

Session II.

Fair employment and working conditions.

Session Scope

- Full-time, permanent work is still the prevalent employment relationship in Europe.
- However, new forms of work and technological innovations are changing established working practices and business models. New contracts, novel remuneration schemes, and changing approaches to human resource management and company culture are transforming work, as well as employer-employee relations.
- Changes in jobs and working status are increasingly common, career patterns are more diverse, and there is greater occupational and geographical mobility. Working life is being transformed by the combined effects of technological progress, globalisation and the growth of the services sector. This means that individuals and businesses are faced with an increased pace of change to acquire new skills, adjust to new business models and sources of competition, and adapt to shifting consumer preferences.
- These transformations, combined with broader societal and demographic shifts, lead to new issues of work-life balance and welfare provision, as well as new considerations concerning health and safety at work.
- Among specific population groups, the rise of non-standard work is increasing the risk of low-wage earners, as well as precarious and often uncertain working conditions.
- Overall, the risk of poverty or social exclusion in the EU has been falling from its high of 2012. However, in-work poverty, particularly among the young, has intensified in a number of Member States.
- Social dialogue plays a central role in reinforcing social rights and enhancing sustainable and inclusive growth. There is a diversity of social dialogue practices, collective bargaining agreements and wage setting systems across the different Member States. The social partners play a key role in contributing to a social market economy that aims to deliver economic performance and social fairness

Main issues for discussion

- How can decent and fair working conditions be ensured for all workers, regardless of their employment relationship?
- What are the national or EU initiatives that can be further developed to guarantee decent work and remuneration, and equitable access to welfare and social protection?



1. The changing world of work

Europe is a good place to work

Over the past decade, and in spite of the crisis and its deep effects on Europe's societies and economies, **Europeans are increasingly satisfied with their jobs** (Figure 1).

Decent work, quality jobs and fair working conditions are important to all individuals. These are also fundamental for economic growth, cohesion and the well-being of our societies.

Job quality is determined by the intensity of work and working time, earnings, the physical and social environment at the place of work, skills, discretion and involvement in the organisation of work, and the prospects of advancing in one's career or of losing one's job. There is also a wider societal dimension as **work gives meaning to people's lives, contributes to determining their identity and provides a feeling of self-fulfilment.**

Of the 11 million jobs that have been created since the height of the crisis in early 2013, **70% are permanent and 80% are full-time jobs.** After several difficult years, incomes from work have started to increase. Together with social transfers, **households have seen their disposable incomes grow again.** In 2016, household disposable incomes in the euro area reached the same levels as in 2008.

Nonetheless, in Europe today, **1 in 5 workers holds a job** that requires the lowest levels of skills and offers the lowest levels of earnings and prospects. Although the **risk of poverty or social exclusion in the EU overall has been falling** from its high of 2012, in-work poverty and extreme forms of poverty including homelessness, particularly among the young, have increased in a number of Member States.

Social dialogue plays a central role in reinforcing social rights and enhancing sustainable and inclusive growth. There is a diversity of social dialogue practices, collective bargaining agreements and wage-setting systems across the different Member States and the social partners have a key role in contributing to a social market economy that delivers economic performance and social fairness.

Profound transformations underway

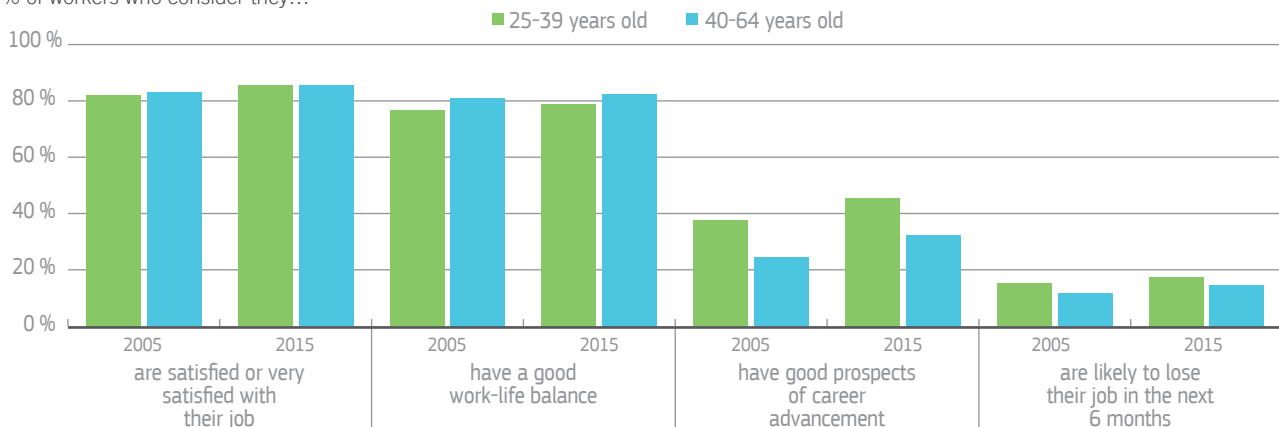
Changes in jobs and working status are increasingly common, career patterns are more diverse, and there is **greater occupational and geographical mobility.** Working life is being transformed by the **combined effects of technological progress, globalisation and the growth of the services sector** (Figure 2). This means that individuals are having to cope with an increased pace of change to acquire new skills, adjust to new business models and sources of competition, and adapt to shifting consumer preferences.

Technology also increasingly allows work to enter into private lives, blurring longstanding understandings of desirable work-life balance, and even creates new forms of occupational stress.

Some of these changes are most visible with the emergence of **online platforms, the collaborative economy** and the **new forms of flexible working** that come with them. For many, the transformations underway thanks to the use of digital tools and the possibilities offered by flexitime and telework represent an unprecedented opportunity.

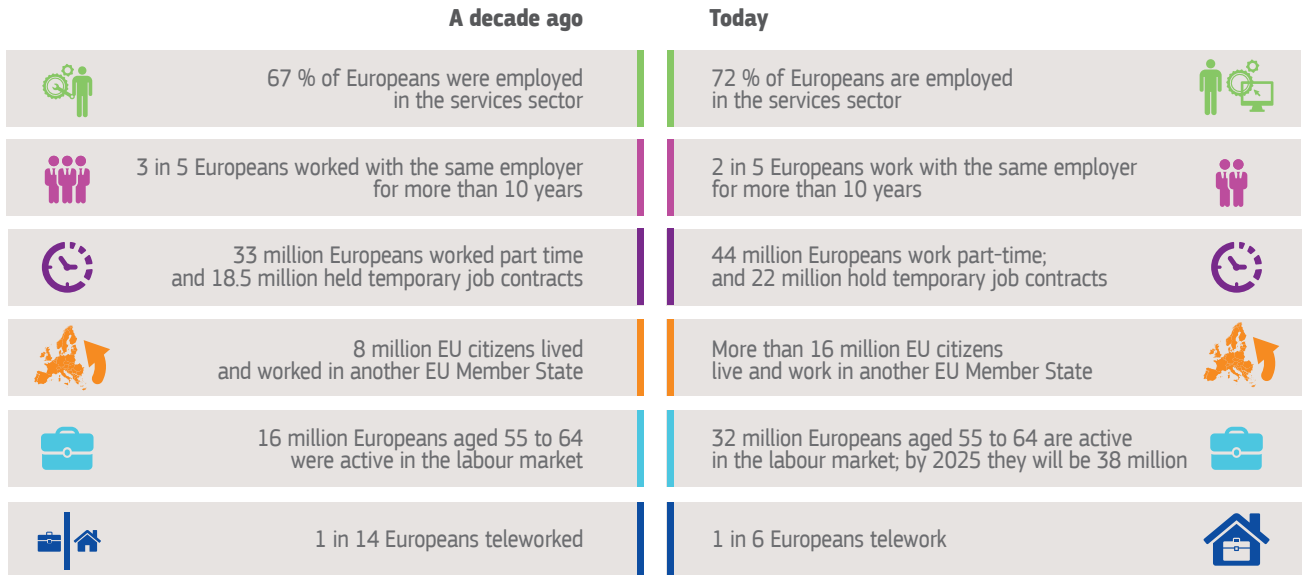
Figure 1. Work satisfaction has improved among all Europeans over the past decade

% of workers who consider they...



Source: European Commission

Figure 2. New realities in Europe's labour markets: a decade ago and today



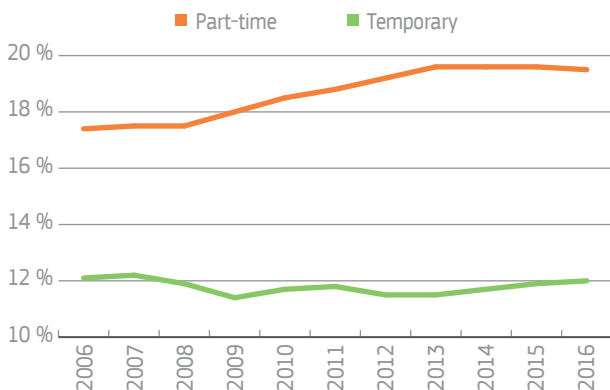
Source: European Commission

Over the years and particularly since the financial crisis, concerns with the wider economic and business conditions, and pressures to remain competitive have led firms and employers to **prefer more flexibility** in adjusting their workforce. The past decade has seen the increase of **part-time contracts**, for both men and women (Figure 3) and even of **zero-hours contracts** whereby the employee is expected to be available for work as and when required and receives compensation only for hours worked, while the employer is not necessarily obliged to give the worker any work.

In some cases, new types of contracts can act as a **stepping stone into the world of work** for those who had previously been excluded. In others, however, these changes may be a **source of insecurity**. For younger workers with lower levels of education and for many women, temporary, flexible or part-time work is not always the preferred option. Younger workers in particular are more likely to hold a temporary contract (Figure 4) and remain employed on temporary contracts for longer periods than in the past; they also report **lower levels of coverage by collective agreements**. This is often also the case for workers with migrant background.

Figure 3. Part-time work increased during the crisis

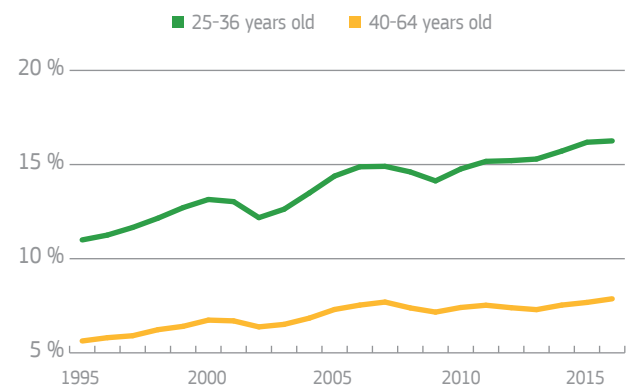
Part-time and temporary work as % of total employment, 2006-2016



Source: European Commission

Figure 4. Young workers are more likely to be in temporary jobs

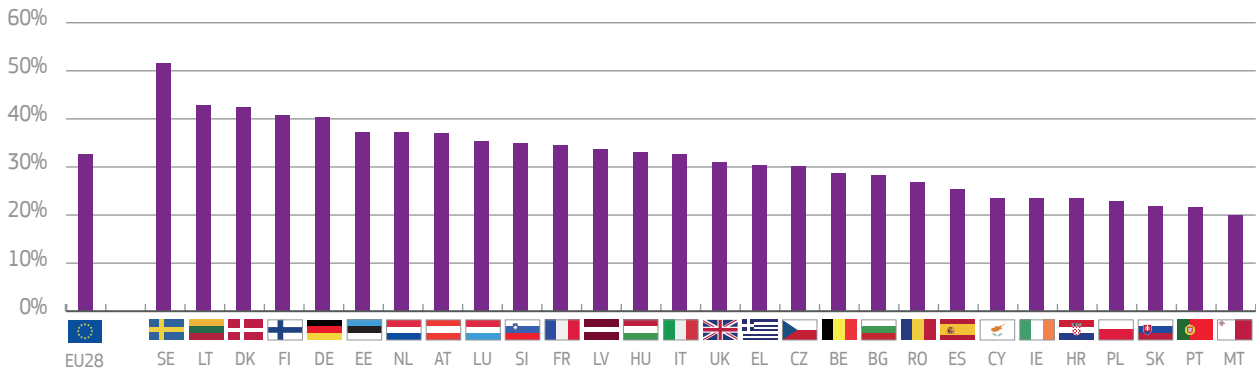
Share of younger and prime age employees with temporary contracts, 1995-2015
In %.



Source: European Commission

Figure 5. Single-person households are increasing and make up a third of households in Europe

% of total households composed of a single adult with no children, 2016



Source: European Commission

The difference in the part-time employment rate of men and women is notable; it is under 9% for men whereas it is almost 32% for women. As women are often responsible for much of the unpaid household and caring work, part-time can seem like the most viable solution. This results in lower income, fewer career opportunities and increased risk of poverty and social exclusion, and in the longer-term, lower pensions.

As regards wages, in a number of Member States, developments are not necessarily in line with productivity trends. Moreover, there is evidence of **wage inequalities** and fewer prospects of advancement for some, creating a risk of increasing **labour market polarisation**.

All these changes in the world of work are occurring against the backdrop of **wider societal and demographic shifts**. Decades of peace, healthcare coverage, medical progress and better living and working conditions across Europe have substantially raised life expectancy, and more people are enjoying longer and more active retirement. Longevity is not always matched by healthy life years, but together with falling fertility rates, Europe’s population is ageing. **Today there are more people aged over 65 than children under 14 living in the EU. By 2050, almost a third of Europeans will be aged 65 or more.** While ageing can

be a source of new jobs, it also creates new needs and raises a different set of employment-related challenges for the future.

Changing lifestyles are also reflected in the fact that in 2016, single-person households have increased and have now become the most common household type, accounting for a third of all households in the EU (Figure 5). Consequently, households with children have decreased, but at the same time the share of single adults with children has increased, with 85 % of all one-parent families being led by women.

These developments create **new risks** and the potential for new forms of inequalities, with repercussions in terms of **social assistance, benefits and protection, pension planning, childcare and healthcare**. Innovations that allow to better manage work-life responsibilities for both men and women, and the risks of insecurity, poverty and social exclusion could help reduce these new risks. They also entail the roll-out of new social rights, such as adapting working time, rest periods and **health and safety requirements**, and **addressing** emerging challenges related to stress and depression, obesity, environment-related diseases and technology addiction.

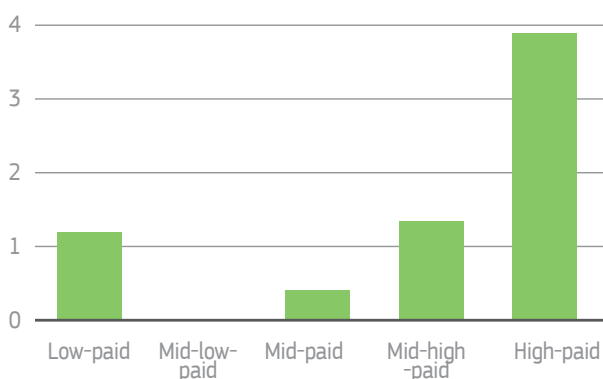
2. Main challenges ahead

A fair and decent living

Full-time, permanent work is still the prevalent employment relationship in Europe. Recent employment growth in the service sector but also in manufacturing has seen greater gains in jobs at the top and bottom of the wage distribution (Figure 6).

Figure 6. Most jobs created in highest and lowest pay levels

Net employment change in millions by job-wage quintile, 2011 Q2-2016 Q2



Note: Calculations based on data from 2011-2014 EU-LFS and 2010 Structure of Earnings Survey (SES)

Source: Eurofound

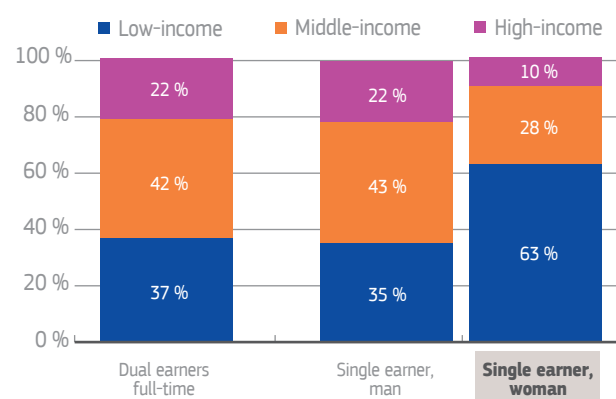
The rise of non-standard work in certain population groups is increasing the incidence of low-wage earners and the risk of income insecurity. Part-time work has increased for women, but also for men in recent years, particularly in low-paid service jobs, including many jobs which, to date, have been mainly occupied by women, such as retail sales assistants and personal services workers in the food and beverages sector. Moreover, **workers on permanent contracts earn on average about 15% more than workers on fixed-term contracts with similar characteristics.** This gap affects their current disposable income, as well as their ability to acquire pension rights. Lastly, migrants tend to dominate employment in lower paid jobs and tend to be over represented in part-time work and fixed term contracts. As it is natives that have benefitted the most

from job-creation in the higher-paid jobs, this has intensified the polarisation between native and non-native workers in most Member States.

Having a job does not necessarily protect against poverty. The latest statistics put almost 10% of European workers at risk of poverty (it is estimated at around 8.7% for women and 10.2% for men). Although situations differ substantially across Europe, in-work poverty increased in most EU countries during the crisis. The risk is higher for households where the sole earner is a woman (Figure 7). Young workers, temporarily employed people, as well as those with low levels of education are particularly exposed to the risk of poverty and social exclusion.

Figure 7. Households led by women earn less than those headed by men

Household breakdown by level of income earned through employment, 2015

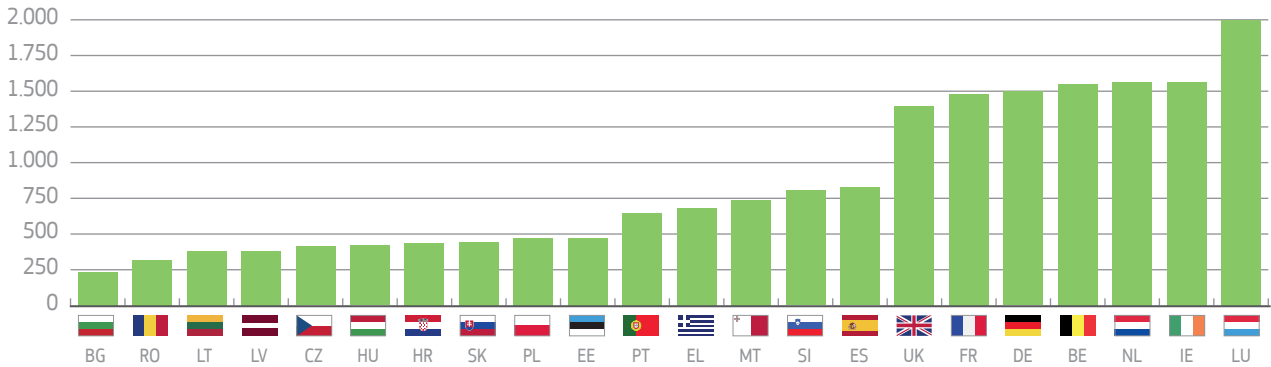


Source: Eurofound

Member States have a wide set of policies and instruments, at different levels of government, aimed at addressing conditions that lead to poverty and social exclusion, and at tackling deep-rooted disadvantages faced by certain groups of society, in both pre-emptive and corrective ways. Social inclusion strategies have prioritised the need to address **child poverty**, **active inclusion** of people furthest away from the labour market, and decent **housing**. The provision of **adequate minimum wages** also plays a vital role in alleviating the

Figure 8. Minimum wages in EU Member States

Euro per month, January 2017



Note: Certain Member States have a national statutory minimum wage, others rely on collectively agreed systems.

Source: European Commission

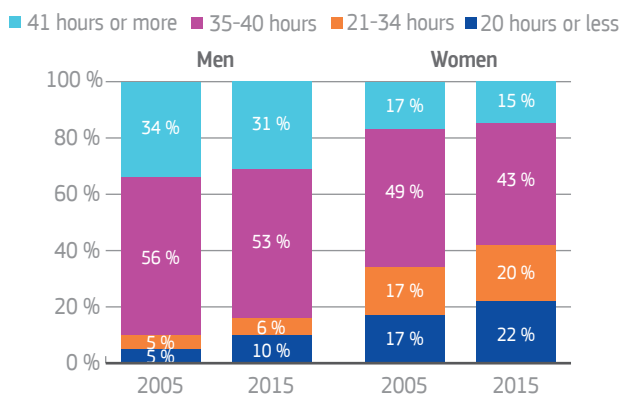
worst impacts of poverty and social exclusion in many Member States. One challenge is establishing national minimum wages that enable a decent standard of living while not discouraging recruitment of the least skilled. 22 out of the 28 Member States have a national statutory minimum wage, though these vary significantly across Europe. Some have a long tradition of ensuring a national minimum income for those on the lowest-paid part of the workforce; others have introduced minimum income legislation only recently; and others, rely on collective agreements (Figure 8).

The **number of hours worked** affects the prospect of earning a fair and decent living. Just as excessively short working hours can be problematic, long working

hours (defined as more than 48 hours per week) impact on workers' health, mental well-being and work-family balance. This affects in particular low-paid workers and those who have little influence over their jobs or work environment, such as domestic workers. At the same time, longer working hours for some occupations result in higher compensation. There is a gender dimension here as men make up a higher share of the employees working long hours across Europe (Figure 9). In addition, women take up a much larger share of unpaid housework and care. Gender stereotypes and cultural expectations about working hours perpetuate these trends while the expectation of long working hours in certain sectors may limit women's career progressions and put pressure on men.

Figure 9. The differences in the number of hours worked per week between men and women are growing

Hours worked per week by % of total employed, 2005-2015



Source: Eurofound

In addition, **nearly 5% of workers report having more than one job**. In most cases, the second job is an 'occasional' rather than a 'regular' job. Although the number of workers with multiple jobs varies between Member States, multiple job-holders tend to be professionals with higher levels of education or employed in elementary occupations. It is noteworthy that **those with multiple jobs are nearly 1.5 times more likely to report not being well paid in their main job** than those who report having only one job.

Transparent and predictable working conditions

Transparency in working conditions, in benefit levels, and in wages can also contribute to a committed, involved and healthy workforce and can foster productivity and competitiveness of individual companies and the EU economy as a whole. Transparency also avoids legal uncertainty which entails disadvantages and litigation costs.

Many workers are not sufficiently aware of, nor do they possess a formal confirmation of some of their basic rights, such as holiday pay, duration of their probation period, applicable conditions when posted abroad, or their rights to parental leave. This is particularly the case for certain occupations and some new forms of employment (such as on-call work or work connected with online platforms); it is also often the case for internships, apprenticeships and traineeships.

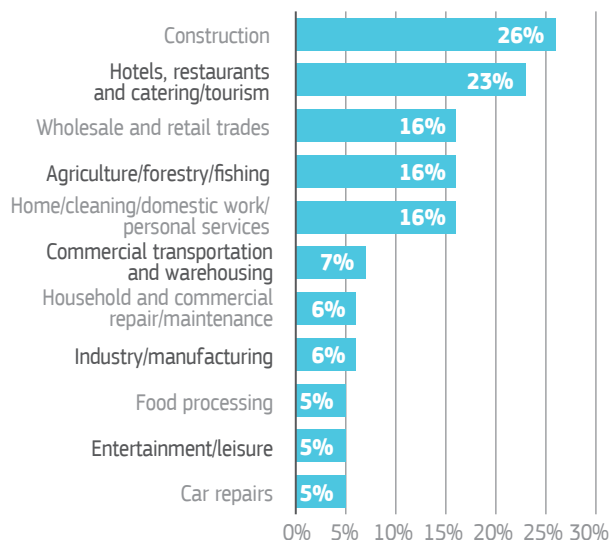
Better information obligations could also **help public authorities to address undeclared work**. Undeclared work can take different forms. It includes declared work with an undeclared element or bogus part-time work. And it ranges from work undertaken by those claiming social assistance or registered unemployed, to undeclared or irregular immigrants working without permits.

Actual or perceived high taxes and social security contributions, as well as actual or perceived bureaucratic schemes can in some sectors in particular encourage employers and employees to cooperate in order to circumvent regulations for the payment of tax, leading to partially declared work (Figure 10). They can also encourage effectively dependent workers to set up as self-employed.

Regardless of the motives or the forms it takes, undeclared work **deprives workers of social protection**, puts their **health and safety** at risk, and **lowers labour standards**. It also **undermines fair competition** for businesses and endangers the **sustainability of public finances** and **social security systems**. Measures that detect and penalise undeclared work; that simplify bureaucracy to enable compliance and provide tax incentives; and that tackle the cross-border aspects of undeclared work and exchange insights regarding policies that have had a positive impact, could contribute to tackling undeclared work.

Figure 10. Sectors where undeclared work is most commonly reported across Europe

As reported by Member States, in 2016, in %



Source: European Commission

Addressing persistent gender gaps and reconciling work-life balance

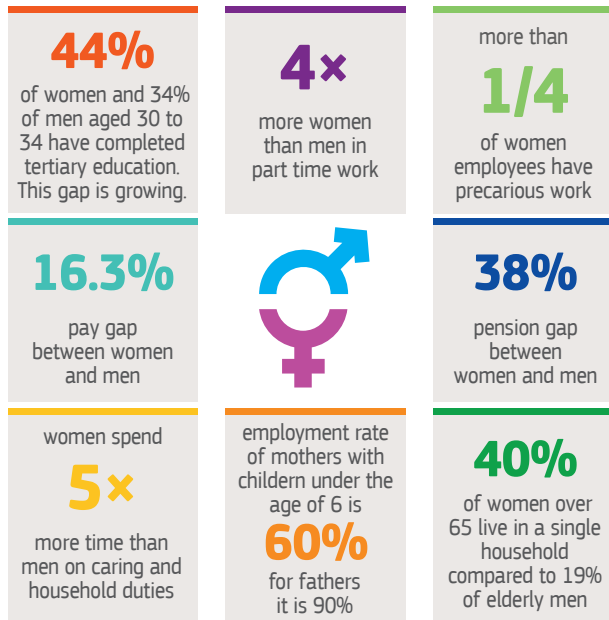
Women's position in Europe's labour markets has improved considerably in recent decades but it is still far from being an even playing field (Figure 11). Gender stereotyping persists, and the opportunities for men to share family responsibilities on an equal basis with women are still limited. It is mostly women who take up leave provisions, thereby reproducing gender inequality in the labour market and in the household (see Figure 9), and **perpetuating gaps in gender employment, pay and pension**.

Significant differences regarding the gender pay gap persist between the Member States. Some have introduced legislation to narrow it and others require companies to increase the transparency of wages paid to male and female colleagues doing comparable work.

Legal frameworks that promote non-discrimination, improve family leave opportunities for fathers and foster gender equality, contribute positively to our economies, particularly in view of Europe's ageing societies. A careful balance is needed in order not to create new leave or part-time pitfalls for women. Structures which provide for affordable and high quality early childcare and care for other dependents also contribute to secure possibilities for parents and carers to participate in the labour market.

Figure 11. Gender gaps persist

2016 or latest available data



Source: European Commission

Managing longer working lives

Population ageing has already started to have considerable impacts on our societies. The average expected years of working life varies (Figure 12) across Member States and the EU average stands at around 38 years for men and 33.1 years for women. Retirement ages have been raised throughout Europe, yet the gap between official and effective retirement ages remains significant in many Member States. The average age at which workers exit the labour market in the EU is just over 61 years, which is significantly younger than the average official retirement age.

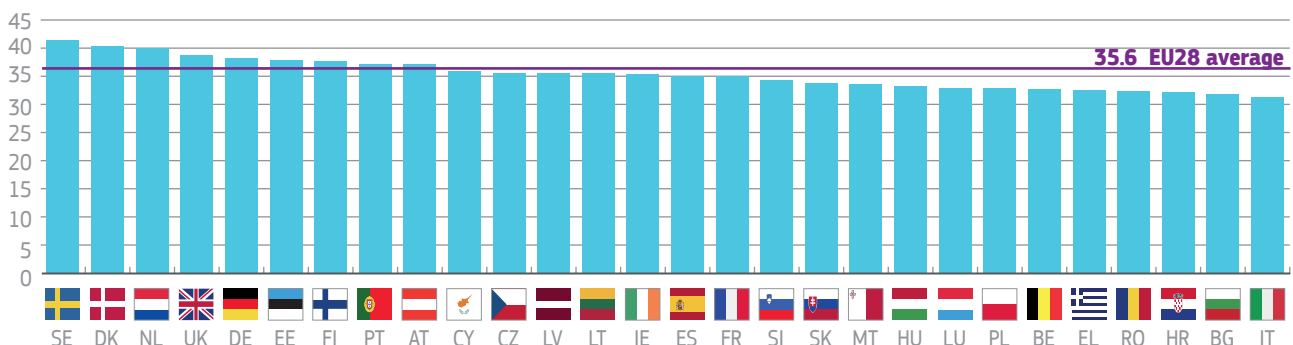
Illness or disability are the main factors explaining why around **one-third of inactive men** and one-fifth of inactive women **aged 40-64 are not searching for a job**. Gendered differences persist: for nearly a quarter of inactive women in this age group, family or care responsibilities prevent them from searching for a job. If workers drop out of the labour market because of health problems and there is no possibility for early retirement or similar schemes, this may seriously affect **poverty and public spending on social assistance**.

Achieving sustainable work involves a range of interacting factors from different policy areas. **Social partners are vital** in encouraging businesses and employers across sectors to reduce the risks of accidents, improve working environments and limit the long-term exposure of workers to chemical substances or demanding physical work. It is noteworthy that cancer is the first cause of work-related deaths in the EU, accounting for 53% of annual work-related deaths.

Looking ahead, **automation is likely to reduce the number of occupations which include heavy physical workload**, and may also **facilitate older workers staying longer** in the workplace. At the same time, **'sit-down' work is likely to increase**; this could have negative implications for musculoskeletal disorders, while stress-related risks which tend to be more prevalent among service-sector workers are likely to grow in importance (Figure 13). As working lives are lengthened, new solutions for working conditions and career paths are needed to help workers retain their physical and mental health, skills and employability, motivation and productivity, while better reconciling work with their private life. This is crucial to ensuring a fair intergenerational sharing of the burdens associated with demographic ageing. At the same time, good quality work has a positive effect on both physical and mental health and wellbeing, while poor physical and mental health and being out of employment are linked.

Figure 12. Length of working life varies in Europe

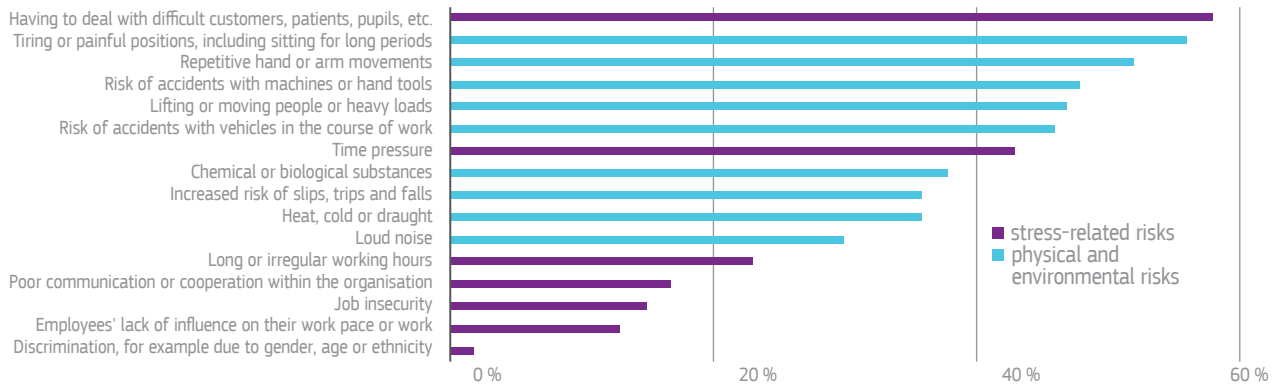
Average expected years of working life (men and women), 2016



Source: European Commission

Figure 13. Risks at work

Physical, environmental and stress related risks reported at work, 2014



Source: European Agency for Safety and Health at Work (EU-OSHA)

3. Ongoing EU initiatives: a selection

Commission initiatives	Current status
<p>Mainstreaming social priorities and indicators in country-specific guidance and priorities under the European Semester of Economic Policy Coordination.</p>	<p>Adopted in November 2014 and embedded in the annual cycle of the European Semester.</p>
<p>A robust regulatory framework that improves fair and decent working conditions and promotes healthy working environments for all workers in all Member States. Initiatives include:</p> <ul style="list-style-type: none"> • a renewed partnership between social partners and the EU institutions to promote EU growth and create jobs; • a Platform against undeclared work; • the revision of the Posting of Workers Directive; • a consultation of the Social Partners to revise the Written Statement Directive so that all EU workers have greater clarity in their employment status and receive a written and timely confirmation of their working conditions; • a consultation of the Social Partners on access to social protection; • clarifications on the Working Time Directive; • legislation to better protect workers against cancer-causing chemicals at work; • support to businesses, in particular SME's and micro-enterprises, in their efforts to comply with the existing legislative framework; • updating or removal of out-dated rules and simplification of administrative burden, while maintaining workers' protection. 	<p>Based on Commission initiatives:</p> <ul style="list-style-type: none"> • A joint statement was signed with the Dutch Presidency and Social Partners in June 2016 confirming shared commitment to social dialogue; • The platform against undeclared work was established on 9 March 2016; • A reform of the posting of workers directive was proposed on 8 March 2016. Agreement was reached in the European Parliament and Council; trilogues will start soon; • Consultations of the Social Partners are ongoing as regards the written statement directive and access to social protection; • Interpretative Guidance on the Working Time Directive adopted on 26 April 2017; • The proposal on protection of workers from exposure to carcinogens was adopted by the European Parliament and Council on 11 July 2017. Discussions on additional chemical agents proposed on 10 January 2017 are underway in the European Parliament and the Council. EU proposals to reduce workers' exposure to cancer-causing chemicals could save at least 100,000 lives in the next 50 years.
<p>Improve equality between men and women concerning work-life balance.</p>	<p>Commission proposal for a Directive on 26 April 2017, currently discussed in European Parliament and Council.</p>
<p>Presentation of a Social Scoreboard to monitor Member States' performance on social indicators.</p>	<p>Operational on 26 April 2017, to be embedded in the European Semester of Economic Policy Coordination.</p>
<p>Presentation of a European Pillar of Social Rights consisting of 20 principles and rights essential for fair and well-functioning labour markets and welfare systems in 21st century Europe.</p>	<p>Commission proposal presented on 26 April 2017. The Pillar will be jointly proclaimed by the European Parliament, the Council and the Commission at the Social Summit for Fair Jobs and Growth on 17 November in Gothenburg.</p>
<p>Proposal for a European Labour Authority to strengthen cooperation between labour market authorities and better manage cross-border situations.</p>	<p>Announced in the 2017 State of the Union address; proposal will be included in 2018 Commission Work Programme.</p>

For a more complete overview: https://ec.europa.eu/commission/sites/beta-political/files/social_dimension_of_europe_overview_of_initiatives_en.pdf