



Ad Hoc Group report on the 2010 thematic review

[part 2. 'Quality in work']

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1. BACKGROUND

Quality of work is a multi-dimensional phenomenon, which includes a broad set of individual jobs' and workers' characteristics, ranging from wages, training, health and safety at work, to work organisation, reconciliation between work and family life, etc.

Improving job quality is considered to be important, not just for the wellbeing of workers, but also to increase productivity, employment levels and to promote social inclusion. A focus on job quality can improve job creation and reduce the risk of job loss, unemployment or social exclusion. It can also increase the labour supply and improve its adaptability and employability.

On 17-18th of June 2010 the Ad Hoc Group held a thematic review on quality of work in order to examine and exchange experiences about labour market policies intended to promote quality of work, with a particular focus on crisis measures¹.

1.1 THE CONCEPT

In 2000 the Lisbon and Nice European Councils stated that the Social Policy Agenda had to put the emphasis on the promotion of quality in all areas of social policy, including quality of work. In this context, the Stockholm European Council decided in 2001 that the Commission and Council would jointly develop a set of indicators on quality of work to be presented at the following European Council in Laeken (Belgium) in December 2001.

The 2001 Commission Communication proposed a framework of analysis on quality of work where the main elements of quality of work were catalogued according to two broad dimensions:

- 1) job characteristics, including job satisfaction, remuneration, working time, skills and training, and prospects for career advancement;
- 2) the work and wider labour market context, including gender equality, health and safety, flexibility and security, access to jobs, work-life balance, social dialogue and worker involvement, and diversity and non-discrimination.

The Communication recognised that, while these elements can be quite precisely assessed, others are more complex to evaluate. It also acknowledged that it is difficult to weight or balance the importance of the two dimensions and the different elements therein.

The 2001 Commission Communication identified ten dimensions of quality of work² and EMCO agreed a list of indicators linked to these 10 dimensions. These indicators were approved by the Council and communicated to the Laeken European Council in December 2001.³

¹ The report is based on discussions in the Ad Hoc meeting on 17/18th of June and complemented with the information from 21 country fiches sent by Member States: BE, BG, CY, CZ, DE, EE, EL, ES, FI, IE, IT, LT, LV, MT, NL, PL, PT, RO, SE, SI, SK, and UK.

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

³ Indicators of Quality in Work, Report by the Employment to the Council, 14263/01, 23.11.2001.

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In 2003 a Commission Communication⁴ made a first appraisal of the progress made by Member States in terms of quality of work, and invited them to intensify their efforts in some particular areas, in particular in participation of education and training, and in reducing accidents at work and occupational diseases. However, since the adoption of the last Communication, important changes in the socio-economic conditions and policy framework have taken place. This has prompted the need to take forward the work already done in this area. The Commission proposed to open the debate to reach a more focused quality-of-work approach.

2. STATE OF PLAY

2.1 GENERAL OBSERVATIONS AND KEY CHALLENGES

The economic crisis affected most dimensions of job quality. Stabilization of employment and the reduction of the unemployment rates are the main challenges for most of the Member States. The economic and financial crisis has shown with particular clarity that the economy's competitiveness and innovative capabilities are of paramount importance to overcome the crisis. Quality of work and adaptability of the workforce are essential pre-requisites.

Due to the downturn, the attention from quality of jobs has shifted to sustaining the employment levels. Thus, as a prerequisite to the quality of work, **inclusion and access to the labour market** are obviously essential in this respect. For many countries access to formal work is a key concern. In some of them the participation of young people, older workers and socially disadvantaged groups in the labour market is relatively low. Therefore countries put in place measures to promote the inclusion of those who are currently most detached from the labour market.

In many Member States the **participation in lifelong learning** is relatively low and is still decreasing. Investing in skills remains an important long-term challenge, also with a view to a sustainable exit from the economic crisis and reducing poverty. Countries aim to promote lifelong learning in order to update and increase workers skills, thus increasing productivity and employability in the future, as well as to improve the mobility in the labour market. **Low productivity rate** remains a challenge, which in some Member States declined simultaneously with the use of opportunities for employers to reduce working hours. In the other Member States, due to low investments in new technologies and the large increase in foreign low-skilled workers with lower productivity than the domestic labour, measures are put in place to enhance workers competitiveness with the ultimate aim to advance overall work performance.

Another important part of quality of work is **health and safety**. This is especially the case in the context of the ageing workforce, rising retirement age, and the accompanying need for preserving the interest and capability of the workforce for continuing active involvement in the labour market. The positive trend is that the number of serious and fatal accidents at work is decreasing in most of the countries. The attention is focused on the prevention of psychological stress and psychosocial disorders at work, human-centred work design, and maintaining the employability of the workforce. Therefore many countries promote appropriate policy measures aiming at safeguarding adequate levels of safety and health at work.

Reconciliation between work and family life, while ensuring the quality of work, remains one of the most important challenges. As the female participation in the labour market is increasing, some countries face difficulties to balance work and life due to a serious lack of childcare and other facilities. To mobilise potential labour force participation of women and to further improve equal opportunities, measures to improve the reconciliation of work and family life are pushed ahead. The high **gender pay gap** still persists. In some countries it is attributed to the concentration of employed women in low-paid occupations, mainly as a result of gender segregation in occupations and sectors.

⁴ "Improving quality in work: a review of recent progress" COM(2003)728

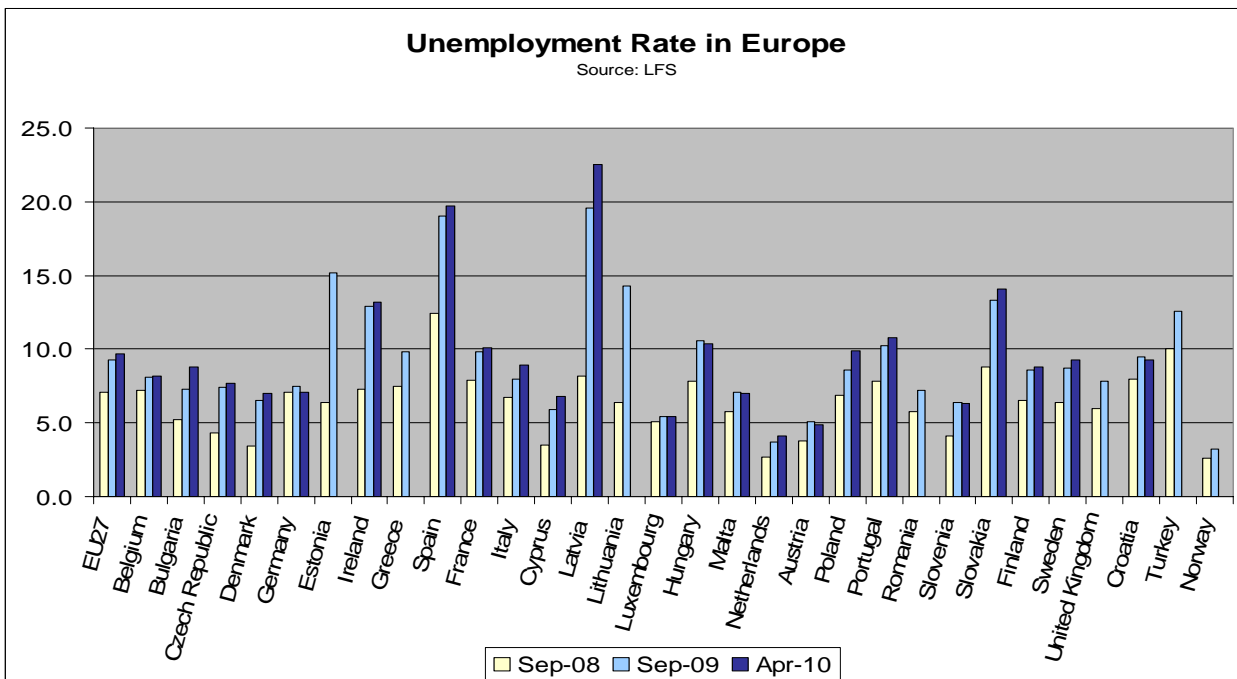
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Flexible employment opportunities are limited and still remain a challenge in a fair number of Member States. In many cases transition from full-time to part-time work is unattractive and the usual reason for taking up part-time work is the inability to find a full-time job. Labour market flexibility is not only limited by labour market regulations but also by low earnings. The fact that at-risk-of-poverty rate of employees with part-time and fix term contracts is much higher than the average suggest that these options are not being chosen voluntarily.

The economic crisis has negative effects on employment, which in some countries generated an increase in the number of cases of undeclared work. Member States put in place adequate policies in order to tackle this problem.

2.2 STATISTICS

Chart 1. Increase in unemployment rate



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Chart 2. Participation to employment and working time per household type and sex. Sweden (Anxo et Al)

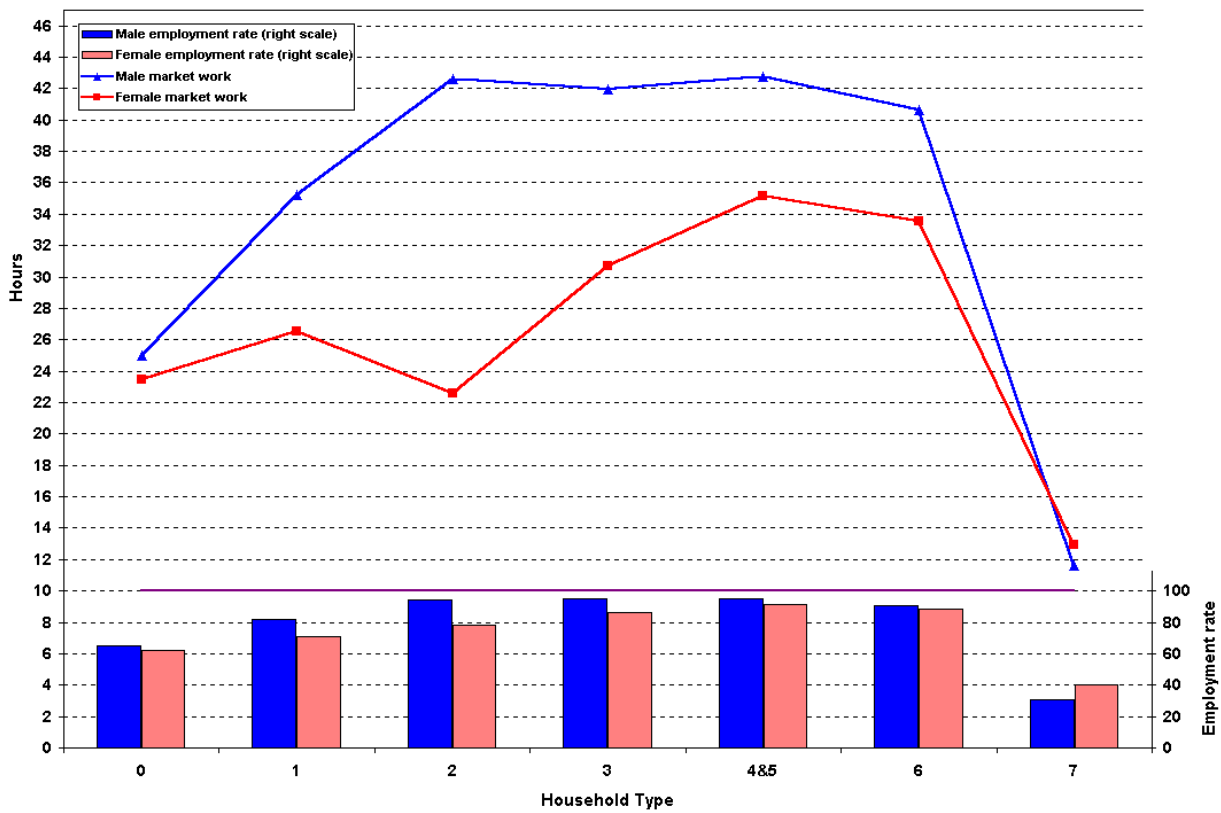
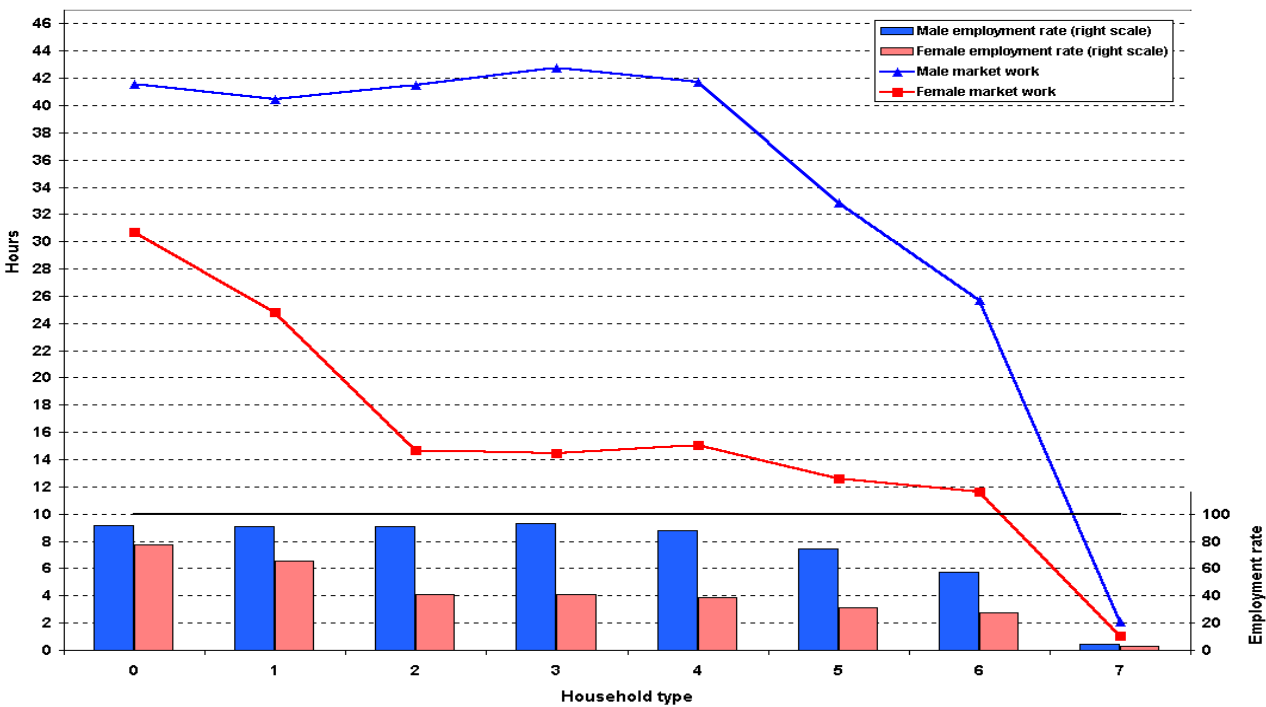
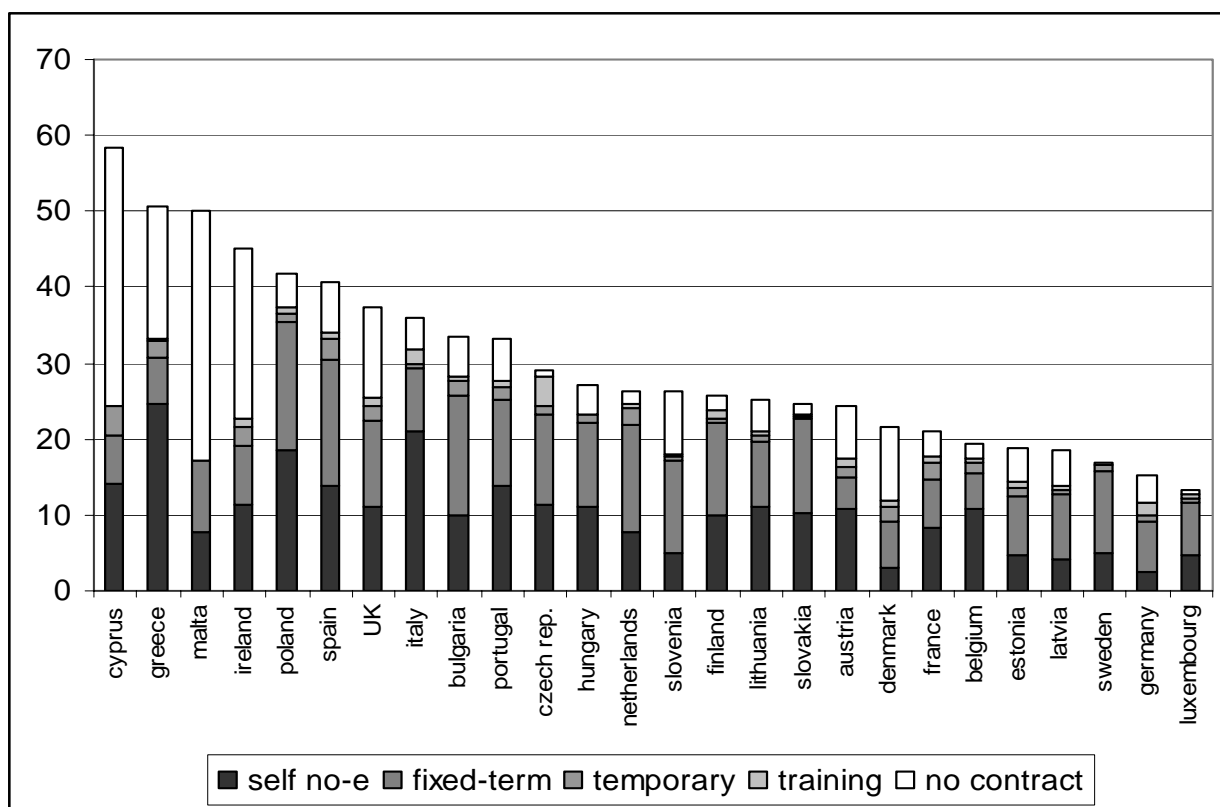


Chart 3. Participation to employment and working time per household type and sex. Spain (Anxo et Al)



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Chart 4. Non standard employment



3. POLICIES TO PROMOTE QUALITY OF WORK - PROGRESS WITH REFORMS

The section below describes the implementation of the most relevant policies chosen by Member States to promote quality of work during the current economic and social challenges. It illustrates the practices and instruments put into effect in different countries, existing bottlenecks and subsequent priorities for further reform.

- **Skills, lifelong learning, and career development**

Lifelong learning remains an important policy priority for most of the Member States and is on top of the agenda. Training and skills-upgrading has become an essential factor in order to guarantee the workers' employability in the labour market. Different measures are introduced to promote lifelong learning.

Countries took measures to improve the quality and flexibility of the educational system (CY, FR). In ES measures are taken to optimize and improve vocational training in such a way that it responds to students' expectations, to what is demanded by workers, and aimed at increasing productivity through improved qualifications and skills of the workforce. In DK particular attention is given to people with lower educational attainment levels as regards life-long learning measures. In FR a recent reform of the vocational training system aims to secure a more efficient and accessible training system, better aligned to labour market needs, and - through a dedicated fund - also targeting those less-skilled and independent of employment status. . In PL important support for the participation in LLL includes changes in functioning of the training fund facilitating the co-financing of trainings and postgraduate studies of employees from the Labour Fund and increasing the limits of such co-financing. In EE more attention is paid to retraining measures and more flexible learning opportunities.

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In NL social partners are primarily responsible for workers' participation in lifelong learning. In response to the crisis the government introduced a temporary subsidy for retraining employees threatened by unemployment, for recognition of earlier acquired competences of redundant employees without a degree of upper secondary education, and for an additional budget for the regional "learning/working counters" providing information and ensuring cooperation between Public Employment Service, education and business sector.

In order to enhance lifelong learning, evaluation studies are conducted (CY, LU) and external experts will participate in evaluating the results of adult training (BG). The New Opportunities Program (PT), designed for both youth and adults, is also under evaluation by external experts regarding the matching between education/training and labour market relevance.

In some countries voucher mechanisms to finance training of employees were introduced (BG, LV).

- **Health and safety at work**

In the area of occupational health and safety, the main challenge for Member States is to ensure modern and effective legislative frameworks for protecting employees' health without unnecessary administrative burdens for employers. National strategies are the main instrument implemented in order to prevent and reduce accidents at work (BG, EE, ES, LT, PT, RO). In BG legislative changes were made and special attention is paid to sectors at risk such as construction. In IT a law decree reformed the rules on health-and-safety-on-the-job place by introducing new sanctions for violations of the law, including the suspension of the business activity. As well as EL, where legislative changes are introduced in order to enhance health and safety at work.

In NL the primary responsibility for health and safety at work lies with the social partners who have to make agreements on working conditions. In that way, social partners have room for tailor-made solutions for specific companies and sectors. While in SK in the area of occupational health and safety the work health service introduced advisory services for employers, the institution also supervises the work environment and carries out targeted preventative medical checks relating to work.

In the UK more emphasis has been put on well-being at work as a means to prevent work absence or early retirement on health grounds that were avoidable and to improve quality of working life. This includes a focus on managing stress, making reasonable adjustments, and involves stakeholders.

In PT the Working Conditions Authority has recently raised a significant number of labour inspectors in order to prevent the breaches of labour standards and improve the quality of work.

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

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. In EL and PL measures are taken to support women employment through accessible and financially affordable child care facilities, as well as in DE, where the childcare services are improved and simultaneously some additional measures like better matching of work with family life are taken. In LU a significant change occurred with the conception of the child care check services system, which constitutes a new grant from the State to the municipalities benefiting children and their families. The development of the network of child reception centres and of the introduction of the child care check services promote reconciliation between professional and family life. It enables parents with children to send them to such centres while they are acquiring a job and a source of income. BG is implementing a mix of work-life balance incentives, stipulated in the labour legislation and is also developing the provision of childcare services.

To improve work-life balance, some Member States have introduced or are extending the duration of the paternity leave (ES, PL). In SI and PT the number of fathers using the right to paternity leave is increasing from year to year.

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- **Adequate earnings**

The collective bargaining at national level, setting minimum terms and conditions of a binding nature for all employees, exists in many Member States. While in CY collective bargaining is considered to be decentralized, with most agreements concluded at enterprise level, likewise in MT wages are often regulated by collective agreements at enterprise level, and required to be at least equivalent to the legal minimum wage. In MT wages for all employees are increased annually through a wage setting mechanism to compensate for inflation of the preceding year. A particular feature of the wage-setting mechanism in CY is the so called Cost of Living Allowance, according to which wages and salaries are twice a year adjusted to the preceding six months inflation. This is not negotiated in the wage bargaining but given automatically. In FR wage bargaining is predominantly at sector-level but the statutory minimum wage is legally binding at national level. As of 2010 an independent advisory committee will decide on changes in the minimum wage. A recent reform in FR has streamlined in-work benefits that top up earnings to a certain minimum for those taking-up low paid, including part-time work. While aimed at making work pay, the reform also seeks to reduce the proportion of the working poor. In PT the minimum wage has been raised according to the agreement signed by all the social partners and the Government.

The reductions of taxes have positive results on wages growth in many countries (BG, DK, IE, SK). In NL a key aspect of the governments' approach to improving participation among women, older workers and vulnerable groups, is to intensify financial tax incentives to make work better pay. SI adopted legislative amendments which raised the minimum wage, and LU has taken action to reinforce support for people's income by increasing the guaranteed minimum income and by providing a life allowance for people whose monthly income is below a certain threshold. In the UK, as a further incentive to take up work and to promote social inclusion, the Working Tax Credits (WTC) have been launched for low-paid employees. These WTC are part of means-tested social benefits and can be claimed by people who work on a low income.

As regards the gender pay gap, in the UK the Equality Act lays down that companies with more than 250 employees will have to conduct a gender pay audit if they have not voluntarily done so by 2013. Public bodies with more than 150 workers would also have to report on gender pay differentials and provide other data, including information on minority ethnic employees.

During the crisis in BG and PT the public sector wages are frozen, while in LT and RO there was a major wage moderation in the public sector.

- **Flexibility and security**

Clear and fair legislation securing the status of both employees and employers in the labour markets, a well-functioning agreement system, and confidential co-operation relations among the actors in the labour market are key prerequisites for efficiently functioning and competitive labour markets. In the time of the crisis different actions have been taken to improve flexibility and internal work organisation. Many Member States have adopted national pathways to achieve better flexicurity in the labour markets (BG, MT, RO).

In BG legislative changes in the labour law have been introduced in order to regulate the possibility of concluding a work contract during certain days of the month and to increase the period in which the employers can establish part-time working for workers on full-time contracts. In CZ the amendments of the Labour Code were made to promote flexible forms of employment, while in EE legislative amendments now allow to regulate the work of temporary agencies and teleworking. In LV a new development to support security was the introduction of a provision in the Labour Law ensuring the conclusion of a written work contract before the employment relations commence. In the absence of a written work contract, or any proof relating to other employment legal relations, working time and pay, the employee is deemed to have been working for 3 months.

Taking into account that flexible and temporary forms of employment are ever more present on the labour market, SI is introducing changes in the legal framework regarding unemployment that will allocate unemployment benefits to persons losing temporary or fixed term contracts. In EL the new law is introduced to secure the labour and social security rights of the individuals in flexible types of employment and the necessary flexibility in the labour market.

4. INVOLVEMENT OF STAKEHOLDERS

Stakeholders play an active role in designing and implementing measures to promote quality of work. In CZ and PL the social partners proposed their package of measures to overcome the crisis and after the consultations and adjustments it was then endorsed by the government. In DE and AT the social partners are closely involved in social and political decision-making processes through autonomous collective bargaining.

In EL, in order to secure transparency and diffusion of information, social partners and the competent public authorities are participating through consultation procedures in the design and implementation of the policies. In particular as regards health and safety issues, at the level of strategic planning, every legislative regulation on health and safety issues is completed upon consultation within the framework of the Occupational Health and Safety Council, in which representatives of the State, third-degree employers' and workers' organizations and scientific bodies participate. In RO the social partners and all the relevant stakeholders are involved in the process of designing, implementing and evaluating the impact of the measures adopted, either using the social dialogue framework or by tripartite institutional arrangements in case of key labour and social protection institutions.

In DK the social partners have been actively involved in the definition of priorities within the national work environment strategy and have been co-responsible together with the Government for the achievement of the objectives established. In general, the social partners play a pivotal role in the formulation of policies aimed at improving the quality of work, of which the Danish Working Environment Council is a good example.

5. ESF AND GOOD PRACTICES

ESF is a widely used instrument among Member States to promote quality of work and it plays a crucial role in funding the active employment policy measures. A vast majority of ALMPs is co-financed by the fund (CZ, HU, LV) as well as the evaluation of their efficiency (PL, SK). ESF funds were used to develop lifelong learning systems and strategies (CY), to improve the access to employment for women through the access to child care facilities (CY, PL), for training of the employees and enhancing the employability of disadvantaged groups (AT, BG, CY, DE, EL, HU, IT, LV, MT, PL, PT, RO, SK) to develop the national flexicurity system (SK), and to promote good employment practices in areas such as gender and wider equality practices and anti-discrimination measures in the workplace (IE). ESF funds were also used to improve and promote work and family life balance (LT, MT), to promote productivity, and to reinforce the competitiveness of SMEs (MT, PL, PT), as well as to improve working conditions by informing and training workers in the field of health and safety at work (RO).

The boxes below provide some examples of the nationally funded and/or ESF supported measures in Member States.

Box 1: "New Quality of Work Initiative" in DE

The "New Quality of Work Initiative" (INQA) is based on a holistic approach to the quality of work. It brings together the federal government, the Länder, social insurance institutions, employers and trade unions, foundations and companies, in a network developing practical solutions for a safe, healthy and competitive world of work. The aim is to build a healthy, highly-skilled and motivated workforce to ensure a competitive advantage for companies and the economy as a whole. This includes, for example, age-appropriate working conditions or health care measures. The initiative is i.a. focussed on small and medium-sized companies and sectors with increased health risks. Over 1500 companies are organised in more than 30 expert and company networks.

Box 2: "Family Friendly Enterprise Certificate" in SI

The "Family Friendly Enterprise Certificate" was introduced in Slovenia in the framework of the Community Initiative Programme Equal in the years 2004-2007. The Family Friendly Enterprise Certificate embodies a consulting-audit process and has been developed as one of the tools for effective and more quality human resources management within enterprises and organizations in the context of balancing professional and private lives of employees.

The goal of introducing the certificate "Family Friendly Enterprise" was to sensitize businesses about the negative business impact of discriminating (potential) parents in the workplace as well as in the labour market. It aimed at supplying businesses with tools for implementation of such HR policies that enable better balancing of work and family for their employees and to publicly recognize those business with a positive attitude to provide options of balancing work and family of their employees

In 2007 and 2008 the basic certificate was awarded to 49 enterprises/organisations employing about 25,700 persons.

Box 3: TYKE Programme in FI

The Finnish government is financing work place development projects through the Finnish Funding Agency for Technology and Innovation TEKES. The current funding scheme TYKE (abbreviation from the Finnish words for work place development) continues the work of four previous work place development programmes, the first of which (The Finnish National Productivity Programme) started in 1993. TYKE funding aims at the promotion of simultaneous improvement in productivity and the quality of working life in private or public workplaces. Projects can be targeted, for example, at developing team work, work processes, leadership and management skills, and internal cooperation within and between work units and departments. The experiences from previous programmes are mainly positive.

The Finnish Workplace Development Programmes (Tyke I and II 1996-2003, Tykes III and IV 2004-2010) have supported the development of working practices at workplaces in terms of more than 1000 development projects. In the projects, management and staff carry out development work jointly assisted by researchers/experts. The cooperation between management and employees and their commitment are seen as important prerequisites for succeeding in this kind of projects.

Late 2009, Tekes started a new funding instrument for the development of work-organisations, the so called TYKE-funding service. The aim of this new instrument is to link development of working-life more closely with different (innovative) technology and business activity projects, while "pure" work-life development projects are still possible. TYKE Funding amounts to 12 million euro per year.

6. CONCLUSIONS

Member States are facing similar problems regarding quality of work, although there are large differences among individual countries' situations. Access to work - even though not included in quality of work - is an essential prerequisite. Low participation in lifelong learning is a critical aspect of quality of work and remains underutilised. Policies to promote lifelong learning will remain crucial in this respect. Significant attention is being paid to health and safety and working conditions; it is especially important in the context of active ageing. Measures to promote better reconciliation of work and family life are put in place; the fathers' role is emphasized with increased opportunities for childcare facilities. In the time of the crisis different actions have been taken to improve flexibility and internal work organisation, in many cases the legislative changes were made to promote flexible forms of employment. Different national minimum wage setting mechanisms exist in most of the countries, and wage moderation is used to ensure

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adequate earnings. The reductions of taxes have shown positive results on wages growth in many Member States. Social partners play an important role in promoting all aspects of quality of work.

7. NEXT STEPS

There is no doubt that the concept of quality of work needs to be revised. The Commission's proposal of the new, more focused job quality approach will be discussed in the forthcoming Ad Hoc meeting. The outcomes of the discussions will be sent to EMCO for consideration.