3. HAS THE LISBON STRATEGY CONTRIBUTED TO MORE AND BETTER JOBS?

The European Employment Strategy (EES) – a key component of the Lisbon Strategy – was launched at the Amsterdam European Council in June 1997. The Amsterdam Treaty obliged member states to develop a coordinated strategy for improved employment outcomes. It created the framework for a country surveillance procedure by way of common employment guidelines on the basis of which member states were expected to develop individual National Reform Programmes. The sole competence for employment policies remains with the member states but the position of the Council and the European Commission, as well as of the European social partners, in regard to influencing and shaping member states' employment policies has been strengthened considerably.

The Lisbon European Council held in March 2000 formulated the strategic goal of becoming 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'.

In regard to the goal of creating 'more jobs', the following quantitative targets – to be reached by 2010 – were set: raise the overall EU employment rate to 70%; increase the number of women in employment to more than 60%; and increase the employment rate of older persons (55-64) to 50%. The targets formulated within the EES for the other two employment-related goals, i.e. 'better jobs' and 'social cohesion', were less clear-cut. The Laeken Summit in December 2001 adopted a variety of indicators relating to quality of work (or rather quality in employment) which also covered the dimension of social cohesion (compare European Commission 2001). Insofar as they cover aspects including, for example, employment, unemployment, education and childcare, the Laeken indicators go well beyond the issue of job quality, while at the same time, since they were inevitably the result of compromise, they disregard important dimensions of job quality such as wages.

This chapter will consider the extent to which the EES, as a component of the Lisbon Strategy, has in the last ten years led to developments towards more and better jobs and towards greater social cohesion in the countries of Europe. Some evidence will be provided in relation to the question of whether more and better jobs do indeed go hand in hand or whether employment growth has, in actual fact, come at the expense of job quality.

In order to measure the dimension of 'more jobs', standard indicators from the European labour force survey (LFS) are used (employment and unemployment rates, part-time and temporary employment shares). All 2008 data refer to the second quarter. In some cases annual averages (latest available data refers to 2007) are preferred, since they avoid seasonal distortions. Developments in employment rates are discussed with reference to the employment goals within the Lisbon Strategy. The Lisbon employment rate targets are targets for the EU as a whole but here they will be used also as benchmarks for single countries.

The dimension of 'better jobs' is discussed on the basis of a job quality indicator (JQI), recently developed by ETUI researchers, which is based on a mix of data sources. In contrast to the Laeken indicators, it strictly captures quality of jobs and thus allows a ranking, and thereby benchmarking, of countries (compare Leschke *et al.* 2008; Leschke and Watt 2008).

The dimension of social cohesion will be incorporated into the analysis by means of a breakdown of the statistical indicators by, for example, gender, educational level and age.

Themes

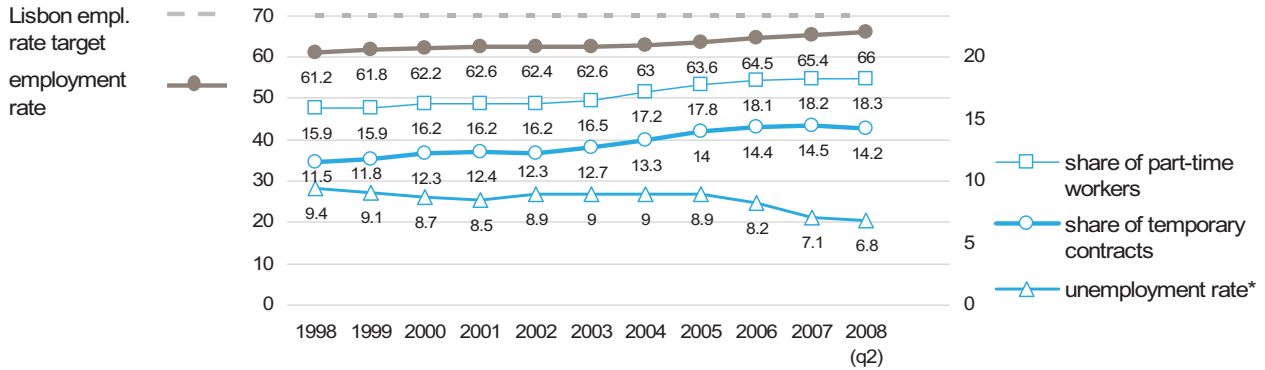
3.1. More jobs?

Labour market developments

The overall EU27 employment rate has increased by about 5 percentage points over the last ten years and in the second quarter of 2008 it stood at 66%. In 2007 overall employment had increased by 3.5 million people (European Commission 2008h). At the same time unemployment had, on average, declined steeply, having fallen to a low of 6.8% in 2008h (Figure 1). Increasing employment in Europe is mainly due to growth in female employment and employment of older people. In spite of these improvements, the intermediate Lisbon employment rate target of 67% – formulated for achievement by 2005 – has still not been reached and it is highly unlikely that the EU will succeed in achieving the 70% target by 2010.

Another problematic feature is that large portions of the employment growth were due to the creation of non-standard jobs, part-time employment having increased by more than two percentage points over the last ten years and temporary employment by almost three percentage points (compare Figure 3.1). As will be seen below, these forms of employment have been concentrated among specific labour market groups such as the low-skilled, women and youth.

Figure 3.1: Developments in employment and unemployment over the last 10 years (EU27)



Data source: Eurostat (2008b), annual averages. *Unemployment rates refer to EU25 for 1998-1999.

3.1. More jobs?

Developments in employment rates

Differences between European countries in terms of employment rate remain large. Eight countries (DK, DE, CY, NL, AT, FIN, SE, UK) had already achieved the 2010 overall employment rate goal of 70% in the second quarter of 2008, whereas four (IT, HU, MT, RO) still had employment rates below 60%. The difference between Malta, the country with the lowest total employment rate (55.2%), and Denmark, the country with the highest rate (78.4%), is 23 percentage points (not shown).

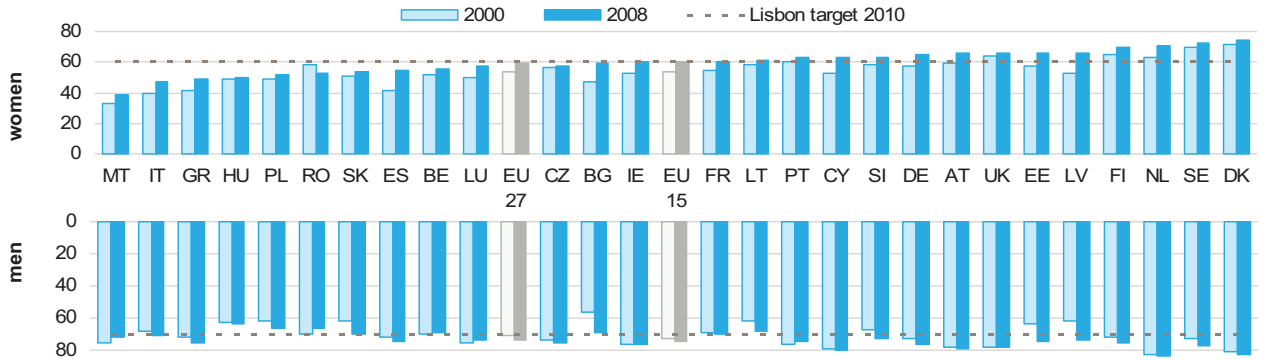
Substantial differences between men and women also continue to be found in all countries. A comparison of male and female employment rates on an EU27 average shows them to be still 14 percentage points apart, with Finland and Sweden displaying the smallest gender gaps in this respect, while the largest are to be found in Malta, Italy and Greece.

The specific Lisbon target for the female employment rate by 2010 is 60%. This target has already been exceeded by 15 countries, only six of which had employment rates of above 60% back in 2000 (compare Figure 3.2). Except for Romania where female employment rates have decreased substantially over the last eight years, growth in female employment has been seen in all countries, the EU27 average having increased from 53.6 to 59.1%. In nine countries female employment rates increased by more than seven percentage points over this time period, particularly large increases having been observed in Spain, Bulgaria, Cyprus, Estonia and Latvia. Seven of the twelve countries that have so far failed to achieve the 60% target are still more than five percentage points away from the 2010 target.

At the other extreme are to be found the Scandinavian countries and the Netherlands with employment rates of more than 70%. Denmark and Sweden, especially, have comparatively high childcare coverage rates for very small children and large in-work flexibility. The Netherlands makes extensive use of part-time employment (exercised in most cases by women and thus not gender-neutral). Finland guarantees childcare to those who need it but also has a so-called 'home care allowance' which has been criticised for keeping mothers of young children out of the labour market (compare OECD 2005:14). By allowing better reconciliation of work and family life, these measures support high female employment rates (for more information refer to OECD 2007). Meanwhile, two New Member States (NMS) – Estonia and Latvia – have caught up and are now among the group of best-performing countries. A comparison of employment rates of women between Malta (worst performer) and Denmark (best performer) yields a difference of about 36 percentage points.

While improvements in male employment rates have also been seen in the majority of countries, they are much less marked than among women (Figure 3.2). The EU27 average currently stands at 73%, 2.3 percentage points up from 2000. Eight countries have not yet reached the 70% threshold, Hungary with a male employment rate of 63.1% being the worst performer. At the other extreme, Denmark and the Netherlands have male employment rates of above 80%. Large increases in male employment rates have been achieved in three of the NMS, namely Latvia, Estonia and Bulgaria.

Figure 3.2: Development of employment by gender, 2000 and 2008 (% population 15-64)



Data source: Eurostat (2008b, 2nd quarter).

3.1. More jobs?

Developments in employment rates

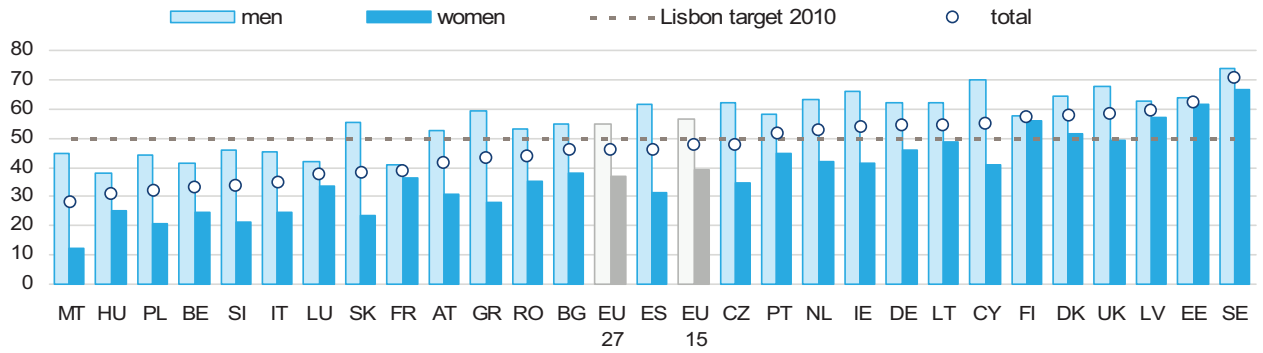
It is often thought that full-time-equivalent employment rates represent a better measure of employment than pure employment rates which do not take into account whether employment is exercised on a full-time or a part-time basis. The average full-time-equivalent employment rate in fact grew by only 1.7 percentage points between 2001 (first available year) and 2007 when the rate for women was a mere 49.8 % and that for men 70.4 percent (European Commission 2008h, statistical annex). Malta, once again, figures worst, displaying the largest gender gap (32.5% for women as against 72.8% for men). Only seven countries (SI, LT, SE, DK, LV, FI, EE) – a mix of NMS and Scandinavian countries – have full-time-equivalent employment rates of women of above 60 %. Nine countries (MT, IT, NL, LU, GR, BE, DE, ES, PL) – corporatist, southern European, and NMS – have full-time-equivalent employment rates of women of below 50% (not shown).

Three of the four countries with the highest female employment rates (Figure 3.2) are also placed close to the top in terms of full-time equivalents (Finland, Sweden and Denmark). The Netherlands, however, third-best performer in terms of female employmentrates, due to its huge share of part-time employment, is third-worst in full-time-equivalent terms for, according to this measurement, its score falls to 60.4%.

Besides women, older workers (here defined as 55-64 years) have also been on the European employment agenda in recent years. And indeed, the EU27 employment rate for this group, which stood at 44.7% in 2007 (yearly average), had increased by almost eight percentage points since the onset of the Lisbon Strategy in 2000, growth having been somewhat stronger among older women than among older men. In fact, during this period four countries (BG, LV, HU, SK) either doubled or close to doubled their employment rates for older women. Altogether, almost all countries saw improvements over this period, the only exceptions being Malta and Portugal, where employment rates remained more or less static, and Romania where they decreased.

Gender differences, while having decreased somewhat in recent years, are still pronounced. While older men on average have an employment rate of 55.1% (in the second quarter of 2008), older women have an average rate of only 37% (compare Figure 3.3). In Malta (with an excessively bad outcome), Poland, Slovenia, Slovakia and Greece, employment rates of older women are not even half as high as those of men. Gender differences also remain particularly great in Belgium, Italy, Austria, Spain, the Czech Republic and Cyprus. The best performers in terms of gender equality in the employment rates of older workers are Finland and Estonia, with Latvia and Sweden also doing rather well.

Figure 3.3: Older workers' employment rates by gender, 2008 (% population 55-64)



Data source: Eurostat (2008b, 2nd quarter). Note: Data for IE provisional.

3.1. More jobs?

Developments in employment rates

In the second quarter of 2008, the EU27 average for this indicator is, at 45.8%, still more than four percentage points below the 50% employment rate target of 2010. If individual countries are benchmarked on this target, it is seen that the majority of countries have not yet achieved it and that a large number of these are still more than ten percentage points short of doing so. The best performers again include the Scandinavian countries, as well as the UK and two NMS, Latvia and Estonia. Sweden has by far the highest employment rate of older people, with 70.4%, a level that is 42 percentage points above the worst performer, Malta.

The improvements in terms of labour market outcomes among older workers are in some cases attributable to reforms that limited the use of early retirement and increased the statutory retirement age especially – but not exclusively – of women. On the other hand, country differences in labour market outcomes among workers will be influenced not only by financial incentives to retire or stay in the labour market but also by the conditions and attractiveness of work as well as the willingness of employers to retain and employ older workers.

In this regard life-long learning to foster employability should play a primary role (for more information on the factors affecting older people's labour market situation, see European Commission 2007, chapter 2).

Another important issue in relation to employment rates is the strong relationship between employment outcomes and level of education. Almost everywhere the employment rates of people with tertiary education exceed 80%. While Hungary and Italy are exceptions in this respect, they do not fall very far short of this figure. At the same time, in 18 out of 27 countries the employment rates of those with the lowest educational level (pre-primary, primary and lower secondary education) remain below 50%. The two countries that fare best in integrating the low-skilled into employment are Denmark and Portugal, with employment rates among the low-skilled of 65% and 66.1% respectively. The EU27 average employment rate is around 48% for those with the lowest educational level, around 71% for those with upper secondary and post-secondary education, and 84% for those with tertiary education (not shown).

3.1. More jobs?

Development of unemployment

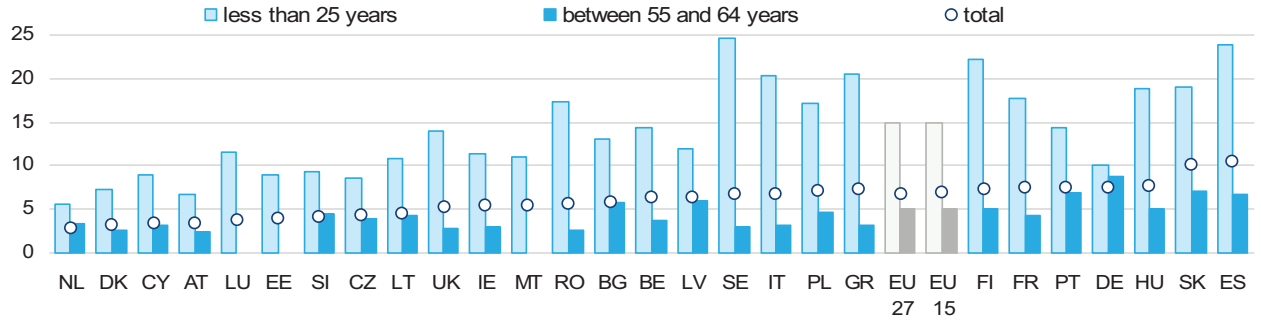
Unemployment rates declined, on average in the EU27, by about 1.6 percentage points between 2000 and 2007. In the second quarter of 2008 the EU27 unemployment rate was 6.8%. A number of NMS but also – albeit to a lesser degree – southern European countries saw large decreases in their unemployment rates over this period. In fact, the three Baltic countries and Bulgaria all more than halved their unemployment rates – all from very high levels. Lithuania currently has one of the lowest unemployment rates (4.3%), down from more than 16% in 2000 (not shown).

In spite of these developments, substantial differences in unemployment rates remain not only *between* but also *within* countries (e.g. youth, women, the low-skilled and migrants face a greater risk of unemployment in most countries, while large regional differences in unemployment rates are also to be found). In 21 countries unemployment is higher for women than for men – the EU27 averages are 6.4% for men and 7.3% for women. This particular gender gap is greatest by far in Greece with a difference of more than six percentage points but is substantial also in Italy and Luxembourg (not shown).

Figure 3.4 shows total unemployment rates by country as well as unemployment rates among youths and older workers. Unemployment rates among the working population as a whole range from 2.8% in the Netherlands to 10.8% in Spain. Six countries have unemployment rates at or below 4%, namely the Netherlands, Denmark, Cyprus, Austria, Luxembourg and Estonia. The group of countries which have unemployment rates of more than 7% is similarly mixed, encompassing Poland, Greece, Finland, France, Portugal, Germany, Hungary and – with rates of more than 10% – Slovakia and Spain.

While youth unemployment rates are usually considerably higher than overall unemployment rates, the opposite is true of unemployment rates among older workers. In all but four (LV, PT, SK and DE) countries, youth unemployment rates are at least double overall unemployment rates, and only in Germany are youth and overall unemployment rates relatively close. This exceptional situation is usually ascribed to the integrative function of the German dual education system which structures and thereby eases transitions from school to work (OECD 2006: 138ff.). The highest youth unemployment is recorded in Sweden, with a rate of 24.7%, followed by Spain, Finland, Greece and Italy (all with youth unemployment rates above 20%). The Swedish youth unemployment rate is more than triple the overall unemployment rate and has been rising fast since the beginning of the Lisbon Strategy. Even on the basis of the youth unemployment ratio – which is often thought to be more suitable for measuring the problem of youth unemployment insofar as it takes into account the fact that one country may have a smaller youth labour force than another due to a higher number of youth in education – Sweden remains the worst performer and well above the EU27 average (compare European Commission 2008h, statistical annex).

Figure 3.4: Unemployment rates of youth and elderly compared to overall unemployment rates, 2008 (% of labour force)



Data source: Eurostat (2008b, 2nd quarter). Note: Data on elderly provisional for IE and unreliable for SI. Data for elderly in LT refers to first quarter of 2008. Data for unemployed elderly missing for EE, LU and MT.

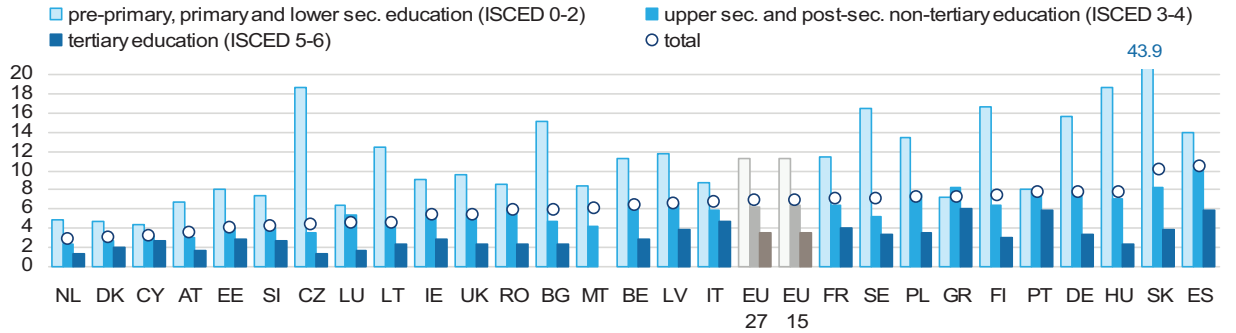
3.1. More jobs?

Development of unemployment

Examination of the Swedish case reveals that unemployment is particularly high among youths with poor schooling and those from an immigrant background, indicating problems in both the education system and the labour market. Furthermore, as the OECD (2008) has pointed out, the high minimum wages and compressed wage structure characteristic of Sweden may make labour market entry more difficult for young people. In an effort to alleviate the problem, the Swedish government has introduced a number of incentives to employers to employ young people. However, some of the measures in question run the risk of reinforcing dualism in the labour market (e.g. extension of the maximum duration of temporary contracts).

Figure 3.5 shows that high unemployment rates among the poorly educated are a general feature of European labour markets. In Greece alone do persons with a medium educational level stand a greater risk of being unemployed than those with the lowest educational outcome. All other countries display the typical pattern of decreasing unemployment rates with increasing education. On EU27 average this pattern translates into a current unemployment rate of 11.3% among those with the lowest educational attainment, 6.3% among those with medium educational levels and of the considerably lower rate of 3.6% among those with the highest level. Unemployment rates for those with only pre-primary, primary or lower secondary education are below 5% in Cyprus, Denmark and the Netherlands, which are also the best-performing countries in terms of overall unemployment. Seven countries (BG, DE, SE, FI, CZ, HU, SK), meanwhile, have unemployment rates of above 15% for this labour market group, as well as pronounced differences between the employment rates of those with the highest and those with the lowest educational attainment.

Figure 3.5: Unemployment rates by education level, 2008 (% of labour force in respective education group, 15-64)



Data source: Eurostat (2008b, 2nd quarter). Note: Data for IE provisional; data for EE, LT, MT, SI partly unreliable.

3.1. More jobs?

Part-time employment

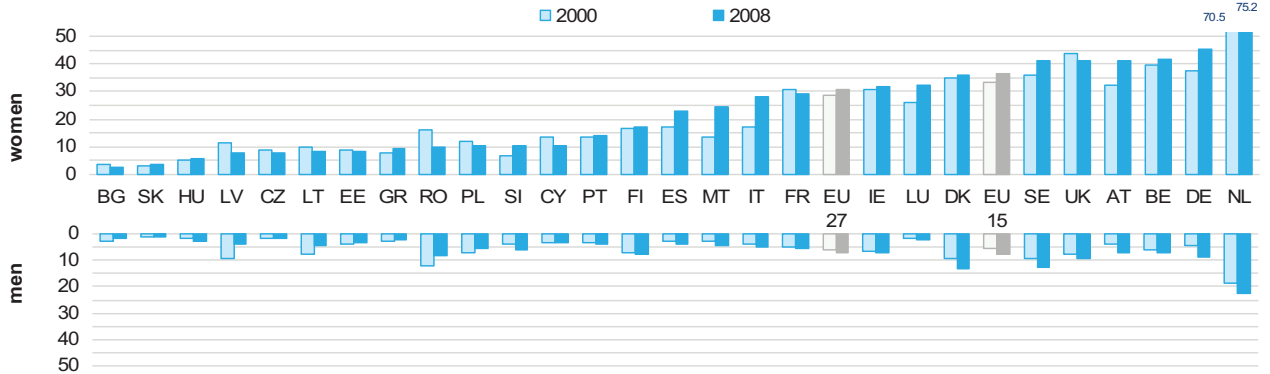
As could be seen from Figure 3.1, part-time and temporary employment (which includes fixed-term, seasonal employment, temporary agency work (without open-ended contract) and persons with specific training contracts) has increased in line with rising employment and falling unemployment.

The majority of countries have seen an increase in part-time employment shares, for both men and women, over the last ten years (Figure 3.6). The EU27 part-time share among women increased from 28.7% in 2000 (2nd quarter) to 30.7% in 2008 (2nd quarter). Among men the share increased by 1.2 percentage points to a level of 7.1% in the second quarter of 2008. Gender differences are thus still very substantial on this indicator.

Country differences are also substantial on this indicator. In 2008 six countries have part-time employment shares among women of more than 40% (continental European countries as well as the UK and Sweden), while nine have female part-time employment shares of less than 9% (NMS and Greece). Traditionally, the NMS, followed by southern European countries, have low part-time employment shares, whereas continental European countries and, to a lesser degree, Scandinavian and Anglo-Saxon countries display large part-time shares especially among women. With three quarters of women working part-time, the Netherlands has by far the highest part-time employment rate in Europe, this situation being attributable to a range of factors. As early as the 1980s, the Dutch social partners agreed on reductions of working hours as an instrument to redistribute employment and increase the flexibility of labour and it was at the same time that Dutch women started to enter the labour market in large numbers (Visser 2003, 141-143 and 154-157; Blázquez Cuesta and Ramos Martín 2007).

Furthermore, in contrast to many other countries, the Dutch social security system does not, for the most part, discriminate against part-time workers but applies pro rata insurance contributions in exchange for pro rata entitlements. The Netherlands also has the highest part-time employment share among men, above 20%; only two other countries – Sweden and Denmark – have male part-time rates in excess of 10%.

Figure 3.6: Development of part-time employment by gender, 2000 and 2008 (% population, 15-64)



Data source: Eurostat (2008b, 2nd quarter). Note: Data for IE provisional; data for BE, EE, HU, LU, MT, SK partly unreliable. Data for BG refers to 2001 not 2000 and data for France to 1st quarter of 2000.

3.1. More jobs?

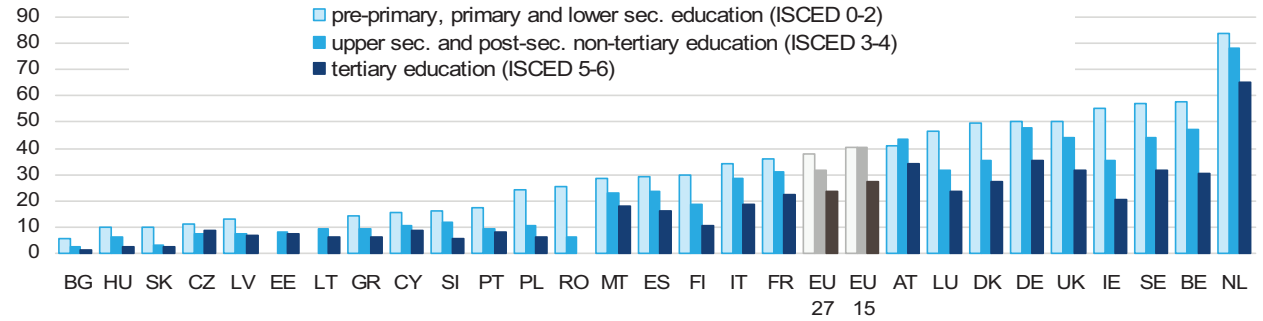
Part-time employment

In this regard, it is important to note that men usually work part-time for very different reasons than women and at different stages in their lives. Commonly, male part-time workers are young and in education, or else they are close to retirement and making use of phased retirement schemes (for Germany Hege 2005; for the Netherlands Visser 2002), while women part-time workers are often of prime age and combining part-time work with care or household activities in the absence of sufficient affordable childcare. This is confirmed for European countries by the labour force survey data on reasons for part-time work. About 60% of prime-age female part-timers state that they work part-time due to care responsibilities or other family or personal responsibilities (not shown). This cannot be regarded as chosen part-time employment but must rather be seen as highlighting deficiencies in social institutions (such as child- and elderly care) as well as entrenched social norms (a lack of male participation in care and household activities). Indeed, among prime-age male workers (only a very small share of part-timers), the most common reason given for working part-time is that they could not find a full-time job (43% as against about 20% among women part-timers). Only 14% of prime-age men work part-time due to care or other family or personal responsibilities.

Unfortunately, the LFS data no longer allows identification of chosen part-time employment since the response category 'did not want a full-time job' has been dropped.

Not only are the low-skilled more likely to be unemployed and less likely to be employed but also the lower is the educational level, the higher is the average rate of part-time employment. On the EU27 average 38% of women with at most lower- secondary education work part-time, the share among those with upper and post-secondary education being 32% and among those with tertiary education 23% (Figure 3.7).

Figure 3.7: Part-time employment by education level for women, 2008 (% of total employment in respective group, 15-64)



Data source: Eurostat (2008b, 2nd quarter). Note: Data for some countries unreliable or provisional.

3.1. More jobs?

Temporary employment

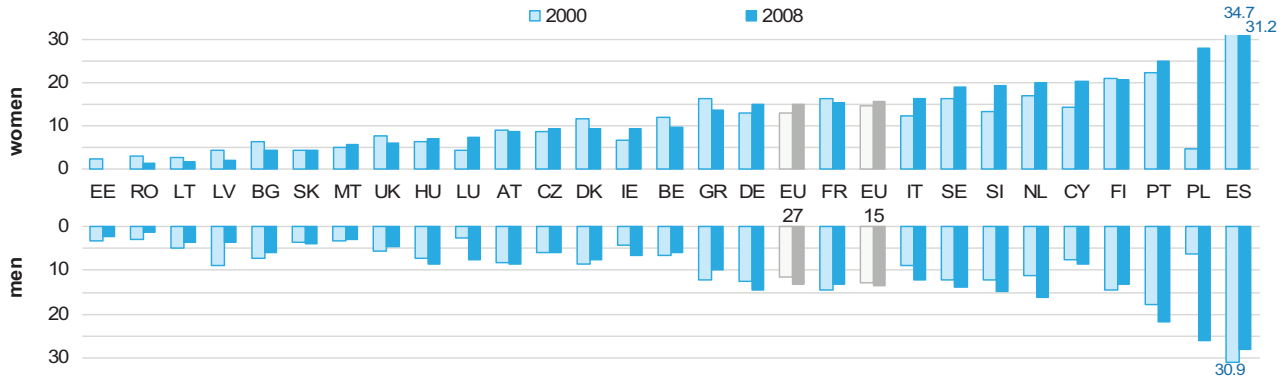
Figure 3.8 shows developments in temporary employment by gender for individual countries. Between 2000 and 2008 (second quarter in both cases) temporary employment among women increased, on an EU27 average, by 2.2 percentage points to the current level of 15.1%. On this indicator, gender differences are much less pronounced, although the share among men is somewhat lower at 13.3% – up 1.7 percentage points from 2000. Looking at country-specific developments, about one half of countries saw increases and one half decreases in temporary employment rates during the period in question. Large decreases (among either men, women or both) during this eight-year period were observed in Romania, Lithuania, Latvia, Bulgaria and Estonia – all countries that already had very low temporary employment rates in 2000. On the other hand, a number of countries with medium to high temporary employment rates in 2000 have experienced large increases over the last eight years, namely, Luxembourg, Ireland, Slovenia, the Netherlands, Cyprus and Poland. In general, NMS are more likely to have temporary employment rates below the EU average, with the notable exceptions of Slovenia, Cyprus and Poland. The UK and Ireland also have relatively low temporary employment rates. For the rest, no clear country pattern emerges. The highest total temporary employment shares – more than 18% – are recorded in the Netherlands, Portugal, Poland and Spain.

Country differences in terms of temporary employment can be explained, at least in part, by regulations in force for regular contracts and the relative differences in employment protection legislation between regular and temporary contracts. Employers in countries where the regulation of permanent jobs is relatively lax will have fewer incentives to make use of temporary contracts. Stricter rules applicable to permanent contracts, on the other hand, may tend to increase the incidence of temporary work and to limit the extent to which temporary contracts will be converted into permanent ones (OECD 2004: 61-125).

Temporary employment rates have long been highest in Spain where the liberalisation of this employment form in the 1980s, coupled with strict protection of workers with regular contracts, has led to a situation in which temporary employment accounts for most employment growth. For a number of years the Spanish government has been trying to counter these developments by relaxing employment protection legislation on permanent contracts and offering incentives to firms to turn temporary contracts into open-ended ones – and indeed, over the eight-year period considered here, we see a decrease in this respect of 3.5 percentage points for women and 2.9 percentage points for men.

Some countries (MT, CZ, BE, CY, FI) have large gender differences – usually in favour of men. Lithuania and Latvia have considerably higher temporary employment shares for men but at a very low general level.

Figure 3.8: Development of temporary employment by gender, 2000 and 2008 (% population, 15-64)



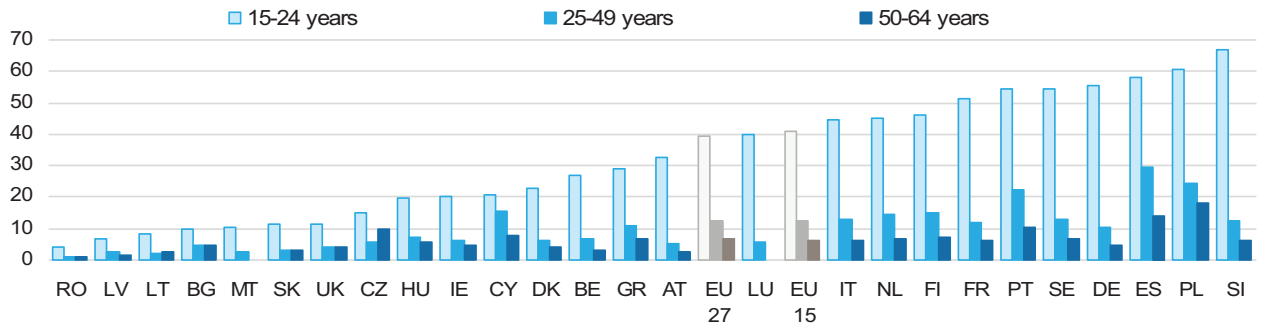
Data source: Eurostat (2008b, 2nd quarter). Note: Data for BG, HU, EE, MT, AT, LT partly unreliable; data for ES, IE partly provisional. Data for BG, EE refer to 2001 not 2000. Data for France refer to 1st quarter of 2000.

3.1. More jobs?

Temporary employment

Temporary employment is strongly age-segregated, youth (15-24) being much more likely to hold a temporary contract than prime-age and especially older workers (here defined as those aged 50-64); the EU27 averages are accordingly 39.4%, 12.3% and 6.8% respectively (Figure 3.9). Seven countries (FR, PT, SE, DE, ES, PL, SI) have a majority of young workers (aged 15-24) on temporary contracts – though no clear country pattern emerges – and among these Poland and Slovenia have shares of more than 60%. Interestingly, these seven countries show very different patterns among youth in respect of the reasons for exercising temporary employment. In Germany the large majority states, as a reason for their temporary employment status, that they are in education or training (reflecting the strong German dual education system). In Slovenia, the majority of young temporary workers state that they did not want a permanent job. France and Sweden are split between youths who could not find a permanent job and those in education or training (France) or who did not want a permanent job (Sweden). In Poland, Spain and Portugal the large majority of young temporary workers say that they could not find a permanent job (not shown).

Figure 3.9: Temporary employment by age group, 2008 (% total number employees in age group)



Data source: Eurostat (2008b, 2nd quarter). Note: Data for LT, MT, SI, SK is unreliable. Data for EE is missing.

3.2. Better jobs?

The Job Quality Index

The previous section showed that quite substantial improvements have indeed been made in terms of employment growth and decreasing unemployment since the beginning of the Lisbon Strategy but that some of these developments have been the result of increasing shares of workers (particularly women, youth and the low-skilled) being recruited on non-standard employment contracts.

There has, in fact, been a widespread perception that jobs have lately become less secure and more precarious. On the other hand, sectoral shifts have been observed from manufacturing to services, and this is a development usually connected with an improvement in job quality, at least in terms of working conditions.

In order to shed some light on job quality in Europe, the following section will report evidence from a broad-based job quality index (JQI) that has been compiled by ETUI researchers and allows comparison between EU27 countries, between men and women and – currently for EU15 countries only – over time. The following information is largely based on Leschke *et al.* (2008), Leschke and Watt (2008) and ELNEP (2008).

Job quality is a multifaceted phenomenon and the JQI, to reflect this variety, has been compiled on the basis of six fields that capture different aspects of job quality. The following fields or sub-indices of job quality have been defined: wages; absence of involuntary part-time or temporary work; work-life balance and working time; working conditions and job security; access to training and career advancement; and collective interest representation and voice. All these are aspects that affect workers' perception of whether or not they have a 'good job'. Data limitations meant that certain dimensions could not be included and that the information able to be included in other areas (particularly, collective interest representation, as well as access to training) was limited. Each of these sub-indices is composed of a number of weighted indicators taken from a range of data sources including the European Labour Force Survey data (usually 2007 data) and the European Working Conditions Survey (2005 data) (compare European Foundation for the Improvement of Living and Working Conditions, several years).

All data series have been normalised to make them comparable and allow aggregation. This means that the sub-indices and the overall JQI will lie between 0 and 1. To arrive at an overall index of job quality in European countries the six sub-indices are simply added up and thus all given equal weight. Since there may be good reason to place more weight on one sub-index (e.g. wages) than on another (e.g. access to training), the overall results should be treated with caution. Interested readers will find further information on the specific indicators used for each field and on the methodological approach adopted in Leschke *et al.* (2008).

3.2. Better jobs?

Developments over time in terms of job quality

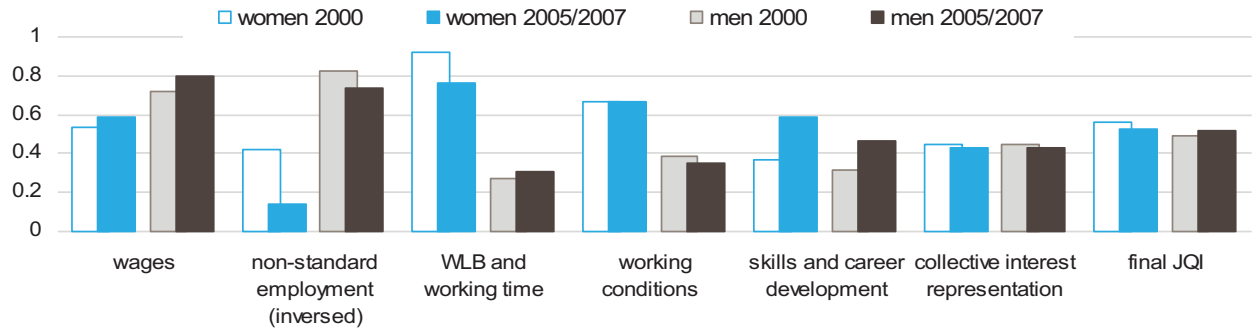
This section assesses changes in job quality between 2000 – the start of the Lisbon Strategy – and 2005/ 2007 (latest data available). Due to data restrictions time comparison can be performed for the EU15 countries alone.

Figure 3.10 shows that, on the EU15 average, job quality has improved on some dimensions and deteriorated on others. In terms of the 'wages' dimension, more or less parallel improvements have been seen for men and women. However, a number of countries (e.g. Portugal, Spain) have seen a decline in their score (reflecting stagnant or even declining purchasing power of average wages and/or an an increase in the incidence of in-work poverty). A significant deterioration is apparent in terms of non-standard forms of employment (non-voluntary part-time and temporary employment), reflecting in particular an increase in the proportion of part-timers reporting that they actually wanted a full-time job, coupled with a smaller rise in the overall part-time share; the impact of the rise in temporary work is less pronounced. The figures confirm the well-known strong gender gap in the incidence of non-voluntary non-standard contracts, and indeed this gender gap has widened over time. There has been little overall change in the field of work-life balance and working time. This sub-index also reveals a major gender gap, suggesting that women's paid employment offers greater compatibility with other areas of their lives. In this regard it has to be pointed out, however, that women, due to social institutions and traditional norms, tend to choose jobs that allow better compatibility with care and household tasks but that this choice entails punishment in terms of other dimensions (such as wages and/or career development).

The job quality decline in this area was marked for women, whereas men experienced an improvement. A rather similar picture emerges for working conditions. Perhaps surprisingly, in view of the shift from industry to services, there is actually a slight overall decline in this index. Again, as defined here, there is a substantial gender gap in women's favour, reflecting sectoral segmentation in most countries. A notable development is the overall improvement in the index for skills and career development (although data limitations meant that the comparison had to be based on a single indicator, namely, the proportion of adults undergoing education or training).

It suggests that the policy recommendations within the EES for more lifelong learning are having some effect. The indicator of collective interest representation (for which no gender disaggregation is possible) shows a small decline over time, reflecting the fall in unionisation rates in most European countries.

Figure 3.10: 'Final' EU15 Job Quality Index: developments over time by sub-index and gender (EU15 average)



Source: Leschke and Watt (2008).

3.2. Better jobs?

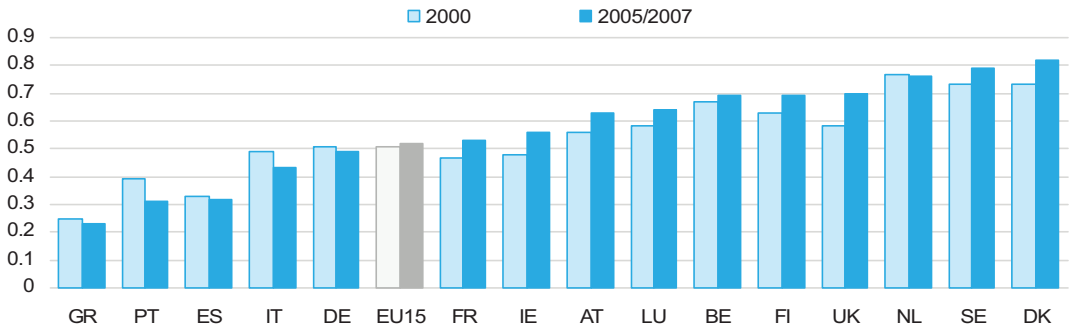
Developments over time in terms of job quality

The composite EU15 average or 'final JQI' (Figure 3.10), is simply the unweighted average of the six sub-indices and points to a very small improvement, in the EU15, in overall job quality between 2000 and 2005/7. On this basis, and given the uncertainty stemming from data limitation, it is probably safe to conclude that, overall, there has been no trend towards 'better jobs' in (western) Europe since the start of the Lisbon Strategy. At the same time, the view that European workers have suffered from the creation of almost exclusively 'bad jobs' in recent years is also not supported by our data. What we clearly see from this figure is a mixed picture of improvements in some areas (especially wages and skills and career development) and deteriorations in other dimensions of job quality. A problematic aspect is the increase in non-voluntary non-standard employment.

Figure 3.11 shows the country rankings on the composed or final JQI for EU15 countries in the two years. The ranking on the most recent data reveals high scores for the Nordic countries, but also the Netherlands and, perhaps surprisingly, the UK. It is the southern European countries – but also Germany – that, according to the JQI, perform least well in offering high-quality jobs.

The trends over time between the high- and low-performing countries are thus divergent. Almost all of the countries that performed well in 2000 saw a further improvement in subsequent years (particularly strong in the UK), whereas the poor performers saw a further decline in their job quality (particularly strong in Italy and Portugal). This suggests, in terms of the dimensions of job quality captured by the index, a widening of differences within (western) Europe.

Figure 3.11: 'Final' EU15 Job Quality Index: developments over time by country



Source: Leschke and Watt (2008). Note: The slight differences in country rankings if compared to the rankings of the EU27 JQI are due to small differences in the indicators used made necessary by constraints on data for 2000.

3.2. Better jobs?

The job quality index for EU27 countries

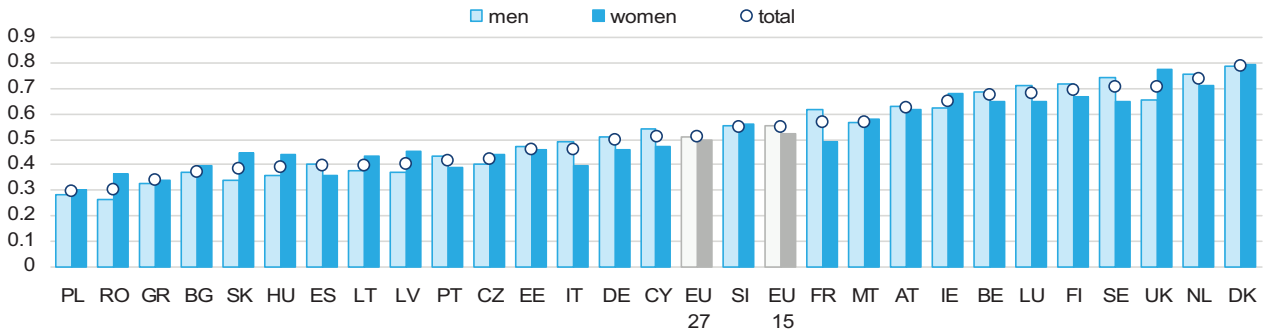
Last but not least, we wish to present the country rankings, on the final JQI index, for all 27 EU countries (Figure 3.12). Again, the results should be interpreted with caution since they are derived from the simple average of the six sub-indices (for figures on and de-scriptions of the sub-indices for EU27 countries refer to Leschke and Watt 2008).

The Nordic countries, together with the Netherlands and the UK, fare best in terms of job quality as measured by the JQI. Denmark takes the lead with a total score of almost 0.8. The worst job quality performance is observed in Poland and Romania, with total scores of around 0.3, but also in Greece. In terms of regional distribution, the Nordic countries are on top, followed by the continental ones, while a mix of southern European and NMS are at the bottom.

Two striking individual results are that the United Kingdom is among the top five best performers and that Germany's position is slightly below the EU27 average. Due to different further training needs in these two countries, attributable to strong differences in initial training, the indicator on lifelong learning may somewhat overstate the performance of the UK and understate the performance of Germany. What is more, the German system of interest representation is not sufficiently captured by our measure on collective interest representation and voice. In spite of these data shortcomings, examination of the other areas that make up the final JQI would seem to justify the ranking of the two countries. Our results are also confirmed by a study which makes use of an extended version of the Laeken indicators (compare European Commission 2008, chapter 4 based on Davoine *et al.* 2008) and by a study that uses the full data set of the 2005 European Working Conditions Survey (Tangian 2007).

The majority of countries display fairly similar results for men and women on the overall JQI, with some notable exceptions. The EU aggregates suggest a very slightly higher score for men than women, with the gap somewhat larger in the old than the NMS. These findings should not be over-interpreted, however. As has been seen for EU15 countries, the gender balance is highly skewed in a number of the dimensions. An alternative weighting of the sub-indices would therefore give very different results. Moreover, some concepts (especially those of 'voluntary' and 'involuntary' use of non-standard contracts), which are very important for gender differences, are far from clear-cut.

Figure 3.12: 'Final' EU27 Job Quality Index: comparison of gender differences by country 2005/2007



Source: Leschke and Watt (2008). Note: The slight differences in country rankings if compared to the rankings of the EU27 JQI are due to small differences in the indicators used made necessary by constraints in data for 2000.

3.3. Conclusions

More and better jobs?

The EU as a whole, and also the large majority of its individual member countries, have been successful in raising employment rates and decreasing unemployment since the beginning of the Lisbon Strategy. The European Employment Strategy, with its employment rate targets, its focus on specific labour market groups and its benchmarking function, has contributed to this outcome but it has to be borne in mind that these positive labour market developments were taking place largely against the background of economic recovery and an upswing in the business cycle (compare Chapter 2). The overall positive developments in terms of employment notwithstanding, large differences between countries and between specific labour market groups remain and, when measured in full-time equivalents, recent employment growth looks less rosy. Furthermore, a substantial part of the recent employment growth has been due to active promotion of and increases in non-standard employment, a situation which raises questions about the quality of newly created jobs. To what extent non-standard forms of employment have to be regarded as problematic, insofar as they offer less income security, job security and social security, will crucially depend on the question of whether the jobs in question serve as stepping stones to regular employment or whether – in the absence of adequate regular jobs or due to social constraints (shortage of child and elderly care, unequal division of care and household tasks) – they become permanent features of the working situation of specific labour market groups.

Taking the ETUI job quality index for EU15 countries as a benchmark, it is possible to observe, since the beginning of the Lisbon Strategy, improvements in some dimensions of job quality, namely wages and skills and career development, and deteriorations in others, most notably non-voluntary non-standard employment. Taking all dimensions together and applying no weights, an overall view neither enabled observation of major improvements nor supplied evidence of any serious decline in terms of job quality. What is noteworthy, however, is that, in contrast to employment and unemployment rates where some convergence between EU countries has been seen over the last years, in terms of job quality increasing divergence can be observed, at least between EU15 countries (no information for NMS). Those countries that already had good outcomes in terms of job quality in 2000 for the most part further improved their position, whereas job quality in worse-performing countries declined still further. This finding runs counter to the goal of using intra-EU benchmarking to promote positive convergence towards the position of the best performers and it may be problematic in this regard that the European Commission uses no clear indicators for measuring the quality of jobs. While the Laeken indicators do capture various dimensions of relevance to job (or rather wider employment) quality, they are excessively broad and too numerous to function as effective benchmarks for EU countries. Their benchmarking function is further undermined by the fact that they are not added up to provide a single clear indicator of job/employment quality that would allow the ranking of countries.

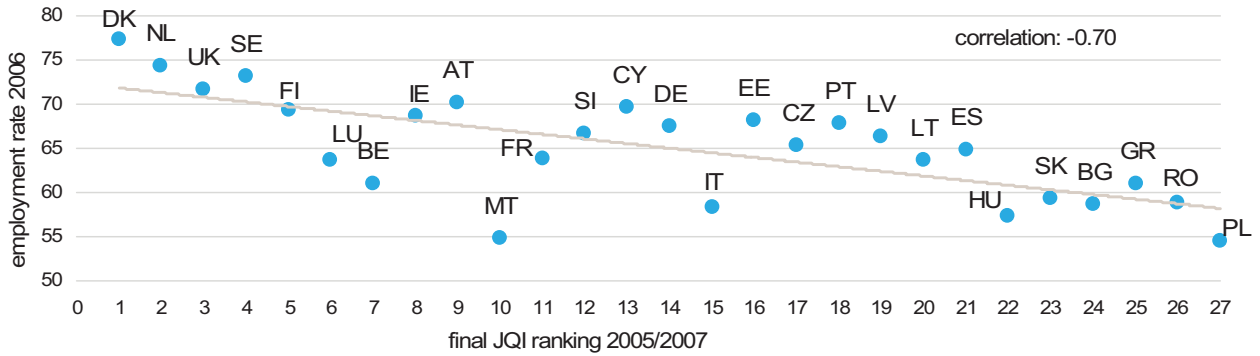
Figure 3.13 shows that, at least at first sight, those countries which perform well on quantitative indicators are also successful in terms of job quality. This finding seems to be especially pronounced for both the very good and the very poor performers in terms of job quality. The countries with good job quality according to the ETUI index (Nordic countries, UK and the Netherlands) all have employment rates well above the average which already in 2006 (reference year) were close to or clearly exceeded the 2010 employment rate target of 70%. The countries displaying poor job quality (HU, SK, BG, GR, RO, PL) all had employment rates of less than 60% in 2006, with the exception of Greece (somewhat above). A similar – but somewhat weaker correlation – exists between countries' unemployment rates and their ranking in terms of job quality. The lower the unemployment rate, the higher their ranking on job quality (not shown). At first sight – though more in-depth research is required (e.g. using rates of change of employment or unemployment) – these findings are not supportive of the claim that 'more' jobs have been created at the expense of 'better' jobs.

A number of important challenges remain for a coordinated European employment policy – most notably the question of social cohesion. The analysis has shown that, in spite of improvements achieved during recent years, some groups remain severely disadvantaged in relation to labour market outcomes. Besides women, youth, elderly workers and also migrant workers, one group that stands out are those with low educational levels. Not only are these people much less likely to be in the labour

force but they also display much higher rates of unemployment, and are over-represented in non-standard forms of employment. Unfortunately, the ETUI job quality index does not, due to data limitations, allow a breakdown by educational level. But we know from other sources that poorly educated workers will fare considerably worse than those with higher educational levels on a number of our job quality sub-indices (including wages, non-standard employment, and skills and career development) (compare e.g. OECD 2003: 237-296). Creating employment opportunities for less educated people, and tackling their labour market disadvantages through skills upgrading and improvement of their working conditions, will thus have to take centre stage in the European policy discourse and in member states' policy responses in the coming years.

The EES, as part of the Lisbon agenda, has helped to shape the employment policies of EU member states by flagging up specific topics and setting benchmarks, thereby allowing individual countries to place themselves in comparison to others. After the strong focus placed on employment growth during the last decade, it would be useful if the European Commission were now to improve member states' opportunities to compare themselves also in relation to job quality. This will require much clearer benchmarks than those currently supplied by the Laeken indicators. Some initial ideas in this regard have been put forward in the current Commission's publication *Employment in Europe*. The experience with the ETUI job quality index shows that a clear-cut indicator on job quality will require improved comparable and up-to-date data, especially in areas such as collective interest representation, wages, health and safety and lifelong learning.

Figure 3.13: Correlation between EU27 Job Quality Index and employment rates



Source: Leschke and Watt (2008). Note: The slight differences in country rankings if compared to the rankings of the EU27 JQI are due to small differences in the indicators used made necessary by constraints on data for 2000.