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## Foundation Focus: Job Creation, Job Preservation or Job Loss? The Future of Europe's Labour Market

European Foundation for the Improvement of Living and Working Conditions

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## Foundation Focus: Job Creation, Job Preservation or Job Loss? The Future of Europe's Labour Market

### Abstract

This issue of Foundation Focus looks at the state of play of the European labour market and what governments, social partners and companies are doing to overcome the crisis. Over the last few years, many jobs have been lost, and mass unemployment has become the reality in some Member States. Eurofound's latest European Quality of Life Survey points to growing inequalities and social exclusion. At the same time, the EU remains committed to the idea of creating and maintaining high-quality jobs. So where are these jobs going to come from? And is job quality being compromised in the attempt to cut costs and maintain competitiveness? All this and more in this issue of Foundation Focus.

### Keywords

Europe, labor market, job loss, job creation

### Comments

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Where is the job growth in the EU?

'It is about education, education, education, and it's not a short-term fix'

Growing inequalities and feelings of social exclusion

White knights?  
Job creation in health and social care

Can becoming greener also create jobs?

Hopes for job creation in 'born global' enterprises

Is our right hand aware of what our left hand is doing?

Job creation, job preservation or job loss?  
**The future of Europe's labour market**



European Foundation for the Improvement of Living and Working Conditions



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This issue of Foundation Focus looks at the state of play of the European labour market and what governments, social partners and companies are doing to overcome the crisis. Over the last few years, many jobs have been lost, and mass unemployment has become the reality in some Member States. Eurofound's latest European Quality of Life Survey points to growing inequalities and social exclusion. At the same time, the EU remains committed to the idea of creating and maintaining high-quality jobs. So where are these jobs going to come from? And is job quality being compromised in the attempt to cut costs and maintain competitiveness? All this and more in this issue of Foundation Focus.

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## Editorial

Jobs, jobs and more jobs – the focus of the current Irish EU Presidency and indeed of the EU as a whole as it faces the ongoing challenges of weak economic performance. Unemployment figures continue to rise, with five million fewer people working in mid-2012 compared to the same time in 2008 and youth unemployment untenably high. Recent findings from the European Quality of Life Survey reflect a growing inability to make ends meet, accompanied by increasing feelings of social exclusion across the EU. The situation is critical, and it is right and proper that policymakers place jobs to the forefront of their efforts to guide the Union towards recovery.

So what are the real prospects for jobs? Eurofound's European Jobs Monitor indicates employment growth in the top-paying jobs over the last year – largely focused in the knowledge-intensive service sectors such as ICT, business consultancy, health and education. Some growth was also evident in several low-paid jobs such as personal care workers in social work and residential care. The potential for job creation in this sector has been highlighted by Commissioner Andor and is confirmed by the initial findings of Eurofound's project on jobs in the care sector.

The potential for green job growth has also been proclaimed, but Eurofound's recent research suggests that implementing green business practices has redistributed jobs between sectors and not altered absolute employment figures. The 'born globals' – young companies with an international mindset – may have the answer, with comparatively encouraging employment figures, but this has yet to be borne out in the longer term.

Wherever the answer lies, as Europe strives to move out of the shadows of this recession, it is clear that it cannot afford not to explore all possible avenues which may lead to jobs, jobs, jobs.

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## Where is the job growth in the EU?

Over four years after the beginning of the Great Recession, unemployment in the EU has been rising again for over 12 months. Around three-quarters of a million fewer people were working in the second quarter of 2012 compared to the second quarter of 2011, and five million fewer compared to the second quarter of 2008.

In a labour market comprising some 220 million people in employment, this may not seem unduly negative. It needs to be seen in context, however. Between 1998 and 2007, EU labour markets tended to add, on average, around two million new jobs every year. As well as lost growth, the crisis may have cost as many as 15 million jobs in the EU so far, and the macroeconomic situation is not favourable towards job creation. All this said, the European labour market is large and diverse, and there are distinct categories of employment that are growing. And some Member States continue to show relatively resilient labour market performance. What follows uses European Jobs Monitor data to identify pockets of recent employment growth.

### European Jobs Monitor

Eurofound's European Jobs Monitor (EJM) uses the 'jobs approach' to analyse employment shifts from a structural perspective, based on European Labour Force Survey (EU LFS) data. This is a simple but powerful approach that involves characterising a job as a given occupation in a given sector using standardised international classifications (ISCO for occupation and NACE for sector) and then describing the employment shifts in each Member State as well as the EU as a whole. Ranking jobs – based on wages, education or a broader multidimensional index of job quality – adds a qualitative dimension. The jobs approach was first pioneered in the 1990s in the US by Nobel laureate Joseph Stiglitz and refined thereafter by Erik Olin Wright and Rachel Dwyer. The particular question that this American work addressed – was job growth being achieved at the expense of job quality? – has become more nuanced over time. The jobs approach has in particular been used to assess the extent to which employment structures in developed economies are polarising, leading to a 'shrinking' or 'disappearing' middle, or upgrading in line with the predictions of 'skill-biased technical change'.



## New jobs in well-paid occupations

The EJM offers a convenient way of representing aggregate employment shifts at EU level and their implications for job quality. What the chart below illustrates is that both during the recession (2008–2010) and during the last year (from the second quarter of 2011 to the second quarter of 2012) as employment declines renewed, employment continued to grow in the top one-fifth (or quintile) of jobs in terms of pay – the best-paid jobs.

While not growing as fast as during the pre-recession employment expansion, jobs in the top 40% of the wage distribution have continued to add net employment. Jobs in the other three quintiles suffered significant employment losses. The new well-paid employment was primarily in knowledge-intensive service sectors, such as ICT, business consultancy, health and education. Employment growth in well-paid jobs was concentrated in predominantly publicly funded service sectors (principally health and education) during the peak period of the recession (2008–2009) but has shifted to private sector services more recently.

Ongoing public sector retrenchment suggests that this shift to private sector services as the engine of employment growth may continue.

There were over 400,000 new well-paid, top-quintile jobs created in private knowledge-intensive services in 2011–2012 in the EU. Among the jobs that employ large numbers, the two biggest employment gains were in the high-skilled, high-paid category of ICT professional in computer programming and consultancy and in the high-skilled, mid-high-paid category of teaching professionals in education (see table on the next page).

## Growth in low-paid jobs

Some low-paid jobs have also increased employment – cleaners and personal care workers in social work and residential care – and the lowest quintile has proven more resilient than mid-low-paying and mid-paying jobs. The overall pattern is one of employment polarisation with some skew towards higher-paying jobs. This upgrading skew has become more marked during 2011–2012; there are relatively more new good jobs and a sharper decline in poor jobs. The recession in particular accentuated patterns of job polarisation in terms of wages, as job



Source: Eurostat, EU LFS (author's calculations)

destruction was concentrated in mid-paying blue-collar jobs, especially in construction and manufacturing.

## Women faring better than men

Women have fared better than men recently, both in terms of quantity and quality of employment. Female employment has grown in the last year, while male employment has declined. Women also accounted for the majority of employment growth in the top wage quintile. In part, this has been because women are overrepresented in certain growing sectors, such as health, and underrepresented in declining sectors, such as manufacturing and construction. It also reflects relatively higher levels of educational attainment by women in a time when qualifications are becoming a prerequisite for access to better-quality jobs. One-third of female workers in Europe have a third-level qualification, compared to just over one-quarter of male workers.

Finally, both self-employment and part-time work in particular have grown despite the stalled, jobless recovery. Breaking down part-time employment growth by gender reveals an interesting

pattern. Of the 0.75 million new part-time jobs created between the second quarter of 2011 and the second quarter of 2012, nearly as many were taken by men as were taken by women, despite part-time work being overwhelmingly female in the EU (around 80% of part-time jobs are held by women). But whereas new male part-time employment was strongly skewed towards lower-paid jobs with a concentration in construction and the hotel and accommodation sector in particular, new female part-time jobs were much more likely to be in the top two wage quintiles. Over half of the gains were recorded in health and education, traditionally well-paying sectors.

## Few jobs for the young

What remains a major concern, of course, is the weakening macroeconomic situation and in particular its impact on the pace of job creation. Recessions tend to affect labour market entrants disproportionately. An alarming illustration is that over the last year more of the net EU growth in well-paid, third-level graduate jobs was accounted for by those in the post-retirement age group (65+) than by workers under 30. The youngest age cohort has the highest average level of qualification and the

most recently acquired human capital, but even the best-trained young people are finding it hard to gain a foothold in the labour market. Youth guarantees and more extensive work placement and apprenticeship opportunities can make a contribution to addressing the problem of youth unemployment, as can fiscal incentives to employers to hire younger workers. The most important panacea, however, will be a return to sustained economic growth.

**John Hurley**

## Jobs with largest absolute employment gains, EU, 2011 Q2–2012 Q2

Occupation	Sector	Employment		Job ranking average		
		Millions employed 2012, EU27	Employment gain (000s)	Wage	Education	Non-wage job quality
Teaching professionals	Education	9.8	109	74.3	92.0	85.5
ICT professionals	Computer programming, consultancy and related activities	1.4	103	93.1	84.8	95.1
Cleaners and helpers	Services to buildings and landscape activities	2.2	95	1.1	3.3	10.9
Personal care workers	Social work activities without accommodation	1.9	73	7.7	42.8	50.0
Personal care workers	Residential care activities	1.9	71	20.2	45.7	40.7
Agricultural, forestry and fishery labourers	Crop and animal production, hunting and related service activities	1.5	68	21.7	1.1	8.4
Personal service workers	Food and beverage service activities	4.1	65	10.2	26.6	13.2

Note: Jobs employing large numbers only (> 1 million workers, EU27)

Source: Eurostat, EU LFS (author's calculations)

## INTERVIEW WITH DONALD STORRIE

'It is about education, education, education, and it's not a short-term fix'



**Eurofound's Employment and Change unit researches developments in the European labour market, which spans topics including growth areas for job creation, youth unemployment and policies to combat unemployment. We spoke to Head of Unit Donald Storrie about changes in the labour market and prospects for employment growth.**

***The health sector has seen resilient employment growth before and even during the recession, and the Commission has identified white jobs – caring jobs in health and social services – as having a big potential for employment creation. Given that most of these jobs are funded publicly, how does that fit with the reality of widespread public spending cuts?***

It's quite clear that there is a potential for growth in these sectors, not least due to the fact there is a huge demand for these services. When countries get richer, an ever-increasing proportion of demand goes to these high-end services – healthcare, education and so on. And then given that these services are particularly demanded by older people, with the well-known ageing of our societies, this will be even more so, there will be huge demand for these services.

These services can be satisfied either through the public sector or through private. However, it is pretty clear that, overall, the most equitable and also actually the more efficient way of providing these services is through the public sector. One of the most striking ways this can be illustrated is by comparing the proportion of gross national product that the United States spends on healthcare and the proportion of gross national product that a typical

European country spends on healthcare. In the United States it's almost double that of some countries, which gives some indication that the public sector is more efficient in provision.

But that's just a sort of preamble, in a way, to the point. There's no getting round it, that it's a serious problem. There are public sector financing issues, and you either prioritise and cut back in other parts of the public sector if you want to maintain current levels of spending on health, or you increase taxation. Unfortunately, it's as simple as that.

***One of the research projects from your unit, the European Jobs Monitor, examines where jobs have been created and lost. It found that during the recession the majority of jobs that were created, and there weren't that many, were high-paid, highly skilled jobs, whereas job loss has been concentrated in the middle- and lower-paid jobs, a lot of them in manufacturing and construction. What can policymakers do to assist those in the so-called shrinking middle who have lost their jobs, given that the jobs they've been doing are not going to be there in the future?***

One school of thought would always say that the loss of these jobs in the middle is unavoidable, and that we've got to move on up the value chain and to continue to create jobs in even greater numbers at the top end of the wage distribution. It has always been a promising and a vaguely realistic scenario that that would continue to happen. However, the extent of the job loss in the middle-paid category during the recession was just so striking that it's probably not realistic to believe, at least in the short term,

that jobs of sufficient quantity can be created at the top end to compensate for the loss of the middle.

Having said that, roughly speaking, there are two classes of jobs that have been lost in the middle – those in manufacturing and those in construction – and there are actually quite different reasons why these jobs have been lost. To a large extent, the job loss in construction is very much a cyclical phenomenon for the construction industry, whereas the loss of jobs in manufacturing is primarily a structural change. So if and when the recovery comes, many of these construction jobs will come back. The size of the construction sector in many countries in 2006 to 2008 was overly inflated, there's no question of that, and hopefully we will not get back to the same level of construction jobs as we had before, but certainly some of them will recover, we will get back some of those jobs.

In terms of the manufacturing jobs that we've lost, it's very hard to imagine that those particular jobs will come back. You ask how we can get these people who have lost their jobs in manufacturing to move on to high-end services. I think one has to accept that, at least in the short term, it's not particularly realistic to expect that these shipyard workers or textile workers would ever become doctors or lawyers. It's pretty obvious that that's not going to happen, because there are huge educational, not training, but educational activities that have to be engaged in before you can do that. So unfortunately one would guess that it won't be these dismissed manufacturing workers who can move up to top-end jobs, but hopefully, possibly, their children. So it is about education, education, education, and it's not a short-term fix.

A bit more speculatively, and this is somewhat aligned to the recovery of the construction sector, while it is rather difficult to pin down green jobs, one could envisage that if we do get a proper green infrastructural investment programme that many of these jobs could be jobs in the middle.

***EU institutions seem to be placing a certain amount of faith in upskilling and training, so some of the policy instruments that they use, the Social Fund and also the Globalisation Fund, have significant budgets for training and for upskilling, the idea being that there are some people that you can retrain and that there will be jobs for them eventually. Do we have any evidence that these training programmes work, or are they just a holding stage to prevent people from slipping into long-term unemployment, with all the negative consequences that has for individuals?***

Again, let's distinguish between training or upskilling courses – of typically three to six months duration – and education, which is a different thing. Typically, the effectiveness of active labour market policy in whichever guise it may take, whether it's training or other types of services, wage subsidies, matching services, this whole battery of active labour market policies, that it is less efficient, it gives less positive results in times of recession because the main problem is about jobs. And I would suggest that there is potentially more return to more traditional educational programmes in times like these than there is to the classic active labour market policy measures. This is partly because during the boom, exemplified by Spain for example, a lot of young people left school early in order to take up highly paid jobs in the construction and tourist sectors. And it is very often these young people who have lost their jobs. So if you're looking at what policy measures these people need, the problem for these people is that very often they lack basic schooling, and one should perhaps think about reorienting policy measures to address the particular matter in which they're lacking.

You ask whether these training courses are just a matter of keeping these people occupied, without necessarily leading to a job, and of course there's great risk that that happens. So if there are not enough jobs to satisfy everybody, then these people have to be integrated into society in some other way. Perhaps the most sensible thing to do with these people is to keep them occupied in education, in upgrading their general generic skills.

In relation to the banking crisis in Scandinavia in the nineties, many have said

that the Swedes did things quite well. One thing they did was that they cut back on active labour market policy measures, and they sent back literally millions of people to the normal school system. It concretely gave them what they lacked and what they needed for a modern labour market, i.e. an upper secondary education qualification. It also served, it is argued, to keep them in society; they felt they were doing something meaningful. When subsequently the labour market did pick up towards the end of the nineties, unemployment fell dramatically because these people were still active, available, not discouraged, and they were able to push unemployment down to under 4% by 2000.

***Some countries have weathered the recession better than others, countries like Germany for example, but if we look at how they did it and how they have managed to reduce their unemployment level from above 10% in the late nineties to nearly full employment recently, a lot of these jobs could be characterised as low-paid, low-quality jobs, and their number is growing. Is any job better than no job? Or should we protect the standards that we have achieved and resist creating unsustainable jobs that create working poor?***

Some forthcoming work we're doing is looking at aspects of job quality based on the Working Conditions Survey, and it would appear that especially during recession the type of jobs that have been lost are these jobs in the middle of the wage distribution, particularly but not only. They are jobs that, according to the Working Conditions Survey, are of low quality. So actually the jobs that we have lost, not so much in terms of wages but in terms of non-pecuniary job quality, have been at the bottom end of the distribution. And if you look at the net creation of jobs in Germany during the recession, there has been a significant increase in jobs at the top end of the wage distribution. And these 'Hartz reform' zero-hour contract jobs, as we call them generally, they exist, but in Germany it appears that most of the net job creation during the recession has been at the top end of the wage distribution.

This thing about is any job better than no job, my understanding of that, and I think perhaps many other people's as well, would be that it can be reasonable to accept a job of reasonably lower pay for a certain time in your life, when you're young, before you have a family and so on, but the risk is if you accept that sort of thing that it becomes permanent, then it does become problematic. Given this huge decline of jobs in the middle,

some people might argue that what we have to do to get back these jobs in the middle is to lower wages in manufacturing in order to be able to compete better globally. That really is quite a silly argument because the extent of wage reduction that is required in order to compete with the Chinese is just inconceivable. It still must be that in the more developed countries, like in most parts of Europe, you have to focus perhaps less on the costs side of things and more on the productivity side of things.

***Interview: Patrick Grabolle***



## Growing inequalities and feelings of social exclusion



**The economic crisis has sharpened inequalities in Europe, created mass unemployment in the countries most affected and led to a worsening of living conditions for many Europeans. If Europe is to get back on track, policymakers need to consider how to counteract these developments and find ways to create growth for all sectors of society.**

Eurofound's European Quality of Life Survey (EQLS) tracks life satisfaction, personal well-being and perceptions of social and personal situations, resulting in a detailed picture of how Europeans view their lives and their environment. Fieldwork for the third wave of the survey was carried out in late 2011 and early 2012, with 35,500 Europeans in all 27 Member States being interviewed. The findings map the impact of crisis in some areas but also show longer-term trends and demonstrate the complex and multidimensional nature of life satisfaction. Overall, the results indicate that those groups already vulnerable (such as the long-term unemployed, those unable to work, single parents and older people in central and eastern Europe) have come under even more pressure in the context of the economic slump. The range and numbers of people at risk of social exclusion have also increased if one considers newly unemployed people or households with mortgage difficulties.

### Job insecurity

Workers' sense of job insecurity is heightened in times of crisis. In the EQLS, 13% of workers state that they think they are likely to lose their job in the next six months. With regard to the financial security of individuals, it may be important whether people can find another job with a similar salary if they lose their current job; 44% of workers in Europe say that it is 'quite unlikely' or 'very unlikely'

that they would find another job with a similar salary if they lost their current job. However, the perceptions among different age groups differ substantially in this respect. Among 18–24-year-old workers, 31% think they would not find a job with a similar salary; the figure is 33% among 25–34-year-olds, 44% among those aged 35–49, and 60% among 50–64-year-olds. Older people also expect more often than younger groups that the financial situation of their households will get worse in the next 12 months (38% among 50–64-year-olds; 35% among people aged 65+). Among the 13% of workers who fear that they will lose their job in the next six months, 46% expect a worsening of their financial situation, compared to 24% of those who do not think they will lose their job.

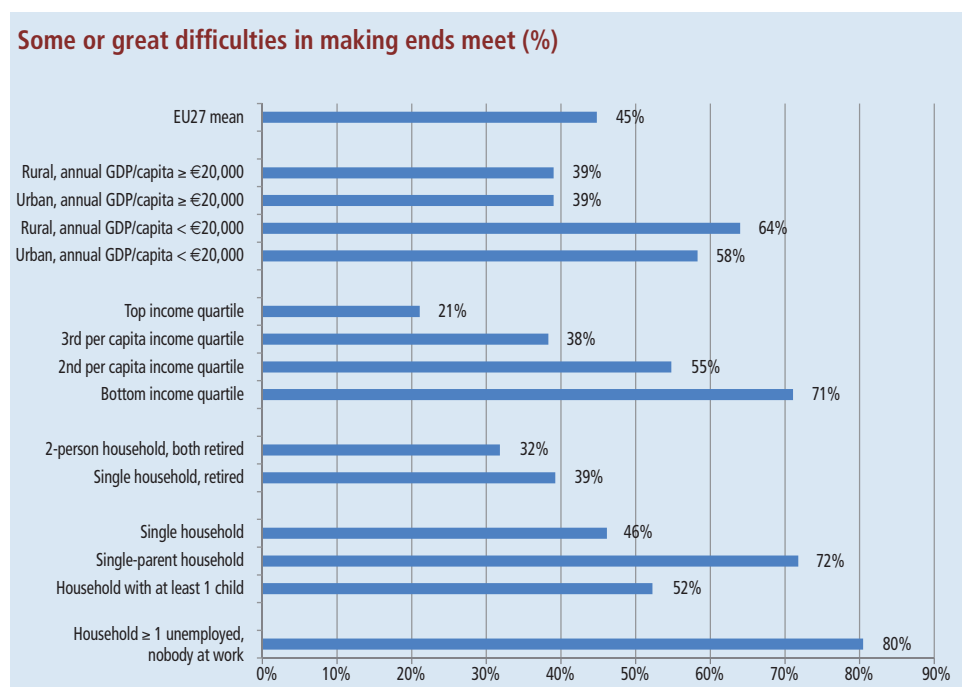
With high unemployment and lack of security come substantial declines in optimism and happiness in some countries

of the EU. This becomes apparent in those countries negatively affected by the crisis, most dramatically in Greece, where only 20% of people feel optimism about the future – a drop of 33 percentage points since 2007.

### Difficulties making ends meet

The proportion of people who claim they have difficulties in making ends meet rose from 38% in 2007 to 45% in 2011–2012. Households where at least one person is unemployed and where none of the other members is in employment are by far more likely to have difficulties making ends meet.

The chart below also compares rural and urban areas in two sets of countries: those with higher and lower mean GDP. It shows that in less affluent Member States (those where average GDP per capita is below



Source: Eurofound, Third EQLS

€20,000), people in rural areas have more difficulties making ends meet. In more affluent countries, taken as a whole, level of urbanisation does not make a difference (although disparities can be seen in some individual states).

Having difficulties making ends meet does not yet mean failing to do so. However, almost one in five (19%) Europeans report formal or informal arrears (mostly falling behind in paying utilities or in rent or mortgage payments). There are some households whose inability to make ends meet is less evident, since they may cope by using informal loans from friends or relatives; 8% of people fail to pay informal loans back on time.

Per capita GDP in the EU as a whole, corrected for changes in price levels, remained nearly unchanged between 2007 and 2011. Why then are more people having difficulties in making ends meet? One explanation could be inequality – there has been a global trend in increasing income inequality in recent years. Within the EU, GDP grew in some states, but at the same time, the GINI index – which tracks inequality – rose, and they experienced an increase in the proportion of people having

difficulties making ends meet (Belgium, Denmark, France, Latvia, Lithuania, Slovakia and Sweden). An increase was registered even in countries where GDP grew and income inequality decreased (Germany, Hungary, Poland and Romania). It has to be emphasised that GDP and GINI focus on income, while ability to make ends meet has a wider scope than income alone. It can reflect, for instance, real living costs and sources of informal support.

## Social tensions

It is perhaps not surprising that recent economic and social problems are seen through the prism of social tensions. The proportion of Europeans who report a lot of tension between rich and poor went up from 30% in 2007 to 36% in 2011–2012. Tensions between rich and poor are often paralleled by the reported tension between managers and workers, albeit at somewhat lower levels (32% in the EU as a whole).

## Perceived social exclusion

If social progress is a process whereby societies become more inclusive and

participatory, various dimensions of experience need to be taken into account. The EQLS does just that by providing an index of perceived exclusion based on how left out or unrecognised people feel. The average score of the exclusion index is 2.17 in the EU, measured on a scale from 1 to 5, where 5 refers to maximum exclusion. It varies between countries and social groups, but unemployment has the most devastating impact: the long-term unemployed, who score 2.76, and those unable to work (for reasons including poor health or disability), who score 2.81, experience the most exclusion. Against this background, job creation, schemes to avoid extended periods of unemployment and pathways into work and participation are essential to avoid exacerbating social disparities.

However, the data suggest that measures to address social exclusion cannot be exclusively directed at the labour market or even at improving income; people who are involved in associations or in doing voluntary work feel less excluded than those who are not. Another factor is education level: those with tertiary education feel least excluded across most countries in Europe. There is a need to increase opportunities for civic and political involvement. However, encouraging participation as a means of overcoming social exclusion remains a challenge for policymakers. While nearly one in five Europeans (18%) would like to spend more time on voluntary work, higher levels of participation may depend not only on individual motivation but also on one's resources – including time, networks and competences.

Assistance to and empowerment of excluded groups may require subtle forms, involving nurturing of soft resources such as trust and human capital. It may require the development of certain framework conditions that would enable the creation of spaces for participation and networking for those who are outside the labour market, and that would balance various work and care responsibilities to make the participation possible and attractive.

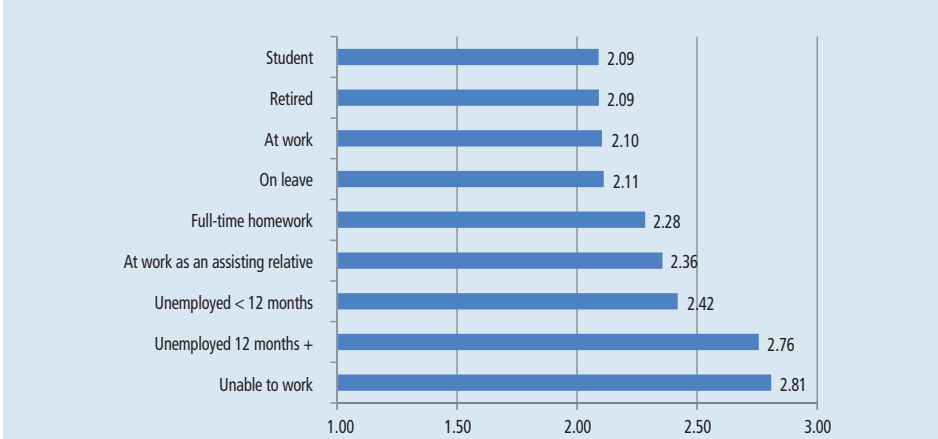
*Tadas Leončikas, Hans Dubois*

### Perceived tensions between poor and rich people and between managers and workers (%)



Source: Eurofound, Third EQLS

### Perceived social exclusion index by employment status, scale of 1–5



Source: Eurofound, Third EQLS

## White knights? Job creation in health and social care



**Where are new jobs going to come from? The European Commission has highlighted the potential of the health and social care sector when it comes to the creation of new jobs in Europe. According to Commissioner Andor,**

*4.2 million jobs in the EU were created in this sector from 2000 to 2009, more than a quarter of total job creation in that period. Today, the 'white jobs' sector – in other words, jobs in health and social services – accounts for almost 10% of EU employment. This is reflected in the Commission's Annual Growth Survey 2012, which recognises the health and social sector as one of the three sectors with the highest employment potential in the EU (together with green jobs and ICT). Member States need to capitalise on this by prioritising initiatives that further develop these sectors.*

### Barriers to recruitment

In its Communication on the employment package 'Towards a job-rich recovery', the Commission acknowledges that there are a number of challenges that need to be overcome in order to exploit this potential. Some of the obstacles mentioned include the need for new skills in the sector in order to use new technologies (such as telecare and assisted-living technologies) or provide new treatments, the lack of adequate pay and career progression, and demanding working conditions.

In 2012, Eurofound started a research project analysing measures to recruit and retain people who provide community care services for people with disabilities or chronic health problems. The countries covered by this study are Austria, Bulgaria, Denmark, France, Germany, the Netherlands, Poland, Portugal, Spain and the United Kingdom. Each of the national reports includes three examples of measures that have proven successful in recruiting and retaining care workers and that can potentially be transferred to other countries.

Out of the many different measures used in recruitment and retention of staff, one of the most widespread is targeting labour reserves that are currently underrepresented

in the care workforce, which is currently mainly composed of women. The new pool of potential recruits includes new graduates, vulnerable groups, older workers, men, foreign-born workers, part-time workers and other groups. An interesting initiative can be found in Austria, where the 'training offensive' (*Qualifizierungsoffensive*) Migrants Care! targets migrant groups. Social care workers organise information events at local organisations for migrants, and distribute information in six languages about how to become a social care worker. They also provide training and assistance in finding a job. Another programme, based in Denmark, uses job rotation, which temporarily replaces care workers who are taking training leave with unemployed people.

### Meeting labour market needs

Stimulating and facilitating education is another important element to increase recruitment and retention. It includes campaigns that promote a career in the care professions and improving the link between the content of education courses and labour market requirements. In the Netherlands, District Practical Training Companies (*WijkLeerbedrijf*) help health and social care students gain work experience in the area they live in. Their work activity is related to their health and social care studies and comprises tasks that are not carried out by the local authority.

Improving operational management and labour productivity, by using new treatments or technologies for example, can help increase the productivity of workers. In Bulgaria, a pilot programme supports social enterprises by making grants available to them. This scheme funds projects carried out by social service providers whose aim it is to create jobs or provide training in social skills and trains them on how to achieve their goals.

Social cooperatives are a type of social economy organisation where workers can have a bigger commitment to the objectives of their company. In addition to that, this

model can also be more beneficial to service users. In Spain, the cooperative Suara offers services in rural areas, which are less well served by private service providers, which tend to be located in urban areas.

### Improving working conditions

Low pay, long hours and bad working conditions can lead to a high turnover of staff. Improving the existing situation of employees is therefore important in order to retain carers and make the health and social care sectors an attractive career choice. Measures to achieve this include offering continuous professional development training, professionalising services and widening the career development opportunities of existing employees. The German programme *Personalentwicklung in der Pflege professionalisieren* (PEPP) (Professionalisation of human resources development in the care sector) is a project financed by the European Social Fund that gives management training to caregivers, with a view to reducing the stress associated with management duties.

There are also a number of initiatives in Europe that seek to formalise the skills of informal carers. In France, the *Validation des Acquis de l'Expérience* (Professional Validation) allows carers to get formal qualifications in different fields of experience; more than 11,000 people have so far received national certifications for support workers and nursing auxiliaries.

The preliminary findings of this project show that most countries use a combination of these measures to retain and recruit workers. In Member States where the quality of health and social care is already high, more focus is placed on attracting new labour reserves and on increasing productivity. In countries with a lower standard of health and social care services, the emphasis is put on increasing the quality and attractiveness of jobs.

**Daniel Molinuevo**

## Can becoming greener also create jobs?



**The need to incorporate greener practices in all aspects of doing business is often seen as an additional cost factor, but also as a source of potential job growth. However, recent Eurofound research shows that implementing green business practices seems to have redistributed jobs between sectors and not altered absolute employment levels.**

Available studies suggest that climate change may contribute to an overall employment increase of up to 1%–1.5% (in net terms) by 2020, with largest effects to be expected in construction, textiles, logistics and trade, transport and possibly the furniture sector. Relative loss of jobs (measured as the percentage difference from a baseline scenario) due to implementation of new climate change policies is likely to be largest in gas supply, textiles, other manufacturing (part of which relates to furniture), energy (affecting the whole sector), rubber and plastics, air transport, as well as wood and paper (part of which relates to furniture). Meanwhile, the largest relative gain in jobs due to new climate change policies may be expected in the construction sector. The recent economic and financial crisis has not reduced the number of green jobs, but it has slowed down the overall pace of greening across industries. Similarly, company case studies undertaken by Eurofound show that companies are finding it hard to balance climate change and the need to cope with the crisis.

### Implications for job quality

When looking at what impact climate change might have on overall job quality, no straightforward conclusions

can be made; however, our greening report identifies some tentative trends that suggest a rather moderate impact. Within job quality dimensions, skills development seems to be the most affected by climate change. The study confirms that greening results in very few new occupational profiles and mostly stimulates improvement of existing skillsets across industries. In addition, it also reveals that skills development is likely to be positively associated with other job quality dimensions – the higher the level of skills associated with an occupation, the better career and employment security, health and well-being and work–life balance of this occupation.

Moreover, at least in the short term, greening is likely to increase the demand for highly skilled workers (and thus their job quality) and decrease the demand (and thus job quality) for or have no impact on medium-skilled or low-skilled workers. Among the 10 sectors analysed as part of Eurofound's research in this area, the demand for green skills development is likely to be highest in construction and energy, moderate for the automotive, chemicals, distribution and trade, furniture and non-metallic materials sectors, and low for the textiles, transport and shipbuilding sectors. Over the medium-to-long-term period, when technologies mature, demand (and thus job quality) for high-, medium- and low-skilled workers may even out. The type of skills that are necessary to facilitate this process are mostly generic, so-called STEM (science, technology, engineering and mathematics) skills, as well as interdisciplinary skills and multiskilling. The effects of greening on other job quality dimensions are less widespread.

### How to go further

In order to move beyond just shifting jobs from one subsector to another or between sectors, more needs to be done. Based on the analysis of 48 European companies leading green transition in their sectors, the report argues that the implementation of greening, through energy saving, manufacturing of green products, the provision of green services or other green business practices, could result in 'triple win' situations: benefits for companies in terms of higher competitiveness and profitability; benefits for employees in terms of numbers of jobs and higher job quality standards; and finally stronger economies with a healthier environment.

To be able to achieve this, a broad spectrum of regulatory, financial and non-financial measures is necessary. In regulatory policy measures, particular attention should be paid not only to the drafting of legislation, but also to its active and consistent enforcement. Social partners expect clear tools, procedures and a stable institutional, financial and legal framework to be formed in order to reach climate change targets. Public authorities could more actively introduce environmental standards in green public procurement policies. The EU could follow the example of Scandinavian countries that are well advanced in this regard. Environmental management standards (for example, ISO 14001) could be more intensively promoted for business and especially for small and medium-sized enterprises (SMEs).

Meanwhile, financial measures need to be well balanced and targeted at those most in need of support (for instance, SMEs or underrepresented groups of employees such as women in certain subsectors,

young people, blue-collar workers or older workers). Available public funds should be targeted not only towards technological innovations, but also environmental behaviour change at workplace level. Support from the European Social Fund could be more often programmed and used to anticipate and manage green change, especially by social partners in the newer EU Member States, which seem to be less active in greening processes. Furthermore, to secure or even improve job quality, public authorities could introduce horizontal job quality-related requirements in their green public investments.

Accompanying large-scale non-financial measures should be initiated to promote greening across industries. Firstly, public authorities could devote significant resources to raising public awareness of green change and particularly the importance of green skills and overall green culture within the green change processes. Secondly, additional guidance services for companies (especially SMEs) by, for example, providing information on relevant support schemes, forecasts of greening trends or tools on how to implement green change could increase the share of greening companies. Particular attention in

providing information and guidance services should be paid to facilitation of greening-driven organisational and behavioural innovations at company and especially workplace levels. Thirdly, public authorities could support SME networks that facilitate green change such as forums on sustainability, skills councils or green-oriented sectoral training funds.

### Integrating employees into the process

However, the key prerequisites for successful socially responsible green change at company and industry levels are not only regulations, financial support and building-up of internal company know-how, but also general awareness and acceptance of change among employees. Thus organisational innovations aimed at clear communication and interactive involvement of employees are needed. This could be done through various organisational eco-innovations including: involvement of employees' representatives (or workplace union representatives) in green management structures; providing adequate time resources for training on environmental issues at work, including teaching of both specific and especially generic green skills (for example,

in energy and resource efficiency, undertaking audits, relevant legislation); performing a range of agreed green activities, ranging from energy audits to joint surveys with employers and union members to identify energy and resource hot spots where interventions are needed; and amendments of current or the conclusion of new collective agreements with targets on energy efficiency and benefits for employees associated with their achievement. All these give employers a mandate to act, provide employees with a sense of ownership of the green change processes and help to formulate a strategic vision of greening in the company.

**Radosław Owczarzak**



## Hopes for job creation in 'born global' enterprises



**Born globals are companies that engage in intensive international activities within the first few years of start-up, targeting multiple foreign markets and achieving high export levels. They are driven by the global mindset of the entrepreneur and the need to attract international business, as their domestic markets are too small for the specific products or services they offer.**

Because they are young, born globals tend to be micro or small enterprises in their growth phase. They can be found in all economic sectors and offer products or services characterised by a high level of innovation, technology or exclusive design. Indeed, the share of born globals showing innovation is about 5–10 percentage points higher than among young enterprises in general.

Born globals are often involved in international business networks, and these well-functioning cross-border relationships are an important element of their success.

### Contributing to employment

Across Europe, around 20% of young enterprises (in business for up to 3.5 years) can be considered to be born globals. However, considerable differences exist among countries: the proportions vary from less than 10% in Hungary to about 40%–50% in Belgium, Denmark and Romania.

In spite of being small in size, born globals are assumed to have stronger potential to create employment than other young enterprises. For example, while 36% of all young enterprises are

one-person operations and about 12% employ 10 or more workers, there are fewer born globals without employees (29%) and more employing 10 or more staff (22%). On average, born globals employ one worker more than young firms in general, and there is some indication that jobs in born globals are characterised by higher autonomy, flexibility and income levels.

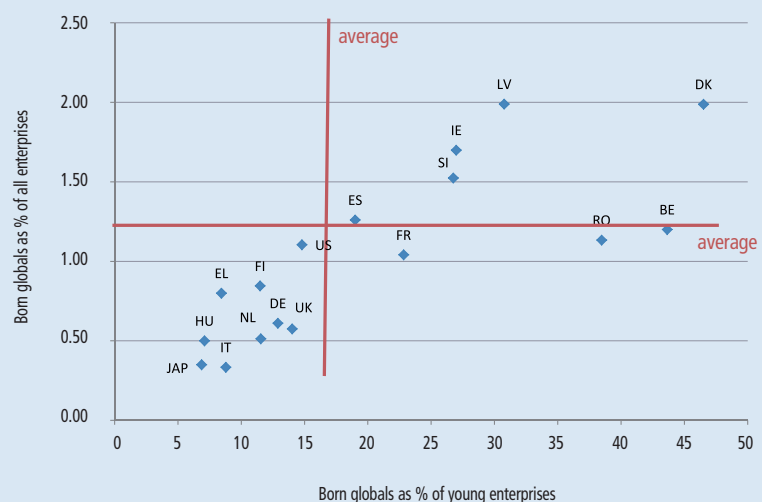
Born globals also possess higher growth potential compared with domestically oriented start-ups, as more staff are needed to engage in business in multiple markets. Furthermore, because of the innovative character of born globals, which makes them compete through producing value-added, they depend on skilled labour, which is preferably recruited into the company, retained and increased to maintain competitiveness.

### Knock-on effects

The employment effects of born globals do not only materialise in the firms themselves, but also in companies linked to them. Due to their small size and specialisation, born globals often concentrate on individual elements of the production process (mainly product development and sales), while others (often production) are outsourced to other companies. Hence, if born globals perform well and engage with subcontractors along the supply chain, employment levels in those other companies will also increase.

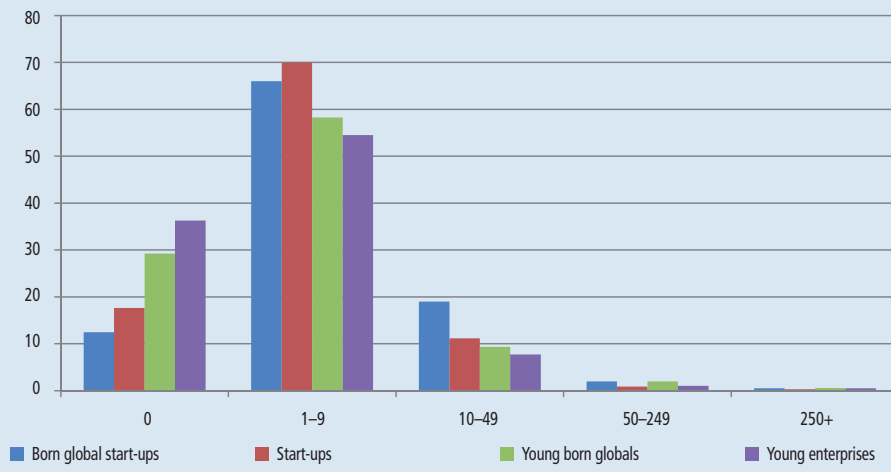
However, being a born global does not automatically imply economic and employment development. While born globals are found to be more profitable and financially healthy than young enterprises in general, about one-third

**Born globals as share of young enterprises and all enterprises, selected EU Member States, US and Japan, 2008 (%)**



Source: *Global Entrepreneurship Monitor* (author's calculations and presentation)

## Number of employees in born global and young firms, selected EU Member States, US and Japan, 2008 (%)



Note: A start-up is newly formed, without an established revenue stream; a young company is actively engaged in business and in operation for up to 3.5 years.

Source: Global Entrepreneurship Monitor (author's calculations and presentation)

are deemed vulnerable because of the many challenges they have to master in a short timeframe as regards financial, management and product development capacity. As the growth, or even survival, of born globals is not a given, external support can help to ensure that their full potential can be realised.

- fostering a culture of internationalisation at national level and promoting regional and sectoral centres of expertise abroad to allow born globals to benefit from the reputation and experience of other companies.

**Irene Mandl**

## Supporting born globals

Across Europe, a broad range of start-up, internationalisation and innovation support is available to born globals, even if not explicitly targeted at them. However, some of the existing instruments disqualify them from participation due to the inherent eligibility criteria, such as the requirement to have an established home market before receiving internationalisation support. Apart from reviewing the criteria to make such instruments accessible for born globals, the following issues in particular could be better addressed to benefit the economic and job creation potential of these business start-ups:

- establishment of internationally oriented business incubators to provide premises and comprehensive services, such as training and networking opportunities, peer exchange of ideas and business models, as well as contacts with potential investors;
- improving access to finance by fostering the venture capital market through awareness-raising measures, investor incentives and support for born globals in presenting their business on the capital market;



## Member States struggle against the jobs crisis



**Against a background of economic crisis and reduced employment, the European Commission in its 2012 work programme recognised job creation as one of the most important challenges for Europe. The Commission suggested that the response of EU countries in improving opportunities for young people at work and those entering the labour market is critical. The Commission also addressed other crucial areas affecting job creation such as the careful management of restructuring and flexicurity.**

However, the context of austerity measures around Europe has rather dictated the shape of such responses. Increasing unemployment rates and reductions in employment – combined with little or no growth – have limited any responses that might have stimulated growth in job numbers. So initiatives to prevent loss of existing jobs through restructuring have taken precedence. Additionally, the slight growth in job numbers has in many cases been driven by increases in part-time work – a restructuring measure that effectively decreased full-time work. It may have brought about the weak increase in jobs over 2010–2011 compared to a weak decrease in the previous annual period. But given the ubiquity of austerity measures, it is hard to perceive any sustainable employment gains. Unfortunately, job increases are sometimes accompanied by a deterioration in working conditions. In the retail sector, for instance, initiatives by the social partners have tried to alleviate difficulties, but the industry continues to be vulnerable to the downsides of temporary work and contracts, unhealthy work practices and poor wages.

### Employers pessimistic

Where growth in temporary jobs occurs, it appears to reflect employers' concerns about uncertainty. This is especially true of Belgium and Italy, where temporary job growth has been greater than total employment growth. In Estonia, Finland,

Lithuania, Malta, Slovakia and Sweden, temporary employment grew alongside overall employment growth. But the opposite was the case in the Czech Republic, Hungary, Latvia, Norway and Poland, where temporary employment decreased while total employment increased, appearing to indicate employer optimism. In Bulgaria, Greece and Portugal, a decrease in temporary employment probably reflects both the economic situation of these countries and employer pessimism. Among the EU countries, only Germany and Estonia have shown significant employment growth, while the remainder showed slight increases or decreases. Greece, however, lost a startling 6.8% of jobs as a result of its austerity measures.

Job creation remains on the agenda. In the chemical industry, a framework agreement, the first of its kind, may pave the way for sustainable job creation during the economic crisis. In an initiative that aims to substantially increase numbers of skilled employees, all chemical industry employees across the 27 EU Member States will benefit from upskilling and the standardisation of qualifications and competences across the sector. Increased vocational training is also laying a foundation for future job creation in Austria, Bulgaria, the Czech Republic, Luxembourg, Sweden and the UK. In the UK, the electricity sector is showing signs of job creation after a downturn.

In Austria, an alternative perspective on increasing employment has led to demands for pay among senior management to be capped and tied to sustainable measures such as job creation. The Chamber of Labour has suggested that managers' pay is excessive; the top-earning managers are paid 48 times the average worker's wage, a figure which has doubled over two years.

### To give or withhold?

A new government in Belgium is attempting to increase jobs by placing more restrictions

on unemployment benefits. Tougher restrictions will apply to young workers between full-time education and work, who will be unable to claim benefit for up to one year (rather than nine months) after losing a job or leaving education. Unemployed workers will now have to accept job offers from the state employment agency at distances of up to 60 kilometres from home or risk losing benefits. Employers, however, will receive tax benefits for the first three new employees they hire. A Belgian devolution initiative will introduce vouchers for domestic services, industrial apprenticeships and tax relief for measures directed towards at-risk groups, a programme that is expected to raise employment by 5%.

A different approach follows the election of a new government in France, where older and younger workers may benefit from a 'generation contract'. This is designed to create jobs for young labour market entrants by retaining the skills of older workers. Grants to employers will seek to increase the employment rate of workers over 57 years old, and these older workers will, in turn,





train younger workers. The proposal offers a complex initiative that has received broad support from both trade unions and employers. France has also introduced a Jobs for the Future Bill that plans to create 150,000 jobs by 2014.

## Austerity dampens demand

Portugal's plans to reduce employers' social security contributions (and raise those of employees) were thwarted by massive demonstrations and the threat of a general strike. It had been thought that the changes would promote job creation by encouraging employers to take on more staff. But unexpected support for the opposition came from the employers, who felt that these measures would affect purchasing power and reduce domestic demand for their goods and services.

The turn to temporary working reveals deep-seated employer pessimism, but employers do recognise that most job creation opportunities lie upstream of employment, in the education sector. The bipartite French approach has broad support from employers and unions because it brings new entrants to the labour market and avoids a gap in skills. The restrictive approach of Belgium largely depends on job availability and worker mobility, which in turn relies on transport accessibility and flexible accommodation prospects. And the message from Portugal is clear: draconian austerity measures reduce domestic demand for goods and services. The knock-on effect renders enterprises even less able to create jobs.

*This article is based on recent articles and reports published on Eurofound's European Industrial Relations Observatory (EIRO) and European Working Conditions Observatory (EWCO).*

**Camilla Galli da Bino**

Is our right hand aware of what our left hand is doing?

**'Jobs, jobs and jobs'. There is no doubt that jobs are the priority of the moment; in the last few years, many jobs have been wiped out and unemployment has increased. This has affected certain groups in society more than others; some workers have become discouraged and are now inactive.**

A question arises, though: is any job better than no job at all?

Eurofound's recent work on developing job-quality indices<sup>1</sup> shows that 20% of jobs in 2010 had characteristics likely to impact negatively on the health and well-being of the job-holders. At best, holding such a job might result in a limitation of people's capacity to engage in paid activity.

Such a finding puts at risk the commitment endorsed by all Member States to full employment by 2020, in a context where workers are ageing and are being asked to work longer in their jobs. Meeting this objective will require strong and coordinated policy answers; sustainable and inclusive quality of work and employment could be one of the instruments to ensure that we are heading in the right direction.

## What is job quality?

Despite having been on the European agenda for many years, no unique definition of job quality has emerged, although a variety of frameworks have been developed – for example by Eurofound in 2002 – and put into practice in some cases in recent years. The European Commission started to monitor the Laeken indicators in 2001 to measure the political process of employment strategy; the ILO, focusing more on labour rights, social protection and social justice, developed the concept of 'decent work'; and the World Health Organization



in 2007 developed a framework to understand better the links between employment conditions and social determinants. Member States individually have also in some cases developed frameworks and programmes of action to measure and encourage good work and employment.

Three elements are common to all these frameworks.

- Job quality is not job satisfaction.
- Job quality is embedded in a multilevel system in which workers, companies and labour markets, at country and supra-national level, interact through a variety of instruments (rights and regulations, financial incentives, human resources policies, work organisation practices and behaviours) to ultimately determine job quality.
- Job quality is multidimensional and cannot be limited to one dimension.

Building on this work, Eurofound decided to put a number on job quality by building indices to measure the quality of jobs using indicators from the fifth European Working Conditions Survey. A number of principles guided the decisions in developing the indices.

## Choosing the criteria

The first decision was to set the criteria for selecting the characteristics of work that matter. A number of criteria were considered, such as well-being of workers, company performance, characteristics of the European social model and gender equality. For reasons linked to the quality and strength of the scientific evidence available in part, the criterion of well-being was selected. All characteristics of work and employment, whether positive or negative, that have been proven to have a causal relationship with well-being and health of the workers were considered for inclusion in the indices. Most of these indicators also have an impact on absence from work as well

<sup>1</sup> Eurofound (2012), *Trends in job quality*, Publications Office of the European Union, Luxembourg.

as presenteeism (presence at work while sick) and contribute ultimately, although indirectly, to the performance of companies.

A second decision had to be made on the number of indices to develop, based on two principles: a principle of economy of indices to ease understanding, but also a principle of identification of issues requiring policy attention. Indeed, as the understanding of what job quality is varies, it is important to clearly identify the dimensions of job quality that are being considered and that might require policy attention. Added to that was the concern to avoid risk obfuscation and provide figures that ultimately would average out situations.

A third decision had to be made on the level in the system to be measured. The level of the job was selected for this exercise. Characteristics of the job but not the fit of the job with the individual job-holders, in a given labour market and national environment were measured.

Political attention at the level of the job is legitimate as little information is available on that level and therefore new information adds to our knowledge.

The result of this exercise was the development of four indices, one of which can be broken down into four more dimensions. They cover earnings, job prospects, working time quality and intrinsic job quality; the latter can be further divided into skills and autonomy, safe physical environment, trusting and secure social environment, and high level of work demands (work intensity).

## One in five jobs of poor quality

As all indicators were developed from the fifth European Working Conditions Survey, it was possible through cluster analysis to assess to what extent certain values of these indices cluster together. It was found that jobs could be classified in four categories: high-paid good jobs, well-balanced good jobs, poorly balanced

jobs and poor-quality jobs. Poor-quality jobs were those that had low levels on all indices, and these accounted for 20% of European jobs. Workers in these poor-quality jobs had, on average, the lowest levels of health and well-being, showed more health problems, had lower subjective well-being, and found less meaning in their work. People who hold these jobs are likely to have their health capacity reduced through exposure to a high number of risks in the achievement of their work.

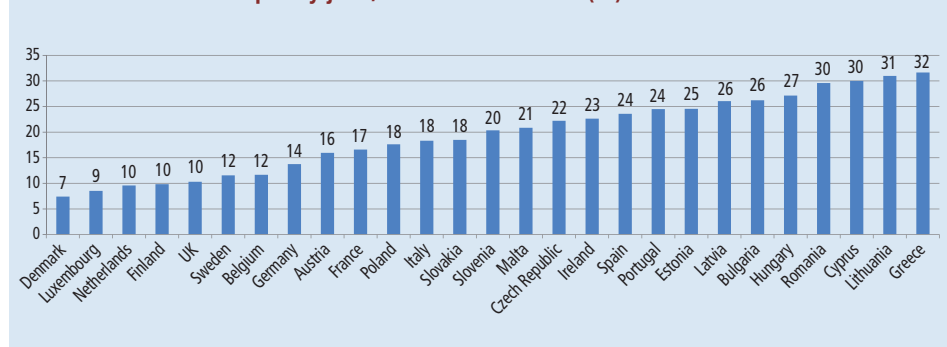
One out of five: is that a level acceptable to us? Will this enable Europe to meet its objective of full employment? Can we afford to create jobs and not monitor their quality?

**Agnès Parent-Thirion**

### Eurofound's four indices of job quality

Index	Brief description of content
Earnings	Hourly earnings
Job prospects	Job security, career progression and contract quality
Working time quality	Duration, scheduling, discretion and short-term flexibility over working time
Intrinsic job quality	<i>Skill use and discretion</i>
	<ul style="list-style-type: none"> <li>skills and autonomy</li> </ul>
	<i>Good social environment</i>
	<ul style="list-style-type: none"> <li>social support and absence of abuse</li> </ul>
	<i>Good physical environment</i>
	<ul style="list-style-type: none"> <li>low level of physical and posture-related hazards</li> </ul>
	<i>Work intensity</i>
	<ul style="list-style-type: none"> <li>pace of work, work pressures and emotional or value conflict demands</li> </ul>

### Individuals with low-quality jobs, EU Member States (%)



Source: Eurofound, Fifth EWCS

## A simple picture of a complex story



Graphical representations are an important tool for Eurofound to present complex, multifaceted messages in an engaging and accessible way. In *Sustainable work and the ageing workforce*, a report based on the fifth European Working Conditions Survey, the authors have used a number of graphs that effectively tell a complicated story in a single picture. The figure on this page is one of those graphs, and it gives a good insight into the differences in working conditions between men and women of different ages.

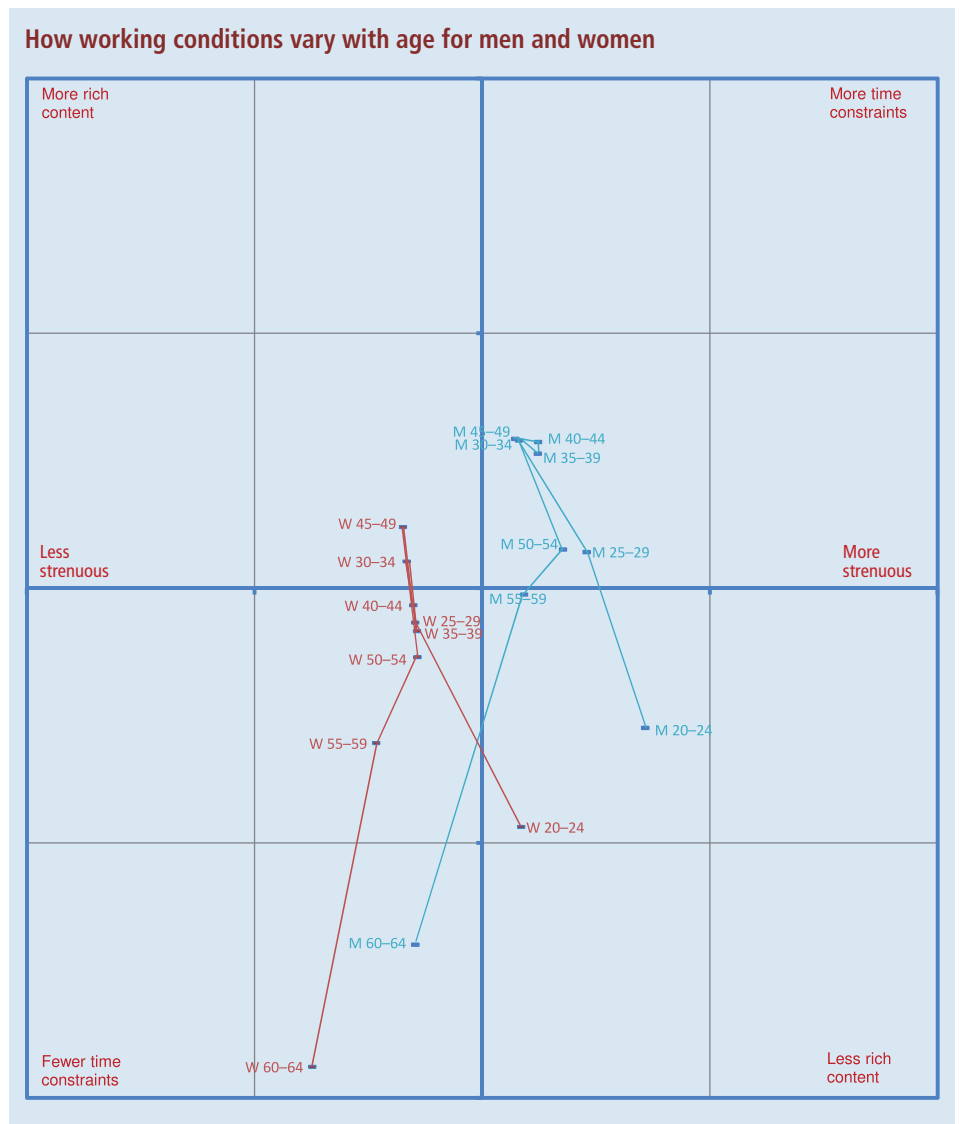
### Visualising dimensions of work

The graph positions different groups of workers in a multidimensional space. The dimensions are identified by carrying out a statistical analysis (multiple correspondence analysis) that groups working conditions based on how often they occur together. For instance, people who work shifts are also likely to work nights, are often faced with tight deadlines and often have to work at high speed. These findings enabled three interpretable dimensions to be identified and plotted on a graph. The first is the extent to which work is *strenuous*, and is represented along a line that runs from the centre left (less strenuous) to the centre right (more strenuous). The second is the extent to which the work involves *time constraints*; this line runs from the bottom left (fewer time constraints) to the top right (more time constraints). And finally *richness of the job content*, the line for which runs from the bottom right (less rich content) to the top left (more rich content). Once the multidimensional space has been defined, groups of workers can be positioned on it based on the characteristics of their work.

### Differences across life stages

The figure shows changes in working conditions for men and women across different life stages. Overall, women are positioned more to the left and bottom of the graph than men. This suggests that women are slightly less exposed to physically strenuous tasks, night schedules and high

speed. The differences between age groups seem to be quite similar among men and women. Among both men and women, those under 25 are positioned more to the bottom right than other age groups. This means that they are more likely to be faced with poor job content and more strenuous tasks. The age groups from 25 to 54 are quite close to each other, with men being positioned slightly



Note: M = men, W = women; each marker represents a five-year age bracket.

more towards the top of the graph and women slightly more towards the bottom left.

## Physical and time pressures ease with age

There are, however, clear age effects for workers aged 55–59 and those aged over 60. Starting from workers aged 50–54 and accelerating for those aged 55–59 and aged over 60, the lines for both men and women move towards the bottom left. This implies that men and women aged over 55 are increasingly less likely to be faced with time constraints, problems of schedules and physical arduousness of tasks. These lower levels in physical and time-related pressures among older workers can be the result of a number of things. Firstly, there is likely to be a selection effect: workers in high-pressure or strenuous jobs are more likely to exit the workforce at an earlier age, leaving only those that show lower levels of exposure. Secondly, older workers might move to different jobs that are less demanding. And thirdly, older workers might stay in their existing jobs, but the demand levels of the jobs are adjusted.

When interpreting these findings it is important to avoid a 'deficit model' of ageing, in which ageing is considered to result in a natural and progressive loss of abilities. People are not passive spectators of their own ageing. As workers grow older, they are likely to compromise between the requirements of the task and their actual capacities, by developing new capacities to compensate for the age-induced reduction of other capacities. Clearly, the ability of workers to implement these strategies and, consequently, their chances of succeeding will depend on the organisation of work.

***Gijs van Houten***

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**Jan van Damme**

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The European Foundation for the Improvement of Living and Working Conditions is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. Eurofound was established in 1975 by Council Regulation EEC No. 1365/75 of 26 May 1975.