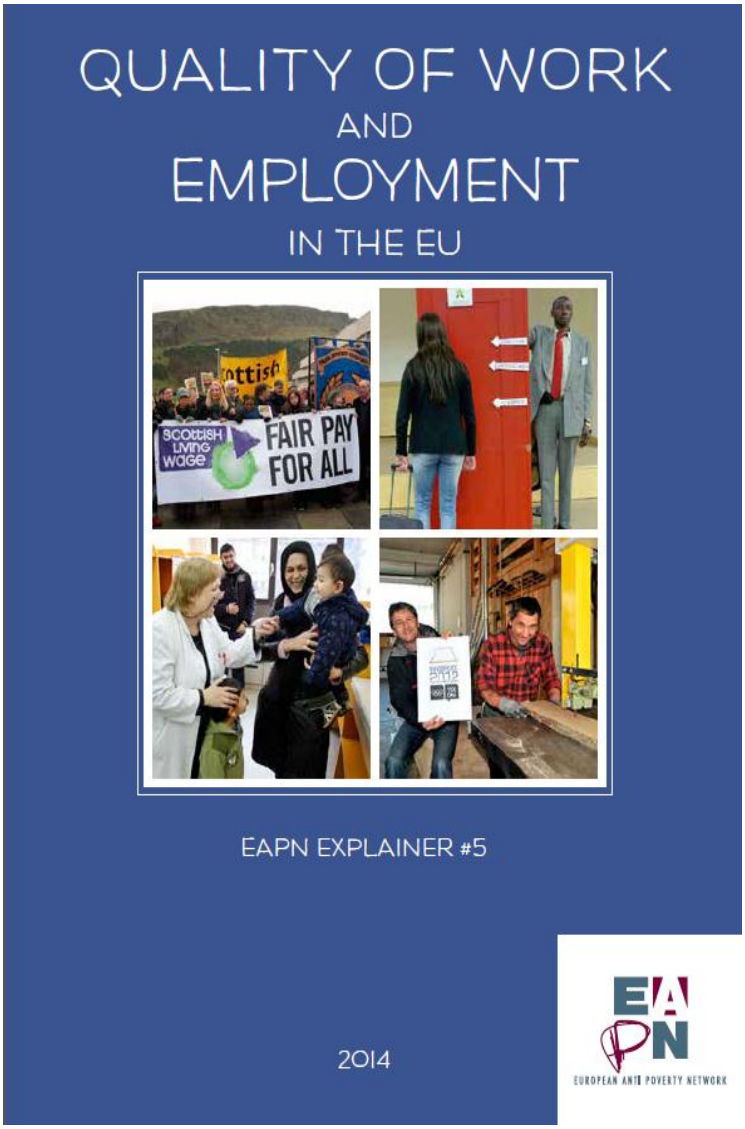
QUALITY OF WORK AND EMPLOYMENT IN THE EU

EAPN EXPLAINER #5
2014

SUMMARY



What is the Explainer about?

Employment holds a double value in our societies: it is an economic resource, and a vehicle for inclusion and integration, for breaking isolation and providing people with the necessary income to live.

This Explainer will look at the second aspect, attempting to map **how (and whether) quality of work** (understood as the intrinsic quality of a specific job) **and employment** (understood as the quality of one's engagement with the labour market throughout the lifecycle) **are defined** in different countries across the EU, by Governments, social partners (trade unions and employers' organisations), people experiencing poverty, and international organisations, including the European Union.

This Explainer draws on four years' of work by EAPN's National Networks and European Organizations. It discusses the concept of inclusive labour markets, it considers the role of activation policies, and it refers to the **impact and consequences of poor quality of work and employment on poverty and social exclusion,** on the nature of labour markets, and on society as a whole.

The role of the European Union is clearly outlined, and the booklet ends with **ways forward for EU and national policy making** as well as with EAPN's own list of criteria for what constitutes quality of work and employment.

Defining quality of work

Various definitions used at national and international level are reviewed. The Explainer concludes that the concept is not clearly defined by Governments, although elements do exist scattered through existing legislation.

There is no consistent, comprehensive framework for quality at national level, and such a framework is not applied uniformly and systematically to employment policies.

EAPN's assessment of the National Reform Programmes in the framework of Europe 2020 backs these findings. For social partners, trade unions voice support for quality jobs, but don't always define it in a clear-cut way. Employers' organizations do not share this concern.

The European Union enshrines relevant principles in Articles 3, 6 and 15 of the Treaty, and has attempted since 2001 (in the "Laeken criteria") to define quality of work. Currently, Guidelines 7 and 8, which underpin the Europe 2020 Strategy, speak explicitly of job quality, without defining it. It is not clear if the Joint Assessment Framework of Europe 2020 actually takes job quality into account, as mixed signals are transmitted by the European Union through the Annual Growth Survey and the Country-Specific Recommendations.

For example, there are references to combating segmentation of the labour market and to in-work poverty, but there are other calls to freeze wage indexation and further liberalize labour markets.

The main statistical sources for measuring quality of work and employment in the European Union are the Labour Force Survey (LFS), the Survey on Income and Living Conditions (SILC), and the European Working Conditions Survey (EWCS) by Eurofound.

The Explainer also reviews definitions by other international organisations, such as the International Labour Organization, the Council of Europe, and the United Nations.

Defining quality of employment

EAPN supports the concept of inclusive labour markets, as defined by the Active Inclusion Recommendation, as an adequate embodiment of quality of employment. This includes the extent to which transitions (from education to employment, between jobs, including adequacy of social protection schemes, and from employment to retirement) are supported and avoid poverty traps.

While a number of European-level documents endorse this approach, it is not adequately implemented and prioritised in practice. National activation practices are often negative (punitive approaches, harsh conditionality, sanctions) rather than positive (supporting people holistically towards quality jobs).

In the absence of a clear framework of what constitutes a quality job, people are activated as in a numbers' game, and forced to accept any job offered, even of poor quality, or face loss of benefits or other sanctions.

Discrimination is widespread in the workplace, and it is a barrier to access to employment, yet it is not prioritised by Governments.

Having frameworks in place is not enough – implementation is crucial, and mainstreaming of quality and dignity through the policy cycle is key.

The link between quality work and employment and poverty

As paid employment continues to be the main source of income for most people, low-quality jobs lead to a person experiencing poverty despite holding a job. The "working poor" are one quarter of all people experiencing poverty in the European Union. Low wages, often below the poverty line, are inadequate to support a life in dignity.

People earning a low wage may resort to overtime or second and third jobs; this can have a negative effect on well-being and work-life balance, with consequences for individuals and their families and communities.

Poor wages also imply poor housing conditions, insecurity, poor physical and mental health and worse access to health (services, exams, medications, and treatments), deep material deprivation, and lack of job satisfaction.

In families experiencing in-work poverty, the incidence of school failure and early school leaving, as well as domestic violence, becomes significant. EAPN National Networks strongly

highlight the need to raise the national minimum wage (in Member States where it exists) or extend the scope of collective wage agreements, in order to increase workers' disposable income.

Providing tax credits (which act as income top-ups for low incomes) and combining social assistance with low wages are important, yet care must be taken that this does not encourage and perpetuate a culture of low wages among employers.

Due to a "revolving door" between periods of unemployment and work, access to secure employment is becoming more difficult, especially for vulnerable groups.

Precarious forms of work and employment are frequently associated with low wages and instability of income, uncertainty about the future, increased difficulties to access social protection, increased flexibility in working time, reduced access to life-long learning and promotions, low or no access to maternity leave and other work/life balance measures.

Decent wages, lasting contracts, and adequate employment rights are central to secure income, because they are closely linked to entitlement to social security protection, including unemployment benefits and pension.

Many benefits are contributory – entitlement and amount are conditioned upon length of time in paid employment and level of pay (as the contributions are proportionate to wages).

For individuals, low quality work and employment often mean low wages and uncertainty, which produce inability to plan, stress and frequent transition periods, and a toll taken on the person's physical and mental health.

For families, it means increased difficulty in relationships, harder reconciliation between professional and private life, and increased pressure to achieve an income adequate to family needs.

For communities, concentrations of households with low purchasing power can threaten the dynamics of local economies and the satisfaction of common needs, as people have less time and resources to be socially and politically engaged and to be active citizens.

For society as a whole, low quality jobs signal the weakening of the middle class.

For the state, low quality jobs and employment mean a shrinking tax base, undermining social protection systems and public service provision, eroding the social model and the state's capacity to fulfill its obligations towards its citizens.

The role of the European Union

The European Union disposes of both "hard" and "soft" instruments to promote quality work employment and work in Member States.

Moreover, the EU exercises extensive competences in aligning macroeconomic processes, which have a direct and often severe impact on the quality of work and employment, thus endangering safeguards against poverty, and increasing social and professional exclusion.

Although quality is explicitly mentioned as an objective, implementation is weak. The absence of clear quality indicators (or the unwillingness to implement what is already there) further inhibits implementation.

The economic crisis and the austerity policy responses have caused job destruction and subsequent very high unemployment across much of Europe. The situation also placed quality of work and employment under great threat.

Attacks on job quality are supported by recent high-profile European Union strategy embodied in the "Two-Pack", "Six-Pack", the "Compact for Growth and Jobs", and the "Pact for the Euro", which prioritize fiscal consolidation, falling hardest on poorer people.

EAPN's reports show that the Country-Specific Recommendations, in the context of Europe 2020, also exert negative pressure.

The European Union is heavily involved in emergency financial assistance to Member States in "excessive deficit", requiring, in exchange, cuts in public sector wages and jobs, weakening of collective bargaining and trade union power, adjustment of statutory minimum wages, and increased flexibility on the labour market, coupled with a reduction of employment rights and protection.

Recommendations for the European Union

1. Set common standards on employment rights. Ensure that the renewed concept and indicators for quality of work and employment, developed by the European Commission and the Employment Committee, take into account all relevant quality dimensions discussed in this Explainer, and use them to update the Joint Assessment Framework and Employment Performance Monitor indicators.

2. Implement the framework. Apply and mainstream these common standards in the processes of monitoring and multilateral surveillance of implementation, together with support for Inclusive Labour Markets, through the assessment of the National Reform Programmes in the European Semester, particularly through the Annual Growth Survey (and the Joint Employment Report) and strong Country-Specific Recommendations.

3. Adequately define the employment target. In the framework of the upcoming mid-term review of Europe 2020, revise the Eurostat definition of employment which underpins the employment headline target; at present one hour of paid work counts as in work!

4. Pursue coherence in policy-making. Ensure that the balance between social and economic priorities is respected and adequately reflects the Treaty provision, by supporting a strong social dimension of the European and Monetary Union on equal footing with economic concerns, and by reinstating the social targets of Europe 2020 as priorities of the European Semester, alongside convergence and stability objectives.

5. Don't leave "bail-out" states behind. The European Commission is ideally placed to safeguard quality of work and employment in the negotiations of the Memoranda of Understanding with countries receiving financial assistance, as well as to monitor progress towards the social targets of Europe 2020 by including these countries in the National Reform Programmes and Country-Specific Recommendation processes.

6. Promote decent wages. Reverse the current European trend of decoupling wages from inflation; support adequate wages that allow people to live in dignity and support progress towards an EU framework on adequate minimum wages, while respecting collective bargaining agreements and national wage-setting mechanisms.

7. Fight in-work poverty. Produce a Green Paper for combating "in-work" poverty, to be discussed and built upon with stakeholders beyond the social partners, including people experiencing poverty, jobseekers and their organisations, and aim to develop it into a comprehensive EU strategy against in-work poverty.

8. Back quality research and exchanges. Support quality of work and employment as a key theme of multilateral surveillance and the mutual learning programme on employment, through country and thematic peer reviews, and carry out research on the costs and benefits of better and worse quality of work and employment.

9. Promote inclusive governance and democracy. Meaningfully associate stakeholders beyond the social partners, including people experiencing poverty and the unemployed, and the civil society organisations representing them, in the design, implementation and monitoring of employment policies, to ensure quality and democratic accountability, at both the national and the EU level – such as though the NRPs and CSRs.

10. Promote a targeted approach of Structural Funds, (especially the European Social Fund) to support the quality employment and work agenda. The European Social Fund can play a key role for investing in people and ensuring education, training and work opportunities, for people who have missed out on formal education opportunities and found themselves at great disadvantage in finding decent work. Member States should be required to use the European Social Fund in a consistent and integrated way to design, implement and evaluate employment and work policies, which are inclusive and integrated.

Recommendations for Member States

1. Start from a rights-based approach

As indicated in Section 1 of this Explainer, Governments have signed up to a number of international commitments on the right to decent, sustainable employment and on safeguarding crucial employment rights. This rights-based framework should be the starting point when articulating employment policy at a national level.

2. Give political visibility to quality

At the moment, Government discourse is seldom concerned with quality, when solving unemployment at all costs is paramount, and little attention is paid to what kind of jobs are offered, and how people are stimulated to take them up. Governments should support research to prove the added-value of quality of work and employment, coupled with a real prioritization of the quality dimension in employment policy-making.

3. Develop quality frameworks

Quality is, arguably, a subjective notion, and relativism can lead to unstable, insecure, low-quality jobs being interpreted as "suitable". In the absence of a unified European quality framework, and in order to build up to it, Governments must develop self-standing, integrated national quality frameworks, starting by pulling together elements currently scattered across different pieces of legislation. EAPN strongly recommends that all ten of its Principles of Quality Work are taken into account.

4. Ensure that minimum wages are living wages

7 out of 28 Member States do not have a statutory minimum wage in place. In the other 21 countries, minimum wages are often not "living" wages; they are insufficient for, and incompatible with, a dignified life. Wage inequality is also the main component of income inequality. Governments must take steps to ensure adequate national minimum wages, following a positive hierarchy, which first sets benefits such as minimum income at a level above the poverty line, and then sets wages to support incentives to work.

5. Stop precariousness

Short-term contracts, atypical forms of employment and precarious jobs are on the rise, with severe prejudicial effects for the individual, the economy and society. The expansion and enforcement of employment rights, including duration of contracts, labour market flexibility, hiring and firing policies and coherent employment and social protection are badly needed to ensure social and economic cohesion, and to prevent poverty and social exclusion.

6. Support positive activation practices

Current punitive approaches have proved unsuccessful in getting people into sustainable jobs, but they have increased poverty, social exclusion, marginalization and hardship. It is time to shift to a supportive approach, which focuses on individual, tailored pathways towards employment and inclusive, providing holistic support and integrated services and fighting discrimination, as part of an integrated Active Inclusion approach. Better staffing and training for Public Employment Services, as well as the setting of qualitative targets alongside quantitative ones, are crucial elements.

7. Combat in-work poverty

Not all jobs constitute a real route out of poverty. Pushing people into low-quality, unsustainable jobs, increases their chances of experiencing hardship and deprivation. Develop national strategies to combat in-work poverty, through raising the quality of jobs and employment overall, as part of a more comprehensive, over-arching national anti-poverty strategy, anchored in integrated active inclusion approaches.

8. Safeguard employment rights

This Explainer shows that employment protection is being reduced in much of Europe, with negative consequences for people, communities, the economy, and society. National legislation should enshrine employment rights, including the links with social protection systems, and should respect and encourage collective bargaining practices and social, as well as civil, dialogue.

9.Prioritise the inclusive function of employment

Aside from its economic role, employment should be a vehicle for better personal, social and societal inclusion and a means of contributing meaningfully and in a rewarding way. Governments must take the necessary steps to ensure no discrimination, support for vulnerable groups, adequate reconciliation between private and professional life, equal access to quality education and training opportunities, as well as a just progression into employment and job satisfaction.

10. Embed meaningful participation

Employment policies, if they are to foster quality and sustainability for jobs and employment, need to be deeply rooted in realities on the ground, and devise adequate responses, based on correct needs assessment. For this purpose, the ongoing involvement of stakeholders, including people experiencing poverty and the unemployed, and their civil society organizations, alongside social partners, is indispensable.

EAPN's 10 Principles on Quality Work

EAPN believes that people have the right to a job which:

1. Provides adequate / living wages. This needs to build on a positive hierarchy, which includes adequate minimum income as reference point (at least at the level of the poverty line). Poverty traps must be avoided and transitions supported.

2. Provides a sustainable contract and adequate employment rights, ensuring protection against arbitrary dismissal and adequate severance pay, so as to fight the increased precariousness and segmentation of the labour market.

3. Entitles the worker to appropriate social security protection, such as health insurance, paid holidays, unemployment benefits, pension rights, etc, and provides for the cross-border portability of these rights.

4. Ensures quality working conditions and working environment. This includes the implementation of health and safety provisions, adapted working environments for key groups, reasonable working time and shift arrangements - particularly regarding low-skilled jobs.

5. Allows for the reconciliation of private and professional life, including by providing opportunities for flexible working time arrangements.

6. Respects the right to participate in collective bargaining and social dialogue, for workers to have a say in changes of policy and practice that affect them, and to ensure meaningful participation and transparency in governance.

7. Protects the worker against discrimination on all grounds, both in obtaining a job as well as at the work place, fighting against the ethnic and gender pay gap and other inequalities.

8. Guarantees access to training and personal development, building upon and valorizing existing skills, and providing workers with opportunities to further develop their personal and professional competences, as well as soft skills.

9. Allows for progression in work and features opportunities for advancement.

10. Nurtures job satisfaction, as an essential component of people's well being.

EAPN holds these principles as valid for any kind of job, regardless of the type of contractual arrangement, as well as for protected or intermediate labour market workshops, social economy and work integration social enterprises (WISEs), and for all sectors of activity.