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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE  
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Improving quality in work: a review of recent progress**

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**CONTENTS**

1.	Quality in work and the European Employment Strategy objectives .....	6
1.1.	Quality in work and full employment .....	6
1.2.	Quality in work and productivity .....	6
1.3.	Quality in work, social inclusion and cohesion .....	7
2.	Review of progress achieved under the different dimensions of quality .....	8
2.1.	Intrinsic job quality .....	8
2.2.	Skills, lifelong learning and career development.....	10
2.3.	Gender equality .....	11
2.4.	Health and safety at work.....	12
2.5.	Flexibility and security.....	14
2.6.	Inclusion and access to the labour market.....	15
2.7.	Work organisation and work-life balance.....	16
2.8.	Social dialogue and worker involvement.....	17
2.9.	Diversity and non-discrimination.....	18
2.10.	Overall work performance .....	20
<b>Annexes</b>		
	Annex 1. Indicators of quality in work: list approved by the Council .....	23
	Annex 2. Indicators of quality in work (data) .....	28

## Summary and Conclusions

Quality promotion is a guiding principle in the modernisation of Europe's social model as initiated in the Social Policy Agenda. Following the Lisbon and the Nice European Councils, improving quality and productivity in work is one of the three overarching objectives in the Employment Guidelines for the period 2003-2005 together with full employment and social cohesion.

*Quality in work goes hand in hand with progress towards full employment, higher productivity growth and better social cohesion*

There is a positive link between employment growth and quality in work. Sustainable employment growth needs all of the following: an improved access to employment in general; an improved balance between flexibility and security and real opportunities for upward occupational mobility for those in low quality jobs, without making access to the labour market more difficult for those on the margins; a reduction of long-term unemployment without creating a situation based on repetitive spells in unemployment and low quality employment; and improved upward quality dynamics, helping people in low quality jobs and high risk of unemployment to gain employment stability and to improve employability.

There is also a positive link between quality in work and productivity. In particular, improvements in work organisation and in working conditions, as well as, increase in the quality and efficiency of investment in human capital and training are essential for productivity gains.

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.

*Progress under the different dimensions of quality is unequal*

Quality is a multidimensional concept and depends on a number of components which interact with one another. In 2001, the Council agreed to assess progress using a set of indicators on quality built on the ten dimensions of quality in work identified by the Commission.

The analysis of recent trends and performances around these ten dimensions is encouraging in some respects. Consistent improvements are achieved in the EU in terms of education and skills: the level of educational attainments is rising, as well as, the rate of adult participation in training or the investment by firms in training. Overall, employment rates are increasing and the gender gaps in employment and unemployment are narrowing even though they still remain considerable. The incidence rate of accidents at work is decreasing, although it is still very high in certain activity sectors and new forms of occupational disorders and diseases are developing.

However, overall, there is scope for considerable improvement under each of the ten dimensions of quality. The employment rate of older workers, while slowly increasing, is still far from the Stockholm target of 50%. Youth unemployment is generally twice that of adults and young people face increasing difficulties in a number of Member States to find jobs with reasonable career prospects.

Furthermore, non EU-nationals are at a clear disadvantage in terms of employment and unemployment while integration of disabled people in the labour market remains problematic. Regarding gender equality, while the employment rates of women are constantly improving, the lack of adequate facilities for childcare and care for other dependants is a constraint to higher female participation. At the same time, gender pay gaps have shown little tendency to decline. Sectoral and occupational segregation also remain. Finally, the trend in productivity growth is disappointing and the gap with the US is increasing.

The above trends reveal major differences between Member States. While a few of them perform well under most indicators of quality (Denmark, the Netherlands, Sweden, Austria), others display consistently much less favourable performances (Italy, Greece, Spain, Portugal). The picture is more mixed for the remaining Member States.

#### *Assessment of policy response and policy implications*

There has been considerable progress over recent years in several policies supporting quality in work. Activation and prevention policies have been reinforced since 1997 in response to the employment guidelines, aiming at smoother transitions from unemployment and inactivity to employment.

Steps have been taken in most Member States to reduce unemployment and poverty traps through changes in the tax/benefit systems, in particular for the young, older and low-skilled workers, who are at a higher risk of unemployment or inactivity.

Efforts to promote a culture of lifelong learning and to increase the incentives for enterprises to invest in the skills of their workforce have been reinforced.

Efforts have been made to reduce employment and unemployment gender gaps by means of training, the review of tax, benefit and pensions systems combined with incentives for enterprises, the promotion of women entrepreneurship and the provision of better care services for children and other dependants. In order to reduce the gender pay gap, anti-discrimination legislation has been strengthened and social partner's involvement has been reinforced.

Some progress has been achieved for better balancing flexibility and security, notably by introducing more flexibility in the permanent contracts or more security in fix-term contracts. The involvement of social partners in promoting quality in work with regard to training or health and safety at work has increased.

While the above steps go in the right direction, more determined policy action is needed especially with respect to encouraging investment of firms in training and promoting active ageing through better adapted working conditions and greater financial incentives to remain in work. At the same time, wider access to care services for children and other dependants must be provided while efforts should be made in substantially reducing accidents at work and occupational diseases.

A strong involvement and commitment of the social partners is a necessary condition and key factor of success for improving quality in work.

## INTRODUCTION

Quality promotion is a guiding principle in the modernisation of Europe's social model as initiated in the Social Policy Agenda. Such modernisation is becoming urgent in the light of the profound changes affecting our societies in the medium-term. These include ageing of the European population, with consequences in terms of financing social protection systems and responding to the needs of an older population in terms of working conditions, health or quality of life. The move towards a knowledge society leads to important and continuous restructuring of our economies and requires changes in our approach to education, training and work organisation. In a context of increased globalisation, and in the face of the upcoming enlargement, social policies have to support the constant adaptation of people to change.

Following the Lisbon and the Nice European Councils, improving quality and productivity in work appeared as a key priority in the 2001 and 2002 Employment Guidelines and is one of the three overarching objectives in the Employment Guidelines for the period 2003-2005, together with full employment and social cohesion. Among the ten specific guidelines supporting these objectives, some are particularly relevant for quality at work, notably those on lifelong learning, gender equality, adaptability, making work pay, inclusion and undeclared work. The emphasis placed by the Employment Guidelines on improved governance is also strongly related to quality improvements in the design of employment policies.

The 2001 Commission Communication provides a robust analytical basis as well as a clear operational procedure, including the development of quality in work indicators, to help in refining policies in ways that will further benefit Europe's workforce as well as its economy. The Commission identified 10 'dimensions' of job quality in a Communication in 2001, recognising that quality is a multifaceted concept<sup>1</sup>. The Employment Committee (EMCO) 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 European Council in December 2001.<sup>2</sup>

The purpose of this Communication is to review ongoing efforts to improve the quality in work, in response to the Brussels Spring European Council of 2003. Section 1 reviews the role of quality in work for sustainable employment performance, productivity growth and social inclusion. In Section 2, quality in work is analysed along the 10 dimensions retained by the Council, looking both at performances and at recent policy developments. A detailed overview of quality indicators as endorsed by the Council is presented in annex.

This Communication focuses on the EU-15, given the difficulties to collect relevant information and evaluation data with respect to the new Member States at this stage.

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<sup>1</sup> Employment and social policies: A framework for investing in quality", Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, COM(2001) 313 final, 20.06.2001.

<sup>2</sup> Indicators of Quality in Work, Report by the Employment Committee to the Council, 14263/01, 23.11.2001, see annex 1

## **1. QUALITY IN WORK AND THE EUROPEAN EMPLOYMENT STRATEGY OBJECTIVES**

In line with the Lisbon strategy, improving job quality is important for the well being of workers and for the promotion of social inclusion, as well as for an increase in productivity and in employment growth. It is thus related to all three overarching and interrelated objectives: full employment, quality and productivity at work, and social cohesion and inclusion.

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

In the EU, a clear positive link can be observed between overall employment performance, on the one hand, and job quality on the other. There is in particular a negative correlation between the share of low quality jobs and the employment rate, notably for women and medium to high skilled people.<sup>3</sup> It is a fact that those who move from unemployment to jobs of low quality - in particular jobs without training opportunities - often remain at high risk of becoming unemployed again. Almost a third of these workers are unemployed again a year later, in comparison to around 10% for those in jobs of high quality. Nevertheless the availability of low quality jobs can, in some cases, act as a stepping stone to stable employment. Actually, more than a third of those in low quality employment manage to improve job quality over a period of 2-3 years.

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.

The inter-relation between the quality and quantity of employment was corroborated by dynamic simulations, which showed that without further quality improvements, employment creation remains below its potential. The best result arises when quality improvements match improved labour market transitions into and out of low quality jobs. Consequently, the employment rate increases and the share of employed in jobs of high quality rises and underpins a strong productivity level.<sup>4</sup>

In some Member States recent increases in employment rates were accompanied by improvements in labour market transitions out of low quality jobs, particularly for women. Withdrawal from the labour force, on the other hand, is more than twice as high for women than for men in jobs of low quality (10% in 1997-98, 17% in 1995-98), whereas labour force participation of men and women in high quality jobs is similar.

### **1.2. Quality in work and productivity**

A comparison between sectors throughout the EU and in various Member States shows a positive relationship between job quality and labour productivity.

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<sup>3</sup> The empirical results summarised in this section are based on the classification of jobs suggested in *Employment in Europe 2001*. This classification referred – in particular – to some of the quality dimensions identified in this Communication: intrinsic job quality; skills, lifelong learning and career development; inclusion and access to the labour market; and overall work performance. For more details on the underlying definition, see *Employment in Europe 2001*, pp. 65-80, and *Employment in Europe 2002*, pp. 79-97.

<sup>4</sup> For more details see *Employment in Europe 2002*, pp. 101-106.

In addition, work-related health problems and accidents at work generate a production loss estimated at 3-4% of EU GNP. Health expenditure and costs related to the loss of working days in the EU are estimated at €20 billion a year.

#### The gains in productivity from investment in human capital and training.

It is estimated that an increase by 1% in the share of employees in training leads to an increase of 0.3% in a firm's productivity. In the UK, raising the proportion of workers trained in a sector by 5 percentage points generates a 4% increase in the value added per worker, and a 1.6% wage rise.<sup>5</sup>

However, more than half of European employees have no access to training at the workplace nor participation in any training programmes. Low skilled individuals tend to remain in low productivity jobs with higher risk of unemployment and social exclusion.

Productivity growth depends on the level of human capital but also on the sectoral distribution of skills in the economy<sup>6</sup>. The concentration of high-skilled people in innovative industries is beneficial per se and through knowledge spillovers particularly in the services sector. There is also evidence that low- and medium-skilled people might benefit from the mobility across sectors of those with higher levels of education.

#### The impact of workplace organisation on motivation and productivity

Qualitative and quantitative studies show that new forms 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.<sup>7</sup> Social dialogue and industrial relations can play an important role for improving quality in work and productivity.

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

There is a strong link between low quality in work and social exclusion and poverty. This is due to the strong impact of the previous labour market status - unemployment in particular - and of the characteristics of the job held one year ago on the current job status.<sup>8</sup> While in some cases giving an opportunity to vulnerable groups to re-integrate into the labour market, previous employment in part-time work or on a fixed-term contract (rather than in a full-time, permanent job) reduces the probability of current full-time work substantially (twice as much for men as for women). In the presence of unfavourable transitions out of flexible working arrangements, it increases the probability of, often permanent, unemployment and labour market exclusion. Previous inactivity also strongly reduces the likelihood of transitions back into the labour market, particularly among women and older workers.

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<sup>5</sup> Lorraine Dearden, Howard Reed and John Van Reenen (2000), Who gains when workers train? Training and corporate productivity in a panel of British industries, Institute for Fiscal Studies, Working Paper No. 00/04, London.

<sup>6</sup> See *Employment in Europe 2003*, chapter 2.

<sup>7</sup> See e.g. European Commission (1999), New forms of work organisation and productivity, study prepared by Business Decisions Ltd., DG Employment and Social Affairs, and European Commission (2002), New forms of work organisation, The benefits and impact on performance, CE-V/6-02-001-EN-C, and Thomas K. Bauer (2003), Flexible workplace practices and labour productivity, IZA Working Paper No. 700, Bonn.

<sup>8</sup> For further detail, see the report "Labour market dynamics and social exclusion" prepared for the European Commission by Mark Taylor from the University of Essex. The full report is available on line at the DG Employment and Social Affairs website.

In several Member States, it are mainly low skilled women who are at relatively high risk of becoming trapped in a sequence of unemployment, followed by non-permanent, low paid, part time employment.

The regions that have the highest shares of skilled workers and participation rates in continuous training are those with the strongest increases in productivity, while sustaining high levels of employment. The group of best-performing regions in the EU has a GDP per capita (in PPS) more than twice as high as that of the worst performing regions, an overall employment rate of 66.5% as compared to 54%, a female employment rate of 61.2% versus 41.9%. It also has an almost twice as high a share of high skilled (25.4%) in the population, and a relatively small share of low skilled (27.4% as compared to 59.7% in the worst performing regions).<sup>9</sup>

About a quarter of working Europeans still remain in jobs of relatively low quality. The increase in national employment rates observed since the mid-fifties has been accompanied by quality improvements in some Member States but not in others. The effect of these diverging evolutions on overall employment performance, productivity, social inclusion and cohesion during the recent economic slowdown needs further study, the outcome of which should help understand which role quality in work could play in the expected economic recovery.

## **2. REVIEW OF PROGRESS ACHIEVED UNDER THE DIFFERENT DIMENSIONS OF QUALITY**

Quality cannot be expressed in a single parameter. The concept of quality is multi-dimensional and is built on a wide range of components which interact with one another. It is the balance - and the relative weight of each component in a given situation - which determines the degree of quality. Hence, it is not simple to measure. On the other hand, the multi-dimensional nature ensures that the diversity across the European Union can be fully taken into account.

In this section, quality in work is analysed along the 10 agreed dimensions. It focuses on an assessment of quality in work in the European Union and its recent evolution on the basis of available data and in particular the agreed quality indicators (Annex 1). In addition, it reviews policy efforts undertaken by policy-makers, social partners and other partners involved. Some policy implications are derived for each dimension.

### **2.1. Intrinsic job quality**

This dimension refers to the characteristics of a particular job, which make it satisfying for the worker and compatible with career prospects in terms of wages and status. Although not easy to measure, notably due its subjectivity, it is an important factor in achieving the EES goals. The attractiveness of jobs is a condition for an increase of labour market participation. While it may be necessary for new entrants or people at a disadvantage to accept jobs with low pay and low security, the possibility to make career progress is essential to remain at work in the labour market.

#### Main facts and trends

Despite the strong employment performance observed in European labour markets in the second half of the 1990s, recent data on the evolution of self-reported job satisfaction over

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<sup>9</sup> For further detail see Employment in Europe 2002, chapter 5.



this period do not indicate significant changes. In the year 2000 in the EU as a whole, around 20% of all employees declared themselves dissatisfied with their job. Relatively high degrees of dissatisfaction in Greece, Italy, Spain and the UK contrast with very high shares (90% or more) of satisfied employees in Denmark, France, Ireland, the Netherlands and, most notably, Austria. A positive trend can be noted in Greece and Portugal while a deterioration took place in Italy.

As regards transitions between non-employment and employment and within employment by pay level, between 1999 and 2000 (last available data), more than half of employees in the lowest earnings decile in the EU remained at the same level, while a quarter improved their relative situation and the rest moved into unemployment. In Finland, Denmark, Ireland, Spain and Portugal more than 30% of the employees in the lowest earnings decile improved their relative earnings position.

Transitions by type of contract show significant differences between fixed-term and permanent contracts. In particular, 22% of those employed in fixed term contracts in 1999 became unemployed one year later, 35% had a permanent contract and 39% were still in fixed-term contract. However, when comparing to 1997-1998 figures a slight improvement is/can be observed, notably in Belgium, Ireland, Austria, the Netherlands and Spain.<sup>10</sup> Transitions out of temporary employment vary strongly across the EU. More than half of temporary employees in 1999 were in a permanent job a year later in Ireland, the Netherlands and Austria against less than a third in Italy, Spain, France, Greece, Finland and Portugal.

#### Ongoing efforts and implications

Progress under this dimension depends on a broad spectrum of policies, some of which are reviewed under other parts of this report. They include education and training policies (2.2 below) as well as preventive and active policies (2.6 below).

Making work pay policies can provide effective work incentives to mobilise people to return to employment or move from inactivity to employment. The Employment Guidelines call on Member States to develop appropriate policies with a view to reducing the number of working poor and removing disincentives arising from the interaction of tax-benefits and thus reducing unemployment and poverty traps affecting mainly the low skilled. Most Member States show commitment to this objective, mainly through reductions in social security contributions, or through in-work benefit schemes. These measures should be seen in conjunction with the level and coverage of minimum wages, which are being significantly increased in France, Ireland and the United Kingdom<sup>11</sup>. In addition, more effective enforcement of eligibility and duration criteria for social benefits including though better interaction with active policies can contribute in reducing work disincentives and eliminating the unemployment trap.

Better involvement and firm commitment of the social partners is a necessary condition for the success of policies aiming at improving labour market transitions for employees, in particular moving from temporary to permanent contracts, and for better income and career development. New flexible forms of work organisation in firms, giving workers room for autonomy in carrying out their task and a perspective for their further career, are crucial elements in this respect.

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<sup>10</sup> 24% of those employed in fixed term contracts in 1997 became unemployed one year later, 34% had a permanent contract and 42% were still in fixed-term contracts.

<sup>11</sup> +5% in France (mid 2003) ; + 10 % in Ireland (as of 2004) ; in the UK + 7 % in October 2003 (+ 14 % for young people in October 2004).

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

The 2003 Employment Guidelines place particular emphasis on the need to increase the investment in human resources from all sources – public authorities, individuals and enterprises - and to improve the quality and efficiency of education and training systems with a view to promote productivity, competitiveness and active ageing. The participation of adults in education and training is an important issue and a matter of concern for most Member States, but the critical issue is ensuring that everyone has access to training. The groups most in need of training - the low skilled, older workers, people on temporary contracts or part-time workers, and workers in small firms – are also the groups least likely to receive training.

### Main facts and trends

Since 1998 there has been a significant increase in adults participation in education and training in the EU. Women's participation is higher than men's at EU level and in most Member States. However, important differences exist between Member States. The participation rate in 2002 was under 5% in Greece, France, Portugal, Italy and Spain but above 16% in UK, Denmark, Sweden, Finland and The Netherlands, against an EU average of 8.5%.

The participation rates vary considerably according to age and education level. It is low for the 45-54 aged group and particularly so for the 55-64 year olds (3.3%). Only 2.3% of people with less than upper secondary education participate in education and training, compared with 9.9% of those who had completed upper secondary education, and 15.8% of those who had completed upper tertiary education.

Collective agreements on the provision of continuing vocational training contribute to reducing the large discrepancies in the provision of training. In enterprises with agreements more than half of all employees participated in CVT courses in 2000, compared with about a third in firms without agreements. Average hours spent in CVT courses by the participants throughout the year were twice as high in firms with agreements (53 hours) as in firms without agreements (35 hours).

Discrepancies in the provision of training by firm size exist in all Member States, both in terms of proportion of employees involved in training and of length of training provided. In Italy, Greece, Spain and Portugal, less than 10% of employees in small firms without agreement receive CVT, against 40% in the three Nordic Member States.

### Ongoing efforts and implications

To increase participation in education and training there is a need to promote a culture of lifelong learning and raise awareness amongst individuals and employers of the benefits of learning. This demands a significant increase in investment in human resources, notably through the creation of incentives for enterprises and individuals to pay for additional training; improving information, advice and guidance; better co-ordination of learning systems; and improving quality management, evaluation, accreditation and certification of continuous vocational training.

The 2003 Employment Guidelines ask Member States to implement policies to ensure in the EU by 2010 a level of participation in lifelong learning of at least 12.5% of the adult working-age population and to ensure that a least 85% of 22 years old in the EU should have completed upper secondary education. Member States have to demonstrate a commitment to lifelong learning by translating these benchmarks into national targets, and by backing them

up with appropriate measures. It is particularly important that Member States who lag well behind set ambitious targets.

Particular attention should be paid to older workers and the low skilled and more particularly to those people facing a risk of unemployment and long-term unemployment. In this context enterprises should be encouraged to significantly increase in investment in the training, particularly of groups most in need of training. This demands that Governments create a climate providing the right incentives for employers to invest.

Ensuring basic ICT skills should become an integral part of enhancing employability, as the lack of ICT literacy represents a fundamental barrier for (re)-entering employment. In some Member states basic ICT literacy has already become mainstreamed in activation measures.

Closer partnerships between business, social partners, the public sector and private providers are critical to identifying training needs and improving access to training for all groups.

### **2.3. Gender equality**

Gender equality is a dimension of quality in itself and is also strongly dependant on progress under other dimensions of quality such as lifelong learning, work-life balance or flexibility and security. The Lisbon strategy calls for an employment rate of more than 60% for women by 2010, and 57% by 2005. This calls not only for the creation of more jobs for women, but also better jobs for them. A number of gender gaps are to be reduced in the EU, in terms of employment, unemployment, pay, or occupational and sectoral distribution.

#### Main facts and trends

Although the differences in employment and unemployment rates between women and men have decreased in recent years, the gaps remain important. In 2002 the employment rate for women was still 17 p.p. below the male rate. The largest gender gaps (above 20 p.p.) can be found in Greece, Spain, Italy, Luxembourg and Ireland and the narrowest in Sweden, Finland and Denmark. The unemployment gender gap decreased from 2.5 p.p. in 1998 to 1.8 p.p. in 2002. The largest gaps are found in Greece, Spain, Italy and France. The female employment rate in the EU as a whole is still 4.4 p.p. below the target of 60% for 2010.

Women are under-represented in high-income levels and over-represented in low-income levels. While in the EU, on average, women accounted for only 32% of all employed in the highest earnings quintile, they made up almost 60% of all employed in the lowest quintile. Notably in Austria and the UK, two thirds of those employed with the 20% lowest earnings were women. In 2000 (latest available data) women's average gross hourly earnings in the EU were 16% below those of men. This difference was generally smaller in the public sector (11%) than in the private sector (22%). The lowest pay gaps in both public and private sectors, were in Italy and Belgium and the highest in United Kingdom, Austria, Germany and Ireland.

Gender segregation in sectors and occupations remains high (at 18% and 25% respectively) and there is no trend towards any reduction. Typically, in countries with high female employment rates, such in the Nordic countries, there are high levels of gender segregation.

## Ongoing efforts and implications

As stressed by the Employment Guidelines 2003, gender gaps (employment, unemployment and pay) in the labour market need to be substantially reduced through an integrated mainstreaming approach and specific policy actions. Member States should pursue policies with the aim to achieve by 2010 a substantial reduction in the gender pay gap through a multi-faceted approach addressing the underlying factors of the gender pay gap, including sectoral and occupational segregation, education and training, job classifications and pay systems, awareness raising and transparency. The Guidelines also highlight that attention needs to be given to reconciling work and family life and more in particular to the extension of childcare provision.

Member States' efforts to reduce gender employment and unemployment gaps vary from training (Ireland, Austria, the Netherlands and Luxembourg), review of tax, benefit and pensions systems and incentives for enterprises (Belgium, Ireland, Sweden, the Netherlands, Spain and France), encouraging entrepreneurship (Greece, Sweden and Luxembourg) and better care services for children and other dependants (Ireland, Greece, Italy and the United Kingdom).

Some of these efforts seem to have had a certain effect on reducing the gender gaps. However, there is clearly still insufficient attention given to adequate care provision for children and other dependant in order to fully utilise the labour supply of women in particular<sup>12</sup>. Moreover, tax and benefit systems still include disincentives for women wishing to take up employment.

With regard to the gender pay gap, efforts made by Member States concern mainly the strengthening of anti-discrimination legislation (Denmark, Sweden and United Kingdom) and in some cases of social partners' involvement (Denmark, Ireland and Spain). However, policy efforts have failed to address in an adequate way the underlying factors, mainly gender segregation. In recent analysis by the Commission, it has appeared that the main factors related to gender pay gaps are:<sup>13</sup> the differences in male and female labour market participation and career structures; the differences in male and female wage structures and gender effects of pay and promotion policies; the horizontal segregation in general and the concentration of women in low paying sectors and occupations in particular.

All actors concerned, including social partners, need to be involved in this process.

### **2.4. Health and safety at work**

The high absenteeism due to accidents at work and work-related illnesses and occupational diseases as well as the high number of permanent disabilities from occupational origin are some illustration of the most visible consequences that poor health and safety at work can have on the labour market. In the European Union, in the year 2000, a total of 158 million days' work was lost, corresponding to an average of 20 days per accident. Around 350.000 workers were obliged to change their job as a consequence of an accident. Nearly 300.000 workers have various degrees of permanent disabilities and 15.000 are entirely excluded from

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<sup>12</sup> See Work organisation and work-life balance (point 3.7).

<sup>13</sup> For further detail see also Working Paper of the Commission Services, "Gender pay gaps in European labour markets.", SEC (2003)937 of 4.9.2003

the labour market<sup>14</sup>. In view of the need to attract and keep more people on the labour market, and in the context of an ageing - and therefore more vulnerable - workforce, better health and safety at work must be promoted.

### Main facts and trends

With nearly 5 million accidents in 2000<sup>15</sup> resulting in more than 3 days of absence from work in the EU, the Commission considers the number of accidents too high, even though the incidence rate (defined as the number of accidents at work per 100.000 persons in employment) has decreased between 1994 and 2000. The incidence rate was of 4016 resulting in accidents of more than 3 days' absence of work for the EU average in 2000, against 4539 in 1994 and 4088 in 1999. During this period the incidence rate has decreased in all Member States except in Spain, Ireland and Sweden.

There are also important sectoral difference in the distribution of the number of accidents, with the highest incidence rate observed in construction, agriculture, fishing and services (hotels and restaurants) sectors, in particular in those sectors with a high number of temporary workers or irregular employment contracts.

Occupational diseases and work-related illnesses are among the most significant consequences of poor health and safety at work conditions. According to the 1999 Ad-Hoc module on "Work-related health problems" of the Labour Force Survey and to the survey of the European Foundation for the Improvement of Living Conditions on the perception of workers and employers of the working conditions, more and more workers suffer from musculo-skeletal disorders such as back pain and disorders caused by repetitive movements (52%), from stress, depression and anxiety (18%) as well as general tiredness, hearing disorders and cardiovascular diseases.

### Ongoing efforts and implications

The 2003 Employment Guidelines, in line with the new Community Strategy on health and safety at work 2002-2006<sup>16</sup>, call on Member States to undertake appropriate measures to improve health and safety and to achieve a substantial reduction of the incidence rate of accidents at work and of occupational diseases. In response to the Guidelines, five Member States (Denmark, Greece, France, Portugal and UK) have set quantitative targets in the reduction of accidents.

The new Community strategy on health and safety at work focuses on the need to consolidate a culture of risk prevention, to combine a variety of policy instruments (legislation, social dialogue, progressive measures and best practices, corporate social responsibility and economic incentives) and to develop partnerships between all the actors involved. This strategy adopts a global approach of this issue, taking into account the changes in the organisation of work and the newly emerging risks such as musculo-skeletal disorders, stress and others risk of psycho-social nature.

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<sup>14</sup> Source Eurostat.

<sup>15</sup> See New Cronos data base from EUROSTAT, collected on the basis of ESAW methodology (European Statistics on Accidents at Work)

<sup>16</sup> COM(2002) 118, "Adapting to change in work and society: a new Community strategy on health and safety at work 2002-2006"

The European Health and Safety Directives have given new impetus and encouraged the development of occupational safety and health with a significant reduction of occupational accidents. However, this progress has not been as big as expected. As highlighted in the strategy, the efforts made for the implementation of the provisions of the health and Safety at Work Directives should be intensified, in order to make health and safety protection a tangible reality contributing to the improvement of productivity and quality in work.

Environmental policies also have a role to play in improving quality in work, notably in relation to health and safety. For example, the REACH proposal relating to chemicals allow risk reduction measures to be implemented.

## **2.5. Flexibility and security**

In the context of globalisation, ongoing restructuring and the move towards a knowledge based economy, European labour markets need to be more responsive to change. This calls for flexibility on the part of the firms and of workers with regard notably to work organisation, working time, contractual arrangements and national or geographical mobility. At the same time quality requires adequate security for the workers to ensure sustainable integration and progress on the labour market, and to foster a wider acceptance of change.

### Main facts and trends

Part-time employment is one form of internal flexibility within firms. It has developed moderately since 2000 (from 18.6% to 18.9% in 2002). The highest, still increasing, rates are found in the Netherlands, the United Kingdom, Germany, Denmark and Belgium. In the Netherlands, three quarters of all part-time workers declare not to want a full-time job. In Germany and the UK around half of the part-time workers choose this form of work due to care of children or other dependants. The lowest rates of part-time work are observed in Greece, Portugal and Spain. Important gender differences in part-time rates remain: more than one third of women, against 6.3% of men, work part-time.

The proportion of employees working under fixed term contracts has stagnated since 2000, at around a 13% rate. Important differences among Member States should be noted. The share was highest in Spain (31%), Portugal (22%) and Finland (16%). Unlike for part-time employment, women's employment share in temporary work is only slightly higher than that of men.

The security dimension is difficult to measure. In a dynamic perspective, security refers to an individual's ability to remain and progress on the labour market. It includes decent pay, access to lifelong learning, good working conditions, appropriate protection against discrimination or unfair dismissal, support in the case of job loss and the right to transfer acquired social rights in the case of job mobility. While part-time and temporary jobs can function as stepping stones into the labour market and facilitate labour market participation for certain types of persons, the evidence so far is that employees under these forms of contracts risk discrimination in pay and pension and have less opportunities to participate in continuous training and to improve their career prospects.

### Ongoing efforts and implications

There is a role both for public authorities to encourage part-time work where it is under-developed, in particular through changes in the legislation, and for social partners to promote the quality of part-time jobs through collective agreements.

In order to enhance the contribution of fixed-term contracts to the functioning of the labour market, Member States and social partners should eliminate elements in the contractual framework which could lead to the emergence of a two-tier labour market, whereby insiders benefit from a high level of protection and an increasing number of outsiders remain under precarious employment conditions. Implementation of the EU Directives on Temporary and Part-time work is essential to promote a more equal treatment among workers under different working statutes. It should be complemented by an EU Directive on Temporary Agency Work, in order to promote new forms of flexibility for firms while securing adequate security for workers concerned.<sup>17</sup>

Ensuring equal access to training, to health care and to social protection rights for employees under atypical forms of contract is particularly important to promote a good balance between flexibility and security.

## **2.6. Inclusion and access to the labour market**

The promotion of an inclusive labour market is one of the three overarching objectives of the new European Employment Strategy. An inclusive labour market implies that it is possible for all citizens of working age who are willing and capable of work to enter and remain on the labour market.

### Main facts and trends

In 2002, 4.4% of the EU population of working age were inactive and declared that they wanted to work. Reasons for not working included in particular family responsibility, illness or disability, other reasons for non-availability for work, and discouragement in job search.

Long-term unemployment entails serious risks of exclusion from the labour market and gives a measure of the capacity of the labour market institutions to reintegrate workers. In 2002 long-term unemployment decreased slightly but still affected around 3% of the EU labour force. It remains most common in Greece and Italy, where more than 5% of the labour force is affected. For the EU as a whole, long-term unemployment rates are higher for women than for men, although the opposite applies in Finland, Ireland, Sweden and the UK.

Young people face in many Member States important difficulties to access the labour market. In 2002 youth unemployment remained around twice as high as the overall unemployment rate and reached more than 15% in the EU. Youth unemployment is particularly high at 20% or more in Finland, France, Greece, Italy and Spain.

The available data show a relative poor performance on transition from unemployment into employment. Only 40% of people unemployed in 1999 were employed in 2000. The rest were still unemployed or had withdrawn from the labour market. The three best performing countries are Portugal (61%), Austria (54%) and the Netherlands (53%).

### Ongoing efforts and implications

Ensuring an appropriate transition from unemployment and inactivity to employment is the aim pursued by activation and prevention policies. Much progress has been achieved on both fronts in response to the Employment Guidelines. However, according to the latest Joint

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<sup>17</sup> [Commission Proposal for a Directive of European Parliament and the Council on working conditions for temporary workers - Com(2002) 149 final - and Amended proposal Com(2002)701

Employment Report, only five Member States had met the target on prevention, and more efforts are needed to improve the effectiveness and efficiency of active labour market measures. In order to promote the sustainable integration into employment of unemployed and inactive people, the 2003 Employment Guidelines ask Member States to offer to every unemployed person a new start before reaching 6 months of unemployment, in the case of young people, and 12 months of unemployment in the case of adults, in the form of training, retraining, work practice, a job, or other employment measure; and to ensure that, by 2010, 25% at least of the long-term unemployed participate in an active measure.

Other labour market tools to promote inclusion include Making work pay policies (see 2.1 above), life-long learning (2.2) or the positive management of company restructuring. Facilitating participation in employment for people who are distant from the labour market is also a major plank of the EU Inclusion Strategy, which covers many other policy fields such as housing, health care, and social protection systems. The Joint Inclusion Report 2003 will review and assess progress by Member States under this wide agenda for inclusion.

## **2.7. Work organisation and work-life balance.**

Work organisation and work life balance depend on a number of aspects treated under other dimensions of quality at work: the introduction of more flexible methods and forms of work, including flexible working time; the availability of adequate care provision for children and other dependants, a more balanced approach between flexibility and security; a better application of existing legislation on health and safety; and the adaptation of workers to changes at work through lifelong learning at enterprise level.

### Main facts and trends

Parenthood has a negative effect on women's employment rates. Average employment rate for women, aged between 20 and 50, with a child aged 0-6 was 12.7 pp lower than that of women without children in 2002. By contrast, the employment rate of men tends to increase with the presence of children. In 2002 it was 9.5 pp higher than the employment rate of men without children.

The differences in women's employment rates with and without children, were particularly high in Ireland (16.3 pp), in Germany (21.4 pp) and in UK (22.9). In these countries, as well as in others like Spain or Greece where the differences are relatively smaller, the care services offered are not sufficient to deal with the scale of demand. In this context, it is noticeable that throughout the EU women work part-time five times as often as men (33% and 6% respectively).

More than 10% of employees in all EU Member States except in Denmark, Ireland and the southern EU Member States, work overtime hours. The share of employees working overtime is highest in Austria, the Netherlands and the UK, and almost 30% of all employees work overtime. In a large majority of countries, notably the southern EU Member States, there is comparatively little flexibility in working time arrangements.

### Ongoing efforts and implications.

Flexible work arrangements and adequate care services for children and other dependants are essential to ensure the full participation of women and men on the labour market. Some efforts to reconcile work and family life have been implemented in most Member States. They include: more flexible work and working-time organisation (Germany, Belgium and France); part-time work facilities (Sweden, Luxembourg and Ireland); development of



parental leave (Denmark, France, UK, Spain and the Netherlands); new measures, quantitative targets and deadlines on childcare provision (Belgium, France, UK, Ireland, the Netherlands, Greece, Spain, Portugal and Sweden).

Nevertheless childcare provision is still far from the 2003 Employment Guidelines targets: childcare should be provided by 2010 to at least 90% of children between three years old and the mandatory school age and at least 33% of children under three years of age. Therefore a greater effort should be made in providing more accessible and high-quality care services for children and other dependants, and to facilitate the choice between part time and full time work. Social partners implication is a necessary condition to achieve this objective.

The Knowledge Society opens new perspectives for the quality of work<sup>18</sup>: creating the conditions for change in existing jobs; generating new working methods and new ways of organizing work; allowing greater flexibility in the workplace. Telework represents a specific case of ICT driven flexibility, enabling new forms of work organization and work-life balance, removing barriers to mobility and opening thus new job opportunities for people excluded so far from the labour market.

## **2.8. Social dialogue and worker involvement**

Social dialogue is a key factor for improving quality in work and for ensuring the success of the European Employment Strategy. Collective agreements in particular are an important tool in the hands of the social partners to both shape industrial relations as well as improve quality in work. But other forms of worker involvement, notably information and consultation mechanisms, participation in works councils and other staff committees, such as those ensuring health and safety standards, should also be enhanced<sup>19</sup>.

### Main facts and trends

In 2000 (last available data), the European social partners signed collective agreements covering directly 70 million employees. Taking into account the procedures extending these agreements, the rate of coverage (number of employees covered by a collective agreement as a proportion of the number of employees) is in fact around 80%. With the exception of the United Kingdom (where the rate of coverage is just under 30%), this rate is relatively high in the other Member States, as more than two thirds of employees are covered by collective agreements. The highest rates (more than 90%) can be found in Austria, Belgium, Sweden, France and Greece.

Concerning the days lost by industrial disputes, the figures vary among countries and in years. Recent evolution shows that low conflicting years (1997, 1999 and 2001 with respective 37, 32 and 42 days lost per 1000 workers) are preceded by high conflicting years (54 in 1996, 54 in 1998 and 61 in 2000). The highest average rates for the period 1997-2001 were found in

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<sup>18</sup> See Information Society jobs - quality for change - Exploiting the Information Society's contribution to managing change and enhancing quality in employment. Commission Staff Working Document SEC(2202)372.

<sup>19</sup> The Council did not finalise common indicators under this dimension of quality in 2001. Instead it proposed to examine several possibilities: measuring employee representation; coverage of employees by collective agreements; days lost in industrial disputes; proportion of employees with recognised worker representation; coverage of works and council and other forms of representation; and trade union density. The analysis of this section is supported by the issues where, comparable data are available: collective agreements and days lost in industrial disputes.

Spain, Denmark, France, Ireland, Italy and Finland, whereas very low rates were identified in Austria, Luxembourg, Sweden, Germany and the Netherlands.<sup>20</sup>

### Ongoing efforts and implications

A positive feature of collective bargaining over recent years has been its extension to new policy areas including several related to quality. Four areas are worth highlighting in this context: 1) lifelong learning collective agreements in Belgium, Finland, Germany (metalworking industry in Baden-Württemberg), Italy and Portugal; 2) equal opportunities aiming at reducing gender pay inequalities (Belgium, Finland, Netherlands and Ireland), at combating race discrimination (France, Denmark and Ireland), at increasing employment of disabled persons (Belgium Italy and Ireland) and at preventing age discrimination (Denmark and Austria); 3) health and safety at work collective agreements on the prevention and treatment of stress (Belgium) on well-being and psychological work environment (Denmark) and against the excessive workload (the Netherlands); 4) flexibility and work-life balance collective agreements on parental leave (Sweden), on family leave and family-linked working time patterns (Belgium, Greece, Italy, and the Netherlands), on sabbaticals (Finland), on childcare arrangements (Greece, Ireland and the Netherlands), on flexitime and teleworking (Italy, Austria, and Denmark) and on temporary agency workers (Italy and Germany). The wide effective coverage of employees by collective agreements in most countries is an important element of the quality of industrial relations, modernising working conditions and better articulating economic and social needs.

Also a variety of forms to increase overall worker involvement ranging from tripartite and bipartite national pacts in a large number of member states (such as Belgium, Finland, Ireland, Portugal, and most recently the Netherlands) and consultation processes in Ireland and the UK on the implementation of EU Directive on information and consultation (2002/14/EC) are underway. Workplace partnership is also fostered in Ireland through the National Center for Partnership and Performance and generally partnership agreements in the UK and Ireland are on the increase. In Italy new participatory structures at various levels have been created by a number of sectoral agreements.

The European social partners have agreed a joint work programme for the period 2003-2005 which lays down a number of issues to be tackled, such as stress at work, equal opportunities and orientations addressing the social consequences of restructuring as well as the follow-up to their agreement on telework and the framework of actions concerning the lifelong development of qualifications and competencies. The sectoral European social dialogue is invited to address these issues as well.

### **2.9. Diversity and non-discrimination.**

The EU Treaty and legislation establish the principle that all workers must be treated equally without discrimination in terms of sex, age, disability or ethnic origin. Beyond such legal obligation, more and more organisations acknowledge that they will only be able to function properly if they favour diversity management. Diversity management can be defined as meeting the needs of a culturally diverse workforce and of sensitising workers and managers

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<sup>20</sup> It must be pointed out that the data on industrial disputes as an indicator of the quality of industrial relations is difficult to assess. In some cases, a low level of industrial disputes can be considered as a sign of good quality relations linked to a high level of unionism and a better functioning and regulatory framework of industrial relations. But it can also be a sign of loss of union influences or of the fear from employees to lose their job in a context a high unemployment or high insecurity

to differences associated with gender, race, age and nationality in an attempt to maximise the potential productivity of all employees<sup>21</sup>.

### Main facts and trends

The employment rate of 55-64 years olds reached 40.1% in 2002 from 36.6% in 1998. Despite this, the gap with the overall employment rate was only marginally reduced since 1998 (from 24.8 pp in 1998 to 24.2 in 2002). The employment rate of women for this age group (30.5%) is far below that of men (50.1%). Clear differences exist across countries.

The position of non-EU nationals on the EU labour market is considerably worse than the position of EU nationals<sup>22</sup>. In 2002, the overall employment rate of non-EU nationals was nearly 53% compared to 66% for EU nationals. For non-EU national women, the differences are even larger (41% compared to 59%), with particularly low employment rates in Belgium (18%) and France (29%). The differences are more significant when skills are taken into account: the employment rate for high-skilled EU nationals was about 83% at the EU level, compared to only 66% for high skilled non-EU nationals. The largest gaps are found in the Nordic countries, in France and in Belgium.

People with disabilities are relatively more vulnerable to exclusion from work. Only 39% of disabled people are employed compared to almost 60% of the average population<sup>23</sup>. More than 14 per cent of the working age population report some form of disability, which amounts to approximately 26 million people of working age<sup>24</sup> in the current European Union. This figure will undoubtedly rise following enlargement to 25 Member States<sup>25</sup> where one in 25 persons (not necessarily of working age but including many older people) report a form of disability that limits their activities of daily life. Moreover, the number of people with disabilities in the European Union will continue to increase as a consequence of the ageing of the population.

### Ongoing efforts and implications

Most member States stress the need to continue integration efforts with more emphasis placed on recruitment policies of disadvantaged persons in combination with anti-discrimination policies. Some Member States (Austria, Germany, Ireland and UK) have set national targets for the employment of disabled people. In general, the lack of data makes the assessment of progress difficult. However, the existing employment gaps make it necessary to reinforce the preventive and active policy measures to promote the integration of these persons into the labour market, combined with appropriate working conditions and greater diversity of contractual relations.

In order to raise the employment rates for the 55-64 years olds, some Member States have introduced incentives for employers to retain or to recruit older workers and penalties to discourage their dismissal. Most Member States have also implemented reforms of pensions

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<sup>21</sup> Ellis, C. and Sonenfield, J.A. (1994) 'Diverse Approaches to Managing Diversity', Human Resource Management, Vol.3, No.1, pp.79-109.

<sup>22</sup> There exist no EU-comparable data on the labour market situation of migrants or ethnic minorities as such. The criteria of citizenship is used as a proxy.

<sup>23</sup> Disability and social participation in Europe", European Commission, Eurostat, theme 3 "Population and social conditions", 2001

<sup>24</sup> Excluding Sweden since there is no data for this Member State in the ECHP.

<sup>25</sup> See Candidate Countries EUROBAROMETER 2002.1: Social Situation in the Countries Applying for EU Membership

and introduced stricter condition for pre-retirement. However, comprehensive national strategies and better-targeted policy actions are needed in order to increase the employment rate for older people, covering not only financial incentives but also life-long learning strategies and adapted working conditions. Reaching the Lisbon target of an employment rate of 50% for older workers by 2010, and raising the average effective exit age from the labour market by 5 years by 2010, as requested by the Barcelona European Council, will not be achieved without major policy changes.

As regards migrants, it is important to build upon the experience acquired and the qualifications already obtained outside the EU by means of recognition and proper assessment of formal and informal experience of migrants. In spite of the efforts already undertaken by the social partners, more effective actions should be taken to stop discrimination at the work place. The improved integration of migrants is particularly necessary in the light of the new immigration flows.

As underlined in the Communication on disability expected to be adopted by the Commission by end 2003, Member States should increase their efforts to implement effective disability mainstreaming in their employment policy in order to achieve a better integration of people with disabilities. In particular active labour market policies should take better into account the heterogeneous needs of disabled.

In order to monitor progress of this objective, better statistics on the situation of disadvantaged people are needed from the Member States.

## **2.10. Overall work performance**

As pointed before, a positive link can be observed between quality in work, productivity and overall employment performance<sup>26</sup>.

### Main facts and trends

EU employment and productivity growth patterns have diverged sharply over recent years. Compared with the first half of the 1990s, the period 1996-2002 has witnessed a significant increase in the contribution of labour to EU GDP growth but this has been partially offset by a reduction in the contribution from labour productivity. Productivity growth per person employed, at about 2% in the 1980s and the second half of the 1990s, fell to 1% in the 1996-2002 period. In this period the hourly productivity growth stood at 1.4%, one percentage point lower than in the first half of the 1990s.

While in the short-run productivity growth appears to vary inversely with employment growth, for example due to labour hoarding during recessions, in the long-run productivity growth depends on the rate of technological progress. Maximising the fraction of the active population employed without sacrificing productivity growth is a clear and desirable objective: more people at work, working more productively. Pressing ahead with the necessary labour market reforms may entail a period of productivity growth below full potential, but this should not be regarded as a trade-off in any sense. A higher employment rate implies an unambiguous increase in GDP per capita with no negative implications for the long-run productivity growth of the existing workforce. Furthermore, progress on labour

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<sup>26</sup> See point 2.2. above. An analysis of the relationship between productivity and quality in work can be found in the "Employment in Europe, 2002" report.

market reforms does nothing to impede efforts to stimulate investment and technical progress. Thus, there is no reason why policy makers cannot act on both fronts simultaneously.

EU productivity growth compared to the US has been disappointing in particular in ICT using services, which alone represent 21% of total employment. While the EU did better in ICT using manufacturing, this represents just 6% of total employment<sup>27</sup>. Technological progress is influenced by investments (including physical assets, education, training and R&D). Organisational changes at the firm level that allow a better combination of inputs and a more educated labour force may increase the efficiency of matching between capital and labour and thus productivity. Employment in Europe 2003 has shown that the distribution of skills in the entire economy can affect productivity growth. The findings of the report suggest that education and training policies that promote a wide diffusion of knowledge are important. As regards educational attainment, the average proportion of population in the 25-64 age group having achieved at least the upper secondary education reached 64.6% in 2002 from 62.2 in 1999. Significant differences exist according to sex, age and working status. Men's proportion (66.9 % in 2002) remains higher than that of women (62.4%). The rate of 55-64 age group is particularly low (49.6%). This is also the case for the unemployed (59.3%) and inactive (45%) compared to employed (72.1%). Clear differences exist across Member States, with lowest rates, in 2002, in Portugal (20.1%), Spain (46.1%), and Italy (49.6%) and highest rates in Sweden (87.1%), UK (86.3%) and Finland (84.4%).

### Ongoing efforts and implications

The Lisbon strategy has defined a broad framework to increase the long run productivity growth using all the available instruments to stimulate technical progress, whilst at the same time encouraging the labour-intensive growth in the medium term that is needed to move towards full employment. In a globalised world competitiveness can be strengthened through the creation and diffusion of knowledge, which together with innovation and skills are among the factors driving growth.

These factors depend on the level and persuasiveness of education, training, learning on the job and R&D. A high-skilled workforce contributes to reducing the costs of implementing new technologies and helps the less well educated to work with new technology. Skills upgrading improves competitiveness directly through an increase in the skills content of production processes and indirectly through knowledge spillovers. Hence investment in human capital and training can contribute to reverse the slowdown in labour productivity growth.

Life-long learning for all becomes a central element of a strategy for productivity growth. The pervasiveness of knowledge is crucial to enhance and diffuse throughout the whole economy the use of new technologies and to prevent segmentation of the labour market between workers with different types of education. In this context an important effort is to be made in some Member States to increase the level of educational attainment of employees and to achieve the Employment Guidelines target of 85% of 22-years olds completing upper secondary education by 2010.

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<sup>27</sup> See chapter 2 Employment in Europe 2003

However, other quality in work dimensions contribute to improving productivity as well: improving social dialogue and work relationships; increasing flexibility and adaptation to new forms of work organisation and better balancing flexibility and security; insuring better career prospects for employees; improving health and safety at work. Member States' policies should take into account the operating dynamic of this virtuous circle and to exploit the positive interactions between quality and productivity.

## **ANNEX 1. INDICATOR OF QUALITY IN WORK: LIST APPROVED BY THE COUNCIL**

### **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>28</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>28</sup> Non-employment covers both unemployment and inactivity.

## **2. SKILLS, LIFE-LONG LEARNING AND CAREER DEVELOPMENT**

### **RECOMMENDED KEY INDICATOR**

**4. Percentage of working age population participating in education and training (source: Labour force survey – LFS).<sup>29</sup>**

### **RECOMMENDED CONTEXT INDICATORS**

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**

### **RECOMMENDED KEY INDICATOR**

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

### **RECOMMENDED CONTEXT INDICATORS**

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).

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).

## **4. HEALTH AND SAFETY AT WORK**

### **RECOMMENDED KEY INDICATOR**

**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).**

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<sup>29</sup> Including initial education and continuous vocational training. Excluding leisure training.



## **5. FLEXIBILITY AND SECURITY**

### **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

## **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	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).

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

### **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**

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:

- 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**

### **RECOMMENDED CONTEXT INDICATORS**

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).

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**

### **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**

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).

## ANNEX 2 INDICATORS ON QUALITY IN WORK (data)

- Unless other wise indicated, the source of data is the source indicated in the EMCO proposal. Latest available data are provided

		AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EU15
1.Transitions between non-employment and employment and within employment by pay level (1999-2000)	From 1 <sup>st</sup> decile into 2 <sup>nd</sup> -10 <sup>th</sup> decile	23	17	21	32	27	24	27	23	35	19	:	27	32	:	24	<b>24</b>
	From 1 <sup>st</sup> decile into non-employment	13	24	24	21	39	31	19	16	26	21	:	20	21	:	20	<b>23</b>
	From 2 <sup>nd</sup> decile into 3 <sup>rd</sup> -10 decile	29	33	24	35	34	33	34	31	35	35	:	32	31	:	25	<b>30</b>
	From 2 <sup>nd</sup> decile into non-employment	6	5	9	17	15	20	12	13	24	11	:	10	4	:	11	<b>11</b>
	From 3 <sup>rd</sup> decile into 4 <sup>th</sup> -10 <sup>th</sup> decile	19	24	23	31	50	28	39	32	43	37	:	31	30	:	27	<b>32</b>
	From 3 <sup>rd</sup> decile into non-employment	8	8	9	10	14	6	6	6	12	8	:	5	3	:	7	<b>8</b>
2.Transitions between non-employment and employment and within employment by contract type (1999-2000)	From fixed-term into permanent	45	24	41	51	27	22	24	31	45	33	54	50	:	:	44	<b>35</b>
	Remaining in fixed-term	29	39	36	21	49	49	52	45	23	39	34	16	:	:	28	<b>39</b>
	From fixed-term into non-employment	25	15	20	17	22	28	21	20	26	24	8	28	:	:	24	<b>22</b>
3.Job satisfaction	1999	5.1	4.7		4.9	4.3	4.5	4.6	3.9	:	4.3		4.8	4.2		:	<b>4.4</b>
	2000	5.2	4.6		4.9	4.3	4.4	4.7	4	:	4.2		4.8	4.2		:	<b>4.4</b>

		AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EU15
4. Participation in education and training	1998	:	4.4	5.3	19.8	4.3	16.1	2.7	1.0	:	4.8	5.1	12.9	3.0	:	:	<b>5.2</b>
	2002	7.5	6.5	5.8	18.4	5.0	18.9	2.7	1.2	7.7	4.6	7.7	16.4	2.9	18.4	22.3	<b>8.5</b>
6. % of employees participating in CVT courses (1999)	Enterprises with agreement	44	57	48	56	47	64	63	29	55	52	54	47	50	68	52	:
	Enterprises without agreement	33	37	28	51	16	45	40	12	38	20	30	34	14	54	48	:
7. % of working population aged >15 trained on job-related ICT skills	2001	35.5	17.7	35.6	53.2	19.5	45.4	25.3	17.6	28	20	39.2	39.5	11.6	45.5	33.8	<b>29.1</b>
	2002	40	20	32	56	17	49	25	17	26	18	38	38	13	46	31	<b>27</b>
8. Gender pay gap (2000)	Public sector	14%	-7%	20%	13%	3%	25%	:	9%	15%	0%	:	:	-17%	:	18%	<b>12%</b>
	Private sector	24%	15%	24%	16%	23%	15%	:	22%	23%	15%	:	:	28%	:	26%	<b>21%</b>
10. The difference in employment rates between women and men in percentage points	2001	-16	-18	-14	-8	-29	-5	-14	-30	-21	-27	-24	-18	-16	-3	-13	<b>-18</b>
	2002	-13	-17	-13	-8	-28	-4	-13	-29	-20	-27	-24	-16	-15	-3	-13	<b>-17</b>
11. The difference in unemployment rates between women and men percentage points	2001	1	1.6	0.1	1	7.9	1.1	3.3	8.6	-0.2	5.6	1	0.9	1.9	-0.7	-1.1	<b>2.1</b>
	2002	0.4	1.6	-0.4	0.2	8.4	0	2.1	8.4	-0.6	5.2	1.8	0.5	1.9	-0.8	-1.1	<b>1.8</b>
12. Gender segregation in sectors	2001	20.3	18.1	18.2	19.0	19.3	17.7	21.9	17.4	15.5	20.7	15.2	19.6	18.1	21.3	21.2	<b>18.7</b>
	2002	20.3	18.2	18.1	18.5	19.4	17.7	21.6	17.5	15.5	21.0	15.4	19.7	16.7	22.1	21.5	<b>18.8</b>
13. Gender segregation in occupations	2001	27.2	26.1	27.0	28.1	24.9	25.1	29.6	26.6	21.7	26.7	21.9	26.8	25.0	26.3	28.0	<b>26.7</b>
	2002	27.7	25.3	26.9	28.3	25.2	25.1	29.4	26.3	21.8	26.9	21.8	27.1	24.5	27.7	27.8	<b>26.4</b>

		AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EU15
14.Accidents at work ( number of accidents per 100.000 workers and trend)	1998	3321	5112	4958	3203	6546	3435	4920	2936	1433	4105	4719	3309	5505	1329	1512	<b>4094</b>
	2000	3056	4213	4757	2866	7052	3046	5030	2595	1027	4049	4891	4095	4863	1475	1607	<b>4021</b>
15.Part-time employment (in % of employment)l	2001	18.2	18.5	20.9	20.2	7.9	12.2	16.3	4.0	16.4	8.4	10.4	42.2	11.0	21.1	24.6	<b>17.8</b>
	2002	20.2	19.1	21.4	20.0	7.9	12.8	16.1	4.5	16.5	8.6	10.6	43.9	11.2	21.5	24.9	<b>18.1</b>
15.Fixed-term contracts (in % of employment)	2001	7.8	8.8	12.4	9.2	31.7	16.4	14.6	12.6	5.2	9.8	5.6	14.3	20.4	15.2	6.7	<b>13.3</b>
	2002	7.1	8.1	11.9	9.1	31.0	16.0	13.9	11.2	5.4	9.9	5.1	14.4	21.7	15.2	6.3	<b>13.0</b>
16.Transitions between employment, unemployment and inactivity (1999-2000)	Unemployment into employment	54	46	49	48	40	43	34	37	42	25	:	53	61	:	:	<b>40</b>
	Remaining in unemployment	26	29	33	15	36	36	36	47	32	50	:	18	20	:	:	<b>36</b>
	Unemployment into inactivity	20	26	19	37	24	21	30	16	26	25	:	30	20	:	:	<b>24</b>
17.Transitions of unemployed people into employment and training (1999-2000)	Non-employment into employment	45	27	26	13	30	29	24	21	25	17		21	39			<b>25</b>
	Non-employment into training	2	7	5	11	1	5	2	2	16	2		7	0			<b>4</b>
	Remaining in non-employment	53	66	68	76	69	66	74	76	59	81		72	61			<b>72</b>
18.Total Employment rate	2001	68.5	59.9	65.8	76.2	57.7	68.1	62.8	55.4	65.7	54.8	63.1	74.1	68.7	74.0	71.7	<b>64.1</b>
	2002	69.3	59.9	65.3	75.9	58.4	68.1	63.0	56.7	65.3	55.5	63.7	74.4	68.2	73.6	71.7	<b>64.3</b>
20.Long-term unemployment rate by gender (2002)	Men	0.6	3.1	3.9	0.8	2.3	2.5	2.3	3.0	1.7	4.1	0.6	0.6	1.4	1.2	1.4	<b>2.6</b>
	Women	1.1	4.1	4.1	1.0	6.3	2.0	3.3	8.3	0.7	7.2	1.0	0.8	2.2	0.8	0.7	<b>3.6</b>

		AT	BE	DE	DK	ES	FI	FR	GR	IE	IT	LU	NL	PT	SE	UK	EU15
21. Percentage of 18-24 year olds having achieved lower secondary education (ISCED level 2) or less and not attending further education or training and working status (2002)	Men	8.8	14.9	12.6	13.8	35.4	12.6	14.9	20.1	18.5	27.9	14.4	15.7	52.9	11.4	:	<b>21.4</b>
	Women	10.3	9.9	12.6	17	22.3	7.3	11.9	12.3	10.8	20.7	19.6	14.3	38.1	9.3	:	<b>16.2</b>
22. Youth unemployment ratio	2001	3.2	6.1	4.2	5.7	9.1	10.3	7.0	10.1	3.3	10.2	2.6	4.0	4.6	5.9	7.7	<b>7.0</b>
	2002	3.7	6.3	4.9	5.2	9.5	10.8	7.4	9.6	3.9	9.7	2.8	3.9	5.5	6.4	7.8	<b>7.2</b>
23. Employment impact of parenthood: absolute difference in employment rates without the presence of any children and with the presence of a child aged 0 (2002)	Men	-5.4	-10.6	-7.9	:	-13.1	:	-9.9	-14.3	-6.5	-14.2	-8.3	-4.7	-10.6	:	-4.8	<b>-9.5</b>
	Women	8.9	3.1	21.4	:	8.8	:	11.5	5.2	16.3	4.9	5.4	11.5	-1.4	:	22.9	<b>12.7</b>
Percentage employed covered by collective agreements	2001	98	>90	:	83	81	:	90-95	:	:	:	58	88	87	>90	:	
The evolution of the number of days lost per 1000 employees in industrial disputes	2001		42	1	24	142	29	86	:	82	66	0	6	12	3	21	
	1997-2001 average		19	1	297	167	58	74	:	85	62	2	2	19	6	15	
26. Employment rate of 55-64 year olds	1998	28.4	22.9	37.7	52.0	35.1	36.2	28.3	39.0	41.7	27.7	25.1	33.9	50.0	63.0	49.0	<b>36.6</b>
	2002	30.0	26.7	38.4	57.8	39.7	47.8	34.8	39.7	48.1	28.9	28.3	42.3	50.9	68.0	53.5	<b>40.1</b>
30. Growth in labour productivity per capita	2001	0.2	-0.6	0.1	1.1	0.3	-0.6	0.3	4.5	2.6	0.1	-4.1	-0.5	0.3	-0.8	1.5	<b>0.4</b>
	2002	1.4	0.9	0.8	2.3	0.7	1.3	0.5	4.2	4.6	-0.7	-1.9	-0.3	0.3	1.7	1.1	<b>0.7</b>
GDP per hour worked * (EU=100)	2002	103	125	108	106	82	96	117	68	117	110	127	115	58	94	87	<b>100</b>