



EUROPEAN FREE TRADE ASSOCIATION

EFTA Statistical Office Publication:

Labour market vulnerability in the EU and EFTA Member States

Luxembourg, May 2020

Economic upheaval and uncertainty, caused by events like, for example, the 2020 COVID-19 pandemic, create instability in the labour markets. Yet, some employment arrangements leave the countries more at risk in the face of such crises. In 2019, the three EFTA Member States Iceland, Norway and Switzerland had high overall employment and a relatively low prevalence of employees on temporary contracts. This, in combination with well-developed social systems, could contribute to softening the effect on employment of COVID-19. However, females seem to be more at risk than males, being overrepresented among both part-time and temporary employees.

Employment arrangements and vulnerability

This article looks at the employment situation in the EU Member States¹ and three EFTA Member States: Iceland, Norway and Switzerland. It is based on data from the 2019 EU Labour Force Survey (EU-LFS).² The aim of the article is to highlight the various employment arrangements in the labour market, specifically part-time employment, temporary contracts and self-employment. These employment arrangements could be susceptible to major changes in the labour market. The data are from 2019 and with the situation in the labour market due to the COVID-19 pandemic one can expect the data from 2020 to look substantially different. The idea is to identify certain structural characteristics that can indicate how vulnerable labour markets are to the current upheavals and uncertainty.

¹ Since the data are from 2019, when the United Kingdom was still a member of the EU, we will treat the United Kingdom as an EU Member State and use EU28 as a point of reference rather than EU27.

² The fourth EFTA Member State, Liechtenstein, does not participate in the EU Labour Force Survey.

In order to capture some important aspects of vulnerability in the labour market, we will first consider the overall employment rate and then look further into the prevalence of part-time and temporary employment, as well as self-employment. To illustrate the difference between males and females in the labour market, we compare the number of females per 100 males in each employment arrangement.

Overall employment rate

The overall employment rate is the percentage of employed persons in relation to the comparable total population. In this article, the age interval 20-64 years is applied.

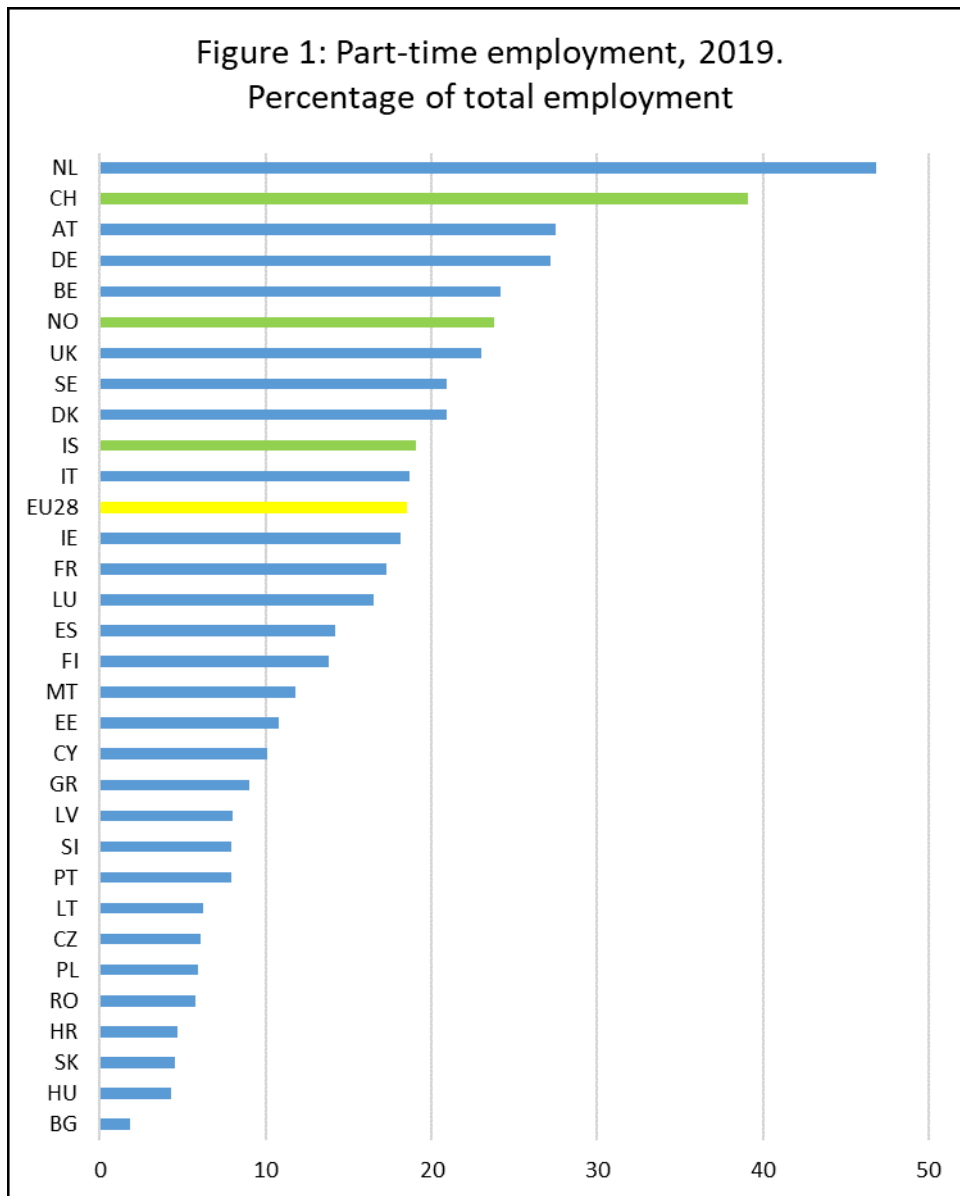
Table 1. Overall employment rates, 2019. Percent

	Total	Males	Females
Iceland	85,9	88,6	83,0
Switzerland	82,9	87,3	78,6
Sweden	82,1	84,4	79,7
Germany	80,6	84,6	76,6
Czechia	80,3	87,7	72,7
Estonia	80,2	84,0	76,3
Netherlands	80,1	84,8	75,5
Norway	79,5	82,0	76,8
United Kingdom	79,3	84,0	74,6
Denmark	78,3	81,9	74,7
Lithuania	78,2	79,0	77,4
Latvia	77,4	79,3	75,5
Finland	77,2	78,5	75,8
Malta	77,2	86,7	66,7
Austria	76,8	81,2	72,4
Slovenia	76,4	79,7	72,9
Portugal	76,1	79,9	72,7
Cyprus	75,7	81,7	70,1
Hungary	75,3	83,1	67,6
Ireland	75,1	81,4	69,0
Bulgaria	75,0	79,3	70,7
EU28	73,9	79,6	68,2
Slovakia	73,4	79,9	66,9
Poland	73,0	80,7	65,3
Luxembourg	72,8	77,2	68,1
France	71,6	75,2	68,1
Romania	70,9	80,3	61,3
Belgium	70,5	74,5	66,5
Spain	68,0	74,0	62,1
Croatia	66,7	72,0	61,5
Italy	63,5	73,4	53,8
Greece	61,2	71,3	51,3

The overall employment rates for the EFTA and EU Member States are presented in total and broken down by gender in table 1. Iceland, Switzerland and Norway have all met the headline target of the Europe 2020 Strategy, which aims at a minimum overall employment rate of 75%.³ As indicated by table 1, Iceland and Switzerland have the highest employment rates, whereas Norway is number eight on the list. Large economies like Germany and the United Kingdom also meet the Europe 2020 criterion. Other populous EU Member States like Poland, France, Spain and Italy are at the other end of the scale and below the EU28 average. Greece has the lowest overall employment rate with 61.2%.

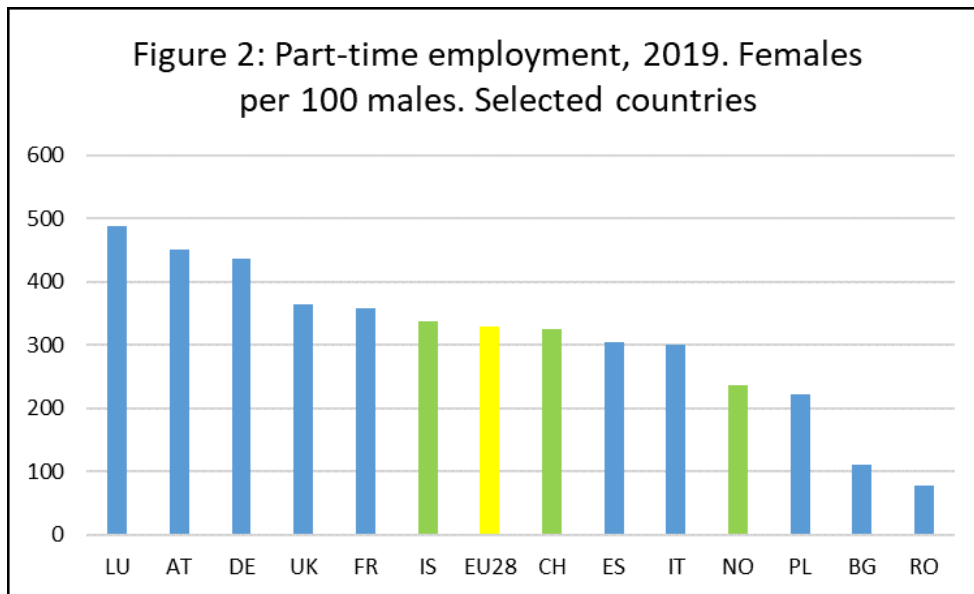
Men have a higher employment rate than women in general. The female employment rate in Iceland is the highest among the EU and EFTA Member States, while Switzerland and Norway are also among the top five. The EU28 average employment rate is 68.2% for females.

³ The target states that at least 75 % of the population aged 20 to 64 should be employed. See also: <https://ec.europa.eu/eurostat/web/europe-2020-indicators>.



For the EFTA Member States, part-time constitutes 19.1% of total employment in Iceland, 23.8% of total employment in Norway and 39.1% of total employment in Switzerland. For the EU28, 18.5% of total employment is part-time employment.

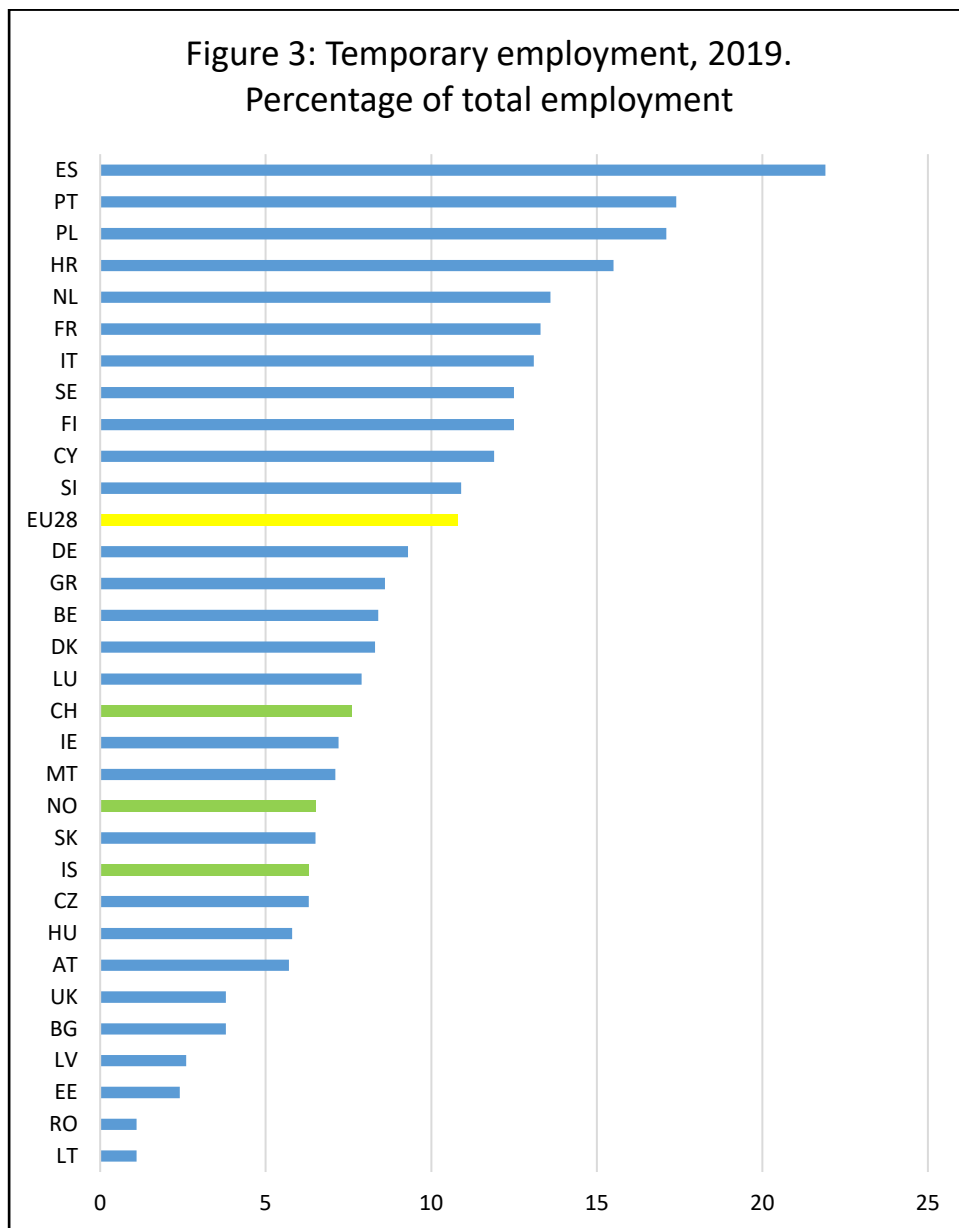
Switzerland is the country with the second highest proportion of part-time employment, behind the Netherlands with 46.8% (figure 1). At the other end of the scale, Poland (5.9%), Romania (5.8%) and Bulgaria (1.8%) have some of the lowest proportions of part-time employment. It is worth noting that part-time employment is not a commonly used employment arrangement in some of the less affluent EU Member States.



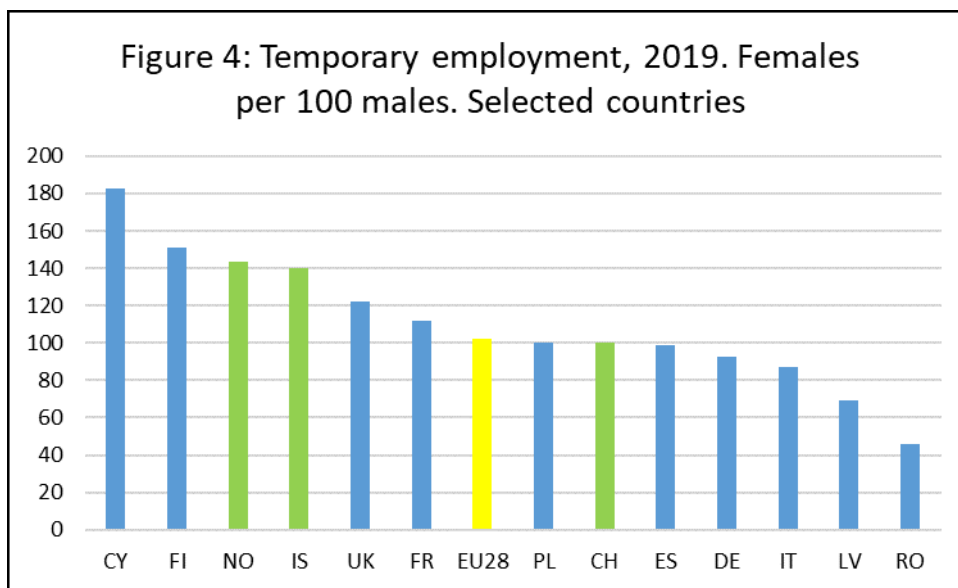
In general, for all the EU Member States, the United Kingdom, Iceland, Norway and Switzerland, the share of part-time employment is consistently higher for women than for men. As indicated in figure 2, there are 330 females per 100 males on part-time contracts in the EU. The corresponding value for Iceland is 338, for Switzerland 326 and for Norway 236. In comparison, Romania is the only country with more males than females working part-time.

Temporary employment

Employees on temporary contracts are employees with a job of limited duration whose main job will terminate either after a period fixed in advance, or after a period not known in advance, but nevertheless defined by objective criteria, such as the completion of an assignment or the period of absence of an employee temporarily replaced.



Compared to part-time employment, temporary contracts are in general less used as an employment arrangement in the labour market. For the EFTA Member States, Switzerland (7.6%) has the highest share of temporary contracts, while Norway (6.5%) and Iceland (6.3%) have a somewhat lower share. The three EFTA Member States are well below the EU28 average, which is at 10.8%. The use of temporary contracts is most widespread in Spain (21.9%), while Poland (17.1%), France (13.3%) and Italy (13.1%) are all above the EU average. Temporary employment is less common in other major economies like Germany (9.3%) and the United Kingdom (3.8%).

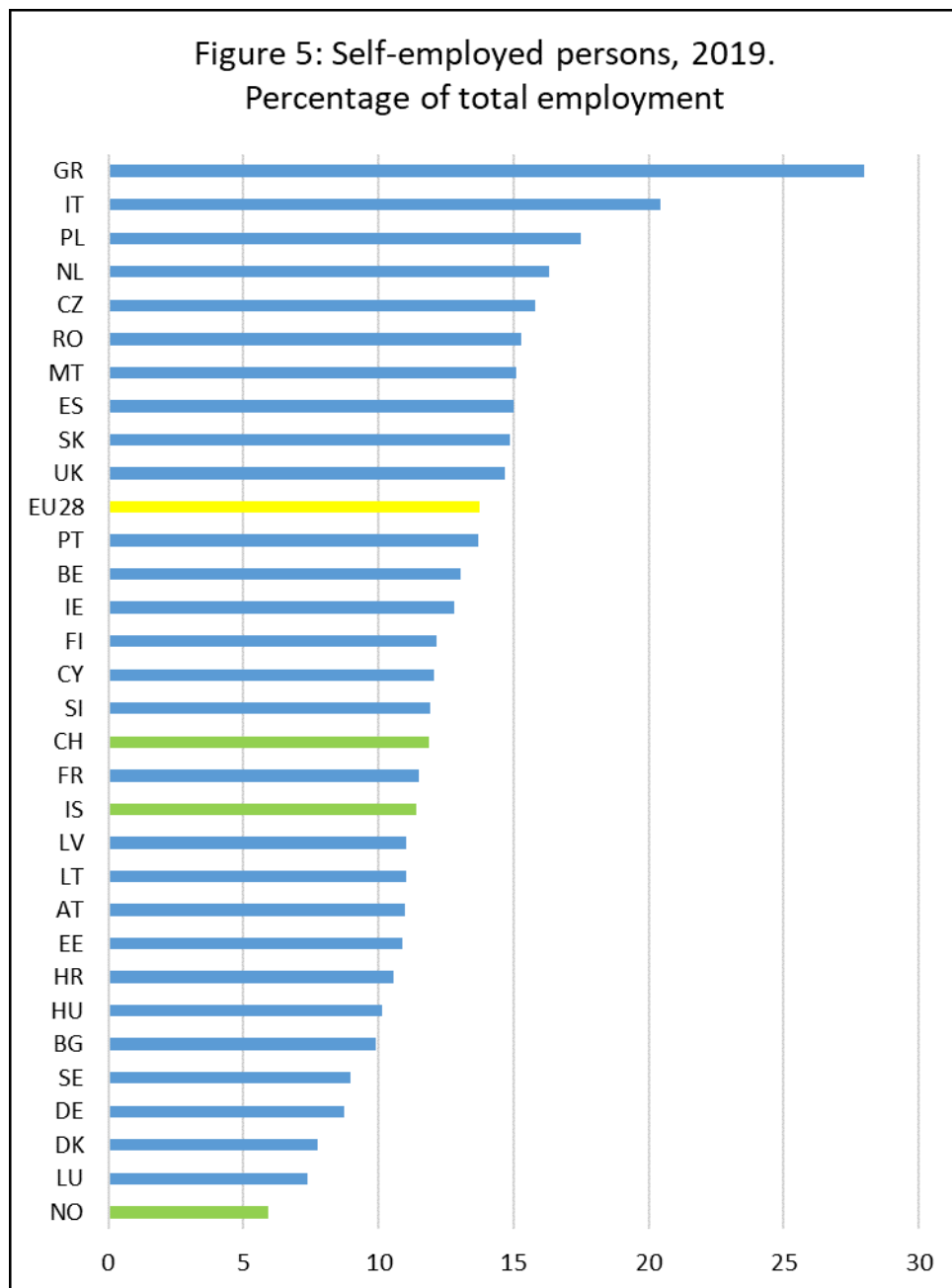


In order to have a more nuanced picture of the use of temporary employment, we consider the differences between males and females on temporary contracts. Figure 4 shows the ratio of females to men in temporary employment in selected countries. In the EFTA Member States, 143 females in Norway are in temporary employment per 100 males, while in Iceland, the corresponding figure is 140. In Switzerland, there is no difference between men and women in temporary employment. This is similar to the EU28 average, where 102 females are in temporary employment to 100 males. The corresponding figure for the bigger EU Member States are 122 for the United Kingdom, 112 for France, 101 for Poland, 99 for Spain, 93 for Germany and 87 for Italy.

For both part-time and temporary employment, the challenges in the labour market caused by the COVID-19 pandemic could make an already vulnerable employment arrangement even more at risk.

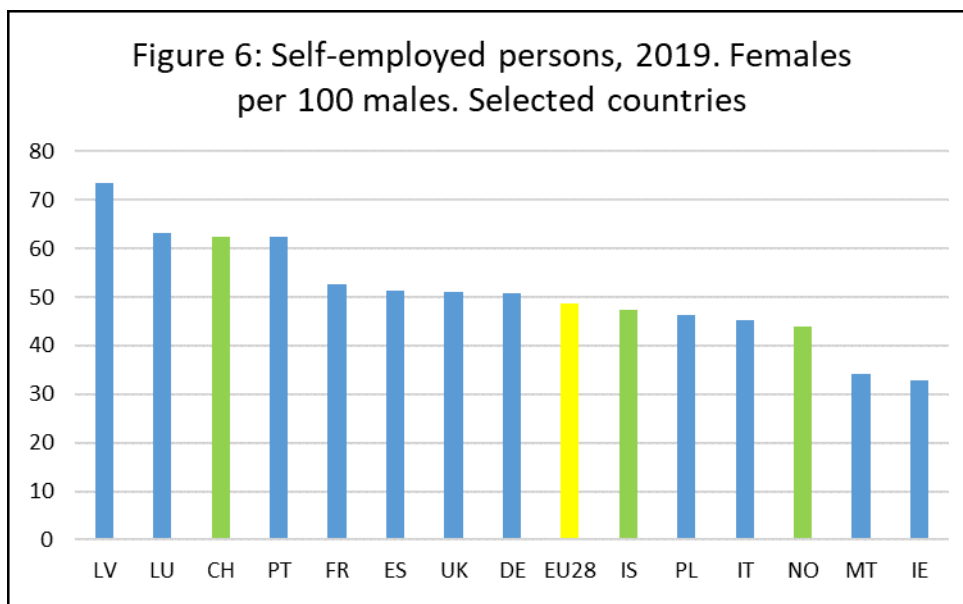
Self-employment

A self-employed person is the sole or joint owner of an unincorporated enterprise in which he or she works. In general, self-employment may be a sign of entrepreneurship and innovation, but as an employment arrangement in the labour market, self-employed people may be more vulnerable to upheavals in the economy.



In 2019, 13.8% of employed persons across the EU (EU28) were self-employed. For the EFTA Member States, the proportion of self-employed persons was slightly lower for Switzerland at 11.9% and Iceland at 11.4%, while Norway had the lowest share of self-employed persons among the EU and EFTA Member States at 5.9%.

The three countries with the highest share of self-employed persons are Greece (28.0%), Italy (20.4%) and Poland (17.5%). Together with Norway, Sweden (9.0%), Germany (8.8%), Denmark (7.7%) and Luxembourg (7.4%) have relatively low proportions of self-employment. The United Kingdom (14.7%) and Spain (15.0%) are slightly above the EU28 average.



Men have a consistently higher proportion of self-employment than women, as illustrated by figure 6, showing the ratio of self-employed females to males. Norway (44 females per 100 men) and Iceland (47) are both close to the EU28 average (49). In Switzerland, the ratio between females and males in self-employment is higher, at 62 females per 100 males.

Conclusion

Based on the analysis of the three different employment arrangements, the EFTA Member States seem to be generally less vulnerable to economic instability and upheavals in the labour market than several EU Member States. All three countries had high overall employment and a relatively low prevalence of employees on temporary contracts and of self-employment in 2019. In addition, Switzerland, Iceland and Norway are advanced economies with well-functioning social systems, which will soften the effect of instability in the labour market. Part-time employment may increase further if employers react to upheaval by reducing work hours.

For the EU Member States, employment arrangements indicate that part-time employment is less common in the less affluent Member States. On the other hand, in the Dutch labour market part-time contracts are a more common arrangement. The use of temporary contracts is most common in Spain, Portugal and Poland, which could leave these countries more at risk when faced with challenges in the economy and labour market. Self-employment is widespread in Greece, Italy and Poland, which could indicate that these countries are at risk of increased unemployment. In general, countries with high proportions of their total employment reflected in these employment arrangements are more susceptible to changes in the labour market.

For both EU and EFTA Member States, females are more vulnerable than males, as their share of part-time employment and temporary employment is consistently higher than for males. For self-employment, males have a higher proportion.

Explanatory notes

This article is based on data from the EU Labour Force Survey (EU-LFS) 2019. For information about the EU-LFS, see <https://ec.europa.eu/eurostat/web/lfs/overview>. The data were extracted from Eurostat's dissemination database in April 2020 (<http://ec.europa.eu/eurostat/data/database>, dataset *lfsi_emp_a*; *lfsi_pt_a*; *lfsa_egaps*)

Country abbreviations used in the article							
Austria	AT	Estonia	EE	Italy	IT	Portugal	PT
Belgium	BE	Finland	FI	Latvia	LV	Romania	RO
Bulgaria	BG	France	FR	Lithuania	LT	Slovakia	SK
Croatia	HR	Germany	DE	Luxembourg	LU	Slovenia	SI
Cyprus	CY	Greece	EL	Malta	MT	Spain	ES
Czechia	CZ	Hungary	HU	Netherlands	NL	Sweden	SE
Denmark	DK	Ireland	IE	Poland	PL	United Kingdom	UK
Iceland	IS	Norway	NO	Switzerland	CH		

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- Brussels in charge of the European Economic Area
- Luxembourg EFTA Statistical Office

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