

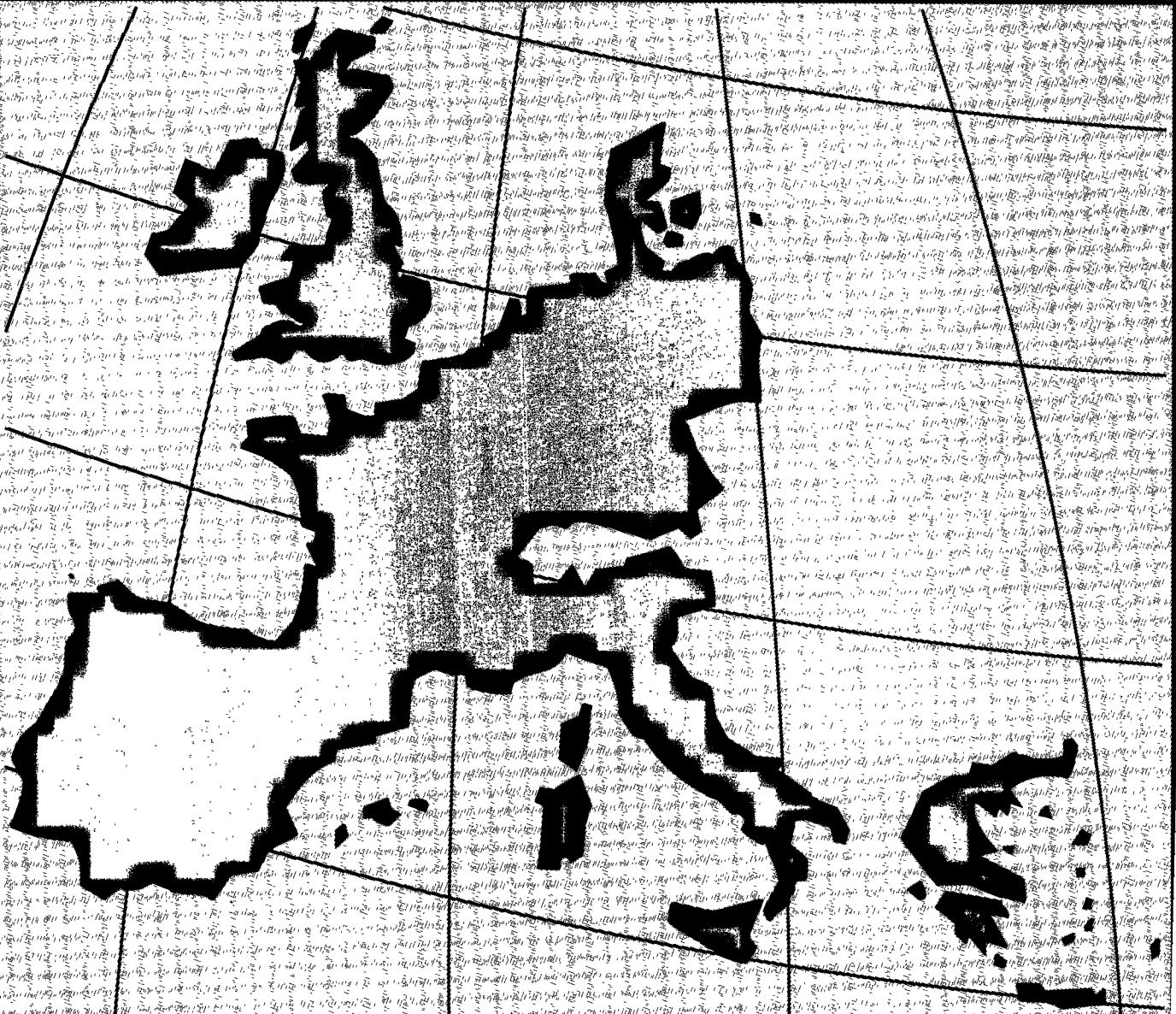
# EMPLOYMENT OBSERVATORY

## Policies

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

# 41

## Spring 1993



*Employment in*  
**EUROPE**



# Developments at a Glance

- Belgium** The national collective agreement for 1993/94 reaffirms the desire of the social partners to cooperate on the basis of free collective bargaining. Specific measures include: an increase in contribution rates to the labour market support fund; the introduction of part-time early retirement and a limited right to leave from work; a rise in unemployment-insurance contributions; specification of the regulations governing short-time working and time off for training purposes; and flexibilisation of working time.
- Germany** The 10th Amendment to the Labour Promotion Act provides for a reduction in the financial burden on the Federal Labour Office through the assumption of certain cost items by central government, and the introduction of restrictions on, for instance, the conditions under which support for job-creation measures is provided, on further training and retraining measures and the job familiarisation allowance. An additional policy instrument has also been introduced in the new Länder.
- France** Three new professional grades are to be created to help ANPE accomplish its tasks. A study of the "Programme 900 000" for the long-term unemployed shows that during the time in which the Programme was in operation more long-term unemployed left the register than during the same period of the previous year, and that the average duration of long-term unemployment has fallen. For 1993 a number of additional measures are planned in support of the long-term unemployed, offering orientation with career planning and helping with job search.
- Greece** The autonomous financing of the trade unions, a principle guaranteed by a law passed in 1990, has increasingly run into difficulty. These problems are now to be overcome by a new law which provides for the tripartite financing of certain cost items by the "Workers' Fund".
- Ireland** The new government is currently reorganising ministerial structures. Three new ministries are being created to replace the former Ministries of Labour and of Trade and Industry.
- Italy** A labour market fund is to finance wage-cost subsidies, further training measures and advisory services for the unemployed and those threatened by redundancy (from 1993 to 1995). The placement system is also to be made more flexible. Labour market entry is to be made easier by a cut in the employer's social contributions and lower initial wages. For the first time, Italy's state monopoly on job placement is being relaxed.
- Netherlands** One year after the introduction of self-administration for the labour market authority, a study shows that the new system met 90% of its planning target for placements. Cooperation between the labour market administration, sectoral organisations, firms and other organisations has also been intensified. Young people up to the age of 21 and school-leavers up to the age of 22 after 6 months of unemployment now have a guarantee of employment. The approval of the labour market authorities is now also required for placement in fixed-term jobs in the arts and entertainment sector and in professional sport.
- Portugal** Participation in vocational training leads to a more balanced workforce structure in the firms providing training, to higher productivity, greater motivation and better adaptability to new technologies.
- Spain** Two agreements have been reached with the aim of transforming Spain's system of vocational training: the state is from now on to play a merely subsidiary role within a decentralised system run by the social partners.
- United Kingdom** Two important employment and training programmes (*Employment Training and Employment Action*) run by the Department of Employment are to be subsumed under one programme (*Training for Work*). The Training and Enterprise Councils' scope for action is to be broadened and a number of measures have been introduced to improve placement and careers advice. A Trade Union Reform and Employment Rights Bill will broaden individual rights. The employment opportunities of disabled people are to be improved by means of the "disability symbol initiative" based on voluntary participation by firms.

# EMPLOYMENT OBSERVATORY Policies



No. 41, Spring 1993

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# Foreword

It is a little more than ten years now since the Commission, following an agreement between the directors-general of employment in the Member States, set up the MISEP network to facilitate the exchange of information on employment policies within the Community.

Since then, the establishment of the Single Market, the negotiations on the forthcoming accession of new members to the Community, the creation of the European Economic Area and the transformations in Central and Eastern Europe have all meant that the need for information has both grown and become more diverse.

In order to meet this new demand more effectively, the Commission will, through the MISEP secretariat:

1. collate and publish regularly the network's database in order to provide up-to-date-information on employment policies in the Community;
2. ensure the broad dissemination of the evaluatory and comparative studies published by the network's evaluation team;
3. organise, in cooperation with national administrations, MISEP correspondents' meetings in the country holding the Community Presidency to make better known the services offered by the network;
4. conduct seminars for national officials, to ensure greater cooperation and facilitate the exchange of experiences, together with other, ad hoc activities in this area.

In line with these efforts to modernise the MISEP network – which are also reflected in the decision to change the secretariat – is the new structure given to the MISEP “Policies” bulletin. The first part of the quarterly bulletin, which presents new policy measures and is compiled by the network of national correspondents, is now supplemented by a second section consisting of evaluative and comparative studies, descriptions of recent trends in employment policies in the Community and statistical data.

**Commission of the European Communities**

# Overall Developments

## Belgium

### National Collective Agreement 1993–1994

On 9 December 1992 the social partners signed a national collective agreement (*accord interprofessionnel*), which is to provide the basis for collective bargaining at branch level. It is the result of a compromise which takes account of the demands made by both the unions and employers' representatives. In addition, a number of points, raised by the unions and employers together, have been formulated in the form of a joint recommendation to the government. The following report presents the most important provisions of this agreement and comments on its principal characteristics.

#### Free collective bargaining and competitive position

The partners to collective bargaining are conscious of the need to safeguard competitiveness in order to ensure economic development and employment. Equally, they insist on the principle of free collective bargaining at all levels. The representatives of employers and workers attest the Belgian economy a pronounced competitive weakness, and believe that attention needs be paid to:

- recent exchange-rate movements;
- the impact on the economy of the decisions taken by the government with the aim of consolidating public finances;
- the recent downwards revision of growth perspectives by the OECD;
- the discussions concerning social policy currently under way in a number of Belgium's leading competitors.

The signatories to the agreement expressly urge workers and employers at all levels of negotiation to pay due attention to the impact of wage costs

on competitiveness and the labour market. The government is also called on to accord priority to its efforts to raise competitiveness and promote employment.

#### Employment

In 1993 and 1994 firms will provide 0.25% and 0.30% respectively of gross wages in support of labour market policies. The resources will be distributed as follows:

- 0.10% in both years to finance "accompanying" measures for the unemployed (*plan d'accompagnement pour chômeurs*, cf. iMi 40);
- in 1994 0.05% to finance child-care initiatives;
- 0.15% in both years, to be utilised in ways determined in branch-level or plant-level collective agreements according to formulae which take account of sectoral or enterprise conditions.

Special attention is to be given to the integration of individuals from risk-groups (cf. iMi 32 and 37) and job-seekers participating in the programme of accompanying measures for the unemployed.

Firms not making a contribution of 0.15% of the payroll, as in point (c), must pay a corresponding amount into an employment fund (*Fonds pour l'emploi*).

The agreement calls on the government to:

- revoke the obligation to provide training places (BIR, Belgium, IV.2) in sectors and firms making efforts to integrate risk groups and in those which participate in the programme of accompanying measures for the unemployed;
- intensify positive action for women.

With regard to part-time early retirement the social partners reaffirm their intention to:

- elaborate a framework for the introduction of an "employment system at the end of working life"

and to (re)affirm early retirement in line with the full-time early retirement provisions) in the form of a collective agreement at the level of the National Council of Labour (*Conseil National du Travail*). This framework is to be fleshed out with collective agreements at sectoral and plant level.

- deal, within the framework of these discussions, with the problems of workers at special risk and the difficulties in replacing the positions left by those in part-time retirement under the scheme.

The social partners will continue their work in the National Council of Labour, where they will push ahead with a study on a limited right for workers to take temporary leave from working life. The limitations on this right pertain to its duration, the number of activities to which it is to apply and the number of employees in an enterprise (with respect to the size of the workforce) taking leave at any one time. Wage compensation is to be offered during the period of leave from work and a mode of labour replacement is to be worked out.

#### Unemployment

Unemployment benefits for the elderly unemployed are to be progressively increased to 60% of the reference wage. To this end the contribution rate will be raised from the current figure of 0.12% of gross earnings to 0.18% (from 1 April 1993) and to 0.23% (from 1 December 1994).

In addition the social partners have agreed on general proposals regarding short-time work (*chômage temporaire*) (cf. BIR, Belgium, iii.4). These will be specified in the National Council of Labour and then presented to the government. The main element is to be a cut in employer contributions to the Fund for Company Closures (*Fonds de Fermeture*) – from which also short-time is financed – from 0.28% to 0.22% of

## Overall Developments

total wages (cf. iMi 39). Temporary unemployment for economic reasons or bad weather is to be restricted to a maximum number of days.

### Holiday pay

In calculating the level of holiday pay for workers aged 18 and above, the reference pay for days lost (through sickness, military service etc.) will in 1993 be taken into account to its full value (100%), rather than to 80% as previously. For 1993 this applies up to a maximum of 1,900 Belgian francs: this upper limit will no longer apply to holiday pay for 1994.

In the last collective agreement (cf. iMi 33) the social partners agreed that, in 1992, a double holiday payment would be made for the third day of the fourth week. This provision has been extended for two years.

### Work organisation

The social partners have made proposals of a generalised nature concerning work organisation which are to be presented to the government. The aims of these proposals are as follows:

- Sectoral collective agreements should be such as to allow firms to cope with a temporary rise in the workload such as cannot be managed by recruiting additional labour nor by means of 65 hours overtime annually (the figure up to which workers, while entitled to an overtime bonus, have no right to time in lieu).
- Workers should have the right to offset accumulated additional working hours against additional days off.
- Moonlighting is to be combatted, primarily by the adoption by other sectors of the measures already in force in the construction industry (such as the individual work-sheet and the attendance list, cf. iMi 28).

As far as night work is concerned, unions and employers' organisations take the view that it is up to the social partners themselves to determine the relevant stipulations, and that any legislative initiatives must conform

to the appropriate collective agreements.

The agreement calls for a major simplification of the administrative formalities for part-time work, in particular a relaxation of the employer's obligation to inform the employee of his or her working hours five days in advance. Further, more suitable control mechanisms must be developed to deal with cases where actual working hours deviate from those previously agreed.

### Paid training leave

On this matter, too, the social partners have agreed on general proposals which are to be presented to the government:

- The scheme should be focused on training measures directly related to the employee's work situation or career perspectives;
- steps should be taken to avoid organisational problems arising from the simultaneous absence of several employees;
- measures should be taken to prevent the abuse of the scheme.

The government is called on to stand by its financial obligations with respect to paid training leave.

### Concluding provisions

The social partners called upon the government to sign the agreement, to assent to the formal proposals made in it, and to refrain, for the duration of the agreement, from taking any measures which, in the areas referred to, would have the effect of raising wage costs or affecting work organisation.

In its response made on 25 November 1992 the government reiterated its willingness to collaborate in the realisation of the agreement, and to respect the demands made by the social partners. The government, for its part, called on the parliament to consider the necessary legal changes as a priority and to vote in their favour.

Both sides of industry declared jointly that, for the duration of the

agreement, no further demands vis-à-vis the other partner remained outstanding at the national level.

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## Germany

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### The Labour Promotion Act: New Provisions in Force from 1 January 1993

The 10th amendment to the Work promotion Law has led to a number of legal changes with effect from 1 January 1993. These changes are so conceived as to target labour market policy measures more accurately, restructure the deployment of financial resources, and prevent dead-weight. The goal is to ensure that the existing funds – around DM 50 billion have been allocated to active labour market policies for 1993, of which some DM 34 billion will be spent on the new federal states – induce optimal effects. The changes in detail are as follows.

#### Modification of the assistance provided for the integration of ethnic German immigrants

The benefits previously offered newly arrived, ethnic German immigrants under the Labour Promotion Act – covering periods of unemployment, further vocational training and retraining, together with German language courses – are replaced by a means-tested integration aid, financed out of central-government funds. In addition, the costs of taking a German language course (up to a maximum of six months) will also be reimbursed by central government. This means that the German federal government is assuming the lion's share of the costs of the initial aid for ethnic German immigrants.

For a transition period the Federal Labour Office will bear the costs of

integration measures for those ethnic German immigrants who entered the country before the end of 1992. The legislative changes mean that the financial burden of integration will no longer rest primarily on the Federal Labour Office – whose budget is financed out of social-insurance contributions – but will be borne on several shoulders.

### **Higher quality in further training and retraining**

The explosive quantitative leap which has occurred in further vocational training and retraining is being followed by qualitative consolidation. Training measures must be checked for quality and for consistency with the aims of labour market policy before they begin. This will put Employment Offices in a position to refuse to recognise worthless training measures, and dispenses with the pressure to take a positive view of measures which are already under way.

Participants are obliged to attend counselling before entering a training programme, preventing their recruitment by fly-by-night educational institutions. Restrictions are imposed on multiple further training and retraining. Training measures appropriate to the aims of labour market policy will be carefully selected. Extended counselling with continued entitlement to unemployment benefit and aid replace the previous short-term measures of “occupational orientation”, the quality of which it was all but impossible to control. In the new federal states such measures represented a lucrative business for educational institutions, not all of which were adequately qualified for the job.

The special provisions for the new federal states offering support for further training measures in colleges and other institutions of tertiary education until the end of 1992 have been extended until the end of 1995. East German workers threatened by redundancy (although not actually redundant) are also entitled to further training support until the end of 1995.

### **Deadweight effects of the job familiarisation allowance restricted**

The job familiarisation allowance (*Einarbeitungszuschuß*) is, under normal circumstances, now only available for a maximum of six months, and only covers up to 30% of wages. Only in specially substantiated cases is an allowance of 50% possible. This should have the desired result of limiting deadweight. Particularly in the new federal states, the job familiarisation allowance has often been treated simply as a wage subsidy, without any corresponding obligation to familiarise employees with new work. If the worker for whom the allowance is paid is not employed for at least double the length of time the allowance was provided, the employer is obliged to pay it back.

### **Support for those setting up their own business extended**

The benefits previously available for unemployed persons setting up their own business are extended to those employees who enter self-employment directly from a job-creation scheme or from so-called “structural short-time working”.

### **New conditions attached to support for job creation schemes**

As set out in the Unification Treaty the conditions attached to support for job creation schemes in the new federal states have now, in principle, been brought in line with those in West Germany. However, for a transition period a number of special provisions will remain in place in the interest of employment in the new federal states. This will enable the volume of job creation measures there to be maintained at a high level – up to 350,000. A subsidy of 90% (100% in the case of difficult-to-place, long-term unemployed) of the wage costs of employees on the scheme is available, provided the employer pays wages not exceeding 90% of standard wages for the relevant grades, or working time is limited to 80% of normal full-time working

hours. This enables the funds available to be distributed among a greater number of recipients, and strengthens workers' incentives to change to a normal employment relation.

Irrespective of whether a worker belongs to a so-called labour market “problem group”, a 100% wage subsidy can be made (at 80% of standard working hours) in the new federal states if the firm running the job-creation measure is one of east Germany's so-called “Employment-promotion, employment and structural development companies” (ABS).

### **A new instrument of work promotion in the new federal states**

In addition to the above, from 1993 on, a new instrument of work promotion will offer some 50,000 persons an employment opportunity in environmental improvement, social services and the so-called “free youth aid”. The Federal Labour Office is now empowered to promote the employment of those who would otherwise be unemployed in the form of a lump-sum subsidy of wage costs to a level corresponding to the unemployment benefit so saved. The instrument is so designed as to avoid deadweight. Because it is limited to 90% of the wage level, or to a maximum of 80% of standard working hours, the incentive to take up a non-subsidised full-time job remains.

In 1993, almost 500,000 people throughout Germany will be employed by virtue of job creation measures and the new instrument of work promotion.

### **More precise targeting of occupational rehabilitation measures**

The special benefits accorded to disabled persons in support of their occupational rehabilitation are now only to be granted if they are necessary in view of the concrete disability in each case. Disabled persons not requiring rehabilitation support appropriate to their handicap remain entitled to the same further training

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and retraining benefits as able-bodied persons.

### Courses to attain general secondary-education qualifications after leaving school

The system whereby those who had left school without secondary-education qualifications (*Hauptschulabschluss*) were able to attend a course and gain such a general qualification, thereby correcting deficits in the system of general education, used to be financed by contributions to the unemployment-insurance fund: this can no longer be justified and has therefore been scrapped.

### Stabilising the employment relations of older workers

Benefits from the unemployment insurance scheme should only be available in those cases where unemployment results from economic constraints, and not where employer and employee reach mutual agreement on early termination of the employment relation so as to meet the condition of entitlement to an early retirement pension for reasons of unemployment. The following measures are to prevent an undue burden being placed on those paying contributions to the Federal Labour Office arising out of early retirement practices of this nature:

- the duration of entitlement to unemployment assistance (in cases where a worker's benefits are suspended due to voluntary redundancy) is shortened for older workers;

- unjustified compensation payments in cases of voluntary termination will, to some extent, be set against unemployment assistance;
- employers dismissing older workers will be obliged to reimburse unemployment assistance.

As far as the last measure is concerned, the obligation to pay back unemployment assistance is valid for two years; the early-retirement pension on the grounds of unemployment must not be refunded, however.

The employer is exempt from this obligation:

- if the unemployed worker meets the conditions for wage-compensation due to a reduced capacity to work;
- if less than 20 workers are employed (excluding trainees). Small firms with up to 40 employees are exempted from two thirds of the reimbursement, firms with up to 60 workers from one third;
- in cases of socially justified dismissal, of hardship, large-scale redundancies, the existence of significant grounds for dismissal without notice, or where the older worker resigns but does not receive a severance payment;
- in firms in receipt of adjustment support under Article 56, para. 2 of the Coal, Iron and Steel Agreement (until the end of 1995). This also applies to firms in the new federal states.

### Supplementary provisions

Because the pension insurance institutions in the new federal states are not in a position to make swift decisions on applications for an early retirement pension from unemployed workers over 60, the Federal Labour Office is having to fund such payments (*Altersübergangsgeld*) during 1993. In compensation, the Federal Labour Office is to receive a lump-sum payment of DM 1.6 billion for 1993. At the same time, responsibility for benefits connected with occupational rehabilitation returns to the pension insurance system in those cases in which it is already responsible for medical rehabilitation, or where there are grounds for pension entitlement for reasons of reduced capacity to work. This ensures that the entire rehabilitation procedure remains in the hands of one institution.

### New social insurance contribution rates

In order to safeguard the financing of labour market policy, the contribution rate to the Federal Labour Office for 1993 has been increased from 6.3 to 6.5% of gross wages throughout Germany, employers and employees each bearing half the cost as before. Simultaneously, the contribution rate to the pension insurance scheme has been reduced from 17.7 to 17.5%, so that the overall burden of contributions remains unchanged. The following table lists the new income thresholds:

In the old federal states	In the new federal states
Unemployment insurance DM 86,400 per year (1992: DM 81,600) DM 7,200 per month (1992: DM 6,800)	DM 63,600 per year (1992: DM 57,600) DM 5,300 per month (1992: DM 4,800)
Maximum employee contribution DM 234	DM 172.25



## Italy

### Employment Promotion Measures

As in other EC countries, the employment situation in Italy has deteriorated sharply in recent months. From September 1991 to September 1992 200,000 jobs were lost, and the unemployment rate rose from 10.6 to 11%. In addition, the wage compensation fund (*Cassa integrazione*) had to provide compensation for 10% more hours lost due to short-time working than in the previous year.

It is against this background that the Italian government passed Decree-law no. 1, on 5 January 1993, which contains a number of important measures. In particular, Article 1 empowers the Minister of Labour to implement active labour market policy measures in the areas hardest hit by the crisis, on the basis of the proposals put forward by the Committee for the Coordination of Employment Initiatives (*Comitato per il coordinamento delle iniziative per l'occupazione*). This committee was set up by the council of ministers in September 1992 (see below).

The employment promotion measures enacted by the Law are to remain in force until 1995, and provide for:

- subsidies for employers recruiting workers on a full-time basis;
- subsidies for information and consultancy services for the reintegration of workers registered with the special wage compensation funds (*Cassa integrazione straordinaria*) or released for placement by the wage compensation fund (in agreement with the regional labour office or employment exchange); a maximum of 20 billion lira have been earmarked for this purpose;
- further training measures for workers employed in enterprises which have put forward restructuring, conversion or reorganisa-

tion programmes. Further training is also possible on an individual basis for certain groups of workers specified in the Decree-law.

Within 90 days of Decree-law no. 1/93 coming into force the Minister of Labour is obliged to set out the details according to which Article 1 is to be implemented. The Minister's assessment of the local employment situation is to be based on the work of the regional labour-market observation offices, the regional employment office and inspectorate, and the job centres (*Agenzie per l'impiego*).

An employment fund for the implementation of the above measures is being set up within the Ministry of Labour. 550 billion lira have been earmarked for 1993, and 400 billion each for the following two years. The measures are to remain in force for three years.

#### New provisions affecting agricultural workers

Law 223/91, Article 25 allows the recruitment of unemployed workers "by name", i.e. on the basis of previous contacts between specific unemployed workers and employers (cf. iMi 36). Until now the agricultural sector has been excluded from this provision. Article 8 of the new Decree-law means that now agricultural employers also have the option of recruiting "named" workers when applying to the relevant job-placement agencies. The appropriate criteria and the relevant occupations are to be decided by a decree from the Minister of Labour and are to be announced within 90 days of the Decree-law coming into effect.

#### On-the-job traineeships and work experience for young people

Article 9 of the Decree-law introduces, for the first time in Italian law, the possibility of in-plant work-experience courses, which, by providing direct contact with the world of work, aim to help young people with their career decisions. The new legislation enables the local offices of the Ministry of Labour, the vocational training

and information centres, the universities and the school authorities to offer such courses in private firms willing to provide them. A condition is that the Labour Inspectorate must be informed. No employment contract is signed between the employer and the trainee; the employer is, however, obliged to insure trainees against accidents at work and to inform plant-level workers' representatives. Such traineeships can be taken up by all those no longer in compulsory education.

The traineeships are targeted at the following groups:

- Young students, either at university or vocational college. The traineeships are to last three weeks, in a single, or in several plants, based on appropriate agreements.
- Those participating in vocational training and job-seekers (the unemployed and those in receipt of benefits from the wage-compensation funds and available for placement). Here the traineeships last up to three months and are regulated through agreements between the employment offices, the training centres and the employers. These agreements are to be reached on the basis of criteria set out at national level by the Ministry of Labour in conjunction with the Ministry of Education, the Ministry of the Universities and Research, the regions, the employers' federations and the trade unions.

These provisions also apply to all EC citizens working in Italy, including those doing so within the framework of Community programmes.

#### Support for labour market entry

Article 100 of the Decree-law provides for special support for employers recruiting young persons on fixed-term contracts in their first job. Such support is even more generous if the employment contract is of unlimited duration. Specifically, the new legal provisions allow firms to take on "named" workers between 16 and 32 years of age, if this is their first

## Overall Developments

job, on a fixed-term contract of between six and twelve months (until 31 December 1993). Such recruitment support is not available, however, to firms which have laid off workers during the twelve months before making the application to the scheme. The "first employment contract" must be a written contract, and the employer is obliged to provide a reference.

The Labour Inspectorate is responsible for ensuring adherence to the legal stipulations. For each worker recruited under an employment contract of this type the employer's social-insurance contributions are reduced by 15%. If the worker is kept on after the termination of his/her first employment relation under an open-ended employment contract, the employer is entitled to a 30% cut in social contributions for a further six months. This provision will remain in force for 12 months in structurally weak areas and in the "Mezzogiorno".

The professional and other staffing prerequisites for such contracts will be set out in a decree by the Minister of Labour within 90 days of the Decree-law coming into force.

### Introductory wage

In order to facilitate the placement of specific groups of workers, Article 11 of the Decree-law introduces, again for the first time in Italian law, an introductory wage. This enables national and other wage agreements to set an introductory wage below the normal starting wage rate for workers who have been registered for more than two years in Class I of the employment exchange's lists and for particularly disadvantaged groups of workers (the criteria for which are determined by regional employment committees). This only applies in the case of open-ended employment contracts. The new introductory wage cannot be lower than 70% of the standard rate in the first, and 80% in the second year. The aim is to provide incentives for employers to take on particularly disadvantaged groups of the labour force.

### Private employment agencies

Italian labour law is steadily becoming less rigid. The introduction of greater flexibility in a difficult labour market phase can provide an incentive to increase recruitments.

Article 13 of the Decree-law stipulates for the first time that, subject to acceptance by the Ministry of Labour, private, temporary-employment agencies can be founded for the service sector and for medium to high-skill personnel. What is strikingly novel about this measure is that job placement has, under the legal provisions in force until now, always been solely a matter for local public employment offices.

A written contract is required to mediate labour services in this way. The Labour Inspectorate is to ensure that the legal requirements are met. The employment agencies can also recruit personnel assigned to a specific employer on the basis of a renewable contract with a duration of more than 12 months. The Ministry of Labour will determine the conditions under which such firms will be registered (and removed from the register). Employment agencies of this type will be considered part of the service sector.

The employer can only deploy agency workers in the activities set out in their agency-employment contracts and in the relevant collective agreement. Agency workers may not be deployed in activities for which workers at the firm are registered as being on short time with the wage-compensation fund. Neither may they be employed in order to replace striking workers. Employers have the same responsibilities and obligations vis-à-vis agency workers as in any employment relation. The employer enjoys supervisory and disciplinary rights. A firm intending to conclude a contract for the use of agency workers must inform plant-level workers' representatives.

### Establishment of a task force for the coordination of employment initiatives

A decree announced on 15 September 1992 has led to the establishment of a task force for the coordination of employment initiatives at the office of the President of the Council of Ministers. The background to this decision is the current economic difficulties being encountered by all the leading industrialised countries. The aim of the Task Force is to raise the efficiency of the public resources and other instruments currently being implemented to support production and employment. The Task Force was established following an agreement concerning labour costs reached between the government and the social partners on 31 July 1992 (cf. iMi 40).

The Task Force's main responsibility will be to observe employment-related problems and to develop appropriate initiatives, and to coordinate the available resources and the instruments required to realise short to medium-term policy aims.

The Task Force consists of one representative of the President of the Council of Ministers, one representative each from the Ministries of the Interior, the Budget, Industry and Labour, and of the Treasury. Representatives of the leading trade unions may be invited to participate in the activities of the Task Force by the coordinator.

In addition to the Task Force, an observation bureau for small and medium-sized enterprises will also commence operations, entrusted with the task of observing developments in this sector, and coordinating the instruments required to reinforce industrial, credit and fiscal policies. Membership of the bureau is composed of one representative of the President of the Council of Ministers and representatives of the ministries for the "Mezzogiorno", the Budget, Foreign Trade and the Universities, and the Treasury, together with experts from the field of small and medium-sized firms.

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## United Kingdom

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### New Employment and Training Programmes Announced by the Employment Service

On 12 November 1992 the Secretary of State for Employment announced an increase of nearly 50,000 places on employment and training programmes for the unemployed, a rise of 50%. Most of these will be provided through the TECs (Training and Enterprise Councils). There will be funding provided for new programmes, plus the cost of additional help for people in coal-mining areas.

New arrangements for the operations of TECs will increase their ability to respond and provide these opportunities within their communities. There will be an increase in the number and range of training places available, with the focus being on helping the long-term unemployed and those with disabilities who find it difficult to find employment. There will also be help for those made unemployed through large scale redundancies and people returning to work, for example after raising children. The main elements of the initiative are as follows:

- Around 300,000 people who have been unemployed for a year, and who do not take up other offers of help, will attend a Jobplan Workshop, which offers guidance and assessment in finding work. The workshop will draw on the experiences of successful Job Review Workshops and Restart courses which have already helped over 500,000 people.
- The Job Club and Job Interview Guarantee Schemes will be expanded. There will also be major expansion of work trials with employers for the unemployed. Altogether these three schemes will

provide an extra 180,000 opportunities for unemployed people.

- The short-term unemployed will receive an extra 10,000 places on Job Review Workshops.
- Career Development Loans will be expanded to provide nearly 60,000 more opportunities over the next three years. These loans are designed to help both unemployed and employed people to take the training course of their choice.
- A new programme, Training for Work, will replace the existing Employment Training and Employment Action Programmes. TECs will provide around 320,000 opportunities for adults to improve, update and learn new skills.
- A new initiative will be launched to give parents with school-age children greater access to childcare. Grants will be available through TECs and LECs (local enterprise companies in Scotland) to help employers, voluntary groups, schools or groups of parents to set up new childcare facilities.

The TECs will be given greater flexibilities in deploying their resources and will have more freedom to choose the balance of local programmes. Some programmes will have funds guaranteed for three years. There will be additional resources to develop the Investors in People initiative. More funding will be available for TECs, if they are successful in meeting these new targets for securing jobs and qualifications for unemployed people on TEC-led schemes.

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## Ireland

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### Reorganisation of Government Ministries

Following the recent General Election, the new Irish Government will be a partnership between Fianna Fail and the Labour Party. The partnership has published a comprehensive five-year programme with the tack-

ling of Ireland's unemployment problem a major priority.

Among the structural changes which are proposed is the creation of three new Government Departments: (a) *Enterprise and Employment*, (b) *Tourism and Foreign Trade*, and (c) *Equality and Law Reform*.

These Departments will replace the existing Departments of Labour and Industry and Commerce. As appropriate, the Department of Equality and Law Reform will subsume relevant divisions in other Departments.

- (a) The new *Department of Enterprise and Employment* will have responsibility for all active aspects of industrial policy, including general planning, the development of plans for indigenous industry, and for implementation and co-ordination of labour market measures including training.

The regulatory aspects of business and industry (including the monitoring of EC funds allocated to industries such as the food industry), and responsibility for industrial relations and protective legislation such as safety and health and employment conditions, including dismissal protection, will also be vested in the Department of Enterprise and Employment.

In addition, the Department will be charged with the promotion of consensus in industry (at national level and in individual enterprises), mainly through the development of cooperative industrial relations.

This new Department will work closely with the Departments of Food and Marine in the development of natural resources, with a commitment to conservation and the environment.

To protect existing jobs, an Employment Protection Unit will be established to provide advisory services to small firms, whether they are experiencing difficulties or trading well and eager to grow. In addition, the Unit will help

## Overall Developments

management and unions to solve problems that threaten jobs.

- (b) The main responsibility of the specialist *Department of Tourism and Foreign Trade* will be the promotion of Irish goods abroad. It will also be charged with the development of international links.

While the promotion and marketing of Irish goods in export markets has been an appropriate emphasis in Irish trade policy over the years, there are insufficient numbers of highly-motivated, language-trained, hands-on salespeople in export markets selling Irish goods and services. The new focus and priority of this policy, backed up by top-level political support, is to overcome this deficiency.

A national Economic and Social Forum will also be established under an independent Chairperson,

with its own secretariat. The Forum will contribute to the formation of a national consensus on major issues of economic and social policy, and to the development of new initiatives to tackle employment.

The Forum will have representatives from the social partners and, in addition, representatives of women's organisations, groups representing the unemployed, the disadvantaged and people with a disability. The social partners and the Government will take account in their deliberations and in negotiating future economic programmes of the views expressed and positions agreed upon by the Forum.

- (c) The *Department of Equality and Law Reform* will now be formed and a Cabinet Minister will have responsibility for seeing that equal-

ity becomes a reality, through institutional, administrative and legal reform.

*Equal Status legislation* will be passed which will prohibit discrimination and will cover a wide range of grounds, including sex, marital or parental status, sexual orientation, religion, age, handicap, race, colour, nationality, or national or ethnic origins, including membership of the travelling community.

Secondly, the objective of legislation will be to make discrimination unlawful not only in the work place, but also in education, in the provision of goods, facilities, and services (including recreational facilities and services, entertainment, accommodation, transport, and professional services), and in the disposal of accommodation or other premises.

## Training

### Spain

#### Agreements on Further Training for the Employed

The two agreements described in the following article – the tripartite agreement on further training for the employed (*Acuerdo Tripartito en materia de Formación Continua de los trabajadores ocupados*), and the national further training agreement signed between the social partners (*Acuerdo Nacional sobre Formación Continua*) – constitute a joint response by the government, the social partners and other relevant social actors to the vocational training requirements of both workers and firms. Until now it has been the state which has attempted to meet the training requirements of private-sector workers, of firms and sectors undergoing

restructuring, of employees and members of producer cooperatives, and also of the self-employed through a public system of vocational training.

The two agreements mark the start of a new approach to vocational training policy in Spain, based on a new, flexible, self-administered, decentralised and bottom-to-top system. The public sector recognises that it is from now on to play a subsidiary role, the protagonists being employers and the social partners at inter-firm, and employers and workers' representatives at intra-firm level.

Firms will in future make a major contribution to the training process. Each measure providing vocational training will be part of a corporate plan, with a pre-determined budget, and may even form a constituent part of the firm's overall concept or strategy. Increasingly firms and workers will come to play the leading roles in training activity. The firm becomes a "training unit", the originator and

mediator of know-how and skills. Workers, for their part, are to acquire an on-going capacity to learn; they must "learn to learn". What is required is a change in established patterns of thought, one which rejects traditional conceptions according to which vocational training is the responsibility of the public administration, and learning is something done only in one's early years.

#### Decentralised administration by the social partners

The two agreements signed by the government and major collective organisations are very much in line with current trends. They represent the first step in the construction of a further training model for the employed in Spain which is based on the following principles: autonomous, bipartite administration by the social partners, guidelines to be drawn up by collective bargaining, decentralisation, the impulses for training policies going "from the bottom upwards" and from

the economic sphere rather than from centralised state planning. This will require a new planning principle, one which will emerge out of the initiatives of firms and professional organisations, and on the basis of concrete plans. This approach will ensure that the measures implemented are in line with the requirements of both firms and workers.

This does not, however, mean that the powers – and certainly not the contribution – of the public sector will decline in absolute terms. This is because the state has a considerable interest in an advantageous implementation of the national agreement, and because vocational training measures are themselves in the public interest, for instance where they help to safeguard the jobs of older workers or to prevent redundancies.

Three main aims of the two agreements, signed on 16 December 1992, can be distinguished. The most important is the on-going adjustment of the workforce to technological requirements; the second is to improve corporate competitiveness, and the third to facilitate access to further training and to improve workers' chances of promotion, all with a view to meet the challenges of the European Single Market.

### Single and joint projects

The National Agreement on Further Training envisages that training measures will be developed and implemented by both single firms and jointly by a network of several companies. In the case of a single-firm project, the training plan is to be elaborated together with plant-level worker representatives; in the case of a joint project with representative collective-professional organisations. Single-firm projects can be undertaken by firms employing more than 200 workers. Joint projects, whether within a branch or transcending sectoral boundaries, are conducted in two or more firms which together employ more than 200 workers. They are initiated either by the relevant employer's organisation or by the trade union concerned.

Training measures are to be non-discriminatory, and available to all employees in both the public and private sectors, with the single exception of the public administration. Under certain conditions – specified in the National Agreement on Further Training – admission to further training can be organised on an individual basis. Such admissions involve workers, selected by the firm, participating in further training with – usually paid – time-off work. Such training is in line with current practice and does not concur with the provisions of the National Agreement. Workers participating in training of this type receive a formal qualification.

Bipartite commissions will be responsible for approving, accompanying and controlling the training schemes in operation within the framework of the National Agreement. Single-firm training proposals are, however, exempt from such supervision; they are regulated by agreement between management and plant-level worker representatives. The focus of, and criteria for sectoral and inter-sectoral training proposals will be negotiated jointly, ensuring that both firms and workers participate fully in further training developments.

### Financing training measures

The mode of financing for further training for the employed is set out in the tripartite agreement. The agreement envisages that a part of the present employer levy for vocational training (0.7% of the payroll excluding fringe benefits) will be used to support further training under the National Agreement. The proportion of the levy earmarked for such support will increase progressively for the duration of the Agreement:

1993 .....	0.10%
1994 .....	0.20%
1995 .....	0.25%
1996 .....	0.30%

As a result, spending on further training for the employed as a proportion of total spending on vocational training will steadily approach the EC average.

Distribution of the financial resources will be organised according to bilateral procedures and methods, the details of which still have to be worked out by the social partners. In addition to financing the training measures themselves and meeting administrative costs, these financial resources must also be used to cover the costs of individual further training in line with the provisions of the National Agreement, and the costs of evaluating the measures and verifying the accounts.

### The state to remain active

The contribution made by the public administration to this new strategy will be very diverse, including the provision of training centres and teaching media and materials. The state is also in a position to conduct studies, collate statistics and make available the results of its on-going observation of occupational changes and of studies into training methods and the use of new technologies related to training. The public administration will in many cases be responsible for "training the trainers", and will develop procedures by which training measures can be evaluated and certified. The concrete forms taken by this support are to be the subject of joint negotiations between the social partners and the state.

In spite of this new orientation of training policy towards the employed, the social partners will continue their efforts to formulate and implement the Plan for Training and Occupational Integration (*Plan de Formación e Inserción Profesional*) within the General Council on Vocational Training (*Consejo General de Formación Profesional*), the focus of which is on training for the unemployed.

The agreements will remain in force for four years. The participants envisage, however, that the National Agreement will be extended beyond this point, subject to a joint decision to this effect by the signatories.

The signatories to the tripartite agreement have bound themselves to on-going cooperation, to conduct a joint analysis of the impact of the

## Training

National Agreement, and to seek ways by which it can be improved. To this end a tripartite national commission (*Comisión Tripartita Nacional de Seguimiento*) is being set up.

It remains to hope that the agreements described above will bring about the desired effects, and that this, the first experience of tripartite cooperation on these lines will prove successful and will be continued into the future, enabling the country to meet the challenges it faces and to exploit their opportunities to the full.

## Portugal

### Impact of Vocational Training Measures 1986 – 1990

At the end of 1991 the statistical department of the Ministry of Labour and Social Security (DEMESS) conducted a survey of firms in manufacturing industry (cf. iMi 36). This study has now been extended to other branches – civil engineering, electricity, water and gas, hotel and catering, the transport sector, and banking and insurance. The analysis yielded survey data from a representative selection of firms with more than 50 employees in the service sector and of all enterprises employing 500 or more workers.

The main aim of these surveys was to glean information on the impact of the vocational training measures implemented between 1986 and 1990. The areas of greatest interest were the addressees of the measures and the changes which have occurred in plant-level adjustment strategies. The preliminary results of the survey point to an increase in the volume of vocational training measures during the period studied: a total of 332,174 participants in vocational training were recorded.

Between 16% and 33.7% of firms implemented vocational training

**Table 2: Firms offering vocational training measures**

	Total	Enterprise size (workforce)		
		50–99	100–499	500 and more
1986	16.0%	7.4%	23.0%	62.5%
1990	33.7%	23.8%	43.5%	77.7%

**Table 3: Recruitment of the unemployed after participation in a vocational training scheme**

Total	Enterprise size		
	50–99	100–499	500 and more
57.0%	26.6%	66.0%	39%

**Table 4: Financing vocational training**

	1986	1990
Own resources	61.2%	52.4%
Own resources plus state support	25.1%	32.5%
Own resources plus other private organisations	12.0%	10.5%
Other source of finance	1.7%	4.6%

**Table 5: Workforce structure 1990**

	Firms implementing vocational training	Firms not implementing vocational training period 1986 - 1990
Executive managers	0.7%	2.4%
High-ranking white-collar	5.4%	2.0%
Middle-ranking white-collar	7.6%	6.9%
Skilled blue-collar	53.3%	50.1%
Unskilled	28.3%	34.0%
Other	4.8%	4.6%

measures, with a consistent positive correlation to enterprise size. In sectoral terms, vocational training was most intense in banking and insurance (Table 2).

Vocational training measures were offered most frequently to those employed by the firm itself (71.4%), followed only at a distance by workers from other firms (17.6%) and the unemployed (11%).

Approximately 57% of the unemployed participants in vocational training schemes were hired by the firm after the course. The proportion recruited was particularly high in service firms with a workforce of between 100 and 499 (Table 3).

The majority of firms financed the training programme themselves. A trend towards increasing state financial support was observed, however (Table 4).

Comparative analysis of workforce structure between the firms implementing vocational training measures between 1986 and 1990 and those which did not reveals that the former experienced a shift in the distribution of worker categories: the number of executive managers fell, while that of middle to high-ranking white-collar workers and skilled blue-collar workers rose. There was also a decline in the number of unskilled workers (Table 5).

According to employers the positive effects of the vocational training measures implemented were felt in the following areas:

- higher productivity (90%);
- greater workforce motivation and participation (70%);
- better working environment (41%);
- improved adaptability to new technologies (47%).

# Placement

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## France

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### New Professional Grades Created within ANPE

The French National Employment Agency (*Agence Nationale pour l'Emploi - ANPE*), has grown and changed enormously in the past ten years. Faced with a marked deterioration in the state of the labour market, it has successfully made the transition into the computer age, reducing the obligation on job-seekers to appear at employment offices personally and the laborious processing of files by hand. The Agency has implemented diverse programmes for the "social treatment" of unemployment passed by successive governments. The ANPE has become an essential element in state intervention on the labour market. A constantly changing environment has forced ANPE employees continually to adapt, to modify their activities, and to acquire new skills. They have had, to put it in a nutshell, to undergo continuous professional development in order to adjust to the constraints of their environment and to ANPE's changing mission.

#### ANPE's responsibilities

ANPE's responsibilities are clearly defined by the government. "ANPE's task is one of labour market intervention:

- assisting job-seekers, those seeking training opportunities or advice on reentering the labour market or career development. To this end ANPE participates in implementing measures aimed at improving occupational mobility and adjustment to occupational changes;
- assisting employers with recruitment and the reintegration of workers. ANPE supports the implementation of public policy

measures in this field, including a range of special measures, notably those benefiting small and medium-sized firms.

In addition it administers the list of job-seekers."

ANPE's labour market activities require a wide range of skills and abilities on the part of its staff, which must be identified and subsequently "recomposed" as professional-grade profiles.

#### The employment service as a profession

During the course of 1990, ANPE conducted a number of studies of the job-contents of its employees and their skill-development requirements. Three major findings emerged from this analysis:

1. The "employment profession" must be thought of in terms of a complex articulation between economic, social and individual factors.
2. This demands knowledge drawn from a wide range of different fields
  - An understanding of social and economic factors requires a firm grasp of: the firm as a socio-technical system; the world of work with its various occupations, their specific skills, their environment; the psycho-sociology of job-seekers; the socio-economic environment of the labour market, career orientation, adult training, laws and regulations and other factors.
  - Responding to the individual needs of an employer or job-seeker requires; an aptitude for interpersonal relations, and knowledge of the techniques of motivation and the mediation of information from the world of work.
3. Developing the skills required for work in the field of employment

requires alternating periods of practical experience and training. Skill acquisition includes three main elements:

- Permanent, on-going training in all skill areas. Knowledge of just one area is clearly inadequate, indeed neglecting even a single field (e.g. the socio-economic environment of the labour market or the firm) leads to the implementation of ineffective measures. Thus, even for relatively simple tasks, a minimum level of competence in all areas is required, while dealing with more complex situations clearly demands a higher skill level in all areas.
- Active professional experience combined with training measures. The various work situations all help in their different ways to maintain, update and enrich the acquired body of knowledge. In this way the ANPE employee develops a reference model built on experience and continuous contact with the world of work<sup>1</sup>.
- Teamwork, which enables staff to draw on the skills and know-how of more experienced colleagues, facilitates the exchange of work-related ideas and mitigates the causes of stress.

#### Professional grades at ANPE

Our analysis of the process of skill acquisition and development led on logically to the specification of three occupational categories or grades, the goal being to promote further the professional skills required for ANPE to meet the aims with which it has been entrusted. The entry requirements to the three categories are: the *baccalauréat* (18+ school quali-

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<sup>1</sup> Training programmes for ANPE employees, incorporating both theory and practice, currently last between 18 and 24 months.

## Placement

fication); the *baccalauréat* plus two years in tertiary education; and the university degree (*licence*). The professions are as follows:

### *Advisory assistant (conseiller adjoint de l'emploi)*

The role of the advisory assistant is, either alone or together with an advisor, to provide services for employers, job-seekers and employees, providing them with the specific information each requires.

Major responsibilities include: initiating information events and workshops, and organising the exchange of information on a wide range of subjects; participating in activities linked to measures for job-seekers, firms or whole industries.

### *Employment advisor (conseiller de l'emploi)*

The employment advisor provides services for employers, job-seekers and employees, mediates information and/or offers assistance with decision making.

Main responsibilities include: information exchange in face-to-face interviews or group discussions on all matters relating to ANPE's tasks, particularly on the nature of various professions or setting out job applications on the labour and training markets etc. Advisory services are also required by employers to ensure that their job offers are passed on and vacancies filled as quickly as possible. The advisor may help to select applicants. Offering advice to job-seekers and employees, helping them to gain a clearer idea of their career and training plans and prospects and to develop an individual method of job search.

### *Principal employment advisor (conseiller principal de l'emploi)*

The principal employment advisor is charged with the organisation and implementation of all services and measures available to employers, job-seekers, employees and ANPE partners, by means of individual counselling, orientation interviews, and appropriate information exchange,

which could make it necessary to set up specific plans of action.

The main area of responsibility lies in exchanging information via face-to-face interviews or group discussions. In addition to the tasks of an employment advisor (see above), the principal advisor must also establish close contacts with employers (at firm or industry level) in order to analyse, define and meet their short to medium-term labour requirements, and/or to design and develop, where necessary, specific action plans in conjunction with employers. Further, the principal advisor offers career advice and orientation for job-seekers and employees, supporting them in their attempts to develop career plans. This involves person-to-person orientation work and the use of training plans. Finally, he or she must be able to draw up and implement plans of action.

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## Netherlands

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### The First Year of the New Labour Market Authority

The 1991 annual report of the Dutch labour market authority reveals that, in the first year after the reorganisation of the labour market authority into an autonomous organisation run on a tripartite basis by the social partners and the state, the number of successful job placements rose only slightly on the previous year (129,247 in 1991 compared with 127,509 in 1990).

The new regional labour market authorities have worked very hard to establish a regional organisation and to develop a new policy approach. However, the annual financial report for 1991 shows that they did not in fact deploy all the financial resources at their disposal. 195 million guilders were taken over into the 1992 budget. Negotiations are still under way with the Minister for Labour concerning the deployment of 90 million guilders.

A central element in the new policy approach in the 28 regions is a new form of cooperation with other organisations: cooperation, after all, is at the heart of active labour market policy. This has manifested itself in cooperation agreements both with branches and sectors – by means of which the labour market authority is seeking to solve the problem of hard-to-fill vacancies – and with intermediary institutions assisting job-seekers with further training and retraining. The links with the social insurance institutions have also been further intensified. A number of projects have been initiated which will ensure that vacancies for skilled positions are filled with appropriate job-seekers.

The target had been to fill 142,000 vacancies in 1991: the actual figure of around 129,000 represents a 91% success rate. Of these 129,000 vacancies, 79% were taken by unemployed persons. The employment offices managed to place around 31,000 long-term unemployed, almost 11,600 ethnic-minority workers and 44,300 women, meeting 76%, 108% and 97% of the planning targets for these groups respectively.

Some 60,600 intensive advisory interviews with the long-term unemployed were conducted in the employment offices; about 6,500 long-term jobless attended so-called "job clubs". Of those in receipt of these types of support 80% found a job and 10% took part in training and work-experience projects. A further 22,239 job-seekers received career advice from the employment offices. Some 31,000 were given medical guidance.

The vocational training centres provided training for 27,250 workers, of which around 7,000 were long-term unemployed, 3,000 from ethnic minorities and almost 7,000 women. Approximately 78,000 received further training under the programme "Framework Regulation on Training".

Since 1 January 1991 new licensing procedures for job placement and for temporary work agencies have been in force. Applications were made for 723 licences for job placement and 327



for temporary employment agencies. By the end of the year a large proportion of these applications had not yet been granted.

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## Netherlands

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### New Regulations Concerning Job Placement in the Arts and Entertainment Sector and in Professional Sports

From the start of 1993 all organisations offering a job placement service in the arts and entertainment sector and in professional sports re-

quire a licence entitling them to place workers on "flexible" employment contracts (for a definition of flexible employment contracts cf. iMi 39). Previously a licence was only required in these sectors to place workers on permanent employment contracts.

This new regulation comes as no surprise. As early as 1991 – on the introduction of the employment law – it was noted that job placement for artists of all types and sporting professionals should be subject to the same conditions as apply to other workers.

Placement organisations in the arts and entertainment sector include theatre agencies, impresarios, artists' agencies, management agencies etc. Placement is not restricted to the likes

of sculptors, artists and musicians, but also includes technical staff such as light and sound engineers.

In professional sports placement is usually organised by executives, advisors, managers and commercial agencies. Employment services in this sector are used both by professional sportsmen and women and by sport-related technical staff.

Organisations already active in these sectors can apply for a placement licence from the Central Labour Market Authority (CBA) before 1 July. Provided that the application is made on time, such agencies may continue to work without a licence for the time being. New organisations in this field, however, can only start operations after a licence has been granted.

## Special Categories of Workers

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### France

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#### Impact of the "Programme 900,000" for the Long-Term Unemployed

The public employment service was commissioned by the government to conduct intensive advisory interviews with around 900,000 long-term unemployed persons between February and October 1992.

ANPE, the labour market authority, was asked to contact and interview 750,000 long-term unemployed, the Association for Adult Education (AFPA) and various youth organisations (Youth Advisory, Care, Information and Orientation Centres – ML and PAIO) were each to invite 80,000.

These initial interviews provided the opportunity to offer the long-term unemployed a job, a place on a training scheme, a reintegration programme or a community activity, according to their needs (cf. iMi 39).

A number of studies have been

conducted to assess the impact of this programme, including:

- a survey of 10,000 job-seekers, who were invited to attend an interview at a consultancy institute (*Cabinet MERCER*);
- personal interviews with representatives of the leading actors – local employment offices, psycho-technical centres run by the AFPA, the advisory network for young people – in five employment-office districts, conducted by the *Cabinet MERCER*;
- the evaluation of 2,000 questionnaires tracing the biography of long-term unemployed participants in the scheme (by the consultancy firm 3 D);
- analyses of labour market developments by ANPE, and discussion of ANPE's proposed follow-up measures.

#### Preliminary results

From February until the end of October 1992 ANPE concentrated on tackling those among the long-term unemployed who had spent a particu-

larly long period on the unemployment register. More than 1 million job-seekers were interviewed.

Between June and April 1992 the number of long-term unemployed in France fell by 56,000 (or 6%) to 881,600 on seasonally adjusted figures, while in other countries long-term unemployment rose during the same period.

Between January and October 768,000 persons left the register of the long-term unemployed, 33% the same period the previous year (cf. Table 6).

This fall was particularly marked among those registered unemployed for more than three years; the number in this group fell from 199,000 at the end of 1991 to 168,000 in October 1992 (cf. Figure 1).

Despite the accelerated rise in the rate of exit from long-term unemployment, the overall level – some 894,000 on non-seasonally adjusted figures – remains high (cf. Table 7).

Due to the deterioration in the state of the labour market during 1991, a

## Special Categories of Workers

total of 770,000 new entries into long-term unemployment were registered between January and October 1992. This averages out at 77,000 per month, 16% up on the same period the previous year.

If, however, the Programme 900,000 had not been implemented, the current level of long-term unemployment would have been 120,000 to 150,000 higher.

### Interviews

Between 1 February and 31 October 1992 the public employment service conducted a total of 1,030,000 intensive, individual interviews; 85% were held by ANPE, 8% by AFPA and 7% within the network of local advisory and support centres for young people (ML, PAIO).

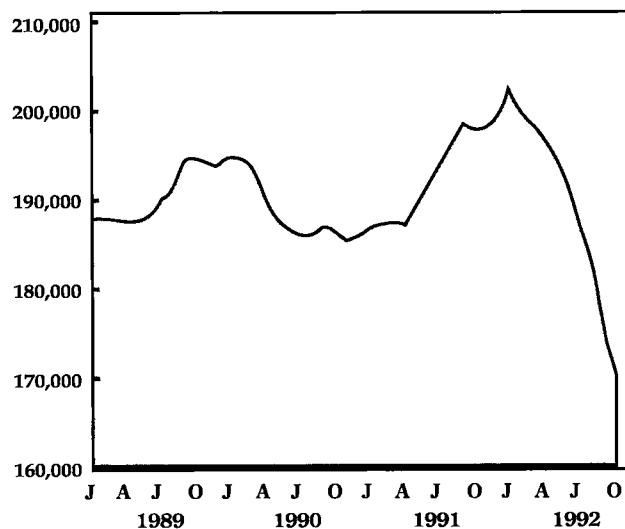
These individual interviews made it possible to reestablish contact with job-seekers who had had no links with the public employment service for several months or even years previously. They provided an opportunity to determine individual problems and needs, thus constituting a vital initial step in the efforts being made to reintegrate the long-term unemployed.

- More than 70% of the interviewees were offered a place on a reintegration scheme.
- For 18% of the job-seekers interviewed direct contact to an employer was arranged.
- 17% received an offer of training or a career plan or help in finding work.
- 12% received a so-called employment solidarity contract (*contrat emploi-solidarité - CES*) offering community work.
- 5% were passed on to social support institutions or the social services.
- 20% were invited to additional interviews which dealt in greater detail with the job-seeker's individual employment options.
- No immediate solution could be found for 28% of those interviewed. This was true in particular of the majority of the over-50s interviewed, many of whom are clearly

**Table 6: Exits from long-term unemployment (in the first 10 months of 1992 and 1991)**

	1992	1991	Difference 1992/1991
Total exits	768,000	578,000	+ 190,000
Reemployment	362,000	291,000	+ 71,000
- without CES	250,000	223,000	+ 27,000
- with CES	112,000	68,000	+ 44,000
Further training	124,000	94,000	+ 30,000
Withdrawal from labour market participation	184,000	149,000	+ 35,000
Removal from register	64,000	15,000	+ 49,000
Other	34,000	29,000	+ 5,000

**Figure 1: Persons registered unemployed for more than three years**



**Table 7: Long-term unemployed (in October 1992)**

Duration of unemployment	1-2 years	2-3 years	More than 3 years	Total number	Long-term unemployed as a % of total registered unemployment
<b>Age</b>					
under 25	93,200	17,000	6,200	116,500	14.9%
25-49	363,200	113,900	105,500	582,500	31.4%
50 and older	93,900	42,700	58,000	194,600	52.2%
Men	258,600	77,500	74,100	410,200	28.1%
Women	291,800	96,100	95,500	483,400	31.3%
Total	550,400	173,600	169,600	893,600	29.7%

(not seasonally adjusted)

“discouraged workers”. However, there were also job-seekers who had both experience and qualifications suitable for employment on the labour market, but for whom no job could be found in the short term.

Table 8 provides a detailed overview of the results of the 1,030,000 interviews conducted with the long-term unemployed.

### Measures planned for 1993

To continue with and intensify the support for the long-term unemployed on an individual basis

ANPE, in particular, will offer intensive, on-going support. The local advisory and support centres for young people, which made an important contribution to the Programme 900,000 with regard to young long-

term unemployed, are also being called on to maintain their efforts with further interviews and support measures for this group.

*To develop further the links between ANPE and private firms*

The aim is to increase the number of vacancies registered with ANPE by 20% in 1993.

*To improve preventative work aimed at avoiding long-term unemployment*

This will be done by means of systematic interviews, conducted by ANPE, with job-seekers who have not had an offer of a job or training for more than six months.

ANPE will receive support in this task from the following:

- the creation of 400 new jobs in 1993 in addition to the 100 already planned at ANPE in the budget proposal;
- 200 national-service recruits with a university education, who will be allocated to local employment offices in order to help trace vacancies;
- the 120 jobs created in 1992 in the local advisory and support centres for young people (ML, PAIO) are to be retained.

*To support reintegration at local level*

The support centres (*cellule d'animation*) set up in town halls across the country are to bring into the support network not only representatives from ANPE's usual partners, but also representatives of the ministries of social services, youth and sport, of the authorities responsible for the so-called reintegration minimum income (RMI), and of the Ministry of Education. Local "Forums" are to be set up at which employers offering contracts for community work can meet interested job-seekers.

*To improve the support for those whose employment solidarity contracts have ended*

To this end each *Département* will have one or more members of staff responsible for organising reintegration measures for those long-term un-

**Table 8: Results of interviews with long-term unemployed (31 October 1992)**

<b>Proposals:</b>	
Total face-to-face interviews with long-term unemployed	<b>1,030,000</b>
● Job placement	185,000
● Further training	95,000
● Community work	125,000
● Other measures	335,000
of which:	
- Career plan	80,000
- Social-service support	50,000
- Further interviews	205,000
● No immediate proposals made	290,000

Total exits:	<b>160,000</b>
Withdrawal from active participation: (retirement, no further job search etc.)	140,000
Other reasons for removal from ANPE register (death etc.)	20,000

Reintegration (actual or imminent)	<b>610,000</b>
of which	<b>335,000</b>
Reintegration measures	335,000
Reemployment:	170,000
Community work under a CES contract	80,000
Further training	85,000
Process of reintegration under way	<b>275,000</b>
of which:	
Waiting for job or CES	40,000
Waiting for a place on a training scheme	20,000
ANPE service provided or imminent	75,000
Passed on to social services	70,000
Waiting for a further interview and a concrete proposal	70,000

No immediate reintegration solution found	<b>260,000</b>
Persons with serious personal, family-related or social problems or persons whose skill profile does not match any of the jobs on offer.	

employed whose employment solidarity contracts are coming to an end. 100 fixed-term jobs have been created for this purpose.

*To encourage and extend sponsorships for the long-term unemployed on reintegration courses*

The sponsors are managers and executives, either still active or in early retirement, who are either "lent out" by the firm or will be employed under a contract with intermediary organisations, whose aim is to reintegrate the unemployed through the production of marketable goods or services.

*To complete and modify instruments of reintegration*

Geographical-mobility support, in the form of a lump-sum payment, will be placed at the disposal of local employment offices. These resources

can be used, for example, to reimburse long-term unemployed persons who have taken a job at a considerable distance from their home for their travel costs during the first three months at work, or to support long-term unemployed moving to areas in which labour is scarce.

The resources made available to ANPE - FF 40 million - will enable 15,000 long-term unemployed to be supported in this way in 1993.

ANPE plans to set up 230 "job clubs" and 10,000 short-duration courses, both aimed at helping job-seekers find work.

Unemployed persons performing community work under the employment-solidarity programme will retain their entitlement to housing benefit for the first six months of the contract.

## Special Categories of Workers

*To provide greater help with career orientation for the long-term unemployed*

ANPE will draw up a further 15,000 so-called "orientation balances" and/or "career balances": the 150 contracts offered to psychologists in 1992 are to be extended. In addition, ANPE is to offer an extended range of services to help the long-term unemployed develop their own individual career project. 20,000 intensive orientation measures and an evaluation of the occupational qualifications of 25,000 long-term unemployed are to be realised in the course of 1993.

*To help those at greatest risk*

The individual aid offered job-seekers suffering from a wide range of social problems and requiring support from social services and institutions will receive additional support in 1993 (FF 50 million have been allocated for this purpose in the budget proposal).

### Financing employment policy in 1993

The budget of FF 14.5 billion is to be increased by 15%, enabling 287,000 traineeship places, 130,000 contracts of reentry into working life (*contrats de retour à l'emploi*) and 200,000 employment-solidarity contracts to be provided in 1993. These compare with figures of 245,000, 120,000 and 158,000 respectively for 1992.

Increasing support will also be made available in the field of occupational training. A total of FF 8.8 billion is to be provided for this purpose, 4.5 billion for the programme for unskilled young persons alone (*Préparation Active à la Qualification et à l'Emploi - PAQUE*). Support will also be offered for 140,000 apprenticeships and 105,000 training contracts. On top of this come 130,000 places on various training courses, and a large-scale programme for individual vocational training (*crédit de formation individualisé*).

The funds earmarked for intermediate organisations seeking to reintegrate the long-term unemployed by producing goods and services for the market have been stocked up by 80%.

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## Netherlands

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### Job Guarantee for Young People Extended

Under the youth employment guarantee law, unemployed young persons under 21 and unemployed school-leavers up to 22 have after six months' unemployment - from 1 January 1993 - the right to a job. This replaces earlier provisions which guaranteed employment to unemployed youngsters up to the age of 18 and for unemployed school-leavers to 21.

When the law was first introduced (1 September 1991) it was agreed that, progressively, unemployed youth up to the age of 21 and unemployed school-leavers to 27 should have a right to a job after six months' unemployment. Each year the age restrictions for participation in the scheme are raised. The most recent decision means that the target group of unemployed, non-school-leaving youth is now fully covered by the job guarantee.

Currently some 7,000 young persons are employed under the scheme.

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## United Kingdom

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### Improving Opportunities for People with Disabilities

The disability symbol initiative, first launched in 1990 by the Employment Service (an agency of the Employment Department - see iMi 33) is being given a new boost, as part of a strategy to raise employers' awareness of the abilities and potential of disabled people as employees.

Feedback from users of the disability symbol suggested that, although it was welcomed by many employers (around 700 use it at present), others felt that it needed a more

clearly defined message to show what employers would do and what disabled people could expect of them. The Employment Service has responded in two ways.

First, from 1 June 1993, all employers using the symbol will be required to make the following five commitments to action:

- To interview all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on their abilities;
- To ask disabled employees at least once a year what can be done to make sure they can develop and use their abilities at work;
- To make every effort when employees become disabled to make sure they stay in employment;
- To take action to ensure that key employees develop the awareness of disability needed to make their commitments work;
- Each year, to review these commitments and what has been achieved, plan ways to improve on them and let all employees know about progress and future plans.

An employer's use of the symbol remains a voluntary decision and employers will monitor their own practices and progress in implementing their commitments, with help and advice from the Employment Service Placing, Assessment and Counseling Teams (PACTs) where needed. PACTs will offer a supporting service to symbol users, including:

- practical advice about putting the commitments into practice
- a speedy response to vacancies to help employers recruit someone with a disability
- access to expert guidance, if an employee becomes disabled
- advice and individual help to get special equipment or adapt the work environment
- advice on developing disability awareness.

Second, the symbol is now surrounded by the message "positive about disabled people"; this means that whenever the symbol appears, its subject is clear.



The disability symbol initiative is, however, just one aspect of the Employment Service strategy to im-

prove employment opportunities available to disabled people. Development work with employers is carried out by PACTs and by the Major Organisations Development Unit (MODU), using an approach based on the Code of Good Practice on the Employment of Disabled People. In 1992, a national newspaper campaign was mounted to inform employer attitudes by innovative presentation of people with disabilities in

employment. Work is beginning on a new video on this theme. The work of the Employment Service is also enhanced at local level by the efforts of 60 voluntary committees, known as Committees on the Employment of People with Disabilities (CEPDs), who use the skills and contacts of their members to build up employer interest and promote action to employ and retain people with disabilities.

## Miscellaneous

### Greece

#### Financial Independence of the Trade Unions

Law no. 1915/1990 (decree no. 7) institutionalised the financial independence of the unions and abolished state interference in their internal affairs. With the passing of this law a long-standing demand of all Greek political parties and trade union organisations was fulfilled.

In practice, however, it became evident that the adaptation of the system of self-financing to the promotion of union aims was encountering considerable difficulties.

Overcoming these problems is the aim of law no. 2091/1992, the result of lengthy negotiations between the top rank of the labour ministry and representatives of the social partners.

Specifically, the new law provides for the financing of certain spending items of branch-level and central union associations out of contributions to the Workers' Fund ("Organismos Ergatikis Estias"): up to 10% of this Fund, which is administered on a tripartite basis, can be used in this way.

Under this new law the Fund paid out more than 580 million drachma from its reserves in 1992 in order to meet outstanding financial obligations run up by central and branch-level union organisations under the existing law passed in 1990.

### United Kingdom

#### Trade Union Reform and Employment Rights Bill

The Trade Union Reform and Employment Rights Bill was introduced into Parliament in November 1992. The Bill has two main objectives. First, it aims to strengthen the rights of the individual – the employment rights of people at work and the democratic rights of trade union members. Secondly, it is designed to increase the competitiveness of the economy and remove obstacles to the creation of new jobs. These measures build on the Government's step-by-step reform of industrial relations legislation since 1979.

The Bill is currently before Parliament, and is expected to be in force by the Autumn of 1993.

This Bill is the largest Employment Bill brought forward since 1975. Its detailed provisions include:

- greater freedom for individuals to belong to the trade union of their choice;
- ensures trade union subscriptions are deducted from employees pay only with their express consent;
- a framework for more flexible management of the Careers Service;
- winding-up the last remaining Wages Councils.

The Bill also implements the Proof of an Employment Relationship Directive, and the employment protection aspects of the Pregnant Workers Directive and the Health and Safety Framework Directive.

#### Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies in February 1993:

Belgium	BFR	40.32
Denmark	DKR	7.55
Germany	DM	1.96
Greece	DRA	261
Spain	PTA	139
France	FF	6.63
Italy	IRL	0.80
Ireland	LIT	1,815
Luxembourg	LFR	40.32
Netherlands	HFL	2.20
Portugal	ESC	177
United Kingdom	UKL	0.82

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## Self-Employment and Labour Market Policy in the European Community

Nigel Meager\*

Self-employment in the EC has expanded considerably in recent years, growing from 12.7 million in the nine member states of 1975<sup>1</sup>, to 15.5 million in 1989, whilst the share of self-employment in total employment grew from 12.6% to 14.1%. The experience of individual member states, however, was extremely varied. Figure 1 shows trends in four countries (Denmark, France, Germany and the UK) studied in the research<sup>2</sup> on which this article draws.

These trends diverge sharply after 1979, with self-employment growing strongly in the UK at one extreme, and continuing to fall in Denmark at

the other (the remaining EC countries also exhibit considerable variation, although none match the UK and Danish extremes). This variety occurred despite a common policy stance increasingly supportive of self-employment, influenced by the trend to industrial and labour market deregulation, and a belief that small businesses were an engine of job creation (all member states introduced labour market programmes designed to encourage self-employment). Why were the trends so varied? Recent research<sup>3</sup> suggests that several factors are involved, including:

### 1. *The economic cycle:*

Growing unemployment may "push" people to enter self-employment, but equally, thriving small businesses may require a growing economy. These two influences act in opposite directions, and their net effect is indeterminate.

### 2. *Structural change:*

The shift from manufacturing to service employment in EC nations has contributed to growing self-employment, due to the higher rates of self-employment in the service sector.

### 3. *Changes in employer behaviour:*

The "contracting out" of service functions, the growth of franchising and similar developments, may contribute to self-employment growth.

### 4. *Changing demographic structures:*

Propensities for self-employment vary between different types of individual. Hence, factors such as growing female economic activity and an aging population have influenced the overall self-employment level.

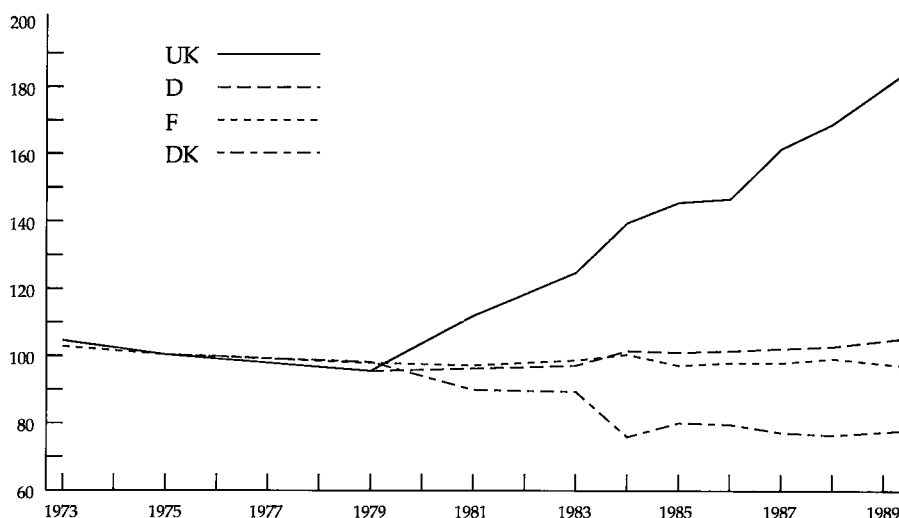
### 5. *Attitudinal change:*

In the UK, in particular, it has been argued that the post-1979 Thatcher government's policies, aimed at creating an "enterprise culture", led to attitudinal change favourable to self-employment.

Recent evidence suggests, however, that these factors alone are insufficient to explain the divergent self-employment trends. Their combined effects are mediated both by labour market policy, and by a range of legal and institutional factors, which can help explain differences between countries which might otherwise have rather similar self-employment trends.

Figure 1: EC self-employment trends 1973-89 (all sectors)

Total self-employment (1975=100)



Source: European Labour Force Surveys

\* Institute of Manpower Studies, University of Sussex, Brighton.

<sup>1</sup> Namely: Belgium (B), Germany (D), Denmark (DK), France (F), Italy (I), Ireland (IRL), Netherlands (NL), United Kingdom (UK).

<sup>2</sup> Conducted in 1992 at the Wissenschaftszentrum Berlin (WZB) under the MISEP programme.

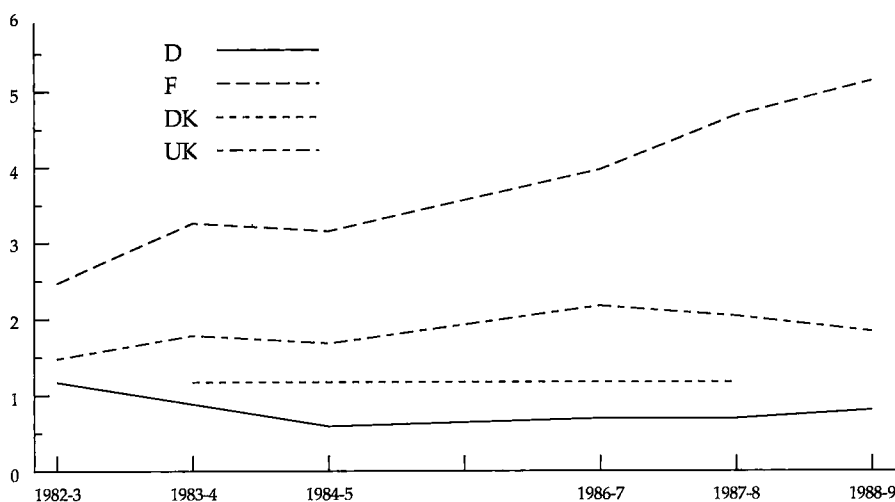
<sup>3</sup> See Acs *et al.* 1992; Meager 1992; Meager *et al.* 1992; OECD 1992.

## Self-employment flows

A full understanding of recent trends requires analysis of entries to and exits from self-employment. Such data can be constructed from the European Labour Force Survey (ELFS), showing much higher rates of flow in some countries (e.g. the UK) than in others (e.g. Germany). They also reveal differences between the sources of self-employment inflows; in all countries, *wage employment* is the largest source of new self-employed, but its relative importance varies from 31% of the inflow in Spain to 75% in Germany. The importance of *unemployment* as a source of self-employment inflows also varies; in the 1980s, in all EC countries except Germany, the *unemployed* had a greater probability of entering self-employment than did the employed or economically inactive.

Figure 2 shows flow rates from unemployment to self-employment in the four countries. Most notable is the difference between Germany at one extreme and the UK at the other, and the upward trend in the UK. These data do not confirm a simple "unemployment push" explanation, however; in the UK, for example, the inflow rate increased throughout recession and subsequent economic growth over 1982–89. Fuller explana-

**Figure 2: Entry rate to self-employment from unemployment**  
% of unemployed entering self-employment during year



Source: ELFS

tions must, therefore, consider other influences on self-employment inflows, including policies recently introduced to encourage the unemployed to become self-employed.

### Labour market policies for self-employment in EC countries

Table 1 shows that self-employment are a small but growing component of labour market policy expenditure. Their scale varies; Spain and Greece have the largest schemes, and Denmark, Germany and Belgium the smallest. They consist of payments

(*in lieu* of unemployment compensation) to those unemployed who become self-employed. Even if the net job-creation effect is small, after allowing for deadweight and displacement (see below), the net cost per job created is also small compared with many other labour market policies.

### Evaluation issues

Comparative evaluation of these schemes across the EC raises four important issues:

#### 1. Scheme objectives:

Evaluation should take account of the underlying objectives. Is the scheme's sole purpose to reduce unemployment, or is the creation of an "enterprise culture" a specific aim? Are there other objectives (e.g. impact on labour supply quality)? Does the scheme aim to avoid the generation of low-paid activity (as in Germany), or does it support such creation (as in the UK<sup>4</sup>)?

#### 2. Deadweight:

Deadweight is a risk in such schemes, since some participants might have entered self-employment even without a subsidy. Short-term deadweight in the UK scheme, for example, may be as high as 40% (see PA Cambridge

**Table 1: Self-employment schemes for unemployed**

as % of total labour market policy expenditure

	1985	1986	1987	1988	1989	1990	1991
Spain	1.67	5.61	6.02	6.84	6.80	6.0	5.9
Greece	0.00	0.00	0.00	5.05	*	6.5	4.9
United Kingdom	1.03	1.31	1.88	2.19	2.27	1.6	
Portugal	*	0.97	1.89	1.95	1.80	2.4	1.3
France	1.43	1.49	1.24	1.10	1.10	0.8	*
Ireland	1.49	1.48	1.02	0.74	0.70	0.5	0.5
Denmark	*	0.21	0.36	0.41	0.55	1.2	1.5
Germany	0.00	0.06	0.11	0.35	0.15	0.1	0.2
Belgium	0.00	0.00	0.38	0.29	0.30	0.3	*
EC9	0.88	1.31	1.41	1.61	1.50	1.4	*

\* = indicates data not available

Source: OECD and own calculations. Italicised figures are separately constructed from OECD expenditure ratios, and may be less precise than the other figures. In most countries, the maximum margin of error is between 0.1 and 0.2 percentage points; in the UK 0.3 percentage points; and in Greece and Portugal 0.5 percentage points.

<sup>4</sup> As Owen (1989) notes, the low earnings of participants in the UK's scheme were seen as an advantage because of their contribution to reduced wage pressure in the economy.

Economic Consultants 1990), although doubt has been cast on survey-based estimates. Surveys in other countries suggest lower deadweight; only 17% of Danish scheme participants, for example, would *definitely* have become self-employed without the scheme (see Rosdahl and Mærkedahl 1987). The larger the deadweight, the smaller the scheme's net effect, and a key evaluation issue, therefore, is which schemes have higher deadweight, and why.

3. *Displacement:*

Some subsidised businesses may displace existing businesses; the larger the displacement, the smaller the scheme's net impact. Displacement is hard to estimate, and surveys of participants are

unreliable here. In the UK, displacement has been assessed at 50%, but this is a "guesstimate", and in the only detailed study of displacement (Hasluck 1990), in a local labour market, displacement in the hairdressing sector was close to 100%. Displacement varies by sector, and tends to be higher in crowded markets with low entry barriers.

4. *Differences in scheme design and implementation: scheme*

Performance is influenced by a number of scheme design factors including:

- a) Eligibility: some countries (e.g. Germany, the UK and Ireland) exclude very short-term unemployed, whilst others (Portugal

and Denmark) confine eligibility to the long-term unemployed (Denmark also imposes an age criterion)<sup>5</sup>. Broad eligibility does not mean broad participation, however, and studies from several countries show that even where all unemployed are eligible, participants are concentrated amongst better qualified, male, unemployed with short durations of unemployment. There seems to be an important trade-off here: schemes with wide eligibility risk high deadweight, whilst schemes targeted at disadvantaged groups have lower deadweight, but poorer survival rates.

5 In Denmark, eligibility was widened to include short-term unemployed in 1989.

**Table 2: Summary of self-employment schemes for the unemployed in four EC member states**

	Germany	France	UK	Denmark
Name of scheme	<i>Überbrückungsgeld</i>	<i>Aide aux chômeurs créateurs d'entreprises</i>	<i>Enterprise Allowance Scheme (Business Start-up)</i>	<i>løvæksætterydelsen</i>
Date introduced	1986	1979/80	1983	1985
Eligibility	Registered unemployed (after 11 weeks; reduced to 4 weeks in 1988). No legal entitlement (Bundesanstalt für Arbeit can operate budgetary ceiling for scheme).	All receiving or entitled to unemployment benefits (recently extended to include recipients of other welfare benefits).	Unemployed for at least 8 weeks and receiving unemployment/supplementary benefit (family credit). From 1991 limit reduced to 6 weeks, and local Training and Enterprise Councils (TECs) have discretion on rules.	Long-term unemployed over 25 (unemployed at least 21 months and had 1 statutory "job offer"). Revised 1989 to include LTU under 25 (12 months unemployment and 1 job offer), and others with at least 5 months unemployment.
Form of support	Monthly allowance	Capital grant	Weekly allowance	Monthly allowance
Rate of payment	Equivalent to previous benefit entitlement (ceilings introduced and progressively reduced scheme revision in 1988), plus contributions to social security costs.	Between FF.10,750 & 43,000, (falls with length of unemployment); plus exemptions from some social security payments. (Extra grant if new enterprise creates jobs).	Flat rate of £40 per week. From 1991, individual TECs have discretion to vary payments (from £20-£90 per week).	50% of maximum unemployment benefit (up to a ceiling of DKr.54,000 p.a.)
Duration of payments	Up to 3 months. Up to 6 months from 1988; and duration of payments increase with duration of unemployment.	On-off payment	Up to 52 weeks. From 1991 TECs have discretion to vary payment period (from 26 to 66 weeks).	Up to 3.5 years.
Conditions for receipt of payment	Must have proposal approved by competent authority (bank, chamber of commerce, professional assoc. etc); business must guarantee likely minimum income of DM 3,400 p.m.	No restrictions initially. Since 1987, applicants must fill in detailed questionnaire, and are vetted on the likely viability of their proposed business.	Must have £1,000 own capital. Must work for at least 36 hours per week. New business must be the whole investment. Some "unsuitable" business activities excluded. From 1991 TECs can vary criteria, e.g. to require approved business plan.	No specific restrictions on applicants, or type of business. No own capital requirements.
Support mechanisms	None tied to scheme, but participants eligible for wide range of support through chambers of commerce etc.	None tied to scheme, but participants eligible for normal state-funded business advice etc.	"Awareness day" prior to entry. Participants visited at least once by officials in year. Option of 3 free business counselling sessions in year.	Recipients have option of participating in special courses for new entrepreneurs at technical or commercial schools.
Number of participants	1986: 5,728 1987: 9,996 1988: 17,985 1989: 11,242 1990: 12,742 1991: 11,324	1979: 9,200 1986: 71,577 (peak) 1990: 49,316 1991: 44,100	1983/4: 27,600 1987/8: 106,300 (peak) 1990/1: 60,300	1985: 409 1987: 1,008 1989: 5,508 1990: 5,641
Survival rates	Not available, but of scheme participants in 1987, some 8% were unemployed by May 1988. Figure for 1988 participants was 6%.	After 1 year about 85% still trading. After 2 years 75%. Highest survival in construction and manufacturing, lowest in commercial services.	Of those who complete 12 months on the scheme, about 3/4 survive a further 6 months, and about 2/3 survive a further 2 years.	About 76% of starters in 1989 were in business 2 years later. Earlier studies show that about 29% of participants do not survive the 3.5 years of eligibility.



b) Mode of payment: some schemes (France and Spain) pay a lump-sum *grant* in advance, but most pay a regular *allowance* to participants. There is little difference between the two from a cost viewpoint, but they may attract different types of participants (e.g. a grant might attract those who would not otherwise enter self-employment), and may influence the types of activity entered. A common criticism of the UK scheme (an allowance) is that it encourages entry to (mainly service sector) markets with low entry-barriers, but with low survival and high displacement rates. A key question, therefore, is whether a grant-based subsidy helps to achieve a "better" overall sectoral distribution.

c) Support and training: the existence of appropriate support and training for scheme participants may weaken the trade-off between deadweight and survival identified above.

d) Scale and duration of payments: is it more effective to spend a given budget on a small number of participants receiving a relatively large payment for a long time, or to spread funding more thinly, with more participants, smaller payments and shorter payment durations?

### Evaluation methodologies and findings

Ideally, evaluation would involve control-group experimental approaches, as in the USA (see Wandner and Messenger 1991). In most EC countries, however, evaluation has usually been conducted *ex post*, involving (1) follow-up surveys and analysis of scheme administrative data, or (2) aggregate impact studies.

The first of these is the most common, its main drawbacks being a lack of comparisons of non-scheme entrants to self-employment, and a reliance on participants' perceptions to identify deadweight and displacement. The second (less common) approach is to identify the effects of the schemes in aggregate data, controlling for other influences. Cross-sectional analysis – examining scheme impact at a point of time across countries (Meager 1992) – shows that countries with larger schemes also have higher entry rates from unemployment to self-employment, suggesting that the schemes have *some* effect and that deadweight is less than 100%. There are few studies looking at scheme impact over time within a single country, but Johnson et al. (1988) found weak evidence for a positive effect of the UK scheme on aggregate self-employment, and another Meager (1992) suggests that the

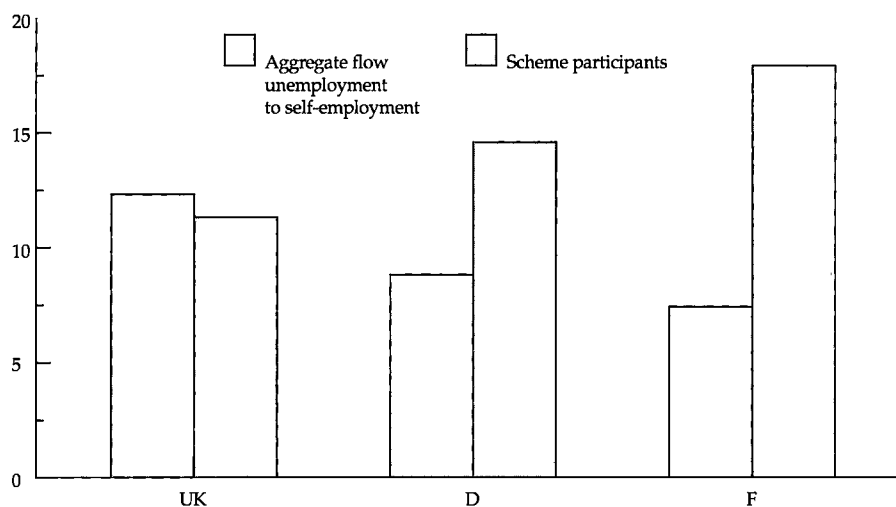
German scheme has a significant impact on the flow rate from unemployment to self-employment, and that deadweight may be relatively low.

A third approach, adopted in the research reported here, compares ELFS data on the characteristics of the newly self-employed, with data on scheme participants to provide insights on the performance of four countries' schemes (Germany, France, the UK and Denmark), whose main features are summarised in Table 2. Key differences are: the large scale of the UK and French schemes; the fact that the French scheme is grant-based, whilst the others are allowance-based subsidies; the initial focus of the Danish scheme on the long-term unemployed (later widened); the wide eligibility of the UK scheme, and (until 1987) the French scheme, as against the stricter criteria of the German scheme. Of the three allowance-based schemes, the UK is the smallest (the maximum total payment under the scheme was 3,016 ECU in 1988) and the Danish the largest (maximum receipt 23,800 ECU in 1988).

The German scheme has the most stringent entry criteria; proposed businesses must be externally assessed, and must generate a specified minimum income. This criterion may discriminate against women who are more likely than men to enter low income, service activities such as hairdressing and personal services (often excluded from the German scheme by the income requirements). ELFS data (Meager 1992) confirm that women are relatively under-represented in the German scheme, compared with their share in the overall flow from unemployment to self-employment; whilst the UK and Danish schemes do not disadvantage women to the same extent. We might also expect that the restrictive eligibility of the German scheme would result in high deadweight *and* high survival rates. In practice, the data do not show higher than average deadweight, although the post-scheme re-entry rate to unemployment (6–8%) does suggest high survival rates. Low

**Figure 3: Self-employment programmes**

sectoral composition 1987–89; % in production industries



deadweight may be due to the subsidy increasing with previous unemployment duration, which when coupled with strict criteria on business viability, may increase survival rates without increasing deadweight unduly (at the cost of reducing female participation).

We can also compare the activities of scheme participants, with those of all new self-employed who were previously unemployed (Figure 3). The UK scheme (EAS) has an over-representation of small-scale service activities (consistent with the notion that allowance-based schemes emphasise activities with few entry barriers and low capital requirements). By contrast, manufacturing is *over-represented* among German scheme participants, and Meager 1992 shows that manufacturing accounts for a higher share of German self-employment than in other EC countries, but that the unemployed are disadvantaged in entering the sector. It seems that *Überbrückungsgeld* helps redress that imbalance, with its relatively generous support, and strict scrutiny of eligible businesses (manufacturing activities are more likely than services to satisfy the minimum income criteria). Finally, the French data support the notion that *grant-based* schemes may shift the composition of supported businesses away from low-earning, service sector activities, by helping to overcome entry barriers to capital-intensive activities. French scheme participants are heavily over-represented in production activities.

### Concluding remarks

To conclude, we would stress the importance not only of policy, but also of inter-country institutional differences, in explaining self-employment trends. An Anglo-German comparison illustrates this, suggesting that institutional differences make UK self-employment more "dynamic" than its German counterpart. Despite recent deregulation, the regulation of entry to some occupations on a self-employed basis, and business start-up in general, remains tighter in Germany than in the UK.

This is especially true in the *Handwerk* (craft) sector, accounting for around 20% of non-agricultural self-employment. To enter self-employment in *Handwerk* an individual must generally be a *Meister* (or employ a *Meister*), have served an apprenticeship, and have acquired certain post-apprenticeship experience and training. There is no comparable requirement in the UK. Further, it was easier for the self-employed to obtain start-up finance in the UK than in Germany in the 1980s, when UK financial deregulation led to a credit boom, with financial institutions keen to lend to potential entrepreneurs. This contrasts with a tighter German credit environment, and is reinforced in the UK's case by a high and growing rate of home ownership, which, coupled with fast house-price inflation, led to a growth in personal wealth which could be used as collateral for business start-up loans. Lastly, it is clear that the UK venture capital industry, providing high-risk finance for entrepreneurs is more developed than in Germany, and expanded in the 1980s.

Such arguments are consistent not only with ELFS evidence of lower inflow rates to self-employment in Germany than the UK, but also with lower outflow rates, implying that the new self-employed were also better placed to *survive* in self-employment in Germany than in the UK, because they were better qualified, more likely to have had their business scrutinised by a lending institution, and more likely to have enjoyed protected markets in regulated sectors (like *Handwerk*). Policy differences reinforce the institutional differences; UK policy support has been primarily directed towards start-ups, whilst in Germany, existing small businesses enjoy a wide array of central and local government-funded support and advice.

We have also seen that, as well as supporting these institutional arguments, ELFS data provide a new dimension to comparative evaluation of self-employment schemes for the unemployed. It seems that such schemes are not purely "dead-

weight"; more unemployed people enter self-employment than would otherwise be the case. This does not, of course, imply that the self-employment generated is sustainable. Neither does it imply that all scheme designs are equally effective; our evidence suggests that selective eligibility criteria and/or a grant-based rather than allowance-based payment may help to shift schemes towards the development of sustainable self-employment with significant earnings potential (and perhaps subsequent job-generation potential).

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# STATISTICS

Starting with this issue, the MISEP secretariat will publish at regular intervals comparative statistics on labour market policies in the Member States of the European Community. The series opens with a statistical overview of public spending on labour market policies by the Member States in 1991.

## Public Expenditure on Labour Market Policy as % of GDP 1991<sup>1)</sup>

Countries <sup>2)</sup>	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 11
<b>1. Public employment services and administration</b>	<b>0.18</b>	<b>0.10</b>	<b>0.22</b>	<b>0.08</b>	<b>0.13</b>	<b>0.13</b>	<b>0.14</b>		<b>0.04</b>	<b>0.10</b>	<b>0.09</b>	<b>0.15</b>	<b>0.16</b>
<b>2. Labour market training</b>	<b>0.14</b>	<b>0.57</b>	<b>0.47</b>	<b>0.23</b>	<b>0.10</b>	<b>0.33</b>	<b>0.48</b>		<b>0.02</b>	<b>0.22</b>	<b>0.16</b>	<b>0.17</b>	<b>0.31</b>
a) Training for unemployed adults and those threatened by redundancy	0.13	0.45	0.44	0.04	0.07	0.28	0.31		0.02	0.22	0.01	0.15	0.27
b) Training for employed adults	—	0.12	0.03	0.20	0.03	0.05	0.17		—	—	0.15	0.02	0.04
<b>3. Youth measures</b>	<b>—</b>	<b>0.27</b>	<b>0.05</b>	<b>0.04</b>	<b>0.07</b>	<b>0.21</b>	<b>0.43</b>		<b>0.11</b>	<b>0.07</b>	<b>0.15</b>	<b>0.18</b>	<b>0.12</b>
a) Measures for unemployed and disadvantaged youth	—	0.27	0.04	—	0.07	0.08	0.29		0.06	0.01	—	—	0.05
b) Support of apprenticeship and related forms of general youth training	—	—	0.01	0.04	—	0.14	0.14		0.05	0.05	0.15	0.18	0.08
<b>4. Subsidised employment</b>	<b>0.59</b>	<b>0.09</b>	<b>0.24</b>	<b>0.14</b>	<b>0.45</b>	<b>0.07</b>	<b>0.28</b>		<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.03</b>	<b>0.17</b>
a) Subsidies to regular employment in the private sector	0.04	—	0.04	0.07	0.12	0.03	0.01		0.01	0.02	0.02	—	0.04
b) Support for unemployed persons starting enterprises	0.01	0.09	—	0.06	0.21	0.02	0.02		—	—	0.01	0.03	0.04
c) Direct job creation (public or non-profit)	0.54	—	0.20	0.01	0.12	0.01	0.25		0.01	0.03	0.02	0.01	0.10
<b>5. Measures for the disabled</b>	<b>0.16</b>	<b>0.36</b>	<b>0.22</b>	<b>0.01</b>	<b>—</b>	<b>0.06</b>	<b>0.14</b>		<b>0.10</b>	<b>0.64</b>	<b>0.04</b>	<b>0.03</b>	<b>0.14</b>
a) Vocational rehabilitation	0.05	0.23	0.13	0.01	—	—	0.14		0.01	—	0.04	0.01	0.05
b) Work for the disabled	0.11	0.14	0.09	—	—	0.06	—		0.09	0.64	—	0.02	0.09
<b>6. Unemployment compensation</b>	<b>1.96</b>	<b>3.48</b>	<b>1.52</b>	<b>0.73</b>	<b>2.77</b>	<b>1.32</b>	<b>2.83</b>	<b>0.41</b>	<b>0.25</b>	<b>2.20</b>	<b>0.29</b>	<b>1.35</b>	<b>1.65</b>
<b>7. Early retirement for labour market reasons</b>	<b>0.75</b>	<b>1.24</b>	<b>0.01</b>	<b>—</b>	<b>—</b>	<b>0.56</b>	<b>—</b>		<b>0.53</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.20</b>
<b>Total</b>	<b>3.78</b>	<b>6.12</b>	<b>2.73</b>	<b>1.22</b>	<b>3.53</b>	<b>2.68</b>	<b>4.31</b>		<b>1.07</b>	<b>3.28</b>	<b>0.80</b>	<b>1.91</b>	<b>2.76</b>
<b>Active measures (1-5)</b>	<b>1.07</b>	<b>1.39</b>	<b>1.21</b>	<b>0.49</b>	<b>0.76</b>	<b>0.80</b>	<b>1.48</b>		<b>0.29</b>	<b>1.07</b>	<b>0.50</b>	<b>0.56</b>	<b>0.91</b>
<b>Passive measures (6-7)</b>	<b>2.71</b>	<b>4.72</b>	<b>1.53</b>	<b>0.73</b>	<b>2.77</b>	<b>1.88</b>	<b>2.83</b>		<b>0.78</b>	<b>2.20</b>	<b>0.29</b>	<b>1.35</b>	<b>1.85</b>

1) Figures for Belgium, France and the Netherlands are for 1990. No figures on active labour market policy are available for Italy.

2) Figures for Germany cover east and west Germany. Figures for the UK do not include spending in Northern Ireland. EUR11 covers all the member states with the exception of Italy.

### Notes to individual programme categories:

- Includes placement, counselling and vocational guidance, job-search courses and support for labour mobility, as well as the administrative costs of unemployment compensation and of active labour market policy.
- and 4. Special programmes for youth and the disabled are not included. See programme categories 3 and 5.
- Includes unemployment insurance and assistance payments, short-time work compensation, publicly funded redundancy payments, wage-compensation benefits in case of bankruptcy, and special support for various groups such as bad-weather allowance for construction workers.
- Disability pensions are not included.

For a more precise definition of the programme categories, see OECD, *Employment Outlook 1992*, Paris 1992, pp. 89–90, and OECD, *Labour Market Policies for the 1990s*, Paris 1990, pp. 50–51, 93–128.

- Sources:
- OECD, *Employment Outlook 1992*, Paris 1992, pp. 89–102;
  - EUROSTAT (Statistical Office of the European Communities), European System of Integrated Social Protection Statistics (ESSPROS), Luxembourg (data on unemployment compensation only);
  - Calculations by the MISEP secretariat (EUR11 data).

