

# 2011 YEARBOOK



Living and working in Europe



Eurofound

## **Eurofound Yearbook 2011: Living and working in Europe**

**Cataloguing data can be found at the end of this publication.**

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**The European Foundation for the Improvement of Living and Working Conditions (Eurofound) was set up to contribute to the planning and design of better living and working conditions in Europe.**

**Established in 1975 by the Council, it is situated in Dublin, Ireland.**

EUROFOUND IN 2011

105

STAFF

€ 20,381,000

BUDGET

WE WROTE **855**  
PUBLICATIONS IN-HOUSE

AND

**810**  
WERE TRANSLATED INTO AT  
LEAST ONE OTHER LANGUAGE

WE DISTRIBUTED  
**73,952**  
PUBLICATIONS

WE SPOKE AT  
**167**  
EVENTS ACROSS EUROPE

OUR WORK WAS CITED IN AT LEAST **873** PROFESSIONAL ARTICLES PUBLISHED

OUR WEBSITE HAD  
**2,021,489**  
VISITS OVER THE YEAR.  
WITH **118,576** DOWNLOADS  
OF OUR PUBLICATIONS

OUR STAFF BOUGHT  
**13,276**  
CUPS OF COFFEE IN THE CANTEEN  
IN ORDER TO ACHIEVE THESE RESULTS



# FOREWORD

Economic news may have improved for some Member States of the European Union in 2011, but for many citizens uncertainty about the future and the ability to maintain standards of living are ongoing issues. Eurofound's third *Yearbook* reflects these realities. It presents some of the main findings of our research and describes the key developments that shape the lives and the work of European citizens and their families. Three Europe-wide surveys provide a collection of data on the working conditions that European workers experience every day, on the living conditions and quality of life that citizens enjoy and on workplace practices prevalent in European companies. All three surveys have been conducted repeatedly at regular intervals so that trends can be captured. This enables us to provide answers to such questions as to whether good working conditions are a luxury in difficult economic times or whether we are making progress towards active and inclusive communities. Close monitoring of labour market developments lead to other interesting insights, like the fact that Europe has created better jobs but not more. But Eurofound research in 2011 did not only identify problems. We have also researched the processes that lead to innovative solutions, like the negotiations between social partners at different levels, and analysed the results of this, at times, difficult dialogue.

The *2011 Yearbook* can only provide a partial picture of the broad range of work undertaken by Eurofound during the past year. However, we hope it has made you curious to find out more and we invite you to visit our website at [www.eurofound.europa.eu](http://www.eurofound.europa.eu).

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Director

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# 1

JOBS IN 2011:  
BETTER, BUT NOT MORE







## JOBS IN 2011: BETTER, BUT NOT MORE

The 2008–2009 recession derailed employment growth in Europe, and 2011 brought few signs that progress was back on track. The recovery, such as it was, faltered as growth forecasts were revised downwards throughout the year, reflecting anxieties about the cohesion of the euro zone. Employment increased by just over one million from the first quarter of 2010 to the first quarter of 2011. However, the net result in the period from the first quarter of 2008 until the first quarter of 2011 was that over five and a half million jobs were lost, according to the European Labour Force Survey. By the end of 2011, the unemployment rate in the EU had reached 10%.

Eurofound's research on employment trends showed that the lost jobs were mainly middle- and lower-paying jobs in construction, manufacturing and retail, while the new jobs were mostly higher-skilled and better-paying jobs in knowledge-intensive services. This suggests that, at present, Europe is creating proportionately more higher-value jobs, 'better jobs' (in terms of pay, at least) as envisaged by the Lisbon Strategy, but not creating sufficient jobs to absorb the huge numbers made jobless by the shake-out in traditional sectors.

Much of Eurofound's work in 2011 revolved around this duality of fewer but better jobs, examining both the quantity and the quality of jobs being created and destroyed.

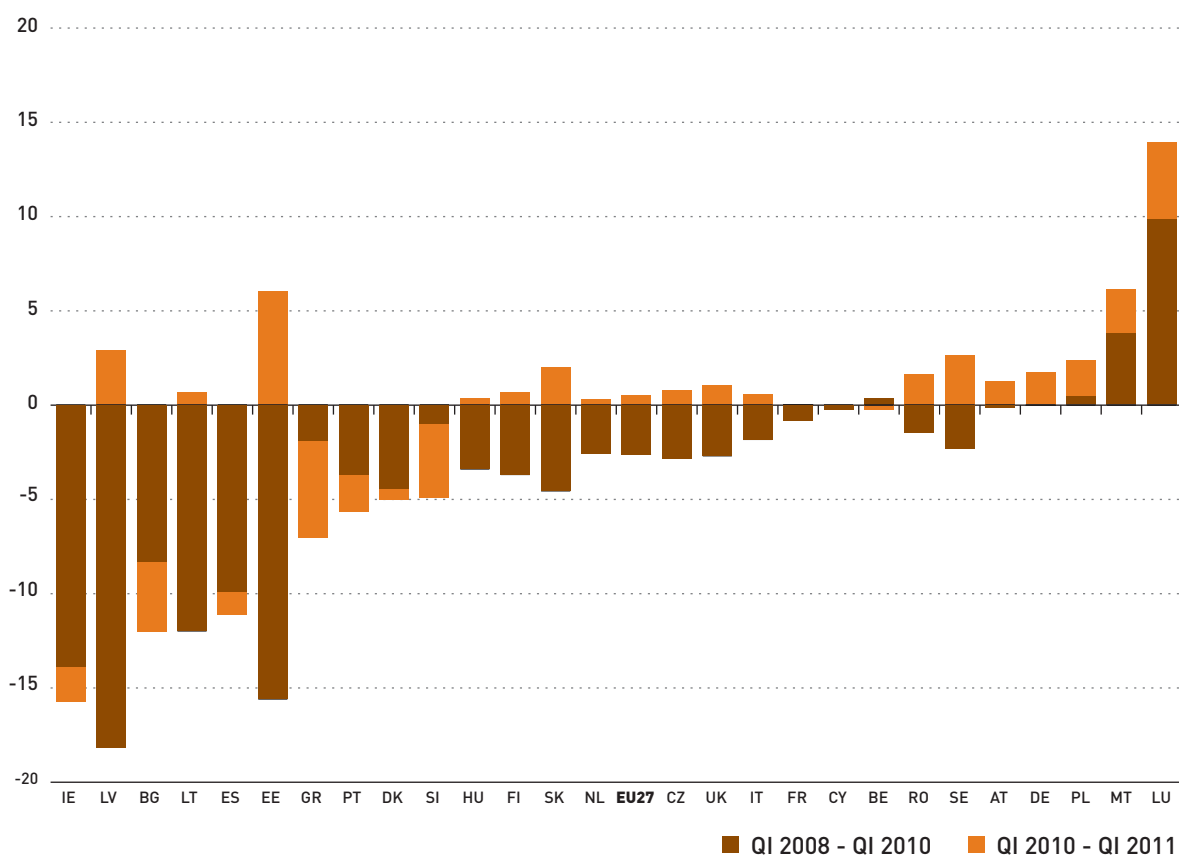


## EMPLOYMENT TRENDS BY COUNTRY

The report, *Public instruments to support restructuring in Europe*, provided a detailed examination of labour market trends across Member States and sectors. A notable feature of the economic crisis had been its differential impact on countries and

industries, and the report noted this pattern enduring in labour markets in the recovery period. In the five quarters from the start of 2010, employment grew in 19 Member States and declined in eight.

**Figure 1:** Employment change by country during the recession and afterwards (%)



Divergent trends from recession to post-recession were apparent:

- ➔ Some countries, such as Germany, Luxembourg and Poland, were relatively unscathed by the recession and saw employment increase. The implementation of flexible working time schemes was a significant contributing factor to labour market resilience in many of these Member States.
- ➔ Most countries experienced big job losses during the recession and marginal increases in its aftermath.
- ➔ The Baltic states, which had suffered especially large job losses, showed signs of recovery; Estonia's labour market in particular showed a strong post-recession rebound.
- ➔ Some countries continued to lose jobs in the recovery phase, including those countries that have faced sovereign debt crises – Ireland, Greece, Portugal and Spain. The potential for jobs growth in many of these states was hindered by the poor state of public finances.

Denmark stood out because, in contrast to other northern European Member States, employment fell sharply during the crisis and continued to fall post-crisis. Denmark's flexicurity model made head-count reductions a preferred path of labour market adjustment in response to reduced demand for the short-time working schemes implemented in other countries. On the positive side, Danish employment rates remained high, and the flexicurity mix should ensure higher levels of employment growth once output growth resumes.

## EMPLOYMENT TRENDS BY SECTOR

As regards sectoral trends, the report confirmed the contraction of employment in construction and manufacturing. It calculated that together these sectors accounted for more than 6.4 million job losses between 2008 and 2011, accounting for the most significant contributions to employment decline during the period. Employment in construction fell by 14%, with job losses mostly concentrated in the countries where real estate booms foundered. In Spain, nearly half of construction jobs disappeared; in the UK, one in five jobs was lost; and in Ireland an astonishing three in five jobs in the sector disappeared.

The long-term decline in manufacturing employment accelerated during the recession, falling by 10% in 2008–2011. All Member States experienced declines in manufacturing employment, and by 2011 this sector accounted for fewer than one in six jobs in the EU. However, employment in many manufacturing subsectors grew post-recession, notably in the high-technology subsectors such as computers/electronics and transport equipment but also in traditionally low-technology subsectors such as food manufacturing. Subsectors in long-term decline such as textiles/clothing and wood and paper products continued to experience employment loss in the recovery period.

The main anchor of employment during the recession and recovery were the predominantly state-funded sectors. Employment in the health sector rose by 7% and in education by 4% between the first quarters of 2008 and 2011. However, this employment growth was soon to be halted and reversed as the effects of subsequent government austerity measures set in. Signalling the changing climate, employment declined marginally by 1% in public administration.

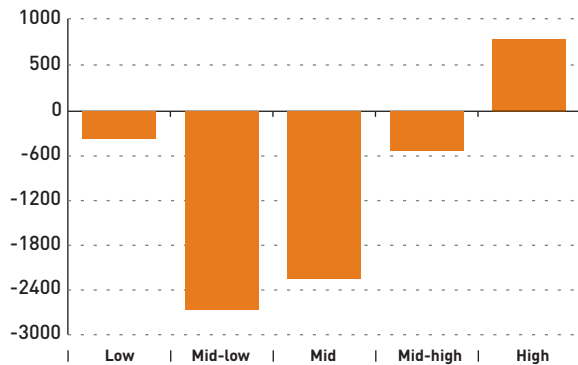
Modest job losses in the financial and insurance sector were regained during the recovery, while accommodation and food services witnessed marginal employment growth during both periods.





## STRUCTURAL SHIFTS – THE SHRINKING MIDDLE

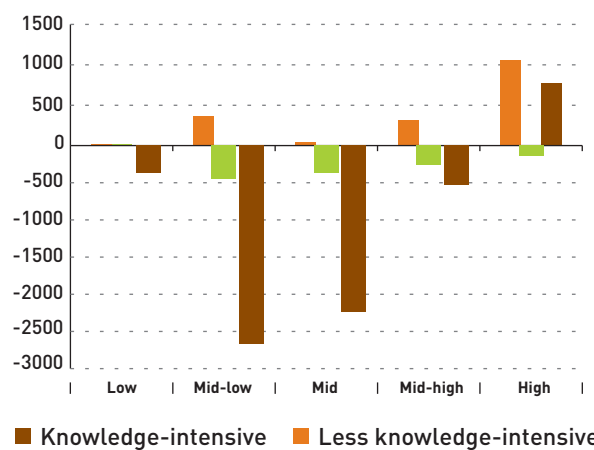
**Figure 2:** Employment losses and gains in five pay categories, Q2 2008–Q2 2010



Alongside the analysis of trends in employment rates, Eurofound looked at whether certain types of jobs were disproportionately destroyed or spared by the recession. Researchers examined employment shifts from mid-2008 to mid-2010 across five pay categories of equal size, ranked from lowest to highest, roughly reflecting the distribution of jobs from low skilled to high skilled. The results of this exercise, published in the report, *Shifts in the job structure in Europe during the Great Recession*, revealed starkly uneven developments in employment across categories (Figure 2).

The highest-paying jobs were resilient to effects of recession, with employment growing in this category. However, employment fell in all other pay categories, especially the middle and mid-low categories.

**Figure 3:** Employment shifts in knowledge-intensive services across five pay categories, Q2 2008–Q2 2010

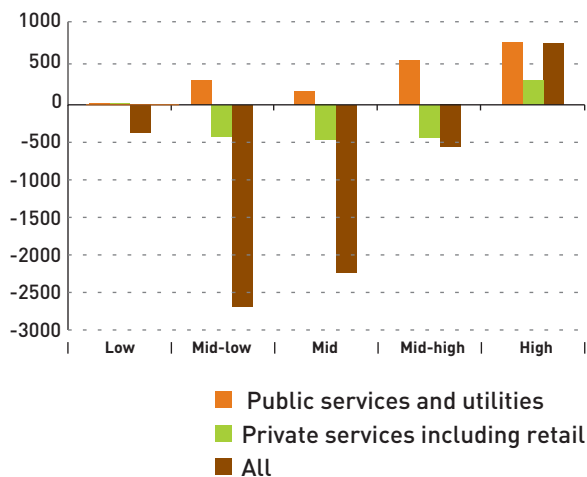


### Growth in highest-paying jobs

Growth in the highest-paying jobs resulted from increased employment in knowledge-intensive services, especially education, health and business services (Figure 3). In fact, these services were largely unaffected by the recession, with employment growth across all pay categories. By contrast, less knowledge-intensive services suffered employment losses across the board. Retail contributed to most of these job losses, especially in the lower pay categories, but notable losses also occurred in postal services, warehousing, and transport and personal services.

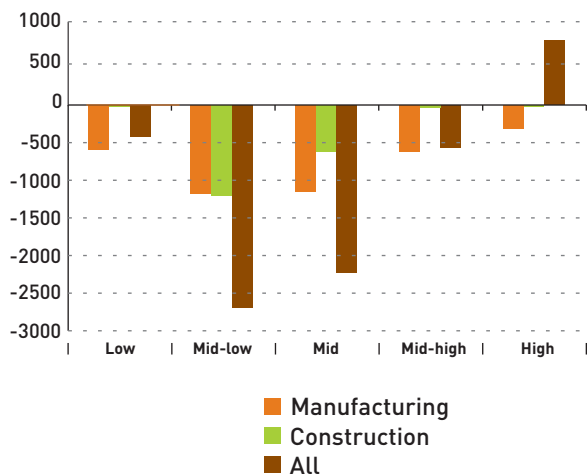


**Figure 4:** Employment shifts in public sector and private sector services across five pay categories, Q2 2008–Q2 2010



Looking at the pay categories from the public–private sector perspective (Figure 4), the report found that employment in predominantly state-funded services – in education and health particularly – was mostly responsible for growth in the highest pay category, but growth in this sector was visible across all categories. Employment in private sector services rose only in the highest pay category and declined markedly in middle-ranking jobs.

**Figure 5:** Employment shifts in manufacturing, construction and all sectors, across five pay categories, Q2 2008–Q2 2010



### Middle-ranking jobs axed

The sharp drop in employment in middle-ranking jobs was due largely to job destruction in construction and manufacturing. Layoffs in the construction sector were heavily concentrated in middle and mid-low paid jobs, while the manufacturing sector lost jobs across the pay distribution but particularly in the same two categories (Figure 5).

The bulk of manufacturing sector losses were in low-technology subsectors, jobs which are predominantly in the low-pay categories. But losses also occurred in high-technology areas, where jobs are in the middle pay range, especially in capital-intensive industries such as fabricated metals, cars and machinery.

## Patterns across Member States

Three main patterns of employment shift in Member States emerged from the research:

- ➔ upgrading, with job growth skewed towards the top of the pay distribution – seen in Germany, Luxembourg, Sweden and Slovakia;
- ➔ polarisation, with growth at the lower and upper ends of the pay distribution, but contraction in the middle – seen in Bulgaria, Cyprus, Spain, France, Greece, Ireland, Latvia, Portugal, Slovenia and the UK;
- ➔ downgrading, with greater job losses in higher-paid jobs and growth or small declines in lower-paid employment – seen in Denmark, the Czech Republic, Hungary, Italy and Lithuania.

## Narrowing gender gap

The greater impact of the crisis on male-dominated sectors had a narrowing effect on the gender gap in employment. Most (80%) of the net decline in employment affected male workers, in jobs that tended overwhelmingly to be in middle- and mid-low-paid categories. By contrast, the continued expansion of professional-grade jobs in health and education created employment in the top category, more of which were taken up by women than by men. Job losses among women were exclusively in middle- and low-paid jobs, in occupations such as retail salespersons and blue-collar workers in textiles and clothing manufacture and agriculture.

## Changes in employment status

The report presented a mixed picture of changes in employment status. A net fall in temporary employment was evident, but this was mostly due to developments in the Spanish construction sector. Excluding Spain, temporary contracts grew, and especially rapidly since 2009. Part-time work also expanded in all pay categories, with the greatest growth in the top and bottom pay categories. The growth in the

number of part-time jobs was equally distributed among men and women. New part-time employment for men was created primarily in lower-paying jobs in agriculture, food and beverages and in building and landscape services. Over two-thirds of growth in female part-time work was in higher-paid jobs in education, health and professional services.

A shift towards part-time working was especially evident in the Netherlands, where a very large proportion of employment pre-crisis was already part time. This intensified during the recession, with the loss of nearly 200,000 full-time jobs and the addition of 100,000 new part-time jobs, skewed towards the higher-paid category. Part-time workers accounted for nearly half of employment in the Netherlands by 2011.

## RECENT TRENDS IN RESTRUCTURING

Eurofound's *European Restructuring Monitor (ERM)* is an indicative (as opposed to representative) record of the most recent trends in large-scale restructuring across the EU and Norway, based on company announcements reported in the major print and broadcast media in each country. From the middle of 2009, according to ERM data, the level of restructuring began to fall, but announced job losses continued to outnumber announced job gains.

The most striking data recorded by the ERM was the rapid increase in announced job losses in public administration between 2010 and mid-2011, a sector, as noted earlier, that had been a fortress of employment during the recession. Public administration represented over 30% of announced layoffs, replacing manufacturing as the main sector for job losses, as governments in both more and less fiscally challenged countries pursued austerity programmes and sought to tackle rising public debt. The bulk of cuts were in four countries – Poland, the UK, Romania and the Netherlands.

The ERM reported falling job losses in manufacturing in the first six months of 2011 and confirmed job growth in some subsectors, especially in higher technology manufacturing. In car manufacturing, for example, jobs created (44,000) outnumbered job losses (30,000). Losses in retail were moderate, but employment in construction continued to decline. Layoffs in transport and communications rose sharply, restructuring of La Poste in France being responsible for much of this. Employment grew, however, in the broad category of business services, which includes IT/computers, management consultancy, advertising and legal services.

### Bleak outlook

Eurofound's research on changing labour markets suggested that the outlook for employment growth at the end of 2011 was bleak. The European economy as a whole continued to be weak, curbing hopes of job creation in the private sector. The state-funded sector can no longer be relied upon as a source of stability. Large public stimulus packages protected employment in the short term, but these were being withdrawn or wound down in 2011. This is likely to affect public sector employment throughout 2012, already the focus of retrenchment in many Member States. Sections of the financial services industry that have been recipients of state aid are also likely to suffer. In addition, negotiated and incentivised working time flexibility, which played a large part in dampening employment losses during the downturn, is likely to have created a buffer that could depress new job creation in the recovery.

### Reinforcing long-term trends

The recession seems to have accelerated existing trends in the labour market overall. It intensified the long-term shift in employment away from the primary sector (agriculture, fishing and extractive industries) and secondary sector (manufacturing activities) towards service activities. Services accounted for 69% of EU employment in 2008 and 71% in 2010. The shift has also been markedly skills-biased, sparing in large part – at least in the period covered by this analysis – higher-skilled, white-collar workers, while eroding jobs at the lower-skilled end of the spectrum.



## A JOBLESS RECOVERY?

The much-hoped-for boost in job creation post-recession has not materialised. Eurofound research indicates that an important contributing factor could be the ratio of structural layoffs to cyclical layoffs that occurred during the recession. Cyclical job losses are responses to falls in demand and tend to be temporary; when growth resumes, workers are rehired or find equivalent work in a similar company. Structural changes, on the other hand, transform a company or an industry, permanently destroying jobs in the process so that workers are unlikely to be rehired into their old positions. Creating jobs to absorb these workers takes longer than recalling workers to their previous jobs.

American economists Erica Groshen and Simon Potter have argued that job creation following recent recessions has been sluggish due to the preponderance of structural changes in the labour market. During the 2008–2009 recession, two-thirds of EU workers worked in a sector where employment losses were structural. These jobs are more likely to be gone forever. Jobs growth in this context requires the creation of new jobs, a slow process and a more risky prospect for employers, which may help explain why the recovery so far has largely been jobless.



## SECTOR FOCUS: EDUCATION AND TRAINING

Attention on the education and training sector has intensified because of its critical role at the foundation of Europe's knowledge-based economy. The European Commission's 'New skills for new jobs' initiative in 2008 called on the sector to be more forward-looking, to focus on supporting and facilitating sustainable growth, and to align its provision more closely with the future needs of the European economy and the context of intensified global competition. In the report, *Educational and training services: Anticipating the challenges*, Eurofound sought to provide empirical evidence about how changes in the education and training sector in the EU will influence present and future job prospects, skills and working conditions of teachers and trainers.

### More private sector providers

The traditional institutional model of education is evolving away from state domination and definition as demand for portable qualifications increases and new actors from the private sector enter the education market. While data on the extent of private training provision are scant, figures from the UK indicate a rapid expansion in the number of private providers up to 2008, suggesting an inexorable growth in commercialisation, especially if constraints on public spending persist. While the impact of commercialisation is unpredictable, it is conceivable, for example, that the private sector might offer better career prospects, attracting the best teachers away from public education institutions.

The extent to which formal qualifications will continue to be valued is another area of uncertainty; it may be that learning will be assessed by stakeholders in a much more fragmented and context-specific way.

### Upgrading skills

What is more certain is that current teaching qualifications are not sufficient to meet the needs of new types of learners within the new economy. The sector needs to be able to provide the necessary competences of a knowledge-based economy, competence in ICT particularly. The provision of lifelong learning for workers over their careers will become commonplace. As globalisation increases, low-skilled workers and those with obsolete skills will need to be integrated into the labour market by upgrading their competences. And increasing numbers of migrants will require new skills to integrate into their host countries. The ability of the current teaching cohort to meet these challenges is debatable. Even at present, opportunities for teachers to consistently develop and update their professional skills and competences are lacking, with participation in continuous professional development at 20–30% across the EU.

### Changing learner expectations

Modes of learning are also changing. Learners increasingly demand flexible teaching methods that will allow them to learn when it suits their personal schedule. Teachers will be expected to engage with new technologies that enable new approaches to learning such as e-learning, mobile learning and ICT-supported virtual learning environments. Passive modes of teaching such as lectures are falling into disfavour, and teachers are expected to become more like coaches, developing strong communication skills. Aalto University in Finland, for example, is shifting away from the traditional model of lecturers delivering lectures towards collaborative learning processes. Learners are less interested in qualifications that prove they attended courses and seek learning outcomes that are immediately useful.

## SUPPORTING RESTRUCTURING

### Measures to support restructuring

Job losses caused by company restructuring entail significant social costs, which makes a strong case for companies to be supported during restructuring so that the most painful effects are minimised or avoided. Restructuring is an exceptional event for companies, and most will lack experience and expertise in dealing with the process. In response to such needs, governments, employers and trade unions across Europe have backed a variety of measures to support companies and workers affected by restructuring. Information on these support instruments has been gathered by Eurofound and made available in a new database (see panel).

Eurofound's report, *Public instruments to support restructuring in Europe*, gave some background on the measures, describing the main actors providing and funding them, and giving details on the aspects of restructuring they target. Even if not designed for restructuring specifically, many have provided the flexibility to be fine-tuned on a case-by-case basis to specifically counter 'hard' restructuring events – mainly for large companies, where layoffs would have had severe impacts on a regional economy. For the majority of instruments in the database, little is known about their actual effectiveness – whether and how much they help to achieve a beneficial or at least acceptable outcome for both the company and its employees.



### ERM DATABASE ON SUPPORT INSTRUMENTS FOR RESTRUCTURING

Eurofound launched the ERM database on support instruments for restructuring in 2011. It aimed to document a collection of relevant public measures beneficial for the anticipation and management of change. It includes different examples of what is done and what can be done, thereby acting as a pool of ideas for public and private decision-makers faced with restructuring. The instruments recorded are generally available measures and exclude temporary recession-specific support instruments. Almost 400 illustrative examples have been included to date, and the database will be updated regularly.



### Actors involved

The majority of restructuring support instruments are provided through the cooperation of various actors. National governments are involved in 80% of measures recorded in the database, mostly as funders, but they also enact legislation to underpin instruments, and provide technical and expert support. Social partners are involved in the negotiation and design of measures, as well as the implementation and administration of support instruments. Other actors include public employment services, government agencies (including social security bodies and statistical offices), education and training providers, consultancy and research services, and financial institutions.

### Sources of funding

For 70% of the instruments analysed, part or all of their funding comes from national governments, 17% are co-financed by EU funds, while employers finance 13% of instruments. Social partners, either jointly or separately, provide funds for 10% of instruments, and around 5% require no specific funding. Most widespread is the combination of government sources with European sources, sometimes also involving additional funds (contributions, for example, from regional or local authorities or from the social partners or businesses).

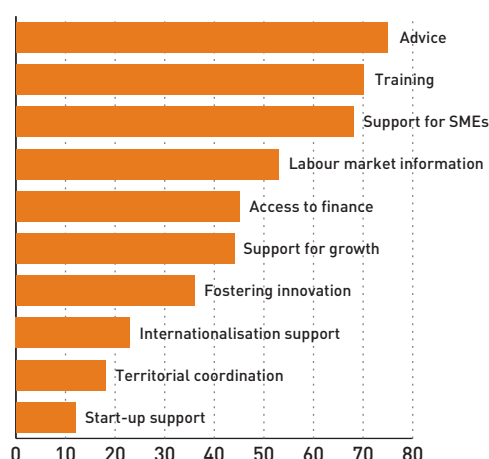




## Instruments to support anticipated change

Two-thirds of instruments described in the ERM database are measures that support future restructuring (see Figure 6). They underpin long-term objectives of developing the regional economy and maintaining companies' competitiveness, sustainability and adaptability to changing framework conditions. It follows that this category is dominated by measures that offer advice and consultancy services for businesses to expand and diversify, such as strategies for innovation, internationalisation or growth. A comparatively high number of instruments focus on small and medium-sized enterprises (SMEs).

Figure 6: Top 10 instruments to support future change (no.)



Measures that promote training at company level, to prepare businesses for future skill needs, are also prevalent. They include measures that fund the further education of employees, with the aim of adapting their skills to labour market changes; tax incentives to make skills development more attractive for employers and employees; and the legal entitlement of employees to participate in training, with an obligation on the employer to release them from work.

### EXAMPLE: ADVICE

The Finnish Globaali programme is aimed at internationalising SMEs. The programme assesses the potential of a company to operate in global markets, including the reasons for such expansion, its vision for growth, and its competitiveness in international markets. The programme then develops an internationalisation model for the enterprise to optimise its performance in the target market, outlining areas of investment and development, actions to be taken, key personnel to take responsibility for the process, and the schedules and financial resources required. Through Globaali, more than 700 companies have improved their readiness for internationalisation.

### EXAMPLE: TRAINING

In Italy, intersectoral funds provide for continuing vocational training in specific economic sectors or specific occupations across sectors. They entirely or partially finance the training plans for individual workers or all workers in an enterprise. Employers must allocate 0.3% of their social security contributions paid to the National Institute for Social Insurance to workforce training. The fund will cover the entire cost of projects in depressed areas and half the cost in other areas. Between 2009 and 2010, the intersectoral vocational training funds approved 9,800 training plans, with the involvement of about 1.3 million people employed in more than 32,500 firms.

Other important measures include the provision of:

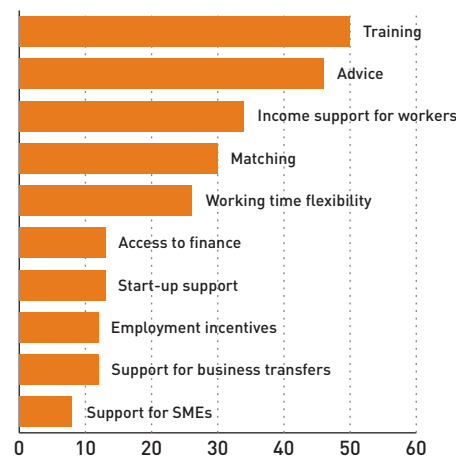
- information about economic and labour market trends as an orientation for decision-making in companies and by policymakers;
- access to finance, in the form of grants or subsidies, favourable loans, or guarantees, which are linked to specific phases in the company life cycle (such as growth, innovation, diversification or internationalisation) or to job creation.

### Instruments to manage current restructuring

Around one-third of instruments are designed to manage the effects of current restructuring (Figure 7). Training measures for employees dominate in this category and target employees affected by working time reduction or dismissed as a result of a restructuring event. These measures are therefore often combined with other types of support, such as income support or services matching workers to vacancies, or focus on specific areas such as business start-up skills.

Measures offering advice tend to focus on the workforce threatened by, or undergoing redundancy. These advisory services often go beyond standard public employment service activities for the unemployed by providing quicker or easier access to the support, for example by establishing contact points at the premises of the affected firm. For enterprises, advice is offered on how to best manage the restructuring event and consult the workforce. It may concentrate on specific topics (such as access to finance or transfers of business ownership) or focus on operational matters (such as wage subsidies or other employment incentives).

**Figure 7:** Top 10 instruments to manage current change (no.)



Also important are instruments that support the combination of income support and working time flexibility, including measures that allow the employer to temporarily reduce working time and (partly) compensate the affected workforce for their relative loss in income.

### EXAMPLE: WORKING TIME FLEXIBILITY

**Working time accounts (Arbeitszeitkonten) in Germany help to safeguard employment and provide leeway for employers to manage short-term fluctuations in the demand for labour without having to abide by the procedures required for overtime or pay supplements. Employees can accumulate extra time worked and use it to take time off. Short-term accounts (such as flexitime accounts and overtime accounts), where the account balance is equalised over a one-year period, are the most prevalent form. In 2009 and 2010, about 45% of all establishments (with a works council) made use of working time accounts.**

# 2

ARE GOOD WORKING  
CONDITIONS A LUXURY?







## ARE GOOD WORKING CONDITIONS A LUXURY?

In a perfect world, all companies would strive to have satisfied workers with stimulating jobs and would be rewarded with profits in abundance. In the real world, things are more complicated. Do we know for certain that companies that provide better-quality jobs – jobs that offer greater autonomy, better skills development, better opportunities to balance work and home life – fare better than companies that take a less enlightened approach? Some organisations have made considerable strides, often in the context of social dialogue, but in a stagnant economy many businesses worry about the effect on productivity. Alternatively, enlightened workplace practices that improve the quality of work and raise performance could be at least part of the answer to Europe's search for new sources of productivity gains in the global economy.

Eurofound has conducted a project over several years to find evidence to show the links between social dialogue and working conditions and their impact on employee and company performance. The project comprises research studies aimed at deepening knowledge of these links by means of an extensive literature review, analysis of the *European Company Survey (ECS)* data and in-depth case studies. In 2011 Eurofound published a number of these studies, some of which are reviewed in this section.

# 2



## EUROPEAN COMPANY SURVEY (ECS)

Eurofound conducts the ECS every four years, surveying companies that employ 10 or more employees across the EU27, Croatia, the former Yugoslav Republic of Macedonia and Turkey. It documents the flexibility strategies of companies and is a unique source of comparative information on social dialogue in the workplace. The last wave took place in 2009 and comprised over 27,000 interviews with human resources managers and over 6,500 interviews with employee representatives.

## HIGH-PERFORMANCE WORK PRACTICES

Certain workplace practices, known as high-performance work practices (HPWPs), are thought to improve the performance of workers and the organisations they work for. Eurofound undertook a study to discover whether evidence of such links could be found, selecting data from the ECS on a set of HPWPs related to training, pay, teamworking, flexible working time and social dialogue between employers and employees. The results, published in the report, *Management practices and sustainable organisational performance*, found consistent evidence that the use of HPWPs was associated with improved performance outcomes for both employees and companies.

## WHAT ARE HIGH-PERFORMANCE WORK PRACTICES?

High-performance work practices (HPWPs) are underpinned by the theory – summarised by the Ability, Motivation and Opportunity (AMO) model – that the right incentives increase employees' ability to do their job, their motivation to go beyond the terms of their job descriptions, and the opportunity to exert additional effort beyond the basic requirements of their job.

This improved worker performance in turn improves organisational performance. HPWPs include several practices and can be categorised broadly as practices that:

- ensure high quality of labour input, including careful recruitment and selection, training and development;
- structure work organisation and job design, such as teamworking and flexible working arrangements;
- decentralise hierarchies and delegate decision-making;
- provide rewards for performance, such as performance-related pay and career progression.



## Good employee outcomes

In terms of employee performance, HPWPs had the strongest association with reduced absenteeism, improved motivation and improved staff retention. Autonomous teamworking stood out in being associated with all three, but teamworking without autonomy had no effect on absenteeism and a negative effect on retention. Training practices were also important. All training-related HPWPs – regular reviews of training needs, 40% of the workforce being highly skilled, time off given for training, and training given for new tasks – had positive associations with motivation, while regular reviews of training needs and having 40% of staff highly skilled were linked to reduced absenteeism.

Flexible working by more than one-fifth of staff was associated with reduced absenteeism and improved motivation. Just having a flexible working policy in

place, however, had no effect on motivation and a negative effect on retention. Part-time working practices appear to have no benefits for performance.

As for variable pay practices, only profit-sharing seems to be advantageous – links were found with reduced absenteeism and better motivation. Performance-related pay had either no or negative associations with absenteeism, motivation and staff retention, while share-ownership in any guise had minimal association.

The presence of employee representation mechanisms and ad-hoc consultation mechanisms for the most part had a negative or no association with performance; the only positive association found was between employee representation and retention.

## Good organisational outcomes

In relation to organisational performance, training measures were widely associated with improved organisational performance, being positively linked to higher-than-average productivity, increased productivity over the last three years, good work climate, and the company being in a good economic state.

Performance-related pay and profit-sharing measures had a positive effect on economic well-being and productivity, but had no effect on a good work climate. Share-ownership measures had more limited associations, being linked only to above-average productivity. Flexible working time and teamworking practices were associated with improved productivity, but no link was found with work climate and the company's economic situation. Part-time working practices, again, in most part were linked negatively to performance.

Ad-hoc consultation in the absence of employee representation was positively associated with all four outcomes. Employee representation, however, had mixed relationships with organisational performance indicators, being positively associated with increased productivity over the previous three years but negatively associated with a good work climate and a good economic position for the organisation.

## Key elements

The evidence from the study suggests that teamwork and training practices may be particularly important for performance, reinforcing ability, motivation and opportunity. These practices are likely to be core components of HPWP bundles for the majority of organisations and are areas of focus for policy aimed at promoting and diffusing such practices.





## TOP 10 HPWPS

1. Autonomous teamworking
2. Teamworking an important feature of the workplace
3. Need for training checked periodically
4. Proportion of high-skilled workforce more than 40%
5. Time off for training given
6. Training for new tasks
7. Profit-sharing offered
8. Flexible working available
9. Flexible working taken up by at least 20% of staff
10. Ad-hoc employee consultation in the absence of formal employee representation



### EVENT: LINKS BETWEEN WORKING CONDITIONS AND EMPLOYEE AND COMPANY PERFORMANCE

Eurofound hosted a conference in Warsaw in November 2011 to explore whether companies could provide better working conditions while also improving their competitiveness and performance. It looked at best practice in the field and the role of government, employers and trade unions. The conference, attended by European and Polish social policymakers, was co-organised with the Polish Confederation of Private Employers (PKPP Lewiatan) under the Polish EU Presidency.

### WIN-WIN SITUATION FOR ALL

*'We found that there is a serious potential for employee and company gains if working conditions and work organisation measures are appropriately implemented and managed. Our research also found that in particular companies that are not doing so well can profit from these measures,'* Radosław Owczarzak, Eurofound research manager.



## SUPPORTING WORKERS WITH CARE RESPONSIBILITIES

HPWPs are not the only means of getting the best out of employees. Organisations may benefit from adjusting work practices to accommodate the needs of the different workers. Eurofound carried out research on company initiatives for working carers, based on more than 50 case studies from 11 Member States. One of the study's findings was that many employers believed that measures for working carers, among a wider set of work-life balance measures, had contributed to concrete business benefits, including reduced absenteeism, lower staff turnover, increased motivation, greater commitment to the organisation, and improved job satisfaction.

Employers also noted that flexible working practices can obviate the need for carers to take long-term leave, which benefits both the carer and employer. Experience from many of the cases suggested that working carers generally prefer to make flexible arrangements than to leave work for a period (although some carers did avail of leave arrangements in cases where this was the only viable option for them).

Some employer representatives believed that providing support for working carers can have a positive influence on motivation and loyalty among employees in general as it gives them confidence that they would be supported at work if faced by a care crisis. In some cases, it was reported that having carer-friendly measures had been helpful for recruitment, as they contributed to the perception of the organisation

as a 'good' employer. More generally, improved corporate image was reported as a benefit in a number of cases; outcomes included an enhanced profile arising from winning of HR awards and successful completion of family-friendly audits. This was seen as useful not just for recruitment but also for a positive corporate image among customers.

Some of the key types of company-level measures to support working carers are:

- leave-related provisions;
- options to reduce working hours;
- work flexibility and work adjustments;
- awareness-raising and skills development among managers and the workforce;
- occupational health and well-being measures;
- care-related supports, such as information, counselling, and practical support with the caring role.

The evolution of workplace practices to provide for the needs of working carers has a wider significance in meeting the needs of the labour market in the future. Women have traditionally been responsible for caring in families, and as their participation in the workforce increases, the integration of caring activities with employment is becoming more important. In addition, the sustainability of long-term care systems requires an extensive contribution from informal carers, especially as the number of older people in need of care rises with the ageing population.

## PERFORMANCE-RELATED PAY IN EUROPEAN COMPANIES

Employers faced with growing competition have increased pressure over the past decade to have flexibility in setting pay. On the grounds of both cost savings and enhanced performance, they seek to introduce variable forms of pay such as profit-sharing, share ownership and performance-related pay (PRP), based on individual, team, workplace or company performance. A trend towards the decentralisation of multi-employer bargaining systems and pay regulation has broadened the scope for wage flexibility, and variable pay schemes are increasing across the EU. A third of organisations with 10 or more employees use elements of pay that depend on individual performance, and slightly more than half (53%) of all employees are involved.

### Profile of companies using PRP

Eurofound's report, *Performance-related pay and employment relations in European companies*, presented the results of a study that used ECS data to examine the factors that distinguish companies that use PRP schemes, and whether any relationship could be found between use of these schemes and social dialogue practices. The study looked at schemes based on both individual and group performance.



### COMPANY CHARACTERISTICS

Overall, the study found that 37% of companies with 10 or more employees in the EU sample had an individual PRP scheme, while 23% had a group-based scheme. In both cases, around half of the schemes were broad-based (covering more than half the workforce). Certain characteristics of companies were particularly important in predicting the likelihood of a company having PRP:

- ➔ **size** – companies with 250 or more employees were more likely to have an individual or group-based PRP scheme;
- ➔ **sector** – companies operating in the financial intermediation sector were over two and half times more likely to have an individual PRP scheme; they were also more likely to have a group-based scheme;
- ➔ **ownership** – foreign-owned companies were 60% more likely than domestic companies to offer PRP;
- ➔ **economic situation** – PRP schemes were found more often in companies in excellent economic condition.

Location was also important: companies located in central and eastern European countries were more likely to have a PRP scheme based on the performance of individuals.

### FLEXIBILITY PRACTICES

The study examined the influence that flexibility practices might have on the adoption of PRP schemes, on the basis that having these in place may reduce the need to introduce PRP. However, the results indicated that PRP schemes are likely to be present alongside

flexibility practices such as enabling workers to accumulate hours, compensating for overtime with money or time off, and granting time off for training. PRP is also more likely to exist in establishments that have previously undergone restructuring. The evidence that companies that use fixed-term contracts or have a high proportion of part-time workers do not apply PRP schemes was weak, while no significant connection could be found with the use of temporary agency workers.

### SOCIAL DIALOGUE

PRP is typically handled within industrial relations structures at company level, and a tradition of wage-related bargaining may, in fact, facilitate the implementation of schemes. For example, PRP schemes are more likely to be in place in companies that have employee representation, companies with a wage agreement, and companies where pay-related social dialogue is practised. There is no evidence that the derogation powers of collective agreements is linked in any way to the incidence of PRP, and no significant link could be found between the presence (or absence) of PRP and pay-related industrial action in companies.

### ATTITUDES OF EMPLOYEE REPRESENTATIVES

Establishments with employee representatives who support PRP are more likely to have such a scheme than when representatives are opposed, and representatives are more supportive of schemes when they are involved in the discussions that set them up. The attitude of employee representatives is strongly linked to the country, with a huge variation between countries. Support for PRP is greatest in the Member States that joined after 2004 and in those EU15 countries in which wage levels are low (for example, Greece, Italy and Portugal).

## COMPANIES PROMOTING VOLUNTEERING

Companies can take an altruistic route to boosting staff morale by getting involved in volunteering. By facilitating and encouraging volunteering among employees, companies might gain from better team functioning and internal cohesion. Volunteering efforts by employees tend to be focused on the local community, often in disadvantaged areas and for socially excluded groups. Surveys of employee volunteers show that they find community engagement gives them a sense of achievement, is personally rewarding and boosts morale. Volunteers benefit from broadening their horizons and gaining fresh perspectives on social issues, and can bring new skills, confidence and enthusiasm back into the workplace.

Volunteering offers a means for companies to develop their corporate social responsibility role. CSR Europe, the European business network for corporate social responsibility, and its national-level partner organisations such as Business in the Community (in Ireland and the UK) are actively involved in promoting volunteering by staff in companies. In most Member States, however, no legal provision or specific support schemes exist to facilitate company participation in corporate volunteering. 2011 was the European Year of Volunteering, and it provided an opportunity to highlight the possibilities of social engagement and the need to create an environment that values volunteering as an integral part of civil society.

National governments could assist by building a regulatory environment that encourages this type of initiative (through tax relief measures, for instance) and ensuring that the infrastructure is in place to encourage corporate partnerships with the voluntary sector. More information on corporate volunteering is available in the factsheet, *Companies and volunteering* (see list at end of report).

## WHERE DOES SOCIAL DIALOGUE FIT IN?

Improvements to working conditions often take place in the context of dialogue between employer and employee representatives. Eurofound has researched this area extensively since 2008 and built upon its work in 2011 with the publication of the report, *Social dialogue and working conditions*, which sought to identify the mechanisms within social dialogue that improve working conditions. The study concluded that important elements in the social dialogue process included having well-established structures for identifying problems, social dialogue taking place at all levels in the company, actors having the authority to act and implement measures, and good communication between managers and employees.

Eurofound subsequently hosted a conference on 'Eurofound and its Observatories: contributing to better working conditions and social dialogue across Europe' in Belgrade, Serbia in September 2011. The conference aimed to forge better working relationships with six eastern European pre-accession countries – Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Kosovo, Montenegro and Serbia – by exchanging knowledge and expertise in the field of working conditions and social dialogue.







## CASE STUDIES ON QUALITY OF WORK AND PERFORMANCE

European Company Survey data provides statistical evidence that innovative work practices that improve the quality of working life are associated with better employee and company performance. To explore how these practices are actually applied in companies, Eurofound conducted a qualitative study on the Links between quality of work and performance. The study was based on 21 case studies of companies of varying size in four sectors (electro-mechanical engineering, food manufacturing, financial services and insurance activities, and wholesale and retail trade).

Companies in the study improved different dimensions of work by various means: training to enhance skills and employability; improving career and employment security; protecting the health, safety and well-being of staff; and enabling good work–life balance. While many reported improved performance following these investments in quality of work, the relationship between the two was not straightforward and not necessarily guaranteed. Companies themselves did not measure the impact, and in fact the study found that the impact is often not recognised. In addition, some companies experienced negative growth following improvements, although it is difficult to disentangle the effects of such improvements from the general effects of economic slowdown.

### Snapshots

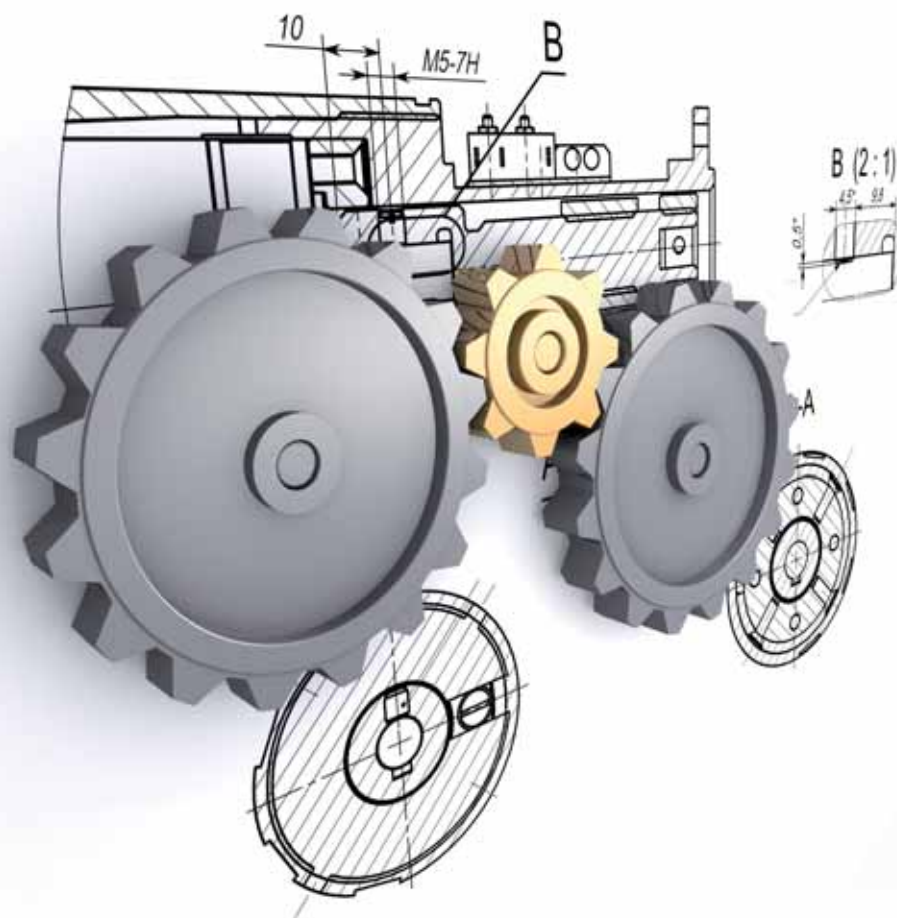
**Training, skills and employability:** All new employees of Osram, an electro-mechanical manufacturer in the Czech Republic, participate in an extensive and costly training programme. The company benefits, however, from reductions in the time that expensive machinery is not used or used incorrectly, so labour productivity increases. Training has also enabled the reorganisation of work based on 'Lean principles', reducing waste of resources. As the company investment in training is substantial, it is used to promote internal career development and decrease the need for new recruitment.

**Career and employment security:** Employees of the German food manufacturer Münsterland Margarine Werke (MMW) have in the past been affected by seasonal fluctuations in production, which resulted

in temporary layoffs and insecure employment. The company introduced new working time models adjusted to the different seasons. Workers retain the same amount of hours, but the hours are distributed more evenly over the year so that low production levels do not result in layoffs. This more stable employment means that voluntary staff turnover is low, which seems to have contributed to efficiency and increased profit margins at MMW.

**Health, safety and well-being:** Senior & Cie is a French mail-order company in the wholesale and retail sector. The big challenge for the company and the sector as a whole is the level of musculoskeletal disorders (MSDs) caused by the work. Over half the company's employees have had to reduce their level of activity due to work-related strain, while over a third had to get medical treatment due to work-related injuries in 2006. To address this problem, Senior & Cie introduced equipment upgrades and process changes to reduce risks associated with MSDs. It also initiated a skills-development programme aimed at training employees on the effective use of the new workplace equipment. Since launching these initiatives, the company has experienced a significant reduction in sickness absences, corresponding decreases in insurance payments, and a 20% increase in labour productivity.

**Work–life balance:** Until recently, the working day of Kutxa, a Spanish financial services company, ended at 20:00, leaving little time in the day for employees' home life and leisure. This caused much employee dissatisfaction and high levels of staff absenteeism. Kutxa and the different trade unions in the company met over the course of 18 months to reach a solution. Studies had indicated that customers carried out most of their business before 16:00, so an agreement was reached to move the end of the working day to 16:50, which would suit workers without inconveniencing customers. An employee survey in 2011 found the lowest level of dissatisfaction in the history of the company, but as the changes were not fully implemented until 2010, it is still too soon to assess changes to the bottom line.



# 3

## HARD TIMES AT THE NEGOTIATING TABLE







## HARD TIMES AT THE NEGOTIATING TABLE

Eurofound maintains a network of observatories across Europe to provide reliable and up-to-date news and comparative information on industrial relations, working conditions, and drivers of change in the Member States, acceding and candidate countries, and Norway. In 2011, the annual reviews from the European Industrial Relations Observatory (EIRO) and the European Working Conditions Observatory (EWCO) on developments in 2010 were combined in one report, *Industrial relations and working conditions developments in Europe 2010*. Europe was just emerging from recession in 2010, so the report concentrated on endeavours by governments and social partners to return business and industry to growth while supporting employment. Some of the key areas it covered are presented in this chapter.



## SUPPORTING EMPLOYMENT GROWTH

### Government responses to the crisis

EIRO reported that austerity drives left very little room for increases in government spending to deal with the fracturing of employment and labour markets caused by the crisis. Several governments had introduced measures during 2008–2009 aimed at preventing redundancies, getting unemployed people back into work, and supporting those who were out of work. These were extended in 2010 in Austria, Belgium, Cyprus, Estonia, Luxembourg, Malta, Norway and Slovakia. Short-time working schemes, a key means of protecting workers from unemployment, while enabling employers to respond to reduced demand, were also extended in Austria, Belgium, Bulgaria, France, Ireland, Luxembourg and Slovakia.

Support for businesses and entrepreneurship formed a major part of the policy framework of many countries. For example, corporation tax was lowered and the process for setting up new companies was streamlined in the Netherlands and Spain, while the Maltese government made financial aid available to companies that were planning to shed employees due to a slump in demand.

### Industrial relations

Looking at the state of industrial relations, the report found that in most countries, the social partners at intersectoral level were involved to varying degrees in formulating measures to maintain employment, often through discussions in national tripartite and bipartite bodies. In Bulgaria, for instance, after an intense debate between the government and social partners, the National Council for Tripartite Cooperation managed to agree a new anti-crisis package. At the national level in France, the social partners – with the exception of the General Confederation of Labour

(Confédération générale du travail, CGT) – signed an agreement on managing employment in the wake of the crisis.

However, the social partners had difficulty reaching agreement in a number of countries. Intersectoral bargaining broke down in 2009 in Greece, Ireland and Spain due to the acute impact of the downturn on those countries, leading the governments of Ireland and Spain to impose unilateral measures to deal with the consequences. Nevertheless, Greece and Spain returned to social partnership in 2010. In Portugal, negotiations for a tripartite ‘pact for employment’ collapsed.

The sectoral level is the main bargaining level in most of western European and several central and eastern European Member States. In Austria, France, Germany, Italy, the Netherlands, Portugal, Slovakia and Slovenia, the essentially annual sectoral bargaining cycle proceeded relatively normally in 2010. In Finland and Sweden, where industry agreements are usually the reference point for other collective agreements, there was some abstention from this practice in 2010. The individual company (or establishment in some cases) remained the most important bargaining level in Cyprus, Estonia, Latvia, Lithuania, Malta, Poland and the UK. An increasing trend towards decentralised agreements was evident in Denmark, Finland, Germany, Italy and Sweden.

A fall-off in bargaining was reported in a number of countries (for example, the Czech Republic). Portugal's difficulties during 2009 continued into 2010 with a reduction in the number of collective agreements negotiated, apparently linked to legislation that makes it easier for employers to withdraw from agreements.

## INDUSTRIAL ACTION

While many countries saw little or no strike activity in 2010, the review reported that in several other countries, company restructuring, job losses and site closures caused significant industrial action. Notable disputes included those at Finnair in Finland, British Airways, textile companies Kali Agro and Slovi in Slovakia, and the German steel industry. Renault announced a possible relocation from France to Turkey, which was met by trade union protests. In the Netherlands and Norway, cleaners initiated industrial action for better pay and conditions. In Poland, there was industrial unrest among aircraft crew in the national airline (LOT), in the retail sector, as well as at electricity suppliers Energa Group.

Disputes also occurred over the renewal of collective agreements. In Cyprus, for example, strikes were called after failure to agree on pay in the metalworking sector. Strikes were organised in Norway's construction sector over minimum wage rates that are generally applied in the sector and mainly concern foreign workers.

Disputes in the public sector had a range of causes – such as privatisation of the railways in Poland and Greece and renewal of collective agreements in Germany and Hungary – but it was public sector pay freezes or cuts that led to much of the most high-profile and widespread industrial action. Disputes were started over severance pay for public servants in Hungary, over cost cutting and job losses at London Underground, and over cutbacks to health care in Latvia, Malta and Luxembourg.

## SECTOR FOCUS: BANKING

A shaken banking sector was the subject of one of Eurofound's in-depth sectoral analyses (*Recession and social dialogue in the banking sector: A global perspective*) in 2011, which examined the state of social dialogue in the sector following the shocks of the financial crisis. Only unprecedented public programmes to rescue banks in the United States and Europe had averted the collapse of their financial systems. Given that turmoil, the picture of employment in the sector that emerged was unexpected in that it was not uniformly dire. While the United Kingdom, the main European financial centre, lost a quarter of its banking jobs, and other countries such as Belgium and Portugal also experienced major job losses (15% each), employment rose in some countries, such as Romania (25%), Luxembourg (23%) and Lithuania (17%).

### Industrial relations

In Europe, industrial relations are well established in the sector, social dialogue is strong, unionisation is above the national average in most countries, and collective bargaining

coverage is relatively high. Industrial relations were challenged by the crisis, but social partners assisted the sector in dealing with the negative impact in employment. Social dialogue aimed at analysing the situation and proposing measures to maintain or create jobs in the banking sector.

Collective bargaining was largely reactive and difficult. This is because it focused mainly on wage moderation at the company or sectoral level and trying to limit the extent and social impact of redundancies, mainly through social plans negotiated at the company level in cases of major restructuring. While social plans involving education, training and the creation of deployment centres may be important in increasing people's employability, they are reactive since they are only put in place once restructuring decisions have been taken.

More ambitious and proactive collective bargaining aimed at maintaining overall employment levels in the sector through innovative solutions (such as short-time working schemes, anticipating change and adopting industry-level programmes to retrain the labour force) did not exist in the banking sector or were very marginal during the crisis.

## TRENDS AT A GLANCE

### Temporary work

The use of temporary contracts grew in 23 countries between 2009 and 2010, suggesting that employers prefer using flexible employment in a sluggish economy. The EU27 average increase was less than 0.5 percentage points (from 13.6% in 2009 to 14% in 2010), but was much higher in some countries. Latvia reported the highest increase (from 4.3% to 6.8%), followed by Slovakia (from 4.4% to 5.8%).

### Health and safety

Just a few countries reported new measures to improve health and safety at work and to protect workers from violations of the legislation governing harassment, violence and discrimination at work. The Latvian Employers' Confederation (Latvijas Darba Devejū Konfederacija, LDDK), for instance, put in place an electronic system for assessing environmental risks at work, while new legislation to oblige micro enterprises to guarantee annual health checks for their employees has been introduced in Hungary.

### Sick leave

In the Czech Republic, sick leave dropped by 12.6%, while the average duration fell by 3.9%. In the Netherlands, sickness absences were historically low in 2009 (4%), while a stable 3% of employees reported having had a work accident with physical or emotional injuries resulting in at least four days of sick leave. In Germany and Norway, however, there was a marked rise in sick leave in 2009; social partners and government discussed measures to reverse the trend.

### Training

The majority of European countries reported a decrease in the number of workers involved in training activities or in the amount of expenditure for training, and only three countries – Estonia, Italy and the Netherlands – reported a high rate or a recent increase in the number of people in training.

### Work–life balance

Companies in most European countries continued to rely largely on the use of flexible or atypical forms of contracts (mainly part-time contracts) to facilitate their workers in reconciling the demands of work and home life, while the use of flexible working time arrangements appeared to be still quite limited.

In Belgium, the work–life balance of workers improved. In 2004, 11.8% of the workforce had problems maintaining a work–life balance, but in 2010, this proportion fell slightly to 10.6%. Data also indicated that problems in achieving work–life balance were found mostly in professional and managerial jobs.

### Working time

In Slovakia, a flexible working time arrangement (and to a lesser extent working from home and teleworking) is the usual tool used to promote better work–life reconciliation. However, data for 2010 showed a decrease in the number of companies employing flexible working time from 33% in 2009 to 30.8% in 2010.

## PAY DEVELOPMENTS

Each year EIRO conducts reviews of developments in pay and working time in the previous year. In *Pay developments – 2010*, which focuses on collectively agreed arrangements, EIRO noted that pay increases were down since 2009 in 13 out of 14 countries with data available (Malta was the exception). It noted effects of the crisis on bargaining: difficult negotiations, lengthier discussions before agreements were reached, and extensions to the duration of existing agreements; in some cases, collective bargaining on wages was discontinued. National actors, particularly in the countries hardest hit by the crisis, started to discuss and adjust their usual ways of pay setting. Meanwhile, analysis of over 180 collective agreements showed that a very limited number contained aspects that would reduce the gender pay gap (currently at 17%).

### Nominal pay increases

Nominal pay increases fell most in Slovakia, Austria, the Netherlands and Belgium (Figure 8). Moderate reductions were recorded in the United Kingdom, Germany, Italy, Sweden and the Czech Republic, while reductions were relatively low in Portugal, Spain and France.

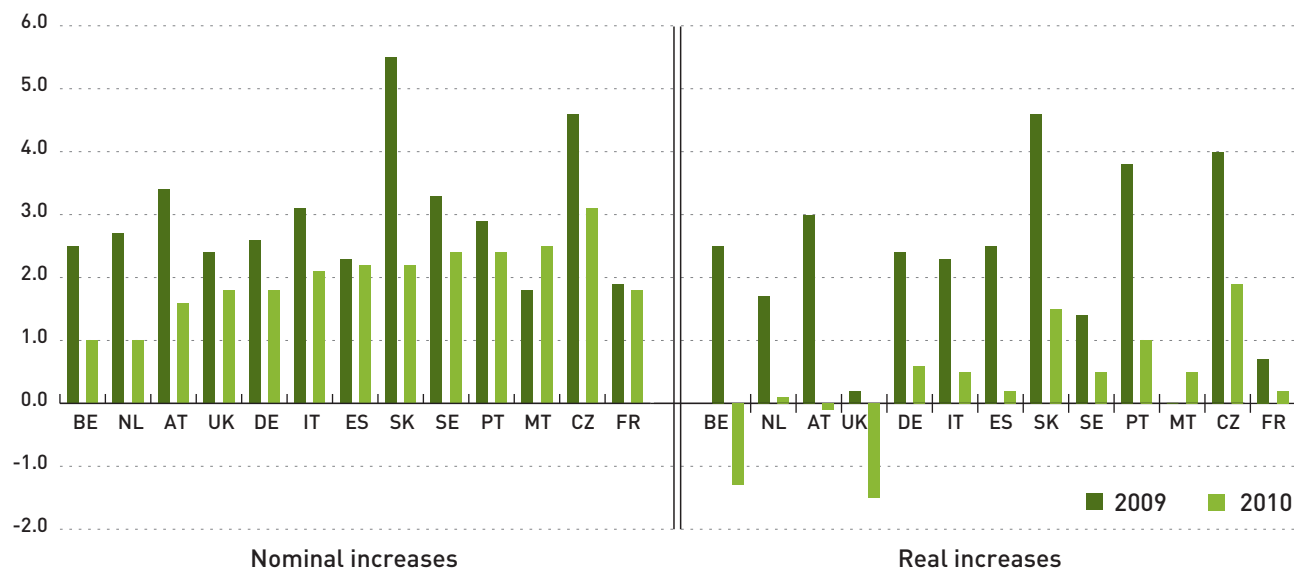
### Real pay increases

However, in many countries collectively agreed pay increases did not compensate for price developments, with inflation rising from 1% in 2009 to 2.1% in 2010. Real increases in pay were negative in the United Kingdom, Belgium and Austria, moderate (below 0.6%) in the Netherlands, Spain and France, Italy, Sweden and Malta and Germany, and slightly higher in Portugal, Slovakia and the Czech Republic.





Figure 8: Nominal versus real collectively agreed pay increases in 13 EU Member States



### National minimum wages

EIRO's analysis of the 20 EU Member States that have statutory minimum wages found that increases here were generally low or non-existent in 2010. In nine countries – Belgium, Bulgaria, the Czech Republic, Estonia, Greece, Ireland, Latvia, Lithuania and Romania – no increase was set or agreed for 2010. Increases were moderate in France, the Netherlands, Spain and the UK, while somewhat higher increases were agreed in Hungary, Luxembourg, Malta, Poland and Portugal.

Youth minimum wages were largely unchanged in 2010. While Slovakia and some sectors in Belgium have recently abolished these rates, new rates for apprentices were introduced in 2010 in Greece and the United Kingdom, to promote the entry of young people to the labour market.

### WORKING TIME

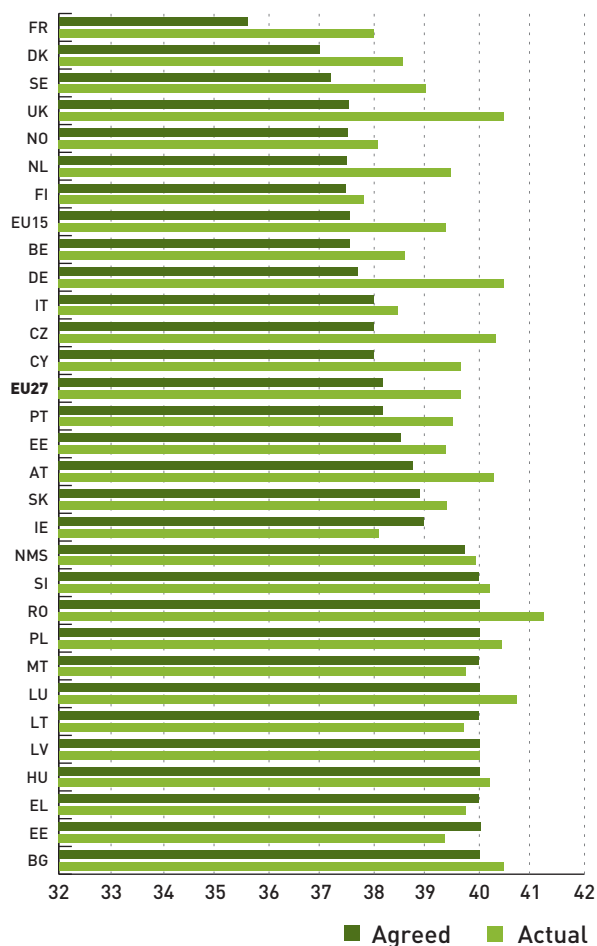
#### Agreed hours

EIRO's *Working time developments – 2010* reported no change in the average agreed weekly working hours between 2009 and 2010 in the majority of countries. Slovakia was alone in registering a decrease – of 0.1 hours. Agreed working time increased by 0.2 hours per week in Spain and the United Kingdom, and by 0.1 hours in Sweden. France continued to be the country with the lowest average working week, at 35.6 hours, which most likely is a result of the 'Aubry law', which established a statutory working week of 35 hours in 2000. The Nordic countries together with the United Kingdom and the Netherlands have low hours too, registering an agreed normal working week below the EU15 (the 15 countries that made up the EU before 2004) average of 37.6 hours. (See Figure 9.)

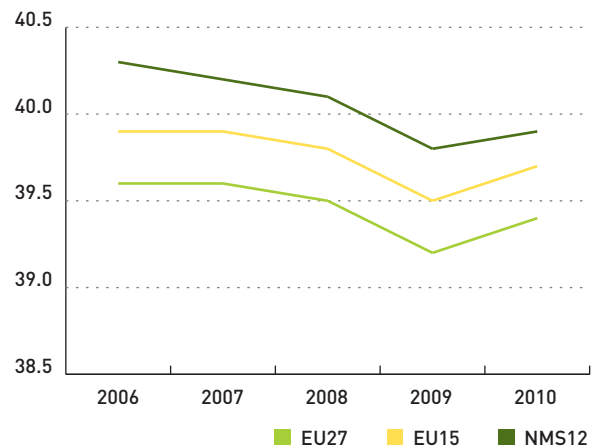
## Actual hours worked

Actual hours worked in a week are greater than agreed hours in most countries. The greatest actual weekly hours worked by full-time employees in their main jobs in 2010 were found in Romania and Luxembourg, followed by the UK, Poland, Germany, Bulgaria, Estonia and the Czech Republic. The range between the lowest (Finland) and the highest (Romania) was 3.5 hours. Eleven of the 12 Member States that joined since 2004 had actual weekly working hours at or above the EU27 average of 39.7 hours, compared with only five of the EU15; the exception was Slovakia, which registered below average actual hours (39.4 hours). The shortest actual full-time hours were worked in Finland, France and Ireland.

**Figure 9:** Agreed and actual weekly working hours in the EU and Norway, 2010



**Figure 10:** Actual weekly working hours in the EU27, EU12 and newest Member States, 2006–2010



EIRO detected a widening of the gap between agreed and actual weekly working hours, a gap that had been decreasing between 2006 and 2009.

Male employees worked more paid hours per week than female employees in all countries analysed by the report, the average across the EU being 2.1 hours more. The gap was wider in the EU15, where men worked 2.3 hours more per week than women; by contrast, in the 12 Member States that have joined since 2004, men worked only 1.5 hours more than women.

The report found no significant changes in average collectively agreed annual paid leave between 2009 and 2010, but noted that it was less in the 12 newest Member States. On average, workers in these countries continued to work more per year than in the EU15, having longer working weeks, less annual leave and fewer public holidays.

## SNAPSHOTS

*GreenWorkplaces (UK)* – A workplace-based initiative by the Trades Union Congress (TUC), where workers and management cooperate to secure energy savings and reduce the environmental impact of the workplace.

*Network Resource Efficiency (Germany)* – A project involving workplace-based training, conferences and workshops and sectoral social dialogue aimed at creating links between boosting resource efficiency with preserving jobs, organised by the IG Metall trade union and the Federal Ministry of the Environment.

*Initiatives by the joint training fund collection agency for the construction industry (France)* – These include various programmes to enhance skills in new green technologies among workers in the construction sector.

*Euroeneff (Romania)* – A transnational initiative that aims to develop a multimedia guide to energy efficiency in building renovation for use in training construction workers in energy-efficient technologies; run by the joint organisation of social partners in the Romanian building sector.

*Eco-vouchers (Belgium)* – An initiative to boost the purchasing power of employees while promoting the purchase of ecological products and indirectly stimulating employment in the longer term; run by the National Labour Council.

The case studies illustrated that well-developed social dialogue structures and good social partnership facilitate projects that seek to green the economy and to equip workers with green skills. A joint understanding, a shared awareness of environmental issues, and a willingness to contribute to environmental protection are important preconditions for the successful implementation of such projects. In all the cases described, trade unions and employers shared a common view on the need to adapt green policies in their workplace, company, sector or country. The study also suggested that the political context at international and national level is an important driver for initiatives leading to a more sustainable economy.

Read the report: *Industrial relations and sustainability: The role of social partners in the transition towards a green economy*.

## SOCIAL PARTNERS GREENING THE ECONOMY

While most of the energy of governments and social partners has of late been directed towards responding to the economic turmoil, the issue of climate change continues to loom. The need to change how products and services are produced – to use less energy and fewer raw materials and to reduce emissions – remains high on the EU policy agenda. This 'greening of the economy' will transform industries, which will in turn affect jobs and working conditions. Social dialogue in this process will be essential as it offers a path to mutually beneficial outcomes in the context of potential conflict.

To throw greater light on how social partners can contribute to developing environmentally sustainable ways of working, Eurofound carried out five case studies of social partner involvement in initiatives to green the economy in different Member States. The main selection criterion was that social dialogue play an active role in the implementation of the measure.





# 4

## YOUTH AND AGE









## YOUTH AND AGE

Extending working life is widely seen as a means of halting the declining ratio of workers to retirees and of averting the predicted pensions crisis that threatens to drain both state finances and private pension funds. Achieving longer working lives demands an intergenerational approach that can get young workers off dole queues quickly (or help to enter the labour market in the first place), while developing sustainable careers that enable workers to stay in their jobs longer. The **European Year of Active Ageing and Solidarity between Generations 2012** provides an opportunity to shine a spotlight on these issues. This review of Eurofound's work in 2011 shows that in this arena, as in so many others, the economic crisis confounded policymakers' best intentions. Youth unemployment soared, and employers reverted to early retirement as a means of reducing their workforces.

## SITUATION OF YOUNG WORKERS

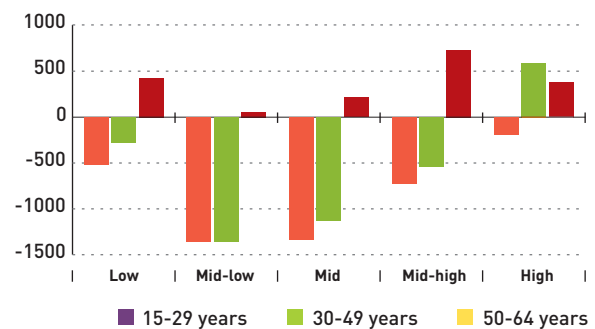
### Young workers lose out in recession

The Eurofound report, *Shifts in job structure in Europe during the Great Recession*, reported a deep contrast in labour market trends between young and old workers. The recession and its aftermath were particularly severe on young workers: youth unemployment rose to 21% across the EU by mid-2011, equal to around five million workers, and reached as high as 43% in Spain.

Figure 11 shows employment losses from mid-2008 to mid-2010, broken down by age group across five pay categories. The chart demonstrates that job losses affected younger workers (15–29 years) and core-age workers (30–49 years) mainly in mid- and mid-low- ranked jobs. However, the relative share of overall employment loss among younger workers was much higher because they constitute a smaller group numerically. This group suffered job losses

across all pay categories and, unlike both older groups, did not benefit from net employment gains in the highest- paid jobs.

**Figure 11:** Employment losses and gains in five pay categories, by age group, Q2 2008–Q2 2010



In the current economic stasis, education is no longer a protection against unemployment. In several countries – Denmark, Estonia, Finland, Greece, Italy, Lithuania, Portugal, Romania and Slovenia – having completed third-level education no longer reduces the risk of unemployment for young workers compared to having no qualifications.

### Older workers gain

In stark contrast to the situation of younger workers, employment of older workers (50–64 years) grew in all five pay categories between mid-2008 and mid-2010 and grew most in the higher-paying categories. Even in Spain, which has the highest youth unemployment level in the EU, employment rates for older workers were at 2006 levels post-recession. Older workers benefited particularly from employment growth in

public services – health, education and social work. In the health sector, all net employment growth was enjoyed by older workers, while growth in education and residential care activities was more equally shared between older and core age workers. The main divergence from this pattern occurred in the Czech Republic, where employment of older workers declined substantially, especially in higher-paid jobs in public administration.

The overall effect of these structural shifts in the labour market is that the age profile of the EU workforce grew older while the growing ranks of the unemployed grew younger. The situation throws into relief the competing pressures on political leaders and policymakers to get young people into work while keeping older workers in work for longer, all while the labour market contracts.

## EVENT: WORKING TOGETHER FOR YOUTH EMPLOYMENT – FROM EDUCATION TO THE WORKPLACE: A GLOBAL CHALLENGE

In June, Eurofound organised a joint seminar on youth employment with three other EU agencies – Cedefop, EU-OSHA and the ETF – which was hosted by the Employment and Social Affairs Committee of the European Parliament. The aim of the seminar was to bring together the work of the different agencies on youth employment and to formulate options for European policymakers.

Pervenche Berès, chair of the Employment and Social Affairs Committee and chair of the seminar, criticised the lack of appropriate public spending on youth issues and how youth issues were sacrificed before any other policy issues

when public budgets are squeezed. In her conclusions, she noted that youth employment is a transversal issue that needs transversal answers, but that human capital development, education, training, employability and access to labour markets have to take absolute priority.

László Andor, Commissioner for Employment, Social Affairs and Inclusion also stressed the complexity of the youth unemployment problem, one which presents him with a key challenge to create coherent actions within the variety of portfolios at European and international level.

‘Youth unemployment is a major challenge that does not get all the attention it deserves. Panellists do not agree on the same means to solve problems, but all agree that all actors have to move together’, declared Emilie Turunen, substitute member of the Employment and Social Affairs Committee.

## NEETS

Of greatest concern is the group of young people known as NEETs – young people aged 15–24 ‘not in employment, education or training’. Eurofound’s résumé, *Young people and NEETs in Europe: First findings*, presented preliminary results on research into NEETs. NEETs are a heterogeneous category including those actively seeking work, those not available for or not seeking work, the long-term sick, people with disabilities, and those responsible for the care of children or relatives. These subgroups are very different in terms of experiences and needs, but all share a heightened risk of social exclusion because of their disengagement from both education and work. Eurostat calculated in 2010 that NEETs constituted 13% of all 15–24 year olds in the EU (around 7.5 million), but proportions vary greatly across Member States, from 4% in the Netherlands to 22% in Bulgaria.

## Risk factors

NEETs are characterised by social and economic disadvantage. A young person is at greater risk of entering the NEET category if they:

- ✎ have parents who experienced unemployment, whose education level is low or who are divorced;
- ✎ have a low household income;
- ✎ have a low level of education;
- ✎ come from a migrant background;
- ✎ have a physical or mental health disability;
- ✎ live in a remote location.

However, the recession has drawn more advantaged young people into the NEET group: in Greece, Estonia and Italy, for example, 20% of NEETs are graduates.

### NEET RATE IN EUROPE

**12.8%**

of the population  
between 15–24 in Europe

**19.7%**

of the population  
between 25–29 in Europe

**15.2%**

of the population  
between 15–29 in Europe

**13.9 million**

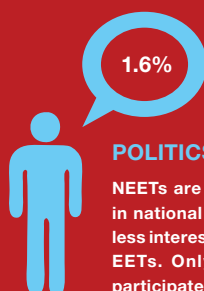
young people  
in Europe who are NEET

### SOCIETAL COST



#### VOLUNTEERING

Only 26% of NEETs participate in at least one organisation compared to 46% of EETs



#### POLITICS

NEETs are less likely to vote in national elections and are less interested in politics than EETs. Only 1.6% of NEETs participate in a political party.



#### TRUST

NEETs have a lower level of institutional trust (4.2%) compared to EETs (4.8%)



## ACTIVE INCLUSION OF YOUNG PEOPLE WITH DISABILITIES

Young people with disabilities and mental health problems are virtually barred from the labour market as it provides few opportunities that take account of their needs. Active inclusion policies for this most vulnerable group are at different stages of development across Europe, but are considered an essential mechanism for enabling their economic participation. Eurofound in 2011 began a review of activation measures in Member States to lessen the dependency of young people on state benefits and move them into the labour market. The first report focused on the Netherlands, where by 2010, one in 20 young people aged from 18 upwards were in receipt of the disability benefit known as Wajong. Dutch authorities, alarmed at the increase in benefit claimants, concluded that the scheme was supporting young people with health problems or disabilities who were able

to work, but were unemployed because of low education levels, insufficient labour skills, behavioural problems and a lack of appropriate jobs for people with disabilities. This prompted a change in policy so that it focused on:

- emphasising what these young people can do, rather than on what they cannot;
- promoting a better school-to-work transition and work-oriented education;
- improving support for employers who employ young people with disabilities;
- changing attitudes so that parents, teachers, healthcare professionals and employers accept that these young people can work not only in sheltered employment but also in open employment.

The new scheme obliges young people with disabilities who can work to improve their skills and to seek work, and supports them in this endeavour.



## STRATEGIES FOR YOUTH EMPLOYMENT

Delays in finding a first job or long periods of unemployment after leaving education not only have immediate effect on young people but can harm their personal and professional development in the long term. The effects include reduced lifetime earnings, continued experiences of unemployment, higher rates of poverty, and poorer mental and physical health. Recent research also suggests that prolonged unemployment may lead to young people opting out of participation in civil society, with wider implications for social cohesion and democratic engagement.

An *EIRO report*, based on national reports across Member States and Norway, examined how social partners and governments have endeavoured to tackle the obstacles to young people's participation in the labour market.

### Active labour market policies

Social partnership mechanisms have been under considerable strain since the economic crisis and have collapsed in Ireland, Portugal and Spain, with the result that governments have been the key drivers of policies aimed at removing barriers to participation and integrating young people into the labour market. These active labour market policies focus mostly on the development of apprenticeship and vocational training schemes that lead to transferable qualifications. They also offer financial incentives to encourage employers to hire and train young workers, and reduce the cost of employing them through measures such as lower social security contributions. It has been noted, however, that training schemes can simply lead to postponement of unemployment. Programmes need to be coordinated to provide extended support for young workers at different stages of their training and labour market transitions, and attention must be paid to ensuring there are appropriate job vacancies at the end of training.

Overall, governments' policies towards young workers have tended to emphasise the importance of getting them into work, no matter the quality of the jobs

available. Comparatively little emphasis has been placed on the impact of precarious work on young people. Controversially, some governments have chosen to remove or reduce employment protections or to lower minimum wages for young workers to encourage hiring. The danger is that these strategies might create and deepen divisions between generations and disproportionately disadvantage young people.

### Social partner perspectives

While the social partners are very aware of the difficulties confronting young people, collective bargaining mechanisms have played a minor part in the response to the crisis. The study found that innovations in collective bargaining to address the problem were more likely to be found in Belgium, France, and Germany, where youth employment has been a long-term challenge and where existing initiatives have been extended in the context of the crisis. In contrast, in countries more recently hit by growing youth unemployment, there were examples of national and sectoral initiatives, mainly through provision of greater opportunities for apprenticeships and vocational training, together with measures to facilitate labour market transitions.

While the social partners agree on some policy measures, such as developing apprenticeship schemes and reforming education systems, their opinions diverge on other policy options. Employers put forward arguments for removing aspects of labour protection that they perceive as barriers to employment, including minimum wages, statutory limits for length of contract, and dismissal and unemployment protection. Trade unions in turn are concerned about creating exceptions specific to young people and eroding hard-fought protections, and stress the importance of good quality jobs for young people, particularly following traineeships and apprenticeships.

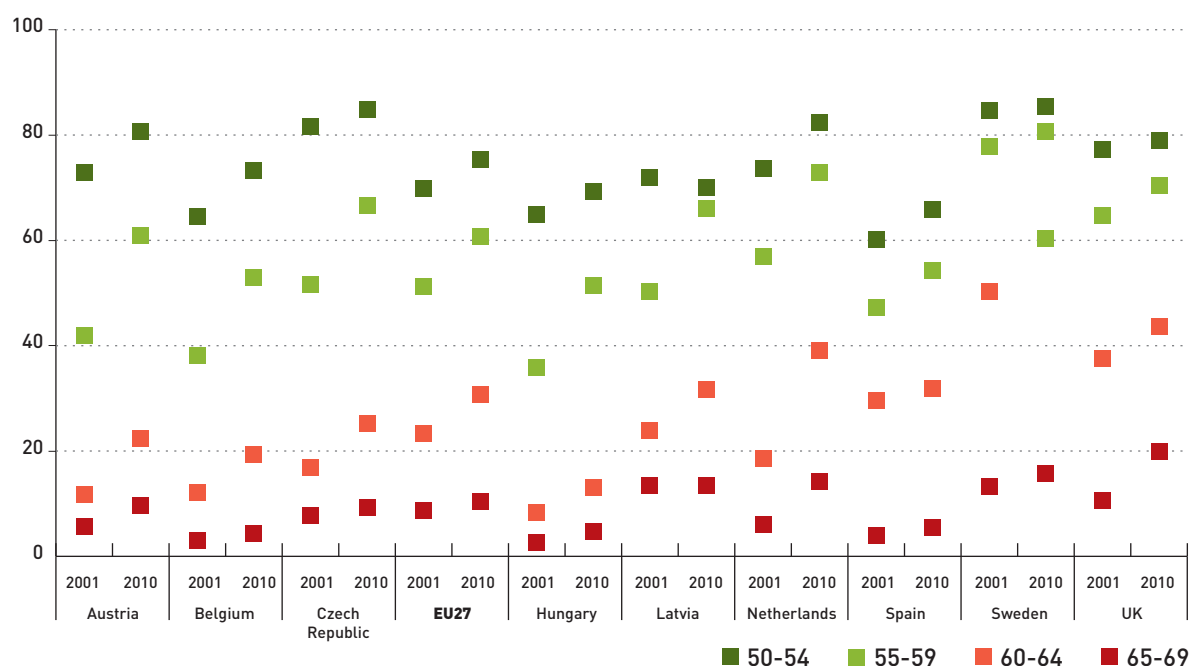
## KEEPING OLDER PEOPLE IN WORK

The youth unemployment crisis has eclipsed issues around older workers recently. However, as the older generation expands and the working population shrinks, the need to maintain older workers in work for longer is becoming more pressing if countries are to balance pension spending with tax returns. At the same time, older workers, who have reservoirs of knowledge and experience, are an asset to companies and organisations, and workplaces lose them at their cost. The resource pack *Living longer, working better – Active ageing in Europe* brought together Eurofound's extensive research on the participation of older people in work.

### Reducing the dependency ratio

The résumé, *Impact of the recession on age management policies*, describes developments in policies to maintain older workers in work in nine Member States (Austria, Belgium, the Czech Republic, Hungary, Latvia, the Netherlands, Spain, Sweden and the United Kingdom). Employment rates for older people have increased over the past decade in these countries, although they vary widely (Figure 12). In Sweden, for example, over 60% of workers aged 60–64 years are in work, compared to less than 20% in Belgium and Hungary. Cross-country variation in employment rates is greatest in the immediate pre-retirement age cohort (workers aged 60–64 years). In most countries, the lower employment rates among older workers reflect previous policy measures in favour of early retirement as a means of labour market adjustment.

Figure 12: Employment rates by age group in nine EU Member States, (%)



The policy paths Member States have followed to keep older workers in work differ, as has their urgency to target initiatives at older workers. Among the most common measures are:

- ➔ financial incentives to employers to keep older workers in employment and to assist the re-entry of older workers into the workforce;
- ➔ financial incentives for employees to stay in employment longer;
- ➔ phased and partial retirement schemes, allowing workers to gradually reduce their working time;

- ➔ options for flexible working for older workers;
- ➔ awareness and information campaigns to promote a change of attitude towards older workers.

Such measures appear to be achieving some success; in a number of the countries covered by the study – Austria, Belgium, Hungary, the Netherlands and Sweden – employment rates for those aged 60–64 are higher in 2011 than they were pre-crisis in 2008.



## SUSTAINABLE WORK

In the discussion around older workers, the question inevitably arises as to whether a worker will be able to do the same job when they are older. Workers' own perceptions vary across EU – 70% of workers in the Netherlands believe they will be able to do their current job at the age of 60, while just 26% of workers in Slovenia hold this view. Perceptions contrast also by occupation, confidence being much higher among workers in high-skilled, white-collar occupations than workers in lower-skilled manual occupations. Workers exposed to high levels of ergonomic or psychosocial risks at work are less likely to expect to be able to do their jobs at 60.

For workers to stay in work as they age, attention needs to be paid to creating high-quality working conditions, with good work–life balance, employment security and lifelong learning opportunities, so they are not forced to change their job or leave the workforce. And where career changes cannot be avoided, workers need to be facilitated in making such changes.

Improving working conditions for older workers was the topic of the first session of Eurofound's knowledge-sharing Foundation Seminar Series in 2011. It focused on various initiatives aimed at improving working conditions for older workers around three areas where older workers may face particular challenges: increasing training opportunities, developing health management and providing suitable work organisation. A concept paper, draft programme and speakers' presentations are available on the *Improving working conditions: Contribution to active ageing* web page.

Eurofound is continuing its work in this area and is using data from the 5th European Working Conditions Survey (EWCS) to explore sustainable work for older workers, to be published in August 2012. Data from the EWCS is also available through Eurofound's Survey Mapping Tool (<http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm>).

## WORK AFTER RETIREMENT

Growing numbers of older people are working after retirement. Encouraged by the trend towards better health as people age, older workers are more able to continue working, and many are interested in doing so. Some retirees work simply because they do not wish to stop at 65. For others, it's a necessity as income from pensions and other sources is too low for them to maintain their living standards and meet their financial commitments. This group of working pensioners has grown dramatically following the economic crisis. Many built up inadequate pension entitlements during their years in work. Higher costs, often related to health expenditure, also place demands on these pensioners, and the situation is exacerbated by the withdrawal of state supports as austerity measures are implemented.

One in 10 65–69-year-olds are in work across the EU, many of whom are pensioners. The rate is highest in Portugal, Romania, the UK and Cyprus, while it is relatively low in France, Belgium and Slovakia. Pensioners can be found in all economic sectors: farming is common among pensioners in Portugal and Romania, while consultancy work is widespread among Swedish pensioners.

### PROFILE OF WORKING PENSIONERS

Working pensioners tend to be:

- younger pensioners, aged 65–69;
- men rather than women;
- better-educated workers;
- self-employed;
- part-time workers.

The factsheet *Work after retirement* discusses this topic in more detail.





## **EVENT: AGEING GLOBALLY, AGEING LOCALLY**

In November 2011, Eurofound hosted a symposium on 'Working after retirement – an international perspective' at the Ageing Globally, Ageing Locally conference hosted by CARDI (the Centre for Ageing Research and Development in Ireland) in Dublin.

The symposium sought to work towards a holistic understanding of work after retirement. It explored the drivers behind the trend and the opportunities that exist for retirees. It examined the varying and evolving prevalence of work after retirement across Member States

and its characteristics in different countries. The gathering also looked at measures at company and government level to facilitate those who wish to pursue it.

'Having an adequate pension is a world-wide concern. While pension systems are being reformed, many retirees are left with insufficient incomes. For some, work after retirement becomes a necessity while it is also seen by many as a way to enhance sustained integration in society,' says Hans Dubois, Eurofound research officer.



## CHANGES IN RETIREMENT POLICIES POST-RECESSION

### Government initiatives

The economic crisis prompted some reforms to retirement policies, aimed at incentivising later retirement and reducing the burden on stretched social welfare systems. The response across Member States was diverse, reflecting in part differences in the depth of the financial crisis and in the perceived need to accelerate reforms.

- ➔ A policy shift away from early retirement prior to the recession was reversed as it re-emerged as an alternative to compulsory redundancies in an effort to reduce workforces during the economic crisis.
- ➔ Partial retirement schemes were reformed, so that they no longer represented a de facto form of early retirement, and extended to reach more workers.
- ➔ Efforts to raise the pension age intensified. Some countries are considering the approach taken in Sweden, where increasing average life expectancy and pension age have been linked, with the intention to future-proof the funding of the pension system.
- ➔ Defined-benefit pension schemes increased the required contributions from workers, mostly by extending the earnings-related period or cutting pension payments.

- ➔ Moves towards part-privatisation or the introduction of mixed, multi-tier public and private pension systems were evident.
- ➔ Governments expanded or introduced tax and social security incentives for employers and employees to keep older workers in employment.

### Company-level measures

Within companies, progressive age management policies tend to focus on skills development and working time flexibility. Keeping workers' skills up to date helps maintain their employability and adaptability. Not all workplaces approach skills maintenance from an age-management perspective, but have more generalised strategies for all age groups and throughout their careers. Providing flexible working arrangements as workers approach retirement encourages them to stay in employment as it provides a smoother transition to retirement. Partial, phased or flexible retirement – where workers reduce their working hours or their responsibilities but can avail of pension benefits – is another option, one increasingly favoured by policy-makers and by employers.

More on how the economic crisis has impacted on the development of these policies can be found in Eurofound's research project on *The impact of the recession on age management* featuring nine country reports and 18 company case studies.

# 5

## THE QUEST FOR ACTIVE, INCLUSIVE COMMUNITIES





# 5







## THE QUEST FOR ACTIVE, INCLUSIVE COMMUNITIES

Europe's social policy agenda is wide – it includes reducing poverty, improving social protection, and combating discrimination – but its goal is, broadly, to improve the quality of life of people living in the EU. The European Quality of Life Survey (EQLS) is Eurofound's tool for monitoring quality of life in Europe. Questions in the EQLS on social relationships, participation and inclusion enable us to assess social cohesion in Europe. In 2011 Eurofound conducted research projects using this data from the 2007 survey to explore progress in building an active and inclusive society. One was a wide-ranging project on volunteering, a form of participation from which beneficiaries, actors and communities gain. A second project examined the quality of life of people living in neighbourhoods with high levels of ethnic diversity, a topic that is relevant in the context of increased migration.

5

### THIRD EUROPEAN QUALITY OF LIFE SURVEY (EQLS)

The EQLS is a unique, pan-European survey that examines the objective circumstances of people's lives and how they feel about those circumstances. It looks at a range of issues, such as employment, income, education, housing, family, health and work-life balance. It also tackles subjective topics, such as people's happiness, how satisfied they are with their lives, and how they perceive the quality of their societies. The EQLS indicators complement traditional indicators of economic growth and living standards such as GDP or income. The survey is run every four years, making it possible to track key trends over time.

Fieldwork for the third EQLS began in September 2011 and was completed for the EU and Norway by the end of the year. In 2012, the survey will also be conducted in Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Turkey, as well as in Kosovo and Serbia. In total, over 35,000 people across Europe will have been interviewed for the survey.

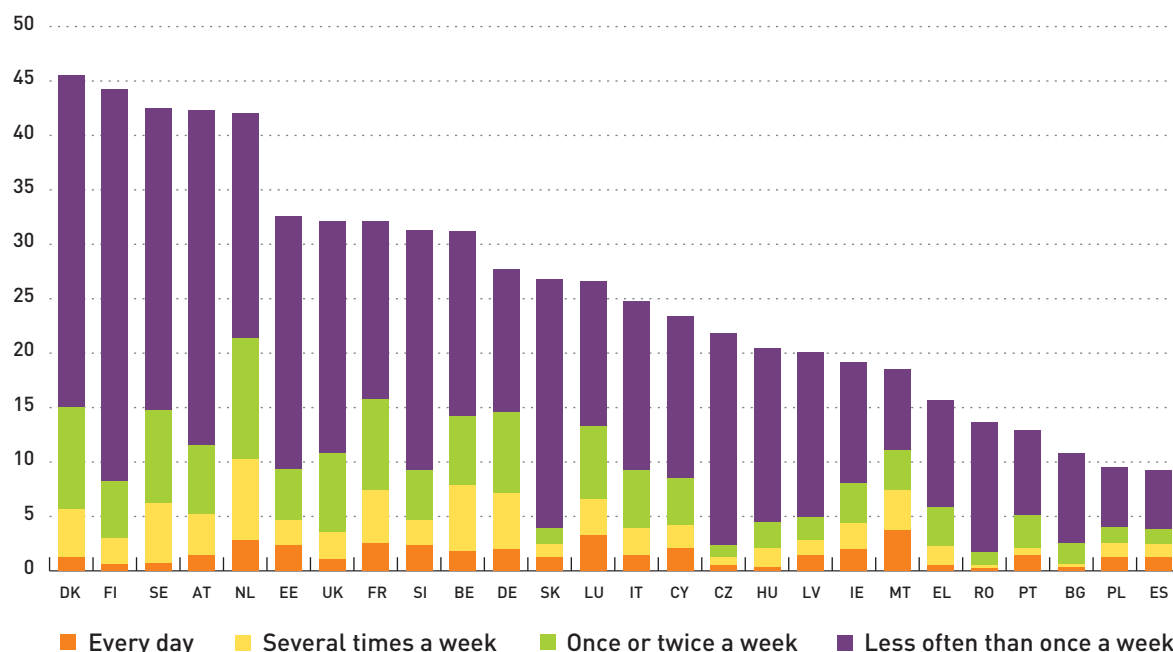
### VOLUNTEERING IN THE EU

Volunteering is an expression of social connectedness, a recognition by individuals of their responsibility to contribute to the common good. It manifests solidarity, a core value of the European social model. To raise awareness of volunteering and to improve the opportunities for participation in voluntary activities, 2011 was designated the 'European Year of Voluntary Activities Promoting Active Citizenship'. As a contribution to the European Year, Eurofound produced the resource pack *Volunteering – a force for change*, which presents different perspectives on volunteering. The pack includes the results of a study into formal volunteering (voluntary work performed in the context of an organisation) in the EU, Participation in volunteering and unpaid work.

#### Differences across countries

The study uncovered considerable differences in the extent of volunteering across the EU (Figure 13). In total, one-fifth of respondents to the EQLS engaged in organised voluntary work. It was highest in northern and western European countries, reaching 40%–45% in Denmark, Finland, Sweden, Austria and the Netherlands, which suggests a strong tradition of volunteering in those countries. Participation was lower in southern and eastern Europe, with rates averaging between 10% and 15%.

Figure 13: Frequency of volunteering by EU Member State (%)



### Who volunteers?

The EQLS data indicated that age is an important predictor of who volunteers. Participation rises with age, peaking at age 45–50 years. Volunteers have better health and higher educational attainment than non-volunteers. People who are satisfied with their lives and people who attend religious services regularly are also more likely to be volunteers. Volunteering is lower among people in economic hardship, people who spend a lot of time in unpaid caring work, and people living in densely populated areas such as cities or city suburbs.

### Promoting volunteering

The results of this study suggested a number of measures to encourage greater participation in volunteering, which necessitates professional management in voluntary organisations. To begin with, more effective promotion is necessary to raise awareness of the value of volunteering. Organisations need to focus on the recruitment and retention of volunteers, matching their interests with the opportunities available and

offering them flexibility to determine frequency and duration of their commitment. A culture of esteem within the organisation is important to recognise the contribution of volunteers and the successful execution of the work.

At EU level, an exchange of good practices among Member States, looking in particular at ways to overcome existing barriers, could be useful. This exchange might focus, for example, on voluntary activities that require less advanced or specific skills, in order to encourage the involvement of people with lower skill levels; in addition, skills development practices aimed specifically at preparing potential volunteers could be valuable. Removing overly restrictive legal constraints, such as certain insurance requirements, might also be examined. At the same time, practical arrangements are needed for more recognition of experiences and skills gained during voluntary work. A number of countries have established processes to validate non-formal and informal learning, and others have established arrangements to do so.

## VOLUNTEERING IN THE FORMER COMMUNIST COUNTRIES

The research on volunteering noted a relatively low level of participation in voluntary activity in the former communist eastern European Member States and proposed that this is a legacy of a system that treated volunteerism with suspicion. The grassroots mobilisation at the core of voluntary work was seen as a challenge to the authority of the communist state, which claimed to have the capacity to provide for all its citizens. In addition, compulsory unpaid work was organised by central authorities under the guise of volunteering, with the result that the term carries negative connotations in these countries. However, the picture presented in the study was not uniform by any means, with participation rates ranging from over 30% in Estonia and Slovenia to below 10% in Poland.

Former communist countries are making efforts to increase voluntary activity among their populations. Both Poland and Hungary, for example, have introduced laws to provide tax benefits to volunteers who are officially registered with eligible organisations. Both countries have also received EU funding to support volunteering activities. But successful promotion of volunteering requires decision-makers at national level to implement programmes to encourage young people in particular to participate. In Hungary, for example, a new government initiative aims to promote voluntary work among secondary school students. It includes a plan to make completion of a specified amount of voluntary work a precondition for students taking the school leaving exams.

To read more, see the factsheet *Volunteering – What's different in the new Member States?*



EUROFOUND STAFF VOLUNTEERING AT FOCUS IRELAND







## VOLUNTEERING AMONG OLDER PEOPLE

The role of older people in volunteering receives little attention: they are often seen as beneficiaries rather than actors. However, with increasing numbers of active older people in retirement, their potential to make a concrete contribution to the improvement of their communities should be recognised. Older people are also at particular risk of social exclusion, and involvement in voluntary activity would help combat their marginalisation.

The Eurofound report, *Volunteering by older people in the EU*, was based on case studies of 30 volunteering initiatives in 11 Member States that emphasise involving older people, especially those at higher risk of social exclusion.

### Volunteer projects

The study focused on initiatives that operate mainly at local level, finding a remarkable range of voluntary activities among older people. While projects that addressed traditional age-related concerns such as support to the frail or sick were widespread, the scope was much broader. Several involve volunteers sharing their knowledge about specific topics (for example, local cuisine, languages, health, new media) at training courses or meetings. Others organise holiday trips and cultural events, put on plays, or hold information sessions on various subjects. A significantly smaller proportion of volunteers are engaged in organisational tasks, such as assisting professional project managers or, typically in smaller initiatives, running the projects themselves.

### Snapshots

Latvia: Saldus Town Pensioners' Federation organises cultural events, visits older people and tends to their needs, runs a telephone helpline, and offers active learning services. It bought and renovated a house in Saldus, a small town in the west of Latvia with a high degree of poverty, where it provides showers, laundry facilities and hairdresser services for

old people. As the house is highly important to older people, potential volunteers are likely to be familiar with it and therefore less hesitant to take up voluntary work there.

Poland: The Council of Women Association comprises older women from an agricultural region of Poland. The goal of the association is the preservation and dissemination of local customs and traditions (for example, regional recipes). The activities of the association are supported by the local authorities, which see the association as a promoter of farm tourism.

UK: Seniors Show the Way is a health promotion initiative in Bradford. Participants attend short workshops on nutrition and on physical and mental health. If they are interested, they can go on to be trained as Senior Community Health Champions, who spread their knowledge in their communities. In addition, Super Champions become regularly involved in an organisational framework. This word-of-mouth strategy is effective for recruiting volunteers and succeeds in involving a high proportion of migrants.

### Benefits

The study established that older people benefited considerably from being involved in voluntary work, which developed their social networks and reduced their isolation, gave them a sense of being needed, strengthened their self-esteem, and equipped them with new skills.

### Developing strategies

Despite these benefits, older people are less likely to be volunteers. For those that get involved, the catalyst is often a critical life event, such as retirement or the death of a spouse, which creates a gap in their lives. Recruitment requires some effort, however. Organisations need to develop recruitment and retention strategies that make older people aware of the opportunities, train them if necessary, support them in their activities, and acknowledge their contribution.

## EVENT: BUILDING AN ACTIVE AND CARING SOCIETY: INNOVATION, PARTICIPATION, COMMUNITY

In July 2011, Eurofound hosted a workshop at the 19th European Social Services conference in Warsaw, organised by the European Social Network. The workshop, *Measures to promote volunteering by older people*, explored the extent to which national-level strategies and policies to support the social inclusion of older people embrace volunteering, the role of the public and private sectors, NGOs and local community organisations, and the role of volunteering in measures for transition from work to retirement.

Issues that arose included the need to evaluate the economic effect of volunteering – for example, through cost-benefit analyses – which could help to convince sponsors to invest in projects. But it was noted that the benefits were difficult to measure using traditional economic indicators.

The significant positive effects of volunteering on the health and well-being of volunteers were highlighted. Participants regarded promotion of volunteering as an important element of local health policy, but noted that local governments are reluctant to do so in the context of health.

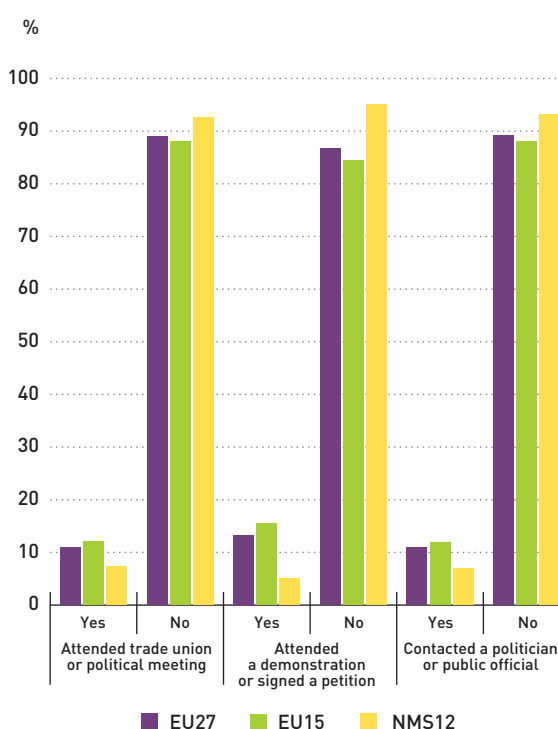
The participants agreed that greater professionalisation is needed to build up supportive structures for volunteering, but not with respect to the practical voluntary work itself.

The participants also considered whether future cohorts of older people, who are expected to be healthier and better educated than their predecessors, would be more willing to volunteer, and what incentives might be offered to them to take part.

## CIVIC PARTICIPATION

Participation in civil society contributes to the functioning of democratic society and aligns with core European values. However, analysis of the EQLS data attested that the overwhelming majority of EU citizens do not partake in political or civic activities. In the year prior to the 2007 survey, just over 10% of respondents attended a meeting of a trade union, a political party or a political action group; 13% attended a protest or demonstration, or signed a petition; and 11% contacted a politician or public official on a matter of policy. Eurofound research also found a consistently greater level of involvement of people in the EU15 in political and civic activities than people in the 12 Member States that joined in or after 2004.

Figure 14: Involvement in voluntary or charitable activities (%)



## MIGRATION IN THE SPOTLIGHT

The free movement of workers is a basic principle of the EU. László Andor, Commissioner for Employment, Social Affairs and Inclusion, has said that both intra-EU mobility and well-planned third-country migrant inflows are fundamental if Europe is to boost its productivity, competitiveness, economic growth and ultimately employment. However, migration creates challenges for integration, and immigrants often find themselves on the lowest rung of the social ladder. As part of its work on diversity, Eurofound benchmarks developments in migration across the EU, exploring dimensions including employment, integration, and their impact on the communities where they settle.

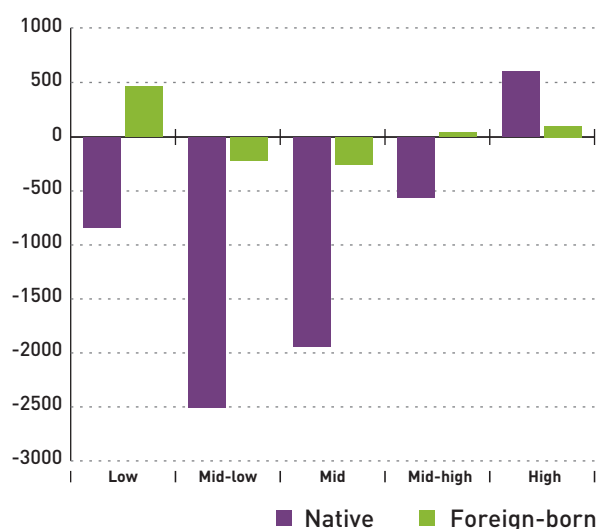
*In November 2011, as part of the Polish EU presidency, Eurofound organised a conference in Warsaw with the Polish Ministry of Labour and Social Affairs on the 'Economic impact of migration: Central and East-European perspectives'. The event focused on the social consequences of migration on those left behind – on families and children, and on the elderly as well as the scale and type of migration flows to countries of central and eastern Europe.*

### Migrant workers

Eurofound research observed that migrant workers (in this case, non-EU citizens and EU citizens working outside their country of birth) were less affected by the recession than workers working in their native country. Employment of migrant workers grew marginally (by less than 1%) from mid-2008 to mid-2010, while that of native workers fell by 2.7%. Only in four countries did the number of migrant workers decline, with the sharpest drops in Ireland and Spain.

However, the study on *Shifts in the job structure in Europe during the Great Recession* reported that migrants do not hold the best jobs. Across the EU, nearly twice as many migrant workers occupy the lower two pay categories as occupy the top two categories. And the job gains among migrants since 2008 took place mainly in low-paid jobs, while numbers declined mainly in medium-paid jobs, often in construction or manufacturing (Figure 15).

**Figure 15:** Job losses and gains among native and foreign-born workers by pay category in the EU, Q2 2008–Q2 2010



The growing employment of foreign-born workers in the lowest pay category was marked in several Member States – Austria, Belgium, Cyprus, Greece, Italy, Sweden and the UK – and occurred alongside a sharp decline in native employment in the same category in all countries except the UK. This suggests that migrant workers replaced native workers in lower-paid and lower-skilled jobs. While employment of migrants in the highest pay category has grown in the EU, it has not been spectacular and has been much lower than in the poorer quality jobs.

Another group that has been the subject of Eurofound research is nationals with a foreign background.

A Eurofound report on the *Working conditions of nationals with a foreign background* finds that there are large differences in the employment rates between EU countries. In some countries, the employment rate is lower than the employment rates of nationals with no foreign background; in other countries, there is not much difference in employment rates. In some countries, the ethnic segmentation of the labour market is acute, profound with nationals with foreign backgrounds (and nonnationals) working in less 'attractive' occupations and sectors than nationals with no foreign background. In other countries, ethnic segmentation is almost non-existent.

## JOB CREATION IN ETHNIC ENTERPRISES

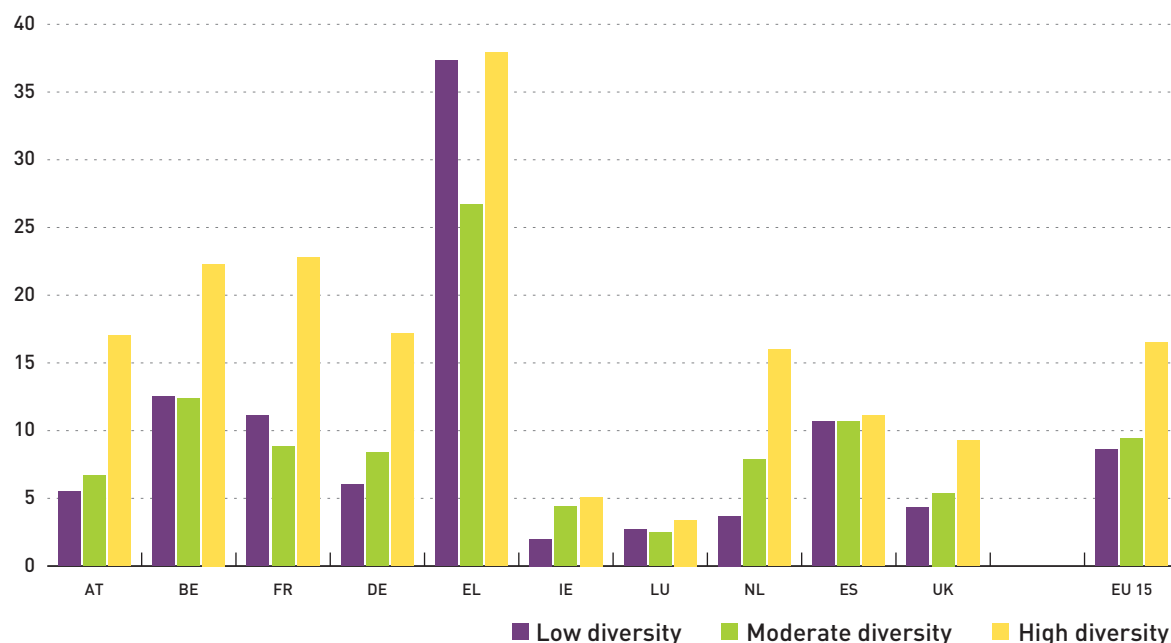
In the discussion of employment and labour markets, migrants are typically seen as workers. However, barriers to employment such as lack of educational qualifications, discrimination, and poor proficiency in the local language channel many migrants into self-employment. Growing numbers of migrants are establishing their own businesses in European cities, providing goods and services not offered by indigenous businesses and filling gaps in the local market at the same time as promoting trade links with their home countries. Not only do these ethnic entrepreneurs create their own jobs, if they are successful, they create jobs for others too, usually members of their ethnic group.

In 2011 Eurofound published its findings on the efforts European cities have made to promote ethnic entrepreneurship as part of local economic development and integration strategy for migrants. This research came about from Eurofound's participation in the CLIP network. CLIP (Cities for Local Integration Policies for

Migrants) brings together more than 30 large and medium-sized cities from all regions of Europe in a joint learning process to support the integration of migrants.

The study found that ethnic entrepreneurship has the potential to bring together the two strands of employment and integration, helping to reduce unemployment, tackle illegal employment, and provide access to employment for the more vulnerable groups in society (such as women or young people from specific ethnic groups). However, local authorities and national administrations offer little support to their specific needs. And ethnic entrepreneurs would benefit from greater support as they face an array of challenges, including lack of access to finance, lack of formal business management skills, limited access to mainstream business networks, and little understanding of existing business-support schemes. The report, *Promoting ethnic entrepreneurship in European cities*, recommends that authorities at all levels take measures to realise the opportunities offered by ethnic entrepreneurship for growth and job creation.

**Figure 16:** Percentage of people reporting difficulty in making ends meet, by type of neighbourhood (%)



## LIVING IN MULTI-ETHNIC NEIGHBOURHOODS

The extraordinary growth in migration to European cities since 2000 has created neighbourhoods that have a diversity of ethnic groups. These neighbourhoods are likely to be disadvantaged socially and economically to begin with, and the inflow of economically deprived migrants is likely to exacerbate the disadvantage, creating a challenge for the social inclusion of minority ethnic groups. Eurofound used data from the EQLS to produce a report on the quality of life in highly diverse neighbourhoods in the EU15 (the Member States before the 2004–2007 accession), focusing on 10 countries for the country-level analysis.

### Deprivation

Higher levels of deprivation were found in very diverse areas. Nearly one fifth (17%) of households in high-diversity neighbourhoods had difficulty making ends meet, compared with 9% in low-diversity and mid-diversity neighbourhoods (Figure 16). Looking at income, the percentage of households in the lowest income category was highest (35%) in high-diversity neighbourhoods and lowest (at 22%) in areas of low diversity. The association between high diversity and low household income varied by country, being strongest in Austria and the UK and weakest in Greece and Ireland.



## Social exclusion

Lack of social support – receiving help around the house when unwell, gaining advice on a personal or family matter, or having somebody to talk to when feeling depressed – was the main aspect of social exclusion associated with higher degrees of ethnic diversity. Isolation from social life and a perceived lack of ability to achieve their goals were also more prevalent in ethnically diverse neighbourhoods.

## Housing

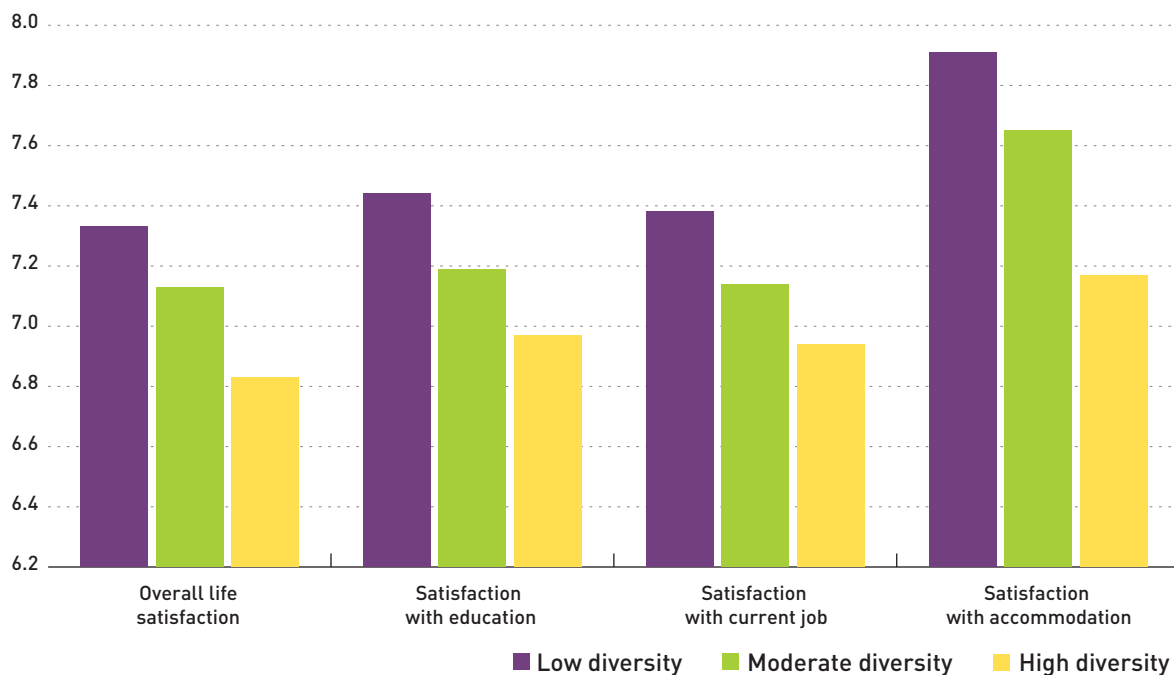
Living in overcrowded conditions is a powerful indicator of housing disadvantage and was found to be higher in more ethnically diverse neighbourhoods. The physical quality of housing – measured by lack of space; rot in windows, doors or floors; damp or leaks in walls or roof; lack of an indoor flushing toilet; lack

of bath or shower; and lack of a place to sit outside – also tended to be poorer in high-diversity neighbourhoods, although in some countries poor housing was found in areas of lower diversity, where the housing stock is older. The association between poor-quality housing and high ethnic diversity appeared to be strongest in the UK.

## Well-being

Well-being was measured across a variety of dimensions – satisfaction with life, current job, education and accommodation – and showed a clear decrease from areas of low ethnic diversity to areas of high ethnic diversity (Figure 17). Poorer environments, characterised by higher levels of crime and litter within an area, explained a significant proportion of dissatisfaction with life in multi-ethnic neighbourhoods.

**Figure 17:** Level of satisfaction in four dimensions on an 8-point scale, by degree of ethnic diversity



## Ethnic tensions

Respondents in multi-ethnic neighbourhoods perceived higher levels of ethnic, religious and immigration-related tensions, these levels being highest in the Netherlands and France. This finding was thought to reflect events within these countries over the past decade that have intensified the discussion of policy towards migrants and have contributed to a polarisation of opinions. Contrary to what would generally be expected, rural areas seem to be more susceptible to societal tensions than cities, and people living in cities are least likely to report higher levels of tensions.

## Improving quality of life

Eurofound's report demonstrated that ethnic diversity acts as a marker for areas that are particularly disadvantaged in terms of their economic and social circumstances. Among the recommendations it made was the need for a targeted social housing policy with strong involvement of local communities. It proposed good community policing and measures to tackle litter to improve the quality of everyday life. It also suggested that a preventive intercultural policy based on tolerance, recognition of cultural differences and the existing laws of a country could contribute significantly to reducing tensions.

## EVENT: EUROFOUND PARTICIPATION IN EU PRESIDENCY EVENTS

A key element of Eurofound's work in communicating its research findings is through presentations and face-to-face discussion. Eurofound regularly presents its work to key stakeholders and organises events across Europe, frequently in partnership with the countries hosting the rotating Presidency of the EU. In 2011, the presidencies were held by Hungary and Poland. In addition, Eurofound provides speakers and participants for various high-level events of the presidencies.

### Hungary

In March, Eurofound researchers spoke at the presidency conference on 'Europe for Families, Families for Europe - Conference on Demographic Change' in Budapest and at the same venue in May at the conference on 'Promoting migrant integration through media and intercultural dialogue'.

### Poland

Eurofound co-organised two major events, on 'Links between working conditions and employee and company performance' and on the 'Economic impact of migration: Central and East-European perspectives' in conjunction with the Polish presidency.

In September, Donald Storrie, Head of the Employment and Competitiveness Unit spoke at the Conference on 'Financial instruments for employment' in Gdansk, and at a conference on 'Innovative responses to the social impact of the crisis' in Wroclaw. Eurofound also spoke at the meeting of the European Platform against Poverty and Social Exclusion in Krakow.

## EUROFOUND DATA SOURCES 2011



*Active inclusion of young people with health problems or disabilities (executive summary)*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef12261.htm>

*Companies and volunteering*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef11035.htm>

*Company initiatives for workers with care responsibilities for disabled children or adults*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1147.htm>

*Educational and training services: Anticipating the challenges*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef11641.htm>

*ERM database on support instruments for restructuring*  
<http://www.eurofound.europa.eu/emcc/erm/supportinstruments/>

*ERM Report 2011 – Public instruments to support restructuring in Europe*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1165.htm>

*European Company Surveys (ECS)*

<http://www.eurofound.europa.eu/surveys/ecs/index.htm>

*European Quality of Life Surveys (EQLS)*

<http://www.eurofound.europa.eu/surveys/eqls/index.htm>



*European Restructuring Monitor quarterly, issues 1 – 4, 2011*

<http://www.eurofound.europa.eu/emcc/erm/index.php?template=quarterly>

*European Working Conditions Surveys (EWCS)*

<http://www.eurofound.europa.eu/surveys/ewcs/index.htm>

*Helping young workers during the crisis: Contributions by social partners and public authorities*

[http://www.eurofound.europa.eu/eiro/studies/tn1101019s/tn1101019s\\_1.htm](http://www.eurofound.europa.eu/eiro/studies/tn1101019s/tn1101019s_1.htm)

*Impact of the recession on age management policies (résumé)*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1175.htm>

*Industrial relations and sustainability: The role of social partners in the transition towards a green economy*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1126.htm>

*Industrial relations and working conditions developments in Europe 2010*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1150.htm>



*Living longer, working better – Active ageing in Europe*

<http://www.eurofound.europa.eu/resourcepacks/activeageing.htm>



*Living longer, working better – Work after retirement (factsheet)*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef11663.htm>

*Pay developments – 2010*

<http://www.eurofound.europa.eu/eiro/studies/tn1109060s/tn1109060s.htm>

*Performance-related pay and employment relations in European companies*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1144.htm>

*Promoting ethnic entrepreneurship in European cities*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1138.htm>

*Quality of life in ethnically diverse neighbourhoods*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1122.htm>

*Recession and social dialogue in the banking sector:  
A global perspective*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1115.htm>

*Shifts in the job structure in Europe during the Great Recession*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1141.htm>



*Social dialogue and working conditions*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef11121.htm>



*Volunteering – A force for change* (resource pack)

<http://www.eurofound.europa.eu/resourcepacks/volunteering.htm>

*Volunteering by older people in the EU*

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1134.htm>

*Working conditions of nationals with a foreign background* (executive summary)

<http://www.eurofound.europa.eu/publications/htmlfiles/ef11331.htm>

*Working time developments – 2010*

<http://www.eurofound.europa.eu/eiro/studies/tn1106010s/tn1106010s.htm>

*Young people and NEETs in Europe: First findings* (résumé)

<http://www.eurofound.europa.eu/publications/htmlfiles/ef1172.htm>

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## Eurofound's brief

**Eurofound provides social partners, governments and EU decision makers with relevant, timely and unbiased research results so that the lives of European citizens can be improved.**

What does Eurofound do for you?

- We benchmark good practice in industrial relations, living and working conditions, employment and competitiveness
- We make key actors aware of challenges and solutions
- We support policymaking by monitoring the latest developments in living and working conditions

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