

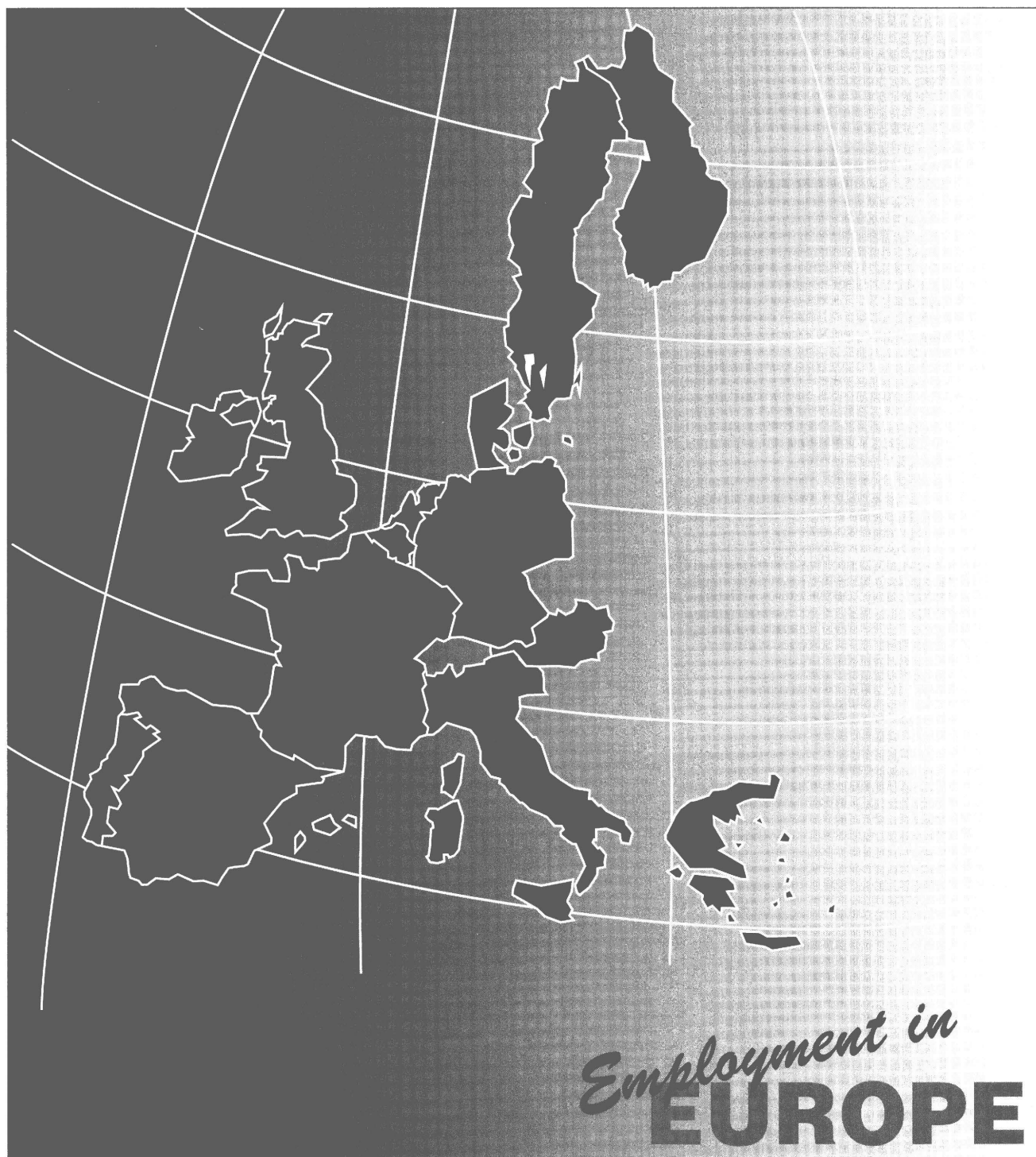
# EMPLOYMENT OBSERVATORY

## Policies

# 54

Developments in employment policies in Europe.  
Series produced by the MISEP network.

## Summer 1996



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR EMPLOYMENT,  
INDUSTRIAL RELATIONS  
AND SOCIAL AFFAIRS

*Social  
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DGIV

MISEP

# Developments at a Glance

- Belgium:** Following the presentation by the Belgian government of its medium-term employment plan, the Walloon and Flemish governments have passed their own employment agreements, both of which have been reached after consultation with the respective social partners. The Walloon Region is to provide work experience for jobseekers by means of a new work experience scheme (Misip).
- Spain:** An intermediate study of the implementation of the National Vocational Training Programme has been presented by the General Council for Vocational Training that points to heterogeneous results for the various types of training. Training contracts were also analysed, and although their absolute number has declined, the results are seen as positive, not least against the background of the sharp decline in youth unemployment.
- Finland:** A job rotation scheme is to be introduced between 1996 and 1998 to enable employees to take leave for further training or for personal or family reasons, replacing them during their absence with an unemployed person.  
A new regulation requires that Finnish employment contract norms and working conditions are – with certain exceptions – to apply to all foreign nationals working in Finland.  
Because the social partners proved unable to reach agreement on a working time regime, the government has made a proposal for the general thrust of a working time law for the future. Among other things it will be possible to take time off in compensation for overtime, while the maximum number of overtime hours will be reduced; time at call is to be partially recognised as working time and night work is to be extended.
- France:** The service cheques scheme introduced in 1994 to simplify administrative procedures and the tax incentives, both of which aimed to promote employment in private households, has been extended; in particular, recognised private firms, and not merely individual employees, have been permitted to perform such services.  
So-called cooperation agreements enable the unemployment insurance fund to use unemployment benefits as a fixed-term wage cost subsidy in order to promote the reintegration of the long-term unemployed.
- Greece:** The level of family allowance has been raised substantially for 1996.
- Italy:** Additional support for economically disadvantaged areas is to be provided by the creation of a national administrative office whose task will be to bundle national and European support, a guarantee fund for small and medium-sized enterprises and a “territorial pact”.
- Netherlands:** 1995 was a record year for the public placement service, with 4% more placements than in 1994.  
The obligation on employers to submit an annual report on the employment of workers from ethnic minorities is being observed by an increasing number of firms.
- Portugal:** An immediate action programme for employment has been adopted. It consists of four points: the creation of additional jobs; active support for occupational integration and reintegration; support for managerial methods conducive to maintaining and raising employment; and the development of a strategic cooperation in favour of qualification and employment promotion at sectoral level.  
A short-term tripartite agreement between the government and the social partners has been reached, covering wage moderation, employment issues and social security.  
A study of the impact of vocational training measures points to positive results in terms of skill structure, productive efficiency and job satisfaction in firms that had conducted vocational training measures.

# EMPLOYMENT OBSERVATORY Policies



No. 54, Summer 1996

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# "Policies" and the European Employment Strategy

One of the focal points of the current issue of "inforMISEP Policies" is vocational training, the first of the action areas agreed at the Council summit meeting in Essen. The employment agreements reached in both Flanders and the Walloon Region seek to promote vocational training. In Flanders the public sector is to be more closely integrated, while in the Walloon Region a dual vocational training system is to be developed as an important labour market integration measure for young people aged over 16; in addition, an extension of practical training contracts is to offer labour market risk groups the opportunity to gain work experience. A new work experience scheme is being introduced to provide jobseekers initial work experience in an enterprise. The provision of active support for reintegration by means of a dual training scheme "alternating" between work and school is also one of the aims of the immediate action employment programme introduced by the Portuguese government, which is also seeking to establish preventive vocational training for the employed.

Three investigations into the success of vocational training measures are also presented in this issue. A preliminary study of Spain's vocational training programmes points to mixed results: the number of participants in training programmes has declined despite an increase in the number of further training agreements. The number of training contracts also declined between 1994 and 1995, although this partly reflects the sharp fall in youth unemployment. A Portuguese study has clearly shown the value of investment in further training for the employed: productive efficiency and job satisfaction are higher and personnel structures more balanced in firms that have conducted further training than in those that have not invested in further training.

Another point agreed at the Council meeting, increasing the employment intensity of economic growth by means of a more flexible organisation of working time, moderate wage growth and support for employment in new fields, is the target of a number of measures. In Finland, for example, a job rotation system is being introduced that links opportunities for leave to undertake further training, or for other personal or family-related reasons, with the recruitment of an unemployed person as a replacement on a fixed-term basis. New legislation on working time permits, among other things, leisure as compensation for overtime and far-reaching flexibilisation on the basis of collective agreements. The Flemish and Walloon employment programmes also provide for additional measures in the area of work redistribution. In Portugal a short-term tripartite agreement provides for moderate wage increases, while the government's immediate action programme on employment envisages support for job creation in social services. The extension of the service cheque scheme in France aims to create additional employment in the field of domestic services. The development of personal services and of environmental and urban development services is also an element in the employment programmes agreed in Flanders and the Walloon Region.

As regards point 3 (reducing indirect labour costs), Flanders is seeking to reduce social insurance contributions for labour-intensive firms. Improving the effectiveness of and activating labour market policy, point 4 of the Essen resolutions, is the target of cooperation agreements between the unemployment insurance fund and companies in France: the agreements enable passive unemployment insurance benefits to be used to finance active measures (wage cost subsidies). The activation of labour market policy is also the aim of the immediate action programme in Portugal and is one of the

points covered in the Flemish and Walloon employment programmes. The focusing of measures for economically disadvantaged areas in Italy is also expected to lead to a more active implementation of labour market policy measures. In both Spain and the Netherlands the results achieved by the public job placement agency have recently improved significantly, a fact due not only to cyclical factors, but also to more effective placement activities.

Finally, under point 5, support for target groups, the requirement on Dutch firms and one that is increasingly being observed, to report on their employment of ethnic minorities must be mentioned; the aim of the measure is to prevent discrimination against this target group. As already mentioned, the Netherlands have also introduced a vocational training programme for young people. The activation of passive benefits by means of cooperation agreements in France (see above) applies to the long-term unemployed (+ 8 months) and the jobs initiated via the service cheque are also to benefit, in the first instance, the difficult to place. In addition, all the employment and vocational training programmes presented in this issue contain measures for labour market target groups, such as the long-term unemployed. The Walloon Region, for instance, intends to support integration measures, and Portugal has initiated a revision of measures for young people and the long-term unemployed.

Although vocational training measures continue to constitute the focus of labour market policy measures in Europe, new approaches such as the cooperation agreements and the service cheques in France, the plans for a "social labour market" in Portugal, "insertion companies" in Belgium and job rotation programmes in Finland (and other European countries) indicate that European labour market policy is highly innovative.

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## MISEP on CD-ROM

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The Basic Information Reports (BIRs) on all Member States of the EU and inforMISEP Policies issues 41–43 are now available on a CD-ROM, which may be ordered from the MISEP secretariat. The electronic version of MISEP (Electronic Retrieval System on Employment Policies – ERSEP) contains important data on institutions, legal sources and policy measures in the member countries. Comparisons and keyword searches are possible.

# Overall Developments

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## Belgium

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### Regional Employment Agreements

Last October the Belgian federal government presented its medium-term employment plan (cf. iMi 52). As had been envisaged in their respective governmental accords, the Walloon and Flemish governments have now each elaborated an employment agreement in collaboration with the social partners.

#### Joint declaration on economic restructuring and employment promotion in Wallonia

On 11 December 1995 the Walloon government and the Walloon social partners signed a joint declaration on economic restructuring and employment promotion. This agreement is based around 17 points, is to be evaluated annually and if necessary corrected and/or adjusted.

The 17 points are as follows:

- promotion of foreign trade; the existing forms of support are to be evaluated and, if necessary, improved;
- better conditions for foreign investment, notably in the form of well-equipped industrial zones and a quality labour force. In addition, the Walloon social partners will seek to improve the region's image by striving to maintain social peace;
- improving the financial basis of firms in the region, facilitating ownership transfer and providing better access to venture capital;
- research and development is to be supported with the aim of bringing together purely scientific and applied research;
- large-scale economic projects are to be examined with a view to their implications for employment;

- selective revitalisation of employment-intensive sectors such as urban renewal, housing construction or environmental protection by means of public contracts containing technical and social clauses in favour of Walloon enterprises;
  - developing non-profit personal aid services;
  - pursuit of programmes to reduce unemployment; participants in these programmes are to be offered incentives to reduce their working time and their chances of obtaining regular employment are to be improved by means of support for further training;
  - support for the "social economy": directors of social enterprises are to be trained, the latter are then to be awarded public contracts in areas of no interest to commercial firms;
  - the redistribution of working hours in the private sector is to be examined on a tripartite basis in order to determine how at regional level the sectoral agreements (cf. BIR B-i.5) and the enterprise work redistribution plans (cf. BIR B-vii.4) can be promoted;
  - the demand for labour is to be evaluated and anticipated, as is the efficiency of training schemes;
  - a special incentive could be created for the difficult-to-place unemployed and minimum social benefit recipients; "insertion enterprises" are to be encouraged;
  - a vocational training and insertion plan is to be developed which will offer trainees employment in an enterprise parallel to training and will guarantee employment for a period at least equal to the duration of the training. This measure is especially oriented towards the risk groups among jobseekers, the difficult-to-place unemployed, the disabled, and young people;
  - a dual training system is to be developed as an autonomous insertion path, and is to begin as early as at the age of 16;
  - administrative procedures are to be simplified and waiting times reduced;
  - the Walloon government is to take steps to inform the population and raise its consciousness in order to change mentalities and behaviour, raise confidence and develop an entrepreneurial spirit.
- The first phase of the concretisation of this joint declaration was completed at the end of February 1996. The topics that have so far been developed in a more concrete way are: the redistribution of working hours in the private sector and the development of a dual system of training (school-enterprise).
- As far as reducing working hours is concerned, the Walloon government and the social partners have decided to move towards implementing the experiences of collective reductions in working hours on a voluntary basis gained within the framework of the sectoral agreements or enterprise plans. The Walloon government will lend its support by financing preliminary studies, the training of new recruits, a support complementary to that provided by the federal authorities, and the evaluation of these experiences.
- In addition to these pilot studies, the Walloon government will examine whether cuts in working hours might help to maintain employment levels in firms undergoing restructuring. Moreover, the social partners have committed themselves to making a general appeal to avoid the systematic recourse to overtime.
- Dual training at vocational school and in the enterprise is to be made available to students and jobseekers aged between 16 and 25, and is to lead to recognised certificates and diplomas. A pilot model is to begin in September 1996 with 400 participants, the aim being to expand the scheme to 4,000 participants by 1999. Dual training alternating between school or an

## Overall Developments

approved vocational training centre and an industrial or service enterprise is to last for a maximum of two years.

The second phase of the concretisation of the joint declaration for employment is under way and is expected to be completed by 31 May 1996.

### The Flemish employment agreement

On 14 December 1995 the Flemish government and the region's social partners signed an employment agreement, the aim of which is to reduce Flemish unemployment by half over the medium term.

The concrete aims constituting the object of the agreement are preceded by an analysis of the employment situation in Flanders, which concludes that the labour market situation is still tense, although the prospects are less bleak than they were. The analysis emphasises that the difficulties have both cyclical and structural causes affecting the various sectors and sub-regions to differing degrees. On top of this comes the fact that the globalisation of the economy is necessarily leading to a redistribution of work and changes in work that are having negative effects on unskilled labour.

In order to make available the information required to ascertain the changes and to propose employment-promoting measures, the Flemish government and the region's social partners have decided jointly to set up a Flemish employment observatory.

The agreement formulates seven concrete aims. First, additional financial efforts are to be made over a period of four years to promote scientific research and development in order to attain the level necessary for a competitive economy. This additional investment is to be performed by both the public and private sectors. In addition, the transfer of technology towards small and medium-sized enterprises is to be improved.

Efforts in the area of continuous further training constitute the second aim. The various training pathways for young people are to be coordinated with a view to developing

a coherent whole in theoretical and practical terms. Training programmes oriented towards the economically active (employees and the self-employed) are to be adapted to the needs of the labour market. Employment programmes targeting collective needs are to be transformed into regular employment in the Flemish public sector or in private subsidised initiatives; other programmes are to be transformed into projects for the acquisition of work experience for the long-term unemployed and the low-skilled unemployed. The initial work experience contract introduced by the federal government (cf. iMi 53) is to be translated to the Flemish level, with 1% occurring in the Flemish public sector, but not in a linear fashion and with the largest possible number of participants receiving guidance.

The financial basis of Flemish companies, particularly small and medium-sized enterprises, is to be strengthened. In particular action is to be taken regarding the rights of succession. Also to be examined is the possibility of orienting pension funds more closely towards job-creating investment, and efforts will be made to simplify the procedures for setting up new businesses.

The fourth aim consists of providing an adequate basic economic infrastructure. In particular the task must be to raise the quality of the communication network, the availability of commercial premises and sites, etc.

If employment is to be promoted the competitive strength of export firms and those producing in highly labour-intensive fashion must be strengthened. In this context, and in collaboration with the federal government the possibility is to be examined of the Flanders Region reducing social insurance contributions for labour-intensive firms.

One of the means of raising the level of employment is to develop initiatives in the local services sector – both commercial and non-profit – not least with a view to Flemish urban

and environmental policies. The Flemish government is to provide a financial framework and to guarantee the employees involved an adequate social status.

Finally, "economically justifiable" models of work redistribution on a voluntary basis are to be encouraged. Specifically, the aim is to adapt the existing regulations on financial incentives (cf. BIR B-vii.5) and to develop special redistribution models.

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## Italy

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### New Provisions for Economically Depressed Areas

Law No. 341/1995 has introduced new measures, including incentives for industry, for depressed areas. In particular, regarding the procedure that must be followed to obtain the incentives, the law stipulates that the CIPE (*Comitato interministeriale per la programmazione economica* – Interministerial committee for economic planning), on the basis of corresponding proposals by the Ministry of Industry, Trade and Crafts, is to determine the maximum level of these benefits, the types of investment eligible for the benefits and the mode of execution, not least within the framework of the principles and aims of the European Union.

The level of the "automatic" subsidies amounts to 60% of the maximum permissible level of support under European Union rules. The subsidies cannot be combined with other forms of support for the same investment project. The ceiling of 60% does not, however, apply in cases covered by other statutory provisions on employment promotion.

Article 2 of the Law envisages the creation of a guarantee fund, the aim of which is to improve the financial structure of small and medium-sized

enterprises active in Target 1 areas of the European structural funds.

Following proposals by the finance ministry in agreement with the Ministry for the Budget and Economic Planning, the CIPE is to establish the criteria, modalities and functional procedures for the fund and claims on it.

In addition, the finance ministry is empowered to take out loans, the servicing of which is to be assumed in its entirety by the public budget, so as to enable large-scale infrastructure projects in underdeveloped regions (Article 4) to be conducted. To this end spending of LIT 145 billion for 1996, LIT 200 billion for 1997 and sums rising each year to a figure of LIT 709 billion to the year 2001 have been approved.

These sums are to be used to finance projects approved by the CIPE following proposals made by the Ministry for the Budget and Economic Planning and in agreement with other participating authorities.

Article 6 introduces a number of far-reaching changes with a view to more effective intervention by the structural funds and the mobilisation of all resources for the development of disadvantaged areas. It provides for the establishment of a "national administrative office" under the auspices of the Ministry for the Budget and Economic Planning which is to

function as a "reference centre for problems connected to the corresponding measures".

The "administrative office" performs a coordinating role between the various authorities dealing with the structural funds and the measures for depressed areas. In addition it coordinates the relationships between the regions and the organisations implementing EU programmes; it promotes initiatives designed to utilise the resources provided by the EU to the full, and prepares the monitoring of measures implemented. In functional terms the "administrative office" comes under the jurisdiction of the Ministry for the Budget and Economic Planning.

Once a year the government reports to parliament on the presentation of its forecast and programmatic report, on the main axes of a policy to promote the economic and social cohesion of the country, in particular with regard to the criteria and statistical-economic characteristics on the basis of which the areas entitled to the subsidies are determined.

In addition, the government is to make a preliminary examination of the results achieved by the regular measures in the underdeveloped regions by 31 March at the latest.

Article 8 introduces the "territorial pacts" as a new measure. These con-

sist of agreements between public and private organisations with the aim of realising measures of various kinds to promote the local development of disadvantaged regions in accordance with the aims and guidelines defined in the EU support framework and approved by the EU Commission (resolution C (94) 1835) on 29 July 1994.

Here, too, it is the CIPE that defines the generalised content of the territorial pacts and their organisational and implementation forms and approves the various territorial pacts.

Also envisaged is the creation of associations for regions in which industry is underdeveloped, with the aim of setting up industrial agglomerates. It is the regions that will be responsible for monitoring the plans drawn up by these economic and financial associations.

Finally, Article 28 provides for special subsidies up to the maximum permissible subsidies for enterprises allowed by the EU (25%, 35% and 40% of spending). These grants will be offered to employers in three annual payments in cases where jobs are created in new industrial plants under the condition that during this period labour is not shed and staff with a similar profile of requirements are not dismissed.

## Placement and Vocational Guidance

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### Netherlands

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#### 1995 – Record Placement Results Achieved by the Employment Offices

In 1995 the employment offices placed more than 202,000 jobseekers in employment. 167,000 of these job-

seekers were unemployed, of which 62,500 had been out of work for more than a year. More than 22,000 jobseekers from ethnic minorities were placed. This placement result is the best ever achieved by the employment offices and marks a 4% increase in the number of placements compared with 1994. The directorate-general of the Dutch employment service is highly satisfied with these results,

as they mean that, in spite of cuts in government grants and the reorganisation of the employment offices this entailed, an even greater number of jobseekers were successfully placed in employment. The favourable economic situation clearly made a contribution here.

In 1995 the employment offices made particularly intensive use of the scope for placement offered by the

## Placement and Vocational Guidance

labour market for the long-term unemployed and the unemployed from ethnic minorities. The placement results for the long-term unemployed marked a 20% improvement on 1994, rising to 62,500 placements. The increase in the number of ethnic-minority placements (to 22,000) was 25%. The employment offices also man-

aged to place more young jobseekers (around 89,000: +13%) and more women (73,300: +9%). In the case of 16,700 placements the job in question was for one month or less. 56,400 jobseekers who had previously participated in further training or work experience measures for the unemployed were placed in employment.

The number of placements in subsidised jobs (jobs within the framework of the job pool regulation and of the youth work guarantee law and work experience places) declined by 30%. The maximum number of places in the job pool seems to have been reached and the budgetary allowance for work experience places was cut back.

# Job Creation

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## France

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### Extension of the Service Cheque

In view of the positive results obtained by the service cheques introduced in 1994, Law No. 96-63 of 29 January 1996 has extended the scope for the utilisation of the cheque. The field of household employment has been extended to cover private-sector firms and support given to the professionalisation of personal services.

Under the new legislation the service cheque has been integrated within labour legislation. The only changes in the statutory framework are that in future longer working hours are to be permitted beyond the current limits of eight hours per week (or one month per year), a limit set by decree in order to take account of community law.

Under the sole condition that they sign an employment contract, the duration of which exceeds this limit, private employers may in future have recourse to services according to their needs while benefiting from the simplified administrative formalities.

This amendment is conducive to employment in a number of ways.

– Firstly, the extension of the utilisation period of the service cheque will put an end to the negative effects of the current regulation that may induce certain employers to report merely a working time of eight hours for their employees. Thus the change will help to reduce moonlighting further, an effect that had already been observed following the initial introduction of the service cheque.

– Secondly, it seems that the users of the service cheques have a substantial demand for services: according to the Ministry of Labour 17% of current users report that their service requirements are in excess of eight hours. Of these users 25% are considering around 10 hours per week, 35% envisage between 10 and 15 service hours per week, and 40% more than 15 hours. Thus the proposed law seems very likely to have a positive employment effect, as potential employers previously put off by the formalities involved can be expected to create a large number of new jobs.

As has already been underlined, recourse to the service cheque does not mean that the labour legislation set out in common law is not applicable. On the contrary, the conclusion of an employment contract enables the

contractual relationship to be established and with it the reciprocal rights and obligations of the employer and the employee.

### Works councils and enterprises given means to boost demand

In order to promote the demand for services, the Law permits works councils, or enterprises themselves in those cases in which no works council exists, to grant financial support to employees wishing to take advantage of service employment in their own household.

Such grants, which come under the framework of the expenditure on the "social tasks" of the works council, are exempted from social insurance contributions up to a ceiling that is to be set by decree, although they are subject to income tax. They can be given both in the case of direct recruitment of a household employee and where the firm's employee draws on services from recognised associations or enterprises providing personal services.

This new role entrusted to the works council within the framework of its tasks aims to bring recent employment policy developments closer to this employee representation organ, which, on the occasion of the 50th anniversary of its creation, in



1995 committed itself to intensifying its efforts to promote employment and the insertion of difficult-to-place jobseekers. Thanks to the law, the works councils will have at their disposal an employment promotion lever in the field of service employment.

In addition, the realisation of demand by the works councils marks a noteworthy initiative to limit the priority usually accorded to public support in this field. It also takes account of the needs of certain groups of the population who currently do not utilise the tax concessions for domestic employment.

#### **The introduction of a vocational training contribution**

In the wake of a bipartite agreement in the domestic workers' sector, the proposed law introduces a vocational training contribution to be paid by the employer. The contribution amounts to 0.15% of total wages. The revenue generated is to be used to finance the continuing vocational training of the domestic workers of specific employers.

The aim of this measure is to guarantee the provision of quality services to employers who have legitimately showed that they are in need of them: it will make a direct contribution to increasing the professionalisation of service provision, for which most employers will in future demand a minimum qualification level.

#### **Opening the subsidised personal service sector to enterprises**

The law enables private sector firms to be permitted, subject to the same conditions that apply to non-profit associations, to perform personal services, so that their customers may take advantage of the tax concessions for domestic employment.

Such firms can receive approval provided they restrict their activities solely to domestic and family services; their role consists solely of rendering services and they are prohibited from functioning as a trustee.

This provision introduces an element of "competition" into the sector

of personal services, as private individuals may now choose between direct recruitment (facilitated by the extension of the service cheque) and approaching an approved firm. The fact that the tax concessions are granted irrespective of the form chosen ensures to some extent a cost neutrality with regard to domestic employment.

The admission of private firms to the sector of subsidised personal services will ensure above all an improved supply structure, as differing and complementary forms of supply can meet different forms of demand.

Moreover, in terms of employment promotion it appears necessary to ensure that commercial firms are no longer excluded from this sector. Given that the activities involved are protected from foreign competition, firms must grasp the opportunity to create jobs, whereby they receive support in the form of the measures to boost demand and reduce labour costs.

Finally, the main problem in subsidising employment relations in personal services clearly lies less in the admission of firms into this sector than in the lack of harmonisation between the direct recruitment of a domestic employee and the recourse to an association or firm.

It is envisaged under the law that at the end of the first six months of 1996 a report on the subsidies granted to private individuals and associations for employment relations involving domestic personal services is to be presented to parliament. In addition, the report is to formulate possible ways of harmonising conditions of entitlement to these forms of support in order to avoid undesired competition effects.

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## France

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### **Cooperation Agreements between the Unemployment Insurance Fund and Companies**

The cooperation agreements mark a new type of anti-unemployment policy in France. The contracts are evidence of the will of the social partners to prevent social exclusion by enabling the unemployment insurance fund to finance out of its own resources the reinsertion of jobseekers unemployed for more than eight months and to contribute to employment promotion with the help of initiatives from local economic actors.

Employers involved are entitled under the cooperation agreement to receive aid on recruiting an unemployed jobseeker, the level of which is calculated with respect to the benefits the recruit would have received had he/she remained unemployed.

Each cooperation agreement signed with the unemployment insurance fund, ASSEDIC, is to benefit as many firms as possible, which means that priority is to be accorded to intersectoral structures such as employers' federations and boards of trade and industry, while at the same time the scope for more specific measures, restricted to individual professions, sectors or regions, is to be preserved.

The cooperation agreements are open to employers required to participate in the unemployment insurance system (with the exception of one-person firms): publicly owned (either by the state or regional and local authorities) commercial and industrial enterprises, "mixed economy" companies in which the state holds directly or indirectly more than 30% of social capital, and those in which regional and local authorities hold a majority share.

Employers who have made workers redundant for economic reasons

## Job Creation

during the six months prior to recruitment are not entitled to join a cooperation agreement.

The cooperation agreements apply to jobseekers who on recruitment have received unemployment benefit from ASSEDIC for at least eight months. The calculation of this eight-month period includes the days of paid holiday, days in lieu granted in excess of minimum statutory requirements on redundancy, the eight days applicants have to wait before they are entitled to benefit and periods spent in training in which training allowance for reintegration (AFR) or for retraining (special retraining allowance) are paid.

In cases in which the recruit was undergoing vocational training up to the day before recruitment and was thus drawing the training allowance for reintegration (AFR) from the ASSEDIC, the level of the subsidy is calculated on the basis of the unemployment benefit he/she would have received if he/she had not participated in a vocational training measure. In such cases it is the ASSEDIC that indicates the level of benefit to be used as a basis for calculation.

Recruitment can be under the terms of a permanent or fixed-term, a full-time or part-time contract. In the case of part-time employment the grant entitlement from the cooperation agreement cannot be combined with the benefits available for working time reduction.

The incentives for the employer are to be seen not only in the level of subsidy, but also in its duration. The total value of the subsidy paid by ASSEDIC is equal to the last gross daily benefit drawn prior to recruitment multiplied by the number of days for which the period of reintegration lasts, subject to the maximum remaining entitlement and to an absolute ceiling of 12 months. It is calculated and paid monthly.

Employers that are part of such a cooperation agreement may not draw any further public benefits for recruitments under this measure, with the exception, where applicable, of re-

ductions in social insurance contributions.

The person recruited under the cooperation agreement is not subject to the periodic reduction in benefit normally applying in cases of prolonged unemployment.

The net earnings received by the recruit from the employer may under no circumstance be less than the net benefits that would have been received if the person had remained unemployed. This also applies to part-time employees.

The recruit is readmitted to the unemployment insurance scheme. The reintegration period during which the subsidy is paid is not counted as a period of entitlement to benefit, so that existing benefit entitlements are maintained and may well increase on the basis of the renewed contributions paid.

Cooperation agreements are reached at local level by the measure's organisers, the ASSEDIC, the ANPE and the departmental labour, employment and vocational training directorates (DDTEFP).

By virtue of their presence in local economic structures the organisers of the measure are in a position to make an effective contribution to informing enterprise managements of the agreements and inducing them to join. The involvement of the organisers in promoting the agreements will be conducive to the success of the measure in raising the number of recruits.

Once an agreement has been reached at local level, the employer seeking to benefit from this provision on recruiting a jobseeker must take the following steps in order to join the agreement: pick up a membership form from the local employment office, the organiser of the measure or an ASSEDIC office, fill it in and return it to the local employment office or the ASSEDIC office together with the employment contract of the beneficiary and the bank or post office account number of the company or establishment.

An employer wishing to recruit a jobseeker likely to be eligible for the

subsidy joins the cooperation agreement.

The position held by the ANPE in the nationwide measures implemented in the struggle against unemployment and social exclusion and the relations it has developed in its day-to-day dealings with firms make it one of the principal levers of this provision.

The local employment office receives the membership declaration from the employer, assists the latter in formulating his application, verifies that the jobseeker meets the conditions of entitlement and informs the employer of the level of subsidy he can expect.

The ASSEDIC is also empowered to accept the membership application from the employer; in addition, it is responsible for paying out the subsidy.

On the basis of notification from the ANPE or ASSEDIC that a given company has joined the agreement, the DDTEFP checks whether the company or the establishment in question has shed labour for economic reasons during the six months prior to the recruitment.

The tasks of monitoring and evaluating the cooperation agreements are the responsibility of one or more "monitoring committees" in which the measure's organisers and representatives of ASSEDIC, the ANPE and the DDTEFP sit. The work of the committees will be based on the national intermediate reports on the measure that will be transmitted at regular intervals to the institutions.

One of the main aims for 1996 is to raise the number of cooperation agreements and to accelerate the pace of recruitment to more than 1,000 per month as soon as possible.

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## Portugal

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### Immediate Action Programme for Employment

In March 1996 the Minister for Qualification and Employment announced a four-point immediate action programme for employment.

*Point 1: Stimulating job creation*

- New system of financial incentives for more job creation for those labour market groups facing the greatest difficulties in finding employment, notably the long-term unemployed and young people looking for their first job.
- Development of programmes to promote new business set-ups adapted to the needs of various candidates and to promote the diffusion of the skills of entrepreneurial initiative.
- Development of a "social labour market" by providing public finan-

cial support for activities leading to job creation by responding to social needs.

*Point 2: Active support for occupational insertion and reinsertion*

- Reinforcing the support mechanisms for the labour market integration of young people, especially their attendance at UNIVA-schools (UNIVA – occupational insertion units), dual or "alternating" training (apprenticeship) and work experience, and assistance with job search and career orientation.
- Development of a plan to counter long-term unemployment.
- Development of a programme to counter child labour and insertion in the labour market at too young an age.

*Point 3: Support for new managerial methods at enterprise level with the aim of avoiding employment problems*

- Support for the development of a special network of advisors to support small and medium-sized firms

with their managerial, personnel management and training responsibilities.

- Initiation of measures to support internal and external employee re-training encompassing employment measures, career orientation and vocational training.
- Diffusion of the outcome of the economic and social agreement signed on 24 January 1996 and technical support for the correct application of principles requiring interpretation and the flexibility of working time regimes (this is to be performed by the offices of the Institute for Development and the Inspection of Working Conditions).

*Point 4: Development of a strategic cooperation with the aim of promoting employment and vocational training*

- Preparation and application of modernisation, vocational training and employment programmes in the various sectors of the economy.

## Training

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## Belgium

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### Walloon Region: New Work Experience Scheme (Misip)

Created several months ago on the initiative of the Walloon employment office, FOREM, a new work experience scheme – the *stage de mise en situation professionnelle (Misip)* – offers jobseekers in Wallonia the opportunity of gaining initial work experience in a private sector firm.

Misip can help to confirm a jobseeker in his/her choice of career and to conduct an active diagnosis of his/her vocational skills. The scheme is oriented towards all those who have completed basic training but have not yet worked in their occupation, in particular young people who have completed their studies and jobseekers with a vocational training certificate.

The scheme can be implemented in any private sector company located in the Walloon region with the exception of hotels, restaurants and cafés, construction firms and the self-employed who do not employ staff.

The period of work experience lasts five whole working days; in the case of part-time work a correspondingly greater number of days. A jobseeker can attend several work experience schemes consecutively, to which end he/she has a credit of 30 days (i.e. a maximum of six periods). A jobseeker may spend no more than two such periods within a single company, and these must be in different jobs. A period of two weeks must intervene between two consecutive periods of work experience.

Misip offers work experience without remuneration, although the jobseeker retains any entitlement to

## Training

unemployment benefits and the costs of travel are reimbursed.

A contract is signed between the firm, the trainee and FOREM; the latter is responsible for supervising the "stage". Interested young people must themselves apply to FOREM in order to participate in Misip, but it is the placement service at FOREM that is responsible for establishing the contact with the firm.

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## Spain

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### Preliminary Evaluation of Apprenticeship Contracts 1994–1995

In Spain as in other EU countries it was young people that were particularly badly affected by the decline in employment and the rise in unemployment that followed the economic recession of the early 1990s.

The labour market reform of 1994 recognised the difficult labour market situation of Spanish youth and the need to promote their integration into the labour market by means of measures that took account of their lack of both qualifications and work experience. In response, significant changes were made to training contracts (cf. iM i45), and, most importantly, the apprenticeship contract (*contrato de aprendizaje*) was established. This was in accordance with the results of the European Council summit at Essen (December 1994), which recommended reducing the cost of low-skill labour and recognised young people as a group in need of special support. The summit meeting in Madrid held in 1995 also considered this question and underlined the necessity of creating an instrument to analyse and monitor employment-related policies.

In order to provide an initial assessment of the impact of training

contracts on the labour market and to issue recommendations as to how they might be rendered more efficient, the employment observatory (*Observatorio de Empleo*) set up under the medium-term employment programme conducted an investigation into raining contracts over the past two years. This report presents the most important figures revealed by the study to date.

#### Registered apprenticeship contracts between 1994 and 1995

Two facts that have been profoundly influenced by the new contractual forms introduced by the labour market reform need to be emphasised in analysing the evolution of the apprenticeship contracts registered by the public job placement service (INEM). Firstly, in the two years as a whole INEM registered an immense volume of contracts, rising in 1994 to almost 6 million, the highest value recorded until then, and an increase of 22% on the previous year. In 1995 the rate of increase was higher still, at 27%, and the figure of more than 7 million contracts was again a record. Secondly, the registered unemployment figures show that the decline in unemployment in 1994/95 was concentrated among the under-25s and those unemployed for longer than one year: in January 1994 850,814 young people had been unemployed; by December 1995 the figure had fallen to 550,102, a decline of 300,712 or 35%.

Taking these considerations into account, the preliminary evaluation two years after the introduction of the apprenticeship contracts is positive: in 1994 it enabled 208,975 and in 1995 179,036 young people to enter the labour market (Table 1). Even though the number of new contracts declined in 1995 by 14.3% on the previous year's figure, the overall apprenticeship rate remained satisfactory. This decline, which was distributed relatively evenly over the various months of the year, may be linked to the specific nature of the apprenticeship contract, which has a number of very specific characteristics and whose appli-

cation is limited to very specific groups. The number of new contracts signed during 1996 will show whether a consolidation has been achieved.

#### Principal characteristics of the apprenticeship contracts

Gender: More apprenticeship contracts were concluded with men than with women: 64.1% in 1994 and 63.1% in 1995. This fact may be linked to the unequal distribution of the contracts across occupational groups.

Sector: The service sector is particularly prominent, accounting for 65.6% (1994) and 67.7% (1995), followed by industry (23.7% and 21.5%) and construction (9.8% and 10.1%). Agriculture is in last place, accounting for just 0.5% of apprenticeship contracts.

As far as other characteristics, such as age, level of education, number of employees in the enterprise and duration of the contracts are concerned, the following results emerge.

- The apprenticeship contracts are concentrated among the under-20s, who represented 53.5% in 1995 and an even greater share the previous year.
- An important fact is that virtually all of the young people concluding apprenticeship contracts in 1994/95 had completed only primary education. This indicates that the aim of the reform, namely to integrate young people with severe educational deficiencies into the labour market by means of the apprenticeship contracts, was achieved.
- In 88% of cases the duration of the contract stipulated on signature was equal to the statutory minimum of six months; 11% of the contracts were signed for a year or longer.
- Just two years after the introduction of the apprenticeship contracts it is still too early to say what the average duration of the contracts will be. It is equally impossible to ascertain the extent to which the maximum contractual period of three years is actually used in full,

**Table 1: Apprenticeship contracts, 1994 and 1995**

	Apprenticeship contracts	
	1994	1995
Total	208,975	179,036
Men	134,757	113,029
Women	74,218	66,007
Economic sector:		
Agriculture	1,487	1,099
Industry	49,586	38,51
Construction	20,659	18,155
Services	137,243	121,285

Source: INEM: Employment statistics.

and in how many cases such an apprenticeship contract leads to employment with the firm in question. On the basis of the statistics collated by INEM on the number of monthly extensions to such contracts, it appears that between January and December 1995 the number of extensions was roughly equal to the number of new contracts.

**Theoretical training under the apprenticeship contract**

The statutory regulations governing the apprenticeship contracts provide for "theoretical training", which must account for at least 15% of working time, and the practical training that occurs by way of employment at the place of work. The theoretical training is imparted by authorised training centres and contains vocational elements related, at a general level, to the type of work set out in the contract.

On the basis of the available data the Employment Observatory came to a number of conclusions regarding dysfunctionalities in training under this type of contract. Consequently, the positive aspects of such training must be reinforced and the inadequacies and obstacles blocking a positive overall development must be removed as soon as possible.

Firstly, it was discovered that some of the apprentices received no theoretical training at all for the entire training period or part of it. This was either because the apprentice had already attended a vocational training

course linked to the job in question or because the training centres, largely due to problems with the school calendar, had difficulty in drawing up a training course for trainees who had not yet completed their compulsory education.

An additional outstanding task is to bring the theoretical training given under the apprenticeship contract in line with the specifications of the certificates of vocational competence. Particularly urgent would appear to be the need to adjust the duration of the initial contract to the volume of theoretical training required by the occupational certificates for certain professions.

The data analysed suggest the need to examine the volume of the theoretical training stipulated by the training contract. Depending on the duration of the contract, the statutory minimum number of hours of theoretical training amounts to between 130 and 800 hours. In the case of a contract of long duration the time spent imparting the theoretical knowledge required to perform a given job may exceed that necessary.

In 1995 85% of the theoretical training was provided by means of distance learning. Greater use of face-to-face teaching by the training centres would have a positive effect on the quality of the theoretical training. To this end measures are required to coordinate the training needs more closely with the possibilities open to the training centres. In addition,

greater participation by the vocational training institutes and centres that come under the jurisdiction of the education authorities must be encouraged.

The Employment Observatory considers that it would be helpful to conduct a field trial in the near future in order to study the results of vocational training in greater detail, enhancing our knowledge of the way in which apprentices enter the labour market and the ways in which theoretical and practical training are imparted under the apprenticeship contracts.

**The apprenticeship contract in collective bargaining**

One of the main aims of the labour market reform was to strengthen collective bargaining by extending its coverage while allowing for the specific conditions in different sectors and enterprises. In this way the reform offered employers and workers the opportunity of regulating by collective agreement many aspects of the apprenticeship contracts, including duration, probation period, remuneration and the extent of theoretical training.

The information analysed so far indicates that the opportunity of regulating apprenticeship contracts through collective bargaining has been little used. The prime concern of collective bargaining in changing the contractual stipulations is questions of pay, the changes largely relating to an improvement in the statutory minima. This is not surprising as this aspect was one of the most controversial when the apprenticeship contracts were introduced. In a number of cases the duration of the contract or the maximum age of trainees has been reduced; in one case the proportion of theoretical training was raised substantially.

**The costs of the apprenticeship contracts**

For the employers the apprenticeship contract involves a significant reduction in indirect wage costs, in accordance with the objective of the reform

## Training

of reducing the cost of low-skill labour and the recommendations made by the European Council summit meetings in Essen and Madrid.

The contributions paid monthly by employers to the social insurance system amount to just under 50% of the contributions normally paid for workers under 18; in the case of trainees aged over 18 the ratio is even more favourable: 40% of normal contributions.

According to estimations by the Employment Observatory the annual costs to the state of an apprenticeship contract amount to PTA 127,000. This figure includes the expenditure resulting from the reduced social insurance contributions and the costs of theoretical training. Spending at this level appears justified in the light of the fact that within the framework of an employment promotion programme an employer receives PTA 400,000 as a subsidy for the employment of a long-term unemployed person aged under 25.

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## Spain

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### Intermediary Report on the Implementation of the National Vocational Training Programme (1993–1996)

In December of last year the General Vocational Training Council (*Consejo General de Formación Profesional*) – a consultative organ to the government in which the social partners participate – conducted a study into the extent to which the National Vocational Training Programme passed by the government in March 1993 and due to run for four years, i.e. until the end of 1996, has been realised.

The aims set out in the National Programme relate to a renewal of the

Table 1: National Programme – targets achieved		
	Participants	
	Target National Programme	Actually achieved
1993	195,000	196,010
1994	195,000	124,499*
* These figures do not include participants in the autonomous areas of Andalusia and Valencia.		

supply of vocational training opportunities, the corresponding demand groups, the quality of training and, finally, to the organs whose task it is to coordinate, execute and support the Programme.

The renewal of the supply of training opportunities results from the need to adapt vocational training to the demands of production and to the qualification needs of workers against the background of the major changes currently under way. To this end the Council has examined the elaboration and approval of a register of occupational titles and a register of occupational certificates. The titles defined so far can be assigned to 22 occupational groups. A total of 40 curricula have been developed, the aim of which is to help trainers to introduce the new training courses. Following confirmation of the framework regulations and the guidelines on the granting of vocational training certificates, 24 occupations with the corresponding certificates have been included in the register of vocational training certificates.

In order to bring the two sub-systems responsible for training closer together, the education and the labour market authorities have reached agreement on opening up ways to achieve mutual recognition and correspondence. To this end the interministerial *Unidad Competencia* has been established to analyse correspondences between the two systems of vocational training and to enable participants to switch between systems; the special "social guarantee" programmes are also included.

In the area of distance learning the opportunities for obtaining vocational training titles and certificates

of vocational skills have been extended.

With the aim of establishing a uniform national vocational qualification system the education and labour administrations have set up an interministerial council for vocational qualifications (*Unidad interministerial para las Cualificaciones Profesionales*).

Of all those entitled to participate in initial vocational training, 27.6% are currently doing so; the participation rates in the medium and higher levels are 31.6% and 23.5%, respectively.

As regards training in the so-called "work centres" (*centros de trabajo*), between 1991/92 and 1994/95 the number of participants increased from 27,975 to 34,812, that of enterprises from 12,778 to 16,505 and of centres from 522 to 554.

The workshop-school and the youth training centre programmes experienced a slight setback due to the budget cuts that have been implemented since 1992; the targets set out in the National Programme were not met as a result. Even so, 75% of the target figures were reached in 1993 and 68% in 1994. The targets for the number of participants were more than met in 1993 (102%) and almost achieved in 1994 (89%).

The degree of goal attainment of the National Programme in the area of training programmes for the unemployed recipients of unemployment benefit, for young people who had previously been in employment and for the long-term unemployed aged over 25 are summarised in Table 1.

The following number of students took part in a basic education course as a necessary condition for subse-

quent vocational training; by type of education: literacy 12,395; initial or basic training 13,490; under a training contract 2,980, Spanish courses for immigrants 1,038, courses leading to second-level school certificate 28,815 (6,641 via distance learning); courses leading to third-level school certificate 34,530 (3,150 via distance learning); preparation for non-school examinations for first-level vocational training (F. P.1) 38,721.

The results for the further training programme for employed workers (National Agreement on Further training and the Tripartite Agreement between the government and the social partners) are as follows:

- The penetration of these agreements on the labour market has increased, rising as a percentage of the working population from 4.55% in 1993 to 17.60% in 1994.
- The inclusion of small and medium-sized enterprises into the further training system stimulated by the agreements made good progress.
- In view of the positive impact of the agreements in the field of further training, the bipartite administrative model into the system of labour relations.
- There was an increase in the degree of coverage in the autonomous areas of Aragón, Asturias, the Canaries, Castile-León, Castile-La Mancha, Valencia and Extramadura, an increase that was even more pronounced in Catalonia, Madrid and Navarra.

A total of 6,097 teachers took part in the "plan to update knowledge" initiated by the Education Ministry over the period 1990 to 1994. 290 courses were offered with the support of 222 units. Between 1994 and 1995 3,273 trainers took part in the training plan for vocational trainers. There were 23 basic courses and 129 specialised courses, and 100 enterprises collaborated in the project. For their part the training programmes for INEM trainers included both didactic training and the updating and perfection of technical know-how. Between 1993

and 1995 857 courses were held with 8,630 participants at a cost of PTA 1,255 million.

In addition the public network of Centres for Training, Innovation and the Development of Vocational Training and the National Centres for Occupational Vocational Training was consolidated.

The cost of maintaining and equipping the training centres in the academic years 1993/94, 1994/95 and 1995/96 amounted to PTA 531,677,000 for basic vocational training and PTA 10,240,607,000 for specific vocational training.

The vocational training institutions received PTA 267,469,002 and PTA 456,591,128 in 1993 and 1994, respectively; around 500 million have been earmarked for 1995.

Between 1993 and 1994 a total of 323,835 training measures were conducted (1993: 141,263 and 1994: 182,572) corresponding to the ten occupations most frequently encountered on the labour market.

The main activities in the field of career orientation that have been introduced into the education system have been the setting up of careers orientation departments in the training centres, the creation of a special institute responsible for training and career orientation and of a national centre of resources for career orientation.

Between 1993 and 1994 a system of personal guidance for each individu-

al jobseeker was introduced in the INEM employment offices, providing assistance with job search and orientation. Four main services are being offered: professional information on employment; motivation for discouraged long-term unemployed persons; careers orientation and advice; and active job search. In 1993 a total of 322,080 jobseekers received such guidance, in 1994 the figure rose to 467,141.

The creation of the interministerial council on training as a support organ for the National Programme has already been mentioned. It should be added that the autonomous areas responsible have been incorporated into the General Council and that commissions are to be set up in the provinces to determine the need for vocational training.

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## Portugal

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### Effects of Vocational Training Measures 1991-1993

Continuing earlier investigations of this topic (cf. iMi 36 and 41), the statistical department of the Ministry for Qualification and Employment has conducted a study into the impact of vocational training measures; the

**Table 1: Changes in the enterprises, 1991-1993 (in %)**

	Enterprises that implemented vocational training measures	Enterprises that did not implement vocational training measures
Executives	+0.1	-0.1
High-level white-collar	+0.4	+0.2
Medium-level white-collar	+0.4	-0.3
Foremen, master-craftsmen, gang leaders	+0.1	-0.3
Highly qualified and qualified workers	+3.4	+1.3
Unskilled workers	-2.8	0
Apprentices and trainees	-1.6	-1.2

## Training

study covers 1,500 selected firms over the period 1991–93 in all economic sectors except agriculture, fishing and mining.

The aim of the study was to evaluate on an ex post basis the impact of vocational training measures on enterprise structures and processes compared with the situation in the period 1985–1990. The comparison focused on: general characteristics of the participants in vocational training measures, changes in the skill structure of the workforce (skill/qualification level); impact of vocational training on the enterprise (productivity, product and service quality, rationalisation, introduction of NW technologies, etc.); employee turnover (recruitments and exits) over this period, and finally, different ways of financing vocational training.

The impact of vocational training measures on the skill/qualification structure of the enterprises is shown in Table 1.

**Table 2: Effects of vocational training in the enterprises, 1991/1993 (in %)**

	Enterprises with vocational training measures	Enterprises without vocational training measures
Improvement in product and service quality	81.0	54.2
Productivity growth	73.0	39.2
Greater rationalisation	49.8	45.8
Introduction of new technology	43.7	38.0
Improvement in working climate	40.6	25.9
Investment in existing technology	36.3	38.0
Greater internal mobility	33.6	19.8
Greater employment stability	31.6	33.0

These changes in workforce structure show the marked improvement in vocational qualifications in the firms that implemented vocational training measures in the period 1991–93. Even in 1991 the structure of such firms was more effective and modern than in the other firms, but these differences had widened further by 1993.

The major effects of vocational training in the enterprises reporting changes in the period 1991–93 are shown in Table 2.

In virtually all cases the results obtained are considerably better in those firms that had conducted vocational training measures.

## Special Categories of Workers

### Netherlands

#### Employment Participation by Ethnic Minorities Improved

The “Law on the promotion of the proportional employment participation of ethnic minorities” (WBEAA) is increasingly finding recognition. Under the law employers with more than 35 employees are obliged to report on an annual basis to the chambers of industry and trade on the employment situation of workers from ethnic minorities in their company. The report contains the number of employees (as a proportion of the workforce)

and, where appropriate, measures initiated by the company in order to overcome the factors leading to a less than proportional employment participation of ethnic minorities. Large firms, in particular, are increasingly meeting their statutory obligation to submit such a report. Last year 45% of companies with more than 750 employees submitted an annual report to the chambers of industry and trade.

The law has been in force now for two years. The Minister of Labour and Social Affairs has now enacted a number of measures in order to broaden the scope of the law and to render its implementation more effective. Recently an information leaflet was sent to the works councils in which the importance of enterprise-level policies for such workers was

emphasised. The leaflet also specified the responsibilities and powers of the works councils under the WBEAA and the works council law. In addition the Ministry of Labour and Social Affairs supports a series of seminars for works council members. In addition all employers are to be sent a letter from the labour and social affairs minister drawing their attention once more to their obligation to report. The letter also contains figures on ethnic-minority jobseekers in 1995.

In addition the labour and social affairs minister intends to broaden the definition of the target groups. This is to take account of the complaints raised by employers employing large numbers of workers from ethnic minorities which do not belong to the target groups set out in the law.



# Working Time

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## Finland

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### New Working Time Arrangements in Preparation

Revision of working time legislation has been under preparation for several years in a tripartite context. However, the social partners were unable to reach a final agreement on maximum overtime hours, overtime pay levels and local level (shop floor) agreements. The Government thus decided (12.2.1996) on the general lines along which to proceed in working time legislation reforms which are intended to be in force by the autumn of 1996 after parliamentary approval.

There will be no changes in overtime pay, but unlike before, overtime pay and pay for additional work (*lisätyö*) may be converted to equivalent time off during the worker's regular working time by agreement. Time off may also be saved and combined with "saved leave" (*säästövapaa*) as it is understood in the Annual Holidays Act (272/73 as amended).

Maximum annual overtime will be reduced from 480 hours (320 hours plus maximum additional 160 hours on special permission from the labour inspection authorities) to 330 hours (250 hours + 80 hours by shop-floor agreements).

Daily rest periods will generally be at least eleven hours; in periodical work at least nine hours. Exception will be made possible in national level collective agreements or by agreeing at the work place within certain limits and under exceptional conditions.

A weekly rest period of at least 35 hours will be secured by working time legislation. This weekly rest period will, as far as possible, be placed in connection with a Sunday. It may also be arranged in 14-day periods, at 35 hours on the average; however, at

least 24 hours' rest a week must be ensured.

Night work will be redefined as work done between 23.00 h and 6.00 h (at present 22.00–6.00 hours).

Time-on-call (*varallaolo*) is the hours during which the worker must be available to be called to work if needed. For this time, when the worker is expected to be on call at his/her residence, at least half of regular working time earnings must be paid. For other time-on-call, the compensation may be agreed and it may also be transformed into time off.

The possibilities to use flexitime will be increased.

New working time legislation in preparation will replace six separate Acts. Working time will be defined in the new legislation. There will also be a definition for the time workers are required to be in attendance at the workplace at the disposal of the employer.

The flexibilisation of working time arrangements will have to be agreed through collective agreements and agreements procedures at lower level. If the national/sectoral collective agreement contains no provisions for derogations on working time, no lower level agreements are possible. But if they permit flexibility, the employer and the shop-steward or some other representative of the personnel may agree on modifications within set limits. Individual flexibility agreed between the employer and the worker will be possible within this framework. In general, agreements should be made in writing. Within sectors where no collective agreements exist it will also be possible to make agreements within certain given limits.

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## Finland

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### Job Rotation Scheme

In line with the Council of State Decision (19 October 1995) on measures required by the Finnish Multiannual Employment Programme 1996-1999, the Finnish government has launched a job rotation scheme (Job Rotation Pilot Scheme Act – *Laki vuorotteluvapaa-kokeilusta* 1663/95). The scheme was prepared jointly by the labour ministry and the social partners, and drew on Danish and Belgian experiences. It came into force at the start of 1996.

The aim is to increase employment and further the possibilities of employees to undertake studies and training or take leave for personal or family reasons, while at the same time providing young people with work experience.

The wider objectives relate to efforts to improve the functioning of the labour market by new forms of distributing work, improving labour productivity and the quality of working life as a whole.

Both private and public sector employment is covered. Job rotation is based on a voluntary written agreement between a full-time employee and the employer on a fixed-term unpaid leave, which can be between 90 and 359 calendar days. The employer is obliged to give employment to a registered unemployed person for the same duration, but not necessarily in the same job. The person on leave receives 60 per cent of the unemployment allowance he/she would be entitled to up to a ceiling of FIM 4,500 per month. This is taxable income. If the leave is taken for full-time vocational training a training supplement of about FIM 1,000 per month is added and paid, in the private sector, by the Training and Redundancy Payments Fund (*Koulutus-ja erorahasto*) run by the employers' organisa-

## Working Time

tions, and in the public sector by the Finnish State Treasury (*Valtiokonttori*).

The job rotation system is being actively promoted by various means of efficient publicity work, involving the mass media in cooperation with the labour market organisations. The Minister of Labour, Ms. Liisa Jaakonsaari, has approached the municipali-

ties to urge them to seize the possibilities this offers to alleviate unemployment and to give the personnel a chance to recuperate or further their skills and training.

The project will run for the years 1996-1998, the expected number of people taking job rotation leave is estimated to be between 5,000-10,000 annually. The scheme will be evaluat-

ed by the Ministry of Labour. The labour administration will supervise the implementation.

State expenditure is estimated to be FIM 100-150 million annually and the annual savings in unemployment allowances amount to some FIM 130 million, so the scheme may be considered "self-supporting".

# Miscellaneous

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## Finland

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### Proposal for Changes in Rights for the New Bill on Foreign Workers

In the Government Bill presented to Parliament on 18 December 1995, it is proposed to regard the *erga omnes* extension of the provisions of the Contracts of Employment Act as directly applicable to work done by a foreign worker in Finland excluding some exceptional situations. These exceptional situations concern work relating to the acquisition, installation, repair or maintenance of a machine, apparatus or instrument or a system of expertise when the work is temporary by nature and cannot be done by the domestic workforce.

Legal provisions and collective agreements in force in Finland concerning annual leave, regular working time, maximum working time, overtime compensation, safety and health at the workplace, minimum wages and discriminations, etc. would thus apply to all work done by foreigners in Finland.

Parliament is expected to approve the Government Bill shortly.

The Contracts of Employment Act section 17 (1) stipulates that "in the contract of employment, or otherwise in the employment relationship, the employer shall comply with at least such wage and other conditions as are prescribed for the work concerned or the activity most closely comparable thereto in the national collective agreement which may be deemed to be general practice in the branch concerned", and section 17 (2) requires that "any part of the contract of employment that is contrary to the preceding paragraph shall be invalid and superseded by the corresponding provisions of the collective agreement applicable".

The above-mentioned clauses are to be regarded as subject to the Law applicable to contracts of employment with an international dimension (466/88), which states that "a contract of employment which has connections with different countries shall be subject to the law of the country in which the worker has his residence, provided that the employer has a place of business in that country. In other cases the contract shall be subject to the law of the country in which the employer has a place of business. If a contract of employment, in view of all circumstances, in a particular case is clearly more closely connected

with a country other than the one whose law should be applied under paragraph 1, the law of the former shall apply. It may be expressly agreed that a contract of employment shall be subject to the law of the country in which the work is mainly performed, or in which the worker has his domicile, or in which the employer has a place of business, the law to be applied shall be agreed upon in writing".

Regulations derived from the peremptory law of the workplace (467/88) recognise that where the contract of employment is subject to another law than that of the country in which the work is carried out, the peremptory rules of law on working conditions in force at the workplace shall be taken into consideration.

In addition the provisions concerning the supervision of the Contract of Employment Act are to be made more precise. This amendment is intended to facilitate the supervisory tasks of the labour inspection authorities by stipulating that it would be the obligation of the employer and the commissioner of the work to give a report on the conditions of work applied on the basis of the *erga omnes* (generally binding nature of the) effect of the Contracts of Employment Act.

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## Greece

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### Family Support Benefits Will Rise 1996

The funds earmarked for family support benefits for 1996 have been increased by presidential decree. The allowances will rise for entitled persons with one, two or three children by 25% and for those with four children by 30%.

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## Portugal

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### Agreement on a Short-term "Social Concertation"

With the support of the Economic and Social Council (CES) an agreement on short-term "social concertation" was signed in January 1996 between the government and the social partners. The agreement covers wage bargaining, employment policy, industrial relations, social security and taxation policy.

In addition, an observation commission has been created that is to receive support from the CES. It consists of representatives of the signatories to the agreement and will meet at least once a month. The commission has the following central tasks:

- observing inflation and employment trends in order to initiate measures to improve the situation at an early stage;
- monitoring collective negotiations and mediating in situations where negotiations are bogged down;
- observing and evaluating employment policy measures;
- interpreting and executing the measures envisaged in the agreement.

In addition, the commission is to initiate an information campaign

among workers regarding the content of the agreement.

**Wage determination:** in view of the rate of productivity growth and an expected inflation rate of 3.5% an average increase in collectively agreed wages of 4.5% was agreed.

The observatory commission is to compare the monthly inflation rate with the average annual rate and adjust the reference value of collective bargaining if deviations of more than 0.2% are identified.

**Employment policy:** the focus is on employment promotion and the struggle against unemployment. To these ends the following measures are to be implemented:

- employment offices are to be rendered more "dynamic";
- the statutory provisions on support for the placement of young people looking for their first job and for the long-term unemployed are to be revised;
- a pilot project for employment in social services is to be initiated;
- proposed law on part-time employment;

- measures to counter illegal employment and child labour;

- a work group is to be set up to monitor the employment statistics on a permanent basis within the framework of the Observatory for Employment and Vocational Training.

**Industrial relations:** here the most prominent issue is the statutory reduction in the standard working week to 40 hours and a flexible working time regime, objectives that are to be reached via collective bargaining.

**Social security:** given the need for an effective medium-term structural reform a committee has been set up, the task of which will be to draw up a white paper on social security. Independently of this a number of short-term measures have been agreed, in particular measures to regulate social insurance contributions and ensure protection for the unemployed.

**Fiscal policy:** the agreement takes account of the incidence of taxation on families, the income and situation of employees, the modernisation of corporate structures and the harmonisation measures within the EU aimed at countering tax evasion.

### Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (3 June 1996):

Belgium	BFR	38.78
Denmark	DKR	7.29
Germany	DM	1.88
Greece	DRA	298.97
Spain	PTA	159.02
Finland	FIM	5.83
France	FF	6.63
Ireland	IRL	0.78
Italy	LIT	1,907.68
Luxembourg	LFR	38.78
Netherlands	HFL	2.11
Austria	AS	13.27
Portugal	ESC	194.46
Sweden	SEK	8.36
United Kingdom	UKL	0.80

# FOCUS

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## Labour Market Transitions and Part-time Work

*Jacqueline O'Reilly and Silke Bothfeld\**

The aims of raising the employment rate and reducing unemployment and social exclusion have become core areas of concern in the process of European integration (European Commission, 1993; for an overview of debates on social exclusion cf. Room, 1995). The failure of European economies to deal with persistent and growing levels of unemployment has been attributed to low levels of growth, high levels of regulation, high (non-wage) labour costs as well as barriers between "insiders" and "outsiders" (OECD, 1994; Schmid et al., 1996). Improving labour market flexibility, encouraging more transitional labour markets and reducing social exclusion have been seen as a means to alleviate some of these problems (Schmid, 1993).

Part-time work has arisen as a particularly important feature of labour market developments in the last twenty-five years. Stimulating the continued growth of part-time jobs is seen as one solution to unemployment. Previous research has noted that high rates of part-time employment, which tend to be found in northern Europe, are usually associated with lower unemployment rates than those of countries in which part-time work represents a smaller share of employment (Maier, 1992; Rubery et al., 1995; O'Reilly & Fagan, forthcoming). The attractions of part-time work lie in the percep-

tion that on the one hand part-time work facilitates the functioning of labour markets and firms whilst at the same time corresponding to an underlying demand, most notably from women, for access to paid employment.

Nevertheless, despite appearing as a panacea, debate has raised the question of whether or not part-time work represents a "bridge" into paid employment, or a "trap" into a secondary labour market. Büchtemann and Quack (1989) have shown that the degree to which part-timers are marginalised within the workforce is closely related to the national institutional conditions regulating this form of work. This continues to be a highly controversial issue in the context of the encouragement of part-time work in general. Research on part-time work has tended to focus on the employment conditions, the characteristics of the people who take up part-time jobs, and on the type of flexibility they provide in firms. If part-time work is to act as a bridge then we would expect to see people being able to move between full and part-time status fairly easily. If, however, part-timers remain in this status, which in many countries is considered to be inferior to full-time employment status, then it can be seen as a trap, excluding part-timers from the core labour market.

Consequently, the issue of transitions has become an important area of concern in debates on labour market flexibility. However, despite the considerable research which has been done on part-time work, there has been relatively little performed on this topic, in particular from a cross-national perspective. The aim of this paper is to take a first look at

transitions, in particular transitions as a port of entry into paid employment. Clearly, both transitions between different labour market statuses, as well as exits from the labour force by part-timers during working life and/or prior to retirement, need to be examined.<sup>1</sup> Within the limits of this article we set out to paint a picture of the growth and characteristics of part-time work in the EU and we critically evaluate the role of part-time work as an entry into paid employment on the basis of data available from the European Labour Force Survey. This overview will provide suggestions for the future orientation of research on labour market transitions and the role of labour market policy.

### Growth of part-time work

Aggregate data on the levels and growth of part-time work in the EU indicate that significant differences exist between Member States (see Table 1). Part-time work as a percentage of all those in employment in 1994 ranged from 4.8% in Greece to 36.4% in the Netherlands. Countries with high levels of part-time work, i.e. over 20% of the employed labour force, include Denmark, the Netherlands, the United Kingdom and Sweden. Moderate levels, between 10–15% of employment, are found in Belgium, Germany, France and Ireland. Countries with low shares of part-timers include the southern Member States, together with Austria, Finland and Luxem-

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<sup>1</sup> This research agenda is part of a larger international research project being coordinated from the WZB, Berlin, which started in 1996.

bourg, where part-time rates are below 10% of all those in employment.

Although women are more likely than men to work part time in all the EU countries, the ratio between the sexes varies significantly between countries: in Finland women are only twice as likely as men to work part-time, compared to Luxembourg where the ratio of female to male part-timers is 1:5.<sup>2</sup> Levels of part-time work for women also vary, with only 8% of Greek women working part time, compared with 66% of Dutch women. The highest part-time rate among men is also to be found in the Netherlands, where 16% of men in employment work part time.

In all countries – with the exception of Greece, Sweden and Finland – part-time rates have increased in the last ten years, by on average 2.8 percentage points (see Figure 1). However, this growth rate varied considerably between countries. Countries with a high rate of part-time work have had differentiated growth

rates, ranging from the Netherlands, with a 15.2 percentage points increase in this ten-year period, to Denmark, where part-time work only grew by 0.1 percentage points. In the UK part-time work increased by 2.9 percentage points. Countries with a moderate rate of part-time work experienced a growth rate of between 4.8 and 3.5 percentage points. And countries with low part-time rates in 1994 showed only a small overall growth rate of between 2.2 and 0.7 percentage points. However, these findings need to take account of the fact that the Spanish and Portuguese changes in part-time rates refer to a shorter time period (1987–94) and therefore may be underestimated here.

One of the outstanding characteristics of the growth in part-time employment in all EU Member States is the extent to which it has focused on women. The percentage growth in part-time employment is twice as high for women as for men: on aver-

age the rate of female part-time work grew by 4.1 percentage points compared to 1.8 percentage points for men between 1984 and 1994 in the 12 EU countries. The highest growth rates in male part-time work occurred in the Netherlands (+9.3%), the UK (+2.8%) and Ireland (+2.3%). In countries with a low to moderate incidence of female part-timers the growth rates for women varied between 8% in Belgium and 1.3% in Spain.

In summary, by combining levels and rates of growth in part-time work we can identify three, and possibly four, different patterns of development amongst EU Member States. First, the category of “new-comers”, where the slow growth of part-time work over the 1980s from a low base has led to persistently low part-time rates. Second, the category of “up-and-coming” users who have moved from low or moderate levels of part-time work to experience more continuous growth. Third, the category of “high but stagnant” users of part-time work, where growth in female rates has slowed down, and where a further growth is mainly to be found among men. Finally, the Netherlands stands apart from the high-user category to the extent that growth has been strong for men and women (see Table 1). Nevertheless, despite an overall marginal increase in male part-time work the predominance of women in this form of employment is seen throughout the EU. Therefore labour market transitions into paid employment through part-time work appear to be gender specific.

It seems plausible to assume that the uneven development of part-time work in Europe is related to varying labour market situations and the effects of regulations and

2 The discrepancy between male and female part-time rates is low (i.e. less than five times) in Finland, Portugal, Greece, Denmark, the Netherlands, Italy and Ireland; it is moderate (i.e. between five to ten times as likely) in Sweden, Spain, France and the United Kingdom, and it is high (i.e. more than ten times as likely) in Austria, Germany, Belgium and Luxembourg.

**Table 1: Part-time employment by gender and country, 1984 and 1994 in the EU as a percentage of total employment**

	Overall part-time rate		Male part-time rate		Female part-time rate	
	1984	1994	1984	1994	1984	1994
NL <sup>1</sup>	21.2	36.4	6.8	16.1	49.5	66.0
S <sup>2</sup>	25.6	25.3	6.5	8.1	46.2	43.4
UK	20.9	23.8	4.3	7.1	44.3	44.3
DK	21.1	21.2	8.3	10.0	36.7	34.4
D	12.3	15.8	2.1	3.2	28.6	33.1
F	10.3	14.9	2.7	4.6	21.1	27.8
B	8.0	12.8	1.5	2.5	20.3	28.3
IRL	6.0	10.8	2.5	4.8	13.9	21.3
A <sup>2</sup>	8.4	9.1	n.a.	1.8	n.a.	18.6
FIN <sup>2</sup>	8.3	8.3	n.a.	5.7	n.a.	11.1
P <sup>3</sup>	6.3	8.0	3.5	4.7	10.4	12.1
L	5.8	8.0	(1.3) <sup>4</sup>	1.3	14.8	19.5
E <sup>3</sup>	5.8	6.9	2.4	2.6	13.9	15.2
I	5.5	6.2	3.2	2.8	10.2	12.4
GR	4.9	4.8	2.9	3.1	9.0	8.0

n.a. Data not available.

1 Data from 1983 and 1994.

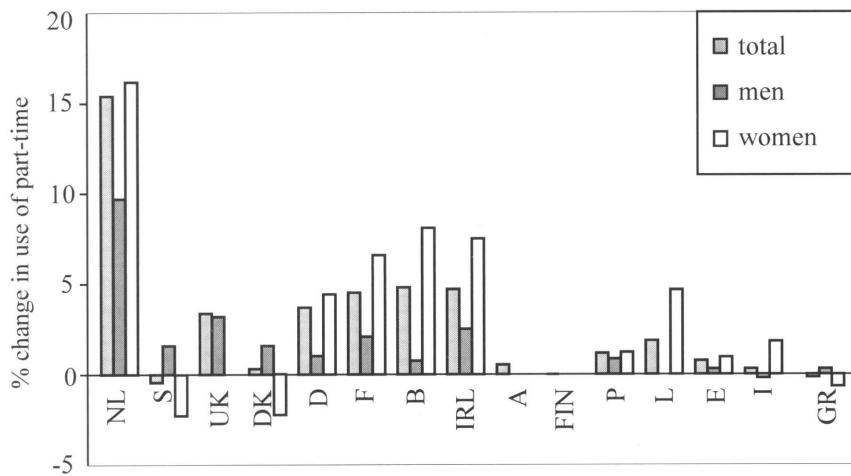
2 Data for 1983 from the OECD Employment Outlook and for 1994 from the European Labour Force Survey.

3 Data from 1987 and 1994.

4 Reconstructed data.

Sources: Eurostat (1984) Labour Force Survey – Results 1984 (Table 34); Eurostat (1989) Labour Force Survey – Results 1987 (Table 34); Eurostat (1995) Labour Force Survey – Results 1994; OECD Employment Outlook 1983 and 1994.

Figure 1: Changes in part time rates 1984–1994



NL: Data for 1983 and 1994.  
 A and FIN: no data divided by sex available.  
 UK (women), FIN (total) and L (men): no change in use of part-time work 1984–1994.

labour market policies. As part-time work can raise the employment rate and facilitate transitions out of unemployment, a key concern for policy-makers has been the design and implementation of regulations and active and passive labour market policies aimed at stimulating the growth of part-time work.

**Labour market policy and regulations**

The task of encouraging part-time employment has evoked different responses in the countries of the European Union. Debates as to which measures are most appropriate are controversial and indicate the need for more detailed evaluation of their effect on the labour market.

The evaluation of such measures is particularly difficult because the quantity and quality of part-time jobs are affected by a wide range of active and passive labour market policies and labour market regulations. Active policies focus on managing demand- or supply-side factors, i.e. on programmes targeted at employers to increase the number of part-time jobs offered on the labour market or to enable employees to take part-time work. These measures can include subsidies to employers taking on part-timers or subsidies to

employees moving to a part-time job. Policies can facilitate job-sharing, youth entry into the labour market or part-time exit options for older workers. Some of the most popular measures in recent years have been to reduce employers' social security contributions, to offer wage subsidies, to encourage parental leave and part-time early retirement arrangements. Incentives for part-time work by changing provisions in the tax and social security systems as well as regulations on employment protection have also been introduced. For example, tax ceilings might discourage part-time work by making it more expensive to split one job in two, and thresholds (that is, pay limits below which no or reduced taxes are levied) can inhibit the growth of less "precarious" part-time jobs, because an increase in working hours leads to a disproportional increase in labour costs. Social security systems can be used to encourage the unemployed to take up part-time jobs, but they may also act as a disincentive if a part-time wage is not much higher than benefits received. In some countries part-timers are entitled to the same forms of employment protection as full-timers, whereas in other countries they are clearly more disadvantaged (see O'Reilly, 1996, where the problems

of evaluating these policies are discussed in more detail). Having seen how the growth on levels of part-time work vary in Europe and how these may be affected by labour market policies, let us now examine the significance of part-time work as a form of labour market transition.

**Assessing transitions**

The European Labour Force Survey (a household survey with about 600,000 respondents in the EU) contains a small set of retrospective questions which allow us to identify the status in the previous year of respondents who are currently employed on a part-time or full-time basis.<sup>3</sup> These data allow us to compare the extent of part-time transitions across countries and the significance of this form of entry within a particular country. The main question we want to address here is how important is part-time work as an entry mechanism to paid employment, and for whom?

One of the key methodological issues in measuring labour force transitions is related to the population against which those who have changed status is measured. Depending on how this population is defined, the significance of the results obtained varies. For example, if men entering part-time work are calculated as a percentage of the total labour force, the figures will appear very insignificant because there are so few men working part time. Further, given the differences that exist between male and female patterns of employment, it makes sense to disaggregate these data to measure transitions in relation to the male and female labour force separately. Given the often very different forms of regulation that surround full and

3 In the previous year we can only distinguish between the employed, unemployed and inactive (i.e. those not in paid employment and not registered as seeking employment). For the current year we can identify those working full time or part time and those who are unemployed. The distinction between full-time and part-time work is based on self-definition by the respondent (cf. Eurostat, 1993).

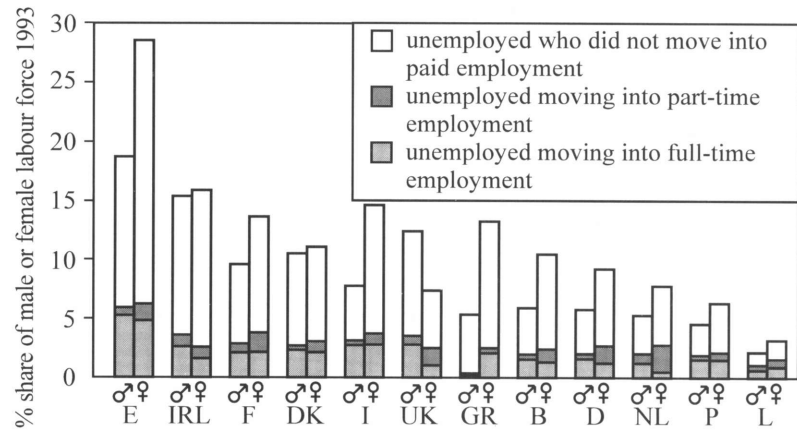
part-time employment we also distinguish between these two labour market segments, so that we measure part-time transitions as a percentage of those working part time, and full time transitions as a percentage of those working full time.

The transition from unemployment into employment can be measured in three different ways using aggregate data. First, we can measure global unemployment transition rates, i.e. those who in the past year have changed status as a percentage of the total labour force. Second, we can assess unemployment outflow rates, i.e. those who have moved out of unemployment as a percentage of the previous year's total unemployed; we can also compare the relative significance of part-time and full-time exits as a percentage of all those who moved out of unemployment. Finally, we can calculate inflow rates, i.e. those who entered work as a percentage of the full or part-time labour force in the year the survey was conducted. The following analysis uses each of these methods of calculation to allow a preliminary assessment of the significance of transitions into part-time work in European labour markets.

**Global unemployment transition rates**

Figure 2 shows the number of unemployed in 1993 who either remained

**Figure 2: Global unemployment transition rates: unemployed persons in 1993 who moved into employment or stayed unemployed in 1994**



unemployed or moved to a full or part-time job in 1994 as a percentage of the total labour force. Overall in 1993 we can see that the level of transitions is fairly low: on average 2% of the European labour force moved from unemployment to full-time work compared with an average of 0.7% who moved to part-time work in 1994. According to this measure, the unemployed leaving unemployment are more likely to take up full-time than part-time work.

When we compare the differences between male and female transitions we see that part-time work is more significant for unemployed women than for men. However, women are

more likely to be unemployed than men, except in the UK, and they are more likely than men to remain amongst the ranks of the unemployed.

Besides common European patterns in terms of the importance of part-time work compared to full-time work, and similar characteristics between male and female mobility patterns, we can also see quite stark differences between countries in the level of transitions and in the significance of part-time employment for the unemployed. First, a high number of transitions appear to be higher in countries with high levels of unemployment. Second, the role of part-time work as an exit mechanism for women is most important in the Netherlands, France, the UK and Spain, followed by Belgium and Germany.

**Unemployment outflow rates**

A breakdown of unemployment outflow rates, i.e. measured against the number of unemployed by sex and the relative importance of full and part-time exits, can be seen in Figure 3. The countries are ordered from left to right according to the highest unemployment rates in 1993. When we calculate transitions as a percentage of the unemployed, as opposed to a percentage of the total labour force as in Figure 2, it is apparent that

**Figure 3: Unemployment outflow rates: unemployed persons in 1993 who moved into paid employment**

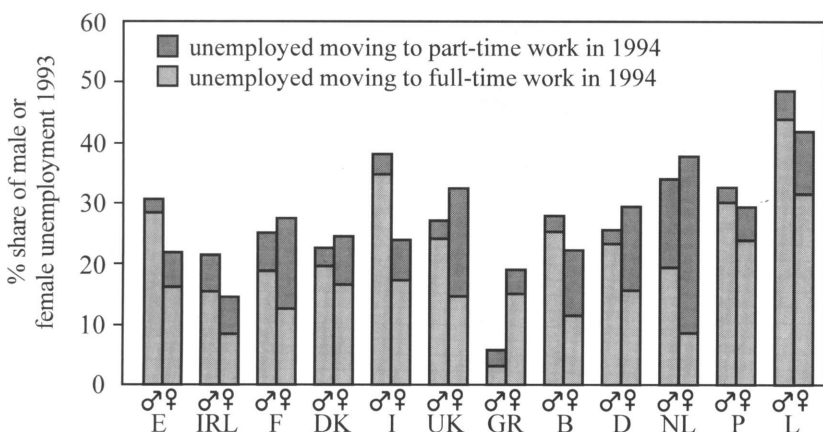
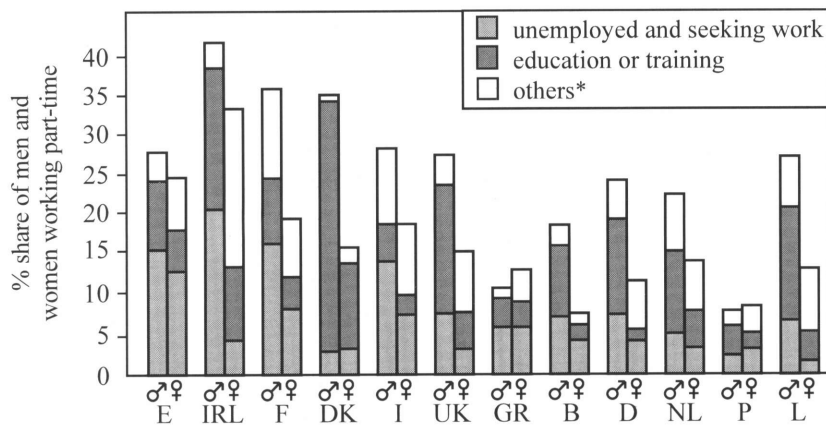


Figure 4: Composition of inflows into the part-time labour market in 1994 by activity in 1993



\* This category is equivalent to "inactiviy".

higher *outflow rates* are usually found in countries with *lower levels of unemployment*, with the exception of Greece and Italy.

Seen from this perspective part-time work outflows are more significant, particularly in the Netherlands, the UK, France, Germany, Luxembourg and Belgium. The EU 12 average outflow rate as a percentage of the unemployed in 1994 was 27.7%: 20.1% of the unemployed went into full-time work and 7.6% entered part-time employment. When we look at the relative importance of part-time to full-time work only for the people who moved, part-time work becomes even more significant: 27% of all the movers, both men and women, went into part-time jobs, a figure which was higher than the average part-time rate in the EU 12 of 15.4% in 1994.

Outflow rates as a measure are clearly sensitive to fluctuations in unemployment, but the extent to which these transitions are due to differences in the sectoral distribution of employment or to business cycle fluctuations, labour market policies and regulation regimes remains to be examined in more detail in future research.

**Inflow rates**

To examine inflow rates into full and part-time employment we took

those respondents who said they were currently working, in a full or part-time job, and compared this with their status the previous year. This allows us to examine the composition of the full and part-time labour markets in order to have some indication of how open or closed these labour markets are to the unemployed. In 1994 2.7% of the full-timers came from the unemployed, compared to 7% of the part-timers. This would suggest that the part-time market is more open to the unemployed because more part-timers, both men and women, were unemployed last year than was the case for full-timers. The higher percentage of men compared to women who entered the part-time labour market also indicates that there is more movement in and out of the male part-time labour market than is the case in the female part-time market: a larger proportion of women remain in the part-time market for longer than men.

Figure 4 shows the composition of inflows into the part-time labour market according to whether people were unemployed, in education and training, or inactive in the previous year.

*From unemployment*

In countries with relatively low overall levels of part-time work

(Spain, France, Italy and Ireland) part-timers were more likely to have been unemployed the previous year than is the case in countries in which part-time work is more common. This may be due both to the higher levels of unemployment in these countries as well as to more active labour market policies directed at the unemployed to take up part-time work.

When we break the data down by sex we find that a higher proportion of the male part-time labour force has come from unemployment compared to the composition of the female part-time labour force. On average, 9.1% of male part-timers had been unemployed in the previous year compared to 5.1% of female part-timers – the difference is particularly pronounced in Ireland (20.2% for men compared with 4.4% for women), France (16.3% of men compared with 8.3% women) and Italy (13.9% men compared with 7.1% women). In Spain the level of transitions from unemployment was high for both men (15.1%) and women (12.7%). But as we have seen, less men work part time so the real numbers of unemployed women taking up part-time work is much higher than for men. In overall terms, less than 5% of part-time working women had been unemployed in the previous year, except for Spain, France, Italy and Greece, where unemployed women made up a slightly larger part of the female part-time labour market.

*From education and training*

The proportion of part-timers who in the previous year had been engaged in education and training was on average 11.6% for men and 4.1% for women. Denmark, Ireland, the UK, Luxembourg, Germany and Spain had a particularly high share of part-timers coming from education and training. A similar distribution is also found amongst inflows into the full-time labour market in these countries, which shows that it is clearly related to the significance of the education and training system



and probably also to active labour market policies.

*From "inactivity"*

Inflows from "inactivity" (i.e. not employed, not registered unemployed and not in training/education) were on average 4.8% for men and 6.7% for women, although in France, Italy and the Netherlands the proportion of male part-timers coming from "inactivity" was slightly higher than that of women. Ireland had the highest proportion of women coming from inactivity, accounting for 20.3% of female part-timers, followed some way behind by Italy (8.7%) and France (7.7%). This seems to be related to the growth in female employment. Italy, Spain and France also have a sizeable inflow from inactivity in the full-time labour market.

In sum, we can see from these data that men working part time are more likely than women to have been unemployed in the previous year, especially in Ireland, France, Spain and Italy. They are also more likely than women to have come from education and training, particularly in Denmark, Ireland, the UK, Luxembourg and Germany. Female part-timers were slightly more likely to have been inactive in the previous year, but they also came in significant numbers from other categories. Part-time work can therefore be seen for both men and women to be an entry mechanism for a variety of social groups, not only the unemployed.

Overall, compared to full-timers, a higher percentage of the part-time labour force had been unemployed in the previous year. This raises the question as to whether the part-time segment of the labour market is more precarious, or simply more open to the unemployed.

**Discussion – methodological problems involved in measuring and evaluating the nature of labour market transitions**

The data we have presented here permit only a very limited analysis,

as they are based on only one year of the ELFS. However, even a one-year retrospective analysis enables us to consider some of the basic problems raised on examination of labour market transitions and an evaluation of the effect of active and passive labour market policies. Four main questions will be addressed here: How many transitions do people make? How are transitions to be measured? How do we take account of the effects of changes in the political, economic and social environments in the quantity and availability of transitions made? And how are low or high rates of transition to be interpreted?

*How many transitions do people make?*

When we set out to measure the degree of flexibility and the level of the transitions which occur within the labour market, we are immediately faced with the problem of defining what we understand as a transition and how we should measure it, both in time and space. In simple terms, we can think of a transition as moving from point A to B. However, we also need to think about how long it took to move between the two points, and to ask whether people returned to A or remained at B. In some senses we can use a transport metaphor to illustrate these problems. Did they use a taxi, a bus, a bicycle or did they walk? Did they return to the original point of departure, and if so how often? The ability to answer these questions is shaped by the data to which we have access, which raises particular problems when we want to make cross-national comparisons.

At the simplest level, time-discrete measuring consists of identifying two points in time and marking the transition from one category to another (Schettkat, 1992). The intervals at which surveys are conducted are crucial for the kind of results we can expect. A monthly survey can provide us with quite detailed information about the average duration in a particular employment status, or transitions induced by seasonal

fluctuations.<sup>4</sup> However, individual data are not available in all countries, at least not in a format that is comparable across countries. An annual survey like the ELFS can only provide information at a higher level of aggregation and from one year to the next, but at least this survey attempts to standardise categories between countries, allowing us to make some degree of cross-national comparison.

Time-discrete measuring does not take account of the fact that people may change their employment status several times within the period. The European Labour Force Survey is therefore only of limited value as a tool to measure the actual number of transitions in a labour market. Continuous measuring methods, such as panel data or event-history data (such as the German Life History Study), which focus more on occupational biography data over the individual's lifecycle, provide more detailed information about the duration of different employment statuses and the frequency of changes over the lifecycle, independent of when the data were collected.<sup>5</sup> Continuous measuring methods also have the advantage of allowing us to link an individual's labour market behaviour with changes in the socio-economic environment. More detailed analysis of transitions would therefore require individual longitudinal data. Such data are currently available for Germany from the German Socio-Economic Panel, which covers the period since 1984, and for the UK from the British Household Panel Study (since 1991). Panel data sets are only beginning to be available for a number of other European countries, and this should facilitate cross-national comparisons in the future.

<sup>4</sup> Williams (1995) measured averaged monthly transition rates into and out of part-time work on the basis of the American Current Population Survey. For a study of part-time transitions in Sweden, see also Sundström (1987).

<sup>5</sup> For methods of life-cycle research, see Brückner & Mayer (1995) and Blossfeld & Rohwer (1995).

*How are transitions to be measured?*

There are clearly a number of ways in which transition rates can be measured. We have shown how one can measure global unemployment transition rates as a percentage of the total labour force; or one can focus on unemployment outflow rates or on inflow rates into work. Each of these measures highlights different aspects of the question of transitions. The development of such measures can allow us to compare the level and to a limited extent also the structure of transitions in a particular year across countries, which can then be compared over time. To this extent the measures provide some indication of the mobility of a particular country's labour market. If changes in the economic environment are taken into account, such measures can shed light on the influences on mobility in labour markets. But the extent of transitions identified and how these should be interpreted depend on the measure selected.

Global unemployment transition rates show rather low rates of mobility from unemployment. For example, in 1994 in the EU 12 countries only 2% of the labour force entered full-time and even less (0.7%) part-time work. This measure records higher transition rates in countries with high unemployment.

Unemployment outflow rates show higher rates of transition. For example, on average for the EU 12 countries 20.1% of the unemployed entered full-time work compared with 7.6% who entered part-time jobs in 1994. This measure is also affected by the level of unemployment, but gives a reverse picture of global transition rates: countries with lower levels of unemployment have higher levels of transition. This could be interpreted to mean that they are better at clearing their pool of unemployed, but whether this is due to the economic situation or labour market measures cannot be assessed with the help of the ELFS.

Finally, inflow-into-employment rates show that on average 2.7% of the full-timers had been unem-

ployed a year earlier, compared to 7% of the part-timers. This measure can be used to give some indication of how open or closed the labour market is to outsiders. For example, we saw in Figure 4 how the percentage inflows of men into part-time work from unemployment were higher than for women, which could mean that for men part-time work indeed represents a "transitional labour market", in particular in countries with a low level and a limited growth of male part-time work. Women part-timers are more likely to make transitions from inactivity than from unemployment (as a percentage of the female part-time labour force). The level and development of female part-time rates further indicate that women tend to stay in part-time work or move between part-time work and inactivity. However, inflow rates cannot measure the stability or fluctuation in employment status for these part-timers. Furthermore, the ELFS does not allow us to measure transitions between full-time and part-time paid employment, as the variable for the previous year does not differentiate between full and part-time employment. It is clear also that the different percentage measures, being based on populations of different size, are significant especially for cross country comparisons. For example, the male part-time population being small, absolute changes have a higher impact expressed in shares than the same absolute change for the larger female part-time population.

High levels of transition could be interpreted as a reflection of a more flexible or, alternatively, a more precarious labour market. Societies with fewer transitions could be more stable or, alternatively, they may just have higher entry barriers. This clearly indicates the need to have a detailed and systematic understanding of regulations and institutions affecting labour market behaviour. Additionally we also need to be able to distinguish between transitions facilitated by labour market policy and those caused by changes in the

economic structure or fluctuations in the business cycle.

*How is environmental change to be taken into account?*

Data analysis of transition rates requires an analytical framework that can take account of the economic, political and social changes affecting transitions. First, the rate of part-time transitions may depend on macroeconomic factors such as changes in the rate of unemployment, the proportion of long-term unemployed and the employment rate. These factors are in turn influenced by the level and structure of economy activity, for example concerning the relative importance within the economy of agriculture, manufacturing and services, and the way these sectors are developing.

Second, we need to be able to account for political factors which both shape and change the labour market policy agenda. There is disagreement between Member States on which type of policies are most effective in encouraging part-time work (O'Reilly, 1996). Some opt for incentives, others count on the unaided development of part-time work. At a European level there is also disagreement between Member States on basic social standards (O'Reilly, Reissert & Eichner, 1996). In order to be able to judge the effectiveness of different policies affecting part-time workers, we need to be able to account for their impact on the levels and growth of part-time work.

Third, we need a more sociological analysis which can identify individual factors that are associated with high or low levels of transitions. In this paper we have been able to identify some simple differences and common factors in transitions for men and women and between EU countries. Further research would need to differentiate between respondents' level of qualification, age, household structure and domestic and caring responsibilities, as well as the region in which they were located. This would allow us to identify the types of people who made many,

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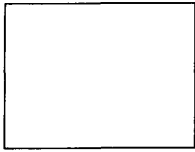
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or few, transitions, and the conditions under which these occurred. It would also allow us to evaluate the effect of labour market policy and economic change.

Concern with labour market transitions is clearly a key for future policy design to encourage greater social inclusion and address the problems of persisting unemployment in Europe. It should be clear from this initial examination that researchers and policy-makers require clear indicators of labour market transitions. Nevertheless, these indicators need to be carefully developed in relation to economic, political and social factors if we want to interpret them in a meaningful way.

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