2021 YEARBOOK

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Living and working in Europe

Living and working in Europe 2021

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Conditions

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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

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Introduction

As the pandemic year of 2020 rolled into 2021, it quickly became apparent that the COVID-19 virus had not nearly run its course in Europe. Alongside a stuttering start to vaccine rollout across the Member States, COVID-19 infection rates surged once more and deaths from the disease escalated. New lockdowns were imposed; though not as strict as those of spring 2020, many businesses were forced to put up the shutters again, while health services steeled themselves as another wave of cases came through the doors.

The endless cycle of tightening and loosening restrictions was to persist right into 2022, but even in spring 2021, fatigue and anxiety had already infused populations across Europe. Eurofound's *Living, working and COVID-19* e-survey series recorded a new low in mental well-being among Europeans in April 2021, felt most acutely among young people and those who had lost their jobs. Hardship intensified among vulnerable groups, who found it increasingly difficult to make ends meet.

At the same time, there were clear signs that the interventions by Member States to limit the impact of the pandemic, backed by EU SURE funding, were steering the Union away from the brink. Businesses survived, mass unemployment was averted, and disadvantaged households were protected against deepening poverty and accommodation loss.

With one eye on the pandemic, the EU turned the other to the future. Member States pulled together to drive the recovery, approving the €672.5 billion Recovery and Resilience Facility to support Member States out of the crisis towards a sustainable tomorrow, focused on climate neutrality and digital transformation. To copper-fasten the EU social goals, the Commission drew up an action plan to make the European Pillar of Social Rights a reality, based on jobs and skills, and imbued with the values of fairness and inclusiveness. The Conference on the Future of Europe was launched to reach out to the citizens of Europe, seeking their input on the EU's priorities and direction in the years ahead.

These are important steps towards a fairer, more social Europe, because if there is one theme that binds Eurofound's work in 2021 – on both the impact of the pandemic and the broader structural challenges affecting the EU – it is inequality, in various guises.

Inequality pervades labour markets. Flexibilisation comes with temporary and other non-standard arrangements, which can exclude workers from the job security, prospects and opportunities that permanent employees enjoy. Too often the work generated by the heavyweight online platforms simply carries the precarious employment relationship through to the digital economy. We should reflect too on the inferior status accorded to many young workers, the acceptance that they begin their working lives in poor jobs at the bottom of the pile. And why is it a norm that people with disabilities have fewer opportunities to improve their life possibilities through work?

Assorted variations on the theme of gender inequality have played out in employment over decades, including the gender employment gap, the gender pay gap and the persistence of different jobs for men and women. There are now concerns that the growth of telework could reinforce this inequality, should it become a work arrangement associated with women, as part-time work already has.

Healthcare inequality excludes many from a fundamental right in a modern society, while staggering wealth inequality is embedded in our way of life.

There is also the inequality among Member States within the Union and the aspiration of equalisation through upward convergence. Convergence is happening, on most fronts, but it is fragile and susceptible to breakdown once the economic indicators slide. It is too early to discern what the consequences of the pandemic might be, but even before that shock, there were strong indications that southern Member States and regions outside large metropolitan areas were falling behind.

The threat of expanding inequality looms as Europe makes the digital and green transition. Poorer households lack the capital needed to switch from high-carbon consumption to low-carbon alternatives. Millions of jobs will be transformed, but unequally across regions as well as skills, gender and age.

Itemising inequalities in this way is not to say that they are on the fringes of the policy agenda or that the commitment to tackle them is anything but determined, but that they are numerous and the challenge to tackle them is great. The EU has taken up the challenge as it strives towards a more equal Europe. The contribution Eurofound can make animates its work and anchors a full and diverse work programme for the coming year.

In a better world, the start of 2022 should have kickstarted a brighter prospect for Europe, the chance to seize the momentum, 'to get to work, to make Europe greener, more digital and more resilient'. However, the horror of war in Ukraine has cast a dark shadow over that ambition. No one can predict where it will lead, but there is no doubt it will alter the course of the EU in the years ahead.

Country codes

AT	Austria	**FI**	Finland	**NL**	Netherlands
BE	Belgium	**FR**	France	**PL**	Poland
BG	Bulgaria	**HR**	Croatia	**PT**	Portugal
CY	Cyprus	**HU**	Hungary	**RO**	Romania
CZ	Czechia	**IE**	Ireland	**SE**	Sweden
DE	Germany	**IT**	Italy	**SI**	Slovenia
DK	Denmark	**LU**	Luxembourg	**SK**	Slovakia
EE	Estonia	**LT**	Lithuania		
EL	Greece	**LV**	Latvia		
ES	Spain	**MT**	Malta	**UK**	United Kingdom

I

Living in the time of COVID-19

The COVID-19 outbreak of 2020 stretched into 2021, when Europeans lived through a second year of readjusted reality. This section takes stock of the consequences of the pandemic for the lives and work of Europeans in 2021. It looks at who lost their jobs and who did not, as well as the efforts made by governments and the EU to keep people in employment. It describes the experience from the business perspective and speculates on the future of remote working. It looks at how the COVID-19 restrictions changed the lives of the young generation. The pandemic has also had implications for the future of Europe: to what extent is it likely to have impeded progress on social goals and upward social convergence in the EU over the coming years?

1

Lockdown transforms labour markets

Lockdown transforms labour markets

Hopes of a return to normal conditions in European labour markets, leaving the upheaval of 2020 behind, were dashed in 2021. As the year opened, countries across Europe grappled with a third pandemic wave, and once again, governments clamped down on commercial and social life with varying degrees of severity. While the hard lockdowns of spring 2020 were not reinstated, there were, nonetheless, knock-on effects on employment. These were captured by the third round of Eurofound's *Living, working and COVID-19* e-survey, in February–March 2021. At that point in time, 1 in 10 respondents who had been employed before the pandemic reported that they were jobless, an increase of 2 percentage points since the summer of 2020 (8%) and double the figure of spring 2020 (5%).

Employment growth back on track

Nevertheless, the feared collapse in employment did not materialise: government policy across the EU to minimise job loss arising from business closures, by means of short-time working and temporary layoff schemes, had paid off. In fact, job loss bottomed out in the second quarter of 2020, just after the first wave of the pandemic, when the employment rate fell to 71.6% (among 20–64-year-olds) from a high of 73.3% in the last quarter of 2019. The difference of just 1.7 percentage points may be small, but it translates to around 5 million fewer jobs compared to the same quarter of the previous year (Figure 1). With the subsequent easing of lockdowns, employment recovered partially, such that the year-on-year reduction in employment was 2.8 million jobs by the end of 2020.

Employment continued to recover in 2021, reaching 73.9% by the third quarter, higher than before the crisis and the highest ever recorded EU employment rate. While employment growth is back on track, the challenge of achieving the employment target endorsed by EU leaders at the Porto Social Summit in May 2021 – at least 78% of 20–64-year-olds in employment by 2030 – is formidable, and more difficult than if there had been no pandemic.

Figure 1: Employment level (in millions), EU27, 2019–2020

Note: *Data have not been seasonally adjusted.*
Source: *Eurostat, lfsq-eisn2 (Eurofound calculations)*

Unemployment near static

While the unemployment rate has typically been the yardstick for measuring damage to labour markets in times of crisis, that indicator has proved to be less revealing this time round because of state intervention to support employment. The year-on-year unemployment rate remained almost unchanged during Q2 2020, increasing to 6.7% from 6.6% in Q4 2019. It subsequently rose further to peak at 7.4%, remaining steady at that rate up to May 2021, when it began to fall. The latest data available at the time of writing indicates that EU unemployment was 6.2% in January 2022, the lowest rate on record.

An even-handed crisis?

While the impact on employment was modest thanks to governments responding with unprecedented levels of support for jobs, the job cuts that did occur were not meted out evenly across different groups. The burden of job loss was inflicted mostly on workers on temporary contracts, the perennial losers in labour market crises. The prevalence of temporary contracts among young workers is high; hence, they too lost employment in large numbers. Both groups are discussed in detail in later chapters.

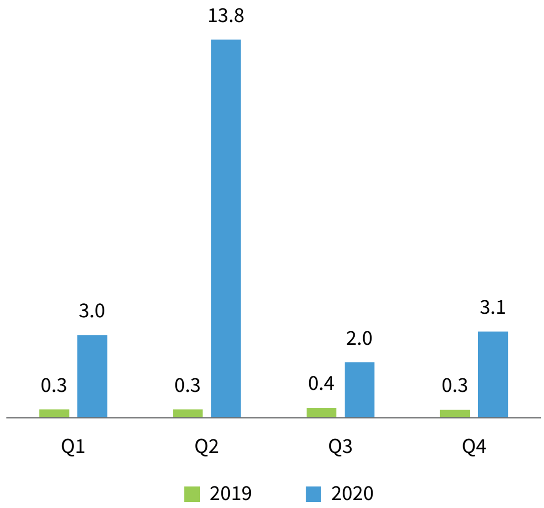
Initial indications that women's employment had also been disproportionately affected by the pandemic were not borne out by the data subsequently. Employment declines were similar for men and women in Q2 2020, and women more than men benefited from the tentative recovery that began in late 2020. However, the sharpest declines in labour input were experienced by low-paid workers and in particular by low-paid female workers.

Furlough drives fall in labour input

Notwithstanding the positive labour market numbers, productivity suffered. There was a substantial decline in labour input during the pandemic, and Eurostat data show that it came not from employment loss but from the temporary layoff, or furloughing, of workers. Furlough schemes along with short-time working schemes were implemented on a massive scale across Europe in 2020 to protect jobs, backed up by commitments of EU funding through the Support to Mitigate Unemployment Risks in an Emergency (SURE) mechanism to defray some of the costs.

Furloughing accounted for around two-thirds of the decline in hours worked at the peak of the crisis, with 13.8 million workers, 17% of the labour force, furloughed in Q2 2020 (Figure 2). This number fell steeply by Q3 2020 to just 2 million and then rebounded to 3.1 million in Q4 2020 as Member States locked down again in response to a second wave of heightened COVID-19 infection.

Figure 2: Number of furloughed workers (in millions), by quarter, EU27, 2019–2020



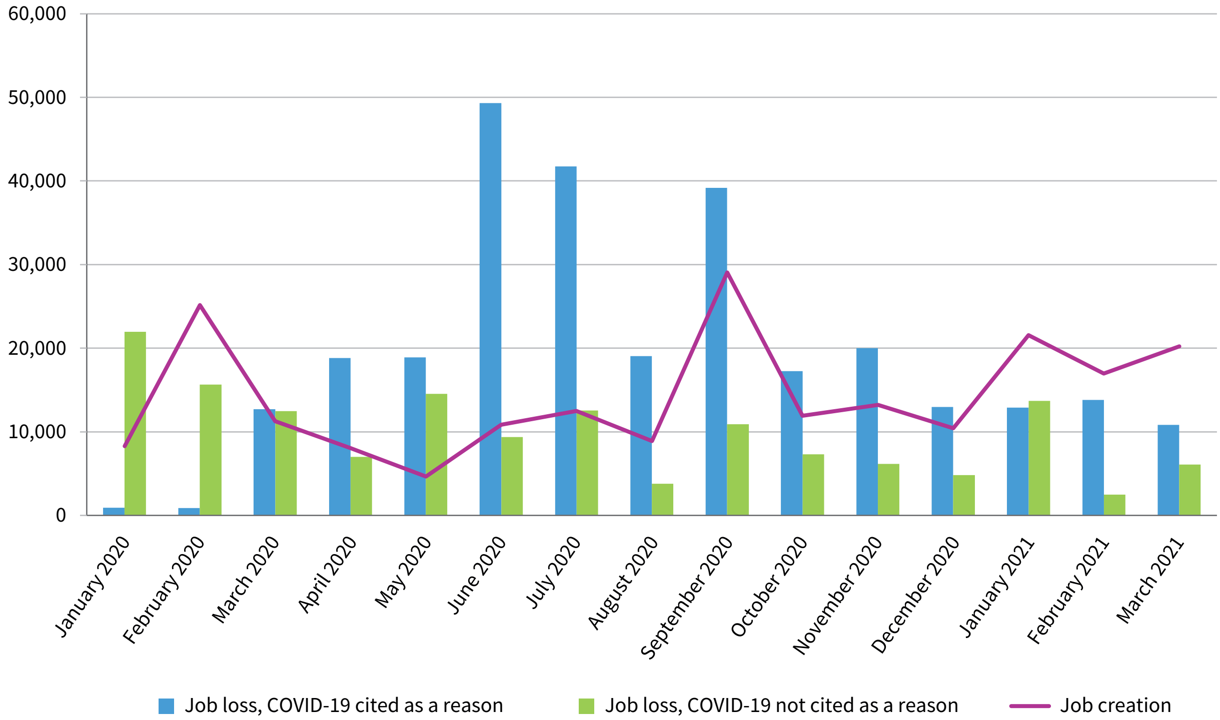
Source: *Eurostat, lfsi_abs_q*

Half of restructuring attributable to COVID-19

Another perspective on the employment impact of COVID-19 comes from the European Restructuring Monitor (ERM), which records announcements of large-scale restructuring, involving job loss or job creation, in the EU27 and Norway reported in European media. In 2020, cases recorded in the ERM database included a marker indicating whether the restructuring was due in part or entirely to the pandemic.

From the start of Q1 2020 to the end of Q1 2021, the ERM recorded 860 announcements of large-scale job loss, of which over half (485) were clearly attributable at least in part to the pandemic. But the pandemic was also responsible for some job creation: of 488 cases of announced job creation, COVID-19 was cited as a reason in 80 cases.

Figure 3: Announced job loss, indicating whether or not COVID-19 was cited explicitly as a reason, and announced job creation, EU27 and Norway, Q1 2020–Q1 2021



Source: *ERM*

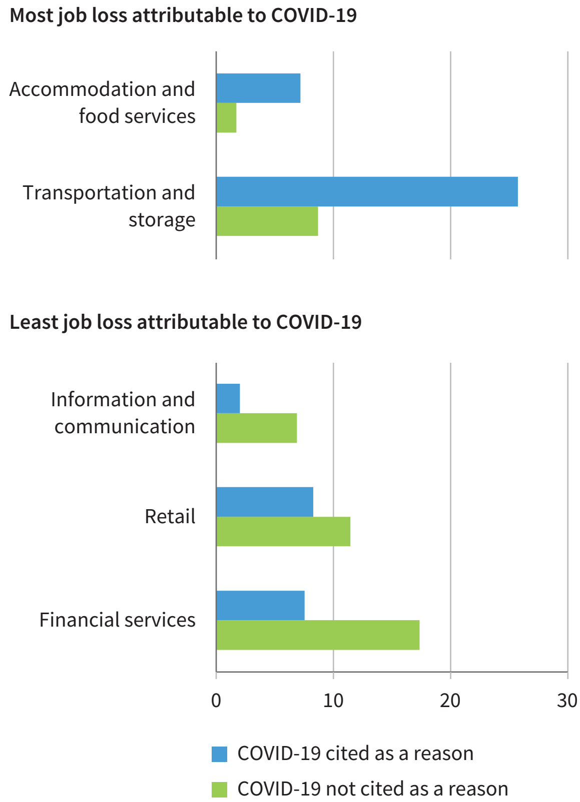
As Figure 3 shows, total job loss resulting from announced restructurings peaked in June–July 2020, and most of this was attributed to COVID-19. While the pandemic continued to be cited as a cause in the majority of cases of job loss until March 2021 (except in January 2021), case reporting and the associated job reductions declined after November 2020. In fact, a nascent recovery becomes apparent as announcements of job creation began to outnumber cases of job loss in 2021.

Hospitality and transport suffer most

The impact of COVID-19 restrictions on employment played out along sectoral lines. The hospitality sectors were on the sharp end of government policy, forced to close completely in the first lockdown and afterwards obliged often to operate under tight restrictions involving reduced customer numbers, social distancing and curfews. The sectoral breakdown of the ERM cases in Figure 4 illustrates the uneven impact across the economy.

Job loss announcements were particularly numerous in the transportation and storage sector, evidence of the severe impact that falling passenger numbers had on airlines, ferry operators and other passenger-transport companies. Fifteen airlines announced job cuts in the period, involving the loss of 9,500 jobs. Four of these declared bankruptcy in Q2 2020: Norwegian Air

Figure 4: Announced job loss in selected sectors (% of employment), indicating whether or not COVID-19 was cited as a reason, EU27 and Norway, March 2020–March 2021



Source: *ERM*

Resources Finland, OSM Aviation Finland, Jet Time (Denmark) and Pilot Services (Sweden). The largest single case of collective dismissal came from the German carrier Lufthansa, which announced a workforce reduction of 37,000.

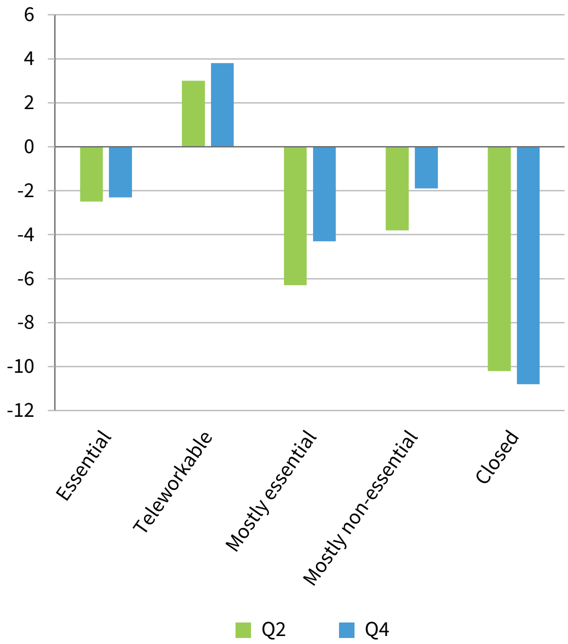
Businesses in accommodation and food services experienced little relief from operational restrictions, if not outright closure, throughout the year. The employment impact in this sector is not fully reflected in the ERM, however; owing to the ERM's focus on large-scale restructuring events, it cannot capture employment contraction in an industry where many businesses are small in scale.

In contrast to transportation and hospitality, companies in knowledge-intensive sectors, such as information and communication and financial services, were less likely to cite COVID-19 as a factor behind job cuts. Financial services companies have been reducing workforce numbers for several years as they move increasingly online and close branch networks. And while some retailers announced lay-offs, others expanded during the pandemic. These were mainly supermarkets – benefiting from their status as an essential service – and online retailers – benefiting from the shift from high-street to online shopping. The two largest announcements came from Amazon in France and PAM supermarkets in Italy, each planning to create 3,000 jobs.

The severe impact of the pandemic restrictions on sectors that were forced to close is also apparent from Eurostat figures. On average, employment in 'closed sectors' in the EU27 fell by 10% in Q2 2020, year on year, and 11% in Q4. This is illustrated in Figure 5, which shows the results of an analysis that grouped sectors into five categories based on how they were designated by governments during the pandemic: essential, teleworkable, mostly essential, mostly non-essential and closed. Remarkably, sectors that remained active by means of telework actually saw a year-on-year rise in employment of 3%, on average, in Q2 and 3.8% in Q4.

Employment declined in all other sectoral categories, even in the group of sectors designated essential – which includes health, food production and utilities. These essential sectors as a whole lost one million jobs

Figure 5: Employment change, year on year (%), by sectoral category, EU27, 2019–2020 (Q2 and Q4)



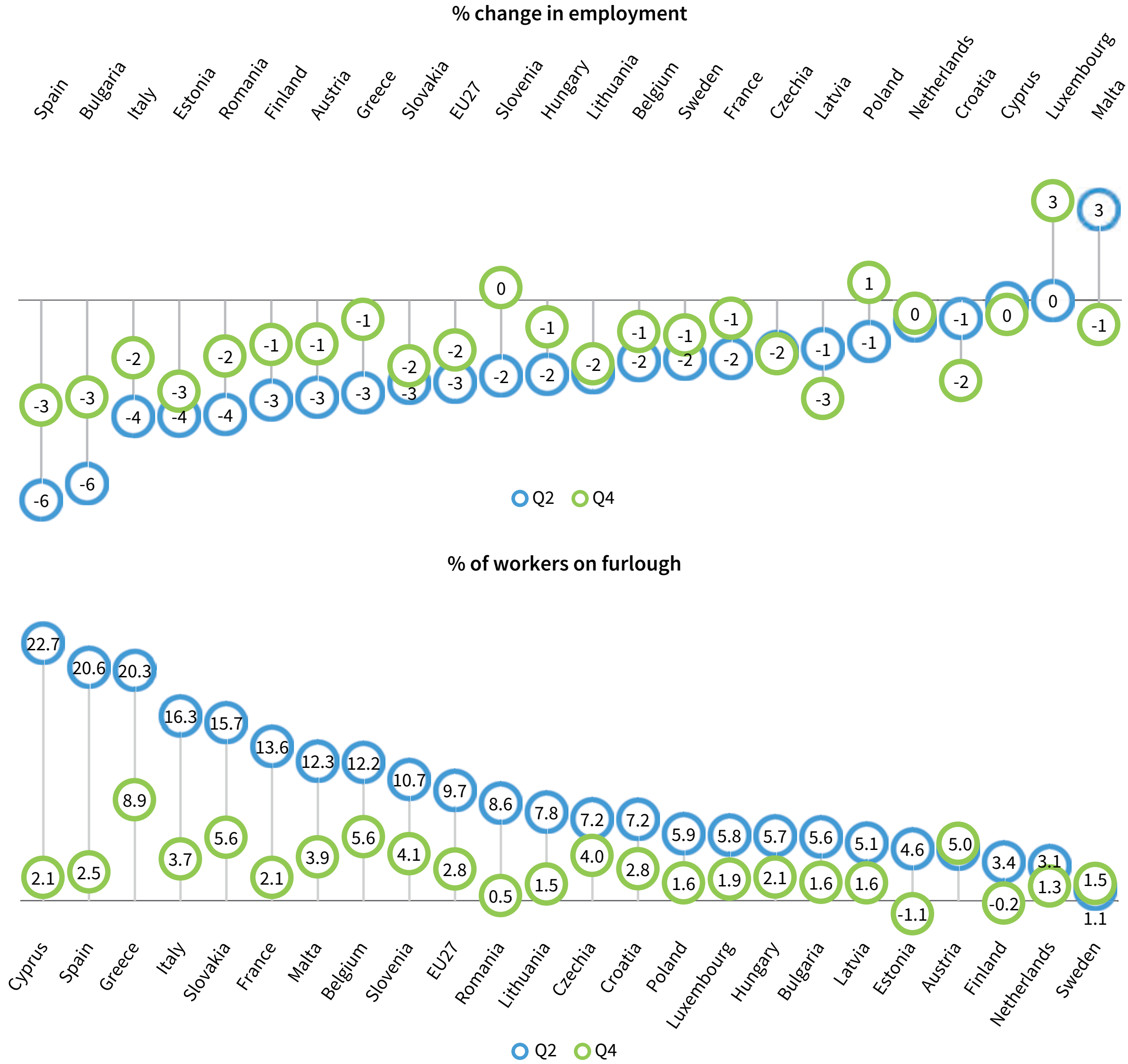
Source: *EU-LFS (Eurofound calculations); Fana et al (2020) for sector classification*[1]

from Q2 2019 to Q2 2020 and recovered only slightly by Q4 2020. One explanation is that some of these sectors are integrated quite closely with sectors that were closed, and this had knock-on effects. For instance, the manufacture of food products is linked to restaurants, which were closed or operating partially for much of the time.

Sectoral mix affects national-level impact

The tailored application of restrictions across economies meant that the sectoral mix of a Member State's economy was a significant factor in determining the employment impact of the pandemic at national level. On average, 10% of workers in the EU27 were employed in closed sectors prior to the pandemic, but the percentage was higher (11–18%) in Austria, Cyprus, Estonia, Greece, Italy, Latvia, Malta and Spain.

Figure 6: Changes in employment levels and share of furloughed employees, year-on-year by quarter, EU Member States, 2019–2020

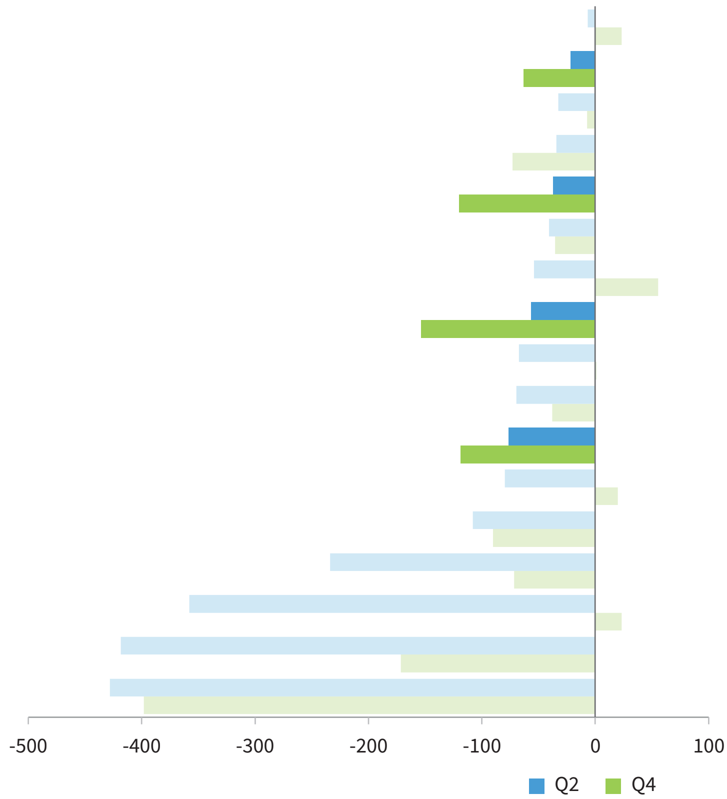


Note: *Data not available for Germany; Denmark, Ireland and Portugal excluded because 2020 data are incomplete.*
Source: *EU-LFS (Eurofound calculations)*

The illustration of employment declines across the Member States in 2020 in Figure 6 shows that some of the sharpest falls occurred in the southern European countries, which have a relatively high share of employment in closed sectors. The disproportionate impact on these countries is even more apparent in the furlough numbers, illustrated in the second panel of Figure 6.

The employment impact was also more severe in a number of eastern European countries. In this case, a likely cause is their relatively high level of specialisation in manufacturing sectors that are highly integrated in regional and global supply chains. Although many manufacturing activities were deemed non-essential, most managed to operate during the pandemic. However, a disruption due to the pandemic at one point of a supply chain to which these countries contribute as producers of intermediate inputs would have had an impact on their operations. Analysis at detailed sectoral level – see Figure 7 – shows that these highly integrated sectors did not recover or recovered less than the average (as in the case of vehicle manufacturing) by Q4 2020.

Figure 7: Employment change (in thousands), year on year, in the mostly non-essential sectors with the largest employment declines, EU27, 2019–2020



Source: *EU-LFS (Eurofound calculations)*

Temporary workers: Casualties of the employment shock

Effective as job-protection measures have been, they have not insulated all workers from the calculations made by businesses to manage demand shocks by adjusting variable labour costs. Eleven million temporary workers lost their jobs in 2020, accounting for 85% of the decline in aggregate EU employment in 2020.

Figure 8: Change in employment levels among employees and self-employed, by quarter, EU27, 2019–2020

Source: *EU-LFS quarterly data (Eurofound calculations)*

All Member States, apart from Denmark, shed temporary workers throughout 2020: their numbers in the EU fell by 5% in Q1, 16% in Q2, 12% in Q3 and 10% in Q4. These losses were driven by net declines in five Member States with large labour forces – France, Italy, the Netherlands, Poland and Spain – which accounted for 60% of total losses in temporary employment in 2020. Spain lost one million net temporary jobs in the second quarter of 2020 and another million in the two subsequent quarters. France lost half a million in Q2 and another half a million in the last two quarters of 2020. Smaller countries also recorded sharp falls: in Greece, Slovakia and Slovenia, one-fifth of temporary employment was erased in 2020.

As Figure 8 illustrates, job loss was much greater among temporary workers compared to permanent employees. Furloughing, by contrast, favoured permanent workers and preserved their jobs. Temporary workers represented less than 10% of the year-on-year increase in furloughed workers in 2020.

Furthermore, cuts to temporary contracts occurred across sectors and not only in those sectors where closures were forced by government mandates. While the decline in temporary employment was sharpest in closed sectors, falling by 31.4% (compared to 8.1% of permanent employment), it also declined substantially, by 13%, in what was described as 'mostly non-essential' sectors, where activity was allowed to continue under strict conditions, and by 11% in 'mostly essential' sectors, which included important retail and manufacturing activities. The decrease among permanent employees was 0.4% and 3%, respectively, in these sectors.

These statistics highlight the continued vulnerability of workers on non-standard contracts in flexibilised labour markets: when the economic headwinds intensify, these workers are the first to fall. Employment-protection schemes, even when they were extended to include temporary workers, were not enough to compensate for the greater insecurity of these workers compared with those working under standard contractual arrangements.

Did intervention work?

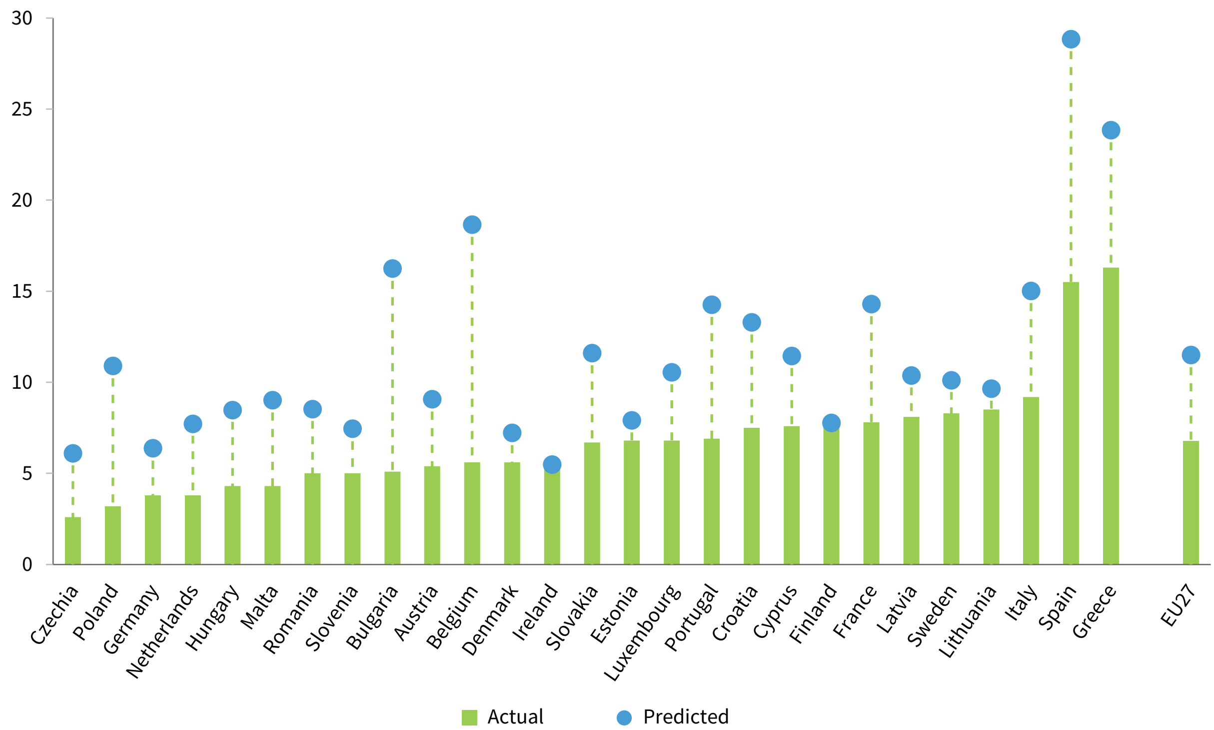
What might have been the counterfactual employment situation, if the EU and governments had not intervened to protect jobs? Eurofound sought to answer this question by projecting how unemployment would have grown relative to output (as measured by GDP) had it followed the pattern of previous business cycles, when slowdowns in growth have coincided with rising unemployment. The analysis found that if unemployment growth relative to GDP in 2020 had repeated the trend of previous decades, the unemployment rate at EU level would have been higher by almost 70% – 11.5% instead of 6.8% (unweighted averages for both values). This would also have been the case in most Member States, with particularly sharp unemployment rises in Spain, Belgium and Bulgaria, where the gap between the actual and predicted unemployment rate is 11–13 percentage points (Figure 9).

In addition, the disparities between Member States would have widened, meaning that countries would have diverged in terms of unemployment rates instead of converging, as EU policy aims to do.

Further analysis demonstrated that the gap between actual and predicted unemployment rates was linked to amounts requested by countries from the SURE instrument. Member States that took the largest SURE loans (as a percentage of national GDP) – Malta, Greece, Portugal and Cyprus – were among those with the largest gaps.

These results suggest that the immediate liquidity and policy interventions pursued by both EU institutions and national governments played an important role in subduing unemployment rises and preserving the convergence of the Member States.

Figure 9: Actual versus predicted unemployment rates (%), EU Member States, 2020



Source: *Eurostat (Eurofound calculations)*

Takeaways

- Interventions by governments across the EU to support employment, in many cases backed by the EU SURE initiative, prevented mass unemployment resulting from business closure during the pandemic. While labour input declined substantially, this came from the furloughing of workers and not from layoffs.
- The employment impact was sharply sectoral, based on whether an economic activity was ordered to cease, deemed essential or permitted to operate with restrictions. Hotels and restaurants, as a result, suffered most, with little relief from forced closures and restrictions during 2020. The effect on the transport sector was also severe due to the collapse in the passenger numbers of airlines, ferry operators and other passenger-transport companies. Sectors that remained active by means of telework as a whole saw a rise in employment.
- The effect on employment at national level was linked to the relative size of closed sectors in the economy. Job loss and furloughing tended to be higher in the southern European Member States, where tourism is a major employer. Employment also suffered in a number of eastern European Member States whose industries participate in global supply chains disrupted by the pandemic.
- Eleven million temporary workers lost their jobs in 2020, representing 85% of the decline in EU employment. Employment-protection schemes, even when they were extended to include temporary workers, were not enough to compensate for the greater vulnerability of these workers compared with those working under standard contractual arrangements.

Read more

Topic: Employment and labour markets eurofound.link/employment

Topic: Non-standard employment eurofound.link/nonstandardemployment

Report: COVID-19: Implications for employment and working life eurofound.link/ef20050

Report: What just happened? COVID-19 lockdowns and change in the labour market eurofound.link/ef21040

Report: Looking backwards to move forward: Upward convergence through crises eurofound.link/ef21008

Blog post: COVID-19: A tale of two service sectors eurofound.link/ef21063

Note

1 Fana, M., Tolan, S., Torrejón, S., Brancati, C. U. and Fernández-Macías, E. (2020), *The COVID confinement measures and EU labour markets*, Publications Office of the European Union, Luxembourg.

2

Averting a labour market calamity

Averting a labour market calamity

Unprecedented employment preservation

Between March and September 2020, over 40 million workers in the EU – more than 20% of the workforce – benefited at some point from employment-protection schemes while their workplaces reduced operations or closed completely. These schemes enabled employers to keep workers in employment, cutting their hours or laying off them temporarily, while the state covered part of the wage cost. Close to four million employers saw their workforces protected from job loss in this way.

Never has the safeguarding of employment been implemented on such a scale in the EU. For the first time, all Member States operated a scheme to protect jobs during a crisis, some operating several. While a small number had implemented short-time working schemes during the recession triggered by the 2008 financial crash – the most notable being Germany's *Kurzarbeit* (short-time working) scheme – even at its peak, in 2009, just 1.8 million workers in the EU were covered.

Eurofound has estimated that close to €100 billion was spent on the employment-protection schemes recorded in its EU COVID-19 PolicyWatch database between March and September 2020. This is eight times more than the €12.3 billion that the European Commission calculated was spent on such measures at the height of the economic crisis in 2009.

The schemes have lasted longer than initially anticipated. Although originally time-limited, many were reactivated after September 2020 with the emergence of new pandemic waves that prompted further restrictions on business and further cuts to working hours.

Benefits outweigh costs

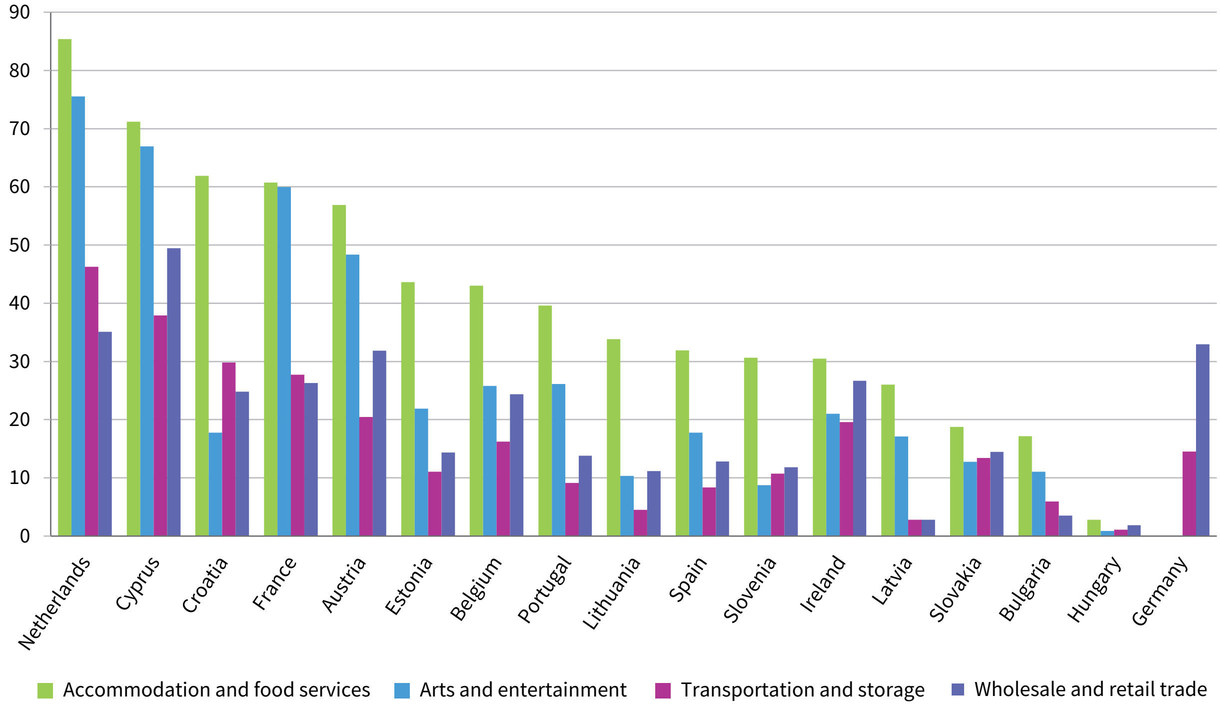
Interventions to safeguard employment, along with the countless other business and income-support measures, have come at enormous cost to public finances. Yet protecting employment has been calculated to be less costly than the alternative of an escalation of spending on unemployment benefits, even in terms of just the amount paid out by the exchequer. The EU has offered Member States substantial assistance in this endeavour by means of the SURE instrument, which provides loans on favourable terms for the purpose of preserving employment. Based on applications received from national governments, as of November 2020, €90.3 billion in financial support had been approved for 18 Member States.

The last recession is still comparatively recent that politicians recognise that the costs of mass unemployment go well beyond the immediate cost of unemployment benefits. Some are economic: the loss of skills and the slower recovery post crisis, the fall in purchasing power and the cost of reintegrating unemployed workers into the labour market. Other costs are social: households sliding into poverty, decline in well-being, and rising rates of mental illness and social exclusion. There is also the political cost of a disaffected population that begins to doubt the legitimacy of the status quo and looks to alternative sources of political change.

Participation highest in hardest-hit sectors

Take-up of employment protection was highest in the sectors most affected by the lockdowns implemented in this period, especially the accommodation and food services sector and the arts and entertainment sector (Figure 10). Germany is an exception to this pattern; here, uptake was more common in other sectors, such as manufacturing and wholesale and retail.

Figure 10: Percentage of workers supported by employment-protection measures in selected sectors and Member States (%), March–August 2020

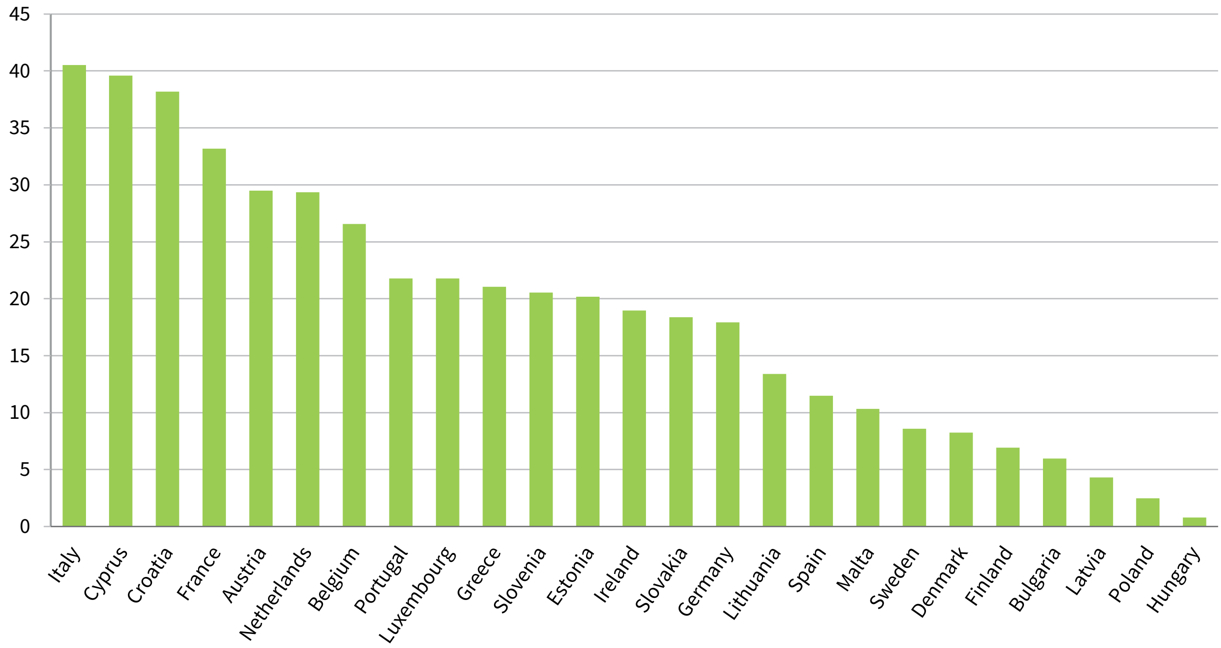


Source: *Eurostat*

In terms of Member States, in April 2020, during the first wave of the pandemic, employment was protected most extensively in Italy, Cyprus and Croatia, where 35–40% of jobs were supported by government interventions (Figure 11). By contrast, barely 1% of jobs in Hungary were supported, although the percentage rose to 5% in July and August 2020.

For most countries, these numbers peaked in April and May 2020, and tapered gradually as economies began to slowly reopen from June 2020 onwards.

Figure 11: Proportion of jobs supported by governmental measures (%), EU Member States, April 2020



Note: *No data available for Czechia and Romania*
Source: *Eurostat*

No shared template for employment-protection schemes

Twelve Member States introduced employment-protection schemes for the first time in spring 2020: Cyprus, Denmark, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Malta, Poland, Romania and Slovenia. The remaining Member States already had such schemes in place but amended them to widen eligibility for participation or to increase the amounts paid out.

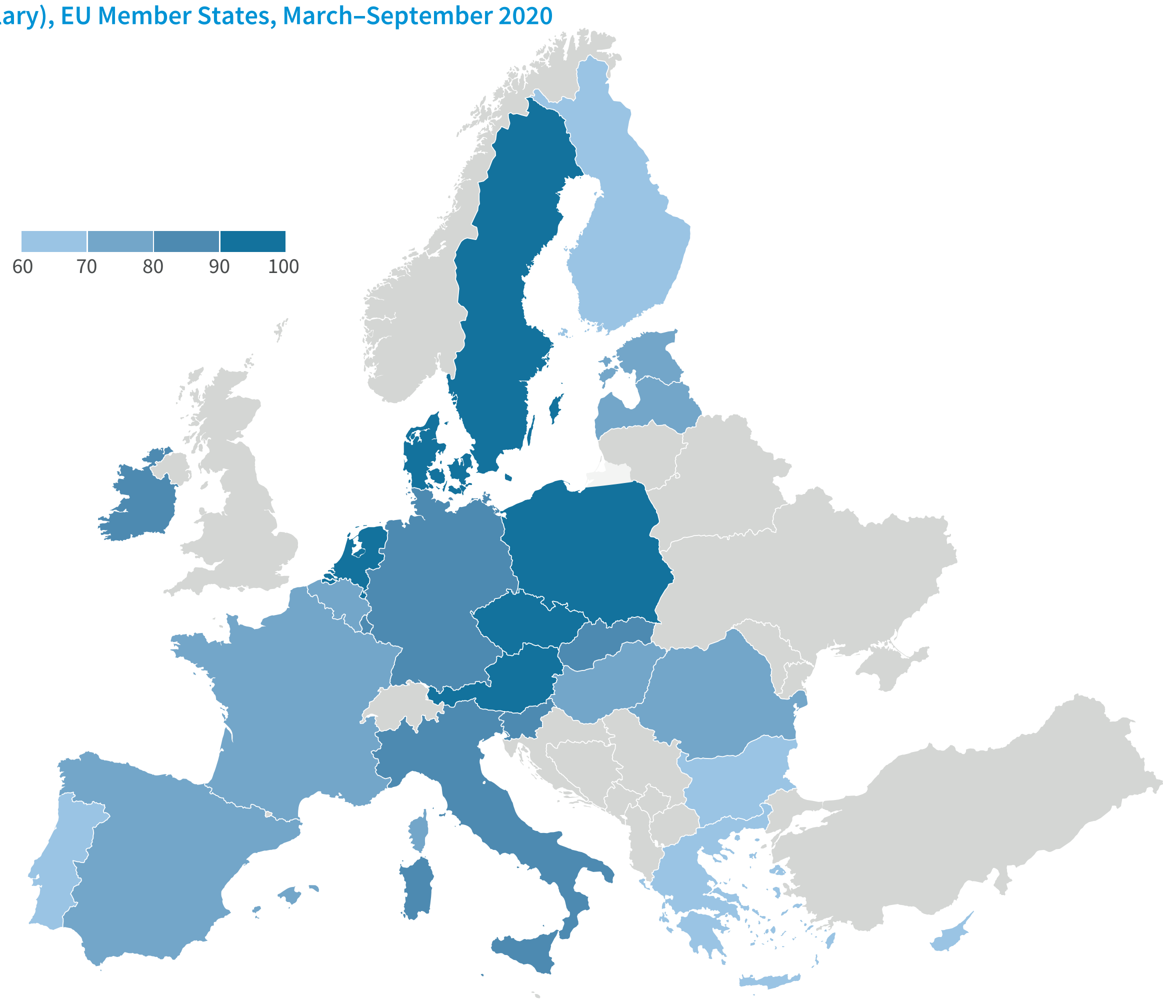
These schemes operate quite differently across the Member States, but there are two broad types: short-time working, where workers' hours are cut, and temporary layoff (also known as furlough), where workers do not work at all for a period but retain their employment contract. In practice, the distinction is not always so clear-cut. For instance, short-time working schemes in Austria, France and Germany were amended to permit working hours to be reduced to zero on a temporary basis, effectively allowing for furloughing. Some countries with long-standing temporary layoff schemes enhanced their flexibility to allow for work to be carried out in some weeks. Hungary implemented a single short-time working scheme that required at least some work to be performed, while Latvia, by September 2020, had introduced only a temporary layoff scheme requiring the full cessation of working hours. Some countries introduced several employment-protection schemes, each designed for different situations.

Employers' access to these schemes was linked, in some countries, to protection against dismissal for employees, although not in Belgium, Finland, Germany, Hungary, Ireland and Sweden (by September 2020, at least). In Germany, however, protection against dismissal was part of many industry-level collective agreements regulating short-time working. Hungary had initially included this protection in legislation but subsequently removed it as employer organisations considered it unworkable.

60–100% of wages covered by the state

The amount of their wages that employees received for hours not worked ranged from 100% in Austria, Czechia and Poland to 60% in Cyprus, Finland and Greece (Figure 12). However, other factors also played a part in determining the amount received by workers, such as

Figure 12: Maximum replacement rates available through employment-protection schemes (% of previous salary), EU Member States, March–September 2020



Note: *Three Member States have been excluded: Croatia because of complexities in calculating the rate, Lithuania because the rate is linked to the minimum monthly wage and Malta because it offered a flat-rate payment base on sector.*
Source: *Network of Eurofound Correspondents*

employment status and sector. In addition, caps were applied to the maximum amount granted in most national schemes.

Not everyone benefited

Many of these schemes initially covered only permanent, full-time workers. Social protection of those in less reliable employment, such as temporary, casual and domestic workers, is often limited or non-existent, and these schemes, when first launched, reproduced that exclusion. Governments did soon recognise, however, the considerable hardship faced by these workers when they suddenly found themselves out of work in an economy not hiring, not to mention the unfairness of their exclusion, and the schemes were revised to include additional groups of workers.

Yet workers on non-standard contracts were not granted access across the board. Most countries included part-time employees in their schemes, the only exceptions being Croatia and Hungary, where the share of part-time workers is relatively low. Workers on temporary contracts were excluded in Denmark, Hungary and Sweden. Sixteen countries included temporary agency workers among the eligible groups. Casual workers were eligible only in France, Ireland, Latvia, Malta, the Netherlands, Portugal and Romania, but even in these, eligibility mainly pertained to specific groups of seasonal workers.

To what extent workers on non-standard contracts were protected from job loss ultimately is questionable. These workers were often not covered by dismissal-protection provisions linked to employment-protection schemes, and labour market data show that most of the job loss in 2020 was the loss of temporary jobs.

Less support for the self-employed

Self-employed people did not initially receive similar income support to that given to employees. This, on the face of it, is not unusual – the self-employed are left to decide for themselves on whether or not to arrange their own social insurance. However, with the pandemic, the self-employed were as much at risk of suddenly losing their livelihoods due to the actions of government as employees. Probably more so, in fact, since high proportions of self-employed people work in many of the sectors that were subject to the strictest restrictions, including construction, accommodation, wholesale and retail, arts and recreation, and transport. Eurofound’s *Living, working and COVID-19* e-survey found a higher rate of job loss among self-employed people without employees (13%) than among employees (8%) in April 2020. Among self-employed people who continued working, half reported that their working hours had fallen, compared with a quarter of employees.

While governments implemented a catalogue of measures to prevent business failures, none of these would have been effective in supporting the more vulnerable groups of self-employed, where low capitalisation means any drop in demand can destroy their business. Recognising the significant impact of sector closures on self-employed people, governments in at least three-quarters of the Member States took the previously unthinkable step of implementing measures to support their incomes. However, in a number of countries, the measures were introduced late in the day, only after support measures for employees had been extended, as a result of pressure from business groups. The level of income support eventually given fell short of that granted to employees. Furthermore, not all were eligible. Certain criteria excluded sections of the self-employed workforce – these included sectoral restrictions, thresholds with regard to falls in revenue and the financial health of a business prior to the onset of the pandemic. In such circumstances, some self-employed had to fall back on their savings to cover the fall in income.

Social partners often sidelined in the first phase

The role of the social partners in the development and implementation of these large-scale employment-protection schemes was not always as extensive as might be expected, given the major impact on employment and working conditions.

The level and quality of social partner involvement tended to reflect the existing state of social dialogue in the Member States and the degree to which social partnership plays a role in the development of labour market policy and implementation. That is to say, involvement was strongest in the Member States where a strong tradition of bipartite and tripartite social dialogue already exists.

In Austria, for example, employer and worker representatives have traditionally had a high level of involvement in the short-time working system, and this continued during the pandemic. The pandemic-specific amendments to the scheme were negotiated and agreed among the social partners and then presented to the government to obtain legal backing.

Similarly, the social partners participated in the development of employment-protection schemes in the Netherlands. They participated with the public employment service and the Ministry of Labour in weekly meetings to discuss the measures implemented, their progress and where adjustments were needed.

At the opposite end of the involvement spectrum were the Member States where the social partners were absent from the development or adaptation of measures. In Croatia, for example, no meetings were held during the pandemic by existing working groups that would normally discuss such measures.

Table 1 gives an overview of the degree to which the social partners across the Member States were involved in the design of employment-protection measures up to September 2020.

Table 1: Level of involvement of social partners in employment-protection measures, September 2020

Level of involvement	Countries
Involved in designing or amending measures	Austria, Denmark, Finland
Strongly involved, often through tripartite bodies	Belgium, Estonia, Germany, Hungary (employers), Ireland, Malta, Netherlands, Spain, Sweden
Involved in consultation and evaluation through tripartite bodies	Portugal
No or weak involvement initially but improved involvement subsequently	Czechia, France, Greece, Italy, Lithuania, Slovenia
Information only (including in tripartite bodies)	Bulgaria, Latvia, Romania
No involvement	Croatia, Hungary (trade unions), Poland, Slovakia

Note: *No information is provided for Cyprus and Luxembourg.*
Source: *Authors, based on information provided by the Network of Eurofound Correspondents*

It was often the case that the social partners were sidelined in the early phases of the pandemic as governments scrambled to design and implement measures. Even though social dialogue structures were already in place, this did not necessarily guarantee the inclusion of the employer organisations and trade unions when governments felt no time was available to consult and exchange views. Subsequently, however, the social partners were included in the fine-tuning and better targeting of measures.

This was the case in Czechia, for instance, where the social partners did not participate in setting up the national scheme to support employment, known as the Antivirus Programme, because of its rapid development. They did, however, submit proposals on amendments to improve the programme and had more input in subsequent iterations of the measure, although not all demands (particularly by employers in relation to the waiver of employer social security contributions) were accepted.

The shared desire to find a rapid and effective response to the challenges brought about by the COVID-19 crisis also contributed to dialogue processes being reinvigorated in some countries. In Ireland, where the once well-established process of tripartite collaboration has been defunct for a number of years, formal dialogue tended to be limited. This changed in response to the pandemic, not least because employer organisations and trade unions had a common interest in improving existing income-protection measures. Both of the cross-industry social partner bodies referred the government to evidence of effective schemes in other EU countries, and this is thought to have been a factor in the design of the temporary wage subsidy scheme.

The social partners for the most part recognised the exceptional circumstances and constraints of the time, which disrupted the standard involvement frameworks and institutions in place, but they also took the view that most governments could have done better. In some Member States, the severely restricted role of social dialogue in addressing the employment crisis revealed the structural weaknesses of the foundation of social dialogue in some industrial relations systems.

Takeaways

- The decision by governments to intervene to prevent massive job loss during the COVID-19 crisis, supported by commitments of EU funding, was a landmark in labour market policy EU-wide. Forty million workers were supported by employment-protection schemes at some point in 2020.
- Employment-protection schemes benefited workers in full-time, permanent employment primarily. Workers on non-standard contracts, especially those in casual arrangements, were largely ineligible for such schemes. Support for self-employed workers came late in the day, was subject to several exclusions and was less than the support received by employees.
- The involvement of the social partners in the design and implementation of employment-protection measures tended to reflect the existing state of social dialogue in the Member States and the degree to which social partnership plays a role in the development of labour market policy. The social partners were often marginalised in the initial phases of the pandemic but later invited to contribute to the adaptation and further development of measures.

Read more

Topic: COVID-19 eurofound.link/covid19

Report: COVID-19: Implications for employment and working life eurofound.link/ef20050

Report: Involvement of social partners in policymaking during the COVID-19 outbreak eurofound.link/ef20035

Blog post: Two worlds of income support during COVID-19 eurofound.link/ef21048

Resource: COVID-19 EU PolicyWatch database eurofound.link/covid19eupolicywatch

3

Companies in the eye of the storm

Companies in the eye of the storm

When COVID-19 struck in spring 2020 and governments all at once imposed severe restrictions on economic activity, no business was spared the necessity to act – whether to cease some activities, to shut down completely, to implement strict health-and-safety workplace protocols, to move activity online or to shift a workforce to remote working.

To record this moment in data, in November 2020, Eurofound and the European Centre for the Development of Vocational Training (Cedefop) ran a special online follow-up to the European Company Survey (ECS) 2019, which surveyed managers across Europe on the impact of the pandemic on their companies and their perspectives on the experience. In-depth interviews were subsequently conducted with a subset of managers to further flesh out the picture.

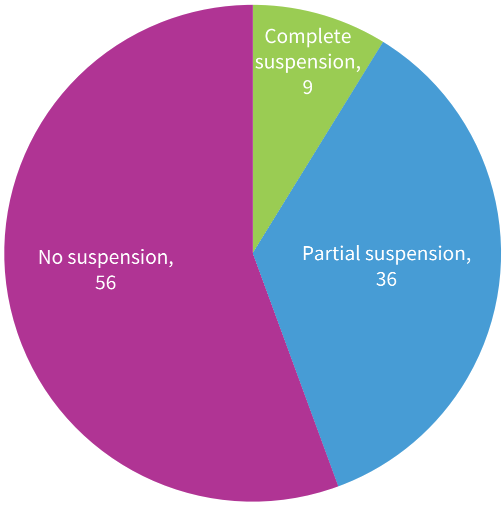
Managing the fall in labour demand

Many companies had to manage a fall in labour demand as the business coped with the pandemic. One in five managers reported a decrease in employment in their company since the beginning of 2020, while two in five reported reducing employees' working hours. Several received support from government schemes such as short-time working schemes or financial subsidies. This did not always prevent staff reductions – a quarter of companies that applied for or were granted public support still reduced headcount – but it did help to protect employment.

Companies with slackening labour demand tended to reduce both staff and working time: 60% of companies in which employee numbers fell also cut working time, while 30% of companies where staff numbers increased or remained stable reduced employees' hours.

The asymmetrical sectoral impact of lockdowns are reflected in these data. For instance, more than half of managers in the commerce and hospitality sector – which includes hotels, restaurants and retail – reported a reduction in hours for staff, compared to just one-quarter of managers in construction.

Figure 13: Response of businesses to COVID-19 (%), EU27, 2020



Source: *ECS 2020*

Adjusting to changed circumstances

Almost half of the companies surveyed had to partially or completely suspend their operations as a result of COVID-19 (Figure 13). Whether a business could continue to operate was determined only in part by whether a government order required it to curtail or cease its activities; some were able to pivot to new activities or new modes of delivery, which spared them from closure.

So, for instance, restaurants prohibited from offering sit-down dining became take-aways or food stores, and a legion of trainers, coaches and instructors prevented from holding classes in physical spaces moved online.

Overall, more than one-third of businesses changed their main business activity to a great or moderate extent in response to COVID-19. Here again, the sector of operation was a significant factor: 72% of companies in commerce and hospitality switched activities, as did 68% of those in the financial and other services sector (which, like commerce and hospitality, includes subsectors exposed to pandemic restrictions, such as real estate and arts and entertainment).

Reorienting a business could prove pointless in the absence of customer demand. Eurofound interviewed a manager from an Estonian company that prior to the pandemic had produced souvenirs, mainly for the foreign market. When demand for the company's products dried up in spring 2020, the company completely reformulated its core business activities, setting up a children's camp, a craft camp and a souvenir museum as well as opening a café; it also produced a series of products for the Estonian market. Although this transformation staved off closure for a while, sales ground to a halt in the autumn of 2020 and staff lay-offs followed. In early 2021, only the company's real estate remained.

Adapting the workplace

Most companies adapted their premises to ensure the physical distancing of employees to prevent virus transmission. A quarter made significant adaptations, while a further one-third adjusted their workplaces moderately; just 13% did not adapt the premises at all (Figure 14). Large workplaces, with 250 or more employees, were much more likely to undertake major changes than smaller and medium-sized firms, as were businesses operating in the commerce and hospitality sector.

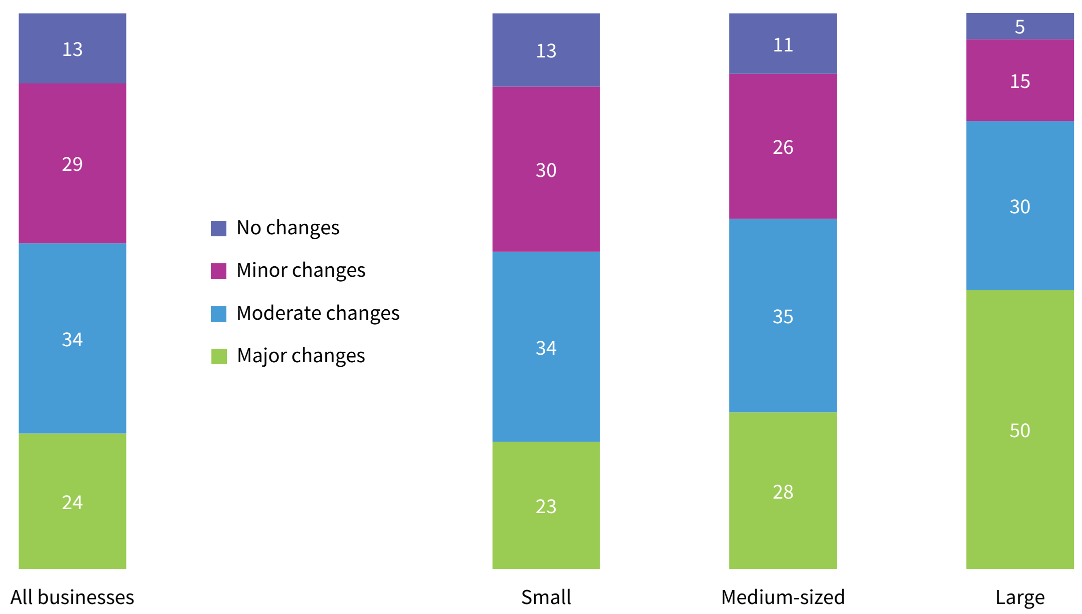
The situation also demanded organisational changes – such as staggered starting and finishing times, revised reporting structures, changes to the frequency of meetings and moving meetings online. The breakdown of responses to this question is similar to that for physical infrastructure adaptations, and in fact the two aspects are highly correlated: 30% introduced major changes, 31% moderate changes and 22% minor changes. Businesses in financial and other services were most likely to implement major organisational changes, 42% doing so, while just 5% in the construction sector saw a need to make such adjustments.

Declining employee autonomy?

While the ECS does not survey employees, it does try to capture well-being within the workplace by asking managers to assess the work climate, employee motivation and staff retention. Results on workplace climate and employee motivation from November 2020 were more or less the same as those in the pre-pandemic 2019 round of the survey, when the vast majority (85%) reported good workplace climate and just 16% reported low staff motivation. As regards retention, it improved somewhat: in 2019, 73% of managers indicated that employee retention was not difficult; the figure rose to 79% in 2020.

There are indications, though, that employees' autonomy to make decisions about their work and how to perform it took a hit, which is concerning, since autonomy is a cornerstone of workers' motivation, performance and well-being. In 2019, 73% of managers said their management approach created an environment that enabled workers to perform their tasks autonomously, but 26% reported a quite different approach, focused on controlling and monitoring employees.

Figure 14: Extent of changes businesses made to their physical infrastructure due to COVID-19 (%), EU27, 2020

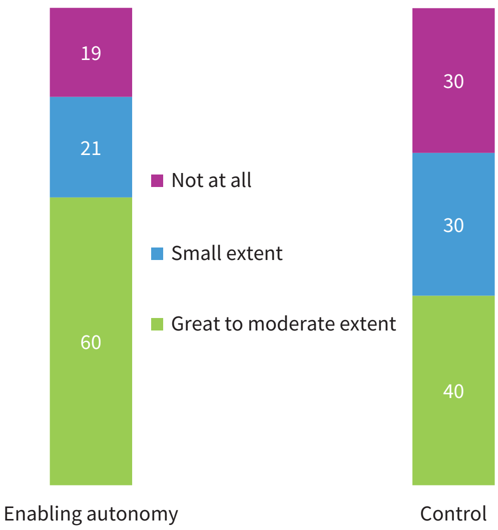


Source: *ECS 2020*

A Dutch technology production company implemented a hybrid of remote and on-site working based on the segregation of its staff into three teams. Teams 1 and 2 alternated working weeks at the office, while Team 3, largely consisting of operational management, stayed on site throughout to oversee operations. Many companies took a similar approach of dividing staff into teams, creating bubbles that could not physically interact, which proved to be an efficient means of organising workflows and processes while reducing the risk of infection.

The 2020 survey modified the question and split it in two, asking managers to consider both types of approach in terms of whether autonomy had become more important as a consequence of COVID-19. In response, 60% replied that enabling worker autonomy had become more important to a great extent; at the same time, 40% replied that control had become more important (Figure 15).

Figure 15: Extent to which encouraging autonomy and control became more important because of the pandemic (%), EU27



Source: *ECS 2020*

While the 2019 and 2020 findings are not directly comparable, the differences between them suggest that worker autonomy may have decreased somewhat and controlling management behaviour increased.

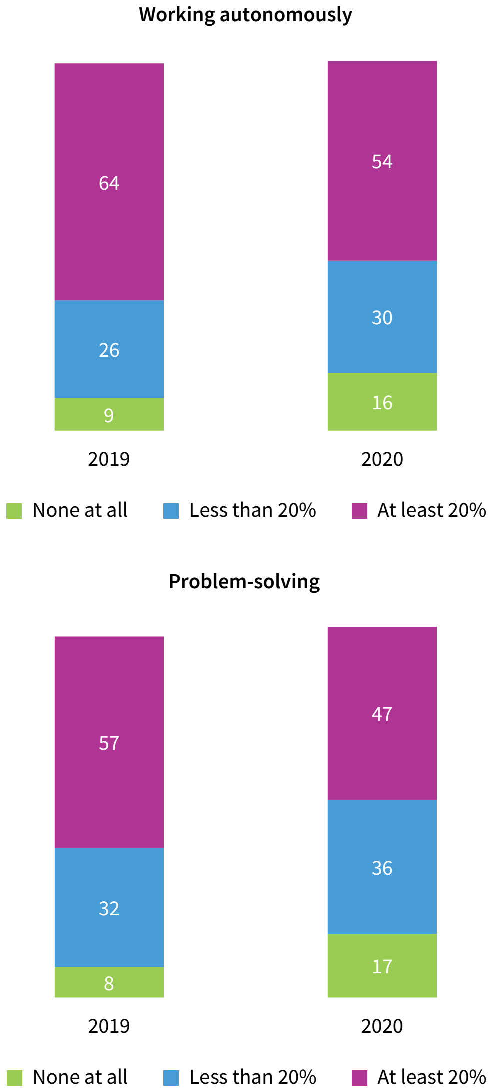
The impression of declining autonomy is reinforced by two further findings (Figure 16). Firstly, 54% of managers reported that at least one-fifth of their staff worked autonomously in 2020, down from 64% in 2019. Secondly, 47% of managers said that at least one-fifth of employees have jobs involving problem-solving, a drop of 10 percentage points from the 2019 figure of 57%.

Did management practices make a difference?

Eurofound has argued, backed up by data from ECS waves over several years, that the companies that perform best in terms of their profitability and output as well as well-being in their workplaces are those whose management practices aim to unlock their employees' potential. It has labelled this approach 'high-investment, high-involvement' because it invests in staff development, incentivising performance, giving employees a high degree of autonomy and enabling them to make decisions independently. The opposite type of approach, which centralises control and focuses management on operations, is labelled 'low-investment, low-involvement'. Companies characterised by such management practices have poorer financial performance and lower levels of workplace well-being than companies whose practices are of the high-investment, high-involvement type.

Did these different types of management practices lead to different outcomes during the pandemic? Generally, yes. High-investment, high-involvement companies were faster to adapt to the crisis and take action to deal with the changed circumstances: more reported that there were changes to the knowledge and skills needs in the company due to COVID-19; more made major or moderate changes to their work organisation; and more covered the expenses and equipment needs of teleworking staff.

Figure 16: Extent of work autonomy and problem-solving in employees' jobs (%), EU27, 2019 and 2020



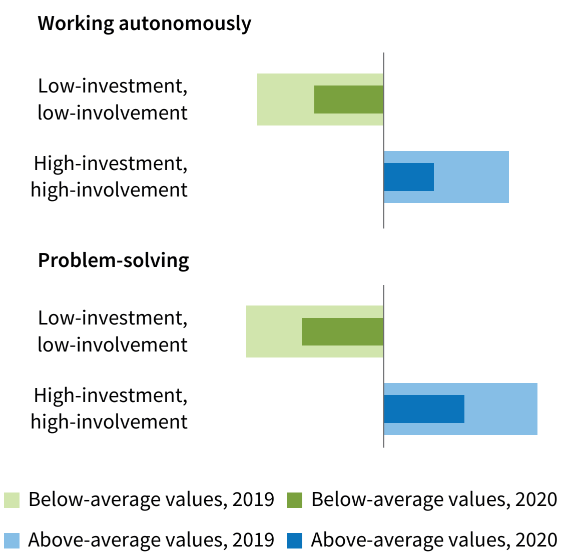
Source: *ECS 2019 and 2020*

And while only a third of companies, on average, in the EU had a business continuity plan in place before the pandemic struck, 46% of the high-investment, high-involvement type had such a plan, compared with 22% of the low-investment, low-involvement group. Having a continuity plan made a difference; businesses with a continuity plan were less likely to report decreases in productivity or to apply for public support schemes compared with those that did not.

There are two areas where the high-investment, high-involvement group did not prevail: performance and worker autonomy.

Consistent with previous rounds of the ECS, companies in the high-investment, high-involvement group performed better than the low-investment, low-involvement type during the pandemic, even if, overall, performance declined in both types of company. Surprisingly, though, the drop in performance was more pronounced in the high-investment, high-involvement type. However, breaking down performance into its component indicators – change in the quantity of goods or services produced, expected profit or losses, and change in staff numbers – shows that the difference is mainly due to loss in profit. It suggests that high-investment, high-involvement businesses took the economic hit by reducing profits, whereas low-investment, low-involvement businesses opted to lay off staff and reduce production.

Figure 17: Relative change in work autonomy and problem-solving, 2019 and 2020



Note: *Indexed values; mean = 100*
Source: *ECS 2019 and 2020*

Regarding worker autonomy, Figure 17 shows the relative changes in working autonomously and problem-solving as a deviation from the overall annual average for all companies in 2019 and 2020. Green bars indicate below-average values in autonomous working and problem-solving, while blue bars show above-average values. In the case of low-investment, low-involvement companies, the bars indicate that while these companies performed below average in both years, performance improved between 2019 and 2020. In the case of high-investment, high-involvement workplaces, performance was above average in both years but declined in 2020 compared to 2019.

An argument for upgrading management skills

The absence of evidence of a substantial increase in work autonomy in the data is counterintuitive. Given that so many new work arrangements came into being with the pandemic – including remote working, which distanced employees from their managers – there are good grounds to expect that companies would have relied more on workers to work independently. Perhaps the new work arrangements instead caused managers to feel a loss of control and insight into workers' performance – we certainly see these sentiments expressed in relation to remote working, examined in the next chapter.

What the findings may be highlighting is that managers lack the skills for managing confidently in the evolving workplace, where off-site working arrangements are likely to become commonplace. There is a strong argument for augmenting management training and establishing management practices that invest in workers and promote autonomy. In a people-centred workplace, jobs are designed to unlock workers' potential, workers are motivated and engaged, and managers facilitate workers to fully apply their talents and skills. Time and again, Eurofound's research has concluded that the organisations that score above average on both workplace well-being and business performance are those that embrace these principles.

Takeaways

- Companies across the EU experienced major disruption to their operations during the COVID-19 pandemic. Close to half ceased their operations partially or completely, while over one-third changed their main business activity in some way. Employment decreased in one-fifth of companies surveyed, while two-fifths reduced working time.
- When companies were classified on the basis of their staff management practices, those that fared best were the type that takes a people-centred approach to management. These companies were faster to adapt to the crisis and take action to deal with the changed circumstances. More recognised that the knowledge and skills needs of the organisation had changed. More also had a business continuity plan in place.
- Some evidence suggests that employee autonomy lessened somewhat and that managers felt a heightened need to exert control. As workplaces evolve and as hybrid work arrangements, combining remote working with working from employers' premises, bed in, it is important that managers have the skills to manage staff in this changed environment and to elicit their optimal performance.

Read more

Topic: Work organisation eurofound.link/workorganisation

Topic: Participation at work eurofound.link/participationatwork

Report: Business not as usual: How EU companies adapted to the COVID-19 pandemic eurofound.link/ef21033

Blog post: COVID-19, Big Brother and the business case for doing better eurofound.link/ef21013

Blog post: COVID-19: Could businesses have done better? eurofound.link/ef21077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4

Taking to telework

Taking to telework

Much of the initial buzz about telework in 2020 subsided once the novelty of witnessing working multitudes operating out of improvised home offices fizzled out. As workplaces edge back towards pre-2020 ways of operating, the conversation is swelling once more, this time with speculation over whether telework will stick in the long term and whether it could become a battleground in the post-COVID world between home-loving employees and sceptical managers.

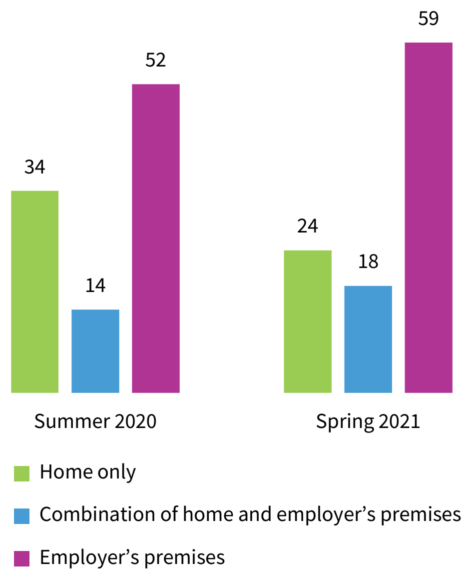
Telework ebbs as the pandemic endures

The prevalence of telework declined after the initial hard lockdowns of spring 2020 and never returned to the same level even when new waves of heightened infection swept across Europe in 2020 and the Delta variant emerged in 2021. In March 2021, when tight restrictions had been reimposed in many parts of Europe, Eurofound's *Living, working and COVID-19* e-survey recorded a fall of 10 percentage points in the proportion of workers working exclusively from home compared with summer 2020, while the proportions working exclusively at their employer's premises (or elsewhere outside the home) had risen (Figure 18).

A drop-off in telework as the pandemic dragged on was also reported by the ECS 2020, which recorded the perspectives of managers in EU companies. In April 2020, 17% of these managers indicated that almost all employees (80% or more) were working from home; by October 2020, the proportion was down to 13%. On the other hand, 32% had no staff working from home in April 2020, rising to 38% in October 2020.

The desire of employees to work all the time from home, however, had not likewise diminished – in fact, it had risen somewhat: as Figure 19 shows, 16% of

Figure 18: Location of work during the pandemic (%), EU27

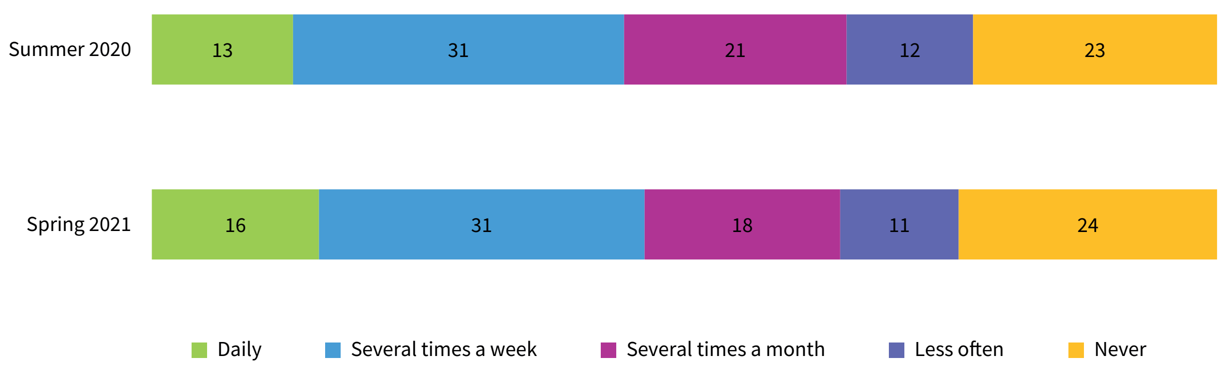


Source: Living, working and COVID-19 *e-survey*

respondents to the *Living, working and COVID-19* e-survey chose this as their preferred arrangement in March 2021, compared to 13% in summer 2020. The most popular option continued to be a hybrid arrangement combining working from home with working from the employer's premises several times a week.

While the preferences of workers are likely to be significant in determining the future of telework when all pandemic restrictions have been lifted, the experiences of their managers and the attitudes of those managers to managing a dispersed and largely invisible workforce will have just as important a bearing. Their perspectives are telling, as the ECS 2020 revealed.

Figure 19: Telework preferences post-pandemic (%), EU27



Source: Living, working and COVID-19 *e-survey*

What managers think about telework

Close to half of the managers surveyed said that the experience of telework, in terms of its efficiency and effectiveness, had been positive. Still, the remaining half did not share that opinion, although only 1 in 10 managers were unequivocally negative. Looking to the future, more than half of managers (57%) said that they believed telework would remain at the October 2020 level, while a return to the pre-pandemic level was thought likely by just 10%.

When, subsequent to the survey, Eurofound interviewed a selection of these managers, as well as some staff representatives, to explore their experiences in more depth, views on telework were decidedly mixed. Much of the negative feedback related to the mountain of troubles associated with the initial rapid transition to remote working: the lack of preparedness, lack of equipment, inadequate ICT infrastructure, poor domestic WIFI connections, weak local broadband provision, and staff with limited skills in these technologies.

Aside from the technical problems, though, managers were challenged by growing responsibilities and changing tasks. They often struggled to get people who were physically apart to work together as well as they had done previously. The manager of a Dutch high-tech company put it like this: 'managing from a distance was often difficult, and there were problems with the reachability of teleworkers, which had a negative impact on production'.

Many agreed that the workplace climate suffered. The social space of a physical work environment could not be replicated online, and much of the team spirit that depends on social interaction was lost. The absence of opportunities for informal and spontaneous interaction with colleagues was felt by some to possibly be damaging to the business.

The experiences of a Greek development agency help to illustrate this point. Like so many organisations, the agency struggled with the ICT problems at the outset, but the disruption to business-as-usual ran much deeper. Work organisation was problematic, and the lines of communication between line managers and staff members around tasks and time schedules were weak. Line managers could, for instance, observe delays via the system but were not able to understand the reasons or the context. People narrowed their communication to team members, reducing their contact with the wider organisation, and the interviewees had concerns that this harmed organisational knowledge. The positive work climate that had existed thanks to good relationships between staff was eroded.

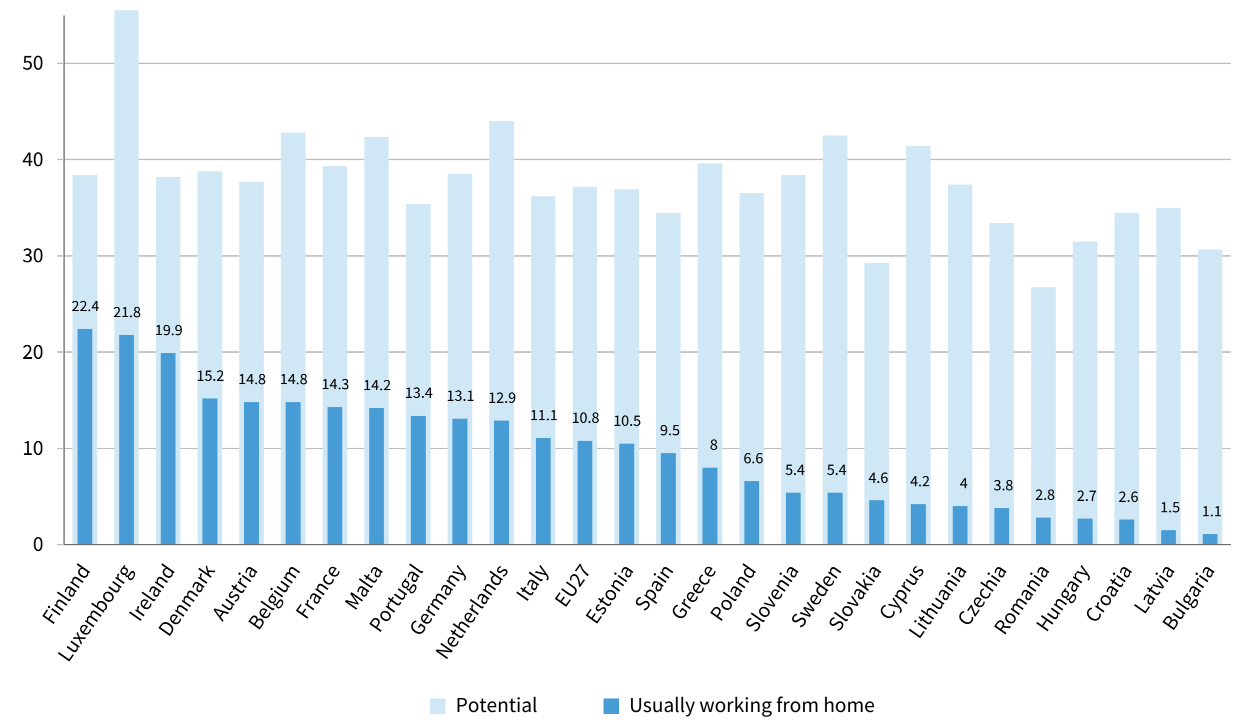
Contrast this with the experience of a Spanish ICT consultancy. This company, which has hundreds of employees, was similarly thrown in at the deep end with the move to remote working and had to redefine work routines for teamwork and collaboration. Step by step, though, it implemented an agile methodology to manage software projects, involving constant collaboration between engineers and clients. Frequent online meetings accompanied the implementation, as remote work required the redefinition of certain mechanisms. By the time of the interviews in February 2021, the company had arrived at a well-functioning telework arrangement.

Disparate adoption across Member States

Although the phenomenon of mass remote working has received much attention across the media, telework was by no means embraced to an equal extent across Europe. Though it is hard to get an accurate estimate of the prevalence of telework during the pandemic – ad hoc surveys give higher estimates than Eurostat, but neither source is faultless – it is clear that prevalence was quite different across the Member States.

EU-LFS data, the source for Figure 20, has Finland topping the ranking, with 22% of employees usually working from home, while Bulgaria comes in at the bottom, with a mere 1%. In part, the variation is explained by differences in the occupational structures of Member States – broadly speaking, the more occupations that are teleworkable, the higher the prevalence of telework. The extent that the national economy and the businesses within it have digitalised clearly influences the ability of employers to implement telework arrangements. However, as Figure 20 also illustrates, even during the crisis, when governments explicitly recommended that workers should work from home where possible, there remained a large share of teleworkable work (based on an occupational task analysis) that was not carried out from home.

Figure 20: Proportion of employees usually working from home in 2020 compared with the potential who could potentially work remotely (%), EU Member States



Source: *Eurostat [lfsa_ehomp]*

Long-standing resistance

The pandemic telework experience opened the eyes of workers to both the feasibility and the desirability of working from one's home. A freedom once given is difficult to withdraw. However, managers may not be entirely on board with telework becoming a normal part of work organisation. Most have not received instruction in managing a scattered team and tracking its performance, but such concerns can be addressed through training. A thornier issue is the impact on productivity; employers and managers will not support telework if productivity is threatened. Unfortunately, the research on this topic has not been definitive – some studies have found reduced productivity, others the opposite. A number of studies that detected increased productivity attributed it in part to an increase in hours worked by remote workers – unpaid overtime, in other words.

Leading companies in the most innovative fields have long placed much faith in the positive effect of social proximity on innovation and creativity, mythologised in the notion of chance encounters at the water cooler. The challenges for collaboration, teamwork and networking presented by remote working have meant that, prior to 2020, some of the more progressively minded employers have not offered it to employees. But could an equally weighty barrier be the discomfort of managers with a reduced ability to exert direct control and to supervise remote workers?

Analysis of data from the ECS 2020 survey found that organisations with a people-centred management culture (high-investment, high-involvement practices as described in Chapter 3) were much more likely to be positive about telework than those that take a more traditional command-and-control approach to management – 52% of the former were positive, while just 36% of the latter.

Prior to the pandemic, access to telework was determined more by an employee's place in the organisational hierarchy than by the teleworkability of the job. More privileged occupations, with greater work autonomy, had more access to telework arrangements than many clerical white-collar occupations that are technically more teleworkable, based on a tasks analysis.

On the wrong side of history?

Still, the telework sceptics may be on the wrong side of history. More widespread availability of telework could contribute to work–life balance and gender equality – two priorities on the EU social agenda – as long as it aids women to have careers and still manage their care responsibilities without increasing their working hours or damaging their career prospects. Although women with small children reported high levels of stress during lockdowns, more women (49%) than men (43%) wish to continue to work from home at least several times a week, according to the e-survey. And the hands of employers might be forced, if a workplace ban on telework in a tight labour market deters good candidates from applying for jobs.

It is worth bearing in mind that quite a limited number of jobs are realistically teleworkable. Any jobs that require physical handling are ruled out – that excludes occupations from plumber to veterinarian. Excluding all such jobs, it has been estimated that 37% of EU employees work in occupations that are teleworkable. However, many of these occupations include a degree of social interaction, such as teaching. Most parents and students who experienced it will say that online schooling was suboptimal, and while it was necessary during the crisis, it is unlikely to be common in normal times. If occupations such as these are excluded, the share of employment in 'wholly teleworkable' occupations reduces to 13%. Sectors where these occupations dominate, such as information and communication and finance, are much more likely to see workplaces transformed by remote working than the economy as a whole.

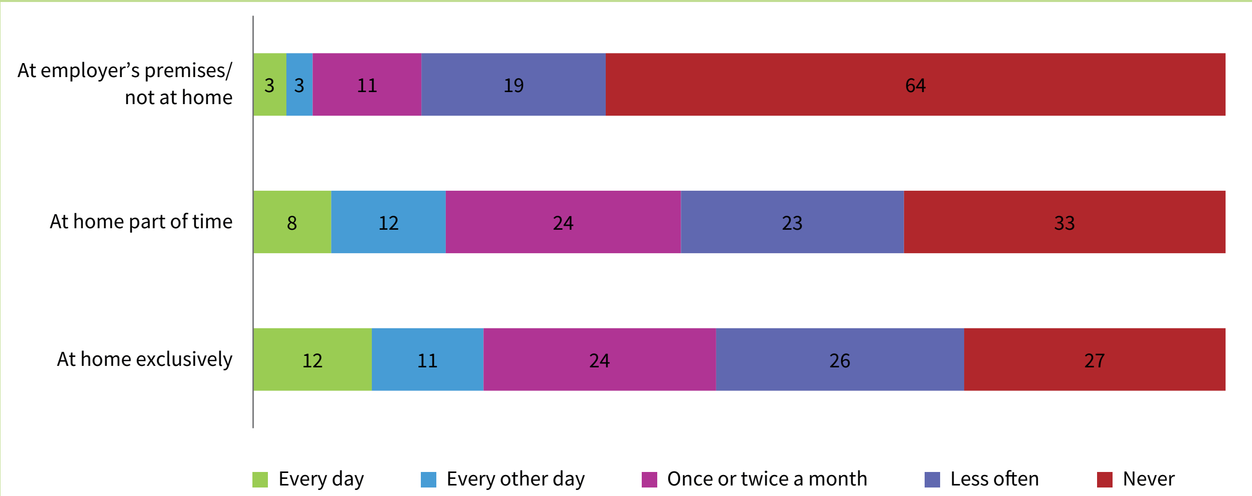
Calling a halt to the 'always-on' work culture

Employees' enthusiasm for telework, especially those in the middle and older age groups, is not hard to fathom. It can be the ticket to work–life balance: the flexibility to take time out of the working day to deal with some personal matter instead of trying to fit all that is not work around a strict nine-to-five working day. And if this means putting in extra work time here and there, in the evening or weekend, people seem happy to do so.

Working in one's free time

However, findings from studies into telework during the pandemic indicate that the amount of unpaid extra time worked from home is substantial. Nearly one quarter of teleworkers reported regularly working in their free time (every day or every other day) to the *Living, working and COVID-19* e-survey, compared with 6% of employees who worked only at their employer's premises or elsewhere outside the home (Figure 21).

Figure 21: Percentage of workers who worked in their free time during COVID-19, by frequency and work location, EU27, July 2020



Source: Living, working and COVID-19 *e-survey*

This has always been a pitfall of telework, and indeed other forms of mobile working enabled by ICT. In pre-pandemic research on telework, Eurofound found that 28% of teleworkers regularly worked in their free time compared to 4% of employees who worked exclusively at their employer's premises. Having digital work devices at one's fingertips all the time can make it difficult to switch off at the end of the working day. And more so for people employed in organisations with a workplace culture that expects employees to be reachable by bosses, colleagues or clients after the close of the working day. A number of court cases have been taken in the EU by workers challenging demands from employers to remain connected and perform work outside agreed hours.

Legislating for a right to disconnect

The threat that 24-hour connectivity poses to work–life balance has led some observers to argue that the EU Working Time Directive, which is intended to protect workers from working excessive hours, is insufficient to address working time in a changing work environment where the demarcation between work and private life is no longer absolute.

The issue has been propelled to the forefront of political debate with the massive increase in the numbers of employees working from home, and pressure is increasing on legislators to introduce a right to disconnect – a right for employees not to be contacted by managers or colleagues outside of agreed working hours, and protection from repercussions should they invoke that right. A resolution of the European Parliament in January 2021 called on the European Commission to prepare a directive on the right to disconnect.

There has been movement at national level on the issue over recent years. Seven Member States – Belgium, France, Greece, Italy, Portugal, Spain and Slovakia – currently have a right to disconnect in law, while a seventh (Ireland) has adopted a code of practice on the issue. Legislative initiatives are under way in several other countries, where there is an active policy debate on it. Still, in several more Member States, no debate is taking place and no regulation is planned, either because existing legislation is thought to be sufficient, or because collective bargaining is deemed to be the most appropriate arena for regulation, or because other concerns on working conditions are more pressing.

Eurofound's research has found that, in Member States that have adopted legislation for a right to disconnect, the number of sectoral and company-level agreements covering the issue have increased. Data from France, where the right to disconnect was enacted in 2018, indicate that 38% of company-level arrangements signed in 2019 deal with the right to disconnect and a further 39% deal with telework issues. Furthermore, since 2017, there has been an 86% increase in the number of agreements including the right to disconnect (from 932 in 2017 to 1,737 in 2019).

The researchers concluded that a legislative approach requiring social partner action could boost collective bargaining activity on this issue without interfering with the ability of employer and worker representatives to shape the operationalisation of this right.

'Hard' or 'soft' approach?

When it comes to putting a right to disconnect into operation, the question arises whether a 'hard' or a 'soft' approach should be taken. A hard approach means that devices and communication systems would be shut down automatically at the end of the working day, preventing contact with employees. This would take the burden of responsibility from the employee, but it may be too rigid to be workable. For instance, companies that function across time zones would need adaptations. It could also rob telework of its flexibility, preventing employees from working in the evening to make up time taken from the working day.

For these and other reasons, 'soft' approaches are generally preferred. These rely on managers and employees taking responsibility to switch off of their own volition. It involves training and raising awareness of the health and well-being risks of long working hours, as well as the management of out-of-hours communication so that the recipient does not feel obliged to respond.

Takeaways

- Workers have embraced telework. A year after the pandemic first prompted governments to recommend that people work from home, two-thirds of workers want to telework to some extent. One-third wish to do so several times a week.
- Managers may not be as enthusiastic. When asked to reflect on the efficiency and effectiveness of telework during the pandemic, half of managers reported having a positive experience; however, 1 in 10 said it was negative. Challenges mentioned by managers include a decline in the workplace climate and lack of visibility into operations because of difficulty keeping in touch with employees.
- With the increase in telework, more attention is being given to regulating for employees not to be contacted by managers or colleagues outside of agreed working hours – known as a right to disconnect. Evidence suggests that 24/7 connectivity has led to the expectation among some employers that employees should be available to respond to emails and other messages outside of working hours. A right to disconnect would empower workers to refuse such contact.

Read more

Topic: Teleworking eurofound.link/teleworking

Report: What just happened? COVID-19 lockdowns and change in the labour market eurofound.link/ef21040

Report: Business not as usual: How EU companies adapted to the COVID-19 pandemic eurofound.link/ef21033

Report: Right to disconnect: Exploring company practices eurofound.link/ef21049

Blog post: As Member States take different approaches to regulating telework, will the EU bring them into line? eurofound.link/ef21078

5

The fortunes of youth

The fortunes of youth

Economic crises take a toll on young people – not all, but certainly many. In the havoc of falling labour demand, young workers, with poor job security, are first to be axed. New entrants, straight out of education, see their hard-won qualifications count for little. And those who stay in work are often clinging on to temporary, low-paying jobs in the knowledge they could be without work at short notice. Hopes and aspirations wane as a recession drags on, a sense of powerlessness grows, eroding well-being and feeding discouragement. The COVID-19 pandemic compounded the crisis ordeal with the closure of almost everything that offers opportunities for social interactions and new experiences, robbing young people of the exploits of youth. The declaration of 2022 as the European Year of Youth is a recognition of how damaging this period has been to the prospects and well-being of young people.

Bearing the brunt of the employment shock

The 2020 shock to the labour market, like the prolonged employment contraction of 2008–2012, was felt most sharply by the young generation. Workers aged 15–24 years experienced a much steeper decline in employment, year on year, compared with their older counterparts in both Q2 2020, the period of the first lockdowns, and Q4 2020, when restrictions tightened once more in response to a second COVID wave (Table 2). Young workers were also furloughed more than other age groups but had their working time reduced to a lesser extent. On all three measures across both quarters (except on working time in Q4), young women were more affected than young men.

Working in exposed sectors

Young workers were particularly exposed to the employment consequences of lockdowns since the sectors forced to close completely are also those that employ many young people. As Table 3 illustrates, three of the top four sectors for employment of young workers (aged 15–29 years in this case) – accommodation and food services, wholesale and retail, and arts and entertainment – are also those sectors that experienced the most extensive business closures. In addition, young workers constitute a much smaller proportion of the workforce in teleworkable sectors, such as information and communication and finance, so they had less recourse to that shelter from labour market turbulence than other workers.

Table 2: Change in employment levels, weekly hours worked and share of furloughed employees, year on year by quarter, by age and gender, EU27, 2019–2020

		Employment		Actual weekly hours worked		Temporary absences from work	
		%		Hours		Percentage points	
		Q2	Q4	Q2	Q4	Q2	Q4
15–24 years	Men	-9.5	-7.0	-0.1	-0.2	11.4	3.0
	Women	-10.2	-7.5	-0.2	0.2	12.7	4.3
25–54 years	Men	-2.9	-1.9	-1.3	-0.8	8.9	2.5
	Women	-2.6	-1.4	-0.8	-0.3	10.7	3.4
55–64 years	Men	1.5	0.7	-1.2	-0.7	8.4	2.4
	Women	1.4	1.7	-0.6	-0.4	9.4	2.2
65+ years	Men	0.0	0.4	-1.0	-0.5	7.7	1.0
	Women	-2.1	0.7	-0.8	0.1	9.5	1.9

Source: *EU-LFS quarterly data (Eurofound calculations)*

Table 3: Proportions of workers employed in NACE sectors, by age group, 2019 (%)

	15–29 years	30+ years
Accommodation and food services	13	5
Wholesale and retail	11	9
Human health and social work activities	11	12
Arts, entertainment and recreation	10	7
Education	9	11
Agriculture	9	13
Administrative and support service activities	8	8
Professional, scientific and technical activities	5	8
Information and communication	4	3
Industry	4	5
Other services	4	4
Public administration	3	4
Transport and storage	3	2
Construction	3	3
Real estate	1	2
Finance and insurance	1	1
Other	1	2

Source: *EU-LFS 2019 microdata, Eurofound calculations*

Working on temporary contracts

Young workers were in the firing line for job cuts also because they are employed at much higher rates on temporary contracts, which is linked to the sectoral distribution of youth employment – a high proportion of workers in accommodation and food services and arts and entertainment are employed on a temporary basis. According to Eurostat, half of 15–24-year-olds (49.5%) in the EU were employed on temporary contracts in 2019. The rate is lower for 25–29 year-olds, at 23.5%, but still much higher than the average rate across all workers (15%). Overall, the loss of temporary contracts in 2020 accounted for 85% of the decline in aggregate EU employment – an unprecedented scale of job loss in this group, even during an economic slump.

Loss of work, of course, put these young people under financial stress. When, in spring 2021, the *Living, working and COVID-19* e-survey asked respondents about their financial situation, 43% of 18–29-year-olds who were unemployed or inactive said they had difficulty making ends meet. Moreover, 15% were in a particularly precarious situation as, in addition to finding it difficult to make ends meet, they were also insecure in their accommodation and had no savings to act as a buffer against hardship.

Online education falls short of the mark

Most young people in the 15–24 age group are not workers but students in full-time education. Education moved online for most of 2020 as educational institutions closed their physical sites, transforming the learning process. While tuition was able to continue, the digitalisation of the classroom and the lack of physical proximity detracted from the student experience.

When asked by the *Living, working and COVID-19* e-survey in summer 2020 for feedback on online education, only 40% of students were satisfied with it, and only 38% agreed that it had been a positive experience. Less than half (42%) said they would like more online education when the pandemic is over.

Like the workers who shifted to remote working, lack of equipment was a problem for some. Although four-fifths (79%) of students said they had the equipment to engage in online education at home, it means a substantial number did not. Among students who indicated they had financial difficulties, 74% had the proper equipment, compared with 81% among those who did not have financial problems.

Well-being on the edge

Venue closures, disrupted education, clamp-downs on the size of one's social circle, the inability to build relationships and make friends – all caused concern about the impact of pandemic restrictions on young people, and on their mental health particularly. The statistics bear out these concerns: in spring 2021, 50% of young unemployed people said they felt left out of society; the figure was 29% among students and 27% among young people in employment. All these percentages were on an upward trajectory from the previous summer.

Questions put by the *Living, working and COVID-19* e-survey to 18–29-year-olds across Europe provide a snapshot of well-being in the young population. To investigate the influence of specific lockdown measures on well-being, researchers conducted regression analyses to see whether three restrictive measures – education closures, stay-at-home orders and workplace closures – increased or reduced each specific aspect of well-being examined.

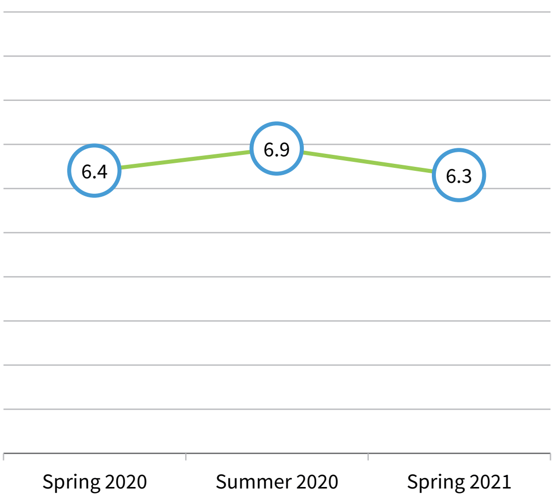
Life satisfaction reduced by education closures and stay-at-home orders

First, life satisfaction: young people are usually more satisfied with their lives than other age groups. For instance, average life satisfaction across the EU, as measured by the European Quality of Life Survey (EQLS), is usually around 7.0, on a scale of 1–10, but the average score for young people was 7.4 in 2016.

In spring 2021, the average life satisfaction score among young people, as measured by the e-survey, was 6.3.

Looking at the pattern over the course of the pandemic, illustrated in Figure 22, life satisfaction had been almost as low in spring 2020, during the first lockdowns, but had improved considerably by summer 2020, when

Figure 22: Average life satisfaction of young people, EU27, on a scale of 1–10, 2020–2021



Source: Living, working and COVID-19 *e-survey*

many of the restrictions had been lifted. In spring 2021, however, the overall level of life satisfaction had fallen back again, which suggests that the third wave of the pandemic was taking its toll on young people.

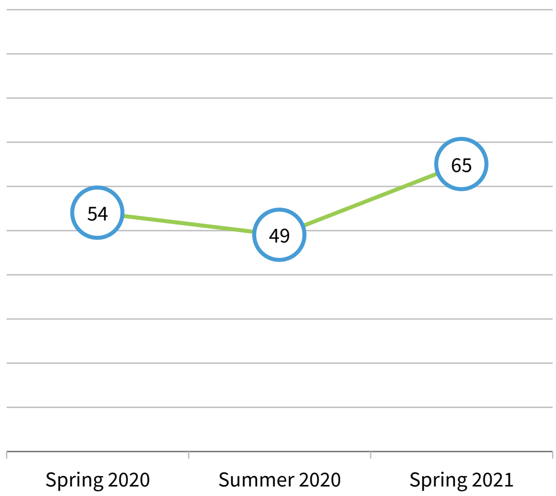
Young people who were unemployed scored significantly lower on life satisfaction (4.9) than those who were employed (6.8) or students (6.5).

The regression analyses examining the influence of the lockdown restrictions found that the education closures and stay-at-home requirements were significant drivers of lower life satisfaction.

Startling rise in risk of depression

The pandemic had a severe effect on mental health, as evidenced by the startling statistic that two-thirds of young people were at risk of depression in spring 2021, based on their scores on the WHO-5 Well-being Index.

Figure 23: % of young people at risk of depression, EU27, 2020–2021



Source: Living, working and COVID-19 *e-survey*

This was much higher than the 54% reported during the first lockdown, which at that point had been alarming (Figure 23).

Risk of depression soared across the population in general from the start of the pandemic up to spring 2021: 61% of people in the 30–39 and 40–49 age groups and then with declining prevalence across the age spectrum, down to 48% of people in the 70+ age group. All of the figures based on the survey are particularly high compared with those usually found in social surveys; a prevalence of 22% at risk in the EU population was found by the 2016 EQLS.

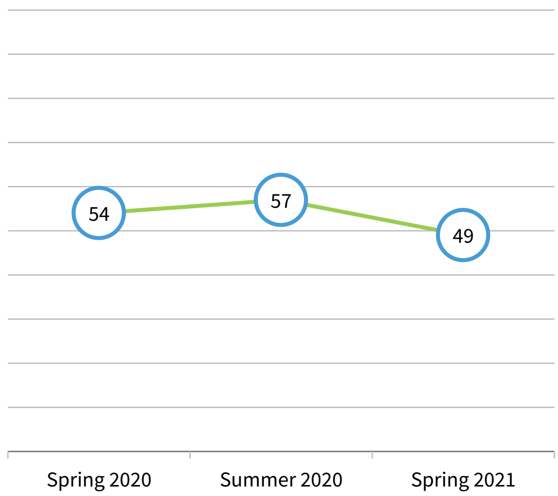
Risk of depression was particularly pervasive among unemployed or inactive young people; 62% were at risk in spring 2020, rising to 66% in summer 2020 and reaching 83% in spring 2021. Those in employment were the least likely to be at risk (56% in 2021) and students were in-between (65% in 2021).

Education closures were a relatively strong driver of risk of depression, but stay-at-home requirements did not have a statistically significant effect. However, workplace closures saw a marked reduction in young adults' risk.

Optimism better than other age groups

Throughout the pandemic, young people were more optimistic about the future than people in older age groups.

Figure 24: % of young people optimistic about the future, EU27, 2020–2021



Source: Living, working and COVID-19 *e-survey*

This fact is cause for muted celebration, though, as the percentage expressing optimism peaked no higher than 57%, in summer 2020, before dropping to less than half of young people in spring 2021 (Figure 24).

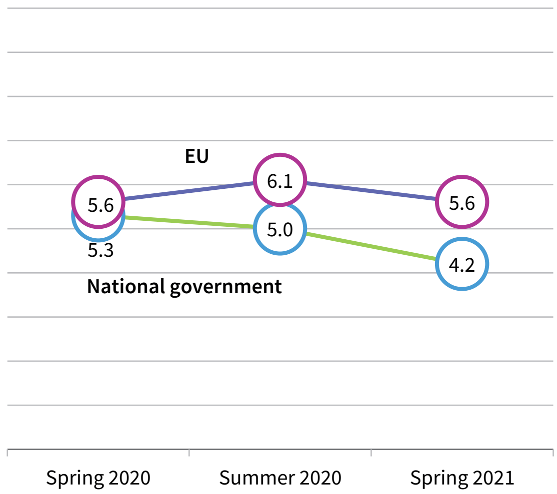
Trust in institutions slips

How did this tumultuous time affect young people's trust in national governments and the EU – the institutions entrusted with maintaining confidence and guiding populations through the crisis.

Regarding national governments, respondents to the EQLS consistently give this institution the lowest scores on trust of all institutions. In 2016, Europeans rated their trust in government at 4.5, on average, on a scale of 1–10, compared, for instance, to a rating of 4.8 for banks and 6.4 for the police force.

At the start of the pandemic, the average rating for trust in institutions was 4.8, but this figure fell to 4.6 by the summer of that year and slid further to 3.9 by spring 2021.

Figure 25: Trust in government and trust in the EU among young people, on a scale of 1–10, EU27, 2020–2021



Source: Living, working and COVID-19 *e-survey*

Young people, however, had more trust in government than older groups, starting at 5.3 in spring 2020, but falling thereafter to 5.0 by summer 2020 and to 4.2 by spring 2021 (Figure 25).

The regression analyses did not find that any of the three types of restrictions – education closures, stay-at-home orders and workplace closures – had a direct significant effect on these numbers.

Trust in the EU was higher on average among young people than trust in the national government, starting at 5.6 in spring 2020 and ending there too in spring 2021, with a short upswing to 6.1 in the summer. Again, the analysis found no significant relationship between restrictive measures and trust in the EU.

So despite the large impact that the lockdowns had on life satisfaction and mental well-being of young people, they did not significantly affect young people's trust in government or the EU, at least on average. Governments did lose their trust nevertheless; the reasons may be complex and include the duration of restrictive measures. In the case of national governments, the persistence of caution even after a severe lockdown and then the rising infection rates in the autumn might explain falling trust among young people. The initial rise in trust in the EU might be attributable to the increasing prominence of the Commission in supporting Member States after the initial lockdowns. That may have waned later with the stuttering pace of vaccine roll-outs towards the end of 2020 and the spat between the Commission and AstraZeneca over vaccine availability.

Opportunities to salvage the loss

Crises are especially unfair to young people. In the unstable transition from childhood to adulthood, their passage is easily sabotaged by an economic storm. Opportunities for employment, education, entrepreneurship, travel and so on are the means to regain a foothold and move on, and the EU is attempting to help young people discover those opportunities. In the Porto declaration of May 2021, EU leaders committed to prioritising action to support young people. Steps taken include widening the age group covered by the Youth Guarantee by five years, so it now covers all young people under 30; setting a new target to reduce the NEET rate to 9% by 2030; and doubling the budget for the Erasmus+ programme to €26 billion. The Commission has made 2022 the European Year of Youth, promising to engage young people with the EU, to listen to their ideas and to include their input as it sets the course for the future of Europe.

Takeaways

- The employment shock resulting from the pandemic struck young people most severely of all age cohorts: more workers aged 15–24 years lost their jobs and were put on furlough than those in older age groups. Two factors exposed younger workers to job loss: nearly half are employed on temporary contracts, which are easily terminated; and a disproportionate share work in sectors that were closed by government mandate – hospitality, retail and the arts.
- Young people's mental health plummeted during the pandemic. Risk of depression spiralled to a startling level – 65% were at risk of depression in spring 2021, when restrictions tightened once more as a second COVID-19 wave swept Europe. However, as has been consistently found in pre-pandemic surveys, young people were more likely than older generations to express optimism about the future, although no more than half did so in spring 2021.
- The trust of young people in their national governments declined steadily from spring 2020 to spring 2021, while trust in the EU stayed higher on average. The declaration of a European Year of Youth 2022 and other EU-backed youth initiatives could potentially raise the profile and reputation of the EU among young people, thereby boosting trust levels and, ultimately, their support for the European project.

Read more

Topic: Youth eurofound.link/youth

Report: Impact of COVID-19 on young people in the EU eurofound.link/ef20036

Report: What just happened? COVID-19 lockdowns and change in the labour market eurofound.link/ef21040

Blog post: Recovering from this pandemic means rebuilding hope for the future eurofound.link/ef21087

Infographic: Youth in the EU https://www.eurofound.europa.eu/topic/youth#infographic

Hear more

Podcast: Youth https://soundcloud.com/eurofound/eurofound-talks-the-impact-of-covid-19-on-young-people-in-the-eu


El
futuro
está en
tus manos
Photo by Juliane Liebermann on Unsplash
Conferencia
sobre el Futuro

6

Taking social rights forward

Taking social rights forward

The European Pillar of Social Rights is a means of guiding the EU Member States towards improving the living and working conditions of their citizens by reinforcing their social rights. The goal of the Pillar is to progressively level out differences in economic and social performance so that all Europeans can hope someday to share the same living standards and quality of life. This aim is encapsulated in the concept of upward convergence.

The EU made big strides in achieving upward convergence between the end of the economic crisis of 2008–2012 and the start of the crisis triggered by COVID-19. In 2019, the EU economy entered its sixth year of uninterrupted growth, at the same time that Member States with lower GDP were recording higher growth rates. This economic expansion led to strong job creation, and employment hit a record high in 2019. Poverty decreased markedly: the number of people at risk of poverty or social exclusion, as measured by the AROPE indicator, fell by almost 10 million.

Economic buoyancy and social advances have improved the lives and work of Europeans in many areas, but significant inequalities and regional disparities remain. For example, unemployment persists at particularly high rates in Croatia, Cyprus, Greece, Italy and Spain. Despite the downward trend in the AROPE rate, more than one in five Europeans were at risk of poverty or social exclusion in 2017, with very high poverty rates in Bulgaria and Greece. Income inequality has increased since 2008, with little evidence of convergence between the Member States on this indicator.

A socially just transition

In March 2021, one year into pandemic, the launch of the European Pillar of Social Rights Action Plan to turn the commitments of the Pillar into reality was timely, with the economy and labour markets in flux and many citizens feeling the sting. The Action Plan aims to secure the social rights of citizens so that the EU's green and digital transition is fair and just for everyone. A strong social dimension is important across all policies as both digitalisation and the shift towards a zero-carbon economy are going to have profound and potentially unequal impacts on the lives and work of EU citizens.

Policies to achieve carbon neutrality, for instance, may not necessarily create new inequalities, but there is a strong risk that the gains and losses will not be distributed to the advantage of the most vulnerable groups, thereby amplifying already existing inequalities. For example, poorer households will struggle to change from high-carbon consumption to low-carbon consumption. Similarly, digital literacy for all must be a priority to avoid the risk that some are locked out from the prosperity of a digital society and the labour market of a digital economy. The impact on employment will transform millions of jobs, but the distribution could be unequal across regions as well as skills, gender and age group.

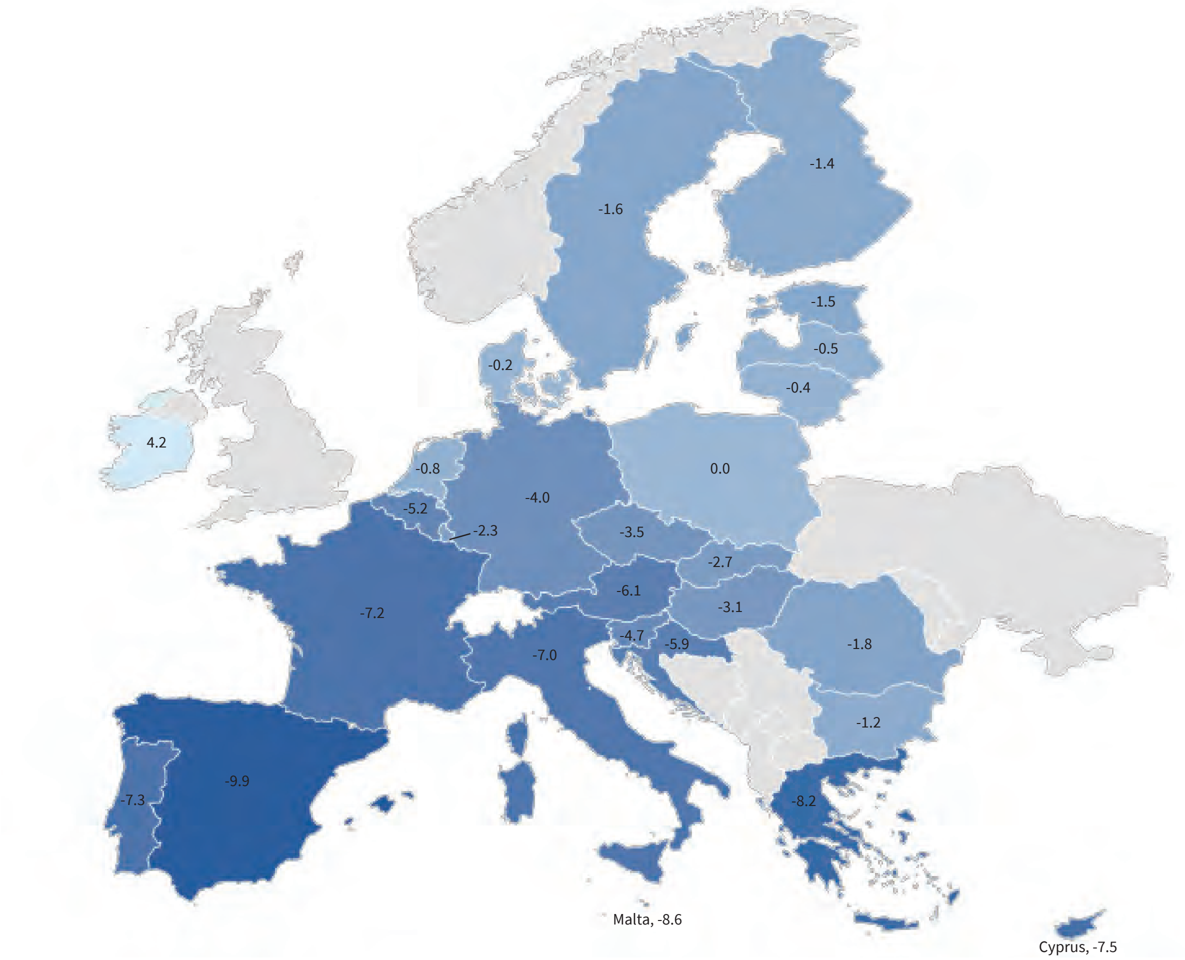
Upward convergence – On track?

While the Action Plan is fundamental to protecting the social rights of citizens, it may be a challenge for Member States to achieve its targets in the wake of COVID-19. Member States are still dealing with the severe and uneven impact of the pandemic, and although hard data are still in short supply, the project of upward convergence may have stalled. To explore whether this could be the case, Eurofound analysed the available data on developments in some key areas in 2020 and asked a group of experts to postulate on what direction convergence might take following the turmoil of COVID-19.

EU-wide drop in GDP in 2020

Across the Member States (with the exception of Ireland), the value of goods and services produced, as measured by GDP per capita, fell in 2020. Moreover, the extent of decline varied, depending on country, threatening convergence among them. While the asymmetry is due in part to differences in the intensity of the pandemic and the severity of the lockdown measures imposed to control it, the economic structure of Member States is also a factor – those in which closed and disrupted sectors make up a larger share of the economy generally experienced a bigger drop in economic performance.

Figure 26: Change in GDP per capita (%), by EU Member State, 2019–2020



Source: *Eurostat*

Hence the magnitude of the contraction was greater in the southern European Member States, whose recovery from the previous economic crisis had been modest to begin with (Figure 26). GDP in these countries fell by 7–10%.

Furthermore, a number of the eastern European Member States that had lower GDP but had been catching up prior to the pandemic – Croatia, Czechia, Hungary and Slovenia – tended to record higher reductions in GDP in 2020.

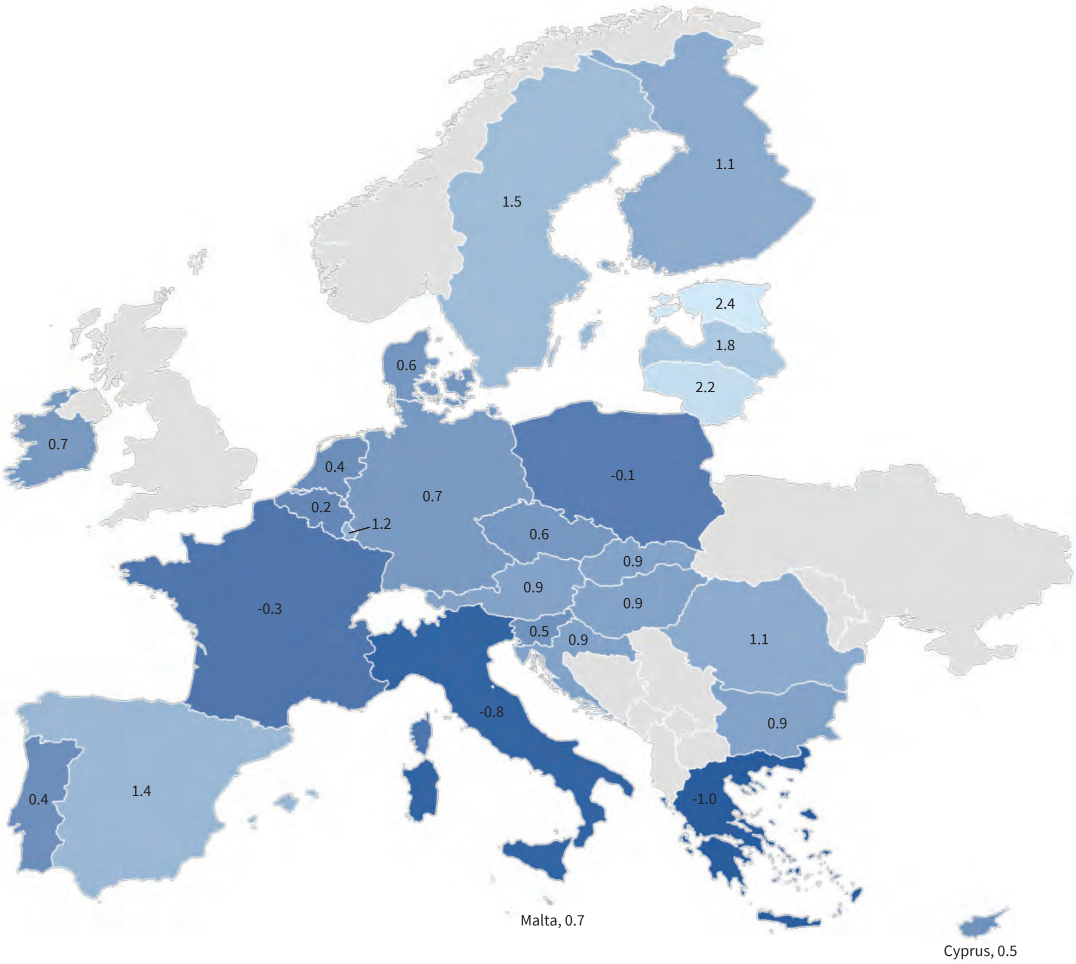
These developments, overall, risked widening the gaps in economic performance between countries, thereby driving divergence.

A robust rebound of GDP growth in 2021, with an overall EU rate of 5.3%, lessened this risk, but the outlook in 2022 has turned grim once more: the healthy recovery has been tripped up by prolonged inflation in the prices of energy and consumer goods, exacerbated by the fallout from the Russian invasion of Ukraine.

Unemployment rose slightly

Unemployment increased in the EU in 2020, after having almost halved between 2014 and 2019, accompanied by a steady narrowing of differences between Member States in that period.

Figure 27: Change in the unemployment rates of Member States (percentage points), 2019–2020



Source: *Eurostat*

However, the rise in unemployment was much lower than would have been expected, and the rate actually fell in France, Greece, Italy, and Poland (Figure 27). While some countries experienced increases larger than the EU average, especially the Baltic states, this did not reverse the convergence that has been evident since 2013. Patterns in other labour market indicators – the activity rate and labour market slack – were similar.

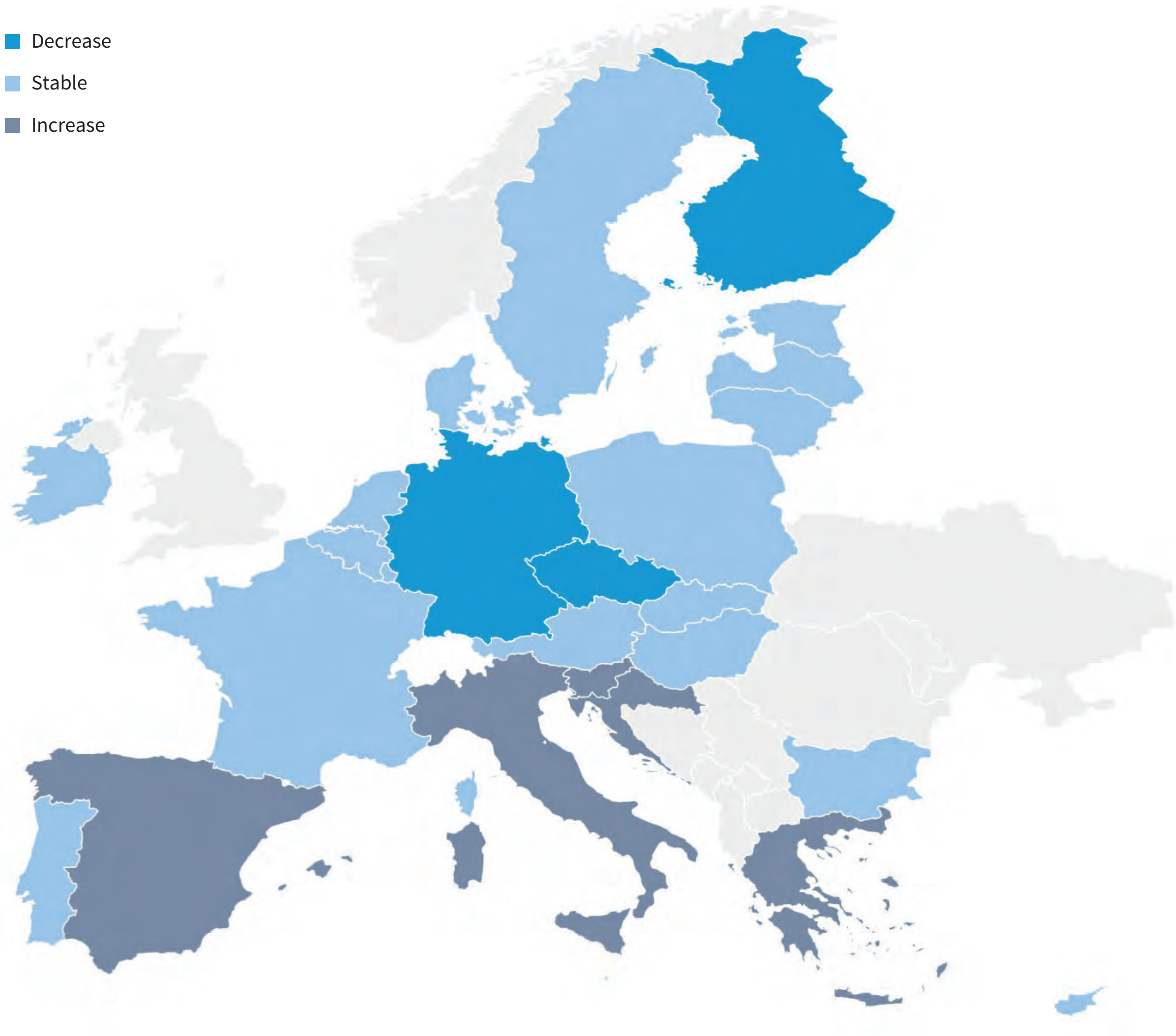
This modest impact on the labour market is, as noted in earlier chapters, attributable to the policy efforts of the EU and Member States to support business and protect employment.

Poverty levels static

Preliminary evidence using flash estimates from Eurostat suggests that poverty did not increase in Europe.

The AROPE indicator was stable for the EU overall, but the estimates detect increases in the southern European Member States of Croatia, Greece, Italy,

Figure 28: Estimated change in the AROPE rate, EU Member States, 2019–2020



Source: *Eurostat flash estimates*

Slovenia and Spain (Figure 28). These estimates indicate possible divergence along the pre-existing north–south fault lines.

Governments did pursue policies to prevent hardship in low-income households during the pandemic, supporting incomes and protecting people's homes through mortgage moratoria and rent deferrals, but overall these measures were significantly more limited than the support offered to businesses and workers. Eurofound has concluded that these measures often proved insufficient to shore up people's living standards.[2] In addition, the pandemic exacerbated existing problems in social assistance systems, such as limited access, poor targeting and inadequate benefit levels.

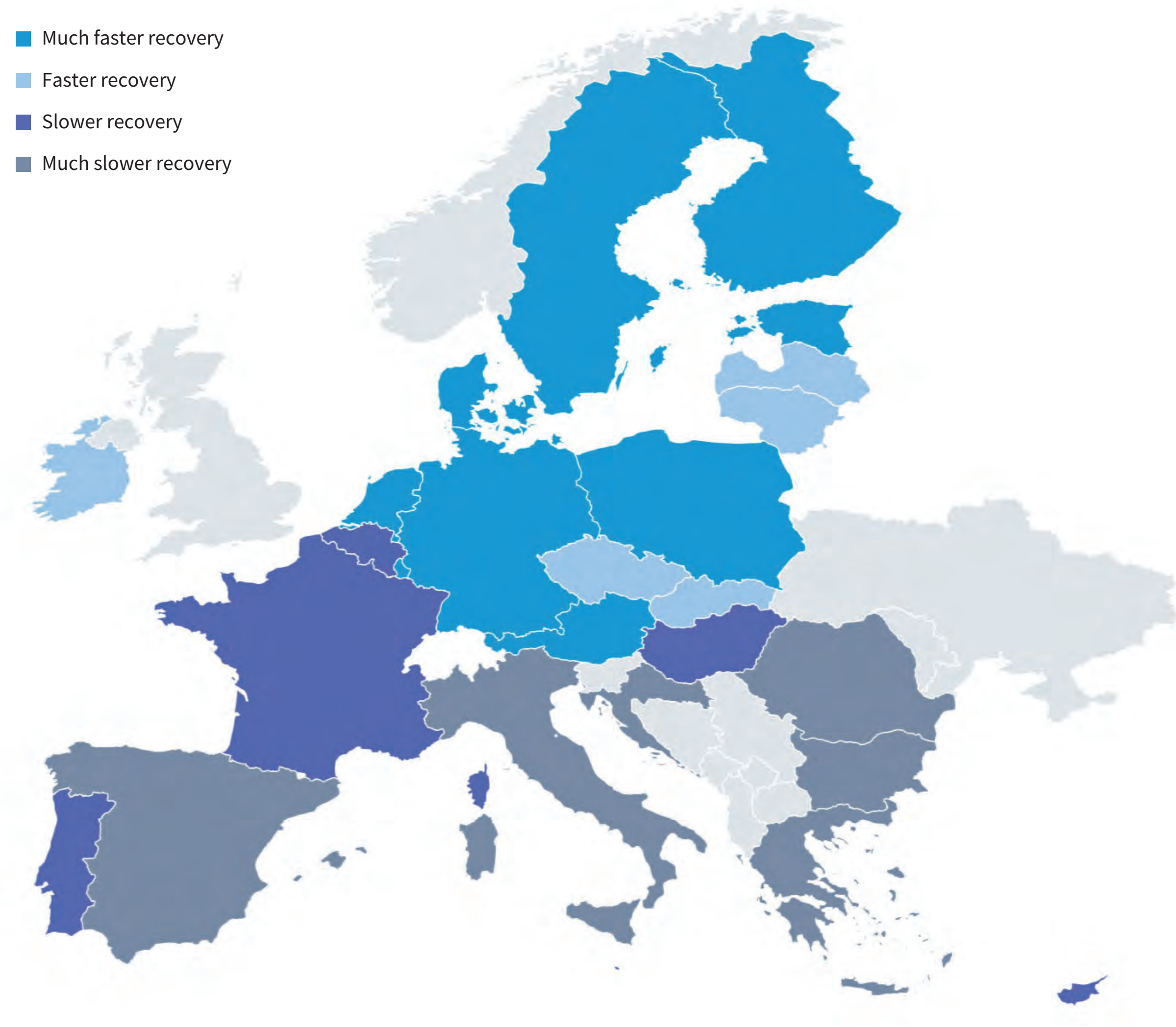
The Eurostat data are somewhat at odds with the data gathered by the *Living, working and COVID-19* e-survey, which found high levels of financial distress in the European population. In spring 2021, 45% of respondents said that they had difficulty making ends meet, a percentage that had changed marginally over the course of the pandemic. Just over half had sufficient savings to stay afloat for up to three months if they lost their income. And 38% of respondents said they had requested support from public authorities, NGOs, charities, or family and friends.

More representative data from official sources should help to provide a more accurate picture of the extent to which living standards have been affected, but experts were pessimistic in 2021 about the outlook on poverty in the coming years, as discussed in the next section.

Achieving the Pillar: Views of the experts

The European Commission's Action Plan of the European Pillar of Social Rights set headline targets for the EU, one of which related to employment: at least 78% of the population aged 20 to 64 to be in employment by 2030. This is a big ask, given that the EU has lost ground on labour market participation during the pandemic, with a decline in the employment rate to 72.4% in 2020 from 73.1% in 2019. Although this loss was regained in 2021, labour markets are not out of the

Figure 29: Expected speed of economic recovery, EU Member States



Source: *Based on collated opinions of experts consulted in 2021*

woods yet. The withdrawal of support measures could yet lead to significant business closures, which would have a knock-on effect on employment.

In an endeavour to anticipate how the current state of affairs might evolve, Eurofound sought opinions from stakeholders and experts on the economic, employment and social implications of COVID-19 in the coming three years. Many of these experts believed that the phasing out of support will need to be carefully planned to minimise the likelihood of business failures, and that supportive fiscal and monetary policies are likely to be required for some time, as the recovery plans being implemented in the Member States may not have an immediate effect.

The experts expected a marked north–south divide in any economic recovery that takes place (Figure 29).

This opinion was based in part on the expectation that the capacity of some Member States to implement recovery plans and redistribute resources within society will be hampered by the need for structural changes to successfully implement the twin transition toward a green and digitalised economy. This is less the case for the Nordic countries, which are already advanced in this respect, so a quicker return to growth was anticipated. Some southern European Member States, however, are behind on digitalisation and greening. Moreover, their reliance on tourism could prolong recovery longer than elsewhere.

The experts felt that the growth potential of most eastern and central European Member States remains strong, predicting growth rates to remain above the EU average in the near future.

The Action Plan also includes a headline target for poverty: a reduction of at least 15 million in the number of people at risk of poverty or social exclusion, which in 2019 stood at 91 million people. On the poverty front, the experts were less optimistic. They expected it to spike in the coming three years and foresaw that Member States would diverge on living conditions in a similar way to the 2008–2012 crisis. This downward divergence in poverty rates is likely to affect relatively poorer countries more. New policies will need to be designed to tackle deteriorating living conditions and to reverse the trend.

Convergence in health

Unmet need for medical care

Between March and July 2020, more than 20% of people in the EU who needed a medical examination or treatment did not receive it. The main reason, given by 85% of respondents, was because health services were overwhelmed by the pandemic. The other COVID-19-related reason for lack of treatment was fear of contracting the disease, given by 37% of respondents. The percentage was much higher in some Member States, particularly Bulgaria, Greece and Sweden, where it was around 60%. This could reflect a lack of trust that services were sufficiently well-prepared to protect people from the virus.

While healthcare provision in general returned relatively quickly in most countries, by spring 2021 a similar percentage of people reported an unmet medical need and the main reason once again was the unavailability of appointments due to the pandemic.

Life expectancy

Life expectancy at birth fell significantly in 2020, by -0.92%, the largest fall in EU history, based on available data. This has been exceeded, at country level, only by Portugal in 1961, Germany in 1991, Lithuania in 1993 and Estonia in 1994 (all below -2%).

Between 2019 and 2020, life expectancy dropped from 80.48 years (the highest ever reached) to 79.74. Furthermore, disparities among EU countries had not increased so dramatically since 1994 (by 6.5%). This downward divergent trend was caused by the extremely disproportionate impact of the pandemic across Member States: life expectancy grew moderately in Denmark and Finland, remained unchanged in Cyprus and Latvia, and shrank in the remaining 22 countries (no data were available for Ireland). The largest drops were recorded not only in the most severely hit Member States, with traditionally high life spans (Spain, Italy and Belgium), but first and foremost in central and eastern European countries that were already well below the EU average in 2019: Bulgaria, Lithuania, Poland and Romania.

Takeaways

- While the pandemic reduced economic growth across the EU, some Member States were much more severely affected than others. Likewise, unemployment fell in some countries while it rose in others. This uneven impact of the pandemic across the EU may have stalled the project of upward convergence.
- Experts asked for their opinions on how to sustain upward convergence in the wake of COVID-19 believed that the phasing out of pandemic-related state supports will need to be carefully planned to minimise the likelihood of business failures, and that supportive fiscal and monetary policies are likely to be required for some time. The experts foresaw a marked north–south divide in any economic recovery that takes place. They were pessimistic about poverty, expecting it to spike and predicted that Member States would diverge on living conditions in a similar way to the 2008–2012 crisis.
- The European Commission’s Action Plan on the European Pillar of Social Rights sets out ambitious targets to tackle poverty, employment and training with a view to protecting the social rights of citizens in the green and digital transition. It may, however, prove challenging for Member States to achieve these targets in the wake of COVID-19.

Read more

Topic: European Pillar of Social Rights eurofound.link/socialpillar

Topic: European Green Deal eurofound.link/greendeal

Topic: Social cohesion and convergence eurofound.link/socialcohesionconvergence

Report: Looking backwards to move forward: Upward convergence through crises eurofound.link/ef21008

Report: What just happened? COVID-19 lockdowns and change in the labour market eurofound.link/ef21040

Report: COVID-19: A turning point for upward convergence in health and healthcare in the EU? eurofound.link/ef20026

Blog post: Protecting access to healthcare during COVID-19 and beyond eurofound.link/ef21014

Infographic: Eurofound's contribution to the European Pillar of Social Rights https://www.eurofound.europa.eu/topic/european-pillar-of-social-rights#infographic

Infographic: Promoting social cohesion and convergence in the EU https://www.eurofound.europa.eu/topic/social-cohesion-convergence#infographic

Note

2 Eurofound (2020), *COVID-19: Implications for employment and working life*, Publications Office of the European Union, p. 59.

II

Confronting societal challenges

COVID-19 has been all-consuming, soaking up the attention, energy and resources of research and policymaking alike. Although the pandemic has drawn the spotlight away from the long-term social challenges at the heart of the European project, the drive for better jobs, better living standards and better working conditions persists. This section looks at some of the topics tackled by Eurofound's work in 2021 that aimed to provide evidence-based knowledge to fuel change. It discusses the widespread pessimism of Europeans about the future and the widening of wealth inequality. It examines different aspects of gender inequality in employment. The chronic shortage of workers to sustain the EU economy is discussed, as well as policy actions to address this issue. Finally, it looks at the challenges ahead for the world of work as the economy evolves and digitalises.

7

The best of times?

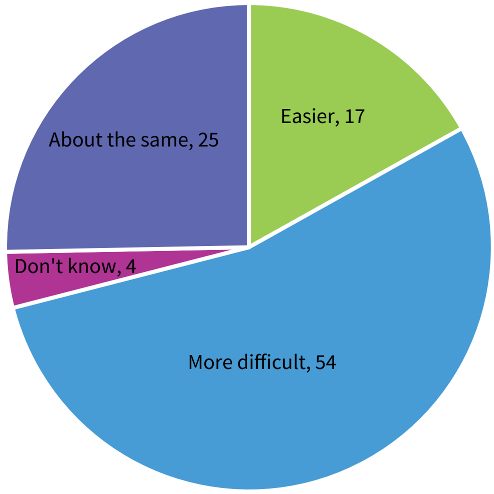
The best of times?

The European Union is a work in progress. Article 3 of the Lisbon Treaty sets out its aims, but no desired end state has been articulated in its founding documents. Politicians and officials develop and implement the policies to achieve those initial aims. Yet many Europeans outside the realms of power feel alienated from the political centre and believe they have little say in the decisions being made purportedly in their interests.

The Conference on the Future of Europe is a deliberate move to connect with EU citizens. Launched in May 2021 and expected to have conclusions by spring 2022, it aims to be 'a citizen-led series of debates and discussions that will enable people from across Europe to share their ideas and help shape our common future'. The initiative is a step to reinforce support for the legitimacy of the European project; if Brexit demonstrated anything, it is that the EU could disintegrate if the people within its borders cease to endorse it.

This act of outreach is also important because Europeans have become deeply pessimistic about the future. As Commission President Ursula von der Leyen noted in her speech launching the conference, 'For the first time in a generation, more people worry that their children will not be better off than them.' One factor, albeit of many, contributing to this pessimism is people's belief that they lack political voice. Also notable is that only a quarter of pessimists (25%) view the EU positively compared to 70% of optimists.

Figure 30: Europeans' opinions on the lives of future generations, EU27, 2018



Source: *Eurobarometer 90.2, Future of Europe, 2018*

Widespread pessimism about the future

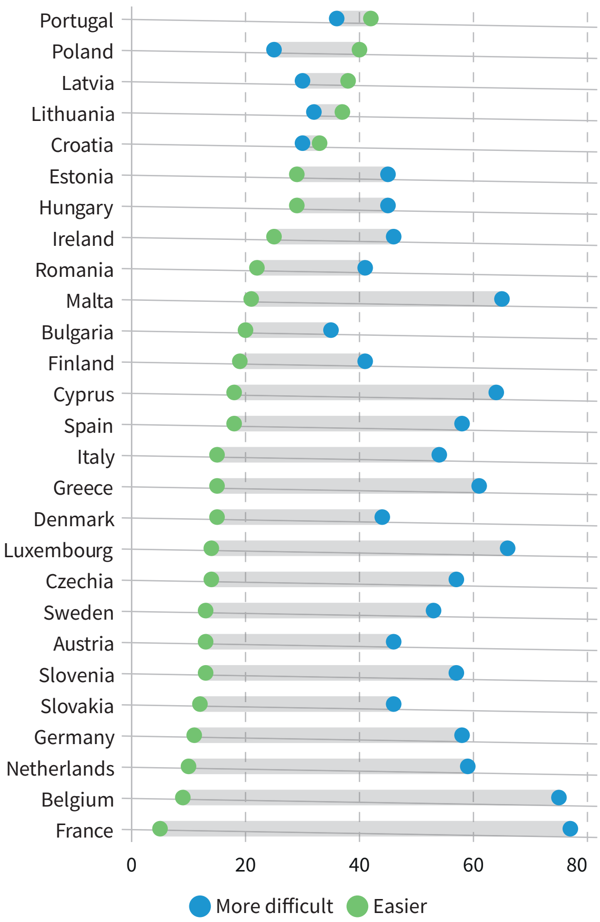
Lives of future generations

Data testifying to such pessimism are striking. In 2018, more than half of Europeans thought that the lives of today's children would be more difficult than their own, according to the Eurobarometer survey on the Future of Europe (Figure 30). In addition, around half of respondents said that they thought that things were going in the wrong direction in the EU.

This high degree of pessimism is replicated across the Member States. In no country do the optimists, who believe life will be easier, reach 50% (Figure 31). And in 22 out of the 27 Member States, more people believe that today's children will be worse off in the future than believe they will be better off.

The spread of optimistic and pessimistic outlooks across the Member States is similarly striking. Only 9% of people in Belgium and 5% of people in France think the future will be easier compared to 40% of Polish and 42% of Portuguese.

Figure 31: Europeans' opinions on the lives of future generations (%), EU Member States, 2018



Source: *Eurobarometer 90.2, Future of Europe, 2018*

Unexpected distribution

Pessimism and the national variation in the degree to which it is held is not confined to thoughts about the future of the young generation. Similar findings are produced by other measures, including the Social Optimism Index, a broad measure developed by Eurofound, based on expectations about one's future and the country's future; the direction in which the respondent's own country and the EU are going; confidence about the future in general; and optimism or pessimism about the EU's future in particular.

Figure 32 shows how Member States rank on this index, which highlights the diversity in people's expectations across the EU about their society's future.

The distribution deviates from that typically seen: the north–south, east–west divides usually apparent when comparing Member States are not replicated here. Denmark and France, both highly developed countries, are at different poles, but less affluent countries, such as Portugal and Czechia, are also distant in the ranking.

Ireland is the most optimistic Member State, where perhaps people are buoyed by the robust economic growth of recent years. Greece's place at the bottom might be explained by the enduring effects of the last economic crisis and the psychological damage to the Greek people.

Figure 32: Social Optimism Index scores (mean), EU Member States, 2019

Source: *Eurobarometer 91.5, Public opinion in the European Union, spring 2019*

Key drivers

But it is clearly not all about the economy, otherwise why would Belgium, France and Germany be so far down the ranking? Further analysis to identify the factors driving social optimism indeed showed the country's economic growth to be a significant factor, as well as people's own financial and employment situations, and how they assessed change in their quality of life. But many other factors play a role, including political perceptions. Trust in political institutions has a strong positive influence on social optimism, whereas believing one's voice does not count in the EU or in one's country drives pessimism.

Furthermore, people's perception of social cohesion is closely related to social optimism. A cohesive society, with a sense of belonging and responsibility for others, strengthens social ties and gives people a sense of security. Attachment to the community, the feeling of belonging and the sense of having a lot of things in common with the people living in one's country or the EU are all factors that fuel citizens' optimism.

These findings on the drivers of social optimism among Europeans send an important message. Supporting the economy and promoting jobs are important but not enough to sustain optimism in modern democracies. Political legitimacy and people's sense that they count within their society are critical too.

Can social equality be compatible with staggering wealth inequality?

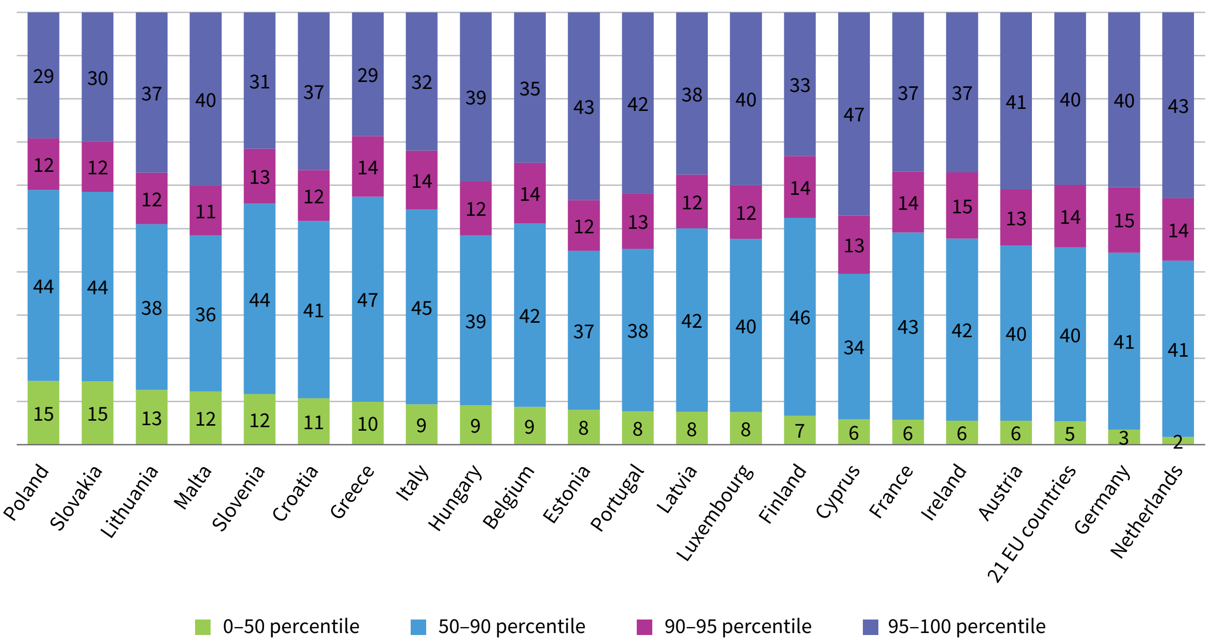
The rich get richer

Social cohesion is surely threatened by the uneven distribution of society's resources. It is dismaying to learn that the wealth of billionaires has swelled over the past two years as they absorbed much of the pandemic stimulus injected by central banks into economies worldwide.[3] Equality is one of the founding values of the EU, but it is worth asking whether there can be 'an ever closer union among the peoples of Europe', as the Treaty on the Functioning of the European Union states, if economic resources and the opportunities they grant are increasingly concentrated in the hands of a shrinking group of people.

Wealth – the assets people hold minus liabilities – gets less attention in policy than income, but is a major source of inequality, more so than income, and it is highly concentrated among the wealthiest households. Data on household wealth in 21 EU Member States, gathered by the 2017 Household Finance and Consumption Survey (HFCS), shows that 40% of total wealth is concentrated in the hands of the wealthiest 5% of society (the 95th percentile), while the bottom 50% hold just 5% of total wealth.

Wealth is concentrated differently in national populations across the Member States, as Figure 33 illustrates. Wealth inequality tends to be lowest in the eastern and southern European Member States, while it is highest in some western European Member States. In the Netherlands, at one end, the wealthiest 5% of society holds 43% of the country's wealth, a much

Figure 33: Wealth concentration (%), by percentile in 21 HFCS countries, 2017



Source: *2017 HFCS (Eurofound calculations)* higher proportion than the 29% of national wealth held by the wealthiest in Poland, at the other end. Meanwhile, Poland has the highest proportion of wealth held by the bottom 50% (15%), while in the Netherlands, this half of society holds just 2%.

Slightly below 5% of the population of the 21 countries have negative net wealth, meaning that the value of their liabilities is greater than the value of their assets. Most of these people are young, income-poor, asset-poor, more likely to be unemployed and to rent their accommodation, and more likely to draw on private loans and credit lines.

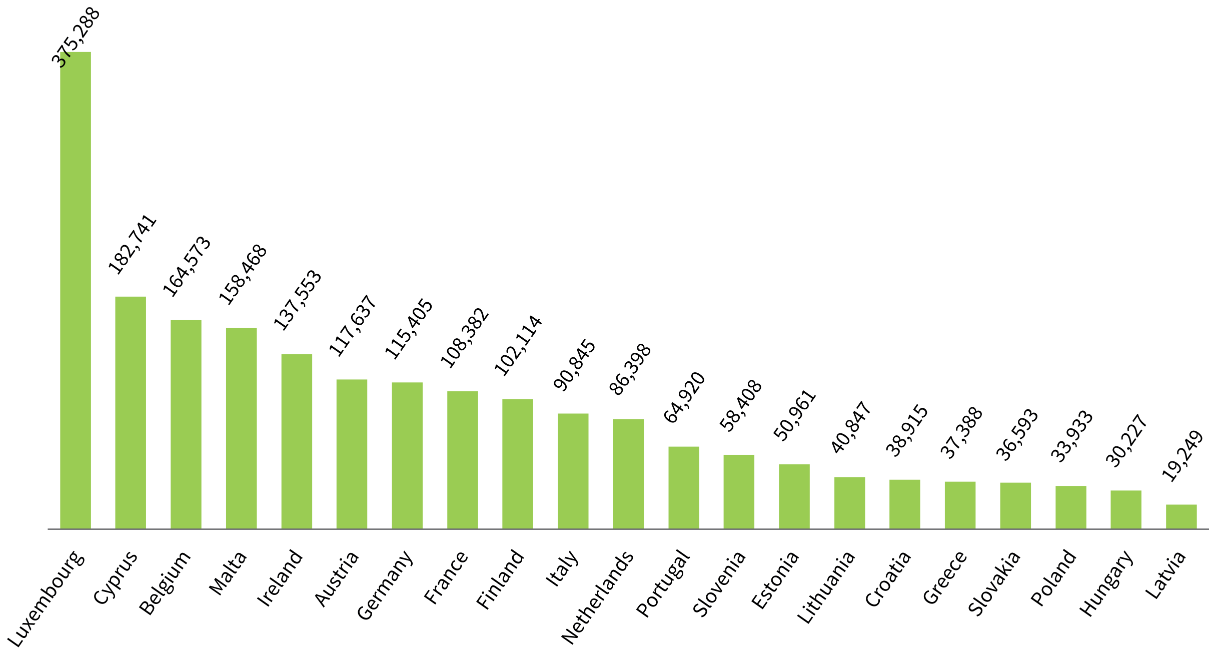
Another interesting feature of wealth inequality is its stability: unlike many other economic and social indicators, it is largely unaffected by bust and boom. The three last editions of the HFCS, in 2010, 2014 and 2017, spanned a period from the economic crash, followed by recession and soaring unemployment, with adverse impacts on incomes and asset prices, then a recovery which by 2017 demonstrated robust economic expansion, growing employment EU-wide and skyrocketing asset prices. Despite such dramatic swings, wealth inequality as measured by the EU Gini index (with a scale of 1–100) hardly budged, registering 69.7, 70.3 and 69.9, respectively.

Huge gaps in average net wealth

Figure 34 shows the distribution of average net wealth, expressed as household wealth per person, across the Member States in euro amounts. It is based on the best data available, but it should be borne in mind that a significant part of overall wealth is not captured by the HFCS due to non-reporting or underreporting. The figure shows that average net wealth is almost 20 times higher in Luxembourg (€375,288) than in Latvia (€19,249).[4] If average gross incomes between the two countries were considered, the difference would be ninefold. Overall, people in eastern European countries and in Greece tend to be much poorer than people in Luxembourg, Cyprus, Belgium and Malta.

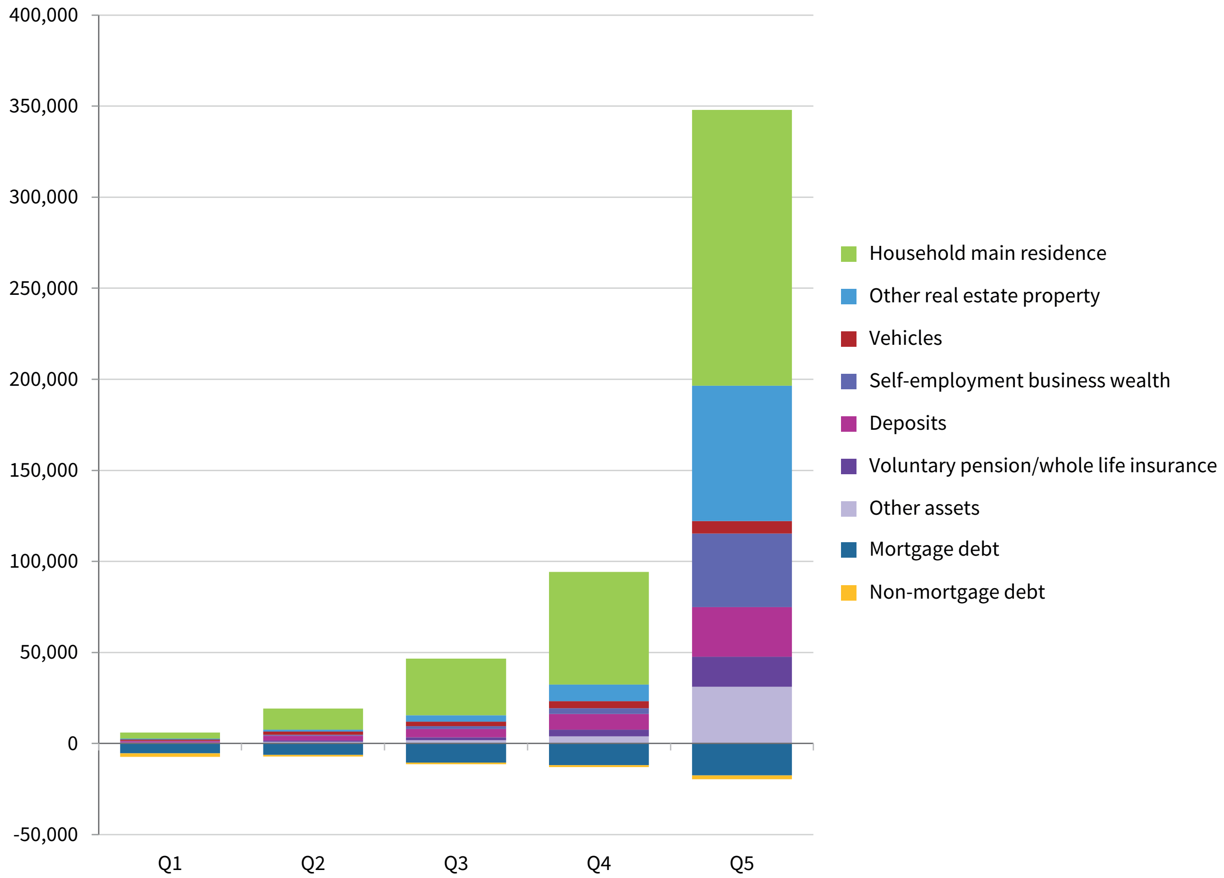
There are huge gaps in wealth holdings across populations. In nine countries, the average net wealth of the bottom 20% of the population is negative, ranging from -€16,619 in the Netherlands to -€177 in Latvia. In several other countries, this bottom group has very little in assets, with average net wealth around or below €1,000. In contrast, people in the top 1% own almost €8 million in Luxembourg, over €4 million in Cyprus and €2–3.5 million in Belgium, Malta, Ireland, Austria, Germany and France.

Figure 34: Average net wealth by Member State, 21 HFCS countries, 2017 (€)



Source: *2017 HFCS (Eurofound calculations)*

Figure 35: Breakdown of wealth by wealth quintile, 21 HFCS countries, 2017 (€)



Source: *2017 HFCS (Eurofound calculations)*

Breaking down wealth into its component assets

Figure 35 illustrates the enormous difference between the average wealth of the poorest 20% (Quintile 1) and the wealthiest 20% (Quintile 5) of society. If we look just at gross assets and exclude liabilities, the top wealth quintile possesses 60 times more than the bottom wealth quintile.

The figure also breaks down the composition of assets and liabilities for each quintile. On average, a household's main residence accounts for between 56% and 66% of total gross assets in the case of the bottom four quintiles of the population. Even for the wealthiest quintile, the household's main residence accounts for a relatively large total share of gross assets (42%).

While vehicles represent 13% of gross assets of the poorest quintile but only 2% of gross assets of the richest quintile, the average value of vehicles held by the richest quintile is eight times more than the value of vehicles of the bottom quintile.

Notably, 12% of the gross assets of the top quintile is self-employed business wealth, while this figure is just 1% for the poorest 20%. This indicates that the wealthiest 'incorporate' themselves to become companies, thereby lowering their tax burden.

Wealth inequality undermines social goals

While much EU policy seeks to tackle income inequality, it directs little attention toward wealth inequality. Wealth deserves more scrutiny, as it is much more unequally distributed than income, and the gap between the richest and the rest is increasing. The extreme concentration of wealth among a small group of people is corrosive to social cohesion. Wealth, or the lack of it, has major implications for a person's opportunities in life. Coming from a family without financial assets translates into fewer opportunities for education, for career choice and for social advancement generally. While taxation is a national competence, it may be time for the EU to intervene by monitoring national tax systems in the context of the European Semester and for recommendations to be given to countries that apply very low wealth-related taxes.

Takeaways

- A feeling of pessimism about the future prevails among Europeans. Almost half think that things are going in the wrong direction in the EU, and over half are convinced that the lives of today's children will be more difficult in the future than those of today's adults.
- This pessimism is not simply about the economy. Some of the wealthiest and most developed Member States, such as Belgium and France, are highly pessimistic, while less affluent countries such as Latvia and Lithuania are among the most optimistic. Multiple factors drive optimism; among them are trust in political institutions, having a political voice and social cohesion. A sense of belonging and responsibility for others strengthens social ties.
- Inequality undermines social cohesion, and wealth inequality is a significant source of inequality in the EU: 40% of total wealth is concentrated in the hands of the richest 5%, while the bottom 50% hold just 5% of all wealth. Coordination of wealth-related taxes in the EU could level the playing field and help in the fight against tax evasion.

Read more

Topic: Social cohesion and convergence eurofound.link/socialcohesionconvergence

Report: Towards the future of Europe: Social factors shaping optimism and pessimism among citizens eurofound.link/ef21004

Wealth distribution and social mobility eurofound.link/ef20034

Notes

3 Financial Times (2021), *The billionaire boom: How the super-rich soaked up Covid cash*, 14 May.

4 Comparability across countries limited because wealth not captured by HFCS. Total asset values only marginally changed between the second and third editions and hence a significant part of overall wealth is probably not captured in the third edition of the HFCS either.

8

Three faces of gender inequality in employment

Three faces of gender inequality in employment

The EU labour market expanded by more than 30 million jobs between 1998 and 2019, and two out of three of these jobs were taken by women. Increasing employment has transformed women's lives, and the ability to earn and to live independently has advanced the equality of women and men. Ironically, gender inequality in employment flourishes. Women and men tend to work in different occupations and economic sectors, men earn more than women, and the working conditions experienced by women and men diverge in many ways.

Segregation in the labour market

Occupational segregation

The segregation of women and men into different occupations is stubbornly entrenched. Of the nine broad occupational groups defined by the International Standard Classification of Occupations (ISCO-08, see Table 4), just three are gender-balanced (meaning that at least 40% of the headcount is made up of men or women). Since 1998, women's employment has grown most in the professionals category; they now make up a small majority here, as they do in the low-paying, low-skilled elementary occupations category, where their share has also grown. And while women now constitute a slightly smaller proportion of lower-skilled clerical support workers and service and sales workers than in 1998, these continue to be occupations that women dominate.

Within the groups, specific occupations can deviate substantially from these averages. For example, within the professionals category, women account for 70% of health professionals, a rise of 19 percentage points since 1998. They make up just 30% of science and engineering professionals, but that represents a considerable leap from the 1998 figure of 17%. Among ICT professionals, one of the fastest-growing occupations in the EU, women are heavily outnumbered by men, making up just 18% of this occupation.

Table 4: Women's share of employment (%) in nine occupational groups, EU27, 1998 and 2019

	1998	2019
Managers	29	34
Professionals	47	54
Technicians and associate professionals	52	50
Clerical support workers	67	66
Service and sales workers	65	63
Skilled agricultural, forestry and fishery workers	43	32
Craft and related trades workers	14	11
Plant and machine operators and assemblers	19	18
Elementary occupations	52	55

Source: *EU-LFS (Eurofound's calculations)*

Sectoral segregation

Gender segregation in sectors is, if anything, more extreme. Construction and manufacturing, for instance, are very male-dominated, while women's employment has expanded particularly in the growing service sectors. Public sector employment has played an important role here: women comprise 79% of workers in health and social work and 73% in education, and their representation in public administration is near parity with men's (Table 5). Women have also benefited from employment growth in private sector services such as financial services and real estate, albeit to a lesser extent. An exception to these trends is the information and communication sector (encompassing publishing, ICT and broadcasting), a key sector in the transition to a digital society, which continues to be male-dominated.

Table 5: Women's employment share by broad sector, EU27 (%), 1998 and 2019

		1998	2019
Female-dominated	Activities of households as employers, etc.	91	89
	Human health and social work activities	76	79
	Education	68	73
	Other service activities		67
Gender-balanced	Accommodation and food service activities	53	54
	Financial and insurance activities	50	53
	Real estate activities	45	51
	Wholesale and retail trade, etc.	47	49
	Administrative and support service activities		49
	Arts, entertainment and recreation		49
	Professional, scientific and technical activities		49
	Public administration and defence, compulsory social security	41	48
Male-dominated	Agriculture, forestry and fishing	40	33
	Manufacturing	32	30
	Information and communication		30
	Electricity, gas, steam and air conditioning supply	20	25
	Transportation and storage	25	22
	Water supply, sewerage, waste management and remediation activities		22
	Mining and quarrying	13	13
	Construction	9	10

Note: *The six sectors with no values for 1998 are those in NACE rev. 2.0 for which there is no satisfactory counterpart in NACE rev 1.1.*
Source: *EU-LFS (Eurofound's calculations)*

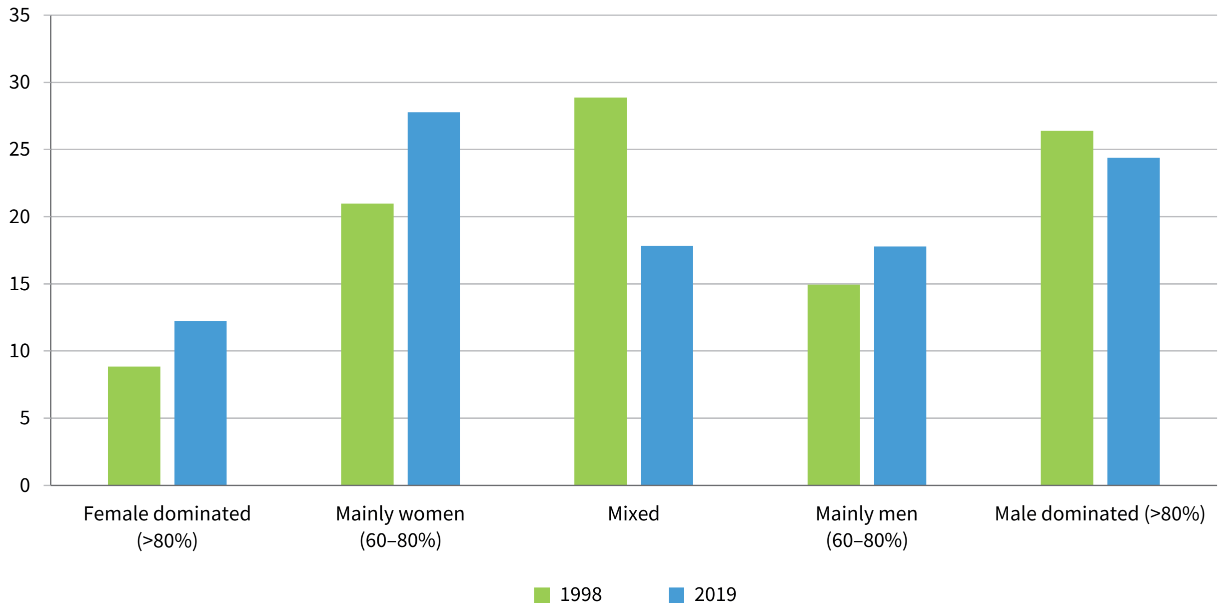
Decline of gender-mixed jobs

How does gender segregation in occupations and sectors translate into the real-world jobs in the economy? As the numbers of women in work rise and the economy creates new occupations, is the gender mix of jobs rebalancing? Unfortunately not.

To arrive at this conclusion, Eurofound classified all EU employment in 1998 and 2019 into jobs – a job being a specific occupation within a specific sector. These jobs were then allocated to five categories based on gender composition: female-dominated (>80% women), mainly female (60–80% women), mixed, mainly male (60–80% men) and male-dominated (>80% men). The results for 1998 and 2019 were then compared, shown in Figure 36 (overleaf).

The figure shows that the proportion of the EU workforce employed in gender-mixed jobs declined from 27% in 1998 to 18% in 2019. Jobs held mainly by women have grown most as a share of employment. In 2019, this category accounted for 28% of EU employment, up from 21% in 1998. The next largest growth occurred in female-dominated jobs.

Figure 36: Employment share by gender concentration category (%), EU27, 1998 and 2019

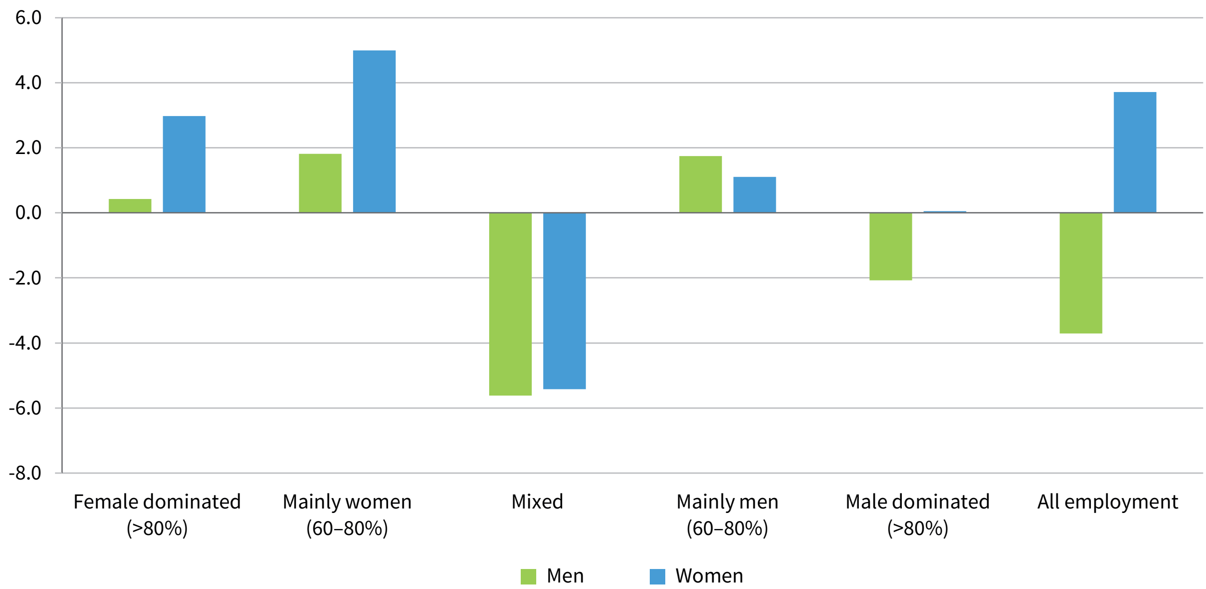


Source: *EU-LFS (Eurofound calculations)*

This dissection of the data suggests that the sharp rise in women's employment has come in jobs that were already held mostly by women, which Figure 37, a breakdown of employment growth by gender, confirms. Men's employment also grew in female-majority jobs.

Therefore, not only did women's employment grow faster than men's over two decades, but jobs employing women in the majority grew faster than mixed or male-dominated jobs. The decline in the proportion of gender-mixed jobs among both men and women is striking, and these jobs saw the largest employment share declines for both genders. Less than a fifth of jobs are now shared by men and women more or less evenly.

Figure 37: Employment shifts by gender and by gender concentration category in percentage points, EU27, 1998–2019



Source: *EU-LFS (Eurofound's calculations)*

Educational attainment linked to gender-mixed jobs

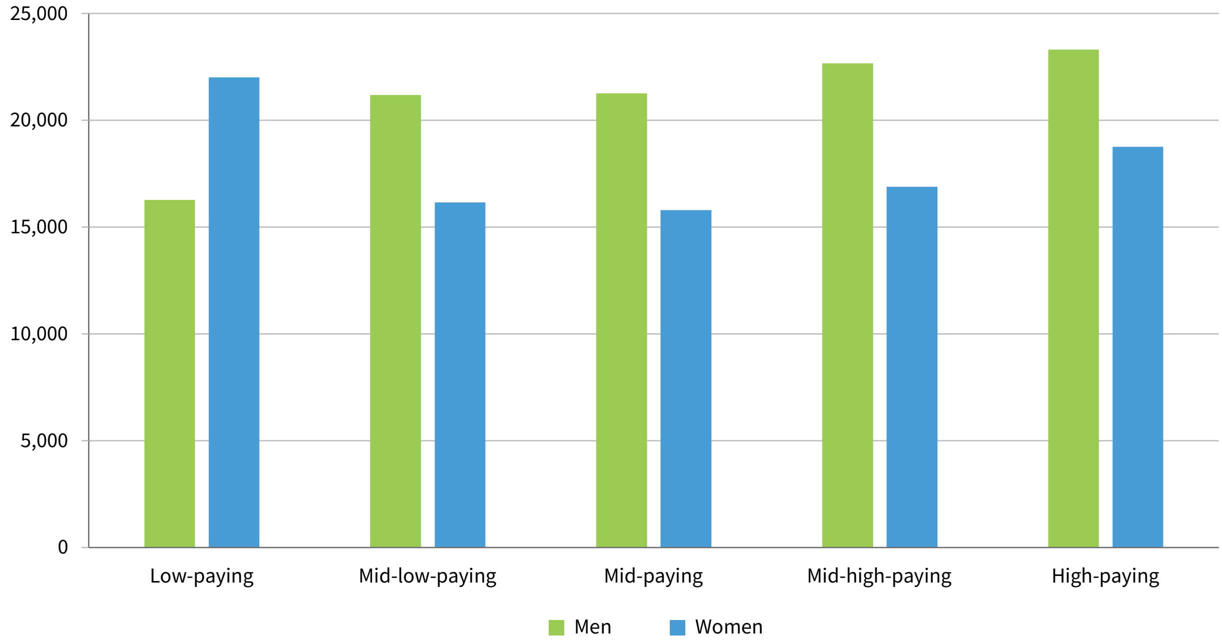
Analysis of the sociodemographic factors that might have a bearing on job segregation by gender found that the most important determinant is the educational attainment of the job holder. Men and women who have third-level qualifications are much less likely to work in gender-segregated jobs, and workers without degree-level qualifications are much more likely to work in gender-segregated jobs. The finding is reflected in the substantial progress that highly educated women have made in moving into formerly male-dominated managerial and professional occupations, while for less-educated women there has been little integration into blue-collar occupations traditionally held by men.

Women's overrepresentation in low-paying jobs persists

Women's employment has expanded most at the top and the bottom of the pay spectrum. High educational attainment has qualified them for well-paying professional jobs, and in recent years, the growth of female employment in high-paying jobs has outstripped that of men. But poorly skilled women outnumber men in the lowest-paying jobs.

Reporting the greater growth of women's employment in better-paying jobs in recent years may give a deceptive impression of female advances in the labour market. It should be borne in mind that this is a description of marginal change and that the gender disparity in better-paying jobs is being rebalanced only slowly. As Figure 38 illustrates, men continue to hold a greater proportion of higher-paying jobs and, in 2019, women were in a majority only in the lowest-paying jobs.

Figure 38: Employment distribution by gender and job–wage quintile (thousands), EU27, 2019



Source: *EU-LFS (Eurofound's calculations)*

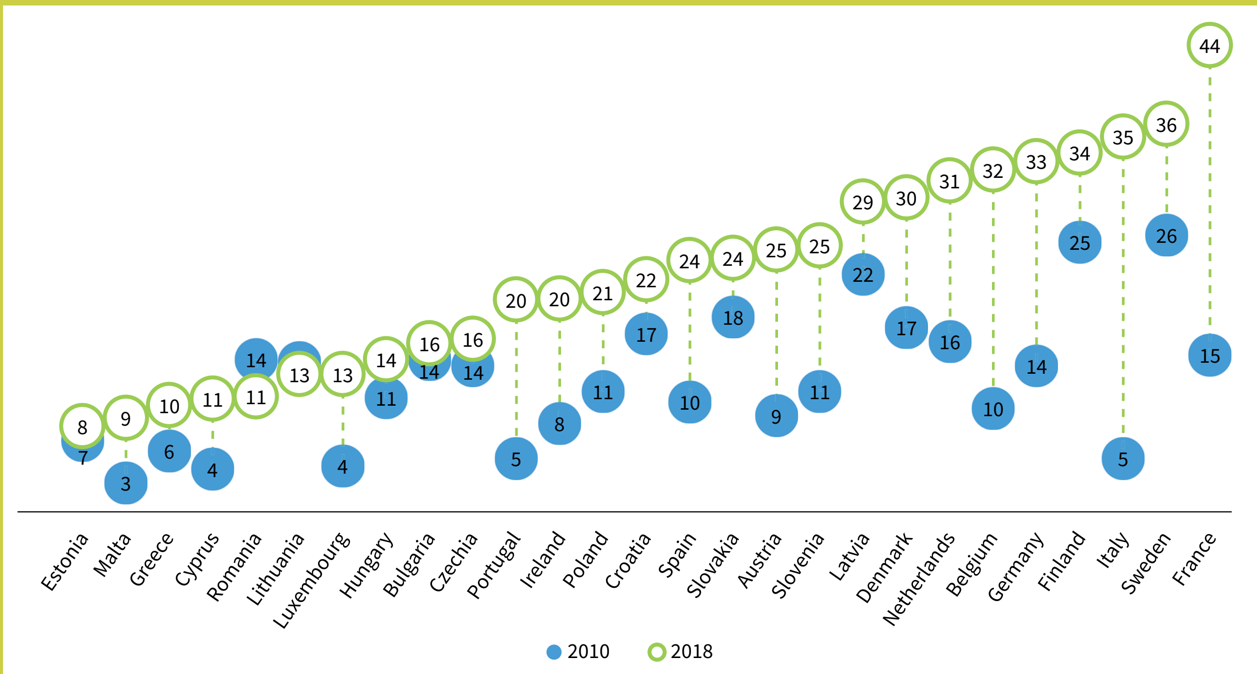
Women on company boards

The growing proportion of women on the boards of the largest quoted companies in several Member States in recent years suggests that targeted legislation can tackle gender imbalances in certain labour market contexts.

Between 2010 and 2018, the proportion of female board members rose by more than 29 percentage points in France and Italy and by more than 19 percentage points in Belgium and Germany (see Figure 39). In only two Member States did the proportion of women on company boards decrease: Romania (3 percentage points) and Lithuania (1 percentage points).

This boost in the presence of women on company boards seems to be linked to the adoption of legally binding measures, such as quotas, on minimum representations of each sex in some Member States. Between 2010 and 2018, Belgium, Germany, France, Italy, Austria and Portugal adopted such measures, and the subsequent rises in female

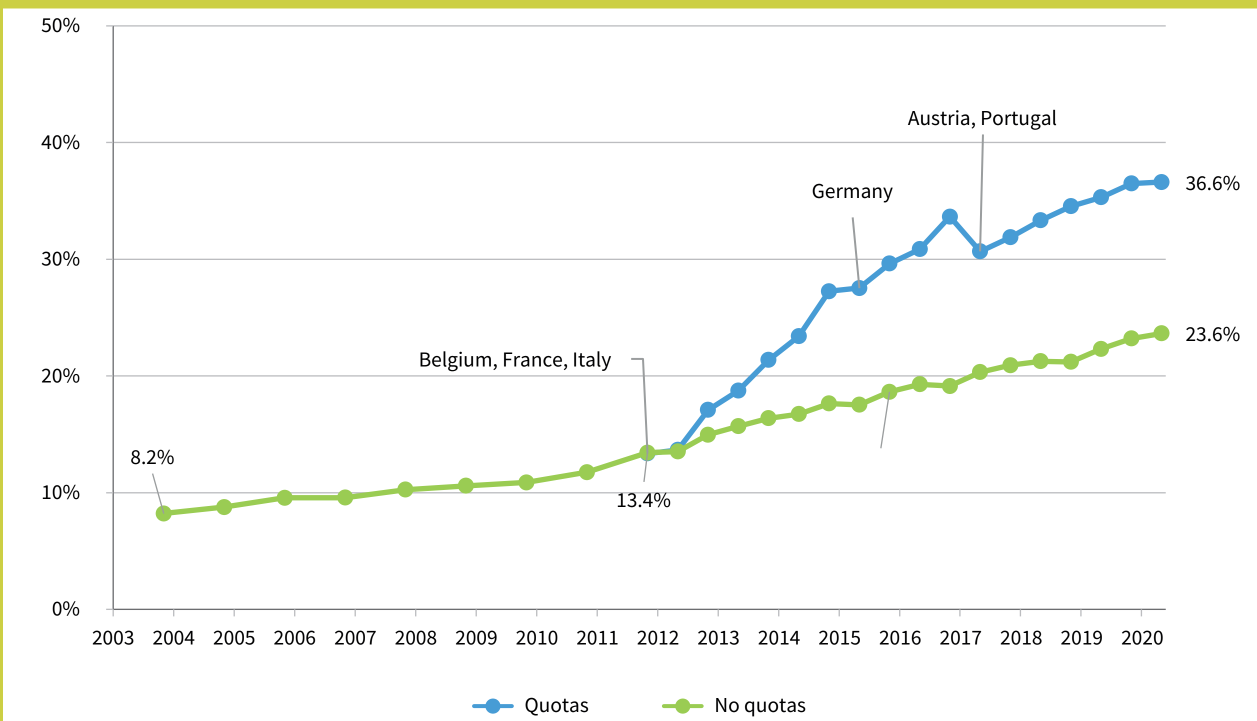
Figure 39: Composition of company boards: % of women, by Member State, 2010 and 2018



Note: *Data refer to the representation of women on the boards of the largest quoted companies. The 2010 and 2018 values represent 3-year averages (2009–2011 and 2017–2019, respectively).*
Source: *EIGE, gender statistics database – women and men in decision-making*

board membership are illustrated in Figure 40. Greece enacted similar legislation in 2020. By October 2020, women made up around 37% of board members in the largest quoted companies in the Member States with binding quotas, compared to less than 25% in Member States that did not take such measures.

Figure 40: Proportion of women on company boards: Member States with and without national gender-balance quotas compared, 2003–2020



Note: *Data refer to the representation of women on the boards of the largest quoted companies. The 2010 and 2018 values represent 3-year averages (2009–2011 and 2017–2019, respectively).*
Source: *EIGE, gender statistics database – women and men in decision-making*

Gender gaps in pay

The fact that women and men continue to work to a significant extent in different jobs affects the pay they receive and contributes to the gender pay gap. Women in the EU earn 14.1% less per hour than men, on average, although the gap is much wider in some Member States than others. Men earn around 20% more than women in Estonia, Latvia, Austria and Germany while the difference is much smaller, below 5%, in Italy, Romania and Luxembourg. Nowhere do women earn more than men.

Gaps across occupational groups

Pay gaps vary according to occupation and sector, although patterns are hard to discern. Looking at occupational groups, the gap is widest in the higher-paying categories of managers, professionals and technicians, but it is also wide in the lowest-skilled, lower-paying category of craft workers (Figure 41).

In terms of gender balance, the widest gaps occur in male-dominated groups: managers, where women account for a third, and the heavily male-dominated craftworkers category. But the gap is also larger in the gender-mixed occupational groups of professionals and technicians, although smaller in the gender-mixed elementary occupations group. Pay differentials are lower in the predominantly female groups of clerks and services and sales workers.

Gender pay gap across sectors

As for sector, the gender pay gap tends to be wider in sectors with higher wages such as financial services, information and communication, and professional activities (Figure 42). Nevertheless, this relationship is weakened by the relatively low gender pay gaps in some other high-wage sectors such as electricity and mining.

As regards gender segregation, gender pay differentials are larger in some gender-balanced sectors (such as financial services, professional activities, wholesale and retail trade, and arts and entertainment), but they are more modest in other gender-balanced sectors such as public administration, as well as accommodation and food activities. A high gender pay gap of around 20% is found in the female-dominated health sector and in the male-dominated manufacturing and information and communication sectors.

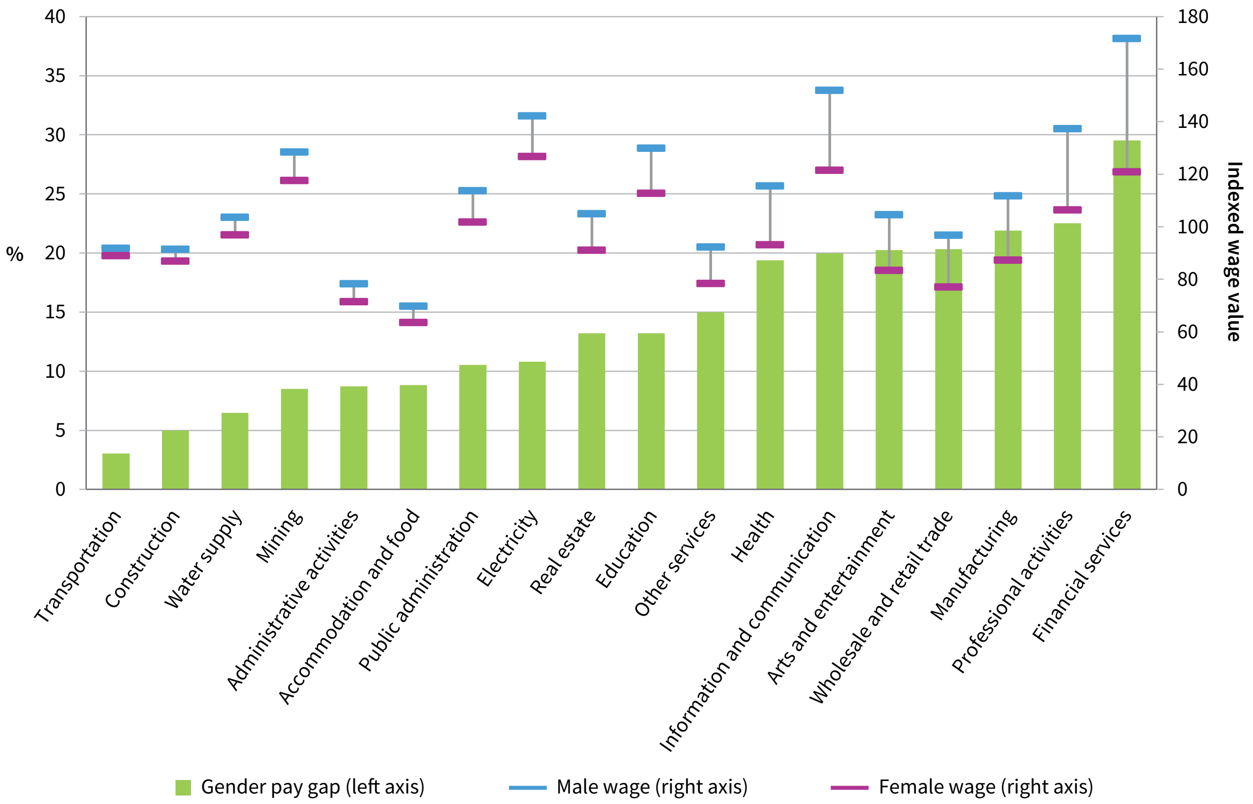
Occupational overlap confounds analysis

A counterintuitive finding is that the most male-dominated sectors have some of the lowest gender pay gaps: the difference between men's and women's pay is around 10% in the electricity sector, less than that in mining and water supply, and less than 5% in construction and transportation. This is attributable in significant part to men and women doing very different jobs within these sectors. In construction, for instance, over 75% of men work mainly in blue-collar jobs as building workers, labourers, electrical workers and drivers, etc. Most women, around 60%, work in office-based occupations,

Figure 41: Gender pay gap (%) and average wages, by occupation, EU, 2018

Note: *Wage levels (right axis) are expressed as a ratio dividing the wage of each employee by the mean hourly gross wage at national level, so that a value of 100 would equal the average wage across countries. The EU aggregate is based on 25 Member States (no data for Austria and Ireland).*
Source: *SES (2018)*

Figure 42: Gender pay gap (%) and average wages by sector, EU, 2018



Note: *Wage levels (right axis) are expressed as a ratio dividing the wage of each employee by the mean hourly gross wage at national level, so that a value of 100 would equal the average wage across countries. The EU aggregate is based on 25 Member States (no data for Austria and Ireland).*
Source: *SES (2018)*

where they receive relatively high wages on average, which helps to explain why the gender pay gap in the sector as a whole is narrow.

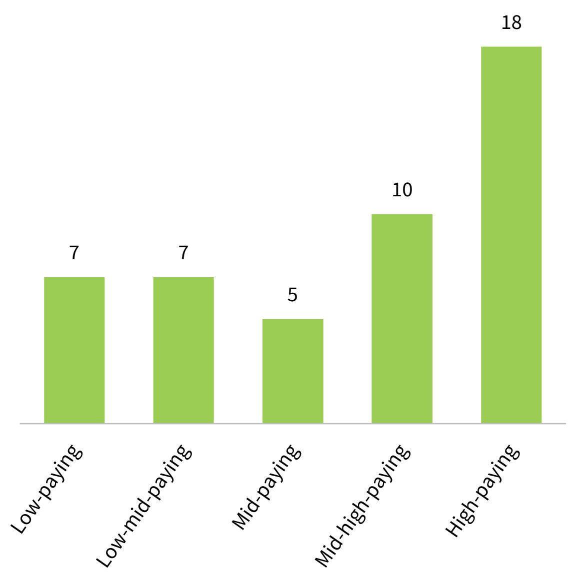
By contrast, in some more gender-balanced sectors such as financial services, where the gap is highest, the occupational profiles of men and women overlap much more. However, more men than women occupy some of the highest-paid occupations (such as specialised services managers and administrative managers) and receive higher wages than women within the same occupational category.

Explaining the gender pay gap

The strong growth of female employment over the past two decades in high-paying occupational groups (managers and professionals) and in well-paying service sectors, both public and private, have helped to reduce gender pay gaps. However, the gap persists, and statistical analysis of survey data is insufficient to properly explain why.

It does tell us that the fact that women tend to work in lower-paying sectors contributes to the gap. And the fact that women are much more likely to work part time, meaning they may come up against the 'part-time pay penalty' on their earnings, which arises not only because their working time is shorter but also because part-timers typically earn less per hour than people working full time. Data analysis also shows that women are less likely to have supervisory responsibilities than their male counterparts, a third significant factor contributing to pay differences. But much more of the gap has to be put down to factors not captured by surveys, such as discrimination – women and men being paid unequally

Figure 43: Gender pay gap (%), by job–wage quintile, EU, 2018



Note: *The EU aggregate is based on 25 Member States (no data for Austria and Ireland).*
Source: *SES (2018)*

for work of the same value – and different attitudes and behaviours between men and women, for instance, when looking for pay rises.

One important finding yielded by analyses of the gender pay gap is that it is larger among higher-paid workers with higher human capital levels – older, highly educated employees with long job tenure and permanent contracts, working full time. This suggests that the gender pay gap grows as employees gain labour market experience and their labour market attachment strengthens.

As Figure 43 illustrates, a significant gender pay gap exists across all pay quintiles, but it is much wider in well-paid jobs in the top two quintiles: 18% in the highest-paid quintile and 10% in the next highest. This pattern is repeated in almost all individual Member States. So not only are women less likely to be working in well-paid jobs, but even when they occupy these well-paid jobs, they are disproportionately impacted by gender pay differentials.

The proposed EU directive on binding pay transparency measures could prove transformative in this context. Large pay differentials among high-earning staff would be much more difficult for companies to sustain should they be required to disclose pay information revealing such differentials in accordance with the directive.

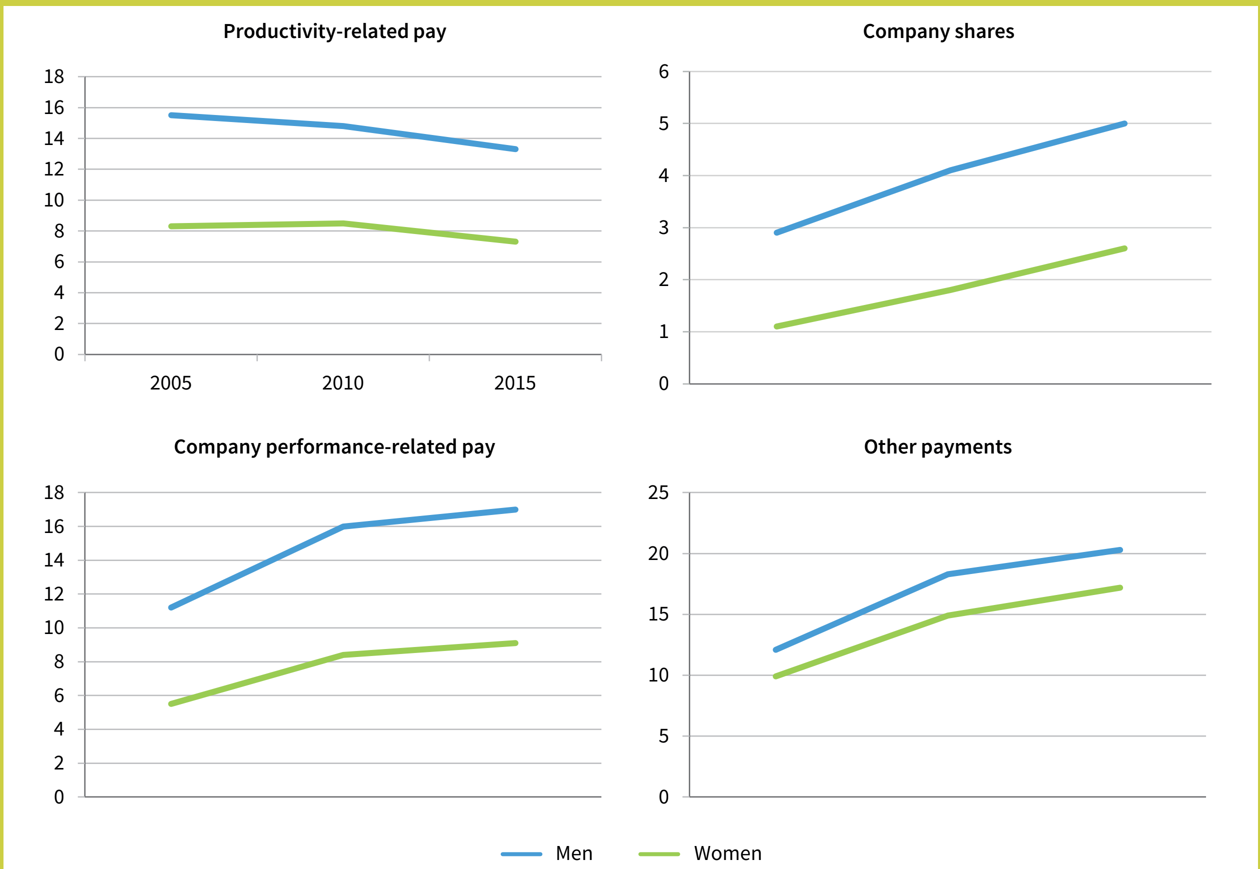
Variable pay

An often-neglected aspect of the gender pay gap is that which arises in variable forms of pay. The European Working Conditions Survey (EWCS) helps to shed light on this, as it captures data on various components of pay besides the basic wage: piece rate or productivity payments, overtime payments, profit sharing, employee share ownership programmes, unsocial working hours payments and benefits in-kind (for example, for health insurance or provision of accommodation).

EWCS data show that among employees who report receiving variable forms of pay, the proportion of male employees that do so is significantly larger than that of their female counterparts. As Figure 44 illustrates, while more workers appear to be receiving the different types of variable pay (except for productivity-based pay, which seems to be in decline), use is increasing faster for men than for women.

If the measures to reduce the gender pay gap focus exclusively on basic pay, there is a risk that the gap may continue to widen, with the profusion of variable forms of pay benefiting more men than women.

Figure 44: Variable components of pay (%), by gender, EU27 and the UK, 2005–2015



Source: *Source: EWCS (2015)*

Gender gaps in job quality

Gender gaps in the world of work extend beyond sectors, occupations and pay into the working conditions of workers. Data gathered by the EWCS from workers across the EU over several years provide evidence that while many aspects of working conditions have evolved positively, others have deteriorated. In either case, these developments have not always been equally shared by men and women, which has sometimes resulted in undesirable outcomes from a gender-equality perspective.

Narrowing gender gaps

In Eurofound's multidimensional framework for analysing job quality, two dimensions of job quality show detectable progress in reducing the gap between men and women: job prospects and earnings.

Job prospects

Prospects encompasses a worker's opportunities for career advancement, their job security and their employability if they were obliged to look for a new job.

Women report worse career prospects than men. For them, the possibilities for career advancement are often curtailed due to periods outside the labour market as a result of family formation or caring for older or disabled relatives. Gender stereotypes and gender pay differentials continue to influence women's decisions around taking such leave.

Since 2005, the share of male employees reporting that their job offers good prospects for career advancement has consistently been larger than that of female employees (Figure 45). The gender gap barely changed between 2005 and 2010. There was a notable increase, however, in the shares of employees reporting good career prospects between 2010 and 2015, which was accompanied by a reduction in the gender gap because of the substantial improvement recorded for women.

Figure 45: Female employees reporting good prospects for career advancement and gender gap (%), EU27 and the UK, 2005–2015

Source: *EWCS (2015)*

Earnings – Making ends meet

The other area that has seen a positive trend relates to earnings and whether or not earnings from work are sufficient to cover household expenses. The proportion of employees reporting that they have some difficulty making ends meet decreased between 2010 and 2015 for both men and women. A sizeable difference between women and men persisted in 2015, however, with 33% of male employees reporting difficulty compared to 36% of female employees.

Widening gender gaps

In relation to other aspects of working conditions, the gaps between men and women appear to be widening.

Work intensity

One of these dimensions is work intensity – the demands and pressures of the job. Men and women report similar levels of overall work intensity. However, large differences exist when comparing quantitative demands (such as working at very high speed or to tight deadlines) and emotional demands (such as handling angry clients, customers, patients or pupils; hiding one's feelings; and being in emotionally disturbing situations).

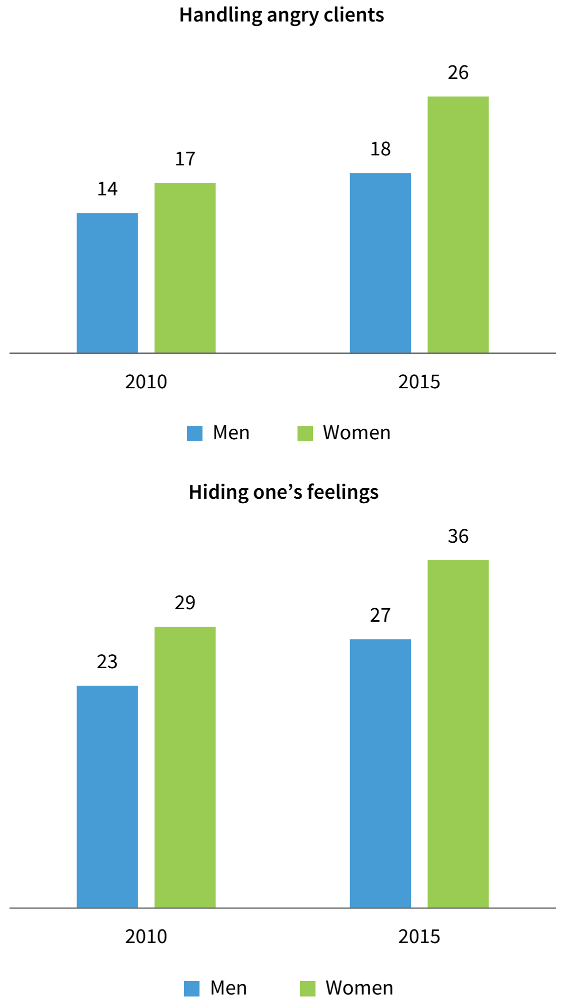
More men than women report experiencing quantitative demands, whereas more women experience emotional demands. These differences relate to the gender segregation of jobs. Emotional demands are more common in jobs that involve dealing with people (particularly those requiring care) and giving them support, jobs occupied more commonly by women.

Whereas quantitative demands have remained relatively stable over time, emotional demands have increased for both men and women, but more so for women (Figure 46). In 2015, one-quarter of all female employees reported having to regularly handle angry clients, customers, patients and pupils, for example, while one-third were in jobs requiring them to regularly hide their feelings.

Working time

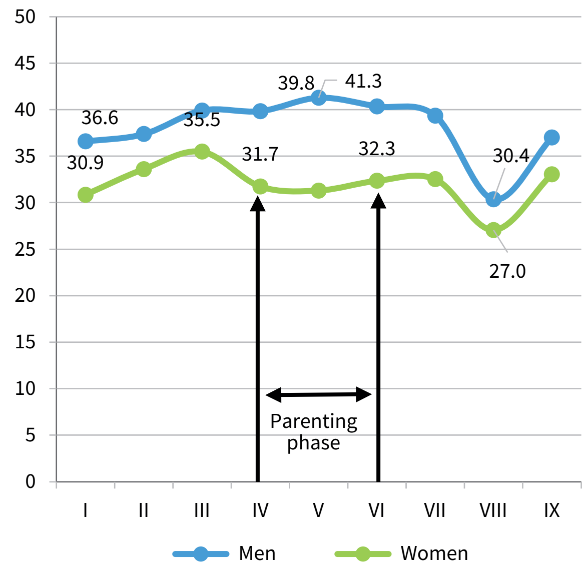
From a gender perspective, working time also remains a challenge. In the EU, societies are still organised in such a way that the patterns of paid working hours are very different for men and women during the life course.

Figure 46: Employee experience of selected emotional demands (%), by gender, EU27 and the UK, 2010 and 2015



Source: *EWCS (2015)*

Figure 47: Average weekly working hours of employees across the life course, by gender, EU27 and the UK, 2015



Source: *EWCS (2015)*

Figure 47 depicts these patterns using a stylised typology of life stages. Women's working time reaches a peak in Stage III, when they are young and cohabitating without children. The peak for men happens later on, in Stage V, when they have children aged between 7 and 12 years. The largest gender gap in working hours occurs during the parenting phase, Stages IV to VI.

In 2015, 30% of male and female employees reported having some flexibility in the determination of their working hours, with about 20% saying that they could adapt their working hours within certain limits (flexitime) and 10% reporting that they had a choice between fixed schedules determined by their employer. Men and women in gender-mixed occupations had the most flexibility, indicating that perhaps there is some scope for increasing workers' autonomy over working time within male- and female-dominated occupations.

Some reflections on policy

The European Pillar of Social Rights Action Plan has set a target of 78% for the EU employment rate by 2030 and a halving of the gender employment gap, which in 2019 was 11.7 percentage points. Despite positive trends in women's labour market participation, this is an ambitious target. Women's employment will have to grow at a rate at least three times faster than that of men up to the end of the decade to reach this target, which demands a significant policy prioritisation, especially given that the gender employment gap has scarcely changed since 2014, hovering around 11.5%.

Having children causes many women to exit the labour market. Data show that, while the percentage difference in the employment rate of men and women without children is 1%, among those with one child younger than six years of age, it is 21%, and it rises to 37% among those with three children. Access to working time flexibility, the availability of high-quality and affordable childcare, and more equal sharing of caring responsibilities between men and women in the household are important policy priorities to ensure greater gender equality in the labour market and that employment targets can be met.

The improvement of job security and employability in male-dominated occupations would encourage women to take up those occupations and reduce gender segregation. More dynamic education and training systems and other incentives would also encourage young men and women to develop the skills for employment in occupations dominated by the other gender.

Takeaways

- Despite growing numbers of women in employment, gender inequality thrives in the labour market. Women and men continue to work in different occupations and sectors, and gender balances have not improved over 20 years. In fact, the proportion of gender-balanced jobs has fallen over that period, because women's employment has expanded in jobs where women are already a majority.
- Such segregation contributes to the intractability of the gender pay gap – women at present earn 14.1% less than men. The pay gap is in part down to women working in low-paying sectors, working part time and having jobs without supervisory responsibilities. But much more is related to factors such as discrimination and different attitudes and behaviours of women and men.
- Gender gaps in employment extend into job quality. There is progress insofar as women's job prospects have improved relative to those of men. However, emotional demands at work are rising and women are more likely to be exposed to them. Women continue to struggle more than men in the area of working time, trying to manage the time demands of work and family responsibilities.
- Access to working time flexibility, the availability of high-quality and affordable childcare, and more equal sharing of caring responsibilities between men and women in the household are important policy priorities to ensure greater gender equality in the labour market.

Read more

Topic: Gender equality eurofound.link/genderequality

Report: European Jobs Monitor 2021: Gender gaps and employment structure eurofound.link/ef21009

Report: Working conditions and sustainable work: An analysis using the job quality framework eurofound.link/ef21021

Policy brief: Upward convergence in gender equality: How close is the Union of equality? eurofound.link/ef21041

Policy brief: Understanding the gender pay gap: What difference do sector and occupation make? eurofound.link/ef21039

Blog post: Good news for gender equality as we exit the COVID-19 crisis? eurofound.link/ef21075

Blog post: Minimum wage – Yet another gender divide? eurofound.link/ef21084

Blog post: Gender pay transparency: Advancing the cause through a truly European proposal eurofound.link/ef21081

Blog post: Choosing to challenge – the EU Gender Equality Strategy one year in eurofound.link/ef21069

Infographic: Gender equality in the EU https://www.eurofound.europa.eu/topic/gender-equality#infographic

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Podcast: Gender equality https://soundcloud.com/eurofound/eurofound-talks-gender-equality

9

Tackling labour shortages to secure growth and inclusion

Tackling labour shortages to secure growth and inclusion

Labour in shrinking supply as the economy recovers

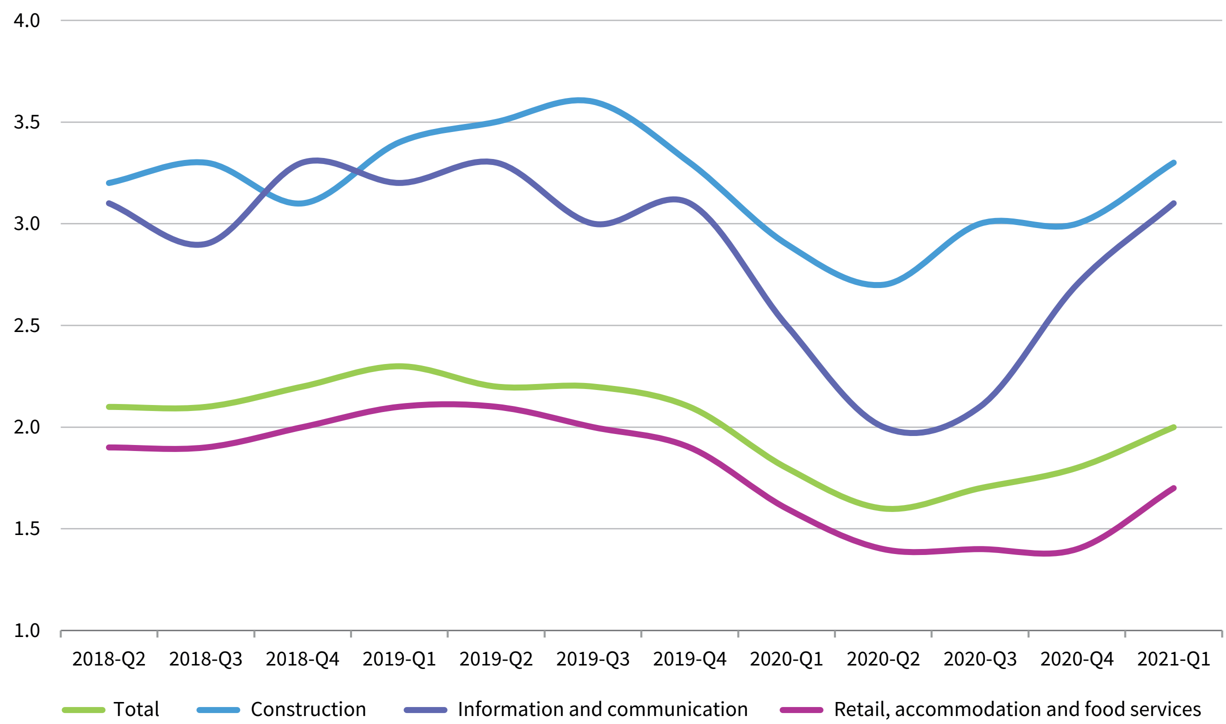
EU growth strategy in the coming years and decades is focused on accelerating digitalisation and the transition towards a climate-neutral economy. The strategy will come unstuck, however, if Europe lacks workers with the skills to carry these plans through. Already there are labour shortages in the key future-oriented technology sectors, professions and skills. Structural labour shortages – shortages unrelated to short-term economic swings – have been evident in the information and communication sector since well before the COVID-19 pandemic. Despite a dip in unfilled vacancies in 2020 (Figure 48), numbers were back to pre-pandemic levels by 2021 and continue to escalate. Thirteen Member States have registered large vacancy rates in the information and communication sector, according to data gathered by the Network of Eurofound Correspondents.

Other sectors are feeling the pain of labour shortages too. Demand for workers surged in hospitality (which comes under the broad sector 'Retail, accommodation and food services' in Figure 48) in 2021, where the easing of the pandemic restrictions saw employers struggling to find workers to fill vacancies. It appears that many workers were recruited into other sectors facing labour shortages when hospitality businesses were forced to close and uncertainty surrounded their reopening. Luring workers back to hospitality may prove difficult – anecdotal reports suggest many are reluctant to return to the low pay and poor working conditions associated with many jobs in the sector.

The unmet demand for labour, as measured by the job vacancy rate, has been rising since the end of the recession in 2013 when 1.2% of jobs in the EU were vacant; by 2019, this percentage had risen to 2.3%. In the construction sector, job vacancies peaked at 3.6%. Feedback from employers is that it is hard to find the right candidates to fill vacancies. In response to the ECS in 2019, half of managers said that it was fairly difficult to hire staff with the right skills, while a quarter found it very difficult.

The shortage of labour has been identified as among the key factors holding back growth, competitiveness and service delivery in a number of sectors. But the situation

Figure 48: Job vacancy rates in the EU27 (%), by sector, Q2 2018–Q1 2021



Source: *Eurostat*

is destined only to intensify with ongoing changes in consumer and economic demands, and changes in the labour and skills required to meet those demands. Adding to the pressure are population ageing and a shrinking workforce. Although vacancy rates fell at the height of the pandemic, they recovered quite rapidly and in 2022 exceed pre-pandemic levels.

Shortages not universal – yet

Labour shortages are not an issue yet in some Member States, where the vacancy rate is below 1% in several, according to Eurostat data (Figure 49). Among these, Greece and Spain stand out as both also have high unemployment, not having recovered in the aftermath of the global financial crisis. Belgium combines a relatively high unemployment rate with a high vacancy rate, which is indicative of labour shortages that are qualitative – a mismatch due to changing skills requirements that are not being addressed rapidly enough by education and training systems. Czechia is an outlier for its very high job vacancy rate and comparatively low unemployment rate, indicating that quantitative labour shortages are a major issue for the economy.

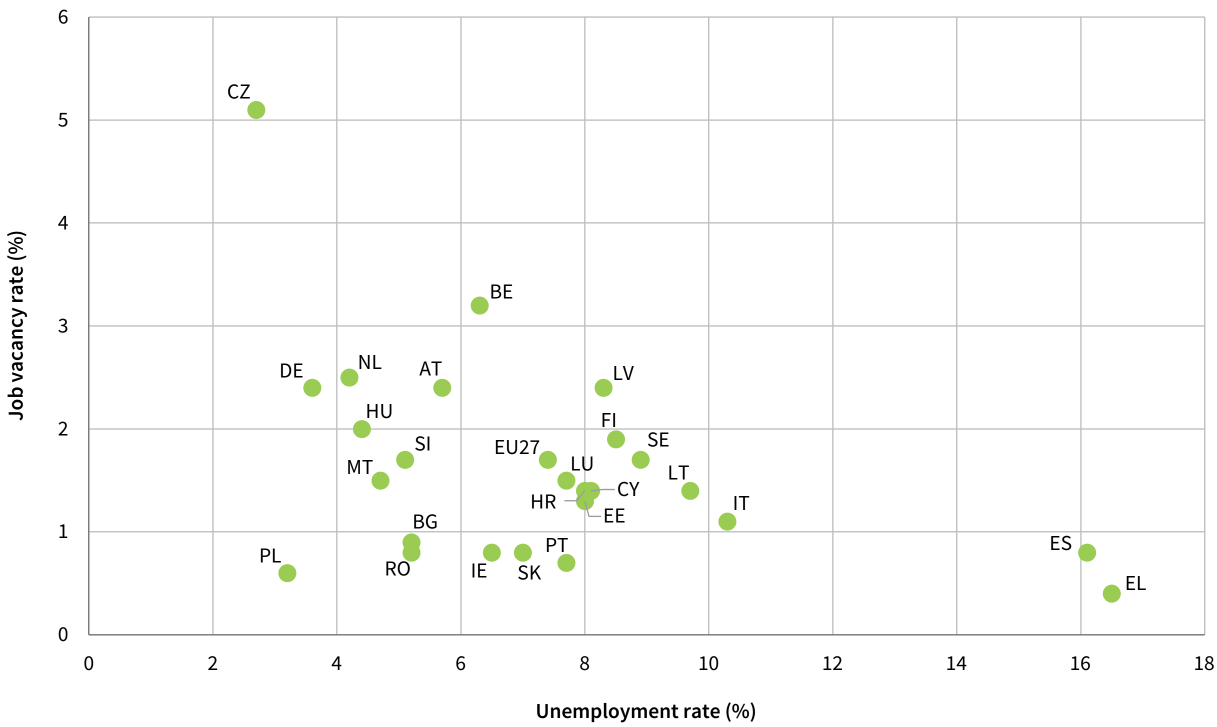
Widespread shortages in specific occupations

Even if the overall vacancy rate is relatively low in a country, it can still experience labour shortages in specific occupations and sectors – for instance, all Member States reported shortages in the healthcare sector to the EU employment services network EURES in 2020. Shortages of nursing professionals were most acute, but scarcities of generalist medical practitioners and healthcare assistants were also common.

Recruitment difficulties in healthcare are longstanding, and the pandemic aggravated the situation by increasing demand. Data published by the World Health Organization show an estimated deficit of 1.6 million workers in the sector in 2013, which was predicted to rise to 4.1 million by 2030, due to population ageing.

Figure 50 shows national data gathered by the Network of Eurofound Correspondents from across the EU identifying the occupations that are most difficult to fill and the Member States that reported these labour shortages. Health professionals is second from the top of the list, confirming widespread scarcity of these workers.

Figure 49: Average job vacancy rate versus average unemployment rate, EU Member States, Q3 2020



Source: *Eurostat, Job vacancy statistics by NACE Rev. 2 activity – quarterly data (from 2001 onwards) [jvs_q_nace2] and Unemployment by sex and age – quarterly data [une_rt_q], seasonally adjusted data (Eurofound elaboration)*

Figure 50: Main shortage occupations – number of countries reporting shortages in different occupations, EU27, 2020

Source: *Network of Eurofound Correspondents*

Sales workers are unexpectedly the occupation most widely reported as being in short supply, but this is at least partly due to the fact that the information relates to pre-pandemic data.

Although vacancy rates in construction fell during the pandemic because of COVID-19-related restrictions on construction work, skilled trades remain high on the list of occupations experiencing shortages.

More shortages expected with the twin transition

In the recovery from the pandemic, the economic transition towards digitalisation and climate neutrality is expected to create new employment, but this is likely also to give rise to new labour shortages, as well as exacerbating existing ones. The construction, energy, manufacturing and transport sectors are likely to require additional labour and new skills as the EU moves towards renewable energy and cleaner and circular industry and services. Skilling and reskilling will also be required to meet the targets set for digitalisation and to capitalise on the employment creation potential of a changing economy.

Reducing labour shortages

Member States undertake ongoing policy action to reduce labour shortages. These measures fall into three broad categories:

1. **Attracting labour into countries, regions, sectors and occupations experiencing shortages**

   Examples of this approach include improving wages and working conditions in sectors and occupations that are unattractive to workers. It also encompasses active migration policies that seek to attract workers from outside the EU, including suitable processes for the recognition of qualifications and the delivery of language skills.

2. **Bringing people who are currently not in work into employment**

   This involves addressing the barriers that keep some people outside of work – for example, addressing access to care services, tackling barriers linked to health issues, enhancing the recognition of qualifications for migrants, adjusting workplaces for older workers or workers with disabilities, and addressing discrimination.

3. **Enhancing the use of existing labour and retaining labour**

   Policies of this type include those that aim to improve the matching of the supply of and demand for labour through better skills forecasting and adapting education and training curricula to employer needs. Policies to address skills and competence gaps and to prevent early labour market exits also come under this heading.

Opportunities for people with disabilities

One silver lining of tight labour market conditions is that opportunities emerge for people who have difficulty getting work or remaining in work because they have needs that employers can be slow to accommodate. When candidates are scarce, employers may be incentivised to throw their recruitment nets wider to drawn in people who are economically inactive and to offer additional support, such as training, to new hires.

> Raising the employment rates of people with disabilities would serve not only to tackle labour shortages, but also help to reduce their risk of poverty and social exclusion.

Around 15% of the inactive population cite illness or disability as the main reason for not seeking work. Some of these people could work and are willing to do so if proper supports were provided, such as the provision of an assistant, workplace adaptation or working time flexibility. However, these provisions are frequently not on offer to new hires. Discrimination, stereotyping and misconceptions regarding their productivity also act as barriers to the employment of people with disabilities. As a result, the employment rate of people with disabilities remains close to 25% below the average, and the gap is more pronounced for women than men.

Raising the employment rates of people with disabilities would serve not only to tackle labour shortages, but also help to reduce their risk of poverty and social exclusion. Disability policy across the Member States is placing increasing emphasis on access to supported employment, with a clear orientation towards employment in the open labour market. This approach has EU backing. The new 2021–2030 Disability Strategy considers participation in employment to be the best way to ensure economic autonomy and social inclusion. The European Employment Strategy also emphasises the need to increase the labour market participation of this group.

Need for targeted multifaceted and multi-agency approaches

However, the number of measures to support the employment of people with disabilities is relatively low, probably because it is challenging to develop programmes aimed at overcoming underlying barriers to labour market entry. They often require a targeted multifaceted and multi-agency approach, involving the planning of personalised integration pathways. All this can take longer to bear fruit, especially because they are often just a first step on a longer integration journey. They are therefore less likely to immediately satisfy target-driven labour market integration policies.

Although individual action planning in general has become more commonplace in public employment services in recent years, multi-agency efforts are more the exception than the rule. Those that do exist are often supported by European Social Fund (ESF) social inclusion funding programmes. In Bulgaria, for example, an ESF-supported programme funds jobseekers with disabilities to employ a personal assistant to support them in employment. In Czechia, the ESF supports specific integration programmes for people with disabilities as well ethnic minorities, migrant workers and other disadvantaged groups, with the express goal of helping to tackle labour shortages.

> The number of measures to support the employment of people with disabilities is relatively low, probably because it is challenging to develop programmes aimed at overcoming underlying barriers to labour market entry.

Multifaceted support for the labour market integration of such groups is also provided for in Belgium, Denmark and Germany and delivered in combination with training measures.

Diverse labour market integration measures

In 2021, Eurofound conducted a study to examine the diverse policy approaches and measures operating in EU Member States to improve the labour market integration of people with disabilities. The study identified 154 policy measures, which were classified into four categories; an overview of each is given below.

Support for job creation (labour supply and demand)

- Providing support and incentives to employers is one of the main strategies to give people with disabilities a route into employment. Well-designed financial incentives that compensate for wages or other costs can motivate employers to hire and retain people with disabilities. These measures are most effective when combined with other support such as skills development.
- Quota systems that legally oblige companies to hire a minimum percentage or number of people with disabilities are a common tool for diversifying workplaces, but they need to be accompanied by awareness-raising to combat stereotypes.
- Support for entrepreneurship and self-employment in the form of guidance, training and financial aid offers alternative opportunities for entering the open labour market.

Support for individuals with disabilities (employees, jobseekers)

- Developing the skills of people with disabilities through formal education, vocational training and work placements is essential to labour market inclusion, especially when provided as part of integrated interventions.
- Career counselling and guidance is important to make people with disabilities more aware of their skills and abilities and how these talents might be applied in the labour market. It can also advise them about the availability of support.
- Vocational rehabilitation that includes health management and employment orientation can help workers with disabilities to retain their jobs.

Support for employing organisations (demand side)

- Employers play a central role in the labour market inclusion of people with disabilities. Raising their awareness can ensure that opportunities exist and that workers who have been absent due to illness are reintegrated. Extra attention should be given to smaller organisations, which may struggle with a lack of resources to support employees with additional needs.
- Workplace adaptations and assistance help to create the right conditions for people with disabilities to work.
- Information and awareness-raising measures help to remove barriers to the employment of people with disabilities and support a more inclusive organisational culture.

Support for the institutional environment (context)

- Legal instruments, collective agreements and protection against dismissal can provide the basis for systemic change and the establishment of supportive institutional environments and national and regional frameworks that are aligned with the UN Convention on the Rights of Persons with Disabilities and the European Disability Strategy.
- Coordination of services is key. As jobseekers with disabilities often have complex needs, they require personalised measures and a wide range of services that are provided through a well-organised delivery process that harmonises the contributions of public employment services , external providers and employers, for instance, thorough well-functioning matching services.
- The organisational and administrative aspects of service provision are vital for efficient delivery. They can be strengthened through capacity-building actions that will improve the preparedness of service providers and the quality of service provision and processes.

Mainstreaming in labour market policy plus tailored policy responses

Support measures for the labour market integration of people with disabilities have progressively evolved towards client-centred, holistic and integrated solutions, and it is increasingly acknowledged that dispersed, one-off, non-targeted interventions are unlikely to work. The effectiveness of the support provided can be strengthened through disability mainstreaming in general labour market measures and tailored policy responses for specific situations and individuals, ensuring a good balance between personalised support and integrated support to meet general and particular needs.

Takeaways

- Many economic sectors, including healthcare, construction, and information and communication, are experiencing labour shortages as Europe emerges from the COVID-19 pandemic. This unmet demand for labour holds back growth, competitiveness and service delivery. But demand for labour is likely to intensify with ongoing changes in consumer and economic demands, alongside the contraction of the working age population due to demographic change.
- The construction, energy, manufacturing and transport sectors are likely to require additional labour and new skills as the EU moves towards renewable energy and cleaner and circular industry and services. Skilling and reskilling will also be required to meet the targets set for digitalisation and to capitalise on the employment creation potential of a changing economy.
- Tight labour market conditions could provide opportunities for people with disabilities to be integrated into employment. Measures are needed to support a targeted multifaceted and multi-agency approach, involving the planning of personalised integration pathways.

Read more

Topic: Labour market participation eurofound.link/participation

Topic: Disability and chronic disease eurofound.link/disability

Report: Tackling labour shortages in EU Member States eurofound.link/ef21006

Report: Disability and labour market integration: Policy trends and support in EU Member States eurofound.link/ef20013

Blog post: The pandemic aggravated labour shortages in some sectors; the problem is now emerging in others eurofound.link/ef21082

10

Challenges ahead in the world of work

Challenges ahead in the world of work

Globalisation, technological advance, changing economic structures and demographic developments individually and in combination are transforming work, its organisation, its content and how it is delivered. Political vision – the drive towards a zero-carbon and digital future – and workers' expectations are contributing too. Creating and maintaining high-quality jobs remains a crucial goal in the evolving world of work, where new challenges emerge and where traditional solutions may no longer be applicable or effective.

The sections that follows look at three growing trends that will need to be addressed if we are to sustain progress towards better jobs: the rise in psychosocial risks in the workplace, the fragmentation of work and the employment relationship, and the recasting of jobs by digitisation.

More psychosocial risks at work

With the structural shift away from production towards services, jobs that require physical proximity, interpersonal communication and social skills in general account for an increasing share of employment – jobs such as hospitality service workers and social care workers.

As jobs transform, so too do the risks to health and well-being in the workplace. Whereas the number of workers exposed to loud noise, for instance, has fallen over time, the number of workers reporting that they hide their feelings at work is climbing. Risks like the latter kind, psychosocial risks, are generally on the rise. They are defined as risks that arise from the design and management of work, and its social and organisational context, that have the potential for causing psychological and physical harm.

Employers concerned about worker productivity and how to improve it should perhaps think about the effect of psychosocial risks in their workplaces on workers' performance. The European Commission, in a 2017 communication on health and safety in the workplace, noted that workplace stress has a 'serious impact on productivity' and that it is 'among the most challenging – and growing – occupational safety and health concerns'.

Broad spectrum of risk

The psychosocial risks at work are many and wide-ranging and include:

- **high work intensity**: regularly working at very high speed or to tight deadlines or not having enough time to get the job done
- **problematic working time**: long working days and weeks; regularly working atypical hours (shifts and weekends); limited flexibility
- **emotional demands**: having to handle angry clients; being in emotionally disturbing situations
- **social demands**: harassment, discrimination, bullying, and lack of support from managers or colleagues

Figure 51 provides a snapshot of the prevalence of some of these risks among workers in the EU, based on EWCS results.

Work intensity overall has increased somewhat over the years, whereas working time has improved for workers, with declines in long working days and long working hours.

More workers have emotionally demanding work: in 2010, a quarter of workers reported that they hide their feelings at work, for instance; in the subsequent 2015 survey, this figure had risen to 31%. In response to a new question in 2015 asking respondents whether they have been present in emotionally disturbing situations, 30% reported that they had.

Figure 51: Prevalence of psychosocial workplace risks, 2005–2015

	2005	2010	2015
Work intensity			
Working at very high speeds	35	32	33
Working to tight deadlines	37	35	36
Not enough time to get the job done	12	9	10
Frequent disruptive interruptions	15	14	16
Working time			
Long working days (10+ hours)	36	32	32
Long working hours (48+ hours/week)	19	17	16
Night work	19	18	19
Saturday work	53	51	52
Sunday work	28	28	30
Shift work	17	17	21
Emotional demands			
Hiding your feelings at work		25	31
Handling angry clients, etc.		10	16
Being in emotionally disturbing situations			30
Social demands (in the last 12 months)			
Physical violence			2
Sexual harassment			1
Bullying or harassment			5
Discrimination			5
Social demands (in the last month)			
Verbal abuse			12
Unwanted sexual attention			2
Threats			4
Humiliating behaviours			6

Source: *EWCS*

Social demands, such as harassment and discrimination, are relatively low in prevalence. By far the most common type that workers reported is verbal abuse, which 12% said they experienced in the month before the survey. While most adverse behaviours are not common, exposure to them may have a serious harmful effect on health and well-being and can trigger early exits from work.

The European Working Conditions Telephone Survey (EWCTS) 2021 will provide up-to-date statistics on some of these risks.

Seeking solutions

Identifying and addressing psychosocial risks is not straightforward because the social interactions and work processes causing them are often complex. Findings from EU-OSHA indicate that many companies have more difficulty tackling psychosocial risks than other hazards. Workers' reluctance to talk openly about them and the impact on their mental health is one of the main barriers, mentioned by 61% of companies in the EU27 and the UK. The human and workplace costs associated with the consequences, such as stress and burnout, however, and the fact that psychosocial risks are more prevalent in sectors with expanding employment, require that solutions are found.

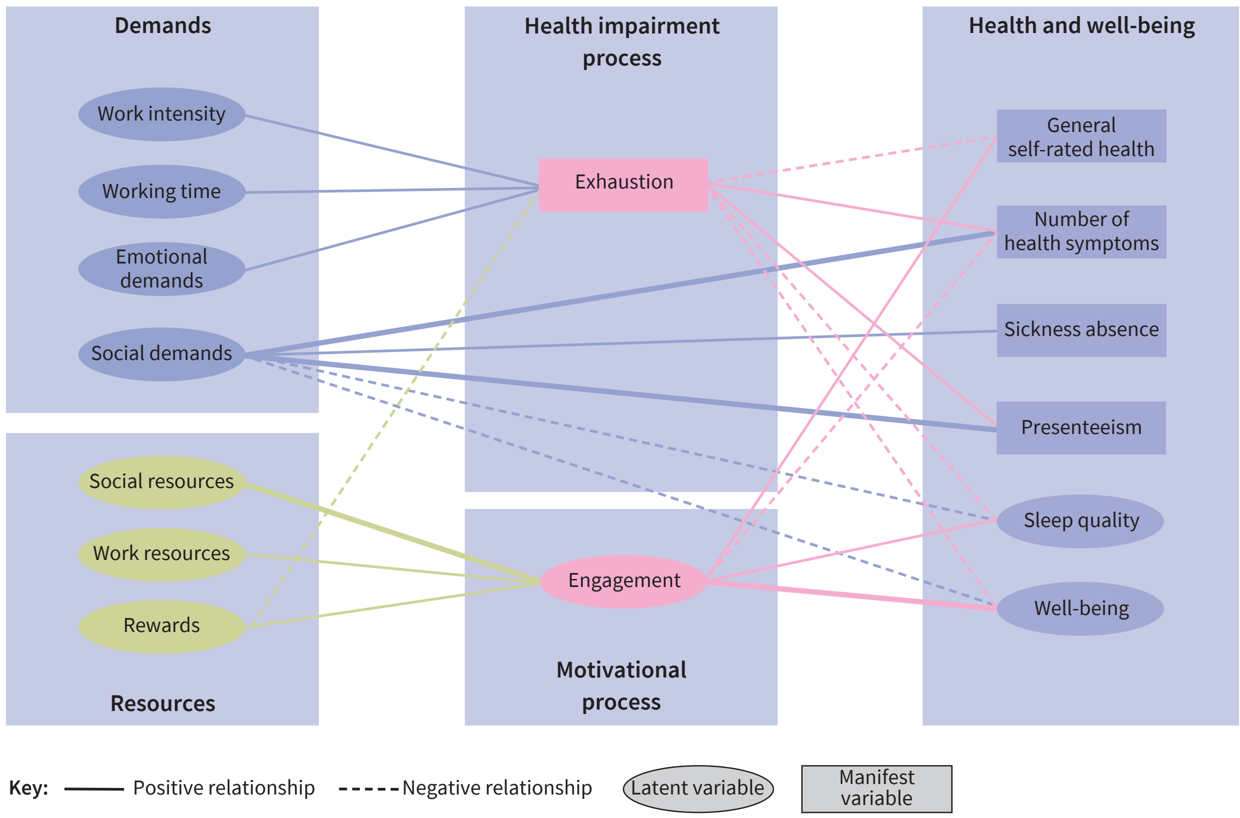
Insights from one occupational stress model – the job demands–resources model – could act as a guide for employers, involving reducing workers' exposure to psychosocial risks and increasing their access to resources. Risks in this model are demands – aspects of the job that require sustained psychological effort or skills and have psychological and physiological costs. Resources are the aspects that reduce job demands or their costs, helping to achieve one's work goals and foster personal growth; they include social resources, such as help and support from colleagues and from one's manager and recognition for one's work, and work resources, such as autonomy and participation in decision-making. They also include rewards such as opportunities for personal development, fair pay and job security.

Demands and resources affect workers' health and well-being through two distinct paths: one of exhaustion (which impairs health) and one of engagement (which is motivational and beneficial to health). Analysing EWCS data with the job demands–resources model as a framework shows the direct and indirect associations of job demands and resources with health and well-being, illustrated schematically in Figure 52.

Job demands such as psychosocial risks are linked to higher levels of exhaustion, which in turn are related to poorer health; of the four demands, work intensity increases exhaustion most. Job resources, on the other hand, are associated with higher levels of work engagement, which in turn are related to better health and well-being. Engagement has a particularly strong positive effect on well-being. Rewards have a positive effect on health and well-being not only through higher engagement but also through lower levels of exhaustion.

The model suggests that well-designed jobs translate into better health: they are characterised by suitable levels of demands, high rewards, and high levels of work and social resources. For companies to apply this model in the workplace, policies and practices should cover both work organisation and job design, with a view to reducing exposure to job demands while increasing workers' access to job resources.

Figure 52: Effect of job demands and resources on health and well-being



Note: *The thickness of the lines indicates the strength of the estimated paths.*
Source: *EWCS*

Fragmentation of work and employment relationships

The EU has set an ambitious employment target for 2030 of 78% employment among the working age population. A good question to consider in light of this target is whether it will be achieved through gains in non-standard employment types, in which case there will be more jobs but not necessarily better jobs.

The present EU labour market breaks down roughly 2:1 between workers who have standard full-time permanent employment and those who do not. The latter are in 'non-standard' employment, which is fragmented across myriad forms: part-time work, fixed-term contracts, temporary agency work, homeworking, self-employment, casual work and seasonal work. What they have in common is weaker labour rights and protections. Data from the European Commission show that close to 40% of temporary part-time workers and 32% of temporary full-time workers do not have access to unemployment benefit, and around 10% of temporary part-time workers lack protection through sickness and maternity benefits.

> **Data from the European Commission show that close to 40% of temporary part-time workers and 32% of temporary full-time workers do not have access to unemployment benefit.**

The COVID-19 pandemic exposed the inequality of this situation, with the failure of governments to include workers on non-standard contracts when they first rolled out employment-protection measures. And while schemes were later extended to cast the net beyond permanent, full-time workers, as noted in Chapter 1, not all Member States did so and not all workers were covered. Casual workers and those on zero-hours contracts were excluded in most Member States. Little surprise then that the bulk of the pandemic job loss occurred among temporary workers.

The EU has recognised the problems associated with the fragmentation of work and has extended the boundaries of EU labour regulation through a number of directives to include a wider range of employment relationships. However, some of these such as the Part-time Work and Full-time Work directives have underdelivered on the promise of ensuring equal treatment of workers of different employment statuses. The effects of the 2019 Directive on Transparent and Predictable Working Conditions, which aims to ensure that workers are aware of their working conditions when they start a job and that some minimum conditions are met, remain to be seen.

In December 2021, the Commission proposed a new directive aiming to regulate platform work, a new form of often-precarious employment that has emerged in the nexus where the fragmentation of work meets the digital revolution.

Regulating platform work

The rise of the internet and the advances in ICT created the technological infrastructure for the emergence of digital labour platforms – businesses whose activity is to match workers with clients online using algorithms. While the exchange of labour for pay can take many forms under this broad definition, it most usually involves the performance of low-skilled tasks by workers, who are defined as independent contractors under the terms and conditions of the platform. Examples are the ride services given by Uber drivers and food-delivery by Deliveroo riders. This type of work represented more than 30% of platforms and platform workers in 2017.

In 2021, the EU started a process to address the regulation of platform work because of increasing criticism of the poor working conditions of workers and a spate of court cases taken by workers demanding to be recognised as employees and not as independent contractors.

Proper classification of employment status is a critical issue in the debate around platform work, as it defines workers' rights and entitlements as regards social protection, working time, earnings and representation. Platforms have argued strenuously that the people who sign up to provide their services are not employees, but several features of their work arrangements suggest otherwise. These include the lack of control over when and where they can work, the imposition of sanctions by the platforms, and the power of the platforms to monitor and surveil them.

> **Proper classification of employment status is a critical issue in the debate around platform work, as it defines workers' rights and entitlements as regards social protection, working time, earnings and representation.**

This ambiguity over employment status, which has been contentious since the labour platforms first emerged, might finally be tackled by the proposed directive. This would establish a list of control criteria to determine whether the platform is an employer, with the aim of ensuring that people working through digital labour platforms can enjoy the labour rights and social benefits they are entitled to.

The Directive also aims to increase transparency in the use of algorithms by digital labour platforms – these are the automated systems that assign tasks, monitor them, evaluate and take decisions. At present, they operate opaquely and give workers little scope for redress if they are subject to an adverse decision. Under the proposed legislation, workers would be provided with efficient access to remedies.

In the meantime, initiatives are emerging across the EU, from governments, social partners, grassroots organisations and platforms themselves to tackle the negative aspects of platform work. These range from the introduction of labour legislation in France and Italy providing platform workers with minimum social rights to the setting up of worker representative organisations for bike-courier platform workers in Spain.

> **Organisations to represent platform workers' interests are often short on resources and limited in their ability to move beyond enhanced dialogue to actually improve working conditions.**

The impact of these initiatives has tended to be limited for various reasons. Legislative steps in theory should be powerful tools to improve platform workers' employment and working conditions, but their effectiveness is blunted by their restricted scope and enforceability issues. Organisations to represent platform workers' interests are often short on resources and limited in their ability to move beyond enhanced dialogue to actually improve working conditions. Closer cooperation of these organisations with established trade unions might lead to more impactful outcomes.

Initiatives to support platform workers would have better visibility and access to resources if they were embedded in wider strategies such as national digitalisation policies. At the same time, it would be important that they were designed to achieve adequate protection for workers without hindering innovation and technological progress.

Digitisation in the workplace

Like previous technological revolutions, the digital revolution will require organisations to change their ways of operating, moving away from labour-intensive to more technology-intensive types of work organisation. This will alter the content of jobs. While social jobs are on the rise, Eurofound has found that jobs themselves are becoming more routine – more repetitive and standardised – and less social as technology permeates workplaces. Advanced technologies in the workplace will shape job quality, but whether for good or ill remains to be seen.

> **The most well-established advanced technology in Europe at present is the internet of things (IoT). … 18% of enterprises in the EU27 employing at least 10 people use IoT.**

The most well-established advanced technology in Europe at present is the internet of things (IoT). IoT comprises networked sensors attached to outputs, inputs, components, materials or tools used in production. IoT-enabled applications are increasingly common in industrial manufacturing, where their role ranges from monitoring production processes and the conditions of machines to shop floor, inventory and supply-chain management. IoT also allows for interlinked and automated process optimisation in factories, reducing the need for human decision-making.

IoT applications also include electronic monitoring systems and wearable computing devices that can be used to monitor work processes and employee performance, ultimately guiding management decision-making.

According to Eurostat data from 2020, 18% of enterprises in the EU27 employing at least 10 people use IoT. Its use is strongly sector-based, with high levels of usage in the utilities (38%) and transport and storage (27%) sectors. It has reached operational maturity in sectors that are highly capitalised and already technology rich, such as the oil and gas and automotive sectors.

Job quality

What has been the impact on job quality in the workplaces where IoT has been introduced? This is a question Eurofound looked into in 2021, conducting case studies of companies that have implemented IoT and examining how it affected the different dimensions of job quality.

Skills and autonomy

The technology has had most impact on the area of skills and autonomy at work. In the companies studied, adoption of IoT for the most part has upgraded the skills of staff in managerial and engineering positions, which has in turn increased their ability to make decisions independently. The skills boost for lower-skilled and blue-collar workers has been more muted, while their autonomy seems to have diminished.

> IoT has had most impact on the area of skills and autonomy at work.

In some of the companies, the use of IoT-based systems created opportunities for shop floor and assembly workers to develop only basic digital skills without further development. In one case, the skills acquired were said to be very specific and unlikely to be transferable to other companies, hence they did not necessarily increase the employability of this group of workers. Employees in managerial, technical and engineering positions had more opportunities to develop more advanced analytical skills, resulting in better career prospects both within and outside the companies.

In two manufacturing companies, IoT created a more controlled environment, which reduced the autonomy of shop floor and assembly line workers. It therefore had a dual effect, improving the efficiency of employees while decreasing some of their latitude to work independently. In another company, a plant nursery, it did not diminish job discretion per se; however, it reinforced the existing task-driven work organisation characterised by limited work autonomy for those working on the assembly line.

In the case of a utility company, adoption of IoT resulted in blue-collar workers taking on more supervisory, analytical and interpretative roles, which required new analytical skills. However, this upgrading of their job profile – facilitated through training – did not result in greater work autonomy. On the contrary, it was curtailed as the technology determines the order of tasks and the speed and pace of work. The acquisition of new skills by white-collar workers in management and technical roles, however, did result in more autonomy: they gained better oversight into processes for which they are responsible, reducing reliance on higher levels of management in their day-to-day work.

Physical environment

IoT has had an overall positive impact on the physical environment in the workplace. In the case studies, IoT improved workers' physical safety by monitoring the work environment, detecting potential hazards at an early stage, reducing risks of errors and automating more hazardous tasks.

> IoT has had an overall positive impact on the physical environment in the workplace.

One concern was the increase in sedentary work. Employees are able to access data from their workstations or computers, thus potentially increasing their exposure to ergonomic risks and affecting their eyesight and levels of physical activity.

Social environment

In terms of the social environment, the evidence from the case studies pointed to different outcomes depending on the particular technologies involved and the specific situation that it was used.

For example, at one company, IoT adoption resulted in better communication and more interactions within the production unit (between assemblers) and between engineering and management units, as more decisions are taken in collaboration with engineers.

At another, although production workers continued working in teams, the IoT-based monitoring system reduced the presence of and interactions with managers on the shop floor. The close monitoring of employees' activities enabled by the IoT system – including the number and duration of rest breaks – also influenced employees' behaviours to some extent and reduced informal exchanges and interactions between employees during working time.

Working time

The implementation of IoT did not alter working time for employees; however, there are instances in which it resulted in more favourable working time arrangements. For example, in one utility company IoT improved working time quality for water plant operators, even though the establishment continued to operate 24/7. The continuous monitoring of the water network enabled by the IoT system made it possible to reduce night and weekend shifts. It also enabled remote working, which, although appreciated by staff, brought new challenges, particularly for white-collar employees, creating expectations of continuous availability and making it more difficult for them to disconnect.

Work intensity

The evidence from the case studies suggests that use of the technologies can intensify work, particularly in the initial phase of deployment and particularly if no or limited training or support is provided to workers.

For example, in two companies, the use of IoT resulted in higher levels of stress among staff during the transition phase, mainly relating to the process of learning and adjusting to new tasks and responsibilities. However, once workers familiarised themselves with the newly introduced technology, the workload eased for shop floor or operational personnel. Employees in managerial positions had to cope with new tasks requiring additional analytical skills, thus adding more pressure to their day-to-day work.

> **The spread of digital technologies will radically augment employers' tools for monitoring employees.**

Employee surveillance

The spread of digital technologies will radically augment employers' tools for monitoring employees. Surveillance functionality is intrinsic to digital technologies, raising ethical questions about the relationship between employer and employee and the right to privacy.

The logging and reporting functionalities that enable the collection of fine-grained information about their usage can also be used for employee performance monitoring. However, in most cases, the technology was introduced primarily to optimise production processes. Only in one case study was IoT specifically designed to monitor employees' activities and performance. In another case, employee monitoring was a by-product of the IoT-enabled monitoring of the production process and the data were used to determine financial and non-financial rewards for shop floor workers.

Takeaways

- Workers, employers and policymakers need to pay more attention to psychosocial risks in the workplace, such as harassment, work intensity and the experience of emotionally disturbing situations. These risks, which are on the rise in the growing service economy, are harmful to workers' health and well-being and detrimental to productivity. Research shows that balancing these risks by providing rewards and resources can help to offset the damaging effects.
- Over one-third of workers are in insecure jobs, which often provides reduced access to social protection including paid leave, sick leave and other entitlements that employees in full-time permanent employment benefit from. Platform work is another more recent manifestation of such non-standard employment, but the proposed directive to regulate platform work seeks to ensure that workers employed by platforms enjoy the labour rights and social benefits they are entitled to.
- Digital technologies in the workplace are transforming the content of jobs, which could be beneficial or harmful to job quality. Case studies of one technology, IoT, found that it had the most impact on the skills and autonomy of workers. The skills of higher-skilled white-collar workers were upgraded with the adoption of IoT and increased autonomy resulted from this. Lower-skilled workers acquired only basic skills for the most part, while the controlled environment created by IoT reduced their decision-making latitude.

Read more

Topic: Psychosocial risks eurofound.link/psychosocial

Topic: Non-standard employment eurofound.link/nonstandardemployment

Topic: Digitalisation eurofound.link/digitalisation

Flagship: The digital age: Automation, digitisation and platforms https://www.eurofound.europa.eu/data/digitalisation

Report: Working conditions and sustainable work: An analysis using the job quality framework eurofound.link/ef21021

Report: Digitisation in the workplace eurofound.link/ef21001

Policy brief: Initiatives to improve conditions for platform workers: Aims, methods, strengths and weaknesses eurofound.link/ef21035

Blog post: Charting a positive path for platform workers eurofound.link/ef21067

Blog post: We need to talk about AI eurofound.link/ef21088

Hear more

Podcast: Sustainable work https://soundcloud.com/eurofound/eurofound-talks-sustainable-work

11

Eurofound in 2022

Eurofound in 2022

2021 marked the start of Eurofound's four-year programming period for 2021–2024. This first year saw Europe battle through a second year of the COVID-19 pandemic, though with increasing confidence as vaccination programmes protected populations against the virus and evidence strengthened the belief that the EU had withstood the worst of the economic and social repercussions. The EU pushed forward with its policy programme driving a recovery focussed on a climate-neutral economy and a more equal society. The invasion of Ukraine at the end February 2022 has cast a shadow over the EU's forward planning; there is no doubt that it will alter its vision for the future – in what way is yet to be seen.

Eurofound developed its work programme for 2022 prior to this event, and much of the Agency's focus will be on analysing the changed lives and work of Europeans resulting from the crisis induced by the pandemic.

The programme is operationalised through six strategic areas:

1. **Working conditions and sustainable work:** providing comparative data and analysis that can be used to improve job quality and promote sustainability of work over the life course.
2. **Industrial relations and social dialogue**: functioning as a centre of expertise for monitoring and analysing developments in industrial relations and social dialogue, promoting dialogue between management and labour.
3. **Employment and labour markets**: providing knowledge to identify changes in the labour market and inform employment policies to improve its functioning and inclusiveness.
4. **Living conditions and quality of life**: mapping and analysing key elements for the improvement of living conditions of people, including information on their perception of quality of life and society.
5. **Anticipating and managing the impact of change**: providing evidence on structural changes, driven largely by digitalisation and climate change but also by the COVID-19 crisis, which can be of use in ensuring a just transition to a climate-neutral economy.
6. **Promoting social cohesion and convergence**: contributing to the policy debate on fairness and informing policies aimed at improving social cohesion and promoting convergence towards better living and working standards in the EU.

The main outputs from each of these activities in 2022 are described briefly below.

Working conditions and sustainable work

Eurofound conducted the European Working Conditions Survey in 2021 using computer-assisted telephone interviews (CATI) and a shortened and adapted version of the questionnaire originally developed for the survey. The report of the findings of the European Working Conditions Telephone Survey (EWCTS) will explore the multiple dimensions of job quality and compare the situation in the Member States, for different sectors, occupations, age groups and by gender. It will provide a snapshot of working conditions in a world of work characterised by the experience of a severe, worldwide health crisis and its economic impact.

The impact of the crisis on working conditions will be further examined in a report focusing on telework. Building on previous Eurofound research on the topic, the report investigates the prevalence of telework and the experience of workers who were working from home during the crisis. It also looks at developments in regulations related to telework in Member States and provides a review of stakeholders' positions.

Related to telework, Eurofound's 2021 research on how the right to disconnect is implemented at company level will be complemented by an additional module focusing on quantitative data, which demonstrates the impact of right to disconnect policies at company level on worker well-being and work–life balance.

Industrial relations and social dialogue

Eurofound will continue to report on trends and developments in national industrial relations systems, including social dialogue and working life outcomes. This will take account of the drivers of change, how they affect industrial relations, including through the emergence of new actors, and how industrial relations shape the processes and impact of change.

Developments in national tripartite or institutional social dialogue and the involvement of social partners in policymaking is an ongoing theme in this activity. A report will be published on the involvement of the national social partners in the preparation of the new resilience and recovery plans and the national reform programmes (NRPs) that were temporarily integrated under the European Semester in 2021.

Comparative information will be published on developments affecting minimum wages (uprating of the levels and changes in the systems for setting them), in the context of the European policy debate. Findings will be published on collective bargaining following the health, social and economic crisis, and research exploring developments in greater depth in selected sectors will be finalised.

Eurofound will support European social dialogue by conducting a series of studies on the representativeness of social partner organisations in specified sectors. Five studies will be published.

Employment and labour markets

Reporting on structural change in the labour market continues under this activity with a report assessing how the pandemic has altered the structural development of employment in European economies. The impact of the pandemic has varied across sectors, occupations and categories of workers; the report aims to identify where these effects are likely to be transitory and where they are likely to be longer-lasting.

Data from the European Company Survey 2019 form the basis for a report on the association between workplace skills and company performance. It also looks at how other workplace practices, in terms of work organisation, human resources management and employee involvement, can impact on this.

A project assessing the effectiveness of specific types of policy measures to address labour shortages will publish its findings. Some focus will be placed on interventions tackling the shortages that are emerging or increasing in specific sectors and occupations by fostering the activation of groups currently underrepresented on the labour market, such as young people, women, people with disabilities and migrants.

Living conditions and quality of life

Older people and the impact of the COVID-19 pandemic on their quality of life is the theme of the first publication of the year from this activity. It examines how their well-being, finances, employment and social inclusion were affected, as well the effects on the use of care services and their reliance on other supports. It also looks at the policy measures implemented by Member States to support older people in the pandemic period.

Gender equality continues to be explored in 2022, with a report on the changes in the distribution of paid and unpaid work, along with care and domestic responsibilities, among men and women during the crisis. It includes an analysis of how the well-being of both was affected. In addition, the report examines initiatives by Member States to prevent widening gender divides over the course of the pandemic.

Anticipating and managing the impact of change

One research strand in this area focuses on the digitalisation of working life, and a report on the ethical implications of the use of digital technologies, such as artificial intelligence, in the workplace will be published in 2022. It maps European and national policy and regulatory initiatives that aim to ensure an ethical implementation of new digital technologies and explores the role of the social partners in their design and implementation.

The impact of digitalisation on the financial services sector is the focus of another report, as process automation in the sector is likely to lead to significant job losses over the next 10 years. This report uses a combination of case studies and analysis of survey data to show how wide-ranging structural changes in the sector are managed and what the implications are for work and employment conditions.

Promoting social cohesion and convergence

Work on monitoring upward convergence in the EU continues under this activity. The first output in 2022 in this strand will be a policy brief on the current state of play. The emphasis is on capturing the effects of the COVID-19 crisis on convergence and assessing whether protective and recovery measures were effective in preventing divergence at national level and, where possible, regional level.

Another research output under this activity presents the results of a project on recent trends in inequality in the context of the COVID-19 crisis, which has increased inequality between social groups in health, housing, employment, income and well-being. Drawing on current research on how to best measure multidimensional inequality, this report highlights recent trends in inequality in the context of the COVID-19 crisis. The report provides an estimate of the extent of multidimensional inequality and its main drivers and aims to inform policymakers on counteracting the effects of the crisis on social disparities.

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Eurofound's brief

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

Eurofound, a tripartite European Union Agency, provides knowledge to assist in the development of social, employment and work-related policies.

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