

Towards a European strategy for quality employment

Position adopted by the Executive Committee of 10 and 11 March 2015.

Quality job creation should be the number one priority. Twenty-four million men and women, and five million under 25s, are currently unemployed and some 10 million jobs have been destroyed since the onset of the crisis in 2008. Although unemployment levels have finally starting going in the right direction, Europe's job-rich recovery continues to fail to materialise.

Getting Europe back to work is not the only challenge. Equally important is ensuring that new jobs are quality ones which allow people to have a decent standard of living and contribute to their well-being and to a robust economy. Globalisation, technological innovation and change, demographic trends and the transition to a greener economy are having a profound impact on the labour market. In addition to posing important challenges, all present opportunities for job-creation but there is no guarantee that these jobs will be quality ones. Despite the urgent need for job-creation, this must be in the context of a longer-term vision of the types of jobs that will be created.

European Employment Strategy is failing to deliver on quality jobs. Despite the gradual fall in unemployment rates, the quality and longer-term sustainability of the jobs that are being created gives cause for concern. Many of the jobs being created are temporary and part-time, and underemployment (involuntary part-time and fixed term work, too few hours and work below people's qualification levels), is increasing especially among women and young people. Too many of those in work face a precarious employment situation, plagued by job insecurity, low-wages and exclusion from basic social protection: precarious contracts such as zero hours contracts, false self-employment, unpaid internships and undeclared work are growing negative features of the labour market.

Additionally, the labour market is becoming increasingly polarised: in general, highly skilled/educated workers continue to access high quality, well paid jobs while low-skilled workers are most affected by poor quality, insecure and low paid jobs. There has been a rapid decline of middle-skilled jobs and the workers affected increasingly find themselves in insecure employment situations and/or in jobs with inferior working conditions.

Whilst continued efforts are needed to increase participation levels among women, young people, older workers, migrants and the low-skilled in the labour market, these people are disproportionately represented in poor quality and low-paid jobs and specific attention must, therefore, be paid to the quality dimension of their employment and their particular needs.

The review of Europe 2020 must be used as an opportunity to put quality jobs at the centre of European policy.

The new European Commission has stated its ambition to enhance social justice in the EU. Whether and how this will materialise remains to be seen. For the ETUC, job quality will be a key benchmark for evaluation of any EC employment initiative.

The ETUC continues to stress the need for a change in European economic policy in order to create the right conditions for job-creation by ending austerity policies and fostering internal demand and investment. The focus on investment in the Annual Growth Survey 2015 is a welcome initiative but the ETUC is concerned that the Commission's Investment Plan falls short of the level of commitment needed to substantially boost

quality and sustainable job creation in Europe as set out in the ETUC's own proposal for a European investment plan¹.

These concerns are borne out by the ILO report *An Employment-Oriented Investment Strategy for Europe*, which illustrates that while the Juncker Investment Plan could create over 2 million new jobs, without the right design and funding allocation, as well as a medium-term employment strategy focusing on quality jobs and balanced reforms, it will do little if anything to meet Europe's unemployment challenge².

The mid-term review of the Europe 2020 Strategy and the imminent revision of the Employment Guidelines present an opportunity for European policy-makers to put in place a coherent strategy to deliver quality and sustainable jobs for European workers. Quality jobs should constitute an integral part of achieving the 'smart, sustainable and inclusive growth' that the Europe 2020 Strategy is intended to deliver.

The case for quality jobs

Job quality was already a concern before the crisis but the fall-out from the crisis and the internal devaluations and fiscal consolidation policies adopted have led to an erosion of the European social model and the notion of quality jobs appears to have taken a back stage.

At the turn of the century there was a political consensus, set out in the Nice Council Conclusions (December 2000), around the idea of quality work as a necessary element in delivering competitiveness and full employment. In 2010, following the adoption of the Europe 2020 Strategy, the European Commission's Communication *An Agenda for new skills and jobs* identified 'better job quality and working conditions' as one of the four key priorities for achieving the EU 2020 employment target.

More recently, it has not been uncommon for some European policy-makers and employers' representatives to promote the message that 'any job is better than no job'. This approach to 'competitiveness' means that fair wages, decent employment protection, and even safe and healthy workplaces are considered as posing barriers to job creation, a drag on competitiveness or as 'burdens' on business. In contrast, the evidence clearly demonstrates both the social and the economic case for quality jobs.

Social case. The quality of a person's working life, is a key aspect of their quality of life. Most people will spend a significant part of their lives in work and this will play an important part in helping them to fulfil their socio-economic needs and aspirations. In addition to being a means to earning a living, over the life-course work is likely to have a substantial impact on people's well-being, including social inclusion, or otherwise. Poor quality jobs can lead to income insecurity, social exclusion, poverty in old age and to poor physical and mental health.

Having a job is no longer a guaranteed route out of poverty or the best tool for ensuring social inclusion. The most notable increase in poverty is among working age people, including those who have a job. The rise in in-work poverty and growing income inequalities, among workers as well as the general population, are in stark contradiction with the Europe 2020 objective of reducing poverty.

Economic case. Quality jobs are an essential feature for a well-functioning economy. The ETUC has continuously stressed the need to focus on quality job creation as a key aspect of getting Europe on the path to sustainable growth. It has warned on several occasions that poor quality jobs will make for a poor recovery. The evidence shows that quality jobs are a key condition for economic growth and competitiveness. Better job

¹ *A new path for Europe: ETUC plan for investment, sustainable growth and quality jobs:*
<http://www.etuc.org/documents/new-path-europe-etuc-plan-investment-sustainable-growth-and-quality-jobs#.VOR0srQpBN>

² http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_340087/lang--en/index.htm

quality is also associated with higher labour market participation. Quality jobs give workers better job satisfaction, improved skills and greater motivation which in turn leads to stronger, more productive and more innovative enterprises. Poor quality jobs, along with undeclared work, impact negatively on the public purse for example through reduced revenue from taxation, subsidies for low-wages and ultimately poor pensions.

There is a wealth of research confirming the positive link between employment rates and job quality. Indeed, a key message from the OECD's Employment Outlook 2014 is that 'policies should seek to promote more and better jobs'. This is supported by the finding from their recent research³ that "Across countries it does not appear to be the case that better job quality is achieved at the cost of fewer jobs. Countries that perform well in terms of overall job quality also tend to perform well on job quantity (as measured by the employment rate), and vice versa." The renewed attention given to this issue in the Commission's latest Employment and Social Developments in Europe (2014) report is also welcome⁴.

The CEPS Special Report *Medium Term Employment Challenges*⁵ (January 2010), provides further evidence of the link between labour market performance and (job) quality indicators. Their research also suggests some policy priorities for enhancing job quality. They point to: education and training (in view of the correlation between higher employment rates, higher educational attainment and participation in education and training through the life cycle); childcare policies to foster women's participation in the labour market and the reduction of gender employment and pay gaps; and also to working conditions and sustainability of work as key elements of job quality that should not be overlooked.

Defining "quality of jobs" and making 'promoting job quality' a reality

Job quality has to be defined in the EU, even if it is a multi-dimensional concept and an agreed European definition remains difficult to achieve. At the international level, the ILO has defined the concept of 'Decent Work' as 'work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men'. While no such comprehensive definition can be found at European level, the European Employment Strategy (EES) nevertheless contains an overarching objective of 'promoting job quality'.

Just as monitoring the quantity of jobs provides important information about the state of the European economy, the ability to monitor the quality of jobs would also permit an assessment of how the economy is functioning and identify and correct potential weaknesses. It is therefore important to have an agreed understanding at European level of what we mean when we speak of 'quality jobs' and the ability to evaluate progress in that respect.

For workers job security and good pay are overwhelmingly the main criteria for a good job. It is clear, from a trade union perspective, that the key elements for determining whether a worker has a quality job must include: fair wages that allow a decent standard of living and take account of skills and competences, proper working conditions including adequate working time and the ability to reconcile this with their private lives, health and safety protection at work, access to training, skills development and lifelong learning,

³ "Defining, Measuring and Assessing Job Quality and its Links to Labour Market Performance and Well-Being" [VS/2013/0180 (SI2.666737)]

⁴ Chapter 3: The future of work in Europe: job quality and work organisation for a smart, sustainable and inclusive growth, *Employment and Social Developments in Europe 2014 (ESDE 2014)*
<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7736>

⁵ <http://www.ceps.eu/book/medium-term-employment-challenges>

employment security, collective representation and collective bargaining, non-discrimination and equality and access to social security.

Common indicators and measurable targets for job quality are needed, while recognising the limitations of a one size fits all approach. The issue is to identify which indicators are the most appropriate as the outcomes and results will be different depending on the indicators selected and the corresponding policy approach. Despite the complexities involved, various organisations have tried to develop or proposed indicators or methodologies for assessing job quality including Eurofound, the ETUI, OECD and the ILO.

At the European level work has also been done over the years on developing common indicators of quality of work, dating back to the Laeken indicators in 2001. Most recently, the Commission and the Employment Committee (EMCO) have worked on revising the European concept of quality of work. A streamlined or 'more focused' set of EU Quality of Work indicators has been agreed with EMCO based on four main dimensions: socioeconomic security; education and training; working conditions; and work-life balance and gender equality, which are in turn broken down into a number of sub-dimensions⁶.

While the work carried out by the Commission and EMCO is useful and should contribute to improved analysis, further reflection will need to be given to whether the current European concept needs to be further developed. The ETUC will, with the support of the ETUI, work on developing a position on the dimensions of job quality and relevant indicators. It will also continue to press the Commission to mainstream the objective of quality employment in all aspects of EU policy-making.

Job quality should be at the centre of the governance process.

The challenge, however, remains how to transform the analysis into concrete action that will lead to better quality jobs in Europe. Promoting job quality is currently a clear objective of the European Employment Strategy, expressly stated in Guideline 7 of the 2010 Employment Guidelines. However, it is apparent that, instead of being taken into account as part of the economic priorities, this objective has fallen victim to the current economic policy framework and the choices of most governments. The situation is now even more critical as this objective has been deleted from the Commission's proposal for the new Employment Guidelines published on 2 March 2015⁷.

The ETUC welcomes the 9 March EPSCO Council Conclusions on Inclusive Labour Markets which stress that job quality has a particularly important role to play. Additionally, the EPSCO Council Conclusions (also 9 March) on the Annual Growth Survey and the Joint Employment Report 2015 also state that 'supporting quality job creation' is an important orientation in the field of employment and social policies. The ETUC will insist that the new Guidelines follow the same approach and maintain the objective of promoting job quality.

The Annual Growth Survey has consistently failed to pay sufficient attention to the quality dimension, when setting out the EU's priorities for economic policy coordination within the European Semester. The AGS 2015 calls for a renewed commitment to structural reforms including weakening of employment protection rules and institutions. Furthermore, the Commission maintains the same policy of intervention on wages and collective bargaining where it has no competences, in violation of the EU Treaty. The ETUC urges policy makers to stop the policies of undermining wages, collective bargaining and social protection rights. A new approach to reforms is needed, focusing instead on investing in people.

⁶ See Chapter 3, Annex 1, ESDE 2014 <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7736>

⁷ 2015 Commission proposal for new guidelines for the employment policies of the Member States : http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index_en.htm

While some piecemeal efforts have been made to address some aspects of job quality in some country specific recommendations, the AGS, national reform programmes and CSRs need to take account of this analysis in a more systematic manner. There is currently a failure to make the proper link between the impact of the policies promoted for example regarding wages, collective bargaining and on structural reforms of the labour market and the impact on job quality.

The EMCO job quality indicators should be used to evaluate the impact of structural reforms on work and jobs quality. Social partners should be fully involved in this process. Any reform programme should be evaluated ex ante in relation to its social consequences, notably its impact on job quality, as promised by the Commission President. This should be an integral part of the preparation of the NRPs and CSRs.

The economic governance has to be reformed to take into account social developments, and to be consistent with the Europe 2020 goals. A strengthened governance process should help institutions (governments, the Commission) to be more responsive to the labour market transformation. Its instruments need to be adapted in order to allow early detection of change and elaboration of rapid responses.

It is essential, in the European context, to improve the coherence between budgetary, economic, social and employment policies. Better coordination between the Europe 2020 Strategy and other European policies could be achieved by placing the objectives of the Strategy on an equal footing with the economic ones, to which they are clearly now subordinate, within the European Semester.