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**Session 1 – Invited paper**

**QUALITY IN WORK. DIMENSIONS AND INDICATORS IN THE FRAMEWORK OF  
THE EUROPEAN EMPLOYMENT STRATEGY**

Submitted by European Commission, DG EMPL \*

**Introduction**

1. Quality promotion is a guiding principle in the modernisation of the social model of the EU as initiated in the Social Policy Agenda and an overarching objective of the European Employment Strategy.
2. Both the Social Policy Agenda and the Lisbon strategy emphasise the importance of ensuring a positive, mutually reinforcing interaction between our economic, employment and social policies. As the Social Policy Agenda states: 'quality of work includes better jobs and more balanced ways of combining working life with personal life. Quality of social policy implies a high level of social protection, good social services available to all people in Europe, real opportunities for all and the guarantee of fundamental and social rights. Good employment and social policies are needed to underpin productivity and to facilitate the adaptation to change. They also will play an essential role towards the full transition to the knowledge-based economy'. And Lisbon Council focused in the objective of building a competitive, dynamic and cohesive

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\* Paper prepared by Esteban Lozano. The contents of this paper do not necessarily reflect the opinion or position of the European Commission.

knowledge-based economy. It also set the overall goal of moving to full employment through creating not only *more* but also *better* jobs.

3. Following Lisbon, improving quality in work occupied an important place in the Nice and Stockholm European Councils agenda. The Nice Council conclusions called for a greater focus on 'attaining quality in work and its importance for growth as a significant attractive factor and as an incentive to work'. In a similar way, the Stockholm Council underlined the quality dimension: 'regaining full employment not only involves focusing on more jobs, but also on better jobs. Increased efforts should be made to promote a good working environment for all including equal opportunities for the disabled, gender equality, good and flexible work organisation permitting better reconciliation of working and personal life, lifelong learning, health and safety at work, employee involvement and diversity in working life'. The Stockholm's conclusions went on to call for quality of work 'to be included as a general objective in the 2002 employment guidelines' and stated that 'the Council together with the Commission will develop indicators on quality in work and will make quantitative indicators more accurate, to be presented in time for the Laeken European Council'.

4. The 2001 Commission Communication, "Employment and social policies: a framework for investing in quality"<sup>1</sup>, focused in the need to ensure that the goal of improving quality is fully and coherently integrated in employment and social policy and proposed a framework for promoting this goal, in particular through the establishment of a coherent and broad set of indicators on quality in work.

5. The 2003 Commission Communication, "Improving quality in work: a review of recent progress"<sup>2</sup>, reviewed the ongoing progress from Member States to improve the quality in work and emphasised the role of quality in work for employment performance, productivity growth and social inclusion.

This paper tries to summarise the main elements from the Commission documents on quality in work definition (point 1), indicators (point 2), links with employment promotion, productivity and social inclusion (point 3) and recent progress (point 4).

## **I. The concept of quality in work**

6. The 2001 Commission Communication adopted a broad approach to quality in work, covering both the characteristics of individual jobs and the characteristics of the wider work environment including how the labour market works as a whole. The following ten dimensions were identified. The first and second dimensions refer to the jobs characteristics, while the others are included in the work and wider labour market context.

### **i. Intrinsic job quality**

Jobs ought to be intrinsically satisfying, compatible with a person's skills, abilities and expectations, and provide appropriate levels of income.

### **ii. Skills, lifelong learning, and career development**

People ought to be able to develop their potential abilities and appropriate support for life-long learning.

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<sup>1</sup> COM (2001) 313 final, 20.06.2001

<sup>2</sup> COM(2003) 728 final, 26.10.2003

iii. **Gender equality**

Labour markets should offer equal opportunity for men and women in terms of life-time careers, including equal access to employment and supervisory functions, and equal pay for work of equivalent value to the society.

iv. **Health and safety at work**

It has to be ensured that working conditions are safe, healthy and supportive – in both physical and psychological terms. Exposure to risks and stress at the working place, accidents at work and occupational diseases have to be reduced.

v. **Flexibility and security**

An appropriate balance between flexibility and security of employment and work relationships is called for to encourage positive attitudes to change at the workplace and in the labour market. This requires appropriate support for those who lose their jobs or are seeking an alternative, as well as encouragement for the full use of abilities and flexible career choices through appropriate support for occupational and geographical mobility.

vi. **Inclusion and access to the labour market**

Labour markets should offer access to all, including those entering the labour market for the first time or after a period of unemployment or inactivity, and allow them to stay in the labour market.

vii. **Work organisation and work-life balance**

Working arrangements, especially those concerning working time, and support services should allow an appropriate balance between working life and life outside work.

viii. **Social dialogue and worker involvement**

All workers should be informed about and involved in the development of their companies and their working lives.

ix. **Diversity and non-discrimination**

All workers should be treated equally without discrimination in terms of sex, age, disability, ethnic origin, religion or sexual orientation.

x. **Overall work performance**

High levels of labour productivity and high living standards across all regions of the Community should be aimed at.

**II. Quality in work indicators**

7. To address quality in work in a full, coherent and structured manner it is necessary to establish an appropriate set of indicators.

8. The role of the indicators is to allow an assessment of how successful Member States and EU policies are at reaching quality in work goals across the quality dimensions. The overall aim is to provide a more coherent approach to incorporating quality in employment and social policies through existing instruments and processes.

9. Following the 2001 Commission Communication, the Employment Committee discussed and agreed a list of indicators on quality in work under the 10 dimensions. These indicators were approved by the Council and communicated to the Laeken Council in December 2001.<sup>3</sup> The list of indicators is presented in annex.

10. The Employment Committee report distinguished between key indicators and context indicators. The key indicators aimed at measuring progress in relation to the Employment Strategy objectives, while the context indicators could be used to put national policies and actions plans into perspective.

11. The identification of indicators appeared as an evolutionary process which could involve the revision of existing indicators and the introduction of additional ones. Nevertheless no new indicators have been incorporated into the list since 2001. The efforts have been rather concentrated in improving the availability and the updating of statistics and in monitoring the quality in work in the context of the European Employment Strategy.

### **III. Quality in work, employment, productivity and social cohesion**

12. In line with the Lisbon strategy, improving job quality is important for the promotion of social inclusion, as well as for an increase in productivity and in employment growth. The 2003 Commission Communication focuses on the need to exploit the positive interactions between job quality on the one hand and employment, productivity and social inclusion on the other.

#### **Quality in work and full employment**

13. A negative correlation can be found between the share of low quality jobs and the employment rate, notably for women. Those who move from unemployment to jobs of low quality and to jobs without training opportunities often remain at high risk of becoming unemployed again. In some cases, the availability of low quality jobs can act as a stepping stone to stable employment. Nevertheless, available data show that most a third of these workers are unemployed again a year later, in comparison to around 10% for those in jobs of high quality. Job quality is also crucial to re-attract in the labour market older people and people with care responsibilities. At the same time, the withdrawal from the labour market of older workers in low quality jobs is up to four times higher than that of older workers in jobs of higher quality.

#### **Quality in work and productivity**

14. A comparison between sectors throughout the EU and in various Member States shows a positive relationship between some dimensions of job quality and labour productivity. In particular, improvements in work organisations and in working conditions and in quality of training are essential for productivity gains.

15. There is empirical evidence that the increase in the share of employees in training leads to an increase in a firm's productivity. However, more than half of European employees have no access to training at the workplace or participation in any training programmes. Low skilled individuals tend to remain in low productivity jobs with higher risk of unemployment and social exclusion.

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<sup>3</sup> Indicators of Quality in Work, Report by the Employment Committee to the Council, 14263/01, 23.11.2001

16. Productivity growth depends on the level of human capital but also on the sectoral distribution of skills in the economy. The concentration of high-skilled people in innovative industries is beneficial per se and through knowledge spillovers particularly in the services sector. In addition, work-related health problems and accidents at work generate important production loss and high expenditure and costs related to the loss of working days.

17. Improving the quality of work organisation, including new organisational structures, more flexible and less hierarchical working methods, stronger involvement of employees and new reward and performance measurement systems, tend to increase productivity and employment. Social dialogue and industrial relations can play an important role for improving quality in work and productivity.

#### **Quality in work, social inclusion and cohesion**

18. Quality in work is also essential for both social inclusion and regional cohesion. A high risk of unemployment, social exclusion and poverty go hand in hand with poor education, low-skilled, low paid, non-permanent jobs. Previous inactivity also strongly reduces the likelihood of transitions back into the labour market, particularly among women and older workers. In several Member States, low skilled women are at relatively high risk of becoming trapped in a sequence of unemployment, followed by non-permanent, low paid, part time employment.

#### **IV. Progress achieved under the different dimensions of quality**

19. The 2003 Commission Communication on quality in work analysed the performances and policy development of Member States. Progress in quality in work were analysed on the basis of the available data on the ten dimensions identified by the Commission and the indicators approved by the Council and communicated to the Laeken European Council in December 2001. The Communication focused on EU-15, given the difficulties to collect, in 2003, relevant information data with respect to the 10 new Member States.

20. The main results can be summarised as follows:

- Consistent improvements have been achieved in the EU in terms of education and skills, employment gender gaps, transitions from unemployment to employment, the share of part-time contracts and safety at the workplace.
- However, overall, there is scope for considerable improvement under each of the dimensions of quality, and in particular with respect to the employment rate of older workers, gender pay gaps, reducing segmentation on the labour market, better work-life balance, integration of disabled persons and non EU nationals on the labour market and health and safety at work. The trend in productivity growth is disappointing.
- There are important differences across Member States. Improving quality in work represents a big challenge for EL, ES, and PT and to a lesser extends for DE, FR and IT.

21. The main results following the different dimensions and countries can be summarised as follows<sup>4</sup>.

<b><u>Quality in work: dimensions and indicators</u></b>	<b><u>Main facts</u></b> (BE: Belgium; DK: Denmark; DE: Germany; EL: Greece; ES: Spain; FR: France; IE: Ireland; IT: Italy; LU: Luxembourg; NL: Netherlands; AT: Austria; PT: Portugal; FI: Finland; SE: Sweden; UK: United Kingdom).
<b>Intrinsic job quality</b> Indicators: Transitions between non-employment and employment and within employment.	There are significant differences among countries in the transitions between temporary and permanent contracts. In BE, DE, IE, IT, ES, FR, EL and FI less than a third of temporary employees in 2000 were in permanent job in 2001
<b>Skills, lifelong learning and career development.</b> Indicator: % of adult population participating in education and training	The participation rate of the 25-64 age group has increased from 5.2% in 1998 to 9.3 in 2003, but it is still under 5% in some Member States (EL, PT, IT). It is above 17% in DK, SE, FI and UK. The participation rates vary considerably according to the age and are particularly low for the 55-64 aged group (4.1% in 2003).
<b>Gender equality</b> Indicators: ratio of women's hourly gross earnings to men's; gender employment and unemployment rates gaps.	The EU women's average gross hourly earnings were 88% of men's (gender pay gap: 16%) in 2002. The largest gender gaps are found in EL, ES, IT and LU and the narrowest in DE, FI and DK. The gender pay gap was higher in the private sector (21%). It was above the EU average in AT, DE, PT and the UK.
<b>Health and safety at work</b> Indicator: number of accidents at work per 100.000 persons in employment.	A slight improvement is noticed in recent years (3857 accidents for the EU average in 2001, against 4111 in 1997 and 4093 in 1999). Important differences among member States are found, with highest incidence rates in ES, PT, LU and FR.
<b>Flexibility and security</b> Indicator: % of employees working part-time and with fixed-term contracts	Part-time employment has increased slightly since 2000 (from 17.7% to 18.6% in 2003). More than one third of women, against 6% of men, work part-time. The highest rates are found in NL, DE, SE and the UK. The share of employees working under fixed term contracts (12.8% in 2003) was particularly high in SP (30.6%), PT (21.1%) and FI (16.3%).
<b>Inclusion and access to the labour market</b> Indicator: transitions between employment, unemployment and inactivity <b>Work organisation and work-life balance.</b> Indicator: employment rates with or without any 0-6 aged children.	The last available data show important differences in the extent and patterns of transitions from unemployment into employment: 41% of all unemployed in 2000 had found a job by 2001 (more than 50% in DE, DK, AT, and ES, while less than one quarter did so in FR, IE and IT). The average employment rate for women, aged between 20 and 50, with a child aged 0-6 was 12.2- pp lower than this of women without children in 2003. The highest differences are found in DE and UK.

<sup>4</sup> Data presented in the table have been updated on the basis of EUROSTAT statistics and then they are more recent than those provided by the 2003 Communication. However the conclusions in the relative performance of countries remain unchanged.

<b>Social dialogue and worker involvement</b> Indicators: % of employees covered by collective agreements.	The percentage of employees covered by collective agreements was around 80% in 2003 (above 90% in AT, FI, SE, and FR).
<b>Diversity and non-discrimination</b> Indicators: employment rate of 55-64 years.	The employment rate of 55-64 years olds was 41.7% in 2003 with a gender gap of nearly 20% (32.2% for women against 51.6% for men). Clear differences exist across countries with rates between 28% and 38% in BE, LU, IT, AT and FR and between 51% and 68% in DK, PT, the UK and SE. Concerning the disadvantaged groups, common indicators are missing because of lack of data in several Member States. Where such data exist, the gaps appear important.
<b>Overall work performance</b> Indicator: Growth in labour productivity	Average growth in labour productivity of GDP per capita moved from 0.4 in 2001 to 0.7 in 2002 and to 0.8 in 2003.

**RECOMMENDED INDICATORS OF QUALITY IN WORK**

**1. INTRINSIC JOB QUALITY**

**RECOMMENDED KEY INDICATOR**

1. Transitions between non-employment and employment and within employment by pay level  
(source: European Community Household Panel – ECHP).

Status at t Status at (t-1)	1 <sup>st</sup> decile	2 <sup>nd</sup> decile	3 <sup>rd</sup> decile	4 <sup>th</sup> -10 <sup>th</sup> decile	Non- Employment <sup>5</sup>	Total
1 <sup>st</sup> decile						100
2 <sup>nd</sup> decile						100
3 <sup>rd</sup> decile						100
4 <sup>th</sup> -10 <sup>th</sup> decile						100
Non-Employment						100

**RECOMMENDED CONTEXT INDICATORS**

2. Transitions between non-employment and employment and within employment by type of contract (source: ECHP)

Situation at t Situation at (t-1)	Permanent contract	Fixed-term contract	Non- Employment	Total
Permanent contract				100
Fixed-term contract				100
Non-Employment				100

3. Satisfaction with type of work in present job (source: ECHP).

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<sup>5</sup> Non-employment covers both unemployment and inactivity.



**RECOMMENDED KEY INDICATOR**

**4. Percentage of working age population participating in education and training (source: Labour force survey – LFS).<sup>6</sup>**

**8. Ratio of women's hourly earnings index to men's for paid employees at work 15+hours (source: ECHP).**

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<sup>6</sup> Including initial education and continuous vocational training. Excluding leisure training.

**RECOMMENDED CONTEXT INDICATORS**  
**2. SKILLS, LIFE-LONG LEARNING AND CAREER DEVELOPMENT**

5. Percentage of working age population participating in education and training by gender, age group (25-34, 35-44, 45-54, 55-64 and 25-64 years), working status and educational levels achieved (source: LFS).

6. Percentage of the workforce participating in job-related training by gender, age groups and economic activity (source: Continuing Vocational Training Survey - CVTS).

7. Share of the workforce, using computers at home and/or at the workplace for work purpose a) with and b) without job-related computer training (source: Eurobarometer survey on ICT and employment, November 2000).

**3. GENDER EQUALITY**

9. Ratio of women's hourly earnings index to men's for paid employees at work 15+hours, adjusted for sector, occupation and age (source: ECHP).

10. Employment rate gap of women compared with men (source: LFS).

**INDICATORS REQUIRING FURTHER WORK**

Share of employed women with supervisory role at work compared with that of men.

**RECOMMENDED KEY INDICATOR**

**RECOMMENDED CONTEXT INDICATORS**

**INDICATORS REQUIRING FURTHER WORK**

11. Unemployment rate gap of women compared with men (source: Eurostat harmonised series on unemployment).

12. Gender segregation in sectors: The average national share of employment for women and men applied to each sector. The differences are added to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment (source: LFS).

13. Gender segregation in occupations: The average national share of employment for women and men applied to each occupation. The differences are added to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment (source: LFS).

**14. The evolution of the incidence rate, defined as the number of accidents at work per 100.000 persons in employment (source: European Statistics on Accidents at Work – ESAW).**

**4. HEALTH AND SAFETY AT WORK**

Occupational disease rates including new risks e.g. repetitive strain.

Percentage of workers exposed to stress.

**RECOMMENDED KEY INDICATOR**

**15. Number of employees working voluntary and involuntary part-time as % of total number of employees and of those with voluntary and involuntary fixed-term contracts as % of total number of employees (source: LFS).**

This should be accompanied by information on the extent to which part-time and fixed-term workers enjoy equivalent and commensurate entitlements to social protection and legal rights as full-time and permanent workers

**RECOMMENDED CONTEXT INDICATORS**

**5. FLEXIBILITY AND SECURITY**

**INDICATORS REQUIRING FURTHER WORK**

Composite indicator on coverage of social security: entitlement to unemployment benefit, retirement pension and health insurance.

## **6. INCLUSION AND ACCESS TO THE LABOUR MARKET**

### **RECOMMENDED KEY INDICATOR**

16. Transitions between employment, unemployment and inactivity (source: LFS).

Status at t Status at (t-1)	Employment	Unemployment	Inactivity	Total
Employment				100
Unemployment				100
Inactivity				100

### **RECOMMENDED CONTEXT INDICATORS**

17. Transition of unemployed people into employment and training (source: LFS).

Status at t Status at (t-1)	Training	Non- Employment	Employment	Total (t-1)
Training				
Non-Employment				
Employment				
Total (t)				

18. Total employment rate (source: LFS).

19. Employment rate by main age group and educational attainment levels (source: LFS).

20. Total long-term unemployment rate by gender (source: Eurostat harmonised series u/e).

21. Percentage of 18-24 year olds having achieved lower secondary education (ISCED level 2) or less and not attending further education or training, by gender and working status (source: LFS).

22. Youth unemployment ratio: unemployment aged 15-24 as a percentage of the population aged 15-24 (source: Eurostat harmonised series u/e).

**RECOMMENDED KEY INDICATOR**

**23. Absolute difference in employment rates without the presence of any children and with presence of a child aged 0-6, by sex (age group 20-50) (source: LFS).**

**RECOMMENDED CONTEXT INDICATORS**

**7. WORK ORGANISATION AND WORK-LIFE BALANCE**

24. Children cared for (other than by the family) as a proportion of all children in the same age group. Broken down by before non-compulsory pre-school system, in non-compulsory or equivalent pre-school system, and compulsory primary education (source: national sources – at the moment, this indicator can only measure trends within each Member State).

25. Number of employees who left their last job for family responsibilities or for education purposes no more than 12 months ago who return later to work but are currently not available for work (for the same reasons why they left their last job) as a % of all employees by gender (source: LFS).

**8. SOCIAL DIALOGUE AND WORKER INVOLVEMENT**

Recognising the wide differences in arrangements, practice and traditions between Member States, the Committee believes that the best approach is to identify a range or menu of indicators and proposes to examine urgently, *inter alia*, the following possibilities:

**INDICATORS REQUIRING FURTHER WORK**

Further work is needed to develop an indicator on care for dependants other than children.

Further work is needed to develop an indicator on flexible working arrangements, in particular in relation to working time arrangements.

**RECOMMENDED KEY INDICATOR**

**RECOMMENDED CONTEXT INDICATORS**

**INDICATORS REQUIRING FURTHER WORK**

- measuring employee representation and involvement;
- the percentage of employees covered by collective agreements;
- the evolution of the number of days lost per 1000 employees in industrial disputes by economic activity (NACE), measuring trends within each Member State;
- the proportion of employees with recognised worker representation;
- the coverage of works councils and other forms of representation and involvement; and
- trade union density.

**9. DIVERSITY AND NON-DISCRIMINATION**

26. Employment rate gap of 55-64 year olds (source: LFS).

27. The gap between the employment and unemployment rates for ethnic minorities and immigrants, taking into account the distinction between low and high level qualifications, as compared with the overall rates (source: currently national sources).

Further work is needed to improve the data for these indicators and to extend them to include the pay gap and to cover other groups at a disadvantage in the labour market.

**RECOMMENDED KEY INDICATOR**

**29. Growth in labour productivity, measured as change in the levels of GDP per capita of the employed population and per hour worked % (source: Eurostat, DG ECFIN).**

**RECOMMENDED CONTEXT INDICATORS**

28. The gap between the employment and unemployment rates for disabled people, taking into account the distinction between low and high level qualifications, as compared with the overall rates (source: currently national sources).

**10. OVERALL WORK PERFORMANCE**

30. Total annual output divided by the number of occupied population and of hours worked (source: Eurostat, DG ECFIN, OECD (working time)).

31. Percentage of working age population having achieved at least upper secondary education (ISCED level 3) by gender, age group (25-34, 35-44, 45-54, 55-64 and 25-64 years) and working status (source: LFS).

**INDICATORS REQUIRING FURTHER WORK**

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