, low-qualified and migrant workers are also over-represented in temporary employment.

Non-standard forms of employment may be preferred by some workers (especially in the case of part-time employment), for example, in order to enable them to combine work with family tasks, gradual retirement or training activities. In these cases, it is important that people do not become locked into these forms of employment but that they are offered possibilities to switch to regular jobs again if and when they so wish. On the other hand, non-standard employment forms are often not performed voluntarily and are frequently connected with low job quality. This may be manifested in lower job security, lower (hourly) pay, deficient social security rights and fringe benefits, restricted access to (in-firm) training and lack of representation. These characteristics that tend to be more prevalent in non-standard employment forms are especially problematic if part-time work and temporary contracts do not act as stepping stones to regular jobs but lock people into dead-end jobs. The recent labour market developments that have led, to some extent at least, to trade-offs between job quantity and job quality thus risk increasing labour market segmentation between those groups that have secure, well paid and well protected jobs (mostly prime age men) and those that are on the peripheries of the labour market (especially low-qualified and migrant workers but also women, young and elderly workers). The precarious aspects of the various forms of non-standard employment thus have to be assessed and tackled by governments, trade unions and employers’ associations in a way that aims to prevent further segmentation. Possibilities in this regard are anti-discrimination policies; redesigning social security systems to make them more inclusive; incentives for employers to create regular jobs or turn non-standard contracts into regular ones; improvement of representation of disadvantaged labour market groups; provision of affordable, flexible and high-quality child-care; and emphasis on skills-development through further education, but especially through improved initial education.