BENCHMARKING WORKING EUROPE

Contents

MAY 2001

The ETUI is financially supported by the European Commission

FOREWORD

The set of strategic targets adopted at the special summit of the European Council in Lisbon, aimed at promoting employment, economic reform and social cohesion as components of a knowledge-based society, were welcomed by the ETUC and enjoy its support. In particular, the ETUC is in favour of the establishment of an integrated macroeconomic policy mix to re-attain full employment and to create more and better jobs in Europe.

The ETUC shares the view that better indicators are required if the Lisbon strategy is to be implemented effectively. The ETUC believes that special efforts should be made to fine-tune and to extend the set of qualitative and quantitative social indicators. The work on such indicators is still at an early stage, and there are considerable shortcomings in the statistical data: however, more could already be done on the basis of available official statistics and research findings. In future the methods of data collection and research will have to be adapted to reflect the more qualitative needs.

Sustained economic growth is a necessary precondition for social progress, but it is far from being a sufficient condition. Effective political action will be required at all levels to promote social progress and to strengthen the social dimension of European integration. Social benchmarking is an appropriate instrument with which to mould social processes and social policy. To ensure that the benefits of progress are shared more equitably, it is not enough merely to defend minimum standards: rising standards must be promoted through benchmarking. With this report, *Benchmarking Working Europe*, the European Trade Union Confederation, in co-operation with the European Trade Union Institute, is seeking to make a genuine contribution to the practical implementation of a social benchmarking process. The report focuses on seven areas of particular relevance to the world of work in Europe. In doing so, it also clearly shows that there are important areas that the documents presented so far by the Commission have not covered adequately, or even at all.

Brussels, May 2001.

1. EMPLOYMENT

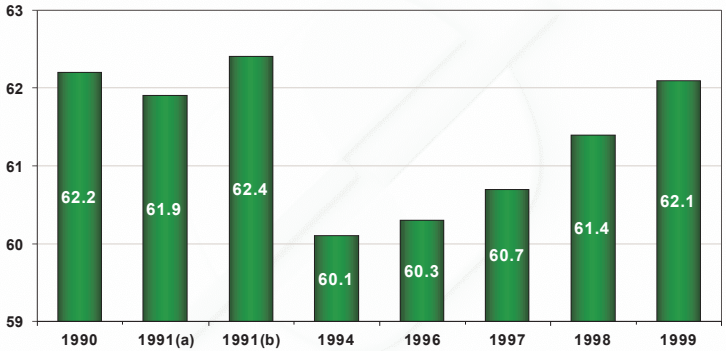
In general there are many data available on employment, in particular on the quantitative elements which are important for an overview of the labour market (employment rates, unemployment, etc.). Furthermore, the Luxembourg process of coordinating employment policies at European level has the useful side-effect of generating pressure for improved labour market indicators.

However, it is important to monitor – and indeed to benchmark – the qualitative aspects of employment too, and here, as the following pages make clear, there is a need for comparable European data with which to assess new trends in labour markets, their potential and the possible risks associated with them.

Themes

Table 1

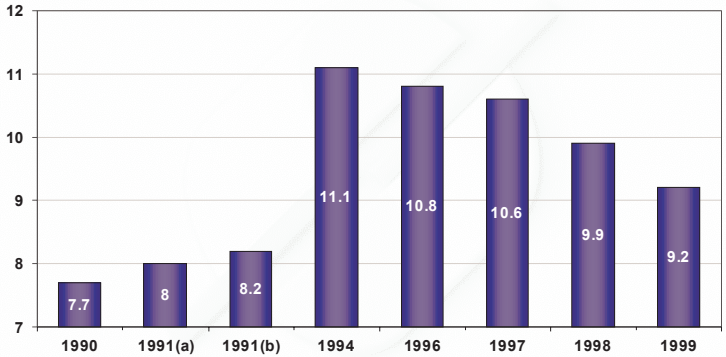
Employment rates EU 15 (% working-age population)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.
(a) For Germany and EU 15, excludes the new German Länder
(b) For Germany and EU 15, includes the new German Länder

Table 2

Unemployment rates EU 15 (% of labour force)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.
(a) For Germany and EU 15, excludes the new German Länder
(b) For Germany and EU 15, includes the new German Länder

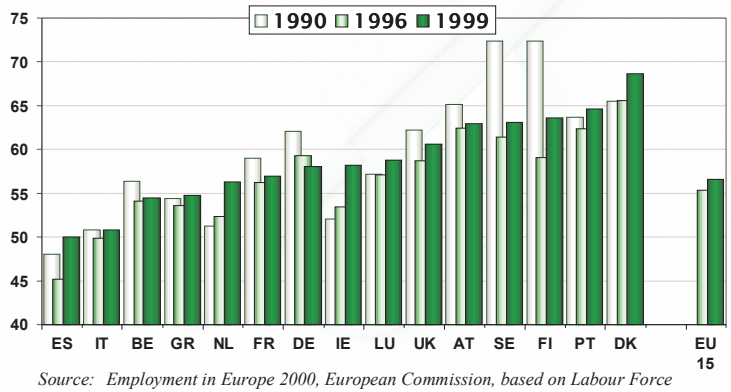
The European Council agreed at the Stockholm Summit, which reviewed progress on the strategy agreed a year earlier in Lisbon, to set the intermediate targets for employment rates of 67% overall and 57% for women by January 2005. The issue of raising employment rates has become central to the EU's employment and social strategies, not least in order to address the demographic challenges of the ageing population and the financing of future social protection systems.

After many years of high unemployment, Europe is making progress in job creation. In the past few years employment has grown by about 1% per year, leading to a steady reduction in unemployment. More jobs are, at last, being created. Maintaining this progress requires continued economic growth, and the ETUC has commented elsewhere on the central importance of the macro-economic policy mix in ensuring growth and job creation.

The improved performance of recent years should not, however, obscure the fact that we are only just making up the ground lost in the early 1990s. This is clear from the graphs on employment rates (Table 1) and unemployment rates (Table 2), and even more from the data on full-time equivalent employment rates (Table 3).

Table 3

Full-time equivalent employment rates (% working-age population)

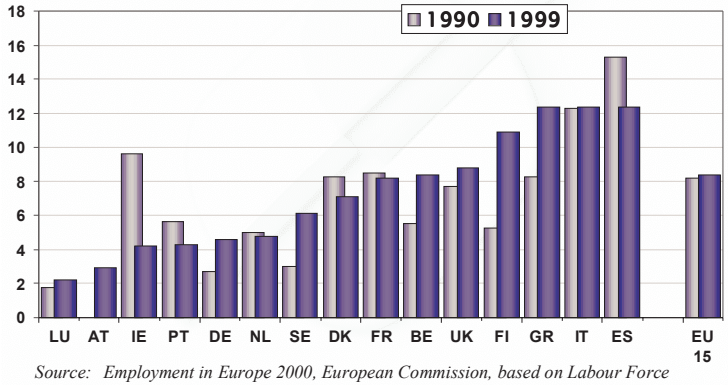


Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

Table 4

Youth unemployment

(% population 15-24)



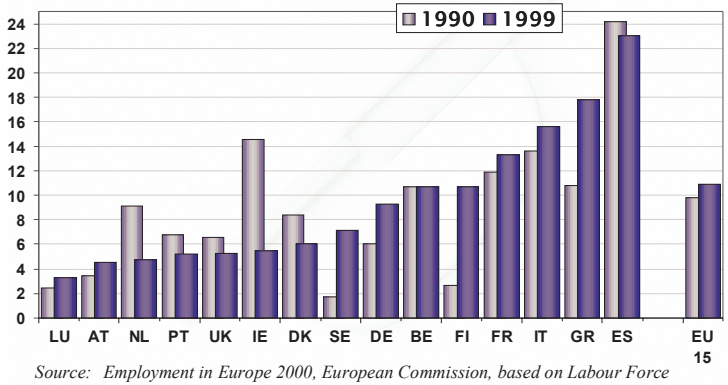
Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

This table (Table 3) shows that about half the Member States had not yet regained the employment performance of 1990 by 1999. The Table also provides an insight into the balance between job creation and redistribution of work, and produces a different ranking order of "best performers" than that of crude employment rates.

The recent improved performance should also not obscure that specific vulnerable groups (women, young people, and ethnic minorities, in particular) are still hard hit by unemployment and that there are still many long-term unemployed people (Tables 4, 5 and 6).

Table 5

Unemployment rates, women %

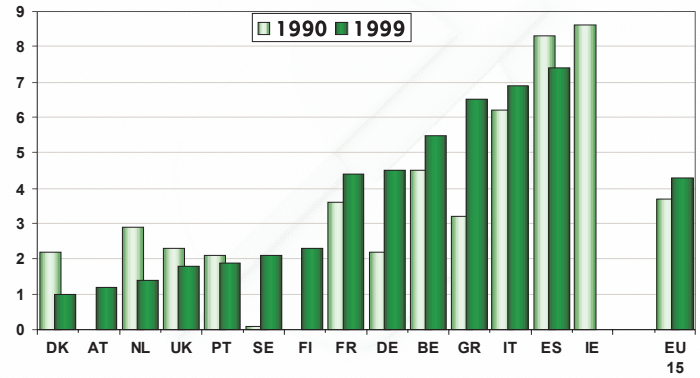


Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

Table 6

Long-term unemployment rate

(% labour force)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

1.1. MORE AND BETTER JOBS?

Apart from the continuing need to increase employment, so that jobs are available to all who wish to work, we believe that greater attention must be devoted to the quality of the jobs being created. This is in line with the ambition of the Lisbon – Stockholm strategy (reflected in the sub-heading "More and better jobs" in the Commission report to Stockholm) and the 2001 employment guidelines. Indicators on this aspect of the strategy are not, however, included in the synthesis document.

The quality of employment is a difficult subject to address, and even more to measure, as it is affected by subjective factors. However, there are changes taking place in labour markets which we believe should be monitored alongside the existing "structural indicators" because they have a bearing on the quality of employment. The development of non-standard forms of employment is one such category of change.

We do not oppose these forms of employment or believe they are necessarily of poor quality – on the contrary they clearly meet the needs of some workers, and may offer potential for desirable increases in flexibility and autonomy.

On the other hand, they can certainly carry risks in terms of social protection, career development and access to training, health and safety, and equal pay. The ETUC has negotiated framework agreements at European level with the employers' organisations to provide general rules for some of these forms of employment – with the intention of minimising the negative factors.

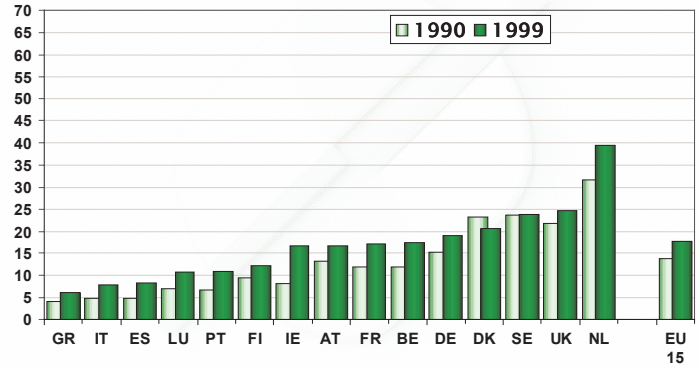
Under the influence of technological and organisational change, the nature of work is evolving. Of course, this does not affect all jobs and all workers. Many people continue to do substantially the same work as they performed in the past, and under broadly the same conditions. However, many of the new jobs being created differ from the "traditional" model of full-time work regulated with reference to working time and the location of work. In this context we need to be aware of potential new risks which affect the quality of work. Some of these risks are addressed in subsequent sections of this document, beginning with a general discussion of the quality of jobs. Subsequent sections, dealing with issues such as incomes, working time, the working environment and participation, are also highly relevant to the issue of job quality.

GROWING INCIDENCE OF ATYPICAL FORMS OF WORK

Table 7

Part-time employment

(% total employment)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

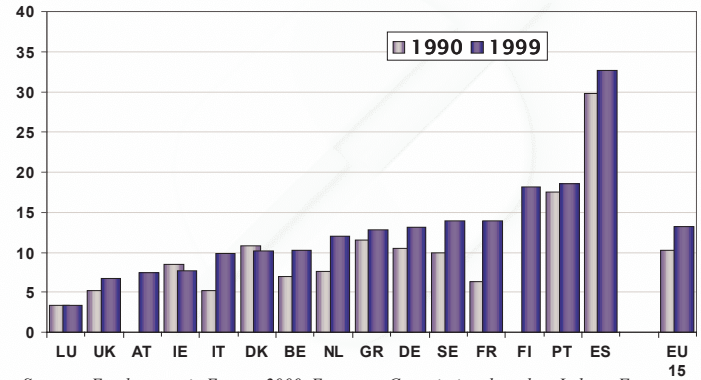
Changes in the functioning of the economy transform the nature and content of jobs, with uncertain outcomes. The knowledge-based society offers new opportunities for promoting the quality of jobs. The breakdown of barriers of time and space could allow a better balance between work and family or leisure. Work could be more rewarding in its pay and in its content. The changing organisation of work, which often accompanies the integration of new technologies, could provide a more satisfying work environment, with more work autonomy and opportunities to develop skills and to create multi-tasked activities. The post-fordist organisation of work in this new environment could be a means to overcome the prescribed and monotonous work carried out in most fordist organisational contexts.

Therefore, the process towards a knowledge-based society entails important opportunities in terms of quality of jobs. But this assessment should be put in perspective. First of all, because this growing competitive environment has produced cost competition, pushing some firms to reduce expenditure on resources (downsizing, outsourcing, multiplication of contractual regulations, growing importance of unstable forms of employment and atypical forms of work, etc.) rather than to use organisational changes to promote human capital.

Table 8

Fixed-term employment

(% total employment)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

Technologies enable organisations to restructure their operations externally, dividing production activity across a network of firms through arrangements that include subcontracting, outsourcing and networks.

According to a survey of firms of European Union countries conducted during the period 1994-96, some 14% of firms had decided to downsize production, 23% had taken initiatives to "outsource" certain activities and 13% had adopted a "back to core business strategy". There are important differences between the countries as regards downsizing, with the incidence particularly high in countries such as Sweden and the United Kingdom (with 43% and 32% respectively) and low in Southern countries.

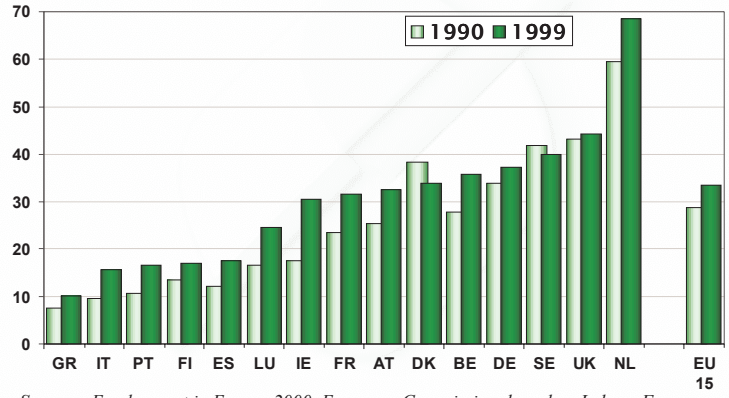
There is a growing tendency to use outsourcing and downsizing, accompanied by the use of atypical forms of work, as a way to adjust to changing demands. That has resulted in the multiplication of atypical forms of jobs as a way to cope with changes in demand. Information is set out in Tables 7 and 8 on the incidence of part-time and fixed-term employment.

However, more detailed and disaggregated data on the impact of non-standard forms of work on particular groups of workers should be monitored too (Tables 9 and 10). This is particularly important in view of the complexity of the changes currently taking place in the labour market.

The increasing incidence of part-time work (though it should be noted that there are a few countries where this trend has stabilised, or even been reversed) does not necessarily imply declining quality of employment. However, as noted above, there are significant potential drawbacks, and careful monitoring is required.

Table 9

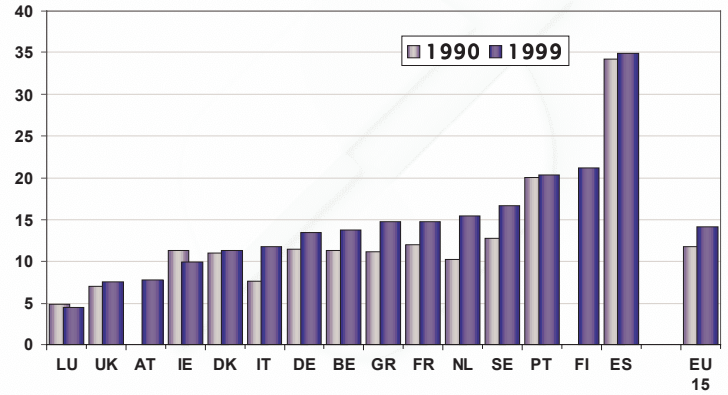
Part-time employment women (% total employment)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

Table 10

Fixed-term employment women (% total employment)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

Table 11

Part-time employment by reason

	Couldn't find a full-time job	Not seeking a full-time job for family or other reasons	In education or training	Own illness or disability	No reason given
EU-15	18	67	10.9	2.6	1.6
BE	26.2	66.1	2.3	1.7	3.8
DK	13.6	50.3	33.7	2.2	-
DE	13.6	72.5	7.7	2.5	3.7
GR	44.8	47	4.1	3.2	
ES	24.7	68.8	4.5	1.1	0.9
FR	29.7	63.1	7.1		(0.2)
IE	24.4	52.3	14.9	2.1	6.3
IT	36.8	56.1	3	1.6	2.6
LU	(7.5)	81	(4.2)	-	(6.1)
NL	5.5	70.5	19.4	4.6	
AT	15.2	77.4	5.7	1.7	
PT	23.7	50.7	4.8	20.8	
FI	33.4	34.2	27.6	4.9	
SE	30.1	49.2	11.3	8.8	0.6
UK	11.5	71.3	14.6	1.7	1

Source: Labour Force Survey 1998, Eurostat

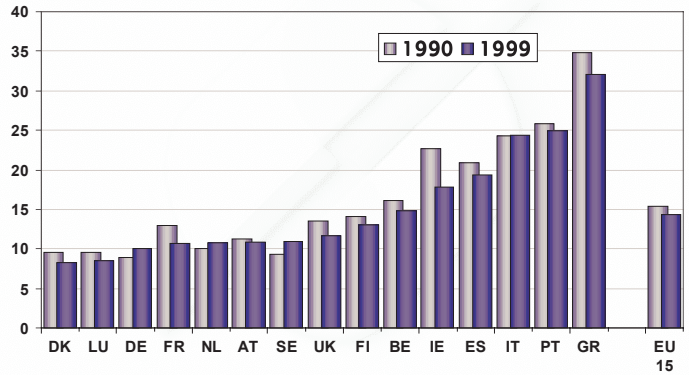
In this context, the data available at European level are not satisfactory. We can see from Table 11 that a significant number of part-time workers (18%) would prefer to work full-time. We are obliged to group together those not seeking a full-time job for family reasons with those not seeking a full-time job for other reasons, as the national data do not treat the group not seeking a full-time job for family reasons consistently. This should be remedied. This would require questioning survey respondents about their attitudes in the case of improved childcare, at least in those countries where good quality childcare is not generally available.

However, it is also clear that part-time work is an important option for many workers, which makes it even more important to monitor developments carefully, and to ensure that policy is concerned with the quality as well as the quantity of part-time work available.

Table 12

Self-employed

(% total employment)



Source: Employment in Europe 2000, European Commission, based on Labour Force Survey Data.

The trends in self-employment (Table 12) need careful interpretation. In some countries the long-term trend towards reduced employment in agriculture, which in many countries has traditionally included a high share of self-employment, is still working itself out. Alongside this, and with a contrary statistical impact, is the development of "bogus" self-employment arising from enterprise restructuring and the contracting out, to "self-employed" workers, of various "peripheral" functions. Furthermore, there are countries where self-employment has a contra-cyclical tendency, apparently acting as "employment of last resort" when the labour market is slack, but declining when jobs are available in the "standard" economy.

The high percentage of this category of free-lancer is particularly worrying, because persons who are nominally self-employed may predominantly work for a single employer. These "dependent" self-employed people are often in a precarious labour market position, reliant on a single employer through a commercial contract, but without the protection offered by an employment contract (ILO, 2001). The boundary between self-employment and employee status is becoming increasingly blurred.

Table 13

Teleworkers in selected countries

	HOME BASED TELEWORKERS	REGULAR TELEWORKING (INC. HOME-BASED)	REGULAR AND OCCASIONAL TELEWORKING	% OF LABOUR FORCE
DK	121,000	176,000	280,000	10.5
FI	142,000	229,000	355,000	16.8
FR	272,000	499,000	635,000	2.9
DE	538,000	1,562,000	2,132,000	6
IE	14,000	26,000	61,000	4.4
IT	315,000	584,000	720,000	3.6
NL	285,000	593,000	1,044,000	14.5
ES	162,000	259,000	357,000	2.8
SE	207,000	313,000	594,000	15.2
UK	630,000	1,273,000	2,027,000	7.6

Source: ECATT, European Union funded project, 1999.

Another method (or variety of different methods) of carrying out tasks differently from the "standard model" of work is developing rapidly with the growth of telework, linked to the implementation of new information and communication technologies.

Telework is increasing as a form of work. If the ECATT findings are compared with similar surveys undertaken in five EU countries in 1994, we can see an annual telework growth rate over the period of 34% in Germany, 29% in Italy, 11% in Spain, 10% in France and 8% in the UK (World Employment Report, ILO, 2001). While telework could provide the positive effects inherent in time and space flexibility, as discussed above, this form of work might also replicate the worst conditions found in traditional home-working, and a growing individualisation of the workforce.

Telework could facilitate a better balance between work and family responsibilities, serve as an opportunity for some disadvantaged groups, and reduce traffic congestion, but it could also tend to erode workers' social protection, generate invasions of private life, etc. The consequences of this form of work facilitated by the introduction of new information and communication technologies are therefore uncertain.

Although the knowledge-based society could offer major potential in terms of the quality of jobs, the preceding data shows that in most cases, rather than institute organisational changes associated with the promotion of human capital, firms have undertaken a process of restructuring the production cycle.

The positive potential of new technologies should be considered cautiously if we take into account that in most cases, new technologies have not led to a real organisational transformation. Despite the difficulties of measuring statistically the incidence of new work practices (the terms are not standardized, difficulty of comparison through time and across countries because the surveys use different criteria, surveys not representative, etc.), the evidence shows an increase in the implementation of new work practices. There seems to be a correlation between adoption of ICTs and new work practices.

Table 14

Implementation of new work practices and use of ICT

Percentage of firms which use ICT

	AMONG FIRMS THAT IMPLEMENT NEW PRACTICES	AMONG FIRMS THAT DO NOT IMPLEMENT NEW PRACTICES
DK	50	45
FR	42	27
DE	41	26
IE	59	46
IT	54	43
NL	25	16
PT	42	30
ES	45	33
SE	55	41
UK	63	46

Source: OECD estimates based on the Survey of Employee Direct Participation in Organizational Change

Table 15

Percentage of firms that adopted ICT, European Union (1994-96)

TYPE OF PRACTICE	AMONG FIRMS THAT IMPLEMENT THE NEW PRACTICE	AMONG FIRMS THAT DO NOT IMPLEMENT THE NEW PRACTICE
FLATTENING OF MANAGERIAL LEVELS	42	35
BACK TO CORE BUSINESS	43	36
EMPLOYEE INVOLVEMENT	53	30
TEAM-BASED ORGANIZATION	54	32
JOB ROTATION	52	35
AVERAGE	49	34

Source: OECD estimates based on the Survey of Employee Direct Participation in Organizational Change

Table 16

Percentage of workplaces reporting in 1996 selected management initiatives

	JOB ROTATION	TEAM WORK	GREATER INVOLVEMENT OF LOWER LEVEL EMPLOYEES	FLATTENING OF MANAGEMENT STRUCTURES
SE	38	29	60	46
DK	28	40	10	42
NL	9	9	46	47
DE	7	20	19	30
FR	6	30	44	21
UK	13	33	48	45
IE	10	27	32	23
IT	13	28	24	10
ES	14	34	33	29
PT	9	22	9	3
Unweighted average	15	27	33	29

Source: EPOC survey and Price Waterhouse Cranfield
** Data for Italy from the EPOC survey refers to the three months prior to the survey in 1996 and for the other countries to the three years prior to the survey.*

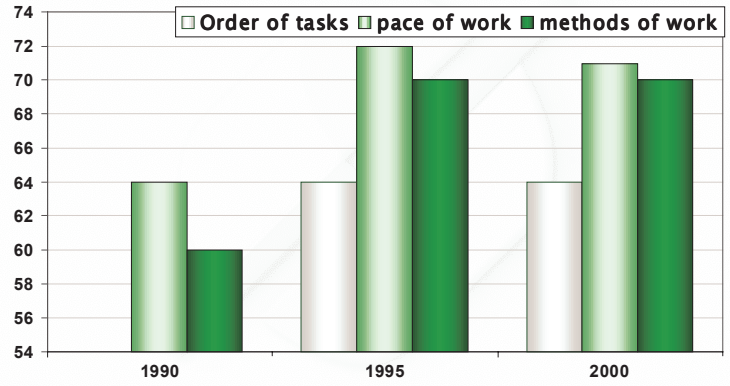
The need for organisational changes is underlined by evidence showing that major gains in enterprise performance occur only where the use of the new technologies has been combined with wide-ranging changes in work organisation.

For firms to obtain a high rate of innovation and a more rapid response to product market changes and opportunities, new organisational models are required which put more emphasis on human capital, which could result in a clear improvement of working conditions (work empowerment, autonomy, etc.).

Table 17

Autonomy

Workers having a choice over their:



Source: European Foundation for the improvement of living and working conditions, April 2000

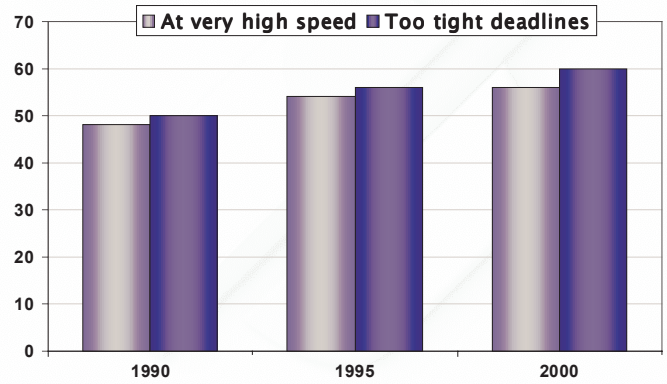
Successful firms are more flexible organisation, less hierarchical and more horizontal. Their skilled workers can take on more responsibilities, are more involved in decision-making, work more autonomously, and have greater job enrichment and easier access to information.
Therefore, typical fordist organisational structures based on vertical and hierarchical schemes and with a clear distinction between conception and performance are not at all prepared for this new paradigm.

These flexible forms of organisation might enable workers to take on more responsibilities, work more autonomously, and gain greater job enrichment and easier access to information.

Table 18

Working at very high speed or tight deadlines

Percentage of people working:



Source: European Foundation for the improvement of living and working conditions, April 2000

Equally, it is necessary to be aware of potential risks. Workers could be overloaded with information. The need for a quick reaction, the growing intensification of work and the shift of responsibility onto the worker could become a cause of stress for workers. The fragmentation and individualisation of individual contracts make the individual isolated and vulnerable. There is a growing pressure to work in life and there are no boundaries at work.

As shown by a recent report from the European Foundation for the Improvement of Living and Working Conditions (2000), the working conditions accompanying these developments display a definite deterioration. Though it may sometimes be the case that less hours are worked, work is performed at a faster pace, in an atmosphere of greater urgency with less possibility to predict tasks and schedules.

Table 19

Health problems related to working at very high speed

%	BACKACHE	STRESS	MUSCULAR PAINS IN NECK AND SHOULDERS	INJURIES
WORKING CONTINUOUSLY AT HIGH SPEED	46	40	35	11
NEVER WORKING AT HIGH SPEED	25	21	15	5

Source: European Foundation for the improvement of living and working conditions, April 2000.

The information technologies are leading to the introduction of considerable time pressures, and hence to a significant increase in stress with consequences in terms of psychological overload, symptoms of strain, and a blurring of frontiers between work and non-work, etc.

The pressures resulting from urgency and the demand for swift reaction are compounded by the harmful effects of work impinging on private life in situations where the boundaries of working time and space have become less clearly defined ("work without frontiers").

Table 20

Electronic monitoring of employees, United States, 1997–2000

	1997	2000
Recording and review of telephone conversations	10.4	11.5
Storage and review of voice mail	5.3	6.8
Storage and review of computer files	13.7	30.8
Storage and review of e-mail messages	14.9	38.1
Video recording of job performance	15.7	14.6
Time spent, numbers called on telephone	34.4	44
Computer use (time logged on, keystroke counts)	16.1	19.4

Source: American Management Association, Workplace Testing, Monitoring and Surveillance, New York, AMA, 2000.

New information and communications technologies, rather than promoting the quality of jobs, are in many cases instruments serving to introduce a retaylorisation of tasks (cf. call centres), accompanied by stricter controls on performance and thus fostering new forms of worker alienation. The new technologies also lend themselves to the introduction of more sophisticated monitoring, the electronic control of workers' performance and stricter definition of tasks. The links engendered by these technologies enhance the power of organisations to monitor individuals in society. New technologies can simultaneously strengthen trends to increase autonomy and serve to develop new forms of control and rigidity in the regulation of work.

Data for the USA show that technologies are increasingly being used for monitoring and surveillance purposes. The only survey available undertaken by the American Management Association shows that almost 75 per cent of firms recorded and reviewed employee communications and activities by one or more method. Furthermore, this tendency was found to be on the rise.

Although we do not have data for Europe, it may certainly be surmised that the trend towards electronic surveillance of workers is on the increase, and data on this important topic should be made available.

In their synthesis report for Stockholm, the Commission state that "almost 80% of new jobs created have been in "high education" areas (managers, professionals, technicians, etc.)". However, the only source of data of which we are aware is the *Employment in Europe* report, which includes a heading "employment growth in high education sectors and all sectors" (1994-1998), and these data conclude that employment is growing faster in sectors with the largest share of workers with tertiary education. However, this does not show that these jobs demand higher skills. In fact, some employers may prefer to employ overqualified workers, thereby profiting from the extra capacities they bring to work, while still paying a relatively low wage linked to the narrow task for which they are formally employed.

Furthermore, it is also contentious that jobs created in these new economic conditions require more skills, and therefore, are more qualified jobs. Most of the jobs created are very monotonous and do not involve an improvement of workers' skills.

Although data on the relationship between jobs created by NICTs and skills requirements are almost non-existent, recent evidence reveals a picture of simultaneous skill upgrading and skill downgrading. ICT can downgrade skills and competence to single-task machine tending. On the other hand, it could upgrade skills and competences to multi-task work relying on greater creativity. The outcome of the use of the technologies on the level of skill depends on the firm's culture and the work environment.

The evidence that the new production systems increasingly demand "competences" – developed through work experience – suggests that a new framework is required. Rather than stressing only the importance of formal training for the development of skills, an integrated approach is needed to the introduction of new technologies, the re-designing of work and the combination of formal and informal learning and skill-development processes.

To conclude, as we see in Table 21, if new technologies offer new possibilities in terms of improving the quality of jobs, it is also true that new risks are involved in the new ways of working. In this framework, proper indicators to assess adequately the real direction of these developments in the quality of jobs are more important than ever.

Table 21

Opportunities and risks of new ways of working

Opportunities	Risks
▪ may allow emancipation from the constraints of time, space and organisational bureaucracy	▪ may have less access to training
▪ may free workers from regulation based on submission	▪ may make access to social protection difficult
▪ may improve workers' access to information	▪ may limit scope for career development
▪ may enable workers to take on more responsibilities, work more autonomously, leading to greater job enrichment	▪ may imply continuous demand for total availability, impinging on private life
▪ may reduce production costs and permit rapid response to changes in the market	▪ difficulty of measuring working time and ensuring political control and regulation
▪ may lead to a better balance of work and private life.	▪ may lead to deskilling of working force
	▪ may lead to intensification of work
	▪ considerable time pressure resulting from urgency and the demand for swift reaction
	▪ may lead to polarisation of the workforce
	▪ risk of isolation for individuals.

1.6. CONCLUSIONS

The Lisbon European Council set a target of increasing the employment rate to 70% in the next decade. The ETUC supports this objective, and believes that with appropriate policies it may be possible to meet the target ahead of time.

The implications of reaching the target for employment rates within each Member State and for specific groups in the labour market should be discussed between Governments and social partners as part of the benchmarking process.

The employability benchmarks of the Luxembourg process (preventive action to avoid long-term unemployment within 12 months of unemployment, and within 6 months of unemployment for young people) must be achieved with high quality offers of work, work experience, training or educational opportunities.

The changes taking place in labour markets offer many opportunities in terms of quality of jobs, but the outcomes remain uncertain. Societal choices will have an important influence on how the balance of opportunities and risks is settled, and social dialogue should be developed as an important tool for actors to shape the outcome, rather than become "victims" of change. For this process to succeed, indicators (new and old) must be further developed.

Discussion should begin on how to benchmark the quality of employment at European level, with attention given to such factors as employment security, social protection, autonomy of workers and work organisation, skills development and demand, isolation and stress.

Particular attention should be devoted to the experience of vulnerable groups in the labour market, such as young people and ethnic minorities, and to the gender dimension.

2. INCOME DISTRIBUTION AND SOCIAL EXCLUSION

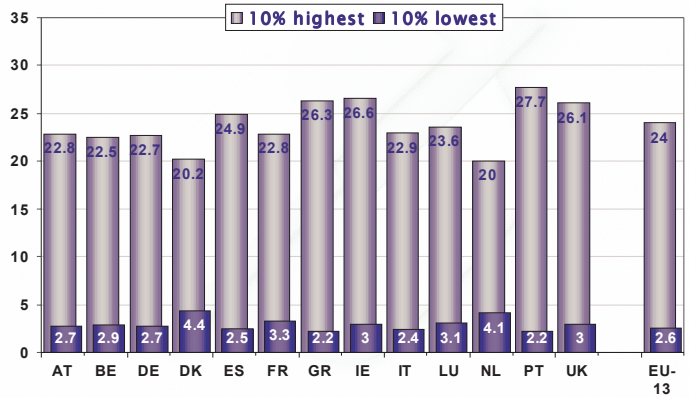
Realising the full economic potential of the single market and single currency cannot represent the sole answer to the question of social inclusion. If social progress is to be achieved hand in hand with economic progress, it is vital to address a whole range of issues which combine to cause social exclusion and poverty, and to put in place a concerted strategy to improve the impact of policies on social inclusion. In this view, social benchmarking should promote the comparative evaluation of best practices at national level, which contribute to reducing poverty and inequality. In this view, social benchmarking has also to deal with the key area of income distribution and poverty levels.

This chapter gives a general overview of the distribution of income, the degrees of inequality observed in the EU Member States and impacts on poverty levels. A specific look is also taken at wage levels, as the main component of households' income, as well as at minimum and low wages. This chapter is intended to promote the use of a larger set of indicators on poverty and social exclusion, particularly at a moment when the European Union is preparing to prepare for the Knowledge Society.

Themes

Table 1

Share of income of the top and bottom deciles in 1994



Source: Eurostat, Statistics in Focus, 11-1998 (final income after social transfers).

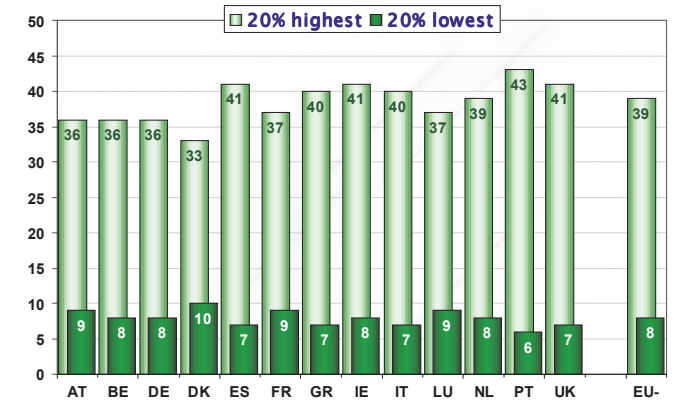
Between 1994 and 1996, the calculation of statistics changed. Eurostat changed from decile ratios (population classified by groups of 10%) to quintile ratios (population classified by groups of 20%). Both charts show the two systems of calculation.

A review of income distribution in Europe shows, first of all, that the 10% richest section of the population have an income 9.2 times greater than the 10% poorest on the EU average. While the 10% richest earn 24% of the total income, the 10% poorest earn only 2.6% of the total income. The most egalitarian countries were the Netherlands and Denmark, whereas the most inegalitarian were Portugal and Greece.

New statistics calculated by Eurostat use quintile ratios (20% of people instead of 10%). As it broadens the coverage of population, this change of calculation mathematically reduces the income gap between the two extreme population groups (the lowest and the highest incomes). Nevertheless, we can assume that the income gap remained predominantly unchanged.

Table 2

Share of income of the top and bottom quintiles in 1996



Source: Eurostat, Statistics in Focus, 11-1998 (final income after social transfers).

The 20% richest earn 5 times more than the 20% poorest whereas the 10% richest were earning 9.2 times more than the 10% poorest. Doubling the coverage of people concerned (from 10 to 20%) less than halved the income gap (from 9.2 to 5). This gives a less dramatic picture of income gaps, which in fact remain unchanged.

Inequality is highest in Portugal (7 times more instead of 5 at EU-13 level) and lowest in Denmark (3.3).

It should be pointed out that Eurostat continues to calculate the 10% decile ratios in order to ease comparability with past figures and in order to have a full picture of income gaps.

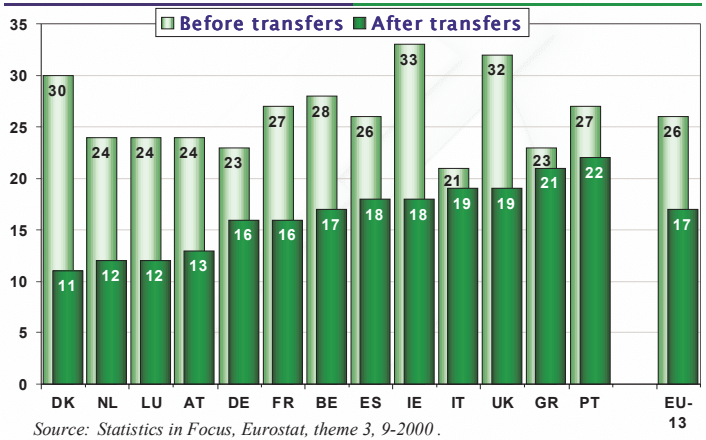
2.2. POPULATION BELOW THE POVERTY THRESHOLD

STILL TOO MANY EUROPEANS CONCERNED, 17% IN 1996

Table 3

Percentage of population below poverty line in 1996

(60% of median income)



Source: Statistics in Focus, Eurostat, theme 3, 9-2000 .

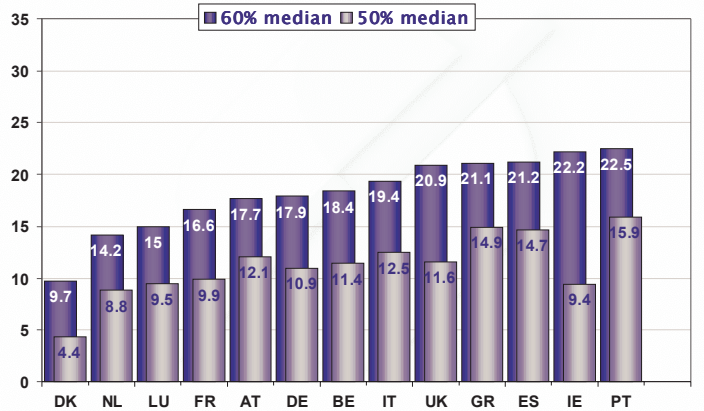
This chart shows the redistributive impact of social transfers. For example, at EU-13 level, 26% of people have an income lower than 60% of the median income, the poverty threshold. This level falls to 17% after social transfers, showing that social expenditure has an important impact on poverty level. Nevertheless, this level should be improved, particularly as, in the Netherlands, Denmark and Luxembourg, the percentage of people below the poverty line is reduced from a range of 24-30% to 11-12% after the redistributive effects of social transfers.

Studies and EU policy actions should try to analyse how the social expenditure is distributed in order to achieve such impressive results in the Netherlands, Denmark and Luxembourg.

Table 4

Percentage of population below poverty line

(50 and 60% median income)



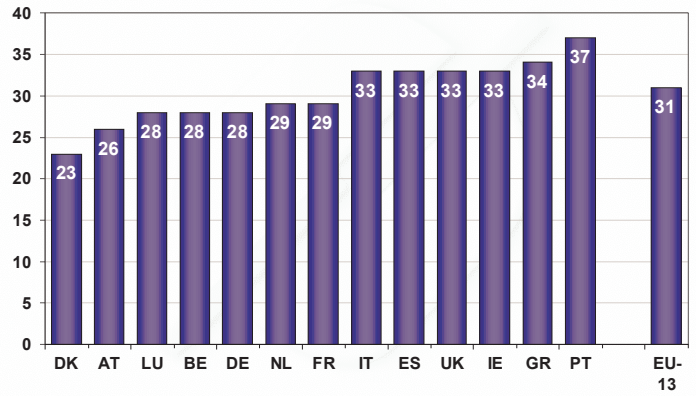
Source: Eurostat, Recommendations on Social Exclusion and Poverty Statistics, 1998.

It is advisable to show more than one cut-off point (at both 50 and 60% of the median income) as no analysis has until now shown that a certain percentage would represent the "real" division between the low-income group and the rest of the population.

Nevertheless, the chart shows that the distribution of poverty among countries remains virtually unchanged with the 50 or the 60% indicators: approximately the same countries still display higher poverty rates (United Kingdom, Portugal etc.).

Table 5

Degree of inequality in income distribution 1996



Source: Statistics in Focus, Eurostat, theme 3, 9-2000, measured by the Gini Coefficient in %

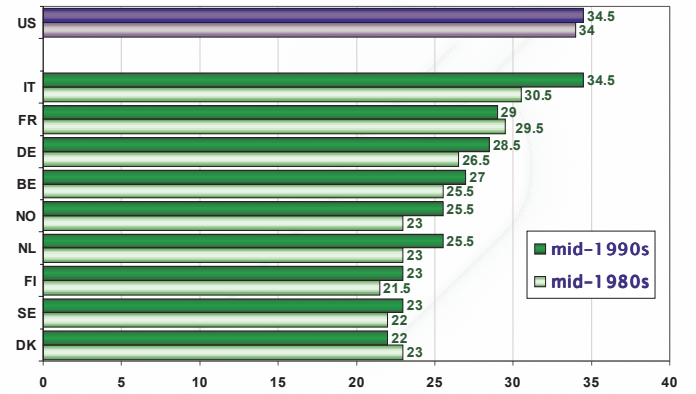
An index of dispersion in income distribution can vary between 0% (equality) and 100% (inequality) (Gini Coefficient). Two extreme cases can be found in Europe around an important group of intermediary situations. The European average shows for example that European society is relatively more egalitarian than non-egalitarian (index 32%).

Denmark, Austria and Luxembourg are among the most egalitarian countries, confirming the previous analysis on efficient redistributive effects of social transfers in those countries. At the same time, Portugal, Greece, Ireland and the United Kingdom are among the most inegalitarian countries in Europe.

Studies and policy actions should try to focus on the group of best performing countries.

Table 6

Degree of inequality in income distribution 1980–1990



Source: OECD, measured by the Gini Coefficient in %.

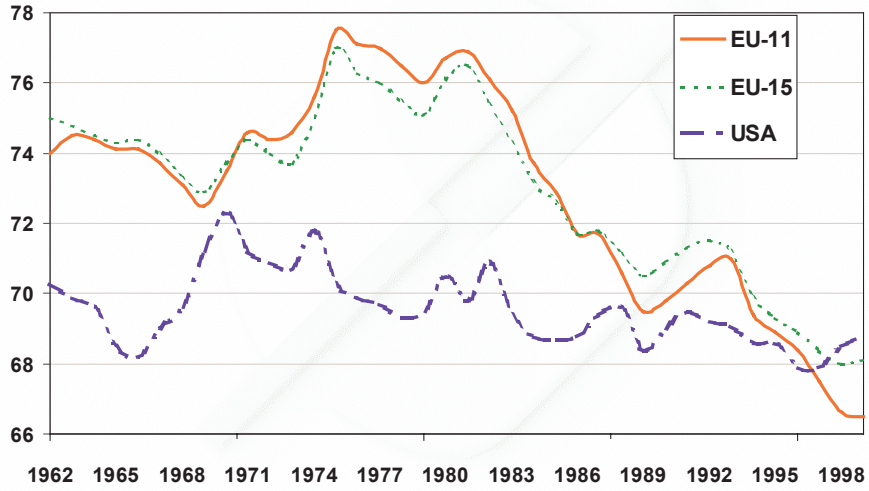
This table shows that inequality in income distribution increased between the mid-eighties and the mid-nineties in almost all European countries.

In particular, Italy, Germany, Belgium, the Netherlands, Finland and Sweden all experienced an increase in inequality as the Gini Coefficient increased.

More recent statistics are needed in order to assess whether the current economic recovery and employment creation put an end to the observed decline of equality in income distribution.

Table 7

Evolution of wage share in GDP



Source: European Economy, Annual Economic Report 1999.

The wage share in GDP has been constantly falling since 1974 when it reached a peak at 77.5% in the Euro-zone countries. It is now below 67.5%, lower than in the EU-15 and the USA. This means that wages have been increasing more slowly than GDP. This is partly explained by the moderate evolution of wages in order to restore employment rates during the eighties.

Nevertheless, the wage share is now well below its 1960s' level when employment rates were higher than now.

Moreover, the impact of employment is very limited in the recent period. For example, employment rates in Europe have increased sharply since 1997 while the wage share has continued to fall. This means that new jobs created did not increase the share of wages in the GDP. As the share of wages is declining and employment increasing, this means that wage-earners are sharing a smaller and smaller piece of the cake!

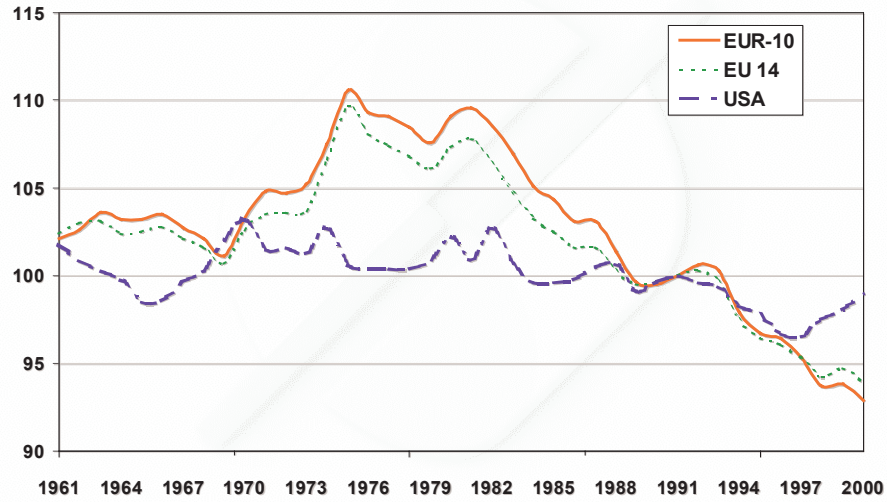
Should this trend perhaps be halted or even reversed in the future, as employment is now on the increase?

2.5. Real Unit Labour Costs

in Europe constantly falling below US level

Table 8

Real Unit Labour Costs



Source: European Economy, Annual Economic Report 1999, 2000. Basis 100 = 1990.
RULC calculated as compensation per worker divided by productivity and inflation.

Real Unit Labour Costs (RULC) in the EU have been falling below the US level throughout the 1990s, showing that labour competitiveness is improving compared to the USA. It is particularly interesting to see that this trend is more important in the Euro zone than in the EU as a whole. Moreover, whereas the US Real Unit Labour Costs rose between 1997 and 2000, the EU figures continued to drop well below the US level.

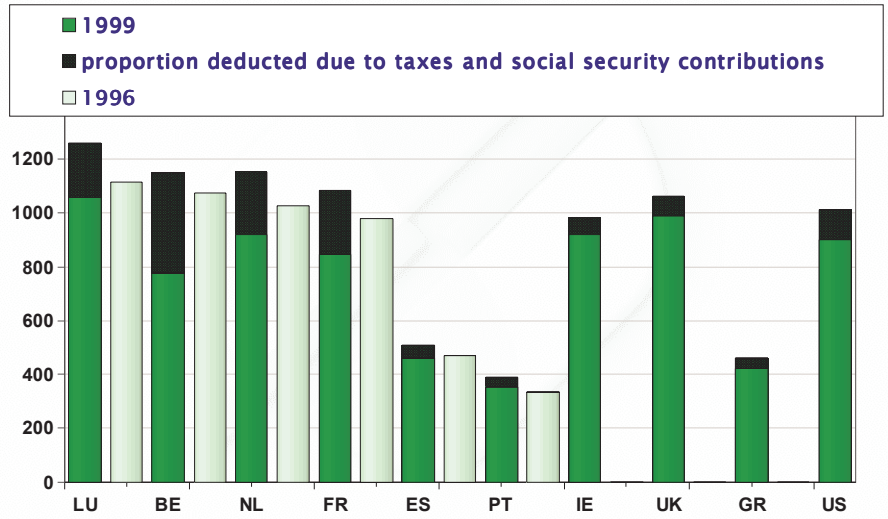
This means that compensation (wages) in Europe is increasing more slowly than inflation plus productivity.

It is particularly important to stress that RULC declined while the tax pressure on wages increased. For example, the implicit tax rate on labour increased from 28.9% in 1970 to 41.9% in 1997 in the European Union. This means that the decline in RULC combined with increased taxes to result in greater pressure on workers' net wages.

In order to reverse this trend, it should also be taken into account that future wage policy will be based on the rise of both inflation and labour productivity, with the help of coordination of collective bargaining.

Table 9

Monthly minimum wages in 1996 and 1999



Source: Eurostat "Minimum wages in the European Union, 2001", Statistics in Focus theme 3, 2/2001 and "Minimum Wages 1997".

The average gross minimum wage in Europe is about 1,000 euro per month, a similar level to the one prevailing in the United States.

The number of people paid at the minimum wage is also significant. The minimum wage affects more people in Luxembourg and France, and fewer in the other countries. In 1999 about 17% of workers in Luxembourg received minimum wages, 12.8% in France, 7.5% in Portugal, 6.9% in the United Kingdom, 2.6% in Spain and 2.2% in the Netherlands. Generally, twice as many women as men earned the minimum wage. In Luxembourg this proportion is slightly less: 14% of men and 22% of women. In the United States, 6.2% of workers were paid hourly rates with earnings at or below the prevailing Federal minimum wage in 1999.

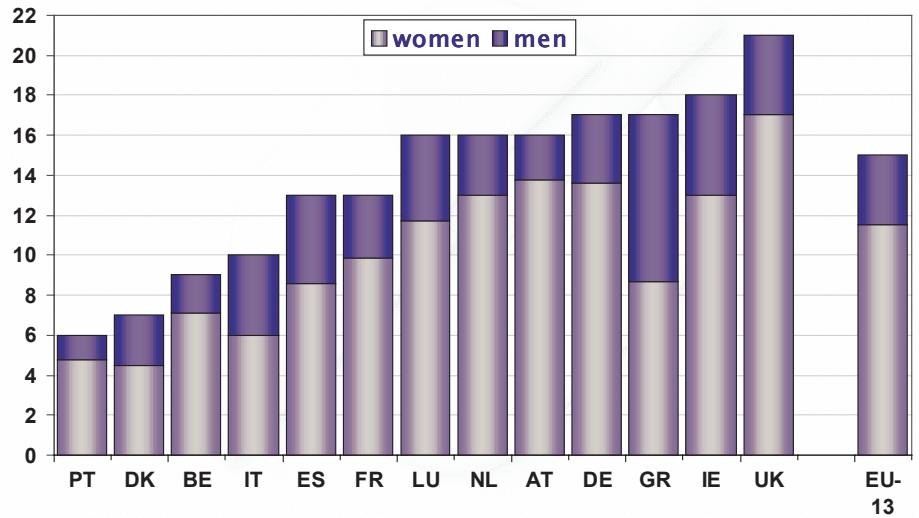
The number of people paid at the minimum wage should also be benchmarked, as well as the impact of taxes which in some countries reduces the effective value of the minimum wage.

2.7. LOW-WAGE EMPLOYEES

FROM 6-7% OF EMPLOYEES TO 21% THROUGHOUT EUROPE, WOMEN MORE AFFECTED THAN MEN

Table 10

Low-wage employees in Europe (%)



Source: Eurostat, News release n°94/2000, 3 August 2000

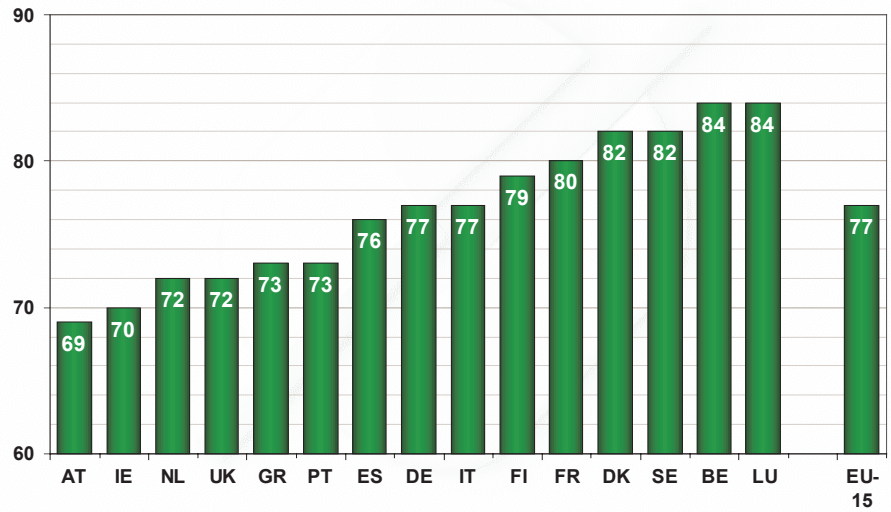
In the European Union 15% of all employees, i.e. some 16.5 million people, are on low wages. More than three-quarters of people on low wages are women. In 43% of cases the low wage results entirely from part-time working, in 37% solely from a low-paid activity, and in 11% from a combination of these two factors.

Generally, among low-wage employees women are 3.3 more numerous than men at the European level. This means that 11.5% of women employees are on low wages, whereas this figures is only 3.5% for men at EU level.

Further policy actions should try to reduce the number of low-wage employees, particularly among women, and to focus on the best performing countries' experiences.

Table 11

Gender gap in 1998



Source: Eurostat, Harmonised statistics on Earnings 1998, Structure of Earnings 1995, in "The social situation of the European Union 2001".

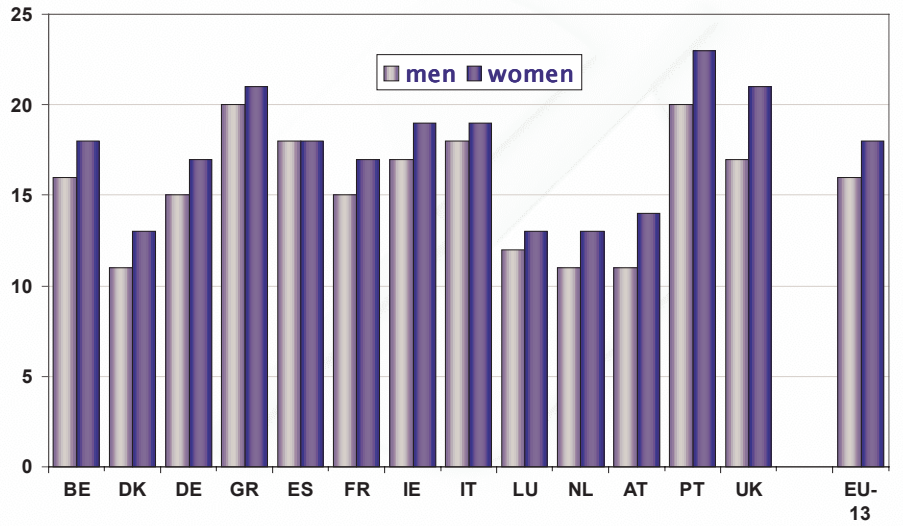
Another issue for benchmarking in the field of income distribution is to try to tackle the important issue of the gender pay gap. Indeed, the particular situation of women's employment (part-time, precarious employment, etc.) often has an impact on women's earnings.

This chart shows the relative share of women's hourly wages as a percentage of men's hourly wages.

The above chart shows that on EU average, women's hourly wage is equivalent to 77% of men's hourly wage in services and industry. It also indicates the need for a review of the practices of lower pay for women in firms, and the place of work in society (share in part-time, voluntary basis, etc.). Therefore, this result calls into question the different systems of redistribution (social transfers) which need to be made more "gender-friendly".

Table 12

Poverty rates of men and women



Source: ECHP, 1996, in European Social Statistics, Eurostat, 2000.

The following chart shows that 18% of all women in the EU-13 (excluding Sweden and Finland) live in poverty. For men, this rate is 16%.

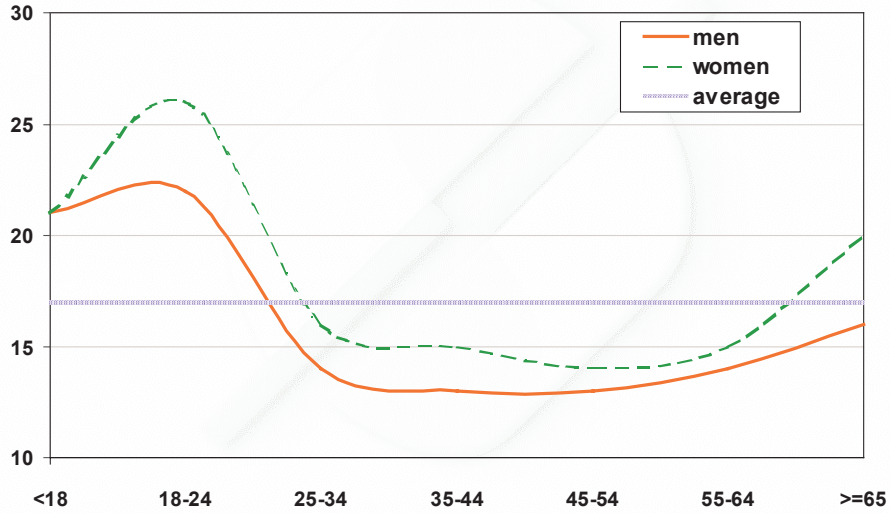
The distribution among Member States is very heterogeneous as the rates of people living in poverty reach 20-23% in Portugal and 20-21% in Greece, whereas this figure is only 11-13% in the Netherlands and Denmark.

Moreover, women still suffer higher rates in all countries.

In 1996, according to Eurostat, a low-income household in the EU needed on average an extra income of around 3446 Euro. With around 24.8 million low-income households throughout the EU, this means that it would have cost around 84.3 billion Euro to bring all households out of poverty.

Table 13

Poverty rates of men and women by age in the European Union, 1996



Source: ECHP, 1996, in European Social Statistics, Eurostat, 2000.

The distribution of poverty by age is also unequal, and in particular, more women than men live in poverty, whatever the age.

This chart shows that young people, particularly children below 18 and young people between 18-24, are among the poorest age categories in Europe.

At the same time, elderly people are the third category of people with highest poverty rates in the European Union.

This means that, when dealing with social cohesion, the importance of both young and elderly poverty rates and risks should be assessed, despite the ageing of population.

The Lisbon Summit commitment to full employment is welcomed as giving hope to millions of unemployed workers. The renewed concern expressed in favour of social cohesion is also encouraging. However, while sharing the concern for steps to be taken to bring the unemployed into work, we also draw attention to the increase in inequality observable during the last two decades in Europe.

In particular, the degree of inequality in income distribution rose in almost all European countries between 1980 and 1990. Meanwhile, the wage share and real unit labour costs have been falling. As a result, the purchasing power of wage-earners has decreased. It is important to examine closely the trend in recent years during which economic recovery has created new jobs. Recently created employment can often be shown to be less stable (development of atypical forms of work) and also differently remunerated (more income dispersion than in the past). One objective of social benchmarking could be to analyse recent developments in terms of the quality of the new jobs created. The focus should be, particularly, on the impact on wage levels, income distribution, as well as the new balance between income from wages and from other sources such as the welfare state, tax cuts or new forms of remuneration.

Another focal issue of social benchmarking in relation to income distribution should be the gender differentiation of poverty rates, as well as poverty rates depending on age levels. In this area, special attention should be paid to female poverty and also to poverty among both the young and the elderly.

3. WORKING TIME

Working time policy is one of the priority areas in the fields of both labour market policy and work organisation. Innovative working time policies are an important instrument in the fight against unemployment and for a redistribution of work.

Statutory and agreed working hours in most European countries registered some significant changes in the 1990s (almost generalised legal limitation to a 40-hour per week, important sectoral agreements in Germany and the Netherlands, reductions of statutory working hours in Denmark and France). During the 1990s the trade unions have negotiated on positive flexibility wherever its introduction was accompanied by innovative working time models.

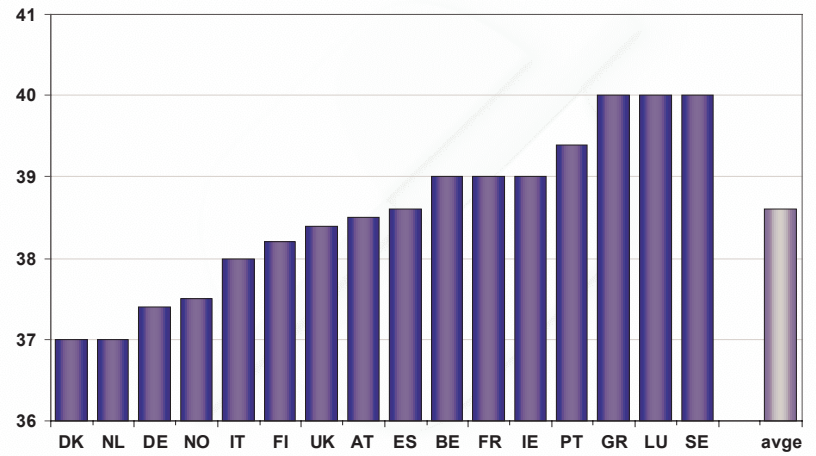
However, some less positive developments have to be stressed:

- Hours usually worked by full-time employees remain stable over the decade at a European average slightly above the 40-hour mark.
- Differences in working hours between countries and, within each country, between sectors of the economy continue to be significant.
- Average levels of regular overtime working remain too high.

Themes

Table 1

Average collectively agreed normal weekly hours (1999)



Source: EIR online.

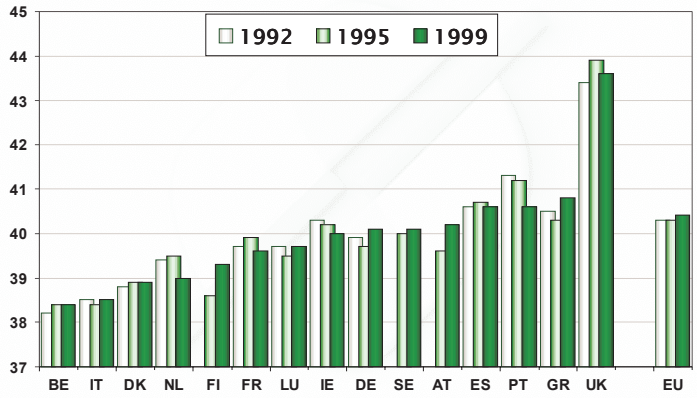
Statutory standard working hours (excluding overtime) are predominantly fixed at 40 (a 48-hour working week is still allowed in Ireland). Denmark (39 hours since the end of 1986) and France (39 hours since 1982 and 35 hours since 2000) constitute positive exceptions.
Maximum weekly hours are still set at 48 in most EU countries, 50 in Portugal, 52 in Italy and Luxembourg and 60 in Austria and Ireland.

In all European countries statutory working hours should not exceed a maximum of 44 hours per week.

The situation is more difficult to assess in terms of average working hours as determined by collective agreements. For most countries figures vary between 36 and 40 with an average that can be roughly estimated at around 38.5 hours per week.

Table 2

Average hours usually worked per week (total economy, employees working full-time

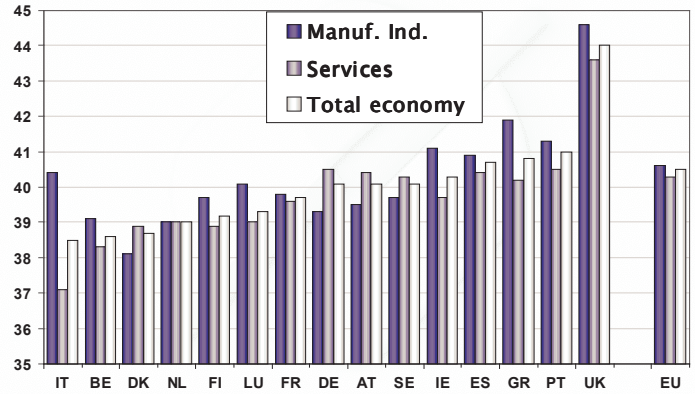


Source: Eurostat - Labour Force Survey 1998

Average hours usually worked per week by full-time employees did not register any substantial change in the 1990s, with a European average of 40.4 hours (41.3 for male workers and 39 for female workers).
Belgium, Italy, Denmark and the Netherlands are at or below the 39-hours ceiling;
Germany, France, Ireland, Finland, Sweden and Luxembourg are at around 40 hours per week;
all the other countries are above the 40-hour ceiling, with the UK at the top of the league with an average of 44 hours and 45.8 hours for male workers.

Table 3

Average usual weekly hours of work of full-time employees by economic activity



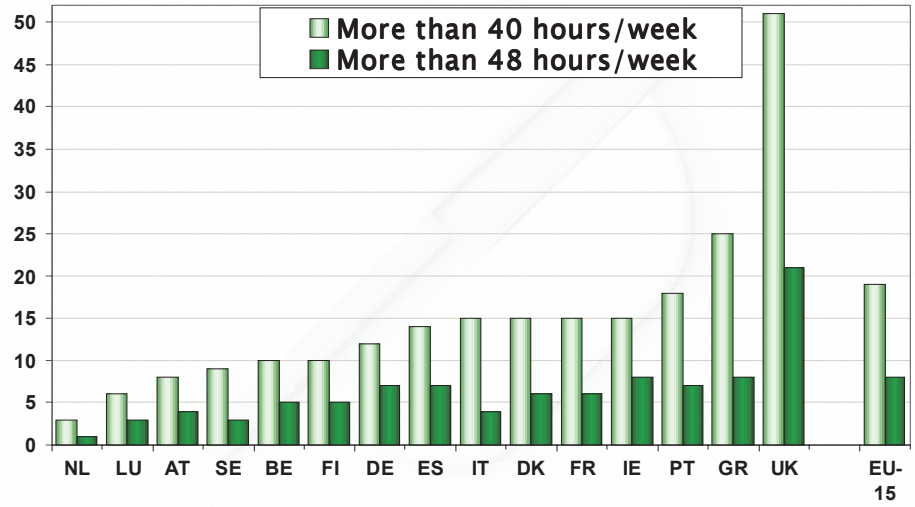
Source: Eurostat - Labour Force Survey 1998

Figures on hours usually worked should be considered in relation to the situation illustrated in the graph on the left referring to the year 1998 and providing a breakdown of the previous averages for manufacturing industry and the services sector. It clearly indicates how variable and differentiated the situation is not only from country to country but also inside each European country.

Table 4

Full-time employees working long hours

1999 (% of full-time employees)



Source: Eurostat - Labour Force Survey 1998

Structural overtime still represents a major problem in Europe. As shown in the table, nearly 20% of European full-time employees are still working more than 40 hours, while 8% are regularly working more than 48 hours per week.

As a principle, overtime should not be considered an element of normal pay in order to earn a decent income.

Determined action to eliminate structural overtime working would make a significant contribution to job creation; to promoting innovative forms of work organisation; to meeting the need for training; and to improving the quality of working life and the working environment, especially with respect to health and safety.

Reducing overtime by 50% over the next five years could represent an important step in this direction.

Table 5

Average annual hours actually worked by full-time employees 1983-87 and 1988-93, by sector of activity

	INDUSTRY			SERVICES		
	1983-87	1988-93	% change	1983-87	1988-93	% change
BELGIUM	1753.6	1748.2	-0.3	1700.4	1690.6	-0.6
DENMARK	1810.6	1734.6	-4.2	1810.9	1758.0	-2.9
GERMANY	1760.7	1715.5	-2.6	1806.1	1771.0	-1.9
GREECE	1859.1	1856.5	-0.1	1806.8	1799.9	-0.4
SPAIN	1804.7	1806.0	0.1	1828.7	1804.0	-1.4
FRANCE	1789.5	1804.9	0.9	1776.4	1779.6	0.2
IRELAND	1894.1	1893.5	0.0	1847.0	1843.3	-0.2
ITALY	1794.9	1795.4	0.0	1672.9	1654.0	-1.1
LUXEMBOURG	1785.7	1791.8	0.3	1761.6	1757.7	-0.2
NETHERLANDS	1813.8	1761.3	-2.9	1858.8	1784.0	-4.0
PORTUGAL	1967.9	1953.0	-0.8	1821.5	1802.3	-1.1
UNITED KINGDOM	1938.1	1981.7	2.2	1912.7	1941.4	1.5
EU-12	1823.0	1820.2	-0.2	1791.5	1782.1	-0.5

Source: Eurostat, Le temps de travail dans l'Union Européenne: estimation de la durée effective annuelle (1983-1993), ISSN 1024-4360, 1995

The trade unions have shown their readiness to negotiate on positive flexibility wherever its introduction is accompanied by innovative working time models.

Annual working hours figures appear particularly suitable as a benchmarking criterion because such computation allows for the need for flexibility over the year which is in line both with workers' demands to organise their own time and company demands for flexibility.

The EMF working time charter sets out a convergence guideline of 1750 hours a year (i.e. approximately 38 hours a week) as an intermediate objective on the road towards the 35 hours. This convergence norm of 1750 hours is considered as a minimum standard to be achieved in the near future. The table indicates that apart from a very few European countries and specific sectoral situations, this objective still remains far from having been achieved.

Table 6

Percentage of employees usually working "unsocial" hours (*) 1999

	SHIFT WORK	NIGHT WORK	SUNDAY WORK
BELGIUM	9	14	19
DENMARK	8	14	32
GERMANY	18	17	23
GREECE	18	17	24
SPAIN	8	10	15
FRANCE	9	15	25
IRELAND	16	16	28
ITALY	23	14	19
LUXEMBOURG	12	12	19
NETHERLANDS	9	11	23
AUSTRIA	19	17	24
PORTUGAL	8	9	10
FINLAND	23	17	24
SWEDEN	27	13	34
UNITED KINGDOM	13	22	39
EU-15	14	16	26

Source: Eurostat, Labour Force Survey

(*) "Usually" means working on at least half of the working days during the four weeks preceding the survey. An employee is classified as a shift worker if he/she usually works two or more different work-shifts. Work shifts are defined as distinct periods of work within a 24-hour day. Night work is defined as work done during the usual sleeping hours.

According to Eurostat figures for 1999, at EU level, 16% of employees had jobs which involved them usually working at night, while 26% worked on Sundays.

Combining data for Saturday and Sunday work, 40% of male and females employees were usually working during week-ends.

3.6. CONCLUSIONS

The duration and distribution of working time is an important indicator of the quality of work and an important aspect of the social situation in Europe. It is all the more surprising, therefore, that the topic of working time has been given little attention in the debate on social Europe. It is only in the context of new forms of work organisation and the endless demands for greater flexibility that much importance has been attached to the topic. In the 1990s trade unions made it clear that they are open to a negotiated, positive flexibilisation, particularly where it is possible to combine the desires for greater 'time sovereignty' and better reconciliation of work and family life with an appropriate design of working time. The realisation of the 35-hour week remains a central trade union goal and constitutes an important social policy indicator that should be used for social benchmarking.

In recent years there has been an increasing trend towards annualised working hours, a trend that trade unions have supported in their collective bargaining policy. Annual working hours are determined by a number of factors, the determining variables being the weekly working time and the number of days' annual leave. Allowing for the various factors involved, limiting working hours to 1750 hours per annum constitutes an important benchmark.

Far too much overtime is currently worked in Europe. A marked reduction would make a significant contribution to reducing unemployment. Excessive working hours also have negative consequences for workers' health. A reduction of 50% during the next five years in the number of overtime hours worked should be set as a benchmark target.

Large numbers of people in Europe are working unsocial hours. It must be recognised that, especially in the area of personal social services, weekend work is unavoidable. At the same time, cultural change means that people have greater demands regarding opening hours, and employers are increasingly seeking to extend machine operating times. The trade unions' central principle is that shift and weekend work should be voluntary.

Working time should be recognised as a relevant structural indicator. A harmonised, up-to-date and comprehensive data set on working time in Europe is absolutely vital for effective benchmarking.

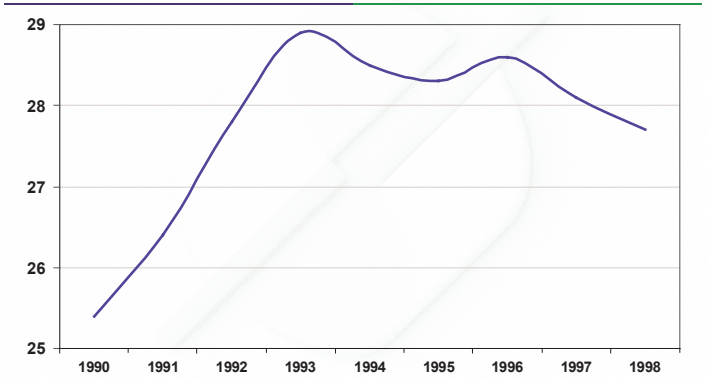
4. SOCIAL PROTECTION AND SOCIAL INFRASTRUCTURE

The European systems of welfare provision, based on the principles of solidarity, insurance and social cohesion, are now threatened mainly because of the devastating effects of lasting high unemployment and underemployment of the European labour force, but also because of pressures caused by tighter budgetary policies (effect of EMU), and growing international competition. At the same time, the systems need urgent adaptation to fundamental changes in the labour markets such as the steady increase of non-standard employment, the flexibilisation of labour markets, the development of women's employment and new patterns of occupational and geographical mobility of workers. But societal changes too are confronting our social protection systems with new challenges: demographic ageing, social exclusion and growing poverty are major challenges. Added to these are changes in family structures, the individualisation of our societies and the growing desire to better reconcile family and professional life.

Themes

Table 1

Expenditure on social protection in EU-15 as % of GDP

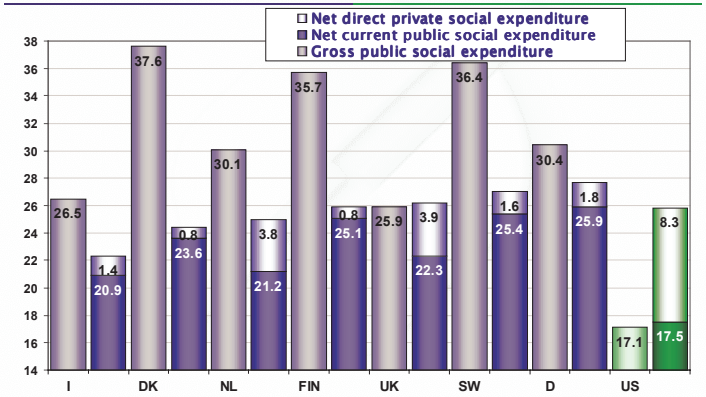


Source: Eurostat - ESSPROS

Since 1993 there has been a downward trend in social security expenditures as a percentage of GDP. This trend is mainly due to renewed growth in GDP, but also to a slowdown in the growth of social security expenditure (in particular a decrease in unemployment benefits).

Table 2

Gross and net social expenditure, as a % of GDP (1995)

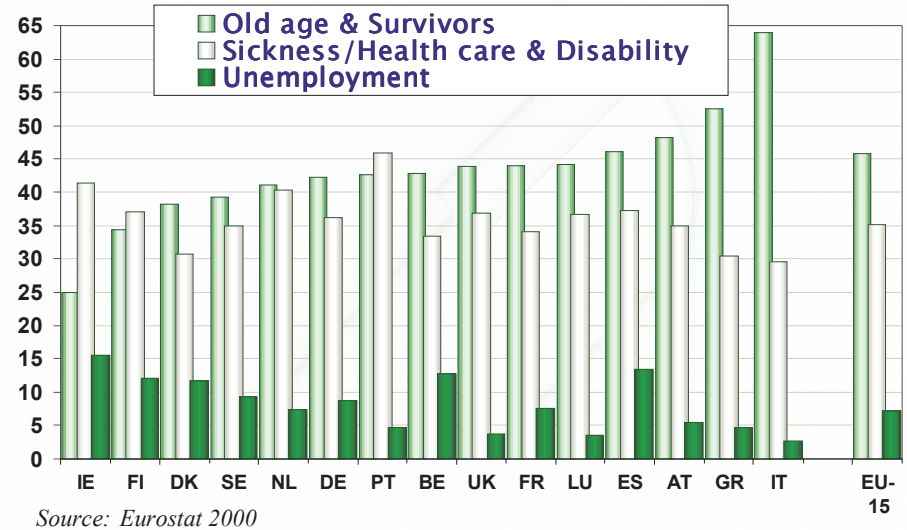


Source: Adema (1999)

The gross expenditure rates in common use do not give an accurate picture of actual spending on social security, firstly because they do not take into account the ever growing importance of private insurance and secondly because they overlook the returns to the public budgets from these benefits (taxes and social contributions paid on benefits). When comparing the rank of European countries according to net and gross spending, we observe that not only does it change but that the total "financial burden" of social protection becomes much more equal between the European countries and the USA. The big differences lie in the taxation schemes and the use of private insurance.

Table 3

Social benefits in the EU by function as % of total social benefits (1998)



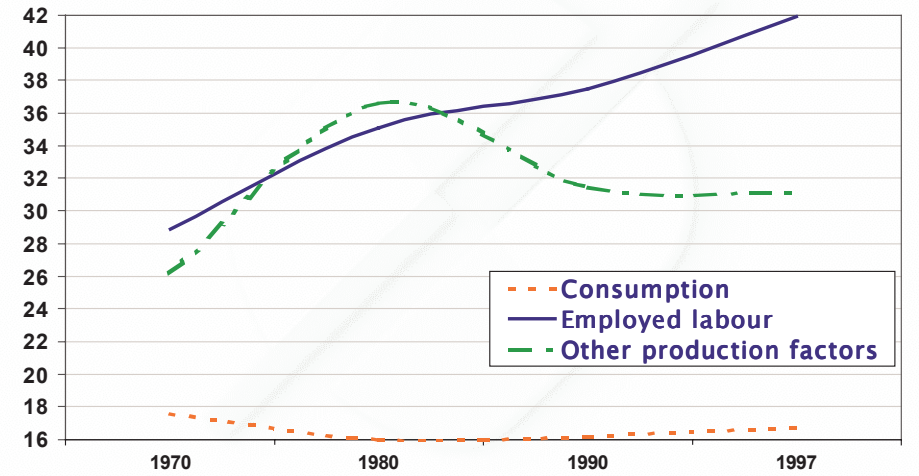
Source: Eurostat 2000

As regards the structure of social security expenditure, old-age and survivors' pensions accounted for 45.7% of the gross public social budget in 1998. Healthcare, sickness and disability account for 35.1% of the budget, family and children for 8.3% and unemployment for 7.2%.

The distribution of the expenditure between functions does not reflect only the social protection priorities of the respective countries but also the economic situation and percentage of population covered. In the future new branches and services will develop within the social protection system as a consequence of the demographic ageing and increased labour market participation of women, e.g. care facilities for children and the elderly.

Table 4

Implicit tax rates in the EU (1970–1997)



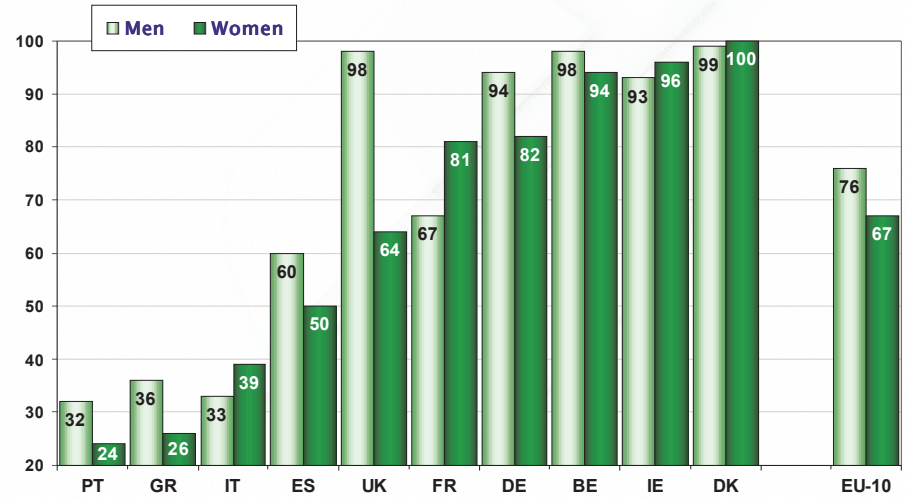
Source: Taxud and Eurostat (2000)

In the EU, social protection is predominantly financed by social security contributions and to a lesser extent from general taxation. In most countries the employers pay the largest share of the social protection costs. This results in employed labour being heavily taxed as compared to other factors of production, e.g. capital and self-employed.

The implicit tax rate on labour has steadily increased since the 70s while the implicit tax rates on other production factors have decreased since the beginning of the 80s. Notwithstanding the endorsement by the Essen European Council of the recommendation contained in the Commission's White Paper on Growth, Competitiveness and Employment to reduce non-wage labour costs by 1 or 2 percent of GDP, and to compensate this reduction with alternative resources, the average tax rate continued to climb each year, reaching 41.9% in 1997.

Table 5

Share of unemployed men and women aged 25-64 in Member States receiving unemployment benefits (1993)



Source: Employment in Europe 2000.

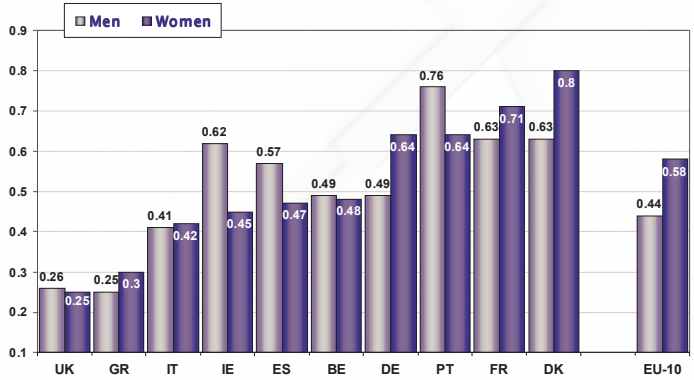
As far as coverage rates and in particular income replacement ratios are concerned, the available data are scarce, often not up-to-date and sometimes very different according to the source consulted. Coverage rates give a good picture of whether the legislation governing the social security function is inclusive or whether it benefits only a part of the eligible population.

The graph shows the important discrepancy between the percentage of unemployed receiving a benefit in the European Union Member States. On average 24% of men and 33% of women who are unemployed do not receive unemployment benefits.

Coverage rates for old-age pensions and for basic health care are not readily available.

Average unemployment compensation relative to earnings for men and women aged 25-64 in Member States (1993)

Table 6

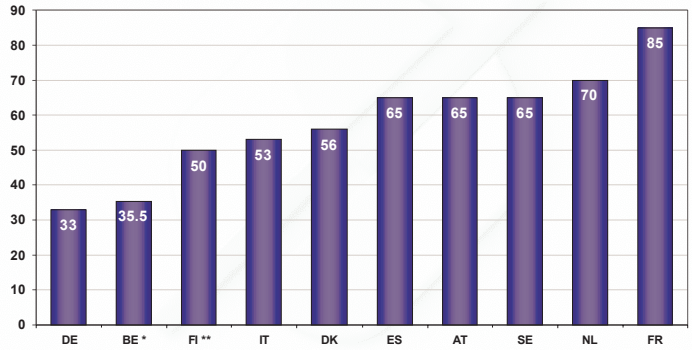


Source: Social Protection in Europe 1997.

The discrepancy in replacement rates is also significant across the Member States and even within Member States.
The almost always higher net replacement rates of unemployment compensation for women is caused by their lower wage on average and the ceilings imposed on unemployment compensation. The net replacement rate ranges from a low 25% for men in Greece to a high of 80% for women in Denmark.

Average replacement rate for old age pensions (1998)

Table 7

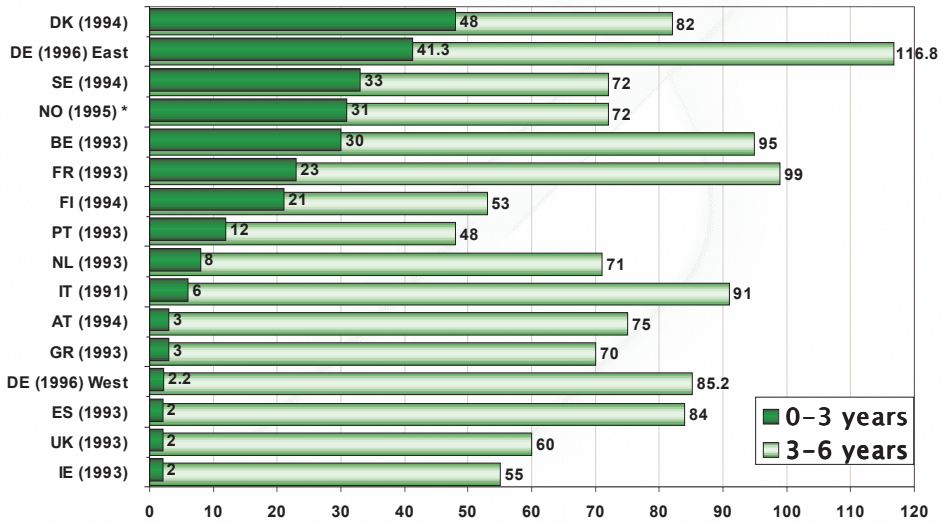


Source: Economic Policy Committee (EU) (2000)
* *Does not include self-employed*
** *Data for earnings-related pension scheme*

The average replacement rate for old-age pensions also differs between countries, with a low of 33% in Germany and a high of 85% in France.

Table 8

Children attending/places available in publicly funded services for children aged 0-6



Sources: Deven et al. (1997). ** Age group 1-2 years*

Structural changes in society create new demands on social infrastructure. The increasing rate of participation of women, with the Lisbon target of 60%, calls for the creation of public, high-quality, and cheap care facilities for both children and the elderly.

Denmark, Sweden, Belgium and former East Germany all have above 30% of children under three in publicly funded childcare provision. The United Kingdom and Ireland come at the bottom with 2%. The figures are somewhat higher in all countries when it comes to care provision for children above 3 years. Here the lowest figure is 55% for Finland.

Concerning the provision of residential and home-based care for the elderly population, figures on a European level are not readily available.

4.7. CONCLUSIONS

In order to guarantee the financial sustainability of social protection systems in the long run it is essential that the public authorities assume their responsibility towards the public systems. This should be done in the first instance by ensuring a minimum general government contribution to the financing of public social protection expenditure, in particular in favour of the non-contributory benefits; subsequently, governments should also examine to what extent earmarked taxes can be used as an alternative source of financing, in particular in order to shift part of the financial burden away from (employed) labour and thereby reduce the implicit tax rate on labour; also the building up of public demographic reserve funds for the support of public pensions in the long run should be envisaged.

Governments and social partners should guarantee full social protection coverage to all workers, without any discrimination based on gender or on employment status: this relates in particular to unemployment benefits, high quality public health care and old age pensions, both public and occupational where available. The rate of coverage of unemployment, health, and pension insurances should be targeted towards the average of the three best-performing countries. A guaranteed minimum pension should also be available and be related to the minimum income and the average full-time wage in each Member State.

The level of all social benefits should be oriented towards the replacement rates in the three best-performing Member States on average and should take more account of the related salary levels and contribution records: this concerns unemployment benefits, public and occupational pensions (private sector employment compared to public sector employment), sickness and invalidity pay, work accident allowance as well as parental leave, maternity leave and career break allowance.

Special attention should be paid to active labour market policies and to preventive health and safety policy measures; their share in the overall labour market and health policies should be oriented towards the average level in the three best-performing countries.

Every child should have guaranteed access to childcare facilities. Particular attention is to be paid to childcare facilities for children under three. Special steps are required to ensure access to childcare facilities for low-income families and ethnic minorities. The ageing of societies requires also the increasing provision of residential and home-based care facilities and services for the elderly. Efforts must be stepped up in order to ensure that such facilities and services are available for all who need them.

5. EDUCATION, CONTINUING TRAINING AND LIFELONG LEARNING

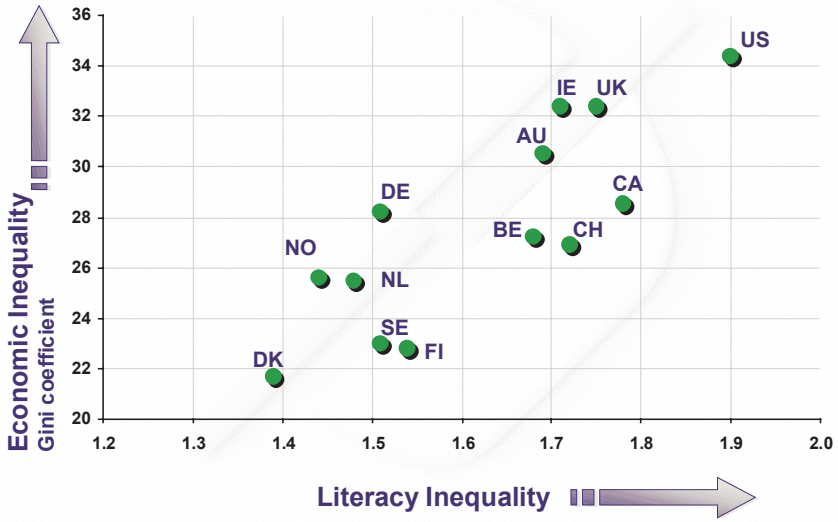
Investing in people means above all else investing in education and training. A highly skilled population is an important precondition for a dynamic and competitive European economy. By 2005, 80% of the technologies in use will be less than 10 years old, while, on the other hand, in that same year 80% of the European labour force will have completed their education and training more than 10 years previously. Clearly this implies an enormous need for further training.

At the same time education and training are the best provision against unemployment and poverty. The Lisbon European Council (March 2000) set important strategic targets for the modernisation of the European social model, which receive the vigorous support of the trade unions. They include a substantial annual increase in per capita investment in training activities and the goal of halving the number of young people with merely compulsory secondary schooling (level I), and thus lacking further education or vocational training.

Themes

Economic inequality and literacy

Table 1



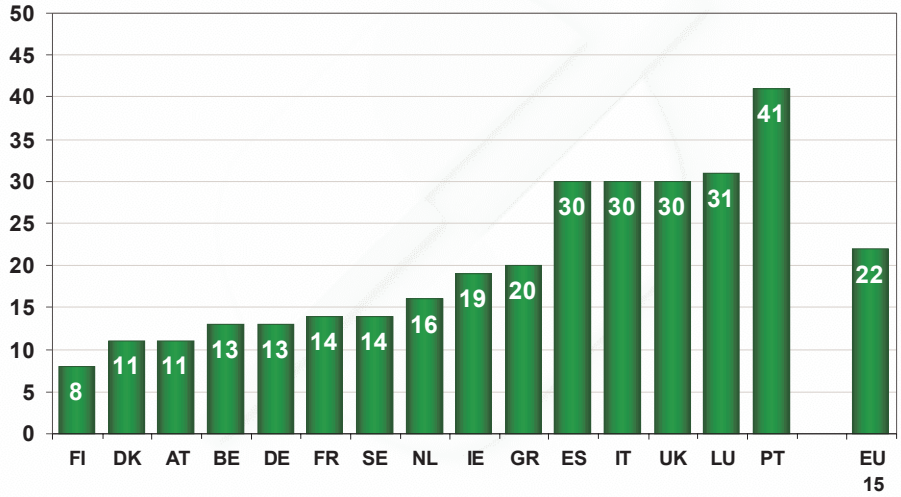
Source: International Adult Literacy Survey, 1994-1998; OECD, Trends in Income Distribution & Poverty in OECD Area 1999

The provision of educational resources and the participation of all strata of society in the public education system are decisive factors determining the social situation of the entire population of Europe. There is a close correlation between levels of education and vocational training and individual labour market chances. A high educational level offers protection against precarious living and working situations and poverty, for the risk of unemployment is closely linked to the qualification obtained and the skill profile held. The lower the level of vocational training, the greater is the danger of unemployment and long-term unemployment. Men and women lacking any vocational training face by far the greatest risk. Table 1 clearly shows the correlation between economic inequality and literacy. Economic inequality is relatively low in those countries in which there is considerable equality of opportunity and a high educational standard.

People's access to advanced school and vocational qualifications and to universities and colleges remains heavily dependent on the origin, the educational level and the social situation of their parents. Although there has been an increase in the number of working class children obtaining advanced qualifications, the gap compared with the offspring of civil servants, the self-employed and white-collar workers remains considerable.

Table 2

Young people (18–24) not in education and with low qualifications (in percent, 1997)

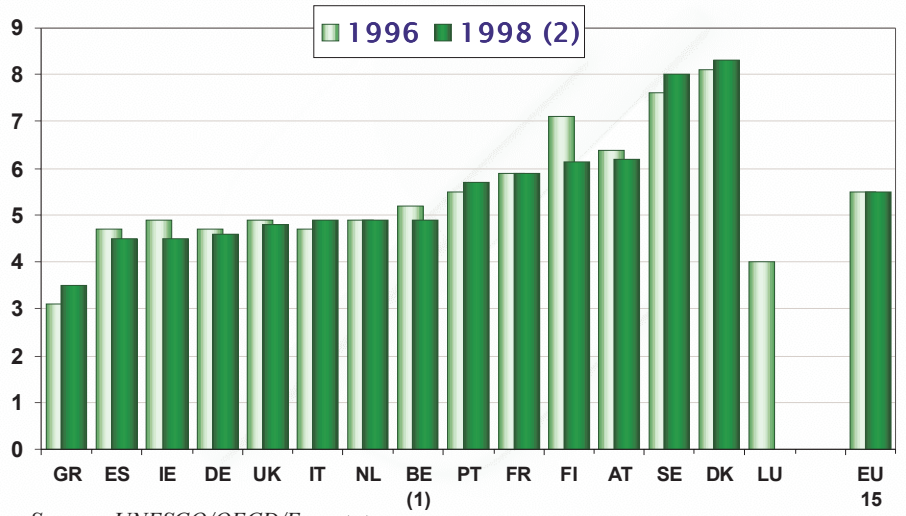


Source: Eurostat – European Union Labour force Survey

On the European average, 22% of those aged between 18 and 24 lack any educational or vocational training qualifications beyond lower secondary level (Level I). As can be seen from Table 2, this average conceals substantial differences between the EU member states. The goal agreed at Lisbon of halving the number of low-skilled young people is to be welcomed. The intention formulated in the employment policy guidelines to significantly reduce the number of school drop-outs also receives trade union support. Yet the EU should not be frightened of setting even more ambitious targets: overall the proportion of youngsters lacking more than the minimum educational qualifications and vocational training should be pushed down to below 8%, even if this will make considerable demands on some member states.

Total public expenditure on education as a percentage of GDP in national currency

Table 3

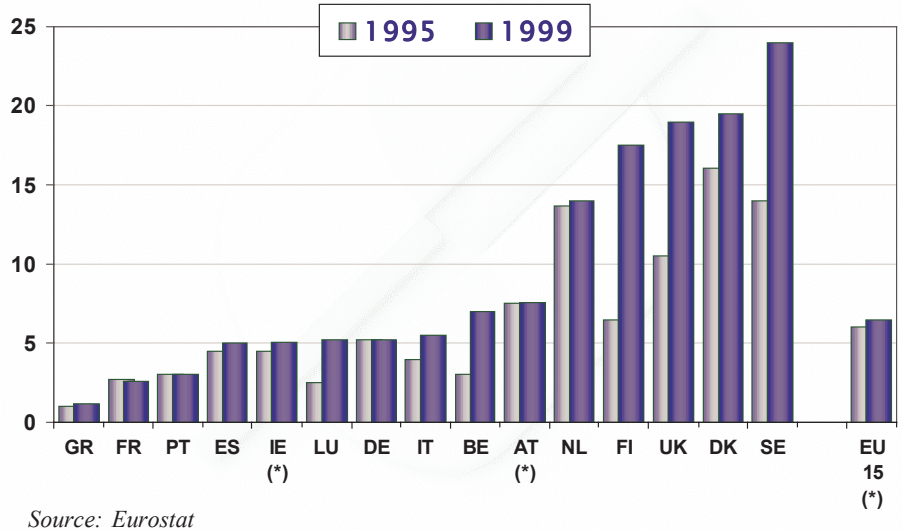


Source: UNESCO/OECD/Eurostat
(1) Data cover the Flemish Community only
(2) Provisional data

The proportion of national income (GDP) devoted to education is an important indicator of the importance attached to education by the member states. Educational spending constitutes an important investment in human resources. On average, public spending on education represents 5% of GDP in the EU. Yet here, too, there are substantial differences between the member states (Table 3). Even if education policy enjoys top priority in the EU, it remains under considerable pressure from the Maastricht convergence criteria. Although in a number of countries it has proved possible to raise expenditure slightly, in six member states spending declined – by up to 1% of GDP. Public spending on education is not the sole indicator of the quality of education, of course. Efficient organisation and administration of education systems can make a decisive contribution to improving educational quality. Public spending is, however, relevant in terms of constructing and maintaining school buildings and for the ability to react to rising educational requirements. The adequate provision of public funds is an absolutely necessary condition for training and education systems to be developed and modernised. In this light it is not enough to call for a substantial rise in investment in human capital (Lisbon Council): a target should be set of raising education spending to 7% of GDP.

Table 4

Life-long learning - Percentage of population aged 25-64 participating in education and training



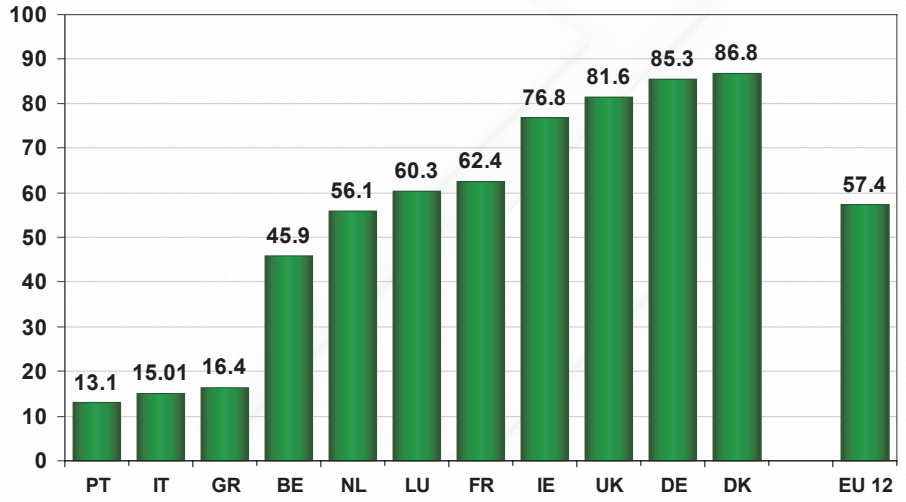
Source: Eurostat

(*) 1995-1997 data for IE, AT and EU-15

The necessity of lifelong learning was recognised as long ago as the mid-1970s, and it has since been the subject of numerous declarations of political intent. The Commission is correct to identify the very marginal progress made in creating a culture of lifelong learning. Just 6% of the population aged between 25 and 64 participates in educational and training measures (Table 4). If the challenges of a knowledge-based society are to be met, the barriers to lifelong learning must be overcome as quickly as possible, and the proportion of the labour force participating in further training measures must be increased substantially. The steps required include the right of access to further training measures, the provision of adequate training offers and ensuring a solid financial basis. While recognising the central importance of IT-skills, lifelong learning measures should not be restricted to such skills, but should rather encompass a broad range of qualifications, including foreign languages, social skills and cultural competences. In particular, the strategy of lifelong learning is to be developed within the framework of the employment policy guidelines. The efforts being made by the Eurostat taskforce to define qualitative and quantitative indicators are to be supported.

Table 5

Proportion of firms with more than ten employees offering further training (1993, in %)



Source: CVTS, Eurostat

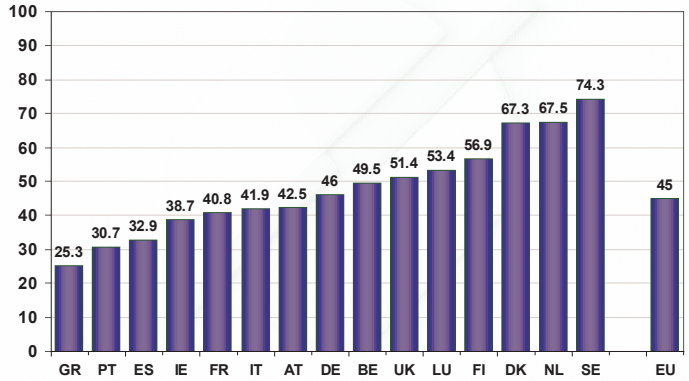
Lifelong learning takes extremely diverse forms – and this needs to be recognised. Having said that, it is vital to recall the particular responsibility of employers in offering vocational training and lifelong learning measures. Less than 60% of companies with more than 10 workers offered further training measures of any type (Table 5, figure for 1993). In the case of companies with up to 49 workers, the figure was only 50%. Almost all large companies, on the other hand, offer further training opportunities. Thus people working in small firms are at a disadvantage compared with workers in large companies in terms of the opportunities for lifelong learning and developing their qualifications. There are also substantial differences in participation rates in terms of the existing level of qualifications of the workers concerned. Well-qualified white-collar workers embark on further training relatively frequently, whereas the participation rates among unskilled and semi-skilled blue-collar workers are much lower.

Meaningful and up-to-date data are required for effective benchmarking. In an environment of rapid technical change, lifelong learning measures are not merely a cost factor but a vital long-term investment to safeguard the competitiveness of firms and job security. All employers should therefore see it as their duty to invest in training their workforce.

Table 6

Use of computer for work

(% of working population by Member State)

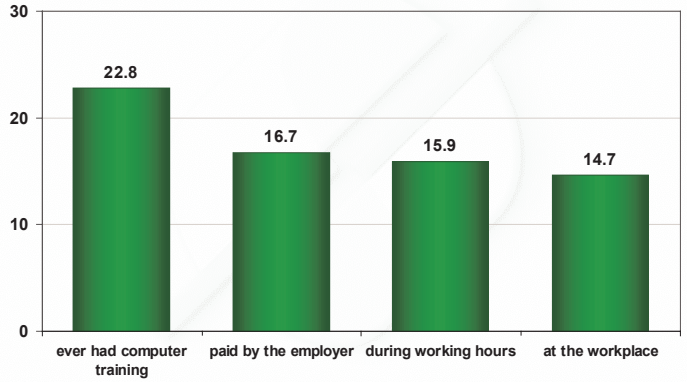


Source: Eurobarometer, November 2000

Table 7

Computer training

(% of European working population)



Source: Eurobarometer, November 2000

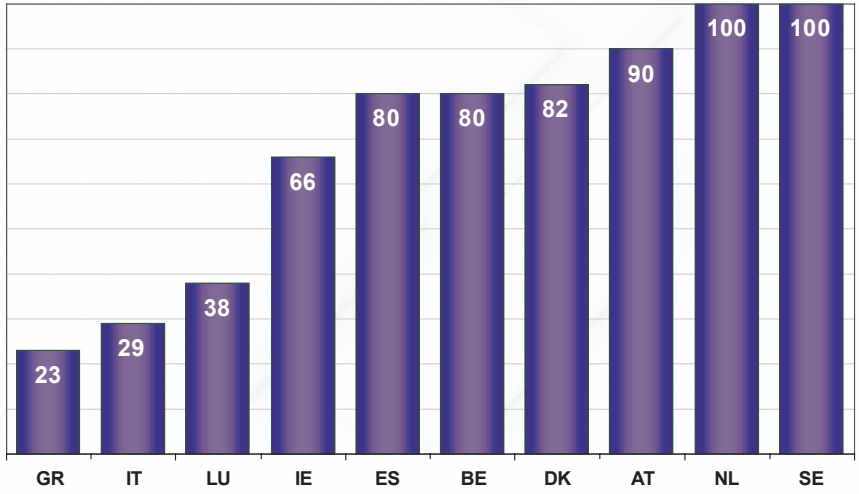
Active participation in the knowledge-based society presupposes comprehensive ICT qualifications. In this context the requirement set out in the 2001 employment policy guidelines that all schools in the European union should have access to the Internet by the end of 2001 is a first step in the right direction. There has already been a positive upward trend in schools' internet access, which in many member states is already in excess of 90%.

Yet there are serious deficits in terms of further training in this field. 45% of all workers in the European Union use computers at work (Table 6). Yet this figure is in stark contrast to the lack of qualifications. Only 22% of workers have ever received an ICT qualification for their profession, and only 17% of the workforce has had training paid by the employer (Table 7). The diffusion of information and communication technologies is set to expand rapidly, so that in future all workers must have access to appropriate further training. The need for lifelong learning is particularly apparent in the case of ICT. Here the social partners bear a particular responsibility to overcome the existing skill gaps. Yet it is above all private-sector employers who must face up to this responsibility. The aim must be to offer 20% of all workers an appropriate further training measure per annum. This would ensure that over a period of five years all workers would receive some training in this area.

Central administration workers trained in ICT

Table 8

(%)



Source: ESDIS, January 2001

The public administration can be taken as a model with respect to their high standards of employee training. In the central public administrations of Belgium, Denmark and Spain, 80% of workers have received ICT training, in Austria the figure is 90%, and in the Netherlands and Sweden such training has been provided to the entire workforce (100%) (see Table 8).

5.7. CONCLUSIONS

Investment in education is a precondition for the ongoing development of the European social model and for the competitiveness of European companies. Public spending on education must be increased: the aim should be to attain a figure of 7% of GDP within five years. Such spending must be exempt from the pressure to consolidate public finances.

Particular attention must be given to investing in the education of young people. The proportion of young people lacking qualifications beyond compulsory schooling should be pushed below 8%.

There is a broad social consensus on the need for lifelong learning. The conditions need to be put in place to promote a culture of lifelong learning. These conditions include a right of access to further training, the provision of sufficient training opportunities and a solid financial basis.

The proportion of the employed undergoing further training should be steadily increased. Each year 10% of the labour force should be offered a further training opportunity. At the same time, all workers should be offered the possibility of obtaining an ICT qualification within the next five years.

6. WORKING ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY

The European Council in Lisbon did not merely set the re-establishment of full employment as a priority goal, it also emphasised the quality of work and the need for better jobs. That means that the creation of new jobs does not necessarily imply the creation of high-quality jobs. The first chapter ('employment') drew attention to the fact that the growth of atypical employment relations brings with it new risks, and that new forms of work organisation and the associated introduction of new technologies can have a negative impact on working conditions and can pose new health risks.

The work environment and working conditions cover a broad spectrum, including, amongst other things, noise, vibration, high/low temperature, lifting/moving heavy loads, repetitive movements, chemical-biological risks, high-speed work, monotonous work, sexual harassment and other aspects. Since 1991, the Dublin Foundation has conducted three surveys questioning workers on their working environment. Similar surveys exist in a number of member states. EUROSTAT has published accidents and fatal accidents statistics since 1994, and it published a pilot study on occupational diseases data for the year 1995. The surveys conducted by the Dublin foundation constitute the main source of information on exposure of workers to risks, including the role of organisational factors, and is a useful first step towards developing common indicators on exposure and health perception.

Consistent, comparable data on exposure to risks, coverage by law, on victims of accidents and diseases and health perception and indicators will be needed if the aim of creating high-quality jobs is to be met and further improvements in working conditions achieved.

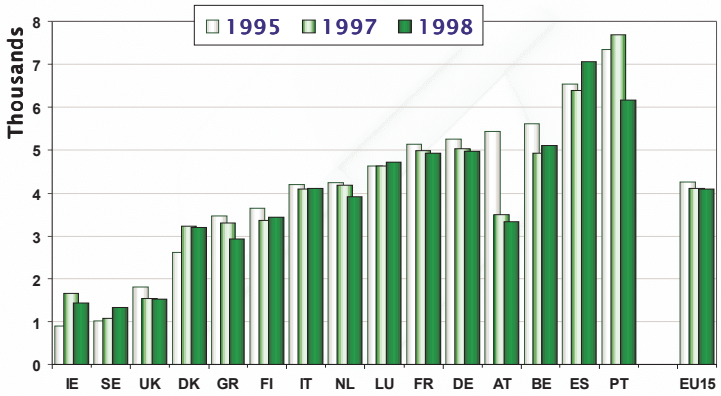
Themes

INCIDENCE HAS FALLEN SLIGHTLY BUT STILL TOO HIGH

Accidents at work with more than 3 days' absence

Table 1

(standardised incidence rate, per 100,000 pers. in employment)



Source: Eurostat 2001

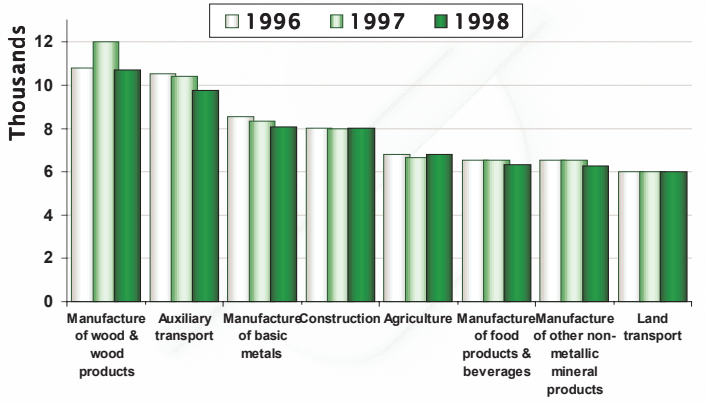
In 1998 in the EU as a whole, around 4,678 million accidents at work occurred that led to an absence from work of more than three days, but the first estimate for the year 1999 suggests an increase to 4,850 million accidents. The first estimates of the last European labour force surveys shows that 30% of accidents lead to less than 3 days of absence.

The incidence rate (number of accidents per 100,000 persons in employment) for 1998 is 4,089; in 1995 the rate of incidence was 4,266; this represents a reduction of 4.15 % in three years. Again it should be noted that for the year 1999, for the EU as whole, the incidence rate increased by 2.78% in one year. The number of accidents at work is still too high. As can be seen from Table 1, there are marked differences between the member states of the Union, and the rate of incidence of accidents at work has increased in six countries. The last results at EU level confirm the deterioration of working conditions for a number of workers.

Accidents at work with more than 3 days' absence

Table 2

(Standardised incidence rate, per 100,000 pers. in employment, activities with a high risk of accidents at work)



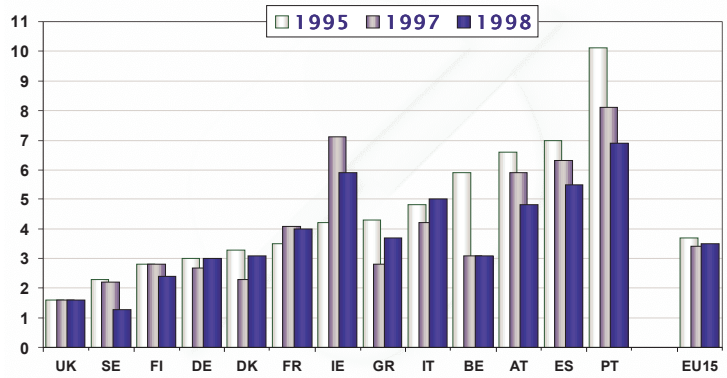
Source: Eurostat 2001

The risk of suffering an accident at work varies very considerably between economic sectors. The incidence rate of accidents is above average in eight areas of the economy, with particularly high figures in four sectors: manufacture of wood, auxiliary transport activities, basic metal manufacture and construction. Over the three last years (95-98) the rate of incidence has increased in the agriculture sector and land transport. The first results for the year 1999 show an increase compared to 1998 in many sectors, in particular the construction sector, agriculture, transport (Table 2).

Table 3

Fatal accidents at work

(standardised incidence rate, per 100,000 pers. in employment)



Source: Eurostat 2001

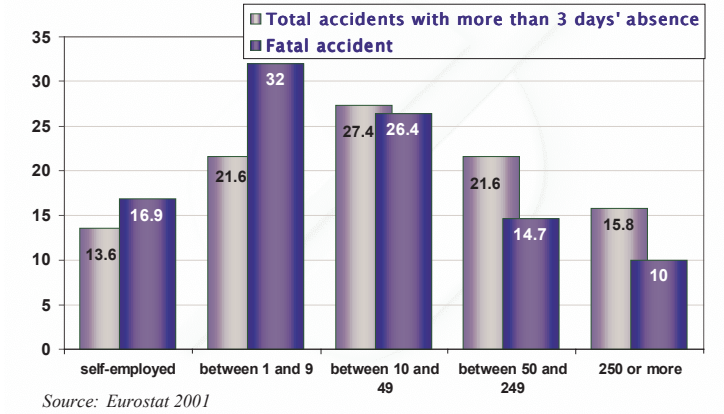
Note: excluding the transport and communications branch and excluding road traffic accidents and accidents on any means of transport occuring during work.

In 1998 5,476 fatal accidents at work were recorded in the EU as a whole. The decline compared with 1995 was 12% in three years; it is somewhat more pronounced than for accidents generally. The European incidence rate declined by 10.25% during the same period but it increased for the first time in 1998 compared to 1997 by 2.9%, and the figure increased in four countries and remained stable in two countries.

Table 4

Accidents at work by size of enterprise

(Standardised incidence rate) (EU15 and Norway, 1998, % of the total)



Source: Eurostat 2001

There are major differences in the statistics with respect to enterprise size: the accident rate of incidence is particularly high in small and medium-sized firms employing between one and 249 workers.

It is estimated by Eurostat that 146 million work days were lost in 1996 in the EU and Norway through accidents at work, i.e. a mean of 30 days per accident and the equivalent of one day of work lost per year for every person in employment. Thus the social consequences and economic costs of accidents at work are clearly substantial.

6.3. CONCLUSIONS

In spite of extensive EU legislation in the fields of occupational health and safety, working conditions have deteriorated and the number of workplace accidents is still high. Work intensification and job insecurity are leading to musculoskeletal disorders, stress and burn-out, and a high accident rate among temporary workers. Health gaps between workers are widening.

Open co-ordination should be set up, focused on present common objectives or specific industry segments.

In the framework of benchmarking 'working Europe', there is a need to define indicators for effective monitoring of changes in working conditions and their health impacts, which would contribute to improve Community policy. A co-ordinated focus on key objectives for public policy instruments (resourcing and capacities of labour inspectorates, public research agencies into workplace health, support for the development of preventive practices, etc.) should also be developed.

In this context indicators should show a significant reduction in the number of workplace accidents, particularly those that prove fatal or lead to permanent occupational disability.

As a benchmark the number of workplace accidents has to be reduced to the average of the three best-performing member states. Workplace accidents which prove fatal or lead to permanent occupational disability should be reduced by 50% in five years.

7. WORKER PARTICIPATION, INFORMATION AND CONSULTATION

Solid industrial relation systems are core elements of the European Social Model. In all EU member states there are institutionalised forms of information and consultation of employees. Worker participation, information and consultation contribute to the improvement of working conditions and the quality of work, as well as to the efficiency and the competitiveness of companies.

A precondition for the successful introduction of new forms of work organisation is proper information and consultation of employee representatives. Empirical findings indicate that informed and consulted workers are the best guarantee for the sustainability of work organisation and a high-performance work environment.

The Nice 2000 European Council adopted a charter of fundamental social rights. In this charter, workers' right to information and consultation within the undertaking is recognised as a fundamental right in the European Union. Article 27 of this Charter says that "workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Community law and national laws and practices."

The improvement of industrial relations is also highly relevant in the context of the social policy agenda of the European Commission.

Themes

In all EU member states institutions exist for employee representatives to obtain information and to be consulted – widely considered to be a fundamental social right – although they differ in their attributes, type of action, composition and resources.

Employee representation body in enterprise

Table 1

		INFORMATION AND CONSULTATION					RESOURCES					
		Economic	Socio-occupational	Health and safety	Welfare & cultural activities	Claims	Meetings	Premises	Hours	Training	Budget	Experts
FR	Comité d'entreprise Works council	●	●	●	●	(●)	●	●	●	●	●	●
DE	Betriebsrat Works council	●	●				●	●	●	●		●
UK	Shop stewards	●	●	●		●	●	●	●	(●)		
IE	Shop stewards	●	●	●		●	(●)	(●)	(●)	(●)		
BE	Conseil d'entreprise Works council	●	●	(●)	●	(●)	●	●	●	●		●
LU	Comité mixte d'entreprise Joint works committee	●	●	●	(●)	(●)	●	●	●	●		
NL	Ondernemingsraad Works council	●	●	●	(●)		●	●	●	●	(●)	●
DK	Samarbejdsudvalg Cooperation committee	●	●	●			●		●			
IT	RSU Unitarian union representation	●	●	●	●	●	●	●	●			(●)
ES	Comité de empresa Works council	●	●	●	●	(●)	●	●	●			
PT	Comissão de trabalhadores Workers' commission	●	●	●	(●)		●	●	●			(●)
GR	Workers' council	●	●	●	(●)		●		●	●		(●)
AT	Betriebsrat Works council	●	●				●	●	●	●		●
SE	Facklig Förtroendeman Shop stewards	●	●	●			●	●	●	●		(●)
FI	Shop stewards Cooperation committee	●	●	●	●		●	●	●	●		

Source: European Commission (1999) Employee representatives in Europe and their economic prerogatives

7.2. EMPLOYEE REPRESENTATION AT THE WORKPLACE

TO BE RECOGNISED BY ALL EMPLOYERS

Even though it is a fundamental social right in the EU and in its member states to have employee representatives at each workplace, there are still weaknesses in this field. This is shown by a survey by the European Foundation for the Improvement of Living and Working Conditions. On average works council or trade union representatives exist in approximately 60% of the companies. Based on this survey 40% of the companies have no democratic employee representation at company level; within this latter group, in 10% of the companies management is bypassing the fundamental social right of workers' representation as laid down in the legal provisions by itself establishing an advisory committee.

Member States and social partners should increase the number of companies having installed workers' representation by 5% every year. In this way the overall number of companies covered by employee representation should rise from 60% to more than 80% within five years.

Employees representation at the workplace *Table 2*

(%)

	REPRESENTATIVES ELECTED TO A WORKS COUNCIL, A JOINT CONSULTATION COMMITTEE OR TRADE UNION REPRESENTATION	REPRESENTATIVES TO AN ADVISORY COMMITTEE ESTABLISHED BY MANAGEMENT	NONE OF THE PREVIOUS	NO ANSWER
DK	58.2	15.6	34.1	10.7
FR	64.5	18.1	20.1	14.1
DE	63.9	3.5	34.3	3.0
IE	51.5	13.1	42.4	7.1
IT	80.4	4.6	20.4	7.2
NL	40.8	22.8	45.0	3.0
PT	14.4	13.1	67.4	7.7
ES	82.1	5.0	17.2	3.3
SE	95.5	13.3	8.3	1.4
UK	44.8	18.5	38.7	9.6
AVERAGE	62.4	10.9	30.2	7.0

Source: European Foundation for the Improvement of Living and Working Conditions (1997) New forms of work organisation, Luxembourg, Office for the Official Publications of the European Communities.

Among larger companies the percentage fulfilling the participation, information and consultation rights is mostly satisfactory. However, only 20% of the small and medium-sized enterprises are equipped with adequate institutions for participation, information or consultation. Clearly, the need for information and consultation in small and medium-sized companies has not yet been adequately met.

Member States together with social partners should make efforts to raise workers' representation in SMEs to 50% within five years.

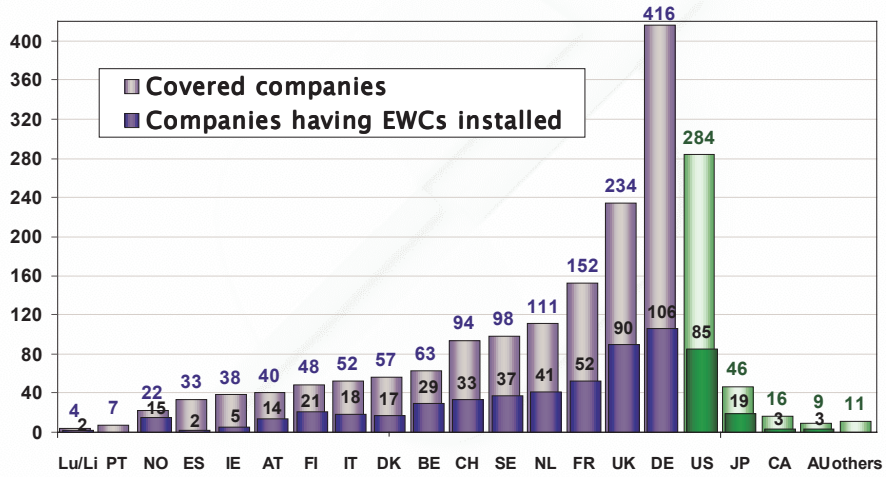
7.2. EMPLOYEE REPRESENTATION AT THE WORKPLACE

The need for appropriate information and consultation rights exists at all levels: at the level of the individual firm irrespective of its size, the level of the undertaking (comprising several firms), and the level of the group of undertakings. In some Member States information and consultation rights at the group level are not yet in place. An objective for benchmarking is that in five years from now, all Member States provide group-level information and consultation rights.

Trade unions play an important role in bodies providing for information and consultation. Between 70 and 80% of those serving in such institutions are trade union members. Even in France, where union density is much lower than in other EU member states, between 65 and 70% of the works council (*comité d'entreprise*) members are trade union members. Trade unions also play a major role in organising, supporting and training employee representatives.

European Works Councils in companies covered by directive 94/45/EC and 97/74/EC (by country of ownership)

Table 3



Source: European Trade Union Institute, Multinationals database 2000

*(Bahrain, Kuwait, Hong Kong, Malaysia, South Africa South Korea)

In 1994 the Directive on European Works Councils was adopted. European-level information and consultation rights for employee representatives in companies were recognised for the first time. European Works Councils have already proved their worth in practice, contributing to the democratisation of companies in the European single market.

The Directive requires the installation of European Works Councils in approximately 1850 Companies. To date a European Works Council (EWC) has been established in 650 of them. The process of installing European Works Councils in all companies covered by the Directive demands accelerating measures. Again there are cases in which the provisions of the directive have been breached and its transposition indicates the need for effective sanctions to ensure that the intended rights for European-wide information and consultation are realised in practice.

Studies analysing the practical functioning of European works councils have highlighted the need to improve the provisions determining the timing and the quality of the consultation and of the information given. Article 15 of the EWC Directive foresees that the Directive will be revised. In the light of the experiences during recent years, trade unions are in favour of such a revision and have put forward clear demands and arguments for amendments in a revised EWC Directive.

7.4. CONCLUSIONS

There is a need for information and consultation for employee representatives in all companies irrespective of their size and at all levels. Answering these information and consultation needs in the companies operating in the European Union is a social benchmark on the way to a democratisation of Europe's economy.

A first objective for benchmarking consists in guaranteeing respect for the national provisions providing for information and consultation rights. An instrument for this lies in the minimum standards in the draft Directive, which establish a general framework for informing and consulting employees. The implementation of these minimum standards requires the existence of effective sanctions for companies failing to comply.

European-level information and consultation exists in 650 European Works Councils. The revision of the Directive on European Works Councils, as well as the other European directives providing for information, consultation or participation rights, provide opportunities for European-wide social benchmarking.

Providing information to and consulting with employee representatives is not an obstacle to, but rather an advantage for, the competitiveness of companies in the global market.

REFERENCES

Adema, W. (1999) *Labour market and social policy* – Occasional papers n° 39. Net social expenditure, OECD, Paris.

American Management Association (2000) *Workplace Testing, Monitoring and Surveillance*, AMA. New York.

Deven et al. (1997) 'State of the art review on the reconciliation of work and family life for men and women and the quality of care services', Brussels, EC Equal Opportunities Unit (DGV), in *International Labour Review*, vol. 138, n°4.

DG Taxud and Eurostat (2000) *Structures of the taxation systems in the European Union 1970-1997*, EC, Luxembourg and Brussels.

Douat, E. (1996) *La Maîtrise des dépenses de santé en Europe et en Amérique du Nord*; Etats-Unis, Grande-Bretagne, Canada, France, Allemagne, Italie, Bordeaux, LCF.

Dutch Ministry of Social Affairs and Employment (1997) *Social Policy and Economic Performance-Report*, The Hague, p. 47, quoted in Berghman J. and co. (2000) *Social protection as a productive factor*, Leuven.

ECATT (2000) *Telework data report* (population survey). Report for the European Commission, Bonn (www.ecatt.com).

Economic Policy Committee (EU) (2000) *Progress report to the Ecofin Council on the Impact of ageing population on public pension systems*, Brussels.

EPOC research group (1997) *New forms of work organisation. Can Europe realise its potential?* Result of a survey of direct employee participation in Europe, European Foundation for the Improvement of Living and Working Conditions, Dublin.

European Commission (1999) *Employee representatives in Europe and their economic prerogatives*, Office for Official Publications of the European Union, Luxembourg.

European Commission (2000 a) *Social Protection in Europe 1999*, Luxembourg.

European Commission (2000 b) *Employment in Europe 2000*, Luxembourg.

European Commission (2000 c) Communication from the Commission. *Building an inclusive Europe*, Brussels.

European Commission, *European Economy*, Annual Economic Report 1999 and 2000.

European Dublin Foundation (2001) *EIROnline*, various issues, at http://www.eiro.eurofound.ie.

European Trade Union Institute (2000) *Multinationals database*

Eurostat (1995) *Le temps de travail dans l'Union Européenne: estimation de la durée effective annuelle (1983-1993)* ISSN 1024-4360, Luxembourg.

Eurostat (1997) Report *Minimum Wages*.

Eurostat (1998) *Labour Force Survey*, Office for Official Publications of the European Union, Luxembourg.

Eurostat (1998) *Recommendations on Social Exclusion and Poverty Statistics*, Working document.

Eurostat (1999) *Labour Force Survey Results 1998*, Luxembourg.

Eurostat (2000) *European Social Statistics*.

Eurostat (2000) *Labour Force Survey Results 1999*, Luxembourg.

Eurostat (2000) *Social protection in Europe. Statistics in focus, population and social conditions*, Theme 3-15/2000, Luxembourg.

Eurostat (2001) *Statistics in Focus*, theme3, Health and safety at work.

Eurostat (2001) *The Social Situation of the European Union*.

Eurostat News Release n° 94-2000, August 2000.

Eurostat, Statistics in Focus, theme 3, n° 11-1998, 9-2000, 2-2001.

Finnish Ministry of Social Affairs and Health, *Trends in Social Protection in Finland 1999-2000*, 2000 for OECD measures of the Gini Coefficient.

Goudswaard, A. and Nanteuil, M. (2000) *Flexibility and working conditions. The impact of flexibility strategies on "conditions of work" and "conditions of employment": A qualitative and comparative study in seven EU Member States.* Consolidated Report: European Foundation for the Improvement of Living and Working Conditions, Dublin.

Mc Morrow, K. and Roeger, W. (1999) *The Economic Consequences of Ageing Populations*, EC, DG ECFIN.

OECD (1999) *A Caring World.* The New Social Policy Agenda, Paris.

OECD (1999) *Employment Outlook*, OECD. Paris.

Scarpetta, S. and Blöndal, S. (1998) *The retirement decision in OECD countries*, OECD Economics Dpt. Working Papers.

THE BENCHMARKING GROUP

Reiner Hoffmann, ETUI, *director*
Giuseppe Fajertag, ETUI, *senior research officer*
David Foden, ETUI, *senior research officer*
Martin Hutsebaut, ETUI, *administrative manager*
Maria Jepsen, ETUI, *senior research officer*
Peter Kerckhofs, ETUI, *research officer*
Emmanuel Mermet, ETUI, *research officer*
Irmgard Pas, ETUI, *data processing manager*
Jacqueline Rotty, TUTB, *documentalist*
Marc Sapir, TUTB, *director*
Amparo Serrano Pascual, ETUI, *research officer*
The ETUI *documentation center*

For further information
http://www.etuc.org/
http://www.etuc.org/etui
http://www.etuc.org/tutb