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## The quality of work features prominently in Europe's plan for competitiveness

In March, the European Union held a two-day social policy conference in Brussels, where I was invited to present the case for investing in high quality work.

Pat Cox, president of the European Parliament, opened the conference by proclaiming the European Union's (EU) resolve to become the world's most competitive knowledge-based economy by 2010.

Realistically, though, how can the 15 member states of the EU (soon expanding to 25) economically out-do the United States?

Although the enlarged EU will comprise 450 million people, size will not be the deciding factor. Nor will simply combining the industrial strengths of economic heavyweights like Germany, the United Kingdom, France, Italy and Sweden.

Rather, the EU hopes its unique blend of social and economic policy will give it the edge in innovation and competitiveness.

### Europe's social model

Whether or not the EU achieves its ambitious goal, Canadian employers and policy makers can learn valuable lessons from Europe's approach to employment issues, which recognizes a strong link between social and economic policy. This means two things. First, a commitment to the removal of barriers to employment for less advantaged individuals means that as the European economy grows, nobody will be left behind. In the long term, this translates into a larger and more capable pool of human capital.



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And second, sustained investments in people are assumed to be an essential condition of economic growth. Workplaces feel the immediate impact as employers respond to encouragements to provide more training and development. These ideas are at the core of the European social model.

A model that integrates social development with economic prosperity requires what the Europeans call "social dialogue." This refers to an inclusive and transparent process for setting pan-European goals, actions and timetables.

For example, among the more than 800 delegates at the Brussels conference were representatives of employer and industry groups, unions and professional associations, as well as a wide range of social partners that vary from an association of Europe's largest cities to groups representing racial minorities and the poor.

Forging a workable consensus on what actions are necessary for economic growth among diverse interest groups takes time, a commitment to identifying shared goals, mutual respect for different positions and strong political leadership. All groups are seen as having a legitimate stake in the future

Europe, so consultations are designed "to give everyone a voice," as one delegate put it.

### Raising the floor

On a practical level, this model also raises the floor on workplace standards. EU legislation and guidelines on employment conditions set minimum standards that individual countries and employers are encouraged to meet, then try to exceed. This process requires all stakeholders to actively play a role. The European Commission (the EU's administrative and policy arm) acts as a catalyst by supporting member states in the implementation and enforcement of new legislation, and encouraging best practices among employers. In some areas, such as discrimination and sexual harassment, EU legislation binds all member states to a high level of workplace fairness.

Several of the panels at the conference showed how this works in practice. Employer and union representatives were unanimous that unemployment levels had to be reduced. Debate revolved around finding ways to achieve this so that employers' needs for flexibility and low operating costs are balanced with employees' needs for economic security and decent working conditions.

Some countries, such as the Netherlands and Denmark, have led the way in achieving greater flexibility for employers and security for workers. Known as "flexicurity," an innovative feature of this approach is to use state-funded unemployment benefits to support employees on educational and sabbatical leaves.

Another example is the plan to remove long-standing restrictions on employers' use of casual labour. These restrictions were originally intended to protect full-time positions, while also ensuring that temporary workers' pay, work time and other basic conditions are comparable to regular employees. The EU remains committed to protecting casual workers but also realizes allowing these workers to move in and out of the workforce will reduce employment overall.

### Better quality jobs

There is also an emerging consensus in Europe that job quality and productivity at work go hand in hand. For that reason the European social model places equal emphasis on job creation and improving job quality. Since 1997 EU position papers have put an emphasis on work quality, with important consequences for human resource management practices.

By making the quality of jobs and workplaces a public policy focus, governments in Europe are in a good position to increase the visibility and importance of issues that in North America are considered HR responsibilities.

That's because in the EU, governments are paying attention to a wide range of economic progress indicators, including outcomes such as employee satisfaction with pay and working conditions, workplace health and safety, innovative work organization, flexible schedules, training, work-family balance and more.

The next step for governments is

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# EU raises labour standards

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to encourage employers to track and monitor these outcomes. Already, an employee survey created by the European Foundation for the Study of Living and Working Conditions provides national, industry and occupation benchmarks.

One of the important lessons learned as the fast-paced knowledge economy unfolded was that workplaces are slow to respond to economic imperatives. The economy was modernizing while many workplaces were not. Economic prosperity depends on the continuous modernization of workplaces, and the public policy agenda in the EU includes initiatives to help employers make the necessary changes in the organization of work. By contrast, in Canada or the U.S., work organization is out of bounds for public policy, considered to be management's prerogative.

Canadians may have no appetite for such an activist role for government. Yet what's interesting about the EU approach is that it may help more firms — including small and medium-sized enterprises — adapt to a knowledge-based economy that depends more than anything on human resources.

### Meeting future workplace challenges

By setting Europe-wide goals for improving the quality of work, the EU has created fertile conditions for addressing future workplace challenges. Examples of this are found in recent developments in three areas: employer of choice, learning and skills development, and workplace health and safety.

**Employer of choice:** On both sides of the Atlantic, the coming wave of retirements has focused attention on recruitment and retention. A common response among employers is to set about becoming an "employer of choice." In Europe, there are signs this is taking a different trajectory than in North America.

There is a unique opportunity to advance EU job quality goals in the first-ever list of "100 best workplaces in the European Union," announced in March 2003. The European Commission is a partner in this with Great Place to Work Eu-

rope, the consulting firm running the project ([www.eu100best.org](http://www.eu100best.org)). Through this public-private partnership, high quality work is more likely to become a "public good" as opposed to a proprietary "competitive advantage" for individual firms.

Furthermore, public policy goals are furthered by offering three EU awards to firms for outstanding achievements in workplace gender equality, lifelong learning and cultural diversity.

**Learning and skills development:** Lifelong learning is central to the EU's policy emphasis on making greater investments in knowledge and innovation. As a 2001 policy communique from the European Commission stated: "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."

Thus, a knowledge-based economy depends on workplaces to facilitate knowledge development and use. Organizational performance relies on a firm's formal and informal learning capacity.

Employment policies in a knowledge-based economy must expand the opportunities for learning. Indeed, workplace learning has become synonymous with improved quality of work life and economic innovation — the optimal convergence of social and economic policy goals.

To this end, the EU has set clear objectives for increased employer investments in training (beyond the current average of 2.3 per cent of payroll), computer literacy, post-secondary educational participation and the development of a system of lifelong learning better suited to labour market needs. Member countries have committed to developing comprehensive national strategies for lifelong learning, to increase investments in these areas and set and monitor targets for increased participation in all forms of education and training.

**Healthy and safe work environments:** The EU's policy framework also links occupational health and safety (OHS) to work quality and productivity outcomes. European Commission policy on OHS represents a comprehensive approach to

improving well-being at work, going beyond basic workplace safety to address psycho-social environmental problems such as stress, depression, violence and harassment.

Generally speaking, public policies that promote healthy and safe work are more fully developed in Europe than in North America.

### Making progress

The EU recognizes the need to set goals and measure outcomes. Having valid and reliable measures of the work environment and job quality helps create internal accountability for meeting quality goals. Finland, for example, has shifted its emphasis on employment policy from rules and regulations to providing stakeholders with timely and relevant information, which encourages best practices. In such a setting, indicators play a key role in workplace change by describing and comparing, setting priority targets, giving early warning signals, monitoring and followup.

As a start, the European Commission has been developing, through research and consultation, work quality indicators that could form the basis of quality reviews at the workplace, industry and national levels. These assess:

- intrinsic job quality;
- skill and career development;
- learning opportunities;
- health and safety;
- flexible work designs;
- job security;
- work-life balance;
- worker involvement in decisions;
- gender equity, diversity and non-discrimination; and
- worker productivity.

However, formidable obstacles stand in the way of progress. One is a stark illustration of Maslow's hierarchy of needs. In 2004, seven new members join the EU, among them countries with per capita GDPs that are approximately 30 per cent of those of the current 15 EU states.

Working conditions and human capital infrastructure — schools, colleges, training systems — are significantly behind the EU 15. As a conference delegate from Poland put it, job quality is a low priority for the many workers in his country who still worry about

whether or not they will be paid at the end of the week.

And within the current EU 15, there also are barriers to achieving work quality goals. Critics point to the limited and slow diffusion of workplace innovations, the lack of clear minimum standards for work quality, a preoccupation in some countries with unemployment, a policy focus in other countries on work-time and flexibility tradeoffs, and a lack of partnerships between labour and management to address these policy issues.

As in North America, efforts at improving the quality of work are hampered by some employers' short-term thinking and opposition to state regulation.

Regardless, the Europeans have developed a bold new approach to raising overall job quality standards. It is definitely worth watching how this contributes to future innovation and productivity gains.

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