FLAGSHIP REPORT

Eurofound

Challenges and prospects in the EU

Labour market change: Trends and policy approaches towards flexibilisation

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Eurofound

European Foundation for the Improvement of Living and Working Conditions

When citing this report, please use the following wording:
Eurofound (2020), *Labour market change: Trends and policy approaches towards flexibilisation*, Challenges and prospects in the EU series, Publications Office of the European Union, Luxembourg.

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Eurofound project: Flagship report SAI Labour market change (190404)

Acknowledgements: The authors would like to thank Eurofound colleagues Pierre Baussand, Isabella Biletta, Stavroula Demetriades, Barbara Gerstenberger, Gijs van Houten, Massimiliano Mascherini, Mary McCaughey, Hilary O'Donoghue, the late Fiachra Ó Marcaigh, Valentina Patrini, Eleonora Peruffo, Sara Riso, Donald Storrie and Oscar Vargas Llave for their participation in various brainstorming exercises related to the orientation and content of this report and for their peer review.

Luxembourg: Publications Office of the European Union

Print:	ISBN 978-92-897-2059-5	doi:10.2806/352622	TJ-03-20-105-EN-C
PDF:	ISBN 978-92-897-2058-8	doi:10.2806/70018	TJ-03-20-105-EN-N

This report and any associated materials are available online at http://eurofound.link/ef19034

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Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.

This report presents the results of research conducted prior to the outbreak of COVID-19 in Europe in February 2020. For this reason, the results do not take account of the outbreak.

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

	Flagship perspectives	**1**
	Introduction	**3**
	Policy approaches and megatrends	3
	Aims of the report	4
	Structure and methodology	4
1.	**Overview of EU labour market trends**	**5**
	Introduction	5
	Recovering from the crisis	5
	Structural employment shifts	7
	Employment flexibilisation	9
	Summary	20
2.	**Working time**	**21**
	Introduction	21
	Developments in types and nature of work	21
	Trends in part-time work	22
	Policy approaches to ensure desired and predictable working hours	29
	Summary	36
3.	**Contract type**	**37**
	Introduction	37
	Temporary work	37
	Policy approaches to enhance protection for temporary workers	40
	Summary	47
4.	**Employment status**	**49**
	Introduction	49
	Self-employment	49
	Policy approaches to maximise the potential and minimise the risks	52
	Summary	60
5.	**Conclusions and policy pointers**	**61**
	Bibliography	**65**

Abbreviations used in the report

AROP	at risk of poverty
COSME	EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
CSR	country-specific recommendation
ECS	European Company Survey
EPL	employment protection legislation
EPSR	European Pillar of Social Rights
EU-LFS	European Union Labour Force Survey
EWCS	European Working Conditions Survey
GDP	gross domestic product
OECD	Organisation for Economic Co-operation and Development
R&D	research and development
SES	Structure of Earnings Survey
SMEs	small and medium-sized enterprises
STW	short-time working
TICTM	telework and ICT-based mobile work

Country codes

AT	Austria	**FI**	Finland	**NL**	Netherlands
BE	Belgium	**FR**	France	**PL**	Poland
BG	Bulgaria	**HR**	Croatia	**PT**	Portugal
CY	Cyprus	**HU**	Hungary	**RO**	Romania
CZ	Czechia	**IE**	Ireland	**SE**	Sweden
DE	Germany	**IT**	Italy	**SI**	Slovenia
DK	Denmark	**LT**	Lithuania	**SK**	Slovakia
EE	Estonia	**LU**	Luxembourg		
EL	Greece	**LV**	Latvia	**UK**	United Kingdom
ES	Spain	**MT**	Malta		

Flagship perspectives

Eurofound's work consistently seeks to document and analyse the past with a view to helping to better shape and improve the future. Drawing on its wide-ranging analysis of labour market changes in the European Union over many years, Eurofound aims to use this information, data and analysis to assist policymakers in understanding the progress made, defining the challenges which have emerged and outlining the steps that could be taken to further contribute to well-functioning and inclusive labour markets in the EU.

This flagship report addresses trends and policy developments in relation to the flexibilisation of employment in the EU between 2008 and 2018. Labour markets in the EU are diversifying in terms of working time patterns and the nature of employment relationships. These changes are driven by socioeconomic trends, such as the shift to a service-based economy and the growing share of women in work, as well as technological developments. In addition, labour markets are responding to the needs of workers for employment that fits in with their non-work activities and to the demands of employers for flexible labour inputs – a consequence of enhanced global competition.

As economic contractions impact particularly on workers with more precarious employment status, so the issues – and policy responses – highlighted in this report are likely to take on added significance during and after the COVID-19 crisis.

The challenge of how to strike the right balance between flexibility and security in the labour market predates the debate around the concept of 'flexicurity', which dominated the EU social and labour market policy discourse in the wake of the Commission's publication of the common principles of flexicurity (European Commission, 2007). The resulting policy discussion contributed to awareness of the importance of the different elements in the composition of a balanced labour market model: flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies and modern social security systems. These concerns remain at the centre of EU-level – and national – policymaking and are enshrined in principles 5, 6, 7 and 12 of the European Pillar of Social Rights (EPSR).

At the EU level, a number of initiatives have been taken aimed at ensuring equal employment rights, access to social protection and the right to request a better employment contract. However, arguably the rights enshrined in the Part-time Work Directive, the Fixed-term Work Directive and the Parental Leave Directive have (at least to some extent) failed to deliver their original goals. On the basis of the EPSR, more recent legislative measures have been taken to enhance such rights, including in the Directive on Transparent and Predictable Working Conditions and the Work–life Balance Directive, both adopted in 2019.

This report was researched and produced before the onset of the COVID-19 virus. A limited number of key messages and policy pointers have been added on the basis of the findings which could be useful for policymakers as they seek to address the range of issues which will emerge in the aftermath of the pandemic. The elements which have been added to respond to the context have been highlighted in bold.

Progress

- **EU employment has proven resilient to crisis: before the COVID-19 pandemic, the EU employment rate had increased by 2.7 percentage points between 2008 (and the beginning of the global financial crisis) and 2018.**
- **Gender gaps in employment have reduced**: Although there remains a gender employment gap of 8.0%, this declined by 2.5 percentage points.
- **Older workers are more likely to participate in the labour market**: The share of workers aged over 55 in employment increased by 5.7 percentage points.
- **Demand for high-skilled labour has increased**: The need for workers with tertiary education has been matched with greater supply, resulting in a rise of 9.3 percentage points in the share of graduate employment.

Challenges

- **Recovery from the impact of the COVID-19 crisis: While many governments have introduced measures to soften the economic, employment and social welfare impact of the crisis, the short- to medium-term impact is likely to be significant. Previous crises have shown that retaining workers' attachment to the labour market and, where possible, enhancing skills are important ways to ensure a rapid recovery.**
- **Flexibilisation**: Although the overall share of non-standard employment remained relatively stable, there has been an increase in 'compound' non-standard employment, such as very marginal part-time work, very short temporary contracts, working without a contract and casual work. Most new job creation has been in non-standard employment, and one of the main ways in which the share of non-standard employment has increased has been in compound non-standard employment.
- **Part-time work**: Low-hours part-time work is often linked to difficulty making ends meet, and low-hours part-time workers are over-represented among multiple job holders. One-quarter of part-time work is involuntary.
- **Temporary contracts**: Although the overall share of temporary contract workers remained unchanged (14%), there has been an expansion in the use of such contracts for new labour market entrants. The share of involuntary temporary work is high (at 60%), and transitions to open-ended employment are low, particularly in countries making significant use of temporary contracts.
- **Self-employment**: Sectoral and structural shifts have occurred in the composition of self-employment, away from agriculture and with rising numbers of self-employed without employees. Self-employment is mostly voluntary, but one-quarter of self-employed can be characterised as precarious.
- **Polarisation**: Overall, the EU experienced increasing polarisation, as employment growth was strongest in high- and low-paid jobs and weakest in mid-paying jobs.
- **New business models**: A number of the observed trends go hand in hand with the emergence of new business models, such as platform work.
- **Rising insecurity**: Individuals on non-standard contracts are less likely to have access to full employment rights, social protection and representation. A high share of temporary and part-time workers do not have access to a range of social benefits. Over the observed period, there has been an increase in the share of workers at risk of poverty.

What next?

- **Learn lessons from the COVID-19 crisis on measures to maintain labour market attachment to ensure a rapid recovery, and the steps to be taken to protect non-standard and self-employed workers.**
- **Ensure a better match between desired and actual working hours**, addressing both too high and too low working hours. A right to request additional hours and a right to disconnect are examples of measures in this area.
- **Enhance the predictability of working hours and schedules**, for instance, through the ban of exclusivity clauses and the right to minimum notice periods regarding working hours, as well as stipulating reference hours.
- **Help those on low-hours contracts to make ends meet** through measures aimed at overcoming barriers to increasing working hours – for example, enhanced access to affordable and high-quality care services – and the delivery of tailored family and in-work benefits.
- **Enhance access to employment and social protection rights for non-standard workers** by addressing challenges such as the misclassification of dependent self-employed and by extending the coverage of self-employed and non-standard workers to such rights and entitlements.
- **Encourage transitions from temporary to open-ended employment** by finding the right balance in the regulation of these employment relationships. More evidence is needed on the impact of changes in employment protection legislation to inform policymaking.
- **Better exploit the employment-creation potential of self-employment** though holistic approaches to support entrepreneurship and an enhanced focus on its sustainability.
- **Ensure the transposition and full implementation and enforcement of EU law**, which has sought to address many of the above issues in the new Directive on Transparent and Predictable Working Conditions and the Work–life Balance Directive.

Introduction

In common with other world regions, Europe is affected by so-called 'megatrends'. Globalisation, digitalisation/technological advancement, climate change/environmental developments and demographic/societal developments are changing – individually, but also in combination – our economy, labour market and society. While some of these developments have been observed continuously during the past decades, others are only recently emerging. Some of these trends result in incremental changes, while others are more disruptive or 'game-changing'. They have, for instance, an effect on the structure of the economy and the labour market, on how business is conducted and on how industrial relations and social dialogue are realised. Examples include a trend towards servitisation (growth of service sector), the observable fragmentation of production processes, increasing participation of women and older workers in the labour market, emerging forms of employment and business models, emerging unconventional forms of representation or changed requirements, and shifting expectations of employers and workers.

These macroeconomic and societal trends impact hugely on employment and working conditions. An example is the emergence of new or increased use of specific types of existing employment relations – employment status and contract types – that, for example, influence workers' employment rights or access to social protection. Similarly, work organisation and management practices are changing, and these changes have a bearing on working time, work intensity, skills requirements and, therewith, related earnings or social dialogue mechanisms.

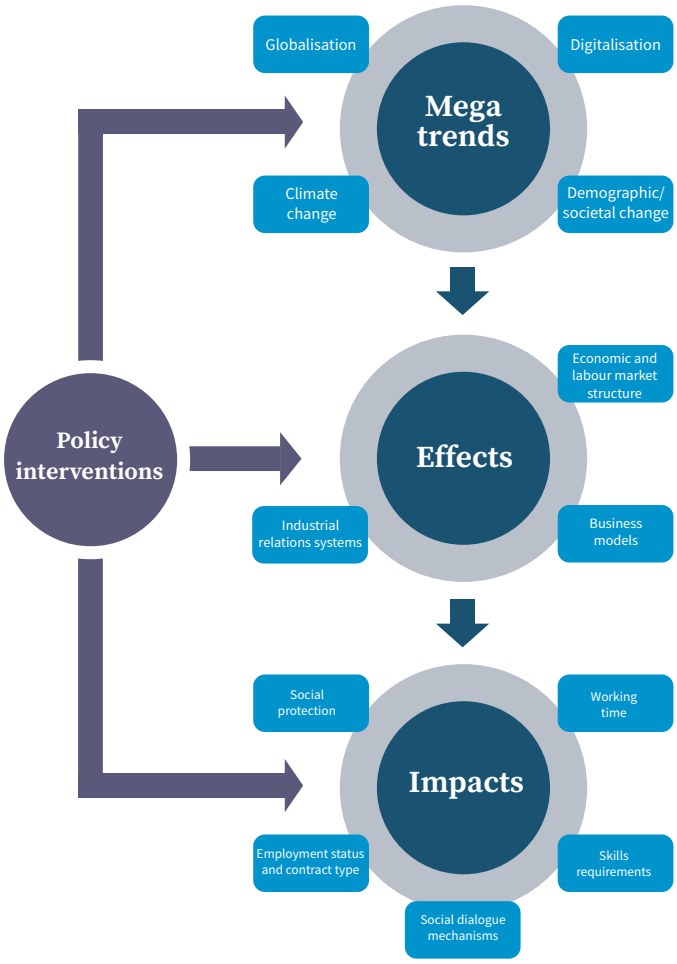
Policy approaches and megatrends

Policy approaches at both EU and national levels aim to protect and further improve working conditions in Europe and, in turn, also influence the effects and impacts resulting from the megatrends. In practice, efforts to reduce precarious employment can prove challenging, as in some cases they are linked with reduced employment security for those previously benefiting from high levels of protection.

Figure 1 illustrates different types of megatrends, their effects and impacts on the labour market, and policy interventions.

Several of the above-mentioned effects and impacts of megatrends, in isolation or in combination, result in increasing flexibility in the European labour market. However, this is not necessarily immediately obvious from available data due to limitations of data capture. This refers to flexibility from the perspective of both employers and workers. At least some workers are increasingly requesting employment that can be better combined with their non-work responsibilities or activities, and employers require labour inputs that can be engaged more flexibly, as business demand dictates. Accordingly, it must be emphasised that flexibilisation in the labour market could be seen as a neutral concept, neither positive or negative per se, for employers and workers. However, its operational implementation might result in uneven effects for the parties involved, depending on external framework conditions, institutional and regulatory frameworks and individual situations. From a labour market perspective, it is important to ensure a win–win situation for employers and workers through flexibilisation trends.

Figure 1: Relationship between megatrends, effects and impacts on the labour market, and policy interventions



Source: *Authors' own compilation*

Aims of the report

This report aims to provide information on the flexibilisation of employment in Member States and to highlight some policy approaches taken at EU and national levels to ensure a well-functioning labour market. It does not claim to present a comprehensive discussion on the issue, but rather focuses on specific elements of flexibilisation between 2008 and 2018: working time, contract type and employment status.

Structure and methodology

Chapter 1 provides an overview of EU labour market trends for the period 2008–2018. In addition to structural employment shifts, it summarises the main developments during the global financial crisis before discussing the overarching employment flexibilisation trends. The analysis is mainly based on secondary data analysis at EU level (Eurostat sources such as the European Union Labour Force Survey (EU-LFS) and Structure of Earnings Survey (SES)). This is supplemented by qualitative policy analysis drawn from desk research (mainly cross-European comparative research by Eurofound, the European Commission and academic sources.)

The subsequent chapters discuss the main aspects of labour market flexibilisation in more detail, focusing on trends in working time, employment contracts and self-employment. Each chapter reviews the main developments from a statistical perspective, examines their impacts (quantitatively and qualitatively, depending on data availability) and highlights policy approaches that have been taken in an attempt to maximise the positive aspects of flexibility for both workers and employers while limiting any negative effects on job quality, employment security, incomes and entitlements. The policy sections make no claim to provide an exhaustive picture of relevant policies. Instead, they seek to chart the direction of EU and national policy developments and provide some examples that might serve as inspiration for policymakers and social partners seeking to balance flexibility and security in the labour market.

Finally, Chapter 5 summarises the key findings and highlights some policy pointers.

1 Overview of EU labour market trends

Introduction

This chapter summarises the main labour market developments in the EU over the period 2008–2018, with a view to identifying long-term structural trends in labour market participation and employment composition and more short-term emerging shifts. These serve to put in context findings on the extent to which labour market flexibilisation is occurring in the EU. Subsequent chapters will then discuss in more detail how trends towards flexibilisation have had an impact on working time, the nature of employment contracts and the increasing difficulty of distinguishing between employment and self-employment in the context of the emergence of new forms of work.

Recovering from the crisis

The period chosen for review represents something close to one business cycle, beginning at the outset of the global financial crisis and concluding with a five-year period of steady, if unexceptional, growth in the main economic indicators (employment and output). All historical periods are unique, but three important points are worth highlighting about this 10-year period in the EU's development.

The first point relates to the severity of the double-dip recession in the period 2008–2013. Recessions born of financial crises tend to be more severe and durable in their negative impacts (Reinhart and Rogoff, 2011). This was certainly the case in the EU. Gross domestic product (GDP) declined by 4.4% in 2009 in the EU as a whole; this was unprecedented in post-war economic history and dwarfed the impact of the oil crisis of the 1970s. Employment declined by five million during the peak crisis years. As distinct from other major developed economies, the hangover from the financial crisis in the EU persisted until 2013, as it coincided with a sovereign debt crisis in a few primarily eurozone Member States, critically weakened by the initial crisis and subject to tightening fiscal policy and public spending cuts. It was only in 2013 that unemployment rates began to revert, sustainably, to more customary levels. Even then, the recovery of EU employment levels to their pre-crisis levels occurred only in the third quarter of 2016 (compared to the third quarter of 2014 in the United States (US) and first quarter of 2016 in Japan).

Second, the crisis affected Member States very differently, in both production (GDP per capita) and labour market performance; this should be viewed in the context of variously severe austerity measures implemented in many countries. Unemployment rates rose sharply – peaking at over 25% – and remain (relatively) very high in countries such as Greece and Spain. By contrast, unemployment rates never rose by more than 1 percentage point compared to pre-crisis levels in Germany, which is in a group of countries (including Austria, Czechia, Denmark, Luxembourg, Malta, the Netherlands and Romania) where unemployment rates remained below 8% in all quarters from 2008 to 2018. The variation of economic and labour market impacts was especially high within the eurozone group of countries; faced with its first major downturn, membership of the common currency tended to exacerbate rather than mitigate the negative shocks, a result in part of unsustainable financial flows and levels of investment preceding the crisis. In response to the severity of the crisis, a significant number of Member States turned to short-time working (STW) as an instrument to manage negative employment effects. However, as detailed in the box on p.6, where successfully applied, this instrument mainly benefited prime-age workers on open-ended contracts.

Note on COVID-19

The drafting of this report preceded the COVID-19 crisis. However, a number of the lessons learned from the global financial crisis and other aspects covered in this report are relevant in this context. Economic crises are more likely to have a significant impact on workers who are on precarious contracts. Self-employed individuals are also at risk of being negatively impacted during economic downturns as they, like workers on precarious contracts, are less likely to have access to social protection systems. As some countries have moved to provide greater protections and supports for such workers during the COVID-19 pandemic, it may be useful to consider the lessons linked to the challenges raised in this report. In addition, issues around teleworking that are discussed here (for example, the right to disconnect) may be of particular relevance to policymakers.

Use of short-time working to cushion the labour market impacts of the crisis

Working time flexibility was one of the important ways in which Member States and companies sought to limit the impact of the economic crisis on employment. Publicly supported STW compensation schemes rose to prominence at the height of the economic crisis in 2008 and 2009, with 21 Member States operating such schemes. In 9 Member States these were newly introduced (Bulgaria, Czechia, Hungary, Latvia, Lithuania, the Netherlands, Poland, Slovakia, Slovenia), whereas in 12 Member States existing schemes were enhanced and/or more extensively used (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Portugal, Romania, Spain). The establishment and practical implementation of these schemes varied from country to country in relation to a range of key parameters, including:

- level of permissible working time reduction
- strictness of eligibility criteria
- replacement rates for hours not worked and cost to employer of hours not worked
- maximum duration

Publicly supported schemes were not the only means of using working time adjustments to prevent more significant lay-offs and to allow employers to retain workers during the downturn. Both in countries with and without publicly supported STW schemes, working hour reductions negotiated in collective agreements and at the company level also played an important role in mitigating the employment impact of the crisis. In Germany, it is estimated that the extensive and well-established Kurzarbeit scheme accounted for just over one-quarter of reductions in working hours during the peak crisis years (2008–2009); other forms of collectively negotiated hours adjustments accounted for the remaining three-quarters of reduced hours. These included, for example, reduced overtime and the reduction of working time account surpluses.

Assessments of the impact of STW agree that their impact on employment retention during the most critical period of the crisis has been positive (Eurofound, 2010; Hijzen and Venn, 2011; Hijzen and Martin, 2013; Cahuc, 2019). Studying the employment effects in Organisation for Economic Co-operation and Development (OECD) countries, Hijzen and Martin (2013) find the net employment impact to have been most significant in Germany, followed by Italy. In Germany, it is estimated that as a result of STW schemes, employment was 2% higher than it would otherwise have been – equivalent to around 580,000 jobs being preserved. Receiving similar positive assessment is the impact on employers' ability to retain skilled staff, thus supporting rapid recovery from the crisis. The prevention of unemployment also contributed to savings for the state and other actors in unemployment benefit payments. However, a number of negative factors and potential effects are also mentioned. These include the possibility of further cementing labour market segmentation, as STW schemes largely supported the retention of open-ended employment, with fixed-term workers still likely to lose their jobs. Furthermore, deadweight and displacement effects are also mentioned, particularly in situations where STW schemes are considered to be poorly targeted (Hijzen and Martin, 2013; Cahuc, 2019). By retaining jobs in firms, sectors and jobs that are potentially economically unviable, such measures are considered to prevent the reallocation of human capital to more productive sectors and companies. Eurofound (2010) emphasises the importance of a tripartite approach and sectoral and company-level agreement for the effective design and implementation of STW schemes.

Typically, the most exposed group in a recession is comprised of those with least labour market experience. Accordingly, the labour market effects of the crisis were felt most sharply among the young. At its peak, unemployment affected one in four young people in the EU27 and the UK and more than one in two young people in Greece and Spain. The policy focus on youth led to a more granular approach with a focus on social participation and human capital development of young people, culminating in the commitments of the EU Youth Guarantee in 2013. Earlier research by Eurofound in particular (Eurofound, 2012b) had put in place the analytical building blocks for this policy, which provides a guaranteed offer of training or employment to those aged under 25 within four months of becoming unemployed. This commitment was later followed with the Council Recommendation on the integration of long-term unemployed in the labour market (Council of the European Union, 2016), aimed at addressing the persistently high share of unemployment lasting more than 12 months.[1]

1 Eurostat defines 'long-term unemployment' as unemployment lasting more than 12 months. The Council recommendation focuses activities on individuals before they reach 18 months of unemployment.

A third important point to underline is that the recovery has been a low productivity recovery but not a 'jobless recovery' – unlike those following the recessions that occurred at the beginning of each decade from the 1980s to the 2000s. These were characterised by unemployment rates that tended to persist higher for longer but also by relatively fast resumption of productivity growth. This time has been different. Employment growth has been relatively robust, while productivity growth has been unusually weak. This has had consequences in reduced output growth, wage stagnation and deficient demand. One interpretation of the resilience of recent employment growth is that labour market deregulation and resulting downward pressure on wages have provided greater incentive to employers to recruit or retain human labour rather than invest in productivity-enhancing technology (Pessoa and Van Reenen, 2014). While this is only one interpretation, it has the merit of accounting in a consistent way for different data on productivity, wages and employment growth. Low productivity growth is also consistent with low investment in staff training and upskilling.

Structural employment shifts

The period of 2008–2018 started with the convulsive economic disruption triggered by the financial crisis, which impacted globally, not just in Europe, but its consequences were more long-lasting in Europe. Nonetheless, a reckoning of some important labour market indicators (see Table 1) confirms that the post-2013 recovery has gone some way to restoring labour market health. The adult employment rate was higher in 2018 (73.2%) than in 2008 and not far short of the strategic Europe 2020 target of 75%. Throughout the crisis, labour market participation rates have been more resilient in the EU than in the US, even if the opposite has been the case in terms of headline unemployment rates (Eurofound, 2016a).

Comparison of employment composition in 2008 and 2018 provides some useful clues as to how long-term social and demographic trends have intersected with more short-term business cycle trends to impact on the changing composition of employment. Connecting the dots, it can be observed that higher labour market participation relates in particular to increased employment in two categories: female workers and older workers.

This is the culmination of processes of societal and demographic change, to which changing social norms, policies and legislation have contributed. Working-age women are much more likely to be in employment than they were a few decades ago, and older workers are now more likely to remain in work until statutory retirement age (although the average effective retirement age remains below the statutory retirement age). Legislators have tended to extend statutory retirement age in response to increasing longevity, and to close off pathways to early retirement. The average age of the workforce is also increasing due to deferred labour market entry of young adults – principally attributable to extended periods in education. The disproportionate effects of the crisis on the participation rates of younger people reinforced this 'ageing workforce' effect (Eurofound, 2015c).

On the demand side, long-run processes of deindustrialisation were accentuated by the financial crisis. In tandem with a drift from the land in some post-2004 accession Member States – de-agrarianisation – this trend has contributed to an increase in the services share of employment in every Member State. Services now account for nearly three out of every four jobs in the EU.

Table 1: Key trends in employment composition by gender, age, education level and sector, 2008–2018, EU Member States and the UK

Indicator	2018 (%)	Change during 2008–2018 (percentage points)
Employment rate (20–64)	73.2	+2.7
Gender employment gap (15+)	8.0	-2.5
Older worker (>=55) share (15+)	19.4	+5.7
Graduate share (15+)	34.9	+9.3
Services share (15+)	71.4	+4.2

Notes: *Shares are percentages of total EU employment in the age bands indicated in parentheses. Malta is not included as EU-LFS data were not available for 2008. The gender employment gap is the percentage point gap between the male (54%, 2018) and female (46%, 2018) shares of total EU employment.*
Source: *EU-LFS*

Table 2: Shifts in employment composition by broad sector and occupation group/skills level, 2011–2018, EU27 and the UK (percentage point change)

Occupation/sector	Agriculture/ extractive	Manufacturing/ utilities	Construction	Primarily private services	Primarily public services	Total occupation
White-collar high-skilled	0.00	+0.19	+0.02	+1.60	+0.58	+2.40
White-collar low-skilled	-0.01	-0.09	-0.04	-0.25	-0.11	-0.51
Blue-collar high-skilled	-0.80	-0.39	-0.40	-0.02	-0.03	-1.65
Blue-collar low-skilled	-0.14	-0.06	-0.22	+0.24	-0.06	-0.24
Total sector	**-0.95**	**-0.35**	**-0.64**	**+1.57**	**+0.37**	**0.00**

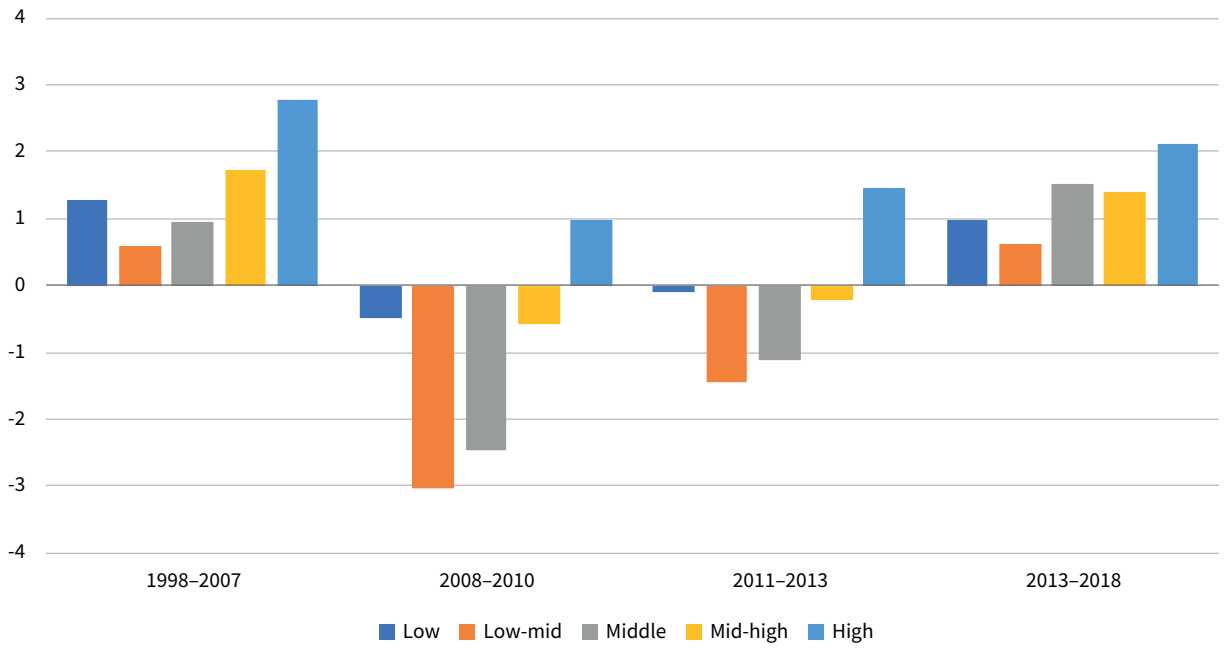
Note: *Percentage points may not add exactly to marginal totals due to rounding.*
Source: *Eurofound and European Commission Joint Research Centre, 2019*

Table 2 sets out the shifting composition of employment by broad sector and occupational grouping. Due to classification changes, the figures relate to 2011–2018 only, but they nonetheless capture well the two principal structural trends of 'occupational upgrading' (Oesch, 2013) and the 'service transition' (Wren, 2013). The share of white-collar high-skilled workers has increased by 2.4 percentage points in the EU in just seven years. The share of all other occupational groups has contracted, with the sharpest contraction (−1.65 percentage points) among blue-collar high-skilled workers (often involving male employment in manufacturing, construction and agriculture). Simultaneously, the share of employment has increased in services, especially in the private service sectors.

The final element of structural change highlighted in Table 1 relates to enhanced human capital arising in particular from a rapid increase, between 2008 and 2018, in the share of young adults with third-level qualifications (+9.3 percentage points). The demand for labour is increasingly skewed towards higher skills profiles, and education systems are responding by supplying graduates in increasing numbers.

This is reflected in occupational upgrading, which is well captured by Eurofound's European Jobs Monitor (see Figure 2). Consistently over the past 20 years, jobs in the top job-wage quintile, generally requiring higher qualification levels, account for the greatest relative employment increase. Even during the twin dips of 2008–2010 and 2011–2013, when overall employment in the EU contracted significantly, there was a net increase in employment in well-paying jobs.

Figure 2: Employment shifts by job-wage quintile, 1998–2018, EU27 and the UK (average per annum % change)



Note: *The bars in each period represent, from left to right, the average percentage change in employment for five job-wage quintiles, comprising jobs (defined as given occupations in a given sector) accounting for the lowest-paid 20% of employment (leftmost bars) to the highest-paid 20% of employment (rightmost bars).*
Source: *Eurofound and European Commission Joint Research Centre, 2019*

At the same time, labour demand has consistently been weakest in the middle of the job-wage distribution, most noticeably during the periods of recession and employment contraction between 2008 and 2013. The main recent sectoral contributors to this 'hollowing out' of employment have been declines in manufacturing and construction sector employment, two sectors that employ predominantly male blue-collar workers. These two broad patterns – the resilience of employment in well-paid jobs and weak or negative employment growth in mid-paid jobs – are behind a broad-based diagnosis by labour economists of pervasive employment polarisation in advanced economies (Goos and Manning, 2003; Autor and Dorn, 2013). The European Jobs Monitor series of publications (Eurofound 2009, 2012c, 2013, 2015e, 2017b) provides data that qualify this diagnosis in some important ways. While supporting the case for some aggregate, underlying polarisation (as observed in Figure 2), country-level analysis casts doubt on the pervasiveness of such polarisation. There tends in any given period to be a diversity of national patterns of employment shift – mainly either upgrading or polarisation, but also downgrading and some more hybrid patterns. Such employment polarisation as has been identified in advanced economies tends, in any case, to be asymmetrical and skewed to growth in well-paid jobs rather than to low-paid jobs; it tends also to be concentrated in periods of economic downturn.

Employment flexibilisation

Flexibilisation in employment can be motivated by a range of different factors from the employer and employee side and can refer to numerical (number of employees or working hours), spatial (location of performance of the work) or functional (ability to perform a variety of tasks at the workplace) flexibility. Depending on its specific form, flexibility in the labour market can be positive for both employers and workers but can also have negative consequences. Assessing the impact of flexibilisation depends not only on the observers' perspective, but also on whether such flexibility is voluntary and on the balance achieved between flexibility and security.

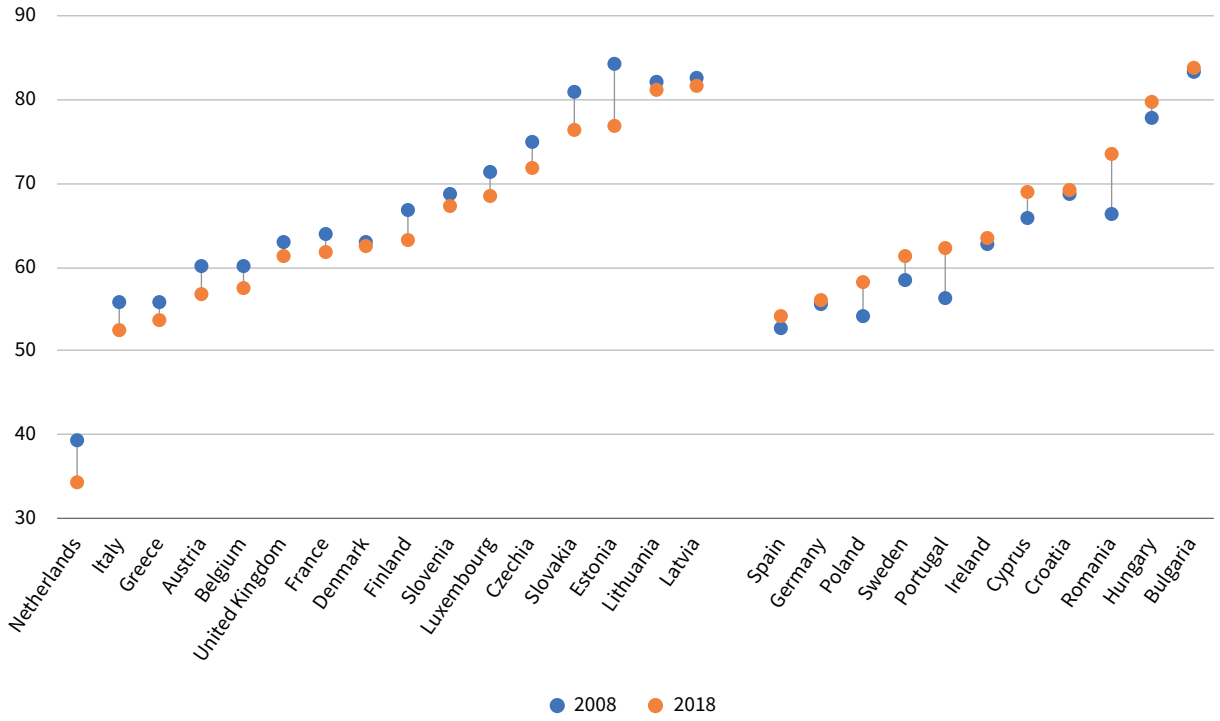
When speaking about flexibilisation and the sometimes associated increase in precarious employment, it is important to bear in mind that there is no universally agreed definition of the concept of 'precarious employment'. The terms 'standard' and 'non-standard' employment are often used to distinguish between 'core' employment, considered to be full-time dependent employment on an open-ended contract, and other types of contract that deviate from this 'norm'. Grimshaw et al (2016) emphasise that when considering the standard employment relationship as a benchmark of 'quality employment', it must be recognised not only that the standards of protection and representation linked to this model differ from country to country, but also that these protections have increasingly been eroded over the years in a number of legislative contexts – in some cases in an effort to encourage the use of open-ended (full-time) contracts in light of a significant expansion of fixed-term employment. The evolution of standard and non-standard employment relationships is discussed in the following section. While functional flexibility at the workplace is also of increasing importance, this issue is not discussed as part of this report.

Traditional non-standard employment

The growth of non-standard employment is one of the characteristic features of labour market flexibilisation. Non-standard employment refers to categories that fall outside the standard employment relationship, considered as full-time dependent employment with a permanent contract. This 'core' accounts for an incrementally contracting share of employment in most advanced economies, as patterns of structural change and the demands of employers – and in some cases workers – dictate an increase in the share of part-time, temporary work and self-employment.

Figure 3 shows that the standard employment share contracted in about two-thirds of Member States between 2008 and 2018. The aggregate EU27 and the UK decline was relatively modest (< 1 percentage point; from 60% to 59%), but much sharper falls were experienced in Estonia, Slovakia and the Netherlands. Levels varied broadly from well over 70% standard employment in many eastern European Member States to 50–65% in most older western European Member States. The one strong outlier remains the Netherlands, where in 2018 only around one in three workers was in a standard employment relationship.

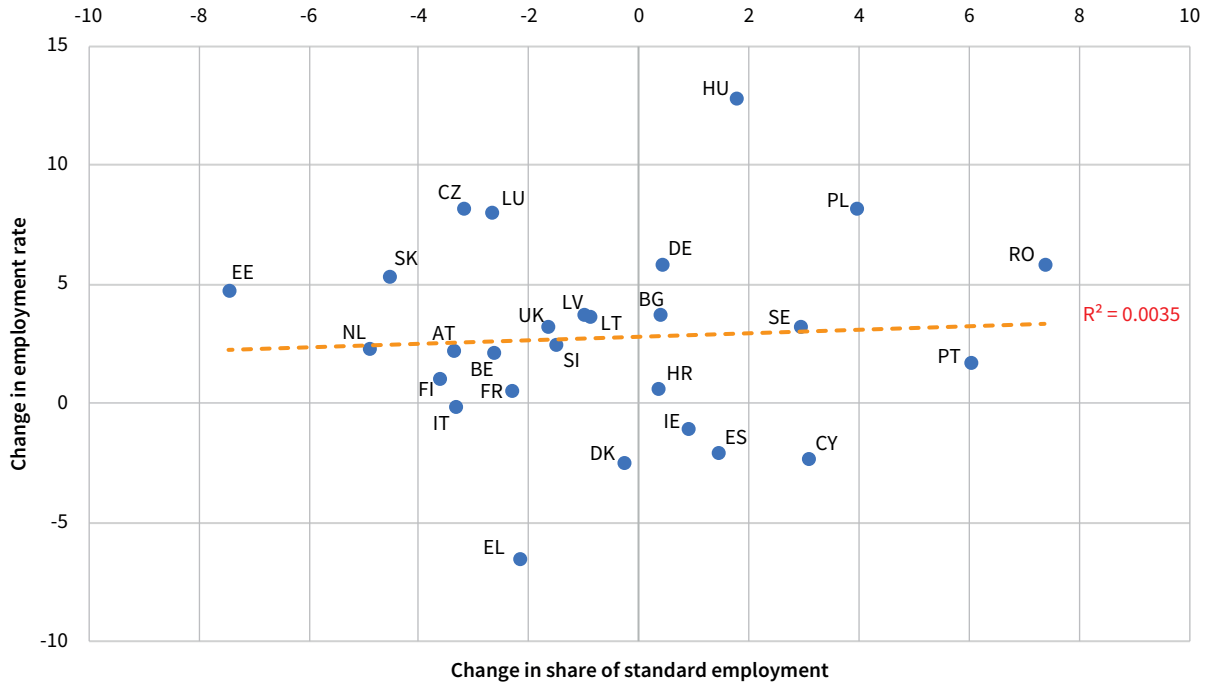
Figure 3: Standard employment share, 2008–2018, EU Member States and the UK (%)



Notes: *Malta is excluded as EU-LFS data were not available for 2008. The countries where the standard employment share declined are on the left of the graph, and those where the share increased are on the right.*
Source: *EU-LFS*

The standard employment share grew in 11 Member States, but only marginally in most of these cases. In Portugal and Romania, where the increase was more substantial, this related mainly to the effects of declining agricultural employment with its preponderance of self-employed and family workers.

Figure 4: Employment rate change and change in the standard or 'core' employment share, 2008–2018, EU Member States and the UK (percentage points)



Notes: *Malta is excluded as EU-LFS data were not available for 2008.*
Source: *EU-LFS*

Figure 4 shows that the relationship between change in the employment rate and change in the standard employment share at Member State level has been weak to non-existent (R2 < .01) over the period 2008–2018. There are countries with healthy labour markets – as proxied by increasing employment rates – where the standard share of employment has increased (for example, Poland, Romania and Sweden) but also ones where the standard share has decreased (for example, Czechia, Estonia and Slovakia).

It is prudent of course not to read too much into such a chart. It is limited to two simple variables in a specific time period – a period, moreover, marked by distinctively divergent economic outcomes across Member States. It should, nonetheless, suggest caution in relation to expectations of employment dividends from labour market flexibilisation. Some countries, notably the Scandinavian Member States, combine strong labour market institutions and relatively strict regulation with very high employment rates.

Drivers and characteristics of labour market flexibilisation

Some of the structural change factors and global megatrends discussed in previous sections have contributed directly to the growing share of non-standard employment. With regard to demographic factors, core-age male workers – traditionally the category with the highest employment probability, including a high share in 'standard' employment relationships – represent a contracting share of overall employment.

Increasing female participation has been an important factor in the growing share of diversified working time patterns, especially the rising share of part-time employment. Working women continue to bear a disproportionate share of domestic care responsibilities, which, alongside lower average earnings, makes it more likely that where there is an imbalance of household paid working hours, it is they who work less than their male partners. Three out of four part-time workers are female. While it is difficult to disentangle the share of 'voluntary' part-time employment which is conditioned by the lack of availability of alternatives, it is clear that for many workers, this form of work provides a desired way of combining work with other personal obligations. This is also increasingly true for men keen to increase their involvement in caring responsibilities.

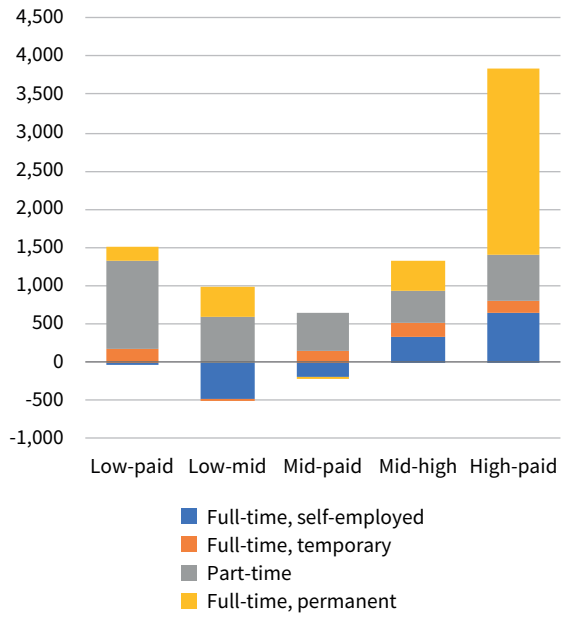
Demographic ageing may also contribute to increasing the share of non-standard employment. Older workers transitioning to retirement are more likely to adjust working hours downwards – and are in many cases incentivised to do so by policies that cushion resulting wage cuts. There is also evidence that an increasing number of professionals continue working in a self-employed capacity post-retirement.

Greater control over one's working time is also one of the factors behind the growth in self-employment, including among individuals providing knowledge-intensive services.

Additionally, the services transition has boosted the non-standard share of employment. Unlike work in the manufacturing and agriculture sectors, services employment tends to be rich in part-time employment; this is due to the needs of many services sector employers (in restaurants/accommodation, health and personal services, for example) for non-standard, irregular or unpredictable hours work given the requirements of in-person service provision.

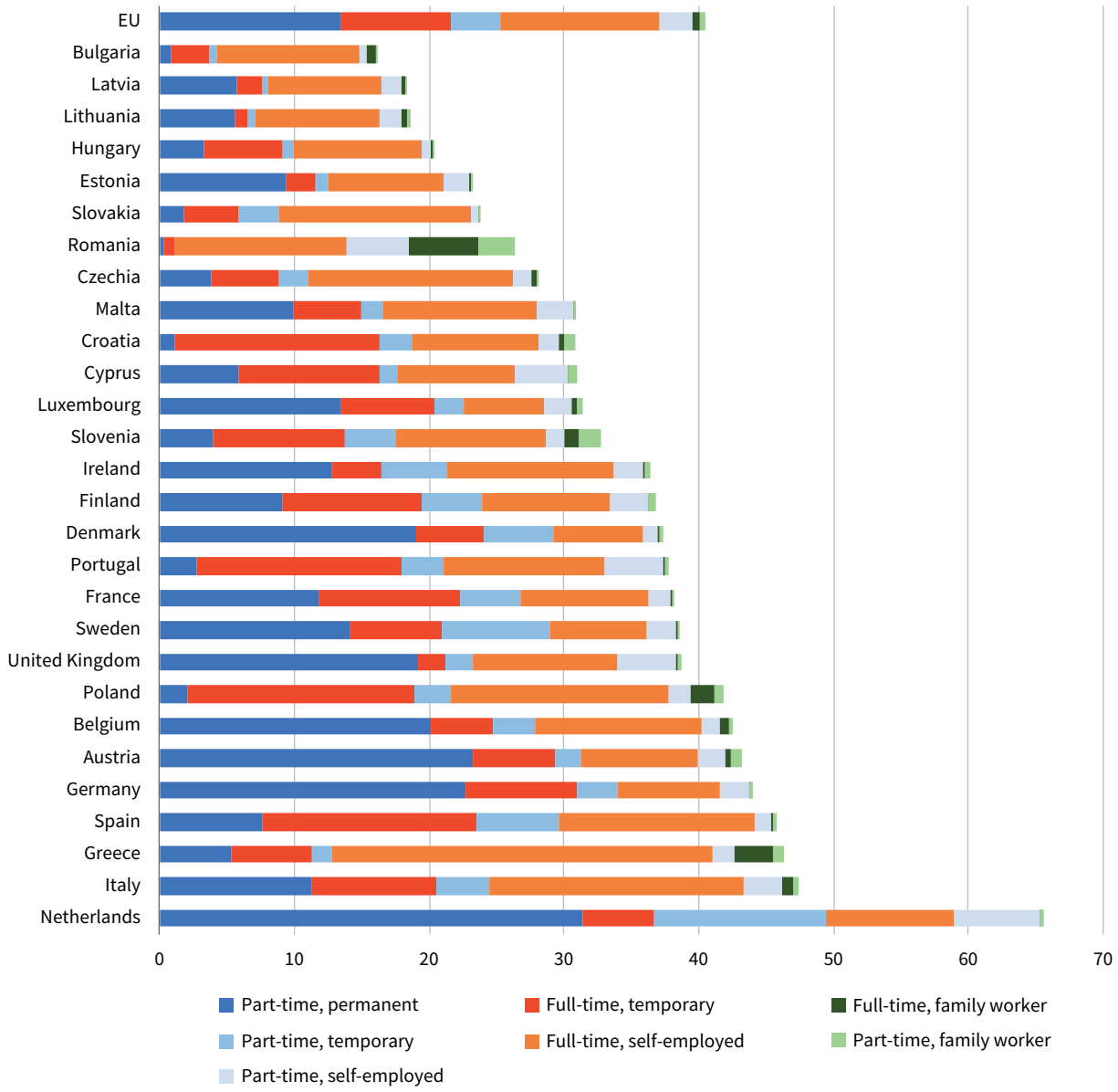
Based on European Jobs Monitor analysis (Eurofound, 2017b), most net new employment created in the EU between 2011 and 2016 was in non-standard employment. This growth was predominantly in the bottom four quintiles of employment (that is, in jobs ranked by average pay accounting for percentiles 0–80 of the wage distribution). Standard employment growth – 'full-time, permanent' employees in Figure 5 – in these quintiles contributed only modestly to overall employment growth, but was the mainstay of growth in jobs accounting for the top 20% of employment by pay.

Figure 5: Net employment change, by contract and employment status, 2011–2016, EU Member States and the UK (000s)



Notes: *Employment status refers to employment versus self-employment, whereas contract status compares part-time, open-ended and fixed-term contracts. Luxembourg was excluded due to issues of data quality.*
Source: *Eurofound, 2017b, based on EU-LFS and SES data*

Figure 6: Share of different types of non-standard employment, 2018, EU27 and the UK (%)



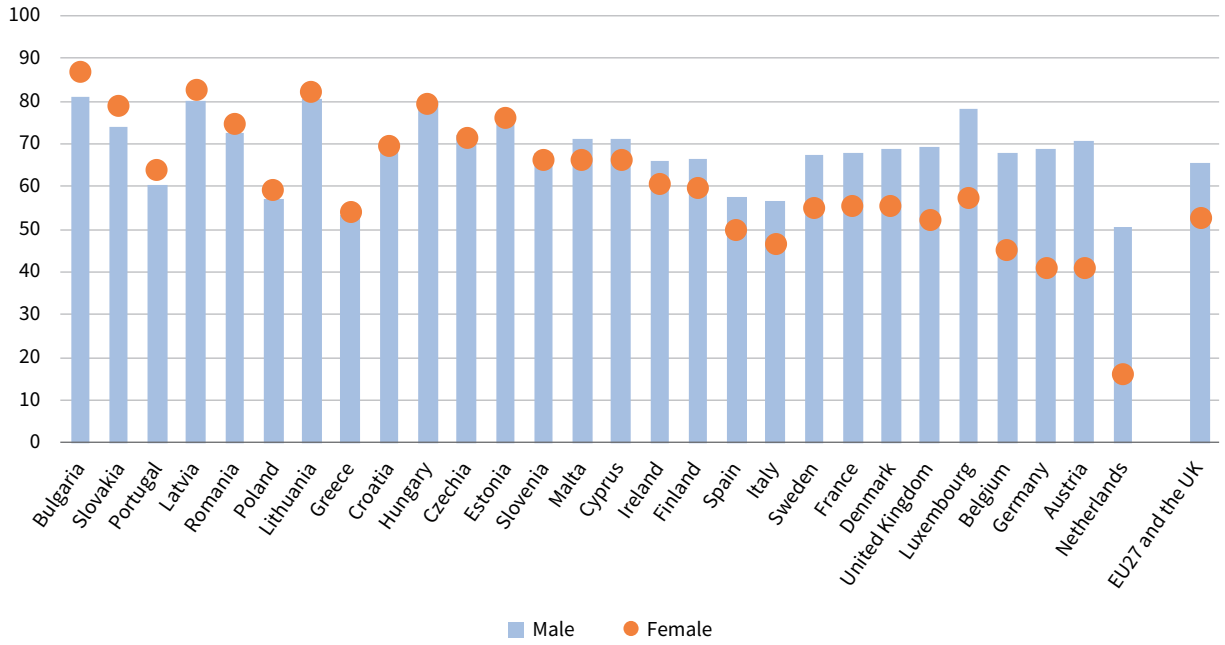
Note: *Non-standard employment is categorised into seven exclusive categories based on available EU-LFS data.*
Source: *EU-LFS*

Nonetheless, non-standard employment contributed to employment growth across the wage distribution. The only significant net decrease in employment was for full-time self-employment in the middle and low-middle quintiles (primarily in agriculture). Self-employment (both part-time and full-time) contributed strongly to growth in the top two quintiles.

Figure 6 provides a breakdown of the non-standard employment share into the different subcategories identifiable in the EU-LFS. It makes clear that the main geographical axis of difference in the standard employment share, between east and west, derives principally from lower shares of part-time employment in the former Comecon (abbreviation for Council for Mutual Economic Assistance) countries. The key components of overall EU non-standard employment are permanent part-timers (12%), full-time self-employed (11%) and full-time temporary workers (9%). But the fact that the permanent part-time share of employment ranges from 1% or less in Bulgaria, Croatia and Romania to 19% or more in Austria, Denmark, Germany, the Netherlands and the United Kingdom (UK) confirms just how diverse non-standard employment patterns are across Member States.

Employment status is heavily gendered, with women over-represented among part-timers and to a lesser extent among temporary workers, whereas self-employment is predominantly male. While these patterns are common across Member States, the starting levels in different countries reveal strong

Figure 7: Standard employment share of total employment, by gender, 2018, EU27 and the UK (%)



Note: *Countries are sorted by difference between gender shares.*
Source: *EU-LFS*

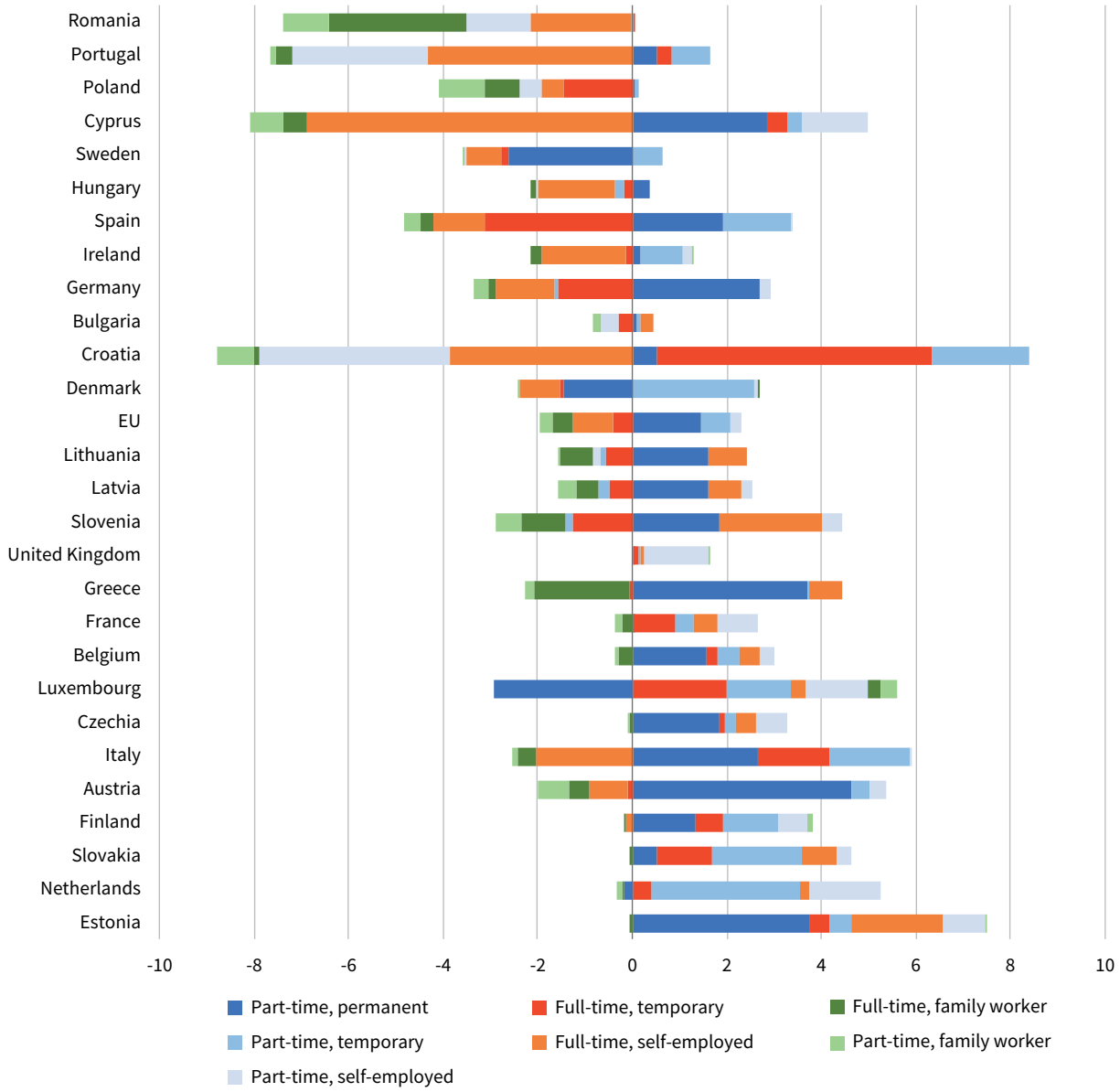
differences, notably between eastern and western Europe. In the EU27 and the UK, nearly two-thirds of men were in standard employment relationships in 2018 (65%), compared with just over half of women (53%). As the main determinant of this gender difference was part-time work, the differentials tended to be much smaller in eastern European Member States, where part-time work is less prevalent. In part, this relates to the very different historical trajectories of the central and eastern European Member States. In the pre-transition period, traditions of work gender equality were more established in former Comecon countries, and women were much more likely than their counterparts in the western social market democracies to be active in the labour market and to work full-time. Nearly a generation after the transition, these patterns in large part persist, with lower wages – and a resulting need to work longer hours – being one likely determinant.

As Figure 7 highlights, while the overall EU differential between male and female standard employment shares is substantial (13 percentage points), in eight Member States the differential is (marginally) positive in favour of women. Portugal and Greece figure among the group of central and eastern European countries with marginal differences in standard employment by gender.

At the other end of the scale, the countries with the biggest gender differentials in standard employment share are all older, higher GDP per capita Member States. The Netherlands is an outlier again; fewer than one in six females (16%) are in standard employment relationships compared with one in two men (51%). Differentials are also greater than 20 percentage points in Austria, Belgium, Germany and Luxembourg. In each case, the main contributing factor is the much greater prevalence of part-time work among women. As will be discussed further in the chapter on working time, when looking at the share of part-time employment, it is important to consider the quality of employment, the number of hours worked and the extent to which the work is voluntary.

Figure 8 shows how the composition of non-standard employment has shifted by Member State in the period 2008–2018. Part-time employment – whether permanent, fixed-term or self-employed – has increased its share at EU level and in the majority of Member States (exceptions are Croatia, Portugal and Sweden). The bulk of this is due to the growth of part-timers with permanent contracts, and the largest shifts have been in countries with low unemployment and high labour market participation throughout the period – such as Austria – but also in countries more severely affected by the financial crisis and its aftermath – including Cyprus, Greece and Italy.

Figure 8: Shifts in the composition of non-standard employment, 2008–2018, EU Member States and the UK (percentage points)



Notes: *Malta is excluded as EU-LFS data were not available for 2008. Non-standard employment is categorised based on available EU-LFS data into seven exclusive categories. Countries are ranked by percentage change in non-standard employment.*
Source: *EU-LFS*

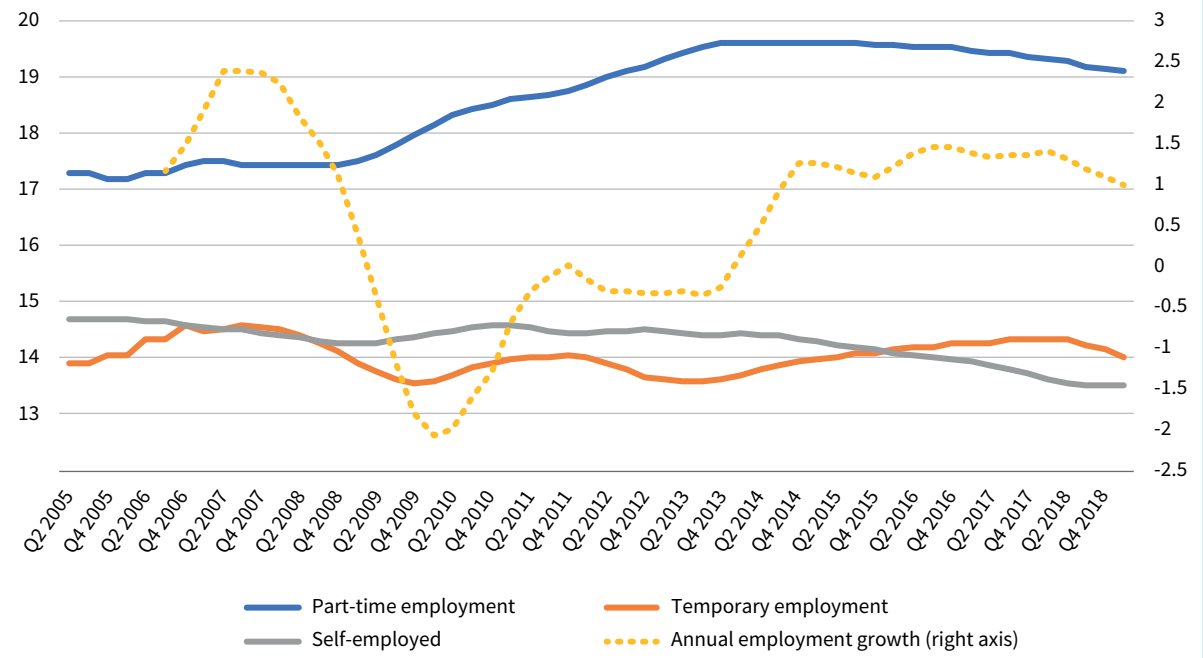
Non-standard employment over the business cycle

Figure 9 shows how the main strands of non-standard employment have evolved over the course of the business cycle. As already noted, part-time employment growth is the main contributor to the increase in non-standard employment. It accounts for some 2 percentage points more of employment in 2018 compared with 10 years previously and has been structurally increasing as a share of employment. Of note, most of this increase took place between 2009 and 2014, the period of greatest labour market unrest and in which EU employment failed to register positive growth. Combined with the gradual decline in the part-time share of non-standard employment since 2014, just as labour markets began to recover, this is strong evidence of the cycle-sensitivity of part-time employment. In part, this can be attributable to policy actions, for example, the extensive use of subsidised STW in many countries (see box above) after the onset of the global financial crisis in 2008. In part, it relates to changing employer hiring and retention practices over the business cycle. The rising part-time share reflects greater tentativeness on the part of employers during a period of depressed demand and economic uncertainty.

Hires are more likely to be part-time, and existing full-time posts may be converted to part-time. As labour markets recovered, some of this part-time 'surplus' has begun to unwind.

The self-employment share of non-standard employment has also been (mildly) anti-cyclical. It followed a decreasing trend during the pre-crisis employment expansion, and its share appears to be structurally declining. Over the entire period, self-employment levels in the EU27 and the UK have been consistently within a narrow range of 30–31 million people (around 14–15% of total employment). This relative resilience equated to a rising share of overall employment during the peak crisis period up to the beginning of 2011 – when those in core and temporary employment were more likely to lose their jobs – but a declining share thereafter, which has become sharper as overall employment growth has strengthened.

Figure 9: Non-standard employment shares, 2005–2018, EU27 and the UK (%)



Notes: *Temporary employment refers to the share of all employees; part-time employment and self-employment are shares of all people in employment. The graph shows four-quarter moving averages. Annual employment growth (right axis) is year-on-year growth by quarter.*
Source: *EU-LFS*

Finally, the temporary non-standard employment share (of all employees) traces a more pro-cyclical path, with peaks tending to coincide with peaks in overall employment growth. Its share declined quite sharply after the global financial crisis, and then more modestly after the eurozone crisis (2011–2013). At the time of writing (mid-2019), it was once again in decline, in line with declining rates of employment growth. The most obvious explanation of these patterns is the vulnerable situation of temporary workers in a downturn, where non-renewal of their contracts is likely the path of least resistance for employers seeking to restructure. During recoveries, the increase in the temporary share of non-standard employment equates to a greater likelihood that new hires are recruited on a temporary basis than existing employees being on temporary contracts. This is borne out strongly by evidence presented later in this report that in 2017 nearly half (49%) of employees in their jobs for a year or less were on temporary contracts, compared with 14% of all employees. This share has increased over time, despite policy efforts to incentivise permanent hiring, for example, by reducing the gap in employment protections for temporary workers (typically low) and those on permanent contracts (typically higher) or by subsidising the conversion of temporary to permanent status for individual workers.

In countries where the standard employment share has increased, the declines in the share of family workers and self-employment are the most obvious drivers; these relate largely, as already indicated, to the contraction of the agricultural sector. Part-time self-employment grew as a share of aggregate EU employment and was part of an overall significant growth (>2 percentage points) in self-employment recorded in countries such as Estonia, France, Latvia, Luxembourg, the Netherlands, Slovenia and the UK.

Very extensive reconfigurations of employment status were observed in Croatia and Cyprus; these relate to shifts from full-time self-employment to a combination of part-time and temporary contracts in Cyprus and from self-employment to temporary employment in Croatia. Alongside Denmark, the Netherlands and Slovakia, Croatia is the country in which the temporary employment share has grown most.

By contrast, the decline in the temporary full-time employment share was largest in Spain – where labour market adjustment during the crisis impacted disproportionately on the third of workers with fixed-terms contracts, via non-renewal. Part of this compositional adjustment has been a shift from full-time to part-time temporary status.

Such a combination of different non-standard work statuses – for example, temporary and part-time, self-employed and part-time – can be labelled 'compound non-standard'. This has been one of the main ways in which the non-standard employment share has increased. Excluding the agricultural sector and family workers, compound non-standard work has increased its share in all Member States except Hungary and Romania. This suggests that a further fragmentation of employment status has occurred within the non-standard working population, thus arguably deepening labour market segmentation.

However, these forms of work are harder to measure or estimate reliably, as they often fall between the gaps of existing EU-LFS question formulation and administrative data capture. Furthermore, there is a substantial lag in the adjustment of surveys and registry data to emerging labour market phenomena. This has complicated assessment of the growth of new forms of employment, but has also led to many novel and ingenious efforts to make good the deficiencies of the conventional EU-LFS (see, for example, Eurofound (2019b), for an overview of attempts to measure the platform economy), including recourse to alternative data sources, such as proprietary firm data (banks, platform-based businesses), or use of alternative data extraction techniques (web-scraping, big data).

To the extent that non-standard workers are exposed de facto to lower average pay and other work entitlements, notwithstanding commitments to non-discrimination in existing EU labour legislation, specific monitoring of those in compound non-standard work therefore appears warranted.

Consequences of non-standard employment

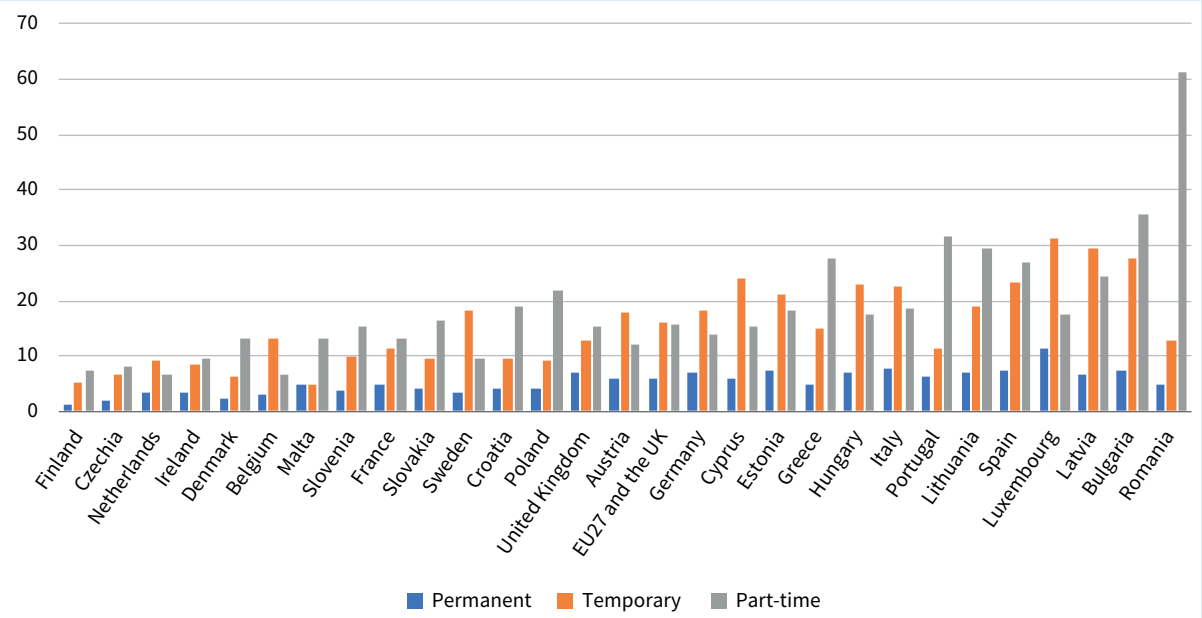
In all Member States, the at-risk-of-poverty (AROP) rate[2] (after social transfers) is higher for non-standard employees than for workers with a permanent and full-time job. According to EU-LFS data, around 16% of temporary and part-time workers in the EU27 and the UK were at risk of poverty in 2017, almost three times the share observed for standard employees. Some of these workers will have moved from unemployment into employment, but with earnings still too low to lift them out of the AROP group. As shown in Figure 10, increase in poverty risk was higher among part-time employees than permanent or temporary employees in 17 Member States, whereas in the remaining 11 countries the poverty risk was greatest among workers on temporary contracts.

Between 2008 and 2017,[3] the AROP rate deteriorated across the EU for all workers, irrespective of employment or contractual status. However, where there were (limited) improvements, these were most likely to be found among full-time or permanent workers, with a lowering of the AROP rate in 13 and 11 of the 28 Member States, respectively. Among temporary and part-time workers, such improvements were limited to eight and three countries, respectively. Temporary workers saw their poverty risk increase significantly (by around 16 percentage points) in Estonia and Luxembourg. The increase among part-time workers was most significant (above 13 percentage points) in Bulgaria and Croatia.

2 The AROP rate is the share of people with an equivalised disposable income (after social transfer) below the AROP threshold, which is set at 60% of the national median equivalised disposable income after social transfers.

3 Data for 2018 are not yet available for most Member States.

Figure 10: In-work AROP rate of employees according to status, by country, 2017 (%)



Source: *EU-LFS, ilc_iw05, extracted 25 July 2019*

Self-employed individuals also face a higher risk of poverty than employees. In 2016, their AROP rate exceeded 20% in the EU27 and the UK, which is nearly three times higher than the risk experienced by employees (European Commission, 2018d).

The AROP rate is increased by the fact that workers on non-standard contracts and self-employed individuals often have less formal or less effective coverage from social benefit schemes. Table 3 shows the estimated share of non-standard workers and self-employed not being covered by social benefit schemes (European Commission, 2016b). Such limited coverage results from a number of factors, including income thresholds and qualification periods.

Table 3: Share of non-standard workers not covered by social benefit schemes, 2014, EU27 and the UK (%)

	Sickness benefit	Unemployment benefit	Maternity benefit
Temporary, full-time workers	5.1	31.9	8.5
Temporary, part-time workers	9.7	38.7	12.7
Permanent, part-time workers	1.8	0.6	1.8
Self-employed	38.0	54.5	46.1
Permanent, full-time workers	0.0	0.1	0.1

Source: *Adapted from European Commission, 2016b, 2018d*

Despite legislation governing the equal treatment of permanent and temporary employees, data show that when controlling for workers' characteristics, there remains a significant wage gap, of between 13% to 21% depending on the Member State, disadvantaging temporary employees relative to standard employees (European Commission, 2018d).

Eurofound (2015b) found that temporary employees' hourly wages were around 20% lower than those of their permanent counterparts in 2010, based on SES data in 19 EU countries. This wage penalty on temporary contracts tended to be larger in countries with the highest incidence of temporary employment and was above 30% in Hungary, Luxembourg, the Netherlands, Poland and Portugal. This same study showed that once other factors are controlled for (such as educational attainment and economic sector), the average wage gap disfavouring temporary employees fell to around 6%.

'Compound non-standard' as characteristic of several new forms of employment

Within the three principal categories of non-standard employment, there has been a growing differentiation of subcategories to include multiple job holding, intermittent or on-call casual work (including zero-hours contracts), very low-hours part-time work, platform work, own-account workers and dependent self-employed, among others. Many of these 'compound non-standard' forms of employment are currently of relatively marginal importance in employment share, but evidence points to high rates of growth for, for example, platform and casual work.

In addition, European Working Conditions Survey (EWCS) data from 2015 show that 7.9% of workers declared that they work with 'other or no contract' – an increase from 5% in 2010.

Development of platform work

Platform work is a form of employment that uses an online platform to enable organisations or individuals to access other organisations or individuals to solve problems or to provide services in exchange for payment (Eurofound, 2018c).

The main characteristics of platform work are as follows.

- Paid work is organised through an online platform or an app.
- Three parties are involved: the online platform, the client and the worker.
- The aim is to carry out specific tasks or solve specific problems.
- The work is outsourced or contracted out.
- Jobs are broken down into tasks.
- Services are provided on demand.

Eurofound (2018c) created a platform work typology which considers five elements:

- the skills level required to perform the task (low, medium or high)
- the format of service provision (on-location or online)
- the scale of the tasks (micro-tasks versus larger projects)
- the selector (decision made by the platform, client or worker)
- the form of matching (an offer or a contest)

Applying available data to all possible combinations of the above elements shows that as of 2017 there existed 10 distinctive types of platform work in Europe that had some critical mass as regards the number of platform and affiliated workers.

Table 4: Most common types of platform work, 2017, EU27 and the UK

Label	Service classification			Platform classification		Share of platforms in total number of platforms (%)	Share of workers in total number of workers (%)	Examples
	Skills level	Format of service provision	Scale of tasks	Selector	Form of matching			
On-location client-determined routine work	Low	On-location	Larger	Client	Offer	13.7	1.3	GoMore
On-location platform-determined routine work	Low	On-location	Larger	Platform	Offer	31.5	31.2	Uber
On-location client-determined moderately skilled work	Low to medium	On-location	Larger	Client	Offer	11.3	10.9	Oferia
On-location worker-initiated moderately skilled work	Low to medium	On-location	Larger	Worker	Offer	4.2	5.5	ListMinut

Label	Service classification			Platform classification		Share of platforms in total number of platforms (%)	Share of workers in total number of workers (%)	Examples
	Skills level	Format of service provision	Scale of tasks	Selector	Form of matching			
Online moderately skilled click-work	Low to medium	Online	Micro	Platform	Offer	0.6	5.3	CrowdFlower[4]
On-location client-determined higher-skilled work	Medium	On-location	Larger	Client	Offer	2.4	3.3	appJobber
On-location platform-determined higher-skilled work	Medium	On-location	Larger	Platform	Offer	1.2	4.2	Be My Eyes
Online platform-determined higher-skilled work	Medium	Online	Larger	Platform	Offer	0.6	1.9	Clickworker
Online client-determined specialist work	Medium to high	Online	Larger	Client	Offer	5.4	30.3	Freelancer
Online contestant specialist work	High	Online	Larger	Client	Contest	5.4	4.6	99designs

Source: *De Groen et al, 2017; European Commission, 2017b; Eurofound, 2018c, based on the Joint Research Centre database*

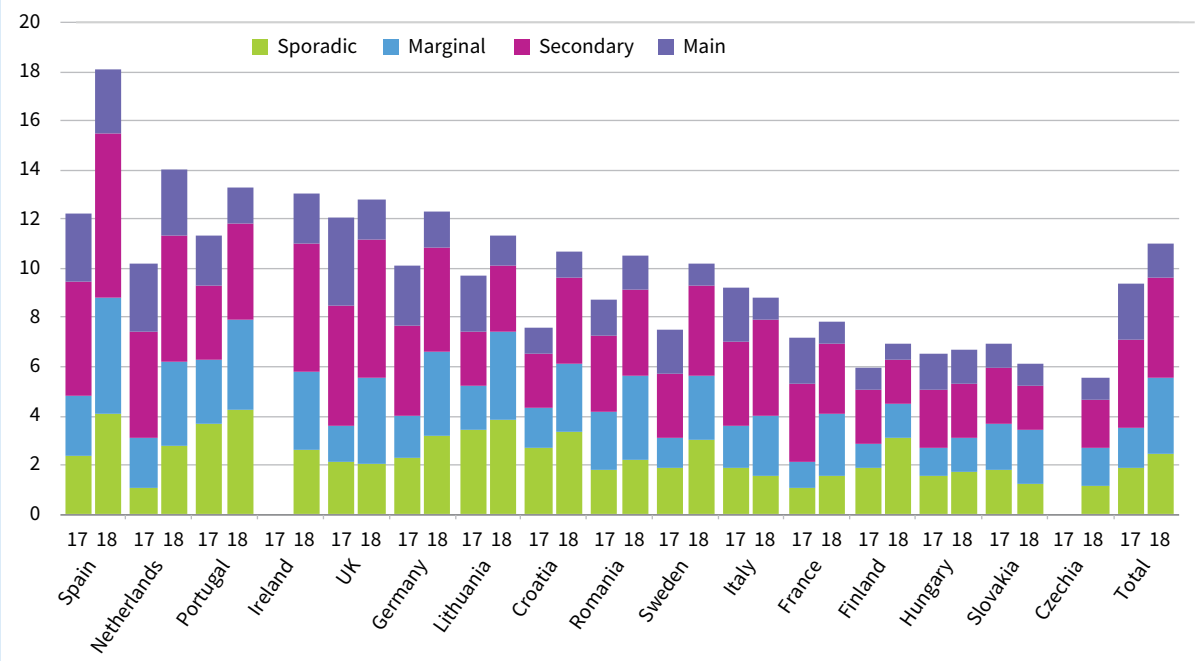
Using the frequency, hours and income generated through platform work, the Joint Research Centre identifies the following categories of worker (European Commission, forthcoming).

- Those who have provided labour services via platforms but less than once a month over the past year are classified as **sporadic platform workers**. This is a fringe category and is not included in most of the analysis (they may have tried platform work, but it is not a consistent part of their working lives).
- Those who provide labour services via platforms at least monthly but spend fewer than 10 hours a week and get less than 25% of their income via platforms are classified as **marginal platform workers**.
- Those who provide labour services via platforms at least monthly and spend between 10 and 19 hours or get between 25% and 50% of their income via platforms are classified as **secondary platform workers**. We also include in this intermediate category those platform workers who provide inconsistent information in terms of income and hours: those who spend more than 20 hours a week doing platform work but say they get less than 25% of their personal income via platforms; and those who say they get more than 50% of their income via platforms but spend fewer than 10 hours a week on platform work.
- Those who provide labour services via platforms at least monthly and spend at least 20 hours a week on platform work or get at least 50% of their income via platforms (except for the inconsistent cases previously mentioned) are classified as **main platform workers**.

In 2018, a survey among almost 39,000 internet users in 16 Member States (European Commission, 2020) finds that 2.4% of the workforce are sporadic platform workers, 3.1% are marginal platform workers, 4.1% are secondary platform workers and 1.4% are main platform workers (Figure 11). Evidence from the Colleem survey shows that the phenomenon of platform work is increasing slowly but steadily in Europe. However, at present, only a small proportion of the working-age population does platform work as a main form of employment.

4 CrowdFlower rebranded as Figure Eight in 2018.

Figure 11: Share of different types of platform workers in 15 Member States and the UK, 2017 and 2018 (%)



Source: *European Commission, 2020*

Summary: General trends of labour market flexibilisation

- While standard employment – permanent, full-time employment subject to labour regulation – is still the dominant employment form in Europe, some flexibilisation trends are observable.
- These are related to a combination of societal trends (such as the increasing labour market participation of women), demographic changes (such as the ageing workforce) and economic developments (such as structural sectoral shifts or enhanced global competition).
- A large proportion of new jobs are non-standard, with particularly an increase in part-time employment. An important diversity emerges across Member States, with some showing substantial increases also in temporary employment and self-employment.
- Non-standard work is a traditional feature of the European labour market. However, new developments are emerging, with 'compound non-standard employment' being a characteristic of several new forms of employment. Such a combination of different types of non-standard work results in increasing heterogeneity within the non-standard working population.
- This results in more pressing policy challenges, for example, in-work poverty, social protection and representation.
- As regards affected workforce groups, it is striking that the share of core working-age males in standard employment is decreasing over time. Nevertheless, it is mainly young, older and female workers who are affected by non-standard employment.

2 Working time

Introduction

For employers, flexibility in relation to working time structure and organisation is important in that it allows them to adjust production and service delivery to demand. For workers, working time duration and the structure and organisation of working hours are important elements contributing to the quality of work. Specifically, for them, employment should provide the number of hours desired and required by workers to make ends meet, while also allowing them to balance work, family and other personal responsibilities. In relation to the latter, it is also important for working schedules to be predictable. Eurofound research has shown that working time flexibility (for example, scheduling and the ability to occasionally take a small amount of time off when required) is among the factors most appreciated by workers and is seen to contribute to a good-quality working environment (Eurofound, 2017c). Similarly, working time should not be so long – and indeed the boundaries between work and private life should not become so blurred – as to contribute to the emergence of work-related stress, burnout and related ill health (Eurofound, 2018b, 2019e).

Developments in types and nature of work

As will be elaborated below, there has been an increase in part-time work, partly as a result of the growing feminisation of the workforce. Much of this work is considered to be voluntary and is seen as a positive solution for combining work and family responsibilities, although such 'choices' must be viewed in the context of persistent gender roles and the limited availability, in some Member States, of sufficiently affordable and high-quality infrastructure of child and dependent care facilities (European Commission, 2018b, 2018c). Some of the increase in part-time work is also associated with a new trend towards older workers who can afford to reduce their working hours in the latter years of their working life.

Beyond the question of the voluntary nature of part-time work is the issue of the quality of such work and the ability – where desired – to increase working hours. In a situation where part-time work remains largely restricted to lower-quality, lower-paid employment offering limited career perspectives and is largely a female preserve, concerns are raised around gender equality and the risk of in-work and old-age poverty falling particularly on women.

This chapter discusses trends in the share and nature of voluntary and involuntary part-time work, the expansion of low-hours part-time work and the policy approaches adopted to seek to ensure that individuals can work the number of hours they wish to work. Linked to the issue of desired working hours, the policy section also discusses the increasing blurring of working time and private life in the context of the growth of telework and ICT-based mobile work. Potential policy solutions to ensure workers retain a 'right to disconnect' are mentioned. Finally, this chapter also elaborates on trends related to the increasing casualisation of employment contracts, which tend to make working hours either more marginal or excessively high during peak times and, above all, less predictable.

Other aspects of working time flexibility: Scheduling and discretion

The results of the EWCS 2015 demonstrate that predictability of and a say over working time scheduling, and the flexibility to occasionally take a small amount of time off to take care of private commitments, are highly valued by workers.

High levels of regularity (that is, working the same hours every day/week, along with fixed start and finish times) are associated with good work–life balance. Workers with such fixed schedules were 2.5 times more likely to indicate that they benefit from a good fit between work and private life. According to the EWCS 2015, 75% of workers work the same days every week and 63% work the same number of hours every week. A somewhat lower share (56%) had regular daily working patterns; 61% of workers have regular start and finish times, with women overall reporting higher levels of regularity. Significant differences also exist between sectors and among countries.

For most workers in the EU (56%), working time arrangements are set by the employer, with no possibility for change. Having said that, 65% of workers indicated that they find it easy to take an hour or two off during

working hours to take care of personal matters, although this is significantly more difficult in some occupations (for example, among plant and machine operators and sales workers).

Eurofound's European Company Survey (ECS) from 2013 reports an increase in the share of workplaces offering flexitime (that is, the ability to choose when to begin and finish work – often with a requirement to be present during specific 'core hours') from 57% of workplaces in 2009 to 66% in 2013. Flexitime is particularly prevalent in Austria, Denmark, Finland and Sweden and with around 80% of workplaces offering this arrangement. At the same time, fewer than 40% of workplaces offered flexitime in Bulgaria, Croatia and Cyprus (Eurofound, 2015d).

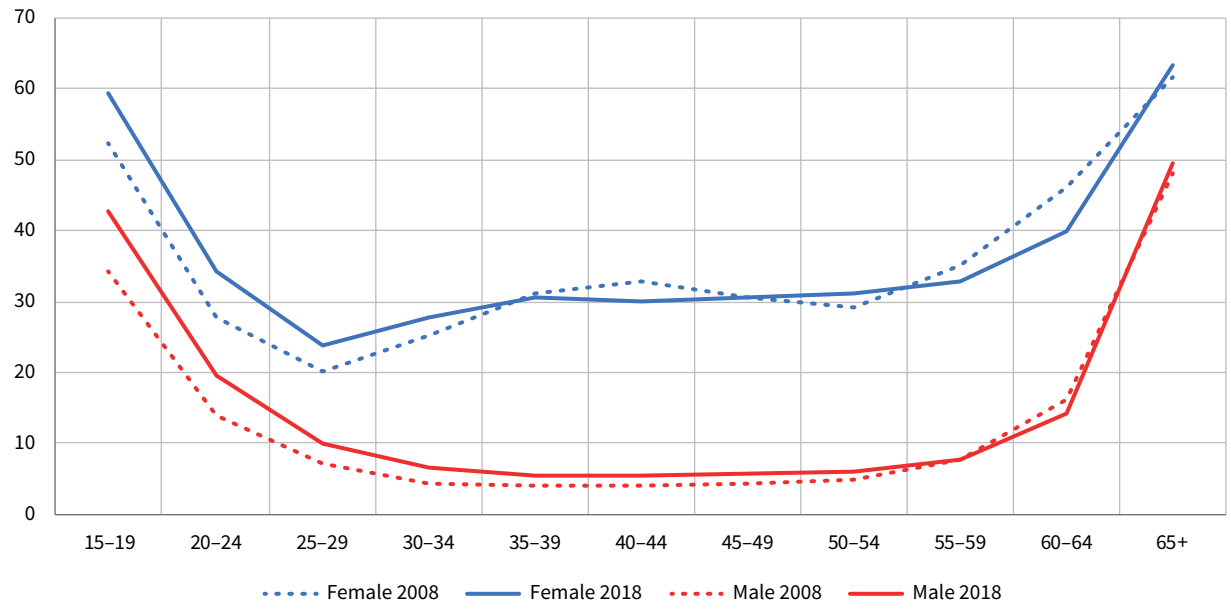
Trends in part-time work

The growth of part-time work has been, in quantitative terms, the most important vector of flexibilisation over the last decade. Part-time work accounted for over 20% of employment in 2018, compared with 18% in 2008. While women continue to represent by far the majority of part-time workers in the EU, the part-time gender gap has somewhat narrowed over the last decade; the male share of part-time work was 27% in 2018 compared with 24% in 2008. Part-time work is also much more common among younger and older workers, regardless of gender.

As Figure 12 indicates, the biggest difference in the male and female shares of part-time work occurs for core-age and pre-retirement cohorts, commencing at 30–34 and persisting through to 60–64. Thus, the initial jump in the gap coincides with peak child-bearing and family formation years and continues throughout the working life course. Only for those in their twenties and the post-retirement cohort (65+) is the gap between male and female part-time shares less than 15 percentage points.

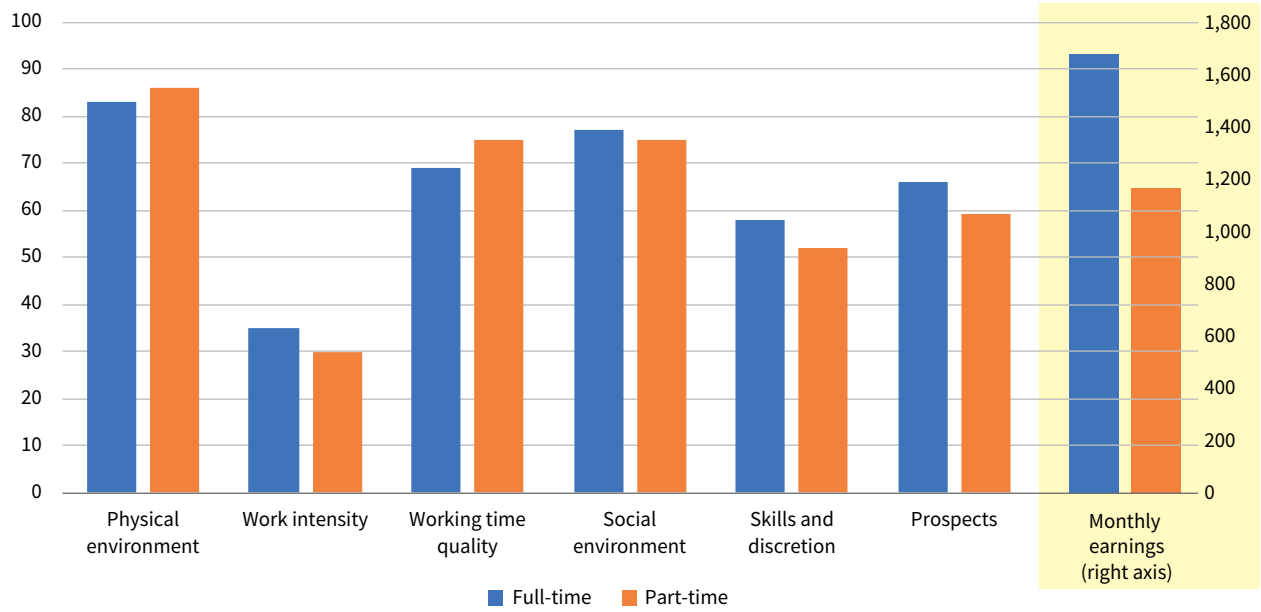
For men, the rise in the share of part-time work between 2008 and 2018 has occurred in all age groups up to 60 years of age but has been greatest among younger age groups. For women, the rise in share of part-time work has been largely confined to younger workers (up to 34 years of age). This is partly due to an increase in part-time working among young people still undergoing (tertiary or vocational) education. Among younger men, there is also an increasing desire to take part in family responsibilities. As will be discussed further below, there has also been an increase in part-time temporary employment, which is more common among young labour market entrants. For older female cohorts, the picture has been more mixed, with stable or declining shares observed among those aged 35–44 and 55–64.

Figure 12: Part-time employment share by gender and age, 2008 and 2018, EU27 and the UK (%)



Source: *EU-LFS*

Figure 13: Comparison of full-time and part-time work along job quality indices, 2015, EU27 and the UK



Notes: *Monthly earnings are given in euro (right axis). Scores on each of the remaining indices range from 0 to 100 (left axis); for these indices with the exception of work intensity, the higher the index score, the better the job quality.*
Source: *EWCS 2015*

In itself, a rising part-time share should not cause concern and responds in part to growing diversity of working time needs on the part of employers and preferences on the part of workers. There are, however, two specific categories of part-time worker where policy attention is warranted. First, there is a growing share of part-time workers working very low hours in their main job. Second, over one-quarter of workers report working part-time only because they cannot find an equivalent full-time job.

A look at the seven dimensions of job quality developed in the EWCS (Eurofound, 2017c) shows that part-time workers are generally characterised by relatively worse working conditions than their full-time counterparts. A comparison of full- and part-time workers on these dimensions of job quality is presented in Figure 13. In addition to lower monthly earnings, part-time workers generally suffer from poorer working conditions related to the social environment at work, skills use and discretion, and prospects of employment.

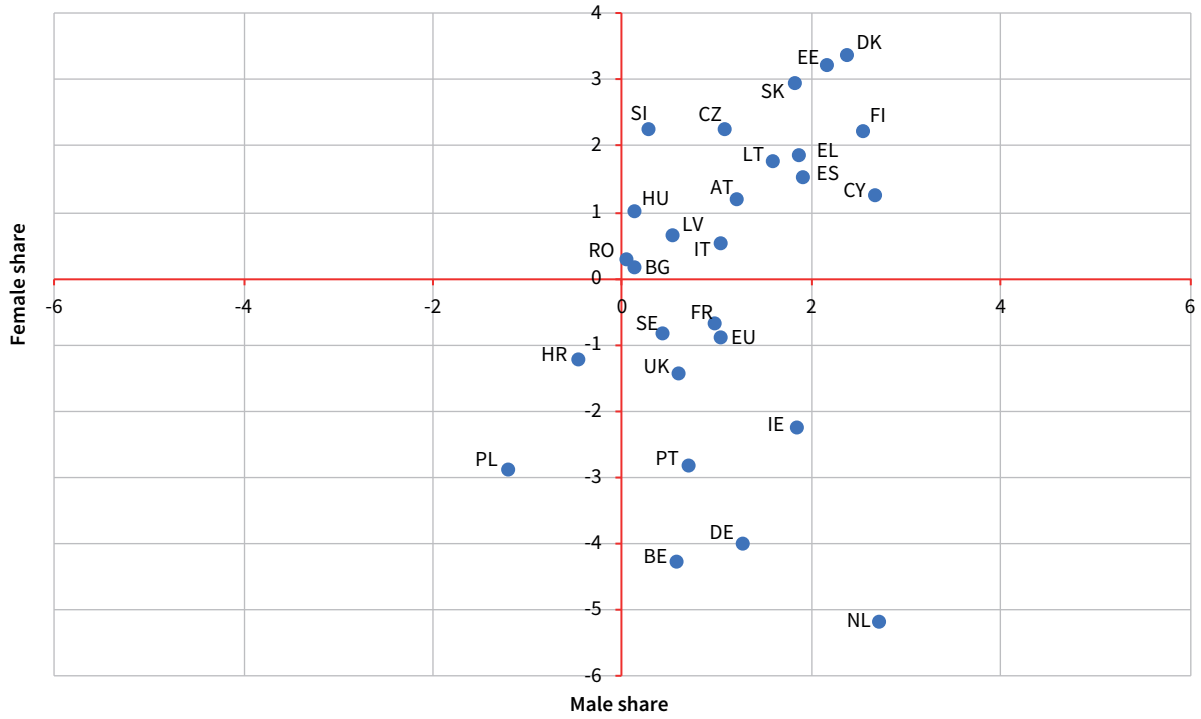
It must be noted that part-time workers fare better than their full-time counterparts in the dimension of physical environment, work intensity and working time quality. Nevertheless, this may be explained by the higher incidence of part-time work in some of the sectors that are less affected by physical hazards (such as education or public administration) and by the lower hours worked by part-time workers, which reduces the demands associated with a heavy workload and the extent to which workers are exposed to workplace risks.

Low-hours part-time work

Low-hours part-time work (those earning 20 hours or less per week) has obvious consequences in the adequacy of earned income – especially where such earnings are an important constituent of overall household income – and often also in regard to entitlements to social protection. In 2018, 4% of EU workers were working 10 or fewer hours per week and 11% were working 20 or fewer hours per week.

Overall, the low-hours gender employment gap was 11 percentage points (17% of women and 6% of men working low hours) in 2018, though it had contracted by 2 percentage points since 2008 with women somewhat less likely to be working up to 20 hours per week and men somewhat more likely to do so. The rise of low-hours part-time work has been most observed among male workers, where it appears to be a more or less pervasive pattern across Member States. As Figure 14 shows, the share of low-hours part-time work has risen among men in all Member States except Croatia and Poland. For female workers, the aggregate EU share has decreased (marginally). However, this has been more marked in many northern European Member States, including Germany and the Benelux countries, where the incidence of part-time work is high.

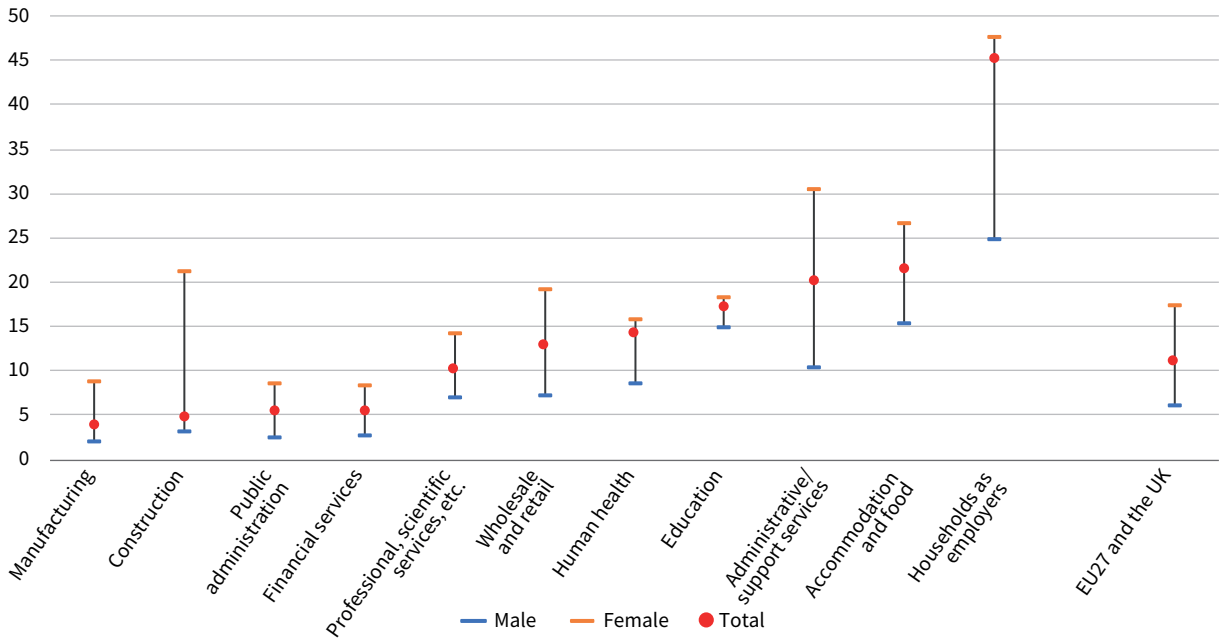
Figure 14: Change in share of workers with low weekly hours (up to 20 hours) by Member State and the UK, and gender, 2008–2018 (percentage points)



Notes: *Malta is excluded as EU-LFS data were not available for 2008. Luxembourg is an outliner (a -9.27 percentage point change) and is not included here.*
Source: *EU-LFS*

As shown in Figure 15, low-hours part-time work is characteristic of services sectors such as household activities, arts/entertainment, accommodation/food services and administrative/support services. In all sectors, the female share was greater than the male share. Low-hours part-time work was much less prevalent in sectors that traditionally employ men, such as manufacturing, construction and utilities.

Figure 15: Low-hours part-time share of employment by sector and gender, 2018, EU27 and the UK (%)



Source: *EU-LFS*

In the context of the rise in low-hours part-time work, it is also relevant to investigate trends in multiple job holding to assess the extent to which this is being used to make ends meet.

Multiple job holding

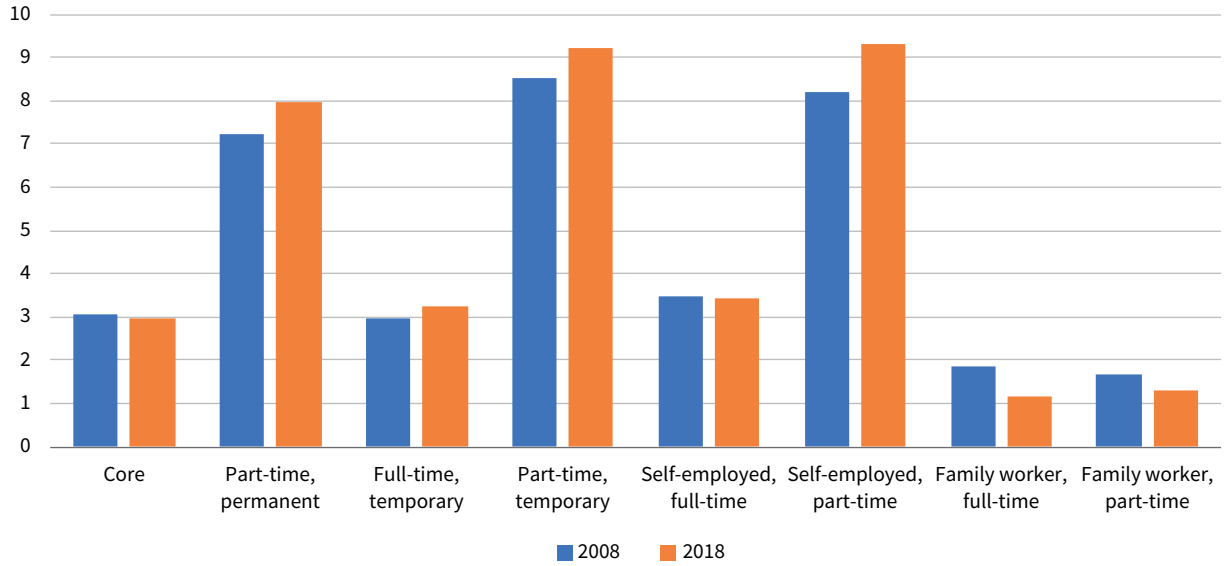
Around 4% of EU workers indicated having jobs additional to their principal paid jobs. This share has increased marginally over the period 2008–2018 and is made up mainly of part-time workers, with somewhat higher – and growing – shares among those in compound non-standard work (temporary, part-time or self-employed, part-time) (Figure 16). One-quarter (25%) of multiple job holders worked 20 hours or fewer in their main paid job. The incidence of multiple job holding was highest in some Nordic Member States (9% in Sweden and 7% in Denmark) and the Netherlands (8%).

The population of multiple job holders is mixed, with very little differentiation by age. They are, however, somewhat more likely to be higher-educated, female and working in public services or knowledge-intensive services. Occupationally, the two biggest categories of multiple job holders are – in their main job – professionals (6%) and workers with elementary occupations (5%), suggesting that multiple job holding arises as a result of additional earning opportunities in some cases and making ends meet in others. A large majority of multiple job holders (71%) worked 10 hours or fewer per week in their second paid job in 2018.

Involuntary part-time work

A second category of part-timers that should concern policymakers are those who would prefer to work full-time but cannot find equivalent full-time work and are therefore 'involuntary part-time workers'. A sharp rise in the involuntary share of part-time work was observed during the crisis years (2008–2013), but towards the end of the period covered, as labour markets have begun to tighten, the rise in the part-time share of employment has stalled. As it has stalled, so too has the share of involuntary part-timers, declining from around 30% of all part-timers at its peak in 2014 to 25% in 2018. Even though women are almost three times more likely than men to be working part-time, involuntary part-time employment is more likely to be reported by men than women (33% of men compared with 22% of women in 2018) (Figure 17).[5] Dissatisfaction with part-time status is most evident among men aged 30–39 (49%) and 40–49 (46%), core-age cohorts where the incidence of male part-time work is very low (6%).

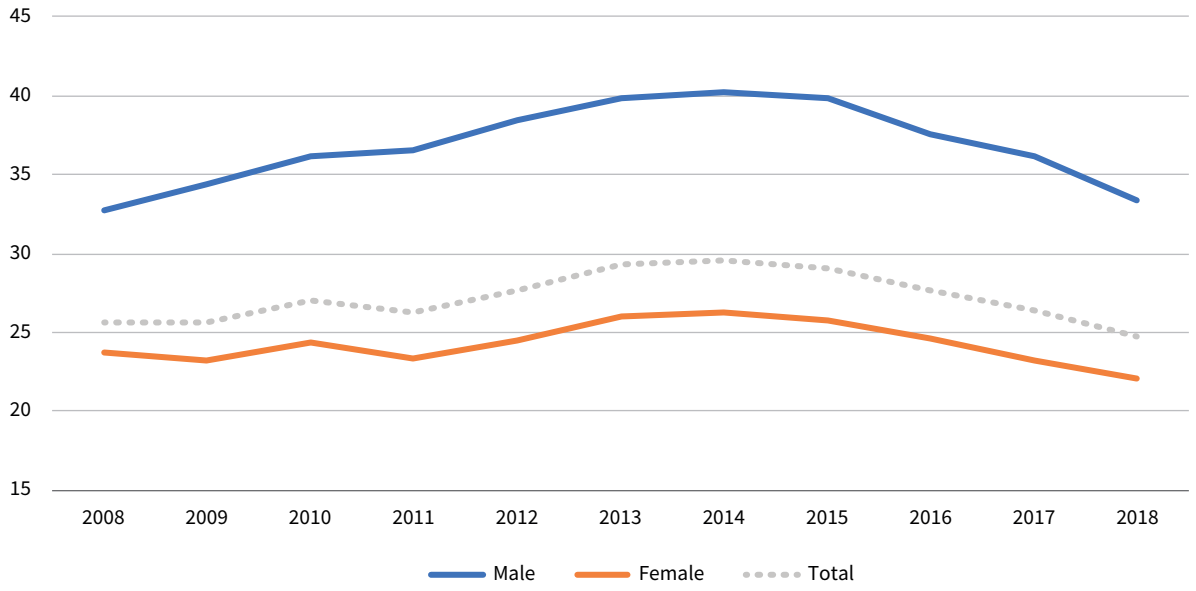
Figure 16: Incidence of multiple job holding, by employment status and contract type in main job, 2008 and 2018, EU27 and the UK (%)



Source: *EU-LFS*

5 An important caveat: the relevant EU-LFS question (Ftptreas) has six response categories including 'Person could not find a full-time job' (used to identify involuntary part-timers). The low female share for involuntary part-time work is in large part an artefact of the relatively high share of working women reporting 'looking after children or incapacitated adults' or 'other family or personal reasons', domestic care responsibilities that continue to be disproportionately performed by working females. As respondents can pick only one answer category, and on the assumption that many women would prefer to work full-time given adequate childcare or dependent care provision, the involuntary part-time share for women is likely to be underestimated by the EU-LFS.

Figure 17: Involuntary part-time share, by gender, 2008–2018, EU27 and the UK (%)



Source: *EU-LFS*

As shown in Figure 17, the incidence of involuntary part-time work also appears to be more cycle-sensitive for men than women, having risen more sharply during 2008–2013 but also having declined more sharply during the period of recovery.

As is often the case, improved macroeconomic circumstances favour enhanced employment conditions, as employers are obliged to make greater efforts to match worker preferences. In these circumstances, flexible work arrangements are more likely to be voluntary on the part of the worker. The stable or slightly declining part-time share since 2014 also reflects more generally robust labour demand on the part of employers and less recourse to part-time work as a buffer of flexibility.

As Figures 18a and 18b illustrate, the involuntary part-time share of total employment tends to be much higher in countries with weak labour market performance (as proxied by higher unemployment rates) than in those with structurally high part-time shares. This correlation is moderately strong, positive and significant. On the other hand, national part-time incidence has a weak and negative association with involuntary part-time share of total employment. The very high share of part-time work in the Netherlands, for example, coexists with a very low share of involuntary part-time work, while the opposite is the case in countries such as Bulgaria, Portugal and Romania. The more prevalent part-time work is, the less likely it is that part-time work is involuntary.

Figure 18a: Relationship between unemployment rate and involuntary part-time employment rate, 2018, EU27 and the UK

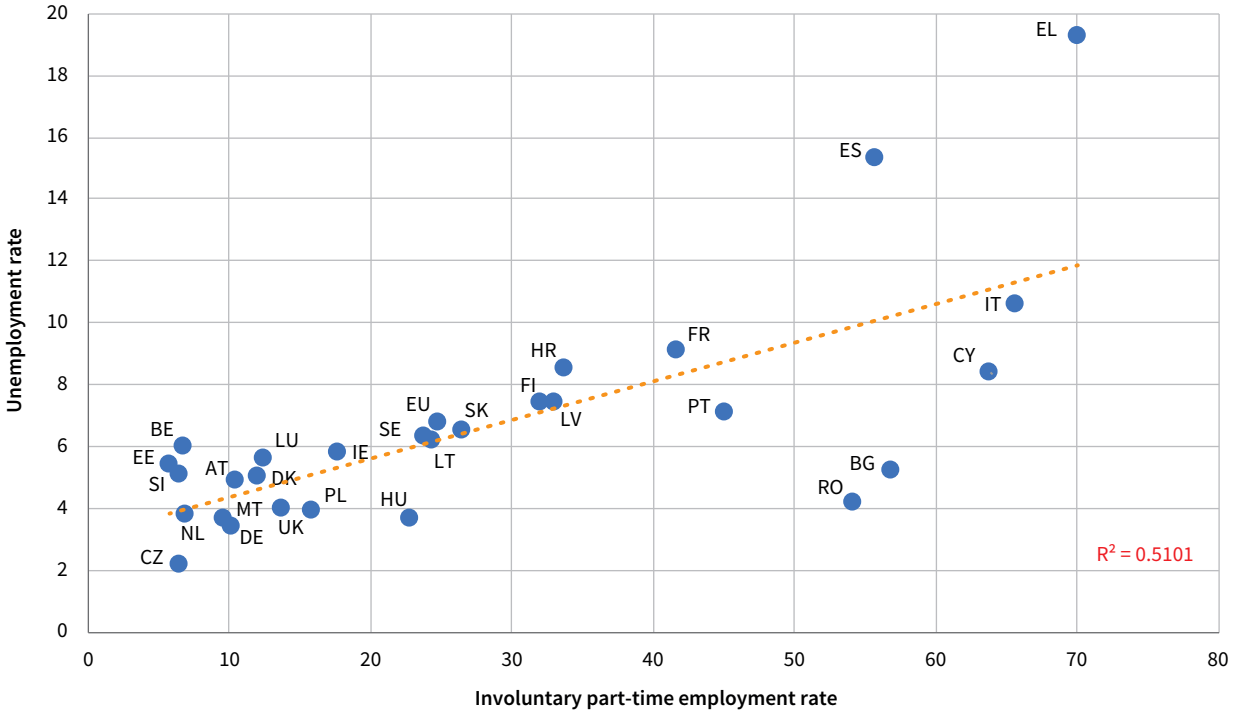
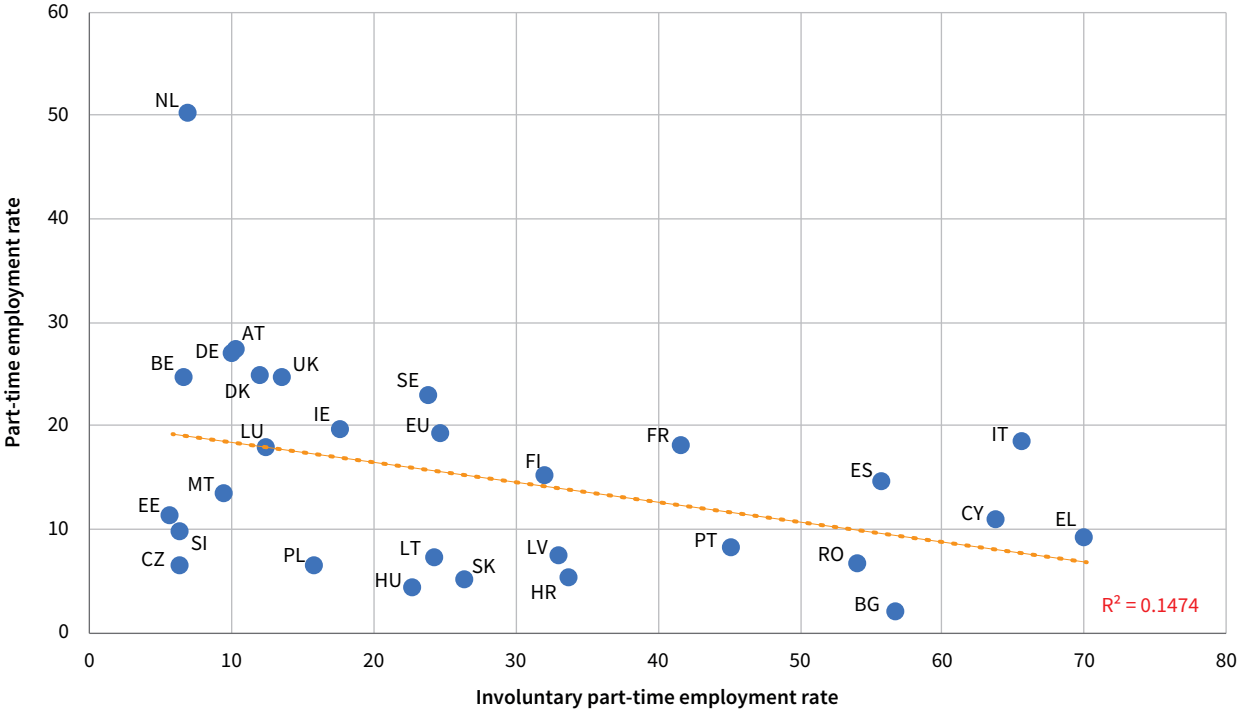


Figure 18b: Relationship between part-time employment rate and involuntary part-time employment rate, 2018, EU27 and the UK



Source: *EU-LFS*

Casual work

'Casual work' is defined as work that is not stable and continuous, where the employer is not obliged to provide the worker with work on a regular basis. In its report on new forms of employment, Eurofound (2015a) distinguishes between 'intermittent' work and 'on-call' work. Intermittent work involves an employer approaching workers on a regular or irregular basis to conduct a specific task. Such work tends to be either seasonal or project-based and is limited to a fixed period. Accordingly, it can be considered a special form of temporary employment (see Chapter 3). On-call work involves a continuous employment relationship. However, the employer does not provide the employee with work on an ongoing basis, but rather has the option to call the employee in as and when needed. Some such employment contracts generally indicate a maximum or minimum number of hours, but they can also refrain from doing so. In the latter case, they are usually termed 'zero-hours' or 'no guaranteed hours' contracts. These indicate no obligation at all for the employer to provide workers with any work. Where this form of work exists, it tends to be a feature of employment in sectors such as hospitality, agriculture, construction and care services.

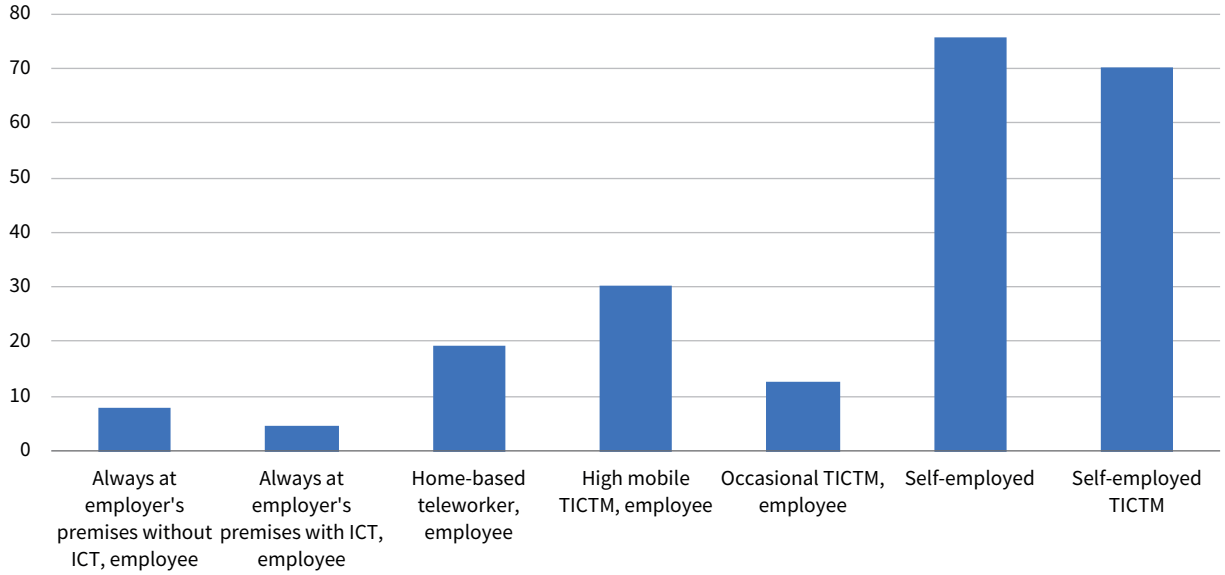
The definition and actual nature of casual work differs significantly from country to country, which makes the quantification and cross-national comparison of casual work challenging. Definitions range from the very broad – with casual work including all types of employment contracts that are not permanent, full-time and open-ended – to the very specific – such as limited-hours work performed by students. Although there are only limited data on the incidence of casual work, the illustrative national data presented in Table 5 hint towards a significant trend increase in the countries where casual work is a legal employment option, unless there has been legal intervention to curb their use, as was the case in Italy (Eurofound, 2019a).

Table 5: Incidence of casual work in selected EU Member States and the UK

Country	Type of casual work (see also Table 7)	Incidence of casual work	Trend and comment
Czechia	Intermittent work	1.8% of all employment relationships (2016)	Incidence more than doubled between 2010 and 2016 Mainly used by students and older workers to supplement income
France	Custom fixed-term contracts	5% of the workforce (2014)	High share among managers and intellectual professions
Germany	Marginal part-time work, on-call work and variable working hours	12% of the active population (2015)	Mostly made up of women in mini jobs
Italy	On-call work	296,411 on-call workers (2016)	Reduction from 671,780 in 2012, following legislative reform
Netherlands	On-call work, zero-hours contracts and minimum–maximum contracts	Nearly two million workers or around one-quarter of the workforce on flexible contracts (2017)	Significant increase in on-call contracts, workers on temporary contracts and self-employed without staff Particularly significant increase in use of these types of contracts in retail, hospitality, the health sector and schools
Romania	Intermittent work and day labour	918,899 registered day labourers (2017)	Mainly in agriculture, forestry and fisheries High number of casual workers also in professional, scientific and technical activities and culture
United Kingdom	Zero-hours contracts	901,000 workers on zero-hours contracts (2017) – 2.8% of those in employment	Increase from 225,000 in 2002 Considered to be an underestimate Zero-hours contracts most used in caring, leisure and other service occupations and elementary occupations Younger workers and women more likely to be on zero-hours contracts

Source: *Eurofound, 2019a*

Figure 19: Workers reporting more than 48 working hours per week, by type of work arrangement, 2015, EU27 and the UK (%)



Source: *EWCS 2015*

Long working hours and telework/ ICT-based mobile work

On the flip side of low-hours part-time working is the issue of long working hours. The results of the EWCS 2015 show that around 15% of workers in the EU27 and the UK usually work 48 hours or more per week (21% of men and 9% of women); this is up slightly from 2010, when 13% usually worked 48 hours or more per week. As shown in Figure 19, long working hours are most prevalent among self-employed people, especially those with work arrangements involving spatial flexibility – that is, working remotely with strong reliance on modern information and communication technologies (telework and ICT-based mobile (TICTM) work) (Eurofound and ILO, 2017; Eurofound, 2020).

Long working hours have been shown to be associated with health problems, including anxiety, depression, sleep disorders and coronary heart disease. Individuals regularly working long hours are four times less likely to report a good balance between working hours and family and social commitments (Eurofound, 2017c).

Policy approaches to ensure desired and predictable working hours

Flexible working hours, including part-time working, can be beneficial for both workers and employers. However, where part-time or other forms of flexible working are involuntary, a number of fundamental policy challenges arise:

- Mismatches between desired and actual working hours arise due to the persistence of involuntary part-time work, the increase in low-hours part-time work and the challenges of new technology. A better match is needed, and this could also address the blurring of work and private life that is associated with working long hours.
- There is a need to ensure equal treatment in terms of working conditions, access to training and career prospects and social security benefits for individuals in different work arrangements.
- Support should be offered to those on limited-hours contracts who are not able to increase their hours to make ends meet. While involuntary part-time work is still more common among women, there has been an increase in men performing this type of work. This trend could further exacerbate societal issues such as deprivation and child poverty.
- The emergence of more casual forms of work brings with it a requirement to enhance the predictability of working time and schedule.

Despite legislation providing for equal treatment between part-time and full-time workers, employees on part-time contracts – and particularly those on very limited hours – experience gaps in employment rights and social protection. In relation to the latter, these gaps arise mainly due to hours or earnings thresholds for entitlements to certain protections and benefits. In some countries (for example, Denmark), workers on very limited hours are excluded from minimum wage provisions (including provisions in collective agreements). Also, when it comes to overtime pay, those on very limited hours can face greater restrictions than full-time workers. These gaps are not discussed further in this section, but the approaches to solutions are of a similar nature to those discussed below in relation to self-employment and temporary workers in the sense that they entail the elaboration of more inclusive provisions regarding access to rights and benefits (see Chapters 3 and 4).

As indicated above, the increase in casual work also poses particular challenges for policymakers, as, depending on its precise nature, this form of employment can have a significant impact on quality of work, earnings and career potential, access to training and access to social protection. In general, casual work offers high levels of flexibility to employers and low levels of security to workers. Work (and, therefore, income and often social protection) is provided to employees piecemeal and for a limited time. This results in limited job security, unpredictable and irregular working hours, low wages, no or limited access to benefits, and lower job satisfaction (ILO, 2004). The unpredictability of casual work can cause difficulties combining work and private life and can increase mental and physical stress. For example, anecdotal evidence suggests that casual workers tend to accept all work that is offered to them (to make the most of income opportunities and to avoid getting a reputation of refusing job offers and incurring the risk of not being called on again), even if this means cancelling personal plans (Eurofound, 2019a). Therefore, this section also focuses on policy approaches to address the challenges of casual work and measures seeking to increase the predictability of working hours and employment and social protection for casual workers.

Right to request another form of employment

One way in which the legislator has sought to assist workers to access the desired number of work hours is through the provision of a right to request a different form of employment (including increased hours or full-time work).

EU-level initiatives

The EU Part-time Work Directive (1997/81/EC) already provides some rights in this regard. It states that employers should give consideration, as far as possible, to requests from workers to transfer from full-time to part-time work that becomes available in the establishment, and to requests from workers to transfer from part-time to full-time work or to increase their working hours should the opportunity arise. It also calls for timely information to be given on the availability of part-time or full-time positions, to facilitate transfers.

The Directive on Transparent and Predictable Working Conditions (2019/1152/EU), adopted in 2019, provides workers having at least six months' service with the same employer the right to request employment with more predictable and secure working conditions (including full-time contracts) and entitles them to a reasoned reply within a set time frame.

Similarly, the Work–life Balance Directive, adopted in 2019, includes not only the right to request flexible working for parents (of children up to eight years of age) and carers, but also the right to return to a previous work pattern (usually full-time) after an agreed, time-limited reduction in working hours. In addition, it provides for a right to request to return to the original working pattern before the end of any agreed period. It states that 'the employer shall consider and respond to a request for an early return to the original working pattern, taking into account the needs of both the employer and the worker' (Article 9, para. 3).

National-level initiatives

Given the relatively loose provisions of the EU Part-time Work Directive currently in force, there are significant differences at national level with regard to entitlements to request another form of employment, and specifically to move from part-time work to full-time work (see Table 6).

Table 6: Existing provisions on the right to request a move from part-time to full-time employment or additional hours, selected EU Member States and the UK

Country	Provisions
Belgium	Part-time workers are to be granted priority in accessing employment with additional hours/full-time employment.
Croatia	Employers are obliged to take into consideration requests from full-time employees for part-time employment contracts and vice versa.
Czechia	Parents and carers have the right to request to move to part-time work and back to full-time work after an agreed period.
Denmark	Employees have a right to request part-time working. Employers are required to provide timely information on opportunities to move from part-time to full-time work.
France	Employees have a right to request part-time working and to request a return to full-time work (but there is no requirement for employers to grant such requests). Part-time workers are to be granted priority in accessing employment with additional hours/full-time employment.
Germany	Employees have a right to request part-time working and to return to full-time hours if their agreed hours reduction was time limited (the latter is for parents only). Part-time workers are to be given priority in filling full-time vacancies.
Greece	Part-time workers have a right to request full-time hours under certain conditions. If the employer does not reply to a request in writing within 30 days, such a request is considered to have been accepted.
Hungary	Employers must inform part-time workers of full-time vacancies.
Ireland	Employees returning from parental leave are entitled to request a return to full-time hours. Such requests should be considered by the employer but might not be granted.
Italy	Employees have no specific right to move from part-time to full-time hours. People living with cancer have a right to move from full-time to part-time hours.
Latvia	Pregnant women, parents and carers have a right to request part-time working, and this must be granted. There is no specific right to return to full-time hours.
Luxembourg	Employees returning from parental leave have a right to request increased/full-time hours, but there is no obligation on employers to grant such requests.
Poland	Part-time workers have a right to request additional hours/full-time work, but there is no obligation on employers to grant such requests.
Portugal	Parents have a right to request part-time hours, but there is no obligation on employers to grant such requests. There is no specific right to request a return to full-time hours.
Slovakia	Employers must inform part-time workers of full-time vacancies.
Slovenia	A right to request reduced hours exists for parents of children under three. There is a right to return to full-time hours if the agreed hours reduction is time limited.
Spain	Employers must inform part-time workers of full-time vacancies. Parents have a right to reduce hours and, if their request is for a time-limited period, to return to full-time hours.
United Kingdom	A right to request flexible working exists for all workers. Employers need to consider the requests but have no obligation to grant them. There is no specific right to request to return to full-time hours.

Source: *Adapted from Grimshaw et al, 2016 and European Commission, 2017c*

Table 6 demonstrates that, as of mid-2019, 'rights to request', where they exist, not only tend to be relatively weak, but also suffer from the fact that they mainly allow for downward adjustment in hours – usually for specific groups, such as parents or carers. Ten countries combine this with the right to return subsequently to full-time hours; where this is the case (for example, in Czechia, France, Germany for parents, Greece, Hungary, Ireland, Luxembourg, Poland, Slovenia and Spain), it can only be enforced on the basis of a prior time-limited agreement to reduce hours. As a result, current provisions appear more likely to cement existing gender divisions with regard to full-time and part-time employment (Grimshaw et al, 2016). The new EU directives are set to contribute to enhance existing rights, but still provide significant leeway for employers to refuse such requests if returns to full-time work are deemed not to be operationally or financially feasible, and where a return to full-time work was not foreseen from the outset. No comparative evidence is currently available on the feasibility of workers challenging the rationale for refusals to grant increased hours in countries where requirements similar to those of the new directives are already in place.

In the domain of public policy, it is therefore necessary to look at other initiatives aimed at providing workers with the opportunity to increase their working hours to the desired number. While it is already possible to combine several jobs (see above regarding the evidence on multiple job holding) or to combine working for several employers through a temporary work agency, these approaches can be administratively challenging and in the latter case limited to temporary employment (Eurofound, 2015a, 2016b). Another approach is the encouragement of strategic employee sharing. As outlined in the box below, this possibility currently remains limited to a few countries where it also remains small in scale.

Strategic employee sharing: An innovative approach

One approach to generating employment and ensuring that the working hours being offered suit both the employer (in a situation where there may not be a requirement for a full-time post) and the employee (in cases where part-time or seasonal hours are insufficient to support the individual or household) is that of strategic employee sharing. This refers to a model of salaried employment deviating from the traditional relationship between one employer and one employee (Eurofound, 2015a, 2016b). A group of employers forms a network with a separate legal entity (the 'employer group') that hires one or several workers to be sent on individual work assignments to the participating companies. The employer group combines the limited or fragmented, but recurring, human resources needs of individual employers into permanent and full-time positions for the workers. In this way, it provides a good solution to combine companies' needs for flexibility with workers' wishes for security. The companies have a joint responsibility and liability towards the shared workers, who are ensured 'equal pay, equal treatment' with the core staff in participating companies. In order to succeed, such arrangements require a level of trust between partners and respect for privacy and confidentiality.

The employer group becomes the formal and single employer of the workers and is responsible for:

- fulfilling the duties related to the employment contract as regards administrative and social obligations
- coordinating the assignments of the workers in the participating companies
- setting out guidelines/codes of conduct for the cooperation of all involved parties

The individual companies are responsible for:

- providing the workload for the shared workers
- arranging the work organisation with them and ensuring adequate working conditions, following the general principle of 'equal pay, equal treatment' compared with core staff
- paying the employer group for the human resources provided

The structure is similar to temporary agency work, with three important differences (Eurofound, 2015a, 2016b).

- The sole purpose of the employer group is to administer and coordinate the assignment of the shared workers to the participating companies, with the aim of providing them with needed human resources as required. As such, the employer group does not aim to make a profit.
- The participating companies not only have a client–service provider relationship with the employer group, but also commit themselves to joint and several responsibility and liability for the shared workers' wages and social security contributions.
- The workers regularly rotate among the participating employers and work exclusively for these employers, rather than being sent to any company that might become a client of the employer group at any point in time.

Combining part-time assignments into a full-time job through the employer group gives the worker the advantage of having a single formal employer. This not only facilitates negotiations on, for example, wages and benefits (Antoine and Rorive, 2006), but also avoids situations where a worker would need to coordinate different part-time jobs for different employers, with reluctance on the part of the employer to accept that the worker is already committed to work somewhere else. Compared with, for example, casual work or temporary agency work, this coordination by the employer group results in a higher predictability of work assignments for the worker.

Shared workers are assessed as having high employment security, as they are seen to be multiskilled with the experience and willingness to adapt to different work environments. Furthermore, they have the opportunity to increase their employability by developing their skills through performing different tasks in different companies. This can positively contribute to their career development.

On the other hand, shared workers tend to have less flexibility as regards the choice of their working time and (possibly) holiday planning, as they are assigned to the participating companies according to human resources needs. The fact that shared workers repeatedly need to change companies might cause them stress as they try to adapt to different work environments, processes, tasks, management practices and team dynamics. They may also feel under pressure from expectations that they will adjust quickly to ensure efficiency and productivity. Shared workers might also experience a sequence of high-intensity phases across their work assignments if they are requested by the different participating companies at peak times.

The highest incidence of employee-sharing can be found in France, with some examples also available in Austria, Belgium and Germany.

Helping low-hours workers to make ends meet

Another way of facilitating low-hours workers to be able to work additional hours is to provide enhanced access to affordable, accessible and high-quality childcare and eldercare. With regard to childcare, EU-wide targets for provision are set under the so-called Barcelona targets, with some progress having been achieved since these were agreed – although more remains to be done. Where, despite any such efforts, it does not prove possible to obtain or to work additional hours, in order to prevent poverty and social exclusion, a range of other measures have been implemented at Member State level to help limited-hours workers make ends meet. These include minimum wage and living wage provisions, tax relief and the delivery of in-work benefits and targeted family benefits.

Preventing the abuse of casual work arrangements

Legislative measures taken to protect workers in casual work arrangements and variable hours contracts have primarily sought to deliver greater certainty regarding working hours and to prevent the abuse of such arrangements. Another issue being addressed is the use of exclusivity clauses, which exist in the context of some of these types of contract, often requiring workers to remain available or preventing them from taking up supplementary employment elsewhere.

EU-level initiatives

Many of these issues are being addressed by the new EU Directive on Transparent and Predictable Working Conditions. Under the provisions of the directive, anyone who is a worker has the right to receive a statement of their terms and conditions within a week of starting work. The list of required particulars for all workers and employees includes core terms such as place of work, paid leave entitlement, pay, notice and details of working pattern, including in particular whether it is predictable or unpredictable. The directive includes a right to advance notice for shifts and setting restrictions on exclusivity clauses. Where the work pattern is entirely or mostly unpredictable, the employer must state the number of guaranteed paid hours, the pay for work performed in addition to those guaranteed hours and the reference hours and days within which the worker may be required to work. The directive makes it unlawful to prohibit workers from taking up employment with other employers outside working hours unless this can be justified by objective grounds such as health and safety, protecting business confidentiality or avoiding conflicts of interests. Workers whose work patterns are unpredictable can refuse an offer of work without suffering adverse consequences unless they are given reasonable notice and it takes place within predetermined reference hours and days as set out in their contract.

Workers are entitled to compensation if their employer cancels an assignment after a 'specified reasonable deadline', to be determined at Member State level.

Member States that permit the use of 'on-demand' or similar employment contracts must place limits on their use or duration, create a rebuttable presumption that it is an employment contract with a minimum amount of paid hours based on the average hours worked in a given period or take other 'equivalent measures' to prevent abusive practices.

National-level initiatives

A complicating factor in this area is that casual work varies from country to country in definitions used and the prevalence of forms of such work and in relation to the legal status of individuals working in such arrangements. While in some countries, certain types of casual work are explicitly outlawed (for example, on-demand work in Austria, Latvia and Lithuania), in others, these forms of work are not explicitly recognised in law and do not exist in practice. Situations also exist where such forms of work are not specifically defined or

regulated but are, nonetheless, used in practice. Finally, there are countries where casual work is recognised as a form of work but no regulations exist, and countries recognising this form of work and placing restrictions on its use.

The situation of casual workers is further complicated where they are either required to be permanently available (and able to be at work within a set period or time) or asked to sign exclusivity clauses. In a number of Member States (such as Germany, Italy, Romania and Spain), such clauses are considered illegal. Other countries have moved to restrict their use. In the Netherlands, for example, although the use of exclusivity clauses is permitted exceptionally, it has to be justified in writing in the employment contract. In Czechia, an employee may only be prevented from performing work for an employer operating in the same area of activity as the main employer (OECD, 2019). In the UK, exclusivity clauses in zero-hours contracts are prohibited by a law dating back to May 2015.

Zero-hours contracts have been the target of much public debate in some countries, which has resulted in some additional regulation to prevent their abuse.

Zero-hours contracts

Zero-hours contracts denote (on-demand) casual work where the contract does not specify a number of hours to be worked and workers can be called upon as and when required. Where it exists, this form of work tends to be a feature of employment in sectors such as hospitality, agriculture, construction and care services.

Zero-hours contracts are considered illegal in some Member States, including Austria and Latvia, and do not exist in law or practice in Estonia, Luxembourg, Malta and Portugal. In other countries, no regulation is in place, but such work is not common practice or exists without (currently) being regulated. This is the case, for instance, in Belgium, Cyprus, Finland, Greece, Poland and Slovenia (European Commission, 2017c).

In recent years, amidst a heightened public debate on these forms of work, some governments have moved to regulate them.

In Ireland, the Employment (Miscellaneous Provisions) Act 2018 came into force in March 2019. While the legislation stops short of an outright ban on zero-hours contracts, it limits their use to specific circumstances. The act allows the use of such contracts in situations of genuine casual employment and where their use is essential to allow employers to provide cover in emergency situations or to cover short-term absences. The act provides that where zero-hours workers are called to work but the work does not materialise, they are entitled to compensation of 15 hours' pay or 25% of the hours they had expected to work (whichever is less). While such provisions were already available under previous legislation, the rate of compensation has been increased. In addition, the new law states that employers are required to deliver a statement of essential terms of employment by the fifth day of employment. The act also strengthens anti-penalisation provisions to protect employees seeking to invoke their rights under the legislation.

In the Netherlands, zero-hours clauses can only be concluded for the first six months of employment with the same employer (European Commission, 2017c). In the Dutch government's coalition agreement, an intention was set to prevent zero-hours contract workers from being subject to permanent availability requirements where the work does not warrant them (OECD, 2019).

A legislative amendment in Finland in 2018 provides that if an employee on a zero-hours contract decides to resign having been offered fewer than 18 hours of work during the previous 12 weeks, the individual is immediately entitled to receive unemployment benefit.

In the UK, the Taylor review (UK Government, 2017) recommended consideration of payment at a higher rate of the national minimum wage for hours that are not guaranteed. It also called for the right of workers on zero-hours contracts for over a year to request a more predictable contract. The government has committed to establishing this right for all workers, including temporary agency workers and those on zero-hours contracts.

Telework/ICT-based mobile work and the right to disconnect

Analysis of Eurofound's EWCS 2015 generally points towards occasional TICTM being rather favourable for working conditions, while frequent mobile TICTM is not. TICTM generally results in higher levels of autonomy, which tends to lead to higher job satisfaction but, at the same time, higher work intensity, the (perceived) need for constant availability, longer working hours and blurring boundaries between work and personal life (Eurofound, 2020). Despite a rather positive picture overall, it is notable that about 24% of those in TICTM report working in precarious conditions: they are more likely to have a fixed-term contract, have low income, experience job insecurity and lack training opportunities. In addition, those in TICTM are more likely to work longer hours, have less predictable and more irregular schedules and work more atypical schedules (except night work). As a result, greater control over working time in these work arrangements does not always translate into better work–life balance.

TICTM poses a distinct set of challenges for policymakers, as it (partially) removes the worker from the more standard working environment of the employers' premises and usual systems of management and control over working time, occupational safety and health, among other things. Concerns over the impact of technology on work intensification and the blurring of boundaries between work and private life, in particular, have led to discussions and policy initiatives to tackle the 'always on' work culture.

The right to disconnect: One idea with different approaches to implementation

Since 2016, legislation covering the right to disconnect has been passed in Belgium, France, Italy and Spain, with a proposal also tabled in Portugal (this was rejected in parliament in July 2019). In each case, the legislation does not provide for a direct right as such, but requires social partners at sectoral or company level, or indeed the parties to the individual employment contract, to reach agreement on the question of how to operationalise this right.

Coverage and approach to implementation of this right differs between the countries having introduced such legislation. In Italy, the Law Agile does not cover all workers, but only so-called 'Smart workers', who combine working from their office base with time spent working remotely to balance work and family commitments. As of 2019, there were an estimated 480,000 smart workers in Italy. So-called 'teleworkers' are covered by separate legislation which does not include the right to disconnect. In France, the right to disconnect is implemented through agreements between employers and trade unions in all companies with more than 50 employees. According to Eurostat estimates, this means that the legislation applies to less than 1% of employers and 45–50% of the workforce. However, these legal provisions are further supplemented by universally applicable sectoral collective agreements and company-level agreements.

The law in Belgium covers all companies where health and safety committees are established (a legal requirement in companies with more than 50 employees), and precise provisions need to be negotiated in these committees. As in France, a high number of universally applicable sectoral collective agreements and company agreements are additionally in place, thus extending coverage beyond the around 47% of workers employed in companies with more than 50 employees.

The Spanish Organic Law also leaves the implementation of the right to disconnect to the collective bargaining parties at sector or company level.

In the context of the wider debate on the right to disconnect, it should be noted that it is not universally accepted that such a specific right is indeed necessary, as, in principle, working time regulation already provides for maximum working hours. The EU Working Time Directive provides for maximum limits on working hours (48 hours per week over a reference period). Also of relevance is the requirement to record working hours, recently deliberated on by the European Court of Justice in case C-55/18 CCOO. In this case, the court ruled that employers must establish systems to record working hours, with Member States individually responsible for determining the specific arrangements for the implementation of such systems.

However, the benefit of a specific right to disconnect is arguably linked to its enforcement, as it can be more challenging for an individual to enforce a right to switch off from work (and remain within their contractual working hours) than it is to ensure such rights in the context of a specific collective or individual agreement. Furthermore, the right to disconnect can lead to the use of technical tools directly implementing this right. Such tools can take different forms, including 'hard' and 'soft' means of disconnection (for example, wireless router shutdown after a certain time or pop-up messages reminding workers that there is no requirement to respond to emails out of hours).

Another important aspect to consider in connection with the right to disconnect is the broader issue of workload and work organisation, as arguably such a right can only be implemented (without causing further pressure for the employee) when workload and working hours are sensibly aligned and (line) management is supportive.

Summary: Policy challenges related to working time

Table 7 summarises the key policy challenges linked to working time, impacts for workers and employers, issues arising and promising policy solutions. The latter are clearly context-dependent and are therefore indicative.

Table 7: Summary of challenges, impacts, issues arising and possible solutions related to flexible working time

	Involuntary part-time work	Low-hours part-time	High-hours working	Unpredictable working time
Impacts for workers	Lower than desired/required earnings Greater potential for lower-quality employment and more limited career options Greater insecurity linked to more limited access to earnings-related benefits Potential need for multiple job holding	Low earnings Low-quality employment Limited career options Insecurity linked to limited access to benefits Higher risk of in-work poverty and pension poverty	Work–life balance conflict Stress Burnout	Low earnings Low-quality employment Limited career options Insecurity linked to limited access to benefits Work–life balance conflict Stress Higher risk of in-work poverty and pension poverty
Impacts for employers	Access to a more flexible workforce Lower worker job satisfaction Lower/higher productivity depending on the balance of factors	Access to a more flexible workforce Lower worker job satisfaction Lower/higher productivity depending on the balance of factors	Access to a more flexible workforce Higher risk of worker absence due to ill health and staff turnover Lower/higher productivity depending on the balance of factors	Access to a more flexible workforce Lower worker job satisfaction Lower/higher productivity depending on the balance of factors
Impacts for state or insurance actors	Greater reliance on in-work benefits where available	Greater reliance on in-work and out-of-work benefits	Greater reliance on insurance-based benefits Cost to the healthcare system	Greater reliance on in-work and out-of-work benefits
Issues arising	Some limited gaps in access to employment rights and social protection	Gaps in access to employment rights and social protection	Higher risk of worker ill health and staff turnover	Gaps in access to employment rights and social protection Representation gaps
Possible solutions	Legal right to request increased hours/full-time contract and to be provided within a limited time frame with clear business reasons for refusal; enforcement actions and access to legal redress Collectively agreed entitlement to return to previous hours Preferential access to full-time vacancies and requirement to post such vacancies Job-sharing/employee sharing More inclusive rules on access to employment rights/social protection benefits	Legal right to request increased hours/full-time contract and to be provided within a limited time frame with clear business reasons for refusal; enforcement actions and access to legal redress Preferential access to contracts with increased hours/full-time vacancies and requirement to post such vacancies Job-sharing/employee sharing More inclusive rules on access to employment rights/social protection benefits	Enforcement of working time legislation; enforcement actions and access to legal redress Right to disconnect (in law and through collective agreement) Implementation of systems to monitor working hours (in the workplace and at home/remote site), taking into account data protection rules	Legal right to reference hours and advance notice of work shifts Legal right to request increased hours/full-time contract and to be provided with clear business reasons for refusal; enforcement actions and access to legal redress More inclusive rules on access to employment rights/social protection benefits Preferential access to improved contracts Efforts to ensure higher levels of representation

Source: *Authors' own compilation*

3 Contract type

Introduction

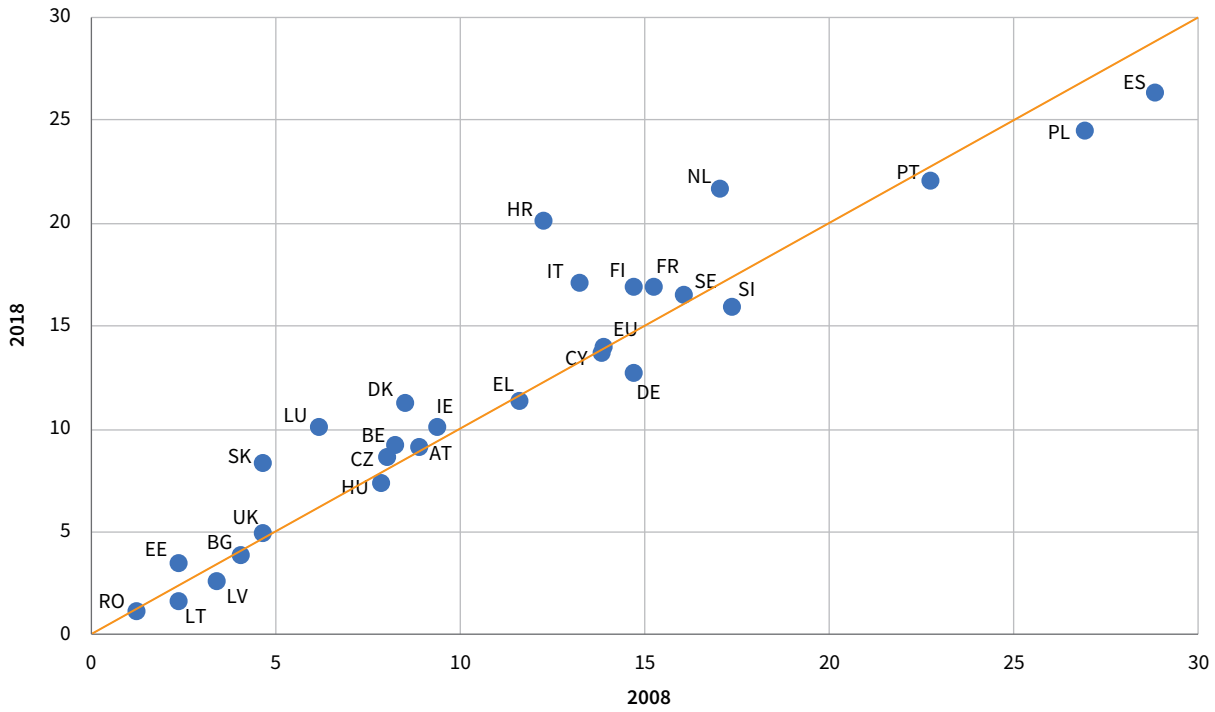
This chapter focuses on trends in temporary employment, policy issues associated with gaps and efforts implemented to overcome them. Particular emphasis is placed on the expansion of temporary work among younger workers and relevant policy measures seeking to ensure positive transitions to more secure employment.

Temporary work

The share of EU employees with temporary contracts was the same in 2018 as in 2008 (14%), but shares varied widely by country, from 27% in Spain to less than 3% in the Baltic countries and Romania. Within the broader category of temporary workers, the subcategory of temporary agency workers has also remained quite stable over the period 2008–2018, accounting for a modest 2% of overall employment.

Labour market institutional differences are an important factor in explaining the cross-country divergence of temporary employment shares. High shares in Spain reflect earlier attempts to curb unemployment by removing regulatory restrictions on the creation of temporary contracts (see also box in the policy section below).

Figure 20: Change in temporary employment share by country, 2008–2018, EU27 and the UK



Source: *EU-LFS*

Figure 21a: Temporary employment share by age, 2008 and 2018, EU27 and the UK

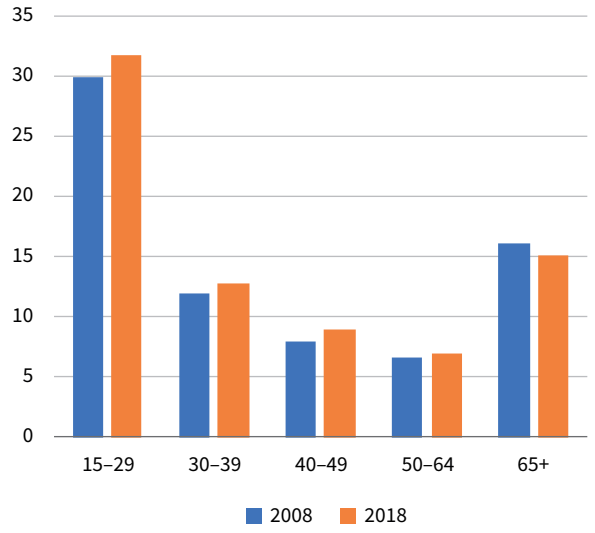
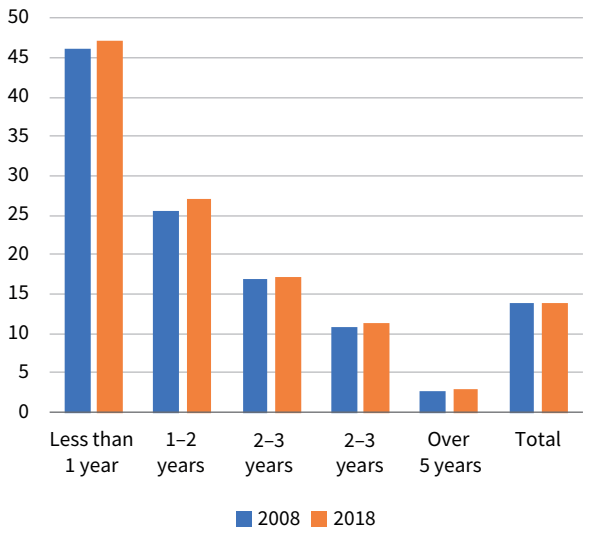


Figure 21b: Temporary employment share by tenure, 2008 and 2018, EU27 and the UK

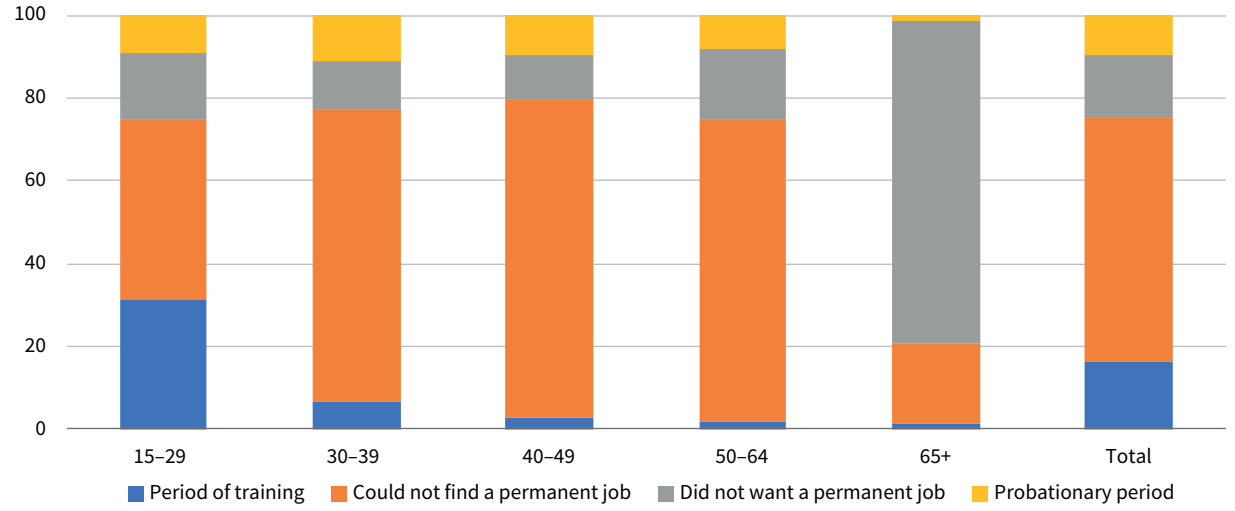


Source: *EU-LFS*

Temporary contracts are especially prevalent among young workers (accounting for one-third of workers under 30) and particularly among 'recent starters' (48%) – those workers who have been in their current jobs for less than a year. As Figure 21a and Figure 21b indicate, both youth and tenure have become more important predictors of temporary status over time.

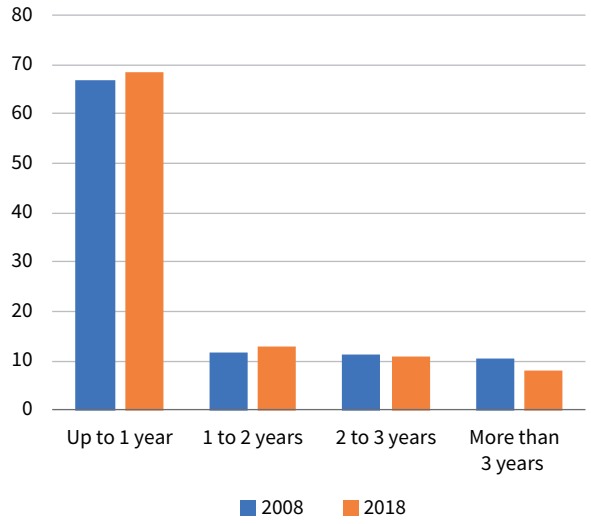
A high share of temporary work is involuntary compared with the other main forms of non-standard employment. Around 60% of temporary workers in 2017 indicated that their main reason for working on temporary contracts was that they could not find a permanent job. This share was stable between 2008 and 2018. The incidence of involuntary temporary work was especially high among core-age and pre-retirement age workers (71–77%).

Figure 22: Reasons for temporary contract, 2018, EU27 and the UK (% of age group)



Source: *EU-LFS*

Figure 23: Temporary contract duration, 2008 and 2018, EU27 and the UK (%)



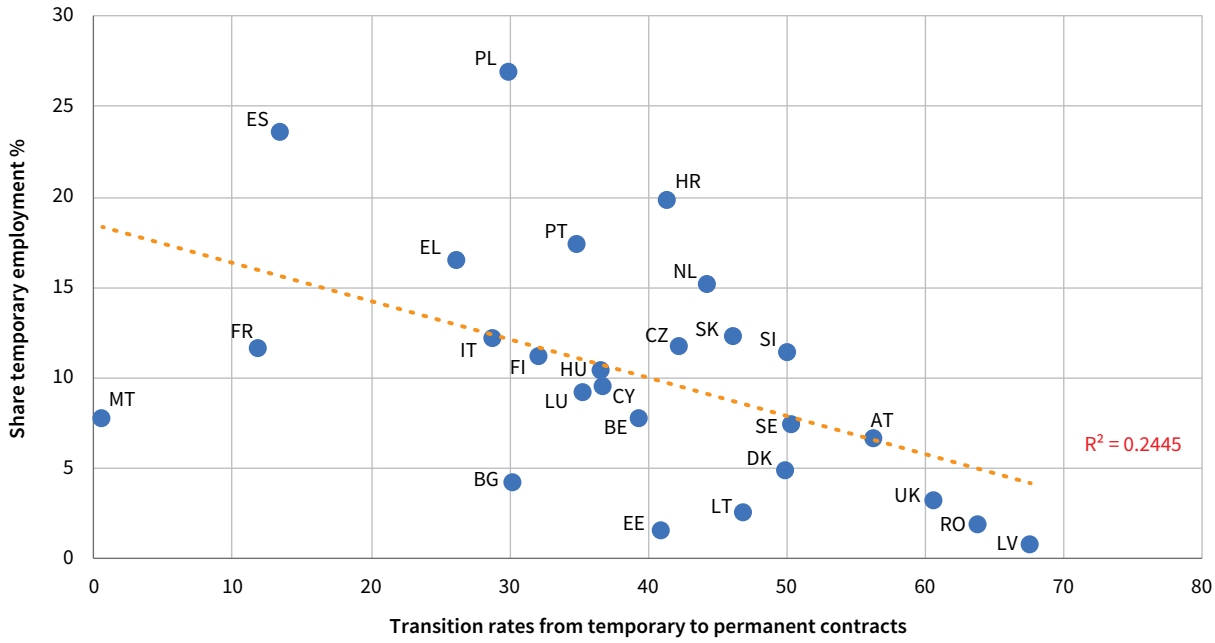
Source: *EU-LFS*

One important indicator of the precariousness of temporary work is contract duration. Between 2008 and 2018, there has been a tendency for shortening of contract durations, which could be linked to the increasing prevalence of casual work. The share of long-term temporary contracts (three years or longer) declined from 11% to 8%. The share of those in precarious temporary employment (with a maximum contract duration of three months) was stable at 19% of all EU temporary employees, but with a broad range across Member States – 5% or less in Cyprus, Czechia and Germany; over 30% in Belgium, Croatia, Estonia, Latvia and Spain; and well over half (56%) in Lithuania.

The share of temporary workers on contracts of up to three months' duration is somewhat higher among core-age and older workers (20–21%) compared with younger workers (aged 15–29, 18%). Older workers (65+) in particular were more likely to be on such contracts in 2018 compared with 2008. Nonetheless, over one-third of younger workers were on short-duration contracts in each of the Baltic states, Belgium, Croatia, Finland, Hungary and Sweden in 2018.

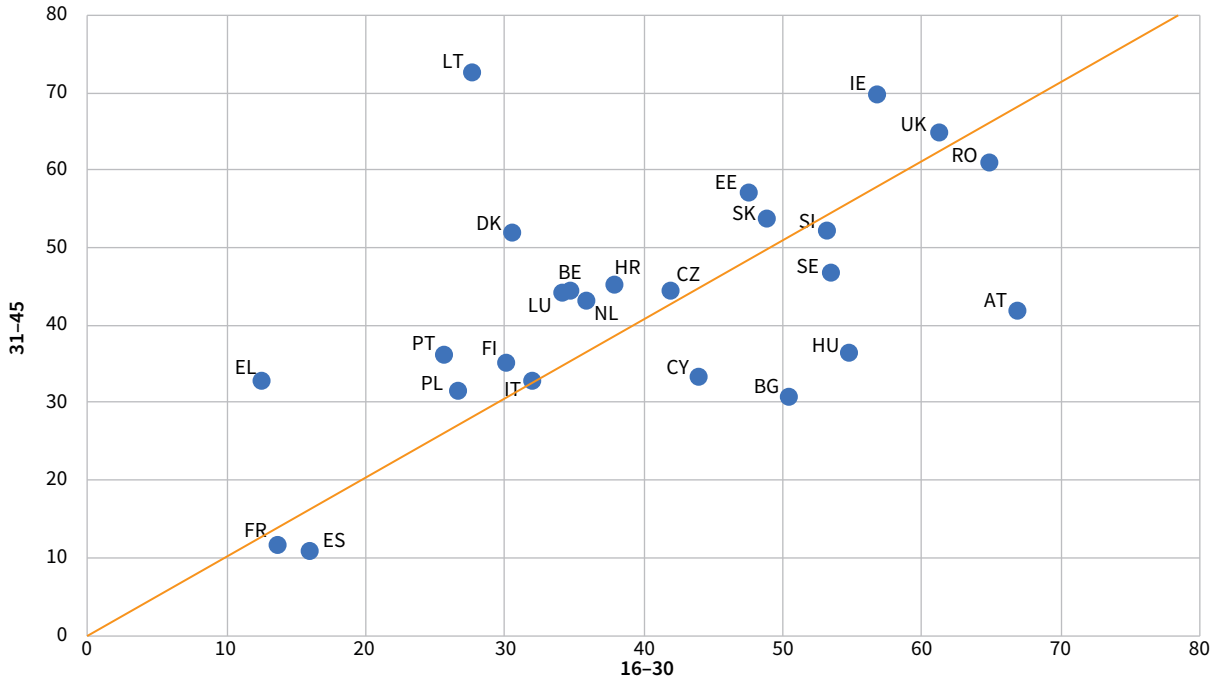
Given the high share of temporary workers who would prefer to have a permanent contract, incentivising transitions from temporary contracts to permanent contracts has become an important goal of employment policy in some countries, especially those with high temporary employment shares and segmented labour markets. Longitudinal evidence from the EU-SILC, however, highlights that, notwithstanding these incentives, countries such as Spain with high temporary shares tend to have low levels of transition to permanent contracts. Fewer than one in six temporary contract workers in Spain moved to a permanent contract in 2015–2016. Low transition rates can also be found in France, Greece and Malta. Much higher rates of temporary to permanent transition were reported in Austria, Denmark, Latvia, Romania, Sweden and the UK; in each of these Member States, the temporary contract share of employment was 7% or lower, less than half of the EU average.

Figure 24: Share of temporary employment and transition rate from temporary to permanent contract, by country, 2015–2016, EU Member States and the UK (%)



Note: *No data for Germany and Ireland.*
Source: *Authors' own compilation using EU-SILC microdata*

Figure 25: Transition rates from temporary to permanent employment, by age group and country, 2015–2016, EU Member States and the UK (%)



Notes: *Transition rates for Ireland refer to the period 2014–2015. Data not available for Germany, Latvia and Malta.*
Source: *Authors' own compilation using EU-SILC microdata*

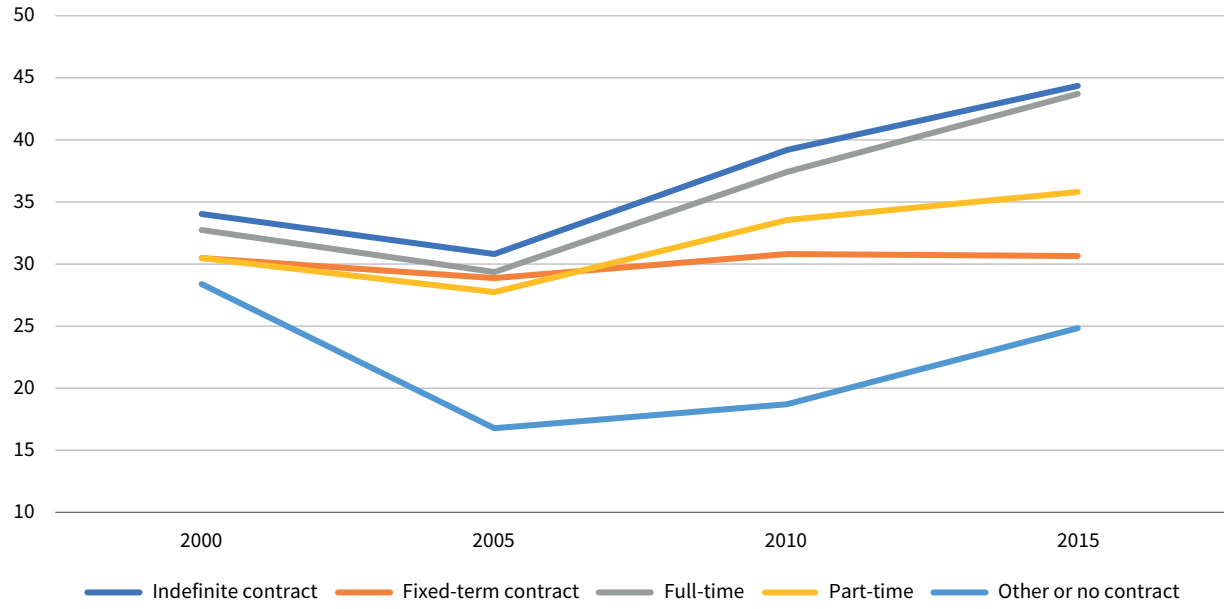
The lowest transition rates are generally found among workers (aged over 45) though as Figure 25 illustrates, transition rates for younger workers are lower than for core age workers (31–45 years) in a majority of Member States.

Policy approaches to enhance protection for temporary workers

Where it is voluntary, temporary work can be suitable for both employer and worker, as it can offer both parties greater levels of flexibility; where it is involuntary, a high degree of precariousness can have significant implications for the individuals working in such arrangements (for example, financial vulnerability and reduced access to employment rights and social protection). As indicated above, the proportion of workers declaring that fixed-term employment is involuntary is very high, at 60%. Information presented in Chapter 1 demonstrated the increased poverty risk of individuals on temporary employment contracts, which is partly associated with lower earnings.

Questions of fairness and equality of treatment are not limited to new forms of compound non-standard contracts. Evidence from the EWCS 2015 and elsewhere shows that despite the presence of EU legislation on part-time, fixed-term and temporary agency work, which provides for equal treatment, differences remain between part-time and full-time and temporary and permanent workers – for instance, in relation to access to training, occupational health and safety, and social protection.

Figure 26: Uptake of training by employment status, 2000–2015, EU27 and the UK (% of workers)



Source: *EWCS 2015*

Non-standard forms of work are a particular concern where they do not act as a stepping stone to more secure contracts and higher-quality employment. The growth of more precarious contractual arrangements and evidence of shortcomings in equal treatment among those on standard and non-standard contracts has prompted a reflection on whether existing labour law and social protection provisions are still fit for purpose to provide adequate security to individuals working in such arrangements.

The following sections focus on approaches taken to further regulate the use of fixed-term contracts and to enhance access to social protection for workers on atypical contracts.

EU-level initiatives

EU legislation on fixed-term work dates back to the late 1990s, when the European cross-industry social partners reached a framework agreement on the issue and requested that they be implemented via Council directives. The explicit goal of these directives was to remove discrimination, improve the quality of these forms of work and – in the case of the Fixed-term Work Directive – to prevent the abuse of fixed-term contracts.

Principle 5 of the EPSR emphasises that

> *regardless of the type and duration of the employment relationship, workers have the right to fair and equal treatment regarding working conditions, access to social protection and training. The transition towards open-ended forms of employment shall be fostered.*

It also calls for employment relationships that lead to precarious working conditions to be prevented, including by prohibiting the abuse of atypical contracts.

Among the initiatives thus far arising from the EPSR, the Directive on Transparent and Predictable Working Conditions and the Council Recommendation on Access to Social Protection for Workers and the Self-employed are of relevance. The latter aims to support people in non-standard forms of employment who, due to their employment status, are not sufficiently covered by social security schemes and are, therefore, exposed to higher economic uncertainty. Its goals are to allow non-standard workers to belong to social security schemes, take measures to allow them to build up entitlements and take up social benefit, and facilitate the transfer of benefits between schemes.

The regulation of employment contracts has also been a focus of country-specific recommendations (CSRs) and associated reporting in the European Semester. Since 2014, over 30 CSRs have been issued to 13 Member States to address issues surrounding employment protection legislation (EPL) (most of these relating to the regulation of temporary employment contracts), with the countries with high levels of temporary employment receiving the highest number of such recommendations.

Figure 27: Number of country-specific recommendations linked to employment protection legislation, by country, 2014–2019, EU27 and the UK

Source: *Authors' own compilation based on information from European Trade Union Institute analysis of CSRs in the social field, 2014–2019*

National-level initiatives

At national level, the debate on the issue of how to balance the requirements for employers and workers for flexibility and the need to provide adequate levels of security is not new but has been at the heart of discussions on the balance to be achieved in EPL. While this focus remains ever relevant, there has been growing concern in recent years about the proliferation of compound non-standard employment relationships.

Differences also exist with regard to access to employment rights, representation and enforcement (Grimshaw et al, 2016). Although formal access to employment rights is largely assured for workers on fixed-term contracts, existing qualification criteria (for example, linked to length of tenure) can make it significantly more difficult for temporary workers to avail of such rights.[6]

Regulating the use of fixed-term contracts

While the Directive on Fixed-term Work (1999/70/EC) provides for basic protections, it offers significant leeway to Member States regarding the precise implementation of measures to prevent the abusive use of such contracts (for example, with regard to objective reasons for the renewal of fixed-term contracts, maximum duration, limitations on numbers of renewals and the definition of 'successive' fixed-term contracts), which has led to large variations between Member States (OECD, 2019; Weber, unpublished).

During the crisis, in order to incentivise hiring in a difficult economic and labour market environment, some Member States decided to deregulate temporary contracts. However, this approach contributed to greater levels of segmentation in the labour market (Kahn, 2010; Boeri, 2011; Eichhorst et al, 2016).

6 A forthcoming Eurofound flagship report on trends in industrial relationships will shed further light on efforts undertaken by social partners to close representation gaps for workers in non-standard employment. These gaps are, therefore, not discussed further as part of this report.

In the aftermath of the crisis, a number of the countries most affected by the economic downturn and experiencing high levels of segmentation deregulated the standard employment relationship in an effort to encourage hiring and a shift from temporary to open-ended employment. Examples are France, Greece, Italy, Portugal, Slovenia and Spain (OECD, 2013; ILO, 2015). Such measures took the form of easing restrictions and administrative requirements in case of dismissals or redundancies, reducing notice periods (for certain groups of workers) and/or severance payments, and reducing requirements on employers to provide training or other support measures to workers affected by redundancies.

Another approach to discourage the use of temporary contracts is to tighten regulations regarding their use. The Commission's LABREF (labour market reforms) database records around 200 legislative amendments and policy changes pertaining to the regulation for temporary, fixed-term and open-ended contracts across the 28 Member States between 2008 and 2017.[7]

Of these, about one-half were introduced in the immediate aftermath of the crisis, between 2008 and 2012. Over the entire period, approximately one-half of the amendments pertained to the regulation of temporary contracts (54 focused on the use of fixed-term contracts and 55 on the regulation of temporary agency work), while the remainder amended regulation linked to permanent contracts.

Of the changes targeting fixed-term contracts, less than half (20) sought to (re-)regulate fixed-term contracts, thus restricting their use.

Table 8 demonstrates that these 20 reforms have focused largely on curtailing the overall duration and the number of successive fixed-term contracts that can be concluded, and making the use of such contracts less financially attractive by increasing the rate of social insurance contributions to be paid so that these are higher than for permanent contracts.

Table 8: Measures taken to restrict the use of fixed-term contracts, 2008–2017, EU Member States

Types of measure to limit the use of fixed-term contracts	Countries using such measures
Restricting the use of fixed-term contracts	
Decreasing the maximum cumulative duration for successive fixed-term contracts	CY, ES, IT (metalworking), LT, PL, PT, SE, SI
Reducing the number of successive fixed-term contracts that can be concluded	NL, PL, SE, SI
Tightening the rules on what is considered a 'successive' fixed-term contract (e.g. by increasing the number of days/months between the conclusion of fixed-term contracts)	NL
Tightening the provisions on objective reasons that can be used to conclude a fixed-term contract	CY
Reducing the duration of fixed-term contracts that can be concluded without an objective reason	DE, IT
Increasing the cost of using fixed-term contracts	
Introducing/increasing severance pay for workers on fixed-term contracts	ES, LT, NL
Increasing the rate of unemployment insurance/social contributions for fixed-term contracts compared to open-ended contracts	ES, FR, IT, LT, PT
Increasing the rate of social contributions for very short-term contracts	ES
Paying additional salary premiums for fixed-term contracts exceeding their original duration	IT

Source: *Authors' own compilation based on LABREF*

7 Some duplication can be found in the database, making it difficult to assess precisely the number of legislative amendments.

An example of a country that sought to combine the deregulation of permanent contracts with a tightening of rules on fixed-term contracts is Slovenia.

Slovenia: Impact of the 2013 labour market reform

The 2013 Employment Relations Act in Slovenia introduced significant changes aimed at reducing labour market segmentation by narrowing the difference in costs between employing a worker on a fixed-term or a permanent contract. Before this, Slovenian EPL was considered among the most rigid in the EU (Vodopivec et al, 2016). The country had one of the highest shares of fixed-term contracts among new hires in the EU. The incidence of fixed-term contracts was particularly high among young workers (49.7% of 15- to 29-year-olds were on fixed-term contracts compared with 29.3% in European OECD countries).

The key changes to permanent contracts introduced by the 2013 reform were as follows.

- Advance notice for layoffs was reduced from 120 to 60 days.
- Severance pay was reduced in cases of layoffs for business reasons.
- Procedures for the termination of permanent employment contracts were simplified (for example, the employer no longer being liable to offer a worker another suitable job or the possibility of reinstatement being replaced with the possibility of monetary compensation).
- Employers became exempt from the payment of unemployment insurance contributions for the first two years of permanent contract hires.

At the same time, employment on fixed-term contracts was made more restrictive by:

- limiting the maximum duration of fixed-term contracts to two years
- introducing severance pay for fixed-term contracts
- imposing a five-fold higher contribution rate for unemployment insurance (for two years) for hires on fixed-term contracts
- limiting the use of temporary work agency workers on fixed-term contracts

An assessment of the impact of the reform finds an increase in the number of new open-ended contracts that have been concluded, while fixed-term contracts decreased. Although the share of fixed-term contracts among new hires remains very high at 73%, this is a reduction from 77% before the reform. Younger and older workers particularly benefited from the rise in new permanent contracts. Among young people, there was an increase of over 12% in entries to permanent employment from unemployment. The rate of transition from fixed-term contracts to permanent contracts increased among all age groups and was in the region of 20–30% (Vodopivec et al, 2016).

Another instructive example on the impact of measures seeking to restrict the use of temporary contracts comes from Spain – the country with the highest rate of temporary work in the EU.

Spain: Trends in temporary employment and policy measures to encourage conversion to permanent contracts

High incidence of temporary employment and low rate of conversion to permanent jobs. After a few years where the incidence of temporary employment had declined as a result of the crisis, Spain now has the highest incidence. According to the latest available data for 2017, 26.7% of Spain's employees had a temporary contract, ahead of Poland (26.1%) and much higher than the EU average (14.4%).

Causes, consequences and solutions. The marked dualism of the Spanish labour market as a result of the intensive use of temporary contracts can be traced back to the mid-1980s. Against a background of high unemployment, a labour reform passed in 1984 allowed firms, for the first time, to use very flexible fixed-term contracts (entailing low or no severance pay) for all types of jobs and for a maximum period of three years, changing the previous rule that temporary employment was possible only for seasonal, occasional and explicitly finite duration assignments. This two-tier labour market reform left the stringent employment protection for

permanent contracts unchanged and resulted in a steep increase of temporary contracts given the notable gap in the employment protection of temporary and permanent contracts, which provides an incentive to employers to use the latter and avoid the higher severance payments associated with the former (Dolado et al, 2002; Bentolila et al, 2008).

Against this background, reducing the temporary employment share has been a priority objective of Spanish public policies. A key area of policy intervention from the 1990s has been the encouragement of permanent contract hiring through reductions in social security contributions, mainly via supporting the permanent recruitment of certain target groups and the conversion of existing temporary contracts to permanent employment. Indeed, hiring incentives in the form of reductions of employer social security contributions have made up a large share of Spanish active labour market policy expenditure (between 40% and 60%).

Two key reforms of such hiring incentives took place in 1997 and in 2006. The 1997 scheme specifically aimed to support the recruitment of certain target groups (primarily young people, older workers and women), whereas the 2006 scheme additionally sought to encourage not only the conclusions of initial permanent contracts with individuals from these groups, but also the conversion of existing temporary contracts to permanent employment.

Under the 1997 scheme, the rebate lasted for two years and implied a labour cost reduction of around 10%. At the same time as this reform was introduced, the government established a new permanent contract type, which differed from standard permanent contracts particularly in relation to associated dismissal costs (which were lower for the new type of contract).

The 2006 reform of hiring subsidies extended the possible rebate period to four years and used fixed amount rebates instead of percentages. The intention of this amendment was to encourage the recruitment of lower-skilled workers, and it offered higher rebates for women and older workers and a slightly lower figure for young people. A key goal of the reform was, therefore, to stimulate the conclusion of open-ended contracts, including among young workers, who had the highest rate of temporary employment (55% in 2005).

Some evaluations of the latter policy approach found that subsidising new permanent contracts had a positive but small effect on the flow to permanent jobs, but only for certain eligible worker groups, such as middle-aged women and young workers (García-Pérez and Rebollo Sanz, 2009), while others have observed unintended outcomes. For example, it was precisely those companies with a higher job turnover that were benefiting more from the subsidy (Conde-Ruiz et al, 2011). The 1997 programme was assessed to have increased the quarterly transition probabilities from unemployment to open-ended contracts for young men and young women by between 20% and 40%. At the same time, the transition probability from temporary to permanent employment increased by 30% for young men and 20% for young women (Kugler et al, 2003). However, separation rates also increased under the new permanent contract and among those benefiting from subsidies who were not retained after the subsidy period expired. Thus, the net positive impact of the policy for young workers decreased (to around 2.5% for young men and 6% for young women), although still remained positive.

Despite these isolated examples, the level of empirical evidence assessing the impact of changes in EPL aimed at reducing the use of temporary contracts is limited. This is explained partly by the complexity of legislation in this area and rather frequent changes, and the high number of other contextual factors to be taken into account. Eichhorst and Marx (2019) demonstrate the high incidence of legislative and policy changes in this area aimed at both deregulating permanent contracts and re-regulating fixed-term contracts (with a predominance of the former in the aftermath of the crisis).

Overall, the labour market impact of efforts to reduce segmentation is considered to be limited with long-standing patterns of preferred hiring trends persisting in individual countries, with more pronounced cyclical components in some countries. One possible explanation for the limited impact of such reforms on established patterns, beyond the factors outlined above, lies in the political and practical difficulties of finding an appropriate balance between flexibility and security linked to permanent and temporary contracts. Decisions regarding the restrictions to be placed on temporary contracts that are not so prohibitive as to hinder employment creation and the relaxing of restrictions on permanent contracts that are not so significant as to undermine the security they provide are both context-dependent and highly political.

Importantly, EPL measures on their own are not sufficient to address the issue of segmentation and need to be complemented with active labour market policies to support particularly vulnerable groups, such as (low-skilled) young workers, to make the transition from fixed-term to open-ended employment.

Strengthening social protection for non-standard workers

The challenge in ensuring adequate social protection for non-standard workers arises from the fact that social protection systems were largely designed with full-time, permanent dependent employees in mind. In principle, atypical workers – and part-time, temporary and fixed-term workers in particular – do in fact have access to social protection systems and their benefits. However, while they may benefit from formal protection, this may not amount to effective protection, as it can be much harder for them to achieve some of the criteria upon which benefits arising from these systems are based. This is particularly true for temporary workers with often interrupted employment patterns and lower than average levels of pay. This is of particular concern because their likelihood of becoming unemployed or suffering ill health – and, therefore, potential requirement to access sickness and unemployment insurance and other benefits – is higher than for workers on standard contracts. It is estimated that around 32% of temporary full-time workers and 39% of temporary part-time workers do not have access to unemployment benefits. Nearly 10% of temporary part-time workers are estimated to have no access to sickness benefits.

Mapping the situation of such workers in relation to their access to social protection is challenging because of the complexity of social protection systems, employment relationships and relevant labour law. A lack of statutory access to certain benefits for some categories of atypical workers has been identified in central and eastern European countries (particularly Bulgaria, Hungary and Romania), some Baltic states (Latvia and Lithuania) and Malta (European Commission, 2017c, 2018d).

Despite these issues, from a policy perspective, it appears that recent activity in this area has focused almost exclusively on measures supporting the greater integration and protection of self-employed individuals, with less policy focus on ensuring coverage of other atypical workers in social protection systems. Where in place, such initiatives have focused on lowering contribution thresholds (thus effectively increasing access), including further groups of workers under requirements to pay social insurance contributions and the alignment of entitlements relating to the length of payments of certain benefits.

Improving access to social insurance benefits for atypical workers

A tax reform which came into effect in Croatia in January 2017 included the extension of social protection and the obligation to pay social security contributions for non-standard workers.

Italy introduced measures to improve effective access to social insurance benefits for fixed-term workers. Decree law 22/2015 lowered contributions thresholds, thus effectively increasing access for such workers.

The reform of Lithuania's social model aims to include more self-employed and atypical workers under social protection systems. As a result of reforms carried out between 2013 and 2015, there has been an extension of requirements to pay employer and employee social insurance contributions in relation to civil law and student work contracts (casual work contracts), thus improving the social security entitlements of such workers.

In Slovakia, the duration for unemployment benefit entitlements for permanent and temporary employees has been aligned to six months (previously four months for temporary employees).

In 2013, Royal Decree 11/2013 in Spain introduced new and more favourable ways of calculating contribution periods (European Commission, 2018d; OECD, 2019).

Summary: Policy challenges related to temporary employment

Table 9 summarises the key policy challenges linked to temporary employment, issues arising and promising policy solutions that have been successful within their specific contexts.

Table 9: Summary of challenges, impact, issues arising and possible solutions linked to temporary employment

	Balancing flexibility and security in employment protection legislation	Strengthening social protection for non-standard workers
Impacts on workers	Changing the balance of EPL to restrict the use of fixed-term contracts can lead to an increase in permanent employment opportunities but could also discourage recruitment or encourage the use of other means of increasing productive potential (e.g. through overtime for existing workers). The impact of changing the balance of EPL depends on broader national legislative and economic contexts and employer practices.	Low earnings Low-quality employment Limited career options Insecurity linked to limited access to rights and benefits Higher risk of in-work poverty and pension poverty
Impacts on employers	Changing the balance of EPL to restrict the use of fixed-term contracts can lead to more hiring on permanent contracts but could also discourage recruitment or encourage the use of other means of increasing productive potential (e.g. through overtime for existing workers). The impact of changing the balance of EPL depends on broader national legislative and economic contexts and employer practices.	Access to a more flexible workforce at a lower cost Lower worker job satisfaction Lower/higher productivity and staff turnover depending on the balance of factors
Impacts on state or insurance actors	Depending on the specific combination of policies, low EPL can increase reliance on public support and public benefit systems.	Greater reliance on in-work and out-of-work benefits
Issues arising	Changing the balance of EPL to restrict the use of fixed-term contracts can lead to increased labour market segmentation.	Potential for gaps in access to employment rights and social protection
Possible solutions	Legal and active labour market policy measures to encourage conversion of temporary contracts into permanent contracts are needed. Better assessment of the impact of shifting the balance of EPL for temporary and open-ended contracts is needed.	More inclusive rules on access to employment rights/social protection benefits

Source: *Authors' own compilation*

4 Employment status

Introduction

Although the overall share of self-employment in the EU labour market has been relatively stable over the past decade, its composition has changed, triggering new issues for policymakers. As will be shown in this chapter, while just over half of EU countries have witnessed a decline in self-employment, others have seen an increase, with data from some countries indicating that self-employment is an important way of transitioning out of unemployment. There has also been a sectoral shift, as self-employment has declined in agriculture and increased in construction and knowledge-intensive services. Self-employment is important in the context of flexibilisation in the labour market for two key reasons, each necessitating an effective policy response. First, certain categories of self-employed workers can benefit from higher levels of autonomy, including being able to organise their work more flexibly (Eurofound, 2016a). On the other side of the spectrum, there are concerns about so-called bogus or dependent self-employment, which lacks the positive hallmarks linked to greater autonomy offered by self-employment and often deprives the individual of key employment and social protection that is available to employees, despite their employment having employee-like characteristics. In this chapter, the trends in self-employment are summarised before discussing examples of policy approaches which have been taken to boost the positive facets and employment-creation potential of entrepreneurship, and measures to curb the proliferation of bogus self-employment.

Self-employment

The share of self-employment was stable from 2008 to 2018 at around one in six workers and consists mainly of male workers (18% versus 10% of women, largely unchanged over the period) with a strong monotonic skew to older workers. However, the composition of self-employment has changed. On the one hand, there has been a structural decrease in agricultural self-employment (most farmers are self-employed). This has been counterbalanced by an increase in self-employment in other sectors, which tends to be shared between higher- and lower-level service activities – consultants/professional services at the higher end and personal and household services at the lower end. Another important change has been the rise in the share of self-employed without employees (own-account workers) and a corresponding decline in the share of self-employed with employees (employers). Employers represented 5% of employment in 2002 (Eurofound, 2017a) and 4% in 2017. As the share of self-employed employing other people can be considered a proxy of entrepreneurial activity, a declining share should raise concerns among policymakers, especially given the very significant EU and national funding on offer to support new businesses.

As can be seen in Table 10, self-employment accounts for nearly one-half of employment in agriculture/extractive industries overall and substantial, above-average shares in construction (27%) and private knowledge-intensive services (22%). In most broad

Table 10: Self-employment by broad sector and gender, and gender gaps, 2008 and 2017, EU27 and the UK

	2008			2017			2008 to 2017
	Male (%)	Female (%)	Gender gap (percentage points)	Male (%)	Female (%)	Gender gap (percentage points)	Change in the gender gap (percentage points)
Agriculture/extractive	54.3	45.0	9.3	51.4	42.4	9.0	-0.3
Manufacturing/utilities	7.5	4.0	3.5	6.7	4.3	2.4	-1.1
Construction	25.1	9.4	15.7	28.9	10.4	18.5	+2.8
Private – less knowledge-intensive services	20.7	12.4	8.4	18.5	12.3	6.3	-2.1
Private – knowledge-intensive services	25.9	13.8	12.1	26.3	16.5	9.8	-2.4
Primarily public services	5.8	4.0	1.9	6.6	5.0	1.6	-0.2
Total	18.8	10.0	8.8	18.2	10.1	8.1	-0.7

Source: *EU-LFS*

sectors, the gender gaps in self-employment share – while remaining large – have become smaller in the period 2008–2017. In private services sectors, the gender gap has narrowed by over 2 percentage points. In less knowledge-intensive sectors, such as restaurants/accommodation and retail, this has been because of declining male self-employment; in private knowledge-intensive sectors such as professional, scientific and technical services, it has been because of increasing female self-employment.

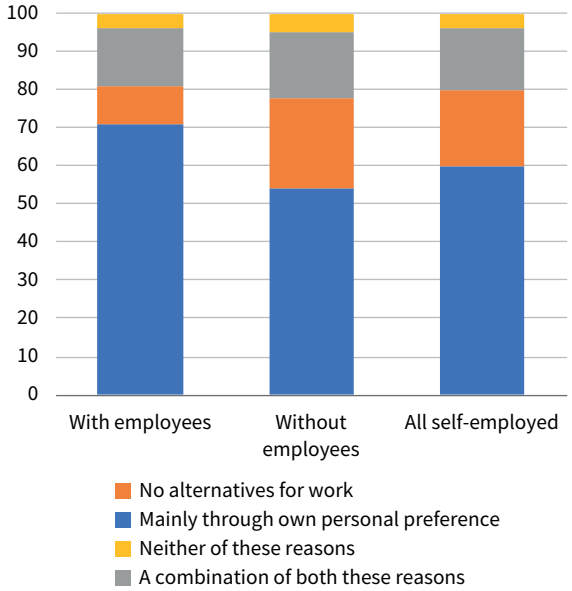
On the basis that the existing EU-LFS question addressing self-employment made only the simple distinction between those with and those without employees and was, as a consequence, incapable of capturing the diversity of self-employment in the EU, Eurofound (2017a) undertook a more detailed approach based on combined analysis of data from the EU-LFS and the EWCS 2015. The EWCS 2015 in particular contains useful additional questions facilitating estimates of the voluntary nature of self-employment and the extent to which self-employment is dependent, and probes in more detail for a more precise characterisation of the type of self-employment (for example, 'sole director of own business', 'doing freelance work', 'working for yourself').

For the majority of self-employed workers (60%), their employment status is voluntary and arises mainly due to their personal preference to be their own boss. This is more likely to be the case for self-employed who employ other workers (71%). There is nonetheless a significant minority (24%) of self-employed without employees who indicated that their status arose because they had no other alternatives to work. These are involuntarily self-employed, by analogy with the categories derived from the EU-LFS for involuntary part-time and temporary workers.

There was large variation across countries regarding the individual preference for self-employment, from around four in five self-employed workers in Sweden (86%) and Belgium, Denmark and Finland (all 79%) to only one-third of self-employed workers in Austria (34%) and Croatia (31%). But it was only in these two latter countries that the share who said that their self-employed status was due to no other alternatives to work was greater than the share indicating self-employment through personal preference.

More recent data on preferred employment status – of both employees and self-employed people – are available in the EU-LFS ad hoc module on self-employment (2017). With the caveat that the question formulation is quite different from that in the EWCS 2015, this confirms the largely voluntary nature of self-employment.

Figure 28: Main reasons for self-employment, 2015, EU27 and the UK (%)



Source: *EWCS 2015; Eurofound, 2017a*

Over three-quarters of self-employed (78%) indicated that their preference would be not to change their current employment status (Table 11). The figure is even higher for bosses (self-employed with employees, 83%). Even those in dependent self-employment were more likely to indicate that they would prefer to continue in their current status (64%). While preference for current employment status was even more marked among employees (86%), nearly 1 in 10 (9%) expressed a preference for self-employed status. Translated into employment totals, these estimates are equivalent to 17.4 million employees in the EU preferring self-employment and 5.2 million self-employed people preferring dependent employee status.

For those employees seeking to shift to self-employment, the main barriers cited were financial insecurity (39%) and difficulties getting financing (20%). Of only modest importance was the lower social protection coverage available to self-employed people (4%), although it is unclear how many respondents are fully cognisant of the relevant implications. Nonetheless, in the EWCS 2015, nearly one-half of self-employed people (48%) indicated that they would not be financially secure in the case of a long-term illness.

Applying latent class analysis to EWCS 2015 data, Eurofound (2017a) was able to identify five distinct clusters of self-employment, two with broadly favourable working and employment conditions – 'stable own account workers' and 'employers' –

Table 11: Preferred and actual employment status, 2017, EU27 and the UK (% of workers)

Preferred employment status	Employees	All self-employed	Self-employed with employees	Self-employed without employees	Independent self-employed without employees	Dependent self-employed without employees
Employees	n/a	15.7	10.5	17.8	17.4	32.6
Self-employed	9.1	n/a	n/a	n/a	n/a	n/a
No change	86.1	77.6	82.7	75.5	77.6	63.5
No response	4.9	6.7	6.8	6.7	5.0	3.9

Note: *n/a = not applicable.*
Source: *EU-LFS ad hoc module, 2017*

one with positive autonomy but long working hours and largely concentrated in two sectors (retail/commerce and agriculture) – 'small traders and farmers' – and two potentially more problematic categories – 'vulnerable' and 'concealed' self-employed workers – accounting for one-quarter of the self-employed population. The 'vulnerable' cluster is characterised by dependence on one or a limited number of clients, relatively low income and a higher likelihood of being self-employed out of necessity than preference. The cluster is also distinct in being more female and older than the self-employed population as a whole. The 'concealed' cluster was also identified to resemble most employees: working regular five-day weeks in the company of co-workers, being paid on a weekly or monthly basis and having limited decision-making discretion or autonomy despite their self-employed status. A majority of workers in this cluster would be economically insecure in the event of sickness. This cluster was more likely to be male and younger. The vulnerable cluster accounted for 17% and the concealed cluster for 8% of all self-employment – combined, the total equivalent of around 8 million workers in the EU.

EU-SILC data show that self-employment appears to have increased its relative importance as a stepping stone out of unemployment, as reflected by growing transition rates from unemployment into self-employment across more than half of EU countries over the period. Self-employment is even the main road back into employment when compared with permanent and temporary employment in Belgium, Cyprus, Ireland, Luxembourg, the Netherlands and the UK (and in Austria and Sweden – although in these cases, transition rates were declining from the onset of the crisis).

The next section explores measures designed to contribute to the generation of sustainable self-employment and entrepreneurship while addressing the pitfalls of dependent and bogus self-employment.

Portfolio work as a subset of self-employment

Identified by Eurofound as one of the new forms of employment (Eurofound, 2015a), portfolio work is classified as 'small-scale contracting by freelancers, the self-employed or micro enterprises who work for a large number of clients'. It is characterised by self-managed individuals generating income and marketing themselves among a variety of clients and maintaining a portfolio of work, adapting to the requirements of often a very large number of customers. These types of work practices are more common among creative workers (for example, journalists, translators and those in the media industry).

Portfolio work is seen to be of increasing importance in countries such as Cyprus, Denmark, Greece, Hungary, Italy, Latvia, Lithuania, the Netherlands, Portugal and the UK, partly driven by the impact of the crisis.

Portfolio work can offer a high level of possibility for personal development and can deliver greater autonomy and control over working time. However, there are associated risks with this type of work including irregular working patterns and frequency, lack of coverage by social protection systems, limited access to training, and social isolation depending on work arrangements. Portfolio workers may also have unpredictable income, although given the generally higher number of clients among these types of entrepreneurs, income insecurity should be limited.

Policy approaches to maximise the potential and minimise the risks

The policy debate around self-employment has a somewhat dualistic nature. On the one hand, self-employment is promoted to boost entrepreneurship and innovation and as being a way of meeting the desire among a share of the population for greater levels of autonomy, flexibility and control over the way they work. In encouraging self-employment through start-up support, it is also anticipated that innovative new businesses harbour the potential for future job creation as such undertakings flourish and expand. To achieve this goal, an important consideration is to ensure that start-up support is designed in such a way as to encourage sustainability among fledgling new businesses. In this respect, in EU policy in recent years, there has been an enhanced emphasis on support for scale-ups (European Commission, 2018b). Furthermore, for the success of such undertakings, it is beneficial that self-employment is a genuine choice and not entered into due to the absence of other employment opportunities. Sustainable start-ups that lead to job creation tend to be young, innovative, internationally active, located in urban areas and run by skilled managers. These start-ups perform well due to sufficient market demand and good management, have active growth and investment strategies, and possess the capacities to realise these plans (Eurofound, 2016c). The discussion on relevant measures to support self-employment will, therefore, focus on the types of support for self-employment and business start-up aimed at such agile companies offering a high-quality, flexible work environment to the entrepreneurs and (eventually) their employees.

On the other side of the flexibility debate with regard to self-employment, policy discussions have reflected increasing concerns that some forms of self-employment share features with dependent employment and lack the autonomy and some other benefits usually associated with self-employment. As the world of work is changing, the division between being self-employed and being employed is becoming less pronounced and self-employed people have become a more heterogenous group. The emergence of new forms of employment such as platform work have served to reignite the discussion around bogus self-employment, which has been on the policy agenda for some time.

In the context of the increasing complexity and blurring of boundaries between employment and self-employment, established legal and administrative concepts (for example, 'employee', 'worker', 'employer') are being called into question, and established norms may need to be adjusted to deal with new challenges. Challenges arise because access to many rights, protections and benefits have been designed using a 'binary divide' between employment and self-employment (Countouris and Freedland, 2013). Existing constructs often entail the application of legislation pertaining to employment protection, working time, health and safety at work, paid leave and holidays, the minimum wage, non-discrimination and the regulation of pension and insurance contributions only to employees. Self-employed individuals generally lack direct access to rights and benefits established in labour and social protection legislation based on employee status. As will be shown below, their access to such benefits is often different in terms of entitlements and costs.

In many countries, holding self-employed status also poses issues with respect to representation, as in some instances self-employed individuals are not allowed to organise collectively as a result of competition law.

Measures to support self-employment

Support for entrepreneurship is a key objective of the EU and the Member States. This policy priority acknowledges the fact that micro, small and medium-sized enterprises form the backbone of the European economy, making up more than 99% of all companies and providing two out of three jobs in the private sector. Key goals of measures to support self-employment and entrepreneurship are to reduce any barriers that potential entrepreneurs face, to make such entrepreneurship sustainable and to support the creation of additional employment. Data from the Eurostat Structural Business Statistics show that the enterprise birth rate in the EU27 and the UK business economy was estimated at just over 9.6% in 2015, with a death rate of 8.3%. The same data also indicate a one-year survival rate of 80%, which declines to less than one-half after five years, demonstrating the importance of support beyond business creation to ensure sustainability.

EU-level initiatives

A joint analysis by the OECD and the European Commission (2015) finds that integrated packages of support for (potential) entrepreneurs combining access to microfinance with targeted business development services and coaching are most effective in ensuring start-ups are sustainable. Business incubators and accelerators are considered to provide a particularly positive environment within which to deliver these services. The Better Entrepreneurship Policy Tool was launched by the OECD and the European Commission in 2018 to provide for online self-assessment and learning for policymakers on inclusive and social entrepreneurship policies and programmes.

In addition to such tools, the European Social Fund, the EU microfinance initiative, other EU funding instruments and associated national co-financing play an important role in supporting such measures.

The Programme for Employment and Social Innovation followed up on the activities of Progress Microfinance. Its third axis supported access to microfinance and social enterprise finance with an indicative budget of €193 million (2014–2018).

Furthermore, several policy and funding instruments were made available at EU level to support start-ups and small and medium-sized enterprises (SMEs) in their efforts to internationalise their markets and value chains to grow their reach and make them more resilient to regional/national economic trends. Such initiatives include the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), aimed at providing access to finance and (foreign) markets, creating better framework conditions for competitiveness and encouraging entrepreneurship; Horizon 2020, supporting research and development (R&D) and innovation; and the Partnership Instrument, promoting business cooperation, innovation and knowledge management and assisting in dealing with issues around intellectual property rights.

National-level initiatives

Support measures for self-employment and start-ups can broadly be clustered into nine areas. While all are relevant to support innovative, agile start-ups, which are most likely to be highly flexible and sustainable, specialised consultancy, legal and networking support are of particular relevance together with access to the generally higher levels of finance needed by such undertakings. Table 12 highlights the primary goals of such measures and the main instruments used to achieve them.

Access to finance is often the greatest challenge for aspiring entrepreneurs. Financial requirements differ significantly between new enterprises and tend to be higher among start-ups focused on product or service innovation with a built-in goal of global marketing and expansion. Internationalisation support is of particular relevance to 'born globals' (companies engaged in intensive international activities immediately after start-up), which need to gain access to intelligence on foreign markets and practical support (financial, legal, administrative) for doing business abroad.

Table 12: Types of national measures introduced to support self-employment

Goal	Instruments used
Improve access to finance	Subsidies; guarantees; low interest loans; tax relief; venture capital; 'business angels' combining start-up capital with business expertise
Remove administrative burdens	Reduced administrative requirements linked to the setting up of a new business; one-stop-shop advice on the practical steps of setting up a business
Change labour market regulations	Reduced barriers to first hiring, including through subsidies or exemptions from social security contributions
Foster research and development	Financial support for innovation and/or research and development
Upgrade entrepreneurial skills	Mentoring support; coaching; entrepreneurship training; training in business and accountancy skills, etc.; offer of one-stop shop for information for entrepreneurs
Promote an entrepreneurship culture	Entrepreneurship training in schools and universities
Provide specialised advice and consultancy	Targeted advice on issues linked to technological innovation, digitalisation, international marketing and trading
Provide legal and administrative support	Legal advice to address or overcome specific barriers linked to international trading, the registration and protection of intellectual property rights, etc.
Provide networking support	Small business clubs and other networking opportunities with investors; offer of peer-to-peer support

Source: *Adapted from OECD/Eurostat model for evaluating entrepreneurial policy indicators and Eurofound, 2018a*

Sweden: Born Global – Supporting start-ups set for rapid internationalisation

In Sweden, Born Global operated between mid-2012 and late 2016. To get over the constraints of a small domestic market, the programme was aimed at businesses in the very early stages of internationalisation, with the main objective of laying the groundwork for future international growth. The approach was designed to provide training to chief executive officers, who would often take this training back and transfer it to colleagues within their businesses. The support included a study visit to Silicon Valley to exchange knowledge and experience and to motivate the Swedish entrepreneurs to create scalable international companies by introducing them to selected global tech firms, venture capitalists, local start-ups, industry experts and business angels. All start-ups in the programme reported that they benefited from their participation in some way and regarded the cost of participation (a fee of SEK 50,000, the equivalent of about €4,736 as at 22 January 2020, per participating company) as a good investment. The programme was replaced by the Scale Global programme in spring 2017, aiming at slightly larger SMEs that are further along on their international journey (Eurofound, 2012a, 2018a).

Financial support can also be provided in the form of tax relief, which supports additional employment creation, training and investment in R&D.

R&D support, among other things, is also particularly important to foster innovation in start-ups. Data indicate that young enterprises focusing on product innovation have a higher survival and job creation potential (Eurofound, 2016a). Such innovation can be fostered through targeted financial support but also through mentoring, guidance and broader support for skills development. Thus far, skills-focused policy initiatives for SMEs tend to focus on entrepreneurial and business skills, while there remains scope for further attention on sector-related skills.

The importance of networking support in the inception and growth phases of a new business is recognised by an Estonian initiative. The established clusters aimed at supporting collaboration between small companies can also reduce costs for entrepreneurs by using economies of scale in relation to marketing and business development expenditure. Furthermore, business incubators are of particular value, as they offer not only a networking, exchange and learning environment, but also low-rent premises, shared back office costs and joint training possibilities.

France: Research tax credit – Lowering the cost of recruiting R&D specialists

The *crédit impôt recherche* (research tax credit), established in France in 1983, underwent a significant reform in 2008. Its goal is to encourage companies to increase their R&D activities by reducing the cost of such activities. Tax benefits can, among other things, be applied to the costs (including social charges) of employees with the appropriate technical skills dedicated to R&D projects. An evaluation published in 2019 found that in 2015, 25,600 companies benefited from the scheme (compared with 9,890 in 2007, before the reform of the system). These companies declared €21 billion of research expenditure in 2013. Total tax relief for recipients amounted to €5.7 billion. The evaluation estimates that a multiplier effect of up to 1.5 could have been achieved with this investment (France Stratégie, 2019).

Estonia: Development of Clusters – Fostering international competitiveness

Development of Clusters – an Estonian initiative – supports cooperation between companies to increase the international competitiveness of cluster partners through joint marketing and business development activities in the smart growth sector. This has had a positive impact on Estonian SMEs and born globals, since clusters as cooperation networks are expected to conduct joint international marketing activities and develop cooperation to help primarily SMEs gain a stronger position outside the country (Eurofound, 2018a).

Regarding (future) entrepreneurs, a number of groups in the labour market are considered to face greater, or specific, challenges in relation to self-employment and business start-ups. Women face more difficulties than men in accessing finance, training and networking and in reconciling running a business with family life (Eurofound, 2019d). A recent European Commission study (European Commission, 2018g) on female technology companies reports that women-led start-ups obtained a mere 4.9% of all global venture capital deals in 2016. The same study shows that the percentage of companies with at least one female founder that have reached venture capital deals in Europe was 16%. Even in countries with a large start-up base, such as the UK, women, compared with men, have a major disadvantage in getting venture capital funds or investment from business angels. This echoes findings from the US which show that between 2011 and 2013 companies with all-men teams were four times more likely to receive venture capital than those with even one woman on the team (Brush et al, 2018).

It is also notable that despite young people tending to have among the most positive attitudes towards entrepreneurship (Eurofound, 2015f), a lack of relevant skills and financial backing often means that they are not able to take their ideas forward. Although the Youth Guarantee has had some positive impact in this area, many publicly supported start-up measures for young people continue to be stand-alone (not embedded in larger entrepreneurship or youth employment strategies), temporary and able to draw on relatively low levels of resources. A number of the general start-up support schemes, due to their selection criteria, exclude young people as beneficiaries. Despite the growing interest in youth entrepreneurship, the number of evaluations of such schemes is limited, and many of those available do not go beyond the monitoring of outputs and (in some cases) participant views, with a few exceptions (Eurofound, 2016c).

Sweden: Junior Achievement company programme

This programme, targeted at upper secondary school pupils aged between 16 and 20, aims to stimulate creativity and encourage entrepreneurship and give students an insight into the realities of business. The scheme has been running since 1980 and attracts funding of around €8.7 million annually. Between 2014 and 2015, 24,415 young people participated in the programme.

Ung Företagsamhet – Junior Achievement – is a non-profit organisation which is part of a wider Worldwide Junior Achievement network. The programme is administered through the 24 regional offices of Ung Företagsamhet, each of which is responsible for securing the finance to run the programme. Funding in general comes from donations and financial support from private companies and the municipalities in which the programme is run, as the municipalities in Sweden are responsible for upper secondary school education. Additionally, the Swedish government partly funds Ung Företagsamhet (to about €1 million).

Ung Företagsamhet provides a platform for students to experience setting up and running a business and winding down the business (if they wish to do so) in a safe environment over the course of a school year. Business ideas are supported and developed into a real company. The company is phased out or converted into a limited liability company or trading partnership after one year. Although the objective is to provide students with hands-on experience of running a business for a limited period of time, many students continue with their businesses.

An evaluation found that (compared with their matched counterparts) programme participants were 30% more likely to start a business up to 12 years after participating in the programme. Programme participants who had started a business were also more likely, than non-participants from the general population as well as the matched comparison group, to earn as much as 10% more income from their business venture 11–12 years after participation (Wennberg, 2011; Wennberg and Elert, 2012; Elert et al, 2015).

Available assessments show that programmes to support youth entrepreneurship are unlikely to show a short-term impact on youth unemployment and need to be designed as a medium- to long-term policy strategy.

Self-employment has also been used as an option to support the labour market integration of older workers. It can also be an option for individuals wishing (and financially able) to reduce or more flexibly manage their working hours and work commitments in the run up to statutory retirement (or beyond). Particularly among the knowledge-intensive services, highly experienced older workers are able to provide support to a range of clients, either in a self-employed capacity or as 'interim managers' – another category among the new forms of work identified by Eurofound (2015a).

Policy approaches to address bogus self-employment and economic dependency

In the policy debate, the issues of tackling bogus self-employment and economic dependency are often conflated. Although there are some similarities between these situations and some of the measures taken to address them – particularly in regard of establishing classification – it is important to recall that the term 'bogus self-employment' implies a deliberate intention to circumvent labour, tax and social security rights and regulations, with a view to reducing costs and avoiding payments and obligations. A situation of 'economic dependence' on one or few clients/employers, on the other hand, could be an outcome rather than a deliberate choice (Eurofound, 2017a).

However, the question of intent can be challenging to demonstrate. This issue is largely to be addressed through (enhanced) enforcement actions and, therefore, is mainly in the realm of the role and capacity of the labour inspectorates or other enforcement bodies, including the courts. Key challenges in this regard relate to the fragmentation of monitoring and inspection powers (labour, fiscal, health and safety), challenges in detecting fraudulent use and costs involved, and difficulties in obtaining worker cooperation to detect such fraudulent use (Eurofound, 2018d). A recent OECD report also refers to strengthened implementation and enforcement as being among the measures adopted. Initiatives in this field are mainly focused on simplifying and speeding up the process of challenging and obtaining a decision on employment status and determining the steps to be taken by an employer should a situation be classified as employment rather than self-employment.

Awareness-raising could have a role to play in situations where bogus self-employment is not a deliberate choice but may be the result of the lack of awareness of relevant regulations.

While improvements in enforcement processes have been implemented in some countries, the key policy emphasis has revolved around legal and administrative definitions and concepts of dependence and 'subordination' (Eurofound, 2018d), the classification of individuals as either employed or self-employed based on these concepts and the implications of the classification applied for access to rights and benefits.

Classification of employee versus self-employed

The European Commission (2016a) has set out a number of key factors to take into consideration when defining an employment relationship.

Existence of a subordination link. While interpreted differently across countries, this criterion is nonetheless considered by all as a key characteristic of employment relationships. Subordination identifies the employee's duty to comply with the employer's power of instruction (Waas and Van Voss, 2017). Subordination may also include monitoring of the worker's activities (Todoli-Signes, 2017).

The nature of the work. This is key to determining the position of the worker in the labour market. To be considered an employee, a worker must pursue a factual economic activity that is more than 'purely marginal and accessory' (European Commission, 2016a, pp. 12–13). What is considered marginal and accessory differs across national systems and is often determined based on time and wage thresholds.

The presence of remuneration. This is mainly used to distinguish voluntary work from activities that are compensated.

In this context, measures have been taken to limit incentives for worker misclassification by reducing differences in the treatment of self-employed and employees for the purposes of tax and access to benefits. As one way of achieving this, some countries have taken the step to extend particular employment rights and benefit entitlements to workers in the so-called 'grey zone' between employment and self-employment (OECD, 2019).

EU-level initiatives

For a number of years, the European Commission has been encouraging Member States to reduce the dichotomy between subordinate employment and self-employment when granting contractual and social protection (Eurofound, 2018d). Adequate social protection for self-employed people is specifically mentioned in the EPSR. One of the initiatives arising from the EPSR, the Council Recommendation on access to social protection for workers and the self-employed (European Commission, 2018d), sought, among other things, to ensure that self-employed people have access to social protection by extending their formal coverage to a number of benefits.

The most recent draft of the recommendation emerging from the Employment, Social Policy, Health and Consumer Affairs Council (spring 2019) has amended this provision to refer to the extension of formal social protection coverage to self-employed people 'at least on a voluntary and where appropriate on a mandatory basis'.

The Directive on Transparent and Predictable Working Conditions is also of relevance. Albeit not applicable to genuinely self-employed individuals, in Article 8 of the preamble, the directive makes it clear that interpretation of the Court of Justice should be applied when defining the concept of 'worker'. Provided that they 'fulfil those criteria, domestic workers, on-demand workers, intermittent workers, voucher-based workers, platform workers, trainees and apprentices could fall within the scope of this Directive'. Specific reference is also made that bogus self-employed should fall within the scope of the directive.

National-level initiatives

In terms of social security coverage, Eurofound (2017a) distinguishes four different paths to coverage for self-employed people (inclusive systems, specific social security systems for self-employed people, systems with universal elements but no specific system for self-employed people, and systems with limited universal social security rights). These lead to one of the following:

- very similar coverage
- similar coverage but lower benefits
- voluntary possibility of opting in (or opting out in certain cases)
- exclusion of coverage for certain risks for self-employed

Based on European Social Policy Network contributions, a report prepared for the European Commission (2018a) classifies these complex systems into the four types shown in Table 13 in the context of different welfare regimes, bearing in mind that the precise level of coverage further depends on the specific benefit (for example, unemployment benefit, maternity benefit, sickness benefit).

In Table 13, 'full to high access' means that self-employed individuals are covered by all benefits schemes in the same way as employees. 'High to medium access' denotes situations where self-employed people have the possibility to opt into some schemes that are compulsory for salaried workers. A 'mixed cluster' refers to a position where self-employed people can opt into some schemes but remain excluded from others. In 'low to no access' situations, self-employed people cannot opt into one or more of the insurance-based social protection schemes.

Table 13: Statutory access to social protection for self-employed in the EU27 and the UK, 2017

	Conservative/ corporatist welfare regime	Scandinavian/ social democratic regime	Liberal regime	Southern European regime	Central and eastern European regime
Full to high access	LU				HR, HU, SI
High to medium access	AT	DK, FI, SE		ES	CZ, PL, RO
Mixed cluster	DE, NL		IE, UK	PT	BG, EE
Low to no access	BE, FR			EL, IT, MT	CY, LT, LV, SK

Source: *European Commission, 2018f, based on European Social Policy Network contributions in 2017*

Extending rights to workers dependent on a single employer

Portugal, Slovenia and Spain use dependence on a single employer or a high share of income from one employer as a criterion when determining access to social security and labour law protections. In Portugal, the threshold of income was initially set at 80% (2012) and has since been reduced to 50% (2018) to determine access to unemployment benefit. In Slovenia, the threshold of income is set at 80%, at or above which individuals obtain access to protection against discrimination, protection against cancellation of contract without valid reasons, minimum notice periods and a number of other labour law and social security protections. In Spain, the threshold of income received from a single employer or client is 75% in order to obtain access to unemployment benefit and labour law rights, such as access to paid holidays.

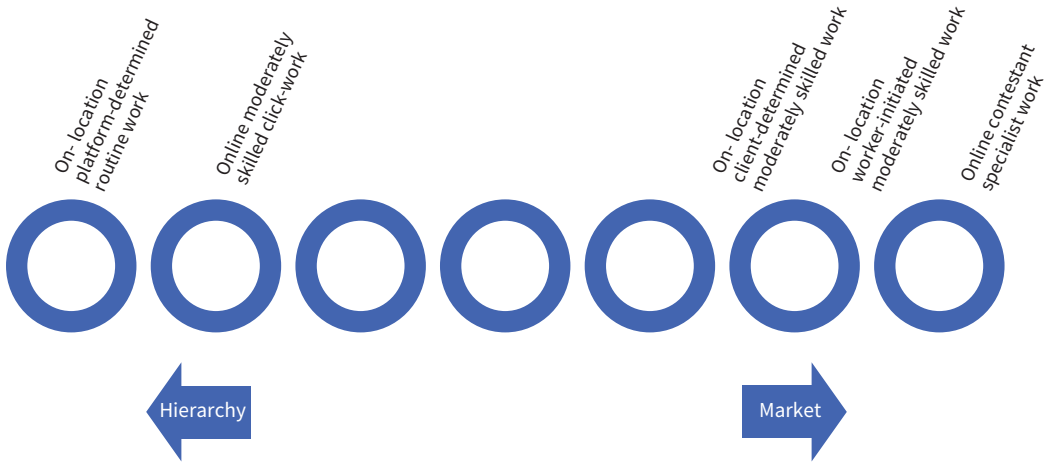
While the initiative of the Commission for a Council Recommendation sought to encourage the extension of protections to all self-employed, Member State measures have focused primarily on extending the rights of workers in the 'grey zone', including by defining different categories of those lying 'in-between' employment and self-employment and reducing incentives for misclassification (OECD, 2019). Linked to this, amendments have been made to the suite of rights and benefits. Eurofound (2017a) identifies four different approaches to address 'in-between' situations:

- creating a hybrid status of self-employed workers with specific rights, especially with regard to social protection
- creating a status of economically dependent worker
- using the economic dependence criteria to identify and combat bogus self-employment
- establishing criteria to clearly distinguish employment from self-employment

Certain types of platform work can pose challenges for classification impacting on access to rights and benefits and collective bargaining. Often, platform workers are classified as own-account workers for tax, legal and social protection purposes, even though their relationship with the platform has more of the hallmarks of an employment relationship. According to a recent survey of 1,200 platform workers, lack of access to social protection is a major concern (European Parliament, 2017). Nearly 70% of all platform workers reported not having access to schemes that cover maternity, childcare and housing benefits. In addition, 63% did not have access to unemployment benefits even though a significant proportion of platform workers had been unemployed in the past five years. In the same vein, around half of platform workers did not have access to old-age schemes (56%), disability schemes (60%) and sickness benefits (47%). Lack of social protection was found to be especially severe among platform-dependent workers; that is, those who obtain one-half (50%) of their personal earnings through completion of online micro-tasks. They represented one-quarter (25%) of the sample. However, gaps in social protection coverage were also significant among platform workers who had another form of employment and source of income: they were also significantly at risk of not having access to either unemployment benefit (61.2%) or sickness benefit (46.1%). These findings tend to suggest that the corresponding individuals' 'other job' was also a non-standard form of employment, offering limited access to social protection. A key issue affecting the access of platform workers to social security is their classification as workers, self-employed or other hybrid legal statuses.

Platforms are often described as a hybrid organisation form, situated between market (understood as spaces where supply and demand meet) and hierarchy (that is, structures of command applied within firms). Misclassification of platform workers' employment status is more likely in situations in which platforms apply more hierarchical business models. Platforms mediating on-location platform-determined routine work and online moderately skilled click-work resemble a more hierarchical type of organisation as they tend to exert control, partly through algorithms, and instruct workers on how to perform the job (thus more indicative of dependent employment-like arrangements). Other types of platform work are located towards the market end of the spectrum, as the platforms act as a tool that matches clients with workers, with limited interference in the actual service provision (with more characteristics of self-employment, Eurofound, 2019c).

Figure 29: Hierarchy/market dichotomy applied to five types of platform work



Source: *Eurofound, 2019c*

Addressing the ambiguous position of platform workers

Both in Spain and the UK – and particularly in the transport sector – the ambiguity of the legal status of platform workers has led to court cases with workers challenging their employment status and arguing that they should be classified as employees. In December 2018, the UK Court of Appeal upheld a ruling of a lower court of 2016 which requires Uber drivers to be accorded employee rights, such as access to minimum wages and holiday pay.

In Portugal, the Electronic Platforms for Passenger Transport Services Law (Lei no. 45/2018) establishes that individual workers cannot have a direct relationship with Uber, but need to join an existing business that has a contract with the platform or must establish their own business to contract with the platform (they cannot be self-employed).

In France, Law 2016-1088 of 2016 defines 'electronic platforms' and extends social security coverage against accidents at work to self-employed platform workers. It also facilitates their exercise of collective action rights, access to continuing vocational education and the validation of acquired experience. One of the law's provisions aims to extend social security coverage against accidents at work to platform workers. It provides platforms with a voluntary system for paying social security contributions for their workers. Within the framework of Law 2016-1088, an 'electronic platform' is understood as a 'company that irrespective of its place of establishment puts into electronic contact a client and a worker, with the purpose of selling or exchanging a good or service'. This law applies only to self-employed platform workers (Eurofound, 2018c).

Given the relatively recent nature of many of these measures, little is known about their impact with regard to reducing misclassification and enhancing access of self-employed people to employment rights and social protection. Relevant evaluations would provide valuable insights into the benefits of different approaches in various national contexts.

Summary: Policy challenges related to self-employment

Table 14 summarises the key policy challenges linked to self-employed status, issues arising and promising policy solutions that have been successful within their specific contexts.

Table 14: Summary of challenges, impacts, issues arising and possible solutions linked to self-employment

Indicator	Encouraging (voluntary) sustainable self-employment	Addressing dependent and bogus self-employment
Potential challenges for affected individuals	Lower chance of successful start-ups Greater risk of unsustainability of business Greater financial risk	Lower earnings Lower-quality employment More limited earnings and expansion potential Insecurity linked to limited access to benefits
Impacts on state or insurance actors	Greater reliance on the benefit system in the case of unsuccessful start-ups	Greater reliance on social assistance benefits Increased burden on the state as healthcare/rehabilitation provider
Issues arising	Some limited gaps in access to employment rights and social protection	Gaps in access to employment rights and social protection Representation gaps
Possible solutions	Enhanced access to finance Removal of administrative burdens Changes in labour market regulations (for first additional hirings) Promotion of entrepreneurship culture and delivery of entrepreneurship skills Access to specialised advice and legal and administrative support Provision of networking support Provision of integrated packages of support Specific support for particular groups (e.g. young people, migrants, women and older workers)	Clear criteria to distinguish between employee and self-employed status; enforcement and access to redress Setting clear criteria for identification of hybrid or dependent self-employed status and using such criteria to enhance the fight against bogus self-employment Enhanced inspection and enforcement More inclusive rules on access to employment rights/social protection benefits Enhanced access to representation

Source: *Authors' own compilation*

5 Conclusions and policy pointers

Over the period 2008–2018, EU labour markets have been affected by ongoing megatrends such as globalisation, demographic change, climate change and technological change. At the same time, the EU economy has undergone the deepest recession since the 1930s. **In 2020, it has become evident that other events, such as global pandemics, can also have a significant impact on the EU and global economy, along with labour markets**. All these developments have converged to create a context in which employers have stepped up efforts to reduce labour costs and have sought to enhance productivity, using flexibilisation as a tool to help them achieve these goals. While some economies emphasised working time flexibility in the form of short-term working (STW) during the peak crisis years, others supported the flexibilisation of employment by relaxing employment protection legislation (EPL) for temporary contracts, and in some cases also permanent contracts, to encourage hiring.

However, demand for greater flexibility does not come only from the employer side. The increasing share of women in the labour market, combined with persistent gender stereotypes in caring roles and also greater aspirations by younger (and older) workers for more flexible working patterns, have further encouraged the trend towards an expansion of certain forms of non-standard work (in particular, part-time work). Among policymakers, flexible forms of work have also been perceived as a way to assist certain disadvantaged labour market groups to access employment and provide a stepping stone towards standard employment.

The demand for flexibility and the possibilities offered by new technology have also brought about new business models, new forms of employment and new ways of working. In addition to the trends referred to above, the increasing emergence of, for example, platform work has resulted in the increasing use of 'compound non-standard' employment. Such employment has led to an expansion in the number of individuals with no employment contract, casual workers (including zero-hours contract workers) and people working a very limited number of hours or holding temporary contracts for fewer than six months.

These trends are concealed behind aggregate statistics that demonstrate relative stability in the share of part-time work, temporary work and self-employment between 2008 and 2018. The growth of compound non-standard employment is difficult to capture, and this has led to new ways of obtaining and exploiting data to capture details of the higher number of workers on unstable and insecure contracts, often in lower-quality jobs with lower wages and with more limited access to employment, social protection and representation. One way of demonstrating the proliferation of individuals with marginal or insecure labour market attachment is by looking at the increased risk of poverty among such workers. Arguably, the resulting polarisation in the labour force is putting a strain on the perceived cohesiveness and integration of society now reflected in the emergence of populist discourse in a number of EU countries.

Increasingly, prominent forms of compound non-standard employment pose a challenge for research and policy alike. For policymakers, these raise issues connected with the less advantageous position that these types of employment often entail – in terms of pay, including regularity and predictability of work income, but also access to social security, including pension coverage, and access to training or career development possibilities. The main question is how policy should regulate more precarious or discontinuous forms of employment relationships while at the same time enabling flexibility for employers in recruiting and retaining a workforce and remaining competitive.

A further important consideration arises from the 'representation gap' that is emerging in relation to more precarious workers, including those in new forms of employment. Workers on non-standard contracts and self-employed people are significantly less likely to be members of trade unions. In the case of self-employed individuals, they are often precluded from joining trade unions as a result of competition policy rules. While there have been efforts on the part of trade unions in many Member States to organise such workers (Benassi and Vlandas, 2016; Prosser, 2016; Doellgast et al, 2018; Keune and Pedaci, 2019; Meardi et al, 2019), significant gaps in this area, together with the trend towards the decentralisation of collective bargaining and restrictions on the universal applicability of collective agreements, are further impacting on the pay and employment and social protection of non-standard employees and self-employed people.

As a result, the policy debate has increasingly focused on the question of whether existing labour law and social protection systems are still fit for purpose or whether fundamental amendments are required to ensure that compound non-standard workers and dependent self-employed people are better protected and do not become reliant on the margins of the welfare system, with increased risk of poverty and social exclusion in the longer term. Another challenge is the representation gap for many of these workers in already strained collective bargaining structures, which further weakens their position.

The question of how to strike the right balance between flexibility and security in the labour market is by no means new; this has long been at the heart of often highly politicised discussions on reforms of EPL. The debate around the concept of 'flexicurity' dominated the EU social and labour market policy discourse following the Commission's publication of the common principles of flexicurity in 2007 (European Commission, 2007). Although no longer in the spotlight conceptually, the resulting policy debate contributed to an awareness of the importance of the different elements contributing towards a balanced and inclusive labour market model – that is, flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies and modern social security systems – all of which remain very much at the centre of EU-level (and national) policymaking and are contained in principles 5, 6, 7 and 12 of the EPSR.

At the EU level, a number of initiatives have already been taken, aimed at ensuring equal employment rights, enhanced access to social protection and rights to request improved contracts. However, arguably, the rights to equal treatment enshrined in the Part-time Work Directive and the Fixed-term Work Directive and the requirement for employers to consider requests from workers wishing to return to full-time work, having previously moved to part-time work, included in the Parental Leave Directive have (at least to some extent) failed to deliver their original goals, as inequalities and differences in access to such rights across the EU continue to persist. This is not necessarily attributed only to the provisions of these directives, but may also be due to the level of leeway accorded to Member States in shaping specific measures – for instance, with regard to the prevention of abuse of fixed-term contracts.

On the basis of the EPSR, more recent initiatives have been taken to enhance these rights, including the Directive on Transparent and Predictable Working Conditions and the Work–life Balance Directive, both adopted in 2019. The former directive aims to contribute to making working time more predictable in the context of the rise in casual work. These two directives, along with the Council Recommendation on access to social protection for workers and self-employed people (adopted in November 2019), seek to ensure better access to social protection for self-employed and non-standard workers by making rules of access more inclusive.

Other policy approaches to address bogus self-employment are focused on reducing misclassification, raising awareness and providing enhanced enforcement. The Directive on Transparent and Predictable Working Conditions could be seen to make a contribution in this regard by seeking to ensure dependent self-employed workers are covered by its provisions. The Work–life Balance Directive seeks to enhance not only greater sharing of caring tasks and the right to request flexible working but also entitlements to return to previous (full-time) working arrangements.

Among the other policy challenges are finding ways to ensure a better match between the desired and actual number of hours of work, in terms of both low and high working hours (the latter often resulting from a blurring of boundaries between work and private life arising from the increased use of technology and ICT-based telework and mobile work). While the Work–life Balance Directive is of relevance here, there are, to date, no considerations to enshrine a right to disconnect in EU legislation, and respective initiatives at national level remain scarce.

Policy pointers

- Flexible work arrangements are often related to non-standard employment, which tends to be affected by wage penalties. This poses the risk of in-work poverty, which should be tackled by policymakers not only from a labour market but also from a social policy perspective (for example, provision of housing or care support).
- In the global financial crisis, working time adjustments, notably STW, worked well for a number of Member States in cushioning the labour market and economic effects. Publicly supported instruments were most effective where respective structures were in place before the crisis hit and could be quickly activated, and where they were based on a tripartite approach. It needs to be emphasised, however, that such interventions should involve short-term rather than structural changes.
- While part-time work can offer the flexibility required by both workers and employers, targeted measures are required to address involuntary and low-hours part-time employment, which impact on access to employment and social protection rights and the ability to make ends meet.
  - Positive economic and labour market performance are among the key drivers to reduce involuntary part-time work. Accordingly, interventions to foster demand, ensure economic competitiveness or promote sectoral approaches could be beneficial even if not directly addressing the labour market issue at stake.
  - Accessible, affordable and high-quality care provision also plays an important part in allowing women in particular to increase their working hours.

  - Minimum wages and in-work benefits play a role in supporting the financial position of those on low-hours contracts.
  - The right to request a contract with increased hours and the obligation on employers to consider such requests if their business situations allow also have a role to play. Policy evidence indicates that current regulations and implementation in this area are weak and could be improved (including through the implementation of the Work–life Balance Directive).
  - Employee sharing is a model that could show promise, but currently finds limited application. Awareness-raising, public support to establish employer groups, and suitable legal frameworks are among the pathways deemed important for the further spread of this work arrangement.
- More generally, while current regulation already tries to ensure equal treatment and opportunities for part-time workers, the available data show, on average, worse working conditions and career prospects. Further focus on enforcement of existing regulations, including ensuring sufficient capacity in institutions such as labour inspectorates, could be a way forward.
- The issue of long working hours and their effect on work–life balance and workers' longer-term health and safety is gaining importance, not least against the background of discussions about extending working life. Measures that could address (technology-enabled) 'all-time availability' might include the implementation and enforcement of existing working time legislation. In some countries, a right to disconnect is considered as providing an added incentive, making it possible for such rights to be guaranteed through collective or individual agreements. The impact of such initiatives and the extent to which they are coordinated with a debate on workloads warrant further investigation.
- As regards temporary employment, the high share of young workers and those with low tenure on such contracts is striking, as is the fact that such forms of employment can have long-term macroeconomic and societal effects (labour market segmentation, but also impacts on housing or family-related planning).
  - Targeted approaches are recommended, and these need to be based on clear assessments of the effectiveness of existing interventions. Such measures should focus on fostering the transition from temporary to permanent contracts where desired, including in combination with targeted active labour market policies.
  - If permanent contracts are incentivised by employment subsidies, ensuring the sustainability of the employment relation after the subsidy ends is essential.
  - Access to training and social protection of workers on temporary contracts tends to be limited. This should be ensured through, for example, reviewing existing regulation and its enforcement and awareness-raising for both employers and employees.
- The following points are made in the context of employment status.
  - Discussions on the potential misclassification of employee versus self-employed, and the impact of this on employment rights, social protection and representation, should continue with a view to developing clearer definitions and specific entitlements for more vulnerable groups among self-employed people.
  - Considering self-employment strategically as a tool to transition out of unemployment is a valid option, but it needs to be ensured that it is adequately applied to avoid the creation of precarious self-employment and to safeguard access to decent social protection and employment rights.
  - Support for self-employment should consider a rather comprehensive approach, including initial entrepreneurial support related to access to finance (particularly for female or migrant self-employed workers), access to information and advice (notably for young or migrant self-employed workers) and the provision of entrepreneurial skills to ensure sustainable self-employed activity.
  - Ongoing support to ensure economic sustainability of the business activity and assistance with further job creation is recommended.
- In addition to measures addressing the different flexibilisation elements individually, more holistic approaches are advisable, taking into consideration the growing phenomenon of 'compound non-standard work'. In particular, these could address the issue of wage penalties associated with related forms of employment, workers' access to social protection and social benefits, education and training, and worker representation.

- Particular emphasis should be placed on monitoring the implementation of new EU-level measures and their impacts at national level, and on assessment of the effectiveness of national interventions. Comparative approaches to policy evaluation are complicated by the complex nature of legislative and policy provision in this area and frequent policy changes; but even at national level, evaluation evidence tends to be limited.
  This is an important issue to be addressed in the drive towards more evidence-based policymaking. Due to the specific nature of the discussed flexibilisation measures, evaluations need to take into consideration both the employer perspective and the worker perspective. Furthermore, potential unintended side-effects of such interventions should be explored.

- **The labour market impact of the COVID-19 pandemic is likely to be severe in the short term and medium term. There may be business failures, as well as organisational restructurings and both temporary and permanent job losses. Workers on precarious contracts, as well as many self-employed workers, are likely to be significantly impacted. They will be less able to rely on employment and social protection systems, although policymakers in a number of Member States have taken steps to provide additional income and welfare protection for these groups during the crisis. Crisis-related recourse to forms of flexibility, such as telework, will extend our knowledge about new ways of working and collaboration and potentially help make our workplaces more resilient to future shocks.**

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EF/19/034

TJ-03-20-105-EN-N

What have been the major trends and policy developments regarding the flexibilisation of employment in recent years? Eurofound's work programme for 2017–2020 set out to document and capture these changes in the world of work. This flagship publication provides an overview of developments in Europe in the wake of the global financial crisis, as well as mapping the ongoing challenges and policy approaches taken at EU and national levels to find the right balance between flexibility and security in the labour market. Based, in part, on European Working Conditions Survey data, the findings of this report map labour market changes between 2008 and 2018 with a specific focus on working time, contract type and employment status.

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Publications Office
of the European Union

ISBN 978-92-897-2058-8
doi:10.2806/70018