

# ON THE QUALITY OF EMPLOYMENT IN THE EUROPEAN UNION

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**Abstract:** *Job quality represents a fundamental objective within the EU employment policy agenda, which allows assessing the labour market performance. The high work intensity, increase in temporary work, deterioration of working conditions and increasing competition on the labour market have caused the decline of employment quality in the EU over the last decades. The paper highlights the importance of considering the job quality as a dimension of the quality of employment services. In order to capture this new dimension, the paper proposes a set of job quality indicators, which are taken and adapted from the set of Laeken indicators. This new multidimensional approach allows measuring the job quality, which itself represents a fundamental dimension of the quality of employment services.*

**Key words:** *employment quality, job quality, employment agency.*

## 1. Introduction

In the last decades, the EU Member States have faced a number of common challenges such as globalisation, societal change and rapid technological progress. This requires a common policy strategy that facilitates transitions and modernizes labour market institutions. At present, the international financial crisis which started in 2008 is the most contagious and demanding phenomenon all over in Europe, with serious economic and social implications. In this particular context, in all Member States, unemployment represents a major threat, claiming for special social policies to support the vulnerable people during and after the crisis. When the competition on the labour market is sharply increasing, the quality of occupational services aiming at the labour market reinforcement is even more important than in the past. The employment agencies must promote high quality services and prevent the

exploitation of labour force, unfair practices and the lack of access on the labour market. They should also anticipate the changes occurring on the labour market and the future needs by ensuring a better management of this process.

Increase in employment and decrease in unemployment were the main targets of EU policies and strategies before 2000. For instance, the adoption of the European Employment Strategy (EES) in 1997 was aimed to enforce the labour market outcomes in the EU area but without specifically addressing the job quality at least as a subsidiary objective. The full employment is the central element of this strategy. The job quality issue was first introduced at the Lisbon Council in March 2000. The Lisbon Growth and Jobs Strategy, which was launched in 2000, continues the objectives of the EES but extends its area of interest by also promoting the quality and productivity at work. Besides full employment and social

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cohesion, quality of employment is thus seen as equally important within the EU employment policy agenda.

At present, both the quantitative and qualitative factors are taken into account to assess the labour market performance. While the improvement in quantitative terms is proven by the dynamics of the unemployment rates, the qualitative aspects are still hardly to be measured on a consensual base.

In recent years, the economic and social developments have determined the decline of job quality, which negatively affects the standard of living. The main factors which might explain this presumed effect are: increasing competition on the labour market implying growing difficulties in combining work and private life, increased use of temporary work and skill-biased technological progress.

Work quality, which has slightly increased as importance in the EU employment strategies, must be undertaken as a primary objective in Romania, as well. In this respect, job quality must become a part of the quality management of all employment agencies. This paper argues that the quality of employment must be seen in a broader sense and must also include the job quality as a fundamental dimension. In order to assess the quality of employment services in a dynamic perspective, the analysis should include several phases, before and after employment. Stressing the importance of job quality within the management of quality at employment agencies, the paper provides both theoretical and methodological tools.

## **2. Employment Services and Quality Management**

Employment services are provided by governmental departments, national public agencies, regional centres, national and

international organisations, NGOs and private consultancy companies. They normally offer vocational guidance, job brokering, vocational consultancy, psychological support, training etc. More and better jobs should be the target of the employment services, but most of them are oriented toward more jobs, without being concerned to assess the job quality, based on the feedback from previous clients.

In Romania, the role played by employment public agencies on the labour market is significant, but is slowly decreasing in general lines from one year to another or has little variation. For instance, consulting services and those for supporting the start of an independent activity or business increased by 2.29%, from 2007 to 2008. Through the information and counselling services provided by employment agencies, 16.15% of the unemployed found a job in 2008, as compared to 19.62% in 2007. The percent of the unemployed who got employed after attending vocational training courses was 4.71% in 2008, which represents a decrease by -7.68% as compared with 2007.

The management of employment agencies is centred on a number of key elements such as: strategies of human resources development based on competencies, planning and programming of activities, organisation of employment services, management of conflicts, team work, communication and inter-personal relationships, relations providers-customers, entrepreneurship management, project management and the social partnership in the field of employment services.

In the field of public employment services, the quality management is particularly important. It is built on a number of factors such as:

- a) People working in employment agencies must have good knowledge of

entrepreneurship because many unemployed people want to start a business on their own. For this, the agencies must provide training courses to the unemployed before offering them a place to work, in order to provide them with the basic knowledge to act in business and to understand the functioning of an economic system. Also, the agencies must prevent the unemployed from doing the mistakes that normally occur at the beginning of a new business. In this respect, qualitative services mean highly prepared employees and training courses oriented to the market requirements, providing more practical tools and less theoretical information. The higher the quality of employment agencies is, the better the integration of the unemployed on the labour market.

- b) The mission of employment agencies must be broad in the sense that they must be concerned with the financing of business on the long term. The knowledge of project management is quite important not only for the unemployed, but also for the agency employees who must be able to finance the quality of employment public services from European funds.
- c) In order to ensure a high quality for the services they provide, employment agencies must be always in contact with universities, professional associations, syndicates, the local and central administration. They should know the requirements and changes occurring in the business environment, regarding competencies, work experience, knowledge, education etc., to prepare the unemployed as to be successful on the labour market. This “social partnership” can increase the quality of public employment services, according to the principle of synergy that arises from this collaboration.

### **3. Quality of Employment – Key Factor of the Quality Management in Employment Services**

The quality of employment is a multidimensional phenomenon, which relates to a broad set of individual jobs and workers’ characteristics, ranging from wages, training, health and safety at work etc. Work quality is a recent topic of research, with deep roots into the neoclassical economic theory. According to this theory, the wage differentials essentially compensate for all the non-pecuniary downsides of work. But the last decades have shown that significant rises in the GDP per capita and wages in the developed countries have not been accompanied by improvements in the employees’ level of job satisfaction. This paradox is explained by the large influence of the non-financial variables on self-reported satisfaction in the economics of happiness literature. Also, the empirical studies attest that the relative income is more important than the absolute income for workers, above a certain income threshold [1], [5].

Other authors argue against the use of job satisfaction indicators as a measure of job quality, emphasizing in empirical studies that the objective job quality indicators are not linked to job satisfaction [6]. This is explained by the convergence of the workers’ expectations and the objective characteristics of their jobs over time [2].

At present, even though there is no unanimous definition of job quality, the literature is centred on two approaches:

- Job characteristics represent the only factor defining job quality [3]. This approach focuses on the report capabilities-rewards granted to workers and neglects the socio-economic variables.
- Job quality should be assessed based on the interaction between employment

and other life areas. This is the core of the TLM theory [9], which highlights the transitions in a lifecycle perspective, e.g. employment, unemployment, inactivity, temporary work, education, family care and non-paid activities. According to this theory, the employment quality should provide flexible arrangements, particularly as regards working time and security.

Some authors underline the synergy between job quality and other objectives of the European Employment Strategy, e.g. full employment, inclusion and social cohesion. Investing more in human capital and vocational training or improving the work organization can foster innovation activities and productivity growth [7].

Job quality is a concern for many international organizations, such as the European Foundation, Eurostat, OECD, ILO and the EU. They have participated together at seminars, conferences and meetings over time, in order to agree on defining job quality upon a number of indicators and dimensions, e.g. the fourth international seminar on the measurement of the quality of work organized in 2007 in Geneva. In the United States, the wages, pension plans and health insurance schemes are the central measure of job quality [10]. In this measurement framework, empirical evidence attests the worsening of work quality over past decades [4].

The deterioration of work quality is often associated with the segmentation of labour markets. The reforms of labour markets during the early part of this decade have multiplied the number of workers caught in temporary contracts with little chance of moving to more secured jobs. This has induced the general perception that the governmental policies towards “more jobs” lead to precariousness, job insecurity and low quality jobs. The solution provided by the EU is called “flexicurity” and means

flexibility and security in the labour market at the same time.

In literature, job quality is measured on the basis of a set of indicators which are summarized into an index. Ten dimensions of work quality were advanced at the Laeken European Council in 2001. They are known as the Laeken indicators: intrinsic job quality, lifelong learning and career development, gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organization and the work-life balance, social dialog and workers’ involvement, diversity and non-discrimination, overall economic performance and productivity. But the space of the work quality indicators is opened for improvement. For instance, the European Commission advances an alternative measurement framework, in the space of the following dimensions: socio-economic security, training, working conditions and reconciliation of working and non-working life and gender balance [12].

Four job quality models have been defined in literature [12], i.e. Northern, Continental, Southern and New Member States. The EU Member States are mapped into these models, according to their economic and social characteristics. The New Member States’ cluster includes Poland, Romania, Hungary, Bulgaria, Slovakia, the Czech Republic, Latvia, Lithuania and Estonia. This system has a number of common characteristics: low wages, unfavourable working conditions (high health risk), low work intensity, high educational attainments, low gender employment gaps, high productivity growth rates.

Even though it is widely recognized at present that job quality should be a primary objective that must be included in all labour market strategies and policies, passing from theory to practice is still

difficult. In this paper, we advance an adaptation of the Laeken indicators, in order to make them useful for employment agencies. From the list of Laeken indicators, we have selected a sub-set which allows the assessment of job quality and, at the same time, it gives insights to the quality of employment services provided by agencies (table nr.1). Using this sub-set of indicators, they might follow and analyze the dynamics of quality over time.

*Indicators* Table 1

Satisfaction with type of work in present job
Percentage of the labour force using computers in work, with and without specific training
Percentage of the working age population participating in education and training
Employment/ unemployment rate gap between men and women
Gender segregation in occupation and in sectors
Ratio of women's gross hourly earnings to men's for paid employees at work
The evolution of the incidence rate
Number of employees working part-time and with fixed term contracts as a percentage of the total number of employees
Youth unemployment ratio
Percentage of early-school-leavers
Employment rate gap for workers aged between 55 and 64 years old
Employment and unemployment rate gaps for ethnic minorities and immigrants
Growth of labour productivity (per hour worked and per person employed)

*Source: Laeken indicators (European Commission, Employment in Europe 2008) adapted by the author.*

#### 4. Conclusions

Job quality is one of the key elements of the renewed European Social Model, which reconciles economic efficiency and social cohesion in an environment characterized by more intense global competition [12]. As shown in the paper, job quality is worsening from one year to another, due to the increasing competition

on the labour market and to the changes occurring in the work structure. In fact, the employment growth in the EU over the last decades has evolved together with the concern about the quality of the European jobs related to the growth of temporary jobs, deterioration of working conditions and higher work intensity. The employment agencies (particularly the public entities) should undertake this task, as they act as intermediaries on the labour market.

According to the principle "more and better jobs", the employment agencies must help the unemployed to find not only a job, but a good job, according to the definition of work quality. As intermediaries on the labour market, they must filter the jobs and therefore encourage and promote only the jobs characterized by a minimum acceptable qualitative level. We consider that the performance of the employment agencies is not reflected only by the number of the unemployed who were helped to find a job, but also by the "good" jobs which they promoted. The job quality promoted by the employment agencies gives insights to their management of quality system.

The paper underlines the multidimensional nature of job quality and employment service quality. It presents the sets of indicators which are used in the EU to operationalize the job quality and highlights the importance of its measurement in the present socio-economic context. With the composite measure of the job quality, the index measuring the quality of employment services is enriched and gains another dimension. This new dimension actually connects job characteristics to the standard of living. Not only wages, socio-economic security, working conditions and work intensity characterize the job quality, but also the reconciliation of work with private life, and the lifelong learning and career development.

The main outcome of the paper is the selection of a sub-set of indicators from the Laeken indicators, which can be used by employment agencies to assess the job quality they intermediate. The job quality should be considered as a dimension of the quality of employment services and its assessment over time should be useful for improving the quality management of employment agencies.

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