

New Commission report shows rapid change in EU labour markets. Star performers are hi-tech, high-skill women.

The Commission today published the *Employment in Europe 2001* report. The report, published annually, shows rapid all-round improvement in the way EU labour markets work. Champions of job creation are hi-tech, highly skilled women. It presents an analysis of the main trends and outlook for employment in the EU and the candidate countries against the background of the new targets for employment set by the Lisbon and Stockholm summits. However, the report notes that some sectors are still dominated by one gender (occupational segregation), even in the fast growing high-skilled, non-manual occupations and it is even widening in traditional occupations. Some evidence shows that ever-tighter rhythms of work are affecting job quality.

Anna Diamantopoulou, Commissioner for employment and social affairs said: "This report shows that Europe's labour markets are capable of rapid structural change to a more dynamic, knowledge-based economy. And that women are champion job creators. If growth is sustained and product markets further developed across the EU, we have every chance of reaching the Lisbon goal of being the most competitive and inclusive place in the world to live and do business by 2010. To borrow an americanism : 'you ain't seen nuthin' yet'".

The main messages of the report include:

- Employment performance of the EU improved significantly in 2000. Employment grew by 1.8% on top of the 1.6% in 1999. Over 3 million new jobs were created and the employment rate stood at 63.3%, up from 62.3% in 1999. For the third year in a row, more full time jobs than part-time jobs were created in 2000. Full time jobs accounted for almost 70% of the net jobs created, up from 60% in 1999 and 54% in 1998.
- Women are driving job creation. More than 1.6 million of the 3 million jobs created in 2000 were taken by women. The employment rate for women stood at 54%, up from 52.8% in 1999. In the 1995-2000 period, the gender gap in employment rates has narrowed by 2 percentage points.
- High-tech and knowledge-intensive sectors drove job creation. These sectors contributed to more than 60% of total job creation between 1995 and 2000. But not only for high-skilled workers. Employment growth was also stronger for low and medium-skilled employed in high-tech sectors and knowledge-intensive sectors. A significant skill gap is not detected from the analysis. However, this does not preclude the emergence of skill mismatches in the transition to a more knowledge based economy.

- Unemployment fell by more than 1.5 million to 8.2% on average. The youth unemployment ratio, at 7.8%, is now lower than at the beginning of the decade. Long-term unemployment continued to decrease in almost all member states, reaching 3.6% in 2000 compared to 4.1% one year earlier. The unemployment rate decreased both for men and women, and for women it was below 10% for the first time in a decade.
- Europeans are generally satisfied with their job and their working conditions. Almost 80% of all employed report high or even very high levels of satisfaction compared to 20% who are dissatisfied with their current job.
- Almost a quarter of the European workforce are in low-quality jobs - jobs that lack security and training. But European labour markets exhibit major quality dynamics. Both upward and downward mobility on the job-quality ladder is considerable. While there is clear evidence of upward quality mobility especially for young workers, future employment prospects seem much less favourable for low-educated individuals in jobs of poor quality.

After presenting a detailed panorama of the recent labour market developments, the report analyses supply and demand trends, macro-economic changes in the transition towards a knowledge-based economy, quality in work and its role for social inclusion and regional trends in employment performance. Finally, the report looks at the situation of the labour markets in the accession countries. The report contains detailed statistical tables with key employment indicators for the member states and the accession countries.

The full text of the report is available under "Key Documents" on the website of the European Commission, DG Employment and Social Affairs:

http://europa.eu.int/comm/dgs/employment_social/key_en.htm

In important new research for the European Commission,¹ it was found that the role of women emerges as highly significant for explaining the US-EU job gap and employment patterns:

- Women are severely under-represented in high-wage jobs, particularly in Europe. High-wage employment growth is much greater for women in the US than in the EU.
- European women work part-time in the childcare years; in the US they work part-time when approaching retirement.
- Women, particularly those working part-time, are heavily concentrated in low wage jobs.
- Part-time work carries a substantial pay penalty. This persists after the resumption of full-time work.

The findings of the same study do not give systematic support to the view that rigid labour markets in the European economies inhibit job growth:

- Each of the European economies shows greater earnings mobility than the United States; only France is level with the US.
- Mobility, in terms of the proportion of workers escaping from low paid employment in any one year, is found to be very similar across the five economies. However, transitions from low pay to non-employment are clearly higher in the United Kingdom, while the US is very similar to France and Germany.
- In France and Germany, it is easier for low-wage workers to climb the earnings ladder as compared to the US.

In general, job-changing results in increased real and relative earnings. There are cross-country differences in patterns of job-changing, but there is no evidence for a clear US/Europe divide. Young persons feature prominently in the processes of earnings and job mobility. For most individuals low-pay employment is a transitory situation from which they move into better paid employment.

The text of the research can be found under "Publications" on the website of the European Commission, DG Employment and Social Affairs on the following address: http://europa.eu.int/comm/dgs/employment_social/pub_en.htm

¹ "The European-American Employment Gap, Wage inequality, Earnings Mobility and Skill" by W. Salverda, St. Bazen, M. Gregory and others
The results of the study are based on extensive data research (ECHP) for four EU Member States (France, Germany, the Netherlands, and the UK) and the US