

# EMPLOYMENT OBSERVATORY

## Policies

# 53

Developments in employment policies in Europe.  
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## Spring 1996



EUROPEAN COMMISSION  
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# Developments at a Glance

- Belgium:** Local authorities can now, within the framework of an agreement with the Interior Minister, employ long-term unemployed persons as so-called prevention and security assistants. These assistants continue to receive unemployment benefit plus a supplement and are entrusted with tasks involving crime prevention and deterrence.  
Social charges have been reduced by 50% with the aim of promoting the reintegration of older long-term unemployed persons.  
The bases for the calculation of and the conditions of entitlement to unemployment benefit have been changed in order to promote part-time employment and self-employment, create incentives for further training and for taking up a position as a development worker abroad, and to exempt the older unemployed from the obligation to be actively seeking work.  
New work experience contracts (PEP contracts) have been introduced for young people lacking work experience. Under a quota system at least half of the 3% of the workforce that enterprises with over 50 employees are obliged to reserve for work experience candidates are to be recruited under PEP contracts.
- Germany:** The number of enquiries being answered by the European Careers Advice and Job Placement Services is increasing. A European Handbook for careers advisors has been published.  
Wage compensation benefits have been adjusted to the changes in statutory wage deductions affecting net earned income. The duration of entitlement to the short-time working allowance has been staggered. A new form of support for year-round employment in the construction industry has been introduced and job creation measures have been extended.  
The budget of the Federal Labour Office for 1996 envisages spending totalling DM 99.7 billion; of this around DM 39 billion are earmarked for active labour market policies.
- Spain:** A new health and safety at work act, which has brought Spanish law into line with European legislation, aims to prevent accidents at work and occupational illnesses and to promote the participation of employer and employee organisations.  
The national minimum wage has been increased by 3.5%.
- Finland:** Shorter notice periods have been introduced with the aim of increasing labour market flexibility.  
The volume of further training offers is to be increased as a way of reducing the high level of youth unemployment. This is linked to a new provision under which young people under the age of 20 are no longer to receive passive benefits.
- Greece:** A comprehensive new approach to the fight against unemployment and to employment promotion has been adopted under which passive and active labour market policy are to blend in the form of a service cheque, vocational training is to be expanded and the social partners are to participate more fully in the labour market authority.
- Italy:** A new form of practical training and orientation contract has been introduced to promote the labour market integration of a broad range of unemployed persons.
- Netherlands:** Under a new employment law the labour market authority is to concentrate on placing the difficult-to-place unemployed, and the influence of the government in the central board of the authority is to be reduced.  
The ban on discrimination between full-time and part-time workers has entered into the Civil Code.  
Three discussion papers presented by the labour and social affairs ministry are to lead to new laws in three areas: comprehensive regulations on rights to leave from work in order to raise and care for children and the elderly and for other social activities are to be introduced; attempts are to be made to bring the level of social security enjoyed by workers on permanent and flexible contracts into line; the subsidised employment programmes are to be unified.  
Contrary to the government's aim of increasing labour market participation rates among the elderly, older workers are being made redundant disproportionately frequently.
- Austria:** Within the framework of a new project – "Secure jobs – Longer active life" – measures to increase the very low Austrian participation rates among elderly workers are to be developed.
- Portugal:** The employment policy of the new government is based on a new organisational structure: previously one ministry dealt both with employment, labour and vocational training and with social security; in future these tasks are to be performed by two ministries. The Ministry of Vocational Training and Employment is to be responsible for the more "active" policy areas of employment promotion and vocational training, while the Ministry of Solidarity and Social Security is to be charged with "passive" benefit payment.
- United Kingdom:** A new initiative is attempting to support firms, especially small enterprises, in implementing technology-based vocational training.  
Support with jobsearch and in gaining work experience is being tested in two regions.  
In October 1995 a law on equal treatment of the disabled and non-disabled came into force.

# EMPLOYMENT OBSERVATORY Policies



No. 53, Spring 1996

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# "Policies" and the European Employment Strategy

At the Council meeting held in Essen in December 1994 five points for a European employment strategy were decided upon. As is well known, these five points, subsequently confirmed at other meetings of the Council, cover the following areas:

1. Increased investment in vocational training for young people and adults.
2. An increase in the employment intensity of economic growth through a flexible organisation of work and working time, moderate wage settlements and new areas of employment.
3. A reduction in indirect wage costs.
4. An increase in the effectiveness of labour market policy (activation).
5. An intensification of the measures directed at labour market target groups.

Beginning with this issue the Secretariat will summarise the correspondents' articles appearing in each edition of "inforMISEP Policies" on new measures, important proposals and the results achieved by measures in accordance with these five points. In doing so it intends to facilitate the observation of labour market trends within the framework of the European employment strategy.

1. Vocational training is traditionally one of the main areas of labour market policy. The employment strategy of the new Portuguese government, for example, is based to a considerable extent on vocational training. This is expressed not least in the new ministry's title – Ministry of Vocational Training and Employment – which lays equal emphasis on the two points. Belgium offers incentives for further training by allowing entitlement to unemployment benefit to be maintained during the training period. Moreover, practical traineeships for (young) persons starting work are promoted by means of a quota system which requires firms to take on trainees on a fixed-term basis. New practical training contracts have also been introduced in Italy, with the aim of promoting labour market integration.

Finland is seeking to counter the high rate of youth unemployment by considerably expanding its vocational training opportunities, and Greece's new structural employment policy encompasses vocational training as an important component. In the United Kingdom the use of new technologies in vocational training is being promoted, primarily to enable small firms to get to know innovative vocational training methods.

2. Finland is taking steps to increase the employment intensity of economic growth by increasing the flexibility of work and working time organisation: dismissal protection is being relaxed with the introduction of shorter notice periods. The promotion of part-time work by improving the degree of social security provided is on the agenda in Belgium, and the Netherlands has now accorded part-time and full-time work a totally equal legal status. There, more flexible arrangements for permanent jobs and, at the same time, greater security for those on flexible employment contracts are planned, and steps are to be taken to render working time more flexible by introducing far-reaching regulations on leave-of-absence on the Belgian and Danish models. Employment in new areas is being promoted in Belgium with the introduction of so-called prevention and security assistants, a form of social reserve police force to prevent crime.

3. and 4. While only Belgium has reported the introduction of a measure aimed at reducing indirect wage costs (Point 3) for the integration of the long-term unemployed, Point 4, raising the effectiveness of and activating labour market policy, takes up considerable space. Interesting in this context is the Greek proposal of providing unemployment support benefits in the form of cheques that can be used both for passive benefits and active measures. We can look forward to further details of this scheme. Belgium's unemployment support system is being activated by enabling those undergoing further training and performing development work abroad to retain

their entitlement to benefit, and in Finland young people aged less than 20 are now only entitled to active benefits. Accounting for around 40% of total labour market policy spending, active measures constitute a very significant proportion of German labour market policy. The German example also shows that an improvement in and greater utilisation of European careers advice and job placement services can raise the effectiveness of placement efforts.

5. Support for labour market target groups is at the centre of a planned change in the mode of operation of the Dutch labour market authority: in future it is to concentrate on placing the difficult-to-place unemployed. While many of the vocational training programmes mentioned above focus on young people, both Austria and the Netherlands intend to increase the labour market participation of the elderly against the background of a sharp fall in participation rates. Belgium's prevention and security assistants, recruited from among the long-term unemployed, show that belonging to a target group need not preclude individuals from new fields of employment. The United Kingdom has adopted a new initiative to activate job search by the long-term unemployed and a law prohibiting discrimination against the disabled has also come into force.

Thus virtually all the measures reported on in this issue can be ascribed to one of the five points. This is not surprising given that the five points were decided on in agreement with the Member States and are thus based on existing labour market policies there. In this issue the only measures that must be recorded under "miscellaneous" are the Spanish law on health and safety at work and the increase in the national minimum wage.

# Overall Developments

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## Germany

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### Adjustments to Labour Promotion

The new Labour Promotion Act Benefit Decree which came into force on 1 January 1996 has adjusted the benefit rates for wage compensation benefits under the Labour Promotion Act (LPA) – e.g. unemployment benefit, unemployment support, maintenance allowance – to bring them into line with the changes in the deductions from the wages and salaries earned by employed workers.

Unemployment benefit, and the other wage compensation benefits provided under the LPA, offer the unemployed person partial compensation for the income he or she could earn in an employment relation. The “wage compensation ratio” that determines the level of unemployment benefit granted is therefore calculated with reference to net earned income which is in turn calculated by subtracting the deductions normally paid by employees from the gross wage or salary on which the benefit is based.

These statutory deductions consist of taxes and social insurance contributions paid by an employee irrespective of his/her individual situation.

Thus, changes in statutory deductions lead to an increase or reduction in the net earned income on which the calculation of the benefit is based. For 1996 both the new tax rates and the increase in the contribution rate to the pension insurance fund from 9.3% to 9.6% affect the level of wage compensation benefits.

#### Duration of entitlement to short-time working allowance staggered

The Federal Labour Ministry Decree of 20.11.1994, which extended the duration of entitlement to the short-time working allowance, has also provided for variations in the entitlement period. Until the end of 1995 the period of entitlement lasts up to 18 months.

As of 1 January 1996 firms working short time for cyclical reasons can draw the short-time working allowance for their employees for up to 12 months. This provision applies until 30.6.1996.

Firms working short time for reasons of a structural nature can continue to apply for the short-time working allowance for their employees up to the statutory maximum entitlement period of 24 months. This provision applies until the end of 1997.

#### Job creation measures extended

The special provisions introduced in the wake of German unification:

- labour market data calculated separately for east and west Germany, as a basis for measures,
- less stringent conditions of entitlement in the new federal states to the higher grant level of up to 100% of previous earnings,
- less stringent conditions on the admission of public-sector employer organisations in the new federal states,

which were initially to expire at the end of 1995 have been extended for one year in the light of the still very marked differences in labour market conditions in eastern and western Germany.

#### Support for year-round employment in the construction industry

The bad weather allowance for construction workers expired on 31.12.1995. As of 1.1.1996 the employment offices of the Federal Labour Office pays the so-called “winter lost work allowance” (*Winterausfallgeld*) during the bad weather months from the 151st working hour lost (i.e. usually from the 21st day). This is subject to the conditions, among others, that the ban on weather-related redundancies is adhered to and that an entitlement to support, to a level compensating for lost earnings to an appropriate extent, during the first 150 working hours by way of collective agreement, company-level agreement or employment contract, has been exhausted.

The winter lost work allowance – like its predecessor, the bad weather allowance and the short-time working allowance – amounts to 67% (with children) and 60% (without children) of the net earnings lost. The statutory bad weather period runs from 1 January to 31 March and from 1 November to 31 December.

Construction workers receive DM 2 (*Wintergeld* – winter allowance) for each working hour within collectively agreed standard working time between 15 December and the last calendar day of February (support period) in compensation for weather-related difficulties at work. DM 2 weather allowance is also paid for each working hour lost during the bad weather period as a supplement to the winter lost working hour allowance paid by employers under collective agreement. The aim of this supplement is to mitigate the loss of income for construction workers suffering reduced working hours contingent on bad weather.

The decree on the financing system has been renamed from winter construction financing decree (*Winterbau-Umlageverordnung*) to winter allowance financing decree (*Wintergeld-Umlageverordnung*) to take account of the fact that the system now finances only the winter allowance (including the costs of administration to the Federal Labour Office).

The statutory changes to the winter allowance scheme have enabled the contribution rate to be reduced from 2.0 to 1.7% of the gross earned income subject to income tax.

#### New regulations on family benefits (*Familienleistungsausgleich*)

As of 1996 the system of family benefits has been completely revised. The child allowance funds (*Kindergeldkassen*) attached to the employment offices have been redesigned as family funds (*Familienkassen*), and are responsible for determining the level of child allowance in individual cases; under the 1996 annual taxation law the levels of benefit have been substantially increased. The child allow-

## Overall Developments

ance is paid through the employer. All those entitled to child allowance and all employers have received written information on the changes from the Federal Labour Office. Further information is available from the family funds located within the employment offices and from the Federal Ministry of Finance.

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## Germany

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### 1996 Budget of the Federal Labour Office

The Cabinet has approved the budget of the Federal Labour Office (BA) for 1996. The budget envisages spending totalling DM 99.7 billion. This is matched by revenue at an equal level, including a federal government transfer of DM 4.3 billion.

The Federal Minister of Labour, Norbert Blüm, issued the following statement on the passing of the budget: "The 1996 budget of the Federal Labour Office is a responsible and rational document in difficult times. The tripartite administration of the BA in Nuremberg, consisting of trade unions, employers and government, passed the budget, with its labour market policy core, unanimously. This reveals a high degree of insight and responsibility. The labour market policy instruments will be maintained at a high level. At the same time, all the participants are well aware that the employment problems can, at heart, only be solved on the regular labour market, to which labour market policy can be nothing more or less than a 'bridge'. Despite its fiscal policy problems, central government is assuming its share of responsibility for labour market policy with a substantial central government grant."

#### Emphasis on active labour market policy

Active labour market policy will again be a central focus of the BA

budget in 1996, accounting for around DM 39 billion of planned spending. Together with the funds provided by central government, a total of DM 47 billion is available. Of this DM 21 have been earmarked for western Germany and DM 26 billion for eastern Germany. This means that the BA can pursue its labour market policy at its current high level. Although spending on active labour market policy will decline on its 1995 level by around DM 4 billion, this decline is largely due to reduced spending on the allowance for the elderly unemployed (*Altersübergangsgeld*) and the termination of the special early retirement scheme in the new federal states. DM 15.7 billion have been allotted to vocational training and retraining in the current year (1995: DM 15.4 billion). This will enable support to be provided for a total of 500,000 participants (290,000 in the old and 210,000 in the new federal states). On top of this come DM 2.6 billion for individual further vocational training. DM 9.8 billion have been earmarked for job creation measures (1995: DM 9.6 billion). An average of 270,000 participants will be in receipt of support during the year, of which around 190,000 will be in east Germany.

#### DM 49 billion for unemployment benefit

The wage cost subsidies (§§ 249h and 242s of the Labour Promotion Act – LPA) covering so-called "productive" labour promotion measures enable, together with central government funding, an average of around 107,000 employment relations to be financed during the year. A total of DM 3.1 billion is available (of which the BA provides DM 1.8 billion). As the number of participants is not restricted by budgetary provisions, an even larger number of employees may receive support if this is required and if the necessary third-party co-financing is forthcoming. DM 49 billion have been earmarked for unemployment benefit; DM 0.8 billion for short-time working benefit.

With one exception the BA budget for spending measures was approved by the federal government unconditionally: budgetary precautions were

taken to cover the social measures to accompany the provisions agreed on by the partners to collective bargaining in the construction industry to replace the bad weather allowance (DM 150 million). With regard to the BA's personnel budget, additional funds were approved in order, among other things, to intensify the struggle against illegal employment.

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## Greece

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### A New Approach to Employment Policy

The government takes the view that unemployment constitutes one of the most pressing problems facing Greek society and thus accords top priority to the fight against unemployment.

To this end the government is deploying a new, structural policy aimed at fighting unemployment and promoting employment. The policy consists of the following measures:

1. Complete collation of labour market data (registration of the potential labour force and vacancies) and the observation of labour market developments, for which purpose the labour market authority (OAED) is to be completely equipped with data processing systems;
2. Fusion of the "passive" benefits for the unemployed and active employment promotion by offering benefits in the form of "cheques", which can be put to various purposes.
3. Introduction of a new "employee card" for all domestic and foreign workers.
4. Extension of vocational training activities in collaboration with firms, and the creation of additional work experience places in firms for those leaving vocational and further training establishments and higher educational institutions and polytechnics.

5. Promotion of the occupational and geographical mobility of the employed and the unemployed.
6. Implementation of early retirement programmes for the elderly unemployed.
7. Introduction of special incentives for the recruitment of unemployed youth and measures to fight unemployment in "problem" areas in which the unemployment rate is particularly high.
8. Organisational and functional modernisation of the OAED.
9. Increased participation by representatives of the social partners in the administration of the OAED.
10. Transformation and extension of the OAED's employment offices into centres for employment promotion.
11. Development of systems to investigate labour market trends and to forecast the impact of technological change and international developments.

In accordance with Decree No. 19003 4./5.1.1996 issued by the Minister of Labour a committee has been established to head the project of developing a New Structural Policy for Employment. Specifically, the committee is to be responsible for implementing the measures listed above, for concluding the planning, the specific orientation and the implementation of the New Structural Employment Policy, in accordance with the decision taken by the governmental commission on the economy of 4.7.1995 on the "Structural policy to counter unemployment and promote employment".

The committee is chaired by the Minister of Labour and Social Affairs; his deputy is the director of the OAED. The committee consists of representatives of the Ministries of labour and social affairs, industry, the economy and agriculture, three directors of the OAED, three experts, the director-general of the OAED and a representative of the economic office of the prime minister.

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## Portugal

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### The Employment Policies of the New Government

Following the parliamentary election in October 1995 the new government has presented its plans in the field of employment policy. The plans involve concerted measures at the macroeconomic level, sectoral level and in regional development policy, education policy and employment policy in the narrow sense.

The planned measures to be implemented by the new Ministry of Vocational Training and Employment encompass employment, vocational training and labour, focusing on the following areas:

- *Employment*: employment promotion by developing a joint strategy

for economic sectors and regions; better utilisation of human resources by restructuring the organisation and management of enterprises; incentives to create jobs and an intensification of the functional mechanisms of the labour market with the aim of reducing employment problems.

- *Vocational training*: measures to restructure the public institutions responsible for this area, in order to create the preconditions for appropriate, flexible and individual solutions for vocational training problems and to rationalise the vocational training system.
- *Labour*: ensuring that the statutory regulations and collectively agreed provisions on employment relations are adhered to. To this end the efficiency of employment contracts, the revision of labour law and the improvement in hygiene, health and safety at work are to be promoted.

The organisational structure of the new government established by Decree-law no. 296-A/95 of 17.11.1995 has divided the responsibilities of the former Ministry of Employment and Social Security (MESS), which previously covered employment, vocational training, labour and social security, between two new ministries:

- the Ministry of Vocational Training and Employment, and
- the Ministry of Solidarity and Social Security.

The rules of procedure for these two new ministries are to be presented to the Council of Ministers by the end of February 1996.

# Placement and Vocational Guidance

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## Germany

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### Careers Advice in a European Dimension

Until now careers advice in each European country has been based virtually exclusively on the conditions prevailing in the country in question, albeit influenced by foreign or international developments. In the context of the European Union, however, this basis is no longer adequate. If, as required by the Labour Promotion Act (§ 26), careers advice is to "take appropriate account of the labour market and occupational situation and trends", the entire European, and not just the German training and labour market must be taken into consideration.

Education and vocational training systems in the various countries are each based on long, autonomous national traditions. General and vocational knowledge is mediated in very different ways, using different methods, in different organisational forms, for varying lengths of time and with different final qualifications in the various EU countries. Careers advice services now require an adequate knowledge of the diversity within this area.

European integration within the European Single Market offers the individual additional opportunities for vocational training. Mutual recognition of academic and vocational qualifications, depending on the type of training or profession in question, increasingly enables the individual to opt for the best and most appropriate form of vocational training in the European Union, even if this is located outside his/her native country, without the danger that the qualification so gained will be considered worthless in other EU Member States. Increasingly the entire European Union is open to those seeking vocational training, implying a significant increase in training options.

If the individual is to take advantage of these opportunities he/she is dependent on obtaining the required information and on the transparency of the opportunities with respect to all the myriad details involved. The task of providing this falls largely to the careers advice services.

For some years now the European Union has been promoting the cross-national mobility of young people through numerous measures within the framework of various programmes. In 1995 new EU general, further training and vocational training programmes, some of which extend and complement the previous programmes, came into force<sup>1</sup>, one of the aims of which is to improve further the cooperation between national careers advice services.

The most important implications of this for the careers advisory services are as follows:

- the transparency of educational and training opportunities at school, vocational training and higher education levels within the European Union are to be improved further,
- individuals are to be assisted in gaining access to the extended educational and training opportunities,
- the transparency of employment systems in the European Union is to be improved further,
- the cross-border activities of careers advice services and their cooperation with partners in EU Member States is to be intensified.

#### European careers advice centres

As early as mid-1993 the Federal Labour Office began setting up European Careers Advice Centres. Each centre is responsible for one (some for two) Member States. Similar centres have been set up or are being established in all the EU Member States within the framework of the PETRA II Programme<sup>2</sup>. The various centres are grouped together in a network and exchange information by various means. The specific tasks of these centres are:

- procedural coordination in order to answer queries on educational and training opportunities by the cooperation partners,
- obtaining, producing, preparing and updating material relating to training, study, education and careers in the appropriate country,
- developing an exchange of information with the partner country.

In addition these European Careers Advice Centres serve as a point of contact and source of information for queries on educational and training opportunities from the partner country and from other departments of the Federal Labour Office, and for placement matters for both applicants and firms from the partner country in cases where local employment offices cannot process such queries alone.

#### Placement in training

In principle it is the responsibility of employment offices to perform placement activities involving other countries to the extent that this is possible under the prevailing circumstances and does not require participation by the European Careers Advice Centres.

Responsibilities are divided up as follows:

- in the case of foreign nationals interested in training or work experience in Germany, the employment office to which the query is made and in whose area the desired placement is to occur;
- in the case of foreign companies seeking German applicants for training or work experience places,

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1 - SOKRATES (successor programme to ERASMUS-COMENIUS-LINGUA and (partially) EURYDICE-ARION)  
- LEONARDO DA VINCI (successor programme to PETRA, FORCE, EURO-TECNET, COMETT, LINGUA (partially))  
- EMPLOYMENT (a Community Initiative, containing the programmes NOW, HORIZON, YOUTH-START)  
- Community Initiative ADAPT  
- Youth III  
- European Social Fund  
- Labour Promotion Law Plus

2 Action Area IIIa - "Establishing national centres".



the employment office to which the query is made,

- in the case of German nationals interested in training or work experience outside Germany, the employment office in whose area the applicant lives,
- in the case of German companies seeking foreign applicants for training or work experience places, the employment office in whose area the firm is based.

The European Careers Advice Centres support such placement activities, especially in the following cases:

- when country-specific information not available in the employment office responsible is required for a placement abroad,
- when it is not possible to meet a request within the employment office area responsible,
- when queries are made directly to the centres themselves and no specific request for a particular area is made.

### Information on Europe in the Careers Advice Services of the Federal Labour Office

*European handbook for careers advisors*

The aim of the handbook is to explain the structure and the main elements of education, training and labour market access in the EU Member States and to provide a brief summary of Community activities in these areas. The preliminary version of the European Handbook for Careers Advisors was published at the end of 1992. In the course of 1993 it was examined and revised by experts in all the EU Member States. In May 1995 the final version was published in all the EU languages.

The Handbook is divided into 13 chapters: one chapter on the European Union and one each on the 12 Member States.

The first chapter on the EU provides a summary of the most important activities in the area of education and vocational training initiated by the European Community since the Treaty of Rome was signed. It also describes the framework for EU activities in the future as set out by the new programmes announced by the

European Council for the last five years of this century. This is followed by a brief description of current trends in Community policy regarding careers advice and the current state of affairs regarding the recognition and comparability of qualifications and certificates. The chapter concludes with a presentation of the various Community networks and services providing information pertaining to careers advice.

Each chapter on the Member States is structured in an identical way. A general introduction opens each chapter giving basic information on the country in question; this is followed by information divided into five sub-categories:

- addresses of the institutions that can be contacted in the country in question in order to obtain information on educational and training opportunities or to establish further contacts;
- a general summary of the system of general school education, initial training, further training and the recognition and comparability of certificates and qualifications together with information on the institutions responsible for the tasks listed;
- a description of the responsibilities of the careers advice services;
- transnational programmes in the fields of education, vocational training and work experience;
- living and working conditions.

### *Europe folders*

The Career Information Centres (*Berufsinformationszentren - BIZ*) in the employment offices have available information relating to the European level. In order to provide a general overview, country-specific "Europe folders" have been drawn up at central level. They contain information on the following areas:

- the education system
  - social security/maintenance
  - advisory services/institutions
- lexicon/index.

The folders provide the user with quick and structured access to the most important information relating

to education, training and employment in the country in question. The info-folders contain more country-specific information than the European Handbook for Careers Advisors and are more readily comprehensible to BIZ users than the national monographs produced by CEDEFOP.

The Europe folders cover France, Italy, the Netherlands, Belgium, Luxembourg, Great Britain, Denmark, Greece, Ireland, Portugal, Spain and Austria. In the course of 1995 folders are also to be drawn up for the new EU Member States, Finland and Sweden. An info-folder has also been drawn up for Switzerland in the light of the long and fruitful cooperation between Germany and Switzerland in the field of careers advice.

The Europe folders are updated regularly - every quarter.

In order to facilitate the utilisation of the folders each chapter commences with a summary. This is followed by a table of contents, followed by the individual documents classified by theme. The index enables information on a concrete topic to be looked up directly.

### *"Euro professional"*

Every two months the Federal Labour Offices publishes an information leaflet for its employees that reports in brief on vocational training, training opportunities, the labour market, social affairs, EU support programmes, labour market authorities, placement services, skill requirements and other developments in the EU Member States. This leaflet aims to enable employees to keep in touch with developments in Europe.

### *The "ibv"*

The FLO also publishes a weekly newsletter (*"Informationen für die Beratungs- und Vermittlungsdienste der Bundesanstalt für Arbeit - ibv"*). It contains up-to-the-minute contributions on European topics from the point of view of careers advice and placement and reports regularly on European issues in line with the "Careers advice information and documentation systematic". From time to time individual topics are dealt with in special issues.

## Placement and Vocational Guidance

### Other information

Following the decision by the European Council of 16 June 1985 on the comparability of certificates and qualifications between the Member States in the European Community<sup>3</sup> and preliminary work by CEDEFOP, EU equivalents have been drawn up for the skilled worker level<sup>4</sup> and published in the official EC gazette. The FLO has published these equivalents as vol. 4 of the "Blätter zur Berufskunde" for each country.

The basic source of information for careers advice "Grundwerk ausbildungs- und berufskundlicher Informationen - gabi" and the reference volume on training institutions "Einrichtungen zur beruflichen Bildung - EBB" have also been supplemented with EU data and information. "gabi" contains a comparative synopsis of certificates in EU Member States under the rubric "Training Abroad". The EU occupational titles are published in each of the Community languages.

Further training opportunities in other EU Member States are increasingly being incorporated in the "EBB" and two other databanks, "KURS" and "KURS direkt".

### Euro PC

Three years ago work began on developing a technical information network - Réseau d'Information pour l'Orientation (R.I.O.) - with the aim of extending the informational basis at the disposal of careers advisors and facilitating cooperation between the services. Besides the development of the underlying technology necessary to enable electronically stored data to be accessed, information systems on training opportunities in the EU Member States were analysed within the framework of the PETRA II development project R.I.O., and the databanks of the project participants were exchanged free of charge.

A further extension of this project is envisaged under the LEONARDO Programme. An intensification of the project's results and its further development are being sought in particular in the following areas: the use of international telecommunication networks (CompuServe, Internet etc.), the development of multi-lingual,

multi-media programmes and training for careers advisors in the EU in the use of EU further training databanks. So far six countries have participated in the R.I.O. Project: Ireland, Portugal, Italy, Luxembourg, France and Germany. The circle of participants is to widen with the inclusion of the UK, Greece, Sweden, the Netherlands and Spain.

During the past two years the Federal Labour Office has made an important contribution to improving the data base in the Careers Advice Centres by developing a multi-media PC station (known for short as "EURO PC"). On the basis of the proposals made by the European Careers Advice Centres more than 45 EU databases on further training opportunities have been installed on their data systems and verified.

Access to the Internet data highway opens up new perspectives, not only for Centres in Germany. Databanks held by European educational institutions (e.g. universities) can, for instance, now be evaluated on an on-line basis. If necessary the Centres can exchange data with these institutions via E-Mail.

A multi-media telecommunication element in the EURO PC enables moving pictures, sound and text to be transmitted simultaneously, promoting communications between the Centres.

Systems development and testing was completed in June 1995. This laid the basis for the use of the new technology beyond the employment offices that participated in technological development: in addition to the offices in Bremen, Rheine, Aachen, Trier and Rastatt, between September 1995 and the end of the year systems were to have been installed in the offices in Lörrach, Frankfurt, Rosenheim, Nuremberg, Munich and Kiel. By the middle of 1996 all the German centres are to have been linked up to the network.

This has enabled the average time required to process a query from a client from 3-4 weeks to one day; the actual processing time for the frequently highly complex questions has been cut by around 40%. The economies result from the variety of

functions on offer under EURO PC, in particular the low-cost use of EU databanks, coordinated office functions and rapid data transmission (around 100 pages per unit of time).

Queries and commissions have been made of the Deutsche Telekom system from Switzerland, Luxembourg, Belgium and Sweden, all of which countries aim to establish the same - or similar - systems. In CIO Hagenau in France a multi-media PC workstation was successfully lined up to the German network.

The attractiveness of this service has been reflected in the growing number of users. Queries are also becoming more highly complex. In the EBC in Rastatt alone, more than 1,300 queries were received from young people in the 18-month observation period<sup>5</sup>.

A telecommunication service in the Datex/BTX System and later in international networks is planned in which young people can access information on training issues in Europe.

The following options are to be the subject of a 2 1/2-year experiment in Berlin.

- access to multi-media information, processed in accordance with the user's needs (initially covering short-term training and work experience opportunities in France);
- direct cross-border exchange of information with the EBCs (via E-Mail);
- arranging specialist forums in public networks.

The FLO aims in such activities - to be realised in cooperation with other EU countries within the framework of the

3 Official Gazette of the European Community, no. L 199/56 of 31. 7. 1985.

4 Structure of training levels under Article 2, paragraph 2 of decision 85/368/EEC (appendix 2).

5 As part of a model experiment in the employment office area of Berlin-Brandenburg in the Careers Advice Centre Berlin in conjunction with the other state-level employment offices and in close cooperation with the Heinrich-Hertz Institute in Berlin, the German Telekom and the Berlin Senator for Education and Training a self-service information facility in the form of telecommunication networks (interactive EURO Mail Box) is to be put into practice.

LEONARDO Programme – are as follows:

- to reduce the burden of routine enquiries on the EBCs,
- to broaden the basis for the use of technical networks without additional labour input, and
- to gain knowledge and additional instrumental possibilities for the on-going development of self-service information facilities on the basis of multi-media.

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## Netherlands

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### Proposal for a New Employment Law

In October 1995 the government presented to parliament a proposal for a new employment law. This draft legislation, which contained proposals made by a commission that had evaluated the existing employment legislation (cf. iMi nos. 50 and 52), is to replace the law enacted in 1990.

The proposal contains two core tasks for the labour market authority, namely promoting a balance between the demand for and the supply of labour, and focusing on difficult-to-place unemployed persons. This means that the labour market authority must concentrate even more heavily than previously on the placement of and job creation for difficult-to-place jobseekers.

This focus within the range of tasks performed by the labour market authority does not mean, however, that the authority is no longer open to all employers and jobseekers. The groups of jobseekers to be included in the category “difficult-to-place unemployed” will be determined by the authority in collaboration with the unemployment insurance fund institutions (local government and the branch associations). These individuals are to be selected on the basis of objective criteria, such as training, work experience and age.

In order to ensure a clearer distinction between areas of responsibility, the government is to withdraw completely from the central board of the labour market authority; in future the board is to consist of eleven members nominated by royal decree. Three members, including the chairperson, are so-called “crown members”. Employer and employee organisations each nominate three members. The regional labour market authorities send two representatives, although they have no voting rights. The Minister of Labour and Social Affairs retains his responsibilities in the fields of legislation, financing and supervision, but is no longer represented in the central administration.

In the final analysis it is the central labour market administration that is responsible for the entire labour market authority. Day-to-day operations will, according to the new draft legislation, be transferred to the directorate of the authority. The central directorate of the labour market authority will be given greater responsibilities. The labour market authority is now to be seen as a private company. By this means the changes are to be given a uniform picture. Clearer separation of responsibilities should ensure more effective spending policies and more effective administration of the organisation. At regional level the regional authorities remain responsible for job placement. In the regional authorities responsibilities remain in the hands of the employers, employees and local authorities.

The prevention of and the struggle against long-term unemployment require that all jobseekers registered with the employment offices receive systematic and active guidance and support. This requires better coordination between the services rendered by the employment offices, the branch organisations and the social services of the local authorities, enabling the jobseeker to obtain all the services required “at one desk”. The reorganisation required to achieve this is to be conducted in the coming years.

The labour market authority is to receive finance in a way more closely linked to the results actually obtained. Gradually a “financing by results”

system is to be introduced. The budget will consist of two components: firstly, a basic budget for general activities and, secondly, a performance-linked budget for supplementary services provided for difficult-to-place jobseekers and difficult-to-fill vacancies. The level of public financial benefits will no longer be set in the employment law, but will in future be determined annually by the government.

On the basis of the performance-linked budget the labour market authority will be able to offer the specific group of the difficult-to-place jobseekers more intensive job placement and job creation services. Moreover, the local authorities and the branch associations will receive additional funds to enable them to purchase services from the labour market authority for their difficult-to-place clients. In the longer term it is planned to facilitate the purchase of services from third parties. Local authorities and the branch associations will then be able to use their budget funds to purchase services both from the labour market authority and from private mediators.

Ministerial supervision of the labour market authority will cover not only the control of the legality of spending, but also the efficiency of the labour market authority. The regional labour market authorities must answer to the central administration for their activities. The central administration, in turn, is responsible to the Minister of Labour and Social Affairs.

### Organisational plan

In July 1995 the labour market authority presented an organisational plan. This plan, the first in the history of the labour market authority is not in agreement with the new law with respect to every detail. The views concerning the core tasks of the labour market authority differ markedly. In contrast to the view taken by the Minister that the labour market authority should primarily be responsible for the difficult-to-place jobseekers, the labour market authority defines its core tasks more broadly. In its view its task is firstly to prepare the unemployed for placement, secondly to fill vacancies and thirdly to provide in-

## Placement and Vocational Guidance

formation and advice to all those requiring it. This approach favoured by the labour market authority is based on the view that by placing suitable candidates with an employer the labour market authority will subsequently be able to place the difficult-to-place candidates with the same employer ("slip-stream" method).

### Tasks and budget of the labour market authority for 1996

The total budget available for 1996 amounts to HFL 1.4 billion, HFL 223 million less than last year. For national labour market policy and the administration the government contributes HFL 523 million (including, for instance, HFL 287 million for the measures to place and train the unemployed, and 130 million for the reorganisation of the labour market authority). The central authority has, however, reduced the planned budget cuts for the regional authorities, and has increased the grant for the 18 regional authorities retrospectively by HFL 45 million. Moreover, at central level funds have been reserved for the reorganisation of the regional authorities (e.g. costs incurred for early retirement of staff, wage costs for superfluous staff and adjustment measures in the area of the labour market administration infrastructure). This has enabled the most pressing problems in the regions to be solved.

Despite the cutbacks in 1996 the labour market authority will attempt to maintain the level of services provided by the employment offices and the further training centres. Whether it proves successful in this depends partly on whether by means of the measures to raise the efficiency of the labour market authority the planned savings can actually be realised and

whether the reorganisation proceeds according to plan. For the time being at least, it will not be necessary to close employment offices for financial reasons.

The national plan for 1996 envisages the employment offices placing 185,000 jobseekers. 53,000 unemployed persons are to be rendered "fit" for the labour market by means of retraining, further training and support for work experience. Whether these ambitious targets – more or less the same placement results as last year – can be met, however, depends on economic developments and the resultant employment growth and on an intensification of labour market policy at branch level.

The regional labour market authorities base their calculations on a 12% increase in the number of vacancies in 1996 (to 704,000 vacancies). Of these, employers will report 264,000 to the employment offices. The offices will be able to fill 164,000 vacancies; this amounts to a market share of 23%.

Compared with 1995 the total number of unemployed jobseekers will remain at the same level in 1996 (860,000). The total number of registered long-term unemployed (487,000), the unemployed from ethnic minorities and unemployed women is expected to be 6% higher in each category than in 1995. In the course of 1996 the unemployment rate for women is expected to rise significantly, due to the decisive changes in the social security law. Around 110,000 women will enter the labour market as a result.

The efforts of the labour market authority will concentrate on the difficult-to-place jobseekers. The combination of indirect placement (retrain-

ing, further training and support for work experience) and the priority direct placement of the unemployed should enable 149,000 unemployed jobseekers to be placed. Of these, 54,000 will have been in long-term unemployment, 23,000 unemployed from ethnic minorities and 67,000 unemployed women. Thus the targets for these groups are higher than the expected results for 1995.

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## United Kingdom

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### Project Work

Project Work, a new £12 million scheme to pilot a more intensive approach to helping the long-term unemployed was announced on 29 November by the Department for Education and Employment.

The scheme will offer programme of structured jobsearch help and practical work experience for people aged between 18-50 who have been unemployed for more than two years. It will be tested in two pilot areas, from April 1996. Jobseekers who withdraw from the programme without good cause could lose benefit.

The scheme aims to tackle the disadvantage which the long term unemployed can suffer in the job market because they lack motivation or confidence after being away from work. Project Work aims to offer a range of help and advice to everyone taking part. The assistance will be appropriate to their needs and their job-finding skills will be sharpened.

# Job Creation

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## Belgium

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### Prevention and Security Assistants

The Law of 30.3.1994 on social affairs enables the interior minister to offer an annual grant to local authorities with which he has reached an agreement on a programme of prevention against and pursuit of various forms of crime. So far 29 local authorities have reached agreements of this type with the Belgian federal government.

These local authorities can now call on long-term unemployed persons (i.e. in principle those unemployed for more than three years) registered with a local employment agency (cf. BIR B-iii.13) to perform tasks not met by the regular labour market. To this end the above-mentioned agreements are to be supplemented with a special chapter on prevention and security assistants (*APS – assistants de prévention et de sécurité*). Six types of project have been envisaged:

- bicycle theft: APS can keep an eye on train stations, sport facilities or university buildings and the surrounding areas, where bicycles are frequently stolen;
- car theft: APS can draw the attention of drivers to various examples of negligence (such as leaving car doors open), monitor car parks etc.;

- environment: APS can be entrusted with environmental problems related to security (tracing illegal waste dumps or distributing leaflets to households placing their bins on the street too early);
- schools: in areas lacking supervisory staff APS can take care of security for children leaving school or can give courses on appropriate behaviour on the way to and from school;
- public local transport: the presence of APS in buses or at bus-stops can help reduce feelings of insecurity;
- buildings: in large housing blocks APS can serve as mediators (graffiti, problems between neighbours, etc.).

The maximum number of prevention and security assistants will be determined on a case-by-case basis by the interior minister.

#### Contract between the local authority and the unemployed person

Applicants that come under consideration for prevention activities must

- have volunteered for such activities;
- where possible be aged over 40.

Prior to the long-term unemployed person commencing activities as a prevention and security assistant the local authority concludes a contract with him/her setting out:

- the content of the tasks assigned to the assistant;
- location and working hours of the activity. In contrast to the 45-hour per month limit applying to other activities mediated by the local employment agencies, the working time of a prevention and security assistant must on average equal 53 hours per month.

The local authority may only terminate the contract with the assistant for reasons that have in advance been deemed justified by the local council.

#### Flat-rate supplement to unemployment benefit

Prevention and security assistants draw unemployment benefit at the full rate and in addition receive a flat-rate supplement of BFR 7,950. The local authority gives the APS before the end of each month a chequebook from the local employment agency containing 53 checks, for which the assistant receives BFR 150 each.

#### Exemption from certain obligations

Prevention and security assistants do not remain registered as jobseekers, are not available to the labour market and are not required to report to the unemployment benefit office. These exemptions apply automatically and for as long as the person is employed as an APS. Nor can prevention and security assistants lose their entitlement to unemployment insurance benefits for reasons of long-term unemployment.

# Training

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## Belgium

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### Initial Work Experience Contract

The law of 22.12.1995 on Measures Implementing the Medium-term Employment Plan (*Moniteur belge*, 30.12.95) has laid the basis for a new type of contract, the initial work experience contract (*PEP contract – contrat de première expérience professionnelle*). The provisions on this contract form a part of Royal Decree No. 230 on the occupational integration of young people (cf. BIR B-iv.2). This Decree obliges employers employing more than 50 workers to recruit jobseekers aged less than 30 and with no, or no more than six months' work experience, to an extent corresponding to 3% of their workforce. During this period of work experience the young workers are entitled to a work experience allowance paid by the employer amounting to 90% of the wages of an employee working in a similar job in the firm.

From now on, in order to meet his obligations under Royal Decree no. 230, the employer must recruit half of the young people under traditional work experience contracts and half under the new PEP contracts.

#### The PEP contract

A PEP contract can be concluded with any jobseeker registered with a regional employment office (FOREM, ORBEM or VDAB) for at least nine months. Just as in the case of a traditional work experience contract, the jobseeker must meet the following conditions:

- must be less than 30 years of age;
- may not have work experience, or no more than six months.

The PEP contract must be concluded in writing at the latest on recruitment. The contract must be concluded for a period of six months and cannot, unlike the traditional work experience contract, be extended. On ex-

piry of the contract a standard fixed-term or permanent employment contract can be signed; in the latter case the young employee has the same status as a trainee on half normal hours during the first year of employment under this contract.

Trainees recruited under a PEP contract are employed at full working hours, 4/5 or half standard working hours.

As with the traditional work experience contract, the PEP contract should contain a probation clause; the probation period may not exceed three months.

As in the traditional work experience contract, the young person employed under a PEP contract may terminate the contract by giving seven days' notice if he/she receives a job offer elsewhere. The employer may only terminate the PEP contract for reasons deemed justified in advance by one of the following organs:

- the works council,
- the trade union delegation (if there is no works council),
- the committee for health and safety at work (if there is no trade union delegation),
- the representatives of the organisations representing the workforce (if there is no health and safety at work commission).

#### Work experience allowance

As far as remuneration is concerned, the provisions governing the traditional work experience contract also apply to the PEP contract. At the same time a special measure has been initiated in order to promote the conclusion of PEP contracts.

A young person employed under a full-time PEP contract receives at least 90% of the pay earned by a worker performing the same functions on the basis of the collective agreements pertaining for the company in question.

In the case of part-time work experience, remuneration is proportional to working time. On the other hand, a young person recruited under a PEP contract who, on recruitment, was en-

titled to the waiting allowance (cf. BIR B-iii.5), is entitled to a supplement of BFR 6,000 per month paid by the national labour market authority. The employer may subtract this sum from the young person's pay. Allowance must be made for the supplement, however, when calculating social insurance contributions.

#### Informing the employment office

The employer is obliged to provide the employment office responsible for its area with a list of unfilled training places. This report must be made at the latest at the end of the first month of each calendar quarter.

#### Entry into force and transitional provisions

The provisions of the PEP contract came into force on 9.1.1996. However, the obligation to fill half of the 3%-quota of trainees places with young people under PEP contracts is to be imposed in stages. Under a provisional arrangement, in order to calculate the number of young people to be recruited under PEP contracts, the number of traditional work experience contracts on 1.1.1996 (and the extensions of such contracts) is to be subtracted from the total number of young people to be recruited for work experience.

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## Finland

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### Youth Unemployment in Finland – Training or Loss of Labour Market Support

In Finland young people accounted for about 13% of the work input of the national economy, measured in hours worked in 1990; in 1994, the figure was no more than 8%. Youth unemployment mushroomed, reaching an average of nearly 100,000 in 1993, giv-

ing an unemployment rate of 34% for young people. During the recession (1990-93), and indeed until last year, over one-third of all young people registered at an employment office at least once a year. The recession had a particularly harsh effect on the youth labour market. Youth employment fell by about 160,000 (48%).

When the demand for young employees collapsed, extensive training programmes were implemented to curb the growth in youth unemployment. Basic and further vocational training and trainee work increased very significantly, with the aim of both reducing the supply of labour and of reinforcing the expertise needed to achieve economic upswing. The number of full-time students in age groups under 25 increased by about 30 per cent in 1990-94. Nevertheless it has proved to be extremely difficult to recoup the jobs lost.

The most crucial labour market problem for young people is to get their first job. Another problem is the necessary interaction between training and work. Society cannot guarantee all young people a job, but the training opportunities are good. The national strategy for reducing youth unemployment will continue to involve increasing amounts of training. According to this programme, the number of students will be increased by about 15,000 in 1996-98, i.e. the student intake will be increased by about 5,000 annually.

Furthermore, the collective bargaining agreement signed in September 1995 provides for an increase of 4,000 each autumn in student intake. This increase in training is linked to the change in labour market subsidies implemented as of 1996, when passive labour market subsidy paid to teenagers was discontinued. According to the agreement people under the age of 20 who have no vocational training lose their right to labour market support if they do not participate in trainee work or training or rehabilitation organized by an employment office. If a young person refuses employment measures, he/she is no longer eligible for labour market support.

The youth labour supply will continue to decrease as a result of these

measures if the young keep up their training motivation and there are enough students to fill the increased training offering. There have already been problems with filling the student places available. Thus, both stick and carrot are needed to increase training motivation.

The basic question remains how to strike a balance between economic, labour and educational policy in order to ensure the harmonious development of both economic and human resources.

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## Italy

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### Practical Training and Orientation

Decree-law no. 515/1995 (as published in the legal gazette, 4 January 1995) contains (Article 8) new regulations for practical training and orientation (*tirocini formativi e di orientamento*) aimed at a wide range of groups: persons with the minimum compulsory schooling certificate, "schoolchildren", "unemployed participants" and "participants with upper secondary education qualifications". Initiatives under the law can be proposed and realised by the following institutions: 1) universities; 2) other educational institutions; 3) public schools; 4) public training and orientation institutions; 5) regional employment agencies (*Agenzie regionali per l'impiego*) and peripheral offices of the Ministry of Labour and Social Affairs; 6) therapeutic communities and social cooperatives.

These institutions inform the local office of the labour inspectorate and the trade union representations at plant level (or the local representation of the largest union) of the names of the participants in the practical training and orientation. It should be emphasised that these practical training places do not constitute employment relations. The new provisions ensure that, through an agreement to this ef-

fect with the "National Institute for the Prevention of Accidents at Work and for Civil Liability", the participants are insured against accidents at work. The practical training, which is of varying duration depending on the institution and the participants in question, is headed by a tutor who is responsible for teaching and work organisation. The maximum duration may be doubled (although not for longer than 24 months) if disabled persons participate. The training period must contain a training or orientation project. Students who are at the same time in an employment relation are entitled to interrupt their employment relation in accordance with the provisions of the relevant collective agreements.

In the context of these new provisions the "Regional Commission for Employment" of Latium (the *Commissione regionale per l'impiego* - the organ of the regional employment office of this region) passed a resolution on 18 December 1995, under which a pilot project is to be conducted from January 1996 by the Regional Employment Agency (*Agenzia regionale per l'impiego*) of Latium.

This agency is to:

1. organise the preselection of the unemployed persons interested in the practical training;
2. promote the willingness of firms, branch associations etc. to realise the initiatives;
3. set up a databank for the practical training;
4. promote new experiences in the region.

In addition the agency is to draw up a "synthetic" model of the practical training agreements reached in the region in cooperation with the Labour Inspectorate. In the regional commission a group is being set up with responsibility for the task of monitoring the experiences gained.

At present (January 1996) the agency has a "framework project" to support practical training within enterprises (containing aims, interested participants, contents, project phases and methodological aspects) and has prepared a "framework convention" for the implementation of such practi-

## Training

cal training (including the ad hoc modules, based on the traineeship convention and an "information register").

Although these new regulations are still in the initial stages of implementation, the new experiences gained in this area could provide a useful pointer towards ways of promoting career choice by providing direct experience of the world of work. In the longer term they could constitute the point of departure for a change in the laws on apprenticeship training in individual occupations and professions that are still in force.

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## United Kingdom

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### Innovation in Training Initiative

A new UK Government initiative to help companies make more and better use of technology in training was announced on 7 December 1995. The initiative has two main strands: a national programme delivered through Training and Enterprise Councils to help local employers, and especially

small firms, to exploit flexible training methods; and a project to assess national and international developments in technology-based training methods and to disseminate outcomes to employers, bringing together sources of expertise within the UK training sector. The aim is to help employers identify training methods which are flexible enough to improve training achievement and contribute to business success. The initiative, funded by the Department for Education and Employment, will start in spring 1996 and is planned to last for three years.

# Social Protection, Unemployment Benefits

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## Belgium

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### Changes in the Unemployment Regulations

The Royal Decree of 22.11.1995 (*Moniteur belge*, 8.12.95) specified the medium-term employment plan (cf. iMi 52) regarding the regulations on unemployment. The measures initiated by the Royal Decree aim primarily to promote the reintegration of the unemployed into the labour market. From now on the unemployment regulations are, to a greater extent than was previously the case, to support an active employment policy.

To this end measures have been initiated to:

- improve the status of part-time workers and of unemployed persons performing activities within the framework of local employment agencies;
- promote the reintegration of the unemployed, particularly into self-employment;

- encourage jobseekers to raise their skill level and thus to improve their prospects of labour market reintegration;
- promote the activities of development workers.

At the same time the Royal Decree of 22.11.1995 also regulates the implementation of a measure initiated by the Belgian federal government within the framework of the planned budget for 1996. The provision on the expiry of entitlement to unemployment insurance benefits on the grounds of long-term unemployment has been changed in order to reinforce the link between benefit entitlement and active jobsearch.

### Improving the status of part-time workers

*Employees moving voluntarily from a full-time to a part-time job* retain their entitlement to unemployment benefit as if they had remained in full-time employment should they lose their job within three years of changing to part-time work.

*Recipients of full unemployment benefit accepting part-time employment* are entitled, subject to certain conditions, to an income guarantee allowance for the duration of their part-time employment (cf. BIR B-iii.3: part-time workers with continued entitlements). Previously, the income guarantee allowance was restricted to a maximum of 2/3 of full unemployment benefit. Due to this restriction, some employees who had taken on a part-time job at just a few hours per week earned less in their new job than if they had remained unemployed. In order to resolve this problem, the ceiling has now been raised to 9/10 of the net unemployment benefit to which the employee would have been entitled had he/she remained unemployed. If the worker in question loses his/her job, he/she is entitled to the same unemployment benefit as a full-time worker.

The part-time worker with continued entitlement may not, for the duration of part-time employment, be excluded from benefit entitlement on the grounds of long-term unemployment. If, however, he/she becomes unem-



ployed once more, the period of part-time employment covered by the income guarantee allowance counts when calculating the unemployment period, although as of 1. 1. 1996 this period will no longer be counted as a period of unemployment provided the part-time worker drawing the income guarantee allowance was employed for at least 1/3 of regular working hours. Moreover, following a period of at least three years of part-time employment at at least 1/3 of regular working hours, previous periods of unemployment will no longer be considered when implementing the stipulations on long-term unemployment.

*Voluntary part-time workers* (cf. BIR B-iii.2) are in future entitled to unemployment benefit on a pro rata basis if their employment relation constitutes at least 1/3 of regular working hours. Previously part-timers had to work at least 50% of normal hours in order to have any entitlement to benefit whatsoever. Thanks to this change those working, for instance, 5 × 3 hours per week are entitled to benefit on losing their job.

### **Improving the status of unemployed persons performing an activity within the framework of local employment agencies**

The status of those performing an activity provided by a local employment agency (*agence locale pour l'emploi* – ALE; cf. BIR B-ii.13) has also been improved.

An unemployed person who has performed an ALE activity for at least 180 hours during the last six months can apply to be exempted from the obligations to remain registered as a jobseeker, to be available to the labour market and to report to the employment offices. These exemptions may be granted for a maximum of six months; the unemployed person may apply for an extension if he/she still meets the conditions. During this period the unemployed person cannot be excluded from benefit entitlement on the grounds of long-term unemployment.

Even if the unemployed person, working through an ALE fails to apply for this exemption he/she is able

to avoid suspension of benefit entitlement due to long-term unemployment. In future, those months in which the unemployed person works for at least 30 hours within the framework of a local employment agency will not be counted in calculating the duration, of unemployment. In addition, ALE activities of less than 30 hours per month are taken into account to the extent that they serve to postpone the date on which a suspension may begin: for each period of 90 hours' ALE work performed within two years prior to the point in time at which the unemployed person would otherwise have to be informed that his/her entitlement to benefits from the unemployment insurance fund were expiring, the suspension is postponed for one month.

### **Extension of entitlement to benefit from the unemployment insurance fund for unemployed persons entering self-employment**

Unemployed persons interrupting a period of unemployment by virtue of entering self-employment from now on retain their entitlement to benefits from the unemployment insurance fund for nine (instead of the previous six) years. This means that the self-employed person has a renewed entitlement to unemployment benefit if his/her self-employment comes to an end within nine years of the last day of unemployment.

### **Extended opportunities for the unemployed to return to studies**

In future the unemployed will have greater opportunities to return to full-time education while maintaining their full entitlement. At present this opportunity is restricted to those qualifications in short supply on the labour market.

In future the following conditions are to apply:

- The unemployed person must have ended his/her period of study at least two years ago;
- he/she must have been unemployed for at least one year during the two years prior to returning to studies;
- he/she may not be in possession of a college or university diploma (un-

less this certificate offers few prospects on the labour market).

For the duration of study the unemployed person is exempted from the obligation to report to the employment office, to be available to the labour market and to remain registered as a jobseeker. This exemption will be extended if the unemployed person successfully completes the year's study.

### **Exemption procedure for the elderly unemployed simplified**

Since 1985 unemployed persons aged over 50 have been able to seek, subject to certain conditions, exemption from the obligation to report to the employment office, to register as a jobseeker and to remain available to the labour market.

This provision has been simplified in two respects:

- In order to benefit from the exemption unemployed persons aged between 50 and 54 no longer need to prove their incapacity to work;
- the exemption is no longer conditional on a two-year, but rather a one-year period of unemployment.

### **Activities as a development worker**

Unemployed persons aged over 50 can, provided they fulfil certain conditions, spend 12 months abroad while maintaining their entitlement to benefit, if they place their work experience free of charge at the disposal of a foreign country recognised as a developing country.

Young jobseekers have the opportunity of gaining work experience in a developing country for a period of between four and twelve months. During this period the young people retain their entitlement to the waiting allowance.

### **Provisions on the expiry of benefits from the unemployment insurance fund on the grounds of long-term unemployment modified**

A "cohabiting" unemployed person aged less than 50 loses his/her entitlement to benefit once his/her period of unemployment exceeds 1.5 times the average regional duration of unemployment for the category of the un-

## Social Protection, Unemployment Benefits

employed (differentiated according to sex and age) to which the unemployed person belongs. Until now benefit entitlement was terminated only once the duration of unemployment was double the average figure.

The suspension due to long-term unemployment does not apply to "cohabiting" unemployed persons

whose household income (excluding unemployment insurance benefits) is less than BFR 600,000 p.a. (plus BFR 24,000 per dependent). In future these figures will be indexed.

Conversely, an unemployed person whose benefit has been suspended regains his/her entitlement on providing proof that his/her

household income has fallen below BFR 500,000 p.a. (instead of BFR 480,000 as previously); this figure too, is to be indexed.

Unemployed persons who have been in employment for at least twenty years can no longer be excluded from benefit on the grounds of long-term unemployment.

# Special Categories of Workers

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## Belgium

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### Opportunities for Occupational Reintegration

In order to improve the prospects of reintegration into the labour process for unemployed persons aged over 50, the Belgian government has decided, within the framework of its medium-term employment plan, to reduce the labour costs of this group of workers.

To this end, the Royal Decree of 22.12.1995 amending the Royal Decree of 27.12.1994 on the implementation of Chapter II of Title IV of the law of 21 December 1994 on social and other measures (*Moniteur belge*, 12.1.96) has extended the field of application of the plan to promote the recruitment of jobseekers (cf. BIR-B.v.7). As will be recalled, this measure aims to promote the recruitment of certain categories of jobseeker (in particular the long-term unemployed) by reducing employer contributions to the social insurance system for such workers.

In order to benefit from the reduction the employer must recruit a jobseeker meeting all the following conditions. The jobseeker must:

- be on full unemployment benefit at the time of recruitment;

- have been in receipt of full unemployment insurance benefits for an uninterrupted period of six months prior to recruitment;
- be over 50 years of age on recruitment.

For the recruitment of a jobseeker meeting the above conditions, the employer is granted a reduction in employer social insurance contributions as follows:

- 50% from the date of recruitment to the end of the fourth quarter following the quarter in which the recruitment occurred;
- 25% from the fifth quarter following the quarter in which recruitment occurred, and for an unlimited period.

elderly workers. Yet in recent years more and more older employees (45 years and older) have become unemployed; this group increased as a proportion of the unemployed from 15% in 1991 to 19% in 1994. The Minister intends to commission a study into whether older workers are made redundant disproportionately often.

A number of the reasons for the high entry rates of older workers into unemployment are already well known: for instance, following a change in the dismissal protection law in 1993, which allowed mass redundancies of workers aged over 55 while maintaining their rights to unemployment benefit, large numbers of older workers were made redundant. The stricter rules under the law on incapacity to work have also contributed to the rise.

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## Netherlands

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### Disproportionate Influx of Older Jobseekers into the Unemployment Insurance Scheme

One of the aims of the government's current labour market policy is to increase the participation rates among

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## Austria

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### Project to Raise the Effective Retirement Age

In October 1995 the Federal Minister of Labour and Social Affairs initiated the project "Secure jobs - Longer active life". The task of this initiative is to develop measures, in collaboration

with all the relevant political actors in Austria, i.e. the Labour Market Service, the social partners and the ministries concerned, in order to raise the average retirement age, which is far lower in Austria than in other countries. In this context, steps are to be taken – in the form of an integrated approach that sees the labour market and the pension system as “communicating tubes” – to ensure that this does not have negative repercussions for the level of unemployment. Within the context of a comprehensive project organisation, the initial situation is to be analysed, on the basis of which measures are to be developed in accordance with the aims of the project. Following the conclusion of the feasibility phase, proposals for policies to be implemented are to be passed on to policy makers by the end of 1996.

The prevailing situation in Austria as regards retirement behaviour and the state of the labour market, which gave rise to the project, can be described as follows.

The statutory retirement age in Austria is 65 for men and 60 for women. In actual fact, however, the former enter retirement at an average age of 58.5, the latter aged 57.1 years; the average effective retirement age is thus 57.8 years (figures for 1994). In 1970 the average retirement age was 61.3 years. Thus men enter retirement on average 6.5 years, women about 3 years, earlier than the point in time envisaged by law.

Analysis of the distribution of those entering the pension system for the first time shows that, in 1994, in 78% of all new cases in which a “direct pension” (i.e. excluding widow/er’s and orphan’s pensions) was granted, the person concerned was younger than the statutory pension age. Among men, 63% successfully claim one of the various forms of early old-age pension (by virtue of long contribution period, unemployment or reduced work capacity), 22% take a disability pension and just 15% enter retirement on reaching the age of 65. In the case of women, 56% take an early old-age pension, 14% a disability pension and just 30% enter retirement at the age of 60. Of particular interest in this context is the question as to where

the new entrants to the pension system come from: 51% of men and 56% of women come from some form of non-employment (being recipients of sick pay, unemployment benefit, special support, or from some other non-active status). This shows that it is not least the situation on the labour market that exerts a significant influence on the decision to enter pensioned retirement.

As already mentioned, there has been a marked decline in the average effective retirement age since the early 1970s. This is particularly true of disability pensions, for which the average age of entry is now 50.1 years. It is also the disability pensions in which the number of entrants has expanded particularly rapidly since 1980; it seems plausible that this reflects both an increase in health-related strains and easier access.

The reverse side of the coin of this influx into early retirement is the very low participation rates, not least in international terms, among older workers in Austria. Together with Italy, Austria has the lowest participation rates among older workers of all the OECD countries. Among the over-55 year-olds Japan has the highest rate, at 44%, Italy the lowest at 10% (1990); Austria performs only slightly better than Italy, at 11%. From a longitudinal perspective (since the 1950s), participation rates among men aged between 50 and 65 fell almost continuously from 85% to around 65%; among women the rate remained relatively constant at around 35%.

As far as the labour market situation of older workers is concerned, in 1988 the age-specific unemployment rate among the over-50 year-olds was in line with the overall Austrian average; since the start of the 1990s, however, it has been significantly above average (particularly in the age group 50-60; in the over-60 age group the elderly tend, as we have seen, to withdraw completely from the labour market and thus do not appear in the unemployment statistics). Older workers, once they have become unemployed, face a whole range of prejudices on the Austrian labour market: they are widely seen as too expensive (due to the widespread seniority regu-

lations, particularly in the white-collar segment), inflexible, no longer willing or able to adjust and, not least, unwilling to undergo further training. Their chances of re-entering employment are correspondingly low, so that older unemployed are affected disproportionately often by long-term unemployment.

Yet in seeking to evaluate the situation of elderly workers on the Austrian labour market it is not easy to identify unambiguously concrete causes, such as a skill problem, for the high unemployment rate. In a large number of cases the factors seem to consist of social ascriptions which do not stand up to objective examination. Consequently, the problems of this segment of the labour market may be linked to an implicit social consensus, according to which older workers are released relatively early from the labour market in order, among other things, to facilitate the labour market entry of young people.

It is at this point that the Project “Secure jobs – Longer active life” comes into play. The expected outcome of the project is an increase in the effective retirement age and the avoidance of other labour market problems.

The project is headed by the Federal Minister of Labour and Social Affairs and is supported by an advisory council consisting of the representatives of various ministries, the LMS and the social partners. The practical work is performed by a project steering group (in which high-ranking civil servants and experts are involved). This steering group, in turn, receives input from five project teams.

*Project team 1* is responsible for “preparatory and accompanying basic work”: requests for analyses and surveys from the other teams are processed here, and in addition the experiences of other European countries are evaluated. So far this team has begun considering questions of the following nature: What factors determine labour supply and labour demand on the labour market for the elderly? To what extent are displacement effects to be expected on the Austrian labour market in the context of a rise in average effective retirement age? What

## Special Categories of Workers

can be learned from measures in other countries confronted with similar problems?

*Project team 2* deals with topics relating to "Austrian competitiveness – employment and labour market policy". Under this very broadly defined approach the broad spectrum of employment policy measures likely to be necessary to ensure satisfactory employment trends in times of moderate economic growth are to be discussed. The issues under investigation include: improving active labour market policy, especially vocational training; promoting research and innovation; fiscal policy measures in order, for instance, to help consolidate public budgets in a way that will not have a negative impact on employment; the opportunities resulting from East-West integration; incomes policies and collective wage bargaining. In view of the deteriorating economic prospects in the coming years in Austria as elsewhere, the work of this team is of particular importance.

*Project team 3* considers issues of workplace design and counselling and work-related medicinal support. What causes and influences lead to early termination of working life? What can be done about the negative health repercussions of physically or

psychologically demanding work? What opportunities are available in the area of vocational rehabilitation?

*Project team 4* is responsible for general cause-effect research in the context of early retirement, labour and social security law and working time regimes. It investigates the motives for those claiming early and disability pensions, issues relating to occupational, activity-related and dismissal protection, the role of seniority in wage structures and possible reforms of working time regimes.

*Project team 5*, finally, is to seek to improve the awareness of the situation of the elderly on the labour market by means of social consciousness-raising and publicity work.

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## United Kingdom

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### Disability Discrimination Act

On 8 November 1995 the Disability Discrimination Act became law. The Act provides a new statutory employ-

ment right which will protect disabled people from discrimination in employment.

It will be unlawful for an employer with 20 or more employees to treat a disabled person less favourably than other people, because of their disability, without good reason. Employers will be required to make a reasonable adjustment to working conditions or the work place where that would help overcome the practical effects of an individual's disability. The Act will also ensure that pupils, students and parents can get better information about what arrangements are made for disabled people at schools, colleges and universities.

A Code of Practice on Employment is being developed to help people understand and comply with the law. Employers, voluntary bodies and disabled people have been consulted about the Code of Practice and about the content of employment regulations to be made under the Act. In order to allow time for people to become familiar with the law before it takes effect, the employment right will not take effect until the end of 1996.

## Miscellaneous

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### Spain

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#### The National Minimum Wage for 1996

The government has set the national minimum wage applying to fixed-term and permanent employment

contracts and to casual workers and domestic staff as of 1 January 1996 (Royal Decree 2199/1995).

The new figures, which correspond to a 3.5% increase on 1995 were calculated with simultaneous regard to the consumer price index, average annual productivity growth, the increase in wages as share of national income and the general state of the Spanish economy. Particular at-

tention was paid to the government's aim of bringing down inflation. Wage moderation is necessary if the Spanish economy is to grow during 1996 in order to consolidate the process of economic recovery and to enable jobs to be created. This year marks the start of an adjustment of the statutory minimum age for minors; within the space of three years this adjustment is to bring the mini-

imum wages of workers aged under and over the age of 18 into line. In 1996 workers aged less than 18 receive 77.4% of the wages of those over 18, compared with 66.1% last year.

The minimum wages and salaries in agriculture, industry and services were set at PTA 64,920 per month for workers over 18 and PTA 50,220 for employees aged less than 18. Including two annual special payments of 30 day-rates, the annual minimum wage now amounts to PTA 908,880 and 703,080 for workers aged over and under 18, respectively.

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## Spain

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### Law on the Prevention of Risks at Work

In the last quarter of 1995 both chambers of the Spanish parliament approved Law 31/1995 (8 November 1995) on the prevention of risks at work (legal gazette, 10 November 1995). This recognised the government's constitutional responsibility for monitoring health and safety at work. Simultaneously, European Directive 89/391/EEC, which stipulates the overall statutory framework for protective measures at work in the Community, was subsumed into Spanish law, together with additional provisions on maternity protection, protection of youth, the provisions on temporary employment contracts, fixed-term work and temporary employment agencies (Directives 92/85/EEC, 94/33/EEC and 91/383/EEC).

Law 31/1995, which came into force in February 1996, pursues two general aims. Firstly, a move is to be made towards a unified vision regarding the policy of preventing risks at work, lacking in earlier regulations; secondly, outdated regulations are to be modernised and new situations, not previously envisaged, covered.

The first chapter stipulates that the law applies to the vast majority of private and public sector employees

and pursues the aim of protecting the health and safety of workers by applying and developing preventive measures. The regulations required to achieve this aim are to be agreed between the public authorities, the employers and employees (or their representatives).

The second chapter underlines the principles of coordination and participation in developing and implementing this preventative strategy:

- coordination between the various public bodies responsible for setting regulatory norms in the field of risk-prevention at work, and
- participation by employers and employees through the representative employers' federations and trade unions.

The aim of this is to reach agreement on private and public preventive measures.

To this end the National Commission for Health and Safety at Work (*Comisión Nacional de Seguridad y Salud en el Trabajo*) has been established as an advisory organ to the public authorities in formulating preventive measures and as an organ of institutional participation in the field of health and safety at work. It provides equal representation for the autonomous areas, the public administration, and the leading employers' federations and trade unions.

The third chapter concerns the rights and duties of employers and employees regarding health and safety at work. The basic elements introduced by the law in a new approach to risk prevention are: planning safety measures from the very outset of projects initiated by the employer, evaluation of the risks inherent in the work performed and its regular updating as conditions change, the formulation of a list of measures appropriate to the risks identified, the examination of the effectiveness of the measures and information and training for employees in order to raise their awareness of the extent of work-related risks and the ways of preventing and avoiding them.

In order to ensure the effectiveness of preventive measures in the enter-

prise, chapter four requires that the organisation of the measures be placed in the hands of one or more responsible employees, and that a "prevention service" be set up, or an external prevention service be called in.

Chapter five details the rights of the employees with respect to consultation and participation in questions of health and safety at work. So-called "safety delegates" (*delegados de prevención*) are responsible for performing special tasks in the area of risk prevention. They are chosen from among and by the employee representatives in the relevant representative organs. A health and safety committee is to be set up as a cooperative organ between these worker representatives and the employer, the aim of which is to bring about balanced participation in this area.

Chapter six lists the basic obligations to be met by producers, importers and suppliers of machines, plant, tools and working implements. These are in accordance with the provisions of the Single European Market and will ensure that only products and equipment of a high safety level for users enter the market.

Chapter seven deals with liability and sanctions for infringements of statutory requirements, including their classification and the appropriate penalties to ensure that the law is observed.

Finally, the law provides for the establishment of a foundation under the auspices of the Ministry of Labour in which both the public authorities and representatives of employers and workers will participate. The main aim of this foundation will be to promote measures to improve health and safety at work in small and medium-sized enterprises, whereby the preventive nature of the law is once again underlined.

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## Finland

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### More Flexibility in the Labour Market

Terminating indeterminate contract of employment relationships presupposes given notice on either side or cancellation of contract. The statutory period of notice shall be observed in instances where no agreement has been made. The period of notice may alternatively be agreed in advance under employment contracts or collective agreements. When notice is given the period of notice must comply with either the Employment Contracts Act (*Työsopimuslaki* 320/70) or the contract.

If the employer does not observe the statutory or contractual notice period, he/she is nonetheless required to pay the employee full wages/salary for this notice period. Likewise, if the employee fails to observe the notice period, the employer is entitled to a sum equivalent to the notice-period pay in compensation.

Statutory notice periods for new employment contracts are to be cut from two months to one month and the employees' notice period from one month to 14 days in employment relationships of less than one year. A Government Bill to Parliament (HE 203/95vp) was given on 8 December 1995 proposing to amend The Contracts of Employment Act (320/70, section 38) accordingly.

The Bill also proposes to add a new provision to the Contracts of Employment Act stipulating the laid-off workers' right to compensation for loss of notice-period pay or part of pay to which they would be entitled if the employer terminated the contract. This provision applies when the worker's notice of termination of employment is given after a lay-off period of 200 calendar days. The employer shall have the possibility to offer the laid-off worker a job within one week of receiving the notice of termination of employment. If the worker declines this job offer the employer's obligation to compensate for loss of dismissal-time pay is void.

Corresponding changes have been agreed to by the most representative Central Organizations of Employers and Workers in Finland in their bilateral agreements on protection against unilateral termination of employment.

The notice period after which the employer is to compensate the laid-off worker for loss of pay during the dismissal notice period has been shortened from 225 to 200 calendar days. A new provision is added to the agreement giving the employer the possibility, within one week, to offer a job to the laid-off worker giving his/her notice. If the worker does not take up the job offered, the employer is not obliged to make compensatory payment.

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## Netherlands

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### Equal Treatment of Part-time and Full-time Workers Given a Legal Basis

Legal provision for the equal treatment of part-time and full-time workers has now been made in the Dutch Civil Code. Under the provision it is illegal for employers to discriminate against workers on the basis of the duration of the working hours.

Irrespective of the length of their working hours, all employees have a legal entitlement to equal treatment under the new provision. An employer may deviate from this stipulation, but only if an objective reason exists.

Bonus payments for "inconvenient" working hours, for example, are available to full-time, but not in principle to part-time workers. In the latter case, however, the employer must show that the working hours are not "inconvenient" for this group, otherwise bonus payments are due here, too.

This statutory ban on discrimination finally provides a legal basis for the improvement in the status of part-time workers. Earlier, the minimum wages had been brought into line and the disadvantages for part-time employees resulting from social security laws were removed.

With this ban on discrimination the government is lending its support to the increasing demand on the part of both employees and employers for more part-time employment. Moreover, it serves to make part-time work more attractive to male employees.

N.B. There is as yet no statutory right to part-time employment. Most of the collective agreements recently signed, however, include provisions stipulating that an employer must in principle grant an application by an employee for part-time employment unless business reasons do not permit this.

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## Netherlands

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### Innovative Labour Marker Policy Proposals for Discussion

The Minister of Labour and Social Affairs has put forward three proposals for new laws for discussion. Depending on the outcome of the discussion, the government may see fit to initiate appropriate measures.

#### Career interruption

In accordance with social needs of both men and women the Minister intends to offer employees the opportunity to combine a career with phases of child-care and child-raising, caring for the sick and other social activities. The scope for a legal provision to this effect is to be investigated. The study is to determine whether it is possible to allow employees to take (partial) leave for a relatively long period in order to undergo further training or to pursue social activities. In addition to

the responsibility of the social partners to analyse critically the existing opportunities for leave and to extend their scope, the government intends to make a contribution by removing existing legal obstacles. It also intends to investigate whether such leave periods can be stimulated through financial incentives, as in Belgium and Denmark. In addition the government is considering ways in which employees could finance their leave period through a savings model. This could occur by saving part of income, working time reduction or holidays. Parents working less than 20 hours per week are in future also to receive entitlement to parental leave. The options relating to parental leave are to be made more flexible.

For all forms of leave the Minister intends to create statutory opportunities so as to enable invalidity and widow's pensions to be paid on the basis of the last wage.

### **New balance between flexibility and social security**

Within the framework of the increasing flexibility of employment relations attempts are to be made to achieve a good balance between flexibility and social security. This requires some laws to be relaxed and others tightened. On the one hand, more flexible employment contracts for permanent employees must be introduced, on the other, the legal status of those on flexible contracts is to be improved. Among other proposals, the Minister suggests that in the case of fixed-term contracts wages should continue to be paid for hours not worked, the probation period should be extended from 2 to 6 months, notice periods should be varied (between 1 and 4 months), the possibility of earning a pension entitlement should be introduced and the need for administrative approval of agency work be abolished.

### **Subsidised employment to be streamlined**

The regulations on publicly subsidised employment are to be made clearer. The job pools, the youth work guarantee law and the law on the promotion of work experience places are to be abolished and replaced by a new law for jobseekers. Local authorities are to be made responsible for subsidising employment opportunities. The new law is not to affect job creation measures, however. This provision is to be interpreted more strictly than has previously been the case. Support is to be focused on jobs for persons with physical, mental or psychological problems who would not be able to find work with a normal employer.

### **Rough currency conversion rates**

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (27 March 1996):

Belgium	BFR	38.15
Denmark	DKR	7.17
Germany	DM	1.85
Greece	DRA	303.35
Spain	PTA	155.99
Finland	FIM	5.80
France	FF	6.34
Ireland	IRL	0.80
Italy	LIT	1,975.21
Luxembourg	LFR	38.15
Netherlands	HFL	2.08
Austria	AS	13.05
Portugal	ESC	191.73
Sweden	SEK	8.33
United Kingdom	UKL	0.82

# FOCUS

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## Monitoring of Labour Market Policy in EU Member States

Peter Auer

In recent years the monitoring of labour market policy has become a major issue for programme implementation both at individual EU member country level and European level. Politicians and programme administrators in individual member countries are directing more efforts than ever before to efficient administration and close follow-up of employment measures. The reasons for this include the increasing quantitative importance of spending on employment measures, tight public budgets, and moves towards a leaner, more efficient public service. These trends are often associated with far-reaching decentralisation/deconcentration of the programme delivery and an increase in European Social Fund (co)financing with follow-up obligations attached. The following article, which is an abridged version of a more comprehensive report on the topic, focuses on state-of-the-art monitoring of labour market policy (LMP) in the EU member countries. An overview of monitoring in EU countries is presented, the difficulties these countries face in setting up monitoring systems are discussed, and a model for monitoring is proposed.<sup>1</sup>

Although the exact borderline between monitoring and evaluation (and also between monitoring, controlling and reporting) is hard to draw, there seems to be a pragmatic understanding of what monitoring

activities are: regularly conducted observation of statistical indicators of LMP input/output and performance (outcome) for the purpose of improving programme implementation (and sometimes programme design).

There is a clear trend in all the countries reviewed to engage in such performance-oriented monitoring of financial and physical (e.g. number of participants) indicators of active LMP, the aim of which is to enhance programme implementation. Monitoring is mostly seen as a tool to document performance or the failure in reaching preset goals, but not explain them, a task that falls to evaluation. Evaluation also studies the effects of LMP measures at the macro level, for example in determining the indirect effects of policies such as dead-weight, displacement or substitution, while monitoring is concerned more with the direct effects of policies. One has also to distinguish between input/output monitoring and outcome monitoring: the former is an instrument for programme administrators at all levels, and permits, for example, controlled spending and some cost-benefit analysis; the latter also provides information which goes beyond the mere administration and implementation of programmes and could affect programme design.

### Increasing importance of monitoring

Some Member States may have more experience of monitoring than others, but it is still achieving greater significance in all countries. Some of the reasons for this development are:

– *Fiscal constraints, lean administration and the reform of the public sec-*

*tor.* New ideas on the public service, involving a shift from bureaucratic and centralised rule-making toward decentralised and market-oriented responsibilities and assessment systems and a general awareness of public spending (accompanied by increased auditing by controllers), has contributed to the pressure to set up monitoring systems. Together with decentralisation (see below), the introduction of private-sector management methods (e.g. management by objectives, "profit centres" or "cost centres") in the public sector has also compounded the need for assessment of results. Partially related to that need there are increasingly laws and programmes which have a "built-in" obligation to have the performance of labour market programmes monitored and evaluated.

– *The decentralisation of LMP implementation.* Handing down responsibilities for LMP programmes to lower administrative levels and thus reducing the control opportunities inherent in centrally administered programmes could complicate LMP monitoring. But decentralisation promotes the introduction of monitoring systems in two

<sup>1</sup> The study on monitoring (cf. Peter Auer & Thomas Kruppe: "Labour Market Policy Monitoring", discussion paper FS I 96-2, 1996, Wissenschaftszentrum für Sozialforschung) is based on a questionnaire which was sent to the labour ministries and employment services of all 15 EU member countries. Except for Denmark, Luxembourg and Italy all countries have responded. Several in-depth interviews have also been conducted in selected countries (Austria, Germany, France, Sweden, Portugal) and a large quantity of material has been received. The commented synoptic table has been sent back to the countries for validation.



ways. First, it provides local agents with the information they need. Second, it provides central bodies with information on their local branches, enhancing their control scope as they can compare the results of their local agents. It also provides better targets for local agents by indicating to them the results obtained by other agents. The trend toward expanding the discretionary power of decentralised levels (e.g. the latitude that local employment offices have for deciding which measure – say, job creation or job training – is suitable for their clients) also entails increased monitoring. After all, local agents must justify their allocation choices.

- *Increased ESF financing for national LMP and provisions for follow-ups.* The reform of the structural funds in 1989 led to multi-annual programming and greater involvement of the Member States in monitoring the implementation and effects of measures co-financed by the ESF. Because ESF co-financing does not often lead to the design of new measures, as ESF funding is integrated in the financing of existing measures, the ESF (co)financed measures are to a considerable degree identical with national labour market policy measures and – in principle – there should be no difference in ESF and national LMP monitoring. However, there is considerable cross-country variation here. ESF financed measures are not a specific subject of this article, but because of the overlap both forms of monitoring are often linked (for ESF monitoring see the work of the Centre for European Education Expertise in Lyon and the MEANS Programme of the European Commission).
- *The European Commission's efforts to make economic growth more employment intensive, not least by an activation of labour market policy (European Commission, 1994), increase the need for monitoring. In the wake of numerous European*

Council meetings, and especially since the resolutions of the European Council meeting in Essen (December 1994), employment and employment policies must be monitored by member countries and the Commission, which has to report on developments every year from late 1995 on. The Commission, with the help of the Member States, Eurostat and its employment observatories (MISEP, SYSDM), intends to establish employment policy indicators to permit follow-up work on national policies in financial and physical terms. These activities, if successful, might also lead to an increase in national monitoring.

- *Last but not least, technological progress has made monitoring possible at all levels of organizations, and data transfer through data networks has tremendously increased the potential scope and speed of monitoring. These changes have paved the way for setting up more sophisticated monitoring systems.*

### Monitoring in EU Member States

The general impression gained from the questionnaires and selected expert interviews is that all EU Member States are currently engaged in setting up or at least extending existing monitoring activities. Labour administrations are trying to follow the implementation of LMP more closely than used to be the case, but one cannot clearly place the different countries on a scale ranging from "no system" to "fully implemented system". The one exception is Sweden, which we would place at the top of the list, although even there the system is not yet fully in place. Otherwise the state of the art of monitoring is as yet rather heterogeneous even within countries; sophisticated monitoring of one measure might contrast with the absence of follow-up procedures for another. The following chart shows some variables which allow a limited "monitoring of monitoring" for most EU countries. The chart is an outcome of the empirical material we

had at our disposal (the questionnaires, selected expert interviews and documents) and was also returned to the countries for validation.

*Monitoring institutions:* In most countries, the ministry of labour and the employment service, which collaborate in monitoring activities, are the most important institutions in charge of monitoring. While the ministries generally bear overall responsibility for monitoring and evaluation, the employment service, through its regional and local employment agencies, carries out the daily business of monitoring; it is often the main provider of data and – as far as day-to-day activities are concerned – also the main user of data. Because monitoring is related especially closely to programme implementation, it is the employment services that are generally a very important actor in the field of monitoring. There is, however, national variation in this respect (e.g. France, where the ministry is important). Initiatives to change, introduce and discontinue programmes, which usually involve political (not just administrative) decisions, mainly occur at ministerial level, usually in close collaboration with the employment services. In many countries, additional actors (especially in the field of training) also carry out monitoring activities.

*Coordination among these institutions:* While having many different actors in charge of monitoring increases the potential for conflicts of interest in monitoring activities, possibly leading to sub-optimal overall monitoring capacities, this must not always be the case; monitoring activities might equally lead to increased collaboration between the actors. While evidence of both cases may be found in the countries considered, a vague North-South pattern does emerge, demonstrating that, among other factors, monitoring activities have been introduced relatively recently in some of the southern EU countries, and the division of labour between different ac-

**Table 1: European Overview on Monitoring**

Country	Organisation							Continuous information on *:					Monitoring			
	Monitoring institutions	Coordination among institutions	Decentralisation (Decentralisation)	Local budget discretion	Incentives	Sanctions	Budget	Participation	Employment	Qualification	Earnings	Training programme**	Employment promotion**	Level of development	Trend	Observations
Belgium	MoL, ONEM, VDAB, FOREM, ORBEM	+	+++	+	-	-	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+	→	Regional particularism hinders overall monitoring, monitoring activities regional
Denmark	n.a.															
Germany	BA, IAB	+++	++	++	-	-	++	++	-	-	++	++	+	++	↗ <sup>++</sup>	Strong system development; not all measures monitored
Greece	MoL, OAED, PIEKA	+	+	+	-	-	++	+	-	-	++	++	+	+	↗ <sup>+</sup>	Development of regional employment observatory
Spain	MoL, INEM, FORCEM	++	+	+	-	-	++	+	-	-	++	++	+	+	↗ <sup>+</sup>	
Finland	MoL	+++	++	++	-	-	+++	+++	-	-	++	++	++	+++	↗ <sup>+++</sup>	High stage of development (Mbr)
France	MoL, ANPE	++	++	++	+	-	++	++	-	-	++	++	++	++	↗ <sup>++</sup>	Not all measures monitored; both ANPE and MoL are actively developing the system
Ireland	DEE, DSW, FAS	++	++	+	-	-	++	++	+	+	++	++	++	++	↗ <sup>+</sup>	
Italy	n.a.															
Luxembourg	n.a.															
Netherlands	LBA, CBA, RBA	++	+++	++	-	-	++	+	+	-	++	++	++	++	↗ <sup>+</sup>	
Austria	MoL, AMS	++	++	+	-	-	++	+	-	-	++	++	++	++	↗ <sup>++</sup>	New AMS is developing monitoring
Portugal	MoL, IEFP	+	+	+	-	-	++	++	+	-	++	+	+	+	↗ <sup>+</sup>	Development of regional employment observatory
Sweden	MoL, AMS	+++	+++	+++	+	-	+++	+++	+	-	++	++	++	+++	↗ <sup>+++</sup>	High stage of development (Mbr)
United Kingdom	DEE, ES, IC	++	++	++	+	(+)	+++	+++	+++	++	++	++	++	++	↗ <sup>+</sup>	

\* at least every six months

\*\* for training programme or employment promotion

+ = low    ++ = medium    +++ = high    - = negligible    n.a. = information not available  
 ++ = thoroughly monitored    + = less thoroughly monitored

Source: Questionnaire, selected expert interviews and related documents, own classification; UK: provided by MISEP correspondent directly.

tors might not as yet be fully established.

*Decentralisation/deconcentration:* This North-South divide among the countries appears much clearer with regard to decentralisation/deconcentration. While many of the northern countries have already achieved a fairly high degree of decentralisation (deconcentration) in the delivery of labour market policy, some of the southern countries still have more centralised delivery and/or less autonomous local offices. We have noted above that monitoring and decentralisation are closely linked and that the development of monitoring is usually more advanced in countries with decentralised programme implementation. The question of decentralisation is also linked to the next indicator.

*Local budgetary discretion:* in such decentralised settings as Sweden, local employment agents have significant autonomy in the allocation of funds between different measures. This discretion is much less important in many of the other countries and is negligible in some of the southern member countries. It appeared in the interviews that "clientelism" (i.e. serving the needs of some important local actors without always looking for the public interest and equity in delivery) sometimes prevents far-reaching decentralisation, particularly in the South.

*Incentives/sanctions:* Although one might assume that decentralisation, budgetary discretion and autonomy of administration are likely to be accompanied by incentives for good results, this is in fact seldom the case. Both the Finnish and the Swedish delivery system, where decentralisation goes together with MbR (management by results) have some incentives, but they do not play a large role in results. Some incentives also exist in the UK delivery system through TECs. The only other country having some incentives (for directors of employment offices) is France. In the other countries incentives are not given. Sanctions, on the other hand, exist – with the excep-

tion of the UK – in none of the EU countries. It was reported that most monitoring systems are not yet sufficiently highly developed to deliver results which would allow an exact measurement of indicators, which could then be used as objective criteria for sanctions, and also because of the lack of control variables to account for differences in local labour market situations. Therefore a genuine "bonus-malus" system does not exist in the countries observed.

### Input/output measurement

As far as the continuous observation of selected indicators is concerned, most respondents indicated that information on budgets and on participants (level and structure) is available, but sometimes only for certain programmes. However, the most important problem in this area is the absence of "compatible" budget and participant data as a first step towards a comparative cost-benefit analysis across employment measures: such information is required for effective monitoring. Also the timing differs: in some countries (Sweden, Finland) most information is in principle on-line, in others only monthly and/or quarterly data exist. All countries have at least annual reports, but they are of limited value for monitoring purposes as annual data usually arrive too late to change the conditions of unsatisfactory programmes early on. No consistent picture for timing preferences across countries emerges, although the trend is clear: the more monitoring is developed, the shorter the time interval to which monitoring refers. Timing of information is a crucial issue in general, but especially for budget data: usually such data is not continuous, but of ad hoc nature. This sort of budget information flow has major drawbacks for efficient programme administration. On the one hand, it often happens that all of a sudden administrators become aware a budgetary ceiling has been reached, and a sudden stop in programme delivery is required. On the other hand, there are cases where the

budget is not fully utilised and money has then to be spent urgently. Thus for example the usual end-of-the-year run starts: money "has" to be spent on programmes that under such circumstances often do not deliver the best results nor reach target groups. This general problem of annual budgeting, which is also an argument for longer budgeting periods, could to a large extent be eliminated through continuous monitoring of the budgets. Thus in Sweden, since the inception of the monitoring system money allocated has usually been spent according to plan.

While consistent, comparative budget and participation data are the base-line indicators for monitoring input and output, outcome variables clearly have to be considered in order to assess policies adequately.

### Outcome measurement

The follow-up of employment status, of qualification attained and of earnings after participation in various policy measures is performed differently in the countries observed.

*Employment status* is an indicator frequently analysed in many countries, although the timing (i.e. after three, six or twelve months) and the extent (for all measures or for selected measures) vary quite substantially across countries. Also the ways in which this follow-up is carried out varies: it is usually either done by postal survey or by administrative means (participants reporting to the employment office).

*Qualification levels* attained after training measures are not frequently assessed. Patchy information is available in some countries (see table), but in general this is not an important monitoring indicator. One reason seems to be that training courses often do not lead to certified formal qualification; where this is the specific aim of the course, this information is in general available (e.g. in the UK's present effort to establish a National Vocational Qualification Certificate). This makes it difficult to classify participants according to qualification levels at-

tained. Also in training courses post-participant employment is the main indicator for success.

Unlike the US (and other English-speaking countries), where increased earnings are a major indicator of success, European monitoring and evaluation seldom analyse earnings after participation in an employment measure as an indicator of success. Ireland is an exception in that regard as it runs sample surveys six and twelve months after completion of measures, which are published yearly. In Sweden such earning follow-ups are done infrequently (one was conducted at the end of 1995) and are in any case not tied into administrative monitoring practices.

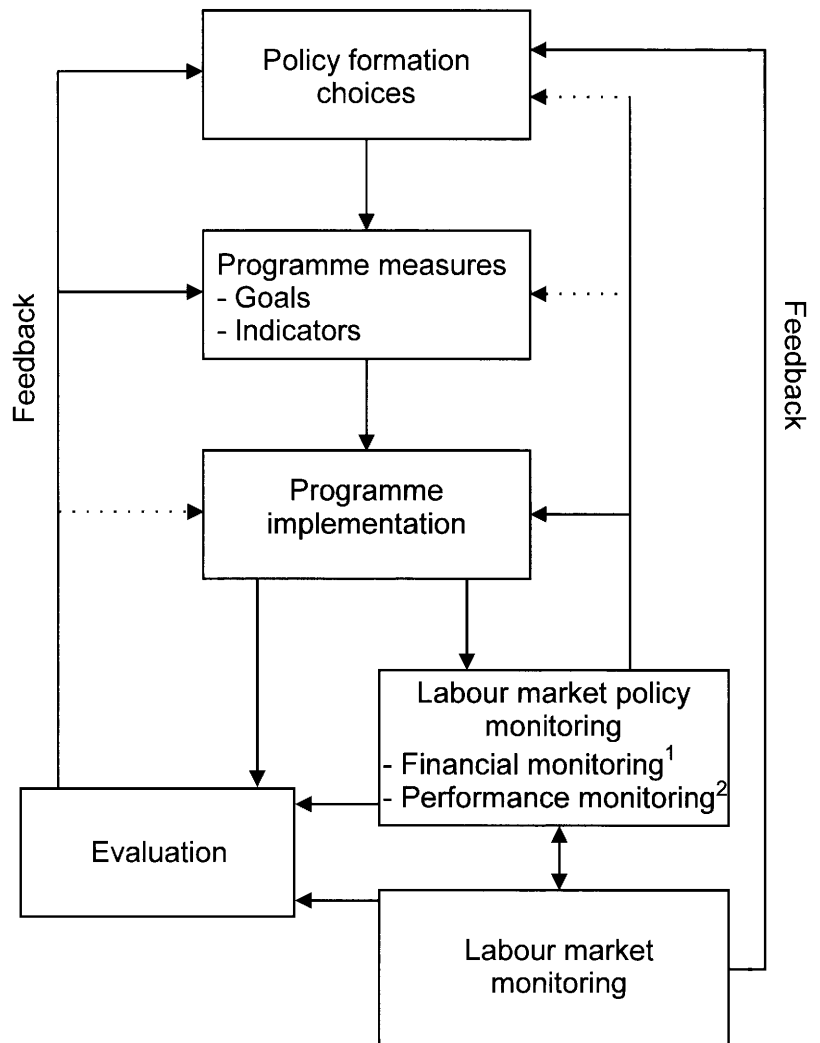
It seems that training programmes are more thoroughly monitored than employment promotion (job creation) programmes (see table). One reason for this might be simply that training programmes play a more important role than employment programmes in almost all countries.

In conclusion, our overview of the state of the art of monitoring and the monitoring trends in the EU countries shows a rather clear North-South divide. While it is true that most of the countries have as yet not developed fully fledged monitoring systems, all of them have established parts of such systems. But it is the more developed countries of the North and the Centre with a long tradition of employment policy delivery that are more advanced in the development of their monitoring systems. We have noted that Sweden and also Finland have rather sophisticated systems. Ireland, the UK, Germany, France, Austria and the Netherlands (and also Denmark, which is not included here) have monitoring experience for some of their policies and, moreover, are intensively developing these systems. Because of its regional particularism, Belgium is an exception: while there is little evidence of overall national monitoring, attempts to introduce monitoring on the different regional

levels have been made. Greece and Portugal (and also Spain and, to our knowledge, Italy) have for different reasons not yet gained significant monitoring experience. Although their activities in the field are increasing, it seems that they are not currently "catching up" with the northern countries. Therefore mechanisms to exchange "best-practices" are necessary to reach a more homogeneous state of development in monitoring throughout the European Union.

EU countries clearly experience problems in setting up monitoring systems. Although certain problems are common to all countries, some also face complications relating to their particular administrative structure and other specific factors. Besides problems of coordination between different agencies in charge of monitoring, it is the lack of clear goals in employment policy measures that often makes monitoring difficult. Here the often contradictory relationship between short-

Figure 1: Monitoring of labour market policy



Notes:

- 1 Controlling spending and the number of clients served in relation to the goals set.
- 2 Observation of selected result indicators (e.g. post-participation employment).

term quantitative goals (the prime interest of politicians especially prior to elections) and long-term qualitative goals (whose fulfilment is often targeted by those directly in charge of the participants) plays a role. Thus, for example, centrally set quantitative volume goals create problems even in the traditionally more bottom-up decision-making channels of Swedish labour market policy. A more technical problem reported was also the lack of adequate data (or difficult access to such data) from which to construct indicators. Also the lack of personnel and financial resources was seen as a problem, as was the acceptance of monitoring by those whose work was monitored because of the element of control involved. Thus it is important to show that monitoring is not an instrument of control, but a way of enhancing the efficient working of the organisation.

#### A monitoring model

A monitoring system should consist of:

1. input, output and outcome goals specified by the political and administrative authorities at national, regional and local levels in a bottom-up procedure;
2. a definition of indicators that allow goals to be measured;
3. the actual monitoring process based on 1 and 2 and on statistical information on financial and physical indicators relating to 1 and 2; and
4. feedback loops to ensure that observed irregularities are addressed adequately.

Figure 1 illustrates such a monitoring model. It starts with policy formation in which programmes and individual measures are chosen. Even at this early stage clear goals for the programmes must be defined, and indicators enabling progress toward those goals to be measured must be established if monitoring is to be effective. In other words effective monitoring must be written into laws and ordi-

nances (as is the case in the French five-year employment law of 1994). After programmes have been implemented, a continuous process of observation should begin, the intervals of which may vary from measure to measure. A quarterly observation period seems a reasonable compromise, but for short-term programmes shorter periods might be appropriate. The core function of monitoring is to detect indicators turning "red" and to initiate subsequent remedial action (feedback). Feedback between monitoring and programme implementation is stronger than between monitoring and policy formation because of the role of monitoring as an instrument linked to programme implementation. However, the results of monitoring in which the standard performance of programmes is measured should also be fed back to policy formation. Evaluation, in which dead-weight, substitution effects and other factors are also taken into consideration, offers a more profound assessment of programme impacts than monitoring does and thus affects policy formation more strongly than does monitoring.

However, monitoring should leave to evaluation only those indicators that cannot be observed directly and regularly. A relatively simple monitoring system will allow for a national/regional/local breakdown in order to facilitate comparisons between agencies. For any given programme at any given administrative level such a system should at least be based on the regular (monthly, quarterly) observation of:

1. the budget allocated and the resources spent (breakdown by spending categories, target groups and target sectors if appropriate);
2. planned participation and actual participation (breakdown by target group and target sectors if appropriate);
3. costs per head (per hour) on the basis of 1 and 2 and breakdown by spending categories, target group/sectors if appropriate.

Thus, monitoring systems would provide useful information on financial and physical take-up and costs, and under-performers could be detected by comparing regional/local units, although the differences in labour market conditions in local areas should be taken into account.

The indicators listed above allow the close monitoring of fund outflows and participation in relation to pre-set goals and permit comparisons of different constituencies and even of per capita costs between different measures. The indicators are therefore of greatest value to a programme administrator. They are basically input-output based and must, therefore, be supplemented by outcome-performance measures such as the employment status of the participants after participation or the skill levels achieved in training programmes (see Affholter, 1994).

Figure 1 also shows a link between labour market monitoring and labour market policy monitoring: results of LMP have an impact on the labour market and an ideal monitoring model must establish this link.

#### Conclusion

This article has drawn attention to some of the problems encountered in the current process of setting up LMP monitoring systems in the Member States of the EU, outlined the reasons why the monitoring of LMP performance is becoming more important, presented an overview of the state of the art of labour market policy monitoring in EU Member States and sketched out the functions of a monitoring system. While some countries have been engaged in monitoring for longer than others, most Member States are still in the process of installing such systems. Thus, the object of research still resembles a "moving target" and is difficult to grasp empirically. Some main trends have emerged, however. Monitoring should be tied to the routine administrative process of programme implementation and permit the combined observation

of financial and physical indicators of LMP. In addition, monitoring should involve the continuous assessment of results. Ultimately, input (expenditure), output (participants) and outcome (performance) indicators are all essential elements of such monitoring systems and must be combined within the monitoring system.

It is surprising that administrative monitoring was not introduced earlier; but it seems that the spending of public money was not previously subject to such constraints. In two of the surveyed countries, it was precisely a lack of financial monitoring that led to problems with programme delivery. Consequently, one of the basic aims of monitoring systems is to allow a steady and controlled disbursement of assigned budgetary funds. Providing information on where public money goes and how the money can be allocated most efficiently for reaching pre-defined goals is, of course, a basic purpose of a monitoring system. The combined observation of money allocated/money spent and planned/actual participation by delivery area/sector and so forth is the core feature of any system for monitoring active labour market policy. These rather simple input/output data can be supplemented with results indicators to produce a comprehensive system of LMP observation that would allow agents at all levels to follow up LMP measures.

The fact that aspects of financial constraint currently seem to be the main focus of attention inevitably gives rise to the concern that the interest in efficient public spending will eventually mean that programmes will be evaluated primarily according to their immediate success (e.g. low per capita spending) and that this will be at the expense of longer-term and qualitative goals.

Experience with monitoring systems shows that monitoring of pre-set budgetary and participation goals does make it possible to improve the convergence of planning

and actual outcomes. Moreover, it seems that if goals are set from the bottom up and if local agencies have a say in their establishment, the chances of achieving them are enhanced.

Although monitoring is in fact a "neutral" instrument, it seems, therefore, that the participation of those involved in monitoring in the setting of goals is important for the efficiency of the instrument. In the light of the experience with employment programmes in the United States, it seems that programme performance is enhanced if there is a built-in monitoring function. As formulated by the DOL (1994):

"Perhaps the most important lesson from our experience with using a performance driven management system is that local programs respond remarkably well to the required performance indicators. Once performance standards were implemented, employment rates and wage levels for individuals leaving the programme rose and continued to increase each year" (p. 1).

Thus, building in performance indicators in programmes is clearly a step in the right direction.

Monitoring implies the availability of indicators pertaining to all regional and local delivery areas and, hence, implies comparisons between them. It could thus enhance effective programme delivery. There is, however, the problem of pressure to harmonize LMP programme performance in areas that differ in their points of departure (in terms of target-group shares or the situation of the local economy, for example). That is, local adjustment of performance indicators is essential (see also Barnow, 1995). Sensitive data, for example, per capita cost, must be adjusted to take account of local variations.

In conclusion, clear-cut goals, clear financial and physical indicators of performance, concise statistics, appropriate time intervals of observation, feedback to guide the lowest level of the delivery organiza-

tion, feedback to amend programmes in case of non-performance, incentives for good performers and increased local freedom to manage delivery would all form part of an optimal "package deal" and would pave the way to the efficient monitoring of LMP. Finally, a very important aspect of monitoring is acceptance: only a dialogue between the observers and the observed, especially when it comes to defining the goals to be set and monitored, is likely to bring about satisfactory results.

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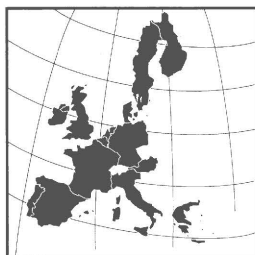


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