



LABOUR MARKET PARTICIPATION: NOW AND IN THE FUTURE

Employment Options of the Future

During the summer and autumn of 1998 the European Foundation for the Improvement of Living and Working Conditions carried out a major survey on Employment Options of the Future across the 15 EU Member States and Norway. Who wants to work? When? and Why? were the major questions examined in the survey, which sought the views of people currently in paid employment or who intend to enter the labour market within the next five years. This leaflet summarises the main findings of the survey on the subject of labour market participation.

Key findings

- The survey reveals a widespread intention among the non-working population to take up paid employment within the next five years.
- While there is a high level of previous work experience among the target groups, in particular women returners and the unemployed, there is also evidence of extended breaks from work.
- 35% of employed workers are happy with their current working hours, 11% would like to work more, and about 54% would like to work less.
- There is a great demand for part-time work among women returners (65%), although most of them want substantial part-time (between 20 to 35 hours a week). At present, only 25% of women returners would be ready to take up full-time employment within the next five years, for a variety of reasons (such as lack of available childcare).
- Job security remains a determining factor in job search strategies for two out of the three target groups: only young entrants to the labour market would be willing to accept a non-permanent contract.
- Entrants and re-entrants generally show a high degree of flexibility in some of their preferences, with at least 30% in each target group being ready to consider self-employment, and more than 80% willing to accept part-time work.
- A majority of young entrants and women returners are not in a particular rush to find work, although four-fifths of the unemployed are presently looking for work.
- Confidence about finding work is not at all widespread, and the take-up of help and advice about the labour market is generally low.



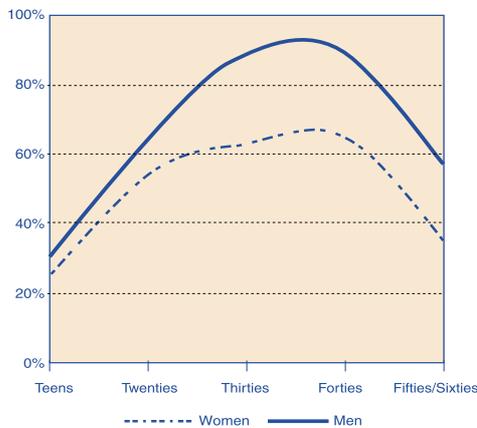
Who is currently employed and who is not?

Age and gender factors

It is commonly known that participation in paid work varies greatly not just from place to place, but also according to individual circumstances and choice. Most particularly, as Figure 1 shows, it varies by age, rising and then falling with age, and by gender, with women overall less likely to be in paid work than men. These differences become most marked as the net entry rate of women slackens off during their twenties, while that of men continues to increase. As a result, as middle age approaches, almost all men (90%) are in paid work, but over a third of women are not. In later life, as sickness, redundancy and retirement become more widespread, both groups become less likely to be working in the cash economy, and the gap between them narrows somewhat.

Of course, with age bands so wide, and mixing together different generations in the same data, these curves do not accurately chart out life experiences or expectations, but they do paint a rough picture of the present situation. And they suggest that people's wishes and preferences about their working lives will be influenced by a starting point strongly determined by their age and gender.

Figure 1 Participation in paid work by age and gender



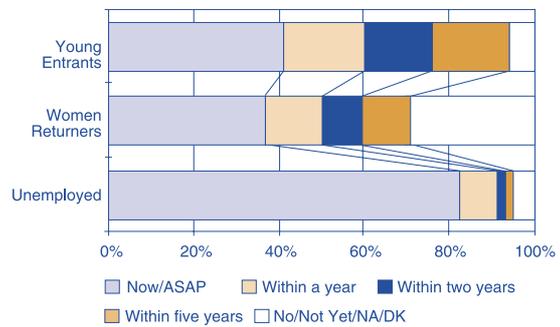
While the unemployment rate is approximately 8%, the survey shows that well over a third (39%) of the working age resident population is not currently in paid work in the EU Member States and Norway. There are large differences between the 16 different countries, reflecting the very different labour market structures, but even where the non-employment rate is lowest (in Denmark, Sweden, Norway) it remains at over one-fifth. In some countries, the non-employment rate even exceeds 50% (in Italy and Spain).

A widespread desire to work

In addition to the marked differences between countries in the size of the non-employed population, the composition of this population is

heterogeneous. As a result, the circumstances of these individuals are extremely varied. However, there is a widespread intention to take up employment among those not presently working (Figure 2). This is especially the case for the unemployed, among whom a proportion of 82% intend to take up paid employment as soon as possible, 92% within a year and 95% within 5 years. The young entrants show a relatively similar figure within a 5 year period (95%), even if for very different reasons, whereas the proportion of these who intend to take up paid employment within a year is only a little more than half as likely (41%). As for the women returners, 38% intend to go back to work within a year, but the figures almost double (71%) within a 5 year period.

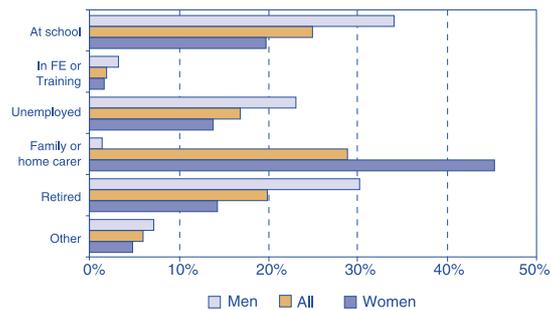
Figure 2 Proximity of planned entry/return to work



ASAP= as soon as possible NA = no answer
DK = don't know

What this means is that despite the very powerful forces acting to sustain, and even to increase, the non-employment rate, such as longer periods of full-time education, earlier retirement and so on, there is substantial potential for increasing employment rates among some parts of the population, without regressive social effects. Thus, rather than being contradictory pressures, the demographic picture makes it possible to combine those forces which will take or keep some people out of employment (such as earlier retirement, reduced working hours, longer and more lifetime-based learning, greater leisure, etc.), with those which will encourage more to take up gainful employment.

Figure 3 Present status of those not currently in paid work



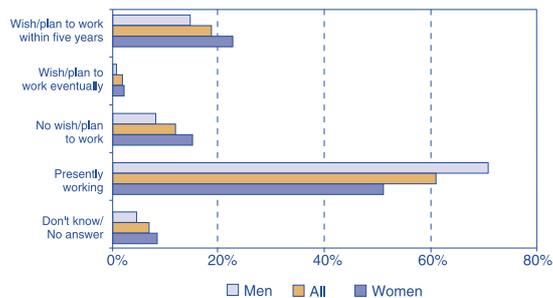
FE = full-time education



Figure 3 (p.2) shows that the currently non-employed men tend to be distributed fairly evenly between three large blocks (at school, unemployed or retired, together accounting for nearly 90% of them). By contrast, non-employed women are most likely to be engaged in family or home care activities: this accounts for almost as many women as do the three next blocks together. Interestingly, 'new men' are rather thin on the ground: only 1.5% of non-employed men report themselves as mainly engaged in family or home care activities (representing the paltry total of under half of one per cent of the whole male sample). In view of this, it is interesting to note the relatively similar distribution of women and men regarding the intention to take up paid work (Figure 4). Thus, while there is a widespread wish among both men and women to enter or re-enter paid work, they will nevertheless do so from very different situations.

What appears as a long-term advantage – that labour supply shows considerable potential for growth even in the face of pressures for reduction – may also look like a serious problem in the short term: when unemployment is high and rising, then it is more difficult to view potential new entrants to the labour market as a blessing. For policy makers, this requires some finesse: on the one hand, it would be hard to justify policies which encourage new entrants if the price was more or less permanent exclusion for the existing unemployed; and on the other, policies aimed at new entrants are unlikely *prima facie* to do anything positive to help the presently unemployed.

Figure 4 Work status and plans/wishes of population of working age



What is required in these circumstances is a policy regime based on a proper understanding of the circumstances and aspirations to work of all those not presently occupied, whether unemployed or not-yet-employed, and aimed at promoting their simultaneous, though different, trajectories into employment.

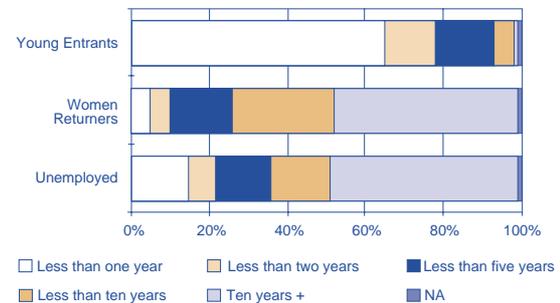
Previous labour market experience

Improving job-seeking potential

An important factor influencing the ease with which people are likely to move back into jobs is their previous experience of the labour market. On the one hand, they may have built up an attractive portfolio of work experience, work-related training

and qualifications, and good references, which will improve their attractiveness to prospective employers. On the other hand, their own familiarity with the world of work, and their self-confidence about their place in it, is likely to improve their job-seeking potential.

Figure 5 Duration of previous work experience



It is quite clear that a substantial proportion of the target groups have this kind of experience (Figure 5). Almost half of the women returners and the unemployed demonstrate work histories of ten years or more, and relatively few of them have only short periods of previous work. Even among the young entrants, many already have some experience of work and this suggests a cohort for whom familiarity with the workplace and with some of the tacit and personal skills required in it, is being developed in parallel with their education.

Breaks from work

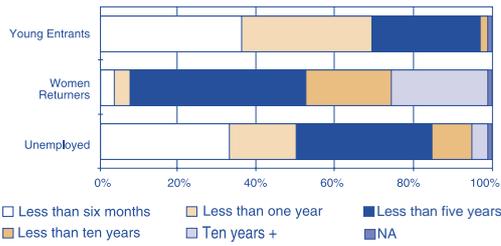
Extended breaks from work (see Figure 6 on p.4) are more commonly found among women; thus, among our respondents who were not presently in paid work, but once had been, we found that 30% of the women had breaks of 5 years or more, compared with less than half this proportion among men. For both groups, the duration of these gaps rises markedly with age, but among women this process starts younger (presumably as they take childcare breaks), and continues into middle age. Thus, comparing people in their thirties, only 10% of presently non-working men have gaps of over 5 years, compared with nearly a third of non-working women of the same age. Among the over-fifties, the comparable proportions are 13% for men and 30% for women.

Matches and conflicts with present working patterns

Labour market mobility

If the working arrangements which new and re-entrants prefer are readily available in the labour market, this is likely to smooth the transition greatly. For example, both for men and for women, ageing leads too often to a premature and involuntary exit from paid work. In some circumstances this could provide for a voluntary, extended and gradual reduction in work, but too often it appears as an enforced, unwelcome and complete ejection, with relatively poor prospects for re-entry.

Figure 6 How long ago did your last job end?



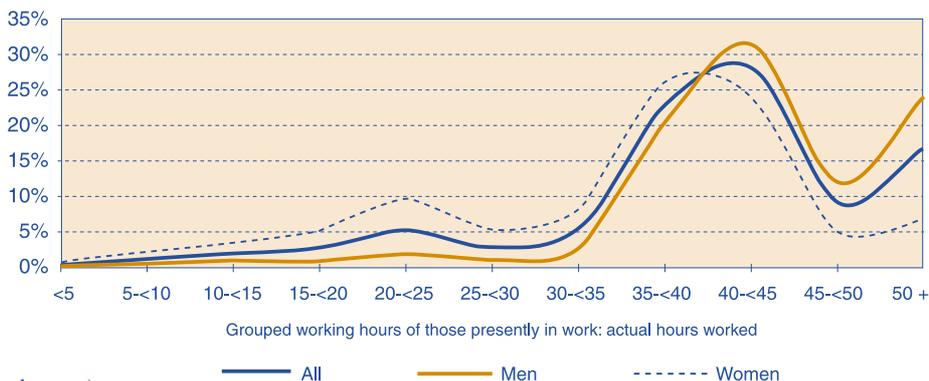
The labour market is not an arena where many people are offered a free choice: the critical limiting factors which face the vast majority are, 1) what is readily available to them, and 2) what they need to earn. At the same time, neither of these is an absolute constraint: many people have access to a range of different job opportunities (otherwise there would be no voluntary labour turnover), and many could survive on less than they presently earn (albeit they may not choose to).

Women’s participation in paid work is significantly inhibited by the poor fit between social arrangements for childcare and the way in which we conventionally package jobs and arrange access to them. While there have been significant improvements in this regard in recent years, it nevertheless remains the case that over their working lifetimes both the quality and extent of women’s participation in paid work suffer markedly as a result. One of the tools women are using for combining family duties and paid employment is part-time employment, which is still largely a female domain.

A desire to work less

The current working time profiles of women and men who are presently in paid work show a continuing preponderance of full-time working, at around 35 - 40 or more hours a week across the labour market as a whole, with women tending to work shorter hours and men longer. While there are major variations from this overall pattern in different countries, it ought to be remembered that only one in five of these workers is actually working less than 35 hours per week, in contrast to over half of them working between 35 and 45 hours a week (Figure 7).

Figure 7 Present working time profiles



(NB smoothed curves)

Significantly, the survey shows evidence of a widespread wish for shorter working hours, both now and in 5 years time. 35% of the presently employed population are happy with their current working hours, while 11% would like to work more, and over half (about 54%) would like to work less. The net outcome of these shifting preferences would be that the average working week would fall from 39 hours to 34.5.

The proportion of those who want to reduce their current working hours by more than 5 hours a week accounts for 42% of the currently employed population. Only 7% of those working, although 15% of those wanting to work less, want to reduce their working time by less than five hours.

Most respondents, therefore, are looking for substantial reductions, which are likely to require a profound change, either on the part of the individual (such as change job, negotiate reduced hours with employer, etc.), or through legislative intervention. The desired result would seem to be that both very long, and very short, working hours would be less common, while part-time work providing for substantial hours would significantly increase.

Women returners favour part-time work

While the working time preferences of the young entrants and unemployed broadly reflect those of the employed population, there appears to be a massive demand for part-time work among women returners, which clearly distinguishes their preferences from what currently exists (proxied by the pattern of existing employees). In Figure 8 (p.5) we can see an even more marked disinclination among women returners to work for more than 35 hours than is demonstrated by existing employees. By contrast, they are even more interested in ‘substantial’ part-time hours than existing employees would expect to be. However, their average preferred working time would be somewhat shorter (with a significant cluster opting for 20-30 hours), and they show slightly more interest in ‘short’ part-time working hours than do present employees.



At present, only 25% of the women returners would be ready to take up full-time employment within the next 5 years, whatever the reason (e.g. personal reasons or lack of childcare). This means that the current working patterns, with a preponderance of full-time working over 35 hours a week, are far from meeting these women's specific demands. Looking at women returners as the continual flow of individual re-entrants that they actually are provides a clear message: here we observe people dropping out of predominantly full-time employment for a period, and returning with an overwhelming preference for part-time employment, which they wish to retain for some years as their families grow up. To the extent that these demands are very much in relation to variables such as access to childcare, family patterns, etc., the lack of willingness to go back to full-time work expressed by the women returners seems highly significant because it highlights 1) the discrepancy between the currently designed working hours and the demand for a greater female labour supply; and 2) the need for overall gender-sensitive measures, with working time representing one dimension of a wider approach.

Job security a determining factor

Looking at employment status (permanent vs. temporary contract), the survey reveals that job security remains a determining factor in job search strategies for two out of the three target groups. Only the group of young entrants shows a relatively high level of acceptability towards non-permanent contracts, as almost half (47%) of this group would be ready to seek a non-permanent position.

The situation regarding women returners and the unemployed is quite the opposite. For them, a positive search for non-permanent jobs is quite rare (at around one in ten in both groups), even if there are rather more job seekers in both groups who would be ready to accept a non-permanent job as readily as a permanent one. Here, a stepping stone hypothesis seems the most plausible: both groups wish to re-enter the labour market, and may not regard themselves as particularly well placed to

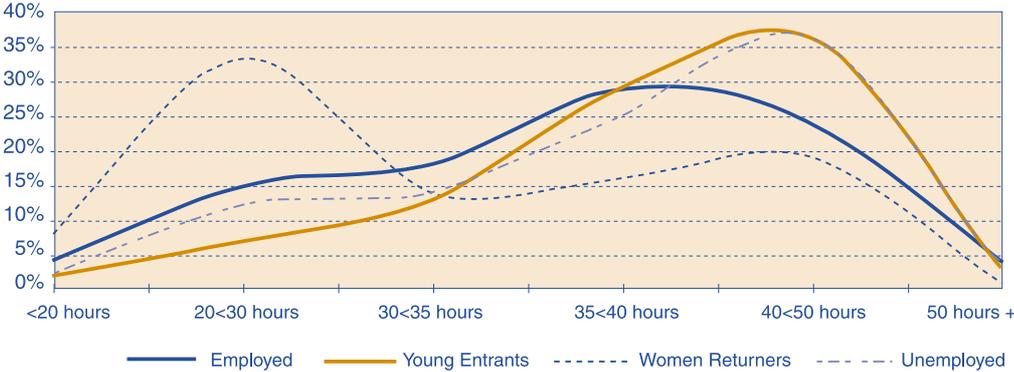
compete for the most attractive vacancies. Consequently, they may be more willing to take a non-permanent job if that is necessary, in order to improve their position for the next step into permanent work.

The fact that young entrants seem to be willing to accept non-permanent employment could also be seen as arising from a combination of three reasons. Firstly, without significant previous work experience, it is difficult to obtain a permanent contract; secondly, young entrants generally show a high level of mobility expectations and may not wish to stick to specific jobs at the beginning of their career; thirdly, human resources policies may be designed, in some sectors, so that young entrants are most often offered non-permanent positions.

Similar trends are to be observed, when comparing these figures with the distribution of permanent/temporary contracts among the currently employed population. Fewer than a fifth (17%) of the employed population held a non-permanent position at the time of the interview, and the common characteristic of these employed persons was their youth. Subsequently, we observe that the proportion of young entrants who would be ready to seek for such a position (47%) is more than twice as much as the currently employed population with such a contract (17%). The situation is quite the opposite for the women returners and the unemployed: the proportion of the latter who would be ready to seek that kind of job (8%) is only about half of the currently employed population of that type; whereas, for women returners, the difference between both categories is less than among the unemployed, but remains significant.

Despite such differences, Figure 9 (p.6) reveals that entrants and re-entrants generally show a high degree of flexibility in some of their preferences, with more than 30% in each target group being ready to consider self-employment, and more than 80% willing to accept part-time; but some working time patterns and/or types of employment status are not widely acceptable to some groups, even as a second choice.

Figure 8 Future working time preferences of presently employed, entry and re-entry groups



(NB smoothed curves)

Figure 9 Flexibility among young entrants and re-entrants' preferences



Immediacy and realism of intended working plans

Young entrants and women returners are not in a particular rush to find work, but four-fifths of the unemployed are presently looking for work. Taking just this 21% of the whole sample, we find that 40% of them are presently looking for work of some kind. For them, the wish to take up paid work is both tangible and an immediate intention. However, looking at the three groups of entrants and re-entrants who expect to be in work in the next five years, the survey indicates that confidence about meeting these different intentions is not at all widespread.

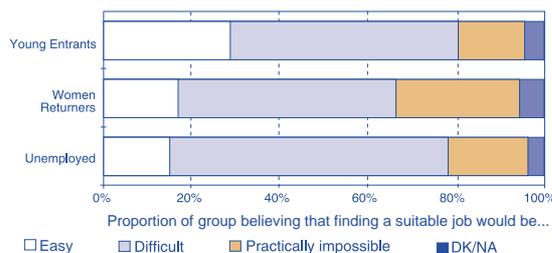
Confidence about finding work

Only a small minority of the sample as a whole (21%) believe that it will be easy to find a suitable job. Furthermore, the more active the group is in looking for work now, the less likely it is to believe that finding it will be easy, as Figure 10 shows.

Paradoxically, it is the young entrants who are simultaneously the least active in looking for work at the present and yet most confident about getting it. Almost a third (28%) believe that finding a suitable job is easy, whereas 52% still consider it difficult. Such an observation reflects the optimism and lack of experience of this group, but also the ready availability of service sector jobs (albeit of low quality and not in all countries) which are largely focused on young recruits.

More worrying is the very high proportion of the unemployed who believe that finding suitable work is difficult: nearly two-thirds (65%) think it difficult, and close to another fifth think that it will be practically impossible.

Figure 10 Confidence about finding a job



The women returners show a somewhat different pattern: although confidence is again generally low, there is also a very large group (28%) who feel that

finding a suitable job will be practically impossible. This is an observation that has to be correlated with the fact that only one fourth of the women returners is likely to take up paid work as it is predominantly designed now, i.e. full-time of over 35 hours a week. Unlike the unemployed, the correlation here relates less to duration of absence, and more to preferences for part-time work.

Uptake of information and advice

Across the sample as a whole, including the employed population, only 20% had sought or received information or advice in the past year about changing or taking up a job. While we might expect a relatively low figure for the employed respondents, many of whom may be only casually interested in alternative jobs, we should expect a much higher figure for the new and re-entrants, even though many are not presently engaged in job search. At the time of the interview, well over a majority of the women returners (55%), three quarters of the unemployed (75%) and most of the young entrants (90%) were expecting to be in paid work within the next five years.

In fact, even among the unemployed, 82% of whom are looking for work now, only 39% claim to have sought or received advice and information about how to do so. For the women returners and the young entrants, the figure is much lower (20% and 25% respectively).

Social and policy implications

The supply-side determinants of individuals' decisions about participation in paid work are complex. And if the demand-side considerations are taken into account as well (i.e. the kind of qualifications and skills sought by employers, the rate of job creation, the location of the new jobs, etc.) then the situation becomes even more complicated. On the supply side, there are two important and overlapping perspectives: the specific and immediate circumstances of the target groups, chosen because of their proximity to the labour market; and the general and longer term factors of age, gender and family circumstance, which influence the extent and character of every individual's participation in paid work, whether in, close to, or altogether outside the labour market.

The first lesson which seems most readily drawn from the former perspective is the generally high and buoyant wish on the part of both men and women to take part in paid work in the near future.

Coming out of this survey, the most obvious constraints that might prevent or inhibit such a transfer are: the discrepancy between the presently dominant working-time model and the wish for substantial part-time expressed by the women returners; the still on-going long-term unemployment and the lack of marketable skills for the unemployed. But beyond such constraints lies a



widespread will and intention to participate. Without regrettably being particularly simple, the policy imperative would be to address and minimise these constraints, as imperfections to effective labour supply. This would mean at least three things:

1. A more varied approach to the possibilities and wishes with regard to overall time use within different spheres of life – for both women and men, young and old. At first instance, this applies specifically to women returners’ wishes, their effective availability for work (e.g. issues of childcare, share of domestic duties, etc.) and what the labour market has to offer (e.g. appropriate working-time patterns);
2. On-going actions to combat long-term unemployment, through education, public employment policies, dedicated training and qualifying plans; and
3. More accessible provisions of guidance and assistance for entrants and re-entrants to help them make more informed choices and to find suitable employment.

The second lesson is a widespread wish to work somewhat less, which cannot readily be explained away as either an ill-considered preference which takes no account of the need to earn income, or as

the preference only of those on the margins of paid work.

Here the policy imperative seems to have two dimensions:

1. Firstly to find mechanisms through which this wish can be realised on a wide scale and without undermining the quality of people’s jobs and careers. At present, these do not seem to exist. Legal regulation generally constrains only excessive working hours; collective bargaining arrangements do not cover all of the workforce; and effective bilateral arrangements between individual employer and employee seem to be the preserve only of the most valued and well-established workers; and
2. Second, to re-allocate working time so released, and to ensure that those presently excluded from work are direct and priority beneficiaries. Here too few effective mechanisms exist: the aspiration for productivity gains has often eaten up such possibilities. Thus the need arises for new and more imaginative tools of positive intervention in the labour market, not just to prevent excessive working hours, but to promote real individual choice – for all people and not just for the ‘insiders’ only.

About the Employment Options of the Future survey

This survey, carried out by the European Foundation for the Improvement of Living and Working Conditions over the summer and autumn of 1998, involved 30 557 telephone assisted interviews with people aged between 16 and 64 years across the 15 EU Member States and Norway. The survey provides information on both the current situations and future preferences of those interviewed concerning employment. At the time of the interviews, 43% (7 749 out of 17 908) of the non-employed expressed the wish not to work in five years. This group was not included in further analysis. At the first stage of analysis, four main target groups were defined:

Employed Persons: persons who declare themselves employed or who answer ‘yes’ to the question on whether they worked last week (N=12 649).

Young Entrants: persons who are at the beginning of their working lives and who do not yet have substantial working experience (due to studying, for example) and are less than 30 years of age (N=3 932).

Women Returners: women who want to take up paid work again after a break in their careers. They have previous work experience and a minimum break of one year from employment. A shorter break is accepted only if the respondent terminated the last job because of giving birth to a child or because she had to take care of elderly, ill or disabled persons (N=3 499).

Unemployed persons: persons who declare themselves unemployed (N=2 537).

Definitions used in the text:

part-time = less than 35 hours a week (unless otherwise mentioned).

full-time = 35 hours a week or more.

temporary employment = non-permanent employment (including fixed-term and temporary agency contracts).

self-employed persons = persons who declare themselves to be self-employed.

This paper has been prepared by John Atkinson, Institute of Employment Studies, University of Essex, in collaboration with Matthieu de Nanteuil, Mia Latta and Agnes Parent-Thirion, European Foundation for the Improvement of Living and Working Conditions.



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Dimitrios Politis

Information Liaison Officer

Tel : (353 1) 204 31 40

Fax : (353 1) 282 64 56

e-mail : dmp@eurofound.ie

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European Foundation for the Improvement of Living and Working Conditions
Wyattville Road, Loughlinstown, Co. Dublin, Ireland.

Tel: +353 1 2043 100

Fax: +353 1 282 64 56/282 42 09

E-mail: postmaster@eurofound.ie

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