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REPORT

by : the Employment Committee

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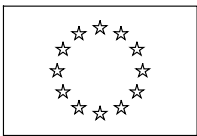
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Subject : **Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions**

- **Employment and social policies: a framework for investing in quality**
 - = **Indicators of quality in work**
 - **Report by the Employment Committee**
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Delegations will please find herewith the report by the Employment Committee on the above subject.

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The Employment Committee

REPORT BY THE EMPLOYMENT COMMITTEE

INDICATORS OF QUALITY IN WORK

In response to the request by the European Council and the informal meeting of employment Ministers in Liège on 6-7 July, and on the basis of the Commission Communication on investing in quality, the Committee wishes to submit its report on the indicators of quality in work for consideration by the Council. The Committee has discussed this issue at three meetings and it has benefited from the intensive and detailed work of its Indicators Group.

Under the ten dimensions of quality in work listed in the annex to this report, the Committee recommends 8 key indicators and that these should be complemented by 23 context indicators, also set out in the annex. These indicators are based on existing, reliable and comparable data. The Committee has also identified a number of possible additional context indicators which require further work which the Committee plans to undertake early next year.

The Committee emphasises that, because of the multi-dimensionality of quality in work, the recommended indicators need to be assessed as a totality. In drawing up these recommended key and context indicators, the Committee has followed the principle adopted in its Opinion on quality in work, agreed in July, that indicators should, as far as possible, be robust, unambiguous, comparable across all Member States and should use up to date sources of information.

The Committee has observed the following definitions of key and context indicators:

- Key indicators will be used to measure progress in relation to the Employment Strategy and therefore should be linked to the objectives of the Employment Guidelines. They should be significant, in the sense that a trend in the development of the indicators should indicate progress or a backwards step in relation to those objectives.
- Context indicators will be used to support the analysis of the National Action Plans for employment in the Joint Employment Report by putting national policies and performance into perspective.

It is clear to the Committee from the work that it has done so far that the identification of indicators must be an evolutionary process which should involve both the re-examination of those indicators already identified and the pursuit of additional relevant indicators, taking account in particular of developments in objectives and data availability. The Committee therefore intends to continue its examination of this whole subject and in particular the identification of key indicators in the case of those dimensions for which no key indicators can yet be proposed. The Committee notes that the draft Employment Guidelines for 2002 make clear that the ten quality in work dimensions are areas for consideration, *inter alia*, in maintaining and improving quality in work.

The Committee will, in its discussion of the structure of the National Action Plans for employment for 2002, consider at its next meeting in February 2002 how these indicators should be used.

The Committee wishes to draw attention to the following conclusions under specific dimensions of quality in work.

First, on intrinsic job quality, the Committee acknowledged that there were particularly complex issues to resolve. However, it has concluded that the most practical approach is a key indicator which measures transitions between non-employment and employment and within employment by pay level. The Committee believes that the best measure of this transition is the table under indicator no. 1 set out at the beginning of the annex. However, the Committee has noted that the only available EU-wide data source (the European Community Household Panel) will provide information for the year 2000 only in December 2002 and it does not cover all Member States (currently Sweden and Luxembourg do not participate). Further work is needed on statistical sources and consideration should be given to using appropriate national statistics. The Committee recommends that this transition table should be supported by a second table (under indicator no. 2 in the annex), which measures transitions between non-employment and employment and within employment by type of contract and by a context indicator which measures job satisfaction.

Second, on skills, lifelong learning and career development, the Committee recommends a key indicator which will measure the percentage of the working age population participating in education and training, supported by three context indicators.

Third, on gender equality, the Committee recommends a key indicator which measures the gender pay gap (the ratio of women's hourly earnings index to men's for paid employees at work 15+hours). The Committee wishes to point out that, on the basis of currently available data, this indicator can only measure net pay. Once the data is available, this indicator should also cover gross pay. The Committee notes the work which has been done on the Beijing follow up and recommends that indicators which cover the same areas should, as far as possible, be compatible.

Fourth, on health and safety, the Committee recommends a key indicator on accidents at work (the evolution of the incidence rate, defined as the number of accidents at work per 100.000 persons in employment). The Committee recommends that a composite indicator should be developed which will measure accidents at work and occupational diseases, including as a result of stress. Also, in further work, account should be taken of appropriate national statistics.

Fifth, on flexibility and security, the Committee recommends a key indicator which measures the number of employees working voluntarily and involuntarily part-time and on fixed-term contracts as a percentage of the total number of employees and that this should be accompanied by information on the extent to which these workers enjoy equivalent and commensurate entitlements to social protection and legal rights as full-time and permanent workers.

Sixth, on inclusion and access to the labour market, the Committee recommends a key indicator which measures transitions between employment, unemployment and inactivity. The Committee believes that the best measure of these transitions is the table under indicator no. 16 in the annex. The Committee recommends that this transition table should be supported by another table (under indicator no. 17 in the annex), which measures transitions of unemployed people into employment and training and also by a number of other context indicators.

Seventh, on work organisation and work-life balance, the Committee recommends a key indicator which measures the absolute difference in employment rates with and without children aged 0-6 by gender, for the age group 20-50, supported by two context indicators. The Committee will undertake further work on indicators of flexible working arrangements in relation to working time and on care for dependants other than children.

Eighth, on social dialogue and worker involvement, the Committee acknowledges that the differences in arrangements and traditions between Member States make it difficult to identify key indicators. It has concluded that the best approach may be to identify a range or menu of indicators which will measure employee representation and involvement. The Committee intends urgently to pursue its consideration of possible indicators under this dimension, on the basis, *inter alia*, of the examples listed in the annex.

Ninth, on diversity and non-discrimination, the Committee recognises the difficulty of providing data, in particular for a key indicator and therefore recommends three context indicators. First, the employment rate gap of 55-64 year olds. Second, 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. Third, 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.

Tenth, on overall work performance, the Committee recommends a key indicator which measures growth in labour productivity, measured as change in the levels of GDP per capita of the employed population and per hour worked %, accompanied by two context indicators.

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A full list of recommended key and context indicators is set out in the annex.

RECOMMENDED INDICATORS OF QUALITY IN WORK

1. INTRINSIC JOB QUALITY

RECOMMENDED CONTEXT INDICATORS

RECOMMENDED KEY INDICATOR

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

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 st decile	2 nd decile	3 rd decile	4 th -10 th decile	Non- Employment ¹	Total
1 st decile						100
2 nd decile						100
3 rd decile						100
4 th -10 th decile						100
Non-Employment						100

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).

¹ Non-employment covers both unemployment and inactivity.

RECOMMENDED KEY INDICATOR	RECOMMENDED CONTEXT INDICATORS	INDICATORS REQUIRING FURTHER WORK
4. Percentage of working age population participating in education and training (source: Labour force survey – LFS). ²	<u>2. SKILLS, LIFE-LONG LEARNING AND CAREER DEVELOPMENT</u> 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).	
8. Ratio of women's hourly earnings index to men's for paid employees at work 15+hours (source: ECHP).	<u>3. GENDER EQUALITY</u> 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).	Share of employed women with supervisory role at work compared with that of men.
² Including initial education and continuous vocational training. Excluding leisure training.		
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RECOMMENDED KEY INDICATOR	RECOMMENDED CONTEXT INDICATORS	INDICATORS REQUIRING FURTHER WORK
	11. Unemployment rate gap of women compared with men (source: Eurostat harmonised series on unemployment). 12. Gender segregation in sectors: The average national share of employment for women and men applied to each sector. The differences are added to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment (source: LFS). 13. Gender segregation in occupations: The average national share of employment for women and men applied to each occupation. The differences are added to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment (source: LFS).	
14. The evolution of the incidence rate, defined as the number of accidents at work per 100.000 persons in employment (source: European Statistics on Accidents at Work – ESAW).	<u>4. HEALTH AND SAFETY AT WORK</u>	Occupational disease rates including new risks e.g. repetitive strain. Percentage of workers exposed to stress.

RECOMMENDED KEY INDICATOR	RECOMMENDED CONTEXT INDICATORS	INDICATORS REQUIRING FURTHER WORK
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	<u>5. FLEXIBILITY AND SECURITY</u>	Composite indicator on coverage of social security: entitlement to unemployment benefit, retirement pension and health insurance.
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RECOMMENDED KEY INDICATOR

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

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

RECOMMENDED CONTEXT INDICATORS

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

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

18. Total employment rate (source: LFS).

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

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

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

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

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).

7. WORK ORGANISATION AND WORK-LIFE BALANCE

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

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

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

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:

RECOMMENDED KEY INDICATOR	RECOMMENDED CONTEXT INDICATORS	INDICATORS REQUIRING FURTHER WORK
	- measuring employee representation and involvement; - the percentage of employees covered by collective agreements; - the evolution of the number of days lost per 1000 employees in industrial disputes by economic activity (NACE), measuring trends within each Member State; - the proportion of employees with recognised worker representation; - the coverage of works councils and other forms of representation and involvement; and - trade union density.	
	<u>9. DIVERSITY AND NON-DISCRIMINATION</u>	
	26. Employment rate gap of 55-64 year olds (source: LFS). 27. The gap between the employment and unemployment rates for ethnic minorities and immigrants, taking into account the distinction between low and high level qualifications, as compared with the overall rates (source: currently national sources).	Further work is needed to improve the data for these indicators and to extend them to include the pay gap and to cover other groups at a disadvantage in the labour market.

RECOMMENDED KEY INDICATOR	RECOMMENDED CONTEXT INDICATORS	INDICATORS REQUIRING FURTHER WORK
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).	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).	
	<u>10. OVERALL WORK PERFORMANCE</u>	
	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).	
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