



European Trade Union Confederation (ETUC)
Confédération européenne des syndicats (CES)

COLLECTIVE BARGAINING INFORMATION BULLETIN 2007/1

WHAT DO EUROPEAN WORKERS REALLY WANT?

The State of Social Europe: Highlights from the Fourth European Working Conditions Survey

I. Introduction

End 2006, the Dublin Foundation published an overview of the results from their recent 2005 survey on working conditions in Europe. More detailed results will be made public in the coming weeks. The general outcomes reported in December provide us with a number of facts and figures which can be useful in order to advance the trade union case of collective bargaining, workers' rights and growth and employment friendly macro economic policies. This issue of the ETUC Collective Bargaining Bulletin draws attention to these figures, thereby also adding additional material from Eurostat.

II. Many European workers are satisfied with working conditions....

One key message coming out of the recent European Working Conditions Survey conducted by the European Foundation is that 80% of workers are 'satisfied' or 'very satisfied' with working conditions in their main paid job. This number has changed little since 1995. Factors such as the feeling 'of belonging' to one's organisation, the perception of being well-paid, autonomy

and control over work, an intellectually-demanding job without excessive pressure, a satisfying work-life balance are singled out as factors favouring high levels of job satisfaction.

III. ...but a closer analysis reveals worrying trends and European averages hiding particular situations of precarious work.

Does that mean that the Social Europe is in good shape and that, as argued by the New Lisbon Agenda, the agenda of competitiveness should take priority over the social dimension in Europe? The material that the survey offers is sobering and contradicts this simplistic conclusion. Indeed, a closer look at the general outcomes of the fourth working conditions survey reveals that a strengthening of collective bargaining and/or labour market regulation is necessary in order to address worrying trends as well as particular situations of precarious work.

- **Beyond the European averages.**

Non-standard contracts (primarily defined as a fixed term contracts) are still limited to 23% of employees. In absolute numbers however, this represents some 35 million of workers. Moreover, there are major differences between countries. In

some countries, over one quarter (Poland) or one third (Spain) of all workers are on fixed-term basis contracts while in some other countries over 90% of workers are in open-ended contracts (UK, Belgium, Hungary,...).

Particularly alarming is the situation of younger workers. Considering younger workers (approximated by the category of workers that entered the labour market over the past four years), the share of non-standard contracts jumps up to almost 50%! Additional research from the ETUI, focussing directly on the category of workers in the age group of 15-24 years (see table I) shows that the

share of fixed-term work can be as high as 60 or even 66% in some countries (Sweden, Poland, Germany, ...). It appears that the reforms implemented in several countries over the nineties with the aim of loosening job protection for temporary work is in practice being used to force vulnerable workers such as youngsters into this kind of contracts.

Table I: Young workers, temporary workers!

Temporary employees as % total employees, age group 15-24		
	2001	2006
RO	9.2	4.7
MT	9.4	7.3
LT	9.6	10.3
IE	12.5	11.9
BG	13.4	12
UK	13.4	12
SK	11.5	13.2
HU	14.8	16.8
LV	13.6	17.1
CZ	13.1	18.6
CY	14.7	22.4
DK	26.9	24.8
GR	29.2	24.8
LU	19.5	29.3
BE	26.4	30.5
AT	33.4	33.5
IT	23.3	40.3
EU 25	36.9	42
NL	36.5	43.4
PT	42.8	48.3
FR	52.2	49.6
FI	51.1	50.3
DE	52.1	56.8
SE	50.1	60.6
SI	51	63.8
ES	66.6	66.6
PL	33.2	68.6
Source: Eurostat ¹		

¹ Special thanks to Maarten Keune (ETUI-REHS) for extracting the Eurostat data.

- **Job security, the most important element of job quality.** A secure job is mentioned by over 70% of workers as the most important reason why they are satisfied with their job, with only 13% considering it likely to lose their job in the following six months. This has important implications for the ongoing discussion on ‘flexi-curity’. If having job security is judged very important for many workers, policy initiatives aimed at removing job protection will reduce workers’ perception of job quality and increase feelings of insecurity, the latter leading to higher precautionary savings from households and the former to reduced motivation of employees to assist in innovation and productivity improvements.
- **Long working hours workers most discontent with work-life balance.** Four out of five workers are satisfied with how their working time arrangements fit in with non-work responsibilities. However, over 40% of those who work long hours are dissatisfied with their work-life balance, with especially working fathers reporting more dissatisfaction. 8.7% of employees but 41.7% of self-employed are working more than 48 hours a week.
- **Business fails to invest in the skills of the workforce is widespread and increasing.** More than 70% of employees report having not received any training paid for or provided by their employer! This share falls to 40% in Northern Europe but rises to between 90 and 94% in the new and acceding member states.

Another European poll (conducted by Harris, FT 19th June 2006) reaches a similar conclusion by finding that between 40 and 60% of the public in the UK, France and Germany fears easier firing to lead to a decrease in employment. The only exception is Spain, where 60% of the public thinks reducing job protection would increase employment (and with 20% thinking otherwise).

Compared to 2000, there is a significant fall in the share of workers having received training from their employers, falling from 30.6% in 2000 to 27.3% in 2005, with the average number of training days falling as well (see table II).

Table II: Training provided for by the employer

In the last 12 months have you undergone...?	2000 EU 15	2005 EU 15	2005 EU 25	2005 Northern Europe	2005 new and acceding member states
Training paid for or provided by the employer	30.6	27.3	27.1	40%	Between 6 and 10%
Average number of days per worker	14.3	11.4	10.6		

- **Access to training uneven, especially for temporary agency workers.** Only 10% of workers with a primary level education report employers' efforts in providing training, as opposed to 40% of third level educated workers. Workers in open-ended contracts (32%) as well fixed-term workers (29%) have 'average' (but insufficient) access. On the other hand, the position if temporary agency workers is quite dramatic: Only 18% of these workers receive employer supported training. A similar picture appears when the question is raised whether workers learn on the job by facing cognitive challenges: This is the case for 82% of workers under an open-ended contract, 75% for fixed-term contract workers and 64% of temporary agency workers. In this way, fixed-term and certainly temporary agency work may tend to work like a trap, reducing the possibilities to move up in the labour market.
- **Health and safety: Especially a problem for Central and Eastern European member states** Whereas a quarter of workers in the EU-15 is reporting health and safety at risk because of their work, this is the case for 40% of workers in the new member states
- **Major increase in part-time work.** In Europe, the share of part-time work keeps on rising. For the EU-15 and according to the figures from the Dublin foundation, its share increased from 13% in 1990 to 17% in 2000 and somewhat more than 20% in 2005. In other words, the pace of increase in the incidence of part-time work seems to have almost doubled from the 1990-2000 period to the 2000-2005 period. Here lies part of the explanation for the fact there was some growth in employment despite a slump in growth over the 2001-2005 period. Table III indeed concludes that the increase in the EU-15 employment rate since 2000 is much less outspoken (0.7 instead of 1.9 points) when employment rates are expressed in terms of full-time equivalents is taken.

Table III: Employment rates EU-15

	2000	2001	2002	2003	2004	2005
In heads	63.4	64	64.2	64.3	64.7	65.2
In full time equivalents	58	58.6	58.8	58.7	58.5	58.7

Source: Employment in Europe, 2006

To the extent that part-time work tends to be lower productive, lower paid work, with relatively limited access to social security rights, this trend is worrisome. Growth in Europe

may have become more labour intensive but this has come at the expense of the quality of jobs being created.

IV. Growth, insiders and outsiders: Labour market segmentation is caused by failing demand side policy, not by labour market protection

The view that high and structural unemployment and low growth performance in Europe is due to its attachment of protecting workers' rights is widespread in many policy circles. According to this view, the European economy is constrained by the 'supply' side: Several labour market institutions (social benefits, employment protection) would be limiting the extent to which labour reserves are available in order to support economic growth. However, labour market statistics put into question this 'supply-side rigidities' view and point instead to a failure on the side of aggregate demand.

- **Major increase in involuntary part-time work** Figures from the European Labour Force Survey show that the proportion of part-time workers who are willing to work full time but could not find a full time job has increased sharply from 15% in 2002 (EU-25) to around 20% in 2005. On top of this, another quarter of part time workers claim to be working part-time because they are looking after children or related adults.

This points to a major waste of human resources. A stunning number of 7 million (20% part-timers that could not find a job) or even 15 million (part-timers that could not find a job or 'choose' to do so because taking care of their family) are in a situation of underemployment.

These figures imply that a combined action to boost aggregate demand while at the same time increasing investment in affordable care facilities would 'free' up major part-time labour resources resulting in higher economic growth and not in increasing inflationary pressures.

- **There's also a major waste of skills and qualifications going on.** Even more devastating for the case of the 'supply side' economists is the finding of the European Working Conditions survey that one out of three (33%!) workers in the EU-25 indicate that their duties are below their skills and that they could perform more demanding tasks. Compared with five years ago, when a mere 7% of workers claimed to be over-skilled to the job contents (EU-15 statistic) this is a spectacular increase.

What to make of this? This high number of workers reporting being employed below their skills levels again points to the fact that the root cause for slow growth of the European economy is not a lack of skilled workers or lower skilled workers being too unproductive and expensive to occupy the jobs on offer. These statistics are telling us that what is actually happening is that depressed economic activity is, to an increasing extent, causing even reasonably skilled workers to accept jobs below their skills level. In doing so, they occupy jobs that otherwise would have been occupied by lower skilled workers. In this way, better skilled workers 'bump' relatively lower skilled workers from the 'employment ladder' and into unemployment. This also means the real cause for labour market segmentation and the tension between 'insiders' and outsiders' lies elsewhere. Dual labour markets are not created because the unemployed have too low skills in relation to the wage standards protected by collective bargaining or wage formation systems. Dual labour markets are created by a failure of macro-economic policy to 'stabilise' the economy around potential and to create ('good') jobs in sufficient numbers so that skilled

workers do not have to find themselves in the jobs of the lower skilled. Against the background of this statistical finding, the correct way to address labour market segmentation is to implement a growth-enhancing macro-economic policy boosting aggregate demand and triggering firms to create new jobs openings so that an inverse 'ladder' effect can operate: High skilled workers go for new jobs with higher skill requirements, thereby leaving their present job to the lower skilled unemployed.

The importance of this finding cannot be stressed enough, especially in the context of the ongoing 'flexi-curity' discussion, where there is a tendency

from some policy makers to suggest that more training can substitute for workers' job protection or even unemployment benefits. With one third of workers being underemployed in terms of skill capacity, simply advocating more training will not do the job. Instead of resulting in more jobs, such a policy may well result in even more skilled workers doing elementary or relatively lower skilled jobs.

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Brussels, on 24th January 2007