



# The 'Europeanisation' of industrial relations: Evaluating the quality of European industrial relations in a global context

## A literature review

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# Foreword

## *Article 2*

1. Everyone has the right to life.
2. No one shall be condemned to the death penalty, or executed.

## *Charter of Fundamental Rights of the European Union*

The process of Europeanisation of industrial relations has emerged as a key trend in the European Union since the ratification of the Treaty of Maastricht. Social dialogue has been fostered, new directives in the field of social policy have been issued, the sectoral social dialogue has been strengthened, and new governance methods are slowly emerging. Quality and benchmarking aspects have entered into the European discussion, first in the field of employment policy, then in working conditions issues.

The present report seeks to evaluate the quality of European industrial relations in a global context based on the existing literature. The report identifies certain quality criteria for assessing the effectiveness of European industrial relations and engages in benchmarking the European industrial relation systems against those of Japan, the United States, Russia and the Candidate Countries.

Some of the more specific issues dealt with are the quality of work, the changing role of industrial relations actors, and training and development. These factors have implications, not only for work organisation itself, but also for the quality of life in general. They also have implications for the welfare and global competitiveness of the Eurozone as a whole.

The basic question remains: is the European social model, currently under multiple constraints, still sustainable or is it past its sell-by date? The answer to this question forms the central challenge for Social Europe and has far-reaching implications for traditional forms of regulation, both in terms of community labour law and collective agreements.

Finally, this report on quality criteria of industrial relations proposes the application of a new method of governance, known as the 'open method of coordination' (OMC), to the field of industrial relations: this issue is highly controversial and is the subject of considerable debate at EU level and within the social partner organisations (UNICE, ETUC and CEEP), as well as within the Member States.

Professor Marco Biagi and his colleagues Michele Tiraboschi and Olga Rymkevitch have prepared this report. The report was evaluated and approved by the Foundation's Advisory Committee, during the discussion on 12 March 2002 in Brussels. Trade union representatives in particular made some comments about the report. The general remarks concerned a clearer layout and a more precise conceptual definition of the quality of European industrial relations, as most of the examples are linked to employment issues.

The discussion also dealt with the proposed open method of coordination (OMC) and its relationship to the directives, framework agreements, voluntary agreements and collective bargaining and also its suitability for industrial relations. In the discussion trade union representatives were of the view that for the moment there can be only opinions on the validity of OMC in the context of industrial relations, as experiences and analysis are lacking. It was argued that in any event this method should not replace either collective bargaining or legislation, and the views of different users should be taken into account. The general view was that this report provides a challenge to start a study on new governance methods in industrial relations.

## **The 'Europeanisation' of industrial relations**

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Professor Marco Biagi was fully involved in the discussion and promised to take some of the proposals into the final text. However, this turned out to be impossible, because he was brutally assassinated on 19 March 2002 in Bologna, Italy. The Foundation took the decision to publish the original report without any amendments.

Professor Marco Biagi was a member of the Administrative Board of the Foundation from 1998 to 2001 and had been one of its key and leading experts for many years. The entire staff of the Foundation is deeply shocked by the assassination of one of its most capable and dearest colleagues. We shall continue the work commenced by Marco Biagi: the essence of the process of European integration lies in the establishment of peace across Europe and in the defence of human rights, of which the right to life is the most important one.

**Raymond-Pierre Bodin**  
Director

**Eric Verborgh**  
Deputy Director

# Preface

This paper is dedicated to Marco Biagi. His colleagues continue to show the commitment that Marco himself set as an example. They have made every effort to ensure that this report retains the meaning Marco intended and endeavour to take it forward as Marco would have wished.

The tragic events of 19 March 2002 resulted in the loss of a devoted husband and father, removed a distinguished scholar from the world of labour law and industrial relations and deprived the International Journal of Comparative Labour Law and Industrial Relations of its editor and guiding spirit. No words of anger, frustration or grief can offer an adequate response to such a blow.

After completing his studies at the University of Bologna, Marco Biagi's academic career took him, by way of Ferrara, Calabria, and the Johns Hopkins University, to the chair of Labour Law in the University of Modena and Reggio Emilia. There he established the Centre of International and Comparative Studies, which swiftly built a reputation as a leading centre of excellence at the interface between labour law and industrial relations on the global stage. In addition to his editorship of the International Journal, he was also the editor of *Diritto delle relazioni industriali*, while the numerous books bearing his name are testimony to his wide-ranging expertise, his prodigious work rate, and the boundless enthusiasm which characterised everything he undertook.

Throughout his life, Marco Biagi, together with a close-knit group of friends drawn from around the globe, sought to prepare the way for 'the coming generations' of researchers and scholars in his fields of expertise. The annual International Summer School which he organised in Bologna, as well as his regular contributions to intensive programmes, seminars, and colloquia throughout the world, have enriched the experience of countless (and not only younger) colleagues, and have cemented a network of collaborators which today forms a significant component of the developing research community. He was a man who, despite his busy schedule, and the importance of the demands being made upon him, was always prepared to make time to assist, advise and support students and colleagues alike. He will indeed be sorely missed.

The work to which Marco Biagi had dedicated himself in recent years constitutes the very core of modern social policy and the world of work. At a global level, the goal enunciated by the ILO in 1999 of 'securing decent work for women and men everywhere' provided the framework and the challenge for his activity. At a regional level, the European Commission's report containing the results of his work as a member of the High-Level Group on Industrial Relations and Change in the European Union was completed only weeks before his death. In Italy, where he had been a personal adviser to ministers in successive governments of varying political hues, his guiding role in formulating the 'Libro Bianco' of October 2001 - the *White Paper on the Labour Market in Italy: Proposals for an Active Society and Quality Employment* - had provoked heated controversy. In all of these activities, one particular focus comes through, succinctly summed up in the title to his editorial in Issue 4 of the latest volume of the International Journal of Comparative Labour Law and Industrial Relations: 'Innovating labour law and industrial relations'.

Marco Biagi's assassination leaves a painful void at a key moment of change for the disciplines of labour law and industrial relations. His legacy, though, lives on. At this moment of dark despair, the thoughts of Marco's friends and colleagues throughout the world are with his widow, Marina, and his sons, Francesco and Lorenzo.

**Michele Tiraboschi and Olga Rymkevitch**

# Introduction

## The 'Europeanisation' of industrial relations: a conceptual framework of reference

All over the world the regulations and practices governing industrial relations are undergoing a process of intensive re-regulation. The changes that are taking place are so radical that they lead to a rethinking and, sometimes, an identity crisis for the national systems of labour law and industrial relations. As rightly pointed out by Roger Blanpain 'rules, practices and expectations of yesterday are less and less relevant for tackling the problems of today and tomorrow in the new world of work. In a sense, we need to start from scratch' (R. Blanpain, 1999a, p.41).

Within the European Union this trend is not simply induced by the process of transposition of social directives - mostly in the implementation<sup>5</sup> of social parties' agreements - although their role must not be underestimated especially when this process led to an unpredictable shift in a domestic system of industrial relations. In this respect, the Italian case appears particularly problematic with reference to the heavy consequences of the process of transposition of the EU Directive (n. 1999/70/CE) on fixed-term contracts on the dynamic of the Italian system of industrial relations and more specifically on the relationship among the three main trade union confederations (see section on the role of social parties and the transposition of EU Directives in Chapter 1 below)

It cannot be explained simply in terms of the 'globalisation effect' which forces corporations and trade unions to change attitude and to adopt comparable strategies, but is not equally effective in influencing the action of Governments and social parties (see M. Biagi 2000c, p.155 onward). In this respect, already in the 1960s a group of prominent scholars had addressed the issue of the unavoidable convergence of the main features of industrialised countries under the pressure of internationalisation, including their national industrial relations al.,systems (C. Kerr and others, 1960). A sobering prospect came to temper the conclusions reached some fifteen years later and rephrased them under statements of a more generalised nature (J. T. Dunlop and others, 1975).

A profound change in the European systems of industrial relations is also under way due to the impact of the Amsterdam Treaty's Employment Chapter. By including 'employment' in the Community policies, and thus making the promotion of employment opportunities a matter of common concern, the Amsterdam Treaty ensures the development of employment initiatives and the creation of a consistent policy at the European level. The extraordinary European Council meeting on Employment in Luxembourg in November 1997 gave life to these provisions by developing an agreed-upon coordinated process for implementation - the so called 'open method of coordination' (see P. Ahonen, 2001). The culmination of these efforts was the adoption of the 'Luxembourg Process on Employment Guidelines and National Action Plans,' which endorsed a coordinated strategy at EU level - the 'European Employment Strategy' (EES) - aimed at the development of active job creation policies (see J. Goetschy, 1999, p.122 onwards).

The main source of inspiration of the 'open method of coordination' was that of the Luxemburg process regarding the European Employment Strategy. However, it represents a new concept introduced for the first time by the Lisbon European Council of 23-24 March 2000 - after a reflection on governance tools - in order to implement the long-term strategy for a competitive knowledge-based economy with increased employment and better social cohesion (M. J. Rodrigues, 2001). It aims to organise a learning process about how to cope with the common challenges of the global economy in a coordinated way while also respecting national diversity. The Presidency conclusions of the Lisbon Summit (<http://europa.eu.int/council/off/conclu/index.htm>) formally adopted this method in the following terms:

§ 37 - 'Implementation of the strategic goal will be facilitated by applying a new open method of coordination as the means of spreading best practices and achieving greater convergence towards the main EU goals. This method, which is designed to help Member States to progressively developing their own policies, involves:

- Fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long terms;
- Establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;
- Translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
- Periodic monitoring, evaluation and peer review organised as mutual learning processes.

The purpose of the open method of coordination is not to define a general ranking of Member States in each policy but rather to organise a learning process at European level in order to stimulate exchange and the emulation of best practices and in order to help member States to improve their own national policies. As recently pointed out in the White Paper of the European Commission on 'European Governance' (2001, 21). Community action may be complemented or reinforced, on a case by case basis, by the use of 'open method of coordination'. This method is a tool for encouraging co-operation, the exchange of best practices and agreeing common targets and guidelines for Member States. It relies 'on regular monitoring of progress to meet those targets, allowing Member States to compare their efforts and learn from the experience of others'.

The Amsterdam Treaty is based on the idea of respecting national prerogatives and competences in the area of labour law and industrial relations. At the same time it provides a full-fledged legitimacy of Community action in employment matters. While respecting the diversity of domestic industrial relations systems and labour market regulations, Member States are under the obligation to act within the constraints of parameters jointly agreed upon each year. In other words, the Amsterdam Employment Chapter and its implementation, the Luxembourg Process, represent the constitutionalisation of Community action in this field.

In the scientific literature there is an increasing agreement on the fact that the application of the Luxembourg exercise is leading to a certain degree of convergence of Member States' systems of industrial relations. This convergence is not dictated by EC institutions and rules, but is based instead on a growing consensus on effective solutions through a process of trial and error (see H. Borstlap, 1999, p.365 onwards). Some guidelines (mainly 1, 2 and 3 in the 1998-2001 experience) may be considered as examples of 'convergence criteria' in employment affairs. The convergence criteria laid down by the Maastricht Treaty for the monetary union is different to the criteria identified by the employment guidelines flow from soft law and are not written in the Treaty (J. Kenner, 1999, seqq.).p.33 onwards ; D. Meulders and others, 1997, p.15 onwards). The provisions of the last decade, typically made by hard-laws and collective bargaining have been replaced with formulae of a flexible nature that are really a statement of objectives rather than prescriptive rules of behaviour. The EES represented the move from management by regulation to management by objectives, a new way of working not simply for the EU authorities but mainly for national Governments (A. Larsson, 1999; T. Treu, 2001b, p.93).

While any convergence imposed by the EU authorities should be considered as inappropriate, one cannot prevent the Luxembourg Process to achieve some results in the same direction due to a fruitful exchange of



best practices (learning from each other's positive experience) and, in general, because of the influence exercised by various activities such as benchmarking (comparison of each other's national plans and, especially, performance) and peer pressure (diplomatically tackling Member States that are not sufficiently active, see: M. Biagi, 1998, 325 onwards).

All these factors raise some fundamental questions:

- Are we facing a trend towards the Europeanisation of industrial relations?
- Is it proper to speak of a European model?
- What is the impact of the monetary union in this respect?
- How is labour law reacting?

In a recent symposium dedicated to the discussion of the first Report of the European Commission on Industrial Relations - organised by the Italian Industrial Relations Research Association in collaboration with the European Commission and the Centre of International & Comparative Studies in Labour Law & Industrial Relations University of Modena & Reggio Emilia (held on the 1 & 2 December 2000 in Modena, Italy) - a high level group of international experts have tried to provide an answer to these questions. The conclusions have been articulated and diversified (see the contributions collected in M. Biagi, 2001a). On one point however the agreement was quite unanimous: a European model of industrial relations in proper terms is not yet forthcoming. The increasing progress in the social area (from the Treaty of Rome in 1957 to the Treaties of Amsterdam in 1997 and of Nice in 2000) fall short of establishing international industrial relations. Indeed, there is neither a European Industrial Relations system, nor one in the making, at least for the present. 'As things stand, this is probably valid for a long time and for the foreseeable future' (see J. Rojot, 2001, p.79).

The institutions of industrial relations still differ greatly between European countries, and these differences will certainly increase as the Union enlarges. We deal with very different cultures and institutions among countries belonging to the European Union and these differences deeply influence national, individual, and, collective perceptions, attitudes, practices and behaviours. 'The traditional institutional paths that orient national experiences of industrial relations have undergone significant change but they have nevertheless resisted these pressures' (G.P. Cella, 2001, p. 40).

The present national systems of industrial relations 'are the outcome of a long and separate historical evolution, each shaped by a unique set of social, economic and political developments. Union structures are affected by these developments, as well as the ones of the employers associations' (J. Rojot, 2001, p.73). In this respect it is not surprising that different domestic/national systems still retain their own features, while the influence of central European institutions - i.e. EU Commission, Council and social organisations of interest - tends to diminish progressively especially in the areas where the main decisions are determined at decentralised levels (T. Kauppinen, 2001, p.49 onwards). The conclusion is that the primary responsibility for the development of industrial relations 'rests on national and local actors - which even for the most convinced Europeanists corresponds to a proper meaning of subsidiarity' (T. Treu, 2001a). In this respect, European institutions can only set 'a favourable context capable of influencing this process - through the multi-faced procedures of soft law' (ibid.).

If this is the general framework of reference, does it make sense to talk of 'Europeanisation' of industrial relations? The Commission's First Report on Industrial Relations contains an attempt to answer this question.

Two main interpretative guidelines influence the entire Commission's Report. On the one hand it is still the persistence of marked national dynamics is still evident in the government and development of the different system of industrial relations. 'Practices governing the framework of dialogue, the outcome of collective bargaining, the conditions for collective action and the arrangements for resolving conflicts are, however, still determined at national level. European law is not applicable to such matters, which are determined by strong national traditions' (European Commission, 2000c, p.6). On the other hand it is possible to identify an increasing convergence on European issues. 'The firmly rooted national element of industrial relations has assumed a wider dimension as a result of growing Europe-wide cooperation in the economic, monetary and employment spheres, giving rise to innovative, flexible forms of interaction' (European Commission, 2000c, p.2). In this respect we can say that European industrial relations are changing and they change in a perspective of increasingly 'Europeanisation'.

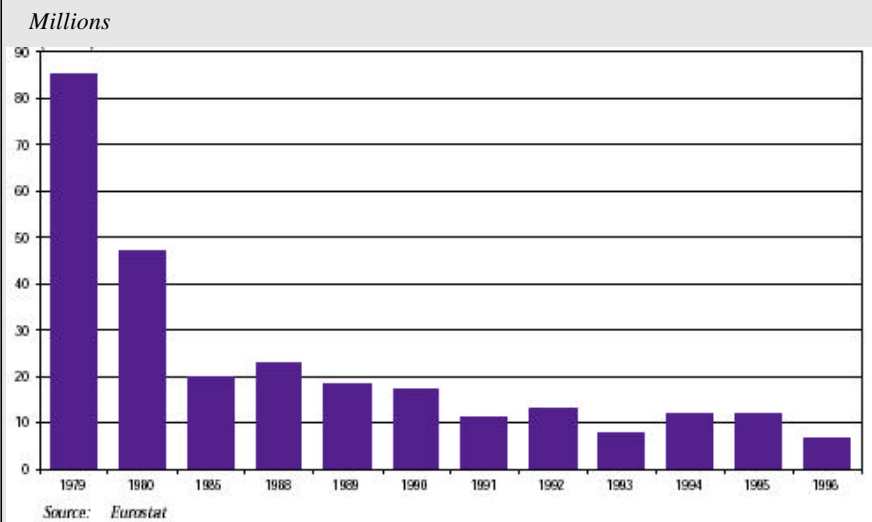
As rightly pointed out by Gian Primo Cella 'the contradiction between the two judgements is only apparent: each of them singles out both ongoing trends and possible future developments in European industrial relations (G.P. Cella, 2001, p.44).

Perhaps the most marked differences that emerge from analysis of national cases concern how representative the participants and the styles of trade-union representation are. Rates of unionisation and coverage of existing agreements still differ greatly among countries. Equally marked differences are present in the representation of employers. (European Commission, 2000c, pp. 9-12; Booth, and others, 2000, p.12). However, the Commission's First Report on Industrial Relations rightly emphasises some emerging common trends which support the view of a progressive 'Europeanisation' of the different national systems of industrial relations. The examples recalled below (boxes 1-4) help us to synthesise the main results of a recent comparative analysis on the Commission's Report in the perspective of 'Europeanisation' of industrial relations.

For a deeper analysis of this point see G.P. Cella, 2001; M. Biagi, 2000c; T. Kauppinen, 2001 which have found some relevant elements of convergence in the evolution of national systems of industrial relations toward the perspective of Europeanisation.

Box 1: *Participation vs. conflictual industrial relations*

At community level the climate between employers and their employees is more participatory and, in any case, much less conflictual than in the past. Strike action has drastically declined.

Figure 1: *Strikes in the European Union - days*

Source: *European Commission, 2000d.*

See also: ILO, *Strikes and Lockouts by Industry* (<http://laborsta.ilo.org/>)

Box 2: *Social pacts at European employment strategy*

European social parties play a more relevant role. They often engage in negotiations covering issues which do not coincide with the classic matters in the industrial relations field. In this way, management and labour are contributing to the so called 'European employment strategy'. Undoubtedly the best example of 'virtuous' change in national institutional traditions of industrial relations - under the direct and indirect influence of EU policies - which goes in the direction of cooperative industrial relations, as outlined by article 138 of the Treaty of Amsterdam, is the return, unexpected by both scholars and practitioners (J.R. Grote and others, 1999, Pp. 34-63), in diverse national contexts of practices which belong to the general category of 'social pacts' (for employment, economic growth, financial restructuring, welfare reform, etc. See: M. Regini, 2001, pp. 163-171 and B. Caruso, 2001, pp. 193-225). That this revival is surprising is aptly emphasized by the report: 'Most Member States are moving towards tripartism, even those with non particular traditions in this field' (European Commission, 2000c, p.80). Excluded from this revival, or from any policy in this direction, are only two countries (apart from Austria, where tripartite concertation is strongly institutionalised), namely France and the UK. The former with its tradition of social actors with uncertain representativeness, weak bargaining, and the state as the sole repository of all 'social knowledge'; the latter, despite some significant changes, still characterised by the more or less forced abandonment of any form of centralised bargaining. But one cannot rule out that these countries, too, may move towards collaboration-concertation of more or less explicitly tripartite form (G.P. Cella, 2001). At bottom, these cooperation pacts reveal that it is possible to achieve highly significant changes in trade-union action and the regulation of bargaining without depriving industrial relations of their most typical connotations: 'The new agreements mark the end of the demands of the past, the new spirit being one of wage restraint, increased labour market flexibility and social security reform, presupposing a change in attitude on the part of the trade unions' (European Commission, 2000d, 85).

## The 'Europeanisation' of industrial relations

Figure 2: *Social pacts in the Member States: the key stages in the 1990s*

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Belgium</b>				Global plan			Pact for the future		Intersector agreement	
									New law on competitiveness	
<b>Denmark</b>										Ongoing debate on social security
							No pact			
<b>Germany</b>						Alliance for jobs				Reopening of discussions on a pact for employment
<b>Greece</b>									Towards the year 2000 (dropped)	
<b>Spain</b>				Social pact			Toledo pact on the future of social security		Agreement on part-time contracts	
<b>France</b>										No pact; no institutional consultations; importance of social partners in social security reform
<b>Ireland<sup>1</sup></b>							Programme for economic and social progress		Programme for competitiveness and work	'Partnership 2000' for inclusion, employment and competitiveness <b>Debate on the renewal of the pact</b>
<b>Italy</b>				Agreement on abolition of the scala mobile	Ciampi Protocol		Agreement on pension reform		Pact for employment	Social pact for growth and employment
<b>Luxembourg</b>									Tripartite agreement based on the NAP	Amendment of 26 laws following the 1998 agreement
<b>Netherlands<sup>2</sup></b>									Agenda 2000	
										A new course agenda for collective bargaining in 1994
<b>Austria</b>										No pact; institutional tripartism
<b>Portugal</b>							Short-term agreement not signed by the CGIP		Agreement on strategic consultation	Europact (failed)
<b>Finland</b>							Social pact		Social contract	Renegotiations in progress
<b>Sweden<sup>3</sup></b>									Attempt to achieve wage standard (failed)	Pact for growth (failed)
<b>U.K.</b>										No pact; abandonment of centralized collective bargaining

<sup>1</sup>

<sup>2</sup> 'National recovery programme' signed in 1987.

<sup>3</sup> Wassenaar Agreement signed in 1982.

No pact: institutional tripartism

Source: *European Commission, 2000c, p.81.*

Figure 3: *Main differences between the agreements signed in the 1960s and those signed in the 1990s*

	<b>Social agreements, 1960s</b>	<b>Social agreements, 1990s</b>
Context	National regulated economy Baby boom Accommodating monetary regime Fordism	Globalisation Population ageing Economic and monetary union Information society
Labour market	Full employment Labour market regulation	Unemployment Security and flexibility
Wage policy	Productivity redistribution	Wage restraint
Social protection	Welfare expenditure	Welfare modernization
Institutional and bargaining framework	Centralisation Social-partners-oriented	Coordinated decentralization State-oriented

Source: *European Commission, 2000d, p. 82.*

*Box 3: Wage restraint policy, wage dispersion and financial participation practices*

All in all, the wage restraint policy has been consolidated. In a number of countries, deals at macro-level have strengthened the strategic option of the trade unions' commitment to abandon excessive pay demands. In return, the unions have been able to gain in terms of promoting pro-labour policies in various fields of action (taxation, housing, education, sanitary policies, etc.). Wage dispersion is smaller in Europe than in the United States and this may be a reason for the higher level of European unemployment among unskilled workers (R. Blanpain, C. Engels, 2001b, pp. 129-147). One would expect that the greater inequality in the United States, combined with a less generous social safety net would lead to a higher unemployment rate. The Commission Report reminds us that the research done on this topic does not reach a definite conclusion and, consequently, flexibility in the form of a more unequal wage distribution may not be a panacea (see C. Dell'Aringa, 2001, pp. 147-157). Particularly relevant is the development of financial participation. Financial participation appears to make it possible for wages to be more flexible over the business cycle. If financial participation has been so successful in recent years, it is certainly because of the active role played by the social partners. In the Commission Report financial participation is mentioned in this Report not only as a tool of wage flexibility but also as an important element of human resources management for the purpose of improving employees motivation and commitment (see E. Poutsma, 2001).

Figure 4: *Financial participation practices in top European companies*

Percentage with a financial participation scheme	80
Types of scheme:	
Share ownership scheme (%)	65
Profit-sharing scheme (%)	24
Other schemes (%)	11
Total (%)	100
Percentage having more than one scheme	26
Average percentage of employees participating	58
Percentage having extended financial participation to EU subsidiaries	40-50
Percentage planning to extend financial participation to EU subsidiaries	70

Source: *F. Van den Bulcke, 1999.*

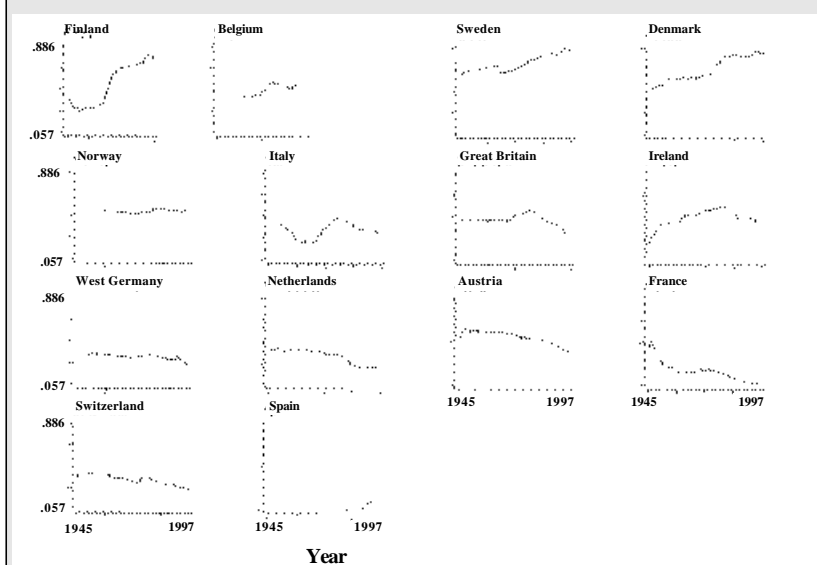
Box 4: *Collective bargaining and individualisation of the employment relationship*

Collective bargaining is still a vital phenomenon. Agreements in the area of wages and working time are very interesting, since both employers and employees have found this topic really crucial in meeting their demands. However, the trend towards an individualisation of employment contracts is quite clear. In the last two decades trade unions in most European countries have experienced large declines in their membership (see T. Boeri, 2001, p.159). Often the decline in the organised 'presence' of the unions has not been associated with a reduction of their 'influence' over the determination of economic policies, notably in crucial areas for workers, such as pensions, unemployment insurance and employment protection regulations. Actually, in some countries, mainly those of Continental and Southern Europe, a diverging dynamics of membership rates (the proportion of the workforce being unionised) and coverage (the share of workers covered by collective agreements) was observed.

Figure 5: *Union density in Europe*



Sources: *T. Boeri, 2001, p.159*

Figure 6: *Union density in Europe*

Sources: *T. Boeri, 2001, p. 160.*

These are the main findings of the Commission's First Report on Industrial Relations. The evaluation of the Commission may appear rather optimistic. However this judgement is at the same time far-reaching in that it is able to identify some traces, increasingly clear, of an ongoing process of 'Europeanisation'. This seems confirmed, in particular, regarding the contents of collective bargaining (see on this point the comparative studies of the European Foundation of July 1999 on The 'Europeanisation' of collective bargaining).

Starting from this conceptual framework of reference on the main developments of the systems of industrial relations in Europe the fundamental scope of this paper is to put the European models of industrial relations into the global perspective. In this respect, the study will concentrate on developing quality criteria for well functioning European Industrial Relations and on benchmarking the quality of the European Industrial Relations to US, Japan and Eastern European Countries.

As rightly pointed out by Tiziano Treu 'a decisive testing ground for industrial relations will be their capacity to handle new qualitative issues having to do with both the quality of production, work, organisation, quality of jobs, training etc. and the quality of life (in and outside workplaces)' (T. Treu, 2001a). This is an immensely challenging area for social Europe and industrial relations which the Council and Commission have recently asked the social parties to explore (see below, § 4), with collaborative initiatives to be monitored through appropriate indicators.

This new area requires further adaptation of all traditional forms of regulation both of labour law - i.e. less mandatory rules, more soft law - and collective bargaining and framework agreements or soft deals instead of quasi-legislative collective contract. It also requires also a higher degree of workers involvement; one of the main factors which might determine the quality of an industrial relations system. In this perspective workers' participation has to become less institutionalised and more result oriented (see the contributions collected in M. Biagi, 2002).

# 1 Quality in community industrial relations: an institutional viewpoint

## The 'quality factor' and the European Social Model: from Lisbon to Laeken

The importance of the 'quality factor' in community industrial relations was stressed for the first time at Lisbon in March 2000 (<http://europa.eu.int/council/off/conclu/index.htm>).

Quality issues in working life are not new. During the seventies and the eighties, for instance, quality was not taken as productivity; an employment factor but as an ethical factor based on safety and health policy (see M. Biagi, 1991). During the eighties and the nineties strong emphasis was placed on the contraposition between good jobs and bad jobs, especially in light of dual labour market theories (for a comparative perspective B. Veneziani, 1992). From the beginning of 2000 the 'quality factor' was clearly indicated by EU authorities as a key element in the process of modernisation of the European Social model.

In the US the situation is quite different. In fact, job quality has been a central theme in North American literature about work since the 1960s. But from the mid-1970s well into the 1980s, with a pair of fierce recessions in Canada and the United States and a debt-triggering economic crisis in Mexico, unemployment eclipsed job quality as an issue. At the beginning of the nineties, with US employment at its lowest in more than thirty years and Mexican unemployment lingering just above twenty percent, analysts in both countries have started to question the quality of available jobs (see R.B. Freeman, 1994; C. Tilly, 1995, pp. 269-274; C. Salas, 2000, pp. 119-134; G.S. Lowe, 2000).

The Lisbon European Council on 23 and 24 March 2000 set as a new strategic goal for the EU in the 2000-2010 decade 'to become 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'. The attainment of this strategic goal will enable the EU to regain the conditions for full employment. In this respect, quality was clearly indicated as a 'driving force' for a thriving economy, for more employment and better jobs and an inclusive society (M. Sahlin, 2001). The rise of employment and the improvement of the quality of jobs are, in this perspective, the different faces of the same coin. In this respect the European Council of Lisbon established a coordinated strategy that entails setting intermediate targets: the raising of the total employment rate as close as possible to 70% and the employment rate of women to more than 60% by 2010. Modernising the European social model and investing in people is one of the central aspects of achieving the overall Lisbon economic and social goals.

It is true that the Treaty of the European Union reflects the deep interconnectedness between the economic and social dimensions of Europe. Article 2 of the Treaty states that the Community shall promote 'a high level of employment and social protection, the raising of the standard of living and quality of life, and economic and social cohesion'. It is not surprising that before the Lisbon Council some scholars suggested utilising the concept of 'social quality' as a tool to measure the extent to which the living standards of citizens have become unacceptable by European standards and the direction in which any changes are heading, i.e. as an alternative goal and yardstick by which to measure economic and social progress (W. Beck, and others, 1997, p.267).

Until the Treaty of Amsterdam scholars had unanimously developed a rather pessimistic approach to the social dimension of the European Union. For instance in a work expressly dedicated to the 'Social Quality of Europe' (D. Meulders and others, 1997, p.15 onwards), the authors were critical of the bias of European policy



making towards monetary issues of the Maastricht Treaty and the absence of a serious debate about unemployment and the quality of social security. Given the Maastricht criteria and the strict stability pact regulation of the EMU, the national governments have minimal or no opportunities to follow a national monetary policy to temporarily release economic restrictions and guarantee social security budgets. A similar picture is shown in D. Bouget, 1997, p.35 onwards; B. Shulte, 1997, p.45 onwards; D. Pieters, 1997, p.69 onwards and B. Shulte, 1995, p.120 onwards. After the Treaty of Amsterdam a pessimistic picture is still evident in R. Blanpain, 1999a, p.7. For this scholar 'it is striking that such great asymmetry exists between, on the one hand, a global market economy in the form of an iron clad monetary agreement within the framework of the EMU, and social policies on the other hand, the 'core' issues of employment and wage costs remains essentially national. There is no appropriate balance'.

In this perspective - as rightly pointed out by L. Cocilovo (2001) the most important statement to come out of the Lisbon Council 'concerned the need to establish synergies and interdependency between economic policies, employment policies and social policies. This undertaking is based on the conviction that this virtuous triangle will also increase the effectiveness of specific sectoral policies and the processes underlying them. It is easier in this context to understand the reference to quality objectives which must be adopted, in addition to purely quantitative parameters'.

The Nice European Council on 7, 8 and 9 December 2000 reinforced the political mandate of the Lisbon Summit (Presidency conclusions <http://europa.eu.int/council/off/conclu/index.htm>). The 'Quality Factor' was put at the heart of the 'European Social Agenda' for the next few years as a key element in promoting employment in a competitive and inclusive knowledge economy (A. Diamantopoulou, 2001b, pp. 2-11). The Nice council conclusions stated, in particular, that 'the Social Policy Agenda must... place the emphasis on the promotion of quality in all areas of social policy. Quality of training, quality in work, quality of industrial relations and quality of social policy...' (M. J. Rodrigues, 2001). The Nice European Council conclusions called for more focus on 'attaining quality in work and its importance for growth as a significant attractive factor and an incentive to work. A Commission Communication will refer in 2001 to the contribution of employment policy to the quality of work (in particular as regards working conditions, health and safety, remuneration, gender equality, balance between flexibility and job security, and social relations)'. (EMCO/25/090701/EN, 1).

After Nice 'quality' has thus become a 'common theme' of the social agenda, linking together the various dimensions of the Lisbon strategy: 'making Europe the most competitive knowledge-based economy in the world that is capable, at the same time, of achieving full employment, preserving its strong social cohesion and modernising its social protection system. The 'quality' dimension should thus become the prism through which, or the benchmark by which, policies will have to be evaluated and devised in all these areas' (O. Quintin, 2001). The search for 'job quality' reflects the political input to avoid a dual labour market: insiders (well-paid and stable workers) on the one hand, and outsiders (low-paid and precarious workers) on the other one. Starting from the classical study from P. Doeringer, M. Piore, 1971, the literature on this point is immense. (See P. Ichino, 1996; A.B. Schaik, H.L.F. van de Groot, 1995; European Foundation, 2001.)

At the informal meeting by the Council of Ministers for gender equality and Ministers for Social Affairs in Norrköping questions relevant to the issue of quality in social policy were discussed. The focus was on tax structure, benefits and social security systems from a gender perspective in order to contribute to reconciling work and family life. The quality of work was also discussed at the informal ESP-Council meeting in Luleå in February 2001. In this circumstance emphasis was put on lifelong learning for all, gender equality, work environment, labour law, worker participation, work organisation and diversity in working life (M. Sahlin, 2001.)

'Re-gaining full employment not only involves focusing on more jobs, but also on better jobs (...) including equal opportunities for the disabled, gender equality, good and flexible labour contracts permitting a better reconciliation of work and personal life, lifelong learning, health and safety at work, employee involvement and diversity in work life'. In this perspective the Stockholm European Council 23-24 March 2001 has invited Governments as well as the Council to 'define common approaches to maintaining and improving the quality of work which should be included as a general objective in the 2002 employment guidelines' (Presidency conclusions: <http://europa.eu.int/council/off/conclu/index.htm>). The Stockholm European Council requested also that the Council together with the Commission develop indicators on quality in work, to be presented in time for the Laeken European Council in December 2001 (Presidency conclusions: <http://europa.eu.int/council/off/conclu/index.htm>).

Following these suggestions the Commission has adopted a communication on quality which includes a section on possible dimensions of quality in work and proposes possible indicators under those dimensions (see European Commission, 2001c). By promoting higher quality objectives, and by investing in better quality policies, the Commission 'aims to encourage and assist the Member States in improving the pace at which the quality of life is improved within the Union, inside and outside of work, and provide appropriate aspirations for candidate countries' (ibid. 4).

The Communication is divided into three main parts:

- An analysis of the components of the European social model and the deep relationship between quality of work and the modernisation of the European social model. In this part the Commission recognises that social policy is not simply an outcome of good economic performance and policies but are at the same time 'an input and a framework'. In this context 'the modernisation of the social model means developing and adapting it to take account of the rapidly changing new economy and society, and to ensure the positive mutually supportive role of economic and social policies' (ibid. 5).
- Secondly it considers how to define quality and how to develop indicators of quality. In this perspective the Commission recognises that 'there is no standard or agreed definition of quality in work in the academic and expert literature' (ibid. 7). Given the lack of a single composite measure, in fact, most research suggests various key dimensions of job quality, which include a focus on both the specific characteristics of the job (e.g. pay, hours of work, skill requirements, job content, etc.) and on aspects of the whole work environment (health and safety at work, health insurance coverage, working conditions, career prospects, training, etc.). See J. Clark (1998). On this point, in order to provide a framework for the analysis of work quality, the Commission suggests two broad dimensions partially different from those elaborated by scholars: 1) Objective and intrinsic characteristic of the job (including: job satisfaction, remuneration, non-pay rewards, working time, skills and training prospects for career advancement, job content, match between jobs characteristics and worker characteristics); 2) the work and wider labour market context (gender equality, health and safety, flexibility and security, access to jobs, work-life balance, social dialogue and worker involvement, diversity and non discrimination) (ibid. 8). The Commission therefore proposes an analytical and detailed set of indicators covering ten main elements of quality within the two broad dimensions - the characteristics of the job itself and the job within the context of the labour market (ibid. 22-26).
- Finally the communication looks at applying these definitions and indicators of quality through a process of quality reviews. In this context the Commission states that quality goals, instruments and indicators are already, 'to some extent and in various ways' incorporated in the European Employment Strategy. For the Commission this is most notable in relations to the employment guidelines: promoting employability of individuals (pillar 1 of the guidelines) is about improving the prospects of finding a job and upgrading skills,

while promoting adaptability (pillar 3) focuses on the modernisation of work organisation through a process of dialogue between social partners and the government. Moreover the promotion of equal opportunities had been one of the key dimensions (pillar 4) from the start of the Luxemburg process (ibid. 14).

## **The European Employment Strategy, the 'quality factor' and the development of industrial relations in Europe: an institutional assessment**

As already pointed out in the literature (M. Biagi, 2001b, Pp. 3-15), the Commission recognises that 'strengthening the quality dimension does not imply any new processes, or even a radically new approach to policy at European level' (European Commission, 2001d, p.14). What it does require, more simply, is 'a broader, and deeper, policy development encompassing not only the effectiveness of individual policy instruments in achieving their goals, but the coherence, in each policy area, between policy goals, the instruments that are available, and the indicators used to judge success in achieving the overall policy objectives' (ibid. 14). This explains why the Stockholm European Council on 23-24 March 2001 emphasised the maintenance and improvement of the quality of work as a general aim in the 2002 employment guidelines. According to the Commission 'this approach, encompassing quality goals, instruments and indicators, provides a general means of pursuing the central focus of the Social Policy Agenda on quality in all areas of employment and social policy' (European Commission, 2001d, p.15).

The impact of the European Employment Strategy (hereinafter simply referred to as the EES) has been visible also in labour law and industrial relations although mainly from a methodological point of view (see M. Biagi, 2001a). For the first time, the 'open process of coordination' has been applied also to matters which are heavily regulated through the bargaining activity of social parties, rather than via Government intervention (M. Biagi, 2001a).

In the literature there is widespread consensus on the fact that the Employment Guidelines (hereinafter simply EGLs) represent a highly innovative example of 'convergence criteria', although not explicitly provided by the Treaty, as in monetary affairs. According to F. Vandebroucke (2001) the Luxembourg process 'constitutes a strong and convincing precedent for the Open Method of Coordination in the area of employment policy. Contrary to what sceptics might have feared when it started in 1997, the discussion of the National Action Plans on Employment and the elaboration of European Guidelines for Employment Policies turned out to be a substantive exercise, in which not only the quantity, but also the quality of employment is taking an increasingly important place'.

It is true that in the literature there are also some critical views on 'open method of coordination'. If employers are maintaining that the Commission is exceeding its mandate with the OPC and trade unions are critical for limiting their manoeuvre power, according to Luc Tholoniati (2000) the administrative dimension of the European strategy of employment reveals the weakness of its results. The administration constitutes both the place of production and that of the implementation of decisions. The confrontation of both of the proposals and of the results at European level leads to greater coordination of national administrations, which thus develop closer relations at European level. The new administrative configuration which starts to emerge is probably not safe from the danger of bureaucratic routine. The effects of European employment strategy as regards to reducing unemployment would seem, however, to be much less identifiable. The 'open method of coordination' seems to have difficulty in getting beyond the stage of words and managing through its results, to mobilise anything other than the administration.

In the introduction to the last report by the Belgian Ministry of Employment and Labour, the Secretary-General Michel Jadot, is even more critical in his appraisal. According to his analysis the 'open method of coordination' has led to national policies being framed in the name of employment. The injunction of the 'all to employment' involves an approach to social regulations that is simply not shared by the majority of those involved in the labour market. The result is accordingly 'to put systematically on trial collective bargaining in Belgium or our way of building a base of advantages for the benefit of those which cannot have access to normal work' (Federal Ministry of Employment and Labour, 2000, p.19).

As pointed out by M. Alauf (2001) contrary to the wishes of Commissioner Diamantopoulou the convergence initiated by the open method of coordination is not always done in accordance with systems and traditions and even less 'in cooperation with all involved' (Diamantopoulou, 2001a). Certainly if the recent practice of the 'open method cooperation' reveals its defects, it is not sufficient to disqualify it. It derives its legitimacy from the fact that it represents the process most capable of progressing in European integration taking account both of the present institutional structures and of the enlargement prospects. Until we manage to rebalance European integration around the social, institutional process such the 'open method of coordination', however subtle and flexible, will probably be unable to mobilise anything other than administrations and even less to transform the European questions into real democratic issues (M. Alauf, 2001).

The first years of implementation of the EES have seen the Commission interpreting the implementation of EGLs in a logic of convergence, rather than simply of coordination (see above § 1), with special reference to measurable EGLs under the Employability Pillar (see M. Biagi, 2000c, p.155). For the first time, at least in labour matters, a soft-law mechanism has been applied on a community-wide scale. Instead of long-awaited and watered down directives, there is an implicit assumption that open coordination methodology might contribute more effectively to innovation in labour law and industrial relations (M. Biagi, 2000c).

From this point of view the 2001 EGLs reflect some important innovations, in terms of methodology, as compared with the three previous years. First of all the mandate of the Lisbon summit ('more and better jobs' see § 2.1.) is no longer simply a political commitment but it has been explicitly made part of the soft-law mechanism. Secondly, EGL 14 openly speaks of 'subjects to be covered', which corresponds to the US-style notion (in part accepted by the French labour code) of 'mandatory topics' of bargaining. This view is confirmed by the subsequent duty, equally provided in EGL 14, for the social parties 'to report annually' on their efforts to modernise work organisation.

Industrial relations, at least as they are conceived in the context of the Employment Title of the Treaty, are increasingly supposed to play a new role at the Community level, shifting from employment protection towards employment promotion (see the contributions collected in M. Biagi, 2000c). The two profiles don't seem to be in contradiction; truly, they represent two sides of the same coin (M. Biagi, 2001c; M. Rodríguez-Piñero Bravo-Ferrer and others, 2001, p.11 onwards and V. Marleau, 2001, p.21 onwards). Social parties have received a mandate under Pillar 3 (adaptability) in order to cooperate in creating new jobs; hopefully employment of good quality. To what extent this mission has been successful, looking at the first years of the Luxembourg Process, is highly debatable.

To reinforce the above mentioned conclusion, the literature suggests to look carefully at the 2001 employment guidelines (M. Biagi, 2001b, pp. 3-15). In the second case of GL 13 for 2001, we read that 'the social partners are invited ... within the context of the Luxembourg Process to report annually on which aspects of the modernisation of the organisation of work have been covered by the negotiations as well as the status of their implementation and impact on employment and labour market functioning'. In other words, management and

labour are now obliged to report to the Council and the Commission (in view of the 'joint employment report') on the outcome of their bargaining activity in terms of promoting employees' adaptability.

The monitoring role of the Commission should directly address this new perspective concerning the role of collective bargaining in the context of the EES. The 2001 employment guidelines confirm that 'in order to promote the modernisation of work organisation and forms of work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels). This means - according to GL 13 - that 'the social partners are invited ... to negotiate and implement at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive, achieving the required balance between flexibility and security, and increasing the quality of jobs. Subjects to be covered may, for example, include the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time work, access to career breaks, and associated job security issues'.

Also GL 14 includes a mandate for the Member States to be carried out jointly with the social parties. 'Member States will, where appropriate in partnership with the social partners or drawing upon agreements negotiated by the social partners, review the existing regulatory framework ... at the same time ... examine the possibility of incorporating into national law more flexible types of contract'. Furthermore, management and labour are invited to support adaptability in enterprises as a component of lifelong learning. GL 15 invites them 'to conclude agreements, where appropriate, on lifelong learning to facilitate adaptability and innovation, particularly in the field of information and communication technologies. In this context, the conditions for giving every worker the opportunity to achieve information society literacy by 2003 should be established'.

These matters may be considered now as mandatory topics of bargaining. Social parties in Europe must engage in negotiations addressing these issues, in the logic of modernisation and adaptability (M. Biagi, 2001b). The social parties at all levels have been invited to step up their action in support of the Luxembourg Process. So far, however, results have been rather disappointing, at least in substantial terms.

The 2000 Joint Employment Report rightly emphasises that 'progress on the incorporation of more adaptable forms of contract into Member States' labour law remains limited, with a great majority of Member States adopting only piecemeal or incremental reforms ... with the emphasis on a single or, at most, a handful of topics rather than overall reform of labour legislation'. The Council and the Commission also agreed that 'contractual modernisation ... includes piecemeal review of regulatory provisions, e.g. temporary contracts, agency work, dismissals, etc. building up holistic reform of legislative and collective arrangements governing employment relations' (European Commission, 2000b).

More recently, the 2001 Joint Employment Report emphasises that 'the horizontal objectives introduced in the 2001 Guidelines have not yet all been fully integrated into national employment strategies. Few Member States present a global approach as to how they intend to contribute to the attainment of the Lisbon and Stockholm employment targets and only those already closest to or above the European targets set national objectives in this respect' (European Commission, 2000a). The objective of raising quality, in particular, 'is taken up mainly in relation to labour supply, while quality in work is only considered in a limited way. Clear progress has been achieved in terms of developing lifelong learning, which is now an established policy priority throughout the European Union. Comprehensive lifelong learning strategies are now in place in about half of the Member States, but such strategies remain at an early stage of implementation. In addition, in the

majority of Member States there is insufficient evidence of co-ordination and synergy between the competent Ministries. Also few Member States set targets for increases in human resource investment or participation in further learning' (ibid.).

The Stockholm European Council agreed that the Council should include quality in work as a general objective in the 2002 Employment Guidelines. This is now reflected in the new horizontal objective B contained in the Commission Proposal for a Council Decision (European Commission, 2001b) on Guidelines for Member States employment policies for the year 2002, which spells out the relevant aspects of quality in work on the basis of Commission Communication (European Commission, 2001d). In addition, new references to the quality aspect have been integrated in a number of relevant thematic guidelines: numbers 3, 4, 7, 10, 11 and 13.

- GL 3: 1) developing a policy for active ageing. 'In-depth changes in the prevailing social attitudes towards older workers, as well as a revision of tax-benefit systems are called for, in order to reach full employment, to help ensure the long-term fairness and sustainability of social security systems, and to make the best use of older workers' experience. The promotion of quality in work should also be considered as an important factor in maintaining older workers in the labour force'; 2) Developing skills for the new labour market in the context of Lifelong Learning. 'Effective and well functioning educational and training systems responsive to labour market needs are key to the development of the knowledge-based economy and to the improvement of the level and quality of employment. They are also crucial to the delivery of lifelong learning to allow for a smooth transition from school to work, lay the foundations for productive human resources equipped with core and specific skills and enable people to adapt positively to social and economic change. The development of an employable labour force involves providing people with the capacity to access and reap the benefits of the knowledge-based society, addressing skill gaps and preventing the erosion of skills resulting from unemployment, non-participation and exclusion throughout the lifecycle'.
- GL 4: Member States 'are therefore called upon to improve the quality of their education and training systems, as well as the relevant curricula, including the provision of appropriate guidance in the context of both initial training and lifelong learning, the modernisation and greater effectiveness of apprenticeship systems and of in-work training, and promote the development of multi-purpose local learning centres'.
- GL 7: Combating discrimination and promoting social inclusion by access to employment. 'Many groups and individuals experience particular difficulties in acquiring relevant skills and in gaining access to, and remaining in, the labour market. This may increase the risk of exclusion. A coherent set of policies is called for to promote social inclusion by supporting the integration of disadvantaged groups and individuals into the world of work, and promoting the quality of their employment. Discrimination in access to, and on the labour market, should be combated'.
- GL 10: New opportunities for employment in the knowledge-based society and in services. 'If the European Union wants to deal successfully with the employment challenge, all possible sources of jobs and new technologies must be exploited effectively. Innovative enterprises must find a supportive environment because they can make an essential contribution to mobilising the job creation potential of the knowledge-based society. A considerable potential for jobs and for increasing quality in work exists in particular in the services sector. The environment sector in particular may open important possibilities of allowing the low-skilled to enter the labour market, and there is also a potential to upgrade workers' skills through the more rapid introduction of modern environment technology'.
- GL 11: Regional and local action for employment. All actors at the regional and local levels, including the social partners, must be mobilised to implement the European Employment Strategy by identifying the

potential of job creation at local level and strengthening partnerships to this end. Member States will 'promote measures to enhance the competitive development and the capacity of the social economy to create more jobs and to enhance their quality, especially the provision of goods and services linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles to such measures'.

- GL 13: 'The opportunities created by the knowledge-based economy and the prospect of an improved level and quality of employment require a consequent adaptation of work organisation and the contribution to the implementation of Lifelong Learning strategies by all actors including enterprises, in order to meet the needs of workers and employers'. In order to promote the modernisation of work organisation and forms of work, which inter alia contribute to improvements in quality in work, a strong partnership should be developed at all appropriate levels (European, national, sectoral, local and enterprise levels).

According to horizontal objective B laid down in the Commission proposal on Guidelines for Member States employment policies for the year 2002 'Member States will ensure that policies across the four pillars contribute to raising quality in work. Such actions should take into account both job characteristics (such as intrinsic job quality, skills, lifelong learning and career development) and the wider labour market context encompassing gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organisation and work-life balance, social dialogue and worker involvement, diversity and non-discrimination and overall work performance and productivity'.

According to horizontal objective F of the Commission proposal on 'Member States' and the Commission should strengthen the development of common indicators in order to evaluate adequately progress under all four pillars, including with regard to quality of work, and to underpinning the setting of benchmarks and the identification of good practices. The social partners are invited to develop appropriate indicators and benchmarks and supporting statistical databases to measure progress in the actions for which they are responsible. In particular, the Member states should evaluate and report on the efficiency of their policy measures in terms of their impact on labour market outcomes'.

### **Evaluation of quality in community industrial relations: the need to develop comparable indicators**

In the literature it is rightly pointed out that it is impossible to monitor progress in Member States without comparable indicators on outcomes in social policy.

According to F. Vandebroucke (2001), we need a set of indicators which truly reflect the various relevant dimensions at stake: 'in order to arrive at an intrinsically adequate and politically acceptable set of indicators, we have to simultaneously follow both a top-down and bottom-up approach'. More precisely, the top-down approach can be based on general structural indicators along the lines suggested in the European Commission's Communication, while the driving forces behind the bottom-down approach should be the National Employment Plans. In this perspective F. Vandebroucke emphasises the importance of establishing a link between quality indicators and objectives according to the three different lines indicated in box 5 (see J. Morley, 2001).

### Box 5: *Establishing a link between indicators and objectives*

First, decision-makers could politically adopt a limited number of key indicators, which could be established on the basis of the aforementioned Commission's structural indicators with regard to 'social cohesion'. Even though some additional work and refinement will be required on some of them, and even though we may have to add one or two indicators, for example with reference to the measurement of the poverty intensity, or, as some argue, the 'low-wage employees', these indicators are an excellent starting point.

Apart from these structural indicators, which one could also call the 'key' indicators, we might be able to agree on a limited number of secondary indicators, which would aim at refining the very general key indicators. For instance, in the key indicators the Commission considers 60% of the median (equivalised) income to be the 'poverty threshold'. In the secondary indicators we could complement this measure with the 50% and 70% thresholds, which would shed additional light on the issue. Another example of this 'refining' could be one that refers to subjective poverty, namely the one that is subjectively perceived by people. Some of these secondary indicators could be harmonised at EU level, while others would be country-specific.

Finally, we could try and find a commitment on the precise areas or dimensions for which, within an ambitious timetable, new social cohesion indicators should be developed, as well as on the principles and the criteria that should be applied when developing them. These indicators would clearly illustrate the multidimensionality of the concepts of 'poverty' and 'social exclusion', which also cover fields such as housing (we could think of an indicator for homelessness), access to health care and other essential services, as well as social and cultural participation and deprivation. A number of these indicators will initially have to be defined, at the national level, depending on the available information.

- The result of the exercise would be a limited set of shared and rather general 'key' indicators, complemented with some more specific EU and national indicators, both of which link ambitions and progress in fighting poverty and social exclusion in Member States to the objectives agreed by the Nice European Council. In this exercise, the Indicator's subgroup of the Social Protection Committee will have a key role to play.
- The indicators are not a vehicle for defining any pecking order among Europe's nations, but a tool to preserve and rejuvenate Europe's hallmark of social protection for its citizens. Indeed, a credible commitment to combat poverty and social exclusion presupposes a firm commitment to the establishment of a fully-fledged welfare state. And, where the latter exists, an equally firm commitment to its preservation and continuous adaptation to social needs. The set of indicators combines national informational advantage on specific problems and solutions with a key supranational goal that is fundamentally the same for everyone: progress towards more social cohesion and social quality. It carries the promise of making subsidiarity work, and making it work in the same beneficial direction.

Source: *F. Vandenbroucke, 2001.*

In the literature it is possible to reach a general agreement on the need to develop comparable indicators to make it possible to assess the implementation and the impact of the above mentioned qualitative criteria, mainly of those drawn on the basis of the employment GLs, and to further elaborate on the targets, in order to facilitate the identification and exchange of the best practices. The social parties have been invited to develop appropriate indicators and benchmarks and supporting statistical databases to measure progress in the actions for which they are responsible. In this perspective M. Biagi (2001c) has defined a good system of industrial relations as having the criteria indicated in box. 6.



Box 6: *Industrial relations: Quality criteria*

1. Contributes to the establishment of social cohesion as well as to the increase of competitiveness, making sustainable economic growth possible;
2. Recognises full employment as an overarching objective, prepares the transition to a knowledge-based economy, and reaps the benefits of the information and communication technologies;
3. Favours the creation of good quality employment by fostering employability and developing the modernisation of the regulatory framework according to changes in work organisation;
4. Develops a policy for active ageing with the aim of enhancing the capacity of and incentives for older workers to remain in the labour force as long as possible;
5. Promotes conditions to facilitate better access for adults, including those with atypical contracts, to lifelong learning, so as to increase the proportion of the adult working-age population (25-64 years old) participating at any given time in education and training;
6. Contributes to the development of policies to prevent skills shortages, also by promoting occupational and geographical mobility;
7. Develops pathways consisting of effective preventive and active policy measures to promote the integration into the labour market of groups and individuals at risk or with a disadvantage, in order to avoid marginalisation, the emergence of 'working poor' and a drift into exclusion;
8. Implements appropriate measures to meet the need of the disabled, ethnic minorities and migrant workers as regards their integration into the labour market;
9. Removes barriers to exploit fully the employment potential of the service sector, with special reference to a knowledge based society and the environmental sector;
10. Contributes to preparing for the enlargement of the European Union under conditions of balanced and social development;
11. Is based on a strong partnership developed at all appropriate levels (European, national, sectoral, local and enterprise);
12. Is aimed at creating an adaptable workforce, reconciling flexibility and security of employment via adequate training and educational measures;
13. Ensures a better application at the workplace level of health and safety regulations, by improving training and by promoting measures for the reduction of occupational accidents and diseases in traditionally high risk sectors;
14. Is environmentally-friendly, thus paying attention to the impact of collectively agreed rules on the quality of living conditions;

15. Aims at implementing a lifelong learning strategy, to facilitate adaptability and innovation, particularly in the field of information and communication technologies, also by giving every worker the opportunity to achieve information society literacy by 2003;
16. Is inspired by a gender mainstreaming approach, in order to meet the objective of equal opportunity and in any case increasing the employment rate, particularly for women;
17. Is founded on highly-representative social parties, i.e. able to represent most of employers and employees, either through direct membership or via other channels (e.g. support in industrial action);
18. Is characterised by a wide coverage of collective bargaining, both in terms of corporations (size, industry, etc.) and workers (full vs. part-time, open-ended vs. fixed-terms, etc.);
19. Promotes the use of methods to prevent and/or settle labour disputes, via non-judicial mechanisms, such as mediation, conciliation and arbitration, in both collective and individual cases;
20. Promotes employee participation, from the viewpoint of the decision-making process as well as in financial terms, so as to enhance the productivity of the workforce.

Source: *M. Biagi, 2001c.*

According to C. A. Ioannou (2001), industrial relations evaluations may include aspects like working conditions and pay formation. Working conditions should be considered the basic indicator of quality in industrial relations. Under these indicators 'we need to create and use indicators on both industrial relations processes and outcomes'.

### Box 7: *How to evaluate the quality of industrial relations?*

#### **Process indicators**

On working conditions: process requirements of Framework directive (coverage of labour force and companies by workers representatives for H&S, awareness of employees and HR managers on availability of company risk assessment);

On pay structures and IR regulations: individual or collective (coverage of labour force and companies by collective agreements);

On individual IR regulations: Firm and labour force coverage by active HRM policies (employee attitude surveys, various types of circle-quality etc.)

On types of collective regulations: consultation, participation, bargaining (the extent to which various collective agreements apply to the labour force overall);

On the classification of behaviour in the collective regulations: conflict or consensus? (is third party intervention necessary to settle disputes?).

### Outcomes indicators

Working conditions (1): comparable national data on accidents at work and occupational diseases

Working conditions (2): cost of occupational accidents and diseases for companies, social security systems, national health systems;

On pay formations (1): general wage growth and productivity growth;

On pay formations (2): wage drift;

On pay formations (3): share of flexible elements in 'final pay' (productivity bonus, merit pay, ESOPs, etc.).

- Data sources: (1) on working conditions: European Foundation Surveys on Working Conditions and Eurostat projects on workplace injuries and occupational diseases.
- Data sources: (2) on pay and IR regulations: Eurostat data and Development surveys based on national experiences.

Source: A. Ioannou, 2001.

The assumed doctrinal position is accepted by the Commission, which is elaborated in its Communication from 20 June 2001 on the series of quality indicators (see box 8).

The Communication first looks at the relationship between quality of work and the modernisation of the European social model. It then considers how to define quality and goes on to consider the development of indicators of quality in work. It finally looks at applying and using these definitions and indicators through a process of quality reviews.

The role of the indicators defined by the Commission is to allow an assessment of how successful Member States and EU policies are at reaching quality in work goals across these 10 areas. Some indicators are easier to assess, others are more complex. The Commission underlines the importance of avoiding interpreting indicators in a simplistic way (European Commission, 2000e, para. 8) and of relating them clearly to policy objectives and standards, and to policy instruments. (European Commission, 2001d, p. 10).

Box 8: *Main indicators of job quality in the Commission Communication*

#### **1. Intrinsic job quality**

- Job satisfaction among workers, taking, into account contractual arrangements and working time, and level of qualification relative to job requirement;
- The proportion of workers advancing to higher paid jobs over a period of time;
- Low wage earners, the working poor, and income distribution.

**2. Skills, life-long learning and career development**

- Proportion of workers with medium and high levels of education;
- Proportion of workers undertaking training or other forms of life-long learning;
- Proportion of workers with basic or higher levels of digital literacy.

**3. Gender equality**

- Gender gap, appropriately adjusted for such factors as sector, occupation and age;
- Gender segregation - extent to which women and men are over or under-represented in different professions and sectors;
- Proportion of women and men with different levels of responsibility within professions and sectors, taking account of factors such as age and education.

**4. Health and safety at work**

- Composite indicators of accidents at work- fatal and serious - including costs;
- Rates of occupational disease, including new risks e.g. repetitive strain;
- Stress levels and other difficulties concerning working relationships.

**5. Flexibility and security**

- The effective coverage of social protection systems- in terms of the scope of eligibility and level of support - for those in work, or seeking work
- Proportion of workers with flexible working arrangements - as seen by employers and workers;
- Job losses - proportion of workers losing their job through redundancies, and the proportion of those finding alternative employment in a given period;
- Proportion of workers changing the geographical location of their jobs.

**6. Inclusion and access to the labour market**

- Effective transition of young people to active employment;
- Employment and long-term unemployment rates by age, educational level, and region;
- Labour market bottlenecks and mobility between sectors and occupations.

**7. Work organisation and work-life balance**

- Proportion of workers with flexible working arrangements;
- Opportunities for maternity and parental leave, and take-up rates;
- Scale of child-care facilities for pre-school and primary school age groups.

**8. Social dialogue and worker involvement**

- Coverage of collective agreements;
- Proportion of workers with a financial interest/participation in the firms where they are employed;
- Working days lost in the industrial disputes.

**9. Diversity and non-discrimination**

- Employment rates and pay gaps of older workers compared with average employment rates;
- Employment rates and pay gaps of persons with disabilities, and persons from ethnic minorities - compared with the average;
- Information on the existence of labour market complaints procedures, and successful outcomes.

**10. Overall work performance**

- Average hourly productivity per worker;
- Average annual output per worker;
- Average per capita annual living standards of population - taking account of the rate of employment and the dependency ratio;

Source: *European Commission, 2001d, 22-26.*

Quality goals, instruments and indicators are already incorporated in the European Employment Strategy. This is most notable in relation to the European Employment Guidelines. Promoting individual employability (pillar 1 of the guidelines) is about improving the prospects of finding a job and upgrading skills, while promoting adaptability (pillar 3) focuses on the modernisation of work organisation through a process of dialogue between the social partners and the government. Moreover the promotion of equal opportunities ('tackling gender gaps') had been one of the key dimensions (pillar 4) from the start of the Luxembourg Process (European Commission, 2001d, p.14).

To pursue these goals all appropriate policy tools need to be considered. This includes the identification of good practices, benchmarking, legislation, social partner agreements, NGO contributions, and specific incentives. In this way the Quality Reviews - covering the coherence between policy objectives and standards, indicators, and instruments - will play a valuable role in helping define and implement the wide range of actions laid down in the Social Policy Agenda (European Commission, 2001d, p.15).

In the context of the new economic and social agenda in Europe, with the emphasis on more and better jobs, and on the modernisation of the European social model, the Commission:

- proposes a framework for promoting the goal of improving quality of work, particularly through the establishment of a coherent and broad set of indicators on quality in work which can be used in order to strengthen the coherence between the quality in work objectives and policy instruments within the context of the European employment strategy;

- aims to ensure that the goal of improving quality is fully and coherently integrated in employment and social policy through a progressive series of quality reviews for which the Commission will present initiatives at the appropriate time.

The Commission intends to ensure that work on quality indicators in the employment and social domain will continue to be developed and taken forward in the future, drawing fully on the capacities of the European agencies working in these fields, and in cooperation with the other institutions (European Commission, 2001d).

### **Quality of industrial relations and quality of employment: the role of social parties and the transposition of EU directives at national level**

According to the annual guidelines of the European Employment Strategy, the social parties have received the mandate to contribute for 'an improved level and quality of employment (...) increasing the quality of jobs'. From this perspective it has been noted that the quality of employment depends also on the activity of the social parties, i.e. on the quality of industrial relations (M. Biagi, 2001c).

Speaking about the quality of jobs is not a new topic, at least at the Community level, and one cannot believe that this is a perspective to be tackled only in terms of soft-laws, such as the 'employment guidelines'. The more and better jobs principle, combining employment-friendly and quality-oriented provisions may be already found in hard-laws, such as the fixed-term (no. 99/70/CE) and part-time work directives (no. 97/81/CE).

Social parties have agreed to 'improve the quality of fixed-term work by ensuring the application of the principle of nondiscrimination' (Clause 1: Purpose). The employment-friendly provision is founded on the fact that 'objective reasons' are not requested for the first fixed-term agreement. The parties have agreed on 'measures to prevent abuse' of such contracts or relationships, i.e. to preserve their quality, by requiring 'objective reasons justifying the renewal'. Management and labour have also agreed to regulate part-time work. Their aim is 'to provide for the removal of discrimination against part-time workers and to improve the quality of part-time work'. After this quality-oriented provision, the social parties recognised the employment-potential of this work arrangement and also agreed 'to facilitate the development of part-time work on a voluntary basis and to contribute to the flexible organisation of working time in a manner which takes into account the needs of employers and workers' (Clause 1: Purpose).

Both agreements, as transformed into directives, belong to a generation which is clearly inspired by the EES. They aim at reconciling job promotion with job protection. 'Atypical' employment relationships proved to be effective in creating new jobs and should consequently be encouraged (more jobs). At the same time the political mandate - mainly after the Lisbon summit - is clear enough in requiring to preserve a level of protection as to guarantee the quality of these forms of employment, preventing possible abuses (better jobs). Far from every deregulatory temptation, the strategy of re-regulation via social dialogue is confirmed.

In spite of the importance of the frame-work agreements and relative implementation directives the process of transposition into the national legal systems demonstrates the weakness of the mechanism for the reception of the communitarian principles and disciplines. In fact the cases of the fix-term work and part-time work highlight how the communitarian regulations were often used in order to obtain national political aims without any coordination at the community level. The doctrine has demonstrated how the notions of part-time work and high quality work conflict at the national level.

In some legal systems, like Italy's, the transposition of a directive on a fixed-term work generated considerable change of the industrial relations system which generated conflict between trade unions. In Italy the debate relating to the quality of fixed-term work gave birth to the clamorous split in the union movement as CGIL (the main workers trade union) which refused to sign the joint statement highlighting recommendations for the further transposition of the communitarian directive into Italian legislation.

In Italy the transposition of the directive on part-time work generated the strong confrontation between the government and the social partners. The centre-leftist faction of the government formulated plans to transpose the directive without the joint statement of the social partners. Thus, the social partners (with the exception of the CGIL) did not agree with the subsequent decree. Therefore the government had to issue a corrective decree of the first legislative act on the directive transposition. The legal rigidity related to the use of part-time work is still so relevant that the legal framework is not sufficient to meet the requirements of employers and employees. So the centre-right government has decided to reshape the legislative framework in the next few months. The tensions regarding the regulations of part-time work and fixed-term work in the Italian legal system reflect problems in the Italian industrial relations system. Uncertainty about the transposition of the directive discourages employers and employees from utilising part-time employment schemes. Other member states such as Spain, the UK, and Sweden face the same problem as the transportation process created difficulties in their national industrial relations systems.

This is the reason why it is advisable to develop a monitoring system in which directives in social as well as employment affairs are actually at the domestic level (see below § 4). The process of transposition of directives on fixed-term contract and part-time work confirm that the main problem is how to interpret the notion of quality of jobs as being a relative concept with many dimensions (European Commission, 2001d, p.7). The understanding of what constitutes a good job differ deeply from individual to individual, from sector to sector, from one political sector to another, and in general from country to country.

### **The case of the EU Directive on fixed-term work**

From another perspective, one should not underestimate the difficulties concerning the adoption of universal obligatory policies regarding the transposition of all community directives (M. Jeffery, 1995, p. 296). This is particularly problematic in the case of fixed-time work. Indeed, the first commentators have rightly highlighted the symbolic importance of the framework agreement (M. Biagi, 1999, pp. 17-19; M. Weiss, 1999, p.96 onwards; R. Blanpain, 1999b, p.85 onwards; P. Lorber, 1999, p.121 onwards) and it could not have been otherwise. As pointed out by the former Social Affairs Commissioner, Pdraig Flynn, 'regulating fixed-term contracts was 'by far the most politically sensitive and technically difficult issue that the social partners have tackled in formal negotiations at the European level as yet, and that the successful outcome of the negotiations show that they are ready to shoulder their new responsibilities under the Amsterdam Treaty'. A further symbolic value of the framework agreement, also underlined by Commissioner Flynn, relates to the circumstance 'that social partners signed the agreement in Warsaw at a major conference on social dialogue and enlargement, marking the importance agreed by all actors to promote the social dialogue in the applicant countries'.

Analysed in the context of the coordination of employment policies at the European level, the agreement represents an undeniable sign of vitality in the European bargaining process - the results of which are significant, especially if we think about the representative weakness of the social parties and above all the failure of the recent past. The institutional spaces for a European collective agreement - disclosed by the social

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<sup>1</sup> See the speech of Pdraig Flynn welcoming the conclusion of the new European Agreement on Fixed-term contracts in [http://www.europa.eu.int/comm/dg05/soc-dial/social/fixedpress\\_en.htm](http://www.europa.eu.int/comm/dg05/soc-dial/social/fixedpress_en.htm).

<sup>2</sup> *Ibid.*

chapter in the Treaty of Maastricht and consolidated by the Treaty of Amsterdam - have in effect revealed themselves to be sufficient enough to allow the Euro-actors to experiment a praxis which represents a step forward with respect to the traditional conception of social dialogue (M. Schmidt, 1999, pp. 259-269).

Examined in the wider context of the trends of labour law development in the era of globalisation, a deeper reading of the contents of the agreement induces some perplexities both on the technique of regulation of this contractual scheme as well as on the goals of the policy of the law pursued by the social parties. Looking at the process of the institutional transformation of the European Union anyone can underestimate the political importance of the agreement, even though the results obtained are decidedly modest compared to the more ambitious attempts at regulating atypical/temporary work of the early Nineties (see M. Jeffery, 1998, Pp. 205-213; M. Roccella, 1991, p.27 onwards; M. Tiraboschi, 2002a, p.41 onwards.). However, it is extremely difficult to escape the feeling that the agreement has been inspired by an antiquated configuration of the relationship between capital and labour. What is missing is a strategy of regulation on the ways to utilise labour other than that established in the industrial era; completely neglected is the logic that today governs the mechanisms of production and the circulation of wealth (M. Tiraboschi, 1999, p.145 onwards; M. Weiss, 1999; R. Blanpain, 1999b).

In effect, the comprehensive structure of the framework agreement provides a juridical representation of fixed-term work somewhat modest compared to the discipline in force in the majority of the Member States of the European Community (R. Blanpain, 1993; D. Meulders and others, 1994; K. Schömann al.,and others, 1995; C. Vigneauet al.,and others, 1999; S. Clauwaert, 1998). A representation that seems far removed from the modern logic behind the utilisation of temporary work.

Nobody can deny the deep ethical and juridical meaning of the principle of job stability (see R. Blanpain, 1980). The Markets of the twenty-first Century have changed greatly due to globalisation and 14-internationalism. Not only will they be characterised forever by the hegemonic force of the contract of an indefinite period they appear destined to marginalise the traditional distinction between the employee and the self-employed.

The framework agreement confirms the centrality of subordinate work for an indefinite period, thereby shaping fixed-term work as a mere exception. From an ideological and cultural point of view the option followed by the social parties in favour of job stability is shared by the majority of the scholars (see B. Caruso, 1999). Presented in terms of a mere opposition between fixed-term and indefinite duration contracts, the contradiction between the legal dimension and the socio-economic reality is nevertheless evident.

In Italy, for example, in large companies the standard contractual scheme (full-time and indefinite duration) now makes up less than 50% of new contracts. In all, the number of workers employed with a fixed-term contract is still low, not exceeding 4% of the work force; however, if one assesses the level of new hiring, the fixed-term contract reaches 25% of the workers in small companies and 33% in large ones. Statistics indicate, in each case, that the occupational increase which has characterised work in industrial companies must be attributed almost entirely to flexible contracts like fixed-term, temporary work through agency, part-time work, apprenticeship, labour and training contracts, job sharing, etc. These kinds of contracts affect about 45% of new hirings (source: ISTAT). In continual expansion is the area of self-employment and associated work and, above all, the area of temporary and quasi-subordinate employment, which today affects no less than 1,480,380 workers of whom 57% are men and 43% women (source: CNEL). Going back to the notion of fixed-term work, although not really akin to the juridical case in point of fixed-term work, there are numerous types of contracts that operate in the margins of subordinate employment involving an ever more extensive group of workers: apprentices, training contracts, stages, etc. A phenomenon undeniably Italian, even if present in other industrialised countries in a substantial measure, is that of the underground economy



According to the most recent estimates, undeclared or 'black' work in Italy involves approximately 5 million irregular job positions - in particular, work done on an occasional or temporary basis - out of a total work force of 20 million workers (source: ISTAT).

In a comparative perspective, particularly interesting is the data collected in figure 7 which contains the results from a research by F. Schneider, 'The Value Added of Underground Activities: Size and Measurement of the Shadow Economies and Shadow Economy Labour Force all over the World', (2000). Using various methods Schneider estimates the size of the shadow economy in 76 developing, transition and OECD countries. The average size of the shadow economy (in percent of official GDP) over 1989-93 in developing countries is 39%, in transition countries 23% and in OECD countries 14.1%. The average size of the shadow economy labour force (in percent of the official labour force) of the year 1997-98 in 51 developing countries is 50.1%, in 9 transition countries 49.0% and 7 OECD-countries 17.3%. An increasing burden of taxation and social security contributions combined with rising state regulatory activities are the driving forces for the growth and size of the shadow economy (labour force). See also: F. Schneider, 1997, Pp. 42-48; F. Schneider, 1998; F. Schneider, 2000b).

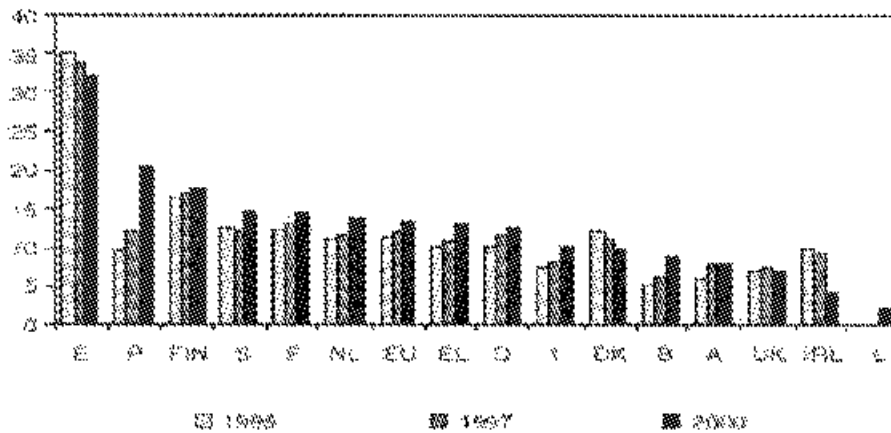
Figure 7: *The size of the shadow economy in OECD countries*

	<b>Average 1989-90</b>	<b>Average 1990-93</b>	<b>Average 1994-95</b>	<b>Average 1997-98</b>
1. Australia	10.1	13.0	13.5	14.0
2. Austria	6.9	7.1	8.6	9.0
3. Belgium	19.3	20.8	21.5	22.5
4. Canada	12.8	13.5	14.8	16.2
5. Denmark	10.8	15.0	17.8	18.3
6. Finland	13.4	16.1	18.2	18.9
7. France	9.0	13.8	14.5	14.9
8. Germany	11.8	12.5	13.5	14.9
9. United Kingdom	9.6	11.2	12.5	13.0
10. Greece	22.6	24.9	28.6	29.0
11. Ireland	11.0	14.2	15.4	16.2
12. Italy	22.8	24.0	26.0	27.3
13. Japan	8.8	9.5	10.6	11.1
14. Netherlands	11.9	12.7	13.7	13.5
15. New Zealand	9.2	9.0	11.3	11.9
16. Norway	14.8	16.7	18.2	19.6
17. Portugal	15.9	17.2	22.1	23.1
18. Spain	16.1	17.3	22.4	23.1
19. Sweden	15.8	17.0	19.5	19.9
20. Switzerland	6.7	6.9	7.8	8.1
21. USA	6.7	8.2	8.8	8.9
<b>Average</b>	<b>13.2</b>	<b>14.3</b>	<b>15.7</b>	<b>16.8</b>

Sources: *Currency demand approach-own calculations and Schneider (1994a, 1998a).*

At EU level the increase in employment on temporary contracts - both absolute and shares - was observed in all Member States with the exception of Spain, Denmark, Ireland and the UK. It was strongest in Portugal, Italy, Greece, Sweden and Netherlands.

Figure 8: *Employees with a temporary contract*



Source: *European Commission 2001c, 20.*

The empirical data repudiate the affirmation of the principle contained in the Preamble of the agreement, and the philosophy behind it, which permeates, on the basis of this presupposition, all the single clauses signed by the parties. Unless one deals with a mere petition of principle directed at exorcising the end of a myth - that of work which is stable and for a life-time - the affirmation of the purely exceptional character of fixed-term work is, today, sustainable only at the level of having to be legal, but not at the level of facts. The price of this choice is therefore high. Neglecting the subordination of the legal dimension to the rules of economics, the formal acceptance of a model of regulation of the labour and capital relationship in decline (like the employment of indefinite duration) imposes to legitimise, on the factual level, a creeping deregulation of employment relationships. The consequence is the incessant immersion of contractual schemes of praeter and contra legem labour which contribute in the long run to further impoverish even more the protection of both temporary and stable employment (see J. Visser, 1998).

In reality, also from a formal point of view, the text of the agreement presents serious limits and some clear contradictions. A precise statement of the choice directed at marginalising fixed-term work, is one of the gaps in the framework agreement contained in the recent Report on the Commission proposal for a Council Directive concerning the framework agreement on fixed-term work<sup>3</sup> concluded by UNICE, CEEP and the ETUC of 12 March 1999. The position of the European Parliament, which is nevertheless in favour shared fully especially where it:

*'notes that the agreement allows fixed-term employees to be placed at a disadvantage compared with permanent employees on objective grounds without defining those grounds and insists that such discrimination must be restricted to an absolute minimum';*

*'notes that the agreement concluded by the social partners is confined to fixed-term employment, and calls on the Commission to submit forthwith proposals for directives that will place the forms of atypical employment relationships that have not yet been regulated, in particular temporary work (through agencies) and telework, on the same footing as indefinite full-time working relationships';*

<sup>3</sup> It is significant to note that the Preliminary Draft of the Report was more critical. Instead of soft expressions like 'The Parliament ... notes', '... points out', '... regrets' and so on, the Preliminary Draft was often more direct in criticising the framework agreement. For example, in all the points underlined in the text with the use of italics the incipit was 'The Parliament ... criticises ...'.

*'points out that the agreement only covers employment relationships and excludes social security questions, which are in need of legal regulation (...).'*

*'criticises the fact that the agreement only establishes provisions for successive fixed-term employment relationships';*

*'regrets the non-binding nature of the provisions that are supposed to prevent abuse arising from the use of successive fixed-term employment, because they do not comprise any qualitative or quantitative standards, so that the agreement itself will not automatically ensure that the situation of fixed-term employees really does improve, which will then have to be achieved by transposing the agreement into national rules';*

*'Points out that the agreement does not set a uniform European minimum standard for successive fixed-term employment contracts (...).'*

The need to make the discipline fit in the fifteen Member States has brought about a compromise that is particularly fragile and full of gaps. In fact, as pointed out by the European Parliament itself, the framework agreement is destined to require the introduction of new legislation on the use of successive fixed-term employment contracts in two Member States only. As it is too limited for continental legislation the framework can not compel continental member states to adopt policy consistent with its objectives (i.e. substantial limits on the stipulations of this kind of contract, automatic conversion of an irregular fixed-term contract into one of indefinite duration). But too extensive for countries like the UK and Ireland, on whom the framework agreement imposes the adoption of a discipline capable of unhinging the traditional logic of the regulation of the employment relationship. It is worthy of note that in these two countries no substantial limits presently exist on the stipulation of employment relationships of an occasional, temporary or intermittent nature (P. Lorber 1999, p.121 onwards). This is the reason why UK Government has recently asked for a one year delay in transposing the directive.

The choice of regulating is also questionable, on separate negotiating tables, first part-time work, then fixed-term work and, in the future, temporary work through an agency. In this way, the ETUC, UNICE and CEEP not only precluded themselves from a broad table of negotiation on flexibility and job security, which would have undoubtedly assured wider margins of mediation, but above all they have impeded a comprehensive regulation of all the different types of atypical/temporary work. In this respect, the social parties seem to have therefore neglected that in a given juridical context the discipline of a singular contractual scheme depends on the regulation and functioning of all the other schemes (see M. Tiraboschi, 1999).

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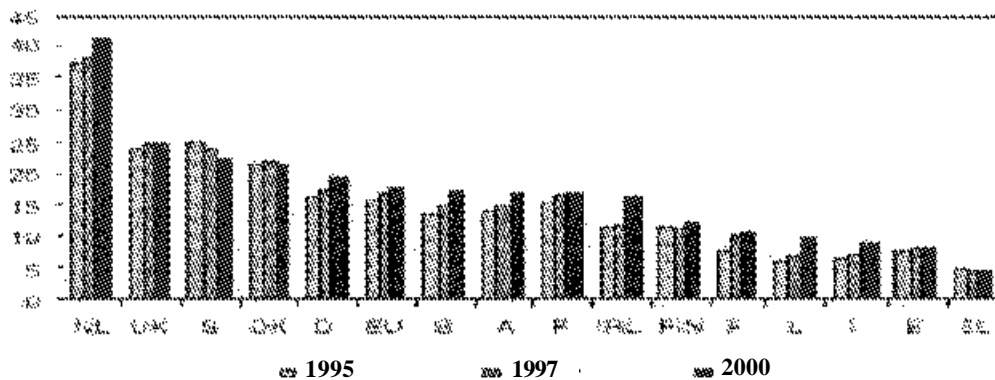
Following the breakdown of negotiations between UNICE, ETUC and CEEP (interprofessional social partners) in May 2001 on a framework agreement, the sectoral social partners for the temporary work sector (or agency work) decided to restart their own social dialogue. At the time of the breakdown, Commissioner Diamantopoulou announced that the Commission would prepare a proposal for a Directive on temporary work or agency work. On 8 October 2001, the European federation for temporary work agencies (CIETT- Europe) and the trade union for agency workers (Uni-Europa) signed a joint position for a European Directive on agency work.

See: [http://www.europa.eu.int/comm/employment\\_social/news/2001/oct/201\\_en.html](http://www.europa.eu.int/comm/employment_social/news/2001/oct/201_en.html)

**The case of the EU Directive on part-time work**

One important element of the quality of employment is linked to both the number of hours worked and the distribution of full-time vs. part-time work. As the statistic data of Eurostat testifies the share of those employed in part-time jobs increased in the year 2000 in all countries but Sweden. More than 40% of all employed worked part-time in the Netherlands, and between 20-25% in the UK, Sweden and Denmark. In Greece, Spain and Italy, the share of part-time workers remains below 10%. (Figure 9).

Figure 9: Part-time employment as a share of total employment, 1995-2000



Source: European Commission, 2001c, 20.

In the EU, the percentage working part-time is much higher for women than for men, as shown in Figure 9. One in three women is working part-time, as compared to only one out of sixteen men. The highest rate of part-time work amongst women is found in the Netherlands (68.6%), while it remains generally speaking low in the Southern Member States (GR., E., I. and PT.).

Figure 10: Part-time employment as a percentage of total employment in 1999

	Total	Males	Females
<b>B</b>	19.8	4.7	39.9
<b>DK</b>	20.8	9.6	33.9
<b>D</b>	19.0	4.9	37.2
<b>GR</b>	6.1	3.6	10.2
<b>E</b>	8.3	3.0	17.6
<b>F</b>	17.2	5.6	31.7
<b>IRL</b>	16.7	7.4	30.6
<b>I</b>	9.7	3.4	15.7
<b>L</b>	10.7	1.8	24.6
<b>NL</b>	39.4	17.9	68.6
<b>A</b>	16.8	4.4	32.5
<b>P</b>	11.0	6.3	16.7
<b>FIN</b>	12.2	7.9	17.0
<b>S</b>	23.8	9.4	40.0
<b>UK</b>	24.8	8.9	44.4
<b>EU 15</b>	17.7	6.2	33.5

Source: European Commission, 2001c.

Figure 11: *Part-time as a percentage of total employment in 1995 and 1999*

	Total		Males		Females	
	1999	1995	1999	1995	1999	1995
<b>B</b>	19.8	13.6	4.7	2.8	39.9	29.8
<b>DK</b>	20.8	21.6	9.6	10.4	33.9	35.5
<b>D</b>	19.0	16.3	4.9	3.6	37.2	33.8
<b>GR</b>	6.1	4.8	3.6	2.8	10.2	8.4
<b>E</b>	8.3	7.5	3.0	2.7	17.6	1.6
<b>F</b>	17.2	15.6	5.6	5.1	31.7	28.9
<b>IRL</b>	16.7	12.1	7.4	5.4	30.6	23.1
<b>I</b>	7.9	6.4	3.4	2.9	15.7	12.7
<b>L</b>	10.7	7.9	1.8	1.1	24.6	20.3
<b>NL</b>	39.4	37.3	17.9	16.7	68.6	67.3
<b>A</b>	16.8	13.9	4.4	4.0	32.5	26.9
<b>P</b>	11.0	7.5	6.3	4.2	16.7	11.6
<b>FIN</b>	12.2	11.8	7.9	8.0	17.0	15.8
<b>S</b>	23.8	N.A.	9.4	N.A.	40.0	N.A.
<b>UK</b>	24.8	24.1	8.9	7.7	44.4	44.3
<b>EU 15</b>	17.7	N.A.	6.2	N.A.	33.5	N.A.

Source: *European Commission, 2001c.*

The share of involuntary part-time work remains considerable in some Member States as shown in table. This is the case in Greece, France, Italy, Finland and Sweden where at least 25% of all part-time workers do so involuntarily.

Figure 12: *Involuntary part-time workers as a percentage of total part-time employment in 1995 and 1999*

	Total		Males		Females	
	1999	1995	1999	1995	1999	1995
<b>B</b>	20.3	27.7	30.9	34.4	18.6	26.7
<b>DK</b>	15.3	17.1	12.6	14.1	16.2	18.1
<b>D</b>	13.0	9.8	18.0	12.9	12.2	9.4
<b>GR</b>	43.8	37.2	48.5	47.4	41.0	31.2
<b>E</b>	25.1	20.9	26.2	18.4	24.8	21.6
<b>F</b>	27.5	39.4	41.2	53.4	24.5	36.3
<b>IRL</b>	12.7	32.5	26.0	59.2	8.0	22.1
<b>I</b>	36.4	36.9	44.9	45.5	33.1	33.3
<b>L</b>	9.8	8.4	N.A.	N.A.	9.9	7.3
<b>NL</b>	4.3	7.2	6.7	11.2	3.5	5.8
<b>A</b>	11.3	7.3	22.1	9.6	9.4	6.9
<b>P</b>	23.7	23.1	20.3	17.3	25.3	25.7
<b>FIN</b>	37.9	43.7	32.6	38.4	40.7	46.6
<b>S</b>	29.6	N.A.	33.5	N.A.	28.6	N.A.
<b>UK</b>	10.3	13.4	21.3	26.4	7.6	10.6
<b>EU 15</b>	16.8	N.A.	24.4	N.A.	15.0	N.A.

Source: *European Commission, 2001c.*

The statistics demonstrate how limited the use of part-time work is especially in central and southern Europe. Also in this case the doctrine highlights that most problems other than cultural, are of juridical character and are linked to the difficulty in the transposition of the communitarian directive which can provide incentives to the use of this particular contractual typology. In fact, the transposition process in most legal systems maintains a lot of the disincentives concerning the use of part-time work (especially with reference to the so called flexible clauses, thus making this contractual instrument not very attractive both for the employers and employees). It seems very interesting from the comparative point of view of the recent publication of the French Conseil d'Analyse économique on 'Le temps partiel en France' (see Cette, 1999). Even if it is a rather unknown document as it was overshadowed by the clamour risen by the debate around the reduction of working hours to 35 hours per week it stresses the central themes concerning the case in point (see J. O'Reilly and others, 1998).

The peculiarity of the French case allows us to better understand the problems and advantages in the regulation of part-time work. In France a small percentage of the part-time contracts can at the first glance explain that requests for part-time work are less where the normal working hours are shorter. The research conducted by Conseil d'Analyse économique testifies that in comparison to other countries France grants the most financial support to the part-time worker. This proves again that the framework for the protection of part-time work is in line with the Directive 97/8/CE and that economic incentives alone are not sufficient to guarantee the development of part-time work. The normative clauses are in this context equally important. Also these economic incentives shouldn't be neutralised by their excessive inflation but should really influence the choices of the employers and employees as well as the quality of created jobs.

The comparative research confirms that the adoption of the special economic incentive programmes in respect to part-time work doesn't seem to effectively promote the use of part-time employment (see M. Tiraboschi, 2000, p.15 onwards). Economic incentives programmes also have to be made compatible with communitarian principles of the directive. Without adequate coordination they offer few economic benefits to employers in terms of work and production. In most cases the employers that use public financing resort to part-time work schemes without the economic incentives and wouldn't hesitate to change the working hours after utilising this funding. The norms of this directive seem to create an imbalance between advantages and disadvantages offered to employers as administrative burdens cost employers more to assume workers on a part-time basis.

The regulation of part-time work remains controversial. At the European level this debate does not seem so ideological as it does in Italy where the regulation of part-time work has been under debate for more than 30 years. The terms of comparison are well known and some fundamental passages can be given (more detailed information is in ILO, 1993). In abstract terms one can affirm that part-time work relationships have advantages and disadvantages for employers and employees.

For part-time workers one of the many benefits is that they can combine work and family life (Sundstrom, 1994). This relationship is also of particular benefit to young people trying to enter the work force especially when it includes retirement benefits. Part-time work relationships also provide an alternative to redundancies in the case of excessive staff and provide employment opportunities when full-time work is scarce. Part-time employment is also a disadvantage to employees as they are generally paid less than full-time workers and have few prospects for career advancement. Such policies are particularly discriminatory against women as they are more likely to work under part-time arrangements and are frequently given menial assignments at inferior wages. For the enterprises part-time work can guarantee the necessary flexibility in order to adapt to the fluctuations of demand, work organisation and the introduction of new technology. In the service sector, employers generally prefer this type of arrangement as studies show that part-time workers are generally more highly motivated and perform better than other 'atypical' workers. But, as said before, the expenses associated with part-time employment are proportionally higher than those full time employment due to administrative

and bureaucratic costs. Part time work also presents advantage and risk to the government and social partners. Incentives not only include the reduction of unemployment levels during recession periods but also increase the rate of participation in the labour market. Levels of participation in the labour market in Italy, however, are particularly low which has serious implications for the welfare system. The empirical data in this context are not very encouraging (cfr. *Economia del Lavoro*, 1999).

Particularly uncertain is the boundary between voluntary part-time and involuntary part-time (J. O'Reilly and others, 1998). Less clear is the correlation between part-time work and employment performance. We cannot respond to these questions in abstract terms as every legal system is unique. Part-time means completely different things that change from country to country and from one labour market to another respectively. Where some statistics show that the growth of part-time employment develops along with economic growth, other statistics contradict this data entirely (B. Fallick, 1999, Pp. 22-29).

The inappropriate use of part-time work could result in under employment on the one hand and contribute to irregular and underground employment on the other. Unions are particularly adverse to part-time employment as part-time employees are generally not unionised. In summary part-time work must be evaluated on a case by case basis. Each legal system is unique and there is much difficulty surrounding the transposition of the part-time work directive into national legal systems (see M. Tiraboschi, 2000).

### Quality of work and employee involvement

According to the European Commission employee involvement is one of the main factors which might determine the quality of a system of Industrial Relations. According to the communication of the Commission on the quality of work one of the possible criteria that has been identified by the Commission is social dialogue and worker participation. According to the strategy launched in the European Council of Lisbon, it seems to be indispensable that labour and management would experiment intensively social dialogue, possibly leading towards an involvement of the employee (see M. Biagi, 2002). This may be helpful in order to create a more productive working environment, to promote more productivity, to make introduction of new technologies easier, to make socially compatible economic adjustments, to make working life more family friendly and so on (ibid.).

In this regard, an important step towards a participation climate in EU Industrial Relations is the recent Directive on the European Company Statute, a long awaited European piece of legislation, which took more than 30 years of work (M. Weiss, 2002). There are reasonable expectations that also a second Directive on the information and consultation rights in national undertakings will be enacted next spring by the Council and the Parliament as soon as the conciliation procedure is successfully done (A. Neal, 2002). There are major innovations coming from the European Union which will have an impact on a domestic scale (see M. Biagi, 2002). But the background for these two Directives was a third Directive which was enacted seven-eight years ago: the Directive on the European Works Councils (EWC). In the literature the EWC directive has been considered as an extremely important model which has made it possible to get the enactment of the European Company Statute firstly and later on the directive on information and consultation rights in national undertakings. Without the EWC Directive it would have been impossible, unthinkable that the European Company Statute be enacted (see: R. Blanpain, 2002; S. Demetriades, 2002).

These new Directives - and also some recent research in the area of financial participation (see the bibliography in A. Pendleton, 2002; M. Tiraboschi, 2002) - have re-opened an intensive debate on corporate governance, on employee involvement, on workers' participation. Participation is an old theme, of course it is not a new topic. But on the basis of this input coming from the European present and future Member States probably will start a new dialogue, a new discussion on this theme (G. Baglioni, 2002; M. Sewerynski, 2002).

This has always been the case in the past when a theme is finally covered by a Community instrument on a domestic scale. Several authors underline the circumstance that a new directive represents a fundamental input for re-opening a more pragmatic discussion (see M. Biagi, 2002.).

After the EWC story we finally learnt that it is not possible to identify one single road in promoting employee involvement in various countries. It seems so simple, it seems so obvious, however for a long time the problems that have been linked with the discussion of European Company Statute, came from the assumption, that one model, or, at least, one procedure, had to be somehow imposed to all Member States of the EU. This has been a mistake which has made the progress of the discussion on employee involvement slower than expected. The EWC story tells us that no predetermined model can be experimented, flexible arrangements have to be implemented. In other words, the European Company Statute Directive belongs to the new generation of directives which have been inaugurated by the EWC. In this context the old idea of harmonisation has been, if not dropped, at least reconsidered deeply.

The challenge now is to coordinate the transposition measures in various Member States in order to achieve comparable results. That is, for instance in the case of EWC, to improve information and consultation. The way in which the different Member States will do that depends on their traditions, their practices, their willingness and on their political decisions. This new generation of directives is at the same time interesting and controversial because, for instance in the case of European Company Statute, national governments are now facing the dilemma to transpose fully or partially the Directive on workers' participation (M. Weiss, 2002). Due to the Spanish resistance there is an option. A compromise was found at the Nice European Council, granting national governments an option not to transpose the most controversial part of this Directive, that is to say the standard rules which discipline the board level workers' participation. Is this a good way to progress in Community legislation, granting national governments opting outs? For some authors it seems to be inevitable to some extent, also because the membership of the EU is enlarging and it is not possible to force all governments, now 15, in the future 27, to be bound by identical rules. On the other side, one might argue that opting outs may be the end of real Community legislation, leaving room for too many exceptions, too many options and somehow re-introducing social dumping (see M. Biagi, 2002).

The literature has emphasised that we have a new generation of collective agreements coming out of the experience of these Directives. A collective agreement is supposed to replace somehow standard rules to the extent that a pre-fixed agenda has been successfully negotiated by the social partners, under the condition that a pre-determined list of topics have been negotiated. So, the enactment of a collective agreement is to some extent pre-determined. In some Member States it can be seen as a violation of the principle of free collective bargaining. There are some scholars who object that this methodology of a mandatory topics of negotiations, topics which must be covered in order to make collective agreements able to replace legislation, this logic doesn't leave the bargaining agents any longer free to negotiate. Others believe that, as labour lawyers, we should discuss this perspective as well as the question of time limit. For instance, in the case of the European Company Statute, social partners have six months to make the arrangement. You may bargain, you are invited to bargain six months, no longer. Is that compatible with the logic of free collective bargaining? Social partners in Italy object very strongly about that. They do not want any limitation in terms of timing. Collective bargaining means that they shouldn't be bound by any time limit. One might say that this is an objection a bit formalistic (see M. Biagi, 2002).



## Concluding remarks and trends

The importance of the 'quality factor' in Community industrial relations was stressed for the first time in Lisbon in March 2000. The most important statement to come out of the Lisbon Council concerned the need to establish synergies and interdependency between economic policies, employment policies and social policies. Regaining full employment not only involves focusing on more jobs, but also on better jobs including equal opportunities for the disabled, gender equality, good and flexible work organisation permitting better reconciliation of working and personal life, lifelong learning, health and safety at work, employee involvement and diversity in working life.

In this perspective the Stockholm European Council on 23-24 March 2001 invited Governments as well as the Council to define common approaches to maintaining and improving the quality of work, which should be included as a general objective in the 2002 employment guidelines. The Stockholm European Council also requested the Council together with the Commission to develop indicators on quality in work, to be presented in time for the Laeken European Council in December 2001.

Following these suggestions the Commission has adopted a Communication on quality which includes a section on possible dimensions of quality in work and proposes possible indicators under those dimensions (see European Commission, 2001d). By promoting higher quality objectives, and by investing in better quality policies, the Commission 'aims to encourage and assist the Member States to improve the pace at which the quality of life is improved within the Union, inside and outside of work, and provide appropriate aspirations for candidate countries'.

In its Social Policy Agenda, the Commission set the overall focus as the promotion of quality as the driving force for a thriving economy, more and better jobs and an inclusive society: 'extending the notion of quality - which is already familiar to the business world - to the whole of the economy and society [to] facilitate improving the interrelationship between economic and social policies'. This Communication brings forward some of the key dimensions of the Social Policy Agenda, and some aims of the Lisbon strategy as reinforced by Nice and Stockholm, and provides a broad analytical basis and framework for the future.

The focus on quality in the Social Policy Agenda is a means to underpin the modernisation of the European social model, to ensure the dynamic positive complementarity of economic and social policy, and so to meet the challenges of globalisation, enlargement and rapid technological, social and demographic change. The Nice Council conclusions stated that 'to meet these new challenges, the (Social Policy) Agenda must ... place the emphasis on the promotion of quality in all areas of social policy. Quality of training, quality in work, quality of industrial relations and quality of social policy as a whole are essential factors if the European Union is to achieve the goals it has set itself regarding competitiveness and full employment'.

As the Social Policy Agenda states: 'quality of work includes better jobs and more balanced ways of combining working life with personal life. Quality of social policy implies a high level of social protection, good social services available to all people in Europe, real opportunities for all and the guarantee of fundamental and social rights. Good employment and social policies are needed to underpin productivity and to facilitate the adaptation to change. They also will play an essential role towards the full transition to the knowledge-based economy'.

This approach is now confirmed by the European Council of Laeken (2001), where the Council has approved the report of the Employment Committee and the annex list of indicators (doc. 14263/01). However, Presidency Conclusions are clear in specifying that the development of quality indicators is a process requiring a continuous adaptation/improvement according to the changes in data, policies and objectives. In this perspective the Council is launching an appeal for an integration between EES and Quality indicators.

From this point of view the 2002 EGLs proposed by the Commission and agreed in Laeken reflect some important innovations, in terms of methodology, as compared with the three previous years. Quality of work is now a strategic objective of the European Employment Strategy. It involves both the job characteristics amid the wider labour market context, and should be promoted through actions across all the four pillars. In addition, new references to the quality aspect have been integrated in a number of relevant thematic guidelines.

# The 'quality factor' in a global perspective

## Organisation for Economic Cooperation and Development (OECD)

The OECD Employment Outlook for 2001 tried to do an analysis of job quality based on specific indicators. In this perspective, the OECD underlined, a number of key findings emerging from the analysis of differences between the United States and Europe in employment performance and job quality (OECD, 2001).

First, the higher overall employment rate in the United States than in Europe can't be solely attributed to a surplus of low-paying service jobs. Second, while strong growth in service sector employment in the United States over the 1990s was accompanied by an expansion of low-paying jobs, a larger expansion took place in jobs in relatively high-paying occupations and industries. Third, Europe experienced slower growth in employment at all wage levels. While employment did grow fastest in high-paying jobs, as in the United States, the number of low-paying jobs stagnated or declined. The configuration of policies which will be appropriate for each country in terms of addressing issues of job quality will depend on its initial situation. Countries with a relatively high incidence of jobs involving low pay and poor working conditions can provide income supplements for low-paid workers and can seek to reduce differences in entitlements between workers in typical and atypical jobs. Ultimately policies are required which encourage individuals and firms to invest more in skills acquisition. On the other hand, for countries wishing to improve their employment performance, the solution is not simply to stimulate job creation in poorly-paid service sector jobs but to implement a broad range of policies designed to stimulate employment more generally (OECD, 2001).

There are a variety of ways to consider job quality and some methodological techniques can be useful to measure it.

For example, it is useful to make a distinction between the characteristics of persons performing a job and the characteristics of the job being performed or on the contractual arrangement. The chapter on services included a sectoral analysis of the characteristics of employed persons by age, gender and educational attainment. This chapter is mainly concerned with the characteristics of jobs as such; of course, these two things are intimately related. The characteristics of a job will not just reflect the original configuration of the job as designated by the employer, but will also reflect the characteristics of the occupant. An employer may initially have a full-time job opening that may subsequently be transformed into a part-time job at the request of the eventual jobholder. Wages often rise the longer a person has been with an employer. This may not just reflect a simple seniority rule but the fact that the person's job has effectively changed and embodies a higher level of skills as a result of learning by doing and/or other training investments. This interrelationship between the characteristics of workers and the characteristics of their job means that any measure of job quality needs to be interpreted with caution before a job can be classified as being either 'bad' or 'good'. For example, a part-time job may involve either a voluntary or involuntary choice and so in-and-of itself is neither a good nor a bad job (OECD, 2001).

According to the OECD there is no single ideal measure, a range of both specific and more general measures is used in this chapter to build up a picture of how job quality varies across sectors and countries. The precise choice of measures has been guided by the constraint of choosing indicators that are widely available on a comparable basis across countries and at a detailed sectoral level. The first set of specific measures that are reported concerns the incidence of part-time and temporary work, average job tenure and the incidence of training. This is followed by an analysis of various aspects of working conditions such as whether a job involves heavy lifting, is noisy or consists of repetitive tasks with little autonomy in the type or intensity of

the work being done. More broad measures concern job satisfaction and how much a job pays. In each case, the empirical analysis is preceded by a brief discussion about the particular aspect of job quality that is being measured and the limitations of the relevant indicator (OECD, 2001).

The rise in the number of 'atypical' or 'non-standard' jobs, such as part-time and temporary jobs, has been of particular concern for several commentators who have seen this trend as a sign of a decline in job quality. But, as pointed out in the OECD Employment Outlook from 1996 to 2001 it is not always clear that part-time jobs are necessarily inferior to full-time jobs. Only a minority of all part-time workers appear to be working part-time on an involuntary basis, and, while part-time workers earn less on average than full-time workers in most countries, this can be partly accounted for by lower average skills levels. In the case of temporary jobs, they may serve as a useful entry point into more permanent work for younger and less-skilled workers. Nevertheless, some part-time and temporary jobs appear to be particularly badly paid and involve poor working conditions with limited career prospects. So it is of interest to see whether these types of working arrangements tend to be concentrated in the same sectors in different countries and whether they are particularly prevalent in the service sectors (OECD, 2001).

In general, the incidence of part-time work is highest in personal services followed by social services. In several countries, part-time work accounted for more than one-third of all jobs in personal services in 1999 (and just over one-half in the Netherlands). At a more detailed level, part-time work in many countries tends to be more common in domestic services followed by education, recreation and cultural services, hotels and restaurants, other personal and health services. The incidence of part-time work also tends to be relatively high in retail trade but this is offset within the distributive services by lower rates in wholesale trade and in transport and communication. How well do these sectoral differences in the incidence of part-time work correlate with the rate of involuntary part-time work in each sector? Temporary jobs are more evenly spread across both the goods-producing and services sectors. Within the goods-producing sector, temporary work appears to be a particularly common form of work arrangement in the agricultural and construction, but somewhat less common in manufacturing. Within the services sector, the incidence of temporary work in the personal services sector is well above the national average in all countries. Within personal services, temporary work is a particularly common form of work arrangement in recreational and cultural services and in hotels and restaurants. It is also mostly above the national average in social services in most countries, boosted by a relatively high incidence in education, miscellaneous social services and health. As for part-time work, the incidence of temporary work also tends to be relatively high in retail trade, but somewhat lower in the other distributive services sectors (OECD, 2001).

Interpreting these differences across sectors and countries is complicated by the fact that temporary employment potentially covers a range of different types of working arrangements. In addition to employment under a fixed-term contract, temporary employment can include seasonal and casual work and working under contract for a temporary work agency. These different types of arrangements may not all imply the same degree of precariousness. Moreover, countries differ in their coverage and definitions of these arrangements (OECD, 2001).

Another aspect of job quality concerns job stability as indicated by average job tenure (OECD, 2001). This is typically measured by the length of time workers have been in their current jobs, and so refers to the continuation of employment in a job rather than to completed spells of tenure. There are a number of factors which suggest that there is probably a positive relationship between tenure and job quality. First, earnings tend to be positively correlated with average job tenure even after controlling for other factors affecting earning differentials. Second, involuntary job loss often entails a loss of earnings not only because of lost income

during a period of unemployment but also because earnings may be subsequently lower in a new job (OECD, 2001).

Therefore, all other things being equal, jobs with higher turnover rates will tend to be associated with greater job insecurity. But again, this indicator needs to be interpreted with caution (OECD, 2001). Not all short-tenure jobs reflect conditions that are imposed by employers, they can also reflect the preferences of jobholders themselves and may be compensated for by higher rates of pay (OECD, 2001).

Sectoral differences in part-time and temporary work and in average job tenure partly reflect differences in the average characteristics of workers in each sector. For example, part-time work is considerably more common among women workers in general than among men, irrespective of the sector they each work in. Average tenure also tends to be lower for younger workers and women than for older workers and men. Therefore, it is of some interest to examine the extent to which job quality and worker characteristics are correlated across sectors (OECD, 2001).

The incidence of continuing vocational training provides a rough indicator of opportunities for career development and advancement. In fact, this is one of the few indicators of job quality where service jobs consistently come out ahead of jobs in the goods-producing sector. Part-time work is much more prevalent in the service sector than the goods-producing sector, and yet there is evidence that part-time workers typically receive less training on average than full-time workers (OECD, 2001). Average job tenure is also somewhat lower and job turnover higher in services than in goods production. Given that, all other things being equal, the advantages to firm specific training will be lower for an employer when labour turnover is relatively high, this would tend to lower the prospects for training in the service sector relative to the goods-producing sector. The fact that more training occurs per employee in the services sector than in the goods-producing sector suggests that the gap between the two sectors is probably even higher for workers with similar characteristics (OECD, 2001).

The preceding analysis has relied on indirect measures of job quality. As an alternative to these indirect measures, more direct measures are provided by surveys of working conditions. In these types of surveys, jobholders are typically asked a number of questions about various aspects of their working conditions covering the work environment, the nature of the tasks performed in the job, the degree of job autonomy etc. These surveys can potentially provide a useful insight into differences across sectors in the types of job tasks being performed and whether they involve relatively poor or relatively good working conditions. However, it is not evident how to derive an aggregate measure of job quality from the potentially wide array of information on working conditions that is available. Moreover, not all countries have these types of surveys, and there can be large differences in the type of questions that are asked in those that do (OECD, 2001).

## **International Labour Organisation (ILO)**

Relating to the quality of work, another important role is played by the International Labour Organisation. As underlined in the 1999 Report (ILO, 1999), during the last two decades, the traditional cornerstones of the ILOs activities have changed, shifted by the transformation of the economic and social environment brought about by the emerging global economy. Policies of economic liberalisation have altered the relationship between the State, labour and business. Economic outcomes are now influenced more by market forces than by mediation through social actors, legal norms or State intervention. International capital markets have moved out of alignment with national labour markets, creating asymmetrical risks and benefits for capital and

labour. There is a feeling that the 'real' economy and the financial systems have lost touch with each other (ILO, 1999).

Changes in employment patterns, labour markets and labour relations have had a profound impact on the ILOs constituents, particularly trade unions and employers organisations. This is the main purpose of the ILO today. Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work; employment; social protection; and social dialogue. It must guide its policies and define its international role in the near future (ILO, 1999).

Such a goal has several important policy implications, all of which are implicit in the mandate of the Organisation. They now need to be made explicit and to be pursued. The ILO Constitution calls for the improvement of the 'conditions of labour', whether organised or not, and wherever work might occur, whether in the formal or the informal economy, whether at home, in the community or in the voluntary sector (ILO, 1999).

The defence of rights at work necessarily involves the obligation to promote the possibilities of work itself. The ILOs normative function carries with it the responsibility to promote the personal capabilities and to expand the opportunities for people to find productive work and earn a decent livelihood. The ILO seeks to enlarge the world of work, not just to benchmark it. It is, therefore, as much concerned with the unemployed, and with policies to overcome unemployment and underemployment, as it is with the promotion of rights at work. A promotional environment for enterprise development lies at the heart of this objective (ILO, 1999).

The goal is not just the creation of jobs, but the creation of jobs of acceptable quality. The quantity of employment cannot be divorced from its quality. All societies have a notion of decent work, but the quality of employment can mean many things. It could relate to different forms of work, and also to different conditions of work, as well as feelings of value and satisfaction. The need today is to devise social and economic systems, which ensure basic security and employment while remaining capable of adaptation to rapidly changing circumstances in a highly competitive global market (ILO, 1999).

## **The 'quality factor' in a world-wide context: a comparison between the USA, Japan, Russia, CEECs and the EU**

### **Preliminary remarks**

With the increased number of types and conditions of work, there is an increased need for diversified methods of labour-management relations. Companies offering more flexibility to their workers can lead to increased levels of production because of the workers' contentedness, but it can pose monitoring problems for management. Also, with the downsizing and subcontracting of employees, enterprise management has a smaller pool of workers to directly manage, but the increased number of temporary workers does not allow for bargaining on a firm, or sometimes even an industry-wide level. Tele-work offers many more flexible scenarios for workers, but the types that seem to be gaining popularity call for independence on the worker's behalf and less interaction with management, however, management needs to be able to set-up a very organised system for its tele-workers. The conflict between allowing for flexibility in the workplace, while maintaining solidarity is a large challenge for social parties today. Again, with employees' increased demand for flexibility, there is inevitably the need for the change in methods of agreement and labour relations to counter balance the changes in employment.

New trends in the labour market will be conducive to less linear careers and more discontinuous employment situations, employability will have to be managed by industrial relations (training, early retirement, professional breaks for family reasons, etc.). In terms of quality the key will be to promote adaptability.

Regarding flexibility in employment the literature discusses the role of culture against the installation of various types of flexible work into the workplace. Country factors have to be looked at in combination with cultural factors for an employer to decide which types of flexibility will best suit the company. Goals of the given set of employees are also important, because the employer's concern for employees could lead to increased performance levels. Ultimately, globalisation strategies could be developed by studying national domestic values.

Uncertainty avoidance - the culture feels threatened by uncertain or unknown situations:

- High levels: utilise shift work and contractual employment;
- Low levels: temporary work, part-time work, tele-work, although performance monitoring problems may be encountered.

Power Distance - When less powerful members accept that power is unequal, leading to a decrease of participation and an increase in the perceived importance of status:

- High: greater shift work, to help maintain authority;
- Low: temporary work, contracts, part-time work, and tele-work can help limit the time of direct supervision.

Individualism vs. Collectivism The expectation of people to look after themselves versus the desire to be integrated and work in cohesive groups:

- High Individualism: temporary work, contract work, part-time work, tele-work;
- High Collectivism: shift work .

Masculinity vs. Femininity- Masculine culture is concerned with earnings, recognition, advancement, and challenging work. Femininity has a greater need for good relationships with supervisors, cooperation, quality of life, and job security:

- Masculine: temporary work, contract work, and shift work;
- Feminine: part-time work, tele-work.

Subcontracting/Contracting-out and New Forms of Employment - The decline of the 'Fordist' enterprise has led to the decrease of employment relations and social dialogue in labour relations. Other factors include the increased demand for the differentiation of products and technology advances. Also, the focus of businesses has become more oriented on the central core (design and marketing aspects), and subcontracting and contracting-out sectors of the business such as manufacturing, transport and IT management have been implemented.

Social constraints of a company can lead to subcontracting, such as uneven periods of necessary employment. By only contracting the minimum number of full-time employees, the company can seek subcontracted employment during temporary needs.

Downsizing permanent employees allows a company to employ subcontracted workers at low cost, and increase their ability to respond to market trends. The effects are:

1. Cascade subcontracting - growing number of unstable workforce;
2. Restricts the amount of representative activity for the workforce, social dialogue is almost lost, decreased scope of industry-wide dialogue, and collective agreements;
3. Short contracts are re-negotiated more frequently leading to more competition;
4. Imposed part-time and fixed contracts decreases solidarity between industry and employees; workers identify as a network, and sometimes set up their own business.

Competition of labour also leads to subcontracting and contracting-out:

1. Local subcontracting to atypical employment- such as self-employment, family employment (less control of labour);
2. Relocation to countries where wages are lower;
3. Clandestine employment - (sectors that cannot be transferred) lead to decreased production costs, but an increased number of workers are not willing to work for low wages.

### **Japan**

All over the world full-time employment is becoming scarce, women are finding themselves in more authoritative positions, and the role of trade unions is becoming questionable. These factors have all had particularly significant implications for Japan. In Japan, downsizing has caused some to take their lives, women are putting off marriage and having fewer children. The population is increasingly growing older (Y. Morito, 2000a, p.25 onwards ).

In the past, the Japanese have been known for their work ethic. An employee gave total loyalty toward his or her firm and could expect life-time employment in return. Graduates were hired directly from universities and could expect to spend their entire career within a single organisation. Prestige was not based on the type of work done but the company in which an individual was employed. Under the loyalty for life-time employment system, promotions and pay raises happened automatically over a period of time (see J.C. Abegglen, 1958; M. Aoki, 1984; N. J. Chalmers, 1989; R.P. Dore, 1973; K. Koike, 1988; Y. Suwa, 1991, p.4 onwards). Recently, waves of economic crises have swept through Asia and Japan has not been spared. Now life-time employment is no longer feasible and such positions are being cut all over Japan. These cuts have hit middle-aged men, not far from retirement, particularly hard. Many would ask where the trade unions have been throughout this time (see: Y. Morito, S. Ouchi, 2000, pp. 217-230).

The Japanese Employment System is traditionally characterised by three factors: long-term employment, internal development of work-related skills, and evaluation and reward based on the degree to which employees develop these skills. The logic behind this combination is two-fold: firstly, that with the relatively long-term attachment of employees to firms, firms can safely invest in human capital formation; and secondly,



that with a system where evaluation and reward are based on skill and competence development, employees are motivated to learn and upgrade their skills. The contribution of this human resource strategy -called 'internalisation of human resources' - to the strength of large Japanese manufacturing firms has been extensively documented in numerous studies.

It is also well known that 'internalisation' policy has not been available to the entire Japanese workforce, and within most organisations it has in fact been restricted to the core or 'regular-status' (seiki koy-o j-ugy-oin) employee groups. Alongside these regular-status employees, a significant number of workers classified as 'non-regular' or 'contingent' workers have always existed in the Japanese labour market. These workers are hired not for regular long-term employment but for non-regular employment that is often characterised by such conditions as shorter working time, fixed term or temporary contracts, or an employment relationship with a third party.

During the past decade, employers in Japan have increasingly been using contingent workers. The contingent share of the labour force has increased by a ratio of 1.6 from 1988 to 1998 as firms have experimented with alternative types of employment (and non-employment) to cope with a severe economic recession and a concomitant surplus of core employees (Y. Morito, S. Ouchi, 2000). Based on the Ministry of Labour statistics (<http://www.jil.go.jp>), it is possible to estimate that the proportion of contingent workers in the total labour force was about 25% in 2000. However, according to unofficial data the proportion of contingent or non-regular employees is estimated to be about 40% of labour force. In any case, the rate of growth of contingent employment was faster than that of total employment during the 1980s and 1990s. Such a trend is sometimes called 'externalisation of employment' in Japan, in contrast to the internalisation employment policy mentioned earlier.

In Japan, the term 'contingent worker' goes far beyond 'part-time' workers whose category is defined by shorter working hours (35 hours or fewer according to the definition of 'part-time' in Japan). All non-regular workers whose jobs do not provide full-time, indefinite duration (long-term) employment with the same employer are categorised as contingent (Y. Morito, S. Ouchi, 2000). Some of these workers are not even directly employed by the organisations that provide their jobs. They are, in fact, employed by temporary agencies or firms that have business contracts with those organisations. In the literature, contingent employment (to use the most widely accepted label) is a loosely defined category that includes a wide variety of workers:

- temporary workers hired directly by the employer;
- contract company (subcontractor) workers;
- workers hired through a temporary-help agency (and who, legally, are not employees of the employer at whose location they work, but of the agency), and;
- a large and diverse category of self-employed individuals (such as solo consultants, independent contractors).

One important difference between regular and non-regular or contingent workers is the degree to which their employment is flexible (Y. Morito, S. Ouchi, 2000c). With regard to regular-status employees, employment status is strongly protected, both by a legal framework that provides employment contracts of unlimited duration and by employer practices that are sometimes labelled as 'life-time employment.' In contrast, such strong protection is never extended to non-regular or contingent employees. Due to the legal framework that

sharply separates regular-status workers from the rest of the workers, the demarcation between the two is much clearer in Japanese labour markets than those in other countries. The likelihood that these contingent workers provide firms with higher staffing flexibility and reduction in labour cost is, therefore, particularly strong in Japan, and possibly stronger than in European countries.

More specifically, a Japanese Institute for Labour survey conducted in 1999 used the following framework to categorise contingent or 'externalised' workers (<http://www.jil.go.jp>). In their definition, workers may be classified as:

1. regular-status employees;
2. shukk-o employees (employees transferred to firms within corporate groups or to related firms);
3. part-time employees;
4. limited-term contract employees;
5. 'dispatch' workers hired through temporary agency firms, and;
6. internal contract workers (workers who are employees of firms that have business relationships to the firms where they work).

Workers in Categories 5 and 6 are not employees of the firms where they conduct their work. Shukk-o employees are usually regular-status workers, but have their formal employment relationship with the firms that have sent them to their current place of work. According to the survey by the Japanese Institute for Labour regular-status employees existed in almost all establishments (98.8%), and 25.7% of establishments had shukk-o employees. With regard to non-regular workers, 56.1% and 27.2% had part-time and limited-contract employees, respectively. Some firms (13.4%) described themselves as having other types of non-regular workers with whom they had some form of employment relationship. In addition, 18.1% of the establishments stated that they had dispatch workers hired through temporary help agencies. Another 17.2% of the firms used internal contract workers. Thus, more than half of the employers used part-time employees and approximately 20 to 30% of the employers used limited-term contracts and dispatch workers.

The effectiveness of the Japanese human resource management system has relied heavily on workplace morale and the attachment that employees show towards their employing organisations, and this, in turn, has often been attributed to Japanese employment practices such as long-term employment, internal training, and rewards based on skills development. The departure from these practices, with the shift towards the increased use of contingent workers, may send a signal to regular-status employees that their jobs could be converted into contingent positions. Employees may also conclude that their efforts to learn and to upgrade their skills will not be rewarded in the long run, and they may show less willingness to learn firm-specific skills that are valuable only to their current employers. It can therefore be hypothesised that the increased use of contingent employees would cause regular-status employees to decrease their attachment to the workplace, and would have negative consequences on workplace morale.

As far as the quality of work for contingent employees is concerned an increasing number of lawsuits involving the termination of fixed-term employment contracts have come before the courts as a result of restructuring in the private sector (Y. Suwa, 1991, p.4 onwards ). To deal with this matter, a study group was established within the Ministry of Labour to survey the situation (<http://www.jil.go.jp>). A questionnaire administered in September 2000 yielded the following results.

- About 70% of all firms surveyed employed workers on a fixed-term contract. Among these firms, 'part-timers' and 'contract workers' accounted for some 60% of all fixed-term employees, and 'temporary workers' and 'workers under other types of fixed-term employment contract' accounted for another 14-15%. About 40 percent of all workers hired under fixed-term labour contracts were engaged in 'clerical jobs,' and women accounted for about two-thirds of these employees.
- A relatively high proportion of firms cited 'reduction in labour costs' as the reason for hiring employees with fixed-term contracts. About 70% of firms indicated this as the reason for hiring part-timers; about 40% for temporary workers, about 30% for 'contract workers,' and about 30% for other types of fixed-term employees. However, there was some difference according to the contract type: 40% of firms hiring part-timers and about 60% of those hiring temporary workers replied that they did so 'to cope with changes in the work load.' About 50% of firms hiring contracted workers said they did so 'to make use of their specialised abilities and experience.'
- Many fixed-term employees cited the reasons for working on a fixed-term contract basis as 'convenience of workplace' (about 40%), or 'the desire to earn extra income to support their families' (about 30%). However, the highest proportion (40%) of 'contract workers' surveyed indicated that they chose their current work status and job 'to make use of their experience.' About 40% of part-timers who actually work long hours claimed that they had been 'unable to find regular employment.'
- Concerning contract periods, the majority of employees on all types of fixed-term contracts had been hired for 'more than six months but less than one year.' A high proportion (about 77%) of 'contract workers' are employed for such periods. In addition, about 66% of workers wished that their contracts would be renewed after termination of their current contract.
- Concerning the renewal of contracts, firms conclude all types of fixed-term contracts with the understanding that there is a possibility most of the contracts would be renewed. However, the survey found that in about 10% of the establishments surveyed, the firm's explanation differed from the workers' actual situations. The survey also found that some 10% of workers did not receive an explicit explanation about renewal when agreeing to their labour contract. Also, nearly 10% of the establishments did not give employees with fixed-term contracts 30 days' advance notice when they terminated employment. In this regard, some 60% of workers who have in the past failed to have their contracts renewed felt dissatisfied with the termination of their contracts. This seems to reflect the fact that firms and workers have a different set of assumptions or understandings with regard to the termination of employment. About half the firms that had terminated a labour contract cited 'poor performance or an inappropriate attitude on the part of the worker involved' as the reason for dismissal. By way of contrast, 50% of workers who had experienced termination of employment said that the reason they were given was simply 'termination of contract period,' while another 30% had been told that the termination was due to the 'deterioration of the company's business performance.' It seems likely that dissatisfaction among workers arises from a situation where workers expected their contract normally to be renewed whereas companies did not necessarily consider the relationship to be so lasting.

Together with these results, the survey pointed to the importance of preventing in advance trouble concerning fixed-term labour contracts. The report stressed the need to provide both workers and employers with information, including court case studies, regarding matters on employment relations as they relate to fixed-term contracts, and to give advice and guidance when trouble arises.

Meanwhile, women are gaining influence in the workplace. Traditionally, they would leave employment when married. This is no longer the case. They are remaining employed after marriage, putting off marriage, and having fewer children. All these combined factors have resulted in the following social problems:

- rising unemployment;
- more people committing suicide and becoming homeless;
- a steadily aging population.

Japan clearly does not have the social mechanisms in place to deal with these problems (see Y. Morito, 2000b). Unemployment benefits are of menial importance and are no longer paid after 90-300 days of unemployment. Unemployment agencies are of little help. They are only successful in finding employment for a small percentage of those taking advantage of their services. Those who benefit tend to be the young as many Japanese firms are reluctant to hire older, more costly, employees who have been 'groomed for employment' in another organisation. Also many Japanese firms are not prepared for the entry of women into the workplace. Mothers simply cannot get the leave they need to have children and care for young. Women fear that having children will negatively impact their prospects for advancement. Childcare in Japan is lacking at best. Children enter the day care system at younger ages and remain away from home for longer periods of time. 'Baby Hotels' are becoming more popular where children actually spend the night because parents don't have the time to take them home. This has had a severe impact on Japanese youth. Many do not place the same value on hard work as previous generations. For these reasons, many women choose to put off marriage and wish to have fewer children.

Due to economic hardship and corresponding social problems, Japan finds itself in a situation where it must find creative solutions to difficult problems. Here is Japan's response to a changing environment:

- Occupation therapy;
- Holding liable for employees who commit suicide or die from overwork;
- Encouraging women to start families;
- Delaying of management;
- Shutdowns instead of layoffs;
- Revamping wage systems within firms;
- Part-time employment.

All things considered, Japan is slowly adapting to the new economy (see Y. Morito, 2000b). Economic crisis has forced firms to restructure and life-time employment is no longer a reality. Redundancy has been the greatest cause for headache among employees and has prompted some to commit suicide. Many firms are discovering that lay offs are not the only solution, however, and recent alternatives have succeeded in keeping the unemployment rate below 5%. Unfortunately there is still work to be done. Women have entered the workforce and are there to stay. Family friendly policies must be adopted so women don't have to choose between their families and their jobs.

### United States

In the US while the economy has had fairly strong job growth and low unemployment rates recently, poverty rates remain high. Welfare reform, which is forcing more people to compete for jobs at the bottom of the labour market, is making this problem even worse. Research in several states has quantified a 'jobs gap': the difference between the number of job seekers and the number of available jobs paying a living wage (see S. N. Houseman, 1996; C.W. Summers, 1997, p.503 onwards).

One of the most striking changes in recent years has been the explosion of part-time work, on-call jobs, freelance and other workers. Collectively known as 'contingent' workers because they work under terms that differ from regular full-time employment, they constitute the fastest growing segment of the labour market. As many as 40 million Americans now work under such arrangements (S. N. Houseman, 1996; C. Tilly, 1995, p.269 onwards).

One of the most pressing questions facing researchers and policy makers today is how economic restructuring has affected the nature of work in America (K. G. Abraham, 1990, p.85 onwards ). The nature of competition and product markets, the structure of workplaces, and attachments to employers all look very different now than they did at the height of industrial capitalism. There is a growing sense that the environment in which firms make choices and pursue competitive strategies has shifted, and that trends in the labour market and wage inequality are part of an unfolding system of industrial relations. Compared to the post-war period, the American employment relationship appears to be changing - in how the workplace is organised, in how workers are matched with jobs, and how wages and the terms of employment are set (S. N. Houseman, 1996).

The business press abounds with examples of innovative companies that have created high quality and well-paid jobs; yet just as prevalent are accounts of low-wage strategies, deskilled jobs, the imposition of two-tiered wage systems, and substitution of contingent for full-time workers (S. N. Houseman, 1996).

In the 1980s and 1990s researchers began documenting stagnant wages and an unprecedented rise and in wage inequalities (R. S. Belous, 1989). The situation was becoming especially alarming for parts of the black and Hispanic population, whose poverty rates were increasing and whose labour force participation was decreasing. To varying degrees, these trends continue to the present despite a strong economy and tight labour market. To explain increasing inequality, researchers have turned primarily to the roles of technology and skill. Workers with a college degree saw growth in their real wages, while those with less education saw stagnation and even decline. Therefore, the prevailing argument in both public and academic spheres is that skill has become more important in the American labour market and that it has been driven by rapid technological change, in particular the broad influx of information technology into the workplace. While this is an intuitively appealing and parsimonious account of the rise in economic inequality, it does not by itself suffice. The growing gap between those with high and those with low levels of education explains at best half of the total increase in wage inequality. There is a substantial residual increase that has occurred within groups of workers of the same age, education, and experience, and this residual has so far not been explained (K. Hughes and others, 1999).

Although job growth in the US economy has been generally strong over the last decade, many have argued that the 'quality' of the jobs being generated is low, where quality refers to the pay and benefits of the job (J. P. Hiatt and others , 1994, 143 onwards). On the surface this argument would appear to have some merit. The US economy has undergone dramatic structural transformation with a fall in the proportion of employment in the high-paying goods-producing sector and a rise in the proportion of employment in the low-paying services sector. The share of employment in manufacturing was 28.7% in 1969, 23.4% in 1979, 17.9% in 1989, and

16.2% in 1993. Both the absolute increase and the share increase in employment have been greatest in the service sector. The share of employment in services rose from 15.8% in 1969, to 19.1 percent in 1979, to 25% in 1989, to 27.4% in 1993 (S. N. Houseman, 1996; C. Tilly, 1995, p.269 onwards).

A study by Bluestone and Harrison (Bluestone and others, 1986) prepared for the Joint Economic Committee of the US Congress was the first to explicitly question the quality of the jobs being created in the US economy in the 1980s. That study examined job growth during the 1979-84 period. Using data from the Current Population Survey (CPS), the authors tabulated the earnings distribution of net new employment generated over the period according to a classification of annual earnings into low, medium, and high earnings categories; medium earnings in this study were defined as lying, in real terms, between 50% and 200% of median earnings in 1973. Bluestone and Harrison found that the proportion of workers in middle and high-wage jobs fell, while the proportion of workers in low-wage jobs rose over the 1979-84 period.

Several studies have tried to better measure the quality, as indicated by wages, of net new jobs created in the economy. To do so, these studies ordered detailed industries or occupations according to the mean or median wage paid at a point in time - the end point in the study - and examined changes in the distribution of employment by industry or occupation between two points in time. Because industries or occupations receive the same ordering in the two points in time, the analysis is unaffected by changes in the wages paid by an industry over time. It should be noted, however, that these studies can only tell us whether, employment is being increased in high-paying or low-paying industries or occupations. We don't have data that would permit us to tell whether the new jobs themselves are high or low paying (see S. N. Houseman, 1996).

During the 1990s, the hallmark features of the labour market, including long-term mutual understanding between the firm and worker, have been fading. There is a good deal of disagreement not only about the extent of the changes in employment arrangements, but about their advantages and disadvantages for workers, employers and the economy.

Relating to this new US labour system, it is possible to make some general remarks:

- Employers rather than employees favour non-standard work arrangements;
- As measured by wages, productivity, legal risks and ease of discharge, non-standard 'flexible' work benefits employers. These benefits, however, have so far not been translated into a measurable increase in employer earnings;
- Not all non-standard jobs are of poor quality. In particular, older men who are self-employed generally earn more than men doing similar work in regular full-time jobs;
- An important predictor of non-standard workers' earnings is education. Well-educated contingent workers are typically well paid, but they do not generally receive the same level of health insurance and retirement benefits as regular full-time employees;
- Gender and race heavily affect the earnings of contingent workers. Unmarried, less educated, black women who live in the are among the most rapidly increasingly market for non-standard jobs - and the most poorly paid relative to full-time standard employment.

Relating to this topic we have to consider that one of the most notable transformations in the US labour market since World War II has been the rising share of employment in the service sector and the declining share in the manufacturing sector. Scholars have tried to determine if this shift from manufacturing industry to the

service sector affect the quality of employment in the United States. Because average wages are higher in manufacturing than in services, some observers view the employment shifts as generally representing a shift from 'good' to 'bad' jobs (C. Tilly, 1995).

Besides comparisons of average pay, there are many other elements of job quality. A comprehensive assessment of these elements reveals that the service industry is very diverse in terms of job quality, and many jobs in the industry compare favourably with those in manufacturing and other industries. While workers in services generally are less likely than those in manufacturing to receive employer-provided health, retirement, and disability benefits, in several large segments of the service sector - especially hospitals and private education - workers have high rates of benefit coverage. Moreover, workers in the service sector are much less likely to lose their jobs than those in manufacturing, and work-related injuries, illnesses, and death are far less common in the service sector than in other industries.

Every job has a number of characteristics that could be considered when evaluating the job's quality or desirability. For example, what does the job pay? What benefits are provided? How secure is the job? What kind of work does it entail? What is the risk of injury or death on the job? Are there opportunities for advancement? Does the job require a lot of travel? These are just some of the questions that a worker would ask when deciding whether to choose a particular job. Researchers might ask many of these same questions when assessing the quality of groups of jobs, but finding the answers is somewhat more complicated.

As we said, some observers have pointed to the growth in part-time or temporary contracts, and other atypical forms of employment as evidence of a decline in the quality of jobs in the US economy (C. W. Summers, 1997, p.503 onwards). It is argued that many part-time, temporary and contract workers, sometimes through no choice of their own, are part of a 'contingent' workforce characterised by low wages, few benefits, and little job security (J. P. Hiatt and others, 1994). The growth in these forms of employment may simply be caused by supply-side forces, reflecting worker demands for shorter hours and more flexible terms of employment. Evidence suggests, however, increased employer demands for part-time workers may also be responsible for the increase of this type of employment. Many have noted that because virtually all of the increases in part-time employment in recent years may be attributed to the increase in involuntary part-time employment, the rise in part-time employment must reflect demand and not supply-side forces.

Little in the way of data on temporary employment in the United States exists. The most widely cited statistics on temporary employment come from the US Bureau of Labour Statistics monthly establishment survey on employment in the help supply service industry. Most employment in this industry is through temporary help agencies. Although employment in the help supply service industry is relatively small, it has grown rapidly in recent years, increasing from 0.5% of non farm payroll employment in 1982 to 1.5% in 1993. Golden and Appelbaum have examined the determinants of the growth of employment in the temporary employment sector in the United States and conclude that forces affecting employer demand rather than forces affecting household supply are more important in explaining the increase of employment in the temporary help sector (L. Golden and others, 1993, Pp. 473-494).

Since the 1970s net new jobs have been disproportionately created in low-wage industries, but they have been disproportionately created in high-wage occupations. Moderate growth in the share of employment in part-time and temporary jobs, which tend to have low wages, few benefits, and little job security, provides some evidence of deteriorating job quality (see L. Golden, 1994).

Another undisputed fact about the US labour force is that people who already have jobs sometimes decide to look for 'better' jobs. However, each potential jobseeker determines his or her own criteria for defining 'better,' and that definition may change as the individual's circumstances change. (see J. Meisenheimer II and others , 2000, p.3 onwards ).

Job-search rates for contingent workers generally did not decline substantially with age as they did for full-time workers. This pattern suggests that workers who had jobs they considered insecure were likely to look for new jobs regardless of their age. It seems somewhat surprising that the rate was not higher, given that contingent workers, by definition, perceive their jobs as insecure. With the rapid job growth and falling unemployment in the United States during the 1995-99 period, many contingent workers might have believed that they could wait until their jobs ended before seeking new ones. In addition, some contingent workers might have just started their temporary employment arrangements at the time they were surveyed and, thus, might not yet have been ready to look for new jobs. With future data, researchers could determine whether contingent workers are more likely to look for a new job during recessions, when workers might be less confident that they will be able to find a new job quickly after their contingent job ends (A. E. Polivka, 1996, p.3 onwards ; K. D. Henson, 1996).

### *Effects of tight market- Recruitment, and retention policies*

- Small and medium sized firms face hiring difficulties;
- Tapping into new sources of labour- seeking welfare recipients, reformed ex-convicts, students;
- Competitive recruiting, variable compensation, diversity, and management- companies offer performance-related pay, year-end bonuses, extended contracts.

Companies have to expand to integrate women, aged and young workers, and other more diverse employees into the workplace. By becoming more diverse they also become more attractive working environments. HR recruiters also need: high quality, timely recruitment, informative materials, fair selection processes, a good company image, good competitive packages and rewarding jobs with potential for growth to offer recruits.

To retain employees once they are hired employers should provide: opportunities for satisfying work, fair management, appreciation for employees and a concern for employee well-being, competitive pay and benefits, and opportunities for advancement.

Variable pay can be used as incentives to employees without increasing the base salary. Stock options are also becoming popular (aka 'broad based option plans' or BBOPs), because they can link employee compensation with firm performance.

Management can utilise HR to gain a competitive advantage in the market or specific sector of the market economy. Some managers choose to outsource their HR management for reasons of efficiency, uncertainty, firm size, and cost.

- A tight market has the capability of giving more power to the worker;
- Job stability and security are decreased, as job-hopping becomes the norm (hot desking and telecommuting; loss of jobs after tenure);



- Laws guaranteeing job protection are growing more costly- High unemployment rates in Europe, but it is also difficult to hire and fire workers. US- 'accept that we have to sack you and, in exchange, we will make sure that you have the marketable skills needed to find another job.

### ***Declining unemployment rate, wages and inflation***

The 'misery index' that looks at the combination of the unemployment rate and the rate of inflation, has been at an all time low. Meaning that with more people hired, wages might also increase to accommodate the near full-employment, thus, driving prices up. However, three factors discuss why this isn't the case.

- 1) Increased price competition on a global level, lax entry-barriers, and shrinking economies of scale;
- 2) 'Value-added' products increase in value via design, style, advertising and marketing schemes, but the price will not inflate at a high rate;
- 3) Employer-provided healthcare is increasing at a rate slower than inflation, so more employee healthcare costs are being paid for by the employee.

### ***Increased flexibility vs. decreased job security***

As discussed previously, management can save money by hiring less of their staff on a full-time contract. However, it is argued that part-time and contractual work offers individuals more flexible work options. In these cases, the unions were victorious. United Parcel Service Case- American Teamsters fighting against UPS for use of part-timers, Teamsters won. BOEING Co. vs. Internat'l Assoc. of Machinists (IAM) - Increased over-time pay (7 day work week, 12 hour shifts) for some workers, and laying off the rest (downsizing and/or outsourcing jobs). Union workers are looking for job security, tighter outsourcing rules, a union seat on the board of directors, and less forced overtime. The outcome was that Boeing began offering education and retraining programmes for workers who were displaced by outsourcing or waved in production needs.

Given the growing sectors of the service and technology economies, the role of unions in America is likely to change, or they will have to change internally to accommodate growing labour needs. As the labour market remains tight, there will be a continuation of increasing diversity in the workplace, thus, giving accepting and inclusive employers an advantage in seeking and retaining workers. On the labour end, adaptability and training will be key in finding employment in the US, while individualism is still first and foremost in the private sector. However, with such a tight labour market, industrial power can shift to the hands of the labour force. Currently with a low unemployment rate, and without heavy inflation, the United States is in a favourable economic situation, but it seems unlikely that this will last. And given the factors that are keeping the misery index low, it is illustrated that overall wage increases are not as drastic as they seem with the transferral of employee benefits, such as healthcare, to the burden of the employee.

### **Russia and CEE countries**

The transition from a centralised economy based on top-down, pyramid methods to an economy based on market forces is a very difficult and long process linked with the fall in industrial output and great economic problems. The degree of waste and inefficiency has proved greater than anticipated. Mr Dennis Skinner, Midland Bank representative in Moscow in 1884, at that time described the Soviet-style economy as 'a giant cartwheel with a powerful rim, hub and spokes'. Millions of workers in what had been secure jobs were sacked, entire industries and company towns closed or stockpiled unwanted goods, failed to pay wages and run up impossible debts. The degree of waste and inefficiency in planned economies had proved greater than anticipated. In particular, the ex-soviet republics (Ukraine, Kazakhstan, Russia and others) suffered because here output was concentrated in military or related sectors (Strategy Paper, 1999).

A new institution, the European Bank for Reconstruction and Development, was set up to facilitate the transitions. Fundamental principals were rediscovered. The most important principle was the crucial role of private ownership and the linkage between legality, democracy and prosperity. The communist state began by seizing private property. The restitution of private property and privatisation of state-owned assets have been at the heart of the transition to a law-based, multi-party market economy and society (M. Laddò, 2002).

The private sector in most other central European States now constitutes between 40-65%. Privatisation has never before taken place on such a scale and at such frantic speed. Millions of jobs have been created in trade, services and private enterprises. But it didn't contribute greatly to resolve the internal problems such as unemployment, low wages, and the lack of qualified specialists in certain sectors and others. The gap between very rich and very poor people increased to a great extent (ESC, 2001; H. Kohl and others, 2001).

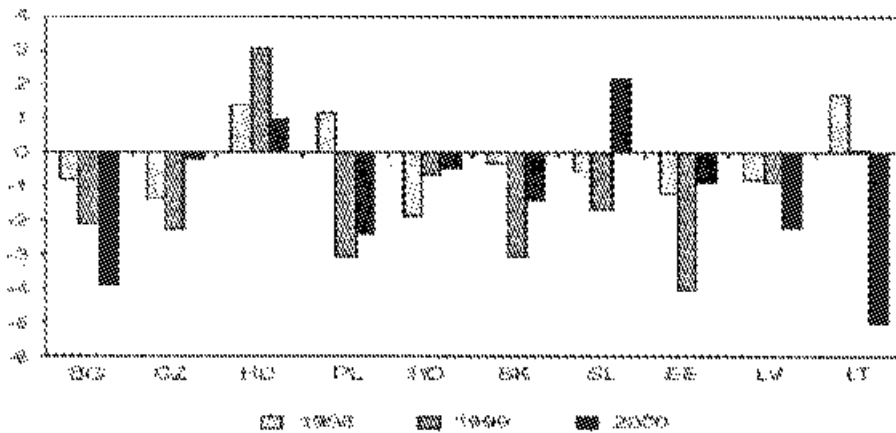
It is clear that the painful transition underway in the CEE countries has some way to go before completion. But after the slowdown of the late 1990s, there are welcome signs of economic recovery. The aggregate GDP trends suggest the region is emerging from the problems caused by the Russian crisis in 1999 and the Kosovo war. GDP growth in the CEECs overall accelerated from 2.2% in 1999 to approximately 4% in 2000. Similar growth is expected in 2001 and 2002. There remains, however, large differences between countries with some record growth of over 5% in 2000. Despite improved growth, employment continued to deteriorate, falling to 1.4% in the region overall, although the rate of decline appears to have slowed in the later part of 2000. Unemployment continued to rise in most countries and exceeded 14% in Poland, Slovakia, Bulgaria and the Baltic countries. Compared to the EU, the CEECs have an over-dependence on agriculture for employment and while employment in industry is close to the EU average, it is particularly underdeveloped in the service sector (European Commission 2001c, p.93).

Most of the CEECs have higher male than female unemployment with the male/female gap being greatest in the Baltic countries. Youth unemployment across the region was over 26% in 2000, compared to 16% in the EU, with Bulgaria, Poland and Slovakia recording rates in excess of 35% (European Commission, 2001b, p.93).

The transition economies of Central and Eastern Europe have already undergone substantial transformation, and this process continues to have major implications for employment and the labour market. Generally, different skills are now in demand, and some sectors are growing healthily while there have been large-scale job losses in others, and unemployment is high. Having fallen from 3.5% in 1997 to 2.6% in 1998, GDP growth in the CEECs overall slowed further, to 2.2% in 1999. Recovery from this slowdown began as early as mid-1999 in some countries, and overall GDP growth for the CEECs in 2000 is estimated at 4.0%. As mentioned above, similar growth is forecast for 2001 and 2002 (European Commission, 2001b, p.93).

Despite the growth turnaround, the area overall saw a continued deterioration in employment in 2000 - only Hungary and Slovenia had higher employment levels in 2000 than in 1999. The pace of employment decline slowed in Poland, Romania, Slovakia, Estonia and the Czech Republic but accelerated in Latvia and Lithuania, reflecting a delayed employment impact of the economic slowdown in 1999, and also in Bulgaria. Overall, in the 10 countries covered by figure no. 13 employment fell by 1.4% in 2000, and with continuing economic recovery should slow only a small further decline in 2001 in most countries, and stabilise during 2002 (European Commission, 2001c, p.93).

Figure 13: Changes in employment in Central and Eastern Europe 1998 - 2000 (% change)

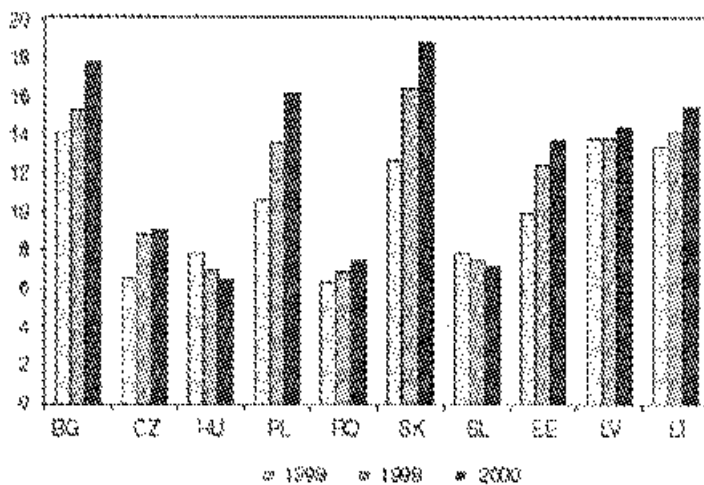


Source: European Commission, 2001c.

Unemployment was one of the most serious negative factors in Central and Eastern Europe between 1998-2000. Mounting unemployment has resulted in a wave of solutions from Poland's political parties. So far, the government of Jerzy Buzek has announced some palliative job creating measures, including measures to promote investment and ease restrictions on hiring and firing staff.

The rise in unemployment in most countries that began in 1999 continued in 2000 - the largest increases were seen in Poland, Slovakia and Bulgaria. These three countries, along with the Baltic countries where unemployment also rose in 2000, now have an unemployment rate of 14% or more. The remaining countries (Hungary, Romania, Slovenia and the Czech Republic) have unemployment closer to the EU average (European Commission, 2001c, p.94). The Czech experience had a positive impact on the other CEECs countries. In fact, one of the most notable achievements during the Czech economic transformation has been a low level of unemployment. The reasons for this consist of the development of a market economy creating thousands of jobs, especially with the expansion of tourism and services. Labour was and remains, cheap and there are stringent rules on claiming unemployment benefits.

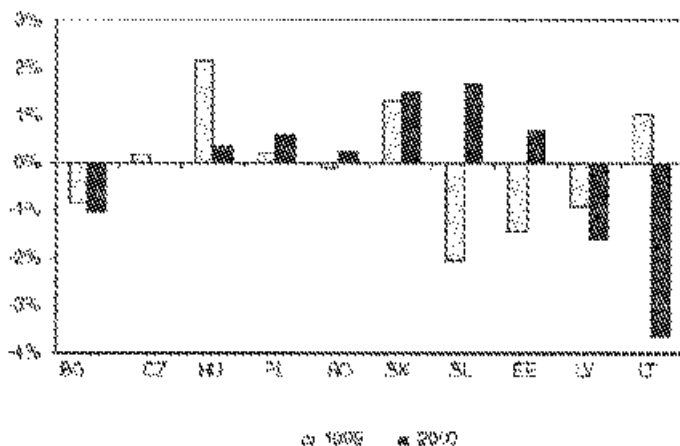
Figure 14: Unemployment rates in the CEECs 1998 - 2000 (% of labour force)



Source: European Commission, 2001c.

Figure 15 shows the changes in the labour force. It grew in number of countries in 2000, with the largest increases in Slovenia and Slovakia. Elsewhere, notably in Bulgaria, Latvia and Lithuania, employment decline was accompanied by reductions in the size of the labour force.

Figure 15: Labour force change 1999 and 2000 in the CEECs (% change)



Source: European Commission, 2001c.

In contrast to the EU pattern where unemployment is typically higher for women than for men, most of the CEECs had higher male unemployment in 2000. The male-female gap was greatest in the Baltic countries. Only in Poland and the Czech Republic was male unemployment significantly lower than the female rate (European Commission, 2001c, p.93).

It should be noted that comparisons between the CEECS and the EU are heavily affected by trends in one country - Romania. Labour market developments in Romania have been unique in recent years. Decline in urban employment there has been reflected in a massive job growth in agriculture (much of it a subsistence nature) rather than in declining activity or rising unemployment. Reported employment and activity rates therefore, remain much higher than in the other CEECs, with the reported unemployment rate remaining relatively low. Given Romania's relative size - accounting for over 20% of the population of the 10 CEECs - this has a substantial effect on the labour - market aggregates for the CEECs, at 57% and 66% respectively, are now significantly below the EU average, while unemployment in these countries stood at 14% in 2000 compared with less than 9% in the EU. Raising the employment rate to the level reached in the EU in 2000 would require raising employment by 7%, representing 3 million additional jobs. In response to this challenge, the CEECs are already moving towards adopting a strategic approach to employment policy in line with Member States' practice under the EU's European Employment Strategy. As part of this process, national authorities in the CEECs together with the Commission, are engaged in the drafting of a series of Joint Assessments of Employment Policy (JAPs). These are designed to help identify policy priorities for human resources development and labour market programmes and institutions. A number of JAPs have already been completed and published, and the rest will be finished by the end of 2001 (European Commission, 2001c, p.94).

The CEECs would require a rise in employment of 7% to match the EU's employment rate in 2000 - and convergence with Western European rates will become harder as the EU progresses towards its own ambitious targets. (European Commission, 2001c, p.93).

In the medium-term, these countries still face significant employment challenges. Employment and activity rates have fallen below the EU average and unemployment is substantially above it. Further restructuring is to be expected in agriculture and parts of the industrial sector, so that overall employment growth will be heavily dependant on trends in the services sector - particularly financial, business and personal services. In addressing these problems, the CEECs are moving to align their employment policies with existing EU practice (European Commission, 2001c, p. 93).

Trade unionism is another important issue. All the excommunist countries were characterised by a weak trade union representation. Usually there was only one trade union which implemented the governmental policy. As a result there was no room for collective bargaining. With the collapse of communism and the progressive development of democracy the first alternative trade unions appeared and the government gave up a lot of its positions in favour of the social partners. In spite of all this the reformed former communist unions and those that have been set up more recently face an uphill struggle to win credibility with employers and workers in an uncertain economic climate.

There are a lot of different opinions about the future of trade unions in the CEECs. In the long run, some experts would like to see Czech industrial relations structured along the lines of a German works council in companies and union representation on company boards. Others, such as Mr Drzerwicki of Poland's Solidarity Party, suggest the French model - with a low union presence in factories and offices but strong labour laws and an influential voice for labour at the national level - is a more realistic long-term possibility. But just as trade unionism in Asia has not followed the practice in Europe or America, so in Eastern Europe and the former Soviet Union a new model may emerge. Despite the tough times the unions are going through, one thing seems certain: they are here to stay. The climbing jobless rate, discriminatory labour standards, and other internal problems can be a serious obstacle for the countries wishing to join the EU. As Bruno Dethomas, the EU's Warsaw ambassador stated 'It will be harder to convince people in Germany and Austria to allow free labour movement with unemployment this high'. The applicant countries should bring their conditions into line with EU rules (M. Ladò, 2002).

Russian's situation is different from the situation in other countries of the former communist block, most of which are now candidate countries for joining the EU. This fact can be explained by some reasons. Firstly, historically Russia suffered more from the communist regime than its counterparts. Secondly, the recent disintegration of the gigantic empire brought a lot of problems into light of a political, social, economic and also legal character. One of the serious problems is that of delimitation of objects of jurisdiction and authorities between the bodies of state power of the Russian Federation and the bodies of state power of the subjects of the Russian Federation in the sphere of labour law (S. Mavrin, 2001). As notes Prof. S. Ivanov, in terms of a relatively low legal culture in Russia '...the model of joint competence is rather vague and inadequate. In practice this model has already caused discontent and creates difficulties in the legal regulation of labour since according to the Constitution, republics, regions, areas, and even some cities may adopt laws and various regulations' (S. Ivanov, 1996, p.133). One of the peculiarities of labour law in Russia is that Russian labour legislation is organised as a completely independent, autonomous and to some extent, self-sufficient branch of law (S. Mavrin, 2001). This particular characteristic unites the post-communist countries. This means that formally all individual labour relations between any employee and employer are governed by the rules of labour law. But the problem is that the code of Labour Law of RF was adopted as early as in 1971 (9 December) 'under the conditions of complete domination of administrative and command methods of economy'. So, it doesn't correspond any more to the present economic and social situation. Nowadays, in terms of the open market economy and mounting competitiveness the labour market needs more flexible models otherwise it shifts towards forms of illegal employment thus contributing to the development of the underground economy. The negative impact of the old Labour Code consists of the fact that legally

'overprotected' workers really are in a very nasty situation since the employers do not want to be bound by the rigid terms of labour contracts. So an employee in order to get a job in hopes of a better salary voluntarily refuses a great part of his rights and social guarantees being at the complete power of the employer. It is a vicious circle as another negative economic consequence of this is that, accordingly, the amount of money that the employer should pay to social funds are drastically reduced (S. Mavrin, 2001).

Although the overall economic and social situation is still very difficult and a major part of the population lives under the threshold of poverty due to the fact that the wages do not correspond to the minimal living standards. In 1999-2001 a certain revival was observed. In 2000 the minimal living standard was increased by 15%, without corresponding wage increases. Due to some governmental measures the percent of such persons has slightly decreased from 41.2% at the beginning of 2000, to 31.8% by the year's end. Also the number of unemployed persons has been reduced. In St Petersburg (a city with a relatively good economy) in 1998 unemployed persons presented 14.4% of the economically active population (ILO data). Regular workers employed in only one job with the salary under the minimal living minimal wage levels was 20.8%. By the end of December 2000 these indexes decreased accordingly to 7.8% and 10.8%. But until now the number of employed persons (also full-timers) who suffer the low wages is higher than the number of unemployed (<http://www.chelt.ru>).

In 1994 according to the Federal Department of Employment data from an able-bodied population of slightly more than 70 million, only 5 million were fully employed (S. Ivanov, 1996, p.135). Women represent about 70% of unemployed persons. In spite of the fact that some important steps have been implemented in order to lessen unemployment, in particular, in 1991 (19 April) a Law on employment of Russia's population which mandates that the state guarantee citizens' rights to full, productive, and freely chosen employment (art. 5) with amendments and agenda introduced by the legislation passed on 15 July 1992 creates a lot of disincentives to unemployment as it only offers 'modest' unemployment benefits to unemployed persons (in terms of low salaries and an employer tendency to diminish the real salaries of employees to reduce tax burdens). According to the present labour code an unemployed person is entitled to 45% - 75% of their average annual salary for a period of 12 months. In case of collective dismissals (Art. 33/1 and 40/3 of the Labour Code) employees are entitled to receive a dismissal benefit which amounts to their monthly salary for a period of searching for new work. But as the experience of other countries testify it is not sufficient to grant employees material benefits only. It is necessary to pay more attention to vocational training, retraining and possibilities for lifelong learning. These needs unfortunately didn't yet receive an adequate response in the labour legislation (see S. Mavrin, 2001).

Another important issue related to the quality of industrial relations is the right to bargain collectively and the right to strike. In communist states, the possibility of collective bargaining didn't exist since the government was the sole legislator. The Russian Federation law of 11 March 1992 greatly contributed to enhancing the role of collective bargaining. As Ivanov stresses 'though the above-mentioned law opens vast vistas in collective bargaining, in practice new collective agreements remind one of their predecessors, Soviet-era contracts' (S. Ivanov, 1996, p.135). For example the General Agreement between the All-Russia Trade Union Associations, All-Russia Employer's Association, and the Government of the RF remained a mere declaration and didn't contribute to the improvement of living conditions of Russian people. So, collective bargaining as they represent a very important element of the healthy system of industrial relations and market economy need to be given more attention. The recognition of the employees' right to strike and implementing the procedure of settling collective labour conflicts are among the most important achievements of labour law in recent time. The Constitution of 1993 recognises this right as a human right. The right to strike had appeared long before the adoption of the Constitution, as it had made an appearance in the 1989 law regarding the settlement of collective labour conflicts and strikes. During the Soviet era the strikes were usually brutally

suppressed as the government saw them as political contest. So, in Russia strikes are not a common event. Then the courts tend as a rule to outlaw the strikes. According to the Law of 11 March 1992 striking is an extreme method of settling the conflict and can not be used until all the other alternatives have been tried (S. Mavrin, 2001).

So, the necessity for reform of labour legislation became more than evident. The work was carried out and after long debates the final draft of the new labour code was given for further approval to the Council Federation. The tendency of Russia to harmonise its legislation with the standards of other countries, to modernise its laws is confirmed by the fact that Russia has transposed a great deal of international labour acts that under the RF Constitution have a priority over national legislation. The penetration of international legal rules into Russian labour legislation occurs in two main ways: by ratifying conventions and other acts of international organisations (of which the RF is a member like the Council of Europe and so on) and by concluding bilateral international agreements with other states (an example of multilateral agreements is the agreement made by CIS Member State Governments regarding cooperation in the sphere of migration and social protection of migrant workers in 1995). At the present time Russia has ratified 56 ILO conventions, and among them 49 are in force.

# 3

## The 'quality factor' in EU industrial relations: Conclusion

Following the main results of our literature review it seems to be highly advisable to first of all develop a monitoring system on the way in which directives in social as well as employment affairs are actually transposed and implemented at the domestic level.

The open method coordination (OPC) should be extended to the activity of the social parties when engaging in the transposition process, as provided by the Treaty. Industrial relations in this context play, what can be considered, a quasi public role, in that the traditional Government intervention is replaced by the activity of social parties. Since this is not simply a bargaining process, belonging exclusively to their private autonomy, social parties should be subject to a monitoring process to avoid that, along with the transposition process, competition distortions, that the directive seeks to remove, which are reproduced nationally.

At the moment it also seems that this monitoring function might be exercised by the Commission which may eventually start infringement proceedings. Nevertheless, this remedy is certainly limited to special circumstances where the violation of Community law is to some extent remarkable (e.g. lack of transposition by a Member State). No mechanism is currently available to ensure the quality of the transposition process, supposedly aimed at guaranteeing the quality of employment, rather than simply its creation.

Social parties, at various levels, should be involved in this process of coordinating the transposition of social directives, as well as in the strategy of modernisation of work organisation.

The transferability of OPC to social affairs seems to be recommendable on the basis of the limited action taken by social parties in implementing pillar 3 of the EES, considered to be of primary, if not exclusive responsibility of Governments. The 'process within the process', as presently regulated in pillar 3 of the Luxembourg Process, proved to be unable to produce desirable outcomes.

The Lisbon Summit Conclusions have encouraged the adoption of OPC, not so much to define a general ranking of Member States in each policy but rather to organise a learning process at the European level in order to stimulate exchange and the emulation of best practices, in order to help Member States to improve their own national policies. OPC is more than a simple benchmarking, since it strengthens management by objectives by adapting guidelines to national diversity. OPC makes a clear distinction between reference indicators to be adopted at European level and concrete targets to be set up by each Member State for each indicator, taking into account their starting point (see M. J. Rodrigues, 2001).

The duty of management and labour to report annually to the Council on the outcome of their action in modernising labour law and industrial relations, as started by the Lisbon Council and translated into the 2001 EGLs, seems to be a good step in the right direction. This obligation possibly paves the way for a connection between social dialogue and OPC, although a more solid institutional framework seems to be indispensable. On the grounds of the multiannual experience of the Luxembourg Process, there is a risk that social parties will take no action in this respect; the danger confirmed by the Stockholm summit. In this light, amendments of the Treaty in the context of the 2004 Intergovernmental Conference are recommended.

A further reason supporting the transferability of OPC methodology to social affairs, similarly to employment matters and, more recently, to social protection, is based on the rather limited effect of social parties in addressing the topic of work modernisation at Community scale. Real innovative arrangements should be done at the domestic level, in conformity with national practices. The speed of social parties in making



innovative deals to meet the needs of a knowledge-based economy is not adequate and representatives of national social parties should be involved in this new Committee (possibly called 'Employment Relations Committee' or 'Social Dialogue Committee'), made up only of representatives of management and labour, at domestic level, plus representatives of major Community scale actors.

Once a year, a report should be jointly drafted by the Commission, major social actors at Community level and the Council, according to a process similar to that of the Employment Title. In this way social parties would not simply perform as actors, but they would also bear the responsibility of assessing the achievements of their affiliated national organisations over the past 12 months.

In other words the OPC should become a new way of making regulations by the social parties, in addition to traditional techniques basically linked with collective bargaining and in any case with social dialogue. Rather than framework agreement, according to the present experience of the Treaty's Social Chapter, we might have more 'guidelines', a kind of 'soft deals', following the recent experience of tele-work in the telecommunication sector. All in all, recent developments in the dialogue between UNICE and ETUC on the same subject demonstrate that this perspective may be viable.

EU enlargement offers further reasons to recommend amendments to the present Social Chapter of the Treaty. It seems very unlikely that candidate countries will be able to adapt to present Member States, at least at the speed necessary to take advantage of the opportunities of a knowledge-based economy. Instead of directives and/or framework agreements, 'soft deals', under a logic of coordination managed by the social parties themselves, would probably fit better and speed up the evolution of industrial relations systems of candidate countries. EU enlargement requires institutional innovations in social affairs.

Planning to create not only more but better jobs implies, as already stated, the consideration of quality in employment as a priority. As anticipated above (see § 2), some criteria may be identified for that purpose. However, the mandate of the Lisbon Summit, confirmed in Nice and Stockholm, to be appropriately implemented, requires an appropriate institutional forum, which can not be identified with the Employment Committee only, since it is made up exclusively of representatives of Member States.

An assessment of quality should be preferably made by the new Committee, which would gradually identify appropriate criteria and/or indicators. Quality in employment and social affairs can not be seen as an instant creation, but rather a gradual process to be stimulated by a logic of coordination.

Conclusively, it seems appropriate to recommend the establishment of a special Committee empowered to implement the OPC methodology also in social affairs, including labour law and industrial relations. The Committee should be set up via a council decision (politically agreed at the Barcelona European Council in March 2002) and later on openly laid down by a revised Social Policy Chapter of the Treaty, providing for the extension of the OPC to social affairs. Special guidelines should be made on a yearly basis by the Council, on recommendation of the Commission after extensive consultation with social parties at Community level. In this way legal obstacles for developing quality in labour law and industrial relations could be gradually removed.

Needless to say that such an innovation would be supported by a wide agreement between major social actors at the Community level, somehow imitating the experience of the birth of the Social Chapter at Maastricht. The meeting between social parties and the Troika at the eve of the Barcelona summit might represent good timing to launch such an innovative project.

In the case of the above mentioned recommendations that are not deemed to be viable, it might be at least advisable to build on the Stockholm Conclusions which have endorsed the 'setting up as soon as possible of the European Observatory for Industrial Change' as part of the Dublin Foundation. The main mission of the 'Observatory' should be that of drafting an annual report in order to monitor the activity of social parties in dealing with the EES Adaptability Pillar. In other words the 'Observatory' might stimulate the voluntary adoption by the social parties of the OPC methodology, to be supervised by the Employment Committee within the Luxembourg Process.

### Box 9: *Main conclusions*

1. An open method of coordination (OMC) should be envisaged for the European social partners to be implemented by the European social partners. The European social partners should experiment with their own process.
2. However, the OMC would have a different meaning for industrial relations than for Member States. OMC for governments are based on common purposes and peer review for the achievement of such common purposes. Instead, social partners have diverse purposes and must find a sufficiently interesting trade off for both parties.
3. Social partners need an incentive to participate and to commit themselves to an OMC. Social partners are autonomous organisations, where affiliation is voluntary. Thus, social partners must be able to show their members what this process has for them.
4. The extension of OMC to industrial relations should contribute to identify a beneficial interplay between the different levels so that interesting trade offs can be established and then extended at the appropriate level. Accordingly, the European level can have a decisive importance to identify strategic trade offs at the EU level, which can then have a positive impact at national level.
5. It is necessary to make a clear distinction between the bipartite and tripartite processes. Then it will be necessary to see the interactions of the different levels.
6. Different trends can be identified in industrial relations across Europe: decentralisation and centralisation. Successful decentralisation will require a good and well managed centralisation. Decentralisation at company level can impose higher transaction costs and competition imbalances. A well managed centralisation, including at EU level, can have a positive impact on the new game relationship between different levels and can also facilitate a learning process based on the exchange of good practice (European added value).
7. In any case, it remains very important to improve the social partners' participation to the different processes, in particular to the Luxembourg Process. So far the process has been unevenly implemented, and social partners are not equally involved in all Member States.

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## Abbreviations to bibliography

AL	Anàlisis Laboral
AcL	Actualidad Laboral
AR	Arbeitsrecht
AuA	Arbeit und Arbeitsrecht
AuR	Arbeit und Recht
BCLR	Bulletin of Comparative Labour Relations
BJIR	British Journal of Industrial Relations
CLLPJ	Comparative Labor Law and Policy Journal
CMLR	Common Market Law Review
DLRI	Giornale di Diritto del Lavoro e di Relazioni industriali
DML	Il diritto del Mercato del Lavoro
DRI	Diritto delle Relazioni Industriali
DS	Droit Social
ECLR	European Community Law Review
EIRR	European Industrial Relations Review
EJIR	European Journal of Industrial Relations
ELR	European Labour Review
ELab.Law	European Labour Law
ELawRev.	European Law Review
HRMJ	Human Resources Management Journal
ICR	Industrial Cases Report
IJCLLIR	International Journal of Comparative Labour Law and Industrial Relations
IJHRM	International Journal of Human Resource Management
ILJ	Industrial Law Journal
ILR	International Labour Review
ILRR	Industrial and Labour Relations Review
IR	Industrial Relations
IRLR	Industrial Relations Law Report
IRJ	Industrial Relations Journal
IRLJ	Industrial Relations Law Reports
LD	Lavoro e Diritto
LSE	Liaisons Sociales Europe
MLR	Monthly Labor Review
RGL	Rivista Giuridica del Lavoro e della Previdenza Sociale
RIDL	Rivista Italiana di Diritto del Lavoro
RL	Relaciones Labourales

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