

# EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE

ISSN 1977-270x, e-ISSN 2315-2540

2015

[Consulta en línea](#)

Foreword .....	3
Executive Summary .....	11
Key Features .....	17
1. Introduction .....	17
2. Economic recovery is firming up, but growth remains moderate and in need of higher investment .....	17
3. Labour markets are gradually recovering but substantial differences remain and a stronger economic recovery is needed .....	20
3.1. Employment levels and rates continue to increase following the 2013 recovery but are uneven across Member States and population groups .....	20
3.2. Unemployment continues to decrease, albeit slowly, remaining high and close to historical highs in a number of countries .....	24
3.3. Long-term unemployment and very long-term unemployment now make up a large share of unemployment .....	25
3.4. Youth unemployment remains high but young people are slowly becoming more engaged in either employment or in education and training .....	27
3.5. The average number of hours worked is now increasing but it is still below the pre-crisis levels .....	28
3.6. Nominal unit labour costs, which increased in some Member States before the crisis, are now declining .....	29
3.7. Cumulative labour productivity growth varies substantially across the EU and has decreased in recent years .....	30
4. Boosting knowledge-based capital and skills is key to responding to demographic ageing, technology development, globalisation and the greening of the economy .....	31
4.1. EU investment in knowledge-based capital lags behind world competitors .....	31
4.2. Investment in skills is crucial to reducing unemployment and increasing EU competitiveness .....	31
5. Intra-EU mobility contributed to labour market adjustments during the crisis but remains limited .....	32

<b>6.</b>	<b>Household disposable income is increasing gradually, but poverty and exclusion remain high, fuelled by unequal opportunities and rising market inequality</b>	33
6.1.	Poverty and exclusion reduction will depend on the quantity and quality of jobs and who benefits	33
6.2.	Unequal opportunities and rising market inequalities put a strain on welfare systems, especially in the countries hit hardest by the crisis	35
<b>7.</b>	<b>Social protection systems in the EU</b>	36
7.1.	Social protection expenditure grew more strongly in 2014 in most EU countries, after the slow growth in 2013 and the 2010–2012 decline	36
<b>8.</b>	<b>The economic crisis impacted on social dialogue practices in different ways across the EU</b>	38

## Part I – Promoting Job Creation

<b>Chapter I.1 – Boosting job creation through self-employment and entrepreneurship</b>	41
<b>1. Introduction</b>	41
<b>2. Entrepreneurship and self-employment create jobs</b>	42
2.1. Recent developments	42
<b>3. Ensuring the right framework conditions</b>	48
3.1. Towards a more entrepreneurial culture	49
3.2. Improving access to finance and capital	49
3.3. Well-designed taxation	51
3.4. Stronger social protection arrangements	52
3.5. Strengthening business development services	52
3.6. Cost-effective access to product markets	53
3.7. Less red tape and more red carpet	54
3.8. Ensuring macro-economic stability	54
3.9. Summary	54
<b>4. Gearing labour market and social policies to boost self-employment and entrepreneurship</b>	54
4.1. Smarter use of ICT as an enabler of entrepreneurship	55
4.2. Supporting business exploitation of spin-offs and networking	55
4.3. Greening small businesses	56
4.4. Innovating through social enterprises	56
4.5. Giving a second chance after (honest) failure	57
4.6. Summary	57
<b>5. Targeting under-represented groups</b>	58
5.1. Supporting start-ups by the unemployed	58
5.2. Tackling the gender deficit	59
5.3. Helping young people into self-employment	59
5.4. Encouraging self-employment transitions prior to retirement	60
5.5. Promoting self-employment among ethnic minorities	60
5.6. Promoting self-employment among disadvantaged and disabled people	61
5.7. Summary	61
<b>6. Labour market and social policies to foster job creation through self-employment and entrepreneurship</b>	61
6.1. Labour market and social characteristics affecting start-up survival	61
6.2. Shaping drivers of additional job creation	63
6.3. Summary	66
<b>7. Conclusions</b>	67
<b>References</b>	68

<b>Chapter I.2 – Labour legislation in support of job creation .....</b>	<b>75</b>
<b>1. Introduction .....</b>	<b>75</b>
<b>2. Labour legislation: scope and purpose .....</b>	<b>76</b>
2.1. Labour law and fields of application .....	76
2.2. Alternative ways of regulating labour market interactions: the role of collective agreements .....	77
2.3. A brief history of labour law .....	78
2.4. Why does labour law exist? .....	79
2.5. Differences across Member States .....	81
2.6. Labour regulation and legislation at EU level .....	81
<b>3. Contractual relationships and segmentation .....</b>	<b>84</b>
3.1. What is a contract and what is an employment/labour contract .....	84
3.2. Types of contracts .....	84
3.3. The potential drivers of new forms of employment and respective contracts .....	86
3.4. Contract segmentation: recent developments .....	87
<b>4. Employment Protection Legislation (EPL) .....</b>	<b>90</b>
4.1. Definition and rationale for EPL and challenges identified .....	90
4.2. Measuring EPL across Member States .....	91
4.3. Recent developments in EPL .....	94
4.4. EPL in a broader context: other labour market institutions .....	96
<b>5. The role of civil justice and other litigation .....</b>	<b>97</b>
5.1. The efficiency of civil justice and the enforcement of EPL .....	97
5.2. EPL and employment litigation .....	99
5.3. Civil justice efficiency and perceived EPL .....	99
5.4. Impact of EPL on job finding and separation rates: the effectiveness of the judicial system .....	100
<b>6. Health and safety at work – how it can support better jobs, productivity and growth .....</b>	<b>101</b>
6.1. Implementation of the EU Strategic Framework on Health and Safety at Work 2014-2020 .....	102
6.2. Ex-post evaluation of 24 EU health and safety at work directives .....	102
6.3. Addressing the ageing of the EU workforce .....	103
6.4. Protection of workers from the risks related to chemicals: new term of office of the Scientific Committee on Occupational Exposure Limits (SCOEL) .....	103
<b>7. Summary and conclusions .....</b>	<b>103</b>
<b>Annex 1: Overview of EU labour law .....</b>	<b>105</b>
<b>Annex 2: Employment Protection Legislation .....</b>	<b>109</b>
<b>Annex 3: World Bank 'Doing Business' indicators of labour market regulation .....</b>	<b>115</b>
<b>Annex 4: World Bank Doing Business indicators on contract enforcement .....</b>	<b>121</b>
<b>References .....</b>	<b>124</b>

## **Part II – Improving labour markets' efficiency**

Chapter II.1 – Preventing and fighting long-term unemployment.....	129
1. Introduction and summary .....	129
2. Long-term unemployment in the EU: Snapshot of people and policies.....	130
2.1. The challenge of long-term unemployment.....	130
2.2. The size and dynamics of the LTU challenge: reaching historical highs .....	131
2.3. Both likelihood of finding a job or falling into inactivity reduced during the crisis.....	133
2.4. Which are the LTU most at risk? Mostly the young, low-skilled and third-country migrants.....	136
2.5. The LTU changed over the crisis and are somewhat different from the STU .....	140
3. Not casting the net wide enough: Policies to tackle LTU .....	141
3.1. Who is covered, where and how much .....	141
3.2. The quality of policy: The LTU do not profit enough from ALMP and UB.....	141
4. What works? The specific role of policies and institutions.....	147
4.1. Helping the LTU return to employment: existing evidence .....	148
4.2. Helping the LTU return to employment: new insights .....	151
5. Discussion and summary.....	155
Annex.....	157
References.....	159
Chapter II.2 – Mobility and migration in the EU: Opportunities and challenges.....	163
1. Introduction - Perceptions in the light of facts.....	163
2. Taking stock: Demographic reality and recent statistics .....	164
2.1. The context of demography from the angle of growth.....	164
2.2. Recent statistical facts .....	166
3. EU-mobility and third-country migration in the individual's context: Today's driving forces.....	168
3.1. Individual and country-specific 'factors of gravity' for intra-EU mobility .....	168
3.2. Relative employment performance and its drivers: empirical evidence .....	171
3.3. Understanding labour market dynamics .....	173
3.4. Conclusion .....	177
4. The wider economic impact of EU mobility and third-country migration .....	177
4.1. Intra-EU mobility, third-country migration and efficient human resource allocation.....	178
4.2. International migrants' qualification and economic growth: evidence from the Labour Market Model .....	185
4.3. Impact on wages .....	187
4.4. Fiscal impact .....	188
4.5. The perspective of EU countries of origin .....	190
4.6. Impact of the current refugee crisis .....	193
4.7. Conclusion: Make better use of existing resources .....	194
5. Chapter conclusions.....	195
Annex 1: Labour market performance and characteristics of population by country of birth and years of residence.....	197
Annex 2: Ordinal logistic regression: Odds ratio for having moved from one to another EU country.....	202
Annex 3: Ordinal logistic regression: Odds ratios for being employed.....	203
Annex 4: Ordinal logistic regression: Odds ratios for the transition from unemployment or inactivity into employment.....	204
Annex 5: Ordinal logistic regression: Odds ratios for the transition from employment into unemployment.....	205
References.....	206

<b>Chapter II.3 – Social dialogue .....</b>	<b>209</b>
1. <b>Introduction .....</b>	<b>209</b>
2. <b>The functioning and effectiveness of social dialogue at national level .....</b>	<b>210</b>
2.1. National systems: institutional diversity and common challenges .....	210
2.2. The effectiveness of social dialogue .....	211
2.3. Trade union membership and organisation in the Member States .....	212
2.4. Membership of employers' organisations in the Member States .....	214
2.5. Collective bargaining structures and coverage of collective agreements .....	214
2.6. Trust, cooperation and conflict .....	217
2.7. Associations between different dimensions .....	218
3. <b>The involvement of social partners in the design and implementation of reforms and policies .....</b>	<b>219</b>
3.1. The role of social dialogue/social partners in the political decision-making process .....	219
3.2. National institutions and practices for involving social partners in the design and implementation of policies .....	220
3.3. The involvement of social partners in the design and implementation of policies and reforms in the European Semester .....	220
4. <b>Main findings .....</b>	<b>223</b>
Data sources .....	223
Annex: Union density, % employees, by sex, age category, contract type, establishment size and broad economic sector, 2012 or latest data year .....	224
References .....	225

## **Part III – Removing obstacles to job creation**

<b>Chapter III.1 – Supporting skills development and matching in the EU .....</b>	<b>229</b>
1. <b>Skills in the EU – The economic context .....</b>	<b>229</b>
1.1. How to define and measure skills .....	229
1.2. Why skills matter .....	231
1.3. Where the EU stands .....	233
2. <b>The challenge of skill mismatches .....</b>	<b>236</b>
2.1. Dimensions of skill mismatch .....	236
2.2. Skill shortages .....	236
2.3. Skills mismatch on-the-job .....	244
2.4. Skill demand .....	248
3. <b>Skills for a better functioning labour market – Possible policy options .....</b>	<b>250</b>
3.1. Initial education and training .....	251
3.2. Adult learning .....	252
3.3. Active Labour Market Policies .....	257
3.4. Making skills visible and comparable .....	259
4. <b>Conclusions .....</b>	<b>260</b>
Annex .....	262
References .....	269