

The case for investing in high quality work

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From the vantage point of North America, the European Union's Employment Strategy signalled a major step forward when launched in 1997 at the Luxembourg Jobs Summit. When coupled with the Green Paper on 'Partnership for a new organisation of work', the stage appeared to be set for significant progress on both job creation and job quality goals. Indeed, since the 2000 Lisbon Summit, there has been considerable emphasis on demonstrating that good quality jobs are compatible with employment creation goals.¹ While investments in work quality are important for all stakeholders, forging broad support for this policy direction is a formidable challenge. One of the largest hurdles facing the European Employment Strategy (EES) is convincing employers that improving the quality of work serves their interests.

My purpose in this paper is to suggest openings for engaging employers in a constructive discussion about why the quality of work matters for organisational performance. I use the EES and related European Union (EU) policies as a starting point, building a case for investing in the quality of work around three trends that run through much of the EES discussions: responding to workforce ageing and impending labour shortages, the importance of lifelong learning in a knowledge-based economy, and the advantages of improving worker health and well-being.

A closer look at these trends reveals that each is exerting pressures for employers to improve the quality of work. I want to shed light on *why* and *how* these three trends have the potential to improve work quality. From a North American perspective, all three trends are prompting growing numbers of employers to pay more attention to the link between work environments and human resource management goals. How an organisation responds to these internal and external pressures for change has strategic importance, affecting organisational performance.

1) Work quality and European Union employment policy

The European Commission's (EC) 1997 Green Paper, 'Partnership for a new organisation of work,' argued that improving the organisation of work can contribute to firm competitiveness, quality of working life, and employability. The goal: a "productive, learning and participative organisation of work."² It is timely to revisit and reframe the Green Paper's core ideas. Without changes in how work is organized and managed, the chances are slim for making tangible improvements in the overall quality of work life. From a policy perspective, the key point is that fast-paced economic changes associated with the rise of an increasingly global knowledge-based economy have left the organisation of work lagging behind.

However, the European Industrial Relations Observatory On-Line documents a number of reasons why the Green Paper had limited impact on policy debates, research and action within EU member countries and the European Economic Area (EEA and EFTA).³ The main exceptions are Sweden and Norway, where several decades of policy and research have supported new forms of work organisation that meet individual, firm and societal needs. Elsewhere, responses to the paper have been stalled by factors such as: the limited and slow diffusion of workplace innovations, lack of a clear policy framework with minimum standards, an overriding concern in some countries with unemployment, a policy focus in other countries on work-time and flexibility tradeoffs, and the lack of social partnerships. Most of all, efforts at reforming the organisation of work are hampered by short-term management thinking focused on shareholder value and, more broadly, employer opposition to state regulation of work organisation.

Some of the researchers commenting on the Green Paper concluded that the future of work organisation in Europe revolves around "whether the dominant socio-economic model will base primarily on a shareholder value or a human resource philosophy."⁴ Yet this sets up a false dichotomy, because the most convincing case for improving the quality of work rests on arguments and evidence showing how high quality work environments create the human resource capacity needed to strengthen a firm's performance. To make this case, I will build on three powerful trends identified in various EC employment policy documents: workforce ageing, life-long learning, and health and well-being.

Workforce ageing: Various EU policy documents and research identify demographic pressures to improve the quality of work environments.⁵ As in North America, there is concern about the potential impacts of an ageing workforce, the retirement of members of the Baby Boom generation, and relatively small cohorts of younger workers. Leading employers have recognized that the quality of jobs and work environments affect their future ability to recruit, develop and retain workers. While actions are slow to follow 'employer of choice' rhetoric, there is no doubt that demographic pressures are contributing to a more strategic role for human resource management.

Life-long learning: Life-long learning is central to the EC's policy emphasis on making greater investments in knowledge and innovation. A recent EC Communication put it in general terms: "The Union's long-term success will depend to a large extent on how easily businesses and people can generate and transform knowledge into commercial realities and new skills."⁶ Thus, a knowledge-based economy depends on workplaces to facilitate knowledge development and use.⁷ Organisational performance relies on a firm's formal and informal learning capacity. A stronger link must be made to work quality, because it is the work environment that either inhibits or enables learning activities.

Health and well-being: Occupational health and safety (OHS), like learning, must be fully integrated into the EES. The Lisbon agenda views OHS as linked to work quality and productivity outcomes. European Commission policy on OHS presents a comprehensive approach to improving well-being at work, addressing psycho-social environment problems such as stress, depression, violence and harassment.⁸ The rising cost of unhealthy and unsafe workplaces is encouraging some employers to move beyond the traditional emphasis on compliance costs and risk reduction, to adopt a more comprehensive approach to employee well-being.

2) Quality as a policy umbrella

Quality of work, I suggest, is the policy 'umbrella' under which the above trends can be understood and acted upon. Progress on work quality goals requires a shift in management thinking, from a short-term focus on market returns, reduced operating costs and numerical labour flexibility, to a longer-term view of human capital investments and flexibility gained through internal work practices. By documenting the benefits of investing in work quality improvements, and the costs on inaction, it may be possible to break out of the zero-sum trade-off between security and flexibility that now characterizes some of the debate about the EES.

A stumbling block for employment policy is that employers will tend to focus on the short-term cost reductions and possible efficiencies gained from labour flexibility, without knowing the longer term consequences. Admittedly, it is more difficult to estimate the longer-term pay-offs of investing in a healthier, more supportive and overall higher quality work environment. This poses a major dilemma for policy makers, and it points to two major information gaps. One is the need for longitudinal data on the individual and firm-level impacts of different flexible labour strategies. The other is the need for similar data on the life-cycle of workplace innovations, so we can better understand causality and what factors moderate the impact of these innovations over time.

Understandably, the employment policy debate in many countries has been deflected from work quality goals by a continued focus on the problem of high unemployment.⁹

What needs to change for there to be an equal emphasis job quality and quantity, not just in policy statements but in actions? Governments are better positioned to address unemployment through a range of active and passive measures; they are less well equipped to address job quality. Employers – and this certainly is the case in North America – hold most of the cards when it comes to quality. So far, there has been no real sense of urgency to address work quality. Thus, policy makers must find ways to convince employers of the value of adopting a longer-term perspective. As I now will suggest, this longer-term perspective integrates work quality and productivity, two of the three goals of the EES.

3) Workforce ageing

A well-known Canadian demographer, David Foot, argues that demographics explain two-thirds of everything.¹⁰ Foot's hyperbole aside, there is no doubt that a growing, but still small, number of employers in Canada, the USA and Europe are taking steps to prepare for future skill and labour shortages in highly competitive and increasingly international labour markets.

A major concern for management is employee recruitment and retention. In response, there is growing interest among major public and private sector employers in North America in becoming 'employers of choice.' Leading national and regional business publications run annual rankings of best employers.¹¹ The diffusion of these 'top employer' rankings, often supported by surveys of employees, offers a spring board for more rigorous benchmarking, monitoring and reporting of work quality.

For example, there is an opportunity to advance the quality agenda in the soon-to-be released list of "100 best workplaces in the European Union," given that the European Commission is a partner in this with Great Place to Work Europe, the consulting firm running the project.¹² What distinguishes this initiative from most rankings used in North America is the inclusion of gender equality, lifelong learning and cultural diversity as criteria, along with a workplace culture of trust.

Of course, it's just a matter of time before academics take critical aim at the methodological and conceptual features of these rankings. From a policy perspective, however, what's important is that these initiatives give higher priority to the quality of work and encourage human resource practices that support this goal. Consulting firms doing the rankings use indicators, derived from employee surveys, such as commitment, engagement or trust.¹³ Based on data from their clients, these consulting firms argue that the strength of the unwritten psychological contract between employee and employer positively influences attraction, development and retention, ultimately contributing to increased shareholder value. The 'drivers' of these desired employee outcomes usually include a range of work environment factors and learning and development opportunities.

Furthermore, these best employer surveys and rankings highlight the importance of work quality by linking people practices to organisational results. This means that human

resources become more central to a firm's business strategies. This marks a fundamental shift away from the traditional 'personnel' support function, which marginalizes people issues, toward an emphasis on meeting the organisation's strategic goals by building its human capacity.¹⁴ In retail and financial services, this 'strategic' HRM approach has been linked to stronger financial results, such as in Sears (a giant retailer) "employee-customer-profit chain."¹⁵ Based on this evidence, 'balanced scorecards' increasingly are used to integrate human resource practices, employee outcomes (ranging from job satisfaction and commitment to absenteeism, turnover and health), operational results and financial performance.¹⁶

My basic point is that employer concerns about workforce ageing, and resulting recruitment and retention problems, could be fertile ground for a range of initiatives that elevate the importance of work quality in management's agenda. For policy makers, the next steps are already in sight. For high quality work to be a 'public good' – as opposed to a proprietary 'competitive advantage' for individual firms – two things are needed. One is setting national standards, along the lines of ISO certification or the UK's Investors in People. The other is valid and reliable national benchmarks for job and work environment quality. A solid basis for this already is provided by the European Foundation's survey on working conditions. However, as I suggest below, the work quality indicators agreed to in 2001 by the EU need further development if they are to inform workplace decision-making and guide action.¹⁷

Workforce ageing also is motivating employers to rethink staffing strategies. This is evident in Canada's public sector, which has large numbers of older workers reaching retirement. Increasingly, these employers are seeking ways to tap underutilised groups, such as immigrants, Aboriginals and older workers.¹⁸ Organisations that do workforce planning may discover a wide range of retirement plans among their older employees, because of today's diverse life course patterns. Some older employees may be receptive to remaining in the workforce beyond age 60 or 65, if good quality work is available. For example, one study of retirement plans among Canadian government executives found that re-employment decisions depend on decent working conditions, interesting assignments and flexible work arrangements.¹⁹

Workforce ageing also raises two additional problems: knowledge transfer and skill underutilisation. Both require new ways of organizing work that have the potential to increase the quality of work and performance.

Anticipating a growing wave of retirements, some employers are realizing that they need to retain the knowledge possessed by some departing employees. This goes well beyond traditional succession planning. At issue is what Nancy Dixon calls "common knowledge," which is what makes an organisation run on a daily basis.²⁰ Some employers now recognize that a comprehensive succession plan should transfer the knowledge that key individuals possess before they leave. However, effective knowledge transfer requires redesigning the jobs of individuals who possess 'corporate wisdom' in the years leading up to retirement. It also requires the creation of a fertile learning environment. Common knowledge is found in all functional areas and positions, not just among

executives and professionals. Once more, the solutions to these problems have the potential to improve the quality of work, as well as overall organisational performance.

Fuller utilisation of existing human resources is crucial for alleviating skill and labour shortages. However, employers in North America have been slow to do this, even though workforce ageing has increased the experience pool they have to draw upon.²¹ This is a problem of some magnitude. For example, depending on the age group, between 21 and 31 percent of Canadian workers with university degrees felt overqualified for their job in 2000 based on their education, training and experience.²² Other well-educated workers lack career advancement, training and skill development opportunities. The problem also exists in Europe: the 2001 UK skills survey found that 37 percent of employees are overqualified for their job.²³ Given the consensus that knowledge creates competitive advantage, one might expect employers and governments to be doing more to ensure that jobs and organisational systems maximize employees' knowledge contributions.

Aside from lost productivity, skill underutilisation imposes other costs on employers. The UK skills survey data suggest that workers with underutilised skills are significantly more depressed, anxious and less satisfied in their jobs than workers whose skills are better used. In other words, a mismatch between employee skills and job requirements affects psychological well-being.²⁴ This can have detrimental effects ranging from absenteeism and turnover to low productivity. Given growing employer concerns about recruitment and retention, these findings should be an incentive to close the gap between the supply of skill and knowledge in their organisation and its utilisation – which means improving the quality of work.

4) Learning

Employment policies in a knowledge-based economy must expand the opportunities for learning. The workplace is an important context for learning and, moreover, the conditions that support learning define high quality work. Indeed, workplace learning helps meet the goals of an improved quality of work life and economic innovation — the optimal convergence of social and economic policy goals.

Learning is an active process that requires a longer-term view of human capital investments.²⁵ This is a marked contrast to the short-term focus and episodic nature of most training, at least in North America. However, there is no consensus on how best to move organisations toward an active learning model, in which the application of knowledge drives productivity. Organisations that support active learning have a better chance of closing the loop on knowledge acquisition and use. To help move our thinking beyond training, instead of asking “what are the barriers and incentives to training?” a better question is “what are the barriers and incentives to workplace innovations that support a learning culture and high-skilled work?”²⁶ In this regard, four sets of factors are crucial: human resource management practices, work organisation and job design, workplace culture and leadership, and overall business strategy.

These learning-supportive factors are the basis of the high performance workplace (HPW) model. The defining characteristics of this model include autonomous work teams, flat organisational structures, skilled tasks, a commitment to training and continuous learning, employee participation in decisions, supportive supervision, information sharing, and performance-based pay.²⁷ High performance workplaces have been linked to enhanced organisational performance when these characteristics are introduced in 'bundles' rather than piecemeal. Some analysts conclude that employee involvement is the cornerstone of a high performance work system. Certainly there is a strong desire among employees in North America for greater participation and influence in their workplaces.²⁸ In this respect, employees likely would view increased participation as an improvement in job quality.

Trust is another enabling condition for active workplace learning, and it goes hand-in-hand with security. Ashton and Sung suggest that a prerequisite for creating high performance work systems is mutual trust, and a sense of job security contributes to this.²⁹ In fact, one label for a high performance workplace is a 'high-trust' workplace. Without a sense of security and fair treatment, employees will take an individualized approach to learning, maximizing benefits for themselves and giving lower priority to engaging in the collective aspects of knowledge sharing and use within their current work setting.

Thus, high performance, active learning and trust are interdependent. In this regard, there are useful lessons from Canada and the USA in the 1990s, when responsibility for learning shifted to the individual from the state and employers. The individualistic discourse of 'employability skills' signalled to employees that they had to create their own safety net through further education and training in order to survive in an increasingly unpredictable labour market. This expanded the notion of a risk society to include human capital. An unintended consequence was the erosion of employee commitment and trust, especially in large organisations shaken by downsizing and restructuring.³⁰

To become learning-based, an organisation's business strategies must give priority to developing skill-rich job designs that encourage individual and collective learning. Again, the research on HPWs is insightful, documenting a robust relationship between the use of flexible work organisation practices (such as teams, multi-skilling, reduced hierarchy, delegation of responsibility) and increased training.³¹ A Canadian assessment of training policies and practices concluded that: "Firms can only benefit from the skills employees gain from training where the organisation of work allows them to apply these skills in practice. Flexible job designs that encourage employee initiative and innovation are a pre-condition for effective training programs."³²

The HPW model integrates training, skill requirements and work organisation. This is how training-intensive organisations become learning-based. Workers in more participatory, high skill work systems receive more formal and informal training, and are required to understand and perform a greater variety of tasks, develop better interpersonal and behavioural skills, assume supervisory and coordination functions and interact with

other employees and managers. Black and Lynch suggest that HPWs “encourage workers to think and interact in order to improve the production process.”³³ This is why self-managing work teams are more productive, innovative and creative than other forms of worker organisation.³⁴

Clearly, then, a major benefit of HPWs for employees and employers is the opportunity provided for learning and development that contributes to firm performance.³⁵ Applying this insight has proved difficult, however. For example, in Canadian non-government workplaces with 10 or more employees, 29 percent use flexible job designs while 9 percent use self-directed work teams.³⁶ This reflects a basic contradiction in management thinking. To illustrate, many firms invest heavily in new technology expecting long-term productivity pay-offs, yet provide short-term training to meet rising skill requirements rather than redesigning work to optimize the technology’s productivity potential through on-going learning. The difficulty of viewing training and learning as long-term investments in human assets is a large part of the explanation for why HPW practices are not more common.

As a final comment, I want to highlight several risks associated with life-long learning. New institutional frameworks will be needed to help individuals take more responsibility for learning and skill acquisition.³⁷ A workplace-based learning agenda must be inclusive and not just for educated knowledge workers, otherwise labour market polarisation could grow. On-going learning requires work-life balance, which has become increasingly difficult to achieve because of work intensification.³⁸ It is not surprising that in Canada, time scarcity is the main barrier to pursuing further job-relevant education and training.³⁹ Reducing these risks can be achieved through comprehensive measures to improve the overall quality of work.

5) Healthy workplaces

Generally speaking, public policies that promote healthy and safe work are more fully developed in Europe than in North America. The Luxembourg Declaration on Workplace Health Promotion in the European Union sets as a goal “improving the work organisation and the working environment; promoting active participation; [and] encouraging personal development.”⁴⁰ The European Commission’s 2002 strategy on workplace health and safety aims to achieve continuous improvement in well-being at work.⁴¹

Critical to the success of these policies is a focus on the workplace determinants of health and well-being – in other words, on the quality of work. The case for creating working conditions that foster employee health and well-being is well-grounded in an extensive international body of research. Specifically, there is solid evidence that job design, job efforts and rewards, family-friendly management practices, organisational change and job security can have major health implications for workers.⁴² Furthermore, high performance workplaces can have positive effects on employee health and well-being, in contrast to the negative health effects found in some lean production work systems.⁴³

A closer look at recent developments in North America complements the approach to workplace health that has taken root in Europe.⁴⁴ There is growing concern among employers about the rising direct and indirect costs of unhealthy workplaces. A clear sign of this is the diffusion of workplace health promotion programs, more so in the US than in Canada (Canada's health care system is publicly-funded; in the US, employers pay a significant share of health care costs). This is a powerful economic incentive to take preventative measures inside organisations. It is estimated that health promotion programs are now found in 80 to 90 percent of medium and large size US workplaces.

A growing number worksite health promotion programs have been subjected to rigorous cost-benefit analysis that calculates the employer's return on investment (ROI). ROI analysis provides a clear-cut 'business case' for investing in higher quality work. Evidence shows that workplace health promotion programs result in improved health outcomes for employees, reductions in employer health care costs, and improved productivity.

The *American Journal of Health Promotion* reviewed 15 recent US studies of the clinical and economic effects of worksite health promotion and disease management programs.⁴⁵ The review concluded there is moderate to strong evidence that these programs deliver both clinical and cost effectiveness. The programs examined either focused on one area – such as exercise and fitness, smoking cessation, back care, weight control, health risk assessment, mammography, prostate cancer screening and referral, immunisation, headache screening, and prenatal education – or took a more comprehensive approach. Comprehensive interventions have a more positive impact than do single-focus programs. This is the same basic finding in HPW research – bundled innovations are what make a difference for quality of work life and productivity.

One comprehensive intervention is the National Wellness Program, a partnership between DaimlerChrysler and the United Auto Workers union. Health and fitness providers at most company sites offer programs such as nutrition, fitness, injury prevention, mental health, driver safety, smoking cessation, health screening and awareness campaigns. Participating employees, compared to non-participants, had lower health care costs of between \$5 and \$16 per month. Another example is Glaxo Wellcome's health promotion program, which saved about \$1 million in 1998 and cut medical absences 20,000 workdays since 1996. In Canada, the National Quality Institute's Healthy Workplace Award winners include MDS Nordion, where a comprehensive workplace health program reduced absenteeism from 5.5 to 4 days annually and cut turnover to half the industry average.

Overall, studies document cost-benefit ratios of between \$3 and \$8 (US) for every \$1 invested in health promotion programs within 5 years of being launched. Still, there are obstacles and limitations. This research will never reach the high standards of evidence needed to convince sceptics because workplaces are not laboratories. ROI analysis requires extensive data and expertise, which many organisations lack. It also requires a long-term commitment to improving employee health. Managers may not perceive a

problem if they lack information about how unhealthy working conditions can undermine organisational goals.

A more fundamental limitation is that health promotion programs tend not to address underlying health risk factors in the physical and psycho-social work environments. Conventional health promotion and occupational health and safety approaches are limited in their ability to address the underlying job, organisation and management factors that affect employee health and well-being. They are not designed to address the impact of unsupportive supervision, routinised tasks, low job autonomy, or demanding workloads. These dimensions of job quality are known causes of stress and that can impair employee health and undermine organisational success.

In response to these limitations, a new ‘healthy work organisation’ model is emerging. This model links healthy work environments to improved health outcomes for individual employees *and* improved business results. This model is being developed by the US National Institute for Occupational Safety and Health, with similar initiatives in Canada by Health Canada and the Institute for Work and Health. Here is the basic thrust: “A healthy work organisation is defined as one whose culture, climate and practices create an environment that promotes employee health and safety as well as organisational effectiveness.”⁴⁶

The North American health care sector provides a useful case study of how labour shortages and rising employee health costs are making ‘healthy organisations’ a higher priority.⁴⁷ Research on health professionals shows that a healthy work environment, employee well-being and organisational performance are interrelated.⁴⁸ For example, high physician stress and dissatisfaction undermine job performance and increase the incidence of turnover, absenteeism and accidents. Nurses’ quality of work life and well-being depend on job autonomy, reasonable job demands and adequate resources, collegial relationships, skill development opportunities, and effective supervision and leadership. Hospitals meeting these work environment quality standards show improvements in staff recruitment and retention, as well as in patient outcomes.⁴⁹

Many occupational health experts would argue that we don’t need more research to implement a healthy organisation agenda. Hundreds of studies document direct and indirect benefits of healthy work environments, including higher job satisfaction, lower absenteeism and turnover, improved job performance, lower accident rates, and reduced health benefit and worker compensation costs. Still, most employers who adopt health promotion programs want to contain the rising cost of health benefits. Surprisingly few are motivated by expected productivity gains. The future challenge for researchers and policy makers is to document how healthy workplaces can improve productivity and widely communicate this to employers.

6) Measuring progress

My final comments underscore the importance of tracking progress on work quality. A useful starting point is several European Union conferences and reports that raise key

issues about measuring the quality of work.⁵⁰ Improving the quality of work is facilitated by setting goals and measuring outcomes. As noted at the 2001 European Union Presidency conference, the crucial question for policy makers is: which forms of new work organisation have the greatest pay-offs for job quality and productivity and under what circumstances? The more nuanced the answer, the more likely that employers will find relevance for their own unique circumstances.

While work organisation is important, there are numerous work environment factors and HRM practices that also shape the quality of work. We've seen this above in the discussions of workforce ageing, learning and worker health. What's needed, then, is an integrated set of indicators that capture both the underlying causes of work quality and key outcomes of variations in quality for workers and organisations. Essentially, this is a causal model that can guide analysis, provide benchmarks and track stability or change over time.

It is important to collect indicator data at the firm level. As North American managers like to say, 'what gets measured gets managed', so having valid and reliable measures of the work environment and job quality helps create internal accountability for meeting quality goals. This is a firm-level version of the approach used in Finland, which has shifted from regulatory governance to governance by information, where indicators play a key role by describing, comparing, priority-setting, giving early warning signals, monitoring and follow-up.

Much of the post-Lisbon discussion of work quality has focused on aggregate labour market outcomes available in official statistics. Participation in education and training can be documented the same way. In terms of health and safety, accidents at work and occupational diseases are widely used indicators, yet these report relatively rare events that do not touch the daily work experiences of most workers. Thus, individual-level indicators also are needed for a full diagnosis of work quality.

Drawing on the research discussed above, it is possible to take the ten quality of work elements identified in the European Commission's communication on 'Employment and social policies: a framework for investing in quality,' and identify indicators that would use workers' self-reports. For example, intrinsic job quality is widely measured in academic research, as are skill and career development, learning opportunities, health and safety, flexible work designs, job security, work-life balance, worker involvement, gender equity and discrimination, and contributions to innovation and performance. Based on research evidence of the centrality of employment relationships for the quality of work life and productivity, I would add trust, commitment and communication.⁵¹ All three psycho-social dimensions of employment relationships underlie the high performance workplace, discussed above.

One advantage of using individual-level data for indicators is that it would support a research agenda that encompasses all forms of work and organisational settings. Most existing research examines large, traditional organisations; we know less about the quality of work among the self-employed, home-based workers, workers in small firms,

and in emerging forms of work organisation. Furthermore, given that gender equality is a major goal, it therefore is important to document the extent of gender differences in job quality by tracking how women and men experience the quality of their work.⁵²

To increase the diffusion of workplace reform, governments as employers can lead by example. This requires a commitment to raising the standards for practices known to affect the quality of work life. To be equitable, such standards must apply to all government employees, regardless of the type of employment contract. These standards could form the basis for quality of work guidelines and targets for firms with major contracts to supply goods and services to governments. The current use of government workplaces as research settings could be extended, testing pilot projects and other new initiatives. Communicating what works, and what doesn't, to employers in other sectors of the economy would help disseminate effective HRM practices.

In terms of building coalitions for workplace change, a number of professions have a major stake in the quality of work agenda and are important allies and champions. Professionals in human resources, occupational health and safety, disability management, labour relations, training and organisational development can play a constructive role. Governments will need to engage these stakeholders, creating opportunities to forge an interdisciplinary approach to addressing work quality issues.

To summarize, the European Employment Strategy offers solid policy architecture for raising overall job quality standards. One sure way to make solid gains in innovation and productivity, skill development and learning, and worker health and wellness is through concerted actions to create high quality jobs and workplaces.

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² Commission of the European Communities, *Green Paper: Partnership for a new organisation of work*, p. ii.

³ European Foundation for the Improvement of Living and Working Conditions, European Industrial Relations Observatory On-Line (www.eiro.eurofound.ie).

⁴ European Industrial Relations Observatory On-Line, *Comparative supplement on national perceptions of, and the direction indicated by, the European Commission's Green Paper, Partnerships for a new organisation of work. German commentary* (www.eiro.eurofound.ie).

⁵ For example, Commission of the European Communities, *The future of the European Employment Strategy (EES) – A strategy for full employment and better jobs for all*. Brussels, 14.1.2003.

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⁷ European Foundation for the Improvement of Living and Working Conditions, *For a better quality of work. EU Presidency Conference, Summary*. Brussels, Sept. 2001.

⁸ Commission of the European Communities, *Adapting to change in work and society: a new Community strategy on health and safety at work 2002-2006*. Brussels, 11.03.2002.

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- ¹² www.eu100best.org The UC partner is the Directorate General for Employment and Social Affairs.
- ¹³ See for example, Towers Perrin, *The Towers Perrin Talent Report. New Realities in Today's Workforce. Canadian Report 2002* (www.towersperrin.com).
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The case for investing in high quality work

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Presentation to the European Commission's Mid-Term Review of the Social Policy Agenda: Achievements and Perspectives.

Session 1 – Full employment, quality in work and mobility.

Brussels, 19 March 2003



UNIVERSITY OF ALBERTA



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Why quality matters

- Work environments, job designs and organisational systems affect the use and development of human capital
- This has consequences for the quality of work life and productivity
- Innovation in knowledge-based economies places a premium on the quality of work
- Inaction has significant economic and social costs

Three powerful trends

- The following trends have been highlighted in the European Employment Strategy:
 - 1) *Workforce ageing*
 - 2) *Life-long learning*
 - 3) *Worker health and well-being*
- Quality of work is the policy 'umbrella' under which these trends can be addressed
- Research on each trend provides evidence linking work quality to various productivity-related outcomes

3

Workforce ageing

- The demographics of future labour and skill shortages
 - Growing employer concerns about 'recruitment and retention'
 - Diffusion of 'best workplaces' rankings and 'employer of choice' rhetoric
 - Rise of 'strategic' human resource management
- These developments present an opportunity to make work quality a 'public good'
- Related challenges: tapping underutilized labour; knowledge transfer; better use of existing skills

4

Learning

- A knowledge based economy requires expanded opportunities for learning
- Workplaces are the main site for learning
 - Requires longer-term view of human capital investments: people as assets
- Workplace innovations support active learning and higher-skilled work
 - High Performance Workplace model
 - Trust and security are key ingredients
 - This is how learning contributes to firm performance

5

Health and well-being

- Extensive international research documents how job design, workplace culture and organisation, family-friendly management practices, organizational change, and security affect workers' health
- Workplace determinants of health and well-being also define work quality
- Growing employer concerns about rising costs of unhealthy workplaces
- ROI studies clearly show the pay-offs to investing in employee health promotion
- The 'healthy organisation' model links work environments, employee health outcomes, and firm performance

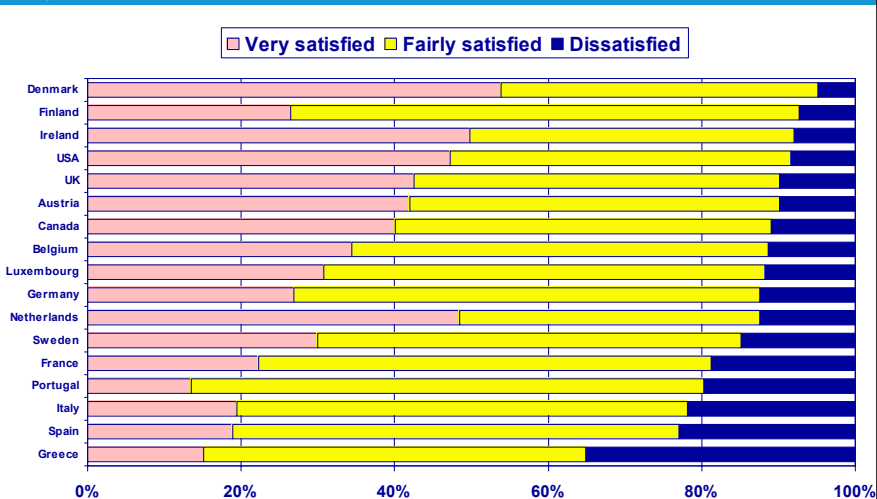
6

Measuring progress

- Improving the quality of work requires setting goals and measuring determinants and outcomes
- 'What gets measured gets managed'
- Complement aggregate labour market outcomes with individual and firm-level indicators
- Worker self-reports are important – e.g., European Survey of Working Conditions; CPRN employment relationships survey
- Governments as employers can lead by example

7

Satisfaction with overall working conditions in main job, EU 15, Canada and USA



Source: Third European Survey on Working Conditions 2000; EKOS Research Associates, North American Integration Survey 2001; Canadian Policy Research Networks.

To improve the quality of work, we need to be able to explain these variations in ways that can guide action.

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