



# The Employment Committee

## Employment Guidelines (2005-08) - indicators for monitoring and analysis – endorsed by EMCO 27/06/07.

### Guideline 17

*Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. Policies should contribute to achieving an average employment rate for the European Union (EU) of 70% overall, of at least 60% for women and of 50% for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets.*

#### Indicators for monitoring

Indicator and definition Targets in capitals	Subgroup	Other use
<b>17.M1 Employment rate.</b> <i>Source LFS</i> Persons in employment in age groups 15 – 64, 15 – 24, 25 – 54, 55 – 59, 60 – 64, 65 – 69, 20 – 64 and 55-64 as a proportion of total population in the same age group.	TOTAL (15-64) WOMEN (15-64), OLDER (55-64) Age, sex	SI, SPC, Q18, Q19, Q26
<b>17.M2 Employment growth.</b> <i>Source ESA 95</i> Annual percentage change in employed population	Main sector	SI
<b>17.M3 Unemployment rate.</b> <i>Source Harm unempl series</i> Unemployed persons in age groups 15 – , 15 – 24, 25 – 54, 55 – 59, 60 – 64, 20 – 64 and 55-64 as a share of the active population in the same age group.	Age, sex	SI
<b>17.M4 Activity rate.</b> <i>Source LFS</i> Share of employed and unemployed in age groups 15 – 64, 15 – 24, 25 – 54, 55 – 59, 60 – 64, 65 - 69 20 – 64 and 55-64 as a proportion of total population in the same age group.	Age, sex	SPC
<b>17.M5 Growth in labour productivity.</b> <i>Source ESA95</i> Growth in GDP per person employed and per hour worked		Q29
<b>17.M6 Regional disparities – underperforming regions.</b> <i>Source LFS</i> 1. Share of underperforming regions in terms of employ and unemploy (in relation to all regions and to the working age population/labour force) (NUTS II and NUTS III). 2. Differential between average employment/unemployment of the underperforming regions and the national average in relation to the national average of employment/unemployment (NUTS II and NUTS III). Annual averages. <i>Thresholds to be applied: 90% and 150% of the national average rate for employment and unemployment, respectively.</i> <i>National employment and unemployment rates are included</i>	Sex	

#### Indicators for analysis

<b>17.A1 Employment rate in full time equivalents.</b> <i>Source LFS.</i> Total hours worked divided by the average annual number of hours worked in full-time jobs, calculated as a proportion of total population in the 15-64 age group	Sex	
<b>17.A2 Real GDP growth rate.</b> <i>Source ESA 95</i> Growth rate of GDP volume – Percentage change on previous year		SI
<b>17.A3 Labour supply growth.</b> <i>Source QLFD</i> Annual change in labour supply (including employed and unemployed in working age 15-64).	Sex	
<b>17.A4 Transitions by employment status.</b> <i>Source SILC</i> Transitions between employment, unemployment and inactivity from year n to year n+1.	Sex	Q16
<b>17.A5 Dispersion of regional employment and unemployment rates.</b> <i>Source LFS</i> Standard deviation <sup>1</sup> of employment (unemployment) divided by the weighted national average (age group 15-64 years). (NUTS II and NUTS III)	Sex	SI, SPC

<sup>1</sup> Standard deviation measures how, on average, the situation in regions differs from the national average. As a complement to the indicator a graph showing max/min/average per country is presented.

## Guideline 18

### Promote a lifecycle approach to work through:

- a renewed endeavour to build employment pathways for young people and reduce youth unemployment as called for in the Youth Pact;
- resolute action to increase female participation and reduce gender gaps in employment, unemployment and pay;
- better reconciliation of work and private life and the provision of accessible and affordable childcare facilities and care for other dependants;
- support to active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discourage early retirement;
- modern social protection systems, including pensions and healthcare, ensuring their social adequacy, financial sustainability and responsiveness to changing needs, so as to support participation and better retention in employment and longer working lives.

### Indicators for monitoring

Indicator and definition	Subgroup	Other use
<b>17.M1 Employment rate</b> <i>Source QLFD</i> Persons in employment in age groups 15 – 64, 15 – 24, 25 – 54, 55 – 59, 60- 64, 65-69 20 – 64 and 55-64 as a proportion of total population in the same age group.	TOTAL, WOMEN, OLDER (55-64) Age, sex	SI, SPC, Q18, Q19, Q26
<b>17.M2 Unemployment rate.</b> <i>Source Harm unempl series</i> Unemployed persons in age groups 15 – , 15 – 24, 25 – 54, 55 – 59, 60- 64, 20 – 64 and 55-64 as a share of the active population in the same age group	Age, sex	SI
<b>17.M4 Activity rate.</b> <i>Source LFS</i> Share of employed and unemployed in age groups 15 – 64, 15 – 24, 25 – 54, 55 – 59, 60- 64, 65-69 20 – 64 and 55-64 as a proportion of total population in the same age group.	Age, sex	
<b>18.M1 Youth unemployment ratio.</b> <i>Source ESTAT</i> Total unemployed young people (15-24 years) as a share of total population in the same age group	Total Sex	Q22
<b>18.M2 Gender pay gap.</b> <i>Mixed sources</i> Difference between men's and women's average gross hourly earnings as percentage of men's average gross hourly earnings (for paid employees)	Total, Pub/priv sector, age, education	SI, Q8
<b>18.M3 CHILD CARE</b> <sup>2</sup> . <i>Source: national -2005, SILC 2006-</i> Children cared for (by formal arrangements <sup>3</sup> other than by the family) less than 30h a usual week/30h or more a usual week as a prop. of all children of the same age group.	Age: 0-2 / 3–MAND SCHOOL AGE/ Mand. school age -12 <sup>4</sup>	Q24
<b>18.M4 AVERAGE EXIT AGE FROM LABOUR FORCE.</b> <i>Source LFS</i> The average age of withdrawal from the labour market, based on a probability model considering the relative changes of activity rates from one year to another at a specific age.	TOTAL Sex	SI, SPC

### Indicators for analysis

<b>18.A1 Employment gender gap.</b> <i>Source LFS</i> The difference in employment rates between men and women in percentage points, by age group (15-24, 25-54, 55-64) and by education level (less than upper secondary, upper secondary and tertiary education, according to the ISCED classification).	Total Age, education	Q10
<b>18.A2 Employment gender gap rate in fte.</b> <i>Source LFS</i> The difference in employment rates measured in full-time equivalent between men and women in percentage points		
<b>18.A3 Unemployment gender gap.</b> <i>Source ESTAT</i> The difference in unemployment rates between men and women in percentage points.		Q11
<b>18.A4 Gender segregation.</b> <i>Source LFS.</i> Gender segregation in occupations/sectors, calculated as the average national share of employment for women and men applied to each occupation/sector; differences are added up to produce a total amount of gender imbalance presented as a proportion of total employment (ISCO classification / NACE classification).	Occupations, Sectors	Q12, Q13
<b>18.A5 Employment impact of parenthood.</b> <i>Source LFS</i>	Sex	Q23

<sup>2</sup> The indicator would need to be complemented with information on national systems for maternity, paternity and parental leave (e.g. length, paid or unpaid) and if necessary info. on the national care and school syst.

<sup>3</sup> Formal arrangements refer to the EU-SILC survey reply categories 1-4 (pre-school or equivalent, compulsory education, centre-based services outside school hours, a collective crèche or another day-care centre, including family day-care, professional certified childminders

<sup>4</sup> Children aged between mandatory school age and 12 years in compulsory primary (or secondary) education (outside school hours during the day).

The difference in percentage points in employment rates without the presence of any children and with presence of a child aged 0-6, by sex (age group 20 - 49).		
<b>18.A6 Lack of care for children and other dependants.</b> <i>Source LFS 2006-</i> Share of persons (age group 15-64) who would like to work but are not searching for a job / who are working part-time due to lack of suitable care facilities, in relation to the total population of the age group. Breakdown by: lack of care services for children; lack of care services for dependant adults (i.e. ill, disabled, elderly relatives or friends); lack of care services for both children and dependant adults.	Sex	
<b>18.A7 Care of dependent elderly.</b> <i>National sources</i> Dependent elderly men and women over 75 as a proportion of all men and women over 75. Breakdown by : living in specialised institutions, help at home (other than by the family), and looked after by the family		
<b>18.A8 Transitions by pay level.</b> <i>Source SILC</i> Transitions between non-employment and employment and within employment by pay level (gross monthly earnings) from year n to year n+1 <sup>5</sup> .	Sex	Q1

### Guideline 19

<p><b>Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive through:</b></p> <ul style="list-style-type: none"> <li>- active and preventive labour market measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty;</li> <li>- continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those with low incomes, whilst ensuring adequate levels of social protection;</li> <li>- development of new sources of jobs in services to individuals and businesses, notably at local level.</li> </ul>
--

Indicator and definition	Subgroup	Other use
<b>19.M1 Long-term unemployment rate.</b> <i>Source QLFD</i> Total long-term unemployed population (12 months or more) as a proportion of total active population	Sex	SI, SPC, Q20
<b>19.M2 Preventative services.</b> <i>National sources</i> Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having benefited from intensive counselling and job-search assistance. (LMP category 1) [target value 0%=full compliance] Method: B*/A. In addition, on a voluntary basis, B*/(B*+C*) A = Inflow into unemployment in month X B* = Persons still unemployed in month X+6/12 months who did not receive intensive counselling and job-search assistance C* = Persons still unemployed in month X+6/12 months who received intensive counselling and job-search assistance See conventions to be applied when calculating this indicator at the end of this list.	X+6/12, sex	
<b>19.M3 NEW START (a).</b> <i>National sources</i> Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure. ( <b>New start = a job or</b> LMP categories 2-7) [target value 0%=full compliance] Method: B/A. In addition, on a voluntary basis, B/(B+C) A = Inflow into unemployment in month X B = Persons still unemployed in month X+6/12 months who did not receive a New Start C = Persons still unemployed in month X+6/12 months who received a New Start but still unemployed See conventions to be applied when calculating this indicator at the end of this list.	X+6/12, sex	
<b>19.M4 ACTIVATION OF LONG-TERM UNEMPLOYED.</b> <i>Sources national and LMP</i> Stock of participants in an active measures (cat 2 -7) that were previously long-term registered unemployed divided by the stock of long-term registered unemployed plus the stock of participants in active measures that were previously long-term and whose unemployment registration is interrupted by an active measure. Long-term unemployed = 12+months for adults (25+) and 6+ months for youth (<25).	TOTAL Measure (LMP cat 2-7), sex	
<b>19.M5 Labour market gaps for disadvantaged groups.</b> <i>National sources</i> Gaps on the labour market, such as difference between the employment, unemployment and activity rates for a non-disadvantaged group in percentage points and the corresponding rates for the disadvantaged group (such as non-EU nationals, disabled people, ethnic minorities, immigrants, low skilled people, lone parents, etc. according to national definitions.)	Sex	Q27, Q28

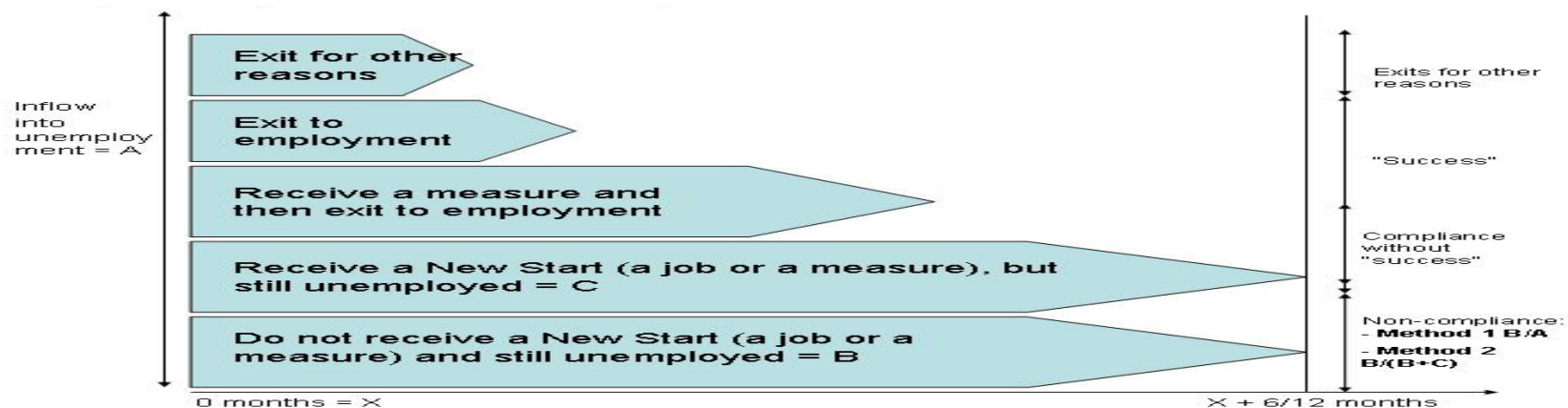
<sup>5</sup> Pay levels shown are deciles 1, 2, 3 and 4-10. Non-employment refers to ILO activity status 'unemployed', 'inactive' and 'discouraged worker'.

<b>19.M6 Tax rate on low wage earners: Low wage trap.</b> <i>Source OECD – EC</i> The marginal effective tax rate on labour income taking account the combined effect of increased taxes on labour and in-work benefits withdrawal as one increases the work effort (increased working hours or moving to a better job). Calculated as the ratio of change in personal income tax and employee contributions plus change (reductions) in benefits, divided by increases in gross earnings, using the "discrete" income changes from 34-66% of AW. Breakdown by family types: one earner couple with two children and single person.	Family types	SI, SPC
<b>19.M7 Tax rate on low wage earners: Unemployment trap</b> <i>Source OECD – EC</i> The marginal effective tax rate on labour income taking account the combined effect of increased taxes and benefits withdrawal as one takes up a job. Calculated as one minus the ratio of change in net income (net in work income minus net out of work income) and change in gross income for a single person moving from unemployment to a job with a wage level of 67% of the AW.		SI, SPC

### Indicators for analysis

<b>19.A1 Inflow into long-term unemployment.</b> <i>National sources</i> Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12 without any break of more than one month	Young/adults X+6/12, sex	
<b>19.A2 Activation</b> <i>Source LMP</i> Number of participants in LMP measures (training, retraining, work experience or other employability measure)/in assisted activation programmes divided by the number of persons wanting to work (LFS unemployed plus labour reserve).	<b>Regular/Assisted Sex</b>	
<b>19.A3 Activation of registered unemployed</b> <i>Source LMP</i> Stock of participants in active measures (training, retraining, work experience or other employability measure) that were previously registered unemployed divided by the stock of registered unemployed plus the stock of participants in active measures that were previously registered unemployed and whose unemployment registration is interrupted by participation in an active measure.	Sex	
<b>19.A4 New start (b).</b> <i>National sources</i> Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure. ( <b>New start = a job or</b> LMP categories 1-7) [target value 0%=full compliance] <b>Method: B/A. In addition, on a voluntary basis, B/(B+C)</b> <b>A = Inflow into unemployment in month X</b> <b>B = Persons still unemployed in month X+6/12 months who did not receive a New Start</b> <b>C = Persons still unemployed in month X+6/12 months who received a New Start but still unemployed</b> Source: National data <b>See conventions to be applied when calculating this indicator at the end of this list.</b>	<b>X+6/12, sex</b>	
<b>19.A5 Transitions into employment/training</b> <i>Source SILC</i> Transitions of unemployed people into employment and training from year n to year n+1.	Sex	Q17
<b>19.A6 Follow-up of participants in active measures.</b> <i>National sources</i> 1. Rate of inflow of LMP participants into employment (3 or 6 months after participation in a measure) 2. Rate of return of LMP participants into unemployment (3 or 6 months after participation in a measure)	Sex	
<b>19.A7 LMP expenditure.</b> <i>Source LMP.</i> LMP expenditure as % of GDP	Active, passive measures	
<b>19.A8 LMP expenditure per person wanting to work</b> <i>Source LMP</i> Expenditure on LMP divided by the number of persons wanting to work (LFS unemployed plus labour reserve)	Services active, passive measures	
<b>19.A9 Labour reserve.</b> <i>Source LFS</i> Inactive persons wanting to work as a percentage of working age population 15-64. Annual average	Main reason for inactivity, sex	
<b>19.A10 In-work-poverty risk.</b> <i>Source EU-SILC</i> Individuals who are classified as employed (distinguishing between "wage- and salary employment plus self-employment" and "wage and salary employment" only) and who are at risk of poverty (whose equivalised disposable income is below 60% of national median equivalised disposable income).	Sex	SPC
<b>19.A11 Employment rate in services.</b> <i>Source QLFD</i> Number of employed persons working in the services sector (in main job) aged 15-64 as percentage of the population of the same age group	Sex	

## Process measured by indicators 19.M2, 19.M3 and 19.A4



### Conventions to be applied when calculating the indicators 19.M2-4 and 19.A1, 19.A4 and 19.A6.

i. The number of people registered as unemployed should be considered the reference population for the indicators 19.M2 – 4 and 19.A1, 19.A4 and 19.A6.

ii. The number of people registered as unemployed, should be defined as all persons who are registered as unemployed according to national definition; other groups may be added to those registered unemployed only if they meet the ILO unemployment criteria (i.e. not have work, be available for a job, and searching for a job).

iii. The ratio between 'the number of people registered as unemployed' (as calculated for the indicators; see points i. and ii.) and the LFS figure on unemployment should be presented as background information to the indicators 19.M2-4, 19.A4 and 19.A6.

iv. With a view of improving the comparability of these indicators, the Group proposes that it would be preferable to move towards a common approach as regards the treatment of breaks in the unemployment spell. It should be noted that this does not apply to the concept of a "New start". A New start is received immediately when receiving a measure or a job.

Regarding the indicators 19.M.2-4, 19.A1 and 19.A4, the objective would be, where relevant for the respective indicators, to only consider breaks in the unemployment spell for participation in a measure or a job or for other circumstances (e.g. illness and parental leave) longer than 1 month (28 to 31 calendar days). Such breaks result in setting back the counter to zero. In particular, for the indicators 19.M2-3 and 19.A4, the agreed calculation method for population B (see point v) implies that only breaks for other circumstances than participation in a measure or a job should be considered if longer than one month. To determine the stock of LTU for indicator 19.M.4, breaks for participation in a measure or a job or for other circumstances should be considered if longer than one month.

The Group acknowledges that, for the moment, it is difficult for several Member States to treat the breaks in the unemployment spells according to this approach. The Group therefore encourages the Public Employment Services Network to examine the feasibility of providing this data. In the meantime, the Group proposes that Member States should be invited to follow this approach as far as possible.

v. The indicators 19.M3 and 19.A4 should be calculated as: the number of persons still unemployed in month X+6/12 without having received a New start in the form of a job or a measure (LMP categories 2-7 and 1-7 respectively) as a share of the inflow into unemployment in month X. (B/A according to annex 1).

In addition, Member States are also invited, on a voluntary basis, to provide the indicators 19.M.3 and 19.A4 according to a 'second method', i.e. the share of persons still unemployed in month X+6/12 without having received a New start in the form of a job or a measure (LMP categories 2-7 and 1-7 respectively) in relation to all still unemployed people in month X+6/12 having started their unemployment in month X. (B/(B+C) according to annex 1). In this case, regarding the population C, breaks in unemployment spells due to participation in a measure or a job should not be considered during the X and X+6/12 period.

The indicator 19.A1 should be calculated as: the number young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12 without any break of more than one month (28-31 calendar days), in relation to the number of young/adult unemployed becoming unemployed in month X.

vi. For practical reasons and in order to improve the comparability of these indicators, the Group proposes that the term 'being offered a New start' should be interpreted as the 'actual start' of the training, retraining, work practice, a job, or other employability measure. The Group argues that the 'actual start' is the best evidence of a commitment from both the employment services' and the unemployed person's side. The UK delegation entered a reservation in this respect.

vii. Again, with a view of improving the comparability of the indicators 19.3-5, 7 and context indicator 19.2, the Group proposes that it would be preferable to move towards a common approach as regards the treatment of refusals. The Group proposes that, if an unemployed person refuses an offer of a measure or a suitable job, or if she/he fails to come for appointments at the PES, should be considered a break in the unemployment spell. The duration of the break should equal the duration of the sanctions imposed according to national rules (e.g. benefit reduction). The resulting break should be treated the same way as breaks for other reasons. The Group acknowledges that, for the moment, it is difficult for several Member States to treat the refusals in the unemployment spell according to this approach. The Group therefore encourages the Public Employment Services Network to examine the feasibility of providing this data. In the meantime, the Group proposes that Members States should be invited to follow this approach as far as possible.

### Guideline 20

**Improve matching of labour market needs through:**

- *the modernisation and strengthening of labour market institutions, notably employment services, also with a view to ensuring greater transparency of employment and training opportunities at national and European level;*
- *removing obstacles to mobility for workers across Europe within the framework of the EU Treaties;*
- *better anticipation of skill needs, labour market shortages and bottlenecks;*
- *appropriate management of economic migration.*

### No Indicators for monitoring

#### Indicators for analysis

**20.A1 TRANSPARENCY OF JOB VACANCIES.** *National sources*

Share of job vacancies advertised through Member States' public employment services that are accessible on a common platform by jobseekers throughout the EU.

**20.A2 Vacancies per unemployed.** *Source Job Vacancy Survey / National data*

Ratio between the total number of the stock of vacancies compared to the total number of unemployed (v/u ratio)

### Guideline 21

**Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners, through:**

- *the adaptation of employment legislation, reviewing where necessary the different contractual and working time arrangements;*
- *addressing the issue of undeclared work;*
- *better anticipation and positive management of change, including economic restructuring, notably changes linked to trade opening, so as to minimise their social costs and facilitate adaptation;*
- *the promotion and dissemination of innovative and adaptable forms of work organisation, with a view to improving quality and productivity at work, including health and safety;*
- *support for transitions in occupational status, including training, self-employment, business creation and geographic mobility;*

See also integrated guideline "To promote greater coherence between macroeconomic and structural policies" (No.4).

### Indicators for monitoring

Indicator and definition	Subgroup	Other use
<b>21.M1 Transitions by type of contract.</b> <i>Source SILC</i> Transitions between non-employment and employment and within employment by type of contract from year n to year n+1. <sup>6</sup>	Sex	Q2
<b>21.M2 Diversity and reasons for contractual and working arrangements.</b> <i>Source LFS</i> Total employees in part-time and/or fixed-term contracts plus total self-employed as % of persons in employment. Employees in non-standard employment (part-time and/or fixed-term) as % of total employees. (Breakdown by part-time, fixed-term, part-time and fixed-term.) Total self-employed as % of total persons in employment.	<b>Pt/ft, reason, sex</b>	Q15
<b>21.M3 Accidents at work.</b> <i>Source ESAW</i> Index of the number of serious and fatal accidents at work per 100 000 persons in employment. (1998=100)	Fatal / serious Sex	SI, Q14

<sup>6</sup> Type of contract refers to permanent, fixed-term, education and training (e.g. paid apprenticeship), and self-employed.

<b>Indicators for analysis</b>		
<b>21.A1 Undeclared work.</b> <i>National sources</i> Size of undeclared work in national economy (e.g. as share of GDP or persons employed)		
<b>21.A2 Working time.</b> <i>Source LFS and NA</i> 1. Average weekly number of hours usually worked per week defined as the sum of hours worked by full-time employees divided by the number of full-time employees 2. Average effective annual working time per employed person.	Weekly/ annual, sex	
<b>21.A3 Hours of overtime work.</b> <i>Source LFS</i>	Sex	
<b>18.A8 Transitions by pay level.</b> <i>Source SILC</i> Transitions between non-employment and employment and within employment by pay level (gross monthly earnings) from year n to year n+1 <sup>7</sup> .	Sex	Q1
<b>17.M5 Growth in labour productivity.</b> <i>Source ESA95</i> Growth in GDP per person employed and per hour worked		
<b>21.A4 Occupational diseases.</b> <i>Source EODS giving data only at EU-level</i>	Sex	
<b>21.A5 Employment in newly established enterprises.</b> <i>Source SBS</i> Number of persons employed in newly born enterprises (in year n) and in surviving enterprises (set ups in years n-3, n-2 and n-1) in relation to the number of persons employed in all active enterprises (in year n).	Sex	

### **Guideline 22**

<p><b>Ensure employment-friendly labour cost developments and wage-setting mechanisms by:</b></p> <ul style="list-style-type: none"> <li>- encouraging social partners within their own responsibilities to set the right framework for wage bargaining in order to reflect productivity and labour market challenges at all relevant levels and to avoid gender pay gaps;</li> <li>- reviewing the impact on employment of non-wage labour costs and where appropriate adjust their structure and level, especially to reduce the tax burden on the low-paid</li> </ul> <p>See also integrated guideline “To ensure that wage developments contribute to macroeconomic stability and growth” (No.5).</p>
---

<b>Indicators for monitoring</b>		
<b>Indicator and definition</b> Targets in capitals	<b>Subgroup</b>	<b>Other use</b>
<b>22.M1 Unit labour cost growth.</b> <i>Source ESA 95</i> Growth rate of the ratio: compensation per employee in current prices divided by GDP (in current prices) per total employment		SI
<b>22.M2 Tax rate on low wage earners: Tax wedge on labour cost.</b> <i>Source OECD – EC</i> Tax wedge on labour cost: ratio of income tax plus employee and employer social contributions including payroll taxes less cash benefits divided by the labour costs for a single earner earning 67% of the AW.		SI
<b>Indicators for analysis</b>		
<b>22.A1 Labour productivity.</b> <i>Source ESA 95</i> Gross domestic product (GDP) divided by number of persons employed and hours worked (GDP in PPS per person employed/per hour worked relative to EU25 average/EU-15 average)	Person employed, hour worked	SI, Q30
<b>17.M5 Growth in labour productivity.</b> <i>Source ESA95</i> Growth in GDP per person employed and per hour worked		Q29
<b>22.A2 Implicit tax rate on employed labour.</b> <i>Source EC</i> Ratio of total taxes on employed labour (personal income taxes plus employees' and employers' social security contributions plus payroll taxes) divided by the total compensation of employees plus payroll taxes		

<sup>7</sup> Pay levels shown are deciles 1, 2, 3 and 4-10. Non-employment refers to ILO activity status 'unemployed', 'inactive' and 'discouraged worker'.

### Guideline 23

**Expand and improve investment in human capital through:**

- inclusive education and training policies and action to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training;
- reducing significantly the number of early school leavers;
- efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life-cycle, especially for the low-skilled and older workers.

See also integrated guideline "To increase and improve investment in R&D with a view to establishing the European Knowledge Area" (No.7).

#### Indicators for monitoring

Indicator and definition	Subgroup	Other use
Targets in capitals		
<b>23.M1 Spending on Human Resources (public expenditure on education)</b> <i>Source UOE</i> Total public expenditure on education as a percentage of GDP <sup>8</sup> .		SI
<b>23.M2 YOUTH EDUCATION ATTAINMENT LEVEL.</b> <i>Source LFS</i> Percentage of the population aged 20 - 24 having attained at least upper secondary education (ISCED level 3 long). Annual average	<b>TOTAL</b> <b>Sex</b>	Q31
<b>23.M3 EARLY SCHOOL-LEAVERS.</b> <i>Source LFS</i> Percentage of the population aged 18-24 with at most lower secondary education (ISCED level 2 or 3c short) and not in further education or training	<b>TOTAL</b> <b>Sex</b>	SI, SPC, Q21
<b>23.M4 LIFE-LONG LEARNING.</b> <i>Source LFS</i> Percentage of the adult population aged 25-64 participating in education or training (over the four weeks prior to the survey); total, and by age group, working status and educational attainment. Annual average	<b>TOTAL</b> , Age, working sta-tus, educ attainment - all by sex	SI, Q4, Q5

#### Indicators for analysis

<b>23.A1 Investment by enterprises in training of adults.</b> <i>Source CVTS</i> Investment by enterprises in continuing vocational training (CVT) in relation to labour costs.		
<b>23.A2 Participation in continuing vocational training.</b> <i>Source CVTS</i> Share of employees participating in continuing vocational training (CVT)	Sex	Q6

### Guideline 24

**Adapt education and training systems in response to new competence requirements through:**

- raising and ensuring the attractiveness, openness and quality standards of education and training, broadening the supply of education and training opportunities and ensuring flexible learning pathways and enlarging possibilities for mobility for students and trainees;
- easing and diversifying access for all to education and training and to knowledge by means of working time organisation, family support services, vocational guidance and, if appropriate, new forms of cost-sharing;
- responding to new occupational needs, key competences and future skill requirements by improving the definition and transparency of qualifications, their effective recognition and the validation of non-formal and informal learning.

#### No Indicator

<sup>8</sup> The demographic structure should be taken into account in the analysis