1. INTRODUCTION

This tool covers three categories within the broad category of social impacts: impacts on 1) employment, 2) working conditions and 3) income distribution, social protection and inclusion, including impacts on perspectives and life-situations of people in, or at risk of poverty. They are likely to be the most frequently encountered social impacts (next to health issues) in an impact assessment or an evaluation.

The types of impacts are diverse, complex (affecting different population subsets, territories and economic sectors) and strongly connected with economic and environmental impacts. There may be trade-offs where social impacts point in different directions. A policy change could encourage the creation of new jobs in a sector/region while at the same time lowering job quality for workers in this – or another – sector. Careful consideration needs to be given as to how to compare these diverging impacts. Being able to draft a comprehensive picture of the social impacts is an important element for political debate.

2. ARE IMPACTS ON EMPLOYMENT, WORKING CONDITIONS, INCOME DISTRIBUTION, SOCIAL PROTECTION AND INCLUSION POTENTIALLY SIGNIFICANT?

This section helps to a) identify possible impacts, b) map relevant stakeholders (or social groups) that will be impacted by the initiative and c) select the significant impacts.

To help identify potential impacts, sections 2.1 to 2.3 below include a number of relevant questions accompanied by illustrative examples. Social impacts, positive as well as negative ones, often materialise in the long run, therefore it is important to differentiate between short- and long-term impacts.

In order to effectively map stakeholder or social groups, keep in mind those who might not be your usual interlocutors, especially the groups from disadvantaged backgrounds (like children from poor households or people with migration or minority background). In practice, it is useful to start by examining whether there are any systematic impacts on well-defined groups (for instance by gender, age, income, disability, level of education and training, migration or minority background). A gender perspective should in particular always be considered. The assessment of potential impacts on gender should take into account the existing differences between women and men in the given policy field.

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285 According to the Horizontal Social Clause of the TFEU (Art 9), the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health in defining and implementing its policies and activities.

286 Contact DG EMPL Evaluation and Impact Assessment Unit for further reference, information sources, background material and methodological issues.
Involvement of stakeholders can facilitate the work as social partners (employers' and workers' representatives) and civil society organisations have a good knowledge of how a proposal might affect the group they represent and Member States may have relevant experiences to share (see section 4.1 of this tool on key stakeholders in the EMPL area). There is also a general requirement to consult social partners regarding ‘social impacts’.

The aim of the assessment should be to identify the most significant impacts and the social groups which are likely to be the most affected by them. For those impacts, a thorough assessment will need to be undertaken.

The identification of those groups for whom there may be significant negative impacts may help to foresee resistance and may point to mitigating measures to reduce negative impacts.

2.1. Impacts on the level of employment

Impacts on the level of employment can be expected whenever demand or supply for labour changes. For example, labour demand increases if companies want to employ more people due to increase in demand for their products. Labour supply increases when more people are available and willing to work.

The main question is whether there will be more or fewer jobs (more or fewer hours worked) overall or for specific social groups. It will give you an indication whether a larger/smaller workforce will be needed and/or whether redistribution of labour is to be expected (e.g. between sectors or occupations).

The following questions and illustrating examples explore various dimensions of employment impacts.

(1) To what extent are new jobs created or lost?

Options improving access to funding for SMEs can create new industrial activity that can employ directly or stimulate indirect job creation through the purchases of goods and services from suppliers. Free trade agreements can create new jobs by increasing exports and demand for certain domestically produced goods, but also destroy jobs by replacing other domestically produced goods with imported ones.

(2) Are direct jobs created or lost in specific sectors, professions, qualifications, regions or countries or a combination thereof? Which specific social groups are affected?

Initiatives fostering greener energies might increase the need for certain skills (e.g. installation of photovoltaic panels) to the detriment of others (e.g. skills needed in extracting coal). Creation of jobs in new renewable sectors can be at the cost of employment in traditional extractive industries (skill-mismatch) and regionally unbalanced (e.g. jobs created at the off-shore wind-farms and lost in coal mining regions).

See Article 2 of Commission Decision 98/500/EC requiring the consultation of the relevant sectoral social dialogue committee on developments at Community level having social implications.
Reforming the common agricultural policy for wine-growing is expected to have no employment impact in those Member States with (almost) no wine-growing, very little impact in those Member States where the sector had already undergone significant reforms and significant, impact in those Member States where such reforms had not yet taken place. However, depending on the respective structure (age of farmers, size of farms), these impacts can differ even in those countries.

(3) **Are there indirect effects which might change employment levels?**

New industrial activity can stimulate indirect job creation through increased purchasing power of newly employed workers (e.g. retail or leisure).

Initiatives fostering green energies might increase the need for certain skills but raise wages at the same time with a complex effect on employment levels. This might also increase the need for training and trainers leading to indirect employment impacts.

(4) **Are there any factors that would prevent or enhance the potential to create jobs or prevent job losses?**

Delays in the acknowledgement and certification of new qualifications or a lack of arrangements to provide for a transition can create significant employment problems.

Initiatives improving energy efficiency of buildings might increase demand for workers in construction sector with relevant skills. If the necessary skills are not available (e.g. lack of relevant educational/training programmes, non-recognition of skills acquired abroad) the effectiveness of the policy risks to be limited.

Transition between winning and losing sectors/occupations/skills/regions is not automatic. A worker losing a job in the car manufacturing or agriculture sector may not become a health or domestic service sector worker within a couple of months and without support/training. While analysis often implies easy adaptation processes, an important aspect of employment-related impacts requires explicit consideration for timing and sequencing of the intervention.

(5) **To what extent does the option influence the availability and willingness of workers/specific groups to work (i.e. supply of labour through labour market participation or labour market mobility)?**

A number of factors can influence the supply of labour: tax and benefit systems, relative earnings, barriers to entry into profession/occupation, work-life balance policies, work intensity and working conditions, length of working life, the occupational/or geographical mobility of labour, migration policies.

An initiative aiming at regulating professions (e.g. by requiring a specific degree or special exam) can act as a barrier to entry, hold back the labour supply and limit occupational mobility, but it can at the same time support the safety and quality of the goods or services provided.

Work-life balance policies that help parents to balance professional and family responsibilities by increasing their availability/willingness to work can have a positive impact on labour market participation of women.
Initiatives shortening the length of compulsory education, increasing the age of retirement or supporting active ageing (like better ergonomics of working places, reskilling etc.) can increase the supply of labour of specific age groups and therefore total labour supply.

An initiative improving transport infrastructure and transport services can enhance the geographical mobility of workers by reducing the time and/or costs of travelling. More workers would be able to daily/weekly commute to cities/regions where jobs are available without the need to relocate. The geographical mobility of workers can be improved also through initiatives on property markets (e.g. affecting rents, conditions for mortgages etc.).

2.2. **Impacts on working conditions**

**Impacts on working conditions** are more difficult to capture and cover a broader range of outcomes. Initiatives that enhance creation of business-friendly environment and liberalisation and/or deregulation of activities are likely to have an impact on working conditions.

The following questions and illustrating examples explore various dimensions of impacts on working conditions:

(1) **Does the option affect wages, labour costs and/or wage setting mechanisms?**

Initiatives changing income taxation or social security systems can impact wages and labour costs.\(^{288}\) Elements to be considered are: i) a relative dimension of wage: wage dispersion, changes in income-distance to another group of workers considered as reference group, or ii) its absolute dimension: wages which are insufficient to allow for a decent standard of living.

Impacts on labour costs should be assessed in conjunction with changes in (labour) productivity. For example, initiatives introducing obligatory employers' training or health and safety requirements can increase labour costs. However, this may not be negatively correlated with the competitiveness of goods produced as those measures can increase the productivity of workers due to better skills and reduced absenteeism.

The **wage setting mechanism** affects the level or conditions of minimum wages, the coverage of workers by collective agreements and negotiating power of social partners.

(2) **Does the option affect directly or indirectly employment protection, especially the quality of work contract or false self-employment?**

Employer-driven flexibilisation of working hours and reduction of job security makes employees' income less predictable and leads to instable living conditions. Initiatives

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288 Wages (or earnings) are the compensation that workers (employees) receive for their work. They safeguard labour income and are positively correlated with consumption. Net wages are calculated as a difference between gross wages, social contributions payable by the employee and any amounts which are due to government, such as income taxes. Labour costs are broader concept and reflect employers’ expenditure on personnel. They include wages and salaries paid to employees, social contributions payable by the employer and other costs, such as taxes on labour, training costs, costs related to working cloths etc.
aimed at increasing competition or technology driven activities leading to new forms of work (e.g. a sharing economy) can reduce job security. Initiatives fostering entrepreneurship and self-employment can have a positive impact on job creation, but they can also undermine employees' rights and protection if the initiative lead to "false self-employment".\textsuperscript{289}

Typically problematic contractual arrangements are: frequent use of short-term contracts, excessive use of traineeships, employment relations which do not give access to social security schemes, very short lay-off periods, no fixed volume of working hours, forced and false self-employment, very strong involvement of temporary work agencies.

On the other hand, very protective employment protection legislation can adversely affect segmentation of the labour market with large differences in costs and rights between permanent and non-standard forms of work.

(3) \textbf{Does the option affect risk of undeclared work?}

Undeclared work can take various forms, from completely undeclared work (e.g. a care assistant taking care for elderly people without signing any contract) to situations where only part of the work and income is undeclared (e.g. IT specialist working in a big company officially earning the minimum salary while receiving an additional amount by his employer "cash-in-hand"). It has negative effects on workers (e.g. lack of security, reduced benefits, poor working conditions), employers (e.g. unfair competition) and on the states (e.g. unpaid taxes and social security contributions).

Initiatives changing income taxation or social security systems, work or responsibilities of public administration, recognition of qualifications or initiatives in the area of migration are some of the examples that can impact the risk of undeclared work.

(4) \textbf{Does the option affect the work organisation?}

Work autonomy, level of teamwork and job rotation, pace of work and work intensity are important elements of work organisation. Work organisation can influence various aspects of working conditions (physical risk factors, work-related health and safety risks, work–life balance, or in general the satisfaction with working conditions) and therefore have an impact on labour productivity.

Liberalisation of activities (e.g. ground-handling in aviation sector) can stimulate growth and job creation but aggravate the working conditions of the workers (e.g. work in shifts or split-work). Work organisation can change as a consequence of industrial restructuring but also with the introduction of new technologies. For example, the development of IT and GPS tracking systems can reduce the work autonomy and increase the work intensity. On the other hand, the IT development can support flexible working arrangements and in some cases contribute to better work-life balance.

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\textsuperscript{289} In the case of false self-employment, workers are obliged to adopt a self-employee status while having a contract with a single firm that avoids paying social security payments.
Does the option affect health and safety at work?

Health and safety at work encompasses several elements such as: safety and health aspects; organisation and adaptation of the workplace and working environment so as to ensure the health and safety of workers; ensuring adequate personal protective equipment limiting exposure to potentially harmful agents or situations (including exposure to risks leading to MSDs; to physical agents such as noise or vibration; to radiation; to chemical agents, carcinogens and mutagens; to biological agents etc.), proper protective and preventive framework for work in a particularly challenging work environment/sector; or a combination thereof. Health problems do not only originate from physical strain at the workplace, but also from the overall psychological stress to which an employee is exposed. Therefore, aspects such as stress levels, tight/unsocial working hours and reconciling work and private life should also be considered.

Satisfying work and good working conditions constitute a value in itself, but their absence leads to discontent and can also produce significant negative effects on workers (e.g. death, disability, poor health, injuries, loss of present and future income, direct and indirect medical costs and rehabilitation costs), employers (e.g. absenteeism, lower productivity, production disturbances, damage to equipment and to a company's image, administrative and legal costs, negative impacts on insurance premiums); governments (e.g. sickness payments, increased health expenditure, increased social security expenditure (for disability or early retirement), tax revenue losses, direct and indirect medical and rehabilitation costs, administrative and legal costs).

Initiatives reducing regulatory burden by introducing, for example, less stringent requirements to monitor the working place, to guarantee preventive work clothes or to ensure preventive medical check-ups can increase health risks.

Does the option affect the social dialogue?

Social partners (trade unions and employer's organisations) determine working conditions and carry out wage negotiations. Social dialogue between employers' and employees' representatives is an important mechanism for conflict resolution and can be a means to internalise external effects which take place at sectoral level.

Social dialogue within a company can be impacted by initiatives that, for example, exempt SMEs from ensuring the representation of workers in the management. Attention needs also to be paid to the extent to which the option affects the autonomy of social partners in the areas for which they are competent. Does it, for example, affect the right of collective bargaining at any level or the right to take collective action?

Does the option affect access to vocational learning and to career development/advice? How are different social groups affected?

Training/lifelong learning opportunities (including their availability and affordability) and returns to it (recognition of skill acquired in other companies or in other Member States) can influence career perspectives and employability of workers in the long-run. Employers offering training opportunities can be more attractive among job seekers and

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290 See also Tool #30 on Education culture and youth
thereby increase the pool of potential work candidates. Career advice can improve the match between job and worker, increase job satisfaction and productivity and reduce staff turnover. Tax reforms or financial incentives can have an impact on companies' willingness to invest in VET and career development.

Initiatives exploiting IT development and supporting distance learning can improve the availability of training opportunities for a large part of population, but might be still unavailable to some groups, such as people with low incomes or living in poverty that can’t afford to buy a computer or have an internet connection or disabled due to a lack of digital accessibility.

(8) Does the option help/endanger the effective exercise of labour standards in the EU?

Labour standards largely rely on national legislation or social partner agreements. European level intervention can have an impact on these arrangements even without explicitly intending to do so, by e.g. setting new rules in an adjacent area; by changing the structure of a market; by introducing standards for consumers which could have – positive or negative – impacts on workers or by concluding external agreements (e.g. free trade agreements).

The normative interpretation of these impacts, i.e. whether a change should be considered as improvement or not, depends on the context. In this sense, discussing and presenting these issues in an impact assessment report enhances the transparency of policy debates.

2.3. Impacts on income distribution, social protection and inclusion

These impacts relate to social fairness considerations, including social inclusion and protection of people against various risk and needs throughout their life and interventions, which affect the tax system, changes to the transfer system, most Commission financial instruments (such as the Structural Funds, but also the CAP), and also liberalisation or deregulation efforts have income distributional impacts. Similarly, changes in legislation, for instance concerning equal opportunities/reconciliation or access to services for disabled people or people from disadvantaged backgrounds can affect their attitudes and their chances on the labour market.

The following questions and illustrating examples explore various dimensions of impacts on income distribution, social protection and inclusion:

(1) Does the option affect people/households' income and risk of poverty?

Disposable income is an important indicator of social status and of someone's living standard. If it falls below a certain threshold, people will risk becoming poor and/or having to rely on social assistance. The three dimensions of poverty comprise: low work intensity, material deprivation and relative poverty.291

291 Work intensity is the ratio between the number of months that household members of working age worked and the total number of months that could theoretically have been worked. Very low work intensity refers to situation where people living in the household worked less than 20.0 % of their total potential. Material deprivation is the inability to afford a selection of nine items that are considered to be necessary or desirable. Those who are unable to afford four or more out of nine items
As examples, initiatives leading to job losses (part 2.1 above) are very likely to have an impact on income and risk of poverty by increasing the number of unemployed or inactive people with low income and households with low work intensity. This is even more pertinent when there are few re-employment opportunities or the people losing jobs are from vulnerable groups (e.g. older workers, low qualified). Initiatives deteriorating working conditions (part 2.2 above) are also likely to have an impact on income and risk of poverty by increasing the number of people with low income when wages are reduced. If policies fostering green energies increase the price of energy this can increase household spending and aggravate energy poverty.

(2) Does the option affect inequalities and the distribution of incomes and wealth?

Increasing income inequalities threaten social cohesion and can be linked to a number of factors such as wage dispersion, tax wedge or social protection systems.

Initiatives such as moving from direct taxation (e.g. taxing the income) to indirect taxation (e.g. increased VAT) raise the disposable income of certain population groups (the workers) but reduce other groups' towards poverty and negatively affect their chances to participate fully in society (inclusion). This may be counter-balanced by increased job opportunities created by the reduced labour cost. The overall impact on risk of poverty would have to take into account the extent of such opportunities and the chances that the unemployed would be able to take advantage of them. A policy change may also have a distributional impact if existing inequalities are aggravated. If for example, only high skilled jobs are created this could increase the inequality with lower skilled people who already have more difficulties to find a job.

(3) Does the option affect the access to and quality of social protection benefits, including social services of general interest, particularly for those subject to social exclusion and from disadvantaged backgrounds?

Social services play a crucial role in improving quality of life and providing social protection against the risks and needs associated with unemployment, parental responsibilities, sickness and healthcare, invalidity, loss of a spouse or parent, old age, housing, and social exclusion.

Access to and quality of social protection benefits depends on the eligibility, duration and level of benefits, type of risks covered and rights to receive benefits when moving to another Member States beyond the obligatory rights. They will be likely affected by the initiatives that affect the organisation and financing of social protection systems (e.g. insurance vs solidarity; range of membership, private vs public provision; tax financed vs contribution based) as well as the cross-border provision of services, referrals across-borders and cooperation in border regions (e.g. provision of services by public employment services).

are considered to be severely materially deprived. At-risk-of poverty (AROP) rate is the share of people with an equivalised disposable income (after social transfers) below 60% of the national median equivalised income after social transfers. This indicator measures low income in comparison to other residents in that country, which does not necessarily imply a low standard of living.
The changes would have to be assessed in view of their direct impact on the beneficiaries and also on their motivation impact on people who might leave or enter the scheme or other schemes. For instance, raising pension ages may encourage more people to join disability schemes.

(4) Does the option affect the access to and quality of basic goods and services, particularly for those subject to social exclusion and from disadvantaged backgrounds?

Basic goods and services include, for instance, food, energy, water, transport, banking services, digital services, healthcare, education and training and housing. The list can vary, although the Europe 2020 poverty target stems from a definition of material deprivation. It might be important to assess the access and quality of these goods and services especially for people not covered by social protection schemes.

Interventions increasing the price of basic good/services, e.g. energy prices, can aggravate material deprivation/social exclusion of certain categories of the population. On the other hand, initiatives aiming at increasing access to basic services, such as a bank account or internet can increase social inclusion. Social services of general interest can play a crucial role in improving life quality.

2.4. Which impacts are potentially significant?

Among four criteria to identify potentially significant impacts impacts for more detailed assessment the following two are especially relevant for social impacts:

- **Relative size of expected impacts for specific stakeholders** (i.e. Are certain categories of stakeholders or regions/countries/sectors particularly affected?) For example, new rules (e.g. labelling, selling restrictions) regarding a particular product might have more serious consequences in terms of employment in those EU regions specialised in its production. Big job losses in a small region without viable alternatives for re-employment can be an example of a significant impact. The size of the EU population with no access to basic bank services is pretty modest. Still, regulations that would render those services more expensive/less accessible can have important negative consequences for that population.

- **The importance of impacts for EU objectives and policies** – (i.e. Could potential social impacts of the initiative undermine other EU initiatives?) E.g. initiatives that would lead to significant job losses, negatively impact health and safety at work or with significant impacts on households' income could undermine Europe 2020 targets to increase employment rates and reduce the number of people that are at risk of poverty and social exclusion.

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294 i) The relevance on the impact within the intervention logic, ii) the absolute magnitude of the expected impacts, iii) the relative size of expected impacts for specific stakeholders and iv) the importance of impacts for Commission horizontal objectives and policies. See step 2 in Tool #19 for more details.
A detailed assessment could be envisaged for potentially **politically sensitive impacts**, such as impacts that could be considered as unfair (e.g. initiatives reducing tax burdens for companies and increasing those for workers), impacts where costs and benefits are unevenly distributed among Member States (e.g. groups of countries with positive impacts vs group of countries with negative impacts) or disproportionate (e.g. far greater burden for small businesses compared to big).

3. **HOW TO ASSESS IMPACTS ON EMPLOYMENT, WORKING CONDITIONS, INCOME DISTRIBUTION, SOCIAL PROTECTION AND INCLUSION?**

Given the diversity of impacts and affected groups, we propose you start with a **systematic qualitative scoping**: going first through types of impacts and then social groups to be affected and in which way. Any assessment should focus on a **limited number** of impacts. A good and operational approximation is to identify the 3 to 6 issues (combination of impact and group affected) which are the most important from a social perspective.

Although the focus of the analysis should be on the most significant ones, your impact assessment should still acknowledge the less important ones and you should briefly explain why they will not be assessed in detail.

3.1. **What to pay attention to in assessing impacts?**

**Level of analysis and distributional impacts:** The transition of employment between winning and losing sectors (or regions, qualifications, occupations) is not automatic. For employment and social impacts it is important to understand where the adjustment occurs and therefore **net effects are not very informative**. In the presence of important distributional effects, **global (aggregate) figures could be misleading as they might hide controversial trade-offs**. Disaggregated analysis can help you to look for alternative options or mitigating measures to minimise potentially negative impacts. As an example, a trade agreement can be beneficial for the overall EU economy but have important opposite effects in different regions or sectors. Likewise, liberalisation measures in the transport sector should generally lead to lower prices for transport users but also to prohibitive prices for people living in remote areas. Moving from direct to indirect taxation raises the disposable income of certain population groups but reduces other groups to poverty and negatively affects their chances to participate fully in society. In such cases, calculating the average general impact on the total population could be misleading, and would be insufficient.

**Different labour markets and institutional context:** European countries have organised their labour markets and welfare states in a number of ways, relying to various degrees on market, family and the State. The functioning of the labour market (e.g. social dialogue or labour market legislation) and different institutional settings can influence the direction and the magnitude of the social impacts. Those differences require an analysis at a national level or alternatively grouping of countries in clusters based on the similarity of their institutions. E.g. the transition of employment between winning and losing sectors is expected to be faster and more successful in countries with well-

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295 Net job changes are difference between gross jobs created and destroyed (lost).
developed and efficient active labour market policies and public employment services. When a particular policy initiative is expected to have negative effects on job quality, Member States with strong union presence could face stronger opposition to it, but they could also be able to reduce the negative effects or secure mitigating measures via social dialogue.

**Sectoral and regional dimension:** If the impacts are not economy-wide but concern a specific sector only, it is always better to refer to a NACE classification sector. When moving away from the NACE classification, consistent and reliable data is more difficult to get. However, if the impacts refer only to part of the sector, or parts of different sectors, it is reasonable to either adjust the NACE data source, or if possible refer directly to those parts affected. For regional impacts it is essential to align with the NUTS classification.

### 3.2. Can impacts be quantified and what is the availability of data?

A **quantitative analysis** can be easier to undertake when assessing impacts on employment and income levels as those impacts are quantitative in nature (e.g. number of jobs can be easily counted, wages, labour costs, disposable income are expressed in monetary units).

In other areas, such as **working conditions**, impacts are qualitative by nature and converting them into quantitative units will require the use of an indicator that acts as a proxy. E.g. the 'number of occupational accidents' can be used as a proxy to assess safety at work. Days of workers' sickness in a certain sector, short-term contracts or part-time work indicate potentially problematic situations – however, this might also happen for other reasons (it is therefore crucial to understand the underlying causes or drivers). In these areas, the first step is to define reasonable indicators which allow at least a qualitative assessment of the expected direction and possible significance of the impact. These indicators will be rather context specific – as for example in the situation of work contracts – and will normally be a compromise between accuracy and precision and the costs and time required to collect and process the necessary information.

In some areas, you will most probably **analyse impacts qualitatively**. E.g. the impact on the access to social security services might be quantified (e.g. number of social services users), but the impact on its quality will be analysed qualitatively. Similarly it will be difficult to quantify impact related to social inclusion.

**Complete, credible and EU wide comparable data** is particularly important in the case of a quantitative analysis, but also your qualitative assessment will need to be underpinned with facts or examples. The availability of sound and up-to-date data will also condition the level of analysis. If impacts are concentrated on small groups it will be difficult or impossible to find suitable data or a reasonable model. An inventory of the sources of data more relevant to the impacts covered in this tool is provided in section 4.2.

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296 See Tool #41 on Monitoring arrangements and indicators.
3.3. Using models in assessing social impacts?

The qualitative scoping is necessary to decide whether and which (if any) formalised model can be employed. The softer the instrument envisaged (e.g. improved policy coordination between Member States) the more important it is to explain and verify the causal chains between the measure and the expected impacts, while less can be expected from an assessment based on a formalised model.

If 'qualitative scoping' suggests considerable impact on income distribution or on employment on a large part of society, a model should be used, where possible.

Quantitative approaches to assessment range from relatively simple measurement, mainly based on past observations, to counterfactual analysis and up to highly complex formalised (and data consuming) models, like Computable General Equilibrium (CGE) models or econometric models of the (world) economy.

The use of the model will be case specific. Some very well-known models, e.g. the input-out model, deliver results at a macro level and you will have to complement them with qualitative assessment to assess the distributional impacts. You may capture distributional impacts using augmented CGE models. If the expected impacts are restricted to certain sectors, a partial equilibrium model seems suitable to quantify those impacts. Otherwise, general equilibrium models might be more appropriate.

When using the models pay attention to the underlying assumptions about the labour market. For example, Computable General Equilibrium (CGE) models generally assume full employment of all factors and perfectly competitive markets (which is far from the reality in many Member States' labour markets). In addition, there are strong differences among the Member States' institutional contexts related to the employment and social areas.

Box 1. Things to keep in mind when assessing social impacts:

- Always use a combination of qualitative and quantitative tools for your assessment as certain impacts covered by this tool might not be quantifiable, models available might rely on controversial assumptions and you will most often not be able to carry out a sound analysis using a single method/model.

- The most practical solution to a lack of EU wide data and strong differences in the functioning of national and regional economies, labour markets and institutional contexts, is in-depth research on 'typical' target groups or "clusters" of Member States with similar characteristics.

- When assessing impacts do differentiate between one-off and recurrent costs/benefits, as well as, between short-term and long-term impacts. This is particularly important for the impacts covered in this guidance as positive impacts often materialise in the long run while negative impacts hit sooner.

297 For further information on methods and models see Tools in Chapter 8. For an overview of models to be used for assessing social impacts see Annex 1 in Review of Methodologies applied for the assessment of employment and social impacts (2010) and table 4.3 in Assessing the Employment and Social Impacts of Selected Strategic Commission Policies (2009), available at http://ec.europa.eu/social/main.jsp?catId=760&langId=en
Always keep potential distributional effects in mind and take into consideration potential synergies and trade-offs. For example, new information obligations for a certain product/service should enhance consumer protection but it can also lead to higher prices.

When important negative effects are identified, ask yourself whether there aren’t ways to mitigate them. Possible solutions could include an exception for the most disproportionately affected stakeholders (e.g. SMEs or vulnerable groups) or other mitigating measures, such as longer implementation periods, training and job search measures to support people losing jobs. Think about the ways to use the EU funds (e.g. ESF and EGF).

The softer the instrument envisaged (e.g. improved policy coordination between Member States), the more important it is to explain and verify the causal chains between the measure and expected impacts, and the less can be expected from an assessment based on a formalised model.

4. INFORMATION SOURCES AND BACKGROUND MATERIAL

4.1. Stakeholders in EMPL area

- Social partners (employers’ and workers’ representatives) via Sectoral Social Dialogue Committees, Cross-industry social dialogue and Social dialogue texts database. Contact EMPL Social Dialogue Unit in case you need more information.

- European umbrella NGO networks to promote social inclusion, gender equality and to represent and defend the rights of people exposed to discrimination. (Overview of networks at http://ec.europa.eu/social/main.jsp?catId=330)

- Member States via Employment Committee (EMCO) and Social Protection Committee (SPC). Contact EMPL Coordination Unit in case you need more information.

4.2. Key EU-level data sources

- The European Union Labour Force Survey (EU LFS) is the most important survey for labour market data, providing monthly/quarterly/annual data on employment, unemployment by sectors, age, qualification, sex, migrant background, per countries/regions. Micro-data are available upon request. It is available on EUROSTAT: http://ec.europa.eu/eurostat/web/lfs/data/database

- Other labour market statistics at EUROSTAT are available on statistics on job vacancies, earnings, labour costs, labour market policy, labour disputes based on various surveys. Micro-data are available upon request, http://ec.europa.eu/eurostat/web/labour-market/statistics-illustrated

- The European Working Conditions Survey enables monitoring of long-term trends in working conditions in Europe. Themes covered include employment status, working time arrangements, work organisation, learning and training, physical and psychosocial risk factors, health and safety, worker participation, work-life balance, earnings and financial security, as well as work and health. Micro-data are available upon request. It is available on the European Foundation for the Improvement of
Living and Working Conditions (Eurofound):
http://www.eurofound.europa.eu/ewco/surveys/index.htm

- **The European Quality of Life Survey (EQLS)** examines both the objective circumstances of European citizens' lives and how they feel about those circumstances and their lives in general. It looks at a range of issues, such as employment, income, education, housing, family, health and work-life balance. It also looks at subjective topics, such as people's levels of happiness, how satisfied they are with their lives, and how they perceive the quality of their societies. European Foundation for the Improvement of Living and Working Conditions (Eurofound). Micro-data are available upon request. It is available at Eurofound http://www.eurofound.europa.eu/european-quality-of-life-surveys-eqls

- **The European Company Survey (ECS)** gives an overview of workplace practices and how they are negotiated in European establishments. It is based on the views of both managers and employee representatives. Micro-data are available upon request. It is available at Eurofound: http://www.eurofound.europa.eu/surveys/ecs.

- For health and safety, Eurostat's statistical data on accidents at work, and work-related problems are available: **European Statistics on Accidents at Work (ESAW)**, and the **LFS ad hoc modules on accidents at work** and **European Occupational Diseases Statistics (EODS)** and **Statistics on work-related health problems**.

  Important information about occupational safety and health (OSH) management arrangements in enterprises can be drawn from the European Survey of Enterprises on New and Emerging Risks (ESENER), by EU-OSH298.

- **The European Union Statistics on Income and Living Conditions (EU-SILC)** collects comparable multidimensional micro-data on an annual basis on income, poverty, social exclusion and living conditions and is available on EUROSTAT: http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu_silc Micro-data are available upon request.

- The **European system of integrated social protection statistics** (ESSPROS) provides a coherent comparison between European countries on social benefits to households and their financing: http://epp.eurostat.ec.europa.eu/portal/page/portal/social_protection/data

- **The Continuous Vocational Training Survey (CVTS)** provides comparable statistical data on continuing vocational training, skills supply and demand, training needs; the forms, contents and volume of continuing training; the enterprises own training resources and the use of external training providers and the costs of continuing training. The fourth Continuous Vocational Training in Enterprises Survey, conducted in 2011, is the most recent available wave of data collection: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Continuing_vocational_training_statistics Micro-data are available upon request.

- The **Adult Education Survey (AES)** covers participation in education and lifelong learning activities (formal, non-formal and informal learning) including job-related activities, characteristics of learning activities, self-reported skills as well as modules on social and cultural participation, foreign language skills, IT skills and background

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- **The Programme for the International Assessment of Adult Competencies (PIAAC)**. The Survey measures the key cognitive and workplace skills. It includes 3 elements: direct-assessment of skills (literacy, reading, numeracy, problem solving in technology-rich environment), collection of information about the skills use (the survey asks adults how intensively and how frequently they use cognitive, interaction and social, physical and learning skills at work) and background information (e.g. education, social background, engagement with literacy and numeracy and ICTs, languages, current activity of respondents, employment status and income, health status, volunteering, political efficacy and social trust.) Micro-data are available upon request. [http://www.oecd.org/site/piaac/](http://www.oecd.org/site/piaac/)

- **World Input-Output Database (WIOD)** allows analysing impacts of the global value chain on skilled and non-skilled labour demand across countries 27 EU countries and 13 other major countries in the world for the period from 1995 to 2011. [http://www.wiod.org/new_site/home.htm](http://www.wiod.org/new_site/home.htm)

- **EUKLEMS** database which allows the analysis of productivity and growth. [http://www.euklems.net/](http://www.euklems.net/)

- Cross-country intangible investment data website, **INTAN-INVEST** is an open access database on intangible assets that allows the linking of employment data at macro level. INTAN-invest.net

4.3. **Other useful sources**

This is a non-exhaustive list of potentially useful sources in the area of employment, working conditions and income distribution and inequality

- **Employment, Social Affairs & Inclusion Directorate General (DG EMPL)** – It coordinates and monitors national policies; promotes the sharing of best practices in fields like employment, poverty and social exclusion and pensions; makes laws and monitors their implementation in areas like rights at work and coordination of social security. It provides information and analysis. It provides analysis of various employment and social topics as well as descriptions of EU-funded projects. [http://ec.europa.eu/social/home.jsp?langId=en](http://ec.europa.eu/social/home.jsp?langId=en)

- **Eurofound** - European Foundation for the improvement of Living and Working Conditions. It provides information, advice and expertise on living and working conditions, industrial relations and managing change in Europe. [http://www.eurofound.europa.eu/](http://www.eurofound.europa.eu/)


• **European Social Policy Network (ESPN)** provides the Commission with independent information, analysis and expertise on social policies ([http://ec.europa.eu/social/main.jsp?catId=1135&langId=en](http://ec.europa.eu/social/main.jsp?catId=1135&langId=en))

• **Skills Panorama** (EC/CEDEFOP) is a central access point for data, information and intelligence on skill needs in occupations and sectors that provides a European perspective on trends in skill supply and demand and possible skill mismatches, while also giving access to national data and sources. [http://euskillspanorama.cedefop.europa.eu/](http://euskillspanorama.cedefop.europa.eu/)


• **OECD** – Organisation for Economic Co-operation and Development brings together 34 Member States and provides a forum in which governments can work together to share experiences and seek solutions to common problems. OECD provides good quality data and analysis of various employment and social topics available in their library ([http://www.oecd-ilibrary.org/](http://www.oecd-ilibrary.org/)), ([http://www.oecd.org/](http://www.oecd.org/))