

>> New Approaches to Economic Challenges [B2]

Measuring and assessing job quality

THEME OF THE PROJECT

The jobs people hold are a crucial determinant of well-being

The job a person holds is one of the most powerful determinants of well-being, as most people spend a substantial part of their time at work and are employed for a significant part of their life. Broadly speaking, job quality reflects a combination of several dimensions of working life including labour earnings, work-related economic security and the quality of the workplace. Job quality not only affects individual well-being and that of the households in which they live, but also labour force participation, productivity and aggregate economic performance. It thus supplements the traditional focus on assessing labour market outcomes by considering not just quantity (i.e. the number of jobs created) but also the quality of jobs.

RESULTS OF THE WORK STREAM

Job quality focuses on three key dimensions...

1. Earnings quality refers to the extent to which employment contributes to the material living standards of workers and their families.
2. Labour market security captures the risk of job loss and its consequences for workers and their families.
3. Quality of the working environment captures non-economic aspects of job quality and includes factors such as the nature and content of work performed, working-time arrangements and workplace relationships. Demanding jobs that are characterised by time pressures or physical health risks, combined with insufficient resources to accomplish specific duties, undermine the well-being of workers.

...with new data on job quality across the OECD...

There is plenty of variation amongst OECD countries across the three dimensions of job quality. There are countries (such as Denmark, Finland, Germany, Luxembourg, the Netherlands, New Zealand, Norway, Sweden and Switzerland), which do well on at least two of the three indicators. Others (Australia, Austria, Belgium, Canada, the Czech Republic, France, Ireland, Israel, Italy, Japan, Korea, Mexico, Slovenia, the United Kingdom and the United States) display average performance. Another group of countries do relatively poorly on at least two dimensions (Estonia, Greece, Hungary, Poland, Portugal, the Slovak Republic, Spain and Turkey).

...as well as across socio-demographic groups

Looking at job quality across socio-demographic groups provides new insights on labour market inequalities by shedding further light on the nature and depth of the disadvantages faced by some population groups. It appears that young and low-skilled workers score less well on all three dimensions of job quality especially when compared to highly-skilled workers. For women, a gender gap exists in terms of earnings quality and employment, but there are no significant differences in labour market security and women tend to work in better quality work environments than men.

There appears to be no trade-off between job quality and job quantity

Across countries it does not appear to be the case that better job quality is achieved at the cost of fewer jobs. Countries that perform well in terms of overall job quality also tend to perform well on job quantity (as measured by the employment rate), and vice versa. It is less clear cut for countries with intermediate performance in overall job quality.

NEW APPROACHES / POLICY IMPLICATIONS

The concept of job quality is increasingly recognised ...

Despite the importance of job quality, the debate on jobs and employment has most often focused on quantity measures, with less attention paid to job quality per se. Where job quality measures were developed in the past, they reflected the multi-dimensional nature of the issue by having too many indicators, which rendered them unusable in a policy setting. OECD has gone further in developing a clear conceptual framework with policy-making in mind.

... as an important dimension of labour market performance and well-being

Although the concept of job quality is intrinsically related to the concept of workers' well-being, measurement efforts on job quality and people's well-being have developed in parallel rather than in an integrated fashion. The key contribution of the OECD work on job quality is to integrate these agendas in a consistent conceptual framework for defining and measuring job quality. In order to ensure that indicators of job quality are conceptually sound and relevant for policy, the framework provides three guiding principles. These are to: i) focus on outcomes experienced by workers as opposed to drivers of job quality; ii) derive indicators from data on individuals which enable the examination of the distribution of outcomes rather than just averages, and iii) emphasise the objective features of job quality.

Therefore, policy-makers should focus more systematically on job quality

The difficulty of pursuing job quality in policy work is partly due to its multidimensional character. This means that it can be conceptualised in many different ways, with varying definitions and approaches to measurement. OECD has taken a pragmatic approach that focuses

on those aspects of job quality that are most important for well-being and policy and has attempted to measure the concept in a comparable way across individuals and across countries. While there remain methodological and measurement challenges and policy uncertainties, policy makers need to consider job quality as a viable policy outcome, especially because preliminary OECD work suggests that job quality is consistent with and does not compromise job quantity.

PROJECT PAPERS

- **Hijzen, A., Saint-Martin, A., Falco, P., Inanc, H., Menyher, B., (2014),** "Chapter 3 – How good is your job? A framework for measuring and assessing job quality?", OECD Employment Outlook, [DELSA/ELSA/WP5(2014)3]
- **Hijzen, A., Garnero, A., (forthcoming),** "Chapter 4: The quality of working lives: Earnings mobility, labour market risk and long-term inequality", OECD Employment Outlook, [DELSA/ELSA/WP5(2015)4]
- **Cazes, S., Falco, P., (forthcoming),** "Chapter 5: Enhancing job quality in emerging economies", OECD Employment Outlook, [DELSA/ELSA/WP5(2015)5]