

EMPLOYMENT OBSERVATORY

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



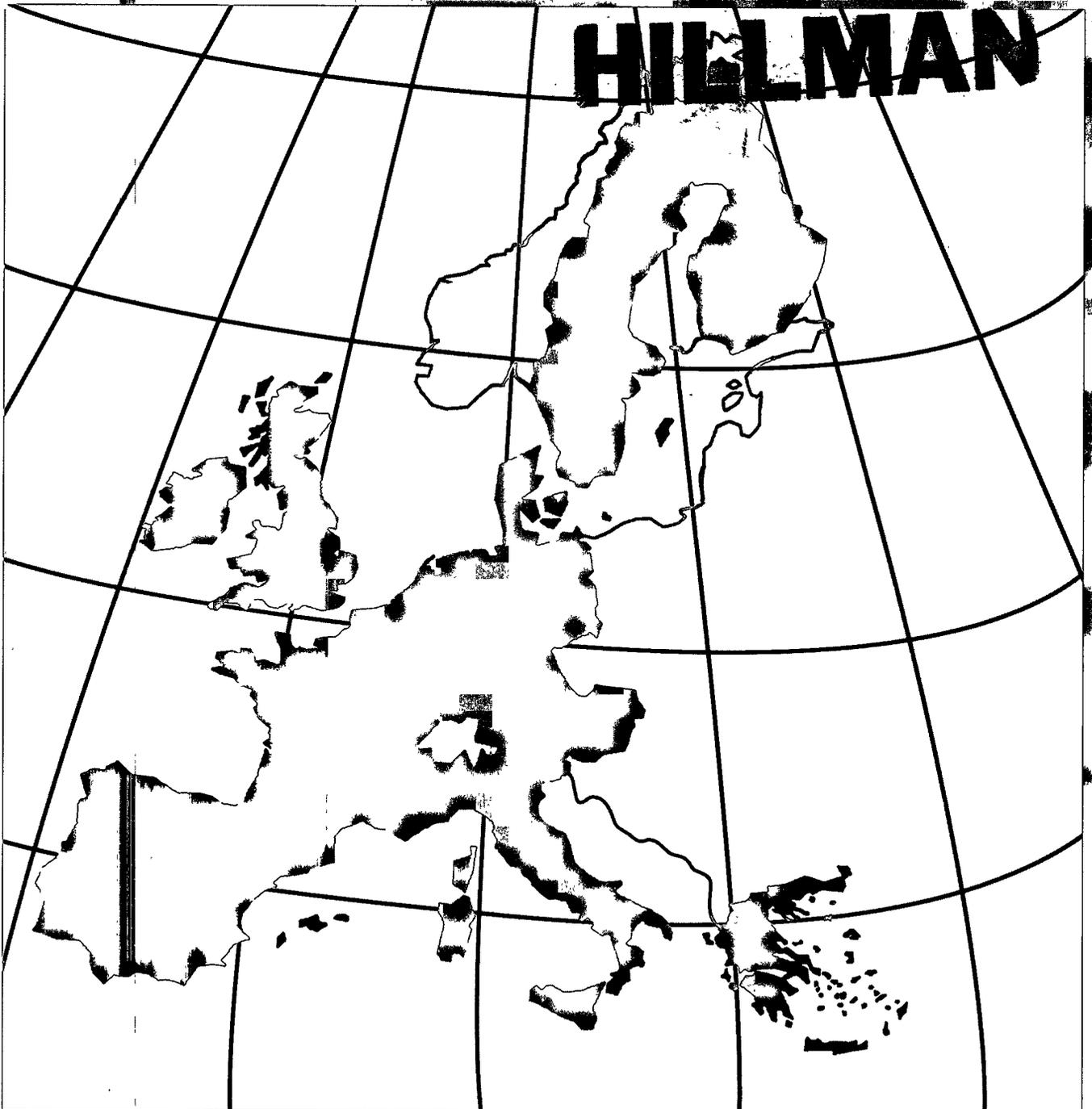
*Social
Europe*

Trends

Changes in employment, analyses, evaluations
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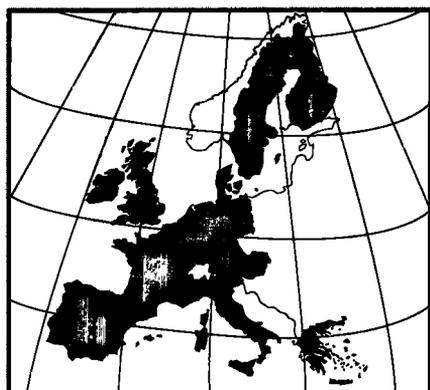
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EMPLOYMENT OBSERVATORY Trends



The Bulletin of the European
System of Documentation
on Employment (SYSDEM)

Nº. 21, 1995

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How the tax "wedge" may affect
job creation 2

OECD assesses capacity to change 3

The National dimension:
Abstracts and commentaries from Member States 6

Belgium	6
Federal Republic of Germany	7
Denmark	10
Spain	11
France	17
Ireland	18
Greece	20
Italy	21
The Netherlands	22
Portugal	24
United Kingdom	25
Luxembourg	28

Statistical supplement 21:
Labour Costs 13

Abbreviations	27
Forthcoming Events.....	28
The national correspondents	Inside back cover
Further information on SYSDEM	Inside back cover
Employment Observatory	Back cover

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The articles in the TRENDS Bulletin and the information presented in the Statistical Supplement reflect the views of the authors and do not necessarily reflect the opinions of the Commission of the European Communities.

How the tax “wedge” may affect job creation

The financing of extensive social welfare systems has become an increasing matter of concern as regards the possible consequence for competitiveness and the process of job creation. Chapter Six of the Employment in Europe Report identifies three interrelated questions which are of critical importance:

- the extent to which the methods of financing social protection systems adds to labour costs and discourages firms from taking on more workers;
- whether a different method of financing would have less effect on labour and production costs and so provide an inducement to increase employment;
- whether a less extensive and costly system of social protection would reduce labour costs.

The report recognises the complexity of assessing any reduction in social contributions on labour and productivity costs but nevertheless concludes that, in the short- and medium-term, any substantial reduction in social contributions may provide a significant incentive for job creation. This is particularly so because of the scale of the tax “wedge” between what employees receive in net earnings and what employers pay to employ people, implying both a possible deterrent to employment and an incentive to avoid, or evade, paying taxes and contributions. This may apply especially to workers at the lower end of the pay scale.

The rate of social contribution paid by employers - including both statutory and voluntary contributions - averaged 22% of total labour costs in 1991 (across EU-12) for an employee receiving the average wage paid to male workers in manufacturing (with large variations between EU-12 countries). In the US, social contributions amounted

to 21% of labour costs in 1991 and in Japan, to 15%. In the EU-12 the average relative cost of employing a woman on average earnings in manufacturing was 28% less than a man (in 1991), again with large variations between Member States.

In the Union of 12, the wedge was reduced somewhat between 1985 and 1991 by almost 2% of labour costs. Only in France, Belgium and Portugal was there an increase (of less than 2% in each case) of labour costs. In Luxembourg, the UK and the Netherlands, there were significant reductions.

Progression in the combined tax and contribution rate means that marginal rates are above average rates in most countries. As employers increase the wages paid to their workers, progressively less of the increase goes to the employee and more to the state, so potentially affecting the incentive to work and the inducement to reward high levels of productivity.

Marginal rates in the Union of 12 are higher than in the US and Japan.

The Report concludes that, given that a high proportion of the unemployed are low skilled, labour costs at the bottom end of the scale are particularly relevant. The challenge for policy is viewed as one which brings about a reduction in the costs of employing low skilled workers such as to encourage employers to take on these people, while avoiding any significant reduction in their already low take-home pay.

Employment in Europe Report (1994). Available from: Office for Official Publications of the European Communities, 2985 Luxembourg. 190pp. All EU-12 languages.

National Correspondents

With the accession to the European Union of Austria, Finland and Sweden from the 1st January 1995, SYSDM will shortly be expanding its network of correspondents in order to monitor employment trends in the new Member States.

Readers' Survey Questionnaire

Have you completed and returned your Readers Survey Questionnaire as found in Bulletin 20? If not please ensure that you return it as soon as possible to the SYSDM Analysis Unit.

OECD assesses capacity to change

A review of recent documentation from international sources

OECD Jobs Study: Evidence and Explanations

OECD (1994)

This Document is the companion report to the overview published in June of this year *OECD Jobs Study: Facts, Analysis, Strategies*. Details of the first report are included in *TRENDS 20*. A key finding was that much unemployment, and many poor jobs, can be traced to a growing gap between the need to adapt to change and the economy's and society's ability and even willingness to change. The two-volume Evidence and Explanations builds on this finding. The opening chapter describes the nature of unemployment and each of the following eight chapters addresses a broad policy area and specific questions:

- Have efforts of macro-economic demand management caused unemployment, and to what extent can macro-economic policy affect output and employment?
- How do international trade and investment flows affect jobs, and does competition from low-wage countries depress the demand for low-skill workers or force down wages in the OECD area?
- Are we experiencing technological unemployment and how do new technologies and the emergence of high-tech industries affect the number and nature of jobs?
- What is the relationship between wage flexibility and jobs, and how much is that flexibility reduced by factors such as collective bargaining and minimum wages?
- Do more flexible wages mean more employment? Does legislation to protect employment actually lead to fewer or to less stable jobs? Do active labour market policies get people back to work faster than passive policies?
- How can education and training systems be reformed to provide a strong educational base and encourage the lifelong learning that is required to

adapt to the constant flux of necessary job skills?

- Do generous unemployment benefits encourage unemployment? How can benefit systems be reformed to reduce benefit dependency and long-term unemployment?
- Should tax systems be redesigned to switch tax burdens away from labour or away from those with low-income? How can governments do away with 'poverty traps'?

Further work at the OECD will extend the country-specific analysis. Studies are underway to examine which policy areas are particularly important for which countries and possible solutions; and to analyse under various policy themes, problems and solutions that affect groups of countries.

Available from: OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France. EN, FR.

Statutory European Works Councils: the Final Countdown?

GOLD M AND HALL M (1994)

EU legislation on employee participation in multinational companies, previously blocked by the UK, may now be adopted by the other 11 Member States under the Maastricht agreement on social policy. This would represent a major political breakthrough, but its industrial relations implications remain uncertain, particularly for UK companies and employees.

This article takes the form of a commentary on the Commission's April 1994 draft of the directive. It reviews the convoluted history of the issue, analyses the draft's key provisions and their implications for management and unions, and discusses the anomalous position of UK employees and UK-based multinationals resulting from the UK's 'opt-out'.

In *Industrial Relations Journal*. Vol 25, No 3. Available from: Basil Blackwell Ltd, 108 Cowley Road, Oxford OX4 1JF, UK. EN.

Economic Policy and Employment in the Transition Economies of Central and Eastern Europe: What Have We Learned?

JACKMAN R (1994)

Considering macro-economic developments and economic and labour market restructuring after several years of transition, the author suggests that supply shocks, not deflationary policies or restructuring explain output collapse. Unemployment rose sharply in many countries along with an increase in long-term unemployment, but private firms continued to recruit from the state sector while long-term unemployment has continued to grow. The extent of restructuring should thus be measured not by unemployment levels but by changes in the sectoral composition of output. After a discussion of wage-setting options, the author recommends gradual rationalisation of over-staffed state firms, encouragement of private-sector recruitment and business start-ups, and policies for mobility to sustain an eventual recovery in employment.

In *International Labour Review*, Vol 133, No 3. Available from: ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. EN, FR, ES.

Women and Structural Change: New Perspectives

OECD (1994)

An examination of the relationship between structural adjustment and the integration of women into OECD economies in the 1990s is set out in this report. Stability depends on the successful adjustment of societies and their supporting economies to the new realities of increasing globalisation, rapid technological advancements and profound demographic change.

In recognition of the minimal role played by women in influencing this adjustment process to date and the lack of opportunity for women to do so, this

publication identifies directions for action related to family and employment, occupational segregation and employment flexibility. It provides an analysis of the impact of structural change on women's employment, especially the growth in part-time work, and trends in the service and public sectors and considers existing equal opportunities policies in a constantly changing environment.

Available from: OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France. EN, FR.

Multinational Britain: Employment and Work in an Internationalised Economy

MARGINSON P (1994)

This publication provides an assessment of the role of Britain in a global economy which is increasingly shaped by the corporate decisions of multinational companies. Emphasis is placed on the multinational character of Britain's economy as compared with those of other large industrialised countries. The author considers the contrasting implications of the activities of multinational companies for employment practice; and explores the factors underlying the considerable variation evident in the actual practice of multinational companies.

In *Human Resource Management Journal*. Vol 4, No 4. Available from: Industrial Relations Services, 18-20 Highbury Place, London N5 1QP. EN.

Social Europe: Europe for Safety and Health at Work

DGV, CEC (1993)

This edition of *Social Europe* was prepared by the Health and Safety Directorate of DGV. It provides an outline of the options for further action and, together with the responses received from the other institutions and social partners, will form the basis for future proposals to make workplaces across the Union safer and healthier.

The publication is separated into two chapters which examine, in the first instance, health and safety at work initiatives since 1987 - including common legislation, present and future strategies and the main steps which have been taken in relation to health and safety at work to date. The second chapter examines the success and results of the European Year

of Safety Hygiene and Health Protection at Work and also provides a list of publications produced during the year on this subject.

The annex to the document reproduces detailed information on the principle texts on safety and health at work. Also included is the general framework for action by the CEC in the field of safety, hygiene and health protection at work for 1994-2000 and the Council decisions and directives in relation to health and safety from 25 July 1991 until 12 October 1993 from the Official Journal of the European Communities.

3/93. Available from: Office for Official Publications of the European Communities, L-2985 Luxembourg. EN, FR, DE.

Fifth Periodic Report on the Social and Economic Situation and Development of the Regions of the Community

CEC (1994)

This Report updates the information contained in preceding reports and provides further analysis on matters relating to regional problems and policy.

Part A of the report covers the main regional trends and differences over the last decade in regard to output, productivity, employment and unemployment. Also included are the results of a major re-examination of demographic trends in the regions which focuses on the prospective changes in population and labour force for the year 2000.

Part B examines some of the factors underlying the disparities between regions. The role of research and technological development in the regions is also examined, as is a consideration of the trends in foreign direct investment flows and differences in the accessibility of regions.

Part C of the report outlines the situation in the Community's problem regions which were eligible for assistance under Community regional policies for the period 1989-93. The next generation of regional policies is considered and the Member States' own regional policies and the changes over the last decade are also included.

Part D of the report covers other Community policies in the field of economic

and monetary integration and external policy (enlargement).

COM (94) 322 Final Brussels, 19.07.1994. Available from: Office for Official Publications of the European Communities, L-2985 Luxembourg. EN, FR, DE.

Active Labour Market Policy and Unemployment

CALMFORS L (1994)

This paper assesses the role of active labour market policies (ALMPs) as an instrument for fighting persistent unemployment. An analytical framework is developed to examine the effects of these policies on a number of economic outcomes, including: job matching; labour force participation; competition between labour market insiders and outsiders; displacement, deadweight and substitution in the labour market; productivity; and tax effects. While some of the effects converge, others work in opposite directions.

The paper develops a framework to assess the net effects and examines available empirical research from this perspective. It concludes with a discussion of key design features of ALMPs which can help improve the positive labour market effects while limiting the negative effects. The role of different types of ALMPs, compensation levels, targeting, co-ordination with unemployment insurance and other social programmes are explicitly examined.

OECD Labour Market and Social Policy Occasional Paper. No 15. Available from: OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France. EN, FR (summary).

Measurement of Low Incomes and Poverty in a Perspective of International Comparisons

OECD (1994)

During the past two decades, issues such as insufficient resources among particular populations, relative and absolute low incomes and poverty have occupied a prominent place in social policy research in many OECD countries. However, many different concepts have been used in the literature to define and measure 'low income' or 'poverty' across and within Member countries. This paper analyses alternative approaches to quantifying these concepts for the explicit purpose of

international comparisons. The paper uses to illustrate the issues the micro data sets on income from the Luxembourg Income Study for 13 OECD countries for the mid- to the end of the 1980s.

The three main approaches normally used to define low income and poverty - the absolute, relative and subjective - are examined in detail in Chapter II. Chapter III discusses ways to adjust disposable income for family size and presents sensitivity tests using different equivalence scales. Chapter IV presents more comprehensive poverty indicators, in particular the Sen index which allows for decomposition of poverty into incidence, intensity and distribution of low incomes. Chapter V considers the role of public transfers in alleviating poverty and applies the Sen index for an analysis of the net impact of taxes and transfers on poverty among non-elderly families, families with many children, single-parent families and children. Conclusions are presented in the final chapter.

OECD Labour Market and Social Policy Occasional Paper, No 14. Available from: OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France. EN, (FR summary). FR, (EN summary).

P+ European Participation Monitor No 9

EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS (1994)

This issue focuses on the economics of participation and its impact on European enterprise performance in an attempt to take stock of the European experience of participation and its underlying rationale. The authors are essentially trying to redress the balance whereby employee participation is examined as an integral and defining part of the competitive advantage enjoyed by companies and indeed entire economies, rather than simply discussing employee participation as first and foremost a matter of employee relations.

A selection of papers are included which detail experiences and issues relating to participation in France, Germany, Ireland and the United Kingdom. The articles in this issue analyse the economic impact of participation across a range of areas such as the decision-making processes, employee motivation,

work design and the introduction of new technology, amongst others. Case studies of participation in a number of companies are also included.

Available from: the European Foundation for the Improvement of Living and Working Conditions, Loughlinstown House, Shankill, Co Dublin Ireland. EN, FR, DE.

OECD Societies in Transition, The Future of Work and Leisure

OECD (1994)

This report evaluates likely long-term developments in employment and unemployment, and explores the opportunities and risks that wide ranging changes such as transformations in the workplace, leisure activities, welfare, family and community life may bring to OECD countries in the decades ahead. The pressures which result from high levels of unemployment, are expected to persist well into the next century.

This publication brings together papers presented at an OECD conference held in early 1994 divided into four sessions. The first assessed the longer-term outlook for growth and employment over the next ten to fifteen years, especially in the OECD area. The second session assessed where the number of jobs is likely to expand or decline, the changes in occupations and job profiles that can be expected in the coming years, and the ensuing challenges for education and training and for government policy more generally. The third session focused on the changing relationship of work, leisure and other non-work-related activities, and how these are affected by shifting societal values. The final session examined the issues of social cohesion in OECD countries, the pressure bearing on traditional social structures, and new developments in social organisation which could contribute positively to the future evaluation of OECD societies.

Available from: OECD, 2 rue André-Pascal, 75775 Paris Cedex 16, France. EN, FR.

US Bureau of Labor Statistics (BLS)

The *BLS Handbook of Methods* provides comprehensive information for each of the BLS' sources of data including: sta-

tistical procedures, place of publication, and their uses and limitations. It includes descriptions for: Labour force statistics; Occupational pay surveys; Negotiated wage and benefit changes; Employment Cost Index; Employee benefits survey; Productivity measures; Occupational safety and health statistics; Economic growth and employment projections; Producer Price Index; International price measures; Consumer expenditures and income; and Consumer Price Index.

For International Comparisons Data, the BLS compiles statistics on comparisons of hourly compensation costs, productivity and labour force statistics.

Non-U.S. labour research and statistical analyses are undertaken for a variety of reasons:

- often the information is not readily available to U.S. labour representatives, employers, government officials, and others and is often not in English;
- often only an expert can judge the quality of foreign statistical sources;
- comparisons between U.S. and foreign labour conditions shed light on U.S. economic performance relative to other industrial nations; and
- comparisons provide information on the competitive position of the U.S. in foreign trade.

The emphasis of the current programme is on the development of international comparisons of the labour force, employment and unemployment; productivity and labour costs; hourly compensation costs of manufacturing production workers; and trends in consumer prices and real compensation of manufacturing employees. The measures compiled relate primarily to the major industrial countries and most of the series are prepared on an annual average basis, although comparative figures on unemployment and consumer prices are prepared monthly.

The BLS also produces a number of diskettes for data on employment; consumer expenditures; prices; productivity; injuries and illnesses; wages; and hours worked.

Those wishing to join the complementary mailing list of the BLS should contact: U.S. Department of Labor, Bureau of Labor Statistics, Division of Foreign Labor Statistics, Postal Square Building, Room 2150, 2 Massachusetts Avenue, NE, Washington, DC 20212-0001, USA.



Belgium

Délocalisation (*Relocation*)

BERNARD P, VAN SEBROECK H, SPINNEWYN H,
GILOT A, VANDENHOVE P (1994)

Following a conference on Relocation of activity in October 1994, the Planning Office (of the Belgian Ministry of Economic Affairs) recently published the results of an in-depth study on the phenomenon.

The Planning Office attempted to produce a clear definition of the concept of relocation, distinguishing between the following categories:

- relocation in the limited sense of the word - that is to say with a reduction of activity and/or of employment in the country of origin;
- relocation due to expansion;
- relocation due to diversification, and
- a category for all the cases which the Planning Office did not consider to be relocations, as the setting up of a business in a foreign country was constrained for a variety of reasons.

The sources consulted for this study confirmed that the importance of the relocation phenomenon in the restricted sense of the word was limited. It did however show an increasing trend particularly in Eastern Europe.

The assessment of the Planning Office is based on the balance of trade of the 'Economic Union of Belgium and Luxembourg' (UEBL, Union Economique Belgo-Luxembourgeoise). It appears from this that the import total of manufactured goods of the UEBL in 1992, those originating from the four zones reputed as being areas of relocation represent no more than 6% - the Far East (excluding Japan), North Africa, Southern Europe (Portugal, Spain and Greece) and more recently Eastern Europe (excluding the former USSR but including Turkey).

The trade balance of the UEBL with each of these four zones is positive and, from a global perspective is increasing. External trade of the UEBL with low wage countries has been growing since 1980, even though its importance remains modest.

Imports from those areas known to be areas of relocation are mainly consumer goods, involving highly labour-intensive

Comment

At a time when the quest for a solution to the problem of unemployment is at the centre of national government and EU policy concerns, the Bureau du Plan has produced an impressive in-depth study of relocation, which is often blamed as one of the processes creating unemployment. The Planning Office realises the shortcomings of the study, arising from the 'incomplete character and heterogeneous nature of the material on which the study is based. Taken in isolation, these do not allow for a statement of the importance of the evolution of foreign relocations of Belgian companies.

The study attempts to look at the question of relocation in a global context. It found that relocation that destroys jobs in a way which is difficult to specify, can be found to be a consequence of factors which might have led to a reduction in employment even in the absence of the relocation threat.

While it is important to stress that the balance of trade with low wage countries is positive, the report's solutions appear too reassuring. The reality of relocations is a function of the changing industrial structure and nature of production processes which policy makers have to address in a concerted effort to avoid an escalation of the problem in the future. It is, without a doubt, this realisation which led the Bureau du Plan to formulate policy initiatives to be put in place at the local, regional, national and EU level.

Employment creation has to be a main priority of national and transnational policy-making and the issue of less qualified employment particularly has to be at the centre of policy concerns. This involves, on the one hand, an improved national training structure and on the other a policy for safeguarding a national base of labour intensive industries, as it will not be possible to achieve an equally high standard of training for everyone. This is an issue which has been largely neglected in the current policy debate.

and low skilled production. The number of sectors concerned is also fairly limited: textiles, clothing, leather - footwear and fine leather goods, electrical and electronic construction, games and toys, sportswear and equipment, etc. These are sectors which have been targets of relocation for 10-20 years.

Within central Europe these sectors are slightly different: textiles and clothing and mass electronics remain, but others are: chemicals, metallurgical industry, cars and lighting materials.

The manual work which is carried out in other countries at the request of Belgian citizens is minimal. The three neighbouring countries (France, the Netherlands, Germany) take three quarters of this labour, although the actual areas of relocation are of limited importance. However, sub-contracted labour carried out in Belgium proves much more important: its global balance is largely positive.

It also emerges from a survey of trade unions, based on the lists of collective redundancies, that relocations in the strict

sense are limited: as a reason for redundancies relocation only applies to 10% of those cases surveyed. From 1985 to 1993, only 11 400 (16%) of the 73 000 jobs affected by collective redundancies were lost because of relocation of activities. Nearly half the relocations in the strict sense were to four neighbouring countries (France, the Netherlands, Germany and the UK), particularly in metalworking, chemicals, clothing and textiles.

The conclusions of the study of diplomatic representations are similar: among the relocations of activity in the strict sense - 8 EU Member States make up 51% of these cases, central Europe 16%, the Far East 15% and North Africa 5%.

Besides the relocations of activities in the strict sense, there are relocations in response to the need for expansion, to secure a presence in foreign markets and to diversify company activities. The Planning Office indicates that more often than not, they do not cause employment losses but strengthen Belgian enterprises. These relocations - also surveyed by the study of Belgian diplomatic representa-

tions - are more numerous than those of the first category: they represent a little less than 30% of the 1,577 cases of foreign relocations of activity. It emerges from this survey that if one considers the total number of relocations surveyed (714 cases), 60% are within the EU - France alone takes 22% - against 9% for those countries in NAFTA (North American free Trade Agreement). The areas known to be relocation zones represent 26% of all relocation cases.

Considering direct foreign investment in enterprises (IDE), the Planning Office found a strong increase: from 1984 to 1989, the net migration flow of IDEs of residents of the UEBL has multiplied by 10. The part of these IDEs invested in the areas known to be relocation zones remains modest (less than 5%). In 1992, more than 80% of these IDEs were directed at the countries of the EU (France - 28%, Netherlands - 14%, the UK - 12%, Spain - 9%, and Germany - 5%) and - to a lesser extent - EFTA.

Certain assumptions, with regards to the effects of relocations on employment can be put forward:

In the sectors most affected by relocation - textiles, clothing, leather and electronic and electrical goods - 60,000 jobs were lost over the period 1980-1992. In the metal working sector, the net loss was 26,000 jobs. Relocations of activities cannot be regarded as the main source of this phenomenon: there are problems of restructuring, productivity, and technological change and the recession have equally been a crucial influence.

In the future, certain sectors are more vulnerable than others for example in the textile sector, risks are greatest. The automobile assembly sector is equally exposed because of the strong forces of restructuring needed to maintain the competitiveness of the sector. A survey of companies shows that the factors determining relocation decisions are many and varied. The 'labour force' appears

only in third place, after 'presence on foreign markets' and 'growth and expansion', and is followed by public regulations, and restructuring. In part, these reasons are but a reflection of the strong forces of the internationalisation of the economy and the globalisation of company strategies (expansion, restructuring, specialisation).

The Planning Office indicates that wage costs are the most important factor, referring to a rapid survey carried out amongst the food and agricultural industry by the unions: according to the first study, the reason 'basic labour costs' is only ranked seventh; according to the second, labour costs play a part in 30% of collective redundancies due to relocation.

Available from: Bureau du Plan, Services du Premier Ministre, Ministère des Affaires Economiques, Avenue des Arts 47-49, 1040 Brussels, Belgium. FR, NL.



Federal Republic of Germany

Arbeitsmarkt für Frauen 2000 - Ein Schritt vor oder ein Schritt zurück? Kompendium zur Erwerbstätigkeit von Frauen (The Labour Market for Women 2000 - A Step Forward or a Step Back? Compendium on Women's Employment)

BECKMANN P, ENGELBRECH G (EDS) (1994)

Compared with their male counterparts, women continue to be faced with a more difficult position in the labour market. Female labour market participation rates in all industrial nations have increased between 1970 and 1990. If highly trained women continue to wish to enter the labour market, and if this should lead to a strengthening of current trends, there would be an extra 1.6-2.4 million women available to the west German labour market. However, by 2010 only a small

proportion of women are going to see their employment wishes entirely realised.

After reunification nearly one third of jobs previously occupied by women were lost in the primary labour market in the new Länder. The desire to be in gainful employment continues to be high amongst east German women. Judging from the limited employment opportunities it seems inevitable that the gap between west and east German employment rates will narrow this century.

Women's employment in the old Länder has over the years increasingly been shaped by the desire to combine work with family responsibilities. Thus women's employment rates increased from 46% in 1970 to 56% in 1994. However, as the authors remark, the realisation of career and motherhood continues

to be crucially influenced by individual, curriculum specific factors. However, societal frameworks, global and structural developments as well as local labour market conditions, job related working time arrangements and the rigidity of gender specific, segregated labour markets are increasingly gaining in importance. It becomes obvious that labour market and family policy instruments have an ambivalent character. On the one hand they can contribute to the promotion of women in professions which are particularly hard to accommodate given the dual role women continue to play. On the other hand, family policy intervention, i.e. 'Erziehungsurlaub' (leave for child rearing) remains a dimension which effects only women's lives. One of the authors is therefore anticipating a renaiss-

sance of the 'three-phase-model' of women's employment.

If policy support for women is to achieve anything it has to differ from current company practice, because this is currently dominated not so much by equal opportunities in employment but is generally understood as a mother-child programme for women with family responsibilities. This form of policy support for women conserves a societal division of labour and hardens the gender specific segregation in the labour market.

The new models of working time reduction currently included in collective bargaining debates and partly implemented at the company level (due to the crisis of unemployment) could provide an opportunity for a more equal distribution of labour between men and women in the labour market and in the family. Men would gain more time for family responsibilities while women could be relieved of responsibilities. This could raise the appreciation and acceptability of part-time work which is at present undertaken mainly by women. On the whole it has to be said that policy support for women without additional measures runs up against the limitations of company possibilities and, as an instrument of personnel flexibilisation, retains the character of a capacity buffer.

Available from: Landesarbeitsamt Nordbayern, Geschäftsstelle für Veröffentlichungen, 90328 Nürnberg, FRG. DE.

Die Migration von Ost- nach Westdeutschland - Absicht und Realisierung. Eine sequentielle Probitmodell mit Kontrolle unbeobachteter Heterogenität (Migration from East to West Germany - Intention and Reality. A Sequential Probability Model Controlling for Unobserved Heterogeneity)

BÜCHEL, F, SCHWARZE J (1994)

Migration from East to West Germany and its motivations provide the focus for this document. The authors reach the conclusion that the proportion of East Germans, surveyed in 1991, prepared to move to west Germany was very high. Within the next 2 years 5% of those willing to move actually did so. Moves without prior declaration of intent were the exception.

Among those prepared to move, there was an above average number of men, trainees, the highly qualified, those with high per capita household incomes, commuters and persons who feel themselves to be unfairly remunerated, as well as those with relatives in the west. The regional environmental situation was also a major determinant.

Among those who actually realised their intention to move were disproportionately high numbers of the highly qualified. One reason for this is the disproportionate pay discrimination of qualified workers in the former GDR, which is only slowly being eroded. The structural income gradient could lead to a systematic loss of well qualified staff, which is alarming from a labour market policy point of view. Some authors already fear a mezzogiorno-effect. Even short-time workers and those who feel threatened with unemployment, as well as those with relatives in western Germany and commuters often realised their desire to move.

Workers in newly founded companies, people with an employed partner and persons undergoing further training were disproportionately less likely to realise their intentions.

Available from: Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit (IAB), Regensburger Str. 104, 90478 Nürnberg, FRG. DE.

Binnenstruktur der Langzeitarbeitslosigkeit älterer Männer und Frauen (The Internal Structure of Long-term Unemployment of Older Men and Women)

BOGAI D, HESS D, SCHRÖDER H, SMID M (1994)

Long-term unemployment in west Germany has in recent years increasingly become a problem for older workers. The study shows that there are many different paths into long-term unemployment. The conclusion drawn by the authors is that it can hit almost anyone. The hypothesis that long-term unemployment is a result

Comment

Labour market projections for the Federal Republic of Germany are expecting continuing labour market imbalances until 2010. Jobs will be available particularly for graduates and the highly skilled, whereas the need for low skilled workers is set to decline. Within the present system of labour regulations and wage policy the labour market mismatch is unlikely to be removed. This gives rise to considerations beyond employment policy, in particular to working time and social policy arguments.

The contribution by Bauer, Groß and Schilling is interesting, as it looks at actual demands for the organisation of working time, instead of looking at the theoretical benefits of working time reduction. The study shows an increasing desire for a reduction of weekly working time, implying - theoretically - a potential for job creation. The German labour market seems to approach more flexibility in small steps, supported by a growing detachment of individual working hours and operating hours in firms.

The article by Bogai, Hess, Schröder and Smid shows that the issue of working time reorganisation cannot merely remain one of weekly working time, but must include a consideration of the distribution of working time over the life cycle. As the possibilities to reduce employment of older workers at the expense of pension funds are increasingly restricted, companies have to develop their own employment policy for this group. The key question of all the new models presently being tested is the question how future pension incomes are effected by reductions of income and working time of older workers. Many of the new ideas are thus stopped at this financial barrier.

The issue of east to west migration remains an important one for the west and east German labour market and will only be solved as wages become more comparable and environmental and living conditions reach a similar level, which is arguably unlikely to happen in the near future.

The position of women in the labour market continues to pose an unresolved challenge and the contribution by Beckmann and Engelbrech highlights the importance of a co-ordination of labour and family policy to achieve genuine equality of opportunity in the public and private sphere. Policy-makers and the social partners are therefore called upon, not only to ensure that the increase in employment opportunities is actually realised, but also to ensure that unpaid social work is equally and fairly distributed.

of unstable employment throughout working life, cannot for the most part be shown to be applicable. Upon entry into unemployment, the majority of workers had previously experienced steady, continuous employment. For two thirds of the individuals surveyed, current unemployment was their first experience of unemployment.

Four motivations for registering as unemployed can be distinguished: nearly half (43%) have a clear intention to find new employment; a quarter insist that unemployment is the first step towards early retirement; for 13% of those questioned, who have comparatively low qualifications, registering as unemployed is a requirement for the receipt of income support; the remaining 19% have neither a clear perspective of re-entering the labour market or of taking early retirement.

Structural analysis of the long-term unemployed shows that a majority do not display neither a serious lack of training nor any other employment un-related deficits. It therefore has to be assumed that apart from selection procedures, personnel policy measures to rejuvenate the workforce are responsible for the long-term unemployment of many older workers.

To tackle this problem the authors propose that job centres maintain close contact with companies and provide wage subsidies to reintegrate older workers into the workforce after only a short period of unemployment. Additionally, long-term strategies should be adopted to

devise measures to combat age discriminatory personnel, labour market and social policies. The securing of pension funds is also extremely important when planning to increase the labour force participation rates of older workers. Part-time work needs to be rendered more attractive, and health and safety hazards reduced to enable the re-entry of older workers into the labour market.

In Mitteilungen aus der Arbeitsmarkt- und Berufsforschung. Available from: Institut für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit (IAB), Regensburger Str. 104, 90478 Nürnberg, FRG. DE.

Arbeitszeit '93. Arbeitszeiten und Arbeitswünsche (Working Time '93. Demands and Realities)

BAUER F. GROSS H, SCHILLING G (1994)

This volume is the outcome of a representative survey of 2,577 employees carried out in the old Länder between February and May 1993. Its aim was to elicit working time demands and the likelihood of their realisation in order to provide an empirical basis for the working time debate. A standardised questionnaire and a number of interviews were used to ascertain individuals' wishes and the chances for structuring such particular arrangements. The survey included questions on normal working time, overtime, shift- and weekend working, part-time working and flexible working hours as well as the working times actually contractually requested.

With only one fifth of employees working under such a 'standard employment contract', the social validity of standard working time is diminishing. Parallel to this development is the extension of the use of collective bargaining by companies to negotiate more flexible working time patterns. Working time (approx. 38.5 hours) and machine operating hours (approx. 73 hours) are also becoming more and more divorced in all undertakings, including small and very small companies.

Another result is that actual working time (38.5 hours), contractual working time (36 hours) and desired working time (34.5 hours) diverge. The reduction potential calculates 2.6 million full-time jobs.

The need for crèche and child minding facilities is the most important reason given for why female employees chose non-standard employment relationships. This often implies a transfer from full- to part-time work. The study also found a continuing gender division of labour, leaving women with the dual responsibility of working part-time and carrying out the majority of the housework. The analysis of the level of contentedness among the workforce showed that shift-working, night working, Sunday working and overtime was regarded in a negative light, whereas flexible working hours and part-time work were regarded as positive.

Available from: Ministerium für Arbeit, Gesundheit und Soziales des Landes Nordrhein-Westfalen, Düsseldorf, FRG. DE.



Denmark

Hvad får os til at arbejde? (What Makes Us Work?)

PEDERSEN L AND PLOUG N (1994)

This study is part of a major project funded by the Rockwool Foundation and carried out by researchers at the Danish Institute of Social Research. It looks at both economic and non-economic incentives to work, and considers whether the widening range of welfare benefits creates disincentives for work or whether other social-psychological motives create other types of incentives. The main emphasis, however, is economics and includes a review of the relevant theories and Danish and international studies dealing with the subject. These suggest that high marginal taxation and a reduction of welfare benefits with increasing income may discourage people from work, although the current research does not support this conclusion.

High marginal tax only seems a disincentive for a small group of high wage earners, whilst unemployment benefits which give a high compensation rate to lower income brackets do not affect the inclination to work. Lone parents, who receive reduced welfare benefits with increasing income, do not show a 'rational' disinclination to work. However, non-economic incentives in the form of basic attitudes play a major role for all groups including white and blue collar workers and small scale entrepreneurs.

Published by Spektrum, Skindergade 1159
Copenhagen K, Denmark. DA.

Det kollektive forhandlingssystem i lyset af internationaliseringen (The Collective Bargaining System Under Internationalisation)

SCHILLER B (1993)

This article is primarily an historical account of the development of a consensual and highly organised labour market in the Nordic countries. Major conflicts within the European and Nordic labour markets in the early 1900s led to a system of collective agreements and high levels of unionisation in the Nordic countries,

in contrast to much of Europe. A particular characteristic was the desire of employers' organisations for integration of newly recognised trade unions into collective agreements. The article describes how a major agreement was reached in Denmark in 1899 and how informal accommodations led to major agreements in Sweden in 1938. Norway, with a radical trade union movement, still arrived at a general labour market agreement in 1935, whilst Finland, for historical reasons, is characterised by a 'belated Scandinavian development'.

The importance of negotiation and collective agreement makes Nordic la-

bour markets different from elsewhere in Europe. The state encourages but does not generally legislate on these matters. The article argues that the Nordic model is based on historical conditions which make duplication elsewhere difficult, and is contrasted with the situation in Central Europe where social and labour market legislation served the purpose of social stability and control.

In: *Arbejdsliv i Skandinavien. Brud og bevægelse (Working life in Scandinavia. Conflict and Movement)* eds., Bregm K and Hvid H. Available from: Forlaget Sociologi, Frydenlund Grafik, Vesterbrogade 20, 3 tv., 1620 Copenhagen, Denmark. DA.

Comment

These books and articles deal in various ways with the flexibility and structure of labour markets in Nordic countries. The overview of collective bargaining by Schiller provides useful information about the historical development of particular labour market policies and conditions, although its explanation of why these diverge so much from central Europe is couched in terms of historical circumstances, not social and industrial conditions. The assertion that the model is limited to historical Nordic developments is not supported by its development in Finland at a later date and in dissimilar circumstances.

The presentation of Scandinavian countries as sharing similar labour histories is somewhat challenged by the Boje and Nielsen article, which show how 'fordist' production was never an important feature in Denmark. More importantly, this contribution rejects conventional segmentation analysis as an explanation of female employment patterns, attributing them instead to local systems of production and welfare systems. It may however underestimate segmentation within the female labour force, between for example the educated elite and the un-skilled and unemployed. Women's employment is also important to the argument in Mogensen's report. Mogensen argues that labour flexibility is increasing in Denmark, but this is challenged by a decrease in the existing high proportion of part-time female employment. Current employment growth seems to be in traditional, full-time jobs. Public debate over the conclusions of Rockwool's work in this area, criticising it for being traditional and seeking lower wages and welfare, is however included in the book as a counterbalance.

The final study by Pedersen and Ploug, focuses on the issue of labour market flexibility from a more individualistic point of view. It shows how traditional 'rational' economics may not explain attitudes to labour market participation. It does not however deal with high marginal tax rates at relatively low incomes. These attract 52% tax and lead to illegal practices and tax evasion. Political pressure has been focused on the other end of the income tax scale (a scale of 68% marginal tax which has been slightly reduced) the effect of which on the labour market has yet to be seen. Reflecting on the psychological theme, new active labour market policies may help socialise younger and middle aged people to a working life, to counter perhaps what some sociologists have identified as a new 'job free' culture.

Unemployment and Flexibility in the Danish Labour Market.

BOJE T AND NIELSEN L (1993)

This is an edited collection of papers from Nordic labour market sociologists which aims to focus on developments and singularities of Nordic labour markets and industrial and social welfare structures. The chapter by Boje and Nielsen deals with the position of women in Scandinavian labour markets, and offers a critique of segmentation theories. It maintains that the female labour market is much more complex under post-fordist industrial conditions (characterised by much smaller, disaggregated production processes). Scandinavian countries are said to have more atypical employment and part-time working than elsewhere, although, there is no clear correlation between female participation in the labour market and female proportion of part-time jobs. Evidence relating to temporary jobs is not clear. Differences related to varying historical tradi-

tions in the Nordic countries are also identified. The paper includes a theoretical introduction discussing the main trends in labour market theories which it finds insufficient for its subject matter.

In: *Scandinavia in a New Europe*, eds., Boje T and Olsson S. Available from: Scandinavian University Press, Oslo, Norway. EN.

Unemployment and Flexibility on the Danish Labour Market.

MOGENSEN G (1994)

This study is a contribution from the Rockwool Foundation Research Unit to a series of publications about the Danish labour market. It summarises previous studies on social, economic and psychological factors which influence job motivation and activity level, and includes comment from the main actors in the labour market. The study aims to investigate whether increased flexibility would lead to an increase in employment and a reduction in unemployment. A number

of perceived problems with the Danish labour market are dealt with such as overly high social benefits, inflexible working hours, and too high salaries for lower categories of work.

The main findings are that flexibility has increased slightly and that attitudes towards work, working hours and pay have also changed. There are more positive attitudes towards inconvenient working hours given financial compensation, whilst geographical mobility, which decreased for some decades, has stabilised or even increased. A section of the book presents some entries from the Rockwool Foundation's prize competition about reducing high unemployment rates. The winning papers are generally critical towards further education, unemployment benefits and existing wage structures. Finally, extensive and at times critical comments are offered from industrial and trade union leaders.

Available from: Rockwool Foundation Research Unit, Danmarks Statistik, Sejrøgade 11, 2100 Copenhagen, Denmark. EN.



Spain

La Contracción laboral como medida de política de empleo en España.

La creciente flexibilidad en el acceso al empleo (*Labour Contracts as an Employment Policy in Spain. The Growing Flexibility of Access to Employment*)

SABORDIO I (1994)

This book looks at labour contracts, considering employment policy as it has been developed in Spain during the last few years. The analysis begins in 1976 and describes how the Spanish government has dealt with this aspect of employment policy. It emphasises the implementation of such measures on human resource management in Spanish firms. Between 1976 and the present there were five identifiable stages, each the subject of a chapter in the report. These phases cover 1976-80, 1980-82, 1982-84, 1984-89, and 1989-93. At each stage a specific

Comment

The FOESSA report provides valuable background information on the historical development of the Spanish labour market, and also on the relationship between employment, unemployment and other socioeconomic variables. It is clear that unemployment is the key economic and social issue in Spain at present, and the report by the international working party advances ideas as to how to tackle it. These ideas are, however, somewhat controversial, and have been generated by international and national experts who are able to take a quasi-objective approach to the situation and its requirements. They challenge the prevailing view in Spain that unemployment is here to stay, advocating instead quite harsh measures. The will to implement such measures may be lacking amongst the main economic actors who need to respond, including the government and the national Bank of Spain.

One component of the supply side problem identified in the international report is analysed in detail in the book by Saborido. Spain has the highest proportion of employees with fixed term contracts in the European Union, according to LFS data, the development of which is dealt with in detail in the book. It shows how government has legislated over time about this issue, including recent changes aimed at increasing flexibility and lowering costs. These changes are clearly in the direction advocated in the international report, but the fact that there have been so many changes in legislation over a short space of time, about just this one area of employment, illustrates the difficulties of implementing wholesale strategic change.

labour contract policy operated, relating to the economic situation.

The report provides a valuable basis for understanding and evaluating future government action. Spanish firms have now to deal with Spain's membership of the European Union, which necessitates increasing competitiveness. Dealing with this requires understanding of how labour policy has been adapted to economic reality and in recent years, labour contracts have become more flexible. It has become easier to fit the number of workers to the needs of the firm, which in some cases implies lower labour costs.

Available from Consejo Económica y Social, Huertas 73, 28014 Madrid, Spain. ES.

Unemployment in Spain: Is there a Solution?

CEPR SPANISH UNEMPLOYMENT GROUP
(BLANCHARD O AND JIMENO J, CO-ORDINATORS) (1994)

This short book is the work of a group formed in Spring 1994 at the London School of Economics to consider the unemployment situation in Spain. The group had two sub-teams, one international, co-ordinated by Olivier Blanchard, the other Spanish, co-ordinated by Juan Jimeno.

The report contains a short policy statement together with four Annexes of supporting material. Starting from the idea that Spain needs to create 400,000 jobs over the next decade to reach full employment, the report goes on to propose certain measures which are felt necessary to achieve this goal. The central idea involves three elements: supply side reforms; demand side policies; and a social pact guaranteeing a non-inflationary return to low unemployment figures. On the supply side, two issues are seen as problematic: the structure of collective bargaining, dominated as it is by industry agreements, and the high costs of redundancy for permanent employees (as opposed to the virtually zero cost for the large pool of fixed-term workers). On the demand side, rather than advocating fiscal changes, it is argued that there is room for monetary policy, with a lowering of interest rates to foster demand recommended. This would also help prevent appreciation of the exchange rate and help maintain the competitiveness of the Spanish economy which has benefited

from the devaluations of 1993. The final part of the package would be a social pact which would guarantee that wages would not increase faster than productivity; the social pact would thus support the other two elements, and also hold down inflation.

The four annexes are the work of Spanish members of the CEPR group. The first, by Jimeno J and Toharia L, deals with 'The basic facts of unemployment'; the second, by Andrés J is on 'Aggregate wages and unemployment in Spain: A review of the evidence'. Annex three, by Jimeno J, Andrés J and Taguas D, looks at 'The stance of fiscal and monetary policy: Spain 1976-93'. Finally, Revenga A looks at 'The microeconomic aspects of the Spanish labour market'.

Available from: CEPR, London School of Economics, London, UK. EN. ES version available from Consejo Superior de Cámaras de Comercio, Industria y Navegación de España, Claudio Coello 18, 28001 Madrid, Spain.

V Informe sociológico sobre la situación en España. Sociedad para todos en el año 2000 (Fifth Sociological Report on the Social Situation in Spain. A Society for All in the year 2000)

VARIOUS AUTHORS, JUÁREZ M, DIRECTOR
(1994)

This is a large report, one of five published regularly by the FOESSA Foundation since 1967 which aim to present knowledge and understanding of the Spanish social situation in a scientific and continuous way. Specialists write chapters on particular issues, but the report's main concerns cover seven areas:

- socioeconomic situation;
- social reforms;
- cultural changes (including changes in life style and the importance of information technology);
- changes in human values;
- quantitative and qualitative analysis of social exclusion;
- changes in religious values.

The report uses a wide range of information sources, including a specially commissioned survey carried out in May 1994, which included questions on these seven areas along with individual characteristics (age, gender, education and so on). It also includes analysis of employment and unemployment.

One chapter, by Toharia L deals specifically with employment and unemployment. Unemployment is a major concern for all European economies, none more so than Spain, with current rates at over 20%. Participation for certain groups, particularly women and young people, is changing, and certain people remain long-term unemployed. The chapter describes the Spanish labour market and its development during the last few years. It begins with employment and unemployment rates, comparing them with other European countries, then goes on to look at participation differences, regional distribution and the socioeconomic environment. It also considers sectoral and occupational change, the informal sector, and the influence of the individual's family circumstances on unemployment. The report concludes with projections about employment trends in the next ten years, making certain assumptions about the unemployment rate.

Available from: Fundación FOESSA, San Bernardo 99bis, 28015 Madrid, Spain. ES.

Statistical Supplement No 21

Labour Costs

Selected statistics on labour costs are presented here drawn from the publication *Labour Costs-Updating 1989-92* (Luxembourg, Eurostat, 1994).

Figure 1
Trend in Hourly Labour Costs in Industry
(Manual and non-manuals)

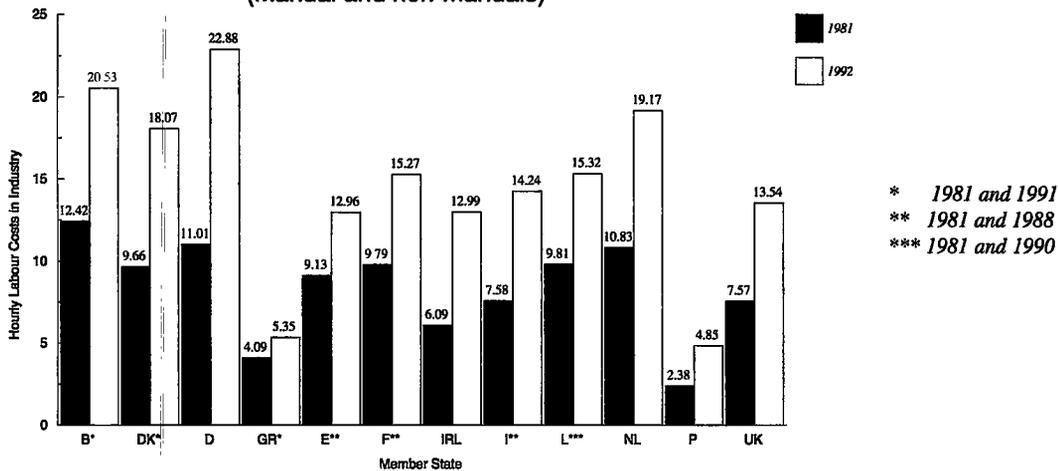
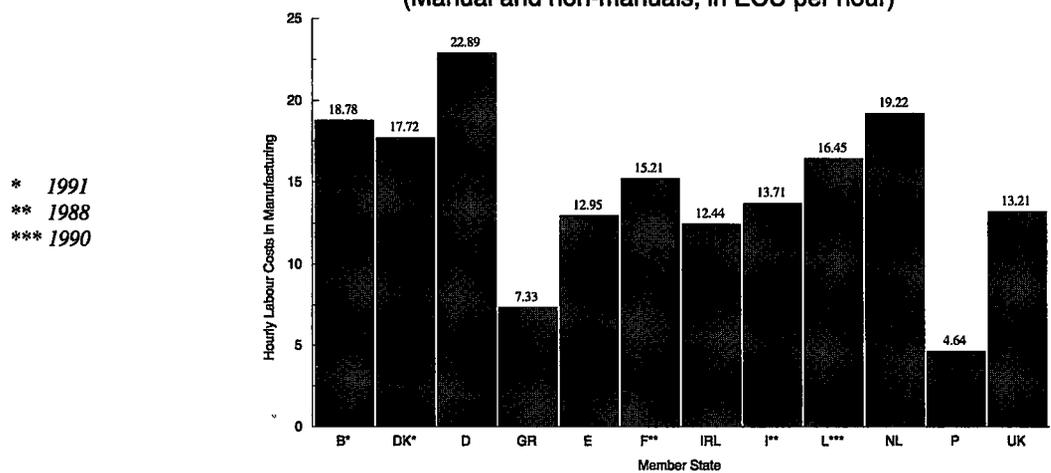


Figure 2a
Hourly Labour Costs in Manufacturing (1992)
(Manual and non-manuals, in ECU per hour)



Note: The availability of the data means that years may vary in Figures 1-4 as indicated by asterisks.

Figure 2b
Hourly Labour Costs in Construction (1992)
 (Manual and non-manuals, in ECU per hour)

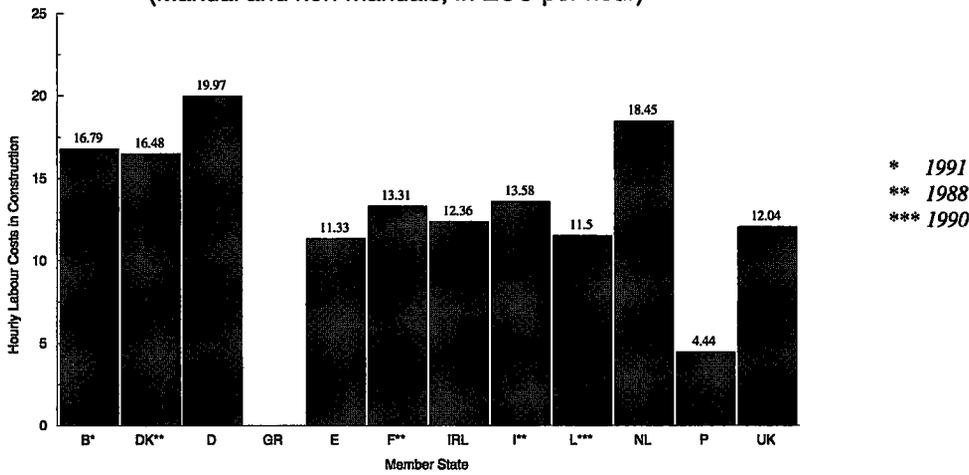


Figure 3a
Monthly Labour Costs in Banking (1992)
 (Manual and non-manuals, in ECU per month)

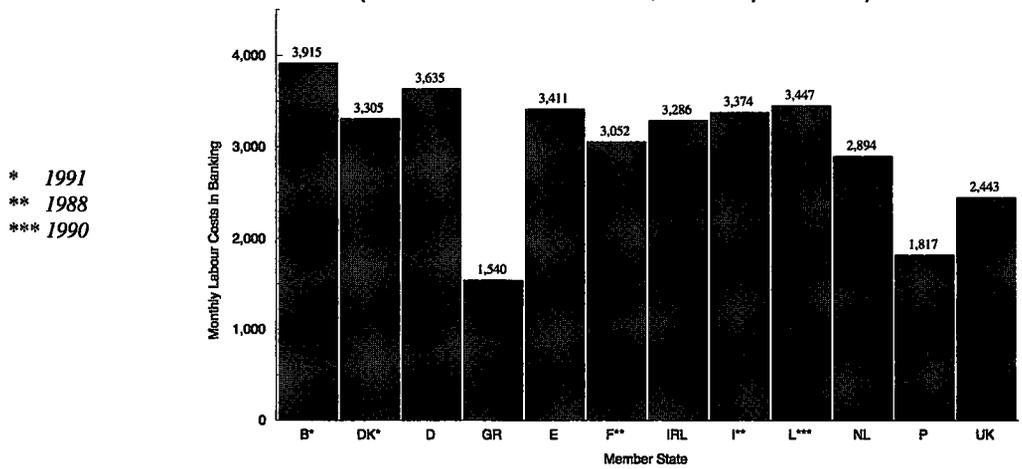


Figure 3b
Monthly Labour Costs in Insurance (1992)
 (Manual and non-manuals, in ECU per month)

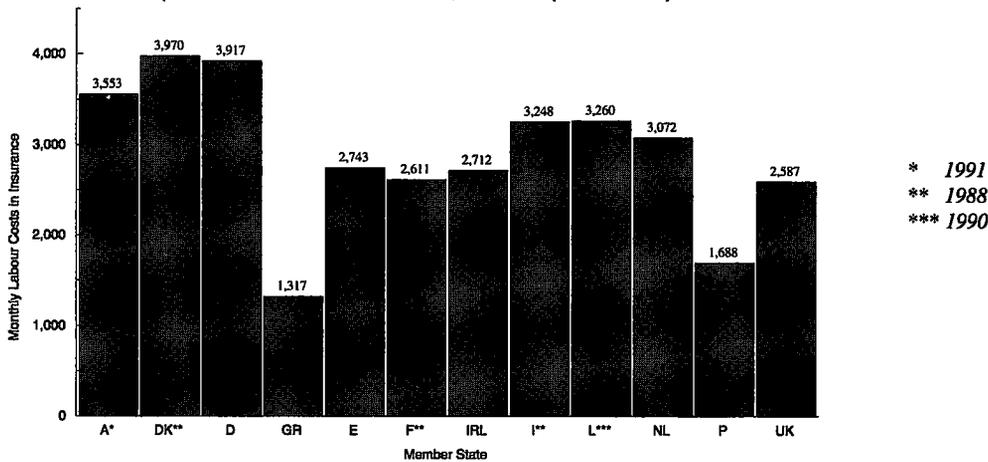


Figure 4a
Structure of Labour Costs in Industry (1992)
Direct and Indirect Costs as %

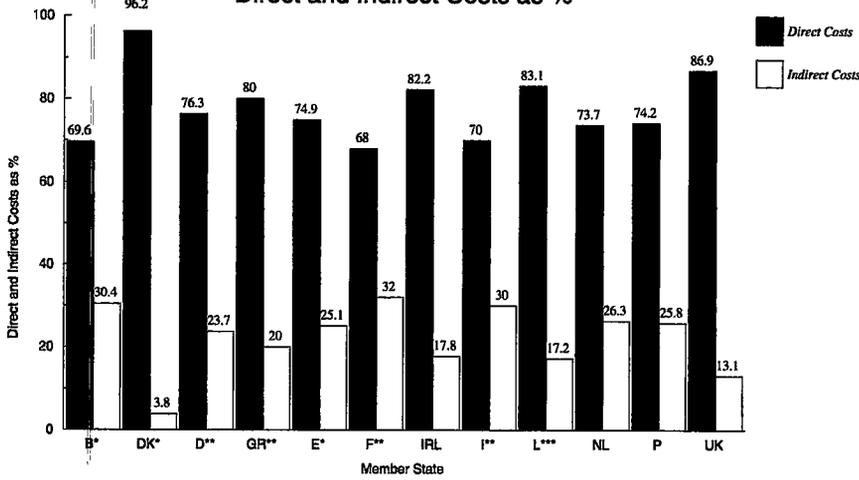


Figure 4b
Structure of Labour Costs in Industry (1992)
Remuneration as % of Direct Costs

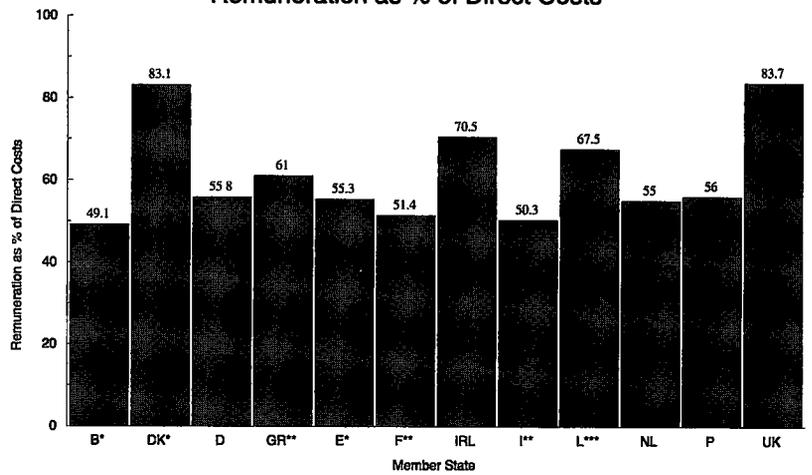
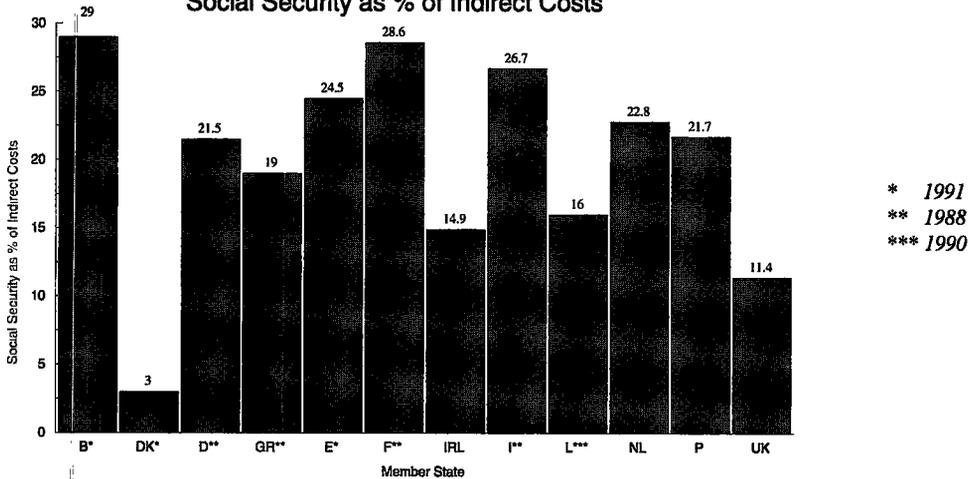


Figure 4c
Structure of Labour Costs in Industry (1992)
Social Security as % of Indirect Costs



Commentary

Selected statistics on labour costs are presented here drawn from the publication *Labour Costs-Updating 1989-92* (Luxembourg, Eurostat, 1994). The benchmark figures are those derived from the *Survey on Labour Costs* in 1988, part of a four-yearly enquiry co-ordinated by Eurostat¹. In the intervening years estimates are made by the relevant statistical organisations in each Member State which allow the benchmark figures to be updated with reasonable reliability. The release of the full survey information every four years allows this updating to be revised².

Definitions

It is useful to clarify the meaning of the main terms in the statistics. In general, *labour costs* refer to all the *direct* and *indirect* expenditure of employers associated with employing people. These two key components are described as follows:

- **Direct Costs:**
 - Remuneration for normal time worked plus overtime pay and other payments made on a regular basis;
 - Other bonuses and gratuities such as seasonal payments (eg, Christmas bonus), production bonuses, etc;
 - Payments for days not worked including annual holidays, public holidays, relocation etc;
 - Benefits in kind such as vehicles, company products or services, etc.
- **Indirect Costs:**
 - Statutory social security payments including those paid for sickness, maternity leave, disability, etc;
 - Non-statutory payments such as pensions, maternity pay, etc, some of which will be covered by collective agreement;
 - Vocational training costs including the pay given to those under formal apprenticeship contracts;
 - Other social expenditure such as subsidised transport, restaurants, crèches, etc.

To assist with comparison between Member States, many of the data are presented in ECU equivalents as well as their national currencies³. One problem to contend with is the lack of data for some years in some Member States. Because of this problem it is necessary in the presentation of the statistics to use different years which, of course, reduces to some extent the value of the comparisons made for those Member States affected.

The Statistics

Figure 1 examines the trend in *hourly* labour costs for manual and non-manual workers in industry (ie NACE groups 1-5 inclusive). For the five Member States with data for the relevant years, between 1981-1992 labour costs more than doubled in Germany, Ireland and Portugal with the United Kingdom and the Netherlands not far behind. By 1992 Germany had by far the highest hourly cost of ECU 22.88 ahead of the Netherlands with ECU 19.17. The other three Member States fall some way behind with Portugal, for example, having a figure of less than one quarter the German hourly cost.

Looking at the sectors of manufacturing and construction separately, Figure 2a shows that in the former sector the disparity between Germany and the Netherlands on the one hand and the remaining four Member States with 1992 figures on the other is as wide as for all industry. However, in the construction sector the gap narrows somewhat with the German hourly cost falling below ECU 20, although this is still almost four times the equivalent cost in Portugal.

Information on labour costs in the service sector is given as a *monthly* cost and Figure 3 shows separate information for the Banking and Insurance sectors in 1992. In this case there are seven Member States with 1992 data and of these seven it is Germany again which emerges with the highest costs in Banking (Figure 3a). However, the 1991 figure for Belgium shows a higher rate and the 1990 figure for Luxembourg is not far behind the 1992 German figure. Greece emerges with the lowest labour costs in Banking and Insurance.

The basic structure of labour costs is analysed in Figure 4. Unfortunately only four Member States have 1992 data here (ie Ireland, the Netherlands, Portugal and the United Kingdom), thus limiting the scope for comparisons. However, even between these four Member States there are important differences to observe. For example, the United Kingdom has the lowest indirect proportion of total labour costs at 13.1% (Figure 4a), well below Ireland (17.8%), Portugal (25.8%) and the Netherlands (26.3%).

Looking at the *direct costs* component alone (Figure 4b), it is clear that again the United Kingdom followed by Denmark has the largest component paid in remuneration as opposed to other elements such as benefits in kind. Denmark (1991 figure) also has the lowest proportion of total *indirect costs* paid as statutory social security payments (Figure 4c), although the United Kingdom also has a comparatively low figure of 11.4% (1992). Social security costs constitute over one quarter of all indirect costs (years vary) in only three Member States: Belgium, France and Italy.

¹ The results of the 1992 survey are not yet available in published form.

² The method used to update the benchmark figures relies on an assessment of the likely changes in the components of the total labour costs figure. This is more fully explained in the Eurostat publication already cited.

³ The ECU conversion rates used are the annual average conversion rates for each year concerned.



France

Réduire le temps de travail (Reducing Working Time)

RIGAUDIAT J (1993)

This book analyses the pros and cons of reductions in working time. The study shows that a reduction in working time is not itself a sufficient and mechanical condition to create new jobs. It remains, however, that a reduction in working time, particularly if it is promoted by the State, is an essential variable to achieve reciprocal regulation between the economy and the labour market. In order to engage a well-planned and sustainable process of collective reductions in working time, there is a need to promote simultaneously new regulations, financial incentives and negotiations. Account should also be taken of the fact that reductions in working time usually respond more to the needs of enterprises than to those of employees. There is thus a need to develop the possibility for employees to choose their working hours. More generally, the notion of "chosen working time" should be widely introduced.

Available from Syros, 9bis rue Abel-Hovelacque, 75013 Paris, France. FR.

L'impact des systèmes de prétraitements sur le taux d'activité des travailleurs âgés (The Impact of Early Retirement Schemes on the Activity Rate of Older Workers)

CALCOEN F, COUSINEAU J-M AND GREINER D (1993)

On the basis of the labour supply of men aged between 55 and 64, this paper assesses in econometric terms the determinants of the reduction in the rate of activity among older workers during the period 1967-1987. The authors show that a model incorporating wages, unemployment, social security benefits and legal retirement age can explain to a large extent the timeless and interspatial variations in the rate of activity of older workers. The paper also shows that, while France and Germany have developed specific programmes targeted at older

workers, other countries (Canada, the Netherlands, United Kingdom and Sweden) have integrated this group into their general policies. Additional findings of this paper include the fact that social security and the reduction in legal retire-

ment age have significantly contributed to a decline in the activity rate within this group.

Available from Editions Université de Laval, Quebec, Canada G1K 7P4. FR.

Comment

The reports reviewed in this issue of the Bulletin address some of the most critical elements of the current debate in France and beyond, on employment change. These elements include of issues of working time, and the effects of early retirement schemes; new jobs and occupational profiles in the services sector; and cross-border employment.

The book by Rigaudiat offers a contribution to the on-going and expansive debate in France on the reduction of working time as a means to reducing unemployment. Rigaudiat, a former social policy advisor to the Prime Minister, approached the issue of working time reduction more widely by addressing the various aspects of time, including leisure time. In his opinion, in effect, the reduction and reorganisation of working time should stem from societal choices.

The study by Calcoen, Cousineau and Greiner offers a systematic and econometric analysis of declining activity rates among older workers. The authors were able to construct a unique model to explain, simultaneously, differences in time and space of older workers' behaviour. Through an analysis of the situation in five countries - Canada, France, Germany, Sweden and the United Kingdom - the authors highlight the determinant influence of public policies on the functioning of the labour market. In the particular case of older workers, social security and the reduction in legal retirement age appear to have significantly contributed to a decline in the activity rate within this group.

Although over recent years a number of reports have appeared on the characteristics of new employment in the services sector, the interest of Matteoli's report lies in the emphasis placed on the need for greater professionalism in the supply of labour in this sector. The analysis conducted in this report goes beyond the traditional perception of new employment in the services sector in terms of "little jobs", and offers interesting solutions to increase solvent demand for household services. The report recommends, in particular, improved ways of exempting employers from social contributions for household services employment and a better use of indemnities paid by unemployment insurance. It also recommends the formulation of local development plans in the field of household services and the creation of new occupations, such as that of "social services animators", with a view to professionalising voluntary organisations and local public services.

Stoeffler-Kern's report addresses the important issue of transfrontier employment, particularly as regards cross-border migration and brain drain phenomena. Case studies carried out in four French border regions indicate that the main factors to prevent labour shortages in border enterprises consist of training and satisfactory employment conditions. The report also shows, however, that rather than anticipating their needs for labour and adopting a long-term vision of their development, enterprises prefer to call on the State to initiate new regulations on transfrontier employment. Although information gathered by this report to some extent varied according to region, and prevented the synthesis from drawing uniform conclusions, particularly on a sector by sector basis, Stoeffler-Kern's report is the first one to address systematically issues of cross-border migration and labour shortages in border enterprises. To date, transfrontier employment was mainly informed through administrative statistics and occasional studies with limited scope.

Rapport de la Commission pour le développement de l'emploi dans les services (Report from the Commission for the Development of Employment in the Services Sector)

MATTEOLI J (PRESIDENT) AND ARNAUD G (RAPPORTEUR) (1994)

Following the report prepared under the co-ordination of Jean Matteoli on *Structural Obstacles to Employment*, a complementary report was prepared on the development of employment in the services sector. The report reviewed in this issue of the Bulletin provides more, particularly the results of the investigation related to household services. At the request of France's Prime Minister, this report aimed to provide recommendations in relation to two broad objectives: to facilitate the explicit demand for household services, by reducing the cost of employment in this sector; and to im-

prove the organisation of labour supply in the household services sector.

Available from Commissariat général du Plan, 18 rue Martignac, 75007 Paris, France. FR.

Travail frontalier et pénurie de main-d'oeuvre dans les entreprises: synthèse des quatre études régionales réalisées dans quatre régions: Lorraine, Alsace, Franche-Comté et Rhône-Alpes (Border Employment and Labour Shortages: Synthesis of Four Regional Case Studies in Lorraine, Alsace, Franche-Comté and Rhône-Alpes)

STOEFFLER-KERN F (1993)

At the request of the Division for Studies and Statistics of the Ministry of Labour, Employment and Vocational Training, four regional case studies on labour shortages in border areas were undertaken. This synthesis report provides the main

results by region and, to some extent, by economic sector. The report shows that the brain drain phenomenon in border regions can result in major adverse effects for the organisation of work in local enterprises. One of the main effects of cross-border migration is the increase in financial costs associated with new recruitment, despite efforts by local enterprises to retain their staff. These efforts include internal training and better wages and employment conditions. Overall, however, enterprises have developed few measures to increase their competitiveness within the transfrontier labour market. The report shows that, rather than anticipating their needs for labour and adopting a long-term vision of their development, enterprises prefer to call on the State to initiate new regulations on transfrontier employment.

Available from BETA, UFR Sciences économiques et de gestion, 38 boulevard d'Anvers, 67000 Strasbourg, France. FR.



Ireland

Programme for Competitiveness and Work

DEPARTMENT OF THE TAOISEACH (PRIME MINISTER) AND OTHER GOVERNMENT DEPARTMENTS (1994)

This initiative, the Programme for Competitiveness and Work, is a successor to the Programme for Economic and Social Progress (PESP) which covered the period from 1991 to 1993. Like the PESP, it represents a broadly based economic and social strategy jointly agreed by Government, the social partners and farming interests.

The domestic policy framework set out in the programme encompasses structural measures to help to create jobs, including improved education and training systems, greater labour market flexibility, reorganisation of work at enterprise level, targeted reductions in the indirect cost of labour (especially less

skilled work) and better use of public funds set aside for combatting unemployment through more active policies to help jobseekers. These principles underline many of the more specific proposals set out in the chapters of the programme which deal with sectoral and other issues.

Three areas in particular have been targeted for special attention. These are:

- The development of small businesses and start-up enterprises for which a comprehensive range of measures involving low interest loans, focused incentives for equity investment and support services at local level are being put in place.
- The development of the services sector where in particular government departments and agencies across a wide range of service activities will take positive action in working with pri-

vate sector promoters to create more jobs.

- The development of community based employment, involving work experience and training which will accommodate 100,000 persons over the period of the Programme.

Apart from setting out a broad range of macro economic and sectoral policies designed to generate employment, a central provision of the Programme is an agreement by the social partners on pay increases. On a cumulative basis these amount to just over 8%, but will be paid in stages over the three year time span involved.

Available from: Stationary Office, Dublin 2, Ireland. EN

Ending Long-Term Unemployment

THE NATIONAL ECONOMIC AND SOCIAL FORUM (1994)

This is one of a series of reports by the Economic and Social Forum related to the subject of unemployment.

The Report begins by outlining the extent and nature of long-term unemployment in Ireland and analysing its causes. Despite the favourable medium-term economic and employment outlook, the level of long-term unemployment is expected to be no lower at the end of the decade than it is now, an outcome which is considered unacceptable. The Report also summarises international thinking and policy responses to this problem which lay particular stress on issues such as the need to switch resources to more active labour market policy uses, more effective targeting of programmes, the prevention of long-term unemployment rather than its cure, and the central role and benefits of an Employment Service.

In reviewing existing Irish policy and programmes for long-term unemployed people, a number of deficiencies are identified. Basically these relate to a lack of clarity in policy objectives, the limited nature of interventions, the effectiveness of programmes in improving job prospects and the absence of an adequate counselling/guidance/placement service.

With regard to recommendations for future action, these are set out under three headings, as follows:-

- a) early intervention in the education sector;
- b) the prevention of long-term unemployment;
- c) the integration of long-term unemployed people.

With regard to (a) the Report recommends that the significant savings that are arising from falling numbers of children in the population should be used to provide appropriate options for children

identified at risk of leaving school with few or no qualifications and that priority be given to the 'Youthstart' initiative proposed by the EU Commission. The Forum's central recommendation is the establishment of a revamped Employment Service which would be responsible for implementing the strategies covered by (b) and (c). It is envisaged that this service would be the gateway to all employment and training programmes. It would possess a high degree of autonomy and would gradually benefit from the transfer of budgets in respect of programmes for unemployed people with a view to the separation of the purchase and delivery of such programmes. It is recommended that the Service should have one counsellor or 'mediator' to every

125 unemployed persons and that the Service would be obliged to offer an option (employment, training, etc) in the case of persons unemployed for between 6 and 12 months.

With regard to demand side measures the Report recommends the direct provision through the new Employment Service of contract jobs for long-term unemployed people in the public and voluntary sectors. The Report also suggests that measures to increase private sector demand for the skills of long-term unemployed people should be promoted through on-going reform of the tax and social security systems.

Available from The Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2, Ireland. EN.

Comment

The principal objective of the new Programme for Competitiveness and Work which will run until the end of 1995, is to make employment at all levels the cornerstone of development action, particularly over the next three years. In doing this the Government wishes to maintain and strengthen the consensus approach of recent years, to underpin the recent improvement in economic growth and to improve the competitiveness of the Irish economy.

The solidaristic aspects of the Programme can be deemed to be consistent with EU policy which seeks to promote this objective. This relates not only to achieving a more equitable share of output between those with jobs and those without jobs, but also in combating social exclusion and in advancing solidarity between regions in the context of economic and social cohesion.

The report by the National Economic and Social Forum has proved controversial for a number of reasons. The first relates to the cost; the Report itself indicates that the additional annual cost involved would be in the order of IRL£30 million. While acknowledging the benefits of the co-ordinated approach recommended at local level some commentators have questioned whether a significant degree of success could be achieved in integrating long-term unemployed people into the normal labour market, even with the greatly increased level of counselling suggested. There is significant earlier evidence which suggests that employers are not disposed to engage long-term unemployed people, especially when they have a wide choice, as they have at present in Ireland due to labour market supply circumstances.



Greece

ΕΚΘΕΣΗ ΓΙΑ ΤΑ
ΑΝΑΓΝΩΡΙΣΜΕΝΑ
ΕΠΑΓΓΕΛΜΑΤΑ (*Report on the
Regulated Professions*)
STAVROU S AND WORKING GROUP OF
EXPERTS (1994)

This publication presents the updated final results of a study undertaken on behalf of the Organisation for Vocational Education and Training (OEEK) by a group of experts appointed by the National Education Ministry. The aim of the study was to identify:

- a) the qualifications required for specific, legally "recognised" professions;
- b) the means of obtaining these qualifications, that is, definition of the content of the vocational training programme to be offered in each case, the method to be developed, the qualifications of trainers etc.

The initial study was undertaken in 1991-92 but the final report was recently updated to take into account recent legal and administrative developments concerning the vocational education and training system.

The study records the vocations and professional activities regulated by the various Ministries and other responsible agencies. It then proceeds to assess critically the existing vocational education and training system in Greece regarding procedures, the role of social partners, and the system's inability to respond to the actual needs of the labour market. A series of recommendations for improvements to the present system are presented, particularly with regard to issues of new legislation, definition of new specialisations, development of training programmes, certification, the role of professional guidance and training of trainers.

Certain sections of the report are of particular interest as they address specific issues, notably: the procedure for the establishment or abolition of certain specialisms; the procedure to define the content and method of vocational education and training; the procedures for examining and certifying qualifications; the definitions of professional rights; the issuing of licences for undertaking a certain vocation or professional activity.

The document includes an extensive and very informative annex with the relevant pieces of legislation and other regulations and administrative decisions that set the framework for the regulation of professional activity.

Available from: Organisation for Vocational Education and Training (OEEK), 1 Ilioupoleos Avenue, 172 36 Athens, Greece. GR. 27p plus 200p annex.

Study on Strategies to Improve Young People's Access to, and their Progress Within Initial Vocational Training

MARKOPOULOS K ET AL (1994)

This study was undertaken within the framework of the PETRA Programme and was intended to inform the implementation of the Programme. The study addresses the issue of young people in the period of transition from school to work. This subject is approached through a distinct perspective which takes into account the interaction between education, the economy and the broader societal context.

The main objective of the study is to analyse the specific measures undertaken in the Greek education system to improve the transition from general education to initial training, in particular the measures aimed at increasing participation and success rates in initial training.

The study is divided into five chapters addressing the following issues:

- Overview of the transition process with special emphasis on the inadequacies of the education system which accentuate the problem of unemployment of young people. The characteristics of the group of young people at high risk of unemployment and consequently of marginalisation are discussed.
- Examination of the main problems encountered during the transition phase and the reasons behind initial training drop out rates.
- Assessment of the measures taken to enhance success rates in initial training and of the strategies implemented to increase the number of young people with vocational qualifications.
- Assessment of the measures taken to enhance co-operation between the various parties involved in the transition process.
- Assessment of measures concerning the initial and in-service training of trainers.

This study is expected to contribute to the process of developing, at European level, measures to minimise the number of young people who enter the labour market with very low or no qualifications.

Available from: Organisation for Vocational Education and Training (OEEK), EN. 107p

Comment

The Organisation for Vocational Education and Training (OEEK) is a newly formed body which maintains overall responsibilities for the functioning of the public Institutes for Vocational Training (IEK) as well as a supervisory role for private institutions. The OEEK is responsible for the evaluation of the training programmes of these institutes, including programmes/projects funded by the European Commission, and for reviewing their performance in order to ensure the flexibility of the training institutions in responding to the changing needs of the labour market.

Within this context, the OEEK commissioned a series of studies on related subjects. The report on the "Regulated Professions" is one of a series of monographs to be produced on the issues of vocational education and training and how they relate to the procedures for obtaining a certified professional qualification. The educational/training system in Greece is undergoing drastic changes, and so are the procedures for the certification of professional qualifications. The bibliography on these themes is very limited. The relevant legislation is available for consultation, but there is a need, however, for regularly updated studies. The specific study was initially intended for internal use by the OEEK, but given that information in this field is almost non-existent, the work was further completed and updated and is currently available to labour market and human resource specialists upon request.

Similarly, studies on the policies adopted in Greece to assist young people's transition from school to work through vocational training are almost non-existent. In this sense the report on Young People's Access to Initial Vocational Training fills an important gap in existing literature.



Italy

Lavoro e politiche dell'occupazione in Italia - Rapporto '93-'94 (1993-94 Report on Labour and Employment Policies in Italy)

FONDAZIONE BRODOLINI (1994)

The Labour and Employment Policy annual report is carried out by Fondazione Brodolini on behalf of the Ministry of Labour and Social Protection. This is the sixth edition, covering 1993-4, and provides an overview of the functioning of the Italian labour market. It includes analysis of various issues, carried out by national experts.

This edition discusses: a) the development of the Italian labour market in relation to international trends and European integration; b) the main characteristics of employment and unemployment trends and their future evolution; c) industrial relations, wages and labour costs in Italy; d) labour policies; and e) an analysis of the flow of young people in and out of the labour market.

A number of important conclusions are drawn. Firstly, the Italian labour market is still far from demonstrating a European convergence. The main indicators (female activity rate, employment rate, self employment/total employment, black economy, part-time work and workers' qualifications) are all very different from elsewhere in Europe. Diminishing the gap is said to require greater labour market flexibility, including interventions from public and private institutions ie the use of employment services.

Secondly, the decline in employment during 1992-3 results not only from international recession, but also from the restructuring of industry and services. The service sector has not been able, as was the case in the 1980s, to absorb redundant labour from other sectors. In this climate, employers are recruiting labour in ways which bring much greater flexibility and mobility. The final key point concerns the increasingly structural nature of unemployment, and the growing importance of labour and employment policy for dealing with it. Increasing resources are devoted to employment policy, however since Italy has not as yet had tightly

Comment

The economic analysis which is the background to the proposals is illustrated by the Planning and Forecasting report from the Budget and Finance Ministries. The forecasts for 1995-8 look rather optimistic. They are based on the hope that measures aimed at increasing labour market flexibility, stimulating private investment, rationalising the public sector and reducing its presence in the economy will lead to a strong, export and investment led recovery. All this is put at risk by the instability of the new coalition, and the risks of disruption to the prevailing 'social pact' which hitherto has maintained wage and price moderation.

On the assumption that problems in the Italian labour market are structural, there is a need for types of intervention in addition to simple flexibility, as shown in the Fondazione Brodolini report. This argues that the main challenge for the future of Italian employment growth lies in its ability to increase the employment content of new investment, and to increase the 'quality' of the labour supply. The report also refers to the need for convergence of EU social security levels.

The Bertola and Ichino paper provides useful context for both these reports. By identifying Italy's transitional status from rigid to flexible labour markets, the paper side steps ideological commitment to one or the other, instead showing that the process is already under way. The paper indicates therefore a need to recognise the increasing flexibility of the Italian labour market, and for the transition period to end as soon as possible. It also provides useful directions for policy, in facilitating this process, and also in accompanying it with measures to improve the most negative redistributive effects of flexibility.

monitored and controlled policy, examples from other countries are presented in the report.

Available from: Fondazione G Brodolini, Via Torino 122, 00184 Rome, Italy. IT, EN.

L'economia italiana nel 1995. Relazione Previsionale e Prorammatica (The Italian Economy in 1995: Planning and Forecasting Report)

MINISTERO DEL BILANCIO E PROGRAMMAZIONE (1994)

This the annual report from the Italian Finance and Budgetary Ministries, provides an overview of the economy in 1994 as well as short- and medium-term forecasts of main economic indicators for 1995-1998.

The analysis begins with an examination of national accounts, goes on to consider employment and incomes, public finance and tariff policy, and concludes by giving provisional indicators for 1995. Of particular significance are

the sections dealing with employment and incomes, which focus on three main points.

The first deals with changes in the prevailing negative employment situation. The report believes 1995 will see an improvement over the previous few years, with new jobs being created. There are a number of positive indicators particularly in export sectors; - CIG (Cassa Integrazione Guadagni - see Tronti L (1991), Bulletin 11) is decreasing; the rate of decrease in employment levels is slowing (falling from -6.8% in January to -0.8% in April). Where there is improvement however it is confined to the North and Centre of the country, whereas the situation remains serious in the South. For the coming years, employment forecasts are modest, with predicted increases in employment of 0.55% in 1996, 0.8% in 1997 and 1.0% in 1998.

The second point relates to a declining rate of increase in the labour supply, due to demographic and discouragement effects, and encouragement of early re-

tirement. Unemployment is not, however, expected to fall dramatically: the rate is forecast to be 10.3% in 1996, 9.6% in 1997 and 8.9% in 1998, with the rate in Southern Italy expected to be much higher. The final point made is that growth in wages is expected to slow in parallel with reduced inflation.

Available from: Ministero del Bilancio e della Programmazione, Via XX Settembre, 00187 Rome, Italy. IT, EN.

In mezzo al guado. Dalla rigidità alla flessibilità nel problema occupazionale italiano. (In the Middle of the Ford. From Rigidity to Flexibility in the Italian Employment Problem)

BERTOLA G AND ICHINO A (1994)

This paper was prepared for a conference on new frontiers in economic policies, held at IGIER in June 1994. The authors are well known labour economists at both national and international level, and in-

clude this paper to provide a new perspective on the Italian labour market.

The central argument is that, during the last recession, the labour market in Italy suffered greatly since it was in transition from extreme rigidity to extreme flexibility. As a consequence, the rapid reduction in employment found in flexible labour markets at a time of recession was experienced in Italy, but was not matched by a concomitant fast rise in employment during the subsequent expansion. The authors stress the risks of remaining in a transition period for too long, given the problems it gives rise to but they also see worrying signs of uncertainty in recent labour market policy.

Following an introduction, the paper compares the performance of some simple labour market indicators in different economic cycles, beginning with the 1974-5 recession. This shows changing patterns developing from the end of the 1980s, indicating greater flexibility. The following section analyses theoretically

the behaviour of a model economy in completely flexible and completely rigid labour markets. Outcomes for the main labour market variables (employment and unemployment levels and change, wage dynamics and structure, segmentation, tenure and turnover) are compared. The final section examines the risks and costs of transition, and stresses the dangers of a lack of credibility in moving through transition. The paper concludes that Italy is indeed risking this lack of credibility, which may lead to inefficient solutions. The authors stress the need to accelerate the transition period and to accompany it with greater attention to its redistributive effects.

Available from: Innocenzo Gasparini Institute for Economic Research (IGIER), Abbazia Mirasole, 20090 Opera, Milan, Italy. IT.



The Netherlands

Rendement van opleiding en allocatie van arbeid (Cost-efficiency of Education and Allocation of Labour)

STICHTING VOOR STRATEGISCH ARBEIDSMARKTONDERZOEK (1994)

This report focuses on two central themes: the financial and economic cost-efficiency of education and the allocation of labour. In order to calculate the cost-efficiency of education, the corresponding investments and returns are measured at an individual level as well as at the level of society. With regard to the allocation of labour, the research analyses the connection between the demand for, and the supply of, educated labour. This report provides the results of several research projects which have been carried

out for the OSA Research Programme in 1992-1995.

Available from: Sdu DOP, Postbus 1366, 2302 BJ Leiden, The Netherlands. NL

Opleidingniveau en beroepsloopbaan Over de effecten van initieële opleiding en additionele scholing op de beroepsloopbaan van lager opgeleiden (Level of Education and Professional Career)

DIEDEREN J (1994)

This report presents the results of research into the professional careers of people with different levels of education. The research analyses, in particular, the effects of qualifications obtained through compulsory and post-compulsory educa-

tion on the career path of a group of low skilled employees. This analysis was undertaken by means of secondary analysis based on data generated by the longitudinal research project "Van Jaar tot Jaar". Methods used consisted of cross-tabulations and analysis of variance. Special attention was devoted to gender differences and the effects of post-compulsory schooling. The main conclusion of this study is that, within the cohort under consideration (ie low skilled employees who left school in the 1960s), the effects of qualifications obtained through compulsory education on professional careers are limited, especially when compared with the effects of other variables such as social background, natural abilities, gender and economic sector. In the

lower ranks of the labour market, however, post-compulsory schooling appears to generate more effects than compulsory education.

Available from: VUGA Uitgeverij B.V., Postbus 16400, 2500 BK 's-Gravenhage, The Netherlands. NL

Arbeidsmarkteffecten van afschaffing van de VUT (Labour Market Effects of the Abolition of the Early Retirement Scheme)

BERKHOUT PHG, MOT ES AND PAAPE AH (1994)

This study provides various scenarios on the direct labour market effects of the abolition of the Early Retirement Scheme (VUT). The labour market position of employees aged between 45 and 65 in 1991 is analysed by means of a dynamic simulation model in which the options of unemployment and work disability are introduced. The main outcome of the study is that three quarters of the potential users of the Early Retirement Scheme would continue to work in the event of an abolition of the scheme.

Available from Sdu DOP, Postbus 1366, 2302 BJ Leiden, The Netherlands. NL

Leren: Batig Investeren? (Learning: A Cost-Effective Investment?)

GELDERBLOM A AND DE KONING J (1994)

This study analyses the costs and benefits of education from various standpoints. The first part of the study presents a theoretical framework for the analysis of costs and benefits of education at individual, firm, sectoral and macro level. One of the major conclusions of this part of the study is that the types of costs and benefits differ according to the level of analysis. Another conclusion is that the financial returns of education at the individual level do not necessarily equal returns at firm, sectoral or macro level. The second part of the report analyses the outcome of empirical studies at the individual, firm and sectoral level to determine the costs and benefits of education. Both opportunity costs and the higher wages that result from longer schooling

are calculated on the basis of the age-income profiles of individuals with different educational backgrounds. These profiles are determined through a regression analysis of the individuals' net wages. The most important conclusion in this respect is that the internal rate of return is positive in most cases. If differences in participation of those with different educational backgrounds are taken into account, the returns increase, particularly for women. Another major conclusion is that long schooling, in spite of the high

costs induced, generates positive returns. The analysis at the firm and sectoral levels focuses on the effects of education on productivity. This analysis shows that the higher the educational level of employees in a given sector, the higher the productivity in that sector. Company training, in particular, generates substantial positive effects on productivity at the sectoral and firm level.

Available from Sdu DOP, Postbus 1366, 2302 BJ Leiden, The Netherlands. NL

Comment

The four reports reviewed in this issue contribute, mostly from an empirical standpoint, to the on-going debate on the cost-efficiency of education and the increasing costs of social security systems.

The study on the cost-efficiency of education by Stichting voor Strategisch Arbeidsmarkt Onderzoek constitutes a first attempt to address educational careers in terms of their cost-efficiency. The report contains valuable information for policy makers in the field of education and employment, particularly in light of the need for periodic reviews of changes in the cost-efficiency of education, labour market participation, crowding out effects and other aspects of the educational system.

The study by Diederer certainly helps to clarify the current debate on the relationship between education and employment. In the Netherlands, the recent report of the Commission on the Lowest Segment of the Labour Market (Ministerie van Sociale Zaken en Werkgelegenheid, 1994) referred to education as one of the solutions for unemployment in the lower ranks of the labour market. Thus the study by Diederer is important in that it demonstrates that additional education is one of the factors that positively influence the vertical mobility of employees in the lower ranks of the labour market.

The study by Gelderblom and de Koning complements this analysis by suggesting that government expenditure on education is not optimally invested. Most of the lengthy educational career paths, which are considered to be inefficient by Dutch policy-makers, in fact generate good investment returns. The measurement of the social returns of education is however subject to a number of limitations, the most important being that the macro-economic feedback effects of education are not taken into account. Education can in fact affect the supply of labour, the wage formation process, the government deficit; during a period of economic depression, displacement effects can lead to lower educational returns. A macro-economic model to integrate these feedback mechanisms should differentiate various segments of the labour force according to their educational attainment levels. The results of analysis conducted at micro and meso-levels by Gelderblom and de Koning could however form part of this model.

The report by Berkhout, Mot and Paape contributes to the on-going debate on the increasing costs of the social security system in the Netherlands. The study focuses in particular on the Early Retirement Scheme (VUT), which is believed to contribute to the decreasing labour market participation of Dutch older workers. The number of disabled workers and unemployed people or workers retiring without a benefit would increase slightly if the scheme was abolished. The labour market participation of older people, would increase considerably. However, an employment growth of 1 to 2% would in fact be necessary to absorb this new group of older workers.



Portugal

A decisão política em educação. O parceria socio-educativo como modelo decisional. O caso das Escolas Profissionais (*Political Decision in Education. Socio- educational Partnerships as a Model of Decision. The Case of Vocational Training Schools*)

MARQUES M M (1994)

This study, undertaken by an expert in educational policy from the Ministry of Education, aims to analyse the processes of participation in political decision in the context of vocational schools and with regard to the existing relationships between the educational system and the economy.

The study was carried out by means of questionnaires administered to both school administrators and pupils. Its main conclusion is that the creation of vocational training schools depends upon negotiations between different actors involved in local socio-economic dynamics. According to the author, this process implies that responsibility for vocational training is shared between the State and society.

Available from Edições Afrontamento, rua Costa Cabral 859, Porto, Portugal. PT.

Emprego e Formação no Comércio (*Employment and Training in Commerce*)

DAS NEVES O, PEDROSO P, REQUEJO T,
REBELO A AND BERNARDO J (1994)

This book, commissioned to CIDEC by the Centre for Business Vocational Training (CECOA), has a twofold objective. Firstly, to analyse the evolution of employment, the management of human resources and the supply of training in the field of commerce; and secondly, to suggest strategic guidelines for the development of vocational training in this subject area.

The study was undertaken through an analysis of the macro-economic environment related to commerce, including the

Comment

The documents reviewed in this Bulletin reflect the growing concern of institutional actors in Portugal over issues of skill formation and the modernisation and development of vocational training schemes.

The study by Cabrito offers, in particular, a major contribution to the growing debate on the modalities of dual vocational training. This debate appears to have gained momentum both in Portugal and within the wider EU context. This study is important in that it does not limit its scope to the technical know-how generated by vocational training but also explores the range of social skills which should equally result from such training. It should be stressed, however, that although the study is based on case studies it does not allow for generalisations to be made on the state of dual vocational training in Portugal.

The study by Marques is the result of the significant development of vocational training in Portugal over the last few years, which has generated a number of new theoretical and empirical research studies in this subject area. Marques' study offers an interesting contribution to the debate on vocational training by demonstrating that the creation of vocational schools depends, more often than not, upon negotiations between different actors involved in local socio-economic dynamics. Marques thus concludes that responsibility for the development of training supply is increasingly shared by the State and civil society. This study certainly contributes to a better understanding of the underlying socio-economic factors determining the emergence of new initial training schemes in Portugal.

The study by Das Neves, Pedroso, Requejo, Rebelo and Bernardo is the result of significant transformations within the business sector in Portugal over the last few years, which have had major implications in terms of the employment structure in this sector. Based upon case studies in 14 enterprises, this book was able to conclude that the levels of qualification in this sector are still particularly low and that there is a need for improving skills among the labour force, not only in terms of technical know-how, but also with regard to attitudes and behaviour. Even though the study does not suggest the types of training profiles which are needed in this sector, it remains a useful document for institutional actors in both the employment and training spheres.

By addressing a range of indicators such as population, the structure of enterprises, employment, vocational training, working time, wages, employment regulations, work accidents, strikes and social security, DEMESS' yearbook on social statistics is undoubtedly a major tool for any form of assessment of recent trends in Portugal's labour market.

effects of the Internal Market and the foreseeable prospects for commercial activity. The book also analyses the structure of employment in this sector, including the ways in which human resources are managed, the evolution of vocational skills which are needed for certain occupational profiles, and the evolution of training supply in this sector. The study is based on official statistics and draws from case studies among 14 enterprises in this sector.

The main conclusion of this study is that the levels of qualification in this sector are particularly low and there is a need for up-grading skills, regarding both technical know-how, and attitudes and behaviour. This up-grading implies increased investment in initial and continuing training, as well as in the training of trainers.

Available from CECO A, rua da Sociedade Farmaceutica 3, 1100 Lisboa, Portugal. PT

**Anuário de Estatísticas Sociais
1987-1992 (Social Statistics
Yearbook 1987-1992)**

DEMESS (1994)

This reference document is the result of an agreement between the Institute for Employment and Vocational Training (IEFP) and the Department of Statistics of the Ministry of Employment and Social Security. It up-dates the main indicators related to the active population in Portugal.

The following areas, in particular, are addressed: population, structure of enterprises, employment, unemployment, employment flows, vocational training, working time, wages, employment regu-

lations, work accidents, strikes and social security.

Available from DEMESS, rua Rodrigo da Fonseca 55, 1227 Lisboa, Portugal. PT.

**Formações em alternância:
conceitos e práticas (Dual Training:
Concepts and Practice)**

CABRITO BG (1994)

This study analyses existing dual vocational training systems in Portugal with a view to assessing the extent to which these systems provide both vocational know-how and social competences.

Social competences are defined as the ability to work in a team, to organise work in a self-sufficient manner, to ac-

quire self-learning skills, to interact and socialise, and to communicate and decide. The study is based on a questionnaire which was administered to a group of pupils and trainers in vocational and apprenticeship schools.

The study concludes that despite some advantages such as familiarisation with work and enterprises, dual vocational training systems only generate limited social skills. According to the survey, dual training merely enables pupils to perform repetitive tasks and to acquire respect for hierarchies, punctuality and perseverance.

Available from EDUCA, Faculdade de Psicologia e de Ciências da Educação, Alameda da Universidade, 1600 Lisboa, Portugal. PT



United Kingdom

Human Resource Management in Europe

KIRKBRIDE P S (1994)

This book takes the form of a collection of papers which were first presented at an international conference held in the UK. It provides a useful and generally coherent perspective on the differences, developments and prospects for human resource management (HRM) in the wider Europe. A thematic approach has been adopted and coverage of such issues as: the cultural context; Eastern Europe; and developments in the European Union are included.

Many of the papers, particularly those focusing on the cultural aspects of HRM, tend to categorise the activities into the familiar groupings of: Anglo-Saxon; Mediterranean; and Scandinavian. One contributor, for example, promotes the view that European firms (presumably excluding the Anglo-Saxon countries) do not enjoy the autonomy or freedom of legislative and custom and practice restrictions that are found in the United States. This, it is argued, restricts what the European managers can do and ulti-

mately affects business success. However, it is less clear how successful German or Dutch firms fit into this typology.

A mixture of interpretations from the UK perspective are presented in this book. For example, one author suggests that UK firms tend to be more global in their outlook than their European counterparts with the result that they miss opportunities in Europe. Another view suggests that UK firms have lost out because they have failed to develop the skills base of the workforce, unlike their competitors in Europe. This underlines the divisions that persist between countries and the book emphasises the need for cultural 'synergy' rather than a transfer of systems from one firm to the next across borders. This is especially pertinent in Eastern Europe.

Some of the contributors view the increasing trend towards pan-European firms and stronger interdependence as issues quite separate from more integrated HRM practices. Despite the legislative efforts of the CEC to bring about conformity in HRM, cultural differences have meant that the interpretation and therefore ultimately the implementation

of the legislation differs across the European Union.

Available from Routledge, 11 New Fetter Lane, London EC4P 4EE. UK. EN.

The Culture Factor: Corporate and International Perspectives

BARON A AND WALTERS M (1994)

This report from the human resource practitioner body, the Institute of Personnel and Development, sets out the current thinking on the extent, role and value of culture. The author suggests that culture is integral within any organisation and is often the basis of their relative success. However, as a result of the prevailing international economy, it is also recognised that there is an increasing need to understand other cultures. The author uses a series of 15 case studies drawn from the sectors of: retailing; financial services; information technology; consumer goods; and public utilities, all with international operations or multinational experiences to illustrate the research.

Although corporate culture is essential to the success of any firm, recogni-

tion is made of the difficulty of defining this culture and previous research is used to good effect to illustrate how it has perplexed analysts for some time. This may, it is proposed, be due to the close association of culture with the firm itself, although subsequent discussion expands on the likely influences. Moreover, culture has adapted to the international market with firms altering their practices as necessary and particularly where branches are set up in different countries. The report carefully plots the various theories on the determinants of corporate culture and identifies the likely agents of change.

The findings of the case study material suggest that corporate culture is determined by a complex set of factors which include business strategy, company history and environment and, the effects of the key role played by certain individuals within firms. Although it should be noted that many of these factors will be at the mercy of the overriding national cultural influence. The essence of the successful corporate culture and cultural change in any company is good practice in HRM.

Available from Institute of Personnel and Development, IPD House, Camp Road, Wimbledon, London SW19 4UX, UK. EN.

Managing in Britain and Germany

STEWART R, BARSOUX J, KIESER A, GANTER H AND WALGENBACH P (1994)

Despite the fact, highlighted in this report, that middle managers are crucial to the operational effectiveness of industry, their role remains relatively under-researched. The authors examine the impact of 'culture' on organisations with a view to increasing understanding, communication and co-operation. A series of comparative case studies in Britain and Germany are set out using the technical, commercial and administrative/finance functions of firms in three sectors, namely, brewing, insurance and construction. The potential problems associated with multinational cultural transfer were avoided as all the firms selected were nationally owned.

The study found that many of the existing explanations for the fact that managers in similar sectors differ in the two countries were still relevant. These include the general outlook/perspectives

Comment

The United Kingdom's position in HRM practices relative to other Member States (and other countries) is highlighted in a number of recent documents, all of which serve to underline the somewhat different (although by no means unique) approach often taken in the UK. The collection of papers edited by Kirkbride (1994) tends to take the easier route of categorising HRM practice into one of three essentially geographical groupings: Anglo-Saxon; Mediterranean; and Scandinavian. However, it is clear that this is largely based on cultural differences that are ingrained into societies and pre-date the development of HRM as a term. It also suggests that there are some signs of change as multinationals spread their operations and as the effects of EU social policy gather pace. However, the underlying message is that the need is for synergy rather than a transfer of systems.

This theme of cultural differences underpinning human resource practice is taken up in other texts. The report by Baron and Walters (1994) for example concludes that although culture is difficult to define and quantify in an organisational context, it is nevertheless present and pervasive. However, in its examination of foreign-owned plants operating within the EU it suggests that considerable adaptation has taken place and in the final analysis there is no substitute for good management in whatever cultural form it takes.

The study by Stewart et al (1994) of middle managers highlights the major differences which exist in management in the UK and Germany. Background, in terms of education and work experience, is one of the main differences identified. German managers were more likely to have technical experience and training whilst their UK counterparts were much less vocationally based. However, this meant that managers in the UK were generally more flexible and adaptable to change which had stood them in good stead over the recent years of upheaval.

There is no doubt that the recent period has been one of considerable change in the UK and flexibility has come to dominate HRM jargon. In the review of the flexible labour market by Watson (1994) there are clear signs that methods of working have altered significantly, although change has been concentrated on a substantial growth in part-time working and in self-employment, some of which has undoubtedly been forced by a decline in traditional full-time, permanent jobs. Clearly from the employers' perspective the willingness of the labour force to be more flexible is a benefit, although the advantages to the workforce are less obvious. Other recent studies have indicated that most people still prefer conventional methods of working and only accept what might be described as insecure employment because there is little alternative. To some extent the government has recognised this in announcing its special financial incentive to the unemployed (back-to-work bonus) which will pay a bonus if an unemployed person takes a part-time job in the hope of finding full-time work (although the bonus is only payable when the full-time job is taken up).

of managers and their backgrounds in terms of general or vocational education. It was also evident that the more obvious factors such as economic circumstances, the use of technology and the role of institutions all played their part. In particular the British management approach seemed to be more flexible and adaptive with a certain amount of separation from the mainstream labour force. By contrast, in Germany the manager's role was

more prescribed and seen as an integral part of the job structure.

The study attempts to use its comparative analysis to offer some advice on bringing the two types of manager closer together (as may be demanded of them in a more integrated Europe). It is suggested that the British manager would need to become more involved and be supported by better vocational education and training attainments. For the German manager, the suggestion is that he/she should

be more adaptable and prepared for broader changes influencing their firms.

Available from: Anglo-German Foundation for the Study of Industrial Society, 17 Bloomsbury Square, London WC1A 2LP, UK. EN and FR.

The Flexible Workforce and Patterns of Working Hours in the UK

WATSON G (1994)

The flexible labour market has been a common theme in UK literature for some considerable time and this article follows this tradition but at the same time provides an extremely useful overview of the current state of play using 1993 *Labour Force Survey data*.

The article suggests that the word 'flexibility' has become associated with innovative labour market practice and something that employers (and presumably the nation) should aspire to. It goes on to attempt to define the coverage of the term, resolving to use some of the

more common manifestations of the flexible labour market such as wage flexibility, labour mobility, functional flexibility (ie reducing job demarcation in the workplace) and working time flexibility.

A useful part of the article concentrates on the individuals' labour market behaviour, concluding that the so-called flexible elements of the workforce increased substantially (by around one third) in the first part of the 1980s, signalling the origins of current practice. However, many of these changes were simply day-to-day personnel responses to needs such as fluctuating labour demand, cover for sickness and absence, etc. The implication was that increased flexibility was not just the result of employers deciding to become a 'flexible firm' but the result of needs identified over time in the personnel practice of the firm.

The latest figures (for 1993) show that some 38% (or 9.7 million) of all those in employment were categorised as being part of the flexible workforce, with

52% of all women in employment and just 27% of men. This represents an increase of 1.25 million since 1986. Most of the increase has been amongst males and, of these, the majority were in part-time jobs or were self-employed.

The article points out that isolating the so-called flexible component does not mean that the remainder (ie the bulk of the total labour force) is inflexible. There has been considerable scope to increase flexibility within the full-time, permanent workforce. *Flexitime*, for example, is now worked by over 12% of all employees: 9% per cent work some form of *annual hours* system. Other forms of flexibility such as *term-time hours* or *job-sharing* are more sectorally based but nevertheless significant as indicators of greater flexibility.

In *Employment Gazette*, Vol 102, No 7, July 1994, pp239-247. Available from: Employment Gazette, Subscriptions and Sales, 16c Challenge House, Sherwood Drive, Bletchley, Milton Keynes MK3 6DP, UK. EN.

ABBREVIATIONS USED IN SYSDÉM		COUNTRY	
SYSDÉM	European System of Documentation on Employment	B	Belgium
EU	European Union	DK	Denmark
CEC	Commission of the European Communities	D	Federal Republic of Germany
DG	Directorate-General of the CEC	E	Spain
ETUC	European Trade Union Confederation	F	France
Unice	Union of Industries of the European Communities	GR	Greece
MISEP	Mutual Information System on Employment Policies	IRL	Ireland
NEC	The Network of Employment Co-ordinators	I	Italy
OECD	Organisation for Economic Co-operation and Development	L	Luxembourg
ILO	International Labour Office	NL	The Netherlands
CEDEFOP	European Centre for the Development of Vocational Training	P	Portugal
GDP	Gross Domestic Product	UK	United Kingdom
GNP	Gross National Product	LANGUAGE	
SMEs	Small- and Medium-sized Enterprises	DA	Danish
EMS	European Monetary System	DE	German
EMU	Economic and Monetary Union	EN	English
		ES	Spanish
		FR	French
		GR	Greek
		IT	Italian
		NL	Dutch
		PT	Portuguese



Luxembourg

"L'emploi international au Luxembourg. Enquête auprès des institutions de l'Union Européenne et autres organisations internationales établies au Grand-Duché (situation au 30 avril 1993)" (International Employment in Luxembourg. A Study Carried Out Among the Institutions of the European Union and Other International Organisations Represented in Luxembourg (up to 30th April 1993))

FEHLEN F, JAQUEMART E (CENTRE DE RECHERCHE PUBLIC - CENTRE DE RECHERCHE UNIVERSITAIRE (CRP-CU) (1994)

Luxembourg is home to numerous international organisations, for which the existence of a genuine concentration of international activity near the city of Luxembourg bears witness.

The nature and level of employment in these institutions escapes the control of statistical analyses in Luxembourg. Because of their extra-territorial status, their employees are deemed to be working "abroad" which in turn poses problems for the collection of labour market data (national, internal etc.)

This article presents the results of a study carried out by the CRP-CU amongst eight international employers present in the Grand-Duchy. The aims of this study were threefold: to produce a precise account of persons

Comment

This article presents the results of work carried out as part of a research project on the cross border labour force in Luxembourg, bringing together the Centre Commun de la Sécurité Sociale, l'Inspection Générale de la Sécurité Sociale, STATEC and the Centre de Recherche Public - Centre Universitaire (CRP-CU).

One of the major characteristics of this study is the importance of cross-border employment: in May 1994, 50,678 cross-border workers were recorded, representing nearly 25% of the internal labour market. One understands the importance that the 8,023 international agents, found in the 30th April census, assume as well as the effects of their numbers on the different labour market statistics in Luxembourg.

As well as providing the first detailed and exhaustive approach to the phenomenon, including a redefinition of pertinent statistical categories, this study provides an indispensable source of reference for all those who are interested in international employment in Luxembourg and its links with cross-border employment.

falling into the category of 'international officials', to integrate them into the labour market statistics and finally to evaluate to what extent the phenomenon of cross-border movement of labour affects this particular category of workers.

The results are based on a series of methodological frameworks (definitions, traditional categories and statistical consequences in this particular case of an international labour force).

On 30 April 1993 the census found more than 8,000 such international officials working in Luxembourg, of which 60% were employed by the European Commission, followed by the European Parliament, and then NATO.

Cross-border working affects 11% of these officials. The countries most represented are: France, Belgium and Luxembourg, followed by Italy and Germany.

Women represent 44% of the total: this proportion is higher than the female participation rate at the national level (37.7%), but viewed globally, it is remarkably similar to the percentage of women employed in the civil service (43.6%).

Finally, the article contemplates the comparison between the results of the last census of the population (1 March 1991) and those of the study.

In *Bulletin du STATEC*, No 4-94, pp143-161. Available from: Service central de la statistique et des études économiques (STATEC), Luxembourg, FR.

Forthcoming events

Innovative Work Organisation in Europe and North America, the fourth European Ecology of Work Conference is to be held in Dublin, Ireland on 9-12 May 1995. The conference will concentrate on four main themes: the introduction of innovative work organisation; the impact of new forms of work organisation on the employment relationship; the effects of new technologies on work design; and training and organisational change. These themes have been selected to complement the discussion at the previous European conferences and to take account of the changes which are taking place in European and North American enterprises. The conference will examine new approaches to the design of work and working systems which provide the optimum results for both the workforce and the enterprise. Presentations will look at: the planning and consultation process; how change was introduced; what the re-

sults were; and what the organisation learned from the experience.

For further information contact: Eberhard Köhler or Kevin P O'Kelly, Conference Co-ordinators, Europe the European Ecology of Work Conference, European Foundation for the Improvement of Living and Working Conditions, Loughlinstown House, Shankill, Co. Dublin, Ireland. Tel: +353 1 282 6888; Fax: +353 1 282 6456.

The national TARA conference on **Special Training Needs - Implementing National and General National Vocational Qualifications** is to take place on 25/26 April 1995 at the Copthorne Tara Hotel, Kensington, London, UK. Sponsored by the Employment Department, the National Council for Vocational Qualifications and BBC Television the conference aims to: update delegates on developments relating to the National Targets for Education and Training (NTETs); bring awareness of the current and planned activities of the TEC National Council Equal Op-

portunities and Special Training Needs Advisory Group; familiarise delegates with NVQ/GNVQ development in the field of Special Training Needs; and to critically examine current NVQ/GNVQ implementation strategies, including funding issues, in relation to Special Training Needs.

For further information contact: Cecilia Whittlesea, Training and Research Associates, SELECT Training Consultants, Clay Coton, Northamptonshire NN6 6JU. Tel/Fax: +44 1788 86 05 40.

Editors Note

The editor would like to receive full details of any forthcoming conferences, seminars and workshops.

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EMPLOYMENT OBSERVATORY



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EMPLOYMENT OBSERVATORY

The Employment Observatory of the European Commission currently produces five series of regular reports covering different aspects of the Community's labour market. The Employment Observatory complements the Commission's "Employment in Europe" report published annually in all Union languages.

Policies

The series inforMISEP "Policies" presents those measures, policies and instruments adopted by the Member States which are aimed at promoting and improving employment within the European Union. The reports are compiled on the basis of information provided through the Mutual Information System on Employment Policies (MISEP). MISEP was created to meet the need for an exchange of information on employment policies and institutions within the European Union. A bulletin of recent developments in employment policies is published quarterly in English, French and German. Basic Information Reports describing the national employment institutions, measures and procedures in each Member State are updated and published periodically. In addition, comparative reports on the effects of labour market policy measures will be published at regular intervals.

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The "Research" papers present the results of studies on specific themes carried out jointly each year by the Commission and the Member States. The themes for these studies are chosen by the Commission in consultation with the Member States and the social partners in the light of the contribution which can be made by the national co-ordinators and of their relevance for on-going policy analysis. They are published annually in English, French and German.

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The "Central and Eastern Europe" bulletin is a new addition to the Employment Observatory, containing regular reviews on labour market and social conditions of Central and Eastern Europe. It aims to present up-to-date information on labour market and social conditions in these countries. It contains not only the latest statistical labour market indicators, but also analytical articles on employment developments in the six countries currently covered: Bulgaria, Czech Republic, Slovakia, Hungary, Poland and Romania. It is published twice a year, in English only at present.

East Germany

The aim of the series on "East Germany" is to present analytical and up-to-date information on the transformation process and its implications for the labour market in the one part of the former Eastern Bloc which has already become a part of the European Union: the new German Federal States (Länder). The publication is aimed at persons and institutions in Western, Central and Eastern Europe who have an interest in the transformation process from a planned to a market economy. This newsletter is published quarterly in German, English and French.