

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(87) 229 final

Brussels, 13 May 1987

INTERNAL AND EXTERNAL ADAPTATION OF FIRMS IN RELATION TO EMPLOYMENT

(Communication from the Commission)

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IN RELATION TO EMPLOYMENT
(Current trends and conclusions)

I. Introduction

In its Resolution of 22 December 1986 on an action programme for employment growth, the Council attaches particular importance to greater efficiency of the labour markets both inside and outside firms. Such adaptability needs to be achieved on several levels so as to help reduce the high level of unemployment and mobilize human resources and will require the establishment of rapid and efficient placement services, broader mutual recognition of vocational qualifications and skills and the elimination of obstacles to the development of new forms of work whilst bearing in mind the need for social and employment safeguards.

In the same context, during its November 1986 part-session, the European Parliament also adopted a number of Resolutions on the restructuring of the employment markets.

Furthermore, also in the same perspective, the Council adopted a Commission action programme for the SME in its Resolution of 3 November 1986.

The accomplishment of the objectives of the strategy of cooperation on growth and employment proposed by the Commission is crucially dependent on a fruitful dialogue between the social partners in which the Commission has been engaged since 1985 with UNICE, CEEP and the ETUC.

It is against this background that the Commission is submitting this file on the internal and external adaptation of firms in relation to employment. Current trends in this field are studied from the following five viewpoints:

- organization and content of work in relation to training and information;
- adaptation of working time;
- multiplicity of employment contracts;
- wage adaptation;
- dismissal and recruitment systems.

II. Organization and content of work in relation to training and information

Organization and content of work	In order to cope with technological changes, variations in demand and the trend towards increased "tertiarisation" of production, adaptability is achieved in firms mainly by means of changes in the organization and content of work
Training	In order to facilitate such adaptability, training of the labour force in line with the restructuring of technical tasks is based on the need for firms to have a more functional and versatile workforce
Education	In all the Member States there is a tendency, for education systems and policies to take increasing account of vocational training requirements, particularly in relation to the new technologies. Since 1982, major changes have been introduced in this respect either by law or through liaison with the social partners
Information and consultation	Information and consultation of workers is a decisive factor for the success of adaptability. National legislation and many collective agreements contain provisions in this respect. Legislation provides for the establishment of works councils or other bodies in most Member States with, in certain cases, specific references to information and consultation on the new technologies
Information and consultation in collective agreements	In those Member States in which legislation on this subject exists, there have been very few changes to the legislation in the recent past but in most Member States interprofessional, sectoral or company agreements have made provision for the introduction of new technologies. However, the practices of information and consultation have by no means become a general feature of firms throughout the Community.

COUNTRY	LAW	MULTISECTORAL AGREEMENTS	SECTORAL AGREEMENTS	COMPANY AGREEMENTS
BELGIUM	Works Council informed A.R. 27.11.1973	Works Council informed c.c. No 9, 9.3.1972 Information, consultation, and deliberation with re- presentative bodies c.c. No 39, 13.12.1983	Printing Textiles Banking and insurance Distribution Shipping	Agreements to implement national agreements
DENMARK	Information and consultation of technological committee 1981 Agreement for private sector 1981 Agreement for public sector and administrative bodies	Banks and Savings Banks Consumer Cooperatives Breweries	Agreements to implement national agreements	
GERMANY	Information and consultation of Works Council Law of 15.1.1972		Metalworking Footwear Leather Paper Printing	More than a hundred collective agreements
FRANCE	Information and consultation of Works Committee Auroux Laws of 1982		Banking and insurance	Undertakings in the following sectors: chemicals, oil, cement banking and insurance
SPAIN	Information and consultation of staff representatives or Works Committee - Workers' Statute - Law 8/1980 of 10.3.1980			
GREECE	Information for trade union representatives Law No 1264 of 1.1.1982 Information and consultation of health and safety committee Law 1568/1985		Agreement of July 1980 for the press and printing industry	
IRELAND			Press, printing, graphic arts, banking	Joint Committees
ITALY		Public sector IRI-Agreement 18 December 1984 EFIM-Agreement, July 1986	Employees' rights to information	Numerous agreements
LUXEMBOURG	Information and consultation of Works Committee Laws of 6.5.1974		Iron and steel industry	
NETHERLANDS	Information and consultation of Works Council Laws of 1971, 1979 and 1982		Metal working Building Printing	
UNITED KINGDOM			Public services	Several hundred agreements
PORTUGAL	Information and consultation of workers' committees Law 46/79 of 1979			

IIh) RECENT VOCATIONAL TRAINING MEASURES HAVING AN IMPACT ON THE LABOUR MARKET

B OK D ESP F GR IRL IT L NL P UK

	B	OK	D	ESP	F	GR	IRL	IT	L	NL	P	UK
1983		Law-Compulsory education raised to 18 Apprenticeship system extended to industrial sectors	General : - Higher coordination council - Short combined work/training scheme - Combined work/training scheme for unskilled young people - Further vocational training for adults - Interim courses for unemployed	General : - Compulsory education until 18 - "Dual" system - Possibility part-time education at 15/16 - Additional continuous vocational training courses for part-time workers - Special courses for unemployed skilled manual workers and graduates and persons made redundant through restructuring	General : - Leave for retraining (jobs threatened) - State-company agreements (on SFE, investment and training, aid for training in EDP technology) Agreement : employment contracts - training (young unemployed) Youth integration (900 reception centres and 100 offices at local level)	Law : increased number of apprenticeships Law : network of apprenticeship schemes 31 new technical and vocational establishments			General : - School reform -secondary level - Vocational guidance and induction courses for 15-17 year olds - Regulation-apprenticeship in order to obtain certificate of manual skills (CCM)	General : - Short vocational courses in secondary education - Measures for young unemployed - Open consultations between teachers and world of work (e.g. on funds and EDP technology) Agreements : creation sectoral training funds	Decree-Laws : New system of apprenticeships	General : - Youth Training Scheme : 2 years - Adults : improvement of information system (computer network) - ITEC network (IEP) - Permanent training programme for adults - Consolidation vocational training programme - EGP
1984			Law : apprenticeship contracts - basic vocational training					Law : employment-training contracts				
1985		System of paid day release replaced by paid educational leave		Order : PLANFIP (vocational training and integration) Decrees on harmonization ESF assistance and initiatives in progress	Five-year plan extension of vocational and technical instruction Decrees on harmonization, ESF and initiatives in progress	Law : technical and vocational training	Social guarantee + youth integration Creation COMIEC (Community training + employment schemes)	Planned reforms : - school-leaving age : 16 - educational and vocational guidance (with social partners + use EDP technologies)		Recommendation : decentralized tripartite management structure (COBA) labour market and vocational training	Decree-Laws : increase in and for IEPF (Employment and Vocational Training Institute) IEFP Governing Board begins operation	
1986			Law : training for long-term unemployed	Law : establishment General Council on Vocational Training (tripartite)	Law : establishment General Council on Vocational Training (tripartite)	Introduction of EDP into technical training Vocational guidance programme for 15-18 year olds	White paper : Labour policy Youth training initiative				Compulsory education until 16	Experimental technical and vocational training programme
1987			Law (not yet passed) : advanced technical training with management and adaptation structure vocational training extended from 2 to 2 1/2 years			Combined work/training schemes Schools-use of electronic systems		Law : labour market "monitoring stations"				to become national programme

III. Adaptation of working time

General trends	In recent years and in almost all the countries of the Community, the negotiated and legislative methods of reducing and reorganizing working time have resulted both in a shortening of working time during a certain reference period and in a greater flexibility of working time, including the notion of overtime, so as to take account of production requirements
Various working time arrangements	Although not yet a general trend, there are a few significant cases where new systems and forms of work have been introduced: shift work, sometimes more nightwork, weekend work, part-time work in various forms, extension of flexitime working, various forms of leave, reorganization of annual duration of work whilst respecting a number of daily or weekly ceilings, etc.
More intensive use of installations	Firms are increasingly pressing for a longer and more intensive use of equipment in line with fluctuations in demand, particularly with a view to reducing the cost of using capital in industry and varying the opening hours of certain departments
Dissociation between production time and individual working times	Reduced working time, forms of shift-working, etc. combined with more intensive use of installations often leads to a gradual dissociation between the production time and/or opening hours of the firm and the working time of the individual worker. In some cases, the spread of the new technologies has heightened this trend. This reorganization of production time and individual working time which is covered in an agreement between the social partners often results in a greater availability of labour for firms from the point of view of time but - within certain limits - also enables to organize their time more effectively both at the workplace and in their private lives.

III) WORKING TIME

Country	Working week	Overtime	collectively agreed weekly working time (prevailing average in hours)
Belgium	Law of 1971 - 40 hours 8 hours a day Law of 1985 - possibility of annualisation	65 hours a year	38 hours (possibility of annualisation)
Denmark	Parliamentary Act of 1985 39 hours	governed by collective agreement	37 1/2 to 39 hours (weekly variations)
FR Germany	Law of 1983 - 48 hours 8-hour day, 6-day week	2 hours a day for up to 30 days a year on the basis of a 48-hour week	38 to 40 hours (trend to reduce overtime and to give more compensation in time-off)
Greece	Law of 1975 providing for a 5-day week Laws of 1983/84 - 40 hours in private sector	3 hours a day, 18 hours a week, 150 hours a year	37 1/2 to 40 hours (annual flexibility but reduction of overtime)
Spain	Law of 1983 - 40 hours	80 hours a year	40 hours (trend to reduce overtime)
France	Law of 1982 - 39 hours Law of 1986 - possibility of annualisation if branch agreement exists	9 hours a week, 130 hours a year	35 to 39 hours (possibility of annualisation)
Ireland	Regulations of 1946 48 hours	2 hours a day, 12 hours a week 240 hours a year (adult men)	35 to 40 hours
Italy	Law of 1923 - 48 hours	2 hours a day, 12 hours a week 150 hours a year	36 to 40 hours (trend towards annualisation)
Luxembourg	Law of 1970 - 40 hours	prohibited in principle	38 to 40 hours
Netherlands	Law of 1919 - 48 hours 8h30 per day	10 hours a week, maximum working time authorized per day : 11 hours	36 to 38 hours (weekly variations)
Portugal	Law of 1971 - 48 hours	2 hours a day, 160 hours a year	30 to 45 hours
United Kingdom	no legislation other than specific provisions for women and young people		37 to 39 hours (overtime remains important, some agreements in order to limit it)

IV. Multiplicity of employment contracts

General trends	In most countries a multiplication of employment contracts is to be seen as a result of the increased recourse, particularly among new recruits, to part-time work, temporary work and fixed-term contracts, many different training schemes and public utility work promoted by the public authorities. In a number of countries the governments have recently introduced more flexible legislation, particularly with regard to temporary work
Conditions of employment	Even if such employment contracts are often sought by workers because they enable them to dispose more freely with their time, the duties which they involve frequently lie at the bottom of the occupational ladder. Although the existence of such forms of employment mainly contribute to greater flexibility in firms, particularly in the short term, they are often accompanied by unsatisfactory conditions of employment (level of pay, training opportunities, participation in works councils, protection against dismissal, etc.) and they are as yet covered by collective agreements only in a few cases
Social security	Given the eligibility thresholds for the statutory social security schemes, those forms of employment which entail a very low number of working hours and/or modest levels of pay are not always subject to social contributions and, therefore, are not covered by unemployment, sickness benefit etc. Furthermore, people working in such jobs often have no access to occupational social security schemes.

The situation in the Member States1) Belgium

- Any employee working for at least 3 hours a day or 18 hours a week is classed as a voluntary part time worker.
- Public sector recruitment on the basis of 4/5 working time contracts.
- Persons in receipt of full unemployment benefit who agree to work part-time may receive a proportion of unemployment benefit subject to certain conditions.
- An arrangement has been introduced whereby employees can interrupt their career by changing from a full-time job to a part-time job for 6 or 12 months. If an unemployed person is recruited to replace him, the person replaced receives a flat-rate amount (5.252 BF per month in the case of half-time work).
- To be liable to social security contributions at least 2 hours of daily working time.

2) Denmark

- There are no statutory provisions limiting recourse to part-time working. Many collective agreements contain provisions relating to this form of employment.
- Unemployed people who accept a part-time job can continue to receive part of their unemployment benefit.
- Part-time workers working less than 15 hours do not contribute to the unemployment insurance.
- Promotion of part-time work by partial early retirement schemes.

3) Federal Republic of Germany

- The Law on the promotion of employment which entered into force on 1 May 1985 defines the position of part-time workers including that of those who are on call at home and lays down a number of minimum protective rules.
- Part-time workers are also covered by a number of collective agreements, particularly in the retail sector so as to prevent those concerned from falling below the thresholds as from which they qualify for social security. Sometimes promotion of part-time work at the end of working life.
- Part-time workers below 20 hours a week are not covered by unemployment insurance.
- Part-time workers below 15 hours and earning less than 410 DM per month do not pay contributions to illness and retirement insurance.

4) Greece

- Part-time working is permitted in the private sector but not in the public sector.
- Social security contributions based on the minimum wage fixed by law.

5) Spain

- The Workers' Statute of 1984 lays down that the number of hours may be fixed per day, per week or per month, and defines part-time working as work for a period which is one-third less than the normal duration of work.
- Social security contributions are proportional to the hours or days worked.

6) France

- The Law of 1982 defines part-time working as being less than 4/5th of the normal duration of work per week or per month.
- A new type of employment contract - the intermittent employment contract - has been introduced. This form of contract which is of a unfixed nature lays down a minimum annual duration so as to take account of alternational of periods worked and not worked. Monthly remuneration pay be independent of the real timetable.
- If a fully unemployed person accepts part-time he may receive a part of unemployment benefit.
- State subsidies exist for the recruitment of certain categories of unemployed people for part-time working along with the possibility for them to receive a part of their unemployment benefit.
- Promotion of part-time work by partial retirement schemes.
- Some collective agreements contain clauses relating to part-time work.
- Community work programmes on the basis of part-time work.

7) Ireland

- People working for less than 18 hours a week do not qualify for cover against social risks (maternity, dismissal, etc.).
- Lump sum social security contributions discourage part-time employment.
- Contributions liable above weekly earnings of £ 6 or monthly earnings of £ 26.

8) Italy

- The Law of 19 December 1984 defines the nature and the conditions for application of part-time working on the basis of recently developed practice. Thus, collective agreements concluded at national, sectoral or company level may determine the percentage of all employees who are employed on a part-time basis and how working time is staggered. Overtime available to such workers is very limited. Pay and other considerations have to be proportional.
- In a number of collective agreements part-time work has been introduced.

9) Luxembourg

- No specific provisions relating to part-time working in the private sector.
- A bill defining part-time work and granting the same rights to full-time and part-time workers has been submitted to parliament.

10) Netherlands

- Some laws are only applicable if the employee works more than 13 hours a week (the Law on minimum wages, the Law relating to Works Committees in small businesses (35 to 100 employees)).
- Public sector recruitment largely at reduced hours (32/36 hours).
- A number of collective agreements also cover part-time working; in some cases people working less than 13 hours a week are not covered by the agreements.

11) Portugal

- The Decree-Law of 27 September 1971 lays down that remuneration for part-time work may not be less than a proportionate fraction of the remuneration for full-time work.
- Where part-time working is practiced, collective instruments must contain rules on this subject.

12) United Kingdom

- There is no legal definition of part-time working. There are a number of statutory provisions relating to the protection of workers which are applied only where the working week exceeds 16 hours (8 hours where the worker has been employed for at least 5 years). The possibility of raising these thresholds to 20 and 12 hours respectively is currently under discussion.
- Promotion of part-time work at the end of working life.
- Social security contributions payable above weekly earnings of £ 38.
- Financial promotion of splitting one full-time job into two part-time jobs.
- Community work programmes largely carried out in part-time work.

General remark

In the case of ceilings for social security contributions a distortional effect against the supply of part-time jobs may come into existence.

IV b) Fixed duration contracts of employment

Definition : Within the meaning of the amended Commission proposal to the Council for a directive, a fixed-duration contract of employment is: an employment contract by which an employer establishes a direct legal relationship with a worker for a limited period and where the expiry of the contract is determined by objective conditions such as a specific date of expiry, the completion of a particular task or the occurrence of a specified event.

COUNTRY	LAWS	INDIVIDUAL EMPLOYMENT CONTRACTS	CONTENT OF PROVISIONS
BELGIUM	X		- Under the Law of 3 July 1978, the duration of fixed-duration contracts is unlimited
DENMARK	X		- The Law permits the conclusion of employment contracts for a fixed-duration or for a specific task
FR GERMANY	X		- Law of 1.5.1985: until 1.1.1991, the maximum duration of fixed-duration employment contracts has been raised to 18 months for the recruitment of unemployed people, or 24 months for undertakings recently established whose staff does not exceed 20 people
FRANCE	X		- Ministerial Order of 11.8.1986: the restrictive list of cases where fixed-duration employment contracts may be concluded has been abolished; prior authorization from the public authorities has been abolished; the maximum duration of contracts has been raised from 6 or 12 months to 24 months; by agreement between the social partners, the list of areas of activity for which fixed-duration employment contracts may be used can be extended.
IRELAND	X	X	- Under the civil code there is total freedom to conclude fix-duration employment contracts and the duration of such contracts is unlimited, being fixed in the individual employment contracts themselves.
ITALY	X		- Law of 1983: extension of possibility of concluding fixed-duration contract to all sectors. The conditions and duration are fixed by the provincial employment inspectorate, after consulting the trade unions.
LUXEMBOURG	X	X	- The Law of 24 June 1970 authorises fixed-duration contracts which expire at the end of the period covered by the contract.
NETHERLANDS	X		- The civil code permits fixed-duration employment contracts, the duration of which is unlimited
UNITED KINGDOM		X	- There is total freedom to conclude fixed-duration employment contracts and the duration of such contracts is unlimited. The duration is fixed in the individual employment contracts themselves. The statutory provisions exclude those working under fixed-duration contracts from employment legislation, for example in matters of unemployment benefit.
SPAIN	X		- Royal Decree 2104/84 of 21.11.1984 and Art. 15.1. of the Workers' Statute: the maximum duration is fixed at 6 months in a 12 month period for reasons determined by production requirements; for newly created enterprises or the launching of new activities, the maximum duration is 3 years but may not be less than 6 months. The same applies to undertakings recruiting unemployed people for the performance of work of any nature.
PORTUGAL	X		- A Law dating from 1976 authorises fixed-duration employment contracts for a maximum duration of 3 years. If the duration of such contracts is less than 6 month the employer must provide justification.
GREECE			- No information available.

Definition: Within the meaning of the amended Commission proposal to the Council for a directive, temporary work is: a regular activity for the performance of which a temporary employment business concludes a temporary employment contract with workers in search of jobs for the purpose of placing the said workers temporarily at the disposal of a user undertaking responsible for the performance of the work involved and to which the employment business delegates all or part of its authority over the workers made available to that undertaking

COUNTRY	LAWS	INDIVIDUAL EMPLOYMENT CONTRACTS	CONTENT OF PROVISIONS
BELGIUM	X		- Law of 22.1.1985: application to manual workers and extension of list of cases where replacement contracts may be used the maximum duration of which is 2 years
DENMARK	X		- The Law authorises temporary employment only in the services sector
FR GERMANY	X		- Law of 1.5.1985: until 31.12.1989, the maximum duration of temporary contracts has been raised from 3 to 6 months. Temporary contracts in the building industry are prohibited by law.
FRANCE	X		- Ministerial Order of 11.8.1986: the restrictive list of cases where temporary employment contracts may be concluded has been abolished; prior authorization from the public authorities has been abolished; the maximum duration of contract has been raised from 6 or 12 months to 24 months; by agreement between the social partners, the list of areas of activity for which temporary employment contracts may be used can be extended
IRELAND	X	X	- Under the civil code there is total freedom to conclude temporary employment contracts and the duration of such contracts is unlimited, being fixed in the individual temporary employment contracts themselves
ITALY	X		- Temporary employment prohibited by Law
LUXEMBOURG	X	X	- The Law of 30 June 1970 authorises the replacement of a manual worker lawfully prevented from performing his duties. Individual employment contracts specify the duration of employment agreed between the parties.
NETHERLANDS	X		- The Law allows temporary contracts limited to 6 months. Temporary contracts are prohibited in the building industry or in certain areas where local employment has to be protected
UNITED KINGDOM		X	- There is total freedom to conclude temporary employment contracts and the duration of such contracts is unlimited; the duration is fixed in the individual employment contracts themselves.
SPAIN	X		- Royal Decree 2104/84 of 21.11.1984 and Art. 15.1. of the Workers' Statute: the duration of temporary contracts depends on the period for which the replaced employee retains his right to employment.
PORTUGAL	X		- A Law dating from 1976 authorises temporary employment contracts for a maximum duration of 3 years.
GREECE			- No information available

V. Wage adaptation

<p>Minimum wages</p> <p>Social security contributions</p>	<p>Since 1981 the average of wages in the Community has been modest. In most of the Member countries where minimum wages are fixed by law, the rules governing minimum wages have been amended downwards.</p> <p>Furthermore, wage costs have been reduced as a result of the introduction of exemptions from payment of employers' social security contributions and the granting of recruitment premiums for certain categories of labour in all the countries.</p>
<p>Wage indexation</p>	<p>In all the countries where wage indexation rules exist, either on the basis of legislation or contained in collective agreements, automatic adaptation of wages to changes in the cost of living has been restrained.</p>
<p>Wage differentials</p> <p>Profit-sharing</p>	<p>With regard to wage differentials and employees' shares in company profits, there are examples of collective contracts covering these matters but no general trend can yet be discerned.</p>
<p>Wage costs</p>	<p>Real per capita wage costs (Community average) in terms of productivity have fallen by 6% in the period 1981-1986.</p>

V a) Wage-fixing

Country	Pay of employed persons - 1986 Trend		Negotiating level	Minimum wage	Indexation
	National	Real			
BELGIUM	3,0	1,8	Interprofessional agreements (2 years) taking account of wage-moderation and competitiveness	Statutory minimum wage since 1975	Indexation reduced since Royal Decree 178 of 30 March 1986 (- 2 %)
DENMARK	3,1	0,6	National agreements taking account of government recommendations	Agreed minimum wage in very few agreements	Indexation suspended since March 1983
SPAIN	8,6	0,6	Local and sectoral collective agreements (1 to 2 years) Major State involvement	Statutory minimum wage	No official indexation mechanism but "safeguard clauses"
FRANCE	4,3	1,9	Sectoral agreements and agreements at company level (1 year) Major State involvement	Statutory minimum wage (SMIC) (Law of 2 January 1970)	No official indexation mechanism but "safeguard clauses" which are tending to disappear
GREECE	15,2	-5,9	Central agreement for private sector and sectoral agreements in a number of branches	Statutory wage since 1982	"A priori" indexation since May 1983
IRELAND	6,6	3,6	Sectoral agreements and agreements at company level (12 to 18 months)	Minimum wage rates fixed by Joint Labour Committees (*)	No wage-indexation mechanism
ITALY	7,6	1,8	Three-year sectoral agreements taking account of 1983 protocol	Agreed minimum wage in each industry	Automatic indexation since 1957 - "in low year" since 1983
LUXEMBOURG	4,2	3,3	Sectoral negotiations Major State involvement	Statutory minimum social wage since 1944. Statutory minimum income since July 1986	Return to automatic wage-indexation in January 1986
NETHERLANDS	2,2	2,2	Sectoral agreements and agreements at company level (1 or 2 years). Considerable State intervention limited, however, by law of April 1986	Statutory minimum wage since 1986	Automatic indexation tending to disappear from agreements and be replaced by a single annual payment
PORTUGAL	17,2	4,6	Sectoral agreements (1 year)	Statutory minimum wage	No indexation mechanism
F.R. GERMANY	4,0	4,0	Sectoral agreements (1 year)	No statutory minimum wage	Prohibition of sliding scale
UK	7,7	3,6	Negotiations at sector and company level	Minimum rates fixed by Wages Councils (*)	No indexation mechanism

(*) Wage committees statutorily authorized to fix minimum rates for workers not covered by collective agreements.

V b) Real unit labour costs
(Ratio of real per capita labour costs to productivity)
(Index 100: average 1961-73)

	Average 1961-73	1975	1981	1982	1984	1985 ^a	1986 ^a	1987 ^a
B	100	110,0	115,0	112,9	111,9	110,2	106,1	104,6
DK	100	104,6	100,5	99,2	96,1	94,4	92,9	93,5
D	100	105,9	103,5	102,2	98,9	97,6	96,1	95,7
GR	100	90,2	108,4	108,1	107,2	109,3	101,2	98,9
E	100	104,0	102,9	100,7	94,4	91,8	89,1	87,7
F	100	105,9	108,1	107,3	105,3	104,4	102,1	100,2
IRL	100	104,6	101,3	99,5	95,2	92,9	91,4	91,3
I	100	110,9	108,6	108,6	109,4	108,5	103,2	101,7
L	100	123,4	124,9	120,4	111,2	109,3	106,4	107,5
NL	100	108,8	102,5	101,1	95,8	94,3	93,4	91,8
P	100	136,2	118,1	108,6	100,5	96,9	92,0	90,6
UK	100	110,1	100,3	98,5	98,8	97,9	99,9	100,3
EUR12	100	107,2	104,3	103,0	101,1	99,9	98,1	97,4

^a Estimates and forecasts of the Commission services, October 1986
Source: Eurostat and Commission services

VI. Dismissal and recruitment systems

Changes relating to dismissals	Since 1982, the regulations on individual or collective dismissals have been adapted in most Member countries through a simplification of procedures. In 1975 a Council Directive introduced the requirement to serve advance notice of any collective dismissal.
Dismissal no obstacle	A survey carried out amongst employers in the Community in 1985/1986 showed that, in the vast majority of Member countries, employers did not regard the dismissal rules as a major obstacle to the recruitment of new staff.
Compensation Fund	In some countries the costs to firms of dismissals is borne by a compensation fund financed by the entire private sector.
Changes relating to recruitment	The rules governing recruitment have been adapted by means of changes in the rules governing atypical contracts (see this chapter), making it easier for the employer to select workers in a period of large-scale unemployment.

VI DISMISSALS

CHANGES IN REGULATION SINCE 1982

- B : 1985 Pay raised, right not to apply provision
- D : 1985 "Social plans" must take account of economic situation
Rules on individual dismissals no longer apply to part-time workers
- SP : 1984 Fund for employment in cases of restructuring
- F : 1986 Prior authorization abolished
- GR : 1983 Introduction of procedures for collective dismissals
- IT : 1985 Cost of "end-of-career payment" reduced for employers
- LUX : 1982 Introduction of procedure for collective dismissals
- NL : 1983 Procedural period for authorization limited to 4 weeks
- PO : 1986 Worker may terminate employment contracts
- UK : 1986 Provisions of law on dismissals limited to workers with more than 2 years' service.

VII Conclusions

Introductory remarks

The adaptability of firms in relation to employment and flexibility on the labour market are governed by legislation and/or agreements concluded by the social partners. The latter have begun to discuss these subjects in the framework of the social dialogue at Community level. In its Resolution of 22 December 1986, the Council undertook to give its support to the said dialogue and to give consideration to any conclusions that might be reached on the subjects discussed in that context.

Organization and content of work in relation to training and information

Encouragement must be provided for training, particularly in the new technologies, whether it takes place within the firm or under the public training systems. To this end, each member of the workforce of the firm must be encouraged to make the necessary personal efforts at adaptation and training.

Basic education, vocational training and continuous training must satisfy the demands of the general economy and of the open market in particular.

The firm within which the worker continues to be employed with different skills must bear the responsibility for retraining. However, it is in the economic and social interest of any retraining policy that the public vocational training bodies should make a contribution so as to ensure a fair distribution of the costs.

In view of the importance of better information and consultation of all the parties concerned in firms for arriving at an optimum exploitation of the potential offered in particular by the new technologies, there is a need to facilitate the circulation at European level of information relating to the rules and practices in force in the Member States.

Adaptation of working time

The adaptation of working time is currently being achieved in most countries by agreement. It is taking many forms. There is an absolute need for this trend towards a reduction and reorganization of working time to be accompanied by an adaptation of legislation. In this context, measures should also be taken to ensure that the adaptation of working time goes hand in hand with training and/or retraining measures in order to maximize the beneficial effect on employment.

The innovatory working time arrangements (weekend work, annual calculation of hours, etc.) should however be subject to reasonable daily and/or weekly ceilings, in the light of which a Community framework could be set up so as to limit any excessive intensification of work and avoid any deterioration in working conditions.

In the context of the adaptation of working time, systematic recourse to overtime should be limited in the light of the needs of the firm and the situation on the labour market. Consideration should be given to possible ways in which the principle of compensatory rest periods could be promoted at Community level more than has been the case hitherto.

Multiplicity of employment contracts

The proliferation of these employment contracts which are increasingly replacing the traditional unlimited employment contract cannot take place without the simultaneous adoption of measures to ensure that persons employed on this basis enjoy the same degree of social protection as those holding traditional employment contracts.

The social partners should be encouraged to take measures to ensure that persons holding such jobs are more effectively covered by collective agreements than has been the case in the past.

The public authorities should agree on Community principles as regards the rules governing recourse to part-time work and fixed-term contracts.

Wage adaptation

If better wage differentiation based on the individual capabilities of employees is taken to be the objective, the social partners must be urged to take greater account of that objective in their collective bargaining.

Developments in the Community as regards worker shares in company profits and/or capital gains should be monitored and assessed.

Since 1985, the effects of the favourable trend in real wage costs on international competitiveness, as called for in the joint opinion of the social partners on the cooperative growth, have to date been cancelled out by the harmful fluctuations in exchange rates against the dollar.

Dismissal and recruitment systems

After the recent changes in dismissal procedures, these systems will be able to operate more efficiently if backed up by a policy on the operation of the employment market which is directed at a better qualitative adaptation of supply and demand.

As regards recruitment procedures, it is important that the placement policy should be accompanied by an active retraining policy in which all those principally concerned should play a part, particularly at the regional and local levels.