

Labour market and social developments

Introduction

The EU has not managed to make any significant progress in terms of upward social convergence in living and working conditions in the last decade. Clearly, the economic crisis and the Great Recession have left a profound mark on European labour markets, setting us back by nearly a decade in terms of social progress and development. As it stands, the EU is far from reaching its employment and social policy targets formulated before and during the crisis, including the Europe 2020 objectives.

While the revived economic growth has brought high hopes and an improvement in leading labour market indicators, such as the employment rate, a closer look at the quality of jobs created and the real demand for labour, reveals that the situation has mostly deteriorated. Convergence between social groups has been achieved mainly due to worsening conditions for those who were in a better position before the crisis. Convergence between countries, meanwhile, can be seen mainly in the trend towards more precarious and atypical forms of work, but not in the improvement of working standards. A particularly worrying development has been the growing distance between the most struggling countries and the better performers.

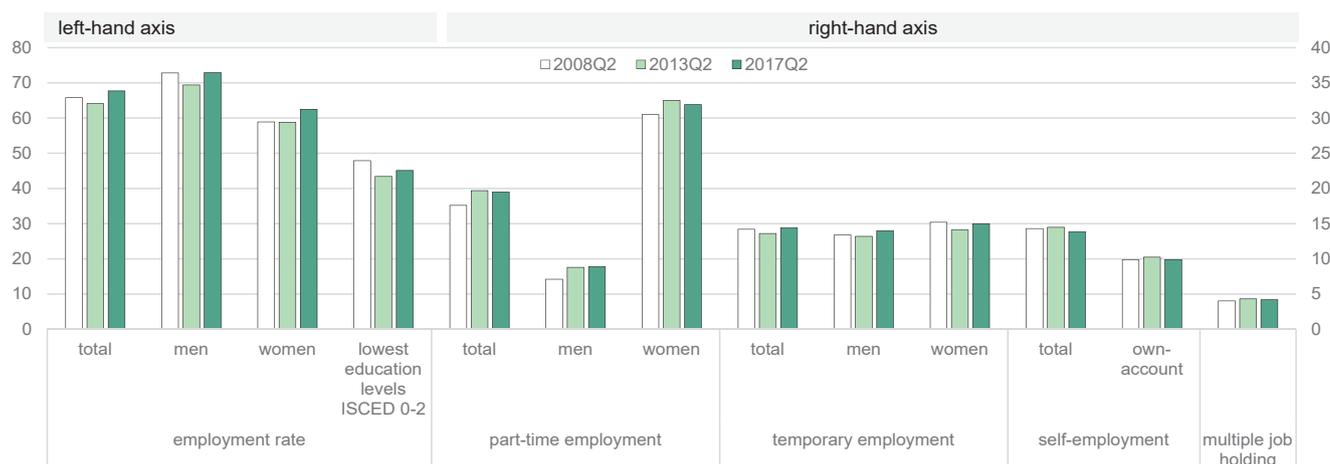
Considering the ongoing changes in work patterns, technology, migration and international competition, European labour markets can be expected to continue to face such challenges as precariousness, depressed labour demand, and the weakened ability of social protection systems to ensure adequate living standards for all.

Topics

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Overview of labour market developments

Figure 2.1 Developments in key employment indicators (EU28) (2008Q2, 2013Q2, 2017Q2)



Source: Eurostat [lfsq_egan], [lfsq_ergan], [lfsq_eppga], [lfsq_etpga], [lfsq_ergaed], [lfsq_esgaed], [lfsq_e2ged].

Note: Employment rate is for the 15-64 age group.

Job growth below expectations and concentrated in atypical work

When looking at labour market developments over the past decade in the EU, we can observe a strong imprint of the post-2008 economic crisis (Figure 2.1). In the EU28, there was a decline in the share of the working age population in employment, from 65.8% in 2008 to 64.1% in 2013 (comparisons of second quarters). By 2017, it reached 67.7%, thus placing the EU average still below the target of 70% that was set in Lisbon for the year 2010. The target set in the Europe2020 strategy also remains unattainable. The objective was to achieve a 75% employment rate among the population aged 20-64. In the second quarter of 2017, the employment rate in this age group stood at 72.3% (compared to 70.5% in 2008 and 68.4% in 2013).

The post-crisis decline in the employment rate was much more pronounced among men, while the rise in the 2013-2017 period was relatively even for both genders. In the EU28, in the second quarter of 2017, 72.9% of

men and 62.5% of women in the 15-64 age group were in paid work. Therefore, over the past nine years, the employment rate among men increased by a mere 0.1 pp, while among women it increased by a more substantial 3.6 pp. Furthermore, the decline in employment in the aftermath of the crisis was particularly pronounced for the group with the lowest education levels (pre-primary, primary and lower secondary education), further aggravating their weak position in the labour market.

In the period 2008 to 2017, we observe a substantial growth in part-time employment in the EU, from 17.6% in 2008 to 19.5% in 2017. This means that roughly every fifth worker in the EU has a part-time job. Interestingly, the part-time rate has been steadily increasing among men, reaching nearly 9% in 2017. Among women, the share of part-timers increased between 2008 and 2013, but saw a decline in the following years. Nevertheless, the overall growth of part-time work in the recent period has been a cause of concern because to a large extent it is due to an employer-driven strategy of cutting costs and optimising staffing levels, rather than the result of a work-life balance strategy pursued by workers. This is evidenced not only in the rising rates of involuntary part-time work (see Figure 2.11), but also in the substantial growth in the number of households where at least one person works part-time

but there are no dependent children (De Spiegelaere and Piasna 2017).

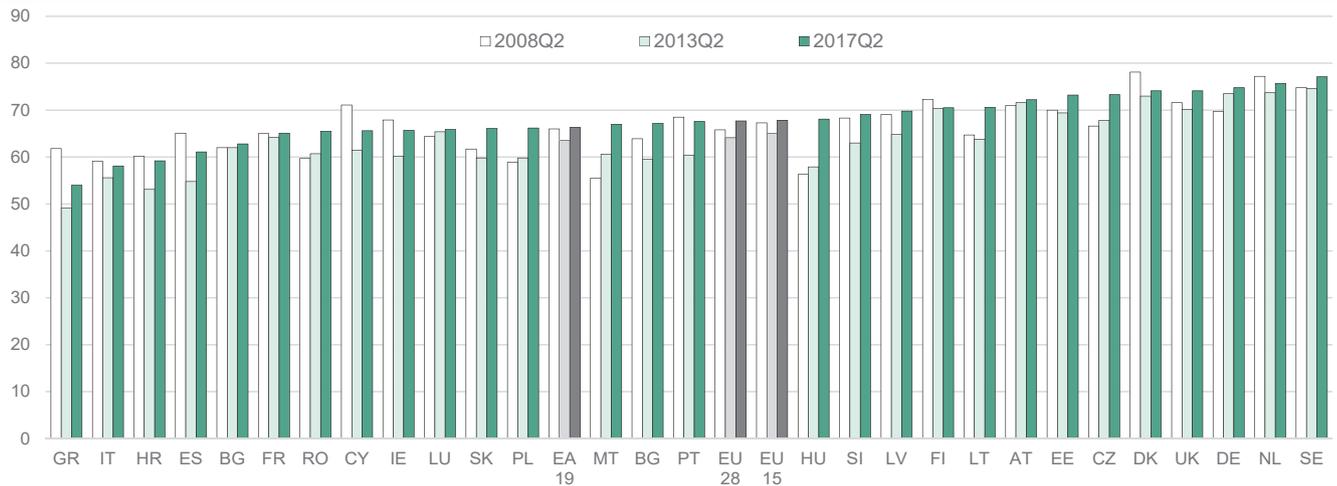
Temporary employment took a hard hit in the initial period of the post-2008 crisis, with temporary workers being the first in line for lay-offs. However, in the period of job growth between 2013 and 2017 we observe a return to European employers hiring on temporary contracts. The temporary employment rate thus increased from 13.6% in 2013 to 14.4% in 2017. This growth was more pronounced among women (from 14.1% to 15%) compared to men (from 13.2% to 14%), consequently preserving the gender gap in this form of non-standard work.

Nearly one in seven workers (13.8%) in the EU28 was self-employed in 2017. The dominant form of self-employment is own-account work, which was reported by every tenth (9.9%) person in paid work. While the total share of self-employed workers declined from 14.3% in 2008 to 13.8% in 2017, the incidence of self-employment without employees remained at the same level.

Finally, in 2017, 4.2% of EU28 workers (an equivalent of 9.3 million people) reported holding multiple jobs, which constitutes an important form of atypical employment in most economies. This was a slight increase from 2008, when 8.8 million people worked more than one job.

Developments in employment

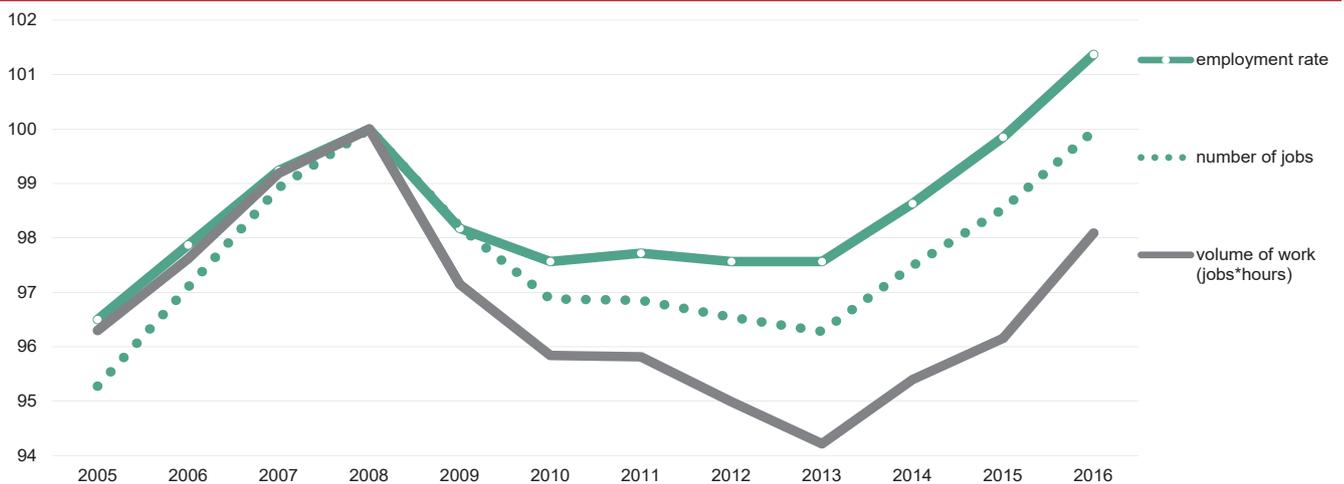
Figure 2.2 Employment rates across EU countries (2008Q2, 2013Q2, 2017Q2)



Source: Eurostat [lfsq_ergaed].

Note: Data are for the 15-64 age group.

Figure 2.3 Comparison of changes in employment rate, number of jobs and volume of work over 2005-2016 period (EU28) (2008=100)



Source: Eurostat [lfsa_ergan], [lfsa_egan], [lfsa_ewhais], own calculations.

The lasting impact of the crisis

By 2017, the EU28 employment rate had caught up with its pre-crisis levels. However, the situation varied substantially across countries (Figure 2.2). In 10 EU countries, employment rates in 2017 remained below 2008 levels, by the widest margin in Greece

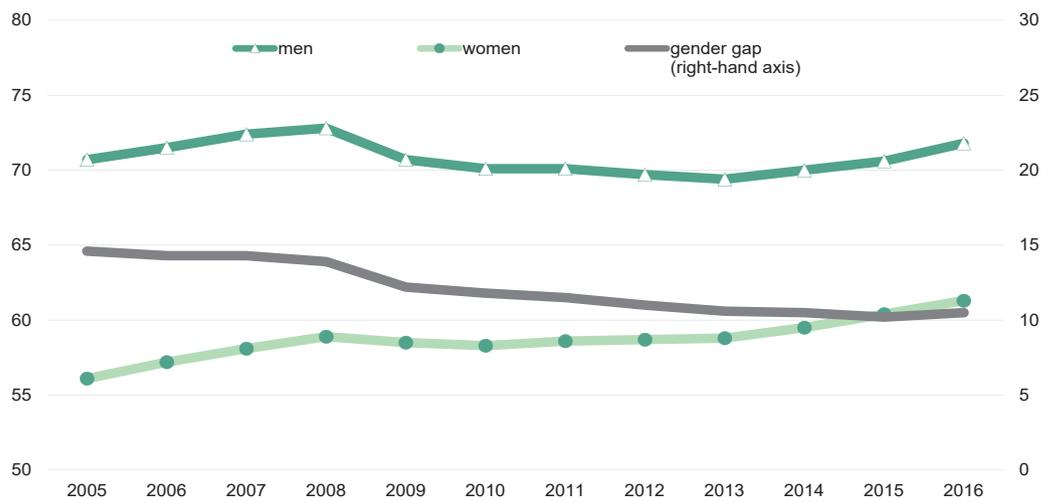
(-7.8pp), Cyprus, Spain and Denmark. The biggest improvement was noted in Hungary (+11.8pp) and Malta. A wide divergence in employment rates across EU countries largely persisted, with Sweden, the Netherlands, Germany and the UK having the highest population shares in work in 2017, while Greece, Italy, Croatia and Spain were at the bottom of the ranking.

The crisis brought about not only job shedding, but also a more pronounced decline in the total volume of work (measured by a total number

of paid working hours of all persons in employment; see Figure 2.3). In 2016, the volume of work remained 2pp below the 2008 levels. Moreover, if we measure the recovery by the number of jobs, not the share of people in work, a less optimistic picture is revealed. This difference is due to the decline in the size of the EU population.

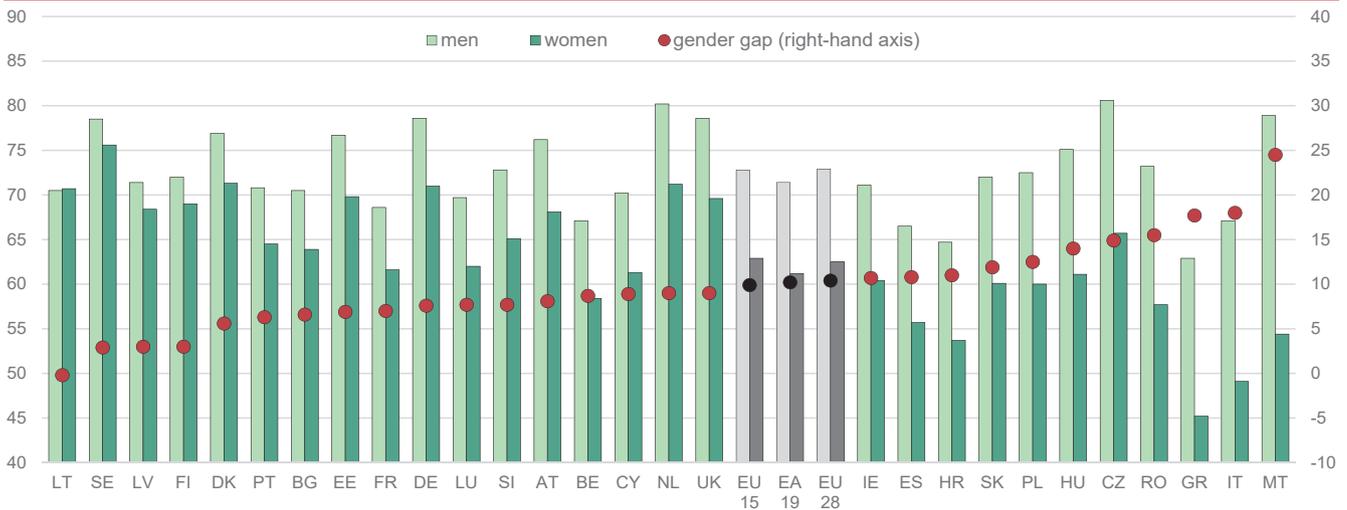
Gender inequality in employment

Figure 2.4 Employment rate by gender, and gender employment gap (EU28) (2005-2016)



Source: Eurostat [lfsq_ergan].

Figure 2.5 Employment rates by gender, and gender employment gap, by country (2017Q2)



Source: Eurostat [lfsq_ergan].

Female employment rate still an issue

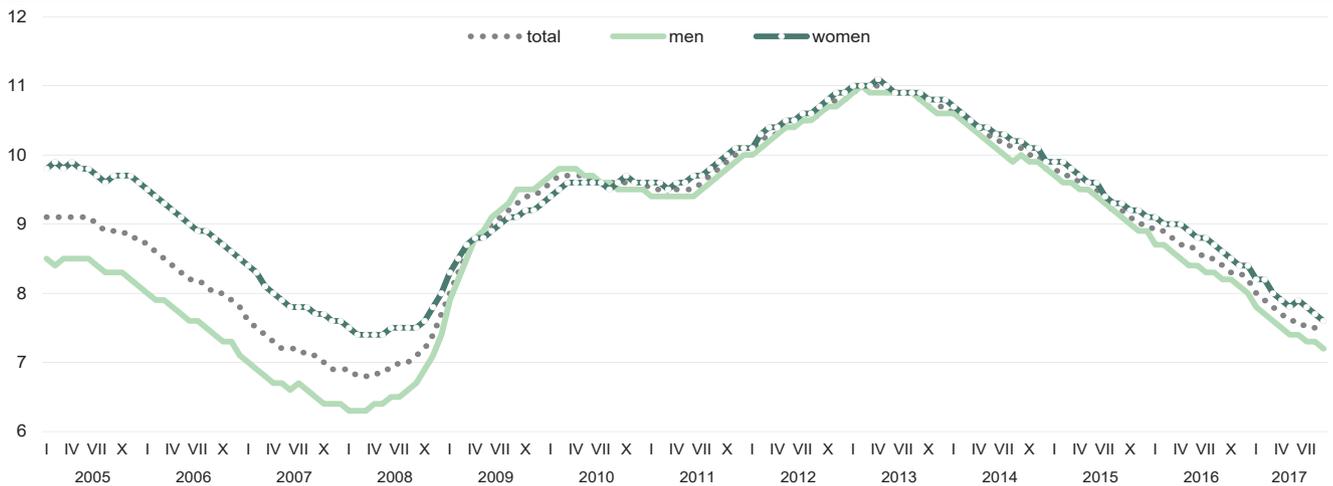
The gender employment gap tends to be the headline indicator used to assess gender equality in employment. The focus on the gap assumes that the narrowing of it is an irrefutably positive

development, indicating that women are catching up with men. Figure 2.4 shows that the reduction in the gender employment gap before the crisis was indeed mainly achieved by a faster growth in 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 among men, which can hardly be regarded as a positive development. When job creation at the EU level resumed after 2013, the gender gap remained fairly stable. However, the EU average masks

a very different reality regarding the position of women in the labour market in individual Member States (Figure 2.5). The gender gap in 2017 was the widest in Malta (24.5pp), Italy (18pp) and Greece (17.7pp), while it was close to zero in Lithuania, and at around 3pp in Sweden, Latvia and Finland. Countries with the widest gender gap also have the lowest employment rates for women in the EU.

Developments in unemployment

Figure 2.6 Unemployment rate by gender (EU28) (2005-2017)



Source: Eurostat [une_rt_m].

Note: Data seasonally adjusted, for the 15-74 age group.

Figure 2.7 Unemployment rate by country (2008Q2, 2013Q2, 2017Q2)



Source: Eurostat [lfsq_urgan].

Note: Data are for the 15-74 age group.

Unemployment down in most of the EU

After the onset of the crisis, in the first half of 2008 the unemployment rate in the EU28 was at a level of 6.8%. It then peaked in 2010 (at 9.7%) and again in 2013 (at 11%) (Figure 2.6). Since 2013, it

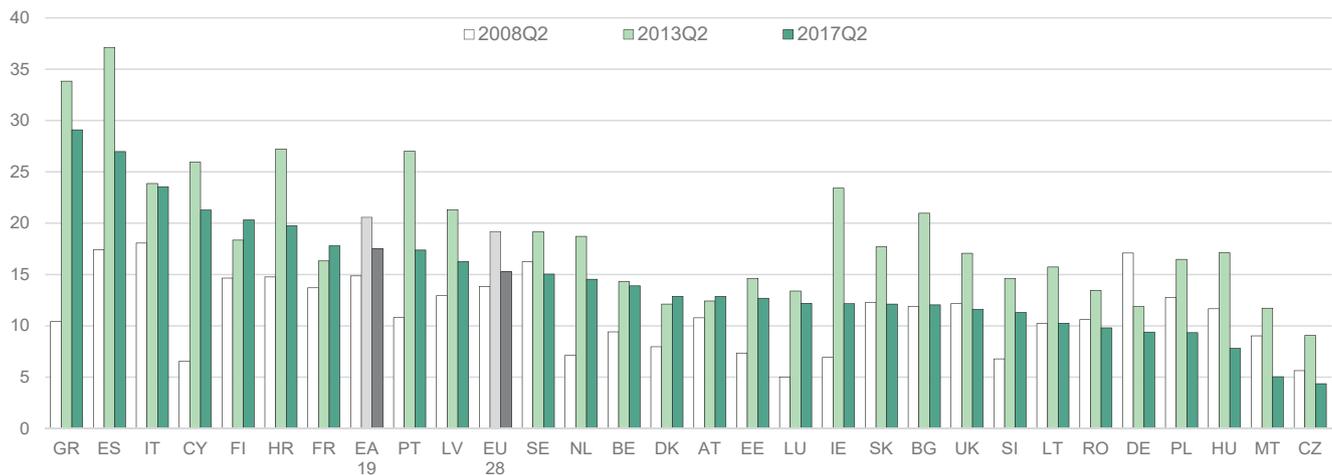
has seen a steady decline, falling to 7.4% in September 2017. Before the crisis, the unemployment rate among women was persistently higher compared to men, by about 1.5pp. As unemployment increased more among men, the gender gap in unemployment rates completely closed during the crisis years. However, since unemployment rates started to fall in 2013, we can observe a return of the old pattern, with female unemployment once again at a higher level than that of men.

Between 2013 and 2017, the unemployment rate fell in all EU countries,

except in Austria and Finland (Figure 2.7). In 2017, the lowest unemployment rates were noted in Czechia (3%), Germany (3.8%) and Malta (4.1%). This contrasts with the still extremely high (despite a decline after 2013) unemployment levels in Greece (21.2%) and Spain (17.2%), followed by Italy, Croatia and Cyprus, all with unemployment rates above 10%.

Developments in unemployment

Figure 2.8 Labour market slack in EU Member States (2008Q2, 2013Q2 and 2017Q2) (percentage of actual and potential additional labour force)



Source: Own calculations using Eurostat LFS data (lfsq_ugan, lfsq_sup_age).

Labour market slack remains high

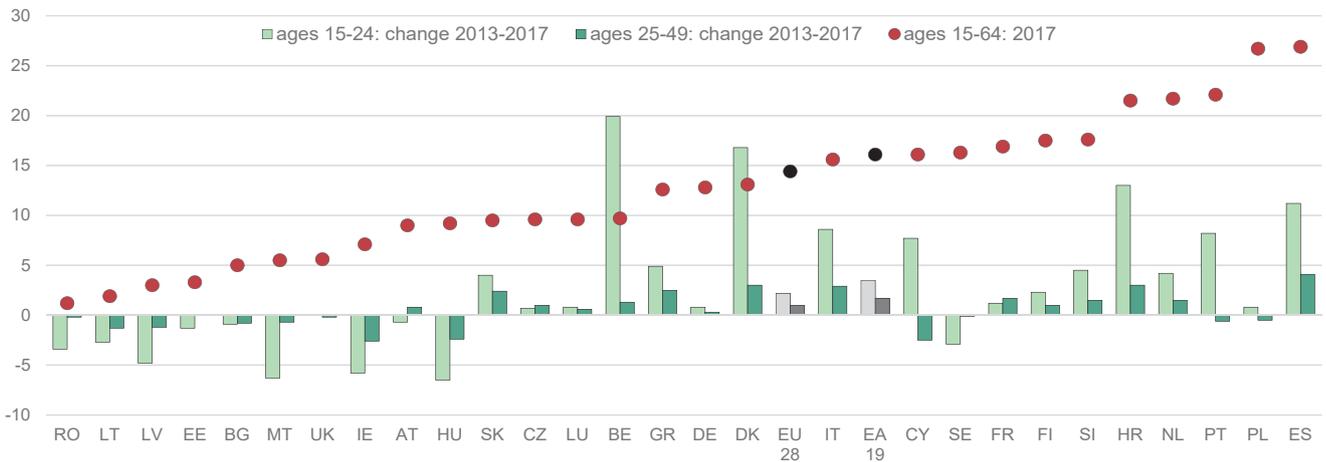
The underutilisation of labour, or what is often called 'labour market slack', has been greater in the context of the current recovery than what the classic unemployment rate measure would suggest. Figure 2.8 illustrates an extended measure of labour market slack, considering, in addition to the number of unemployed workers, the underemployed: that is, the number of part-time workers who would prefer to work full-time and are available to work more hours (see also the analysis under Figure 2.19 for another manifestation of underemployment) as well as those 'loosely attached to the labour market'. The latter group, referred to as the 'potential additional labour force', consists of two sub-groups: those seeking employment but who are not immediately available to start working and those immediately available to start working but not seeking employment (or 'discouraged workers'). Individuals in the potential additional labour force have characteristics that do not allow them to be classified as unemployed and thus be counted in the labour force, but are also more active than those classified

as the 'inactive' population. We calculate labour market slack as the sum of people falling under each of the above categories (underemployed, unemployed, and loosely attached to the labour market) expressed as a share of the extended labour force, which, in addition to those employed and unemployed, also includes those loosely attached to the labour market.

Labour market slack in the EU28 was 14% in 2008Q2, peaked at 19.3% in 2013Q2 and had declined to 16.6% by 2017Q2, which was still higher than in 2010 and double the unemployment rate in the same quarter. Figure 2.8 shows the labour market slack for EU Member States in the second quarters of 2008, 2013 and 2016. We see that large differences in labour market slack among Member States persist, with Greece, Spain, Italy, Cyprus, Finland and Croatia showing an underutilisation of 20% or more of their extended labour force in 2017Q2, while at the other end of the spectrum Malta and Czechia had a labour market slack of around only 5% in 2017Q2.

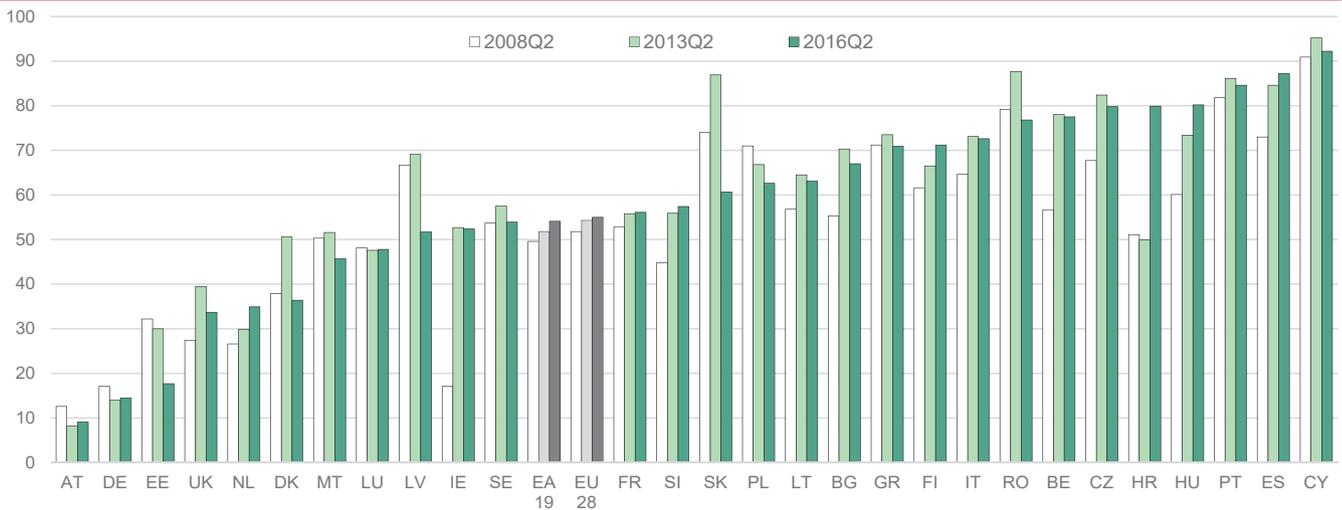
Temporary employment

Figure 2.9 Temporary employment rates: change in percentage points over 2013-2017 period, and rate in 2017, by country and by age (comparisons of second quarters)



Source: Eurostat [lfsq_etpga].

Figure 2.10 Involuntary temporary employment rate, by country (2008Q2, 2013Q2, 2016Q2)



Source: Eurostat [lfsa_etgar].

Temporary work on the rise

The use of temporary employment differs greatly across the EU. In Poland and Spain, more than a quarter of all workers had a contract of limited duration in 2017 (Figure 2.9). In Portugal, the Netherlands and Croatia, the temporary employment rate was well above 20%. On the other

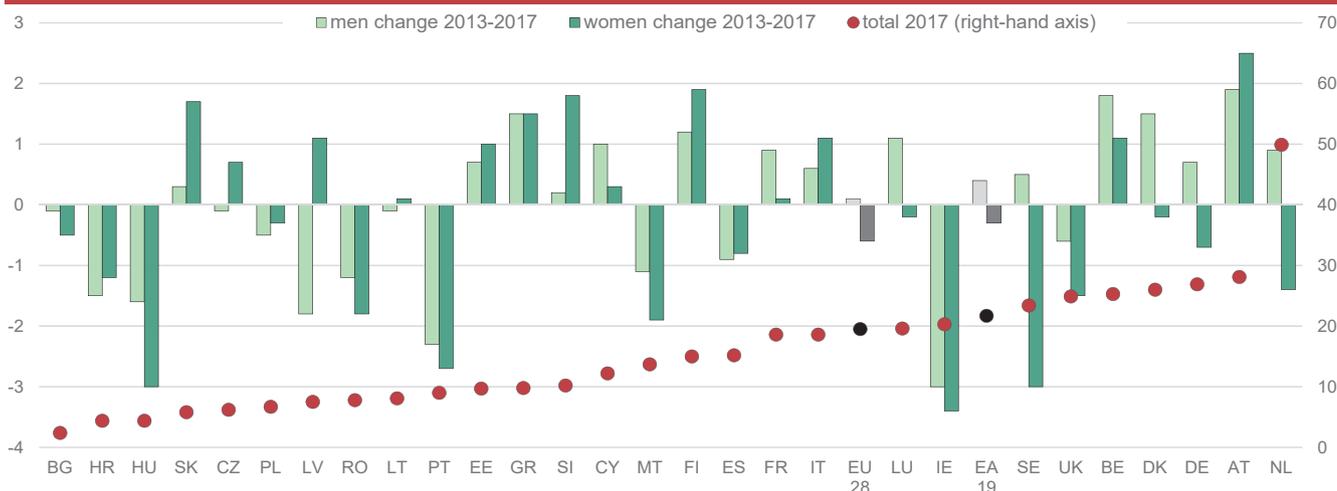
hand, there was scant use of fixed-term contracts in Romania and the Baltic States, all with rates below 5%. What most EU countries have in common, though, is an increase in the share of temporary work in recent years. Between 2013 and 2017, the increase was most pronounced among young people aged 15-24. This was particularly the case in Denmark, Croatia, Spain and Portugal. A tremendous increase of 20pp in Belgium is the result of a sharp decline in the number of young people in employment coinciding with the number of temporary

jobs remaining at a stable and relatively high level.

Temporary employment in the EU is mostly an employer-oriented solution, with 55% of these positions filled involuntarily; that is, due to the unavailability of permanent jobs. In Czechia, Croatia, Hungary, Portugal, Spain and Cyprus, the involuntary rate reaches 80% or more (Figure 2.10). Across the whole EU, the incidence of involuntary temporary work tends to be higher in countries with higher unemployment rates.

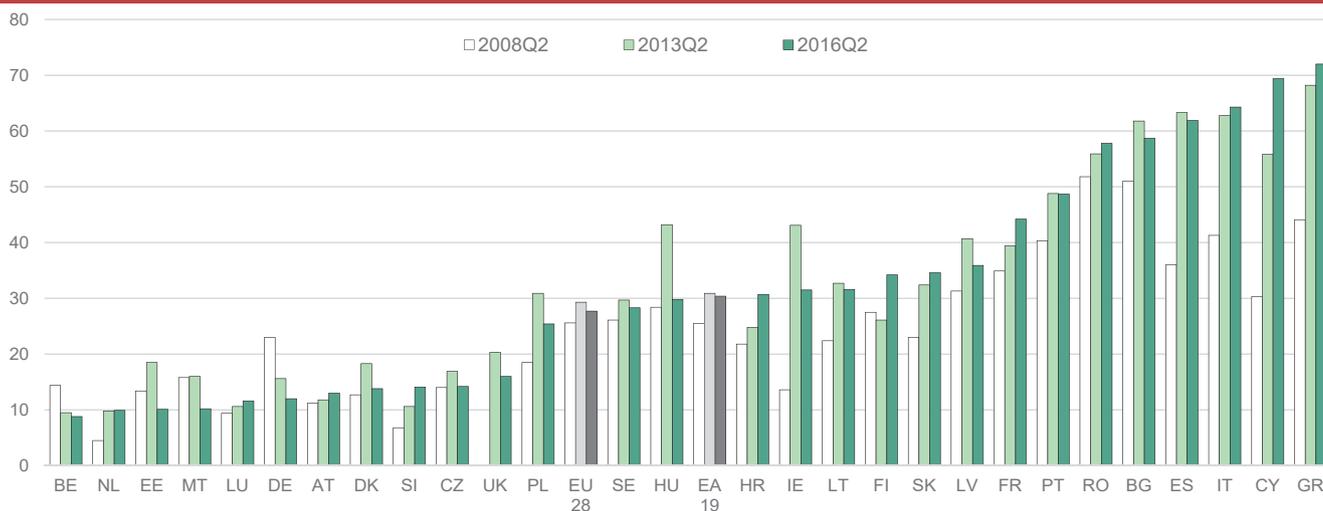
Part-time employment

Figure 2.11 Part-time employment rates: change in percentage points over 2013-2017 period for both genders, and rate in 2017 for total population, by country (comparisons of second quarters)



Source: Eurostat [lfsq_eppga].

Figure 2.12 Involuntary part-time employment rate, by country (2008Q2, 2013Q2, 2016Q2)



Source: Eurostat [lfsa_epgar].

More men being pushed into part-time work

Developments in part-time work have not been uniform across the EU. Despite the average part-time rate remaining relatively stable between 2013 and 2017 at the EU28 level, in 13 countries it

increased, while declining in another 13 (Figure 2.11). The biggest increases were noted in Austria (+2.2pp), followed by Greece and Belgium. Interestingly, in the past three years the part-time rate increased more among men than women in the EU. This pattern was particularly visible in the Netherlands, Germany, Denmark, Belgium, Sweden, Luxembourg, France and Cyprus. Nevertheless, part-time employment remains a female-dominated form of work, raising concerns about women's financial dependence within households,

an unequal division of unpaid work, and a life-long penalty in pensions. The Netherlands are an outlier with by far the highest part-time employment rate in the EU: 27% among men and a striking 76% among women. However, only about one in ten workers would rather have a full-time job in this country (Figure 2.12). This contrasts with a much higher incidence of involuntary part-time work in Greece (72%), Cyprus, Italy or Spain. This highlights the inherently different labour market position of atypical workers in the southern countries.

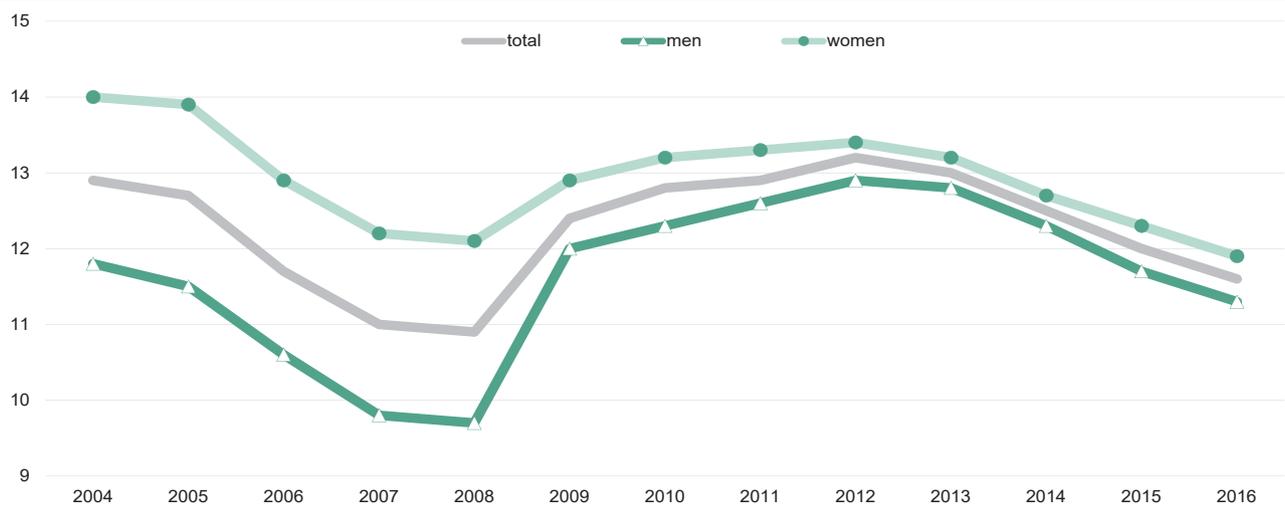
Youth

Figure 2.13 NEET rate by country and by age (2016)



Source: Eurostat [yth_empl_150].

Figure 2.14 NEET rate in the EU28, by gender (ages 15-24) (2005-2016)



Source: Eurostat [yth_empl_150].

Polarisation in NEET rates

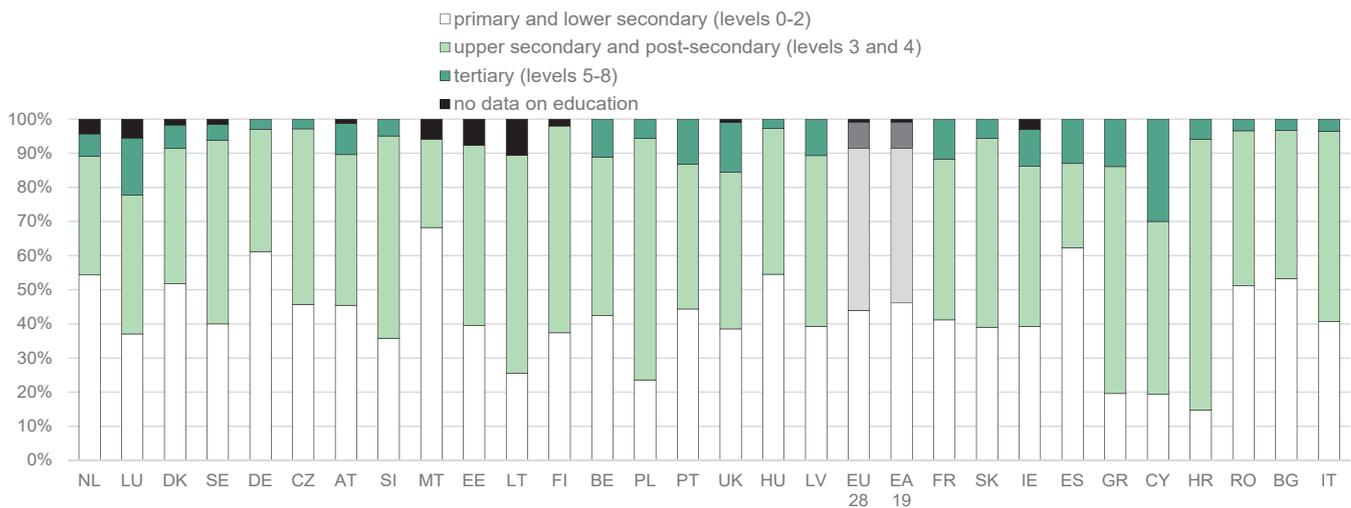
NEET refers to young people that are ‘not in employment, education or training’. In the EU28, more than one in ten young persons aged 15-24 (11.6%) and nearly one in five aged 25-29 (18.8%) fell into this group in 2016. The NEET rate for the younger age group was the highest

in Italy (19.9%), Bulgaria (18.2%) and Romania (17.4%), and the lowest in the Netherlands (4.6%), Luxembourg (5.4%) and Denmark (5.8%) (Figure 2.13). In each EU country, the risk of being outside of education and employment was higher for young adults, aged 25-29, than for the younger group, aged 15-24. By far the worst outcome was noted in Greece, with one in three young adults (33.5%) falling into the NEET category. The NEET rate for the EU increased steeply after 2008, reaching its highest point in 2012 (13.2% for the 15-24 age group) (Figure 2.14). It

then started to recover, but in 2016 was still above the 2008 level. The gender gap in the NEET rate narrowed substantially after 2008, due to much higher increases among young men, but in the recent period the gap widened again.

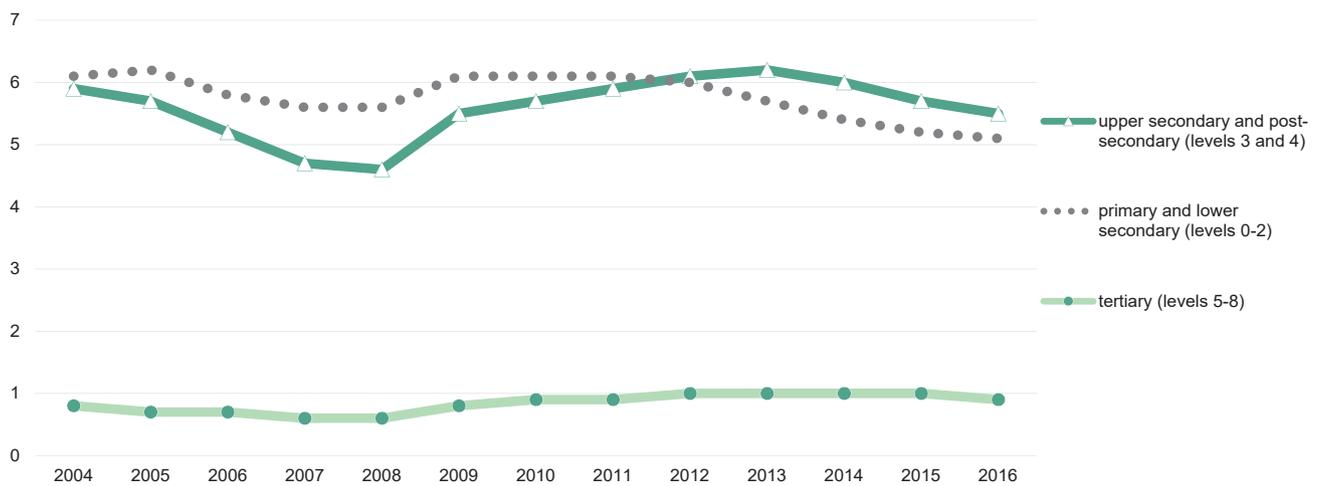
Youth

Figure 2.15 NEETS, by education level, by country (ages 15-24) (2016)



Source: Eurostat [yth_empl_160].
 Note: ordered by overall NEET rate.

Figure 2.16 NEETS by education level in EU28 (ages 15-24) (change over 2005-2016 period)



Source: Eurostat [yth_empl_160].

Heterogeneity of NEETs

Young people who are not in employment, education or training form a very heterogeneous group, with a wide range of characteristics and needs. At the EU level, the largest share of NEETs is composed of persons with an upper secondary and post-secondary education, while

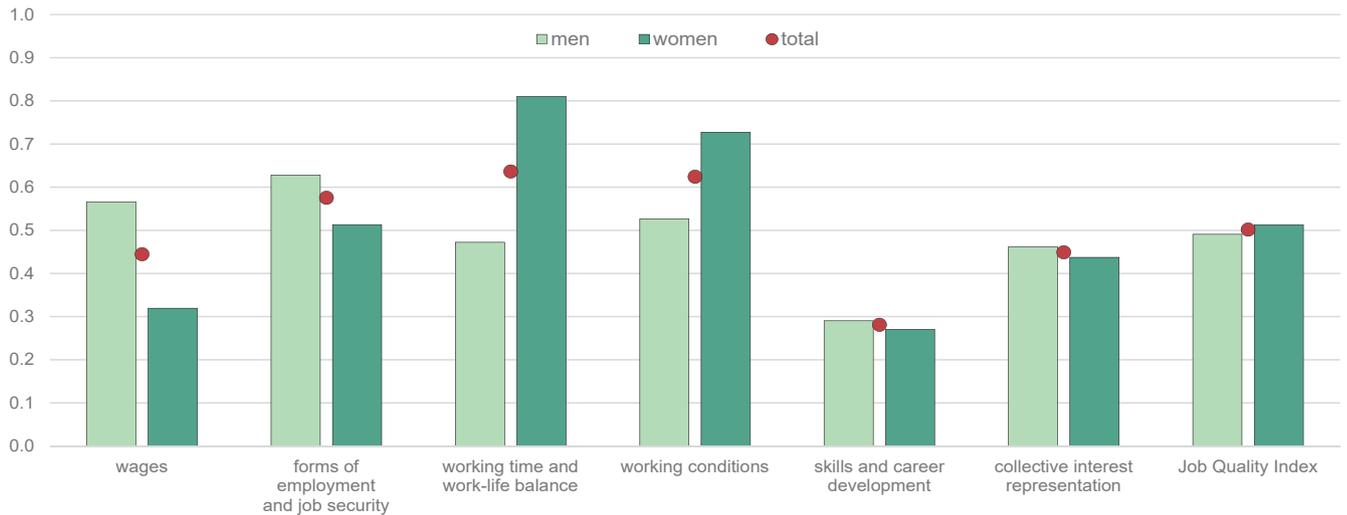
only a small fraction hold a university degree (Figure 2.15). Education thus provides an important protection against unemployment and exclusion for young people. Nevertheless, most southern European countries, as well as the UK and Luxembourg, tend to have a large proportion (more than one in eight) of highly educated young people among the NEET group.

When looking at the evolution of the NEET rates among 15-24-year-olds in the EU, we observe a relative stability in the share of those with the highest

educational attainments, at around 1% in the 2004-2016 period (Figure 2.16). Following the post-2008 crisis, the share of NEETs with lower education levels increased, but then began to decline again in recent years, which might be related to the Youth Guarantee, directed mostly towards the lower skilled.

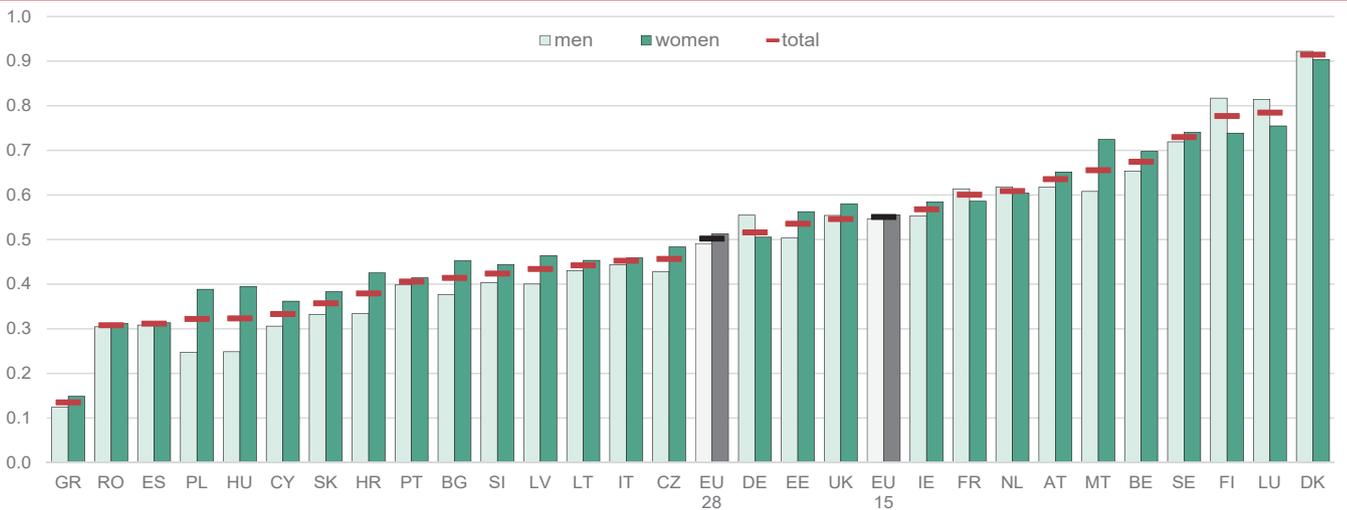
Job quality

Figure 2.17 European Job Quality Index and its sub-dimensions, by gender (EU28) (2015)



Source: Piasna (2017: 10).

Figure 2.18 European Job Quality Index, by country and by gender (2015)



Source: Piasna (2017: 26).

Job quality very uneven

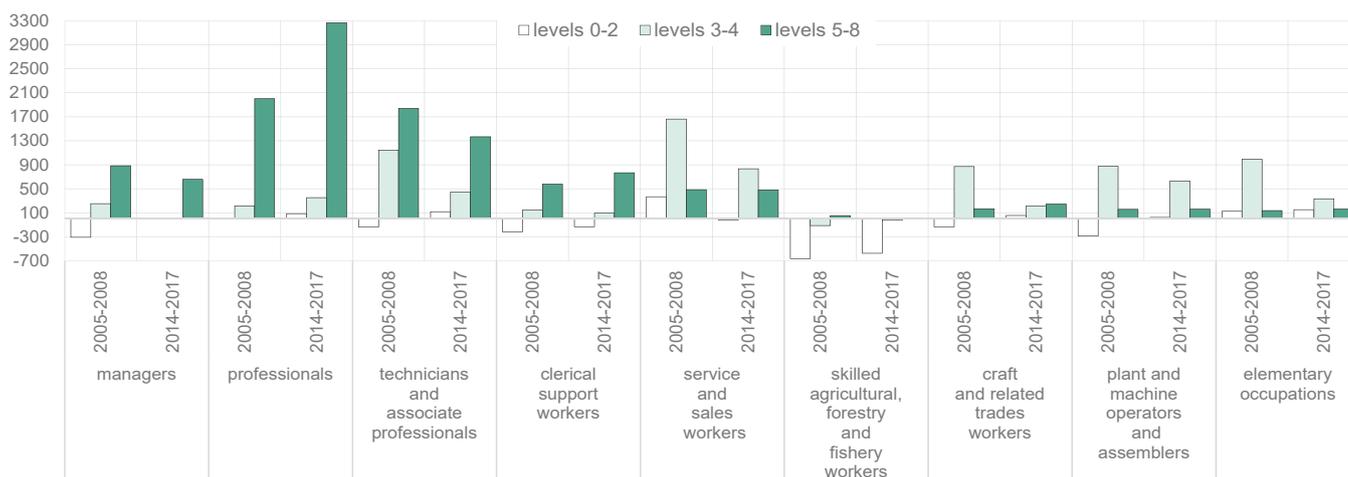
The European Job Quality Index (JQI) shows a wide divergence in the quality of work between groups of workers and across countries (for details see Piasna 2017). Figure 2.17 illustrates the magnitude of the gender gap. Men fare better in terms of wages, forms of

employment and job security. This is driven by a higher share of women in non-standard employment, such as temporary and part-time jobs, as well as a higher rate of involuntary temporary work. Such segregation in non-standard forms of work is one of the factors contributing to the gender wage gap. This contrasts with women’s better quality of working time and working conditions. The latter is mainly related to sectoral gender segregation, with women less likely to be exposed to certain physical risk factors. Job quality is very uneven across the

Member States (Figure 2.18). In 2015, overall job quality was particularly low in Greece, Romania, Spain, Poland and Hungary, while Denmark, Luxembourg, Finland and Sweden were among the top performers. Job quality was lower in post-2004 accession countries compared to the EU15 group. The gender gap also differed substantially between countries, with the most visible advantage for women in Poland, Hungary, Croatia and Malta, and a gap in favour of men in Finland, Luxembourg and Germany.

Patterns of job growth by skills

Figure 2.19 Job growth by occupation and education level, comparison of two periods, in thousands (EU28)



Source: Eurostat [lfsq_egised].

Note: levels 0-2: less than primary, primary and lower secondary education; levels 3 and 4: upper secondary and post-secondary non-tertiary education; levels 5-8: tertiary education.

Skills underutilisation in an employers' labour market

Labour markets in advanced societies are being transformed by technological change, digitalisation and automation. Many commentators predict a loosening of the standard employment relationship, a decline in wages and the replacement of tasks or entire jobs by machines. Such risks tend to be addressed by a focus on building up the resilience of workers through reskilling and upskilling (Brynjolfsson and McAfee 2016). Accordingly, supply-side measures aimed at raising the skills and competences of the workforce have become a policy priority across the EU in recent years (e.g. Council of the European Union 2015; European Commission 2017a). An analysis of job growth patterns suggests that high levels of education indeed provide relative insurance against unemployment. The share of professionals in total employment in the EU increased from 13.7% in 2008 to 19.4% in 2017 (second quarters). In the same period, the number of workers with tertiary education increased

by 17.7 million. This stands in stark contrast to the decline in employment among medium-educated workers (over 2 million) and the steep decline among those with the lowest education levels (by 12.8 million). This trend is not only a reflection of disproportionate job losses among low-skilled workers after 2008, as it has also been in evidence in the most recent years of resumed employment growth.

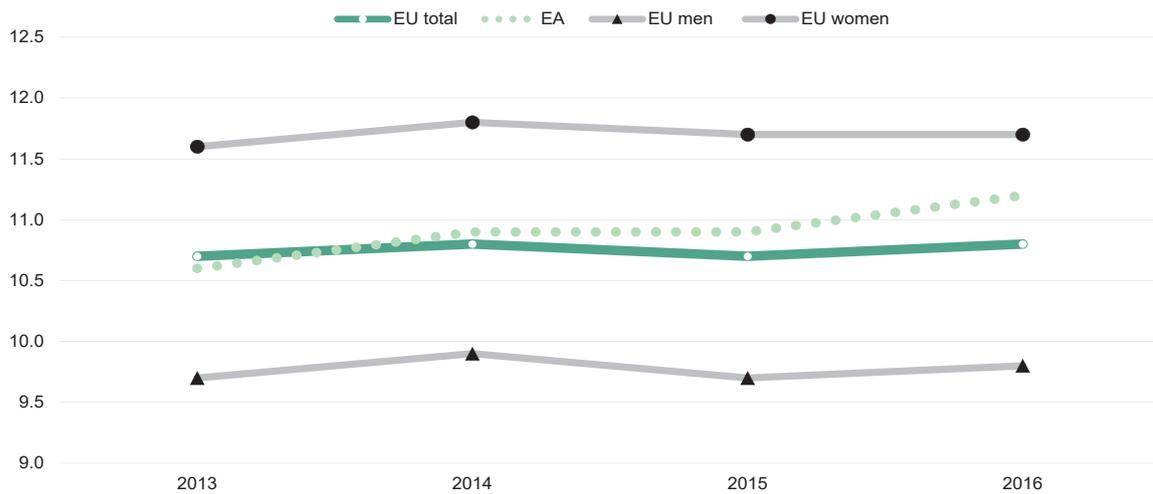
Nevertheless, a supply of highly skilled workers does not necessarily translate into a supply of highly skilled jobs. In fact, the post-crisis EU labour market, with its increased competition for jobs, gave employers an upper hand in the hiring process. We can therefore observe an increase in the number of highly skilled workers in jobs across all occupational grades. This contrasts with the pre-2008 period of net job growth (Figure 2.19). Before the crisis, in the years 2005-2008, job growth across the EU28 in both high- and low-skilled manual as well as routine clerical occupations was mainly driven by medium-skilled workers, with some increases in employment of low-skilled workers in elementary occupations, and service and sales jobs. By contrast, in the recent period of net job growth (2014-2017), a much greater share of new jobs in low-skilled manual occupations (e.g. plant and machine operators), as well as in elementary occupations, was taken up

by highly educated workers. While less than 11% of jobs generated in elementary occupations were filled by highly educated workers in the 2005-2008 period, this increased to 25% in the 2014-2017 period. Moreover, between 2014 and 2017, most of the new positions in routine clerical occupations, agriculture, and skilled manual work were also filled by workers with tertiary education levels.

Therefore, skills mismatch in a changing world of work is not only about skills upgrading and increasing the share of university graduates in the workforce. What we observe, in fact, is a growing supply of highly skilled workers that are compelled to take up jobs with very basic skills requirements, resulting in a substantial skills underutilisation across the EU. It should not be overlooked that in 2015, 28% of employees and 31% of the self-employed in the EU28 reported that they had the skills to cope with more demanding duties than those required by their current job, while only 15% and 12%, respectively, declared that they needed further training to cope well with their duties (sixth European Working Conditions Survey). The flipside of the skills mismatch is thus underemployment, a situation in which workers accept work below their skill and education levels, and employers show a preference for employing those with higher education, even for positions with typically low-skill requirements.

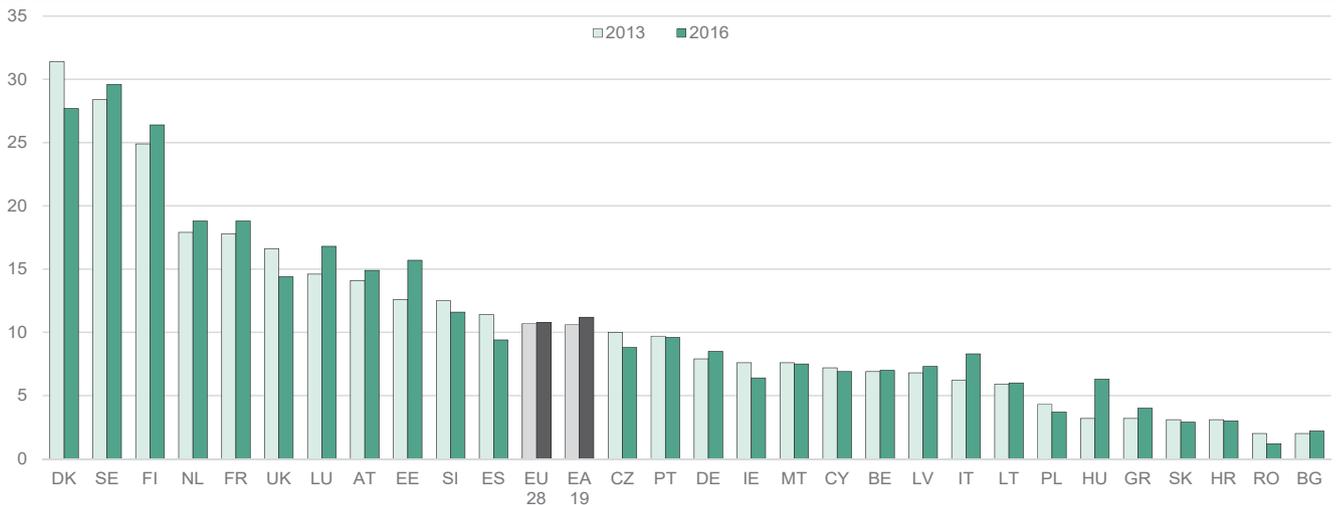
Lifelong learning policies

Figure 2.20 Rate of participation in education and training in the EU28 (total, men and women) and euro area (2013-2016)



Source: Eurostat (trng_lfse_01 series).

Figure 2.21 Rate of participation in education and training (EU28, EA19 and EU Member States) (2013 and 2016)



Source: Eurostat (trng_lfse_01).

Adult access to lifelong learning programmes

Figures 2.20 and 2.21 show the evolution of adult access to lifelong learning programmes between 2013 and 2016 in the EU (for the total, male and female populations) and the euro area as well

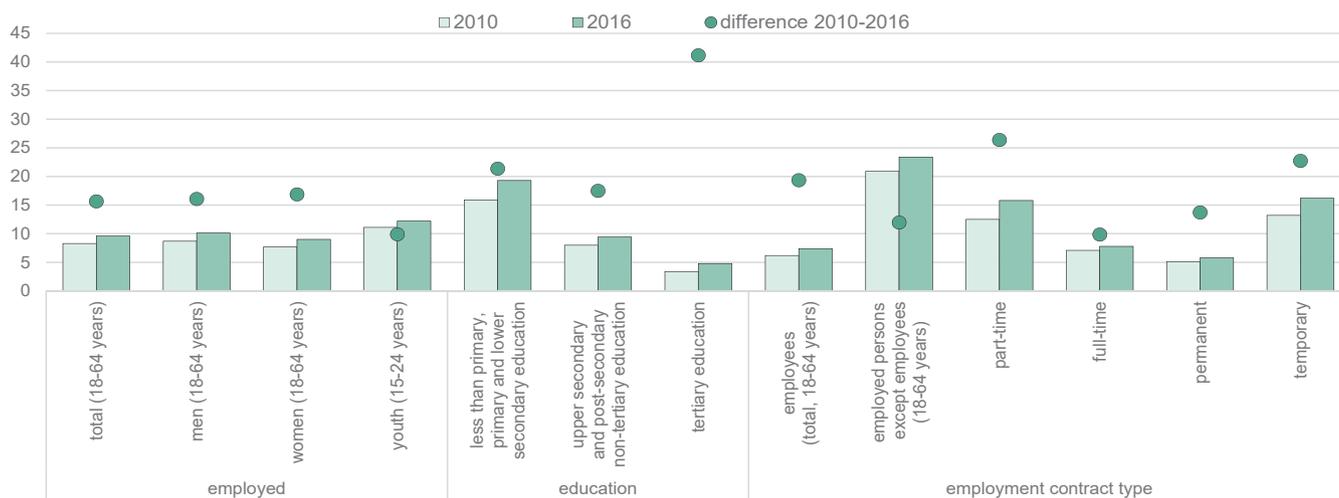
as in specific Member States. On average, adult women in the EU have higher participation rates in lifelong learning programmes than men, while the average total participation rates in these programmes have recently been higher in the euro area than in the EU.

In recent years there has been a large disparity in adult access to lifelong learning programmes across Member States. At one end of the spectrum, we find the Scandinavian countries, the Netherlands, France and the UK, and at the other, we find new CEE

and southern Member States. In eight Member States, including both the top performer Denmark and the second-worst performer Romania, participation rates declined between 2013 and 2016, while in another eleven, participation increased, mostly among the relatively high spenders but also in Germany, Italy and Greece.

In-work poverty

Figure 2.22 In-work poverty in EU28 for different employment statuses, genders and age groups (% of population)



Source: Own calculations based on EU-SILC data (ilc_iw01, ilc_iw04, ilc_iw07, ilc_iw05).

In-work poverty peaked

The in-work risk of poverty is a measure pertaining to what are commonly called the ‘working poor’. The measure is defined as the share of population in employment whose household income falls below 60% of the median equivalised household income. This indicator combines individual activity characteristics (income from labour) with a measure of income that is calculated at the household level (the poverty line). For this reason, interpretation of its evolution over time and across countries cannot unequivocally identify the causes of this evolution, which could be developments in the labour market, the structure of households, social and fiscal policies or some combination of these factors (Ponthieux 2010: 28). To counter this difficulty, the data presented here refer to the EU28 average for different categories of employment contracts, employment situations and labour force groups. The implicit assumption is that across the EU and over the course of a relatively short period of seven years, household structures did not change substantially and that any changes that did occur cancelled each other out on average. The question,

then, is whether we can observe any indications of shifts in the in-work poverty rate that may suggest an association with changes in the labour market or in social and fiscal policy.

In-work poverty for employed people aged 18-64 was 9.6% in 2016, virtually at the same level as in 2015, and with a relative increase of 15.7% since 2010. Although the in-work poverty risk for employed males aged 18-64 was slightly higher than that for females in both 2010 and 2016, the relative change in the risk between 2010 and 2015 was somewhat higher for women (17%) than for men (16%). At 12.2%, employed people aged 15-24 faced a higher in-work poverty risk than those aged 18-64 in 2016, although the relative increase in that risk since 2010 was 10%.

Figure 2.21 shows that the highest risk of in-work poverty in both 2010 and 2016 was faced by the self-employed (employed persons aged 18-64 excluding employees). At 21% in 2010 and at 23.4% in 2016, it was more than half the average in-work poverty risk for all employed people and more than three times higher than that of employees aged 18-64. The in-work risk for the latter was 19.4% higher in 2016 than in 2010, in contrast to the self-employed, where there was only a difference of 12% between the two years.

Persons with only lower (that is, pre-primary, primary and lower secondary)

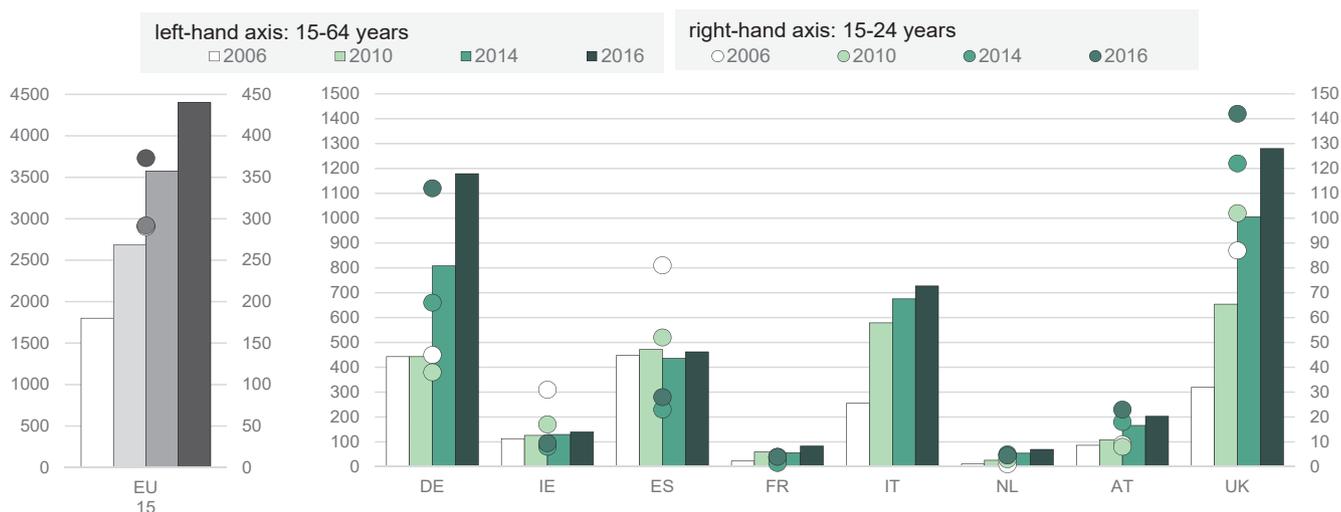
education levels, those employed under temporary contracts, and the part-time employed faced the highest in-work poverty risk among those in employment.

Other things being equal, higher educational attainment has been associated with a lower in-work risk of poverty, although the in-work poverty risk did increase across all groups of educational attainment between 2010 and 2016. However, for those with the highest qualifications the risk was 41.2% higher in 2016 than in 2010, a relatively greater change than for all other qualification level groups and categories of employed people.

Comparing typical and atypical forms of employment, the in-work risk of poverty for those working part-time and under temporary contracts was not only higher than for those working full-time and under permanent contracts (both in 2010 and in 2016) but also rose by a higher percentage between these two years, showing the increased precarity linked with atypical employment.

Mobile workers in the EU: challenges posed by slowed-down wage convergence

Figure 2.23 Employment of EU13 mobile workers in selected EU15 countries for the 15-64 and 15-24 age groups (thousands)



Source: Eurostat [lfsa_egan]. Note: data for the age group 15-24 not available for Italy.

EU13 mobile workers concentrated in a few countries

According to Eurostat, in 2016 11.7 million EU28 citizens of working age (15-64) were living in another EU Member State (3.7% of the total working-age population of the EU28), while 8.5 million were employed or were looking for work (3.6% of the total active population of the EU28).

Although the trend is increasing, intra-EU labour mobility remains far behind the mobility between states in the United States. According to the OECD (2016), yearly labour flows between US states (2.3% of the total population) were seven times higher than between EU Member States (0.35%).

Out of the 8.5 million EU28 mobile workers, 4.4 million were from new Member States (EU13), and therefore substantially overrepresented compared to their population share in the EU.

Figure 2.21 shows the evolution of the numbers of EU13 mobile workers in the EU15 and in individual, major EU15 Member States between 2006 and 2016 for the 15-64 and 15-24 age groups. There

was a continuous increase in the number of EU13 mobile workers in the EU15, from 1.8 million in 2006 to 4.4 million by 2016 for the working age population (15-64 years). For the 15-24 age group the increase was from 291,000 in 2006 to 373,000 by 2016. It should be noted that the number of EU13 workers in this age group had been stagnating until 2014 (292,000). The distribution of EU13 workers within the EU15 shows a concentration within a small number of Member States, although with rather different dynamics developing in each of the receiving countries. The UK takes the lead both for the entire EU13 working age population and for young workers (1.28 million and 142,000, respectively, in 2016). With higher rates of increase, Germany is catching up (1.18 million and 112,000). Italy and Spain had, respectively, 727,000 and 462,000 EU13 workers of working age in 2016 (for Italy no data are available for the 15-24 age group). While the numbers of EU13 workers increased each year in Italy, for Spain their numbers have been stagnating since 2006. It is noteworthy that the number of young EU13 workers in Spain reduced considerably over this period. Austria and Ireland still have considerable numbers of EU13 workers, while among the EU15 countries, France has one of the lowest shares of EU13 workers in total employment.

The east-west mobility of workers in Europe keeps on growing year by

year, despite the substantially reduced unemployment rates in most EU13 Member States, many of which are showing signs of labour shortages.

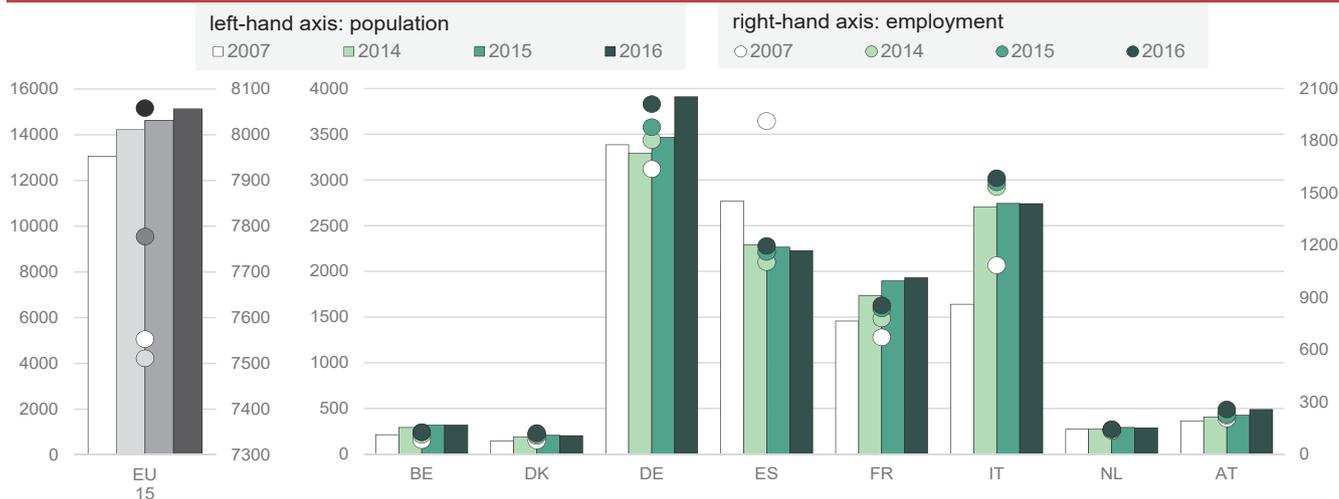
Labour market tensions in the EU13 pose a serious challenge for these countries, in particular in labour market segments with medium and higher skills needs.

It is a further challenge of intra-EU labour mobility that there is still a high share of EU13 mobile workers carrying out low-skilled jobs. According to a report of the European Commission (2017b), the share of recent EU13 mobile workers reporting to be being over-qualified for their jobs is significantly higher (37%) than that of nationals (20%). Lack of language skills in the host country appears to be the main (known) obstacle to getting a job among all mobile workers, followed by a lack of recognition of their qualifications (especially for EU13 mobile workers).

More upward convergence – particularly wage convergence between poorer and richer Member States – is necessary for a more balanced pattern of intra-EU labour mobility. Moreover, further efforts need to be made regarding the mutual recognition of qualifications between Member States.

Only three Member States show some progress in the labour market integration of refugees

Figure 2.24 Non-EU28 population and employment in selected Member States (15-64 years, in thousands)



Source: Eurostat [ifsa_egan], 2017.

Fewer arrivals, but slow integration in labour markets

The historic refugee wave the EU was facing in 2015/2016 substantially receded in 2017. While in 2015 the International Organisation for Migration (IOM) recorded 1,015,078 arrivals of irregular migrants and refugees to Europe, during 2016 their number fell to 387,895 and in 2017 was down to 184,170 (IOM 2018). Although no comprehensive EU policy framework to face the challenge was put in place, the closure of the Western Balkans route meant that the smaller wave of refugee arrivals was concentrated on the central Mediterranean route. The quota system to reallocate asylum seekers among Member States more evenly could not be implemented because of the refusal by a number of Member States.

According to the European Commission (2018), 31,502 asylum seekers have been relocated from Greece and Italy as of 3 November 2017 out of the 106,000 originally foreseen. In Greece, no person who arrived after 20 March 2016 has been referred and submitted for relocation, resulting in a huge pressure on Greek authorities. The total number of

people returned to Turkey in accordance with the EU-Turkey Statement was 2,078 by the end of 2017.

As there is always a time lag with registrations of asylum seekers, first-time registrations peaked in the first half of 2016, since which time their numbers have been in sharp decline in the EU generally and in most of the Member States. While the number of registrations was at 1.3 million in 2016, this dropped to 670,000 within the first nine months of 2017. Germany saw the sharpest decline, from 748,000 to 142,000, but Italy saw an increase from 111,000 to 141,000, and Greece from 38,000 to 62,000.

The pattern has nevertheless remained the same: asylum seekers are still concentrated in a small number of Member States. The big challenge for these countries will be the labour market integration of refugees and those asylum seekers that are eligible for employment. Based on Eurostat data, Figure 2.22 shows the number of non-EU28 citizens of working age and then, of those, the number who have been in employment for the past couple of years in the most important Member States. These figures are indicative, as they include all non-EU nationals, not only refugees, but they do provide a maximum value. The figures also demonstrate that in none of the Member States except Germany, Austria and Sweden did the number of non-EU nationals in employment noticeably grow

between 2014 and 2016. In Germany the number of non-EU citizens in employment grew by 440,000 in 2016, in Austria by 63,000, and in Sweden by 38,000, together making up a figure higher than the 510,000-total employment increase of non-EU28 nationals in the entire EU. This can be explained by the fact that in Belgium, the Netherlands, Denmark and Spain, the number of non-EU28 nationals in employment decreased somewhat in 2016. These data indicate that in all but three EU Member States the labour market absorption of the large number of refugees that arrived in the past three years has hardly begun.

National data available for Germany – one of those three Member States that show progress in the labour market integration of refugees – demonstrate that this process has several stages and takes time. In February 2017, around 455,000 refugees, asylum seekers and tolerated persons were registered at the German Federal Employment Agency as searching for work. Most of these persons were participating in integration-related measures and 177,700 were registered as unemployed and available for work (OECD 2017). By October 2017, 202,000 persons with nationality of the main countries of origin for refugees were in regular employment, constituting an increase of 62% compared to the same period in 2016 (BAMF 2017).

Conclusions

- Economic recovery, albeit fragile, has brought about expected improvements in the employment rate and a corresponding decline in unemployment. The headline EU labour market indicators are finally recovering to pre-crisis levels.
- However, a less optimistic outlook emerges from a more careful examination of labour market dynamics, which reveals a persistently depressed labour demand and growing inequalities between and within countries.
- While unemployment has been declining, the underutilisation of labour ('labour market slack') remains high in Europe, and twice as high as the current average unemployment rate.
- We observe an employers' labour market, where employing organisations have an upper hand in imposing less favourable work and employment conditions.
- Workers are being compelled to take up non-standard jobs against their preferences and to do work below their qualification levels. Without the creation of good quality jobs in highly productive sectors, the risk is that the skills potential of the European workforce will be underutilised.
- Non-standard employment is on the rise, raising doubts about the sustainability of employment growth and social protection in the long run.
- Gender gaps in employment have been closing during the crisis through a process of levelling down, not up. Therefore, gender equality remains a challenge, with a return to old patterns in the recent period of employment growth.
- The situation of young people in the labour market remains difficult, with a significant increase in non-standard employment and persistently high NEET rates. After completing education, young adults face great difficulties in entering the labour market and finding stable employment.
- In recent years there has been a large disparity in adult access to lifelong learning programmes across Member States. At one end of the spectrum, we find the Scandinavian countries, the Netherlands, France and the UK, and at the other, we find new CEE and southern Member States, such as Bulgaria, Romania, Slovakia, Croatia, Greece and Italy.
- In-work poverty remains at the high levels it reached during the crisis, painting a particularly grim picture of the precarity involved in atypical forms of employment.
- The historical refugee wave that the EU was facing in 2015/2016 receded substantially in 2017, but no comprehensive EU level policy framework exists. The next big challenge will be the labour market integration of refugees, and only three Member States are showing some early signs of progress in this area.
- The east-west mobility of workers in Europe keeps on growing year by year, even with labour shortages and lower unemployment rates in many EU13 Member States, but EU13 mobile workers still face the large-scale issue of being overqualified for their work. Stalled wage convergence between the east and the west is one of the main reasons for such malfunctioning.

