



# Employment Guidelines 2009

## Indicators for monitoring and analysis in the NRPs 2009

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## BACKGROUND

The Employment Guidelines for 2009 are the same as for 2008. Therefore it is wise to keep the list of indicators for 2009 unchanged. There are a few modifications to the list and there has been some improvement of indicators and data sources since June 2008 that are mentioned below.

## INDICATORS

In 2006 - 2007, the EMCO Indicators Group identified the indicators which are the most relevant to monitor the revised Lisbon Strategy and the Employment Guidelines. It also assessed the effectiveness of the set of indicators and identified other indicators that should be kept for analytical purposes. The assessment resulted in two lists of indicators (for monitoring; for analysis) and areas for further work. Since the autumn 2007, the focus has been to try to develop flexicurity indicators for those components and aspects where the monitoring was not sufficient. A subdivision of certain indicators by type of contract for employees (fixed-term and open-ended) has been implemented in order to improve the possibility to analyse segmentation of the labour market. The Group has also identified two analytical indicators to improve the analysis of skills and skills need. After several years, data for labour market transition indicators have now become available from the Statistics on Income and Living Conditions (SILC) and these data are aggregated to monitor and analyse flexicurity policies.

Some of the indicators for monitoring of activation still rely on national, not harmonised, data (given the lack of European data sources). It is clear that such indicators are not comparable across countries and monitoring should focus on trends.

### Indicators for monitoring and analysis of the Employment guidelines

Guideline	For monitoring		For analysis	
	Total	Of which national source	Total	Of which national source
<b>17</b>	6	-	5	-
<b>18</b>	4	-	8	1
<b>19</b>	7	3	9	2
<b>20</b>	1	-	2	-
<b>21</b>	3	-	6	1
<b>22</b>	2	-	2	-
<b>23</b>	4	-	3	-
<b>24</b>	-	-	2	-
<b>Total</b>	27	3	37	4

GL 17 and 18 are well monitored. However, the monitoring of *Quality in work* needs further attention and the data situation for health and safety at work has deteriorated. Work is ongoing to develop an indicator using the life table approach to assess the length of working life and a lifecycle approach to work. Eurostat has developed a harmonised data source for the *Gender pay gap* and presented a data source for a proxy to the indicator on *Care of dependent elderly* while awaiting a future survey that can cover the data needs.

For GL 19, important indicators still rely on national data sources but new indicators for monitoring/analysis of active and preventive labour market measures, building on comparable data from the Labour Market Policy (LMP) database and the EU Labour Force Survey (LFS), have been developed by Eurostat. Harmonised data for *Regular activation* and *LMP expenditures* are now available for 26 MS. However, additional work is still needed to improve the timeliness and completeness of data to the LMP

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database. Indicators developed in a Public Employment Services network project dealing with benchmarking from a managerial point of view should be further investigated.

Disadvantaged groups are still defined from a national perspective and therefore results will still mainly draw on national data sources. However, *Labour market gaps (Employment and unemployment) for persons born in another country and non-nationals* are included from EU-harmonised data.

**GL 20** is better monitored with the *Vacancy per unemployed* as a monitoring indicator since data quality has improved. However, data quality is still a major problem for migration statistics and LFS data are used while waiting for better migration data according to a statistical regulation<sup>1</sup>.

Only some aspects of **GL 21** are well monitored with the present list of indicators. Indicators have been defined to monitor and analyse health and safety at work but the data availability has never been satisfactory. The monitoring of economic restructuring still needs to be reviewed. For monitoring/analysis of flexicurity policies, see separate report mentioned already above.

**GL 22** is well monitored at present and new indicators will not be developed.

Several aspects of **GL 23** are sufficiently well monitored, but with the present indicators, there are no indicators for monitoring or analysis of access to initial vocational training, access to higher education including apprenticeships and entrepreneurship training or participation in training by low-skilled. Eurostat is engaged to develop statistics on education and lifelong according to a statistical regulation<sup>2</sup> and to improve the quality of the *Early school-leavers* and *Lifelong learning* indicators in cooperation with the Member States.

For **GL 24**, an indicator is proposed for analysis of future skills needs since it fulfils the quality criteria. The Group has assessed the CEDEFOP project aiming at forecasting of skills needs and concluded that the methodology is well developed and that European data sources are used. In addition, an indicator for analysis is proposed to assess e-skills drawing on data from the Eurostat household survey. However, further work is needed to cover this guideline with indicators for monitoring.

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<sup>1</sup> Regulation (EC) No 862/2007 of the European Parliament and of the Council of 11 July 2007 on Community statistics on migration and international protection and repealing Council Regulation (EEC) No 311/76 on the compilation of statistics on foreign workers.

<sup>2</sup> Regulation (EC) No 452/2008 of the European Parliament and of the Council of 23 April 2008 concerning the production and development of statistics on education and lifelong learning.

### List of indicators for monitoring

*GL 17. Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.*

17.M1	Employment rate
17.M2	Employment growth
17.M3	Unemployment rate
17.M4	Activity rate.
17.M5	Growth in labour productivity
17.M6	Regional disparities - underperforming regions

*GL 18. Promote a lifecycle approach to work*

17.M1	Employment rate
17.M2	Unemployment rate
17.M4	Activity rate
18.M1	Youth unemployment ratio
18.M2	Gender pay gap
18.M3	Child care <sup>3</sup>
18.M4	Average exit age from labour force

*GL 19. Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive*

19.M1	Long-term unemployment rate
19.M2	Activation/Support
19.M3	New start / Prevention
19.M4	Activation of long-term unemployed
19.M5	Labour market gaps for disadvantaged groups
19.M6	Low wage trap
19.M7	Unemployment trap

*GL 20. Improve matching of labour market needs*

20.M1	Vacancies per unemployed
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*GL 21. Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners*

21.M1	Transitions by type of contract
21.M2	Diversity & reasons f. contr. & work arrangements
21.M3	Accidents at work

*GL 22. Ensure employment-friendly labour cost developments and wage-setting mechanisms*

22.M1	Unit labour cost growth
22.M2	Tax rate on low-wage earners: Tax wedge on labour cost

*GL 23. Expand and improve investment in human capital*

23.M1	Spending on Human Resources
23.M2	Youth education attainment level
23.M3	Early school-leavers
23.M4	Life long learning

*GL 24. Adapt education and training systems in response to new competence requirements*

<sup>3</sup> The indicator is complemented with information on national systems for maternity, paternity and parental leave (e.g. length, paid or unpaid) and admission age for compulsory education.

## Employment Guidelines 2009 - Indicators for monitoring and analysis in NRPs 2009

### List of indicators for analysis

*GL 17. Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.*

17.A1	Employment rate in full time equivalents
17.A2	Real GDP growth rate
17.A3	Labour supply growth
17.A4	Transitions by employment status
17.A5	Dispersion of regional employment and unemployment rates

*GL 18. Promote a lifecycle approach to work*

18.A1	Employment gender gap
18.A2	Employment gender gap rate in fte
18.A3	Unemployment gender gap
18.A4	Gender segregation
18.A5	Employment impact of parenthood
18.A6	Lack of care for children and other dependants
18.A7	Care of dependent elderly
18.A8	Transitions by pay level

*GL 19. Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive*

19.A1	Inflow into long-term unemployment
19.A2	Timely activation
19.A3	Activation of registered unemployed
19.A4	Follow-up of participants in regular activation measures.
19.A5	LMP expenditure
19.A6	LMP expenditure per person wanting to work
19.A7	Labour reserve
19.A8	In-work-poverty risk
19.A9	Employment rate in services

*GL 20. Improve matching of labour market needs*

20.A1	Recent immigrants to and within the EU
20.A2	Employment/Activity of recent immigrants to and within the EU

*GL 21. Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners*

21.A1	Undeclared work
21.A2	Working time.
21.A3	Overtime and hours of overtime work
21.A4	Access to flexitime
18.A8	Transitions by pay level.
17.M5	Growth in labour productivity.
21.A5	Occupational diseases
21.A6	Employment in newly established enterprises.

*GL 22. Ensure employment-friendly labour cost developments and wage-setting mechanisms*

22.A1	Labour productivity.
17.M5	Growth in labour productivity.
22.A2	Implicit tax rate on employed labour

*GL 23. Expand and improve investment in human capital*

23.A1	Investment by enterprises in training of adults
23.A2	Participation in continuous vocational training
23.A3	Educational attainment level of adults

*GL 24. Adapt education and training systems in response to new competence requirements*

24.A1	Future skills needs (expansion, replacement and total demand) NEW
24.A2	E-skills of adults NEW

**Further development**

As the Employment priority areas of the Lisbon post 2010-strategy including targets will be discussed and established, the list of indicators should be reviewed in order to ensure monitoring and analysis of progress. This includes:

- Investigate future targets and their measurability
- Development of a framework for a transparent assessment of MS's performance

Furthermore there are specific areas where further work is needed if priorities are retained after 2010:

- skills matching
- employment consequences of climate change
- further investigation of PES benchmarking network indicators for activation
- life cycle approach to work
- quality in work

**QUALITY PROFILES**

The Eurostat quality profiles for structural indicators are a user-oriented overview on how far an indicator is deemed "fit for use" with regard to its key objectives. In line with the Eurostat quality concept, quality is defined along several dimensions. Further work on the quality report for *Early school-leavers* will be done as the indicator is being improved

**PROVISION OF NATIONAL DATA**

As indicated above, some of the indicators still rely on national data and monitoring of progress can only be done if MS provide the data. If available, national data are requested for the following indicators (to be sent to the Support Team).

<b>19.M3</b>	<b>New start/Prevention</b>
<b>19.M4</b>	<b>Activation of long-term unemployed</b>
<b>19.M5</b>	<b>Labour market gaps for disadvantaged groups</b>
18.A7	Care of dependent elderly
19.A1	Inflow into long-term unemployment.
19.A4	Follow-up of participants in regular activation measures.
21.A1	Undeclared work

**DETAILED LIST OF INDICATORS INCLUDING DEFINITIONS**

The list of indicators in annex 1 is arranged by guideline and for each guideline there are two subsets of indicators, one for monitoring and one for analysis. For most indicators there are estimates for subgroups, i.e. cross classifications by sex, age etc. To show that the guidelines are well monitored, the most important indicators are repeated, if they are highly relevant for more than one guideline. It is obvious that also other indicators could be used to monitor and analyse several issues. Subgroups are included in the list.

The tables include information about other use of the indicators. SI means that the indicator is used as a Structural indicator, SPC that the indicator is adopted by the Social Protection Committee, and Q means that it is a "Quality in work" indicator. The Quality in work indicators were endorsed by the Council in 2001. In 2003, the full list was integrated in the list of indicators and presented under each specific guideline relevant to quality in work.

The list of Guidelines for the employment policies of the Member States and the targets and benchmarks set in the framework of the European Employment Strategy are included in Annex 2 and 3.

## Guideline 17

**Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. Policies should contribute to achieving an average employment rate for the European Union (EU) of 70% overall, of at least 60% for women and of 50% for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets.**

## Indicators for monitoring

Indicator and definition Targets in capitals	Subgroup	Other use <sup>4</sup>
<b>17.M1 EMPLOYMENT RATE.</b> <i>Source LFS annual average and spring data</i> Persons in employment in age groups 15 - 64, 15 - 24, 25 - 54, 55 - 59, 60 - 64, 65 - 69, 20 - 64 and 55-64 as a proportion of total population in the same age group.	TOTAL (15-64) WOMEN (15-64), OLDER (55-64) Age, sex	SI, SPC, Q18, Q19, Q26
<b>17.M2 Employment growth.</b> <i>Source ESA 95</i> Annual percentage change in employed population	Main sector	SI
<b>17.M3 Unemployment rate.</b> <i>Source Harm unempl series</i> Unemployed persons in age groups 15 - 74 , 15 - 24, 25 - 54, 55 - 59, 60 - 64, 20 - 64 and 55-64 as a share of the active population in the same age group.	Age, sex	SI
<b>17.M4 Activity rate.</b> <i>Source LFS annual average and spring data</i> Share of employed and unemployed in age groups 15 - 64, 15 - 24, 25 - 54, 55 - 59, 60 - 64, 65 - 69 20 - 64 and 55-64 as a % of total population in the same age group.	Age, sex	SPC
<b>17.M5 Growth in labour productivity.</b> <i>Source ESA95</i> Growth in GDP per person employed and per hour worked		Q29
<b>17.M6 Regional disparities - underperforming regions.</b> <i>Source LFS annual average.</i> 1. Share of underperforming regions in terms of employ and unemploy (in relation to all regions and to the working age population/labour force) (NUTS II and NUTS III). 2. Difference between average employment/unemployment of the underperforming regions and the national average in relation to the national average of employment/unemployment (NUTS II and NUTS III). <i>Thresholds to be applied: 90% and 150% of the national average rate for employment and unemployment, respectively.</i> <i>National employment and unemployment rates are included</i>	Sex	

## Indicators for analysis

<b>17.A1 Employment rate in full time equivalents.</b> <i>Source LFS spring data.</i> Total hours worked divided by the average annual number of hours worked in full-time jobs, calculated as a proportion of total population in the 15-64 age group	Sex	
<b>17.A2 Real GDP growth rate.</b> <i>Source ESA 95</i> Growth rate of GDP volume - Percentage change on previous year		SI
<b>17.A3 Labour supply growth.</b> <i>Source LFS annual average</i> Annual change in labour supply (including employed and unemployed in working age 15-64).	Sex	
<b>17.A4 Transitions by employment status.</b> <i>Source SILC</i> Transitions between employment, unemployment and inactivity from year n to year n+1.	Sex	Q16
<b>17.A5 Dispersion of regional employment and unemployment rates.</b> <i>Source LFS</i> Standard deviation <sup>5</sup> of employment (unemployment) divided by the weighted national average (age group 15-64 years). (NUTS II and NUTS III)	Sex	SI, SPC

<sup>4</sup> SI – Structural indicator, SPC – Indicator adopted by the Social Protection Committee, Qxx – Indicator adopted by the Council in 2001 for monitoring/analysis of Quality in Work

<sup>5</sup> Standard deviation measures how, on average, the situation in regions differs from the national average. As a complement to the indicator a graph showing max/min/average per country is presented.

## Guideline 18

**Promote a lifecycle approach to work through:**

- a renewed endeavour to build employment pathways for young people and reduce youth unemployment as called for in the Youth Pact;
- resolute action to increase female participation and reduce gender gaps in employment, unemployment and pay;
- better reconciliation of work and private life and the provision of accessible and affordable childcare facilities and care for other dependants;
- support to active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discourage early retirement;
- modern social protection systems, including pensions and healthcare, ensuring their social adequacy, financial sustainability and responsiveness to changing needs, so as to support participation and better retention in employment and longer working lives.

**Indicators for monitoring**

Indicator and definition Targets in capitals	Subgroup	Other use
<b>17.M1 Employment rate</b> <i>Source LFS annual average and spring data</i> Persons in employment in age groups 15 - 64, 15 - 24, 25 - 54, 55 - 59, 60- 64, 65-69 20 - 64 and 55-64 as a proportion of total population in the same age group.	TOTAL, WOMEN, OLDER (55-64) Age, sex	SI, SPC, Q18, Q19, Q26
<b>17.M3 Unemployment rate.</b> <i>Source Harm unempl series</i> Unemployed persons in age groups 15 - , 15 - 24, 25 - 54, 55 - 59, 60- 64, 20 - 64 and 55-64 as a share of the active population in the same age group	Age, sex	SI
<b>17.M4 Activity rate.</b> <i>Source LFS annual average and spring data</i> Share of employed and unemployed in age groups 15 - 64, 15 - 24, 25 - 54, 55 - 59, 60- 64, 65-69 20 - 64 and 55-64 as a proportion of total population in the same age group.	Age, sex	
<b>18.M1 Youth unemployment ratio.</b> <i>Source LFS annual average and spring data</i> Total unemployed young people (15-24 years) as a share of total population in the same age group	Total Sex	Q22
<b>18.M2 Gender pay gap.</b> <i>SES</i> Difference between men's and women's average gross hourly earnings as percentage of men's average gross hourly earnings (for paid employees)	Total, Pub/priv sector, age, education	SI, Q8
<b>18.M3 CHILD CARE<sup>6</sup>.</b> <i>Source: SILC</i> Children cared for (by formal arrangements <sup>7</sup> other than by the family) less than 30h a usual week/30h or more a usual week as a prop. of all children of the same age group.	Age: 0-2 / 3-MAND SCHOOL AGE/ Mand. school age -12	Q24
<b>18.M4 AVERAGE EXIT AGE FROM LABOUR FORCE.</b> <i>Source LFS</i> The average age of withdrawal from the labour market, based on a probability model considering the relative changes of activity rates from one year to another at a specific age.	TOTAL Sex	SI, SPC

**Indicators for analysis**

<b>18.A1 Employment gender gap.</b> <i>Source LFS annual average and spring data</i> The difference in employment rates between men and women in percentage points, by age group (15-24, 25-54, 55-64) and by education level (less than upper secondary, upper secondary and tertiary education, according to the ISCED classification).	Total Age, education	Q10
<b>18.A2 Employment gender gap rate in fte.</b> <i>Source LFS spring data</i> The difference in employment rates measured in full-time equivalent between men and women in percentage points		
<b>18.A3 Unemployment gender gap.</b> <i>Source Harm unempl series</i> The difference in unemployment rates between men and women in percentage points.		Q11

<sup>6</sup> The indicator is complemented with information on national systems for maternity, paternity and parental leave (e.g. length, paid or unpaid) and admission age for compulsory education

<sup>7</sup> Formal arrangements refer to the EU-SILC survey reply categories 1-4 (pre-school or equivalent, compulsory education, centre-based services outside school hours, a collective crèche or another day-care centre, including family day-care, professional certified childminders)

<b>18.A4 Gender segregation.</b> <i>Source LFS spring data.</i> Gender segregation in occupations/sectors, calculated as the average national share of employment for women and men applied to each occupation/sector; differences are added up to produce a total amount of gender imbalance presented as a proportion of total employment (ISCO classification / NACE classification).	Occupations, Sectors	Q12, Q13
<b>18.A5 Employment impact of parenthood.</b> <i>Source LFS spring data</i> The difference in percentage points in employment rates (age group 20 - 49) without the presence of any children and with presence of a child aged 0-6	Sex	Q23
<b>18.A6 Inactivity and part-time work due to lack of care services for children and other dependants.</b> <i>Source LFS 2006-</i> Inactivity and part-time work due to lack of care services is defined as share of persons (age groups 15-64) who would like to work but are not searching for a job/who work part-time due to their care responsibilities AND lack of suitable care services (% of persons with care responsibilities). Persons with care responsibilities is defined as share of persons who would like to work but are not searching for a job/who work part-time due to their care responsibilities (% of the whole population 15-64).	All, sex	
<b>18.A7 Care of dependent elderly.</b> <i>National sources</i> Dependent elderly men and women over 75 as a proportion of all men and women over 75. Breakdown by : living in specialised institutions, help at home (other than by the family), and looked after by the family		
<b>18.A8 Transitions by pay level.</b> <i>Source SILC</i> Transitions between non-employment and employment and within employment by pay level (gross monthly earnings) from year n to year n+1 <sup>8</sup> .	Sex	Q1

### Guideline 19

***Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive through:***

- *active and preventive labour market measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty;*
- *continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those with low incomes, whilst ensuring adequate levels of social protection;*
- *development of new sources of jobs in services to individuals and businesses, notably at local level.*

### Indicators for monitoring

Indicator and definition	Subgroup	Other use
<b>19.M1 Long-term unemployment rate.</b> <i>Source LFS annual average</i> Total long-term unemployed population (12 months or more) as a proportion of total active population	Sex	SI, SPC, Q20
<b>19.M2 Activation/Support</b> <i>Source LMP and LFS spring data</i> Number of participants in regular activation measures (LMP categories 2-7) <sup>9</sup> /in assisted activation programmes (LMP sub-category 1.1.2) <sup>9</sup> /number of recipients of supports (LMP categories 8-9) <sup>9</sup> divided by the number of persons wanting to work (ILO unemployed plus labour reserve).	Regular by category/assisted/ Supports by category, Sex	
<b>19.M3 NEW START/Prevention.</b> <i>National sources</i> Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+4/12, and not having started a job or participated in a regular activation measure (LMP categories 2-7) <sup>9</sup> / not having participated in an assisted activation programme (LMP sub-category 1.1.2) <sup>9</sup> [target value 0%=full compliance] Method: B/A.	REGULAR/ assisted, X+4/12, sex	

<sup>8</sup> Pay levels shown are deciles 1, 2, 3 and 4-10. Employment status is self-defined

A = Persons becoming unemployed in month X (Inflow into unemployment in month X) B = Persons still unemployed in month X+ 4/12 and not having started a job or benefited from a regular activation measure/ assisted activation programme See conventions to be applied when calculating this indicator at the end of this list.		
<b>19.M4 ACTIVATION OF LONG-TERM UNEMPLOYED.</b> <i>Sources national and LMP</i> Stock of participants in regular activation measures (LMP categories 2 -7) <sup>9</sup> that were previously long-term registered unemployed divided by the stock of long-term registered unemployed plus the stock of participants in regular activation measures that were previously long-term registered unemployed and whose unemployment spell is broken by participation in a regular activation measure. Long-term unemployed = 12+ months for adults (25+) and 6+ months for youth (<25).	Category, sex	
<b>19.M5 Labour market gaps for disadvantaged groups.</b> <i>National sources and LFS</i> Gaps on the labour market, such as difference between the employment, unemployment and activity rates for a non-disadvantaged group in percentage points and the corresponding rates for the disadvantaged group (such as non-EU nationals, disabled people, ethnic minorities, immigrants, low skilled people, lone parents, etc. according to national definitions.)	Sex	Q27, Q28
<b>19.M6 Tax rate on low wage earners: Low wage trap.</b> <i>Source OECD - EC</i> The marginal effective tax rate on labour income taking account the combined effect of increased taxes on labour and in-work benefits withdrawal as one increases the work effort (increased working hours or moving to a better job). Calculated as the ratio of change in personal income tax and employee contributions plus change (reductions) in benefits, divided by increases in gross earnings, using the "discrete" income changes from 34-66% of AW. Breakdown by family types: one earner couple with two children and single person.	Family types	SI, SPC
<b>19.M7 Tax rate on low wage earners: Unemployment trap</b> <i>Source OECD - EC</i> The marginal effective tax rate on labour income taking account the combined effect of increased taxes and benefits withdrawal as one takes up a job. Calculated as one minus the ratio of change in net income (net in work income minus net out of work income) and change in gross income for a single person moving from unemployment to a job with a wage level of 67% of the AW.		SI, SPC

**Indicators for analysis**

<b>19.A1 Inflow into long-term unemployment.</b> <i>National sources</i> Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12 without any break of more than one month	Young/adults X+6/12, sex	
<b>19.A2 Timely activation</b> <i>Source LMP</i> The proportion of entrants in regular activation measures (LMP categories 2-7) <sup>9</sup> or assisted activation programmes (LMP sub-category 1.1.2) <sup>9</sup> taken up by persons not yet long-term unemployed (Target value 100% = full compliance) Method: (A-B)/A % A = Total entrants B = Long-term unemployed entrants (12+ months for adults 25+ and 6+ months for youth<25)	Regular/ assisted	
<b>19.A3 Activation of registered unemployed</b> <i>Source LMP</i> Stock of participants in regular activation measures (LMP categories 2 -7) <sup>9</sup> that were previously registered unemployed divided by the stock of registered unemployed plus the stock of participants in regular activation measures that were previously registered unemployed and whose unemployment spell is broken by participation in a regular activation measure.	Category, Sex	
<b>19.A4 Follow-up of participants in regular activation measures.</b> <i>National sources</i> 1. Rate of inflow into employment 3 or 6 months after participation in a regular activation measure (LMP categories 2-7) <sup>9</sup> 2. Rate of return to unemployment 3 or 6 months after participation in a regular activation measure	Sex	
<b>19.A5 LMP expenditure</b> <sup>10</sup> . <i>Source LMP.</i> LMP expenditure as % of GDP	Services/ supports	measures/

<sup>9</sup> Regular activation measures are LMP categories Training (2), Job rotation and job sharing (3), Employment incentives (4), Supported employment and rehabilitation (5), Direct job creation (6) Start-up incentives (7)

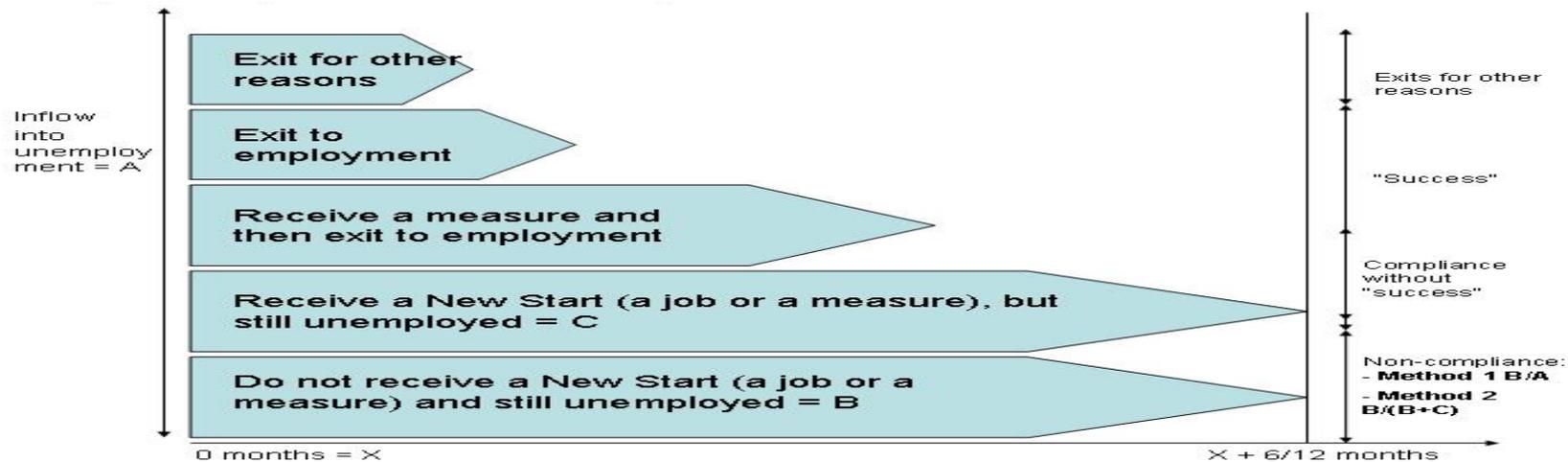
Assisted activation programmes are covered by LMP sub-category Individualised case-management (1.1.2)

Supports are LMP categories Out-of-work income maintenance and support (8) and Early retirement (9)

<sup>10</sup> Services is LMP category 1, Measures are LMP categories 2-7 and Supports are LMP categories 8-9, see footnote 9

<b>19.A6 LMP expenditure<sup>10</sup> per person wanting to work</b> <i>Source LMP and LFS spring data</i> Expenditure on LMP divided by the number of persons wanting to work (ILO unemployed plus labour reserve)	Services/ supports	measures/ supports
<b>19.A7 Labour reserve.</b> <i>Source LFS spring data</i> Inactive persons wanting to work as a proportion of working age population 15-64.	Main reason for inactivity, sex	
<b>19.A8 In-work-poverty risk.</b> <i>Source EU-SILC</i> Individuals who are classified as employed (distinguishing between "wage- and salary employment plus self-employment" and "wage and salary employment" only) and who are at risk of poverty (whose equivalised disposable income is below 60% of national median equivalised disposable income).	Sex	SPC
<b>19.A9 Employment rate in services.</b> <i>Source LFS annual average and spring data</i> Number of employed persons working in the services sector (in main job) aged 15-64 as proportion of the population of the same age group	Sex	

## Process measured by indicators 19.M3, 19.M4, 19.A1, 19.A3 and 19.A4



## Conventions to be applied when calculating the indicators 19.M3-4, 19.A1, 19.A3 and 19.A4

- i. The number of people registered as unemployed should be considered the reference population for the indicators 19.M3 - 4 and 19.A1 and 19.A3.
  - ii. The number of people registered as unemployed, should be defined as all persons who are registered as unemployed according to national definition; other groups may be added to those registered unemployed only if they meet the ILO unemployment criteria (i.e. not have work, be available for a job, and searching for a job).
  - iii. The ratio between 'the number of people registered as unemployed' (as calculated for the indicators; see points i. and ii.) and the ILO figure on unemployment should be presented as background information to the indicators 19.M3-4, 19.A3 and 19.A4.
  - iv. With a view of improving the comparability of these indicators, the Group proposes that it would be preferable to move towards a common approach as regards the treatment of breaks in the unemployment spell. It should be noted that this does not apply to the concept of a "New start". A New start is received immediately when receiving a measure or a job.
- Regarding the indicators 19.M.3, 19.A1 and 19.A4, the objective would be, where relevant for the respective indicators, to only consider breaks in the unemployment spell for participation in a measure or a job or for other circumstances (e.g. illness and parental leave) longer than 1 month (28 to 31 calendar days). Such breaks result in setting back the counter to zero. In particular, for the indicators 19.M.3 and 19.A4, the agreed calculation method for population B (see point v) implies that only breaks for other circumstances than participation in a measure or a job should be considered if longer than one month. To determine the stock of LTU for indicator 19.M.4, breaks for participation in a measure or a job or for other circumstances should be considered if longer than one month.
- The Group acknowledges that, for the moment, it is difficult for several Member States to treat the breaks in the unemployment spells according to this approach. The Group therefore encourages the Public Employment Services Network to examine the feasibility of providing this data. In the meantime, the Group proposes that Members States should be invited to follow this approach as far as possible.
- v. The indicator 19.M3 should be calculated as: the number of persons still unemployed in month X+4/12 without having started a job or participated in a regular activation measure (LMP categories 2-7 /not having participated in an assisted activation programme (LMP subcategory 1.1.2) as a share of the inflow into unemployment in month X. (B/A according).
- The indicator 19.A1 should be calculated as: the number young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12 without any break of more than one month (28-31 calendar days), in relation to the number of young/adult unemployed becoming unemployed in month X.
- vi. For practical reasons and in order to improve the comparability of these indicators, the Group proposes that the term 'being offered a job, apprenticeship etc.' should be interpreted as the 'actual start' of a job, the training, retraining, work practice or other employability measure. The Group argues that the 'actual start' is the best evidence of a commitment from both the employment services' and the unemployed person's side. The UK delegation entered a reservation in this respect.
  - vii. Again, with a view of improving the comparability of the indicators 19.M3-4 and 19.A3, the Group proposes that it would be preferable to move towards a common approach as regards the treatment of refusals. The Group proposes that, if an unemployed person refuses an offer of a measure or a suitable job, or if she/he fails to come for appointments at the PES, should be considered a break in the unemployment spell. The duration of the break should equal the duration of the sanctions imposed according to national rules (e.g. benefit reduction). The resulting break should be treated the same way as breaks for other reasons. The Group acknowledges that, for the moment, it is difficult for several Member States to treat the refusals in the unemployment spell according to this approach. The Group therefore encourages the Public Employment Services Network to examine the feasibility of providing this data. In the meantime, the Group proposes that Members States should be invited to follow this approach as far as possible.

## Guideline 20

**Improve matching of labour market needs through:**

- *the modernisation and strengthening of labour market institutions, notably employment services, also with a view to ensuring greater transparency of employment and training opportunities at national and European level;*
- *removing obstacles to mobility for workers across Europe within the framework of the EU Treaties;*
- *better anticipation of skill needs, labour market shortages and bottlenecks;*
- *appropriate management of economic migration.*

**Indicators for monitoring**

Indicator and definition Targets in capitals	Subgroup	Other use
<b>20.M1 Vacancies per unemployed.</b> <i>Source Job Vacancy Survey</i> Ratio between the total number of the stock of vacancies compared to the total number of unemployed (v/u ratio)		

**Indicators for analysis**

<b>20.A1 Recent immigrants to and within the EU.</b> <i>Source LFS annual average</i> Foreign born persons/ Persons with another nationality than the country of residence/ in the age group 15 - 64 who have been resident 5 years and less in the reporting country as a proportion of total population in the same age group.	Country of birth (in another EU-MS/ country outside the EU), Nationality (another EU nat/ nat outside the EU), level of education, sex	
<b>20.A2 Employment / Activity of recent immigrants to and within the EU.</b> <i>Source LFS annual average</i> Employed persons/Employed and unemployed persons/ in the age group 15 - 64 who have another nationality than the country of residence and who have been resident 5 years and less in the reporting country as a proportion of - total recent immigrants in the same age group - total employed/active population in the same age group	Nationality (another EU nat / nat outside the EU), sex	

## Guideline 21

**Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners, through:**

- *the adaptation of employment legislation, reviewing where necessary the different contractual and working time arrangements;*
- *addressing the issue of undeclared work;*
- *better anticipation and positive management of change, including economic restructuring, notably changes linked to trade opening, so as to minimise their social costs and facilitate adaptation;*
- *the promotion and dissemination of innovative and adaptable forms of work organisation, with a view to improving quality and productivity at work, including health and safety;*
- *support for transitions in occupational status, including training, self-employment, business creation and geographic mobility;*

See also integrated guideline "To promote greater coherence between macroeconomic, structural and employment policies" (No.5).

**Indicators for monitoring**

Indicator and definition Targets in capitals	Subgroup	Other use
<b>21.M1 Transitions by type of contract.</b> <i>Source SILC</i> Transitions between non-employment and employment and within employment by type of contract from year n to year n+1. <sup>11</sup>	Sex	Q2
<b>21.M2 Diversity and reasons for contractual and working arrangements.</b> <i>Source LFS annual average and spring data</i> Total employees in part-time and/or fixed-term contracts plus total self-employed as % of persons in employment. Employees in non-standard employment (part-time and/or fixed-term) as % of total employees. (Breakdown by part-time, fixed-term, part-time and fixed-term.) Total self-employed as % of total persons in employment.	Pt/ft, reason, of which "involuntary", sex	Q15
<b>21.M3 Accidents at work.</b> <i>Source ESAW</i> Index of the number of serious and fatal accidents at work per 100 000 persons in employment. (1998=100)	Fatal / serious Sex	SI, Q14

**Indicators for analysis**

<b>21.A1 Undeclared work.</b> <i>National sources</i> Size of undeclared work in national economy (e.g. as share of GDP or persons employed)		
<b>21.A2 Working time.</b> <i>Source LFS and NA</i> 1. Average weekly number of hours usually worked per week defined as the sum of hours worked by full-time employees divided by the number of full-time employees 2. Average effective annual working time per employed person.	Weekly/ annual, sex	
<b>21.A3 Overtime work and hours of overtime</b> <i>Source LFS annual average and spring data</i> Employees for whom overtime is given as the main reason for actual hours worked during the reference week being different from the person's usual hour worked as % of total employees. Average hours of overtime	Sex, Type of contract	
<b>21.A4 Access to flexitime</b> <i>Source LFS ad hoc modules</i> Total employees who have other working time arrangements than fixed start and end of a working day as a % of total employees	Age (Total, 20-49), sex, Type of contract	
<b>18.A8 Transitions by pay level.</b> <i>Source SILC</i> Transitions between non-employment and employment and within employment by pay level (gross monthly earnings) from year n to year n+1 <sup>12</sup> .	Sex	Q1
<b>17.M5 Growth in labour productivity.</b> <i>Source ESA95</i> Growth in GDP per person employed and per hour worked		
<b>21.A5 Occupational diseases,</b> <i>Source EODS giving data only at EU-level</i>	Sex	
<b>21.A6 Employment in newly established enterprises.</b> <i>Source SBS</i> Number of persons employed in newly born enterprises (in year n) and in surviving enterprises (set ups in years n-3, n-2 and n-1) in relation to the number of persons employed in all active enterprises (in year n).	Sex	

**Guideline 22****Ensure employment-friendly labour cost developments and wage-setting mechanisms by:**

- *encouraging social partners within their own responsibilities to set the right framework for wage bargaining in order to reflect productivity and labour market challenges at all relevant levels and to avoid gender pay gaps;*
- *reviewing the impact on employment of non-wage labour costs and where appropriate adjust their structure and level, especially to reduce the tax burden on the lowpaid*

See also integrated guideline "To ensure that wage developments contribute to macroeconomic stability and growth" (No.4).

<sup>11</sup> Type of contract refers to permanent, fixed-term, education and training (e.g. paid apprenticeship), and self-employed.

<sup>12</sup> Pay levels shown are deciles 1, 2, 3 and 4-10. Non-employment refers to ILO activity status 'unemployed', 'inactive' and 'discouraged worker'.

## Indicators for monitoring

Indicator and definition Targets in capitals	Subgroup	Other use
<b>22.M1 Unit labour cost growth.</b> <i>Source ESA 95</i> Growth rate of the ratio: compensation per employee in current prices divided by GDP (in current prices) per total employment		SI
<b>22.M2 Tax rate on low wage earners: Tax wedge on labour cost.</b> <i>Source OECD - EC</i> Tax wedge on labour cost: ratio of income tax plus employee and employer social contributions including payroll taxes less cash benefits divided by the labour costs for a single earner earning 67% of the AW.		SI
<b>Indicators for analysis</b>		
<b>22.A1 Labour productivity.</b> <i>Source ESA 95</i> Gross domestic product (GDP) divided by number of persons employed and hours worked (GDP in PPS per person employed/per hour worked relative to EU25 average/EU-15 average)	Person employed, hour worked	SI, Q30
<b>17.M5 Growth in labour productivity.</b> <i>Source ESA95</i> Growth in GDP per person employed and per hour worked		Q29
<b>22.A2 Implicit tax rate on employed labour.</b> <i>Source EC</i> Ratio of total taxes on employed labour (personal income taxes plus employees' and employers' social security contributions plus payroll taxes) divided by the total compensation of employees plus payroll taxes		

## Guideline 23

**Expand and improve investment in human capital through:**

- *inclusive education and training policies and action to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training;*
- *reducing significantly the number of early school leavers;*
- *efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life-cycle, especially for the low-skilled and older workers.*

See also integrated guideline "To increase and improve investment in R&D in particular by private business" (No.7).

## Indicators for monitoring

Indicator and definition Targets in capitals	Subgroup	Other use
<b>23.M1 Spending on Human Resources (public expenditure on education)</b> <i>Source UOE</i> Total public expenditure on education as a percentage of GDP <sup>13</sup> .		SI
<b>23.M2 YOUTH EDUCATION ATTAINMENT LEVEL.</b> <i>Source LFS</i> Percentage of the population aged 20 - 24 having attained at least upper secondary education (ISCED level 3 long). Annual average	TOTAL Sex	Q31
<b>23.M3 EARLY SCHOOL-LEAVERS.</b> <i>Source LFS</i> Percentage of the population aged 18-24 with at most lower secondary education (ISCED level 2 or 3c short) and not in further education or training	TOTAL Sex	SI, SPC, Q21
<b>23.M4 LIFE-LONG LEARNING.</b> <i>Source LFS</i> Percentage of the adult population aged 25-64 participating in education or training (over the four weeks prior to the survey). Annual average	TOTAL, Age, working status, educ attainm, type of contract - all by sex	SI, Q4, Q5

<sup>13</sup> The demographic structure should be taken into account in the analysis

## Indicators for analysis

23.A1 Investment by enterprises in training of adults. <i>Source CVTS</i> Investment by enterprises in continuous vocational training (CVT) in relation to labour costs.		
23.A2 Participation in continuing vocational training. <i>Source CVTS</i> Share of employees participating in continuing vocational training (CVT)	Sex	Q6
23.A3 Educational attainment level of adults <i>Source LFS</i> Percentage of the population aged 25 - 64 having attained low - at most lower secondary, medium - at least upper secondary, high- tertiary education. Annual average	Total, activity status, sex	Q31

## Guideline 24

**Adapt education and training systems in response to new competence requirements through:**

- *raising and ensuring the attractiveness, openness and quality standards of education and training, broadening the supply of education and training opportunities and ensuring flexible learning pathways and enlarging possibilities for mobility for students and trainees;*
- *easing and diversifying access for all to education and training and to knowledge by means of working time organisation, family support services, vocational guidance and, if appropriate, new forms of cost-sharing;*
- *responding to new occupational needs, key competences and future skill requirements by improving the definition and transparency of qualifications, their effective recognition and the validation of non-formal and informal learning.*

## Indicators for analysis

24.A1 Future skills needs (expansion, replacement and total demand) <i>Source CEDEFOP</i> Projected change in the number of jobs between the base year (tb) and specific year in the future (tf) as a percentage of total number of jobs in the base year (tb)	Total, sector (NACE), occup (ISCO) and qualify / level of educ (ISCED)	
24.A2 E-skills of adults <i>ICT household survey, Eurostat</i> Persons in the age group 25-64, 25-34, 35-44, 45-54, 55-64 having no, low, medium and high computer/internet skills according to the self assessment of their skills and classification of 1-2 (low), 2-4 (medium), 5-6 (high) of activities <sup>14</sup> as a proportion of the total population in the same age group	Total, age, working status, educ attainment (ISCED) all by sex	

<sup>14</sup> *Computer actions:* Copying or moving a file or a folder; Using copy and paste tools to duplicate or move information within a document; Using basic arithmetic formulas in a spreadsheet; Compressing (or zipping) files; Connecting or installing new devices, e.g. a printer or a modem; Writing a computer program using a specialised programming language. *Internet actions:* Using a search engine to find information; Sending e-mails with attached files (documents, pictures, etc.); Posting messages to chat rooms, newsgroups or online discussion fora; Using the Internet to make telephone calls; Using peer-to-peer file sharing for exchanging movies, music, etc.; Creating a web page

## TARGETS AND BENCHMARKS SET IN THE FRAMEWORK OF THE EUROPEAN EMPLOYMENT STRATEGY

The following targets and benchmarks have been agreed in the context of the European Employment Strategy in 2008:

- *that every unemployed person is offered a job, apprenticeship, additional training or other employability measure; in the case of young people who have left school within no more than 4 months by 2010 and in the case of adults within no more than 12 months;*
- *that 25% of long-term unemployed should participate by 2010 in an active measure in the form of training, retraining, work practice, or other employability measure, with the aim of achieving the average of the three most advanced Member States*
- *that jobseekers throughout the EU are able to consult all job vacancies advertised through Member States' employment services*
- *an increase by five years, at EU level, of the effective average exit age from the labour market by 2010 compared to 2001;*
- *the provision of childcare by 2010 to at least 90 % of children between 3 years old and the mandatory school age and at least 33 % of children under 3 years of age;*
- *an EU average rate of no more than 10% early school leavers;*
- *at least 85% of 22-year olds in the EU should have completed upper secondary education by 2010;*
- *that the EU average level of participation in lifelong learning should be at least 12.5% of the adult working-age population (25 to 64 age group)*