Labour market and social developments

Introduction

The EU labour market is recovering from the crisis, with the unemployment rate continuing to fall and employment back to its pre-crisis heights. However, the past 10 years cannot simply be dismissed as a temporary glitch. Although some headline employment indicators suggest that we have finally arrived back at where we left off in 2008, in fact the EU labour market has significantly changed. In this chapter we highlight the main areas of change in the structure and quality of employment over the past decade. We discuss some of the major risks facing workers in the EU related to demographic changes and occupational health and safety.

Our objective in this chapter is to consider how well EU countries are equipped to face the challenges ahead. These not only include an ongoing technological and demographic transformation, but also the inevitability of the economic cycle, with leading economic indicators suggesting we might have already reached peak recovery. Considering the current direction of change then, what is the future of work in the EU? Are we heading towards equitable outcomes for all, or rather towards polarisation and deepening divides? Against this background, we consider the policy responses that the EU has put forward to face these impending challenges; in particular, we evaluate the impact of the European Pillar of Social Rights and the effectiveness of health and safety regulations.

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Agnieszka Piasna, Stefan Clauwaert, Jan Drahokoupil, Béla Galgóczi, Tony Musu and Laurent Vogel
Uneven recovery

Employment has continued to grow in the EU (Figure 2.1). In 2018Q2, the employment rate was at an all-time high of 68.6%. This is a considerable improvement compared to the peak of the crisis (64.1% in 2013) and also surpasses the pre-crisis level of 65.9%. For the male population, however, the past 10 years were very much a lost decade, with the employment rate only moving from 72.9% in 2008 to 73.8% in 2018. Female employment, on the other hand, stagnated during the crisis but then increased by 4.6 pp between 2013 and 2018. There was a less impressive increase in youth employment (15-24), which was still below pre-crisis levels in 2018, at 35.1%. Among older workers (55-64) the employment rate rose from 45.6% in 2008 to 58.6% in 2018, which can in part be attributed to a reduced access to early retirement schemes and a postponement of the retirement age. Workers with the lowest educational attainment levels persistently show low participation rates in the labour market, with their employment rate just above 46% in 2018, still below the pre-crisis level of 47.9%.

More atypical jobs

The part-time employment rate rose to 19.3% in the EU28 in 2018, from 17.6% in 2008 (Figure 2.1). Part-time work is more prevalent among women, but the increase in the rate slowed down, reaching 31.5% in 2018, while it continued for men, rising to 8.9% in 2018. The temporary employment rate was also higher among women (14.9%) than men (13.8%) in 2018. The self-employment rate suffered a decline over the past five years, dropping from 14.5% in 2013 to 13.6% in 2018. Only a minority of self-employed workers are employers, while the majority consists of own-account workers. Their share in total employment was 9.7% in 2018.

Disaggregation of the net job growth into forms of employment (Figure 2.2) shows to what extent non-standard work has overtaken standard employment. Part-time jobs increased the most in relative terms, by nearly 13% since 2008, followed by temporary employment, which grew by nearly 5% in the same period. Own-account workers, however, increased by only 1%. Meanwhile, the overall number of jobs in the EU28 increased by 2.4% in the past decade.
Big regional disparities in employment rates

Wide divergences in employment rates persisted across the EU. In 2018, Sweden had the highest employment rate (77.8%), followed by the Netherlands, Denmark and Germany. Greece experienced the worst situation (55.3%), followed by Italy, Croatia and Spain. While there has been little change among the top performers over the past decade, the bottom of the scale has changed considerably, for the most part due to improvements in some CEE countries.

The increasing share of employed in the total population has not been uniformly spread across the EU (Figure 2.3). While most countries had higher employment rates in 2018 than in 2008, there were some that did not recover to pre-crisis levels. The most impressive increases in the employment rate over the past ten years were observed in Malta (by 15 pp), Hungary (13 pp) and Poland (9 pp). However, the 2018 rate was still lower than in 2008 in Greece (by 7 pp), Spain, Denmark, Ireland, Cyprus and the Netherlands.

No progress in closing the gender employment gap

In 2018, there were 5.3 million more people in employment in the EU28 compared to 2008, and 13.5 million more than at the height of the crisis in 2013 (Figure 2.4). In the five years following the outbreak of the 2008 crisis, the entry of women into the labour market came to a halt, but as men were simultaneously hit by significant job losses, the employment levels of men and women in the EU moved closer together. Since 2013, however, the gains in employment have been equally divided between the sexes. As a result, no progress has been made towards closing the gender gap in employment.
Developments in unemployment

A marked decline in unemployment rates

With a growing number of jobs being created, there has been a parallel reduction in unemployment levels across the EU28 in the recent period (Figure 2.5). In October 2018, only 6.7% of the economically active population were unemployed, the lowest value recorded since the pre-crisis low of 6.8% in early 2008, and a significant decline from the height of 11% in 2013. However, the gender gap in unemployment rates saw an increase, after it had been closing for the best part of the crisis period. In October 2018, the unemployment rate was 6.5% among men and 6.9% among women. For women this was an all-time low, but for men this meant that unemployment had not yet dropped to pre-crisis levels (6.3% in early 2008).

Big regional disparities

The EU average hides a stark divergence between countries, as illustrated in Figure 2.6. In Czechia, the unemployment rate fell to a remarkable 2.3% in 2018Q2. Germany, Hungary, Malta, Poland and the Netherlands follow, all with unemployment rates below 4%. At the other extreme, the unemployment rate in Greece was 19.5%, more than eight times higher than in Czechia. The second highest was Spain (15.4%), followed by Italy and France where, despite some improvement since 2013, unemployment was still at a higher level than before the crisis.

Figure 2.5 Change in the unemployment rate (EU28) (ages 15–74)

Source: Eurostat [une_rt_m]: seasonally adjusted.

Figure 2.6 Unemployment rate, by country (ages 15–74)

Source: Eurostat [une_rt_q]: seasonally adjusted.
Young people facing difficulties in labour market integration

A successful integration of young people into the labour market currently represents one of the main challenges for EU employment policy. Those who attempted to enter the labour market during the crisis were faced with very high unemployment rates and precarious jobs, and improvements in the situation of young people have been slow.

The share of NEETs (young people neither in employment nor in education) in the EU28 population aged 15–24 amounted to 10.9% in 2017 (Figure 2.7). The best situation was noted in the Netherlands (4%), while the highest rate of NEETs was in Italy (20.1%) and Cyprus (16.1%). While participation in formal education is still high among 15–24-year olds, those aged 25–29 are for the most part striving to find employment. Accordingly, the NEET rate was much higher for this age group, with an average of 17.7% in the EU28. By far the highest rates were observed in Italy (31.5%) and Greece (32.2%).

Educational attainment undoubtedly increases the odds for a successful transition into the labour market at the beginning of one’s working life. Among people aged 25–29 with a university degree, the incidence of NEETs was the lowest: 3.7% in 2017 (Figure 2.8). However, during the past decade, with an increasing educational attainment among the workforce, the cushioning effect of tertiary education decreased and thus far has not recovered to pre-crisis levels. In contrast, NEET rates in 2017 were much higher among young people with low and medium levels of education, at 6.3% and 7.7% respectively, but their share was lower than in 2008.
Polarisation between countries in the shift towards a knowledge economy

Job growth in the EU28 was concentrated in high-skilled occupations (Figure 2.9). Since 2013, professionals have on average been the fastest growing occupational group in the EU28, expanding by 5 million jobs, at a growth rate of 13%. Technicians and associate professionals saw a growth by 2.9 million jobs (+8.6%), and service and sales workers by 2 million jobs (+5.6%). In the same period, the EU labour market generated 0.7 million elementary-level jobs (+3.6%). The capacity to generate high-skilled jobs differed across Member States (Figure 2.10). In Finland, high-skilled, white-collar occupations (managers, professionals and technicians) were the only occupational group that showed a net job growth between 2013 and 2018. Job growth was also concentrated in these occupations in Germany, Sweden, Belgium, Latvia and Estonia. On the other hand, in Greece virtually no new jobs for professionals were generated, while 84% of new jobs were in clerical, service and sales occupations, and 13% in elementary occupations. In Lithuania, Spain, Romania and Czechia, clerks, service and sales workers also accounted for a substantial share of job growth. Finally, skilled manual occupations mostly expanded in southern and eastern European countries, such as Hungary, Romania, Czechia, Slovakia, Portugal and Spain.
The challenge of matching jobs to increasingly skilled workers

Across the EU we observe a general trend towards increasing educational attainment amongst workers. A comparison of 30–34-year-old university graduates in 2018 to those a decade earlier (Figure 2.11) shows increases in all countries, ranging from 1 pp in Finland and Spain, to over 20 pp in Slovakia, Latvia and Lithuania. Thus, the catching up is visible, but there is still a long way to closing the gap between countries with the lowest (Romania, 20.8%) and highest (Ireland, 48.7%) share of university graduates in their workforce. The analysis also highlights a potential risk of underutilising highly skilled workers; in Greece, for instance, an increase by nearly 20 pp in tertiary education among 30–34-year-old workers is at odds with the lack of growth in the supply of high-skilled jobs in the same period.

Underutilisation of skills

In 2015, 28.2% of all employed people in the EU28 reported that they had the skills to cope with more demanding duties, ranging from 41.9% in Romania to 16.4% in Lithuania (Sixth European Working Conditions Survey). In contrast, 14.5% perceived themselves as under-skilled for their current job. Moreover, the share of university graduates grew at a faster pace in elementary occupations than in the total population. In the EU28, nearly 7% of workers in elementary occupations had a university degree in 2018Q2, compared to 4.8% in 2008Q2 (Eurostat, LFS).

This shows that the structural change towards higher education among the workforce is not necessarily matched by the supply of quality jobs that match workers’ qualifications, potentially leading to the underutilisation of skills and human capital.
Disentangling the short-term effects of the crisis and changing labour demand

Structural developments in employment over the past decade have been impacted by the shocks related to the 2008 crisis as well as by certain long-term trends, most notably aging populations and the changing labour demand linked to the introduction of new technologies. Economic sectors that, in absolute terms, recorded the largest increases in employment in the past decade are ranked in Figure 2.12. These sectors expanded both immediately after the crisis (the 2008–13 period) and in the period of recovery (2013–2018). Human health and social work activities have expanded the most, a sector that is dominated by and growing due to female workers (see Piasna and Drahokoupil 2017). The other sectors where employment expanded the most include the higher-skilled segments of the new economy: professional, scientific and technical activities, education, and information and communication. At the same time, the expanding sectors include less complex services such as accommodation, food, administration, and support.

Manufacturing and construction are the sectors that recorded the largest losses in employment in the past decade. These are also the sectors that were most affected by the cyclical developments related to the 2008 crisis. They recorded substantial employment decreases in the period 2008–2013 and substantial increases in the recovery period. The same pattern could be observed in wholesale and retail trade (where growth has been additionally hampered by the expansion of e-commerce, online operations and automation, with many new jobs no longer classified as ‘retail’), public administration (affected by austerity policies), and transportation and storage. Finally, agriculture continued shedding workers in both periods. A geographic breakdown of employment changes is presented in Figures 2.13 and 2.14. It shows that healthcare jobs grew across Europe in both periods. In southern European countries, employment actually fell in some generally expanding sectors in the crisis period of 2008–2013, but the largest drops were in the crisis-hit sectors. Falling rates in construction and manufacturing and related sectors affected both southern Europe and central and eastern Europe. A recovery in employment in manufacturing was observed across Europe after 2013 (with some exceptions, most notably in France), but the largest gains were recorded in eastern Europe and Germany. This geographic breakdown also reveals that the small employment gains in construction in the recovery period can be partly attributed to its uneven nature: some countries, notably Italy, continued to shed construction workers between 2013 and 2018.

Finally, the fall in agricultural employment is linked predominantly to developments in central and eastern European Member States. Countries in southern Europe in fact recorded increases in agricultural employment.

In conclusion, the expansion of the service sectors is likely to reshape labour markets across Europe in the next years. There is also scope for further declines in agricultural employment in some of the central and eastern European countries. It remains to be seen how automation will affect manufacturing employment in central and eastern European countries as well as in the western European heartlands, most notably in Germany. The countries in central and eastern Europe, which are in a supplier position in the value chains, seem particularly vulnerable to the introduction of job-saving technologies.
2. Labour market and social developments

Sectional changes in the economy

Figure 2.13 Employment changes by sector and region, 2008–2013 (comparison of second quarters) (in thousands)

Source: Eurostat [lfsq_egan2].

Figure 2.14 Employment changes by sector and region, 2013–2018 (comparison of second quarters) (in thousands)

Source: Eurostat [lfsq_egan2].

Note: north-western Europe: Austria, Belgium, Denmark, Finland, Ireland, Luxembourg, the Netherlands, Sweden and the United Kingdom; southern Europe: Cyprus, Greece, Italy, Malta, Portugal and Spain; central and eastern Europe: Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.
Are labour market regulations fit for purpose?

Online labour platforms and the gig economy have recently attracted much attention from policymakers, researchers and business, mostly due to the impact they have on the way work is organised in society. Platform work includes a heterogeneous set of activities, many of which circumvent existing labour market regulation. Some observers have thus concluded that the laissez-faire situation of platform workers is ‘reminiscent of 19th century labour relations’ (Fabo et al. 2017: 170). For instance, by matching labour supply and demand even for micro-transactions, online labour platforms facilitate a shift from accessing labour through employment towards relying on self-employment (Drahokoupil and Piasna 2018). Moreover, incomes are notoriously low. Figure 2.15 presents data from a case study of Deliveroo riders in Belgium. It shows very low levels of income, with an average of €249 gross monthly earnings, and hourly rates hovering around the minimum wage in Belgium. In addition to very low hourly earnings, the problem, as shown in Figure 2.16, is also a lack of availability of work (for detailed results see Drahokoupil and Piasna 2019). While most workers appear to use platforms to top up their regular income, a sizable minority, possibly exceeding a million workers in the EU, rely on platforms as their main source of income (cf. Huws et al. 2016; Balaram et al. 2017).

The rise in this type of work begs the question of how to ensure that it provides fair and secure working conditions. A useful starting point is to consider platform work, with its lack of regulatory enforcement and insufficient protection, as an integral part of a wider set of non-standard work arrangements. Indeed, many regulatory failures that should be addressed are not specific to platform work but apply to non-standard and casual work in general. The policy challenge is thus broader: to ensure decent working conditions, including pay, and access to social insurance for all workers regardless of their employment status. Technology facilitates the more flexible working arrangements that may well be desired by many workers, but such flexibility must be delivered without compromising workers’ rights.

First, existing regulations should be enforced. Subordinate relationships should be recognised for what they are. Many platform workers should thus be treated as employees according to existing legislation and given access to employment-based rights, including the right to bargain collectively on their remuneration. Moreover, some countries have developed regulations specific to casual work, with the aim of stabilising and regularising working time and pay. Such provisions should be extended to platform workers in work arrangements that correspond to casual work (De Groen and Maselli 2016; De Stefano 2016).

Second, given the precarious position of platform workers and their restricted access to employers and clients, additional measures should be considered to address the risks related to platform-mediated work and the problems specific to working through platforms. Platform workers can be seen as a category of workers that require special protection, similar to the regulatory provisions for agency work that exist at EU level. The European Parliament and the European Trade Union Confederation both called for the European Commission to examine the applicability of the Directive on Temporary Agency Work (2018/104/EC) to specific online platforms (European Parliament 2016; ETUC 2017). Such protection could also include a presumption of worker status to reduce the incentives for self-employed work. Additional measures that have been proposed include transparent rating systems and a ban on exclusivity clauses, as well as the possibility for workers to own their ratings accounts and working histories and to transfer them when they change platforms (Aloisi et al. 2017; ETUC 2017).

Online labour platforms

Figure 2.15 An insight into the platform economy: income of Deliveroo riders in Belgium

Source: Drahokoupil and Piasna (2019).
Third, genuinely independent workers and freelancers should be guaranteed the right to self-organise and negotiate collective agreements covering pay, amongst other things. At the moment, the organising of self-employed persons is, in principle, not permissible under EU competition law (Article 101 TFEU). EU case law has excluded the ‘false self-employed’ from the applicability of Article 101 (Case C 413/13). Decisions by national courts on whether platform workers should be considered ‘employees’, ‘self-employed’ or ‘false self-employed’ determine the scope for regulating salaries and working conditions via collective agreements, but they will have to evaluate such cases in the light of EU competition rules. Legislation in many EU Member States does not include the possibility for self-employed persons to conclude a collective agreement or to be covered by one. Instead, it should be possible to extend collective agreements to wider categories of worker than ‘employee’, with a view to including platform workers.

The variety of labour platforms

In this context, it is important to distinguish between the variety of platforms, which have differing impacts on labour markets as well as opportunities and limits for regulatory responses. Location-based platforms that set pay and contract conditions, such as Uber or Deliveroo, are most compatible with protection that approximates to, or fully complies with, standard worker protection. In fact, Uber pays a guaranteed minimum hourly pay rate, minimum working time, insurance against injury at work and social insurance. The arrangement was terminated by Deliveroo after legislation liberalising conditions for platform work was introduced, but it demonstrates that these business models are compatible with employment standards and negotiated agreements. The SMart arrangement, while motivated primarily by the incentives in the Belgian tax system, provided workers with protections that they valued, including income security. Contrary to what the platform claimed, the shift towards self-employment did not offer the riders the flexibility they desired. Instead, it reduced their autonomy in relation to the platform (see Drahokoupil and Piasna 2019).

Platforms that reorganise local markets are the easiest to regulate as both customers and suppliers come under one jurisdiction. The oligopolistic tendency also makes it easier for the regulator to target the handful of dominant platforms, as has been the case with Airbnb and, in some cases, Uber. Such platforms, in fact, provide an opportunity to formalise undeclared activities, as their model allows for an efficient monitoring of micro-transactions as well as the collecting of insurance contributions and tax on them. At the other end of the spectrum are platforms such as CrowdFlower and Upwork that organise geographically dispersed ‘crowdworkers’ (see Berg et al. 2018). They facilitate the remote provision of services, thus potentially leading to the offshoring of work from local labour markets, often across borders. This is one reason why an EU-wide framework is needed, but additional solutions also need to be sought for platforms operating on a global scale, typically sourcing workers from low-income countries. Platforms that sell services in Europe, for example, could be required to pay workers living wages (Fabo et al. 2017). Standards and fair working conditions could also be enforced through certification schemes like Fairtrade (Graham et al. 2017).

The rise of platforms thus brings a number of challenges and it is currently not obvious how decent pay and working conditions can be ensured. We need an active response from policymakers. It does not help that the approach of the European Commission, as well as many Member States, has focused on removing regulatory barriers and ignored the threat to pay and working conditions. The regulatory response needs to address low pay and the lack of insurance. At best, some proposals have been made to ensure the portability of insurance systems. However, portability cannot bring security, particularly if the underlying problem is low pay and uninsured work. In practice, the question is not whether platform work can be left unregulated or not, as we have already seen platforms developing their own codes of conduct. The question is whether the new regulatory environment will reflect the narrow interests of some businesses or seek to represent the interests of all stakeholders.

Figure 2.16 An insight into the platform economy: hours worked by Deliveroo riders in Belgium

Source: Drahokoupil and Piasna (2019).
Note: nine outliers with values above 80 are removed from the graphical presentation of results.
Part-time employment

An increase in part-time employment over the past decade

At the EU level, the share of part-time work in total employment has increased over the past decade, from 17.6% in 2008 to 19.3% in 2018. This growth was the most pronounced in the first years following the outbreak of the financial and economic crisis. After 2013 the growth in the number of part-time jobs continued, but with the resumed overall growth in employment there has been a small decline in the share of part-time work in total employment.

EU countries display a huge variation in part-time employment rates and the recent growth did little to change this (Figure 2.17). The Netherlands continued to outpace other countries, with a part-time rate of 50.4% in 2018Q2 (27.6% among men and 76% among women). Over the past decade, the share of part-time jobs increased by 3.7 pp (mainly among men), further widening the distance from other Member States. In central and eastern European countries part-time work continued to represent a minor share of total employment, ranging from 1.9% in Bulgaria to 11.1% in Estonia. Nevertheless, many countries in the region, including Slovakia, Czechia, Latvia, Lithuania, Estonia and Slovenia, experienced an increase in the part-time employment rate between 2008 and 2018. Sweden, Poland and Croatia are the only countries where we observed a steady trend of declining part-time employment over the past decade.

Figure 2.17 Part-time employment rate across the EU

Source: Eurostat [lfsq_eppga]

Figure 2.18 Main reasons for part-time employment, EU28 (%) (ages 20–64)

Source: Eurostat [lfsa_epgar]
Part-time work remains highly gendered

Gender gaps are particularly acute in part-time employment. In 2018, in all EU countries with the sole exception of Romania the part-time employment rate was higher among women compared to men.

Reasons why workers take up part-time positions also differ greatly by gender. As illustrated in Figure 2.18, the main motivation for women to engage in part-time employment is a need to combine paid work with care work. In 2017, in the EU28 28.5% of female part-timers aged 20-64 opted for such work because they were looking after children or other family members, and a further 15.6% indicated other family or personal reasons. By contrast, these reasons were given, respectively, by only 5.5% and 8.6% of men in part-time jobs. Men tended to opt for part-time work to be able to combine it with education or training much more often than women (a reason indicated by 15.3% of men and 5.7% of women).

Nevertheless, the main reason why men take on part-time jobs is because they cannot find a full-time position; this was reported by 38.7% of men in 2017, up from 35.2% in 2008. Among women, the involuntary part-time rate was 23.7% in 2017.

Segmentation into low-paid and short-hour jobs

A cause for concern is the persistent concentration of part-time jobs among the lowest-paid occupational groups (Figure 2.19). The combination of a low number of weekly hours of work, an hourly wage differential between part-time and full-time work, and low levels of occupational pay results in income insecurity and a high risk of poverty (see also Figure 2.23). In 2018, one out of two women (52.4%) and one in five men (21.3%) in elementary occupations had a part-time job. Part-time work increased the most after 2008 in this occupational group, by 3.6 pp among women and 4.8 pp among men. This is followed by service and sales workers, with 39.5% of women and 17.2% of men in part-time jobs in 2018.

Working time reduction

The long-term trend of the shortening of the full-time working week came to a halt around the 1980s, and the issue of working time reduction was effectively forced off the bargaining table. There are, however, signs that a reduction in working hours continued to take place: an EU worker spends on average 2 hours and 20 minutes less at work now than 20 years ago. This is due to a rapid growth of part-time work and other forms of short-hour jobs, such as the infamous zero-hour contracts. What all these forms of work have in common is that the costs of shorter working hours are entirely shouldered by the workers.

There is thus an urgent need to change course and start a debate about ways to achieve an equitable redistribution of working time. To this end, the ETUI recently published a book on the topic (De Spiegelaere and Piasna 2017). The choice now, the authors argue, lies between a systemic change and an individualised laissez-faire approach. Only the former, in the form of collective and organised working time reduction, can ensure equitable outcomes for workers, in terms of gender equality, health and safety at work, well-being and work-life balance.
A growing number of temporary jobs

At the EU level, temporary employment declined in the aftermath of the economic crisis of 2008. The number of temporary jobs fell from 26.2 million in 2008Q2 to 24.2 million in 2013Q2. However, this was to a great extent driven by developments in Spain and Greece. In most other countries, we observed a continuous increase in the number of temporary contracts over the past decade. Regarding the EU28 average, their number reached 27.4 million in the second quarter of 2018, growing at a faster pace than total employment (see Figure 2.2).

Figure 2.20 shows developments in temporary employment rates over the past decade across the EU countries. In the EU28, the temporary employment rate stood at 14.3% in 2018, up from 13.7% in 2013 (all data for second quarters). In 2018, the highest share of temporary jobs in total employment was noted in Spain (26.9%) and Poland (24.8%), followed by Portugal, the Netherlands and Croatia, all above 20%. The lowest incidence of temporary contracts was observed in Romania (1%) and the Baltic states (all below 4%). Over the past 10 years, the share of temporary jobs increased by far the most in Croatia (7.7 pp), Slovakia, Malta, Italy and the Netherlands. Overall, in 17 out of 28 EU countries, the temporary employment rate was higher in 2018 than ten years earlier. Over the recent period of resumed job growth after 2013, the share of temporary jobs increased the most in Croatia, Italy and Spain.

A very high rate of involuntary temporary contracts

In the EU28 in 2017, over half of temporary workers (53.9%) were in temporary jobs because they could not find permanent employment. The rate of involuntary temporary employment was the highest in the south. Nearly every temporary worker in Cyprus (91.9%) could not find a permanent job, followed by Croatia (86%), Spain (85.2%), Romania (84.2%) and Portugal (82.4%). The involuntary employment rate was the lowest in Austria (9.1%), Estonia (12%) and Germany (15.1%). In Germany and Austria, temporary jobs were mainly combined with education (39.6% and 43.1% respectively), while in Estonia they most often represented a screening mechanism used during a probationary period (46.8%).

Very short contracts

There is a great variation between temporary contracts in terms of their duration. In 2018 (second quarter) there were 1.3 million workers in the EU28 with contracts shorter than one month (4.8% of all temporary contracts). The incidence of such short contracts was the highest in Belgium (24.2% of all temporary contracts), France (13.8%) and Sweden (11.2%). Notably, in Spain, where the rate of temporary employment is exceptionally high, as many as 47.1% of temporary workers did not respond to the Labour Force Survey question about the duration of their contract. Non-response was similarly high in the UK (52.2%). This could be due to a lack of information provided to workers about the terms and conditions of their employment.
Intra-EU labour mobility still driven by east-west movements

Structural free movement and residence are a basic freedom of all EU citizens and the expectation is that cross-border labour mobility can contribute to a better functioning of European labour markets.

In 2017, 12.4 million EU28 citizens of working age (15–64) lived in another EU Member State (3.8% of the total working-age population of the EU28), up from 7.9 million in 2007. Although this is a significant increase, when compared internationally even the higher 2017 value is low (for example, yearly inter-state labour flows in the US were seven times higher relative to the population size, see OECD (2016)).

More than half of mobile EU citizens (6.47 million) were from a CEE Member State, a substantial overrepresentation considering these states’ 21% share in total EU employment. While in the EU15 (EU Member States before 2004), the share of mobile workers living in another Member State constitutes only 2% of total employment, in the CEE countries it is close to 10%.

Labour mobility within the EU15 did not change much between 2007 and 2017 (with an increase from 4.8 to 5.7 million), but for the EU11 the increase was significant (from 3.1 million to 6.5 million). Most of the recent rise in intra-EU mobility is thus due to east-west flows after several rounds of EU eastern enlargement. When looking at detailed figures for all Member States for the period 2007-2017 (Figure 2.21), some clear trends can be observed.

Romania is at the top of the chart, with almost 20% of its labour force on the move, while in Lithuania, Croatia, Latvia and Bulgaria more than 12% of the labour force are mobile citizens in the EU. Among the southern European countries, Portugal (14%) has the highest share of mobile workers. Greece on the other hand has a relatively modest share (6%), while Italy and Spain also have rather low levels.

Among the receiving countries, Germany hosted the most EU mobile workers: in September 2018 (IAB 2018) a total of 2.44 million EU citizens, of which 763,200 were from the eight 2004 CEE accession countries, 558,200 from Romania and Bulgaria and 619,000 from four Mediterranean countries (IT, ES, PT, GR). In the UK, the net inflow of EU citizens declined in the past three years (but is still positive), and by mid-2018 1.68 million EU citizens were in employment, 794,000 from the 2004 accession CEE countries and 313,000 from Romania and Bulgaria (ONS 2018).

It is noteworthy that in spite of major improvements in the national labour markets of the EU11, with most of them featuring record low levels of unemployment and increasing labour shortages, outward labour mobility to EU15 Member States continued to grow even in the past couple of years. This poses a serious challenge for the development potential of the former group of countries. This trend also needs to be considered against the background of a slowdown or halt in wage convergence in most CEE countries towards EU15 levels since the onset of the crisis (Galgóczi 2017). In spite of job opportunities in the home country, persistently high wage gaps provide a strong enough pull factor for people to move, putting the long-term development perspectives of these countries at serious risk.
Posting of workers in the EU: more than just social dumping

It is a particular feature of cross-border employment in the EU that different ways of performing work in another Member State can be subject to different regulation and labour standards. EU mobile citizens who are directly employed in another Member State are entitled to equal treatment with nationals in access to employment, working conditions and all other social and tax conditions. ‘Posted workers’, on the other hand, who are sent by their employer to carry out a service in another EU Member State on a temporary basis, have been subject to a lower level of protection. Posted work has often been looked upon as a controversial form of cross-border employment and as a source of social dumping. Many loopholes have also contributed to this negative judgement (Cremers 2014), casting a shadow over the entire issue of labour mobility in the EU. The overhaul of the Posting of Workers Directive was therefore long overdue and welcome. The adopted revision (European Parliament and Council of the EU 2018) is based on a proposal of the Commission and makes necessary steps towards meeting the declared objective of equal pay for equal work in the same place. The ETUC also welcomed the adoption as ‘justice at last for posted workers’ (ETUC 2018a).

The posting of workers in fact only represents one tenth of all labour mobility in the EU. In 2016, 2.3 million cases of posting of workers took place within the EU, but taking the average posting period (101 days) into account, this corresponds to a full-time equivalent of 0.4% of total EU employment, roughly one tenth of the share of regular cross-border labour mobility (European Commission 2017). Furthermore, the posting of workers is not an east-west one-way street. In 2016, 38.2% of postings occurred from one high-wage Member State to another, while 32.8% were from low- to high-wage countries and 17.7% from medium- to high-wage countries. Based on the most recent absolute numbers (European Commission 2018a), as Figure 2.22 shows, Poland sends the most posted workers (over half a million in 2017) and Germany receives the most (440,000), while Poland is in the middle range of Member States as regards the share of outward postings in its labour force, and Germany has among the lowest relative shares in both outward and inward posting. In terms of their share of outward posting in the national labour force, Slovenia and Luxembourg are on top (with 17.0% and 16.4% respectively) followed by Slovakia (4.5%) and Poland (3.2%). Luxembourg has the highest share of posted workers (6.3% of its labour force), followed by Belgium (3.9%). Detailed data by Member State clearly show that posting of workers is a normal part of enterprises’ cross-border activities in the Single Market. Luxembourg receives most of its posted workers from Germany and France, France from Germany and Spain, and the UK from Spain, France and Germany (only 10% from Poland). Denmark sends more posted workers abroad (mostly to Germany and Sweden) than it receives. Germany and Austria receive the majority of posted workers from central and eastern Europe and the share of these is also high in Belgium (the number one sending country for Belgium being France, however).

The posting of workers is thus much more than just another channel of east-west labour movements and cheap labour. Social dumping has never been its main function and with the revised directive there is a good chance now that fairer practices in the posting of workers will prevail.

Note: total number of portable documents A1 issued by the sending and receiving Member States, in absolute numbers and as a percentage of the national labour force.
The ‘working poor’ account for nearly one in ten of the employed in the EU

The in-work at-risk-of-poverty (AROP) rate refers to the share of persons in the total population who have declared themselves to be in paid work (either as employed or self-employed) with an equivalised household disposable income level below the risk-of-poverty threshold. This threshold is set at 60% of the national median equivalised household disposable income. The disposable income is assumed to be ‘after social transfers’, meaning it includes social benefits such as pensions and unemployment benefits. In the AROP data provided by Eurostat, ‘person at work’ is a person who spent at least half of the reference year in paid work. Therefore, people with fragmented and discontinuous spells of employment are likely to be excluded, potentially underestimating the share of workers at risk of poverty.

Figure 2.23 shows the share of workers at risk of poverty, the so-called ‘working poor’, by various individual characteristics, such as gender, age and educational level, as well as by type of employment. In 2017, nearly one in ten (9.6%) workers in the EU28 was at risk of poverty. Among men, the risk of poverty was slightly higher, at 10%, compared to 9.1% among women. The AROP was higher in 2017 compared to 2010, by nearly 16% among all workers. The increase was more pronounced among women, by 18% (or 1.4 pp). Young workers were, on average, at a higher risk of in-work poverty: in 2017, 12.5% of those aged 18–24 fell below the poverty threshold, up from 10.9% in 2010.

Education plays an important role in ensuring access to better-paid jobs and thus in shielding people from in-work poverty. The AROP rate was the highest among workers with the lowest levels of educational attainment, reaching 20.6% in 2017. Among those with medium levels of education the risk was lower (9.3%), and it was at the lowest level among those with a university degree (4.5%). Although still at a relatively modest level, the risk of in-work poverty has increased the most among university graduates: by over 32% between 2010 and 2017.

The standard employment relationship is by far the best insurance against the risk of in-work poverty. In 2017, the share of working poor was the lowest among permanent employees (5.8%) and those with full-time jobs (8%). Part-time and temporary workers were at a considerably higher risk, with a share of working poor at 15.8% and 16.3% respectively. The highest risk of poverty was, however, found among employed people who were not in dependent employment, including the self-employed, own-account workers or contributing family workers. Nearly one in four (23.1%) in this group fell below the poverty threshold in 2017, up from 20.9% in 2010.

Europe 2020 and poverty targets

‘Inclusive growth’ is one of the three priorities of the Europe 2020 strategy. The European Commission has set a target to lift at least 20 million people out of the risk of poverty or social exclusion (AROPE) by 2020.

In 2016 there were even more people at risk of poverty (118 million) compared to 2010 (117.9 million). The estimates for 2017 showed, for the first time, a lower value compared to 2010: a drop by nearly 5 million persons. Among the working age population (aged 16–64), the estimated drop was 2.4 million, from 78.1 million in 2010 (23.8% of the working age population), to 75.7 million (23.4%) in 2017. Relative to the size of the working age population, however, the decline is very modest at a meagre 0.4 pp.
Occupational health and safety

The Carcinogens and Mutagens Directive (CMD, 2004/37/EC) is designed to protect workers against the risks associated with workplace exposure. Adopted in 1990, it organises prevention and defines a hierarchy of employer obligations. When unable to eliminate or substitute carcinogens by less hazardous substances or processes, or to use closed systems, employers are obliged to reduce exposure to carcinogens and mutagens to as low as technically possible. The CMD sets down occupational exposure limits (OELs) which are not to be exceeded. For the past 25 years, the CMD has remained unchanged, with just three carcinogens being assigned an OEL. In 2016, at the instigation of a number of EU Member States and the European Trade Union Confederation (ETUC), the European Commission finally relaunched the revision of this Directive, putting forward proposals for further carcinogens (Musu and Vogel 2018). The stated target of Marianne Thyssen, the Social Affairs Commissioner within the Juncker Commission, was to have binding OELs for 50 priority carcinogens before 2020. A first batch of eleven new OELs was adopted in 2017, a second batch of six OELs was adopted in 2018 and a proposal for a third batch of five further carcinogens could be adopted by the end of the mandate of the Juncker Commission. With a total of 25 carcinogens with binding OELs at EU level, Commissioner Thyssen will not be able to meet her commitment target for 2020. Nevertheless, she can be credited with relaunching the revision of the CMD and hopefully making it a durable process.
One year after the launch of the European Pillar of Social Rights, where are we now?

In response to the mounting challenges faced by European citizens, on 17 November 2017, the European Commission, Council and Parliament jointly proclaimed the European Pillar of Social Rights (EPSR), a commitment to improving working conditions and living standards in Europe based on a set of 20 principles and rights. On the occasion of its first anniversary, however, the Commission was rather modest, stating only that it was ‘using all the tools at [its] disposal to make the principles of the Pillar a reality’ and that in order to keep its promises swift progress had to be made on several important (legislative) proposals (in particular, the establishment of a European Labour Authority, the initiative on work-life balance for parents and carers, the new Directive on transparent and predictable working conditions, and the reform of the rules on social security coordination) before the European elections in May 2019 (European Commission 2018c). The ETUC wished the Pillar a ‘ONEderful birthday’ and acknowledged the important progress that had been made. However, it also reminded the Commission that there is still much to be done, not only on outstanding issues but also regarding fresh initiatives that need to be tabled by the new Commission and by Member States at national level in order to ensure that everyone gets a slice of the birthday cake (ETUC 2018). Even more disappointed voices came from the European Public Service Union, which called it ‘the European Pillar of Broken promises’, mainly because of the Commission’s veto on transposing a framework agreement for more information and consultation rights in the central government sector into a directive (EPSU 2018).

Monitoring progress in the implementation of the EPSR

The ETUI’s own analysis of the EPSR initiatives one year on reveals a mixed picture (see the box below for the methodology used for this analysis, based on Al-Kadi and Clauwaert 2019).

Methodology of the ETUI’s research for monitoring the EPSR

The starting point of this exercise was the Commission’s staff working document ‘SWD (2018) 67 final’ of 13 March 2018 titled ‘Monitoring the implementation of the EPSR’ (European Commission 2018b). For each of the 20 EPSR principles, all the actions mentioned in the Commission’s Communication in the section ‘3.b. recent and ongoing initiatives at EU level’ were identified and listed. In this context, an ‘action’ is understood to be any initiative related to the Pillar’s commitments at the EU level that the Commission has identified as such and on which it has delivered or foresees to deliver. Each action was classified based on three criteria. First, ‘BP/PP’ indicates whether an action was announced/launched before (BP) or after/post (PP) the proclamation of the EPSR in November 2017. Secondly, ‘NL/L’ distinguishes whether the action was intended to have a legal outcome (e.g. regulation, directive) or rather is of a non-legally binding nature (e.g. recommendation, communication, action programme, cooperation mechanism, etc.). Finally, ‘progress made’ is measured as either ‘no’, meaning that the action was announced but no activity has ensued yet; ‘some’, meaning that the action has been launched and work is ongoing; or ‘full’, meaning that the action has been completed and all necessary measures and instruments have been adopted.
The analysis revealed a current total of 62 actions which the Commission has taken or will take to implement the 20 principles of the Pillar. As Figure 2.25 and Figure 2.26 show, out of those 62 actions, 42 could be considered as ‘before Pillar (BP)’ and 20 as ‘post Pillar (PP)’. So, two thirds of the actions were already announced before the EPSR was proclaimed (and some even before the idea of the EPSR was launched). Out of these 62 actions, 19 can be classified as ‘legislative (L)’ (i.e. with a legally binding instrument as the foreseen outcome), while 43 are ‘non-legislative (NL)’ actions (e.g. communications, action plans, etc.). The fact that almost one third of the actions concern ‘legislative’ proposals is to be welcomed, testifying to the current Commission’s legislative ambition to create a more social Europe.

In terms of progress, among the 19 ‘legislative (L)’ actions, 4 can be considered as fully implemented. These include Regulation 2018/1475 of 2 October 2018, which lays down the legal framework for the European Solidarity Corps; Directive 2017/159 of 19 December 2016, which transposes the ILO ‘Work in Fishing Convention’ (2007) (and is based on an EU sectoral framework agreement); Council Decision (EU) 2017/865 of 11 May 2017 on the signing, on behalf of the European Union, of the Council of Europe Convention on preventing and combating violence against women and domestic violence with regard to matters related to judicial cooperation in criminal matters (the so-called ‘Istanbul Convention’); and Council Decision 2241/2004/EC of 12 April 2018 on the revised Europass. Regarding the 12 other actions, only some progress has been made (i.e. the action has been launched but is going through the (legislative) process), while no action has been taken at all in the case of 3 initiatives (including the creation of a European social security number and a proposal for a directive to improve the gender balance among non-executive directors of companies listed on stock exchanges). Among the 42 ‘non-legislative (NL)’ initiatives, 28 can be considered as fully implemented, while some progress is being made on the other 15.

The conclusion is that while the EPSR has some achievements on its scoreboard, the overall progress has been limited. First of all, the majority of the identified actions were announced before the proclamation of the EPSR. There are far more non-legislative than legally binding initiatives, which is a step in the right direction but is also arguably far from sufficient to address today’s social challenges. The most progress has been made in relation to the non-legislative actions, while some very important legislative initiatives (see above) are still pending and it is unclear what the actual outcome/content will look like and whether they will be adopted before the new European Parliament and Commission are established – and if not, whether the new European Parliament and Commission will take over this task.

The latter issue will be even more important when looking at the Commission Working Programme (CWP) for 2019, which remains (perhaps not surprisingly given the ‘takeover’ in 2019 by a new Commission) very modest (European Commission 2018d and 2018e). Although the Work Programme is subtitled ‘Delivering what we promised and preparing for the future’, in fact, in the field of labour law and other areas of social policy, especially the EPSR, there is nothing new, and only the pending initiatives are mentioned. The ETUC expressed particular concern about the weakness of the CWP 2019 regarding the social dimension of the EU — in relation to the issues of social dialogue, workers’ participation, welfare, poverty and inequality — which is particularly problematic in the context of the welcome implementation of the EPSR. The ETUC also regrets the absence of commitment from the Commission on the European Social Dialogue. Indeed, there is no reference to the role of social partners and the outcomes of social dialogue, despite the commitments made in the Quadripartite Statement ‘A New start for Social Dialogue’ (ETUC 2018c).

In sum, progress has been made but there is still a long way to go before the EPSR makes a positive difference in the everyday lives of all Europeans.

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**Figure 2.26 Monitoring progress in the implementation of the EPSR**

<table>
<thead>
<tr>
<th>Degree of progress</th>
<th>Legislative actions (L)</th>
<th>Non-legislative actions (NL)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>full</td>
<td>some</td>
<td>none</td>
</tr>
<tr>
<td>Before Pillar (BP)</td>
<td>3</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Post Pillar (PP)</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

Total 4 12 3 19 28 15 43 62

Sources: the ETUI’s own research.
Conclusions

A decade of significant structural transformations

The past decade has been a critical period for EU labour markets, which have been severely hit by the financial and economic crisis, and subsequently experienced a recovery period punctuated by austerity policies and numerous reforms. Ten years after the outbreak of the crisis, most leading labour market indicators suggest that the economic cycle has reached its peak again. In light of these improved economic conditions, it is thus time to take stock of the changes and ask how well prepared we are to face the challenges ahead, which include a rapid technological transformation, demographic change, new health and safety risks, and the next shift in the economic cycle.

The first observation emerging from the analysis of European labour markets presented in this chapter is that while the number of people in employment returned to pre-crisis levels, jobs themselves and the workers performing them have changed significantly. The changes have not always been symmetrical: while the quality of human capital has been increasing, with workers continuing to raise their educational attainment, the quality of jobs offered has been declining in many respects. For instance, various forms of non-standard employment, such as temporary work, short-hour jobs, subcontracting or platform work, have expanded over the past ten years. Despite the claims of their proponents that these atypical and new forms of work respond to workers’ need for flexibility, our analysis shows that non-standard jobs are largely taken up due to a lack of alternatives. They also carry multiple risks for workers, including an increasing risk of in-work poverty and deepening social inequalities. This is in part related to the instability of earnings, the lack of standard worker protections, and the insufficient availability of work. This is particularly the case for online labour platforms, one of the new forms of work in the digital economy. Payment by tasks, without a guaranteed minimum income nor continuity of work, and the shifting of most costs onto workers, such as for work equipment or insurance, contributes to an increasing risk of precariousness.

Furthermore, a knowledge-based economy is not developing equally across the EU. We find a growing geographical polarisation between Member States, with the countries most troubled by the crisis following the path of low productivity growth, and persistent divisions between north, south and east. The past decade was also characterised by a structural shift in the sectoral composition of jobs. The greatest job destruction was in manufacturing and construction, while job creation was concentrated in services and heavily influenced by long-term changes in the labour demand.

Policy responses need to be stepped up

These important changes in the structure of employment and social conditions in the EU require increased effort from policymakers and social actors to provide regulatory frameworks capable of effectively responding to the new challenges. Some of the policy measures in the aftermath of the crisis were arguably misdirected. The ineffectiveness of deregulatory policies has been widely documented (see e.g. Lehndorff 2012; Piasna and Myant 2017). As evidenced by the increase of temporary jobs, efforts across many Members States to encourage employers to offer permanent jobs, among other things by decreasing their costs and reducing employment protection, did not reverse the trend towards more temporary employment.

However, a review of more recent employment policy at the EU level reveals a greater focus on social issues and an increased intensity of legislation in the social area, with more attention given to ensuring fair working conditions for workers. In this respect, the European Pillar of Social Rights is a crucial development, aiming to respond to the new realities in the world of work and serving as a compass for social policy. One year after its proclamation by the EU institutions, progress in the implementation of its principles is already noticeable, albeit with a lot remaining to be done. The most progress has been made in relation to non-legislative actions, which are in general easier to implement but also less binding, while some very important legislative initiatives are still pending. With many initiatives still under way, it also remains unclear what the final outcome will be, and what the final content will look like.

The emergence of new forms of work in the digital economy, such as platform work, has sparked the search for entirely new policy measures, slowing down any legislative action in this area. However, many of the policy challenges are not specific to platform work, but to a wider set of non-standard work arrangements. In particular, platforms that operate in local labour markets can be covered by standard regulatory tools ensuring decent conditions of work, but the conflict between the right to organise and competition law needs to be resolved.

With respect to occupational health, it is high time that policymakers realise the extent of the problem and the massive cost of inaction, especially in the area of work-related cancers. There is a need to urgently adopt a comprehensive European strategy to tackle occupational cancers and in particular ensure that the Carcinogens and Mutagens Directive is regularly updated.

Overall, social and employment policies at the EU level have seen a turn in the right direction. After a long period of stagnation, we can observe an increase in legislative initiatives that aim at ensuring fair and decent working conditions, such as the revision of the Posting of Workers Directive. The question now is whether this policy direction will be sustained and whether there will be enough political will and determination to deliver on promises and finalise the adoption of some key initiatives. The approaching European elections and appointment of the new European Commission make these questions particularly pressing.