
The Social Scoreboard revisited

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Introduction

This publication revisits the Social Scoreboard published by the European Commission (EC) on 26 April 2017. The Social Scoreboard sets out a set of indicators to monitor the 20 principles of the European Pillar of Social Rights. It proposes 35 indicators to monitor the 12 areas of the principles (ec.europa.eu/social/BlobServlet?docId=17613&langId=en) and provides an interactive tool to compare countries and time periods (<https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/>). While this could be an important and useful tool for monitoring the effects of social policies and for checking progress towards upwards convergence across the EU, it will depend on whether the choice of indicators is based on a sound methodology, whether the appropriate data are made available in a timely manner and to what extent the implications of these indicators are adequately assessed.

This publication provides an assessment of the proposed indicators by revisiting the headline indicators and, where relevant, proposes alternative or additional indicators. In general, the indicators are assessed on their relevance for monitoring social progress in Europe. An alternative graphic presentation and interpretation of what we can learn from the indicators is provided. The publication does not profess to be all-encompassing, nor does it provide a definitive answer on what the Social Scoreboard should look like. It rather aims at revisiting the current proposal from the European Commission (including the first publication that used the indicators) and making a proposal on this basis. Further reflection and work will be needed to ensure that areas relevant for the trade unions and their members are taken into account, and particularly all 20 dimensions of the European Social Pillar.

The fact that many of the indicators are presented by gender, something too often neglected, should clearly be welcomed, but this approach should be applied to the majority, not only some, of the indicators.

A first question to be raised is how this set of indicators overlap with or enhance already existing sets of indicators, used and implemented at the European level. Firstly, the indicators overlap with the five ‘social’ indicators from the Europe 2020 strategy, bringing these targets back into play. They also overlap with indicators used by the Employment Performance Monitor (EPM) (used to guide the country-specific recommendations in the employment area) and the Social Protection Performance Monitor (SPPM) (used to guide country-specific recommendations in the social protection area). While it is up for discussion whether the indicators that have been chosen are the relevant

ones, and indeed whether the way they are presented is appropriate, a crucial question is how this new scoreboard interrelates (or not) with the already existing Europe 2020 targets, the indicators used in the Macroeconomic Imbalance Procedure (MIP) and those in the already established Employment and Social Protection Performance Monitors. In addition, the upcoming monitoring of the Sustainable Development Goals will add yet another 100 indicators, where many will overlap with those in the above-mentioned indicator exercises. This therefore begs the question: how will these various sets of indicators interrelate and is the Social Scoreboard just yet another range of indicators? It is also important to raise the question of whether it will replace the other ‘scoreboards’ or whether the Social Scoreboard is meant as a summarising exercise of the more complete and complex monitoring exercises mentioned above.

One point to be made is that contrary to the MIP, the Europe 2020 targets, the EPM and the SSPM, the Social Scoreboard does not seem to have a set of benchmarks or assessment methodology attached to it. This implies that the interpretation of the indicators, which is in essence normative and political, will not be straightforward. It is important that it is made clear that the assessment of the indicators can only be done in the light of upwards convergence, according to a pre-established methodology. As it is, actors are free to interpret the indicators as it pleases them, as there is no official target, methodology or benchmark (for example, seniority held in a job).

Furthermore, some of the indicators are clearly not appropriate. The ‘gender employment gap’ indicator is one such example; a decrease in the employment gap can be due to an increase in female employment and/or a decrease in male employment, and so this kind of indicator should be banned from such an exercise as it could lead to erroneous conclusions. Furthermore, in the light of the continuing discussion on the development of nominal and real wages, the choice of ‘development of nominal compensation per hours worked’ seems to be inappropriate as here again it leads to wrong conclusions. It is important that ‘real compensation per hour worked’ is used (‘wages’ would be a better measure, but comparable data do not exist on the EU level). Furthermore, as the 20 principles refer to social partners and information and consultation, it seems obvious that these should be included in the set of indicators used to monitor these principles; currently they are not. In addition, indicators related to the quality and not only the quantity of work should be included. These issues will be developed further below.

The interactive tool seems to be an effective way of presenting the indicators, but it can in some circumstances seem somewhat biased in terms of choice of years and choice of scaling. In the same vein, the text interpreting the indicators is in some parts overly optimistic and does not necessarily highlight the problems the European Union is facing, such as stagnating and falling real wages and diverging trends. The first version published on 26 April contained serious errors, which have been corrected in the latest version.

In conclusion, while in general the Social Scoreboard should be welcomed as a tool to monitor social progress and upwards convergence in the European Union, it is not clear what this scoreboard will add to the already existing monitoring tools, and how it will fit into the existing governance system. The general idea of including the Social Scoreboard as a set of indicators in the European Semester seems to be gaining ground. However, for the indicators to be effective in guiding policy it is vital that the right indicators are chosen, that a methodology is defined so as to assess what the indicators imply, and finally that a procedure is established for balancing the social and the economic when assessing the country-specific recommendations. Furthermore, more work is needed on defining what the relevant indicators are to adequately monitor the 20 principles in the European Social Pillar of Rights in order to ensure upwards social convergence. This report does not aim at giving a final response to this question, but merely aims at revisiting the indicators proposed by the European Commission.

In the following sections the headline indicators in the 12 areas will be revisited along three dimensions: assessment of the relevance of the indicator and proposals for new or additional headline and secondary indicators; presentation; and interpretation. In each of the 12 areas proposals have been made with regard to these three dimensions. In addition, a thirteenth area has been added: workers' participation and collective bargaining. None of the revisited indicators are presented by gender, a choice that was made due to time and space constraints. However, we would like to emphasise that it is crucial that the final Social Scoreboard presents and bases its conclusions on gendered indicators and not on the totals.

Each section starts with an assessment of the headline indicator and proposals for new and/or additional indicators. It then goes on to describe the suggested indicators and provides an interpretation of the data. In this way we aim to follow the structure of the European Commission document on the Social Scoreboard (<https://composite-indicators.jrc.ec.europa.eu/social-scoreboard/#>).

1. Education, skills and lifelong learning

Assessment

- The currently used primary indicator is an education ‘input’ indicator which, while necessary and a Europe 2020 indicator with a target of 10%, does not reveal much about differences in the quality of education and training in different Member States.
- The inclusion of ‘underachievement in education’ for 15-year-olds (results for low achievement in mathematics from the Programme for International Student Assessment (PISA) survey) in the secondary indicators for this title is a welcome complement to the primary indicator as it illustrates educational outcomes, although it is not necessarily limited to the population of (future) early school leavers. It is not clear though why the focus should be on underachievement in mathematical literacy alone and not on underachievement in reading and/or scientific literacy.
- The primary indicator alone does not tell us anything about what these early school leavers do while they are not in education. Eurostat data from the same series (edat_lfse-14) suggest that, in the EU, on average about half of them are employed, although it is not clear in what kind of jobs.
- The same criticism made above of the primary indicator applies to the other two secondary indicators under this title. Adult participation in learning shows the share (%) of people aged 25-64 who participate in (formal or non-formal) education and training activities, by gender. Tertiary educational attainment, shows the share (%) of people aged 30-34 who have completed tertiary education, by gender. This latter indicator is a Europe 2020 indicator with a target of at least 40%.
- Indicators concerning the skills of adults should be introduced into the scoreboard. The Programme for the International Assessment of Adult Competencies (PIAAC) survey of the OECD measures adults’ proficiency in key information-processing skills – literacy, numeracy and problem-solving in technology-rich environments – and gathers information and data on how adults use their skills at home, at work and in the wider community, although the data are only available for one point in time for the countries that are covered. There are no indicators in the scoreboard that could approximately measure the quality of education, as far as the acquisition of skills is concerned. Measuring this would not be a straightforward task, but an indicator on spending (especially public) on education as a share of GDP (or per student) could be a useful first step in this direction. This is why the currently proposed indicators should be examined in conjunction with the (secondary) indicator of ‘general government expenditure by function for education’, currently included under the ‘public support/social protection and inclusion’ heading. The variation in performance explained by the secondary

indicator on students' socio-economic status (currently under the sub-heading 'inequality and upward mobility') should also be classified here.

- Moreover, the quality of 'input' into the education process is not only determined by participation rates and years thereof but also by the quality of life of the learners, in particular the children. For that reason, and if the purpose is to enhance and sustain opportunities and to create conditions for people to reach their full potential, indicators on the proportion of children facing material deprivation and severe housing deprivation should be included, as good health and nutrition are important for children making the most of participation in education.

Description

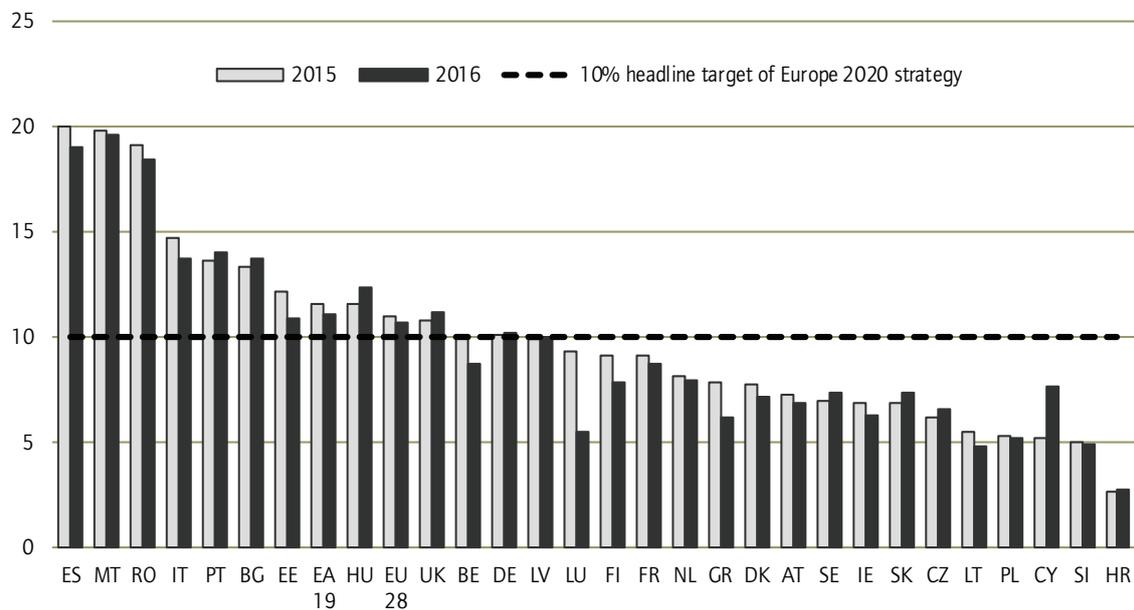
An early leaver from education and training is a person aged 18-24 who has completed at most lower secondary education and is not involved in further education or training. The indicator is expressed as a percentage of the total population aged 18-24.

Highlights

On average in both the EU and the EA19, the share of early leavers has been falling continuously since 2005. However, disparities across Member States remain with, on the one hand, Croatia at 2.8% (albeit with data of low reliability) and Lithuania at 4.8% and, on the other hand, Malta at 19.6%, almost double the headline target of the Europe 2020 strategy. In 2016, seven Member States were still failing to meet the 10% Europe 2020 headline target for this indicator and in five of them the number of early school leavers increased between 2015 and 2016. The series across countries presents a structural break in 2014 (with the results of the 2011 Population Census coming in), so for the moment (and until the series are reconstructed) longer comparisons over time may not be reliable. There is also a structural break for the vast majority of countries in 2006, so comparisons over time between these two points should be made only tentatively.

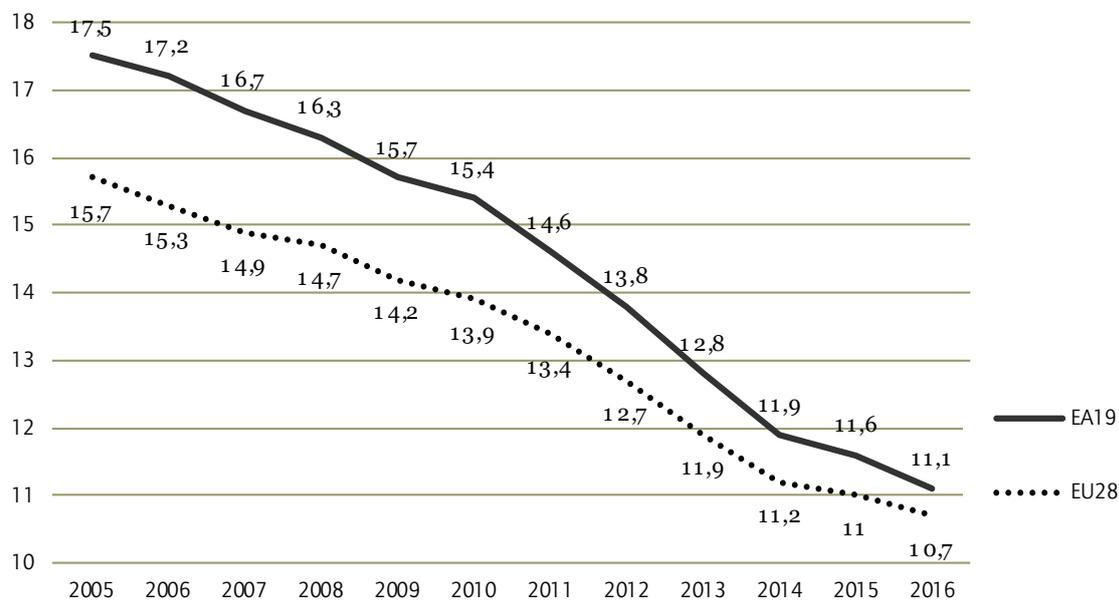
Figures 1 and 2 present more updated data than the European Commission's document, as the latest update took place on 25 April (one day before the publication of the Scoreboard's 'Key findings'). This is why there are some differences (for example, in the EU28 and EA19, figures for 2016 are higher in our Figure 1 than in the EC's report).

Figure 1 Early leavers from education and training (% of population aged 18-24) in EU Member States 2015-2016



Source: Eurostat (tesem020)

Figure 2 Share of early leavers from education in the EU28 and euro area (2005-2015)



Source: Eurostat (tesem020)

2. Gender equality in the labour market

Assessment

- The headline indicator is the gender employment gap, measured as the difference in employment rates between men and women for the age group 20-64. The focus on the gap assumes that the narrowing of it is inevitably a positive development, indicating that women are catching up with men. However, information on the gap alone cannot give a good representation of the gender differences in developments in employment. It is crucial to also show changes in employment rates by gender which will show the dynamics driving the changes in the employment gap.
- The indicator can also be extended to include the most recent available data for 2016.
- The assessment of the gender gap in employment should also take into account differences in working hours. In this respect, the secondary indicator (not shown in the main Scoreboard report) on ‘part-time employment’ is useful, but it should not be represented as a gap but as a share of part-time work among men and women.
- The other secondary indicator in this area is the ‘gender hourly pay gap in unadjusted form’. It represents the difference between the average gross hourly earnings of male and female employees as a percentage of the average gross hourly earnings of men. The weakness of this measure is that it only includes employees in enterprises with 10 employees or more and for many countries, as well as for the EU average, the public sector is excluded. Moreover, the unadjusted hourly pay gap is broader than the concept of equal pay for equal work, as differences in the individual characteristics of workers and sectoral segregation are not accounted for.

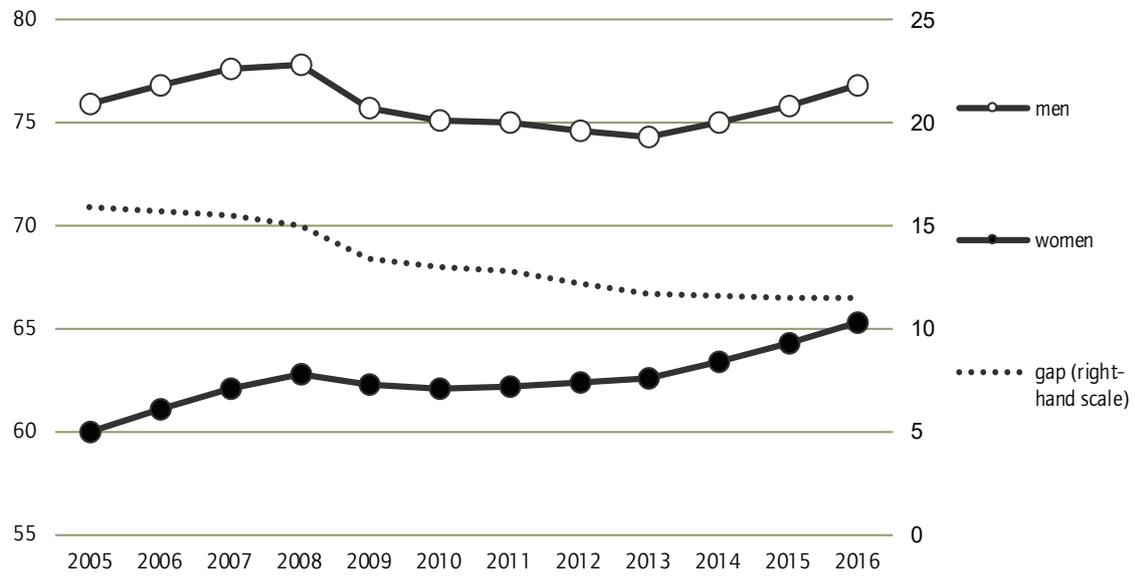
Description

The ‘employment rate’ indicator measures the proportion of the working age population that is in employment. The age group is narrowed to adults aged 20-64, in accordance with the Europe 2020 targets.

Highlights

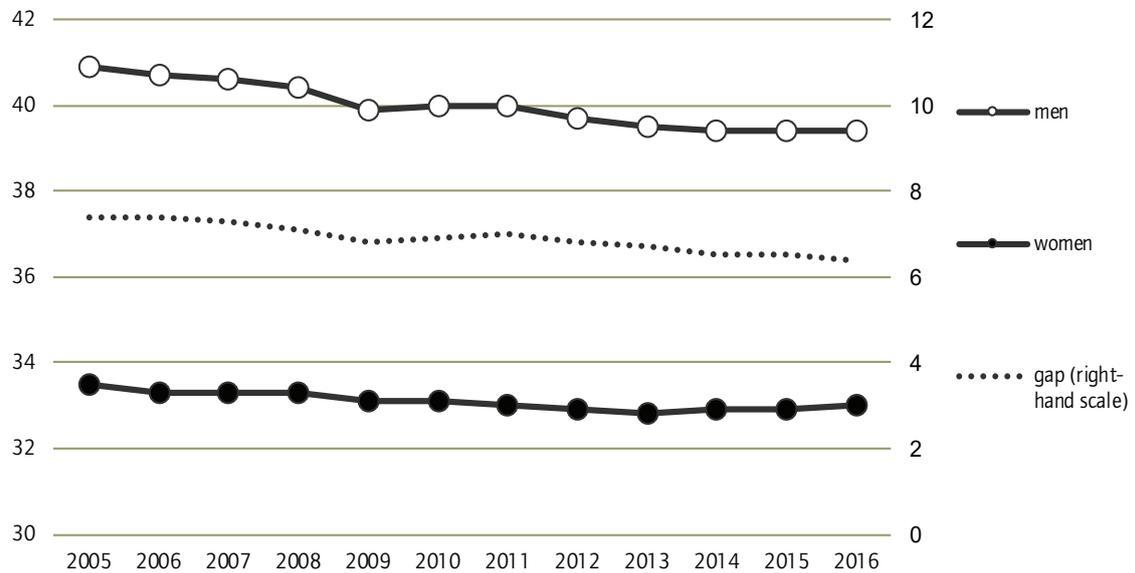
Figure 3 shows that the reduction in the gender employment gap before the crisis was mainly achieved by a faster growth of employment among women. After the onset of the crisis, however, the narrowing of the gap at the EU level was driven by the declining employment rate of men, thus hardly a positive development. After 2013, job creation at the EU level resumed, yet this did not have a positive impact on the gender employment gap, which remained at a stable level. When developments in the employment rate are taken together with the trend in working hours (Figure 4), it emerges that a decline in the gender gap is also mainly driven by declining working hours among men.

Figure 3 Employment rates by gender and gender employment gap, EU28, age 20-64



Source: Eurostat (lfsa_ergan)

Figure 4 Average number of actual weekly hours of work in main job, by gender and gender gap, EU28



Source: Eurostat [lfsa_ewhais]

3. Inequality and upward mobility

Assessment

- This is one of the two standard indicators for measuring income inequality (the other being the Gini coefficient). The results of the two are usually quite close.
- The scoreboard uses as a secondary indicator for ‘upward mobility’ the variation in students’ performance in science (from PISA results) in relation to students’ socio-economic status. This indicator may illustrate how successful education systems are in mitigating the effect of students’ socio-economic and cultural background on their performance in science. The higher the variation, the worse an education system performs in promoting upward mobility. Implicitly, the indicator stresses the acquisition of skills in science as a means for upward social mobility through (more and better) employment opportunities. As mentioned earlier, this indicator belongs more under the subheading ‘education, skills and lifelong learning’.
- There are two concerns with regards to the usefulness of this secondary indicator. First, the extent to which higher skills in science (irrespective of a student’s socio-economic background) result in upward mobility depends on the conditions in the labour market. High unemployment and the proliferation of precarious forms of employment may break down this link. Such indicators are missing from the Scoreboard (see comments on ‘labour market dynamics’).
- Secondly, in the constantly changing knowledge economies, employability, even among students with otherwise similar hard skills, is often dependent to a non-negligible extent on ‘softer’ skills beyond reading and mathematical and scientific literacy. The acquisition of these softer skills (communication, critical thinking, collaboration, creative innovation, confidence and ‘learning to learn’) is very likely to be more strongly developed in students from more privileged socio-economic backgrounds. This means that education systems have to adapt in order to tackle inequality of opportunity relating to the differential acquisition of such skills, and new measures of skills will be necessary. The forthcoming round of the OECD’s PISA survey has proposed to address the measurement of some of these skills.
- Eurostat provides data on transitions of income within one year by decile (ilc_di30a), which show the percentage of the population that moved up or down one or more (of the 10) deciles in the income distribution. Using some combination of these, instead of the currently proposed secondary indicator, would have the benefit of focusing directly on the outcome of interest – that is, the movement along the income distribution – although it would not give us much insight into the drivers of such transitions.

Description

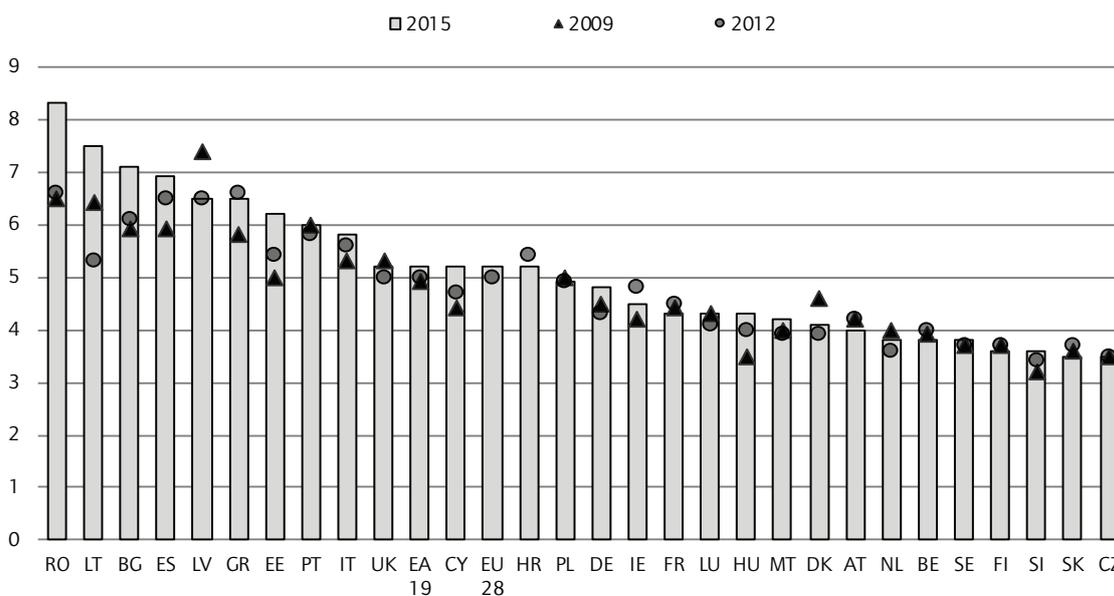
The S80/S20 ratio calculates the ratio of total income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income. The EU/EA figures reflect the average of the national S80/s20 ratios, weighted by population size, and not the ratio of the top to bottom quintile shares in the EU/EA – which would be higher, as it would also be taking into account differences in income distribution between countries.

Highlights

The inequality of income distribution in the EU has increased since 2010, with the richest 20% of the population earning more than five times more than the poorest 20%. There is great variation across countries. In Czechia and Slovakia the ratio in 2015 was 3.5 whereas in Romania it was 8.3. What is interesting to observe (see Figure 5) is that on average in the EA19 the S80/S20 ratio remained stable during the early years of the crisis (2008-9) and started increasing from 2010 onwards, when there was a shift in EU/EA policies towards fiscal austerity. The indicator has not changed since 2013.

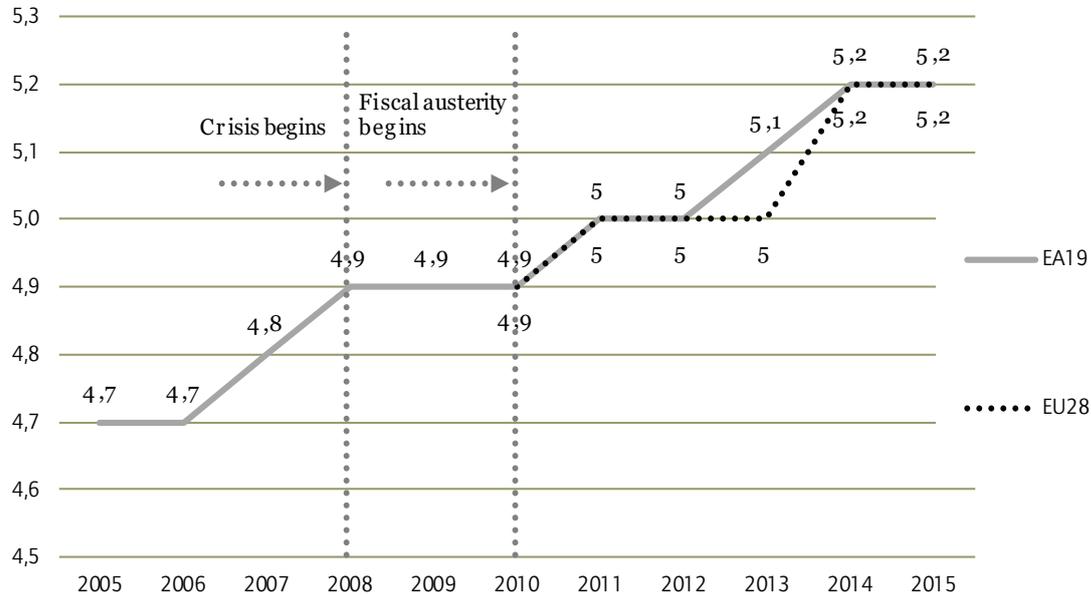
Even though the increase in the average rate of inequality in the EU/EA has not been spectacular, there is evidence (see Figure 3) of non-negligible increases since 2009 in specific Member States, such as Romania, Spain, Greece, Italy, Estonia, Cyprus, Hungary and Slovenia, whereas there have also been cases (Portugal, Germany and Lithuania) in which the data illustrated a reduction in inequality during the first years of the crisis, which was then reversed by 2015.

Figure 5 Income quintile share ratio (S80/S20) in EU Member States, 2009, 2013 and 2015



Source: Eurostat (ilc_di211)

Figure 6 Income quintile share ratio in the EU28 and euro area (2005-2015)



Source: Eurostat (ilc_di211)

4. Living conditions and poverty

Assessment

- A problem with this indicator being expressed as a share of the total population is that one cannot tell whether its changes are due to the change in the number of people at risk of poverty, facing severe material deprivation or living in jobless or low-work intensity households, or to changes in the size of the population itself. For example, according to the data, in 2010 23.7% of the EU28 population was at risk of poverty or social exclusion, the same as in 2015. However, if one looks at the cumulative change in the number of people facing one of the three risks (same series in Eurostat but with a different unit of measurement) between 2008, the year when the counting for reaching the poverty headline target of the Europe 2020 strategy began, and 2015, the year of the latest available data, there are 1.6 million more people at risk of poverty or social exclusion. Consequently, using the version of the indicator that looks at the cumulative change in the number of people facing AROPE is preferable to the one looking at the share of the total population and is consistent with the Europe 2020 target of decreasing the number of people at risk of poverty and social exclusion by 20 million by 2020.
- It is a welcome development that the composite AROPE indicator is the primary indicator, while its three components are included but are secondary indicators. This composite indicator was constructed in order to measure progress in the pursuit of the poverty headline target of the Europe 2020 strategy (lifting 20 million people out of poverty, with

reference to the 2008 count of the population facing the risk of poverty or social exclusion). In that context, Member States were allowed to pick one of the three indicators that compose AROPE to focus their efforts on. However, policies that may be contributing to the improvement of one of the AROPE dimensions/sub-indicators may be exacerbating another. Thus, a Member State may be making progress in reducing one of the three sub-indicators at the expense of others. For example, tight activation conditionality may prompt jobseekers to accept even low-quality jobs (with low pay), a development that would reduce the count of people living in low work-intensity households but increase the count of people living in households with equivalized income at 60% of the median income (= at risk of poverty). This cannot happen when we focus on the composite AROPE indicator because people are counted in it when they face *at least* one of the three risks.

- In practice, the ‘at risk of poverty’ rate, which is also the dominant component of the AROPE indicator (most people counted as facing one of the three risks in AROPE fall under that category) is a measure of income inequality. Individuals living in households with equivalized income below 60% of the median income are not necessarily poor in the sense of not having ‘sufficient resources or abilities to meet their daily needs’ (World Bank definition). The definition provided by Eurostat in its glossary also mentions that ‘this indicator does not measure wealth or poverty but low income in comparison to other residents in that country, which does not necessarily imply a low standard of living’. It would be fair to say that the ‘at risk of poverty’ indicator illustrates income inequality (with a focus on the low end of income distribution) rather than measuring poverty (Darvas 2017).
- By contrast, the other two components of the AROPE indicator are clearer in their interpretation and do capture aspects of social exclusion in Europe well.
- The meaning of averages for the AROPE indicator over the EU or the EA has to be questioned, given that there are very large disparities across Member States on the income level below which people are at risk of poverty (Darvas 2017).
- The above concerns notwithstanding, comparisons of the AROPE indicator for lengthier periods than the year-to-year comparison that is provided in the ‘Key findings’ document accompanying the Social Scoreboard publication make more sense, given that it often takes time for policies to have any impact on AROPE.
- The ‘severe housing deprivation’ indicator measures the share of the population living in a dwelling which is considered as overcrowded, while also exhibiting at least one of the measures of housing deprivation. Housing deprivation is a measure of poor amenities and is calculated by reference to households with a leaking roof, to those with neither a bath,

nor shower, nor indoor flushing toilet, or to a dwelling considered too dark. Its inclusion among the secondary indicators is a welcome one.

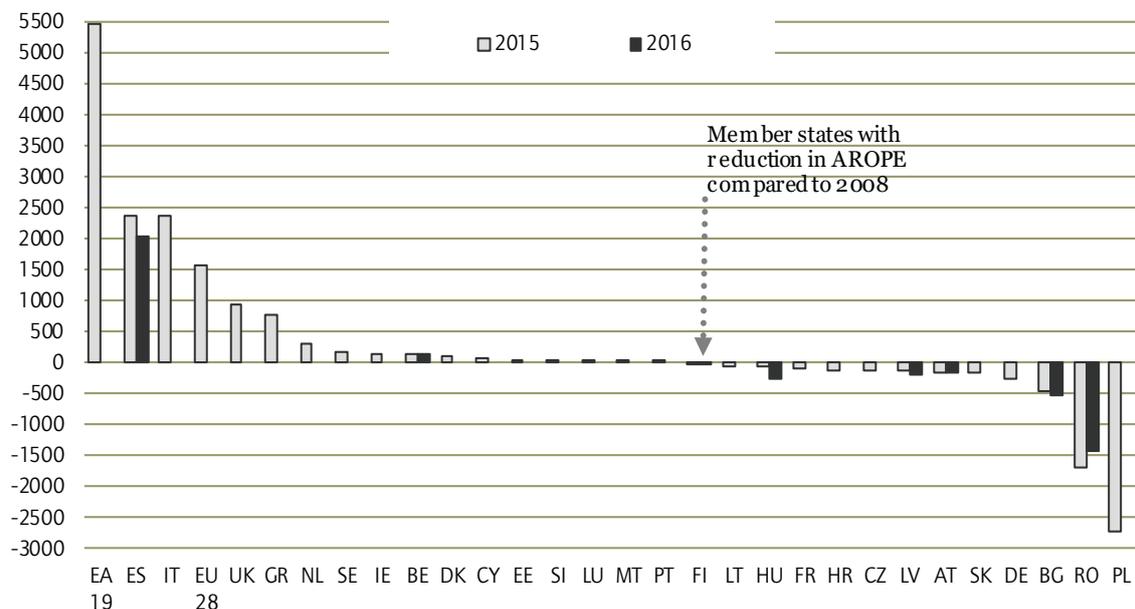
Description

The indicator measures the cumulative change since 2008 in the number of people (in thousands) that face one or more of the following: severe material deprivation, living in a jobless household or household with very low work intensity (excluding students), or the risk of poverty (see Figure 5). [NB. The description of this indicator is quite lengthy but provided in full in the Scoreboard.]

Highlights

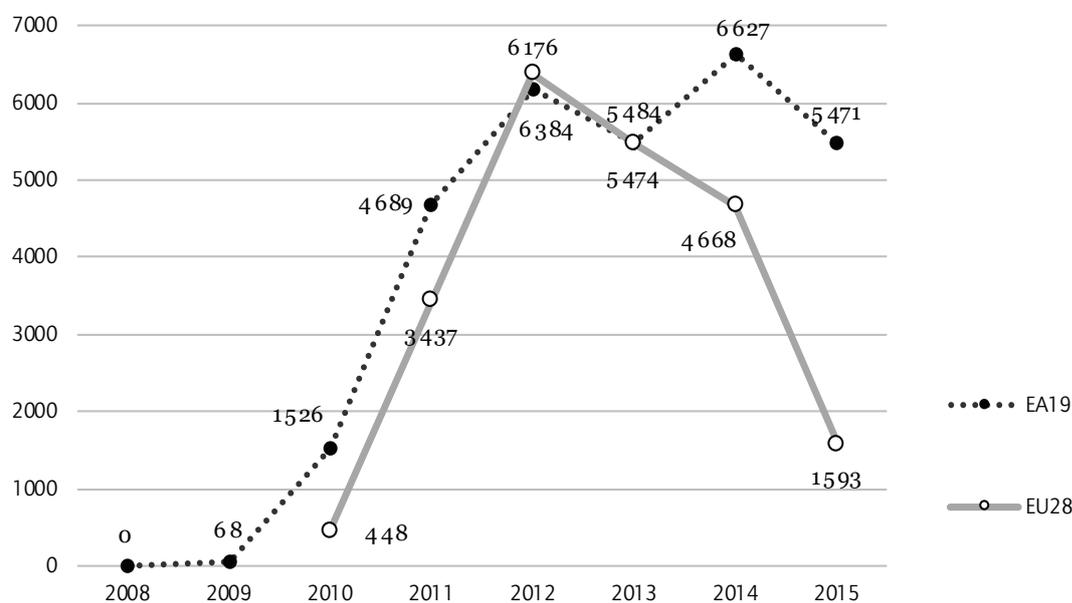
Figures 7 and 8 suggest that by 2015, the number of people at risk of poverty or social exclusion had increased by 1.6 million on average in the EU28 and by 5.5 million on average in the EA19 by comparison to their number in 2008. The cumulative change in the number of people AROPE has been falling in the EU28 since 2012, whereas it has been fluctuating around a seemingly steady mean in the EA19 for the same period. The data on individual Member States suggest a large diversity in performance, with 13 Member States registering smaller or larger decreases in the number of people AROPE and another 15 experiencing larger or smaller (in some cases virtually zero) increases. It is worth noting that among the Member States with a decrease in the number of people, only Poland, Bulgaria and Romania, and to some extent Germany, seem to have experienced some substantial change, whereas in other Member States the reductions were much smaller (<200,000 people). Similarly, within the group of countries with increases in the number of people at risk of poverty or social exclusion, significant changes took place in Spain, Italy, UK, Greece and the Netherlands, with smaller or virtually zero increases in several others.

Figure 7 People at risk of poverty or social exclusion (cumulative difference from 2008 in thousands), EU Member States, 2015



Source: Eurostat ilc_peps01

Figure 8 People at risk of poverty or social exclusion (cumulative difference from 2008 in thousands), EU28 and EA19, 2008-2015



Source: Eurostat ilc_peps01

5. Youth

Assessment

- There is only one indicator in the area dedicated to young people: the NEET rate by gender (young people neither in employment nor education and training, aged 15-24).
- The developments in the NEET rate, the only indicators in Area 5 specifically dedicated to youth, are difficult to interpret without knowing the situation of young people that left this group; did they find employment or did they return to education? The weakness of the Scoreboard is that information about the situation of young people in the labour market is scattered across at least three areas, which hinders any attempt to get a grasp of actual developments.
- While the NEET rate is presented in a way that emphasises its decline, it gives absolutely no information about those who are not in the NEET group, i.e. what kind of employment they have, what contract type, number of working hours, etc.
- The ‘Key findings’ report also confuses changes in numbers with changes in shares, which are not always equivalent. This is important in view of the considerable change in the size of the population of young people (15-24) in the EU28 between 2005 and 2016 – a decline by over seven million, or nearly 12%.

- The ‘Key findings’ report picks a very narrow time period to compare the NEET rate and shows that it decreased between 2012 and 2015, while the development was quite different before 2012.

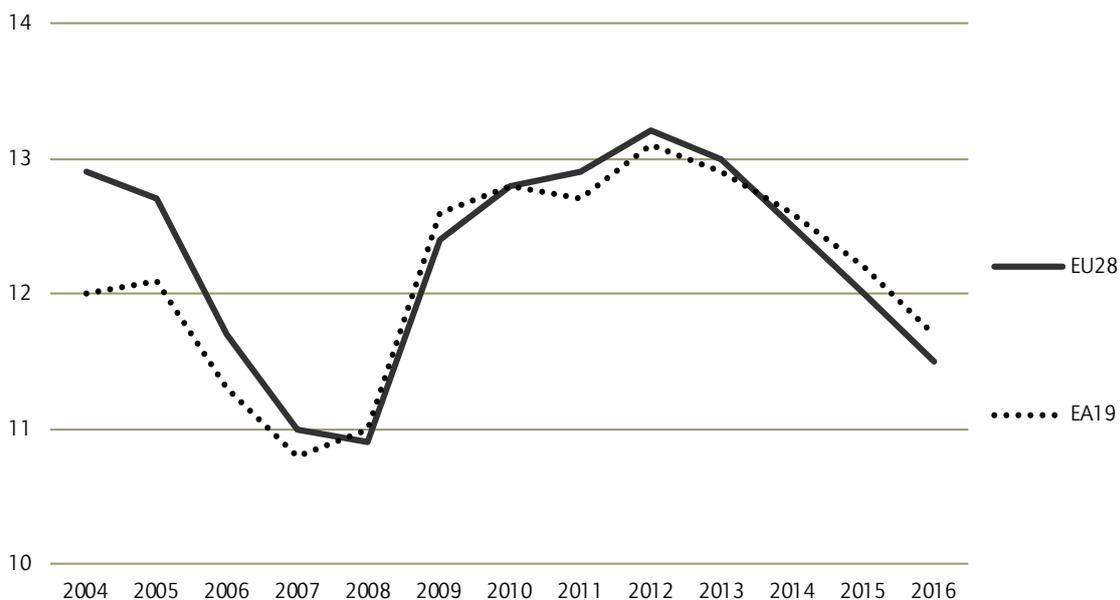
Description

The indicator on young people neither in employment nor in education and training (NEET) corresponds to the percentage of the population (here aged 15-24) who are not employed (i.e. unemployed or inactive according to the ILO definition) and not involved in further education or training (neither formal nor non-formal) in the four weeks preceding the survey. An unemployed person is someone without work during the reference week who is available to start work within the next two weeks and who has actively sought employment at some time during the last four weeks. The unemployment rate is the number of people unemployed expressed as a percentage of the labour force in the same age group.

Highlights

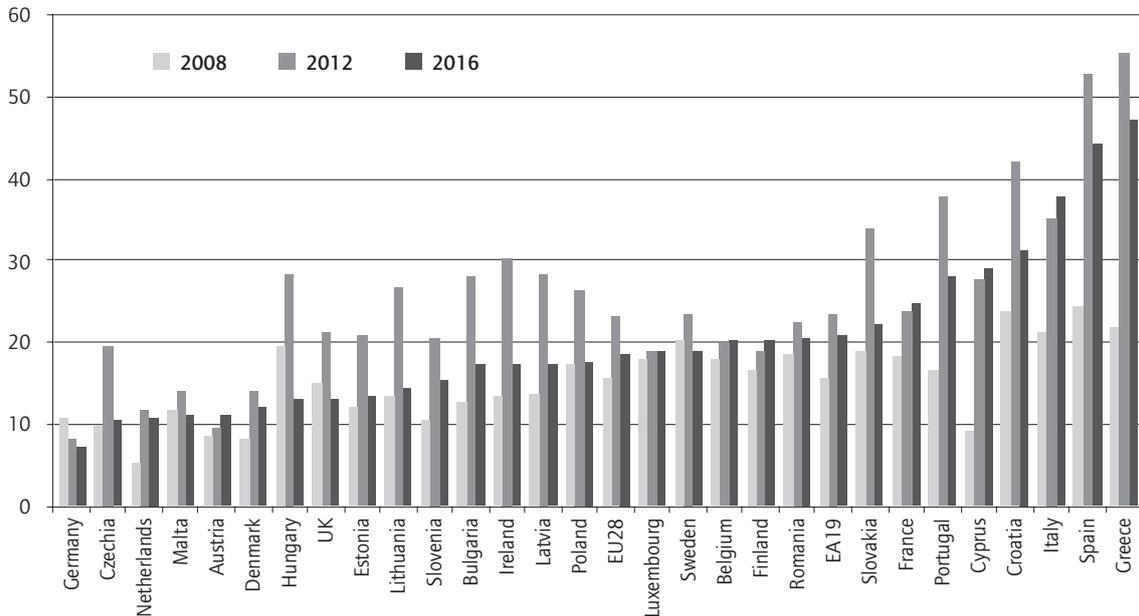
The NEET rate increased in the period 2008-2012, from 10.9% of the youth population in 2008 to 13.2% in 2012 for the EU28 countries. After 2012 we can observe a trend reversal, with a gradual decline in the share of young people aged 15-24 outside employment. In 2015 the NEET rate in the EU28 dropped to 12% and in 2016 was at 11.5%, thus still above pre-crisis levels. Moreover, employment rates of young people remain well below those in 2008, while unemployment rates are still well above the pre-crisis levels.

Figure 9 NEET rate in the EU28 and euro area, 2005-2016, age 15-24



Source: Eurostat [yth_empl_150].

Figure 10 Unemployment rates for young people (age 15-24), ordered by unemployment rate in 2016



Source: Eurostat (Ifsa_organ)

6. Labour force structure

Employment rates

Assessment

- The indicator on employment is the employment rate for the population aged 20-64, which is included as a target in the Europe 2020 strategy.
- ‘Employment rate’ is a narrow indicator in that it does not show changes in the number of jobs, it can be influenced by changes in the population size rather than the stock of jobs, and it does not show changes in the total volume of work as measured by a total number of working hours. Finally, the quality of jobs is not addressed, such as information on the type of employment contract or working time.
- The conclusion formulated in the Scoreboard that ‘more people have jobs’ is based on the analysis of employment rates. This is misleading as the number of employed people aged 20-64 was still lower in 2015 than in 2008, by 1.62 million.
- Employment rate figures are also analysed with a country breakdown, showing huge discrepancies across the EU28. However, the chart plots values only for 2015 and 2016q3, which is not a good illustration of developments in employment over time.

- The Scoreboard also includes an indicator of employment by education level and concludes that people with a low level of education have more difficulties finding a job, pointing to a low employment rate among the low educated. This fails to account for the generational effect, whereby low-educated people are more likely to be older, as well as for the issue of the skills mismatch, with an increasing share of European workers employed below their qualification level.

Description

The employment rate is the proportion of the population aged 20-64 that is in employment.

Highlights

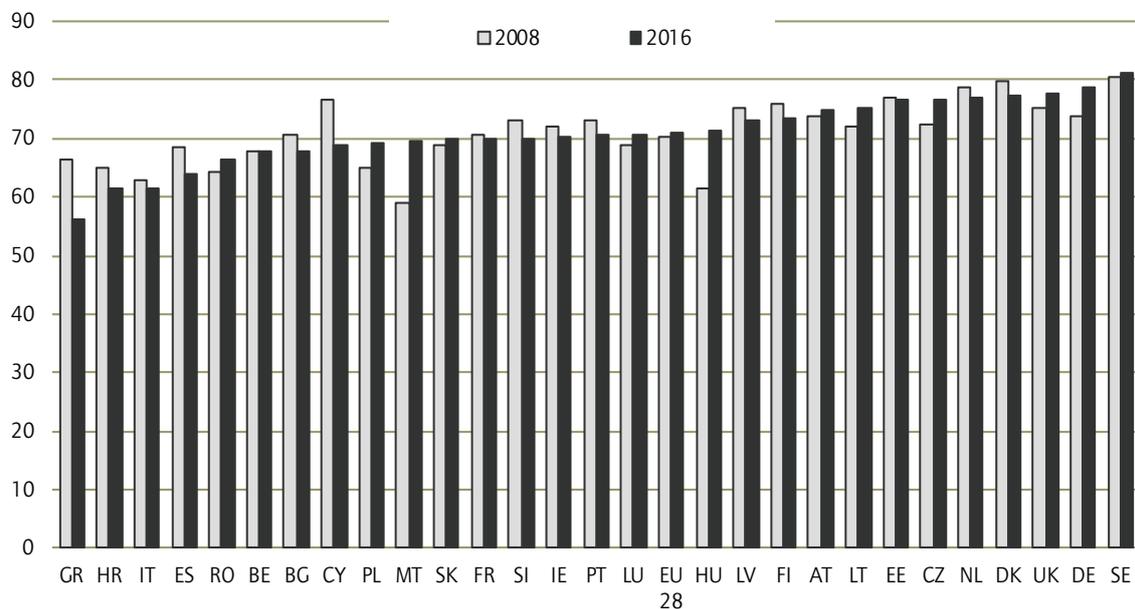
In 2016, the employment rate for the age group 20-64 in the EU28 was 71% and in the EA19 it reached 69.9%. After 2008, employment was hit harder in the euro area and by 2016 it still had not recovered to pre-crisis levels. Wide divergence between EU countries persists and a comparison with 2008 levels of employment shows an improvement only in 12 countries. Moreover, at the EU level, recovery in the demand for labour is still far below 2008 levels. Not only were there fewer jobs in 2015 compared to 2008 but also the volume of work as measured by number of hours was well below pre-crisis levels. This is in part a reflection of the rise in part-time work in the EU after the crisis.

Figure 11 Employment rate in the EU28 and euro area, 2005-2016, age 20-64



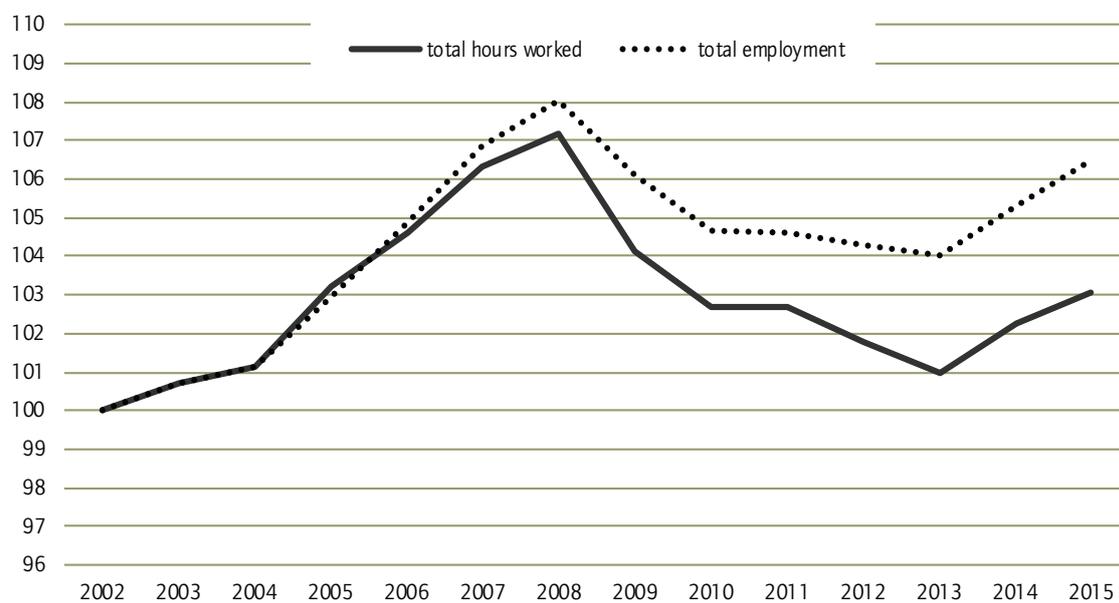
Source: Eurostat [lfsa_ergan]

Figure 12 Employment rates across EU countries, 2008 and 2016, age 20-64



Source: Eurostat [lfsa_ergan]

Figure 13 Trends in employment (number of persons employed) and total hours worked (index 2002=100), EU28



Source: Eurostat [lfsa_ewhais; lfsa_eftpt]

Additional indicators

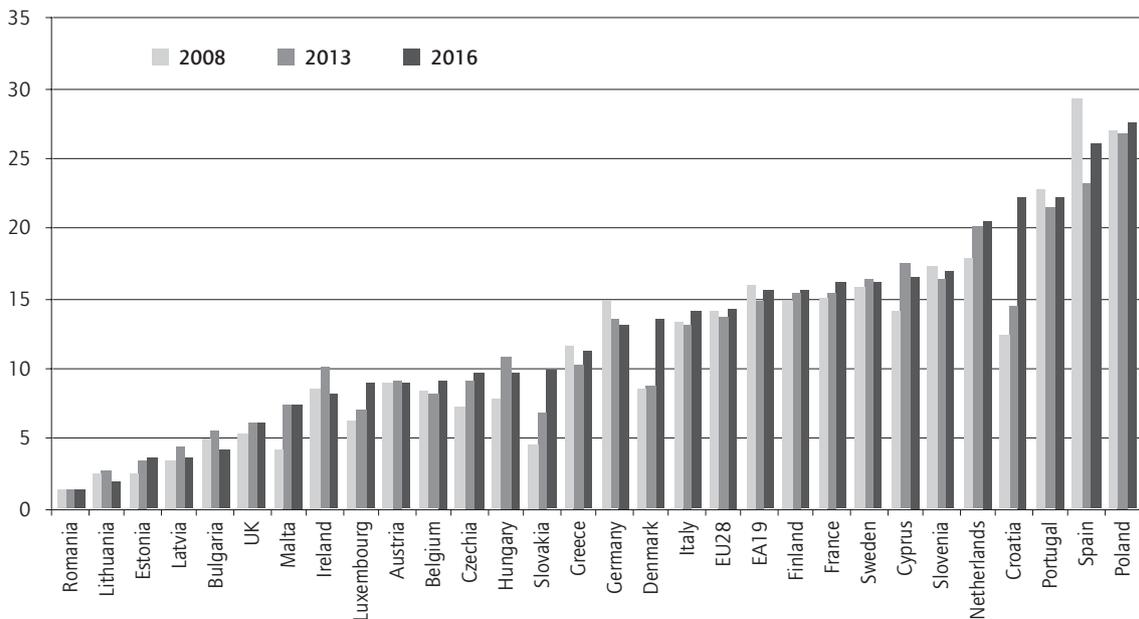
Description

The temporary employment rate is the proportion of employees aged 15-64 who have a temporary job. Transition rates from temporary employment measure what share of this group moved to another employment status or remained in temporary employment in the following year, expressed in percentages.

Highlights

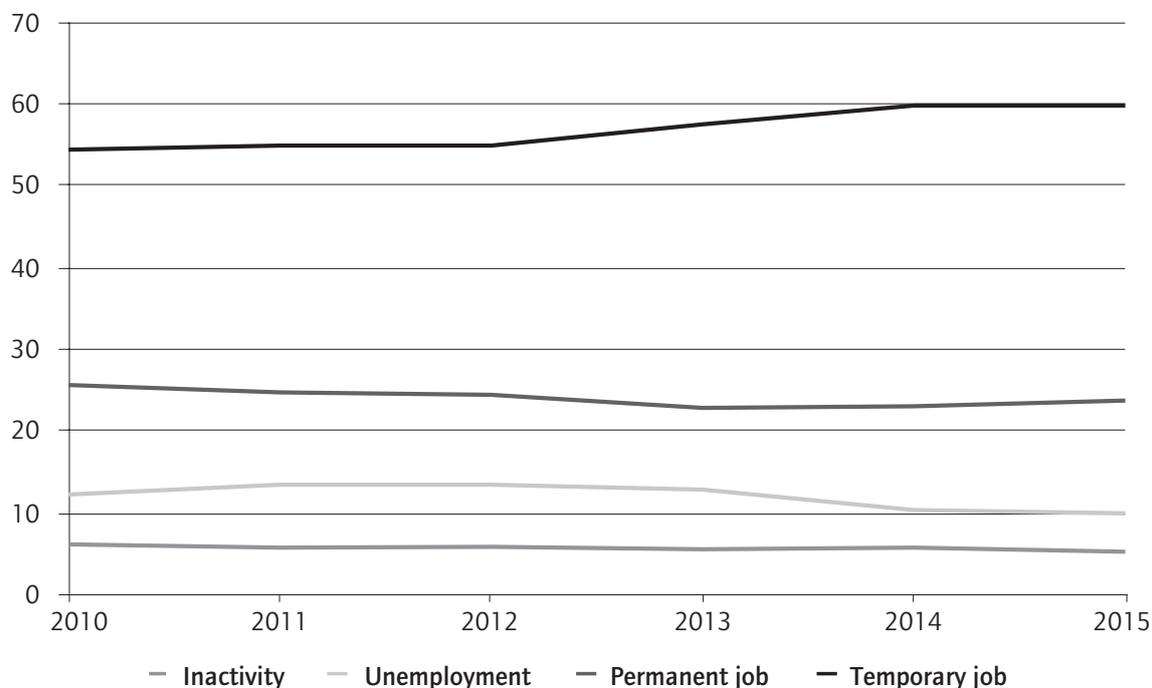
In addition to the analysis of employment rates (that is, the number of jobs), it is important to bring the issue of job quality into the picture. In recent years, job creation has increasingly been in atypical forms of work, such as temporary contracts and part-time employment. In the early stages of the crisis, temporary employment rates fell in many EU countries as workers without secure employment contracts were the first to be laid off. The most notable fall was in Spain. However, with the resumed job creation we observe a return to hiring on temporary work contracts, with their share increasing in 16 EU countries between 2013 and 2016, most notably in Croatia and Denmark. Additionally, atypical forms of work are increasingly involuntary and more difficult to escape, which is shown by the increasing share of temporary workers who still have a temporary job in the following year. At the EU level, the share of workers trapped in the temporary job status increased from 54% in 2010 to 60% in 2015 (latest available figure).

Figure 14 Temporary employment rates by country (age 15-64)



Source: Eurostat (lfsa_etpga)

Figure 15 Labour market status of employees who had a temporary job in the previous year (EU28)



Source: Eurostat (ilc_lvh132)

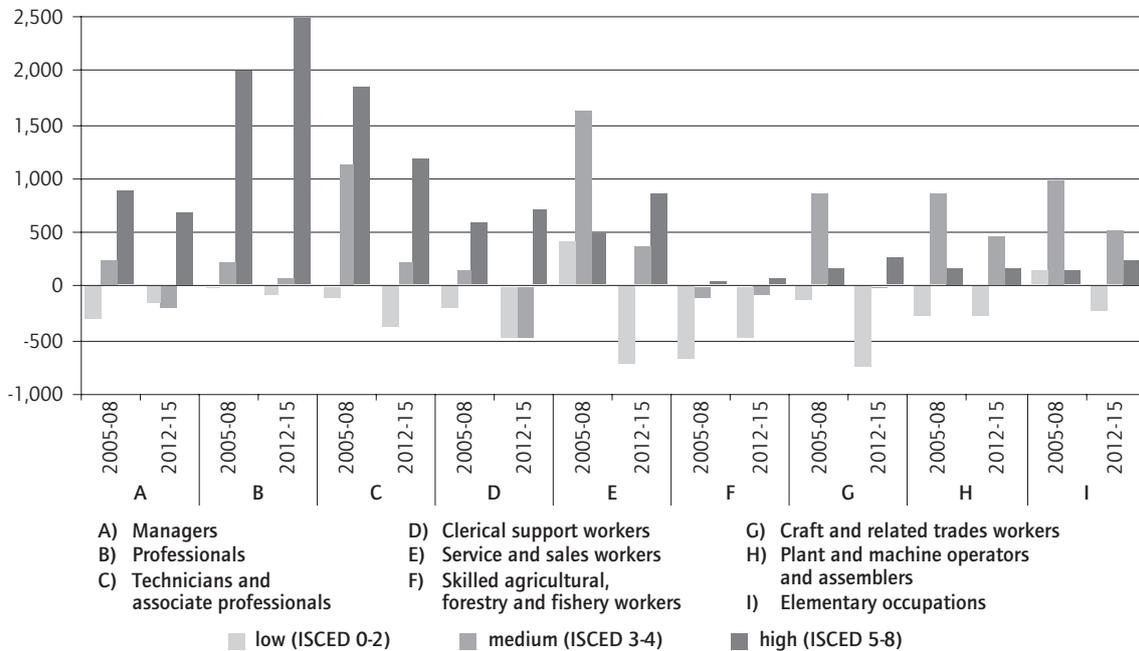
Description

Job growth by occupation and education level shows changes in the number of employed persons across main occupational groups (based on 1-digit ISCO (International standard classification of occupations)). Workers are split into three groups based on the level of education attainment (as measured by ISCED (International standard classification of education)).

Highlights

The supply of highly skilled labour does not necessarily signify a supply of highly skilled positions or an enhanced creation of good quality jobs. In fact, the tight post-crisis EU labour market with increased competition for jobs has resulted in an exceptional increase in highly skilled workers across all occupational grades. In the post-2008 period of net job growth (2012-2015), highly educated workers made up a considerable share of the employment generated in low-skilled manual as well as elementary occupations. Moreover, in 2010, 32% of workers in the EU27 reported that they have skills to cope with more demanding duties than those required by their current job, while 13% declared that they need further training to cope well with their duties (fifth European Working Conditions Survey). Thus, upskilling of workers does not address the other side of the skills mismatch issue, which is a trend towards work below the employee's formal qualifications and, related to this, skills and talent underutilisation.

Figure 16 Job growth by occupation and education level, comparison of two periods, in thousands, EU28



Source: Eurostat (lfsq_egised)

Unemployment rate

Assessment

- The unemployment rate is presented as the percentage of the active population aged 15 to 74 that are unemployed (see definition below). This definition is the international standard applied to survey data. The headline indicator presented in the European Commission publication is presented for two years (2015 and 2016), thereby indicating that unemployment rates are in general decreasing. However, it is important to also look at the long- and medium-term trend for EU Member States and not only the development over the past year.
- The secondary indicator on the share of long-term unemployed by gender is to be welcomed. However, in order to be able to interpret the data, it is important to distinguish between different durations of unemployment (for example, 3 months, 6 months, 12 months and 24 months) in order to understand the dynamics of entering and exiting unemployment.
- While the unemployment rate is most commonly used by policymakers as an indicator of overall labour market performance, it does not provide a complete picture of a range of possible responses to labour market downturns. In particular, this single indicator fails to capture the degree of utilisation of the available labour supply, as well as, from

the workers' perspective, the unmet need for employment. Therefore, it is necessary to complement the unemployment rate with a broader indicator of labour underutilisation, which captures persons with an insufficient volume of income-generating work. Such an indicator includes persons that are normally classified as the employed but share some characteristics with the unemployed (for example, part-time workers who wanted but could not find full-time work, and full-time workers working less than usual during the reference week for economic reasons) and those classified as economically inactive (i.e. persons not in the labour force who did not look for work during the past four weeks but who wish and are available to work). The measure of underutilisation of labour usually shows a much higher value than the simple unemployment rate (OECD 2017: 26); moreover, the components of this measure are available at Eurostat.

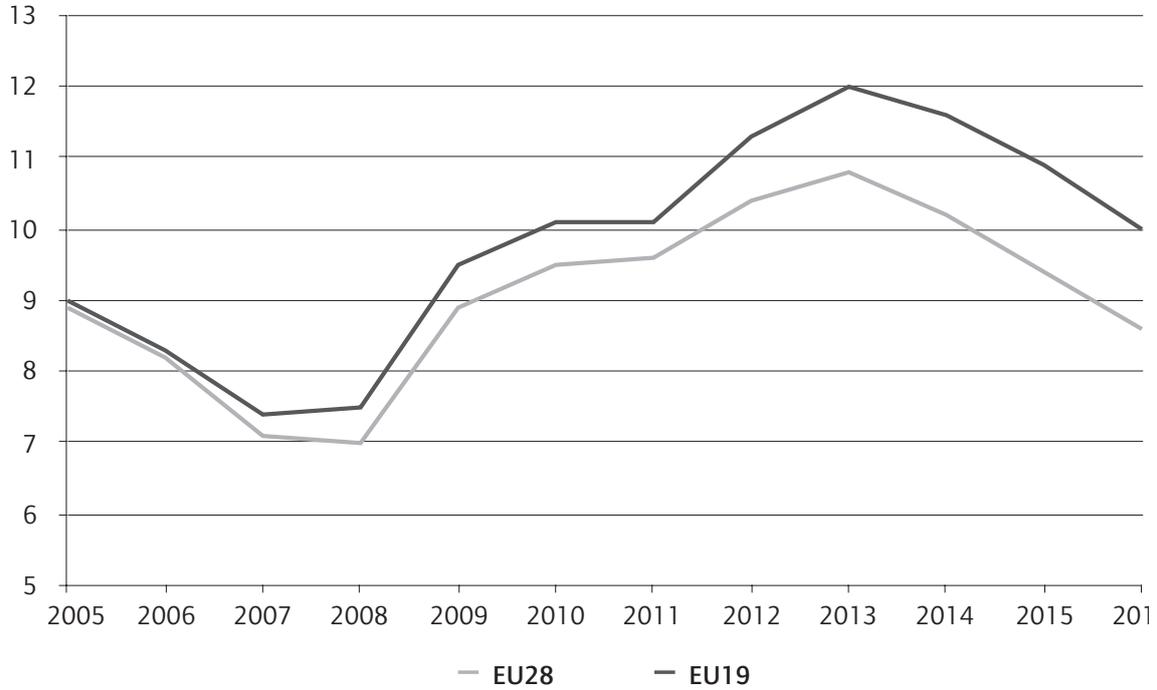
Description

An unemployed person is defined as someone who has not worked in the reference week (even one hour), who is available to start working within the next two weeks and who has actively sought employment within the past four weeks. The unemployment rate is the number of unemployed expressed as a percentage of the total labour supply.

Highlights

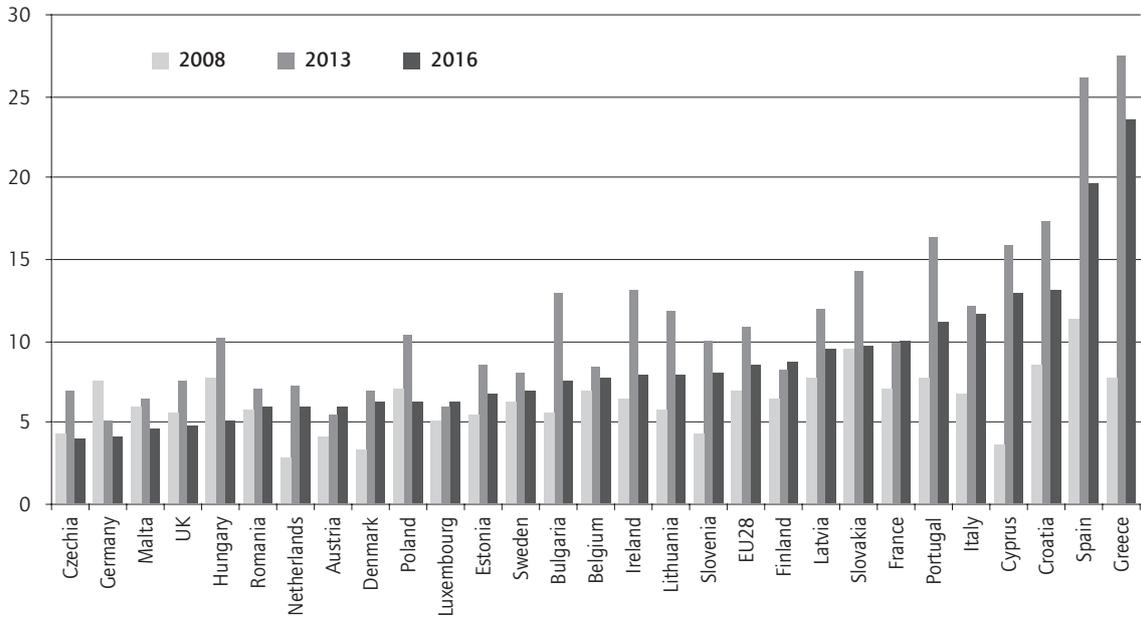
Unemployment rates have been decreasing across the EU28 and EA19 since 2013. However, the unemployment rate is still more than 2 percentage points above the pre-crisis 2008 low for the EA19 and nearly 1.5 percentage points above it for the EU28. The EA19 rate remains above the EU28 rate. The unemployment rate as well as its evolution are heterogeneous across the EU. The unemployment rate ranges from a low of 4% in the Czech Republic and Germany to a high of 23.6% in Greece. While most countries still have a higher unemployment rate than in 2008 – some substantially so, such as Greece, Spain and Cyprus – this is not the case for the Czech Republic, Germany, Malta, the UK, Hungary and Poland where it is below the 2008 rate. Furthermore, since the peak in 2013, unemployment rates have decreased in nearly all EU Member States; however, this is not the case for Luxembourg, Austria and Finland where the rate continues to increase.

Figure 17 Unemployment rate in the EU28 and EA19 (% of labour force aged 15-74)



Source: Eurostat (tesem120)

Figure 18 Unemployment rate in the Member States (% of labour force aged 15-74)



Source: Eurostat (tesem120)

7. Labour market dynamics

Assessment

- The set of primary and secondary indicators under this heading seeks to identify whether there is sufficient support for employment and transitions.
- The choice of primary indicator – the number of participants in activation policies ('labour market policies' or ALMPs) per 100 persons wanting to work – underlines the importance attributed to activation.
- To date, studies comparing the effects of ALMPs on a sample of participants (the 'treatment group') relative to the labour market outcomes of non-participants (the 'control group') have failed to produce overwhelming evidence of their effectiveness (Matsaganis forthcoming: 51). Therefore, the usefulness of the number of participants as an indicator of labour market dynamics is at best dubious, since there are no indications of the quality of these programmes and the outcomes of participation in them.
- Even if the effectiveness of ALMPs was empirically proven though, participation alone would not enable us to determine their potential effects, as quality is bound to differ across and within countries. Therefore, public spending in activation labour market policies per person wanting to work would be a more appropriate indicator.
- Missing from the labour market dynamics are indicators on income support for the unemployed (important for allowing jobseekers to search for appropriately matching jobs) and labour market services. DG Employment provides data on public expenditure for these types of labour market policies (see Figure 19 below). We see that there was wide divergence between Member States but also that, despite declarations about the need for activation, public spending on ALMPs as a share of GDP has fallen in several Member States during the crisis years. The same is true for public spending on labour market support (income support) as a share of GDP despite the increase in unemployment.
- More generally, however, indicators on labour market policies should be classified under the 'public support/social protection and inclusion' heading since they clearly refer to policy inputs.
- Indicators of labour market transitions (currently provided by Eurostat in the `lfsi_long_q` series) would be more useful for illustrating labour market dynamics and would complement data on labour market structures.

-
- Given the definition of the Scoreboard on what efficient labour markets should do, it is not very clear how the indicator ‘employment in current job by duration’ will be used. Although long-lasting employment relationships can be conducive of investment in job-specific skills, innovation and within-firm productivity growth, a longer duration of employment in a current job may also be used as an indicator that labour resources are not reallocated fast enough from less to more productive firms and industries. This is a point that needs clarification; that is, whether higher numbers of people in current jobs for longer durations will be evaluated positively or negatively. As it stands now, this is ambiguous at best.
 - The transition rates from temporary to permanent contracts is a useful secondary indicator illustrating the quality of transitions and the extent to which temporary contracts constitute a ‘stepping stone’ towards permanent employment or instead trap employees and workers into precarity. It should be stressed though that this is an outcome not only of the functioning of the labour market but also of the broader macroeconomic conditions in the economy. For example, greater insecurity about future demand may discourage the creation of permanent jobs, regardless of labour market policies.

Description

‘Public expenditure in labour market interventions by broad type’ measures expenditure by three types of interventions:

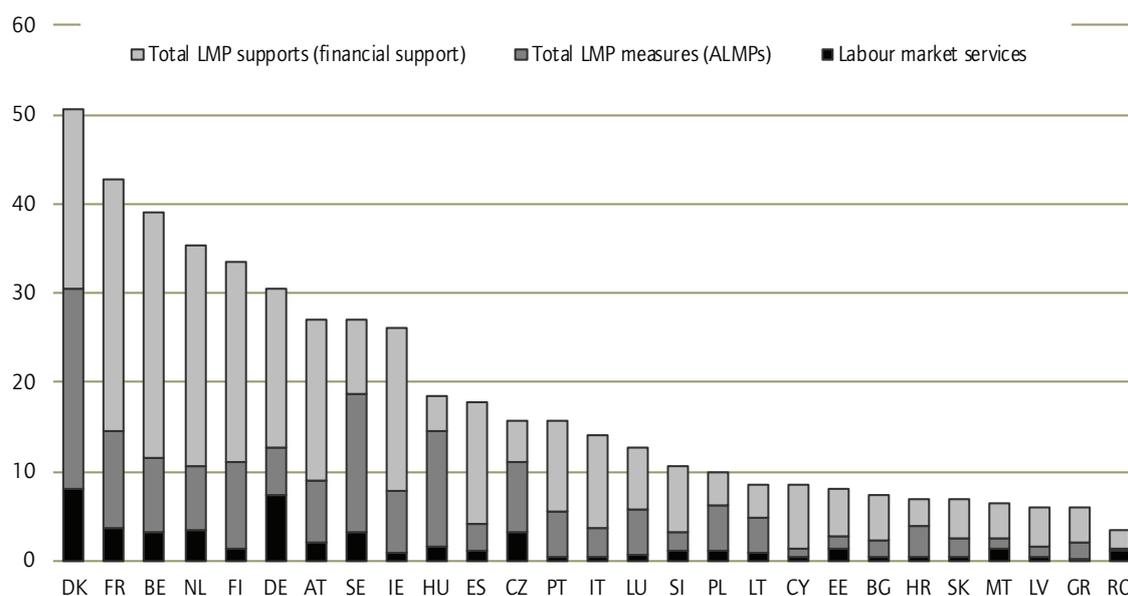
- labour market policy services (all services and activities of the Public Employment Services (PES) together with any other publicly funded services for jobseekers),
- labour market policy measures (interventions that provide temporary support for groups that are disadvantaged in the labour market and which aim at activating the unemployed, helping people move from involuntary inactivity into employment, or maintaining the jobs of persons threatened by unemployment – ALMPs for short) and
- labour market policy support (financial assistance that aims to compensate individuals for loss of wage or salary and support them in their job search (i.e. mostly unemployment benefits) or which facilitates early retirement).

The measure provided in Figure 19 for 2015 is expressed as expenditure per person wanting to work per GDP per head of population and is measured in purchasing power standard (PPS) so as to facilitate comparison in a single year across Member States. Given that variables expressed in PPS do not lend themselves to comparisons over time, we also provide measures of the same expenditure as share of GDP for each of the three broad types of intervention.

Highlights

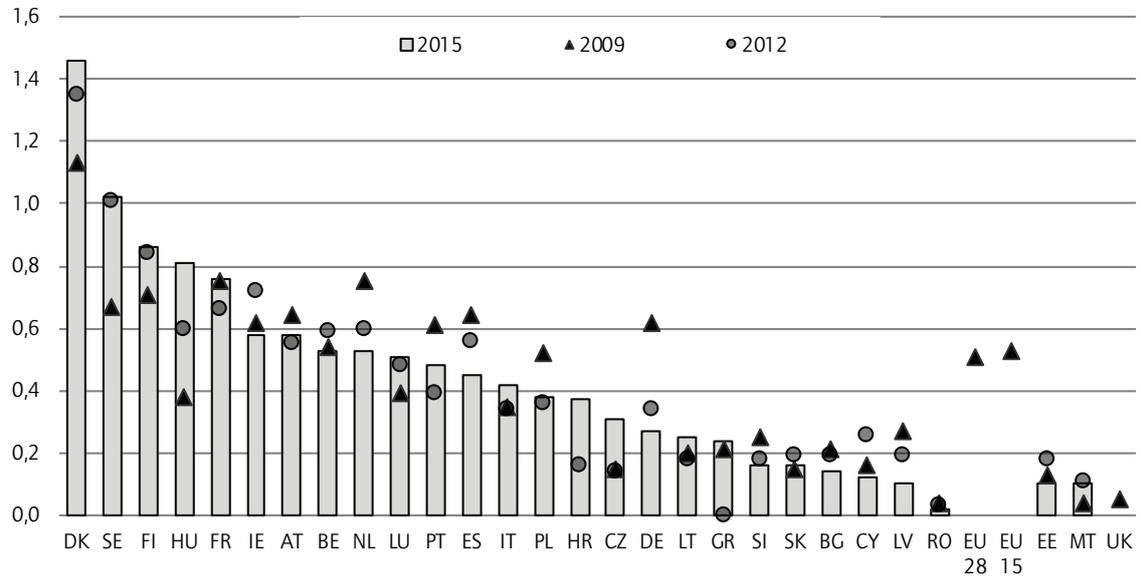
Figure 19 suggests that there is wide discrepancy across Member States in their public expenditure per person wanting to work per GDP per head, with richer western and Scandinavian Member States spending in total more than southern and central-eastern European Member States. As an illustration, Denmark, the highest public spender, spent 10 times more than Romania, the lowest spender. What is even more worrying though (see Figures 20, 21 and 22) is that, over time, public expenditure in all three types of intervention has declined in several Member States as a share of GDP, and not necessarily those that saw their unemployment rates decline. Public expenditure declined both for active labour market policies and labour market services (both of which seem to feature prominently in the EU's recommendations for tackling unemployment) but also for financial support measures, which are crucial both as automatic stabilisers in the face of rising unemployment but also in order to allow jobseekers to search for jobs that match their skills, leading to both higher productivity and job quality.

Figure 19 Public expenditure in labour market policy interventions by broad type
(% of spending per person wanting to work in GDP per head, both in PPS)



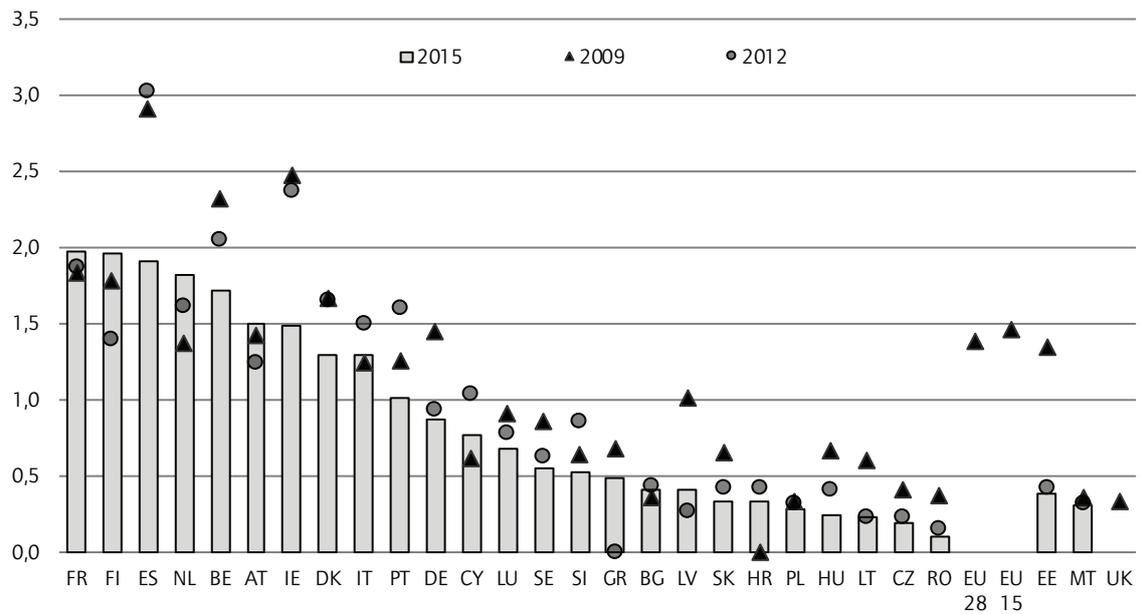
Source: European Commission DGEMPL Imp_exp_ind, Eurostat prc_ppp_ind, own calculations; Figures on change for Croatia/HR are 2012-2014.

Figure 20 Public expenditure on labour market policy measures (active labour market policies) as share (%) of GDP, EU Member States 2009, 2012 and 2015



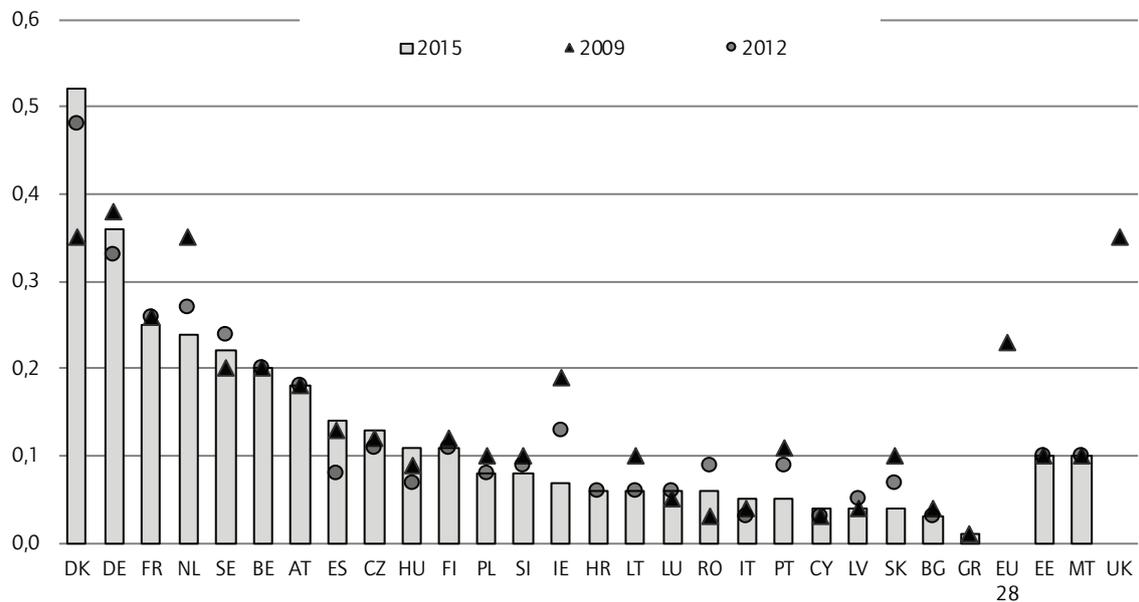
Source: DG EMPL Imp_exp_ind

Figure 21 Public expenditure on labour market policy support (income support while not in employment) as share (%) of GDP, EU Member States, 2009, 2012, 2015



Source: DG EMPL Imp_exp_ind
 Note: 2015 data for EE and MT are from 2014

Figure 22 Public expenditure in labour market services as share (%) of GDP, EU member states, 2009, 2012, 2015



Source: DG EMPL Imp_exp_ind
Note: 2015 data for EE and MT are from 2014

8. Income (including employment-related income)

Assessment

- As this includes all sources of income and takes account of taxes and other deductions from incomes, it is a good indicator of changes in living standards.
- The data used in early versions of the Social Scoreboard 2017, still accessible on the internet, were misleading as they did not represent real increases.

Description

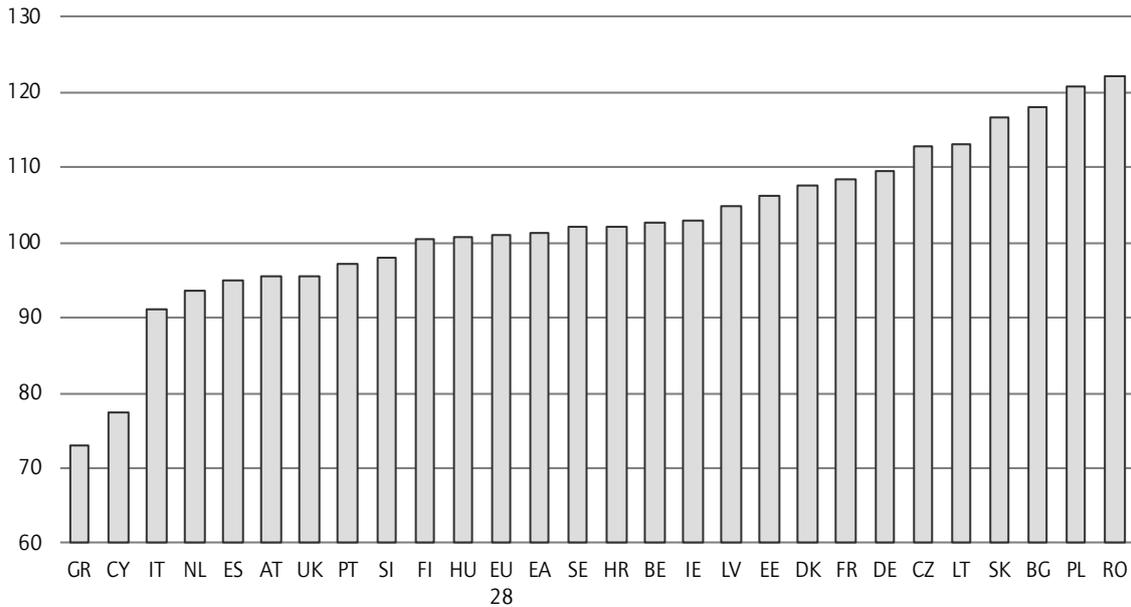
The real adjusted gross disposable income of households per capita in PPS (index = 2008) is calculated as the adjusted gross disposable income of households and Non-Profit Institutions Serving Households (NPISH) divided by the purchasing power parities (PPP) of the actual individual consumption of households, by the price deflator (price index) of household final consumption expenditure and by the total resident population. Then the indicator is indexed with 2008 as the base year.

Highlights

Since 2005, the real gross household disposable income has shown net decline both in the euro area and in the European Union as a whole. In both cases the 2008 level has been narrowly surpassed, but in neither case has it achieved a previous peak level, despite the recovery underway since 2013. Nine EU

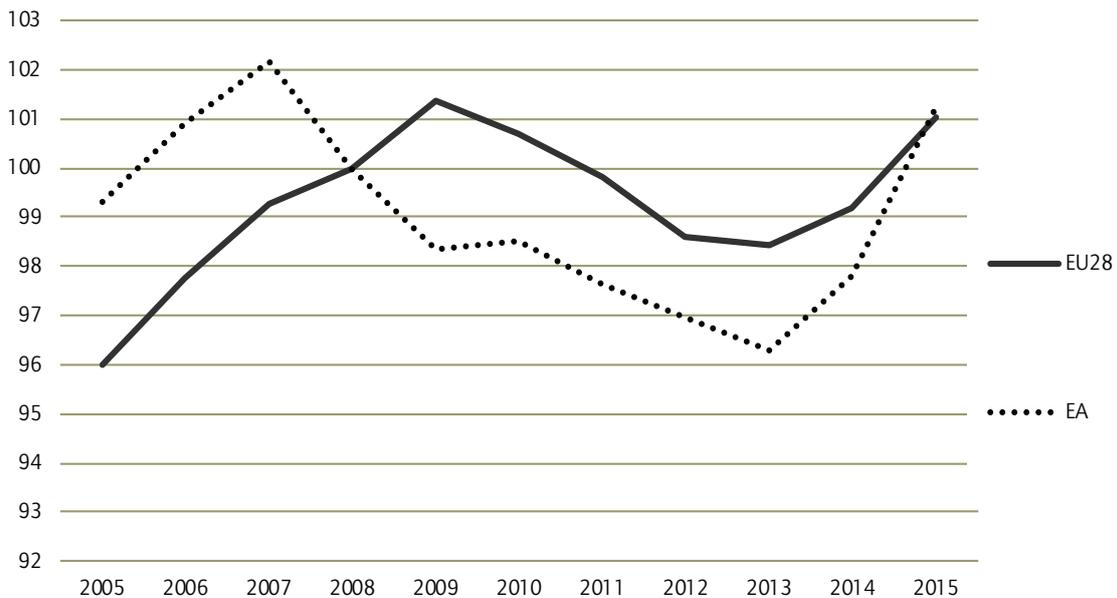
Member States have yet to restore their 2008 levels, with Greece and Cyprus having suffered the largest declines. A few countries have shown significant growth, but breaks in data series mean that some may be less reliable, notably those for Poland and Romania.

Figure 23 Real gross household disposable income, 2008=100



Source: Eurostat, tepr_wc310

Figure 24 Real gross household disposable income, per capita in PPS, 2008=100



Source: Eurostat, tepr_wc310

Compensation of employees per hour worked (euros)¹

Assessment

- Hourly compensation is a good indicator of labour costs, but less accurate as an indicator of employees' earnings at a time of large variations, and declines, in hours worked.
- While the chosen indicator does illustrate the extent of divergences in *nominal pay* between Member States, increases in average nominal pay for the EU as a whole have little meaning.
- The Social Scoreboard does not draw attention to the difference between real and nominal figures and neither does it comment on the negative consequences associated with extreme divergences. An indicator that could follow this would be useful.
- We therefore show the change in *real levels* from 2005 to 2015, adjusting nominal increases by the consumer price index for each country. The aggregate figure for the EU28 is strongly biased because of currency movements and therefore of little value.

Description

The indicator presents the average **compensation** received by an employee per **hour worked**, expressed in euros. It is calculated by dividing national accounts data on **compensation of employees** for the total economy, which include wages and salaries as well as employers' social contributions, by the total number of **hours worked** by all **employees** (domestic concept). The indicator is based on European national accounts.

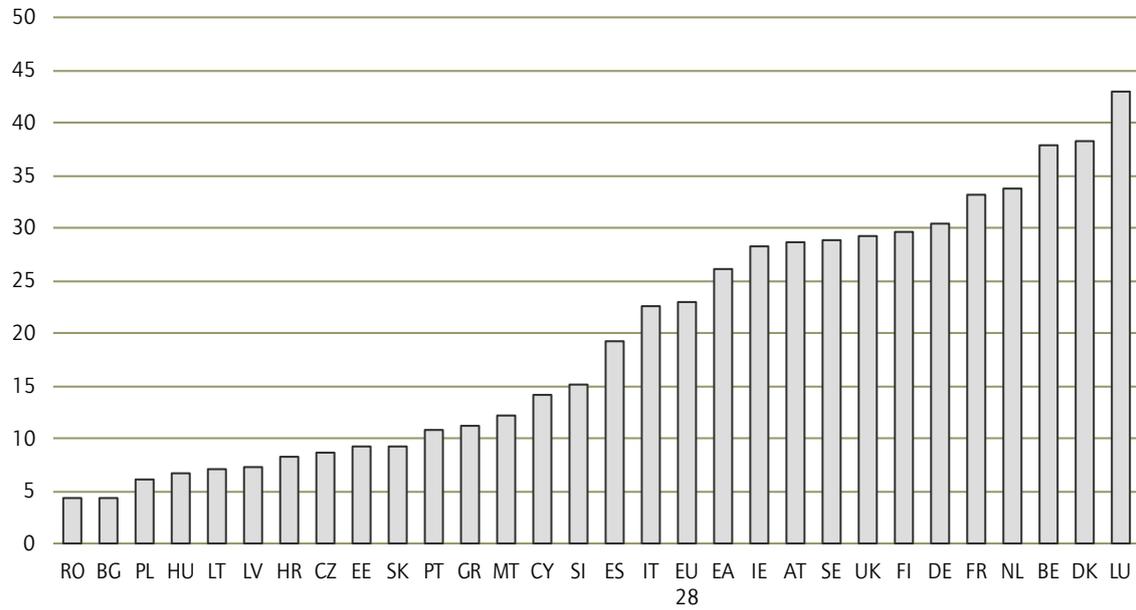
Highlights

Compensation per employee, measured in euros and using official exchange rates, varies enormously across the EU, encouraging the migration of younger and skilled workers from lower-income countries and thereby hampering all aspects of their development. The extent of divergence is showing no consistent decline. Average pay in Romania, the lowest in 2015, was 10.2% of the level in the highest country (Luxembourg) in 2015, compared with 12.2% in 2008 and 8.0% in 2005.

Nominal compensation per employee measured in euros has increased in the euro area and in the EU28 as a whole. The more useful indicator, the increase in real earnings, has been considerably smaller. This can be seen when comparing 2015 with 2005; there have been significant increases in some lower-income countries alongside declines in others, leading to a 6.4% increase for the euro area and a 3.4% increase for the EU as a whole.

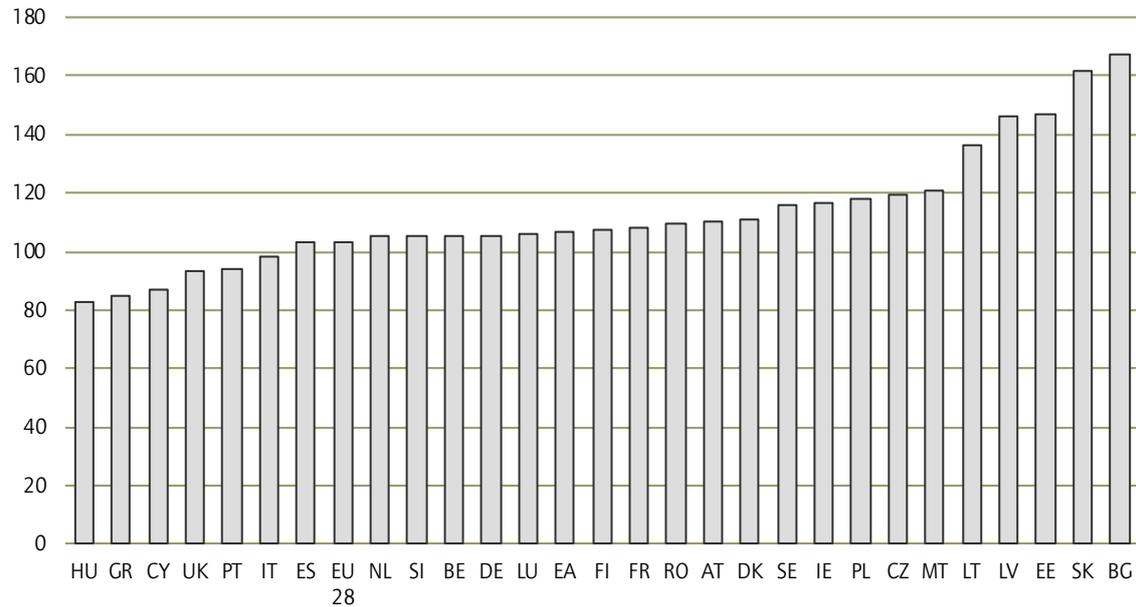
1. The data used in early versions of the Social Scoreboard was wrongly referenced, but otherwise correct.

Figure 25 Compensation of employees per hour worked, 2015



Source: Eurostat tepr_wc320

Figure 26 Real compensation of employees in 2015 as compared to 2005, 2005=100



Source: calculated from Eurostat tepr_wc320 and [http://ec.europa.eu/eurostat/statistics-explained/index.php/File:HICP_all-items,_annual_average_inflation_rates,_2005%E2%80%9315_\(%25\)_YB16.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:HICP_all-items,_annual_average_inflation_rates,_2005%E2%80%9315_(%25)_YB16.png)

9. Impact of public policies on reducing poverty

Assessment

- As argued earlier (Point 4), the ‘at risk of poverty’ rate is essentially an income inequality indicator focusing on the low end of income distribution and it does not measure wealth or poverty. Inequality across the income distribution, however, is also important. In that respect, Heading 9 could be changed to ‘Impact of public policies on reducing income inequality’.
- The difference in the Gini coefficient before and after social transfers might then also provide interesting insights as a secondary or headline indicator under Heading 9.
- ‘Government expenditure by function’ is a useful set of secondary indicators.
- The other secondary indicator under this heading, the aggregate replacement ratio for pensions, is defined as the ratio of the median individual gross pensions of the 65-74 age category relative to median individual gross earnings of the 50-59 age category, excluding other social benefits. It aims at providing a measure of the extent to which pension benefits provide a sufficient source of income for pensioners.
- While this measure is welcome, if we are interested in the income protection of elderly people, we need more information regarding their coverage (that is, the recipients of pensions) and on outcomes in terms of the position of elderly people in the income distribution (for example, what percentage of the population above 65 is at risk of poverty?). In particular, it is essential to filter this indicator by gender as the gender pension gap on average is 40%. To the extent that the level of pension benefits is often determined by the amount of contributions made in the working life of a beneficiary, it is not clear why this replacement ratio reflects the effects of public policy. Some outcome indicator for the part of pension benefits that is directly funded by the state for redistributive purposes would be more useful.

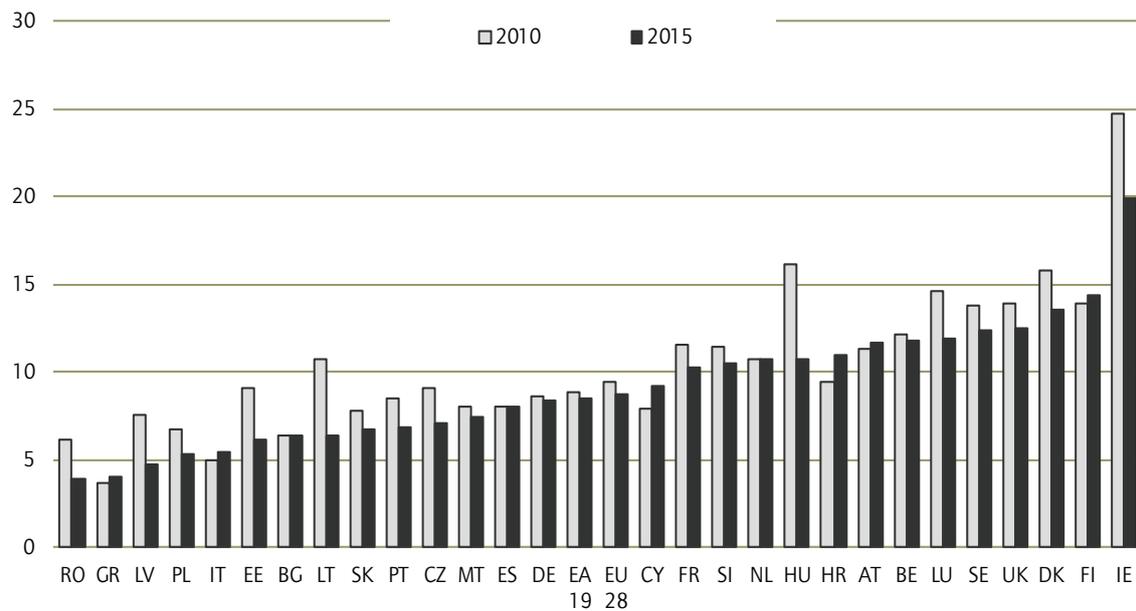
Description

Reduction (in percentage points) of the at-risk-of-poverty rate (expressed in % of the population) due to social transfers; calculated as the difference between the at-risk-of-poverty rate before and after social transfers (excluding pensions) by gender.

Highlights

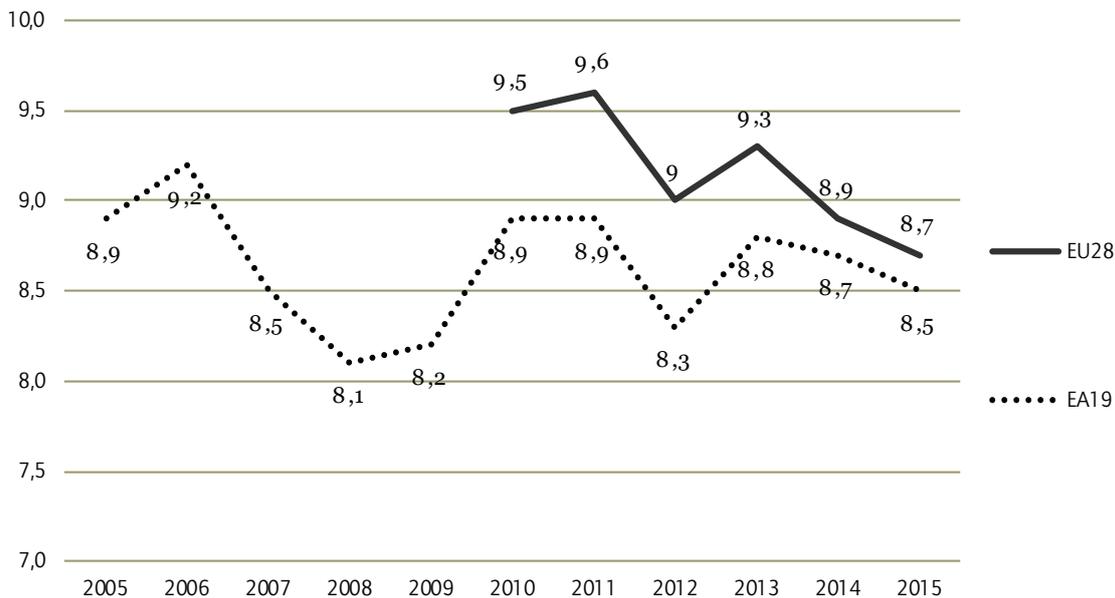
The key findings of the EC state that, on average, social transfers reduced the share of people at risk of poverty by 8.7 percentage points in 2015 in the EU28, although the variation across Member States has been large. What is not highlighted from the provided figure in the key findings is that social transfers had a stronger effect in reducing the share of population at risk of poverty in 2010, suggesting that the effect of social protection policies on the risk of poverty has waned over time. The decline has been greater in the EU28 than in the EA19. Figure 27 presents a similar comparison over time across Member States, which confirms the finding that the effectiveness of social transfers declined in 2015 compared to 2010 in most Member States, especially in central and eastern Europe.

Figure 27 Impact of social transfers (other than pensions) on the share of population at risk of poverty (percentage points), EU Member States, 2010, 2015



Source: Eurostat ilc_li10, ilc_li02, own calculations

Figure 28 Impact of social transfers on the share of population at risk of poverty (percentage points), EU28 and EA19, 2005-2015



Source: Eurostat ilc_li10, ilc_li02, own calculations

10. Early childhood care

Assessment

- The area ‘Early childhood care’ includes only one indicator, for children aged less than 3 years in formal childcare. It thus misses information on the coverage of older children below compulsory school age, as well as information about the extent of childcare provision as measured by the number of hours provided.
- In the presentation of results, the description ‘children aged 0-3 in formal childcare’ is not correctly used, as this pertains to children younger than 3, thus 0-2 years old.
- A more telling indicator would be the coverage of formal care (by duration) for children aged 0-2 and between 2 and compulsory school age.
- For the sake of simplicity, we only present the average EU development. However, the differences between Member States are very large and should also be assessed.

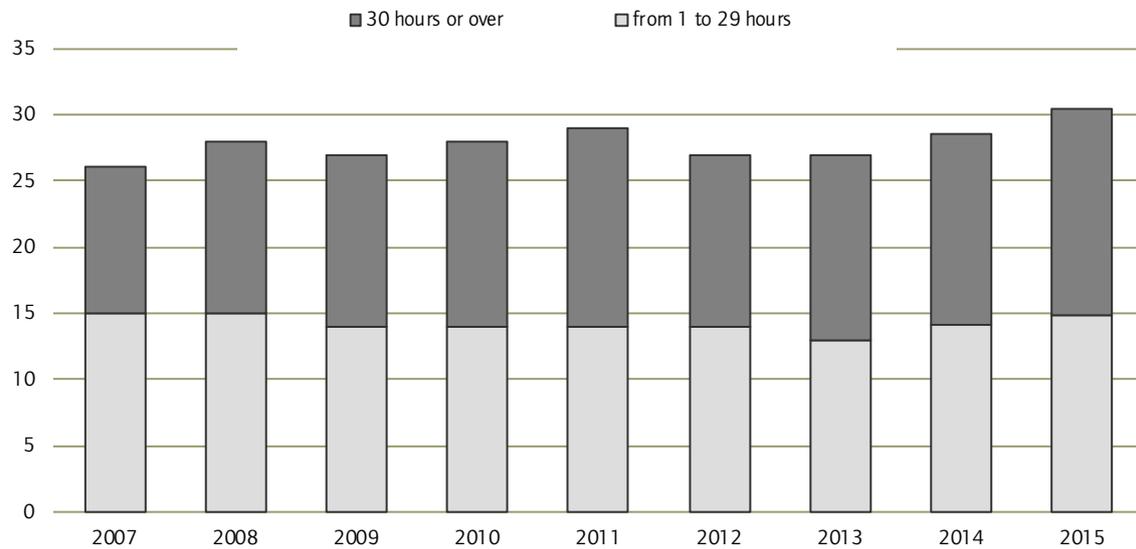
Description

Children cared for in formal childcare, expressed as a percentage of all children in the same age group. This indicator is broken down by the number of hours per week during which the children are cared for (up to 30 hours a week/30 hours or more a week).

Highlights

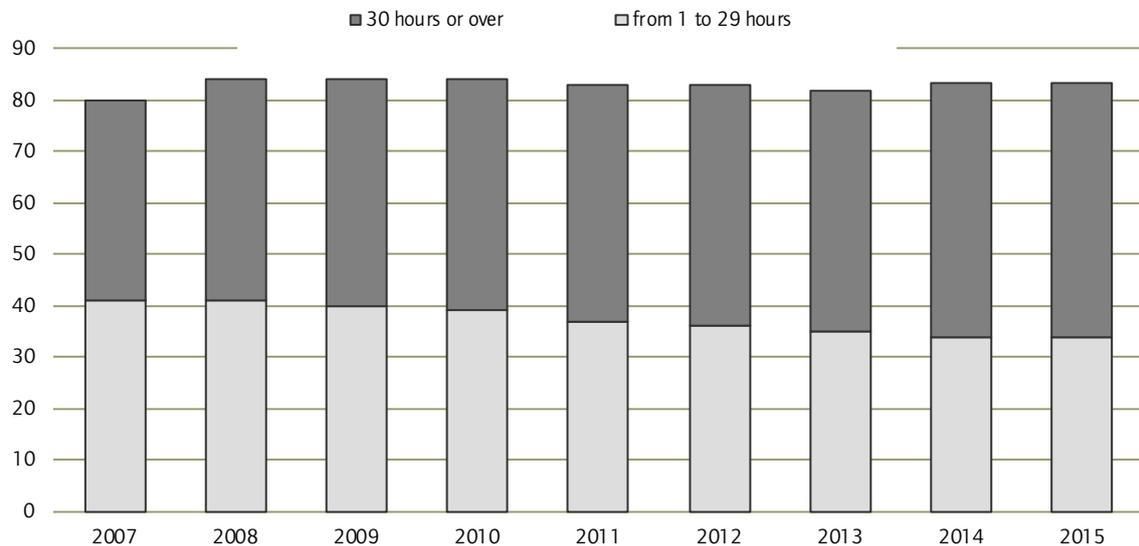
The provision of formal childcare for children below the age of 3 is not only low, at 30.5% in 2015 for the EU27, but also nearly half of it provides care for less than 30 hours per week. The provision of early childcare significantly differed across EU Member States, from 1.1% in Slovakia to 77.3% in Denmark. For the older age group, between the age of 3 and compulsory school age, formal childcare covered 83.4% of children in the EU27. For both age groups, the provision remains below the targets set in Barcelona by the European Council. Member States agreed to provide childcare by 2010 to at least 90% of children between 3 years old and the mandatory school age and to at least 33% of children younger than 3.

Figure 29 Children aged 0-2 in formal childcare, by duration, EU27



Source: Eurostat [ilc_caindformal]

Figure 30 Children aged 3 to minimum compulsory school age in formal childcare, by duration, EU27



Source: Eurostat [ilc_caindformal]

11. Healthcare

Assessment

- ‘Self-reported unmet need for medical care (EU SILC)’ is the most appropriate indicator to use.
- The secondary indicator ‘healthy life years above 65’ provides supplementary information (see below), but the focus of the Social Scoreboard should be on the main indicator. The merit of the main indicator is that it reflects ‘people’s unmet needs in three dimensions’, making it a potentially effective social indicator for mapping unmet population needs.
- Out-of-pocket expenditure on healthcare is also an appropriate indicator as it allows an evaluation of the extent to which the state is supplying the needed healthcare and to what extent individuals are left to meet the costs. The presumption here is that the lower the out-of-pocket spending, the more the social protection is meeting its goal of providing not just access but also care.
- 2015 data alone, however, are insufficient. The changes for all Member States can be seen in the graph below, which shows 2005 and 2015 data. It is important to note that by only displaying 2015 data two crucial trends were not emphasised (see ‘Highlights’).

Description

'Self-reported unmet needs for medical care' concern a person's own assessment of whether he or she needed examination or treatment for a specific type of healthcare, but did not have it or did not seek it for one or more of the following three reasons: 'financial reasons', 'waiting list' or 'too far to travel'. Data (EU SILC) are expressed as percentages within the population aged 16 years old and over living in private households.

The Commission document only shows 2015 data on both the graph and the map. It is necessary to include 2005 data and thereby analyse the changes and country differences.

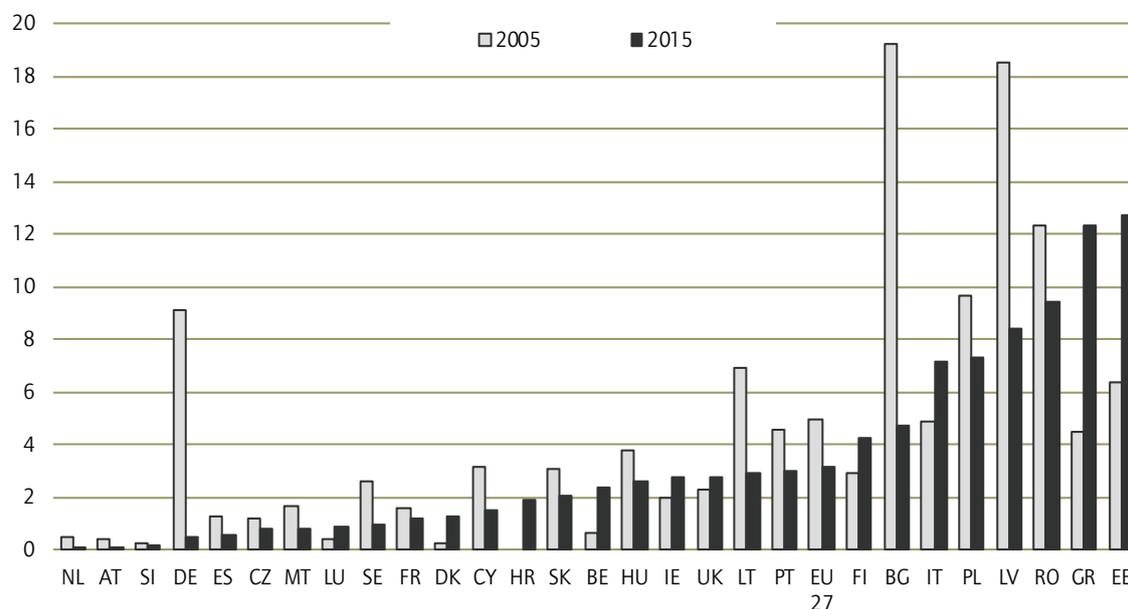
Highlights

There was an increasing trend in the share of the population reporting that they were not able to meet their medical needs between 2005 and 2015, in particular for financial reasons. In 2015, this figure ranged from merely 0.1% in Austria and the Netherlands to more than 10% in Greece and Estonia.

Two main trends can be identified by the graph. The poorest Member States (Romania, Bulgaria and Latvia), that were negative outliers in 2005, showed substantial improvement. Paradoxically, Germany's 2005 performance was among the worst in the EU (eight times higher self-reported unmet healthcare needs than in Spain), but in 2015 it was among the best, with an 18 times better score than in 2005. Estonia, Greece and Italy, however, displayed an opposite trend; their 2005 figures deteriorated sharply and this can be attributed to the adverse effects of the crisis and austerity. Interestingly, the score for Denmark also deteriorated between 2005 and 2015 (a fourfold increase in unmet needs), but is still among the lowest score of the Member States.

The big differences between Member States persist over time and the severe impact of the crisis can be identified in a small number. However, in general the EU trend is improving (particularly in the CEE countries with the worse initial values, with the exception of Estonia).

Figure 31 Self-reported unmet need for medical care (EU SILC), 2005 and 2015, by Member State



Source: Eurostat [tespm110]

12. Digital access

Assessment

- For digital access, the headline indicator (“% of population with at least minimum digital skills”), while somewhat useful, would be better placed in the ‘Education, skills and lifelong learning’ section of the Scoreboard. The indicator, however, does suffer from the fact that the survey questions do not necessarily keep pace with technological evolutions, meaning that it does not necessarily reflect the current minimum digital skills needed.
- A better headline indicator would be a related indicator from the ‘digital scoreboard’ that includes basic digital skills, but also takes internet usage (access) into account. This alternative main indicator would cover three important dimensions of the Digital Economy and Society Index (DESI): accessibility, human capital and internet use.
- The secondary indicator is the ‘digital economy accessibility index’. This connectivity dimension of the DESI is calculated as the weighted average of the four sub-dimensions: 1a) Fixed Broadband (33%), 1b) Mobile Broadband (22%), 1c) Speed (33%), and 1d) Affordability (11%). The merit of this indicator is that it shows both accessibility and affordability.
- With all the digitalisation figures, data are mostly available only for the last couple of years. It is not possible to obtain 2005 data. Even if we had

longer data series, the pace of technological change would dominate, so in this exceptional case it is justifiable not to discuss changes over time.

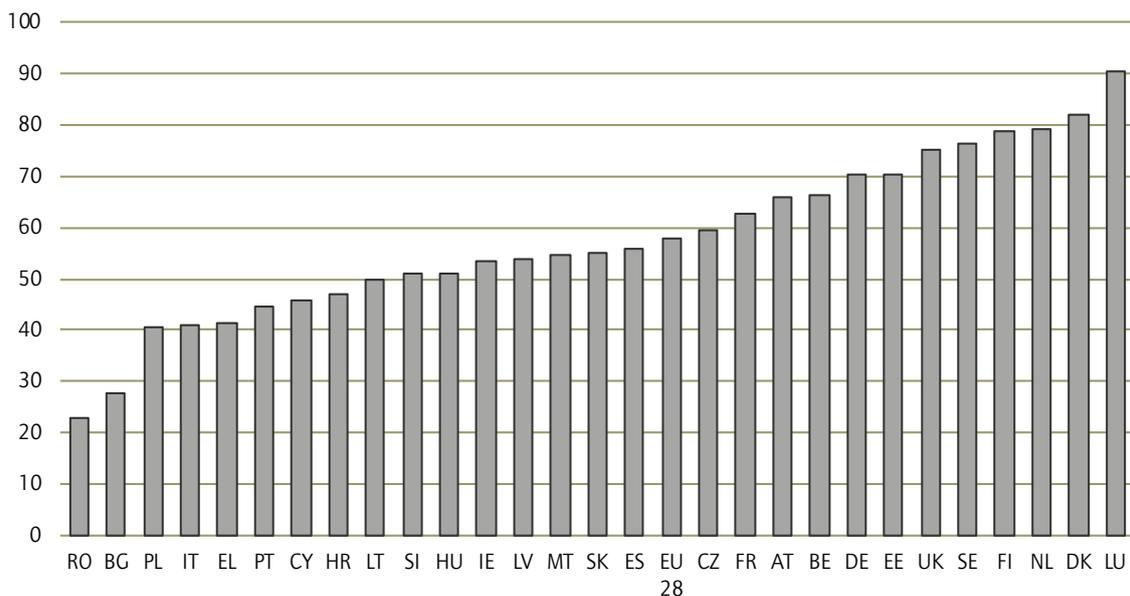
Description

The 'DESI Basic Skills and Usage' sub-dimension of the DESI is calculated as the weighted average of the normalised indicators – Internet Users (50%) and Basic Digital Skills (50%) – for the population (16-74). It shows both the access of the population to internet usage and their basic digital skills.

Highlights

The main issue to underline here is that there is a persistent digital divide across Member States. Country differences are enormous; between the score of Romania and Luxembourg, for example, there is a 1:4 difference. For the whole EU, in fact, digital skills but also internet accessibility are not sufficient for the digital age, and massive investments, better affordability and skills development are clearly needed.

Figure 32 'Basic Skills and Usage' sub-dimension of the DESI



Source: European Commission, Digital Scoreboard

13. Workers' participation and collective bargaining

Assessment

- The company and workplace level is an important arena for regulation. It is through the institutions of involvement that many of the policies laid out in legislation are actually executed. These norms and processes of information and consultation of employee representatives are often also laid down in collective agreements.

-
- Considering that ‘Principle 8: Social dialogue and involvement of workers’ is entirely dedicated to the importance of these institutions and processes for social policy, it is surprising that the Scoreboard does not seek to monitor this at all.
 - Furthermore, the fact that both worker involvement and collective bargaining play key roles in defining, monitoring, and enforcing a wide range of social policies at the workplace is all the more reason why they should be included in the Scoreboard.
 - It is through the information and consultation of workplace employee representation that the rights and norms mentioned in ‘Principle 7: Information about employment conditions and protection in case of dismissals’ and ‘Principle 10: Healthy, safe and well-adapted work environment and data protection’ are defined, implemented, monitored and enforced at enterprise level through social dialogue conducted via workplace representation as well as collective bargaining.
 - Finally, to the extent that the objectives laid down in ‘Principle 1: Education, training and life-long learning’, ‘Principle 2: Gender equality’, ‘Principle 3: Equal opportunities’, ‘Principle 4: Active support to employment’, and ‘Principle 9: Work-life balance’ are implemented at the workplace level or are the subject of collective bargaining, the presence of such channels should, at the very least, also be monitored by the Scoreboard.
 - Little comparable data exist on the European level with regard to workers’ participation and collective bargaining on an annual basis. Some data are collected in ad-hoc modules and surveys as well as in five-year surveys. They are, however, not aimed at monitoring the situation in Europe; data should be collected that can do this and hence allow for a meaningful analysis.
 - Two indicators have been chosen for this area, which are by no means sufficient but are comparable on the European level and they can be monitored over time.

Workers’ involvement at the workplace

Description

Workers’ involvement is presented here as the reported presence of a workers’ representation body in a company, by country and size of company. The data is from the European Company Survey (ECS) 2013, which has been carried out by the European foundation for the improvement of living and working conditions (Eurofound) every four years since 2009. The 2013 ECS surveyed over 24,000 enterprises.

Other indicators that would be relevant but where no data are available concern bodies related to the transnationalisation of cross-border information and consultation and board-level representation. While absolute numbers are available on the number of bodies and employees covered, there are no data that allow a reliable assessment of the coverage rates and their development over time, which therefore makes an assessment of the absolute numbers impossible.

Highlights

The data highlights two main divergences: one in the coverage across countries and the second in coverage across company size.

Large-scale surveys show that only roughly half of the European workforce enjoys representation by a works council or a trade union body. When considering workplace size, however, worker representation is very unevenly distributed.

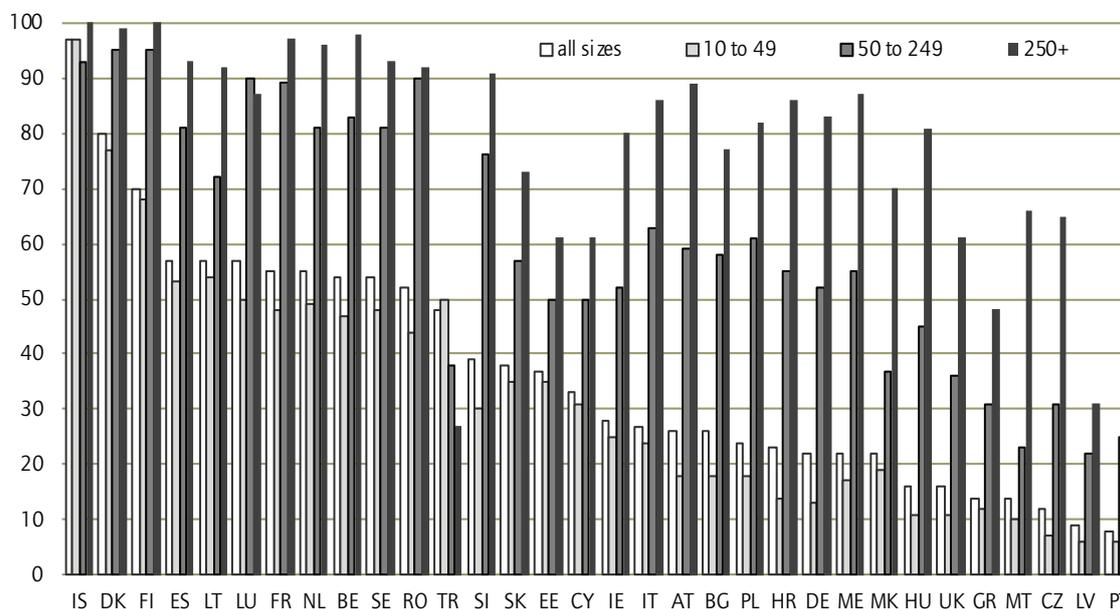
Even fairly large workplaces (i.e. those employing between 50 and 250 workers) tend to have less access to workplace representation, and the smaller workplaces (i.e. those employing between 10 and 50 workers) even less. In micro-enterprises (i.e. those employing less than 10 people) workplace representation is practically non-existent.

The fact that the smaller the enterprise the less often its employees have the benefit of a local workplace representation body responsible, among other things, for the monitoring or implementation of a wide range of social and employment rights should be a cause for concern for policymakers. This is particularly true when European initiatives seek to reduce regulation in small and micro-enterprises to a level lower than that covering workers in the rest of the economy.

Furthermore, the figures indicate a very wide disparity in the coverage of all workplace sizes, ranging from high coverage in some smaller Nordic countries to very low coverage in central and eastern Europe and throughout the Mediterranean countries.

Enterprise size is the decisive factor in all the Member States. In most of the EU28, about 75% of the largest enterprises have a formal body of workers' involvement. In about half of the EU28, however, roughly 50% of the companies employing between 50 and 250 workers do not have a local employee involvement structure. In nearly half of the EU28, the coverage rate drops worryingly below 20% in companies employing less than 50 workers, and in only three of the EU28 countries do the workers in more than half of these smaller workplaces have access to the support of local employee representation to monitor and implement social and employment rights at the workplace.

Figure 33 Workers' representation body present in a company, by size, 2013



Source: European Company Survey, 2013

Collective bargaining indicator

Description

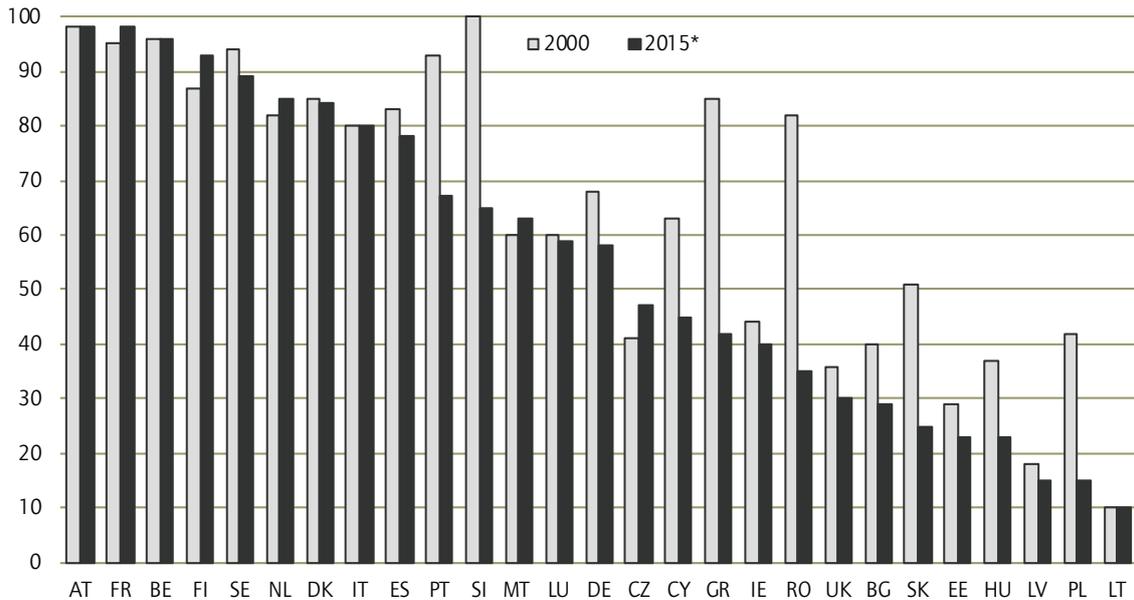
Collective bargaining coverage is measured by the proportion of all employees covered by a collective agreement. The data is from the ICTWSS database. Where workers are covered by a collective agreement, they are subject to that agreement's provisions about the substantive content and regulatory processes of a wide range of social and employment policy instruments which affect them and their employment relationship. The presentation here enables an assessment of the coverage of collective bargaining per country over time, comparing coverage in 2000 and 2014.

Highlights

This data reveals the dramatic fall in collective bargaining coverage over time. This illustrates the impact of the ongoing decentralisation of collective bargaining, most dramatically in the 'Troika countries' as a direct result of the imposed structural reforms, but also in a further 15 Member States. In about a third of EU Member States, only 75% of the workforce is covered by a collective agreement. In another third of EU Member States, less than a third of the entire national workforce is covered by a collective agreement. Over time, the trend has clearly been towards lower collective bargaining coverage, which directly goes against the declared objective of the EU to increase the role of collective bargaining and social dialogue at all levels as a means of regulation in the fields of social policy, employment, and health and safety protection.

Compared to single-employer collective agreements, the coverage of workers is obviously greater in multi-employer bargaining systems. Furthermore, coverage by collective agreements can be extended by specific mechanisms to other companies in that sector, region or the entire country.

Figure 34 Collective bargaining coverage, 2000 and 2015



Source: ICTWSS Database Version 5

Note: * 2015 or most recent data available according to Visser 2015

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