

# Employment Observatory

## MISEP BASIC INFORMATION REPORT GERMANY 1997

Employment & labour market



Employment & social affairs



European Commission

Mutual Information System  
on Employment Policies (MISEP)

Basic Information Report

FEDERAL REPUBLIC OF GERMANY

Institutions, Procedures and Measures

1997

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On the basis of an agreement of the directors-general for employment, the European Commission created a Mutual Information System on Employment Policies (MISEP) in 1982.

The system operates with a network of correspondents from the departments responsible for employment policy in the Member States or from employment services. The centralised secretariat is fully accountable to the Commission.

MISEP was set up by the Commission in response to a need voiced by the delegations of the Member States in the Council for a mutual information exchange on developments in national employment policy measures and structures. The definition of MISEP's objective is to gather, synthesise, translate and disseminate relevant information in the Member States, serving each of the responsible national ministries and agencies in their daily decision-making, and aiding the Commission in its co-ordinating role at Community level.

The Basic Information Reports describe the structure and content of employment policy in each Member State. The reports all have a common structure and contain basic information which is essential for an understanding of how employment policies are conceived and implemented.

The material in this Basic Information Report has been provided by the German correspondents and is correct as of 1 January 1998. It is intended as a guide and an explanation of national policy measures in force at that date in Germany; it is not a substitute for the corresponding legal texts. It is designed to describe the policies and practices in Germany without value judgements either on the part of the Commission or the national correspondent.

While these reports will be updated periodically, further information and regular updating of measures are published in the system's quarterly policy bulletin, "inforMISEP Policies".

This document was produced on behalf of the European Commission by the Institute for Applied Socio-Economics in close collaboration with the correspondents from the Federal Ministry of Labour and Social Affairs (*Bundesministerium für Arbeit und Sozialordnung*) and the Federal Employment Service (*Bundesanstalt für Arbeit*). It can be ordered from:

MISEP Secretariat  
I.A.S. - Institute for Applied Socio-Economics  
Novalisstr. 10  
D-10115 Berlin

Tel. +49 - 30 - 28 00 85 - 0  
Fax +49 - 30 - 28 26 37 8

E-mail: [eurocontact@ias-berlin.de](mailto:eurocontact@ias-berlin.de)  
Internet: <http://www.ias-berlin.de>

## BENCHMARK STATISTICS

<b>The Land (1994)</b>							
Area	356,978 km <sup>2</sup>						
<b>The People (1995)</b>							
Resident population	81,570,000						
<b>Production (1994)</b>							
Gross Domestic Product	DM 2,973.40 billion						
		<b>West<sup>1</sup></b>			<b>East<sup>2</sup></b>		
		total	men	women	total	men	women
<b>Labour Market</b>							
Working age population (15-65 years)**	44,692,000	22,701,000	21,991,000	10,595,000	5,369,000	5,226,000	
Labour force (15-65 years)**	31,615,000	18,450,000	13,165,000 (41.64 %)	8,141,000	4,280,000	3,861,000 (47.43 %)	
<b>Activity Rate</b>	70.7 %	81.3 %	59.9 %	76.8 %	79.7 %	73.9 %	
<b>Employment (total)**</b>	29.244,000			6,804,000			
Of which:							
– women	12,102,000			3,007,000			
– under 25 years	3,540,000			914,000			
<b>By Sector:</b>							
– Agriculture	3.08 %			3.87 %			
– Manufacturing	35.91 %			35.89 %			
– Trade and transport	22.96 %			22.10 %			
– Other services	38.05 %			38.14 %			
Total	100 %			100 %			
<b>Registered Unemployment (1996) a.a.***</b>	2,796,243	1,626,501	1,179,742	1,168,821	495,045	673,776	
Share of all unemployed		57.8 %	42.2 %		42.4 %	57.6 %	
Of which:							
– under 20 years	82,551			24,746			
Share of all unemployed	3.0 %			2.1 %			
<b>Unemployment Rate (1996) a.a.***</b>	9.1 %			15,7 %			
By education							
(15-65 years, September 1996)							
Total	2,748,515	1,551,787	1,196,728	1,099,934	444,357	655,577	
Of which:							
– In-firm training	42.5 %	44.2 %	40.3 %	67.3 %	65.9 %	68.2 %	
– Basic vocational school	1.9 %	1.4 %	2.6 %	1.5 %	1.0 %	1.8 %	
– Technical college	3.2 %	2.8 %	3.6 %	5.9 %	5.2 %	6.4 %	
– Technical college of higher education	1.8 %	2.1 %	1.4 %	0.9 %	1.5 %	0.6 %	
– University/institute of higher education	3.9 %	3.7 %	4.2 %	3.6 %	5.2 %	2.5 %	
– No vocational training	46.7 %	45.8 %	47.8 %	20.8 %	21.2 %	20.5 %	

1 West – old Federal States.

2 East – new Federal States, including East Berlin.

a a. Annual average

\* Source: Statistical Yearbook 1996.

\*\* Source: Federal Statistical Office – Special Series 1 Series 4.1.1 – microcensus April 1995.

\*\*\* a.a. figures, BA Labour Market 1996; September figures, BA Structural Analysis 1996.

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# CHAPTER I INSTITUTIONS

## 1. General

The major objectives of employment policy are to achieve a higher level of employment and to reduce unemployment. The Federal Minister of Economic Affairs is responsible for the growth and investment policy needed to achieve these goals. The law on the promotion of economic stability and growth constitutes an important statutory basis.

Apart from promoting economic growth, the policies on working hours and on vocational training make a major contribution to coping with employment problems. Together with the actual labour market policy instruments they make up labour market policy in the broader sense.

Labour market policy, broadly interpreted, is an area spanning the whole federal structure of the Federal Republic of Germany. Thus, for instance, a major part of the regional structural policy which is important for the labour market belongs to the area of responsibility of the *Länder* (federal states). The spheres of competence of the *Bund* (federation) and the *Land* (federal state) also play an important role in the transition from the educational system to working life, the more so since this transition typically takes place through qualified vocational training.

According to the Basic Law (*Grundgesetz*) of the Federal Republic of Germany, important parts of the educational system are the sole responsibility of the *Länder*. Their competence covers mainly schools providing general education and vocational training as well as major parts of the university system.

On the other hand, the *Bund* has, as regards training, conflicting legislative powers with regard to in-firm vocational training (the most usual form of training for young people), and to laying down the rules for the promotion of training. The minister responsible in this area on the national level is the Federal Minister of Education, Science, Research and Technology. For fulfilling his task he can turn to the work of the Federal Institute for Vocational Training (*Bundesinstitut für Berufsbildung*) in Berlin. Its major organs are the main committee and the Secretary General. The main committee decides on the Institute's affairs and gives the federal government advice on fundamental questions of vocational training. It is a tripartite body with representatives of employers, employees and public authorities.

The labour market, and hence indirectly labour market policy, is influenced not only by the federal government, the *Länder* and other public-law institutions, in particular the employment service, but also to a large extent by collective agreements concluded between the social partners. Corporate personnel policy, including personnel planning and corporate social benefit schemes as well as the firm's labour relations code, also have an impact on the labour market.

## 2. Federal Ministry of Labour and Social Affairs – *BMA (Bundesministerium für Arbeit und Sozialordnung)*

In carrying out his tasks with regard to labour market policy, the Federal Minister of Labour and Social Affairs seeks a concordance of views with all persons concerned. It is obvious that this



leads to close contacts with the other federal ministries and in particular with the Federal Employment Service. Some projects which concern the labour market do not fall under the overall control of the *BMA*; for instance, the Federal Ministers of Economic Affairs and Finance are responsible for regional and sectoral structural policy and also for monetary and cyclical economic policy. In such matters it is the task of the Federal Minister of Labour and Social Affairs to introduce all important aspects concerning labour market policy into the discussion.

Furthermore, the Minister frequently exchanges views with the *Länder*, the employers' associations and trade unions. In addition, civil servants responsible for labour market questions in the Ministries of Labour in the *Länder* are invited in turn to take part in discussions on short or longer-term labour market problems. Questions relating to labour market policy are also discussed at the standing conferences of *Länder* ministers of labour and labour senators. Given the federal structure of Germany, such exchanges are useful and important as they enable the Federal Minister of Labour and Social Affairs to explain his ideas on labour market policy and to gain the *Länder* governments' collaboration, while at the same time the problems of the *Länder* are made clear to the federal government.

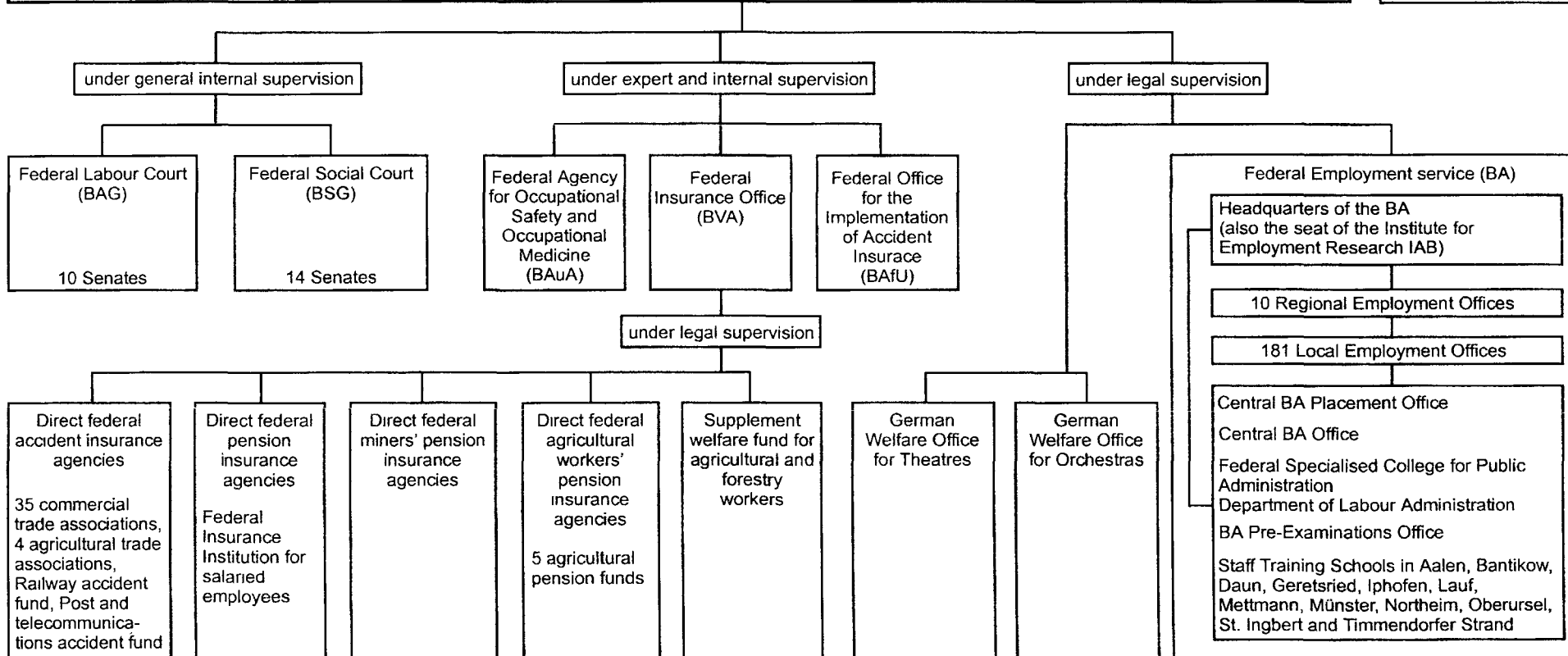
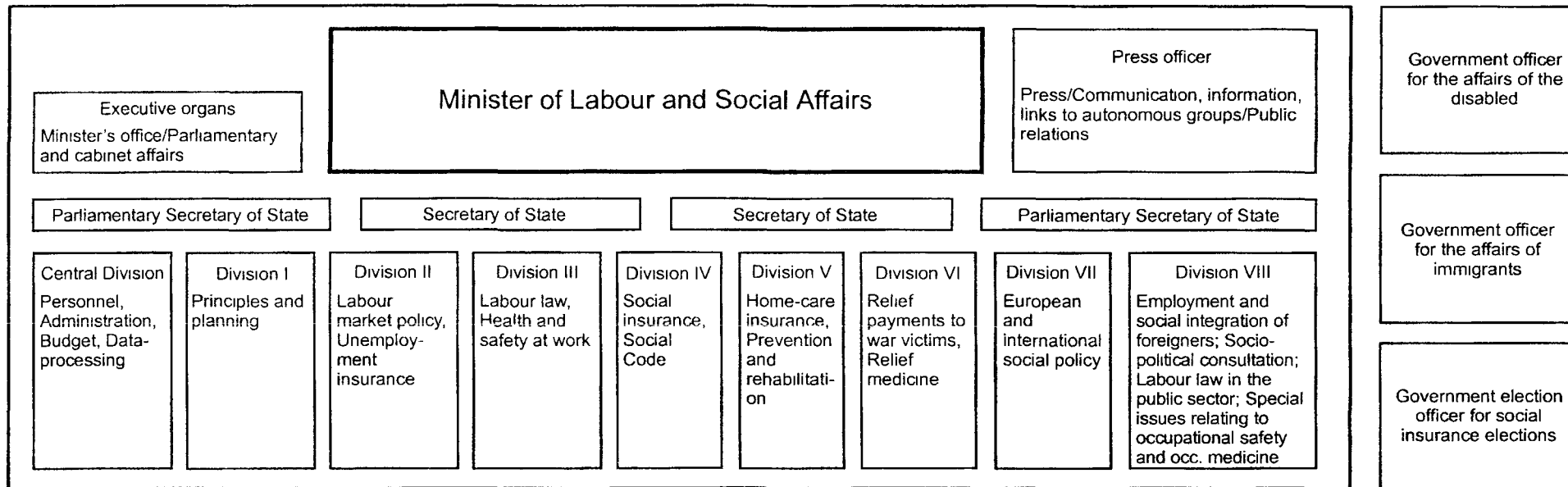
#### *Organisation and responsibilities*

Below top management, the *BMA* is divided into a number of specialist departments which are grouped into divisions according to their areas of responsibility. The Federal Ministries' Joint Standing Orders make this type of organisation mandatory for all ministries.

At present, in addition to the central division which is responsible for personnel and administration, there are eight divisions of *BMA* covering the following areas:

- Division I Principles and planning
- Division II Labour market policy, employment promotion/unemployment insurance
- Division III Labour law, health and safety at work
- Division IV Social insurance, Social Code
- Division V Home-care insurance, prevention and rehabilitation
- Division VI Relief payments to war victims, relief medicine
- Division VII European and international social policy
- Division VIII Employment and social integration of foreigners, sociopolitical consultation, labour law in the public sector, special issues relating to health and safety at work and occupational medicine.

The following bodies in particular fall within the ambit of the *BMA*: the Federal Labour Court, the Federal Social Court, the Federal Agency for Health and Safety at Work and Accident Research, the Federal Insurance Office, the Federal Agency for Occupational Medicine, the Federal Employment Service, further subordinated bodies and a series of insurance institutions and their federations (cf. organisation chart, p. 3).



One of the most important tasks of the *BMA* at the present time is to shape labour market policy, which is entrusted to Division II. The division is divided into two sub-divisions, responsible for "labour market policy" and "employment promotion and unemployment insurance" respectively.

The legal basis for implementing labour market policy instruments, including the counselling and placement services, is the third volume of the Social Code (*Sozialgesetzbuch – SGB III*, cf. Chapter III, 1).

The tasks set out in the *SGB III* are carried out not by the *BMA* but by the Federal Office for Placement and Unemployment Insurance set up in 1952, now known as the Federal Employment Service (*BA*). The *BMA* works in close cooperation with the *BA* to achieve the aims of the Labour Promotion Act. The Federal Minister of Labour is responsible for the legal supervision of the *BA*, in other words he is authorised and required to monitor the lawfulness and legality of, and if necessary, to query the decisions of the *BA*. He has the right to take part in the closed sessions of the self-governing bodies of the *BA* and to express his opinions there. Furthermore, he authorises the orders issued by the self-administration. The annual budget of the *BA* requires the authorisation of the federal government.

### **3. Federal Employment Service – *BA* (*Bundesanstalt für Arbeit*)**

#### **3.1 Legal status and constitutional competence**

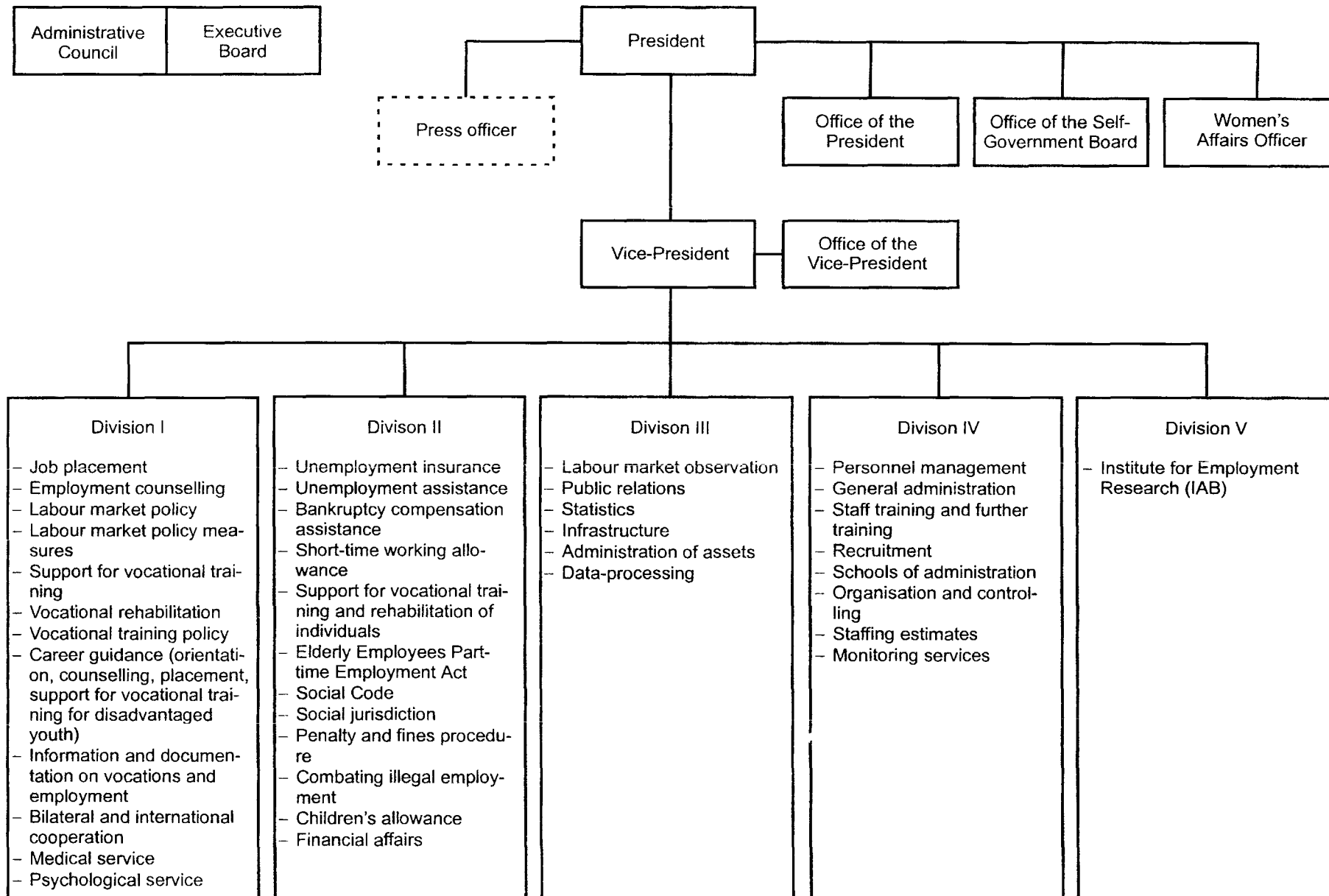
In the Federal Republic of Germany, vocational counselling and placement in training or employment are functions which have been legally conferred on the Federal Employment Service as the body responsible for employment promotion. The *BA*, which has its head office in Nuremberg, is also charged with providing other services related to employment promotion (including payment of unemployment benefit to the unemployed). In addition, unemployment assistance is paid by the *BA* on behalf of the federal government.

The *BA* was established on 1.5.1952 (Act of 10.3.1952 on the Establishment of a Federal Office for Placement and Unemployment Insurance – Federal Law Gazette I, p. 123) as a self-governing public body. The parties that govern the *BA* are the employees, employers and public bodies (federal and *Land* governments, associations of municipalities and local governments). The legal basis for the *BA* is *SGB III*, which will replace the Labour Promotion Act of 1969 (*Arbeitsförderungsgesetz – AFG*) on 1 January 1998.

Legally, and in its organisation and functions, the *BA* is the successor body to the National Office for Placement and Unemployment Insurance founded in 1927.

As a public body directly associated with the federal government, the *BA* is subject to legal supervision by the *BMA* to ensure observation of the law and other legal directives, provided no other supervisory authority has been legally designated as, for example, in the case of unemployment assistance.

## Head Office of the Federal Employment Service (BA)



The *BA*'s organisation offers the advantage of bringing together in a single institution both a well-tried system of financial help designed to achieve the aims of labour market policy and to provide subsistence in the event of unemployment, as well as counselling and placement services.

### 3.2 Decision-making bodies

The tasks of the *BA* directly affect the vital interests of employees and employers. When a state institution was created in the form of an employment service, important codetermining rights were granted to the social partners since they had already taken on responsibilities for providing a placement service and financial support during unemployment before corresponding provisions were made by the state.

The *BA* is a self-governing body incorporated under public law. Representatives of employees, employers and public bodies, acting as honorary members of the self-governing organs, directly influence the *BA*'s purpose and the way in which it operates. Establishing the necessary close links between the organs of the *BA* and public social and economic life, they ensure that the tasks of the *BA* are carried out in a realistic way. Besides dealing with day-to-day business, they are also called upon to stimulate the employment service to find new solutions to problems.

The self-governing organs of the *BA* have a political mandate: in matters which do not require the intervention of the state, the social partners are expected to take charge on their own authority.

The self-governing principle is systematically applied at all administrative levels of the *BA*. The central organs are the Governing Body (*Verwaltungsrat*) and the Executive Board (*Vorstand*); in the Regional Employment Offices and the Local Employment Offices the functions of self-government are performed by the administrative committees (*Verwaltungsausschüsse*). All organs are composed of equal numbers of representatives of employees, employers and public bodies who are appointed on the basis of suggestions from the responsible associations or bodies.

The Governing Body enacts the statutes of the *BA* and determines its budget. Within the scope of its autonomy it issues regulations in accordance with the provisions of the *SGB III* wherever complementary legislation is required or desirable.

The Executive Board represents the *BA* both judicially and extrajudicially in those cases where this task does not fall under the responsibility of the President of the *BA* within the scope of routine administration. The Executive Board issues directives for the management of routine administration by the President. It prepares the budget for the *BA* which is then submitted to the Governing Body for assessment. As far as personnel is concerned, the Executive Board plays an important part in deciding upon appointments of staff to senior positions.

The administrative committees of the Regional and Local Employment Offices assume the tasks of self-government for their respective districts, participating in the execution of the various duties through these bodies. They intervene in individual cases only where such intervention is provided for by law or in the statutes of the *BA*, or where an individual case is particularly significant for labour market policy. The administrative committees of the Employment Offices are responsible, in particular, for allocating the funds earmarked under the budgetary item "integration" for discretionary provisions within the framework of active employment promotion, including "independent measures". Their task is to contribute to improving the balance between labour supply and

demand, taking into account the annual results of their integration efforts. The administrative committees of the Regional and Local Employment Offices may submit proposals for the budget prepared by the Executive Board.

All levels of the self-governing organs work together in close cooperation and in confidence both with each other and with the executive administration.

### 3.3 Organisation

The agencies of the *BA* are situated throughout the federal territory. The districts that they serve are defined according to the labour market and according to economic factors.

The *BA* consists of:

- 1 head office;
- 10 Regional Employment Offices;
- 181 Local Employment Offices.

The head office in Nuremberg, with its Institute for Employment Research (*Institut für Arbeitsmarkt und Berufsforschung – IAB*), issues basic instructions to ensure that the tasks of the *BA* are properly and uniformly carried out throughout the federal territory. Immediately under its control are the following special offices for central and inter-regional tasks:

- the Central Office in Nuremberg;
- the Central Placement Office in Frankfurt/Main;
- the Staff Training Schools in Lauf, Münster, Daun, Northeim, Aalen, St. Ingbert, Mettmann, Timmendorfer Strand, Geretsried, Oberursel, Bantikow, Iphofen;
- the "Labour Administration" Department of the Federal Specialised College for Public Administration in Mannheim and its branch office in Schwerin;
- the Pre-Audit Office in Nuremberg.

The Regional Employment Offices are responsible for a large number of Local Employment Offices and coordinate their work. Their administrative districts usually comprise two federal states, although some states have their own Regional Office (North Rhine-Westphalia, Hesse, Baden-Württemberg and Bavaria).

The Local Employment Offices are responsible for dealing directly with the public in all fields. As a rule, permanently or temporarily manned external offices (branch and auxiliary offices) are established in the Local Employment Office districts, which mostly cover several municipal and regional districts.

### 3.4 Personnel\*

The tasks of the *BA* are carried out by civil servants and by employees working under private-law contracts. On 15 June 1997, the staff at the *BA* was made up of 16,736 civil servants, 2,927

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\* Staff figures are given in terms of full-time employees.

auxiliary personnel with civil servant status and 57,793 other employees. In addition, 2,749 people were employed on fixed-term contracts.

The rating of positions and activities for civil servants and employees is carried out according to a standard assessment system embodied in either a special assessment catalogue or the collectively agreed regulation of the remuneration system.

All personnel must be professionally qualified and versatile. Particular importance is therefore attached to a good training and further training of staff. A special sub-division has been set up at Head Office to deal with training and further training matters. The Regional Employment Offices have training units, and there are educational officers and practical instructors in the Local Employment Offices. In addition, the *BA* maintains several schools for the education and further training of its staff. Trainees for higher career positions are instructed in "labour administration" at the Federal Specialised Technical College for Public Administration in Mannheim and at its branch office in Schwerin (cf. 3.3 above).

### 3.5 Operational budget

#### *Raising funds*

Provisions within the framework of employment promotion and the other functions of the *BA* are largely financed through contributions. The current rate of contributions for employment promotion is 6.5% of the basis of assessment, which is defined as the wage/salary subject to contributions up to the basis of assessment for contributions to pension insurance.

All persons subject to compulsory insurance within the unemployment insurance system are liable to pay contributions, i.e. all persons who work in return for remuneration or in order to receive vocational training (insured employment). Insurance is compulsory within the jurisdiction of the *SGB III*. Employment abroad may, however, be equated with employment at home by supranational law or international agreements.

The following persons are exempt from contributions:

- civil servants, students and schoolchildren;
- employees who draw pensions because of incapacity to work;
- employees who, because of reduced capacity to work, are permanently unavailable for placement;
- marginal part-time workers, i.e. those who work less than 15 hours per week or who earn no more than one-seventh of the monthly basic amount (1997: DM 610 in the old and DM 520 in the new federal states);
- casual workers.

The employees' and employers' (equal) contributions are paid by the employer to the national health service (collection agencies). The collection agencies pass these contributions on to the *BA*.

### *Budget and assets*

As a body incorporated under public law, the *BA* has its own budget. The budget, drawn up by the Executive Board and assessed by the Governing Body, requires the approval of the federal government. A budget surplus is transferred to the reserve fund and budget deficits are covered by corresponding withdrawals from the reserve. If the funds of the *BA* are not sufficient to meet its financial obligations, the federal government provides the liquidity assistance needed to balance the accounts in the form of an interest-free loan. If the *BA* is unable to repay government loans from its receipts or from the reserve fund at the end of the financial year, the part of the loan exceeding the reserve is converted into a grant.

The Federal Commissioner of Audits (*Bundesrechnungshof*) examines the budget and business accounts of the *BA*.

The main budget income (more than 75% of income) for the *BA* to finance its functions in accordance with the *SGB III* is derived from the contributions for employment promotion. The funds for financing compensation for loss of earnings due to weather conditions or bankruptcy are raised by special contributions.

The financial resources of the *BA* may only be used for legally prescribed or permitted purposes. Among the main budgetary expenses are benefits within the context of active labour market policy measures (especially further vocational training, vocational rehabilitation of disabled persons, incentives to enter employment, promotion of job-creation and structural adjustment measures, short-time working allowance, bad-weather allowance and winter allowance) and benefits in the event of unemployment or an employer's insolvency.

### *Expenditure on behalf of the federal government*

The *BA* also pays out considerable amounts on behalf of the federal government. These are chiefly benefits within the framework of unemployment assistance and integration assistance, including, in particular, language tuition for new resettlers.

## **3.6 Cooperation and coordinated activities**

The *BA* has close relationships with the *BMA* and also with the main employers' associations and trade unions.

## **3.7 International contacts**

Cooperation with public employment services in other countries is both direct and through international and supranational organisations – for example the European Community (EC), the International Labour Organisation (ILO), the International Association for Social Security (IVSS), the World Association of Public Employment Services (WAPES) – as well as through international employers' and trade union organisations, where their activities overlap with the functions of the *BA*.



Various projects of the ILO (for example, technical and personnel aid projects for Third World countries) directly overlap with the BA's sphere of activities. Within the scope of its possibilities, the BA supports these activities by making available its know-how and services for the placement of specialised staff. BA personnel also participate in the projects, for example in the development and expansion of public employment services in developing countries.

In response to a directive from the federal government the BA has greatly expanded its operations since 1990, particularly in the field of the development and reform of foreign public employment services. Recognition of the growing need for transferring know-how has led to a special division being set up.

In conjunction with the Society for Technical Cooperation (*Gesellschaft für Technische Zusammenarbeit – GTZ*), the BA has set up the working group "Centre for International Migration and Development" (*Centrum für Internationale Migration und Entwicklung – CIM*) in Frankfurt/Main. Staff from the BA and the GTZ work there together on:

1. the "Integrated Skilled Labour" programme (*Integrierte Fachkräfte*), which is a scheme to send German skilled workers to Third World countries, where they will be taken on as employees by local employers under local working conditions. In addition to receiving the local rate of pay, these skilled workers are paid a subsidy from the funds of the Federal Ministry for Economic Cooperation (*BMZ*);
2. the reintegration of foreign workers, skilled workers and executives who receive training or further training in the Federal Republic of Germany.

# CHAPTER II      LEGAL FRAMEWORK AND PROCEDURES

## 1.      Sources of Law

Some important principles of labour law are guaranteed by the Constitution. The Basic Law guarantees the inviolability of human dignity (Art. 1); the right to free development of the personality (Art. 2); the equality of men and women at work (Art. 3, Section 2); the ban on arbitrary treatment of an employee on grounds of sex, birth, race, language, nationality and origin, faith, religious or political views and on discrimination on grounds of a disability (Art. 3, Section 3); the right to free collective bargaining together with the freedom of association (Art. 9, Section 3; the (German) employee's freedom of movement and his/her right to freely choose his/her occupation, place of work and training (Art. 11 and 12, Section 1); and finally the ban on forced labour (Art. 12, Sections 2 and 3).

There is no uniform statutory regulation under German labour law. The Civil Code regulates formal aspects of contractual obligations, in particular the contract of employment. To these regulations are added numerous special laws (e.g. protection against wage seizure in the Code of Civil Procedure).

In addition to government regulations (laws and statutory orders (cf. 2. below), accident prevention regulations issued by the trade associations as bodies incorporated under public law constitute important sources of law as regards health and safety at work which encompasses in particular industrial and social health and safety. Governmental and trade associations' regulations are complementary. The implementation of health and safety at work is the employer's responsibility. He/she is required to equip workplaces, machinery, equipment, plants and other installations, look after their maintenance and ensure their operation in such a way that the workers are protected against risks to their life or health. Just as there are regulations stemming from the government and from the trade associations, there are two supervisory bodies inspecting the implementation of regulations for protecting the workers: the Offices for Health and Safety at Work, or factory inspectorates (*Gewerbeaufsichtsämter*), and the technical supervisory bodies of the trade associations. The public inspectorates employ some 4,300 and the trade associations some 3,000 persons who carry out inspection in the plants.

In practice, central agreements (collective agreements and company agreements) are an important source of law in labour legislation. They constitute autonomous law, self-imposed by the employers' organisations or individual employers and employees or by company bodies (the employer and the works council). The terms of such agreements are binding, provided they lie within the law. The task of the trade unions and the employers' organisations, guaranteed in the Basic Law, is to lay down in comprehensive collective agreements the conditions of employment and to adapt them continuously to the prevailing economic and social developments. Employers and unions act autonomously, i. e. on their own authority and without government influence but within the general conditions set by the Constitution and by legislation.

However, a number of questions pertaining to labour law are not settled either by government regulations or by collective agreements or by agreements at plant level. This is where the so-called case law (*Richterrecht*) has assumed a generally accepted legal function. The labour courts,

with the Federal Labour Court at the top, have in many areas drawn on individual and collective labour law, amending Statute Law or adapting it to the changing social and economic environment.

In the Federal Republic of Germany disputes resulting from the employment relationship or at company level cannot be settled by industrial action. Nor is this necessary, for labour can turn to the independent labour courts which give effective legal protection. There are three levels of appeal: the Labour Court, the Regional Labour Court, and the Federal Labour Court. Employee and employer representatives are involved in all three levels of appeal as honorary judges. Labour court proceedings are relatively inexpensive compared to those of other courts.

## **2. Summary of the Main Statutes**

### **2.1 Law pertaining to the employment relationship**

#### **The Civil Code (*Bürgerliches Gesetzbuch [BGB]*) "*Schuldrecht*" (Law of Contract)**

The Civil Code covers fundamental aspects of employer-employee relationships, such as the right to adequate remuneration, date of payment of the remuneration, remuneration in the case of non-acceptance of the work by the employer, remuneration in the case of a temporary inability of the employee to report to work, equal treatment of men and women, safeguarding of employees' rights on transfer of undertakings, the employer's obligation to take protective measures, periods of notice of employment relationships, and the substantive right of summary dismissal/resignation without notice.

#### **Sickness Benefits Act (*Entgeltfortzahlungsgesetz*)**

Workers who, through no fault of their own, are unfit to work because of illness are legally entitled to continued payment of their wages/salary for up to 6 weeks.

#### **Statutory Leave Act (*Bundesurlaubsgesetz*)**

Workers currently have a legal right to a minimum of 24 working days' paid leave. Longer paid leave (up to 6 weeks) is provided for in the contracts of those employees bound by collective wage agreements.

#### **Protection against Dismissal Act (*Kündigungsschutzgesetz*)**

This Act provides protection against dismissal for employees working in companies where the regular workforce numbers more than 10, and who have worked in that company for more than 6 months. The law considers dismissal to be "socially unjustifiable" if there is no reason arising from the nature or behaviour of the person involved or from the urgent requirements of the company impeding the continued employment of the person with the company.

"Urgent company requirements" constitute the major reason for dismissal in times of economic recession. These include company closure or lasting shortages of orders, provided that these

have already assumed tangible forms. In selecting those members of the workforce who are to be made redundant because of urgent company requirements, the employer must take into account the worker's length of service, age and family responsibilities. If the employer gives no or insufficient consideration to these aspects, the dismissal will be void despite urgent company requirements. Workers whose continued employment is justifiably in the interests of the company due to their knowledge, skills or performance, or whose retention contributes to a balanced personnel structure, are exempted from selection based on social aspects.

If a works council exists in a company, its view has to be heard in accordance with the Workplace Labour Relations Act (*Betriebsverfassungsgesetz*) prior to any dismissal by the employer, irrespective of whether it is a question of dismissal with notice or summary dismissal. For the hearing to be effective, the employer is required to inform the works council of the planned dismissal, stating at the same time the reason for it. The information must be given in good time to enable the works council to consider the case and to give its opinion. Without such a hearing the dismissal is void from the outset.

Protection against dismissal procedure (*Kündigungsschutzverfahren*): Appeals against socially unjustifiable dismissals can be made to the Labour Court. Within three weeks of having received his/her notice, the worker has to institute dismissal protection proceedings against the employer with the Labour Court.

Termination of the employment relationship with financial compensation (*Auflösung des Arbeitsverhältnisses gegen Abfindung*): It often happens that the parties to a dismissal dispute are on such bad terms that meaningful collaboration is no longer possible. Therefore, the law authorises the judge, on request and under specific conditions, to terminate the employment relationship with payment of compensation by the employer, although there were insufficient grounds for dismissal.

The law extends special protection to members of the works council, disabled persons, pregnant women, mothers and persons on parental leave.

### **Labour Promotion Act (*Beschäftigungsförderungsgesetz*)**

This Act contains a whole set of employment policy measures for the legislator to react to the difficult labour market situation.

Until 31 December 2000, employment contracts may be concluded for a fixed term of up to 2 years without provision of objective reasons (as was normally required). Fixed-term contracts which are initially concluded for a period shorter than 2 years may be extended no more than 3 times subject to a total maximum duration of 2 years. These restrictions do not apply to employees over the age of 60.

The Act guarantees the protection of the part-time worker as regards labour legislation:

- An employer may not treat a part-time worker differently from a full-time worker because of his/her status as a part-timer unless there are objective reasons for him/her to be treated differently.
- Furthermore, special types of part-time in-company work which have been developed, such as adaptation of working hours to meet the volume of work or job-sharing, are made socially acceptable through regulations designed to protect the employee.

**Sub-contracted Foreign Workers Act (*Arbeitnehmer-Entsendegesetz*)**

This Act obliges employers based abroad – especially those in the construction sector – to guarantee employees they have sent to Germany the collectively agreed minimum wage and holiday entitlements which are in force at the place of employment. The BA and the main customs offices monitor adherence to these conditions. Infringements may be penalised by fines of up to DM 100,000.

**Temporary Employment Businesses Act (*Arbeitnehmerüberlassungsgesetz*)**

This Act regulates the supply of workers by temporary employment agencies (*Leiharbeit*). Such supply of workers is subject to authorisation by the competent Regional Employment Office. The authorisation is refused to businesses lacking reliability or if workers are to be supplied for longer than 1 year.

The following are prohibited:

- contracts between temporary employment agencies and employers as well as between temporary employment agencies and workers to be hired out, if the employment agency does not have the requisite authorisation;
- agreements which forbid the employer to take on the temporary worker at a time when the latter no longer has a contract with the temporary employment business.

## **2.2 Law pertaining to health and safety at work (industrial and social health and safety, protection of working time and protection of certain categories of workers)**

**Health and Safety at Work Act (*Arbeitsschutzgesetz*)**

The Health and Safety at Work Act of 7 August 1996 constitutes the basis for maintaining industrial safety standards. It applies to all categories of employees in all areas of employment. The Act contains basic regulations concerning safety in the enterprise and is founded on a modern interpretation of health and safety at work, which also incorporates measures promoting humane working conditions. It places importance on flexibility and personal initiative. Enterprises are to be relieved of obligations in this regard in the long term by means of rigorous preventive measures. The interests of small and medium-sized enterprises are taken into consideration in many areas.

The following new regulations on specific technical aspects of enterprise safety have been passed on the basis of the Health and Safety at Work Act. These constitute further building blocks for modern health and safety and cover aspects left unregulated in health and safety legislation to date.

***Protective Equipment Ordinance (PSA-Benutzungsverordnung)***

The introduction of the Protective Equipment Ordinance means that there is now a uniform regulation concerning the selection, provision and use of equipment and clothing for personal protection

(PSA) in all areas of employment. Employers are obliged to ensure that their employees are instructed in the proper use of PSA.

#### *Manual Load Ordinance (Lastenhandhabungsverordnung)*

The Manual Load Ordinance contains stipulations on protecting the safety and health of employees who carry loads which entail a health risk, especially for the spinal cord. Employers are urged to avoid such activities by their employees in principle. If this is not possible, the employer must organise the work such that these activities are as safe and entail as little risk to the health of the workers as possible. An evaluation of working conditions is carried out to this end, so that appropriate health and safety measures can be introduced.

#### *VDU Work Ordinance (Bildschirmarbeitsverordnung)*

The VDU Work Ordinance lists necessary protective regulations for employees working at visual display units and obliges all employers to adhere to these stipulations. The regulations concern minimum standards for the display unit itself, the workplace, the working environment, the software used and the organisation of the work.

#### **Working Hours Act (*Arbeitszeitgesetz*)**

The new Working Hours Act, which came into force on 1 July 1994, fixes maximum daily working hours, minimum rest breaks during working hours and minimum rest periods after working hours. At the same time, it improves the framework conditions for agreements on flexible working hours. For the first time, night work is covered by occupational medicine and social policy regulations. Regulations on Sunday and holiday work have been brought up to date. The law has abolished unnecessary employment bans, thus improving employment prospects for women. The Working Hours Act only fixes the framework which must be observed for reasons of health protection. Actual working hours are determined by collective agreements, plant agreements or individual employment contracts.

#### **Protection of Young Persons Employment Act (*Jugendarbeitsschutzgesetz*)**

The aim of the Protection of Young Persons Employment Act is to protect persons aged under 18 against impairments of their safety, health or development resulting from employment. Thus, child labour is prohibited on principle; only children over the age of 13 may engage in suitable simple activities. Young people in employment are subject to restrictions on working hours and to protective regulations against dangerous work.

#### **Workplace Ordinance (*Arbeitsstättenverordnung*)**

The Workplace Ordinance sets out minimum requirements for workplaces. It contains provisions pertaining to the size of the workrooms, lighting, ventilation, protection from noise, facilities, rest rooms, sanitary facilities and escape and rescue routes.

### **Disabled Persons Act (*Schwerbehindertengesetz*)**

This Act extends special protection to disabled persons. When filling a vacancy, the employer is required to examine whether he/she can employ a disabled person. Enterprises employing more than 15 workers must employ a certain quota of disabled persons. An employer who does not recruit the requisite number must pay a compensation levy for each obligatory post not filled. The dismissal of a disabled worker is normally subject to prior approval by the main welfare service (*Hauptfürsorgestelle*). Enterprises and public services permanently employing at least 5 disabled workers have to arrange for the election of a representative (shop steward) for the disabled workers to look after their interests in the enterprise and give them help and advice.

### **Act on Outwork (*Heimarbeitsgesetz*)**

This Act provides special protection against risks and dismissal as well as a remuneration safeguard for outworkers. The main provisions of the Act concern remuneration and its safeguard. The highest regional manpower authorities effectively monitor remuneration by means of so-called remuneration auditors (*Entgeltprüfer*).

### **Maternity Protection Act (*Mutterschutzgesetz*)**

This Act regulates the special protection of contractually employed mothers and pregnant women. It prohibits certain occupations, contains standards as to the design of the workplace, regulations on how work is performed and organised, rules on payment of benefits (such as safeguarding remuneration, maternity benefit) and provisions concerning maternity leave and prohibition of dismissal.

## **2.3 Law pertaining to collective bargaining**

### **Collective Agreements Act (*Tarifvertragsgesetz*)**

This Act regulates the form and content of collective agreements, the application of collective agreements to members of the bargaining parties and the effects of the rules of law of the collective agreement. It sets out regulations on declaring collective agreements generally binding and defines the collective bargaining parties as well as the leading trade unions and employers' organisations. The Collective Agreements Act does not, however, regulate industrial action which is governed by case law.

### **Act on fixing minimum working conditions (*Gesetz über die Festsetzung von Mindestarbeitsbedingungen*)**

Statutory minimum wages do not exist in the Federal Republic of Germany. The Act does, however, authorise the Federal Minister of Labour and Social Affairs to decree minimum working conditions. The authorisation has so far never been used, since free collective bargaining functions well and there has never been any need to apply the law.

## 2.4 Law governing a firm's labour relations code and codetermination

Mention should be made in particular of the Workplace Labour Relations Act (*Betriebsverfassungsgesetz*) and the statutes which regulate worker codetermination at company level (cf. also 3.4 below).

# 3. Labour Market Institutions and Processes

## 3.1 Employers' associations

Employers' associations are voluntary organisations of employers organised into trade or inter-trade regional groups. The main organisation among these groups is the Confederation of German Employers' Associations (*Bundesvereinigung der Deutschen Arbeitgeberverbände – BDA*).

The *BDA* is composed of 65 representative specialist federations. Around 1,000 employers' associations throughout Germany are affiliate members through the latter. The *BDA* represents some 80% of all private enterprises in Germany. With its sub-divisions the *BDA* controls a wide network of regional and local offices and institutions. The main function of the *BDA* is to represent employers' interests in the area of social policy.

## 3.2 Trade unions

Since the Second World War, trade unions have been organised mainly according to industry (the so-called "*Industrieverbandsprinzip*" or principle of federations by industry, which means an association of workers of a specific industry regardless of the nature of their job). 15 such industrial unions constitute the German Confederation of Trade Unions (*Deutscher Gewerkschaftsbund – DGB*). The member unions of the *DGB* consider themselves to be "unitary unions" and claim to have no party political or ideological attachments. In addition to the industry-based unions, a salaried employees' union came into existence in the British zone of occupation grouping salaried employees from all branches of industry. Later this union spread over the whole of federal territory and is known today as the German Union of Salaried Employees (*Deutsche Angestellten-Gewerkschaft – DAG*). Mention should also be made of the Christian Confederation of Trade Unions (*Christlicher Gewerkschaftsbund – CGB*) and the German Civil Servants' Confederation (*Deutscher Beamtenbund – DBB*). At the end of 1996, more than 8.9 million wage and salary earners were unionised. At the end of 1996, membership of the *DGB* unions in the old federal states was 6.9 million and 2.0 million in the new states. However, the degree of unionisation varies considerably from one industry to another. The union having by far the most members is the metalworkers' union (*IG-Metall*). Of the other unions, the *DAG* had 501,009, the *DBB* 1,102,000 and the *CGB* 303,106 members at the end of 1996.



### 3.3 Collective bargaining and the social partners

Among other things, the Collective Agreements Act (cf. 2.3 above) stipulates who may act as a bargaining party. The only bargaining parties on the employees' side are the trade unions and on the employers' side the employers' associations or individual employers. Wages and salaries are usually negotiated for a year at a time. Outline collective agreements (*Manteltarifverträge*) which regulate other conditions of employment such as the working week, annual leave, release from work, bonuses and dismissal notices are traditionally concluded at longer intervals and thus run for a number of years. Collective agreements make it binding on the parties to the agreement to observe industrial peace on the contractually agreed matters for the term of the agreement. Conditions of employment agreed to by collective agreement are legally binding only on the members of the organisations concluding the collective agreement (*Tarifgebundenheit*). In practice, however, employers who are party to a collective agreement often apply the terms of the agreement to all employment contracts in their companies. Thus it is the collective bargaining parties who in the individual collective bargaining sectors bring about uniform industry-wide conditions of employment.

The bargaining parties have made broadest possible use of the scope they were given: collective agreements have been concluded in industry and the services which together employ some 90% of the workforce. From 1949 to the end of 1996, over 293,000 collective agreements were concluded, some 45,000 of which are in force. In recent years, between 7,000 and 8,000 new collective agreements have been concluded annually.

In the event of the bargaining parties failing to conclude a new collective agreement in negotiations, an arbitration procedure aimed at reaching agreement between the parties and thus preventing the outbreak of industrial action is often initiated. For important industries covering some two-thirds of all persons employed, the collective bargaining parties have made a prior agreement on the modalities of the arbitration procedure. Where this is not the case, the bargaining parties can agree on an ad hoc arbitration procedure or avail themselves of public arbitration boards which are set up in the federal states. There is no obligation to resort to arbitration or to accept the outcome of an arbitration procedure.

### 3.4 Institutionalised employee representation

#### Works Council (*Betriebsrat*)

The Workplace Labour Relations Act (*Betriebsverfassungsgesetz*) regulates the composition and function of the works council. The works council is the organ for representing all wage- and salary-earners of a company, regardless of union membership. In spite of being mutually independent, the works council and the trade unions are expected to cooperate in the interests of employees of the company. Works councils are elected by all the employees of companies which regularly employ at least 5 permanent workers who have the right to vote. Foreigners are also eligible to vote and to be elected.

Neither employer representatives nor managerial staff sit on the works council.

The number of members of a works council depends on the size of the company's workforce. A works council with several members elects a chairman and deputy chairman from among the members. Larger works councils, with at least 9 members, have a works committee (*Betriebsausschuß*) which handles the works council's day-to-day business. A seat on a works council is an honorary post performed voluntarily. Works council members may not be penalised as regards their contract of employment on account of their activity. Works council members must be released from work to carry out their tasks – which must not result in reduced pay – as required by the size and type of the respective company. Furthermore, works council members enjoy special protection from dismissal. The costs of the works council's activity are to be borne by the employer.

The employer and the works council are expressly required by law to work together in a spirit of mutual trust for the benefit of the company, in accordance with collective agreements. This principle of cooperation cannot, and is not intended to, remove the natural conflicts of interests between the employer and the works council as an organ representing the workforce, but it does set the standard for cooperation. The manifold statutory participatory rights of the works council are divided into two groups: *participation rights* (*Mitwirkungsrechte*) and *codetermination rights* (*Mitbestimmungsrechte*).

The scope of the works council's participation and codetermination sphere of competence varies according to whether *social welfare*, *personnel* or *economic* matters are dealt with.

*Participation rights* include the right to be informed, to make suggestions, to be heard and to be consulted. *Codetermination rights* are spoken of in cases where the employer and the works council may only make joint decisions about measures to be taken. If, in cases of codetermination, the two sides cannot agree, they can call on an arbitration board (*Einigungsstelle*) to decide the issue. Labour and management are equally represented on this panel, which is presided over by an impartial chairman. In the event of the employer carrying out measures which are subject to codetermination without having the works council's approval or the arbitration board's decision, these measures are always null and void.

Larger enterprises tend to have several plants and thus several works councils. In such cases the Workplace Labour Relations Act provides for *central works councils* (*Gesamtbetriebsräte*) to be set up. Individual central works councils of a group of companies (*Konzern*) can decide to set up a *group works council* (*Konzernbetriebsrat*). An *economic committee* (*Wirtschaftsausschuß*) has to be set up in all enterprises having as a rule a permanent workforce of over 100. The task of the economic committee is to discuss the economic affairs of the enterprise with management and to report back to the works council. The right to such information and consultation is of great importance to the workforce, since there is no right to codetermination in economic matters at the plant level.

### **Management committee (*Sprecherausschuß*)**

The collective representation of management interests is covered by the Management Committee Act (*Sprecherausschußgesetz*). The Management Committee represents all of management and can be elected in plants or enterprises which normally have a minimum of 10 managerial staff.

The Management Committee is comparable with the works council as regards independence and organisation. There are no employers' representatives on the Committee and its size depends on the number of managerial staff employed in the company. Committee members perform their

duties voluntarily. They must be released from professional duties when required, without loss of salary, and should be neither favoured nor disadvantaged as a result of their membership of the Committee.

The employer and the Management Committee are expected to work together in a spirit of trust in accordance with the collective agreements in force. The participation rights of the Management Committee are restricted, in view of the special position of management, to the right to be informed, to be heard and to be consulted. They have no codetermination rights. The employer and the Management Committee can lay down guidelines for and reach agreements on the content, the conclusion and the termination of employment contracts for managerial staff.

### **Employees on the Supervisory Board (*Arbeitnehmer im Aufsichtsrat*) (Codetermination in the enterprise – *Unternehmensmitbestimmung*)**

The purpose of having representatives of the workforce and their trade unions participate in the organs of enterprises and groups of companies is to ensure the workforce's direct involvement in important corporate planning and decisions. This is achieved by having workers' representatives elected to the supervisory board of companies in order to share and participate, together with the shareholders, in information, planning and decision-making which are within the supervisory board's sphere of competence.

In all joint-stock companies with more than 2,000 employees, representatives of shareholders and employees each have half the seats on the supervisory board (Codetermination Act of 1976). However, because of the legal regulations pertaining to the election of the chairman of the supervisory board and since the chairman has the casting vote in tied votes, shareholders are in the position of having their way in any possible confrontation with the employees' representatives.

The coal and steel industry has its own set-up for historical reasons. Here too the supervisory boards of enterprises with, as a rule, more than 1,000 employees are made up of equal numbers of representatives of shareholders and employees, but the labour position is stronger since both sides have to agree on an additional neutral member (Coal and Steel Industry Codetermination Act (*Montan-Mitbestimmungsgesetz*) of 1951, Supplementary Codetermination Act of 1956).

The Workplace Labour Relations Act of 1952 stipulates one-third employee representation on the supervisory boards of smaller joint-stock companies with up to 2,000 employees and on the supervisory boards of mutual insurance companies. Companies with less than 500 employees are exempted, although this exemption only applies since 1994 to public limited companies which are not family partnerships.

### **Labour Director (*Arbeitsdirektor*)**

The members of the executive board of a joint-stock company – excluding limited liability companies with fewer than 2,000 employees – are appointed by the supervisory board. According to the terms of the Codetermination Act of 1976 and the Coal and Steel Industry Codetermination Act, the supervisory board must appoint a Labour Director as a full member of the supervisory board. His/her prime area of concern in this board is social and personnel matters. He/she also has a role of mediator between the company's management and labour as well as the works council. According to the terms of the Coal and Steel Industry Codetermination Act, the Labour Director cannot be appointed or dismissed without the consent of the majority of the workers' representatives on the supervisory board.

## 4. Benefits in the Event of Unemployment

Unemployed persons who, even with the assistance of the job placement service, cannot find new employment are, under the terms of the *SGB III* and the conditions laid out therein, entitled to claim unemployment benefit or unemployment assistance to compensate for their lost wages/salary.

Foreign workers who are entitled to take up employment in the Federal Republic of Germany have the same claim to these benefits as Germans. Insurance and employment periods covered abroad, however, can only be taken into account according to international law or according to the provisions of bilateral and multilateral agreements on unemployment insurance. In addition to the European Community provisions, the Preliminary European Agreement on Social Security and the Rhine Navigators' agreement, there are bilateral agreements on unemployment insurance with Yugoslavia (or the states which succeed it), Austria and Switzerland.

### 4.1 Unemployment benefit (*Arbeitslosengeld*)

Unemployment benefit is an insurance benefit which is payable monthly by cheque and in arrears at a "wage-replacement rate" (*Entgeltersatzquote*) of 67% or 60% of the last net wage/salary paid (see below), without taking any other income or assets into account.

#### Qualifying conditions

The claim to unemployment benefit presupposes that the claimant is unemployed, has registered as such at his/her Employment Office and has completed his/her qualifying period. He/she cannot claim benefit from the age of 65 onwards.

An unemployed person is an employee who is temporarily out of work (unemployment requirement) and in search of insured employment (jobsearch requirement). Insignificant employment (i.e. employment requiring less than 15 hours per week or for remuneration equal to one-seventh of the reference amount for social insurance coverage – 1997: DM 610 in the old and DM 520 in the new federal states) or self-employment to a corresponding extent do not exclude the possibility of unemployment.

The unemployment requirement encompasses availability for placement and efforts on the part of the unemployed individual to terminate the spell of unemployment. On the request of the Employment Office, the beneficiary must show proof of the efforts made, provided he/she has been informed within good time of the obligation to provide such proof. Placement services are made available in principle to all those who are fit and willing to work as far as they are able. An unemployed person who can and may carry out work under the normal conditions of the labour market and who is willing to accept any suitable employment is considered fit for work.

Having registered in person, those in receipt of unemployment benefit are required to report in person to the Employment Office at least every 3 months.

The qualifying period is fulfilled by those who have in the reference period (in the last 3 years before registering as unemployed) been employed for at least 12 months and have paid compulsory contributions. In certain special cases (e.g. care of family members, care of children under the age of 3), periods out of paid employment are not included in the reference period. For workers who work regularly for less than 12 months in a calendar year solely because of the peculiarity of their job – so-called seasonal workers – the qualifying period is fulfilled by being employed for, and having made compulsory contributions over, 6 months.

The appropriate office for registering as unemployed is the Local Employment Office in the area where the unemployed person is resident. The application for unemployment benefit must also be submitted there.

#### *Beginning and duration of the claim*

The unemployed person does not need to complete a waiting period. The duration of the claim to unemployment benefit depends on the previous periods of employment and the unemployed person's age according to the following table:

Following periods in employment with compulsory insurance totalling at least ... months	and from the age of ...	... months
12		6
16		8
20		10
24		12
28	45.	14
32	45.	16
36	45.	18
40	47.	20
44	47.	22
48	52.	24
52	52.	26
56	57.	28
60	57.	30
64	57.	32

The duration of entitlement to unemployment benefit has been as presented in the above table since 1 April 1997. The minimum age limits were each raised by 3 years on this date; however, dependency on the retention of the old age limits has been protected by means of transitional arrangements. This means that workers who were in uninterrupted employment before the new regulation entered into force, then become unemployed prior to 7 April 1999, register as such before this date and claim unemployment benefit are entitled to the benefit for the durations which applied up to 31 March 1997.

#### *Rate of unemployment benefit*

Unemployment benefit is payable at 60% of wages/salary after normal statutory employee deductions (67% in the case of a worker with at least one child for whom he receives tax allowance). No family allowance is payable. The rates of unemployment benefit vary according to the different tax rates which an employee must pay in the respective income tax class. The Federal Minister of Labour and Social Affairs stipulates by decree law the rates for every calendar year.

Wages/salary in the above sense refers to the average weekly remuneration paid during the reference period which was taken as the reference amount for contributions in accordance with SGB III. The last remuneration accounting periods within the last 52 weeks in insured employment prior to the claim which were settled when the unemployed person left his/her last insured employment are taken as the basis.

Hardship which may arise in certain circumstances is dealt with by special provisions.

The remuneration on which the assessment of the unemployment benefit is based as well as the assessment ceiling are adapted annually to the general development of pay.

#### *Supplementary income*

Supplementary income which an unemployed person in receipt of benefit obtains from insignificant employment or self-employment is deducted – net of income tax, professional expenses and an allowance of 20% of the monthly benefit, but at least one-fourteenth of the reference amount for social security (1997: DM 305 in the old federal states and DM 260 in the new federal states) – from the unemployment benefit for the calendar month in which it was earned by the beneficiary.

#### *Suspension of entitlement*

The entitlement to unemployment benefit is suspended during a period in which the unemployed person receives, or is entitled to receive, remuneration. The same holds true if, because of the termination of the employment contract, the unemployed person receives, or is entitled to receive, holiday pay. Furthermore, almost all benefits under public law which replace remuneration (sickness benefit, pensions) cause the suspension of entitlement to unemployment benefit.

#### *Period of disqualification and lapse of entitlement*

The unemployed person will be disqualified for 12 weeks (6 weeks in cases of hardship) if he/she has terminated his/her employment contract or, through conduct contrary to the terms of the contract, has given reason for the employer to dismiss him/her and so deliberately, or through gross negligence, has brought about his/her unemployment, or in spite of advice on the legal consequences, has not accepted, or taken up, or has refused to take up work offered by the Employment Office or to take part in a training scheme, or a programme of vocational training or further training, or a programme to improve his/her prospects of employment as well as for vocational rehabilitation, or has discontinued participation in such a course without good reason for doing so. If the unemployed person has previously given cause for a 12-week period of disqualification and has received written notice of this, any remaining entitlement to benefit will lapse if the person causes a further disqualification of at least 12 weeks.

#### *New regulations on deducting severance pay from unemployment benefit*

Severance pay which the unemployed person has received or is entitled to receive due to the termination of an employment relationship is generally deducted from half the rate of unemployment benefit insofar as it exceeds a certain allowance, while contributions to health, home-care and pension insurance are maintained in full.

The allowance amounts to 25% of the severance pay. It is increased by 10 percentage points for older employees (those aged over 50 prior to unemployment) and by 5 percentage points for every 5 years of service after the age of 45.

However, as in the case of the new provisions concerning the duration of entitlement (see above), dependency on the continuity of the old legislation is protected by transitional arrangements .

#### *Partial unemployment benefit*

Partial unemployment benefit is a new, independent form of wage replacement which extends the unemployment insurance system. Its aim is to protect employees who are involved in several part-time employment relationships at the same time. The loss of one of several insured employment relationships will result in future entitlement to partial unemployment benefit.

The condition for entitlement is that the employee has been in the employment on which the claim is based for at least 12 months within the preceding 2 years in addition to other insured employment and is willing and able to take up new insured part-time employment (in addition to the existing employment) or full-time employment. Because of the particular risk prevailing for the unemployment insurance system in connection with this benefit, partial unemployment benefit is paid for a maximum of 6 months.

## **4.2 Unemployment assistance (*Arbeitslosenhilfe*)**

Unemployment assistance serves the same purpose as unemployment benefit, and both form a comprehensive system of protection in the event of unemployment. Foreigners who are entitled to enter employment in the Federal Republic of Germany may obtain unemployment assistance under the same conditions as German employees. The costs of unemployment assistance are borne by the federal government.

The regulations governing the entitlement to unemployment assistance are similar to those for unemployment benefit with certain exceptions. The claims for unemployment benefit and unemployment assistance are basically considered as integrated claims.

#### *Qualifying conditions*

Unemployment assistance can be claimed by anyone who is unemployed, available for placement, has registered at the Employment Office as unemployed, has applied for unemployment assistance, has no entitlement to unemployment benefit, is in need and in the last year before registering as unemployed, has drawn unemployment benefit (follow-up unemployment assistance – *Anschluß-Arbeitslosenhilfe*) or has been in contributory employment for at least 150 calendar days, or such time as to fulfil the qualifying period (primary unemployment assistance – *originäre Arbeitslosenhilfe*). Time spent under a public-law employment contract and time spent in military or civilian service is considered equal to contributory employment.

Previous employment is not required for persons who, during the last 12 months, have received subsistence benefits under public law for at least 240 calendar days – for example because of illness, occupational invalidity, incapacity to work or a rehabilitation measure – and who no longer

receive these benefits because the condition in question no longer exists and whose previous claim for unemployment benefit or unemployment assistance has expired.

An unemployed person is considered to be in need if he/she cannot provide for him/herself by any other means than by claiming unemployment assistance. The means test is based on the income and assets of the unemployed person and of his/her spouse (if he/she is alive and they are not legally separated) in so far as certain tax allowances are not exceeded. Some benefits are, however, not taken into account, including benefits for preventive and continuing health care, basic pension under the Federal Pensions Act, child benefit under the Federal Child Benefit Act and Parental Allowance under the Federal Parental Allowance Act.

#### *Duration of entitlement*

As a rule, follow-up unemployment assistance is granted for an *unlimited period* – until the claimant reaches the age of 66. It is usually only payable for 1 year at a time. Thereafter eligibility must be proved again. Primary unemployment assistance is granted for a period of 312 days.

#### *Rate of unemployment assistance*

Unemployment assistance amounts to 57% of wages, after the usual legal deductions have been made, in so far as the unemployed person has at least one dependent child who is taken into account for tax purposes. In all other cases it amounts to 53%. If unemployment assistance is granted following the receipt of unemployment benefit, the amount is based on the wages which were last used as the assessment basis for unemployment benefit. In all other cases, unemployment assistance is based on the wages the unemployed person received in his/her last job.

The remuneration on which the assessment of the unemployment assistance is based is adapted annually – with a flat-rate reduction of 3% – to the general development of pay.

As in the case of unemployment benefit, the rates of unemployment assistance are stipulated for every calendar year by decree law of the Federal Minister of Labour and Social Affairs.

#### *Procedure*

Unemployment benefit and unemployment assistance are paid by cheque. Payment is made monthly in arrears.

### **Employee allowance (*Arbeitnehmerhilfe*)**

The law on reforming the legislation on unemployment assistance (Unemployment Assistance Reform Act – *Arbeitslosenhilfe-Reformgesetz*) of 24 June 1996 has led to the introduction of an employee allowance (*Arbeitnehmerhilfe*) to employment-promotion law.

The Employment Office pays an allowance of DM 25 on top of the remuneration received from the employer for every day on which the employee has worked for at least 6 hours.



The employee allowance is intended as an incentive in particular for young people in receipt of unemployment assistance to also accept lower-paid and temporary work, especially seasonal work, and to compensate on a flat-rate basis for the additional encumbrances connected with fixed-term employment.

### **4.3 Health, pension and accident insurance for the unemployed**

Persons drawing unemployment benefit and unemployment assistance are insured with their dependants against sickness through a compulsory health insurance scheme. The contributions to this health insurance are borne by the *BA*. Since 1 January 1995, the basis of assessment for contributions has amounted to 80% of the relevant wage/salary. In the event of incapacity to work, unemployment benefit and unemployment assistance continue to be paid in principle for up to 6 weeks. After expiry of this period, a claim for sickness benefit can be made from the health insurance scheme for the amount that was last awarded as unemployment benefit or unemployment assistance; should there be a change in the qualifying conditions during the incapacity to work, the sickness benefit may, on application and under certain conditions, be increased accordingly.

Since 1 January 1995 recipients of unemployment benefit or unemployment assistance have been insured against the risk of requiring home care in the home-care insurance scheme. The basis of assessment for contributions is 80% of the relevant wage/salary, as in the case of health insurance. Since 1 July 1978 recipients of unemployment benefit or unemployment assistance have also been insured in the pension scheme. Until 31 December 1982 the contributions for this depended on the gross remuneration which had been the basis for calculating the benefit and were borne in full by the *BA*. Since 1 January 1983 the contribution rate has depended on the amount of benefit paid. From 1 January 1995 the basis of assessment for contributions is 80% of the remuneration taken as a basis for the benefit. Furthermore, periods in which benefits are drawn are taken as credit periods until 31 December 1997.

At the end of the period of benefit, the beneficiary is issued with a certificate indicating the period of benefit which he/she can use for a subsequent claim for benefit under the pension insurance scheme. Moreover, the *BA* passes the same information on to the respective pension fund agencies.

For persons who are drawing benefits and who are not insured under the compulsory pension fund, the *BA* assumes liability – if the required conditions are fulfilled – for life insurance policy premiums or contributions to a professional insurance or pension scheme and contributions for voluntary membership in a compulsory pension fund.

Since 1 January 1997 the *BA* only pays health, home-care and pension insurance contributions for recipients of unemployment assistance who are in need.

Persons drawing unemployment benefit or unemployment assistance are also insured against accidents which they may suffer on the way to or from their residence and an agency of the *BA* or an employer, or while on the premises of one of those places if the journey was undertaken by order of the Employment Office.

## 5. Matching Labour Supply and Demand

### 5.1 Principles

The general principles of the *SGB III* stipulate that employers have a special responsibility to provide employment and that workers have special responsibility for their own vocational opportunities. They also lay down that placement in training or employment has priority over wage-replacement benefits in the event of unemployment and benefits within the framework of active employment promotion.

The Employment Offices are charged with providing persons seeking training, jobseekers and employers with placement services for training and employment. Persons who claim unemployment benefit or unemployment assistance must be available for placement but otherwise use the placement service on a voluntary basis. The term "placement" covers a wide variety of areas. It encompasses all activities aimed at drawing together employers and those seeking training in order that a training relationship may ensue and at drawing together employers and jobseekers in order that an employment relationship may ensue. The obligation on jobseekers and those seeking training to participate in the procedure is laid down in law. The Employment Offices may suspend their placement activities on grounds of unwillingness of the jobseekers and those seeking training to participate.

Employers are not obliged to notify vacancies. If, however, they use the placement service, they are equally obliged to participate in the procedure. Employers are also entitled to labour market consultancy services. The Employment Offices are to offer such consultation on their own initiative if they are unable to fill a vacancy within a reasonable period of time.

Young people and adults participating or who wish to participate in working life are entitled to vocational guidance.

The Employment Offices may not – in accordance with the principle of equal treatment – give preferential treatment to or put at a disadvantage during the placement or consultation procedure any employer, jobseeker or person seeking training without a legally justified reason. The Employment Offices must remain absolutely neutral in the event of labour disputes between the social partners.

The Employment Offices provide consultation and placement services free of charge on principle. In exceptional cases an Employment Office may charge employers a fee for expenses if the placement efforts have significantly exceeded the normal time or costs. The employer must be informed about the obligation to refund expenses before the activities commence.

Private placement agencies – whether for employment or training – require an operating licence from the *BA*. An applicant has a legal right to a licence to carry out placement for all occupations and groups of persons if he/she is personally reliable and suitable qualified, his/her financial circumstances are sound, and he/she has adequate business premises at his/her disposal. Applicants who are already running an approved placement service in another EU Member State are considered to have fulfilled these conditions if they plan to operate from there. If, however, they intend establishing a branch office in the Federal Republic of Germany they must provide proof of the personal reliability and of the suitable qualification of those who will be responsible for placement, and of the availability of appropriate business premises in order that they may be

granted a licence. For placement from or to countries outside the EU licences are only issued for a limited number of occupations, such as artists or those in similar professions, professional sportspersons and au-pair boys/girls. Private placement agencies may only charge or receive a placement fee from the employer – apart from a few exceptions, such as artists and persons in comparable occupations, professional sportspersons and au-pair boys/girls.

## **5.2 Organisation**

The Employment Offices may independently choose the form of organisation they employ to fulfil their functions as effectively and efficiently as possible. The aim is to optimise working procedures, to improve the quality of information and counselling services and to reduce the waiting periods for claimants and jobseekers. In addition to the classical categorisation by occupational area for placement and counselling, other organisational alternatives may also be used, e.g. categorisation in accordance with regional responsibilities, by economic sector or by company. The type of organisational solution chosen by the individual Employment Offices depends on the regional circumstances, the economic structure and labour market situation, and on the facilities and personnel available in each office.

Specifically trained personnel are available to provide comprehensive individual counselling to those persons seeking advice and jobseekers who require special counselling due to their personal circumstances. This applies, for example, to the disabled and severely disabled, young people without vocational training and women returning to work.

The placement service for temporary work procures fixed-term employment of up to 3 months' duration in the commercial or industrial sector. There are special placement offices for this purpose in many large cities in a separate location to the Employment Offices' quarters, e.g. near higher education institutes, ports, large market halls and trade fairs.

People with a vocational background generally needing a wider labour market than that provided by any one Employment Office district can make use of regional and central specialist placement offices.

## **5.3 Procedure**

The placement procedure is largely standardised and rationalised. It nevertheless allows for the required individual service to both employees and employers.

The placement service is based on the jobseeker's application and the employer's job vacancy. The placement options which emerge from the interview with the placement officer are discussed in relation to the labour market. If need be, the applicant may, with his/her consent, be examined by the Employment Office doctor or psychologist. In addition, under the terms of the Labour Promotion Act, financial assistance can be given to candidates where needed for seeking and taking up employment.

The placement service is now computerised. All jobseekers in the Employment Office district and all job vacancies collected by the Employment Offices located within commuting distance, including those in the neighbouring Employment Office districts, are kept on file. The placement officer can thus match up jobs with suitable applicants very quickly and make placement suggestions without obligation. Those concerned can then consider whether or not they wish to enter into an employment contract.

The centralised job vacancies registration service (*Zentrale Auftragsentgegennahme offener Stellen*), group activities, labour market exchange, evening opening hours, consultation by appointment, telephone information services and automatic telephone answering services all contribute to achieving the best possible match between labour supply and demand.

## 5.4 Computerised placement

The Situations Vacant Service (*Stellen-Informationen-Service*) was introduced by the BA in 1991 and is now available in all Employment Offices. This is a self-information system with a daily update of jobs on offer. Anyone looking for work can make a choice from the situations vacant on offer at the Employment Office. The Situations Vacant Service gives the name, address and telephone number of companies seeking employees. People looking for work can call the vacancies up on a computer screen. Telephones are available for immediate contact with the prospective employer.

The Employer Information Service (*Arbeitgeber-Informationen-Service – AIS*) gives employers the possibility of being able to select suitable employees from an anonymous group of jobseekers based on their qualifications, knowledge or training; the daily updated list of jobseekers, which makes up 90% of the system, is considered by employers to be the most important function of the AIS. At the same time, employers can use the system to notify the Employment Office of vacancies – since January 1996 using the Internet provider T-Online.

The BA has also been advertising vacancies and (anonymous) applications for employment on the Internet since January 1997.

The Situations Vacant Service and the Employer Information Service have in particular led to the partners on the labour market making greater use of the Employment Offices and have also helped to fill vacancies more quickly and to shorten the individual period of unemployment.

## 5.5 Inter-regional placement

If the labour market in a Local Employment Office district and within commuting distance of this district does not suffice to place jobseekers or fill vacancies, it is possible for every Local Employment Office to open up the labour market throughout the federal territory to their clients. Within the framework of a special *Land* and federal coordination scheme, special coordinating services can be brought in. These determine suitable jobseekers and vacancies within a larger region and either establish contact between the Local Employment Offices concerned or arrange for jobseekers and vacancies to be advertised in the publications of the BA for situations wanted and jobs offered.

Specialist placement services working at inter-regional level are available for the placement of persons belonging to certain professions which normally need a wider labour market (such as performers, hotel and restaurant personnel, sailors). The Central Placement Offices in Frankfurt/Main and Berlin are responsible for the placement of managers from the industrial sector. The Central Placement Office can also offer assistance with job placements abroad.

# CHAPTER III      MEASURES

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- D-ii.2      Promotion of year-round employment in the building trade  
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### 3. Wage-Replacement Benefits for the Unemployed

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right of asylum and quota refugees
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- D-vii.6      Independent measures
- D-vii.7      Subsidies towards measures included in social plans
- D-vii.8      Part-time employment for older employees

## Preliminary Remarks

The system of classification by groups of persons used in the law on employment promotion which constitutes *SGB III* requires a new classification system for the measures:

### 1. Counselling and placement

#### 1.1 Counselling

- Vocational guidance (D-vi.4)
- Labour market consultancy service for employers (D-vi.3)

#### 1.2 Job placement (D-vi.1)

### 2. Benefits to workers

#### 2.1 Counselling and placement assistance (D-vi.2)

#### 2.2 Improving prospects of integration

- Training measures (D-vi.5)

#### 2.3 Incentives to enter employment

- Mobility allowances (D-vi.6)
- Employee allowance (D-iii.1)

#### 2.4 Support for entry into self-employment (D-iii.4)

#### 2.5 Support for vocational training (D-iv.1, D-iv.2, D-iv.5)

#### 2.6 Support for further vocational training (D-iv.3)

#### 2.7 Support for the vocational integration of disabled persons (D-iv.7)

#### 2.8 Wage-replacement benefits

- Unemployment benefit and partial unemployment benefit (D-iii.1)
- Subsistence allowance (D-iv.3)
- Bridging allowance (D-iv.7)
- Short-time working allowance (D-iii.2)
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#### 2.9 Support for year-round employment in the building trade

- Winter allowance (D-ii.1)
- Bad-weather allowance (D-ii.2)

### 3. Benefits to employers

#### 3.1 Integration of workers

- Integration subsidies (D-v.3)
- Recruitment subsidy for new businesses (D-v.4)
- Integration contract (D-v.5)

#### 3.2 Vocational training and support for the vocational integration of disabled persons

- Support for vocational training (D-iv.6)
- Support for the vocational integration of disabled persons (D-iv.7)



#### 4. Benefits to providers

- 4.1 Support for vocational training (D-iv.6)
- 4.2 Support for institutions providing vocational or further training or seeking to integrate disabled persons (D-iv.4)
- 4.3 Subsidies towards measures included in social plans (D-vii.7)
- 4.4 Support for job-creation measures (D-v.1)
- 4.5 Support for structural adjustment measures (D-v.2)

#### 5. Integration assistance and language tuition for new resettlers, persons having right of asylum and quota refugees (D-vii.3)

#### 6. Independent measures (D-vii.6)

#### 7. Measures not covered by *SGB III*

- 7.1 Employment assistance scheme for long-term unemployed (D-vii.1)
- 7.2 Special incentives for the recruitment and employment of the severely disabled (D-vii.2)
- 7.3 Foreign workers
  - Reintegration of repatriated foreigners (D-vii.4)
  - Integration assistance for foreign workers (D-vii.5)
- 7.4 Part-time employment for older employees (D-vii.8)

## 1. Overall Measures to promote Employment

The most important objectives of the federal government's employment and labour market policy are to maintain a high level of employment and to reduce unemployment. Dynamic and self-sustaining economic growth is a prerequisite for achieving these objectives. Public and private investment also has a key role to play in expanding production capacity, making industries competitive and creating and safeguarding jobs.

In 1996 relatively weak growth in the West, the slackening of the catching-up process in the East and other structural problems put a strain on the labour market in Germany. There was a significant rise in under-employment. There would have been around 2 million more unemployed were it not for the labour market and social policy measures contained in the Labour Promotion Act. On the one hand, this figure is indicative of the extent of under-employment, on the other it clearly demonstrates the challenge facing all policy-makers who hold responsibility with respect to employment.

Active labour market policy remains significant in the pursuit of a balance between supply and demand on the labour market with respect to regions, sectors and qualifications and improved employment chances for the unemployed and those threatened by unemployment. In particular, groups who are disadvantaged on the labour market still have to rely on support from an active labour market policy for vocational integration.

The instruments of labour market policy cannot create permanent jobs. Policy is much more concerned with the individual worker – improving his chances of employment through, for example, vocational qualifications, incentives to enter regular employment and, to a limited extent, the creation of temporary jobs. Vocational qualifications are still extremely significant against the background of technical and structural change and the development of improved production methods and higher-quality products.

The regulatory instruments of the Labour Promotion Act, which are funded from contributions paid to the *BA* and government grants, are still being deployed on a large scale to help the unemployed and those threatened by unemployment. In addition, a special programme is still being financed from the federal budget. Thus, the special scheme to combat long-term unemployment, which has been running successfully since mid-1989, was extended to 1999 because the number of long-term unemployed has risen alongside the general rise in unemployment. Even in periods of economic upswing it was not possible to reintegrate the majority of those affected by long-term unemployment into working life without support through labour market policy. Thus active labour market policy has a decisive role to play in the battle against long-term unemployment. It can improve the vocational and social skills of the long-term unemployed and through fixed-term recruitment subsidies can mitigate employers' reservations with respect to the long-term unemployed. The imbalances on the labour market in *West Germany* are not only a consequence of the decline in employment, but are also linked to the increase in the number of labour market participants. This increase, which in the prosperous years of the past made it easier to fill many vacancies, and which – in connection with immigration – had initially even fostered economic expansion and consequently employment, too, is now leading to an increase in the number of unemployed.

The labour market situation in the *new federal states* also deteriorated in 1996, the decisive factor being a decline in employment. Although the establishment of competitive industry is proceeding rapidly, the rise in output in manufacturing industry was only barely able to compensate for the required normalisation of production in the construction sector. In addition, high productivity reserves still exist in many economic sectors, leading to a relatively high employment threshold for

economic growth. The prevailing lack of jobs calls for a continued policy of stimulating investment and job creation. At the same time, labour market and social policy measures have been able to offer new perspectives to many people in east Germany.

The federal government has set all sorts of initiatives in motion to promote an upturn in investment which would create jobs. Within the framework of social policy alone, financial transfers of around DM 390 billion between 1991 and 1996 through the social security system supported the formation and fortification of German unity.

Labour market policy played a major and leading role during the days of upheaval. It had to build bridges in the field of social assistance until such time as investment from the public and private sectors ensured that the supply of new jobs outnumbered old jobs being lost. Now that the catching-up process in the economy is advancing, however, labour market policy is focusing increasingly on its bridging function for the unemployed. In particular, it must provide opportunities for vocational training, so that workers can acquire those skills which they will require in the future on the labour market.

### **Guidelines of Volume 3 of the Social Code (SGB III)**

The aims of the original Labour Promotion Act (AFG) of 25 June 1969 were shaped by circumstances of full employment and labour shortage. The Act was subsequently revised by means of numerous amendments in the light of the new labour market situation and financial constraints, so that a complete revision and incorporation of the law on employment promotion into the Social Code became necessary. A number of new labour market policy instruments and revisions of existing instruments and legislation concerning benefits under the unemployment insurance system and unemployment assistance have been in use since 1 April 1997. The complete reform will take effect on 1 January 1998. The following five aims, in particular, are pursued in the *SGB III*:

- improved employment prospects for the unemployed and prevention of unemployment or shortening of its duration;
- more effective action against benefit abuse and illegal employment;
- lower financial burden on contributors;
- more effective and localised operation of the Employment Offices;
- improvement and better applicability of the law on employment promotion.

The employment-promotion instruments which have proved successful to date are to be expanded or improved and new policy measures implemented (e.g. training measures, recruitment subsidies for new businesses, integration contracts for LTUs and support for social plans measures which have a positive employment effect) with a view to improving the *employment prospects of the unemployed and preventing unemployment*.

*Unjustified receipt of benefits is to be combated*, for example, through personal notification of unemployment, the active jobsearch requirement, the extension of the definition of acceptable employment and the use of training measures to ascertain willingness and ability to work. All public bodies involved in insured employment cooperate closely with the Employment Offices in *identifying benefit abuse and illegal employment*.

The Reform Act is intended to *significantly reduce expenditure by the BA* in the coming years. Expenditure will decrease considerably in the medium term, for example through shorter periods of unemployment and structural changes in the area of wage-cost subsidies, increased deduction of severance pay from unemployment benefits and the replacement of the ceiling for short-time employment by the ceilings for insignificant employment within the unemployment insurance system.

The *organisational reform* of the Employment Offices already initiated by the BA in recent years is endorsed in the *SGB III* by giving them greater responsibility. The *responsibility of the individual employees* will not only be *substantially extended* as regards use of funds and implementation of support measures; the Employment Offices can also use their own discretion to provide certain benefits (up to a certain limit) in lieu of statutory benefits and thus react more specifically to local needs. The Employment Offices also decide what proportion of the overall funds allocated to them for discretionary active measures are to be used for the individual measures in their locality. Thus, they are able to independently set priorities.

Through its *incorporation into the SGB as Volume 3*, the *AFG* has been adapted more to social insurance law than was the case to date. The individual benefits have been assigned to the eligible groups (workers, employers, providers) and ordered according to the principles and extent of support. By grouping the procedural regulations and the obligations on the eligible parties together, repetition and cross-references are avoided. The administration of the Act has become more transparent in general, guaranteeing targeted and thus effective implementation.



## 2. Employment Maintenance

- D-ii.1 Promotion of year-round employment in the building trade
  - Cost-increase allowance and additional winter allowance –  
*(Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft*  
*– Mehraufwands-Wintergeld und Zuschuß-Wintergeld –)*
- D-ii.2 Promotion of year-round employment in the building trade
  - Bad-weather allowance – *(Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft – Winterausfallgeld –)*

D-ii.1

**Promotion of year-round employment in the building trade**  
**– Cost-increase allowance and additional winter allowance –**  
**(Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft**  
**– Mehraufwands-Wintergeld und Zuschußwintergeld –)**

*Aim*

To compensate for the higher cost of carrying out building work during the winter months and to supplement the collectively agreed advance bad-weather allowance for employees of enterprises in the construction sector.

*Legal basis*

- SGB III, §§ 209-213, § 216, §§ 320-321, §§ 323-325, § 327;
- Ordinance on building firms in which year-round employment is to be promoted (*Baubetriebe-Verordnung*) of 28.10.1980 as amended by the second amendment ordinance of 13.12.1996;
- Ordinance on payment of winter allowance to foreign sub-contracted workers of 24.5.1978.

*Contents*

Employees of building firms employed at a place of work which is subject to weather conditions receive:

- a cost-increase allowance for every hour worked during the winter months to compensate for the additional costs incurred; and
- additional winter allowance to supplement the collectively agreed advance bad-weather allowance for the first 150 hours lost due to bad weather conditions during the winter months.

The cost-increase allowance amounts to DM 2 for each hour worked. The rate of additional winter allowance is DM 2 for every hour lost due to bad-weather conditions.

*Financial resources*

The allowances are financed through a winter building levy paid by employers in the construction sector. The rate of the levy is 1.0% or 1.7% of the taxable wage bill of the employees in the building firm.

*Institutional support*

BA.

*Duration*

The cost-increase allowance is payable during the period 15 December to the last day in February. The additional winter allowance is payable during the bad-weather period (1 November to 31 March).

Effects

Year	Cost-increase allowance – million hours –		Additional winter allowance – million hours –	
	West	Ost	West	Ost
1996	165.7	76.0	35.8	9.6



**Promotion of year-round employment in the building trade**  
**– Bad-weather allowance –**  
**(Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft**  
**– Winterausfallgeld –)**

*Aim*

To maintain the jobs of experienced construction workers who, because of bad-weather conditions, cannot be given work during the bad-weather period and who cannot be given notice of dismissal on grounds of weather conditions.

*Legal basis*

- SGB III, §§ 209-216, §§ 320-321, §§ 323-325, § 327;
- Ordinance on building firms in which year-round employment is to be promoted (*Baubetriebe-Verordnung*) of 28.10.1980 as amended by the second amendment ordinance of 13.12.1996.

*Contents*

Construction workers are entitled to a bad-weather allowance (*Winterausfallgeld*) during the bad-weather period from the 121st or 151st working hour on which is lost due to bad-weather conditions, provided that they were in contributory employment when the loss of working hours began.

The rate of bad-weather allowance is based on the difference between the flat-rate net wage that would have been paid and the flat-rate net wage that is being paid. It is proportional to the rate of unemployment benefit which would be paid to persons in total unemployment.

*Financial resources*

Contributions to the BA.

*Institutional support*

BA.

*Duration*

Bad-weather allowance is paid during the bad-weather period from 1 December to 31 March.

*Effects*

Year	Million hours lost due to weather conditions	Million lost hours covered by bad-weather allowance	Expenditure on bad-weather allowance – DM millions –
1996	60.8	15.3	142.9

Bad-weather allowance has been paid out since 1.1.1996.

### 3. Wage-Replacement Benefits for the Unemployed

- D-iii.1 Unemployment benefit, unemployment assistance, employee allowance  
(*Arbeitslosengeld, Arbeitslosenhilfe, Arbeitnehmerhilfe*)
- D-iii.2 Short-time working allowance (*Kurzarbeitergeld*)
- D-iii.3 Bankruptcy compensation payment (*Konkursausfallgeld/Insolvenzgeld*)
- D-iii.4 Bridging allowance (*Überbrückungsgeld*)

D-iii.1

**Unemployment benefit (partial unemployment benefit), unemployment assistance  
(*Arbeitslosengeld [Teilarbeitslosengeld], Arbeitslosenhilfe*)***Aim*

To (partially) compensate for earnings lost due to unemployment.

*Legal basis*

Unemployment benefit: *SGB III*: §§ 117 ff. (§ 150).

Unemployment assistance: *SGB III*: §§ 190 ff.

*Contents*

Payment of the respective benefit through the Local Employment Office in the unemployed person's place of residence, provided that he/she fulfils the conditions of entitlement. For details see Chapter II.

*Financial resources*

- *Unemployment benefit* is financed from contributions paid by employers and employees in equal parts.
- *Unemployment assistance* is financed from federal funds.

*Institutional support*

BA.

*Duration*

Unemployment benefit: graduated by age and duration of preceding employment.

Partial unemployment benefit: 6 months.

Unemployment assistance: follow-up unemployment assistance is of unlimited duration, primary unemployment assistance is limited to 312 days.

*Effects*

Beneficiaries (annual averages):

Year	Total number of beneficiaries	of whom:	
		unemployment benefit	unemployment assistance
1979	582,500	448,400	134,000
1980	576,000	454,300	121,600
1981	867,300	697,600	169,700
1982	1,217,100	926,400	290,700
1983	1,499,600	1,014,400	485,300
1984	1,456,900	859,000	597,800
1985	1,452,900	835,700	617,200
1986	1,401,300	800,300	601,000
1987	1,411,100	834,200	576,900
1988	1,475,100	946,600	528,500
1989	1,384,600	888,300	496,300
1990	1,232,300	799,300	433,000
1991	West*: 1,169,000	West: 721,000	West: 391,000
	East: 710,000	East: 685,000	East: 24,000
1992	West*: 1,312,000	West: 841,000	West: 412,000
	East*: 1,478,000	East: 841,000	East: 117,000
1993	West*: 1,794,000	West: 1,176,000	West: 523,000
	East*: 1,598,000	East: 713,000	East: 236,000
1994	West*: 1,975,700	West: 1,276,200	West: 626,600
	East*: 1,492,000	East: 636,800	East: 323,200
1995	West*: 1,921,600	West: 1,216,100	West: 660,900
	East*: 1,231,800	East: 564,100	East: 320,900
1996	West*: 2,088,400	West: 1,304,500	West: 750,000
	East*: 1,232,100	East: 684,100	East: 354,400

\* Difference caused by reintegration allowance and transition allowance for elderly employees.

**Employee allowance (*Arbeitnehmerhilfe*)***Aim*

To provide an incentive to the unemployed to enter less well-paid and fixed-term employment.

*Legal basis*

SGB III: § 56.

*Contents*

Employees who were in receipt of unemployment assistance directly prior to commencing employment lasting, due to its nature, no more than 3 months (not only insignificant employment) receive an allowance of DM 25 for each day on which they work at least 6 hours, in order to compensate for additional costs incurred.

*Financial resources*

Federal funds.

*Institutional support*

BA.

*Duration*

Up to 3 months.

## **Short-time working allowance (Kurzarbeitergeld)**

### *Aim*

Basic principle: to maintain in employment experienced workers (including home-workers) who, because of unavoidable temporary loss of working hours, would otherwise be dismissed.

Exception: temporary maintenance of jobs when structural changes in an enterprise are linked to a reduction and suspension of operations in the entire or large parts of the enterprise and the measure can be used to prevent mass dismissals.

### *Legal basis*

- SGB III: §§ 169-182, §§ 320-327, § 430;
- Ordinance on extending the duration of short-time working allowance of 20.3.1991 as amended by the fourth amendment ordinance of 16.6.1997;
- Ordinance on the duration of short-time working allowance in the event of structurally determined loss of working hours of 17.1.1990 as amended by the ordinance of 30.11.1994 on amending the ordinances on extending the duration of short-time working allowance.

### *Contents*

Short-time working allowance is paid to workers in companies in the event of temporary loss of working hours for economic reasons or as a result of an inevitable event and in the event of loss of working hours which is not temporary as a result of structural changes in an enterprise, provided that the following conditions are met:

- the reduction in working hours must affect at least one-third of the workers employed in the firm in the month in question and lead to a loss in remuneration for each worker of over 10% of their gross monthly remuneration;
- the Employment Office must be notified about the loss in working hours;
- the workers are liable for contributions to the BA.

The rate of short-time working allowance is based on the difference between the flat-rate wage which would have been paid and the flat-rate wage which is being paid. It is proportional to the amount of unemployment benefit which would be payable if the worker in question were unemployed.

### *Financial resources*

Contributions to BA.

### *Institutional support*

BA.

*Duration*

Short-time working allowance is paid for 6 months. The duration of the benefit may be extended by ordinance of the Federal Ministry of Labour and Social Affairs to up to 24 months. Short-time working allowance to compensate for loss of working hours due to structural changes will be paid until 31 December 2002.

*Effects*

Year	Short-time workers (annual averages)		
	Total FRG	West	East
1980	136,600		
1981	346,900		
1982	606,100		
1983	675,100		
1984	383,700		
1985	234,500		
1986	197,400		
1987	278,000		
1988	207,800		
1989	107,900		
1990	55,800		
1991	1,761,232	145,009	1,616,224
1992	653,016	283,019	369,997
1993	948,363	766,935	181,428
1994	372,288	275,458	96,830
1995	198,579	128,059	70,520
1996	277,294	206,361	70,933

D-iii.3

### **Bankruptcy compensation payment (*Konkursausfallgeld/Insolvenzgeld*)**

#### *Aim*

To secure the wages of employees for the last 3 months of employment before bankruptcy proceedings are instituted.

#### *Legal basis*

AFG as amended by the third amendment of 17.7.1974; from 1.1.1999: *SGB III*: (Labour Promotion Reform Act of 24 March 1997) Art. 82, § 83, § 5.

#### *Contents*

Bankruptcy compensation payment is granted by the competent Local Employment Office on application, i.e. the Employment Office responsible for the district in which the employer's wage accounts office for the employee in question is located (for further details, see next page).

#### *Financial resources*

The funds for bankruptcy compensation payments are raised each year by professional associations a posteriori by the imposition of a levy on employers which is paid to the *BA*.

#### *Institutional support*

Bankruptcy compensation payment is granted by the *BA*.

#### *Effects*

Jahr	Numbers definitively granted bankruptcy compensation payments
1979	58,800
1980	61,900
1981	87,600
1982	121,000
1983	106,500
1984	116,400
1985	117,300
1986	109,300
1987	107,200
1988	81,400
1989	66,800
1990	63,500
1991	64,000
1992	86,500
1993*	167,000
1994*	190,000
1995*	220,000
1996*	266,000

\* Including the new federal states.



*Bankruptcy compensation payment*

Compensation for loss of earnings due to bankruptcy (referred to hereafter as "bankruptcy compensation payment") secures the wages of employees for the last 3 months of employment before bankruptcy proceedings are instituted. If no petition has been submitted to institute bankruptcy proceedings and such proceedings can obviously not be instituted on grounds of insufficient assets, then the institution of proceedings is equivalent to dismissal of the petition for bankruptcy proceedings on grounds of insufficient assets and the complete shutdown of business activities. If an employee has continued or begun working with no knowledge of a petition for bankruptcy having been dismissed on grounds of insufficient assets, a special regulation applies as regards the 3-month period.

The amount of bankruptcy compensation payment is based on the net earnings still outstanding and which have not been paid to the employee during the period mentioned. There is no ceiling for the assessment of compensation.

Bankruptcy compensation payment is granted by the competent Employment Office on application, i.e. the Local Employment Office responsible for the district in which the employer's wage accounts office for the employee in question is located. The claim can be introduced at any Local Employment Office; it is also accepted by other bodies which, under the provisions of the Social Code (*SGB*), are responsible for administering social benefits, and by all local authorities. As a rule, the claim has to be submitted within a strict time limit of 2 months from the institution of bankruptcy proceedings or an equivalent event. In case of non-compliance with the time limit through no fault of one's own, an extension of 2 months will be granted from the date when the impediment is removed.

At the employee's request, the Local Employment Office is required to make an adequate advance on the bankruptcy compensation payment.

If the employee's claim for wages for the 3-month period in question has been transferred to a third party or has been distrained or pledged in favour of a third party, said third party will also be entitled to the bankruptcy compensation payment. Third party claims must also be made within the aforementioned 2-month period or any extension thereof.

The wage claims which form the basis for the claim for bankruptcy compensation payment pass to the *BA* when the bankruptcy compensation claim is submitted. The *BA* will pursue these claims at the bankruptcy proceedings or with the former employer.

In order to avoid problems with the employee's national insurance record, the Employment Office will pay any outstanding compulsory sickness, home-care or pension insurance contributions and the contributions to the *BA* which would have been deductible from wages for the 3-month period.

Funding for bankruptcy compensation payments together with the contributions mentioned above and the administrative and other costs associated with the payment of compensation is raised each year by the professional associations a posteriori by the imposition of a levy on employers.

Payment of bankruptcy compensation in the new federal states is made in accordance with the relevant sections of the Overall Execution Order (*Gesamtvollstreckungsordnung*) of 6 June 1990, rather than under the provisions of the Bankruptcy Order (*Konkursordnung*) taken into consideration or assumed to apply.

**Bridging allowance  
(Überbrückungsgeld)***Aim*

To secure the livelihood of new entrepreneurs who were previously unemployed.

*Legal basis*

SGB III: § 57.

*Contents*

Unemployed persons or those of equivalent status may be granted a bridging allowance on entering self-employment to secure their livelihood.

*Financial resources*

The bridging allowance is paid on principle for 26 weeks. The rate of the allowance is equal to the rate of unemployment benefit or assistance which the claimant had previously received or could have received.

*Institutional support*

Applications for bridging allowance are submitted to the responsible Employment Office before the claimant enters self-employment.



## 4. Training, Further Training and Rehabilitation

- D-iv.1 Vocational training in the dual system (*Berufliche Ausbildung im dualen System*)
- D-iv.2 Support for the vocational training of individuals (*Individuelle Förderung der beruflichen Ausbildung*)
- D-iv.3 Support for further vocational training (*Förderung der beruflichen Weiterbildung*)
- D-iv.4 Support for vocational training institutions (*Institutionelle Förderung der beruflichen Bildung*)
- D-iv.5 Support for preparatory vocational training measures for young people (*Förderung berufsvorbereitender Bildungsmaßnahmen für Jugendliche*)
- D-iv.6 Support for vocational training for those with learning difficulties and trainees at a social disadvantage (*Förderung der Berufsausbildung von lernbeeinträchtigten oder sozial benachteiligten Auszubildenden*)
- D-iv.7 Vocational rehabilitation (*Berufliche Rehabilitation*)

### **Vocational training in the dual system (*Berufliche Ausbildung im dualen System*)**

The dual system is the core of vocational training in the Federal Republic of Germany. Over two-thirds of each age cohort are trained within the dual system, and there are currently almost 1.6 million young people undergoing dual vocational training. In 1996 alone, 574,300 new training contracts were concluded: 268,000 (47%) in industry and trade, 215,000 (37%) in crafts, 56,100 (10%) in the free professions, 15,900 (3%) in the public sector, 14,300 (2%) in agriculture and 4,800 (1%) in the remaining areas, domestic work and shipping.

Training is carried out at two different places of learning: in the firm and in the vocational school. The legal bases are provided by the Vocational Training Act (*Berufsbildungsgesetz*) of 14 August 1969 (last amended by Art. 55 of the Home-Care Act of 26.5.1994) and the Vocational Training Promotion Act in the published form of 12 January 1994 (last amended by the Law of 26 April 1994), as well as the training regulations issued on the basis of these acts.

A special legal relationship applies to the apprentices/trainees: the "training contract". They have the status of an employee, particularly in the event of illness, accident and unemployment. The legal protection of the young person is governed by the Protection of Young Persons (Employment) Act (*Jugendarbeitsschutzgesetz*) and the Vocational Training Act. The young people are entitled to a training allowance (*Ausbildungsvergütung*), which is paid by their firms. There is no statutory minimum wage. Instead, allowances are fixed by collective agreement. The rate of the training allowance depends not only on the occupation in question but also on the year of training of the trainee. In 1996 the average collectively agreed training allowance amounted to DM 1.055 per month in the old federal states and DM 952 per month in the new federal states; it ranged from DM 270 per month in tailoring to DM 1,871 in the scaffolding erection trade in the old federal states.

Young persons may only undergo training in places suitable for training; this implies that there must be appropriate equipment and sufficiently qualified training personnel. These requirements are also laid down in laws and regulations.

As a rule, training in the dual system takes 3 years. However, some occupations require three and a half years' training (e.g. electrical engineering) and there are many others lasting only 2 years. At present there are around 380 recognised occupations for which formal training is required.

The training which is provided in the firm and in the vocational school is supplemented for some trainees by courses in joint training establishments (*überbetriebliche Berufsbildungsstätten*) lasting for several weeks (e.g. to become familiarised with new technologies). The first year of vocational training can also be provided within the framework of the basic vocational training year (*Berufsgrundbildungsjahr*), which starts by offering a broad basic education for related occupations (e.g. in business and administration, metalworking, electrical engineering, building, woodwork, etc.).

The degree of participation by firms in the training system is still high. Around half of all (west German) firms with between 10 and 49 employees paying compulsory social security contributions, two-thirds of the firms with between 50 and 499 employees and almost all large-scale enterprises train apprentices. Only small firms, which are often not suited as trainers because of the specialised nature of their work, are only involved to an insignificant extent in training. Nonetheless, over a third of firms with between 5 and 9 employees participate in training. The number of training firms declined, however, between 1990 and 1994. The reasons were the declining demand for training places up to 1994 (which affected smaller firms in particular) and increased endeavours to rationalise and economise on the part of the firms. In growth-intensive sectors (e.g. media), there was also a lack of suitable occupations for which formal training was required.

### *Aims of the federal government's vocational training policy*

The principal aim of the federal government's vocational training policy is to ensure a permanent supply of apprenticeships in firms, which are appropriate to the skill needs of the modern knowledge-based and service economy and which suffice to provide all young people seeking an apprenticeship with an opportunity to undergo training.

Thus, efforts must be made to involve more firms in training. The federal government's vocational training policy aims to continue to improve the general conditions for in-firm training, for example by:

- removing obstacles which make it difficult for small firms, in particular, to provide training;
- designing vocational training such that it better meets the requirements of actual company practice through dynamic and flexible training regulations;
- increasing the number of practical training hours in the firms, *inter alia* through a reorganisation of vocational school hours in favour of the firms;
- extending the possibilities for in-firm training through increased differentiation and through provisions targeted at both less productive and more productive young people;
- rapidly modernising and revising the occupations requiring training, especially in growth areas of the economy.

During the last two years, the federal government has already decided on numerous measures to reinforce the dual training system. The 1996 amendment of the regulations on the suitability of training providers means that the Chambers can now certify the suitability of persons with vocational experience and qualifications but without a formal examination, provided that training in accordance with the requirements is guaranteed. The amendment of the Protection of Young Persons Employment Act in the spring of 1997 allows adult trainees (70%) to return to the training firm after instruction in the vocational school. The procedure for developing new occupations and reforming existing occupations has been accelerated considerably. 54 occupational profiles have been modernised and 17 brand new occupations created since 1996. The Further Training for Promotion Act came into force in 1996 in order to promote the parity of esteem of vocational and general education. Under the terms of this Act, skilled employees who are preparing for higher-level employment having completed vocational training have a legal right to benefits from the state. 44,900 claims have already been granted during the first year and a half of the scheme. The scheme "Promotion of Vocational Training for Gifted Students" (*Begabtenförderung berufliche Bildung*) started in 1991 has been continued. This scheme provides financial support to gifted graduates of the dual system who are undergoing further training. DM 132 million were already allocated for this scheme up to 1996, and a further DM 27 million have been earmarked for 1997. The number of students receiving scholarships amounts to around 12,000 persons.

There are notable regional differences as regards the participation of firms in training. The share is below average in the new federal states in particular. 15,000 additional in-firm and firm-related training places are to be created in 1997 within the framework of the Apprenticeships in the East action programme, which is cofinanced by the federal government and the federal states and continues the apprenticeship initiatives of former years. The government is providing around DM 200 million to this end. In order to facilitate the firms' commencement of training activities, the federal government is sending 160 apprenticeship developers to the new states. They will offer the firms concrete assistance, including help in organising training alliances between several firms. Firms (both in the old and the new federal states) may take advantage of long-term loans at low interest rates from the European Recovery Programme (ERP) for investments related to training. DM 100 million were made available to this end in 1997.

The report entitled "Reform Project Vocational Training – Flexible Structures and Modern Vocations", which was passed on 16 April 1997 by the federal cabinet, supplements and continues the existing measures to strengthen vocational training.

D-iv.2

**Support for the vocational training of individuals**  
**(Individuelle Förderung der beruflichen Ausbildung)***Aim*

Through this measure the BA helps overcome financial difficulties which are obstacles to an adequate vocational qualification by granting trainees a vocational training allowance (*Berufsausbildungsbeihilfe*)

*Legal basis*

SGB III: §§ 59 ff..

*Contents*

A vocational training allowance is granted to young people and adults for initial vocational training in companies or in joint training establishments as well as for participating in vocational preparation training courses.

Since 1989 the vocational training allowance has only been awarded to trainees in company or joint training schemes who are not living in the parental home and, as minors, could not live there.

The allowance is paid as a grant taking into account the trainee's living and training expenses as well as his/her income (personal income and that of his/her spouse/parents).

Participants in vocational preparation training schemes have their fees and travelling expenses paid plus certain costs for books and materials without reference to their income. Unemployed participants who have worked for at least 4 months in contributory employment within the 3 years preceding a preparatory vocational training measure also receive a vocational training allowance for maintenance, regardless of the income of persons obliged to provide maintenance (cf. D-iv.5 "Support for preparatory vocational training measures for young people").

*Financial resources*

BA.

*Institutional support*

BA.

*Duration*

Ongoing.

Effects

Year	Beneficiaries of vocational training allowance (annual averages)	
1981	98,000	
1982	88,000	
1983	81,500	
1984	70,300	
1985	75,700	
1986	78,300	
1987	81,600	
1988	87,300	
1989	59,300	
1990	42,400	
1991	48,100	
	of which: West: 38,700	East: 7,400
1992	48,700	
	of which: West: 39,200	East: 9,500
1993	49,200	
	of which: West: 40,000	East: 9,200
1994	53,400	
	of which: West: 41,900	East: 11,600
1995	55,700	
	of which: West: 43,600	East: 12,100
1996	61,500	
	of which: West: 48,000	East: 13,500



## **Support for further vocational training (Förderung der beruflichen Weiterbildung)**

### *Aim*

- to integrate the unemployed;
- to prevent unemployment where it is threatened;
- to provide recognised vocational qualifications.

### *Legal basis*

*SGB III*: §§ 77-96 and §§ 153-159.

### *Contents*

Further vocational training includes measures by which vocational knowledge and skills are assessed, maintained and extended or adapted to technical developments. These measures offer opportunities for career advancement, provide a vocational qualification or enable the participants to work in other employment.

These measures require the individual to have completed his/her vocational training or have adequate work experience, or both.

### *Financial resources*

Participants in full-time courses may be paid a *subsistence allowance* (*Unterhaltsgeld*) if the conditions of entitlement are satisfied. Under certain conditions a proportional subsistence allowance may also be granted to persons who are participating in a part-time course.

To qualify, the person must meet the requirement of having previously been in employment for a minimum duration during a set period of time, i.e. at least 1 year in contributory employment or receipt of unemployment benefit or subsequent unemployment assistance. The set period may be extended for persons returning to the labour market.

The subsistence allowance amounts to 67% for participants with at least one dependent child, otherwise 60% of wages (see Unemployment benefit, D-iii.1). A prerequisite condition in all cases is that participation in the training measure is "necessary".

In cases where the person has not fulfilled the requirement of previous employment, but has been in receipt of unemployment assistance until the start of the measure, a subsistence allowance equal to the rate of unemployment assistance may be paid.

The *BA* may bear the costs of further training incurred directly through the training scheme, especially including course fees and the cost of ascertaining the suitability of the applicant, the cost of lodging and additional costs for board, where the necessary participation in the course requires the participant to live away from home, and in certain cases the cost of child care of up to DM 200 per month.

### *Institutional support*

*BA*.

*Duration*

Ongoing.

*Effects*

Entrants to vocational further training and retraining schemes as well as to in-firm familiarisation periods; beneficiaries of a subsistence allowance (annual averages):

Year	Entrants				Beneficiaries of subsistence allowance (annual averages)
	Total	Further training	of which: Retraining	Familiarisation	
1979	209,500	149,800	30,900	28,800	73,500
1980	232,500	162,400	37,900	32,600	89,300
1981	255,000	190,300	47,500	17,300	114,000
1982	242,200	188,600	42,100	11,500	122,600
1983	282,300	219,900	42,300	20,100	107,800
1984	322,700	260,300	43,100	19,300	110,600
1985	371,000	298,200	45,100	27,700	114,900
1986	477,800	373,800	59,100	44,900	132,800
1987	533,600	419,900	64,500	49,200	162,000
1988	536,800	419,900	65,700	51,200	155,300
1989	462,400	360,900	60,700	40,800	148,700
1990	514,600	383,400	63,300	67,900	167,600
1991					
West:	540,600	421,200	70,500	48,900	189,000
East:	705,300	442,800	129,900	132,600	76,700
1992					
West:	574,700	464,500	81,500	28,700	180,600
East:	887,600	591,000	183,100	113,500	292,600
1993					
West:	348,100	266,000	72,200	9,900	176,800
East:	294,200	181,600	81,500	31,100	309,100
1994					
West:	306,800	224,900	73,100	8,800	177,900
East:	286,900	199,100	68,600	19,200	217,400
1995					
West:	401,600	309,700	81,800	10,000	193,300
East:	257,500	184,300	52,800	26,400	216,100
1996					
West:	378,400	291,600	77,300	9,500	203,600
East:	269,200	204,100	48,100	17,000	205,000

**Support for vocational training institutions**  
**(Institutionelle Förderung der beruflichen Bildung)**

*Aim*

- To provide and maintain an adequate supply of training institutions able to satisfy the requirements of the labour market and of occupations;
- to improve the employment structure of individual branches and areas of the economy.

*Legal basis*

*SGB III*: §§ 248-251.

*Contents*

Financial help can be granted to local authorities, associations of local authorities and administrative boroughs, professional chambers, employers' and employees' associations, professional or charitable institutions, foundations, associations and communities with a specific aim and in-firm training establishments which are administered independently of the rest of the firm – both with respect to organisation and legal matters – where vocational training programmes are carried out under the *AFG*.

*Financial resources*

Financial help (grants and loans) for investments in buildings and equipment should not normally exceed 50% of the total costs. If a grant-in-aid is given for a building investment, it should not exceed 30% of the total costs. Loans are subject to an annual interest rate of 2%.

*Institutional support*

Subject to the availability of *BA* funds. This is a voluntary grant.

*Duration*

Unlimited.

*Effects*

Identical to "Aims" listed above.

D-iv.5

**Support for vocational preparation training measures for young people  
(Förderung berufsvorbereitender Bildungsmaßnahmen für Jugendliche)**

*Aim*

To facilitate the integration of various groups of difficult-to-place young people into the labour market.

*Legal basis*

*SGB III: §§ 59 ff.*

*Contents*

The following measures have been developed:

1. so-called "pointer courses" aiming to awaken or encourage interest in commencing vocational training or employment;
2. basic training courses for young people who are ready to commence training and young adults to prepare them for participation in qualified training;
3. supported courses for disabled people who, for whatever reason, need specific assistance for permanent integration into training or employment;
4. courses to improve the training and integration prospects of young people and young adults who are unable to participate in other training courses; the courses aim at stabilising their personalities and strengthening the educational basis for entry into training (including provision of specialised practical and theoretical basic skills);
5. combination of *ABM* and preparatory vocational training (working and learning) for young adults who can only be reintroduced to training or employment through special practical measures;
6. special basic training courses for blind persons or other disabled persons;
7. measures relating to entry procedures and work training in sheltered workshops.

*Financial resources*

*BA.*

*Institutional support*

Various bodies on behalf of the *BA*.

*Duration*

The measures last up to 1 year (pointer course: 3 months); those for the disabled range from 20 days to 2 years and in certain cases up to 3 years.

Effects

Numbers of people completing vocational preparation measures/withdrawing from measures\*

Year	in the area of:			
	Vocational guidance		Job placement/ Employment counselling	
	Courses	Participants	Courses	Participants
1983/84	877	43,100	1,534	26,500
1984/85	988	41,800	1,827	33,600
1985/86	1,088	43,900	2,170	39,100
1986/87	1,082	43,700	2,230	41,900
1987/88	1,057	42,500	1,988	37,700
1989	790	38,100	1,392	34,400
1990	918	37,300	1,200	28,100
1991	1,287	39,500	1,134	24,400
1992	1,657	43,100	1,023	22,700
1993	1,450	51,700	742	20,500
1994	1,684	60,400	815	17,700
1995	1,917	72,300	879	20,100
1996	2,374	84,700	767	21,700

\* From 1989 only numbers starting/leaving measures were recorded; the reference period was changed to the calendar year (previously vocational guidance year: 1 October to 30 September).

**Support for vocational training for those with learning difficulties and trainees at a social disadvantage**  
**(Förderung der Berufsausbildung von lernbeeinträchtigten oder sozial benachteiligten Auszubildenden)**

*Target group*

Socially disadvantaged trainees or those with learning difficulties who, after having participated in a vocational preparation course, cannot be placed in training for one of the recognised occupations without further assistance.

*Legal basis*

SGB III: § 235 and §§ 240 ff.

*Measures*

*Aids accompanying training* are provided to support in-firm vocational training in as far as these aids go beyond the usual company or normal training measures. They comprise remedial tuition to reduce language or educational deficits and to encourage the trainee to learn technical skills in practice and theory. They also include educational support needed for ensuring a successful outcome of training.

Previous participation in a vocational preparation course is not essential for granting aids accompanying training.

*Vocational training in a joint (überbetrieblich) training centre* is provided for cases where placement in training is not possible even with aids accompanying training and after participation in a preparatory vocational training programme. Training, remedial tuition and educational support together constitute the components of the measure. After the first year of vocational training, efforts should be made to transfer to an in-firm training place.

*Bridging allowances:* where persons have left a training measure, financial support may be granted subsequent to aids accompanying training until they enter a new training course in order to ensure that they continue training; the same applies if training has been successfully completed and a bridging allowance is needed to start or cement an employment relationship. Bridging allowances have a limited duration of 6 months and are granted only once.

*Qualifying conditions*

Cf. Target group.

*Financial aid*

A subsidy towards personnel costs, a subsidy towards material, administrative and other personnel costs and a training-allowance subsidy are provided (in the case of aids accompanying training these subsidies are only provided during normal working hours).

*Number of beneficiaries*

Year	Vocational Training in a joint training centre	Aids accompanying training	Total
1983/84	8,300	2,100	10,400
1984/85	13,800	4,900	18,700
1985/86	18,600	7,800	26,400
1986/87	19,500	12,400	31,900
1987/88	21,900	15,900	37,800
1988	22,600	20,900	43,400
1989	21,000	37,200	58,200
1990	West: 17,000	49,400	66,400
	East: 4,400	40	4,440
1991	West: 5,700	45,500	51,200
	East: 32,000	1,100	33,100
1992	West: 6,600	45,700	52,300
	East: 18,900	5,400	23,300
1993	West: 6,700	46,500	53,200
	East: 17,300	8,800	26,100
1994	West: 6,400	42,800	49,200
	East: 8,900	10,300	19,200
1995	West: 7,800	41,800	49,600
	East: 10,500	8,600	19,100
1996	West: 8,600	41,200	49,800
	East: 10,700	9,800	20,500

*Financial resources*

Up to 1987: federal budget; after 1988: BA:

1983:	DM 124 million
1984:	DM 168 million
1985:	DM 256 million
1986:	DM 335 million
1987:	DM 390 million
1988:	DM 390 million
1989:	DM 458 million
1990:	DM 469 million
of which extended target group	DM 46 million
1991:	DM 789 million
of which extended target group	DM 264 million
1992:	DM 1,183 million
of which extended target group	DM 523 million
1993:	DM 1,478 million
of which extended target group	DM 632 million
1994:	DM 1,406 million
of which extended target group	DM 413 million
1995:	DM 1,333 million
of which extended target group	DM 160 million
1996:	DM 1,400 million
of which extended target group	DM 10 million

## **Vocational rehabilitation (*Berufliche Rehabilitation*)**

### *Aim*

Vocational rehabilitation assists physically, mentally or psychologically handicapped persons, or those threatened by such disability, to become integrated into a job or occupation.

### *Legal basis*

- SGB III: §§ 97-99, §§ 236-239 and §§ 248-251;
- Law on adjusting financial aid for rehabilitation (7.8.1974);
- Special statutory regulations governing compulsory pension and accident insurance and the right to social compensation (for war victims, for example).

### *Contents*

In the context of *support for individuals*, the *BA* – which provides the benefits in most cases – grants the aids promoting vocational rehabilitation which are required to maintain, improve, establish or restore the earning capacity of the physically, mentally or psychologically handicapped in accordance with their capabilities and to permanently integrate them into working life. In so doing, the disabled person's aptitude, preference, previous work experience and the labour market situation are to be taken into consideration.

The *BA* has to advance funds if the immediate introduction of the requisite measures is jeopardised because the question of competence has not been clarified or for any other reason. If another body is competent, for instance the pension or accident insurance system, the *BA* has to propose the requisite measures so as to guarantee the optimal success of rehabilitation in line with the conditions on the labour market.

The *support of training institutions* for vocational rehabilitation through the *BA* ensures:

- the availability of a sufficient number of centres for vocational rehabilitation in line with the requirements of the labour market. These institutions include vocational training centres, career advancement centres and sheltered workshops;
- the training and further training of a sufficient number of rehabilitation officers.

### *Financial resources*

The vocational rehabilitation institutions (in particular the *BA* and the bodies responsible for statutory pension and accident insurance) cover the costs incurred by the individual (including subsistence costs for the disabled person and his/her family); the various payments from individual institutions are adjusted with reference to each other.

### *Duration*

Until the disabled person is permanently reintegrated into working life. Individual rehabilitation benefits such as, for example, support for vocational measures or wage-cost subsidies to employers who train or employ disabled persons apply for a limited duration.



*Effects\**

Year	Persons in rehabilitation	Persons in rehabilitation in educational measures to promote employment	Copleted rehabilitation cases in the course of the year	Beneficiaries of training allowance	Beneficiaries of transition allowance
	at end of year		annual averages		
1981	227,900	71,400	109,500	25,800	16,000
1982	250,900	72,900	139,000	31,500	21,500
1983	272,900	77,700	147,300	34,300	23,100
1984	277,100	78,700	163,200	35,070	21,200
1985	289,600	83,500	172,400	37,877	20,100
1986	308,000	89,500	182,100	39,926	21,900
1987	338,700	94,700	190,400	41,978	26,900
1988	342,400	100,100	202,600	43,385	33,211
1989	341,300	106,000	200,000	42,179	39,462
1990	351,300	108,400	207,300	40,282	44,561
1991	363,300	112,400	216,800	39,860	49,756
1992	438,800	143,600	231,000	43,187	57,237
1993	461,900	122,000	263,600	47,577	57,596
1994	485,600	122,900	271,700	48,319	38,466
1995	511,200	130,000	300,500	53,478	23,338
1996	539,100	137,200	329,500	60,484	18,640

\* Only BA.

The figures up to and including 1991 refer to the *old* federal territory. Figures from 1992 refer to the entire territory of the FRG.

## 5. Job Creation

- D-v.1 Support for job-creation measures (*ABMs*) (*Förderung von Arbeitsbeschaffungsmaßnahmen – ABM*)
- D-v.2 Support for structural adjustment measures (*Förderung von Strukturanpassungsmaßnahmen*)
- D-v.3 Integration subsidies (*Eingliederungszuschüsse*)
- D-v.4 Recruitment subsidy for new businesses (*Einstellungszuschuß bei Neugründungen*)
- D-v.5 Integration contract (*Eingliederungsvertrag*)

D-v.1

**Support for job-creation measures (ABMs)**  
**(Förderung von Arbeitsbeschaffungsmaßnahmen [ABM])**

*Aim*

To create temporary employment for workers in need of assistance, in particular the long-term unemployed with entitlement to wage-replacement benefits.

*Legal basis*

SGB III: §§ 260-271, § 416.

*Contents*

The projects to be promoted must benefit the community and must be "additional", meaning that without support they would not have been carried out or only at a later date.

The measures are promoted through subsidies and loans to the providers, who may be individuals or legal entities. Measures in the manufacturing sector are only ever granted support if they are carried out in an economic enterprise. As a rule, the subsidy is equal to between 30% and 75% of the calculable remuneration. Remuneration is considered calculable as long as it does not exceed 80% of the remuneration for unsubsidised equal or comparable activities. Additional subsidies and loans can be granted for measures which are particularly important for the labour market.

Priority is given to projects which:

- considerably improve the conditions for creating permanent jobs;
- prepare or supplement measures for structural improvements;
- provide employment opportunities for workers who are extremely difficult to place; or
- improve the social infrastructure or the environment.

*Financial resources*

BA.

*Institutional support*

BA.

*Duration*

As a rule, aid is given for 1 year, but it can be set at or extended to up to 2 years for priority measures. A measure may be supported for up to 36 months if the subsidised workers are subsequently given permanent employment.

Effects

Year	Persons employed in ABMs (annual averages)		
	West	East	Total FRG
1991	82,960	183,324	266,284
1992	78,179	388,056	466,235
1993	50,518	237,453	287,972
1994	57,441	192,492	249,933
1995	70,110	205,787	275,897
1996	69,546	191,458	261,005

D-v.2

### **Support for structural adjustment measures (Förderung von Strukturanpassungsmaßnahmen)**

#### *Aim*

To create temporary employment for workers in need of assistance in order to compensate for jobs lost on local labour markets. By means of this measure, wage-replacement benefits which would otherwise be granted in the event of unemployment are used to create employment.

#### *Legal basis*

*SGB III*: §§ 272-279, § 415.

#### *Contents*

The target area is limited, on principle, to support for work which conserves or improves the environment or improves social services or youth aid provisions. As in the case of *ABMs*, employment in the commercial sector may be supported in economic enterprises only.

Support may be provided only for workers who:

- are unemployed or threatened with unemployment;
- have fulfilled the qualifying conditions for unemployment benefit or unemployment assistance prior to allocation to the measure; and
- without allocation to the measure cannot be placed in employment in the foreseeable future.

The wage-cost subsidy amounts to up to the average monthly rate of unemployment benefit or unemployment assistance, including statutory health and pension insurance contributions in the respective calendar year. The full rate of the subsidy is only paid if the worker's wage does not exceed the calculable wage for *ABMs*.

#### *Institutional support*

*BA*.

#### *Financial resources*

*BA*. Budgetary funds are used which otherwise would have been spent on consumptive benefits, i.e. unemployment benefit or unemployment assistance. The *BA* pays the wage-cost subsidy at a flat rate.

The provider pays the remaining personnel and material costs.

#### *Duration*

As a rule the subsidy is paid for 36 months. A measure may be subsidised for up to 48 months if the workers allocated to the measure are subsequently given permanent employment.

Support for structural adjustment measures will be paid until 31 December 2002.

Effects

Year	Supported employees in structural adjustment measures (annual averages)	
	West <sup>1</sup>	East <sup>2</sup>
1993	—	—
1994	—	87,680
1995	—	106,478
1996	6,276	86,242

1 In force since 1.8.1994 (§ 242s AFG).

2 In force since 1.1.1993 (§ 249h AFG).

## **Integration subsidies (Eingliederungszuschüsse)**

### *Aim*

To integrate workers in need of assistance who could not otherwise be permanently integrated into the labour market.

### *Legal basis*

*SGB III: § 218.*

### *Contents*

Employers receive wage subsidies to compensate for lower performance so that workers in need of assistance may be integrated into the labour market.

There are various possibilities:

1. *Familiarisation integration subsidy*, where workers require a special familiarisation period in order to be integrated.
2. *Integration subsidy for the difficult to place*, where workers – especially the long-term unemployed, severely or otherwise disabled – are difficult to place due to personal circumstances.
3. *Integration subsidy for older workers*, where workers are aged over 55 and were long-term unemployed prior to commencing employment.
4. *Familiarisation integration subsidy for persons returning to the labour market*, where workers require a special familiarisation period in order to be integrated.

### *Financial resources*

The rate and duration of the subsidies depend on the extent to which the employee's performance is reduced and on the individual familiarisation needs.

As a rule, the following ceilings may not be exceeded:

- Familiarisation integration subsidy:  
Rate of subsidy: 30% (of the calculable remuneration).  
Duration of subsidy: 6 months.
- Integration subsidy for the difficult to place:  
Rate of subsidy: 50% (of the calculable remuneration).  
Duration of subsidy: 12 months.
- Integration subsidy for older workers:  
Rate of subsidy: 50% (of the calculable remuneration).  
Duration of subsidy: 24 months.

An extended duration or higher rate of subsidy is possible in exceptional cases of reduced performance, integration needs or familiarisation costs.

*Institutional support*

*BA.*

*Duration*

Ongoing.



D-v.4

**Recruitment subsidy for new businesses  
(Einstellungszuschuß bei Neugründungen)***Aim*

To assist persons who have set up business in recruiting unemployed workers requiring assistance.

*Legal basis*

SGB III: § 225.

*Contents*

Employers who entered self-employment within the last 2 years may receive a wage subsidy if they recruit on a permanent unemployment contract and in a new job a worker requiring assistance who was previously unemployed or persons with equivalent status. The employer's staff may not exceed 5 employees. The recruitment subsidy may not be granted for more than 2 employees at a time.

*Financial resources*

The recruitment subsidy for new businesses is payable for a maximum of 12 months at a rate equal to 50% of the calculable remuneration.

*Institutional support*

BA.

*Duration*

Ongoing.

**Integration contract (*Eingliederungsvertrag*)***Aim*

To open an additional possibility for the long-term unemployed and other difficult-to-place persons to regain a foothold in the labour market. The integration contract gives employers the possibility to enter into an employment relationship for a limited length of time without any financial risk should the relationship fail.

*Legal basis*

SGB III: §§ 229-233.

*Contents*

Employers who conclude integration contracts commit themselves to providing unemployed workers with the possibility of gaining a qualification and familiarising themselves under normal company working conditions with the ultimate aim of providing them with permanent employment after the successful completion of the measure. The employer must provide suitable supervision during the familiarisation period and allow monitoring through the Employment Office or a third party nominated by the Employment Office. The employer is further obliged to release the worker from his/her duties to participate in a further training measure agreed with the Employment Office. The unemployed workers commit themselves to carrying out the agreed duties, to proving their worth in the day-to-day operation of the company and to participating in in-company training measures.

The integration contract has a fixed term of at least 2 weeks and at most 6 months and is subject to the approval of the Employment Office.

Both the employer and the unemployed worker are entitled to declare the integration measure a failure at any time and without providing reasons and thus to terminate the integration contract.

*Extent of support*

The Employment Office pays remuneration due in the event of hours lost during the integration period, e.g. due to illness or holidays, and also the employer's share of the total social security contribution payable on the wage and any other social benefits which may be due. The Employment Office may additionally pay an integration subsidy in the event of other obstacles to placement.

*Financial resources*

Costs incurred during the period of the integration contract are covered by employee and employer contributions to the BA.

*Institutional support*

BA

*Duration*

Ongoing.



## 6. Placement and Occupational Mobility

- D-vi.1 Job placement (*Vermittlung*)
- D-vi.2 Counselling and placement assistance (*Unterstützung der Beratung und Vermittlung*)
- D-vi.3 Labour market consultancy service for employers (*Arbeitsmarktberatung für Arbeitgeber*)
- D-vi.4 Vocational guidance (*Berufsberatung*)
- D-vi.5 Measures to improve prospects of integration – training measures  
(*Maßnahmen zur Verbesserung der Eingliederungsaussichten*  
*[Trainingsmaßnahmen]*)
- D-vi.6 Mobility allowances (*Mobilitätshilfen*)

D-vi.1

**Job placement  
(Vermittlung)***Aim*

To bring together employers with jobseekers and persons seeking training with a view to establishing an employment/training contract, taking account of the requirements of the vacancies and the suitability, aptitude and capabilities of the jobseekers and those seeking training.

*Legal basis*

*SGB III: §§ 35-40.*

*Contents*

The Employment Offices, as agencies of the *BA*, are responsible for non-commercial job placement. Job placement by private bodies is only possible with permission from the *BA*.

The *BA* must provide job placement services impartially and free of charge which are made generally available on a voluntary basis. There is no obligation on employers to notify job vacancies.

*Financial resources*

Job placement is financed from contributions to the *BA* which are divided equally between employees and employers.

*Institutional support*

All agencies of the *BA* have job placement services. There are regional and central specialist placement agencies for qualified job applicants from occupations which generally have to rely on a wider labour market. Severely disabled people are the responsibility of a special service in the Employment Offices. The placement offices for temporary work arrange fixed-term employment contracts in commerce and industry for periods of up to 3 months.

*Duration*

Ongoing.

*Effects*

(in thousands)

	Inflow of:			Placement	
Year	Jobseekers	Unemployed	Vacancies	Total	of which in employment lasting > 7 calendar days
1979	3,752	2,844	1,980	2,111	1,262
1980	4,016	3,084	1,709	1,905	1,122
1981	4,468	3,531	1,355	1,622	962
1982	4,551	3,707	1,124	1,395	841
1983	4,507	3,704	1,248	1,557	980
1984	4,576	3,673	1,403	1,754	1,101
1985	4,681	3,750	1,553	1,876	1,178
1986	4,619	3,637	1,841	1,965	1,275
1987	4,684	3,726	1,823	1,998	1,281
1988	4,665	3,668	1,934	2,115	1,357
1989	4,899	3,806	2,229	2,781	1,491
1990	4,828	3,703	2,296	2,366	1,549
1991					
West:	4,797	3,659	2,307	2,399	1,569
East:	2,541	1,442	758	671	662
1992					
West:	5,218	3,961	2,157	2,349	1,532
East:	1,803	1,574	730	662	638
1993					
West:	5,694	4,549	2,019	2,202	1,442
East:	1,733	1,497	788	717	667
1994					
West	5,685	4,514	2,198	2,356	1,595
East	1,800	1,562	935	825	752
1995					
West	5,989	4,655	2,337	2,487	1,731
East	2,063	1,870	872	782	705
1996					
West	5,934	4,967	2,388	2,554	1,795
East	2,251	2,175	890	811	735

Source: BA.

D-vi.2

**Counselling and placement assistance**  
**(Unterstützung der Beratung und Vermittlung)***Aim*

Jobseekers and persons seeking training who are unemployed or threatened with unemployment are granted assistance in support of the counselling and placement services they receive.

*Legal basis*

SGB III: §§ 45 and 46.

*Contents*

The following financial assistance is provided:

- cost of job applications up to DM 500 annually;
- travel costs incurred through participation in vocational guidance, placement efforts, assessment of suitability or job interviews amounting to the normal cost of travelling with public transport. Daily and overnight expenses may be covered in the event of travel lasting several days.

The requirement for receipt of financial assistance is that the claimant is unable to cover these costs him/herself and that the employer to whom the application was submitted does not provide similar support.

*Financial resources*

These benefits are financed from employee and employer contributions to the BA.

*Institutional support*

BA.

*Duration*

Ongoing.

D-vi.3

**Labour market consultancy service for employers  
(Arbeitsmarktberatung für Arbeitgeber)***Aim*

The Employment Offices are to provide labour market consultation to employers on request, which is intended to assist them in filling job and training places.

*Legal basis*

SGB III: § 34.

*Contents*

Labour market consultation includes provision of information and advice on the situation and trends on the labour market, on occupations, on filling jobs and training places, on job design, working conditions and working hours, on in-company training and further training, on the integration of trainees and workers in need of assistance and on other employment-promotion benefits.

One of the aims of labour market consultation is registration of vacant jobs and training places for the placement service. The Employment Offices initiate and maintain contacts with employers themselves.

*Financial resources*

Labour market consultation is financed from employer and employee contributions to the BA.

*Institutional support*

The measure is implemented by all Employment Offices.

*Duration*

Ongoing.



D-vi.4

**Vocational guidance  
(Berufsberatung)***Aim*

The aim of vocational guidance is to make the subject aware of the choice of careers and of his/her own personal decisions and to work through various solutions. To this end it offers personal counselling and provides information and practical assistance which should enable the optimum choice for the individual and for society to be made.

*Legal basis*

*SGB III*: §§ 30 and 31.

*Contents*

Vocational guidance takes account of both the individual's qualifications and demands and the economic interests of society. The BA's vocational guidance service is impartial and free of charge. Everyone has the right to use vocational guidance and does it at his/her own discretion. Emphasis is placed on personal contact.

*Financial resources*

Vocational guidance is financed by employers' and employees' contributions (50% from each) to the BA.

*Institutional support*

All Employment Offices and branch offices which provide vocational guidance. The vocational counsellors have special training in vocational and business administration, psychology, education, sociology, applied economics and jurisprudence. Specially trained careers advisers are responsible for counselling school-leavers qualified to enter higher education (*Abiturienten*) and undergraduates as well as disabled persons. All the Employment Offices in the old and in the new federal states are now equipped with career information centres where those seeking advice can acquire information through personal access to a comprehensive range of media.

*Duration*

Ongoing.

Effects

Year	Persons seeking vocational guidance (in thousands)
1978/79	1,128
1979/80	1,149
1980/81	1,176
1981/82	1,292
1982/83	1,364
1983/84	1,392
1984/85	1,384
1985/86	1,431
1986/87	1,371
1987/88	1,330
1988/89	1,298
1989/90	1,295
1990/91	
West:	1,288
East:	283
1991/92	
West:	1,285
East:	318
1992/93	
West:	1,329
East:	385
1993/94	
West:	1,376
East:	461
1994/95	
West:	1,436
East:	509
1995/96	
West:	1,527
East:	547

D-vi.5

**Measures to improve prospects of integration – training measures**  
**(Maßnahmen zur Verbesserung der Eingliederungsaussichten**  
**[Trainingsmaßnahmen])**

*Aim*

Training measures are training courses or practical activities aimed at improving the prospects of unemployed workers for integration into the labour market. They are carried out on the recommendation or with the approval of the Employment Offices.

*Legal basis*

SGB III: §§ 48-51.

*Contents*

The following measures are supported:

- measures to assess the suitability of the unemployed person for employment or training (up to 4 weeks);
- measures to support the unemployed person's efforts to find work or efforts by the Employment Office to place him, especially through job-application training, counselling on jobsearch possibilities or measures which investigate the unemployed person's willingness and ability to work (up to 2 weeks);
- measures which provide the unemployed person with the necessary knowledge and skills to considerably improve his chances of placement or facilitate successful completion of a training or further training measure.

If several training measures are carried out, support may be provided for a total maximum of 12 weeks.

The costs of the measures which may be covered are the required and reasonable costs of training courses, examination fees and daily travel costs between the participant's home and the location of the course. In addition to the costs of the courses, unemployment benefit or assistance is paid in full for the duration of the measure.

*Financial resources*

The measures are financed from employer and employee contributions to the BA.

*Institutional support*

BA.

*Duration*

Ongoing.

**Mobility allowances  
(*Mobilitätshilfen*)***Aim*

The aim of these benefits is to remove financial obstacles to entry into contributory employment.

*Legal basis*

*SGB III*: §§ 53 and 54.

*Contents*

Unemployed persons who enter contributory employment may receive mobility allowances if these are required in order that they may commence employment and if they are without the required means themselves.

The following mobility allowances are available:

- bridging subsistence loan until payment of the first wage of up to 80% of the expected first gross wage;
- equipment allowance of up to DM 500 for work clothes and tools which are normally provided by the employee;
- travel allowance for the first 6 months for the costs of travel between the beneficiary's home and the place of work in another district;
- double household allowance for the costs of financing a second place of residence for the first 6 months;
- relocation loan for removal costs from the previous to the new place of residence if the employee moves within 2 years of entering employment.

*Financial resources*

Mobility allowances are financed from employer and employee contributions to the *BA*.

*Institutional support*

*BA*.

*Duration*

Ongoing.



## 7. Miscellaneous

- D-vii.1      Employment assistance scheme for long-term unemployed (*Aktion Beschäftigungshilfen für Langzeitarbeitslose*)
- D-vii.2      Special incentives for the recruitment and employment of the severely disabled (*Besondere Förderung der Einstellung und Beschäftigung Schwerbehinderter*)
- D-vii.3      Integration assistance and language tuition for new resettlers, persons having right of asylum and quota refugees (*Eingliederungshilfe und Sprachförderung für Spätaussiedler, Asylberechtigte und Kontingentflüchtlinge*)
- D-vii.4      Reintegration of repatriated foreigners (*Wiedereingliederung von rückkehrenden Ausländern*)
- D-vii.5      Integration assistance for foreign workers (*Förderung der Eingliederung ausländischer Arbeitnehmer*)
- D-vii.6      Independent measures (*Freie Förderung*)
- D-vii.7      Subsidies towards measures included in social plans (*Zuschüsse zu Sozialplanmaßnahmen*)
- D-vii.8      Part-time employment for older employees (*Altersteilzeitarbeit*)

D-vii.1

**Employment assistance scheme for long-term unemployed  
(*Aktion Beschäftigungshilfen für Langzeitarbeitslose*)***Aim*

Integration of the long-term unemployed into permanent employment.

*Legal basis*

Government guidelines of 16 February 1995, last amended on 12 December 1996, published in the Federal Gazette on 31 December 1996.

*Contents*

A wage-cost subsidy (*Lohnkostenzuschuß*) is payable to an employer who enters into a permanent employment contract for a job of at least 18 hours per week with an employee who has been registered as unemployed at the Employment Office for at least 1 year immediately prior to being recruited.

*Financial resources*

The wage-cost subsidy is payable for maximum 12 months.

The rate of subsidy is as follows:

- for employees previously unemployed for 1-2 years:  
up to 60% for the first 6 months, up to 40% for the second;
- for employees previously unemployed for 2-3 years:  
up to 70% for the first 6 months, up to 50% for the second;
- for employees previously unemployed for 3 years or longer:  
up to 80% for the first 6 months, up to 60% for the second;

expressed as a percentage of the subsidised wage.

*Institutional support*

The employer must apply for the subsidy to the relevant Employment Office before entering into the contract.

*Duration*

All contracts signed before 31.12.1998 are eligible.

*Effects*

Some 99,000 claims were granted between January 1995 and the end of May 1997.

D-vii.2

**Special incentives for the recruitment and employment of the severely disabled  
(Besondere Förderung der Einstellung und Beschäftigung Schwerbehinderter)**

The BA has been receiving compensation levy funds since 1.7.1986 from the Ministry of Labour and Social Affairs' Compensation Fund under the Disabled Persons Act; these funds are used to provide subsidies for employers who make training places or permanent jobs available to disabled people.

*Target group*

Particularly affected or difficult-to-place disabled persons without a job or a training place who are registered at the Employment Office.

*Aid*

Full in-firm training and permanent employment.

*Grants*

Subsidies to employers covering up to 100% of the training allowance or up to 80% of the contractual wage for a maximum of 3 years.

*Effects*

1.7.1986 to 31.5.1997:	76,167 disabled persons integrated
of which:	3,252 were grant-aided trainees.

*Remarks*

These grants take precedence over the comparable grants for vocational rehabilitation (cf. D-iv.7) and the comparable grants under the *SGB III*. The special aid from the compensation levy is intended to complement the grants available for vocational integration of disabled persons and those available under the *AFG* for disabled persons with special needs.



D-vii.3

**Integration assistance and language tuition for new resettlers,  
persons having right of asylum and quota refugees  
(*Eingliederungshilfe und Sprachförderung für Spätaussiedler,  
Asylberechtigte und Kontingentflüchtlinge*)**

*Aim*

To enable new resettlers under the Federal Refugees Act (*Bundesvertriebenengesetz*), persons having right of asylum and quota refugees to achieve complete vocational and social integration by supporting their participation in German language courses.

*Legal basis*

*SGB III: §§ 418-421.*

*Contents*

The above-mentioned target groups receive financial help when participating in German language courses which will provide them with the proficiency in written and spoken German which they need for taking up a job.

*Financial resources*

Integration assistance (*Eingliederungshilfe*) is payable from federal funds to persons attending full-time German language courses if they:

- were employed in their country of origin for at least 5 months within the minimum period of one year prior to the day on which the other conditions are fulfilled or 70 days in the last calendar year before emigration;
- are attending a full-time course in the German language;
- do not already have the German language skills necessary for integration into employment;
- are in need.

Participants can receive integration assistance for up to 6 months. The rate of assistance is proportionate to remuneration calculated at 60% of the reference value in accordance with § 18 of the Social Code (*SGB*) IV.

The *BA* reimburses the costs incurred directly by participation in the German language course, including in particular course fees, fares, cost of lodging and additional costs incurred for board, when participation in the course is necessary and requires the participant to live away from home, as well as child-care expenses, in certain cases of up to DM 200 per month.

For participants who do not satisfy these conditions and who are not entitled to benefits under the Directives of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth concerning assistance for the integration of young new resettlers and young refugees – the so-called Guarantee Fund (*Garantiefonds*) – the *BA* also reimburses the necessary expenses which they directly incur through participating in a course.

*Institutional support*

*BA.*

*Duration*

From 1.1.1988 ongoing.

*Effects*

Between January and December 1996 over 110,000 new resettlers, persons having right of asylum and quota refugees began attending German language courses. Over 90,000 of these were new resettlers.

D-vii.4

## **Reintegration of repatriated foreigners** **(Wiedereingliederung von rückkehrenden Ausländern)**

### *Aim*

To make grants available to foreigners wishing to resettle permanently in their country of origin, especially those from former recruitment countries.

### *Legal basis*

- Law on promotion of repatriation of foreigners (*Gesetz zur Förderung der Rückkehrbereitschaft von Ausländern*) of 28.11.1983 (Federal Law Gazette I, p. 1377);
- Law on reintegration assistance for housing for repatriated foreigners (*Gesetz über eine Wiedereingliederungshilfe im Wohnungsbau für rückkehrende Ausländer*) of 18.2.1986 (Federal Law Gazette I, p. 280);
- Federal Budget Ordinance (*Bundeshaushaltsordnung*).

### *Contents*

The main aids under the Law on Promotion of Repatriation of Foreigners which came into force on 1.12.1983 had a 10-month limit:

- a *repatriation allowance* of DM 10,500 plus DM 1,500 for the husband of the family and each child is payable to foreign workers returning home with their families as a result of being made unemployed due to bankruptcy or closure or of being on short-time working for the previous 6 months;
- reimbursement of *compulsory employee pension insurance (without a waiting period)* to foreigners from specific recruitment countries (notably Turkey and Portugal) who are returning home on a permanent basis.

The following measures under the Repatriation Promotion Act still apply:

- ability to prematurely cash in savings in state bonus savings schemes without forfeiting bonuses or tax advantages;
- indemnity of pension rights under company superannuation schemes inclusive of public service supplementary pension if the employee has been reimbursed for compulsory pension contributions;
- counselling about general conditions of repatriation and the opportunities for vocational reintegration or setting up in business;
- *repatriation counselling* is provided, in particular by the Employment Offices. The basis for this is constantly updated information about conditions for repatriation in Turkey and the successor states to the former Yugoslavia.

On 1 January 1986 the *Law on Reintegration Assistance for Housing* for repatriated foreigners came into force. It made provision for foreigners from non-EU countries (former Yugoslavia, Korea, Morocco, Turkey and Tunisia) to make use of building society savings accumulated in Germany to build/acquire a dwelling in their country of origin:

Turks returning to Turkey receive assistance for vocational reintegration through support in attaining qualifications and donations of equipment from German industry (e.g. Mannesmann, Ruhrkohle and Bayer AG). Persons wishing to set up business in Turkey are to receive support in

the future and on location in the form of counselling and assistance. The *KFR* opened an office in Turkey to this end in March 1996 in cooperation with the industrial sector.

In addition, the Federal Ministry of Labour and Social Affairs provides support for a range of vocational qualification measures with recognised certificates in particular for young repatriates in the health, hotels and catering and the metalworking sectors.

The German Government is encouraging the return and vocational reintegration of employees from developing countries who have been trained in Germany or who have gained valuable experience of the labour market from the years they have spent in Germany.

The German Compensation Bank (*Deutsche Ausgleichsbank*) in Bonn is carrying out a *Business Start-Up Programme* on behalf of the Federal Ministry for Economic Cooperation (*BMZ*) with the aim of helping qualified repatriates who would like to start their own business in a developing country. On production of precisely formulated detailed business plans and investment and financial plans, two subsidies each amounting to 15% of the total investment – up to a maximum of DM 9,000 each time – may be granted.

The Central Placement Agency (*Zentralstelle für Arbeitsvermittlung – ZAV*) in Frankfurt is, on behalf of the *BMZ*, offering support to qualified personnel from developing countries who take up executive positions in their country of origin in commerce or administration. Pay supplements are payable for a limited period. Since May 1991 the ZAV has been able to assist employees seeking jobs in developing countries using a personnel exchange database.

#### *Institutional support*

- BA;
- Pension funds;
- Building societies;
- Coordination Office for the Promotion of Reintegration through Qualification and Business Start-Ups (*KFR*).

#### *Effects*

A total of over 250,000 foreigners have returned voluntarily to their countries of origin from Germany as a result of the *Repatriation Assistance Act (Rückkehrhilfegesetzes)*. Some 17,000 unemployed foreigners applied for repatriation assistance, of whom 13,700 fulfilled the criteria. At the same time 156,000 foreigners had their pension fund contributions refunded and by far the majority of the applications can be attributed to the Repatriation Promotion Act.

By the end of 1993 more than 6,300 Turkish building society savers had taken advantage of the chance to use their German savings to finance the acquisition of property in their home country under the Law on Reintegration Assistance for Housing; in total some DM 190 million has been transferred.

Around 720 Turkish young people and around 250 guest workers from Hungary and the Czech and Slovak Republics had been helped under the vocational qualification programme up to 31.12.1996. Assistance will continue during the coming years.

### **Integration assistance for foreign workers (Förderung der Eingliederung ausländischer Arbeitnehmer)**

#### *Aim*

To provide equal rights for all those living in Germany by:

- offsetting disadvantages;
- increasing equality of opportunity, especially as regards access to employment; and
- increasing the self-esteem of foreigners.

The target group are foreign workers and their families from the former recruitment countries (Italy, Spain, Greece, Turkey, Morocco, Portugal, Tunisia, former Yugoslavia, Korea and the Philippines) and former GDR contract workers and their families from Angola, Mozambique and Vietnam.

#### *Legal basis*

Federal Budget Ordinance (*Bundeshaushaltsordnung*).

#### *Contents*

The key areas for integration assistance are:

- provision of German language skills through courses run by the "German for Foreign Workers" language federation (*Sprachverband – Deutsch für ausländische Arbeitnehmer e.V.*);
- measures to prepare young foreigners for employment and vocational training in order to support them in the transition from school to work;
- familiarisation of foreign workers with changing work processes; and
- better social and vocational integration of foreign women and men/women who have followed their spouses to Germany.

#### *Language courses*

- General language courses of up to 320 hours of tuition;
- intensive language courses of up to 640 hours of tuition;
- language and literacy courses of up to 240 hours of tuition;

All courses are available with crèche facilities and may be run exclusively for women.

#### *School to employment transition assistance for 2nd and 3rd generation foreigners*

- Prototype measures paving the way to employment;
- motivating young foreign people to participate in dual vocational training;
- preparation for employment in boarding schools with the possibility of resitting the lower-secondary leaving certificate.

#### *Vocational training*

- Preparation for training and training in vocations with good labour market prospects;
- supplementary sociopedagogical supervision.

*Binational vocational training projects*

Vocational training projects for young people from Greece, Spain, Italy, Portugal and Turkey who are living in Germany; the projects build on the strengths of foreign young people, i.e. multilingualism and biculturalism. In addition to dual training in business, electronics and metalworking occupations, the young people receive technical instruction in their native language – 3 hours per week for the duration of training – and spend 5 weeks in practical training in their country of origin. The young people receive sociopedagogical supervision for the entire duration of the course. These training projects promote and develop so-called "European skills" and increase mobility and flexibility for the labour markets in Germany, the country of origin and Europe.

The vocational qualifications and the binational certificates certifying participation in native-language technical tuition and practical work experience in the country of origin are recognised in the respective partner countries.

*Familiarisation of foreign workers with changing work processes*

Foreign workers are motivated to engage in the "lifelong learning" which is becoming increasingly necessary. Enterprises are given support in the form of education through regional and nationwide networks and associations of all bodies involved in further and continuing training to increase the opportunities for foreign workers to participate in further and continuing training activities. Foreign workers are also to be given better access to in-company and external further and retraining measures organised by the BA.

*Promotion of social and vocational integration for foreign women and girls*

Mitigation of disadvantages through measures against social isolation, introduction to the German language and society, career guidance and motivation to participate in vocational training programmes in the form of:

- *women's courses*: (10 two-hour classes per course) especially for female foreign workers and the non-working wives of male foreign workers;
- *prototype projects* targeting vocational integration, e.g. for women and girls, for women whose children have reached adulthood and for women who have followed their husbands to Germany.

*Financial resources*

The language courses are financed through *BMA* project funds which the German for Foreign Workers language federation allocates to course providers throughout Germany.

Prototype projects and measures are financed through subsidies from the *BMA* to independent bodies. Elements of certain projects and measures are cofinanced by the ESF, the *BMA*, the provider and other bodies.

*Institutional support*

- The German for Foreign Workers language federation in Mainz;
- independent bodies who receive financing from the *BMA* in order to run projects.

*Duration*

Ongoing; prototype projects: 1 to 3 years; binational vocation training projects: up to 4 years.

*Effects*

Over the last few years a marked improvement in integration into German society, in language skills, educational levels and take-up of vocational training has been noted. Surveys show that foreign workers and their families are remaining in Germany for increasingly long periods and that they are increasingly deciding to remain permanently in Germany.

Year	Volume of financing
1988	DM 44.1 million
1989	DM 43.6 million
1990	DM 43.9 million
1991	DM 50.5 million
1992	DM 54.9 million
1993	DM 52.4 million
1994	DM 54.0 million
1995	DM 50.0 million
1996	DM 52.0 million
1997	DM 51.9 million

**Independent measures  
(Freie Förderung)***Aim*

To give the Employment Offices the possibility to augment statutory active employment-promotion measures with independent forms of active employment promotion.

*Legal basis*

*SGB III: § 10.*

*Contents*

Employment Offices are given the possibility to design their own new active labour market policy measures in order to achieve more efficient and effective integration of the unemployed. Such measures must correspond to the aims and principles of statutory measures and may not simply extend existing measures.

*Financial resources*

The Employment Offices may invest up to 10% of funds earmarked for integration in discretionary active employment-promotion measures.



D-vii.7

### **Subsidies towards measures included in social plans (Zuschüsse zu Sozialplanmaßnahmen)**

#### *Aim*

- Vocational integration of employees who are threatened with unemployment due to structural changes;
- creation of incentives for the social partners to provide in social plans for measures which have a positive employment effect instead of severance pay.

#### *Legal basis*

*SGB III*: §§ 254-259.

#### *Contents*

Employees threatened with unemployment due to structural changes in an enterprise or due to enterprise closure are entitled *inter alia*, if required for their vocational reintegration, to receive individual benefits, for example for further vocational training. The subsidies towards measures included in social plans may replace these individual benefits if individual active employment-promotion measures would otherwise have to be provided for each and every employee affected. The aim of the instrument of subsidies towards measures included in social plans is to use social plans in a way that has a positive employment effect for workers threatened by unemployment. The incentive for the social partners to provide measures that have a positive employment effect rather than severance pay in social plans is thus increased. Measures included in social plans which could serve the aim of integrating workers might be, for example, retraining in occupations with good labour market prospects.

Support is only possible if, instead of these measures, the affected workers would foreseeably require other (individual) active labour market measures, for example support for further vocational training or *ABMs*. Accordingly, participants in integration measures within the context of a social plan are not entitled to additionally receive similar individual benefits. As in the case of individual support for further vocational training, support in the form of subsidies towards measures included in social plans is also not possible if the measure is primarily in the interests of the enterprise. Thus, support is not provided if the object of the measure is to train employees affected by the closure of one branch of production for employment in another branch of production within the same enterprise.

#### *Financial resources*

The amount of the subsidy will be in reasonable proportion to the total cost and duration of the integration measure. Unlike individual support for further vocational training, total financing of the measure through employment-promotion benefits is not possible.

The maximum subsidy may be a sum which is calculated by multiplying the number of participants at the beginning of the measure by the average annual net unemployment benefit (not including social security contributions) for each unemployed worker.

*Institutional support*

BA (through the Regional Employment Offices).

*Duration*

Ongoing.

D-vii.8

**Part-time employment for older employees  
(*Altersteilzeitarbeit*)***Aim*

To give older employees the opportunity to make a gradual transition from working life to retirement through part-time employment and thus to enable the recruitment of unemployed employees.

*Legal basis*

Law of 23 July 1996 on promoting a gradual transition to retirement.

*Contents*

Older employees aged over 55 who have been employed on a full-time basis for three of the last five years can reduce their working hours to half of normal collectively agreed weekly working hours. Their remuneration must be increased by at least 20% of the gross wage for part-time employment for older employees. The increase must at least result in the employee receiving 70% of the flat-rate net remuneration he would receive if he had not reduced his full-time working hours within the framework of part-time employment for older employees. Furthermore, the employer must pay additional statutory pension contributions of at least the rate payable on the difference between 90% of the full-time remuneration and the remuneration for part-time employment for older employees. Under certain conditions the employer is entitled to a refund from the Employment Office of his payments to older employees working part time. The main prerequisite for the refund is that the vacant job is refilled by an unemployed person or qualified employee (who has been trained in the same or in another enterprise or who is a third-level graduate) who is registered as unemployed at the Employment Office.

*Financial resources and institutional support*

BA.

*Duration*

Maximum 5 years for employees who reduce their working hours prior to 1.8.2001.

# CHAPTER IV INFORMATION AND RESEARCH

Under the terms of the *SGB III*, to come into effect on 1 January 1998, and as previously under the terms of the former Labour Promotion Act, the *BA* is required to carry out labour market and occupational research. This is supplemented by comprehensive labour market observation and preparation of reports and statistics on the labour market. The general task of the *BA* is to "observe, investigate and evaluate the employment and labour market situation and trends both in general and by occupations, economic sectors and regions, in addition to the effects of active labour market measures. The *BA* fulfils this function by:

1. compiling statistics;
2. carrying out labour market and occupational research; and
3. issuing reports."

The *BA* is obliged to evaluate its findings with a view to the fulfilment of its functions and to place the findings at the disposal of the public. It must compile statistics from the documents which are created within its area of operation, especially as regards employment, unemployment and employment-promotion measures.

## Labour market and occupational research

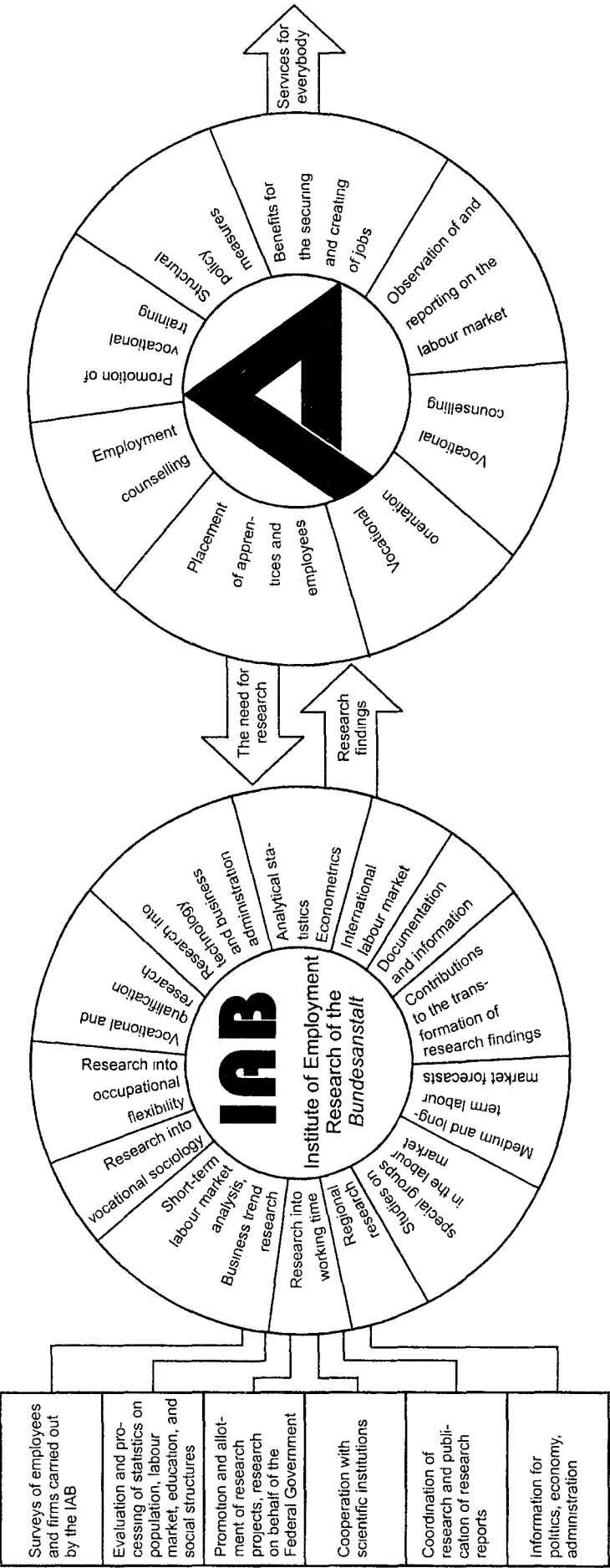
Labour market and occupational research means scientifically evaluating the current situation and assessing future labour market developments, nationally, regionally and internationally.

Labour market and occupational research as an interdisciplinary scientific subject covers the fields of economics, business administration, engineering, analytical statistics and sociology. It must also take into account the latest results in educational and occupational research, vocational educational theory, occupational studies, research into future trends and evaluation research. The methods applied in occupational and labour market research mainly derive from economics and the social sciences. It uses official and non-official economic, labour market, social and educational statistics in conjunction with mathematical/statistical data analysis with the aid of data-processing. Data compiled on employees or firms is also evaluated. Qualitative methods (e.g. interviews with experts) are also used in addition to the quantitative procedures. Labour market and occupational forecasts face the same difficulties as any forecasts in the fields of economics, sociology and technical sciences.

The object of labour market and occupational research is to compile information for the individual, on the one hand, and for labour market policy, on the other. It should enable the individual to arrive at a rational decision in choosing his training or occupation and adapt himself to continuous changes. Information should enable labour market and educational policies to be developed that will avoid future overall and structural imbalances on the labour market.

Since 1967 the Institute for Employment Research (*IAB*) has been carrying out these functions within the *BA*. As "Division V", it is part of the Headquarters of the *BA* in Nuremberg. The *IAB* provides the *BA*'s Employment Offices with scientifically sound orientation and decision aids to enable them to fulfil their tasks with regard to labour market and economic policy, such as career orientation, vocational guidance, employment counselling, job placement, promoting vocational training and rehabilitation. The data issued by the *IAB* also serve to inform the general public, in particular the social partners as well as people involved in politics, industry and science, and national institutions. To this end, the *IAB* also evaluates the effects and success of labour market policy measures implemented by the *BA* in accordance with the *SGB III*, as well as the impact of laws pertaining to labour market policy.

Institute for Employment Research (IAB) of the Federal Employment Service (BA)



Under the terms of § 282 of the *SGB III*, the *BA* must take account of its own and the *BMA*'s information needs when defining the content, type and scope of labour market and occupational research. Thus, the following areas of activity exist:

- analysis of the correlation between economic growth and employment trends as well as between population trends and labour supply;
- research into the change in sectoral, occupational and regional employment structures;
- business trend research, with particular regard to the labour market; research into working hours;
- studies of certain groups of people on the labour market;
- monitoring and analysing technical change and its impact on the labour market;
- research into content of occupations, similarities between occupations, the requirements of each occupation and the changes in these;
- studies on labour market flexibility;
- research into qualifications;
- studies on problems of classification and taxonomy;
- studies of methods and results based on statistical findings on the labour market; statistical analysis and method development, econometrics;
- development of labour market models taking into account forecasting methods and methods of substitution research;
- research in the field of the international labour market;
- research on the effects of employment policy, in particular concerning the *BA*'s instruments for employment promotion.

The *IAB* is functionally organised: scientists from the relevant disciplines and experts from the *BA*'s various areas of activity work in the ten sections. In addition to its own activities, the *IAB* initiates and monitors research projects carried out for the *BA* by other institutes. The *IAB* has close links with universities which give advice on scientific matters and provide links with research, especially with basic research conducted outside the *BA*. Special sections for labour market and occupational research in the Regional Employment Offices and specially trained research staff in some District Employment Offices ensure that research is in close touch with reality in the Local Employment Offices.

## **IAB publications**

The quarterly review "Labour Market and Occupational Research" (*Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*), edited by the President of the *BA*, the Director of the *IAB* and independent scientists from the relevant disciplines, constitutes a forum for scientific discussion on occupational and labour market research. It also includes the results of *IAB* research.

More comprehensive presentations of research results for the public are to be found in "Contributions to Labour Market and Occupational Research" (*Beiträge zur Arbeitsmarkt- und Berufsforschung*).

The "Research Documentation on Labour Market and Occupational Research" (*Forschungsdokumentation zur Arbeitsmarkt- und Berufsforschung*), published several times a year, provides information on ongoing and completed research projects in the field of labour market and occupational research in German-speaking countries.

The "Bibliography on Labour Market and Vocational Research" (*Literaturdokumentation zur Arbeitsmarkt- und Berufsforschung*) collates and provides abstracts on the relevant publications in this field. Special issues are published on particular subjects; individual research can be conducted to meet individual and special needs.

The "proARBEIT" (pro work) CD-ROM represents a new information system comprised of five documentation databases which enables speedy and comprehensive research.

The "Reports on Labour Market and Occupational Research" (*Materialien aus der Arbeitsmarkt- und Berufsforschung*) provide specialist and senior staff of the Employment Offices with research results which are suitable to be put into practice, and thereby contribute to constantly raising the qualifications of the BA's staff.

The "IAB Summary" (*IABkurzbericht*) is the up-to-date source of management information for readers with little time both within and outside the IAB. The transparency, brevity and presentation of the publication correspond to modern information needs. Readers of the "IAB Workshop Report" (*IABwerkstattbericht*) require somewhat more time at their disposal. This publication contains more comprehensive information on labour market trends and policies, data presentations and contributions on methodology.

Access to IAB research results is provided by the relevant medium-term research programme and the reports on the activities of the IAB, project lists, annual reports and lists of publications.

A new English language series, "IAB Labour Market Research Topics", is being published in response to the growing global interaction in research, including research on labour market issues. It addresses a foreign readership and is provided free of charge to subscribers.

**Appendix 1: BA expenditure on measures**  
**Active Labour Market Policy (financial resources)<sup>1)</sup>**

25 August 1997 - DM millions -

Supported areas	1990	1991		1992		1993		1994		1995		1996	
	West only	West	East	West	East	West	East	West	East	West	East	West	East
Vocational education (indiv.)	7,174.2	7,647.7	5,087.2	8,186.7	11,958.1	8,002.5	11,320.4	7,637.1	7,897.3	8,890.9	8,045.2	9,965.8	7,981.3
of which: Vocational training	919.0	959.9	352.0	1,060.3	676.6	1,206.7	923.6	1,272.7	865.3	1,391.5	731.3	1,606.5	747.2
Cost of further training/retraining measures	2,221.9	2,447.3	2,689.8	2,669.4	4,710.6	2,362.5	3,748.4	2,090.7	2,370.1	2,572.2	2,263.7	3,043.3	2,315.0
Familiarisation subsidy	420.6	348.4	467.9	240.7	564.5	41.7	90.3	28.2	42.9	40.8	61.0	42.5	54.6
Subsistence allowance	3,612.7	3,892.1	1,577.5	4,216.3	6,006.4	4,391.6	6,558.1	4,245.5	4,619.0	4,886.4	4,989.2	5,273.5	4,864.5
Training measures	—	—	—	—	—	—	—	—	—	—	—	14.3	8.1
Active assistance for the integration of resettlers <sup>2)</sup>	2,792.2	2,161.2	13.8	1,868.7	70.8	1,575.5	103.3	1,440.1	225.0	1,250.4	196.5	1,107.1	258.9
Vocational rehabilitation (indiv.)	3,162.9	3,508.8	100.9	3,981.4	298.9	3,999.6	455.3	3,483.4	548.2	3,448.0	717.0	3,619.1	975.4
Support for institutions <sup>3)</sup>	42.5	95.7	163.0	58.0	128.2	100.8	124.8	85.0	52.9	157.1	65.0	84.0	113.9
Further training establishments in the East <sup>4)</sup>	(75.3)	—	197.1	—	96.8	—	32.0	—	—	—	—	—	—
Incentives to enter employment <sup>5)</sup>	81.4	85.3	17.7	97.0	66.1	80.5	60.7	92.2	45.4	146.7	73.9	156.4	72.4
of which: settling-in allowance	36.5	43.8	—	87.0	—	90.3	—	77.6	—	137.6	—	137.4	—
Employee allowance	—	—	—	—	—	—	—	—	—	—	—	0.0	0.1
Bridging allowance under § 55a AFG	52.5	55.5	34.8	71.6	64.8	47.9	50.6	122.5	72.4	582.1	239.9	780.3	282.7
General job-creation measures (ABMs) <sup>6)</sup>	2,368.8	2,538.6	5,515.2	2,510.6	10,783.6	2,371.8	9,731.2	2,172.9	6,811.5	2,593.8	6,790.7	2,447.8	6,835.0
Productive employment promotion under §§ 242s/249h AFG <sup>7)</sup>	—	—	—	—	—	—	408.3	0.2	1,785.7	45.3	2,276.1	177.9	1,902.8
Wage-cost subsidies for older employees <sup>8)</sup>	398.1	514.2	0.4	606.4	19.8	562.6	69.3	472.3	90.3	489.5	183.7	550.5	246.8
LTU scheme <sup>9)</sup>	439.0	403.0	<sup>10)</sup>	335.6	55.4	204.6	122.0	142.0	78.2	275.4	203.6	461.6	199.1
Project support under § 62d AFG <sup>11)</sup>	36.3	83.1	<sup>10)</sup>	123.2	6.4	92.7	29.8	96.3	45.0	113.5	52.6	138.3	58.9
Short-time working allowance	239.6	478.8	10,005.9	949.9	2,652.5	3,335.3	918.7	1,600.2	498.7	606.3	424.1	1,031.9	435.3
Bad-weather allowance/Winter allowance	341.3	798.9	74.1	645.6	70.7	703.7	134.9	639.5	112.3	442.6	64.6	252.2	71.3
Promotion of winter productivity	693.2	612.6	0.0	727.0	286.3	762.5	317.5	726.6	344.1	725.5	352.5	403.0	176.2
VRG/Elderly Employees Part-Time Employment Acts 1988, 1996 <sup>12)</sup>	400.2	285.2	—	152.6	—	62.3	—	13.8	—	4.0	—	1.0	0.0
Transition allowance/Early retirement benefit <sup>13)</sup>	—	—	8,374.0	—	14,448.5	—	18,503.8	—	16,189.0	—	10,066.8	—	5,385.5
Federal ESF programme <sup>14)</sup>	—	—	—	—	—	—	—	—	—	170.8	86.5	344.5	213.6
Other labour market policy schemes <sup>15)</sup>	2.5	1.8	—	0.9	0.2	0.7	2.2	0.4	2.0	1.70	12.4	36.2	16.9
<b>Total active labour market policy</b>	<b>18,224.7</b>	<b>19,270.4</b>	<b>29,584.1</b>	<b>20,315.2</b>	<b>41,007.1</b>	<b>21,903.0</b>	<b>42,384.8</b>	<b>18,724.5</b>	<b>34,798.0</b>	<b>19,958.9</b>	<b>29,851.1</b>	<b>21,571.9</b>	<b>25,234.2</b>
Memo: Total labour market policy	49,487.9	49,256.6	38,620.1	55,468.2	55,897.2	71,048.7	60,847.1	72,088.3	54,622.4	77,637.7	50,884.4	86,457.7	51,781.3

1) For administrative and accounting reasons, an exact differentiation by old (West) and new (East) federal states is not always possible. In addition, some corrections and authors' calculations have been added.

2) Language tuition and integration benefit/assistance for persons participating in further training/retraining or rehabilitation schemes, authors' calculations.

3) Up to 1993 support for institutions only in the area of further training/retraining and rehabilitation.

4) "Support for the establishment of further training institutes in the new federal states and in East Berlin" (government programme)

5) Including training measures under § 134a AFG and employee allowance at federal level under § 134a AFG

6) Including "Upswing East" joint initiative (1991: DM 2,439.9 million; 1992: DM 3,000.0 million) and the federal government's ABM stabilisation scheme (1993: DM 281.2 million – West, DM 1,145.5 million – East)

7) Including federal resources (1993: DM 94.4 million; 1994: DM 460.4 million – East, 1995: DM 14.3 million – West, DM 836.8 million – East, 1996: DM 57.8 million – West; DM 582.8 million – East, 1997: DM 300 million – West, DM 1,700 million – East)

8) Up to 1993 including expenditure on § 98 AFG

9) Federal scheme "Employment assistance for LTUs" (wage-cost subsidies)

10) Expenditure assigned to the West because a classification by East and West is not available

11) Federal scheme "Measures for particularly disadvantaged LTUs and other very difficult-to-place unemployed"; AFG instrument since 1.1.1994.

12) VRG expired 31.12.1988, Elderly Employees Part-Time Employment Act expired 31.12.1992, payments still made to persons eligible for assistance prior to expiry. Elderly Employees Part-Time Retirement Act 1996 in force since 1.8.1996.

13) Including federal resources: early retirement benefit (1991: DM 5,693.8 million; 1992: DM 5,118.7 million; 1993: DM 4,476.1 million; 1994: DM 2,986.2 million; 1995: DM 768.3 million; 1996: DM 5.9 million); transition allowance (1993: DM 568.4 million; 1994: DM 4,169.8 million; 1995: DM 7,087.4 million; 1996: 5,252.8 million; 1997: DM 1,800.0 million); compensatory transition allowance under § 249e, Section 4a AFG not included; expenditure allocated only to the East

14) "Guidelines for additional labour market policy measures at federal level cofinanced from ESF funds"

15) "Support for experimentation with new approaches to labour market policy" and "Guidelines on support for the integration of the difficult-to-place unemployed through loans and subsidies to manpower transfer agencies" (federal level)



## Appendix 2: Abbreviations

ABM	Job-creation measures <i>Allgemeine Maßnahmen zur Arbeitsbeschaffung</i>
AFG	Labour Promotion Act <i>Arbeitsförderungsgesetz</i>
ANBA	Official News of the Federal Employment Service <i>Amtliche Nachrichten der Bundesanstalt</i>
BA	Federal Employment Service <i>Bundesanstalt für Arbeit</i>
BDA	Confederation of German Employers' Associations <i>Bundesvereinigung der Deutschen Arbeitgeberverbände</i>
BGB	Civil Code <i>Bürgerliches Gesetzbuch</i>
BGBI	Federal Law Gazette <i>Bundesgesetzblatt</i>
BMA	Federal Ministry of Labour and Social Affairs <i>Bundesministerium für Arbeit und Sozialordnung</i>
BMA	Federal Ministry for Economic Cooperation <i>Bundesministerium für wirtschaftliche Zusammenarbeit</i>
CGB	Christian Confederation of Trade Unions <i>Christlicher Gewerkschaftsbund</i>
CIM	Centre for International Migration and Development <i>Centrum für Internationale Migration und Entwicklung</i>
DAG	German Union of Salaried Employees <i>Deutsche Angestellten-Gewerkschaft</i>
DBB	German Civil Servants' Confederation <i>Deutscher Beamtenbund</i>
DGB	German Confederation of Trade Unions <i>Deutscher Gewerkschaftsbund</i>
EU	European Union <i>Europäische Union</i>
GDR	German Democratic Republic
GTZ	Society for Technical Cooperation <i>Gesellschaft für Technische Zusammenarbeit</i>
IAB	Institute for Employment Research <i>Institut für Arbeitsmarkt- und Berufsforschung</i>
ILO	International Labour Organisation
IVSS	International Association for Social Security <i>Internationale Vereinigung für Soziale Sicherheit</i>
KFR	Coordination Office for the Promotion of Reintegration through Qualification and Business Start-Ups <i>Koordinierungsstelle zur Förderung der Reintegration durch Qualifizierung und Existenzgründung</i>
Kug	Short-time working allowance <i>Kurzarbeitergeld</i>

MISEP	Mutual Information System on Employment Policies
SGB	Social Code <i>Sozialgesetzbuch</i>
VRG	Early Retirement Act <i>Gesetz zur Förderung von Vorruhestandsleistungen</i>
WAPES	World Association of Public Employment Services
ZAV	Central Placement Agency <i>Zentralstelle für Arbeitsvermittlung</i>

## Appendix 3: National correspondents

### *Belgium*

Joseph Remy, Ministère de l'Emploi et du Travail

### *Denmark*

Karen Thrysoe, Arbejdsministeriet

### *Germany*

Jochen Jahn, Bundesministerium für Arbeit und Sozialordnung

Detlef Hein, Bundesanstalt für Arbeit

### *Greece*

Ekaterini Kritikou, Ministry of Labour

### *Spain*

Delmira Paz Seara Soto, Ministerio de Trabajo y Asuntos Sociales

### *Finland*

Helinä Melkas, Ministry of Labour

### *France*

Marie Christine Petitguyot, Ministère du Travail et des Affaires Sociales

Claudine Elhaïk, Agence Nationale pour l'Emploi

### *Ireland*

Frank Doheny, Department of Enterprise, Trade and Employment

### *Italy*

Mariarosaria Damiani, Ministero del Lavoro e della Previdenza Sociale

### *Luxembourg*

Jean Hoffmann, Administration de l'Emploi

### *Netherlands*

Martin G. Blomsma, Ministerie van Sociale Zaken en Werkgelegenheid

Theo Keulen, Arbeidsvoorziening Nederland

### *Austria*

Johannes Schweighofer, Bundesministerium für Arbeit, Gesundheit und Soziales

Marius Wilk, Arbeitsmarktservice

### *Portugal*

Victor Viegas, Ministério do Trabalho e da Solidariedade

### *Sweden*

Anna Odhner, Arbetsmarknadsdepartementet

Lasse Gustavsson, Arbetsmarknadsstyrelsen

### *United Kingdom*

Liz Tillett, Department of Education and Employment

Peter Sydserff, Employment Service

### *European Commission*

Sergio Piccolo, DG V/A/2

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