2023 YEARBOOK

Eurofound

Living and working in Europe

Living and working in Europe 2023

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

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Contents

Foreword

In many respects, 2023 was a good year to be working in Europe. Employment, in particular, was a bright spot. Over three-quarters of working-age Europeans are now in employment. The economy continues to generate employment, for the most part in well-paid jobs. Unemployment dropped to a record low. Gender discrepancies in the labour market are being chipped away as employment grows faster among women than men, narrowing the gender employment gap, albeit at a snail's pace.

Such is the demand for workers that labour shortages are putting a squeeze on business performance. While this is a threat to economic competitiveness, it is also a wake-up call for governments and employers to invest more in work. For years, training and upskilling have been falling behind the accelerating pace of change as digitalisation sweeps through the world of work and the greening economy demands new skills. Governments, businesses and workers need to maintain the impetus of the 2023 European Year of Skills and to internalise a mindset of upskilling and reskilling. Without such a mindset, not only will the current shortages persist, but the green and digital transition could falter.

With more choices in the labour market, more workers are able to turn their backs on undesirable jobs. Many jobs expose workers to a raft of stressors, both physical and psychological. Evidence from Eurofound's most recent survey on working conditions is that close to one-third of jobs are strained, the harms of which to health and well-being accumulate over time. But the evidence also suggests that reducing strain does not require so much as a workplace revolution as the creation of more supportive work environments that demonstrably value their workers.

Beyond workplace measures, the need for workers to be able to disconnect at the end of the working day is receiving increasing recognition at national and EU levels. Pressure for EU regulation is not likely to disappear despite the failure of the EU-level social partners to reach agreement. With 80% of workers in a Eurofound survey saying that they regularly receive out-of-hours contact, it is clear that boundaries need to be set.

The verdict on living in Europe in 2023 is more nuanced. The benefits of high employment are not translating into palpable improvements in the daily lives of all Europeans, in large part due to the continued rise in the cost of living. With earnings from work insufficient to keep pace with inflation, some are forced to forego the staples of a basic standard of living in these prosperous times. And something as fundamental as affordable housing for all Europeans seems to have become an unattainable dream for many.

Failure to share in the spoils of a relatively healthy economy contributes to public disillusion and disconnection from the political mainstream. Trust in government and in the EU is low, according to Eurofound findings from 2022, especially among rural populations. Add in other contentious issues such as immigration – fears of which anti-immigration activists have fuelled in the face of political disunity – and there is a real prospect that political alienation will be reflected in the ballots cast in the European Parliament elections of 2024 – at a time when solidarity in Europe was never more critical. The ongoing war in Ukraine demands a united EU front against an increasingly aggressive Russia. Failure to deliver on the goals of the European Green Deal is not an option, as the record high temperatures of summer 2023 reminded us, and only solidarity of EU leadership within itself and with the citizens of Europe will see the strategy through the complexity and opposition ahead. But the ride will not be easy.

2024 will see a new European Parliament and Commission take over responsibility for the sustainable development of the EU and the advancement of equality and social justice. Eurofound will be at the side of these institutions to deliver the evidence from its sphere of expertise to guide policy on employment, working conditions and quality of life as they evolve in a changing world.

1

Employment

1 Mixed developments in the labour market

Takeaways

- Women benefited more than men from the strong job creation after the lifting of COVID-19 lockdowns in 2021. By mid-2022, 1.9 million more women and 0.75 million more men were in employment in the EU than before the pandemic.
- While job losses early in the pandemic were disproportionately borne by young workers, the employment rate for this group effectively rebounded in 2021 and 2022. This employment expansion among young workers may have occurred, however, mainly in low-paying, precarious jobs.
- The total hours worked in the economy recovered more slowly than employment in the wake of the pandemic. While more people were at work in the EU in 2023 than in 2019, workers were working one hour less on average per week.

The EU labour market continued to demonstrate resilience in 2023 despite an economy struggling to avoid recession. The post-pandemic employment recovery has been particularly favourable to women and young workers. Despite the growth in employment, however, the average weekly hours worked in the economy continued on a long-term downward trend.

Over three-quarters of Europeans aged 20–64 years are now in work, meaning employment is edging closer to the EU's target rate of 78% by 2030. Employment overtook the 75% mark in 2023, reaching 75.4% in the second quarter. This represents an increase of 2.5 percentage points on the pre-pandemic rate, or 6.2 million more people in work. The employment rate fell back slightly in the third quarter to 75.3% alongside the brake on economic growth.

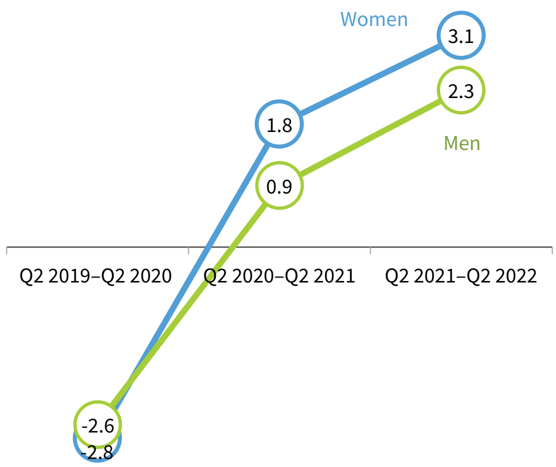
Unemployment fell to record lows in many Member States, with an annual rate in the EU of 5.9% (among 15–74-year-olds) in December 2023, down from 6.1% in December 2022. Unemployment among young people under 25 was running at 14.7%, a slight increase on the December 2022 rate of 14.4%.

More dynamism in female employment

Employment growth since the pandemic has favoured women. Initial fears that lockdowns would deal a severe blow to women's employment because of the closure of sectors in which they dominate numerically were not borne out. Indeed, women's overrepresentation in sectors that were declared essential and remained open during the pandemic – such as health, education and retail – along with the fact that more women than men work in teleworkable jobs helped to protect their employment.

The heavy job loss at the start of the pandemic was shared fairly evenly – male employment dropping by 2.6% and female employment by 2.8% – but women more than men benefited from the subsequent recovery (Figure 1). By mid-2022, 1.9 million more women and 0.75 million more men were in employment than before the pandemic.

Figure 1: Year-on-year change in employment by sex, EU27, 2019–2022 (%)



Notes: *Population aged 15–64 years. Not seasonally or calendar adjusted. Break in series in Q1 2021.*
Source: *EU-LFS [lfsq_ergan]*

The employment gap between men and women, however, remains stubborn despite the recent surge in female employment. It stood at 10.7 percentage points in 2022, a drop of just 0.5 percentage points since 2019.

Youth employment rebounds

If the initial employment impact of the crisis was even-handed across gender, it was not so across age groups. Lockdowns in 2020 led to much greater job loss among young workers than older workers. Almost half of all net job losses between mid-2019 and mid-2020, 2.5 million in total, occurred among workers under 30 years of age, and more so for women than men (Table 1). But employment rebounded rapidly in this age group in 2021, and young workers continued to lead employment growth into 2022. Labour market observers suggest, however, that this expansion may have occurred mainly in low-paying, precarious jobs.

Table 1: Year-on-year change in employment, by age group and sex, EU27, 2019–2022 (%)

		2019 Q2–2020 Q2	2020 Q2–2021 Q2	2021 Q2–2022 Q2
Men	15–24 years	-8.7	5.8	8.2
	25–29 years	-5.1	-0.8	3.3
	30–49 years	-3.0	0.4	1.0
	50–64 years	0.5	1.1	2.6
Total		**-2.6**	**0.9**	**2.3**
Women	15–24 years	-9.9	6.1	9.6
	25–29 years	-6.7	3.6	2.3
	30–49 years	-2.8	1.1	2.0
	50–64 years	0.3	1.5	3.6
Total		-2.8	1.8	3.1

Notes: *Population aged 15–64 years. Not seasonally or calendar adjusted. Break in series in Q1 2021.*
Source: *EU-LFS [lfsq_ergan]*

In contrast to the employment situation of young workers, that of older workers, aged 50 and over, was undented in aggregate by the pandemic. In fact, employment actually grew in this age group in 2020 and gained further momentum subsequently, with the effect that there were around 3 million more employed people in the 50 and over age group in mid-2022 compared with mid-2019. This growth was especially strong among women, part of a long-term trend that has seen their employment rate swell from 44.1% in 2007 to 63.1% in 2022. That employment growth has been sharply skewed towards higher-skilled, higher-paying jobs, while concurrently female employment in the lowest-paying jobs has fallen.

Employment rate up, working hours down

The buoyant message of high and rising employment in the post-pandemic recovery is tempered somewhat when the volume of actual hours worked in the economy is examined. Total hours worked fell at the initial stages of the pandemic, as might be expected, but the drop was precipitous compared with that of the employment rate. This is largely explained by the introduction of employment protection schemes across the EU, which prevented layoffs, thereby buttressing the employment rate, but reduced the working hours of the workforce.

By mid-2023, the volume of hours worked in the EU had recovered to 86.7 billion from a low of 72.6 billion in mid-2020. However, the trend in weekly hours worked has been one of incremental decline, with workers on average working 1 hour less per week in 2023 compared to pre-crisis times. Most of this decline has occurred amongst working men.

Analysts have attributed the fall in the volume of hours worked to a concentration of job growth in sectors with lower working hours per worker, particularly jobs in services, as well as digitalisation and labour hoarding by employers who are retaining employees but at reduced working hours.

Discover more

Eurofound working paper: *Employment trends by age and gender in the EU after the COVID-19 pandemic* eurofound.link/wpef23038

Policy brief: *Intergenerational inequalities: How to close the gaps* eurofound.link/ef22025

Topic: Employment and labour markets eurofound.link/employment

2 Factoring in climate policy

Takeaways

- Employment is projected to grow in the EU by 0.3% annually up to 2030, adding 6.7 million net jobs. Statistical modelling indicates that Fit for 55 policies will create more jobs than they destroy, adding 204,000 net jobs in that period.
- Of the key sectors that drive the employment growth under Fit for 55 policies, construction comes out on top, attracting close to 40% of the associated investment expenditure and creating an additional 312,000 jobs, according to the projection.
- The increased employment from Fit for 55 will occur mostly in mid-paid and mid–low-paid jobs, differing from recent patterns, where there has been a concentration of job creation in high-paid jobs.

The European economy will undergo major restructuring by the end of the decade as Member States endeavour to achieve a 55% reduction in greenhouse gas (GHG) emissions compared with 1990 levels – a milestone on the path to zero net GHG emissions by 2050. The means of achieving the 55% reduction is Fit for 55, a package of policy measures introduced by the European Commission in July 2021. These policy measures will have an impact on employment, creating new jobs, while eliminating others. What might be the outcome for employment when the final tally of jobs created and jobs lost from Fit for 55 is made?

Calculating the employment impact is not straightforward. Fit for 55 is multifaceted, involving the reform of the emissions trading system, reductions in the production and consumption of fossil fuels, increased energy efficiency, and expanded use of renewable energy sources. Furthermore, different industries account for bigger or smaller shares of employment: coal-mining and other extractive sectors are responsible for a relatively low share of employment, so their phase-out will have a limited impact; new and growing economic activities, such as building renovation, on the other hand, tend to be labour intensive. Another important factor is financing: as long as it comes through loans and not through the cancellation of other investment projects, the heavy investment required to underpin the transition to a low-carbon economy will generate jobs.

Taking account of all these factors to provide an insight into the employment impact, Eurofound carried out an exercise modelling the employment situation in Europe in 2030: the model compares a situation in which Fit for 55 was introduced with a baseline scenario that assumes that the package was never introduced.

This baseline scenario factors in the climate and energy policies already in place in the EU prior to Fit for 55, with the lower target of a 40% reduction in GHG emissions, which covers most of the decarbonisation of energy production.

Different fates for Member States

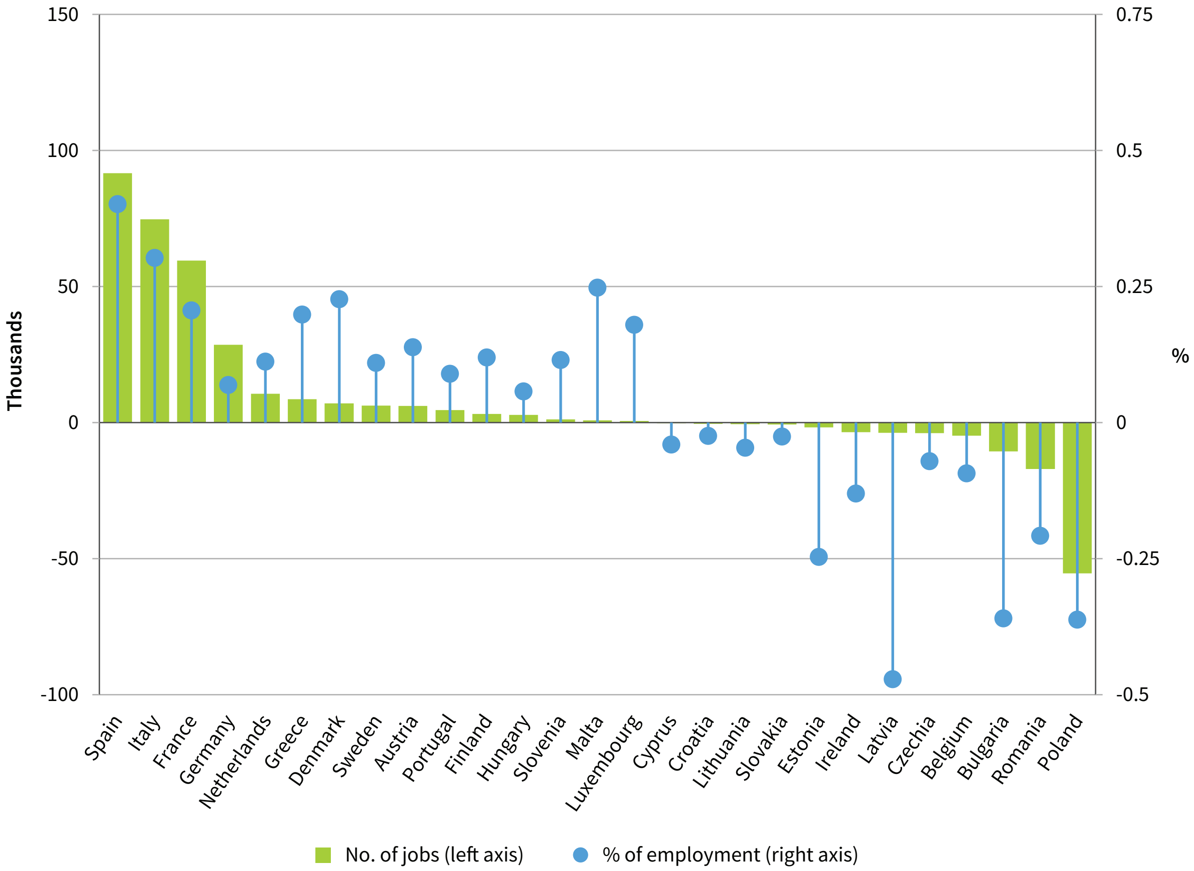
The baseline scenario predicts that EU employment will grow by 0.3% annually up to 2030, adding 6.7 million jobs net in total. However, it assumes that employment will contract in several Member States – Bulgaria, Germany, Latvia, Lithuania, Poland, Romania and Slovakia – and will remain stable in Croatia.

Figure 2 illustrates the additional impact of Fit for 55 on top of the baseline scenario. It has an additional small but positive net impact on employment between 2019 and 2030, with a 0.10% increase on the baseline scenario, accounting for 204,000 net jobs.

Spain, Italy and France are projected to benefit most from Fit for 55, thanks to their low share of employment in industries dependent on fossil fuels and the significant share of GDP constituted by the climate-related investments they will need to make to reach the policy targets, which will generate employment. Employment will also be boosted by the production of equipment for the clean-energy transition; as significant producers of low-carbon technologies, Denmark and Germany will benefit, as will Spain, a major producer of wind turbines.

Fit for 55 is projected to lead to job loss overall in central and eastern Europe, where countries are producers of fossil fuels and have higher GHG intensity of production.

Figure 2: Change in baseline scenario employment resulting from Fit for 55, EU Member States, 2030



Source: *Eurofound*

Construction leads in job growth

Different approaches have been taken to identify the types of jobs that will be boosted by carbon-reduction policies. The European Centre for the Development of Vocational Training (Cedefop), for instance, has looked more broadly at the impact of the European Green Deal and examined the implications for the labour market using skills forecasting. In its analysis, Eurofound focused on key sectors and their importance in achieving the Fit for 55 targets.

From this analysis, construction emerges as the key driver of employment growth under Fit for 55 policies (Figure 3), attracting close to 40% of the additional investment expenditure, which is channelled into the building of renewable energy power facilities, electricity grid extension and building retrofitting. An additional 312,000 jobs to those projected under the baseline scenario will be created in this sector.

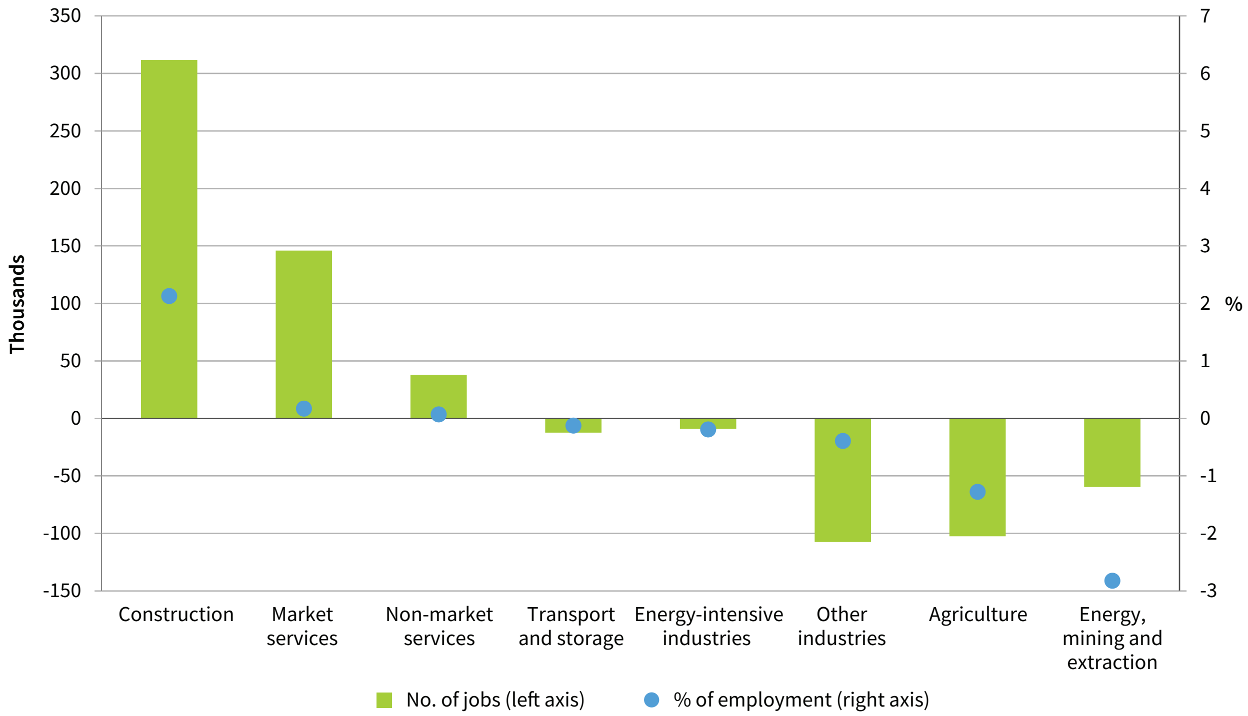
The other sector to benefit substantially is services, particularly market services (those involving trade). This growth is driven by the demand generated by additional investment as the economy shifts towards 'cleaner' sectors, reinforcing the long-term growth of employment in services.

Energy, mining and energy-intensive sectors will predictably suffer the largest relative job loss. The estimated net impact on employment in the fossil-fuel-based energy, extraction and mining sectors is 151,000 fewer jobs as a result of declining demand for and production of fossil fuels. At the same time, jobs will be created by renewable energy source-based power generation.

Other industries will also be affected negatively by rising energy and capital costs. Employment will fall, for example, in vehicle manufacturing as the cost of private transport rises. But this will be balanced somewhat by substantial job creation in the manufacture of low-carbon technologies, energy-efficient domestic appliances and wind turbines.

Agriculture will be hit by the rising cost of methane and nitrous oxide emissions, which are high in that sector and hard to reduce. The resulting rise in the cost of agricultural products will affect production, leading to a contraction in employment.

Figure 3: Additional impact of Fit for 55 on sectoral employment compared with the baseline, EU, 2030



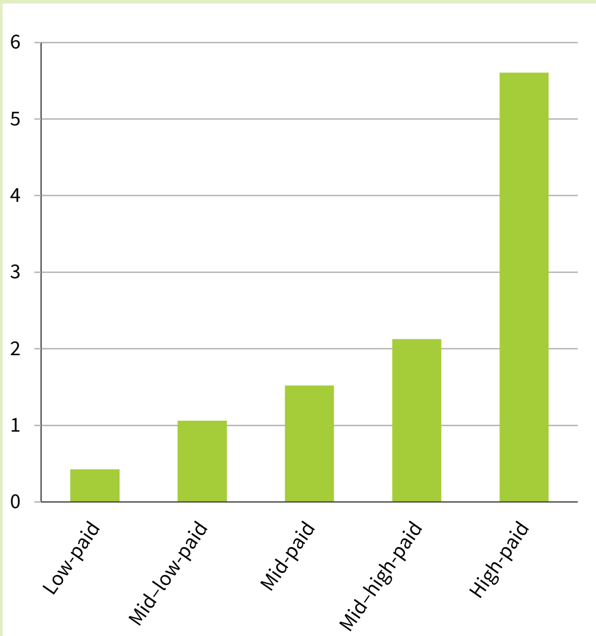
Source: *Eurofound*

Data dive: Growth in better jobs

The changing landscape of employment up to the end of 2030 has implications for how employment in the EU economy is structured in terms of pay. Over the years, Eurofound has monitored the changing structure of employment using an approach that categorises all jobs in the EU into five quintiles on the basis of pay, from lowest- to highest-paid, and then calculates how employment growth (or decline) is distributed across the quintiles. This enables us to see whether the EU is achieving the commitment to better (that is, well-paid) jobs.

In recent years, the trend has certainly been in that direction; employment growth has been skewed toward higher-paid jobs (Figure 4).

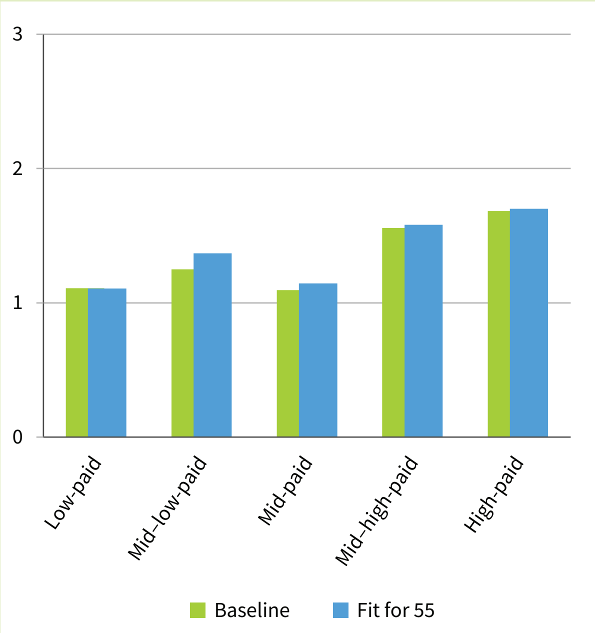
Figure 4: Employment shifts, by job–wage quintile, 2011–2019 (millions)



Source: *Eurofound*

Under the baseline scenario, a pattern of upgrading is also foreseen, but with employment growth stronger in lower-paid jobs and more subdued in higher-paid jobs than in the previous period (green bars in Figure 5).

Figure 5: Projected employment shifts, by job–wage quintile, under baseline scenario and Fit for 55, 2019–2030 (millions)



Source: *Eurofound*

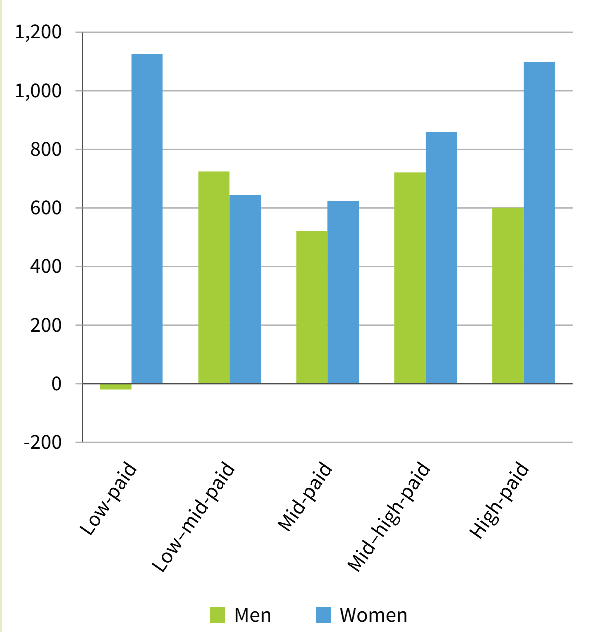
When Fit for 55 policies are factored in (blue bars in Figure 5), most of the additional growth created is in mid-paid and mid–low-paid jobs; these are largely construction sector jobs. The package leads to marginal gains in the top and bottom quintiles, corresponding to the lowest- and highest-paid jobs.

Women benefit most

A significant feature of employment growth over the past 20 years has been its bias in favour of women: two-thirds of net new employment has been female employment.

The trend is projected to continue up to 2030, with female employment accounting for 4.3 million (63%) of the 6.9 million overall increase in jobs. In terms of the employment structure, however, the pattern is polarised, with most employment growth among women occurring in the lowest and highest paid quintiles (Figure 6). The low-paid jobs are typically located in the food and beverages sector, while the high-paid jobs are professional occupations in education, health and public administration.

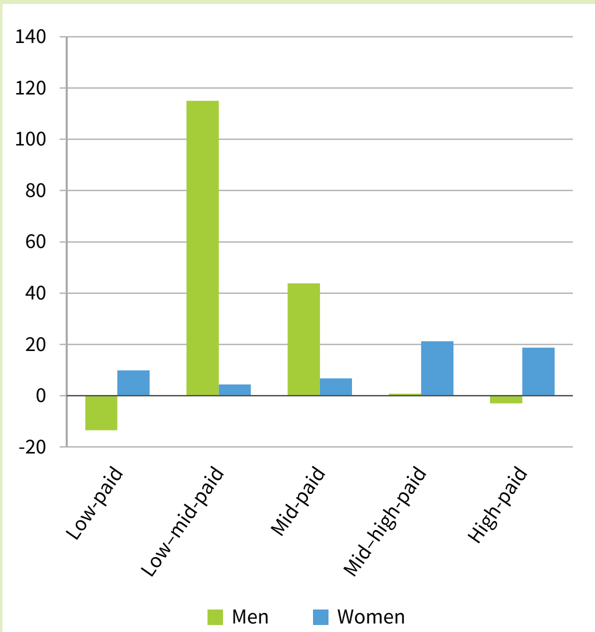
Figure 6: Projected employment shifts, by sex and job–wage quintile, under Fit for 55 compared with 2019 baseline scenario, 2019–2030 (thousands)



Source: *Eurofound*

Looking at the breakdown of employment growth that is specifically attributable to Fit for 55 (Figure 7), it shows that these policies boost male employment mainly, which is disproportionately concentrated in low–mid-paid and mid-paid jobs, consistent with the large employment growth in the construction sector supported by Fit for 55.

Figure 7: Projected employment shifts, by sex and job–wage quintile, under Fit for 55 compared with 2030 baseline scenario, 2019–2030 (thousands)



Source: *Eurofound*

Discover more

Report: *Fit for 55 climate package: Impact on EU employment by 2030* eurofound.link/ef23009

Blog post: *Building back better: Construction essential for EU green transition* eurofound.link/ef23065

Podcast: Episode 17 – How will Europe's green transition impact employment?

Webinar: Understanding the socioeconomic impact of the EU's transition to a climate-neutral economy – How to make the Green Deal a reality?

Nicolas Schmit, European Commissioner for Jobs and Social Rights, addresses the joint event 'How to ensure decent work and job quality for essential workers' hosted by Eurofound and the ILO in Brussels in October 2023.

3 Labour shortages intensify

Takeaways

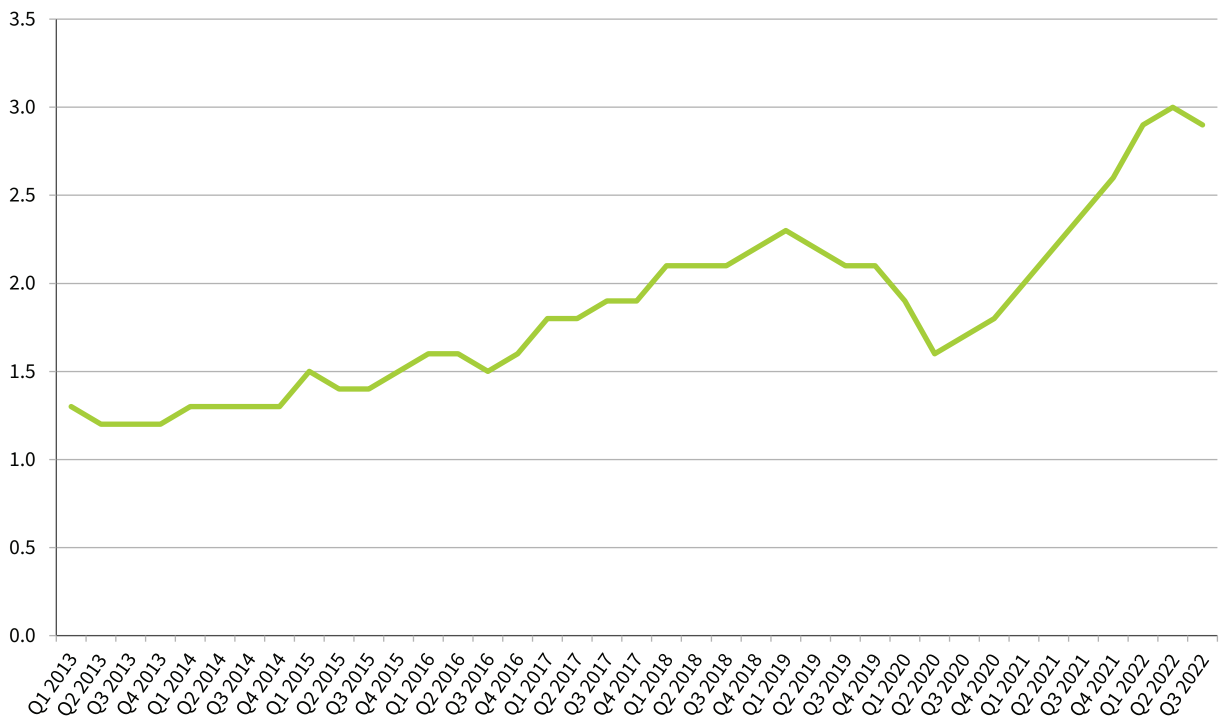
- The number of unfilled jobs in the EU reached a historic high in 2022, with a vacancy rate of 3%, more than double that of 2013. A third of managers say that labour shortages are a factor limiting production.
- Labour shortages are particularly severe in construction, information and communication technology (ICT) and healthcare. Different factors drive the lack of labour depending on the sector, so measures to tackle the issue need to identify and then target those drivers.
- Labour shortages in the ICT sector arise largely from a mismatch between the skills workers bring to the market and the skills employers are looking for. A multiplicity of factors are driving labour shortages in the health and care sector, but low pay in many occupations and poor working conditions are significant contributors.

Scarcely 10 years after the passing of the global economic crisis, which at its height left over 26 million Europeans looking for work, the worry now is not so much lack of jobs but lack of workers. While the strong labour market continued to be a source of optimism in 2023 as confidence in other economic indicators wobbled, it is not delivering for many employers. Staffing shortfalls limit the ability of businesses to grow and put pressure on existing staff to fill the gaps. Initiatives across the Member States aim to increase the supply of labour to the sectors suffering most, but with the causes behind the lack of supply differing according to each sector, different strategies are needed.

The number of unfilled jobs in the EU has risen steadily since 2013, apart from a dip in 2020 resulting from the pandemic lockdowns. The vacancy rate hit a historic high of 2.9% in mid-2022 (Figure 8). The rate dropped slightly in 2023 but remained elevated in a year of muted economic growth when the EU persistently skirted recession.

Job vacancy rates are rising across the Member States, with 25 out of the 27 experiencing increases since the pandemic. Five had rates above 4% in the third quarter of 2022: Austria, Belgium, Czechia, Germany and the Netherlands. Labour shortages are much less of an issue in countries where unemployment remains high, such as Greece and Spain, which had unemployment rates of 9.4% and 11.9%, respectively, in November 2023.

Figure 8: Job vacancy rate, EU27, Q1 2013–Q3 2022 (%)



Source: *Eurostat, Job vacancy statistics by NACE Rev. 2 activity – quarterly data (from 2001 onwards) [jvs_q_nace2], adjusted data*

Implications for present and future

A persistent undersupply of labour threatens businesses' ability to grow and their capacity to innovate and remain competitive, which ultimately has a negative impact on the whole economy. Around a third of EU managers reported that labour shortages were a factor limiting production and service delivery in 2022.

Shortages occur across the economy, but they are particularly acute in construction, healthcare and ICT – sectors at the forefront of shaping a future Europe as it confronts demographic ageing, digitalisation and decarbonisation. Meeting the 2030 targets for GHG emissions reduction, as the previous chapter signalled, is dependent on the capability of the construction sector to build a renewable energy infrastructure and to retrofit the built environment to improve its energy performance. The speed of digitalisation is reliant on the availability of a highly skilled workforce to develop and implement new technologies; without the necessary human capital in the ICT sector, the EU could fall behind global competitors in this critical area. And a shortfall in the health and long-term care workforce impedes this sector from delivering the level of treatment and care that it can potentially provide, leading to rising inequality in the accessibility of healthcare.

With a tight labour market, where demand exceeds supply, the labour shortage is not likely to be solved any time soon. In part, the cause is demographic: Europe's labour force is contracting as its population shrinks and ages. The pandemic aggravated the problem: the upswing in demand for goods and services in its wake has pushed businesses to expand their workforces. Skills mismatch is another significant factor – workers lack the skills that employers are looking for. Eurofound's European Company Survey in 2019 found that 77% of European companies have difficulty finding candidates with the required skills for available positions.

There is, however, a pool of working-age adults currently not working that could be tapped, given the right policy mix. It includes workers already in the labour market: those who are registered as unemployed and those who are underemployed (in work but not working the number of hours they would like to). It also includes people who want to work but are unable to do so for various reasons, such as family responsibilities, lack of labour market skills or a language barrier. Eurostat estimates that this group amounts to 27.5 million people, many of whom are women, migrants and discouraged workers (people who have given up looking for work).

There is a recognition that the situation is not going to right itself without intervention, and Eurofound undertook a project to identify the types of programmes that are being implemented by governments and non-government organisations (NGOs) across the Member States. Some of these target groups outside the labour market, providing the training and other supports they need to transition into work. Other programmes address existing labour, seeking to upskill those who lack skills, to retain those who have cause to leave and to encourage others to move to less-developed regions.

Skills mismatch in ICT

Labour shortages in the ICT sector arise largely from a lack of workers with the right skills. Digital technologies are advancing rapidly and demand for specialised skills is high, but neither workers in the labour market nor new entrants educated with these skills are in sufficient supply.

The urgent need to address the skills gap across this and other sectors motivated the Commission to designate 2023 the European Year of Skills, a campaign that runs up to May 2024. It aims to mobilise multiple stakeholders – including EU institutions, government departments and agencies, companies, education providers and the social partners – to help companies reskill and upskill. Regarding digital skills specifically, the EU's Digital Decade policy programme has set targets that at least 80% of adults will have basic digital skills and that 20 million ICT specialists will be employed in the EU by 2030.

Most of the programmes tackling labour shortages in ICT identified by Eurofound are oriented towards upskilling and retraining workers in the sector. They focus on identifying current and future skills needs, developing curricula that match employers' requirements and delivering training to a variety of target groups. Some target small and medium-sized enterprises (SMEs), helping them to develop training plans, and to source, fund and deliver ongoing training in ICT skills. Broader interventions address skills gaps of a more generic nature in the context of the digital transition, emphasising the need to develop and update basic digital skills to fully participate in society and gain access to the labour market.

Bringing more women into ICT would help to tackle the shortfall in labour supply. According to the European Institute for Gender Equality (EIGE), women account for only around 17% of IT specialists. Several initiatives that aim to build up the digital skills base are directed at attracting more women to the sector – raising awareness of opportunities among female students early in education and attracting them into IT-focused further and tertiary education.

Other programmes try to bring underutilised groups into the sector, such as inactive women and young people not in employment, education or training (NEETs). One German initiative, the ReDI School of Digital Integration, targets individuals with a migrant background, and offers language training and networking to ease their labour market integration.

Experience has shown that training alone is often not enough to get these groups into work. Successful initiatives provide wide-ranging supports such as help with travel costs, childcare, individualised coaching, detailed career guidance and follow-up. They also collaborate closely with employers to provide work experience and placements.

Multiple drivers in healthcare

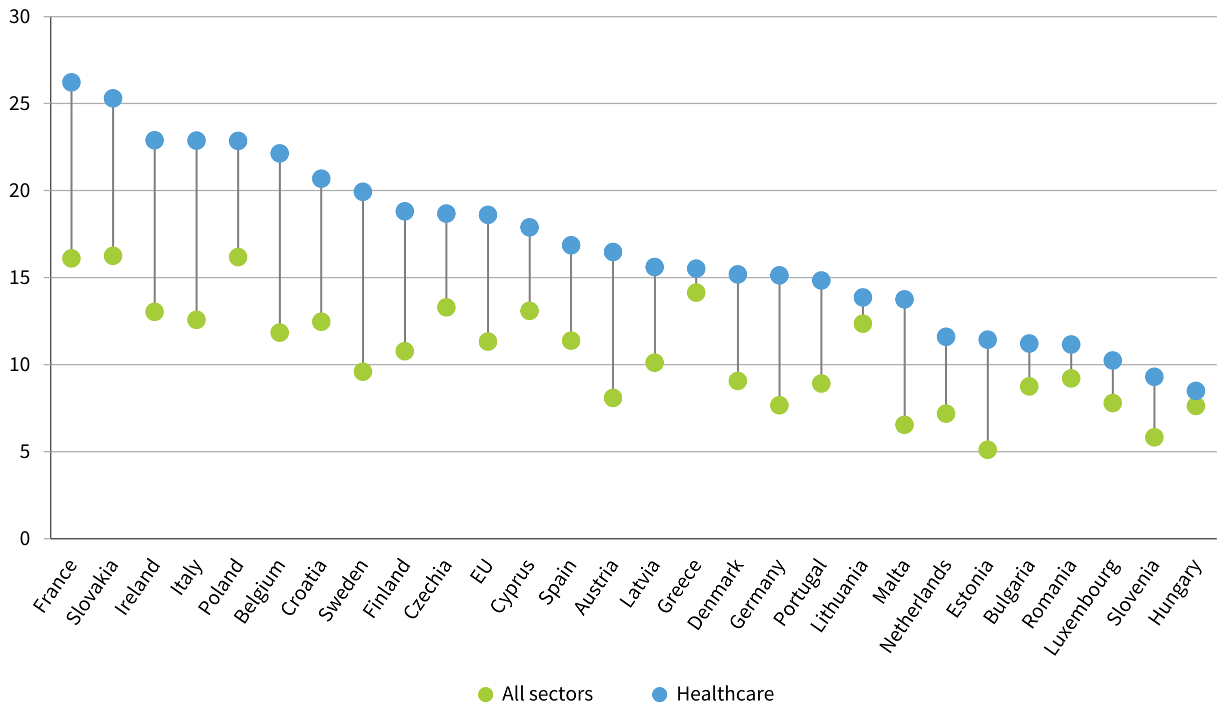
The situation for the health and care sector is more complex and multifaceted. Its current workforce is ageing and exiting the labour market; as well as replacing these workers, the sector must expand to meet the rising demand from an older population. But recruitment slowed when health budgets were cut by austerity measures in response to the 2008–2012 economic crisis, and the sector has much catching up to do. Along with understaffing, underinvestment in many Member States has led to insufficient acute care beds, inadequate facilities and long waiting lists. This damages the perception of the sector, and for high-skilled occupations, may deter potential recruits from making the high level of commitment required to undertake the lengthy and demanding training involved.

Low overall wages as well as low wages in healthcare are a factor contributing to the brain drain of healthcare staff from eastern to western Europe. Many countries have difficulty attracting healthcare professionals, especially general practitioners (GPs), to rural areas, because of poor health infrastructure and lack of opportunities for career development.

Poor working conditions are widespread in the sector, which makes it difficult to retain and attract workers. Findings from the European Working Conditions Telephone Survey (EWCTS) 2021 show that the percentage of health sector employees with the worst quality jobs (jobs classified as extremely strained and highly strained) is higher than average: 19% of health workers in the EU worked in extremely or highly strained jobs in 2021 compared with 11% across all economic sectors (Figure 9).

Many of the initiatives seeking to improve labour supply in the health and care sector address pay and working conditions. For instance, Romania increased the basic net wage of primary care doctors by 130% and nurses by 63% in 2018. Several initiatives incentivise GPs to locate to rural areas by offering additional allowances, monthly top-up payments and one-off payments. However, focusing on pay alone is often insufficient without other interventions to increase the attractiveness of working and living conditions.

Figure 9: Share of extremely and highly strained jobs in the healthcare sector, compared with all sectors, EU Member States, 2021 (%)



Source: *EWCTS 2021*

Efforts to provide access to training and career progression, for instance, have an important role to play in attracting and retaining staff. An initiative in Spain provides rehabilitation for doctors with mental health or addiction problems, where networks of collaborating professionals assist doctors undergoing treatment and provide support to them.

To tap into underutilised groups, programmes often focus on integrating migrants with medical training, by recognising qualifications gained abroad and providing additional training, including language training, if required.

Several of the measures examined showed some degree of success. For instance, the number of doctors in the public sector in Romania increased by 3.4% in 2018 and 6.5% in 2019 following the pay increase, and fewer sought to have their qualifications recognised for working abroad. Overall, the research concluded that holistic interventions targeting the different drivers of shortages can lead to better outcomes for both individuals and for the policy as a whole. In addition, successful interventions have some features in common: clear assessment of the causes of shortage, targeting of beneficiaries, a high degree of adaptability and learning, and ongoing monitoring and assessments of outcomes through robust methodologies.

The research also concluded that the evaluation of many initiatives was based on weak evidence. It highlighted the need for an intervention logic to be embedded in the design in order to assess the effectiveness of measures and their potential transferability to other contexts.

Discover more

Report: *Measures to tackle labour shortages: Lessons for future policy* eurofound.link/ef22015

Blog post: *EU lack of labour won't be solved by skills alone: Improving job quality is key* eurofound.link/ef23046

Eurofound open day 2023

Eurofound held its first open day on 9 June 2023 in collaboration with Dún Laoghaire-Rathdown County Council. The event was an opportunity to showcase our work on living and working in Europe, show guests around our premises, and provide participants with an opportunity to meet and talk to the team.

2

Job quality

4 Job quality: Getting the balance right

Takeaways

- Unsocial working hours, high work intensity and financial worries were three of the most common stressors experienced by workers in the EU in 2021. They were more prevalent in certain occupations and sectors: high work intensity, for instance, was widespread among managers across all economic sectors, whereas financial worries were most pervasive among lower-skilled employees.
- These stressors are linked to a higher incidence of health problems, anxiety and exhaustion and poorer mental well-being among workers. Workers who experience them are also more likely to feel that work is putting their health at risk and to work when sick.
- The negative effect of job stressors on health and well-being can be reduced by the positive and enriching attributes of work – known as job resources – such as trust in management and colleagues, support from colleagues, being consulted about objectives and work organisation, career opportunities, and opportunities to use one's skills.

Work can have its downsides: depending on the job, poor pay, long hours, difficult colleagues, stressful situations … the list is long. It can have upsides too, equally lengthy in number: good pay, recognition, a sense of being socially useful, fulfilment, good work–life balance and so on – again, depending on the job. It is well known that the downsides, the stressors, when we experience them too much, too often or too intensely, can harm us physically and mentally. But research on job quality tells us that the upsides, the resources, can help to mitigate the impact of the stressors. The trick is to get the balance right: the more resources available to offset the stressors, the better the overall job quality will be.

We can explore how much that premise is borne out in the reality of today's workplaces using data gathered by the EWCTS. This survey was run in 2021, the second year of the COVID-19 pandemic, and amassed a pool of data on the stressors and the resources in Europe's workplaces as reported by workers. It also collected data on the health and well-being of workers. With these data, Eurofound's researchers were able to establish the connections between stressors and health and to discover how resources might reduce the health risks posed by work.

Figure 10: Job stressors and resources

Stressors	Resources
Adverse social behaviour	Appropriate pay
Discrimination	Career opportunities
Emotional demands	Flexible working hours
Financial worries	Managerial support
Job insecurity	Organisational participation
Physical risk factors	Recognition
Unsocial working hours	Skills use
Work intensity	Support of colleagues
Work–life interference	Task autonomy
	Task significance
	Training opportunities
	Trust
	Voice
	Work–life balance

Stressors in the workplace

Three of the most common workplace stressors are unsocial working hours, high work intensity and financial worries. The sections that follow examine who these stressors affect, what their effects are and what job resources might mitigate them.

Unsocial working hours

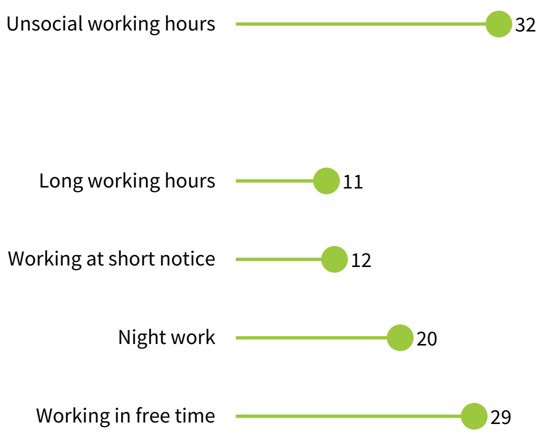
Just shy of one-third of employees (32%) reported working unsocial hours in 2021: in other words, working 48 hours or more per week, at night, at short notice or in their free time (Figure 11). Six years earlier, the European Working Conditions Survey (EWCS) 2015, using a different mode of data collection and under very different circumstances, found that a quarter of respondents worked outside the standard working day. The exceptional circumstances of the pandemic are likely to have contributed to the rise in unsocial hours – this was, after all, the time when workers en masse began working from home, which threw many work schedules into disarray.

At the same time, the finding is consistent with the evolution in working time patterns alongside the shift towards a predominantly services-based economy and increasing global competition. More businesses offer their services into the evening and at night, tailoring their labour input according to demand, meaning more employees are asked to work atypical hours and to be available for work at short notice.

Labour shortages, which, as we have seen in the previous chapter, have intensified over the past decade, may also be a factor. Insufficient staffing means that existing employees have to fill the gaps, working overtime or replacing absent colleagues at short notice.

A high proportion of managers in all sectors reported working unsocial hours, but the percentage was especially high in education (56%), as well as among professionals (52%) in that sector (Table 2). The highest percentage of all occupations, however, was among plant and machine operators in the transport sector (58%). Over half of workers in elementary occupations in this sector and service and sales workers in public administration also reported unsocial working hours.

Figure 11: Unsocial working hours and subindicators, EU27, 2021 (% of employees)



Source: *EWCTS 2021*

Table 2: Unsocial working hours, by sector and occupation, EU27, 2021 (% of employees)

Sector/Occupation	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Craft and trades workers	Plant and machine operators	Elementary occupations
Commerce and hospitality	43	24	28	23	27	26		30
Construction	44	27	31			20		
Education	56	52	25		17			
Financial services	40	29	22	18				
Health	45	45	38	16	38			18
Industry	45	27	32	15	20	31	39	31
Other services	45	31	27	20	36	28		22
Public administration	46	23	25	16	56			
Transport and storage	47	27	35	25			58	52

Note: *The occupational group of skilled agricultural workers in the agriculture sector is excluded due to low sample size.*
Source: *EWCTS 2021*

Table 3: High work intensity, by sector and occupation, EU27, 2021 (% of employees)

Sector/Occupation	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Craft and trades workers	Plant and machine operators	Elementary occupations
Commerce and hospitality	50	48	41	40	37	39		37
Construction	64	44	45			39		
Education	53	32	17		21			
Financial services	60	48	40	43				
Health	57	46	46	36	34			30
Industry	53	46	39	39	30	37	31	35
Other services	52	44	42	43	22	39		23
Public administration	50	40	38	35	43			
Transport and storage	54	39	43	44			37	41

Note: *The occupational group of skilled agricultural workers in the agriculture sector is excluded due to low sample size.*
Source: *EWCTS 2021*

High work intensity

In 2021, 38% of respondents reported frequently working at high speed or to tight deadlines, two indicators used to measure work intensity in Eurofound's study; in 2015, the EWCS found a prevalence of 27%.

High work intensity is associated with a heavy workload and, similar to unsocial working hours, is likely to have been exacerbated by labour shortages.

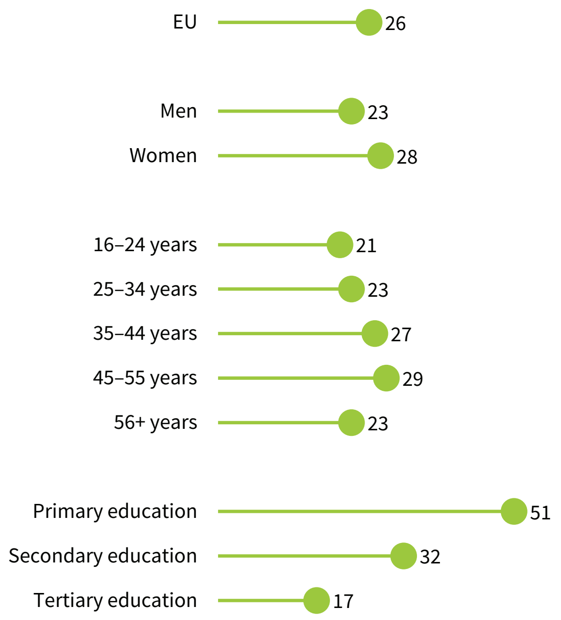
At least half of all managers in all sectors frequently worked at high intensity in 2021; the percentages were especially high in the construction, financial services and health sectors (Table 3). Moving across the occupational spectrum, prevalence falls but is still relatively high in some groups – for instance, in the transport sector among technicians (43%), clerical workers (44%) and employees in elementary occupations (41%).

Financial worries

Over a quarter of EU employees were financially insecure in 2021: 26% reported that they had difficulty making ends meet, indicating that their pay was not sufficient to cover their household's needs. Many employees took a financial hit during the pandemic because of lay-offs or working time reductions.

As Figure 12 illustrates, this stressor was more common in the core age group of workers between 35 to 55 years, a stage of life when financial pressures tend to be high and workers, especially women, often reduce their working hours to devote more time to family responsibilities. Figure 12 also shows that half of employees with just a primary education, who tend to work in low-paid, less-skilled jobs, were having difficulty making ends meet.

Figure 12: Prevalence of financial worries, by gender, age and education, EU27, 2021 (% of employees)



Source: *EWCTS 2021*

The breakdown of employees according to occupation and sector confirms the much greater prevalence of financial worries among employees in the lowest-skilled jobs – difficulty making ends meet was particularly high among employees in elementary occupations across sectors, and service and sales employees in the other services sector (Table 4).

Table 4: Financial worries, by sector and occupation, EU27, 2021 (% of employees)

Sector/Occupation	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Craft and trades workers	Plant and machine operators	Elementary occupations
Commerce and hospitality	14	12	21	24	37	31		39
Construction	8	13	20			33		
Education	10	18	25		35			
Financial services	6	9	12	22				
Health	11	17	26	24	37			40
Industry	11	6	16	23	23	33	29	36
Other services	6	11	16	24	44	30		48
Public administration	8	12	16	28	20			
Transport and storage	22	17	19	26			33	35

Note: *The occupational group of skilled agricultural workers in the agriculture sector is excluded due to low sample size.*
Source: *EWCTS 2021*

Harms to health

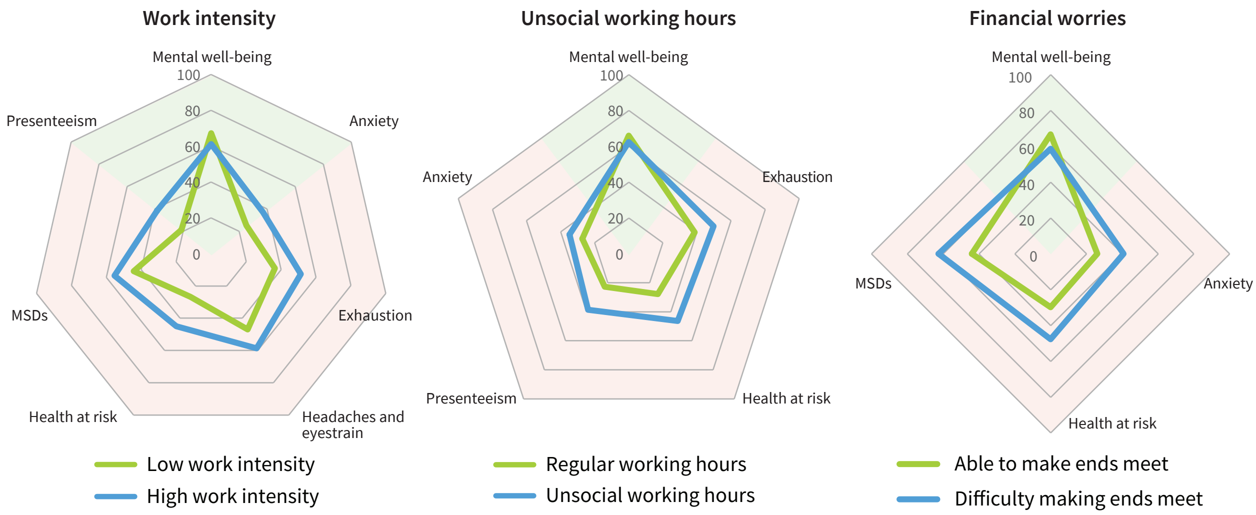
Employees who experienced these stressors – unsocial working hours, high work intensity and financial worries – had higher levels of negative health and well-being outcomes compared with employees who did not report them. Figure 13 illustrates this, showing only the health outcomes where there are significant gaps between the two groups of employees.

The negative impact of high work intensity is seen in the significantly higher levels of health problems (headaches and eyestrain and musculoskeletal disorders), anxiety and exhaustion experienced by employees who reported it. These employees also perceived their health to be at risk because of work and worked when they were sick (presenteeism) to a greater extent, while their scores were lower on mental well-being.

For employees who worked unsocial hours, there were fewer differences in the health outcomes between them and employees who did not work such hours. Nevertheless, levels of anxiety, exhaustion, presenteeism and perception of health at risk because of work were higher in this group.

Employees who had financial worries had lower levels of mental well-being compared with those in a more secure financial situation. There were also large gaps between the two groups in relation to musculoskeletal disorders and the perception of their health being at risk because of work.

Figure 13: Scores on health and well-being outcomes for three common stressors



Note: *MSDs, musculoskeletal disorders.*
Source: *EWCTS 2021*

Resources to the rescue

How might workplace resources – such as good pay, career opportunities, task autonomy and training – cushion the impact of these stressors on employees' health? Eurofound researchers looked for answers to this question in relation to two outcomes: mental well-being and the perception of one's health being at risk because of work.

This analysis was complex but, in summary, the results indicated that of the three stressors, the one mitigated most by resources in the workplace is high work intensity. The resources that have the strongest effect include trust in management and colleagues, support from colleagues, being consulted about objectives and work organisation, career opportunities, and opportunities to use one's skills. Fewer resources were found to mitigate the damaging effects of working unsocial hours: trust in management and colleagues and social support from colleagues lessen the impact on mental well-being, while flexible working hours, appropriate pay and recognition were found to protect against the perception of work putting one's health at risk.

For employees with financial worries, no resources were found to significantly mitigate the effect of stressors on either indicator. This result indicates that not all stressors can be addressed by the resources available at work and that other resources, not necessarily related to the workplace, are needed to improve people's economic circumstances (that is, resources related to macroeconomic and social policy).

Even as work evolves under the inexorable forces of change – the diversification of the economy, the shift to services and knowledge-based activities, the rise in female participation, the digital revolution, and so on – some age-old strains of work remain. But the findings suggest that the harmful effects on workers are fewer in supportive workplaces that demonstrably value and invest in their employees. While the number of older workers in employment is rising, there remains a clear need to create the conditions that keep workers in work for longer as demographic ageing constricts the labour supply. Studies are showing rising rates of absence from work due to stress in some Member States and health concerns causing early exits from the labour market. The time has come to treat job resources not as luxuries handed out only in the very best places to work but as solutions in the drive to enable more workers to remain in work.

Data dive: Job quality of essential workers

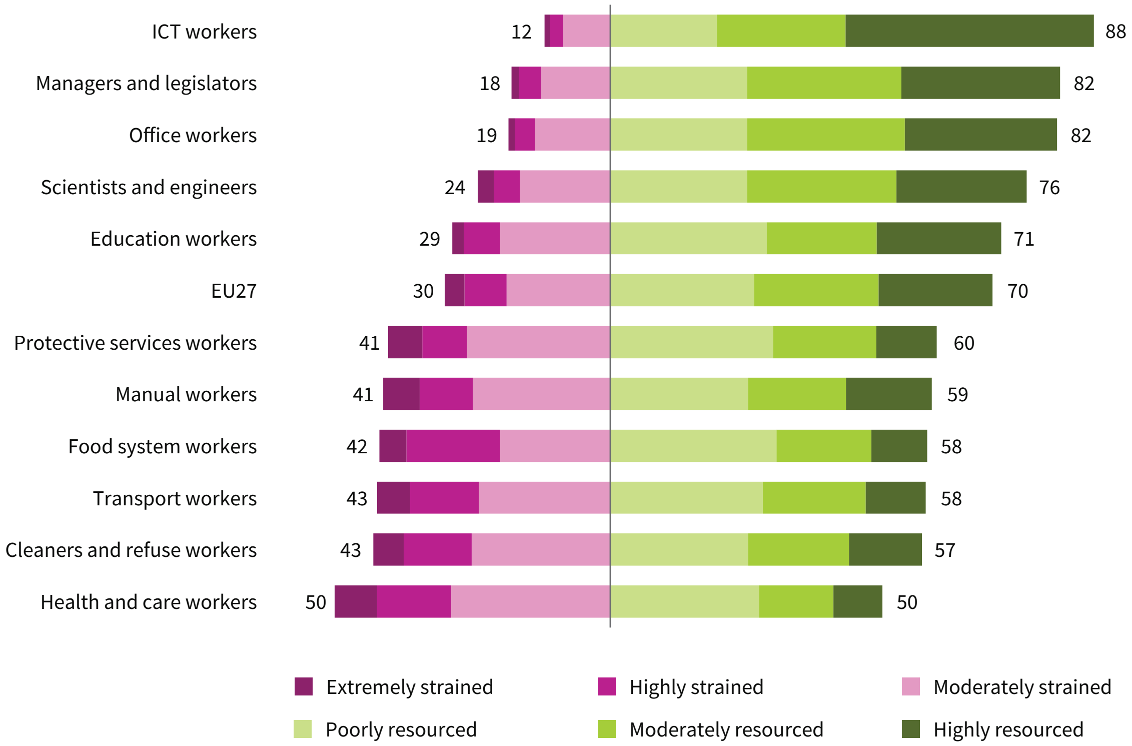
We call upon certain workers to keep society functioning when a major crisis strikes. Doctors and nurses are usually top of the list, but many others carry out essential tasks. In the midst of the COVID-19 crisis, shopworkers continued to ensure the supply of essential goods, cleaners continued to decontaminate our surroundings and tech workers continued to keep critical systems operating. There are more; in fact, Eurofound discerned 11 groups of essential workers – workers in critical jobs in critical sectors of activity:

- cleaners and refuse workers
- education workers
- food system workers
- health and care workers
- ICT workers
- managers and legislators
- manual workers
- office workers
- protective services workers
- scientists and engineers
- transport workers

This diverse list covers nearly half (45%) of workers in the EU. Their job quality is just as diverse, as Figure 14 shows. This is based on an analysis of EWCTS data that measures job quality by calculating the balance of job resources and job demands (stressors and physical risks) in a job. If the demands outnumber the resources, the job is of poor quality or 'strained'. Conversely, if the resources outnumber the demands, the job is of good quality or 'resourced'.

On average in the EU, 30% of workers were in strained jobs in 2021; in six of the essential worker groups, the percentages are higher than that. Half of health and care workers were in strained jobs, which doubtless reflects the pressure the sector was under at the time of the pandemic.

Figure 14: Job quality in 11 essential worker categories, EU27, 2021 (%)



The mix of actual demands and resources differ, depending on the job. For instance, both health and care workers and cleaners and refuse workers experienced high levels of physical risks and physical demands in their jobs, but while health and care workers benefited from the support of colleagues and opportunities for training and learning, this was not the case for cleaners and refuse workers. Irrespective of the mix, however, the sustainability of the jobs of many essential workers is questionable in light of the high proportions for whom the label 'strained job' applies.

Discover more

Report: *Psychosocial risks to workers' well-being: Lessons from the COVID-19 pandemic* eurofound.link/ef23001

Policy brief: *Job quality of COVID-19 pandemic essential workers* eurofound.link/ef23003

Data story: Violence in the workplace: Women and frontline workers face higher risks

Blog post: *Job quality is pivotal in addressing today's workplace and societal challenges* eurofound.link/ef23037

Podcast: Episode 16 – How did Europe treat its essential workers?

Topic: Job quality eurofound.link/jobquality

Topic: Working conditions and sustainable work eurofound.link/workingconditionsustainablework

5 Is hybrid work here to stay?

Takeaways

- Employees continue to work from home in much larger numbers than prior to the COVID-19 pandemic; hybrid arrangements, where staff work partly from home and partly onsite at the organisation's premises, seem to be the preferred approach.
- No magic formula exists for successfully putting a hybrid approach into practice; organisations are defining it as they go along, adopting new management practices and adapting their arrangements based on experience.
- Many issues remain to be ironed out. Differences in access is one: for instance, managers and professionals are more likely to have a hybrid arrangement than other occupational groups. There are also concerns that workers who work from home might be regarded as lacking commitment and may miss out on opportunities for advancement and training.

The future of telework remains unsettled. So successful was the pandemic experience of working from home, everyone assumed it had become a fixture of workplace arrangements. Grumbles from executive level in the twilight of the pandemic did little to dislodge it, and workers continued to work from home some, if not all, of the time. But company chief executives still demur apparently; two-thirds believe that workers will be back in the office five days a week within the next three years, according to a 2023 KPMG survey.[1] Yet telework has undeniably become a norm, and businesses that resist are at a disadvantage in the current tight labour market.

Most organisations that continue to facilitate telework have adopted a hybrid approach, where staff work partly from home and partly onsite at the organisation's premises. It seems that this is how telework is destined to survive. It means employees can continue to enjoy the flexibility of remote working at least some of the time, while the need to maintain organisational culture and physical interaction is also served. There is much variation, however, in what form the hybrid approach takes, what organisations do to get it right and who gets to do it.

To shed light on how hybrid working arrangements are being incorporated into workplaces, Eurofound gathered information from 80 companies and other organisations across Europe that had implemented or were planning to implement a hybrid approach.

Making hybrid work

The main motivation that these organisations gave for going the hybrid route was to offer some degree of telework to enhance employee engagement, well-being and productivity without sacrificing the benefits that come from having people work within the same physical environment. These organisations believed that working in physical proximity and interacting face to face is critical to building the social relationships and culture necessary for knowledge-sharing, problem-solving and innovation.

Another motivation for adopting a hybrid arrangement was the recognition, especially by companies having difficulty recruiting staff, that offering telework in some form might give them an edge in the fight to attract new talent.

Some of the organisations in the study had begun to rethink the purpose of their office spaces in light of the changes taking place. Offices were being redesigned as places for physical interaction and making social connections. Meeting rooms and open spaces for collaboration were being added, and some had reduced the number of workstations as the premises became less a place for individuals to work on tasks. Office spaces were also being reduced in size to save on costs.

1 The Guardian (2023), Two-thirds of CEOs think staff will return to office five days a week, survey finds

Unequal access

In response to the EWCTS 2021, which interviewed nearly 60,000 workers across the EU, 15% of employees reported they had a hybrid working arrangement (8% worked from home full time). Table 5 categorises these employees according to occupational group and sector. It shows a clear gradation across the occupational spectrum in who had access to hybrid working, with particularly high proportions of managers and professionals availing of this arrangement, even in the more blue-collar construction and transport and storage sectors. While the tasks of workers classified as technicians or clerical workers are, in general, equally or even more computerised than those of managers and professionals and therefore technically 'teleworkable', substantially lower percentages of these groups had a hybrid arrangement. Moving across the table into the less-skilled manual categories, the numbers of workers who have hybrid arrangements dwindle.

Table 5: Employees with hybrid work arrangements, by sector and occupation, EU27, 2021 (%)

Sector/Occupation	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Craft and trades workers	Plant and machine operators	Elementary occupations
Commerce and hospitality	52	54	38	33	7	7		3
Construction	61	62	44			3		
Education	80	71	58		14			
Financial services	62	53	61	49				
Health	53	28	17	40	8			2
Industry	63	62	41	41	22	7	5	4
Other services	70	55	48	48	8	22		4
Public administration	67	61	51	56	14			
Transport and storage	49	61	48	26			2	1

Note: *The occupational group of skilled agricultural workers in the agriculture sector is excluded due to low sample size.*
Source: *EWCTS 2021*

As Table 6 illustrates, less-skilled and blue-collar workers overwhelmingly work from their employer's premises.

Many more employees could potentially work from home if the organisations that employ them were willing to support it; the EWCTS found that 25% of employees who worked only from their employer's premises had a job that is teleworkable. While slightly over half were satisfied with that arrangement, 36% would have preferred a hybrid arrangement and 10% would have preferred to work from home all the time.

Table 6: Employees who work exclusively from their employer's premises, by sector and occupation, EU27, 2021 (%)

Sector/Occupation	Managers	Professionals	Technicians and associate professionals	Clerical support workers	Service and sales workers	Craft and trades workers	Plant and machine operators	Elementary occupations
Commerce and hospitality	36	26	53	58	92	92		97
Construction	32	30	48			97		
Education	10	20	25		83			
Financial services	13	12	18	34				
Health	39	69	81	55	91			97
Industry	25	19	51	46	73	92	95	96
Other services	9	14	32	29	87	76		96
Public administration	21	25	36	37	85			
Transport and storage	41	18	37	65			98	96

Note: *The occupational group of skilled agricultural workers in the agriculture sector is excluded due to low sample size.*
Source: *EWCTS 2021*

Boundaries in time and place

Without any clear guide on how to implement telework, many of the 80 organisations in the Eurofound study were feeling their way, trying out new management practices and adapting their approaches based on experience. Most had set rules covering the amount of time that staff were required to be present onsite – generally between one and three days per week. These rules were expressed in a variety of ways, for instance, as a minimum number of days per week or as a percentage of working time. In some cases, teams had autonomy to agree on the number and organisation of days in the office based on team-specific needs; in others, the decision was left entirely up to individual employees.

Rules had also been set regarding working time but based around flexibility. A financial institution in Hungary, for instance, allowed employees to allocate their working time between 07:00 and 20:00, while meetings were required to take place between 08:00 and 17:00.

Organisations also varied on the geographical location of telework. In some, employees were given complete freedom to work from anywhere in the world, while others required them to work within the home country. Some policies specified a certain number of days that people could work from abroad.

Practices adopted

Organisations were conscious of the need to take deliberate measures to ensure that the hybrid approach would work. They put more effort into communication and information-sharing with staff than previously. Regular formal and informal communication practices and virtual events were implemented to ensure a sense of community and to maintain the organisational culture.

Training and guidelines were provided to smooth the process of implementing hybrid work: manager training on managing remote teams, employee training in digital skills and data security, and guidelines on health and safety when working from home. Several organisations gave staff allowances to purchase ergonomic equipment for their home office.

Much of the responsibility for successful implementation rested on the shoulders of line managers, and they had to develop new skills for managing dispersed teams. Organisations felt it was important for managers to be flexible and build trust with employees to support their autonomy. Managers had a major role in facilitating the development and maintenance of interpersonal relationships as well as the integration of new employees. It was also important for them to monitor employee experiences so that practices could be adapted to evolving needs.

Happy ever after?

There are still many issues to be ironed out with hybrid working. Questions remain over the issue of access – of who is permitted to work remotely – and this fractures along a number of lines. As noted earlier, the evidence so far shows that hybrid working is often a privilege that high earners in more senior positions have access to, while employees lower in the hierarchy are excluded. Hybrid working thus has the potential to become a new source of inequality in the workplace. At the same time, differential access is inherent in the arrangement insofar as it excludes workers whose jobs are not teleworkable.

From a different perspective, employees who work from home may be at a disadvantage if their absence from the collective workplace is perceived as evidence of a lack of commitment, and may find themselves as a consequence overlooked when it comes to pay rises and career advancement. This possibility has occurred to senior management: an overwhelming majority (87%) of the chief executives in the KPMG survey mentioned earlier believed that the pay and prospects of employees could be linked to their attendance in the office. This is a particular risk for female workers, who are more likely to opt for hybrid work (or full-time telework) than their male counterparts.

A patchwork of regulations covers workers across the EU at present. Much of it was put in place prior to the pandemic, before telework had mushroomed, so it does not address many current issues, such as prevention of discrimination and the health and safety risks associated with working from home. Countries are trying to catch up, drawing up legislation covering, for example, the right to request telework and the right to disconnect – the latter is discussed in detail in the next chapter.

Permanent fixture?

With the level of effort that companies and policymakers are putting into the regulation of telework arrangements, it is hard to conceive that telework might contract to its pre-pandemic status as a marginal working arrangement. However, it has taken root post-pandemic in a context of a tight labour market where companies mostly include it as a benefit to retain and attract employees. This policy could change in a failing economy with rising unemployment. Companies that only reluctantly conceded to remote working may take such an opportunity to rein it in.

At the same time, many forces work in favour of the continuation of telework: technological advances that deliver an increasingly seamless telework experience; rising commuting times and unaffordable housing in the centres of employment; greater emphasis on workers' health and well-being in an ageing labour force; and the efforts to revive rural areas. Only time will tell where this story goes.

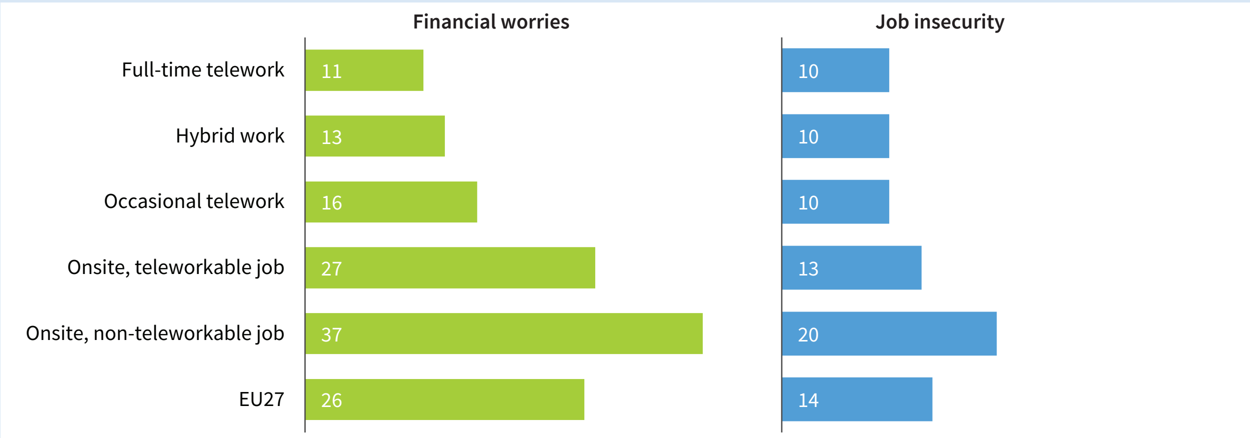
Data dive: Benefits outweigh downsides

While it is easy to get caught up in the positivity around working from home – more autonomy over working time, avoidance of the commute, time saved to do other things, and so on – it is fair to ask whether anything is lost when workplace and home are merged. Do workers feel more excluded from the organisation, for instance? Are they passed over when opportunities arise? Data from the EWCTS suggest the downsides are few: employees who telework on the whole enjoy better working conditions than those who do not.

This is partly explained by the fact that telework is strongly biased towards high-skilled, well-paid, permanent jobs.

As Figure 15 shows, in the working population, fewer people who teleworked, whether in a hybrid arrangement, occasionally or full-time, had financial worries or a sense of job insecurity than those who did not telework.

Figure 15: Employees reporting financial worries and job insecurity, by telework category, EU27, 2021 (%)

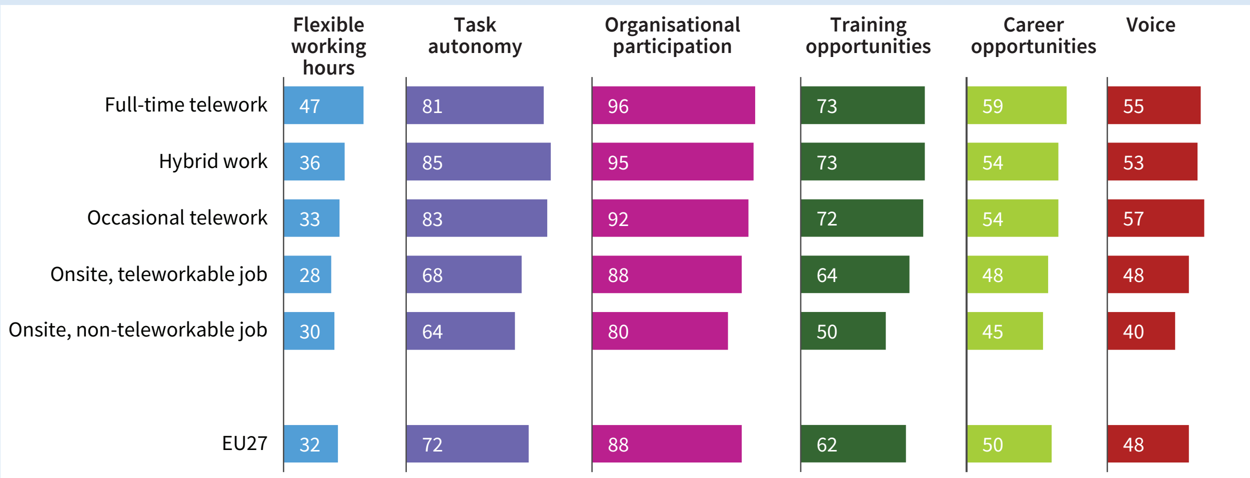


Source: *EWCTS 2021*

Working from home also tends to spare teleworkers from exposure to the stressors that can accompany social interaction, such as bullying and harassment in its various forms or emotionally demanding situations involving co-workers or clients. Comparing workers with a hybrid arrangement with those in a teleworkable job but based onsite at their employer's premises, 10% of the former and 17% of the latter reported experiencing bullying or harassment.

Many other aspects of working conditions are more favourable for teleworkers. Despite the pessimism within the CEO community about job prospects, the evidence suggests employees who teleworked were not missing out on opportunities for career advancement and training compared with their onsite colleagues (Figure 16). Nor did absence from the office lead to a sense of exclusion: percentages higher than the EU average reported having formal representation such as a trade union and regular meetings at work (as indicated by the results on organisational participation) and being consulted about objectives and work organisation (as indicated by the results on voice).

Figure 16: Employees scoring high on job resources, by telework category, EU27, 2021 (% of employees)



Source: *EWCTS 2021*

Working time

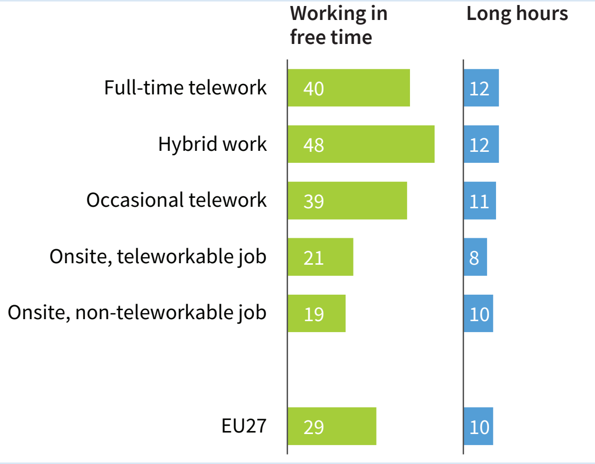
Where the perils of erasing the boundary between workplace and home become apparent, however, is around working time.

EWCTS data confirm what has consistently been found by other studies: teleworkers are more likely to work additional hours. As Figure 17 shows, substantially more employees in all three telework categories frequently extended their working day into their free time than their colleagues onsite full time. More also worked long hours. The findings suggest that the time flexibility granted by working from home comes at the cost of working overtime.

Work–life interference

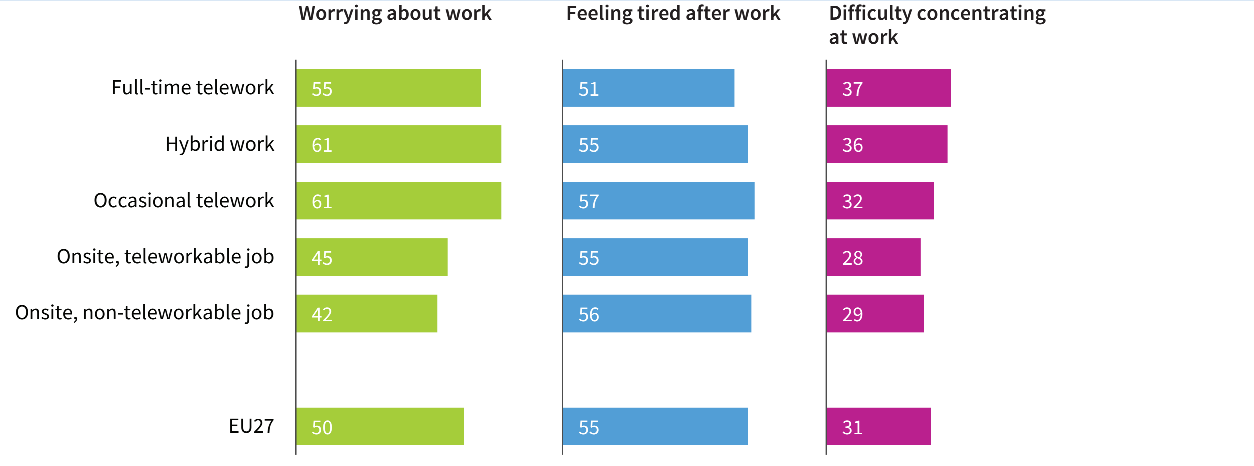
The results were also less promising for teleworkers on questions of work–life interference, as measured by two indicators: regularly worrying about work when not working and finding it difficult to concentrate on one's job because of family responsibilities. Both were more prevalent among teleworkers than among those who worked exclusively at their employer's premises (Figure 18). Breaking down the data further revealed a gender divide: 47% of women versus 39% of men who teleworked reported regularly experiencing work–life interference.

Figure 17: Employees reporting working in their free time and working long hours, by telework category, EU27, 2021 (% of employees)



Source: *EWCTS 2021*

Figure 18: Experiencing work–life interference, by telework category, EU27, 2021 (% of employees)



Source: *EWCTS 2021*

A later stage of the analysis that examined the relationship between working conditions and health and well-being found that work–life interference negatively affects mental well-being regardless of working arrangement, but the combination of teleworking with work–life interference augments the negative effect on mental health.

The EWCTS findings provide solid evidence that the benefits of telework are more numerous than the downsides for workers and bolster the argument for opening up access to more workers. The main challenge from a job quality perspective is to prevent the overflow of the working day into home life. Efforts must be made to organise work so that workers feel able to shut down at the end of the working day. Establishing a right to disconnect, the subject of the next chapter, is one important step in that direction.

Discover more

Report: *Hybrid work in Europe: Concept and practice* eurofound.link/ef22011

Report: *The future of telework and hybrid work* eurofound.link/ef22008

Report: *Psychosocial risks to workers' well-being: Lessons from the COVID-19 pandemic* eurofound.link/ef23001

Topic: Psychosocial risks eurofound.link/psychosocial

Topic: Teleworking eurofound.link/teleworking

Mairead McGuinness, European Commissioner for Financial Stability, Financial Services and the Capital Markets Union, visited Eurofound on 7 July 2023.

6 Letting go is hard to do: Reasons for a right to disconnect

Takeaways

- Four out of five respondents to a Eurofound survey said that they are regularly contacted by work outside of their contracted hours; over half feel obliged to respond.
- Nearly half of workers said that such out-of-hours contact has a negative impact on their family life, while a similar proportion believe that it affects their health.
- The presence of a right-to-disconnect policy at work appears not to have a bearing on whether employees are contacted out of hours or not. However, companies with a policy seem to be more sensitive to following favourable working time practices.

Among the issues exercising policymakers in the debate around telework, although relevant beyond telework arrangements, is the right to disconnect – the right of workers not to engage with work-related electronic communications outside of working hours. The increasing use of digital tools tends to create an always-on work culture with an expectation that workers are available at any time. Out-of-hours contacts are very common – 80% of respondents to a Eurofound survey said they were regularly contacted by work outside their working day. Regular interruption of home life can be detrimental to well-being and work–life balance; in some cases, it leads to unpaid overtime. In an effort to curb the practice, nine Member States have legislated for a right to disconnect, and many companies in these countries have implemented their own policies on contacting staff outside normal working hours. With out-of-hours contact so prevalent, do employees actually benefit from a right-to-disconnect policy?

In 2022, Eurofound surveyed employees in four countries that have legislated for a right to disconnect: Belgium, France, Italy and Spain. The sample of respondents was split fairly evenly between those whose companies had adopted a right-to-disconnect policy (44%) and those whose companies had not (56%).

As noted above, four out of five of the sample reported being contacted outside of their contracted hours during their typical working week, most frequently by colleagues, but also by line managers and clients. The rate of contact is not lower in companies with a right-to-disconnect policy. Furthermore, over half (57%) of workers feel obliged to respond to such communication. Younger workers feel this obligation to a much greater extent than older workers: 72% of the 16–24 age group compared with 54% of workers aged 40 and over. It may be that younger workers feel more pressure to demonstrate their commitment at the start of their career, but it could also have something to do with a greater digital connectedness among the young generation and a stronger disposition to react to contact.

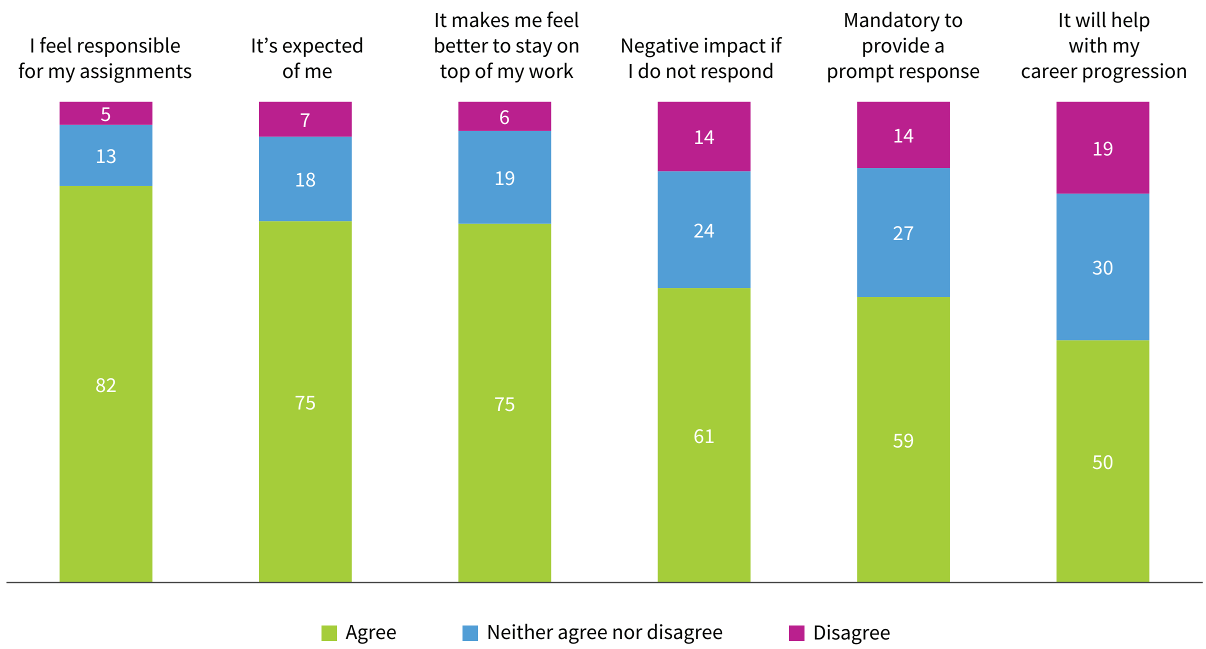
Why do workers respond?

Nine out of 10 workers take some action in response to such contacts at least some of the time, while nearly a quarter always answer. When asked why, the reason given most (82%) is that they feel responsible for their assignments (Figure 19). But there is also an undercurrent of compulsion in the reasons: 75% indicated that this is expected of them and nearly 60% said it is mandatory. Half believe that responding is helpful to their career, but this is the least common response.

Some respondents have an overtime agreement with their employer and this appears to influence whether they are contacted and whether they respond. In general, employees with agreed paid overtime are contacted outside their working hours to a greater extent than those without an overtime agreement. Furthermore, among respondents who are paid for overtime, 65% feel obliged to respond, which could be linked to being paid for their additional hours of connection. Among those who are not paid for overtime, the percentage is 35%.

Almost half of the respondents to the survey regularly work more hours than they are contracted for. Close to one-fifth (17%) of this group do so because they have been contacted by work. This is, however, the least common reason for working additional hours. The most common reason, reported by 37%, is to complete work they had been unable to do during normal working hours. And 31% are doing regular agreed overtime.

Figure 19: Reasons for responding to out-of-hours contact from work, 2022 (%)

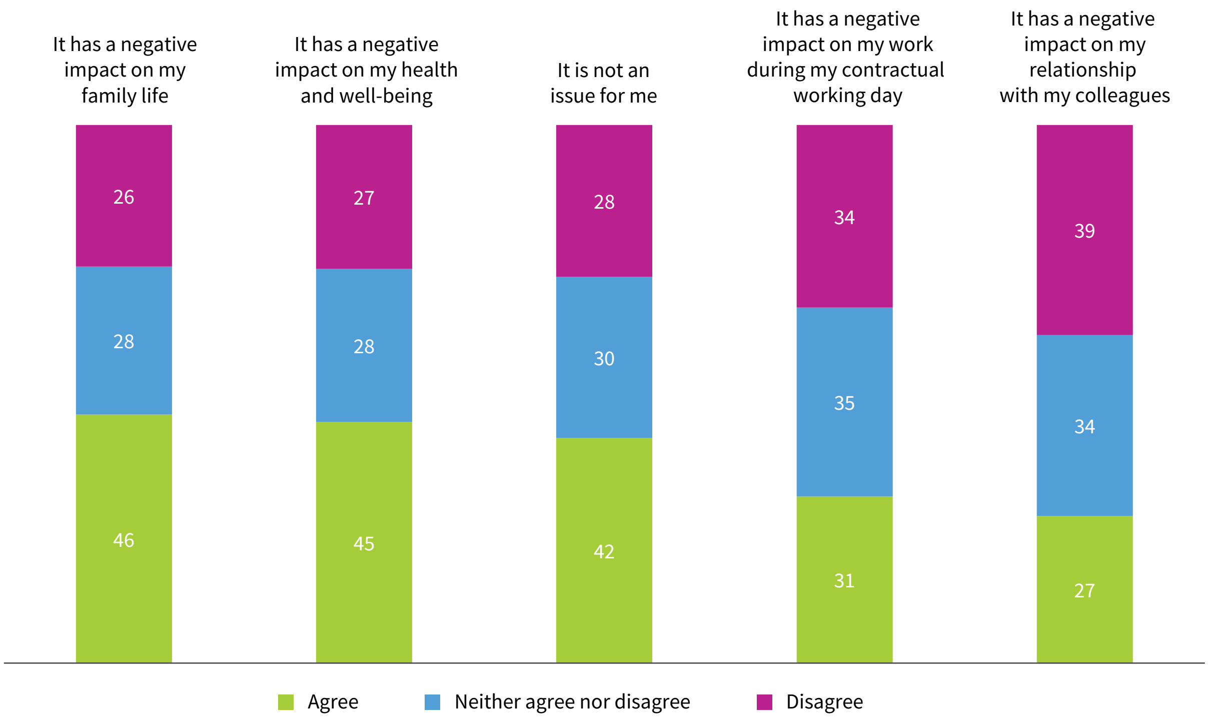


Source: *Eurofound, Right to disconnect survey 2022*

Thumbs down for out-of-hours contact

When asked about the downsides of being contacted outside working hours, the most prevalent reason given was a negative impact on family life (reported by 46%), followed by a negative impact on health and well-being (45%) (Figure 20). However, it is worth noting that 42% of respondents indicate that being contacted out of hours is not an issue for them.

Figure 20: Perceived impact of being contacted out of hours on health and well-being (%)



Source: *Eurofound, Right to disconnect survey 2022*

Why have a right-to-disconnect policy?

The presence of a right-to-disconnect policy at work does not appear to affect whether employees are contacted out of hours or not. However, employees of companies with a policy seem to have more favourable working time arrangements. For instance, fewer reported working additional hours following contact from managers, colleagues or clients (14%, compared with 19% working in companies without a policy). When they work extra time, they are more likely to be compensated financially or through time off. In addition, 92% of respondents who work in a company with a right-to-disconnect policy reported that their working hours are well aligned with their private life, whereas the figure for those not covered by a right to disconnect was 82%. Over 55% of workers with a right-to-disconnect policy in their company reported that actions were in place to limit working hours compared with only 28% of workers in companies without a policy.

They also fare better in relation to health. In response to a survey question asking whether respondents experienced any of several listed health conditions, for all but one of the conditions employees with a right to disconnect experienced them to a lesser extent. For instance, the most common health issue, headaches, was reported by 37% of employees with a right to disconnect and by 45% of employees without. The findings suggest that companies with a right-to-disconnect policy are more alert to the need to manage employees' working time, to limit the spillover of work into the non-working day, and to compensate for overtime worked.

Efforts to regulate

The extent to which workers are being contacted by colleagues, managers and clients and the extent to which they respond indicates that current legislation is not keeping pace with digitalisation and the implications of constant connection. Only 9 of the 27 Member States have legislation establishing a right to disconnect, although collective agreements including the right to disconnect exist in other countries. No provision for a right to disconnect exists in EU law. Following a call from the Commission in 2021, the European cross-industry social partners began to negotiate a joint agreement on regulating telework and the right to disconnect. These negotiations ended in November 2023, with little prospect for subsequent resumption. The Commission remains committed to legislating on the right to disconnect.

Discover more

Report: *Right to disconnect: Implementation and impact at company level* eurofound.link/ef23002

Topic: Digitalisation eurofound.link/digitalisation

Topic: Working time eurofound.link/workingtime

Eurofound’s annual lecture 2023

On 11 May 2023, Professor Brigid Laffan, Emeritus Professor at the European University Institute, delivered the inaugural Eurofound annual lecture in Government Buildings, an event organised with in collaboration with the Irish Department of Foreign Affairs. In her lecture, Professor Laffan reflected on the challenges and opportunities that face the European Union, with a particular spotlight on Ireland.

3

Pay and social dialogue

7 Minimum wages chase inflation

Takeaways

- Member States across the EU increased their statutory minimum wages substantially for 2023 to try to keep pace with inflation. The biggest relative increases were set by central and eastern European Member States for the most part.
- In real terms, minimum wages grew substantially only in Belgium and Germany, while they fell in nine Member States.
- From a longer-term perspective, progress in raising real wages is most marked in the Member States that joined the EU in 2004 or later. Except for Malta and Slovenia, real minimum wages grew by between 45% and 195% in the period 2012–2023 in these countries.

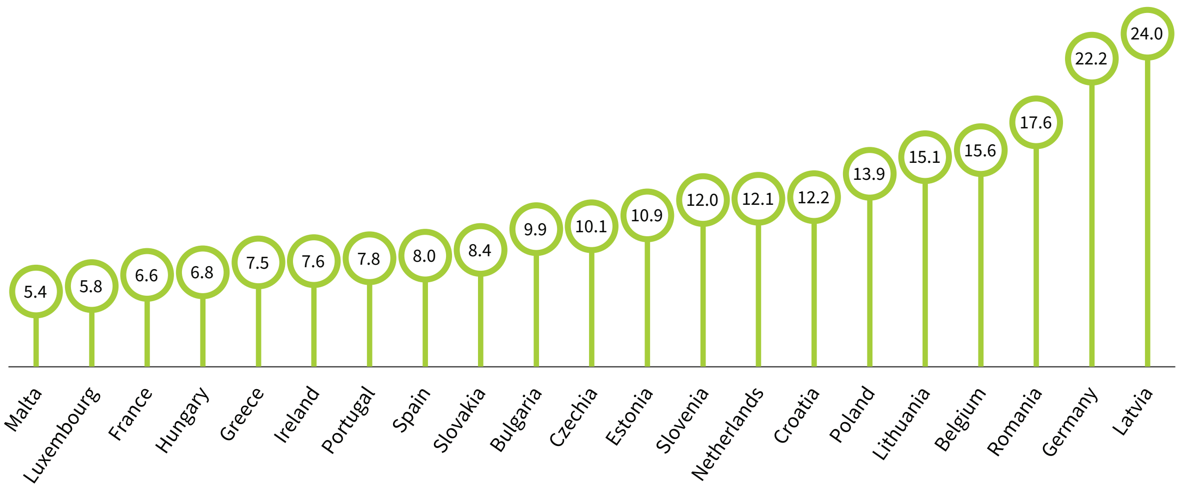
The minimum wage increases set across the EU to apply in 2023 were unprecedented, much larger than in previous years, as Member States attempted to keep the earnings of the lowest-paid workers at a level in line with inflation. The cost of goods, and especially energy, rose sharply in 2022, and governments sought to regain the lost purchasing power of minimum wages in 2023. These efforts were successful in some cases, but inflation continued to rise, outstripping the gains made once again.

Twenty-two Member States have minimum wage legislation to prevent wages from falling below a specified wage floor. The most recent Member State to join this group is Cyprus, where a statutory minimum wage came into effect in January 2023. Minimum wages are of interest to a much broader range of labour market actors than those who negotiate, pay and receive them, because they are used as a benchmark, formally and informally, in collective wage negotiations. Hence, developments in 2023 caught the attention of many.

Sizeable nominal increases

Statutory minimum wages rose substantially across the EU in January 2023. The increases ranged from just over 5% in Malta to 24% in Latvia (Figure 21). The median increase (calculated in national currencies) was 11%, compared with 5% for 2022.

Figure 21: Minimum wage increases, EU Member States, 2023 (%)



Note: *Chart shows Member States with statutory minimum wages in 2022. Converted values used for non-euro-zone Member States.*
Source: *Network of Eurofound Correspondents and Eurofound calculations*

Most of the large increases were set by the central and eastern European Member States. Of the 13 countries with the biggest hikes, 10 joined the EU after 2004, evidence that they are continuing to catch up with the countries with longer membership. Gains were more modest in the pre-2004 Member States, with some exceptions: Germany increased its minimum wage by 22%, Belgium by 16% and the Netherlands by 12%.

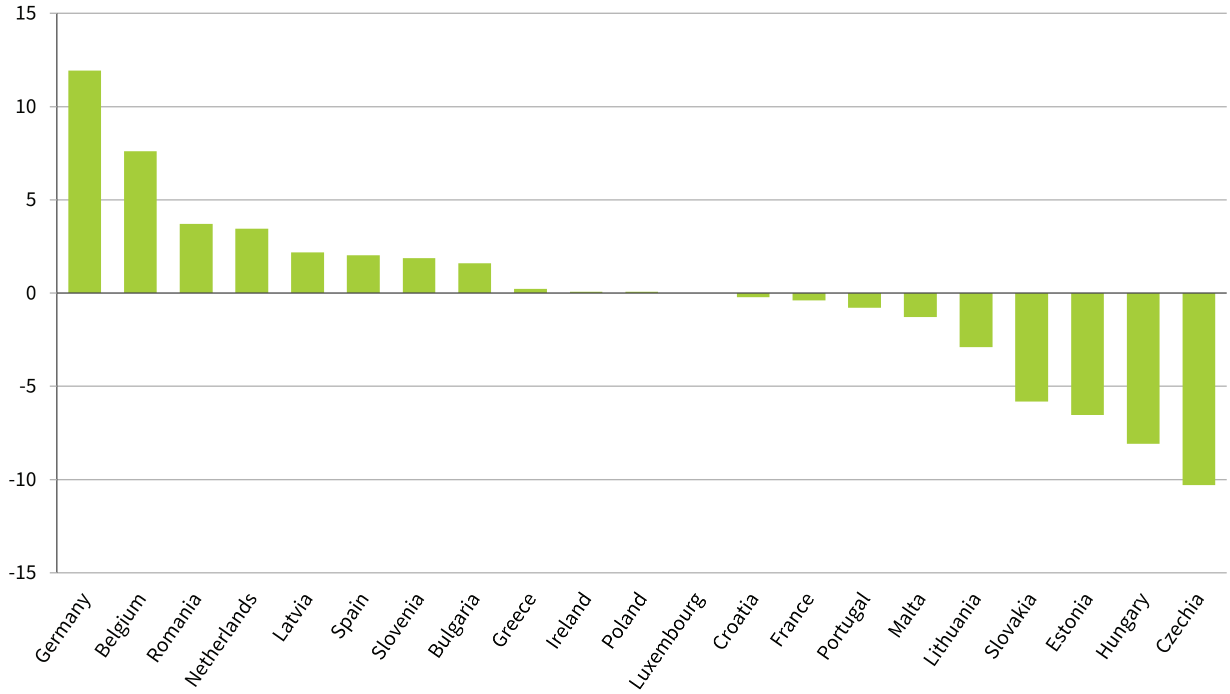
Modest real changes

These exceptional increases were cut down to size by inflation. Latvia's striking 24% hike, for instance, translated into a 2% increase in real terms. Only the large rises in Belgium and Germany resulted in a substantial boost to workers' earnings (Figure 22). In general, however, the increments were sufficient for minimum wages to broadly keep pace with inflation in half of the Member States. For 15 out of 21 Member States, real wages (adjusted for inflation) either rose by 3% or fell by 3% compared with January 2022. Real wages grew modestly in Romania, the Netherlands, Latvia, Spain, Slovenia and Bulgaria, deteriorated modestly in Malta and Lithuania, and were mostly unchanged in Greece, Ireland, Poland, Luxembourg, Croatia, France and Portugal.

The most substantial falls in real wages occurred in Czechia and Hungary (and Estonia and Slovakia to a lesser extent), despite increases in the nominal levels.

These findings represent the situation in January 2023, but further inflation over the year led to a deterioration once again in the purchasing power of minimum wages. Governments continued to implement additional measures to alleviate the difficult financial situation faced by minimum wage earners and other low-paid groups. The most common approach has been to increase income from work – by raising various types of benefits or allowances or by implementing preferential tax treatments or tax reductions, for instance. Other interventions include the provision of more support for housing and commuting and measures to reduce household energy bills and fuel prices, but these have often been implemented across the board rather than being targeted at low-wage earners specifically.

Figure 22: Change in real minimum wages, EU Member States, 2022–2023 (%)



Source: *Eurofound, Network of Eurofound Correspondents and Eurostat (for harmonised index of consumer prices (HICP) data)*

Disparities in hourly wages

While nominal minimum wages in the central and eastern European Member States rose by significant amounts in 2023, they continue to be much lower than in the pre-2004 Member States. This becomes clear if we look at the differences in terms of the hourly wage (Figure 23). Minimum wages are highest in Luxembourg, Germany, Belgium, Ireland, France and the Netherlands, ranging from €11 to almost €14. Of the 12 Member States with hourly amounts below €5, 11 joined the EU in 2004 or later.

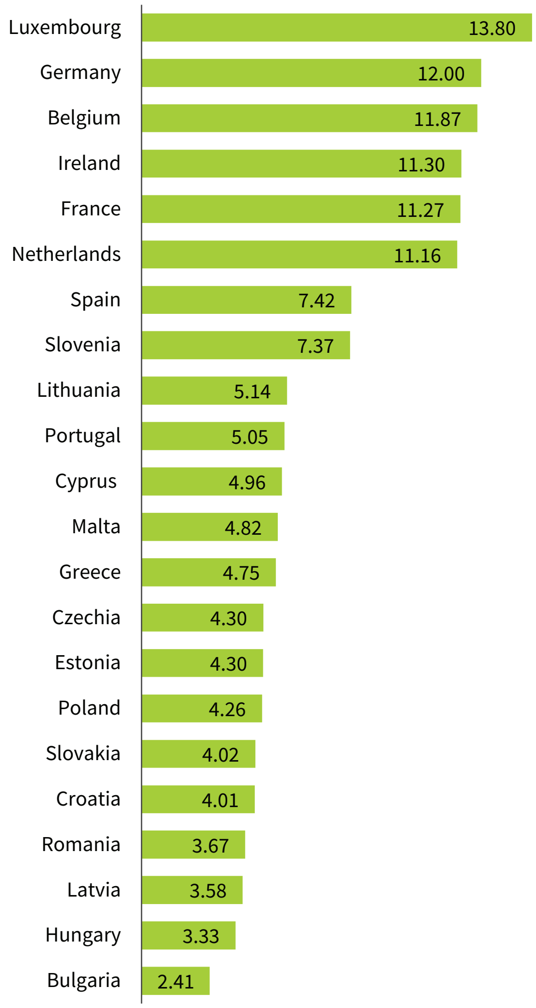
Real increases over time

While increases in minimum wages since the pandemic have not fully offset the impact of inflation, the purchasing power of these wages has increased in the longer term. Since 2012, nominal wages have generally been set above inflation, which has enabled real wages to keep pace. Progress in raising real wages is most marked in the countries that joined the EU in 2004 or later. Except for Malta and Slovenia, real minimum wages grew by between 45% and 195% during 2012–2023 in these countries.

Increments in Portugal, Slovenia and Spain in recent years have also led to gains in purchasing power among minimum wage earners. Growth in real terms has been much more muted in France, the Benelux countries, Ireland and Germany, while it has been negative in Malta, although by a negligible degree.

Greece is the only Member State where real minimum wages have fallen significantly since 2012, owing to the financial turmoil the country experienced during the economic crisis, which resulted in a large reduction in its nominal statutory rate in 2012.

Figure 23: Hourly nominal minimum wages, EU Member States, January 2023 (€)



Note: *For Member States in which minimum wages are not set in terms of hourly rate, the hourly rate has been inferred by means of statistical approximation.*
Source: *Network of Eurofound Correspondents, Eurostat and Eurofound calculations*

Member States are obliged to have incorporated the EU directive on adequate minimum wages into their national legal framework before the end of 2024. The directive requires them to establish clear criteria to set the wage at a level that enables a decent standard of living and to update it in a timely manner. The directive gives 'indicative reference values' of 50% or 60% of median wages to guide Member States towards an adequate level. While they are not obliged to adhere to these values, an increasing number are applying them in their minimum wage setting. 2024 will provide more evidence of the impact of the directive.

Discover more

Report: *Minimum wages in 2023: Annual review* eurofound.link/ef23019

Topic: Minimum wage eurofound.link/Minimum wage

Podcast: Episode 18 – Are minimum wages in Europe adequate and effective?

8 Collectively agreed wages: Responses to high inflation

Takeaways

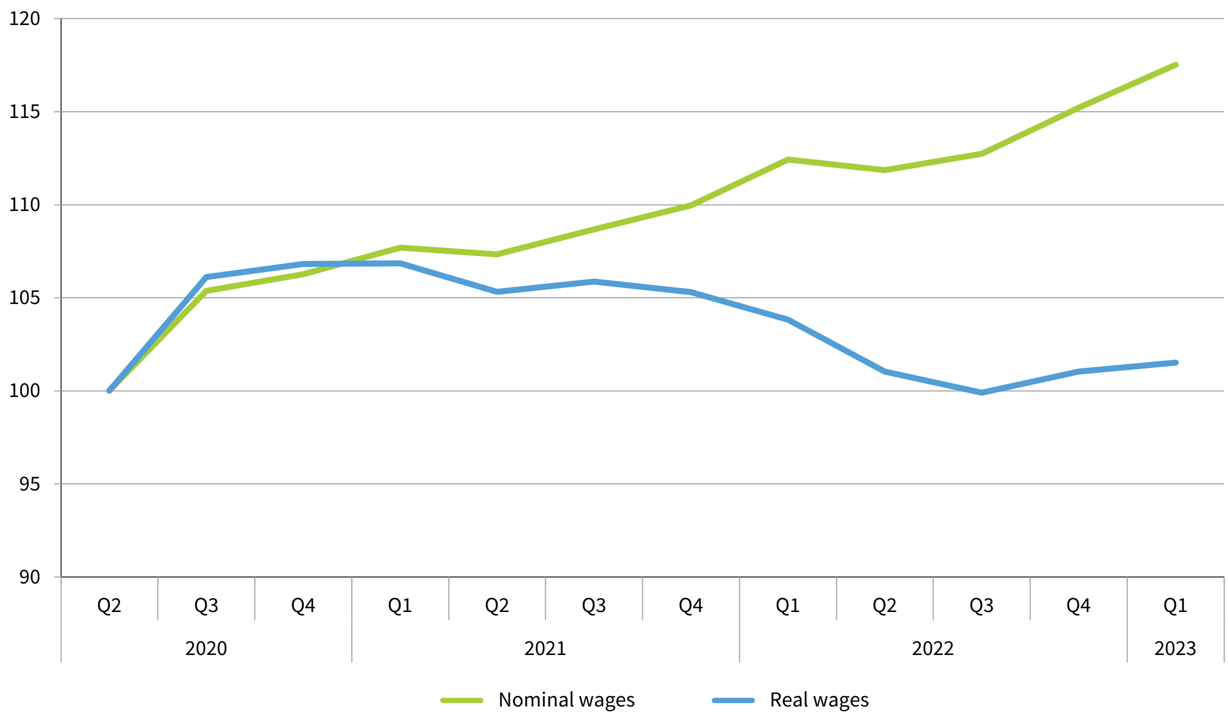
- While nominal wages have risen since the pandemic, they have fallen behind inflation, meaning that real wages have actually declined.
- Analysis of collective agreements in four sectors across three Member States found significantly higher wage increases in lower-paid sectors. The increases in one of these sectors, hospitality, may have been a response to labour shortages, which have pushed up wages.
- The inclusion of wage indexation mechanisms in collective agreements, linking wage developments to actual change in the cost of living, has not been embraced by the social partners as such mechanisms would compromise their autonomy to negotiate on wages.

Pay in the EU has been outflanked by recent inflation, and the purchasing power of workers' take-home pay is being eroded. The wages of many employees are agreed in collective bargaining, which by and large, includes formal or informal mechanisms linking wage increases to inflation. Analysis of wage increases negotiated in the collective agreements for four sectors in 2022 found that real wage increases were higher for workers with lower wages, either because they are at the bottom of the wage scale or because they work in low-wage sectors that are under pressure from labour shortages.

The wages of many workers in the EU reflect agreements negotiated before inflation accelerated in the aftermath of the pandemic. While nominal wages have increased on average, real wages began to fall away at the start of 2021, and the gap widened over the next two years (Figure 24).

Renewals to collective agreements in 2022 provided an opportunity for the negotiation of wage increases in light of the surging cost of living and for some recovery of the purchasing power lost in 2021.

Figure 24: Trends in nominal and real wages, euro zone, Q2 2020–Q1 2023



Note: *Values indexed, Q2 2020 = 100*
Source: *Eurostat and Eurofound calculations*

However, in the countries and sectors examined by Eurofound, these increases were below inflation at the end of 2022. For instance, in Germany, collectively agreed wages (including special payments) increased by 2.2% in 2022 compared with 2021, whereas consumer prices increased by 6.9%, according to the Federal Statistical Office. However, in certain low-wage sectors such as industrial cleaning and hotels and restaurants, wage increases were influenced by the significant increase in the German minimum wage to €12 and were sufficient to offset inflation for many employees.

Increases in minimum wages play an important, though often indirect, role in the wage-setting process. The impact tends to be greater for workers with lower wages, which can narrow the wage structure in collective wage agreements.

Wage developments in four sectors in three Member States

To examine how employer and worker representatives have dealt with rising inflation in wage bargaining, Eurofound looked at collective agreements in France, Germany and Italy for four sectors: chemical and pharmaceutical, metalworking, hospitality (France and Germany) and domestic work (Italy). Overall, these agreements balanced the objectives of recovering real wage losses, maintaining cooperation between the social partners and ensuring the competitiveness of the sector.

The analysis found that the collective agreements for the hospitality and domestic work sectors set significantly higher wage increases than those for the chemical and pharmaceutical and metalworking sectors. In France, an average increase of 16% was established in the new agreement for the hospitality sector. In Germany, some regional agreements in the hospitality sector set nominal wage increases that outpaced the inflation rate significantly. However, there were substantial differences between the regional agreements, ranging from an 8.5% increase in Hessen to a rise of 32.6% in Rhineland-Palatinate. The collective agreement for domestic work in Italy includes an automatic wage indexation mechanism that adjusts wages in the sector to inflation, cushioning domestic workers from rising prices.

Developments in the chemical and pharmaceutical and metalworking sectors followed a different trajectory. In the German chemical industry agreement, for instance, workers at the top of the wage scale experienced greater real wage losses than those at the bottom. In France, the law requires that wage minimums negotiated in the sectoral collective agreement are adjusted to increases in the statutory minimum wage. This allowed lower wages to increase more rapidly than wages for higher-paid occupational groups.

The comparatively higher wage rises in the hospitality and domestic sectors are contrary to expectation based on the theory of wage development. According to this, higher increases would be expected in sectors characterised by high productivity and skills with higher union membership and coverage. However, the hospitality sector, where increases have been greater, is characterised by lower productivity and skills, low union membership and limited collective bargaining coverage.

One explanation for the apparent anomaly could be that hospitality is experiencing labour shortages, which have pushed up wages, regardless of the weakness of trade unions in this sector. The existence of formalised mechanisms for indexing minimum wages to consumer prices in Italy also explains the higher wage increases in the domestic work sector.

However, the impact of higher wage increases for hospitality and domestic work sectors is limited by the fact that coverage of workers by collective bargaining is low, especially when compared with the chemical and metalworking sectors.

What about an indexation mechanism?

Including a wage indexation clause in collective agreements would be a means of keeping real wages in step with inflation. This would link wage developments to the actual change in living costs to ensure that real wages are not overtaken by inflation.

Despite the failure of agreed wages to keep up with rising inflation, however, there is no demand from either side of industry to include indexation clauses as this would reduce the scope for autonomous negotiation between them. While bargaining rounds between employers and trade unions often consider inflation and price developments, determining and agreeing on the outcome of these negotiations still rests with the social partners, and their preference remains for one-off payment mechanisms.

Discover more

Report: *Tackling rising inflation in sectoral collective wage bargaining* eurofound.link/ef23005

9 Industrial democracy in flux

Takeaways

- Industrial democracy – the rights of employers and employees to participate autonomously and collectively in the decision-making that defines the employment relationship – is the core dimension of industrial relations systems in the EU.
- A picture of polarisation emerges when the state of industrial democracy across the Member States is measured. On an index of 0–100, the five best-performing countries (Austria, Denmark, Finland, the Netherlands and Sweden) scored over 70, while the Member States in the last three positions (Estonia, Hungary and Latvia) scored below 35.
- The Member States with the most marked improvement in industrial democracy since 2008 are Czechia, France, Lithuania, Poland and Slovakia. Industrial democracy has declined most in Greece, Hungary, Malta, Romania and Slovenia since that time.

The challenges ahead for the EU – including a just transition to a green economy, the increasing digitalisation of work and the possibilities of artificial intelligence, the emergence of new forms of employment – make a persuasive case for strong social dialogue. Negotiations between the two sides of industry could be the means of securing the fair treatment of workers while providing a stable and predictable framework for companies. While well-established and effective social dialogue underpins industrial relations within some Member States, in others it is weak, and structural shortcomings hamper genuine social dialogue. The state of industrial democracy, the foundation of industrial relations, in the Member States is a guide to the strength of social dialogue.

Eurofound's conceptualisaton of industrial relations includes four key dimensions: industrial democracy, industrial competitiveness, social justice, and quality of work and employment. On this basis, the Agency argues, the most desirable industrial relations strategy for both employers and employees is a balanced and mutually reinforcing pursuit of efficiency (industrial competitiveness) and equity (social justice and quality of work and employment). To realise such a strategy, both sides of industry, in addition to having the right to participate in decision making, need to develop their collective capacity to influence decision-making (industrial democracy). Hence, industrial democracy is the core dimension of industrial relations. Without it, the three other aspects cannot be achieved.

Answering the following three questions on the performance of industrial democracy in the Member States can give us an understanding of how social dialogue in the EU is evolving in response to political and economic developments:

- What is the current state of industrial democracy?
- What are the trends over time?
- Are Member States converging around the performance of industrial democracy?

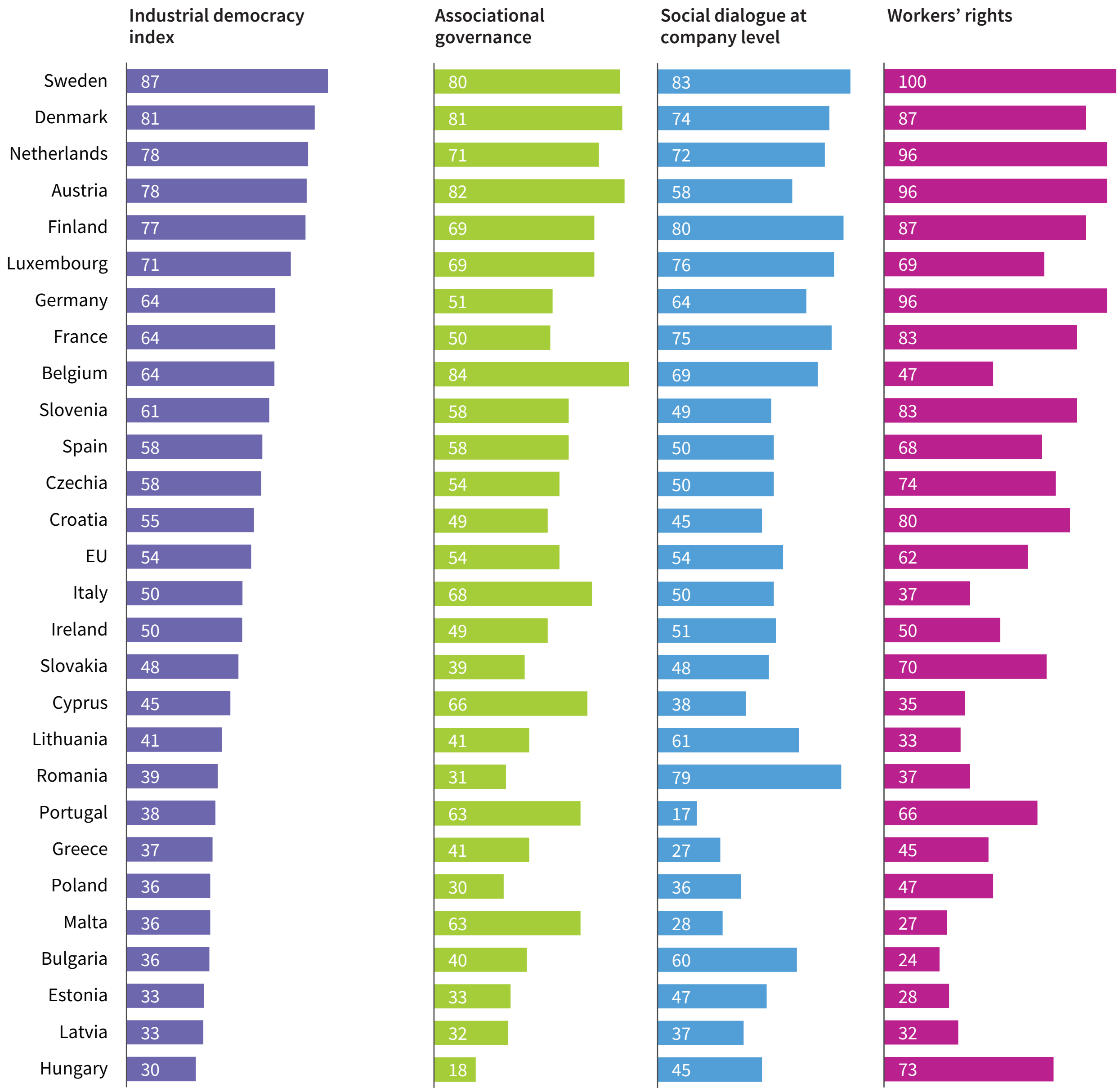
What is the current state of industrial democracy?

To capture the state of industrial democracy in the Member States, Eurofound developed an index that measures the strength of three aspects: associational governance (the organisational strength of trade unions and employer organisations and their power to influence economic and social policy), social dialogue at company level and workers' rights.

Figure 25 shows the ranking of the Member States on industrial democracy as well as their scores for each of its three subdimensions in 2021. The picture is one of polarisation, with marked differences between the five best-performing countries (Austria, Denmark, Finland, the Netherlands and Sweden), which have scores above 70, and the three countries ranked in the last three positions and scoring below 35 (Estonia, Hungary and Latvia).

Thirteen countries are performing better than the EU average: all the Nordic countries (Denmark, Finland and Sweden) and continental countries (Austria, Belgium, France, Germany, Luxembourg and the Netherlands) plus Croatia, Czechia, Slovenia and Spain.

Figure 25: Ranking of Member States on industrial democracy and index subdimensions, 2021



Source: *Eurofound*

While the scores of Member States on the subdimensions tend to be balanced, some show more variance. Cyprus, Italy and Malta score comparatively high in associational governance, while having a rather low performance in the other two subdimensions, particularly in workers' rights. Similarly, Portugal scores high in associational governance and, to a lesser extent, in workers' rights, but has a very low performance in social dialogue at company level. Bulgaria, Lithuania and, especially, Romania also show imbalances, as they score comparatively high in social dialogue at company level and very low in workers' rights. Finally, Hungary and Slovakia perform relatively well in workers' rights but poorly (very poorly in the case of Hungary) in associational governance.

Tracking the trends

By analysing the trends in scores on the three subdimensions over time – in this case from 2008 to 2021 – we can see whether a country's performance in industrial democracy has improved over time.

This analysis found that the Member States where industrial democracy has declined most are Greece, Hungary, Malta, Romania and Slovenia. In Greece, a big decrease in associational governance explains the decline; in Malta, it is the pronounced worsening of workers' rights.

The Member States with the most marked improvement are Czechia, France, Lithuania, Poland and Slovakia. In all these countries except France and Lithuania, this positive trend is mainly explained by an improvement in the social partners' routine involvement in social dialogue at company level.

Different trends in each of the three industrial democracy subdimensions explain the overall trend recorded in these countries. Table 7 lists the Member States where there have been pronounced improvements or declines in each subdimension. Czechia, Slovakia and Romania simultaneously show a marked improvement in one subdimension and a marked decline in another. Czechia, for instance, made substantial progress in industrial democracy thanks to a substantial improvement in associational governance, but nevertheless registered a pronounced decline in workers' rights. In Hungary, social dialogue at company level improved markedly, but a considerable decline is evident in the other two dimensions.

Table 7: Member States with a pronounced improvement or decline in industrial democracy subdimensions

Pronounced improvement	Subdimension	Pronounced decline
Czechia Poland Portugal Slovakia	Associational governance	Greece Hungary Slovenia Romania
France Hungary Italy Luxembourg Romania	Social dialogue at company level	Denmark Estonia Greece Slovakia Slovenia Spain
France Lithuania	Workers' rights	Czechia Hungary Malta

Source: *Eurofound*

What about convergence?

Our final question asks how Member States are performing in relation to each other. Are they becoming more alike in terms of industrial democracy or are they going in different directions? A convergence analysis was performed to answer this question, which calculates whether the Member States moved towards or away from the EU average performance between 2008 and 2021.

The analysis showed that trends in 12 countries are more or less aligned with the EU average in the period analysed: Belgium, Croatia, Cyprus, Czechia, France, Germany, Greece, Ireland, Italy, Romania, Slovakia and Spain (Figure 26).

The remaining 15 countries are either converging towards the EU average or diverging away from it.

Four countries are outperforming the average: Austria, Finland, Luxembourg and Sweden. Their performance was initially higher than the EU average and has grown at faster rates.

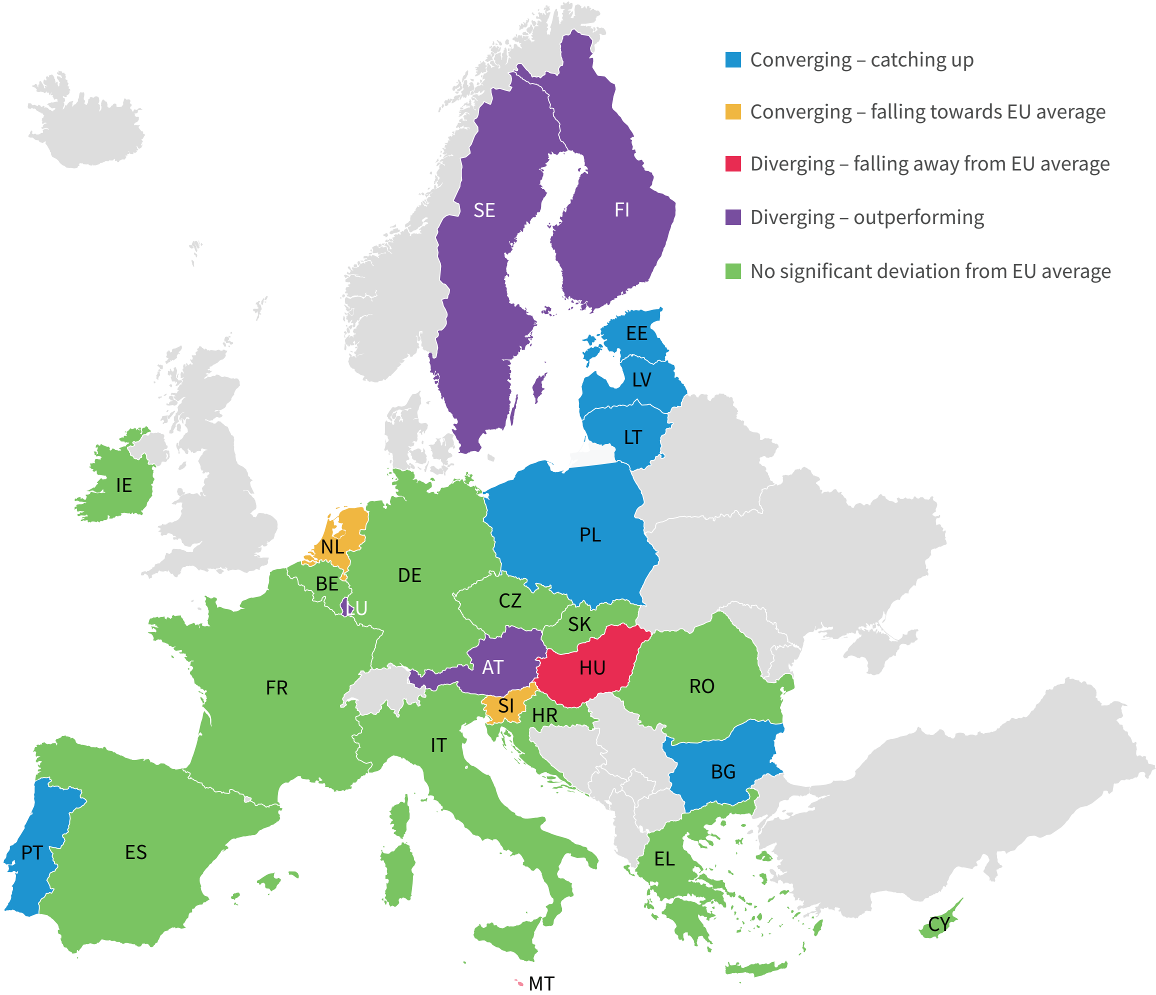
Six countries are catching up: Bulgaria, Estonia, Latvia, Lithuania, Poland and Portugal. Their performance was initially lower than the EU average but is growing more quickly and the gaps are decreasing.

Three countries are declining towards the average: Denmark, the Netherlands and Slovenia. Their performance was initially higher than the EU average but is declining, thus moving towards the EU average, which is rising.

Two countries are declining away from the average: Hungary and Malta. Their performance was initially lower than the EU average and is declining, while the EU average is rising.

This examination of industrial democracy in the EU produces a mixed picture. The top performers are countries with a long tradition of industrial relations that has been built up over time. They are evidence that strong industrial democracy is possible in a system of 'good' and mature industrial relations combining efficiency, equity and voice. Industrial democracy is falling short in several Member States, however, and it will take considerable commitment and investment for social dialogue to play an effective role in the policymaking around crucial issues arising from the structural changes that the economy is undergoing.

Figure 26: Convergence and divergence patterns in industrial democracy, EU Member States, 2008–2021



Source: *Eurofound*

Discover more

Report: *Measuring key dimensions of industrial relations and industrial democracy* eurofound.link/ef23008

Webinar: State of play of social dialogue in Europe

Eurofound Executive Director Ivailo Kalfin (second from left) participates in a panel at a high-level meeting on the future of work and of social dialogue held as part of the Spanish EU Presidency in September 2023.

Barbara Gerstenberger, Head of the Working Life unit at Eurofound (left), and Maria Walsh, Member of the European Parliament, in discussion at the Brussels Briefing, *Equal pay for women and men – It's not just about the money*, in November 2023.

4

Quality of life

10 Revitalising rural Europe

Takeaways

- The socioeconomic gaps between rural and urban areas in Europe are widening. Low educational attainment and lack of digital skills in much of the rural population, two areas critical to maintaining resilience in the face of changing economic and social conditions, are particularly concerning. Depopulation and cuts in public and private services are among the factors that threaten the long-term sustainability of rural areas.
- Rural dwellers have less trust in government and the EU compared with urban residents and are more likely to feel ignored by government, which threatens social cohesion.
- Providing good-quality public services is fundamental to building the trust of communities in the state. Developing innovative ways of delivering public services and exploiting the potential of digital delivery is central to restoring the confidence of the rural population in political institutions.

Rural areas account for 83% of Europe's land mass but are home to just a quarter of its population. The number of people living in rural areas is in seemingly inexorable decline as economic activity concentrates in cities, generating better jobs and prospects and drawing in each new generation from the countryside. And with the departing population go amenities and services, raising doubts about the viability of rural regions and the quality of life of residents. The treaties underpinning the EU commit it to territorial cohesion, which means supporting the sustainability and development of all regions. Reversing rural stagnation in the face of powerful economic and societal trends is a considerable challenge, but new thinking is helping to make inroads.

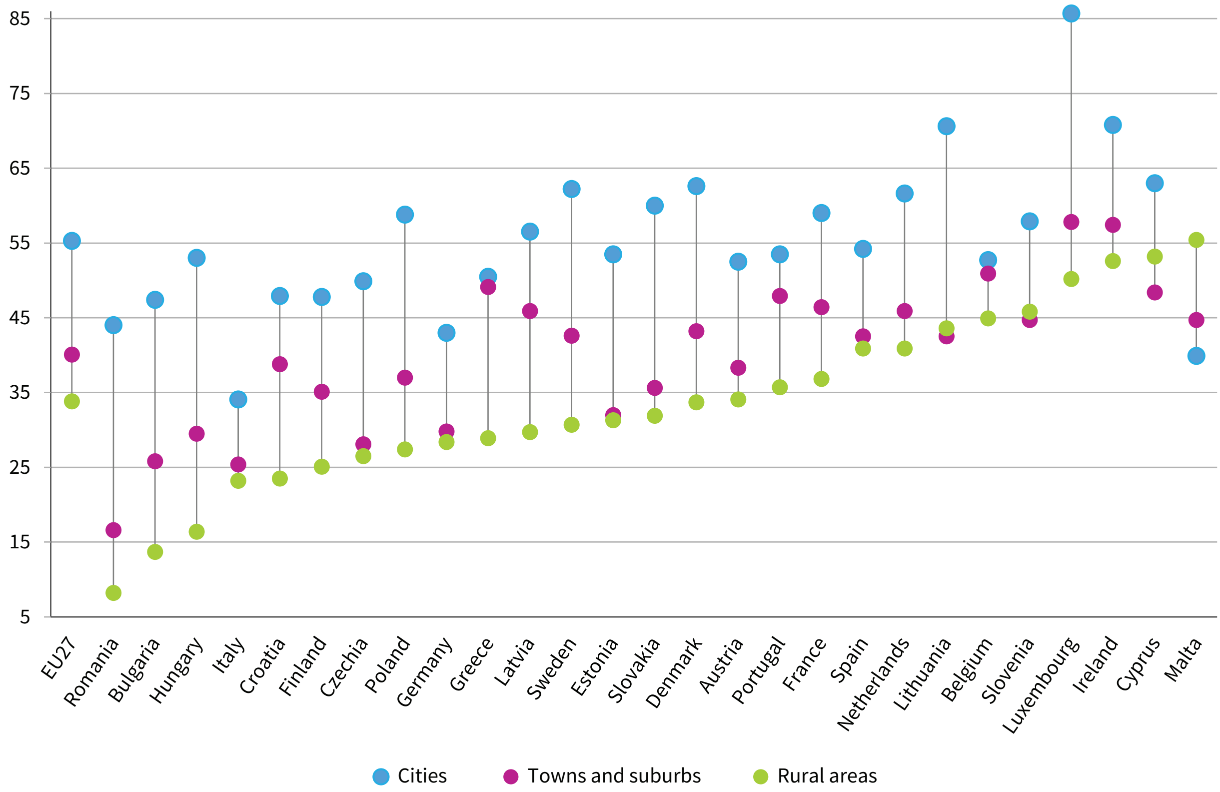
Snapshot of the rural–urban divide

Broadly speaking, rural areas in the EU lag behind urban areas in many aspects of economic prosperity, including employment and income. In 2021, the average employment rate in rural areas was 74.0%, compared with 75.8% in cities; the median income in rural areas was €17,032, compared with €18,668 in cities. This advantage of urban centres, however, is not uniform across the Member States. In Germany, the Netherlands and Sweden, for instance, the employment rate in rural areas is higher than in cities. In Austria, Belgium, Germany, Malta and the Netherlands, median incomes are lowest in cities.

Two domains where the rural–urban gap is wider and where rural areas are consistently at a disadvantage across the Member States are educational attainment and digital literacy. Substantially more city residents have attained a tertiary education (55%) than rural residents (34%) (Figure 27). There are few exceptions to the pattern at national level, a testament to the migration of educated rural natives to cities.

While over half (56%) of Europeans have a basic or higher level of digital skills, the rate is above this average in cities (63%) and below it in rural areas (49%).

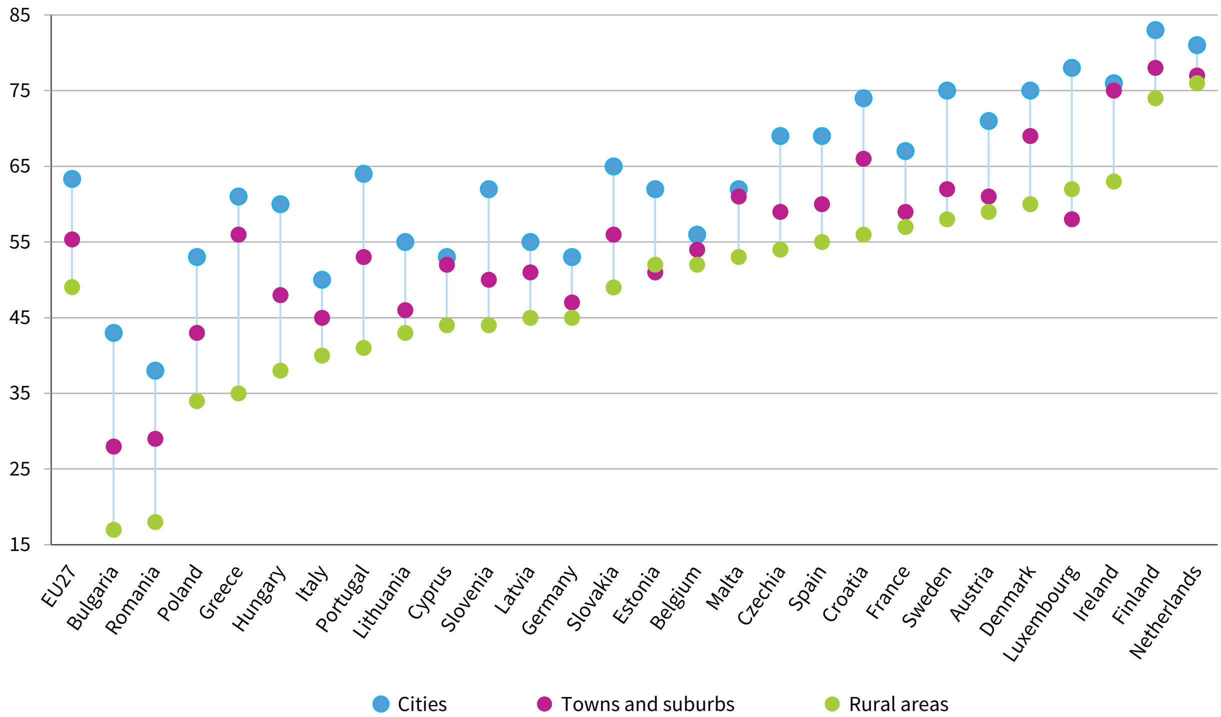
Figure 27: Tertiary educational attainment, by Member State and degree of urbanisation, 2021 (%)



Source: *EU-LFS*

In every Member State, cities consistently have the largest share of the population with at least basic digital skills when compared with towns and rural areas. The extent to which rural residents have these skills varies widely across the EU, ranging from 76% in the Netherlands to 17% in Bulgaria (Figure 28).

Figure 28: Population with at least basic digital skills, by Member State and degree of urbanisation, 2021 (%)



Source: *European Social Survey on ICT usage in households and by individuals*

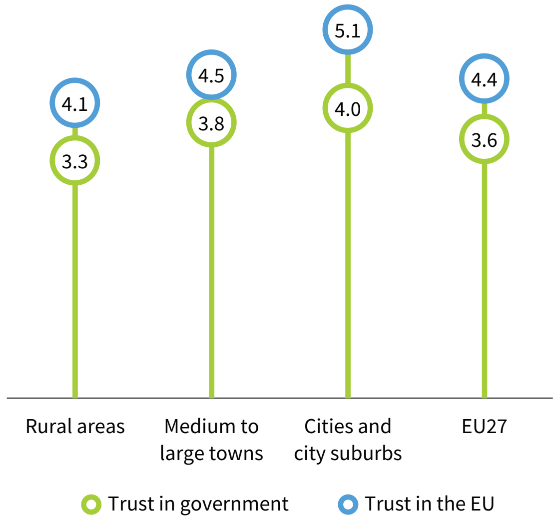
Falling behind in terms of educational attainment and digital literacy tends to undermine rural communities' resilience in a changing economic and social climate. There are also significant implications for social inclusion in light of the digital transition, which has set in motion the move of basic services online, such as banking, taxation and travel.

Knock-on impact on services and public trust

Depopulation is having knock-on effects on the provision of services. With fewer customers, services become unviable, causing providers to retreat from rural areas. Day by day, rural communities are losing bank branches, post offices and police stations. Rural residents often have to travel long distances for schooling and healthcare. For example, for a city dweller, the nearest primary school is on average less than 2 km away, but for a rural resident the distance is 4.8 km. The average distance to healthcare services in cities is 2.4 km, compared with 14.4 km in rural areas. In Denmark, a country with well-developed healthcare provision, the density of hospitals per 100,000 inhabitants in rural areas is half the national average. Such statistics help to explain why rural dwellers often feel marginalised and disconnected from the state.

When asked about their trust in government and the EU by Eurofound's *Living, working and COVID-19* e-survey, rural residents scored lower on average than residents of towns and cities (Figure 29). Among the Member States, trust in government is higher in cities than other areas for most countries, except Croatia, Hungary, Malta and Poland. The rural–urban gap in levels of trust in the EU was highest in Germany, Hungary, Austria, France, Czechia and Sweden, where cities report the highest levels of trust.

Figure 29: Trust in government and trust in the EU, by degree of urbanisation, EU27, 2022



Note: *Scale of 1–10.*
Source: Living, working and COVID-19 *e-survey, round 5 (2022)*

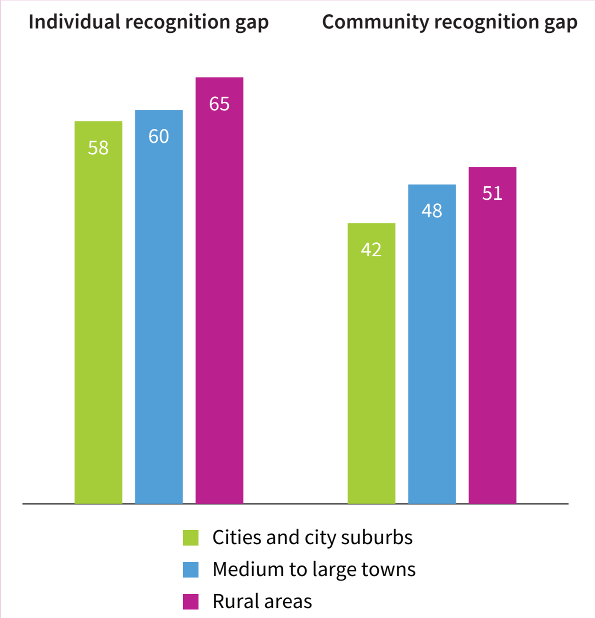
Low levels of public trust in political institutions should trigger alarm among the political classes. The legitimacy of the state's institutions depends on citizens' trust in the decisions and actions those institutions take. Public trust is a precondition for effective governance, while its absence can lead to instability and even pose a threat to support for democracy.

Data dive: The social and cultural divide

The concept of a 'recognition gap' describes the sense people have that their cultural identity is not valued by society. This perception can lead to feelings of exclusion, discontent and resentment.

The view that their culture and society is valued less by those in power is one often expressed by rural dwellers. They feel that government does not recognise their worth or that of their community. Using data from the *Living, working and COVID-19* e-survey, Eurofound researchers measured the extent that rural dwellers feel a recognition gap exists between them and their government and whether it is more or less prevalent than among urban dwellers. Two types of recognition gap were examined: one, an individual recognition gap, measuring respondents' perceptions that their government is unfair to and lacks respect for 'people like me'; the other, the community recognition gap, measuring respondents' perceptions that their community is disregarded by the government.

Figure 30: Individual and community recognition gap, by degree of urbanisation, EU27, 2022 (%)



Source: Living, working and COVID-19 *e-survey, round 5 (2022)*

The study found that perception of an individual recognition gap is high and more prevalent than perception of a community recognition gap, irrespective of the location of respondents (Figure 30). Furthermore, taking account of location, perception of both types is most common among rural dwellers. In fact, nearly two-thirds of rural dwellers believe that their government does not value them. For most Member States, the share of the population perceiving both types of recognition gap decreases as the degree of urbanisation increases.

When the analysis removed the effect of several demographic factors on these results – such as age, employment status and financial situation – the difference remained: those living in rural areas are significantly more likely to experience both individual and community recognition gaps than those residing in a city or city suburb.

The existence of a recognition gap on such a large scale in rural communities highlights the tensions that exist between rural residents and the centres of power. Channelling such frustration politically could lead to polarisation within populations and destabilise the functioning of government.

Fortune favours the bold

One route to strengthening trust is to begin rectifying the deficiencies in public service provision to rural areas. In previous research, Eurofound observed that improving the quality of public services was the most powerful driver boosting trust in institutions. Moreover, the European Pillar of Social Rights, which is effectively the foundation of EU social policy, underlines the right of all Europeans to education, healthcare and long-term care as well as essential services. Delivery on the Pillar implies delivery of those services to rural areas.

This is no small challenge, as the provision of services in the traditional way to sparse and dispersed rural communities is costly for the public purse. And in some cases, the old way is not the best way. For instance, small local hospitals cannot deliver the quality of outcome for complex illness that large hospitals with high volumes of patients can. Another difficulty for rural regions, noted much earlier in this report, is attracting highly skilled staff, for whom rural employment provides limited career prospects and for whom rural locations lack the schools, infrastructure and social amenities that they and their families need.

Determined organisations and bodies across Europe are exploring new and more innovative ways of providing services to rural communities. Much evidence of this comes from healthcare. Regarding specialist hospital care, for instance, the health services in Estonia and Romania have set up hospital networks linking regional hospitals with smaller local hospitals to share professionals and technology to cover rural areas. To attract staff, financial incentives such as one-off payments, accommodation allowances and above-average wage increases are being offered. Tasks are being distributed more broadly across healthcare professionals: some health services, for instance, have expanded the role of pharmacists so that they can offer a range of health services such as screening tests and chronic disease management programmes. Telehealth is improving accessibility by enabling patients and doctors to conduct their initial interactions online before proceeding if necessary to face-to-face consultation.

Investing in the online delivery of services more broadly will form a crucial plank in reducing the isolation of rural residents. This is well under way in many respects, with the online provision of several government and local authority services such as submission of application forms, tax payments and interactions with local authorities. However, the successful digital delivery of services is dependent on broadband availability in rural areas, roll-out of which is dismally slow in some regions. Furthermore, upskilling rural residents in digital skills is urgent so that they may avail of those services.

An expansion of remote working, the feasibility of which was proven under the duress of the pandemic, could help to breathe life back into the countryside and reverse rural depopulation. Many people are attracted by the idea of living in the countryside but the lack of job opportunities has dissuaded them from making a move. With housing costs escalating in cities and rural communities crying out for reinvigoration, it would be remiss of governments not to invest in making remote working from rural locations a viable option for workers and in getting buy-in from employers. Some Member States offer relocation grants, but at present these barely cover the associated costs, and the efforts by government in this endeavour could be considerably stronger.

Discover more

Report: *Bridging the rural–urban divide: Addressing inequalities and empowering communities* eurofound.link/ef22027

Blog post: *Europe's widening rural–urban divide may make space for far right* eurofound.link/ef23095

Webinar: Bridging the rural–urban divide in Europe: Upgrading the European Union convergence machine

11 Tense times for tenants

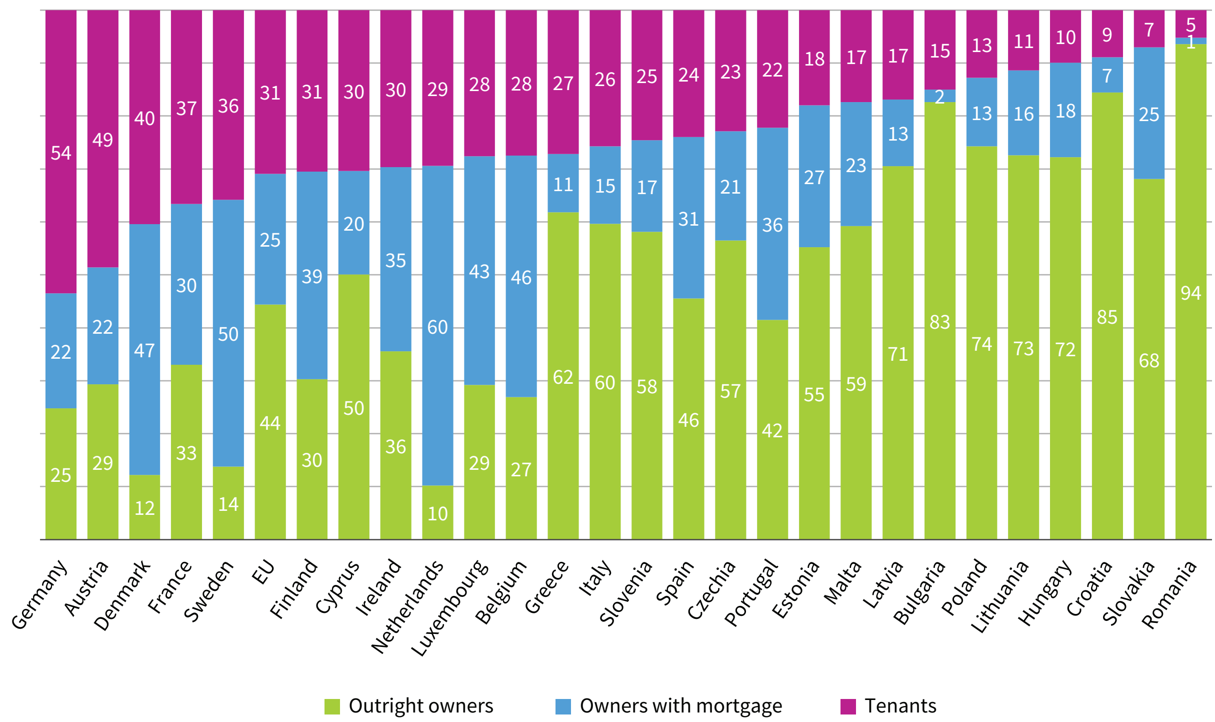
Takeaways

- Increasing numbers of Europeans are unable to secure housing. Rising mortgage interest rates and high purchase prices have pushed many out of the house purchase market. People are remaining longer in the rental market as a result: 45% of 30–39-year-olds were renting in 2019, up from 38% in 2010.
- Tenants are more disadvantaged than homeowners in many respects. For instance, housing costs are 45% higher for tenants on average than for homeowners, and in all Member States, tenants spend more of their income on housing than homeowners.
- Governments are attempting to curb spiralling rents using various measures, including rent subsidies and rent controls, but these measures need to be applied carefully as they can favour some and disadvantage others. Social housing provides homes with low rents but waiting lists can be long.

Of the various crises Europe battled in 2023, lack of affordable housing was high in the public consciousness. Strong demand combined with insufficient supply have been driving up house purchase prices and rents for several years in capital cities and other centres of employment. In many ways, tenants are at more of a disadvantage than homeowners: more of their income is consumed by housing costs, and the high rents they pay never count towards a house purchase. Still, their ranks have been swelled since the escalation of mortgage rates in 2022 by buyers priced out of the home purchase market. The knock-on effects are many: cities cannot attract essential workers such as teachers and nurses, young people cannot leave home and older people cannot downsize, to name a few. Governments have adopted measures to ease the situations of tenants in the overheated rental market, but such initiatives can easily backfire.

Most Europeans own their own homes; just 31% of the EU population are tenants. However, the individual Member States differ enormously in this respect – over half of Germans rent their homes, while just 5% of Romanians do so (Figure 31).

Figure 31: Breakdown of population by type of tenure, EU Member States, 2022 (%)



Note: *Values have been rounded; hence, not all bars sum to 100%.*
Source: *Eurostat, Distribution of population by tenure status, type of household and income group – EU-SILC survey [ilc_lvho02]*

There is also much variation within Member States. In Czechia, for instance, where 23% of the population are tenants, the proportion of people renting ranged from 35% in the Prague region to 13% in the Zlín region.

Home ownership increasingly beyond reach

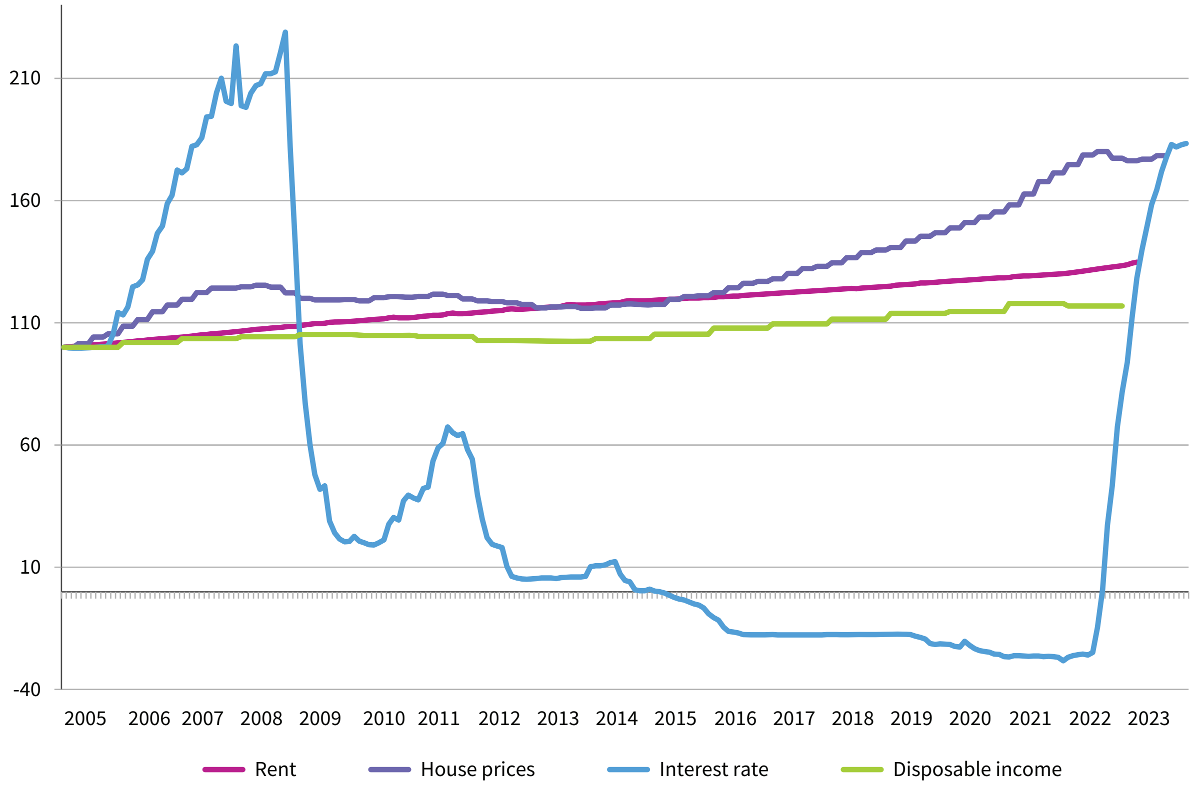
The cost of buying a house has been rising since the EU emerged from the economic crisis in 2014 (Figure 32), but the growth is concentrated wherever jobs are in abundance, meaning capital cities and large metropolitan areas for the most part. In Croatia, for example, the average purchase price of an apartment in Zagreb in 2022 was over €3,500 per square metre, whereas in rural areas and small cities in the east, it was around €550 per square metre.

The rising prices have led to a drop in ownership in several Member States. Home ownership fell by more than 3 percentage points in Bulgaria, Cyprus, Denmark, Finland, Lithuania and Spain between 2012 and 2020. In Poland, however, home ownership rose by 3 percentage points in the same period.

It has long been the pattern that people rent for a period before purchasing a home, but the prospects of buying are diminishing for younger generations. With purchase prices rising to unattainable levels, they have little choice but to remain in the rental market, with the upshot that 45% of 30–39-year-olds were renting in 2019, up from 38% in 2010.

Buying in the property market became even less attainable in 2022 when mortgage interest rates, which had been at historical lows since the 2008 crash, began a rapid rise in the wake of the ECB increasing its lending rate in an attempt to control inflation (Figure 32). Mortgage holders with variable rates saw their mortgage repayments escalate as a result.

Figure 32: Rent, house prices, interest rate and disposable income, EU27, 2005–2023



Notes: *Indexed, January 2005 = 100. Interest rate is Euribor, euro interbank offered rate (based on the interest rates at which selected European banks borrow funds from one another).*
Sources: *Eurostat, House price index quarterly data [prc_hpi_q] and HICP – monthly data [prc_hicp_midx] – rent: actual rentals for housing; European Central Bank, Euribor 1-month – Historical close, average of observations through period*

Rental markets overheating

As stressful as the housing situation is for homeowners, it is even more so for tenants on several fronts. Rents have been rising for the past two decades. Those who rent on the private market especially experience high levels of housing insecurity, with 46% saying it was likely they would have to leave their homes in the coming three months because they could no longer afford it.

Housing costs – taking account of rents, mortgage interest payments, housing taxes, utility bills, maintenance costs, and so on – are on average much higher for tenants than for homeowners. This is the case in all Member States apart from Germany (Figure 33). In the EU as a whole, housing costs rose by 8% for homeowners and by 23% for tenants between 2010 and 2019.

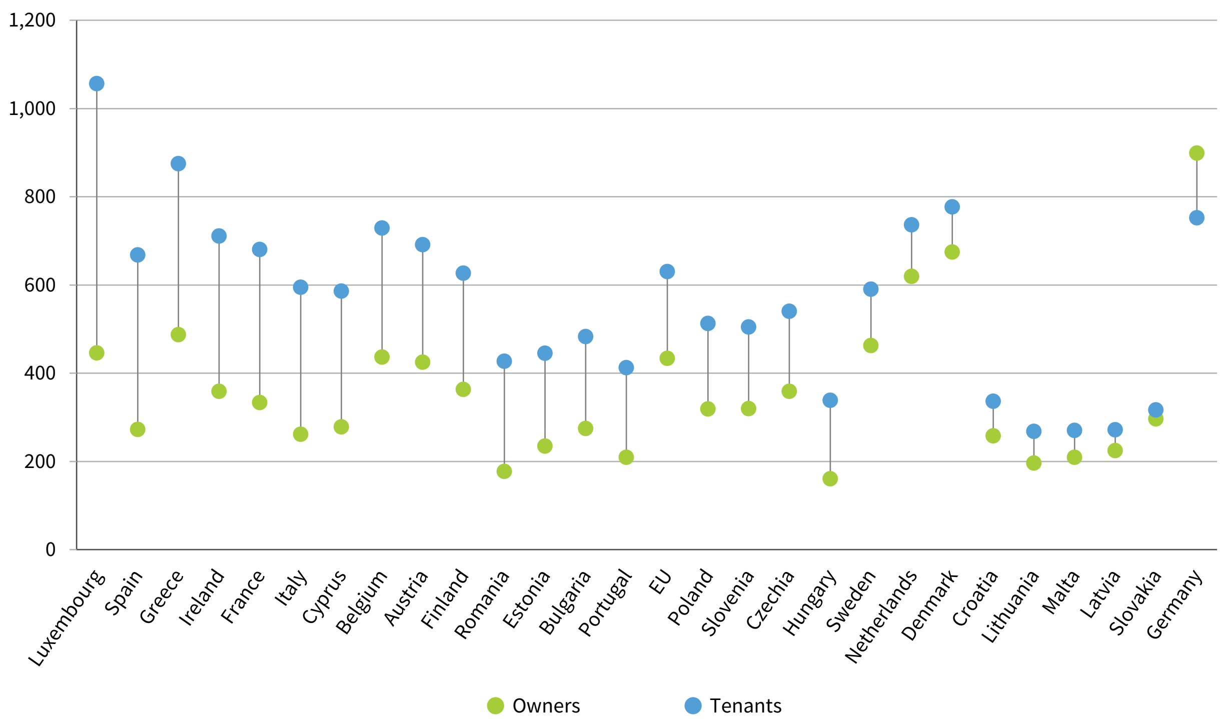
Tenants spend more of their income on housing than homeowners in all Member States. And while on average Europe's homeowners spent less of their income on housing in 2019 (16%) than in 2010 (18%), its tenants spent more (31% in 2019 and 28% in 2010). The housing cost overburden rate – the share of people who spend over 40% of their income on housing – decreased for all types of tenure between 2013 and 2019, but it decreased the most for owners with a mortgage, and it is highest for private tenants. The rate is particularly high in densely populated areas, where 48% of residents are considered to be overburdened by housing costs, and among people in the lowest income quintile, affecting 32% of residents.

One result of the rising unaffordability of renting is that fewer young people have the means to leave home. In 2010, 29% of 25–34-year-olds in the EU were living with their parents; this figure had increased to 31% by 2019. The increase is higher in individual Member States, and is 6 percentage points higher or more in Belgium, Croatia, Cyprus, Greece, Ireland, Italy and Spain. A quarter of 25–34-year-olds in the EU who are working live with their parents.

Efforts to control rental costs

Governments across the Member States have attempted to control housing costs for tenants through various measures, but they need to be implemented judiciously or they may backfire. Providing rent subsidies for tenants in the private market is a common approach in some Member States. However, if subsidies enable recipients to pay higher rents, they may inadvertently drive up rents for others. A high proportion of households have subsidised rents in France (21%), Denmark (20%), the Netherlands (18%) and Finland (14%). Around half of all tenants in Finland and Denmark and 60% of tenants in France and the Netherlands receive such subsidies. By contrast, in Belgium, Cyprus, Estonia, Lithuania and Romania, fewer than 2% of households are in receipt of subsidies.

Figure 33: Housing costs, EU Member States, 2019 (monthly purchasing power standard)



Note: *Member States ordered according to size of gap between homeowners and tenants.*
Source: *Eurostat, Total housing costs in purchasing power standard (pps) – EU-SILC survey [ilc_mded03]*

Rent controls, which place a ceiling on the rents that property owners can charge to tenants, are used in several Member States to protect sitting tenants from rent increases. They may, however, distort the housing market in the long term. They can lead to rent increases in areas outside the rent control zone and reduce the value of properties in the areas covered. They can often mean that incumbent tenants are better protected than new tenants. They can also discourage existing tenants from moving to a more suitable home and hinder labour mobility.

Social housing – rental accommodation provided at below-market (often well below) prices, allocated according to specific rules – plays a major role in some Member States and very little in others. Social housing constitutes 28% of dwellings in the Netherlands, 23% in Austria, 20% in Demark and 17% in France. In Cyprus, on the other hand, social housing is non-existent, while in Romania it is very limited, housing just 0.7% of households. In countries where social housing is scant, it is usually limited to people in highly vulnerable situations. Waiting lists for social housing are common across the Member States, even those with the largest social housing stocks, and waiting times can be long. In the Netherlands, in at least 90 of its 344 municipalities, people must be registered for over 7 years to obtain social housing, and in 5 municipalities waiting times are longer than 17 years.

Housing has become a pan-European crisis, one that affects all classes in society. It ranked in seventh place among citizens' concerns at national level in the Autumn Eurobarometer 2023, but it was in first place for Ireland, Luxembourg and the Netherlands and ranked in third position in Portugal.

The housing situation is weighing down the young generation more than any other group; for many, the hope of having a secure and affordable home is a pipe dream. They remain in the family home thwarted from living independently or they see their incomes eaten up by punitive rents.

Housing falls outside the competences of the EU, and the conditions that shape property markets vary greatly by Member State. However, EU policies have an effect on housing markets in many ways. For instance, the 2014 Mortgage Credit Directive, which is currently being reviewed, regulates the sale of residential mortgages. Housing initiatives across the EU are being financed by Recovery and Resilience Facility (RRF) funds, and a major strand of the European Green Deal is the retrofitting of the housing stock to improve the energy efficiency of homes. Online journal Politico quoted Commissioner Nicolas Schmit as saying 'Europe should be involved in solving this housing crisis.' When the new Parliament and Commission take up their duties later in 2024, they will need to decide what place, if any, housing will have on the policy agenda.

Discover more

Report: *Unaffordable and inadequate housing in Europe* eurofound.link/ef22024

Blog post: *How to prevent a housing crisis* eurofound.link/ef23044

Podcast: Episode 14 – Housing

12 Liveable spaces and places

Takeaways

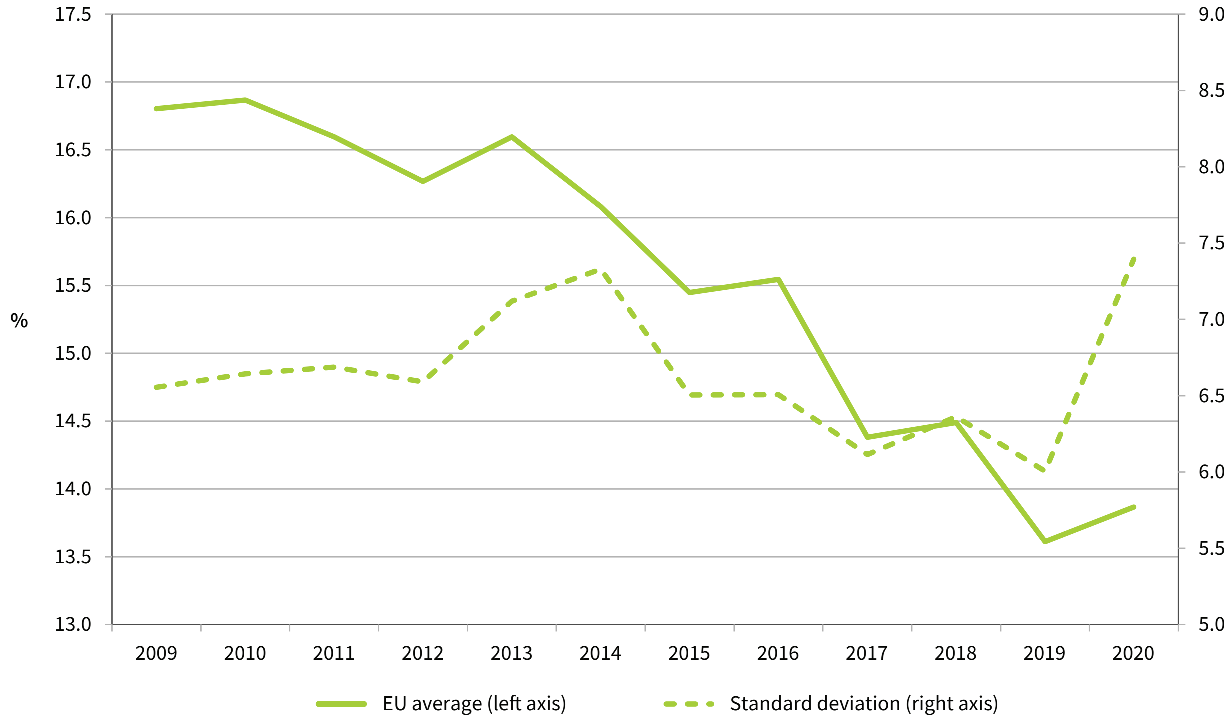
- Living in poor-quality housing and polluted environments damages people's health and their quality of life. Across Europe, the quality of housing and neighbourhoods in general have improved over the past 25 years, although not always rapidly.
- The eastern European Member States have made substantial strides in tackling damp and leaking housing, with the performance of some countries pulling ahead of that of their western European counterparts. Levels of environmental and air pollution are higher in western European Member States due in part to the greater scale of their economic activity.
- Member States have, for the most part, converged in terms of indicators used to measure housing quality and pollution, meaning that their performance on these issues is becoming more similar.

Social inequality extends into the built environment. The places in which people live shape their lives, affect their health and frame their existence in the world. Neighbourhoods afflicted by air pollution, traffic noise, litter and lack of green spaces are home mostly to the economically and socially disadvantaged groups in our societies, while substandard housing is a key marker of poverty. What progress has the EU made on tackling poor housing and environmental quality? And, in the context of rising concerns about economic and social disparities among the EU Member States, to what extent have successes been replicated across the Member States?

Housing quality

Dampness, poor insulation and other building deficiencies are linked to bad health (such as respiratory, bone and cardiac conditions) and poor quality of life. Not only does better-quality housing reduce rates of illness in the population, it lowers the amount of energy people consume and the proportion of their income they spend on heating or cooling their homes – salient issues in light of recent energy price jumps. Renovating both public and private buildings to improve their energy efficiency is one of the key initiatives of the European Green Deal.

Figure 34: Percentage of population living in homes with a leaking roof, dampness or rot, EU27, 2009–2020



Source: *Eurostat, EU-SILC, Eurofound calculations*

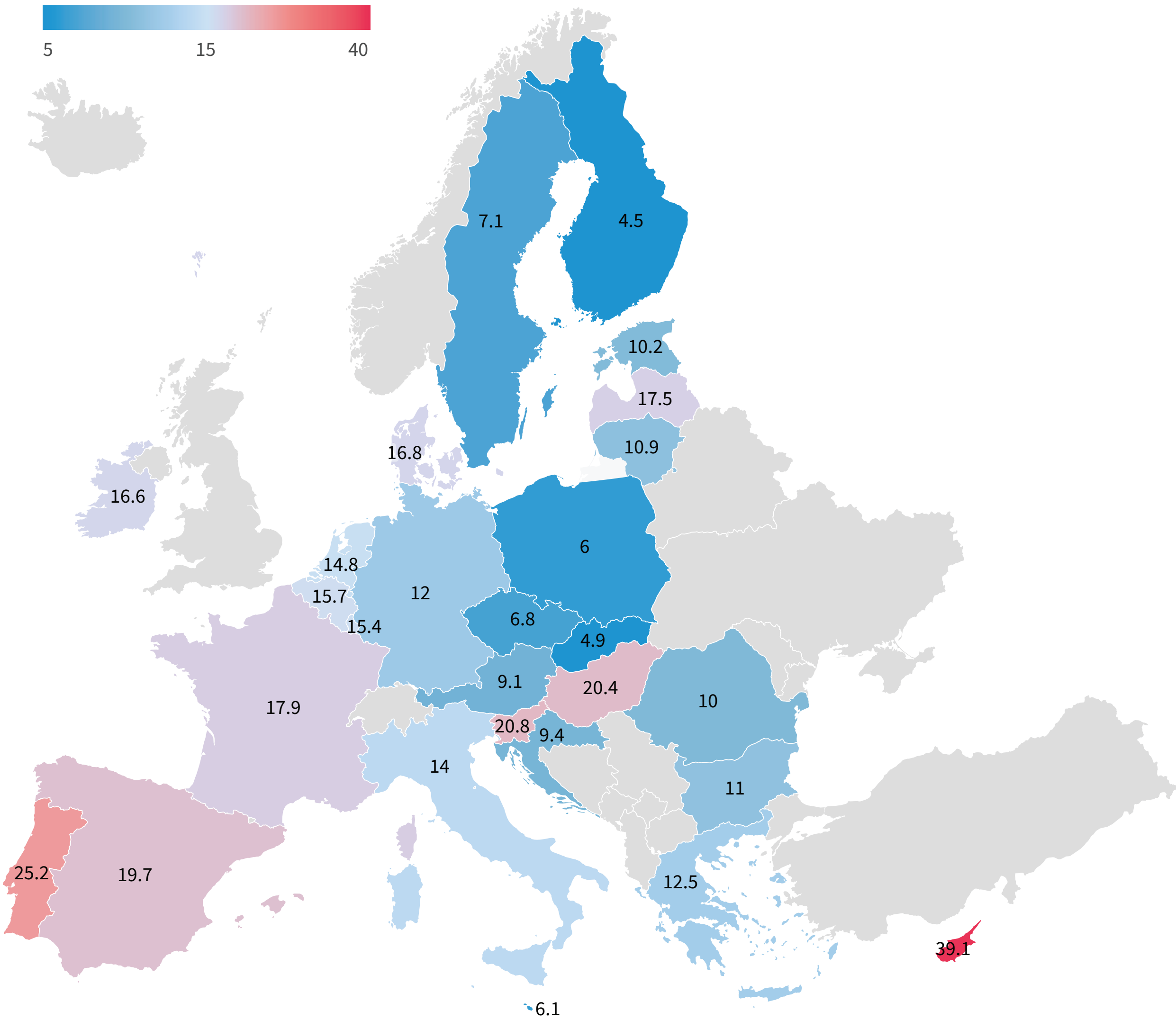
Leaking roof, dampness or rot

Progress has been made in improving Europe's housing stock. In 2020, almost 14% of Europeans lived in accommodation with a leaking roof, dampness or rot, as recorded by the EU Statistics on Income and Living Conditions (EU-SILC) survey. This average fell unevenly from just under 17% in 2009, reaching a low in 2019, with a small uptick in 2020 – due mostly to an increase in prevalence in Cyprus from 31% in 2019 to 39% in 2020 (Figure 34).

The proportion of the population living in damp homes is lowest in Finland and Slovakia and highest in Cyprus and Portugal (Figure 35). While this problem was particularly prevalent in many eastern European and Baltic Member States in 2009, they have caught up with or overtaken their western counterparts in the intervening period. For instance, in Poland the percentage of people reporting leaks, dampness or rot fell from 18% to 6% between 2009 and 2020, while in Bulgaria, it fell from 24% to 11%.

The trend in the standard deviation from the average (the dashed line in Figure 34) indicates whether Member States are coming closer in respect of performance on an indicator – the lower the standard deviation, the closer the Member States are as whole to the average. In the case of damp homes, the falling standard deviation signals that the differences between Member States are indeed narrowing. However, an increase in differences is apparent between 2019 and 2020, as a result of the rise in prevalence in Cyprus.

Figure 35: Share of the population living in homes with a leaking roof, dampness or rot, EU Member States, 2020 (%)



Source: *Eurostat, EU-SILC, Eurofound calculations*

Inability to keep the home warm

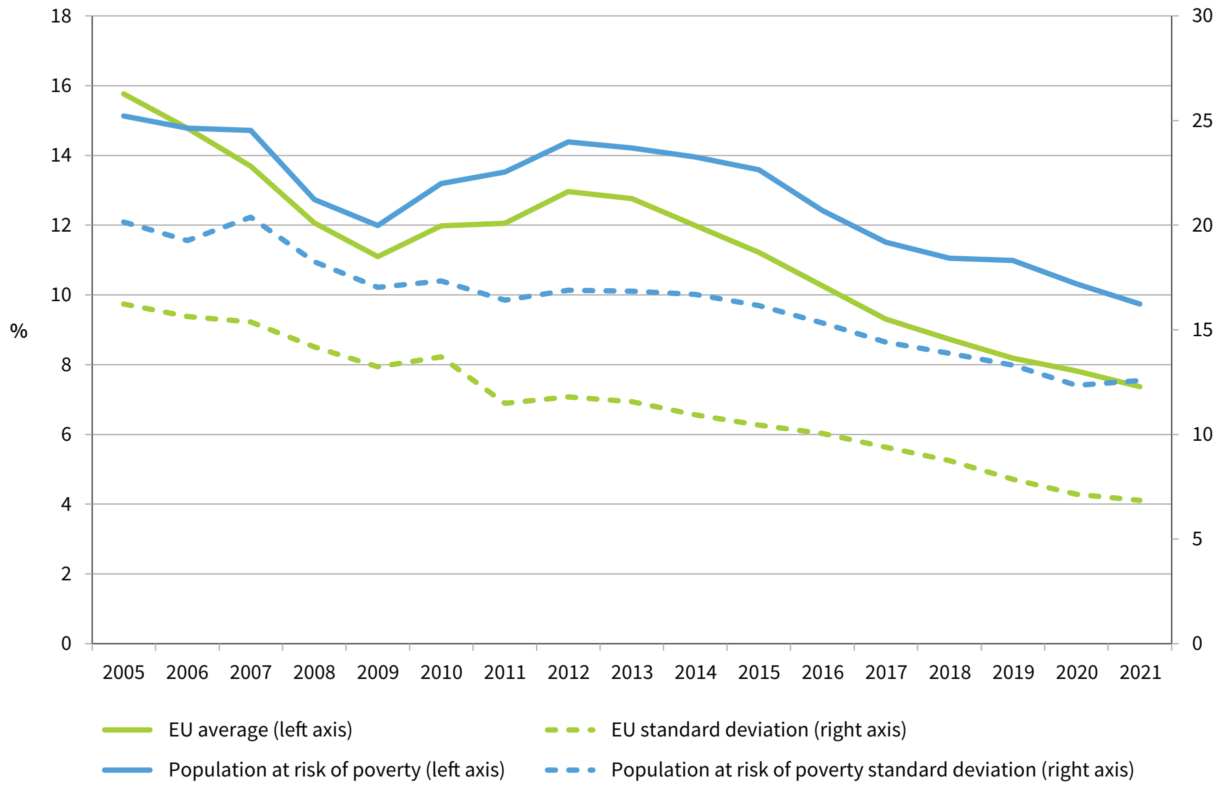
In 2021, 7% of Europeans lived in homes that they could not keep warm, which represents a significant improvement on the percentage in 2005 (16%). The figure rose between 2009 and 2012, during the economic crisis, both for the total population and the low-income population (Figure 36). This was no doubt a result of the squeezed incomes of the escalating unemployed population, which for some could not extend to pay for heating.

Data for 2022 and 2023, when available, will indicate whether recent energy price hikes caused people to forego heating in the winters of those years or whether government efforts to cushion the impact through measures such as subsidies and price caps had an effect.

As Figure 36 shows, the population at risk of poverty struggled more than the population as whole between 2005 and 2021. Throughout the entire period, Bulgaria had the largest population share who could not keep their home adequately warm. An energy crisis in 2010–2011 disrupted gas supplies, which caused energy prices to rocket, affecting most of its population but especially the poorest. The situation has improved gradually since then, and the country has been catching up with the other Member States. In most countries, the percentage of the low-income population who could not heat their homes has fallen.

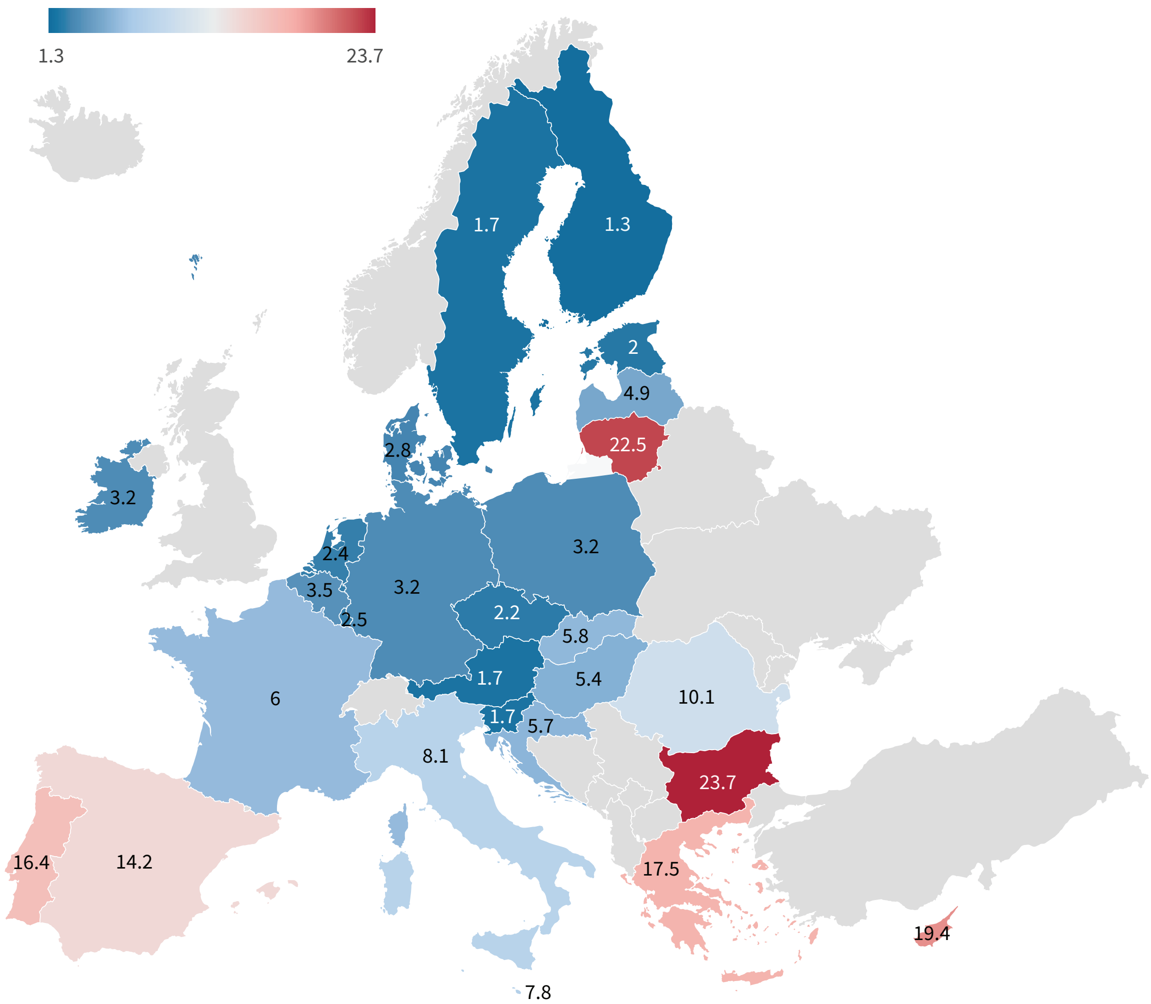
Apart from Bulgaria, the shares of people unable to heat their homes adequately in 2021 were high in Cyprus, Greece, Lithuania, Portugal, Romania and Spain (Figure 37). The best-performing Member States were Austria, Finland, Slovenia and Sweden. Despite substantial differences between the best performers and the worst, Member States have converged on this indicator since 2008.

Figure 36: Percentage of the population unable to keep their home adequately warm, by total population and population at risk of poverty, EU27, 2005–2021



Source: *Eurostat, EU-SILC, Eurofound calculations*

Figure 37: Share of the population unable to keep their home adequately warm, EU Member States, 2021 (%)



Source: *Eurostat, EU-SILC, Eurofound calculations*

Neighbourhood quality

Living in an environment with clean air, water and soil is fundamental to a good quality of life. Pollution is known to be a serious health hazard and is responsible for one in eight deaths in the EU, according to the European Commission.[2] It also leads to biodiversity loss. Work by the European Environment Agency (EEA) found an inverse relationship between environmental hazards and socioeconomic status – in other words, the poorer an individual, the more likely they are to be exposed to hazards such as environmental pollution and noise.

Pollution

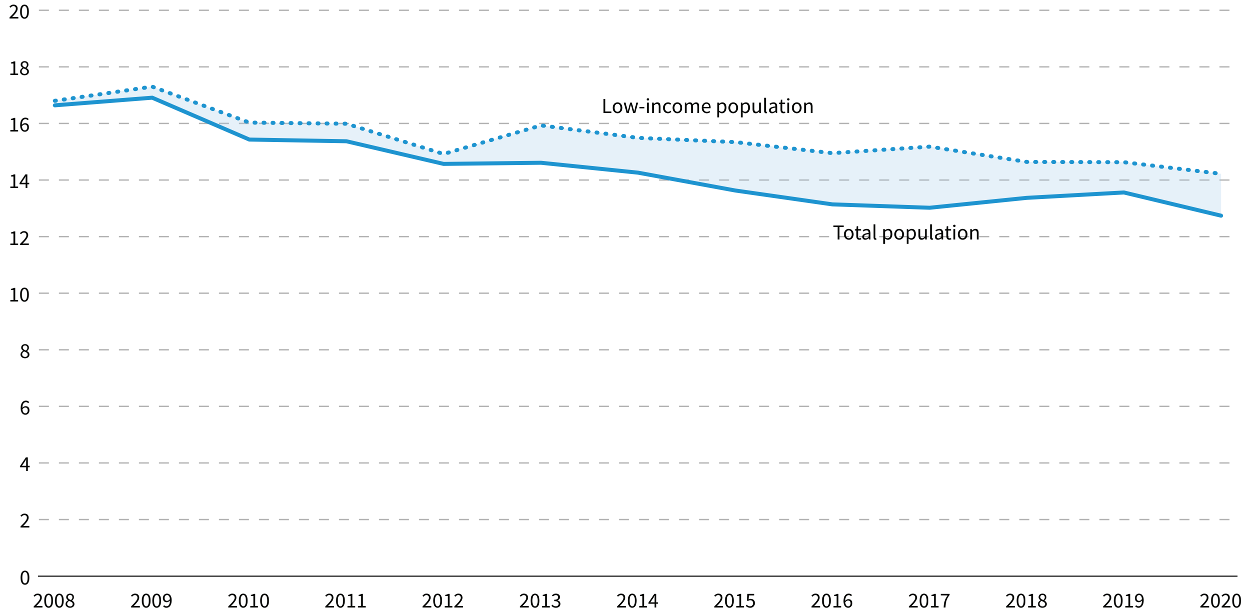
EU citizens are protected from the most harmful industrial and transport-related air pollutants by the Ambient Air Quality Directives. However, while air pollution emissions have fallen over the past decade, an air quality health assessment by the EEA in 2023 found that all 27 Member States are failing to meet their standards. One of the targets of the Zero Pollution Action Plan, adopted by the EU in 2021, aims to improve air quality to reduce the number of premature deaths caused by air pollution by 55% by 2030.

The percentage of Europeans reporting pollution, grime and other environmental problems (such as smoke, dust, unpleasant smells and polluted water) in their local area has fallen moderately over several years, from 17% in 2008 to 13% in 2020 (Figure 38), although not consistently. It increased slightly from 2017 to 2019, due in part to an increase in Malta, which drove the average upwards. However, following a steep subsequent decrease in Malta and in Germany, another poor performer at that time, the downward trend resumed.

In 2020, the percentage of the population reporting pollution in their local area across the Member States ranged from 5% to 29%, highest in Malta, France and

2 European Commission (2021), 2050: A healthy planet for all

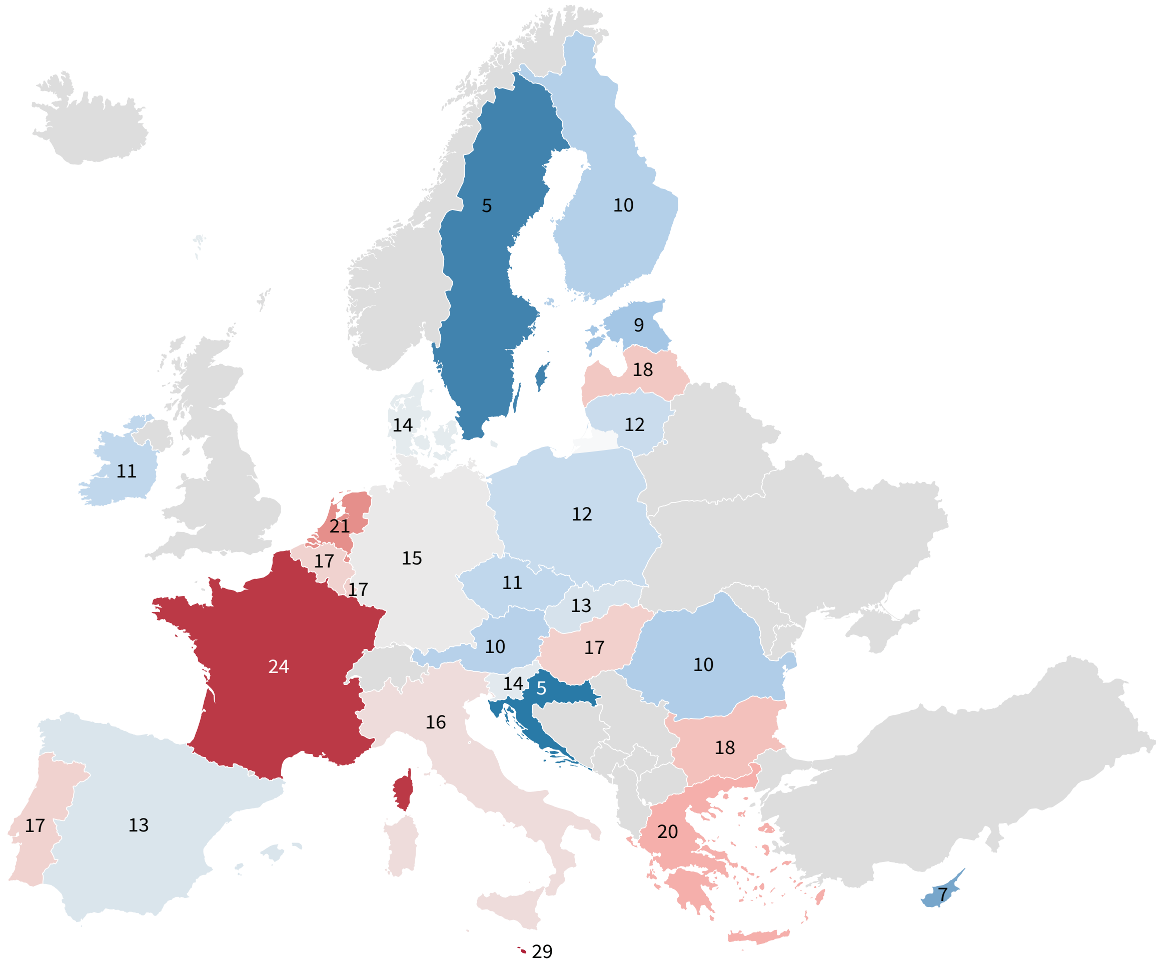
Figure 38: Share of population reporting pollution, grime or other environmental problems, for the total population and the low-income population, EU27, 2008–2020 (%)



Source: *Eurostat, EU-SILC, Eurofound calculations*

the Netherlands and lowest in Croatia, Sweden and Cyprus (Figure 39). Despite big gaps, Member States have been converging in respect of this indicator since 2008 as the differences between them have diminished.

Figure 39: Share of population reporting pollution, grime or other environmental problems, EU Member States, 2020 (%)

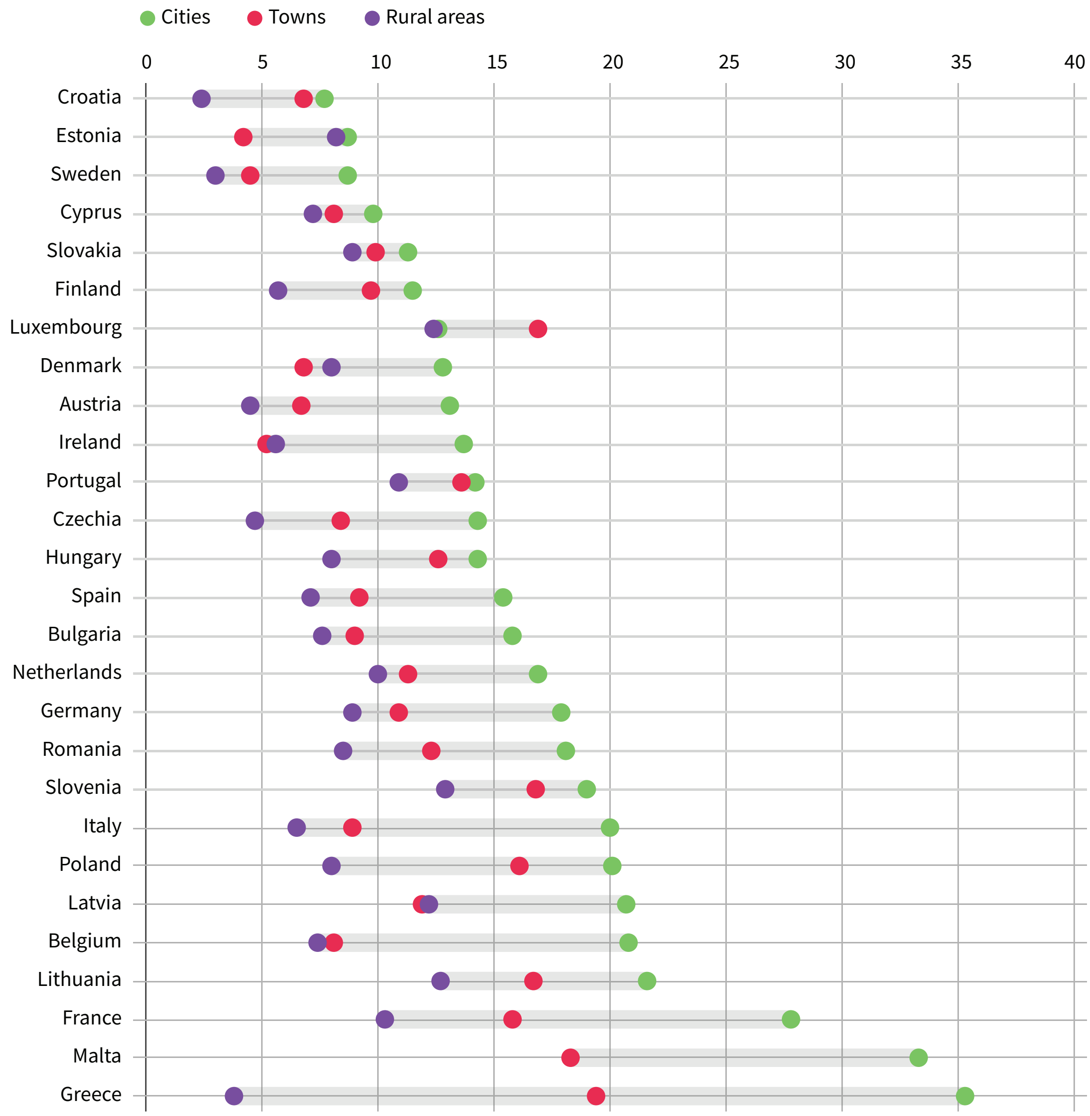


Source: *Eurostat, EU-SILC, Eurofound calculations*

As Figure 38 illustrates, a gap exists between shares of the total population and the low-income population reporting pollution. However, unlike other markers of inequality, the gap is relatively narrow at 1.5 percentage points, and in many Member States, low earners report environmental problems at a lower rate than the population as a whole. This is related to the economic urban–rural divide: a greater proportion of the low-income population lives in towns and rural settings, which are less visibly afflicted by pollutants such as car exhaust and smog that are common in more affluent urban centres.

Breaking down the data according to where people live – cities, towns or rural areas – shows that the reporting of pollution, grime or other environmental problems is more common among residents of cities than among residents of towns or rural areas (Figure 40). As a result, disparities between Member States and between urbanisation levels in respect of pollution are more noticeable than disparities between income groups.

Figure 40: Share of population reporting pollution, grime or other environmental problems, by degree of urbanisation, EU Member States, 2020 (%)



Source: *Eurostat, EU-SILC, Eurofound calculations*

Noise pollution

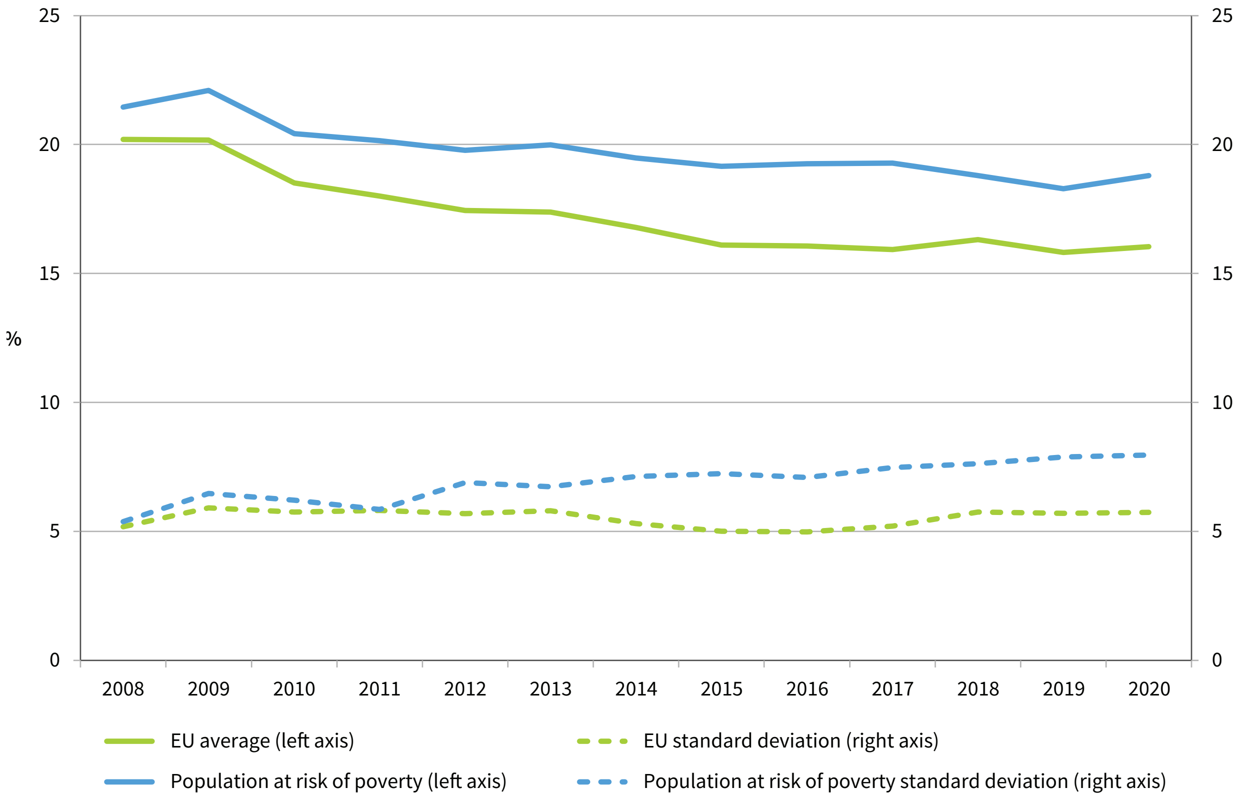
As well as tackling air pollution, the Zero Pollution Action Plan targets transport noise, the biggest contributor to noise pollution. Its aim is to reduce the share of people chronically disturbed by transport noise by 30%.

In 2020, 16% of Europeans said that they are affected by noise either from neighbours or from the street, down from 20% in 2008 (Figure 41). Noise from neighbours was reported more by apartment dwellers than by people living in houses according to Eurofound's *Living, working and COVID-19* e-survey. The survey also found, unsurprisingly, that traffic noise was more of a problem for urban dwellers than rural dwellers.

Reporting of noise pollution is more prevalent among people on low incomes, according to EU-SILC data, although this percentage also fell, from 21% in 2008 to 19% in 2020. In many countries, the low-income population reported noise at a lower rate than the population as a whole. This may be because low-income neighbourhoods are less dense and, as a result, less noisy or because the perception of what is considered noise pollution differs between the two groups.

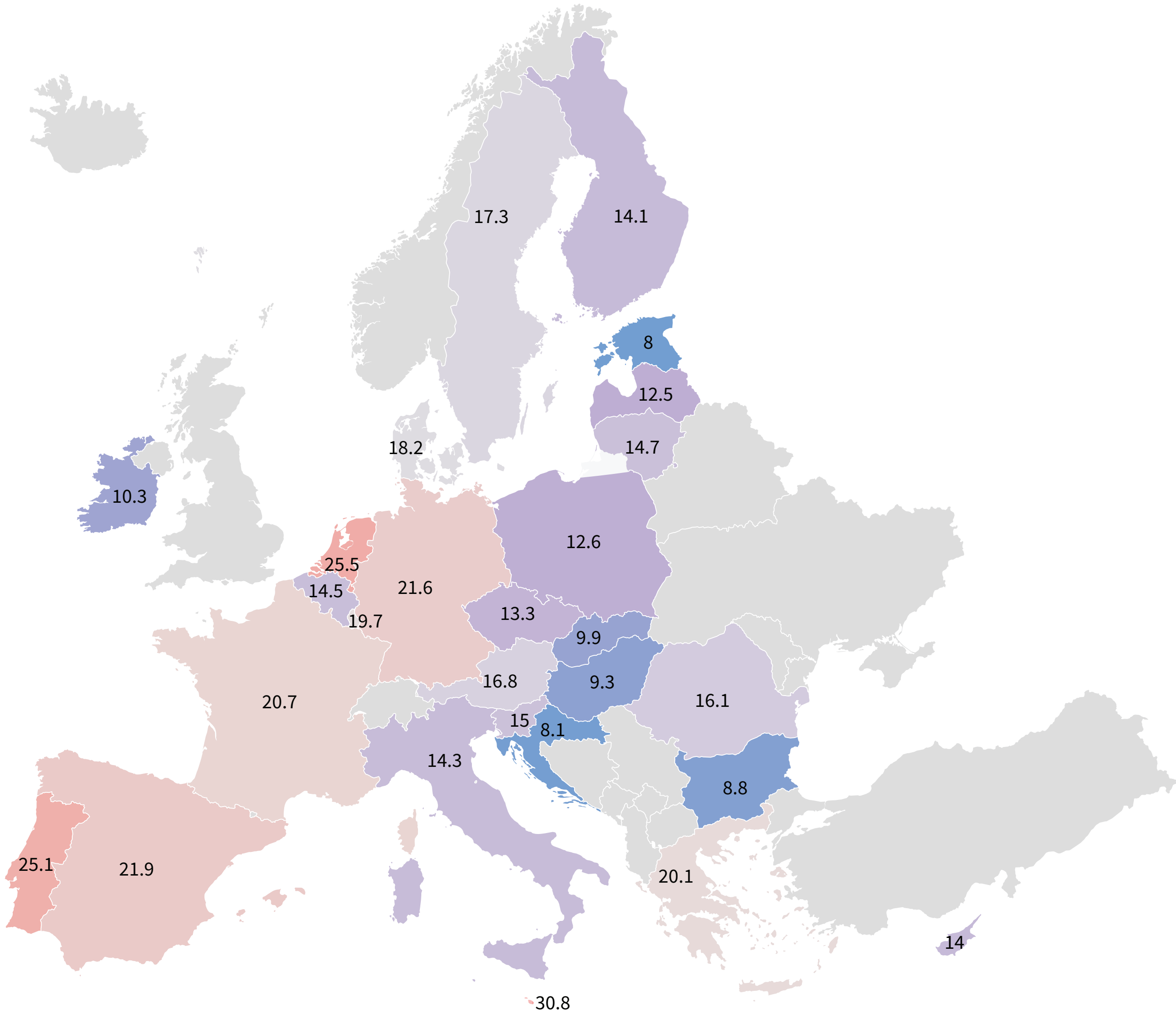
Noise pollution is reported less in eastern and central European Member States (Figure 42), in large part because the main sources of noise – transport and economic activity – are more common in the urbanised centres of western Europe. As for convergence, the differences between the Member States have changed little over the 12 years.

Figure 41: Share of the population experiencing noise pollution, by total population and population at risk of poverty, EU27, 2008–2020



Source: *Eurostat, EU-SILC, Eurofound calculations*

Figure 42: Share of households experiencing noise pollution, EU Member States, 2020 (%)



Source: *Eurostat, EU-SILC, Eurofound calculations*

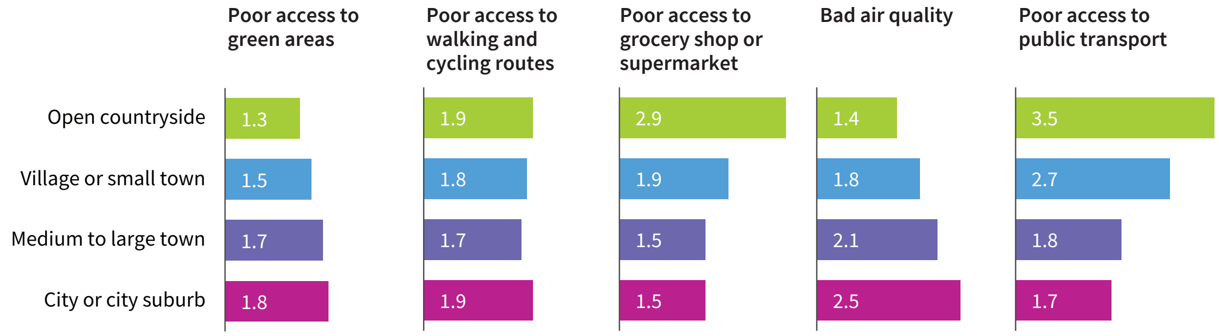
Lack of services and amenities

Lack of services and amenities in neighbourhoods is relatively widespread in the EU, meaning that the needs of residents are often not being met.

The *Living, working and COVID-19* e-survey found that poor access to public transport is problematic for a quarter of people in the EU. Poor access to a grocery shop or supermarket is considered problematic by 14%, and the same proportion report bad air quality, while poor access to walking and cycling routes is a problem for 12%, and poor access to green areas is an issue for 9%.

As might be expected, poor access to public transport and to a grocery shop or supermarket are less problematic in urban areas, while poor access to green areas and bad air quality are more of a problem (Figure 43). Interestingly, poor access to walking and cycling routes is similarly problematic in urban and rural areas. Countries differ in what are considered the most problematic local area issues. For instance, in Bulgaria and Slovakia, bad air quality stands out, whereas in Greece and Romania poor access to walking and cycling routes are the most problematic of the five issues.

Figure 43: Problems in the neighbourhood, EU, 2022



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

Europe's decarbonisation programme will play a major role in improving the housing stock and neighbourhood environments in the coming years. Goals for energy efficiency established under the Fit for 55 climate package and the European Green Deal will further drive the improvement of the housing stock. Meanwhile, the shift away from fossil fuels towards renewable energy sources will reduce air pollution, while noise levels will fall as petrol and diesel vehicles are removed from our roads. As the implementation of greening policies progresses, the prospect of a cleaner Europe is coming ever closer.

Discover more

Report: *Green, clean and keen to converge? A convergence analysis of environmental quality of life in the EU* eurofound.link/ef23022

Report: *Unaffordable and inadequate housing in Europe* eurofound.link/ef22024

Afterword

The European Union is focusing more than ever on the social dimension of European integration – the policies that directly affect the lives and work of Europeans. Nowhere has this been more apparent than in the unprecedented financial backing it gave to protect jobs during the COVID-19 crisis, averting the type of social destruction that unfolded from mass unemployment during and after the economic crisis of the 2010s. Employment, a cornerstone of individual and family welfare, is now at a record high in the EU.

NextGenerationEU, the initiative to fund recovery and economic transformation in the wake of the pandemic, stands in stark contrast to the austerity response to the previous economic crisis, the after-effects of which continue to hobble public services to this day.

The strong backing for the European Pillar of Social Rights embodies the EU commitment to a more social Europe. The Pillar's goal of rebalancing working and living conditions in favour of those who have benefited least from the EU's prosperity has delivered a raft of legislation: to raise minimum wages to a level that ensures a decent standard of living; to promote collective bargaining to strengthen the voice of workers in decision-making; to better protect workers with insecure employment contracts by ensuring they have complete information on their working conditions; and to give employment rights to platform workers. And the legal requirement for pay transparency by companies across the EU is a step towards reducing the gender pay gap.

For the young, the Child Guarantee endeavours to ensure that no child misses out on healthcare, education, decent housing or proper nutrition, while the reinforced Youth Guarantee aims to provide every young adult with opportunities for training and employment. With the disability strategy launched in 2021, the EU is working towards the full participation of people with disabilities in society.

Reflecting on the positives is not to ignore the challenges ahead for Europe and its citizens. Many had a foretaste of the catastrophic consequences of a warmer world in 2023 in the form of wildfires, droughts, intense heat and floods. It drives home the importance of the European Green Deal to avert the worst effects of climate change, but the goal of a just transition, one with no losers, must also be achieved.

The war in Ukraine and a hostile Russia will continue to cast a shadow, demanding the fortitude and solidarity of Member States and citizens.

Inflation may be under control, but many Europeans continue to see the cost of living draining their incomes while others are sufficiently financially secure to be unaffected. Perceptions of inequalities, whether they be based on income, wealth, rural versus urban or native versus migrant, tend to corrode social cohesion.

Much uncertainty surrounds the future of work as it is transformed by digitalisation; and the implications of artificial intelligence for work and workers are difficult to grasp. What does appear clear is that large-scale reskilling of the workforce lies ahead, not only to exploit the new technology, but to address the labour shortages that could cripple growth and to meet the demands of the green transition.

Rising to these challenges is the work of building social Europe, a task that must remain front and centre for the new European Parliament and Commission as they take the European project forward from 2024.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Eurofound publications in 2024

Publications pipeline 2024

Eurofound's work programme for 2024, within the framework of its multiannual work programme for 2021–2024, is informed by the challenges to social cohesion and a just transition in an environment shaped by the impact of the war in Ukraine and the aftermath of the COVID-19 crisis.

The work programme is operationalised through six strategic areas:

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

The main outputs from each of these areas in 2024 are described briefly below. The aim is that the evidence produced by the projects described will contribute to policymaking on living and working conditions in the years ahead.

Working conditions and sustainable work

Fieldwork for the next wave of the European Working Conditions Survey will be conducted in 2024. Most respondents will be interviewed face to face to ensure that the findings can be compared with previous rounds of the EWCS. **First findings from the EWCS 2024** will be published in late 2024 and drafting on the overview report will start, for publication in 2025.

Secondary analyses of the 2021 EWCTS dataset will continue in parallel. Based on a combination of this work and on case studies, a policy brief examining **how organisations are adapting their work organisation and practices to hybrid work** will be published.

A report on **self-employment** has been published already in 2024. This focuses on the job quality of self-employed people and explores issues such as economic dependency and autonomy, representation, and social protection. The report also examines policies addressing the challenges associated with specific types of self-employment.

Climate change affects workers in many ways. It may cause job insecurity; change work tasks and responsibilities; prompt the introduction of new work practices; and lead to the development of new activities and products. A report on **job quality and climate change** will examine this complex relationship.

Further work under this activity documents the prevalence of **ICT-based asocial behaviours at work**, including online harassment and cyberbullying. It documents national regulatory instruments to counteract such behaviour at work and explores the prominence of the issue in the Member States.

Industrial relations and social dialogue

The **annual review of minimum wages** presents the updates to national minimum wages for 2024 and describes how they were set in each of the Member States during 2023. The report reviews national wage setters' preparations for the entry into force of the EU directive on adequate minimum wages and outlines possible changes to their wage setting mechanisms.

The role of national (tripartite or institutional) social dialogue in policy formation in the context of the European Semester continues to be researched. Findings on the role of tripartite discussions, social dialogue and **social partner involvement in national policymaking linked to the Recovery and Resilience Facility** were published earlier this year. A second report reviews the quality of the national social partners' involvement in the implementation of the **reforms and investments shaping the digital and green transition** in the context of national policymaking.

Eurofound will continue to support social dialogue by conducting **studies on the representativeness of European social partners** in specific sectors. Six studies will be published in 2024, unless the needs of stakeholders change in light of developments in the organisation of European social dialogue.

Employment and labour markets

Eurofound continues its work on monitoring and analysing how the labour market structure is changing. One research strand explores **regional employment dynamics in Europe** during and after the COVID-19 pandemic. It examines differences in the regional occupational structure and internet connectivity and the evolving geography of telework. It also discusses initiatives to support remote work in rural areas and boost the dynamism and diversity of their economies.

A second strand focuses on **labour shortages and labour market slack** in the EU. It examines company practices and policy intervention aimed at attracting workers into occupations where lack of candidates is common and suggests steps employers can take to fill vacancies.

The results of a project on the **consequences of COVID-19 job retention schemes** for business, work and employment will be published. It provides an analysis of how these schemes affected employment in the EU and on how they helped to protect incomes.

Living conditions and quality of life

Eurofound will complete its study on the **lives and prospects of young people** in the wake of the COVID-19 pandemic, based on Eurofound survey data collected in 2023. The report also provides a preliminary review of how the reinforced Youth Guarantee has created opportunities for young people.

The results of a project on **minimum income and unemployment schemes** under the banner of 'social protection 2.0' will be published. This looks at coverage and adequacy of these schemes and the characteristics of recipients. Activation measures are discussed, especially with regard to sanctions as a result of non-compliance. The report also examines how entitlements to other public services are tied to these benefits.

Another research strand explores the implications of the **right of all EU citizens to live independently**, investigating the barriers preventing people with disabilities from living independently. It also maps the various measures taken by the Member States to foster independent living and autonomy.

A factsheet providing a **snapshot of society and quality of life** in spring 2024 is planned. It will look at issues including mental well-being, trust, access to healthcare, social support and coping with increases in the cost of living. The analysis is based on the *Living and working in Europe* e-survey, which is a continuation of the *Living, working and COVID-19* survey, allowing comparisons to be made across points in time since 2020.

Anticipating and managing the impact of change

One of the themes explored under this heading is developments associated with digitalisation. In 2024, the results of a project analysing the impact of developments in **human–machine interaction on work organisation and working conditions** will be published. Based on case studies, it explores the benefits and risks that come with closer human interaction with advanced robotics and the organisational practices needed to deal with emerging issues.

Another project explores the roles, opportunities and challenges of **policy actors in the just transition**. National and regional case studies will form the basis of the study, illustrating the policymaking processes related to the design and implementation of just transition policies, their mechanisms and the actors involved.

Promoting social cohesion and convergence

The EU Member States have faced many challenges in **receiving and integrating Ukrainian refugees**. Earlier this year, Eurofound published the results of a study investigating three of these challenges: public attitudes towards the newly arrived refugees, integration efforts made at EU and Member State level, and access to public services.

A report on **social cohesion**, describing trends in social and economic discontent across the EU between 2002 and 2020, will be published. It assesses the relationship between social cohesion and discontent during the pandemic, allowing for a comparison of the situation as it stands in 2023.

Another theme explored is **income inequality among the middle classes**, identifying those that suffered disproportionately in 2020. It also describes the evolution of income inequalities over the last 15 years, comparing the Great Recession (2007–2009) with the COVID-19 pandemic, and outlines the trends both between and within Member States.

A report on the role that **human capital plays in determining inequalities** across the EU will also be published. Using Cedefop's work in this area, the report provides a comparative analysis of national trends in education and lifelong learning. It assesses the role of education as a driver of convergence, with particular emphasis on future developments in light of intra-EU mobility and the twin transition.

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EF/24/002

Eurofound's brief

What does Eurofound do for you?

- We benchmark good practice in industrial relations, living and working conditions, employment and competitiveness
- We make key actors aware of challenges and solutions
- We support policymaking by monitoring the latest developments in living and working conditions

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

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