

Working paper 2

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EUROPEAN COMMUNITIES
(EUROSTAT)**

**INTERNATIONAL LABOUR
ORGANIZATION (ILO)**

Joint UNECE/EUROSTAT/ILO Seminar
on the quality of work
(18-20 April 2006, Geneva, Switzerland)

Topic 1: International conceptual framework for measuring the dimensions of quality of work:
an integrated approach to embracing the EU Quality of Work, the Dublin Foundation and the
ILO Decent Work frameworks.

**COMMENTS ON THE CONCEPTUAL PAPER OF THE TASK FORCE: "TOWARDS
AN INTERNATIONAL QUALITY OF EMPLOYMENT FRAMEWORK"**

Invited paper by European Commission.¹

I. INTRODUCTION

1. The objective of this paper is twofold: to propose some elements for discussion on the comparative analysis of different quality of work frameworks; and to support the ILO proposal on the need of and comprehensive quality of employment paradigm embracing the current quality frameworks.²

2. This paper upholds the opinion that the terms *Quality of Jobs*, *Quality of/in Work*, *Decent Work* and *Quality of Employment*, are not synonyms but correspond to different concepts with a more or less broad content. The concept of *Quality of jobs* refers to the characteristics of a job in itself, while the concept of *Quality in Work*, as defined in the 2001 Commission Communication³, includes context in work dimensions and indicators. The more comprehensive concept of *Decent Work* refers to the need of providing more and better jobs while at the same

¹ The contents of this paper do not necessarily reflect the opinion or position of the European Commission. Paper has been prepared by Esteban Lozano, DG Employment, Social Affairs and Equal Opportunities.

² Igor Chernyshev, "Towards an international quality of employment framework: conceptual paper of the task force on the measurement of quality of work", 7 February 2007; Working Paper for the Joint UNECE/EUROSTAT/ILO Seminar on the Quality of Work.

³ Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, "Employment and social policies: a framework for investing in quality" COM(2001) 313 final, 20.6.2001

time ensuring basic rights at work and promoting social protection, gender equality and social dialogue.

3. Moreover, none of these concepts should be abandoned to the benefits of other, as they serve different purposes. In fact both *Quality in Work* and *Decent Work* have been adopted by the European Union. The *Quality in work* concept and related indicators are an essential instrument for the follow up of the European Employment Strategy implementation in EU Member States. And the promotion of *Decent Work*, both within the Union and worldwide, is a strong policy commitment both at EU and international level.

II. QUALITY: DIFFERENT PARADIGMS AND CONCEPTS

4. The concept of *Quality of Jobs* calls for a set of characteristics of a job, which determine the level of satisfaction of workers and enable them to talk in terms of "good" or "bad" jobs.

5. A good quality job can be defined as one that:

- (a) provides adequate earnings;
- (b) offers opportunities for skill development, life-long learning and career progression;
- (c) ensures safe and healthy working conditions;
- (d) combines a high level of both flexibility and security;
- (e) allows for the reconciliation of working and family life.

6. This concept, developed by the European Foundation for the Improvement of Living and Working Conditions⁴, contains the minimum standards of any work quality approach.

7. As developed in the Annex 1 of this paper, positive interactions can be found between job quality, employment and labour productivity.

8. The concept of *Quality in Work*, as it has been developed by the above-mentioned 2001 Communication from the Commission is broader. The 10 dimensions of quality contained in this concept cover not only the characteristics of individual jobs but also those of the wider work environment and context⁵.

9. Accordingly, in addition to indicators referring to the characteristics of job (such as those on pay gap and transitions by pay level, adult participation in education and training, temporary contracts and accidents at work) a set of context indicators were identified. Among these last indicators we find those on employment and unemployment gender gaps, employment rate of older workers, youth employment ratio, labour market gaps for disadvantaged groups and growth in GDP per person employed and per hour worked.⁶

⁴ European Foundation for the Improvement of Living and Working Conditions, "Quality of work and employment in Europe. Issues and challenges", February 2002.

⁵ The ten dimensions are: 1. Intrinsic job quality; 2. Skills, lifelong learning and career development; 3. Gender equality; 4. Health and safety at work; 5. Flexibility and security; 6. Inclusion and access to the labour market; 7. Work organisation and work-life balance; 8. Social dialogue and worker involvement; 9. Diversity and non-discrimination; 10. Overall work performance.

⁶ The list of indicators in Quality in work is contained in the 2001 mentioned Communication from the Commission and in the Employment Committee Report to the Council (note 7 below). The list can be found also in the Igor Chernyshev mentioned paper, annex 1.

10. The *Decent Work* paradigm is broader than the Quality in Work. It covers not only Quality in Work dimensions but also other issues linked to freely chosen work, rights at work and social protection.
11. Table 1 of the Task Force Working Paper identifies three dimensions of the ILO Decent Work paradigm which are not included in the concept of Quality in Work: unacceptable work, decent hours and social protection.
12. Some aspects of working time are implicitly included in Quality in Work, such as part-time work and work-life balance. But no indicators related to "excessive hours of work" or "time-related underemployment" has been proposed.
13. The other dimensions of Decent Work (unacceptable work and social protection) are not included in the Quality in Work paradigm and consequently no indicators are specified.
14. Nevertheless it is important to note that a set of indicators on social protection have been defined by the European Commission as an instrument for the follow up of the "Social Protection and Social Inclusion" process (see Annex 2 of this paper).
15. Concerning indicators on the "Social dialogue and worker involvement" dimension of *Quality in Work*, the EU Employment Committee⁷ proposed to the Council to examine *inter alia* the following possibilities: the percentage of employees covered by collective agreements, the evolution of the number of days lost per 1000 employees in industrial disputes, the proportion of employees with recognised worker representation and trade union density. No official position has been taken as yet.
16. On the basis of these considerations we could express the relation between the concepts in a schematic way as:

[Quality of jobs] + [work context issues] = [Quality of work]

[Quality of work] + [social protection and unacceptable work dimensions] = [Decent work].

III. THE NEW QUALITY OF EMPLOYMENT PARADIGM

17. The proposed *Quality of Employment* paradigm that can be used as a universal framework covering the dimensions included in the different quality frameworks, offers a good opportunity to develop an internationally agreed set of work and employment indicators.
18. The advantages of this paradigm seem clear and can be summarised as follows:
- (a) Comprehensiveness, as it proposes an extensive list of indicators which includes those of current quality in work and decent work paradigms;
 - (b) Capacity to evaluate progress towards quality and decent work on the basis of harmonised definitions and indicators;

⁷ Report to the Council by the Employment Committee, Indicators of quality in work, SOC(478), 23 November 2001

- (c) Flexibility, as the possibilities for collecting data from different countries are taken into account as well as the creation of the condition for improving the data at a low cost.

19. Finally two specific questions could be addressed at the seminar:

- (a) On employment quantitative indicators: shouldn't we put general employment quantitative indicators (such as employment and unemployment rates, participation rate, self employment and employment by sectors) into the "Socio-Economic context" dimension and reserve the "Employment Opportunities" dimension to indicators related to specific categories of persons (gender employment gaps, youth unemployment, unemployment of persons with low level of education)?
- (b) On the denomination of the new indicator: as the new indicator covers both work and employment issues, and these terms are not strictly synonymous, shouldn't we call it "Quality of Work and Employment"?

ANNEX 1. Synergies between employment, quality of work and productivity

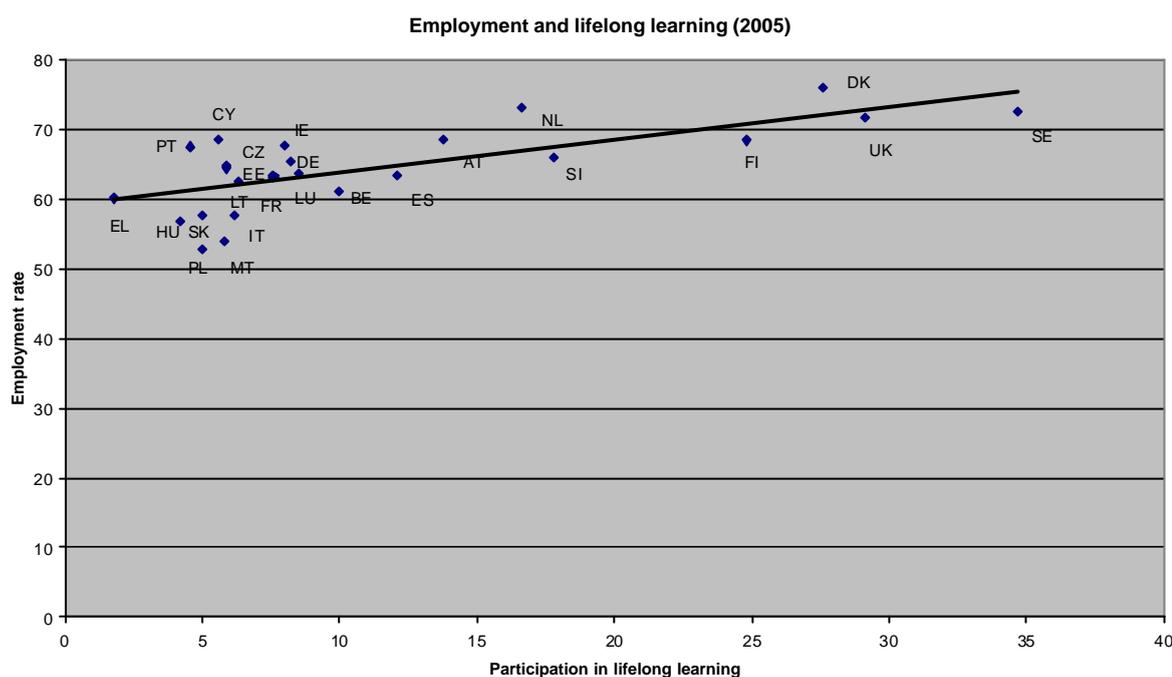
1. The relationship between employment, productivity and quality of jobs is a complex issue and possible trade-offs between them in the short term should not rule out. Nevertheless, as numerous analyses show, an overall positive link can be found in the long term. In fact, the Member States with better quality of work record are also the most efficient ones as regards employment. And there is also evidence that recent increases in activity and employment rates have been accompanied by job-quality improvements in many Member States
2. This is why a 2003 European Commission Communication called for identifying and exploiting the synergies between employment, quality of work and productivity with a view to increasing the employment rates⁸.
3. In particular, improvements in working conditions (including health and safety, income and career prospects and employment security), in work organisation and in the quality and efficiency of investment in human capital are essential for sustainable employment growth and for productivity gains.
4. Improving **working conditions**, in particular wages and career prospects, as well as health and safety, have a positive impact on productivity by increasing employees' motivation and job satisfaction. There is some evidence that improvements in health and safety have a positive impact on productivity. As a matter of fact, labour productivity is significantly above average in sectors that offer better working conditions, and below average in sectors with relatively high shares of low-quality job jobs.
5. They have also a positive impact on employment. Better working conditions attract more people into the labour market, increase female labour force participation and reduce absenteeism.
6. **Work organisations** ensuring high levels of flexibility and security are needed to increase productivity. Flexible forms of work organisation, including new organisational structures, quality control, less hierarchical working methods and stronger involvement of workers, tend to increase productivity and employer performance. Indeed, without substantial changes in the organisation of work, the positive impact of the introduction of new technologies would remain limited. Innovative ways to organise work can yield productivity gains.
7. Together with this internal or functional flexibility, the external or numerical flexibility is increasing as shifts of human resources between enterprises and sectors are gaining importance. In such a situation ensuring better employment and social protection is a necessary condition for workers to be open and adaptable to structural changes.
8. Better employability and employment stability protection is specially needed for people in low quality jobs (in particular jobs with little access to training) at high risk of unemployment. Also the adaptation of working time arrangements to workers' needs and reconciliation between working and family or private life can raise employment rates, in particular those of women.

⁸ "Improving quality in work: a review of recent progress", COM(2003)728.

See also the European Commission Employment Reports, in particular: "Synergies between quality and quantity in European labour markets" in Employment in Europe, 2002, "Flexibility, security and quality in work", in Employment in Europe, 2003, "Labour market transitions and advancement: temporary employment and low-pay in Europe", Employment in Europe, 2004

9. Investment in **human capital** is an important component of both quality in work and productivity growth and an important instrument for increasing employment.

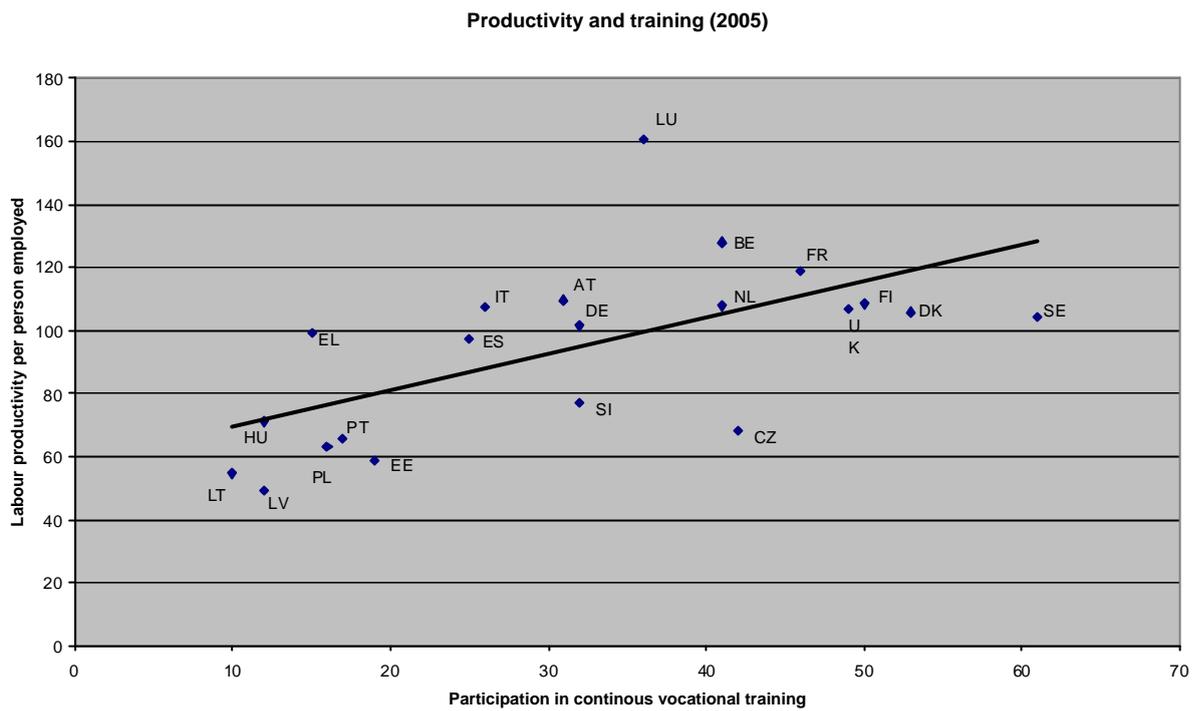
10. Education and training is an important instrument for increasing employment by improving the employability of workers, while at the same time preventing the segmentation of the labour market and improving workers' income and career prospects. As illustrated below, countries with a high adult's participation in lifelong learning are characterised by a relatively high employment rate.



Sources: EUROTAT, EU Labour Force Survey, ESA95 & DG ECFIN.

Country abbreviations: BE: Belgium; CZ: Czech Republic; DK: Denmark; DE: Germany; EE: Estonia; EL: Greece; ES: Spain; FR: France; IE: Ireland; IT: Italy; CY: Cyprus; LV: Latvia; LT: Lithuania; LU: Luxembourg; HU: Hungary; MT: Malta; NL: The Netherlands; AT: Austria; PL: Poland; PT: Portugal; SI: Slovenia; SK: Slovakia; FI: Finland; SE: Sweden; UK: United Kingdom.

11. Life-long learning is also a key element of a strategy for productivity growth, by improving the adaptation of workers to changes and thus by enhancing the use of new technologies and new systems of work organisation. As illustrated below, countries with a high participation of workers in continuous vocational training are characterised by a relatively high level of labour productivity by person employed.



Sources: EUROTAT, Continuous Vocational Training Statistics, ESA95 & DG ECFIN.
No available data for CY, MT and SK

12. **Social dialogue** and industrial relations - in particular the negotiated agreements on the provision of continuing vocational training and on new forms of work organisation - play an essential role for improving both quality in work and productivity.

ANNEX 2. Social protection indicators in ILO Decent Work and in the EU Social Protection and Social Inclusion Process.

Decent work	Social protection and social inclusion process
Social Protection indicators	Social Protection indicators
20. Public social security expenditure	<p>Key dimension n°6: Financial sustainability of social protection systems.</p> <p>Indicator: Projected Total Public Social expenditure. Definition: Age-related projections of total public social expenditures (e.g. pensions, health care, long-term care, education and unemployment transfer), current level (% of GDP) and projected change in share of GDP (in percentage points) (2010-20-30-40-50)</p>
25. Average monthly pension expressed as a percentage of median/minimum earnings	<p>Key dimension n°7: Pension adequacy.</p> <p>Indicator a : Median relative income of elderly people Definition: Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64. Indicator b: Aggregate replacement ratio. Definition: Median individual pensions of 65-74 relative to median individual earnings of 50-59, excluding other social benefits.</p>
Indicators related to economic and social context	
31. Income inequality	<p>Key dimension 2: Income inequalities.</p> <p>Indicator S80/S20. Definition: Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile)</p>
32. Poverty	<p>Key dimension 1: At-risk-of-poverty rate</p> <p>Indicator 1a: At risk of poverty rate Definition: share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income. Indicator 1b: Relative median poverty gap Definition: Difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.</p>