

# Employment and Social Developments in Europe: 2018 review confirms positive trends but highlights challenges, in particular linked to automation and digitalisation

This year's edition confirms the ongoing positive labour market trends as well as an improving social situation. The numbers of people in employment reached new record levels. With almost 238 million people having a job, employment has never been higher in the EU. In 2017 over three and a half million more people were in employment, compared with 2016. However, while the number of hours worked per person employed has grown in recent years, they are still below the 2008 levels. At the same time we witness rising disposable incomes and lower levels of poverty. Severe material deprivation has receded to an all-time low, with 16.1 million fewer people affected, compared with 2012. But looking at the impact of technological developments, there are uncertainties about the future effects of automation and digitalisation. This is why the 2018 ESDE review is dedicated to the changing world of work.

Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne **Thyssen**, said: *"The European economy is growing faster and more evenly than before. This favours employment, props up household incomes, and improves social conditions. Technological change has a high potential to boost growth and jobs, but only if we shape this change. The European Pillar of Social Rights provides a compass for getting everyone ready for this transformation. Our proposals turn the Pillar into practice, by equipping people in Europe with better education and skills throughout their life and by ensuring that all workers are covered by basic rights in this fast changing world of work, with our proposals on transparent and predictable working conditions and access to social protection."*

This year's edition of the report aims to analyse opportunities and risks linked to technological innovation, demographic change, and globalisation. The review shows what needs to happen so that everybody can benefit from these developments.

As outlined in the review, technological progress is key to increasing overall productivity. But it is also replacing low-skill routine tasks and raising the skill threshold of employability: While there is no definite conclusion regarding the possible extent of technology's impact on jobs, studies show that repetitive routine tasks involved in current jobs are the most prone to full or partial automation; according to a study 37% to 69% of jobs could be partly automated in the near future. Better education and life-long learning as well as ensuring that our labour market and social protection institutions are fit for purpose are key to adapt to this changing

world of work.

With the Skills Agenda for Europe and EU funding, the Commission has prepared the ground to equip people in Europe with better skills at all levels, and in close cooperation with Member States, training providers and companies. Also social partners have an important role in the up-skilling and re-skilling of the labour force and in managing the increased flexibility in the changing world of work. They contribute to the design of training programs and identify opportunities and downsides of the rapid changes affecting labour markets.

New technologies contribute to the increase in the number of non-standard workers and self-employed. The ESDE review finds that new forms of work bring gains for both workers and business, in terms of increased flexibility, improved work-life balance while they offer new opportunities to people, including people with disabilities and older people, to enter or remain in the labour market. However, the ESDE review also finds a correlation between the growing incidence of non-standard work and a deterioration of working conditions, with higher income volatility, lower job security and insufficient access to social protection, as observed in the case of platform workers. The Commission is addressing this situation with proposals to modernise labour market legislation and social protection systems to respond to the new world of work. With the proposal for a [Directive on more transparent and predictable working conditions](#), new minimum standards are included for all workers, also those in non-standard forms of employment. And with the proposal for a [Recommendation on access to social protection](#), we encourage Member States to provide access to social security coverage to all employees and the self-employed, including transferability of rights between jobs and employment statuses.

Finally, the 2018 ESDE review also points to certain remaining structural challenges, for instance in the area of inequality, such as income and gender inequality, as well as skills development and education.

## **Background**

The annual Employment and Social Developments in Europe review provides up-to-date economic analysis of employment and social trends in Europe. In light of these trends, the review points out potential challenges and highlights potential policy responses to face these. It is the main report in the European Commission's hands for analysing evidence and reviewing trends and upcoming challenges on the labour markets.

There are many examples in which the Commission focuses on addressing the challenges raised in the yearly ESDE reports. For instance, the Commission's recent proposal for the Multiannual Financial Framework earmarks more funds for investments into people, including through the [new European Social Fund Plus \(ESF+\)](#) and an [improved European Globalisation Adjustment Fund \(EGF\)](#). Initiatives and tools such as the [Skills Agenda for Europe](#), the [Youth Guarantee](#) and Youth Employment Initiative, the further strengthening of the [Erasmus programme](#), and the [European Solidarity Corps](#) will all contribute to pursuing these goals, as well as the Commission's proposals on [access to](#)

[social protection](#) and [transparent and predictable working conditions](#).

#### **For More Information**

[Memo: 2018 review of Employment and Social Developments in Europe – Questions and Answers](#)

[Factsheet: Annual review 2018 – Employment and Social Developments in Europe. The changing world of work: beyond digitalisation](#)

[2018 Employment and Social Developments Review](#)

[Employment and Social Analysis section on the EMPL website](#)

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