

Opinion of the European Economic and Social Committee on 'Promoting sustainable productivity in the European workplace'

(2008/C 10/19)

On 16 February 2007 the European Economic and Social Committee, under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on *Promoting sustainable productivity in the European workplace*.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 17 July 2007. The rapporteur was Ms Kurki.

At its 438th plenary session, held on 26 and 27 September 2007 (meeting of 26 September), the European Economic and Social Committee adopted the following opinion by 155 votes to none, with nine abstentions.

1. Conclusions and recommendations

1.1 Traditional economic growth drivers (labour force growth, investment in means of production, rising education levels) need to be supplemented by the creation of new elements capable of generating sustainable growth. Firstly, productivity growth must be boosted from present levels. Secondly, ways must be found to at least halt the decline in labour supply. Thirdly, the world of work needs to be made more attractive.

1.2 The Committee believes that it is the European Union's task to support all Member States and companies in their efforts to increase sustainable productivity, which is an essential component of the Lisbon Strategy. The idea that quality and social innovations implemented in the workplace have a major impact on business success must be actively promoted. The Committee proposes that this aspect be taken on board as part of the evaluation and reform of the Economic and Employment Guidelines.

1.3 The Committee would reiterate its proposal that a European index describing the quality of working life be devised. The index would be built on research-based 'good work' criteria and would be compiled and published on a regular basis. Such an index could be used to shed light on changes and improvements in the quality of European working life and the effects on productivity. At the same time it would serve as a basis for new initiatives relating to the improvement of the quality of working life.

1.4 The development of a European quality of work index requires the creation of a broad forum. The strong and wide-ranging expertise which the European Economic and Social Committee possesses with regard to the challenges of a changing workplace and responding to such challenges would serve as a good basis for such a forum. The Labour Market Observatory could also examine this issue if its work programme permits.

1.5 The EESC urges the Commission to commission further studies on the relationship between the quality of working life and productivity. A more in-depth analysis is needed of the factors which contribute to sustainable productivity. In this

work, the EU institutions and Member States could make better use of the research and analytical work carried out by the Dublin-based European Foundation for the Improvement of Living and Working Conditions and the Bilbao-based European Agency for Safety and Health at Work.

1.6 The Committee believes it would be useful to give emphasis to workplace innovation and new kinds of professional skills and management practices in EU innovation and training initiatives (e.g. the Competitiveness and Innovation Framework Programme, Structural Funds programmes, the Integrated Lifelong Learning Programme). The social partners bear a major responsibility in this regard for preparing, implementing and evaluating projects.

1.7 The Committee proposes that the Member States implement programmes promoting the quality and productivity of work as part of their employment programmes and innovation policy. Many countries have national productivity centres and work research centres which could take part in such initiatives. The social partners have a key role to play here in planning projects and in practical project implementation.

1.8 It is essential that the debate and practical initiatives on sustainable productivity be continued in Europe's various forums, in the Member States and in companies. The Committee can make an important contribution to this process by presenting the views of civil society on the subject, particularly as part of its opinions on economic, employment and innovation policy.

2. Introduction

2.1 Sustainable economic growth and a high employment rate are essential for the prosperity of Europe. The EU's goal is to ensure 'the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress and a high level of protection and improvement of the quality of the environment' ⁽¹⁾. This can be achieved by increasing productivity growth from current levels in all sectors

⁽¹⁾ EU Constitutional Treaty, Article I-3(3).

of the economy⁽²⁾. Productivity growth increases citizens' well-being when it is based on improving the quality of working life and expanding the number of jobs. Sustainable productivity growth offers a way of ensuring sound public finances and sustainable provision of social and health care services for an ageing population. At the same time new, quality jobs are created. Thus, sustainable productivity growth supports the economic, social and environmental objectives of the Lisbon Strategy.

2.2 Labour productivity has grown steadily in Europe in the post-war period. Even in the late 1960s it was growing at an average annual rate of about 5 % per hour worked. From the 1980s onwards labour productivity growth started to slow, and the annual growth rate amounted to only about 1-2 % in the early 2000s. Changes in EU Member States' productivity figures in recent years can be explained by many factors acting in different directions. Average labour productivity growth in Europe has been boosted by the accession of new Member States, where the starting level of productivity is lower than in the old Member States. Since 1995, however, the number of low-productivity jobs has increased throughout Europe. These include low-pay, low-skill jobs in the service sector and many jobs where people are employed on atypical contracts. This trend has contributed to slower productivity growth⁽³⁾.

2.3 In manufacturing productivity growth has been fastest in technology-driven industries. These industries' share in total manufacturing is small, which the Commission believes is symptomatic of potential problems. The larger their share in value added, the more they contribute to productivity and real earnings growth in an economy. These industries are invariably leaders in innovation and in the modernisation and diffusion of new technologies, also across borders⁽⁴⁾.

2.4 Weak productivity growth in the private and public service sector in recent years is clearly a serious problem. However, it should be borne in mind that it is more difficult, even impossible, to measure productivity growth in this sector using the same indicators as in manufacturing. Despite the fact that innovations of various kinds, such as the use of ICT applications, have increased in services, this has not shown up as productivity growth in productivity statistics. Typically, innovations in the service sector are introduced through acquired technology (ICT, organisational changes and human capital) rather

than through direct R&D spending by service firms themselves⁽⁵⁾. Thus making mechanical calculations in productivity comparisons can lead to wrong conclusions, unless the actual content of different sectors is taken into account. This also applies to public services, where productivity growth targets also have to take into account social and public policy objectives as well as the requirement to guarantee a climate which is conducive to innovation and productivity growth.

2.5 Improving employment and boosting productivity are not mutually exclusive. On the contrary, together they underpin the goals of the Lisbon Strategy, which are concerned with increasing the number of better-quality jobs. According to the International Labour Office (ILO), productive employment is the foundation of decent work⁽⁶⁾. Sustainable productivity growth and a rising employment rate are a sound way of reducing the share of undeclared work in the economy.

2.6 The structure of EU economies is changing and there is an increasing shift of emphasis in factor inputs away from physical capital to human capital. According to the Commission, the demand for labour in the EU has already shifted away from traditional skills to high-skilled labour. This reflects changes in the content of jobs themselves rather than changes in the sectoral allocation of employment. Between 1995 and 2000, job creation in fast-growing, knowledge-intensive sectors accounted for more than two thirds of all new high- and medium-skill jobs, and for a very large proportion of new, low-skilled jobs⁽⁷⁾. Business services, in particular, have increased their workforces and they will play a key role in the future in providing new employment and compensating for job losses and rationalisation in manufacturing industries⁽⁸⁾.

2.7 For the individual productivity growth means that jobs are more secure and that workers have better opportunities to progress in their work and achieve higher earnings. This improves workers' qualifications and enhances their employability in a changing environment.

2.8 For companies boosting their productivity is crucial, the key to their competitiveness. As world markets determine prices to a large extent and productivity cannot be increased indefinitely by traditional investment in machinery and equipment, other means must be used. For companies productivity growth means that costs rise more slowly, price competitiveness and

⁽²⁾ Productivity can be measured at different levels, e.g. whole economy (macro-level), economic sector (manufacturing, ICT), company/work organisation/work unit, employee/occupational group, individual. Aggregate productivity is that part of productivity growth that cannot be explained by an increase in the amount of 'traditional' factor inputs (labour, capital, raw materials, energy). Productivity growth comes about as the result of such things as technological development, training of workers, organisational development or improvements in management and production methods.

⁽³⁾ The Employment Committee working group report on *Enhancing higher productivity and more and better jobs, including for people at the margins of the labour market*, EMCO/18/171006/EN-final, 2006. URL: http://ec.europa.eu/employment_social/employment_strategy/pdf/emco_workgroupprod06_en.pdf.

⁽⁴⁾ Communication from the Commission to the Council and the European Parliament: Productivity — the key to competitiveness of European economies and enterprises, COM(2002) final.

⁽⁵⁾ See above.

⁽⁶⁾ ILO World Employment Report 2004-2005: URL: <http://www.ilo.org/public/english/employment/strat/wer2004.htm>.

⁽⁷⁾ Communication from the Commission to the Council and the European Parliament: Productivity — the key to competitiveness of European economies and enterprises, COM(2002) 262 final.

⁽⁸⁾ EESC opinion of 13 September 2006 on *Services and European manufacturing industries: Interactions and impacts on employment, competitiveness and productivity*, rapporteur: Mr Calleja (OJ C 318, 23.12.2006, p. 26). URL: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:318:0026:0037:EN:PDF>.

payroll capacity improve, jobs are more secure (and hence more desirable), work tasks and organisation change, more added value is achieved for customers with fewer resources, profitability improves, growth and survival in the market become possible, and the ground is laid for investment and the development of activities.

2.9 Economic growth in Europe has traditionally depended on growth of the labour force, the level of investment in means of production and rising education levels. Now this model no longer functions as ideally as it should. Labour supply is no longer increasing, but rather is shrinking. Companies are less willing than before to invest in physical capital. Work has changed from being labour-intensive to being capital-intensive, and human capital is becoming more and more important. There is a growing shift away from manual work requiring little education to expert (knowledge) work requiring special training. Investment in basic training alone no longer brings as large productivity gains as before.

2.10 Economic growth in some Member States has also been boosted by tax measures (e.g. cuts in business and payroll taxes) and increased private consumption (e.g. interest rate policy, taxation). However, the scope for using these growth factors is limited and they must be assessed from the viewpoint of both tax competition and maintenance of public infrastructure.

2.11 In addition to the above-mentioned growth factors, there is a need to create new growth-generating elements. Intangible success factors have entered the picture alongside tangible ones, in particular the ability of management to motivate employees and harness their skills.

2.11.1 Firstly, firms' productivity growth must be increased from present levels. This calls for policies geared to creating an environment promoting sustainable business growth and innovation and to ensuring healthy competition. This is the only way to increase the overall size of the economic cake.

2.11.2 Secondly, ways must be found to at least halt the decline in labour supply. Several Member States will lose about 15 % of their labour force over the next ten years. Employment rates must be kept high through more effective manpower policy, immigration and integration of skilled workers, measures to reconcile work and family life and gender measures, and by reforming pension systems. Helping employees to cope in the workplace and maintaining their job motivation are key ways of inducing people to postpone retirement.

2.11.3 Thirdly, the world of work needs to be made more attractive. A large number of those in employment are in the 40-54 age group, which poses a considerable economic challenge. At the same time, it is of paramount importance to prevent young people from dropping out of education and to get them to take part in working life. Quality in work and availability of skilled labour must be improved so that the benefits of new technology, innovation and research and development can be more readily exploited.

2.12 The European Council has consistently stressed the need for investment in order to improve quality in work, inter alia, with the aid of quality indicators⁽⁹⁾. During Finland's presidency of the EU a debate was launched on the significance of productivity for the Lisbon Strategy. Finland asked the European Economic and Social Committee to draw up an opinion on *Quality of working life, productivity and employment in the context of globalisation and demographic challenges*⁽¹⁰⁾. The Committee adopted its opinion in September 2006.

2.13 The German presidency has continued the debate on the quality of working life. The theme of 'good work' gives practical expression to the Lisbon Strategy goal to create more and better jobs⁽¹¹⁾. At the informal meeting of ministers for employment and social affairs ministers in Berlin in January 2007, Germany, Portugal and Slovenia jointly emphasised the importance of 'good work' in their conclusions⁽¹²⁾. In its conclusions of 8-9 March, the European Council stressed the importance of 'good work' for boosting employment in Member States and reinforcing the European social model. According to the Council, the principles underlying 'good work' are workers rights and participation, equal opportunities, safety and health protection at work and a family-friendly organisation of work⁽¹³⁾.

2.14 European-level programmes give consideration, in one way or another, to the development of working life and the possibility of workplaces to cope with challenges to change. Unfortunately, they usually offer only separate proposals, rather

⁽⁹⁾ The Lisbon European Council of 23 and 24 March 2000 set the overall goal of achieving full employment by creating not only more but also better jobs.

The Nice Council (2000) conclusions stated the need to put the emphasis on the promotion of quality in all areas of social policy.

The Stockholm Council (2001) pointed out that regaining full employment not only involved focusing on more jobs, but also on better jobs, and called for quality of work to be included as a general objective in the 2002 employment guidelines and for accurate quantitative indicators for that purpose.

The Laeken European Council (2001) noted that quality in work was a multi-dimensional concept and that the indicators recommended by the Employment Committee were based on ten areas presented in the Commission communication, and called for their incorporation from 2002 in the European Employment Strategy. See the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions *Improving quality in work: a review of recent progress*, COM(2003) 728 final.

⁽¹⁰⁾ EESC opinion of 13 September 2006 on *Quality of working life, productivity and employment in the context of globalisation and demographic challenges*, rapporteur: Ms Engelen-Kefer (OJ C 318, 23.12.2006, p. 157).

URL: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:318:0157:0162:EN:PDF>.

⁽¹¹⁾ Political priorities of the Federal Ministry of Labour and Social Affairs during the German EU Council Presidency in the first half of 2007.

URL: http://www.london.diplo.de/Vertretung/london/en/03/News_-and_features/EU_Presidency/Political_priorities_FULL_DownloadDatei,property=Daten.pdf.

⁽¹²⁾ Chair's conclusions drafted in cooperation with the next two presidencies, Portugal and Slovenia.

URL: http://www.eu2007.de/en/News/Press_Releases/January/0119BMAS1.html.

⁽¹³⁾ Brussels European Council 8-9 March 2007 — Presidency conclusions. Council of the European Union 7224/07.

URL: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/ec/&filename=93140.pdf.

than a central starting point for guiding action. Moreover, coordination between programmes is poor, so that any progress, or lack of it, in the area of sustainable productivity goes undetected.

2.15 A key question here is how companies' productivity growth can be boosted in a way which supports employees' individual and collective resources whilst at the same time helping them to maintain their working ability and stay motivated to work in the face of changing conditions.

3. Sustainable productivity growth as a factor for success

3.1 When analysing productivity and employment it is important to distinguish between the short-term and long-term impact. In the short term there may be a negative correlation between productivity growth and employment. Structural change in industry seems to increase average labour productivity growth but to lower the employment rate⁽¹⁴⁾. In these circumstances a major input is needed from labour market policy since some workers' professional skills are outdated and as a result they become unemployed. New forms of protection from redundancy and unemployment are needed so that the skills and knowledge of as many workers as possible can be harnessed in a flexible manner. In its opinion on guidelines for employment policies the EESC makes several recommendations for enhancing the effectiveness of policy measures⁽¹⁵⁾.

3.2 In the long term it is possible to raise the employment rate through labour productivity growth. In particular, the combined impact of technology and certain work quality components generate growth, which increases jobs and raises the employment rate. This does not happen automatically, however; rather it depends on the ability of industry to increase the labour intensity of growth and to boost long-term productivity growth, which is linked to both quality in work and job satisfaction⁽¹⁶⁾.

3.3 There are many ways in which companies can pursue productivity growth. Some listed companies, in particular, assess competitiveness in the short term on the basis of quarterly earnings and costs. The 'quick profits' approach is evident in the workplace in the fact that no productive investment is made and no attention is paid to staff skills or work ability. In some cases, companies do not have the financial capacity to take such

⁽¹⁴⁾ The Employment Committee working group report on *Enhancing higher productivity and more and better jobs, including for people at the margins of the labour market*, EMCO/18/171006/EN-final, 2006.

⁽¹⁵⁾ EESC opinion of 25 April 2007 on the *Proposal for a Council Decision on guidelines for the Employment Policies of the Member States*, rapporteur: Ms O'Neill (OJ C 168, 20.7.2007, p. 477).
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:168:0047:0049:EN:PDF>

⁽¹⁶⁾ See above.

action. Moreover, pay and employment conditions are frequently set in accordance with minimum requirements, with serious, long-term social consequences. This kind of approach poses a danger to Europe's global competitiveness. Europe cannot beat its competitors through a combination of low-productivity work, bad working conditions and low pay.

3.4 Traditionally, the efficiency of production capacity has been improved by modernising production conditions and developing production organisations to better match demand. Investment has been made in machinery and equipment. As a result the overall level of productivity has risen. Productivity can be increased in small steps through rationalising and streamlining techniques and developing products and services through application of more intelligent production methods. This is not enough, however, if cooperation in the workplace does not function effectively, employees are not motivated to work or there are shortcomings in the working environment which impair work performance.

3.5 Maintaining economic growth requires deeper, structural reforms. Productivity can be increased quickly through a jump-like strategic change where a company completely reorganises the way it is run and in so doing shifts on to a new growth path. In that case jobs requiring old skills inevitably disappear, but at that same time new jobs are created, which are often better in terms of quality. Firms which renew themselves create new products and new value chains. Key factors in this process are speed, innovativeness, ability to change and involvement of staff in the process. The Committee and its Consultative Commission on Industrial Change (CCMI) are actively involved in analysing structural change, innovation processes and the utilisation of technology⁽¹⁷⁾. The Committee has highlighted the importance of internal functional flexibility in promoting innovation processes⁽¹⁸⁾.

3.6 It is interesting to examine productivity as an aspect of company performance. Performance can be divided into internal and external aspects. External performance measures the company's ability to perform in the surrounding environment. However, productivity is most clearly seen as an internal characteristic of a company, and even one which is associated with a particular individual, machine or production cell⁽¹⁹⁾.

⁽¹⁷⁾ EESC opinion of 25 September 2003 on *Industrial change: current situation and prospects*, rapporteur: Mr Van Iersel, co-rapporteur: Mr Varea Nieto (OJ C 10, 14.1.2004, p. 105).
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2004:010:0105:0113:EN:PDF>

EESC opinion of 29 September 2005 on *Social dialogue and employee participation, essential for anticipating and managing industrial change*, rapporteur: Mr Zöhrer (OJ C 24, 31.1.2006, p. 90).

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:024:0090:0094:EN:PDF>

EESC opinion of 14 December 2005 on the *Communication from the Commission — Restructuring and employment — Anticipating and accompanying restructuring in order to develop employment: the role of the European Union*, rapporteur: Mr Zöhrer, co-rapporteur: Mr Soury-Lavergne (OJ C 65, 17.3.2006, p. 58).

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:065:0058:0062:EN:PDF>

EESC opinion of 14 September 2006 on *Sustainable development as a driving force for industrial change*, rapporteur: Mr Siecker, co-rapporteur: Mr Činčera (OJ C 318, 23.12.2006, p. 1).

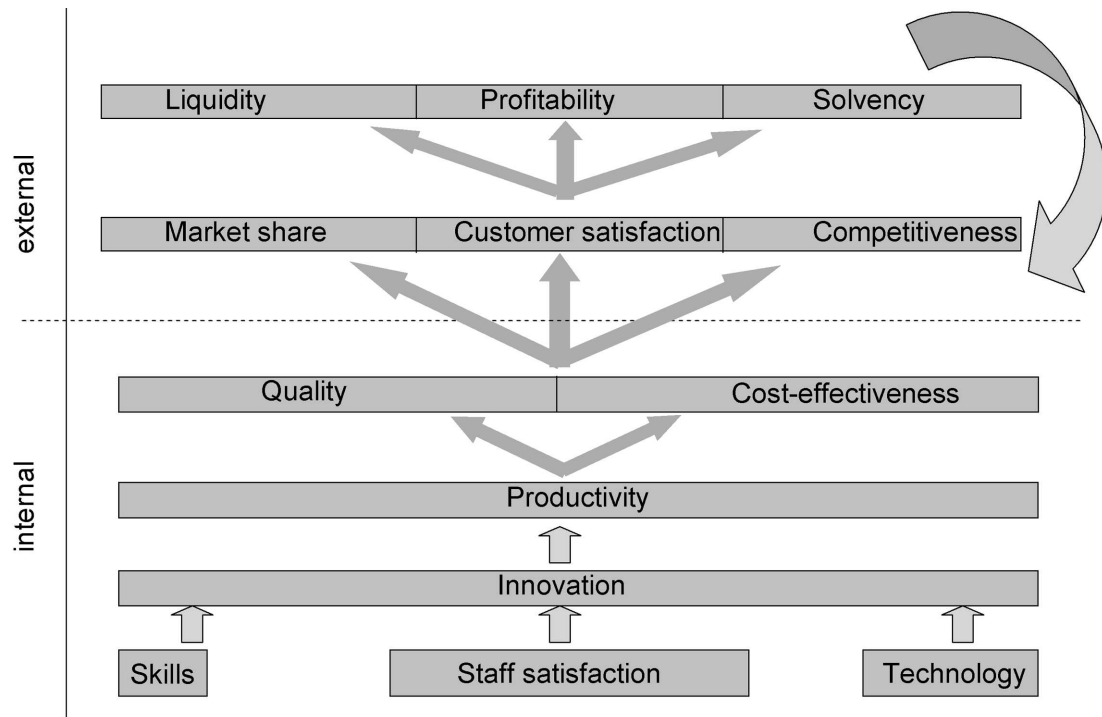
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:318:0001:0011:EN:PDF>

⁽¹⁸⁾ EESC opinion of 11 July 2007: *Flexicurity (internal flexibility dimension — collective bargaining and the role of social dialogue as instruments for regulating and reforming labour markets)*, rapporteur: Mr Janson.
http://eescopinions.eesc.europa.eu/viewdoc.aspx?doc=/esppub1/esp_public/ces/soc/soc272/en/ces999-2007_ac_en.doc

⁽¹⁹⁾ Rantanen, Hannu. *Tuottavuus suorituskyvyn analysoinnin kentässä*. Lappeenranta University of Technology, Lahti Unit 2005.

3.7 The internal aspects of company performance are innovation and productivity, the prerequisites for which are skills and know-how, staff satisfaction and a positive attitude to change, and technology. From these follow quality and cost-effectiveness. The external aspects are competitiveness, customer satisfaction and market share, from which follow liquidity, profitability and solvency (see Figure 1).

Figure 1: Aspects of company performance and how they interlink



3.8 The various aspects of performance affect each other in a spiral-like manner. For example, productivity growth leads to lower unit costs, as a result of which company competitiveness improves. This, in turn, means that the company succeeds in the market and profitability increases further. As a consequence, the company accumulates wealth, which can be spent on such things as training, means of production and management support tools, i.e. on improving the prerequisites for productivity. This can be referred to as an upward spiral in productivity. In a similar way, it is possible to describe a process leading to a downward spiral in productivity.

3.9 Thus sustainable productivity is a wider concept than simply measuring productivity or analysing labour productivity. At company level productivity is an indicator of how successfully a company can combine various production factors to improve efficiency and become competitive in the market. Sustainable productivity covers not only the physical working environment but also the psychosocial working environment, from which spring efficiency, creativity and innovativeness ⁽²⁰⁾.

3.10 The innovativeness of a company and its staff is reflected in the ability to develop and renew product or service concepts so that they create added value for customers. Innova-

tiveness is also the ability to continually improve operational, production and distribution processes together with staff and partners. Thus innovation can be a tool, a piece of equipment, a machine, a combination of these, a service model, a new way of performing an old task, or a different solution to problems. The ability to change is a key element of productivity.

3.11 On the basis of their innovative capability, organisations can be classified into different categories according to level of development. Organisations can consciously develop their innovative capability and move up from one level to another through learning. The more advanced the practices an organisation applies in its innovation activity, the better its ability to implement innovations ⁽²¹⁾.

⁽²¹⁾ Bessant, John (2003): High-Involvement Innovation (translated into Finnish by Tuomo Alasoini). Innovative capability has eight dimensions:

- there is an understanding in the organisation of the strategic importance of innovation activity which gets people involved and is based on small steps (*understanding*)
- the organisation has procedures which enable people to participate in the organisation's innovative activity (*getting the habit*)
- the organisation's innovation activity is geared to the organisation's strategic objectives (*focusing*)
- the organisation's management provides adequate guidance and support for the organisation's innovation activity (*leading*)
- the organisation's structures, practices and processes are designed in such a way that there is the best possible mutually supporting relationship between these and innovation activity and the values which guide the latter (*aligning*)
- in problem-solving there is networking across units within the organisation and outside the organisation (*shared problem-solving*)
- the improved efficiency brought to the organisation by innovations is constantly monitored, evaluated and developed (*continuous improvement of the system*)
- the organisation is able to learn continuously and comprehensively from its experiences (*the learning organisation*).

⁽²⁰⁾ Professori Mika Hannula, Tampere University of Technology, lecture, 29 January 2004.

3.12 Increasing sustainable productivity means that companies and organisations prepare for future risks by anticipating changes and adapting quickly and flexibly to changes. In these companies everyone is committed to the ongoing development of skills and know-how, the well-being of staff is taken care of and employees take an active part in decision-making, especially decisions affecting the work they do. Workers are ready and committed to make their own input and make their skills available to further the success of the company. Management is based on mutual recognition and cooperation, not on a position of dominance *vis-à-vis* staff. Managers are able to work in partnership with customers, the business network in the company's sector and research centres.

3.13 A key question in the future as regards productivity growth and boosting productivity growth is the ability of workplaces to devise and deploy technological innovations and the business, organisational and other social innovations in working life which complement them. Productivity growth achieved in this way is sustainable. It influences economic growth via two channels: by improving the long-term productivity of workplaces/companies and by boosting labour supply, as the opportunities and desire of employees to stay longer in work increase.

4. Sustainable productivity in the workplace

4.1 A study by the European Agency for Safety and Health at Work ⁽²²⁾ takes a closer look at the link between the quality of the working environment and productivity. A key research finding is that, in today's heightened competitive conditions, a company's success can no longer be measured solely in terms of business indicators.

4.2 According to the study, customer satisfaction, optimising relations within the company, innovative capacity and flexible organisational structures are becoming increasingly important factors. The research findings show that there is a close link between good working conditions and a company's business performance. The quality of the working environment strongly influences productivity and profitability.

4.3 Productivity growth in Europe in recent years can by no means be described as clearly sustainable in qualitative terms. Companies still have too little knowledge about and too few practical arrangements for improving the quality of the working environment and identifying the positive effects this can have. According to a survey by the European Foundation for the Improvement of Living and Working Conditions, there have not been any major changes in the quality of work in one direction or the other, taken overall ⁽²³⁾. Analyses and comparisons of

conditions across the Member States show that job satisfaction is linked to job security, a positive working atmosphere, and good opportunities to learn and grow in one's job. Work in itself is changing, at a faster pace than expected, becoming more knowledge and technology based and developing a stronger customer orientation.

4.4 The survey further shows that very little progress has been made in reconciling work and family life. Flexible working-time arrangements geared to the needs of the individual have not become widespread. Although the occupational health of European workers has improved, 35 % of all workers still perceive that their health and safety are at risk because of the work they do. The intensity of work is increasing, with rising numbers working at high speed and to tight deadlines. Although the performance of work requires autonomy, levels of autonomy are not increasing. Most workers find their work interesting and feel that it offers new challenges. Access to training at work has not improved and is particularly difficult for older and less qualified workers. One of the most important changes in the workplace is the increasing use of information technology ⁽²⁴⁾.

4.5 In the future, a shortage of skilled labour could limit the scope for productivity growth. However, it is worth bearing in mind that the jobs of the future and the skills they require will be different from today. Moreover, new ways of organising work and more effective application of technology will reduce the amount of labour needed. Many companies are networking on a Europe-wide basis and the movement of workers between Member States is increasing. For this reason, the Committee has suggested that, despite the differences in their educational establishments, Member States must think of themselves as forming a European 'training area' and recognise that there is a European dimension to the development of working life ⁽²⁵⁾.

4.6 There is therefore a need to examine more closely what skills and knowledge will be required in working life in the future, both in private and public sector jobs, and also how quality of working life and productivity aspects could be incorporated into education and training. Degree and qualification structures, curricula content and teaching methods, and lifelong learning goals should be planned and implemented on this basis. It is important to guarantee the financial possibility to participate in education and training. The social partners have a crucial role to play here in discussing these issues and implementing measures. The European social partners have laid good groundwork by evaluating key features of lifelong learning and national practices ⁽²⁶⁾.

⁽²²⁾ European Agency for Safety and Health at Work: Quality of the Working Environment and Productivity — Working Paper (2004).

URL: http://osha.eu.int/publications/reports/211/quality_productivity_en.pdf.

⁽²³⁾ European Foundation for the Improvement of Living and Working Conditions: Fourth European Working Conditions Survey (2005).
URL: <http://www.eurofound.europa.eu/publications/htmlfiles/ef0698.htm>.

⁽²⁴⁾ See above.

⁽²⁵⁾ EESC opinion of 28 October 2004 on *Training and productivity*, rapporteur: Mr Koryfidis (OJ C 120, 20.5.2005, p. 64).
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2005:120:0064:0075:EN:PDF>.

⁽²⁶⁾ Framework of actions for the lifelong development of competencies and qualifications, Evaluation report 2006/ETUC, UNICE, CEEP.

4.7 Often the skill gaps are not in areas where skills are measurable. In addition to basic skills, key skills in the workplace of tomorrow will be e.g. interactive skills, self-management, the ability to learn and acquire new knowledge, extracting the essential from a complex flood of information, and the skills needed to work in multi-cultural workplaces and networks. In this kind of environment, young people who leave school early or with inadequate knowledge pose a special challenge.

4.8 In business management, the skill gaps are found particularly in the areas of strategic business skills and innovation management. Human resource management should be seen as a strategic aspect of management. These skills could act as a new kind of stimulus to economic growth.

5. Promoting sustainable productivity

5.1 Policy and practical measures

5.1.1 SMEs and large companies with a network of subcontractors have the capacity to harness the potential for success offered by sustainable productivity growth. Other beneficiaries are service organisations in the public and third sectors which need and want to improve their productivity in a sustainable and qualitative way and ensure that they continue to have at their disposal a high-quality, professional workforce.

5.1.2 Sustainable productivity growth can be promoted by policy measures which target the whole of society, companies and public organisations, workplaces and individuals. Because of their wide scope, social changes relating to e.g. training, industrial relations, measures to reconcile work and family life, health and safety at work, occupational health care, vocational training, professional rehabilitation, pension benefits, or retirement opportunities, are important in the long term. Legislation can be used to encourage good projects. By contrast, improvements in well-being at work at the level of the individual have a rapid impact but are insufficient by themselves and their overall impact in the workplace can be rather small.

5.1.3 Sustainable productivity growth can best be fostered by promoting company and workplace practices and procedures in such a way that they better support and enhance workers' individual resources, workplace resources and innovation skills. The social partners have a special role to play in this regard.

5.1.3.1 At European level, the social partners agreed in their new work programme for 2006-2008 to make a joint analysis of the key challenges facing Europe's labour markets (including such issues as promoting lifelong learning, competitiveness and innovation) ⁽²⁷⁾. At national level, for example, the central organisations of the Finnish social partners set up a Productivity Round Table at the beginning of 2007 with a view to

⁽²⁷⁾ Work programme of the European Social Partners 2006-2008. URL: http://www.etuc.org/IMG/pdf/Depliant_EN_HD2006-2008.pdf.

promoting productivity, quality of working life and cooperation in the field of productivity. The members of the round table are representatives of the highest executive bodies from all of the central organisations of employers and employees. In some Member States the social partners also play an active part in national enterprise development programmes. Good case studies can be found in all of the Member States ⁽²⁸⁾.

5.1.4 In some cases, legislative changes relating to environmental protection have triggered innovation needs. For example, the ban on asbestos use has prompted the need to develop replacement technologies, stricter noise regulations have spurred the development of technical equipment with low noise emissions levels, energy technology needs have led to the introduction of new equipment and building insulation needs to the development of new materials. Thus legislation has supported industry's own efforts and encouraged innovation.

5.1.5 Member States have adopted various economic instruments designed to improve the quality of working conditions or to support companies investing in innovative work organisation models. Among the instruments used are public aid and subsidies and funding (cheap bank loans). By way of example, mention may be made of Ireland's National Workplace Strategy, the New Quality of Work Initiative (INQA) launched by Germany and Finland's Workplace Development Programme, in all of which government initiative and public funding play a central role ⁽²⁹⁾. The great advantage of such programmes is that the development work takes place in workplaces. Crucial to the programmes is a strong commitment to them at the political level and motivating workers to take part in development projects.

5.2 European quality of work index

5.2.1 In order for Europe to be able to respond to the challenges of globalisation and successfully achieve the Lisbon Strategy objectives, it is important to monitor improvements in the quality of work in Member States and at European level and their links to productivity growth. Accordingly, the EESC has earlier suggested that a European index measuring quality of work is needed for this purpose. The index would be developed applying various criteria for 'good work' on the basis of relevant studies, and would be regularly collated and published ⁽³⁰⁾. Such an index could help raise the profile of changes and progress and their effects on productivity, and at the same time form the basis for new initiatives to improve the quality of working life. At present, quality of work and productivity are analysed in many different ways and different organisations are developing indicators of their own independently of each other. The new European index could incorporate elements from these indicators.

⁽²⁸⁾ For example, at the hearing held by the study group on 10 May 2007 Mr Santo Portera, finance director of the Maltese company STMicroelectronics, explained how the company had successfully responded to the challenges of globalisation by putting emphasis on high ethical standards in its activities, ensuring and improving staff skills, well-being at work and work organisation, and encouraging innovation.

⁽²⁹⁾ Ireland: www.workplacestrategy.ie, Cathal O'Reagan, at the hearing held on 10 May 2007. <http://inqa.de>, Kai Schäfer, representative of the German government and presidency, at the hearing held on 10 May 2007. http://www.mol.fi/mol/en/01_ministry/05_tykes/index.jsp.

⁽³⁰⁾ See footnote 10.

5.2.1.1 In accordance with a Council Decision, an assessment was made in 2003 of the progress made by Member States using a set of indicators built on ten dimensions of quality in work. Although some progress had been made, it emerged that there was considerable scope for improvement. In particular, the trend in productivity growth was disappointing. It was concluded that there was a need for more determined policy action, especially with respect to encouraging investment by firms in training and supporting the working ability of an ageing workforce ⁽³¹⁾.

5.2.1.2 According to the European Foundation for the Improvement of Living and Working Conditions (the Dublin Foundation), innovative firms and workplaces are characterised by freedom to learn and a sense of autonomy at work, teamwork, the possibility to rotate job tasks and multi-skilling. Thus a key factor here is enhancing employees' skills and allowing them to be actively involved in developing production processes. Besides, in spring 2007 the Foundation launched extensive new research on the links between innovation, productivity and employment which is due to last for three years. The first stage is concerned with mapping existing research on the subject in order to prepare for adding a productivity and performance dimension to the Foundation's European Company Survey in 2008. The Foundation is also actively involved in development of a new quality of work index ⁽³²⁾.

5.2.1.3 Studies by the European Agency for Safety and Health at Work on the importance of quality of work for productivity clearly show that there is a close link between the

quality of the working environment, productivity and business performance. The Agency concludes that, if risks associated with safety and health at work are not examined in detail in workplaces, or nothing is done to deal with them, it is impossible to achieve productivity targets ⁽³³⁾. This year's European awareness-raising campaign focuses on the prevention of musculoskeletal disorders (MSDs). The aim is also to identify examples of good practice for the rehabilitation of people with MSDs. Preparations are already under way for the 2008 European Week, which will focus on workplace risk assessment.

5.2.1.4 The workplace development programme launched by the Germany presidency includes a research project which aims to define more precisely what is meant by 'good work'. The programme also includes an index developed by the German Trade Union Association (DGB) for evaluating the quality of jobs. The index is based on employees' own assessments, where they rate their work according to 15 criteria. The aim is to calculate the index annually, and the first results will be available in autumn 2007 ⁽³⁴⁾.

5.2.2 The development of a European quality of work index requires the creation of a broad forum. The strong and wide-ranging expertise which the European Economic and Social Committee possesses with regard to the challenges of a changing workplace and responding to such challenges would serve as a good basis for such a forum. The Labour Market Observatory could also examine this issue if its work programme permits.

Brussels, 26 September 2007.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS

⁽³¹⁾ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Improving quality in work — a review of recent progress, COM(2003) 728 final.

⁽³²⁾ www.eurofound.europa.eu; Radoslaw Owczarzak, EMCC, at the hearing held on 10 May 2007.

⁽³³⁾ www.osha.europa.eu; Brenda O'Brien, at the hearing held on 10 May 2007.

⁽³⁴⁾ <http://inqa.de>; Kai Schäfer, representative of the German government and presidency, at the hearing held on 10 May 2007.