

# 1. Introduction

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## 1.1. AIMS AND STRUCTURE OF THIS BOOK

The aim of this book is threefold. The first is to discuss the different options available for the construction of an indicator of job quality for comparative purposes, and their implications. The second is to provide an overview of existing indicators of job quality, their development and on-going work at national and international level. The third is to present our own proposal of an index of job quality applicable to the European context that can offer a rigorous evaluation of job quality in Europe.

To be able first to evaluate the different available indicators or systems of indicators of job quality, and later to develop our own Job Quality Index (JQI), it is necessary to have a clear idea of the different steps that have to be taken in the process of constructing such an indicator. The obvious starting point is the discussion of the pertinence and value of constructing an indicator of job quality. The process of building an indicator is long and costly, both in time and resources; therefore, the first task to be accomplished is to present a convincing justification of the need for yet another economic and social indicator. In the second part of this introduction we present a list of reasons that justify the increasing social and political concern about this issue, as reflected in the programmes of international organizations such as the ILO (International Labour Organization) (Decent Work Agenda) and the European Union (the 'more and better jobs' motto of the European Employment Strategy).

The next step is to define what is meant by 'job quality' and operationalize the concept. This phase is especially complex as job quality is clearly a multidimensional concept affected by the subjectivity of the observer: different people might consider different things when defining or evaluating job quality. Furthermore, the same job might be perceived differently depending on what specific dimension of its quality is considered. Chapter 2 of the book, which can probably be considered its backbone, discusses the different approaches that can be followed in the process of selecting the dimensions of work and employment relevant for job quality. In order to do so, we discuss the virtues and shortcomings of following a purely subjective approach based on job satisfaction, a two-step mixed approach

based on the self-selection and weighting of the relevant dimensions by the workers themselves, and a third and last approach based on the review of existing theoretical perspectives on job quality, drawing on the economic and sociological traditions.

With that frame of reference, Chapter 3 addresses a set of methodological choices that have to be made prior to the process of selection of the dimensions to be included in the index. This review includes the question of its periodicity, the option of favouring a system of indicators as opposed to an aggregate indicator, the utilization of individual or aggregate data, etc. A separate section is devoted to the analysis of how to deal with those interventions from the public sector affecting job quality through the provision to workers (or citizens in general) of specific social services.

With this theoretical (Chapter 2) and methodological (Chapter 3) background, Chapter 4 reviews around 20 different proposed indices of job quality. The aim of this chapter is to discuss, in a homogeneous framework, the characteristics, strengths and shortcomings of the most important pre-existing indicators. Chapter 5, drawing again on previous chapters, introduces our own proposal of a model-based Index of Job Quality, based on the aggregation of information on five different areas of work which the specialized literature identifies as having an important impact on workers' well-being (these areas are: pay, intrinsic quality of work, employment quality, health and safety and work-life balance). In Chapter 6, we put our proposal into practice, using it to study the distribution of job quality in Europe, at the country level and for specific categories of workers. Finally, in Chapter 7 we discuss the main conclusions we could draw from this exercise.

## 1.2. THE IMPORTANCE OF HAVING A RELIABLE INDICATOR OF JOB QUALITY

It is important to make two things clear from the very beginning. It is our understanding that any job quality indicator has to be strictly limited to those aspects of the job that have a clear and direct impact on the well-being of workers.<sup>1</sup> The concept of job quality is linked on the one hand with the characteristics of the work performed and its environment (which we can call the work dimension, including among other things the level of autonomy at work, as well as its social and physical environment), and on the other hand with the characteristics of the contractual conditions under which such job is performed (which we can call the employment dimension, and includes pay, contractual stability and development opportunities, among other things). This concept excludes issues which may be

related to the well-being of workers but which are not characteristics of the jobs they perform (such as their psychological states, or the social support they have outside work), as well as concepts which concern the labour market rather than the characteristics of jobs people have (such as the level of unemployment).

It is also important to clarify from the very beginning the target groups of workers considered in our analysis of job quality. As it is known, from a statistical point of view there are two different kinds of workers: self-employed workers and employees. In 2009 in the EU27, 15 per cent of workers were not employees (including self-employed, employers and family workers), with a maximum of 30 per cent in Greece, and a minimum of 8 per cent in Estonia and Luxembourg. The equivalent for Japan was 13 per cent and 7 per cent for the US. Although there is some discussion about the renaissance of self-employment in the twenty-first century, the analysis of statistical data simply does not support such conclusion. Focusing in the EU15, only in Germany, the Netherlands and the UK has there been a clear increase in self-employment in the last quarter of a century (with an increase in the self-employment rate of 1.9, 3.6 and 3.1 percentage points respectively). In the rest of the EU countries (countries with a higher self-employment rate) the trend has been a reduction of the self-employment rate. The same is valid for Japan and the US. In principle, the self-employed have more latitude to specify their own working conditions, although there are important qualifications to take into account. Firstly, self-employment, or at least part of it, can be driven by competitive pressures to 'choose' undesired working conditions in order to remain in business. If this were the case there would not be much difference between self-employed and employed workers. Secondly, nowadays there is a lively debate about whether there is a growing (and relevant) percentage of self-employed who in fact are 'employees in disguise' (subordinate workers) as a result of the process of contracting-out of firms and their preference for civil law contracts rather than employment contracts. Once again, in this case the differences between employees and self-employees would become blurred. For these reasons, and because they constitute an important proportion of the working population whose conditions should also be monitored, we will include both employees and self-employed workers in our empirical analysis of job quality.

Measuring job quality, it is argued in the following pages, is a complex and difficult task, but no more complex than measuring other economic phenomena such as the price level, aggregate production or employment quantities. All of these variables, now routinely measured by the Consumer Price Index, the Gross Domestic Product or the Labour Force Surveys, respectively, were also in their origin theoretical concepts difficult

to operationalize. Their conversion into largely unquestioned statistics was a long process of analyses, debates, compromises and decisions. To use a well-known example, in order to be considered as employed by the Labour Force Survey, it is enough to work for one hour the week prior to the interview, a condition which is certainly open to question, but nevertheless a convention that allows clearly separating the employed from the non employed. Furthermore, the generation of indicators of employment, unemployment and so on demands the utilization, on a quarterly basis, of a considerable amount of resources. Labour Force Surveys were created with that purpose; resources were allocated to such end because employment figures were considered to be of crucial importance to guide economic policy. Therefore neither the complexity of the objective nor the lack of proper statistics should be used as an excuse to consign to oblivion the development of an indicator of job quality. We are living in a quantitative world, where those variables that are not satisfactorily measured are frequently left out of the political arena.<sup>2</sup> It is not a coincidence that while the quantitative dimension of employment is at the forefront of the political debate, its qualitative dimension is seldom mentioned. Obviously, part of the different treatment can be explained by their different position in terms of priorities (especially in times of high and growing unemployment), but part of it can surely be related to the statistical 'invisibility' of job quality.

But why should we care about measuring job quality? Even though it may seem obvious that job quality is an important issue, there are a significant number of social scientists that consider job quality to be a 'non-problem' (especially in the field of economics, as it is discussed in the following chapter). And it is not unusual that in the political arena the question of job quality is considered as a diversion from the most important problem: the need to create more jobs. All these doubts and concerns cannot be simply dismissed, so this book must start by asking ourselves why we should care about job quality.

There are a number of reasons that justify the research on job quality and its monitoring for policy purposes. In the first place, the average European full-time worker spends almost 42 hours in his/her job (and the average part-time worker 20 hours). That means that the average full-timer works for a quarter of his/her available weekly time (the average part-time worker for one-eighth). It is obvious that whatever happens in that quarter of the weekly life of workers will have important implications for their well-being. Furthermore, there is abundant evidence showing that people do not only work to earn a living, proving that work is an important element of social and personal life in itself, an activity that is important for self-realization and social integration (Layard 2004).

Therefore the quality of working life is a key element of the quality of life. In this respect, the meta-analysis of Dolan et al. (2008) shows how both having work *per se* and some of the job characteristics (working hours, for example) have a clear positive impact on subjective well-being.

Second, the standard analysis of the labour market usually focuses on quantity, the number of jobs, and their correlate, the employment or unemployment rate. But jobs are a heterogeneous category. There are 'good' and 'bad' jobs, jobs come with different combinations of amenities and disamenities, different bundles of positive and negative attributes. In order to rightly evaluate an economy it is important to know the quality of the jobs created and destroyed in the process of creative destruction that sustains economic growth. As it is shown in detail in Chapter 2, mainstream economists frequently argue that there is no problem in adding good and bad jobs in a single employment measure because the market will homogenize the quality differences of jobs by paying higher wages to those jobs of lower quality. However, this position, as it is shown in that chapter (and in Chapter 6, we provide some further empirical evidence), is highly debatable. As long as we cannot rely on the existence of such a process of compensation, the question of job quality will deserve a specific treatment with specific indicators.

Third, in times of rapid changes in the labour market (globalization, accelerated technological change, etc.), considered by many (Sennet 2005; Coyle 2001) as the harbinger of a breed of new capitalism, widening the analysis of work to take into account changes in other dimensions, apart from employment numbers or the earning structure, can help us to understand the nature of such changes and disentangle myth from reality (Doogan 2009).

Fourth, having a good measure of job quality can contribute to our understanding of the existence of trade-off between quantity and quality of jobs, and to empirically prove the existence of different *employment regimes* in terms of quantity/quality trade-off. A similar approach is explored by Gallie (2007).

The fifth reason is that it would be useful to know in detail the level and components of job quality in each country, and their relation to job quantity, as a necessary step to detect best practices in the field of labour policy. In this respect, we consider that the construction of an index of job quality must be linked to a practical goal, a policy intention. Knowledge is positive *per se*, but it is much more fruitful if it contributes to the improvement of reality.

Six, quality refers to the characteristics of the types of goods and services known in economics as *luxury goods*, meaning that their demand grows faster than income. If that is the case, it is to be expected that, in

the process of economic growth, workers' interest in job quality will grow. That also means that jobs which at present can be considered as average or good-quality jobs might turn, as time goes by, into 'bad' jobs, leading to a process of social dissatisfaction even in a context of high employment and stable conditions of work and employment.

Seven, perhaps being unemployed is the worst circumstance a worker can face in terms of economic life, and the best example of a failure in the functioning of the labour market. However, it should not be forgotten that in a normal economic situation, and even in a situation of crisis, the great majority of workers are employed, and, hence, an important part of their interest will be in how their jobs measure up in terms of quality: in other words, the task is not over even with full employment.

Finally, job quality is obviously an important consideration for workers when deciding whether to engage in employment. Therefore, increasing the attractiveness of jobs will lead to an increase in the labour force, something that will become a pressing necessity in the near future because of current demographic changes (demographic ageing).

In fact, the concern about job quality is not new. Governments have been regulating conditions affecting job quality (health and safety, extension of the work week, paid vacations, etc.) since the mid-nineteenth century. Although in some areas, such as health and safety, regulation has been preceded by abundant research (see Chapter 2), in most cases we can say that regulation has preceded knowledge about the impact of a given working condition on workers' well-being. Improving our knowledge about the dimensions of job quality and integrating what is known in a unified approach to job quality seems to be a task well worth doing.

As this book is being written, Europe is in the middle of an unprecedented economic crisis with negative economic growth and growing unemployment, especially in countries such as Spain, Greece and Ireland. This situation has an impact on the debate of job quality and on job quality itself. With growing unemployment, a shift of priority towards employment creation *per se* is to be expected, probably leaving quality (again) in a secondary place. Does it mean that monitoring and evaluating job quality is not relevant in a context of economic crisis? We believe it is not so, at least for three different reasons. First, a crisis is a period of sudden and rapid change in which it is more necessary than ever to monitor what is happening. We know very well, almost in real time, what is happening in terms of quantity of employment, but we know almost nothing about what is happening in terms of employment quality. This is in itself an important argument for developing a good indicator of job quality, especially in times of crisis. Second, the impact of the crisis on job quality is likely to be ambiguous. On the one hand, the worst jobs usually tend to

be destroyed first. Such dynamics can lead to an apparent improvement of overall job quality (due to a composition effect). On the other hand, the rapid increase of unemployment weakens the relative position of workers vis-à-vis employers, forcing them to accept worse working and employment conditions, with a negative impact on job quality. It is crucial to be able to monitor this dual dynamics in order to be able to design effective employment and social policies to deal with the impact of the crisis. Last, but certainly not least, the issue of job quality is not a luxury that can be put in second place in tough economic times. It must be remembered that job quality is directly linked to productivity and economic growth and, thus, it cannot be put aside in the process of developing a suitable strategy to overcome an economic crisis. It would be terribly myopic to forget this in the current situation.

## NOTES

1. We could define workers' well-being as a state of being healthy, self-fulfilled, secure, with enough resources so as to enjoy a decent life, and time to have a satisfactory private life. For a comprehensive analysis of the concept see McGillivray (2006).
2. In the words of Lord Kelvin:

I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind (from 'Electrical Units of Measurement', a lecture delivered at the Institution of Civil Engineers, London (3 May 1883), *Popular Lectures and Addresses* (1889), Vol. 1, 73).