

# National action plans for employment and indicators for monitoring employment at the European level

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*How does one implement an EC-wide employment policy? How does one assess such a policy? What sort of issues need to be considered in order to provide an accurate overview of this topic? These were the questions facing the EU in relation to employment in the fifteen Member States of the European Union. To answer them, it developed a wide-ranging system of indicators to cover all aspects of the topic, as we shall see below. In addition to indicators of global employment, unemployment and economic performance, there are performance indicators relating on the one hand to the means employed and on the other hand to the results obtained. This system is not yet complete, and it is still in the process of being extended and refined, in particular with regard to the notion of quality of employment.*

In Luxembourg in late 1997, a “European strategy for employment” (also known as the “Luxembourg process”) was launched, encompassing all 15 EU Member States. This strategy rested on

four central premises, which in turn were founded on eighteen guiding principles (see *box 1*). Since 1998, in line with this strategy, the 15 Member States have in the second quarter of

each year presented their National Action Plan for Employment (NAPE) to the European Economic Community and the European Council for assessment. Come the end of 2002, this

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process will have taken place five times. It will then be assessed over the entire five-year period, so as to determine how to extend it beyond 2002.

From the moment this process was launched, it became clear that there was a need to monitor the actions of companies, not only in order to understand the prevailing trends over the period from 1998 to 2002 in each of the 15 Member States, but also to compare the situation in each State with the European Union's declared common aims. The indicators used to do this must be both relevant, measurable and comparable from one State to another. By running the process several years in succession, it was possible to substantially enhance these quantitative and qualitative indicators.

We will consider three different types of indicators in turn: firstly, performance indicators at the European level, then indicators used to monitor the state of play of the first two guiding principles – preventative measures and employment incentives (the so-called “activation” principles). These two guiding principles are often referred to as “European principles” for they were the only ones to feature common, quantified goals right from the start: 100% for the “effort” indicator on line 1 and 20% for the rate of success on line 2. And finally, we will consider those indicators used to monitor the state of play of the “other guiding principles”: permanent and ongoing training, a culture of private enterprise, taxation and equal treatment of men and women. Recent progress made during the second quarter of 2001 with quality of

## Box 1

### Horizontal aims and guiding principles, 2002

Before the guiding principles themselves, the 2002 text sets out six so-called “Horizontal” aims that are to be integrated into a coherent global strategy aimed at achieving the target of full employment set in Lisbon:

- to increase the overall rate of employment, the rate of female employment and the rate of employment among the 55-64 age group so as to achieve the European target rates of 70%, 60% and 50% respectively by 2010; in the case of the first two indicators, intermediate targets of 67% and 57% are to be achieved by January 2005;
- to maintain and enhance the quality of employment;
- to implement global and coherent strategies for permanent, on-going education and training in order to achieve a society that is “founded on knowledge” (by setting national targets and monitoring progress);
- to bolster the links with social partners so as to foster the implementation, control and monitoring of employment strategy;
- to adopt an integrated and balanced approach upon devising national policies, in keeping with all four central premises and all horizontal aims;
- to speed up work on the definition of common indicators so as to allow for an accurate assessment of the progress made on each of the four central premises and contribute to setting assessment criteria and identifying good practice. Without going into too much detail about the 18 guiding principles (GPs) of 2002, here is a brief outline as provided in the French NAPE:

#### 1<sup>st</sup> premise: helping people to get back to work

- GP 1: preventing long-term unemployment and modernising employment services;
- GP 2: significantly increasing the number of people who benefit from employment incentives that are likely to help them to get back to work and encouraging people to

return to the job market through a combination of useful services, tax incentives and training schemes;

- GP 3: endeavouring to keep experienced workers in employment;
- GP 4: updating and furthering people's qualifications, education and training on an ongoing basis;
- GP 5: developing the use of information technology and on-line apprenticeships;
- GP 6: overcoming barriers to recruitment;
- GP 7: combating discrimination and promoting social integration through employment.

#### 2<sup>nd</sup> premise: fostering a culture of private enterprise and job creation

- GP 8: cutting the bureaucratic costs and social charges paid by companies;
- GP 9: encouraging private enterprise and fostering the training of future company leaders;
- GP 10: exploiting the new job creation possibilities now being opened up in information and services;
- GP 11: launching local and regional employment initiatives;
- GP 12: restructuring the tax system so that it favours employment and training.

#### 3<sup>rd</sup> premise: encouraging companies and their employees to be flexible and adaptable

- GP 13 and 14: modernising the organisation of labour;
- GP 15: encouraging investment in human resources in order to develop skills and a flexible workforce.

#### 4<sup>th</sup> premise: strengthening equal opportunities policies for men and women

- GP 16: integrating provisions of equal opportunity for men and women into all aspects of policy;
- GP 17: combating discrimination between men and women;
- GP 18: making it simpler for people to combine a working and family life.

employment indicators (“horizontal aim”) is described in *box 2*.

## Basic performance indicators

As their name implies, these indicators are sparse and quite general, being used to sum up a particular situation. They provide an overview of the performance of each of the European economies in terms of employment and unemployment. The “Joint Policy Document on Employment” produced by the European Commission and Council takes these indicators into consideration. So do the recommendations made by these bodies to each Member State for improving their performance in matters of employment. The Joint Policy Document, the recommendations and the new guiding principles for the coming year together constitute what is referred to as the “Employment package” that is adopted each Autumn by the Council on a recommendation of the Commission after consulting the Employment Committee.

Between 1998 and 2001, the definition of the “basic performance indicators” has been fine-tuned and enriched. Then, following the Lisbon summit held in March 2000 and at the bidding of the Economic Policy Committee (EPC), the Commission devised a set of “structural performance indicators”. These indicators relate to the four guiding principles that were considered to be of highest priority during the Portuguese presidency: employment, innovation and research, economic reform and social cohesion. However, in matters of employment, there is substantial overlap between the “structural performance indicators” and the “basic performance

indicators” issued by the Employment Committee. This article will therefore only broach upon the latter, of which there are 10, and consider their gender implications separately whenever this is applicable:

- there are four employment indicators: the rate of growth of overall employment, the rate of engagement in gainful employment among the active age group (15-64 years of age – however, from 2001 onwards, it was

### Box 2

#### Coming up with indicators for quality of employment

The Lisbon summit held in 2000 resulted in a declared common aim to provide more and better jobs. The Member States were particularly keen to emphasise the importance of the quality as well as the quantity of the jobs to be created, given that both these aspects are equally important; although it is highly commendable to set ambitious targets in terms of the number of jobs to create, one must also take into account the quality of these jobs. It has taken nearly two years for this idea to be enshrined in the form of directives comprising monitoring indicators. The Employment and Social Policy Council meeting held on the 3<sup>rd</sup> of December 2001 and the summit of heads of State and heads of Government held in Laeken on the 14<sup>th</sup> and 15<sup>th</sup> of December 2001 heralded the introduction of this new dimension into Europe’s employment strategy. The discussions, which focused on areas of relevance to employment quality and on the choice of related indicators were very laborious and demonstrated that, far from being purely technical, the issue involved highly political considerations relating to the construction of a European social order.

Ten themes were identified as framing the approach to quality of employment in the Commission’s communiqué entitled “social and employment policies: investing in quality”, presented in June 2001:

- the intrinsic quality of given jobs;
- the provision of qualifications, education and training on an on-going basis, as well as career prospects;
- equality between men and women;
- health and safety at work;
- flexibility and job security;

- entry and access to the job market;
- the organisation of work and the possibility of achieving a balance between one’s working and private life;
- social dialogue and active involvement of the workforce;
- diversity and non-discrimination;
- general economic value and productivity.

For each of these ten aspects, a Brussels workgroup comprising the Commission plus experts from each of the 15 Member States set about devising key indicators wherever possible. Circumstantial indicators and indicators whose definition or acquisition needed to be refined were also put forward. The indicators retained at this stage for integration into national action plans for employment in 2002 cover eight of the ten aforementioned themes. They relate particularly to health and safety at work, promoting a balance between people’s working and private lives, as well as access to the job market and the possibility of accessing quality jobs. With regard to that last point, the Member States will have to account for their results: they will have to submit tables describing standard career paths showing the process involved in switching employment status (e.g. from a contract to a permanent position, from part-time to full-time employment, etc.), with the emphasis on rising remuneration. The Member States will also have to account for the rates of workers employed in sub-standard or atypical positions out of choice or lack of choice. It should be pointed out that the talks foundered when it came to defining indicators relating to social dialogue and discrimination.

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decided to focus on the 20-64 age group in order to take into account recent trends focusing on initial training), the rate of employment per age group (including the 55-64 age group), and the rate of full-time equivalent employment;

- there are three unemployment indicators: the overall rate of unemployment, the rate of unemployment among young people, and the rate of long-term unemployment (or its proportion of total unemployment).

- and finally, there are three economic indicators that are closely linked to employment: the rate of growth of GDP (overall), the rate of growth of apparent hourly productivity and the rate of growth of real unit labour costs.

The advantage of all these indicators is that they are readily accessible and can be found in two sets of sources that are harmonised across the entire European Union: the Labour Force Survey and the National Accounts. For information purposes, *figure 1* lists the indicators for France as set out in the 2000 Joint Policy Document, together with data updated for the year 2000.

The Commission uses these indicators to draw up its comparative assessment of the performance of each Member State and to issue its recommendations. In the case of France, the 2001 report (which relates to the year 2000) reveal a mediocre level of overall employment, even though the figures look somewhat better when measured in terms of full-time equivalent employment. The choice of the reference population (the 15-64 age group) makes the results appear all the worse since in France the rate of engagement in gainful economic

employment among young people is far lower than the average for Europe as a whole owing to

our greater emphasis on initial training which is far more disconnected from employment

**Figure 1 – Performance indicators for France and the European Union (yearly data)**

#### A – Employment indicators<sup>1</sup>

	France					European Union	
	1996	1997	1998	1999	2000	1996	2000
Total rate of employment	59.6	59.6	60.1	60.9	62.2	60.1	63.3
Men	67.1	67.0	67.3	68.0	69.3	70.1	72.5
Women	52.3	52.4	53.1	54.0	55.3	50.2	54.0
15-24 year olds	25.1	24.6	25.7	27.2	29.0	36.9	40.3
25-54 year olds	76.9	76.7	77.1	77.7	78.8	73.5	76.6
55-64 year olds	29.0	28.7	28.3	28.7	29.7	35.2	37.7
Total rate of employment (full-time equivalent)	56.7	56.4	56.9	57.2	58.7	55.3	57.9
Men	67.4	67.2	67.7	67.8	69.2	68.6	71.0
Women	46.4	46.1	46.6	47.1	48.7	42.4	45.3

#### B – Unemployment indicators<sup>1</sup>

	France					European Union	
	1996	1997	1998	1999	2000	1996	2000
Total rate of unemployment	12.4	12.3	11.8	11.2	9.5	10.8	8.2
Men	10.5	10.6	10.0	9.5	7.8	9.6	7.0
Women	14.5	14.4	13.9	13.3	11.5	12.4	9.7
Youth unemployment	10.4	10.1	9.2	8.6	7.1	10.2	7.8
Men	10.0	9.9	9.0	8.7	7.0	10.3	7.7
Women	10.9	10.4	9.4	8.5	7.3	10.1	7.9
Long-term unemployment	4.8	5.0	4.8	4.4	3.8	5.3	3.6
Men	3.9	4.2	4.0	3.6	3.0	4.5	3.0
Women	5.9	5.9	5.7	5.3	4.7	6.3	4.4

#### C – Employment-related economic indicators

	France					European Union	
	1996	1997	1998	1999	2000	1996	2000
Growth in overall employment	0.3	0.5	1.2	1.8	2.0	0.4	1.8
GDP growth in real terms	1.1	1.9	3.4	2.9	3.1	1.7	3.3
Growth in worker productivity	1.3	1.6	2.4	1.3	1.1	1.5	1.6
Change in unit labour costs in real terms	-0.1	-0.7	-1.0	0.6	-0.1	-0.8	-0.2

1. These indicators are drawn from two statistical sources that are harmonised across the entire European Union: the Labour Force Survey and the National Accounts. The data shown is that published in the 2000 joint report, with up-to-date data added for the year 2000.

Source: European Economic Community.

than anywhere else. The country's poor showing in terms of employment for the oldest active age group, just like its relatively high overall unemployment, are also shown up by the report, being rather less easy to brush aside.

Following the Lisbon (March 2000) and Stockholm (March 2001) summits, the declared common targets are to increase the overall rate of employment, the rate of female employment and the rate of employment among the 55-64 age group to 70%, 60% and 50% respectively by 2010 across the EU. French rates of employment, particularly that of the oldest active age group, are relatively low compared to these targets and even compared to the current European average.

## Monitoring the "European" guiding principles

The first two guiding principles have always been considered as a priority by the Commission as part of the Luxembourg Process. In the 2000 report of the group of experts on indicators to the Employment Committee, the indicators associated with these guiding principles are thus referred to as "strategic indicators for monitoring common aims", whereas the indicators associated with the other guiding principles are referred to as "structural performance indicators". A distinction emerges between two types of indicators: indicators that measure the means deployed ("input indicators") which assess the efforts made by each

Member State in preventing long-term unemployment or in providing employment incentives to the unemployed, and indicators that measure the results achieved ("output indicators") which assess the impact or effectiveness of the steps taken.

A definition of the indicators retained by the Employment Committee in the case of so-called "new start" actions or individual action plans can be seen in figure 2. However, the corresponding data supplied by each country and set out in the Joint Policy Document on Employment is incomplete (some data is missing in the case of Greece, Ireland and Italy), not really comparable from State to State, and sometimes difficult to understand. The least comparable indicators are the input indicators: the engagement indicator, which must be interpreted positively, is very high for some countries, nudging the 100% mark, and suggesting that in those countries the measures taken cover the entire target population and are put into operation as soon as someone becomes unemployed; the effort indicator is clearly far higher in such a case than if all the efforts are focused on the sixth (or twelfth) month's unemployment, as was the case in France until the third quarter of 2001. On the 1<sup>st</sup> of July 2001, however, France's UNEDIC and ANPE [unemployment agencies] launched the PARE-PAP system, which, once it is fully rolled out, will provide all job seekers with an in-depth interview immediately upon registration. The country's effort indicator is thus likely to rise close to the 100% mark too.

As for the non-compliance rates, which must be interpreted negatively, once again the results for France are rather poor. The

Figure 2 - Indicators retained by the Employment Committee

Guiding Principle 1 ("preventing long-term unemployment")
Variables
A: number of young people (of adults) who registered as unemployed during month X
B: number of young people (of adults) who were still unemployed at the end of month X+6 (12) without interruption
C: number of young people (of adults) who registered as unemployed during month X and who started out on an individual action plan prior to month X+6 (12)
D: number of young people (of adults) who registered as unemployed during month X, were still unemployed at the end of month X+6 (12), and did not start out on an individual action plan
Indicators of means deployed ("Input indicators")
<b>Indicator of engagement:</b> proportion of young people/adults who registered as unemployed during month X and who started out on an individual action plan prior to being unemployed for 6/12 months: C/A
<b>Indicator of non-compliance:</b> proportion of young people/adults who registered as unemployed during month X and were still unemployed at the end of month X+6/12 without interruption who did not start out on an individual action: D/B
Indicators of results achieved ("Output indicators")
<b>Rate of entry into long-term unemployment:</b> proportion of young people/adults who were still unemployed at the end of month X+6/12 without interruption B/A
<i>Source: European Economic Community.</i>



country may have upped its preventative action against long-term unemployment, but it has not given up on its “remedial” efforts: thus in 2000, over a million job seekers found themselves press-ganged into ANPE’s “New start” programme. However, only a quarter of the latter were taken into account in the Commission’s indicators of means deployed as falling into the “young people out of work for over 6 months” or “adults out of work for over 12 months” groups.

The employment incentives (guiding principle no. 2) provided by European Union Member States as part of their NAPE (see *figure 3*) appear to be the results of assessments that are even more subject to criticism than the data relating to the first guiding principle. They vary widely from one year to the next, and the gaps between the proportion of the unemployed who benefit from all the measures on offer and the proportion of those who only benefit from the training measures leads one to surmise that the methodologies used are very fragile indeed and the results obtained are definitely not comparable. Whilst we shall avoid trying to define the scope of the measures that should be taken into account, this fragility is due mainly to the absence of information about the average annual number of beneficiaries of each of the measures implemented who were previously registered as unemployed. The numerator of this indicator therefore includes beneficiaries of measures who do not belong to the “target” population of people registered as unemployed. If the definition of the beneficiaries of such measures is widened beyond those people who are not (sic) registered as unemployed,

then the resulting indicator is no longer in keeping with the spirit of the guiding principle: it incorporate an positive bias.

These difficulties should be eased thanks to the progress being made in terms of concepts and methods by a group led by Eurostat, which has been working for some years on an EC-wide database of employment and training policies; the same applies to the outcome indicators for this same guiding principle, i.e. the rate of recurring unemployment and the rate of return to the job market (after taking part in an employment incentive measure). To date, few countries have supplied such information: doing so requires carrying out surveys of beneficiaries of employment incentive measures. Furthermore, the difficulty lies in comparing these beneficiaries with job seekers of a similar profile

who did not benefit from the measure. Here we see the enormous problem of assessing the effectiveness of employment policies, a problem whose solution is proceeding at a painstakingly slow pace and is often not co-ordinated between EU Member States.

With regard to prevention of long-term unemployment and employment incentives, the conclusion reached by the Commission in its assessment of national action plans is thankfully based on a wider and often more qualitative information base than simple indicators. For instance, the assessment of the implementation of measures for the prevention of long-term unemployment looks at whether the declared policies are in keeping with the target of personal assistance adapted to each particular case and of early intervention, as well

*Figure 3 - Indicators for incentives retained by the Employment Committee*

Guiding Principle 2 ("measuring the level of commitment of expenditure associated with employment")	
Variables	
<b>E:</b> the number of people who benefited from training and other similar measures <sup>1</sup> who were previously registered as unemployed (yearly average)	
<b>F:</b> the number of registered unemployed (yearly average)	
Indicators of means deployed ("Input indicators")	
Rate of activation, E/E+F: number of people who benefited from training and other similar measures <sup>1</sup> who were previously registered as unemployed divided by the sum of that same number plus the number of registered unemployed (yearly averages). A separate indicator is provided for each type of measure.	
Indicators of results achieved ("Output indicators")	
Rate of return to unemployment (after taking part in one measure). A separate indicator is provided for each type of measure.	
Rate of return to the job market (after taking part in one measure). A separate indicator is provided for each type of measure.	
1. i.e. job rotation and job sharing programmes, employment incentives, integration of handicapped people, direct job creation and enterprise start-up incentives. Source: European Economic Community.	

as looking at any progress made in presenting individually tailored job offers to both youth and adult job seekers before their sixth or twelfth month of unemployment.

## Monitoring the other guiding principles

The other guiding principles, unlike the first two, do not feature explicit or implied quantifiable targets. It was thus difficult to come up with indicators that would be pertinent, accessible and comparable at EU level. However, a number of initial proposals were made in early 2000 by the European Community group on monitoring indicators of the “Luxembourg Process”, and these were then validated by the Employment Committee. They cover the following aspects: education and training, measures to combat discrimination, instilling a culture of private enterprise, taxation, modernisation of work practices, equality between the sexes. As far as these “other guiding principles” are concerned, the assessment of national action plans set out by the Commission in the Joint Policy Document on Employment does not rely to a great extent on quantified EU indicators, unlike the assessments of the first two principles.

With regard to equal opportunities, the conclusions reached by the European Council in its assessment of the implementation by Member States and by the European institutions of the Beijing action plan included a proposal by the French presidency for a set of 9 quantitative and qualitative indicators relating to the interaction between people’s family lives and working lives:

the proportion of parental leave taken respectively by men and women in employment; the proportion of children cared for by people who were not members of the family outside school hours; the policies aimed at promoting compatibility between people’s family lives and working lives; the proportion of men and women aged 75 or over who are dependants, live in specialised institutions or employ home helpers; the normal opening times of public services during week days and on Saturdays, as well as the opening times of merchants during weekdays and weekends; finally, the amount of time spent daily on household chores by individual parents who are in active employment and living as a couple or by parents who are in active employment and living alone in households with one or more children aged 12 or below or one or more dependant.

It is clear that we are some way away from being in a position to access comparable information about these topics for all 15 EU Member States. But what’s needed is for everyone to re-examine the system they use to collect data so as to be able one day to supply yearly or at least regular statistics on these 9 proposed indicators, especially in the case of those qualitative indicators that require specific surveys to be carried out. This further demonstrates the importance of developing indicators at national level, even if the scope for international comparison is still very limited: the evolution over time of the results achieved by a given country is of great interest especially if it reveals a clear-cut progression since the implementation of the Luxembourg Process.

The assessment of the entire process from 1998-2002 should culminate in a new commitment for engagement by all the Member States of the European Union, eventually to be widened to certain Central European countries that have already begun to experiment with the implementation of national action plans for employment. ■

### For further information

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