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PANEL DISCUSSION: “QUALITY OF WORK AND EMPLOYMENT: CURRENT CHALLENGES”, EUROFOUND CONFERENCE

Cluster: Improving working conditions, quality of work and employment: a renewed policy recommendation and the driving forces to make it happen

Could Europe 2020 succeed without an agenda on quality of work and employment?

- Europe 2020 is a crucial strategy and we all need to do our best to implement it. One of the targets at the EU level is to achieve an employment rate of 75%. Looking at the unemployment across the EU today, this will be a huge challenge. It will require the creation of 17.6 million new jobs. So, undeniably, the main task for the EU in the coming years is to achieve a stable economic recovery and job creation.
- The success of Europe 2020 will depend to a large extent on actions taken at national level. Especially in the area of employment policies, a lot is in hands of Member States. For sure, Europe 2020 would not succeed if Member States failed to undertake necessary reforms of labour markets and social protection systems. This should be the top priority.
- Do we need an agenda on quality of work for Europe 2020 to succeed? It is worth keeping in mind that there are many factors determining how satisfied people feel about their work: job content, degree of responsibility, pay, skills development, work-life balance, to name but a few. Thus, policies that companies implement to improve quality of work always need to be adapted to their specific circumstances. At the EU and national levels, we should avoid being too prescriptive. We should focus on creating framework conditions that are likely to boost productivity and improve working conditions, such as encouraging innovation, skills development, mobility, and entrepreneurship.

Can improving the quality of work have an impact on labour market participation? Can it create jobs?

- Job creation in the coming years will depend first and foremost on the EU capacity to restore fiscal stability and to foster policies improving global competitiveness of EU companies and stimulating private investment. We have also a lot of work ahead to improve the functioning of our labour markets. These are preconditions to create more and better jobs in Europe in the future.
- Obviously, more jobs and higher labour market participation can go hand in hand with improving quality of work. Here, I would like to mention the benefits of flexible work contracts such as part-time work, fixed-term work or telework. It is encouraging to see in the European Working Conditions Survey that over 80% of workers are satisfied with their work-life balance, and that availability of flexible work options contributes to this high level of satisfaction. For companies, availability of flexible contractual arrangements is essential to adjust to workload fluctuations



and for efficient work organisation. It also makes it possible for companies to create more jobs: for example, EUROCIETT, the European Confederation of Private Employment Agencies, has calculated that 80% of the jobs created by agency work would not have existed if agency work was not an option.

- Secondly, let me touch upon the problem of skills. It is important that education and training systems equip people – especially young people - with the right skills so that they can integrate smoothly into the world of work and find productive, fulfilling jobs. On one hand, employers find it increasingly difficult to find skilled employees (*there are about 2 million unfilled vacancies across the EU*). On the other hand, some employees do jobs which they feel are below their qualifications (*The EWCS shows that over 30 % of employees think they could cope with more demanding tasks*). Better alignment of education with labour market needs will help to prevent both problems, and will surely lead to creation of more and better jobs and to higher labour market participation.
- At the same time, it is important to keep in mind that calls for improved quality of work which disregard economic reality can have detrimental effects on job creation. Let me here mention the issue of pay. In some Member States, wage demands in the past years have been excessive and disregarded productivity and competitiveness considerations. This led to lower exports, slower growth and unemployment. Some economies must be rebalanced now and pay cuts are sometimes necessary if we are to achieve prosperity in a longer-term. And in the future it is important to ensure that wage growth always corresponds to productivity improvements.

Cluster: From policy orientation to implementation

One of the latest conclusions of the EPSCO Council meeting (17 February 2012) emphasizes the importance of a return to economic growth “*with more and better jobs, including good working conditions*”. How should social partners implement this latest EPSCO Council recommendation?

- Social partners at the EU and national levels will have an important role to play in implementing the recent EPSCO Council recommendation, which called on Member States to increase efforts to build conditions for more and better jobs.
- Actions at national level are crucial. A number of Member States have recently embarked on a path of deep structural reforms of their labour markets. A constructive social dialogue can facilitate the adoption and implementation of these reforms. These are not easy discussions and they are a test of responsibility of social partners.
- At the same time, EPSCO Council recommendation is very much in line with what BUSINESSEUROPE and other EU social partners agreed to work on in our joint programme for 2012-2014. We decided to negotiate a framework of actions on youth employment and an in-depth employment analysis. Our objective is to contribute to employment growth.

In your experience which instruments worked, at different levels leading to effective action and to win-win situations? Examples might include legislation,

agreements between the social partners, financial incentives, good practices examples etc.

- Firstly, let me mention joint labour market analysis agreed by EU social partners in 2007. Together with ETUC we identified key challenges for European labour markets. We highlighted the need for labour market reforms in line with the flexicurity principles, accompanied by sound macroeconomic policies, favourable business environment, adequate financial resources and the provision of good working conditions. Those countries which have adopted reforms in time are today in a much stronger position. And the majority of European countries where reform implementation has been so far insufficient should not wait any longer.
- The European social partners have done a lot of work on issues affecting quality of work, for example on work-life balance. In 1995, we negotiated a framework agreement on parental leave. We have promoted flexible forms of work through the framework agreements on part-time work in 1997, fixed-term work in 1999 and telework in 2002, and we have adopted a framework of actions on gender equality in 2005. These instruments contributed to job creation and higher quality of work.

Cluster: Mainstreaming the work dimension into other European policies

The analysis of working conditions in Europe suggests that a stronger integration of work and quality of work in the setting of EU policy agendas would be beneficial.

Which policy areas should be looked as being a priority: industrial policy, fiscal policies?

- By all means EU must avoid measures which hamper prospects for economic growth and job creation. This is relevant to different policy areas: industrial, fiscal, environmental, and social, to give some examples.
- In fact, progress in this respect is being made:
 - o As part of the Impact Assessment process the Commission already evaluates how proposed policy measures may affect employment. Impact Assessments are useful tools to inform policy debate and the existing framework should always be applied.
 - o Moreover, the Council and the Parliament have been requested by President Barroso to fast-track measures with the greatest positive impact on growth and jobs. This is a useful approach.

Are there pitfalls to such an approach? And how can they be avoided?

- When speaking about employment dimension of different policies it is important to keep in mind possible trade-offs between short-term and long-term consequences. Take fiscal consolidation for example. It is true that fiscal consolidation measures undertaken across the EU may have negative impact on jobs in a short-term. But sound macroeconomic policies are necessary for Europe to regain stability, restart to grow and create more and better jobs in a longer term.



- Another point is about context – it's usually an interaction of different policies that matters. For example, knowing that consolidation measures may negatively affect employment in a short term, it is crucial to simultaneously put in place efficient growth-enhancing strategies to support job creation.
- It is also important not to lose focus. In contrast to “employment level” which is a straightforward and easily quantifiable concept, the notion of “quality of work” is a broad one. It is not easy to define objective indicators of “quality of work” as different people have different preferences, ambitions and needs. So, we should avoid being too prescriptive at the EU level and we need to leave necessary flexibility for companies and employees to devise measures to improve working conditions best adapted to their economic circumstances and needs.

Cluster: Sustainable and inclusive work: what are we talking about?

In order to reach the objectives of a sustainable and inclusive work we will have to combine a set of complementary actions, what should these actions be?

- On sustainable work:
 - I mentioned the initial skills issue – education should better equip people with skills that are looked for by employers. This is crucial. Moreover, adequate life-long learning policies need to be put in place, to keep the skills of people at work up-to-date and facilitate professional mobility.
 - Wider use of flexible work arrangements can help more people to access employment opportunities and to keep workers in employment longer.
 - Finally, social protection systems should be adjusted so that they motivate people to remain professionally active as long as they are able to do so.
- On inclusive labour markets:
 - EU social partners addressed this issue in detail and negotiated a framework agreement on inclusive labour markets in 2010. This agreement contains a comprehensive list of actions and recommendations.
 - We have agreed for example that efficiency and effectiveness of employment and career advice services need to be further increased. To that end, the potential of public-private cooperation in this field should be fully exploited. Moreover, taxation and benefit systems should encourage more people to work. According to Eurostat, the average tax wedge for people with low earnings still reaches almost 40% in the EU. In Belgium it is almost 50% while in the US it is only 27%. High tax wedges make it unaffordable for companies to take on workers, and are a disincentive for the unemployed to start work.